

## Investigating the Key Determinants to Drive Motor Insurance Customer Acquisition in Sri Lanka

Weerakkody M.<sup>1</sup>, Nissanka K.<sup>2</sup>

Department of Commerce, University of Sri Jayewardenepura<sup>1\*</sup>

Finance and Administration, Colombo Stock Exchange, Sri Lanka<sup>2</sup>

*minushaw@sjp.ac.lk, kusal76@gmail.com*

### ABSTRACT

There is a significant need for a comprehensive insurance policy for all vehicle owners, especially considering the growing emphasis on health and safety, and public protection. The substantial preference for 3rd party insurance over comprehensive policy covers has created a hurdle for insurance companies, both in terms of acquiring new customers and retaining existing ones. This prevailing trend has presented a significant challenge to the growth potential of general insurance firms in the market. The main purpose of this study is to investigate how factors such as product, price, promotion, and distribution network influence the customer purchase intention towards motor insurance. This was a cross-sectional study using a deductive research approach. Data were gathered from 412 policyholders in Sri Lanka using a self-administered structured questionnaire. Multiple regression analysis was used to determine the factors influencing customer purchase intention towards motor insurance. Based on the analysis, the insurance service [product], insurance premium [price], promotion and distribution network have a significant relationship with the customer purchase intention towards motor insurance policies in Sri Lanka. Among the factors tested, distribution network and insurance service have the most significant impact on customer purchase intention concerning the motor insurance segment. The findings of this study will pave the way for a paradigm shift where insurance firms could understand and develop relevant strategies to improve services provided to existing and potential motor insurance customers. By analyzing what truly matters to Sri Lankan drivers, both insurance service providers, as well as regulatory authorities, can ally and develop a holistic insurance policy that comprehensively covers all aspects of vehicle ownership, filling the void in the current market. According to the findings, it can be advised that insurance corporations should focus more on providing a product with more unique features and invest in creating a solid network of branches across the country that are fortified with skilled and service-oriented personnel who could persuade the customers to buy comprehensive insurance covers. Future researchers can focus on income and educational level as moderators both of which have an impact on consumer behavior. Also, there is a possibility of widening their scope by considering other types of insurance products and expanding the geographical area as well.

**Keywords: Consumer Behavior; Insurance Premium; Insurance Service; Marketing Mix; Motor Insurance; Promotion; Sri Lanka**