

**CLAIM SETTLEMENT SERVICE QUALITY AND CUSTOMERS'
REPURCHASE INTENTION OF INSURANCE POLICIES: A STUDY OF NON-
LIFE INSURANCE COMPANIES IN NEPAL**

**A Dissertation Submitted to the office of the Dean, Faculty of Management in partial
fulfilment of the requirements for the Master's Degree**

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Certificate of Authorship

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “**CLAIM SETTLEMENT SERVICE QUALITY AND CUSTOMERS’ REPURCHASE INTENTION OF INSURANCE POLICIES: A STUDY OF NON-LIFE INSURANCE COMPANIES IN NEPAL**”. The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor it has been proposed and presented as part of requirements for any other academic purposes.

The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

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Report of Research Committee

Mr. Raju Adhikari has defended research proposal entitled “**CLAIM SETTLEMENT SERVICE QUALITY AND CUSTOMERS’ REPURCHASE INTENTION OF INSURANCE POLICIES: A STUDY OF NON-LIFE INSURANCE COMPANIES IN NEPAL**” successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Dr. Kapil Khanal and submit the thesis for evaluation and viva voce examination.

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We have examined the dissertation entitled “**CLAIM SETTLEMENT SERVICE QUALITY AND CUSTOMERS’ REPURCHASE INTENTION OF INSURANCE POLICIES: A STUDY OF NON-LIFE INSURANCE COMPANIES IN NEPAL**” presented by Mr. Raju Adhikari for the degree of Master of Business Studies. We hereby certify that the dissertation is acceptable for the award of degree.

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Researcher

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Abbreviations

ANOVA	Analysis of Variance
ASSU	Assurance
COI	Company Image
EMP	Empathy
FY	Fiscal Year
GDP	Gross Domestic Product
GRP	Graduate Research Project
MI	Micro Insurance
NGOs	Non - Government Organizations
REL	Reliability
RES	Responsiveness
REI	Repurchase Intention
SERVPERF	Service Performance
SERVQUAL	Service Quality
SPSS	Statistical Package for Social Science
TAN	Tangibility
TEQ	Technical Quality

Abstract

The rising sophistication of the world economic system in today's industrial age has increased the importance of insurance in the process of manufacturing and profit-making dealings. The absence of insurance will constantly subject the individual/organization to the fear of a huge financial loss in the event of a tragedy. High growth of the insurance industry contributes immensely to the growth of financial sector of the given economy.

Claim settlement is the monetary compensation that is paid to the policyholder in the event of a loss. Insurers have been criticized for their cloudiness and twisted marketing methods for the fact that they would do anything possible not to pay claims. If a firm does not effectively handle its claims service, it can tarnish its image hence affect the sales and marketing of its insurance products. The aim of this research is, thus, to investigate the link between claim settlement service quality and customers repurchase intention of insurance products and services along with finding the ways through which service firms can improve and manage the process of delivering quality standards to their customers.

The paper has employed both descriptive and causal research design for study purpose. Convenience sampling procedure was applied to select the required sample size from the targeted study population. 400 responses were collected from the target customers of selected non-life insurance companies operating in the country for the study. The source of data used for the purpose of this study was basically primary data that were collected by the means of questionnaire survey instrument structured into two sections. Both descriptive as well as inferential analysis has been conducted on the data collected with the help of SPSS software and finally the hypotheses have been tested to generate all the major findings of the study. The overall findings offer strong empirical support for the intuitive notion that improving service quality can increase favorable behavioral intentions and decrease unfavorable intentions.

Key Words: Claim Settlement, Repurchase intention, Premium, Indemnity, Assurance

Chapter I

Introduction

1.1 Background of the study

The purpose of this study is to determine how claim settlement service quality affects customers' propensity to repurchase by conducting an empirical investigation of private non-life insurance companies in Nepal. The managements in question may be able to use the findings of this study to figure out which aspects of the claim settlement service have the greatest influence on current customers' intentions to repurchase, allowing them to develop plans and allocate funds accordingly. In today's industrial age, the increasing sophistication of the global economic system has increased the significance of insurance in manufacturing and profit-making transactions (Parsons, 2015).

The individual or organization without insurance will always be afraid of a significant financial loss in the event of a disaster, which will have a variety of effects on their decision-making process. According to Sanchez (2011), it follows that insurance companies must quickly compensate victims of insurance claims if the economy is to remain viable. The insurance industry's rapid expansion has a significant impact on the economy's financial sector's expansion. The industry has a lot of potential to boost economic growth, which is even greater if proper and better attention is paid to service delivery quality that is comparable to industry standards. Since its inception, significant advancements have been made in terms of reducing financial losses and easing the burden of losses caused by risks promptly. According to Siddiqui (2014), the sector's prominent dexterity makes it easier to conduct business and makes more people aware that they should also be willing to insure their lives and assets.

In contrast to developed nations where insurance awareness is thought to have reached its peak, Nepal's awareness can be said to be moving forward. At the beginning of 2075 BS, only 10% of the population had access to insurance, including employment term life insurance. However, it had reached 21.8 percent of the population by the end of 2078 BS. By the end of 2079 BS, after incorporating term life insurance for foreign employment, insurance penetration had reached 27% of the population as a result of the continuation of this trend (Investopaper, 2022). In the past, the insurance sector's contribution to the

country's GDP has grown in tandem with the insurance industry's development and expansion. The insurance industry has contributed roughly 1% of GDP for a long time. However, the insurance industry contributed 2.6 percent of GDP in FY 2078/79, and the Insurance Board projects that this percentage will reach 3.47 percent by the end of FY 2079/80 (Investopaper, 2022).

According to the Monetary Overview (2020/21) distributed by the Service of Money, there are 40 insurance agencies under activity in the nation including 19 disaster protection, 20 non-extra security and 2 re-insurance agencies. The insurance companies are raising their premiums. Life, non-life, and reinsurance premiums totaled Rs. 95.37 billion in fiscal year 2019/20, with an anticipated total of nearly Rs. 118.0 billion in fiscal year 2020/21. Prior to 2001, the Nepalese insurance industry experienced slow growth, limited coverage, and low penetration and density, which gradually improved thereafter. The insurance industry is dominated by commercial insurers; the field of social insurance and social security programs is also expanding rapidly, but noninsurance organizations only offer deposit insurance and insurance services on a small scale. The insurance industry has experienced poor corporate governance practices, poor service quality, an increase in fraudulent activities, low insurance coverage and penetration, underinsurance, mis selling, and a lack of qualified insurance personnel, all of which necessitate regulatory solutions. Insurance is a permanent source of funding for the banking and capital markets and a pillar of the financial system. Regulators and market participants need to work together well for financial stability and long-term economic growth.

According to Sharma (2013), the ultimate objective of these organizations ought to be to guarantee the protection of customers' rights. According to Parsons (2015), a claim settlement is the monetary payment made to a policyholder in the event of a loss. Since they would do anything to avoid paying claims, insurers have been criticized for their opaque practices and twisted marketing strategies. A company's reputation can be damaged, which can have an impact on insurance product sales and marketing if its claims service is not handled well. Their approach to claim settlement has previously sparked a number of public criticisms and even piqued the interest of the nation's most powerful regulatory bodies. The majority of insurers consistently fail to recognize the need for qualified staff or claims specialists to improve their claims services, resulting in these inconveniences (Elias, 2015). The claim department always seemed to be the last to get

new equipment, a modern facility, and staff training in order to meet industry standards for prompt and dependable claim services. Sales, acquiring new customers, and maintaining existing ones are the primary goals. The public's perception of claims has not changed much over time. In addition, the growing competition among insurance companies in the industry and the need for dynamism in the financial business environment have compelled them to constantly develop new concepts in order to succeed. They have continually become innovative by developing new procedures and products in a competitive business environment through efficient use of human resources, the implementation of modern facilities, and periodic marketing assessments in order to maintain their relevance over time (Sanchez, 2011). As a result, it is unquestionable that a high-quality claim settlement service with well-trained staff and a modern, well-equipped facility is necessary to meet the ever-increasing demand from customers for better services and investors' returns on investment. In this regard, a number of studies have been conducted on overall service quality, customer satisfaction, and the factors that influence insurance buying behavior; however, claim settlement service quality has not been addressed.

1.2 Problem statement

The settlement of claims is the fundamental building block of insurance companies and serves as a mirror through which members evaluate the insurers' overall performance and credibility. In the insurance industry in Nepal and around the world, the difficulty of running an efficient claims administration that would satisfy customers, gain their trust, and encourage them to repurchase and recommend insurance products to others has remained too pathetic. A company that is eager to settle claims in the best interests of its customers would undoubtedly bring in more businesses because it would likely entice customers to continue purchasing insurance from the company. They might even suggest this kind of business to their family, friends, and coworkers. However, due to the current state of affairs in the country, insurance customers are increasingly demanding high-quality services and additional value enhancement from their chosen company in addition to bitterly expressing their dissatisfaction with the sluggish resolution of their claims.

In this regard, a number of studies have been conducted with the primary focus on the industry's persistent theoretical and practical gaps. In the context of the Nepalese non-life insurance industry, previous studies have attempted to highlight the overall effect of service quality on customer satisfaction, but they did not specifically address the impact of claim

settlement service quality on customer repurchase intention. The evaluation of such specific problems with slow claim settlement sheds light on how insurers can improve their service quality in this way. Therefore, the purpose of this study is to investigate the ways in which service providers can improve and manage the process of delivering quality standards to their customers as well as the relationship between claim settlement service quality and customers' intention to repurchase insurance products and services. The following research questions are answered to achieve the goal:

- 1) What is the present scenario of functional quality, technical quality and Company Image of an insurance company and the customer repurchase intention of insurance products in Nepalese insurance industry?
- 2) How do the functional quality, technical quality and Company Image of an insurance company impact the customer repurchase intention of insurance products in Nepalese insurance industry?
- 3) What is the relationship between functional quality, technical quality and Company Image of an insurance company with the customer repurchase intention of insurance products in Nepalese insurance industry?

1.3 Objectives of the study

The general objective of the study is to assess the effect of claim settlement service quality of non-life insurance companies in Nepal on the customers repurchase intention of insurance policies. To achieve the intended general objective, the following specific objectives will be addressed:

- 1) To assess the present scenario of tangibility, reliability, responsiveness, assurance, empathy, technical quality and Company Image of an insurance company and the customer repurchase intention of insurance products in Nepalese insurance industry.
- 2) To analyze the relationship between tangibility, reliability, responsiveness, assurance, empathy, technical quality and Company Image of an insurance company with the customer repurchase intention of insurance products in Nepalese insurance industry.
- 3) To analyze the impact of tangibility, reliability, responsiveness, assurance, empathy, technical quality and Company Image of an insurance company on the customer repurchase intention of insurance products in Nepalese insurance industry.

1.4 Hypothesis

Insurers can utilize cutting-edge claims systems that are integrated with robust business intelligence, document, and content management systems will help insurers transform the claims processing process and increase its efficiency and effectiveness. According to Capgemini (2011), highly effective claims practices can play a significant role in creating a differentiated customer experience that increases customer loyalty and brings in new customers. Based on this view, the following hypothesis has been suggested:

Tangibility quality is the physical aspects of the insurance claim process, such as the appearance of the insurance office, the professionalism of staff, and the quality of written materials, impact customers' decisions to repurchase insurance. In other words, if customers perceive that the Tangibility elements of the claim settlement process are of high quality, they are more likely to continue their business with the same insurer.

H1 – Tangibility dimension of insurance claim settlement has positive and significant effect on customers repurchase intention in Nepalese non-life insurance industry.

Reliability quality posits that the dependability and consistency of the insurance claim settlement process affect customers repurchase intentions. Reliability here refers to how accurately and consistently the insurer fulfills its promises and manages claims. If customers feel that their insurer is reliable and consistently delivers on its promises, they are more inclined to renew their policies.

H2 – Reliability dimension of insurance claim settlement has positive and significant effect on customers repurchase intention in Nepalese non-life insurance industry.

Responsiveness focuses on how promptly and effectively the insurer responds to customer inquiries and issues during the claim process. Responsiveness involves how quickly and effectively the insurer addresses customer needs and problems. If customers experience prompt and helpful responses from their insurer, they are more likely to have a positive view of the insurer and choose to repurchase.

H3 – Responsiveness quality dimension of insurance claim settlement has positive and significant effect on customers repurchase intention in Nepalese non-life insurance

Assurance examines the effect of the assurance dimension on repurchase intention. Assurance relates to the confidence and trust that the insurance staff instills in customers, including their competence, courtesy, and ability to convey trust and assurance. If customers feel confident and assured about the insurer's capability to handle their claims effectively, they are more likely to renew their policies.

H4 – Assurance Quality dimension of insurance claim settlement has positive and significant effect on customers repurchase intention in Nepalese non-life insurance industry.

Empathy hypothesis considers the role of empathy in the insurance claim process. Empathy involves understanding and addressing the specific needs and concerns of customers with care and personalized attention. If customers feel that the insurer is empathetic and genuinely cares about their individual needs during the claim process, they are more likely to remain loyal and repurchase.

H5 – Empathy quality dimension of insurance claim settlement has positive and significant effect on customers repurchase intention in Nepalese non-life insurance industry.

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

H6 – Technical quality dimension of insurance claim settlement has positive and significant effect on customers repurchase intention in Nepalese non-life insurance industry.

Company Image, which could be referred to as reputational quality, is very important to service firms and this can be expected to build up mainly by technical and functional quality of service. Insurance companies in Nepal are characterized by slow claim settlement and prolonged bureaucratic procedures. The poor images of insurance companies in the sector affect the repurchase intention of the existing customers negatively. Based on this view, the following hypothesis has been proposed:

H7 – Company Image dimension of insurance claim settlement has positive and significant effect on customers repurchase intention in Nepalese non-life insurance industry.

1.5 Rationale of the study

Although numerous theoretical and empirical contributions have been made to the study of service quality in a variety of industries, the non-life insurance industry is understudied. Especially, there is a lacking review led in the general protection industry in Nepal, let alone on the assistance quality aspects. As a result, this study makes a small contribution to our understanding of the effects of perceived service quality dimensions on repurchase intentions in the Nepalese insurance industry on customer satisfaction. This study also helps insurance companies in Nepal figure out and use the best ways to settle claims that make customers happy, get them to want to buy again, and spread by word of mouth, all of which will help the insurance company's image in the country.

As a result of this improved image, demand for their insurance products will rise, as will premium income generation, capital formation, and contributions to the country's economy. In addition to being required by law, paying claims is an effective public relations tool and marketing strategy that has a significant impact on insurance product sales. The purpose of this study was to determine whether claims settlement influences corporate customers' desire to repurchase insurance services regardless of premium price and even recommend them to others. In the meantime, insurance premiums have been reduced as a result of overhead costs being reduced through the effective and efficient implementation of claim settlement. As a result, policyholders will receive low-cost services. Researchers who are interested in carrying out research in the area can also refer to it as a reference.

1.6 Limitations of the study

One major constraint was the imposition of time. This forced the researcher to limit the study to a specific area because it only aimed at specific insurance customers in the Kathmandu valley. The study did not include any other customer groups in the regional state. The neutrality of customers' responses to the questionnaires may also be influenced by the country's strong negative perception of insurance companies. While escalating the level of their perception, they might have a tendency to express their discomfort. The use of convenient non-probability sampling to select the targeted respondents was another significant limitation, limiting the findings' generalizability.

Chapter - II

Literature Review

2.1 Introduction

This chapter is devoted to various reviews of previous empirical studies and the literature that attempt to elaborate and support the study's concept. Subsequently, to have a total comprehension about the review, it is coordinated in three greater subjects: hypothetical survey of essential ideas, observational audit from earlier examinations and exploration hole.

2.2 Conceptual review

The objective of the calculated writing survey is to classify and portray ideas pertinent to the review or subject and layout a connection between them, including important hypothesis. This section discusses insurance concepts, the quality of claim settlement services, and their relationship to customers' plans to repurchase insurance policies

2.2.1 About insurance

A policy of insurance is a contract under which an individual or organization contracts with an insurance company to receive financial protection or reimbursement for losses. In order to reduce premium costs for insureds, the company pools the risks of its clients. Insurance contracts are utilized to fence against the gamble of monetary misfortunes, both of all shapes and sizes, that might result from harm to the protected or her property, or from risk for harm or injury caused to an outsider (Kagan, 2021). In its simplest form, insurance is something that every person has in their personal life: car insurance, home insurance for buildings and contents, and life insurance. In order to transfer "catastrophic risks" to an insurance company, a premium is paid by each individual or household. Despite having to pay out some claims, the insurer (the insurance company) makes a profit on average by calculating the premiums using actuarial methods and statistical data. The premise is that the insurer spreads its risk among various clients; some of these clients will suffer losses and file claims, but the majority will not. In this regard, insurance was introduced to protect people's interests from uncertainty by guaranteeing payment in the event of a specific event (Gaire, 2013). Zeleke (2007) defined insurance as a social tool in which a group of people, known as insureds, transfer risk to another party, known as the insurer, in order to combine

loss experiences. This enables statistical prediction of losses and allows for payment of losses from contributions (premiums) made by all members who transferred risk.

A financial arrangement that distributes the costs of unexpected losses is known as insurance. According to Dorfman (2015), insurance entails transferring potential losses to an insurance pool. The American Risk and Insurance Association's Commission on Insurance Terminology defines insurance as "the pooling of fortuitous losses by transfer of such risks to insurers," who agree to indemnify insurees for such losses, provide other monetary benefits upon their occurrence, or provide services connected to the risk. Nepal's development of insurance services In 1947, Nepal Bank Limited and private investors co-founded the first locally-owned general insurance company, Nepal Mal Chalani Tatha Beema Adda, which is now known as Nepal Insurance Company. From the 1930s to 1967, Indian companies sold life insurance policies and general insurance policies without registering their offices in Nepal. After the Insurance Act of 1968 was passed, the insurance market was regulated. First life cum nonlife safety net provider Rastriya Beema Sansthan was laid out as a public leader organization in 1968 under exceptional demonstration. Nepal's policy of financial liberalization made it possible for the private sector, both domestic and foreign, to establish insurance companies. There are currently 32 insurers operating—15 nonlife, 15 life, and 2 reinsurers.

In addition to commercial insurance, social insurance services, deposit and loan insurance, community-based health insurance, and likely insurance for social protection activities, Nepal also offers insurance. The insurance industry expanded over time, and by FY 2078/79, insurance penetration had reached around 41.20%, up from almost 3% in FY 2075/76 (Investoper, 2022). In the past, the insurance sector's contribution to the country's GDP has grown in tandem with the insurance industry's development and expansion. The insurance industry has contributed roughly 1% of GDP for a long time. However, according to the Insurance Board's projections, the insurance sector's contribution will reach 3.57 percent by the end of FY 2077/78, up from 2.6 percent in FY 2075/76 (Investpaper, 2022). Insurance premiums are also on the rise, according to the Economic Survey for 2019–20. From life, non-life, and reinsurance, a total of Rs. 95.37 billion in premiums were collected in fiscal year 2018/19, rising to nearly Rs. 177.81 billion in fiscal year 2021/22. (2022 Investment Paper) Sorts of protection administrations Worldwide, a wide range of insurance products are available. Different kinds of insurance products are created by

insurance companies and the government in response to the needs of policyholders and society. There are many different ways to classify insurance products and services. Table 1 shows a few of the bases and classes.

Table 1

Classification of Insurer and Types of Insurance Products

Basis of Classification	Classification of Insurer and Insurance Products	I/IP
1. Proportion of sharing risk	Insurance and Reinsurance	I
2. Ownership Type	Mutual (Policyholders) and Stock (Shareholders)	I
3. Type of Carrier	Private (Commercial) and Government (Social)	I
4. Profit Orientation	Commercial (Private) and Social (Contributory)	IP
5. Size of Policy	Commercial and Micro insurance	IP
6. Duration	Short term (life/nonlife) and Long term (life endowment & whole)	IP
7. Types of Products	Life (Term, Endowment, Whole) Nonlife (Property, Liability, Health) Reinsurance (Treaty and Facultative)	IP
8. Investment Feature	Only Risk Protection (non-refundable) and Linked Investment	IP

Source: Compiled by author from various sources,

I: Insurer, IP: Insurance Product

There are all kinds of insurers and products on the Nepalese insurance market, with the exception of mutual insurance and linked investment products. Health Insurance Board and Social Security Fund have recently introduced social insurance products. Micro insurance products are mandatory to sell by commercial insurers. commercial reinsurance company and a deposit insurance company are prevalent. Still, there is no separate micro insurance company (Investoper, 2022).

The popular categorization of the insurance products in the country is on the basis of types of products and the insurance companies providing the services are categorized likewise as life insurance, nonlife insurance and re-insurance company.

Life Insurance

Life is uncertain. It is not only in the case of death of insurer but also in times of his/her serious illness or incapable of continuing work. Life insurance provides a support to rebuild the confidence in future (Nepal, 2012).

The policies in life insurance that are common in practice are whole insurance and term insurance. Whole insurance policy covers the policy holder against death during his/her whole life. This policy is a long-term policy that insures the individual throughout his/her entire life. Term insurance policy on the other hand protects a policyholder's life only until its expiration date as it is specified for a specific term. This policy is the most common and beneficial for a short period of time as it helps in immediate need.

Non-Life Insurance

Non-life insurance is also called general insurance. Non-life insurance refers to any insurance other than life insurance. It is also known as pure insurance because it measures any risk in terms of money. The majority of the specified cost, or premium, is covered by general insurance, which covers the insured's property and liable risk. It also includes different forms of insurance such as property insurance, liability insurance and others form of insurance (Nepal, 2012).

Nonlife insurance products are categorized as follows in section 5(1) of the Insurance Regulation (1993): a) Fire, b) Motor, c) Aviation, d) Engineering and Contractor's Risk, e) Marine, and f) Miscellaneous insurance. Agriculture insurance is further subdivided into Miscellaneous and Miscellaneous insurance. Property, Health, and Liability are the three subcategories that make up general insurance worldwide. Property Insurance The policy covers the financial costs associated with the property's loss. Some examples of the product are listed below.

- Auto insurance
- Aviation insurance

- Homeowners insurance
- Flood insurance
- Marine insurance
- Agriculture insurance
- Infrastructure and Project insurance

Health Insurance

The policy provides financial protection against the medical expenses (cost of medicine, surgery, nursing and hospitalization, and consultation) for treatments of any types of diseases or accident. Following are listed some examples of the product.

- Hospitalization insurance
- Surgical and Nursing insurance
- Medicine and consultation insurance

Liability Insurance

The policy provides compensation to third person due to the harm or loss by first person.

Amount of liability is set by contract or decided by court. There is high risk since the liability in some cases is unpredictable and very high. Following are listed some examples of the product.

- Professional indemnity insurance
- Public liability
- Third party liability (auto)

Micro Insurance

Besides the aforementioned non-life insurance products, micro insurance product is another that has gained popularity and support by the government in recent times. Nepal is one of the developing nations where microinsurance is still in its infancy. In most cases, it serves to alleviate poverty and shield low-income households from danger. However, the meaning of the term "micro insurance" varies from person to person. Regulators of insurance view it as a low-income insurance program based on insurance principles and funded by premiums. Commercial insurers consider its potential as a way of reaching large

underserved markets. Development institutions, such as, the United Nations, the World Bank and Asian Development Bank highlight its potential to secure poverty alleviation. Financial journalists and analyst focus the size of markets at the bottom of the pyramid. General public argue that the transfer of risks is performed by low-income households to insurers (Sharma, 2013).

In Nepalese context, we can see that micro insurance (MI) and conventional products are not different in terms of size of sum assured. Difference is found in terms of marketing channels where MI products are only sold through institutional agents and agents are entitled to get 15% commission for every product. The MI directive are not clear on various concerns viz. economic status of target policyholders, method and frequency of payment, claim settlements method etc. In Nepal, micro insurance needs to sell by commercial insurers to fulfill the social responsibility instead of earning more profit. MI products are sold through the pool and it is managed by Nepal Insurers Association. Since the MI portfolio generates low profit and need more time, commercial insurers are not shown interest to sell the micro insurance products. They are interested to manage the products through separate institution. Since the objective of MI is to cater the service to informal sector, marginalized and ultra-poor population, insurers need to do extra efforts (Investoper, 2022).

Following are listed some examples of the micro insurance product.

- Cattle and Birds insurance
- Crops insurance
- Health insurance
- Covid insurance

Reinsurance

According to Banton (2020), reinsurance is the practice in which insurers transfer a portion of their risk portfolios to other parties through an agreement to lessen the likelihood that they will have to pay a significant obligation as a result of an insurance claim. Stop-loss insurance and the insurance for insurers are other names for reinsurance. The term "ceding party" refers to the entity that diversifies its insurance portfolio. The term "reinsurer" refers to the party that accepts a portion of the potential obligation in exchange for a portion of

the insurance premium. By recovering some or all of the money paid to claimants, reinsurance helps insurers maintain their financial viability.

Reinsurance protects against catastrophic losses that are large or multiple and reduces the net liability on individual risks. Additionally, the practice enables ceding companies, or those seeking reinsurance, to increase their risk count and size underwriting capabilities. Nepal Reinsurance Company Ltd. and Himalayan Reinsurance Company Ltd. are the two reinsurance companies currently operating in Nepal. They were established with the intention of making a contribution to the international risk management and economic development of Nepal's enterprise reinsurance business

2.2.2 Workings of insurance

The working process in any insurance company or what might be called an insurers' business model comprises of three major functions namely a) Underwriting, b) Claim Settlement and c) Marketing

Underwriting

Each year, insurance companies take on billions of dollars' worth of financial risk from individuals or businesses through insurance transactions. According to Hagos (2019), the overall profitability of an insurance company is significantly impacted by the quality of the underwriting. Underwriting, the process by which insurers select risks to insure and decide how much premiums to charge for accepting those risks and taking the brunt of the risk should it occur, and investing the premiums they collect from insured parties, are two ways in which insurers make money. Hagos (2019) defines insurance underwriting as the process of selecting who and what an insurance company will insure. A risk assessment forms the basis for this. In an insurance company, this is basically the "behind the scenes" work that determines who is insured and how much the insured person will pay in insurance premiums. In addition, choosing who an insurance company will not cover is part of insurance underwriting. An underwriter is a financial professional who sets insurance premium prices by assessing the risks associated with insuring a specific person or asset. Life insurance, health insurance, property/casualty insurance, and homeowner's insurance are just a few of the products that insurance underwriters help customers price. Computer programs and actuarial data are used by underwriters to estimate the likelihood and size of a payout over the policy's life. In order to receive the same level of protection as a person

or asset that is (perceived to be) less risky, higher-risk individuals and assets will be required to pay higher premiums. Risk assessment and pricing are the two main parts of underwriting. A system of risk selection is necessary for successful underwriting in order to obtain a group of losses that are reasonably predictable using the law of averages. Obtaining homogeneous risks and volume must be balanced in order to achieve this objective. For instance, if an insurance company that sells individual life insurance had such stringent criteria that it would only accept people who were practically physically perfect, ideal from a moral standpoint, and working in occupations that were risk-free, there would only be a very small group of people from which to choose. Homogeneous risk groups are typically much more difficult to describe in non-life insurance. In order to analyze the factors that describe the risk group, one must rely solely on one's own observations because it is frequently impossible to use data from outside the company. Because of the small number of these, it is often necessary to combine the expertise of several businesses (Wit, 1982). According to Taylor (2000), insurance underwriting is by its very nature a subjective industry. When it comes to the underwriting of individual policies, this is unquestionably the case. However, it should remain subjective at the level of company budget strategy, which is debatable. The company's experience as a whole will be easier to analyze objectively because it will be more predictable than the experience of a single policy.

Claim Settlement

According to DiNapoli (2013), a claim is basically a demand made to pay for goods or services that have been delivered or provided. It is a notice to an insurance company that the terms of a policy require payment of a certain amount. As a result, a request for reimbursement from an insurer for a loss that an insurance policy might cover is known as an insurance claim. It is the actual item purchased. Insurers can file claims directly with the insurer or through agents or brokers. A claim on the policy, on the other hand, is a demand made on the insurer to fulfill its part of the promise made when the insured signed the contract. According to Butler & Francis (2010), a claim is the turning point in the insurer-customer relationship. Insurers are focusing on improving the claims experience of their customers in order to maintain and expand their market share as well as increase their rates of customer acquisition and retention. In the same way, insurers can improve the efficiency and effectiveness of claims processing by utilizing cutting-edge claims systems that are

integrated with robust business intelligence, document, and content management systems. The claim department can be thought of as the insurance company's shop window to the fullest extent. If a claim is not handled appropriately and fairly, it doesn't matter how cheap an insurance company's premiums are or how well they manage underwriting. An insurer will be evaluated based on this" (Roff, 2004).

The timely and effective management of claims is critical to the success of both large and small insurance companies in this day and age of fierce competition for market share. In terms of profitability and long-term viability, handling is one aspect of insurance practice that can help or hurt an insurance company's image. Not only is it required by law, but it is also an effective public relations tool and marketing strategy that has a significant impact on customer satisfaction and insurance product sales. By handling claims in a proactive and positive manner, it helps a business stand out from the competition. When done correctly, it strengthens relationships with customers, aids in regulatory compliance, and prevents fraud. According to Rendez, Holtz, and Fonseca (2014), insurance's "moment of truth" is the claim. According to Dalal, Zimmerman, & Magnoni (2014), claims reduce out-of-pocket costs and reduce reliance on cumbersome financing strategies like the sale of productive assets, making insurance tangible and providing value to customers.

In order to restore normalcy, effective claim management must not only monitor costs and provide claims services to customers but also operate within budget. Also, the speed and expeditiousness with which the cases are settled and paid inside the structure of specified rules and guideline is a significant in guaranteeing buyer driven protection arrangement profound effect on the policyholders' eagerness to prescribe protection to others as well as on the re-buy by overhearing people's conversations support of protection items. According to Jayasudha (2015), an insurance company must promptly handle claims as part of its strong public relations and marketing strategy. Irukwu (2000) says that claim settlement should be done quickly and fairly because it is the best way for insurance companies to advertise. According to Bates & Atkins (2007), an insurer's claim handling activities must be taken seriously because claim expenses account for the largest portion of their costs. Brear (2004) says that a good claim administration strategy makes customers more loyal by making them feel like they belong to a certain group of people. It gives the business opportunities to keep current customers while also attracting new ones that are profitable. According to Butler & Francis (2010), improper claim handling may result in a loss of

policyholder confidence, resulting in a damaged reputation and poor performance. Capgemini (2011) says that a highly effective claims practice can help you get new customers and keep them by providing a valuable customer experience.

A good claim management program, according to Productivity Commission (2002), should be proactive in dealing with genuine claims, maximize recovery opportunities from salvage, subrogation, and third parties, report frequently, minimize costs that aren't necessary, and reduce loss adjustment costs. A good insurance claim management process, according to the Organization for Economic Cooperation and Development (2004), should include claims reporting, the company receiving claims, claims files and procedures, fraud detection and prevention, claims assessment, a prompt claim process, complaints and dispute resolution, and supervision of claims-related services. Thus, the goals of a successful claim settlement strategy should be:

1. High customer satisfaction
2. Sufficient premium growth.
3. Low incurred claim ratio.
4. Profitable Underwriting.
5. Detection and prevention of fraud.
6. Management of adverse selection & moral hazard by clients.
7. Avoidance of litigation & decreasing number of claim errors.

Marketing

Insurance companies frequently employ insurance agents to market or underwrite new customers. Agents can be captive, which means they only write for one company, or independent, which means they can write for multiple companies and issue policies. The availability of enhanced and individualized services is probably to blame for the existence of insurance agent-based businesses and their success. Businesses also market their products through brokerage firms, banks, and other corporate entities like NGOs, self-help groups, and microfinance institutions.

2.2.3 Concept of service quality

Different authors have defined quality in different ways. The customer's overall perception of the organization and its services' relative superiority or inferiority is known as service

quality. Customer perception is significantly influenced by service quality. Customers' evaluations will be dominated by service quality in the case of pure services. Customer service or services that are offered in conjunction with a physical product may also have a significant impact on product quality and service quality (Hagos, 2019). According to Huber & Schlager (2011), service quality is an attitude formed by a comprehensive, long-term assessment of a company's performance. Customers' expectations are viewed as their desires or desires, or what they believe a service provider should rather than would provide. According to Parasuraman, Zeithaml, & Berry (1988), customer comparisons between their expectations regarding the service they will use and their perceptions of the service company can be used to describe service quality. This means that the service will be regarded as excellent if the perceptions are higher than the expectations, as good if the expectations are equal to the perceptions, and as bad if the expectations are not met. Service quality is an achievement in customer service from the perspective of business administration. It shows up in every service encounter. From their previous experiences, recommendations, and marketing materials, customers form service expectations.

In general, customers compare the service they receive with what they expect to receive, and when the former falls short, they are disappointed. Competitiveness is thought to be largely determined by the quality of services provided. An organization's ability to stand out from the competition and maintain a competitive advantage can be enhanced by paying attention to service quality. A company's long-term profitability is largely determined by the quality of its customer service, and this holds true for both manufacturing and service businesses. Service quality is regarded as a more significant order winner than product quality in some manufacturing industries. The key to increased profitability is superior service quality, not the cost of doing business. According to Ghobadian, Speller, & Jones (1994), the next sale in the making is exemplary service. Customers' plans for future purchases are influenced by the quality of the service they receive. According to market research, dissatisfied customers will tell more than three people about their experiences. As a result, it is reasonable to conclude that unsatisfactory service will decrease the number of potential clients. The Technical Assistance Research Project says that getting new customers costs about four times as much. According to their research, there are six times as many people who hear about positive customer service experiences as there are about

negative ones. Negative word-of-mouth can have a devastating effect on an organization's credibility and the efficiency with which it tries to get new customers.

Additionally, customers' tolerance for poor service is decreasing while their service expectations are constantly rising. As a result, customers are more likely to switch to competitors whose services are perceived as being of higher quality. Service quality concepts are not well developed, despite the service industry's growing importance and the significance of quality as a competitive factor. The manufacturing sector is ahead of the service sector in this regard. Additionally, the service industry is behind the manufacturing industry in adopting philosophies like "continuous improvement" and "technical quality management." In terms of "quality," the manufacturing and services industries differ significantly. The complexity of "quality control" and "improvement efforts" is raised by the inherent characteristics of the service industry.

2.2.4 Measures of service quality

According to Ghobadian, Speller, & Jones (1994), numerous models have been developed to explain and measure service quality in various business operations. Different help quality aspects have been tracked down in various examinations in various industry and administration or item setting. The main requirements for providing high service quality are highlighted in the service quality model, or "GAP model," that Parasuraman, Zeithaml, & Berry (1985) proposed. According to the model, the differences between performance and expectations regarding quality dimensions constitute service quality. The term "gaps" refers to these differences. It identifies the following five "gaps" that result in unsuccessful delivery:

- Gap 1: Difference between consumers' expectation and management's perceptions of consumers' expectations (not identifying what consumers expect).
- Gap 2: Disparity between management's perceptions of consumer's expectations and service quality specifications (inappropriate service- quality standards).
- Gap3: Variations between service quality specifications and service actually delivered (poor delivery of service quality).
- Gap 4: Difference between service delivery and the communications to consumers about service delivery (promises mismatch delivery).

- Gap 5: Difference between consumer's expectation and perceived service; this gap depends on size and direction of the four gaps associated with the delivery of service quality on the marketer's side.

This served as the foundation for the development of the SERVQUAL instrument, which initially had ten dimensions (Parasuraman, Zeithaml, & Berry, 1988). Later, the ten were refined into five dimensions: tangibility, dependability, responsiveness, assurance, and empathy. These dimensions encompass access and customer understanding or familiarity. The word "should" be substituted for "would" later in 1991, and the total number of items was reduced to 21 in 1994, but the five-dimensional structure remained unchanged. The instrument has been the most common way to gauge how satisfied customers are with a service. The following are its five general dimensions or factors:

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

Scholars have questioned the validity of the expectancy-disconfirmation paradigm, which is the foundation of the SERVQUAL model, despite its dominance. The expectancy-disconfirmation approach, which was primarily concerned with measuring customer satisfaction rather than service quality, had its origins in consumer research, according to scholars (Asubonteng, Mccleary, & Swan, 1996). Numerous criticisms were leveled against SERVQUAL following its introduction in 1988 by Parasuraman, Zeithaml, and Berry (Lee, Lee, & Yoo, 2000). According to Cronin & Taylor (1992), in service quality research, it is unnecessary to measure customer expectations because assessing customer perception is sufficient for evaluating service quality. They oppose measuring the gap between customer perceptions and expectations (P-E) when assessing service quality. As a result, they came up with the performance-based measurement strategy SERVPERF, which stands for the idea that evaluating service quality only requires measuring perceptions of performance. According to Lee, Lee, & Yoo (2000), the SERVPERF scale is significantly

superior to the SERVQUAL scale in terms of methodology. The scale has been empirically found to be superior to the SERVQUAL scale for being able to explain greater variance in the overall service quality measured through the use of a single item scale. This is in addition to the fact that it is more effective at reducing the number of items that must be measured by 50%. This is why there has been such widespread support for the SERVPERF scale over time. Researchers have begun increasingly employing the performance-only measure of service quality known as SERVPERF (Cronin & Taylor, 1992), despite the fact that it still lags behind the SERVQUAL scale in terms of application.

2.2.5 Gronroos' service quality model

The American perspective on service quality is primarily based on the idea that service quality can be evaluated using the functional quality dimension, which has five components, according to Parasuraman, Zeithaml, and Berry (1988). Additional aspects of service quality are not taken into consideration from this point of view. The Gronroos model, which incorporates three dimensions of service quality—technical, functional, and image—provides a more comprehensive representation of service quality based on the European perspective (Kang & James, 2020). According to Gronroos' (1982) model, service quality is made up of technical and functional aspects, and a service organization's image influences how people perceive service quality.

In addition to the indirect effects of technical and functional quality on service quality perception, the model also suggests that there are direct relationships between service quality perception and the technical and functional quality dimensions. Lastly, the model suggests that satisfied customers are the result of high-quality service. Gronroos (1982) argued that “service quality” comprises of three dimensions. These are:

1. The technical quality of outcome: That is to say, the actual outcome of the service encounter. The service outcome can often be measured by the consumer in an objective manner. An example of service outcome in the case of a car repair garage is the availability of the car at the agreed time, its tidiness, and its mechanical condition.
2. The functional quality of the service encounter: This element of “quality” is concerned with the interaction between the provider and recipient of a service and is often perceived in a subjective manner. Returning to the car repair garage

example, this element of service quality is concerned with: the courtesy shown to the customer, physical circumstances of the reception area, amount of explanation provided in terms of what needs to be done, contacting the customer if the car is not going to be ready at the agreed time, or if additional expensive work is required, etc.

3. The Company Image. This is concerned with consumers' perceptions of the service organization. The image depends on: technical and functional quality; price; external communications; physical location; appearance of the site; and the competence and behavior of service firms' employees. (Ghobadian, Speller, & Jones, 1994).

Lehtinen & Lehtinen (1982) also contend that "service quality" has three dimensions. These are:

1. Physical quality: This includes such items as the condition of buildings and enabling equipment.
2. Corporate quality: This refers to the organization's image and profile.
3. Interactive quality: This derives from the interaction between service organizations' personnel and the customer as well as the interaction between customers.

A framework that exemplifies the structure of service quality can be developed by starting with the idea that service quality is multidimensional. The technical and functional dimensions of service quality as well as the components that are thought to make up each dimension must be identified before a framework of this kind can be developed. Although it is generally acknowledged that technical quality significantly influences customers' perceptions of service quality, marketing scholars have yet to identify attributes (or components) that define the technical quality dimension (Gronroos, *Strategic Management and Marketing in the Service Sector*, 1982). The SERVQUAL instrument has been used by a number of authors to measure the functional quality dimension. According to Brady & Cronin (2001), the SERVQUAL model makes use of terms that describe one or more factors that constitute a "quality service encounter." That is, they suggested that the instrument could be used to evaluate the service delivery process that occurs during a service provider's interaction with customers in order to clarify our understanding of functional quality. Similar to the concept proposed by (Lehtinen & Lehtinen, 1982),

Gronroos (1982) also emphasized the significance of company image in the service quality experience. Because customers frequently have ongoing interactions with the same service provider, they bring their previous experiences and overall impressions of that provider with them to every interaction (Gronroos, 2001).

In order to take into account, the dynamic nature of the service perception process, the image concept was added as yet another crucial component to the perceived service quality model. A company's image has a significant impact on how customers perceive the company's communication and operations, so having a positive and well-known image is advantageous. Customers will overlook minor errors if a service provider has a positive reputation. However, if errors occur frequently, the image will be damaged. Any mistake will frequently have a greater impact on the customer's mind if the provider has a bad reputation. In a nutshell, consumers' perceptions of quality can be filtered through an image.

2.2.6 Repurchase intention

A person's perceived likelihood or subjective probability of engaging in a particular behavior is known as behavioral intention. Direct questions with Likert scale response options to measure relative strength of intention operationalize BI, which is behavior-specific. Measurement has used other synonyms to represent intention and is distinct from related concepts like self-prediction and desire. BI shows how willing a person is to try hard and how motivated they are to do the behavior. The robust ability of behavioral intention to predict behavior, which is the primary objective of behavioral intention models, may explain why it has been used as a dependent variable (Theodorakis & Alexandris, 2008). Customers' behavioral intentions can be positive or negative (Zeithaml, Bitner, & Gremler, 2010). Bonding with the service provider, more business, positive praise for the service provider, and willingness to pay higher prices are all common outcomes of positive behavioral intention.

On the other hand, customers who have an unfavorable behavioral intention are more likely to switch brands, plan to reduce their business volume, engage in negative word-of-mouth, and are unwilling to pay premium prices.

As a result, researchers have observed that the degree to which customers' favorable behavioral intentions are fostered is a key factor in both the current and future financial performance of businesses. According to the theory of reasoned action, a customer's

intention to perform or not perform a subjective behavior determines their behavior. Conduct expectation addresses the repurchase goals, verbal, faithfulness gripping conduct, and cost awareness (Zeithaml, Bitner, and Gremler, 2010). Theodorakis & Alexandris (2008) say that behavioral intentions are measured by positive word-of-mouth, intentions to recommend, and intentions to repurchase. According to Hellier, Geursen, Rodney, & Rickard (2003), repurchase intention is a person's decision to purchase a specific service from the same company again, taking into account both the individual's current situation and the likely circumstances. According to Harris & Goode (2010), repurchase intention is the intention to use a specific brand in the event that a need for its service arises in the future. According to Goh, Jiang, Hak, and Tee (2016), repurchase intention occurs when consumers attempt to purchase the same brand, products, or services once more.

According to Phuong & Trang (2018), some recent studies have conceptualized customer repurchase intention based on two aspects: the intention to re-buy (repurchase) and the intention to engage in positive word-of-mouth and recommendation. Zeithaml, Parasuraman, and Berry (1996) asserted that businesses can save money on promotional activities by attracting new customers through building relationships with existing customers, which would result in increased repurchases. According to Goyal (2013), a service provider's ability to keep its customers loyal, get them to pay higher prices, voice their concerns to other customers, and voice their concerns to the company are all reflected in repurchase intentions.

Customers' belief that a particular brand or manufacturer is their first choice for purchasing similar products in the future, as well as their likelihood of continuing to use the products and their desire to purchase similar products in the future, can be used to assess repurchase intentions. They also suggested that customers with high repurchase intentions are more likely to spread positive word-of-mouth about a product and make recommendations to other customers. The experiences with previous purchases are the primary motivation for repurchasing. Understanding the repurchase goal of clients is helpful in light of the fact that fulfilled clients are bound to proceed with their relationship with a specific firm than disappointed ones (Ibzan, 2016). In a similar vein, businesses that wish to establish and maintain a competitive advantage over rivals would provide customers with superior service quality in order to retain them.

2.2.7 Service quality and repurchase intention

As evidence for the value of service quality research, establishing a link between service quality and customer repurchase intentions is an important task for researchers and practitioners. Due to the various service quality models used and the various contexts of the published studies, the relationships between particular service quality dimensions and behavioral intentions are still unclear (Theodorakis & Alexandris, 2008). Service quality, according to a number of authors, simply influences behavioral intentions through satisfaction. In the context of the airline industry, Park (2005) also discovered that, indirectly through satisfaction, service quality had a positive impact on repurchase intentions and the intention to recommend the airline to others. However, a number of studies have demonstrated a direct connection between customer behavior intentions and effective behavior and service quality (Cronin & Taylor, 1992). The behavioral intentions were found to be influenced by the quality of service in numerous studies. Cronin, Brady, and Hult (2005) discovered a positive correlation between purchase intentions and service quality.

Additionally, previous studies have demonstrated associations between specific behavioral intention dimensions and service quality. For instance, in the study by Theodorakis & Alexandris (2008) that was carried out with 242 participants, the tangibility, responsiveness, and reliability dimensions were found to be moderate estimators of the variance of word of mouth. As a result, it is reasonable to anticipate that clients who have a high perception of the quality of the service will be more likely to exhibit intentions. According to Parasuraman, Zeithaml, and Berry (1988), there is also a positive correlation between willingness to recommend, intentions to repurchase, and saying favorable things about the company. Customers' repurchase plans are influenced, either directly or indirectly, by perceived service quality (Liang, 2018). Customers who consistently purchase from the same vendor are regarded as highly experienced and, as a result, familiar with evaluating a product or service. Additionally, they are less influenced by external cues like brand names and image, atmosphere, and marketing communications. Hsu & Lin (2015) say that first-time customers are motivated by service quality, and his findings show that perceived value is a strong predictor of repeat business.

In conclusion, these ideas demonstrate that the repurchase intention is influenced by an intermediary variable's perceived value. Companies' economic performance is strongly

correlated with high retention rates in the insurance industry. Safety net providers in the USA think about maintenance as the main determinant of financial achievement, as the selling cost of an insurance contract isn't recuperated except if the contract is restored for somewhere around three or four years. According to Peppers and Rogers (2004), in property and casualty insurance, customers are less likely to file claims the longer they stay with a company.

The research aims to explore how perceived value affects repurchase intentions and its subsequent impact on insurance industry performance. Objectives include assessing how intermediary variables influence customer retention and evaluating financial success in relation to contract renewal rates. Methodology involves analyzing existing data on customer retention and satisfaction from both the USA and UK insurance markets. Findings indicate that high retention rates are crucial for economic performance, as longer customer relationships reduce claim frequencies and enhance profitability. In the UK, dissatisfaction and skepticism hinder retention, suggesting that better understanding of customer behavior post-purchase could improve retention and financial outcomes.

2.3 Empirical review

A study entitled “Service Quality Dimensions: An Examination of Gronroos Service Quality Model” empirically examines the European perspective i.e. Gronroos Model suggesting that service quality consists of three dimensions namely technical quality, functional quality and image and that image functions as a filter in service quality perception.

Another study entitled “Determinants of Customer Loyalty in the Insurance Sector with reference to LIC, Manipur” investigates the influence of Company Image, service quality dimensions and personalized financial planning on customer satisfaction and customer loyalty. The study revealed that service quality is the main predictor of customer satisfaction in the insurance sector which then leads to customer loyalty. The study also gave findings that Company Image of LIC has a positive relationship with customer satisfaction and loyalty whereas personalized financial planning did not (Sotechand & Barua, 2020).

Another study entitled “The Factors Influencing Customer Satisfaction in Health Insurance Companies” concluded with the findings that tangibility, assurance, reliability,

responsiveness and empathy influenced the success of customer satisfaction in health insurance companies. Also, that, service quality can be utilized to make customer satisfaction better. The findings of this research also serve as a reference for shifting conventional customer satisfaction in health insurance companies in Indonesia (Ramadhan & Soegoto, 2020).

Another study conducted in Ethiopia entitled “The Effect of Claim Settlement Service Quality on Repurchase Intention: An Empirical Study of Insurance Companies in Ethiopia” presented with the findings that offer strong empirical support for the notion that improving service quality can increase favorable behavioral intentions and decrease unfavorable intentions and thus validates the existence of a causal relation between the constructs (Hagos, 2019).

Another study entitled “The Effects of Dimensions of Service Quality on Customer Service Quality with a Particular Reference in Nile Insurance Company” provided with the findings that all the independent variables used in the study viz; Tangibility, reliability, responsiveness, assurance and empathy have statistically significant relationship to predict customer service quality. It also provides implications for further study to be conducted to include branches and other financial institutions which have not been considered in this study (Alemu, 2019).

Another study entitled “An Assessment of Customer Satisfaction Regarding Service Quality with Private Medical Insurance in Zambia” presented with the findings that reliability and responsiveness are fundamental aspects of service quality with a significant impact on customer satisfaction and that customer satisfaction was found to have significant and positive impact on behavior intentions such as likelihood to recommend, switching intention and repurchase intention. The author also called for further researches in this particular area (Lwenga, 2019).

Another study entitled “Service Quality and its Impact on Customers’ Behavioral Intentions and Satisfaction: An Empirical Study of the Indian Life Insurance Sector” provide the findings that validates the causal relation between service quality, satisfaction and behavioral intention. Further, the results of this study identify reliability and responsiveness as key dimensions of service quality that has significant impact on customer satisfaction

and behavioral intentions in the Indian life insurance industry (Ramamoorthy, Gunasekaran, Roy, Rai, & Senthilkumar, 2018).

Another Study entitled “Determinants of Customer Satisfaction and Loyalty in Vietnamese Life Insurance Setting” applied statistical techniques to analyze the customer perception of image, service, price and perceived value in Vietnamese life insurance services. The results indicate that customer satisfaction and loyalty are significantly influenced by Company Image, service quality and perceived value and further provided the scope for future research investigating the critical factors for achieving satisfaction and loyalty in sustainable services in developing countries (Nguyen, Nguyen, Nguyen, & Phan, 2018).

Another cross-sectional study entitled “Assessment of Service Quality and Customer Satisfaction in Claim Service at Nyala Insurance Share Company” concluded that the five service quality dimensions are positively correlated with service quality so claim service should give emphasis to improve the service quality where the actual perceived claim service lags from the expectation. It also presented findings that there is unfulfilled customer expectation and huge service quality dimension gap on tangibility, reliability and responsiveness service quality dimensions of claim service of Nyala insurance share company (Kassie, 2017).

Another cross-sectional study conducted in Saudi Arabia entitled “Consequences of Service Quality in The Insurance Industry” showed that reliability and responsiveness are functional quality dimensions that were found to have significant impact on customer satisfaction (Alawni, 2016).

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

2.4 Summary table

S. N.	Date of Publication	Article	Writers	Objectives	Methodology	Findings
1	2020	Determinants of Customer Loyalty in the Insurance Sector with reference to LIC, Manipur	Sotechand & Barua	To identify the influence of Company Image, service quality dimensions and personalized financial planning on customer satisfaction and customer loyalty	Interview/Focus Group	Company Image of LIC has a positive relationship with customer satisfaction and loyalty whereas personalized financial planning
2	2019	The Effects of Dimensions of Service Quality on Customer Service Quality with a Particular Reference in Nile Insurance Company	Alemu	To extract the relationship of responsiveness, empathy with the customer Service quality	Interview/Focus Group	All the independent variables used in the study viz; Tangibility, reliability, responsiveness, assurance and empathy have statistically significant

						relationship to predict customer service quality.
3	2019	The Effect of Claim Settlement Service Quality on Repurchase Intention.	Hagos	To determine the impact of increasing Service quality on increment of favorable behavioral intentions and decrease of unfavorable intentions.	Non-Probability Sampling method	Improving service quality can increase favorable behavioral intentions and decrease unfavorable intentions and thus validates the existence of a causal relation between the constructs.
4	2018	Customers Satisfaction towards Life Insurance Claim Settlement in Nepal	Damodar Basaula	To examine the awareness and satisfaction of customers towards life insurance claim settlement in Nepal	Survey	entrepreneurial development, launching innovative products, increased institutional delivery

						along with inbound claim calls attracts the customers for policy repurchase.
5	2018	Claim Settlement of Life Insurance Policies in Insurance Services with Special reference to Life Insurance Corporation of India	Rajesh K. Yadav, Sarvesh Mohania	To study the Management frame work of Life Insurance corporation of India regarding Claim Settlement.	Interview/Focus Group	The study found that LIC of India is able to provide effective claim settlement and its employees ensures that customers are aware and satisfy with their prompt services.
6	2018	Service Quality and its Impact on Customers' Behavioral Intentions and Satisfaction	Ramamoorthy, Gunasakeran & Sethilkumar	To know the key dimensions of service quality that has significant impact on customer satisfaction and	Non-Probability Sampling method	Company Image, service quality and perceived value have significant impact on

				behavioral intentions.		customer satisfaction and behavioral intentions in the Indian life insurance industry
7	2018	Determinants of Customer Satisfaction and Loyalty in Vietnamese Life Insurance Setting.	Nguyen, Nguyen, & Phan	To analyze the customer perception of image, service, price and perceived value in Vietnamese life insurance services.	Probability Sampling method	customer satisfaction and loyalty are significantly influenced by Company Image, service quality and perceived value.
8	2017	Assessment of Service Quality and Customer Satisfaction in Claim Service at Nyala Insurance	kassie	To know the dimension which affects the actual perceived claim service lags from expectations.	Interview/Focus Group	unfulfilled customer expectation and huge service quality dimension gap on tangibility, reliability

		Share Company				and responsiveness service quality dimensions of claim service of Nyala insurance share company
9	2016	Consequences of Service Quality in The Insurance Industry	Alawni	To identify the dimension that were found to have significant impact on customer satisfaction.	Non-Probability Sampling method	Reliability and responsiveness are functional quality dimensions that were found to have significant impact on customer satisfaction
10	2015	The Effect of Service Quality on Customer Satisfaction in Selected Insurance	Akalu	To know the service quality dimension that have positive relationship with customer satisfaction.	Survey	assurance is the most important factor to have a positive and significant

		Companies in Addis Ababa				effect on customer satisfaction followed by reliability, responsiveness, empathy and Tangibility
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2.5 Research gap

The settlement of claims is the fundamental building block of insurance companies and serves as a mirror through which members evaluate the insurers' overall performance and credibility. In the insurance industry in Nepal and around the world, the difficulty of running an efficient claims administration that would satisfy customers, gain their trust, and encourage them to repurchase and recommend insurance products to others has remained too pathetic. A company that is eager to settle claims in the best interests of its customers would undoubtedly bring in more businesses because it would likely entice customers to continue purchasing insurance from the company. They might even suggest this kind of business to their family, friends, and coworkers. However, due to the current state of affairs in the country, insurance customers are increasingly demanding high-quality services and additional value enhancement from their chosen company in addition to bitterly expressing their dissatisfaction with the sluggish resolution of their claims. In this regard, a number of previous studies have focused primarily on the industry's persistent theoretical and practical gaps.

In the context of the Nepalese non-life insurance industry, previous studies have attempted to highlight the overall effect of service quality on customer satisfaction, but they did not specifically address the impact of claim settlement service quality on customers repurchase intention. Therefore, the purpose of this study is to investigate the ways in which service providers can improve and manage the process of delivering quality standards to their customers as well as the relationship between claim settlement service quality and

customers' intention to repurchase insurance products and services. Although numerous theoretical and empirical contributions to the study of service quality in various industries have been made in the past, the non-life insurance industry is understudied. Especially, there is a lacking review led in the general protection industry in Nepal, let alone on the assistance quality aspects.

As a result, the goal of this study is to learn more about how customer repurchase intention in the Nepalese non-life insurance industry is affected by perceived service quality (tangibility, reliability, responsiveness, assurance, empathy, technical quality, and Company Image) dimensions.

Chapter-III

Research Methodology

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

3.1 Research design

Using a descriptive research design, the purpose of this quantitative study is to comprehend the impact of various aspects of individual investors' financial behavior. As a result, both descriptive and explanation research was conducted for this study. The study is descriptive because it uses only statistics to describe data and characteristics about the population it is studying without using any kind of manipulation. Because it was carried out with the intention of determining the extent and nature of cause-and-effect relationships between the independent and dependent variables, the research is also explanatory. The primary survey serves as the foundation for this study's findings. A collection of questionnaires was developed and distributed to individual Nepalese investors in order to collect the data. The information and facts provided by the sampled respondents serve as the sole foundation for the findings.

Numerous statistical tests and evaluations form the basis of the study. The quantitative data were analyzed and interpreted with the aid of Microsoft Excel and the Statistical Package for Social Science (SPSS) software for this purpose. Based on the profile of the respondents, descriptive statistics were used to calculate the mean and standard deviation. Throughout the course of this study, correlation analysis, regression analysis, and hypothesis testing were carried out. When necessary, the findings, interpretation, and analysis have been presented in various tables.

3.2 Population and sample

3.2.1 Population

At current, there are 14 non-life insurance companies operating in Nepal as of July 2024. The respective head offices of the insurance companies are located in the Kathmandu valley while their branches are spread throughout the nation. Since only head offices are mandated

to handle and process insurance claims and the non-life insurance contract being a yearly renewable contract, the study targets the population of all active individual policyholders/customers who inquired for claim compensation at least once during the validity of the policy period.

3.2.2 Sampling procedure

The representative sample size from the sampling frame can be selected using a variety of sampling methods. However, they fall into one of three subcategories: probabilistic sampling, non-probabilistic sampling, or mixed sampling. Because it is extremely challenging to obtain the complete list of each insurance company's individual customers, probabilistic sampling is impractical in this instance. Despite the limited generalizability of the findings, the non-probabilistic (convenience) sampling method was used to select the required sample size from the intended study population.

3.2.3 Sample size

The selection of a number of study units from a specified study population is called sampling. Non-probability sampling will be used in this study due to a lack of a sampling frame and limited access to the selected respondents within a certain time frame (Abiy, 2009), despite the fact that the error (sampling bias) incurred has some effect on the study's credibility. More than 400 responses were gathered from the target customers of a few private non-life insurance companies in the country to determine the sample size. For a medium-scale study, the sample size may be considered adequate given the size of the population.

3.3 Sources of data and instrument of data collection

3.3.1 Source of data

Primarily, this study's data came from primary sources. Kothari (2004) says that the primary data are the ones that are new and collected for the first time, so they are unique. Primary data are those that were observed, experienced, or recorded close to the event. These data are the closest to the truth that can be obtained. The targeted individual customers, policyholders, and responses of the selected non-life insurance companies operating in the nation served as the source of the data. As a result, primary data sources are utilized for data analysis in this study.

3.3.2 Data collection instrument

The primary data is gathered through the use of a questionnaire survey instrument. According to Kothari (2004), administering questionnaires enables the researcher to collect data at a low cost even when the universe is large and geographically dispersed, answers are in respondents' own words, respondents have sufficient time to provide well-thought-out responses, respondents who are difficult to approach can be easily reached, and large samples can be used, making the results more dependable. There were two parts to the questionnaire. The participants' demographic profile is covered in the first section. In second part on a Likert scale of 1 to 5, respondents are asked to indicate how much they agree or disagree with the sentences regarding the constructs under investigation (claim settlement quality and repurchase intentions). The questionnaire is adapted to the insurance industry without changing the concepts of a previous study on the same construct.

3.3.3 Data collection procedure

The research was conducted in person and done for the fulfillment of academic requirement. Questionnaires were distributed to the individual policyholders/customers of the respective insurance companies through online platform, printed form and by phone calls responses to the prepared questionnaire. Volunteer respondents filled the questionnaire and provided their responses accordingly after having their full consent and briefed the purpose of the study clearly.

3.4 Methods of analysis

This section reflects how analysis has been carried out in chapter four as per the objectives and hypothesis stated. It is necessary to follow certain steps and procedures in analyzing data in order to understand the results and generalize the findings. After the instruments have been developed and the response from 400 different respondents has been received it is then coded in SPSS. After the data entry ended, frequencies have been used to see the nature of respondents' profile. Descriptive statistics is used to see the characteristics of the response that have been provided by the respondents.

To explore the relationship of independent variables and dependent variables, Spearsman correlation was first investigated. The six dimensions of independent variables, viz; tangibility, reliability, responsiveness, assurance, empathy, technical quality and Company Image were taken as independent variables and customers repurchase intention

was used as a dependent variable in this study.

Correlation matrix can be carried out to see the degree and nature of relationship among and between dependent and independent variables. Causal comparative research design especially regression analysis can be carried out measure the impact and see the cause and effect relationship between the dependent and independent variables.

3.5 Research framework

According to Gronroos (2001), the three basic service quality dimensions comprise “What” the customer receives (technical quality), “How” the customer receives it (functional quality), and the overall corporate perceived image. Technical Quality of the outcome of the service production process is what customers receive in their interaction with a firm. They will also be influenced by the way in which technical quality (outcome) is transferred to them and this will have an impact on the functional quality (process experience). Besides, an organization’s image is an important variable that positively or negatively influences marketing activities. Image is considered to have the ability to influence customers’ perception of the goods and services offered and have an impact on repurchase intention (Zeithaml, Bitner, & Gremler, 2010).

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

Tangibility (Parasuraman, Zeithaml, & Berry, 1988) strongly influences customer repurchase intention by enhancing perceptions of the service environment and employee presentation. Modern and well-maintained facilities, along with neat and professional staff, create a positive first impression, encouraging customers to return. Investing in high-quality physical aspects of the service can strengthen customer trust and satisfaction, leading to increased repurchase rates.

Reliability (Parasuraman, Zeithaml, & Berry, 1988) is pivotal in shaping repurchase intentions as it ensures that the company consistently fulfills its promises and manages claims efficiently. Customers value dependable service and timely performance, which

builds trust and encourages them to return. Enhancing reliability through improved processes and consistent service delivery will foster greater customer loyalty and repeat business.

Responsiveness (Parasuraman, Zeithaml, & Berry, 1988) affects repurchase intention by addressing customer needs quickly and effectively. Timely service and prompt problem resolution significantly boost customer satisfaction. Improving responsiveness by streamlining processes and training staff to act swiftly can enhance customer experiences and encourage repeat purchases.

Assurance (Parasuraman, Zeithaml, & Berry, 1988) influences repurchase intention by fostering customer confidence through knowledgeable and reliable interactions. Customers feel more secure and valued when employees are well-trained and demonstrate expertise. Strengthening assurance by ensuring staff competence and creating a reassuring service environment will help build long-term customer trust and increase repurchase likelihood.

Empathy (Parasuraman, Zeithaml, & Berry, 1988) impacts repurchase intention by providing personalized and attentive service that addresses individual customer needs. Effective communication and a genuine understanding of customer concerns create stronger relationships and higher satisfaction. Enhancing empathy through tailored interactions and attentive customer service will boost loyalty and encourage repeat business.

Technical quality (Gronroos, 1982) is another critical component influencing claim settlement satisfaction. It pertains to the accuracy, competence, and consistency of the decisions made by claims professionals. Customers expect their claims to be handled accurately and fairly, and technical quality ensures that claims are processed correctly, which enhances customer confidence.

Company image (Gronroos, 1982)) serves as an independent variable that significantly influences claim settlement satisfaction. The reputation of the insurance provider, its financial stability, and its overall brand perception impact how customers perceive the fairness and reliability of the claim settlement process. A positive company image characterized by trustworthiness, transparency, and a customer-centric approach fosters higher levels of satisfaction among policyholders.

Following conceptual framework has thus been generated and proposed for the purpose of the study intended to achieve the desired research objectives.

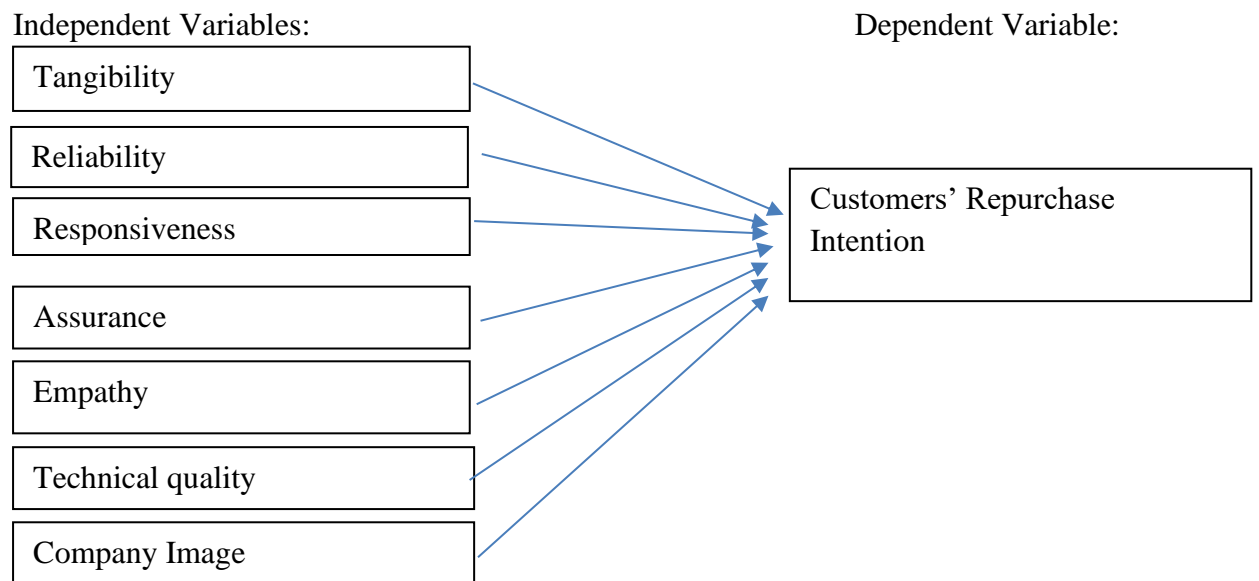


Figure 1 Conceptual Framework of the Study

Chapter IV

Results and Discussion

This chapter entitled “Results and Discussions” "Results and Discussions," has been organized to present, analyze, and interpret the results. The collected data have been presented and analyzed in this chapter. According to the nature of the data that were collected and in accordance with the requirements of the study, the data that were gathered from various sources were categorized and tallied. The data are analyzed with a variety of statistical tools. With the assistance of Statistical Package for the Social Sciences (SPSS v26.0), the data analyses include both descriptive and inferential statistics. Based on the perceptions of the respondents, descriptive statistics demonstrated the usefulness of the data set, the demographic profile of the respondents, and the characteristics of the study variables, while inferential statistics was used to test the relationship. In the end, the research objectives were met by testing the proposed hypotheses.

4.1 Results

The data collected from the procedure described in chapter 3, additional data were taken for analysis and presentation. The questionnaires were coded, the data were entered into the SPSS 26.0 package, and the necessary calculations were made. Almost any kind of file can be used with SPSS to create tabulated reports, charts and plots of distributions and trends, statistical analyses, and descriptive statistics. This section of the analysis includes information about the respondent's profile, a descriptive analysis of their responses regarding claim settlement service quality, and customers' intentions to repurchase insurance policies. This chapter examines the correlation between the dependent and independent variables. The primary objective of this section is to examine the customer's intention to repurchase in relation to its independent variable.

4.2 Demographic Profile of Respondents

The demographic profile of the respondents comprised of gender, age, education, occupation, insurance customer, customer duration, inquired for claim and types of claim inquired. It is summarized and presented to have an overall picture of the general demographic background of the sample respondents.

Table 2*Demographic Profile of Respondents*

Variables	Frequency	Percent	Cumulative Percent
Gender			
Female	170	42.5	42.5
Male	230	57.5	100.0
Age Group			
Below 30 years	242	60.5	60.5
30-60 years	155	38.8	99.3
Above 60 years	3	0.7	100.0
Education Level			
Bachelors	111	27.8	27.8
Masters	177	44.3	72
Schooling	112	28.0	100.0
Occupation			
Employee	326	81.5	81.5
Self employed	43	10.8	92.3
Professional	6	1.5	93.8
Others	25	6.2	100.0
Been Customer of Insurance			
No	80	20.0	20.0
Yes	320	80.0	100.0
Customer Duration			
Less than a year	249	62.3	62.3
1-5 years	127	31.8	94.1
Above 5 years	24	5.99	100.0
Claim Inquiry made			
Yes	313	78.3	78.3
No	87	21.7	100.0
Claim Type made			
Agri insurance	2	.5	.5
Covid insurance	89	22.3	22.8
Health insurance	75	18.8	41.5
Health insurance, Covid Insurance	19	4.8	46.3
Others	34	8.5	54.8
Vehicle insurance	88	22.0	76.8
Vehicle insurance, Covid insurance	33	8.3	85.0
Vehicle insurance, Health Insurance	34	8.5	93.5
Vehicle insurance, Health Insurance, Covid	19	4.8	98.3
Insurance			
Vehicle insurance, Health Insurance Covid insurance, Others	7	1.7	100

The table 2 provides a comprehensive demographic profile of a sample group based on several key variables. This profile includes data on gender, age, education level, occupation, insurance history, and claim inquiries.

The sample is composed of 400 respondents, with a fairly balanced gender distribution. Among these, 170 are female, constituting 42.5% of the sample, while 230 are male, making up 57.5%. This distribution shows a slight male predominance in the sample, which might reflect broader demographic trends or the specific target audience of the survey.

The age distribution highlights a predominantly younger demographic. The majority of respondents, 242 (60.5%), are below 30 years old. This is a significant portion of the sample, suggesting that younger individuals are more engaged or responsive in the context of this survey. The next largest group is those aged between 30 and 60 years, totaling 155 respondents or 38.8%. Only 3 respondents (0.7%) are above 60 years old, indicating a minimal presence of older individuals in the sample. This age distribution is crucial as it may impact the interpretation of preferences or behaviors related to the survey topic.

Educational attainment among respondents is quite diverse. The largest group holds a Master's degree, with 177 individuals (44.3%). This high proportion suggests that the sample is relatively well-educated. Those with a Bachelor's degree number 111 (27.8%), while 112 respondents (28.0%) have completed only schooling. This educational breakdown is important as it might influence respondents' understanding or opinions on the survey's subject matter.

The majority of respondents are employees, numbering 326 (81.5%). This group's dominance could indicate that employed individuals are more likely to engage with surveys of this nature or represent a significant portion of the population being studied. Self-employed individuals make up 43 respondents (10.8%), while professionals' number only 6 (1.5%). The "Others" category includes 25 respondents (6.2%), which might comprise varied job roles or statuses not explicitly categorized. The occupational data can provide insights into how different employment statuses might affect respondents' views or experiences related to the survey.

A significant majority of respondents, 320 (80.0%), have been customers of insurance. This indicates that the sample has substantial experience with insurance products, which is

relevant for understanding their claims behavior and preferences. Conversely, 80 respondents (20.0%) have no insurance experience, which could be useful for contrasting views between insured and non-insured individuals.

The length of time respondents has been customers of insurance varies. A large portion, 249 individuals (62.3%), have been customers for less than a year, suggesting a relatively recent engagement with insurance services. Those with 1-5 years of experience number 127 (31.8%), indicating a moderate level of long-term engagement. Only 24 respondents (5.99%) have been customers for more than 5 years, highlighting that long-term insurance relationships are less common among this sample.

Most respondents have made a claim inquiry, totaling 313 (78.3%). This high percentage suggests that a substantial portion of the sample has engaged with the insurance claim process. In contrast, 87 respondents (21.7%) have not made any claim inquiries, which may indicate either a lack of need or experience with the claims process.

The types of insurance claims made by respondents are varied. The most common claim type is COVID insurance, with 89 respondents (22.3%) reporting this as their claim type. Vehicle insurance is also significant, with 88 respondents (22.0%). Health insurance claims come next, with 75 respondents (18.8%). Combined claims involving both health and COVID insurance account for 19 respondents (4.8%), while those with vehicle and COVID insurance or vehicle and health insurance are 33 (8.3%) and 34 (8.5%), respectively. Claims involving all three types of insurance (vehicle, health, and COVID) plus others are made by 7 respondents (1.7%).

This breakdown provides insight into the types of insurance claims that are most prevalent among the respondents. The high frequency of COVID-related claims reflects the impact of the pandemic on insurance needs, while vehicle and health insurance claims indicate ongoing concerns in these areas.

Overall, the demographic profile of the respondents shows a young, predominantly male group with a high level of education. The majority are employed, and most have been insurance customers for less than a year. The high rate of claim inquiries and diverse types of insurance claims highlight the active engagement of respondents with insurance

products. This detailed profile can inform various analyses related to insurance behavior, preferences, and trends among different demographic groups.

4.3 Descriptive Statistics

In here, the independent variables are the dimensions of the claim settlement service quality namely functional quality (Tangibility, reliability, responsiveness, assurance and empathy), technical quality and the company image while the dependent variable under consideration is the repurchase intention. The descriptive statistics or central tendency (mean scored values) of the study variables based on the respondents' perception was used to measure the average value of their responses for each question included under each variable attribute. The standard deviation calculation indicates the possible variation in the value from the mean value of each variable attributes.

For this study, "Five Points Likert Scale" statements under the different mentioned variables were presented to the individual clients of non-life insurance companies to collect their responses. Following indicates the measures on the Likert scale used.

1 - Strongly Disagree

2 - Disagree

3 - Neutral

4 - Agree

5 - Strongly Agree

The sum of all the values from 1 to 5 equals to 15 and divided by number of items that is 5 gives mean value of the item that is 3.0. The mean value of item greater than 3.0 indicates that the item has positive contribution towards the outcome inferring approval in general. Likewise, mean value of less than 3.0 indicates that the item has negative contribution towards the outcome inferring disapproval in general.

A high standard deviation indicates that the data points cover a wide range of values, while a low standard deviation indicates that the data points tend to be very close to the mean. The standard deviation calculation here also indicates the possible variation in the value from the mean value of each variable attributes.

Table 3*Descriptive Statistics*

Statements	N	Mean	Std. Deviation
Descriptive statistics of independent variable			
Tangibility	400	3.50	1.33
Reliability	400	3.49	1.11
Responsiveness	400	3.66	1.37
Assurance	400	3.49	1.41
Empathy	400	3.61	1.39
Technical quality	400	3.10	1.23
Company Image	400	3.08	0.97
Descriptive statistics of dependent variable			
Repurchase Intention	400	3.26	0.92

The table 3 descriptive statistics offer a comprehensive view of respondents' perceptions and the variability in their responses. For the independent variables, responsiveness has the highest mean score of 3.66, indicating that respondents perceive this attribute most positively. This is followed by empathy at 3.61 and tangibility at 3.50, suggesting that these aspects are also viewed favorably, though slightly less so than responsiveness. On the other hand, Company Image and technical quality have the lowest mean scores, 3.08 and 3.10, respectively. This indicates that respondents are less satisfied with these attributes compared to others, reflecting more critical or negative views.

The standard deviation values further illuminate the consistency of responses. Responsiveness and assurance exhibit higher standard deviations which signifies greater variability in how respondents perceive these attributes. This means that opinions on responsiveness and assurance are more spread out, showing diverse experiences or expectations. Conversely, Company Image has the lowest standard deviation of 0.97, suggesting that respondents' views are more consistent regarding this attribute, even though the mean score is lower.

In terms of the dependent variable, repurchase intention has a mean score of 3.26, reflecting a moderate level of intent to repurchase. This score indicates that respondents are somewhat inclined to consider repurchasing but are not overwhelmingly positive. The standard

deviation of 0.92 for repurchase intention is the smallest among all variables, indicating that there is relatively little variation in how respondents feel about their likelihood to repurchase. This consistency suggests a stable but not overly enthusiastic inclination towards repurchasing.

Overall, while aspects such as responsiveness and empathy are perceived positively, areas like Company Image and technical quality are seen less favorably. The variability in perceptions of these attributes suggests that there are mixed experiences among respondents. Improving areas with lower scores and higher variability might help in enhancing overall satisfaction and potentially boost repurchase intentions.

4.4 Inferential Analysis

Inferential statistics was applied here in this study to test the relationship between the defined variables, to study the cause and effect relationship between the dependent and independent variables by building a model of regression analysis as well as to test the proposed hypotheses to answer the research objectives.

4.4.1 Correlation Analysis

To thoroughly explore the relationship between the various dimensions of claim settlement service quality and overall repurchase intention, Spearman's correlation coefficient was initially investigated. In this study, six distinct dimensions of claim settlement service quality were considered as independent variables: tangibility, reliability, responsiveness, assurance, empathy, and technical quality, along with company image. The overall repurchase intention of customers was analyzed as the dependent variable.

Spearman's correlation coefficient quantifies the degree of association or relationship between two or more variables. This coefficient is calculated within a range of -1 to +1. A coefficient value approaching +1 signifies a strong positive correlation, meaning that as one variable increases, the other variable also tends to increase correspondingly. Conversely, a coefficient value nearing -1 indicates a strong negative correlation, where an increase in one variable is associated with a decrease in the other variable. A coefficient value around 0 would imply no significant correlation, suggesting that changes in one variable do not predict changes in the other.

Additionally, the significance of the correlation is assessed using a two-tailed test. The standard alpha level for determining statistical significance is 0.05. A significance value (p-value) less than 0.05 suggests a highly significant correlation, meaning the observed relationship is statistically significant and unlikely to have arisen by chance. This level of significance helps in evaluating whether the relationships between the service quality dimensions and repurchase intention are meaningful and substantial or if they might be due to random variation.

Table 4

Correlation Matrix

Particulars		TAN	REL	RES	ASSU	EMP	TEQ	COI	REI
TAN	R	1.000	0.831	0.721	0.716	0.719	0.638	0.730	0.789
	Sig.	-	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	N	400	400	400	400	400	400	400	400
REL	R	0.831	1.000	0.709	0.687	0.688	0.559	0.612	0.676
	Sig.	0.000	-	0.000	0.000	0.000	0.000	0.000	0.000
	N	400	400	400	400	400	400	400	400
RES	R	0.721	0.709	1.000	0.798	0.908	0.790	0.750	0.828
	Sig.	0.000	0.000	-	0.000	0.000	0.000	0.000	0.000
	N	400	400	400	400	400	400	400	400
ASSU	R	0.716	0.687	0.798	1.000	0.829	0.684	0.691	0.668
	Sig.	0.000	0.000	0.000	-	0.000	0.000	0.000	0.000
	N	400	400	400	400	400	400	400	400
EMP	R	0.719	0.688	0.908	0.829	1.000	0.767	0.710	0.799
	Sig.	0.000	0.000	0.000	0.000	-	0.000	0.000	0.000
	N	400	400	400	400	400	400	400	400
TEQ	R	0.638	0.559	0.790	0.684	0.767	1.000	0.764	0.741
	Sig.	0.000	0.000	0.000	0.000	0.000	-	0.000	0.000
	N	400	400	400	400	400	400	400	400
COI	R	0.730	0.612	0.750	0.691	0.710	0.764	1.000	0.711
	Sig.	0.000	0.000	0.000	0.000	0.000	0.000	-	0.000
	N	400	400	400	400	400	400	400	400
REI	R	0.789	0.676	0.828	0.668	0.799	0.741	0.711	1.000
	Sig.	0.000	0.000	0.000	0.000	0.000	0.000	0.000	-
	N	400	400	400	400	400	400	400	400

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

The correlation matrix provided reveals the relationships between various dimensions of service quality Tangibility - TAN, Reliability - REL, Responsiveness - RES, Assurance -

ASSU, Empathy - EMP and their impact on customer outcomes, including Technical quality - TEQ, Company Image - COI, and Repurchase Intention - REI.

Tangibility (TAN) shows significant positive correlations with all other dimensions and customer outcomes. It has the strong correlation with Repurchase Intention (REI) at 0.789, indicating that better physical aspects of the service are strongly associated with higher intentions to repurchase. It also shows substantial positive correlations with Reliability (REL) at 0.831, and Responsiveness (RES) at 0.721, reflecting that Tangibility aspects like modern equipment and facility appearance positively influence perceptions of reliability and responsiveness.

Reliability (REL) is highly correlated with Tangibility (0.831) and shows strong positive relationships with other dimensions, such as Responsiveness (0.709) and Assurance (0.687). This suggests that reliable service delivery strongly supports other service quality dimensions, reinforcing the importance of fulfilling promises and being dependable in service.

Responsiveness (RES) exhibits the highest correlation with Empathy (EMP) at 0.908. This high correlation signifies that the company's ability to respond promptly is closely tied to its level of empathy towards customers, emphasizing that effective and timely responses are integral to personalized service. Additionally, Responsiveness has significant positive correlations with Assurance (0.798) and Repurchase Intention (0.828), highlighting its critical role in influencing customer satisfaction and repurchase behavior.

Assurance (ASSU) reflecting the confidence and trust instilled by the company, shows strong correlations with Empathy (0.829) and Repurchase Intention (0.668). This indicates that assurance and the sense of security provided by employees are crucial for customer loyalty and repurchase decisions.

Empathy (EMP), showing a high correlation with Responsiveness (0.908), also significantly correlates with Repurchase Intention (0.799), suggesting that personalized attention and effective communication are vital for fostering customer loyalty.

Technical quality (TEQ), Company image (COI), and Repurchase Intention (REI) exhibit strong correlations among themselves, particularly with Responsiveness and Empathy, underscoring their role in influencing customer loyalty and trust.

Overall, the matrix illustrates that dimensions like Responsiveness and Empathy have significant impacts on Technical quality and repurchase intentions, with Tangibility and Reliability also playing important roles. This insight highlights the importance of focusing on these service quality dimensions to enhance customer satisfaction and loyalty.

4.4.2 Regression Analysis

Regression analysis is used to see the cause and effect relationship between dependent and independent variable. It shows the linear relationship between dependent and independent variable and its degree as well as intensity. In this study also, regression analysis was applied to investigate the relationship aiming to see the extent to which overall repurchase intention is affected by claim settlement service quality dimensions, viz; Tangibility, Reliability, Responsiveness, Assurance, Empathy, technical quality and Company Image. Moreover, the model of regression analysis is built and used for prediction purpose.

Table 5

Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.782 ^a	.611	.608	.51972

a. Predictors: (Constant), TAN,

REL, RES, ASSU, COI, TEQ

b. Dependent Variable: REI

The first table of interest in the regression analysis is the Regression Model Summary table. Table 5 represents the regression model summary table which provides a determination for how well the model fits. The table provides the value of R, R square, adjusted R square and standard error of estimate, which can be used to determine how well a regression model fits the data.

The “R” column represents the value of R, also called correlation coefficient. R can be considered to be one measure of the quality of the prediction of the dependent variable, viz; repurchase intention in this case. A value of $R = 0.782$ here indicates a good level of prediction of repurchase intention of insurance policies of the company.

The “R square” column represents the value of R square, also called the coefficient of determination, which is the proportion of variance in the dependent variable (repurchase intention) that can be explained by the independent variables (functional quality, technical quality, corporate image). Technically, it is the proportion of variance accounted for by the regression model above and beyond the mean model. In this study, the value of R square = 0.611 infer that the independent variables here explain 61.10 % of the variability of the dependent variable.

The standard error of estimate measures the variability of observed value of dependent variable around the regression line. The value of standard error of estimate = 0.51972 here indicates the variability of observed value of repurchase intention around the regression line is 51.972%.

Table 6

ANOVA Analysis

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	168.277	3	56.092	207.667	.000 ^b
Residual	106.963	396	.270		
Total	275.240	399			

a. Dependent Variable: REI

b. Predictors: (Constant), TAN, REL, RES, ASSU, COI, TEQ

Table 6 is the ANOVA analysis table which provides a measure of statistical significance. The F - ratio in the ANOVA table tests whether the overall regression model is a good fit for the data. The ANOVA table also provides a measure of significance represented by “sig” column. Level of significance in social science research is considered best at 5 %. In this study, the ANOVA analysis table provides a value of $F(3, 396) = 207.667$, $p = 0.000 < 0.05$ which infers that the regression model is a good fit for the data and that the independent variables here statistically significantly predict the dependent variable that is repurchase intention of insurance policies.

Table 7*Coefficients of Regression Model*

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
(Constant)	.541	.112		7.799	.000
TAN	.235	.032	.386	6.451	.000
REL	.094	.043	.240	4.707	.003
RES	.280	.071	.168	2.543	.011
ASSU	.063	.029	.088	2.174	.030
EMP	.253	.040	.331	5.827	.000
TEQ	.057	0.20	0.80	2.842	.005
COI	.054	.032	.046	1.691	.092

a. Dependent Variable: REI

Table 7 provides a representation for the coefficients of regression model and a basis for the construction of regression model.

The unstandardized coefficients indicate how much the dependent variable varies with an independent variable when all other independent variables are held constant.

From Table 7, the general form of equation to predict repurchase intention of insurance policies from functional quality, technical quality and Company Image can be given as:

$$REI = 0.541 + 0.235TAN + 0.094REL + 0.280 RES + 0.063ASSU + 0.253EMP + 0.057TEQ + 0.054 COI$$

Where, REI = Repurchase Intention of insurance policies.

TAN = Tangibility Quality of claim settlement.

REL = Reliability Quality of claim settlement.

RES = Responsive Quality of claim settlement.

ASSU = Assurance Quality of Claim settlement

EMP = Empathy Quality of Claim settlement

TEQ = Total Quality of Claim settlement

COI = Company Image Quality of claim settlement

The constant score of 0.541 here indicates the magnitude of impact on repurchase intention of insurance policies due to the factors other than the three independent variables used in this study.

Each coefficient in the regression equation quantifies the relationship between Repurchase Intention (REI) and the corresponding quality dimensions of claim settlement. These

coefficients represent the change in REI associated with a one-unit change in the respective predictor variable, holding all other variables constant.

Tangibility Quality (TAN) has a coefficient of 0.235. This indicates that for each one-unit increase in Tangibility Quality, the Repurchase Intention increases by 0.235 units. Tangibility Quality includes factors such as the modernity and appeal of the company's physical facilities and equipment. This coefficient suggests that improving the Tangibility aspects of claim settlement, such as better equipment and more appealing facilities, has a positive effect on customers' intention to repurchase insurance policies.

Reliability Quality (REL) is represented by a coefficient of 0.094. This smaller effect compared to Tangibility suggests that for each one-unit increase in Reliability Quality, the Repurchase Intention increases by 0.094 units. Reliability refers to the consistency and dependability of the claim settlement process. Although its impact is positive, it is less influential on Repurchase Intention compared to Tangibility. This implies that while reliability is important, improvements in reliability alone might not have as strong an effect on customers repurchase decisions as other factors.

Responsive Quality (RES) has a coefficient of 0.280. This indicates that a one-unit increase in Responsiveness Quality leads to a 0.280 unit increase in Repurchase Intention. Responsiveness reflects the company's ability to address and resolve issues promptly. This relatively high coefficient highlights the importance of being responsive to customer needs and issues in driving repurchase intentions.

Assurance Quality (ASSU) has a coefficient of 0.063. This suggests that for each one-unit increase in Assurance Quality, there is a 0.063 unit increase in Repurchase Intention. Assurance Quality includes factors like the confidence and trust instilled by employees. While positive, its impact on Repurchase Intention is smaller compared to other dimensions, indicating that while assurance is valuable, it has a less pronounced effect on repurchase decisions.

Empathy Quality (EMP) shows a coefficient of 0.253. This means that each one-unit increase in Empathy Quality corresponds to a 0.253 unit increase in Repurchase Intention. Empathy involves understanding and addressing the individual needs of customers. The relatively high coefficient reflects the significant role that personalized service and attention play in enhancing customers' intentions to repurchase insurance policies.

Technical Quality (TEQ) is associated with a coefficient of 0.057. This implies that a one-unit increase in Technical Quality leads to a 0.057 unit increase in Repurchase Intention.

Technical Quality encompasses the overall effectiveness of claim settlement. The smaller coefficient suggests that while Technical Quality has a positive effect on Repurchase Intention, its impact is not as strong as more specific dimensions like Tangibility and Empathy.

Company Image Quality (COI) has a coefficient of 0.054. This indicates that a one-unit increase in Company Image Quality results in a 0.054 unit increase in Repurchase Intention. Company Image Quality relates to the overall reputation and public perception of the company. The relatively small coefficient suggests that while a positive Company Image is beneficial, it has a lesser effect on repurchase intentions compared to other service quality dimensions.

In summary, the regression equation highlights that Tangibility, Responsiveness, and Empathy have the most substantial effects on Repurchase Intention, with coefficients indicating their significant positive impacts. Reliability, Assurance, Technical Quality, and Company Image have smaller but still positive effects. This analysis underscores the importance of focusing on Tangibility, Responsiveness, and Empathy to enhance customers' intentions to repurchase insurance policies, while also considering improvements in other areas to support overall customer satisfaction and loyalty.

4.4.3 Hypothesis Testing

This section is focused on testing the hypotheses developed for the study. Hypothesis evaluates two mutually exclusive statements to determine which statement is best supported by sample data. Regression analysis has been used here to test the hypothesis. The seven hypotheses developed for this study has been tested for its acceptance or rejection as justified below.

H1- The hypothesis that Tangibility (TAN) of insurance claim settlement has a positive and significant effect on customers repurchase intention (REI) is strongly supported by the regression analysis. Tangibility, which refers to the physical aspects of the service such as modern equipment and appealing facilities, has a coefficient of 0.235 and a t-value of 6.451 with a p-value of 0.000. This indicates a significant and positive relationship, meaning that as the quality of Tangibility improves, customers' intention to repurchase insurance policies increases substantially. The strong statistical significance underscores the importance of investing in Tangibility elements of service quality to enhance customer satisfaction and loyalty.

H2: The second hypothesis posits that Reliability (REL) of insurance claim settlement positively influences customers repurchase intention. The analysis reveals a coefficient of 0.094 for Reliability, with a t-value of 4.707 and a p-value of 0.003. These results confirm a significant positive effect of Reliability on repurchase intention. Reliability, which encompasses the consistency and dependability of the claim settlement process, plays a crucial role in influencing customers' decisions to repurchase. The significant p-value indicates that improvements in reliability are likely to enhance customer loyalty and the likelihood of repurchasing insurance policies.

H3 - Responsiveness (RES) is hypothesized to have a positive impact on customers repurchase intention. The regression results show a coefficient of 0.280, a t-value of 2.543, and a p-value of 0.011. These findings affirm that Responsiveness, which reflects the promptness and effectiveness in addressing customer issues, significantly and positively affects repurchase intention. The significance of the p-value highlights that customers value timely and responsive service, and improvements in this area are likely to lead to higher repurchase intentions.

H4 - Assurance Quality (ASSU) is suggested to positively influence customers repurchase intention. The coefficient for Assurance is 0.063, with a t-value of 2.174 and a p-value of 0.030. Although the effect is positive and statistically significant, the impact of Assurance on repurchase intention is less pronounced compared to Tangibility and Responsiveness. Assurance, which involves instilling confidence in customers through reliable and knowledgeable service, still plays a role in influencing repurchase intention but is less influential relative to other dimensions.

H5- Empathy (EMP) is expected to have a significant positive effect on customers repurchase intention. The regression analysis supports this hypothesis with a coefficient of 0.253, a t-value of 5.827, and a p-value of 0.000. These results indicate that Empathy, which involves personalized attention and understanding of individual customer needs, has a strong and significant positive effect on repurchase intention. The high significance level underscores the critical role of empathetic service in fostering customer loyalty and encouraging repeat purchases.

H6 - The hypothesis that Technical Quality (TEQ) of insurance claim settlement affects customers repurchase intention is also supported. Technical Quality, with a coefficient of

0.057, a t-value of 2.842, and a p-value of 0.005, shows a positive and significant relationship with repurchase intention. This suggests that overall service quality has a positive impact on customers' decisions to repurchase insurance policies. Although the effect is smaller compared to specific dimensions like Tangibility and Empathy, it is still significant and indicates that improvements in overall quality can enhance repurchase intentions.

H7 - The final hypothesis examines whether Company Image Quality (COI) significantly influences customers repurchase intention. The coefficient for Company Image Quality is 0.054, with a t-value of 1.691 and a p-value of 0.092. Since the p-value exceeds the 0.05 threshold for statistical significance, this hypothesis is rejected. The results suggest that Company Image Quality does not have a statistically significant effect on repurchase intention within this model. While a positive relationship is observed, it is not strong enough to be deemed significant, indicating that other factors may be more influential in driving repurchase intentions.

4.5 Discussions

The purpose of this study is to determine the effect of claim settlement service quality on repurchase intention of the customers through conducting empirical study on private non-life insurance companies operating in Nepal. The findings of this study could prove helpful for the concerned managements to identify the areas of claim settlement service that has most significant effect on the repurchase intention of the existing customers so as to develop strategies and allocate budgets accordingly.

Previous studies have tried to point out the overall effect of service quality on customer satisfaction but they didn't specify the impact of claim settlement service quality on customers repurchase intention in Nepalese non-life insurance industry's context. The aim of this research is, thus, to investigate the link between claim settlement service quality and customers repurchase intention of insurance products and services along with finding the ways through which the service firms can improve and manage the process of delivering quality standards to their customers.

Findings of this study revealed that the respondents had positive perception towards all the seven major variables of the study, tangibility, reliability, responsibility, assurance, empathy, technical quality, Company Image. Correlation analysis revealed that all seven

major variables of the study, tangibility, reliability, responsibility, assurance, empathy, technical quality, Company Image had positive and significant effect on the dependent variable of the study, viz; repurchase intention. Overall, the findings strongly support the intuitive idea that improving service quality can decrease unfavorable behavioral intentions and increase positive ones.

The appropriateness of this study is consistent with the study of (Kang & James, 2020) who also shared the viewpoint of the researcher that Gronroos' model is a more appropriate representation of service quality than the American perspective with its limited concentration on the dimensions of functional quality only.

The findings of this study with regards to Company Image dimension of claim settlement share consistencies with the revelations of the study conducted by (Sotechand & Barua, 2020). The study gave findings that Company Image of LIC had a positive relationship with customer satisfaction and loyalty which matches with the findings here that Company Image does have positive and significant effect on the repurchase intention of insurance policies.

A study conducted by (Hagos, 2019) in Ethiopia entitled "The Effect of Claim Settlement Service Quality on Repurchase Intention: An Empirical Study of Insurance Companies in Ethiopia" presented with the findings that offer strong empirical support for the notion that improving service quality can increase favorable behavioral intentions and decrease unfavorable intentions and thus validates the existence of a causal relation between the constructs. This is consistent with the findings of this study in regards that both the studies drive towards similar conclusions.

The results of the studies by (Ramamoorthy, Gunasekaran, Roy, Rai, & Senthilkumar, 2018) and (Alawni, 2016) both identify reliability and responsiveness as key dimensions of claim settlement service quality that has significant impact on customer satisfaction and behavioral intentions in the insurance industry. The findings of this study here reveal that these two aspects, viz; reliability and responsiveness are the ones where the Nepalese insurance companies are lagging in providing better service quality. These are the areas where the companies need to give due regards to improve the service quality and thus drive favorable behavioral intentions.

A sample survey done in Indian insurance company entitled “Service Quality Impact On Customer Satisfaction of Life Insurance in Delhi” where the data was collected from 100 questionnaires showed that the three service quality dimensions which are reliability, responsiveness and Tangibility had positive relationship with customer satisfaction but the company should focus on assurance and empathy to further strengthen the level of satisfaction. This is consistent with the findings of this study which reveals that reliability and responsiveness are the major aspects where the insurance companies should focus.

Chapter – V

Summary and Conclusion

This final chapter presents the discussions, summary and conclusions generated from the study. In this chapter, an attempt has been made to present the discussions and summary of major findings. At the end of the chapter, conclusions of the study as well as suggestions for future research have also been proposed.

5.1 Summary

The purpose of this study is to determine the effect of claim settlement service quality on repurchase intention of the customers through conducting empirical study on private non-life insurance companies operating in Nepal. The findings of this study could prove helpful for the concerned managements to identify the areas of claim settlement service that has most significant effect on the repurchase intention of the existing customers so as to develop strategies and allocate budgets accordingly.

Previous studies have tried to point out the overall effect of service quality on customer satisfaction but they didn't specify the impact of claim settlement service quality on customers repurchase intention in Nepalese non-life insurance industry's context. The aim of this research is, thus, to investigate the link between claim settlement service quality and customers repurchase intention of insurance products and services along with finding the ways through which the service firms can improve and manage the process of delivering quality standards to their customers.

Findings of this study revealed that the respondents had positive perception towards all the seven major variables of the study, tangibility, reliability, responsibility, assurance, empathy, technical quality, Company Image. Correlation analysis revealed that seven major variables of the study, tangibility, reliability, responsibility, assurance, empathy, technical quality, Company Image had positive and significant effect on the dependent variable of the study, viz; repurchase intention. the regression equation highlights that Responsiveness, Empathy and Tangibility have the most substantial effects on Repurchase Intention, with coefficients indicating their significant positive impacts. Reliability, Assurance, Technical Quality, and Company Image have smaller but still positive effects. This analysis underscores the importance of focusing on Responsiveness, Empathy and

Tangibility to enhance customers' intentions to repurchase insurance policies, while also considering improvements in other areas to support overall customer satisfaction and loyalty. The overall findings offer strong empirical support for the intuitive notion that improving service quality can increase favorable behavioral intentions and decrease unfavorable intentions.

The appropriateness of this study is consistent with the study of (Kang & James, 2020) who also shared the viewpoint of the researcher that Gronroos' model is a more appropriate representation of service quality than the American perspective with its limited concentration on the dimensions of functional quality only.

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The results of the studies by (Ramamoorthy, Gunasekaran, Roy, Rai, & Senthilkumar, 2018) and (Alawni, 2016) both identify reliability and responsiveness as key dimensions of claim settlement service quality that has significant impact on customer satisfaction and behavioral intentions in the insurance industry. The findings of this study here reveal that these two aspects, viz; reliability and responsiveness are the ones where the Nepalese insurance companies are lagging in providing better service quality. These are the areas where the companies need to give due regards to improve the service quality and thus drive favorable behavioral intentions.

A sample survey done in Indian insurance company entitled “Service Quality Impact On Customer Satisfaction of Life Insurance in Delhi” where the data was collected from 100 questionnaires showed that the three service quality dimensions which are reliability, responsiveness and Tangibility had positive relationship with customer satisfaction but the company should focus on assurance and empathy to further strengthen the level of satisfaction. This is consistent with the findings of this study which reveals that reliability and responsiveness are the major aspects where the insurance companies should focus.

The summary of major findings is based upon the data analysis and interpretation as well as the testing of the hypotheses conducted in the previous chapter. The main objective of the study here is to assess the effect of claim settlement service quality of non-life insurance companies in Nepal on the customers repurchase intention of insurance policies. The main objective has been further subdivided into three specific objectives based on the three dimensions of the claim settlement service quality, viz; functional quality, technical quality and Company Image chosen as per the (Gronroos, 2001) model. After all the review of related literature and empirical studies, the study has led to the formulation of seven hypotheses upon who's testing the fulfillment of all the stated objectives is assured.

The paper has employed both descriptive and causal research design for study purpose. Convenience sampling procedure was applied to select the required sample size from the targeted study population. About 400 responses were collected from the target customers of selected private non-life insurance companies operating in the country for the study. The source of data used for the purpose of this study was basically primary data that were collected by the means of questionnaire survey instrument structured in two sections. Both descriptive as well as inferential analysis has been conducted on the data collected with the help of SPSS software and finally the hypotheses have been tested to generate all the major findings of the study.

Descriptive statistics has been used to study the demographic profile of the respondents. Preliminary descriptive statistics such as frequency and percentage have been computed in order to get an overall view of the demographic profile of the respondents. The statistics reveal that:

- Male gender (57.5%) was most dominantly involved in the insurance claim sector.

- Both youngsters (60.5%) and middle-aged group (38.8%) dominated the insurance claim sector.
- People with higher level education such as bachelors (27.8%) and masters (44.3%) were mostly involved in insurance claim sector.
- Occupation wise, employees or the entity employing them (81.5%) were most active in insurance claim inquiry.
- About 80% respondents comprised those who were a customer of an insurance company as well as made inquiry for a kind of claim settlement to the company.
- Most were found to be making inquiry for covid insurance claim settlement (more than 50%) rather than other types of insurance claims. The choice of respondents by the researcher may have contributed to this stat.

In order to get an overview of the attributes of the study variables, descriptive statistics such as mean and standard deviation have been computed. The stats reveal that:

- The descriptive statistics for the independent variables reveal that among the six dimensions of claim settlement service quality, responsiveness and empathy are perceived most positively, with mean scores of 3.66 and 3.61, respectively. These dimensions exhibit higher mean scores compared to others, suggesting that respondents view them favorably. On the other hand, company image and technical quality are perceived less favorably, with mean scores of 3.08 and 3.10, respectively, indicating that these aspects are less appreciated by respondents. The standard deviations, which measure variability in perceptions, are relatively high for responsiveness, empathy, and assurance, reflecting diverse opinions among respondents, whereas company image shows the least variability.
- The dependent variable, repurchase intention has a mean score of 3.26 and a lower standard deviation of 0.92, indicating a moderate and relatively consistent inclination towards repurchasing among respondents. Overall, while responsiveness and empathy are seen as strengths, technical quality and company image are areas of concern. Improving these less favorably perceived dimensions may enhance overall satisfaction and potentially increase repurchase intentions. The consistency in repurchase intention highlights a stable but moderate likelihood of

customers choosing to repurchase, which could be positively influenced by addressing the weaknesses identified in the service quality dimensions.

Inferential statistics such as correlation analysis and regression analysis have then been used to study the relationship between dependent and independent variables. Spearman correlation was first investigated which revealed that:

- Tangibility (TAN) has a strong positive correlation with Repurchase Intention (REI) at 0.789, indicating that better physical aspects of the service, such as modern equipment and facilities, are strongly associated with higher intentions to repurchase.
- Reliability (REL) shows a substantial positive correlation with Repurchase Intention (REI) at 0.676. This suggests that consistent and dependable service plays a significant role in influencing customers' willingness to repurchase.
- Responsiveness (RES) has a high correlation with Repurchase Intention (REI) at 0.828, highlighting that prompt and effective service responses are closely tied to customers repurchase decisions.
- Assurance (ASSU) is positively correlated with Repurchase Intention (REI) at 0.668, emphasizing that the confidence and security provided by employees contribute significantly to customers' likelihood to repurchase.
- Empathy (EMP) shows a notable positive correlation with Repurchase Intention (REI) at 0.799, indicating that personalized attention and effective communication are critical factors in encouraging customers to repurchase.
- Technical Quality (TEQ) and Company Image (COI) both exhibit strong positive correlations with Repurchase Intention (REI), suggesting that high-quality service and a positive company image are important for fostering customer loyalty.
- The correlations among Tangibility (TAN), Reliability (REL), Responsiveness (RES), Assurance (ASSU), and Empathy (EMP) with Repurchase Intention (REI) underscore their collective impact on customer loyalty and repurchase behavior.

Regression analysis has been then conducted which furthered the study with the following revelations.

- The regression model shows a very high overall fit with an RRR value of 0.782, indicating a strong correlation between the predictors and the outcome variable.
- The value of R square is 0.611, meaning that 61.10% of the variance in the dependent variable is explained by the model's independent variables. This suggests that the model effectively captures the majority of the variability in the data
- The adjusted value of R square is 0.611 accounts for the number of predictors in the model, providing a slightly more conservative estimate of explained variance. This value confirms that the model maintains its explanatory power even after adjusting for the number of predictors.
- The value of standard error of estimate is 0.51972, which represents the average distance between the observed values and the values predicted by the model. A lower standard error indicates that the model's predictions are relatively accurate.
- The ANOVA analysis table provides a value of $F(3, 396 = 399, p = 0.000 < 0.05)$ which infers that the regression model is a good fit for the data and that the independent variables here statistically significantly predict the dependent variable.
- The Beta values further confirmed that responsiveness quality dimension had relatively more effect on repurchase intention of insurance policies (Beta value of 0.280) followed by empathy quality (Beta value of 0.253) and then tangibility (Beta value of 0.235).

The final major findings of the study are revealed through the testing of hypotheses done for their acceptance or rejection. Regression analysis has been used to test the hypotheses. The testing led to the acceptance of six hypotheses and rejection one hypothesis for this study. This meant that:

H1 – Tangibility dimension of insurance claim settlement has positive and significant effect on customers repurchase intention in Nepalese non-life insurance industry.

H2 – Reliability dimension of insurance claim settlement has positive and significant effect on customers repurchase intention in Nepalese non-life insurance industry.

H3 – Responsiveness quality dimension of insurance claim settlement has positive and significant effect on customers repurchase intention in Nepalese non-life insurance

H4 – Assurance Quality dimension of insurance claim settlement has positive and significant effect on customers repurchase intention in Nepalese non-life insurance industry.

H5 – Empathy quality dimension of insurance claim settlement has positive and significant effect on customers repurchase intention in Nepalese non-life insurance industry.

H6 – Technical quality dimension of insurance claim settlement has positive and significant effect on customers repurchase intention in Nepalese non-life insurance industry.

H7 – Company Image dimension of insurance claim settlement has positive effect on customers repurchase intention but relation is not significant in Nepalese non-life insurance industry.

All these major findings have further helped to answer and fulfill the major research objectives stated for the purpose of this study. The specific objectives as to examine the effect of different independent variable on customers repurchase intention in Nepalese insurance industry have been fulfilled. This has thus led to the fulfillment of the main objective of the study as to assess the effect of overall claim settlement service quality of non-life insurance companies in Nepal on the customers repurchase intention of insurance policies.

5.2 Conclusions

The purpose of this study was to investigate the impact of claim settlement service quality on individual customers repurchase intention. This study entails that insurance company marketing managers have to develop or improve the existing claim settlement strategy and processes to provide guaranteed quality services to their respective customers. The analysis of results revealed the quality of claim settlement service has significant positive effect on individual customers repurchase intention.

The current scenario reveals that Tangibility (TAN), encompassing the physical aspects of the insurance company's facilities and equipment, significantly influences repurchase intentions with a strong correlation of 0.789. While customers generally view the physical attributes positively, there is potential for enhancement to further boost repurchase intentions. Responsiveness (RES), with a correlation of 0.828, plays a crucial role in customer satisfaction and repurchase behavior by ensuring timely and effective responses

to customer needs. Despite its strong impact, there is still room for improvement in responsiveness. Empathy (EMP), which is closely tied to responsiveness with a correlation of 0.799, underscores the importance of personalized service and effective communication. However, the level of empathy currently delivered requires strengthening to improve customer loyalty. Reliability (REL), showing a correlation of 0.676 with repurchase intention, is important but less impactful compared to tangibility and responsiveness. Ensuring consistent and dependable service is vital but needs continued focus. Assurance (ASSU), with a correlation of 0.668, indicates that while it is significant in fostering customer trust, it is less influential than other dimensions. There is a need to bolster assurance to enhance overall customer confidence. Additionally, issues in claim management, such as dissatisfaction with monetary compensation, timely delivery, and handling of paperwork, are adversely affecting repurchase intentions. Company Image (COI) also faces challenges, with negative perceptions regarding claim denial and fraud suspicion impacting customer satisfaction. The overall findings offer strong empirical support for the intuitive notion that improving claim settlement service quality can increase favorable behavioral intentions and decrease unfavorable behavioral intentions of the customers. The findings demonstrate the importance of strategies that can steer behavioral intentions in the right directions, including striving to meet customers' desired-service levels rather than merely performing at their adequate-service levels.

To address these issues and enhance repurchase intentions, improving responsiveness is crucial; therefore, developing better systems and training for prompt and effective customer service will help in meeting customer expectations. Strengthening empathy through personalized interactions and enhanced communication can significantly impact customer satisfaction and loyalty. While maintaining reliability, it is essential to implement robust quality control measures to ensure consistent service delivery. Enhancing assurance involves building customer confidence through transparency and ensuring knowledgeable staff are available to address concerns effectively. Improving claim management processes is critical; the company should focus on accurate compensation, timely claim processing, and efficient paperwork handling. Lastly, reinforcing the Company Image by addressing negative perceptions and enhancing transparency in claim management will help in rebuilding customer trust and increasing overall satisfaction. By implementing these

strategies, the company can improve its overall service quality, enhance customer loyalty, and drive higher repurchase intentions.

Further study areas can be recommended based upon the workings and findings of this study. This study applies (Gronroos, 2001) model and considers only the three dimensions of claim settlement service quality, viz; functional quality, technical quality and Company Image. An area of research can be undertaken by considering other dimensions of service quality and finding a measure for those dimensions.

Another research area is suggested on determination of impact of claim settlement service quality on customers' behavioral intention through mediation or middling factors such as premium prices and compensation amounts.

This study is limited to finding out the impact of claim settlement service quality on individual customers repurchase intentions. Another avenue of future research is suggested on determining the impact of claim settlement service quality on larger corporate customers' behavioral intentions.

5.3 Implications

The study has been carried out to find the impact of impact of tangibility, reliability, responsiveness, assurance, empathy, technical quality and Company Image of an insurance company on customer repurchase intention of buying insurance policies in Nepalese insurance sector and to examine the highly influencing factor that influence repurchase intention. On the basis of the study it leads to the following implications:

5.3.1 Managerial Implications

In order to increase customers retention to higher levels and increase their effectiveness, it should emphasize successful maintenance of functional quality, technical quality and Company image.

- Nepalese Insurance companies should enhance or develop their claim settlement strategies and processes to guarantee high-quality service, as this significantly influences customers repurchase intentions.
- The quality dimension like responsiveness, empathy and tangibility has the most significant impact on customers repurchase intentions. Managers should focus on improving this dimension to boost customer loyalty.

- Although company image quality has a lesser impact compared to other variables it still has a positive effect on repurchase intentions and should not be neglected.
- A positive technical quality image has a notable effect on repurchase intentions, though less than other quality.
- Nepalese Insurance Companies should aim to exceed customers' desired service levels rather than merely meeting adequate service levels to foster more favorable behavioral intentions.

5.3.2 Further Research Implication

The study can be regarded as the preliminary steps in investigating the impact of functional quality, technical quality and Company Image practices in Nepalese insurance sectors. There remains enough ground of scope in terms of data, models and methodology for the studies in the days to come.

- Further research could investigate other dimensions of service quality beyond functional, technical, and Company Image.
- Future studies could explore how factors such as premium prices and compensation amounts mediate the relationship between claim settlement service quality and customer behavioral intentions.
- Research could also assess the impact of claim settlement service quality on the behavioral intentions of larger corporate clients, not just individual customers.

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Appendix I - Questionnaire

Dear sir/madam, my name is Raju Adhikari, MBS graduate student of Shanker Dev Campus affiliated to Tribhuvan University. I am conducting a study about “Claim Settlement Service Quality and Customers Repurchase Intention of Insurance Policies in the Nepalese non-life Insurance Industry.” Therefore, I kindly request you to take some time and respond to the entire question, honestly. I assure you that all your responses will be treated confidentially and will only be used for the purpose of this study.

Your cooperation is very crucial for the success of this research. I thank you in advance for offering your golden time.

Section I: Personal Information

1. Gender:

Female

Male

Prefer not to say

2. Age:

Below 30 years

30 - 60 years

Above 60 years

3. Education:

Schooling

Bachelors

Masters

Above Masters

4. Occupation:

- Employee
- Self employed
- Professional
- Others

5. Have you ever been a customer of a non-life insurance company:

- Yes
- No

6. How long have you been a customer of this insurance company?

- Less than a year
- 1 – 5 years
- Above 5 years

7. Have you ever inquired for claim settlement process to the insurance company

- Yes
- No

8. What kind of insurance claim have you inquired for in the insurance company?

- Vehicle insurance
- Health insurance
- Covid insurance
- Agriculture insurance
- Others

Section II: Survey of your Perception towards Claim Settlement Service Quality

This survey deals with your opinion about the non-life insurance companies' claim settlement service quality. Please rate the extent to which you perceive the services offered by the organization by ticking the appropriate number against each statement. Score Level - Strongly Agree (SA) =5, Agree (A) =4, Neutral (N) =3, Disagree (DA) =2, and Strongly Disagree (SDA) =1

Statement	SDA	DA	N	A	SA
Score Level	1	2	3	4	5
Tangibility					
The Insurance Company has modern looking equipment.					
The physical features or ambience of the Insurance Company are visually appealing.					
The Insurance Company front line employees are well groomed and neat appearing.					
The Insurance Company are well furnished and have adequate number of staffs.					
Reliability					
When the Insurance Company promises to do something by a certain time, it does so.					
When you have a problem, the Insurance Company shows a sincere interest.					
The Insurance Company provides its service at the time it promises to do so.					
The Insurance Company insists on receiving error free records.					
Responsiveness					
Employees in the Insurance tell you precise time when the services will be performed.					
Employees in the Insurance give quick service to you.					
Employees in in the Issuance company are always willing to help you.					

The behavior of employees in the Insurance instills confidence in you.					
Assurance					
You feel safe in your transactions with the Insurance Company.					
Employees of the Insurance Company are consistently patient with you.					
Employees of the Insurance Company have the knowledge to answer your questions.					
The Insurance Company gives individual attention to you.					
Empathy					
Employees of the Insurance Company are able to communicate effectively.					
The Insurance Company has operating hours favorable to all its customers.					
The Insurance Company has employees who give particular attention to you.					
The Insurance Company has your best interests at heart.					
The employees of the Insurance Company understand your individual needs.					
Technical Quality					
The Insurance Company provides accurate monetary compensation as promised.					
The Insurance Company has well-trained surveyors to evaluate damages accurately.					
The Insurance Company delivers within fairly specified period of time.					
The Insurance Company has paperwork at claim compensation delivery.					
Company Image					
The Insurance Company is known for its prompt service delivery.					

The Company has prominent reputation of claim settlement service quality.					
The Company is well-known for its fairness in setting premium charges.					
The Company is least known for its claim denial (rejection).					
The Company is over suspicious of fraud against any claim report.					
Repurchase Intention (Dependent Variable)					
I prefer to purchase the insurance policy again from same company.					
I would say positive things about the company.					
I recommend the services of the company to others.					
I consider this company as first choice for insurance services.					

Thank You for your time!!!

CLAIM SETTLEMENT SERVICE QUALITY AND CUSTOMERS' ...

By: Raju Adhikari

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Abstract

The rising sophistication of the world economic system in today's industrial age has increased the importance of insurance in the process of manufacturing and profit-making dealings. The absence of insurance will constantly subject the individual/organization to the fear of a huge financial loss in the event of a tragedy