

Model of Customer Satisfaction Insurance Products

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Abstract--- Purpose- This study discusses the extent of the influence of 3 variables, namely: Products, Determination of Premium Prices, and Service Processes to Customer Satisfaction Insurance products. From these 3 variables the researcher makes a research framework, namely: a) The extent to which the Product influences Customer Satisfaction, b) Determination of Premium Prices affects Customer Satisfaction, c) Service Processes affect Customer Satisfaction, and d) The extent to which Products, Determination of Premium Prices and Processes Services together affect Customer Satisfaction.

Design- The questionnaire method was chosen by researchers in gathering data to be processed using quantitative methods, multiple linear regression. while the hypothesis test used was the hypothesis t-test, the hypothesis test f with a significant level of 5%.

Findings- Based on the results of processing and discussion on each of the observed variables can be concluded as follows, there is a positive influence between the Products on Customer Satisfaction There is a positive influence between the Determination of the Premium Price on Customer Satisfaction. Thus it can be concluded that the Determination of Premium Price is proven to affect Customer Satisfaction. There is a positive influence between the Service Process on Customer Satisfaction. These results inform that all independent variables (Product, Premium Pricing, and Service Process) provide the results of all information needed to predict Customer Satisfaction.

Originality/Value- This article is original and has not been published in any journal. **Keywords---** *Insurance, Products, Prices, Premiums, Service Processes, Customer Satisfaction*

I. Introduction

Service companies have different characteristics from non-service companies (May, Gilson, & Harter, 2004). Insurance is a financial institution that is engaged in services a Non-Bank Financial Institution. Understanding non-bank financial institutions are all bodies that carry out activities in the financial sector, which directly or indirectly raise funds mainly by issuing valuable paper and channeling it in the community, especially to finance company investment. An Insurance Company is an insurance company as described in the Commercial Law Act paragraph 246 is as follows, "Insurance or coverage is an agreement between two parties, namely the insurer (assured) will compensate the insured if a certain event occurs, vice versa the insured party will pay an amount called the premium to the insurer".

Along with the widespread use of insurance, the use of business is also increasing, one of which is to create a sense of security and comfort. The need for insurance services is now increasingly felt, both by individuals and businesses in Indonesia. Insurance is a financial tool in the management of household life, both in dealing with fundamental risks such as the risk of death or in dealing with the risk of possessions. Likewise, the business world in carrying out its activities faces various risks that might disrupt the sustainability of its business. □

Indonesian people's interest in insurance awareness is starting to increase, this can be seen through a statement said by Hendrisman Rahim Chairperson of the AAJI (Indonesian Life Insurance Association) namely that until the 1st quarter (Q1) of 2017, the life insurance industry recorded positive growth when compared to Q1 Last 2016. The Indonesian Life Insurance Association (AAJI) provided information that the revenue growth reached 16.4 percent or valued at IDR 56.96 trillion. Furthermore, the total premium income to IDR 43.17 trillion, up 25.5 percent. In Q1 2016, premium income stood at 34.40 trillion, with total claims and benefits increasing. The number in Q1 2017 is

IDR 24.05 trillion. This figure is up 11.6 percent from the position in Q1 2016 with a figure of IDR 21.55 trillion. On the total post insured, there was an increase in growth of 7.0 percent to 59.21 million people. In 2016, the total number of insured reached 55.34 million people. (kompas.com).

The demand for insurance coverage continues to grow following the level of complexity of risks that arise and threatens the personal and business world. Meanwhile, for the insurance industry the risk of uncertainty is something measurable and in general, has statistics that support risk-taking. The most basic purpose of making insurance laws is the existence of contract law and business law which creates order in the insurance business based on the balance of interests for the parties that bind themselves and guarantee the ability of the guarantor to provide insurance benefits when due. Consumer satisfaction is a very important factor in a business or business that is engaged in services, especially insurance. If the product performance is far lower than consumer expectations, then the consumer is not satisfied. And conversely, if the performance is in line with or far higher than expectations, consumers will feel satisfied. Consumer expectations are generally consumers' forecasts or beliefs about what they will receive or consume a product (goods and services).

To create customer satisfaction for Taspen Life customers, the products offered must be of high quality. The term quality itself contains various interpretations. Simply stated, quality can be interpreted as a defect-free product. However, this manufacturing-based definition is less relevant to the service sector. Therefore, the understanding of quality is then extended to "fitness for use" and conformance to requirements. " Quality reflects all dimensions of product offerings that produce benefits for customers. The term value is often used to refer to the relative quality of a product to the price of the product concerned.

Taspen Life always makes a product based on regulations that have been set by the OJK as the Regulator of Financial Services Companies in Indonesia and accordance with the demands of prospective participants using the taylor made method. In its journey, PT Asuransi Jiwa Taspen has 9 superior products consisting of Group Life Insurance Products: Taspen Group Endowment, Taspen Group Whole Life, Taspen Group Term Life, Taspen Group Personal Accident, Taspen Save, Taspen Group Annuity, and Taspen Credit Life.

Taspen Life in December 2015 recorded the company's assets of Rp 2.7 trillion, an increase of 528 percent compared to the previous year. In terms of profit, Taspen Life recorded profit growth of 244 percent or Rp 42.7 billion compared to 2014 which was Rp 12.4 billion. Based on the results of the audit as of December 31, 2015, Taspen Life was recorded to have a Risk Base Capital (RBC) or a level of capital adequacy at 194 percent or had met the provisions of the Financial Services Authority (FSA) related to the level of solvency of at least 120 percent. In terms of assets, Taspen Life has also been ranked as a middle-class insurance company, out of 54 life insurance companies in Indonesia, Taspen Life is at number 21 (Prameshwari, 2009).

This research was conducted to determine the effect of the product quality mix, premium pricing, and service processes in measuring customer satisfaction for a life insurance company at PT Asuransi Jiwa Taspen for the 2014-2019 period.

II. Literature Review

Customer Satisfaction

The definition of customer satisfaction formulated by (Limakrisna & Ali, 2016) is: Satisfaction is the response of customers to the fulfillment of their needs. That means the assessment that a particular form of goods or services or the goods/services themselves, provides a level of comfort associated with fulfilling a need, including meeting needs below expectations or meeting needs beyond customer expectations.

According to (Hsu, Chang, & Chuang, 2015), several reasons form the company's foundation in maintaining relationships with its customers, including:

1. If customers like it, they will remain loyal to our products or services.
2. If the customer is disappointed, sooner or later they will leave our product or service.
3. Customers always make their own choices.
4. Customers always know what they want.
5. If the company can help customers make their choices and know the things they want, in a meaningful and memorable way, they will like the company.
6. If the company fails to help them, then they will like our company and will not continue the relationship because they know there are other companies ready to help them.

Product

In developing a program to reach the desired market, a company must start with a product or service that is designed to satisfy the desires of consumers. Therefore the company must try to win the hearts of consumers to smooth the course of a production. Consumers usually want their products to make the hearts of consumers satisfied and have quality products.

The most important thing in a product is that the consumer not only buys the physical product but also buys the benefits and value of the product called 'the offer', especially on unknown products that do not cause a transfer of ownership from the product to consumers (Eagle, Dahl, Czarnecka, & Lloyd, 2014).

Determination of Premium Price

According to (Hayati & Purnama, 2016) prices can be narrowly defined as the amount of money billed for a product or service. Or it can be broadly defined price as the amount of value that consumers exchange for the benefit of owning and using a product or service that allows a company to get a reasonable profit by being paid for the customer value it creates.

Determination of product prices is an important thing in selling insurance products. Of course one of the important factors in selling a product is the match between the benefits obtained by the buyer and the amount of premium they pay. therefore pricing in the sale of insurance products must be carefully examined. Insurance companies in setting prices based on several basic characteristics of premiums, namely (Limakrisna, Komar Priatna, & Roswina, 2016):

1. Adequate

The premium rate must be sufficient to cover the risks that may occur, all acquisition costs, administrative costs, taxes, profits, and so forth. Premiums must also be able to provide margins for an unexpected event (adverse occurrence). If the premiums are not sufficient to cover all of these things, then the possibility of the guarantor or the company of life insurance will face insolvency, and difficulty in fulfilling the obligation to pay claims. □

2. Reasonable

Premium rates should not be excessive for benefits promised/sold. For example, premium rates are amazingly cheap while the benefits offered are vast, or vice versa. Premiums are extraordinarily expensive but the benefits offered are so limited. Of course, the guarantor must pay attention to the reasonableness between the two things, because if not, it will backfire for the guarantor in terms of marketing their products. □

3. Equitable

Logically, the premium must be fair between different insured classes. That is, for the insured class that has the same level of risk, the premium must also be the same. And if the insured class is indeed different, then the premium charged must be proportional to the level of risk at each level of risk class.

Service Process

The process is all the actual producers, mechanisms, and activities that are used to deliver services. Besides this, the decision in operations management is very important for the success of service marketing (Agussalim, Limakrisna, & Ali, 2017).

Every product and service marketing activity is inseparable from the service process. A series of product and service activities require a process. (Limakrisna, 2008) states that marketing products and services are a series of processes to serve customers. (Limakrisna & Yoserizal, 2016) state the marketing of products and services is the result of this view that puts the process as an important thing in marketing products and services.

III. Methodology

This research uses quantitative research methods using numerical data and emphasizes the research process on measuring objective results using statistical analysis. The focus of the quantitative method is to collect data sets and make generalizations to explain the specific phenomena experienced by the population. The purpose of quantitative research is to determine the relationship between variables in a population. There are two kinds of quantitative research designs namely descriptive and experimental. Descriptive quantitative studies take measurements only once. This means that the relation between the variables investigated only takes place once. Whereas the experimental study measured the variables before and after to see the causal relationship of the phenomenal studied.

In this study, the population consisted of participants from Taspen Life until May 2019, seen from the target of completion of the study in June - September 2019 as many as 546,840 respondents from participants of Group Life Insurance Products and Individual Life Insurance Products. The population in this study amounted to 546,840 participants with an 8% error margin. Random Sampling is the closest method to the definition of probability sampling.

Sampling from a random population based on the probability of all members of the population. Thus, the number of samples taken was 156 Respondents.

IV. Result and Discussion

The T-test is conducted to find out or test the significance of the effect of a variable X (product, premium pricing, and service processes) partially on Y (customer satisfaction). It can be explained that the product variable produces a calculated value of 4.529 and significant at 0.000. The significant value obtained is smaller than alpha 5% ($0.000 < 0.05$) then H_01 is rejected and H_{a1} is accepted. Thus it can be concluded that the product has been proven to have a significant effect on customer satisfaction.

The variable premium pricing determines t value of 4.526 and the significance of 0.000. The significant value obtained is smaller than alpha 5% ($0.000 < 0.05$) then H_02 is rejected and H_{a2} is accepted. Thus it can be concluded that the Determination of Premium Price is proven to have a significant effect on Customer Satisfaction.

In the Service, the Process variable produces a value of 3.077 and a significance of 0.002. The significant value obtained is smaller than alpha 5% ($0.002 < 0.05$) then H_03 is rejected and H_{a3} is accepted. Thus it can be concluded that the Service Process is proven to have a significant effect on Customer Satisfaction.

F test is performed to determine whether all independent variables simultaneously (together) affect the dependent variable. Simultaneous test results can be explained that the F test produces a statistical F value of 138.530 with a significant 0.000. A significant value obtained is smaller than alpha 5% ($0.000 < 0.05$) then H_04 is rejected and H_{a4} is accepted. These results indicate that it is simultaneously proven that Product, Premium Pricing, and Service Process together affect Customer Satisfaction.

The coefficient of determination results obtained an R-Square value of 0.732 (73.2%). These results inform that all independent variables (Product, Premium Pricing, and Service Process) provide the results of all information needed to predict Customer Satisfaction. In other words, Product, Premium Pricing, and Service Process have a simultaneous effect of 73.2% on Customer Satisfaction, and the remaining 26.8% is influenced by other variables outside this study.

Research results are in line with findings Richard Oliver (Barnes, 2003: 64) that satisfaction is the response of customers to the fulfillment of their needs. That means the assessment that a particular form of goods or services or the goods/services themselves, provides a level of comfort associated with fulfilling a need, including meeting needs below expectations or meeting needs beyond customer expectations. Associated with the service process proposed by (Madhavaram, Badrinarayanan, & McDonald, 2005) states that the process is all the actual producers, mechanisms, and activity streams used to deliver services. Besides this, the decision in operations management is very important for the success of service marketing. This is also related to the product proposed by (York & Danes, 2014) which states that the product is the consumer not only buys the physical product but also buys the benefits and value of the product called 'the offer', especially on unknown products does not cause a transfer of ownership of the product to consumers.

Likewise, it is also related to the price stated by (Kotler & Armstrong, 2018) that product pricing is an important thing in selling insurance products. Of course one of the important factors in selling a product is the match between the benefits obtained by the buyer and the amount of premium they pay. therefore pricing in the sale of insurance products must be carefully examined.

V. Conclusion

Based on the results of processing and discussion on each of the observed variables can be concluded as follows, there is a positive influence between the Products on Customer Satisfaction There is a positive influence between the Determination of the Premium Price on Customer Satisfaction. Thus it can be concluded that the Determination of Premium Price is proven to affect Customer Satisfaction. There is a positive influence between the Service Process on Customer Satisfaction. These results inform that all independent variables (Product, Premium Pricing, and Service Process) provide the results of all information needed to predict Customer Satisfaction. □

For further research that other factors are outside the variable (product independent, premium price determination, and service process), other factors influence customer satisfaction in terms of promotion, distribution, location, and so on to further refine this research for the better. To further enhance Taspen Life's Customer Satisfaction, it is necessary to consider several Product elements. Like Product Variation, where some respondents want a Group Life Insurance Product packaged in an Individual Life Insurance Product whose participation is not tied to the company where the participant works. To further enhance Taspen Life's Customer Satisfaction, it is necessary to consider several elements of the Determination of Premium Price. Like Price Equality one of them, where participants compare in terms of Taspen Life's premium rates which is fairly high with other competitor companies and the benefits received

by participants. To further enhance Taspen Life's Customer Satisfaction, it is necessary to consider several elements of the Service Process. As one of the guarantees, where participants complained about the claims process that is submitted sometimes the required documents burden the participants. In terms of participants' perceptions of the overall quality or excellence of products and services regarding the expectations of participants. Taspen Life has provided maximum service to participants since Taspen Life's standing age is 4 years. need to consider several elements of the Service Process. As one of the guarantees, where participants complained about the claims process that is submitted sometimes the required documents burden the participants. In terms of participants' perceptions of the overall quality or excellence of products and services regarding the expectations of participants. Taspen Life has provided maximum service to participants since Taspen Life's standing age is 4 years. need to consider several elements of the Service Process. As one of the guarantees, where participants complained about the claims process that is submitted sometimes the required documents burden the participants. In terms of participants' perceptions of the overall quality or excellence of products and services regarding the expectations of participants. Taspen Life has provided maximum service to participants since Taspen Life's standing age is 4 years.

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