

**ANALYSIS OF
FACTORS INFLUENCING BUYER BEHAVIOUR
OF
THE INSURANCE INDUSTRY**

**WITH SPECIAL EMPHASIS ON
PERCEPTION
EXPECTATION
AND
ACCEPTANCE**

*Special Reference to the Private
Sector Insurance Companies in Sri Lanka*

Research Study

By

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ADMINISTRATION (MBA) RAJARATA UNIVERSITY OF SRI LANKA.**

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ABSTRACT

The buyer behaviour pattern in the insurance market is quite strong. Large varieties of insurance policies have been introduced by numerous insurance companies. Consequently there is a high competition in the insurance market.

Researcher hypothesises the main reasons for this high competition are either people's lack of knowledge about the individual benefits or lack of faith in the insurance market. Accordingly four hypotheses were developed to test this.

The views & opinions were obtained from 300 customers and 10 insurance companies as the methodology of testing these hypotheses. On their perception, expectations and acceptance multiple regression analysis was performed to measure the effectiveness of each factor and to find their influence over the insurance market.

Customers views & opinions were obtained by means of five point scale (Licker scale) and the score was used to find the significance of each factor to the buyer behaviour.

The finding were that about 76% of the profits of the insurance companies are dependant on the perception and 43% on the expectation and 21% on the acceptance. That means that if the company increase these factors by one unit the increase of the profit dependant on the perception is 76% and on the expectation 21% and perception 76%. There is another 19% of unexplained and un-revealed factor on which the companies profit depends.

Therefore the researcher recommends that if those who got involved in the insurance market want to change the buyer behaviour pattern so as to increase their profit they should pay concern about the factors the perception, expectation and acceptance of the consumer. That is say that how the consumer perceive and what are their expectance and how it can be made acceptable the salient factors that would affect the profitability of the insurance marketing.

In another words the companies should take more steps in developing awareness among the consumers about the individual benefit of the insurance to bring it to the expected level of the consumer and also to enhance the reliability so as to make it more acceptable to the consumer.

helped me typing reading drafts several times.

Special thanks go to the Zone Manager of Union Assurance Limited, Senior Manager CTC, Eagle, who spared their valuable time in sharing valuable materials relevant to the research, reading my drafts, reports and giving their candid opinion to develop same into this Research.

Finally I owe a special word of thanks to Professor E.S. Wickramasinghe Dean of the Faculty of Business Studies and Finance at Wayamba University of Sri Lanka Supervisor, if no for his guidance and generous assistance this task would not have been such a success.

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CONTENT

CHAPTER ONE

	PAGE NO
1.1 Background of the study	01
1.2 Problem Statement	09
1.3 Significance of the study	13
1.4 Objectives of the research	16
1.5 Hypothesis	17
1.6 Limitation	17
1.7 Chapter Summary	18

CHAPTER TWO

Part A

2.1 Introduction to the Chapter	20
2.2 Global History of the Insurance	21
2.3 Evolution of Insurance	24
2.4 Nature of the Insurance	29
2.5 Function of the Insurance	30
2.6 Principles of the Insurance	34
2.7 Types of the Insurance	36
2.8 Insurance Industry of Sri Lanka	40

Part B

2:2:1 Theoretical Background	44
2:2:2 Ethical Perspectives	66
2:2:3 Service Quality	70
2:2:4 Switchers & Stayers	73
2:2:5 Satisfactions	73
2:2:6 Expectation	78
2.9 Chapter Summary	80

CHAPTER THREE LIST OF EXHIBITS

	PAGE NO
3.1 Introduction to the Chapter	81
3.2 Sample Profile	83
Empirical Data Presentation (Part 02)	101
3.3 Chapter Summary	122

CHAPTER FOUR

	PAGE NO
4.1 Introduction to the Chapter	123
4.2 Conceptual Framework	125
4.3 Regression Results	127
4.4 Analysis	128
4.5 Chapter Summary	139

CHAPTER FIVE

	PAGE NO
5.1 Introduction to the Chapter	140
5.2 Conclusion of the research.	141
5.3 Recommendation	142
5.4 Suggestion made by the Researcher	148

- * Reference
- * Bibliography
- * Questionnaire
- * Annexure