

## A Study on Consumer Satisfaction with China's Life and Health Insurance

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### Abstract

Insurance helps individuals and businesses manage and recover from unexpected events such as accidents, illnesses, natural disasters, and economic losses. Due to that, consumer satisfaction towards insurance is important. There are two types of insurance, which are property and liability, and life and health insurance. The purpose of this study is to examine consumers' satisfaction with life and health insurance in China. In order to examine the satisfaction of consumers with life and health insurance in China, a questionnaire is used to collect the data. Approximately 300 questionnaires were distributed in three cities in Hebei Province, China, with a total of 244 questionnaires received. This study uses SPSS software to analyse the data. The data is analysed by using descriptive techniques, including chi-square analysis and cross-analysis. Through this study, it is found that consumers in China are not satisfied with life and health insurance on the professional level of sales personnel, the claim time, and the price of insurance. Life and health insurance satisfaction should be improved. Therefore, this study is very helpful in understanding consumer satisfaction with life and health insurance in China.

**Keywords:** Consumer Satisfaction, Life and Health Insurance, Satisfaction, Insurance Consumers, Insurance Company

### Introduction

Consumer satisfaction refers to the sense of pleasure or disappointment when a product is considered to be compared with its expected value. It is a measure of how products and services supplied by a company meet or surpass consumer expectations. Consumer satisfaction has become an important measurement index in the quality management system. The most widely used theory of consumer satisfaction is the ACSI (American Consumer Satisfaction Index), which is adapted from the experience of buying insurance. Researchers found that consumer satisfaction is very important for the long-term existence of enterprises or industries.

Studying consumer satisfaction in the insurance industry is of great significance in China. Since 2018, China has become the second largest commercial insurance market in the world, after the United States (Wang, 2022). The most important insurance in China is life and health insurance. Despite the high premium income, research shows that China's life and health insurance consumers are not satisfied with insurance. Furthermore, a lack of research has been done on life and health insurance (Liu, 2022). Besides that, current research in life and health insurance focuses on the product or services (Pan, 2022, Yin, 2021), lack of research on satisfaction. Therefore, this research will study the satisfaction of life and health insurance.

The theoretical contribution of this study is to broaden the research field of China's life and health insurance consumer satisfaction. The practical value of this study is to identify why consumers are not satisfied with life and health insurance, which is helpful to insurance companies in improving their products and services. Insurance companies should focus on consumer satisfaction from insurance products to services. Insurance companies also should pay attention to what consumers want and need to make sure the insurance products and services are as expected by the consumers.

## **Literature Review**

### **Insurance**

Insurance means that the applicant pays the premium to the insurer according to the contract (Wei, 2014). The insurer shall bear the liability for compensation for loss of property caused by any accident that may occur in the contract or be liable for the payment of insurance liability when the insured is dead, disabled, sick, or reached the age and time limit stipulated in the contract (Insurance Law of the People's Republic of China, 2015). There are two types of insurance. One type is property and liability insurance, where the objective of insurance is property. Another type of insurance is life and health insurance, where the objective of insurance is human.

The benefits of insurance include financial security and risk management. Insurance helps individuals and businesses manage and recover from unexpected events such as accidents, illnesses, natural disasters, and economic losses. It provides financial compensation or support for medical expenses, property losses, legal liabilities, and income losses. Insurance can also cover the costs of healthcare, life insurance, disability insurance, and retirement savings. Overall, it helps individuals and businesses mitigate risks, respond to unforeseen situations, and provide a sense of security and stability.

### **Satisfaction of Life and Health Insurance in China**

Life and health insurance satisfaction in China is not high, but satisfaction is increasing in recent years. China Insurance Protection Fund Co., Ltd. (CISF) conducted an investigation and research. Consumer satisfaction with China's life and health insurance in 2022 was 65.5. The annual increase in consumer satisfaction is 2.5% from 2019 to 2022, meaning that there is an increase in consumer satisfaction with life and health insurance in China. CISF divides consumer satisfaction with life and health insurance into four aspects: satisfaction towards technology, satisfaction towards insurance products, satisfaction towards consumer expectations, and satisfaction with insurance service. From the perspective of sub-indicators, satisfaction towards technology is 60.4, satisfaction towards insurance products is 65.7, satisfaction towards consumer expectation is 64.1, and satisfaction towards insurance service is 67.3. Compared to 2021 all the indicators have increased in 2022.

China's life and health insurance consumers are not satisfied with insurance products. According to Zhang (2020), factors affecting consumer satisfaction in China include insurance product price, product type, as well as insurance policy. China's current life and health insurance products are too conservative in price and the insurance cost is too high, which leads to low insurance benefits for insurance consumers with the same premium (Wang, 2022). Service quality also affects satisfaction in China. The misleading of insurance intermediaries leads to high payback of insurance (Yao, 2021). Sales misdirection refers to the fact that marketers exaggerate the possible benefits of insurance. The changes in information and technology cause consumers concern about the security of insurance in China. The information system of insurance companies has a lot of personal privacy about consumers, including certificates, addresses, and hospitalization records (Jiang, 2021). Consumers' information security can be leaked by massive software and app (Bao et al., 2021). If the user data of the insurance company is hacked, a large amount of private information will enter the black market and be used illegally (Guo, 2021). This research will focus on life and health insurance in China. This study aims to analyze whether consumers in China are satisfied with life and health insurance.

### **Research on Life and Health Insurance Satisfaction**

Previous research has focused on consumer satisfaction in the general service industry. Service quality has become a major concern of growth in the insurance industry, and multiple researchers have explored its various aspects. Meanwhile, there are models concerning service quality from research, like the SERVQUAL model (Parasuraman et al., 1988), and the Gap model (Kumar et al., 2009). Regarding insurance consumer satisfaction in China, the team of China Insurance Consumer Confidence Index believes that insurance products, and services are the main factors of concern. A recent study in China put information security into concern when studying insurance satisfaction, and discussing information and technology (Zhang, 2016). It can be implied that in-depth research is needed about life and health insurance satisfaction.

### **Research Methodology**

This study aims to collect broader and more representative data on the satisfaction of consumers with life and health insurance in China. This study selected three regions of Bao Ding, Lang Fang, and Heng Shui in Hebei Province for research, and distributed survey questionnaires. To ensure the authenticity and credibility of the collected data, the research team tested that the average time required to fill out a survey questionnaire was 3 to 4 minutes. A questionnaire that is not within this answer range is considered invalid. A total of 144 valid questionnaires were collected online and 100 valid questionnaires were collected offline. Data from the questionnaire is analyzed using SPSS statistical software.

### **Survey Question Preparation**

This study aims to analyze whether Chinese consumers are satisfied with life and health insurance, and what aspects of dissatisfaction are reflected. Therefore, this study aims to distribute a survey questionnaire on consumer satisfaction with life and health insurance. In the design of the questionnaire, the issues that consumers pay attention to in practical applications were selected, while also referring to regulatory issues in the field of insurance consumer protection.

### Survey Distribution

This study selected three regions of Baoding, Langfang, and Hengshui in Hebei province for distributing survey questionnaires. The survey questionnaire was distributed from July to August 2022. To ensure the authenticity and credibility of the collected data, the research team tested the average time required to fill out the survey questionnaire to be 3-4 minutes. Questionnaires not within the scope of this response were considered invalid.

### Data Analysis

The data was analyzed after getting the results of the questionnaire. A total of 144 valid questionnaires were collected online and 100 valid questionnaires were collected offline. In the data analysis section, the questionnaire data was analyzed using SPSS statistical software.

### Analysis and Result

#### Demographic Analysis

Table 1

*Demographic of Respondents*

Questions	Content	Frequency	Percentage (%)	Cumulative Percentage (%)
Gender	Male	120	49.18	49.18
	Female	124	50.82	100.00
Age	Under 18	33	13.52	13.52
	18-25	99	40.57	54.10
	26-30	31	12.70	66.80
	31-40	35	14.34	81.15
	Over41	46	18.85	100.00
Profession	Student	123	50.41	50.41
	Farmer	31	12.70	63.11
	Enterprise workers	15	6.15	69.26
	National public officials	22	9.02	78.28
	Self-employed industrial	17	6.97	85.25
	Freelance	22	9.02	94.26
	Other	14	5.74	100.00
Monthly Income	Under 1000	101	41.39	41.39
	1000-3000	53	21.72	63.11
	3000-5000	42	17.21	80.33
	5000-7000	24	9.84	90.16
	7000-10000	6	2.46	92.62
	Over 10000	18	7.38	100.00
Accumulated		244	100.00	100.00

Through the questionnaire, the profiles of respondents are acquired as in Table 1. 50.82% are "female" and 49.18% are male, with both genders being basically equal. From the perspective of "age" distribution, most of the samples are "18-25 years old", accounting for 40.57%. Among them, "26-30 years old", "31-40 years old", and "41 years old and above" are evenly distributed, accounting for 12.70%, 14.34%, and 18.85%, respectively.

### Reliability and Validity Analysis

Table 2

#### *Cronbach Reliability Analysis*

Items	Correction Item Total Correlation (CITC)	$\alpha$ Coefficient	Cronbach $\alpha$ Coefficient <sup>2</sup>
Are you satisfied with your insurance	0.997	0.999	0.999
Are you satisfied with the service of the insurance company	0.997	0.999	
Are you satisfied with the insurance products	0.994	0.999	
Are you satisfied with the price of the insurance products	0.995	0.999	
Are you satisfied with the after-sales services provided	0.996	0.999	
Are you satisfied with the claim services provided	0.997	0.999	
Are you satisfied with the available information protection	0.998	0.999	

This study used a questionnaire and analyzed the research results using SPSS statistical software. First of all, reliability is analyzed. As shown in Table 2, the sample reliability coefficient is 0.999. The reliability coefficient value for each item is higher than 0.9, the CITC value for each item is greater than 0.4, indicating that data reliability quality is high. Frequency analysis, reliability analysis and correlation analysis are conducted on the survey results.

Table 3

#### *Validity Analysis*

Items	Load Factor	Commonality <sup>1</sup>
Are you satisfied with your insurance	0.996	0.991
Are you satisfied with the service of the insurance company	0.996	0.991
Are you satisfied with the insurance products	0.998	0.996
Are you satisfied with the price of the insurance products	0.996	0.993
Are you satisfied with the after-sales services provided	0.997	0.995
Are you satisfied with the claim services provided	0.998	0.996
Are you satisfied with the available information protection	0.998	0.997
KMO <sup>2</sup> measure of sampling adequacy	0.923	-
Bartlett's test of sphericity	Approximate Chi-Square	5770.596
	df	15
	p	0.000

<sup>1</sup> Common Factor Variance

<sup>2</sup> Kaiser-Meyer-Olkin test

Meanwhile, validity is analyzed by the Kaiser-Meyer-Olkin test and Bartlett's test of sphericity. The results of validity analysis are shown in Table 3. The KMO value is 0.923, which is greater than 0.8, indicating good validity. The result of approximate Chi-Square is 5770.596 and the p value test is significant (p value 0). The load factor is more than 0.4 for each item and common factor variance is more than 0.4 for each item. These results indicate the validity of the questionnaire results.

### Analysis on Life and Health Insurance Satisfaction

Table 4

#### Analysis of Life and Health Insurance Satisfaction

Items	Sample size	Average
Are you satisfied with your insurance	244	0.71
Are you satisfied with the service of the insurance company	244	0.71
Are you satisfied with the insurance products	244	0.66
Are you satisfied with the price of the insurance products	244	0.63
Are you satisfied with the after-sales services provided	244	0.77
Are you satisfied with the claim services provided	244	0.77
Are you satisfied with the available information protection	244	0.74

Through the questionnaire, consumers were satisfied with life and health insurance, with a sample satisfaction value of 71%. Based on the questionnaire results, it was found that the aspects where consumers are more satisfied with life and health insurance include insurance service and information protection. The aspects with low satisfaction include expected value and insurance products as shown in Table 4.

### Reasons Consumers Not Satisfied with Life and Health Insurance

Table 5

#### Results on the Reason of Dissatisfaction towards Life and Health Insurance

Items	Response		Popularity Rate (n=244)
	n	Response Rate	
False and misleading insurance promotion	135	16.05%	55.33%
Sales personnel did not fully introduce the insurance contract terms	112	13.32%	45.90%
The claim processing process is complex and takes a long time	99	11.77%	40.57%
Forced sales promotion by sales personnel	87	10.34%	35.66%
The contract text is obscure and difficult to understand	80	9.51%	32.79%
There are unreasonable clauses in the insurance contract	77	9.16%	31.56%
There is a significant difference in service attitude before and After insurance coverage	76	9.04%	31.15%
The insurance premium level is too high	74	8.80%	30.33%
Other	101	12.01%	41.39%
Summary	841	100%	344.67%
Goodness of fit test $\chi^2=35.681$ $p=0.000$			

Based on Table 5, the Goodness of fit test shows a significant difference ( $\chi^2=35.681$ ,  $p=0.000<0.05$ ), and the selection proportion of each item has a significant difference. The data in the table is reliable.

Based on Table 5, consumers are not satisfied with the professional level of sales personnel. Insurance, as an industry that involves basic knowledge in fields such as finance, law, and medicine, has high requirements for practitioners. Insurance professionals need to have strong sensitivity to the market, have a thorough understanding of the insurance business they represent, and maintain trustworthy professional ethics. Specifically, options related to the professional level of insurance business personnel, such as "sales personnel did not fully introduce insurance contract terms", "sales personnel forced sales", "significant differences in service attitude before and after insurance", etc., have a low response rate and popularity rate. Therefore, the professional level of insurance business personnel has a significant impact on consumer satisfaction.

Consumers are not satisfied with the claim time. Insurance claim settlement refers to the act of an insurance company fulfilling compensation or payment responsibilities in accordance with the contract when an insurance accident occurs on the subject matter of the insurance. It directly reflects the insurance function and fulfills insurance responsibilities. According to the table, the popularity rate of "complex and time-consuming claims processing" is 40.57%, and the response rate is 11.77%. It can be concluded that consumers are not satisfied with the efficiency of claims processing.

Consumers are not satisfied with the price of insurance. Establishing a reasonable premium is the key to achieving a win-win situation for both life and health insurance consumption and life and health insurance companies. The price of insurance is related to the predetermined occurrence rate, predetermined interest rate, and expense rate, namely the assumption of actuarial expenses. Currently, the actuarial industry in China's insurance market lacks standardized and systematic requirements, and actuarial work urgently needs improvement. The response rate for high insurance premium levels is 8.80%, indicating that high insurance prices make consumers dissatisfied.

## **Discussion**

The results of this study show that consumers were satisfied with life health insurance in terms of service and information, but low satisfaction with life health insurance in terms of insurance products. Therefore, insurance companies should improve the quality of insurance products.

Specifically, consumers are not satisfied with the professional level of sales personnel, claim processing time, insurance prices, and other aspects of life and health insurance. This indicates that in order to improve consumer satisfaction, it is necessary to shorten the time for life and health insurance claims, appropriately reduce the price of life and health insurance products and enhance the sales ability of salespeople.

## **Conclusions**

Research has shown that China's insurance industry has shown enormous development potential, and the future of life and health insurance is full of prospects. The significance of this study is to address the issue of consumer satisfaction. This research has put questionnaires to study life and health insurance satisfaction.

In general, consumers in China are satisfied with life and health insurance. However, consumers are not satisfied with insurance products, especially insurance policies and

insurance prices. Even though consumer satisfaction with the insurance services, it can be improved by incorporating tangibility, responsiveness, reliability, assurance, and empathy as in the theory of SERVQUAL.

From this study, it can be seen that it is necessary for China to improve its satisfaction with life insurance and health insurance. This is beneficial for the development of the insurance industry.

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