Influence of Products, Premium Pricing, and Service processes On Customer Satisfaction of Pt Asuransi Jiwa Taspen 2014-2018 Period

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ABSTRACT

This study discusses the extent of the influence of 3 variables, namely: Products, Determination of Premium Prices and Service Processes on Customer Satisfaction PT Taspen Life Insurance Period 2014 - 2018. Of these 3 variables the researcher made a research framework, namely: (a) To what extent products affect customer satisfaction, (b) Determination of Premium Prices affect Customer Satisfaction, (c) Service Process affects Customer Satisfaction, and (d) The extent to which Products, Determination of Premium Prices and Service Processes together influence Customer Satisfaction. Questionnaire method is the choice of researchers in collecting data that will be processed using quantitative methods, multiple linear regression, while testing the hypothesis used hypothesis test t, test the hypothesis f with a significant level of 5%. Classical assumption tests used in this study include linearity test, normality test, homogeneity test, autocorrelation test, multicollinearity test and reliability test.

Keywords: Insurance, Products, Prices, Premiums, Service Processes, Customer Satisfaction
JEL Classifications: M31, I13, G22

1. INTRODUCTION

Service companies have different characteristics from non-service companies (Haverila and Fehr, 2016). Insurance is a financial institution engaged in services and is a Non-Bank Financial Institution. The definition of non-bank financial institutions are all agencies that carry out activities in the financial sector, which directly or indirectly raise funds mainly by issuing valuable paper and channelling it in the community, especially to finance company investment. An Insurance Company is an insurance company as described in the paragraph 246 of the Commercial Law, as follows: "Insurance or coverage is an agreement between two parties, namely the insurer will compensate the insured if a particular event occurs, otherwise the insured party will pay an amount called the premium to the insurer."

Along with the widespread use of insurance, business use is also increasing, which is one of them to create a sense of security and comfort. The need for insurance services is now increasingly felt, both by individuals and businesses in Indonesia. Insurance is a financial means in the management of household life, both in dealing with fundamental risks such as the risk of death, or in dealing with the risks of possessions. Likewise, the business world in carrying out its activities faces various risks that might interfere with the sustainability of its business (Ukil, 2016).

Indonesian public interest in insurance awareness began to increase, this can be seen through the statement stated by Ukil (2016), the life insurance industry recorded positive growth compared to Q1. 2016 ago. The Indonesian Life Insurance Association (AAJI) informed that the revenue growth reached 16.4% or IDR 56.96 trillion. Furthermore, the total premium income was IDR 43.17 trillion, up 25.5%. In Q1 2016, premium income was at 34.40 trillion, total claims and benefits increased. The figure in Q1 2017 was IDR 24.05 trillion. This figure rose

11.6% from the position in Q1 2016 with a figure of IDR 21.55 trillion. In the total insured post, there was an increase in growth of 7.0% to 59.21 million people. In 2016, the total number of insured reached 55.34 million people (May et al., 2004).

The demand for insurance coverage continues to grow following the level of complexity of the risks that arise and threaten the private world and the business world. Meanwhile for the insurance industry the risk of uncertainty is something that is measurable and generally has statistics that support the risk taking over.

The purpose of making insurance laws is the most fundamental is the existence of agreement and business law that creates order in the insurance business based on the balance of interests for the parties who bind themselves and guarantees the ability of the insurer to provide insurance benefits when due. Consumer satisfaction is a very important factor in a business or business engaged in services, especially insurance. If product performance is far lower than consumer expectations, then consumers are not satisfied. And vice versa, if the performance is appropriate or far higher than expectations, consumers will feel satisfied. Consumer expectations are generally consumer forecasts or beliefs about what they will receive or consume a product (goods and services).

In order to create customer satisfaction for Taspen Life customers, the products offered must be of high quality. The term quality itself contains various interpretations. Simply put, quality can be interpreted as a defect-free product. However, this manufacturing-based definition is less relevant for the service sector. Therefore, understanding of quality is then extended to "fitness for use" and conformance to requirements. "Quality reflects all dimensions of the supply of products that produce benefits for customers." The term value is often used to refer to the relative quality of a product associated with the price of the product in question.

Taspen Life always makes a product based on the rules set by OJK as the Regulator of Financial Services Companies in Indonesia and in accordance with the demand of prospective participants with the Taylor Made method. In its journey, PT Asuransi Jiwa Taspen has 9 superior products consisting of: Collected Life Insurance Products: Taspen Endowment Group, Taspen Group Whole Life, Term Life Taspen Group, Taspen Group Personal Accident, Taspen Save, Taspen Annuity Group, and Taspen Credit Life (Dady et al., 2017).

Taspen Life in December 2015 recorded a company asset of IDR 2.7 trillion, an increase of 528% over the previous year. In terms of profit, Taspen Life recorded a profit growth of 244% or valued at IDR 42.7 billion compared to 2014 valued at IDR 12.4 billion. Based on the audit results as of December 31, 2015, Taspen Life was recorded to have a Risk Base Capital or capital adequacy level of 194% or had fulfilled the provisions of the Financial Services Authority (OJK) regarding the solvency level of at least 120%. In terms of assets, Taspen Life has also been ranked as a middle-class insurance company, from 54 life insurance companies in Indonesia currently Taspen Life is ranked 21st (Afrizal et al., 2014).

This research was conducted to determine the effect of product quality mix, premium pricing, and service process in measuring customer satisfaction for a life insurance company at PT Asuransi Jiwa Taspen for the period 2014-2018.

2. LITERATURE REVIEW

2.1 Customer Satisfaction
The definition of customer satisfaction formulated by La and Choi (2012) is: Satisfaction is the customer's response to the fulfilment of their needs. This means an assessment that a form of privilege of an item or service or goods/service itself, provides a level of comfort associated with fulfilling a need, including meeting the needs under expectations or fulfilling the needs of customers.

According to Homburg et al. (2014) there are several reasons that are the foundation of the company in maintaining relationships with customers, including:
a. If customers like, they will remain loyal to our products or services.
b. If customers are disappointed, sooner or later they will leave our product or service.
c. Customers always make their own choices.
d. Customers always know what they want.
e. If the company can help customers make their choices and know the things they want, in a meaningful and memorable way, then they will like the company.
f. If the company fails to help them, then they will like our company and will not continue the relationship because they know there are other companies that are ready to help them.

2.2. Product
In developing a program to reach the desired market a company must start with products or services designed to satisfy consumer desires. Therefore the company must try to take the hearts of consumers to expedite the course of production. Consumers usually want their products to satisfy consumers' hearts and have quality products (Wagner, 2013).

The most important thing in the product is that consumers not only buy the physical product but also buy the benefits and value of the product called 'the offer' or offers, especially on products that are not known to cause ownership changes from product storage to consumers (Bodur et al., 2014).

2.3. Determination of Premium Price
According (Renneboog and Spaenjers, 2013) prices can be defined narrowly as the amount of money billed for a product or service. Or it can be broadly defined as the amount of value exchanged by consumers for the profit of owning and using a product or service that allows a company to obtain a reasonable profit by being paid for the value of the customer it creates.

Product pricing is an important matter in selling insurance products. Of course, one of the important factors in selling a product is the suitability between the benefits obtained by the buyer and the amount of premium they pay. Therefore the pricing in the sale of insurance products must be observed carefully. Insurance companies in setting prices are guided by several basic premium characteristics, namely (Munnukka, 2008).

2.3.1. Adequate
The premium rate must be sufficient to cover the risks that may occur, all acquisition costs, administrative costs, taxes, profits and so forth. In addition, premiums must also be able to provide margins for unexpected things (adverse occurrence). If the premium is insufficient to cover all of these things, then it is likely that the insurer or life insurance company will face insolvency, and the difficulty of fulfilling the obligation to pay the claim.

2.3.2. Reasonable (fairness)
Premium rate must not be excessive in relation to the promised benefits/sale. For example, premium rates are extraordinarily cheap while the benefits offered are very broad, or *vice versa*. The premium is extraordinarily expensive but the benefits offered are so limited. Of course the insurer must pay attention to the fairness between these two things, because if not, it will backfire for the insurer in terms of marketing the product.

2.3.3. Equitable
Logically, premiums must be fair between different insured classes. That is, for the insured class that has the same level of risk, the premium must also be the same. And if the insured class is indeed different, then the premium charged must be proportional to the level of risk at each level of the risk class proportionally.

2.4. Service Process
Hilton et al. (2012) states that the process is all actual producers, mechanisms, and flow of activities used to deliver services. In addition decisions in operations management are very important for successful marketing services.

Every product and service marketing activity cannot be separated from the service process. A series of product and service activities require a process. Brakus et al. (2014) states that marketing products and services is a series of processes to serve customers. Brakus et al. (2014) stated that marketing of products and services is the result of this view of placing processes as important in the marketing of products and services.

3. METHODOLOGY

This study uses quantitative research methods using numerical data and emphasizes the research process on objective outcome measurements using statistical analysis. The focus of the quantitative method is to collect data sets and make generalizations to explain specific phenomena experienced by the population. The purpose of quantitative research is to determine the relationship between variables in a population. The population is 546, 840 customer, and the number of samples taken was 156 respondents.

Quantitative research designs have two types, namely descriptive and experimental. Descriptive quantitative studies take measurements only once. This means that the relationship between the variables investigated only lasts once. While the experimental study measured the variables between before and after to see the phenomenal causal relationships studied.

4. RESULTS AND DISCUSSION

4.1. Research Descriptive Analysis
The results of data processing on the independent variables (products, determination of premium prices and service poses) and the dependent variable in this study are Customer Satisfaction resulting in cumulative perceptions as follows:

4.1.1. Respondent research on product variables
Based on the results of data processing shows that the respondent's perception of the product variable (X1) seen from 3 dimensions shows that the dimension of perceived quality is the dominant dimension that is equal to 624.3 means that the benefits of the product perceived by the participants are in accordance with their expectations. Assessment of Respondents on Variable Determination of Premium Prices.

Based on the results of data processing shows that the respondent's perception of the variable premium pricing (X2) seen from 4 dimensions shows that the dimension of price adequacy is the dominant dimension of 608.3 means the premium rate set by Taspen Life is in accordance with the benefits received by participants at the end of insurance.

4.1.2. Assessment of respondents on service process variables
Based on the results of data processing shows that respondents' perceptions of Service Process variables (X3) viewed from 5 dimensions shows that the dimensions of reliability are the dominant dimensions of 628.5, meaning that Taspen Life has human resources capable of providing good service for participants.

4.1.3. Assessment of respondents on variable customer satisfaction
Based on the results of data processing shows that the respondent's perception of the variable Customer Satisfaction (Y) seen from 3 dimensions shows that the Brand Image dimension is the dominant dimension of 625.5 meaning that the big name of the parent company PT TASPEN (PERSERO) is one of the effective marketing strategies in order to market Taspen Life products.

4.2. Multiple Regression Analysis
The results of multiple regression tests can be made as follows:

$$Y = 1.870 + 0.248\ X1 + 0.261\ X2 + 0{,}099\ X3 + e$$

The results of the regression equation can be interpreted as follows: a (constant) = 1.870 indicates that if the Product, Determination of Premium Price, and Service Process do not exist or have a value of 0, then Customer Satisfaction will have a value of 1.870.

X1 = 0.248 indicates that if there is an increase in the product variable by one unit then customer satisfaction will increase by 0.248.

X2 = 0.261 indicates that if there is an increase in the Premium Price Determination variable of one unit then Customer Satisfaction will increase by 0.261.

X3 = 0.099 indicates that if there is an increase in Service Process variables by one unit then Customer Satisfaction will increase by 0.099.

4.2.1. Hypothesis testing
4.2.1.1. Partial hypothesis (T test)
T test is done to find out or test the significance of how the influence of a variable X (product, premium pricing and service process) is partial to Y (customer satisfaction). It can be explained that the Product variable produces a value of t count of 4.529 and a significant value of 0.000. The significant value obtained is smaller than apha 5% (0.000 <0.05) so Ho1 is rejected and Ha1 is accepted. Thus it can be concluded that the Products proved to have a significant effect on Customer Satisfaction (Haverila and Fehr, 2016; Jiang and Rosenbloom, 2005; Suryati and Krisna, 2015).

The Premium Price Determination variable produces a t count value of 4.526 and a significant value of 0.000. The significant value obtained is smaller than apha 5% (0.000 <0.05) so Ho2 is rejected and Ha2 is accepted. Thus it can be concluded that Premium Price Determination is proven to have a significant effect on Customer Satisfaction (Campo and Yagüe, 2007; Hanif, 2010; Munnukka, 2008).

In the Service Process variable produces a t value of 3.077 and a significant value of 0.002. Significant value obtained is smaller than apha 5% (0.002 <0.05) so Ho3 is rejected and Ha3 is accepted. Thus it can be concluded that the Service Process is proven to have a significant effect on Customer Satisfaction (Sussman, 2012; Thrun, 2014; Vega-Vazquez et al., 2013).

4.2.1.2. Simultaneous hypothesis (test F)
F test is conducted to find out whether all independent variables simultaneously (together) affect the dependent variable. Simultaneous test results can be explained that the F test produces a statistical F value of 138,530 with a significant 0.000. Significant value obtained is smaller than alpha 5% (0.000 <0.05) so Ho4 is rejected and Ha4 is accepted. These results indicate that simultaneously proven that the Product, Pricing and Service Process together affect Customer Satisfaction (Park et al., 2012).

4.2.2. Determination coefficient
The results of the determination coefficient obtain R^2 value of 0.732 (73.2%). This result informs that all independent variables (Product, Premium Pricing, and Service Process) provide the results of all information needed to predict Customer Satisfaction. In other words, Products, Premium Pricing, and Service Processes have a simultaneous influence of 73.2% on Customer Satisfaction, and the remaining 26.8% is influenced by other variables outside this research.

5. CONCLUSION

For further research that other factors outside variables (independent products, premium pricing, and service processes), there are other factors that influence customer satisfaction in terms of promotion, distribution, places and so forth to further improve this research to be better. To further enhance Taspen Life Customer Satisfaction, it is necessary to consider several elements of the Product. Like Product Variations, where some respondents want a Collection of Life Insurance Products to be packaged in Individual Life Insurance Products whose membership is not tied

to the company where the participant works. To further enhance Taspen Life Customer Satisfaction, it is necessary to consider several elements of Premium Price Determination. Like Price Equality one of them, where participants compare in terms of the relatively high premium rates of Taspen Life with other competitor companies and the benefits received by participants. To further enhance Taspen Life Customer Satisfaction, it is necessary to consider several elements of the Service Process. Such a guarantee is one of them, where participants complain about the process of the claim submitted sometimes the required documents incriminate participants. In terms of participants' perceptions of the overall quality or excellence of products and services in relation to participants' expectations. Taspen Life has provided maximum service to participants considering Taspen Life's age is 4 years.

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