ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

THE EFFECT OF MOTOR INSURANCE CLAIM MANAGEMENT ON CUSTOMER SATISFACTION AT ETHIOPIAN INSURANCE CORPORATION

BY

MERON AKLILU

MAY 2022

ADDIS ABABA, ETHIOPIA

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APPROVED BY BOARD OF EXAMINERS

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STATEMENT OF DECLARATION

I, the undersigned, announcing this study entitled **"The Effect of Motor Insurance Claim Management on Customer Satisfaction at Ethiopian Insurance Corporation**" is my original work prepared under the guidance of Dr. ASRES ABITIE. To the best of my knowledge and effort, all sources of materials used for this thesis have been duly acknowledged. I further confirm that the thesis has not been offered either in part or in full to any other higher learning institution for the purpose of earning any degree.

Name: _____

Signature: _____

Place of Submission: _____

Date of Submission: _____

STATEMENT OF CERTIFICATION

This is to confirm that MERON AKLILU conducted her research on the topic of "The Effect of Motor Insurance Claim Management on Customer Satisfaction at Ethiopian Insurance Corporation". This project is new and appropriate for submission in partial achievement of the Master of Business Administration degree requirement.

Advisor's Name: ASRES ABITIE (Ph.D.)

Signature: _____

Date: _____

TABLE OF CONTENTS

ACKNOWLEDGEMENTS

LIST OFACRONYMS /ABBREVIATIONS

AEI: Association of Ethiopian Insurers

ANOVA: Analysis of variance

BSG: Bandits, Shiftas and Guerillas

CII: Chartered Insurance Institute

COMMESA: Common Market for Eastern & Southern Africa

CSA: Central Statistical Agency of Ethiopia

EIC: Ethiopian Insurance Corporation

GWP: Gross written premium

ICAI: Institute of Chartered Accountants of India

IFAA: Insurance Fund Administration Agency

INSIS: Insurance Information System

NBE: National Bank of Ethiopia

OECD: Organization for Economic Cooperation and Development

PAB: personal accident benefit

PAMB: personal accident medical benefit

PLL: passenger legal liability

SPSS: Statistical package for social science

VIATPR: Vehicle Insurance against Third Party Risks

LIST OF TABLES

LIST OF FIGURES

ABSTRACT

The main aim of this study is to determine whether claim reporting, response to claim, towing damaged vehicle, damage assessment, repair handling & complaint management (motor insurance claim management process at EIC) significantly affect customer satisfaction. In this research conceptual framework, customer satisfaction is the dependent variable and motor insurance claim management processes are independent variables. The general population of the study is EIC customers holding comprehensive motor insurance cover and had claim experience found in the six districts residing in the capital city of Addis Ababa. there are 1,860 motor insurance customers holding comprehensive cover and had claim experience as of December 31, 2021.Out of this population a sample of 329 customers are selected through a proportionate stratified random sampling technique from the six districts of EIC. A mixed research design that combines both explanatory and descriptive research design is used. Data was obtained from both primary and secondary sources of data. To collect data, Survey questionnaires were distributed to a total of 329 customers'. Moreover, the six district directors of EIC were interviewed. To conduct data analysis both descriptive and inferential statistics through SPSS version 26 software and multiple regression models used. The findings from Both the correlation analysis as well as the multiple regression models have indicated that customer satisfaction is positively related to the four elements of the claim management process (towing damaged vehicle, damage assessment, repair handling & complaint management).Specifically, repair handling showed the strongest correlation as well as the highest coefficient in the regression analysis leading to the conclusion that repair handling is the most important element of the motor insurance claim management process to EIC customers. This is followed by towing damaged vehicle, damage assessment & complaint management processes, which were observed to be the second, third and fourth important element of the motor insurance claim management process with the respectively highest correlation and regression coefficients. The other two elements of the claim management process (claim reporting & response to claim) were seen to have negative relationship with customers' satisfaction & statistically insignificant predictors of customer satisfaction.

Keywords: Motor insurance, claim management, customer satisfaction, EIC

CHAPTER ONE

1. INTRODUCTION

This chapter focuses on background of study, background of the organization, statement of the problem, research questions, the general & specific objectives, significance, scope and Definition of Terms and Concepts of the study.

1.1 Background of the study

The importance of insurance in a country's risk management system cannot be overstated. Our lives are full of risk. We can't predict what will happen to us in the future, but we can predict that accidents will occur. The insurance industry was based on this fundamental principle.

The insurance industry safeguards the assets of its policyholders by transferring risk from an individual or business to an insurance company. Insurance businesses serve as financial intermediaries by investing the premiums they earn (Insurance Information Institute, 2010).

Motor insurance is a form of insurance that is offered to provide compensation/indemnity when financial loss occurs as a result of a collision, overturning, theft, or fire on insured motor vehicles or/and others /third party/ inadvertently. Motor insurance protects the insured from financial loss in the case of an occurrence involving their own car, such as a traffic collision (Insurance Information Institute, 2010).

Motor insurance coverage comprises Property coverage for vehicle damage or theft, Liability coverage for legal liability to others for physical injury or property damage, and Medical coverage for the cost of treating injuries, rehabilitation, and occasionally lost income and funeral expenses (Fasika Tatek, 2018).

A claim is a request made by an insured to an insurance company for indemnification for loss caused by an insured peril (Harvey W. Rubin, 2000).

Claims management is the heartbeat of an insurance company. Effective claims management saves the insurer time & money moreover it can also improve customer satisfaction & retention. Efficient claims management process enables the insurer to minimize the use of resources in achieving company objectives.

The key issue affecting an insurance company's reputation and the foundation on which it is ultimately judged by customers is claim settlement service. Indeed, for many insurance companies, delivering

exceptional claim settlement service is seen as a differentiator that sets them apart from the competition; thus, achieving excellence in claim settlement should be a top goal. The timely and equitable handling of claims is the hallmark of good service to the insuring public (ICAI, 2008).

Satisfaction is a result of confirmation or positive disconfirmation of customer expectations, and dissatisfaction is caused by negative disconfirmation of customer expectations. It is also possible that customers with expectations of receiving bad service may in fact feel less dissatisfied than those who initially expected good service.

Customers might rate performance based on their expectations. As a result, businesses must be aware of their customers' needs and expectations in order to determine what is most essential to them, as well as the aspects that may influence their service quality expectations (Du Plessis, 2010).

"Customer satisfaction is a key metric for insurance companies to monitor in order to gauge which areas of their customer service are strong & which areas need improvement in order to maintain or increase their membership base. When customers satisfied, they believe in the brand & become loyal. These loyal customers give brands repeat business & form a major part of the revenue also promote the brand to their loved ones for the great experiences they have had" (Barua A, 2015:17).

Customer dissatisfaction arises from any delay or negative behavior by the insurer during the claim settlement process. On the other side, handling claims provides a unique opportunity to develop customer satisfaction and establish a long-term relationship. therefore, rightly puts claims handling as the moment of truth for the insurance company create an opportunity to fulfill the promise made to customers to pay a valid claim thereby resulting in a satisfied customer .satisfied customers are the ones who create value for the company, refer the company to their friends and families and they are usually prepared to buy new products (Santouridis & Trivellas, 2010).

Studies in other parts of the world have indicated that efficient claims management led to customer satisfaction However, as to the knowledge of the researcher, the effect of motor insurance claim management on customer satisfaction has been given a little attention in the Ethiopian insurance industry. To that end, the effect of EIC's motor insurance claims management process on customer satisfaction is investigated in this study.

1.2 Background of the organization

The Bank of Abyssinia (Habesha Bank) began providing what could be considered contemporary insurance services in Ethiopia for the first time in 1905, as an agent for a foreign insurance corporation. The Imperial Insurance Company was founded in 1951 by a group of progressive Ethiopians. Ethiopians were pleased by this progress, and in 1954, 18 enterprises were founded with branches and agents in Addis Ababa, Asmara, Dire Dawa, Massawa, Assab, and Dessie. Proclamation NO.281/70, the first proclamation on licensing and regulation of insurance services, was issued in 1970. Only 15 insurance businesses were licensed by the Ministry of Trade and Industry's office for insurance industry monitoring. Two insurance businesses were closed the next year, leaving only 13 to operate until 1974, when the Derge Regime took power. All 13 insurance businesses were nationalized on January 1, 1975, in accordance with the interim military government's proclamation. The Government consolidated the 13 firms and founded the Ethiopian Insurance Corporation as a monopoly in the insurance market under the coordination, supervision, and control of the National Bank of Ethiopia by proclamation 26/ 1975. There are currently 17 privately-owned insurance businesses in the industry, offering a variety of life and non-life insurance products. Until 1994, the Ethiopian Insurance Corporation operated as a monopoly for over two decades. EIC was re-established with a capital of birr 61 million after the public enterprise decree No: 25/1992. EIC has 2,262 workers, 510 sales agents, and 90 direct branch sites across the country to provide life and non-life insurance services, according to the company profile as of June 30, 2021. EIC maintains its commitment to being a dependable insurer, citing its 46-year track record and excellent financial position (Zeleke, 2007).

EIC offers motor insurance, which protects the insured against financial loss whenever the motor vehicle is involved in an accident, burns, or stolen. It also protects against third-party obligations. EIC provide three types of motor insurance policies to vehicle owners: third party only, third party plus fire or/and theft cover, and comprehensive coverage.

1.3 Statement of the problem

Claims payment is a chance for insurance to demonstrate its commitment to its customers, resulting in increased customer satisfaction and a long-term relationship. Through the claim management process, insurers have a unique chance to create a fantastic customer experience. Claim processing excellence is used to gain a competitive edge for insurance companies, and it is a service that customers greatly value. A little decrease in customer satisfaction, on the other hand, has a significant impact on consumer behavior, and their claim experience might influence their choice to switch insurance. If policyholders are dissatisfied

in the long run, there will be a higher number of policy cancellations. Policyholders switch insurers as a consequence of dissatisfaction with the way their claim was handled, thus preserving the brand through fast claims management is critical. Although the motor insurance class of business controls the majority of the insurance market in Ethiopia and generates large profits as well as covers the major expenditure. To keep customers satisfied while simultaneously controlling costs and reducing leakage, insurers must maintain a close eye on the customer experience of claims management. In an industry like insurance, customer satisfaction is critical. Any business's profitability and success can be attributed to its customers. As a result, it is critical to meet the diverse needs of customers. The tremendous expansion in insurance sector competition, as well as people's insurance demands, has resulted in more policy options being accessible in the insurance market. Customer satisfaction measurement has become a crucial performance indicator of a company and a beneficial management tool for organizations to increase their current customer relationships and remain competitive in today's dynamic, uncertain and competitive environment (Barua A, 2015).

According to Solomon Demissie, who conducted a survey on customer satisfaction with motor insurance services in the instance of Ethiopian Insurance Corporation, 54 percent of motor insurance customers are unsatisfied with claim services. 42.6 percent of respondents are satisfied, while 3.4 percent are undecided (Solomon Demissie, 2014).

Mekdelawit Yoseph conducted a study on an assessment of claim settlement of motor insurance in the case of Tsehay insurance S.C. and discovered that customers are dissatisfied with claim service, which the company offers as a core service, resulting in customers not renewing their policies and spreading negative word of mouth, which has an impact on the company's sales volume (Mekdelawit Yoseph, 2014).

Yoseph Belay investigated the effect of motor insurance claim management on customer satisfaction at Ethiopian Insurance Corporation and discovered that the claim management process is the most important driver of customer satisfaction, with a direct impact on the monetary value of the claim. Improving the motor insurance claim management process could boost overall customer satisfaction, which could lead to policy renewals and more referrals, resulting in positive word-of-mouth advertising (Yoseph Belay, 2018).

On top of the empirical gap, the researcher has noticed that motor insurance customers of EIC are dissatisfied with the motor insurance claim management process.

All the bellow company data shows that the motor insurance class of business takes the lion's share in the premium collection, claim incurred & claim paid. There are also a significant percentage of motor insurance customers who experience the motor insurance claim management process at EIC. It has been noticed that there is well-known motor insurance customer dissatisfaction due to a variety of causes. EIC report As of June 30, 2021 outlines there are a variety of problems in motor insurance claim management. Among them the following reasons are noted:

1. The daily claim volume is exceptionally high, resulting in a tremendous workload.

2. A scarcity of experienced and professional auto repair shops.

3. Delay in the delivery of papers such as police reports and investigation reports.

4. A lack of trained labor as well as a labor shortfall

5. Delays in garages delivering repair cost estimates, as well as delays in garages completing car repairs.

6. Garages collaborate to increase repair costs unnecessarily.

7. There is a scarcity of genuine automobile spare parts.

Table 1.1 Share of Motor Insurance service In Insurance Industry

SN	Particulars	Amount/Share
1	EIC's Gross premium Income	6,103,734,922
2	EIC's Motor Premium income	1,603,334,858
3	Share of EIC's Motor Premium Income	26.3 %
4	EIC's Gross Claims Paid	1,273,403,164
5	EIC's Motor Claims Paid	859,910,495
6	Share of EIC's Motor Claims Paid	67.5 %
7	Industry Gross Premium Income	13,873,959,000
8	Industry's Motor Premium Income	5,567,981,000
9	Share of Motor Premium from Industry Gross Premium Income	40.13%
10	Share of EIC's Motor Premium Income from Industry Motor Premium Income	28.8%
11	Industry's Net Claims Incurred	4,423,733,000
12	Industry Net Motor Claims Incurred	3,323,858,000
13	Industry Share of Net Motor's Claims incurred	75.1 %
14	EIC's Net Claims Incurred	1,195,579,122
15	EIC's Net Motor's Claims Incurred	895,759,051
16	EIC's Share of Net Motor Claims incurred	74.9 %

Table1.1 shows that EIC's contribution to the industry's motor insurance service cannot be overlooked, as evidenced by the remarkable figures of 26.3 percent, 67.5 percent, 28.8 percent, and 74.9 percent for Share of EIC's Motor Premium Income, Share of EIC's Motor Claims Paid, Share of EIC's Motor Premium Income from Industry Motor Premium Income, and EIC's Share of Net Motor Claims Incurred, respectively.

The motive of the researcher to conduct this study is that motor class of business has a major share in comparison with other class of business in the insurance industry. It involves high claim Cost, marketing expenses in the form of commission payments to insurance agents and brokers and it also represents the principal share in terms of GWP in the industry. A clear insight about the effect of motor insurance claim management on customer satisfaction at EIC is found essential to the researcher to conduct a study. In addition, lack of empirical researches which focus on the examination of motor insurance claim management effect on customer satisfaction at EIC is another factor.

The research aims to bridge the customer gap (the gap between customer expectation and perception). The findings of this study reveal customer gaps in all processes of motor insurance claim management (claim reporting, response to a claim, towing damaged vehicle, damage assessment and repair handling, and complaint management), and the researcher attempts to recommend ways for the corporation to fill the gaps in empirical evidence.

1.4 Research questions

This study attempts to respond to the following questions in respect to the issued problem statement:

1. What process does EIC motor insurance claim management process follow?

2. What effect does the claim reporting and response process have on customer satisfaction?

3. What effect does the towing damaged vehicle process have on customer satisfaction?

4. What effect does the damage assessment process have on customer satisfaction?

5. What effect does the repair handling process have on customer satisfaction?

6. What effect does the complaint management process have on customer satisfaction?

1.5 Objective of the study

1.5.1 General Objective

This research is conducted with the general objective of determining the effect of claims management process on customer satisfaction of motor insurance customers at EIC.

1.5.2 Specific objective

The specific objective of this research is:

1. To evaluate how EIC motor insurance claim management process work.

2. To examine the effect of claim reporting process & response to claim process on customer satisfaction.

3. To examine the effect of towing process of a damaged vehicle on customer satisfaction.

4. To analyze the effect of assessment process of a damaged vehicle on customer satisfaction.

5. To determine the effect of the repair handling process on customer satisfaction.

6. To determine the influence of complaint management process on customer satisfaction.

1.6 Significance of the study

Stakeholders in the insurance industry will benefit from this research in a variety of ways. EIC will be able to determine the effect of the claims management procedure on customer satisfaction. Designing effective claim management systems based on the results will help EIC create and deliver customer value, resulting in customer satisfaction and loyalty. The study will also foster positive customer relationships, which will lead to long-term economic success.

Other industry professionals might use the findings of this study as a standard for evaluating their claims management processes. Furthermore, it may be used as a starting point for comparative studies in the insurance business by other scholars.

1.7 Scope of the study

The scope of this study is geographically limited to EIC customers in Addis Ababa who resided in the six districts of EIC for the assumptions that there are relatively civilized and high numbers of motor insurance customers. The study only covers motor insurance claims management process although the results aren't indicative of the whole insurance business.

1.8 Definition of terms and concepts

Insurance: is a cooperative device to spread the loss caused by a particular risk over several people who are exposed to it & who agree to insure themselves against that risk (Mishra, 2005).

Insurance policy: A formal insurance document that provides documentation and specifies the terms and conditions of insurance contract (Stempel, J. W. 2009).

Motor Insurance: Motor insurance is a type of insurance that covers insured private cars and commercial vehicles for both passengers and cargo in the event of financial losses caused by an accident or other damage to the insured vehicle. A comprehensive car insurance coverage pays for damages to third parties and their property, as well as compensating for personal losses (General Insurance Work Book, 2014).

Insured: The person, organization, or property for which an insurance policy is written is referred to as the insured. The insured enters into a contract with an insurer to obtain insurance coverage for actions that are normally covered by an insurance policy (Harvey W. Rubin, 2000).

Insurer: A party that agrees to compensate people, companies, or other organizations for specified financial losses is known as an insurer. They're the ones who come up with the insurance policy and decide on the contract's terms (Harvey W. Rubin, 2000).

Premium: "A premium is a fee charged to an insured that reflects the insured's risk or loss anticipation. It's also the amount of money that a person or company must pay for insurance coverage. Once earned, the insurance premium is both a source of income for the insurer and a liability in the sense that the insurer is obligated to cover claims made under the policy" (Harvey W. Rubin, 2000: 392).

Claim: The request by an insured for indemnification by an insurance company for loss incurred from an insured peril is called claim (Harvey W. Rubin, 2000).

Claim management: Claim management is a service provided by insurance firms in respect of claims for compensation, reparation, restitution, or any other remedy for financial loss or breach of contractual obligation (Rubin, Harvey W, 2000).

Customer satisfaction: Customer satisfaction measures how satisfied or dissatisfied customers are with a company's products, services, or experience. It is made up of a customer's perception of the firm's quality, value, and expectations, and it provides important insights into how customers relate to your brand and how they will interact with it in the future (Barua A, 2015).

1.9 Organization of the study

This research was organized into five chapters. Chapter one presents the general introduction about the whole report i.e., the background of the study, statement of the problem, research questions, research objectives, Significance of the study, scope of the study & definition of terms and concepts. Chapter two describes the theoretical review, empirical review, conceptual framework & summary of the literature review & knowledge gap related to how the motor insurance claims management process affects customer satisfaction. Chapter three provides research design and approach, sample and data collection methodologies, and data analysis methodologies. Chapter four explores the finding of the study. The final chapter deals with the summary, conclusion, recommendation, limitation & further research direction part of the study & contribution to the body of knowledge.

CHAPTER TWO

2. LITERATURE REVIEW

This chapter focuses on the main concepts related to motor insurance, theoretical review, empirical review, conceptual framework & summary of the literature review & knowledge gap related to how the motor insurance claims management process affect customer satisfaction.

2.1 Theoretical Review

2.1.1 Definition of Insurance

The following is a list of several authors' definitions of insurance:

Insurance is the pooling of accidental losses by transfer of such risks to insurers, who agree to indemnify insured's for such losses, to provide other financial benefits on their occurrence, or to render services connected with the risk (George E. Redja and Michael McNamara, 2016).

Scholars and writers have given various definitions of insurance from different perspective such as economic, social, and legal and the like. The insurance system is based on the concepts of risk pooling and risk sharing, as well as the law of big numbers. Pooling and sharing refers to the pooling of similar insurance pure risks of individuals and organizations, estimating the pool's expected losses, and then dividing the pool's predicted losses on an unbiased basis to all persons in the pool. According to actual evidence, it is extremely uncommon that all policyholders in a pool suffer losses over a particular time period (such as a year) (excluding fundamental pure risks) (Zeleke, 2007).

Article 654(2) of the Commercial Code of the Empire of Ethiopia (1960:140) provides a legal definition of insurance as "an insurance policy is a contract whereby a person called the insurer undertakes against payment of one or more premiums to pay to a person, called the beneficiary, a sum of money where a specified risk materializes."

"Insurance is unlike some other products: it is a conditional promise. In return for a fee (the premium), the insurer promises to make a payment (referred to as the claim) if an event of a specified nature occurs (usually referred to as an insured peril) and the insured consequently suffers loss or damage. As such insurance is a risk transfer mechanism; the basic proportion is that the insured exchanges the uncertainty of

a low frequency, high severity risk for the certainty of a lower cost premium". Article 654(2) of the Commercial Code of the Empire of Ethiopia (1960:140).

2.1.2 The general benefits of insurance

Buying the right type of insurance policy is indeed, a way to get protection against losses arising from different uncertainties in life. Insurance policies benefit people as well as society as a whole in various ways. The major social and economic benefits of insurance include financial Security, reduction of worry and fear, Source of investment funds and loss prevention.

Financial Security

"Indemnification permits individuals and families to be restored to their former financial position after a loss occurs" (Robert M.C. Namara, Michael, Redja, George E, 2016:51).

Financial security is the most key aspect of having an insurance policy. It protects the insured not only from financial losses, but also gives financial stability to the insured's family members in the case of an emergency. It also offers financial assistance to enterprises in the event of a financial loss caused by a fire, theft, or other calamity. A Health Insurance, on the other hand, covers the costs of hospitalization and treatment, reducing the burden of rising medical bills. Moreover Life and pension insurance policies are a terrific method to provide financial help to people in their old age (Skipper, 1997).

Reduction of worry and fear

By purchasing insurance, the insured transfers the risk of loss to the insurer. In basic terms, the insurance company bears the loss by paying the insured from premium collected from millions of policyholders. It also alleviates concerns and anxiety by ensuring cash payout in the event of an accident, allowing the insured to work in a peaceful and productive manner (Skipper, 1997).

"A second benefit of insurance is that it reduces worry and fear. This is true both prior and following a loss. For instance, if heads of families have appropriate amounts of life insurance, they are less likely to worry about the financial security of their dependents in the event of premature death; persons insured for long term disability do not have to worry about losing their jobs if they suffer a catastrophic illness or are

11

involved in an accident.; and Property owners who are insured have more peace of mind because they know they will be compensated if a loss occurs.(George E. Rejda,Michael J. McNamara, 2016).

Source of investment funds and loss prevention

Source of investment funds: Because insurance policies are long-term contracts, the insurance industry invests policyholder premiums to construct various infrastructure assets over time (Skipper, 1997).

Loss Prevention System: In order to lessen losses, insurance firms encourage a variety of loss prevention techniques, including health education, elevator and boiler inspections, vehicle burglar and theft alarms, and residential security guards and cameras (Skipper, 1997).

2.1.3 Motor vehicle insurance

"Motor vehicle" as defined on Vehicle Insurance against Third Party Risks Act 799/2013, is "any mechanical or electrical power propelled vehicle moving on roads."

Motor insurance is a type of insurance that pays out compensation or indemnity in the event of a financial loss caused by a collision, overturning, theft, or fire involving covered motor vehicles or others (third parties). With exceptions and limitations, a yearly automobile policy is available. It is a renewable insurance policy that is divided into private motor vehicle insurance and commercial motor vehicle insurance based on the function of the vehicle motor insurance policy (EIC Revised Motor Policy and Procedure manual, 2014).

2.1.4 Types of motor insurance Coverage

EIC offers its customers the following forms of motor insurance coverage: -

Third Party only insurance Cover, Third Party with Fire and / or Theft insurance cover, and Comprehensive insurance cover.

2.1.4.1 Third Party only Insurance Cover

Third Party insurance is the basic minimum required to comply with VIATPR Proclamation No 799/2013. Its significance stems from the fact that vehicle users on the road are obliged to make proper insurance provisions, and so victims of road accidents are not dependent on the personal wealth of the responsible party. The Civil Code of Ethiopia Article 2081, which is the only source of legal reference in this regard, is the basis on which such a law is enacted (IFAA, 2015). It's also worth noting that, unlike precise definitions of foreign practices, Article 2(9) of VIATPR Proclamation No 799/2013 defines "road" broadly as "any highway, urban or rural street, parking or terminal, bridge, or any other passage used by a vehicle covering any place where vehicle can be driven"(EIC Revised Motor Policy and Procedure manual, 2014).

2.1.4.2 Third Party with Fire and / or Theft Insurance Cover

In addition to the coverage provided by Third Party insurance, Third Party with Fire and/or Theft insurance reimburses the insured for loss or damage to the insured vehicle (and its accessories and spare parts while it is on the road) caused by fire, lighting, external explosion, self-ignition, and/or theft, burglary, or housebreaking (EIC Revised Motor Policy and Procedure manual, 2014).

2.1.4.3 Comprehensive Insurance Cover

Motor insurance covering comprehensive insurance cover contains two Sections: though not sequential Section I: 'Third Party Liability Section', and Section II: 'Own Damage Section' or 'Damage or Loss Section'. Accordingly, in addition to the cover afforded by Third Party, comprehensive motor insurance policy generally grants cover against destruction of or damage to the insured vehicle caused by accidental, external and physical means; that include collision, overturning, self-ignition, fire, lightning, external explosion, theft, burglary, house breaking, and malicious acts, damage/loss during transit and falling of objects. This is the widest form of cover (EIC Revised Motor Policy and Procedure manual, 2014).

2.1.4.4 Extensions to Standard Motor Insurance Cover

The above basic/standard covers can be expanded to cover the following extra risks by paying an additional premium, depending on the type of vehicle covered: - Increased third-party liability limit, personal accident

benefit, passenger legal liability, personal accident medical benefit, Yellow Card to COMESA member countries, own damage territorial extension, third-party working risk, bandits, shifta, and guerillas and other as needed (EIC Revised Motor Policy and Procedure manual, 2014).

2.1.5 Insurance claim

An insurance claim is a formal request for coverage or compensation from an insurance company for a covered loss or policy event by a policyholder. The claim is confirmed by the insurance company (or denies the claim). If authorized, the insurance company will pay the insured or an approved interested party on the insured's behalf (David Durbin, Philip S. Borba, 1992).

2.1.5.1 Insurance claim compensation/indemnity

Indemnity is the exact amount of money needed to put the insured in the same financial situation as the policyholder was before the loss (Commercial code of Ethiopian1960 article 678).

Compensation (indemnity) for insurance claims can be paid in cash (cash payment) or in cashless (repair, replacement, reinstatement) procedures (EIC Revised Motor Policy and Procedure manual, 2014).

Cash Payment: The insured receives the amount of the claim payable under the policy in cash, check, or bank transfer.

Repair: repair the insured damaged object at the insurer's cost.

Replacement: If the covered article is lost or destroyed beyond economic repair (total loss), the insurer will replace it with a comparable object.

2.1.6 Factors limiting the payment of compensation/ indemnity

According to EIC Revised Motor Policy and Procedure manual (2014), various insurance policy terms and conditions limit the payment of indemnification in insurance contracts. The key variables restricting indemnity payout in insurances and having an impact on the principle of indemnity include:-

1. Sum Insured: The maximum amount recoverable under any policy is limited by the sum insured or the limit of indemnity. In policies having a sum insured, the insured cannot recover more than the sum insured

even where indemnity is a higher figure. Sum-insured should, therefore base on the actual market value of the subject matter of insurance at the time of opening the policy of insurance. The essential requirement of insurance is that it should be full value insurance.

2. Excess: with regard to any loss, a certain predetermined amount shall be deducted and the balance, if any, shall be paid. Excess applied to keep moral hazard with regard to an insured that is in the habit of making constant trivial claims & to eliminate trivial claims keeping in view the administrative expenses which are quite often more than the claim amount itself.

3. Franchise: If a policy is made subject to franchise, then in order to get a claim the extent of claim must reach the amount of franchise when the insured gets full claim. If the amount of loss does not reach the franchise then insured does not get anything even though the insured has suffered a loss. It is actually a prerequisite or pre-qualification to get a claim.

4. Average: is a method by which under-insurance is defeated. The norms of insurance demanded that there should always be full value insurance. Under-insurance deprives the insurers in getting the actual premium even though they are liable to pay the loss to the fullest extent, only limit being the sum-insured. The result being that the experience gets unfavorable leading to enhancement of the premium to the detriment of even those who always believe in full value insurance. To take care of such a situation average has been introduced to make the insured his own part-insurer to the extent of under-insurance.

5. Limits (exceptions): Insurance policies limit the amount to be paid for certain events.

6. Deductibles: Deductible is the name given to a very large excess particularly in commercial insurance.

7. Contribution: The policy may, and usually does contain a condition which is known as contribution clause to the effect that where more than one insurance is enforce, the liability of the insurer is limited to his proportion of the loss.

8. Arbitration: Where there is a dispute between the policy holder and the insurers as to the amount paid under the policy, it must be referred to arbitration. Any other dispute is not dealt with arbitration. If there is a dispute over liability under the policy, this would have to be resolved by the courts rather than arbitration. But most of the time Insurers choose arbitration over court actions because it takes less time, it avoids bad publicity & less costly.

9. To whom Payable (beneficiary): Except in liability cases, when payment is made direct to the third party and solicitors, most claims are settled by payment to the insured. If payment is not made to the insured, it may be made to legal representative (heir) e.g. in death claims or a person is a minor or bankrupt or of unsound mind or to another party by order of the court.

2.1.7 Claim Service Factors Affecting Customer Satisfaction

Customers of motor insurance like any other services expect to get the service they paid for. One of the key elements of the claim service is getting payouts in the event of an incident/damage to the vehicle insured. The satisfaction of customers partly depends on the quality of the service during the claim process.

1. Claim Reporting: Insurance policies specify that the insured should notify their insurer of a claim promptly. 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 as purchase receipts or valuation (Roff, 2004).

When a claim is not reported promptly, the insurer misses out the opportunity to investigate facts when they are still fresh. 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 customer 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. Claim Review and Response: Claim Review 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 (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 customer/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). In response to claims, 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).

3. 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. Investigations are necessary if a claim is suspected to be fraudulent. 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. 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.

4. Claim Settlement: 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).

5.Complaint management: In cases where the customer 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 the customer/ claimant/beneficiary are dissatisfied with the final response given by the insurer, he should be informed if interested to activate an internal appeals processor appeal to the dispute settlement procedure available outside the company (OECD, 2004).

6. Claim Recoveries: Although this process does not involve the customer, 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 (OECD, 2004).

2.1.8 Customer satisfaction in insurance industry

Customer satisfaction is a person's feeling of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations (Kotler, 2000).

"Customer satisfaction is a function of expectations and disconfirmation resulting from comparison between expected and perceived performance. Customers that have expectations can judge performance. Therefore, companies need to understand their customer's requirements and expectations to find out what's important for them and have the knowledge of the variables that can potentially influence their service quality expectations" (Du Plessis, 2010: 51).

Satisfied customers are likely to continue their relationship with the firm, and they are less costly to approach than new customers. Therefore, the fact that attracting new customers is much more expensive than keeping old ones, explains the corporate drive toward increased consumer satisfaction. Therefore, customer satisfaction renders multidimensional benefits essential to make a business become successful (Kotler, 2006).

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

Thus, it is believed that the customer in insurance industry needs, among other things**:** Prompt and accurate issuance of insurance documents (policy papers, endorsements, Acceptance/rejection letters, warranties, etc.), Prompt and fair settlement of claims ,Better problem solving approach , To meet the customer's requirements on time and fair and competitive price/premium (vondee, 2007).

2.1.9 Relationship between service quality and customer satisfaction in insurance industry

Service quality and customer satisfaction are critical principles that businesses must appreciate in order to remain competitive and prosper (Angelova & Zekiri, 2011).

Customer satisfaction is the basis for successful business since it leads to repeat purchases, brand loyalty, and positive word of mouth (Tsoukatos, Rand, 2006).

The attainment of client satisfaction and loyalty, as well as the quality of service provided, are critical to the existence of insurers (Taylor, 2001).

Insurance companies are attempting to improve service quality in order to promote client satisfaction and loyalty (Siddiqui, Sharma, 2010).

A significant portion of the service an insurance customer receives is settlement of claims in accordance with the terms of the insurance contract. From an insurance company viewpoint, claim management is a key element in the competition between insurance providers and for the improvement of its public image (OECD, 2004).

While claims management process offers an opportunity to create a positive experience for the customer, it also enables the insurer to control its claim management costs. On the other hand, claim management service quality and effectiveness, is said to be the basis on which an insurance company is ultimately judge by customers and the key issue affecting the reputation of the insurer (Yusuf and Ajemunigbohunb, 2015).

2.1.10 Effects of customers satisfaction/dissatisfaction

Customer satisfaction has a positive effect on an organization's profitability. Satisfied customers' form the foundation of any successful business as customer satisfaction leads to repeat purchase, brand loyalty, and positive word of mouth (Hoyer and MacInnis 2001).

Satisfied customers improve business and dissatisfied customers impair business (Anderson & Zemke, 1998).

Satisfied customers are most likely to share their experiences with other people to the order of perhaps five or six people. Equally well, dissatisfied customers are more likely to tell another ten people of their unfortunate experience (Zairi, 2000).

Customers who receive poor service will typically relate their dissatisfaction to between fifteen and twenty others. The cost of gaining a new customer is ten times greater than the cost of keeping a satisfied customer (Gitomer, 1998).

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

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

Customer satisfaction is important because "satisfaction influences repurchase intentions whereas dissatisfaction has been seen as a primary reason for customer defection or discontinuation of purchase". High customer satisfaction will result in:

1. Increased loyalty for the firm
2. Customers will be less prone to offers from competition.
3. Loyal customers would purchase from the firm over an extended time (La Barbera and Mazursky 1983).

In light of the foregoing, practically every organization is required to strictly implement customer satisfaction measures, as satisfied consumers are critical to a company's success. Thus, it is thought that the insurance client requires, among other things:

1. Prompt and accurate issuance of insurance documents (policy papers, endorsements, Acceptance/Rejection letters, warranties, and so on).
2. Claims are resolved quickly and fairly.
3. A more methodical approach to issue solving

4. To address the needs of the consumer in a timely manner.

5. Price/premium that is both fair and competitive

As a result, a high insurance quality service in claim management could raise customer happiness, promote customer loyalty to the insurer, and motivate customers to return to the insurer and recommend the service to others.

2.2 Empirical review

Ethiopia is the second populated country in Africa, with a population estimation of 103, 483,002 as of December 31, 2021, according to CSA with a high variant method of estimation. The urban population represents 20.51% of the above population estimate, which shows that the urban population is increasing at an alarming rate due to the high rate of migration and urbanization (with an urbanization rate of 5.12% as of December 31, 2021),from the previous period results. Besides, Rapid urbanization in developing countries poses significant challenges to expanding city transportation systems in terms of meeting community access and mobility needs while also providing a sustainable, safe, and healthy environment. As a result, for the highest satisfaction of owners and users of motor vehicles, a high priority should be placed on the quality of motor insurance service.

A study of the efficacy, efficiency, and promptness of the claims management process in the Nigerian insurance market was commenced by Yusuf and Ajemunigbohun and they investigated two hypotheses using a sample of 107 people recruited from the claims departments of 33 insurance firms and the One Sample-T-test. Their findings revealed that managing claims effectively and efficiently has a substantial impact on claims management operational procedures, and that swiftness in claims management processes is crucial for fraud detection and prevention (Yusuf and Ajemunigbohun, 2015).

Pyae Phyo Wai conducted a study under the title "customer perceptions towards motor vehicles insurance claims management system of First National Insurance "and the results of the study showed that First National Insurance has a claims management system with well-defined procedures and a high level of customer service. In order to be successful in the long run, employees and owners must constantly review the customer satisfaction aspects of claims management system (Pyae Phyo Wai, 2019).

Moltot Abiyo conducted a study under the title "assessment of challenges and prospects of motor claims management in Africa insurance company S.C." the findings reveal that the current claims management

process is a major problem area that needs to be addressed to improve customer satisfaction. Lack of current and clear claims management manuals and processes, as well as a lack of trained, knowledgeable, experienced, and devoted claim professionals in claims service, were cited as major issues by AIC's customers (Moltot Abiyo,2016).

Yoseph Belay says that the claim management practice is the most central driver of customer satisfaction with a direct effect on the monetary value of the claim and hence improving the motor insurance claim management process could escalate overall customer satisfaction, which could lead to policy renewals and more referrals, resulting in increased word-of-mouth advertising and the study discovered that EIC's motor insurance customers are dissatisfied with the process of handling claims in his study titled" the effect of motor insurance claim management on customer satisfaction at Ethiopian Insurance Corporation"(Yoseph Belay , 2018).

The achievement or failure of the company's endeavors is greatly dependent on the quality of service provided to this class. As previously said, an insurer's claims package serves as a point of contact and a litmus test for the company's claims service. Furthermore, an accurate appraisal of the entire motor insurance claim service and claims management, as well as the true problems experienced in each procedure, has not been thoroughly examined.

Making refined assessments based on the circumstances on the ground is the only way to introduce necessary modifications and bring about customer satisfaction and growth in the company's level of business, as envisioned in the EIC Strategic Plan. To identify the problem and offer relevant remedies, it is necessary to understand the type of claims service in existence as well as the existing claims service perception of EIC Motor insurance customers**.**

2.3 Summary of the Literature Review and knowledge Gap

The industries significant input on motor insurance to GWP on the one hand and its poor results on the other prompted many researchers to perform numerous motor insurance studies.

The goal of the study is to pinpoint the primary motor claims management processes that affect customer satisfaction in EIC.

The success or failure of the company's efforts is heavily reliant on the level of service offered to this class. As previously stated, a claims package from an insurer serves as a point of contact and a litmus test for the company's claims service. To the best of the researcher's knowledge a full examination of the entire motor

claim service and claims management, as well as the genuine problems encountered in each phase, has not been conducted.

Making improved assessments based on the facts on the ground is the only way to implement essential changes and achieve customer satisfaction and growth in the company's level of business, as envisioned in the EIC Strategic Plan. To identify the issue and provide appropriate solutions, it is crucial to first establish the type of claims service now in place, as well as the existing claims service perception of EIC Motor insurance customers.

2.4 Conceptual framework of the Study

Frameworks have been developed based on the theoretical and empirical review of the claims management processes that motor insurance customers experience and could influence their level of satisfaction. Following Yoseph Belay (2018) and Pyae Phyo Wai (2019), this study's conceptual framework was constructed.

Figure 2.1 Conceptual frameworks on the effect of motor insurance claim management on customer Satisfaction
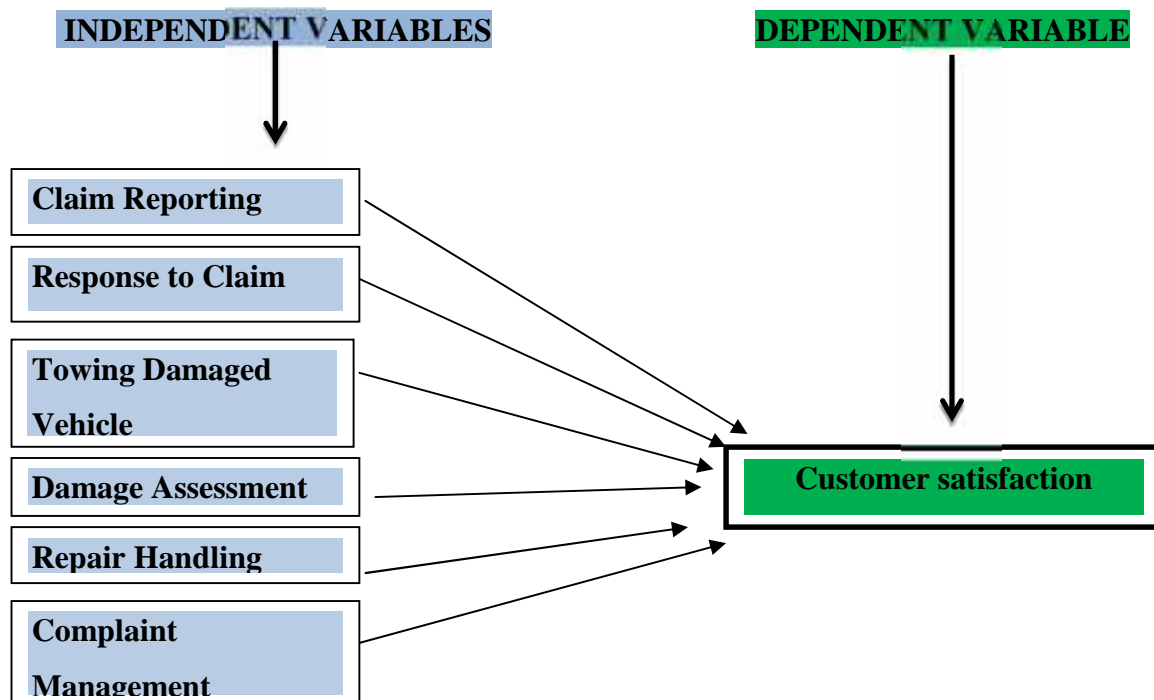
Source: Adopted from Yoseph Belay (2018) and Pyae Phyo Wai (2019).

CHAPTER THREE

3. RESEARCH DESIGN AND METHODOLOGY

This chapter provides details of the research methods and techniques that are applied in the entire study. It also includes research design, population and sampling technique, data collection methods, data analysis method, validity and reliability in order for achieving the set objectives.at last, during the data gathering ethical consideration was considered.

3.1 Research design

Based on the study's objective, which is to investigate the effect of motor insurance claim management on customer satisfaction, both explanatory and descriptive research designs were applied.

The researcher conducted a detailed interview with each of the six district managers to obtain descriptive data. An explanatory research design was conducted to identify the extent and nature of cause-and-effect relationships between motor insurance claim management process and customer satisfaction.

3.2 Research approach

To improve the validity and reliability of this study, both quantitative and qualitative research approach were applied. Quantitative research is gathering primary data from a large number of people with the goal of extrapolating the findings to a larger group of people. Statistical analysis was applied to quantify data (Patten & Bruce, 2014).

The Quantitative research approach is appropriate for testing objective theories by examining the relationship among variables (Laura M. O'Dwyer, James A. Bernauer, 2013).

Qualitative research method was used to analyze the services related to EIC motor insurance claim management process through in-depth interviews. And the collected qualitative data were punched, integrated and analyzed with quantitative information.

Therefore, to capture the best of both qualitative and quantitative approaches, to provide with in- depth analysis of the subject matter and to meet the objective of the research, the researcher applied Mixed-

Research approach. The mixed methods research design creates a wider picture by enhancing the depth and insight given by numbers through inclusion of dialogue and narratives (O'Leary, 2010).

3.3 Population of the study

The population is the larger pool of individuals from which the sampling elements will be drawn and to which the findings can be generalized (Studdert, 2020).

The general population of the study is the motor insurance customers holding comprehensive cover and had claim experience found in the six districts residing in the capital city Addis Ababa. As per EIC strategic management department data, there are 1,860 motor insurance customers holding comprehensive cover who had claim experience as of December 31, 2021.

3.4 Sampling

A sample is a subgroup of the population selected for participation in a study (Catherine, 2013).

Taking every person of the population as a data source for the study has been challenging, hence a sample of 329 motor insurance customers holding comprehensive cover and had claim experience were considered as a representative sample of the entire customers base.

To reach to the sample size,(Catherine,2002) sample size determination formula was used.

$$n = \frac{N}{1+N\,(e)^2} \quad \text{Where,}$$

n is the sample size

N is the total population size and

e is the margin of error or the level of precision = (5%) ,At a confidence level of 95%

Therefore, the derived the sample size is:

$$n = \frac{1,860}{1+1,860\,(0.05)^2}$$

= **329** for existing motor insurance customers that have comprehensive cover & have claim experience.

Since the number of population in each district is different and the total sample size is 329, the sample for

each district was calculated as follows:

$$n1 = \underline{nN1}$$

$$N \qquad \text{Where,}$$

n1= number of sample for each district

n= total number of samples

N1= total number of population in each district.

N= total number of population

The number of population and sample of respondents taken from each district was indicated as follows:

Table 3.1 Total number of population and proportion of samples taken from each district

Districts	EIC customers	Samples taken from EIC customers
Central Addis District	453	80
Eastern Addis District	269	47
Western Addis District	484	86
Southern Addis District	273	48
Northern Addis District	191	34
Arada District	190	34
Total	1,860	329

3.5 Sampling method

The researcher employed both probability and non-probability sampling methods.

A proportionate Stratified Random sampling method was employed, a probability sampling technique that each stratum (district) is proportionate to the population size of the stratum (district). To this end, the study focused on six of Addis Ababa's district's motor insurance customers holding comprehensive cover and had claim experience.

Purposive sampling method was employed, a non- probability sampling technique in which sample selection is based on their ability to elucidate a specific theme, concept or phenomenon. To this end the study focus on open-ended interviews with district managers of the six districts of EIC.

3.6 Data collection tools/instruments

For this study primary and secondary data are used.

Primary data

Primary data, according to (Kothari, 2004), are new data that have been collected for the first time and are hence unique.

To collect primary data, a structured questionnaire was produced and distributed to motor insurance customers holding comprehensive cover and had claim experience as well as interviews with EIC's six district directors.

3.6.1 Structured Questionnaires

The questionnaire approach was chosen due to its convenience of data collection, ability to obtain valid data in a short amount of time, and objective character, which sought to acquire quantitative data. A closed-ended five-point Likert scale questionnaire, in which respondents pick a response from a provided set of possibilities, is also used in this study.

3.6.2 Interview

Interview involves a series of open-ended questions related to motor insurance claim management and customers satisfaction. To get relevant information, the researcher conducted interview with district managers of the six districts of EIC. When conducting an interview, there are numerous ways to choose, such as a personal interview, a telephone interview, and an e-mail interview. In this study, personal interviews were done largely, meaning face-to-face interaction with respondents.

Secondary data

Secondary data were gathered from policy, procedures, publications, websites, books, reports, journals, customer claim files, and EIC circulars. The secondary data was gathered to supplement the study's conclusions.

3.7 Data Analysis Techniques

Both descriptive statistics and inferential statistics were used as a data analysis Techniques. Quantitative data were edited, coded, classified and analyzed by using frequency distribution table and descriptive statistics such as percentages, Mean and standard deviation are summarized. Then the analyzed data are interpreted, summarized and presented in the form of tables & figures through SPPS version 26.

Inferential statistics such as Spearman's correlation analysis and multiple regression analysis were used. Spearman's correlation coefficient is a statistical measure of the strength of a linear relationship between paired data.

Multiple regression analysis was done to investigate the contributions &association between independent variables and dependent variable as well as to develop a model for prediction of customer's satisfaction on claim management process based on the different elements of the process.

The regression model for this study is:-

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \varepsilon \quad \text{Where,}$$

Y = customer satisfaction

X_1 = claim reporting

X_2 = response to a claim

X_3 = towing damaged vehicle

X_4 = damage assessment

X_5 = repair handling

X_6 = complaint management

β_0 = constant term

β_1, β_2, β_3, β_4, β_5 and β_6 are the coefficients of regression equation for each variable

ε = is the error term

Qualitative data are narrated based on the major findings and relevant conclusions was drawn, finally, possible recommendations are forwarded.

3.8 Reliability & Validity

Reliability tests will measure whether the questionnaire result is the same outcome if the same thing used more than once (Creswell, 2014).

The reliability measurement for this study is the internal consistency reliability test in order to compare different samples of the items being used to measure an occurrence during the same period. This was done by means of a split-half reliability test also known as the coefficient of alpha or Cronbach's alpha.

Cronbach's alpha is a reliability coefficient that ranges from 0 (no correlation between scores) to 1 (perfect correlation between scores); values less than 0.6 are regarded as unacceptable, while 0.70 is considered as acceptable reliability level (Gliem, 2012).

Table 3.2 Reliability Test

No	Dimensions	Cronbach's Alpha For Customers	Number of Items
1	Claim Reporting	0.928	4
2	Response to Claim	0.703	3
3	Towing Damaged Vehicle	0.952	3
4	Damage Assessment	0.706	4
5	Repair Handling	0.964	5
6	Complaint Management	0.707	4
7	Overall Satisfaction	0.882	7
	Over all scale reliability	**0.8346**	

(Source: primary data generated by SPSS Version 26, 2022)

According to the aforementioned result, the reliability is 0.8346 that indicate that if the same respondents fill out the same questionnaire, the chances of having a similar result for the study are 83.46 % indicating that it is reliable.

Validity is the extent to which differences in observed scale scores reflect the true difference between objects on the characteristics being measured rather than systematic or random errors & how well the results among the study participants represent true findings among similar individuals outside the study (Bell, 2018).

A Pilot testing involving 25 respondents was applied on questionnaires that were distributed to respondents to evaluate the completeness, precision, accuracy, clarity and validity before distributing it to the whole

participants & Issues raised by respondents were corrected and questionnaires were refined. Moreover, comments given by an advisor were taken to ensure validity of the instruments. Finally, the improved version of the questionnaires were printed, duplicated and dispatched.

3.9 Ethical considerations

The researcher takes all required precautions to guarantee that all ethical components of the study process are adhered to. The goal of the study was fully stated to all respondents at the time of questionnaire delivery. Maximum effort was taken to make respondents feel comfortable and confidential by describing the aim and objective of the study.

Respondents were not required to use their names when filling out surveys, and they did so willingly. Confidentiality was kept at a high degree in order to make respondents feel at ease so that their comments are regarded neutral and represent the truth about the subject at hand. Company Policy and Procedure manuals retrieved as secondary data sources were strictly used for the purpose intended. The interview was conducted at an opportune time, which was carefully chosen. An appointment was made in advance for the interview by phone and in-person, and as a consequence, conditions such as hectic and high-peak office work hours were avoided, allowing respondents to reply to the questions in a calm way. The examined data are based on responses and do not include the researcher's viewpoint in any way. As a consequence, the conclusion or interpretation reached is solely dependent on the evidence obtained.

CHAPTER FOUR

4. DATA PRESENTATION, ANALYSIS AND DISCUSSION

This chapter analyzes both quantitative and qualitative data acquired through questionnaires and interviews, analyzed by descriptive and inferential statistics to examine both types of data.

4.1 Response rate

A total number of 329 questionnaires distributed to EIC motor insurance customers that have comprehensive cover and had claim experience. Out of these, 306 were returned, which make the response rate 93%. The researcher also interviewed six directors from EIC's six districts, with a 100% response rate.

4.2 Demographic Profile of the respondents

This section presented the background of the respondent based on gender, age, educational back ground, work experiences, work positions and type of vehicle insurance cover used. Based on their response, the demographic profile of the respondents is presented in tabular form here below.

Table 4.1 the respondent's background

Variable	Frequency	Percentage (%)
1. Gender		
Male	191	62.4
Female	115	37.6
Total	**306**	**100**
2. Age		
18 - 25 years	24	7.8
26 - 30 Years	50	16.3
31 - 35 Years	53	17.3
36 - 40 years	62	20.3
Above 40 years	117	38.2
Total	**306**	**100**

Variable	Frequency	Percentage (%)
3.Educational Background		
High School	50	16.3
Diploma	53	17.3
Degree	170	55.6
Postgraduate	29	9.5
PhD	1	0.3
Others	3	1
Total	**306**	**100**
4.Vehicle Insurance Type		
Commercial motor insurance	113	36.9
private motor insurance	193	63.1
Total	**306**	**100**
5.For How Long As Motor Insurance Customer at EIC		
Less than 1 year	17	5.6
2-4 years	47	15.4
5-7 Years	130	42.5
8-10 Years	40	13.1
Above 10 Years	72	23.5
Total	**306**	**100**

(Source: primary data generated by SPSS Version 26, 2022)

As it can be seen from table 4.1, 62.4% of EIC customers are male while the remaining 37.6% were female. This implies that the proportion of male is more than that of female.

Concerning EIC customers age, 7.8% of respondents are at the age of 18 and 25, 16.3% are between the ages of 26 and 30, 17.3% are between the ages of 31 and 35, 20.3 % are between the ages of 36 and 40, and the remaining 38.2 %t are over the age of 40. This means that numbers of respondents above the age of 40 are higher than the other age groups.

Regarding with educational level, 16.3% of the EIC customers was high school complete, 17.3% of the participants were diploma holders, 55.6% of the participants were degree holders,9.5 % of the participants were at the level of postgraduates.0.3% of the participants were PHD holders and 1% of the participants were grouped as others. This implied that majority of respondents are degree holders.

Concerning vehicle insurance type, 36.9 % of EIC customers used commercial motor insurance while the remaining 63.1% used private motor insurance. This means that the proportion of respondents who have purchased private motor insurance is higher than the proportion that has purchased commercial motor

insurance.

According to the collected data, 5.6 % of EIC customers stayed with the EIC as a customer less than 1 year, 15.4 % stayed with EIC as a customer 2-4 years, 42.5 % stayed with EIC as a customer 5-7 years, 13.1% stayed with EIC as a customer 8-10 years while the remaining 23.5% stayed with EIC as a customer more than ten years. This implies that the majority of the respondents stayed with EIC for 5-7 years as a customer.

4.3 Descriptive data analysis related to EIC motor insurance claim management process

In this section, descriptive statistics for each of the processes of EIC motor insurance claim management, particularly their mean and standard deviation are presented.

Claim reporting, response to a claim, towing damaged vehicle, damage assessment, repair handling and complaint management are the six stages of the EIC motor insurance claim management process. The descriptive statistics (mean and standard deviation) for each of EIC's motor insurance claim management processes, as well as seven additional survey questions assessing the overall satisfaction, are presented in the tables below.

N.B: interpretation of mean scores

 1-2.33= low mean score

 2.34-3.67= moderate mean score

3.68-5= high mean score (Boone, H. N., & Boone, D. A. 2012)

Standard deviation shows how much variation there is from the mean. A low standard deviation indicates that the data points tend to be close to the mean, whereas a high standard deviation indicates that the data are spread out over a large range of values.

The mean is the average of a set of scores added together and divided by the number of scores.

Table 4.2 Descriptive statistics of variables

Variables	Mean	Standard Deviation
Claim Reporting	4.30	0.66
Response to Claim	3.32	0.89
Towing Damaged Vehicle	2.09	1.05
Damage Assessment	2.57	0.84
Repair Handling	2.07	1.05
Complaint Management	2.85	0.71
Overall Satisfaction	2.65	0.79

(Source: primary data generated by SPSS Version 26, 2022)

As it can be seen from table 4.2,The customers response to motor insurance claim management processes (claim reporting and response to claim) have a higher mean value of (4.30 and 3.32) that shows that EIC customers are highly satisfied by this two processes, the other two processes (damage assessment and complaint management) had a moderate mean value of (2.57 and 2.85) that shows that EIC customers are moderately satisfied by this two processes , the other two processes (towing damaged vehicle and repair handling) had a low mean value of (2.09 and 2.07) that shows that EIC customers are highly dissatisfied by this two processes.

The mean value of the overall satisfaction was 2.65 and according to Boone, H. N., & Boone, D. A. ,2012,This value is with in moderate mean score range but it is close to the low mean score range, that shows that according to EIC customers the overall satisfaction level was poor.

4.3.1 General Assessment of independent variables overall satisfaction

Table 4.3 General Assessment of independent variables

	Very Poor	Poor	Neutral	Good	Very Good
			%		
Claim reporting	1	1.7	10.9	44.7	41.7
Response to claim	1	2.3	8.2	49	39.5
Towing damaged vehicle	33	42.5	7.5	9.8	7.2
Damage assessment	31	41.5	10.5	10.8	6.2
Repair handling	34.3	39.9	8.5	11.8	5.6
Complaint management	35	39.5	11.4	10.5	3.6
Overall satisfaction	34	37.9	10.8	10.8	6.5

(Source: primary data generated by SPSS Version 26, 2022)

Table 4.3 shows 44.7% of the customers evaluated claim reporting as good and 41.7% as very good. 49% rank response to claim as good and 39.5% as very good. 86.4% and 88.5% of EIC's customers say claim reporting and response to claim processes met customers' expectations.

Regarding towing damaged vehicle, 33% of EIC customers rated as very poor and 42.5% poor. Regarding damage assessment, 31% of EIC customers rated as very poor and 41.5% poor. Repair handling was rated very poor and poor by 34.3% and 39.9 % of EIC customers respectively. Regarding complaint management, 35% of EIC customers rated as very poor and 39.5% poor. Based on the results the process of towing damaged vehicle, damage assessment, Repair handling and complaint management were poor. Regarding overall satisfaction, 34 % of EIC customers assessed overall satisfaction as very poor, and 37.9 % ranked it as poor.

To summarize, the outcome for towing damaged vehicle, damage assessment, repair handling, complaint management, and overall satisfaction was poor. This is a bad sign for EIC to compete in such a dynamic business world and with other insurance companies, so the researcher recommends that EIC should improve its towing damaged vehicle process, damage assessment, repair handling, and complainant

management system by arranging a close follow up system that can handle complaints and repair handling. Training and developing in-house damage assessment professionals can also be a good solution.

4.4 Inferential Analysis

This section depicted and discussed the relationship between motor Insurance claim management process and customer satisfaction. First, the relationship between motor insurance claim management process & Customer Satisfaction were analyzed. Second, the association between each component of motor insurance claim management process (claim reporting, response to a claim, towing damaged vehicle, damage assessment, repair handling &complaint management) were analyzed with Customer Satisfaction.

4.5 Correlation Analysis

Correlation analysis is a technique for expressing the relationship between two variables. It is a standardized covariance that reveals the amount to which a change in one variable corresponds predictably to a change in another.

Spearman's correlation is a statistical approach for determining the degree of relationship between two variables. Spearman's correlation coefficients range between -1 and +1. A positive score suggest a positive correlation. A negative value implies a negative correlation, and correlation strength is calculated from -1 to +1. When a correlation coefficient is close to +1 or -1, it implies that there is a strong linear link between the variables, and when the correlation is weak, the coefficient is close to zero (Gauthier, T. D., 2001).

The following pattern was used to interpret the strength of correlations based on the recommendation of (Gauthier, T. D., 2001).

Spearman's Coefficient, _r_		
Strength of Association	Positive	Negative
weak	0.1 to 0.3	-0.1 to -0.3
moderate	0.3 to 0.5	-0.3 to -0.5
strong	0.5 to 1.0	-0.5 to -1.0

4.5.1 The relationship between motor insurance claim management process and customer satisfaction

The Spearman's correlation (r) between variables was used in order to address the specific research objectives i.e., the effects or relationships of motor insurance claim management process on customer satisfaction at EIC.

Table 4.4 Correlation between Motor Insurance claim Management process and Customer Satisfaction

		Customer Satisfaction
	Spearman's Correlation	.887**
Motor Insurance Claim Management Process	Sig.(2tailed)	.000
	N	306

** Correlation is significant at the 0.01 level (2-tailed).
(Source: primary data generated by SPSS Version 26, 2022)

As shown in table 4.4 which demonstrates the relationship between the motor insurance claim management and customer satisfaction, there is statistically significant strong positive correlation between motor insurance claim management and customer satisfaction (r=0.887, p<0.01).

From this result we can see that motor insurance claim management has an effect on customer satisfaction.so, EIC should give attention on motor insurance claim management process to assure customer satisfaction. Furthermore, the result that was produced from this correlation coefficient (r) was found to be comparable to the discovery that Yoseph Belay had (2018).

4.5.2 The relationship between each motor insurance claim management process and customer satisfaction

In addition to table 4.4 which demonstrates the relationship between the motor insurance claim management process and customer satisfaction, in this section it examine the relationship of each motor insurance claim management process with customer satisfaction in more detail approach.

Table 4.5 Correlation between motor insurance claim management process and customer satisfaction

		Customer Satisfaction
Claim Reporting	Spearman's Correlation	-.226**
	Sig. (2-tailed)	.000
	N	306
Response To Claim	Spearman's Correlation	-.143*
	Sig. (2-tailed)	0.012
	N	306
Towing Damaged Vehicle	Spearman's Correlation	.859**
	Sig. (2-tailed)	.000
	N	306
Damage Assessment	Spearman's Correlation	.850**
	Sig. (2-tailed)	.000
	N	306
Repair Handling	Spearman's Correlation	.902**
	Sig. (2-tailed)	.000
	N	306
Complaint Management	Spearman's Correlation	.652**
	Sig. (2-tailed)	0
	N	306

** Correlation is significant at the 0.01 level (2-tailed)
*Correlation is significant at the 0.05 level (2-tailed).

(Source: primary data generated by SPSS Version 26, 2022)

The Spearman's correlation coefficient (r), as shown in Table 4.5, indicated a statistically weak negative correlation between claim reporting and customer satisfaction (r = -0.226, p0.01). In addition, there is a statistically insignificant weak negative correlation between claim response and customer satisfaction (r = -0.143, p 0.05). This all indicate that the existence of a weak negative relationship between claim reporting and response to claim with customer satisfaction. The same table showed a strong positive correlation between towing damaged vehicle and customer satisfaction (r = 0.859, p<0.01), damage assessment and customer satisfaction (r = 0.850, p<0.01), repair handling and customer satisfaction (r = 0.902, p<0.01), and complaint management and customer satisfaction (r = 0.652, p<0.01).

To summarize the above inferential statistics results i.e., the correlation between motor insurance claim management process & customer satisfaction, showed that except claim reporting (-0.226) & response to claim (-0.143), the other motor insurance claim management processes have a positive correlation with customer satisfaction i.e., towing damaged vehicle (0.859), damage assessment (0.850), repair handling (0.902) and complaint management (0.652).

The model also revealed that the predictors repair handling (0.902), towing damaged vehicle (0.859), damage assessment (0.850) &complaint management (0.652) were the highest predictors of customer satisfaction unlike the other two predictors, claim reporting (-0.226) & response to claim (-0.143) that were insignificant predictors of customer satisfaction.

4.6 Multiple Linear Regression Analysis

Multiple regression analysis is used to determine the relationship between dependent variable (customer satisfaction) and independent variable (claim reporting, response to a claim, towing damaged vehicle, damage assessment, repair handling &complaint management). Multiple regression analysis also shows how the dependent variable varies as the situation changes. To compute the measurement of multiple regression findings for this study, the researcher utilized SPSS version 26 software.

The regression model for this study is;-

$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \varepsilon$

Where,

Y=customer satisfaction

X1=claim reporting

X2=response to a claim

X3=towing damaged vehicle

X4=damage assessment

X5=repair handling

X6 =complaint management

β_0 = constant term

β_1, β_2, β_2, β_3, β_4, $\beta_5$and β_6 are the coefficients of regression equation for each variables and ε is the error term.

4.6.1 Checking Regression Model Assumptions

Multiple regression assumptions, such as linearity, normality, homoscedasticity, autocorrelation, and multicollinearity, were examined in order to interpret the data. All diagnostic tests yielded results were consistent with the assumptions applied. (These tables and graphs are attached in Appendix).

4.6.2 Multiple Linear Regression Model Summary

Table 4.6 Multiple Linear Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.944a	0.891	0.889	0.26248

a. Predictors: (Constant), Complaint, Response, Reporting, Assessment, Towing, Repair

b. Dependent Variable: Customer Satisfaction

(Source: primary data generated by SPSS Version 26, 2022)

From the above model summary table (table 4.5) reveals the value of R, R Square and adjusted R Square for the model has been calculated. For this data R is 0.944that shows the degree of associations between customer satisfaction & motor insurance claim management process, R Square is 0.891 and Adjusted R Square is 0.889. The model indicates that on average about 88.9 % of the variation in customer satisfaction can be explained or justified by the motor insurance claim management process & the motor insurance claim management process included in the model is jointly significant to justify the variation in customer satisfaction at 1% of significance level. The remaining 11.1% of the variation in customer satisfaction is determined by other variables which are not included in this model.

4.6.3 Multiple Linear Statistical significance (ANOVA)

Table 4.7Multiple Linear Statistical significance (ANOVA)

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	168.694	6	28.116	408.081	.000b
Residual	20.6	299	0.069		
Total	189.294	305			

a. Dependent Variable: Customer Satisfaction

b. Predictors: (Constant), Complaint, Response, Reporting, Assessment, Towing, Repair

(Source: primary data generated by SPSS Version 26, 2022)

The above ANOVA table (table 4.7), help us to make sure whether the multiple linear model summary statistically significant predictor of customer satisfaction or not and it is evidenced that the model is statistically predictor of customer satisfaction because the sig. value is less than 1%. Therefore, a significant amount of customer satisfaction is influenced jointly by the motor insurance claim management process .Thus, the motor insurance claim management process found statistically and significantly predict Customer Satisfaction; and it can be concluded as, the overall regression model is significant, $F_{(6,299)}$ =408.081, p <0.01, R square is 0.891; this result implied that the model significantly predicts Customer Satisfaction. (i.e., the regression model is a good fit or adequate of the data). In other words, the motor insurance claim management process were included in the model are jointly or altogether statistically significant in justifying or explaining the variation in Customer Satisfaction.

4.6.4 Multiple Linear Estimated model coefficients

Table 4.8multiplelinear estimated model coefficient

variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-0.156	0.133		-1.178	0.24
Reporting	0.150	0.029	0.126	5.076	0
Response	0.017	0.019	0.019	0.902	0.368
Towing	0.267	0.033	0.355	8.166	0
Assessment	0.127	0.037	0.136	3.396	0.001
Repair	0.324	0.04	0.43	8.081	0
Complaint	0.193	0.027	0.175	7.206	0

a. Dependent Variable: Customer Satisfaction

(Source: primary data generated by SPSS Version 26, 2022)

At a 5% level of significance and a 95% level of confidence, the calculated model coefficient demonstrates that all of the study's independent variables except response to claim are significant. The coefficients indicate how much the dependent variable changes with an independent variable while all other

independent variables kept constant. As a result, implies that repair handling has the greatest impact on Customer Satisfaction. Generally, the above estimated multiple regression model implied that, in the absence of all independent variables in this model or there were equal to zero, the expected value of the predicted dependent variable must be 15.6% . With 1% change in claim reporting and no changes in other independent variables, it is possible to change the Customer Satisfaction by15% on average. Furthermore, a 1% improvement in the towing damaged vehicle, while all other variables remain constant, can improve Customer Satisfaction by 26.7% on average. A 1% change in damage assessment will increase Customer Satisfaction by an average of 12.7%, a 1% change in repair handling will improve Customer Satisfaction by on average of 32.4% & a 1% change in complaint management will improve Customer Satisfaction by on average of 19.3%.

Therefore, the generated regression model was: Customer Satisfaction = -0.156+ 0.324(Repair Handling) + 0.267(towing damaged vehicle) +0.193(complaint management) + 0.150 (Claim Reporting) +0.127 (damage assessment)

As shown in table 4.8, the unstandardized beta value indicates that repair handling has the greatest effect on customer satisfaction, while damage assessment has the least effect on change in customer satisfaction. In addition, response to claim is statistically insignificant at the significant level to explain variation in customer satisfaction. This indicates that EIC is good at this process & should keep it up.

Based on the preceding findings, Customer satisfaction can be significantly improved by paying special attention to claim reporting, towing damaged vehicle, damage assessment, repair handling & complaint management.

Other studies that support my findings: - Yoseph Belay, (2018) states Damage Assessment, Repair Handling & Complaint Management are statistically significant & a response to claim was found to be statistically insignificant to customer satisfaction. Pyae Phyo Wai, (2019), states Repair Handling, Damage Assessment & Towing Damaged Vehicle have significant level to explain variation in customer satisfaction.

4.7 Major Findings from Interview Analysis

The researcher interviewed each district director of EIC using five interview questions to learn about motor insurance claim management and its effects on customer satisfaction. The responses were summarized and qualitatively analyzed according to the research objectives.

All respondents agreed the claim reporting and response process is simple and convenient, except for towing. According to EIC's six district directors, small towing tariffs, crane owners' unwillingness to tow damaged vehicles to nearby destinations, a lack of double axel or Kato cranes, and topography make towing damaged vehicles difficult. Customers are dissatisfied with the damage assessment process, according to respondents. Repairing an unusual type of car, bidding process issues, scarcity and high prices of spare parts, delay of the evaluator's assessment report, failure of garages to repair and finish the vehicle on time, and putting vehicles in the wrong location are among the top points raised by respondents.

The interviewees said there is a clear directive and procedure in place to manage customer complaints, as follows: The insurance company will estimate the value of maintenance or total loss if a customer files a claim. If customers are unhappy with the estimate, the company will submit a new bid. If this fails, independent evaluators will be consulted. If a customer is still unhappy, the company will try arbitration. If this method fails, the case will go to court.

CHAPTER FIVE

5. SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

This chapter is broken up into five sections: the first section is a summary of the most significant findings; the second section is made up of the conclusions of the study that were drawn from the analysis; the third section; based on the findings of the study, forwards reasonable recommendation to EIC; the fourth section forwarded possible further research direction in the problem area & the fifth section concludes by contribution to the body of knowledge.

5.1 Summary of Findings

The most important takeaways and discoveries from the survey questionnaire and interview data analysis were outlined in this section. For the purpose of this study, 329 questionnaires were distributed to EIC motor insurance customers who had comprehensive coverage and claim experience and interviews were conducted with six district directors. The response rate was 93%. As a direct consequence of this, 306 customers of EIC took part in the data analysis.

The effect of claim reporting on customer satisfaction

Concerning the claim reporting process, the majority of motor insurance customers with comprehensive coverage and claim experience say that the claim reporting process of EIC was simple and met their expectations (48.7% agreed and 41.5 % strongly agreed), that the staff had adequate knowledge (49.7% agreed and 42.8 % strongly agreed), and that the staff clearly explained the reporting process (48.4% agreed and 43.5 % strongly agreed) (49 % agreed, and 42.2% strongly agreed). Customers were satisfied with the claim reporting process, according to this. An in-depth interview also confirms that customers are pleased with the claim reporting process.

The Spearman's correlation coefficient (r) indicated that there is statistically weak negative correlation between claim reporting and customer Satisfaction ($r = -0.226$, $p<0.01$). This can be interpreted as claim reporting has weak negative relationship with customer satisfaction.

According to the result of linear regression analysis, claim reporting has a significant effect on customer satisfaction and the beta coefficient for the predictor variable (15%).

The effect of response to claim on customer satisfaction

Regarding the response to the claim, the majority of motor insurance customers with comprehensive coverage and claim experience say that the claim reporting process of EIC, except for response time, was as expected and that they were somewhat satisfied by the response to claim process of EIC. They also say that the convenience of manual/face-to-face claim response mechanisms (40.5 % agreed, and 46.4 % strongly agreed), discomfort due to the lack of an online claim redress system (37.3% agreed, and 49.3% strongly agreed), and that the claim response (approval or rejection) time was reasonable (40.5 percent disagreed, and 52.6 percent strongly disagreed).Customers are satisfied with the response to the claim process, according to an in-depth interview discussion gathering.

The Spearman's correlation coefficient (r) indicated that there is statistically insignificant weak negative correlation between response to claim and customer satisfaction ($r = -0.143$, $p < 0.05$). This can be interpreted as response to claim has weak negative relationship with customer satisfaction.

According to the result of linear regression analysis, response to a claim has insignificant effect on customer satisfaction and the beta coefficient for the predictor variable (1.7%). This indicates that EIC is good at this process & should keep it up.

The effect of towing damaged vehicle on customer satisfaction

When it comes to towing damaged vehicles, the majority of motor insurance customers with comprehensive coverage and claim experience say that EIC's towing damaged vehicle process didn't meet their expectations that EIC would arrange for the damaged vehicle to be taken away from the accident site as soon as possible (39.9% disagreed, and 34.6 % strongly disagreed),Getting the damaged vehicle removed from the accident scene was a simple matter (40.5% disagreed, and 35% strongly disagreed), and towing service ensures that no additional damages occur after an accident (37.9 % disagreed and 34.3 % strongly disagreed). This indicates that customers were dissatisfied with the towing process for damaged motor. The findings of an in-depth interview also support the opinion of motor insurance customers that the EIC towing damaged vehicle process is disappointing.

The Spearman's correlation coefficient (r) indicated that there is statistically significant strong positive correlation between towing damaged vehicle and customer satisfaction ($r = 0.859$, $p < 0.01$).This can be interpreted as towing damaged vehicle has strong positive relationship with customer satisfaction.

According to the result of linear regression analysis, towing damaged vehicle has a significant effect on customer satisfaction and the beta coefficient for the predictor variable (26.7%).

The effect of damage assessment on customer satisfaction

In terms of damage assessment, the majority of motor insurance customers with comprehensive coverage and claim experience say that the damage assessment process of EIC, with the exception of a damage assessor being quickly assigned (48.4% agreed, and 33.3 % strongly agreed), an in-depth damage assessment being performed (37.9% disagreed, and 33 % strongly disagreed),The repair cost estimate or pre-accident value (in the case of total loss) was reasonable (39.2% disagreed, and 35.9% strongly disagreed), and the speed with which the estimate was made was acceptable (42.2 % disagreed and 35.6%strongly disagreed). Customers were dissatisfied with the damage assessment process, unless a damage assessor was assigned quickly. Customers are dissatisfied with the damage assessment process, according to an in-depth interview gathering.

Damage assessment and customer satisfaction have a statistically significant strong positive correlation ($r = 0.850$, $p<0.01$), according to Spearman's correlation coefficient (r). This can be interpreted as a strong positive relationship between damage assessment and customer satisfaction.

A damage assessment has a significant effect on customer satisfaction and the beta coefficient for the predictor variable, according to the results of linear regression analysis (12.7%).

The effect of repair handling on customer satisfaction

Concerning towing damaged vehicles, the majority of motor insurance customers with comprehensive coverage and claim experience stated that the EIC's repair handling process was not as per their expectation that the bidding process for repair work was swift and easy (41.8 % disagreed, and 35.6 % strongly disagreed), the Performance of repairer (garage) meets your expectation (41.2 %disagreed, and 35.6 % strongly disagreed),the quality of the spare parts used was at least equivalent to the standard that existed prior to the accident (39.2 % disagreed and 35 % strongly disagreed), and the quality of the body repair work was comparable to the standard that existed prior to the accident (40.5 % disagreed and 34.3 % strongly disagreed), and the time it took to complete the repair work was acceptable (44.1 %disagreed and 35.6 % strongly disagreed). Customers were apparently dissatisfied with the repair handling process. Customer dissatisfaction with EIC's repair handling process is also supported by an in-depth interview.

According to the Spearman's correlation coefficient (r), there is a statistically significant strong positive correlation between repair handling and customer satisfaction (r = 0. 902, p<0.01). This can be interpreted as a strong positive relationship between repair handling and customer satisfaction.

According to the result of linear regression analysis, repair handling has a significant effect on   customer satisfaction and the beta coefficient for the predictor variable (32.4%).

The effect of complaint management on customer satisfaction

In terms of complaint management, the majority of motor insurance customers with comprehensive coverage and claim experience say that the EIC complaint management process, aside from having a well-designed complaint management platform, wasn't up to their expectations. They say that my complaint was recognized and processed quickly (38.2 % agreed, and 52.3 % strongly agreed), My complaint was quickly recognized and processed (39.9% disagreed and 40.2 % strongly disagreed), a procedure for appealing the decision made in response to my complaint was in place (43.5 % disagreed and 41.5 % strongly disagreed), and the dispute resolution procedure was completed in a reasonable amount of time (41.2% disagreed and 44.8 % strongly disagreed). This means that customers were only satisfied with the EIC complaint management platform, but not with the other complaint management tools.

According to Spearman's correlation coefficient (r), there is a statistically significant strong positive correlation between complaint management and customer satisfaction (r = 0. 652, p<0.01). This can be interpreted as a strong positive relationship between complaint management and customer satisfaction.

According to the findings of a linear regression analysis, complaint management has a significant impact on customer satisfaction, as measured by the beta coefficient for the predictor variable (19.3%).

5.2 Findings from General Assessment of Independent Variables

EIC customers' perceptions of customer satisfaction, Claim reporting (86.4%) and claim response (88.5%) are good in EIC, but towing damaged vehicles (75.5%), damage assessment (72.5%), repair handling (74.2%) and complaint management (74.5%) are poor. Customer satisfaction is poor in general (71.9 %).

5.3 Conclusion

Customer satisfaction with EIC's claim management process was a primary goal of this study. In light of all the information gathered, the following conclusions were drawn:

- The Correlation analysis of this study discovered that the four motor insurance claim management process aspects (repair handling, towing damaged vehicle, damage assessment, & complaint management) have a strong positive relationship with customer satisfaction & claim reporting and response to claim have a weak negative relationship with customer satisfaction that have a favorable opinion from customers of EIC. Repair handling is the most important component of motor insurance claim management process with the strongest correlation. Towing damaged cars, damage assessment, and complaint management are ranked in order of increasing correlation coefficient.

- The Multiple Regression analysis of this study revealed that Repair handling, towing damaged vehicles, complaint management, and damage assessment were found to have the greatest impact on customer satisfaction & they are jointly or altogether statistically significant in justifying or explaining the variation in Customer Satisfaction. Repair handling has the greatest effect on variation in customer satisfaction. Towing damaged vehicles, complaint management and damage assessment are ranked in order of increasing effect on variation in customer satisfaction. Moreover, response to claim is statistically insignificant at the significant level to explain variation in customer satisfaction. This indicates that EIC is good at this process & should keep it up.

- 71.9 % of EIC customers said that they are dissatisfied with the overall level of customer satisfaction. Several implications for EIC's improved motor insurance claims management practices were suggested by the study's findings, which are briefly presented as follows:

5.4 Recommendations

Customers who have a favorable experience with the handling of their motor insurance claim management are more likely to have a favorable opinion of the business as a whole if they have other pleasant interactions with the organization. There is a chance that an increase in the number of referrals and policy renewals will result in an increase in the amount of word-of-mouth advertising. It is essential for EIC to be ready in front of this opportunity if it wants to make the most of it. Accordingly,

The researcher has prepared the following list of potential solutions and recommendations to solve the problems that have been identified as a result of the findings and has recognized the challenges that exist.

- While most customers are satisfied with the claim reporting and response process, EIC should set up good connection phone lines and an online reporting mechanism so that customers can easily

connect to the office and report their claim. There should also be a standard response time to better meet customer expectations.

- Regarding towing car service, EIC ought to improve the current level of service provided by the towing company. To increase its chances of success, EIC need to collaborate with reputable suppliers of towing services. If EIC's employees and agents are adequately trained and instructed, it is quite unlikely that any more damage would occur during the towing process.

- When it comes to figuring out how much damage there is, EIC should clearly explain the damage assessment process to its customers before they buy insurance. This includes the amount of damage and the compensation that comes with it so that there are no disagreements.

- In order to efficiently handle the processing of repair handling, EIC has to reach a consensus on the procedure to be followed while managing repairs. During the process of repairing, EIC needs to assign professionals who are competent enough to keep track of the progress being made in terms of quality maintenance and time, and who are able to pose a question if there is a departure from the expectation.

- With regard to the resolution of complaints and disagreements, EIC should address the concerns of customers within a certain amount of time. EIC needs to conduct its business in line with the rules and regulations that they promised their customers while selling the service. Before a client buys insurance from EIC, the terms and conditions of the goods should be thoroughly explained to them in order to reduce the likelihood of a dispute arising.

- The language of communication for insurance policies and contracts is virtually always English. However, insurance contracts include a lot of technical terminology that is difficult for even the most educated individuals to grasp. Therefore it is of the utmost importance that insurance policies be drafted in a way that is unambiguous and easy to comprehend, as well as made accessible in the native languages of the nations in which they are marketed.

5.5 Limitations and Directions for Further Research

This research is geographically confined to EIC's six districts located inside Addis Ababa region. As a result, the outcomes of this research may not be generalizable to other EIC area branches.

The word "customer satisfaction" covers a broad variety of concepts. This research looks at the effect of EIC's claim management on customer satisfaction. This research focuses only on one insurance firm, EIC. Although the results are not necessarily representative of the whole insurance business, they may be seen

as a beginning step toward offering some answers and an early evaluation of customer satisfaction with the motor insurance market in Ethiopia. Other insurance firms should be included in a future study. This enables comparisons in a number of scenarios. Finally, the methodology utilized in this research may be used in other studies looking at various types of insurance cover other than motor insurance.

5.6 Contribution to the body of Knowledge

This study contributes a lot to the body of knowledge. For EIC motor insurance customers, correlation and regression models relate customer satisfaction to four factors: (towing damaged vehicles, damage assessment, repair handling & complaint management). Repair handling is EIC's most important claim component. So far the effect of motor insurance claim management on customer satisfaction at Ethiopian Insurance Corporation has been researched by Yoseph Belay (2018) and Pyae Phyo Wai (2019). The other crucial contribution of this study is that comparing EIC's shortcomings to their own might help other private or under-formed insurance companies to enter, stay and compete in this dynamic business world. Last but not least contribution is the study extends the limited research on the understanding of motor insurance claim management & its effect on customer satisfaction.

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APPENDICES

RESEARCH QUESTIONNAIRE TO BE FILLED BY MOTOR INSURANCECUSTOMERS OF EIC

ST.MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

MASTERS OF BUSINESS ADMINISTRATION

Dear participant,

My name is Meron Aklilu, and I am a student undertaking a Master of Business Administration Degree at St. Mary's University, Department of Business Administration. To fulfill the completion of this program, I am carrying out a study entitled *the effect of motor insurance claim management on customer satisfaction at Ethiopian Insurance Corporation*. I am inviting you to participate in this research study by completing the attached questionnaire and provide your feedback straight forwardly. The study is intended for academic purposes only, hence there is no need to provide your name or any personal identifier. All information collected will be kept confidential and feel free to provide your honest opinion.

Directions:

•Please do not write your name or sign in the questionnaire.

•Follow the instructions in each section.

• Please put a tick mark ( ) in the space provided and fill it honestly.

If you have any questions or concerns when filling out this questionnaire, please contact me at the following address:

MeronAklilu: emailAddress   : meronakli68@gmail.com
                         Mobilenumber   : 0913-10 01 94

Thank you so much in advance for your cooperation!

Section I: Demographic Information's

1. Gender

Male   ☐

Female   ☐

2. Age

18 – 25   ☐   31 – 35   ☐   above40   ☐

26 – 30   ☐   36 – 40   ☐

3. Indicate your Level of Education

High school   ☐ Degree   ☐   PHD   ☐   others   ☐   Diploma ☐

Postgraduate   ☐

4. What type of motor insurance do you use?

Private Motor Insurance   ☐   Commercial Motor Insurance   ☐

5. For how long have you been customer of Ethiopian insurance company as a motor insurance customer?

Less than one year   ☐   8 – 10 years   ☐

2–4years   ☐   above 10 years   ☐

5 – 7 years   ☐

Section II: Satisfaction of Customers with the Handling of Their Motor Insurance Claims

	Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	CLAIM REPORTING					
1	The process of reporting the claim to the insurance company was simple.					
2	The assigned staff I contacted has knowledge about claim reporting.					
3	The assigned staff I contacted clearly explained the claim reporting procedure.					
4	The assigned staff I contacted was willing to assist in completing the claim reporting form.					
	RESPONSE TO CLAIM					
5	I was pleased with the manual / face-to-face claim response mechanisms of EIC.					
6	My comfort was impacted by lack of an online claim responding system at EIC.					
7	The claim response (approval or rejection) time was reasonable.					
	TOWING DAMAGED VEHICLE					
8	EIC arranged for the damaged vehicle to be taken away from the accident site as soon as possible.					
9	Getting the damaged vehicle to be taken away from the accident site was a simple matter in EIC.					
10	The towing service assures that there are no additional damages following an accident.					

	DAMAGE ASSESSMENT					
11	A damage assessor was quickly assigned.					
12	An in-depth damage assessment was performed.					
13	The repair cost estimate or pre-accident value (in the case of total loss) was fair.					
14	The speed with which the estimate was made was satisfactory.					
	REPAIR HANDLING					
15	The bidding process for repair work was swift and easy.					
16	The Performance of repairer (garage) meets your expectation.					
17	The quality of the spare part used was at least equivalent to the standard that existed before the accident.					
18	The quality of the body repair work was comparable to that which existed prior to the					
19	The time it took to accomplish the repair work was acceptable.					
	COMPLAINT MANAGEMENT					
20	There was a well-designed complaint management process in EIC.					
21	My complaint was recognized and processed quickly.					
22	There was a procedure in place for appealing the decision made in response to my complaint.					
23	The complaint management procedure was completed in a reasonable time.					

	OVERALL SATISFACTION	*Very Poor*	*Poor*	*Neutral*	*Good*	*Very Good*
24	How was the claim reporting process of EIC?					
25	How was the claim response process of EIC?					
26	How was the towing process of a damaged vehicle of EIC?					
27	How was the damage assessment process of EIC?					
28	How was the repair handling process of EIC?					
29	How was the complaint management process of EIC?					
30	The overall motor insurance claim management process of EIC is?					

የቅድስት ማርያም ዩኒቨርሲቲ

ድህረ ምረቃ ት/ቤት

የኤምቢኤ ዲፓርትመንት

በኢትዮጵያ መድን ድርጅት ሞተር ኢንሹራንስ ደንበኞች
የሚሞላ መጠይቅ

ሜሮን አክሊሉ እባላለሁ። በቅድስተ ማርያም ዩኒቨርሲቲ የድህረ ምረቃ ት/ቤት ተማሪ ስሆን ይህ መጠይቅ ለማስተርስ ዲግሪ ማሟያ የሚደረግ የጥናት አካል ነው። የጥናቱ አላማ የኢትዮጵያ መድን ድርጅት ሞተር ኢንሹራንስ አደጋ አያያዝ ከደንበኞች እርካታ ጋር ያለውን ግንኙነት መረዳት ነው። በመሆኑም በመጠይቁ ላይ ለሰፈሩት ጥያቄዎች እርስዎ የሚሰጡት ትክክለኛ መልስ ይህንን ጥናት ለማሟላት በጣም የላቀ አስተዋፅዖ ያደርጋል።

ይህ መጠይቅ ለጥናቱ አላማ ብቻ የሚውል ሲሆን ሚስጥራዊነቱም የተጠበቀ በመሆኑ የሚሰማዎትን ምላሽ ለመስጠት አይጠራጠሩ።

መመሪያዎች

- እባክዎ ስምዎን እና ፊርማዎን አያስቀምጡ።
- እባክዎ በየምድቡ ያሉትን ጥያቄዎች ይከተሉ።
- እባክዎ የመረጡት ምላሽ ላይ ባለው ቦታ ላይ የራይት ምልክት «✓» ያስቀምጡ።

መጠይቁን በሚሞሉበት ወቅት ለማንኛውም ጥያለም ሆነ አስተያየት የሚከተለውን አድራa ይጠቀሙ።

ሜሮን አክሊሉ :   ኢ-ሜይል   : meronakli68@gmail.com

            ስልክ   : 0913-10 01 94

ለቀና ትብብርዎ ከወዲሁ አመሰግናለሁ።

ክፍል 1፡ የግል መረጃ

1. ፆታ

    ወንድ ☐

    ሴት ☐

2. እድሜ

    18 - 25 ☐   31 - 35 ☐   ከ 40 በላይ ☐

    26 - 30 ☐   36 - 40 ☐

3. የትምህርት ደረጃ

    ሁለተኛ ደረጃ ☐   ዲግሪ ☐   ማስተርስ ☐

    ፒኤችዲ ☐   ዲኘሎማ ☐   ሌላ ☐

4. ለተሸከርካV ዎ ምን አይነት የሞተር ኢንሹራንስ ሽ×ን ይጠቀማሉ ?

    የግል ☐   የንግድ ☐

5. በኢትዮጵያ መድን ድርጅት ውስጥ የሞተር ኢንሹራንስ ደንበኛ ከሆኑ ስንት ዓመት ሆነዎት?

    ከአንድ ዓመት በታች ☐

    2 - 4 ዓመት ☐

    ከ5 - 7 ዓመት ☐

    ከ8 - 10 ዓመት ☐

    ከ10 ዓመት በላይ ☐

ክፍል 2፡ የሞተር ኢንሹራንስ አደጋ አያያዝ እና የደንበኞች እርካታ

ተ.ቁ	አደጋ ማሳወቅ	በጣም አልስማማም	አልስማማም	አማካኝ	እስማማለሁ	በጣም እስማማለሁ
አደጋ ማሳወቅ						
1	የአደጋ ማሳወቅ ሂደት በኢትዮጵያ መድን ድርጅት ቀላል ነበር፡፡					
2	አደጋ በማሳውቅበት ወቅት ያስተናገደኝ ሠራተኛ ስለ አደጋ ማሳወቅ በቂ እውቀት ነበረው፡፡					
3	አደጋ በማሳውቅበት ወቅት ያስተናገደኝ ሰራተኛ ስለአደጋ ማሳወቅ ሒደት በግልጽ አስረድቶኛል፡፡					
4	አደጋ በማሳውቅበት ወቅት ያስተናገደኝ ሰራተኛ አደጋ ማሳወቂያ ፎርም አሞላልን ለማስረዳት ፍቃደኛ ነበር፡፡					
የአደጋ ምላሽ						
5	በገጽ ለገጽ የአደጋ ምላሽ አሰጣጥ መንገድ ደስተኛ ነበርኩ፡፡					
6	በድረ ገጽ የታገዘ የአደጋ ምላሽ አሰጣጥ መንገድ ባለመኖሩ ምቾት አልተሰማኝም፡፡					
7	የአደጋ ምላሽ አሰጣጥ (አደጋውን ለመቀበልም ሆነ ላለመቀበል) የሚወስደው ጊዜ አሳማኝ ነው፡፡					
አደጋ የደረሰበትን መኪና ከአደጋው ቦታ ማንሳት						

8	የኢትዮጵያ መድን ድርጅት አደጋ የደረሰበትን መኪና ከአደጋው ቦታ በፍጥነት ለማንሳት ሁኔታዎችን አመቻችቷል፡፡					
9	አደጋ የደረሰበትን መኪና ከአደጋው ቦታ ማንሳት በኢትዮጵያ መድን ድርጅት ቀላል ነበር፡፡					
10	አደጋ የደረሰበት መኪና የማ¹¹œ ሂደት ተ¾ማሪ አደጋ በማ¦ስከትል መልኩ ነው፡፡					
የጉዳት ተመን						
11	የጉዳት ገማች በፍጥነት ተመድቧል፡፡					
12	የጉዳት ተመን በዝርዝር ተፈፅሟል፡፡					
13	የጥገና ወጪ ወይም በአጠቃላይ ሙ-ድመት ወቅት የሚቀርበው የዋጋ ግምቱ በቂ ነበር፡፡					
14	የጉዳት ተመን ለማቅረብ የሚወስደው ጊዜ አሳማኝ ነበር፡፡					
የጥገና አያያዝ						
15	የጥገና ስራን ለማከናወን የሚደረገው የጨረታ ሂደት የተሳለጠና ቀላል ነበር፡፡					
16	የጠጋኙ ወይም የጋራጆ ብቃት እንደጠበቁት ነበር፡፡					
17	የመለዋወጫ ዕቃዎች ጥራት አደጋው ከመድረሱ በፊት ተሽከርካሪው ላይ ከነበረው ጋር ተመሣሣይ ነው፡፡					
18	የአካል ጥገናው ጥራት አደጋው ከመድረሱ በፊት ተሽከርካሪው ላይ ከነበረው ጋር ተመሳሳይ ነው፡፡					
19	ጥገናውን ለማጠናቀቅ የሚወስደው ጊዜ አሳማኝ ነበር፡፡					
የቅሬታ አያያዝ						
20	በኢትዮጵያ መድን ድርጅት በግልጽ የተቀመጠ የቅሬታ አያያዝ ሂደት ነበር፡፡					
21	የነበረኝ ቅሬታ በአግባቡ ተቀባይነት					

		በጣም ዝቅተኛ	ዝቅተኛ	አማካኝ	ከፍተኛ	በጣም ከፍተኛ
	አግኝቷል					
22	ከቅሬታ በኋላ የሚሰጥ ምላሽን በድጋሚ ይግባኝ ለማቅረብ ግልፅ የሆነ አሰራር ነበር::					
23	የቅሬታ አፈታት ሂደቱ የሚወስደው ጊዜ አሳማኝ ነው::					

ጠቅላላ እርካታ

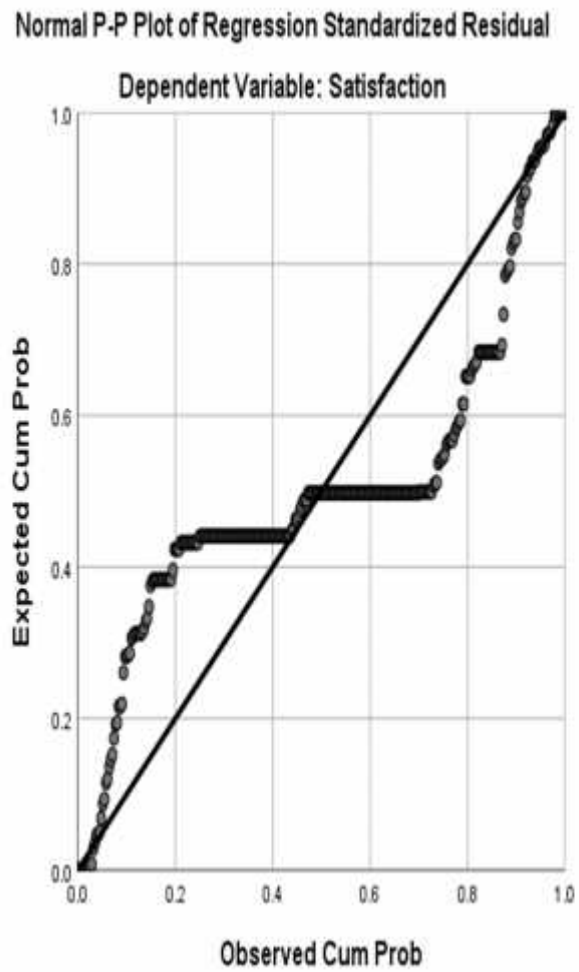|		በጣም ዝቅተኛ	ዝቅተኛ	አማካኝ	ከፍተኛ	በጣም ከፍተኛ
24	በኢትዮጵያ መድን ድርጅት የአደጋ ማሳወቅ ሂደት እንዴት ነበር?					
25	በኢትዮጵያ መድን ድርጅት የአደጋ ምላሽ ሂደት እንዴት ነበር?					
26	በኢትዮጵያ መድን ድርጅት አደጋ የደረሰበትን መኪና ከአደጋው ቦታ ማንሳት ሂደት እንዴት ነበር?					
27	በኢትዮጵያ መድን ድርጅት አደጋ የደረሰበት መኪና የጉዳት ተመን ሂደት እንዴት ነበር?					
28	በኢትዮጵያ መድን ድርጅት የጥገና አያያዝ ሂደት እንዴት ነበር?					
29	በኢትዮጵያ መድን ድርጅት የቅሬታ አያያዝ ሂደት እንዴት ነበር?					
30	በኢትዮጵያ መድን ድርጅት አጠቃላይ የመኪና አደጋ አያያዝ ሂደት እንዴት ነበር?					

APPENDIX Ⅱ

INTERVIEW QUESTIONS

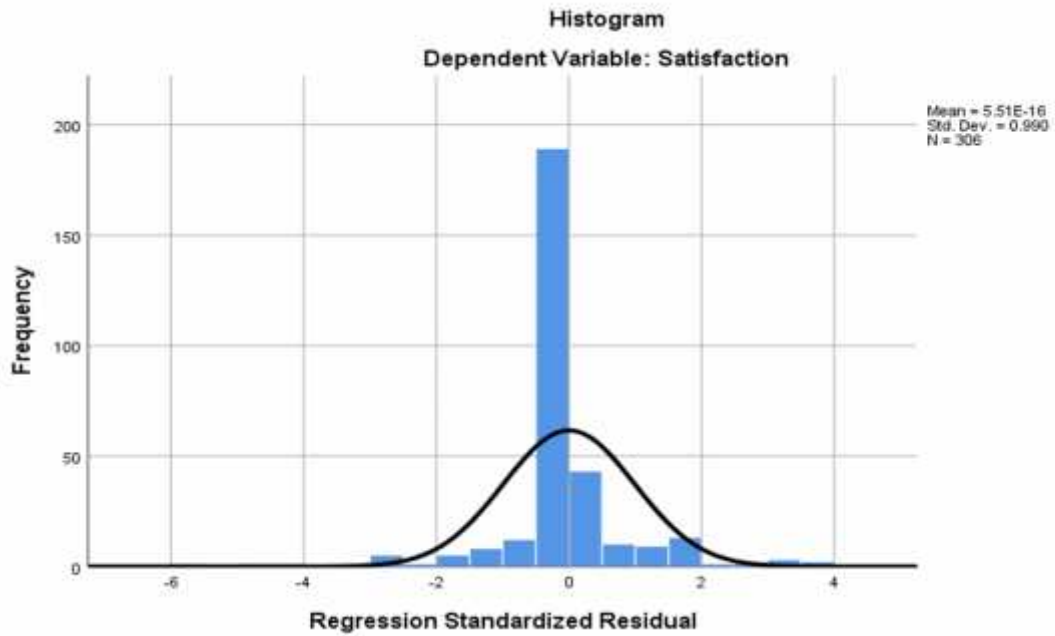### Interview Questions for EIC District Directors

1. Do you feel claim reporting process & response to claim are to the expectation of EIC customers? How?

2. Do you feel towing damaged vehicle & assessment process good enough to satisfy customers? Why?

3. Do you think EIC's repair handling process good enough to satisfy customers? How?

4. Is there a well-designed complaint management process?

5. Do you feel that your customers are happy with the motor insurance claim management process? Why?
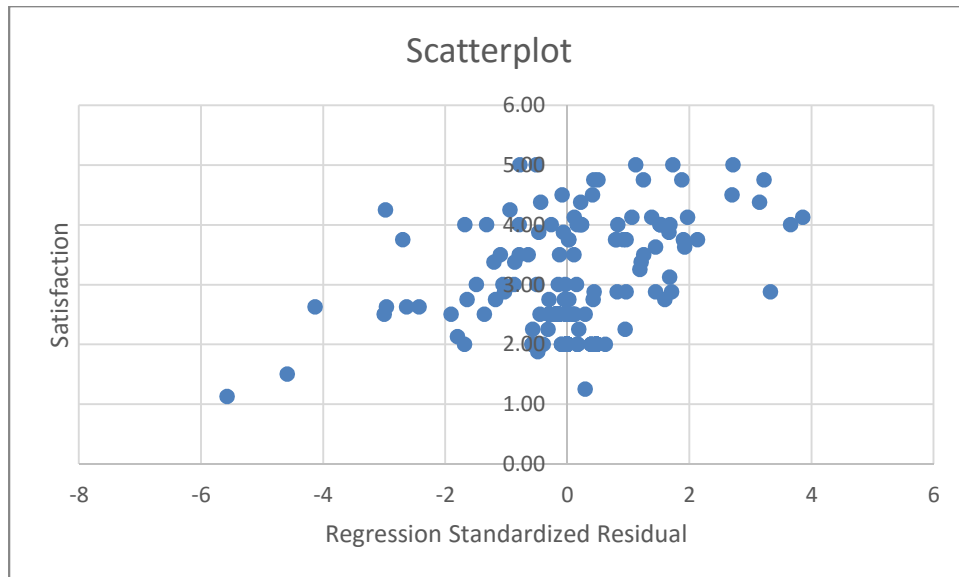
APPENDIX

TESTING RESULTS

1. Normality &Linearity test

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: Satisfaction

Histogram
Dependent Variable: Satisfaction

Mean = 5.51E-16
Std. Dev. = 0.990
N = 306

2. Homoscedasticity test

Scatterplot

3.Multicollinearity test

variables	Collinearity Statistics	
	Tolerance	VIF
Reporting	0.592	1.69
Response	0.784	1.276
Towing	0.192	5.197
Assessment	0.228	4.391
Repair	0.129	7.776
Complaint	0.619	1.615

4. Autocorrelation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.944a	0.891	0.889	0.26248	2.023

a Predictors: (Constant), Complaint, Response, Reporting, Assessment, Towing, Repair

b Dependent Variable: Satisfaction