



Health insurance policy renewal: an exploration of reputation, performance, and affect to understand customer inertia

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Abstract

The aim of the study is to understand the role of insurance company reputation, performance, and positive/negative affect on health insurance policy customer retention and the moderating influence of customer inertia. A structured questionnaire was used for data collection. Covariance-based structural equation modeling was employed to assess the hypothesized relationships between the variables. The findings revealed that reputation, performance, and affect influenced customer retention in insurance sector. Positive affect had greater impact on customer retention in comparison to other constructs. Further, customer inertia was an important moderating influence on the negative affect for health insurance policy customer retention. To the best of our knowledge, the present study is the first of its kind that attempts to investigate customer inertia in the health insurance sector in an emerging market context, i.e., India. Customer inertia has not been much studied in light of company reputation, performance, and positive and negative affect in the health insurance milieu. The research findings may help health insurance companies understand the importance of reputation, performance, customer retention, and inertia while marketing insurance services.

Keywords Health insurance · Customer inertia · Reputation · Service · Performance · India

Introduction

The high-quality service delivery is the key to success in service sector. Notwithstanding the ubiquitous accessibility of a number of retail insurance avenues (i.e., life and non-life policies), customers are not fully aware of the varied options available (Barwitz 2020; Hu and Tracogna 2020).

The fierce competition and continuously evolving customer expectations has compelled service companies to take steps to offer services that are focused toward enhancing service experiences, e.g., health insurance (Abu-Salim et al. 2017; Yun and Hanson 2020). Harrison (2000) recognized that the globalization of financial services has increased pressure on firms to add value to their service offerings, i.e., service quality, customer satisfaction, productivity, and costs rationalization in ever changing regulatory and technological landscape (Heckl et al. 2010; Marshall 1985).

According to PwC's (2020) Health Insurance Consumer Pulse Survey, health insurance policy holders held favorable views toward their health insurance. However, the intense competition in the health insurance segment is of great concern for any insurance player as it leads to customer's switching service providers (Christiansen et al. 2016; Dominique-Ferreira 2017). The retention of existing customers is crucial for any health insurance policy renewal especially in Indian market (Meesala and Paul 2018; Panda et al. 2016). Research claims that competitive services industries are less differentiated and have more intermediated levels of client satisfaction (Abu-Salim et al. 2017; Fornell and Johnson 1993). The lack of product/service differentiation

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