

# The Influence of Premium Rates and Service Quality for Customer Satisfaction to Increase Customer Loyalty at PT Asuransi Jiwasraya (Persero) Branch Medan South

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## ABSTRACT

This thesis entitled "The Influence Of Premium Rates And Service Quality For Customer Satisfaction To Increase Customer Loyalty at PT Asuransi Jiwasraya (Persero) Branch Medan South" written by Reska Gusti Sandi, NIM.167007028, with a Supervisor. Prof. Dr. Amrin Fauzi. This study aims to determine the effect of premium and service quality in increasing customer loyalty to PT Asuransi Jiwasraya. This is an empirical research. The research populations were 100 customer PT. Asuransi Jiwasraya Branch Medan South. The sampling technique used is Simple Random sampling technique. This research uses quantitative approach and multiple linear regression analysis method. The data source used is primary data by spreading the questionnaire. The results show that partially, the premium has a high significant effect on customer satisfaction with the t-count is 1.577. Service Quality partially also has a significant effect on customer satisfaction with t-count is 5.425. Simultaneously, Premiums and Service Quality affect Customer Satisfaction with the value of F-count is 21.825. Whereas Customer Satisfaction has a significant effect on Customer Loyalty with the t-count is 8.318.

**Keywords:** Premium, Customer Service Quality, Customer Satisfaction and Customer Loyalty.

## INTRODUCTION

In the era of competition, especially in the business world that is tight today, requires every company to meet the needs of its customers by creating the right competitive advantage. Along with the changing times and development carried out by the Indonesian government, the social and economic conditions of the community also experienced changes, especially regarding the value system adopted and the perspective of society. And society is more demanding better service and according to their needs, so that people are more thorough and critical in choosing everything that can be used to meet their needs. Every

company must be able to know and understand what customers need and be sensitive to changing needs and desires customers and can read changes in the environment and market.

One of the services that are increasingly needed by today's society is insurance services. The need for insurance services is increasingly felt, both by individuals and the business world in Indonesia. Insurance is a financial means in managing household life, both in facing the risk of death, or in facing the risk of property owned. Likewise the business world in carrying out its activities faces various risks that might disrupt the

continuity of its business. Although there are many methods to handle risk, insurance is the most widely used method. Insurance promises protection to the insured against the risks faced by individuals and the risks faced by the company (Darmawi, 2004: 1).

In the insurance industry, each customer has their own criteria tailored to the ability to choose the insurance company he wants. Some customers want an insurance company to provide more benefits besides self-protection such as high investment interest. There are also customers who want services that are faster, more efficient, better, and premium prices that can be affordable.

Premium Rates According to Subagiyo, et al (1998: 84) insurance premiums are as money paid by the insured to an insurance company that can be determined in a certain way.

Benefits that do not match the premium rates paid by the customer will cause many customers to close the policy due to the inability of the customer to pay a sum of money for the insurance product he chooses. If the closing of the policy or the resignation of the customer continues to occur, this indicates customer dissatisfaction. Customer dissatisfaction is caused by differences in customer expectations with the ability of customers to pay insurance premiums. Customers who are satisfied with the premium price paid according to satisfaction are obtained and then decide to continue their relationship with the company will shape customer loyalty.

Customers will choose insurance companies that are able to provide good service and provide satisfaction in using their services, because they use insurance services in a certain period of time, so that service becomes important. An insurance company must be able to provide the best service, fast, professional, and flexible to its customers.

In an effort to retain existing customers, the company must also be able to choose the most appropriate form of policy and technology to gain customer loyalty.

Because this can affect the accuracy, accuracy and ability of the company in providing services to its customers. Service is basically focused on efforts to meet the needs and desires of customers and the accuracy of delivery to offset the expectations of customers. Services provided to customers are a reflection of the good or bad of a company in the eyes of customers. Thus, service is one of the factors that can boost a company's market share.

Insurance companies lately are characterized by intense competition where companies must be ready to compete with other companies to maintain market share and increase business activities. This is realized because of the high competition, it is necessary to have an effective marketing strategy to maintain the survival of the company. Insurance companies must always try to realize the needs of their customers as much as possible so that customers are not only satisfied, but they are very satisfied and become loyal to the company.

PT Asuransi Jiwasraya Branch Medan South as one of the conventional insurance companies that provides various insurance products for individuals and businesses. PT Jiwasraya Asuransi Branch Medan South Branch in winning the competition must always strive to provide good service for its customers; strive to be closer to customers through various approaches such as increasing attention to premiums to service quality. This strategy is carried out by the management to maintain and increase the number of customers. In order to get a better position in the market, take a high market share and anticipate the tight competition, the MedanSelatan branch of PT Asuransi Jiwasraya must be able to improve the quality of good service so that customer loyalty is created through 5 (five) service quality dimensions consisting of evidence tangible, reliability, responsiveness, assurance and empathy.

Appropriately, customer satisfaction and dissatisfaction with the product will affect the description of subsequent

customer behavior towards the company. This is indicated by the customer after the purchase process occurs, if the customer is satisfied, he will show behavior to buy or use the same product and recommend it to others. Therefore, every insurance company always strives to understand the values expected by the customer, and on that basis the company then strives to meet these expectations.

The creation of customer satisfaction provides benefits in the success of a business engaged in services. Efforts to achieve overall customer satisfaction are indeed not easy, because the customers faced today are different from the previous customers. Kotler (2009: 140) suggests that many companies systematically measure how well they treat their customers, recognize the factors that shape satisfaction. The company will be wise in measuring customer satisfaction regularly. One effort that can be done to create and maintain customer satisfaction is by providing good service to customers.

Customer satisfaction is an important factor for the success of a company in facing increasingly competitive competitors. The strategy is based on management's commitment to improve service quality that satisfies customers continuously by companies, both those that produce finished goods and services, this is done because of the fact that when customers are dissatisfied with goods or services that are consumed by them will look for similar products from other companies to be able to satisfy their needs.

To be able to realize customer loyalty that the company needs is to create customer satisfaction. The loyalty concept is a basic concept that understands the relationship of marketing. Because the essence of loyalty is related to internal factors in each company.

To see an overview of the success of PT Asuransi Jiwasraya (Persero) Branch Medan South in reaching the insurance market in Medan, it can be seen from the sales data of

insurance policies as found in Table 1 below:

**Table 1. Insurance Sales Data of PT. Jiwasraya Asuransi Branch Medan South**

NO	PRODUK	PENJUALAN				
		2018	2017	2016	2015	2014
1	DANA MULTI PROTEKSI	80	44	95	32	23
2	JS PRESTASI	102	95	122	86	35
3	JS SIHARTA	107	167	91	98	80
4	JS OPTIMA 7	161	156	90	55	71
5	JS TRI PRALAYA	101	90	7	10	8
TOTAL		551	552	405	281	217

Source: PT. Jiwasraya Insurance (2018)

From Table 1, it can be seen the sale of the PT Asuransi Jiwasraya Branch Medan South Sumatra products in 2014-2018. Of the five types of insurance products at PT. Asuransi Jiwasraya Branch Medan South, JS Optima 7 Insurance is most in demand and sold in 2018, followed by JS Siharta as many as 107, JS Prestasi 102, JS Tri Pralaya as many as 101 and finally Dana Multi Proteksi with 80 policies. However, judging from sales in 2014 to 2018, the five types of insurance products have increased. The insurance is not only sold to new customers, but there are policies that are renewed or renewed by the old customer. The customer's decision to extend the period of their policy contract that has expired, can be caused by various factors, including premium prices that are affordable customers, there is satisfaction of service by PT. Asuransi Jiwasraya Branch Medan South so that the benefits felt by customers are beneficial to customers. In addition, the ability of insurance agents who are competent in influencing customers who are due, to return to extend insurance contracts is well received by customers.

Setting prices or premiums on products is a very important thing for companies in order to provide a good profit for the company to determine a target both short-term and long-term company. Based on the law of demand and supply, an increase in demand can increase prices and demand that can decrease can reduce prices.

In insurance companies, the determination of premium prices greatly affects the decisions and loyalty of customers in choosing insurance, so insurance premiums can be one of the causes of not achieving insurance sales target.

Service quality can be known by comparing the customers' perceptions of the services they receive or obtain with the services they actually expect or want from the service attributes of a company (Aydin and Ozer in Anggoro Danang S. 2010). If the services received or perceived are in accordance with the expected, then the quality of service is perceived as good and satisfying, if the services received exceed customer expectations, then the quality of service is perceived as very good and quality.

Quality of service is very dependent on marketers or better known as insurance agents. This is because the sale of insurance products depends on the ability of insurance agents to deliver and explain all types of insurance products to customers. If the message conveyed by the insurance agent is not clearly conveyed by the customer, it is probable that the customer will not buy the insurance again, on the contrary if the insurance agent can correctly explain the insurance benefits and influence the customer, a good relationship between insurance agent and customer so that insurance products that are offered back are purchased.

According to various explanations, it can be understood that customer satisfaction is a feeling felt by a customer when getting a service that is in accordance with the wishes or even getting more than desired. Satisfaction can also lead to feelings of pleasure and joy over the performance of a company or service provider. Satisfaction can also lead to reciprocity in the form of customers not moving to others. Customer satisfaction can also even lead to marketing in the form of word of mouth in the form of recommendations to other people who need information relating to insurance services. If the customer is satisfied with the quality of

service and product service in the company, this customer will automatically promote soul insurance for personal protection to every friend, family and coworker to choose life insurance for the soul as self-protection,

Customer satisfaction contributes to a number of crucial aspects, such as creating customer loyalty, increasing company reputation, reducing price elasticity, reducing future transactions, and increasing employee efficiency and productivity (Tjiptono 2008: 349). Howard and Sheth in Tjiptono (2008: 349) states that customer satisfaction is a situation where the buyer's cognitive is related to equivalence or incompatibility between the results obtained compared to the sacrifices made. Meanwhile, other sources say that customer satisfaction is the result of evaluations where customers compare expectations to be received with those obtained (Neira et al. 2010: 90).

Customer loyalty is one of the core goals pursued in modern marketing. This is because with loyalty it is expected that the company will gain long-term benefits for the long-standing mutual relations in a certain period of time. A loyal or loyal customer is someone who re-uses the same company, notifies other potential customers, from the mouth, and becomes an antidote to attacks from competitors (Evan and Laskin in Setiyawati, 2009). So that it can be said that the success of a company is determined by the loyalty of its customers.

By prioritizing service quality to satisfy its customers, insurance should be a contractual institution that attracts funds from the community by offering contracts to protect customers against uncertainty risks by paying attention to service quality. This is a theoretical concept that becomes a target for the various phenomena of a person's decision to use insurance services. Based on the description of the background above, a deeper study of how and what steps can be taken by the company to determine the effect of premiums, quality of service on customer satisfaction to increase customer loyalty. And this research study will be

compiled in a thesis research report with the title, "Effect of Premium Rates, and Service Quality on Customer Satisfaction in

Increasing Customer Loyalty of PT Asuransi Jiwasraya (Persero) Branch Medan South".

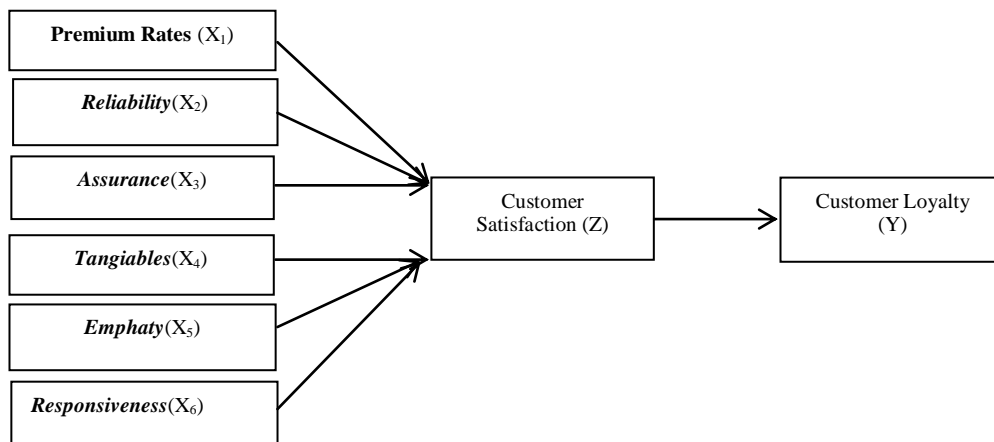


Figure 1. Conceptual Framework

### Hypothesis

The hypothesis in this study is as follows:

1. Premium Rates have a positive and significant effect on Customer Satisfaction at PT Asuransi South raya (Persero) Branch Medan South.
2. Reliability has a positive and significant effect on customer satisfaction at PT Asuransi Jiwasraya (Persero) Branch Medan South.
3. Assurance has a positive and significant effect on customer satisfaction. customer at PT Asuransi Jiwasraya (Persero) Branch Medan South.
4. Tangibles have a positive and significant effect on customer satisfaction at PT Asuransi Jiwasraya (Persero) Branch Medan South.
5. Emphaty has a positive and significant effect on customer satisfaction at PT Asuransi Jiwasraya (Persero) Branch Medan South.
6. Recessponsiveness has a positive and significant effect on customer satisfaction at PT Asuransi Jiwasraya (Persero) Branch Medan South.
7. Premium rates and dimensions of service quality together have a significant positive effect on customer satisfaction at PT Asuransi Jiwasraya (Persero) Branch Medan South.

8. Customer satisfaction has a significant positive effect on customer loyalty at PT Asuransi Jiwasraya (Persero) Branch Medan South.

### MATERIALS AND METHODS

The research used in this study is quantitative research with a survey approach, namely research that takes samples from the population and uses questionnaires as a data collection tool. The researcher distributes questionnaires which will then be processed to produce data and will be tested quantitatively.

The population in this study is the customer of PT Asuransi Jiwasraya (Persero) Branch Medan South. who uses dual-purpose products, with a population of 10,560 existing customers from 2014-2018.

According to Sugiyono (2010: 81) Samples are part of the number and characteristics possessed by the population. The sampling technique in this study is to use random sampling, and the determination of the number of samples is using the Slovin formula. So the numbers of samples from this study are 100 respondents.

The method of data collection used is Interview is a technique of collecting data and information by communicating directly with respondents, namely certain people defined as data sources. The questionnaire is



a form of data collection instrument in a written question format that is equipped with a column where the respondent will write the answer to the question / statement directed at him (Sinulingga, 2011). and Data sources used in this study are Primary Data and Secondary Data, which is obtained through documentation studies.

## RESULTS AND DISCUSSION

### Regression Analysis

Analysis of the data in this study will be carried out using a regression analysis model, in which the regression analysis will test data processing using the SPSS computer program, by processing the results of data obtained from 100 respondents.

Table 2. Multiple Analysis

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5,161	1,449		3,562	0,001
	Premium	0,116	0,075	0,141	1,557	0,123
	Service Quality	0,212	0,039	0,491	5,425	0,000

Dependent Variable: Satisfaction Of Customers  
Source: Data Processing (2019)

Based on the data in Table 2, it is known that multiple linear regression equations are as follows:

$$Y = 5.161 + 0.116X_1 + 0.212X_2$$

The explanation of the multiple linear regression equation above is:

a. Constant value

The constant value of 5.161 shows that the independent variable (X), namely Premium Rates and Service Quality, can make a large contribution in influencing customer satisfaction in the amount of multiples of 5.161 of the existing research variables.

b. Variable Premium Rates (X1)

Promotion variable value is 0.116 means if there is an increase in variable X2 while the

variable X1 is constant, then satisfaction of the customer will also increase by 0.116 and vice versa. This means that if the Premium Rate (X1) increases by a multiple of 1x, customer satisfaction (Y) will also increase by 11.6%, and vice versa.

c. Service Quality Variable (X2)

Service quality variable value of 0.212 means that if there is an increase in variable X1, while variable X2 is constant, then customer satisfaction will also increase by 0.212 and vice versa. This means that if the Premium Rate (X1) increases by a multiple of 1x, customer satisfaction (Y) will also increase by 21.2%, and vice versa.

Table 3. Multiple Analysis

Coefficients <sup>a</sup>				
Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	2,050	1,065	
	Satisfaction Of Customers	0,606	0,073	0,643

a. Dependent Variable: Loyalty  
Source: Data Processing (2019)

In the table above, it is explained that the variable customer satisfaction as the dependent variable (Y1) in relation to the variable (Y2), it can be seen that the satisfaction variable affects the variable profit (Y2). So from the results of processing the data above, it is found that the linear equation is

$$Y = 2,050 + 0,606X$$

With an explanation of the variable value of customer satisfaction of 0.606 means if there is an increase in the variable X while the variable X is constant, then loyalty will also increase by 0.606 and vice versa. This means that if customer satisfaction (Y1)

increases by a multiple of 1x, Loyalty (Y2) will also increase by 60.6%, and vice versa.

### Hypothesis Testing

To test hypotheses, statistical tests are used, namely by testing the coefficient of determination used to test the goodness of fit of the regression model, the t-test to determine the effect of independent variables on the dependent variable, and the F-test to determine whether the independent variable affects the dependent variable.

### T test (Partial Test)

The t statistical test is used to determine the effect of each independent variable on the dependent variable. By comparing the values of Thitung and Ttabel.

If  $T_{hitung} > T_{tabel}$ , then it means that there is a significant effect, and vice versa if there is no significant influence if  $T_{hitung} < T_{tabel}$ . The t-test (partial test) is done to see individually the positive and significant influence of the independent variable Premium Rate (X1), Service Quality (X2) on Customer Satisfaction as the dependent variable (Y1). The value of t is used to prove a significant effect between the independent variables on the dependent variable. The value of t count can be seen in the regression results through a significance value  $< 0.05$ . Partial tests carried out between each independent variable on the dependent variable can be seen the results in table 4:

Table 4. T test (Partial Test)

		Unstandardized Coefficients		Standardized Coefficients			Correlations		
Model		B	Std. Error	Beta	t	Sig.	Zero-order	Partial	Part
1	(Constant)	5.161	1.449		3.562	.001			
	PREMI	.116	.075	.141	1.557	.123	.318	.156	.131
	KUALITAS.PELAYANAN	.212	.039	.491	5.425	.000	.541	.482	.457

a. Dependent Variable: KEPUASAN.NASABAH

Source: SPSS Data Results (2019)

Based on the data in Table 4 it can be explained as follows: Value t partially from the Premium variable (X1) obtained results namely tcount value is 1.577 and ttable value is 1.477 so that  $tcount > ttable$  ( $1.577 > 1.477$ ) and sig  $< 0.05$  ( $0.000 < 0.05$ ), so it can be concluded that Premium Rates have a very significant effect on Customer Satisfaction, amounting to 5,668.

Based on Table 4, it can be explained as follows: Value t partially from Service Quality variable (X2) obtained results namely tcount value is 5.425 and ttable value is 1.447 so that  $tcount > ttable$  ( $5.425 > 1.447$ ) and sig value  $< 0.05$  ( $0.000 < 0.05$ ), so that it can be concluded that Service Quality partially has a significant effect on Customer satisfaction at 5,425.

Table 5. T test (Partial Test)

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	2,050	1,065		1,924	0,057
	KEPUASAN.NASABAH	0,606	0,073	0,643	8,318	0,000

a. Dependent Variable: LOYALITAS

Source: SPSS Data Results (2019)

While the partial test between customer satisfaction and loyalty, can be

seen from table 5, explained as follows: Value t partially from the Customer

Satisfaction variable (Y1) obtained results namely tcount value is 8.318 and ttable value is 1.447 so tcount > ttable (8.318 > 1,447) and sig value <0.05 (0,000 <0,05), so that it can be concluded that Customer Satisfaction partially has a significant effect on Loyalty of 8,318.

**Test F (Simultaneous Test)**

The F-test (simultaneous test) is carried out to see together (simultaneously) the positive and significant influence of the independent variable namely Premium Rate (X1) and Service Quality (X2) on Loyalty as the dependent variable (Y) as shown in the table 6:

**Table 6. Test F (Simultan)**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	44,888	2	22,444	21,825	.000 <sup>b</sup>
	Residual	99,752	97	1,028		
	Total	144,640	99			

a. Dependent Variable: Satisfaction Of Customers  
 b. Predictors: (Constant), Quality Of Service, Premium  
 Source: SPSS Data Results (2019)

Based on the data in Table 6, shows that the value of Fcount is 21.825 with a significant level of 0.000. Whereas, the Ftable value at a significant level of 95% ( $\alpha = 0.05$ ) is 3.09 where (Fcount > Ftable) is 26.501 > 2.474 and sig value <0.05 (0,000 <0.05). Thus, simultaneously there is a significant influence between Premium Rates and Customer Satisfaction.

**Determination Coefficient Test (R2)**

Testing the coefficient of determination (R2) is used to measure the proportion or percentage of the ability of the model to explain the dependent variable. The coefficient of determination ranges from zero to one (0 <R2 <1). If R2 is greater (close to one), it can be said that the effect of the independent variable (X) is large on the dependent variable (Y). This means that the model used is stronger to explain the ability of the independent variable to explain the dependent variable and vice versa as shown in Table 7 as follows:

**Table 7. Goodness of Fit (R2)**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.557 <sup>a</sup>	0,310	0,296	1,014

A. Predictors: (Constant), Quality Of Service, Premium  
 Source: SPSS Data Results (2019)

Based on the data in Table 7, it can be seen the results of SPSS calculation, namely Adjusted R Square Value which is 0.296 or 29.6%, meaning that the research variable contributes to customer satisfaction by 29.6% while the remaining 70.4% is influenced by other factors such as promotion, perception customers and other factors.

**Table 8. Goodness of Fit (R2)**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.643 <sup>a</sup>	0,414	0,408	0,877

A. Predictors: (Constant), Satisfaction Of Customers  
 Source: SPSS Data Results (2019)

Based on the data in Table 8, it can be seen the results of SPSS calculations for customer satisfaction with loyalty, namely Adjusted RSquare Value which is 0.414 or 41.4%, meaning that the research variable contributes to loyalty by 41.4% while the remaining 58.6% is influenced by other factors such as competing products and companies, product quality and other factors.

**DISCUSSION**

**Effect of Premium Rates on Customer Satisfaction.**

In this study, the authors used a sample of 100 respondents, the number taken from the majority of respondents were insurance customers of PT. Asuransi Jiwasraya Branch Medan South who would extend their insurance period and who had repeatedly extended their term of service.

Based on the results of the analysis of the results of processing data that has been collected which is further processing of the results of hypothesis testing. From the analysis that has been done in the previous discussion, t-test calculations have been carried out and determine the calculated F



value, whether it is located in the  $H_0$  reception area or the  $H_0$  rejection.

The value of  $t$  partially from the Premium variable ( $X_1$ ) is obtained, namely the value of  $t_{count}$  is 1.577 and the  $t_{table}$  value is 1.477 so that the  $t_{count} > t_{table}$  ( $1.577 > 1.477$ ) and sig value  $< 0.05$  ( $0,000 < 0.05$ ), which means rejecting  $H_0$  and accept  $H_a$ , so it can be concluded that Premium Rates have a significant effect on Customer Satisfaction, amounting to 5.668.

The first hypothesis test results show that premium rates have a positive and significant effect on customer satisfaction. Determination and determination of premium rates in accordance with the benefits and needs of customers aims to generate customer satisfaction for an insurance product offered by the company. Premium rates that match the benefits and needs of customers are applied to manage relationships or relationships with old customers and attract the attention of prospective new customers. With the fulfillment of needs, the right desires with the value of premium rates that are in accordance with the ability of customers, it can encourage the achievement of satisfaction in consumers of an insurance product. The results of this study prove that customers tend to consider what they want and believe that they benefit from an insurance product. Customers become more oriented to the benefits they get and have an effect on the premium rates they will pay. They tend to exchange appropriate prices between the benefits received and the sacrifices given (prices) in the process of obtaining and consuming the insurance products they choose.

### **Effect of Service Quality on Customer Satisfaction.**

Based on the processing of data obtained from the previous discussion, the value of  $t$  partially from the Service Quality variable ( $X_2$ ) obtained results namely  $t_{count}$  value is 5.425 and the  $t_{table}$  value is 1.447 so the  $t_{count} > t_{table}$  ( $5.425 > 1.447$ ) and sig value  $< 0.05$  ( $0,000 < 0,05$ ), which means

rejecting  $H_0$  and accepting  $H_a$ , so it can be concluded that Service Quality partially has a significant effect on Customer satisfaction of 5,425.

Service quality is the consumer's assessment of overall service reliability and superiority. Consumers will make comparisons between what they provide and what is obtained, service quality is built on the comparison of two main variables, namely customer perceptions of perceived service with the service that is actually expected (Fandy Tjiptono & Gregorius Chandra ; 2005). This means that service quality is not only based on the point of view or perception of the service provider, but based on the point of view or perception of consumers, consumers who consume and enjoy the services of the company, so they should determine the quality of service.

From the results of data processing obtained, it can be concluded, that the quality of service of PT. Asuransi Jiwasraya Branch Medan South which includes Tangiable (Physical Evidence), Reliability (Responsibility), Responsiveness (Assurance), Assurance (Emphasis) and Emphaty (Empathy) can be delivered with good to customers of PT. Asuransi Jiwasraya Branch Medan South. This of course greatly contributes to increasing the satisfaction of insurance customers of PT. Jiwasraya Branch Medan Southin using insurance products.

### **Effect of Premium Rates and Service Quality on Customer Satisfaction.**

The results of the  $F$  test show that the simultaneous influence of the independent variables (premium rates and service quality) on customer satisfaction on insurance, shows significant results. This is indicated by the magnitude of the  $F$ -count of 3.09 where ( $F_{count} > F_{table}$ ) is  $26.501 > 2.474$  with a significance level of 0.000 (less than 0.05).

These results indicate that this research is relevant to the theory which states that achieving customer satisfaction can be created through improving service quality

with several approaches. According to Lupiyoadi, et al (2008: 192).

Some aspects in knowing customer satisfaction are as follows:

- a. Minimizing gaps that occur between management and customers.
- b. Companies must be able to build a shared commitment to create a vision in improving the service process.
- c. Give customers the opportunity to complain.
- d. Develop and implement accountable, proactive and partnership marketing in accordance with the marketing situation.

### **Effect of Customer Satisfaction on Loyalty.**

The value of  $t$  partially from the Customer Satisfaction variable (Y1) is obtained, namely the value of  $t$  count is 8.318 and the value of  $t$  table is 1.447 so the value of  $t_{count} > t_{table}$  ( $8.318 > 1.447$ ) and sig value  $< 0.05$  ( $0.000 < 0.05$ ), which means reject  $H_0$  and accept  $H_a$  so it can be concluded that Customer Satisfaction partially has a significant effect on Loyalty of 8.318.

Before the customer becomes loyal to the products and services he buys, the customer first gets a sense of satisfaction in accordance with his wishes even more. Loyalty will occur if the customer is satisfied, and vice versa if the product service is not as expected, the customer becomes disloyal even leaves these service products. The customer's past experience will be an important assessment in deciding for the next purchase and being loyal. The results of this study are in accordance with Victor et al (2015) which shows that customer satisfaction significantly influences consumer loyalty.

In this study, there are loyal customers who use service products from PT. Asuransi Jiwasraya Medan Branch. The loyalty formed is based on customers who are satisfied in feeling the insurance benefits they get. Not only do you repurchase or extend the insurance period, but loyal customers provide information and invite

other people to participate in buying and benefiting from the insurance, by making their experience an example to convince others.

### **Managerial Implications**

For the very agree (SS) category, the highest average value of the respondent's answer is 17%. In Statement number 3, the premium rates offered are higher than similar competitors as the main reason for customers to determine their choice of insurance products. For the agreed category (S) the highest average value of the respondent's answer is 48% in statement number 1, namely the premium rate applied according to the benefits obtained. While the category of disagree (KS) the highest average value of the respondent's answer was 44% in statement number 1 and there were also respondents who said they did not agree with the percentage of 5% for item number 4, namely the premium rate paid to compete with similar competitors. Therefore it is expected that PT. Jiwasraya Insurance Medan Branch revisits insurance premium rates. Premium rates that vary and are tailored to the benefits and needs of the customer will make the customer happy to choose and buy insurance products according to the customer's ability.

Service Quality Variables (X2) for the strongly agree (SS) category, the highest average value of the respondent's answer is 14% in statement number 2 which is a comfortable physical condition of the customer space, for the agreed category (S) the highest average value of the answer 58% of respondents in statement number 1 are equipment facilities and service space that are interesting, while the category of disagree (KS) the highest average value of the respondent's answer is 49% in statement number 10 which is the willingness of employees to listen to customer complaints. However, there were also 7% of respondents who stated that the answers did not agree (TS), and 2% of respondents said that they strongly disagreed (STS) on item statement No. 2, namely the physical

condition of the customer room that was comfortable. Looking at the results of respondents' answers, in the category of disagreement, there were complaints from respondents who were customers of PT. Asuransi Jiwasraya regarding company employees who were not responsive to complaints from customers. It is recommended that the company re-evaluate its employees and give responsibility to its employees to be more responsive to complaints submitted, so that complaints can be dealt with immediately and finally service improvements or solutions to complaints are obtained by customers.

Respondent's explanation of the variable employee performance statement (Y) for the strongly agree (SS) category, the highest average value of the respondent's answer is 10% in statement number 2 which is to get insurance coverage according to the applied price, for the agree (S) category the highest average value of respondent's answer is 56% in statement number 3 which is good front office service and for the category of disagree (KS) and disagree (TS) the highest average value of the respondent's answer is 43% and 4% in the statement number 4 good and clear explanation of Customer Service. Looking at the results of respondents' answers, in the category of disagreement, indicating that Customer Service is not going well, so the information obtained by customers is unclear. This must be quickly corrected by the company by placing Customer Service employees who are responsive and understanding in providing information needed by customers.

Respondent's explanation of the loyalty variable statement (Y) for the strongly agree (SS) category, the highest average value of the respondent's answer is 12% in statement number 2, namely I would suggest a friend to become a Jiwasraya Insurance participant, for the agreed category (S) the highest average value of the respondent's answer is 53% in statement number 1, that is, I will buy other products from Jiwasraya that are useful for me or my family and for the category of disagree (KS)

and disagree (TS) at 40.3% and 2% in statement number 3, I explained positive things about Jiwasraya Insurance to prospective participants. From the results of the respondents' responses, the company must be more sensitive to the needs and expectations desired by the customer. Customer loyalty is very important for the company, therefore, improvements both in terms of internal and external companies that are directly related to service products and customers, are expected to be regularly evaluated, so that more customers are satisfied with the insurance products and services they get until they formed into a customer who is loyal to the Jiwasraya Insurance company.

## **CONCLUSIONS AND RECOMMENDATIONS**

### **Conclusion**

Based on the results of research and discussion, the authors can draw conclusions, among others:

1. Premium Rates have a very significant effect on Customer Satisfaction PT. Asuransi Jiwasraya Branch Medan South.
2. Service Quality has a significant effect on Customer Satisfaction PT. Asuransi Jiwasraya Branch Medan.
3. Premium Rates and Customer Service Quality together have a significant effect on Customer Satisfaction in PT. Asuransi Jiwasraya Branch Medan.
4. Customer Satisfaction has a significant influence on Customer Loyalty at PT. Asuransi Jiwasraya Branch Medan.

### **Recommendations**

1. Head of PT. Asuransi Jiwasraya Branch Medan is advised to pay attention to premium rates that are in accordance with the needs and capabilities of its customers, carried out both by providing premium rates for each type of insurance product, so that customers can freely choose the type of insurance products that suit their needs and abilities.

2. Head of PT. Asuransi Jiwasraya Branch Medan is recommended to be able to maintain and improve the quality of customer service, so that customer satisfaction can be maintained and improved. The company can also open a suggestion box to collect constructive criticisms and suggestions from its customers as input for future improvements.
3. Customer loyalty that has been built so far to be a major concern for the company, because of the success of PT. Asuransi Jiwasraya Branch Medan can be seen from the increasing number of loyal customers in buying insurance products.
4. It is expected that the next researcher can develop the results of this study by adding several other variables not examined in this study.

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