

# Assessment of Customer Satisfaction and Retention towards Service Quality of Life Insurance Companies in Myanmar: A Case Study of Life Insurance Policyholders in Yangon

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29<sup>th</sup> December, 2020

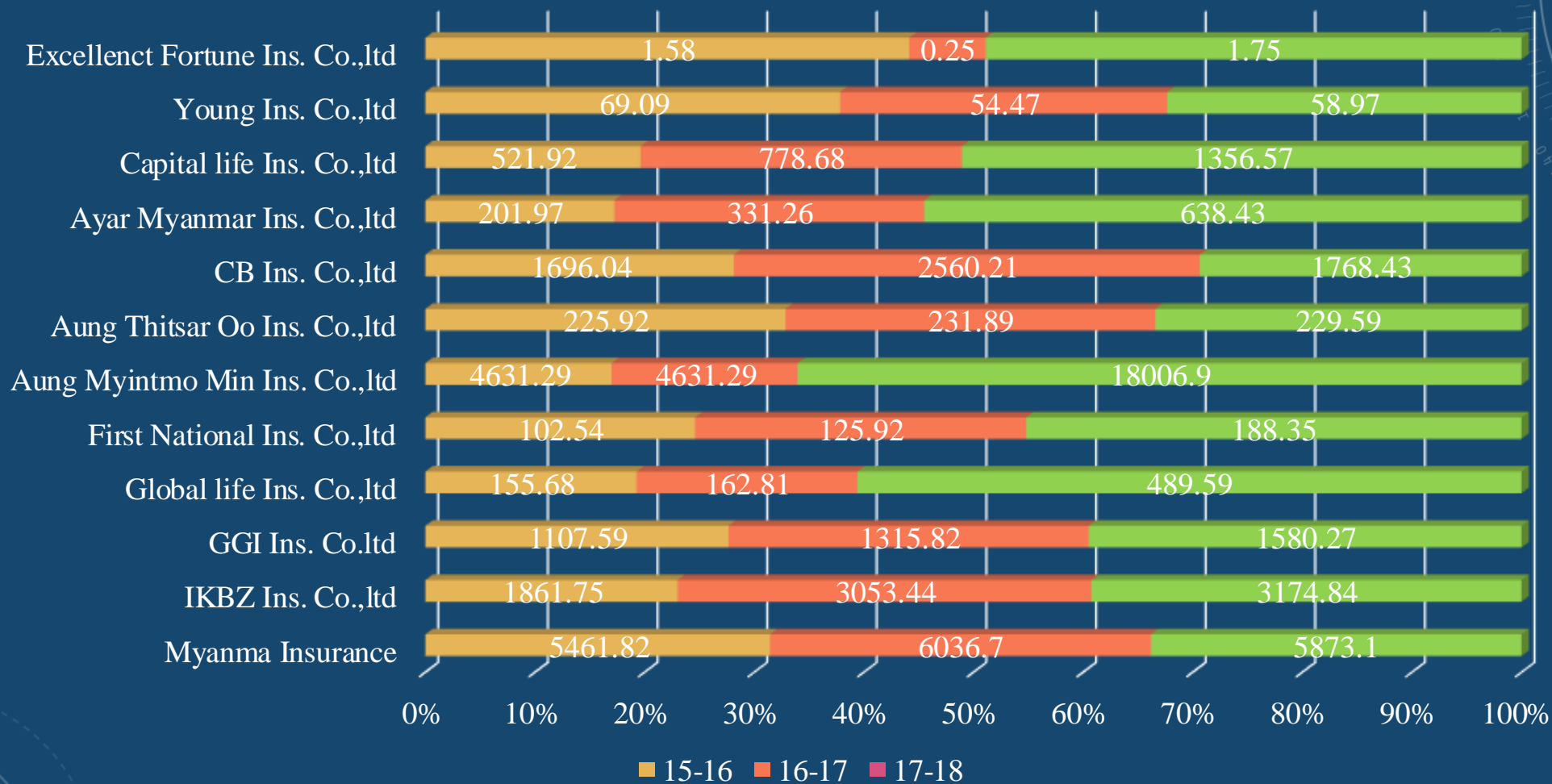
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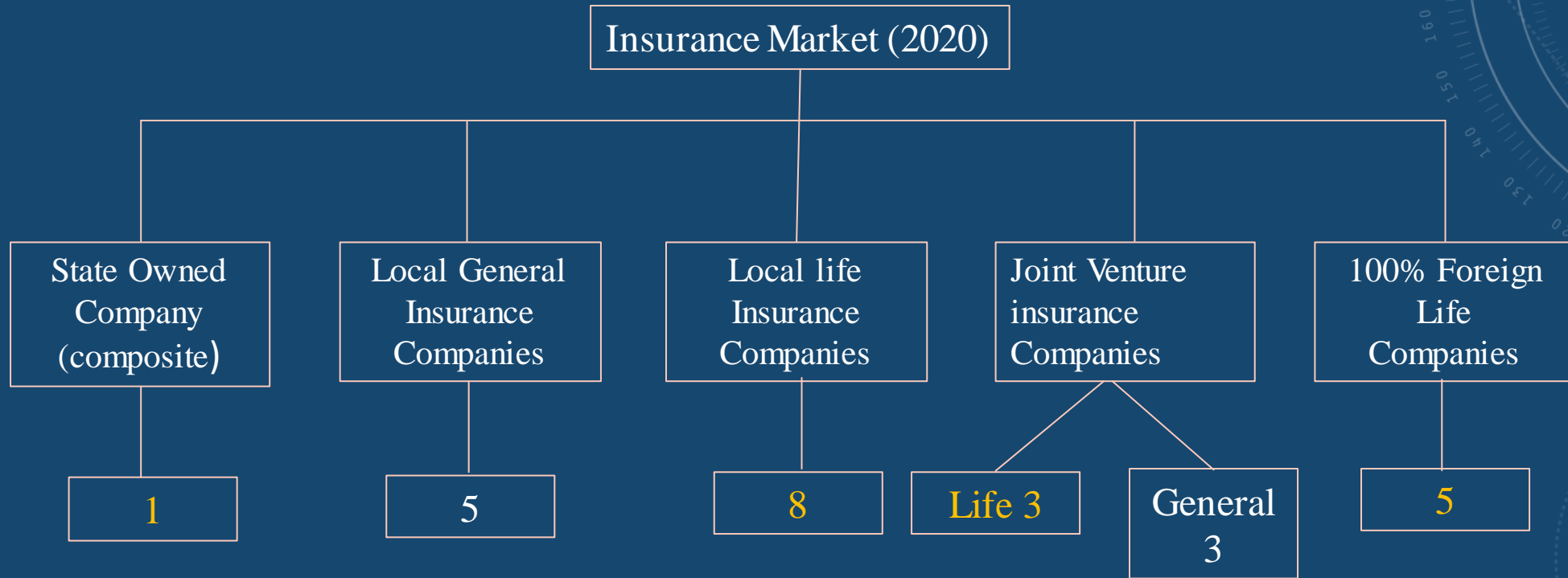
# Introduction

- The growth of the insurance industry in Myanmar is weak.
- Only 2 million of 54.36 million population in Myanmar are insured (2019).
- Liberalization of Myanmar insurance sector in 2019.
- Higher competition will force greater challenges.
- Customer satisfaction is beneficial to companies' performance.
- The insurance industry is the highly personalized service based industry.
- Improved service qualities leads to long-term relationship.

# Annual Premium from FY 2015-2016 to 2017-2018 in Million Kyat



# Insurance Companies in Myanmar



Source: Insurance directory of Asia 2020

# Research Objectives

- 1) To describe the customers' perceived service quality of life insurance companies.
- 2) To analyze the relationship between service quality dimensions and satisfaction of life insurance policyholders.
- 3) To assess the influence of service quality and customer satisfaction on the customer retention in life insurance companies.

# Research Methodology

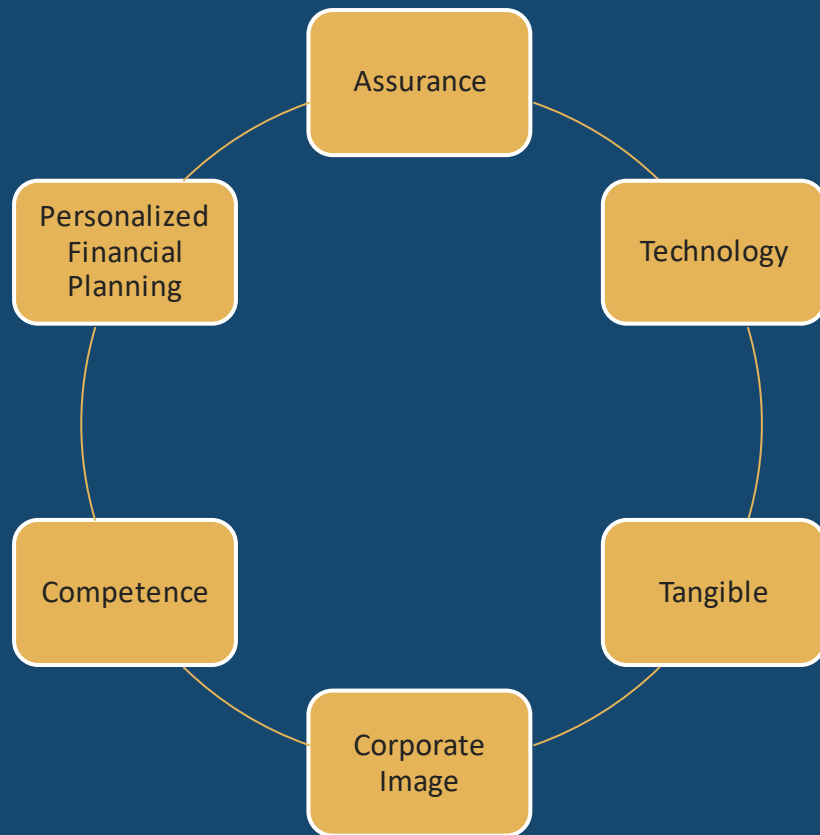
- Descriptive and Inferential Statistics
- Secondary and Primary Data
- Structured Questionnaire with Seven-Point Likert Scale
- Two-stage Random Sampling Method
- 6 Life Insurance Companies out of Seventeen Life Insurance Companies in Yangon Region
- 276 Life Insurance Policyholders of Six Life Insurance Companies
- Pearson Correlation Coefficient
- Multiple Regression Analysis

# Literature Review

- ❑ **Life insurance** is a protection against financial problems associated with the premature death of an insured (Dorfman, M.S. 2008).
- ❑ **Service quality** can be defined as a customer's judgment or assessment of an entity's overall excellence or superiority of a service (Parasuraman *et al.*, 1988).
- ❑ **Customer Satisfaction** is defined as a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations, Kotler (2000).
- ❑ **Customer retention** can be defined as maintaining the business relationship developed between the organization and the customer, Gerpott *et al.* (2001).
- ❑ "service quality influences customer satisfaction, and customer satisfaction, in turn, impacts customer retention" is also pointed out by Taylor and Baker (1994).



## SERVQUAL Model for Insurance Sector



### Explanation:

- 1) **Assurance** can be the most important dimension because insurance represents a huge investment and customers evaluate the insurer who are trustworthy and whether they made the correct decision.
- 2) **Personalized financial planning** implies that providing information upon the needs of individual customers like flexible payment, convertibility of product.
- 3) **Competence** intends the company can handle customers complaints promptly and efficiently.
- 4) **Corporate image** remains a priceless asset that will not only strengthen the already existing public confidence but also attract more customers to the industry.
- 5) **Tangible** is important to businesses because they represent much of the company's worth which deals with appearance of physical facilities, equipment, personnel, and communication materials.
- 6) **Technology** means investing in the modern technology to improve information and communication systems, to make easier and quicker transaction.

→ Sources: The six dimensions of SERVQUAL Model for Insurance Sector by Mehta and Lobo (2002)

# Conceptual Framework

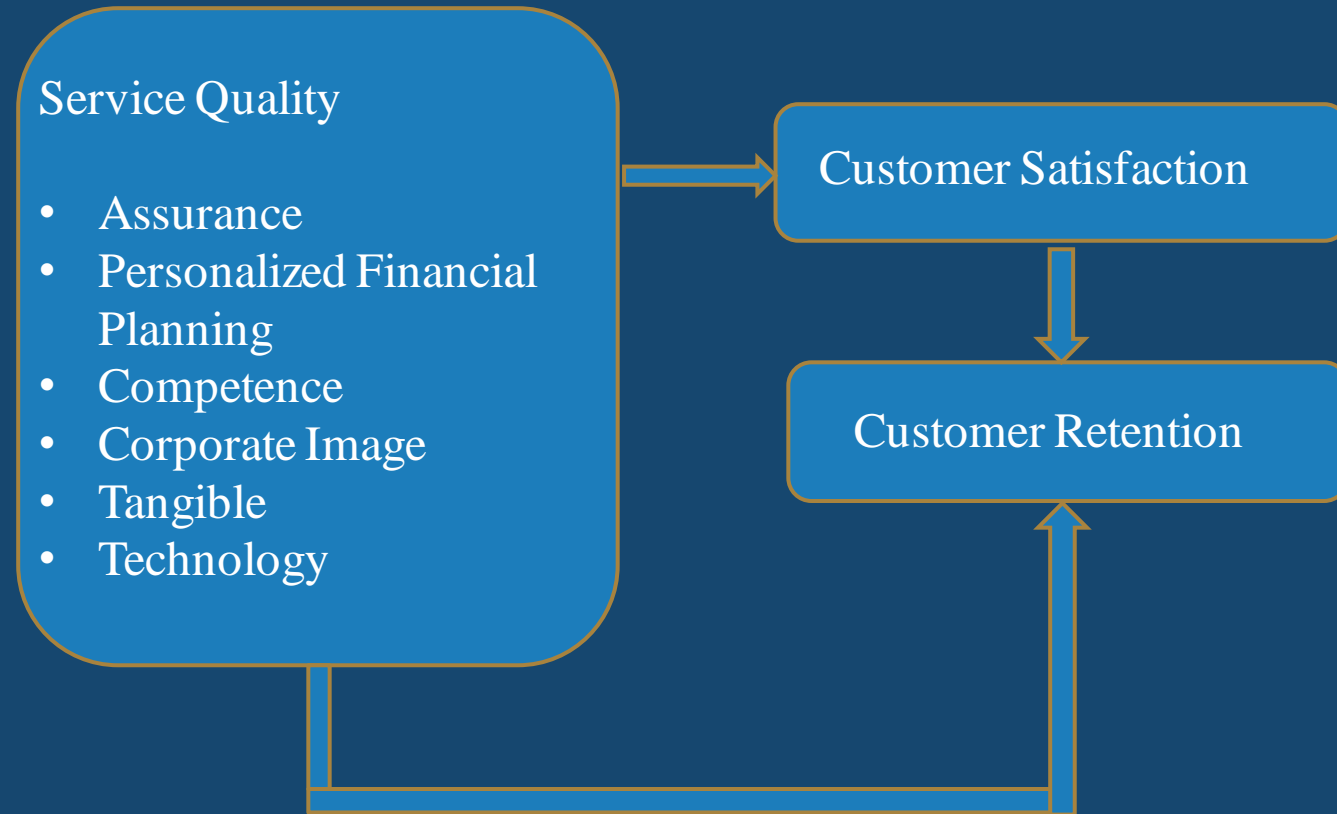


Figure : A conceptual framework based on reviewed literature

## Research Hypotheses

The hypotheses of the study are developed as follow:

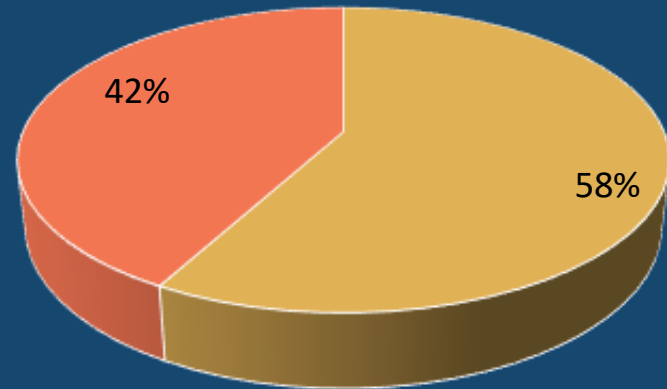
- **Hypothesis 1:** Assurance, personalized financial planning, competence, corporate image, tangible and technology have positive effect on satisfaction level of policyholders in Yangon.
- **Hypothesis 2:** The service quality and satisfaction level policyholders have positive effect on retention level of policyholders in Yangon.

# Research Findings



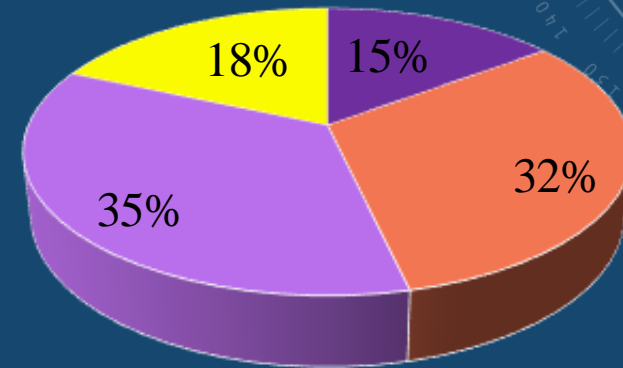
# Background of the Respondents

## Gender Distribution of the Respondents



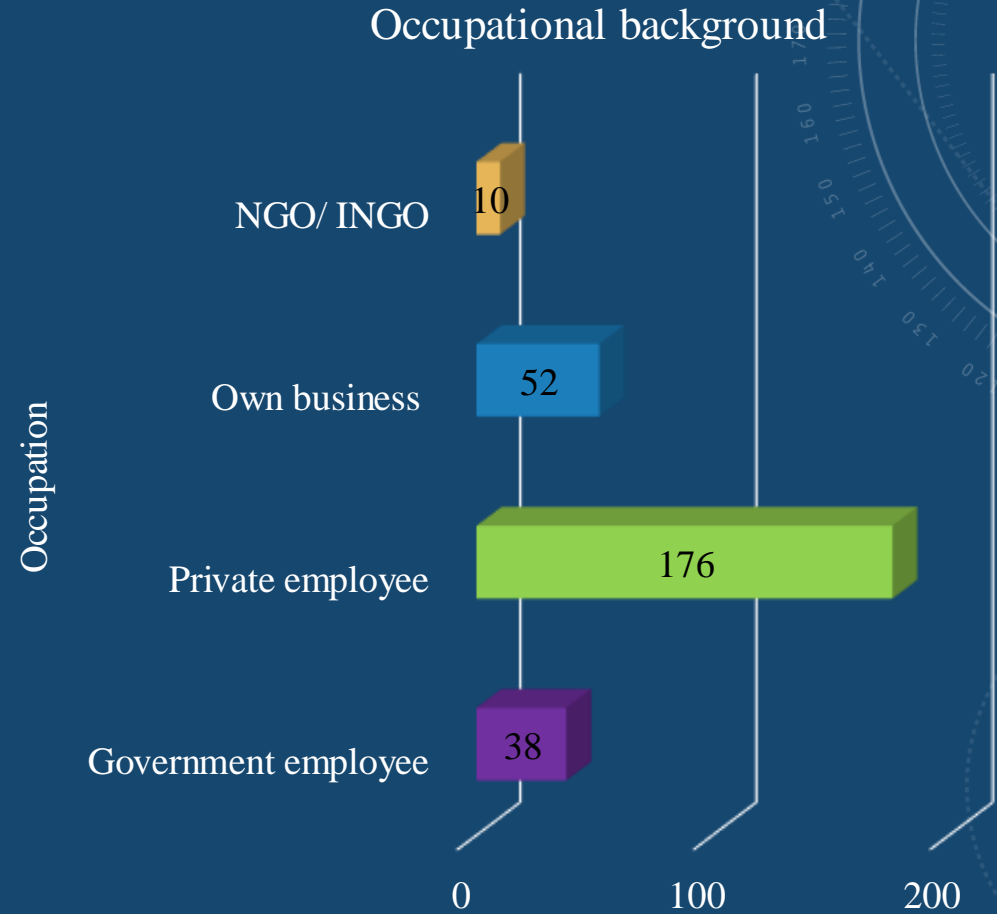
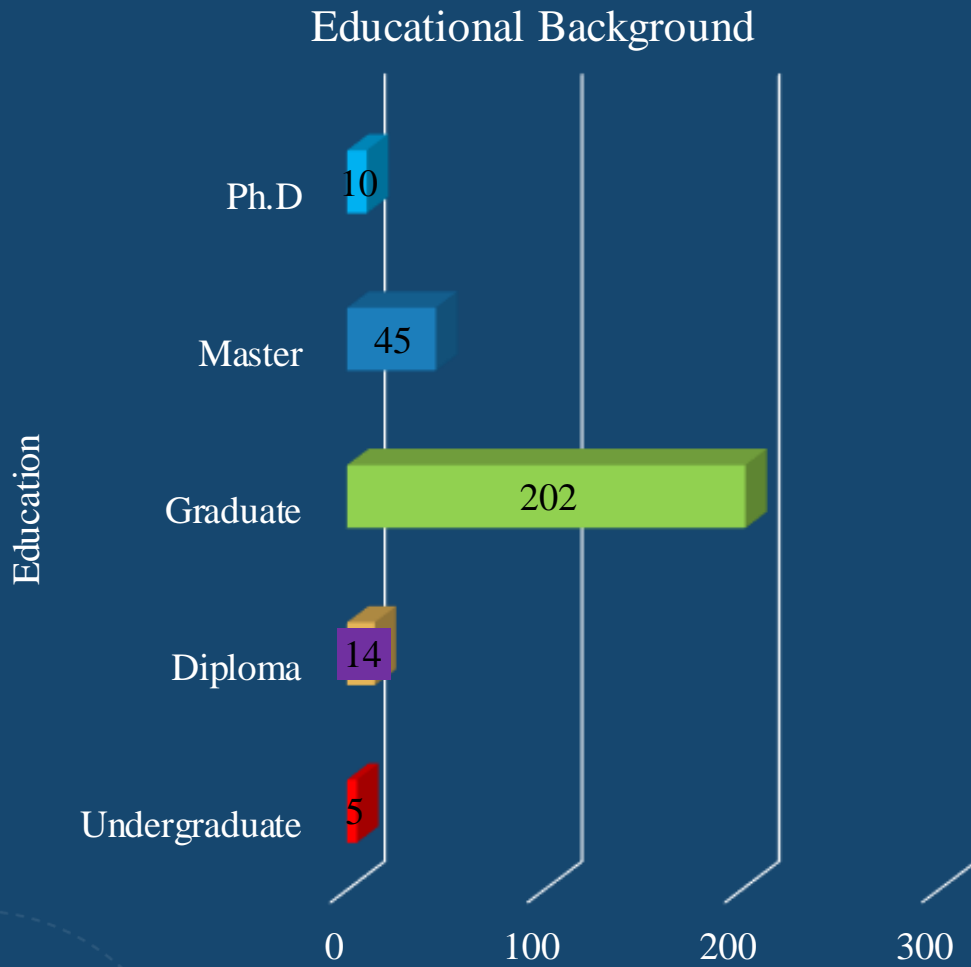
■ Male ■ Female

## Age Groups of the Respondents



■ Age 21-30 ■ Age 30-39 ■ Age 40-49 ■ Age Above 50

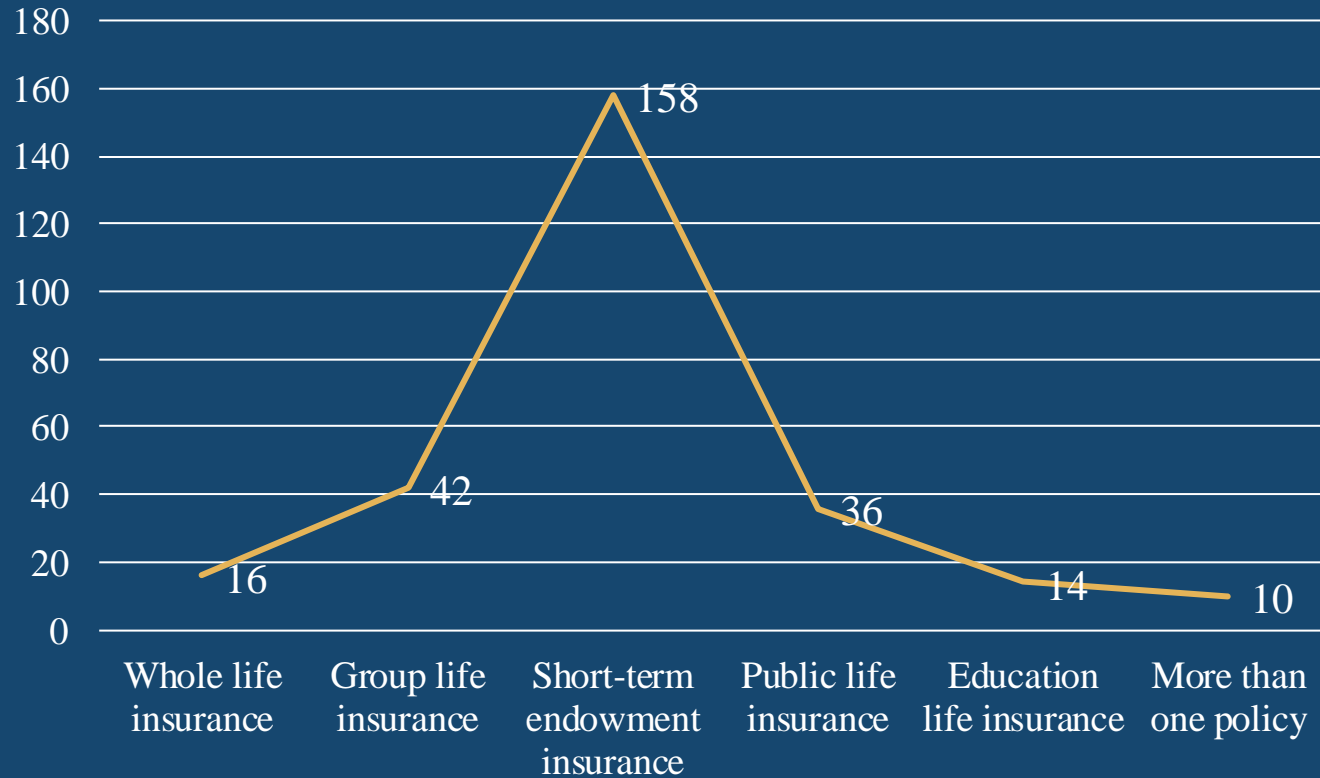
# Background of the Respondents



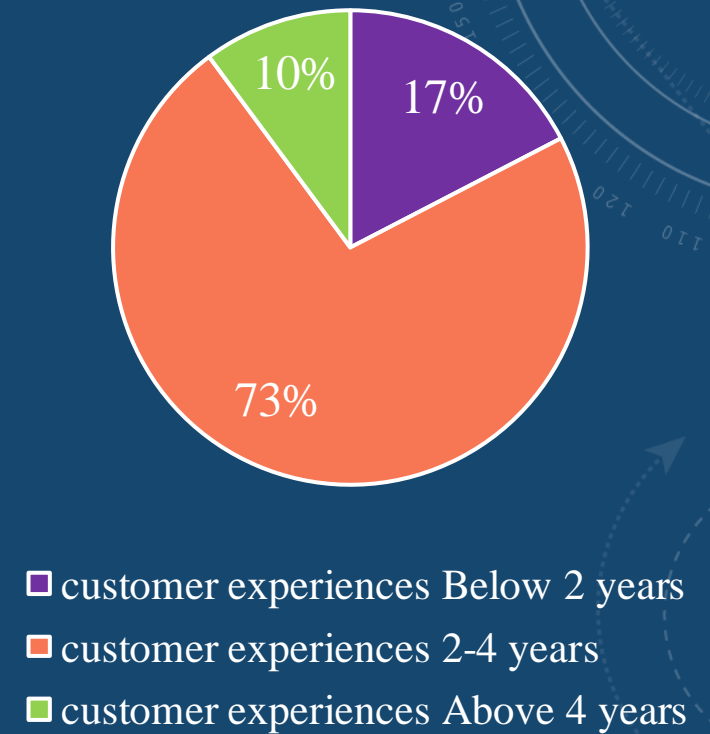
Source: Survey Data, 2020

# Background of the Respondents

### Types of life Insurance



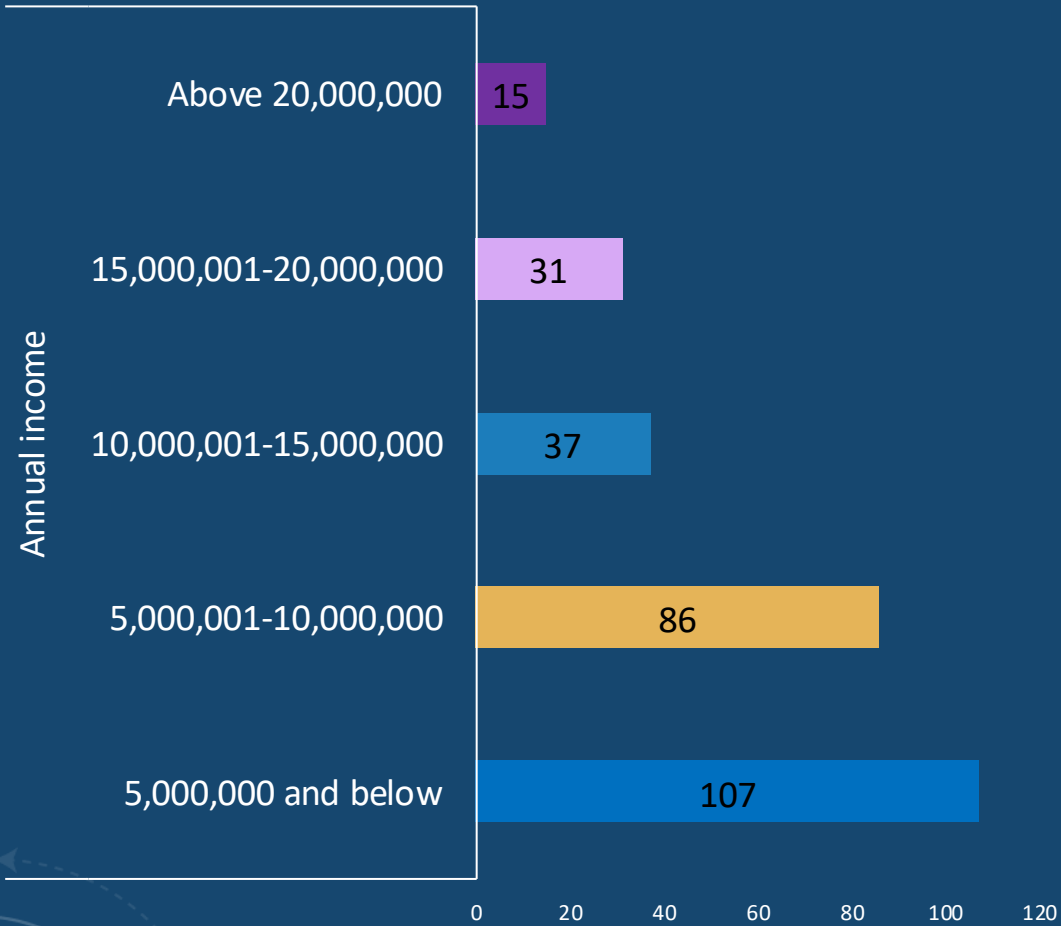
### Customers' Experiences



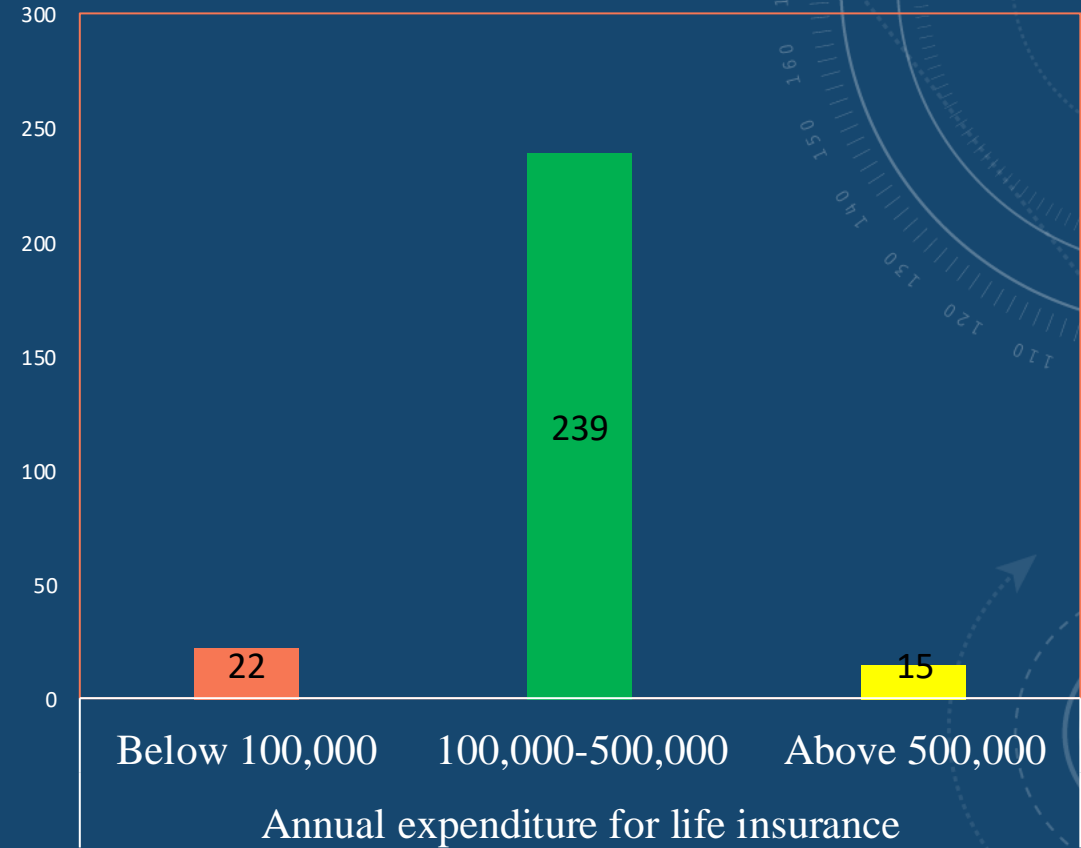
Source: Survey Data, 2020

# Background of the Respondents

### Annual Income of the Respondents (in MMK)



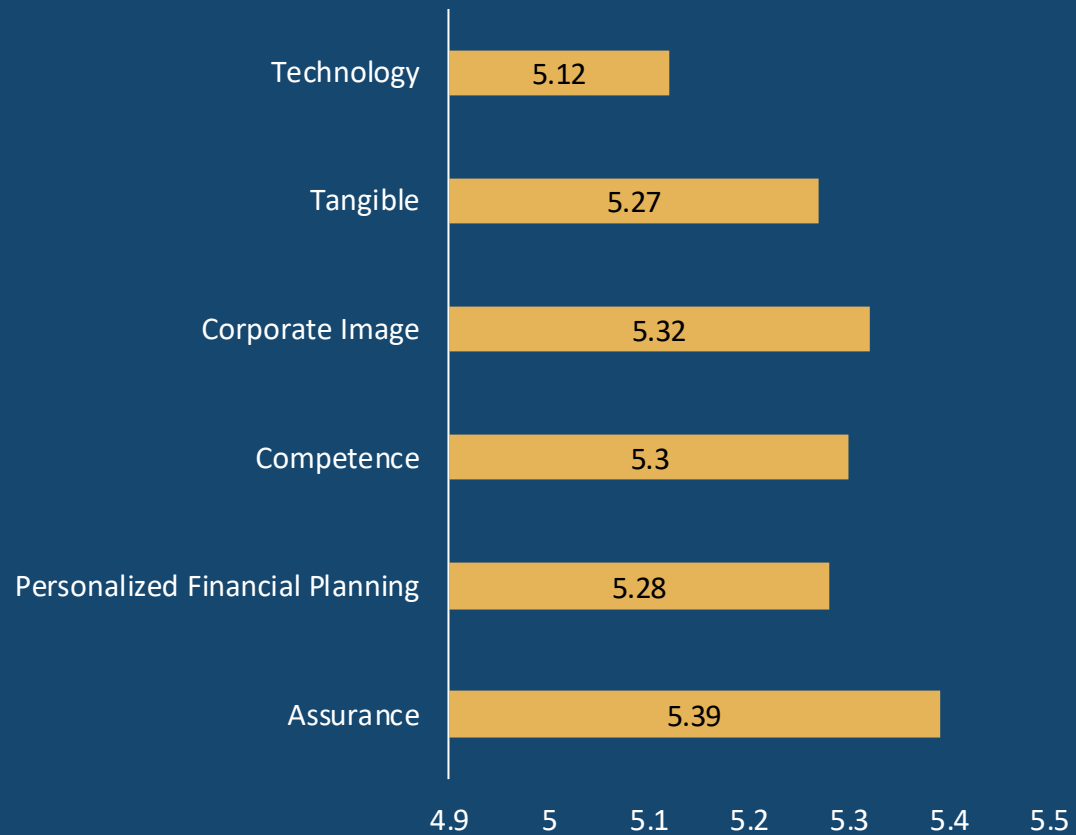
### Annual Premium Expenses for Life Insurance (In MMK)



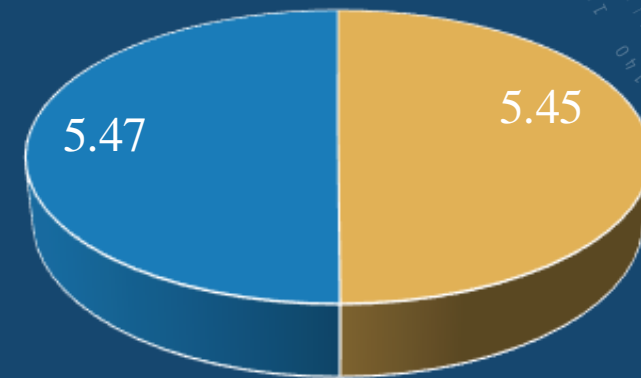
Source: Survey Data, 2020



## Policyholders' Perceived Service Quality In Life Insurance Companies (Overall Mean Value)



## Policyholders' Satisfaction and Retention Level about Life Insurance (Overall Mean Value)



■ Customer Satisfaction  
■ Customer Retention

Source: Survey Data, 2020

## Correlation of Service Quality and Satisfaction Level of Policyholders

Description	Pearson Correlation Coefficient	P-value
Assurance	0.436***	0.000
Personalized Financial Planning	0.525***	0.000
Competence	0.486***	0.000
Corporate Image	0.379***	0.000
Tangibles	0.388***	0.000
Technology	0.429***	0.000

Source: Survey Data, 2020

\*\*\*Correlation is significant at 0.01 level  
Dependent Variable: Satisfaction level

## Correlation of Service Quality, Satisfaction Level and Retention Level of Policyholders

Description	Pearson Correlation Coefficient	P Value
Service Quality	0.601***	0.000
Satisfaction Level	0.615***	0.000

Source: Survey Data, 2020

\*\*\*Correlation is significant at 0.01 level

Dependent Variable: Retention Level

# Multiple Regression Analysis of Service Quality and Satisfaction Level of Policyholders

Table: Effect of Service Quality on Satisfaction Level of Policyholders

Independent Variables	B Coefficients	Standardized Coefficients	Sig.	t test
Constant	1.48***		0.000	4.52
Assurance	0.146***	0.153	0.007	2.71
Personalized Financial Planning	0.24***	0.257	0.000	4.19
Competence	0.185***	0.212	0.001	3.47
Corporate Image	0.014	0.015	0.792	0.26
Tangibles	0.028	0.034	0.559	0.59
Technology	0.138***	0.167	0.003	3.04
R value				0.797
R square				0.638
Adjusted R square				0.574
F value				29.01*** (P-value=0.000)

Hypothesis 1: Assurance, personalized financial planning, competence, corporate image, tangibles and technology have positive effect on satisfaction level of policyholders in Yangon.

Independent variables can explain 57.4% of variation in dependent variable.

Source: Survey Data( 2020)

Dependent variable: Satisfaction level

Notes: \*\*\*, \*\*, \* represent 1% , 5%, and 10% Level of significant respectively

## Multiple Regression Analysis of Service Quality, Satisfaction Level and Retention Level of Policyholders

**Table: Effect of Service Quality and Satisfaction Level on Retention Level of Policyholders**

Independent Variables	B Coefficients	Standardized Coefficients	Sig.	T test
Constant	1.281***		0.000	3.93
Service Quality	0.478***	0.475	0.000	8.19
Satisfaction Level	0.3***	0.233	0.000	4.02
R value				0.743
R square				0.552
Adjusted R square				0.501
F value			12.01*** (P-value=0.000)	

Hypothesis 2: The service quality and satisfaction level policyholders have positive effect on retention level of policyholders in Yangon.

Independent variables can explain 50.1% of the variance in dependent variable.

Source: Survey Data( 2020)

Dependent variable: Retention level

Notes: \*\*\*, \*\*, \* represent 1% , 5%, and 10% Level of significant respectively

## Conclusion

- Policyholders perceived and agreed towards six service dimensions in life insurance companies.
- Assurance dimension is the highest agreement level with the overall mean value of 5.39.
- The second higher is the corporate image and the third one is competence with the overall mean values of 5.32 and 5.30 respectively.
- The overall mean values of the other three dimensions reached over somewhat agree on the levels.
- Consistent efforts are needed to sustain and improve the service quality level and to enhance customers' favorable feedback.

## Conclusion

- There is the relationship between service quality, customer satisfaction, and customer retention in life insurance companies in Yangon, Myanmar.
- Customer satisfaction on life insurance companies is significant and positively affected by **assurance, personalized financial planning, competence, and technology** at a 1% significant level.
- Personalized financial planning and Competence are the most influencing factors in policyholders' satisfaction.
- Corporate image and Tangible are not significant in the study.
- Independent variables (service quality) can explain **57.4%** of variation in dependent variable (customer satisfaction).
- Service quality and Policyholders' Satisfaction have a positive effect on policyholders' retention level at a 1% significant level.
- Independent variables ( service quality and customer satisfaction) can explain **50.1%** of the variance in dependent variable (customer retention)

# Suggestions and Recommendations

- A slight percentage of respondents recognized and satisfied the quality of service providers
- Life insurance companies should emphasize the significant factors (assurance, personalized financial planning, competence, and technology).
- Sustain clear, truly, transparent and unambiguous terms of life insurance, accurate transaction efficiently and quickly, skillful employees, and modern equipment and technologies.
- If these significant factors have increased, the policyholders' satisfaction increased.
- If service quality and customer satisfaction have increased, the policyholders' retention increased.
- Supply reasonable priced life insurance products and digital insurance services.
- The government should lay down the strict law on the life insurance policy for all public servants in Myanmar as first.
- Observe the strengths and weaknesses of their programs and measure their customers' satisfaction and opinions regularly.



**Thank you**