The Role of Customer Satisfaction on Customer Retention in the Kenyan Insurance Industry

Catherine Ochung' and Benedict Mutuku
Jomo Kenyatta University of Agriculture and Technology, P.O Box 81310-80100 Mombasa.

ABSTRACT

This research proposal is to investigate the role of Customer Satisfaction on Customer Retention in the Kenyan Insurance Industry. Customers' retention is a valuable asset for an Insurance industry and therefore must be achieved optimally for efficient and effective achievement of stated objectives and for smooth continuation of business. Most of the customer satisfaction attributes to the role of customer expectation, customers loyalty, customers trust and customer commitment in the customer retention in the Kenyan Insurance Industry. Problem overview will be given in chapter one as it tries to address the role of Customer Satisfaction on Customer Retention in the Insurance Industry. This research will basically address some of the issues of Customer Satisfaction that may influence Customer Retention in the Kenyan Insurance Industry. The researcher will also address the statement of the problem which gives the basis of the study, objectives, research questions and the scope of the study. The researcher will attempt to look at the relationships between various variables identified, critical review and the research gaps of conceptual framework in chapter two. Research methodology in chapter three will give an overview which attempts to achieve the objectives of the study, which will involve data collection methods used, research design, target population, data analysis and presentation. A descriptive study will be adopted and research carried out using survey method. The study will focus on a target population of 120 which will comprise of the Insurance customers. A convenient sample of 120 customers is considered for this study taking into account of all locations of Insurance Companies Branches in Mombasa County. The data analysis will employ use of SPSS version 20. The Researcher will then present the data findings collected from the population target using tables and charts.

Introduction

Insurance, in the dawn of modern human history, was a widely dispersed groups of tightly knit kin, whom we today refer to collectively as hunter -gatherers, who relied almost exclusively on clan relatedness as their only bulwark against the ever - present risk of death, debilitating injury,and starvation. For these early ancestors, the concept of risk can be thought of almost exclusively in terms of the physical persons of individuals, mitigated by the guarantee of personal and kin relationships, rather than objects and possessions (Wahl, 2011). The later development of pastoral societies necessitated the development of the notion of private property as the agricultural revolution made it possible for the storage of food and hence more complex societies. The efficiency gains accruing to these new social structures enabled specialization of labour into various trades,such as merchants, warriors, and blacksmiths, each requiring tools - of -trade assets; (Bucham, 2010). The price of this progress was that individual self – interestwas no longer so closely aligned with that of the collective.

Individuals have recognized their need to mitigate risks that have the potential for ruin, either as a result of the assets they hold or simply by the fact of their existence in this world. In other words, they required means to achieve at least a primitive form of financial diversification,as risk is non-fungible at the individual level but the outcome of loss that is transferable is aggregate, individuals exposed to losses through common risks naturally formed themselves into groups to aggregate those risks, price the risk, and eventually even sell it to investors; (Crosby, 2009). This is where insurance comes in as it is a form of risk management primarily used to hedge against risk of a contingent, uncertain loss. Insurance is a contract between the policy holder and the insurer such that the insurer company guarantees any event in the insurance range and in return, the policyholder should continuously pay a fee for the so-called insurance (Darooneh, 2011).

Insurance services are in definition intangible and according to the declarations; they are promises and contracts held by a selling median to the customer which requires trust between the Insurer and the Insured from the initial point of the contract (Sedighiyan, 2010). Methods for transferring or distributing risk could be traced back to the Chinese and Babylonian traders would pay an additional sum as a form of guarantee in case of risk, (Friedman, 2010). The perceptions of risk and institutional arrangements have greatly developed in response to society's stance on sanctity of the persons to closely mirror philosophical advances. Risks do exist and hence require management at either individual or group level. The market economy is the ultimate expression of freedom to transact and preserve, of which this existence requires regulation to protect individual's rights.

Despite the lack of objective mathematical foundation, widespread markets and instruments existed for risk mitigation and risk taking by the late fifteenth century. Not only were commercially driven hedging and speculation common practice, but institutionalized gambling in, had the form of lotteries even become popular; (Brems, 2016). Public works projects in the old times could be financed from the proceeds of lotteries rather than by Public resources. The wide spread popularity of gambling stimulated an interest in probability theory among Jacob Bernoulli, Abraham de Moivre, and others. This laid scientific foundation for establishment of statistics. More so, the fear of loss or compulsion to gamble, mortality is still a common human preoccupation; (Alba, *et al* 2016).

The first example of modern life insurance was issued in January 1536 to William Gybbons of London. The policy was a one year term policy, according to which Gybbons's beneficiaries would receive £400 in the event of his death in exchange for a premium of £ 32. Interestingly, William Gybbons did die within the next 12 months, and his underwriters had to pay the death benefit. Given that the first mortality table would be created more than 150 years later, the underwriting of this policy was certainly akin to gambling.

Insurance originally evolved as a commercial instrument as a result of the Great Fire of London, that insurance for households named Fire Insurance. This was issued to protect houses and other buildings that have also been expanded to business premises. Insurance has grown significantly in scope, purpose and availability, whereby the industry now contributes greatly to economic growth and national prosperity (Tsoukatos, 2013).   At the macro level, the industry helps in strengthening efficiency and resilience by facilitating transfer of risk, while at the micro level, it brings benefits to the day to day life by helping customers minimize financial impact of unexpected and unwelcomed future event and thereby organize their businesses and lives with greater certainty, (Buckham, 2010).

Insurance is the single market that covers thirty three countries in Europe forming European Economic Area. In 2011, it subscribed the largest submarkets in Britain, France, Germany and Italy with the largest volume of gross on written premium.   Life insurance is one product that strengthens claims that are specific feature in mature Insurance market; (Roxana *et al*, 2013). The total volume of premiums underwritten in the insurance market are expressed in absolute size as its growth reflects both in increased supply of insurance companies and increased demand from those who want to ensure that they get value for what they purchase. In terms of premium volume, there are three groups of countries: 1) First group: United Kingdom, France, Germany, Italy representing 41.38% of the premiums of countries belonging to the CEA; 2) The second group: the Netherlands, Spain, Switzerland, Sweden, Belgium, Denmark representing 30.9% of the premiums of countries CEA;3) The third group: other countries whose share in the total volume of insurance premiums CEA member countries is 27.72%; (Constantinescu, 2009).

It's important to note that the main indicator of insurance market is its penetrationand premiums volume share in GDP. This reflects the importance of insurance activity of a country or a geographical area; (Vacarel & Bercea, 2012). The share of insurance premiums in gross domestic product of a country reflects the need to protect companies and individuals to face the risks and therefore a positive forecast

for the future development of insurance activities. One of the largest Insurance markets is US where in 2011, the US market, it stretched its boundaries by representing 28.84% of the global insurance market. Insurance customers for life insurance, in absolute value were 590 billion (22.45% of the world market for life insurance) and 736 billion (37.38% of the global insurance). The first life insurance increased in 2011 compared to 2010 by 2.9% and general insurance decreased by 1.3%; (Ciurel, 2013). This is characterized by very large internal security of markets that influenced the development of strong reinsurance companies. The diversity of the American insurance practiced within the area attracted worldwide reinsurers willing to take some of the risks that were large

Insurance as a risk diversification was established pooling of goods thereby providing customers with the opportunity to contribute a fraction of their premiums of which they in- turn a pro-rated risk return exposure to their successes, (Throup, 2011). Risk diversifications are limited to market risk, peril risk and business risk and hence insurance lumps them up together.   The innovation of insurance spread through the Mediterranean, to the Adriatic and eventually adopted in England. This gave birth to the Lloyds that developed underwriters and insurance policies that were backed by customers who would write their names and the risk they are assuming underneath the insurance proposal, (Anon, 2011).

The concept of insurance and social insurance programed that deal with socio-economic problems has been around Africa for a long time; (Kenyatta, 2016). Member of the communities pooled together resources to create a social insurance fund where the premiums ranged from material to moral support or other payments in kind. From this fund, drawings were made out to support a few individuals that had incurred unfortunate perils; (Azevedo, 2003). Kenya being under the British colony where the settlers initiated various economic activities particularly in farming and agricultural products; (Huxley, 2010) which needed some form of protection against various risks. British Insurers saw an opportunity in this, and established their agency offices to service their investments.

More than fifty years since independence, Kenya's Insurance Industry has flourished where by 47 insurance companies have been developed employing more than I million employees with underwriters that are exceptionally good at their work. Kenya is the leading economy in the East African community as well as being the key player for the Eastern and Southern Africa (COMESA). Kenya has sixty five percent of its premiums on non-life cover and hence the expansion of the Kenyan insurance industry is set to increase with the uptake of technology. The industry has seen a lot of foreign interest from various regions which include Allianz in Germany, Old Mutual and Swiss Re that has penetrated to market mainly because of high returns and customers been aware of what they actually need in the products offered. Most of Insurance companies have their headquarters in Nairobi with branches in various towns including Mombasa. The government which has made insurance compulsory on different products especially Health and Motor has created consumer awareness which has made it possible for Insurance providers to enhance customer retention based on customer satisfaction .

Customer retentionis the key metric of satisfaction and hence insurance companies should monitor which areas to gauge whether their services are strong and which areas need

improvement to maintain or increase their membership base. Insurance industry is socio-economic environment that provides cushions against risks faced by both individuals and organizations and hence customer satisfaction depends on sales giving great emphasis on customer retention and loyalty (Foley 2013). Customer satisfaction can be achieved when a product is well conceived and communicated well with service that responds favorably to the marketing mix which may result to its performance in the market and customer loyalty.

Customer Retention is a unique element in customer satisfaction that canhelp create awareness of existence of a product or service through word of mouth by providing more information such as the product features, availability, price, technical assistance and advice to potential customers; (Solomon 2011).

The researcher will look at how marketing of insurance products and services impacts on Customer satisfaction through improvement customer's knowledge and exposure by understanding of the customers' needs and expectation through identification of the Maslow's hierarchy needs in order to have a deeper knowledge of which stage they are and what their requirements are, by qualifying ways to gain their trust, commitment and loyalty. This may involve creative ways to attract, commit and gain customer trust to insurance productsby provision of personal technical assistance and advice to them and hence creating loyalty; (Openshaw 2012). It may require analytical and persuasive ability on the part of the Insurer to convince the customer the worth of the product they purchase. The researcher will look at Customer Commitment and how it plays an important role on customer satisfaction and retention. This is because a customer may find the product favourable with value for every purchase thereby creating a strong indication of repeat buying or renewal of insurance products. The customer trust and perception also plays a pivotal role as the products they have purchased offer security and peace of mind because no customer will purchase a product that they perceive will harm them or give them sleepless nights; (Gourvile 2015). The researcher will look at the ways insurance companies in Kenya should increase their effort to retain customer through customer satisfaction as a satisfied customer will increase the sales and profitability. A fundamental question that naturally arises is whether, in what manner and under what conditions can customer retention be based on customer satisfaction.

Objectives

i) To determine the role of customer expectation on customer retention in the Insurance Industry
ii)To establish the role of customer loyalty on customer retention in the Insurance Industry
iii) To determine the role of customer trust on customer retention in the Insurance Industry
iv) To establish the role of customer commitment on customer retention in the Insurance Industry

Related Literature

Theoritical Framework

Consistency Theory

The focus on the customer satisfaction has consistency theories that suggest that what the customers expect and the actual performance cof the product or service may or may not match to consumer's degree of tension. Therefore, in order to relieve the tension, the insured may make adjustments either in their expectations, perception or actual performance of the product or service. Four theoretical approaches under the consistency theory include; 1) Assimilation Theory; 2)

Contrast theory; 3) Assimilation-contrast theory; and 4) Negativity Theory.

Assimilation theory is based on Festinger's (2011) dissonance theory which posits that consumers make some kind of cognitive comparison between their expectations and perceived product/service performance. Consumer post-usage evaluation is introduced into the satisfaction in form of assimilation theory. According to Anderson (2013), consumers seek to avoid dissonance by adjusting their perception of a given product/service to bring it more in line with their expectations. They can also reduce the tension that are different between the expectation and the product/service performance by either distorting expectation to coincide with the perceived product/service performance or raising the level of satisfaction by minimizing the relative importance of disconfirmation experienced.

Contrast theory was introduced by Hovland, *et al* (2011), where they define contrast theory as the tendency to magnify the discrepancy between one's own attitude and opinion statement attitudes. It is an alternative to assimilation theory in the post-usage evaluation that may lead to opposite predictions of the effects of expectations on satisfaction. It holds that a surprise effect may occur that leads to discrepancy being magnified or exaggerated hence, any discrepancy of experience of expectations will be exaggerated. The company may raise their expectation in their advertisement, while the customers experience maybe slightly less than what they promised. Assimilation-Contrast theory attempt to reconcile the two theories. Anderson (2013) argues that Cardozo's (2005) attempt to reconcile the two with various researchers trying to test this empirically which has brought mixed results.

Olson and Dover (2009) and Anderson (2013) found some evidence to support Assimilation theory approach, however Oliver (2008) argues that only measured expectations were assumed to have perceptual differences between disconfirmation and satisfaction. Negativity theory developed by Carlsmith and Aronson (2013) suggest that discrepancy of performance from expectation that will disrupt the consumer, producing a negative theory. It states that when expectations are strongly held, consumers will respond negatively to any disconfirmation and hence dissatisfaction will occur if the perceived performance is less than expectations or if the perceived performance exceeds expectations.

Discomfirmation Theory

Disconfirmation Theory argues that satisfaction is related to the size and direction of the experience that occurs as a result of comparing service performance against expectations. Szymanki and Henard found meta-analysis in disconfirmation paradigm that is the best predictor of customer satisfaction. Ekinci *et al* (2014) cites Oliver updated definition on the disconfirmation theory, which states that "Satisfaction is the guest's fulfilment response. It's a judgement that a product/service feature, or product/service itself, provides a pleasurable level of consumption-related fulfilment, including levels of under or over fulfilment.

The Disconfirmation Model is based on the comparison of customers' [expectations] and their [value gained] ratings. Specifically, an individual's expectations are confirmed when a product performs as it was expected. It is negatively confirmed when a product performs more poorly than what was expected. The disconfirmation is positive when a product performs over what was expected (Churchill & Suprenant 2012).
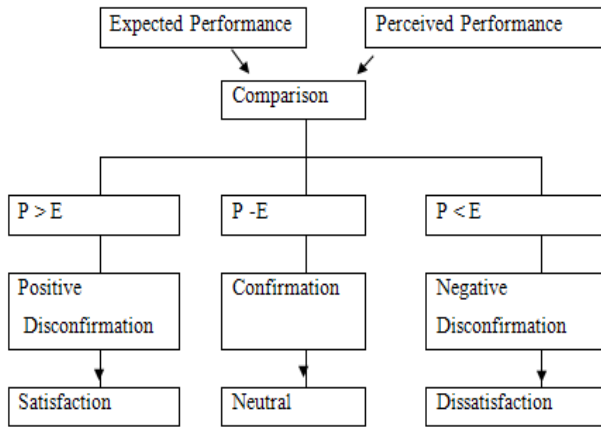
Figure 2.1.Disconfirmation Theory Model.

Retention of existing customers by strengthening relationships and preserving their loyalty is regarded as the essence of customer satisfaction. It may also require serving different customer individually in-order to gain their trust. In some cases the situation may demand transformation of indifferent customers and winning their confidence. Marketing process considersacquiring new customer to be an intermediate step (Wagner *et al.*, 2009). Lending support to customers even during closing hours develops within customers more respect for the Industry. (Palmatier *et al.*,2009). Gratitude here is the key factor that enhances the quality of relation on one hand and obtains positive outcome for the insurer on the other.

Customers who are satisfied will never leave the organization if they are kept happy. This necessitates monitoring of some factors like availability of substitutes, satisfaction, trust and quality of services offered (Theron and Terblanche, 2010). Customers are found to be very particular to satisfaction for value received. A careful study of past experiences, expectations and desires gives a good idea of consumer behaviour. A good insurance company would invest more on Relationship Marketing by simply collecting information based on which customer can be identified with different products offered and retain them. Customer Satisfaction is considered to be the tactic to achieve this as many activities mentioned under the concept of relationship marketing and customer retention are already being used by different Insurance firms. This increases customers' trust and satisfaction and in turn enhances profitability of the firm (Ashley *et al.*, 2011).

Cognitive Dissonance Theory

Cognitive Dissonance Theory proposes that people have motivational drive to reduce dissonance by changing their attitudes, beliefs, and behaviours or by justifying and rationalizing them. This was originally stated by Festinger in 2012 and has been quickly adopted by consumer behavior research. It is the uncomfortable state that arises from existence of contradictory relations among cognitive elements, (Festinger 2012). It reveals high exploratory power in explaining the state of discomfort buyers are always in after they have made their purchase.

Customer Expectation

Achievement of Customers Expectations on an insurance product tells us of what he or she anticipated togain fromthe product. Consumers may have various "types" of expectations when forming their opinions about value they gained. For example, four types of expectations are identified by Miller (2011): ideal, expected, minimum tolerable, and desirable.

While, Day (2011) indicated among expectations, the ones that are about the costs, the product nature, the efforts in obtaining benefits and lastly expectations of social values. Perceived product performance is considered as an important construct due to its ability to allow making comparisons with the expectations.

Whereas in a dominant paradigm in customer satisfaction or dissatisfaction literature, expectations are likely to happen during an impending transaction or exchange. Generally consumers define probability of occurrence of either positive or negative events by engaging in some behaviour; (Oliver 2010). While predictions paradigm dominates, considerable argument states that alternative standards exist that include predictive expectations that defines anticipated performance level.
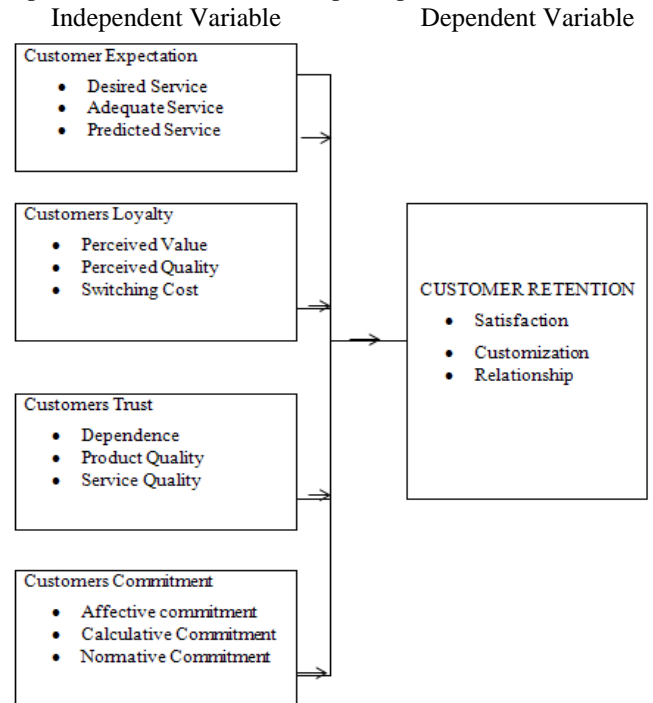

Figure 2.2. Conceptual Framework.

Desired Service is defined as the service the insureds hopes to receive and therefore it's a blend of what they believe can be or should be with the view of level of the insurers performance given the perceived set of costs. Although most of the insureds hope to realize their desires based on particular products available, they also recognize that this is not always possible. We define the lower level of expectation as an adequate service which is the threshold of the acceptable service; (Miller 2011). According to Woodruff, Cadotte and Jenkings (2011) an insured's expectations does not change but their tolerance changes. Therefore, the extent to which the insured recognizes and is willing to accept heterogeneity is called the zone of tolerance; (Zeithaml *et al*, 2015). This zone representing the difference between the desired service and adequate service can either expand or contract, in other words the insureds expectations are characterized by a range of level rather than a single level.

Therefore, there are certain level of service an insured expects but as long as the service is within a certain window of the level they will not complain.

Adequate Service is influenced by four factor: i) transitory service intensifiers; ii) perceived service alternatives; iii) Insureds self-perceived service roles; and iv) situational factors.

Transitory service intensifiers are temporary and hence short-term where the insureds individual factors lead them to heighten sensitivity to service; (Belk *et al*, 2011). We look at personal emergency which can be health problem or any risk that may occur and hence the Insured will strongly need the insurance service and perceives the insurer ought to respond in case of the occurrence of risk. This might raise the level of adequate service, particularly the level of responsiveness considered acceptable; (Calder, 2011).

The nature of an insureds problem will influence their expectation as they will require the insurer to fix the problem in a matter of urgency. Perceived service alternatives are the insureds perception of degree to which they can obtain a better service based on the insurance provider they choose. Sometimes the insureds do not have many options and will effectively settle for less.

Self-perceived service role is defined as the insureds perception of the degree to which they can influence the level of service they receive. This involve customization of service that will ensure the insured gets the protection they adequately require; (Bowen, 2009). Their participation will ensure their expectations are met and hence the higher the level of self-perceived service role, the higher the level of adequate service. Situational factors are defined as the service performance contingencies that the insured perceive are beyond the control of the insurance provider. For example, personal emergencies such as serious automobile accidents would likely intensify their expectations of insurer, whereby catastrophes that affect a large number of people at one time such as earthquake or hurricane and floods, would likely lower service expectation as the insured recognizes that the insurance providers are inundated with demand of their services. Therefore, situational factors will temporarily lower the level of adequate service and hence widening the zone of tolerance; (Parasuraman *et al*, 2015).

Predicted Service influence satisfaction as it indirectly affects the service quality assessment as the insureds predict good service and hence their level of expectations are higher than if they predict poor service; (Smith and Swinyard, 2008). When the insurance service is soft the insured can expect great service and therefore expect the insurer to provide the right service the first time. The higher the level of predicted service, the higher the expectation and the narrower the zone of tolerance. There are three factors that influence predicted service; i) explicit service promises; ii) implicit service promises; and iii) word of mouth communications. Explicit services promises are personal and non-personal statements about the service made to the insured by the insurer which take different forms that can be advertising, personal selling, contracts and continuous communication; (Hoch and Ha, 2016). Hence the higher the explicit service promises the higher the level of predicted service.

Implicit service promises are service related that lead to inferences of what the insurers service should and will be like. These include price and tangibles associated with the service; (Zeinthaml, 2008). In other words, consider two customers who are interested in insurance products or service, may find two radically different premiums and hence the customer will conclude that the insurance provider with higher premium should and will provide higher quality service. Therefore, Implicit service promises elevates levels of predicted service. Importance of word of mouth is that it conveys to the insured/potential customer what the service will be like or what they should expect.

This tends to be important when the insurer meets a difficult customer as services are difficult to evaluate prior to them purchasing their products or services. What the potential customer hears from others can influence their expectation level and hence, positive word of mouth communication elevates the level of predicted service, (Scott and Yalch, 2010).

Customer Loyalty

Customer loyalty requires long-term commitment from the Insurance parties in order to ensure the maintenance of a business relationship (Wilson, 2015); the commitment results from a positive attitude towards the other party (Morgan and Hunt, 2011). Customer loyalty has two components: a behavioural component that suggests the intention to repurchase and an attitudinal component that is based on the partner's preferences and impressions (Sheth and Millat, 2003 in Alejandro *et al*., 2011). In essence, loyalty implies that a customer is committed towards a product/service, (Caceres and Paparoidamis, 2013).

In the marketing literature there have been identified two schools of thought concerning the essence of customer loyalty (Javalgi and Moberg & Egan, 2010). The first school of thought defines loyalty in behavioural terms that is based on number of acquisitions, and the second one in attitudinal terms involving consumer preferences and inclinations towards the product and brand. The two dimensions of loyalty construct are behavioural and attitudinal loyalty. Gómez *et al*. (2016) argue that most insurance companies that focus on customer loyalty have approached its behavioural dimension. This dimension refers to buying behaviour which means in case of loyal customers repeated purchase of the same brand of product or service over time. Attitudinal loyalty incorporates consumer preferences and propensity towards certain brands (Egan, 2011) and according to (Dall'Olmo *et al*. 1997 in Foster and Cadogan, 2010) it is based on affective commitment.

Consumer attitude is defined as being the customer's relatively lasting affection towards an object or an experience; (Gómez et al., 2016). The role of attitude in shaping customer loyalty is vital. To consider repeated purchase or renewal of the same brand as true loyalty, firstly, because it requires the existence of a positive attitude towards the approached Insurance brand (Gómez *et al.,* 2016). The logic behind loyal customer behaviour is that the customer has certain reasons to continue the relationship with the Insurer (Stephen, 2010). For example, if the insurer has demonstrated in the past their willingness to solve problems promptly especially in payment or reimbursement of claims. Hence, behavioural loyalty is a regular customer willingness to renew the service provided by the insurer and to maintain the relationship, whereby an attitudinal loyalty is the customer's psychological attachment and support towards the Insurance company (Rauyruen *et al.*, 2011). Thereby, Customer Loyalty is the degree to which a customer exhibits repeat purchasing behaviour from a service provider, possesses a positive attitudinal disposition toward the provider, and considers using only this provider when a need for the service arises".

Insurance Organizations use relationship marketing which have a dual purpose: the adoption of the strategy of attracting new customers and strategy of customer retention and loyalty (Egan, 2010). A more prominent interest is given to the strategy aimed at retaining existing customers and hence customer loyalty represents the main purpose of relationship marketing (Hennig-Thurau, 2010).

Studies on customer loyalty have focused primarily on product or brand loyalty while customer loyalty to the insurance service providers remained unexplored (Gremler and Brown, 2016). The influence of overall satisfaction and trust on the insureds loyalty does not only strive to ensure a constant number of customers over time but also to develop customer relationships by encouraging the future purchases and the level of support from them (Rauyruen et al., 2007).

A comprehensive definition of loyalty has been formulated by Oliver (2010), as "a deeply held commitment to renew a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing effort having the potential to cause switching behaviour". Customer loyalty requires a long-term commitment from the parties in order to ensure the maintenance of a business relationship (Wilson, 2015); a commitment resulted from a positive attitude towards the other party (Morgan and Hunt, 2014). Based on these definitions loyalty has two components: a behavioural component that suggests the intention to renew and an attitudinal component that is based on the insureds preferences and impressions (Alejandro et al., 2011). In essence, loyalty implies a commitment towards a brand, and not just its renewal due to inertia (Caceres and Paparoidamis, 2011).

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Customer Trust

Trust is considered a key attribute of a customer-insurer relationship and a pivot of the successful outcomes associated to it that ensures the long-term maintenance of the relationship (Morgan and Hunt, 2014). According to Swan et al. (2009) the literature related to trust allows the formulation of several generalizations with three most common elements. The first element refers to the insurers competence that includes skills, expertise and the belief that the information provided their organization are valid and reliable. The second element refers to the fact that trust is rooted in insurer benevolence or motivation to protect the insured's interests. The last common point refers to the fact that trust relevance increases as the risk of failure of the insurance product decreases (Swan et al., 2009). Trust involves expectations of a person that another person will behave in a certain way.

At an interpersonal level of relationship, the structure of trust can be differentiated on the basis of its origins, rational or emotional (Erdem and Ozen, 2013). The most frequently used distinction in social-psychological literature is between affective trust and cognitive trust (McAllister, 2015). When trust is based on cognition, the insured are looking for a rational reason to rely on the insurance product with hope that it will give them the security they require. Cognition-based trust means that "we choose whom and what we will trust, in which respect and under what circumstances, and we base the choice on what we take to be 'good reasons', constituting evidence of trustworthiness". To achieve a certain level of cognitive trust it is necessary to accumulate an amount of knowledge about the insuranceproduct. With the accumulated knowledge the insured can make predictions that have some level of certainty about the likelihood that the insurer will fulfil its obligations. Knowledge is gained by either observing the behaviour of the insurer in the relationship or based on their reputation (Johnson and Grayson, 2015). Available knowledge about the partner and "good reasons", serve as a basis for decisions concerning trust (McAllister, 2005). For example, trust is based on cognition when the insured hopes that the insurer will fulfil its role as it should (Erdem and Ozen, 2013). On the other hand, "if the interaction between the two is intensive, trust relationship deepens, involving mutual emotional investment in relationship" (McAllister, 2015). In this situation affective trust is manifested and involves emotional bonds between individuals.

Affective trust is the confidence given by insured to insurer, confidence based on feelings generated by the level of care and concern shown by the insurer; (Johnson and Grayson, 2015). Affective trust is characterized by feelings of certainty and perception that the relationship is strong (Johnson and Grayson, 2015) and is linked to the perception that the insured's actions are intrinsically motivated; (Rempel et al., 2012). Affective trust essence lies in the ability of the insured to rely on the products offered due to emotions that they are best and therefore, these two dimensions of trust can be linked together. It can happen that trust relationship between the two can manifest to cognitive trust, and after a while, based on accumulated experience, to turn into affective trust; (McAllister, 2015). In our opinion, this conceptualization of trust highlights the dynamic nature of this construct.

The difference between the use of services and the consumption of goods has been well documented in the marketing literature (Murray, 2011) whereby the (Swartz and Iacobucci, 2011) use of Insurance services is riskier than the consumption of goods due to totally different characteristics. This context creates the possibility for expression in addition to cognitive trust of affective trust because the relationship between the insurer and the insured involves frequent and long-term interactions. These two forms of trust can be defined as service setting. Thus, insured's cognitive trust is in their willingness to rely on product offered based on a specific evidence of its reliability.

The insured's affective trust is based on the emotions experienced by them in the context of their interaction with the insurer; (Johnson and Grayson, 2015).

Customers Commitment

Commitment to insurance products is mainly focused on attitude based on open questions that guide an insureds behavioral intentions. Researchers define commitment as a force that binds an individual to a course of action relevant to them, and also their commitment to an organization which is an affective commitment that refers to an insureds enhancement of desire -based insurance organization. The main instrumental commitment is that the insured should stay covered by the insurer, while normative commitment refers to an insured obligation to remain with the insurance provider or organization. With these three-component model, commitment can be defined as a force that binds an insured to remain loyal by renewing and buying more from the insurance provider which can be affective, instrumental or normative.

Insurance companies seek to influence customers across their lifecycles through acquisition and retention strategies whereby loyalty program is a marketing action that is designed to increase commitment (retention) and thereby lifetime duration. These intends to create switching barriers either by economic, psychological or relational barriers that may enhance customers' commitments to the organization. The Insured may appreciate rewards that make them feel preferred and thus may identify more strongly with the organization (Oliver 2009).

Some researchers distinguish between two components of commitment - affective and calculative (Bansal *et al*, 2014; Fullerton, 2013; Pritchard *et al*, 2009). Affective commitment is more emotional in nature and involves the desire to maintain a relationship that the insured perceives to be of value. Affective commitment incorporates the underlying psychological state that reflects the affective nature of the relationship between the insured and the insurance provider (Gundlach *et al*, 2005). The sense of identification that the insured feels toward the insurer often translates into positive feelings expressed to others about the insurance provider (Harrison-Walker 2011). Given this emotional attachment that affective commitment entails, it is hypothesized that there should be a positive relationship between affective commitment and attitudinal loyalty and hence the insured has the sense of security and empowerment.

The emotional attachment of the insured is related to affective commitment that contributes to a "partnership" relationship with the insurance provider. This results to impact of feelings that are on insured patronage of the insurance firm. Given the pledge of renewability that constitutes affective commitment and the forsaking alternative options due to their emotional attachment, it is expected that there will be a relationship between affective commitment and purchase behavior. Nevertheless, affective commitment is characterized by a desire-based attachment of the insured, which means that the insured will be loyal because he or she wants to be loyal (Evanschitzky *et al*, 2016). Therefore, affective commitment should have a positive relationship with behavioral loyalty while Calculative commitment is where the insureds desire is to remain in the relationship when the switching costs are high or when the insured perceives that other viable alternatives are scarce (Evanschitzky *et al*, 2016). In such cases, the insured, out of habit or inertia, will not only continue the long-term relationship, but will also develop an emotional attachment; (Dowling and Uncles, 2011). This may be due to repeated past behaviors or high switching costs, the insured may develop an affective response to the insurance provider and also rule out the possibility of other alternative relationships. Therefore, it is expected that calculative commitment is positively related to attitudinal loyalty.

Commitment and loyalty to an insurance provider may exist despite low satisfaction level of the insured experience; (Jones and Sasser, 2015) we find that when there exists a competitive environment it may affect the satisfaction-loyalty relationship, so that the insured may remain with the insurance provider due to primarily lack of alternatives. In such cases where the insured's desire is to maintain a long-term relationship maybe due to an unavailability of viable alternatives, this may be expected in calculative commitment which may positively be related to behavioral loyalty. Empirical data from Gustafsson *et al*. (2015) suggest that calculative commitment has a consistent reduction in churn rates.

It is interesting to note that the calculative commitment reflects the viability of the insurer's offerings, thus demonstrating that the insured is actively reviewing the insurer's products and services against those of its competitors inorder to make decisive purchase decisions. The insureds decisions reflect on the assessment of the premium of the alternatives or the switching costs attendant to doing business with a competitor. This usually represents a rational approach, devoid of emotional consideration and hencethere is recognition of commitment as a multidimensional construct which includes both an affective and a calculative component; (Fullerton, 2013). Insureds understanding of the relative impact of two dimensions of commitment will help them to clarify the inconsistencies that are prior to research results by providing strategic managerial guidance on insureds loyalty programs.

Customer Retention

Customer retention is a centric marketing philosophy that has received considerable attention in marketing literature by scholars and practitioners. Both are looking for ways to understand, attract, retain and build intimate long term relationship with profitable customers (Kotler, 2016; Gronroos 2014). The key areas in the marketing paradigm is the customer satisfaction, as a result insurance industry have been studying and developing strategies on ways to retain and satisfy customers. A satisfied customer is nearly six times more likely to be loyal and hence repurchase and recommend the services/products to family and friends. If a customer is well treated as per their expectation, increase in loyalty is five percent and therefore reflect in increased profits by twenty-five to eighty-five percent, (Limayem, 2011).

Customer satisfaction in insurance means the use of a policy product purchased for a cost to ultimate satisfaction of a buyer when a claim is paid or reimbursed. It stipulates that the product bought by the customer will give him the expected fruit and peace of mind. "You pay money and you take your chances"; and if the insured is not satisfied then they are bound to go to competitor and therefore it is important to concentrate on what customers expects which is to get value for the service or product; (Tsoukatos and Rand, 2011). Furthermore, the ability to examine and create a positive attitude and trust depends on whether the customers are able to access the insurance products and services anytime, seven days a week.

This can be done through transparency with the possibility to compare different proposals and policies of different companies.

In the insurance industry literature, strong emphasis is placed on the significant importance of service quality perceptions and the association between service quality and customer satisfaction (Cronin, & Taylor, 2012; Taylor, & Baker, 2014). Therefore, some organizational researchers concluded that service quality is an important indicator of customer satisfaction intentions. That is, consumers may be loyal to an insurance industry if it views it as generating satisfaction among other consumers, particularly in credence products and services. This alone may create an amount of unwillingness to switch. Furthermore, Chakravarty, Feinberg and Rhee (2014), explained that a high proportion of customers in the high propensity to switch group appear to have had problems with their insurance products in the past. In the real world, unsatisfied customers tend to convey their negative impression to other customers or create a negative word of mouth. Consequently, customer dissatisfaction leads to low loyalty (Lewis, 2014; Newman, 2011; Caruana, 2012). This implies that customer satisfaction and customer loyalty are highly related, and that dissatisfaction fosters a customer's intention to switch.

In the Insurance Industry, customer portfolio analysis suggests that customer retention (measure of detention or preservation of existing customers) have strong impact on profit levels hence mass market of insurance products which makes the loyalty base even more important. The Industry also provides a mechanism that enables customers to pool savings to meet financial objectives such as providing for retirement. Customers are able access capital markets at reduced transaction rate thereby giving them the value for the products at the same time make money from this, will enable them to stay loyal to a company.

Customer retention is chiefly concerned with building relationships at each and every possible point of interaction between the firms and the customers. This implies mutual benefit for the firms and in-turn trigger down to the employees who are the main point of contact to their customers. An Insurance company must focus on identifying factors affecting customer satisfaction and work to build relationship towards those factors in order to retain clients. Customer satisfaction plays a key role in influencing the risks on returns of an insurance company's stocks (Sarlak and Fard, 2009; Jiang *et al.*, 2009) and hence customer retention acts as the key role that creates a positive correlation. Studies suggest that there exists positive correlation between customer satisfaction and profitability baselines. This has also become the driving factor in thein the insurance markets (Grewal *et al.*, 2010). So before a customer decides to pay premium they must evaluate the performance of different insurance firm including the important criterion of customer satisfaction thereby getting value for the products purchased.

Customer related outcomes obtained during short run affect a firm's performance in the long run (Tuli and Bharadwaj, 2009) that is why Insurance industry Managers has assigned the task of striking a balance between customer retention policies and customer acquisition. This is done for tracing out the growth prospects of the firm (Grewal *et al.*, 2010). Therefore, Credibility of a firm in terms of performance and profitability in the eyes of stakeholders depends upon the entire performance of the mangers (Samaha *et al.*, 2011).

The Power or ability of the businesses to influence or control behaviour of the customers can be done through past experiences, various reports and analysis of the businesses intended to develop a firm idea about consumers' behaviour, their preferences and desires. If the company seeks to increase sales through customer satisfaction they should also build up a psychological attachment of the consumers towards the insurance products. It also tries to come up with products that appeal to consumer's likings and preferences. In this way the firm attempts to build up a bonding process whereby in most cases have proved to be beneficial for both consumers and insurers.

The Insurance firms should try to maintain their commitment towards customers which in-turn enhances customers' commitment and satisfaction. The customer develops desire for continuing with thefirm. The firm proceeds in such a way so that customers pay regular visits and in turn become loyal to the firm's important tool in this respect (Ashley *et al.*, 2011). A successful communication can play an important role in retaining old customers if it's based upon the concept of sharing with customers through formal and informal communications by knowing more about consumer's preferences and thereby knowing if they have any complaints or dissatisfaction. Customization as an extension of customer services can also be an effective tool for customer retention especially if the insurer seeks information from their customers on what they prefer for satisfaction and thereby catering for the need by tailor making products according to these preferences (Samaha *et al.*, 2011). Gratitude through social component to the insured can make them develop more respect for the company and in-turn become loyal to the Insurance Company's products.

Methodology

According to Kothari (2014) a research design is a blueprint for collection, measurement and analysis of data. Cooper and Schindler (2012), explains that a research design is a framework for specifying relationship among the study's variable and outline procedures for every research activity. The study will be descriptive in nature and the researcher will use survey method.

According to Mugenda (2015) descriptive design attempts to provide further insight into the research problem by describing the variables of interest. Mugenda (2015) further explains that a survey research method attempts to collect data from members of a population and discuss the existing phenomenon by asking individual about their perception, attitude behavior or values. Descriptive research is meant to enhance a systematic description that is as accurate valid and reliable as possible.

The design will therefore be adapted to this study as it will enable the researcher obtain a cross-referencing data and some independent confirmation of data as well as a range of options. This research identifies two in one aggregation or study groups, both the customers that are insured by different insurance companies and the satisfaction of various products or services.

In this study, the researcher will use a sample of 120 customers due to cost and time constraints. In total 120 Questionnaires will be distributed randomly to customers who could be reached by the researcher in the branches of the Insurance Company.

Tabled 4.2. Role of customer expectation Descriptive Statistics.

	N	Mean	Std. Deviation	Variance	Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
The products performance achieves the nature of the insurers problem	116	3.58	.577	.333	-.743	.446
Quality of service is diversified and satisfactory	116	4.11	.852	.726	-.065	.446
The price is convenient and pocket friendly	116	4.02	.757	.574	.485	.446
The reputation of the company is true and satisfactory	116	4.02	.685	.469	-.835	.446
The promise made in personal and non-personal statement are kept and true	116	3.92	.674	.455	-.323	.446
Valid N (listwise)	116					

Findings

role of customer expectation on customer retention in the Insurance Industry

The researcher sought to investigate the expectation of customers on the perceived product being offered by insurance inndusry in Kenya. Results were as shown below.

From table 4.2 , on a scale of 1 to 5 (where 5 = strongly agree while 1 = strongly disagree) majority of the respondents were of the view that, customer expectation greatly affected the retention of customers within insuarance firms in Kenya . All the respondents strongly agreed to the statements, the products performance achieves the nature of the insurers problem (mean score = 3.58), quality of service is diversified and satisfactory (mean score = 4.11), the price is convenient and pocket friendly (mean score = 4.02), the reputation of the company is true and satisfactory (mean score = 4.02), and the promise made in personal and non-personal statement are kept and true (mean score = 3.92),

This implies that majority of the respondents' beliefs that performance of products satisfies customers and this high level of predicted service retains customers.

This is true due to the fact that customers expectations does not change but their tolerance changes as attesested by Woodruff, Cadotte and Jenkings (2011) In order to achieve customer retention as a result of their expectations, customization of service will ensure the customer to the protection they adequately require as explained by (Bowen, 2009). Their participation will ensure their expectations are met and hence the higher the level of self-perceived service role, the higher the level of adequate service. As discussed (Scott and Yalch, 2010) what a potential customer hears from others can influence their expectation level and hence, positive word of mouth communication elevates the level of predicted service,thus enabling an insurance firm to know what exactly a customer requires thus retaining them by customizining its products

role of customer loyalty on customer retention in the Insurance Industry

It was further important to investigate what drives a customer to continue relationship with an insurance provider or insurer.

And some of the reasons could be due to customer preferences and inclinations towards the products offered by insurer or behavourial attitudes of a customer. The findings were as shown below.

The study sought to determine the role of customer loyalty on customer retention in the Insurance Industry. Using a scale of 1-5 where (5=strongly agree and 1=strongly disagree) all respondents agreed to the statements leading to the role of customer loyality on customer retention. Resppondetds agree that the brand image is convenient and satisfactory (mean score = 4.13), comfortability of the product and services are adequate (mean score = 4.28) tThere is an enhanced relationship with the insurance company (mean score = 3.73),the service provided is etiquette and professional (mean score = 4.03), and that possibility of recommending the company is guaranteed (mean score = 4.08),

Morgan and Hunt, (2011) explains that customer loyality and commitment results from a positive attitude towards the other party .According to Gómez et al., (2016) consumer attitude is defined as being the customer's relatively lasting affection towards an object or an experience. Gómez et al futher states that the role of this attitude is to shape customers loyality. Stephen, (2010) asserts that CUSTOMERS are loyal since they have certain reasons to continue the relationship with the Insurer.According to Hennig-Thurau, (2010), Gremler and Brown, (2016) and Rauyruen et al., (2007) insuraers interest is given to the strategy aimed at retaining existing customers and hence customer loyalty thus relationship marketing. The influence of overall satisfaction and trust on the insureds loyalty does not only strive to ensure a constant number of customers over time but also to develop customer relationships by encouraging the future purchases and the level of support from them.

role of customer trust on customer retention in the Insurance Industry

The researcher sought to identifyt what makes a customer trust an insurance company and how the trust can help insurance industry retain customers. Some of the reasons advanced were that the insured always looks for a rational reason that rendears him or her to rely on the insurance

Table 4.3. Role of customer loyalty Descriptive Statistics.

	N	Mean	Std. Deviation	Variance	Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
The brand image is convenient and satisfactory	116	4.13	.653	.427	.110	.446
Comfortability of the product and services are adequate	116	4.28	.840	.706	.356	.446
There is an enhanced relationship with the insurance company	116	3.73	.677	.458	-.803	.446
The service provided is etiquette and professional	116	4.03	.745	.555	.724	.446
Possibility of recommending the company is guaranteed	116	4.08	.876	.768	.033	.446
Valid N (listwise)	116					

Table 4.4. Role of customer trust
Descriptive Statistics.

	N	Mean	Std. Deviation	Variance	Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
Products have motivation to protect the insured's interest	116	3.95	.843	.710	.168	.446
The company fulfils its role as promised	116	3.95	.767	.589	-.148	.446
The product and services offered are reliable	116	3.87	.764	.583	.432	.446
Positive experience is achieved by the product and service offered	116	3.88	.866	.751	-.450	.446
Confidence level of care and concern is adequate and ideal	116	3.68	.830	.689	-.223	.446
Valid N (listwise)	116					

product with hope that it will give him the security and protection he require.This influence is informed by the accumulated knowledge the insured has on the insurer that makes him predict with some level of certainty about the likelihood that the insurer will fulfil its obligations.Table 4.6 indicates respondents reaction toeards statements defining the role of customer trust on retention in the insurance industry.

As illustrated in table 4.6 the results indicates that majority of the respondents were of the view that, accumulated knowledge by insured about the isurer makes him gain confidence in insured and this positive attitudes builds trust. From a scale of 1-5 where (5=strongly agree and 1=strongly disagree) all respondents agreed to the statements leading to role of customer trust on customer retention in the Insurance Industry,Respondents agreed to the statements that Products have motivation to protect the insured's interest (mean score = 3.95), the company fulfils its role as promised (mean score = 3.95), the product and services offered are reliable (mean score = 3.87), positive experience is achieved by the product and service o,ffered(mean score = 3.88), and confidence level of care and concern is adequate and ideal (mean score = 3.68).

The study confirms McAllister;s findings, that explains that when trust is based on cognition, the insured look for a rational reason to rely on the insurance product with hope that it will give them the security they require, McAllister, (2015). This context creates the possibility for expression in addition to cognitive trust of affective trust because the relationship between the insurer and the insured involves frequent and long-term interactions.It further indicates that the insured's affective trust is based on the emotions experienced by them in the context of their interaction with the insurer; (Johnson and Grayson, 2015).

role of customer commitment on customer retention in the Insurance Industry

The researcher further wanted to investigate the reason behind customer's commitment to a particular insurance company. The findings are as shown below.

The study sought to identify the role of customer commitment on customer retention in the Insurance Industry. In a scale of 1-5 where (5=strongly agree and 1=strongly disagree) all respondents agreed to the statements leading to the role of customer commitment on customer retention in the Insurance Industry. the results above shows that the customers are mostly driven by their attitudes, the desire of an insured that they be covered by the insurer of their choice. All respondnets agreed to the statements, the products and services force binds (mean score = 4.03), possibility of renewal is guaranteed (mean score = 4.24), discounts made on renewals are guaranteed and adequate (mean score = 3.68), the products are customized to my requirement (mean score = 4.18), and the products and services are better than competitors (mean score = 3.94)

The study fiondsings conforms with findings by Evanschitzky *et al*, (2016) that explains affective commitment ascharacterized by a desire-based attachment of the insured, which means that the insured will be loyal because he or she wants to be loyal. (Dowling and Uncles, 2011) confirms this stating that the insured, out of habit or inertia, will not only continue the long-term relationship, but will also develop an emotional attachment. Empirical data from Gustafsson *et al*. (2015) suggest that calculative commitment has a consistent reduction in churn rates

Customer Retention

The researcher was of the view it is important to investigate on customer retention in the insurance company. The customer retention is key to survival of insurance companies and it is prudent that insurance providers looks for away to understand, attract, retain and if possible build long term relationship with profitable customers.

The finding above indicates that customer retention is very cruscial for the survival of insurance company. Respondets agreed to the statement above given the scale of 1-5 where (5=strongly agree and 1=strongly disagree).Respondnets agreed that ,the Insurer vision and strategy fits the insured's needs (mean score = 4.09), the

Table 4.5a. Role of customer commitment
Descriptive Statistics.

	N	Mean	Std. Deviation	Variance	Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
The products and services force binds	116	4.03	.839	.704	1.198	.446
Possibility of renewal is guaranteed	116	4.24	.891	.793	1.114	.446
Discounts made on renewals are guaranteed and adequate	116	3.68	.641	.410	.393	.446
The products are customized to my requirement	116	4.18	.641	.410	1.170	.446
The products and services are better than competitors	115	3.94	.764	.584	-.127	.447
Valid N (listwise)	115					

Table 4.5b. Role of Customer retention
Descriptive Statistics.

	N	Mean	Std. Deviation	Variance	Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
The Insurer vision and strategy fits the insured's needs	116	4.09	.850	.723	.124	.446
The products and services offered are adoptable	116	4.01	.808	.652	.377	.446
The management gives the insureds end-user value on product features	116	4.02	.722	.521	.614	.446
There is adequate product communication such as updates	116	3.93	.694	.482	.733	.446
The insurer provides continuous support system	116	3.99	.763	.583	3.527	.446
Valid N (listwise)	116					

products and services offered are adoptable (mean score = 4.01), the management gives the insureds end-user value on product features (mean score = 4.02), there is adequate product communication such as updates (mean score = 3.93), and the insurer provides continuous support system (mean score = 3.99)

Customer satisfaction plays a key role in influencing the risks on returns of an insurance company's stocks as explained by Sarlak and Fard, 2009; Jiang *et al.*, (2009). The fidngis of the study are in line with Ashley *et al.*, (2011) that expolains the relevancy of customer loyalty,trust and comitments as a result of customer retention.Further to this Ashley *et al.*, (2011) states that good customer care and services creats a good relationship between the company abnd the customer thus leading to customer retention.

Coefficient of Determination (R2)

Table 4.6. Coefficient of Determination (R2)Model Summary.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.595[a]	.354	.331	.38221

a. Predictors: (Constant), Customer_comitment, Customer_expectation, Customer_trust, Customer_loyalty

Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable that is explained by all independent variables. Table 4.6 shows that the coefficient of determination R Square is 0.354. From the findings therefore this means that 35.4% of custyomer retatnion in the insurance industry in Kenya is attributed and determined by combination of the four independent factors investigated in this study which include customer expectation, customer loyalty, customer trust and customer commitment as independent variables. The remaining percentage is represented by factors not researched in this study.

ANOVA

Table 4.7. ANOVA.
ANOVA[a]

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	8.899	4	2.225	15.229	.000[b]
Residual	16.216	111	.146		
Total	25.114	115			

a. Dependent Variable: Customer_retention
b.Predictors: (Constant),Customer comitment,Customer expectation, Customer trust, Customer loyalty

The study used Analysis of Variance also commonly referred to as (ANOVA) to establish the significance of the regression model from which f-significance at the value of (P) is less than 0.05.The study model was statistically significant in predicting the role of Customer Satisfaction on Customer Retention in the Kenyan insurance industry. This was true as indicated in table 4.7 where the Df is (4, 111) at significant level of 0.00 thus less than the (P) value of 0.05. This therefore means that the regression model had a confidence level of above 95% hence high reliability of the results obtained. The null hypothesis therefore is rejected and an alternative one adopted.The result in table 4.7 aslo indicates that the study findings were statisticaly deduced.

Multiple Regressions

The researcher conducted a multiple regression analysis as shown in Table 4.8 to determine the relationship between customer satisfaction and customer retention in the Kenyan insurance industry with special interest in customer expectation, customer loyalty, customer trust and customer commitment as independent variables

The regression equation was:

$$Y = 1.010 + 0.264X_1 + 0.023X_2 + -0.316X_3 + 0.118X_4 + \varepsilon$$

Where
α: is a constant term,
βn: coefficients to be determined
e: the error term.
Y: the dependent variable (Customer retantion)
X1: customer expectation
X2: customer loyalty
X3: customer trust
X4: customer commitment

According to the regression equation established in Table 4.8, taking all factors constant at zero, customer retantion will be 1.010. The data findings analyzed also shows that taking all other independent variables at zero; a unit increase in customer expectation will lead to a 0.264 increase in retention of customers in Kenyan insurance industry; a unit increase in customer loyalty will lead to a 0.023 increase in retention of customers in Kenyan insurance industry; a unit increase in customer trust will lead to a 0.316 increase in retention of customers in Kenyan insurance industry; a unit increase in customer commitment will lead to a 0.118 increase in retention of customers in Kenyan insurance industry. This therefore implies that four variables have a positive and significant relationship with retention of customers in Kenyan insurance industry.

Table 4.8 Multiple Regression Analysis.

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.010	.453		2.229	.028
	Customer expectation	.264	.130	.203	2.022	.046
	Customer loyalty	.023	.140	.018	.164	.870
	Customer trust	.316	.083	.375	3.815	.000
	Customer comitment	.158	.116	.152	1.367	.174

a. Dependent Variable: Customer_retention

Table 4.9. Correlation Correlations.

		Customer expectation	Customer loyalty	Customer trust	Customer comitment	Customer retention
Customer_expectation	Pearson Correlation	1	.638[**]	.294[**]	.362[**]	.380[**]
	Sig. (2-tailed)		.000	.001	.000	.000
	N	116	116	116	116	116
Customer_loyalty	Pearson Correlation	.638[**]	1	.311[**]	.553[**]	.348[**]
	Sig. (2-tailed)	.000		.001	.000	.000
	N	116	116	116	116	116
Customer_trust	Pearson Correlation	.294[**]	.311[**]	1	.618[**]	.534[**]
	Sig. (2-tailed)	.001	.001		.000	.000
	N	116	116	116	116	116
Customer_comitment	Pearson Correlation	.362[**]	.553[**]	.618[**]	1	.467[**]
	Sig. (2-tailed)	.000	.000	.000		.000
	N	116	116	116	116	116
Customer_retention	Pearson Correlation	.380[**]	.348[**]	.534[**]	.467[**]	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	116	116	116	116	116

**. Correlation is significant at the 0.01 level (2-tailed).

The reseracher used Pearson correlation to identify the relationship retention of customers and the four independent variavles in the study. Table 4.9 indicates that there was a strong positive correlation between customer expectation and customer retention with (r=0.380, and P value of 0.00). The value suggests that customer expectation greatly and positively influences the retention of customers in the insurance industry in Kenya. The study also found out that there was s a strong and positive correlation between customer loyalty and customer retation in the insurance industry with (r=0.348, and a P value of 0.000) portraying a strong siginificant relationship between customer loyalty and customer retention in the insurance industry. The sudy further found out that there was a strong and positive correlation between customertrust and customer retention in the insurance industry in Kenya with (r=0.534, and a P value of 0.000)a sign that customer trust greatly influences custpomer retention in the insurance industry ion Kenya.Lastly the study found out that there was a positive correlation between customer commitment and customer retention in the insurance industry in Kenya with a (r=0.467 and a P value of 0.000).This also indicated that customer commitment greatly influences customer retention in the insurance industry in Kenya.

Conclusions

In conclusion, the study has established that customer expectation affects the retention of customer in insurance firms in Kenya. And that allowing participation of customers and a positive word of communication from other people do influences customer's expectations hence retention. The insured's attitudes shapes customer loyalty and have a reason to naintain a relationship with an insurer thus customer retention.

It can also be concluded that trust plays a key role in customer retention and this comes as a result, accumulated knowledge by insured about the isurer that makes him gain confidence in insurance provider. It was observed that trust can be established after along and requent nteractions by the two paties (Johnson and Grayson, 2015). Customer commitment is born out of attitudes and desire by a insurer that wishes to be covered by the insurer of their choice as agreed by (Dowling and Uncles, 2011),. Finally, a strong positive correlation to all these factor customer retention points to fact they all in customer satisfaction on customer retention in insurance firms in Kenya..

Recommendations

1) The insurance firms in Kenya to increase their intraction frequently with customers so as be able to identify their insurance needs and tylor the products or services that meets and rises expectation of customers.

2) Reimbursement or payment of compensation in time causes customers to develop trust, building on this the customers will be tempeted tomake long term commitments hence assurance of business.

Areas for further studies.

The study aimed at identifying the role of customer satisfaction on customer retention in insurance industry in Kenya.This was achieved through looking and customer expectation,customer loyality,customer trust and customer commitment.These factors are not exhaustive and hence further research needs to be done to identify other indicators that can identify the role of customer satisfaction on customer retention in insurance industry in Kenya.However other determinants of customer retention need to be identified more specisficaly in government agencies.

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