Determinants of Customer Attraction in Miscellaneous Insurance Policies inSri Lanka

W.G.N.Surangi *and* R.J. Sutha
Uva Wellassa University, Badulla, Sri Lanka

Introduction

In this competitive era life has consisted with full of challenges while opportunities are everywhere. When people are going to take this challenge, security is a one of major concerns. Security is directly link with the insurance. Any person who is willing to have a risk, definitely that person should have a relationship with insurance to secure. Not as earlier, now there is a high demand for insurance policies in present scenario. With that situation insurance industry is highly competitive & innovative while trying to introduce various new insurance plans cost effectively in order to maximize the market share. That's why so many miscellaneous insurance policies are available in the market except traditional general insurance policies, though it has reported lesser customer attraction.

Communication, transportation and insurance are business support services. Hence, insurance is also one of the major business support services that provide social benefits. When considering Insurance as an industry, it has become a major player in business world. According to the central bank report 2010, Banking, Insurance and real estate contribute 7.5% to the Gross Domestic Product (GDP). As per the experience, researcher had collected some information related especially to fire and miscellaneous policies in insurance companies and recognized that the portion of miscellaneous insurance policies are comparably low when considering the other insurances.Therefore, through this study, the researcher tried to identify the determinantsof customer attraction in miscellaneous insurance policies in Sri Lanka.

Methodology

The researcher selected 3 provinces in Sri Lanka based on most populated areas. From each province three districts were selected based on most populated areas. According to that altogether 200 customers were selected as the sample. Then 200 customers have been selected from each 16 insurance companies from each district, who are doing general insurance policies. Sample allocation is as given in Figure 1.

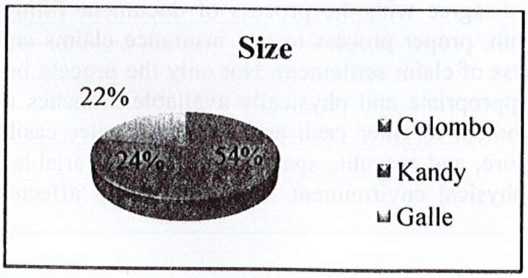

Figure 1: Sample allocation for 3 districts

Data analysis and Discussion

Univariant Analysis of variables showed the results in personal view factors and organizational view factors.Based on the personal view factors, respondents in the selected sample had moderate level of awareness, satisfaction and financial capabilities since mean was 3.19 and standard deviation was 0.53. It has been proved by the mode and covariance, too. However, separately satisfaction was in almost agreed range since mean was 3.83. The reason behind that was satisfaction of respondents with the financial benefits, past claim experience, service providers.

Univariant Analysis of variables showed the results in organizational view factors.Based on the data, it has been shown that most of respondents were almost disagreed with the organizational view factors since mean was 3.61 and mode was 3.90.

However, it was moderately deviated from mean since standard deviation and covariance were 0.84 and 23% respectively.Most of the respondents in the selected sample were not having a high level of satisfaction with this product and disappointed with insurance policies due to the weaknesses of the insurance companies. Such as high cost, inefficiency of labor force, less awareness.Other than that, there is a high potential to expand the miscellaneous insurance by identifying those factors to attraction in miscellaneous insurance and more concentrate on it.

Conclusions

This study revealed that there is a lesser customer attraction for these policies and there are severalfactors (Satisfaction, Price, Promotion, People and physical environment) affected this matter according to the final outcome of the study.There was a considerably low level of customer attraction for miscellaneous insurance policies due to many reasons. They believe that it was not necessary to buy an insurance policy especially miscellaneous insurance. Especially the researcher could say that with place or location, the respondents were not dissatisfied. However, according to the findings of this research it has been shown that with all other nine variables related to miscellaneous products were not with the accepted level of the respondents. According to the selected sample, more than 70% respondents had some kind of idea about miscellaneous insurance products. Though there was high level of awareness about this product they didn't satisfy with these policies. Satisfaction level was 2%. Approximately 60% of respondents thought that cost of these products were considerably high. From organizational view factors, all considered factors were highly affected the attraction of customers other than place. Such as product, price, promotion, people, process, physical environments.

Apart from that, customers were highly disagree with the process of document filling, completion, & handling is proper & smooth, proper process to pay insurance claims and handle customers' inquiries and also process of claim settlement. Not only the process but also the physical environment which is appropriate and physically available branches in island wide, have proper physical environment to enter each and every customer easily andhomely and proper lightning, temperature, and movable space. From all ten variables, product, price, promotion, process and physical environment were the mainly affected factors to have less customer attraction.

References

Alan, D.S, and Kunal, B. 1994.Customer loyalty: Toward an integrated conceptual framework, *Academy of Marketing Science Journal*, pp. 99-114 .