

**YANGON UNIVERSITY OF ECONOMICS
DEPARTMENT OF COMMERCE
MASTER OF INSURANCE PROGRAMME**

**CUSTOMER SATISFACTION AND CUSTOMER RETENTION IN
GENERAL INSURANCE OF AYA SOMPO INSURANCE
COMPANY LIMITED**

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MI II - 04
MI 1st BATCH**

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COMPANY LIMITED**

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ABSTRACT

This study examines customer satisfaction and retention in general insurance at AYA SOMPO Insurance Company Limited, with a focus on key influencing factors. Primary data was collected from 195 customers through a structured questionnaire using a five-point Likert scale. The study used simple random sampling to ensure a representative sample. Data analysis was conducted using descriptive statistics, correlation analysis, and multiple regression analysis. The findings reveal that service quality, customer trust, and relationship marketing have a significant positive impact on customer satisfaction and retention. However, claim management does not show a statistically significant effect. Among the factors, relationship marketing emerges as the strongest predictor of customer satisfaction, highlighting the importance of personalized services and effective communication in enhancing customer engagement and loyalty. The study emphasizes the need for continuous improvements in service quality, transparency, and trust-building measures to sustain high customer satisfaction levels. It also suggests that while efficient claim management contributes to the overall customer experience, its role in directly influencing retention may be less pronounced. The results underscore the importance of strengthening customer relationships to maintain long-term loyalty in the competitive insurance market.

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CHAPTER I

INTRODUCTION

General insurance encompasses coverage for non-life risks, such as property damage, accidents, theft, and liabilities. It is crucial for individuals and enterprises as it alleviates the financial repercussions of unexpected occurrences, hence preserving financial stability and safeguarding assets. People need general insurance to safeguard against unpredictable risks that can otherwise lead to substantial financial loss. The demand for general insurance has grown due to increasing awareness about risk management, the rising number of natural disasters, accidents, and other emergencies. This heightened need for protection is reflected in the continuous expansion of the global insurance market, with the sector seeing steady growth in recent years as more people recognize the value of risk coverage.

The growth of general insurance has been significant in recent years, driven by an increasing number of insurance companies and a wider array of services offered. The sector has expanded globally with both traditional insurers and new players entering the market, including specialized insurers focusing on niche areas like cyber insurance and health insurance. The number of general insurance companies has grown with a variety of offerings such as motor insurance, home insurance, travel insurance, health insurance, and commercial insurance, catering to the diverse needs of individuals and businesses. In addition, insurers have adopted innovative technologies like digital platforms and artificial intelligence to streamline claim processes, personalize products, and improve customer experience, further fueling demand for general insurance products. This expansion reflects the industry adaptability and its critical role in providing financial protection in an increasingly uncertain world.

Customer retention is essential for general insurance companies as it helps build a stable, long-term revenue base and reduces the high costs associated with acquiring new customers. By focusing on retaining customers, insurers can foster loyalty, encourage repeat business, and improve profitability. Maturity of products plays a key role in this process, as developed and well-designed insurance products are more likely to meet the evolving needs of customers, increasing satisfaction and reducing churn. Offering personalized solutions, maintaining competitive pricing, and providing excellent customer service are essential for retaining policyholders. Additionally, incorporating loyalty

programs, regular communication, and proactive claims support can strengthen the relationship between insurers and their customers, all are encouraged to get the customer satisfaction, ultimately driving retention. A high retention rate is a clear indicator of customer trust and satisfaction, which is vital for the continued growth and sustainability of an insurance company in a competitive market.

In Myanmar, the general insurance sector is composed of both private and public insurance companies, with AYA SOMPO Insurance Company being one of the private players. AYA SOMPO, a joint venture between AYA Myanmar and Sompo Japan Insurance, offers a wide range of general insurance products and services catering to individuals, businesses, and corporations. These include motor vehicle insurance, AYA health insurance, travel insurance, personal accident insurance, and liability insurance, among others. The company also provides specialized coverage options like fire insurance and marine insurance to address the specific needs of various sectors. AYA SOMPO commitment to customer-centric services, combined with its innovative digital solutions, ensures a seamless experience for policyholders, enhancing customer satisfaction and retention in the evolving Myanmar insurance market.

1.1 Rationale of the Study

AYA SOMPO Insurance Company was founded in 2013 as a joint venture between AYA Myanmar and Sompo Japan Insurance, marking its entry into the Myanmar general insurance market. The company initially focused on providing essential insurance products such as motor vehicle insurance, AYA health insurance, travel insurance and personal accident insurance with a vision to offer comprehensive coverage solutions to meet the growing needs of individuals and businesses in Myanmar. Over the years, AYA SOMPO expanded its product offerings to include specialized coverages like fire insurance and marine insurance. The company emphasizes customer convenience by combining traditional sales methods with innovative digital platforms, allowing policyholders to easily access and manage their insurance needs. According to this approach, AYA SOMPO has built a reputation for reliable and accessible insurance services in Myanmar developing insurance landscape.

AYA SOMPO Insurance Company offers a comprehensive range of general insurance products designed to meet the diverse needs of individuals and businesses in Myanmar. Its portfolio includes essential coverages such as motor insurance, health insurance, home insurance, and property insurance, as well as specialized products like

marine, engineering, and agricultural insurance. The company focuses on providing reliable protection against risks, ensuring financial security for its customers. AYA SOMPO combines traditional sales channels with innovative digital platforms, enabling customers to purchase policies, manage accounts, and file claims with ease.

AYA SOMPO Insurance Company places a strong emphasis on service quality to ensure a superior customer experience. The company is committed to delivering reliable, responsive, and empathetic services across its various offerings. By ensuring that their staff is well-trained and that processes are efficient, AYA SOMPO consistently meets customer expectations. This focus on high service standards, including clear communication, timely assistance, and professionalism, establishes a solid foundation for customer satisfaction. The company's commitment to maintaining a high level of service extends to its digital platforms and physical offices, which are designed to be user-friendly, making it easy for customers to access information and resolve issues quickly.

Claim management at AYA SOMPO is another crucial element that influences customer satisfaction. The company ensures that the claims process is transparent, efficient, and fair, making it a central part of its customer service strategy. AYA SOMPO uses technology to streamline claims handling, which helps reduce processing time and errors, providing customers with a quicker resolution to their claims. This efficiency fosters trust, as policyholders feel confident that their claims are handled accurately and in a timely manner. Additionally, AYA SOMPO's relationship marketing efforts focus on building strong, personalized connections with clients. By offering tailored insurance products, maintaining regular communication, and addressing specific customer needs, AYA SOMPO builds long-term relationships that drive loyalty and retention, ensuring that clients feel valued and supported throughout their journey with the company.

Customer satisfaction at AYA SOMPO Insurance Company is shaped by the company commitment to offering reliable insurance services, prompt claims handling, and effective communication with clients. As a leading player in the insurance market, AYA SOMPO emphasizes providing a high-quality customer experience by ensuring that its customers' needs are met through comprehensive insurance products, including life, health, and motor insurance policies. One of the key drivers of customer satisfaction is the company efficient claims management process. Quick and transparent claims processing fosters customer trust and loyalty, which is critical in the insurance industry where clients seek reassurance that their claims are handled with integrity and care.

Furthermore, AYA SOMPO focuses on customer relationship management, where personalized services, regular follow-ups, and dedicated support contribute significantly to satisfaction levels. Ensuring that customers are well-informed about their policies, the benefits they are entitled to, and the claims process helps build stronger relationships and reduces dissatisfaction. The company use of digital platforms for policy management, claims tracking, and customer service also improves convenience and satisfaction by providing timely access to services and support. Regular customer feedback and satisfaction surveys allow the company to continuously assess and refine its service offerings, leading to increased customer retention and loyalty in a competitive market.

For all insurance companies, keeping customers is a top priority. Therefore, having customers who consistently utilize and return to a business's product or service rather than leaving to work for another company or abandoning the existing one is known as high customer retention. On the agenda of many firms, therefore, is to find a means to reduce client defections. Making sure that a positive rapport is maintained throughout the business and customer relationship and paying close attention to the first interaction a firm has with a client are important ways to do this. Therefore, these good activities must be sustained throughout their existence in order for client retention to occur.

The ability of a business to attract and keep new customers depends not only on the caliber of its products and services but also on how it handles its current clientele, what value or advantages they derive from the business's solutions, and its standing in the marketplace. Due to its substantial impact on cost efficiency and customer satisfaction, service quality has garnered considerable attention from both managers and scholars (Sureshchander et al., 2002). Numerous research have investigated the correlation between service quality and customer satisfaction, based on the premise that superior service quality is crucial for achieving customer contentment (Festus and Hsu, et al., 2006; Thamariselvan and Raja, 2007). AYA SOMPO Insurance places significant emphasis on service quality. The company is committed to delivering high-quality service by providing responsive customer support and ensuring that insurance products are tailored to the needs of its diverse clientele.

This combination of factors helps AYA SOMPO maintain a loyal customer base and differentiate itself in the growing Myanmar insurance market. Customer retention at AYA SOMPO Insurance is important because it allows for a deeper understanding of the factors that influence customer loyalty and satisfaction in a highly competitive market. Customer retention is essential for maintaining continuous growth and profitability.

Service quality is pivotal in molding client opinions, while proficient claim administration guarantees a transparent and efficient procedure, directly affecting satisfaction. Customer trust is a key determinant of long-term relationships, and relationship-marketing strategies strengthen these bonds by personalizing interactions and providing tailored solutions. By exploring these factors, the study aims to understand the critical elements that drive customer retention in the insurance industry. Therefore, this study identifies the factors influencing customer satisfaction and customer retention of AYA SOMPO Insurance Co., Ltd.

1.2 Objectives of the Study

The objectives of the study are as follows:

1. To examine the factors influencing customer satisfaction of AYA SOMPO Insurance Co., Ltd.
2. To analyze the effect of customer satisfaction on customer retention of AYA SOMPO Insurance Co., Ltd.

1.3 Scope and Method of the Study

This study focuses on factors influencing customer satisfaction and retention of AYA SOMPO Insurance Co., Ltd. The study uses both primary data and secondary data. The target population is customer who purchase AYA SOMPO Insurance Co.,Ltd. for a population of 350 renew customers, the sample size is approximately 195 customers to ensure a representative sample at a 95% confidence level with a 5% margin of error using Yamane (1967). Sample respondents selected by using simple random sampling method. Primary data collected from customers who have bought from the AYA SOMPO Insurance Co., Ltd. Secondary data is acquired from relevant texts, previous research paper, company record and annual report and internet websites. Survey period done in January, 2025.

The study uses descriptive statistics and multiple regressions for data analysis. The structural questions with Five-point Likert scale distributed through questionnaire survey. Secondary data is collected from various sources such as data/reports of AYA SOMPO Insurance Co., Ltd, previous research papers, and relevant textbook.

1.4 Organization of the Study

This study is organized by five chapters. Chapter I, the introduction, highlights and explains the rationale, study objective, scope, and method. Chapter II presents theoretical background which includes concept of customer satisfaction, customer retention, related theories, findings from previous studies, and conceptual framework of the study. Chapter III explains factors affecting customer retention of AYA SOMPO Insurance Co., Ltd. Chapter IV discusses the analysis of factors affecting customer satisfaction and customer retention of AYA SOMPO Insurance Co., Ltd. Finally, Chapter V is conclusion which describes the findings and discussions, suggestions and recommendations and needs for further studies.

CHAPTER II

THEORETICAL BACKGROUND

This chapter presents the literature review concerning factors affecting customer satisfaction and customer retention. First, the concept of customer retention, concept of customer satisfaction are described. Then, factors influencing customer retention are described. Finally, previous studies and the conceptual framework of the study are described.

2.1 Concept of Customer Satisfaction

Customer satisfaction is a key tool that can increase profits by preventing customers from defecting (Reichheld & Sasser, 1990). Bei and Chiao (2001) discovered that customer pleasure positively influences customer retention, suggesting that it also enhances loyalty. Fornell (1992) determined that customer happiness increases customer loyalty, mitigates customer attrition, reduces price sensitivity, facilitates the acquisition of new consumers, and promotes firm reputation. The literature on customer satisfaction identifies that the principal determinants of satisfaction are service quality, pricing, perceived value or performance, and complaint resolution.

Gronroos (2004) asserted that perceived service quality is a crucial factor influencing consumer satisfaction, encompassing both cognitive and affective dimensions of service providers' offers (Kotler 2003) defines satisfaction as an individual's sense of pleasure derived from comparing the apparent performance of a product to their expectations. According to Hutcheson and Moutinho (1998), a smaller disparity between consumer expectations and the actual performance of a product or service correlates with increased consumer satisfaction.

Organizations are embracing customer pleasure as their operational objective through a meticulously crafted framework. Gustafson et al. (2005) proposed that a firm should focus on enhancing service quality and implementing fair pricing to satisfy clients, hence facilitating customer retention. Finkelman, Cetlin, and Wenner (1992) observed that enhancing customer satisfaction in the telecommunications sector necessitates a focus on sales, provisioning/installation, product utilization, repair/restoration, and billing systems.

Fatihudin & Firmansyah (2019) assert that customer satisfaction is assessed by juxtaposing customers' expectations with their actual experiences. Indrasari (2019)

delineates essential indicators: expectation conformity (the extent to which firm performance aligns with expectations), interest in repeat purchases (customers' intention to repurchase), and desire to endorse the product or service to others. Consumer pleasure is acknowledged as a fundamental notion and a critical objective of all corporate endeavors (Yi, 1990; Anderson, Fornell, & Lehmann, 1994). Churchill and Surprenant (1982) assert that prior to purchase, customers evaluate predicted performance against perceived actual performance and incurred costs, resulting in customer satisfaction. Parasuraman, Zeithaml, and Berry (1994) assert that service quality, product quality, and price affect consumer satisfaction.

Customer satisfaction in the insurance industry is influenced by several factors, including service quality, claims processing, pricing, communication, and the strength of relationships with agents. High service quality, which encompasses clear communication, timely responses, and easy access to policy information, plays a key role in customer satisfaction (Jones, Mothersbaugh, & Beatty, 2000). A smooth and efficient claims process is particularly important, as customers often evaluate an insurer value based on their experience during claims (Kau & Loh, 2006). Additionally, interpersonal relationships and trust between customers and agents can create a sense of loyalty, enhancing satisfaction and reducing the likelihood of switching providers (Burnham, Frels, & Mahajan, 2003). While price is an important factor, it is often the perceived value of the service and coverage that determines overall satisfaction, making service quality a more influential driver than cost alone (Anderson & Sullivan, 1993).

One of the primary drivers of customer satisfaction in the insurance sector is the quality of service. Customers expect efficient, reliable, and accessible services. This includes clear communication, prompt responses to inquiries, and easily accessible policy information. According to Jones, Mothersbaugh, and Beatty (2000), customer satisfaction is highly dependent on how well service quality aligns with customer expectations. Another critical element influencing customer satisfaction is claims processing. For many policyholders, the true measure of an insurer value is how efficiently and fairly claims are processed. Insurance is a service that customers rely on when unfortunate events happen, so timely and transparent claims handling is paramount. Delays or complexity in claims procedures often lead to frustration, diminishing overall satisfaction and increasing the likelihood of switching to a competitor.

Customer satisfaction in the insurance industry is influenced by multiple factors, including service quality, claims processing, pricing, interpersonal relationships, and

communication. Insurance companies that focus on providing a seamless, transparent, and personalized customer experience are more likely to maintain high levels of satisfaction and foster long-term loyalty. As satisfaction is closely tied to retention, insurers that prioritize customer satisfaction are likely to benefit from reduced churn, increased customer loyalty, and positive word-of-mouth, which ultimately contribute to long-term business success.

2.2 Factor Influencing Customer Satisfaction

Customer satisfaction is influenced by various factors, including service quality, claims management, customer trust, and relationship marketing. These factors influence customer views, experiences, and loyalty. Efficient service provision, transparent procedures, and trust-enhancing techniques improve satisfaction, cultivating enduring relationships and competitive superiority in the insurance industry.

2.2.1 Service Quality

Service quality has been recognized as a pivotal factor influencing customer happiness, loyalty, and retention across multiple industries (Parasuraman, Zeithaml, & Berry, 1985). Within the realm of retail establishments,

service quality refers to the customer perception of the service provided by the retail outlet and encompasses several key dimensions. The SERVQUAL model, the most prevalent framework for assessing service quality, delineates five fundamental dimensions:

1. Tangibles - The physical characteristics of the facility, including cleanliness, equipment, and staff uniforms.

2. Reliability - The ability of the service provider to consistently deliver the promised service with reliability and accuracy.

3. Responsiveness - The willingness to support clients and provide prompt service.

4. Assurance - The proficiency and courtesy of personnel, along with their ability to instill confidence in clients.

5. Empathy - The provision of caring, individualized attention to clients

Parasuraman, Zeithaml, and Berry (1988).

Quality is the perception we look in a product or service we use in life. Many writers have defined service quality. Lewis and Mitchell (1990) and Dotchin and Oakland (1994) defined service quality as an extent to which the service meets customer expectations or needs. According to Parasuraman, Zeithaml and Berry (1985) and Lewis and Mitchell (1990), service quality is the difference between the customer expectations of service and perceived service. The customer is not satisfied when perceived quality is less than satisfactory if the expectations are greater than the performance. Service differentiation and competitive advantage attracts new clients and contributes to the market share. Venetis and Ghauri (2000) opined that service quality is one of the ways to measure service differentiation and competitive advantage. Traditionally, service quality has been defined as the difference between customer expectations and perception of service (Gronross, 1984; Parasuraman, Zeithaml & Berry, 1991), called the SERVQUAL scale.

A service organization can distinguish itself by regularly offering superior quality compared to its competition. Similar to manufacturers in the past, the majority of service businesses have now embraced the customer-driven quality trend. Similar to product marketers, service providers must ascertain the expectations of target clients concerning quality service. Regrettably, service quality is more challenging to delineate and assess than product quality. For example, it is more challenging to get a consensus on the quality of a haircut than on that of a hair drier. In fact, effective recovery can foster greater consumer purchasing and connection than if the initial experience had been satisfactory (Sarah C. 2008). Successful service firms consistently pursue enhanced levels of client service. Upon its establishment, online bookseller Amazon's founder acknowledged the inability to provide comfortable sofas or coffee to patrons browsing its virtual bookstore, prompting the pursuit of inventive methods to improve the consumer experience.

The quality of service in insurance firms is a crucial determinant of client happiness and loyalty. It includes key dimensions such as reliability, where the insurer consistently delivers on its promises, especially in claim processing and policy management; responsiveness, which refers to the insurer ability to address customer needs promptly and efficiently; empathy, which involves understanding and catering to the individual needs of customers through personalized service; and assurance, where the competence and professionalism of staff instills confidence in the company ability to handle customer concerns. High service quality in these areas leads to stronger customer trust, satisfaction,

and retention, making it a competitive advantage in the insurance market (Kotler & Keller, 2012; Parasuraman, Zeithaml, & Berry, 1988).

2.2.2 Claim Management

Claim management refers to the systematic process by which an insurance company handles, evaluates, and resolves claims made by policyholders. It encompasses various stages, including claim reporting, investigation, verification, assessment, and settlement, ensuring fair compensation in accordance with policy terms and regulatory requirements. Effective claim management is essential for maintaining customer satisfaction and trust, as it directly affects the insurer reputation and operational efficiency. By utilizing clear communication, transparent procedures, and prompt service, insurers aim to meet policyholders' needs while minimizing disputes and delays (Harrington & Niehaus, 2004).

Contemporary claim management methodologies increasingly depend on sophisticated technologies, including artificial intelligence, data analytics, and automation, to optimize operations, minimize errors, and enhance client experiences. Furthermore, claim management involves efforts in fraud detection, risk assessment, and adherence to legal standards. The overall effectiveness of claim management significantly impacts customer retention and contributes to the financial stability and sustainability of the insurance company (Cummins & Doherty, 2006).

2.2.3 Customer Trust

Customer trust refers to the confidence customers have in a company reliability, integrity, and ability to deliver on its promises. It is built when customers believe that the company consistently acts in their best interests and adheres to ethical practices. In the context of the insurance industry, trust is developed through transparent communication, fair claims handling, and consistent service delivery. Without trust, customers may perceive a higher risk in their relationship with the company, leading to dissatisfaction and disengagement (Morgan & Hunt, 1994).

Customer trust can be categorized into two dimensions: cognitive trust and emotional trust. Cognitive trust is based on the customer rational assessment of the company competence and reliability. Emotional trust, on the other hand, stems from the customer feelings of safety and confidence in the company intentions. In insurance, cognitive trust is fostered by clear policy terms and efficient claims processing, while emotional trust grows through empathetic customer interactions and personalized service (Lewicki & Bunker, 1995).

Trust is a cornerstone of long-term customer relationships and a key determinant of loyalty and satisfaction. In high-involvement sectors like insurance, where customers often face uncertainty, trust reduces perceived risks and strengthens the likelihood of policy renewals. A company that prioritizes trust-building behaviors, such as transparency and accountability, can enhance customer retention and foster brand advocacy. Trust is not only a driver of satisfaction but also a strategic asset in gaining a competitive edge (Doney & Cannon, 1997).

Building and sustaining customer trust is a cost-effective way to enhance retention rates. Retaining customers is significantly less expensive than acquiring new ones, and loyal customers contribute to higher profitability through repeat business and referrals. Trust-driven retention also mitigates the impact of negative experiences, as customers who trust the company are more likely to seek resolution rather than defect. Thus, trust is not only a key driver of retention but also a cornerstone for fostering advocacy and long-term growth (Reichheld & Scheffer, 2000).

2.2.4 Relationship Marketing

Relationship marketing is a strategic approach that focuses on building and maintaining long-term relationships with customers rather than just pursuing one-time transactions. It emphasizes customer retention, loyalty, and satisfaction through personalized interactions, trust-building, and continuous engagement (Kotler & Keller, 2016). Key elements of relationship marketing include effective communication, responsiveness, commitment, and understanding customer needs. By fostering strong relationships, businesses can enhance customer lifetime value, encourage repeat purchases, and benefit from positive word-of-mouth referrals (Berry, 1995). This approach is especially important in-service industries, such as insurance and banking, where trust and customer experience play a crucial role in long-term success.

Relationship marketing focuses on fostering long-term relationships with customers through trust, personalized interactions, and effective communication, ultimately leading to higher customer satisfaction (Kotler & Keller, 2016). When customers feel valued and receive consistent, high-quality service, increased satisfaction levels enhance the likelihood of brand loyalty (Berry, 1995). Increased customer satisfaction enhances customer retention, since content customers are less inclined to switch to competitors and more predisposed to make repeat purchases (Reichheld & Sasser, 1990).

This cycle benefits businesses by reducing customer acquisition costs and increasing lifetime customer value, highlighting the critical role of relationship marketing in driving both satisfaction and retention.

Relationship marketing plays a crucial role in the insurance sector by fostering long-term customer relationships, enhancing trust, and improving service quality. Unlike transactional marketing, which focuses on acquiring new customers, relationship marketing emphasizes customer retention through personalized interactions, efficient communication, and value-added services (Kotler & Keller, 2016). Since insurance services involve intangible products and long-term commitments, maintaining strong customer relationships is essential for building loyalty and reducing policy cancellations (Berry, 1995). Trust is a critical factor in the insurance industry, as customers rely on insurers to provide financial security in times of need. By implementing relationship marketing strategies such as proactive customer engagement, timely claim processing, and customized policy offerings, insurers can enhance customer satisfaction and strengthen long-term loyalty (Ndubisi, 2007).

A well-implemented relationship marketing strategy in the insurance sector not only improves customer satisfaction but also leads to higher customer retention rates. Satisfied customers are more likely to renew policies, purchase additional coverage, and recommend the insurer to others, reducing customer acquisition costs and increasing profitability (Reichheld & Sasser, 1990). Additionally, relationship marketing enables insurers to better understand customer needs, allowing them to offer tailored products and services that align with customer preferences (Zeithaml et al., 2018).

2.3 Concept of Customer Retention

Customer retention is characterized as the likelihood of a customer remaining with the service provider in the future (Ranaweera & Prabhu, 2003). Certain researchers have

employed the term future behavioral intentions to characterize the notion of client retention (Zeithaml, Berry, & Parasuraman, 1996). Customer retention can be defined as the ongoing involvement of customers with their service provider, excluding any competitors (Ranaweera & Prabha, 2003); with repeated purchases being one of the continuous engagement behaviors performed by customers. Customer retention is concerned with repeated patronage, which is closely related to repeat-purchasing behavior and brand loyalty (Buttle, 2004). Customer retention is a process that fosters loyalty among customers towards a given firm, prompting them to repurchase products from that company (Cannie, 1994).

Customer retention profoundly influences a company's financial performance, as acquiring new customers is typically more expensive than retaining current ones due to various expenses, including advertising, operational costs, and promotions (Anderson & Sullivan, 1990; Reichheld & Sasser, 1990). Customer retention and acquisition are utilized to generate revenue and augment the company's market share (Rust, Zohorik & Keiningham 1995). Retention not only facilitates market share expansion but also diminishes costs (Fornell & Wernerfelt, 1987). Customer retention is defined as an element of the customer loyalty framework (Zeithaml, Berry & Parasuraman, 1996). The terms client retention and customer loyalty are occasionally utilized synonymously in literature. Customer retention and loyalty are not synonymous, as they represent different concepts. Hennig-Thurau and Klee (1997) proposed that the conception of client retention requires additional elucidation. Zineldin (2000) defines retention as the commitment to persist in conducting business or engaging in exchanges with a specific company over time. Retention is defined as consumer affinity, identification, commitment, trust, willingness to recommend, and repurchase intentions, where the first four represent emotional-cognitive dimensions and the latter two signify behavioral intentions (Strauss & Friege, 1999).

Aspinall, Nancarrow, and Stone (2001) contend that although the definition and evaluation of customer retention vary across industries, there is agreement that companies implementing effective customer retention strategies can achieve economic benefits (Buttle, 2004). Client retention improves a company by increasing profit margins and accelerating expansion, based on the premise that enduring customer loyalty typically results in higher profitability (Reichheld & Kenny, 1990).

Acquiring new clients necessitates considerable time and effort from firms, and first purchases may be limited in quantity. Maintaining at least five percent of consumers across their purchasing lifetime can substantially increase profitability (Reichheld, 2011) compared to firms that must continually acquire new customers. This phenomena pertains to customer

lifetime value, which refers to the total value a corporation can derive from a customer during their lifetime. The duration of a customer's association with a firm directly correlates with the potential earnings that the firm can derive from them. A notable study (Gupta, Lrhmann & Stuart, 2004) examined corporate annual reports and statements to demonstrate the correlation between employee retention and financial valuation of organizations.

Customer retention refers to the ability of a company, particularly in the service industry like insurance, to maintain its customer base over time by satisfying their needs and fostering long-term relationships. It is a crucial aspect of business strategy, as retaining existing customers is often more cost-effective than acquiring new ones. In the insurance sector, customer retention is affected by various factors, including service quality and customer happiness. Insurance companies that deliver consistently high-quality services, such as efficient claims processing, clear communication, and personalized attention, are more likely to foster loyalty and retain customers for the long term (Anderson & Sullivan, 1993). High levels of satisfaction contribute to customers' willingness to renew policies and recommend the insurer to others, thus ensuring a stable revenue stream.

Client satisfaction is a primary factor in client retention within the insurance sector, profoundly impacting the probability of policy renewal. Satisfied customers are more likely to stay with their current provider, even in the face of competition. Research has shown that a positive customer experience, particularly in the context of claims handling and customer service, leads to stronger loyalty (Kau & Loh, 2006). When customers feel valued, understood, and supported, they are less likely to switch providers. On the other hand, poor service quality, a lack of responsiveness, or the failure to meet customer expectations can lead to dissatisfaction and increase the likelihood of customers seeking alternatives. Ensuring customer satisfaction is, therefore, a critical strategy for improving retention rates in the insurance sector.

2.4 Related Theories

Service quality and customer relationship management (CRM) are critical components in ensuring customer satisfaction, trust, and loyalty. The SERVQUAL Model provides a framework for assessing service quality by evaluating gaps between customer expectations and actual service performance. It highlights essential aspects like as reliability, responsiveness, and empathy, which directly influence consumer perceptions. Simultaneously, Customer Relationship Management (CRM) Theory emphasizes the significance of trust and sustained engagement in cultivating robust customer connections

via individualized interactions and data-informed techniques. Collectively, these theories establish a robust framework for comprehending how enterprises might improve service quality, cultivate customer connections, and promote enduring customer retention and organizational success.

2.4.1 SERVQUAL Model

The SERVQUAL Model, developed by Parasuraman, Zeithaml, and Berry (1988), is a well-established paradigm for evaluating service quality by analyzing the disparity between client expectations and their views of actual service performance. The concept posits that service quality is a vital determinant of customer satisfaction and loyalty. Parasuraman et al. (1985, 1988) assert that service quality is more challenging to assess than commodities due to its intangible, heterogeneous, and inseparable nature from the provider. The SERVQUAL model helps businesses systematically assess service quality and identify areas for improvement.

The model evaluates service quality based on five key dimensions: tangibles, reliability, responsiveness, assurance, and empathy (Parasuraman et al., 1988). Tangibles denote the physical elements of a service, including premises, equipment, and staff presentation. Reliability is the ability to deliver services consistently and accurately. Responsiveness measures the willingness of employees to assist customers and provide prompt service. Assurance reflects employees' knowledge, courtesy, and ability to inspire trust and confidence. Lastly, empathy represents the level of personalized care and attention given to customers.

SERVQUAL assesses service quality by calculating the gap between customer expectations and perceptions. This gap, known as the SERVQUAL gap, highlights discrepancies that businesses need to address to improve their service performance. A large negative gap indicates poor service quality, whereas a small or positive gap suggests that customer expectations are being met or exceeded. Numerous sectors, such as banking, healthcare, hospitality, and insurance, have effectively utilized SERVQUAL to improve customer satisfaction and loyalty (Zeithaml, Parasuraman, & Berry, 1990).

Notwithstanding its extensive utilization, the SERVQUAL approach has encountered critiques. Certain scholars contend that service quality ought to be assessed exclusively through client perceptions, rather than the disparity between expectations and perceptions (Cronin & Taylor, 1992). Moreover, specific industries may necessitate alterations to the five dimensions, since various services prioritize distinct facets of quality.

Nevertheless, SERVQUAL remains a fundamental tool for businesses aiming to evaluate and improve their service delivery, ensuring long-term customer satisfaction and a competitive advantage (Parasuraman et al., 1991).

2.4.2 Customer Relationship Management (CRM) Theory

Customer Relationship Management (CRM) Theory is a strategic approach that emphasizes building, maintaining, and enhancing customer relationships through personalized interactions and data-driven insights. CRM is rooted in relationship marketing, which focuses on long-term engagement rather than short-term transactions (Berry, 1983). Trust plays a central role in CRM, as it fosters stronger customer relationships and enhances brand loyalty. Customers who trust a company are more likely to engage in repeat business and recommend the brand to others (Morgan & Hunt, 1994). Effective CRM systems integrate trust-building mechanisms, such as transparent communication, personalized services, and consistent value delivery, to strengthen customer relationships.

The Commitment-Trust Theory of Relationship Marketing by Morgan and Hunt (1994) highlights that trust and commitment are fundamental to successful CRM implementation. According to this theory, trust reduces uncertainty in business interactions, leading to higher customer satisfaction and retention. CRM tools help organizations nurture trust by analyzing customer preferences, personalizing interactions, and ensuring timely responses to customer concerns (Payne & Frow, 2005). Companies that prioritize trust through their CRM strategies experience improved customer loyalty and positive word-of-mouth marketing. In industries such as insurance, banking, and e-commerce, CRM-driven trust management is particularly critical in fostering long-term customer engagement.

CRM also enhances relationship marketing by facilitating personalized communication, targeted marketing campaigns, and customer segmentation (Buttle, 2009). By leveraging CRM data, businesses can predict customer needs and offer tailored solutions, strengthening trust and relationship quality. Moreover, CRM systems allow firms to track customer interactions across multiple channels, ensuring a seamless and consistent customer experience (Ngai, Xiu, & Chau, 2009). This consistency is vital in building trust, as customers expect reliable and predictable service interactions. Companies that successfully integrate CRM with relationship marketing principles

experience higher customer satisfaction, increased retention, and enhanced brand advocacy.

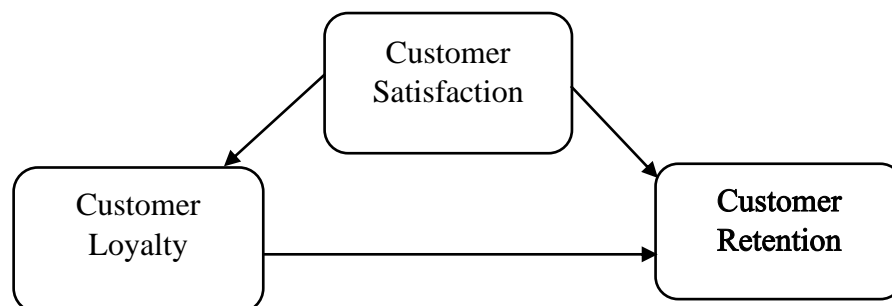
Despite its advantages, CRM implementation poses challenges, particularly in trust management. Over-reliance on automation and impersonal interactions can diminish the human touch in customer relationships, leading to trust erosion (Zablah, Bellenger, & Johnston, 2004). Additionally, concerns over data privacy and security can impact customer trust in CRM systems, particularly when personal data is misused or mishandled (Chen & Popovich, 2003). To overcome these challenges, businesses must adopt ethical CRM practices, prioritize customer consent, and maintain transparency in data usage. When implemented effectively, CRM serves as a powerful tool for trust-building and relationship marketing, ensuring sustainable customer relationships and long-term business success.

2.5 Previous Studies

Many studies from both scholars and practitioners demonstrated the positive impact of factors influencing customer satisfaction and customer retention.

The study titled "Does Loyalty and Satisfaction Support Customer Retention in Life Insurance Sector? – An Empirical Study" by Venkatesan, R., & Jacob, J. (2019). Data was collected from 462 respondents in suburban Tamil Nadu, India, who held life insurance policies from the top five service providers in the country. The analysis utilized Smart PLS 3 to assess the reliability and validity of the data.

Figure (2.1) Customer Loyalty, Customer Satisfaction and Customer Retention in Insurance Sector, in India

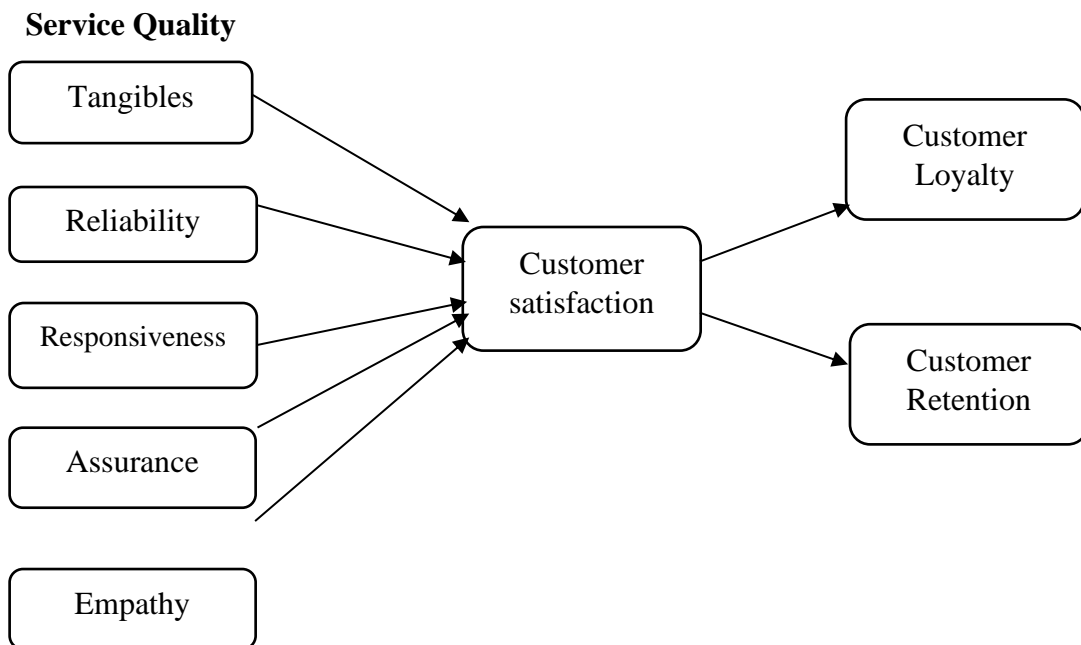


Source: Ranganathan Venkatesan and Jayanth Jacob (2019)

The study finds that customer satisfaction and loyalty significantly influence customer retention in the insurance sector, with satisfied customers more likely to renew their policies and remain associated with the insurer. Loyalty acts as a critical mediator, translating satisfaction into higher retention and positive word-of-mouth. Additionally, factors such as trust and high service quality enhance both satisfaction and loyalty, further strengthening retention outcomes.

Another study is invested by “Impact of Service Quality Dimensions on customers’ Satisfaction, Retention, and Loyalty: An Empirical Evidence from Banks in Kerala” by E. Ashraf & Dr. K. Venugopalan (2016). The primary objective of the study is to examine the impact of service quality dimensions (reliability, responsiveness, assurance, empathy, and tangibles) on customer satisfaction, retention, and loyalty in the context of commercial banks in Kerala. The study aims to establish the relationship between these variables and determine the key factors that contribute to customer loyalty and retention.

Figure (2.2) Service Quality and Customer Satisfaction; A Comparison between Public and Private Sector Banks in Kerala



Source; E. Ashraf & Dr. K. Venugopalan (2016).

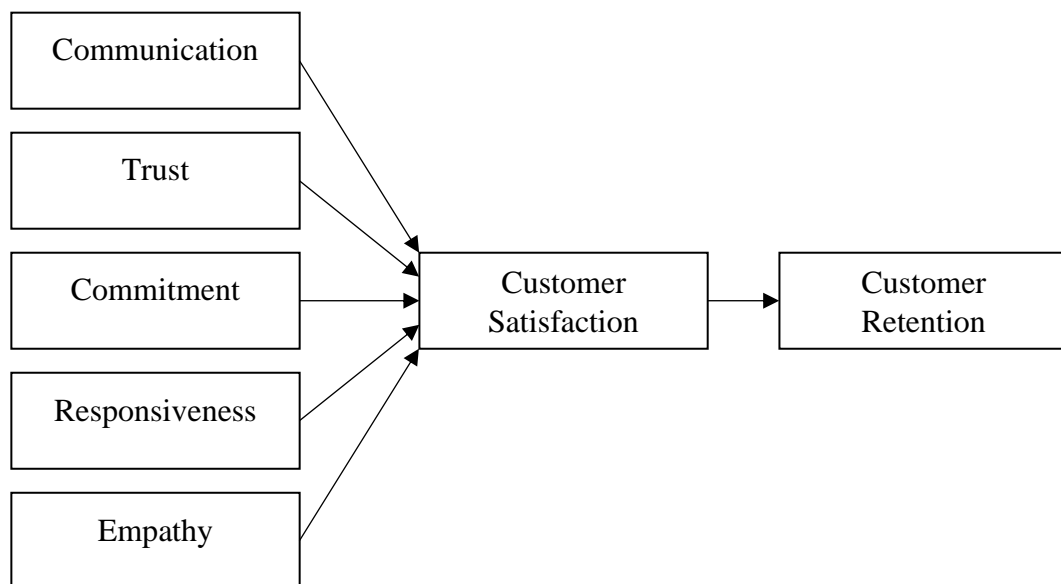
The study found that service quality dimensions, particularly reliability and responsiveness, significantly influence customer satisfaction in commercial banks. Customer satisfaction, in turn, plays a crucial role in enhancing customer retention, as

satisfied customers are more likely to remain loyal. Additionally, customer loyalty was identified as a key mediator between satisfaction and retention, emphasizing its importance in fostering long-term relationships.

The study titled “The Role of Customer Relationship Marketing on Customer Retention: A Case of Ethiopian Insurance Corporation (EIC), Mekelle Branch, Tigray, Ethiopia” by Dambush Negasi Hadush (2016). The research aimed to assess how customer relationship marketing (CRM) influences customer retention at EIC Mekelle Branch. It focused on key CRM dimensions: empathy, trust, commitment, communication, and responsiveness. The study employed a cross-sectional survey design, collecting both qualitative and quantitative data. Structured questionnaires were distributed to 188 customers, with 162 complete responses received. Additionally, a semi-structured interview with the marketing manager was conducted to supplement the data.

Figure (2.3) The Role of Customer Relationship Marketing on Customer Retention: A Case of Ethiopian Insurance Corporation (EIC), Mekelle Branch, Tigray, Ethiopia

Customer Relationship Marketing



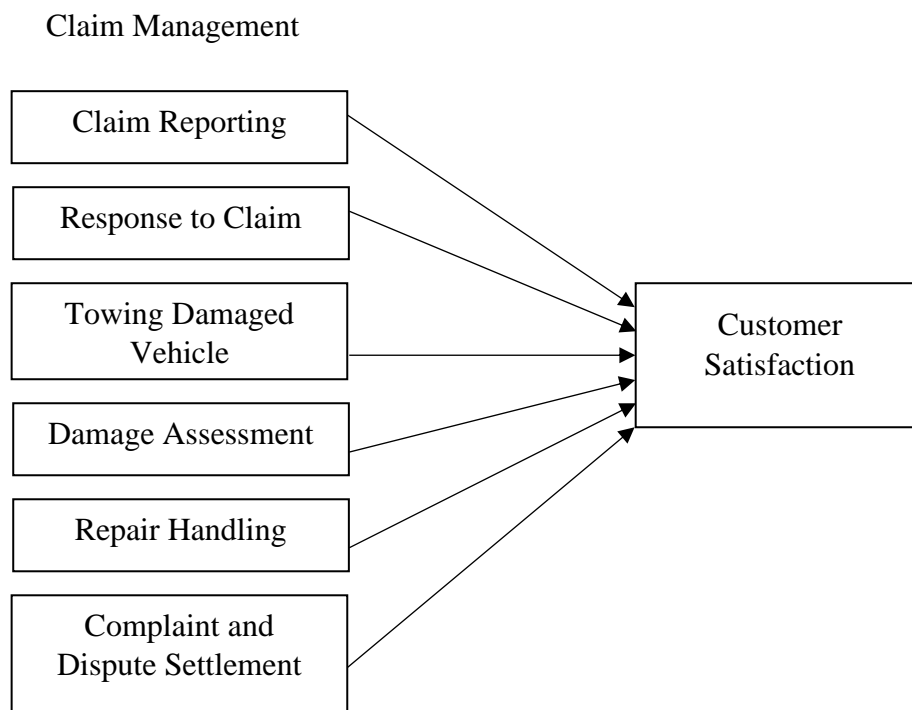
Source: Dambush Negasi Hadush (2016)

The study found that all five CRM dimensions—empathy, trust, commitment, communication, and responsiveness—had a positive and significant impact on customer retention at Ethiopian Insurance Corporation Mekelle Branch. A key issue identified was the lack of clear and detailed communication about service conditions, which negatively

affected customer trust and satisfaction. The results highlighted that improving CRM practices, particularly in responsiveness and personalized customer interactions, could significantly enhance customer retention rates.

The study titled “The Effect of Motor Insurance Claim Management on Customer Satisfaction at Ethiopian Insurance Corporation” by Yosef Belay Gessese (2018). It examines the effect of motor insurance claims management processes on customer satisfaction at Ethiopian Insurance Corporation (EIC). The study identifies six elements of the claims process: claim-reporting, response to a claim, towing damaged vehicles, damage assessment, repair handling, and complaint/dispute settlement. The study used a quantitative approach, conducting a survey with 102 EIC customers using a convenience sampling technique. The collective data were analyzed by using descriptive statistics, correlation, and regression analysis.

Figure (2.4) The Effect of Motor Insurance Claim Management on Customer Satisfaction at Ethiopian Insurance Corporation



Source: Yosef Belay Gessese (2018)

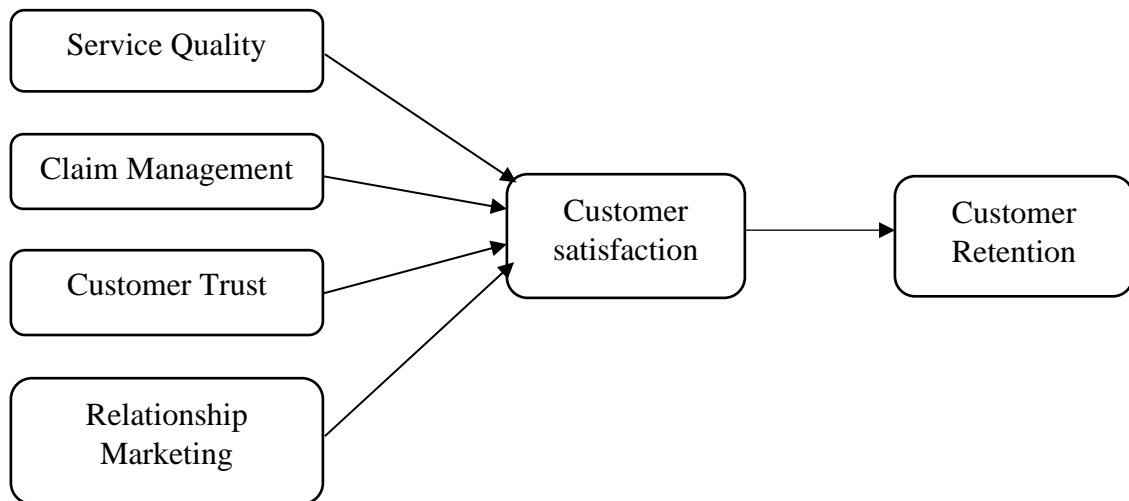
The research indicated that the administration of automobile insurance claims substantially influences customer satisfaction at Ethiopian Insurance Corporation (EIC). Among the six claim management processes examined, repair handling, damage assessment, and complaint settlement had the strongest positive impact on customer

satisfaction, as indicated by high Pearson correlation coefficients. The regression analysis confirmed that these factors were significant predictors of overall satisfaction. However, processes like claim reporting and response to claims had weaker relationships with satisfaction, while vehicle towing, and complaint settlement were areas of notable dissatisfaction. The findings suggest that improving efficiency in repair handling and damage assessment would lead to higher customer satisfaction, potentially increasing policy renewals and positive word-of-mouth referrals.

2.6 Conceptual Framework of this Study

The conceptual framework for the study is developed based on theoretical background and previous studies of Ranganathan Venkatesan and Jayanth Jacob (2019), E. Ashraf & Dr. K. Venugopalan (2016), Dambush Negasi Hadush (2016), Pyae Phyo Wai (2019). In conceptual framework, how the study is performed to factors influencing customer satisfaction and customer retention in General Insurance of AYA SOMPO Company Ltd.

Figure (2.5) Conceptual Framework of the Study



Source: Own Compilation (2025)

The framework identifies the key variables factors influencing customer satisfaction and customer retention and shows how they are interrelated. In the first part of the study, factors influencing (service quality, claim management, customer trust, relationship marketing) are independent variables and dependent variable is customer

satisfaction. In the second part of the study, customer satisfaction is independent variable and customer retention is dependent variable.

Working Definition

Service Quality: Service quality refers to the overall assessment of a service based on customer expectations and perceptions. It is typically evaluated through factors such as reliability, responsiveness, assurance, empathy, and tangibles.

Claim Management: Claim management is the process by which an insurance company handles and settles claims made by policyholders. It includes steps such as claim reporting, verification, assessment, processing, and settlement while ensuring efficiency, fairness, and cost control.

Trust: Trust is the customer's confidence in the reliability, integrity, and fairness of a company's services. In insurance, trust is built through transparency, timely claims processing, and ethical business practices.

Relationship Marketing: Relationship marketing is a strategic approach focused on building long-term customer relationships rather than one-time transactions. It involves personalized communication, customer engagement, and loyalty programs to enhance customer retention.

Customer Satisfaction: Customer satisfaction is the degree to which a customer's expectations are met or exceeded by a company's products or services. It is a key indicator of business performance and customer loyalty .

Customer Retention: Customer retention refers to a company's ability to keep customers over time by ensuring continuous satisfaction and engagement. High retention rates indicate strong customer loyalty and reduced churn.

CHAPTER III

FACTORS AFFECTING CUSTOMER SATISFACTION

AYA SOMPO INSURANCE COMPANY LIMITED

This chapter outlines are to identify the factor affecting customer satisfaction and customer retention of AYA SOMPO Insurance Company Limited. It includes the profile and organization structure of the company, vision, mission and key values and the customer retention.

3.1 Profile of AYA SOMPO Insurance Company Limited

AYA SOMPO Insurance Company Limited is a pioneering insurer that has played a crucial role in transforming the insurance landscape in Myanmar. Founded in recent years, it has gained recognition for its creative methodology and dedication to offering financial protection and services to the populace of Myanmar. The company stands as a distinguished member of the United Nations Global Compact (UNGC) since the year 2015, underscoring unwavering commitment to principles that uphold ethical business practices and sustainable development. It takes immense pride in consistently aligning the operations with the 10 principles outlined by the UNGC, reflecting the company dedication to corporate responsibility and global sustainability.

Among this positive evolution, the company maintains an unwavering dedication to the principles of the UN Global Compact. The company focus extends beyond mere business considerations; it is deeply committed to addressing the needs of customers, employees, stakeholders, and the broader community. The company goal is to provide peace of mind, innovative solutions, and superior services, reflecting the commitment to stakeholder satisfaction. The core value of company is the emphasis on human capital. Recognizing employees as most valuable asset, it prioritizes the development and well-being. The company actively fosters a work environment that nurtures young and energetic talent, synergizing their strengths with the experience of management teams.

A significant milestone in AYA SOMPO Insurance Company Limited history is its distinction as the first insurer to receive approval from the Ministry to launch an innovative bancassurance distribution model in Myanmar. This development occurred in 2018, marking a pivotal moment for the insurance industry in the country. Since then, the bancassurance model has been successfully rolled out in over 75 servicing branches,

spanning across 45 major cities in Myanmar. This wide reach allows to serve customers in various regions, including urban centers and rural areas.

In the transformative year of 2020, the company achieved significant milestones that have shaped the company identity and strengthened commitment to excellence. Notably, it established a joint venture company and this rebranding symbolizes the harmonious blend of international expertise and Myanmar dynamic energy, reinforcing the employee ability to deliver relevant value-added products and services to the community.

In 2021, AYA SOMPO Insurance Company Limited further fortified its bancassurance distribution by placing a strong emphasis on strengthening collaborations with key partners. Notably, the insurer focused on deepening its ties with AYA Bank, one of Myanmar largest and most prominent banks. This strategic partnership reflects a commitment to providing enhanced access to innovative financial products and services to the people of Myanmar. The company collaboration with AIA Myanmar, a well-known insurer, also plays a pivotal role in expanding the availability of insurance solutions.

The exclusive partnership with AYA Bank holds multiple objectives, including an overarching goal to enhance the level of protection offered to customers. This collaboration is aligned with the broader mission of increasing insurance penetration within the Myanmar market, ultimately enabling more individuals and businesses to secure financial well-being. AYA SOMPO Insurance Company Limited and AIA Myanmar can offer a comprehensive range of life, health, and general insurance solutions to meet the varied needs of the Myanmar population through AYA Bank's broad branch network and digital platforms.

The organization seeks to enhance the accessibility of insurance goods and services while cultivating stronger partnerships with pivotal entities in the financial sector, so contributing to the financial stability and welfare of the Myanmar populace.

3.2 Vision, Mission and Key Values of AYA SOMPO Insurance Company Limited

The vision, mission and the key values of AYA SOMPO Insurance Company Limited are as discussed in the following section.

(a) Vision

The vision of AYA SOMPO Insurance Company Limited is “We look beyond the present. We go beyond insurance.”

(b) Mission

The mission of AYA SOMPO Insurance Company Limited is “Through innovative solutions, we provide peace of mind. For now, and for the future.” (AYA SOMPO annual report, 2023)

(c) Key Values

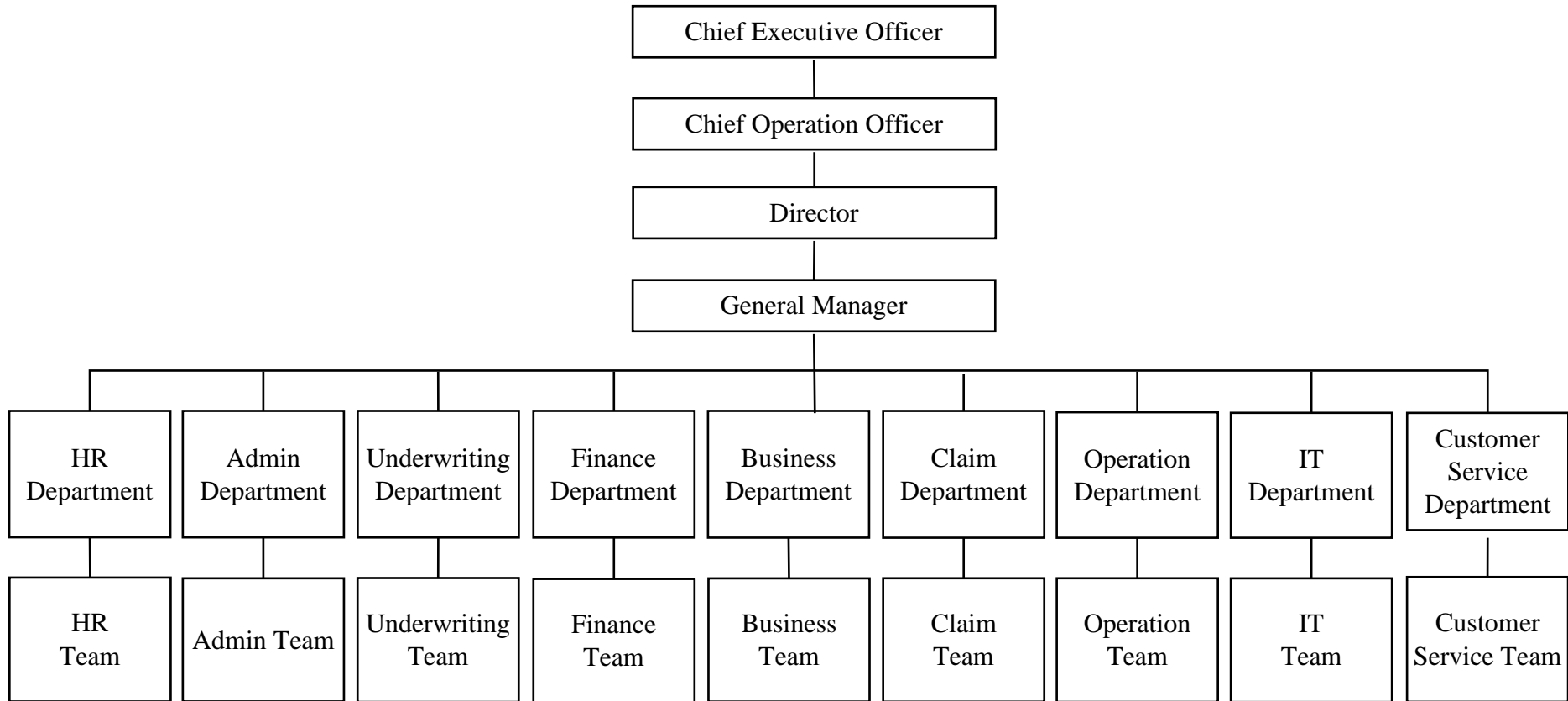
A YA SOMPO Insurance Company Limited merges global experience with the vibrant dynamism of Myanmar's young. The company unique approach is encapsulated in the phrase, “We are local, strong, and committed,” and it strives to go beyond simply protecting customers by providing essential help with peace of mind.

1. **Solution:** Offering customer-centered, innovative insurance solutions for you and your loved ones.
2. **Beyond:** Ensuring guaranteed protection, not only for the present but for the future.
3. **Peace of Mind:** Providing the right protection against the uncertainties of tomorrow.

3.2.1 Organization Structure of AYA SOMPO Insurance Company Limited

Organization structures is the diagrams that shows the internal structure of the business. It is easy to identify the specific roles and responsibilities of employees. It shows how different roles relate to one another and the structure of departments within the whole company. The organization structure of AYA SOMPO Insurance Company Limited is shown in Figure (3.1).

Figure (3.1) Organization Structure of AYA SOMPO Insurance Company Limited



Source: AYA SOMPO Insurance Company Limited (2024)

AYA SOMPO Insurance Company Limited is organized into nine departments. There are Human Resource Department, Admin Department, Underwriting Department, Finance Department, Business Department, Claim Department, Operation Department, Innovation Technology Department and Customer Service Department.

The AYA SOMPO Insurance Company Limited has a hierarchical organizational structure that is designed to support their operations. At the top of the structure is the Chief Executive Officer, which is responsible for setting the strategic direction of the company. The CEO oversees the overall operations of the company and implements the decisions made by the Senior Management.

(1) Human Resource Department

In AYA SOMPO Insurance Company Limited , Human Resource Department is responsible for assigning the right people to the right job at the right time, through practicing strategic HR functions such as recruitment and selection, interviewing, performance management and appraisal, training and development, compensation and benefits, and employee safety, health, and welfare, etc. The department handles employee complaints, resolves conflicts, and maintains positive employee morale. Legal compliance is ensuring the organization is in compliance with all federal, state, and local laws and regulations governing employment. HR administration is managing employee records and files, maintaining HR databases and systems, and ensuring compliance with HR policies and procedures.

(2) Admin Department

In AYA SOMPO Insurance Company Limited , Admin Department is backbone to development and implementation of rules and regulations, maintaining the awareness of compliance with rules and regulations within the organization, keeping daily records and employee attendance and leave. Admin Department also provides the tools necessary for the working environment, facilitating the functions of each department and the duties of each individual. It also takes responsibility for scanning documents, sending and receiving faxes and emails. It utilizes the technology and software programs to help streamline the work daily support process. Admin Team is kept up to date with new technologies and tools that can help be a more efficient organization daily operation are being organized is key in admin daily work. Admin Team is established a system for keeping track of important documents and information in time

and pay close attention to detail to ensure that the accuracy of work is maintained. The Team always double-checks the documents and emails before sending them out and time management skills are essential in admin work and also ensure are managing time effectively to meet deadlines and keep the workflow smooth.

(3) Underwriting Department

The Underwriting Department in the company plays a critical role in assessing risks and determining the terms and conditions of insurance policies. Underwriters evaluate insurance applications, analyze data, and make decisions about whether to accept, modify, or decline coverage. The main key job tasks of underwriting department are risk assessment, policy analysis, risk selection, data analysis, policy assurance, collaboration with acturaries. Underwriters are analyzed information provided by applicants, including financial records, medical history, and other relevant data and review and analyze insurance policies to ensure they align with company guidelines and underwriting standards. The underwriters determine the appropriate premiums based on risk assessments and industry benchmarks.

(4) Finance Department

In AYA SOMPO Insurance Company Limited , Finance Department plays a crucial role in managing financial resources, ensuring regulatory compliance, and supporting strategic decision-making, financial reporting, prepare accurate and timely financial statements, including income statements, balance sheets, and cash flow statements. The budget departemnt is responsible to develop and manage budgets and to allocate financial resources effectively. Finance department implements tasks to ensure compliance with financial regulations, accounting standards, and statutory requirements, implement tax strategies to optimize the company tax position, and to control and manage operating expenses to maintain cost efficiency.

(5) Business Department

Business Department, typically role play in AYA SOMPO Insurance Company Limited , is esponsible for various functions related to sales, marketing, distribution, and overall business development. Policy sold out and service management is mainly function of business department. The company develops business manage relationships with insurance agents, brokers, dealers, banks and other distribution channels. In

business department, salespersons need to identify market needs and opportunities for new insurance products and to conduct market research to stay informed about industry trends and competitive offerings. The company utilizes various marketing channels, including digital marketing, traditional advertising, and social media to assess the effectiveness of campaigns. The department also needs to develop and implement business plans aligned with the company overall strategic goals and to provide training and development programs for sales teams, agents, and other business-related roles. The business team members collaborate with other departments, such as underwriting, finance, and innovation technology, to ensure alignment of business strategies with overall company objectives.

(6) Claim Department

The claims team in AYA SOMPO Insurance Company Limited is responsible for processing and managing insurance claims made by policyholders. The team members work to assess the validity of claims, determine coverage, and facilitate the settlement process. Claims adjusters are evaluated and investigated to be the valid claim process. Claims examiners review and do process claim documentation, including loss reports, police reports, medical records, and other relevant documents. Surveyors are conduct on-site inspections to evaluate property damage, injury claims, or other physical aspects of the loss. Claim payment in insurance refers to the process by which the company disburses funds to policyholders or beneficiaries to cover the financial losses or damages specified in the insurance policy. The payment is typically made after the company has investigated and approved a valid insurance claim.

(7) Operation Department

The Operations Specialist plays a crucial role in ensuring the smooth functioning of the operations department within the AYA SOMPO insurance Company Limited . This position involves managing various operational tasks, collaborating with different teams, and contributing to the overall efficiency of the organization. Operation department team members administer insurance policies, ensuring accuracy and compliance with company policies and industry regulations. Operation department maintains accurate and up-to-date records in the company database and generates reports and analyzes data to identify trends and areas for improvement. This department also provide training to new team members on company processes, policies, and

systems. The operations team often involves in ensuring that the company processes align with regulatory requirements and industry standards.

(8) Innovation Technology Department

Innovation Technology team manages and supports the technology infrastructure and systems within the organization. AYA SOMPO Insurance Company Limited has priority for initiative, innovative and database technology at first of leading myanmar' insurance field. Innovation Technology team develops, implements, and maintains software applications and systems that support insurance operations, such as policy administration, claims processing, and underwriting and also manage and maintain the company innovation technology infrastructure, including servers, networks, databases, and hardware. Innovation Technology team members implements and enforces security measures to protect sensitive customer and the company data and innovation technology projects, including system upgrades, migrations, and the implementation of new technologies. The Innovation Technology team is instrumental in supporting the digital infrastructure and daily operations of the company, contributing to efficiency, security, and the overall success of the organization.

(9) Customer Service Department

In AYA SOMPO Insurance Company Limited , team members of Customer Service Department are responsible for providing support and assistance to policyholders, prospective customers, and other stakeholders. They are assist potential customers with inquiries about new insurance policies, coverage options, and premium quotes to business unit. The goal of the customer service department is to ensure a positive and satisfactory experience for policyholders and potential customers, contributing to customer retention and the overall reputation of the insurance company. The daily tasks of the departemtn involve a combination of communication, problem-solving, and administrative activities to meet the needs of customers effectively.

3.3 Factors affecting Customer Satisfaction of AYA SOMPO Insurance Company Limited

Customer satisfaction at AYA SOMPO Insurance Co., Ltd. is influenced by service quality, claim management, customer trust, and relationship marketing. The company's extensive branch network, digital services, transparent policies, and personalized engagement strategies enhance customer experiences, fostering trust and long-term loyalty in Myanmar's competitive insurance market.

3.3.1 Service Quality

AYA SOMPO Insurance Company Limited provides in all five dimensions of service quality—tangibles, reliability, responsiveness, assurance, and empathy. The company ensures its tangible elements, such as modern offices, user-friendly digital platforms, and informative brochures, reflect professionalism and accessibility. Its reliability is demonstrated through consistent delivery of promised services, particularly in claim settlements and policy renewals. Responsiveness is evident in AYA SOMPO's quick turnaround in addressing customer queries and concerns, with dedicated support teams available across various communication channels. The company also provides assurance through well-trained staff who offer expert advice and clear, trustworthy information. Finally, empathy is shown through personalized care, where AYA SOMPO staff listen attentively to customer needs and offer tailored solutions, building strong relationships and customer loyalty.

3.3.2 Claim Management

Claim management at AYA SOMPO Insurance Company Limited is structured to provide efficient, transparent, and customer-focused services. The company employs a streamlined process to handle claims, ensuring quick assessment, approval, and settlement, which enhances customer satisfaction. AYA SOMPO's claims team is trained to offer clear guidance throughout the entire process, addressing client concerns promptly and ensuring a smooth experience. The company utilizes advanced technologies to track and manage claims, reducing processing time and minimizing errors. AYA SOMPO also emphasizes transparency, keeping customers informed of the status of their claims and ensuring that settlements are fair and aligned with the policy terms. This robust and responsive approach to claim management helps build trust and strengthen relationships with policyholders.

3.3.3 Customer Trust

Customer trust in AYA SOMPO Insurance Company Limited is built on its consistent track record of delivering reliable, transparent, and customer-centric services. The company has earned the confidence of its clients through its prompt and fair claims process, clear communication, and commitment to honoring policy terms. AYA SOMPO's reputation for offering innovative insurance solutions and maintaining ethical business practices further strengthens trust. By prioritizing customer needs, providing timely updates, and offering personalized solutions, the company cultivates strong relationships with its policyholders. Additionally, AYA SOMPO's robust customer support and its dedication to resolving issues quickly contribute to a sense of security and loyalty among its clients.

3.3.4 Relationship Marketing

Relationship marketing at AYA SOMPO Insurance Company Limited focuses on building long-term, mutually beneficial relationships with customers by providing personalized services and tailored insurance solutions. The company goes beyond traditional transactional marketing by engaging with clients on a deeper level, understanding their unique needs, and offering products that cater to individual preferences. Through proactive communication, loyalty programs, and excellent after-sales support, AYA SOMPO aims to create trust and customer loyalty. The company also leverages digital tools to stay connected with customers, offering easy access to policy information, renewals, and claims. This customer-focused approach helps AYA SOMPO maintain strong relationships, ensuring clients remain satisfied and continue to choose the company for their insurance needs.

CHAPTER IV

**ANALYSIS OF FACTOR INFLUENCING ON CUSTOMER
SATISFACTION AND CUSTOMER RETENTION IN GENERAL
INSURANCE OF AYA SOMPO INSURANCE COMPANY
LIMITED**

This study presents the profiles of respondents and the analysis of the influencing factors on customer satisfaction and customer retention in general insurance of AYA SOMPO Insurance Co., Ltd.

4.1 Research Design

This study investigates the determinants of customer satisfaction and retention of AYA SOMPO Insurance Co., Ltd., specifically examining the service quality, claim management, customer trust and relationship marketing on customer satisfaction. Customer satisfaction is proposed to play a key role in improving customer retention. A quantitative research method used to analyze these factors. The target population consists of 380 who bought the policy from the AYA SOMPO Insurance Co., Ltd., covering the period from 2020 to 2024. To ensure a representative sample, a simple random sampling method applied, considering the finite population. Based on this approach, the sample size is calculated to be approximately 350 renew customer, ensuring a 95% confidence level with a 5% margin of error, following Yamane (1967) formula. A "Yamane 195 sample size" refers to a sample size calculated using the Yamane formula, which is a method for determining the appropriate sample size based on the population size and a desired margin of error; however, to accurately interpret this, you would need to know the population size involved in the calculation as the Yamane formula requires this information to determine the sample size (Yamane, 1967). After collecting the required data, the data were analyzed by using the SPSS software of version 22.

Key points about the Yamane formula:

Population Size (N): 380

Margin of Error (e): 0.05

Calculate e^2 : $e^2 = 0.05^2 = 0.0025$

Calculate the denominator $(1 + N * e^2)$:

$$1 + N * e^2 = 1 + 380 * 0.0025 = 1.950$$

Calculate $n = N / (1 + N * e^2)$:

$$n = 380 / 1.950 = 195$$

Round up to the nearest whole number: Final Sample Size (n) = 195

Primary data are collected through structured questionnaires, while secondary data are gathered from previous research papers, textbooks, website and other sources. The data are analyzed using statistical techniques, including correlation and regression analyses, to examine the relationships between the studied variables and their influence on retention. The survey is expected to take place in February 2025.

4.2 Demographic Profiles of Respondents

The demographic characteristics of 195 respondents, including gender, age, marital status, education level, monthly income, jobs, and being a customer to AYA SOMPO Insurance Company Limited are shown in the following table.

Table (4.1) Demographic Characteristics of the Respondents

No	Demographic Characteristics	Number of Respondents	Percent	
1.	Gender	Male	73	37.4
		Female	122	62.6
2.	Age (Year)	30 - 39	3	1.5
		30 - 39	88	45.1
		40 - 49	41	21.0
		50 and more	31	15.9
		Under 30	32	16.4
3.	Marital Status	Married	122	62.6
		Single	73	37.4
4.	Education Level	Basic Education	3	1.5
		Graduate	138	70.8
		Master	50	25.6
		UnderGraduate	4	2.1
5.	Monthly Income (MMK)	300,000 and less	9	4.6
		300,001 to 500,000	30	15.4
		500,001 to 700,000	62	31.8
		More than 700,000	94	48.2
6.	Jobs Title	Business Owner	41	21.0
		Company Staff	105	53.8
		Government staff	15	7.7
		Others	34	17.4
7.	Being Customer	1-2 years	27	13.8
		3-4 years	46	23.6
		Less than 1 year	16	8.2
		More than 4 years	106	54.4
	Total		195	100

Source: Survey Data (2025).

4.3 Reliability Test

Cronbach coefficient alpha assesses the internal consistencies of the items that cover the factor. Cronbach Alpha is a reliability coefficient that indicates how well items in a set are positively correlated to one another (Sekaran and Bougie, 2010). The following table displays the acceptable range for reliability tests.

Table (4.2) Reliability Assessment Range

Cronbach's alpha coefficient	Level of Reliability
0.80 to 0.95	Excellent Reliability
0.70 to 0.80	Good Reliability
0.60 to 0.70	Fair Reliability
Less than 0.60	Poor Reliability

Source: Sekaran and Bougie (2010)

The reliability tests on each influencing factor of this study are shown in Table (4.3).

Table (4.3) Reliability Test for Influencing Factors

No.	Factors	Number of Items	Cronbach's Alpha
1	Service Quality	5	.951
2	Claim Management	5	.930
3	Customer Trust	5	.911
4	Relationship Marketing	5	.944
5	Customer Satisfaction	6	.948
6	Customer Retention	7	.958

Source: SPSS Outputs

According to this table, Cronbach's Alpha value of each influencing factors; service quality, claim management, customer trust, relationship marketing is 0.951, 0.930, 0.911, 0.944 respectively. The Cronbach's Alpha value for customer satisfaction and customer retention are 0.948 and 0.958 respectively. This means that these variables have excellent reliability level. Therefore, these variables are internally consistent and reliable to measure.

4.4 Customer Perception on Customer Satisfaction and Customer Retention

In this study, service quality, claim management, customer Trust, Relationship Marketing, job satisfaction, and retention are analyzed by using Five-point Likert scale.

Table (4.4) Mean Score Interpretation Range

Mean Score	Interpretation
1.00 – 1.80	Very Low
1.81 – 2.60	Low
2.61 – 3.20	Medium
3.21 – 4.20	High
4.21 – 5.00	Very High

Source: Moidunny (2009)

4.4.1 Customer Perception on Service Quality

This section presents the customer perception of service quality that impact on the customer satisfaction and customer retention.

Table (4.5) Mean Score of Service Quality

No.	Particular	Mean	Standard Deviation
1.	The equipment used by this company are up to date.	4.75	.521
2.	Company keeps their records accurately.	4.72	.572
3.	Employees of the company provide prompt services to customers.	4.67	.654
4.	Employees of this company show individualized attention to customers.	4.67	.686
5.	Employees of the company are skillful and competence.	4.69	.642
Overall		4.69	

Source: Survey Data (2025).

Customer perceive that the equipment used by this company are up to date at a Mean score of 4.75, reflecting perception at a very High level. Company keeps their records accurately, with a Mean score of 4.72, indicating a very High level of agreement. Similarly, employees of the company provide prompt services to customers

are rated at a Mean score of 4.67 demonstrating perception at a very High level. Employees of this company show individualized attention to customers, reflected by a Mean score of 4.67, also at a very High level. Finally, Employees of the company are skillful and competence, evidenced by a Mean score of 4.69, indicating a very High level. Overall, these findings demonstrate that customers have a very High level of perception on service quality of AYA SOMPO Insurance Co., Ltd.

4.4.2 Customer Perception on Claim Management

This section presents the customer perception of claim management that impact on the customer satisfaction and customer retention.

Table (4.6) Mean Score of Claim Management

No.	Particular	Mean	Standard Deviation
1.	Claim reporting process is simple and easy	4.51	.905
2.	The company provides the claim settlement in timely manner.	4.66	.658
3.	The company provides payment through online payment services.	4.74	.564
4.	24 hours contact is convenient for claim process.	4.73	.618
5.	Claim payment process is fast.	4.77	.556
Overall		4.68	

Source: Survey Data (2025).

This table found that claim reporting process is simple and easy with a mean score of 4.51 and rated at a very high level of perception. The company provides the claim settlement in timely manner has very high perception level of the respondents with a mean score of 4.66. The company provides payment through online payment services is also seen with a Mean score of 4.74, demonstrating satisfaction at a very High level. 24 hours contact is convenient for claim process, as evidenced by a Mean score of 4.73, reflecting a very High level of agreement. Finally, the sentence “claim payment process is fast” supported by a Mean score of 4.77, which also indicate a very High level of customer perception. Overall, these findings demonstrate with the mean score 4.68 and rated at a very high level of customers’ agreement on the claim management of the AYA SOMPO Insurance Co., Ltd.

4.4.3 Customer Perception on Customer Trust

This section presents the customer perception of customer trust that impact on the customer satisfaction and customer retention.

Table (4.7) Mean Score of Customer Trust

No.	Particular	Mean	Standard Deviation
1.	The company can openly discuss solutions when problems arise.	4.64	.722
2.	The company trusted on anything you ask.	4.71	.617
3.	The company fulfills its obligation to you.	4.75	.531
4.	The company always show respect and honest to you.	4.79	.507
5.	The company has the ability to meet its promise.	4.82	.458
Overall		4.74	

Source: Survey Data (2024).

Customer perceive that the company can openly discuss solutions when problems arise.at a Mean score of 4.64, reflecting satisfaction at a very High level. The company trusted on anything they ask are viewed positively, with a Mean score of 4.71, indicating a high level of agreement. Similarly, the company fulfills its obligation to them are rated at a Mean score of 4.75, demonstrating satisfaction at a very High level. Moreover, the company always show respect and honest to them is reflected by a Mean score of 4.79, showing also at a very High level of agreement. Finally, the company has the ability to meet its promise evidenced by a Mean score of 4.82, indicating a very High level. Overall, these findings demonstrate that customers hold a very High-level perception on the customer trust.

4.4.4 Customer Perception on Relationship Marketing

This section presents the customer perception of customer trust that impact on the customer satisfaction and customer retention.

Table (4.8) Mean Score of Relationship Marketing

No.	Particular	Mean	Standard Deviation
1.	The company allows you to express your opinions freely.	4.64	.692
2.	The company provides clear instructions in use of the services.	4.73	.557
3.	When there is a change in the policy, or any other relevant issue the insurance communicates with you on time.	4.73	.557
4.	The insurance is flexible in serving your needs	4.77	.521
5.	The insurance gives sincere and detailed information about all the conditions of the service	4.74	.582
Overall		4.72	

Source: Survey Data (2024).

Customer's perception on the statement "The company allows them to express their opinions freely" show the perception with a Mean score of 4.64, reflecting perception at a high level. The company provides clear instructions in use of the services., with a Mean score of 4.73, indicating a high level of agreement. When there is a change in the policy, or any other relevant issue the insurance communicates with them on time, as reflected by a Mean score of 4.73, demonstrating a high level of satisfaction. Similarly, the insurance is flexible in serving their needs are rated very highly, with a Mean score of 4.77. Lastly, the insurance give sincere and detailed information about all the conditions of the service are rated at a Mean score of 4.74, also reflect at a high level. Overall, the findings demonstrate a very High-level perception of the customers' perception on the relationship marketing.

4.4.5 Consumer Perception on Customer Satisfaction

This section presents the levels of respondents' agreement on consumer buying behavior and the mean and standard deviation of each statement are shown in table (4.10).

Table (4.9) Mean Score of Customer Satisfaction

No.	Particular	Mean	Standard Deviation
1.	The insurance services/products accessibility are improved to satisfy your need.	4.76	.449
2.	The insurance consistently meets your expectation	4.79	.453
3.	The insurance provides appropriate solutions to problems	4.78	.495
4.	Willing to recommend this insurance to my friends and family members	4.76	.503
5.	Willing to choose this insurance over any other insurance	4.78	.459
6.	Being satisfied with the performance of the insurance.	4.69	.545
Overall		4.76	

Source: Survey Data (2025).

Customer agree that he insurance services/products accessibility are improved to satisfy your need, with a Mean score of 4.76, reflecting satisfaction at a very High level. The insurance consistently meets your expectation, with a Mean score of 4.79, indicating a very High level of agreement. Additionally, the insurance provides appropriate solutions to problems, as shown by a Mean score of 4.78, demonstrating satisfaction at a very High level. Willing to recommend this insurance to my friends and family members are highlighted with a Mean score of 4.76, also at a very High level. Willing to choose this insurance over any other insurance show the satisfaction with a mean score of 4.78 reflecting at a very high level. Lastly, being satisfied with the performance of the insurance rated a Mean score of 4.69, indicating a very High level of satisfaction. Overall, the findings highlight a very High-level perception with a mean score of 4.76, on customer satisfaction of AYA SOMPO Insurance Co., Ltd

4.4.6 Consumer Perception on Customer Retention

This section presents the levels of respondents' agreement on consumer buying behavior and the mean and standard deviation of each statement are shown in table (4.10).

Table (4.10) Mean Score of Customer Retention

No.	Particular	Mean	Standard Deviation
1.	Feeling emotionally connected to this insurance company.	4.66	.666
2.	Being prefer to stay with this insurance company rather than switch to competitors.	4.63	.694
3.	Being likely to renew my policy with the Company when it expires.	4.72	.535
4.	Trusting the Company to protect my interests and provide reliable coverage.	4.65	.741
5.	Being prefer to stay in this insurance company because of delivering services in promised time.	4.70	.629
6.	This insurance company has an excellent reputation.	4.72	.588
7.	This insurance company tries to establish long-term relationship with you.	4.66	.666
Overall		4.68	

Source: Survey Data (2025).

Customers agree that feeling emotionally connected to this insurance company with a mean score of 4.66 and show a very high-level satisfaction. Being prefer to stay with this insurance company rather than switch to competitors at a Mean score of, 4.63 reflecting their satisfaction at a very High level. Similarly, being likely to renew their policy with the Company when it expires, with a Mean score of 4.72, indicating a very High level of customers' agreement. Trusting the Company to protect my interests and provide reliable coverage, with a Mean score of 4.65, demonstrating customers satisfaction at a very High level. Being prefer to stay in this insurance company because of delivering services in promised time as evidenced by a Mean score of 4.70, reflecting a very High level of agreement. This insurance company has an excellent reputation show perception with a mean score of 4.72 and rated at a very high-level agreement.

Lastly This insurance company tries to establish long-term relationship with you highlighted by a Mean score of 4.66, which also at a very level of agreement. Overall, these findings demonstrate customer retention with a mean score of 4.68 and rated a very high level of perception.

The following table presents the overall mean scores for key variables that impact agent retention and job satisfaction, based on agents' perceptions of various aspects of their work environment.

Table (4.11) Overall Mean

Variable	Overall Mean
Service Quality	4.96
Claim Management	4.68
Customer Trust	4.74
Relationship Marketing	4.72

Source: Survey Data (2024).

Service Quality variable achieved the highest mean score of 4.96, indicating the most positive perception among customers. It means that customers are highly satisfied with using modern equipment, keeping accurately records, giving prompt services, showing individualized attention and being skillful and competence employees. The claim management variable, while still showing a very high level of satisfaction, has the lowest mean score of 4.68 among the variables discussed.

4.5 Analysis of Factors Affecting Customer Satisfaction in General Insurance of AYA SOMPO Insurance Co., Ltd

This study has four influencing factors: service quality, claim management, customer trust, relationship marketing. In this study, correlation coefficient analysis is applied to determine the relationship between influencing factors and dependent variable. Multiple regression analysis is applied to investigate the effect of influencing factors on customer satisfaction on general insurance of AYA SOMPO Insurance Co., Ltd.

Pearson correlation coefficient shows the significance, direction, strength, and significance of the bivariate relationship among all the variables that were measured at an interval or ratio level (Sekaran, 2000). A value of $r = -1.0$ indicates a perfect negative

linear relationship, while a value of $r = + 1.0$ indicates a perfect positive linear relationship. A 0 r value signifies the absence of a relationship between the variables.

Table (4.12) Correlation Coefficient Strength and Interpretation

Correlation Coefficient	Interpretation
± 0.8 to ± 1.0	Very Strong Relationship
± 0.6 to ± 0.8	Strong Relationship
± 0.4 to ± 0.6	Moderate Relationship
± 0.2 to ± 0.4	Weak Relationship
± 0.0 to ± 0.2	Weak or No Relationship

Source: Mukaka (2012)

The correlation coefficient between the independent variables and the dependent variable is shown in Table (4.11).

Table (4.13) Correlation between Influencing Factors and Customer Satisfaction

	Correlation Coefficient	Sig
Service Quality	.801***	0.001
Claim Management	.771***	0.001
Customer Trust	.813***	0.001
Relationship Marketing	.821***	0.001

Source: SPSS Outputs

*** = Significant at 1% level, ** = Significant at 5% level, * = Significant at 10% level

This shows the correlation coefficient for the influencing factors and customer satisfaction. The correlation coefficient between service quality and customer satisfaction has a very strong relationship with 0.801 at a 1% significance level. The correlation coefficient between claim management and customer satisfaction has a strong relationship with 0.771 at a 1% significance level. The correlation coefficient between customer trust and customer satisfaction, relationship marketing and customer satisfaction also have a very strong relationship with 0.813, and 0.821 at a 1% significance level respectively. According to this table, these influencing factors have a positive significant correlation with customer satisfaction at the 0.01 level. Moreover, the table also describes that the values of their correlation were less than 0.90. The

estimated correlations between the factors were not excessively high (e.g., < 0.90 in absolute value). This result indicated the acceptable discriminated validity (Kline, 2012).

Multiple regression is employed to forecast the variation in the dependent variable as a result of alterations in the independent variables. Table (4.12) shows the results of regression analysis on the effect of influencing factors on consumer buying behavior.

Table (4.14) Regression Analysis of the Effect of Influencing Factors on Customer Satisfaction

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig	VIF
	B	Std Error	β			
Constant	1.237	.157		7.868	.000	
Service Quality	.185**	.072	.242	2.569	.011	6.435
Claim Management	.031	.065	.043	.483	.630	5.824
Customer Trust	.268***	.070	.306	3.840	.001	4.597
Relationship Marketing	.282***	.067	.320	3.915	.001	4.865
R Square				.738.		
Adj R Square				.733		
F Value				134.069***		

Source: SPSS Outputs

*** = Significant at 1% level, ** = Significant at 5% level, * = Significant at 10% level

According to Table (4.12), the adjusted R square value of 0.738 indicates that 73.8% of the total variation in customer satisfaction is accounted for by service quality, claim management, customer trust, and relationship marketing. Each Variance Inflation Factor (VIF) is less than 10. These results show that serial correlation and multicollinearity problems were not detected in this analysis. Based on the results of multiple regression analysis, it can be concluded service quality, customer trust, and relationship marketing have a significant positive influence on customer satisfaction. The

significance of service quality at the 5% level indicates that each unit increase in service quality is associated with a 0.242 increase in customer satisfaction. Customer trust is significant at the 1% level, indicating that each unit rise in customer trust correlates with a 0.308 increase in customer trust. Relationship marketing has significance at the 1% level, with each unit increase in marketing elements contributing to a 0.320 rise in customer satisfaction. Claim management lacks a substantial impact and does not affect customer satisfaction at AYA SOMPO Insurance Co., Ltd.

4.6 Analysis of Factors Affecting Customer Satisfaction and Customer Retention in General Insurance of AYA SOMPO Insurance Co., Ltd

The following table shows the analysis of customer satisfaction and customer retention in General Insurance of AYA SOMPO Insurance Co., Ltd.

Table (4.15) Regression Analysis of the Customer Satisfaction and Customer Retention

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std Error	β		
Constant	-1.017	.182		-5.582	.000
Customer Satisfaction	1.169***	.038	.915	31.406	.000
R Square				.836	
Adj R Square				.836	
F Value				986.360***	

Source: SPSS Outputs

This regression analysis indicates that customer satisfaction is a highly significant analyst of the outcome variable, with a very strong positive relationship ($\beta = 0.915$). And the result also suggests that each unit increase in customer satisfaction help to increase customer retention by 1.169 units, which highlights the strong impact of customer satisfaction on customer retention. Moreover, the model shows a high R Square of 0.836 by customer satisfaction and it means this can explain 83.6% of the model.

CHAPTER V

CONCLUSION

This chapter presents a summary of the key finding customer satisfaction and customer retention in general insurance of AYA SOMPO Insurance Co., Ltd. It includes an in-depth discussion of the results, linking them to existing literature, followed by the conclusions drawn from the study. Additionally, recommendations for improving customer satisfaction and customer retention in general insurance of AYA SOMPO Insurance Co., Ltd are provided.

5.1 Findings and Discussions

The primary objective of this study is to identify factors influencing customer satisfaction and retention in general insurance at AYA SOMPO Insurance Co., Ltd. The study investigates consumer views and attitudes, analyzing the correlation among service quality, claims management, customer trust, relationship marketing, and customer retention. Data were gathered via a standardized questionnaire, and the results were extrapolated from the sample replies.

The study indicates that most respondents are female, married, aged between 30 and 39 years, and hold a graduate degree. A majority work in corporate roles, have been customers for over four years, and earn a stable monthly income. These demographic characteristics suggest that AYA SOMPO primarily serves well-educated, financially stable individuals with long-term engagement in its services.

Customer perception across all service factors is notably high. Service quality emerges as the highest-rated factor, indicating strong customer appreciation for modern equipment, accurate record-keeping, and the expertise of employees. This suggests that maintaining operational excellence significantly enhances customer satisfaction. Similarly, claim management receives positive ratings, reflecting the efficiency of the claims process, quick settlements, and the ease of online transactions.

Customer trust is also rated highly, indicating that AYA SOMPO is perceived as reliable and transparent. Trust is a crucial factor in customer retention, reinforcing the importance of fulfilling commitments and maintaining open communication. Relationship marketing is another significant factor, with customers valuing the

company's personalized service, clear instructions, and comprehensive information, all of which contribute to higher satisfaction levels.

The multiple regression analysis reveals that relationship marketing, customer trust, and service quality have a significant positive impact on customer satisfaction, whereas claim management does not show a statistically significant effect. Among these, relationship marketing is the most influential factor, emphasizing the importance of personalized services, effective communication, and customer engagement in driving satisfaction. Customer trust also plays a critical role, highlighting the need for transparency and reliability in service delivery. Additionally, service quality contributes positively, indicating that well-trained staff, efficient processes, and advanced technology are key satisfaction drivers.

While claim management is valued by customers, the findings suggest that it does not strongly influence overall satisfaction in this context. This implies that while an efficient claims process enhances customer experience, other factors like relationship marketing and trust have a more substantial impact on long-term retention.

The analysis further confirms that customer satisfaction significantly influences customer retention, reinforcing its role as a key determinant of loyalty. These findings highlight the necessity for businesses to continuously improve service quality, build trust, and enhance customer engagement strategies to maintain high satisfaction levels and long-term retention.

5.2 Suggestions and Recommendations

Based on the findings, it is recommended that the company prioritize relationship marketing strategies to further enhance customer satisfaction and retention. Since relationship marketing was identified as the most influential factor, the company should focus on strengthening customer engagement, providing personalized services, and maintaining clear communication with customers. Implementing a customer relationship management (CRM) system can help track customer interactions and provide tailored services that improve overall satisfaction. Additionally, loyalty programs, exclusive promotions, and proactive customer support should be enhanced to build long-term relationships with customers.

Another key recommendation is to continue building and reinforcing customer trust through transparency, ethical business practices, and consistent service delivery. Since trust significantly impacts customer satisfaction, the company should ensure

honest and clear communication, fulfill promises, and address customer concerns promptly. Encouraging customer feedback and reviews can also boost credibility, as potential customers are more likely to trust businesses with positive testimonials. Additionally, enhancing data privacy and security measures further strengthen customer confidence, particularly in digital transactions.

Given the strong influence of service quality on customer satisfaction, it is essential for the company to continuously improve in this area. Investing in advanced technology, staff training, and efficient service delivery ensure that customers receive high-quality, professional, and timely services. The company should also conduct regular assessments and surveys to measure customer satisfaction levels and identify areas for improvement. Training employees to enhance their skills and maintain professional, customer-friendly interactions further elevate service quality.

Although claim management was not found to be a significant factor in driving customer satisfaction, it remains an important service aspect that should not be neglected. The company should streamline and simplify claim processes to ensure a fast, hassle-free experience for customers. Exploring innovative solutions such as automated claim processing, AI-driven claim verification, and digital claim tracking could improve efficiency and customer perception of claim services. While claim management may not directly impact satisfaction as much as other factors, an inefficient system could lead to dissatisfaction if not properly managed.

Lastly, businesses should adopt a continuous improvement approach to sustain high customer satisfaction levels. Regular customer feedback collection, market research, and competitive analysis help the company stay ahead of industry trends and evolving customer expectations. Additionally, integrating technology-driven solutions, for customer support, mobile applications for service accessibility, and data analytics for personalized marketing, can enhance customer experiences. By consistently evaluating and refining their strategies, businesses can maintain strong customer relationships, increase retention, and achieve long-term success in a competitive market.

5.3 Needs for Further Study

This study offers significant insights into the determinants of customer satisfaction and retention at AYA SOMPO Insurance Co., Ltd.; nevertheless, further investigation is required to examine additional variables affecting consumer behavior.

Future studies could examine the role of emerging technologies and digital insurance platforms in shaping customer experiences and satisfaction levels. Additionally, investigating the impact of external factors, such as economic conditions and regulatory policies, could provide a more comprehensive understanding of how industry dynamics affect customer retention. Comparative studies with other insurance companies or industries could also offer valuable benchmarking data to identify best practices. Longitudinal studies tracking changes in customer satisfaction and retention over time would help companies anticipate trends and adapt their strategies accordingly.

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APPENDIX - A

QUESTIONNAIRE

Dear Respondents, this questionnaire is designed to collect information how you feel about the service quality delivered by your insurance company in Myanmar. This survey questionnaire is concerned with a study on customer satisfaction and customer retention in General insurance of AYA Sompo Insurance Company Limited. This study is being conducted as part of the requirements for master thesis of MI Programme in Yangon University of Economics. Your response is very important, so please answer all the questions. We appreciate your contribution and thank you very much in advance.

Section (I)

General Information (Personal Data)

Please tick the appropriate answer in the box where applicable.

1. Gender

Female

Male

2. Age

Under 30 years

30 – 39 years

40 – 49 years

50 years and more

3. Marital Status

Single

Married

4. Education Level

Basic Education

Under Graduate

Graduate

Master

5. Monthly Income

- 300,000 Kyats and less
- 300,001 to 500,000
- 500,001 to 700,000
- More than 700,000 Kyats

6. Jobs

- Government staff
- Company Staff
- Business Owner
- Others

7. How long have you been a customer to AYA Sompo Insurance Company Limited?

- Less than 1 year
- 1-2 years
- 3-4 years
- More than 4 years

Section (II)

Service Quality, Customer Trust, Claim Management and Relationship Marketing

In your opinion, how does your insurance company meet your expectations in terms of following dimension items in the table?

Please check the level of your agreement to the following statements:

(1=strongly disagree, 2=Disagree, 3=neither agree or disagree, 4=Agree, 5= strongly agree)

1. Service Quality

Sr. No.	Statement	1	2	3	4	5
1	The equipment used by this company are up to date.					
2	Company keeps their records accurately.					
3	Employees of the company provide prompt services to customers.					
4	Employees of this company show individualized attention to customers.					
5	Employees of the company are skillful and competence.					

2. Claim Management

Sr. No.	Statement	1	2	3	4	5
1	Claim reporting process is simple and easy.					
2	The company provides the claim settlement in timely manner.					
3	The company provides payment through online payment services.					
4	24 hours contact is convenient for claim process.					
5	Claim payment process is fast.					

3. Customer Trust

Sr. No.	Statement	1	2	3	4	5
1	The company can openly discuss solutions when problems arise.					
2	The company trusted on anything you ask.					
3	The company fulfils its obligation to you.					
4	The company always show respect and honest to you.					
5	The company has the ability to meet its promise.					

4. Relationship Marketing

Sr. No.	Statement	1	2	3	4	5
1	The company allows you to express your opinions freely.					
2	The company provides clear instructions in use of the services.					
3	When there is a change in the policy, or any other relevant issue the insurance communicate with you on time					
4	The insurance is flexible in serving your needs					
5	The insurance give sincere and detailed information about all the conditions of the service					

Section (III)
Customer Satisfaction of AYA Sompo Insurance Company Limited

Please check the level of your satisfaction level to the following statements:

(1=strongly disagree, 2=Disagree, 3=neither agree or disagree, 4=Agree, 5= strongly agree)

Sr. No.	Description	1	2	3	4	5
1	The insurance services/products accessibility are improved to satisfy your need.					
2	The insurance consistently meets your expectation					
3	The insurance provides appropriate solutions to problems					
4	I will recommend this insurance to my friends and family members					
5	I will always choose this insurance over any other insurance					
6	I am satisfied with the performance of the insurance.					

Section (IV)
Customer Retention

Please check the level of your satisfaction level to the following statements:

(1=strongly disagree, 2=Disagree, 3=neither agree or disagree, 4=Agree, 5= strongly agree)

Sr. No.	Description	1	2	3	4	5
1	I feel emotionally connected to this insurance company.					
2	I prefer to stay with this insurance company rather than switch to competitors.					
3	I am likely to renew my policy with the Company when it expires.					
4	I trust the Company to protect my interests and provide reliable coverage.					
5	I prefer to stay in this insurance company because of delivering services in promised time.					
6	This insurance company has an excellent reputation.					
7	This insurance company tries to establish long-term relationship with you.					

Thank You

APPENDIX – B

Correlations

		Service_Qua lity	Claim_Man agement	Customer_Trust
Service_Quality	Pearson Correlation	1	.897**	.819**
	Sig. (2-tailed)		.000	.000
	N	195	195	195
Claim_Management	Pearson Correlation	.897**	1	.822**
	Sig. (2-tailed)	.000		.000
	N	195	195	195
Customer_Trust	Pearson Correlation	.819**	.822**	1
	Sig. (2-tailed)	.000	.000	
	N	195	195	195
Relationship_Marketing	Pearson Correlation	.842**	.811**	.856**
	Sig. (2-tailed)	.000	.000	.000
	N	195	195	195
Customer_Satisfaction	Pearson Correlation	.801**	.771**	.813**
	Sig. (2-tailed)	.000	.000	.000
	N	195	195	195

Correlations

		Relationship_ Marketing	Customer_Sati sfaction
Service_Quality	Pearson Correlation	.842**	.801**
	Sig. (2-tailed)	.000	.000
	N	195	195
Claim_Management	Pearson Correlation	.811**	.771**
	Sig. (2-tailed)	.000	.000
	N	195	195
Customer_Trust	Pearson Correlation	.856**	.813**
	Sig. (2-tailed)	.000	.000
	N	195	195
Relationship_Marketing	Pearson Correlation	1	.821**
	Sig. (2-tailed)		.000
	N	195	195
Customer_Satisfaction	Pearson Correlation	.821**	1
	Sig. (2-tailed)	.000	
	N	195	195

** . Correlation is significant at the 0.01 level (2-tailed).

Correlations

		Customer_Satisfaction	Customer_Retention
Customer_Satisfaction	Pearson Correlation	1	.915**
	Sig. (2-tailed)		.000
	N	195	195
Customer_Retention	Pearson Correlation	.915**	1
	Sig. (2-tailed)	.000	
	N	195	195

** . Correlation is significant at the 0.01 level (2-tailed).

REGRESSION

Model Summary ^b							
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	df1
1	.859 ^a	.738	.733	.22345	.738	134.069	4

Model Summary ^b			
Model	Change Statistics		
	df2	Sig. F Change	
1	190	.000	1.743

a. Predictors: (Constant), Relationship_Marketing, Claim_Management, Customer_Trust, Service_Quality

b. Dependent Variable: Customer_Satisfaction

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	26.777	4	6.694	134.069	.000 ^b
	Residual	9.487	190	.050		
	Total	36.264	194			

a. Dependent Variable: Customer_Satisfaction

b. Predictors: (Constant), Relationship_Marketing, Claim_Management, Customer_Trust, Service_Quality

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.237	.157		7.868	.000
	Service_Quality	.185	.072	.242	2.569	.011
	Claim_Management	.031	.065	.043	.483	.630
	Customer_Trust	.268	.070	.306	3.840	.000
	Relationship_Marketing	.262	.067	.320	3.915	.000