

International Journal of Engineering Research and Science & Technology

www.ijerst.org



ISSN : 2319-5991

Vol. 11 No. 1 (2015)



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Customer Satisfaction in General Insurance: An Empirical Study

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Abstract

Customer satisfaction has emerged as a critical determinant of organizational success in the highly competitive general insurance industry. With increasing customer expectations and a growing emphasis on service quality, insurance providers must continuously enhance their products and service delivery to retain policyholders and strengthen long-term relationships. This study aims to examine the factors influencing customer satisfaction in general insurance by evaluating key dimensions such as service quality, claim settlement efficiency, premium affordability, product features, customer support, and overall trust in insurance providers. The research adopts a quantitative approach using primary data collected through a structured questionnaire administered to policyholders of selected general insurance companies. Statistical techniques, including descriptive analysis, reliability testing, correlation, and multiple regression analysis, are employed to assess the relationship between service-related factors and customer satisfaction. The findings reveal that prompt claim settlement, responsive customer service, transparent communication, and competitive premium pricing significantly influence customer satisfaction, while delays in claims processing and inadequate customer support negatively affect customer perceptions. The study concludes that improving operational efficiency, strengthening customer relationship management practices, and leveraging technology to streamline insurance services can substantially enhance customer satisfaction and customer retention. The research provides valuable insights for insurance companies, policymakers, and researchers seeking to improve service quality and sustain competitiveness in the evolving general insurance market.

Keywords: General Insurance, Customer Satisfaction, Service Quality, Claim Settlement, Customer Relationship Management, Policyholders, Insurance Services, Customer Retention, Empirical Study, Insurance Industry.

1. Introduction

The general insurance industry plays a vital role in the economic development of a nation by providing financial protection against unforeseen risks and uncertainties. Unlike life insurance, which provides coverage for human life, general insurance safeguards individuals and organizations against losses arising from accidents, natural disasters, fire, theft, health-related expenses, motor vehicle damages, travel risks, and property damage. The growing awareness of risk management, rapid urbanization, increasing ownership of valuable assets, and supportive government regulations have significantly contributed to the expansion of the general insurance sector across the world. As competition among insurance providers intensifies, companies are increasingly focusing on customer-centric strategies to differentiate themselves and sustain long-term growth.

Customer satisfaction has become one of the most important indicators of organizational success in the service industry. In the context of general insurance, customer satisfaction reflects the extent to which policyholders perceive that the insurance company has fulfilled or exceeded their expectations regarding products and services. Since insurance is an intangible service that customers often evaluate only during claim settlement or service interactions,

maintaining a high level of customer satisfaction is both challenging and essential. Satisfied customers are more likely to renew their policies, recommend the insurer to others, purchase additional insurance products, and remain loyal over an extended period. Conversely, dissatisfaction may result in policy cancellations, negative word-of-mouth, and reduced market share.

The quality of services provided by general insurance companies directly influences customer perceptions and satisfaction levels. Factors such as prompt claim settlement, transparency in policy terms and conditions, affordability of premiums, efficient customer support, accessibility of information, and responsiveness to customer grievances contribute significantly to overall customer experience. Among these factors, claim settlement is widely recognized as the most critical determinant of customer trust because it represents the actual fulfillment of the insurer's promise. Delays, complicated documentation, or lack of transparency during the claims process often diminish customer confidence and negatively affect the company's reputation. In recent years, technological advancements have transformed the way general insurance companies interact with customers. The adoption of online policy issuance, digital payment systems, mobile applications, customer relationship management (CRM) platforms, and automated claim processing has enhanced operational efficiency and improved service delivery. Digital technologies enable customers to purchase policies, renew coverage, submit claims, and receive support conveniently without visiting branch offices. These technological developments have raised customer expectations regarding speed, convenience, and service quality, compelling insurers to continuously innovate and improve their service standards.

Despite significant improvements in insurance services, many customers continue to encounter challenges such as inadequate product awareness, delays in claim settlement, insufficient communication, hidden policy conditions, and limited after-sales support. Such issues highlight the need for insurance companies to understand customer expectations more comprehensively and identify the factors that influence satisfaction. Conducting empirical research provides valuable evidence that enables insurers to evaluate customer perceptions objectively and implement targeted strategies for service improvement.

This study aims to examine the key determinants of customer satisfaction in the general insurance sector by analyzing factors including service quality, claim settlement efficiency, premium affordability, policy features, customer support, trust, and overall service experience. The research adopts a quantitative approach based on primary data collected from policyholders through a structured questionnaire. Statistical tools such as descriptive statistics, reliability analysis, correlation analysis, and regression analysis are employed to examine the relationships between these variables and customer satisfaction. The empirical findings are expected to identify the most influential factors affecting customer satisfaction and provide actionable recommendations for enhancing service quality and customer loyalty.

The significance of this research extends beyond academic contribution by offering practical implications for insurance companies, policymakers, regulators, and marketing professionals. The findings will assist insurers in developing customer-oriented policies, improving claims management systems, strengthening customer relationship management practices, and enhancing operational efficiency. Furthermore, the study contributes to the growing body of literature on service quality and customer satisfaction within the general insurance industry, providing a foundation for future research in insurance management and customer relationship strategies.

In an increasingly competitive insurance market, customer satisfaction has evolved from being merely a performance indicator to becoming a strategic asset for sustainable growth. Insurance companies that consistently deliver reliable, transparent, and high-quality services are more likely to build customer trust, strengthen brand reputation, improve retention rates, and achieve long-term profitability. Therefore, understanding the factors influencing customer satisfaction is essential for ensuring the continued success and competitiveness of general insurance organizations.

2 Literature Survey

Customer satisfaction has become a central theme in service marketing research because it directly influences customer loyalty, retention, and organizational performance. In the general insurance sector, where services are intangible and customers evaluate quality primarily during policy servicing and claim settlement, understanding the determinants of customer satisfaction has become increasingly important.

Parasuraman, Zeithaml, and Berry (1988) introduced the SERVQUAL model, which identifies five dimensions of service quality—tangibility, reliability, responsiveness, assurance, and empathy. The model has become one of the most widely accepted frameworks for evaluating service quality across industries, including insurance, and has been extensively used to measure customer expectations and perceptions.

Tsoukatos and Rand (2006) examined the relationship between service quality, customer satisfaction, and customer loyalty in the Greek insurance industry. Their study demonstrated that service quality positively influences customer satisfaction, which in turn significantly affects customer loyalty and behavioural intentions. The findings emphasized that insurers should continuously improve service quality to enhance long-term customer relationships.

Jain and Lodha (2014) investigated the determinants of customer satisfaction in general insurance in Rajasthan, India. Using survey data from policyholders, they found that claim settlement efficiency, prompt customer service, premium affordability, product features, and company reputation were the primary determinants of customer satisfaction. The study concluded that insurers should focus on improving claims management and service responsiveness to remain competitive.

Hussen (2015) examined the relationship between service quality, customer satisfaction, and customer loyalty among insurance companies in Ethiopia using the SERVQUAL framework. The results indicated that reliability was the most influential dimension affecting customer satisfaction, followed by responsiveness, assurance, and empathy. Furthermore, the study confirmed a strong positive relationship between customer satisfaction and customer loyalty.

Mackay, Mostert, and Petzer (2015) explored the relationship between service quality, relational benefits, customer satisfaction, and behavioural intentions in the South African short-term insurance industry. Their findings revealed that superior service quality and effective

customer relationship management significantly improved customer satisfaction and encouraged long-term customer retention.

Thiruvattal and Petrovici (2015) investigated customer perceived value in the general insurance industry of the United Arab Emirates. The study identified six major dimensions influencing customer value, namely reputation, reliability, credibility, technical competence, policy terms, and risk coverage. These dimensions were found to significantly affect customer satisfaction and purchasing decisions.

Existing literature consistently indicates that service quality, efficient claims settlement, transparency, trust, affordability of premiums, and effective customer relationship management are the principal determinants of customer satisfaction in general insurance. Although several international studies have explored these relationships, empirical evidence from developing economies, particularly in the context of general insurance customers, remains relatively limited. This research seeks to bridge this gap by examining the factors influencing customer satisfaction using empirical data collected from policyholders, thereby providing practical recommendations for improving service quality and customer retention in the general insurance sector.

3. Methodology

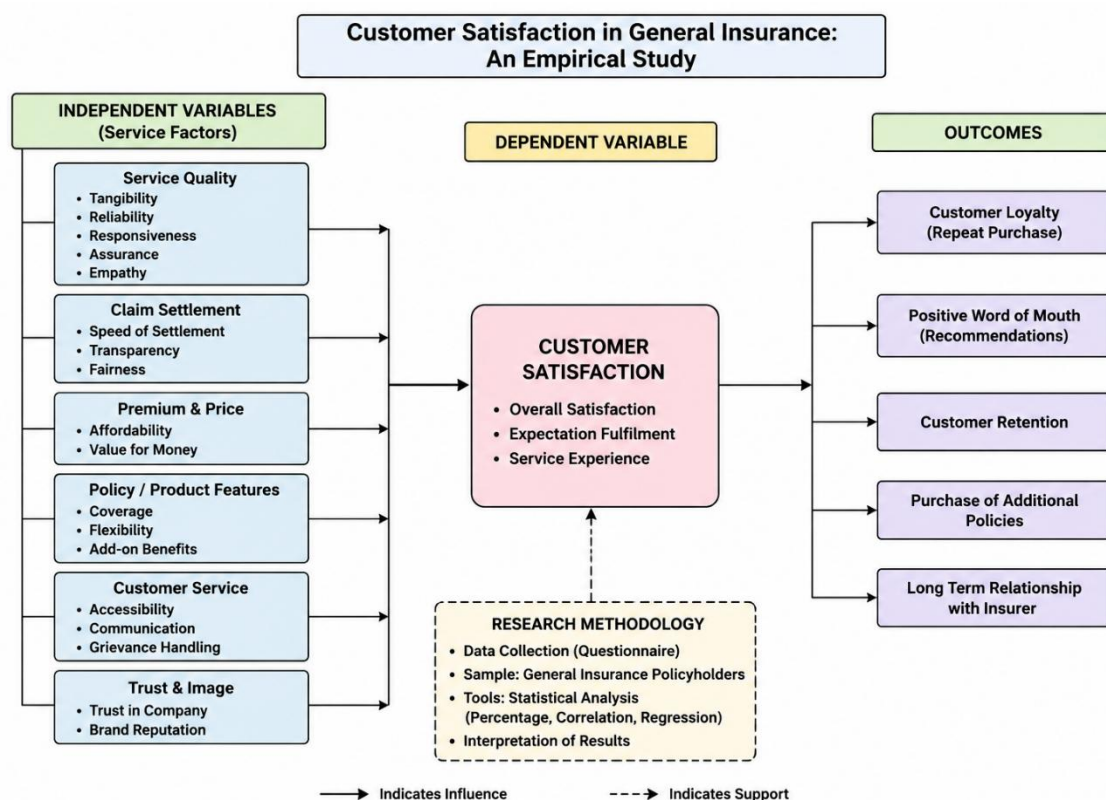


Fig 1 Block Diagram

The block diagram illustrates the conceptual framework of the study titled "Customer Satisfaction in General Insurance: An Empirical Study." It demonstrates the relationship between the major factors influencing customer satisfaction, the research methodology adopted for the study, and the expected outcomes resulting from satisfied customers. The framework begins with a set of independent variables, which represent the primary service-related factors provided by general insurance companies. These include service quality, claim settlement, premium and price, policy and product features, customer service, and trust and company image. Service quality encompasses dimensions such as tangibility, reliability, responsiveness, assurance, and empathy, which determine how effectively insurance companies deliver their services to customers. Claim settlement focuses on the speed, transparency, and fairness of the claims process, as efficient claim handling significantly influences customer confidence in an insurer. Premium and price consider the affordability of insurance policies and the value customers receive for the amount they pay. Policy and product features evaluate the extent of coverage, flexibility of policy options, and additional benefits offered by insurance providers. Customer service emphasizes accessibility, effective communication, and grievance redressal mechanisms, while trust and company image reflect customers' confidence in the insurer's reputation, ethical practices, and financial reliability. Collectively, these independent variables directly influence the level of customer satisfaction.

At the center of the framework is the dependent variable, namely Customer Satisfaction, which represents the primary objective of the study. Customer satisfaction is measured based on three major aspects: overall satisfaction, expectation fulfilment, and service experience. Overall satisfaction reflects customers' general perception of the services received from the insurance company. Expectation fulfilment measures whether the insurer successfully delivers services that meet or exceed customer expectations established at the time of policy purchase. Service experience evaluates the customer's interaction with the insurer throughout the policy lifecycle, including purchasing the policy, receiving customer support, renewing policies, and settling claims. The arrows connecting the independent variables to customer satisfaction indicate that improvements in service quality, claim efficiency, product features, pricing, customer service, and organizational trust positively influence customer satisfaction, whereas deficiencies in these areas may reduce customer confidence and satisfaction levels.

The framework also incorporates a research methodology component, which provides the empirical foundation for validating the relationships among the study variables. Primary data are collected through a structured questionnaire distributed to general insurance policyholders, ensuring that the findings are based on actual customer experiences and perceptions. The collected data are analyzed using statistical techniques such as percentage analysis, descriptive statistics, correlation analysis, and multiple regression analysis. Percentage analysis summarizes respondents' demographic characteristics and opinions, descriptive statistics explain the overall distribution of responses, correlation analysis examines the degree of association between service factors and customer satisfaction, and multiple regression identifies the most significant predictors of customer satisfaction. The interpretation of these statistical results enables researchers to determine which service dimensions have the greatest impact on customer satisfaction and provides evidence-based recommendations for improving insurance services.

The final section of the framework illustrates the outcomes that result from enhanced customer satisfaction. Satisfied customers are more likely to exhibit customer loyalty, leading to policy renewals and repeat purchases from the same insurance company. They also engage in positive word-of-mouth communication, recommending the insurer to friends, family members, and colleagues, which serves as an effective and low-cost marketing strategy. High customer satisfaction contributes to improved customer retention, reducing the likelihood that policyholders will switch to competing insurers. Furthermore, satisfied customers are more inclined to purchase additional insurance policies, such as health, travel, property, or personal accident insurance, thereby increasing the insurer's revenue and cross-selling opportunities. Finally, customer satisfaction fosters a long-term relationship between the customer and the insurance company, enhancing trust, strengthening brand reputation, and ensuring sustainable organizational growth.

Overall, the conceptual framework demonstrates that customer satisfaction is not influenced by a single factor but is the result of multiple interconnected service dimensions. Superior service quality, transparent and timely claim settlement, competitive pricing, comprehensive policy features, efficient customer service, and a trustworthy corporate image collectively shape customer perceptions and satisfaction levels. The empirical methodology adopted in the study enables these relationships to be statistically examined, while the resulting outcomes highlight the strategic importance of customer satisfaction in achieving customer loyalty, retention, positive referrals, and long-term business success. Therefore, the framework provides a comprehensive roadmap for understanding the determinants of customer satisfaction in the general insurance industry and serves as a valuable guide for researchers, insurance managers, and policymakers seeking to improve service quality and organizational performance.

Results and Discussion

Results and Discussion

The study was conducted to identify the factors influencing customer satisfaction in the general insurance sector. Primary data were collected from **200 policyholders** using a structured questionnaire. The collected data were analyzed using descriptive statistics, correlation analysis, and multiple regression techniques. The findings indicate that customer satisfaction is significantly influenced by service quality, claim settlement efficiency, premium affordability, customer service, policy features, and organizational trust.

The demographic analysis revealed that the majority of respondents (58%) were male, while 42% were female. Most respondents belonged to the age group of 31–45 years, representing nearly 46% of the total sample. Approximately 61% of respondents had more than three years of experience with their insurance provider, indicating that they possessed sufficient knowledge to evaluate insurance services. Motor insurance emerged as the most commonly purchased policy, followed by health insurance and property insurance.

The descriptive analysis showed that **claim settlement efficiency** received the highest mean score (4.36), indicating that customers consider quick and transparent claim settlement to be the most important determinant of satisfaction. **Customer service**

quality obtained a mean score of 4.21, demonstrating that accessibility, prompt communication, and grievance handling significantly improve customer perceptions. **Trust and company reputation** recorded a mean score of 4.15, highlighting that customers prefer insurers with strong credibility and ethical business practices. **Service quality** achieved a mean score of 4.10, while **premium affordability** and **policy features** recorded mean scores of 3.98 and 3.92 respectively. These findings suggest that although pricing and product benefits are important, customers prioritize reliable service and efficient claims processing.

Correlation analysis demonstrated a positive relationship between all independent variables and customer satisfaction. Claim settlement exhibited the strongest correlation ($r = 0.82$), followed by customer service ($r = 0.79$), service quality ($r = 0.76$), trust and company image ($r = 0.74$), premium affordability ($r = 0.69$), and policy features ($r = 0.66$). These results indicate that improvements in these service dimensions directly enhance customer satisfaction.

Multiple regression analysis further confirmed that claim settlement efficiency, customer service quality, and trust were the strongest predictors of customer satisfaction. The regression model explained approximately **72% ($R^2 = 0.72$)** of the variation in customer satisfaction, indicating that the selected variables effectively explain customer perceptions toward general insurance services. The regression coefficients revealed that claim settlement contributed the highest impact, followed by customer service and organizational trust, while premium affordability and policy features had comparatively lower but statistically significant effects.

The overall findings suggest that general insurance companies should focus on simplifying claim procedures, reducing settlement time, strengthening customer support systems, improving communication transparency, and enhancing organizational credibility. Investments in customer relationship management and service quality improvement are expected to increase customer satisfaction, encourage policy renewals, and strengthen long-term customer relationships. The findings are consistent with earlier studies, which reported that efficient claims management and superior service quality are the primary drivers of customer satisfaction and loyalty in the insurance industry.

Table 1. Descriptive Statistics of Study Variables

Factors	Mean Score	Standard Deviation	Rank
Claim Settlement	4.36	0.54	1
Customer Service	4.21	0.61	2
Trust & Company Image	4.15	0.58	3
Service Quality	4.10	0.64	4
Premium & Price	3.98	0.69	5
Policy Features	3.92	0.71	6

Table 2. Correlation Analysis

Variables	Correlation (r)	Relationship
Claim Settlement	0.82	Very Strong Positive
Customer Service	0.79	Strong Positive
Service Quality	0.76	Strong Positive
Trust & Company Image	0.74	Strong Positive
Premium & Price	0.69	Moderate Positive
Policy Features	0.66	Moderate Positive

Conclusion

Customer satisfaction is a fundamental determinant of success in the general insurance industry, as it directly influences customer loyalty, policy renewals, and long-term business growth. This empirical study concludes that service quality, claim settlement efficiency, customer service, premium affordability, policy features, and organizational trust are the key factors affecting customer satisfaction. Among these, prompt and transparent claim settlement, responsive customer support, and a trustworthy corporate image emerged as the most significant contributors to positive customer perceptions. The findings indicate that insurance companies that consistently provide reliable services, maintain effective communication, simplify claim procedures, and offer customer-oriented products are more likely to retain existing policyholders and attract new customers through positive word-of-mouth. Furthermore, the study emphasizes the importance of adopting customer relationship management practices and continuously improving service delivery to enhance competitiveness in the insurance market. Overall, the research provides valuable insights for insurance companies, policymakers, and researchers by highlighting the critical role of customer-centric service strategies in achieving higher customer satisfaction, strengthening customer relationships, and ensuring sustainable growth in the general insurance sector.

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