

# Malaysia Insurance & Takaful Customer Satisfaction Survey 2022 (CSS 2022)

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## List of Abbreviations

Banca	Bancassurance/ bancatakaful
BNM	Bank Negara Malaysia
CSC	Customer Service Charter
CSI	Customer Satisfaction Index
CSS	Customer Satisfaction Survey
CX	Customer experience
FT	Family takaful
GI	General insurance
GT	General takaful
ITO	Insurance/ takaful operator
KPI	Key performance indicator
LI	Life insurance
LIAM	Life Insurance Association of Malaysia
MTA	Malaysian Takaful Association
PIAM	Persatuan Insurans Am Malaysia
pts	Percentage point
SOP	Standard Operating Procedure

# Customer Satisfaction Survey (CSS) of Insurance & Takaful Industry 2022

## Executive Summary

- Customer Satisfaction Index (CSI) score for Malaysian insurance/ takaful industry has improved from 80 to 85 between 2018 – 2022.
- Awareness of the existence of the Customer Service Charter (CSC) has declined in 2022. Insurance/ takaful operators must leverage agent channel to build CSC awareness at the time of insurance/ takaful purchase.
- CSC awareness helps customers to know what to expect while dealing with insurance/ takaful operators (ITOs). It is observed that higher awareness of CSC led to higher customer satisfaction scores. So, it is important for ITOs to build more awareness about the Customer Service Charter (CSC).
- Key drivers for customer satisfaction that have been established in the CSS 2022 survey are careful handling of privacy, ease of getting quotes and comparing plans. Aside from that, similar to the previous survey, knowledgeable agents/ staff and timely service at branch/ call centre remain to be the key drivers of customer satisfaction.
- The industry performance of timely service at call centre is weaker as compared to the other key drivers. As such, ITOs should enhance their call centre service and its timeliness to better serve their customers.
- With respect to satisfaction with insurance/ takaful purchase channels, the bancassurance/ bancatakaful channel has the lowest satisfaction. It is particularly falling behind on post-purchase servicing and lack of support during the claim settlement process.
- The survey findings have demonstrated that there is an appetite for online channels. As such, there is an opportunity to leverage digital channels during acquisition and servicing stages. Though agents continue to remain as the main purchase channel, customer preference for digital channels has increased.

## Background

The Associations, in collaboration and consultation with Bank Negara Malaysia (BNM), had revised the Customer Service Charter (CSC) which was published in 2018. The industry is committed to conduct a customer satisfaction survey against the CSC once every 2 years to ensure insurance and takaful customers continue to be served well. The industry strives for continuous improvement in customer satisfaction.

This is in line with BNM's Financial Sector Blueprint 2011-2020 for financial service providers to publish customer charters, with all processes in place to measure FSPs performance against the charter. There are four (4) pillars of services standards under the revised charter (CSC) as follows:

- Pillar 1: Insurance Made Accessible
- Pillar 2: Know Your Customer
- Pillar 3: Timely, Transparent and Efficient Service
- Pillar 4: Fair, Timely and Transparent Claims Settlement Process

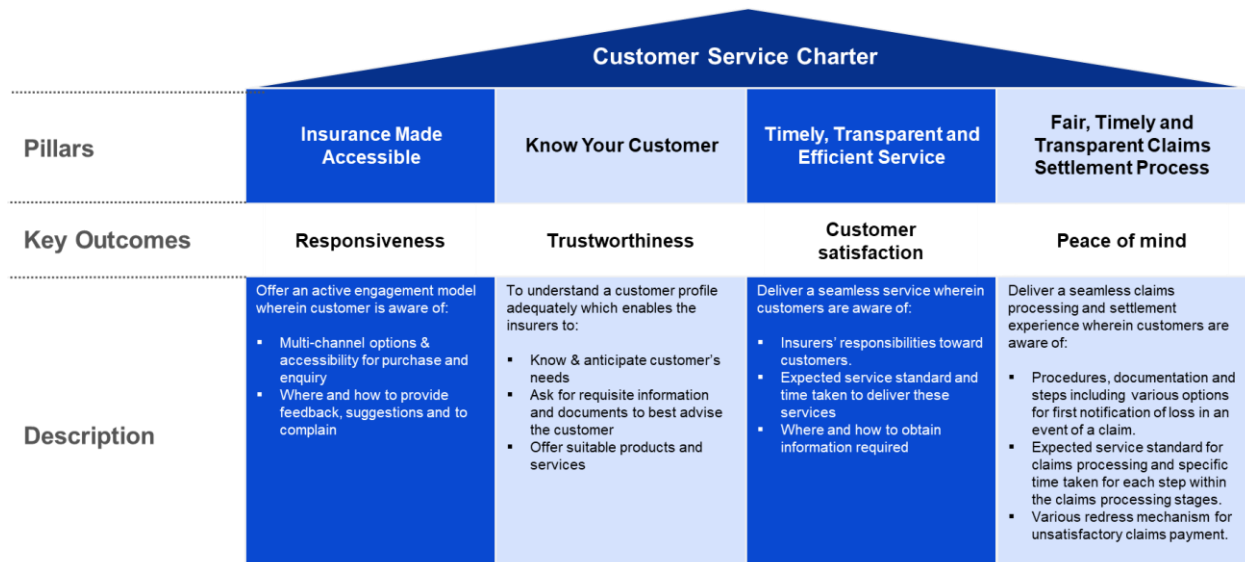


Figure 1. The four pillars of customer service charter of insurance/ takaful industry

## Customer Satisfaction Survey 2022 – Objectives and Design

A baseline study was conducted in 2018 to measure the customer experience at industry level. In 2022, the associations have tasked NielsenIQ Malaysia to repeat the exercise to measure customer experience, the progress of industry in this respect and the impact of the pandemic on customer satisfaction. The key objectives of the study are as follows:

1. Determine customer engagement experience.
2. Assess service delivery level in accordance with Customer Service Charter (CSC)
3. Assess the level of trust between customers and insurance/ takaful industry.
4. Determine the level of customer satisfaction with products and services offered.
5. Determine the level of customer peace of mind towards insurance/ takaful products and services.
6. Assess the usage of online services during COVID-19 pandemic.

48 insurance and takaful operators (15 takaful operators, 14 life insurers and 19 general insurers) have participated in the CSS 2022. Data collection was done between March 2023 till August 2023 using the database provided by ITOs. NielsenIQ engaged customers either through phone calls or via emails seeking customers' responses for the survey. Customers who purchased and/ or made any claim between Oct 2020 till Dec 2022 were eligible to participate in this study. A total of 10,206 respondents participated in CSS 2022.

Findings from this study helped in the following ways:

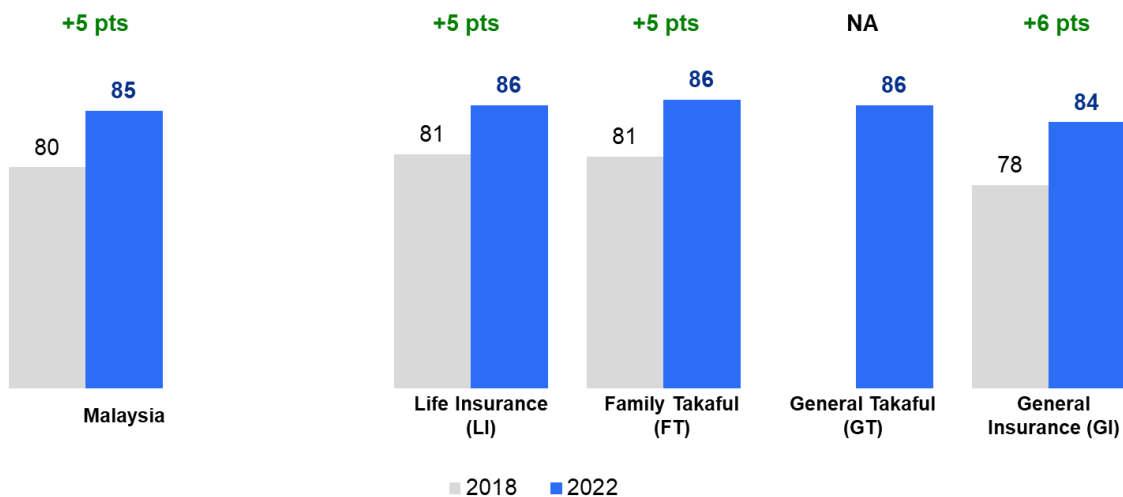
- To track insurance/ takaful industry's performance versus 2018
- To have industry level benchmarks
- To identify key strengths and improvement areas for the insurance/ takaful industry, and
- To identify the top performing ITOs based on customer satisfaction.

## Customer Satisfaction Index (CSI) Score

CSI score serves as a key performance indicator for assessing customer satisfaction levels. CSI index ranges from 0 to 100, and higher scores indicate higher customer satisfaction. CSI score provides a common yardstick to compare the performances of ITOs and associations with respect to customer satisfaction.

### A Rising Tide of Customer Satisfaction

Despite the pandemic, customer satisfaction has improved in 2022. This improvement has been observed across all industries (life insurance, general insurance, and family takaful).



Base: All respondents (n=10206) | GI (n=4043) | LI (n=2968) | FT (n=2378) | GT (n=817)

Figure 2. Malaysia insurance/ takaful industry Customer Satisfaction Index (CSI) 2022

Note: In 2018, there was only 1 ITO from general takaful participated in CSS exercise. This was due to the incomplete conversion of composite license takaful companies to single takaful businesses. Hence, comparison with 2018 is not available for general takaful.

The CSI score gap between the highest performing ITO and the lowest performing ITO has reduced, especially among general insurance, while general takaful has the smallest gap.

Lower standard deviation scores in 2022 indicate that the industry has provided a more standardized experience (a higher number of ITOs performing at the same level) in 2022 as compared to 2018, which is a positive sign.

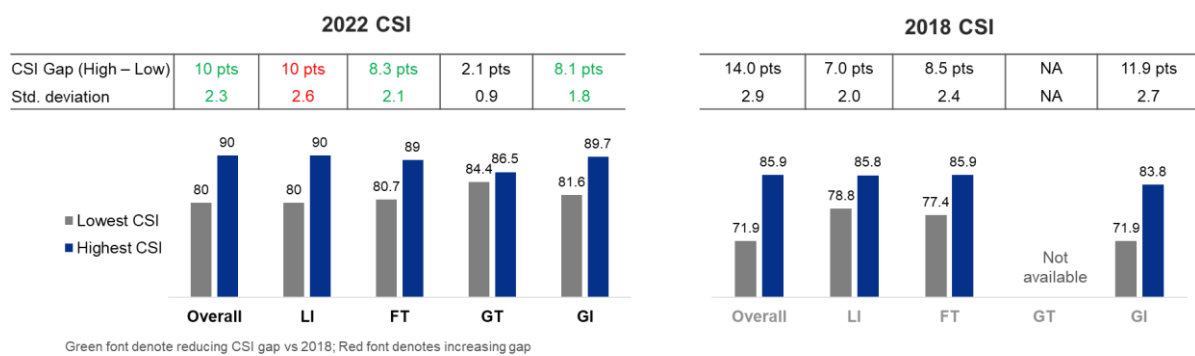


Figure 3. CSI score gap between the highest performing ITO and the lowest performing ITO

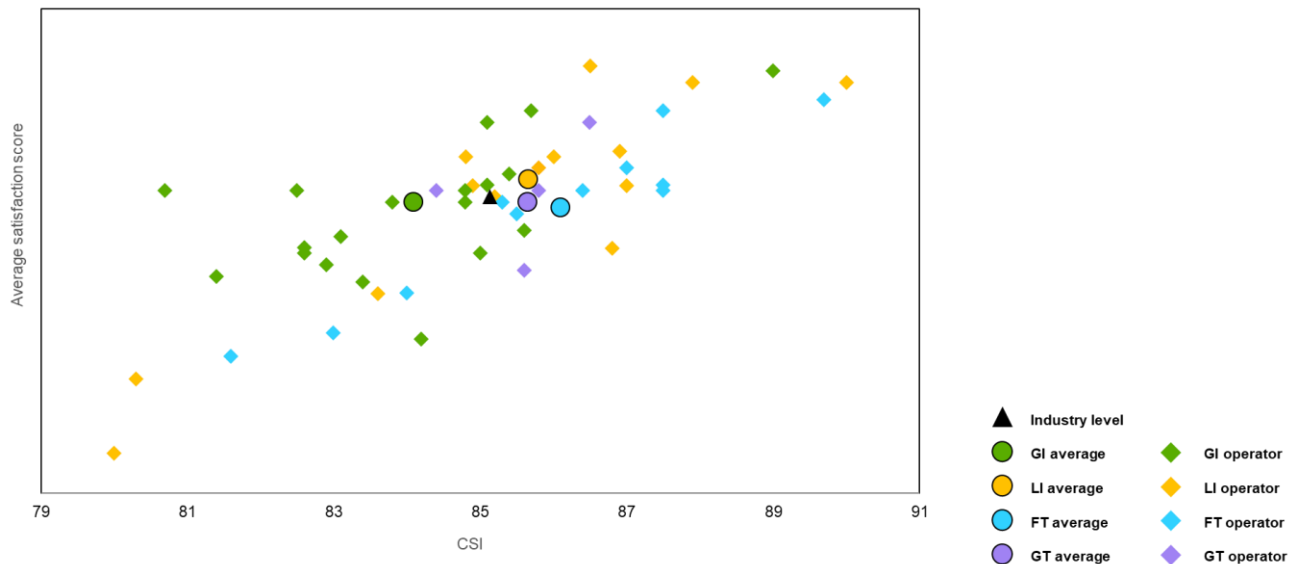


Figure 4. Distribution of insurance/ takaful operators based on CSI score.



## Voice of Customers

The findings revealed that 74% of customer sentiment towards insurance/ takaful experience is positive. The main drivers of this positive sentiment are pleasant experience with agents and customer-facing staff of ITOs.

Key customer concerns revolve around claim processes being slow and difficult, slow response/ difficulty in reaching out to agents or ITO staff via call centre when customers try to seek help post-purchase and lack of clear explanation.

It is important to address these concerns as post-purchase servicing (especially, timely servicing at call centre/ branch and knowledgeable staff) are key drivers of customer satisfaction.

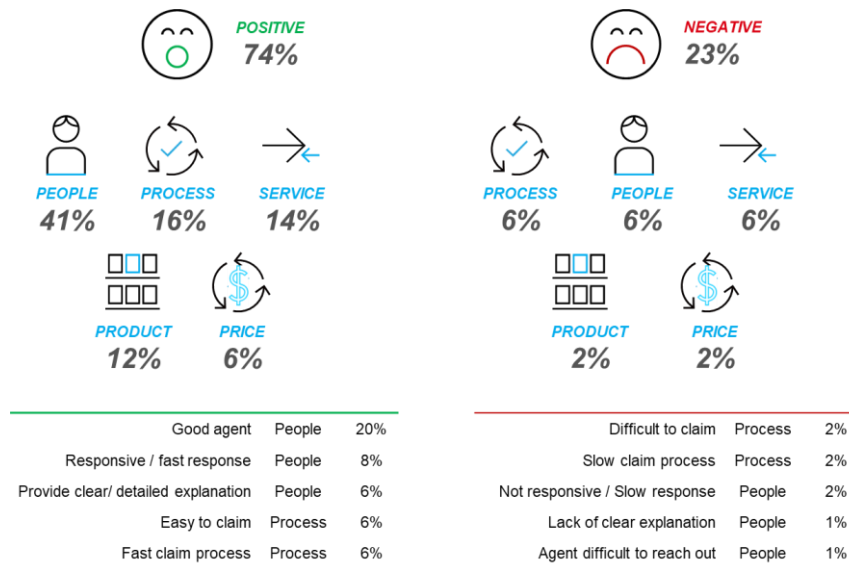


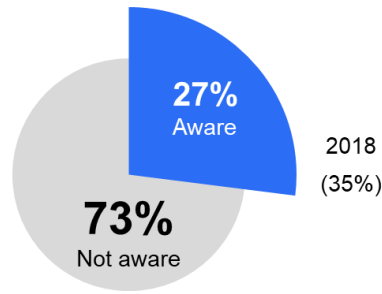
Figure 5. Reasons provided for overall satisfaction/ dis-satisfaction.

## Awareness of Customer Service Charter (CSC)

Customer service charter (CSC) awareness has declined from 35% in 2018 to 27% in 2022. This decline in awareness is observed across all industries, especially from general insurance and general takaful.

Notably, CSC awareness has declined especially among customers who purchased from agents, possibly due to limited interaction during the pandemic. As such, there is a role to play by agents in educating customers about the CSC and raising its awareness.

Customers from Central, Northern regions and 45+ years age group have below par awareness of CSC. Industry needs to motivate purchase channels, especially agents and staff to educate customers about CSC at the time of purchase. CSC education must happen in a simple, engaging, and interactive way.



In %	LI	FT	GT	GI
2022	31	34	27	21
2018	35	39	37	32
+/- (%)	-4	-5	NA	-11

Figure 6. Awareness of Customer Service Charter

It has been observed that higher awareness of CSC yields higher customer satisfaction results as shown in the chart below. Hence, there is a clear need to improve CSC awareness among insurance/ takaful customers in Malaysia.

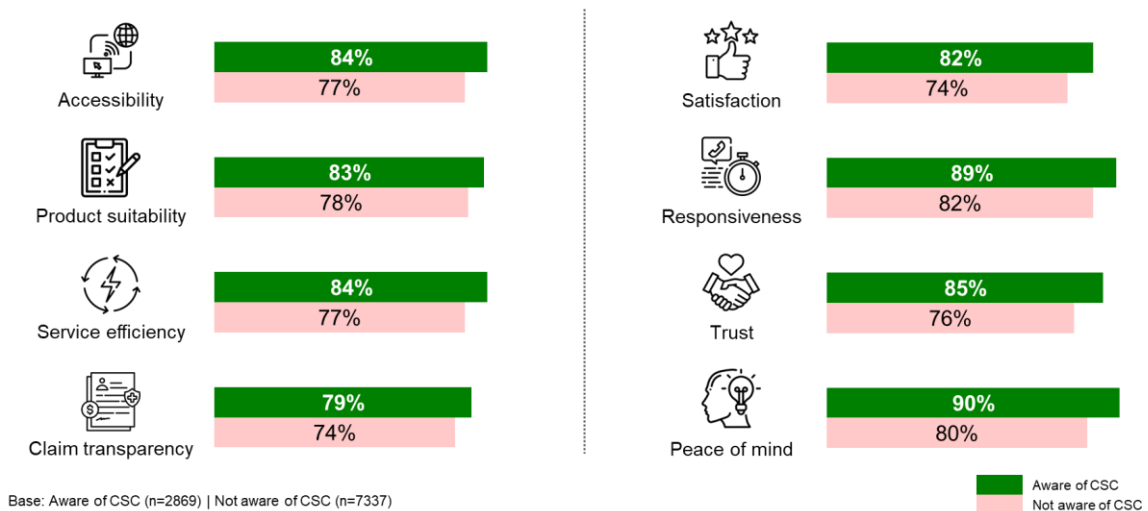


Figure 7. Comparison of satisfaction level between customers aware/ not aware of CSC

## Industry Performance by CSC Pillars and Key Performance Index

One of the most notable achievements on this journey is the significant improvement in the accessibility pillar, which denotes the responsiveness of ITOs to customer's needs. Customers are now finding it easier to reach out to their insurance/ takaful providers, access information, enquire and purchase through various touchpoints.

Ease of online access has significantly improved. The pandemic has accelerated the industry's investment in digital channels and in turn resulted in higher customer adoption of digital channels. However, claims transparency has the lowest satisfaction and has room for improvement. This is mainly due to customers not being aware of the time taken for claims settlement.

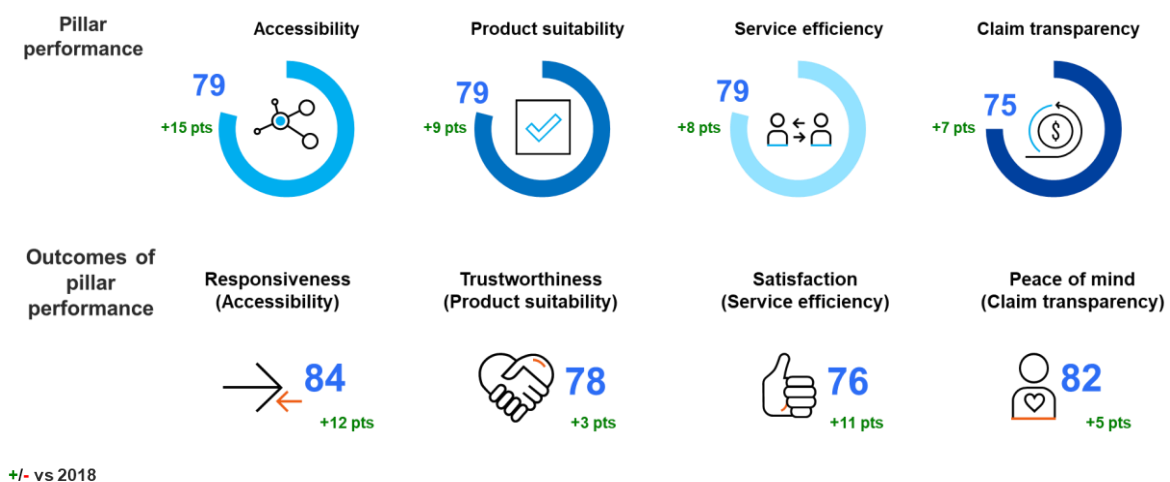


Figure 8. Performance of CSC pillars and outcomes of the pillars

## Top 5 Performing Operators

Based on the CSS 2022, the following are the top 5 performing ITOs with respect to customer satisfaction. This list is arranged in no particular order of ranking\*.

- Allianz General Insurance Company (Malaysia) Berhad
- Allianz Life Insurance Malaysia Berhad
- FWD Insurance Berhad (formerly known as Gibraltar BSN Life Berhad)
- Prudential BSN Takaful Berhad
- Zurich Takaful Malaysia Berhad

Note: \*Top 5 performing ITOs are arranged in alphabetical order.

## Drivers of Satisfaction in the Insurance & Takaful Industry

Regression analysis is a statistical technique which helps to derive the impact of various attributes on overall customer satisfaction. Based on this analysis, the top 5 drivers of customer satisfaction identified are careful handling of privacy, knowledgeable staff, timely service at call centre/ branch, and ease of getting quote for insurance policy/ takaful certificate.

In comparison with satisfaction drivers from CSS 2018, it is found that staff knowledge/ competency and timely service at branch/ call centre continue to feature among the top 5 satisfaction drivers in 2022 as well.

However, it is seen that two key attributes have made their way into the top 5 drivers in CSS 2022 - careful privacy handling and ease of getting a quote for insurance policy/ takaful certificate. As digital adoption has been increasing since the pandemic, customers are looking for more convenience (Example: ease of getting quote, submitting documents, comparing plans, etc.) while purchasing insurance or takaful. At the same time, increasing online frauds and digital crimes has made customers more cautious about their personal information and privacy.

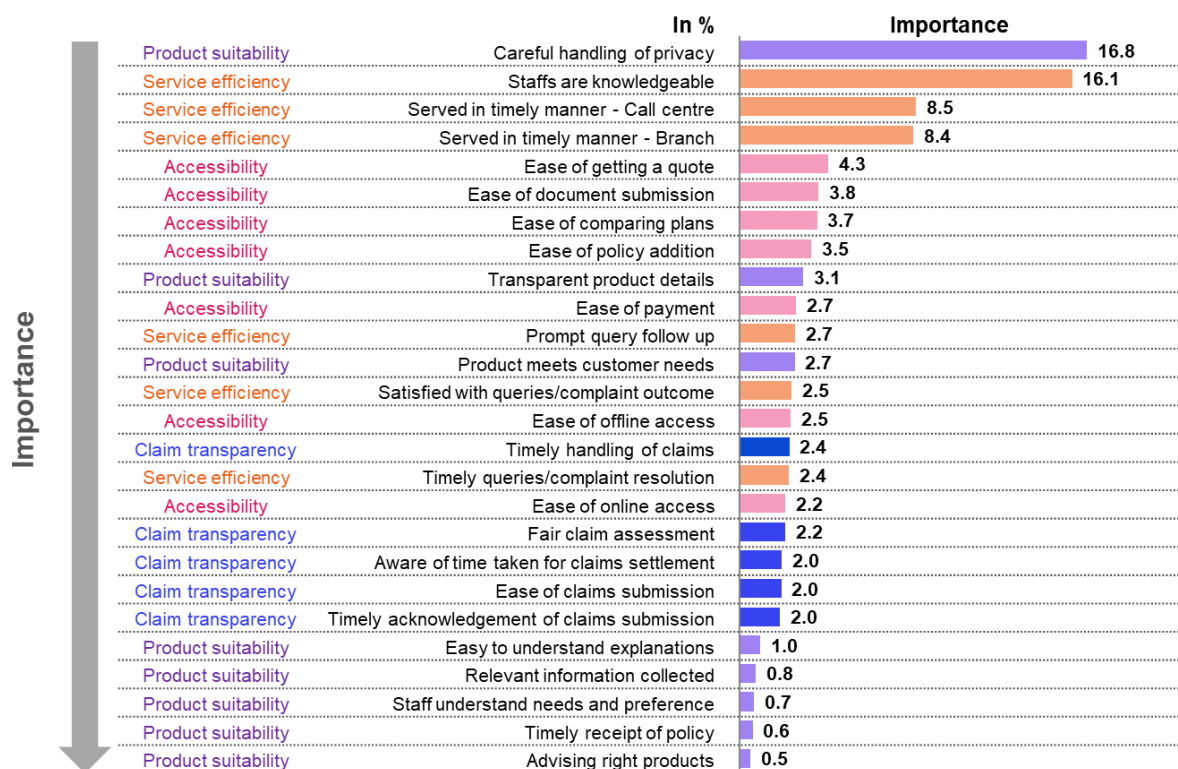


Figure 9. Drivers of satisfaction of overall insurance/ takaful industry

## Performance of Satisfaction Drivers

Customer satisfaction has improved in 2022 across all the pillar attributes. The top 3 attributes which registered the highest performance improvements compared to 2018 are:

1. Relevant information collected by ITOs to understand customer needs better (+27 percentage points improvement)
2. Easy to understand product/ benefit/ terms explanations (+17 percentage points improvement)
3. Staff understand customer needs and preferences (+16 percentage points improvement)

Meanwhile, the attributes that scored the lowest on customer satisfaction are:

1. Ease of comparing plans (72%)
2. Customer awareness of time taken for claim settlement (72%)
3. Ease of online access (74%)

The industry performed well in the top 5 satisfaction drivers, except for timely service at the call centre. Therefore, the industry needs to focus on implementing SOPs aimed at providing shorter waiting times when customers try to reach out via the call centre and monitor the call centre performance.

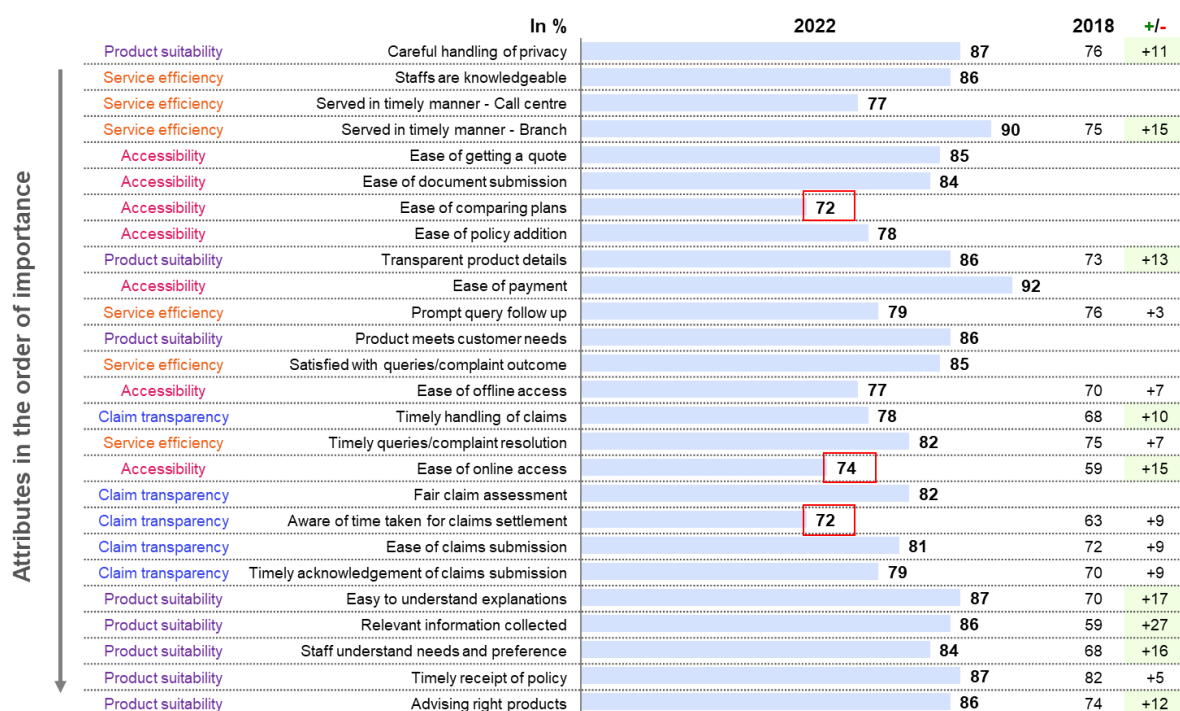


Figure 10. Performance of satisfaction parameters of overall insurance/ takaful industry

## Top 5 Drivers of Satisfaction by Industry

As seen in the table below, customers from life insurance and general insurance place importance on privacy handling and service efficiency (knowledgeable staff, timely & satisfactory complaint/ query resolution). At the same time, GI customers expect quick response time at the call centre, while LI customers value prompt query follow up.

Life Insurance (LI)	General Insurance (GI)	Family Takaful (FT)	General Takaful (GT)
<ul style="list-style-type: none"> <li>Staff are knowledgeable (86%)</li> </ul>	<ul style="list-style-type: none"> <li>Careful handling of privacy (84%)</li> </ul>	<ul style="list-style-type: none"> <li>Served in timely manner - Call centre (71%)</li> </ul>	<ul style="list-style-type: none"> <li>Satisfied with queries/ complaint outcome (87%)</li> </ul>
<ul style="list-style-type: none"> <li>Timely queries/ complaint resolution (82%)</li> </ul>	<ul style="list-style-type: none"> <li>Served in timely manner - Call centre (83%)</li> </ul>	<ul style="list-style-type: none"> <li>Transparent product details (89%)</li> </ul>	<ul style="list-style-type: none"> <li>Staffs are knowledgeable (86%)</li> </ul>
<ul style="list-style-type: none"> <li>Careful handling of privacy (87%)</li> </ul>	<ul style="list-style-type: none"> <li>Staffs are knowledgeable (87%)</li> </ul>	<ul style="list-style-type: none"> <li>Product meets customer needs (88%)</li> </ul>	<ul style="list-style-type: none"> <li>Timely receipt of policy (87%)</li> </ul>
<ul style="list-style-type: none"> <li>Satisfied with queries/ complaint outcome (85%)</li> </ul>	<ul style="list-style-type: none"> <li>Satisfied with queries/ complaint outcome (84%)</li> </ul>	<ul style="list-style-type: none"> <li>Ease of comparing plans (78%)</li> </ul>	<ul style="list-style-type: none"> <li>Transparent product details (86%)</li> </ul>
<ul style="list-style-type: none"> <li>Prompt query follow up (79%)</li> </ul>	<ul style="list-style-type: none"> <li>Timely queries/complaint resolution (83%)</li> </ul>	<ul style="list-style-type: none"> <li>Ease of document submission (86%)</li> </ul>	<ul style="list-style-type: none"> <li>Ease of getting a quote (88%)</li> </ul>

(%) Top 2 Box score [Very satisfied + Satisfied]

Figure 11. Satisfaction drivers by industry and their performance score

Initial interaction plays a bigger role in driving satisfaction among takaful customers. Both FT and GT customers emphasize the need for transparent explanations of product details. Unique to FT, there is a high regard for products that align with customer needs, and easy & simple purchase process (ease of comparing plans, ease of submitting document). On the other hand, GT customers value post-purchase servicing (knowledgeable staff, satisfactory query/ complaint outcome), timely receipt of certificate and ease of getting quote.

## Channel Dynamics

Majority of insurance/ takaful awareness are still created by agent channel, more so among life insurance and family takaful. Nevertheless, there is an opportunity to leverage digital channels further to create awareness.

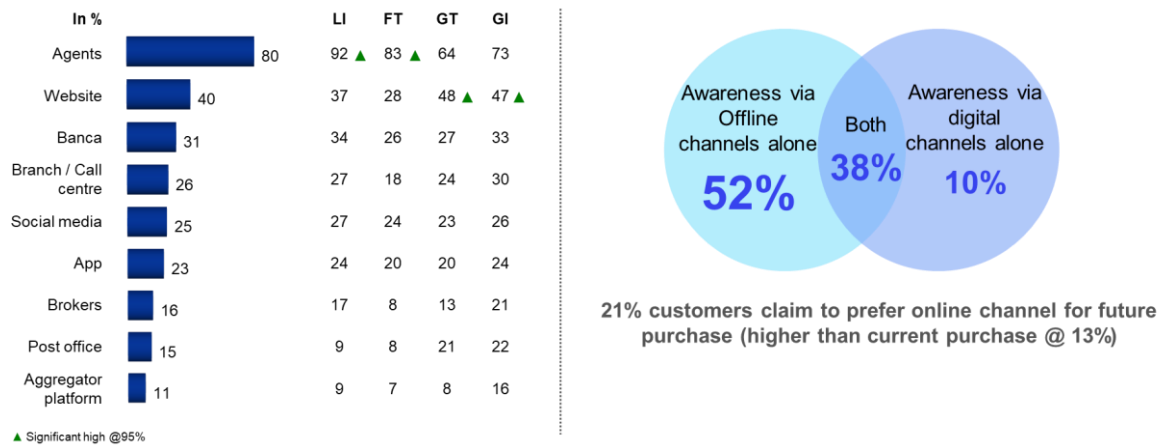


Figure 12. Source of insurance/ takaful awareness

The increasing preference for online channels for insurance/ takaful purchase is a reflection of the evolving digital landscape. Customers value the convenience and quick accessibility offered by digital channels for researching and purchasing insurance/ takaful products. ITOs need to invest in digital capabilities on top of leveraging on agents to educate customers about these capabilities, especially for customer service post-purchase.

## Satisfaction Levels Towards Purchase Channel

Customer satisfaction has improved across all purchase channels when compared to 2018. Branch/Call centre, agent and online channels have higher satisfaction levels. However, banca channel has the lowest satisfaction.

While banca mainly serves as a purchase channel for insurance/ takaful, they are less vested in providing adequate after-sales service, especially during claims process which is causing a disconnect with customer expectations. As such, ITOs should work with banca channel to have clear delineation of responsibilities, especially related to after-sales service, and claim process stages. ITOs should monitor the carrying out of these responsibilities as well.

Lack of awareness of the time taken for claim settlement is a common concern across different purchase channels including agents, banca and branch/ call centre. There is a need for ITOs to play a bigger role in ensuring these channels provide visibility to customers about the tentative claim settlement time.

While digital channels offer convenience and accessibility, they lack in terms of collecting relevant information, providing right product advice, and careful privacy handling. It is important to design digital platforms where proper advice can still be given to customers on suitable product recommendations.

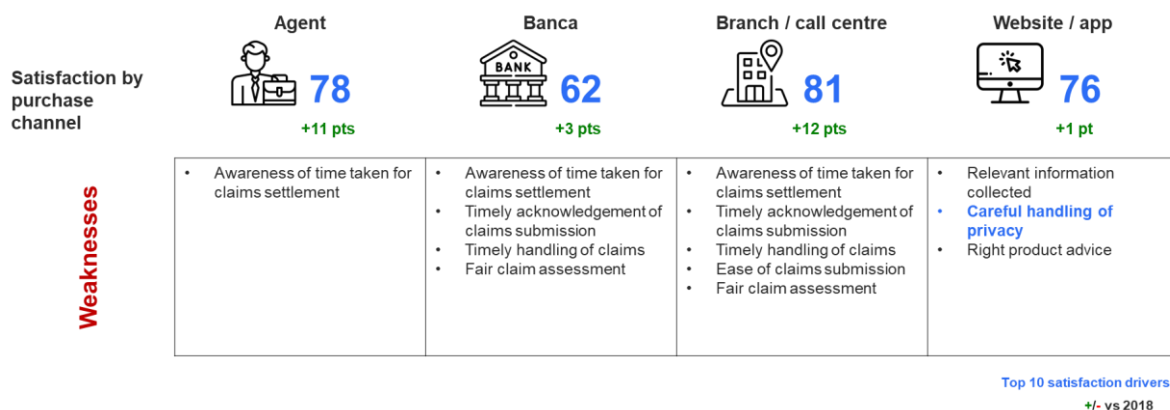


Figure 13. Overall satisfaction and weaknesses of purchase channel



## What Made Top Performers Different from the Laggards?

The distinguishing factors that set top performers apart from laggards are privacy, transparency, and ease of doing things (getting a quote, comparing plans, policy addition) while purchasing the policy. Top performers understand that the acquisition phase is the first touchpoint for customers, and it sets the tone for the entire customer interaction-journey.

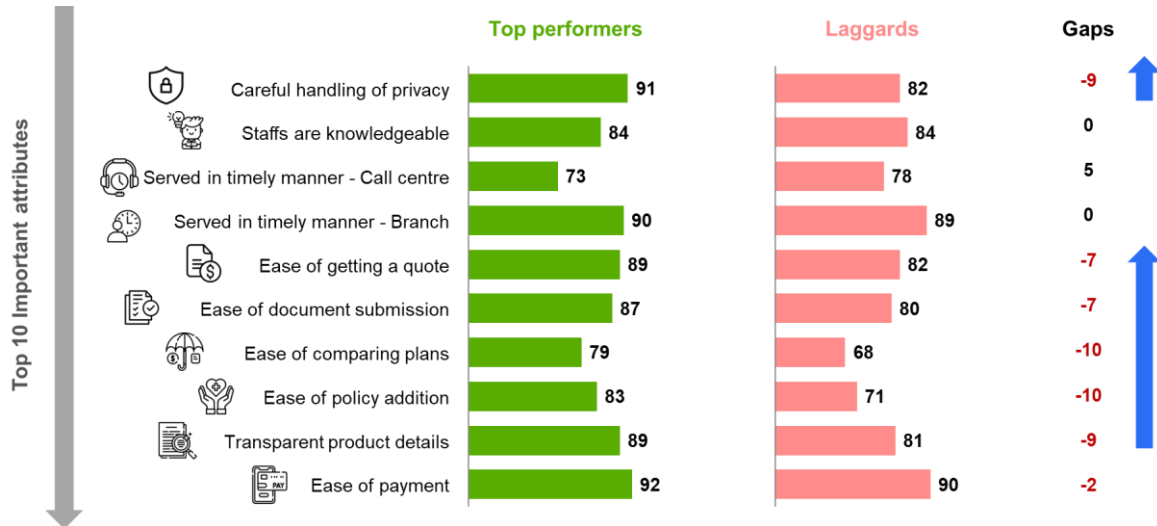


Figure 14. Gaps between top performers and laggards

## Key Learnings & Action Plans

### 1. Building CSC awareness

Creating awareness of the Customer Service Charter (CSC) is vital for setting the right customer expectations and instilling confidence about service delivery standards. Industry should use a multichannel approach, in particular leveraging on agent channels to build awareness during the acquisition stage. ITOs should implement KPIs and training programs to build sales channels' commitment to creating awareness. Content of CSC education must be simple, engaging, and interactive. Clear CSC explanation should be available across digital platforms of ITOs. Instead of the whole sale publication of CSC as it is i.e., in its monotonous form, ITOs should enhance the delivery of it to fit their brand attraction.

### 2. Initial interaction matters

Initial interaction with customers during pre-purchase and purchase journey is crucial. Top performers differentiate themselves by excelling in areas like privacy, convenience/ ease of purchasing, and providing transparent product details. While digital channels offer convenience, focus should be placed on improving privacy handling and providing transparent product details.

### 3. Re-design role of agents

Redesign the role of agents beyond selling. Agents should be involved in customer education and improving the overall customer experience (CX). ITOs should build a committed network of agents through training, well-defined KPIs, and effective monitoring. ITOs should empower agents to provide necessary details to customers (Example: claims settlement time), enabling them to contribute across the entire customer journey.

### 4. Invest in key satisfaction drivers

ITOs should focus on key satisfaction drivers, including ease of comparing plans, ease of policy/ certificate additions, acceptable response time for customers waiting on the line, and ensuring that customers are aware of the time taken for claim settlement. ITOs should implement quick and agreeable solutions for post-purchase customer queries and complaints, including the development of standard operating procedures (SOPs) for call centre response times and closely monitoring call centre's performance.

### 5. Claim settlement process has further room for improvement

Among customers who have made a claim, their experience with the claims handling process plays a key role in determining their overall insurance/ takaful experience. Currently, this is a significant improvement area for ITOs and for all major purchase channels (agent, banca,

branch/ call centre). ITOs should take the following initiatives to improve customers' claim experience: -

- Provide guidelines to all purchase channels establishing appropriate KPIs with respect to claims settlement process.
- Educate customers about the diverse options and channels available for filing a claim.
- Empower the service channels to provide visibility to customers about the right process and time taken for claim settlement.

## **6. Invest in digital solutions**

Customer adoption of digital platforms has been growing post pandemic. 21% of customers prefer digital channels for future insurance/ takaful purchase. Among GI and GT customers, the digital preference is even higher (30% and 38% respectively). Customer preference for using digital channels for insurance/ takaful purchase has increased in tandem, though awareness about being able to enquire/ purchase insurance/ takaful via digital channels remains low. Customers who have purchased via digital channels have a high satisfaction level, especially due to the convenience it offers. This indicates an important growth opportunity for the industry, to ensure more Malaysians are insured and protected. Given the growing customer appetite for digital and lower maintenance cost, the industry can invest in building simple, easy to use digital platforms, which is premised on good privacy controls, to suit customer needs.

## **Conclusion**

Maintaining high levels of customer satisfaction is crucial, but it is also important to leverage the innovations and technology to offer best in class experience to Malaysian insurance/ takaful customers. The customer satisfaction survey is designed based on customer service charter. It is important to re-assess the elements of the customer service charter (CSC) to ensure that the CSC remains fit for purpose and based on changing customer preferences, usage, and industry trends.

## About NielsenIQ

NielsenIQ (“NIQ”) is the world’s leading consumer intelligence company, delivering the most complete understanding of consumer buying behavior and revealing new pathways to growth. In 2023, NIQ combined with GfK, bringing together the two industry leaders with unparalleled global reach. With a holistic retail read and the most comprehensive consumer insights – delivered with advanced analytics through state-of-the-art platforms – NIQ delivers the Full View™. NIQ is an Advent International portfolio company with operations in 100+ markets, covering more than 90% of the world’s population.

The way forward for your brand is about making hard choices and taking action. NielsenIQ Consumer Insights goes beyond the what and the why and focuses on the how, translating research into action, so you can make decisions with confidence. With critical behavior insights, data-backed recommendations, and go-to market optimization, NielsenIQ Consumer Insights is your trusted growth advisor.

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