ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

MASTER OF BUSINESS ADMINSTRATION PROGRAM

ASSESSMENT OF FACTORS AFFECTING SATISFACTION OF MOTOR INSURANCE CUSTOMERS: IN SELECTED INSURANCE COMPANIES, ADDIS ABABA

THESIS

PURPOSE: PARTIAL FULFILLMENT FOR MBA PROGRAM

BY: FASIKA TATEK

ADVISOR: ATO TESHOME BEKELE

JUNE, 2018

ADDIS ABABA, ETHIOPIA

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APPROVED BY THE BOARD OF EXAMINERS:

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DECLARATION

I, Fasika Tatek declare that this work entitled as **"**ASSESMENT OF FACTORS AFFECTING MOTOR INSURANCE CUSTOMERS SATISFACTION IN SELECTED INSURANCE COMPANIES IN ADDIS ABABA**"** is outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged.

I have produced it independently except for the guidance and suggestion of the research advisor.

This study has not been submitted for any degree in this University or any other University. It is offered for the partial fulfillment of MBA.

By: Fasika Tatek

Signature _____

Date _____

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Finally, I extend my appreciation to all of the respondents who participate in this research project.

ABSTRACT

The objective of the study was to empirically assess factors affecting motor insurance customers satisfaction of insurance companies in Addis Ababa. The research is to analyze weather service quality, awareness of contract, amount of premium, timeframe of compensation, ways of compensation, location of branches and networked / technology based service significantly affect motor insurance customers satisfaction of insurance companies. In the research model, motor insurance customers satisfaction is dependent variable and others are independent variables. The data collected from 6 sample insurance companies which exist in different level of market share. Both stratified and convenient sampling methods were used to select respondents. Primary and secondary data were collected. Primary data were collected from 380 respondents through questioner and source of secondary data were different articles, NBE reports and internet. The collected data were analyzed using a descriptive statistics, Spearman's rank correlation and regression analysis. The description of the outputs using SPSS software version 20 and the result showed that service quality, awareness of contract, ways of compensation, location of branches and networked / technology based service have positive significant effect on motor insurance customers satisfaction whereas amount of premium and timeframe of compensation have negative significant effect on motor insurance customers satisfaction of insurance companies in Addis Ababa. Therefore, study suggested that management of the insurance companies should put effective measures to improve their service quality, to create awareness among customers, to minimize timeframe of compensation, to adjust rate of premium, to keep interest of customers in terms of methods of compensation, to extend their branches and districts and to provide networked and technology based service in order to enhance their motor insurance customers satisfaction.

ACRONIYMS

VIATPR……..VEHICLE INSURANCE AGAINST THIRD PARTY RISK

MICS……MOTOR INSURANCE CUSTOMER SATISFACTION

EIC……ETHIOPIAN INSURANCE CORPORATION

NICE…….NATIONAL INSURANCE COMPANY OF ETHIOPIA

NIC……NYALA INSURANCE COMPANY

BIC……BERHAN INSURANCE COMPANY

GIC……GLOBAL INSURANCE COMPANY

EL&GIC……....ETHIO-LIFE & GENERAL INSURANCE COMPANY

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CHAPTER ONE: INTRODUCTION

1.1. BACKGROUND OF THE STUDY

Insurance is, one sub sector of the financial sector; a risk transfer mechanism whereby an insured transfers a risk exposure to an insurer in consideration for payment of premium (NBE Birritu report 2012).

The insurance companies, especially because of its intangible products should be able to forecast coherent programs to identify customer needs (Sedighiyan, 2000). New form of competition in the insurance industry has seen which companies need to consider new ways to build customer satisfaction to increase their competitive power (John and Darvies, 2000).

Therefore, satisfying our customers is a backbone for all organizations in general, and companies in service industries in particular. Issues like: service quality and customer satisfaction are the main concerns of the nowadays service companies, which improves organization's performance and translates into more profits.

Das and Samantha (2005) consider customer satisfaction as a business survival requirement. The results identify eight factors which could reflect the customer satisfaction level. These are productivity, quality of delivery, meeting delivery schedules, technical support, communication, proactive or promptness in response, skill level and domain knowledge.

Satisfaction according to Singh (2006) is affected by many factors which include friendly employees, courteous employees, knowledgeable employees, and helpful employees, consumer buying behavior, accuracy of billing, expertise, timeliness, physical environment, competitive pricing, product quality, good value and quick service.

1.2. INSURANCE INDUSTRY IN ETHIOPIA

Modern insurance service, which were introduced in Ethiopia as far back as 1905 following the establishment of the first bank, Bank of Abyssinia begin to transact fire and marine insurance as an agent of foreign insurance company (Hailu Zeleke, 2007).

In 1975, the government centrally planned economic system the financial institution and other means of private owner ship were decided to be “nationalized” and there was one government owned insurance company, i.e. Ethiopia Insurance Corporation (EIC).

The industry remained a state monopoly up until 1994 when the current regime adopted the “free market” economy and the government issued proclamation No.86/1994-licensing and supervision of insurance business which allowed Ethiopians and enterprises fully owned by Ethiopians to invest in and establish insurance companies (Zafu Eyessuswork, 2014). Since then, sixteen privately owned insurance companies have been established and operating in Ethiopian insurance market along with formerly government owned insurance company which is EIC. Private insurance companies are Africa Insurance, Awash Insurance, Nyala Insurance, Nile Insurance, Nib Insurance, United Insurance, Lion Insurance, Oromia Insurance, Tsehay Insurance, Nice, Abay Insurance, Ethio-life and General Insurance, Bunna Insurance, Lucy Insurance, Brehan Insurance and Global Insurance Company.

According to NBE 2018 report, EIC take 41.2 % of market share in Ethiopian insurance industry. It is the first insurance company in terms of market share. Next, Africa and Awash Insurance companies which take 7.1%. The third is Nyala Insurance Company which takes 6.3%. Fourth is Nile Insurance Company which takes 5.8%. Fifth is Nib Insurance Company which takes 5.3%. Sixth is United Insurance Company which takes 5.1%. Seventh are Lion and Oromia Insurance Companies which take 4.0%. Eighth are NICE and Tsehay Insurance Companies which take 2.8%. Ninth is Abay Insurance Company which takes 2.5%. Tenth is Ethio-life and general Insurance Company which takes 1.7%. Eleventh is Bunna Insurance Company which takes 1.4%. Twelfth is Lucy Insurance Company which takes 1.2%. Thirteenth is Berhan Insurance Company which takes 1.1%. The last insurance company which takes 0.6 % of market share is Global Insurance Company.

The insurance sector in Ethiopia is governed by Insurance Business Proclamation No. 746/2012. According to the Proclamation it is prohibited to transact insurance business, both general insurance and long term insurance in Ethiopia without obtaining an insurance business license from the National Bank of Ethiopia (NBE).

Under general insurance, motor insurance class of business take lion share. According to 2017 report of NBE, among general insurance sector from total gross premium amount of Birr

7,133,478,000. Birr 3,982,203,000. has been collected from motor insurance class of business. However, it is also the first class of business interms of claim highest claim ratio. From total claim incurred of Birr 3,192,800,000. Birr 2,817,256,000. is incurred for motor claim.

1.3. STATEMENT OF THE PROBLEM

In Ethiopian insurance industry motor insurance class of business control major insurance market and generate high profit, but it has been observed that there is widespread motor insurance customer dissatisfaction arising from different factors. From an international context, so many factors might contribute for dissatisfaction of insurance customers. Some of the factors rose by different writers and researchers at different time in different countries are: low service quality (Foster, 2004)and Parasuraman & Zeithaml& Berry, 1988), delay in compensation (Singh,2006 and Teferra Demiss, 2009), lack of understanding of the terms of insurance contract by customers(Oluwadamilola, 2011), lack of providing technology based service by insurance companies(Gina Timm 2015), Geographical location of insurance companies (HosseinV,Sahel F., 2011) and expensiveness of premium (Stone,1966).

Regarding the dissatisfaction of motor insurance customers in Addis Ababa, the researcher has made an exploratory/ personal investigation using field interviews on a limited scale with concerned insurance company managers in Ethiopian Insurance Corporation (EIC), with a view to secure greater insight into the practical aspects of the problem. The interviewed insurance company managers raised many reasons but they repeatedly focus on the above factors including the payment methods of compensation.

A number of researches were made on factors affecting, the effect of service quality on customer satisfaction and determinants of customer satisfaction in general insurance in Ethiopia and worldwide. However low emphasis given specifically to factors affecting motor insurance customers satisfaction in Ethiopia by including the above factors other than service quality.

1.4. RESEARCH QUESTION

This study was designed to provide answers to the following research questions:

- To what extent service quality of insurance companies, awareness of a contract, availability of networked and technology based service, the payment methods of compensation and location of districts/branches of insurance companies posetively affect satisfaction of motor insurance customers?
- To what extent the timeframe of compensation and amount of premium negatively affect satisfaction of motor insurance customers?
- How service quality, awareness of a contract, amount of premium, availability of networked/technology based service, timeframe of compensation, the payment methods of compensation, location of branches/districts and motor insurance customers satisfaction related?

1.5. RESEARCH OBJECTIVES

1.5.1. GENERALOBJECTIVE

- The general objective of this research project is to study factors affecting satisfaction of motor insurance customer's in selected insurance companies in Addis Ababa.

1.5.2. SPECIFIC OBJECTIVES

- To study whether the service quality of insurance companies affect motor insurance customers satisfaction.
- To study whether awareness of customers about insurance policy terms and wording affect motor insurance customer satisfaction.
- To study whether amount of premium affect motor insurance customers satisfaction.
- To investigate whether networked/technology based service affects satisfaction of motor insurance customers.
- To study whether the location of insurance companies affect motor insurance customer satisfaction.

- To examine whether methods of compensation affect motor insurance customer satisfaction.
- To examine whether timeframe of compensation affect motor insurance customer satisfaction.
- To analyze how independent variables and motor insurance customers satisfaction related.

1.6. RESEARCH HYPOTHESIS

1 Ho: Service quality has no significant positive relationship with motor insurance customer's satisfaction.

HL: Service quality has significant positive relationship with motor insurance customer's satisfaction.

2 Ho: Awareness of contract has no significant positive relationship with motor insurance customer's satisfaction.

HL: Awareness of contract has significant positive relationship with motor insurance customer's satisfaction.

3 Ho: Amount of premium has no significant negative relationship with motor insurance customer's satisfaction.

HL: Amount of premium has no significant negative relationship with motor insurance customer's satisfaction.

4 Ho: Availability of networked/technology based service has no significant positive relationship with affect motor insurance customers satisfaction.

HL: Availability of networked/technology based service has significant positive relationship with motor insurance customers satisfaction.

5 Ho: Location of districts/branches has no significant positive relationship with motor insurance customer's satisfaction.

HL: Location of districts/branches has significant positive relationship with motor insurance customer's satisfaction.

6 Ho: Methods of compensation have no significant positive relationship with motor insurance customer's satisfaction.

HL: Methods of compensation have significant positive relationship with motor insurance customer's satisfaction.

7 Ho: Timeframe of compensation has no significant negative relationship with motor insurance customer's satisfaction.

HL: Timeframe of compensation has significant negative relationship with motor insurance customer's satisfaction.

8 Ho: Service quality doesn't affect motor insurance customers satisfaction.

HL: Service quality affects motor insurance customers satisfaction.

9 Ho: Awareness of contract doesn't affect motor insurance customers satisfaction.

HL: Awareness of contract affects motor insurance customers satisfaction.

10 Ho: Amount of premium doesn't affect motor insurance customers satisfaction.

HL: Amount of premium affects motor insurance customers satisfaction.

11 Ho: Availability of networked/technology based service doesn't affect motor insurance customers satisfaction.

HL: Availability of networked/technology based service affect motor insurance customers satisfaction.

12 Ho: Location of districts/branches doesn't affect motor insurance customers satisfaction.

HL: Location of districts/branches affects motor insurance customers satisfaction.

13 Ho: Methods of compensation doesn't affect motor insurance customers satisfaction..

HL: Methods of compensation affect motor insurance customers satisfaction.

14 Ho: Timeframe of compensation doesn't affect motor insurance customers satisfaction.

HL: Timeframe of compensation affect motor insurance customers satisfaction.

1.7. DEFINITION OF TERMS

Policy: The legal contract by which risk is transferred to an insurance company (Williams, 1984).A document detailing the terms and conditions applicable an insurance contract and constituting legal evidence of the agreement to insure. It is issued by an insurer or his representative for the first period of risk.

Insured: -A person whose property is insured or in whose favors the policy is issued.

Insurer: -An insurance company who, in return for a consideration (a premium), agrees to make good in a manner laid down in the policy any loss or damage suffered by the person paying the premium as a result of some accident or occurrence.

Premium: The amount of money charged when a risk is transferred to an insurance company (willies, 1984). The consideration paid for a contract of insurance.

Awareness: - knowledge and understanding of motor policy terms and conditions.(operational).

Underwriting: - is the process of selection of risk based on information filled on the proposal form.

No Claim Discount (NCD):- Discount of premium provided when no claim experienced by the insured during previous period of insurance. It will be provided annually only for motor insurance customers. No claim discount shall be calculated on the renewal premium in respect of each vehicle:

1.8. SIGNIFICANCE OF THE STUDY

The findings of this study assist insurance companies to identify level of effect of each factor on motor insurance customer's satisfaction and to take a corrective action that help to satisfy their motor insurance customer's satisfaction by implementing the recommended alternative solutions.

Also, for manager this research offers information on factors that should be considered during marketing strategies formulation.

Enables the student researcher to have an academic knowledge on conducting research and contribute to the future development of this type of research.

1.9. SCOPE AND LIMITATION OF THE STUDY

Geographically, the study is undertaken at Addis Ababa at the head quarter of private insurance companies and at districts of Ethiopian Insurance Corporation. It exclude motor insurance customers exist outside of Addis Ababa.

Methodologically, this paper limited by using only structured questioner to collect primary data. Because, it is simple to code and analyze the data.

The respondents were selected by their claim experience. Customers who have no claim experience where not included in the sample. That is in order to obtain sufficient data on both underwriting and claim service.

This study also focused only on seven factors that affect motor insurance customers satisfaction other factors were not included because, those seven factors are repeatedly rose by managements of insurance companies and the researcher wants to study in depth on it.

If the sample size was larger than 384 the result might be different.

1.10. ORGANIZATION OF THE PAPER

This project is organized in five chapters. Chapter one presents the general introduction about the whole report. Chapter two describes both the theoretical and empirical literature review related to the customer service, satisfaction and factors that affect customer satisfaction; Chapter three provides research design and methodology employed in the analysis part. Chapter four contains data presentation, analysis and interpretation. Finally, the last chapter concludes the total work of the project and gives relevant recommendations based on the findings. A “Reference” of related literature that refers while writing the paper and annex includes after chapter five.

CHAPTER TWO: - LITERATURE REVIEW

2.1. THEORETICAL STUDIES

2.1.1. SERVICE: CONCEPTS AND DEFINITIONS

The service concept has been defined in many different ways. Heskett (1986) defines it as the way in which the "organization would like to have its services perceived by its customers, employees, shareholders and lenders". It has also been defined as the elements of the service package, or what Collier (1994) calls the "customer benefit package", i.e. the things that provide benefit and value to the customer. This approach of defining the nature of a service in terms of its constituent parts has also appeared in the marketing literature. Lovelock and Wright (1999), for example, use the "8Ps" of marketing which encompass the elements of the service product, process, place, physical evidence, people, productivity and quality, plus additional marketing elements, price and promotion. The "8Ps" is based on the "7Ps" by Booms and Bitner (1981) which was developed from the "4Ps" (McCarthy, 1960).

2.1.2. SERVICE IN INSURANCE

Insurance is a promise to perform in future in return for a present monetary consideration. Such a promise is made in an environment when the customer is absolutely not sure whether the promise will be fulfilled if and when the need arises. But then, if and when the need comes, it already late for him to evaluate the customer service standards in the insurer. Yet another unique feature of the industry is the peculiar rules of the game such as Utmost Good Faith, Indemnity, Insurable Interest, Subrogation and Contribution, which underwriters are more aware of than the customers (Bowen and Chen 2001). Insurance being an intangible product, the technical quality of the product depends upon its reliability.

2.1.3. MOTOR VEHICLE AND ASSOCIATED RISK

"Motor vehicle" as defined on Vehicle Insurance Against Third Party Risks Act 799/2013, is "any mechanical or electrical power propelled vehicle moving on roads." Motor vehicles made their first spluttering appearance at the turn of the 20th century. At that time they were much slower and so cumbersome than the common horse and carriage. As a result, during the early years of motoring

there seemed little need to consider the implications and requirements of insurance. By the time of the First World War, motor vehicle was developed and improved at an alarming rate with the change in technology and to comply with considerable interest for the motor car (Talk Once, 2010). In the process of building an affluent society, car is changing from luxury consuming goods to ordinary merchandise, which causing frequently traffic accidents due to the poor standards of driving skills and little road discipline (Bao and Gu, 2014).

In 1920s' there were so many motor vehicles on the land that legislation was almost invisible. The emergence of motor vehicles and associated risk had an impact on society; accidents soon became a common sight on the roads (Talk Once, 2010).

2.1.4. MOTOR INSURANCE

Motor insurance is insurance type issued to provide compensation/indemnity when financial loss arises due to collision, overturning, stolen and fire either on insured motor vehicles or/and others /third party/ accidentally. Motor policy provided on a yearly basis with exceptions and conditions. It is renewable insurance before the policy date of expires.

Accordingly motor insurance has two distinct sections; one relating to its physical damage, which is categorized under property insurance and the other relating to injury or death and collision of third parties property which is part of liability insurance. Motor insurance protects the policyholder against financial loss in the event of an incident involving a vehicle they own, such as in a traffic collision.

Coverage typically includes:

- ✓ Property coverage, for damage to or theft of the vehicle.
- ✓ Liability coverage, for the legal responsibility to others for bodily injury or property damage.
- ✓ Medical coverage, for the cost of treating injuries, rehabilitation and sometimes lost wages and funeral expenses.

Based on purpose of vehicle motor insurance policy sub-divided in to two private vehicle insurance and commercial vehicle insurance

There are different main covers and extension covers provided under motor insurance business. Main covers are VIATPR, Comprehensive cover and Fire and theft cover. Extension covers are covers provided in addition to main cover by additional premium i.e it couldn't sold solely. Extension covers includes:- Territorial limit extension for own damage and third party i.r.o 9

COMMESA members African country, BSG (Bandits, Guerillas and Shiftas), Third party limit extension and Third party only cover(which provide off-road cover) (EIC reports and magazines, 2017).

2.1.5. UNDERWRITING IN MOTOR INSURANCE

Underwriting is the process of selection of risk based on information filled on the proposal form, and rating the risk and decides whether to accept the risk or not. If the risk accept it on what terms and conditions. For an insurance company to underwrite a risk; it must accept an offer from the insured person through the proposal form (Macharia, 2009).

The proposal form is a document that contains the nature and condition of the subject matter of insurance, the extent of the risk to be insured and the type of liability to be covered. In this regard, when an insurer issues a policy or makes an express acceptance of the proposal form, then a contract of insurance is said to be complete (Macharia, 2009).

Underwriter is a person on behalf of insurer who accepts; rejects and sets terms and conditions on proposed insurance policy. Nevertheless, in VIATPR motor insurance there are cases the underwriter has no choice to select a risk and not make a decision whether to accept the risk or not rather they simply match the rate against the proposed risk category and charge fixed amount from rating table in case of “tariff” pricing system. The discretion of underwriter in compulsory third party motor insurance is relatively small because rate, policy terms and conditions are stipulated in advance, even the insurance policy period.

2.1.6. CLAIM COMPENSATION/INDEMNITY

The central purpose of insurance in general is to provide compensation in money or money's worth equal to the amount of the financial loss the insured might sustain if the insured event takes place.

That is, "for the purposes of insurance contracts, indemnity could be looked upon as the exact financial compensation sufficient to place the insured in the same financial position after the loss as she enjoyed immediately before it occurred." (Commercial code of Ethiopian1960 article 678).

The essence of the principle is that ideally compensation should be equal to the loss; neither more nor less. If compensation greater than the loss, the insured will have made a gain. On the other hand, if compensation is smaller than the loss, he/she will not have been indemnified.

The principle of indemnity applies to all forms of insurance other than those on the life of persons (notably life and personal accident insurances), because the value of a human being cannot be measured in terms of money. Therefore, it generally is meaningless to try to ascertain the financial loss incurred by the death of a person, or as the result of the loss of limb, eyesight, etc. This is expressed by saying that these are not contracts of indemnity. They are rather contract of benefits.

Nevertheless, life and personal accident insurance policies can be made to be contracts of indemnity for certain specific purposes. A creditor or a debtor may insure a debtor for no more than the amount to the debt. A partner may also not insure another partner for an amount greater than the sum the partnership. These are all insurances of indemnity. A personal accident policy can also be a contract of indemnity where for example an employer effect such a policy on his staff specifically so as to provide himself with any amount he would have to pay in wages to disabled employees. In short, many of the policies affected on the life another person can be viewed as contracts of indemnity.

Indemnity may be provided in one of four ways. The choice as to which method to apply is usually given to the insurers by the policy.

2.1.7. METHODS OF COMPENSATION

These four methods of providing indemnity are the following:

A. Cash Payment: - The amount of claim payable under the policy is paid to the insured in cash.

B. Repair: - Damage to the insured object is made good by repair at the insurer's cost.

C. Replacement: - Where the insured object is lost or destroyed beyond economic repair, the insurer undertakes to replace is with a like object.

D. Reinstatement: - As a method of providing indemnity, "reinstatement" refers to rebuilding or restoring a damaged building.

2.1.8. CUSTOMER SATISFACTION

Many researchers have looked into customer satisfaction. Kotler (2000) defined satisfaction as: “a person’s feeling of pleasure or disappointment resulting from comparing a product’s perceived performance (or outcome) in relation to his or her expectations”. Hoyer and MacInnis (2001) said that satisfaction can be associated with feelings of acceptance, happiness, relief, excitement, and delight.

According to Hansemark and Albinsson (2004), “satisfaction is an overall customer attitude towards a service provider, or an emotional reaction to the difference between what customers anticipate and what they receive, regarding the fulfillment of some need, goal or desire”.

Giese & Cote, (2000, p.15) clearly state that there is not generic definition of customer satisfaction and after carrying a study on various definitions on satisfaction they came up with the following definition, “customer satisfaction is identified by a response (cognitive or affective) that pertains to a particular focus (i.e. a purchase experience and/or the associated product) and occurs at a certain time (i.e. post-purchase, post consumption)”.

From this definition, is it clear that motor insurance customer satisfaction is determined by insured’s expectation after making insurance contract and after indemnified if accident lodged by the insured.

Organizations that consistently satisfy their customers enjoy higher retention levels and greater profitability due to increased customers’ loyalty, Wicks & Roethlein, (2009, p.83).

2.1.9. EFFECTS OF CUSTOMERS SATISFACTION/DISSATISFACTION

Customer satisfaction does have a positive effect on an organization’s profitability. According to Hoyer and MacInnis (2001), satisfied customers form the foundation of any successful business as customer satisfaction leads to repeat purchase, brand loyalty, and positive word of mouth. Satisfied customers improve business and dissatisfied customers impair business (Anderson &Zemke, 1998; Leland & Bailey, 1995).

Satisfied customers are most likely to share their experiences with other people to the order of perhaps five or six people. Equally well, dissatisfied customers are more likely to tell another ten

people of their unfortunate experience (Zairi ,2000).Griffin, 1995 also support as customers who receive poor service will typically relate their dissatisfaction to between fifteen and twenty others. The cost of gaining a new customer is ten times greater than the cost of keeping a satisfied customer (Gitomer, 1998).

The consequences of not satisfying customers can be severe. According to Hoyer and MacInnis (2001), dissatisfied consumers can decide to: -

- Discontinue purchasing the good or service,
- Complain to the company or to a third party and perhaps return the item, or
- Engage in negative word-of-mouth communication.

Customer satisfaction is important because, according to La Barbera and Mazursky (1983), "satisfaction influences repurchase intentions whereas dissatisfaction has been seen as a primary reason for customer defection or discontinuation of purchase".

Fornell (1992) said "high customer satisfaction will result in increased loyalty for the firm and that customers will be less prone to overtures from competition". This view was also shared by Anton (1996) who said that "satisfaction is positively associated with repurchase intentions, likelihood of recommending a product or service, loyalty and profitability". Loyal customers would purchase from the firm over an extended time (Evans and Berman, 1997). Guiltinan, Paul and Madden (1997) said that satisfied customers are more likely to be repeat (and even become loyal) customers.

However, Sivadas and Baker-Prewitt (2000) argues as "Satisfaction also influences the likelihood of recommending a departmental store as well as repurchase but has no direct impact on loyalty. Thus satisfaction in itself will not translate into loyalty. However, satisfaction will foster loyalty to the extent that it is a prerequisite for maintaining a favorable relative attitude and for recommending and repurchasing from the store.

2.1.10. SERVICE QUALITY

Service quality can be defined as a customer's judgment about an organization's overall performance (Parasuraman, Zeithaml, and Berry 1998). According to Anderson and Fornell (1994) also said that service quality is the degree to which a product or service provides customer requirement and how these requirements are met. Besides that, Parasuraman et al. (1998) explained service quality as the gap between expectation and perception of services quality and conducted new concept of service quality which is SERVQUAL. It is a tool to measure the satisfaction of customer by satisfactions of customer service. The SERVQUAL model proposes that customers evaluate the service quality on five types of dimension which are reliabilities, responsiveness, empathy, assurance and tangibles. Next, Bitner and Hubbert (1994) defined service quality as the overall impression of customers towards an organization's relative inferiority or superiority and the services provided by the organization.

2.1.11. AWARENESS

Awareness of the use and knowledge of insurance terms and condition is positively related to customer's satisfaction. This is because the higher the level of one's awareness of terms and conditions, insured's perception met expectation. Majority of insurance consumers misunderstand of insurance terms and conditions creates customers dissatisfaction. Wilson (2004) observed that much of the dissatisfaction with insurance is based on a faulty idea of what insurance is and how it operates. With this level of awareness, insurance patronage and consumption becomes a daunting task. This problem is even made worse by the high level of illiteracy among the citizenry (Oworen, 1993). An institutional bottleneck that affects insurance marketing and consumption as argued by Gowon (2004) is insufficient publicity and public awareness campaign by insurance companies.

2.1.12. PRICE INFLUENCE ON CUSTOMER SATISFACTION

Price is a very popular tactic for consumer satisfaction. Customer will indicate higher levels of satisfaction when they get a better deal (pay less price) relative to a comparison other than they will when they pay more for relative worse deal. They thought they paid less than the published price for that item if the customer is satisfied.

According to Zeithaml et al. (1996, 116-128) the customers' use of price as a signal to quality depends on several factors, they are accessibility of services cues to quality, brand names that offer evidence of a company's, level of advertising and the risks associated with the service purchase.

2.1.13. RELATIONSHIP BETWEEN CUSTOMER SATISFACTION AND SERVICE QUALITY

Fen &Lian, (2005, p.59-60) found that both service quality and customer satisfaction have a positive effect on customer's re-patronage intentions showing that both service quality and customer satisfaction have a crucial role to play in the success and survival of any business in the competitive market. This study proved a close link between service quality and customer satisfaction.

Su et al., (2002, p.372) carried a study to find out the link between service quality and customer satisfaction, from their study, they came up with the conclusion that, there exist a great dependency between both constructs and that an increase in one is likely to lead to an increase in another. Also, they pointed out that service quality is more abstract than customer satisfaction because, customer satisfaction reflects the customer's feelings about many encounters and experiences with service firm while service quality may be affected by perceptions of value (benefit relative to cost) or by the experiences of others that may not be as good.

Ensuring quick service quality service facility is still the problem of Ethiopian insurance companies**.** There is a lengthy claim process and claim settlements are often took a long period of time. This will create hardship on clients by not compensating them timely and by not replacing them on the same financial position like their position before the happenings of accident. This lengthy and bureaucratic claim process is the main source of dissatisfaction of clients. Additionally, in Ethiopia insurance industry, when there is motor claim; there isn't any precondition for the replacement of vehicle like other insurance companies' experience in abroad (Temesgen Aziz, 2015**).**

2.2. EMPIRICAL STUDIES

In this section, an attempt is made to describe the theoretical foundations of the different factors hypothesized to affect the satisfaction of customers as follows:

Several factors affect customer satisfaction. The quality of service is one of the major determinants of the customer satisfaction. The kinds of products that insurances offer to its customers can cause customer satisfaction or dissatisfaction (Vijay M. K. 2012). Consumers do not buy a product or service for its own sake. They buy to acquire benefits that the product offers. They buy to satisfy a need. Products therefore exist for what they fulfill in terms of consumer needs. It is the essential feature or benefit that the buyer expects to receive from using the product that motivates buying behavior (Boateng, 1994).

(Bailey et al., 1983); (Karen, 2001, p.306) and (Shi et al., 2005, p.1440) identified that human needs, quality of services and products, the user friendly nature of product and services, and comfort assurance are some of the important determinants of customer satisfaction. Even though different customers will require different levels and combinations of these variables, they generally are important factors that affect customer satisfaction.

Berry expanded these quality values further in 2002 and classified them as the 10 domains of satisfaction: Quality, Value, Timeliness, Efficiency, Ease of Access, Environment, Interdepartmental Teamwork, Front Line Service Behaviors, Commitment to the Customer and Innovation.

Zeithaml et al. (2006) also expressed some determinates that cause's customer satisfaction as product and service features, whether they treated fairly compare to other customer, was the price eligible for the service, was they get good service. Customer satisfaction not only depends on the product or service features, one's own experience rather it also influenced by other customer perception, experiences etc. As for example, family members' satisfaction or dissatisfaction influenced tremendously towards particular service.

Matzler et al., (2002), went a step forward to classify factors that affect customers' satisfaction into three factor structures;

1. Basic factors: these are the minimum requirements that are required in a product to prevent the customer from being dissatisfied. They do not necessarily cause satisfaction but lead to dissatisfaction if absent. These are those factors that lead to the fulfillment of the basic requirement for which the product is produced. These constitute the basic attributes of the product or service. They thus have a low impact on satisfaction even though they are a prerequisite for satisfaction. In a nutshell competence and accessibility
2. Performance factors: these are the factors that lead to satisfaction if fulfilled and can lead to dissatisfaction if not fulfilled. These include reliability and friendliness.
3. Excitement factors: these are factors that increase customers' satisfaction if fulfilled but does not cause dissatisfaction if not fulfilled which include project management.

According to Hokanson (1995), there are many factors that affect customer satisfaction. These factors include friendly employees, courteous employees, knowledgeable employees, helpful employees, accuracy of billing, billing timeliness, competitive pricing, service quality, good value, billing clarity and quick service.

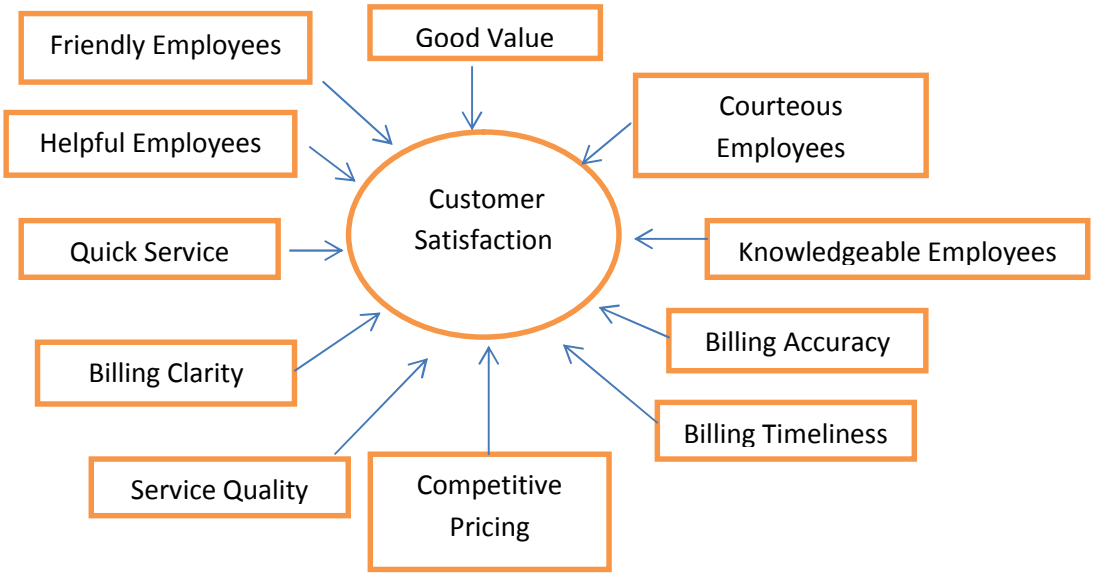


Fig: 2.13.1. Factors that Affect Customer Satisfaction

Source:- Hokanson (1995)

2.3. CONCEPTUAL FRAMEWORK

Based on the theoretical foundations, the following frameworks are developed for factors affecting motor insurance customers satisfaction

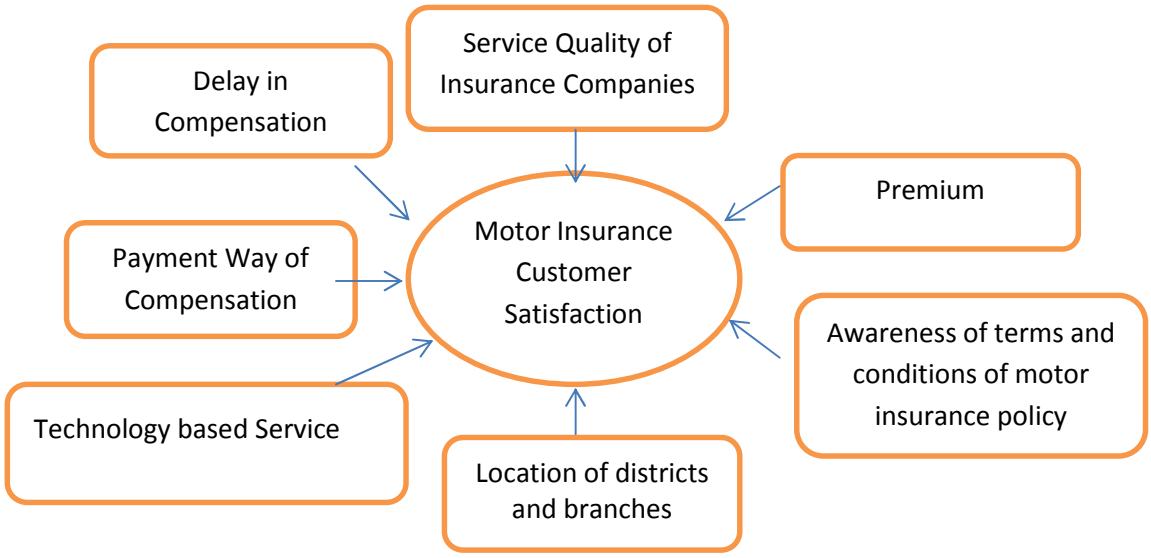


Fig: 2.3.1. Factors that Affect Motor Insurance Customer Satisfaction

Source: - Adopted from Hokanson (1995) with some modification

The sketching above is the proposed conceptual framework which is designed to serve as the foundation of the research paper. The theoretical framework is to help researchers to examine the relationships between dependent variable and independent variables towards the factors that affect motor insurance customers satisfaction in selected insurance companies. Thus, this paper is study on the impact of service quality, awareness of contract, amount of premium, timeframe of compensation, ways of compensation, location of branches and networked / technology based service on motor insurance customers satisfaction. In this study, there will be seven independent variables that will be use which are while motor insurance customers satisfaction is the dependent variable. How independent variables affect dependent variables will be analyzed by testing seven hypotheses.

CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY

3.1. RESEARCH DESIGN

This study used a deductive design approach, as it used to test theories which are developed by other researchers at different time. It is also quantitative and survey research, as it analyzes data gathered from respondents through structured questioner.

3.2. POPULATION OF THE STUDY

The general population of this study was all insurance companies in Addis Ababa.

3.3. TYPES AND SOURCE OF DATA

- **Primary Data**

According to Kothari (2004), Primary data are fresh data that are gathered for the first time and thus happened to be original in character. The source of primary data was motor insurance customers of selected insurance companies. Structured questionnaire are prepared and delivered to respondents in order to gather the primary data.

- **Secondary data**

The source of secondary data was articles, websites, books, repots, magazines and periodicals released by the insurance companies.

3.4. SAMPLING PROCEDURE

In this study both stratified and convenience sampling procedures were used.

Stratified random sampling procedure was used to select 6insurance companies from 17 insurance companies which represent 35.3% of total population. Based on their market share, insurance companies were divided and selected from each level. From top level EIC and NIC were selected, from medium level NICE and E-life & GI were selected and from low level BIC and GIC were selected for the study. From EIC 182, from NIC 70, from NICE 47, from EL & GIC 35, from BIC 28 and from GIC 22 respondent were selected. The number of respondents also determined by market share of the insurer.

Convenience Sampling procedure were used to select the respondent. The customers who purchase motor insurance policy from insurance company and had claim experience were selected because to obtain better information from both underwriting and claim service.

Since there is no available statistics on the total number of individual customers in selected insurance companies the following sample size formula for infinite/unknown population is used to arrive at a representative number of respondents (Godden, 2004; Daniel, 1999):

$$SS = \frac{Z^2 \times p(1-p)}{M^2}$$

Where:

SS= Sample Size for infinite population (more than 50,000)

Z = Z value /z score based on desired confidence level

P = population proportion (expressed as decimal)

M = Margin of Error (allowable error)

The above formula is valid only if we apply the simple random below.

The above formula is valid only if we apply the simple random or systematic random sampling methods. Cluster or multistage sampling methods require a large sample size to achieve the same

$$\mathbf{SS= \frac{1.96^2 \ X \ 0.5(1-0.5)}{0.05^2} = 384}$$

Where:

SS= Sample Size for infinite population (more than 50,000)

Z = 1.96 for 95% confidence level

P = population proportion 0.5 (50%) since this would provide the minimum sample size.

M = Margin of Error (allowable error) at 5% (0.05)

3.5. TOOLS AND METHOD OF DATA COLLECTION

In this research Primary data was collected by structured questionnaire. The design of the questionnaire use simple and clear language to collect meaningful data from the respondents. The reason for the structure and design of the questionnaire has great importance in any survey where the questionnaire is to be completed by the respondents because some respondents prefer and express their idea in written way rather than interview.

Secondary data were collect by reading different articles and through browsing internet.

3.6. QUESTIONNAIRES

In this research paper, close-ended and ranking scale questions are used in the questionnaire due to researcher can code the information easily and data collecting process becomes simpler.

In part one, there are some questions such as gender, age, marital status, education level, income level, employment status and retention which categorized under demographic profile part are being asked to understand respondent's profiles. Nominal ratio and ordinal ratio are used as the scale of measurement.

In part two, the general information of the respondents for using the particular insurance service like the satisfaction level toward their insurance company. While in last part, the question are related to the independent variables are used in this paper.All questions in this are designed using a five point Likert scale in which respondents are required to give their response in selecting either strongly disagree, disagree, neutral, agree, or strongly agree .

Likert scale is designed by Rensis Likert. It is very popular rating scale for measuring ordinal data in social science research. This scale includes Likert items that are simply-worded statements to which respondents can indicate their extent of agreement or disagreement on a five or seven-point scale ranging from "strongly disagree" to "strongly agree" (Bhattacherjee, 2012).

The questions printed in a definite order on a form are distributed in insurance office by the researcher, so that it is a person administered form of questionnaire. The questionnaire method is selected because of its ease of data gathering and its objective nature. A highly structured survey questionnaire (where respondents select an answer from a given set of choices), intended to collect quantitative data was used.

3.7. METHOD OF DATA ANALYSIS

3.7.1. DESCRIPTIVE ANALYSIS

Descriptive of data was used at the first stage of the analysis. At this stage of the analysis frequency tables and mean were used. Graphs are also used to present and analyze the nominal data.

In general SPSS version 20 software was used to code and analyze the research data. All the questions are entered in the software using coding system for the responses.

3.7.2. INFERENTIAL ANALYSIS

Spearman's coefficient of correlation was used to examine the correlation between the independent variables and the satisfaction of motor insurance customers and to test the hypothesis. Charles Spearman's coefficient of correlation (or rank correlation) is the technique of determining the degree of correlation between two variables in case of ordinal data where ranks are given to the different values of the variables. The main objective of this coefficient is to determine the extent to which the two sets of ranking are similar or dissimilar (Kothari, 2004). According to Marczyk, DeMatteo, and Festinga (2005) Spearman rank-order (rs) is used to examine the relationship between two variables measured on ordinal scales.

Additionally, in this study, the equation of multiple regression models was show as below:

$MICS = \beta 1 + \beta 2\ SQ2 + \beta 3\ AW3 + \beta 4\ TC4 + \beta 5\ PW5 + \beta 6\ LO6 + \beta 7 PR7 + \beta 8 NW8 + \mu$

MICS = Motor Insurance Customer Satisfaction

β = Slope of Coefficient

SQ = Service Quality

AW = Awareness of contract

TC = Time Frame of Compensation

PW = Payment way of Compensation

LO = Location

PR=Amount of Premium

NW=Networked Service

With the above multiple regression equation, the impact of each of the explanatory variables on MICS estimate were assessed in terms of the statistical significance level using 1%, and 5% test size.

Multi-collinearity is meaning that two or more explanatory variables are highly correlated in multiple regression models. It also shows that within the independent variables, there are relationships. To detect multicollinearity, variance inflation factor (VIF) is the most common way to identify it. VIF shows how the variance of an estimator is fluctuated based on the presence and absence of multicollinearity (Gujarati & Porter, 2009). The extent of collinearity between two independent variables increase will direct make the variance of estimator increase. The higher of the r-square will increase the degree of VIF. If there do not have any collinearity between both independent variables, the VIF will be 1. The formula of VIF is show as below:

$$VIF=\frac{1}{1-R^2X1,X2}$$

When the VIF is undefined, it means that both independent variables are prefect multicollinearity. When the VIF is defined and higher than 10, it can be conclude that there is existing high multicollinearity. If the degree of VIF is between more than 1 and less than 10, it can be conclude that there is low multicollinearity. Lastly, if VIF is equal to 1, it means that there is no multicollinearity.

CHAPTER FOUR: RESULTS AND DISCUSSIONS

4.1. RESPONDENT DEMOGRAPHIC PROFILE

Table 4.1.1 Background Information of Respondents

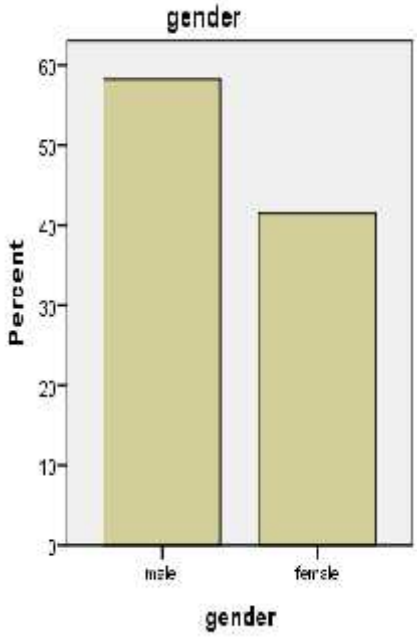
Variables	Category	Frequency	Valid Percent (%)
Gender	Male	224	58.3
	Female	160	41.7
Age	<=30	90	23.44
	31-45	186	48.44
	46-60	102	26.56
	>60	6	1.56
Marital Status	Single	134	35
	Married	224	58.3
	Divorced	26	6.7
Level of education	Below grade 10	58	15
	10-12+	122	31.72
	Diploma	96	25
	Degree	83	21.77
	Masters and above	25	6.51
Occupation	Salaried	211	28.3
	Business Owner	109	55
	Other	64	16.7
Income	4000-7000	83	21.7
	7001-10000	51	13.3
	10001-15000	97	20
	>15000	173	45
Retention	<2 years	90	23.3
	2-4 Years	160	41.7
	>4Years	134	35

Source:- Primary Data

In this research, there are seven questions have been used in the questionnaire for the collection of respondent's demographic profile. It is including gender, age, education, income level, marital status, employment and retention as motor insurance customer. This data is summarized under the following tables.

The characteristics of respondents as presented in Table 4.1. From 380 respondents 58.3% are males and 41.7% are females.

In terms of age, 23.44% of the respondents are up to 30 years, 48.44% between 31and 45 years, 26.56% of them are between 46-60 years and 1.6% of them are above 60 years, the majority of them are between 31-45 years of age.



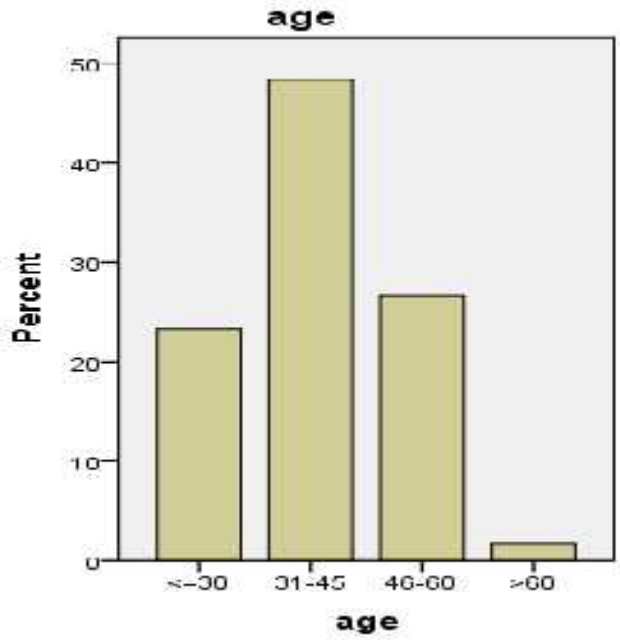
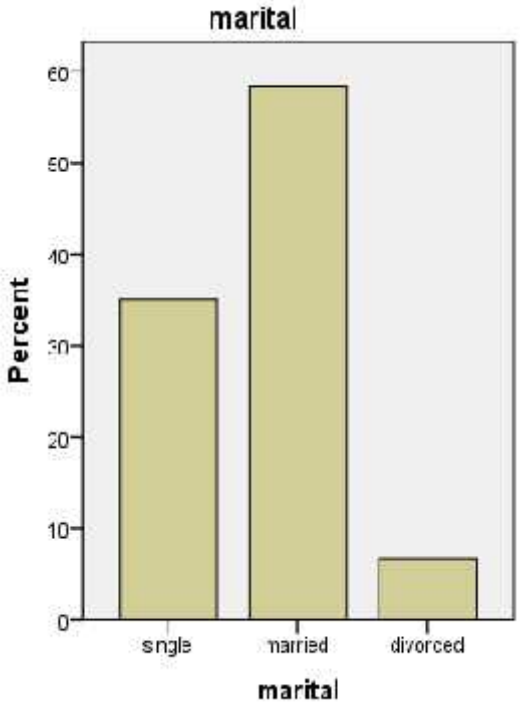


Fig 4.1.1: Bar chart for gender category of respondents Fig 4.1.2: Bar chart for age category of respondents

Source: - Primary Data

In terms of marital status, 35% of the respondents are single, 58.3% are married and the remaining 6.7% are divorced.

From the total of 384 respondents, most respondents level of education is 10-12+ and it is 31.72% followed by diploma25%, Degree, below grade 10 and masters and above by 21.77%, 15%, and 6.51% respectively. The smallest percentage share is masters and above educational level.



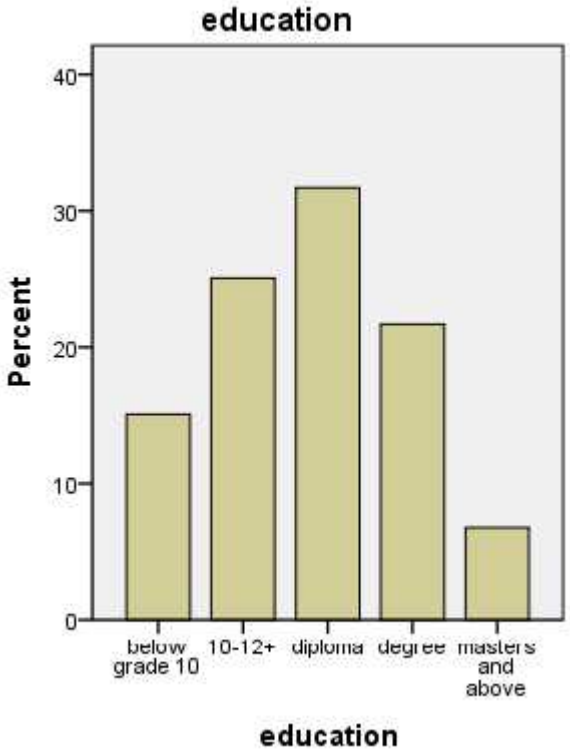


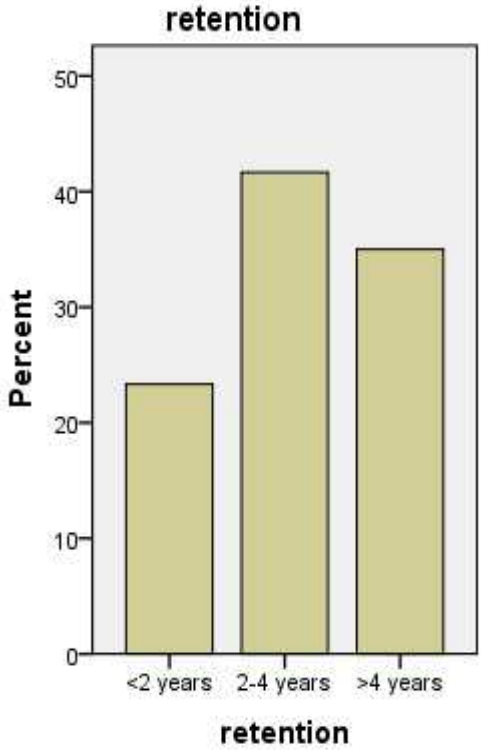
Fig 4.1.3: Bar chart for marital status category of respondents

Fig 4.1.4: Bar chart for Educational level category of respondents

Source: - Primary data

As indicated in the figure below most respondent i.e 41.7% of them retain with insurance companies from 2-4 years, 35% of them retain more than 4 years and the remaining 23.3% of respondents work with insurance companies for less than 2 years. In terms of occupation, 55% of the respondents are business owners/self-employed/,28.3% of them are salaried and the remaining 16.7% of them are other.

In terms of income, 45% of respondents earn more than ETB 15,000 per month. 21.7% of them earn ETB 4,000 -7,000Per month, 20% of them earn ETB 10,001-15,000 and the remaining 13.3% of them earn ETB 7,001-10,000.



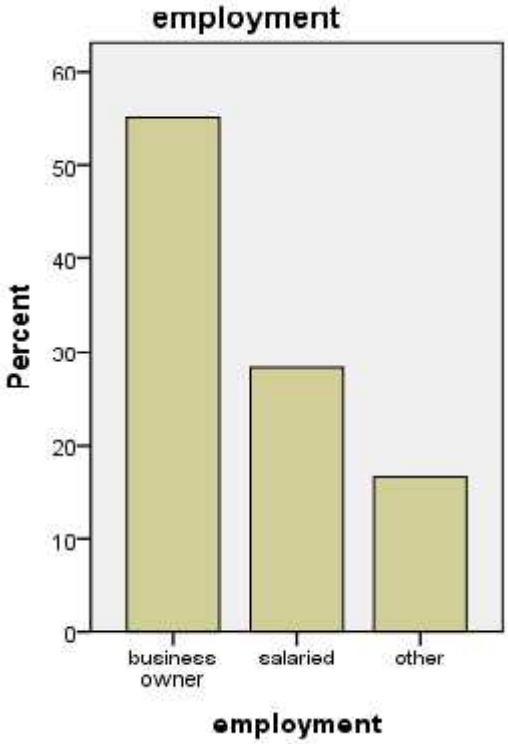


Fig 4.1.5: Bar chart for retention category of respondents
Source: - Primary Data

Fig 4.1.6: Bar chart for income category of respondent

4.2. RELIABILITY

At its most general term, reliability refers to the consistency or dependability of a measurement technique. More specifically, reliability is concerned with the consistency or stability of the score obtained from a measure or assessment technique over time and across settings or conditions. Accordingly, reliability is usually expressed as a correlation coefficient, which is a statistical analysis that tells us something about the relationship between two sets of scores or variables. Adequate reliability exists when the correlation coefficient is 0.80 or higher (Marczyk, DeMatteo, and Festinger, 2005).

Reliability can be estimated in terms of average inter-item correlation, average item-to-total correlation, or more commonly, Cronbach's alpha. Cronbach's alpha is a reliability measure designed by Lee Cronbach in 1951 (Bhattacherjee, 2012).

Accordingly, the Cronbach alpha for the general instrument (for 23 items) is found to be 0.904 or 90.4% and this is more than 0.80 and it is acceptable.

Table 4.2 Reliability Statistics for the instrument

Cronbach's Alpha	N of Items
.904	23

Source: SPSS output of primary data (2018)

4.3. DESCRIPTIVE ANALYSIS AND INTERPRETATION

Based on the responses gathered, the researcher tried to identify whether the factors identified have effect on satisfaction of motor insurance customers. The questionnaires were designed using Likert Scale for both the independent and the dependent variables and all the statements were measured on a five point scale with 1 = strongly disagree; 2 = disagree; 3 = neutral; 4 = agree; and, 5 = strongly agree. The questions were categorized under measurement of service quality of insurance companies, timeframe of compensation, the payment methods of compensation, amount of premium, awareness of a contract, availability of technology based service, location and measurement for overall motor insurance customer's satisfaction.

Table 4.3.1: Summary of response to each question under Motor Insurance customer satisfaction

	Motor Insurance Customer Satisfaction	Mean	Rank
CS1	Motor insurance services provided by insurance company meet my expectations.	2.78	4
CS2	I will renew my motor insurance in the future.	3.12	1
CS3	I have the intention of switching motor insurance to another company in future.	2.63	5
CS4	I will recommend my insurance company to my friends or family members.	2.98	2
CS5	Overall, I feel comfortable and secured with the motor insurance services provided.	2.92	3

Source: - Primary Data, 2018

Table 4.3.1.Shows the ranking and measurement of the central tendency of the dependent variable of the research which is motor insurance customer satisfaction. There are five statements in this category of variable. The highest mean value in the statement of customer satisfaction variable which is “will renew motor insurance policy” and the mean value are 3.12. The second ranking statement is “will recommend to friends or family members” and the mean value is 2.98. The third ranking and fourth ranking statement are “comfortable and secured with motor insurance services provided” and “motor insurance services provided meet expectation”. Both of the mean values are 2.92 and 2.78 respectively.

The last ranking statement is “will switching to another company in the future” and the mean value is 2.63.

Based on mean of each responses average mean of motor insurance customers satisfaction is 2.89. This implies that motor insurance customers of insurance companies in Addis Ababa are not satisfied.

Table 4.3.2: Summary of response to each question under service quality

	Service Quality	**Mean**	**Rank**
SQE1	The insurance company provides access to information on motor insurance services offered.	2.47	5
SQE2	The insurance company performs motor insurance services as promised.	2.71	4
SQE3	The insurance company provides short waiting time when underwriting motor insurance service.	2.84	3
SQE4	The insurance company’s staffs are consistently polite.	2.92	2
SQE5	The insurance company provides individual attention (caring and empathetic nature regarding claim).	2.98	1

Source:- Primary Data, 2018

Table 4.3.2.In the above shows the ranking and mean value of statement for the first independent variable which is service quality. The first ranking statement in this category which is “companies provide individual attention” and the mean value is 2.98. Following the second and third ranking statements are “staffs are polite” and “provide short waiting time during underwriting” with the mean value of2.92 and 2.84. Next the statement is “Companies perform motor insurance services as promised.” and the mean value is 2.71. While the last ranking statement is “provide access to information” and the mean value is 2.47. As we observe the mean summery of service quality table, most respondent approaches to neutral level but they disagree the existence of access to information and motor insurance service as promised by insurance companies.

Table 4.3.3: Summary of response to each question under awareness of contract

	Awareness of Contract	**Mean**	**Rank**
AW1	I read motor policy wording before making a contract with insurance companies.	89	2
AW2	I understand risk covered, limit of corporation, conditions and exclusion of motor insurance policy wording before purchasing.	3.14	1

Source:- Primary Data, 2018

Table 4.3.3. In the above shows the ranking and mean value of statement for the second independent variable which is awareness of motor insurance customers about contract. The first ranking statement in this category which is “understanding of risk covered, conditions and exclusion of motor insurance policy wording before purchasing.” and the mean value is 3.14. The second statement is “reading motor insurance policy wording before making a contract” and the mean value is 2.89. As a conclusion most respondents are neutral regarding to awareness of motor insurance contract. This is due to most respondents educational backgroung is low i.e. around 31.72% of them are from grade 10-12 and around 15% of them are below grade 10 they can not easly understand and be aware of motor insurance policy terms and conditions.

Table 4.3.4: Summary of response to each question under timeframe of compensation

	Timeframe of Compensation	Mean	Rank
TC1	The process of motor claim handling is short in this insurance company.	2.32	2
TC2	Documents required by insurance company required to settle my motor claim are easily accessible.	2.83	1
TC3	Time frame required to assess damage of non-drivable vehicles is short.	2.24	3

Source:- Primary Data, 2018

Table 4.3.4 shows the ranking and mean value of statement for the third independent variable which is time frame of compensation. The first ranking statement in this category which is "Accessibility of documents required by insurance companies for handling motor claims" and the mean value is 2.83. The second statement is "The process of motor claim handling short" and the mean value is 2.32. The last ranked statement is "Time frame required to assess damage of non-drivable vehicles is short" and the mean value of 2.24. Based on the summery table most respondent's response approach to neutral on accessibility of documents and agreed on the existence of delay in compensation. This results from most of them are business owners and their income is depends mainly on thier motor vehicles therefore, any delay in compensation expose to consequentioal loss.

Table 4.3.5: Summary of response to each question under payment way of compensation

	The Payment Methods of Compensation	Mean	Rank
PW1	The payment way of indemnity is based on my interest.	2.28	2
PW2	Insurance Companies provide cash option to compensate motor insurance claim in case of partial loss.	2.54	1

Source:- Primary Data, 2018

The above table indicates ranking and mean value of statement for the fourth independent variable this is payment way of compensation. The first ranking statement in this category which is "Insurance companies provide cash option to compensate motor insurance claim in case of partial loss" and the mean value is 2.54. The second statement is "payment way of indemnity is based on

customer's interest" and the mean value is 2.28. Most respondents disagree as insurance companies compensate based on their interest and cash payment in case of partial loss. This is due to around 55% of respondents are business owners and they prefer to recieve payment in cash than repairment

Table 4.3.6: Summary of response to each question under Location

	Location of Branches/Districts	Mean	Rank
LO1	Insurance companies address motor insurance customers through extending their branches and districts.	2.53	2
LO2	Location of their branches and districts are convenient.	2.77	1

Source:- Primary Data, 2018

The above table indicates the mean value of statement for the fifth independent Variable this is location. The first ranking statement in this category which is "Location of branches and districts are convenient" and the mean value is 2.77 and the second statement is "Insurance companies address motor insurance customers through extending their branches and districts" and the mean value of 2.53. Regards to location, most respondents disagree on addressing of customers but their response approaches to neutral by suitability the existing branches and districts. This is due to most of them are business owners and they operate in different location they cannot obtain access for motor insurance survice in nearby branch.

Table 4.3.7: Summary of response to each question under Amount of Premium

	Amount of Premium	Mean	Rank
PR1	Premium of motor insurance service other than compulsory motor insurance is reasonable.	2.17	2
PR2	Insurance companies provide premium discount during the renewal when no claim has been experienced by insured during the previous period of insurance (No Claim Discount).	3.62	1

The above table indicates ranking and mean value of statement for the sixth independent variable is premium. The first ranking statement in this category which is "Insurance companies provide premium discount during the renewal (No Claim Discount)" and the mean value of 3.62. The second statement is "Premium of motor insurance service other than compulsory motor insurance is reasonable" and mean value 2.17. This summery of mean indicates that most respondents agreed on expensiveness of premium even with the existence of NCD.

Table 4.3.8: summary of response to each question under Networked Service

	Networked/Technology based Service	Mean	Rank
NW1	Insurance companies provide technology based and networked motor insurance service in terms of underwriting.	1.95	2
NW2	Insurance companies provide technology based and networked motor insurance service in terms of motor claim settlement.	2.15	1

Source:- Primary Data, 2018

Table 4.3.8 indicates the mean value of statement for the seventh independent Variable this is networked/technology based service. The first ranking statement in this category which is "Technology based and networked motor insurance underwriting and claim settlement service" and the mean value of 2.15. The next statement which is "Insurance companies provide technology based and networked motor insurance service in terms of underwriting" and the mean value of 1.95.Based on mean summery, most respondents disagree on the existence of networked and technology based service in insurance companies.

4.4. INFERENTIAL ANALYSES OF PRIMARY DATA

Inferential analysis is concerned with the various tests of significance for testing hypotheses in order to determine with what validity data can be said to indicate some conclusion or conclusions (Kothari, 2004). Inferential analysis refers to the statistical testing of hypotheses (theory testing). Inferential statistics are the statistical procedures that are used to reach conclusions about associations between variables. They differ from descriptive statistics in that they are explicitly designed to test hypotheses (Bhattacherjee, 2012).

As an inferential analysis, correlation analysis studies the joint variation of two or more variables for determining the amount of correlation between two or more variables in most social and business researches our interest lies in understanding and controlling relationships between variables then with determining causes per se and as such we consider correlation analysis as relatively more important.

The probability that a statistical inference is caused pure chance is called the p-value. The p-value is compared with the significance level (α), which represents the maximum level of risk that we are willing to take that our inference is incorrect. For most statistical analysis, α is set to 0.05. A p-value less than α=0.05 indicates that we have enough statistical evidence to reject the null hypothesis and thereby, indirectly accept the alternative hypothesis. If p>0.05, then we do not have adequate statistical evidence to reject the null hypothesis or accept the alternative hypothesis.

Sir Ronald A. Fisher, one of the most prominent statisticians in history, established the basic guidelines for significance testing. He said that a statistical result may be considered significant if it can be shown that the probability of it being rejected due to chance is 5% or less.

In inferential statistics, this probability is called the p-value, 5% is called the significance level (α), and the desired relationship between the p-value and α is denoted as: p≤0.05. The significance level is the maximum level of risk that we are willing to accept as the price of our inference from the sample to the population. If the p-value is less than 0.05 or 5%, it means that we have a 5% chance of being incorrect in rejecting the null hypothesis or having a Type I error.

In the following sections, data examined by using statistical techniques used for inferential analysis and hypotheses tested. The quantitative data analysis is conducted using software program SPSS 20 version. Before making analysis, data transformation was performed using SPSS in order to create the target variables; service quality, awareness of contract, amount of premium, timeframe of compensation, payment way of compensation, (premium), location of branches/districts, networked/technology based service and customer satisfaction.

4.4.1. Spearman's Rank Correlation

In case of bi-variat population correlation can be studied through (a) cross tabulation; (b) Charles Spearman's coefficient of correlation; (c) Karl Pearson's coefficient of correlation; whereas cause

and effect relationship can be studied through simple regression equations. Charles Spearman's coefficient of correlation (or rank correlation) is the technique of determining the degree of correlation between two variables in case of ordinal data where ranks are given to the different values of the variables. When the data are not available to use in numerical form for doing correlation analysis but when the information is sufficient to rank the data as first, second, third, and so forth, we quite often use the rank correlation method and work out the coefficient of rank correlation. In fact, the rank correlation coefficient is a measure of correlation that exists between the two sets of ranks. In other words, it is a measure of association that is based on the ranks of the observations and not on the numerical values of the data (Kothari, 2004). So, the characteristics of the data in this study permit the use of spearman's correlation.

Using spearman's rho correlation, as output from SPSS, we can now test the hypothesis (for service quality on customer satisfaction. The characteristic of the data fulfills all the assumptions of spearman's rho correlation.)

Hypothesis 1 Ho: Service quality has no a positive and significant relationship with motor insurance customers satisfaction

Table 4.4.1 Correlation between service quality and MICS

			MICS	Service Quality
Spearman's rho	MICS	Correlation Coefficient	1.000	.833**
		Sig. (2-tailed)	.	.000
		N	380	380
	Service Quality	Correlation Coefficient	.833**	1.000
		Sig. (2-tailed)	.000	.
		N	380	380

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Output from SPSS primary data, 2018

The output of SPSS in the above table shows a positive correlation of 0.833 between Service quality of motor insurance and customer satisfaction. The correlation will be between - 1.0 and +1.0. Scores close to 0.0 represent a weak relationship. Scores close to 1.0 or -1.0 represent a strong

relationship. Significant correlations are flagged with asterisks. A significant correlation indicates a reliable relationship but not necessarily a strong correlation. Generally, a correlation coefficient of greater than 0.7 is considered strong. Correlations less than 0.3 are considered weak. Correlations between 0.3 and 0.7 are considered moderate (Cronk, 2008).

Based on this fact a correlation of +0.833 indicates a strong positive relationship between service quality and customer satisfaction in motor insurance. The P value of 0.00 is less than 0.05 indicating a significant strong correlation between the variables at 95% confidence interval. We can conclude that, improvement in service quality leads to increase the satisfaction level of motor insurance customers. Therefore, 1Ho, which says service quality has a positive and significant relationship with motor insurance satisfaction, is rejected.

This result is the same as results of other researchers like, Su et al., (2002), Parasuraman et al., (1985) and (Fasil Asfaw, 2015) carried a study to find out the link between service quality and customer satisfaction. From their study, they came up with the conclusion that, there exist a great dependency between them and an increase in one is lead to an increase in another.

Hypothesis 2 Ho: Awareness of contract has no a positive and significant relationship with motor insurance customers satisfaction

Table 4.4.2 Correlations between awareness of contract and MICS

			MICS	Awareness of contract
Spearman's rho	MICS	Correlation Coefficient	1.000	.428**
		Sig. (2-tailed)	.	.000
		N	380	380
	Awareness of contract	Correlation Coefficient	.428**	1.000
		Sig. (2-tailed)	.000	.
		N	380	380

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Output from SPSS primary data, 2018

The above table indicates positive correlation of 0.428 between awareness of motor insurance contract and customer satisfaction. Correlations between 0.3 and 0.7 are considered as moderate (Cronk, 2008), therefore 0.3<0.428<0.7 shows there is positive moderate relation between awareness and satisfaction of motor insurance customers in selected insurance companies.

(In this case we can say that 42.8% of the time, low motor insurance customer satisfaction is due to lower awareness of motor insurance contract of customers. As per this data the strength of the correlation between those variable is positive and moderate.)A p-value 0.00 indicates that it is significant at 99% confidence level and we have enough statistical evidence to reject the null hypothesis. Therefore, the null hypothesis 2 Ho, awareness of contract has no a positive and significant relationship with satisfaction of motor insurance customers is rejected.

Hypothesis 3 Ho: Amount of premium has no a negative and significant relationship with motor insurance customers satisfaction

Table 4.4.3 Correlations between amount of premium vs. MICS

			MICS	Amount of Premium
Spearman's rho	MICS	Correlation Coefficient	1.000	-.309**
		Sig. (2-tailed)	.	.000
		N	380	380
	Amount of Premium	Correlation Coefficient	-.309**	1.000
		Sig. (2-tailed)	.000	.
		N	380	380

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Output from SPSS primary data, 2018

Based on the above table, the p-value (0.00) is less than 0.05. Therefore, we have statistical evidence to reject 3Ho. Correlations coefficient r=-0.309shows there is negative moderate relationship betweenamount of premium and satisfaction of motor insurance customers in selected insurance companies. This implies that increase in amount of premium leads to decrease in satisfaction of motor insurancecustomers.

Hypothesis 4 Ho: Timeframe of compensation has no a negative and significant relationship with motor insurance customers satisfaction

Table 4.4.4 Correlations timeframe of compensation vs. MICS

			MICS	Timeframe of compensation
Spearman's rho	MICS	Correlation Coefficient	1.000	-.646**
		Sig. (2-tailed)	.	.000
		N	380	380
	Timeframe of compensation	Correlation Coefficient	-.646**	1.000
		Sig. (2-tailed)	.000	.
		N	380	380

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Output from SPSS primary data, 2018

Again with reference to this table, it can be conclude that the correlation between time frame of compensation and satisfaction of motor insurance customers is negative and statistically significant (r= -0.646, P<0.01). According to Cronk (2008), correlations coefficient is between -0 .3 and -0.7 so relationship is considered as moderate and negative.

P-value is 0.000. Therefore, we have enough statistical evidence to reject hypothesis 4 Ho. As a result, extended timeframe of compensation leads to decrease in motor insurance customer satisfaction.

Hypothesis 5 Ho: Payment methods of compensation has no a positive and significant relationship with motor insurance customer's satisfaction

Table 4.4.5 Correlations between payment methods **of compensation and**

			MICSMICS	PW
Spearman's rho	MICS	Correlation Coefficient	1.000	.468**
		Sig. (2-tailed)	.	.000
		N	380	380
	PW	Correlation Coefficient	.468**	1.000
		Sig. (2-tailed)	.000	.
		N	380	380

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Output from SPSS primary data, 2018

The above SPSS result indicates r=0.468, it indicates as there is moderate and positive relation between motor insurance customer satisfaction and payment methods of indemnity. This implies that, as different payment methods of compensation utilized by insurance companies motor insurance customers satisfaction increase accordingly.

P-value 0.000 is lessthan 0.05 therefore we have significant evidence to reject hypothesis 5 Ho.

Hypothesis 6 Ho: Location has no a positive and significant relationship with motor insurance customers satisfaction

Table 4.4.6 Correlations between location and MICS

			MICS	Location
Spearman's rho	MICS	Correlation Coefficient	1.000	.352**
		Sig. (2-tailed)	.	.000
		N	380	380
	Location	Correlation Coefficient	.352**	1.000
		Sig. (2-tailed)	.000	.
		N	380	380

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Output from SPSS primary data, 2018

As shown in the result table r=0.352 shows as they have positive moderate relationship. P-value 0.00 is less than 0.05. Therefore it is significant at 95% confidence interval and we have enough statistical evidence to reject hypothesis 6 Ho.

We can interpret as increase in number of districts and branches of insurance companies leads to increase satisfaction level of motor insurance customers in Addis Ababa.

Hypothesis 7 Ho: Technology based /networked Service has no a positive and significant relationship with motor insurance customers satisfaction

Table 4.4.6 Correlations between technology based /networked service and MICS

			MICS	Networked Service
Spearman's rho	MICS	Correlation Coefficient	1.000	.269**
		Sig. (2-tailed)	.	.000
		N	380	380
	Networked Service	Correlation Coefficient	.269**	1.000
		Sig. (2-tailed)	.000	.
		N	380	380

**. Correlation is significant at the 0.01 level (2-tailed).

Source:- Output from SPSS, 2018

The above SPSS result indicates r=.269, it indicates as there is weak and positive relation between motor insurance customer satisfaction and networked and technology based service. This implies that, as more networked and technology based service provided by insurance companies, motor insurance customers satisfaction also increases more. P-value 0.000 also less than 0.05 therefore we have significant evidence to reject Ho7.

4.5. MULTIPLE REGRESSION ANALYSIS

REGRESSION EQUATION

MICS= 1.47+ 0.87 SQ + 0.11 AW -0.21TC+0.04PW +0.034 LO-0.25PR+ 0.03NW+e

Table 4.5.1. Model Summary of multiple regressions

Mode	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.888[a]	.789	.785	.43831

Source: Output from SPSS primary data, 2018

a. Predictors: (Constant), Location of Branches, Networked Service, Time Frame of Compensation, Amount of Premium, Awareness of Contract, Payment Methods of Compensation, Service Quality

The above table 4.5.1. Presents model summery of regression which states Adjusted R^2 of the model equal to 0.785. It means holding other factors constant 78.5% of motor insurance customer's satisfaction of insurance companies in Addis Ababa can be explained by those seven independent variables. On the other side, it indicates that 21.5% of variation of the motor insurance customer satisfaction is explained by other than those 7 independent variables.

According to the F-test result is significant and all the Beta of independent variables has the correct direction, the model is reliable and fit to determine the relationship between customer satisfaction and the seven independent variables (Gujarati & Porter, 2009).

multicollinearity problem does not exist in this study d0ue to the Variance Inflation Factor for these five independent variables are between 1.510 and 4.228 which is below 10.

Table 4.5.2.ANOVA[a] Regression Analysis

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	266.896	7	38.128	198.463	.000[b]
	Residual	71.467	372	.192		
	Total	338.363	379			

Source: - SPSS output, 2018

A. Dependent Variable: Motor Insurance Customer Satisfaction

B. Predictors: (Constant), Location, Networked Service, Timeframe of Compensation, Amount of Premium, Awareness of contract, Payment method of Indemnity, Service Quality.

ANOVA result shows overall goodness of fit of the model. Referring to Table 4.5.2, the F-value is 198.46 with a p-value of 0.000. As the p-value of ANOVA is less than the significance level which is 0.05, it means that all the independent variables have a significant relationship to the dependent variable which is motor insurance customer satisfaction. According to the F-test result is significant and all the Beta of independent variables has the correct direction, the model is reliable and fit to determine the relationship between customer satisfaction and the seven independent variables (Gujarati & Porter, 2009).

Table 4.5.3. Coefficients of multiple regression equation

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1.475	.269		5.475	.000		
Service Quality	.869	.050	.855	17.525	.000	.238	4.194
Awareness of Contract	.109	.025	.139	4.276	.000	.536	1.867
Amount of Premium	-.254	.036	-.243	-7.010	.000	.471	2.124
Time frame of compensation	-.211	.036	-.184	-5.869	.000	.578	1.730
Networked service	-.028	.037	-.022	-.753	.452	.663	1.508
Payment methods of compensation	.039	.037	.042	1.051	.294	.359	2.789
Location of branches	.034	.032	.034	1.079	.281	.580	1.725

Source: Output from SPSS primary data, 2018

A. Dependent Variable: MICS

SQ= Service Quality

AW= Awareness of Contract

TC=Time Frame of Compensation

PW=Payment methods of compensation

PR=Amount of Premium

NW=Networked Service

LO=Location of branches

4.5.1. THE EFFECT OF SERVICE ON MOTOR INSURANCE CUSTOMER SATISFACTION

According to the regression result service quality positively affect MICS of insurance companies in Addis Ababa and has a beta coefficient of 0.869. Regression coefficient of service quality 0.869 implies that holding other factors constant, when service quality increases by 1% then the MICS will increase by 86.9%.Which means a company with high SQ satisfies its motor insurance customers than a company with low SQ. It is significant ($p<0.05$) to influence insurance companies' MICS. Therefore, hypothesis 8 H0 rejected.

This result is consistent with previous studies by different researchers like: (Fasil Asfaw, 2015), (Akalu Awlachew, 2014), (Hassan J., 2016) and Fen &Lian, (2005, p.59-60) they study the impact of service quality on customer satisfaction by using SERVQUAL model and agreed as service quality and all its dimensions such as tangibility, reliability, assurance and empathy have a significant and positive impact on customer satisfaction in Ethiopian Insurance Industry.

4.5.2. THE EFFECT OF AWARENESS OF CONTRACT ON MOTOR INSURANCE CUSTOMER'S SATISFACTION

Table 4.5.3 indicates thatthe beta coefficient (i.e. 0.109, P=0.00) associated with awareness of contract. This result indicates as awareness of a contract positively and significantly affects MICS. Therefore,we have enough statistical evidence to reject hypothesis 9H0. The regression coefficient of AW implies that, holding other factors constant, a 1% increases in AW will lead to increase MICS of insurance companies in Addis Ababa by 10.9%. This helps to conclude as a company with aware motor insurance customer has more satisfied customer than a company which has a few/no of aware motor insurance customers.

4.5.3. THE EFFECT OF AMOUNT OF PREMIUM ON MOTOR INSURANCE CUSTOMER'S SATISFACTION

The above analysis result also shows beta coefficient of amount of Premium is -0.254 and p-value 0.000. This indicates that PR negatively and significantly affects MICS. Therefore, we have statistical evidence to reject hypothesis10 H0. It can be interpreted as holding other factors constant, a 1% increase in PR will lead to decrease MICS by 25.4%. In other way, an insurance company which has expensive premium amount has low MICS than a company which has reasonable premium.

4.5.4. THE EFFECT OF NETWORKED/TECHNOLOGY BASED SERVICE ON MOTOR INSURANCE CUSTOMER'S SATISFACTION

Based on the above table, Networked/ Technology based service has a beta coefficient of -0.028. However, P=0.452 which is greater than 0.05. Therefore, we have no statistical evidence to reject hypothesis 11 Ho.

This result is the same with previous research done by Hossein, V.,Sahel F.,2011: test the using of technology like internet in presenting insurance service as important for customer satisfaction at 95% confidence interval using SPSS software and they conclude as using of technology introduction

of the internet in presenting insurance service has low importance in making satisfaction of ustomers.

4.5.5. THE EFFECT OF PAYMENT METHODS OF COMPENSATION ON MOTOR INSURANCE CUSTOMER'S SATISFACTION

Referring table 4.5.3., the payment methods of compensation has positive beta coefficient of 0.039. However, P=0.294 (p>0.05) implies it is insignificant. Therefore, we have no statistical evidence to reject hypothesis 12 H0.

4.5.6. THE EFFECT OF LOCATION OF BRANCHES/DISTRICTSON MOTOR INSURANCE CUSTOMER'S SATISFACTION

Based on the above table, location of branches/districts has a positive beta coefficient of 0.034. However, p=0.281(p>0.05) implies it is insignificant. Therefore, we have no statistical evidence to reject hypothesis 13 H0.

This result is argue with study Hossein, V.,Sahel F.,2011, conclude that the physical location/situation of insurance companies has significant effect on customer satisfaction.

4.5.7. THE EFFECT OF TIMEFRAME OF COMPENSATIONON MOTOR INSURANCE CUSTOMER'S SATISFACTION

The regression result table shows a beta coefficient of TC is -0.211, which implies that holding other factors constant, a unit increase in TC will lead to decrease MICS of insurance companies by 21.1%. We can conclude as, a company with short TC has a better MICS than a company with long TC.

P=0.000 (p<0.05) therefore, we have enough statistical evidence to reject hypothesis 14 H0.In other word, TC has a significant negative relationship with MICS of insurance companies in Addis Ababa.

This result is consistent with finding of researcher (Geraldine, 2015) studies as the speed of service in payment of insurance benefit significantly influencescustomer's satisfaction.

Generally, based on Standardized Coefficients of beta, first SQ with beta value 0.855 highly affects MICS. Secondly, PR with beta value -0.243 negatively affects MICS. Thirdly and Fourthly, TC and AC affect negatively and positively with beta value -243 and 0.139 respectively.

The constant value was 1.475 which means that if there were no changes of service quality, awareness of contract, the amount of premium, timeframe of compensation, payment methods of compensation, location of branches/districts, networked/technology based service, the motor insurance customer satisfaction is positively increased at 1.475 point value.

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1. CONCLUSION AND FINDINGS

This study was conducted in order to provide sufficient answer to the research question; “to what extent service quality, awareness of contract, timeframe of compensation, the payment methods of compensation, location of districts/branches, amount of premium and networked/technology based service affect motor insurance customers satisfaction in Addis Ababa?” The extent of the effect of each factor was analyzed using inferential statistics methods.

The finding shows that:

There is a strong positive correlation between service quality and motor insurance customers satisfaction in Addis Ababa. The correlation of awareness of contract, the payment methods of compensation and location of districts/branches with motor insurance customer’s satisfaction is moderate and positive. Whereas, a negative moderate correlation exist between timeframe of compensation and amount of premium with motor insurance customers satisfaction. The result also shows weak positive relation between networked/technology based service and motor insurance customers satisfaction.

Generally, the following findings obtained from the study;

- Service quality positively affects motor insurance customers satisfaction.
- Awareness of contract positively affects motor insurance customers satisfaction.
- Amount of premium negatively affects motor insurance customers satisfaction.
- Timeframe of compensation negatively affect motor insurance customers satisfaction.
- Availability of networked/technology based service has statistically insignificant effect on motor insurance customers satisfaction.
- Location of branches/districts of insurance companies has statistically insignificant effect on motor insurance customers satisfaction.
- The payment methods of compensation has statistically insignificant effect on motor insurance customers satisfaction.

Based on the findings of this study it can be concluding that; service quality and awareness of contract has a significant positive effect on motor insurance customer's satisfaction in Addis Ababa. Whereas, amount of premium and timeframe of compensation has significant negative effect on motor insurance customers satisfaction of insurance companies in Addis Ababa. However, payment way of compensation, networked/technology based service and location of branches/districts have statistically insignificant effect on motor insurance customer's satisfaction of insurance companies in Addis Ababa.

5.2. RECOMMENDATION

Based on the major findings and conclusions of the study, the following recommendations are forwarded to the management and other stakeholders.

In general this study finds that motor insurance customer satisfaction of insurance companies in Addis Ababa is evaluated as neutral by respondents therefore;

- Service quality has low mean score but it has the highest positive effect on motor insurance customer's satisfaction. Therefore, insurance companies should improve their service quality by providing customers access to information, by keeping their promise, provide fast underwriting service, through training politeness to employees and by providing individual attention.
- Most respondents agreed on the existence of delay in compensation of the insurance companies. This factor has negative moderate effect on motor insurance customer's satisfaction. Therefore insurance companies should minimize motor claim handling process in order to satisfy customers through minimizing consequential loss and to retain them.
- The cost insurance premium is also a major headache for most respondents even with the existence of No Claim Discount (NCD) during renewal. As correlation and regression result shows amount of premium has moderate negative effect on motor insurance customer's satisfaction. Therefore insurance companies in Addis Ababa should adjust their rating strategy in order to minimize migration of customers.
- Most respondents agreed on the lack of awareness of motor insurance contract that is due to most customers educational background is low. Creating awareness of motor insurance contract among customers through different Medias also important to inform those terms, conditions and exclusion of motor policy, that help to avoid conflict between insurers and insured , to keep their brand image and to reduce legal expenses.

- The Payment methods of compensation have insignificant effect on motor insurance customer's satisfaction. But, in order to avoid complains insurance companies should compensate them based on their interest.
- Insurance companies in Addis Ababa are poor in terms of providing networked/technology based service i.e both in underwriting and claim service. Even though, this factor has weak positive correlation and insignificant effect on motor insurance customer's satisfaction. Insurance companies should utilize and update their operation by new technologies and they should create a network within their branches and districts. This helps to increase customer's satisfaction through facilitating underwriting and claim service and to reduce wastage of time.
- Even though, location of districts /branches of insurance companies has insignificant effect on motor insurance customer's satisfaction, insurance companies in Addis Ababa should improve satisfaction of their motor insurance customers through providing a nearby service by extending their districts and branches.

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APPENDEX I

QUESTIONNAIRE

ADDIS ABABA UNIVERSITY SCHOOL OF BUSINESS AND ECONOMICS

MBA PROGRAM

Dear respondent, this questionnaire is designed to gather data on factors affecting satisfaction of motor insurance customers in selected insurance companies, Addis Ababa. The information you provide is used only for academic purpose, so that your cooperation in this case is highly appreciated.

PART ONE :-DEMOGRAPHIC FACTORS

Please put sign in the boxes you select for your appropriate response, like this ☑

1. Gender 1. Male ☐ 2. Female ☐

2. Age 1. <30 ☐ 2. 31-45 ☐ 3. 46-60 ☐ 4. >60 ☐

3. Marital status 1. Single ☐ 2. Married ☐ 3. Divorced ☐

4. Education 1. Below Grade 10 ☐ 2. Grade 10 up to 12^{+} ☐ 3. Diploma ☐
   4 Degree ☐ 5- Masters and above ☐

5. Employment status 1. Business owner ☐ 2. Employee (paid worker) ☐ 3. Any other ☐

6. Your monthly average disposable income
   1. Less than Birr 4000 ☐ 2. 4000 – 7000 ☐ 3. 7001 – 10,000 ☐
   4. 10,001—15,000 ☐ 5. Above 15,000 ☐

7. For how many years have you retained in _____insurance company?
   1. <2 year ☐ 2. 2-4 years ☐ 3. >4 years ☐

PART TWO: FACTORS THAT AFFECT SATISFACTION MOTOR INSURANCE CUSTOMERS

This Part is seeking your opinion regarding the factors that influence satisfaction of motor insurance customers of _____insurance company. Please indicate the extent you agree or disagree with the following statements by circling one number per line on the 5-point likert scale:

{(1) = Strongly Disagree; (2) = Disagree; (3) = Neutral; (4) = Agree; and (5) =Strongly Agree.}

No	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Motor Insurance Customer Satisfaction						
CS1	Motor insurance services provided by insurance company meet my expectations.	1	2	3	4	5
CS2	I will renew my motor insurance in the future.	1	2	3	4	5
CS3	I have the intention of switching motor insurance to another company in future.	1	2	3	4	5
CS4	I will recommend my insurance company to my friends or family members.	1	2	3	4	5
CS5	Overall, I feel comfortable and secured with the motor insurance services provided.	1	2	3	4	5
Service Quality						
SQE1	The insurance company provides access to information on motor insurance services offered.	1	2	3	4	5
SQE2	The insurance company performs motor insurance services as promised.	1	2	3	4	5
SQE3	The insurance company provides short waiting time when underwriting motor insurance policy.	1	2	3	4	5
SQE4	The insurance company's staffs are consistently polite.	1	2	3	4	5
SQE5	The insurance company provides individual attention (caring and empathetic nature regarding claim).	1	2	3	4	5

Awareness of contract						
AW1	I read motor policy wording before making a contract with my insurance company.	1	2	3	4	5
AW2	I understand risk covered, limit of corporation, conditions and exclusion of motor insurance policy wording after purchasing.	1	2	3	4	5
Timeframe of Compensation						
TC1	The process of motor claim handling is short in this insurance company.	1	2	3	4	5
TC2	Documents required by insurance company required to settle my motor claim are easily accessible.	1	2	3	4	5
TC3	Time frame required to assess damage of non-drivable vehicles is short.	1	2	3	4	5
Payment methods of Compensation						
PW1	The payment way of indemnity is based on my interest.	1	2	3	4	5
PW2	It provides cash option to compensate motor insurance claim in case of partial loss.	1	2	3	4	5
Location of Branches						
LO1	The insurance company addresses its motor insurance customers through extending its branches and districts.	1	2	3	4	5
LO2	Location of branches and districts are convenient/suitable.	1	2	3	4	5
Amount of Premium						
PR1	Premium of motor insurance service other than compulsory motor insurance is reasonable.	1	2	3	4	5
PR2	It provide premium discount during the renewal	1	2	3	4	5

	when no claim has been experienced by insured during the previous period of insurance (No Claim Discount).					
Networked Service						
NW1	The insurance company provides technology based and networked motor insurance service in terms of underwriting.	1	2	3	4	5
NW2	The insurance company provides technology based and networked motor insurance service in terms of claim settlement.	1	2	3	4	5

"Thank you for your time and response!"