

**SERVICE QUALITY AND PURCHASE OF LIFE INSURANCE AT JUBILEE  
INSURANCE COMPANY OF KENYA LIMITED**

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF  
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## DECLARATION

I declare that this research project is my original work and has not been submitted for the award of degree in any other university.

Signed..... Date.....

Kinyanjui Peter Njenga

D61/66952/2011

This research project has been submitted for examination with my approval as the University Supervisor.

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## **DEDICATION**

I would like to dedicate this dissertation to my loving parents, Mr. and Mrs. Kinyanjui, who have supported me in every aspect of my life. They have given me financial and moral support. Certainly I would not have reached where I am today if it was not for their guidance, dedication and sacrifice they have made for me. God bless them abundantly.

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## **LIST OF ABBREVIATIONS**

AKI	Association of Kenya Insurers
ICEA	Insurance Company of East Africa
IIK	Insurance Institute of Kenya
IRA	Insurance Regulatory Authority
ISO	International Standard Organization
JKIA	Jomo Kenyatta International Airport
KES	Kenya Shillings
Ltd	Limited
P-E	Perceptions - Expectations
UNCTAD	United Nations Conference on Trade and Development



## **ABSTRACT**

The study focused on assessing the service quality and purchase of life insurance at Jubilee insurance company. The specific objectives were first, to determine customers' perceptions on service quality, second, to determine customers' expectations on service quality at Jubilee insurance company and third, and to establish the relationship between service quality and intention to purchase life insurance. The data were collected through use of interviews guided by self administered questionnaires. It was analyzed by use of the SPSS programme to determine both customer expectations and perceptions of service quality at Jubilee insurance company of Kenya. The study found that most of the customers' expectations' were met though there were considerable disagreements among the respondents, therefore, the level of service was not exceptional and more can still be done. The intention to buy life insurance at Jubilee insurance company was thus attributed to the high quality service offered by the company. The study recommends that more can be done to exceed the customers' expectations.

# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

Life is full of risks and uncertainties since we are social human beings; we have certain responsibilities too to minimize these risks (Festus, 2011). Festus also argues that insurance is essentially a cooperative endeavor. Under insurance arrangement, a large number of persons agree to share a loss which a few of them are likely to incur in future. According to Babbel and Ohtsuka (1989), the life insurance sector is small in many developing countries, because life insurance may be considered irrelevant or inappropriate for ideological, cultural or religious reasons, or because economic security is provided through the family. No unique, integrated theory of savings through life insurance exists though several models of the demand for life insurance products have been developed and tested empirically.

Browne and Kim (1993) suggest that a number of variables may explain international differences in life insurance demand. They also suggest that a number of factors affect the supply of life insurance, although their study considers only the demand side. It is often argued that the development of financial institutions may have a significant impact on both the productivity of the economy and the volume of savings. Indeed, so important is insurance in the trade and development matrix that, at its first session in 1964, the United Nations Conference on Trade and Development (UNCTAD) formally acknowledged that "a sound national insurance and reinsurance market is an essential characteristic of economic growth". United Nations Conference on Trade and

Development also notes that insurance, like other financial services, has grown in quantitative importance as part of the general development of financial institutions.

However, certain challenges have continued to affect this industry and especially here in Africa. Cargill and Troxel (1979), notes that inflation is assumed to affect the life insurance industry by altering the consumption pattern of the industry's products and the negative effect of anticipated inflation on savings through life insurance has been largely documented in the literature. Moreover, for countries experiencing high inflation rates, life insurance may not adequately serve the interests of individuals and families.

### **1.1.1 Service Quality: Expectations Compared to Perceptions**

Parasuraman, Zeithaml and Berry (1985), unambiguously support the notion that service quality, as perceived by consumers, stems from a comparison of what they feel service firms should offer (I.e. from their expectations) with what their perceptions of the performance of firms providing the services. Perceived service quality is therefore viewed as the degree and direction of discrepancy between consumers' perceptions and expectations. The term 'expectations' as used in the service quality literature differs from the way it is used in the customer satisfaction literature. Specifically, in the satisfaction literature, expectations are viewed as predictions made by consumers about what is likely to happen during an impending transaction or exchange. For instance, according to Oliver (1981), it is generally agreed that expectations are consumer defined probabilities of the occurrence of positive and negative events if the consumer engages in some behaviour (p. 33). In contrast, in the service quality literature, expectations' are viewed as desires or wants of consumers i.e., what they feel a service provider should offer rather than would

offer. Furthermore, the services marketing literature presents an interesting debate regarding whether customer expectations and perceptions should be used, or whether it is appropriate to use purely perceptions to form judgments' Cronin and Taylor, (1992, 1994). Despite this, Zeithaml et al. (1990) maintain that word of mouth communications, personal needs, external communications from the service provider, price and past experiences of the service are pivotal in influencing the customer's expectations. Berry et al. (1988) suggest that the consumer is the sole judge of service quality and that it is assessed by comparing expectations with their actual experience of the service. Zeithaml et al. (1990) propose that knowing what the customer expects is an essential step for delivering good service quality. This demonstrates the importance of understanding consumer expectations, how they develop and their significance when managing service quality.

### **1.1.2 Purchase Intentions for Life Insurance**

The purchase behaviour of the consumer is affected by many factors, which can always be complex. The purchase behaviour is the consumer's response to purchase a demand caused by a certain purchase motivation, and a different purchase motivation and different purchase demand will create different purchase behaviour. As the life-insurance product is a service full of risk, because the beneficiary can be insured to get the insurance income, i.e., insurance compensation, only after the accident occurred to the insured, therefore the consumers will take greater concerns into account in the process of a life-insurance purchase, compared with other product purchases. The distinct individuality of a life insurance from other products is that the life-insurance purchase behaviour of consumers will be more complicated. Therefore it is necessary to analyze

the purchase behaviour for life insurances Y Qin, (2012). There are many factors influencing the life-insurance purchase intention and this study seeks to classify them as anticipated situational factors.

### **1.1.3 Relationship between Service Quality and Intention to Purchase**

Purchase intentions are particular actions or behavior tendency toward products or the company after purchasing. Zeithaml et al. (1996) categorized the purchase intention as positive and negative. A customer with a positive intention will praise the company, have preferences and increase willingness to pay a higher price; if there is a negative intention, then the customer may choose to change or reduce the quantity purchased. Purchase intentions are defined as customers' intentions to purchase or repurchase and measured by surveying customers' intentions. Quite often, purchase intentions are spontaneously directed to purchase behaviors. Several articles discuss that purchase intentions do not necessarily lead to purchase behaviors Chandon et al (2005). Generally speaking, the relationship between service quality and purchase intentions is positive. High service quality leads to high purchase intentions while low service quality leads to low purchase intentions.

### **1.1.4 Life Insurance in Kenya**

Kenyan's uptake of insurance cover remains mostly in the motor, fire industrial and personal accident classes. This illustrates a poor attitude towards personal or life insurance cover in general. Low penetration of insurance in the Kenyan market is attributable to the following factors: General lack of a savings habit among Kenyans;

Low incomes for the majority of the population, with close to 50% of Kenyans living below the poverty line; Inadequate tax incentives that could encourage the middle classes to purchase life insurance products and a perceived crisis of the industry in the eyes of the public with regard to settlement of claims (www.myinsurance.co.ke, 2013). The penetration of insurance in Kenya is estimated at 3.02%. Initiatives such as improved regulatory framework, innovative products, adoption of alternative distribution channels, enhanced public education and enhanced use of technology may improve the levels of penetration. Life market in Kenya is concentrated as the top 5 companies account for 70% of premiums. The top five life insurance companies in Kenya were British American which controlled 18.43 per cent of the market, Jubilee with 14.57 per cent, followed by ICEA Lion Life with 12.94 per cent, Pan Africa Life with 12.47 per cent and CFC Life with 9.41 per cent. The report also notes that the gross written premium for non-life insurance was Ksh 60.67 billion (2010: Ksh 52.35 billion) while that for life insurance was Ksh 30.93 billion (2010: Ksh 26.71 billion) (Association of Kenya Insurers report, 2007).

Jubilee insurance is the number one insurer in East Africa with over 250,000 clients. The Jubilee Company of Kenya dates back to 1937 as a composite insurer and provider of mortgage finance based in Mombasa. Jubilee insurance has since then spread its sphere of influence throughout the region to become the largest multi-line insurer in East Africa handling both long term and short term insurance. It is also the largest medical provider in East Africa that includes many of the regions blue chip companies. It has a network of offices spanning Kenya, Uganda, Tanzania, Burundi and Mauritius. The company is ISO-

certified and cross listed on the three East African markets. The company took advantage of strong economic growth in 2010 in East Africa and initiated an aggressive regional expansion campaign. It launched subsidiaries in Burundi and Mauritius and plans to enter new markets every year. By 2014, Jubilee expects to be in 14 markets in Africa. At the end of third quarter the company released its results for 2010, which showed strong growth. Gross premiums rose by 25% to KES11, 484mn. Profit before income tax increased by 84% to KES2, 053mn. Total assets stood at KES31, 600mn at the end of last year. Jubilee insurance has consolidated its market leadership in Kenya and indeed in each subsidiaries. The company is making significant investments in new operating systems and customer service capabilities (Business monitor, 2012).

## **1.2 Statement of the Problem**

Negative perception which has its origins as far back as the colonial times when insurance was selectively introduced to the commercial class and which is very hard to change is largely to blame for the slow pace of growth in the insurance industry Standard Media, (2012). Jubilee insurance company is one of the oldest insurance companies in Kenya as well as the number one insurer in East Africa, Business Monitor, (2012). Issues of negative perception thus are one and the same to our case on why purchase of life insurance is low at Jubilee Insurance Company of Kenya. Numerous studies on perceived service quality have been done. Mbogua (2007), study on customer perceived quality of service in the banking sector found that majority of the respondents' was satisfied with the services offered by banks. Kaguma (2011), study on customers' perceptions of service quality offered by life insurance companies in Kenya had three major findings.

First, the researcher found that there are various factors that determine customers' expectations of quality of service offered by insurance companies. Secondly, different customers perceive the quality of service rendered by insurance companies differently and finally, there are some gaps between the factors that affect customers' perceptions of the quality offered by insurance companies and how they perceive the quality offered by these companies. Magori (2011), study on customers' perception of the quality of services offered by Kenya Commercial bank branches in Nairobi revealed that service rendered was mainly perceived to be of average quality thereby signifying that the customers' expectations of the quality were higher than the delivered service. Gituanja (2006), study on perception of service quality: A case of JKIA and established that a negative value of P-E was observed for all the eight variables under investigation.

Mwaura (2002) focused on perceived service quality on the case of matatu industry and found that provision of prompt service is important in their perception of service quality. Kibor (2008), studied on perception of customers' in Mombasa on the quality of service offered by NHIF and found that the customers' expectations were high compared to their perceptions of the quality of services. Having determined few studies on this area have been done, this study seeks to measure customer perceived service quality and establishing the relationship between the perceived service quality and purchase of life insurance products at Jubilee insurance company. The study thus seeks to answer the following questions

1. How do customers' perceive service quality at Jubilee Insurance Company of Kenya Ltd?
2. What are the customers' expectations on service quality at Jubilee Insurance Company of Kenya Ltd?



### **1.3 Objective of the Study**

The general objective of this study is to assess the service quality and purchase of life insurance at Jubilee insurance company.

The specific objectives of this study will be:

1. To determine customers' perceptions on the quality of service offered by Jubilee Insurance Company of Kenya Ltd.
2. To determine customers' expectations on the quality of service offered by Jubilee Insurance Company of Kenya Ltd.

### **1.4 Value of the Study**

The study is relevant to insurance companies who need to understand their customers' perception towards their service. Customer perceptions are crucial for the success and survival of such firms. The study is also important for scholars and researchers who may use these results as a basis for further research on this area.

Government as well as the various stakeholders in the insurance sector also needs such information so that there can be increased penetration for life insurance purchase in the country. This stakeholders include the insurance regulatory authority that supervises the insurance companies through monitoring and surveillance to ensure that they comply with provisions of the insurance act; Association of Kenya insurers or AKI as it is commonly referred which acts as a consultative and advisory body for the insurance companies representing the interest of Kenyan insurance companies; the Insurance Institute of Kenya (IIK) which deals mainly with training and professional education.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter reviews the literature on the key aspects of this study which are service quality, customer perceptions and customer perceived value. The service quality measurement scales are analyzed and particularly the servqual model which will be used to compare both customers perceptions and expectations. The concept of life insurance and also the relationship between service quality and purchase for life insurance will be illustrated through a conceptual framework.

### **2.2 Service Quality: Nature of Concept, Modeling and Measurement**

One major contribution of Parasuraman, Zeithaml and Berry (1988) was to provide a terse definition of service quality. They defined service quality as ‘a global judgment, or attitude, relating to the superiority of the service’, and explicated it as involving evaluations of the outcome (i.e., what the customer actually receives from service) and process of service act (i.e., the manner in which service is delivered). In line with the propositions put forward by Gronroos (1982) and Smith and Houston (1982), Parasuraman, Zeithaml and Berry (1985, 1988) posited and operationalized service quality as a difference between consumer expectations of ‘what they want’ and their perceptions of ‘what they get.’ Based on this conceptualization and operationalization, they proposed a service quality measurement scale called ‘SERVQUAL.’ The SERVQUAL scale constitutes an important landmark in the service quality literature and has been extensively applied in different service settings.

### **2.2.1 Measuring Service Quality - Servqual vs. Servperf**

Quality has come to be recognized as a strategic tool for attaining operational efficiency and improved business performance. This is true for both the goods and services sectors. However, the problem with management of service quality in service firms is that quality is not easily identifiable and measurable due to inherent characteristics of services as discussed earlier which make them different from goods. Various definitions of the term 'service quality' have been proposed in the past and, based on different definitions; different scales for measuring service quality have been put forward. Servqual and Servperf constitute two major service quality measurement scales. The consensus, however, continues to elude till date as to which one is superior. The 'Servperf' scale was put forward by Cronin and Taylor (1992) in the early nineties. Numerous studies have been undertaken to assess the superiority of two scales, but consensus continues to elude as to which one is a better scale.

### **2.2.2 Servqual Model Conceptualization**

Quality has been defined differently by different authors. Some prominent definitions include 'conformance to requirements' (Crosby, 1984), 'fitness for use' (Juran, 1988). As per the Japanese production philosophy, quality implies 'zero defects' in the firm's offerings. Though initial efforts in defining and measuring service quality emanated largely from the goods sector, a solid foundation for research work in the area was laid down in the mid-eighties by Parasuraman, Zeithaml and Berry (1985). They were amongst the earliest researchers to emphatically point out that the concept of quality prevalent in the goods sector is not extendable to the services sector. Being inherently

and essentially intangible, heterogeneous, perishable, and entailing simultaneity and inseparability of production and consumption, services require a distinct framework for quality explanation and measurement. As against the goods sector where tangible cues exist to enable consumers to evaluate product quality, quality in the service context is explained in terms of parameters that largely come under the domain of 'experience' and 'credence' properties and are as such difficult to measure and evaluate (Parasuraman, Zeithaml and Berry, 1985; Zeithaml and Bitner, 2001).

Primarily the SERVQUAL model was developed for service and retail businesses and its objective is to know how customers of a business rate the services offered to them (Parasuraman et al., 1988). This is very crucial for growth and profitability. It has the following dimensions: (1) tangibility which includes physical facilities, equipment, and appearance of personnel, (2) reliability which is the ability to perform the promised service dependably and accurately, (3) responsiveness is the willingness to help customers and provide prompt service, (4) assurance is the knowledge and courtesy of employees and their ability to inspire trust and confidence and (5) empathy is the caring individualized attention the firm provides to its customers. SERVQUAL represents service quality as the discrepancy between a customer's expectations for a service offering and the customer's perceptions of the service received, requiring respondents to answer questions about both their expectations and their perceptions Parasuraman et al., (1988). The use of perceived as opposed to actual service received makes the SERVQUAL measure an attitude measure that is related to, but not the same as, satisfaction (Parasuraman et. al., 1988).

## **2.3 Customers Perceptions**

Perception of customers is important for successful business. Because the success of the firm bases on its ability to attract and maintain customers to buy goods or services at prices and give profits to the company. Chong et al. (1997) in his study found that both customer satisfaction and customer perception of service quality were important predictors of attitude loyalty, but that satisfaction had the strongest relationship within the loyalty construct. Also, a strong relationship between customers and a company could likely prove to be a significant opportunity for competitive advantage. Customers' preference of a brand to other competitive offerings goes beyond the normal marketing mix to include customers' feelings and perception about the brand or product. Therefore, customers' loyalty can be understood as to how customers feel about a product, service or brand and whether their perceived total investments with it live up to their expectations. The involvement of customers' feelings, emotions and perceptions is important. In today's competitive marketplace, these perceptions are becoming much more important for gaining sustainable competitive advantage.

Customer perception is an important component of an organization relationship with its customers (Hossain et al, 2009). In other words, Consumer perception is the way of consumers and potential consumers view a firm and its products or services. Therefore, it is obvious that consumer behavior is influenced by consumer perception. Consequently, consumer perception directly affects profits to a firm. Thus, many firms invest large amount of resources in order to influence consumer perceptions. Other authors defined that perception is a kind of explanation how individuals choose and organize various

information they are going to expose and perception is a set of attitude, motivations, experience and learning, particularly correlated with a previous purchase (Middleton et al, 2001). According to Kotler, perceptions are a series of progress that people choose, form, and interpret information to gain an understandable picture of the world. Solomon and Stuart (2005) defined that three basic aspects of consumer's perception are exposure, perceptive selection and interpretation. It means that firstly, consumers perceived about products to their sensory from some stimuli, at the same time consumers pay attentions to a particular stimuli more than others and after that consumers make a consistent or significant reaction to a particular stimuli based on their memory picture (interpretation).

## **2.4 Life Insurance**

In actuarial literature, there are three main types of life insurance policies or products, (1) whole life insurance which provides a death benefit for lifetime, (2) term life insurance that provides a death benefit for a limited number of years and (3) endowment life insurance which is a term life insurance with a saving medium for consumers (Black and Skipper, 2000). In the same vein, Black and Skipper, further argues that, the major function of life insurance is to protect against financial loss from the loss of human life. Besides covering the risk of death, it also covers the risks of disability, critical illness and superannuation (living too long). Any event affecting an individual's human earning capacity has an impact on the individual's human life value. This event may be premature death, incapacity, retirement or unemployment. According to Browne and Kim, (1993) the human life value concept provides the basis for the life insurance which is a product designed to protect the individual against two distinct risks: (1) premature death (dying

early) and (2) superannuation (living too long). Thus while death is not a risk, the time of death is. For most people, death at any age may be considered premature when one dies before adequate preparation has been made for future financial requirements of dependents. Life insurance thus becomes the mechanism for one to ensure a continuous stream of income to the beneficiaries.

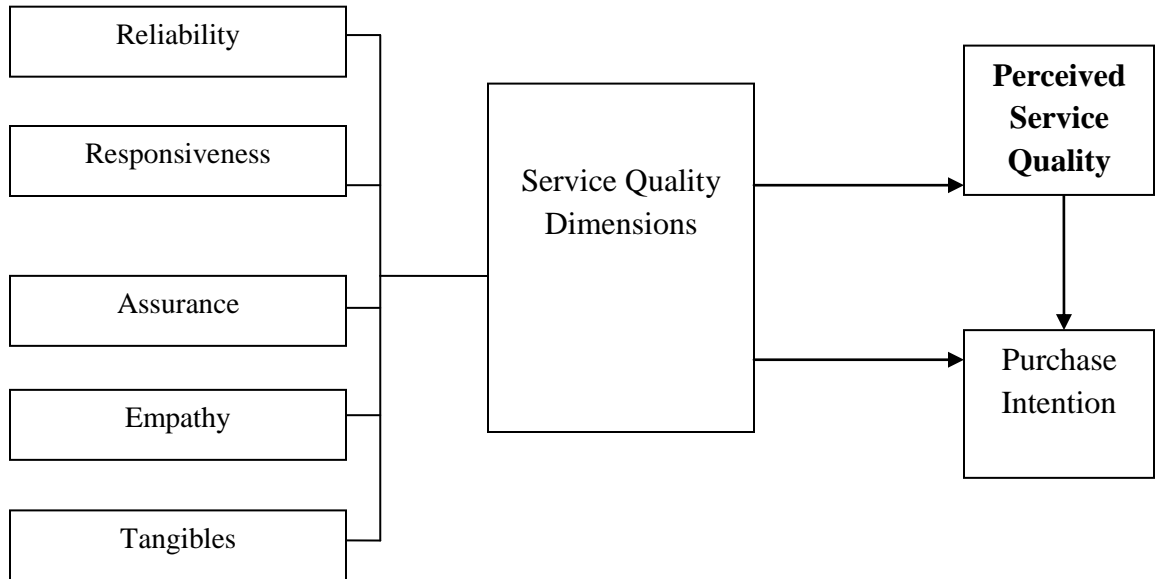
## **2.5 Summary of the Literature**

In spite of the criticisms in the applicability of the Servqual model by some researchers (Buttle, 1994; Cronin & Taylor, 1992), the researcher think it is good in this context of the insurance sector even though it has its weaknesses due to the abstract and elusive nature of service quality concept which is resultant from the fact that services are intangible, heterogeneous and inseparable from production and consumption (Parasuraman et al., 1988, p.13). Buttle, (1994) and Cronin & Taylor, (1992) however support the fact that this model is good for retailers to understand the service expectations and perceptions of customers and make improvements because of its good reliability and validity. This Servqual model will be used to assess customers' perceptions' and expectations in insurance sector at Jubilee insurance company of Kenya thus will be useful in the design of research questions and methodology in general that is outlined in the next chapter.

## **2.6 Conceptual Framework**

Purchase intention is a function of an attitude toward a particular behavior. Attitude toward behavior is the degree to which the person has a favorable and unfavorable

evaluation of the behavior in question. Purchase intention is influenced by many anticipated situational factors. The consumer forms a purchase intention on the basis of such factors as anticipated situational factors for example, good reputation of the company.



**Figure 2.1 Conceptual Framework**



## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Research Design**

The study adopted a descriptive survey research design. The method was chosen because as the name implies, it aims at describing the characteristics of the population under study. This type of design has also been employed in various studies such as Kaguma (2011), who studied customers' perceptions of quality of service offered by life insurance companies.

### **3.2 Population**

The target population consisted of all customers of life insurance at Jubilee insurance Company. The researcher focused only on the clients based in Nairobi due to budgetary and time constraint.

### **3.3 Sampling design**

According to Cooper et al, 2003, the basic idea about sampling is that by selecting some of the elements in a population, we draw conclusion about the entire population. The researcher used judgemental and convenience sampling to randomly select 50 respondents for this study. The number was limited to 50 respondents as customers of the life insurance products are relatively homogenous. Jubilee insurance company has 14.57 per cent of market share in life insurance segment in Kenya IRA, (2013).

### **3.4 Data Collection**

Primary data was used and obtained through the administering of a structured questionnaire to all customers of life insurance products of Jubilee insurance company of

Kenya. The questionnaire was divided into three sections. Section A aimed at gathering demographic profile of the respondents which provides the general information about respondents on age, gender, type of life policies they have, how many years they have owned the policy and also their occupation. This is to enable us get a better understanding the type of respondents and relate it to how they perceive service quality at Jubilee Insurance Company. Section B established customer's perceptions of the service rendered by the insurance company. Section C looked at the expectations of the respondents in regard to service rendered by the insurance company. The researcher distributed 50 questionnaires to the company customers due to the researcher's convenience and time limitation.

### **3.5 Data Analysis**

The data collected was analyzed by the SPSS software. SPSS analyzed both the customers' perceptions and expectations. The servqual model is used to assess consumers' expectations and perceptions regarding service quality at Jubilee insurance company. Both perceptions and expectations are measured using a 7-point likert scale to rate their level of agreement or disagreement (1-strongly disagree and 7 – strongly agree), on which the higher numbers indicate higher level of expectations or perceptions. Perceptions are based on the actual service they receive from the company while expectations are based on their past experiences and information received about the company. The more positive the P-E scores, the higher the level of service quality leading people to purchase life insurance at Jubilee insurance company of Kenya.

## **CHAPTER FOUR: DATA PRESENTATION AND INTERPRETATION**

### **4.1 Introduction**

This chapter details the findings and analysis of the primary data that was gathered from the respondents of the study. A questionnaire was used to collect data from the 50 respondents. Out of that number, only 31 responded. The rest of the questionnaires were returned either incomplete or unfilled while others were misplaced by some respondents. The response rate was therefore 62% making the data sufficient enough for purposes of statistical analysis.

### **4.2 Demographic Profile of the Respondents**

The demographic characteristics of the respondents analyzed include gender, age of respondents, type of life insurance policy they own, number of years they have owned the policy and also their occupation.

**Table 4.1 Gender**

	Frequency	Percent	Cumulative Percent
Valid Male	17	54.8	54.8
Female	14	45.2	100.0
Total	31	100.0	

Source: Research Data

From the study, seventeen (54.8%) were males while fourteen (45.2%) were females. Therefore the study had more males than females.

**Table 4.2 Age of Respondents**

		Frequency	Percent	Cumulative Percent
Valid	Below 25	2	6.5	6.7
	26-30	2	6.5	13.3
	31-35	8	25.8	40.0
	36-40	14	45.2	86.7
	41-45	4	12.9	100.0
	Total	30	96.8	
Missing	System	1	3.2	
Total		31	100.0	

Source: Research Data

Majority of the respondents were found to be in the age bracket of 36-40 years (45.2%) followed by 31-35 years (25.8%), 41-45 years (12.9%), below 25 and 26-30 had each 6.5%. There was one missing respondent representing 3.2%

**Table 4.3 Type of Life Insurance Policy**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Education	15	48.4	50.0	50.0
	Investment	14	45.2	46.7	96.7
	Total	29	93.5	100.0	
Missing	System	2	6.5		
Total		31	100.0		

Source: Research Data

Majority of the respondents own education policy (48.4%), followed by investment policy which stands at 45.2%. There were two missing respondents representing 6.5%.

**Table 4.4 Number of Years in Owning the Policy**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Below 5	16	51.6	51.6	51.6
5-10	10	32.3	32.3	83.9
Above 10	4	12.9	12.9	96.8
Missing System	1	3.2	3.2	100.0
Total	31	100.0	100.0	

Source: Research Data

Majority of the respondents have owned their policy for less than five years which represents 51.6%, those between 5-10 years (32.3%), over 10 years (12.9%) and there was one missing respondent (3.2%)

**Table 4.5 Customer Occupation**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Student	1	3.2	3.2	3.2
Self Employed	3	9.7	9.7	12.9
Businessman	7	22.6	22.6	35.5
Professional	20	64.5	64.5	100.0
Total	31	100.0	100.0	

Source: Research Data

Twenty respondents (64.5%) were professionals from their occupation, seven (22.6%) businessmen, and three (9.7%) were self employed. Only one (3.2%) was a student.

### 4.3 Respondents Perceptions of Service Quality

The first objective of the study was to determine the perceptions of service quality at Jubilee insurance company. Data collected on section B of the questionnaire was analyzed using means and standard deviations.

**Table 4.6 Customers perceptions of service quality**

#### **Tangibles**

Variable	Mean	Std. Deviation
Employees are well dressed and appear neat	5.23	1.586
Service materials are visually appealing	4.90	1.739
Physical facilities are visually appealing	4.32	1.777
<b>Average</b>	<b>4.82</b>	<b>1.7</b>

Source: Research Data

#### **Reliability**

	Mean	Std. Deviation
Products of the company have good quality	4.97	1.608
Company performs service right the first time	4.36	1.339
Employees offer dependable service	4.17	1.533
A sincere interest in solving a customer problem	4.03	1.888
They do something as promised by a certain time	3.90	1.760
<b>Average</b>	<b>4.3</b>	<b>1.63</b>

Source: Research Data

### Responsiveness

	Mean	Std. Deviation
Employees make information easily obtainable by customers	4.43	1.478
Employees are always willing to help customers	4.27	1.530
Employees give prompt service to customers	4.00	1.640
Employees are never too busy to respond to customers	3.61	1.647
<b>Average</b>	<b>4.08</b>	<b>1.58</b>

Source: Research Data

### Assurance

	Mean	Std. Deviation
Employees have the knowledge to answer customer questions	5.03	1.354
Customers feel safe in their transactions	4.48	1.546
Employees are polite with customers	4.19	1.662
Employees behavior instill confidence in customers	3.90	1.807
<b>Average</b>	<b>4.4</b>	<b>1.59</b>

Source: Research Data

### Empathy

	Mean	Std. Deviation
Company has their customers' best interest at heart	4.66	1.518
Operating hours are convenient to all their customers	4.33	1.539
Employees give customers personal service	4.07	1.596
<b>Average</b>	<b>4.35</b>	<b>1.55</b>

Source: Research Data

All factors had a maximum ranking of 7 and a minimum ranking of 1 on the likert scale, seven being the largest extent while one was no extent at all. A mean of 4.00 – 5.00 is ranked to a very large extent, a mean score of 1.00 – 2.00 is ranked to no extent and mean of 3.00 - 4.00 is ranked at no extent. Standard deviation measures how spread out a distribution is. A standard deviation that is greater than 1 indicates there is significant variation in the respondents while a standard deviation less than 1 indicates that there is no significant variation between respondents

The tangibility findings revealed the attribute that employees are well dressed and appear neat was a very important expectation with a mean of 5.23, while service materials, physical facilities were important with mean scores of 4.90 and 4.32 respectively. The standard deviation was almost equal for the three attributes. The average mean for tangibility was 4.82, standard deviation was 1.7.

On reliability findings revealed that products of the company having good quality was a very important expectation with a mean of 4.43, while company performing service right the first time, employees offering dependable service, company sincere interest in solving a customer problem, and doing something as promised by a certain time were only important with mean scores of 4.36, 4.17, 4.03 and 3.9 respectively. The average mean for reliability was 4.3, standard deviation was 1.63.

Responsiveness findings revealed that employees make information easily obtainable by customers was a very important expectation with a mean of 4.97, while employees are always willing to help customers, employees give prompt service to customers and employees are never too busy to respond to customers were only important with mean



scores of 4.27, 4.00 and 3.61 respectively. The average mean for responsiveness was 4.08 and standard deviation was 1.58.

Assurance findings revealed that employees have the knowledge to answer customer questions, employees make information easily obtainable by customers was a very important expectation with a mean of 4.97, while employees are always willing to help customers, employees give prompt service to customers and employees are never too busy to respond to customers were only important with mean scores of 4.27, 4.00 and 3.61 respectively. The average mean for responsiveness was 4.4 and standard deviation was 1.59.

Empathy findings revealed that company has their customers' best interest at heart was a very important expectation with a mean of 4.66, while operating hours are convenient to all their customers, employees give customers personal service were only important with mean scores of 4.33 and 4.07 respectively. The average mean for responsiveness was 4.35 and standard deviation was 1.55.

#### **4.4 Respondents Expectations of Service Quality**

The second objective of the study was to determine the customers' expectations of service quality at Jubilee insurance company. Data collected on section C of the questionnaire was also analyzed using means and standard deviation for all respondents according to the service quality dimension.

**Table 4.7 Customer expectations of service quality**

**Tangibles**

	Mean	Std. Deviation
Service materials are visually appealing	6.83	.592
Physical facilities are visually appealing	6.73	.640
Employees are well dressed and appear neat	6.53	.730
<b>Average</b>	<b>6.70</b>	<b>.65</b>

Source: Research Data

**Reliability**

	Mean	Std. Deviation
Products of the company have good quality	6.90	.305
They do something as promised by a certain time	6.86	.351
Employees offer dependable service	6.81	.402
Company performs service right the first time	6.74	.445
A sincere interest in solving a customer problem	6.68	.653
<b>Average</b>	<b>6.8</b>	<b>.432</b>

Source: Research Data

**Responsiveness**

	Mean	Std. Deviation
Employees give prompt service to customers	6.90	.301
Employees are always willing to help customers	6.90	.301
Employees make information easily obtainable by customers	6.84	.454
Employees are never too busy to respond to customers	6.84	.454
<b>Average</b>	<b>6.87</b>	<b>.38</b>

Source: Research Data

### Assurance

	Mean	Std. Deviation
Employees have the knowledge to answer customer questions	6.87	.346
Customers feel safe in their transactions	6.86	.441
Employees are polite with customers	6.83	.379
Employees behavior instill confidence in customers	6.70	.535
<b>Average</b>	<b>6.82</b>	<b>.43</b>

Source: Research Data

### Empathy

	Mean	Std. Deviation
Company has their customers' best interest at heart	6.93	.254
Operating hours are convenient to all their customers	6.87	.434
Employees give customers personal service	6.86	.448
<b>Average</b>	<b>6.88</b>	<b>.38</b>

Source: Research Data

The respondents' expectations on the service quality dimensions of tangibility had an average mean of 6.70, standard deviation of .65. The attribute tested included is service materials are visually appealing with a mean of 6.83, standard deviation of .592, physical facilities are visually appealing with a mean of 6.73, standard deviation of .640, employees are well dressed and appear neat with a mean of 6.53, standard deviation of .730. Therefore, the attribute that was expected to a large extent under tangibility was service materials are visually appealing with the highest mean of 6.83 and to the least extent was employees are well dressed and appear neat with a mean of 6.53. There were no significant variations among the attributes.

The respondents' expectations on the service quality dimensions of reliability had an average mean of 6.8, standard deviation of .432. The attributes tested included products

of the company have good quality with a mean of 6.90, standard deviation of .305, they do something as promised by a certain time with a mean of 6.86, standard deviation of .351, employees offer dependable service with a mean of 6.81, standard deviation of .402, company performs service right the first time with a mean of 6.74, standard deviation of .445 and a sincere interest in solving a customer problem with a mean of 6.68, standard deviation of .653. The most important attribute is products of the company have good quality with a mean of 6.90 and the least is a sincere interest in solving a customer problem with a mean of 6.68.

The respondents' expectations on the service quality dimensions of responsiveness had an average mean of 6.87, standard deviation of .38. The attributes tested included employees give prompt service to customers with a mean of 6.90, standard deviation of .301, employees are always willing to help customers with a mean of 6.90, standard deviation of .301, employees make information easily obtainable by customers with a mean of 6.84, standard deviation of .454, employees are never too busy to respond to customers with a mean of 6.84, standard deviation of .454. The most important attribute are the first two while the least are the last two.

Respondents' expectations on the service quality dimensions of assurance had an average mean of 6.82, standard deviation of .43. The attributes tested included employees have the knowledge to answer customer questions with a mean of 6.87, standard deviation of .346, customers feel safe in their transactions with a mean of 6.86, standard deviation of .441, employees are polite with customers with a mean of 6.83, standard deviation of .379 and employees behavior instill confidence in customers with a mean of with a mean

of 6.70 standard deviation of .535. The most important attribute is employees have the knowledge to answer customer questions while the least is employees' behavior instills confidence in customers.

Respondents' expectations on the service quality dimensions of empathy had an average mean of 6.88, standard deviation of .38. The attributes tested included company has their customers' best interest at heart with a mean of 6.93, standard deviation of .254; operating hours are convenient to all their customers with a mean of 6.87, standard deviation of .434 and employees give customers personal service with a mean of 6.86, standard deviation of .448. The most important attribute is company has their customers' best interest at heart while the least is employees give customers personal service.

## **CHAPTER FIVE: DISCUSSIONS OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Introduction**

The objectives of this study were to determine customers' perceptions of service quality and expectations of service quality at Jubilee insurance company. The data collected leads to the following discussions, conclusions and recommendations on these objectives.

### **5.2 Discussions**

Findings from the first objective which was to determine customers' perceptions on the service quality offered by the insurance company revealed that customer' perceptions on the service quality were higher with mean scores of above 4.00 and above. Tangibility had a mean 4.82, reliability a mean of 4.3, responsiveness a mean of 4.08, assurance a mean of 4.4 and empathy a mean of 4.35. From the findings, the researcher noted there were significant disagreements among respondents' perceptions on the five dimensions of service quality that scored standard deviation of greater than one including tangibility, standard deviation of 1.7; reliability (1.6), responsiveness (1.6), assurance (1.6) and empathy (1.6).

The findings of the second objective revealed that customers had high expectations with mean scores of above 3.00. Tangibility had a mean 6.7, reliability a mean of 6.8, responsiveness a mean of 6.87, assurance a mean of 6.82 and empathy a mean of 6.88. From the findings, the researcher noted there were no disagreements among respondents'

expectations on the five dimensions of service quality that scored standard deviation of less than one including tangibility, standard deviation of .65; reliability (.43), responsiveness (.38), assurance (.43) and empathy (.38).

### **5.3 Conclusion**

The study sought to assess the service quality and purchase intention of life insurance at Jubilee insurance company of Kenya. The findings indicate most of the expectations of the customers are met despite there are significant variations or disagreements among the respondents, therefore, the level of service is not outstanding and more can still be done. The intention to buy life insurance at Jubilee insurance company can thus be attributed to the high quality service offered by the company.

### **5.4 Limitations of the Study**

There was time and financial constraint in carrying out the research. The study randomly selected 50 respondents due to the researcher's convenience and time limitation. Also, most of the respondents for this study are relatively homogenous through display of similar characteristics which makes the sample size small but significant for purposes of statistical analysis.

Majority of the respondents were reluctant to participate in the research and had to be really convinced that it was only an academic exercise. Also, the researcher self administered the questionnaires one by one as respondents could not differentiate between perceptions and expectations of service quality which had the same set of questions.

## **5.5 Recommendations**

More can be done to exceed customers' expectations on all the dimensions of service quality i.e. tangibility, reliability, responsiveness, assurance and empathy. Also raising the level of awareness and embracing technology to sell the policies can be valuable for the company.



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## APPENDIX I: QUESTIONNAIRE

### INTRODUCTION

Please answer all the questions to the best of your knowledge. Your views, opinions and evaluations are important in this research. Your individual responses will only be used to compute percentages, proportions and average scores. Be assured that your responses will be confidential and shall not be revealed to a third party.

### SECTION A: DEMOGRAPHICS

1. Gender     M                       F
  
2. Please tick the age bracket in which you fall  

<input type="checkbox"/> Below 25 years	<input type="checkbox"/> 36 – 40 years
<input type="checkbox"/> 26- 30 years	<input type="checkbox"/> 41 – 45 years
<input type="checkbox"/> 31 – 35 years	<input type="checkbox"/> 45 years and above
  
3. What type of life insurance policy do you own?  

<input type="checkbox"/> Education	<input type="checkbox"/> Investment
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Other, specify .....
  
4. For how many years have you owned the policy listed above?  

<input type="checkbox"/> Below 5 years	<input type="checkbox"/> 5 - 10 years
<input type="checkbox"/> More than 10 years	
  
5. Customer occupation?  

<input type="checkbox"/> Student	<input type="checkbox"/> Self employed	<input type="checkbox"/> Businessman	<input type="checkbox"/> Professional
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**SECTION B: PERCEPTIONS OF THE QUALITY OF SERVICE OFFERED BY JUBILEE INSURANCE COMPANY**

Please, show the extent to which these statements reflect your perception of service by the insurance company and circle the number that most accurately reflects how much you agree or disagree with the statement based on **your experience**, according to the following scale

**Strongly Disagree**                      **Neutral**                      **Strongly Agree**

1      2      3                      4                      5                      6      7

**Circle on your choice of answer**

(A) Tangibles

<b>1.</b> Employees are well dressed and appear neat	1 2 3 4 5 6 7
<b>2.</b> The physical facilities are visually appealing	1 2 3 4 5 6 7
<b>3.</b> Materials associated with the service are visually appealing	1 2 3 4 5 6 7

(B) Reliability

<b>4.</b> When a customer has a problem, they show a sincere interest in solving it	1 2 3 4 5 6 7
<b>5.</b> When they promise to do something by a certain time, they do	1 2 3 4 5 6 7
<b>6.</b> Products of the company have good quality	1 2 3 4 5 6 7
<b>7.</b> Employees offer dependable service	1 2 3 4 5 6 7
<b>8.</b> Company performs the service right the first time	1 2 3 4 5 6 7

(C) Responsiveness

<b>9.</b> Employees are never too busy to respond to customers	1 2 3 4 5 6 7
<b>10.</b> Employees give prompt service to customers	1 2 3 4 5 6 7
<b>11.</b> Employees are always willing to help customers	1 2 3 4 5 6 7
<b>12.</b> Employees make information easily obtainable by customers	1 2 3 4 5 6 7



(D) Assurance

<b>13.</b> The behavior of employees instill confidence in customers	1 2 3 4 5 6 7
<b>14.</b> Employees are polite with customers	1 2 3 4 5 6 7
<b>15.</b> Employees of company have the knowledge to answer customers' questions	1 2 3 4 5 6 7
<b>16.</b> Customers feel safe in their transactions	1 2 3 4 5 6 7

(E) Empathy

<b>17.</b> Employees give customers personal service	1 2 3 4 5 6 7
<b>18.</b> Insurance Company has their customers' best interest at heart	1 2 3 4 5 6 7
<b>19.</b> Their operating hours are convenient to all their customers	1 2 3 4 5 6 7

**SECTION C: QUALITY OF SERVICE OFFERED BY JUBILEE INSURANCE COMPANY**

Please, show the extent to which you think insurance company ‘**should**’ possess the following features. We are interested in knowing your expectations of the quality of service offered by the insurance company. Circle the number that most accurately reflects how much you agree or disagree with the statement based on your experience, according to the following scale

**Strongly Disagree**

**Neutral**

**Strongly Agree**

1 2 3

4 5

6 7

**Circle on your choice of answer**

(A) Tangibles

<b>1.</b> Employees are well dressed and appear neat	1 2 3 4 5 6 7
<b>2.</b> The physical facilities are visually appealing	1 2 3 4 5 6 7
<b>3.</b> Materials associated with the service are visually appealing	1 2 3 4 5 6 7

(B) Reliability

<b>4.</b> When a customer has a problem, they show a sincere interest in solving it	1 2 3 4 5 6 7
<b>5.</b> When they promise to do something by a certain time, they do	1 2 3 4 5 6 7
<b>6.</b> Products of the company have good quality	1 2 3 4 5 6 7
<b>7.</b> Employees offer dependable service	1 2 3 4 5 6 7
<b>8.</b> Company performs the service right the first time	1 2 3 4 5 6 7

(C) Responsiveness

<b>9.</b> Employees are never too busy to respond to customers	1 2 3 4 5 6 7
<b>10.</b> Employees give prompt service to customers	1 2 3 4 5 6 7
<b>11.</b> Employees are always willing to help customers	1 2 3 4 5 6 7
<b>12.</b> Employees make information easily obtainable by customers	1 2 3 4 5 6 7

(D) Assurance

<b>13.</b> The behavior of employees instill confidence in customers	1 2 3 4 5 6 7
<b>14.</b> Employees are polite with customers	1 2 3 4 5 6 7
<b>15.</b> Employees of company have the knowledge to answer customers' questions	1 2 3 4 5 6 7
<b>16.</b> Customers feel safe in their transactions	1 2 3 4 5 6 7

(E) Empathy

<b>17.</b> Employees give customers personal service	1 2 3 4 5 6 7
<b>18.</b> Insurance Company has their customers' best interest at heart	1 2 3 4 5 6 7
<b>19.</b> Their operating hours are convenient to all their customers	1 2 3 4 5 6 7

**\*\*Thank you very much for taking the time to complete this  
Questionnaire\*\***