ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

DEPARTMENT OF MARKETING MANEGMENT

ASSESSMENT OF CUSTOMER CLAIM HANDLING PRACTICES AND CHALLENGES IN THE CASE OF NYALA INSURANCE

BY:YORDANOS KIBATU

ID No :- SGS/0590/2012A

ADVISOR: EPHREM ASSEFA (Ph.D)

June 2021

ADDIS ABABA ETHIOPIA

ASSESSMENTOF CUSTOMER CLAIM HANDLING PRACTICES AND CHALLENGES IN THE CASE OF NYALA INSURANCE

BY:YORDANOS KIBATU

ADVISOR: EPHREM ASSEFA (Ph.D)

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

June 2021

ADDIS ABABA, ETHIOPIA

ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

DEPARTMENT OF MARKETING MANAGEMENT

ASSESSMENT OF CUSTOMER CLAIM HANDLING PRACTICES AND CHALLENGES IN THE CASE OF NYALA INSURANCE HEAD OFFICE, ADDIS ABABA

BY: YORDANOS KIBATU

ADVISOR: EPHREM ASSEFA (Ph.D)

APPROVED BY BOARD OF EXAMINERS

______________________	_____________	_________________
Dean, Graduate Studies	**Signature**	**Date**
________________	______________	_________________
Research Advisor	**Signature**	**Date**
_________________	______________	________________
External Examiner	**Signature**	**Date**
_________________	______________	________________
Internal Examiner	**Signature**	**Date**

DECLARATION

I, Yordanos Kibatu, hereby declare that this Master thesis titled "Assessment of customer claim handling practices and challenges in the case of Nyala Insurance Head Office, Addis Ababa" is my original work, prepared under the guidance of Ephrem Assefa (Ph.D). All sources of material used while working on this thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any type of degree.

Yordanos Kibatu

Name **Signature**

St. Mary's University, Addis Ababa **June 2021**

CERTIFICATION

This is to certify that Yordanos Kibatu has carried out this thesis work title ***"Assessment of customer claim handling practices and challenges in the case of Nyala Insurance Head Office, Addis Ababa"***. This study is her original work and all the sources of materials used for the project had been duly acknowledged. The work is original in nature and is suitable for submission for the award of the Master's Degree in Marketing Management.

Advisor's Name: ______________________________

Signature: __________________

Date: ________________

ACKNOWLEDGEMENT

Thanks to God.

First and for most, I would like to give my glory and praise Mary, Mother of God, Queen of Heaven and earth and also to her son 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 would like to extend my heartfelt appreciation and gratitude to my advisor Ephrem Assefa (Ph.D) for his tireless and consistent support and guidance with full commitment throughout the paper. I am extremely thank full to all NIC staffs for their welcoming Cooperation to provide me with all necessary material that I need. Special thanks to my family. I would like to extend my special and heartfelt thanks to my best friend or her great moral, material and caring support and guidance without her support this paper would have been difficult for me to complete.

Finally, my appreciation and special thanks also goes to all whose moral support and suggestions were so valuable to my study to complete successfully.

Yordanos Kibatu

Signature: ______________

Date: ________________

Table of Contents

Table of Contents I
List of Tables IV
List of Figures V
Acronyms VI
Abstract VII
CHAPTER ONE 1
INTRODUCTION 1
1.1 Background of the Study 1
1.2 Background of the Organization 2
1.3 Statement of the Problem 3
1.4 Research Questions 4
1.5 Research Objective 4
1.5.1 General Objective of the Study 4
1.5.2 Specific Objectives 4
1.6 Significance of the Study 4
1.7 Scope of the Study 5
1.9. Organizations of the study 5
CHAPTER TWO 6
2. RELATED LITERATURE REVIEW 6
2.1. Theoretical Literature 6
2.1.1 The concept of insurance 6
2.1.2 Benefits of Insurance 6
2.1.3 The Concept of Customer Claim 8
2.1.4 Complaint Handling 8
2.1.4.1 Relationship Quality 10
2.1.5 Claims Management and Common Procedures 12
2.1.5.1 Claim Notification: 13
2.1.5.2 Claim Review 13
2.1.5.3 Response to Claimant 14
2.1.5.4 Claim Investigation 14
2.1.5.5 Claim Settlement 15
2.1.5.6 Claim Recoveries 15

2.1.6 Importance of Claims Management in the Insurance Sector 16
2.1.6.1 Settling Claims 16
2.1.6.2 Detecting Fraud 16
2.1.6.3 Lowering Costs 17
2.1.6.4 Avoiding Litigation 17
2.1.7 Challenges in Management of Insurance Claims 18
2.1.7.1 Insurance Fraud 18
2.1.7.2 Cash Flow Constraints 19
2.1.7.3 Capacity of Claims Personnel 19
2.1.7.4 Information Technology Support 20
2.1.7.5 Weak Underwriting Standards 20
1.8 Definition of key Operational Terms 21
2.2 Empirical Literature review 22
2.3. Conceptual framework of the Study 23
CHAPTER THREE 24
RESEARCH METHODOLOGY 24
3.1 Research Approach and Design 24
3.2 Data Source and Collection Methods 24
3.3. Research Respondents 25
3.4 Population, Sampling Techniques and Sample Size 25
3.5 Method of Data Analysis 25
3.6. Reliability and Validity of the Data Collection Instruments 25
3.7. Ethical Considerations 26
CHAPTER FOUR 27
DATA PRESENTATION, ANALYSIS, INTERPRETATION, AND DISCUSSION 27
4.1 Introduction 27
4.2 Demographic Characteristics of Survey Respondents 27
4.3 Customer Claim Handling System at NIC 29
4.4 Customer Claim Handling Challenges 31
4.5Customer claim handling performance of NIC 33
4.7 Other Research Related Items 34
4.8 Analysis of Qualitative Data 36
CHAPTER FIVE 39

SUMMARY, CONCLISTION AND RECOMMENDATION 39
Introduction 39
5.1 Summary of Major Findings 39
5.2 Conclusion 41
5.3 Recommendations 42
Reference 43
Appendix 48

List of Tables

Table 3.1: Cronbach Alpha value………………………………………………………… 26

Table 4.1 Demographic characteristics of survey respondents…………………………...28

Table 4.2 Customer Claim Handling Practice and System at NIC ………………………30

Table 4.3 Customer claim handling performance of NIC ………………………………33

List of Figures

Figure 1: Conceptual framework of the study…………………………………………………..23

Chart 4.1: Claim handling challenges at Nyala Insurance Corporation……………….........32

Chart 4.2: Claim handling challenges in rank at Nyala Insurance Corporation……………33

Chart 4.3, Awareness about Insurance………………………………………………………..34

Chart 4.4, Source knowledge about Insurance ……………………………………………….35

Chart 4.5: Type of insurance services at Nyala Insurance Corporation ……………………..35

Chart 4.6: Prior insurance experience before joining Nyala Insurance Corporation………36

Acronyms

NIC…………………………...Nyala Insurance Company

SPSS-------------------------------Statistical Package for Social Sciences

Abstract

The aim of this study was to assess the customer claim handling practices and challenges in the case of Nyala Insurance Head Office, Addis Ababa. To this end, data were gathered through questionnaire from 60 customers of the insurance company. The researcher used convenience sampling method to select samples because customers were contacted at hourly service delivered and the population would be infinite. Descriptive statistics (frequency, percentage, mean and standard deviation) was used to analyze data as it helps to describe the characteristics of objects, people group, organizations, or environments. Data from the respondents was analyzed and translated into useful information using the statistical package for social sciences (SPSS).The findings of the study indicate that the insurance company's customer claim handling system was found to be ineffective as the respondents' average mean value was 2.88. The results also show that the major claim handling challenges in NIC are weak underwriting standards, lack of information technology support and limited capacity of claims personnel and the performance evaluation and legal principles undertaken by the company to reduce customer claim handling and related problems. Therefore, Nyala Insurance company need to improve the existing customer claim handling practices and take proactive measures to curb the challenges and increase insurance customer satisfaction.

Keywords: Nyala Insurance Company, Customer Claim Handling Practices, challenges

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Customer claims handling service is the basic on which an insurance company is ultimately judged by clients and the key issue affecting the reputation of the insurer. Achieving excellence in customer claims handling would be fundamental objective of any insurance company .The effect of risk is not confine with any boundaries. A single event can easily influences several areas of an organization at once. The persuasiveness and complexity of the risk present strong challenge to manager. One of the most important is being the consideration of the risk management across area within the organization (William JR, and Recharge, 2004).

Insurance played an important role to transfer risks by allowing people to be protected against the consequence of risk. They run to third party for premium. The service provide by the insurer has always have this proper financial loss in the most effective way to properly analyze the overall customer claims handling practices and some factors affect the customer claim practices. Therefore, this study is aimed to assess the customer claim handling practices in the case of Nyala Insurance Company.

A customer claim or complain is an expression of dissatisfaction or discontentment with a good or service by a customer. Customer handling refers to understanding customer needs, fulfilling their requirements, and regular interaction with clients (Cyrus Karajay, 2016).

The importance of customer claim handling for businesses is every business has to be customer centric to sustain in the competitive market. Investing in customer support will help businesses to understand their complaints and improve their services and experience. Learning to value the complaints made by customers is an important step in taking your company to the next level. Complaints give a firsthand perspective of how your customers feel. Instead of doing expensive market research or running a feedback survey, customer complaints are actually the real feedback that you can get if you address them carefully and implement those changes. By realizing the importance of customer complaints, evaluating business areas becomes direct and

easy. To handle customer Complaints are a reality check for your business, helps the business Understand customers better. If we got customer claim it will be the first-hand feedback about your products & services which help to improve your customer support and also build customer loyalty.

1.2 Background of the Organization

Nyala Insurance S.C. (NISCO) is one of the leading Insurance Companies in Ethiopia in terms of performance growth and financial position. It was established in 1995 to engage in general insurance business pursuant to the enactment of the Insurance Business Proclamation 86/1994 with a subscribed capital of Birr 25 million and paid-up capital of Birr 7 million. In 2005, NISCO turned into a composite insurer by adding life business and increasing its paid-up capital to Birr 35 million. During the last five years, NISCO has grown very quickly and currently, its Paid-up capital reached Birr 416 million. With a head quarter in Addis Ababa, Nyala Insurance S.C. operates in almost all regional states in Ethiopia through a network of 46 service outlets (35Service Centers and 11 Contact Offices) distributed all over the country. In 2019, NISCO wrote Birr 492 million of premium income and realized a gross profit of Birr 184 million. Its shareholders' equity reached Birr 842 million while its total assets were Birr 2.1 billion. NISCO has profoundly revised its previous course of business situation, and keenly formulated a forward-looking Strategic Plan that would help the Company efficiently deploy its financial, physical and human resources towards achieving higher growth.

(https://www.nyalainsurance.com/)

As the company annual report of 2019-2020 shows that the underwriting surplus of the general insurance business resulted at Birr 123.0 million, showing an increase of 5.6% from last year of Birr 116.5 million. This growth attributes mainly to the company's prudent underwriting practices and efficient claim handling process. When we see the underwriting result by class of business, NISCO managed to register profit in all classes of business. The substantial contribution in underwriting surplus was from Motor, Engineering, and Marine, Fire, Workmen's Compensation and Bond classes of business, with 36.9%, 10.3%, 8.9%, 8.7%, 7.7% and 4.3% share respectively. All other classes together accounted for 23.2% of the total.

1.3 Statement of the Problem

One basic purpose of the insurance is to provide indemnification compensation or replacement of those members the group who suffer loss. This is accomplished in loss setting process. Nyala insurance just like other insurance company is more complicate than passing of money in port of world to pay claim. The problem of running an effective claims administration that would satisfy Customers and earn their confidence as well as repurchase insurance product remains behind in the insurance company.

Customer claim settlement strategy prompts customer loyalty as it help to develop perception of membership or belonging with in particular group of customers, thereby providing the company with opportunity to retain existing customers while attractive new ones profitable one (Breasts, 2004).

Different studies have been conducted, both locally and abroad, in relation to claim settlement or claim handing and its effect on various organizational issues such as customer satisfaction, customer trust. For instance, Brown Ateke & Chinyere StellaNwulu (2019) attempted to assess the relationship between complaint handling and customer satisfaction and relationship between complaint handling and customer trust. The finding of the study indicates that complaint handling and relationship quality are positively correlated. Moreover, in the case of Ethiopia, Mekdelawit Yoseph (2014) conducted a study on assessment of claim settlement of motor insurance in case of Tsehay Insurance S.C. The findings of the study show that clients are not satisfied with claim service. Moreover, the major cause that arises dispute is the misunderstanding of the policy wording due to underwriters didn't give brief description of policy and terms. Besides, Yosef Belay (2018) conducted a study to assess the effect of claims management process on customer satisfaction of insurance customers. The finding of the study indicates that the highest drivers of customer satisfaction are the claim management process with direct impact on the monetary value of the claim.

On top of the empirical gap, the student researcher has noticed that customers complain on the Nyala Insurance Corporation arising from its service provision procedures and policy. The consequence of the above problem leads to low premium, low capital formation, customer dissatisfaction and low performance of the insurance corporation. Therefore, this study attempted

to fill the research gap by studying the customer claim handling system, the major challenges facing the insurance corporation in claim handling as well as evaluate the measures taken to resolve

1.4 Research Questions

This study attempted to find out answers to the following research questions:

- What does the customer claim handling system of the company look like?
- What are the major obstacles in customer claim handling of the company?
- What is the customer claim handling performance of the insurance company?

1.5 Research Objective

1.5.1 General Objective of the Study

The general objective of the study is assess customer claim handling practices and challenges in Nyala Insurance Corporation at the head office in Addis Ababa.

1.5.2 Specific Objectives

This research has got the following specific objectives

- To assess customer claim handling system of the insurance company
- To examine the major obstacles in customer claim handling of the company.
- To evaluate how the company evaluates customer claim handling performance.

1.6 Significance of the Study

This study will have the following basic significances

- The findings of this study will help Nyala Insurance Corporation to identify and adept the better ways to settle customer claim handling that will in turn increase customer satisfaction, which would have positive effect of improving the image of the insurance corporation in head office branch.
- This study also helps to improve the customer claim handling system of Nyala insurance head office branch.

- Customer claim handling unit finds it a useful tool to deal with loss customer claims of an insured in a prompt and equitable manner.
- To make appropriate recommendation to improve customer claims settlements that ensure the double benefit of cost efficiency and customer satisfaction in Nyala Insurance Corporation head office branch
- This study also serves as a launching pad for other researchers who would like to conduct studies in similar area.

1.7 Scope of the Study

The scope of the study was delimited in terms of the theme or topic, geographical area and the methodology adopted. Topic wise, this study is delimited to assess customer claim handling practices and associated challenges in the case of Nyala Insurance Company. In terms of geographical area, this study was delimited to the Headquarter of Nyala Insurance Company located in Addis Ababa. In methodological terms, the study is descriptive in nature and data were gathered mainly through questionnaire.

1.9. Organizations of the Study

This study is organized in five chapters. Chapter one deals with introduction to the study including background of the study, background of the organization, statement of the problem, objective of the study, significance of the study, scope of the study, limitation of the study and organization of the study. Chapter two is about review of literature and chapter three deals with their search methodology including research approach and designs, data source and collection methods, research respondents, sampling techniques and sample size, method of data analysis, reliability and validity of data collection instruments, and ethical considerations. Chapter four is about data presentation, analysis and interpretation. Chapter five presents summary, conclusion and recommendation based on the research findings.

CHAPTER TWO

2. RELATED LITERATURE REVIEW

2.1. Theoretical Literature

2.1.1 The Concept of Insurance

People seek security. A sense of security may be the next basic goal after food, clothing, and shelter. An individual with economic security is fairly certain that he can satisfy his needs (food, shelter, medical care, and so on) in the present and in the future. Economic risk (which we will refer to simply as risk) is the possibility of losing economic security. Historically, economic risk was managed through informal agreements within a defined community. If someone‘s barn burned down and a herd of milking cows was destroyed, the community would pitch in to rebuild the barn and to provide the farmer with enough Cows to replenish the milking stock. This cooperative (pooling) concept became formalized in the insurance industry. Under a formal insurance arrangement, each insurance policy purchaser (policyholder) still implicitly pools his risk with all other policyholders (Andersson, 2005). Zeleke (2007) also defines insurance as a social device, in which a group of individuals called Insured transfer risk to another party called the Insurer in order to combine loss experiences, which permits statically prediction to losses and provides for payment of losses from premiums by all members who transferred risk.

2.1.2 Benefits of Insurance

Insurance, like most institution presents society with various benefits. The most important general benefits of insurance are peace of mind, indemnification, keeps families and business together, provides a basis for credit, stimulate savings and provides investment capital (Dickson, 1999).

a) Peace of mind: Almost everyone has a basic desire for some security or peace of mind. To the extent that insurance provides certainty or predictability, it helps an individual or business improving efficiency of actions by reducing anxieties.

b) Indemnification: The direct advantage of insurance is indemnification for unexpected loss, which means, putting one to the same position he/she was before the unfortunate events occurred.
c) Keep families and business together: The existence of insurance often supplies financial aid at time of death of family or damage of property due to unforeseen events.
d) Provides a basis for credit: One finds it impossible to visualize the credit economy of today without insurance. For instance, fire insurance is invariably used by mortgages who loan money with real or personal property as collateral. Banks would not dare to grant any loans without making sure there is some institution or someone that will pay them their money if the unfortunate happens to the collateral they hold against the credit granted.
e) Stimulates savings: classes like life insurance have special advantages in stimulating savings.
f) Provides investment capital: Insurance premiums normally are paid in advance of losses and held by insurers until the time of claim payment, which allows insurers to invest it.

Insurance, like most institution presents society with various benefits. Peace of mind, indemnification, keeps families and business together, provides a basis for credit, stimulate savings and provides investment capital are the most important general benefits of insurance (Dickson, 1999).

- Peace of mind: Almost everyone has a basic desire for some security or peace of mind. To the extent that insurance provides certainty or predictability, it helps an individual or business improving efficiency of actions by reducing anxieties.
- Indemnification: The direct advantage of insurance is indemnification for unexpected loss, which means, putting one to the same position he/she was before the unfortunate events occurred.
- Keep families and business together: The existence of insurance often supplies financial aid at time of death of family or damage of property due to unforeseen events.
- Provides a basis for credit: One finds it impossible to visualize the credit economy of today without insurance. For instance, fire insurance is invariably used by mortgages who loan money with real or personal property as collateral. Banks would not dare to grant any loans without making sure there is some institution or someone that will pay them

their money if the unfortunate happens to the collateral they hold against the credit granted.

- Stimulates savings: classes like life insurance have special advantages in stimulating savings. Provides investment capital: Insurance premiums normally are paid in advance of losses and held by insurers until the time of claim payment, which allows insurers to invest it.

2.1.3 The Concept of Customer Claim

A claim on an insurance policy, according to Krishman (2010), is a demand on an insurance company to fulfill its portion of the promise, committed to while writing the contract with the insured. Asokere and Nwankwo (2010) defined a claim as a demand made by the insured person to the insurer for the payment of benefits under a policy. Brooks, Popow and Hoopes(2005) earlier submitted that an insurance claim is also a demand by a person or an organization seeking to recover from an insurer for a loss that an insurance policy might cover. A claim, according to Vaughan and Vaughan (2008), is described as a notification to an amount is due under the terms of a policy. However, Francis and Butler (2010) described claim as a defining moment in the relationship between an insurance company and its customer. Similarly, such relationship can become healthy if the insurers are able to address five key issues such as: taking greater control of the claim process; understanding their customer; choosing the right claims model for their business; developing a mutually beneficial relationship with other service providers; and gaining an information advantage. Singh (2012) opines that insurers can transform the claims processing by leveraging modern claims system that are aligned with robust business intelligence, document and content management system that will improve claims processing efficiency and effectiveness.

2.1.4 Complaint Handling

A complaint is an expression of discontent by a customer/consumer, addressed to a service provider, in the event of service failure. Consumers complain when they experience a service performance that falls below their expectation, and the consequent dissatisfaction they feel. Thus, dissatisfied customer are more likely to complain than satisfied ones (Keiningham et al, 2015; Sigh & Roberts,1996).Complaint handling involves the actions and activities of suppliers

and their ability to avoid potential complaints, solve manifest ones before they create problems and discuss solutions openly when problems arise (Sohail, 2012).

Complaints are integral parts of relationships and of any service activity because mistakes are unavoidable features of human interactions and also of service delivery (Boshoff, 2007), yet firms consider consumer complaints of any kind to be indispensable indicators of unsatisfactory performance (Taleghani et al, 2011).Complaints thus serve as feedback and help firms to become aware of problems (Crie&Ladwein, 2002).) Dissatisfied consumers who complain have a higher level of repurchase intention than those who do not complain (Johnston, 2001Lau & Ng,2001). Hence firms do not only devise initiatives to forestall service failures that may trigger complaint behaviors; they also devise ways of handling consumer complaint issues resulting from service failures when they arise. Complaints handling is a planned and controlled way of receiving, recording, processing, responding to and reporting on complaints as well as using them to improve services and decision-making (Ombudsman,n.d). It includes the receipt, investigation, settlement and prevention of customer complaints and recovery of the customers (Taleghaniet al, 2011).

Consumers have various means to express their dissatisfactions (Singh, 2000), and several typologies have been proposed to differentiate complainers from non-complainers (Crie&Ladwein, 2002). Generally, consumers have been classified into four categories based on their reactions to dissatisfaction namely passives, voicers, irates and activists(Taleghaniet al, 2011;Mowen & Minor, 2008; Singh, 2008; Strauss, 2004;Stauss, 2004; Stauss& Seidel,2004; Singh, 2000; Singh &Wilkes, 1996). Salami and Emueje (2015) opine that the unavoidable outcome of ignoring customer issues is that it will expose poor service deliveries of firms to the world, compound otherwise minor issues that could be addressed quickly and decisively to slip through the cracks and allow hasty and often inappropriate decisions to be made. Thus, the Manner in which a complaint is handled in a buyer-seller relationship can have either constructive of destructive outcomes (Sohail, 2012). Hence, the contingency perspective of complaint handling (Rahim, 2000) reasoned that the seller must determine the right complaint management approach, after analyzing a particular situation. In general, complain handling strategies aim to minimize negative outcomes and maximize positive consequences (Sohail, 2012).

The ability of the seller to effectively handle complaints in the service delivery process facilitates seamless service delivery/recovery, and returns a customer from the verge of dejection and defection to a state of satisfaction and loyalty.

Set standards and guidelines exist for complaint handling in organizations, which can be taken as starting point for assessing good practice in complaint handling schemes (Ang&Buttle, 2006). BSI (2004) suggest that these standards and guidelines for effective complaint handling include visibility, accessibility, responsiveness, objectivity, no charges for complaint handling, confidentiality, customer-focused approach, accountability (within the organization) and continual improvement. Ombudsman (n.d) on the other hand suggests that these standards and guidelines are commitment, communication, visibility and access, responsiveness and fairness, resources, personnel and training, assessment and investigation, remedies, business improvement, internal and external review systems; while George et al (2007) identify highly visible procedures, easy and free access, effective company protocols, fairness and organizational ownership and commitment as standards and guidelines for effective complaint handling. Nevertheless, looking at it from an operational perspective, the complaint handling process can be summarized in three sub-dimensions, viz complaining accessibility, customer-firm interaction and compensation policy(Grougiou& Pettigrew, 2009;Mattila &Wirtz, 2004; Maxham & Netemeyer, 2003; Stauss 2002; Johnston & Mehra,2002; Johnston 2001).

However, the current studydwells only on customer-firm interaction, and treats complaints handling and customer-firm interaction synonymously. Customer-firm interaction is a critical aspect of complaint management (Gruber et al, 2006) because studies suggest that customers make separate determinations between the fairness ofthe complaint handling process and the actual outcome (Singh &Widing, 1990) and are more concerned with obtaining a fair and serious treatment than a specific result (Hansen et al, 2010; Davidow, 2003).

2.1.4.1 Relationship Quality

Adejoke and Adekemi (2012), Boone and Kurtz(2007) and Jobber and Fahy (2006) view relationship marketing as the process of creating, developing, enhancing and maintaining long-term, cost-effective exchange relationship with individual customers and other stakeholders. To Nakhleh (2012), it is simply the art of developing personal relationship with customers. Positing

that the benefit of buyer-seller relationships should be relational and dyadic, Ismail (2009) emphasize that marketing relationships are partnerships with emphasis on social bonding, co-operation, joint problem solving, and resource sharing based on common goals. Relationship marketing therefore is premised on long-term relationships that are mutually beneficial. Parties involved in such relationships should be equal beneficiaries of the outcome of the relationship, and such outcomes must be of great value and relational quality. Relationship quality is a construct composed of several components reflecting the overall nature of buyer-seller relationships (Adejoke&Adekemi, 2010). There is hardly a consensus among scholars regarding the conceptualization of relationship quality. It can however be interpreted from literature that core components of the construct include conflict resolution, willingness to invest, and expectation to continue (Kumar et al, 1995), customer satisfaction with the service provider's performance, trust in the service provider, commitment to the relationship with the service provider and cooperation (Baker et al, 1999; Garbarino&Johnson 1999; Dorsch et al, 1998; Smith, 1998; Palmer &David, 1994Crosby et al, 1990). Thus, customer satisfaction, trust, commitment, cooperation and conflict resolution can be seen as core components of relationship quality. In the current study however, only customer satisfaction, trust, commitment and conflict resolution are considered.

2.1.4.2 Commitment

The focus of relationship marketing is on building long-term arrangement in which both seller and buyer participate in the interest of providing more satisfying exchanges because of the economic and marketing benefits associated with developing long-term buyer-seller relationships (McMullan & Gilmore, 2008). Relationship marketing is about retaining customers by establishing, maintaining and enhancing relationships with them (Sohail&Malikakkal, 2011). Extant literature show that a firm's level of relationship marketing activities positively correlates with its performance (Sohail,2012;Sohail & Malikakkal, 2011; Buchanan & Gilles, 1990; Sharma &Sheth, 1997)as well as the level of strategic competitive advantage that is achieved in the marketplace (Myhal et al, 2008; Knox & Denison, 2000; Lynch &Ariely, 2000).

However, the objective of relationship marketing can only be achieved when parties involved are committed to the relationship. Commitment is the relative strength of an individual's identification with, and involvement in a particular organization, including the sacrifices made

by the parties to maintain the relationship. Moorman et al (1992) define commitment as an enduring desire to maintain a valued relationship. Berry and Parasuraman (1991) indicate that commitment is central in relationship marketing theory. Mutual commitment is very essential in building a long-term relationship. Wilson (1995) in Ateke (2014) observe that commitment is the most common dependent variable used in buyer-seller relationships, and is higher among buyers who believe that they receive more value from a relationship. The importance of retaining existing customers and initiating activities to improve customer loyalty has received attention, as markets become more competitive (McMullan & Gilmore, 2008).

2.1.5 Claims Management and Common Procedures

Claims management is critical to an insurer‘s success. Done right, it solidifies customer relationships. Tajudeen and Adebowale (2013) defined claim management process as a combination of all managerial decisions and processes concerning the settlement and payment of claims in accordance with the terms of the insurance contract (Redja, 2008cited on Tajudeen and Adebowale, 2013).Wedge and Handley (2003) define Claims Management as the carrying out of the entire claims process with a particular emphasis upon the monitoring and lowering of claims costs. The two definitions combined together suggest that the claims management process has to strike a balance between customer expectations and maintaining cost efficiency.

A customer‘s expectation, during a claim, is to be paid without any delay, while a claim manager will have to ascertain whether the claim is payable, and if so, the amount payable. This process requires inputs from various service providers including investigators, assessors, garages, hospitals, doctors, advocates and loss adjusters. The service provider may not attach the same priority to a customer as the insurer, resulting to slow turnaround time and complaints from customers.

Although different insurers follow different procedures, some of the basic elements include claims notification, claim review, responding to claimants, claim investigation, claim settlement and claim recovery if required. Understanding the importance of claims management, OECD Insurance Committee had documented and published best practices in claim management practices. Activities the OECD guideline identified as important include: adequate information and assistance to the policyholder for claim reporting; efficient claim filing methods; operational fraud detection and prevention measures; adequate, fair and transparent claim assessment and

processing; expeditious claim settlement; effective complaint and dispute settlement procedures; and appropriate supervision of claims-related services (OECD, 2004).The various stages a claim goes through from its occurrence to conclusion are:

2.1.5.1 Claim Notification:

Most policies state that the insured should notify their insurer of a claim promptly. The initial report may be verbal, though the insured will be required to give further information by completion of a claim form. For liability claims, the insured is required to forward to the insurer all correspondence from the claimants or their advocates. It is the insured‘s responsibility to prove that they have suffered a loss, and the loss was caused by a peril, which is covered by the policy. The client must also prove the amount of loss, such proof being by way of purchase receipts, repair account or a valuation (Roff, 2004).

When a claim is not reported promptly, the insurer misses out the opportunity to investigate facts when they are still fresh. Other factors also come into play, which may aggravate the loss. Besides, an insurer needs to separate genuine claims from fraudulent ones. Late reporting makes this separation difficult. The OECD guideline recommends that the insurance company should draw the attention of the policyholder to report claims timely during the signing of the policy. The guideline also recommends that the insurer prepares appropriate claim reporting forms and provide necessary information to help the client report the claim (OECD, 2004).

2.1.5.2 Claim Review

It involves analysis of the claim and includes comparison of information in claim form with what was provided in the proposal form, interpretation of the policy in light of the claim, economic considerations such as decision on whether the claim is too small to warrant further investigations or the need to call for additional documentation. Alternatively, a large claim may justify further investigations or legal action. The insurer needs to check that the policy was in force at the time of loss, the insured‘s details are as per proposal form, the peril insured against is covered by the policy, the insured has complied with the policy terms and conditions and that the loss claimed against does not fall under an exclusion. Claims review is a crucial stage in the claims process; where likely conflicts arising from policy interpretation, economic considerations, market practice and legal requirements. A senior claims handler needs to be

involved at this stage, in order to handle major issues accurately and promptly, including properly investigating the claim if need be (James, Lyn and Rowe, 2009). The OECD guideline suggests that the insurer establishes a compliance programs for combating fraud, discourage fraudulent practices by making the policyholder/claimant/beneficiary aware of the consequences of submitting a false statement (which in particular could be liable to prosecution) and/or an incomplete statement (OECD, 2004).

2.1.5.3 Response to Claimant

The initial response is usually an acknowledgment, or a request for further information. Once the insurer is satisfied with information given, they either convey decision to pay, or decline to pay the claim. A third response may be offered to pay a lower amount than that claimed or enter into negotiations with the insured, without initially making any offer on amount. This is in a situation where liability is accepted, but insurer is not satisfied with amount claimed. Whether the insurer intends to decline a claim, or enter into negotiation, they must convey to the insured their reasons for the decision, to ensure the insured is satisfied with the decision and avoid the insured resorting to litigation (James, Lyn& Rowe, 2009).

2.1.5.4 Claim Investigation

In some cases, the insurer may not have full facts of the claim and is unable to make a decision on a claim. They may therefore require appointing an investigator, to carry out investigations and file a report to the insurer. This is mainly for motor and liability claims. Investigations are also necessary if a claim is suspected to be fraudulent. The nature of other claims requires an insurer to appoint a loss adjuster, to establish liability and quantum of the claim. This is especially for property claims, including Fire, Burglary, Domestic Package, All Risks, and Marine among others. In the case of motor claims, a motor assessor assesses the extent of damage to the vehicle and establishes the cost of repairs. The assessor also advises whether to repair the vehicle or treat it as a constructive total loss and pay insured pre-accident value of the vehicle. Once investigations are completed, the insurer is expected to convey findings and next course of action to the insured. The investigator must exercise speed but also be efficient. The report should be comprehensive, covering all the salient features of the claim, while bringing out the issues in an orderly and clear manner (Wedge & Handley, 2003). Besides the above points, OECD (2004)

recommends the establishment of internal methods for assessing claim by the insurance company, clarifying the role of claim adjusters, as well as ascertains their competence and qualifications.

2.1.5.5 Claim Settlement

Where liability is not in dispute and both insurer and insured are in agreement on quantum, settlement follows immediately. However, in situations where either liability or quantum is in dispute, the claim is delayed. OECD (2004) points out, after an agreement has been reached between the insurer and the policyholder (claimant or beneficiary) on the amount of compensation, the payment should be completed within a reasonable amount of time. A quick claims settlement as well as high quality and punctual information provided to the policyholder (claimant or beneficiary) are key competition features for insurance companies. In case of any delay, the guideline recommends that the insurance company as soon as possible should advise in writing the policyholder (claimant or beneficiary) on the reasons for any delay and resolution (OECD, 2004). Complaints and dispute settlement: in cases where the client has complaints or goes into disputes. OECD (2004) suggests that complaints or disputes be filed, acknowledgement of the receipt of the complaint to the client within a reasonable period of time be made, explain how their complaints will be handled and on the procedures of follow up. Complaints should be processed promptly and fairly with communication of progress. Final response should be given in writing within a reasonable period of time. Further, if policyholder/claimant/beneficiary is dissatisfied with the final response given by the insurer, he should be informed if interested to activate an internal appeals process or appeal to the dispute settlement procedure available outside the company (OECD, 2004).

2.1.5.6 Claim Recoveries

Although this process does not involve the policyholder, an insurer may require recovering all or part of their outlay. There are four sources of recovery; from a third party who was to blame for the accident, from a party insurer has subrogation rights against, from a reinsurer if reinsurance protection is in place or from sale of salvage.

2.1.6 Importance of Claims Management in the Insurance Sector

According to Keefer (2010:157), proper claim management provides the following benefit, in addition to the competitive environment in which insurance companies operate, these businesses are challenged by more stringent compliance with government regulations and increasing expectations on the part of consumers. Efficient claims management is vital to the success of both large and small companies working within the insurance industry. Major components of the claims handling process include developing strategies to cut costs and reduce fraud while keeping customers satisfied. Small companies in particular can benefit from claims management tools and technology.

2.1.6.1 Settling Claims

Settling insurance claims is just one aspect of the claims management process. The time it takes to process a claim involves several stages beginning with a person filing a claim. The stages that follow determine if a claim has merit as well as how much the insurance company will pay. Insurance customers expect a company to settle claims quickly and to their satisfaction. Because high customer satisfaction levels can give a company a competitive edge, reducing the time it takes to settle insurance claims is one way to decrease the number of customer complaints and improve service. The use of claims management system software that speeds the process and minimizes costs offers a practical solution. Simplifying the claims process through automation helps reduce expenses for smaller companies that operate with smaller budgets (keefer, 2010:167). The basic purpose of insurance is to provide for the group who suffer losses. This is Accomplished in the claim settlement process, but it is sometimes a great deal more complicated than just passing out. The payment of losses that have occurred is function of the claim department (Assefa, 2004:160).

2.1.6.2 Detecting Fraud

Paying fraudulent claims costs insurance companies money a cost the insurance industry then passes on to its customers. Consequently, underwriting guidelines become tougher and the insurance premiums consumers pay increase. Software tools designed to examine payment history and evaluate trends in claim payoffs can help insurance companies detect fraud, according to Wipro, a global IT business. For example, how often the same individual files an

insurance claim can be a warning that a person might be filing a fraudulent claim. Unfortunately, settling claims too quickly increases a company's chance of paying out on a greater number of fraudulent claims. Unlike large companies that can absorb some losses as a part of doing business, small companies quickly suffer the negative effect on net earnings when paying fraudulent claims. Then again, processing insurance claims too slowly increases the risk of losing dissatisfied customers. In a highly competitive insurance market, small companies can't afford to lose customers (Keefer, 2010: 169).

2.1.6.3 Lowering Costs

Monitoring costs throughout the claims management process determines how much of a customer's premium rate goes toward paying for the insurance company's administrative costs. Generally speaking, when settling a claim is delayed, it costs the insurance company more money. The higher claim costs reduce profitability. For small and large insurance companies alike, automation of some of the claims management process can help decrease a company's operating costs. One example is the increased cost of investigating a claim manually. Information technology systems, though, improve efficiency by decreasing the number of claim errors, detecting fraud early and reducing the time it takes to process and settle a claim all factors that cut an insurance company's costs and increase profitability. Even in a healthy economy, running a small business can be tough. Other essential functions of the claims management process that can reduce costs include developing programs directed at preventing claims before they occur and avoiding future claims (keefer,2010:169)

2.1.6.4 Avoiding Litigation

In most cases involving insurance claim disputes, the insurance company eventually agrees to pay an equitable amount if a customer has a legitimate claim and can present evidence supporting it. Although quickly settling a claim can avoid the chances for litigation, accurate liability assessment is crucial to achieving a quick resolution in a claim dispute. Insurers work to evade litigation because it substantially increases the company's cost of settling a claim. For instance, one-time cases where a person misrepresents information he provides on an insurance application can be expensive for an insurance company to prove legally. Causing a company financial loss is another reason to avoid litigation. Small insurance companies are not immune

but rather are increasingly exposed to potential litigation involving claim disputes (keefer, 2010:170)

2.1.7 Challenges in Management of Insurance Claims

A challenge can be described as a difficult task that tests a person‘s ability and skills (Hornby, 2005). In terms of claims management, a challenge may be described as a factor that hinders effective performance of the claims function. Some of the major challenges in management of general insurance claims are:

2.1.7.1 Insurance Fraud

Fraud is defined as a deliberate act done with intent to deceive (Cockerell, 1997). A claim is said to be fraudulent if the insured makes false statements of fact in his claim or made statements, knowing them to be false, or not believing them to be true, or that he made them carelessly not caring whether they were true or false. The insurer has a right to decline a claim if fraud is proved, as it amounts to breach of one of the basic principles of insurance, the principle of Utmost Good Faith (Bennett, 1992). Wedge and Handley (2003) note that fraud can take a variety of forms, including the inflation of a genuine claim, creating an entirely fictitious event, and causing deliberate as opposed to accidental damage to insured property. The main motive of insurance fraud is financial gain. Insurance companies have had to undergo very tough times and incur huge payouts in claims, some of which have proved to be fraudulent. This has forced insurance companies to rethink the way they handle claims (Karau, 2008). Fraud is perpetrated by a cartel of crooks, through non-existent or exaggerated claims. Fraud has been cited as one of the causes of the collapse insurance companies in the last decade (Wahome, 2010). As much as genuine customers need to be paid promptly, they must be separated from the fraudulent ones through investigations, which is time consuming and a major cause of customer dissatisfaction. If a fraudulent claim is paid, the insurer loses a lot of money to fraudsters. The insurer may resort to increasing premiums, which affects both the good and bad customers. In addition, if a fraudster gets away with it, he may be tempted to continue this practice in the future (Roff, 2004).

2.1.7.2 Cash Flow Constraints

Cash flow management is the process of monitoring, reviewing and regulating a company‘s cash flows. The statement of cash flows reports a company‘s cash inflows and outflows for a period and provides a company‘s ability to generate cash from operations, maintain and expand its operating capacity, meet its financial obligations and pay dividends (Reeve, Warren&Duchac, 2009). For a general insurance company, cash inflows include premium, investment income, capital injections, policy excess, sale of salvages and reinsurance recoveries. Cash outflows include claim payouts, costs, investments made in shares/bonds, distribution payments to owners and creditors of the insurer, tax to the government and payment of reinsurance premiums (General Insurance, 2010). A company may experience cash flow constraints due to various reasons, including outstanding premiums, competing priorities, failure or delay of reinsurers to pay their share of claims, huge claims among others. Claims payment usually takes the largest percentage of a company‘s payments, and the one affected most when a company has cash flow constraints. If a company has cash flow constraints, the item likely to be affected most is claims payments. Failure or delay in meeting financial obligations when they fall due negatively may affect a company‘s reputation.

2.1.7.3 Capacity of Claims Personnel

In a service industry such as insurance, contact employees are the face of the organization, and can directly influence customer satisfaction (Zeithaml&Bitner, 2003).Employees in Claims Department are in close contact with the customer and/or intermediary from the time a claim is reported, throughout its processing, until it is eventually settled or rejected. The difference between one service supplier and another often lies in the attitude and skills of their employees (Lovelock &Wirtz, 2007).Further, the best defenses against claim fraud are well-trained Claims staff. The process of uncovering and battling fraud begins in the Claims Department (Brown, 1997).It is the responsibility of the Claims Manager to recruit, train and retain intelligent and competent staff. He should also delegate responsibilities within the department in a way that whereas a substantial proportion of claim advices do not have to be referred to his office, decisions with serious ramifications on the business are not left to inexperienced or incompetent staff (Wedge & Handley, 2003). However, due to various factors, some of which are not within the manager‘s control, claims staff leave employment and have to be replaced. Whereas direct

costs associated with loss and replacement of employees is measurable, there are also indirect costs associated with loss of employees, including loss in customer service and customer satisfaction. The company also suffers loss of specific job skills and disruption of service (Mwangi, 2008). If the insurance company is not an attractive employer, retention of competent and qualified staff may be a major challenge.

2.1.7.4 Information Technology Support

Information Technology (IT) is defined as―the use or production of a range of technologies (especially computer systems, digital electronic and telecommunications) to store, process and transmit information)‖ (Wedge & Handley, 2003). Claims managers need to maximize the use of information technology, in order to reduce claims processing cycle, thus enhancing efficiency and customer satisfaction. Ineffective IT governance and control is likely to be the main cause of the negative experiences many organizations and especially insurance firms have had with the use of IT, including lost business, damaged reputations, weakened competitive position, inability to meet deadlines, failed or aborted projects, budget overruns and poor returns on investments (Nyakomitta, 2009). Large complex claims, especially liability claims may take long to be concluded. Besides, they may involve a lot of correspondence between the insurance company and claimant and/or the claimant‘s advocate. For such claims, there may be a lot of manual intervention, and the IT system may not be flexible enough to capture all the intricacies of the claims. Further, general insurance claims are paper-based to a large extent; therefore, automation may be only partial. In addition, interfaces between insurers and service providers may not be integrated, which may result to poor claims tracking and lack of management information.

2.1.7.5 Weak Underwriting Standards

Underwriting refers to the process of evaluating a proposal that comes for insurance and making a decision of whether to accept the proposal or not. If the proposal is to be accepted, at what price and on what terms, conditions and scope of cover (Brown, 1997).The underwriter also has a responsibility to ensure that there is no adverse selection against the insurer, and that the proposer is not a moral hazard. The underwriter must ensure that the premium charged is commensurate with the risk exposure. To a large extent, the quality of underwriting has a bearing on claims eventually made. Moral hazard proposers and adverse selection are also not detected.

Within the insurance period, such proposers lodge claims, which would have been avoided if they were detected at underwriting stage. Unissued policy documents pose a major challenge to a claims handler. The insured feels unjustly treated, if the claims manager relies on breach of a policy condition to decline a claim which policy the insurer had not issued and sent it to the insured. Other challenges include wrongly worded policy documents, incomplete or no proposal forms, agents completing proposal forms on behalf of the insured among others. The claims manager ends up paying claims, which would otherwise not have been paid if proper underwriting were done. Inability to adhere to internationally accepted underwriting standard brings a level of risk, which leads to charging premium which is less than the risk exposure (Karau, 2008). When the level of claims exceeds premiums received, the insurance company is unable to meet its obligation to policyholders; and this may result to its closure.

2.1.8 Definition of key Operational Terms

- **Insurance:** insurance is a mechanism by which an organization can exchange its uncertainty for greater certainty. An economic device whereby the individual or business pays a cost (premium) in exchange for protection against financial loss (Vaughan and Vaughan, 2008).
- **Customer:** a person who buys goods or services from a shop or business.
- **Customer handling:** to satisfy or accomplish the need of who buys goods or services from a shop or business.
- **Claim:** a notification to an insurance company that payment of an amount is due under the terms of policy (Vaughan, 2018).
- **Claim management:** claim management also referred to as claims handling covers all the necessary steps starting from the notification of incident by the customer all the way to settlement. The claim management process, while requiring paying all claims as per the policy terms fairly and promptly, guarding against fraud, minimizing costs and assuring customers satisfaction (Tajudeen and Adebowale, 2013).

2.2 Empirical Literature review

Many studies have been conducted in relation to customer claim handling system. Alli Noah (2018) conducted a study to assess if claim officiating has significantly improved the insurer-customer relationship. The findings of the study indicate that good claim processing is the key to insurer's profitability and long term sustainability.

Yosef Belay (2018) conducted a study to assess the effect of claims management process on customer satisfaction of insurance customers. The finding of the study indicates that the highest drivers of customer satisfaction are the claim management process with direct impact on the monetary value of the claim.

Mekdelawit Yoseph (2019) conducted a study to identify the procedure and guideline used to settle the claim. The findings of the study indicate that the major cause that arise the dispute is the misunderstanding of the policy wording, the clients do not fill proposal form and reading policy terms conditions & privileges.

Brown Ateke & Chinyere StellaNwulu (2019) conducted a study to assess relationship between complaint handling and customer satisfaction and relationship between complaint handling and customer trust. The finding of the study indicates that complaint handling and relationship quality are positively correlated.

From the above studies, it can be concluded that the above studies ware focused more on claims management process. While some studies focused on complaint handling and customer satisfaction practice. However, none of them were conducted their studies on insurance regarding with claim handling by this researcher undertaken questions such as identify the major obstacles and assess customer claim handling practice of the company.

2.3. Conceptual framework of the Study

Based on the theoretical and empirical review presented above, this research has identified customer claim handling practices and challenges.

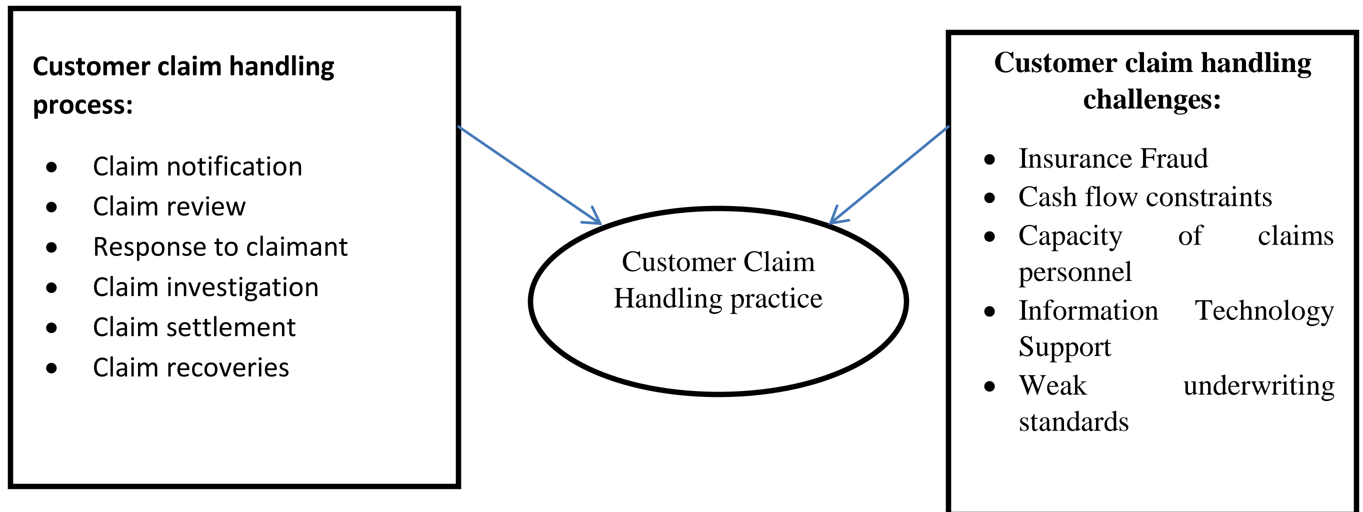


Figure 1: Conceptual framework of the study

Source: Researcher own Constructions from Literature reviews, 2020

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Approach and Design

The student researcher used a mixed research approach (a combination of quantitative and qualitative approaches) as it helps to benefit from both approaches. Moreover, the study applied a descriptive design as it attempts to describe the characteristics of objects, people group, organizations or environments. In addition to this, it also enabled as to have a clear picture on the given situation by addressing questions such as who what when, where and how. The chosen design helps to describe the current practices and challenges of customer claim handling in the case of Nyala Insurance Corporation.

3.2 Data Source and Collection Methods

The student researcher used both primary and secondary source of data. The primary data was gathered through questionnaire and interviews. Interviews basically help to gather in depth information and consist of asking questions, listening to individuals and recording their responses. Interview is costly both in terms of money and time. The main advantages of interviews are useful to obtain detailed information about personal feelings perceptions and opinions they allow more detailed questions to be asked. They usually achieve high response rate, respondents own words are recorded ambiguities can be clarified. Moreover, incomplete answers followed up precise wording can be tailored to respondent and precise meaning of questions clarified (C.R Kothari, 2004).

The questioners are both cloth ended and open ended type. Questionnaires help to gather data in a standardized way, and hence are more objective, certainly more so than interviews. Secondary data is obtained from book internet sources, and documents are writing about Nyala Insurance Corporation.

3.3. Research Respondents

The research respondents for this study ware 6 employees who are working at the Head quarter of Nyala Insurance Corporation and 60 customers who get service at the head quarter of Nyala Insurance Corporation and also at the main branch of the insurance corporation.

3.4 Population, Sampling Techniques and Sample Size

The population of this study, mainly customers of the insurance corporation is infinite and hence it is difficult to develop the sampling frame required to choose representative samples for the study purpose. Due to this, the student researcher used convenience sampling method to select available samples because the data would be gathered with minimum cost. Therefore, the student researcher used only available customers at hourly service delivered within three weeks. Under this study the researcher gathered data 60 customers using available sampling method it will not use mathematical formula (Harper w. Boyd and Jr, 1989).

Moreover, purposive sampling method was used to select respondents for interview. Accordingly, the researcher was conduct interview with customer claim handling department staff and other employee of Nyala Insurance Corporation.

3.5 Method of Data Analysis

Quantitative data gathered via structured questionnaire was processed through SPSS (Statistical Package for Social Sciences) and analyzed through descriptive statistics (frequency, percentage, mean and standard deviation). Quantitative data gathered via questionnaire were coded, edited and tabulated for making further analysis. Moreover, qualitative data obtained through interview and open ended questionnaires were analyzed through narrative analysis.

3.6. Reliability and Validity of the Data Collection Instruments

In order to determine the reliability of the measurement scale, the student researcher conducted pilot test on 10 respondents. As shown in the underneath table, the Cronbach alpha value for 8 items used to measure customer compliant handling practices equals 0.774. Since this value is above the minimum reliability coefficient (alpha= 0.70), it can be considered a reliable measurement scale for measuring customer compliant handling practices.

Table 3.1: Cronbach Alpha value

S. No	Variables	Cronbach's Alpha Value	Number of items
1	**Customer claim handling practices**	.73	8

Validity: -Validity explains how well the collected data covers the actual area of investigation (Ghauri and Gronhaug, 2005). Validity basically means "measure what is intended to be measured" (Field, 2005). The student researcher checked if the questioner is valid to measure to assess Customer Claim Handling Practices and Challenges.

To measure claim handling practices, the student researcher adopted a scale from Consumer Satisfaction with Life Insurance developed by Gregory A. Kuhlemeyer and Allen(1999). They use this questioner to explore consumer satisfaction relevant to the purchase of life insurance products and compares satisfaction in a broker or agent assisted transaction with satisfaction when no broker or agent is used, direct placement.

3.7. Ethical Considerations

The student researcher has assured the confidentiality of respondents who participated in the study. Policy and procedure manuals accessed as a secondary data sources were strictly used for the purpose intended and not be shared outside. The data analyzed was based on the `responses to the questionnaire and by no means involve the researcher opinion and input. Hence, any result or meaning arrive at is solely based on the data gathered. Moreover, the researcher duly acknowledges ideas taken from other sources.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS, INTERPRETATION, AND DISCUSSION

4.1 Introduction

This chapter deals with presentation, analysis, and interpretation of the gathered data through structured questionnaire and interview in relation to customer claim handling practices and challenges in the case of NIC. The chapter organized in two main parts. The first part is concerned with the demographic characteristics of respondents and the second part is focused on analyzing, interpreting, and presenting of the collected data about customer claim handling practices and challenges discussed in descriptive way. All data gathered were organized, tabulated, and processed via SPSS software and analyzed using descriptive statistics (frequency, percentage, and mean analysis)

4.2 Demographic Characteristics of Survey Respondents

0In this study, the student researcher gathered data from 60 customers using available sampling method and all questionnaires were distributed and collected. The questionnaires were self-completed and replied. This validates the fact that no significant data is missed due to incompletion. For more reliability of the data, cases with the missing variables are excluded (not considered) from the SPSS processing throughout the analysis.

Survey respondents were asked to respond to demographic related questions such as sex, age, level of education as well as marital status. The study tried to determine the demographic data in the following variables as indicated in the below.

This section summarizes the demographic background of respondents. The main focus of this section is to show the proportion female and male respondents, age of respondents, their educational level respondents, and marital status by using frequency and percentage.

Table 4.1Demographic characteristics of survey respondents

Variable	**Category**	**Frequency**	**Valid Percent**
Sex	Male	45	25
	Female	15	75
Age	18-29	6	10
	30-39	23	38.3
	40-50	30	50
	Above 50	1	1.7
Education Level	High school completed	5	8.3
	Diploma/TVET	12	20
	Degree and above	43	71.7
Marital Status	Single	9	15
	Married	41	68.3
	Divorced	5	8.3
	Widowed	5	8.3

Source: own computation from survey data (2021)

As shown Table 4.1: 45(75%) of respondents were male, and the remaining 15 (25%) of respondents were female. This may imply that male and female respondents were not proportionally represented in the study. The respondents/customers in Nyala Insurance were also asked to indicate their age interval and as indicated in table 4.1, 30 (50%) respondents are in the interval of 40-50 years old which is the first largest age group. This is followed by respondents between 30 and 39 years of age (38.3%), less than 29 years (10%) and above 50 year (1.7%). From this we can conclude that largest proportion of customer in Nyala insurance were adult

As far as the level of education is concerned, 43(71.7%) of the respondents have bachelor's degree, 12(20%) respondents have diploma and the remaining 5(8.3%) respondents have completed high school. This might imply that the majority of respondents have basic

understanding about insurance service. Finally, the student researcher has tried to assess the marital status of survey respondents. As shown in the above table, the majority of respondents (i.e., 41 (68.3%) are married. So, this customer group is more likely to use insurance to protect life and Financial losses a family protection.

4.3 Customer Claim Handling System at NIC

This part of survey attempts to measure customer experience with regard to claim handling practices of Nyala Insurance Corporation. A five-point Likert scale type ranging from 1 (strongly disagree) to 5 (strongly agree) and the analysis of the mean score is based on the below assumptions (Burns, 2008).

- If the mean statistical value is between 0 to 1.5 it implies the respondents strongly disagreed.
- If the mean statistical value is between 1.5 to 2.5 it implies the respondents disagreed.
- If the mean statistical value is between 2.5 to 3.5 it implies the respondents were undecided or neutral.
- If the mean statistical value is between 3.5 to 4.5 it implies the respondents were agreed.
- If the mean statistical value is above 4.5, it implies that the respondents were strongly agreed.

Based on the above assumptions from Burns, 2008, the mean score has been computed for each component of the variables and analysis is presented for each variable. The average mean result together with their respective variables was separately presented analyzed and interpreted as follows:

Table 4.2 Customer Claim Handling Practice and System at NIC

Variables	N	Mean	Std. Deviation
It was easy to contact the insurance company to report the claim	60	2.55	1.17
The person I contacted was knowledgeable about claim handling process	60	2.62	1.04
Nyala insurance company handles all claims and paper work efficiently and effectively.	60	2.77	1.17
Do you think that your claim settled as per your understanding and the cover you have	60	3.32	0.93
Nyala insurance explain insurance products exceptionally well	60	2.55	1.16
I gate all premium money with interest from the insurance company.		3.45	1.02
Average Mean		**2.88**	**1.08**

Source: own computation from survey data (2021)

As shown Table 4.2: Illustrates the various practices and system of NIC customer claim handling practices which the researcher tried to assess with the six questions: regarding with Nyala insurance It was easy to contact the insurance company to report the claim: the respondents have a mean value of 2.55. This implies that the majority of respondents' feedback shown near to disagreed. It indicates that it's difficult to report a claim to the insurance company it might have impact on handle customer claim.

With regard to the claim review, the respondents have a mean value of 2.62. This implies that the majority of respondents' feedback shown near to disagreed. This indicates that the insurance employees who reviews the claim is not much knowledgeable and experienced this is ineffective related with claim handing practice. On the other hands, Nyala insurance company handles all claims and paperwork efficiently and effectively or not: the respondents have a mean value of

2.88. This implies that the majority of respondents feedback shown neutral. It indicates the insurance has not properly handles all claims and paperwork efficiently and effectively.

On the other hand, respondents were asked their claim settlement with their understands: the respondents have a mean value of 3.32. This implies that the majority of the respondents were neutral but as the result shown it is near to agree as half percent of respondents were settled as their understanding or as their expectations so NIC might have easy for the company to handling any claim related issues. Regarding with Nyala insurance explains insurance products exceptionally well to the customers/ respondents: the respondents have a mean value of 2.55. This implies that the majority of survey respondents remained neutral and near to disagreed. This shows that ineffective company product description and explanation might have face for customer claim and handling issues. So, the company should give a priority action on this area unless it might have customer loose.

Finally, the researcher asked to respondents if they gate all premium money with interest from the insurance company: the respondents have a mean value of 3.45. This implies that the majority of the respondents were near to agreed but not all respondents were agreed on this area. This result shown that still NIC is in heart with those customers even customer claim handling practice of the company is under question mark.

Generally, the majority of the respondents were between disagreed and agreed in those listed customer claim handling system and practice items. Thus, the average mean was calculated to be 2.88 and standard deviation which ranges from 0.93 to 1.17 which indicates it was big variation. As it shows the spread of ideas of the respondents, we can say that respondents were disagreed in similar ideas or significant number of variations of that deviates from the mean value.

4.4 Customer Claim Handling Challenges

Survey respondents were asked to point out challenges of customer claim handling practice in NIC. As shown in chart 4.6 the majority of respondent (50%) have faced weak underwriting standard challenge and practice of NIC, 33% of respondents have mentioned lack of information technology support and the remaining 17% of respondents have stated the limited capacity of claims personnel as the major challenges facing the customer claim handling system at NIC. This implies that the major claim handling challenges in NIC are weak underwriting standards, lack of

information technology support and limited capacity of claims personnel which compared with other challenges such as Insurance fraud and Cash flow constraints.

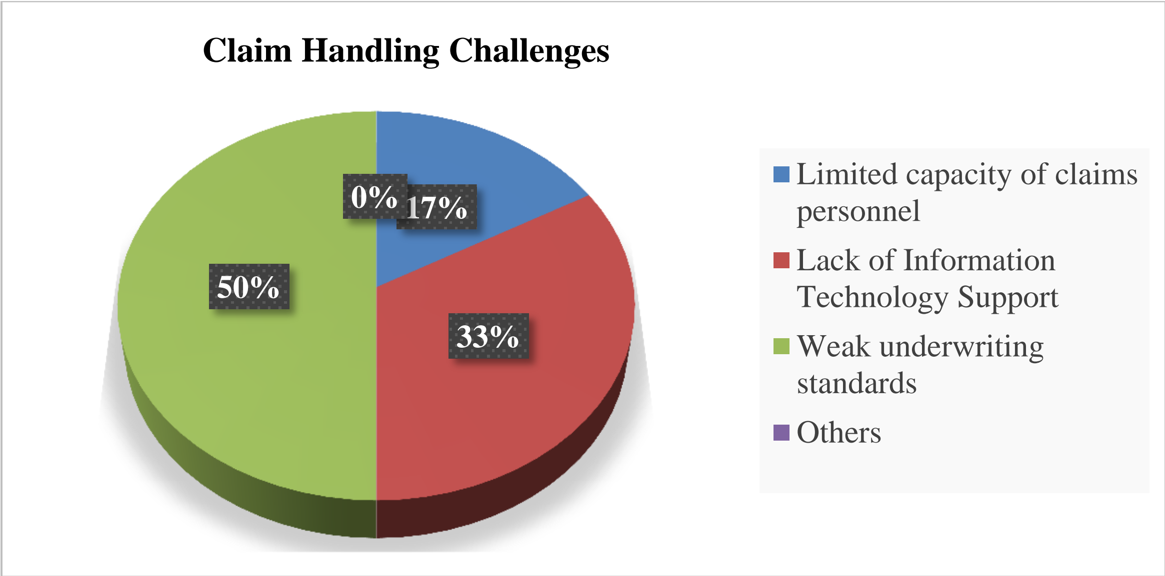


Chart 4.1: Claim handling challenges at NIC

Source: Own survey, April 2021

On the other hand, respondents were asked to rank or order the claim handlings challenges at Nyala Insurance Company from the most to the list serious ones. The respondents' feedback show that 1st most serious challenge is weak underwriting followed by lack of information technology support, limited capacity of claims personnel, cash flow constraints and the list they set insurance fraud. This implies that the first two challenges should be given due emphasis as the respondents reacted those topics are the major obstacles in customer claim handling of the company.

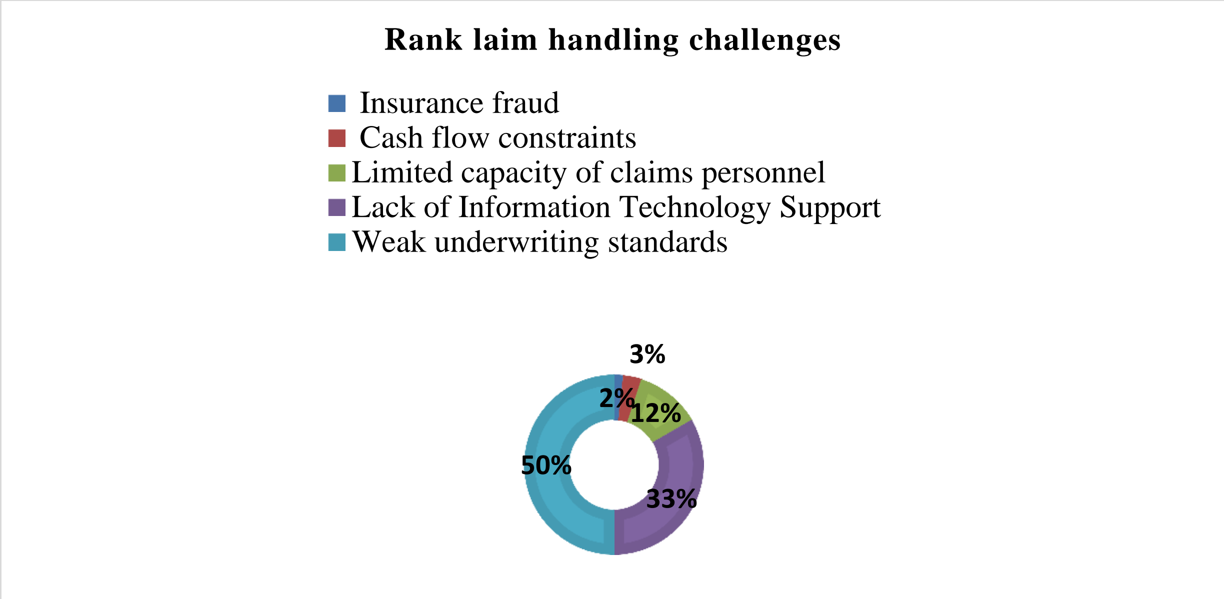


Chart 4.2: Claim handling challenges in rank at Nyala Insurance Corporation

Source: Own survey, April 2021

4.5Customer claim handling performance of NIC

Table 4.3 Customer claim handling performance of NIC

Variables	N	Mean	Std. Deviation
Nyala insurance company evaluates customer claim handling performance	60	2.43	1.09

Source: Own survey, April 2021

As shown Table 4.3Nyala insurance company evaluates customer claim handling performance or not: the respondents have a mean value of 2.43. This implies that the majority of the respondents were disagreed. This result shows that the company didn't get the right gaps or insights to take proactive action on the improvement areas as NIC didn't conduct performance assessment and evaluation effectively. This is also the cause of the above problem and respondents feedback which are going to neutral and disagreed response.

4.7 Other Research Related Items

Survey respondents were asked questions to assess their knowledge about insurance. As shown the below chart 4.2, the majority of respondent i.e., 54(90%) have stated that they have adequate knowledge about insurance service. Only 10% of the respondents mentioned that they don't have enough awareness about insurance service. .

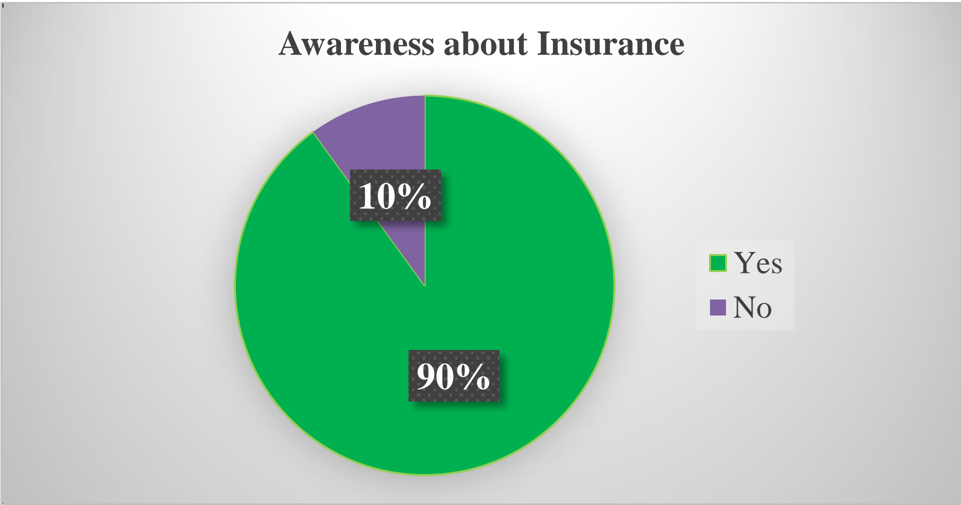
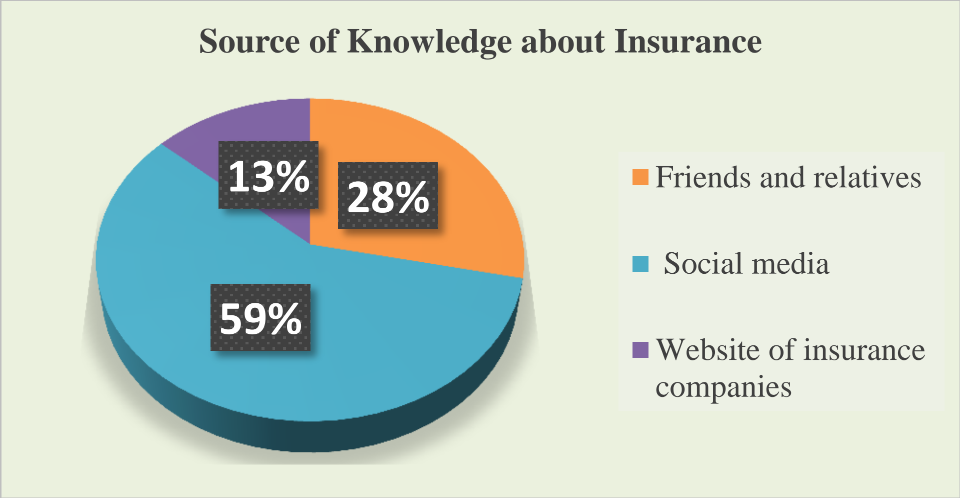


Chart 4.3: Awareness about Insurance

Source: Own survey, April 2021

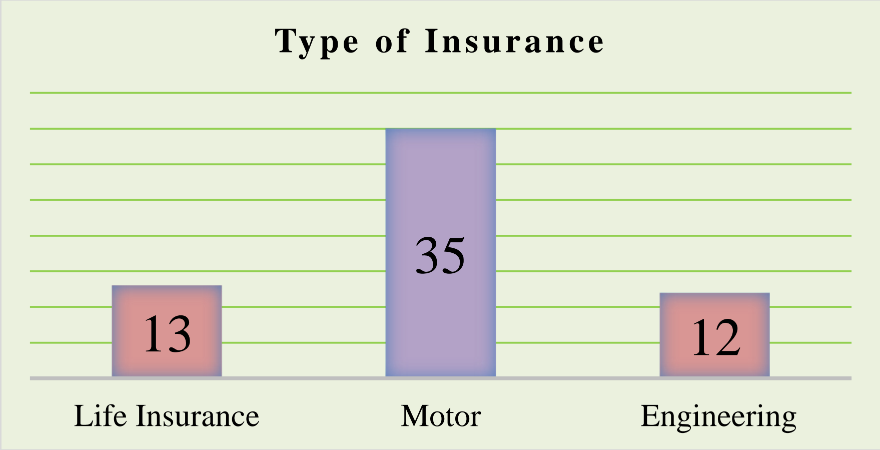
Survey respondents were also asked about their source of information about Insurance Corporation. Thus, chart 4.3 shown that, the majority of respondent i.e., 35(59%) were gain knowledge about the insurance service from social media such as Facebook, TV, and radio. On the other hand, the sources of information for 28% and 13% of respondents were their friends and relative and websites of insurance company, respectively. This indicates that social media platforms play a dominant role in terms of raising the awareness of insurance customers.



Source: Own survey, April 2021

Chart 4.4, Source knowledge about Insurance

As shown the below chart 4.4, respondents were asked about the Type of Insurance service they are using at Nyala Insurance corporation. The results indicate that the majority of respondent i.e., 35(57.4%) used Motor insurance. This implies that NIC customers are sensitive to motor type of insurance for their vehicle. This is in line with the annual report of NIC (2020) which states that as far as the company GWP by class of business is concerned, motor class of business as always took the major share about 44%.

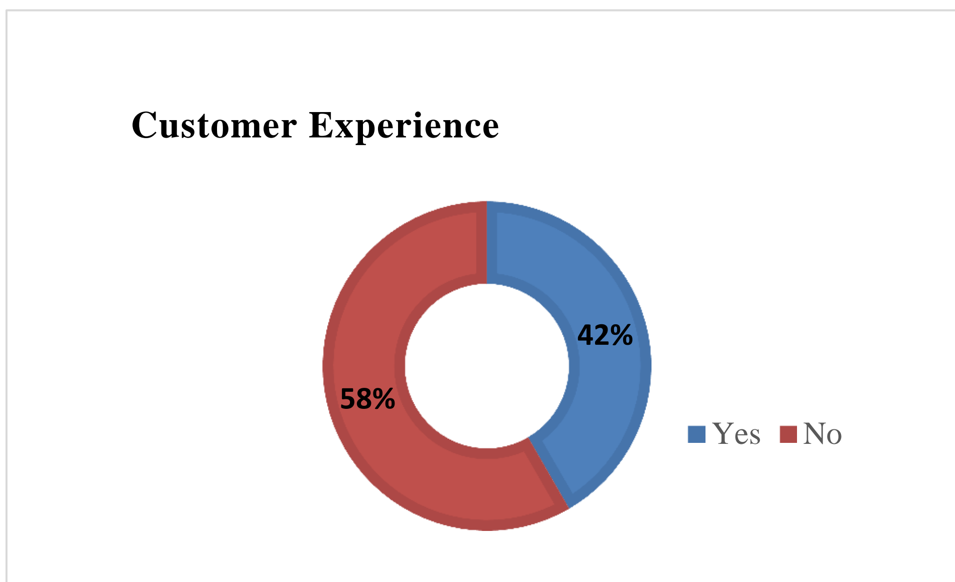


Source: Own survey, April 2021

Chart 4.5: Type of insurance services at Nyala Insurance Corporation

As shown chart 4.5 below, survey respondents were asked to about their prior insurance service experience before using Nyala Insurance service, the majority of respondent i.e., 58% of respondents were new and the remaining 42% of respondents have used insurance service before joining NIC. This implies that NIC might select customers who have two type (i.e., experienced, and new). And the experienced customer might have joined NIC because of the company has good customer handling practice. Thereby the new customer also gains information from those experienced customer of insurance.

.



Source: Own survey, April 2021

Chart 4.6: Prior insurance experience before joining Nyala Insurance Co

4.8 Analysis of Qualitative Data

In order to get deep understandings about the customer claim handling practices and challenges in at Nyala Insurance Corporation, in depth interview was conducted with customer claim handling department managers and employees. All the interviewees have had over five year's customer claim handling experience. Accordingly, the interviewee's responses to the questions are depicted briefly as follows. However, most interview responses are presented and analyzed in the

questionnaire analysis part as a supportive response. Before the response is presented in a summarized way an interview guideline is given as follow.

First before I select my interviewees profiled their position function in relation to the topic of my research. Since they study is about customer claim handling practices and challenges there is no better place than customer claim handling department the insurance to conduct the interview with since the staff in that department is solely engaged in the customer claim handling practice. The next step I took was setting a requirement and from all the staffs I choose the manager of the department who has a long year experience in customer claim handling. Since this is an additional way of collecting primary data, I set my priority to asking about the actual customer claim handling practice to be my priority and only limited my question to that. The summary of the questions asked with the response is shown below: -

- **The type of insurance services offered to customers**

When interviewees were asked about the type of insurance services offered by the insurance corporation, they responded that the corporation offers life and general insurance services, new insurance service, as per customer request. However, if customer request 3rd party insurance, the corporation recommends them to use full insurance service.

- **The major customers for the insurance company**

According to the interview conducted, the major customers for NIC are companies, organizations, manufacturing, service providers NGO and also sister companies. Moreover, although interviewees couldn't specify the exact number of customers of the insurance corporation, they estimated it in thousands.

- **The loyalty of Nyala Insurance Company customers**

When asked about the loyalty of customers to NIC, interviewees stated that the majority of Nyala insurance customers are loyal because the corporation develops long term relationship with customers; their claim is handled as per their expectations. Thus, the corporation satisfiesits customers with excellent services.

- **Customer claim handling mechanisms/procedures**

Nyala Insurance Corporation explains the manuals and procedures to customers. Then, the corporation asks full documents like police report, Id license, etc. If it's more than the branch limit it transfers to claim handling department. Then survey will be conducted, analyze the market and finally pay the damage or giving a solution for the claim.

- **The major sources of customer complaints at NIC**

The interviewees pointed out that the major sources of customers complaint in Nyala insurance is rates of the insurance, claim handling procedure related to premium price, delay in service, high expectation and knowledge gap, and market fluctuation.

- **The major challenges of customer claim handling at NIC**

Nyala Insurance Corporation faces challenges because of uncompleted documents (invalid license and expired license police report missing) ask excess payment; the surveyor's estimation is a list price due to these customers doesn't accept, if spare parts are not available at the market, market fluctuation, customers' behavior, high customers' expectation. As far as the dominant type of compliant is concerned, interviewees pointed out that motor insurance complaint is most frequently raised by insurance customers because most accident occurs by vehicles.

- **Standard procedure or time to handle complaints**

The result of interview revel that Nyala Insurance Corporation has procedures to handle customer complains after required documents completed. Customers can complain any time and the company doesn't set up time because it depends on the nature of the damage, accessory, and survey.

- Nyala insurance employs and customers are Recommend to niyala insurance to make fast the claim handling system by using technology and to make the price the same with other insurance

CHAPTER FIVE

SUMMARY, CONCLISTION AND RECOMMENDATION

Introduction

This chapter presents the summary of major findings and conclusions made as per the findings of the research. Recommendations are also given subsequently.

5.1 Summary of Major Findings

As explained in the introductory part, this research was conducted to assess customer claim handling practices and challenges in the Case of Nyala Insurance Corporation, Head Quarter Office, Addis Ababa. The student researcher has specified four major research questions and these are: How does the customer claim handling system of the company look like? What are the major obstacles and performance in customer claim handling at NIC? What measures and legal actions undertaken by the company to reduce customer claim handling related problems?). Pertinent data were gathered from 60 insurance customers as well as from claim handling department managers at NIC. The findings of the study are discussed as follows:

- The majority of the respondents were between disagreed and agreed in those listed customer claim handling system and practice items. Thus, the average mean shown 2.88. And standard deviation which ranges from 0.93 to 1.17 which indicates it was big variation. As it shows the spread of ideas of the respondents, we can say that respondents were disagreed in similar ideas or significant number of variations of that deviates from the mean value.
- 50% were faced weak underwriting standard challenge and practice of NIC, 33% of respondents due to lack of information technology support they faced claim handling challenges and the remain 17% of respondent face claim handling practice with NIC limited capacity of claims personnel. This implies that the major claim handling challenges in NIC are weak underwriting standards, lack of information technology support and limited capacity of claims personnel which compared with other challenges such as Insurance fraud and Cash flow constraints.

- On the other hand, respondents were asked to rank or order the claim handlings challenges at Nyala Insurance Company from the most to the list serious ones. The respondents' feedback show that 1st most serious challenge is weak underwriting followed by lack of information technology support, limited capacity of claims personnel, cash flow constraints and the list they set insurance fraud. This implies that the first two challenges should be given due emphasis as the respondents reacted those topics are the major obstacles in customer claim handling of the company.
- Nyala insurance company evaluates customer claim handling performance or not: the respondents have a mean value of 2.43. This implies that the majority of the respondents were disagreed. This result shown that the company didn't get the right gaps or insights to take proactive action on the improvement areas. As NIC didn't conduct performance assessment and evaluation effectively. This also the cause on the above questions and respondents feedback which are going to neutral and disagreed response.
- In addition, in depth interview found out that the majority of Nyala insurance customers are loyal because Nyala insurance develop long term relationship with customers, their claim is handled as their expectations, integrity which means we finish it as we started, and we satisfy our customers and Excellency.
- Nyala insurance company explains to customer's manuals and procedures then we ask full documents documentations like police report Id license then if it's more than the branch limit it transfers to claim handling department then doing survey, we compete to the market then pay the damage or giving a solution for the claim.
- Niyala insurance company faces challenges because of uncompleted documents (invalid license and expired license police report missing) ask excess payment , our surveyor's estimation is a list price due to these customers doesn't accept , if spare parts are not available at the market , market fluctuation , customers behavior , high customers expectation and other explained as a detail above.

5.2 Conclusion

This research set out with an objective of answering three basis questions. The first was to assess the customer claim handling system of the insurance company and as the finding shown above Nyala insurance company explains to customers manuals and procedures then we ask full documents documentations like police report Id license then if its more than the branch limit it transfers to claim handling department then doing survey, we compete to the market then pay the damage or giving a solution for the claim. However, the majority of respondents were not agreed the system which uses to handing the claim (M=2.88). to zoom in this mean value 37% of respondent were disagrees NIC claim handling practice on the above items of average.

Another important observation regarding Nyala insurance company evaluates customer claim handling performance the majority of respondents (41%) were disagreed. So that the perception of customers towards customer claim handling practices of the insurance company needs improvement areas.

The major claim handling challenges in NIC which are share almost 100% all together i.e., weak underwriting standards, lack of information technology support and limited capacity of claims personnel which compared with other challenges such as Insurance fraud and Cash flow constraints.

The major sources of customers complaint in Nyala insurance is rates of the insurance, claim handling procedure related to premium price, delay in service, high expectation and knowledge gap , market fluctuation.

5.3 Recommendations

Based on the findings discussed above the researcher recommended the following points.

Regarding with staffing practice for the project: -

- It would be better if NIC take improvement area on the current customer handling practice and challenges.

  Such improvement areas a might has explain the company:-

  - ✓ Nyala insurance company should make easy to report claim because the customers say reporting a claim is difficult. Regular training is one of several ways to improve claims management process. Insurance companies follow distinct set of rules in processing claims and on boarding new patients.
  - ✓ To increase customer's satisfaction on claim the company should invest to give training to all concerned underwriters how can underwriters give a necessary information for customers about the policy documents and to help in filling proposal form. In this regard, the company it ought to decide who should receive the training and which training methods will work best. Moreover, the company must also allow up the effectiveness of trained workers.
  - ✓ The company should handle all claims and paperwork efficiently and effectively and explain insurance products exceptionally well as soon as possible.
  - ✓ NIC should focus on the major claim handling challenges in NIC (i.e weak underwriting standards, lack of information technology support and limited capacity of claims personnel)
  - ✓ Keep customer loyalty and experience.

Finally, it is better to recommend to the company create customer awareness on claim handling procedures, fast and easy software to handle claim, to work with one or many suppliers of spare parts to easily obtain spare parts sale and to perform as customers expect.

Reference

Abdelfattah, T. and Samiha, M. (2008) Toward E-Knowledge Based Complaint Management. Tunis: University of Tunis.

Adejoke, K.B .& Adekemi, A. O. (2010). Relationship marketing and bank performance: An applied study on commercial banks in southwestern Nigeria. European Journal of Business and Management, 4(10),102-110.

Alli, N (2018) assess if claim officiating has significantly improved the insurer-customer relationship.

Ang, L.&Buttle, F. (2006). Customer retention management processes. European Journal of Marketing, 40(1/2), 83-99.

Asokere, A.S, & Nwankwo, S.I. (2010). Essential of insurance: A modern approach (1st edn.). Lagos: Fevas Publishing.

Baker, T. L., Penny, M. S. & Judy, A. S. (1999, winter). The impact of suppliers' perceptions of reseller market orientation on key relationship constructs. Journal of the Academy of Marketing Science,27, 50-57.

Berry, L. L.& Parasuraman, A. (1991). Marketing services: Competing through quality. New York: The Free Press.

Boone, L. E.& Kurtz D. L. (2007). Contemporary marketing. Philadelphia: Harcourt College Publishers.

Brooks, P.J., Popow, D.J., & Hoopes, D.L. (2005). Introduction to claims. Pennsylvania: American Institute for Chartered Property Casualty Underwriters.

Brown A & Chinyere S,N (2019) customer compliant handling and relationship quality .

Boshoff, C. R. (2007). An experimental study of service recovery options. International Journal of Service Industry Management, 8(2), 110-130.Books.Companies.Contact employees in complaint handling encounters. Journal of marketing differences and similarities among eterogeneous retailers. International empirical study of purchasing behaviour in the UK.Journal of Retailing and Consumer Service, 7(1),33-45.

BSI (2004) Quality management-customer satisfaction-guidelines for Complaints handling in organizations. BS ISO 10002:2004.

Buchaman, R. W. T.& Gillies, C. S. (1990). Value managed relationships: The key to customer relation and profitability. European Management Journal, 8(4), 119126.

Crie, D.,&Ladwein, R.(2002). Complaint letters and commitment theory: An empirical approach in mail order selling. Journal of Targeting, Measurement and Analysis for Marketing,11(1),45-55.

Crosby, L. A., Evans, K. R.& Cowles, D. (1990, July). Relationship quality in services selling: An interpersonal influence perspective. Journal of Marketing, 54,68-81.

Davidow, M. (2003). Have you heard the word? The effect of word of mouth onperceived justice, satisfaction and repurchase intentions followingcomplaint handling. Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior, 16, 67-80.

Dorsch, M. J., Swanson, S. R.& Kelley, S. W. (1998, spring). The role of relationship quality in the stratification of vendors as perceived by customers. Journal of the Academy of Marketing Science, 26,128-142.

Francis, P. & Butler, S. (2010). Cutting the cost of insurance claims and taking control of the process. Strategy&. Retrieved from http:www.booz.com.

Garbarino, E.,& Johnson, M. S. (1999, April). The different roles of satisfaction, trust, and commitment incustomer relationships. Journal of Marketing, 63, 70-87.

George, M., Graham, C.& Lennard, L. (2007, April). Complaint handling: Principles and Best Practice. Report for energywatch. Retrieved November 2015 from https://www2.le.ac.uk

Grougiou, V.,& Pettigrew, S. (2009). Seniors' attitudes to voicing complaints: A qualitative study. Journal of marketing Management,25(9/10),987-1001.

Gruber, T., Szmigin, I.& Voss, R. (2006). The desired qualities of customer

Hadjikhani, A. & Thilenius, P. (2005). The impact of horizontal and vertical connections on relationships' commitment and trust. Journal of Business and Industrial Marketing, 20(3), 136-147.

Hansen, T., Wilke, R.& Zaichkowsky, J. (2010). Managing consumer complaints: http://www.escijournals.net/index.php/JBF/article/view/239/222 Journal of Retail & Distribution Management,38(1), 6-23.Management,22(5/6),619-642.

HUCK, S. W. 2007. Reading Statistics and Research, United States of America, Allyn & Bacon.model for understanding satisfaction/dissatisfaction outcomes of complaint OH: Thomson publishing Responses. European Journal of Marketing, 25(5), 30-46.Retailing, 66(1), 57-99.

Ismail, S. T. (2009). The effect of relationship marketing on organizational outcomes: An Apply Study inJordanian insurance companies. European Journal of Social Sciences. 12(2), 176-184.

Jobber, D. & Fahy J. (2006). Foundations of marketing. New York: The McGraw-Hill

Johnston, R. (2001) Linking complaint management to profit, International Journal of Service Industry Management,12(1), 60-69. 13

Johnston, R., &Mehra, S. (2002). Best-practice complaint management Academy of Management Executive, 16(4), 145-154.

Keiningham, T. L., Frennea, C., Aksoy, L., A.&Mittal, V. (2015). A five-component customer commitment model:Implications for repurchase intentions in goods and services Industries. Journal of Service Research, 1-18. Retrieved from http://ssrn.com/abstract=2593914

Keiningham, T. L., Frennea, C., Aksoy, L., A.&Mittal, V. (2015). A five-component customer commitment model:Implications for repurchase intentions in goods and services industries. Journal of Service Research, 1-18. Retrieved from http://ssrn.com/abstract=2593914

Krishnan, B. (2010). Claims management and claims settlements in life insurance. The Journal of Insurance Institute of India, 36 (July-December), 49-57.

Kumar, N., Lisa, K. S. & Jan-Benedict, E. M. S. (1995, February).The effects of supplier fairness on vulnerable resellers.Journal of Marketing Research, 32,5465.

Knox, S. D.& Denison, T. J. (2000). Store loyalty: Its impact on retail revenue: An empirical study of purchasing behaviour in the UK.Journal of Retailing and Consumer Service, 7(1),33-45.

Lynch, J. G.& Ariely D. (2000). Wine online: Search costs affect competition on price, quality and distribution. Marketing Science, 19 (1), 83-103.

La, K.V. and Kandampully, J. (2004) Market oriented learning and customer value enhancement

through service recovery management. Managing Service Quality 14 (5): 390–401.

Maxham, J. G. I,&Netemeyer, R. G. (2003, January). Firms reap what they sow: Theeffects of shared values and perceived organizational justice on customers' evaluations of complaint handling. Journal of Marketing, 67, 46-62.

McMullan, R.& Gilmore, A. (2008). Customer loyalty: An empirical study. European Journal of Marketing, 42(9/10), 1084-1094.

Mekdelawit ,Y.(2019) an assessment of claim settlement of moter insurance.

Moorman, C., Zaltman, G. & Deshpande, R. (1992). Relationships between providers retention.Journal of Customer Marketing,1, 45-51.

Myhal, G. C., Kang, J.& Murphy, J. A. (2008). Retaining customers through relationship quality: A services business marketing case. Journal of Service Marketing, 22(6), 445-455.

Nakhleh, H. M. A. (2012). The relationship between customer relationship marketing tactics, relationship quality and customer's loyalty in mobile communication industry. Academic Research International, 3(2), 538-547

Palmer, A.,& David, B. (1994). Buyer-seller relationships: A conceptual model and empirical investigation. Journal of Marketing Management,10(6), 495-512.

Rahim, M. A. (2000). Managing conflict in organizations. Westport CT:Quorum

ROBINSON, J. 2009. Trained is theory of interpersonal behavior in understanding software privace behavior in the South African context. Master's degree, University of the Witwatersrand.Sharma, A.& Sheth, J. N. (1997). Supplier relationships: Emerging issues and challenges. Industrial Management, 26(2), 91-100.

Singh, J. (2000).A typology of consumer dissatisfaction response styles.Journal of Retailing, 66(1), 57-99.

Singh, V. (2012). Global trends in non-life insurance: claims. Capgemini.

Singh, J.&Wilkes, R. E.(1996, September).When consumers complain: A path analysis of the key antecedents of consumer complaint response estimates. Journal of the Academy of Marketing Science, 24(4),350-365.

Singh, J.& Widing R. E. (1990). What occurs once consumers complain? A theoretical model for understanding satisfaction/dissatisfaction outcomes of complaint responses.

European Journal of Marketing, 25(5), 30-46.

Stauss, B. and Schoeler, A. (2004) Complaint management profitability: What do complaint managers know? Managing Service Quality 14 (2/3): 147–156.

Stauss, B .& Seidel, W. (2004). Complaint management: The heart of CRM. Mason, OH: Thomson publishing.

Sohail, M. S. (2012). The antecedents of relationship marketing and customer loyalty: Conceptual framework to determine out comes. Proceeding at the International conference on Economics and Business Innovation IPEDR. 38 IACSIT Press Singapore.

Sohail, M. S.& Malikakkal, N. (2011). Relationship marketing elements and third party logistics: Perspective from an emerging nation. International Journal of Logistics and Systems Management, 9(4), 375-396.

Tajudeen, Y. O. and Adebowale, A. O. (2013). Investigating The Roles Of Claims Manager In Claims Handling Process In The Nigeria Insurance Industry. Journal of Business and Finance,v.1,n.2,p.69-74.
Retrieved from http://www.escijournals.net/index.php/JBF/article/view/239/222

Vaughan, E.J., & Vaughan, T.M. (2008). Fundamental of risk and insurance. USA: John Wiley Sons & Inc

WHITLEY, B. E. 2002. Principals of Research and Behavioral Science, Boston, McGraw-Hill.

Yosef B, (2018). the effect of claims management process on customer satisfaction of insurance corporation. [Addis Ababa]

Zeleke, H. (2007). Insurance in Ethiopia: Historical Development, Present Status and Future Challenges.[Addis Ababa]

Appendix

St. Mary's University

School of Graduate Studies
Department of Marketing Management
Questionnaire to be filled by NIC customers

Dear survey respondents,

This study is conducted in partial fulfillment for Master of Arts Degree in Marketing Management program from St. Mary's University. The objective of the study is to assess Customer Claim Handling Practices and Challenges in the Case of Nyala Insurance Corporation, Head Quarter Office, Addis Ababa. To this end, questionnaire is used to gather pertinent data from customers and employees Nyala Insurance Corporation. The questionnaire has three parts: Part I- is about the biography of survey respondents. Part II- attempts to assess customers opinion towards customer claim handling practices and challenges in the case of Nyala Insurance Corporation. Part III includes questions aimed to suggest solutions to improve customer claim handling at the insurance corporation. The information you provide will be used only for the study purpose and hence feel free to give honest answer to the questions. There is no need to write your name, address and other personal information. Thank you very much for sparing 15 minutes from your precious time to participate in this study.

Part I: Personal information about survey respondents

1. Sex
   a) Female ☐
   b) Male ☐
2. Age (in year)
   a) 18-29 ☐
   b) 30-39 ☐
   c) 40-50 ☐
   d) Above 50 ☐
3. Education level
   a) Grade 8 and below ☐
   b) High school completed ☐
   c) Diploma/TVET ☐
   d) Degree and above ☐

e) If other, please specify ____________

4. Marital status

a) Single ☐ c) Divorced ☐

b) Married ☐ d) Widowed ☐

5. Do you have enough knowledge about insurance?

a) Yes ☐ b) No ☐

6. What is your source of knowledge about insurance?
   a) Friends and relatives
   b) Social media
   c) Website of insurance companies
   d) If other, please specify _______________

7. What is the type of insurance service you are using at NIC?
   a) Life insurance
   b) Motor
   c) Aviation
   d) Engineering
   e) If other, please specify ____________

8. Did you have insurance for your vehicle or house in insurance company before you come to Nyala insurance company?

a) Yes ☐

b) No ☐

Part II: Customer claim handling practices

This part of survey attempts to measure your opinion towards customer claim handling practices of Nyala Insurance Corporation. Thus, you are asked to indicate the extent to which you agree on the statements using five points Likert scale (1=strongly disagree, 5=strongly agree). Please put a tick mark on the appropriate response category.

1=strongly disagree, 2=disagree, 3=neutral, 4= agree, 5= strongly agree

Questions	strongly disagree	disagree	Neutral	Agree	strongly agree
It was easy to contact the insurance company to report the claim					
The person I contacted was knowledgeable about claim handling process					
Nyala insurance company handles all claims and paper work efficiently and effectively.					
Do you think that your claim settled as per your understanding and the cover you have					
Nyala insurance explain insurance products exceptionally well					
I gate all premium money with interest from the insurance company.					
Nyala insurance company evaluates customer claim handling performance					

Part III: The challenges of customer claim handling

1. Which of the following claim handling challenges did you face while using the services of Nyala Insurance Company? (you can choose more than one option)
    A. Insurance fraud
    B. Cash flow constraints
    C. Limited capacity of claims personnel
    D. Lack of Information Technology Support
    E. Weak underwriting standards
    F. Others, please specify ________________________
2. Could you please rank or order the following claim handlings challenges at Nyala Insurance Company from the most to the list serious ones?
    A. Insurance fraud
    B. Cash flow constraints
    C. Limited capacity of claims personnel
    D. Lack of Information Technology Support
    E. Weak underwriting standards
    F. Others, please specify ___________________________
3. What do you recommend to improve customer claim handling practices of Nyala Insurance Corporation?

    ____

    ____

    ____

Interview Guide

Interview with customer claim handling department and other employees in Nyala insurance

1. What type of insurance services do you offer to customers?
2. Who are the major customers for the insurance company?
3. How many customers does the insurance company have?
4. Do you think Nyala Insurance Company customers are loyal? Why?
5. How do you handle your customers claim? Do you have a system to handle it? If so, please explain it.
6. What are the major sources of customer complaints in NYC? What are the frequently mentioned complaints raised by customers?
7. What challenges do you face during claim handling?
8. Which types of insurance services involve frequent complaints by customers? Why?
9. Do you have a standard procedure or time to handle complaints? If so, explain it.
10. What do you recommend to improve customer claim handling practices of Nyala Insurance Corporation?