



اَوْنَبُوْرَسِيْتِيْ بَاتِيْكُوْلُوْمِيْ مَارَا
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**SERVICE QUALITY PERCEPTIONS AND CUSTOMER SATISFACTION IN LIFE
INSURANCE COMPANIES IN LABUAN**

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TABLE OF CONTENT

CONTENT	PAGE	
LETTER OF SUBMISSION	i	
DECLARATION OF WORK	ii	
ACKNOWLEDGEMENT	iii	
TABLE OF CONTENT	iv	
LIST OF TABLES	v	
LIST OF FIGURES	vi	
ABSTRACT	vii	
CHAPTER 1	INTRODUCTION	
1.1	Background of Study	1
1.2	Introduction to Life Insurance Industry in Malaysia	2
1.3	Research Problem	3
1.4	Research Questions	4
1.5	Research Objectives	4
1.6	Significance of Study	4
1.7	Definition of Terms	5
1.8	Limitation of Study	6
1.9	Scope of Study	6
CHAPTER 2	LITERATURE REVIEW	
2.1	Customer Perception of Service Quality	7-8
2.1.1	Assurance	9
2.1.2	Reliability	9
2.1.3	Tangible	10
2.1.4	Empathy	10
2.1.5	Responsiveness	11
2.2	Customer Satisfaction	11
2.3	Theoretical Framework	12
2.4	Operational Definition Table	13-14

ABSTRACT

This paper aims to evaluate the service quality perceptions and customer satisfaction of Life Insurance Companies in the Federal Territory of Labuan through customer's assessment. A total of 120 respondents who had life insurance policies were participated in answering the questionnaires, in order to gather information related to their perception of service quality in the life insurance company they committed with. Descriptive analysis such as percentage and table presentations was used to analyse the collected data. The study revealed that among the five service quality dimensions (Assurance, Reliability, Tangible, Empathy, Responsiveness), privacy of customer's information of assurance dimension is the most important factor considered by the customers. Through the regression analysis done, reliability dimension of service quality found to be the most significant factor that influences customer satisfaction.

CHAPTER 1: INTRODUCTION

1.1 BACKGROUND OF STUDY

There has been an ongoing emergence in the life insurance industry in Malaysia as the general public becomes more knowledgeable and has a better awareness on the importance of insurance (Loke and Goh, 2012). In Malaysian life insurance context, Garg and Anju (2010) added that liberalization has brought together a dynamic rivalry among the life insurance companies. As consumers have become more educated and mindful about the importance of having protection from life uncertainties, every life insurance company tries to attract customers by committing a bundle of promises to deliver a high quality of services (Chowdury, Rahman, & Afza, 2007). However, the actual picture might still far away from reality. The issues surrounding the measurement and provisions of service quality are becoming increasingly important and influence toward consumer's perception and satisfaction. Malaysian life insurance providers must have a deep insight that their business success depends on customer service and customer satisfaction.

According to Arokiasamy and Tat (2014), customers are clearly more pleased with superior quality service and when a company gains the customer's satisfaction, profitability is ensured hence, assessing their relationship can be beneficial for the managements in the companies. In spite of the results of relationship between service quality and customer satisfaction, only limited studies have been conducted on investigating and measuring these factors in the life insurance industry particularly in Malaysia. Therefore, the main focus of this study is to examine the perceptions of customers toward service quality dimensions and their significant impact on customer's satisfaction in life insurance companies in the Federal Territory of Labuan, based on service quality model developed by Parasuraman et al, (1985) which are (Assurance, Reliability, Tangible, Empathy and Responsiveness). The proposed framework attempts to provide insights of service quality performance from customer's perspectives and enables appropriate course of action by life insurance service providers to create a base of satisfied customers through quality services.