

Critical Factors Affecting Customers' Purchase Intention of Insurance Policies in Indonesia

Adinoto NURSIANA¹, Fongnawati BUDHIJONO², Muhammad FUAD³

Received: November 05, 2020 Revised: December 30, 2020 Accepted: January 08, 2021

Abstract

The purpose of this study was to analyze the influence of product quality factors, product risk, company reputation, and service quality on the purchase intention of insurance policies by customers in Indonesia. The variables in this study are product quality, service quality, company reputation, perceived risk, and purchase intention. This study uses a quantitative approach. Primary data were obtained from 154 respondents. Data processing and model testing use the Structural Equation Modeling procedure with Lisrel 8.80. At the significance level of 0.05, the research found that product quality had a positive and significant effect on purchase intention; product quality had a positive and significant effect on company reputation; product quality had a positive and significant effect on perceived risk perception; company reputation had a positive and significant effect on purchase intention; company reputation has a positive and insignificant effect on service quality; product quality has a positive, but non-significant effect on service quality; service quality has a positive and significant effect on purchase intention; perceived risk has a negative and significant effect on purchase intention; perceived risk has a positive and significant impact on service quality; and perceived risk has a positive and significant effect on company reputation.

Keywords: Company Reputation, Product Quality, Perceived Risk, Service Quality, Purchase Intention

JEL Classification Code: M30, M31, M38, M40

1. Introduction

Everyone in life faces risk. Since risk is almost always inherent in human life, it must be managed properly (Bong et al., 2019). One way to reduce this risk is to buy an insurance policy from an insurance company (Abdel et al., 2015). Currently, insurance companies in Indonesia are growing rapidly, which results in competition for their customers, thus requiring insurance companies to develop defense strategies to avoid losing customers (Gardener et al., 1999).

The customer's decision to buy a product depends on whether the product purchased has a value according to the price or sacrifice consented by the customer (Andaleeb & Conway, 2006; Dipin & Ashish, 2014). The customer will buy an insurance company product that has high value and low risk, in other words, the purchase of insurance products is related to product quality and risk (Tran, 2020, Tham et al., 2019; Yang et al., 2015, Harridge, 2006). However, research from Weedige et al. (2019) and Chen et al. (2017) found that the purchase intention of customers for insurance products is not related to risk; beside that customers pay attention to the reputation of the company that sells the product (Xu et al., 2005; Cabral, 2000).

Insurance companies are service companies, so to increase buying interest, the services provided to customers by insurance companies are very important (Szymanski & Henard, 2001; Abdullah et al., 2009). Customers will buy insurance from a company that can provide good services, in other words, the customer's purchase intention is influenced by the services provided by the company, and companies that have a good reputation will provide good service quality as well. (Tran & Le, 2020; Klongthong et al., 2020; Siddiqui and Sharma, 2010). In addition to the good

¹First Author and Corresponding Author. Faculty Member, Sekolah Tinggi Ilmu Ekonomi Wiyatamandala, Jakarta, Indonesia [Postal Address: Jalan Mangga Dua Raya No. 8 Blok 20-22 Kelurahan Pinangsia, Kecamatan Taman Sari, Jakarta, 11110, Indonesia] Email: adinoto_n@yahoo.com

²Faculty Member, Universitas Prasetya Mulya, Indonesia. Email: fongnawati.budhijono@lecturer.pmsbe.ac.id

³Faculty Member, Institut Bisnis dan Informatika Kwik Kian Gie, Indonesia. Email: fuad@kwikkiangie.ac.id

quality of service from insurance companies, customers will also choose products that are of good quality (Ulaga, 2003; Umamaheswari, 2019). The customer's decision to buy a product depends on whether the product purchased has a value according to the price or sacrifice consented by the customer (Andaleeb & Conway, 2006), besides that, the customer pays attention to the reputation of the company that sold the product (Xu et al., 2005; Cabral, 2000). Products that are assessed by customers result in companies that can provide good service, and good service quality will gain an increased company reputation (Gatti et al., 2012; Giovanis, 2017).

The purpose of this study was to analyze the influence of product quality factors, product risk, company reputation, and service quality on the purchase intention of insurance policies by customers.

2. Literature Review

2.1. Product Quality

Product quality is defined as the customer's assessment of the products they buy (Atinga et al., 2011; Agyapong et al., 2018). If the quality of the product is higher than the expectation, the customer will feel the product is of high quality and vice versa (Bicen, 2015; Zeithaml, 1988; Zeithaml et al., 1996). Products are divided into tangible products and intangible products. In life insurance companies, the products provided are intangible products in the form of protection and investment (Vijaya, 2016). Customers will calculate how many benefits are obtained from the products and services and the sacrifice of not purchasing competitors' products (Sirdeshmukh et al., 2002). If the benefits of the product obtained do not match his expectations, then he will no longer use the products and services of the company and will move to competing companies that can provide higher value (Ulaga, 2003; Zeithaml, 1988; Lai et al., 2009; Ganesan, 1994). The quality of the product provided to customers will affect customer satisfaction (Steenkamp, 1990; Lai et al., 2009).

2.2. Perceived Risk

The risk felt by customers is a phenomenon of uncertainty faced by customers in the purchasing process because they made the wrong decision (Bong et al., 2019). Risk can also be defined as consumer confidence about the potential negative and uncertain results of transactions made (Bong et al., 2019; Kim et al., 2007). Based on the theory of risk perceived by customers, customers perceived risk because they face uncertainty and undesirable consequences for decisions that do not match their expectations (Masoud, 2013; Pavlou,

2003; Bong et al., 2019). The concept of perceived risk can be classified into various types, namely, security risk and privacy risk (Zikmund & Scott, 1973; Peter & Ryan, 1976; Sandeep, 2016). The level of perceived risk can be reduced by its relationship with the transaction process carried out (Pavlou, 2003; Koufaris & Hampton, 2004; Ostrowska, 2019). There is a positive relationship between perceived risk, perceived security, and perceived privacy on trust (Murkherjee & Nath, 2007; Mirabi et al., 2015; Yoon & Lee, 2014).

2.3. Company Reputation

The company's reputation is related to physical attributes and company behavior, such as the name of the company, the shape of the company's office building, products, services, and the way the company communicates with its customers (Guru & Umamaheswari, 2018; Li, 2013; Nguyen & Leblanc, 2001). The company's reputation is a valuable asset and must be taken care of by the company (Faullant et al., 2008). With a good reputation, the company will find it easier to get loyal customers; in the end the company will benefit because it can save promotional costs and transaction costs in selling its products because customers trust a company that has a good reputation (Famiyeh et al., 2018; Xu et al., 2005). A company's reputation is a customer's perception of the company (Lai & Babin, 2009). Customers will be more confident in brand products from companies that have a good reputation (Faullant et al., 2008). In general, companies with a good reputation will be able to satisfy customers, and result in customers not moving to products of other companies (Wen et al., 2004).

2.4. Service Quality

Service quality is one of the important things for an insurance company to be able to compete with other insurance companies (Bloemer et al., 1999; Bolton & Drew., 1991; Caruana, 2002). With good service quality, customers will not switch to other insurance companies and the insurance company can even increase the number of customers who come from unsatisfied insurance companies with the services provided (Caruana, 2002; Bitner & Hubbert, 1994). Service quality is the difference between customer perceptions of service and what customers expect from the company (Parasuraman et al., 1994; Bitner & Hubbert, 1994; Caruana, 2002). This service quality includes facilities and the relationship between employees and customers (Olorunniwo et al., 2006).

Service quality is a comparison of the perception of the level of service received by customers with customer

expectations (Liu et al., 2000) Providing the best quality service is the most effective way to compete with other companies, and is a weapon that is widely used by leading companies (Elgin & Nedunchezian, 2012). Customers will remain loyal to the company if the value received is better than expected compared to competing companies (Kumar, 2004; Palmatier et al., 2007). While service quality is important to convince customers to choosing an insurance company that can provide better service than the others, many companies realize that by providing consistent quality of service, they will get the customer's intention to buy the product (Kumar, 2004). There is a positive and significant relationship between service quality and customer intention to buy company products (Palmatier et al., 2007). To increase service value, company should concentrate more on aspects of service quality than customer satisfaction (Wu et al., 2011). However, improvements made to aspects of service quality will also increase customer satisfaction because service quality can also be a benchmark for customer satisfaction (Umamaheswari, 2019). Service quality is the main predictor of customer intention to buy company products (Li, 2013).

2.5. Customer's Purchase Intention

Purchase intention is the customer's preference to purchase a product or service (Agyapong et al., 2018). In other words, purchase intention has another aspect, namely, that the customer will buy the product after evaluating the products and services offered by the company (Bolton & Drew, 1991; Gundersen et al., 1996). Purchase intention is the result of an evaluation of the comparison of expectations with perceptions of the product experience (Oliver, 1980). Purchase intention is usually related to consumer behavior, perceptions and attitudes (Oliver, 1993; Oliver, 1999; Sebjan & Tominc, 2015). Purchasing behavior is a key point for consumers to access and evaluate certain products (Umamaheswari, 2019; Hong & Cha, 2013). If the product is in accordance with their expectations, customers will be satisfied with these products and services, which positively affect company profits (Anderson et al., 1994; Luo & Homburg, 2007).

3. Research Model

The purchase intention of customers depends on the quality of the product, the quality of service and the reputation of the company that sells the product (Xu et al., 2005; Cabral, 2000). Customers' purchase intentions are also influenced by the use and risk of the product (Hong & Cha, 2013; Masoud, 2013). Based on the explanation above, the following research model was formulated:

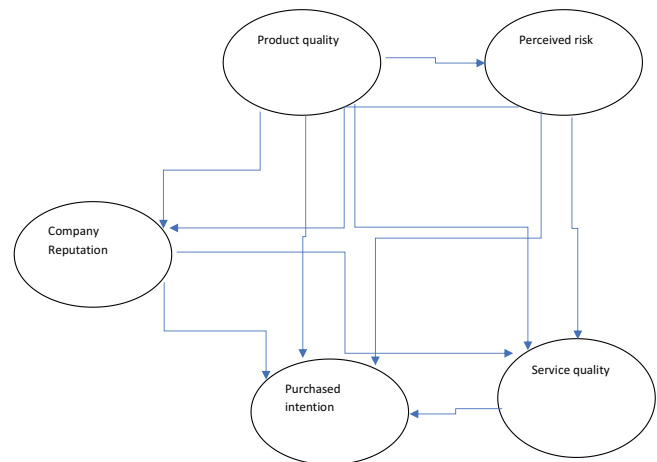


Figure 1: Research Model

4. Hypothesis Formulation

4.1. Hypothesis 1, 2,3

Every insurance company strives to provide quality products according that meet the needs of its customers. The quality of insurance products will influence customers to make purchases (Wang & Hazen, 2016), and creating a company reputation and product quality will also affect the risk perceived by customers (Parasuraman et al., 1994; Abdullah et al., 2009; Andaleeb & Conway, 2006; Sebjan & Tominc, 2015). From the above explanation, the following hypotheses are formulated:

H1: The quality of insurance products has a positive and significant effect on purchase intention.

H2: The quality of the insurance product has a positive and significant effect on the company's reputation

H3: The quality of insurance products has a positive and significant effect on perceived risk.

4.2. Hypotheses 4, 5, 6 and 7

Before making a decision to buy an insurance policy, consumers will seek information about the insurance company and how the company's reputation in serving its customers. The company's reputation represents the communication process created by the company and specific messages about the mission, vision, goals and main values given to customers (Klongthong et al., 2020; Bravo et al., 2009). From this explanation, the following hypotheses can be formulated:

H4: *The company's reputation has a positive and significant effect on purchase intention.*

H5: *The company's reputation has a positive and significant effect on service quality*

Customers want to obtain good service quality before making a transaction, during a transaction or after making a transaction, and this service quality is influenced by the quality of the products offered to customers (Li, 2013; Liu & Huang, 2014; Giovanis & Tsoukatos, 2017). From this explanation, the following hypothesis is formulated:

H6: *Product quality has a positive and significant effect on service quality.*

Customers want to obtain good quality service before making a transaction, during a transaction or after making a transaction. From this explanation, the following hypothesis can be formulated:

H7: *Service quality has a positive and significant effect on purchase intention.*

4.3. Hypotheses 8, 9 and 10

In addition to the premium payment amount, the customer also pays attention to the risk factors of the product that will affect the customer's purchase intention (Zhang & Hou, 2017). The risk felt by customers in making transactions with insurance companies also affects service quality (Cho et al., 2014; Bicen, 2015.) and the reputation of the insurance company (Wu et al., 2011). From the explanation above, the following hypotheses are formulated:

H8: *Perceived risk has a negative and significant effect on purchase intention*

H9: *Perceived risk has a positive and significant effect on service quality*

H10: *Perceived risk has a positive and significant effect on company reputation.*

5. Methodology

The variables in this study consist of: (a) product quality (b) service quality (c) company reputation, (d) perceived risk, and (e) purchase intention. This study uses a 6-point Likert scale, with a scale from "strongly disagree" to "strongly agree" used for all questions.

This study uses a quantitative approach. Data used are primary data obtained from respondents' answers to the

research questionnaire. In this study, there are 25 indicators, so the minimum required respondents are 125 respondents (Hair et al., 2009). As many as 450 questionnaires were sent to customers of life insurance companies in Jakarta; 154 valid questionnaires could be processed for this study, a response rate of 34.22%.

Based on respondents' gender, 85 (55.19%) were men and 69 (44.81%) women; based on the level of education, 39 (25.32%) had a high school degree, 109 (70.78%) had a bachelor's degree, and six (3.90%) had a master degree. Lisrel 8.80 was used for research data processing, and model testing used the Structural Equation Modeling (SEM) procedure.

6. Results and Discussion

6.1. Validity Test and Reliability Test

Validity testing is done by looking at each measuring load on the latent variable. Igbaria et al. (in Wijanto, 2008) stated that the standard loading factor value must be greater than or equal to 0.50 and the t-value of the observed variables in the model is more than or equal to 1.96 (Wijanto, 2008: 174). The results of the confirmation factor analysis appear in Table 1 and 2:

From the results of the analysis, it shows that there are four variables whose validity is unsatisfactory, namely, SQ1, SQ2, PI1 and PI2, then these variables must be excluded. A confirmation factor analysis (CFA) is, then, performed again to ensure the variables have good validity.

After conducting a confirmation factor analysis (CFA) analysis for the second time, it was found that all the measuring variables had good validity, and then the overall model fit was tested by checking the indicators as shown in Table 3.

From the results of the confirmation factor analysis, it is concluded that the model is good and fit. The Construct Reliability value is 0.963, which is greater than 0.70, and the Variance Extracted value is 0.559, which is greater than 0.50, so it can be concluded that the reliability of the measurement model (construct) is good.

6.2. Hypothesis Testing

Measurement of the goodness of fit statistical model is shown in Table 4:

From Table 5 it can be concluded that the model for research is a good fit. From the results of the structural model (standardized solutions and t-values), the hypothesis testing results are shown in Table 7:

Table 1: Standardized Solution and T-Value

Variable			T-Value		Description
	Result	Standard	Result	Standard	
PQ1	0.59	0.50	7.39	1.96	Good Validity
PQ2	0.89	0.50	12.00	1.96	Good Validity
PQ3	0.67	0.50	8.63	1.96	Good Validity
PR1	0.70	0.50	9.40	1.96	Good Validity
PR2	0.76	0.50	10.57	1.96	Good Validity
PR3	0.80	0.50	11.28	1.96	Good Validity
PR4	0.74	0.50	10.15	1.96	Good Validity
PR5	0.76	0.50	10.61	1.96	Good Validity
SQ1	0.34	0.50	4.04	1.96	Not Good Validity
SQ2	0.41	0.50	4.93	1.96	Not Good Validity
SQ3	0.83	0.50	11.99	1.96	Good Validity
SQ4	0.82	0.50	11.65	1.96	Good Validity
SQ5	0.77	0.50	10.70	1.96	Good Validity
SQ6	0.66	0.50	8.64	1.96	Good Validity
PI1	0.35	0.50	4.16	1.96	Not Good Validity
PI2	0.36	0.50	4.23	1.96	Not Good Validity
PI3	0.64	0.50	8.19	1.96	Good Validity
PI4	0.86	0.50	12.22	1.96	Good Validity
PI5	0.74	0.50	9.92	1.96	Good Validity
CI1	0.74	0.50	10.10	1.96	Good Validity
CI2	0.69	0.50	9.30	1.96	Good Validity
CI3	0.51	0.50	6.35	1.96	Good Validity
CI4	0.60	0.50	7.69	1.96	Good Validity
CI5	0.81	0.50	11.52	1.96	Good Validity
CI6	0.63	0.50	8.23	1.96	Good Validity

6.3. Discussion

Hypothesis 1 is accepted; product quality has a positive and significant effect on purchase intention with t-value = 2.30. A better quality of the insurance product will increase the purchase intention of insurance customers. With the improvement in the quality of insurance products there has been an increase in customer ratings of the products they have purchased. This finding is in line with the findings of previous researchers (Atinga et al., 2011; Agyapong et al., 2018). Insurance customers take into account the suitability of the benefits of the insurance product purchased by the customer in the form of insurance premiums at least when compared to those provided by competitors (Sirdeshmukh et al., 2002).

Hypothesis 2 is accepted; product quality has a positive and significant effect on company reputation with t-value = 3.55. Increasing the quality of insurance products from the company will enhance the company's image by customers. Increasing the quality of the company's insurance products has resulted in the company's name and reputation becoming increasingly recognized by the public. In general, companies with a good reputation are believed to be more able to satisfy customers, and result in customers not moving to other company products (Wen et al., 2004)).

Hypothesis 3 is accepted; product quality has a positive and significant effect on perceived risk with t-value = 5.07. The risk perception perceived by insurance customers represents the low level of uncertainty faced by customers in the buying process because they made the wrong decision in

choosing insurance from a particular company. Increased risk perception represents an increase in consumer confidence about the low potential for uncertain negative outcomes from transactions made (Bong et al., 2019; Kim et al., 2007). This can happen considering all insurance products sold by insurance companies in Indonesia must obtain a permit from the Financial Services Authority, so that all products purchased by customers have product quality with low risk because insurance products circulated to the public are subject to strict supervision from the authorities.

Hypothesis 4 is accepted; company reputation has a positive and significant effect on purchase intention with t -value = 5.07. Increased reputation of insurance companies increases customer purchase intention. The increasing number of insurance companies in Indonesia results in customers having an alternative to choosing an insurance company that has a good reputation, because generally a good company reputation represents good product quality according to hypothesis 2. As per findings from previous researchers on good reputation,

companies will find it easier to get loyal customers because customers trust more companies that have a good reputation (Famiyeh et al., 2018; Xu et al., 2005). Insurance customers will be more confident about branding products from companies that have a good reputation (Faullant et al., 2008).

Hypothesis 5 is rejected; company reputation has a positive, but insignificant effect on service quality with t -value = 0.99. This finding does not completely contradict the findings of previous researchers because company reputation has a positive effect on service quality, but has not yet had a significant effect. These findings can be explained rationally based on the support of empirical data. Most of the sales of insurance products in Indonesia are carried out through insurance agents, so that in this case the one dealing with the customer is the agent and not the insurance company directly. As a result, the customer does not feel the quality of service of the insurance company. In general, the impact of the service quality of an insurance company is only felt when a customer makes a claim while realizing their rights.

Table 2: Standardized Solution and T-Value

Variable			T-Value		Description
	Result	Standard	Result	Standard	
PQ1	0.59	0.50	7.41	1.96	Good Validity
PQ2	0.89	0.50	11.96	1.96	Good Validity
PQ3	0.68	0.50	8.66	1.96	Good Validity
PR1	0.70	0.50	9.38	1.96	Good Validity
PR2	0.77	0.50	10.63	1.96	Good Validity
PR3	0.79	0.50	11.27	1.96	Good Validity
PR4	0.74	0.50	10.14	1.96	Good Validity
PR5	0.76	0.50	10.62	1.96	Good Validity
SQ3	0.85	0.50	12.39	1.96	Good Validity
SQ4	0.82	0.50	11.80	1.96	Good Validity
SQ5	0.77	0.50	10.74	1.96	Good Validity
SQ6	0.65	0.50	8.48	1.96	Good Validity
PI3	0.64	0.50	8.32	1.96	Good Validity
PI4	0.89	0.50	12.65	1.96	Good Validity
PI5	0.74	0.50	10.00	1.96	Good Validity
CI1	0.74	0.50	10.13	1.96	Good Validity
CI2	0.69	0.50	9.29	1.96	Good Validity
CI3	0.51	0.50	6.34	1.96	Good Validity
CI4	0.60	0.50	7.71	1.96	Good Validity
CI5	0.81	0.50	11.48	1.96	Good Validity
CI6	0.63	0.50	8.15	1.96	Good Validity

Table 3: Structural Model Fit Test

No.	Indicator	standard	Degree of fit
	<i>Minimum Fit function</i>		
	Chi-square = 309.09 (P=0.00)	P > 0.05	Marginal fit
	NCP = 127.06 (82,60 –179,40)	small values and intervals narrow	Good Fit
2	RMSEA = 0,068 C I for RSMEA(0,055 -0,081)	RSMEA ≤ 0,08	Good Fit
3	ECVI = 2.69 Saturated ECVI = 3.02 Independence ECVI = 22.08	Small value and close to saturated ECVI	Good Fit
4	AIC = 411.06 Saturated AIC = 462.00 Independence AIC = 3378.08	Small value and close to saturated AIC	Good Fit
5	NFI = 0.91 NNFI = 0.95 CFI = 0.96 IFI = 0.96	0,95 ≤ P ≤ 1,00 0,90 ≤ P ≤ 1,00 0,90 ≤ P ≤ 1,00 0,90 ≤ P ≤ 1,00	Good Fit Good Fit Good Fit Good Fit
6	RFI = 0.89 GFI = 0.84 AGFI = 0.79 PGFI = 0.65	0,90 ≤ P ≤ 1,00 0,90 ≤ P ≤ 1,00 0,90 ≤ P ≤ 1,00 P > 0,50	Marginal fit Marginal fit Marginal fit Good fit

Table 4: structural model fit test

No.	Indicator	standard	Degree of Fit
	<i>Minimum Fit function</i>		
	Chi-square = 269.03 (P=0,00)	P > 0,05	Marginal Fit
	NCP = 50.52 (50.57 – 138.44)	small values and intervals narrow	Good Fit
2	RMSEA = 0,058	RMSEA ≤ 0.08	Good Fit
3	ECVI = 2.47 Saturated ECVI = 3.02 Independence ECVI = 22.08	Small value and close to saturated ECVI	Good Fit
4	AIC = 377.52 Saturated AIC = 462.00 Independence AIC = 3462.86	Small value and close to saturated AIC	Good Fit
5	NFI = 0,92 NNFI = 0.96 CFI = 0.97 IFI = 0.97	0,95 ≤ P ≤ 1,00 0,90 ≤ P ≤ 1,00 0,90 ≤ P ≤ 1,00 0,90 ≤ P ≤ 1,00	Good Fit Good Fit Good Fit Good Fit
6	RFI = 0,90 GFI = 0,97 AGFI = 0.81 PGFI = 0,65	0,90 ≤ P ≤ 1,00 0,90 ≤ P ≤ 1,00 0,90 ≤ P ≤ 1,00 P > 0,50	Good Fit Good Fit Marginal Fit Good Fit

Table 5: Hypothesis Testing Results

H.	Path	Standardized Solution	Value - t	Significant	Conclusion
1	Quality of insurance products (proqual) → Purchase intention (purinte)	0.28	2.30	Significant	Data Support Hypothesis 1
2	Quality of insurance products (proqual) → Company's reputation (comimag)	0,33	3.55	Significant	Data Support Hypothesis 2
3	Quality of insurance products (proqual) → Perceived risk (perrisk)	0.50	5.07	Significant	Data Support Hypothesis 3
4	Company's reputation (comimag) → Purchase intention (purinte)	0,82	3.54	Significant	Data Support Hypothesis 4
5	Company's reputation (comimag) → Service quality (serqual)	0.21	0.99	Not Significant	Data Not Support Hypothesis 5
6	Quality of insurance products (proqual) → Service quality (serqual)	0.19	1.45	Not Significant	Data Not Support Hypothesis 6
7	Service quality (serqual) → Purchase intention (purinte)	0.27	2.99	Significant	Data Support Hypothesis 7
8	Perceived risk (perrisk) → Purchase intention (purinte)	-0.72	-3.71	Significant	Data Support Hypothesis 8
9	Perceived risk (perrisk) → Service quality (serqual)	-0.09	-0.52	Not Significant	Data Not Support Hypothesis 9
10	Perceived risk (perrisk) → Company's reputation (comimag)	0.61	5.50	Significant	Data Support Hypothesis 10

Hypothesis 6 is rejected; product quality has a positive, but insignificant effect on service quality with t-value = 1.45. As explained in hypothesis 3, that all insurance products sold by insurance companies must obtain approval from the Financial Services Authority, but sales of products through agents are as explained in hypothesis 5, so that although product quality has a positive effect, the impact is not significant on service quality.

Hypothesis 7 is accepted; service quality has a positive and significant effect on purchase intention with t-value = 2.99. With so many insurance companies developing in Indonesia, which results in competition between insurance companies, customers have the freedom to choose the products that are sold by insurance companies. Thus, assuming no information asymmetry occurs, customers will buy insurance products with the best quality.

Hypothesis 8 is accepted; perceived risk has a negative and significant effect on purchase intention with t-value = -3.71. Customers buy insurance products for the purpose of protecting themselves or for investment, and for the long term. For this reason, customers choose products that have low risk. The findings of this study are in line with the findings of Zuelseptia et al. (2018). Also because in Indonesia, although the financial services authorities have carried out strict supervision and issued various regulations that must be obeyed by insurance companies operating in Indonesia, there are still insurance companies with problems that result in defaults. The phenomenon of default is very detrimental to customers of insurance companies and is a valuable lesson for prospective insurance customers. Thus, if the risk is lower, the customer's purchase intention will increase.

Hypothesis 9 is rejected; perceived risk has a positive and significant effect on service quality with t-value = -0.52. Customers will pay attention to the risks in buying insurance products. The fact that there are insurance companies that fail to pay in Indonesia makes the quality of service as good as it is useless for customers if they cannot enjoy the facilities and investments that are provided by products that customers buy if in the end there is a default from the insurance company.

Hypothesis 10 is accepted; perceived risk has a positive and significant effect on company reputation with t-value = 5.50. In general, a company that has a good reputation will always fulfill its obligations to customers, so that a good company reputation has a lower risk compared to a company with a poor reputation.

7. Conclusion

The research findings found that product quality has a positive and significant effect on purchase intention; product quality has a positive and significant effect on company reputation; product quality has a positive and significant effect on perceptions of perceived risk; company reputation has a positive and significant effect on purchase intention; company reputation has an effect positive and insignificant towards service quality; product quality has a positive but insignificant effect on service quality; service quality has a positive and significant effect on purchase intention; perceived risk has a negative and significant effect on purchase intention; perceived risk has a positive and significant effect on purchase intention; and service quality and perceived risk have a positive and significant effect on company reputation.

References

- Abdel, F. F. A., Rahman, M. S., & Osman, M. (2015). Assessing the Antecedents of Customer Loyalty on Healthcare Insurance Products: Service Quality; Perceived Value Embedded Model. *Journal of Industrial Engineering and Management*, 8(5), 1639–1660.
- Abdullah, D., Nailul, M. A., & Rozario, F. (2009). Influence of Service and Product Quality towards Customer Satisfaction: A Case Study at the Staff Cafeteria in the Hotel Industry. *Journal World Academy of Science, Engineering and Technology*, 53, 185–190.
- Agyapong, A., AfiJoel, D., & Kwateng, K. O. (2018). Examining the effect of perceived service quality of health care delivery in Ghana on behavioural intentions of patients: The mediating role of customer satisfaction. *International Journal of Healthcare Management*, 11(4), 276–288.
- Andaleeb, S. S., & Conway, C. (2006). Customer satisfaction in the restaurant industry: an examination of the transaction-specific model. *Journal of Service Marketing*, 20, 3–11.
- Anderson, J. C., & Narus, J. A. (1990). A model of distributor firm and manufacturer firm working partnerships. *Journal of Marketing*, 54(1), 42–58.
- Atinga, R. A., Abekah, N. G., & Domfeh, K. A. (2011). Managing healthcare quality in Ghana: a necessity of patient satisfaction. *International Journal of Health Care Quality Assurance*, 24(7), 548–563.
- Bicen, P. (2015). Consumer Perceptions of Quality, Risk, and Value: A Conceptual Framework. In: H. E. Spotts (Ed.), *Revolution in Marketing: Market Driving Changes* (pp. 1-1). London, UK: Springer International Publishing.
- Bitner, M. J., & Hubbert, A. R. (1994). Encounter Satisfaction Versus Overall Satisfaction Versus Quality. In: R. T. Rust & R. L. Oliver (Eds.), *Service Quality: New Direction in Theory and Practice* (pp. 72-94), Thousand Oaks, CA: Sage Publications.
- Bolton, R. N., & Drew, J. H. (1991). A Multistage Model of Customer's Assessments of Service Quality and Value. *Journal of Consumer Research*, 17(4), 375–384.
- Bong, S., Sugiarto, Lemy, D. M., Nursiana, A., & Arianti, S. P. (2019). *Risk, Crisis and Disaster Management for a Sustainable Tourism Industry*. Jakarta, Indonesia: PT. Gamedia Pustaka Utama.
- Bravo, R., Montaner, T., & Pina, J. M. (2009). The role of bank image for customers versus non-customers. *International Journal of Bank Marketing*, 27(4), 315–334.
- Cabral, L. (2000). Stretching Firm and Brand Reputation. *The Rand Journal of Economics*, 31(4), 658–74.
- Caruana, A. (2002). Service loyalty: The effects of service quality and the mediating role of customer satisfaction. *European Journal of Marketing*, 36(7/8), 811–828.
- Chen, H. S., Tsai, B. K., & Hsieh, C. M. (2017). Determinants of Consumers' Purchasing Intentions for the Hydrogen-Electric Motorcycle. *Journal Insurance Sustainability*, 9, 1447.
- Cho, M., Bonn, M. A., & Kang, S. (2014). Wine attributes, perceived risk and online wine repurchase intention: The cross-level interaction effects of website quality. *International Journal of Hospitality Management*, 43, 108–120.
- Dipin, M., & Ashish, T. (2014). Factors Influencing Customer's Choice for Insurance companies - A Study of Ajmer City. *IOSR Journal of Business and Management*, 16(2), 35–43.
- Elgin, A., & Nedunchezian, V. R. (2012). An Analytical Study into the Effects of Service Quality on the Perception of Domestic Airline Image with Special Reference to Frequent Fliers at Trivandrum City in India. *European Journal of Social Sciences*, 29(4), 521–527.
- Famiyeh, S., Asante, D., & Kwateng, A. (2018). Service quality, customer satisfaction, and loyalty in the banking sector. *International Journal of Quality & Reliability Management*, 35(8), 1546–1567.
- Faullant, R., Matzler, K., & Füller, J. (2008). The impact of satisfaction and image on loyalty: the case of Alpine ski resorts. *Managing Service Quality*, 18(2), 163–178.

- Ganesan, S. (1994). Determinants of long-term orientation in buyer-seller relationships. *Journal of Marketing*, 58, 1–19.
- Gardener, E., Howcroft, J., & Williams, J. (1999). The new retail banking revolution. *The Service Industries Journal*, 19(2), 83–100.
- Gatti, L., Caruana, A., & Snehota, I. (2012). The role of corporate social responsibility, perceived quality and corporate reputation on purchase intention: Implications for brand management. *Journal of Brand Management*, 20(1), 65–76. <http://dx.doi.org/10.1057/bm.2012.2>
- Giovanis, A. N., & Tsoukatos, E. (2017). An integrated model of the effects of service evaluation, corporate image, and switching barriers on customer loyalty. *Journal of Transnational Management*, 22(1), 4–24.
- Gundersen, M. G., Heide, M., & Olsson, U. H. (1996). Hotel Guest satisfaction among Business Travellers: What Are the Important Factors? *The Cornell Hotel and Restaurant Administration Quarterly*, 37(2), 72–81.
- Guru, P., & Umamaheswari, D. (2018). An Empirical Investigation to analyse the Factors influencing the Consumer Perception regarding Life Insurance policies using Path Analysis. *International Journal Supply Chain Management*, 7(5), 927–932.
- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2009). *Multivariate Data Analysis* (7th ed.). Upper Saddle River, NJ: Pearson Prentice Hall.
- Harridge-March, S. (2006). Can the building of trust overcome consumer perceived risk online? *Marketing Intelligence & Planning*, 24, 746–761.
- Hong, B., & Cha, S. H. (2013). The mediating role of consumer trust in an online merchant in predicting purchase intention. *International Journal of Information Management*, 33, 927–939.
- Iliyasu, Z., Abubakar, I. S., & Abubakar, S. (2010). Patients' satisfaction with services obtained from Aminu Kano Teaching Hospital, Kano, Northern Nigeria. *Niger Journal of Clinical Practice*, 13(4), 371–378.
- Kim, D. J., Ferrin, D. L., & Rao, H. R. (2007). A trust-based consumer decision-making model in electronic commerce: The role of trust, perceived risk, and their antecedents. *Decision Support System*, 44, 544–564.
- Klongthong, W., Thavorn, J., Watcharadamrongkung, S., & Ngamkroekjoti, C. (2020). Determination of Factors in Cultural Dimensions and SERVQUAL Model Affecting the Corporate Image of Pharmacy Retail Stores. *Journal of Asian Finance, Economics and Business*, 7(10), 875–884. <https://doi.org/10.13106/jafeb.2020.vol7.no10.875>
- Koufaris, M., & Hampton, S. W. (2004). The development of initial trust in an online company by new customers. *Information & Management*, 41, 377–397.
- Kumar, V., & Shah, D. (2004). Building and sustaining profitable customer loyalty for the 21st century. *Journal of Retailing*, 80, 317–330.
- Lai, F., Griffin, M., & Babin, B. J. (2009). How quality, value, image, and satisfaction create loyalty at a Chinese telecom. *Journal of Business Research*, 62, 980–986.
- Li, S. C. (2013). Exploring the relationships among service quality, customer loyalty and word-of-mouth for private higher education in Taiwan. *Asia Pacific Management Review*, 8(4), 375–389.
- Liu, C. M., & Huang, C. J. (2014). Relational benefits, customer satisfaction, and customer loyalty in chain store restaurants. *The International Journal of Organizational Innovation*, 7(1), 46–56.
- Liu, B. S., Sudharshan, D., & dan Hamel, L. O. (2000). After service response in service quality assessment: real time updating model approach. *Journal of Service Marketing*, 14(2), 160–177.
- Luo, X., & Homburg, C. (2007). Neglected Outcomes of Customer Satisfaction. *Journal of Marketing*, 71(2), 133–149.
- Masoud, E.Y (2013). The Effect of Perceived Risk on Online Shopping in Jordan. *European Journal of Business and Management*, 5(6), 76–87.
- Mirabi, V., Akbariyeh, H. & Tahmasebifard, H. (2015). A Study of Factors Affecting on Customers Purchase Intention Case Study: the Agencies of Bono Brand Tile in Tehran. *Journal of Multidisciplinary Engineering Science and Technology*, 2(1), 267–273.
- Murkherjee, A., & Nath, P. (2007). Role of electronic trust in online retailing: A re-examination of the commitment-trust theory. *European Journal of Marketing*, 41(9/10), 1173–1202.
- Nguyen, N. D., & Leblanc, G. (2001). Corporate image and corporate reputation in customers' retention decisions in services. *Journal of Retailing and Consumer Services*, 8, 227–36.
- Oliver, R. L. (1980). A Cognitive Model of the Antecedents and Consequences of Satisfaction Decisions. *Journal of Marketing Research*, 17, 460–469.
- Oliver, R. L. (1999). When Consumer Loyalty? *Journal of Marketing*, 63(Special Issue), 33–44.
- Olorunniwo, F., Hsu, M. K., & Udo, G. J. (2006). Service quality, customer satisfaction and behavioural intentions in the service factory. *Journal of Services Marketing*, 20(1), 59–72.
- Ostrowska, D. A. (2019). Consumer protection policy in the Polish life insurance market in the aspect of current legal regulations. *Investment Management and Financial Innovations*, 16(4), 168–180.
- Palmatier, R. W., Scheer, L. K., & Steenkamp, J. B. E. M. (2007). Customer Loyalty to Whom? Managing the Benefits and Risks of Salesperson-Owned Loyalty. *Journal of Marketing Research*, 44(2), 185–199.
- Parasuraman, A., Valarie A. Zeithaml dan Leonard L. Berry (1994). Reassessment of expectations a comparison standard in measuring service quality: Implication for further research. *Journal of Marketing*, 58(January), 111–124.

- Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). SERVQUAL: A multiple item scale for measuring consumer perceptions of service quality. *Journal of Retailing*, 64, 12–40.
- Pavlou, P. A. (2003). Consumer acceptance of electronic commerce: Integrating trust and risk with the technology acceptance model. *International Journal of Electronic Commerce*, 7(3), 197–226.
- Peter, J. P., & Ryan, M. J. (1976). An investigation of perceived risk at the brand level. *Journal of Marketing Research*, XIII, 184–188.
- Sandeep, C. (2016). Consumer Perception regarding Life Insurance Policies: A Factor analytical Approach. *Pacific Business Review International*, 9(6), 52–61.
- Sebjan, U. & Tominc, P. (2015). Conceptual Model of Relationships Among Customer Perceptions of Components of Insurance Service. *South East European Journal of Economics and Business*, 10(1), 32–44.
- Siddiqui, Masood, H., & Sharma, T. G. (2010). Analyzing customer satisfaction with service quality in life insurance services. *Journal of Targeting, Measurement and Analysis for Marketing*, 18, 3/4, 221–238
- Sirdeshmukh, Deepak, Jagdip, S., & Barry, S. (2002). Consumer Trust, Value, and Loyalty in Relational Exchanges. *Journal of Marketing*, 66(1), 15–37.
- Steenkamp, J. B. E. M. (1990). Conceptual Model of the Quality Perception Process, *Journal of Business Research*, 21(4), 309–333.
- Szymanski, D. M., & Henard, D. H. (2001). Customer satisfaction: A meta-analysis of the empirical evidence. *Journal of Academic of Marketing Science*, 29, 16–35.
- Tham, K. W., Dastane, O., Johari, Z., & Ismail, N. B. (2019). Perceived Risk Factors Affecting Consumers' Online Shopping Behaviour. *Journal of Asian Finance, Economics and Business*, 6(4), 249–260. <https://doi.org/10.13106/jafeb.2019.vol6.no4.249>
- Tran, V. D. (2020). The Relationship among Product Risk, Perceived Satisfaction and Purchase Intentions for Online Shopping. *Journal of Asian Finance, Economics and Business*, 7(6), 221–231. <https://doi.org/10.13106/jafeb.2020.vol7.no6.221>
- Tran, V. D., & Le, N. M. T. (2020). Impact of Service Quality and Perceived Value on Customer Satisfaction and Behavioral Intentions: Evidence from Convenience Stores in Vietnam. *Journal of Asian Finance, Economics and Business*, 7(9), 517–526. <https://doi.org/10.13106/jafeb.2020.vol7.no9.517>
- Uлага, W. (2003), Capturing Value Creation in Business Relationships: A Customer Perspective. *Industrial Marketing Management*, 32, 677–93.
- Umamaheswari, G. P. D. (2019). A study on Factors Deciding Selection of Policies of Private Life Insurance Companies among Consumers in Thanjavur District. *International Journal of Recent Technology and Engineering*, 7(6S2), 45–48.
- Umamaheswari, G. P. G. (2019). Consumer Buying Behaviour towards Life Insurance Policies in Thanjavur City. *International Journal of Recent Technology and Engineering*, 8(2S4), 727–730.
- Vijaya, R. M. (2016). A Study on Consumer Behavior Towards Life Insurance Products With Reference To IDBI Fortis Company Limited, Dindigul District. *International Journal of Applied science*, 6(8), 2016.
- Wang, Y., & Hazen, B.T. (2016). Consumer product knowledge and intention to purchase remanufactured products. *International Journal of Production Economics*, 181, 460–469.
- Weedige, S. S., Ouyang, H., Gao, Y., & Liu, Y. (2019). Decision Making in Personal Insurance: Impact of Insurance Literacy. *Journal Insurance Sustainability*, 11(23), 6795.
- Wen-yeh, H., Holly, S., & Alan, J.D. (2004). Effect of brand name on consumers risk perceptions in online shopping. *Journal of Consumer Behavior*, 4(1), 40–50.
- Wijanto, S. H. (2008). *Structural Equation Modeling*. Graha Ilmu, Indonesia: Edisi Pertama.
- Wu, P. C. S., Yeh, G. Y. Y., & Hsiao, C. R. (2011). The effect of store image and service quality on brand image and purchase intention for private label brands. *Australasian Marketing Journal*, 19(1), 30–39.
- Xu, J., Gong, Y., & Liu, Z. (2005). Study of corporate reputation's impact on customer loyalty. *Foreign Economics and Management*, 7, 44–50.
- Yang, Q., Pang, C., Liu, L., Yen, D. C., & Tarn, J.M. (2015). Exploring consumer perceived risk and trust for online payments: An empirical study in China's younger generation. *Computers in Human Behavior*, 50, 9–24.
- Yoon, S., & Lee, C.-K. (2014). Examining th Relationships among the Crowding, Perceived Risk, Satisfaction, Trust, and Support in a Festival Site: The Case of the Seoul Lantern Festival. *Journal of Hospitality and Tourism Studies*, 16(6), 337–357.
- Zhang, Z., & Hou, Y. (2017). The effect of perceived risk on information search for innovative products and services. *Journal of Consumer Marketing*, 34, 241–254
- Zeithaml, V. A., Berry, L. L., & Parasuraman, A. (1996) The behavioral consequences of service quality. *Journal of Marketing*, 60, 31–46.
- Zeithaml, V. A. (1988). Consumer Perceptions of Price, Quality, and Value: A Means-End Model and Synthesis of Evidence. *Journal of Marketing*, 52(July), 2–22.
- Zikmund, W., & Scott, J. (1973). A Multivariate analysis of perceived risk, self confidence and information sources. *Advances in Consumer Research*, 1, 406–416.
- Zuelseptia, S., Rahmiati, & Engriani, Y. (2018). The Influence of Perceived Risk and Perceived Ease of Use on Consumer's Attitude and Online Purchase Intention. *Advances in Economics, Business and Management Research*, 57, 384–390.