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Developing life insurer-insurance intermediary relationships

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Abstract

Purpose – The purpose of this paper is to investigate the influential factors of the antecedents of relationship quality (RQ), RQ, and long-term relationship orientation between the members that constitute the insurance marketing channel.

Design/methodology/approach – This study uses in-depth interviews as well as a survey to examine long-term relationship orientation between life insurers and insurance intermediaries in Taiwan.

Findings – Results indicate that antecedents of RQ (customer orientation, expertise, similarity, and contact intensity) have a positive effect on RQ. Relationship qualities (trust, satisfaction, and commitment) have a positive effect on the long-term relationship orientation. The antecedents of RQ have a positive effect on the interaction of long-term relationship orientation through mediating effects of RQ.

Originality/value – It fills a gap in the literature by explores the long-term cooperative relationship between life insurers and insurance intermediaries based on the RQ perspective. Further, previous studies have focused on the automobile, food, electronic information, textile, and financial industries. Few studies have looked at insurance marketing outsourcing from a RQ perspective. Thus, this study will be useful to decision makers in the insurance industry seeking to improve their supplier-distributor relationships.

Keywords Relationship quality, Life insurers, Insurance intermediaries, Insurance marketing channel

Paper type Research paper

1. Introduction

Over the past decade, life insurers in Taiwan have invested heavily in recruiting and developing their own sales forces as their major marketing channel. In 1995, Taiwan established a national health insurance program to guarantee all Taiwanese equal access to comprehensive health care services regardless of financial status. In 1998, the insurance industry's sales began to be officially covered under the Labor Standards Act, and in 2005, the Labour pension fund was implemented. As a result, Labor costs for life insurers have increased. In order to reduce Labor and marketing costs, life insurers have been forced to develop other distribution channels (Yu and Shiu, 2014).

The insurance business is usually considered a very complex industry even though the insurance product itself is intangible (Tsoukatos and Rand, 2006). The insured themselves often do not know the content of their insurance policy or its importance until an insurance event occurs (Levitt, 1981). Most insurers in more developed countries in Europe and America use insurance intermediaries to sell their insurance products because their own training costs are much higher than those of insurance intermediaries (Tillinghast, 1991). In commercial insurance markets, insurance intermediaries provide a useful link between insurers and the insured. Their services range from information provision to risk screening to providing after-sale services.

An important sign of their contributions to insurance markets is the total commissions they make (Goel, 2006). In recent years, with increasing operating costs and more competitive insurance environments, life insurers in Taiwan have developed cooperative relationships with insurance intermediaries to increase their market share as well as reduce their operating costs.

Most intermediary outsourcing-related research has focused on the economic perspective and is based primarily on theories of transaction costs, resource dependence, and agency costs (Heide, 1994). Outsourcing transaction costs and uncertainty generally may only be reduced through long-term cooperative relationships. However, good relationship quality (RQ) can be maintained through a cooperative relationship, especially in a unique industry like the insurance industry (Crosby *et al.*, 1990). In other words, RQ may help reduce the degree of uncertainty for both parties. Consequently, good RQ between the supplier and distributor can be seen as a higher level construct (Ural, 2007). Crosby *et al.* (1990) argued that two major issues still remained unsettled: first, there is no consensus on the dimensions of RQ and second, the concept of RQ only emphasizes the interaction between the company and its customers. Hennig-Thurau *et al.* (2002), Hewett *et al.* (2002), and Rajaobelina and Bergeron (2009) have all used models that focus on the relationship between a business and its customers and have not explored the long-term cooperative relationship between suppliers and distributors. In this study, we address this gap by exploring the mediating effect of RQ on the long-term relationship orientation between insurance intermediaries and life insurers.

The goals of this study are as follows.

First, it explores the factors affecting the antecedents of RQ, RQ, and the long-term relationship orientation between the entities that constitute the insurance marketing channel. Second, it develops a conceptual model for the life insurance industry outsourcing relationship based on the RQ perspective.

The remainder of this paper is organized as follows. In the next section, we develop our conceptual framework and present the research hypotheses. We then discuss the research methods and results and conclude with the research and managerial implications of this study, its limitations, and directions for future research.

2. Theoretical background and development of hypotheses
2.1 RQ
The concept of RQ comes from the relationship model proposed by Crosby *et al.* (1990), who investigated life insurers in the USA. Their study defined RQ as the overall evaluation between buyer and seller of their satisfaction with the demands and expectations of both parties. Meanwhile, these demands and expectations are based on successful and failed events encountered by both parties in the past in which both trust and satisfaction were under consideration (Chen and Myagmarsuren, 2011). In a partnership, the RQ is considered an intangible value orienting the long-term cooperative relationship into the future (Fruchter and Sigue, 2005). Cater and Zabkar (2009), Skarmeas and Shabbir (2011), and Tsao and Hsieh (2012) indicated that RQ should include at the very least the three dimensions of trust, satisfaction, and commitment. That is, the greater the partnership quality recognition of intermediaries, the higher the degree of trust, satisfaction, and commitment given by intermediaries to the life insurer. This study also uses trust, satisfaction, and commitment to measure RQ.

2.1.1 Trust. Trust is important in a wide variety of interpersonal and interinstitutional relationships. It is an essential factor determining RQ (Lagrosen and Lagrosen, 2012). Anderson and Narus (1990) considered trust to be the confidence customers have in the

reliability and integrity of the company as well as in the reliability of their sales personnel to act based on the long-term benefits to the customers. Hence, trust is a key factor in business success as well as a foundation for good relationships (Chang *et al.*, 2012; Kantsperger and Kunz, 2010).

2.1.2 Satisfaction. In channel relationships, satisfaction is a critically important concept because channel satisfaction affects the morale of channel members. Cockalo *et al.* (2011), Gaur *et al.* (2011), and Hsieh *et al.* (2012) observed that customer satisfaction is a key factor in maintaining these long-term relationships. A high satisfaction rate of channel members has a positive effect on the relationship between channel members, a reaction that comes from the evaluations of members of various working relationships (Anderson and Narus, 1990). Seto-Pamies (2012) also held that satisfaction is the result of purchasing and using products, which is derived from comparing a buyer's expected value and the actual perceived value.

2.1.3 Commitment. Commitment is a required element of a long-term relationship (Caceres and Paparoidamis, 2007; Gil-Saura and Ruiz-Molina, 2011) as well as the most easily forgotten variable in a trading relationship. Gil-Saura and Ruiz-Molina (2011) argued that it is very important for trading partners to believe in a continuing relationship. Such partners endeavor to maintain the relationship while bearing uncertainty. Commitment is an important expression of RQ as well as an intention to continue the relationship. A customer's display of commitment intention is usually a representation that the firm has a good relationship with the customer. Thus, commitment is also a necessary element for a successful long-term relationship (Chang *et al.*, 2012; Tsao and Hsieh, 2012).

2.2 Antecedents of RQ

Crosby *et al.* (1990) surveyed the relationship between a salesperson and a customer and proposed a RQ model which introduced exogenous variables including salesperson characteristics (expertise and similarity) and relational selling behavior consisting of contact intensity, mutual disclosure, and cooperative intentions. Rajaobelina and Bergeron (2009) investigated the relationship between financial consulting companies and their clients, finding that knowledge of the client, customer orientation, salespeople's professional knowledge, and personal similarity, are important factors in RQ. In this study, customer orientation, expertise, similarity, and contact intensity are used as factors affecting the RQ, from the work of Rajaobelina and Bergeron (2009) and from discussions with insurance experts.

2.2.1 Customer orientation. Customer orientation is usually considered a quality index of both buyer and seller (Cheng *et al.*, 2008; Tseng and Su, 2013). Tseng and Su (2013) considered customer orientation to be a personal characteristic variable that reflects the satisfaction of the customer with products sold by the salesperson. For the salesperson, customer orientation means understanding the needs, expectations, and care of customers (Cherry and Fraedrich, 2002). Highly customer-oriented salespeople aim at increasing long-term customer satisfaction and avoiding behavior that might result in customer dissatisfaction (Singh and Ranchhod, 2004).

2.2.2 Expertise. The expertise of the cooperating parties is directly related to the exchange of knowledge and whether the organization can accumulate knowledge through cooperation (Jamal and Anastasiadou, 2009; Spake and Megehee, 2010). Accordingly, expertise should be an important factor in determining whether the relationship between the life insurer and its intermediary can progress into the future. Recently, Hennig-Thurau (2004) and Jamal and Anastasiadou (2009) have

shown that the technical skills of service employees (competence, knowledge, and expertise) drive other relational outcomes, such as customer satisfaction, commitment, and customer retention.

2.2.3 Similarity. Studies of the effects of similarity of partners have been a staple of the marketing and social psychology literature for more than three decades (Lichtenthal and Tellefsen, 2001). Crosby *et al.* (1990) defined similarity as the personal characteristics of the salesperson, which includes the degree of similarity of performance, lifestyle, educational level, and socio-economic status, and is different from the similarity between organizations. Nicholson *et al.* (2001) defined similarity between organizations as the degree of similarity between the values of the business and those of its trading partner, because such values represent the principles and processing methods of an organization in the market and will not change easily.

2.2.4 Contact intensity. Duration. Duration is the time span of the cooperative relationship between the buyer and the seller. Lagace *et al.* (1991) held that duration is an important factor affecting the RQ. Mohr and Spekman (1996) used duration as the index of a successful relationship. During a relationship, the parties may have interactions and opportunities for cooperation which reinforce RQ. RQ may also enhance expectations about future interactions. Therefore, the longer the duration of the relationship, the greater the trust and satisfaction with the partnership (Palmatier *et al.*, 2006).

Contact frequency. Contact frequency is the number of times face-to-face or indirect communication occurs during the cooperative relationship. High-frequency signals a constant communication with customers and a commitment to the relationship. Nicholson *et al.* (2001) found a positive relationship between contact frequency and trust. Crosby *et al.* (1990) found that constant contact with customers is a key factor in maintaining RQ in the insurance industry. However, contact between intermediaries and the life insurer is limited primarily due to prior agreements focusing on selling the insurance products long before the sale to the customer occurs, reducing the need for frequent interaction. Through higher contact frequency, the underwriter can understand more about the conditions of the insured during the contact process and reduce the problem of information asymmetry. Moreover, more frequent contact means more sales by the intermediary and a greater contribution to the performance of the life insurer. Based on the above literature, we hypothesize that:

H1. The antecedents of RQ (customer orientation, expertise, similarity, contact intensity) are positively correlated with RQ.

2.3 Long-term relationship orientation

Long-term relationship orientation is one of the key characteristics of RQ (Lee and Dawes, 2005). A long-term relationship orientation means that new interactions are affected by the results of past interactions. Sales results are generally measured by the benefits derived from the sales activities during the relationship (Rajaobelina and Bergeron, 2009; Wong *et al.*, 2007). RQ may reduce customer uncertainty and allow the customer to rely on the services, character, and previous satisfaction with the salesperson and therefore be confident about the future performance of the salesperson (Crosby *et al.*, 1990). This kind of expectation towards future interactions is very important in term of relationships between businesses. Kim and Cha (2002) also found that RQ may foster longer relationships, build a good reputation, and increase market share.

Singh and Sirdeshmukh (2000) contended that trust is the key-meditating variable of behavior before and after purchase. Trust may lead to business coherence, reduced trading costs, decreased opportunistic behaviors, control of conflicts, and stabilization of the mutual relationship, creating cooperative intentions and signaling the continuance of future actions (Anderson and Weitz, 1992; Chang *et al.*, 2012).

Bettencourt (1997) found that customer satisfaction affects the voluntary performance of the customer. This voluntary performance consists of loyalty, cooperation, and participation, where satisfaction is a variable, meaning that RQ affects the interaction of the parties in the future. Crosby *et al.* (1990) argued that a high RQ means a consistent service-level offered by the service provider which the customer believes in. The satisfaction of a customer with the service performance in the past has a rollover effect resulting in satisfaction with future performance. When customers accept and understand future service performance, they can then be expected to have more interactions. Anderson and Narus (1990) and Kuo *et al.* (2013) also found that satisfaction between partners is an important factor in the performance and the duration of the relationship.

Commitment exists when each partner believes that the other will do their best to maintain the long-term relationship (Caceres and Paparoidamis, 2007). Anderson and Weitz (1992) considered that the mutual commitment between supplier and distributor is an important factor in building a long-term relationship as well as providing customers with the most efficient demand to increase mutual benefits. Additionally, Tsao and Hsieh (2012) and Chang *et al.* (2012) found that a higher degree of commitment reinforces the maintenance of a long-term relationship between two parties. The commitment represents a certain level of used resources and time as well as financial and procedural support from both parties (Monczka *et al.*, 1998). A commitment to a relationship has both parties further oriented to maintaining the relationship. Thus, we hypothesize:

H2. RQ (trust, satisfaction, and commitment) is positively correlated with long-term relationship orientation.

H3. The antecedents of RQ (customer orientation, expertise, similarity, contact intensity) are positively correlated with long-term relationship orientation.

Figure 1 serves as an organizing framework for both the theoretical discussion and the subsequent testing of hypotheses.

3. Methodology
3.1 Data collection procedure and sample
The unit of analysis in this study was the long-term relationship orientation between life insurers and insurance intermediaries. We focused on the insurance intermediaries'
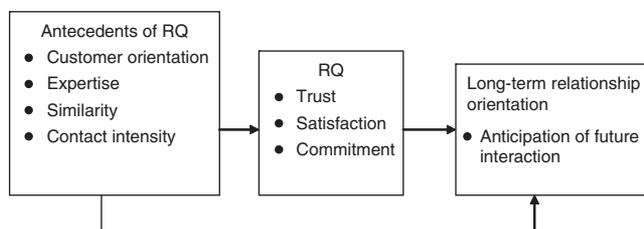
Figure 1.
Conceptual model

(distributors) perceptions of the relationship with "referent" life insurers (suppliers). While dyadic data (collected from both life insurers and insurance intermediaries) would have been desirable, both time and expense considerations necessitated focusing on one side of the dyad (Anderson, 1985). One informant from the insurance intermediary was deemed to be appropriate (Dyer and Chu, 2000).

In this study, we adopt the definition of insurance broker set out by Cummins and Doherty (2006): an insurance intermediary (or broker) is an individual or business firm, with some degree of independence from the insurer, which stands between the buyer and seller of insurance. Optimally, the broker acts completely autonomously and represents the interests of its customers. According to the Taiwan Insurance Institute (2012), there are 503 insurance brokers.

In this study, both qualitative and quantitative research methods were used. Goulding (2005) argues that qualitative research facilitates the ability to gain valid insight, develop theory, and make decisions. A total of ten qualitative in-depth interviews are conducted before the survey. Pre-survey interviews were conducted with insurance intermediaries' senior managers to ensure that relevant independent and dependent variables were not overlooked in the development of the final survey instrument. Through interviews, we also understood the views of life insurers and their intermediaries on the enhancement of RQ and the establishment of a long-term relationship orientation as the basis for the design of the survey.

For the in-depth interviews, the interviews were conducted to examine the measures used in order to evaluate their content adequacy and the validity of the items. Each interview session lasted from 40 minutes to one hour, using an interview outline with open-ended questions based on the review of the related literature and the opinions viewpoints of senior managers of insurance intermediaries.

The draft questionnaire was pre-tested for readability and clarity with undergraduate business students. Following the pre-tests, the main survey was administered. According to Hair *et al.* (2010), the minimum acceptable ratio of observations to variables is 5:1. However, to obtain better results, 15:1 (15 respondents to one variable) or more is preferred. Hence, considering the eight variables (24 items) to be used in exploratory factor analysis and structural equation modeling (SEM), and taking into account the probability of invalid questionnaires and the actual number of usable questionnaires that would be returned, we surveyed all 505 insurance intermediaries in Taiwan.

The questionnaires were mailed from 1 November to 31 December 2012. In an attempt to counter the low response rate, we contacted the executives of the sample companies either by telephone or mail to request their help in order to improve the response rate. A reminder letter was mailed approximately one week after the questionnaire. We sent 503 questionnaires to the insurance intermediaries and obtained 275 responses. After filtering invalid questionnaires, the remaining 230 valid questionnaires yielded an effective response rate of approximately 46 per cent.

Descriptions of sample results are presented in Table I. Approximately 56 per cent of the respondents are male, over 45-years old account for 57 per cent of the sample, and nearly half of the respondents (46 per cent) have a university degree or higher. Additionally, the respondents (54 per cent) have more than nine years of insurance work experience, and 44 per cent of the insurance intermediaries are located in Northern Taiwan.

A comparison of early and late respondents yielded no significant differences (at $p > 0.05$) relevant to the study, which suggests non-response bias is not a problem (Lambert and Harrington, 1990).

Item	Category	Sample	%
Sex	Male	128	56
	Female	102	44
Age	20-35	3	1
	36-45	97	42
	Older than 45	130	57
Education	Non-college graduate	25	11
	College	81	35
	University	105	46
	Graduate school	19	8
Working experience (years)	1-3	4	2
	4-6	37	16
	7-9	65	28
	Over 9	124	54
Area	Taipei	102	44
	Taichung	75	33
	Kaohsiung	53	23

Table I.
Description of sample

3.2 Measures

We measured three major constructs: antecedents of RQ, RQ, and the long-term relationship orientation of insurance intermediaries with life insurers. All questionnaire items are anchored on a five-point Likert scale, ranging from 1 = strongly disagree to 5 = strongly agree. We discuss the measures below.

The antecedents of RQ:

(1) Customer orientation: defined as the insurance intermediaries' salespeople who can provide products that satisfy the needs of customers. The three-item customer orientation measure was adopted from Michaels and Day (1985).

(2) Expertise: operationalized as the knowledge, experience, and learning ability of the insurance intermediary relating to insurance products and markets. This was measured using three items from Rajaobelina and Bergeron (2009) and Crosby *et al.* (1990).

(3) Similarity: defined as the degree of similarity of the values of the two parties. Similarity was measured using the Nicholson *et al.* (2001) scale. This scale consists of three items.

(4) Contact intensity: the level of interaction between the life insurers and the insurance intermediaries. Contact intensity is assessed using a three-item scale based upon the scales suggested by Nicholson *et al.* (2001).

RQ:

(1) Trust: operationalized as the other party adhering to the commitment and being worthy of trust. Trust was measured using three items identified by Nicholson *et al.* (2001).

(2) Satisfaction: defined as the degree of cognition towards the overall operation associated with the relationship. It was measured using a three-item scale adapted from Sanzo *et al.* (2003).

(3) Commitment: defined as the extent to which each partner believes that the other is doing its best to maintain the long-term relationship and operationalized using a three-item scale (Caceres and Paparoidamis, 2007).

Long-term relationship orientation: long-term relationship orientation was used to measure the anticipation of future interaction as a consequence of RQ. It was measured by three items adapted from Wong *et al.* (2007).

3.3 Statistical approaches
We employed confirmatory factor analysis (CFA) and SEM in our analysis, and used AMOS 18 and SPSS 12 as our analytical tools.

4. Analysis and results
4.1 Measurement model
In order to test the reliability and validity of the measures used in this study, CFA was conducted. CFA was preferred over exploratory factor analysis because it is theory based, accounts for measurement error, and tests for unidimensionality (Hair *et al.*, 2010). When the standardized factor loading ranges between 0.50 and 0.95, the measurement model achieves basic goodness of fit (Bagözzi and Yi, 2012). The composite reliability (CR) of the latent variables was used to measure the reliability of latent variables. The higher the CR value, the more effectively the entities that constitute the insurance marketing channel construct reliability of a specific latent variable can be determined. Bagözzi and Yi (2012) suggest that a CR value should be higher than 0.6. The convergent validity represents the common variance between the indicators and their construct and is measured by average variance extracted. The acceptable threshold should exceed 0.5, and all latent variables should comply with this pre-requisite (Anderson and Gerbing, 1988). The figures shown in Table II indicate that good internal quality exists within the research model.

4.2 Structural equation model
4.2.1 Overall model results. The structural equation model results are: the goodness-of-fit index = 0.97, the adjusted goodness-of-fit index = 0.95, and the normed fit index = 0.92, all of which exceed 0.9. Additionally, the root mean square error of approximation (RMSEA) = 0.043 is lower than 0.05. The χ^2 statistic ($\chi^2 = 386$, $p = 0.00$) is significant. Although this is not unexpected given the large size, still, in our study, most of the fit measures show that the sample data fit the hypothesized model well (Anderson and Gerbing, 1988; Hair *et al.*, 2010).

Construct	Measurement aspects	SFL (*t*-value)	CR	AVE
Antecedents of RQ ($\alpha = 0.90$)			0.90	0.69
	Customer orientation	0.89 (19.95**)		
	Expertise	0.84 (18.15**)		
	Similarity	0.71 (14.52**)		
	Contact intensity	0.79 (16.96**)		
RQ ($\alpha = 0.91$)			0.90	0.70
	Trust	0.76 (15.10**)		
	Satisfaction	0.86 (18.84**)		
	Commitment	0.83 (17.83**)		
Long-term relationship orientation ($\alpha = 0.91$)	Anticipation of future interaction	0.85 (18.76**)	0.91	0.78

Notes: SFL, standardized factor loading; CR, composite reliability; AVE, average variance extracted. Statistically significant at $p < 0.01$

Table II.
Confirmatory factor analysis result of measures

Hypotheses testing. The positive correlation between antecedents of RQ and RQ reached the level of significance (0.77**), indicating that the stronger the antecedents of RQ, the higher the RQ between life insurers and insurance intermediaries, supporting *H1*. *H2*, which predicts that RQ has a significant positive impact on long-term relationship orientation, was also supported (0.65**). Antecedents of RQ significantly influenced long-term relationship orientation (0.46**). This finding thus supports *H3*.

The results of the SEM for the structural model shown in Figure 2 are presented in Table III.

5. Discussion and implications

In this study, we explore the mediating effect of RQ between antecedents of RQ and long-term relationship orientation of the entities that constitute the insurance marketing channel, using in-depth interviews and questionnaires. Constructs covered in the study included customer orientation, expertise, similarity, contact intensity, RQ, and anticipation of future interaction. To the best of our knowledge, this is one of the few studies to examine the long-term relationship orientation between life insurers and insurance intermediaries in Taiwan.

In sum, our study advances our understanding of how life insurers that rely on insurance intermediaries can develop more cooperative strategies. Additionally, as can be seen from Table IV, the total effect of antecedents of RQ on long-term relationship orientation is 0.96, (total direct effect = 0.46 and total indirect or mediated effect of RQ = 0.50). Comparing the initiating structure of RQ effect on long-term relationship orientation of 0.65, this means that the linkage between antecedents of RQ and
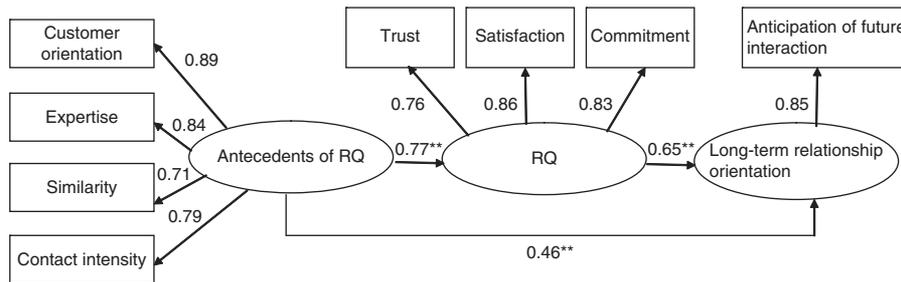

Figure 2.
Path diagram for
structural model

Hypothesis	Causal paths	Coefficient (*t*-value)
H1	Antecedents of RQ→RQ	0.77** (11.34)
H2	RQ→Long-term relationship orientation	0.65**(9.21)
H3	Antecedents of RQ→Long-term relationship orientation	0.46**(7.82)
	Model fit indices	
	χ^2 test = 386 (*p* = 0.00)	
	Goodness-of-fit index (GFI) = 0.97	
	Adjusted goodness -of- fit index (AGFI) = 0.95	
	Normed-fit index (NFI) = 0.92	
	Root mean square error of approximation (RMSEA) = 0.043	

Notes: All coefficients are significant (*t*-value > 2.58, **statistically significant at *p* < 0.01)

Table III.
The structural
model results

long-term relationship orientation is mediated by RQ. This is consistent with other studies (Crosby *et al.*, 1990; Lagace *et al.*, 1991; Caceres and Paparoidamis, 2007; Wong *et al.*, 2007; Rajaobelina and Bergeron, 2009; Skarmeas and Shabbir, 2011). Our findings thus provide guidance for the RQ decisions of life insurers.

This study makes several contributions to the field. First, it fills a gap in the literature by exploring the long-term cooperative relationship between life insurers and insurance intermediaries based on the RQ perspective. It shows that there are both theoretical and practical gaps in the literature. Second, previous studies have focused on the automobile, food, electronic information, textile, and financial industries. Few studies have examined insurance marketing outsourcing from a RQ perspective. Third, our study conceptualizes RQ as a higher order construct, made of the components of trust, satisfaction, and commitment. Finally, this paper is to fill the gaps in theoretical and empirical perspectives about the mediating role of RQ.

5.1 Research implications

From the theoretical perspective, these findings on customer orientation, insurance intermediary's salespeople's expertise, similarity, and contact intensity suggest that both short and long-term effectiveness are influenced by antecedents of RQ. As has been noted, an insurance intermediary's salesperson with a customer orientation should always keep clients' interests in mind, take steps to clarify their needs and expectations, and engage in activities and behaviors that satisfy the clients' needs in a helpful way. They should possess expertise in the basic product line (in this instance, insurance). In long-term exchange relationships, this takes on added meaning as the salesperson's consultative role expands, and it becomes clear that solutions to the customer's problems must transcend traditional service boundaries. Similarity can bolster the insurance intermediary's confidence in predicting the life insurer's future behavior. To project similarity, sales personnel probably should establish common ground with the buyer; a finding consistent with the literature (Crosby *et al.*, 1990; Jamal and Anastasiadou, 2009; Lagace *et al.*, 1991). An interpretation of these results is that RQ serves as an indicator of the health and future well-being of long-term service sales relationships.

When life insurers are in frequent service contact with their intermediaries, insurance intermediaries face a series of relationship exchanges. For insurance intermediaries, in addition to having immediate communication with life insurers over market information, the establishment of communication channels with sales personnel can also ease their feelings of uncertainty and insecurity and may result in a more timely response. In other words, the stronger and more frequent the interaction, the higher customer satisfaction and trust will be. This study's results confirm that the antecedents of RQ significantly and positively influence satisfaction, trust and commitment, which is consistent with the theory of the positive influence antecedents of RQ on relational quality as Crosby *et al.* (1990), Lagace *et al.* (1991), Nicholson *et al.* (2001), Spake and Megehee (2010), Skarmeas and Shabbir (2011), and Rajaobelina and Bergeron (2009) contend. Our study also supports the link between RQ and anticipation of future

	Direct effect	Total indirect effect	Total effect (direct + indirect)
Antecedents of RQ	0.46	0.50	0.96
RQ	0.65	–	0.65

Table IV.
Direct and indirect effects on long-term relationship orientation

interaction, findings are consistent with those of Wong *et al.* (2007), Kantsperger and Kunz (2010), Gil-Saura and Ruiz-Molina (2011), Chen and Myagmarsuren (2011), Tsao and Hsieh (2012), Lagrosen and Lagrosen (2012), Chang *et al.* (2012), Cockalo *et al.* (2011), and Seto-Pamies (2012).

5.2 Managerial implications

From a managerial standpoint, our study conceptualizes RQ as a higher order construct, made up of the components of trust, satisfaction, and commitment, strengthens the long-term relationship orientation of life insurers and their insurance intermediaries. It improves customer repurchase intention, which in turn leads to increased profits for life insurers and insurance intermediaries. A long-term relationship between life insurers and intermediaries will also lead to increased anticipation of future interaction.

5.3 Policy implications

This is the first systematic study that examines antecedents of RQ, RQ, and long-term relationship measurement practices in life insurers and insurance intermediaries in Taiwan. Thus, this study will be useful to policy makers in the insurance industry seeking to improve their supplier-distributor relationships.

5.4 Limitations and directions for future research

This study is subject to several limitations. First, the analysis performed is cross-sectional and not longitudinal. Furthermore, common method bias was considered when designing the survey, and Harman's single-factor test found no evidence of such bias (Podsakoff *et al.*, 2003). Finally, the research findings are based on a study conducted in a single country and hence, may not be generalizable to life insurers and insurance intermediaries in other countries. Future studies might enhance the generalizability of the relationship quality model developed in this study by applying in various industries and in other locations.

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