ST. MARY UNIVERTSITY

SCHOOL OF GRADUATE STUDIES

DEPARTMENT OF MARKETING MANAGEMENT

THE EFFECT OF CLAIM SETTLEMENT SERVICE QUALITY ON REPURCHASE INTENTION: AN EMPIRICAL STUDY OF INSURANCE COMPANIES IN ETHIOPIA

BY

BEREKET HAGOS

JANUARY 2019

ADDIS ABABA, ETHIOPIA

THE EFFECT OF CLAIM SETTLEMENT SERVICE QUALITY ON REPURCHASE INTENTION: AN EMPIRICAL STUDY OF INSURANCE COMPANIES IN ETHIOPIA

BY

BEREKET HAGOS

SGS/0323/2010A

Advisor: - Mohammed M. (ASSISTANT PROFESSOR)

A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY, SCHOOL OF GRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF MARKETING MANAGEMENT

December 2019

ADDIS ABABA, ETHIOPIA

ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

DEPARTMENT OF MARKETING MANAGEMENT

THE EFFECT OF CLAIM SETTLEMENT SERVICE QUALITY ON REPURCHASE INTENTION: AN EMPIRICAL STUDY OF INSURANCE COMPANIES IN ETHIOPIA

BY

BEREKET HAGOS

APPROVED BY BOARD EXAMINERS

----------	----------
Dean, Graduate	**Studies Signature & Date**
----------	----------
Advisor	**Signature & Date**
----------	----------
External Examiner	**Signature & Date**
----------	----------
Internal Examiner	**Signature & Date**

ACKNOWLEDGEMENT

First and for most, I would like to give my glory and praise to the Almighty GOD for his invaluable cares and supports throughout the course of my life and helped me since the inception of my education to its completion and enabled me to achieve my career.

Next, I'm grateful to appreciate my Advisor **Mohammed M.** for his patience, motivation and valuable support while conducted this research. Especially, his prompt advice, tolerance guidance and useful criticisms throughout the course in preparing the paper.

Finally, I wish to express my sincere gratitude to my friends who made tremendous contributions to this study who were around and supported me.

LIST OF ABBREVIATIONS (ACRONYMS)

NBE	National Bank of Ethiopia
GDP	Gross Domestic Product
EIC	Ethiopian Insurance Corporation
SERVQUAL	Service Quality
SERVPERF	Service Performance
ANOVA	Analysis of Variation

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ABSTRACT

The rising sophistication of the world economic system in today's industrial age has increased the importance of insurance in the process of manufacturing and profit-making dealings. Claims settlement is the monetary compensation that is paid to the policyholder in the event of a loss (Parsons, 2005). Insurers have been criticized for their cloudiness and twisted marketing methods for the fact that they would do anything possible not to pay claims. If a firm does not effectively handle its claims service, it can tarnish its image hence affect the repurchase intention of the customers or forced them to switch over to other competitors. Thus the aim of this study was to evaluate the effect of claim settlement quality on repurchase intention in the case of insurance companies in Ethiopia. Convenience sampling method was applied to select 286 sample respondents from 17 insurance companies in Addis Ababa, Ethiopia. Data were collected through self-administered questionnaires distributed to each respondent. The results of the findings revealed that majority of the respondents have positive perception towards the functional quality (mean 3.79), company image (Grand mean 3.70) and repurchase intention (mean 3.78) but indifferent on technical qualities (mean 3.49). It implies that the insurance service providers had limitation in their claim settlement processes to instill confidence on their customers. Moreover, all the independent variables had positive and significant effect on repurchase intention as well. The beta values confirmed that technical quality dimension had relatively more effect followed by functional quality and company image. The overall findings offer strong empirical support for the intuitive notion that improving service quality can increase favorable behavioral intentions and decrease unfavorable intentions.

Key words: Claim Settlement, Repurchase Intention, Insurance Companies

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

The rising sophistication of the world economic system in today's industrial age has increased the importance of insurance in the process of manufacturing and profit-making dealings (Parsons, 2005). The absence of insurance will constantly subject the individual/organization to the fear of a huge financial loss in the event of a tragedy and so will affect their decision making course of action in diverse ways. It is therefore apparent that a viable economy is dependent on insurance companies being swift in compensating victims of an insurance claim (Sanchez, 2011).

High growth of the insurance industry contributes immensely to the growth of financial sector of the given economy. The sector's potential to boost the economic growth is substantial even more if proper and better attention is given to the service delivery quality up to the industry standard. Major improvements in terms of decreasing the financial losses and relieve the burden of losses associated with risks promptly have been done since its evolution. Such prominent dexterity of the sector facilitates the conduct of business and awareness of more people to be willing to insure their lives and assets as well (Siddiqi, 2004).

Comparatively, unlike in developed countries where insurance awareness is deemed to have reached its peak, it can be said to be at its very infantry stage in Ethiopia. According to the National Bank of Ethiopia (NBE, 2017) report, the awareness level of insurance in the economy has seen a significant increase since the last two decades although not as such encouraging. The latest study specifies that the public awareness boosts as a number of new policy holders emerge but rather at a slow pace (Elias, 2015). It is in fact the worry that a loss might occur persuades individuals and economic institutions to take up insurance policies (NBE, 2017).

There are 17 private and one public insurance company operating in Ethiopian financial sector of which 9 composite insurers (i.e. transacting both general insurance and long term insurance) while the rest are general insurance companies. The number of branch offices has reached 426 showing a 13% growth over last year (2016) same period. Moreover, over 1,950 insurance sales agents, 53 insurance brokers, 97 loss assessors and two surveyors are operating in the market.

The service provision has been categorized under life and non-life insurance while the claim settlement is segmented into residential and corporate beneficiary as a principal function.

Claims settlement is the monetary compensation that is paid to the policyholder in the event of a loss (Parsons, 2005). Insurers have been criticized for their cloudiness and twisted marketing methods for the fact that they would do anything possible not to pay claims. If a firm does not effectively handle its claims service, it can tarnish its image hence affect the sales and marketing of its insurance products. Their attitude to claim settlement has in the past provoked a number of public criticisms and even attracted the attention of both federal and regional states (NBE, 2017).

Such inconveniences arise from persistent failure of the majority insurers in regards to recognizing the need for qualified staff or claims specialists to enhance their claims service (Elias, 2015). He criticized that typically claims department always seemed to be an afterthought, the last to get new equipment, modern facility and staff's capacity development so as to provide prompt and reliable claim services up to the standards of the industry. The focus is utterly on sales, winning new business and retaining accounts. As the years passed there have been very few changes in the perception of claims. In this light the insurance regulatory body now seeks to recognize the need for a thorough review of the role of the claims professionals in the insurance industry in line with the demands of the existing market (Fortune, 2018).

On top of that, the need for dynamism in the financial business environment and growing competition among insurance companies in the sector has forced them to constantly evolve new ideas in order to succeed. To ensure sustainable relevance, they have constantly become innovative by evolving new procedures and products in a competitive business environment through efficient human resource utilization, modern facility implementation and periodic marketing assessments (Sanchez, 2011). Hence, the need for quality claim settlement service through well trained staffs within well-equipped modern facility to exceed ever increasing demand for improved services from customers as well as the returns on investment by investors is undeniable. In these regards, a number of studies have been conducted on overall service quality, customer satisfaction and determinants of insurance buying behavior (Rediate, 2015; Melake, 2016) but there is a lack of addressing the claim settlement service quality in terms of their respective functional quality, technical quality and company image (Gronroos, 1990).

The purpose of this study is, thus, basically to determine the effect of claim settlement quality on repurchase intentions through conducting empirical study on private insurance companies operating in Ethiopia. The findings may help the concerned managements to identify which area of service has most significant effect on the repurchase intention of the existing customers so as to allocate fiscal budgets effectively and efficiently.

1.2 STATEMENT OF THE PROBLEM

Claims settlement is the basic foundation block of the insurance companies and serves as a mirror through which the members visualize the overall performances and credibility of the insurers. The problem of running an effective claims administration that would satisfy the customers and earn their confidence which in turn cause them to repurchase and recommend insurance products to others has remained too pathetic in the insurance industry in Africa and the world at large. A Company, which keen to settle claims to the best interest of customers, would definitely attract more businesses, as it is likely to encourage clients to continue to insure with the firm. They might even advise their friends, colleagues and relations to patronize such a company (Sanchez, 2011).

However, even though corporate insurance customers are sources of high revenue, they are bitterly complaining on slow claim settlement and increasingly demanding for high quality services and pursuit additional improvement of value from their chosen company. Disregarding the business ethics, treatment of all customers homogeneously may end up with poor sales performance in terms of sales target, volume and growth due to inconsistent customer's satisfaction. The insurance companies in Ethiopia, alike other parts of the world, have to pay claims as promised, yet they have a broken image in the eyes of the insurees (Lidetu, 2002). The consequent effects of the above service gaps could lead to downward trends in sales and marketing figures, low premium income, low capital formation (savings and loans) and minimal contribution of an insurance company to the gross domestic product (GDP) of a country at large.

On top of economic benefits, provision of quality service through intellectual assets of an organization can differentiate it from others and provide strong basis for its competitive position. Besides, segmenting and properly targeting the existing and potential customers so as to provide prudent claims administration strategy promotes customer loyalty as it helps to develop a

perception of belongingness and instill confidence, thereby providing the company with opportunities to retain its customers while attracting new and profitable ones (Braers, 2004).

In this regards, a number of studies have been done focusing basically on both theoretical and practical gaps persisted in the industry (Bitadel, 2015; Getachew, 2011; and Lidetu, 2002). They tried to point out the overall effect of service quality on customer satisfaction but they didn't specify the impact of claim settlement service quality on customer repurchase intention in Ethiopian insurance industry's context. Assessment of such specific issues of slow claim settlement helps to shade light on the improvement of service quality of the insurers accordingly.

The aim of this research is, thus, to investigate the link between service quality and customers repurchase intention of insurance products and services along with the ways through which service firms can improve and manage the process of delivering quality standards to their customers. For this purpose, the study analyzes the effect of claims settlement quality on repurchase intention by discussing their relationship. The aim is achieved by addressing the following research questions.

1. How does technical quality of claim settlement service affect the repurchase intention of corporate customers in Ethiopian insurance industry?
2. What is the level of claim settlement service's functional quality effect on repurchase intention of corporate customers in Ethiopian insurance industry?
3. How does the image of insurance companies affect the repurchase intention of corporate customers?

1.3 OBJECTIVES OF THE STUDY

1.3.1 General Objective

The general objective is to assess the effect of claim settlement quality on corporate customers repurchase intention: an empirical study on insurance companies in Ethiopia.

1.3.2 Specific Objective

To achieve the intended general objective, the following specific objectives will be addressed:

i. To evaluate the effect of technical quality on repurchase intention of corporate customers in Ethiopian insurance industry

ii. To examine the level of claim settlement service's functional quality effect on repurchase intention of corporate customers in Ethiopian insurance industry

iii. To determine the effect of insurance companies' images on repurchase intention of corporate customers in Ethiopian insurance industry

1.4 SIGNIFICANCE OF THE STUDY

Although numerous researchers have made theoretical and empirical contributions to the study of service quality in various industries the area of insurance industry is not adequately researched. Particularly, there is an inadequate study conducted in the overall insurance industry in Ethiopia, let alone on the service quality dimensions. For that reason, the research contribute a small amount of knowledge on customer satisfaction determinants such as perceived service quality (technical, functional and corporate image) dimensions' effect on repurchase intentions in Ethiopian insurance context.

This study help Ethiopian Insurance companies identify and adopt the best ways to settle claims that ensure customer satisfaction, encourage repurchase intention and word-of mouth which will have the positive effect of improving the image of the insurance company in the country. This improved image will, in turn, increase demand for their insurance products and increase premium income generation/sales and marketing figures, capital formation and contribution to the economy of the country as well.

The payment of claims is not only a legal obligation but also a strong public relations instrument and a marketing strategy that has a lot of bearing on the sale of insurance products. This study aimed at identifying whether claims settlement affect the repurchase intention of the corporate customers in terms of demanding for the insurance services regardless of the premium price and even recommend it to others. Meanwhile, the effective and efficient implementation of claim settlement reduces overhead costs resulted in reducing the insurance premium. Thus, policy holders will be benefitted from low cost services. It can also be used as a reference for researchers who are interested in conducting studies in the area.

1.5 SCOPE OF THE STUDY

The study was carried out on insurance industry in Ethiopian based on active corporate customers who claimed compensation at least once since they held the insurance policy. Since

the entire claim settlements are processed at head office level of respective insurance companies, the scope is geographically delimited to Addis Ababa, the capital city of Ethiopia, in which all head offices located.

Besides, the research specifically investigated the companies' claims settlement service delivery quality verses their corresponding effects on repurchase intention. Since there are a number of other related factors that affect the behavioral intention of consumers, it focused only the service quality aspects. Service quality also has different theoretical concepts and models such as SERVQUAL, SERVPERF, GAP models. However Gronroos (1982) model was applied for the reason that the study specifically intended to evaluate customer's perception on functional and technical quality along with company image.

Regarding the Methodological delimitation, only corporate customers were targeted to collect the required data since other stakeholders like garages, insurance brokers, trade associations, etc. are also excluded. However, due to time constraint, they are excluded from the study even though the researcher deeply believed that the generalizability of the study would be affected.

1.6 LIMITATION OF THE STUDY

A major constraint was time imposition, which forced the researcher to limit the study to a specific geographical location as just only targeted corporate insurance customers in Addis Ababa. Other customers in regional state were also excluded. Again having strong (negative) stereotype regarding the image of insurance companies in the country may also affect the neutrality of customers' attitude while filling the questionnaires. They might tend to show their discomforts while scaling the level of their perception. Another vital limiting factor was selecting the targeted respondents through convenient non-probability sampling which basically limited the generalizability of the findings.

1.7 ORGANIZATION OF THE STUDY

As already noted the first chapter briefly gives a brief background study of the insurance market in Ethiopia specifically the current state of the claim administration in the country. It goes further to state the problem, aims and objective of the study. Chapter two provides the theoretical basis for this research by reviewing the distinguishing characteristics of service quality measuring models, their dimensions, the relationship between claim settlement and behavioral intentions,

empirical studies as well as conceptual framework along with brief description of hypotheses formulated. Chapter three describes the methodology used in the research study. Chapter four details the primary data collected for the research as the findings and the analysis of these data. Finally, the fifth chapter presents the summary, conclusion and recommendation from the researcher.

CHAPTER TWO

REVIEW OF THE RELATED LITERATURE

This chapter is dedicated to different literature reviews and prior empirical study reviews tries to elaborate and support the idea of the study. Thus, in order to have a complete understanding about the study, it is organized in three bigger topics: theoretical background on basic concepts, empirical review from prior studies and the conceptual framework and their respective definition of terms.

2.1 THEORETICAL REVIEW

This section covers the concepts of insurance, claim settlement service quality, and their relation with repurchase intentions. Different models of service quality measurements are also discussed.

2.1.1 Insurance

According to Zeleke (2007) defined insurance as a social device in which a group of individuals (called "insurees") transfer risk to another party (called the "insurer") in order to combine loss experiences, which permits statistical prediction of losses and provides for payment of losses from contributed (premiums) by all members who transferred risk. Insurance is a financial arrangement that redistributes the costs of unexpected losses. Insurance involves the transfer of potential losses to an insurance pool (Dorfman, 2009). The Commission on Insurance Terminology of the American Risk and Insurance Association has defined insurance as the pooling of fortuitous losses by transfer of such risks to insurers, who agree to indemnify insurees for such losses, to provide other pecuniary benefits on their occurrence, or to render services connected with the risk.

Article 654 (2) of Commercial Code of Ethiopia provides a legal definition of insurance as follows: an insurance policy is a contract where by a person called the insurer undertakes against payment of one or more premiums to pay a person, called the beneficiary, a sum of money where a specified risk materializes. The history of modern insurance refers to the development of modern business. Similarly, modern insurance service, which were introduced in Ethiopia as far back as 1905 following the establishment of the first bank, Bank of Abyssinia begin to transact fire and marine insurance as an agent of foreign insurance company (Zeleke, 2007). The first domestic insurance company was namely Imperial Insurance Company of Ethiopia Ltd which

was established in 1951 and until 1960 there was one domestic and several foreign insurance companies operating through agents were there then establishment of local insurance companies moreover domestic private insurance companies started to increase in number during this period (Zeleke, 2007).

Before 1974 Ethiopian financial system was “market economy” and there were 13 private insurance companies. In 1975, following the government centrally planned economic system the financial institution and other means of private owner ship were decided to be “nationalized” and there was one government owned insurance company, which was Ethiopia Insurance Corporation (EIC). Ethiopian Insurance Corporation was the only insurance corporation i.e. monopoly over the the sector till 1994 due to the collapse of the DERG regime and the shift from market economy to free market economy. As per the proclamation (86/1994) investment in insurance business is restricted to domestic investors only. Consequently, domestic private insurance companies were being established and currently there are 17 insurance companies in the country (Zeleke, 2007).

2.1.1.1 Underwriting

Insurance company assumes billions of dollars in financial risk annually, risk that is transferred to them from individuals or businesses via insurance transaction. For an insurance company the overall profitability depends significantly upon the quality of underwriting. Insurance underwriter using various underwriting tools and process are employed by insurers to asses both their new and existing business. Insurance underwriting is defined as the process of choosing who and what the insurance company decides to insure. This is based on a risk assessment. It is pretty much the "behind the scenes" work in an insurance company where they determine who is insured and how much in insurance premiums they will charge the insured person. Insurance underwriting also involves choosing who the insurance company will not insure.

Underwriting can also be defined as a financial professional that evaluates the risks of insuring a particular person or asset and uses that information to set premium pricing for insurance policies. Insurance underwriters are employed by insurance companies to help price life insurance, health insurance, property/casualty insurance and homeowner’s insurance, among others. Underwriters use computer programs and actuarial data to determine the likelihood and magnitude of a payout

over the life of the policy. Higher risk individuals and assets will have to pay more in premiums to receive the same level of protection as a (perceived) lower-risk person or asset.

A financial professional that evaluates the risks of insuring, a particular person or asset, uses that information to set premium pricing for insurance policies. Insurance underwriters are employed by insurance companies to help price life insurance, health insurance, property/casualty insurance and home owner's insurance, among others. Underwriters use computer programs and actuarial data to determine the likelihood and magnitude of a payout over the life of the policy. Higher-risk individuals and assets will have to pay more in premiums to receive the same level of protection as a (perceived) lower-risk person or asset.

There are multiple purposes of underwriting. The main predominant purpose is to develop and maintain profitable book of businesses for the insurer. It is crucial for insurer's success. Its goal follows directly from insurer's corporate strategies and objectives. Underwriting is common in all forms of insurance, not just health insurance. For example, an automobile insurer will charge higher rates to young, unmarried males, or it may refuse coverage to drivers with a history of accidents. Fire insurers may inspect properties, offer reduced premiums for safety features like sprinkler systems, and so on.

Basically, underwriting consists of two components; risk assessment and pricing. Successful underwriting requires a system of risk selection to obtain a group in which loss results will be reasonably predictable by means of the law of averages. To accomplish this goal there must be a balance between obtaining volume and obtaining homogeneous risks. If an insurance company issuing individual life policies, for instance, adopted such strict standards that it would only accept individuals who were practically perfect physically, ideal from a moral standpoint, and in risk-free occupations, there would be only a very small group from which to choose.

Such a group would be very homogeneous, with all the risk units--in this case the individual lives-subject to about the same chance of loss. But the mass or volume of risk units would be very small, and thus the predictability of loss might be adversely affected. Another element entering in to make selection of such a group impractical would be that selection procedures necessary to obtain this near-perfect set of individuals. The expense involved would more than offset the savings from the mortality rate of the group. In underwriting, selection expense is a

factor to be considered and has to be a balance between the strictness of selection standards and the necessity of having a large volume of risk units to be insured.

2.1.1.2 General Liability Insurance

Refers to an industry classification according to the perils insured and the exposure the purpose is to group homogeneous risk for the purposes of rate development Insurance coverage is available for every conceivable risk a business might face. Cost and amount of coverage of policies vary among insurers. Among different classes, only general liability insurance is discussed due its relevancy to the study.

A standard insurance policy issued to business organizations to protect them against liability claims for bodily injury (BI) and property damage (PD) arising out of premises, operations, products, and completed operations; and advertising and personal injury (PI) liability. The commercial general liability (CGL) policy was introduced in 1986 and replaced the "comprehensive" general liability policy (National Bank of Ethiopia, 1991).

General liability insurance (GL) is coverage that can protect insurees from a variety of claims including bodily injury, property damage, personal injury and others that can arise from some business operations. Business owners purchase general liability insurance to cover legal hassles due to accident, injuries and claims of negligence. These policies protect against payments as the result of bodily injury, property damage, medical expenses, libel, slander, the cost of defending lawsuits, and settlement bonds or judgments required during an appeal procedure.

Property insurance covers everything related to the loss and damage of company property due to a wide-variety of events such as fire, smoke, wind and hail storms, civil disobedience and vandalism. The definition of "property" is broad, and includes lost income, business interruption, buildings, computers, company papers and money. Property insurance policies come in two basic forms: (1) all-risk policies covering a wide-range of incidents and perils except those noted in the policy; (2) peril-specific policies that cover losses from only those perils listed in the policy. Examples of peril-specific policies include fire, flood, Crime, and business interruption insurance. All-risk policies generally cover risks faced by the average small business, while peril-specific policies are usually purchased when there is high risk of peril in a certain area. Commercial property insurance helps businesses, including farms and ranches, pay to repair or replace buildings and other property damaged or destroyed because of fire, storm, or other things

covered by your policy. It also pays to replace stolen or lost property. Business owners can buy commercial property insurance regardless of whether they own, rent, or lease a building.

2.1.1.3 Claim Settlement

A claim is basically a demand presented for the payment of money due for goods that have been delivered or services that have been provided (DiNapoli, 2013). Vaughan (2008) defines a claim as a notification to an insurance company that payment of an amount is due under the terms of a policy. An insurance claim, therefore, is a demand by a person or an organization seeking to recover from an insurer for a loss that an insurance policy might cover.

However, a claim on the policy is thus demand on the insurer to fulfill its part of the promise, committed to while writing the contract with the insured (Krishnan, 2010). A claim is the defining moment in the relationship between an insurer and its customer (Francis & Butler, 2010). Singh (2012) thus opines that retaining and growing market share and improving customer acquisition and retention rates, insurers are focused on enhancing customers' claims experience. Similarly, insurers can transform the claims processing by leveraging modern claims systems that are integrated with robust business intelligence, document and content management systems which will enhance claims processing efficiency and effectiveness.

Capgemini (2011) opined that highly effective claims practices can be a key contributor to a differentiated customer experience that strengthens customer loyalty and attract new customers, which is especially valuable in a market with little or no growth. Excellence in claims handling is being a competitive edge for an insurance company, and it is a service that clients greatly value. Similarly, key components that must be in place in order to deliver excellence in insurance claims handling were noted as: culture and philosophy, communication, people, infrastructure, claims procedures, data management, operations, and monitoring and review. He also suggests some step-by-step claims handling activities to include: acknowledging and assigning the claim, identifying the policy, contacting the insured or the insured's representative, investigating and documenting the claim, determining the cause and amount of loss, and concluding the claim. Meanwhile, claim efficiency and had been noted to be core benefits for claims transformation, which include: claim handling; allocated loss adjustment expense; indemnity exposure; and total cost of ownership.

The Productivity Commission (2002) as cited in Yusuf (2014) suggest a good claim management embraces: proactive in recognizing and paying legitimate claims; assessing accurately the reserve associated with each claim; reporting regularly; minimizing unnecessary costs; avoiding protracted legal disputation; dealing with claimants courteously; and whatever possible, handling claims expeditiously. Michael (2008) stated that the key elements of a modern claim management system that can process all claim types should include a case management component along with the ability to calculate and process complex reoccurring payments. Therefore, to significantly improve claims management and swiftly adapt to changing situations, insurers must make more profound infrastructure changes that align claims processing with corporate objectives for customer service and operational cost management (Yusuf, 2014). Then, to reduce the cost of claims and deliver on a value-added brand promise to customers, insurers must focus on enhancing efficiency and effectiveness in their claims function (Singh, 2012).

2.1.2 Concept of Service Quality

Quality has been defined differently by different authors. Service quality is defined as the consumer's overall impression of the relative inferiority/superiority of the organization and its services Service quality is a critical component of customer perception. In the case of pure services, service quality will be the dominant element in customers' evaluations. In case where customer service or services are offered in combination with a physical product, service quality may also be very critical and the product quality would also matter (Bitner, 1994).

Hoffman (2010) defined service quality as 'an attitude formed by a long term, overall evaluation of a firm's performance'. Expectations are viewed as desires or wants of customers, i.e. what they feel a service provider should offer rather than would offer. (Parasuraman, 1988). He argues that service quality can be described as the result from customer comparisons between their expectations about the service they will use and their perceptions about the service company. That means that if the perceptions would be higher than the expectations the service will be considered excellent, if the expectations equal the perceptions the service is considered good and if the expectations are not met the service will be considered bad.

According to Gronroos (1982), there are two dimensions of customer's perceptions of any service, namely technical quality (what is provided) and functional quality (how the service is provided). Sasser et al. (1978) suggested three different attributes (levels of material, facilities,

and personnel) all dealing with the process of service delivery. Subsequently, Gronroos (1990) identified six specific dimensions viz., professionalism and skills, reliability and trustworthiness, attitudes and behavior, accessibility and flexibility, recovery, and reputation and credibility, on which service quality could be measured. Lehtinen (1982) discussed three dimensions viz, physical quality, involving physical aspects; corporate quality, involving a service firm's image and reputation; and interactive quality, involving interactions between service personnel and customers. Perceived service quality has been defined as a global judgment or attitude relating to the superiority of a service (Zeithaml and Bitner, 2000). Service quality is a significant source of sustainable competitive advantage, as it affects the constant improvement of service performance by increasing market share and profit growth. Such a view of service quality yields an increase in financial results and achieving sustainable competitive advantage. (Aleksandar, 2005)

2.1.3 Determinants of Perceived Service Quality

Any factors drive customer satisfaction that need to be examined in order to reliably measure it. Perceived service quality could be influenced by functional, technical and image quality (Parasuraman, 1988; Kotler & Keller, 2006; Gronroos, 2005).

A service experience is defined as the service encounter and or service process that creates the customer's cognitive, emotional and behavioral responses which result in a mental mark, a memory" (Gronroos, 2005 in Edvardsson, 2005). It is generally accepted by most scholars that service quality basically relates to what the customer perceives of the product/service performance. Recent empirical studies have shown that customer satisfaction is not only driven by cognitive dimensions of customer perceptions of service quality but also by affective dimensions which have positive impact on post-purchase behavior like repeated purchase, customer's loyalty, switching intention, and likelihood to recommend (Erevelles, 1998; Oliver, 1980). This is consistent with the work of two perceived service quality guru's, Gronroos and Edvardsson (Gronroos, 2001; Edvardsson, 2005), who postulate that perceived service quality is an important determinant of customer satisfaction that have both cognitive and affective dimensions beyond just cognitive assessment of customers of the offering of service providers. These SERVQUAL gurus further maintain that perceived quality is formed by customers during their ongoing interactions with product/service providers. This is realized when customers are

factored in as co-producers and involved in the process of production, delivery and consumption of service/products.

Service quality has been variously defined by different authors from different context. It has been referred to as customer perceived quality (CPQ), which is defined as the confirmation (or disconfirmation) of a consumer's expectations of service compared with the customer's perception of the service actually received (Gronroos, 1982). Asubonteng, McCleary, Swan (1996) defined service quality as the extent to which a service meets customers' needs or expectations. This view of service quality has been supported by Parasuraman, Zeithaml and Berry by defining the concept of service quality as

> *"a form of attitude, related, but not equivalent to satisfaction, that results from a comparison of expectations with perceptions of performance. Expectations are viewed as desires or wants of customers, i.e. what they feel a service provider should offer rather than would offer. "*

Generally, Christian Gronroos developed a service quality model that has three components of service quality, namely: technical quality; functional quality; and image. He maintains that the customer evaluations of perceived performance of service against his/her perceived service quality result in a measure of service quality.

2.1.3.1 Functional Quality (SERVQUAL)

Many different models have been developed to explain and measure service quality in different settings of business operations (Nitin et al., 2005). Different service quality dimensions have been found in many different studies in different industry and service or product context. One of the service quality categories that have been found to influence satisfaction is functional quality.

Functional quality has been initially conceptualized in the GAP model which was proposed by Parasuraman, Zeithaml and Berry (1985). The model conceptualizes service quality to be the differences between expectation and performance relating to quality dimensions. These differences are referred to as gaps. The gaps model conceptualizes five gaps which are: Gap 1: Difference between consumers' expectation and management's perceptions of consumers' expectations (not identifying what consumers expect); Gap 2: Disparity between management's perceptions of consumer's expectations and service quality specifications (inappropriate service-

quality standards); Gap3: variations between service quality specifications and service actually delivered (poor delivery of service quality); Gap 4: Difference between service delivery and the communications to consumers about service delivery (promises mismatch delivery); Gap 5: Difference between consumer's expectation and perceived service; this gap depends on size and direction of the four gaps associated with the delivery of service quality on the marketer's side.

Based on this, the SERVQUAL instrument was developed; it initially consisted of ten dimensions (Parasuraman, 1988). The ten were later refined into five dimensions: reliability, responsiveness, tangibles, assurance (communication, competence, credibility, courtesy, and security) and empathy which capture access and understanding or knowing the customers. Later in 1991, SERVQUAL was revised by replacing "should" word by "would" and in 1994 by reducing the total number of items to 21, but five dimensional structure remaining the same. The instrument has been the predominant method used to measure consumers' perceptions of service quality. It has five generic dimensions or factors are stated as follows:

- Tangibles: Physical facilities, equipment and appearance of personnel.
- Reliability: Ability to perform the promised service dependably and accurately.
- Responsiveness: Willingness to help customers and provide prompt service.
- Assurance: staff knowledge, courtesy and ability to inspire trust and confidence.
- Empathy: Caring and individualized attention that the firm provides to its customers.

Again, many other generalize models of service quality have been developed, each postulating different quality dimensions. For example, according to Gummesson (1992) quality may be categorized into humanistic quality and technical quality approaches to service quality. According to the author, in service there is a humanistic quality approach at the one extreme stressing customers, personnel, leadership and culture, whereas at the other end lies a technical approach concerning operations management, statistics and methods of measurement. Gummerson divided quality into services, tangibles and software, but he stresses the importance of a total service offering. According to Lehtinen (1991) found service quality to be made up of physical quality, interactive quality and corporate quality, as well as process and output quality. They divided quality into input and output, where the output consists of total service offering in terms of quality, and the input includes both tangibles and intangibles elements.

Many later studies have tried to apply the concept of service quality to many specific industry contexts by building on existing models of service quality, notably the SERVQUAL model by Parasuraman (1988) and the Functional and Technical quality model of Gronroos (1984). Ahmad & Sungip (2008) in a study of service quality in Malaysian insurance industry found reliability and responsiveness were the main driving forces of service quality problems since their study showed that the gap between customers' expectation and perception was widest for reliability, followed by responsiveness. Their study shed some light on the service quality dimensions that are critical to the insurance industry in Malaysian insurance industry and provided managerial implications for managing service quality with country-specific strategies.

Graham (2004) also researched into service quality in insurance service context in Greek and Kenya using the SERVQUAL instrument and found that the SERVQUAL metric requires substantial modification (customization) prior to its application. They reported that only 55% of items within the two scales used had universal application within the two industries is reason enough to be wary when applying SERVQUAL. They further found that, in the insurance industry context of Kenya and Greece, quality gaps that obtained were largely similar, that reliability and empathy were the most deficient. They noted that though tangibles dimension had the least impact on service quality, insurers tend to associate it with quality as a results of that insurers tend to have massive investment in magnificent structures at the expense of other needy dimensions of service quality. They suggested that future research is necessary to investigate the consistency and universality of the constituent attributes of the SERVQUAL diagnostic (whether applied with or without any modifications) as applied in insurance service contexts.

2.1.3.2 Technical Quality

'Technical quality' represents what the customer actually receives from the total service as a result of the process and is further known as the outcome dimension. Services are designed to produce a somehow 'tangible' outcome and therefore customers can think of the quality of services varying according to the outcome received (Grönroos, 1988).

Cronin and Taylor (1992) believe that assessing customer perception is enough for evaluating service quality and it is unnecessary to measure customer expectations in service quality research. They oppose evaluating service quality by calculating the difference between customer perceptions and customer expectations (P-E). Indeed, they define Service Quality as a customer

Perception (of Performance only) without expectations. They proposed that the performance based measurement approach (SERVPERF) is more in conformance with the existing attitude and customer satisfaction literature and is superior to the perception-expectation gap approach.

The term "performance-only measures" refers to service quality measures that are based only on customers' perceptions of the performance of a service provider, as opposed to the difference (or gap) between the customers' performance perceptions and their performance expectations. Performance-only measures have been developed as a consequence of SERVQUAL assessment. These measures represent the idea that measuring perceptions of performance is enough to assess service quality. SERVPERF (Cronin and Taylor, 1992), consisting of the perceptions only part of the SERVQUAL scale, is the most renowned of these measures.

Methodologically, the SERVPERF scale represents marked improvement over the SERVQUAL scale. Not only is the scale more efficient in reducing the number of items to be measured by 50 per cent, it has also been empirically found superior to the SERVQUAL scale for being able to explain greater variance in the overall service quality measured through the use of single item scale. This explains the considerable support that has emerged over time in favor of the SERVPERF scale (Babakus and Boller, 1992). Though still lagging behind the SERVQUAL scale in application, researchers have increasingly started making use of the performance only measure of service quality (Cronin and Taylor, 1992). Teas (1993) questioned the validity of perception-expectation gap with conceptual and operational problem in the definition of the expectation. While perception (P) is definable and measurable in a straightforward manner as the customer belief about service is experienced, expectation (E) conceptualized owing to there are plenty definition for the term expectation in service quality literature where it is defined as 'normative expectation with concern to organization constraints such as human resource or facilities and equipment limitation or 'ideal expectation' without any concern to limitation and constraint, it means what the customer would expect from excellent service. Initially, Parasuraman (1985) defined expectation as "desire or wants of customer; what they feel a service provider should offer rather than would offer"

2.1.3.3 Corporate Image

Aaker (1996) perceived image as the net result of all the experiences, impressions, beliefs, feelings and knowledge that people have about a company. Minkiewicz (2011) carried their

study in leisure services context and defined it as “stakeholders’ beliefs, perceptions, feelings and attitudes towards an organization”. They further agreed with Bosch (2006) and expressed the possibility that these perceptions and feelings take shape through customer response to the strategic intent of the organization. Shlesinger, (1993) stipulated that corporate image and service quality affect customers’ choice of insurers as well as accepted level of price. Sirgy and Samli (1989) concluded that image has a direct relationship with store loyalty. Bloemer (1998) carried their study in banking industry and reported an indirect relationship between the above mentioned constructs which is mediated by service quality. Kandampully (2000) stated that in tourism industry, image is a major determining factor behind customers’ decision to repurchase and recommend. Ball (2004) concluded that though, there is a considerable association between image and loyalty, it is indirect in nature as satisfaction and trust mediate the relationship. Chun and Davies (2006) in their study concluded that in retail, positive image positively correlates with customer satisfaction which is a significant predictor of loyalty.

2.1.4 Repurchase Intention

Behavioral intention (BI) is a person's perceived likelihood or subjective probability that he or she will engage in a given behavior (Ajzen, 1991). BI is behavior-specific and operationalized by direct questions such as "I intend to [behavior]," with Likert scale response choices to measure relative strength of intention. Intention has been represented in measurement by other synonyms (e.g. "I plan to [behavior]") and is distinct from similar concepts such as desire and self-prediction (Armitage & Conner, 2001). Ajzen (1991) argued that BI reflects how hard a person is willing to try, and how motivated to perform the behavior. Due to its ability to predict customer’s behavior, behavioral intention has been set as the dependent variable in many studies (Zeithaml, 2009).

The theory of reasoned action suggests that behavior is determined by a customer's intention to perform or not to perform a subjective behavior (Zeithaml, 2009). Behavioral intention represents the repurchase intentions, word of mouth, loyalty complaining behavior, and price sensitivity (Zeithaml, 2009). Positive word of mouth, willingness to recommend and repurchase intentions are used to measure behavioral intentions (Theodorakis, 2008; Ozdemir and Hewett, 2010). Zeithaml, (2009) compiled a list of specific favorable behavioral intentions, including loyalty, switching intentions, willingness to pay more, external response, and internal response.

Bourton (2003) revealed that customers experience is related to behavioral intentions. The more positive the customer's experience, the more likely he or she is willing to reuse the service.

The degree of future behavioral intentions in certain destinations is frequently reflected in customers' intentions to revisit and in their willingness to recommend it (Chen, 2008). In contrast, the degree of future behavioral intentions is measured with say positive things about the destination and revisit the destination in the future while assessing the influence of service quality on behavioral intentions in rural heritage festival in Missouri, United States U.S. (Cole, 2006). However, another prior research also measured using two proxies of future behavioral intentions namely word-of-mouth and revisits intentions (Prayag, 2009). Additionally, future behavioral intentions measured differently with willingness to recommend, say positive thing and revisit the organization (Lee, 2008).

Behavioral intention has been used as dependent variable (Theodorakis, 2008) perhaps because of its robust ability to predict behavior which is the central goal of behavioral intention models. Behavioral intention of customers can be either favorable or unfavorable (Zeithalm, 2009). Favorable behavioral intention often results into bonding with the services provider, increased volume of business, expressing positive praise for the service provider, and a willingness to pay price premiums. On the contrary, unfavorable behavioral intention leads customers to display higher probability of brand switching, plan to reduce their volume of business, engage in negative word of mouth, and display an unwillingness to pay premium prices. Consequently, researchers observe that financial success and future performance of organizations depends on the extent to which customers' favorable behavioral intentions are fostered (Dabholkar, 2005).

In the same vein, Cronin (2005), argue that eliciting a greater understanding of consumers' behavioral intentions continues to be a primary concern for marketing researchers. This is reflected in the frequency and rigor with which researchers have explored and modeled the antecedents of the behavioral intentions of consumers. Just like price and service quality, perceived value equally has influence on customer behavioral intention (Cronin, 2005).

2.1.5 Service Quality and Repurchase Intention

Establishing a link between service quality and customer repurchase intentions is an important task for researchers and practitioners, since it is evidence for the value of service quality research. Furthermore, the relationships between specific service quality dimensions and

behavioral intentions are not yet clear, due to the different service quality models used and the different contexts of the published studies (Theodorakis, 2008).

In numerous researches, it has been found that quality of service affected the behavioral intentions. Cronin et al. (2005) have found a positive relationship between service quality and purchase intentions. In addition, previous research has demonstrated associations between service quality and specific dimensions of behavioral intentions. For example, in the study of Theodorakis (2008), that was conducted with 242 spectators, tangibles, responsiveness and reliability dimensions were determined as the moderate estimators of the word of mouth's variance, thus, expect customers who perceive the quality of the service as high to be more likely to demonstrate intentions.

According to several authors, service quality influences behavioral intentions simply through satisfaction (Andersen, 1994). In airline industry context, Park (2005) also found a positive influence of service quality in repurchase intentions and intention to recommend the airline to others, indirectly by means of satisfaction. However, quite a few studies found a direct link between service quality and customer behavioral intentions (Cronin and Taylor, 1992) and effective behavior. Parasuraman (1988) stated a positive correlation between service quality and willingness to recommend, repurchase intentions and saying positive things about the firm. In the airline environment, Zins (2001) has found a direct relationship between these two constructs.

2.2 EMPIRICAL REVIEW

A cross-sectional study conducted in Ethiopia entitled "The Effect of Service Quality On Customer Satisfaction in Selected Insurance Companies in Addis Ababa" which was conducted in three insurance companies which are found in the city and the data was collected from one hundred forty-one customers and it showed that the five service quality dimensions have positive relationship with customer satisfaction. The findings of the study also indicated that assurance is the most important factor to have a positive and significant effect on customer satisfaction followed by reliability, responsiveness, empathy and tangibles (Akalu, 2015)

A cross-sectional study conducted in Vietnam entitled "Assessing Customer Satisfaction and Service Quality" in a single insurance company which is found in six cities and the data was collected from four hundred customers of on the effect of service quality on customer

satisfaction on selected insurance companies and it showed that the five service quality dimensions have positive relationship with customer satisfaction. The findings of the study also indicated that responsiveness is the most important factor to have a positive and significant effect on customer satisfaction followed by reliability, assurance, empathy, and tangibles. (Pham, 2014)

A cross-sectional study conducted in Saudi Arabia entitled "Consequences Of Service Quality in The Insurance Industry": and it showed that reliability and responsiveness are functional quality dimensions that were found to have significant impact on customer satisfaction whereas another study done in the Ghanaian insurance Industry with a title "An Analysis and Assessment of Customer Satisfaction with Service Quality in Insurance Industry" the data was collected from one thousand and fifty-one questionnaires of all insurance companies in the country which shows the same results with the Saudi Arabian insurance industry research results.(Alawni, 2016: Frank and Theresa 2011). A sample survey done in Indian insurance company entitled "Service Quality Impact On Customer Satisfaction of Life Insurance in Delhi" and the data was collected 100 questionnaires showed that the three service quality dimensions which are reliability, responsiveness and tangibles have positive relationship with customer satisfaction but the company should focus on assurance and empathy to further strengthen the level of satisfaction.

Another cross sectional study done in Indian insurance company entitled "A Study on Impact of Service Quality on Customer Satisfaction "and the data was collected using a structured questionnaire. It was found that, among all the tangible parameters, the most important factor for customers is that brochures, pamphlets and other communication materials are visually appealing. Also, among all the reliability parameters, the two most important factors for customers are that time related promises are kept and that services are provided at promised time. Among all the responsiveness parameters, the most important factor for customers is employees say exactly when the service will be performed. Among all the assurance parameters, the most important factor for customers is transactions with the employees elicit feelings of security. Finally, among all the empathy parameters, the most important factor for customers is employees give individual attention to the customers. (Swati and Mihir 2012)

Cronin and Taylor (1992) examined the relationship between service quality, customer satisfaction, and purchase intentions. They established three propositions for their study that stated: Customer satisfaction is an antecedent of perceived service quality; Customer satisfaction

has a significant impact on purchase intentions; and Perceived service quality has a significant impact on purchase intentions. The results of their study found that propositions one and two have a significant effect on customer satisfaction and purchase intentions, respectively. However, in regard to proposition three, they found that service quality does not have a significant impact on purchase intentions. It is important to note that Cronin and Taylor used their SERVPREF model to test the above propositions and not SERVQUAL.

It is important to understanding service quality and satisfaction, because these variables are considered to be predictors for consumer behavior (Lee, 2008). As the result, many researchers have inspected the link between service quality and satisfaction in determining the future behavioral intentions. Previous empirical research has also confirmed that both service quality and customer satisfaction affect behavioral intentions (Cole, 2006).

Previous research has demonstrated that satisfaction is strongly associated with behavioral intentions (Cronin, 2005). Customer satisfaction also serves as an exit barrier, helping a firm to retain its customers. In addition, customer satisfaction also leads to favorable word-of-mouth publicity that provides valuable indirect advertising for an organization (Fornell, 1996).

In many industries, having satisfied customers also means that organization receives fewer complaints (Fornell, 1996), hence reducing costs in handling failures. Researchers also maintain that satisfied customers are willing to pay more for the benefits they receive and are more likely to be tolerant of an increase in price. Zeithaml (2009) concluded that, through satisfying customers, organizations could improve profitability by expanding their business and gaining a higher market share as well as repeat and referral business.

Anderson (1994) claim that increasing customer satisfaction increases the value of a firm's customer assets and future profitability. The authors further argue that satisfied customers are more tolerant of price increases, due to the benefits they received from the company and for which they are willing to pay more. They buy more frequently, in greater volumes and are eager to try new goods and services from the company that makes them satisfied. The costs of attracting new customers are expected to be lower for the companies that have a base of highly satisfied customers, due to their engagement in spreading positive word of mouth. However, highlights that although satisfaction is a necessary prerequisite of true loyalty, it does not universally translate into loyalty.

As majority of the studies related to customer loyalty originated in the field of consumer goods strong emphasis has been put on repurchase behavior as an indicator of loyalty. Beer (2003) emphasize that this is a narrow and outcome-focused view of loyalty, which is in fact a dynamic process. The author further argue that the absence of repeat purchases may as well be the result of non-availability or other situational factors and stress the importance of getting deeper insights into customer's preferences and future behavioral intentions as more important indicators of customer loyalty. Moreover, repeat purchasing may as well be caused by reasons that have nothing in common with true loyalty, such as lack of alternatives, high switching costs, buying out of inertia (Munteanu, 2010).

This point of view is also supported by (Ibid, p. 12) who defined loyalty as a deeply held commitment to rebuy or patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior. The author describes four sequential stages of loyalty formation. Customers first become loyal in a cognitive sense, later in an affective sense, which is followed by conative loyalty and the final stage is action loyalty.

Cognitive loyalty is based on direct experience or vicarious knowledge of performance superiority of preferred alternative. Affective loyalty is a deeper level of commitment in comparison with previous stage which is based on liking of a brand due to cumulatively satisfying usage occasions. The following stage is conative loyalty, i.e. behavioral intention stage, which relates to motivation to rebuy product or service again. In this stage previous motivation towards the brand transforms into readiness to act. A number of related, but important, concepts are frequently used interchangeably with satisfaction, although closer inspection reveals that they are actually distinct from satisfaction despite the fact that they may be related to satisfaction in various ways.

Within the antecedent categories, moods may play a role in satisfaction formation. These are positive or negative feelings of a largely non-thinking nature, although certain events may have preceded their appearance. Quality, in contrast, is a cognitive judgment that summarizes the exceptionally good (or bad) elements of the product, especially when compared to other direct alternatives or offerings (brands). In a similar vein, value is a judgment that compares the likely

outcomes of purchasing to the inputs forgone. Thus, value results when consumers compare what is to be received (e.g., performance) to the acquisition costs (Ibid, p. 12).

Another antecedent concept that is actually a hybrid affective-cognitive judgment is attitude. It is a relatively stable judgment that a product or service has desirable or undesirable properties. The judgment takes the form of a liking or disliking and is based on many separate evaluations of product features. Whereas moods can emerge as pure feeling states, attitudes result from deliberate processing of (product- or service-related) information. Unlike satisfaction, consumers do not have to experience consumption to have formed an attitude; hence attitudes can exist prior to purchase/usage. Satisfaction, in contrast, is a post-usage phenomenon, is purely experiential, and results from comparative processes; attitudes do not require comparisons.

2.3 CONCEPTUAL FRAMEWORK AND HYPOTHESIS

2.3.1 Conceptual Framework

According to Christian Gronroos (2001), the three basic service quality dimensions comprise "What" the customer receives (technical quality), "How" the customer receives it (functional quality), and the overall corporate perceived image. Technical Quality of the outcome of the service production process is what customers receive in their interaction with a firm. They will also be influenced by the way in which technical quality (outcome) is transferred to them and this will have an impact on the functional quality (process experience). Besides, an organization's image is an important variable that positively or negatively influences marketing activities. Image is considered to have the ability to influence customers' perception of the goods and services offered and has an impact on repurchase intention (Zeithaml and Bitner, 2009). If the service provider shares a positive or favorable image in the minds of the customers, minor mistakes will probably be overlooked or forgiven. However, if the image is negative, the impact of any mistake will often be considerably greater than it otherwise would be.

The study applied Gronroos' (2001) model to determine the effect of claim settlement service quality on repurchase intention. Therefore, the three factors (independent variables) are functional quality (Tangibility, Reliability, Assurance, Responsiveness and Empathy); technical quality dimension and company image; whereas, the dependent variable was the repurchase intention.

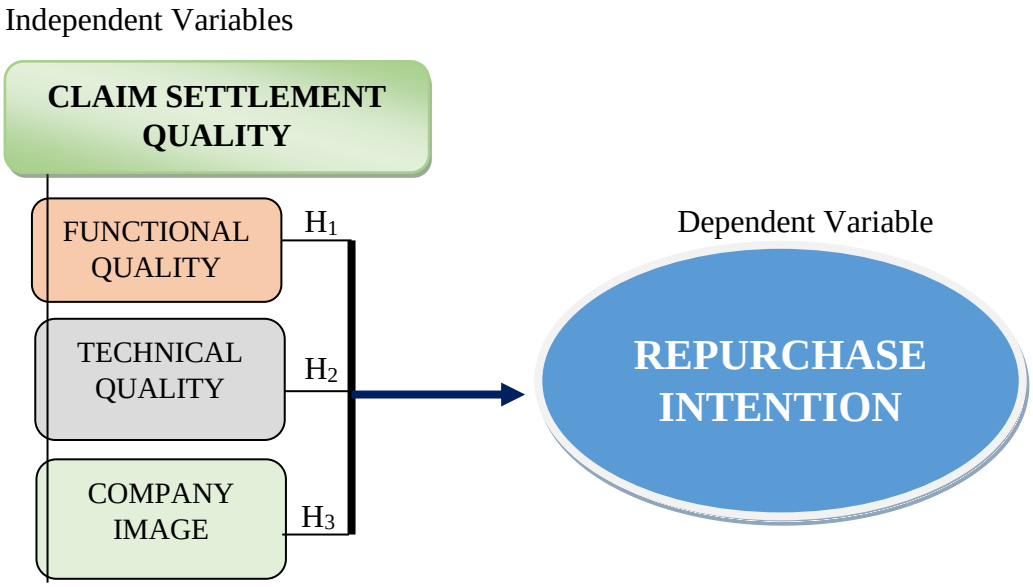

Fig 2.1 Conceptual Framework of the Study adopted from (Source: Gronroos, 2001)

2.3.2 Hypotheses

Functional quality is how someone gets the technical outcome. Insurers can transform the claims processing by leveraging modern claims systems that are integrated with robust business intelligence, document and content management systems which will enhance claims processing efficiency and effectiveness. Capgemini (2011) opined that highly effective claims practices can be a key contributor to a differentiated customer experience that strengthens customer loyalty and attract new customers. Based on this view, the following hypothesis has been suggested:

> H_1 - Functional quality of insurance claim settlement has positive and significant effect on repurchase intention in Ethiopian Insurance Industry.

Technical quality is the quality of what consumer actually receives as a result of his/her interaction with the service firm and is important to the evaluation of the quality a service (Gronroos, 2001). The outcome of the insurance claim settlement service such as submission of accurate investigation report, indemnity equivalent to the actual loss, genuine parts replacement, etc. are major determinants of the service quality that influence the consumer's intention to repurchase the service. Based on this view, the following hypothesis has been proposed:

> H_1 – Technical Quality of claim settlement service has positive and significant effect on customers repurchase intention in Ethiopian Insurance Industry.

Image, which could be referred to as reputational quality, is very important to service firms and this can be expected to build up mainly by technical and functional quality of service including the other factors (tradition, ideology, word of mouth, pricing and public relations). Insurance companies in Ethiopia ae characterized by slow claim settlement and prolonged bureaucratic procedures. The poor images of insurance companies in the sector affects the repurchase intention of the existing customers negatively. Based on this fact, the following hypothesis has been proposed:

> H_3 – Image Quality of claim settlement service has positive and significant effect on customers repurchase intention in Ethiopian Insurance Industry.

CHAPTER THREE

METHODOLOGY

This chapter comprises of topics related to how the research is carried out with respect to research design and methodological arenas. It began by laying out the research design and approach for the research and follows in topics of sampling technique, tools used to collect the data, the procedure used to collect the data and methods of analysis. The reliability and validity of the research and ethical considerations are also addressed in this chapter

3.1 RESEARCH APPROACH

There are two basic research approaches, quantitative and qualitative research designs. The former involves the generation of data in quantitative form which can be subjected to rigorous quantitative analysis in a formal and rigid fashion. Qualitative approach to research is concerned with subjective assessment of attitudes, opinions and behavior. Research in such a situation is a function of researcher's insights and impressions. Such a design to research generates results either in non-quantitative form or in the form which are not subjected to rigorous quantitative analysis (Kothari, 2004). This study, thus, followed a quantitative data to examine its objectives as it described the relationship between the claim settlement service quality variables and customer repurchase intention; and how these dimensions affected repurchase intentions of the services.

3.2 RESEARCH DESIGN

The three basic types of research designs are descriptive, exploratory and explanatory researches. Descriptive research is usually concerned with describing a population with respect to important variables. The goal of exploratory research is to discover ideas and in-sights. explanatory research is used to establish cause-and-effect relationships between variables. Causal analysis is concerned with the study of how one or more variables affect changes in another variable. It is thus a study of functional relationships existing between two or more variables (Kothari, 2004). This paper employed both the descriptive and causal research design as it described the variables of interest in the claim settlement service quality and repurchase intention measurement along with evaluating the relations between the constructs.

3.3 SAMPLE AND SAMPLING TECHNIQUE

3.3.1 Population

A total of 17 insurance companies are currently operating in Ethiopia of which 16 companies are private owned that holds only 59.83% of the total market share. The rest is dominated by the state owned company named Ethiopian Insurance Corporation (NBE, 2017). In addition to their respective head offices (16 in number) located in the capital city, the number of branches reaches 423 throughout the country. Since only head offices are mandated to handle and process insurance claims, the study targets the population of all active policyholder corporate insurance customers who claimed compensation at least ones. As insurance is a yearly renewable contract, the period of renewal varies based on customer's preference, only active policy holders during the period of data collection (April – May, 2019) were eligible for this study.

3.3.2 Sampling Procedure

There are a number of sampling methods to select the representative sample size from sampling frame. However, they are categorized under three different sub-categories namely probabilistic, non-probabilistic and mixed sampling. Probabilistic sampling is impractical in this case as getting the complete list of corporate customers of every insurance company is utterly difficulty to get it for some reasons even if list of customers exists in National Bank's database. Therefore, the non-probabilistic (convenience) sampling procedure was applied to select the required sample size from the targeted study population even though generalizability of the findings is limited.

3.3.3 Sample Size

Sampling is the process of selecting a number of study units from a defined study population. According to Reporter (2017), the population size of corporate customers throughout the country is roughly estimated about 4,732. Because of the absence of a sampling frame in the authorities and the accessibility of the selected respondents within a specified time period, non-probability sampling will be used even though sampling bias (error) incurred affects the credibility of the study to some extents (Abiy, 2009). As to the sample size determination, from among different methods, the one which has developed by Carvalho (1984) will be used. The method is preferred because it is a well-known for many researches and journals (e.g. International Journal of Food Microbiology and Oxford Journals). The method is presented below in Table 3.1.

Table 3.1 Sampling determination method

Population Size	Sample Size		
	Small	Medium	Large
501- 1200	23	80	125
1201- 3200	50	125	200
3201- 10000	80	200	***315***
10001- 35000	125	315	500
35001- 150000	200	500	800

Source: (Carvalho, 1984)

Since a sample size of 315 respondents is enough for large scale study, a total of 20 respondents were selected from each insurance company. Non-probabilistic convenience sampling approach was applied as the targets should be willing to participate in the survey.

3.4 SOURCE AND TOOLS OF DATA COLLECTION

3.4.1 Source of Data

The source of data for this study was basically primary data. According to Kothari (2004), the primary data are those which are collected afresh and for the first time, and thus happen to be original in character. Data that have been observed, experienced or recorded close to the event are the nearest one can get to the truth, and are called primary. The data were collected from individual corporate customer/policyholder/ responses of 17 insurance companies. Thus, primary source of data is used in this research for data analysis.

3.4.2 Data Collection Instrument

Questionnaire survey instrument is used for collecting the primary data. As suggested by (Kothari, 2004), administering questionnaires allows the researcher to collect data with low cost even when the universe is large and is widely spread geographically, it is free from the bias of the interviewer; answers are in respondents' own words, respondents have adequate time to give well thought out answers, respondents who are not easily approachable can also be reached conveniently and large samples can be made use of and thus the results can be made more dependable and reliable *(*Kothari, 2004*)*. The questionnaire had three sections. The first section

covers the demographic profile of the participants. The second section is structured on a Likert scale of 1-5 to show their degree of agreement or disagreement to the sentences about the constructs under study (claim settlement quality and behavioral intentions). The questionnaire is adopted from a previous study about the same construct under study and modified to the insurance sector without modifying the concepts.

3.4.3 Data Collection Procedure

The research was conducted in person and done for the fulfillment of academic requirement. A total of 20 questionnaires were distributed to respective head offices. Volunteer respondents filled the questionnaires accordingly after having their full consent and briefed the purpose of the study clearly. Sums of 340 responses were expected from 17 insurance companies' head offices.

3.5 Validity and Reliability Test

3.5.1 Validity

Reliability test was conducted to make sure the instrument used in the study was reliable. Cronbach's coefficient alpha was computed for each of the four dimensions using data on perceptions scores. The elements under analysis are the functional quality (Alpha Coeff. - 0.702), technical quality (Alpha Coeff. - 0.789), company image (Alpha Coeff. - 0.842) and repurchase intention (Alpha Coeff. - 0.828). The Cronbach's alpha for the general instrument was found to be 0.790 which is within the acceptable range (Saunders 2012) and it could be taken a reliable measuring tool in regards to its consistency. This reliability value for this study is substantial considering the fact that the highest reliability that can be obtained is 1.0 and this is an indication that the items of the four dimensions of the model are accepted for analysis. The dimensions showed coefficients higher than 0.7, meaning these dimensions comprising of various items show a true measure of service quality.

Table 3.5 Reliability Test

	No of Items	Cronbach's alpha
Functional Quality	5	0.702
Technical Quality	5	0.789
Company Image	5	0.842
Overall Repurchase Intention	4	0.828
Valid N	19	0.790

4 (Source: Own Survey, 2019)

4.1.1 Reliability

To evaluate the research instruments, reliability is one of the major criteria. Reliability estimates the consistency of the measurement or simply, the degree to which an instrument measures the same way each time it is used under the same conditions with the same subjects. Reliability is essentially about consistency. That is, if something is measured many times and the result is always the same, then we can say that our measurement instrument is reliable. (John, 2007). It is preferred that outcomes (and covariates) be assessed with relatively little measurement error. Other things being equal, unreliability increases unexplained variation within groups and reduces the power of the analysis. In practice, it may be impractical to assess the reliability of measurement procedures within the scope of a given study, but the selection of measurement instruments should certainly take this factor into consideration. On the other hand, if a study involves observations or ratings by judges, some effort must be undertaken to assure consistency of measurement across raters or judges (Abiy, 2009).

In this research Cronbach's alpha is conducted to test the reliability of the measures. Cronbach's alpha is an index of reliability associated with the variation accounted for by the true score of the underlying construct. Construct is the hypothetical variable that is being measured (Hatcher, 1994). Alpha coefficient ranges in value from 0 to 1, may be used to describe the reliability of factors extracted from dichotomous (that is, questions with two possible answers) and/ or multi point formatted questionnaires or scales (that is, rating scale: 1= poor, 5=excellent). The higher the score, the more reliable the generated scale is. Nunnaly (1978) has indicated 0.7 to be an acceptable reliability coefficient.

4.2 Data Analysis and Presentations

Both descriptive and inferential statistics were used to analyze the quantitative data gained through structured questionnaire. All the variables are coded and entered into the SPSS to analyze data obtained through questionnaires. Descriptive statistics is used to describe the usefulness of the data set and examine relationships between variables. In order to describe the data, preliminary descriptive statistics such as frequency, percentages, and mean scores are computed. To view the internal consistency of the scale items, Cronbach coefficients (alpha) are computed. Multiple regression analysis is performed using the five selected claim settlement service quality dimensions as independent variable and the behavioral intention as dependent

variable. The basic aim is to see the extent to which the behavioral intention is affected by the claim settlement service quality dimensions in terms of coefficient of determination (R^2 value), the regression coefficient (Beta coefficient) and the P-values for the significance of each relationship. Correlation coefficients was used to quantitatively describe the strength of the association between the variables. According to Hair (2002) the Pearson correlation coefficient measures the degree of linear association between two variables. It varies between -1.00 to +1.00, with 0 representing absolutely no association between two variables, and -1.00 or +1.00 representing a perfect association between two variables negatively and positively respectively.

4.3 Ethical Considerations

Confidentiality of their response of the respondents was maintained at a high level to make the respondents feel comfortable so that their responses are considered non-biased and reflect the truth about the situation in question. The voluntariness of the participants was also taken into consideration.

In this study, there are descriptive questions about the respondent's' demographic profile but this information is not enough to identify the person. The second ethical principle to consider is the lack of informed consent. The potential participant should receive as much information needed to make a decision whether to participate or not. In this study the survey contains information about the research and contact details for further questions. The third ethical principle concerns the invasion of privacy. The respondent might find some questions too private and do not wish to make the answer public. In this study the respondent had the opportunity to skip a question if it is judged sensitive. Furthermore, this study was not of a sensitive nature which enhances the respondents' willingness to answer. The fourth ethical principle refers to deception which occurs if respondents are led to believe that a research is about something else that what is. Recording techniques weren't used in this study. After taking these ethical principles into considerations and fully living up to the requirements this study can be classified as ethical.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

This chapter presents the analyses and interpretation of the findings based on the data collected through questionnaire. The data analyses comprise both descriptive and inferential statistics with the help of Statistical Package for Social Science (SPSS 21.0). The descriptive statistics demonstrated the demographic profile of the respondents and attributes of study variables based on respondent's perception while the inferential statistics was applied to test the relationship. Finally, the proposed hypotheses were tested to answer the research objectives.

4.1 Descriptive Analysis

After distributing 340 questionnaires for insurees, a total of 309 questionnaires were collected which accounted for 90.8% of the response rate. Further screened for missing and incomplete responses and found a total of 286 usable responses for analysis. Missing data often occurs in a situation in which a respondent cannot respond to one or more questions of a given survey (Hair, 1998). Missing values above one percent on a single item was considered as incomplete and rejected from further analysis.

4.1.1 Demography of The Respondents

The demographic profile of the respondents consisted of age, sex, education, modality, loyalty and frequency of claims. It is summarized and presented to have an overall picture of the general demographic background of the sample respondents.

The majority of the sample populations are males; they represented 76.6% of the total sample population. The rest 23.4% were females. It implies that insurance claim is dominated by male insurees. The dominant age groups were among youngsters below 30 years which comprises more than half of the population (51.4 %) followed by 30-60 years-old category (39.5%); whereas, the rest 9.1% represented policy holders above 60 years-old. It can be taken as an implication of youngsters are more prone to car accidents than elders. Referring their level of education, only 14.0% first degree, 4.5% Master degree and less that 1% Ph.D. holders were found among the respondents while the rest (80.8%) majority of the respondents had other qualifications. The results imply that lower levels of educational background were dominant in insurance claim during the study period.

Table 4.1 Demography

Demography

		Frequency	Percent	Valid Percent	Cumulative Percent
Sex	Female	67	23.4	23.4	23.4
	Male	219	76.6	76.6	100.0
	Total	286	100.0	100.0	
Age	Below 30 years	147	51.4	51.4	51.4
	30 - 60 years	113	39.5	39.5	90.9
	Above 60	26	9.1	9.1	100.0
	Total	286	100.0	100.0	
Modality	Private	149	52.1	52.1	52.1
	Public	118	41.3	41.3	93.4
	NGO	19	6.6	6.6	100.0
	Total	286	100.0	100.0	
Loyalty	< 5 Years	31	10.8	10.8	10.8
	5 – 10 Years	146	51.0	51.0	61.9
	11 – 15 Years	69	24.1	24.1	86.0
	>15 Years	40	14.0	14.0	100.0
	Total	286	100.0	100.0	
Valid	Once	125	43.7	43.7	43.7
	Twice	83	29.0	29.0	72.7
	Three Times	59	20.6	20.6	93.4
	More than three times	19	6.6	6.6	100.0
	Total	286	100.0	100.0	

(Source: Own Survey, 2019)

Major portion or more than half (52.1%) of the respondents were from private organizations; followed by public (41.3%) whereas the rest (6.6%) insurance claimers were from Non-Governmental Organizations (NGO). This shows that both public and NGO drivers/ workers were more conscious while driving that private companies' drivers/ private owned cars. Regarding how long the respondents were policyholders of the respective insurance company, majority (51.0%) were customers for 5 – 10 years; followed by 11 – 15 years (24.1%) and more –than 15 years (14.0%) while the rest (10.8%) held the policy for less than 5 years. It means, about 90% of the total respondents had insurance policy relatively for longer period. Frequency of insurance claim since insurance policy held, 43.7% of the respondents claimed once; 29.0% twice; 20.6% three times and the rest 6.6% more than three times. This shows that frequency of insurance claims is relatively lower.

The overall demographic characteristics of the respondents revealed dominancy of male respondents, youngster below 30 years-old, certified with other educational qualification than formal higher institutions, having insurance policy relatively for longer period (more than five years) and majority claimed once since their membership.

4.1.2 Study Variables

The basic purpose of this study is to determine the effects of claim settlement quality on customers repurchase intention. Here, the independent variables are the attributes of the claim settlement service quality namely functional quality, technical quality and the company image (Gronroos, 2006) while the dependent variable under consideration is the repurchase intention. The descriptive statistics or central tendency (mean scored values) of the study variables based on the respondents' perception was used to measure the average value of their responses for each questions included under each attributes.

4.1.2.1 Functional Quality of Claim Settlement

Claim settlement is an entitlement of the policyholder to get compensation for his/ her loss due to hazards or accidents. The functional quality of this service is measured based on the deliveries of different functions within the given organization. It has five dimensions such as tangibles, reliability, assurance, responsiveness and empathy.

Table 4.2 Functional Quality of Claim Settlement

Descriptive Statistics

	N	Mean	Std. Deviation
Tangibles	286	3.91	0.481
Reliability	286	3.88	0.951
Responsiveness	286	3.47	0.463
Assurance	286	3.73	0.746
Empathy	286	4.06	0.861
Overall Functional Quality	286	3.81	0.700
Valid N	286		

(Source: Own Survey, 2019)

The findings on Table 4.2 reveled that majority of the respondents agreed on insurance companies' customer handling staffs were dedicated to give individualized attention (Empathy, mean scored value of 4.06) to customers; physical attractiveness of their facility (Tangibility, mean 3.91); provision of timely service as promised (reliability, mean 3.88) and staffs'

knowledge/ behavior instilling confidence on customers (assurance, mean 3.73). However, they showed their indifferences towards staffs' tendency to help as well as giving accurate and relevant information (responsiveness, mean 3.47). It implies that the respondents witnessed or perceived the overall functional quality of the companies positively even if there are substantial gap in excelling the expected service provision.

4.1.2.2 Technical Quality of Claim Settlement

Table 4.3 Technical Quality of Claim Settlement

Descriptive Statistics

	N	Mean	Std. Dev
The Insurance Company provides accurate monetary compensation as promised	286	2.80	0.968
The Insurance Company replaces genuine parts in place of damaged ones	286	4.26	0.909
The Insurance Company has well-trained surveyors to evaluate damages accurately	286	3.79	0.758
The Insurance Company settles claim within fairly specified period of time	286	2.61	0.607
The Insurance Company has a completed paperwork at delivery	286	4.01	0.522
Overall Technical Quality	286	3.49	0.753
Valid N	286		

(Source: Own Survey, 2019)

Referring Table 4.3, the respondents showed inconsistency regarding the technical quality of the service quality of insurance claim settlement for the fact that they strongly agreed (mean 4.26) with insurance companies' commitment to provide genuine spare parts for damaged components replacement; whereas they had doubt on provision of accurate monetary compensation as promised at the time of fancy contractual agreement (mean 2.80). on the other hand, they also agreed (mean 3.79) on availability of well-educated/ trained surveyors to evaluate damages accurately but complaining (mean 2.61) settlement of the claim within fair period of time. It indicates that the respondents took neutral stand regarding the overall technical quality of the services.

4.1.2.3 Corporate Image

Based on previous knowledge and experience related to insurance companies' reputation or brand image, the respondents strongly agreed that insurance companies were least known for claim denial or rejection with mean scored value of 4.12; witnessed also their prominent

reputation of claim settlement system (mean 3.84) but suspicion on fraud against any claim report (mean 3.77).

Table 4.4 Perception of Company Image

Descriptive Statistics

Image (IMG)	N	Mean	Std. Dev.
The Insurance Company is known for its prompt service delivery	286	3.33	0.729
The Insurance Company has prominent reputation of claim settlement system	286	3.84	0.499
The Insurance Company is well-known for its fairness in setting premium charges	286	3.43	0.881
The Company is least known for its claim denial (rejection)	286	4.12	0.413
The Company is suspicious of fraud against any claim report	286	3.77	0.573
Overall Company Image	286	3.70	0.619
Valid N	286		

(Source: Own Survey, 2019)

On the other hand, their reputation in regards to fairness in setting premium charges (mean 3.43) and prompt service delivery (mean 3.33) were perceived indifferent or the respondents had neutral stand. The overall companies' image towards their reputation in claim settlement (mean 3.70) was considered slightly satisfactory but has considerable rooms for improvements to exceed their customer's expectation. Assessment of policyholder's expectation-perception gap should be carried out periodically to figure out areas for further improvements.

4.1.2.4 Repurchase Intention of Insurance Policy

As the demographic profiles of the respondents show, majority of them had contractual agreement for more than five years.

Table 4.5 Repurchase Intentions of Insurance Policy Holders.

Descriptive Statistics

	N	Mean	Std. Dev.
I prefer to purchase the insurance policy again from same company	286	3.79	0.707
I would say positive things about the company	286	3.84	0.649
I recommend the services of the company to others	286	3.85	0.572
I consider this company as first choice for insurance services	286	3.65	0.667
Overall Repurchase Intention	286	3.78	0.619

Valid N	286		

(Source: Own Survey, 2019)

Though there are a number of other factors that affect their purchase decision, the respondents equivocally expressed their consideration to purchase the insurance policy again from same company (mean 3.79) as the respective insurance service providers are their first choice (mean 3.65) even though there were different alternatives, positive word of mouth (mean 3.84) and recommend the service to others (mean 3.85). The overall repurchase intention of the respondents was found to be slightly above average (mean 3.78) implying that once the respondents purchased the insurance policy from a specific insurance company, they kept on renewing the contract for longer period even though they were reservation on the overall quality of claim settlement services.

Table 4.6 Summary of Study Variables' Descriptive Statistics

Descriptive Statistics

	N	Mean	Std. Dev.
Functional Quality	286	3.79	0.707
Technical Quality	286	3.49	0.649
Company Image	286	3.70	0.619
Overall Repurchase Intention	286	3.78	0.649
Valid N	286		

(Source: Own Survey, 2019)

In summary, the overall claim settlement service quality of insurance companies and policy-holders' repurchase intentions revealed that majority of the respondents has positive perception towards the functional quality (Grand mean scored value of 3.79), company image (Grand mean scored value of 3.70) and repurchase intention (Grand mean scored value of 3.78) but indifferent on technical qualities (Grand mean scored value of 3.49). It implies that the insurance service providers had limitation in their claim settlement processes to instill confidence on their customers. Besides, consumers stereotype as if insurances use to hasten only to collect premiums but bureaucratic and hesitant to settle claims. The policyholders have primarily perceived assurance in terms of well-trained who understand intimately specific needs, approach from customer's point of view, show clarity in explaining terms and conditions and thereby inspire

trust and confidence. Additionally, they should be accorded the highest priority to efficient claims settlement and focus on promptness in grievance handling.

4.2 Inferential Analysis of Variables

4.2.1 Relationship Between Variables

To explore the relationship between claim settlement service quality dimensions and overall purchase intention, Spearsman correlation was first investigated. The three dimensions of claim settlement such as functional quality, technical quality and company image were taken as independent variables and overall repurchase intention of customers was used as a dependent variable in this study.

Table 4.7 Correlation Analysis

Correlations

FUNCTIONAL QUALITY (FQY)	Spearsman Correlation	
	Sig. (2-tailed)	
	N	
TECHNICAL QUALITY (TQY)	Spearsman Correlation	
	Sig. (2-tailed)	
	N	
COMPANY IMAGE (IMG)	Spearsman Correlation	
	Sig. (2-tailed)	
	N	
REPURCHASE INTENTION (REP)	Spearsman Correlation	
	Sig. (2-tailed)	
	N	

**. Correlation is significant at the 0.01 level (2-tailed). (Source, Own Survey, 2019)

The results on Table 4.7 showed that dimensions of claim settlement service quality had positive relations with overall repurchase intention. Functional Quality had positive and strong relations with technical quality ($r = .502, p<0.05$), company image ($r = .607, p<0.05$), and repurchase intention ($r = .690, p<0.05$). Similarly, technical quality had positive and strong relation with company image ($r = .597, p<0.05$) and repurchase intention ($r = .490, p<0.05$). Meanwhile,

company image had also positive strong relation with repurchase intention (r = .593, p<0.05). This implies that all dimensions of claim settlement service quality had positive and strong relationship with repurchase intention.

This could be taken as a confirmation that there were no multi-collinearity problems to proceed for regression analysis. That means when the independent variables in this model were highly related with one another (greater than 0.70), they would have been basically measuring the same thing or they both convey essentially the same information. Based on the above relation analysis, there was no strong relation coefficient among the predictor variables which is greater than 0.80 and this clearly implies there is no multi-collinearity problem in this model confirming that the data were suitable for conducting multiple regression analysis.

4.2.2 Assumption Test for Regression Analysis

The regression analysis is the final step to disclose the information about the unique contribution of each claim settlement quality dimensions and its' effects on overall intention in this case. The regression includes one construct (Repurchase Intention) which is dependent on predictors namely functional quality, technical quality and company image. Meeting the assumptions of regression analysis is necessary to confirm that the obtained data truly represented the sample and that researcher has obtained the best results (Hair, 1998). A total of four assumption tests for the regression analysis such as multi-collinearity, normality, linearity and homoscedasticity. In the following paragraphs, each assumption is explained.

4.2.2.1 Multi-Collinearity Test

Before entering the variables in the regression model, tests were made to assure that statistical assumptions were not violated.

Table 4.8 Multi –Collinearity Test Results

Coefficients [a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	FUNCTIONAL QUALITY	.177	5.647
	TECHNICAL QUALITY	.195	5.131
	COMPANY IMAGE	.097	9.282

a. Dependent Variable: REPURCHASE INTENTION

For the independent variables to be accepted, the correlation between the variables must not exceed a value of 0.8 (Pallant, 2005). One of the methods to inspect if the independent variables are relevant to include in the regression model is to look at the correlation values. If the correlation is too high, the independent variables must be modified. Table 4.8 shows that the independent variables were found to be within the recommended range of Variable Inflation Factor (VIF) and tolerance value.

4.2.2.2 Normality Test

One of the first things that should be done in the evaluation of regression analysis is assessment of the adequacy of input data and statistical assumption underlying any estimation methods used in a given analysis (Yi, 1998). The estimation of multi-regression model requires continuous data with normal distribution. A common rule-of-thumb test for normality is to run descriptive statistics to get skewness and kurtosis. Both Skew and Kurtosis should be within the +2 to -2 range when the data are normally distributed (Hair, 1998). Normality analysis for four variables was conducted with SPSS and all of them were found to be within +2 to -2 range meaning they are normally distributed (Table 4.8).

Table 4.9 Normality Test

Descriptive Statistics

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
FUNCTIONAL QUALITY	286	-.427	.144	-.359	.287
TECHNICAL QUALITY	286	-.037	.144	-.177	.287
COMPANY IMAGE	286	-.249	.144	-.042	.287
REPURCHASE INTENTION	286	-1.022	.144	.151	.287
Valid N	286				

(Source, Own Survey, 2019)

4.2.2.3 Linearity

The linearity of the relationship between the dependent and independent variable represented the degree to which the change in the dependent variable is associated with the independent variable (Hair, 1998). In a simple sense, linear models predict values falling in a straight line by having a constant unit change (slope) of the dependent variable for a constant unit change of the

independent variable. Conventional regression analysis will underestimate the relationship when nonlinear relationships are present, i.e., R^2 underestimates the variance explained overall and the betas underestimate the importance of the variables involved in the non-linear relationship (Malhotra, 2007). Substantial violation of linearity implies that regression results may be more or less unusable. The scatter plot of standardized residuals versus the fitted values for the regression models were visually inspected. The plots did not reveal any systematic pattern, thus providing support for the specified linear relationship, as suggested by (Malhotra, 2007).

4.2.2.4 Homoscedasticity

Hair (1998) identify homoscedasticity as homogeneity of variance. This assumption is referred to as the description of data in which the variance of the error terms (e) appears constant over the range of values of an independent variable. The assumption of equal variance of the population ε (where ε is estimated from the sample value- e) is critical to the proper application of linear regression. When the error terms have increasing or modulating variance, the data are considered as heteroscedastic. In general, heteroscedasticity is the result of non-normality of one of the variables, and the correction of the non-normality remedies the unequal dispersion of variance. The error terms were expected to have equal variances. In the scattered residual plots, the residuals scattered randomly about the zero line and did not exhibit a triangular-shaped pattern, thus providing sufficient evidence to satisfy the assumption for homoscedasticity of the error terms.

4.2.3 Multi-Regression Analysis

Multiple linear regression analysis was applied to investigate the relationship aiming to see the extent to which overall repurchase intention is affected by claim settlement service quality dimensions.

Table 4.10 Model Summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.890[a]	.793	.791	.54719	.793	359.955	3	282	.000

a. Predictors: (Constant), COMPANY IMAGE, TECHNICAL QUALITY, FUNCTIONAL QUALITY

(Source, Own Survey, 2019)

As can be inferred from the model summary, overall policyholder's repurchase intention is explained by the predictors such as functional quality, technical quality and company image. In this case, it was found that the R-Square value is 0.793 which implies that 79.3% of the variance in the overall repurchase intention is accounted for predictors, thereby confirming the fitness of the model.

Table 4.11 ANOVA Analysis

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	323.328	3	107.776	359.955	.000 [b]
	Residual	84.435	282	.299		
	Total	407.763	285			

a. Dependent Variable: REPURCHASE INTENTION

b. Predictors: (Constant), COMPANY IMAGE, TECHNICAL QUALITY, FUNCTIONAL QUALITY

ANOVA or analysis of variance is used to evaluate the difference in average scores measured on a continuous scale among one or more characteristics defined by categories. The below table portrays the statistical method used to analyze the impact of the five service quality determinants on the dependent variable which is overall service quality. The output of the ANOVA analysis shows whether there is a statistically significant variance between the group means. It can be seen that the significance level is $p = .000$, which is below $p < 0.05$, implying that there is a statistically significant difference in the mean values of overall repurchase intention for all predictors (functional quality, technical quality and company image). From the ANOVA Table, $F=359.955$, $p<0.05$ is a confirmation that a good fit was established between claim settlement service quality and overall repurchase intention with $P < 0.05$.

Table 4.12 Coefficients

Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		Beta	Std. Error	Beta		
1	(Constant)	.685	.163		4.207	.000
	FUNCTIONAL QUALITY	.846	.138	.829	6.131	.000

	TECHNICAL QUALITY	1.294	.387	.958	3.344	.000
	COMPANY IMAGE	.682	.095	.653	7.179	.001

a. Dependent Variable: REPURCHASE INTENTION (Source: Own Survey, 2019)

Referring the beta coefficients, the findings have confirmed there is a significant and positive relationship between all claim settlement dimensions and overall repurchase intention at $p< 0.05$. In this case, technical quality of claim settlement service got relatively the highest significant effect ($\beta = 1.294,\ p < .05$) on overall repurchase intention followed by functional quality ($\beta = .846,\ p < .05$) and company image ($\beta = .682,\ p < .05$). This implies that respondents supposed that provision of quality claim settlement service has created access for more repurchase opportunity or keeping the existing customers to renew the policy every year.

Regarding the contribution of each predictor variables, beta values are used for the comparison of their effect on the construct. This means that each independent variable has its own unique contribution in explaining the dependent variable. Thus, the regression analysis is summarized as:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e_x$$

Hence, the effect of claim settlement quality on overall repurchase intention is signified as:

$$OREP = .685 + .846FQY + 1.294TQT + .682IMG$$

Where,

Y- OREP Overall Repurchase Intention

X1- FQY Functional Quality

X2- TQT Technical Quality

X3- IMG Company Image

$\beta_{1,2,3,4}$ Coefficients of Functional Quality, Technical Quality and Company Image It can be concluded that the results of the regression analysis highlighted the priority areas of claim settlement service factors for the fact that not all the predictors contribute equally to the overall repurchase intentions of corporate customers. Therefore, superior emphasis on the most important dimension may be helpful in providing sustainable sales growth in the long run.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

In this chapter, an attempt has been made to present the summary of major findings, conclusions and recommendations. At the end of the chapter, suggestions for future research is also discussed.

5.1 Summary of Major Findings

The major findings of the analysis in relation to respondents' demography, descriptive and inferential statistics of the study variablesare summarized and presented as follows.

RQ:-How does technical quality of claim settlement service affect the repurchase intention of corporate customers in Ethiopian insurance industry?

The overall demographic characteristics of the respondents revealed dominancy of male respondents, youngster below 30 years-old, certified with other than formal educational qualification, having insurance policy relatively for longer, five years and more) and claimed once since their membership.

RQ:-What is the level of claim settlement service's functional quality effect on repurchase intention of corporate customers in Ethiopianinsurance industry?

Regarding the functional quality of the claim settlement service, the results for the mean scoredvalues ofthe targeted corporate customers of insurance company in Ethiopia show customer handling staffs were dedicated to give individualized attention (mean 4.06) to customers; physical attractiveness of their facility (mean 3.91); provision of timely service as promised (reliability, mean 3.88) and staffs' knowledge/ behavior instilling confidence on customers (assurance, mean 3.73) but indifferent towards staffs' tendency to help andgive accurate and relevant information (mean 3.47).

RQ:-How does the image of insurance companies affect the repurchase intention of corporate customers?

The respondents showed inconsistency regarding the technical quality of the service quality of insurance claim settlement for the fact that they witnessed (mean 4.26) insurance companies' commitment to provide genuine spare parts for damaged components replacement; whereas they had doubt on provision of accurate monetary compensation as promised at the time of fancy

contractual agreement (mean 2.80). On the other hand, they also agreed (mean 3.79) on availability of well-educated/ trained surveyors to evaluate damages accurately but complaining (mean 2.61) settlement of the claim within fair period of time.

Based on previous knowledge and experience related to insurance companies' reputation or brand image, the respondents strongly agreed that insurance companies were least known for claim denial or rejection (mean scored value of 4.12) but, to the contrary, have prominent reputation of claim settlement system (mean 3.84).They were also suspicious on fraud against any claim report (mean 3.77). On the other hand, their reputation in regards to fairness in setting premium charges (mean 3.43) and prompt service delivery (mean 3.33) were perceived indifferent.

The overall claim settlement service quality of insurance companies and policy-holders' repurchase intentions revealed that majority of the respondents has positive perception towards the functional quality (Grand mean 3.79), company image (Grand mean 3.70) and repurchase intention (Grand mean 3.78) but indifferent on technical qualities (Grand mean 3.49). It implies that the insurance service providers had limitation in their claim settlement processes to instill confidence on their customers.

It was also found thatall dimensions ofclaim settlement had positive relations each other and with overall repurchase intention as well. The predictors explained or accounted for 79.3% for variation on repurchase intention. Moreover, all the independent variables had positive and significant effect on repurchase intention as well. The beta values confirmed that technical quality dimension had relatively more effect followed by functional quality and company image.

5.2 Conclusions

The purpose of this study was to investigate the impact of claim settlement service quality on corporate customers repurchase intentions. This study entails that insurance company marketing managers have to develop or improve the existing claim settlement strategy and processes to provide guaranteed quality services to their respective customers. The analysis of results revealed the quality of claim settlement service has significant positive effect on corporate customers repurchase intention. It is evident that majority of the respondents were found to be policyholders of same insurance company for more five years.

Claim settlement bureaucracy was found to have significant and positive influences on customers repurchase intention. Failure to provide quality claim services to corporate customers may cause negative impact on their behavioral intentions. Furthermore, the findings of the study have shown that technical quality of claim settlement service has relatively highest effect on repurchase intention of the policy again. It is a mere logic that the underlying principle of insurance policy is utterly risk sharing amongst members. It is, thus, expected that the compensation matters more than other auxiliary services. In this research, inferential statistics was employed for further analysis of the results. The relationship amongst variable were found to be positive and strong. Besides, the predictors explained the dependent variable significantly and well-fitted to the regression model. The proposed regression model was tested for predictions and explore the relationship between claim settlement and repurchase behavioral intentions. Furthermore, identified those variables which have relatively highest effect on repurchase intention for prioritizing and further improvement. The model developed could be accurately considered as a useful tool for selecting the most efficient items to reach or exceed corporate customer's expectation to maximize efficiency with optimal cost.

The overall findings offer strong empirical support for the intuitive notion that improving service quality can increase favorable behavioral intentions and decrease unfavorable intentions. The findings demonstrate the importance of strategies that can steer behavioral intentions in the right directions, including striving to meet customer's desired-service levels (rather than merely performing at their adequate-service levels), emphasizing the prevention of bureaucratic services, and effectively resolving problems that do occur. A salient issue on the service quality research agenda of many companies is understanding the impact of service quality on consumer's satisfaction resulted in repurchase behavioral intentions.

5.3 Recommendations

The purpose of measuring the quality of claim settlement and its influence on the behavioral intention of customers towards repurchasing of the service is to take corrective actions. The insurance industry faces numbers of challenge to build loyal and quality customer relationships. The biggest challenge is meeting customer requirement or demands of claim as for the agreement. The underwriting as per the foggy contractual agreement is the main source of

unnecessary argument. Based up on the analysis conducted the following possible recommendations can help the company in improving its customer satisfaction level.

It is evident from the findings that corporate customers gave due emphasis on technical quality (compensation) of the claim settlement service but the insurance companies failed to exceed their expectation. Thus, insurances should mitigate or enhance their bureaucratic underwriting procedures to settle claims either inducing high calipered employing or train the existing claim evaluators (accident investigators) well.

The functional quality of the claim settlement is also problematic area which needs to be addressed properly. The responsiveness, assurance and reliability attributes are accounted for customer handling staffs' competency in the underwriting and claims process. As insurance is a contract agreement it is important for both parties to enter the agreement after they understood the contract terms and provisions. The insurance company should not take advantage in the ignorance of its customers or it will lose the confidence of its customers. Therefore, the agreement should be written in local languages, free of jargons, and easily understandable.

Corporate customers were indifferent towards staffs' tendency to help and give accurate and relevant information even though the overall functional quality of claim settlement was perceived positively. Employee motivation strategy should be designed and implemented based on employee's perception to improve their attitudes so as to instill confidences on customers.

The overall companies' image towards their reputation in claim settlement was considered slightly satisfactory implying that there are considerable stereotyping regarding insurance companies' hesitation to pay or settle compensation. Assessment of policyholder's perception against the companies should be carried out periodically to figure out areas for further improvements. Besides, creating awareness through marketing promotional mixes is also mandatory.

Further research areas are suggested on determination of claim settlement quality on customer's behavioral intention through mediation or middling factors such as premium prices and compensation amounts.

REFERENCES

Abiy Z. (2009) Retrospective drug use study using prescribing indicators in 32 health Facilities. Ethiopian Pharmaceutical Journal, Vol. 13, pp. 54-61

Ajzen, I. (1991). The Theory of Planned Behavior. Organizational Behavior and Human Decision Processes, 50, 179-211.

Akalu, G., (2015) Insurance Industry in Ethiopia: Some Awkward Truths, EBR pp49-50

Alawni A., (2016), *Marketing research:* A Modular approach of learning, in Amman University

Alexandris, K. (2008). Can Service Quality Predict Spectators' Behavioral Intentions in Professional Soccer? Managing Leisure, 13, 162-178.

Anderson, E.W., Fornell, C. and Lehmann, D.R. (1994). Customer satisfaction, market share, and profitability: findings from Sweden. Journal of Marketing, 58, 53-66.

Babakus, G. and Boller, C. (1992) An Investigation into the Determinants of Customer Satisfaction, Journal of Marketing Research, 19 (November), p.491-504.

Bitadel, S.A., (2015) Measuring Service Quality, A reexamination and Extension, Journal of Marketing, Vol 56, No.3 pp55-68

Bourton, G. and Surprenant, C. (2003) Determinants of Customer Satisfaction, Journal of Marketing Research, 19 (November), p.211-214.

Brear, S. (2004), Chartered Insurance Institute (CII) Course book, UK, *Personal lines Insurance*, CII learning solutions, pp 14/9-14/17.

Brown, C.N., and Bond, L, (1995) Using the SERVQUAL Model to assess Service Quality and Customer Satisfaction. An Empirical study of grocery stores in Umea.

Chen, C. F. (2008). Investigating structural relationships between service quality, perceived value, satisfaction, and behavioral intentions for air passengers. Taiwan Transportation Research, Part A, 42, 709-717.

Cole, S.T. and Illum, S.F. (2006). Examining the Mediating Role of Festival Visitors' Satisfaction in the Relationship between Service Quality and Behavioral Intentions. Journal of Vacation Marketing, 12(2), 160-173.

Collins, N., (1997) Perception of Service Quality and Loyalty among Customers of Insurance Companies: A Comparative Analysis of Nile, Nyala and Awash Insurance.

Cronin, J. R., Brady, KM. K. and Hulrt, T. M. (2005). Assessing the effects of quality, value, and customer satisfaction on consumer behavioral intentions in service environments. Journal of Retailing, 76, 193-218.

Cronin, J.J. and Taylor, S.A. (1992). Measuring Service Quality: a reexamination and extension. Journal of Marketing, 56, 55-68.

Dabholkar, P. A., and Overby, J.W. (2005). Linking process and outcome to service quality and customer satisfaction evaluations: An investigation of real estate agent service. International Journal of Service Industry Management, 16 (1), 10-27.

Elias K., (2015). Assessment of Service Quality and Customer Satisfaction: A case study of Ethiopian Airlines. Unpublished Master's Thesis, AAU School of Business and Public Administration Department of Management MBA Program.

Francois D., Fernando Z., and Jay A., (2007) Relative attitudes and Commitment in Customer Loyalty Models. International Journal of Service Industry Management, 12 (3-4), 269-297.

Getachew B., (2011). Assessment of Service Quality and Customer Satisfaction: A case study of CBE. Unpublished Master's Thesis, AAU School of Business and Public Administration Department of Management MBA Program.

Gronroos, C. (1982). Service Management and Marketing, (2nd ed.). Chichester: John Wiley Ltd

Grönroos, C. (1984). Service Quality: The Six Criteria of Good Perceived Service Quality. Review of Business, 3, 10-13

Gummesson, E. (2008). Total relationship marketing (3rd ed.). Oxford, USA

Hernon, E. and Nitechki, C. (2001). Quality of Products and Services – a Tentative Synthesis between Two Models, Services Research Centre, University of Karlstad, Sweden.

Huber, M.M., and Schlager, R., (2011) Measuring Service Quality in the Banking Industry: A Hong Kong Based Study, Contemporary Management Research. Vol.9, No. 3, pp263-282

Kothari C.H., (2004) Research Methodology Methods & Techniques, Second Edition, New Delhi: New Age International Publisher, 2004, PP. 1-2

Kotler (1997). Marketing Management. New Jersey: Person Education.

Lee, S., Huh, J. and Hong, S. (2008). Determining Behavioral Intention to Visit a Festival Among First-Time and Repeat Visitors. International Journal of Tourism Sciences, 8(1), 39-55.

Lidetu, T., (2002). Determinants of satisfaction for passenger airline: The Case of Ethiopian International Passenger Airlines, Unpublished Master Thesis, AAU School of Commerce

Marsden, J. (2014). Service Marketing: People, Technology, Strategy. 6th Edition, Englewood Cliffs, NJ: Pearson, Prentice Hall.

National Bank of Ethiopia (NBE) Annual Report 2016/2017

National Bank of Ethiopia (NBE) Annual Report 2017/2018

Negi, R. (2009). Determining Customer Satisfaction through Perceived Service Quality: A study of Ethiopian mobile users, *International Journal of Mobile Marketing*, 4(1), 31-38.

Nunnaly, J., (1978) Measuring Service Quality using SERVQUAL Model: A Study on PCBs (Private Commercial Banks) in Bangladesh" Business Dynamics Vol.1, No.1, pp.01-11

Ozdemir, V. E. and Hewett, K. (2010). The Effect of Collectivism on the Importance of Relationship Quality and Service Quality. Journal of International Marketing, 18, 41-62.

Parasuraman, A., Zeithaml, V. A., and Berry, L. (1985). A Conceptual Model of Service Quality and Its Implications for Future Research. Journal of Marketing, 49, 41–50.

Parasuraman, A., Zeithaml, V., & Berry, L. (1988). SERVQUAL: Multiple-item scale for measuring consumer perceptions of service quality. Journal of Retailing, 64, 12–40.

Park, J. W., Robertson, R. and Wu, C. L. (2005). The effect of airline service on passengers' behaviourl intentions: A Korean case study, Journal of Air Transport Management, 10, 435-439.

Parsons, C. (2005) Chartered Insurance Institute (CII) Course book, Insurance Law, CII learning solutions, pp 7/2-7/13, 11/1 – 11/6.

Plumb, I. and Zamfir, A. (2009). Managing Service Quality within the Knowledge Based Economy. Opportunity and Challenges, Quality Management in Services, Vol. 14 No. 26

Prayag, G. (2009). Tourists' Evaluations of Destination Image, Satisfaction, and Future Behavioral Intentions – The Case of Mauritius. Journal of Tourism Marketing, 26, 836-853.

Sanchez. A. (2011) Services Marketing Management. Third Edition. Elsevier

Siddiqi, K.O. (20004), Interrelations between service quality attributes and customer satisfaction. International Journal of Business and Management, 6 (3), 12-36.

Solomon, M. R. (2012). Consumer behavior: Buying, having and being, (10th ed.). London:

Stears N. (2003). Customers' Perception towards Service Quality of Insurance Corporation: A Factor Analytic Approach International, Journal of Business and Social Science, Vol. 2 No. 18

Swati. T, and Mihir, A. (2012) Service Quality in Fast Food Sector, Advances in Hospitality and Tourism Research (AHTR), 2(1): 30-53.

Teas, E (1993) Path analysis of perceived service quality, satisfaction and loyalty in Greek insurance. Managing Service Quality, Vol. 16 No. 5, pp. 501-19.

Theodorakis, N. D. and Alexandris, K. (2008). Can Service Quality Predict Spectators' Behavioral Intentions in Professional Soccer? Managing Leisure, 13, 162-178.

Zeithaml, V.A., Bitner, M.J. and Gremler, D.D., (2009). Services Marketing: Integrating Customer Focus Across the Firm, (5th ed.). New York: McGraw-Hill.

Zikmund, W.G (Ed). (2003). Exploring Marketing Research. USA: Thompson Learning.

Websites

www.ethiopianfortune.com ,www.ethiopianreporter.com

Appendices

Appendix I Questionnaire

ST. MARY UNIVERSITY

SCHOOL OF GRADUATE STUDIES

DEPARTMENT OF MARKETING MANAGEMENT

MASTER OF MARKETING MANAGEMENT PROGRAM (MMM)

Survey Questionnaire to be filled by customers

This questionnaire is designed to collect data to measure the effect of claim settlement quality on corporate customers repurchase intention in Ethiopian private insurance companies.

Dear sir/Madam,

My name is Bereket Hagos, a postgraduate student of St,Mary's University School of Graduates. I am conducting a study about claim settlement service quality affecting customer repurchase intention in the insurance industry. Therefore, I kindly request you to take some time and respond to the entire question, honestly. I assure you that all the responses will be treated confidentially and will only be used for this study. Participation is purely voluntary and no need to write your name. Your cooperation is very crucial for the success of this research.

I thank you in advance for offering your golden time.

Bereket Hagos

Mobile (0920668903)

Part I. Personal Information

1. Gender ☐ Female ☐ Male
2. Age ☐ Below 30 years ☐ 30 - 60 years ☐ Above 60
3. Education ☐ Degree ☐ Masters ☐ Ph.D.

Other, please specify_____

4. Modality Private Governmental Non-Governmental

5. How often do you claim insurance within a year?

Once Twice Three Times

More than three times

5. How long have you been a customer of this Insurance company?

less than a year 1 – 5 years above 5 years

Part II. Survey of Your Perceptions Towards Claim Settlement Service Quality

Direction: This survey deals with your opinion about **private insurance companies' claim settlement Service quality.** Please rate the extent to which you perceive the services offered by the organization by ticking "√" the appropriate number against each statement. There is no right or wrong answers. What is expected from you is to select the best choice among given alternatives in order to show your perceptions about the Services Quality.

- Score Level - Strongly Agreed (SA)=5, Agreed (A)=4, Neutral (N)=3, Disagreed (DA)=2, and Strongly disagreed (SDA)=1

Statements		SD	DA	N	A	SA
		1	2	3	4	5
FTA1	The Insurance Company has modern looking equipment.					
FTA2	Physical features of the Insurance Company are visually appealing					
FTA3	The Insurance Company's front line employees are well groomed and neat appearing.					
FTA4	The Insurance Company's equipment are visually appealing					
		1	**2**	**3**	**4**	**5**
FRL1	When the Insurance Company promises to do something by a certain time, it does so.					
FRL2	When you have a problem, the Insurance Company shows a sincere interest in solving it.					
FRL3	The Insurance Company performs the service right the first time.					
FRL4	The Insurance Company provides its service at the time it promises to do so.					
FRL5	The Insurance Company insists on error free records.					
		1	**2**	**3**	**4**	**5**
FRS1	Employees in the Insurance tell you exactly when the services will be performed.					
FRS2	Employees in the Insurance give prompt service to you.					
FRS3	Employees in in the Issuance company are always willing to help you.					
FRS4	The behavior of employees in the Insurance instills confidence in you.					
		1	**2**	**3**	**4**	**5**

FAS1	You feel safe in your transactions with the Insurance					
FAS2	Employees of the Insurance Company are consistently courteous with you.					
FAS3	Employees of the Insurance Company have the knowledge to answer your questions.					
FAS4	The Insurance Company gives individual attention to you					
		1	**2**	**3**	**4**	**5**
FEP1	Employees of the Insurance Company are able to communicate effectively					
FEP2	The Insurance Company has operating hours convenient to all its customers.					
FEP3	The Insurance Company has employees who give particular attention to you.					
FEP4	The Insurance Company has your best interests at heart.					
FEP5	The employees of the Insurance Company understand your specific needs.					

Statements		**1**	**2**	**3**	**4**	**5**
TQT1	The Insurance Company provides accurate monetary compensation as promised					
TQT2	The Insurance Company replaces genuine parts in place of damaged ones					
TQT3	The Insurance Company has well-trained surveyors to evaluate damages accurately					
TQT4	The Insurance Company delivers within fairly specified period of time					
TQT5	The Insurance Company has paperwork at delivery					
		1	**2**	**3**	**4**	**5**
IMG1	The Insurance Company is known for its prompt service delivery					
IMG2	The Company has prominent reputation of claim settlement service quality					
IMG3	The Company is well-known for its fairness in setting premium charges					
IMG4	The Company is least known for its claim denial (rejection)					
IMG5	The Company is over suspicious of fraud against any claim report					
		1	**2**	**3**	**4**	**5**
REP1	I prefer to purchase the insurance policy again from same company					
REP2	I would say positive things about the company					
REP3	I recommend the services of the company to others					
REP4	I consider this company as first choice for insurance services					

Many thanks for your valued time!!!

Appendix III Survey Data

CLAIM SETTLEMENT QUALITY ON REPURCHASE INTENTION

Demography		frq.	%
Sex	Male	219	76.6%
	Female	67	23.4%
		286	100.0%
Age	Below 30y	147	51.4%
	30-60y	113	39.5%
	Above 60y	26	9.1%
		286	100.0%
Education	Degree	40	14.0%
	Masters	13	4.5%
	Ph.D.	2	0.7%
	Others	231	80.8%
		286	100.0%
Modality	Private	149	52.1%
	Public	118	41.3%
	NGO	19	6.6%
		286	100.0%
Claim freq.	Once	125	43.7%
	Twice	83	29.0%
	Three times	59	20.6%
	More than three times	19	6.6%
		286	100.0%
Duration	less than 5 years	31	10.8%
	5 - 10 years	146	51.0%
	11 - 15 years	69	24.1%
	More than 15 years	40	14.0%
		286	100.0%

Dimensions		Mean	std
FUNC. QTY	FTA	3.91	0.481
	FRL	3.88	0.951
	FRS	3.47	0.463
	FAS	3.73	0.746
	FEP	4.06	0.861
		3.81	0.700
Tech. Qty	TQT1	2.80	0.968
	TQT2	4.26	0.909
	TQT3	3.79	0.758
	TQT4	2.61	0.607
	TQT5	4.01	0.522
		3.49	0.753
Image	IMG1	3.33	0.729
	IMG2	3.84	0.499
	IMG3	3.43	0.881
	IMG4	4.12	0.413
	IMG5	3.77	0.573
		3.70	0.619
Repurch. Int	REP1	3.79	0.707
	REP2	3.84	0.649
	REP3	3.85	0.572
	REP4	3.65	0.667
		3.78	0.649

Note

Independent Variable	Func. Qty Tech Qty Image