

## AUTOMOBILE LEASING: AN IMPACT OF FORCIBLE INFLUENCE OF LEASING COMPANIES ON INSURANCE BUYING DECISION OF VEHICLE OWNERS

R.B.W.A.M.D.B Rajaguru<sup>1</sup> and D.A.M. Perera<sup>2</sup>

<sup>1</sup>*Department of Automobile, Ceylinco Insurance PLC, Sri Lanka;* <sup>2</sup>*Department of Accountancy, Faculty of Business Studies and Finance, Wayamba University of Sri Lanka, Kuliypitiya, Sri Lanka*

Corresponding author: methsila240@yahoo.com

Today leasing is becoming an increasingly popular method of automobile financing. This shifts a significant trade upward among automobile industry in Sri Lanka. The principle advantage of leasing is it can make expensive cars affordable for comparatively unaffordable people. While this may be true, there is an important factor to be considered - that is the contrast between the automobile owners and the leasing companies (LCs) in selecting the insurance provider for the vehicle concern. This paper aimed to explore the influence of preferences and other conditions (such as premium, interest etc.) of LCs on the owner's choice of insurer for an automobile, which may lead morale conflicts between the vehicle owners and the lease providers. Based on a series of discussions had with 50 leased-vehicle owners (LVOs), who are randomly selected from Kandy and Kurunegala districts, this study has investigated the views of LVOs for gauging the satisfaction on the insurance policy that they purchased. The first criterion related to the pressure from leasing company; it was asked: To what degree, and by which means, do leasing companies influence in purchasing the insurance cover for your vehicle? And, is it done at the expense of the LVOs interests? The second criterion examined LVO's knowledge from the viewpoint of rules and conditions of the insurance policy, asking: To what degree do vehicle owner's "preferred insurance policy" match with the insurance policy that recommended by the leasing company? The results confirmed that the LCs are heavily influenced on the LVOs insurance policy selection ( $\bar{x} = 4.15$ ), which ultimately prevented them from enjoying full benefits of an insurance cover ( $\bar{x} = 3.60$ ). Separate analyses were conducted for the "average" vehicle and the "luxury vehicle". Results indicated that as the value of vehicle increases, the influence level of leasing companies' decreases. As a result, a negative and significant relationship ( $r = -.721$ ,  $p < .000$ ) found between the level of influence of LCs and the satisfaction of LVO's on their insurance policy.

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