LEVEL OF CUSTOMER SATISFACTION WITH THE PURCHASED INSURANCE SERVICE

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A b s t r a c t

Insurance companies in the same way as other service enterprises, should focus in their activities mainly on identification of customer expectations and next on supplying them the products that would satisfy them fully.

In case of insurance companies customer satisfaction can be generated at the stage of providing services to the customer (satisfaction with the distribution channel) and product that the customer has purchased (satisfaction with the insurance service purchased). This paper aims at presenting the dependences occurring between the level of satisfaction with the insurance service and the gender, age, place of residence, level of education, income and expenditures on insurance of the respondents.

POZIOM ZADOWOLENIA KLIENTÓW Z NABYTEJ USŁUGI UBEZPIECZENIOWEJ

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A b s t r a k t

Towarzystwa ubezpieczeń, jak inne przedsiębiorstwa usługowe, w swoich działaniach powinny skupić się głównie na identyfikacji oczekiwań klientów, a następnie na dostarczeniu im produktów, które będą ich w pełni satysfakcjonowały.

W przypadku zakładów ubezpieczeń satysfakcja klientów może powstawać na etapie dostarczenia konsumentowi usługi (zadowolenie z kanału dystrybucji), a także z produktu, który zakupił (zadowolenie z nabytej usługi ubezpieczeniowej). Celem artykułu jest wskazanie zależności, jakie występują między poziomem zadowolenia z usługi ubezpieczeniowej a płcią, wiekiem badanych osób, miejscem zamieszkania, wykształceniem, dochodami i wydatkami na ubezpieczenia.

Introduction

Competition in the Polish property insurance market is assuming the characteristics of more qualitative than quantitative competition as a result of implementing new products, better customer service and more efficient liquidation of damages and focus on the individual client (LERCHER 2005, p. 23). Insurance products should be treated as a special, particularly precious and at the same time expensive goods (DEMBOWSKI 2000, p. 71) as their main task is to protect our life and property. The taking of a decision should be based on conscious choice after considering all the factors. Customer expectations experienced prior to making the purchase and his earlier experiences can have a meaningful influence on the level of satisfaction. That is why it is important that the companies should understand in which way the customers take their purchase decisions (HILL, ALEXANDER 2003, p. 89).

Customer satisfaction can be defined and expanded by other important elements considering specifics of the market to which they apply, e.g. in the insurance services sector they are defined as the look of the customer on the received comprehensive service (customer service quality, insurance protection and possible disbursement of benefit or damages).

The possibility of converting a customer into a loyal customer is the direct benefit from possessing a satisfied customer. The strong relation between customer loyalty and his satisfaction develops at the moment when during the first contact with a given enterprise the customer is satisfied with the service received. If customer loyalty increases by 5% it can bring, depending on the industry sector, an increase of revenue by from 25% to 85% (HILL, ALEXANDER 2003, p. 38). Loyal customers are much less susceptible to activities of the competitors. The sources of benefits from retaining a customer are: multiple purchases, recommending the company to others and lower price sensitivity. Satisfied customers are the cheapest and the most effective form of company advertising.

Enterprise successful in the market knows its customers, knows who they are, what their expectations are and what they think about their products and service provided. Continuous improvement of the customer approach by the enterprise, fast reaction to customer needs and collecting data that would allow assessing changing needs and expectations of the customers play an important role (THOMAS, http://www.isixsigma.com/library/content/c050328a.asp).

Undertaking initiatives focused on customer satisfaction strengthening can be achieved through continuous improvement of the methods of initiating contacts with insurance companies' clients, improvement of services provided and processes. Possessing customers who exchange positive opinions about the insurance company in their environment, purchase its products, establish

relations with it and stay with it during poor market periods is a large achievement for an insurance company. Possessing satisfied customers who are emotionally tied to the insurance company leads to establishing loyalty on the side of the buyers (CZUBA 2004, p. 21).

Maintaining continuous satisfaction and contentment of customers offers the company numerous benefits such as: the costs of retaining the customer are much lower than the costs of winning a new one; a satisfied customer is the one who buys more and is loyal to "his" company, passes positive comments about it and pays less attention to activities of competitors. Dissatisfied customer represents negative advertising for the company, as it is hard to change his negative opinion. That is why an important role is played by efforts of the company aiming not only at satisfying the customer needs but also at transforming the customers into systematic and loyal buyers.

Goal of the paper, methodology

The paper aims at identifying the level of satisfaction of customers from Warmia and Mazury voivodship with insurance service purchased.

The studies were carried out in 2006 using the questionnaire-based method. It encompasses 388 customers of insurance companies, department II, offering property and other personal insurance products in Warmia and Mazury voivodship. The level of customer satisfaction with the acquired insurance service was analyzed.

The collected results of questionnaire-based study were subjected to statistical processing. The questionnaire contained closed and open questions – considering the type of possible answers they were treated as immeasurable characteristics. They were characterized by creating distributions of numbers – the percentage of respondents selecting a specific option of the answer. Studies of differences between such distributions were carried by applying non-parametric tests. The χ^2 test that serves verification of hypotheses concerning absence of differences between distributions of a certain characteristic in two populations as well as verification of the hypothesis on independence of two non-measurable characteristics is one of them (STANISZ 1998, pp. 221–262, GREŃ 1976, pp. 114–138, STECZKOWSKI 1995, p. 41).

The value of statistics was computed according to the formula (MALARSKA 2005, pp. 76–77):

$$\chi^2 = \sum_{j=1}^{k} \sum_{i=1}^{r} \frac{(n_{ij} - \hat{n}_{ij})^2}{\hat{n}_{ij}} \sum_{j=1}^{k} \sum_{i=1}^{r} \left(\frac{n_{ij}^2}{\hat{n}_{ij}} \right) - n$$

where:

n_{ij} – number of elements in the sample,

$\hat{n}_{ij}$ – theoretical numbers,

k – number of columns in the independence matrix,

r – number of rows in the independence matrix.

The obtained results of statistical analysis are presented in tables. Statistical computations and presentation of the results were carried out using Excel, Statistica PL and SPSS computer software.

Results of empirical study

The questionnaire was completed by 388 respondents. In the selected population the distribution by gender was as follows: 46% women and 54% men. The majority of insurance companies; customers are young people – almost a half of the respondents (44%) belonged to the 20 to 30 years age group. A large share in the population covered was also that of the 30 to 40 years age group – 30%.

High level of education is a characteristic feature of that population – 36% of the respondents possessed tertiary and 52% secondary education. People with vocational and elementary education represented 12% of the covered population. The majority of the respondents were residents in towns with from 10.000 to 50.000 residents – 34%.

The respondent clients most frequently used services of: PZU S.A. – 40.7%, TUiR Warta S.A. – 10.7%, Concordia Polska TUW – 10.3, TU Allianz Polska S.A. – 10.1%, STU Ergo Hestia S.A. – 7.3%, Generali TU S.A. – 6.3% and PTU S.A. – 6.1%. The remaining customers (8.5%) purchase insurance from TUW TUW, Uniqa TU S.A. and TU Inter Polska S.A.

The respondents in most cases specified the agent and multiple agent as the insurance intermediary through whom they purchased the insurance services – 69% of customers covered; 20% of customers purchased the insurance directly at the insurance companies from full-time employees, 4% used broker services, 3% purchased insurance from a bank while 2% purchased them via the Internet and 2% by telephone (Fig. 1).
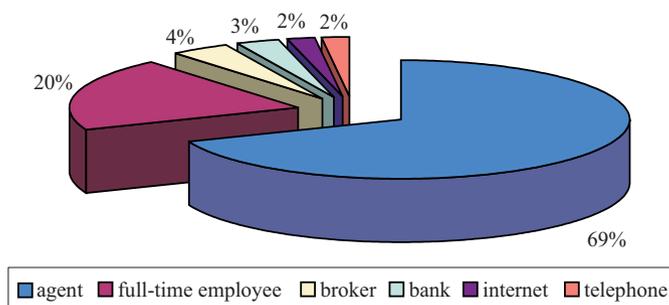
Fig. 1. Use of individual distribution channels by customers in Warmia and Mazury voivodship
Source: Own work based on the conducted studies.

Level of customer satisfaction with the purchased insurance service

Asking customers the question concerning the level of satisfaction with the purchased insurance according to the point scale from 1 to 5, where 1 represented dissatisfied and 5 highly satisfied, the majority, as high as 48% of the respondents were satisfied with the insurance purchased and 24% highly satisfied with it (Fig. 2).
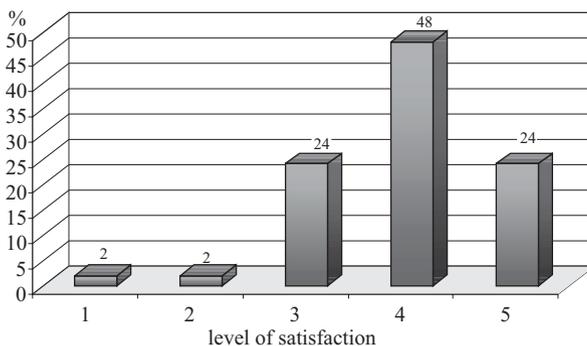
Figure 2. Level of customer satisfaction with the insurance purchased: where: 1 means dissatisfied,
2 – low satisfaction, 3 – medium satisfaction, 4 – satisfied, 5 – highly satisfied
Source: Own work based on the conducted studies.

Among the respondents 83% of women and 70% of men (Tab. 1) were satisfied and highly satisfied with the insurance purchased while only around 4% of men believed that the insurance purchased did not satisfy their needs fully. 100% of respondents aged 50 to 60 years were satisfied and highly

satisfied with the insurance service while in the other age groups the majority of customers were satisfied. In case of Poland the criteria of insurance companies customers; segmentation are their income and age (CZUBA 2005, p. 21). The most dissatisfied group were people aged 20 to 30 years (ca. 5% of respondents were dissatisfied with the service purchased). The conducted χ^2 test also showed existence of statistically significant dependence[1] between the gender and age of the respondents.

Table 1

Level of customer satisfaction with chosen insurance depending on gender and age

Satisfaction level	Gender				Age													
	Woman		Man		0–20		20–30		30–40		40–50		50–60		over 60	
	n	%	n	%	n	%	n	%	n	%	n	%	n	%	n	%
1.	0	0.00	8	3.86	0	0.00	8	4.85	0	0.00	0	0.00	0	0.00	0	0.00
2.	0	0.00	8	3.86	0	0.00	8	4.85	0	0.00	0	0.00	0	0.00	0	0.00
3.	24	13.26	68	32.85	0	0.00	16	9.70	68	58.62	8	14.81	0	0.00	0	0.00
4.	101	55.80	84	40.58	22	100.00	86	52.12	24	20.69	30	55.56	16	66.67	7	100.00
5.	56	30.94	39	18.84	0	0.00	47	28.48	24	20.69	16	29.63	8	33.33	0	0.00
Total	181	100.00	207	100.00	22	100.00	165	100.00	116	100.00	54	100.00	24	100.00	7	100.00
chi-square	$\chi^2 = 40.085$ $df = 4\ p = 0.000$				$\chi^2 = 157.064\ df = 20\ p = 0.000$											

Source: Own work based on the conducted studies.

Education has significant influence on the level of satisfaction experienced by the customer with the insurance purchased. The conducted χ^2 test showed that there is a statistically significant correlation between the satisfaction level and education of respondents. The largest proportion of dissatisfied and low satisfied customers was found among respondents with secondary education (in total 8% of respondents in that group). Customers with elementary education (in total 100% of the respondents in that group) and tertiary education (in total 73% of respondents in that group) were the customers who were satisfied or highly satisfied with the choice of service they made (Tab. 2).

Analyzing the correlation between the level of satisfaction with insurance service and the level of generated income (Tab. 3) it should be concluded that 100% of respondents with income exceeding PLN 10 000 were satisfied with the insurance. The most satisfied customers were those with the income from PLN 1001 to PLN 2000. The largest number of those dissatisfied was among the people with income not exceeding PLN 500 per month. 100% of respon-

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[1] It is assumed that the correlation is statistically significant when the value of that probability is lower than 0,05. See: Górniak, Wachnicki, 2004, pp. 177–178.

Level of customer satisfaction with chosen insurancedepending on education

Satisfaction level	Education							
	elementary		vocational		secondary		tertiary	
	n	%	n	%	n	%	n	%
1.	0	0.00	0	0.00	8	4.04	0	0.00
2.	0	0.00	0	0.00	8	4.04	0	0.00
3.	0	0.00	22	61.11	32	16.16	38	27.14
4.	7	50.00	14	38.89	110	55.56	54	38.57
5.	7	50.00	0	0.00	40	20.20	48	34.29
Total	14	100.00	36	100.00	198	100.00	140	100.00
chi-square	$\chi^2 = 70.488\ df = 12\ p = 0.000$							

Source: Own work based on the conducted studies.

Table 3

Level of customer satisfaction with chosen insurancedepending on monthly income (in PLN)

Satisfaction level	Income (PLN)													
	do 500		501–1000		1001–2000		2001–3000		3001–5000		5001–10000		over 10000	
	n	%	n	%	n	%	n	%	n	%	n	%	n	%
1.	0	0.00	8	9.41	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
2.	0	0.00	8	9.41	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
3.	0	0.00	31	36.47	24	17.91	0	0.00	29	64.44	8	50.00	0	0.00
4.	16	100.00	23	27.06	62	46.27	68	80.95	8	17.78	0	0.00	8	100.00
5.	0	0.00	15	17.65	48	35.82	16	19.05	8	17.78	8	50.00	0	0.00
Total	16	100.00	85	100.00	134	100.00	84	100.00	45	100.00	16	100.00	8	100.00
chi-square	$\chi^2 = 204.147\ df = 24\ p = 0.000$													

Source: Own work based on the conducted studies.

dents spending from PLN 601 to PLN 1000 per year on insurance were satisfied with the insurance purchased while 88% of respondents spending PLN 1501 to PLN 2000 per year on insurance were satisfied or highly satisfied. What is interesting, customers spending from PLN 2001 to PLN 3000 per year on insurance belong to the group that was most dissatisfied with the service purchased (Tab. 4). The χ^2 test confirmed the existing correlation between the level of satisfaction and the income of respondents.

Place of residence has important influence on the level of satisfaction with insurance purchased (that correlation was confirmed by the conducted χ^2 test). People living in rural areas form the group with medium or low satisfaction (Tab. 5) while the highest level of satisfaction was presented by residents in towns with over 200 000 residents.

Table 4

Level of customer satisfaction with chosen insurance depending on the amounts spent on insurance

Satisfaction level	Expenditure (PLN)													
	0–100		101–300		301–600		601–1000		1001–1500		1501–2000		2001–3000	
	n	%	n	%	n	%	n	%	n	%	n	%	n	%
1.	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	8	21.05
2.	0	0.00	0	0.00	0	0.00	0	0.00	8	7.77	0	0.00	0	0.00
3.	0	0.00	14	26.92	31	28.18	0	0.00	32	31.07	7	11.48	8	21.05
4.	8	100.00	30	57.69	47	42.73	16	100.00	39	37.86	23	37.70	22	57.89
5.	0	0.00	8	15.38	32	29.09	0	0.00	24	23.30	31	50.82	0	0.00
Total	8	100.00	52	100.00	110	100.00	16	100.00	103	100.00	61	100.00	38	100.00
chi-square	$\chi^2 = 163.834\ df = 24\ p = 0.000$													

Source: Own work based on the conducted studies.

Table 5

Level of customer satisfaction with chosen insurancedepending on place of residence

Satisfaction level	Place of residence (in K)											
	rural area		Town									
			up to 10		10–50		50–100		100–200		over 200	
	n	%	n	%	n	%	n	%	n	%	n	%
1.	0	0.00	0	0.00	0	0.00	0	0.00	8	10.26	0	0.00
2.	8	8.33	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
3.	32	33.33	0	0.00	44	34.38	8	33.33	8	10.26	0	0.00
4.	56	58.33	8	33.33	37	28.91	16	66.67	38	48.72	30	78.95
5.	0	0.00	16	66.67	47	36.72	0	0.00	24	30.77	8	21.05
Total	96	100.00	24	100.00	128	100.00	24	100.00	78	100.00	38	100.00
chi-square	$\chi^2 = 166.104\ df = 20\ p = 0.000$											

Source: Own work based on the conducted studies.

Projected directions of changes in customer satisfaction factors

Among the covered population of the residents in Warmia and Mazury voivodship 46% declared that during the last five years they changed the insurance distribution channel. The main reasons for that situation were lack of satisfaction with the insurance purchase method (59%), price (21%), quality of services provided (12%) and liquidation or termination of service by the intermediary (8%).

Answering the question concerning actions that the insurance company could undertake to increase satisfaction of its customers the most frequent answers selected by the respondents were (Fig. 3): quality improvement (36%), offering discounts and bonuses (27%), increasing the range of products and improvement of complaints processing service quality (14% each).
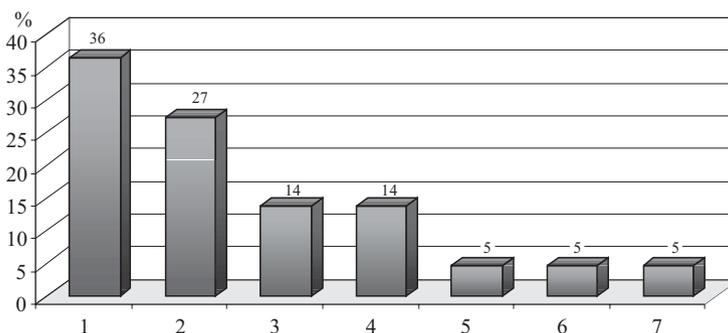

Fig. 3. Actions that the insurance company should initiate to increase the customer satisfaction level: 1 – improve quality, 2 – provide discounts and bonuses, 3 – expand the product range, 4 – improve complaints processing service level, 5 – decrease insurance products; price, 6 – improve damage liquidation services quality, 7 – improve post-sale service
Source: Own work based on the conducted studies.

Summary and conclusions

It should be remembered that wherever there is a relation of business nature the issue of customer satisfaction level appears. The necessity of taking care of high level of customer satisfaction is becoming a classic marketing tool under circumstances where innovative and effective actions are increasingly difficult to find. In case of insurance, an important role, in addition to end buyer satisfaction, is played by satisfaction of trade intermediaries, who have major influence on overall satisfaction of customers using insurance company services.

The conducted studies confirm that there is a statistically confirmed correlation between the satisfaction level and gender, age, education, income and expenditures of the customer allocated for purchase of insurance service.

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