

# **DETERMINANTS OF CUSTOMER LOYALTY IN THE GHANAIAN MOTOR INSURANCE INDUSTRY.**

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## **Abstract**

Customer loyalty has become a key topic to business discussions in recent times and businesses are using various competitive strategies to attract and retain customers. The similarities in product offering in a regulated industry like motor insurance challenged the researcher of this dissertation to find out the specific factors that causes a customer to stick with or leave an insurance company. This study focuses on finding the determinants of customer loyalty within the Ghanaian insurance industry. It specifically focused on the motor insurance industry by gathering quantitative data on both comprehensive and third party clients as well as using the case study of a selected motor insurance company in the Ghanaian setting where some e-suite executives were interviewed. The study adopted a quantitative approach with a sample of 300 motor insurance customers to find the precursors of customer loyalty in the Ghanaian motor insurance industry. The study used multiple regression to assess the relationships between dependent and independent as well as moderating variables. From the results, it was revealed that payment of claims, cost of insurance, and responsiveness had a positive impact on customer loyalty. However, perceived value did not have an impact on customer loyalty. For the moderating variables, only the moderating effect between trust and cost of insurance was significant. The research recommends that stakeholders and practitioners of insurance invest more into the training of leaders in relation to these significant factors. This training could be on customer service, service marketing, relationship management, customer management and communication effectiveness. Secondly, the study suggests the training of personnel of insurance companies could center on areas such as claims settlement, proper customer management framework, integrated communication and effective marketing tools. The study concludes by recommending that service providers educate customers on the claim payment process, claim settlement ratio, motivation for insurance purchase and the proper process for purchasing insurance.

**Keywords:** Customer loyalty; Trust; Insurance Industry; Ghana.