

Service Quality, Customer Satisfaction and Loyalty: A Study on Life Insurance Industry in Sri Lanka

T.C.N. Peiris¹ and S.S. Weligamage²

Department of Finance, University of Kelaniya, Sri Lanka^{1,2}

chathuripeiris97@gmail.com¹, susima@kln.ac.lk²

ABSTRACT

Introduction: Insurance Industry is becoming one of the high growing Industry in Sri Lanka and quality of the product is very important factor in this service-oriented industry. Satisfied customers lead to repeat purchase and brand loyalty. The objective of this study is to identify the relationship among service quality, customer satisfaction and customer loyalty in life insurance industry in Sri Lanka.

Design/Methodology/Approach: Population of the study is policy holders of life insurance companies in Sri Lanka and 200 policy holders in five life insurance companies were selected as sample. Service quality used as the independent variable, customer loyalty as dependent variable and customer satisfaction as intermediary variable in the study. Study focused on two relationships and, as the intermediary variable, customer satisfaction represents the dependent variable with service quality and independent variable with customer loyalty. Therefore, both relationships were observed using correlation and regression analysis.

Findings: The analysis revealed that the customer satisfaction mediates the relationship between service quality and customer loyalty. Service quality is positively related with customer satisfaction, there is a positive relationship between customer satisfaction and customer loyalty. Most effective independent variable on customer satisfaction is responsiveness. When considering each measurement of service quality with customer satisfaction, only tangibility and responsiveness show the positive relationship with customer satisfaction and only those two were significant at the significant. But when the service quality is taken as a composite variable there is a positive relationship.

Conclusion: There is a positive relationship between service quality and customer satisfaction and there is a positive relationship between customer satisfaction and customer loyalty in life insurance industry in Sri Lanka.

Keywords: *Service Quality, Customer Satisfaction, Customer loyalty, Life insurance, Sri Lankan insurance industry.*