

Antecedents of Policyholder Satisfaction and Loyalty in Life Insurance Services: An Empirical Assessment from Ahmedabad, Gujarat

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Abstract

In the Ahmedabad (INA) context, this study investigates factors which are causing policyholder dissatisfaction and attrition in life insurance service. It tries to find out the effect of the four dimensions of Service Quality, namely trust, effectiveness of claim settlement, and transparency of the policy under study on policyholder satisfaction. A structured questionnaire was given to 105 respondents life insurance policy holders and statistical procedure namely correlation analysis, multiple regression analysis and One-Way ANOVA statistical procedures were used in data analysis. The results indicate that there is a significant positive relationship between the dimensions and aspects of service quality and the satisfaction of policyholders such as providing of the service punctually, courtesy of the employees and providing accurate policy information. The regression results also show that three factors have a significant impact on satisfaction: trust, claim settlement efficiency and policy transparency, the latter being the most significant. There was also no difference between the various age groups. As the report reveals, a customer-focused service approach is critical for equipping life insurers with strategies that may improve their customer satisfaction, retention, and customer loyalty and, ultimately, their long-term competitiveness.

Key Words - Policyholder Satisfaction, Customer Loyalty, Life Insurance Services, Service Quality, Customer Experience, Trust, Policyholder Retention, Ahmedabad, Gujarat, Insurance Sector, Consumer Behaviour

introduction

The life insurance sector is a large contributor to the financial services sector as it offers individuals and families financial security, protection against risks, and long-term investment opportunities. Technological progress, competition, and the demands of their customers have all contributed to a significant change in the delivery of life insurance companies' services in recent years. This has led policyholder satisfaction becoming a key part of their organization success and sustainability. Happy customers are more likely to renew their policies, buy other insurance products and recommend the company to family and friends—helping to ensure customer loyalty and a long-term profitable relationship with the insurer.

A number of factors contribute to customer satisfaction when it comes to life insurance services—service quality, efficiency in claims settlement, clarity of policy terms, responsiveness of employees, authenticity of insurers, affordability of premium, effectiveness of digital service platforms, etc. All these combine to create policyholders' perceptions and experiences that are linked to their relationship with insurance providers. This is crucial for insurers who want to improve customer retention and achieve a competitive edge in the market with respect to these antecedents.

With its very high growth rate, Ahmedabad is one of the most varied and growing metropolitan cities of the state that reflects the rising awareness for financial planning and risk management two principles that are deeply entrenched in the principles of insurance. The city has a large population of middle-class individuals, high incomes and use of financial services by mobile apps and electronic platforms, which are suitable characteristics to focus on when looking at policyholder satisfaction/loyalty in life insurance service.

The present study is undertaken to delve into the important factors affecting satisfaction and loyalty of the customers through life insurance in Ahmedabad, Gujarat. The study aims to give crucial information for insurance firms, policymakers, and practitioners by empirically evaluating the link among service properties and clients' trustworthiness. The results are likely to be useful for designing customer-focused approaches that will yield a higher level of customer satisfaction and a deeper bond with customers, thereby making life companies more competitive.

Literature Review

As a whole, Nguyen et al. (2018), Thirupathi and Balamurugan (2024), Venkatesan (2018), Rai and Medha (2013), and Haris et al. (2025) all highlighted the key factors for extended success in the insurance industry as being service quality, customer satisfaction, trust, corporate image, and consumer loyalty. Service quality and corporate image have significant effects on perceived value and customer satisfaction and in turn, performance has positive effects on customer loyalty (Nguyen et al., 2018). In like manner, Venkatesan (2018) showed that better service quality leads to improved customer satisfaction and customer loyalty, where improved customer satisfaction served as a significant mediation. Rai and Medha (2013) went on to identify service quality, customer trust, commitment, communication and corporate image as important antecedents to customer loyalty and concluded that out of these, service quality is the most important antecedent to consider. Thirupathi and Balamurugan (2024) emphasized that streamlined technology, clear communication, punctual service and claims processing helps boost customer satisfaction and loyalty. Similarly, Haris et al. (2025) highlighted that service quality is directly linked to corporate image, customer satisfaction, and customer loyalty and that satisfaction is a crucial venue to build customer loyalty.

Policyholder satisfaction studies likewise identified the significance of the awareness, utilization of services, trust, and customer-oriented practices. According to Gopi and Akilanayaki (2017), awareness and usage of insurance services is one of the major factors which affect satisfaction among women policyholders. Pradeepa (2024) found that product features, premium structure, claim procedures, customer service, and perceived benefits are important factors that lead to customer satisfaction. Company trust and image, agents' behavior, and customer service emerged as significant important measures for post-purchase satisfaction as suggested by Dahal et al. (2023). In addition, Kapoor and Husain (2023) expressed the significance of assurance, convenience, competence and technology in determining the perception of service quality of the policyholders. Overall, all these studies imply that insurance firms would be able to improve service quality, strengthen customer trust, engage customer awareness, use technology and build a good image of the firm to enhance its satisfaction and customer loyalty. These are critical for retaining customers, insurance company competitiveness and growth in the insurance business.

Research Gap

While numerous studies have looked into Customer satisfaction and Customer loyalty in insurance sector, limited research has been done on the antecedents of policy holder satisfaction and policy holder's loyalty in the context of the life insurance sector of Ahmedabad, Gujarat. So far, many conducted research have been targeting either general customer perceptions, insurance awareness or service quality without considering all of the factors that have an impact on customers' loyalty in detail: trust, service efficiency, claim settlement, digital services and transparency of insurance policies. Additionally, the changes in customer expectation due to digital transformation requires new empirical evidence. Thus, a study in a small region is needed to find the determinants of policyholder satisfaction and loyalty in Ahmedabad.

Research Objectives

1. To examine the impact of service quality dimensions on policyholder satisfaction in life insurance services in Ahmedabad, Gujarat.
2. To examine the influence of trust, claim settlement efficiency, and policy transparency on policyholder satisfaction in life insurance services in Ahmedabad, Gujarat.

- To examine whether policyholder satisfaction differs significantly among different age groups of life insurance policyholders in Ahmedabad, Gujarat.

Research Methodology

- **Research Title:** Antecedents of Policyholder Satisfaction and Loyalty in Life Insurance Services: An Empirical Assessment at Ahmedabad, Gujarat.
- **Research Design:** Descriptive and Analytical research design.
- **Nature of Study:** Quantitative Research Approach.
- **Area of Study:** Ahmedabad City, Gujarat.
- **Target Population:** Life insurance policy holders of Ahmedabad.
- **Sampling Technique:** Convenience Sampling Method.
- **Sample Size:** 105 policyholders.
- **Source of Data:** Primary Data – Structured Questionnaire. Secondary Data – Research articles, journals, reports and literature related to insurance.
- **Data Collection Instrument:** Structured questionnaire involving service quality, claim settlement efficiency, policy transparency and trust variables and, satisfaction.
- **Statistical Tools Used :** Pearson Correlation Analysis. , Multiple Regression Analysis. , One-Way ANOVA. , Descriptive Statistics.

Data Analysis And Interpretation

H0 (Null Hypothesis): Service quality dimensions do not have a significant impact on policyholder satisfaction in life insurance services.

H1 (Alternative Hypothesis): Service quality dimensions have a significant impact on policyholder satisfaction in life insurance services.

| Correlations | | | | | |
|--|---------------------|--|---|--|--|
| | | The life insurance company provides services promptly and efficiently. | Employees of the insurance company are courteous and helpful. | The insurance company provides accurate and timely information regarding policies. | Overall, I am satisfied with the services provided by my life insurance company. |
| The life insurance company provides services promptly and efficiently. | Pearson Correlation | 1 | .709 | .702 | .611 |
| | Sig. (2-tailed) | | .000 | .000 | .000 |
| | N | 105 | 105 | 105 | 105 |
| Employees of the insurance company are courteous and helpful. | Pearson Correlation | .709 | 1 | .673 | .712 |
| | Sig. (2-tailed) | .000 | | .000 | .000 |
| | N | 105 | 105 | 105 | 105 |

| | | | | | |
|--|---------------------|------|------|------|------|
| The insurance company provides accurate and timely information regarding policies. | Pearson Correlation | .702 | .673 | 1 | .667 |
| | Sig. (2-tailed) | .000 | .000 | | .000 |
| | N | 105 | 105 | 105 | 105 |
| Overall, I am satisfied with the services provided by my life insurance company. | Pearson Correlation | .611 | .712 | .667 | 1 |
| | Sig. (2-tailed) | .000 | .000 | .000 | |
| | N | 105 | 105 | 105 | 105 |

In order to investigate relationship between service quality dimensions and life insurance policyholder's satisfaction, the correlation analysis has been conducted. The results indicate that all dimensions of service quality have significant positive effect on overall policyholders' satisfaction at the 0.01 significance level. The relationship between overall satisfaction and the life insurance company providing services promptly and efficiently ($r = 0.611$, $p = 0.000$) is strong and positive. Likewise, "Employees of the insurance company are courteous- helpful" shows highest positive correlation with overall satisfaction ($r = 0.712$, $p = 0.000$) which points out the significant role of employee behaviour in policyholder satisfaction. In addition, there is also high correlation between the factor "The insurance company provides accurate and timely information regarding policies" with overall satisfaction ($r = 0.667$, $p = 0.000$). As all of the correlation values are positive and statistically significant, it is inferred that improvement in service promptness, employee courteousness and information accuracy are correlated with increasing the level of policy holder satisfaction. So, the null hypothesis (H0) is rejected and the alternative hypothesis (H1) is being accepted. The results indicate that the dimensions of Service quality significantly affect the satisfaction of policy holders in the case of Life Insurance Services.

H0 (Null Hypothesis): Trust, claim settlement efficiency, and policy transparency do not significantly influence policyholder satisfaction in life insurance services.

H1 (Alternative Hypothesis): Trust, claim settlement efficiency, and policy transparency significantly influence policyholder satisfaction in life insurance services.

| Model Summary | | | | |
|--|-------------------|----------|-------------------|----------------------------|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .778 ^a | .606 | .594 | .66542 |
| a. Predictors: (Constant), The claim settlement process of my insurance company is satisfactory., The policy terms and conditions are transparent and easy to understand., I trust my life insurance company to act in my best interest. | | | | |

| ANOVA ^a | | | | | | |
|---|------------|----------------|-----|-------------|--------|-------------------|
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 68.670 | 3 | 22.890 | 51.696 | .000 ^b |
| | Residual | 44.721 | 101 | .443 | | |
| | Total | 113.390 | 104 | | | |
| a. Dependent Variable: Overall, I am satisfied with the services provided by my life insurance company. | | | | | | |

b. Predictors: (Constant), The claim settlement process of my insurance company is satisfactory., The policy terms and conditions are transparent and easy to understand., I trust my life insurance company to act in my best interest.

| Coefficients ^a | | | | | | |
|---|---|-----------------------------|------------|---------------------------|-------|------|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .545 | .277 | | 1.963 | .052 |
| | I trust my life insurance company to act in my best interest. | .279 | .102 | .272 | 2.730 | .007 |
| | The policy terms and conditions are transparent and easy to understand. | .336 | .101 | .322 | 3.316 | .001 |
| | The claim settlement process of my insurance company is satisfactory. | .258 | .094 | .271 | 2.736 | .007 |
| a. Dependent Variable: Overall, I am satisfied with the services provided by my life insurance company. | | | | | | |

Multiple regression analysis was performed to discuss the effect of trust, claim settlement efficiency, and policy transparency on satisfaction of the policies holders with life insurance services. The model summary shows that there is a significant relationship between independent variables on the policyholder satisfaction ($R = .778$). The coefficient of determination ($R^2 = 0.606$) indicates that the model alone accounts for 60.6% of the variance in policyholder satisfaction, with the rest of the variance being explained by the other factors not incorporated in the model. The ANOVA results show that the regression model is statistically significant ($F = 51.696$, $p = 0.000$) which means that the predictors as a group affect policyholder satisfaction. The coefficient analysis also reveals that the variables of "trust in the life insurance company" significantly affect the policyholder satisfaction with a coefficient value of 0.272 and significant value of 0.007, "policy transparency" significantly affects policyholder satisfaction with a coefficient value of 0.322 and significant value of 0.001, and "claim settlement efficiency" significantly affect policyholder satisfaction with a significant value of 0.007 and a coefficient value of 0.271. Of the prediction factors, the most influential factor for policyholder satisfaction is "policy transparency". All predictor variables have significant p-values of <0.05 and thus the null hypothesis (H_0) is rejected and the alternative hypothesis (H_1) is accepted. Trust, the efficiency of the claim settlement procedure, and policy transparency are key influences on satisfaction of the life insurance policies held by the policyholder.

H0 (Null Hypothesis): There is no significant difference in policyholder satisfaction among different age groups of life insurance policyholders.

H1 (Alternative Hypothesis): There is a significant difference in policyholder satisfaction among different age groups of life insurance policyholders.

| ANOVA | | | | | |
|--|----------------|----|-------------|---|------|
| Overall, I am satisfied with the services provided by my life insurance company. | | | | | |
| | Sum of Squares | df | Mean Square | F | Sig. |
| | | | | | |

| | | | | | |
|----------------|---------|-----|-------|------|------|
| Between Groups | 2.131 | 3 | .710 | .645 | .588 |
| Within Groups | 111.259 | 101 | 1.102 | | |
| Total | 113.390 | 104 | | | |

To test whether there is significant difference among satisfaction of various age groups of life insurance policyholders, a One-Way ANOVA was designed. The result shows that the sum of the between groups was 2.131 and within the group was 111.259. An F-value of 0.645 and a level of significance (P-value) of 0.588 were found. The p value is above the 0.05 level of significance so we conclude that "there is no statistically significant difference in policyholder satisfaction of different age groups of policyholders. This means satisfaction levels among respondents in various age groups do not vary. Thus, for the current study, age does not seem to be a decisive factor in determining policyholder satisfaction. Thus, null hypothesis (H0) is accepted and alternative hypothesis (H1) is rejected. There is no significant difference in satisfaction of policyholders according to age group of life insurance policyholders.

Conclusion

The research explored the factors influencing the satisfaction levels of policyholders in life insurance services in the city of Ahmedabad, Gujarat, emphasizing service quality, trust level, claim settlement process, policy transparency, and demographic variations. The result from the correlation analysis shows that all the dimensions of selected service quality connected to the satisfaction of the policyholders have a strong positive correlation. Of these dimensions, employee courtesy and helpfulness showed the greatest correlation with satisfaction followed by accuracy of information about the policies and promptness of the service. These findings suggest that better service delivery improves customer experiences and boosts customer satisfaction.

Additionally, the multiple regression analysis resulted that the three variables of trust in insurance company, efficient claim settlement and transparent policy terms are significantly affecting the policyholders satisfaction. These factors accounted for 60.6% of the variance in satisfaction as explained by the model. The most significant predictor came out to be the policy transparency, highlighting the need for clear and understandable policy information to generate positive perceptions among customers. There was no significant difference in the level of satisfaction for each age group, based on the One-Way ANOVA analysis. This indicates that factors associating with the services provided to the policyholders play a greater role than the demographic factors like age in controlling the satisfaction of the policyholders.

Based on the overall results, it can be concluded that the service quality, the trustworthiness, the transparency and the efficient claim are significantly related to the level of satisfaction of policyholders in life insurance service, while the age is not significantly related with the level of satisfaction among the policyholders.

Recommendations

The results indicate that, life insurance companies should pay attention to providing higher quality of service including timely service, accurate communicating and courteous customer service. Particular emphasis should be placed on employee training programs that emphasize developing interpersonal skills and customer relationship management. There is also a need to improve the transparency of the insurance providers through simplified policy documents, communication of the terms and conditions. Claim settlement procedures need to be efficient and hassle-free as this will help customers gain confidence and trust. It's important to understand that trust is a key determinant of satisfaction, so it seems that there's a strong case for insurers to practice moral things and be proactive with their customers. It is able to increase customer satisfaction, loyalty, and long-term policy retention through these measures.

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