



# Exploring the factors affecting retention in Health and Life insurance: Systematic Literature Review (SLR)

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**Abstract:** *The aim of this research is to examine the previously published research studies in the area of retention in insurance. PRISMA framework has been used for synthesizing and selecting the data and the most relevant papers have been extracted from Scopus database. This systematic literature review (SLR) explored perceived customer value and service quality being the predictor for customer loyalty in the insurance industry and also other financial services and customer satisfaction mediating between the two. There have been other factors too which affect customer satisfaction and retention as firm image, WOM, CSR, trust and ethical sale behavior. The report emphasizes on the importance of customer value and service quality constructs in the previous studies. The study is focused on the most cited last two decades' research articles and explored various factors and various approaches by the authors. The current study is based on descriptive analysis from the secondary data source. This study would enrich the existing research data on retention in insurance and foster new avenues for future research possibilities. The report starts with the insights from the industrial reports and showing the need for academic research in this area.*

**Keywords:** *retention, customer loyalty, insurance, service quality, customer satisfaction, WOM*

## Introduction

In today's highly competitive era for customer service industry and specifically in insurance sector, service quality remains as a major factor to be concentrated by the companies (Abu-Salim et al., 2017). To retain existing clients and avoid lapses, insurers will need to reconsider the consumer value they provide (Biagini et al., 2021). To address the issue of client retention, insurers should aim to provide employees with digital tools and training to work in a new environment (Babuna et al., 2020). Presently, the requirements in life insurance industry are personalizing customer experience; developing flexible product solutions; reinvent skills and capabilities of service staff (McKinsey & Company, 2020). Successful insurers prioritize customer-centric innovation and perfect execution in their primary business. They also offer a range of services outside insurance (Henrik, 2018).

Though there are multiple industrial research reports addressing the issue of customer retention in the insurance industry, there is yet scope for addressing the customer value which retains customers in the insurance industry. Various authors have addressed different constructs for value, service quality, customer satisfaction and retention but



the linkages and the strength of the linkages of variables and their effects on various customers segments and for different insurance contracts need to be studied. Insurance industry needs to be changed according to the customer requirements, equipping staff with digital technological advance tools, serving personalized solutions, creating an ecosystem (Life insurance top trends, Capgemini, 2023, McKinsey & Company, 2022, Swiss Re Institute, 2023)

Persistency has been a problematic issue for life insurers around the world, as it can result in increasing pressure on revenue and decreased profitability (Capgemini, 2013). Customer loyalty is an important component in marketing and management, as it is directly related to profitability of businesses (Picón-Berjoyo et al., 2016) and also businesses should customize their advertising strategies according to the traits of the customers towards loyalty. According to the study, consumer satisfaction predicts future business potential more accurately than customer loyalty (Eskildsen and Kristensen 2008). Efficient marketing strategies are predominantly required in the UK financial services (Ansell et al., 2007).

In Greek Insurance industry also in a study emotional loyalty is studied being antecedent of behavioral loyalty with GIQUAL (Tsoukatos and Rand, 2006) whereas higher Service quality leads to better customer relationship and which converts to customer retention in a study in Taiwan (Yu and Tung, 2013) moreover Gera et al. (2017) a study in India, established both direct and indirect relationship of service quality and behavioral intention where customer value and customer satisfaction mediates in between service quality and retention. In Indian Life Insurance industry major problem remained of customer loyalty in life insurance industry (Gera et al., 2017) and also for rest of the world (Tsoukatos and Rand, 2006, Yu and Tung, 2013, Gera et al., 2017, Nguyen, 2018). Customer Value, customer perceived value, service quality have been predominantly been major antecedents for customer satisfaction and customer retention in insurance industry (Tsoukatos and Rand, 2006, Bügel et al., 2010, Abdelfattah et al., 2015, Gera et al., 2017, Nguyen, 2018) whereas other variables also are being studied in other research studie as ethical sales behavior, trust, technological aspects, customer engagement, pricing, cost to switching barriers, demographic factors, psychological factors, CSR by the insurance firm, corporate image, knowledge about the technicalities about the insurance policy, risk appetite, age and gender.

Customer characteristics such as age and claim history positively influence loyalty (del Rio Olivares, 2018). CLV (Customer Lifetime Value) is a crucial metric for customer relationship management (Donkers et al., 2007). Maydeu-Olivares and Lado (2003) discovered that innovation degree and performance lead to client loyalty in insurance and other financial services in the European Union. Strategic management and competitive priorities are to be set for better performance in the service organizations (Prajogo and McDermott, 2011)

Here, there has been systematic approach to address the need, future research scope and the comprehension of the existing literature. In the same context, here are the research questions which have been addressed in this systematic literature research work.

1. Which are the factors influencing customer retention in the insurance services?



2. What is the role of customer value and service quality in the customer retention in life insurance services?
3. How behavioral aspects of customers, pricing and other monetary factors affect insurance policy cancellation or lapsation?

### **Background of the study:**

In the same area there has not been literature review which addresses factors, approaches and antecedents for customer retention in insurance services. And there has not been compilation or classification of the approaches the researches have adopted for research on retention in insurance services. In the insurance sector where maximum amount of tenure, the customers retain themselves to avail services but persistency remain the major issue for decades in the industry and the researchers have addressed the problem with various variables but at a glance if one has to study the approaches there has been a need of the SLR study. This study aims to uncover the major approaches of the researchers. This work can be helpful for policymakers, researchers, academicians and the executives associated with the insurance industry and specifically, life insurance services. In this study, there has been effort to synthesize data available and then the effort has been put to identify the gaps, barriers and challenges.

### **Research Objectives and Aim of the Study:**

Research objectives in the study are:

- To identify factors affecting customer retention in the insurance services
- To study the role of customer value and service quality in the customer retention in life insurance services
- To explore behavioral aspects of customers, pricing and other monetary factors affect insurance policy cancellation or lapsation

### **Research Methodology:**

The current study does a systematic literature review (SLR) using PRISMA guidelines have been adopted. We used Scopus to search for relevant terms since it indexes high-quality articles and is freely available to scholars. The final selection of articles was determined by citation counts, which indicate the quality of individual publications. These databases have been chosen because they provide thorough coverage. For the study Scopus database has been extracted with keywords as “Retention” or “Loyalty” and “Insurance” and restricted to research articles, subject area kept as management, only English language articles kept for the review. Out of 458 articles book chapters, conference proceedings, articles which talk about retention in insurance but not in terms of the customers, which do not match minimum threshold of citation as 28 or which have the methodology which do not fit in customers perspective, been removed and final 40 papers been studied and reviewed which concentrate on the theme “customer retention in insurance sector”.

### **Assessment standards:**



To assure the studies selected for the review, the customer (individual) centric approach has been kept in center. In this study, employee-employer, government insurance schemes, special disease insurance, takaful insurance, flood insurance, paper including actuarial statistics etc. have not been considered. But the studies which clearly investigates factors affecting customer retention in insurance; are only been studied. To assure the standards following checklist has been used.

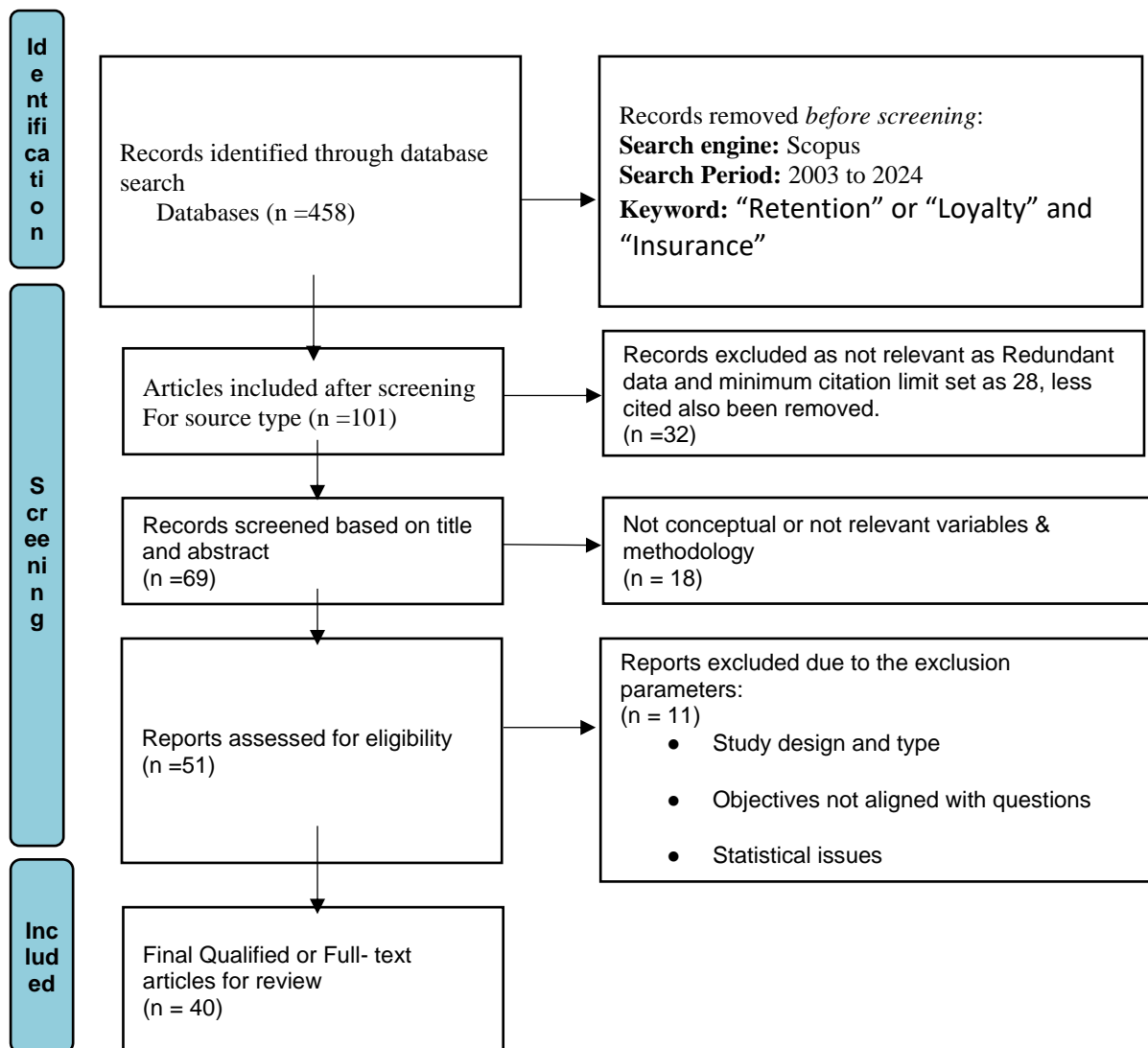
- Does the study clearly outline and match the objectives?
- Does the study provide a clear and justified description of the problem?
- Are the findings of the study clearly justified?

***Q- 1: Which are the factors influencing customer retention in the insurance services?***

The measuring and monitoring customer retention is of paramount importance for insurance firms, as it has a direct impact on the operational strategies and risk assessment policies. With the analysis of consumer behavior, companies can enhance their flourishing positioning in the market which also attracts better talent acquisition (Guillen, 2008). In most of the studies service quality and customer value lead to customer satisfaction and resulting to customer retention in the insurance sector (Tsoukatos and Rand, 2006, Bügel et al., 2010, Abdelfattah et al., 2015, Nguyen, 2018)

Insurance companies' improved service quality dimensions directly affect customer satisfaction (Joseph et al., 2003) and these dimensions extracted as reliability, assurance (functional quality) and competence (technical quality) (Yu and Tung 2013, Abdelfattah et al., 2015, Nguyen, 2018) whereas as per Yu and Tung (2013), service quality creates higher level of customer relationship with the life insurance company whereas according to Abu-Salim et al. (2017) Satisfaction leads to customer loyalty in the insurance industry and major antecedents to customer satisfaction is perceived service quality and delivery. Tsoukatos and Rand (2006) suggest SEVQUAL type of scales analysis to measure service quality in the services moreover Picón-Berjoyo et al. (2016) suggest that perceived value has significant impact on behavioral loyalty.

Whereas some of the studies emphasize on corporate image and trust as antecedents for customer loyalty in which customer satisfaction has a mediating role. Higher customer satisfaction is a result of a positive company image. This implies that the key factor in determining a customer's level of satisfaction is how they view the goodwill of business (Camarero 2007, Hsieh and Li 2009, Abdelfattah et al., 2015, Nguyen et al., 2018). In a study, Hsieh and Li (2009) found that public relations perceptions positively impacts customer loyalty. Also trust is mediated between ethical sales behavior and customer loyalty in insurance services (Chen and Mau, 2009).



Source: Data on the selection process of articles (format source—PRISMA)



**Table no. 1 Authors and Titles with most citations in Scopus data (Customer Retention in Insurance)**

Authors	Citation	Year	Title
<b>Tsoukatos E., Rand G.K.</b>	519	2006	Path analysis of perceived service quality, satisfaction and loyalty in Greek insurance
<b>Gera R., Mittal S., Batra D.K., Prasad B.</b>	111	2017	Evaluating the effects of service quality, customer satisfaction, and service value on behavioral intentions with life insurance customers in India
<b>Chen M.-F., Wang L.-H.</b>	184	2009	The moderating role of switching barriers on customer loyalty in the life insurance industry
<b>Guillén, M., Nielsen, J. P., Scheike, T. H., &amp; Pérez-Marín, A. M.</b>	113	2012	Time-varying effects in the analysis of customer loyalty: A case study in insurance
<b>Nguyen H.T., Nguyen H., Nguyen N.D., Phan A.C.</b>	198	2018	Determinants of customer satisfaction and loyalty in Vietnamese life-insurance setting
<b>Brockett P.L., Golden L.L., Guillen M., Nielsen J.P., Parner J., Perez-Marin A.M.</b>	72	2008	Survival analysis of a household portfolio of insurance policies: How much time do you have to stop total customer defection?
<b>Guillén, M., Nielsen, J. P., Scheike, T. H., &amp; Pérez-Marín, A. M.</b>	85	2008	The need to monitor customer loyalty and business risk in the European insurance industry
<b>Abdelfattah F.A., Rahman M.S., Osman M.</b>	69	2015	Assessing the antecedents of customer loyalty on healthcare insurance products: Service quality; perceived value embedded model
<b>Piaralal N.K., Mat N., Piaralal S.K., Bhatti M.A.</b>	42	2014	Human resource management factors and service recovery performance in Malaysian life insurance industry: Exploring the moderating effects of employment status
<b>Chen M.S., Lai G.C.</b>	46	2010	Distribution systems, loyalty and performance
<b>Joseph M., Stone G., Anderson K.</b>	92	2003	Insurance customers' assessment of service quality: A critical evaluation
<b>Abu-Salim T., Onyia O.P., Harrison T., Lindsay V.</b>	58	2017	Effects of perceived cost, service quality, and customer satisfaction on health insurance service continuance
<b>Jehu-Appiah C., Aryeetey G., Agyepong I., Spaan E., Baltussen R.</b>	306	2012	Household perceptions and their implications for enrolment in the National Health Insurance Scheme in Ghana
<b>Hsieh A.-T., Li C.-K.</b>	483	2008	The moderating effect of brand image on public relations perception and customer loyalty



<b>Iglesias O., Markovic S., Bagherzadeh M., Singh J.J.</b>	643	2020	Co-creation: A Key Link Between Corporate Social Responsibility, Customer Trust, and Customer Loyalty
<b>Huang M.-H.</b>	118	2008	The influence of selling behaviors on customer relationships in financial services
<b>Chen M.-F., Mau L.-H.</b>	208	2009	The impacts of ethical sales behaviour on customer loyalty in the life insurance industry
<b>Kotoh A.M., Van Der Geest S.</b>	105	2016	Why are the poor less covered in Ghana's national health insurance? A critical analysis of policy and practice
<b>Yu T.-W., Tung F.-C.</b>	103	2013	Investigating effects of relationship marketing types in life insurers in Taiwan
<b>Yu T.-W., Tseng L.-M.</b>	94	2016	The role of salespeople in developing life insurance customer loyalty
<b>Nsiah-Boateng E., Nonvignon J., Aryeetey G.C., Salari P., Tediosi F., Akweongo P., Aikins M.</b>	42	2019	Sociodemographic determinants of health insurance enrolment and dropout in urban district of Ghana: A cross-sectional study
<b>Petzer D.J., van Tonder E.</b>	114	2019	Loyalty intentions and selected relationship quality constructs: The mediating effect of customer engagement
<b>Andoh-Adjei F.-X., Van Der Wal R., Nsiah-Boateng E., Asante F.A., Van Der Velden K., Spaan E.</b>	34	2018	Does a provider payment method affect membership retention in a health insurance scheme? a mixed method study of Ghana's capitation payment for primary care
<b>Panda P., Chakraborty A., Raza W., Bedi A.S.</b>	35	2016	Renewing membership in three communitybased health insurance schemes in rural India
<b>Donkers et al. B., Verhoef P.C., de Jong M.G.</b>	213	2007	Modeling CLV: A test of competing models in the insurance industry
<b>Ansell J., Harrison T., Archibald T.</b>	102	2007	Identifying cross-selling opportunities, using lifestyle segmentation and survival analysis
<b>Bügel, M. S., Buunk, A. P., &amp; Verhoef, P. C.</b>	86	2010	A Comparison of Customer Commitment in Five Sectors Using the Psychological Investment Model
<b>Mundt K., Dawes J., Sharp B.</b>	52	2006	Can a brand outperform competitors on cross-category loyalty? An examination of cross-selling metrics in two financial services markets
<b>Del Rio Olivares M.J., Wittkowski K., Aspara J., Falk T., Mattila P.</b>	59	2018	Relational price discounts: Consumers' metacognitions and nonlinear effects of initial discounts on customer retention



<b>Mäenpää, I.</b>	28	2012	Drivers of cross-sectoral cross-buying behaviour among business customers
<b>Camarero C.</b>	218	2007	Relationship orientation or service quality?: What is the trigger of performance in financial and insurance services?
<b>Maydeu-Olivares A., Lado N.</b>	278	2003	Market orientation and business economic performance: A mediated model
<b>Parish J.T., Holloway B.B.</b>	117	2010	Consumer relationship proneness: A reexamination and extension across service exchanges
<b>Prajogo D.I., McDermott P.</b>	118	2011	Examining competitive priorities and competitive advantage in service organisations using Importance-Performance Analysis matrix
<b>Dawes J.</b>	63	2004	Price changes and defection levels in a subscription-type market: Can an estimation model really predict defection levels?
<b>Barroso, C., &amp; Picón, A.</b>	177	2012	Multi-dimensional analysis of perceived switching costs
<b>Lee C.-Y.</b>	143	2019	Does Corporate Social Responsibility Influence Customer Loyalty in the Taiwan Insurance Sector? The role of Corporate Image and Customer Satisfaction
<b>Picón-Berjoyo, A., Ruiz-Moreno, C., &amp; Castro, I.</b>	101	2016	A mediating and multigroup analysis of customer loyalty
<b>Eskildsen J., Kristensen K.</b>	73	2008	Customer satisfaction and customer loyalty as predictors of future business potential
<b>Aboobaker N., Edward M., Pramatha K.P</b>	61	2017	Work-â€œfamily Conflict, Family-â€œwork Conflict and Intention to Leave the Organization: Evidences Across Five Industry Sectors in India

**Table no. 2 Factors in the articles (Retention in Insurance)**

<b>Authors</b>	<b>Year</b>	<b>Factors in the article</b>
<b>Tsoukatos E., Rand G.K.</b>	2006	Customer loyalty; Customer satisfaction; Insurance;
<b>Gera R., Mittal S., Batra D.K., Prasad B.</b>	2017	Behavioral Intentions; Customer Satisfaction; Service Quality;





<b>Chen M.-F., Wang L.-H.</b>	2009	Customer loyalty; Customer satisfaction; Switching barriers
<b>Guillén, M., Nielsen, J. P., Scheike, T. H., &amp; Pérez-Marín, A. M.</b>	2012	Customer satisfaction; Cross-buying; Business risks; Customer Loyalty;
<b>Nguyen H.T., Nguyen H., Nguyen N.D., Phan A.C.</b>	2018	Customer loyalty; Customer satisfaction; Service quality; corporate image;
<b>Brockett P.L., Golden L.L., Guillen M., Nielsen J.P., Parner J., Perez-Marin A.M.</b>	2008	Risk perspective, Household perspective on a portfolio of multiple insurance policies
<b>Guillén, M., Nielsen, J. P., Scheike, T. H., &amp; Pérez-Marín, A. M.</b>	2008	Demography, Cancellation, Business risks, Customer loyalty
<b>Abdelfattah F.A., Rahman M.S., Osman M.</b>	2015	Customer loyalty; Customer satisfaction; Perceived value; Service quality
<b>Piaralal N.K., Mat N., Piaralal S.K., Bhatti M.A.</b>	2014	uman resource factors (rewards, training teamwork and empowerment) that affect service recovery performance (SRP)
<b>Chen M.S., Lai G.C.</b>	2010	Customer loyalty; distribution systems
<b>Joseph M., Stone G., Anderson K.</b>	2003	Customer loyalty; Service quality;
<b>Abu-Salim T., Onyia O.P., Harrison T., Lindsay V.</b>	2017	Behavioral intention; Customer expectations; Customer satisfaction; Service cost; Service quality
<b>Jehu-Appiah C., Aryeetey G., Agyepong I., Spaan E., Baltussen R.</b>	2012	Health insurance providers (quality of care, service delivery adequacy, staff attitudes), health insurance schemes (price, benefits and convenience) and community attributes (health 'beliefs and attitudes' and peer pressure).
<b>Hsieh A.-T., Li C.-K.</b>	2008	Brand image; Customer loyalty;
<b>Iglesias O., Markovic S., Bagherzadeh M., Singh J.J.</b>	2020	Corporate social responsibility; Customer loyalty
<b>Huang M.-H.</b>	2008	Customer orientation; Customer loyalty
<b>Chen M.-F., Mau L.-H.</b>	2009	Customer loyalty; Customer trust in the company; Customer trust in the salesperson; Ethical sales behaviour
<b>Kotoh A.M., Van Der Geest S.</b>	2016	Customer Retention, demographic status
<b>Yu T.-W., Tung F.-C.</b>	2013	Customer loyalty; Relationship marketing; Relationship quality; Service quality;
<b>Yu T.-W., Tseng L.-M.</b>	2016	Customer loyalty; Relationship quality; Relationship selling behaviour; Salesperson characteristics
<b>Nsiah-Boateng E., Nonvignon J., Aryeetey G.C., Salari P., Tediosi F., Akweongo P., Aikins M.</b>	2019	Sociodemographic and economic factors



<b>Petzer D.J., van Tonder E.</b>	2019	Commitment; Customer engagement; Customer satisfaction; Customer value; Loyalty intentions; Trust
<b>Andoh-Adjei F.-X., Van Der Wal R., Nsiah-Boateng E., Asante F.A., Van Der Velden K., Spaan E.</b>	2018	Customer retention, demography of the customers
<b>Panda P., Chakraborty A., Raza W., Bedi A.S.</b>	2016	socio-economic status, customer retention
<b>Donkers et al. B., Verhoef P.C., de Jong M.G.</b>	2007	Customer lifetime value; Customer loyalty
<b>Ansell J., Harrison T., Archibald T.</b>	2007	Customer retention; Customer loyalty
<b>Bügel, M. S., Buunk, A. P., &amp; Verhoef, P. C.</b>	2010	Customer commitment; Customer loyalty; Customer relationship management (CRM); Customer satisfaction
<b>Mundt K., Dawes J., Sharp B.</b>	2006	Cross-selling; Customer loyalty;
<b>Del Rio Olivares M.J., Wittkowski K., Aspara J., Falk T., Mattila P.</b>	2018	Customer retention; Customer loyalty
<b>Mäenpää, I.</b>	2012	Cross-buying; Selling methods; Customer loyalty
<b>Camarero C.</b>	2007	Market orientation; Relationship marketing; Service levels
<b>Maydeu-Olivares A., Lado N.</b>	2003	Market orientation, customer retention
<b>Parish J.T., Holloway B.B.</b>	2010	Customer loyalty; Relationship marketing; Service delivery; Services; Trust
<b>Prajogo D.I., McDermott P.</b>	2011	Service Performance, customer retention
<b>Dawes J.</b>	2004	Customer loyalty; Customer satisfaction; Insurance; Pricing
<b>Barroso, C., &amp; Picón, A.</b>	2012	Customer loyalty; Switching costs
<b>Lee C.-Y.</b>	2019	corporate image; corporate social responsibility; customer loyalty; customer satisfaction;
<b>Picón-Berjoyo, A., Ruiz-Moreno, C., &amp; Castro, I.</b>	2016	Customer perceived value; Customer satisfaction; Loyalty; Perceived switching costs
<b>Eskildsen J., Kristensen K.</b>	2008	Customer satisfaction; loyalty;
<b>Aboobaker N., Edward M., Pramatha K.P</b>	2017	Work-family conflict of staff, customer loyalty



Corporate image and trust is also earned by CSR (Corporate social responsibility) activities performed by companies as CSR positively influences customer satisfaction and later customer loyalty (Lee, 2018, Agyei, 2021). CSR favorably increases consumer trust (Iglesias et al., 2018) because honesty, dependability, and positive word-of-mouth are essential for developing trust among customers, and different research support CSR's beneficial impact on trust and customer relationships in services.

Various studies also investigate demographic factors affecting customer retention in the insurance sector. Joseph et al. (2003) emphasize on variations in satisfaction levels depend on demographic factors such as age and income whereas tailored marketing efforts based on customer demographics could enhance loyalty. Cultural differences also affect customer retention intentions in life insurance sector (Tsoukatos and Rand, 2006) also socio-demographic factors affect customer retention (Hsieh et al., 2008) whereas customer characteristics such as age and claim history positively influence loyalty (del Rio Olivares, 2018) moreover in a study, Kotoh and Van der Geest (2016) underlines that income level as a demographic factor affects health insurance enrollment in Ghana. Panda (2016) mentioned in a study about renewals in health insurance, as limited benefits, payout discrepancies are reasons for low customer retention whereas affordability, usefulness, education level, knowledge about insurance, claim benefits positively impacts customer retention in health insurance service. The type of the policy plays in important role for customer retention (Jehu-Appiah, 2011).

Also, the impacts of cross-selling, type of relationship and level of service have been studied in some of the studies: to measure their effects on customer retention in insurance services. Mundt et al. (2006) identified that cross-selling doesn't improve customer loyalty though Ansell et al. (2007) argues that cross selling increases customer relationship and also future purchase frequency whereas Mundt et al. (2006) also extracted in the same study that switching costs lead to customer retention in the banking and insurance sector. Turner Parish and Bugg Holloway (2010), in a study showed that consumer relationship proneness (CRP) is positively associated with trust in and commitment to service providers whereas Consumer Relationship Proneness (CRP) is described as a consumer's generally consistent and deliberate desire to form relations with retailers in a given product category. This concept emphasizes that certain consumers are more psychologically inclined to form relationships than others, which can greatly affect their interactions with service providers. Full-service consumers (those who get all of their insurance from a single source) are more satisfied than non-full-service consumers moreover older customers and women are primarily full-service customers (Eskildsen and Kristensen 2008). Yu and Tung (2013) investigated the effects of various types of relationship marketing in Taiwan Life Insurance industry and the study successfully builds a model that identifies the causal linkages between various types of relationship marketing, service quality, and relationship quality, which ultimately influence consumer loyalty.

In some of the studies there have been some non-traditional approaches to address the issue of customer retention in insurance sector. Maydeu-Olivares and Lado (2003) identified that Innovation degree and innovation performance lead to customer loyalty in insurance and other financial services in the European Union. Camarero (2007) underlines



that customer orientation, competitor orientation, and intelligence generation: all have a direct impact on relationship marketing and service excellence. These two tactics are considered vital for improving firm performance where as relationship marketing and service quality are interconnected.

***Q- 2: What is the role of customer value and service quality in the customer retention in life insurance services?***

When customers are delight with the service and the value they received they are more tend to become brand loyal by retaining themselves with the company moreover with repeat purchase and will spread positive word-of-mouth thus creating referrals for the company. So this relationship between the company and the consumer will create long term relationship creating higher CLV. Customer perceived value and customer satisfaction play a pivotal role as antecedents of behavioral intention in life insurance industry. (Tsoukatos and Rand, 2006, Yu and Tung 2013, Gera et al., 2017, Nguyen, 2018)

Customer satisfaction leads to the customer loyalty in financial services (Tsoukatos and Rand, 2006, Bügel et al., 2010, Abdelfattah et al., 2015, Nguyen, 2018). Service quality and customer value have a significant impact on customer retention in the insurance market, according to a study that retrieved antecedents of client retention in the health insurance sector (Yu and Tung 2013, Abdelfattah et al., 2015, Nguyen, 2018) and specifically reliability, assurance (functional quality) and competence (technical quality) have significant impact on customer perceived value (CPV) whereas CPV acts as a mediator creating strong linkage between service quality and customer loyalty (Joseph et al., 2003, Abdelfattah et al., 2015) and also the perceived service quality and customer satisfaction influence the customer loyalty in terms of small business insurance (Joseph et al., 2003). Abu-Salim et al. (2017) affirmed that consumers evaluate value by considering the benefits that come from the costs; considering four dimensions of perceived service cost as economic, psychological, human effort and time.

As per Tsoukatos and Rand, (2006) SERVQUAL type scales should be implemented to measure service quality of life insurance. Iglesias et al. (2018) briefed co-creation as a value component which can lead to customer retention through trust and relationship between the customer and the company in the insurance and other financial services and understanding customer purchase patterns enhances product offers and relationship value (Ansell et al., 2007) whereas in a study Picón-Berjoyo et al. (2016) study demonstrates that perceived value has a considerable influence on both affective and behavioral loyalty.

***Q- 3: How behavioral aspects of customers, pricing and other monetary factors affect insurance policy cancellation or lapsation?***

Life insurance policy cancellations occur when the policyholder wants to move to another insurer whereas termination signifies that the policyholder no longer faces risk or no more considers risk. (Guillen et al., 2008) moreover Leiria et al., (2021) in the study identified factors influencing policy cancellations as higher policy price, increase in premium after a claim, tenure of premium payment especially after 2 years moreover it is mentioned in the study that policies



sold by company distribution channel are more tend to be cancelled or lapsed than policies sold by banks or third party distributor and also the policy purchased with direct debit system has less chances of lapsation than by cash paid. Consumers evaluate value by considering the benefits that come from the costs (Abu-Salim et al., 2017).

Though dissatisfaction with core services in life insurance industry, higher switching barriers retain consumers and even financial penalty for switching increases customer retention whereas core service quality and relationship quality positively impacts customer satisfaction and later positively affects customer loyalty moreover core service quality and relationship quality leads to satisfaction (Chen and Wang, 2009). A household insurance portfolio's cancellation of one policy is a strong indicator of further cancellations (Brockett et al., 2008). Even car insurance companies can enhance consumer experience, increase loyalty, and decrease attrition by investigating and implementing customer retention approaches (Ortega et al., 2023). Brockett et al. (2008) investigated that premium increases have a limited repelling effect, wearing off after 12 month then too Premium increases should be strategically managed to avoid accelerating customer losses.

There are also some measures in the studies which concentrate on cost or pricing mainly as the bundle of benefits, ethical sales behavior, company image, trust, CSR and WOM (word of mouth) as the ethical sale behavior creates trust and customer loyalty for the sales person and the insurance company too (Chen and Mau 2009, Yu and Tseng 2016) but the tangible benefits don't affect customers for retention but intangible benefits do (Tsoukatos and Rand, 2006). According to Hsieh and Li (2009) brand image has a mediating effect to public relationship perception and customer retention. CSR positively influences customer trust (Iglesias et al., 2018) because integrity, reliability and positive WOM are the key to develop trust among customers and also various studies confirm CSR's positive impact on trust and customer relationship in services. Jehu-Appiah (2011) observed in a study that consumer perception should be kept in mind while creating products. Yu and Tung (2013) emphasize on monitoring customer complaint management system to retain customers for life insurers.

Though pricing and discounts influences customer retention (del Rio Olivares, 2018), increase in price in the service industry affects customer loyalty negatively (Dawes, 2004). Barroso and Picón (2012) distinguished between positive and negative switching costs. Positive costs (such as benefit loss and personal relationship loss) promote customer loyalty through satisfaction, whilst negative costs (such as evaluation and set-up fees) operate as barriers, potentially leading to loyalty. This differentiation is critical for organizations to understand the nature of their client connections and loyalty whereas the findings suggest that businesses should implement methods that establish distinct switching costs for different client segments.

**Discussion:**



Several studies have shown direct relationship between service quality and customer retention. Service quality and customer loyalty have direct and strong relationship which affect customer retention (Abdelfattah et al., 2015, Nguyen, 2018). and profitability of service industry and specifically in financial industry where customers remain with the company for considerably longer time than any other service industry whereas customer satisfaction mediates in most of the studies between service quality and customer retention (Abdelfattah et al., 2015, Gera et al., 2017, Nguyen, 2018).

Service quality improvements can lead to better customer retention (Tsoukatos and Rand, 2006, Nguyen, 2018). Tangibility and empathy from SRVQUAL model can be better predictor for satisfaction and their assessment can lead to understanding of the customer expectation and delivery for better retention (Abu-Salim et al., 2017, Nguyen, 2018). It is also notable that customers' positive perception of service quality also affects retention in health insurance (Abdelfattah et al., 2015).

In the financial industry, trust in the service provider has been prominent because of the intangible nature of the services. Trust has been a significant mediator between service quality and customer retention (Chen and Mau, 2009). Ethical sales behavior of the sales person adds positive strength to customer value and service quality; it also enhances trust in the sales person and in the life insurance company and which leads to the customer loyalty (Chen and Mau, 2009). Gera et al. (2017) extracted the five key dimensions of service quality in life insurance: core service, tangibles, service delivery, sales agent quality and empathy and among all these; sales agent quality and empathy remained the most significant for shaping customer perceived value and service quality.

Relational pricing discounts improve sustainable customer relationship and retention. Although pricing strategies and discount offers impact customer retention (del Rio Olivares, 2018), an escalation in pricing within the service sector adversely influences customer loyalty (Dawes, 2004). In financial services industry, investments in CRM (Customer relationship management) and cross-selling initiatives don't affect loyalty Mundt et al. (2006) whereas consumer relationship proneness (CRP) is significantly leading to customer trust moreover CRP is not significantly associated with demographic variables such as gender, education level, ethnicity, age, income levels, and marital status Turner Parish and Bugg Holloway (2010).

Corporate image, WOM (word of mouth), CSR (corporate social responsibility) and ethical sales behavior creates trust and perceived value which impacts customer retention (Chen and Mau 2009, Hsieh and Li (2009), Yu and Tseng 2016) whilst Jehu-Appiah (2011) noted in a research study that it is imperative to consider consumer perception during the product development process. Yu and Tung (2013) underscore the significance of overseeing the customer complaint management system in order to ensure lifelong customer retention for life insurance providers.

## **Implication of research**



Customer retention has more value than customer acquisition in the financial services because the companies have to keep long term relationship with the customers. Customer perceived value and perceived service quality are shaped by various factors as ethical sales behavior, trust, employee retention and long term relation with customers, WOM, CSR by the firm, firm image, switching cost, change or variation in pricing. These create value and quality which directly impact customer satisfaction and later loyalty. In depth SLR suggest some of the articles investigate values or service quality relation with customer satisfaction while secondly some articles suggest innovative approaches CRP or company orientation and tertiary there are group of articles which suggest price sensitivity of the customers. This study can be helpful for the policy makers in the industry for understanding the linkages of the variables in the insurance industry and also light has been thrown in the literature for the researchers who are interested in the same subject area.

### **Conclusion:**

When simple models perform well in analytical measurement; they don't perform well for cross-buying and retention while calculating CLV in the insurance industry (Donkers et al., 2007). A more profound comprehension of the dimensions of service quality, customer perceived value, word-of-mouth, corporate social responsibility, firm image, customer relationship management, pricing strategies, and switching costs for consumers within the insurance sector can position insurance actuaries, marketers, and developers of sales strategies as invaluable assets in enhancing overall customer satisfaction and loyalty, which in turn can lead to augmented profitability and an expanded market share for their respective organizations.

The influence of distribution channels, agent turnover, and customer loyalty on firm performance, indicating that these factors significantly affect efficiency scores and profitability (Su Chen and Lai, 2010). Cultural characteristics affect in creation of customer perceived service quality and loyalty (Tsoukatos and Rand, 2006, Gera et al., 2017). Joseph et al. (2003) also suggest considering demographic factors affecting loyalty in insurance service.

### **Limitation:**

In the systematic literature review (SLR), there have been various limitations which should be addressed. The study was limited to highest cited papers in the area of retention in insurance so even less cited papers or least cited papers can broaden the understanding. Latest articles also address current situation of the change in the use of the services due to technological advancements like articles about customer engagement, the use AI and chatbots, web aggregators as alternative channels for distribution of insurance services.

### **Future scope of the study:**





The conclusions have been drawn exclusively from the most cited research study articles in the area of the insurance and retention with some limited and specific factors as behavioral, psychological and empirical studies so there can be further study for an SLR, Meta analysis or bibliometric review with citation, co-citation analysis in the area of retention in insurance or banking or BFSI.

Moreover studying the previous research articles in the area of retention; there is a need to define customer value for the customers which drive to the retention in insurance services. Also demographic variables and cultural factors affect in the relation of service quality to loyalty so there can be further study in different countries with variety of variables.

If CRM doesn't add value in the customer retention for customer continuance use of the services in financial industry, there can be study of customer engagement for retention.

In a country like India where there is diversity in demographical aspects and cultural aspects there can be research for various clusters or the areas with similar need.

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