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DETERMINANTS OF CUSTOMER SATISFACTION (IN THE CASE OF NILE INSURANCE COMPANY S.C)

A Thesis Submitted To Department of Management, College of Business and Economics, Addis Ababa University, in Partial Fulfillment of the Requirements for the Degree of Master of Business Administration

**By
Abdu Ebrahim**

Advisor: - AsresAbitie(PhD)

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ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MANAGEMENT
MASTERS OF BUSINESS ADMINISTRATION PROGRAM

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Statement of Declaration

I, the undersigned, declare that this thesis entitled “**Determinants of Customer Satisfaction in Nile Insurance Company S.C**” is my own original work completed in partial fulfillment for the requirement of the degree of masters of business administration with the close guidance of my advisor Dr. Asres Abitie. And it has not been previously presented by other researchers for award in any university and all sources of material used for this thesis have been duly acknowledged.

Declared by

Name: Abdu Ebrahim

Signature _____

Date _____

Confirmed by

Advisor’s name: Asres Abitie (PhD)

Signature _____

Date _____

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ABSTRACT

This research is entitled as determinants of customer satisfaction in Nile insurance company S.C. The purpose of this study was to identify major determinants of customer satisfaction in c company. The study used Explanatory research design to check whether there is relationship between the dependent variable and independent variables. The target population of the study was both employees and customers of the Nile insurance company. Employees are included as respondents because they are expected to have clue about major areas of customer complaints and bottle necks in the service delivery process. Purposive sampling technique was used to select 152 samples and data is collected from both groups using close ended questionnaires. Primary data is used mainly and secondary data were also referred when necessary. The collected data is organized, summarized and analyzed using quantitative descriptive, and multiple linear regression analysis method. The findings of the study showed that premium rate, indemnification, and responsiveness are the most key determinants of customer satisfaction in Nile insurance company and based on these findings possible solutions are recommended to the insurance company.

Key words: *customer satisfaction, insurance, service quality*

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List of Abbreviations and Acronyms

ACC	Accessibility
CLRM	Classical Linear Regression Model
CS	Customer satisfaction
CS	Customer satisfaction
EXP	Expectation
G.C	Gregorian calendar
IND	Indemnification
ISO/TS	International Organization for standardization/technical specification
N	Number of valid observations
NLIC	Nile insurance company
RP	Premium Rate
S.C	Share Company
SPSS	Statistical package for social science
STD	Standard
RSPV	Responsiveness

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the Study

Financial institutions are the backbone of the economy in every country throughout the world in intermediating and balancing financial flow by collecting the money from where it is surplus to where there is shortage. The major aspects in the financial market are the financial institutions, financial instruments and the market itself. The financial market comprising the financial institutions and the financial instruments facilitates the business flow by reducing uncertainty and sharing of risk (Boadi et al, 2013).

The history of insurance service is started in 1905 by the time when modern banking system was introduced in Ethiopia. Modern insurance services set its own beginning in 1905 when the bank of Abyssinia began to transact fire and marine insurance as an agent of foreign insurance company. In 1960 the number of insurance companies reached around 33. At that time the insurance business like any other business undertaking was classified as trade and was administered by the provisions of the commercial code (Hailu Zeleke, 2007)

But now a day the number of insurance companies 18 including one government owned insurance company. Total branch office increased to 550 as at the second quarter of 2018/19 from 465 a year earlier, of the total branches, about 54.4% were in Addis Ababa. The total capital of the insurance sector in Ethiopia has an aggregate capital of 2.3 billion birr- an increase of 1.8 billion birr from the previous year (NBE report 2nd quarter 2018/2019).

According to Diacon and Carter (2003), every insurance company undertakes the following essential activities: Generating new business, sharing risks and compensate for loss, maintaining fund, investing the fund to earn investment income, buying reinsurance to minimize risk of high claims, underwriting, paying taxes, deciding a price, provide additional services.

The insurance sector plays an important role in the overall stability of the economy by providing peace of mind to the parties involved in the economic process. Insurances are key tools in modern life which has great role in reducing risks and providing financial and mental security, and finally it can broaden for countries economic development (Derakhshideh & Jalaei, 2014).

Insurance firms as a financial intermediaries play a significant role within a nation's financial system by mobilizing fund from the surplus economic unit and channeling it to the deficit investment unit of the economy (Sulaiman, Migiro&Yeshihareg, 2015)

Many companies are now pointing to customer satisfaction to differentiate their offerings from main competitors in the industry, and this is becoming a major tool for gaining competitive advantage and is a toll to assess whether companies products and services meet customers expectation (Chakrabarty, 2006)

As stated by Sara Qadeer (2003) empirical evidences has supported that customer satisfaction improves the frequency of customers repurchase and increase the tendency of loyalty to the same service provider (Olive,2009)

Boshoff and Gray (2004) have mentioned that satisfaction is not inherent only in the quality of the product or service, but also deeply buried in the consumer's perception of the service or product attributes and differs from individual to individual based on their own test of the product.

Supporting the idea of Boshoff and Gray(2004), Ueltschy et al.(2007) stated that individuals can experience different levels of test and satisfaction with the same product or service.

Since customer satisfaction is a result of the comparison process between expectations and perceived service performance, the more insurances performance surpass the customers expectation, the higher probability they would gain customer loyalty, increase their profits and as a result win higher market share but if the quality of service is less, there will be dissatisfaction that might results in loss of even existing customer, and potential customers also will not hesitate to cancel out the insurance company from their alternative. Customer satisfaction is a measure of how much the company's products or service met the customers' expectation. Customer satisfaction is the customers' perception that his or her expectations have been met or exceeded (Richard &Gerson 1993).Customer satisfaction concerns all organizations, regardless of the size, whether profit or non-profit, local or multi-national. Higher customer satisfaction leads to greater customer loyalty.

There is fierce competition among the private insurance companies which strive to attract large number of customers to their offerings and to secure long term financial stability as well as to

build good image in the mind of their customers; not only to the existing customers but also to appeal to potential customers from the economy. Satisfied customers are basic inputs to long-term business success and key element in business strategy (Munsamy, Chelliah and Mun, 2010).

In a competitive private insurance sector where businesses compete for market share, customer satisfaction is seen as a key differentiator which is evident that some leading insurances are found to be highly superior-customer-service orientated. Insurance companies have a significant role in facilitating financial flow in the country by sharing risks in the economy. The recent competition stress and large number of customers switching between insurance companies indicates that the industry requires some improvement in the service delivery process and requires insurers to pay higher attention on service quality and customer satisfaction.

The insurance products specially the general (non life) insurances is said to be the major source of customer complain and insurance companies also incur much of the collected premium for claim settlement of claims related to general insurance.

1.2 Back Ground of the Organization

Nile insurance company (S.C) is one of the pioneering private insurance companies in Ethiopia established on 11th April 1995 G.C by 26 shareholders with a paid up capital of 12.5 million Birr. It is the second private insurance company to join the insurance industry next to united insurance and engaging in the Ethiopian insurance industry serving for the last 26 year with diligent and professional experience committing itself to excellence.

The company has a legal entity registered with the licensing and supervisory body of the National Bank of Ethiopia in accordance with proclamation No-86/1994 & license No-006/95

Over the past years, the company has grown from birr 12.5 million to Birr 500 million capital, from 26 to 124 shareholders, from 4 to 48 branches both in the capital and regional cities and has above 45,000 customers across the country and 365 employees and 60% of them are male and the remaining are female workers and also 59% of the total workers are degree holders and above. The total asset of the company has reached one billion birr. This tremendous growth was largely driven by active participation of its employees, customers, shareholders, and other stakeholders.

Currently the company provides general and long term insurance solutions along with engaging in promising investment across the country. Under general insurance service the company has around eight classes of business like motor insurance, fire insurance, marine insurance, liability insurance, workmen's compensation insurance, engineering insurance and under life insurance like endowment life insurance, whole life and term life.

It is the pioneering company in launching and implementing modern information technology at the time when most insurances use manual system.

- The mission of the company is to provide unmatched value in insurance service and engage in investment through high profile expertise and state of the art technology.
- Its motto is "your security is our prime concern".
- The vision of the company is "to be a the first insurer with excellence by 2025"

The company is making its greatest effort in serving its customers by giving best insurance service to be selective insurance company in the industry.

1.3 Statement of Problem

The insurance sector plays an important role in the overall stability of the economy by providing peace of mind by sharing risk of uncertainty to the parties involved in the economic process. Insurances are key tools in modern life which has great role in reducing risks and providing financial and mental security, and finally it can broaden for countries economic development (Derakhshideh&Jalae, 2014).

Due to the economic growth and availability of multiple choices in the market, insurance companies are struggling to achieve better level of customer satisfaction. Customer satisfaction is a big concern of every business established to provide goods or service. Regardless of the type and nature of business customer satisfaction is a key tool for long run existence and profitability of a business. The long run existence of companies is mainly determined by the number and degree of loyalty of satisfied customers (Biesok, G &Wyród, 2011).

Schultz and Good (2000) suggested that the success of a business is determined by the intimacy of the customers and the business (Adsit et al., 2006).This means that to assure long term

existence in the industry, business companies particularly insurance companies must emphasize more on both internal and external customer satisfaction.

Taylor and Baker (2001) mentioned that Internal Customer satisfaction is generally acknowledged as top on substantial influence on the formation of consumers' future purchase intentions.

Bell, et al (2005) also indicated that pleased internal consumers also likely to convey quality service to the firm's external customer. Naumann&Giel (2014) further pointed out that external customers depend on the firm's personnel to attain their needs. These employees in turn depend on each other for services, products, and operational support so as to attain or exceed external customers' needs.

But now a day customer satisfaction is becoming the major headache for businesses struggling to deliver better service in their respective industry. It is not easy to recognize and satisfy the consumers' needs, expectations and habits, and knowing them doesn't guarantee success on the market, because consumer behavior is not rational (Biesok, G &Wyród, 2011).

Today's adverse competitive era exposes business to many challenges, however winning and retaining customers by giving them high quality products and service that meet and exceed their expectations is of outmost importance today. (JennifferGachau, 2015)

Even though insurance companies are striving to deliver at least equivalent service to the customers' expectation still problems of much complain, high number of customers switch from one insurance company to other insurance company, canceling purchased insurance policies before the cover period ends up, abandoning purchase of insurance policies except compulsory policies like third party motor insurance and policies related to international trade are noticeable problems in the insurance. But more obviously in the general insurance it is highly becoming headache for insurance companies because in addition to these problems high amount of the premium collection is paid for the settlement of motor insurance claims. Considering this entities and researchers are investing their resource at studies related to satisfaction, suggest possible recommendation for businesses so that stable and dependable economy will be assured.

A study on ‘*comparative analysis on service quality and customer satisfaction in motor insurance service in the case of Ethiopian insurance corporation and Africa insurance company*’ by Shewaynesh G/Meskel in 2010 has paid much attention for customer satisfaction related to motor insurance aspect, focusing on four independent variables i.e. process quality, claim settlement, premium price, and company image and her findings indicated that all the service quality dimensions are positively correlated and statistically significantly correlated with satisfaction. But since her study’s focus was on the motor insurance aspect, it may be narrower to generalize that all classes of general insurance can have the same cause for satisfaction/dissatisfaction based on the findings in the motor insurance.

Another more approaching study that has been conducted by Lensa Kuma (2015) on impact of quality service delivery and customer satisfaction at Oromia Insurance S.C tried to assess the impact of quality service delivery on customers’ satisfaction from the expectation and perception perspective. Under her study she tried to examine the satisfaction gap between expectation and perception from five dimensions; responsiveness, reliability, empathy, assurance and indicated all the variables have significant effect on satisfaction.

Having the above mentioned studies; it’s undeniable that the problem of customers’ satisfaction in the insurance industry still persists to be big headache and the quality of the service being provided falls under question.

But this study has incorporated the two major aspects in the insurance industry, i.e. the premium rate and the indemnification aspect in respect to all general insurance products and tried to examine and measure whether these variables being with responsiveness, expectation and accessibility have effect on the customers’ satisfaction.

Based on these knowledge gaps this study tried to address the major determinants of customer satisfaction in the general insurance as a whole. Therefore it is obvious that the scope of the study was broader in terms of the classes of business that are considered under this study.

1.4 Research questions

- What are the major determinants of customer satisfaction?

- What is the effect of customers' expectation, premium rate, accessibility, responsiveness and indemnification on satisfaction?
- How much is significant the effect of customers' expectation, premium rate, accessibility, responsiveness and indemnification on satisfaction?

1.5 Objective of the Study

The objective of the study was mainly classified as general objective and specific objective.

1.5.1 General Objective

The main objective of the study was to identify determinant of customer satisfaction at Nile insurance company S.C. and recommend possible remedial solutions that can help the insurance company improve its service delivery process based on the major findings of the study.

1.5.2 Specific Objectives

- To identify major determinants of customer satisfaction in Nile insurance.
- To measure the effect customers' expectation, premium rate, accessibility, responsiveness and indemnification on satisfaction.
- To measure the level of significance of customers' expectation, premium rate, accessibility, responsiveness and indemnification have on customer satisfaction

1.6 Significance of the study

The study would be significant for Nile in particular and also all other insurance companies in general especially for those insurance companies which are encountering with high rate of customer switch. The companies can be dictated with some factors that might be cause for customer dissatisfaction for switching between different insurance companies and for limiting or minimizing the subject matter to be insured.

It would also help the researcher to develop his practical knowledge about how customers respond to some discomforts in the service earning process and for which discomforts they respond seriously/adversely.

It can also be a stand point and can be taken as a reference for their studies for those who are interested in conducting their study in related issue.

1.7 Scope of the Research

If the paper incorporates all private insurance company, it would be tiresome and difficult. So the paper put its overall focus on a specific insurance company that is said to have high market share and well known in the insurance industry for the past 25 years as well as for the benefit of proximity of required data Nile insurance was be the study area. Since the Nile delivers almost eight types of insurance motor insurance is the major one and almost touches other types of insurance services, significant in terms of claim and number of policies issued, this paper could unintentionally give higher attention to motor insurance.

1.8 Organization of the Paper

After completion of the study the paper was organized in to five chapters. The first chapter briefly discusses background of the problem area, and elaborates about how the problem is, objective of the study and scope of the research. Chapter two provides an overview of related literatures. Chapter three explains the methodology that was employed to accomplish the study. Then finally chapter four discussed the analysis and interpretation part followed by chapter five which concludes and forwards possible recommendations of the study.

CHAPTER TWO

LITERATURE REVIEW

This chapter deals with concepts of insurance companies and satisfaction, satisfaction related theories. The first section discusses about theoretical reviews, concepts of insurance companies and customer satisfaction theories. In addition empirical reviews on customer satisfaction and conceptual framework are presented in the second and third section respectively.

2.1 Theoretical review

2.1.1 Concepts of Insurance

Insurance is one of the most notable financial institutions which play its own significant economic role in stabilizing the economy by sharing economic risks. Insurance can promote financial and social instability, mobilize and balance saving, intermediates trade activities, create new job opportunities and thereby improves the lives of the society and creates healthy economy throughout the country (Malik, 2011). A well developed and evolved insurance sector is a bone for economic development as it provides long term funds for infrastructure development at the same time strengthening the risk taking ability of the country (B. Charumathi, 2012). Chen and Wong (2004) also suggest that a strong and healthy insurance sector is very important for different groups in the economy.

Different scholars defined insurance from different perspective such as economic, social, legal, etc. among many definitions, three definitions are provided below cited in J-HailuZ., (2007).

Pritchett et.al (1996:52) defined insurance:

“Insurance is a social device in which a group of individuals (called insured) transfer risk to another party (called the insurer) in order to combine loss experiences, which permits statistical prediction of losses and provided for payment of losses from fund contributed (premiums) by all members who transferred risk.”

Pfeffer(1956) stated the following definition for insurance:

“A device for reduction of uncertainty of one party called the insured through the transfer of particular risks to another party called the insurer who offers a restoration, at least in part, of economic losses suffered by the insured.”

Article 654(2) of the commercial code of the Empire of Ethiopia(1960:140) provides legal definition of insurance as:

“An insurance policy is a contract whereby a person called insured undertakes against payment of one or more premiums to pay to a person, called the beneficiary, a sum of money where a specific risk materializes.

The above and other entities notably stated the economic importance of insurance companies in risk sharing and reducing uncertainty through the application of *law of large numbers and risk sharing*.

Law of large numbers:- is a statistical concept that calculates the average number of events of risks in a sample or population to predict the probability of loss. It is used to predict the risk of loss or claim of some policyholders so that the premium can be calculated appropriately.

*Risk sharing:-*is a risk distribution mechanism, in which the premium and losses of each group of policyholders are allocated with the group based on predetermined formula. It is applied by the insurance company by underwriting a pool of risks together so that the loss of accident will be offset and allocated to the group.

Insurance is one of the most notable financial institutions which play its own significant economic role in stabilizing the economy by sharing economic risks. Insurance can promote financial and social instability, mobilize and balance saving, intermediates trade activities, create new job opportunities and thereby improves the lives of the society and creates healthy economy throughout the country (Malik, 2011).

In addition according to Diacon and Carter (2003), every insurance company undertakes the following essential activities: generating new business, paying claims, maintaining fund, investing the fund to earn investment income, buying reinsurance, underwriting, paying taxes, deciding a price, provide additional services, drawing up accounts.

Insurance be divided into two major classes of business; the general (non life) insurance and the long term (life) insurance

A) *General (non-life) insurance business*:- in an insurance contract where the insurer promises to indemnify the insured against loss due to insurable accident which may happen from the occurrence of an insured accident with in an insured period of time clearly stated in the insurance policy. This is a contract between the insurer and the insured whereby the insurer undertakes to pay compensation (indemnification) to the policy holder on the attainment of a specified event. General insurance business can be subdivided into: motor, fire, personal accident insurance, contractors' all risks, engineering risks; marine and credit insurance, bond and surety, pecuniary (money), workmen's compensation, public liability insurance.

B) *Long term (life) insurance*: -This type of insurance contract is made in order to give guaranty of unforeseen health and life accidents that can probably be happen to the assured. Under life insurance policy the assurer (insurance company) enters in to agreement to compensate the assured or his family when the specified health problem (may be death) happen to the assured. Life insurance includes individual life insurance, group life insurance, health and medical insurance, endowment insurance, whole life insurance term insurance.

2.1.2 Principles of insurance

Insurance has basic grounds for the insurance service delivery process in order to make stable insurance service delivery process.

2.1.2.1 Principle of indemnity

An insurance contract in made to share risk of loss and to indemnify (compensate) the insured based on the underwritten contract. Based on this principle whenever accident happens against the insured the liability of the insurance company (insurer) will be as much as the economic loss of the insured (policy holder), that means the insured will never be profited from the accident, he/she will be restored to the previous financial position.

2.1.2.2 Utmost Good faith

Both the insurer and the insured are required to have maximum faith regarding the issue about which the other party may not have knowledge. All parties entering in to insurance contract should have faith over each other. If fraud and misrepresentation is found under the contract, the contract will be void.

2.1.2.3 Subrogation

It allows the insurer to pursue legal methods to recover the amount of loss. If a third party damages the insured's property - ramming his/her car, for instance - and the insured collects his compensation from the insurer and the insurer can then sue the other driver (accident maker). According to Preston V. (1883) subrogation may be defined as the transfer of legal right of the insured to recover from loss of accident, to the insurer to recover the amount of indemnity paid to the insured.

2.1.2.4 Contribution/ Double Insurance

An insured party may have policies with two or more insurers or with the same company under two different policies covering the same risk, although not necessarily with equal degrees of liability. Contribution is the right of an insurer to call upon the other insurers to share the costs of such a claim payment. Double insurance policy is adopted where the financial position of the insurer is doubtful.

2.1.2.5 Proximate Cause

Proximate cause means the primary cause of the accident is considered. The insurer is only liable to pay losses that arise from the insured perils. If the insurer proved that the primary cause for the accident is not covered by the insurance policy, the claim requested by the insured will be rejected.

2.1.2.6 Insurable Interest

Insurable interest means that the person opting for insurance must have pecuniary interest in the property he is going to get insured and will suffer financial loss on the occurrence of the insured

event. Legally, taking out insurance on something you don't own is closer to gambling than insurance. An insurable interest must exist at the time of the purchase of the insurance.

2.1.3 Underwriting and Insurance Premium

Underwriting is the issuance of an insurance contract between the insured and the insurer regarding a specific property of the insured. It is selecting and classifying risk exposures. Underwriting is done by pooling of similar risks for rating and the resultant rates are adjusted to take into account the group experience (Angima B. & Mirie Mwangi, 2017).

Underwriting of different risks brings obligation to the insurance company and creates stability for business companies enabling them concentrate on their routine. In order to fulfill their obligation insurance companies must have prompt and efficient claim management (Duompos et al., 2012; Udaibir et al., 2003).

Underwriting has to be made very carefully to avoid fraud and misrepresentation of the insured subject matter so that there will be a mutually fair and agreeable premium charge and finally to assure satisfactory claim settlement. To reach on a fair premium rate, actuarial studies are best to determine what characteristics of the insured can be used to predetermine losses that may happen in the future.

Successful underwriting requires that an abundant volume of loss exposures must exist for each rating. It also requires a fair judgment and thorough knowledge of the underwriting criteria and knowing how to avoid mistakes in selections that often occur with each type of coverage.

Every insurance company has an underwriting procedure that specifies the underwriting policy, the type of insurance to be covered, uninsurable exposures, and amount of coverage allowed for each exposure.

Premium is the amount of money an individual or a business entity pays for an insurance policy. The insured or policy holder has to be able to pay the sum of money requested by the insurer (insurance company) at the time of buying insurance policy. If the policyholder fails to pay the required amount of premium, the policy bought will be cancelled by the insurance company. The price of premium depends on factors like the type of coverage, age of the subject matter, the past claim history, the period to be covered and the overall nature of the subject matter. The amount of

premium increases or decreases depending on the risk associated with the property to be insured. Actuaries are used to determine the levels of risk exposure and premium to be charged for the property. It is a price of insurance service for a property insured for certain period of time

2.1.4 The Premium and Quality Relationship

The price and quality relationship was first examined by Scitovsky (1994). He suggested that price can play dual role in the consumer decision making process. While a high price decreases the purchasing interest of consumers as suggested by neoclassical economic thinking, it may also stimulate the consumers purchasing decision as customers may sometimes have presumption that higher price indicates better quality.

Subsequent studies have examined how the relationship between price and perceived quality might be influenced by additional variables in the consumer's environment. It has been indicated the direct relationship between price and quality becomes stronger as product category matures. In the insurance business many policyholder are observed while comparing the premium difference among insurance companies. Therefore, if new products are introduced to the market and become more widely accepted in the market place, consumer's ability to utilize price quality cue with great confidence increases (Curry and Riesz, 1988). As the amount of premium charged by one insurance company is higher relative to other insurance companies, customer may have higher positive expectation of the quality of the insurance service.

Consumer researchers typically tells that the extent of price quality indicates utilization by asking consumers how much they use this judgment strategy (e.g. Shiv and Aril, 2005) demonstrate that products at high price can be objectively equivalent to low priced items. Research has also shown that the price quality cue may significantly vary from one consumer to the next and that some consumers may find price to be indicative of quality more so that the other consumers would (Grewalet al., 1998).

However the effect of premium and service quality is likely to differ less importantly between service categories and broad generalizations must be come up to with watchfulness.. For example, Crane (1991) stated that consumers do not have a price-quality connection in some aspects like physician service. Further, in studies of insurance (Retzloff, 1989) and automobile repair services (Fram and Dubrin, 1988), consumers seem unwilling to pay additional

premium for additional (higher quality) services. An interesting distinction was noted for the product and service arenas through an American Society of Quality Control/Gallup survey (Ryan, 1988). Policyholders may not be willing to pay additional premium for the same type of insurance service with better quality. But, if the insurance company offers some additional type of coverage for some additional premium issuing a separate policy, customers might be ready to pay the additional premium for the additional offered of insurance service.

2.1.5 Insurance Claim/Indemnification

Indemnification means the insured that faced loss of accident on the insured subject matter is restored to the previous financial position (Rejda, 2003:19). An insurance claim is a request (notification of accident) by the insured to be compensated from the insurer/insurance company as per the predetermined agreement/insurance policy. A claim can be made when an insured loss happened to the insured subject matter/property within a certain insured period of time. But if the accident happened does not conform to the insurance policy, the claim may not be compensated by the insurer and the insured is left to self-compensation. Similarly, an insured loss event can occur without a claim being made (Chartered Insurance Institute, Study Course 820, and 2004:67).

A claim investigator is expected to thoroughly inspect/verify whether the accident notification is genuine and valid for compensation with supportive comprehensive report covering all the prominent issues regarding the claim and make ready for claim process (Wedge & Handley, 2003).

Insurance claim practice is the extent to which insurers will or will not honor their promise. The function of claim process is to fulfill the insurer's promise and the insured's legitimate expectation of coverage (Tom Baker & Karen McElrath, 1997).

Insurance claim begins from the time when the insured notifies his loss, the policy is reviewed to confirm that whether the subject matter is insured, the insurance period covers the accident time, and there is no fraud, the level of damage is accurately evaluated and finally payment of indemnification or compensation will be arranged.

The time it takes to compensate the insured depends on the level of complexity and severity of the loss faced by the insured.

2.1.6 Claims Management

Is the execution of claim process of insured's claim for indemnification or enquiry of loss compensation in a careful way to so that no party will profit from the claim (Wedge and Handley, 2003). The claim process has to be paid up without any delay and misunderstanding between the insured and the insurer. In claim management process the claim department and claim officer will directly be involved immediately after the claim is notified, then all necessary documents are gathered, verified and filed as a history of the claim and the insured.

2.1.7 Claims Procedure

The procedure of handling claims depends on a number of cases like type of policy coverage, amount of claim, complexity of claim, and genuineness of the claim. The following are the basic stages involved in claim procedure are according to (Chartered Insurance Institute, Study Course P01, 2007:69), claim notification, claim review, response to the claimant, claim investigation, claim settlement, claim recoveries, claim performance review, litigation and outsourcing of claim consultants

2.1.8 Public Perceptions to Insurance

Many customers have no deep understanding about the economic purpose on financial institutions. Especially the public has a biased understanding of insurance service specifically regarding claim insurance policy and claim indemnification. Basically good claim handling creates good customers intimacy and customer loyalty to attract potential customers. Insurance companies can set good image and get good publicity if the service delivery process is well handled. If customers are dissatisfied by the insurance service, dissatisfied customer has bad publicity to the company. (Charles, 1980:9) describes the public's influence as follows:

“The general public is, inevitably, an influence on clam decisions. This is only natural, as insurance is provided as a service to the public. The influence of the public is felt in many ways and for many reasons”. Although additional business may be generated among existing policy owners, a company's market for new customers consists of members of the public who are not currently policy owners.

2.2 Service Quality and Concepts of Customer Satisfaction

Regarding the relationship between customer satisfaction and service quality, Oliver (1993) first suggested that service quality would be predecessor to customer satisfaction regardless of whether these paradigms were aggregate or limited to transactions.

Service quality is the overall process of delivering an excellent service to satisfy customer's expectation (Zeithaml and Bitner, 1996). Even though service quality concept differs from researcher to researcher, it distinguishes three aspects among the multidimensional constructs; outcome quality, interaction quality, and physical service environment quality (Rust and Oliver, 1994; Brady and Cronin, 2001). Outcome quality refers to the customer's investigation of the core service which is the prime motivating factor for obtaining the services (e.g. claim settlement, haircut, money received from ATM). Interaction quality refers to the customer's understanding of the service delivery process, which is typically valued and judged through the personal interaction between the service provider, in person or via technical equipment, and the service receiver (Grbnroos, 1984). It includes, for instance, the consumer's evaluation and perception, the overall interaction and the attitude of the service providing worker in the service delivery process. The physical service environment quality dimension refers to the consumer's evaluation of any tangible aspect associated with the facilities or equipment that the service is provided in/with called ergonomics. Service quality and customer satisfaction are distinct but related aspects (Spreng and Mackoy, 1996). Oliver (1997) defines satisfaction as "the consumer's fulfillment response", a post consumption judgment by the consumer that a service provides a pleasing level of consumption-related fulfillment, including under- or over-fulfillment. Service quality is an antecedent of the broader concept of customer satisfaction (Buttle, 1996; Zeithaml and Bitner, 1996; Lee et al., 2000).

In a broader understanding, De Ruyter et al., 1997 suggest that satisfaction should be treated as a super-ordinate construct to service quality.

Cronin and Taylor (1992) undertake an empirical test of the relationship between satisfaction and quality across several service industries. Using structural equation modeling, they found that service quality can be seen as a determinant of satisfaction.

Service quality and satisfaction are inseparable concepts since they both come together and comprise expectation, perception, experience and evaluation as key determinant variables.

Satisfaction and service quality have certain similar characteristics, but satisfaction is a broader concept as compared to service quality, whereas service quality focuses specifically on dimensions of service (Wilson A, Zeithaml V, Bitner M, Gremler D., 2008).

2.2.1 Customer satisfaction index

The Customer Satisfaction Index represents the overall customers' satisfaction level measured and expressed in terms of number, usually as a percentage. Plotting this Satisfaction Index of the customer against a time scale shows exactly how well the supplier is accomplishing the task of customer satisfaction over a period of time.

The weighted average given by the customer about his level of satisfaction is computed and the individual weightings is divided by this average to arrive at the weighting on the basis of average of 1. Customer's higher priorities are weighted more than 1 and lower priorities less than 1. The averages of the Customers Importance Scores are calculated and each individual score is expressed as a factor of that average. Thus customer satisfaction can be expressed as a single number that tells the service provider where he stands today and an improvement plan can be checked out to further improve his service delivery process so as to get a loyal customer and to attract new potential customers.

2.2.2 Customer Loyalty

In today's market where competition is becoming higher, the existence of firms in the market and its development depends on maintaining customer satisfaction, which brings long term success and profitability for the company. The most important result of high level customer satisfaction is making the customer loyal and makes uninterrupted purchase (Biesok, G & Wyród, 2011).

Understanding the customer's expectation and his satisfaction level are critical to maintain long term customer loyalty and better service delivery process which matches with or exceeds the customer's expectation (Yuksel, 2002).

Biesok, G &Wyród(2011) stated that loyalty is about friendship of the customer with the company and the frequency of the customers purchase from the same supplier, uses company's products, broadcasts positive information about the company, comments the supplier if any default exists and is resistant to the competition and its promotion (Rudawska. 2016).

T. O. Jones and W. E. Sasser (2012) define customer loyalty as an degree of connectedness, attachment to the company or people working in the service delivery process, or products offered by the supplier (Lojalność, 2016)

A customer loyalty brings a substantial long-term benefits and loyal customer gives profits, reduces costs, because maintaining a loyal client is cheaper than acquisition of new one (Biesok, G &Wyród, 2011).

The most important element of building customer loyalty is satisfaction with the purchase of goods and services. A client fulfils his needs using a combination of money, resources consumption, time and effort and skills (Becker, 2015).

2.2.3 Customers Expectation

The customers expectation level is highly influenced by his/her experience of using the same product/service, the promotion made, the remaining public image, his need and the price charged. The planned (then delivered) product characterizes the products that the organization intends to deliver. It is generally a compromise between the organizations' understanding of the customer's expectations, the organization's capabilities, its internal interests and the technical, statutory and regulatory constraints applicable to the organization and the product. The degree of satisfaction reflects the gap between the customer's vision of the expected product, and the customer's perception of the delivered product (ISO/TS 10004, 2010).

2.2.4 Customer Quality Perception

The customers quality perception is a mysterious concept which is difficult to understand and so far to reach and it is among the restrictions to meet the customers need/want. . This exercise in the context of the insurance industry will give us an insight into the parameters of customer satisfaction and their measurement. This vital information will help us to build satisfaction

amongst the customers and customer loyalty in the long run which is an integral part of any business (LensaK,2015)

According to LensaKuma's(2015)findings, reliability, responsiveness, assurance, have significant effect while attribute of reliability associated with the visually appealing modern physical equipment, appearance of employees, adequate space during their waiting time and existence of welcome desk with brochures or statements related with insurance service is insignificant.

2.2.5 Customer Satisfaction Theories

2.2.5.1 The dissonance theory

The Dissonance Theory says that a person who expected a high-value product and received a low-value product would recognize the disparity and experience a cognitive dissonance (Cardozzo, 1965). That is, the disconfirmed expectations create a state of dissonance or a psychological discomfort (Yi, 1990). According to dissonance theory, the presence of dissonance produces burdens for its reduction, which could be achieved by adjusting the perceived disparity. This theory holds that "post exposure ratings are primarily a function of the expectation level because the task of recognizing disconfirmation is believed to be psychologically uncomfortable.

The Dissonance Theory fails as a complete explanation of consumer satisfaction, however, it contributes to the understanding of the fact that expectations are not static in that they may change during a consumption experience

2.2.5.2 The Contrast Theory

The Contrast Theory is the opposite of the Dissonance Theory. According to Contrast Theory, when actual product performance falls short of consumer's expectations about the product, the contrast between the expectation and outcome will cause the consumer to exaggerate the disparity (Yi, 1990) The Contrast theory maintains that a customer who receives a product less valuable than expected, will magnify the difference between the product received and the product expected (Cardozzo, 1965). This theory predicts that product performance below expectations will be rated poorer than it is in reality (Oliver &DeSarbo, 1988). This type of discrepancy theory has a long history in the satisfaction literature dating back at least to

Howard's & Sheth's (1967) definition of satisfaction which states that it is a function of the degree of congruency between aspirations and perceived reality of experiences.

2.2.5.3 Inferred versus Direct Disconfirmation

Under this theory there are two methods of investigation dis/confirmation of expectations. i) The inferred approach evaluates the consistency or inconsistency between expectations and performance depending on the information related to customer service expectation and perceived performance. ii) The direct approach applies summary of judgmental scales to measure dis/confirmation, such as better than expected to worse than expected.

An important distinction between the direct and inferred approaches has been drawn by Oliver (1980) who suggests that "subtractive disconfirmation (inferred) may lead to an immediate satisfaction judgment, whereas subjective disconfirmation represents an intervening distinct cognitive state resulting from the comparison process and preceding satisfaction judgments" (p. 460).

2.2.5.4 The Comparison Level Theory

Applying the Comparison Level Theory to the confirmation/disconfirmation process, LaTour & Peat found that experience based standards or norms play a role as a baseline for comparisons in consumer's satisfaction judgments. In contrast to the Expectancy-Disconfirmation paradigm which uses predictive or situationally-produced expectations as the comparison standard, the Comparison Level Theory argues that there are more than one basic determinants of comparison level for a product: (1) consumers' prior experiences with similar products, (2) situationally produced expectations (those created through advertising and promotional efforts), and (3) the experience of other consumers who serve as referent persons.

2.2.5.5 The Value Percept Theory

According to the value percept theory, satisfaction is an emotional response that is triggered by a cognitive evaluative process in which the perceptions of an offer are compared to one's values, needs, wants or desires (Westbrook & Reilly, 1983). Theorists here argue that the Expectancy-Disconfirmation paradigm may not be the most appropriate model to explain customer satisfaction, as customer satisfaction/dissatisfaction is more likely to be determined by

comparative standards other than expectations. The value-disparity was defined as the extent to which the product provides the features and performance characteristics needed or desired.

2.2.5.6 The Importance- Performance Model

Satisfaction is seen as a function of customer perceptions of performance and the importance of that attribute. This model predicts that people generally have a belief about an attribute, but each attribute may be assigned important weighting relative to other attributes (ibid.). This implies that customers' satisfaction levels are related to the strength of their beliefs regarding attribute importance multiplied by how well these attributes meet their expectations (Barsky, 1992) (a modified version of EDP to measure customer satisfaction). The importance performance model has been found to be conceptually valid and a powerful technique for identifying service areas requiring remedial strategic actions (Hemmasi et al 1995).

2.2.5.7 The Attribution Theory

Research of the Attribution Theory is primarily developed from the Weiner, Frieze and Kukla's (1971) work. It is important to note that the Attribution theory has been mostly used in dissatisfaction/ complaining behavior models than in satisfaction models per se. According to this model, consumers are regarded as rational processors of information who seek out reasons to explain why a purchase outcome, for example dissatisfaction, has occurred (Folkes, 1984). This model argues that when the delivery of a service does not match customers' prior expectations or other standards, customers engage in an attritional process in order to make sense of what has occurred (Bitner, 1990). In this model customers look for certain reasons for product success or failure of performance based on three dimensions called *locus of causality, stability and controllability*.

2.2.5.8 The Equity Theory

According to the Equity Theory, satisfaction exists when consumers perceive their output/input ratio as being fair (Swan & Oliver, 1989). Equity models are derived from the Equity Theory (Adams, 1963), and are based on the notion of input-output ratio, which plays a key role in satisfaction (Oliver & Swan, 1989). According to this theory, parties to an exchange will feel equitably treated (thus, satisfied), if in their minds, the ratio of their outcomes to inputs is fair (Oliver & DeSarbo, 1988). The output/input ratio for a service experience may be compared to the

perceived net gain of some others (such as friends) who have experienced a similar offer (Meyer & Westerbarkey, 1996). Satisfaction is seen as a relative judgment that takes into consideration both the qualities and benefits obtained through a purchase as well as the costs and efforts borne by a consumer to obtain that purchase.

2.2.5.9 The Evaluative Congruity Theory

According to the Evaluative Congruity Model (Social Cognition Model) satisfaction is a function of evaluative congruity, which is a cognitive matching process in which a perception is compared to an evoked referent cognition in order to evaluate a stimulus or action. The result of this cognitive process is assumed to produce either a motivational or an emotional state. It is argued that there are three congruity states; negative incongruity, congruity, and positive incongruity.

2.2.5.10 The Person-Situation-Fit Concept

This concept argues that people deliberately seek situations, which they feel match their personalities and orientations. The implication of this idea may become particularly appropriate to tourist settings where individuals make a conscious choice to visit a specific tourist destination (Reisinger and Turner, 1997)

2.2.6 Customer Satisfaction in the Insurance Sector

It has become clear that in the insurance market there has been a real revolution that has led to changes in the market, strategies of companies, offering products and services, in the manner of distribution of insurance products. The revolution of new technologies in the insurance sector has brought further revisions to both the internal processes and to external ones for the companies, especially distribution (Antonio C and Giovanni D., 2012). Customer satisfaction refers to a person's satisfaction with a product, service, or a supplier (Terpstra et al, 2014)

As the service provider changes some aspects on his service, it has a cost for the customer, generally well-disposed towards the old company, demonstrating a degree of loyalty variable, but in any case, consistent. Since, in the process of service delivery insurance, it is always possible that the latter does not fully meet the customer, misunderstandings can arise that build up if the company does not intervene in time managing these negative situations and turning in their favor (example, handling complaints and making them clear, because the obvious and

recognized claims by the company are certainly less harmful in terms of customer loyalty, than those unspoken and unheard). Hence, the emphasis of the insurance companies upon strategies is to maintain and/or increase customer satisfaction (Antonio C and Giovanni D., 2012).

In the insurance sector, we know little experience using systems to monitor client satisfaction, although it is felt among the experts, the importance of conducting evaluations focused on customer satisfaction (Antonio C and Giovanni D., 2012)

For marketers or service providers, achieving customer satisfaction is important because it is assumed as an important motive of customer loyalty, repeated business (with customer) and positive word of mouth (Bearden and Teel, 1983). However quality is not the only factor that satisfies or dissatisfies, there are other factors besides quality like Performance, Expectations, (Mohr, 1982) desires and price factor also affect the customer perceptions and the overall satisfaction level. Where quality of service is a descendent of customer satisfaction as described by Cronin and Taylor (1992), Service quality is not the only factor that has direct impact on customer satisfaction.

According to Dawkins and Reichheld, (1990) delivering quality service is considered an essential strategy for success and survival in today's competitive environment. So we can say that customer does not just want the quality of service but the overall service quality together with all other factors core and relational to achieve satisfaction.

According to Cronin and Taylor (1992), satisfaction is an antecedent of service quality, but Service quality is not the only factor that has direct impact on customer satisfaction. There are several other factors as well that affect the both constructs. findings describes other factors that affect service quality and satisfaction are brand or company image , customer experience, Price, company's internal and external environment like branch outlook, available equipment (heating, air-conditioning), cleanliness, service delivery/ performance (fast or slow) and the behavior of the service provider.

Some empirical studies show that overall customer satisfaction depends, first, on the satisfaction with the company, and secondly, the satisfaction with personal contact and only thirdly by satisfaction with the product /service insurance (CG Armistead, G. Clark, 1994).

2.3 Conceptual Framework

Empirical evidences indicate that different factors can be mentioned as the cause for customer's satisfaction or dissatisfaction in the insurance industry. Factors come either from the insurance company or from the customer's side can have significant effect in the service delivery process and, ultimately the customer's level of satisfaction might be increased or decreased. Expected customer satisfaction determinants in the insurance industry that might cause satisfaction/dissatisfaction include; rate of premium, expectation, accessibility, responsiveness and indemnification.

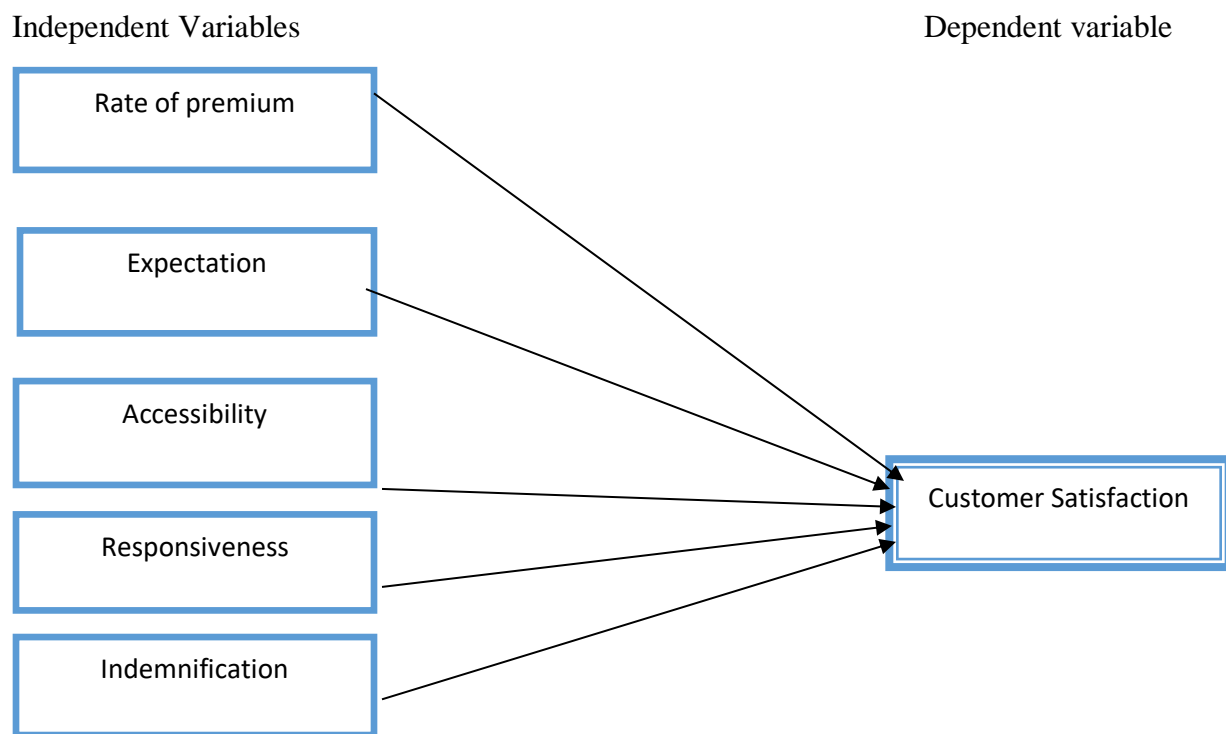


Figure1. Conceptual framework of the study

CHAPTER THREE

METHODOLOGY

3.1 Research Approach

This section discusses the research methodology that has been applied for the study. The methodology of this research constructed based on the objectives of the study. In line with the objective of the study the researcher used quantitative research approach. Quantitative research is a means for testing objective theories by examining the relationship among variables (Creswell, 2009). And according to Kothari (2004) quantitative research is based on the measurement of quantity or amount. It is applicable to phenomena that can be expressed in terms of quantity.

3.2 Research Design

In order to show the casual relationship of the variables the explanatory research design was applied. If the objective is to determine which variable might be causing a certain behavior, i.e. whether there is a cause and effect relationship between variables, explanatory research must be undertaken (Shields, 2013).

3.3 Sources and Types of Data

In order to accomplish this paper, data was gathered from secondary sources as well as it was inevitable to use primary data which is more perceived and timely, despite the difficulty of gathering first handed data.

Both customers and employees were considered in the data gathering process since these two groups are highly concerned and linked to the topic that is going to be studied. In one hand customers are the ultimate target groups of the company for its existence and for this study too; i.e. no company, Nile in particular, is formed without a mission to satisfy unreached market, on the other hand employees are involved in the service delivery process as internal customers and have substantial information about challenges in the service delivery process. So it's realizable that there is a positive relationship between the satisfaction levels of these two parties; a satisfied employees can serve and treat the customer in a better way, adversely unsatisfied employees surely treat customers less carefully and negligently.

3.4 Data Collection Instruments

In the data collection process different data collection instruments could be used. According to the source of data that have to be collected to conduct the study, the researchers would gather secondary data by reviewing manuals and annual reports of Nile including claim files as far as possible.

Questionnaires were distributed to both customers and employees. The questionnaires would have two parts, questions to be filled by the customers and the employees were written separately. Self-administered questionnaires are advantageous in that they are cost effective, easy to analyze and familiar to most people.

The questionnaires are developed from five perspectives that have significant effect in the customer's satisfaction. Questionnaires prepared from five perspectives; premium rate, the accessibility of the service, responsiveness, expectation and indemnification, were rated based on a five grade likert scale.

“The Likert scale method was preferred to make questions interesting to respondents, thereby to enhancing their cooperation and besides, to ensure maximum response rate ultimately” (Robson Colin, 2002).

3.5 Target Population, Sampling Techniques and sample size

The target populations of the study were both customers and employees of the company because the researcher believes that both parties are informative, can give substantial and valuable information to the study and assumed to be capable in forwarding core bottlenecks of the service delivery processes.

The researcher believed that it was better to implement non probability sampling technique because of difficulty to give equal chance for all the members of target population since they are spread all over the country. Purposive sampling technique specifically was implemented because customers cannot be met easily and because of difficulty to give equal chance to all customers to select as sample respondent. In addition, for selecting sample on the basis of knowledge of the researcher to allow selection of appropriate and informative groups for inclusion in the sample, purposive sampling is mostly used (MoazzamAli, 2014).

Group of customers that are said to have frequent contact with the insurance company and those who are probably test the insurance's service most frequently are taken as a sample of the target population. Employees were grouped based on their work department as claim, underwriting, finance. Sample employees also similarly picked considering which department has direct involvement in the service delivery process and have face to face contact with the customers since a customer has a tendency to judge the overall company's service by looking at the quality of the service delivered by the one who have served that customer.

Even if the representativeness of the sample size is doubtful, Cohn, Manion, & Morrison (2007) suggest that a sample size of thirty is held by many to be the minimum number of cases if researchers plan to use some form of statistical analysis on their data. Since Nile insurance company listed down its major customers as about 360 in Addis Ababa, $360 \times 30\% = 108$ customers have been taken from the major customers as well as employees from the top ten branches, according to the 2019/20 annual report graded in terms of revenue generated and number of policies issued were invited to respond for the questionnaires. On average a branch has about 5 employees including branch manager, underwriters and branch cashier. So $10 \times 5 = 50$ employees from the branch and all the 25 claim department employees are taken as respondents, then the total respondent employees become 75. Generally the study would have a total sample size of 183 (108 customers + 75 employees).

3.6 Method of Data Analysis

The study used quantitative descriptive, correlations, multiple linear regression analysis method of data analysis to organize and summarize the data that was collected from the respondents. The statistical descriptive includes tabulation for orderly or arrangement of gathered data in table, percentage to classify the response and type of data and other summaries.

3.7 Econometric model

Reviewing both empirical and theoretical aspects related to the study, a mathematical model is developed to predict the effect of independent variables (rate of premium, expectation, accessibility, responsiveness and Indemnification) on the dependent variable (customer satisfaction).

$$CS = \alpha - \beta_1(RP) + \beta_2(Acc) + \beta_3(Exp) + \beta_4(Rspv) + \beta_5(Ind) + \varepsilon$$

Where:

CS = customer satisfaction

RP = Rate of premium customers are charged

Acc = accessibility(ease of use of the company's service)

Exp = Expectation that customers may have

Rspv = responsiveness of workers to customers enquiry

Ind = Indemnification

ε = the error component for company I at time t assumed to have mean zero $\varepsilon_{it} = 0$

α = constant parameter

$\beta = 1, 2, 3, 4$ & 5 the slop of the coefficient of parameter that will be estimated

3.8 Validity and Reliability of the Instrument

The 5-point Likert scale of the questionnaire was used so that respondents could rate the company's service based on the 22 items that are constructed. The questions were arranged into a meaningful order and format where the subjects were provided with ease to answer background questions at the opening section, which lead them easily and naturally to the next. This is because it is likely that respondents may lose their interest unless they find the opening questions easy and pleasant to answer. Besides, to minimize the risk of possible cut off owing to fatigue or impatience, questions that are of special importance included in the earlier part of the questionnaire.

In order to make the study dependable and to increase its trustworthiness questionnaires with negative form are arranged into positive format when input to the SPSS in order to avoid offset between degree of agreement between positive and negative responses and to make similar impute in the SPSS analysis and this can be taken as an evidence that the data collected is used properly and carefully analyzed.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

This chapter deals with the analysis and interpretation of the results of the study. The data were analyzed by using SPSS software. The questionnaire was prepared to both customers and employees of Nile insurance company but since the questionnaire are similar with English and Amharic version they are compressed together in the analysis part except background of respondents. The descriptive statistics, the correlation and regression analysis were discussed. Then, econometric analysis and discussion of the main finding of the study were presented. Finally, the results of the regression analysis were discussed by supporting empirical evidence.

4.1 Background Information of Respondents

To conduct this study a total of 183 (One Hundred eighty three) questionnaires were distributed to different major customers and employees of Nile Insurance Company. Out of the figure mentioned above, 152(83%) respondents (90questionnaires out of 108 questionnaires distributed to major customers and 62 questionnaires from employees out of 75) filled and returned the questionnaire and gave appropriate response to all questions. Among 183questionnaires 31 (17%) were not returned and some are found incomplete. Therefore the researcher analyzed and discussed only those accurately filled and returned questionnaires.

Table 4.1, General background of customers

Demography of customers				
	policy purchased		number of years served by NIC	
		%age		%age
Customers	38 motor policies	25%	23 customers >6 years	26%
	13 marine insurance	9%	17 customers 4-6 years	16%
	17 carriers	11%	10 customers 3-4 years	11%
	11 fire	7%	18 customers 2-3 years	20%
	6 Bond and eng.	4%	16 customers 2-3 years	18%
	5 other	3%	9 customers <2 years	10
	total	90	59%	total

Source: researcher's own count from the collected questionnaires

As one can see from table 4.1 above, out of the major customers responded to this questionnaire, 38 (25% from the total respondents) are motor related policy holders, like motor commercial comprehensive, motor commercial private, 17 respondents (11% from the total respondents) are carriers liability insurance policy holders, 13 respondents (8.5% of the total respondents) are marine insurance holders, 11 customers (7% of the respondents) are fire insurance policy holders, 6 respondents (4% of the total respondents) are customers who purchased bond and engineering insurance policy and 5 customers (3% from the total respondents) respond that they have purchased other insurance policies than the listed categories. The major customer responded to this specific questionnaire become 90 (59%) of the total respondents. That means the remaining 62 (41%) respondents are employees of Nile insurance company.

In table 4.1 the percentage 59% indicates that the customer's contributed 59% out of the total 152 respondents and it is to show the percentage involvement of customers in participating in this specific study. That means the remaining 41% is contributed by employees of the company as shown in table 4.2.

With regard to the question of how long customers have been stayed as a customer with Nile out of 90 customers are, 23 (26%) customers who have responded to this questionnaire are served in Nile for more than 6 years, this merely indicates that majority of the major customer respondents have renewed their policies for at least 6 times, that means they have tested the companies service enough to say that they can respond how is the company's service, 17 (16%) customers are between 4-6 years and 19 between 3-4 years which is relationship is there between the insurance company and possible to say they visit the insurance company frequently and can say something about how the service is there, 18 major customers have been served by Nile for more than 6 years, as one can say that, looking at the figures, these customers are almost loyal to the insurance company and they may have much to speak about the insurance service provided at Nile insurance company, the remaining 9 customers are served in Nile not more than 2 years (around a year experience) these customers are expected to have some information about the service since they are fresh to how the service tests they can pick what thing looks like best and what thing shall be improved in the service delivery process.

Table 4.2, General background of employees**Demography of employees**

Sex			Department		Educational background		number of years worked at NLIC		
	count	%age	count	%age	count	%age	count	years served	%age
Male	41	66%	21 claim	14%	42 university degree	68%	17	<3 years	27%
			23 underwriter	15%	12 college diploma	19%	25	3-6 years	40%
Female	21	34%	7 branch managers	5%	8 masters	13%	14	6-10 years	23%
			11 others	7%			6	>10 years	10%
Total	62	100%	62	41%	62	100%		62	100%

Source: researcher's own count from the collected questionnaires

The 41% in table 4.2 indicates that the employees account 41% out of the 152 respondents and it is to show the percentage involvement of employees in participating in this specific study. That means the remaining 59% is contributed by employees of the company as shown in table 4.1.

The sex distribution of the employee respondents is 41 (66 %) and 21 (34%) males and females, respectively. The result clearly shows that male respondents were greater in number than female respondents which imply that female respondents are less in number in responding to this particular questionnaire and implies also females are less in the case departments.

The occupational status of the employees seems somewhat relevant to respond to the questionnaire since most of them are claim officers and underwriters. 23, 21 and 7 are underwriters, claim officers and branch managers respectively. The remaining 11 respondents answered "other" and are expected to be branch cashiers or department office administrator, and the qualification level of employees respondents can be concluded that they are almost degree holders; 42(68%) employee respondents, 12(19%) diploma, and 8(13%) are master degree holders. With respect to number of years employees have worked at Nile, 17(27%) employees have less than 3 years working experience of working at Nile, 25(40%) employees have worked between 3-6 years, and 14(23%) have worked for more than 6 years but less than 10 years, 6 (10%) employees respondents respond that they have worked at Nile for more than 10 years. To

generalize the status of employee respondents, male respondents, respondents from claim and underwriting, degree holder employee respondents, and young employees are greater in number.

4.1 Descriptive statistics

This section presents the descriptive statistics of dependent and independent variables used in the study for the Nile insurance company. The dependent variables used in the study were Customer satisfaction while the independent variables were premium rate, expectation, accessibility, responsiveness and indemnification. As the table below reveals the total observation is 152 that is the total valid sample addressed and used for this study, the minimum and the maximum result show that the five point likert scale in which customers are allowed to rate their perception about each variables, and the respondents also gave a response that ranges from 1 which is strongly disagree to 5 which is strongly agree. The mean values reveal that the response given to each specific variables are averaged to the most frequently chosen scale and shows the collective tendency of respondents degree of agreement. Standard deviation is a measure of how dispersed the data is in relation to the mean. Low standard deviation means the data are clustered around the mean and high standard deviation shows data are more spread out from the mean. In the table below the standard deviation are almost clustered to the mean that means there is no big gap between the customers perception about the dimensions of satisfaction. The variance show how far the set are from the mean.

Table 4.3 Descriptive statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
RATE OF PREMIUM	152	1	5	3.99	1.073	1.151
INDEMNIFICATION	152	1	5	3.66	1.035	1.072
CUSTOMER SATISFACTION	152	1	5	3.57	1.119	1.253
EXPECTATION	152	1	5	3.55	1.085	1.177
ACCESSIBILITY	152	1	5	2.99	1.196	1.430
RESPONSIVENESS	152	1	5	3.1	1.133	1.284
Valid N (listwise)	152					

Source: researcher's own computation via SPSS descriptive statistics

Thus, the total observations for the dependent and explanatory variable were 152. Table 4.2 demonstrates the mean, standard deviation, minimum and maximum values for the dependent and independent variables for the insurance company.

The respondents' personal perception about rate of premium has a mean value of 3.99. This means the rate of premium in Nile insurance company is the most important aspect in customer satisfaction and among the issues that customers give quick response followed by indemnification with mean value of 3.99 and 3.66 respectively. The mean value 3.99 of rate of premium indicates that customers have fair attention to it and they are more alarm to changes in the rate of premium Nile charges for its insurance service. The mean value of indemnification (3.66) is also higher than other explanatory variables next to premium rate, indicating that it is among the most attractive issues in the service delivery and that may cause for change in customer satisfaction in Nile insurance. Expectation with a mean value of 3.55 has got a more than neutral response which means customers give some level expectation to the company's service that is expected to cause some level of dissatisfaction if the expected insurance service is not meet or if the company created higher level of expectation in the minds of customers, in the same wise customers will respond adversely if they found it less matching with their expectation. The mean value of accessibility is 2.99, which means respondents gave almost a neutral response that means they have less knowledge or they are less sensitive about the accessibility aspect, which means that customers agree that they are less responsive accessibility aspects of company's service.

4.1 Classical Linear Regression Model (CLRM) assumptions

The following sections discuss results of the diagnostic test that is conducted to ensure whether the data fits the basic assumptions of classical linear regression model or not. The implication of the test, decision rules therein, test results and their discussion are discussed in the upcoming sub sections.

4.1.1 The Errors have zero mean ($E(u_t) = 0$)

According to Chris B. (2008), if a constant term is included in the regression equation, this assumption will never be violated. Thus, since the regression model used in this study included a constant term, this assumption was not violated.

4.1.2 Multi-co-linearity Test

As suggested by Croft (1983), it is essential to undertake correlation analysis between independent and dependent variables (customer satisfaction), before conducting regression analysis in developing a model.

The size of the correlation coefficient can be used to quantitatively describe the strength of the association between two variables.

Multi-co-linearity means the presence of a “perfect” or exact, linear relationship among some or all explanatory variables (Gujarati D, 2004). If multi-co-linearity is perfect, the regression coefficients of the explanatory variables are indeterminate and their standard errors are infinite. If multi-co-linearity is less than perfect, the regression coefficients, although determinate, possess large standard errors (in relation to the coefficients themselves), which means the coefficients cannot be estimated with great precision or accuracy. If there is no relationship between the explanatory variables (independent variable), they would be said to be orthogonal to one another. That means adding or removing a variable from a regression equation would not cause the values of the coefficients on the other variables to change (Chris B, 2008).

As suggested by Croft (1983), it is essential to undertake correlation analysis between independent variables and the dependent variable before conducting regression analysis in developing a model. The size of the correlation coefficient can be used to quantitatively describe the strength of the association between two variables.

Correlation analysis helps to see whether the variables are associated with each other or not, if they are correlated, with what strength.

Table 4.4 Multi-co-linearity test: correlation analysis of dependent and independent

	PR	ACC	EXP	RSPV	IND	CS
PR	1					
ACC	.625**	1				
EXP	.685**	.801**	1			
RSPV	.501**	.691**	.755**	1		
IND	.853**	.570**	.648**	.578**	1	
CS	.598**	.586**	.608**	.518**	.384**	1

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

Source: researcher’s own computation via SPSS, correlation matrix result

Pearson correlation was used in order to cross check whether there is association between the independent variables of premium rate, indemnification, accessibility, expectation, and responsiveness with each other and with the dependent variable.

The correlations between the independent variables are shown in table 4.3 above. The highest correlation was observed between customer satisfaction and indemnification (.853) expectation (.685), premium rate (.625), and responsiveness (.501) Thus, it can be concluded using the rule of both Gujarati, (2004) and (Hair JF, 2006) the all variables have low correlation power which is below 0.8 implies no multi-co-linearity problem in the explanatory variables of this study. According to Gujarati, (2004) multi-co-linearity could only be a problem if the pair-wise correlation coefficient among regression is above 0.80. In addition, (Hair JF, 2006) argued that correlation coefficient below 0.9 may not cause serious multi-co-linearity problem.

4.1.3 Heteroscedasticity

According to Chris.B (2008), Heteroscedasticity means that error terms do not have a constant variance. If heteroscedasticity occur, the estimators of the OLS method are inefficient and hypothesis testing is no longer reliable or valid as it will under estimate the variances and standard errors. There are several tests to identify the Heteroscedasticity problem, which are Park Test, Glesjer Test, Breusch-Pagan-Goldfrey Test, White's Test and Autoregressive Conditional Heteroscedasticity (ARCH) test. In this case, this study is based on the research objectives without setting a research hypothesis.

4.1.4 Normality

Normality tests are used to determine if a data set is well-modeled by a normal distribution. With the normality assumption, ordinary least square estimation can be easily derived and would be much more valid and straight forward. This study would use Jarque-Bera Test (JB test) to find out whether the error term is normally distributed or not.

4.1.5 Autocorrelation

According to Chris.B (2008), when the error term for any observation is related to the error term of other observation, it indicate that autocorrelation problem exist in this model. The result of T-test, F-test or the confidence interval will become invalid due to the variances of estimators tend to be underestimated or overestimated. In the case of autocorrelation problem, the estimated

parameters can still remain unbiased and consistent, but it is inefficient. Due to the invalid hypothesis testing, it may lead to misleading results on the significance of parameters in the model. But since there is no hypothesis to be tested under this paper autocorrelation is not essential to apply.

4.2 Regression Analysis

Regression results can be helpful for determining meaningful variables with respect to a target variable. A regression analysis is a statistical method used to estimate the strength of a relationship between one or more dependent variable and one or more independent variables.

In this regression analysis the dependent variable is customer satisfaction while the independent variables are rate of premium, accessibility, expectation, responsiveness, indemnification. The regression equation estimated as follows.

Table 4.5 alpha coefficients of independent variables
Coefficients^a

Model 1	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.019	.265		3.839	.000
RATE OF PREMIUM	.570	-.226	-.564	2.520	.013
ACCESSIBILITY OF SERVICE	.176	.220	.196	.802	.424
EXPECTATION OF CUSTOMERS	.197	.274	.192	.721	.472
RESPONSIVENESS	.445	.205	.426	2.051	.002
INDEMNIFICATION	.510	.244	.464	2.091	.038

a. Dependent Variable: CUSTOMER SATISFACTION

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.756 ^a	.572	.536	.710

. Predictors: (Constant), INDEMNIFICATION, RATE OF PREMIUM, RESPONSIVENESS, ACCESSIBILITY OF SERVICE, EXPECTATION OF CUSTOMERS

$$CS = \alpha - \beta_1(RP) + \beta_2(Acc) + \beta_3(Exp) + \beta_4(Rspv) + \beta_5(Ind) + \epsilon_i, t$$

$$CS = \alpha - 0.564(RP) + 0.196(Acc) - 0.192(Exp) + 0.426(Rspv) + 0.464(Ind) + \epsilon_i, t$$

The regression results reported in the above table depicted that the most significant explanatory variables in the model are rate of premium and indemnification, and this analysis suggest that

rate of premium and indemnification seems to be the key determinants of customers satisfaction. The R^2 and adjusted R^2 values of 0.572 and 0.536 respectively is an indication that the model is a good fit. The R^2 value is 0.572 (57.2 %) which implies that 57.2. % of fitness can be observed in the sample regression line. This can be further explained as, 57.2% of the total variation in customer satisfaction is explained by the collective influence of the independent variables (premium rate, accessibility, expectation, responsiveness, and indemnification) jointly. The remaining 42.8 % of change is explained by other factors which are not included in the model.

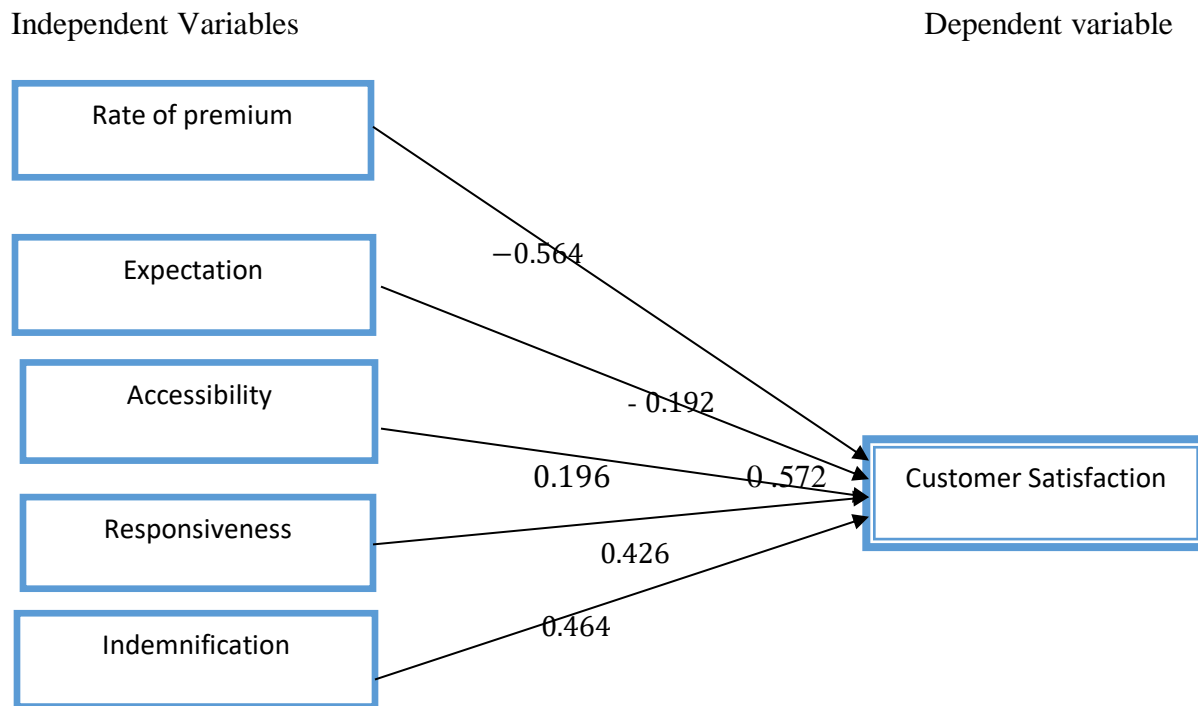


Figure2. Conceptual framework of the study associated with the alpha coefficients

As the equation shows customer satisfaction(CS); the dependent variable in the insurance company is a combined result of premium rate, accessibility of insurance service (convenience and ease of use of the service), expectation of customers on the overall service quality, responsiveness of the company to customer inquiries and indemnification(amount & timing of payment of compensation).

Regarding premium of insurance, Margee, H., et al.(2008) indicated that the premium of an insurance policy positively or negatively can determine customer satisfaction. In the wise Scitovsky (1994) stated that a high price decreases the purchasing interest of consumers as suggested by neoclassical economic thinking, it may also stimulate the consumers purchasing

decision as customers may sometimes have presumption that higher price indicates better quality. Based on the customers' response the possibility of premium refund when there is policy cancellation can have influence in the customers buying decision in that it increases the customers' confidence of recollecting extra premium for uncovered insurance period.

In the same wise the regression analysis indicated that price of insurance service significantly affect the customer satisfaction positively.

Customer expectation has insignificant negative effect on customers' satisfaction (Fornell et al, 1996; Chan et al, 2003; Lien-Ti Bei& Yu-ChingChiao, 2001). It is essential for marketers to measure how far their customers' expectation is in advance because a failure to meet or exceed these expectations could lead to dissatisfaction and defection. In some instances, customers have well-informed expectations—for example, when they have a great deal of experience with a particular service or product. In other instances, expectations may be ill-defined, in which case asking customers to state expectations might help formulate or even create them.

Accessibility provides a measure on performance between the costs of accessing the service with the service received. In addition to time and distance, transportation cost and location are determining factors of accessibility. Low transport costs to get to a place where the service center is found means high accessibility (Black, J., 1981). The ease accessibility to NLIC branches can create customer satisfaction because it can reduce transportation costs and time spent on searching for the service provider. Research of Black, J., (1981), show that health centers accessibility and equity services create fairly high level of satisfaction, exceeding the expected level of satisfaction in JPKMB by 70%. The findings were supported by Jannang (2010) that accessibility can enhance customer satisfaction.

Responsiveness is willingness to help customers and to provide prompt service. According to Daugherty et al., (1995) and Parasuraman et al., (1991) responsiveness is addressing customer requirements through market intelligence, that includes reacting to or forecasting the wants of the customers which becomes an externally focused tool used by firms to improve customer relations and enhance overall service/quality appropriate and substantial goals to gain efficiency. And in their finding it is indicated that Customer responsiveness is positively associated with customer satisfaction regardless of the importance of the service requested and service

performance mediates the relationship between customer responsiveness and customer satisfaction beyond the effect of purpose of travel.

Claims management is considered to be one of the most valuable possessions of any insurer. The emphasis here was to investigate the relationship between fast claims settlement and the sales and marketing of insurance products.

Earnest H., (2012), indicated in his analysis that more efficient and effective method of handling claims that increase customers' satisfaction and motivates to repurchase policies for the next insurance period. In the same wise the regression result of the study supports and indicated excellent claim handling can bring better fate for the insurance company by motivating the reinforcing

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

The previous chapter presented the result and discussion, while this chapter is organized into three sub-sections. The first section presents the summary of the result whereas the second section presents the conclusions and finally the third and the fourth sections presents the recommendations and direction for future research respectively.

The research general objective was to identify and measure the significance level of determinants of Customer satisfaction in the case of Nile insurance company. The study was conducted with 152 sample respondents. Thus, to successfully meet the objectives of the research data were collected, correlation and regression analysis is undertaken in order to identify the relationship between variables and reached on some findings. The empirical analysis of investigating the determinants of the customer satisfaction in Nile Insurance Company was conducted using both secondary data and primary data gathered through well organized questionnaires. From the customer's perspective, quality is what a customer or a target segment considered to be, i.e. the ability of a product or a service to meet or to exceed his expectations (Veljković, 2009, p. 103). Customer perception of service quality is an important determinant of their purchase choice and the achieved customer satisfaction.

- ❖ As the first objective of the study was to identify the major determinants of customer satisfaction in Nile Insurance Company, the findings indicated that the major determinants of customer satisfaction in Nile Insurance Company are premium rate, indemnification (compensation of accident), and responsiveness of workers in the service delivery process.

As suggested by Scitovsky (1994) the price of service can play dual role in the consumer decision making process in that it can alter the buying decision of customers. As customers decide to buy a certain product that means they are ready to pay for that product or service while expecting equivalent and fair service with the price paid. In Nile insurance since the amount of premium charged is slightly higher than other insurance companies, customers lay expectation on the quality of the insurance service. Empirical studies also support that there is causality relationship between prices of the product of service and the price of the product

with the customer's value, between product quality and price with customer satisfaction, between customer values with customer satisfaction.

As suggested by Zeithaml (1988), there is a causal relationship between price and quality with customer value while the concept model stated by Bei and Chiao (2001) revealed there is no effect on the product quality and price to level of customer satisfaction.

Jahanshahi et al. (2001) supported that the price of a product has no significant effect on the customer's satisfaction level, while Malik et al. (2012) found that the price of a service affects satisfaction that some customers take price as an icon of luxuriousness and attach a positive relationship between the amount of the price and the quality of the product, i.e. higher price tag is for higher quality products and lower price tag is for lower quality products. High price brings in the mind of customer that the product or service has relative quality, and the expectation of customers increases as the price of the product increases.

Kotler and Armstrong (2012) defined customer satisfaction as the extent to which a product's perceived performance matches with the buyer's expectation. But as it is revealed in the previous paragraphs price is one factor that increases the customer's expectation about the product/service quality. Based on the idea of Malik et al. (2012), premium charged for insurance service has effect on the customer's expectation level and the satisfaction level is affected accordingly, as the price brings some level of attitude to the mind of the customer.

The indemnification aspect is found to be the other major determinant of customer satisfaction in Nile Insurance Company. Since the ultimate benefit of insurance policy is to restore the insured customer to its previous financial position, it is inevitable that customer's perception towards claim compensation is the root for satisfaction.

The function of claim process is to match the insurer's promise and the insured's legitimate expectation of coverage (Tom Baker & Karen McElrath, 1997). Failure to fulfill the promise by the insurance company creates a negative image in the mind of customer that the promise entered are non-kept and realizable, and this immediately brings an awkward feeling and dissatisfies the customer.

Responsiveness is also found to be the other determinant of customer satisfaction. The intimacy of the company employees with the customers, the speed to respond to the customers' enquiry, providing the requested insurance service approximate to the customers expectation, responding to customers claim request within a short time gap are very essential aspects to satisfy customers.

- ❖ As indicated in the analysis the effect of the explanatory variables, Premium rate has the highest coefficient value of -0.564 that means the amount of premium contributes too much for satisfaction of customers; the amount of premium, grace period given to customers; premium discount given for less claimant customers, premium discount for loyal customers can negatively affect the satisfaction level of customers in Nile insurance company.

Premium charged for insurance service has effect on the customers' expectation level again the customers' expectation has effect on their satisfaction level depending on whether the price pushed expectation is met or not as the price brings some level of attitude to the mind of the customers Malik et al. (2012). The premium aspect, as compared to other explanatory variables under study, is the major determinant factor of customer satisfaction.

Indemnification with a coefficient value of 0.464 indicates that indemnification is the other determinant and it is one of the cautious issues in the customer service delivery process. Generally the indemnification aspect is also the other determinant of customer satisfaction.

Capgemini (2011) mentioned that good claim management ought to be proactive conducted in acknowledging and paying claims legitimately; and then, evaluating accurately the claims reserve. An excellent claims handling service is a competitive edge of an insurance company and noted as a service that customer value.

Responsiveness of workers is also high has beta coefficient value which indicates that the actual service quality mismatches with the promised, modern technology contribute much on customer satisfaction. Accessibility and expectation of customers also contribute some level of effect on the satisfaction level

- ❖ The other objective of the study was to measure the level of significance the variables have on the level of satisfaction. Rate of premium was found to be key determinant of customer

satisfaction above all other variables. On the other hand, claim settlement and, workers responsiveness to customers enquiry are likely to result insignificantly lower levels of customer satisfaction among other explanatory variables.

The overall result obtained from the regression analysis i.e. adjusted R square of .536 indicates that the collective effect of the explanatory variables under study can determine the dependent variable by 53.6 % while other determinant variables which are not included under this study take the remaining percent. That means premium rate, indemnification expectation are highly, and responsiveness and accessibility less likely have significantly determine customers satisfaction in Nile insurance company.

5.2 Conclusion

In this ever growing competitive insurance industry, an insurance company must be at the head of the game on every aspect of the service delivery in order to meet high level of customer satisfaction. Based on the findings of the study a number of implications can be drawn that the company has to focus on.

The result reveals that customer's satisfaction is highly determined by premium rate the company charges and level of service quality the company provides.

The level of service quality is less as compared to the amount they are charged to buy the service. Customers expect the company to provide premium discount for loyal customers, less claimant customers, better insurance service as the customers expectation is increased when the price of the service is increased.

Rate of premium was found to play a crucial role in determining customers' level of satisfaction above all other variables. On the other hand, claim settlement s, responsiveness levels are likely to result significantly lower levels of customer satisfaction among other explanatory variables.

Indemnification is given good response by respondents, as it is indicated that customers are less satisfied by the amount of compensation, period customers wait to be compensated is elongated, complain about compensation is rarely handled.

Expectation of customers is increased due to aggressive promotion, high amount of premium whereas customers found it unrealistic

Although premium rate and indemnification are the most influential explanatory variables expectation customers have about the insurance service, responsiveness of workers and the accessibility aspect also have some effect on the satisfaction level of customers.

5.3 Recommendation

Based on the findings and conclusions, the following recommendations are forwarded so that Nile insurance company has to work on in order to achieve better level of customer satisfaction.

- As indicated in the results of the study, there is a strong relationship between rate of premium and customer satisfaction. The company is expected to provide as equivalent service as the amount of premium it charges. Additionally, Nile is recommended to give some encouragement techniques to its loyal customers as well as less claimant customers.
- Customers should be well explained about the economic purpose of insurance companies at the time of underwriting insurance policies. This can help the insurance company to bring the customers expectation to the realistic and achievable level of expectation, so that customers should not feel discomfort about the amount of compensation if they got unrealizable hope to get compensated much in contradiction with the compensation procedure.
- Nile better to give prompt and quick response to its customers compliant by creating a simple and fast compliant handling system by forming a separate section to handle customers' complaints.
- Nile should give caring and personalized attention to its major customers since they generate huge amount of income for the company and give immediate response to each major customer's complaints.
- Nile is recommended to design a strategy to keep its customers satisfied, feel safe and secured by improving its system concerning the overall service quality specially in claims handling and payment process.
- As indemnification lies at the heart of the insurance company, there should be clearly defined period with in which a claim has to be settled.
- Nile has to understand the changing needs of customers, their aspirations and expectations to create value by creating effective and continuous feed backing system.

The company should also have a strong customer relationship management and be able to understand the customer's needs while interacting with them, so that it is possible to meet customer's expectation.

- The company's employees are suggested give a detailed explanation about the products of the company, what makes them special from other insurance companies while comparing with the premium amount, give appropriate response to complaining customer, explain how a certain accident will be handled if happens.

Finally, this study investigates the determinants of customer satisfaction only in Nile insurance by examining limited variables. However the variables used in this study did not include all factors that can affect customer satisfactions in the overall insurance industry. Thus, future research shall be conduct on the determinants of customer satisfaction by increasing the number of observations and by incorporating other factors that can affect satisfaction in the insurance industry.

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APPENNDICES

APPENNDIX I COST AND TIME BUDGET

Research Proposal Time Table (Schedule) to Develop Strategic Plan

Estimated Time Required

Ser. no	Tasks to be performed	MAR20- MAY 20/2020	JUNE- SEPT 30/2020	OCT 10 /2020	MARC H10/2 021	MAY 2021	SEPT 2021
	Discuss on research proposal Topic	✓					
1	Finalized research proposal		✓				
3	Data collection			✓			
4	Data analysis & report writing			✓			
5	Finalize report						
6	Discuss recommendation/ plan of action					✓	
7	Presentation						✓

Cost Budget

Budget preparation should consider:

Estimation of the cost needed to complete project tasks including 10% contingency.

Ser. no	Description items	Quantity	Total cost
1	Material/Equipment Expenses	-	1500
2	Computer services	-	400.00
3	Printing and Photo copy	-	600.00
4	Data collection	-	800.00
5	Travel cost	-	800.00
6	Other direct research proposal and relate cost	-	<u>1500.00</u>
Sub-total			<u>5600.00</u>
Contingency 10% 5600×0.1			<u>560.00</u>
Ground Total			<u>6160.00 ETB</u>

APPENNDIX II
Addis Ababa University

College of Business and Economics
Business administration program

Questionnaire to be filled by Employees of Nile Insurance Company S.C

This questionnaire is designed to Support my academic study on determinants of customers' satisfaction in Nile Insurance Company in partial fulfillment of my MBA. This questionnaire aims at obtaining relevant inputs to the study specifically in identifying the major areas of customer satisfaction/dissatisfaction and will be taken as input to recommend possible remedies. The information that you provide will be kept secret and be used mainly for academic purpose. Therefore, your genuine response is vital for the accomplishment of the study, so I kindly request you to read and fill each question carefully.

I. General background of the respondents

1. Sex Male Female

2. What is your position in the department?

Junior underwriter/claim officer Assistant underwriter/claim officer

Underwriter/claim officer senior underwriter/claim officer

Managerial position other _____

3. What is your level of qualification

Diploma degree masters Other _____

4. How long have you been working for Nile insurance company?

Less than 3 years 3-6years 6-10 years More than 10years

Instruction II: The following questions are based on five point likert scale, where 1 = Strongly Disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; and 5 = Strongly Agree. Please put a tick mark (√) where appropriate.

S.no	Items	levels of agreement				
		1	2	3	4	5
	Rate of Premium					
1	The amount of premium has effect on the customers' decision in buying insurance policy From Nile					
2	The amount of premium is fair and matches with the service provided					
3	There is a grace period for payment of premium					
4	There is discount on premium for customers who did not claim within the last policy period					
5	There is discount on premium for customers who have been consistently customer of Nile for many insurance periods					
	Accessibility	1	2	3	4	5
1	Nile branches are enough and convenience for customers					
2	Customers can get all insurance service at one place					
3	Customers can renew their policy at any branch					
4	Underwriters explained well about insurance principles while selling policies					
5	Nile reminds its customers for renewal before their policy period lapses					
5	Compensation can be paid in a way that customers can get it easily					
	Expectation	1	2	3	4	5
1	The promotion style Nile uses make customers expect very high quality service					
2	The high rate of premium Nile charges make customers expect high quality service					
3	The amount of indemnification matches with customers' expectation					
4	Customers come with enough knowledge of economic purpose of insurance					
5	Nile provides as quality service as promised initially					
	Responsiveness	1	2	3	4	5
1	Workers' have good competency level and readiness for work					
3	Workers' have attractive and appealing dressing style					
4	There is a good well come at the time of accident notification					
5	workers sympathize complaining customers and invite to sit for discussion					

6	They have smiling face and good hospitality					
	Indemnification	1	2	3	4	5
1	The amount of compensation is enough to back in to previous working condition					
2	Nile has a clearly defined period in which claim has to be settled					
3	There are sets of procedures to hear customers complain about claim settlement					
4	compensation can be paid in a way customers prefer					
	About overall satisfaction	1	2	3	4	5
1	How do you rate the satisfaction level of customers					
2	Nile timely examines the satisfaction level of its customers					
3	The company has procedure to know whether customers are delighted with the service they are provided					
4	Nile has some special qualities to satisfy and retain its customers					
5	Nile can satisfy its customers with the current operational style					
6	While satisfying its customers Nile can stay competitive in the market with the current working culture					
7	customers admire and thank the company for the service they are provided					
8	Nile has relatively has good and reliable position in the insurance industry					

APPENNDIX III
አዲስአበባዩኒቨርሲቲ

የቢዝነስናኢኮኖሚክስኮሌጅ

ቢዝነስአድሚኒስትሬሽንድህረ-ምረቃት-ምህርት-ክፍል

ውድዮናይልኢንሹራንስደንበኞች፤

ይህመጠይቅየተዘጋጀውበናይልኢንሹራንስአማኒደንበኞችእርካታላይየሚደረግናሁለተኛዲግሪዬንላማሚላትየሚጠቅምጥናታዊፅሁፍለመስራትነው።

በመሆኑም መጠይቁአላማውበደንበኞችእርካታላይተፅዕኖያላቸው

፣ አስፈላጊናወሳኝመረጃዎችንለመሰብሰብእንድሁምችግሩንለመቀልበስየሚረዱየመፍትሄሃሳቦችንማቅረብነው።

እናምበዚህመጠይቅላይየምትሞሉትመረጃሚስጥራዊነቱየተጠበቀናለትምህርታዊአላማየሚውልመሆኑንተገንዝባችሁትክክለኛናሚዛናዊመረጃእንድትሰጡበትህትናእየጠየቅሁለምታደረጉልኝትብብርከልብአመሰግናለሁ።

1. ከናይልኢንሹራንስጋርለምንያክልጊዜበደንበኝነትቆዩ?

ሀ. አንድአመትገደማ

ሐ. ከ 4-6 አመት

ለ. ከ 2-3 አመት

መ. ከ 6 አመትበላይ

2. ብዙጊዜየሚጠቀሙትየኢንሹራንስአይነትምንድንነው

ሀ. የሞተርኢንሹራንስ

መ. የጭነት(carriers)

ለ. ማሪንኢንሹራንስ

ሠ. የቦንድእናኢንጂነሪንግ

ሐ. የእሳትአደጋኢንሹራንስ

ረ. ሶስተኛወገን

ሌላከሆነይጥቀሱ_____

የሚከተሉትዓረፍተነገሮችእርስዎበናይልኢንሹራንስደንበኛሆነውበቆየበትጊዜያጋጠመዎትናየታዘቡትሊሆኑይችላሉተብሎይገመታል።

በመሆኑም እያንዳንዱ ዓረፍተኛ ነገር ካነበቡ በኋላ ማሻሻያ ያስፈልግ መሆኑን ጠረገ፣ ላይ በተዘረዘሩት የስምምነት ቁጥሮች ትክክል የ $\sqrt{\text{ምልክት}}$ በማድረግ ስሜት ያደግጡ።

የስምምነት መጠን አመልካች ቁጥሮች

- 1 = ፈፅሞ አልሰማምም 2 = አልሰማምም 3 = መልስ የለኝም 4 = እሰማለሁ
 5 = በጣም እሰማለሁ

ተ.ቁ	ጥያቄዎች	የስምምነት መጠን				
		1	2	3	4	5
	የአረቦን (ፕሪሚየም) ክፍያን በሚመለከት					
1	የአረቦን መጠን (ፕሪሚየም) የደንበኞች ንክናይል ኢንሹራንስ የመግዛት ወሳኔ ሊያስቀይር ይችላል					
2	የምትከፍሉት የአረቦን (ፕሪሚየም) መጠን ከምታገኙት የኢንሹራንስ አገልግሎት ጋር ፍትህ ዊናተ መጣጣኝነው					
3	የአረቦን (ፕሪሚየም) ክፍያ ለመፈፀም የእጩ ይታገዙ ይሰጣል					
4	ባለፉት የኢንሹራንስ ጊዜያት አደጋ ላላደረሱ ደንበኞች የአረቦን (ፕሪሚየም) ቅናሽ ይደረጋል					
5	ለረጅም ጊዜ በደንበኝነት ለቆደደንበኞች የአረቦን (ፕሪሚየም) ቅናሽ ይደረጋል					
	ተደራሽነትን በሚመለከት	1	2	3	4	5
1	የናይል ቅርንጫፎች ለአገልግሎት አመቺ ናቸው					
2	ሁሉንም የኢንሹራንስ አገልግሎት በአንድ ቦታ ማግኘት የሚያስችል አሰራር አለው					
3	የኢንሹራንስ ወሳኝ ንግድ የትኛውም ቅርንጫፍ በመሄድ ማደስ እንችላለን					
4	ናይል የደንበኞቹ የኢንሹራንስ ጊዜ ከማለቁ በፊት እንዲያድሱ ያስታውሳል					
5	የካሳ ክፍያ ለደንበኞች በሚያመች ሁኔታ ይከፍላል					
	ደንበኞች ስለ ኢንሹራንስ አገልግሎት ያላቸውን ተስፋ በሚመለከት	1	2	3	4	5
1	ናይል ሚጠቀመው የማስታወቂያ መንገድ ደንበኞች ከፍተኛ ጥራት ያለው አገልግሎት እንዲጠብቁ ያደርጋል					

2	ከፍተኛ የፕሪሚየም ክፍያ ደንቦች ከፍተኛ ጥራት ያለው አገልግሎት እንዲጠብቁ ያደርጋል						
3	የካሳ ክፍያ መጠን ደንቦች ከሚጠብቁት የካሳ መጠን ጋር ይጣጣማል						
4	ደንቦች ስለ ኢንሹራንስ ኢኮኖሚያዊ አላማክታሪ ግንዛቤና ሯሽቶ ውይይት መጣሉ						
	ፈጣን ምላሽ ለሚመለከት	1	2	3	4	5	
1	ናይል ቃል በገባው መሰረት ጥራት ያለው የኢንሹራንስ አገልግሎት ይሰጣል						
2	ኢንሹራንስ ላይ ግብዓት ስለ ኢንሹራንስ መርሆች በቁጥጥር ይደረጋል						
3	ሰራተኞች ብቁና ለስራ ዝግጁናቸው						
4	ሰራተኞች ማራኪና የሚሰጡ አገልግሎቶች ከተላሉ						
5	አማራጭ /ተጨማሪ የኢንሹራንስ አገልግሎት እንድትጠቀሙ ሰራተኞች ይጋብዛሉ						
6	አደጋ በምናሳውቅበት ጊዜ ጥሩ የሚሰጥ አቀጣጠል አለ						
7	ሰራተኞች የተበሳጨ ንደንቦች አፅናንተው ሃሳቡን ይቀበላሉ						
8	ሰራተኞች ፈጣን ምላሽ እንዲሰጡ ተቀባይነት አላቸው						
	የካሳ ክፍያ ለሚመለከት	1	2	3	4	5	
1	የካሳ ክፍያ ወቅት ደንብ ወደ ስራ ለመመለስ የሚያገዝነው						
2	የካሳ ክፍያ በምን ያክል ጊዜ መክፈል እንዳለበት ግልፅ መረዳት						
3	የካሳ ክፍያ ለሚመለከት ቅሬታ ማቅረብና መተማመን የሚያስችል አሰራር አለ						
4	የካሳ ክፍያ ደንቦች በመረጡት መንገድ ይከፈላል						
	በጥቅሉ የደንቦች እርካታ ለሚመለከት	1	2	3	4	5	
1	የደንቦችን የእርካታ መጠን እንዴት ይገመገሙታል						
2	ድርጅቱ የደንቦችን የእርካታ መጠን በየጊዜው ይገመገማል						
3	ድርጅቱ ለደንቦች በተደረገላቸው አገልግሎት መደሰታቸውን ማወቅ የሚያስችል አሰራር አለው						
4	ናይል ደንቦችን ይዘለማቆየት የሚያስችል ብቃት (አቋም) አለው						

5	ናይልካህ-ንበሚከተለውየአሰራርሂደትደንበኞቹንማርካትይችላል					
6	ናይልኪንሹራንስካህ-ንበሚከተለውየአሰራርዘዴደንበኞቹንእያረካበገበያውተውዳዳሪሆኖመቀጠልይችላል					
7	ደንበኞችለቀረበላቸውአገልግሎትኢንሹራንሱንበማድንቅያመሰግኑታል					
8	በአንፃሩበኢንሹራንስኪንዱሰትሪውናይልጥሩእናአስተማማኝአቋምአለው					