



FACTORS INFLUENCING CUSTOMER SATISFACTION OF CEYLINCO GENERAL INSURANCE MOTOR POLICY: SPECIAL REFERENCE TO WESTERN PROVINCE IN SRI LANKA

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INTRODUCTION

Insurance is mainly divided into two categories as 'Life Insurance' and 'General Insurance'. General insurance is divided into Non Motor Insurance and Motor Insurance. Motor insurance is divided into Third party insurance and Comprehensive insurance. Motor insurance is one of the most important insurance products in Sri Lanka and it is the first class of general insurance with which the general public has an acquaintance. The purpose of this research is finding the factors that influence on customer satisfaction with regard to motor insurance. This is based on the Ceylinco General Insurance, which has the highest market share among general insurance providers as per the statistical data from Insurance Regulatory Commission of Sri Lanka, 2019.

Insurance companies need to realize the importance of the customer satisfaction to attract and retain the customers. This research is focused on discovering the reasons for Ceylinco General Insurance being highlighted as the first choice of motor insurance. According to the Insurance Regulatory Commission of Sri Lanka, Ceylinco General Insurance had the highest market share in General Insurance for the year 2019. Whilst Allianz General Insurance temporarily obtained the highest market share in general insurance industry in 2018, this was after acquiring non-life business of Janashakthi Insurance. Allianz insurance absorbed policies held at Janashakthi Insurance, thereby increasing market share. In the present market, Ceylinco General Insurance is being chosen as the main insurer, despite relatively higher insurance premiums charged.

Therefore, the major problem of this research is, to find the reason(s) for that selection by customers.

Table 01. Third Party Insurance Premium Rs. (sum insured not applicable)

Vehicle Type	Ceylinco Insurance	Sri Lanka Insurance	Fair First Insurance	Allianz Insurance
Motor bike	950	593.74	850	850
Motor car	2,650	1,176.62	1,012.39	950
Dual purpose	2,175	1,396.54	3,887.46	1,400
Motor lorry	3,650	1,724.92	3,887.46	1,400
Three wheel	1,700	1,176.62	1,104.43	950
Miscellaneous	950-1,400	1,285.08	N/A	N/A

Table 02. Insurance Regulatory Commission of Sri Lanka



	2016		2017		2018		2019	
	Premium (LKR mn)	Market Share (%)	Premium (LKR mn)	Market Share (%)	Premium (LKR mn)	Market Share (%)	Premium (LKR mn)	Market Share (%)
Allianz Gen.	4,247,691	5.34	5,956,142	6.38	18,610,471	18.39	18,095,258	16.8
Amana Gen.	1,474,186	1.85	1,686,270	1.81	1,841,067	1.82	1,621,461	1.51
Ceylinco Gen.	15,265,433	19.18	17,012,087	18.22	18,137,933	17.92	18,401,405	17.08
Continental	3,088,064	3.88	3,892,780	4.17	4,545,405	4.49	5,002,548	4.64
Cooperative Gen.	2,420,130	3.04	2,966,679	3.18	3,692,397	3.65	4,192,960	3.89
Fairfirst	2,361,614	2.97	9,610,990	10.29	10,946,602	10.82	11,247,669	10.44
HNB Gen.	2,982,385	3.75	3,662,008	3.92	4,062,172	4.01	4,394,457	4.08
Janashakthi Gen.	10,137,864	12.74	11,740,185	12.57	Merged with Allianz			
LOLC Gen.	3,096,834	3.89	3,795,106	4.06	4,318,721	4.27	4,954,896	4.6
MBSL	972,976	1.22	260,806	0.28	-512	0	96,217	0.09
NITF	6,420,822	8.07	8,114,412	8.69	9,644,901	9.53	13,358,203	12.4
Orient	810,728	1.02	1,179,000	1.26	1,376,398	1.36	1,564,902	1.45
People's	4,166,727	5.24	4,587,432	4.91	5,354,367	5.29	5,694,164	5.29
Sanasa	384,481	0.48	569,509	0.61	768,120	0.76	945,162	0.88
SLIC	15,198,381	19.1	18,355,361	19.65	17,905,523	17.69	18,163,072	16.86
Union Gen.	6,561,571	8.23	Merged with Fairfirst					

There are 13 insurance companies in Sri Lanka. Some insurance companies have a very low premium on motor insurance. Ceylinco general insurance charges a high premium. But the service quality seems to be higher than other insurance companies and customers seem to have gotten more benefits. All of the insurance companies try to expand their customer base by increasing customer loyalty. Through this research, the researcher intends to find **what are the factors that influence customer satisfaction in Ceylinco motor insurance policy?**

Objective(s)

- To identify the factors that influence Ceylinco General Insurance to receive new customer's attraction and retention of existing customers.
- To identify the most influential factors that influence customer satisfaction of Ceylinco General Insurance.
- To identify the relationship between service quality and customer satisfaction of Ceylinco General Insurance.

METHODOLOGY

The population of this study is the motor insurance policy holders in Western Province and the data will be collected from a sample of 100 motor insurance policy holders to represent Gampaha, Colombo and Kalutara districts by using convenience sampling technique. Out of the nine provinces, the highest vehicle registration is done in the Western province. According to that, the researcher has selected Western Province to collect data.

Table 3. Motor vehicle registrations by province

	Western	Central	Southern	Northern	Eastern	North Western	North Central	Uva	Sabaragam.
2016	1,688,341	380,734	613,133	219,985	322,916	639,229	338,036	230,082	304,858
2017	1,463,306	411,923	642,651	237,689	348,659	675,181	357,739	243,017	362,700
2018	1,557,983	443,113	678,133	272,285	374,799	718,283	375,447	254,149	356,964

Figure 7 Motor vehicle registrations by province

Source: Central Bank of Sri Lanka

Self-administered structured questionnaire will be used in retrieving data on factors that influence on selecting an insurance company. Pearson correlation used to identify the relationship between independent and dependent variable.

Table 04: Reliability Analysis

VARIABLE	NO OF ITEMS	CRONBACH'S ALPHA VALUE
TANGIBILITY	5	0.76
EMPATHY	5	0.75
ASSURANCE	5	0.79
RELIABILITY	5	0.72
RESPONSIVENESS	5	0.85
CUSTOMER SATISFACTION	5	0.77

Source – Survey Data

All variable questions are greater than 0.7, therefore all the developed questions can be accepted to gather the data from individuals.

LITERATURE REVIEW

Table 05. Literature Review

Variable	Alternative Hypothesis	References
Tangibility	H1a	Parasuraman et al. (1985);Gamage S.K. (2019)
Empathy	H1b	Parasuraman et al. (1985);Gamage S.K. (2019)
Assurance	H1c	Parasuraman et al. (1985);Gamage S.K. (2019)
Reliability	H1d	Parasuraman et al. (1985);Gamage S.K. (2019)
Responsiveness	H1e	Parasuraman et al. (1985);Gamage S.K. (2019)
Customer Satisfaction		Gamage S.K. (2019); Ahmad Al qudah, D. K. et al. (2013)

Conceptual Framework

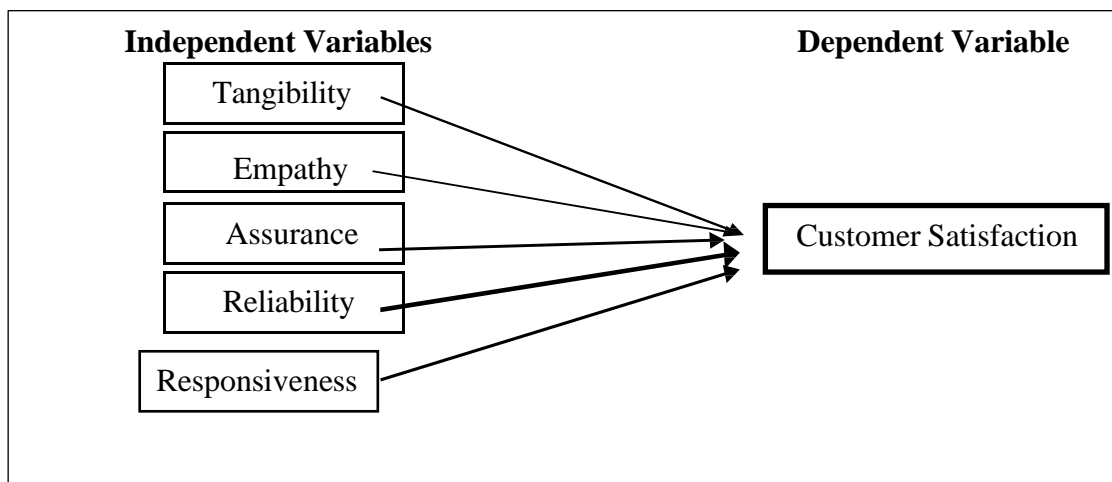


Figure 01. Conceptual Framework

Source: - Research article of ‘Determinants of the customer satisfaction in motor insurance by Gamage S.K. (2019)

ANALYSIS AND RESULTS

Demographic Analysis

The researcher chose both men and women for the research survey, where the majority of respondents were males and it is 55% and female contribution was 45%. The majority of respondents’ age was above 35 years and it is 40% as a percentage. Also there are 32% respondents’ age between 26 to 34 years and 28% of respondents’ age between 18 to 25 years. The 61% of respondents have private use insurance and 39% of respondents have hiring insurance policy.

Mean and Standard Deviation

Table 06. Descriptive Statistics

	N	Mean	Std. Deviation
Tangibility	100	3.57	.951
Empathy	100	3.63	.931
Assurance	100	3.93	.743
Reliability	100	3.89	.667
Responsiveness	100	3.67	.700

Source – Survey Data

As for the response of Tangibility factor, the mean value was 3.57 and the standard deviation was 0.951. According to this result, tangibility highly influences customer satisfaction. According to result of Empathy factor, the mean value was 3.63 and the standard deviation was 0.931. According to this result, empathy greatly influences customer satisfaction. Assurance factor has the mean value of 3.93 and the standard deviation was 0.743. According to this result, assurance greatly influences customer satisfaction. Reliability factor has the mean value of 3.89 and the standard deviation was 0.667. According to this result, reliability highly influences customer satisfaction. According to the result of Responsiveness, the mean value was 3.67 and the standard deviation was 0.700. According to this result, responsiveness greatly influences

customer satisfaction. According to the result, assurance and reliability factors highly influence customer satisfaction compared to other factors.

Correlation Analysis

According to the correlation analysis test, researcher has found following result.

Table 7. Correlation Analysis

Variable	H#	Alternative Hypothesis #a	Null Hypothesis #0	Correlation Coefficient	Relationship with Customer Satisfaction
Tangibility	H1a	Accepted	Rejected	0.636	Strongly Correlated
Empathy	H1b	Accepted	Rejected	0.587	Moderately Correlated
Assurance	H1c	Accepted	Rejected	0.569	Moderately Correlated
Reliability	H1d	Accepted	Rejected	0.733	Strongly Correlated
Responsiveness	H1e	Accepted	Rejected	0.899	Strongly Correlated

According to the correlation analysis test, customer satisfaction is being very strongly correlated with reliability and responsiveness and strongly correlated with tangibility. However moderately correlated with empathy and assurance.

CONCLUSION

This study was conducted to find out the influence of the provided service quality represented in its dimensions on customer satisfaction evidence from the Ceylinco Motor Insurance. In line with this, the main research objective was to identify the factors that influence, customer satisfaction in relation to Ceylinco Motor Insurance Policy. Doing so, the research is intended to answer the questions on what are the factors that influence customer satisfaction, with regard to a Motor Insurance Policy at Ceylinco Insurance. According to the correlation analysis test, customer satisfaction is being very strongly correlated with reliability and responsiveness and strongly correlated with tangibility. However moderately correlated with empathy and assurance. The study found that there is a variation in the attitudes of the sample individuals towards the dimensions of service quality. According to the research, factors that influence the customer satisfaction most, in case of Ceylinco Motor Insurance are Reliability and Responsiveness. Tangibility is strongly correlated with Customer Satisfaction. However Empathy and Assurance are moderately correlated. Therefore all independent variables directly impact satisfaction and influence attitudes of the policy holders of Ceylinco Motor Policies. Whilst Insurance premium also plays a significant role in insurance industry, it appears that customers do not just depend on the premium. Therefore, insurance companies should be considering broader factors of Customer Satisfaction, as it will help to attract new customers and retention of existing customers.



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