ASSESSMENT OF FACTORS AFFECTING PROVISION OF QUALITY INSURANCE SERVICE IN TANZANIA: THE CASE OF METROPOLITAN INSURANCE TANZANIA LIMITED
ASSESSMENT OF FACTORS AFFECTING PROVISION OF QUALITY INSURANCE SERVICE IN TANZANIA: THE CASE OF METROPOLITAN INSURANCE TANZANIA LIMITED

By
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A Dissertation Submitted to Mzumbe University, Dar es Salaam Campus College in Fulfillment of Requirements for the Award of the Degree of Masters of Science in Accounting and Finance (MSC-AF) of Mzumbe University.

2017?
CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation/thesis entitled: **Assessment of Factors Affecting Provision of Quality Insurance Services in Tanzania: The Case of Metropolitan Insurance Tanzania Limited**, in partial/fulfillment of the requirement for award of the degree of Master of Science of Accounting and Finance of Mzumbe University.

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DEDICATIONS

With love and affection this work is dedicated to my lovely family; my wife Eva, my son Enwood and my daughter Alice.
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ABSTRACT

For the success and survival in today’s competitive environment, delivering quality service is of paramount importance for any economic enterprise. Therefore, this presented study aims to assess the factors that affect quality insurance services in Tanzania with case study of Metropolitan Insurance Company Limited in Dar es Salaam.

The analysis of results was taken after sampling from statistical population 100 individuals, staffs and customers and the implementation of the tool on whole sample population use descriptive statistics methods. The finding of the study demonstrate that factors like customers’ delivery, quality insurance service (service quality) and customer satisfaction have significant impact on the overall service quality of Metropolitan Insurance Company of Tanzania. And these factors have been classified into various indicators that include employee competence; employee courtesy; prompt claim settlement; premium charges; technology; clear communication channels and advertisement. The results showed that factors affect the quality insurance service on the attitude of customers willing to buy the service.

The researcher also investigated on the service quality dimensions (SERVQUAL) which include reliability, tangibility, responsiveness, assurance, empathy and customers’ satisfaction on overall evaluation of quality insurance service. It reveals that each attributes has significant impact on the overall service quality of Metropolitan Insurance Company (T) Limited.

Finally, the implications of results and recommendations have been discussed to enlighten the management of the company on future direction of the company.
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LIST OF ABBREVIATIONS

SERVQUAL - Service Quality
CSR - Corporate Social Responsibility
SPSS - Statistical Package for the Social Sciences
GM - General Manager
ISO - International Standardization Organization
TIRA - Tanzania Insurance Regulatory Authority
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CHAPTER ONE

1.0 INTRODUCTION AND BACKGROUND TO THE PROBLEM

1.1 Introduction

The world is confronted with very dramatic changes in this century. These development means that old business practices in the world today they will not past performance (Crosby 2006). It is obviously that in current situation, the real mission of the organisation understands customers’ needs and desires and provides solutions that following its customer satisfaction. Delivering quality service is considered an essential strategy for success and survival in today's competitive environment (Dawkins and Reichheld, 1990; Parasuraman et al., 1985; Reichheld and Sasser 1990; Zeithaml et al., 1990). Perceived service quality is defined as global judgment, or attitude, relating to the superiority of the service” (Parasuraman et al., 1988).

In Tanzania, insurance sector is one of the most important entities which have been growing relatively fast. At present there are twenty seven players in the insurance industry out of which Metropolitan Insurance Company is one of the leading private companies, holds largest number of policies that suit different financial requirement of an individual. With a greater choice and an increasing awareness, there is a continuous increase in the customers’ expectations and they demand better quality service. Therefore, to sustain in the market, service quality becomes a most critical component of competitiveness for insurance business in Tanzania.

According to the International Consumer Movement, consumers have eight basic rights which include: right satisfaction; right to information; right to choose; right to basic goods and services; right to be heard; right to redress; right to consume education; and right to a safe and clean environment.

Most customers in any business industry expect quality and timely services when they are in need of it. Customer satisfaction is a measure of how products and services supplied by a company meet or surpass customer expectation. It can be defined as the number of customers, or percentage of the total customers, whose reported experience with a firm, its products or its services (ratings) exceeds specified satisfaction goals.
Therefore the study is going to assess factors that affect quality insurance service as a result of customers’ general expectations in terms of services and products offered by insurance companies and its consequences on its product they underwrite. Poor customer service has great impact in any business organization as can lead to loss of reputation and henceforth loss of customers.

Currently, insurance industry is experiencing notable competition as compared to the previous years where few companies enjoyed monopoly and all customers were compelled to buy from them. Due to market liberalization, more insurance companies have emerged and force tremendous competition and challenges as to meet expectations of their customers. Before free market economy, customers had no option and were willing to buy any product or service offered in the market due to lack of completion and availability of information.

However, in the current market situation where customers are more informed and more responsive to quality, they are less willing to settle for just anything they are persuaded to buy. The main key of success is a company performance consistent with own customers’ expectations. Successful companies attempt to pleased customer. Not only are committed to providing this services or product rather something they provide is more than commitments (Kotler & Gary 2011). Service quality, customer satisfaction and customer value are the main concern of both manufacturing and service organizations in the increasingly intensified competition for customers in today’s customer-centered era (Wang et al., 2004).

Customer dissatisfaction with services or products offered by insurance companies especially when underwriting new business, claims service and renewal are evidenced to poor service that result into customers withdrawal from insuring and sometimes shifting from one company to another. Therefore this study is intended to assess factors that affect quality insurance service as a result of customers’ general expectations in terms of services and products which can result into customers’ withdrawal from insuring their properties against various risks in Tanzania.
1.2 **Background to the Study**

The nature of insurance business is that an insurer sells promises of future payment of insurance policy benefits in return for the premiums received now. The happening of the event insured against is uncertain it may or may not occur and if it does occur the timing of its occurrence cannot be predicted in advance. “Every human being is vulnerable to risks and uncertainties with respect to income as a means of life sustenance. To contain the risks, everyone needs some form of insurance to guarantee their properties out of uncertainties. Therefore the term risk is used to mean either peril or a person or property protected by insurance. Such socio-economic risks and uncertainties in human life form the basis for the need of insurance whose basic principle is indemnity where by the insurers provide financial compensation in an attempt to replace the insured in the same pecuniary position after the loss as enjoyed immediately before the loss.

It is further explains the meaning of insurance business as protecting of the property or person and either a perils against the risks. The degree of the risk may or may not be measurable. The concept of insurance has been growing day by day with economically advancement of the societies which provide security to their life and property.

The negative impact of industrialization and urbanization attracted the attention of policy makers to formalize an insurance system that address the emerging social issues. Since time immemorial insurance has been provided in different forms depending on the risk of a given individual, coverage was directed to the same category of risks regardless of their environment.

The risks covered were perils like fire, properties like buildings, motor vehicles, industrial equipments, office equipments, persons and life insurance.

1.3 **Statement of the Research Problem**

It has been observed that there is a great trend of customer complaints against services and products of insurance business despite the fact that every insurer is committed on providing the best products that can attracts customers who are looking for such services. However, most of the studies conducted on insurance industry indicated the gap existing between customers’ expectations and the quality of services they are actually receiving, the act that lead to customers’ complaints and affect business performance.
Metropolitan as a case study is facing the same challenges, therefore, the researcher has seen the importance of conducting a study to establish the reasons that lead to such gap and provide possible corrective measure for improvements.

In general, it is therefore important for every insurer to be of higher efficiency and promptness in their services to customers especially in the current competitive environment so as to meet their expectation. Therefore, the intended quality of insurance services as risk protection can be measured by customer satisfaction, contrary to this, may lead to customers’ complains which will lead to poor performance.

1.4 Research Objectives

1.4.1 Main Study Objectives
The main study objective of the proposed study is to assess the factors that affect quality insurance service provision in Tanzania, in particular Metropolitan Insurance Company Tanzania Limited.

1.4.2 Specific Study Objectives
In order to achieve the above main objective, the proposed study will concentrate on the following specific objectives;

1. To find out the leading factors that affecting the quality insurance service provision in Tanzania.
2. To identify important elements of quality insurance service in determining the overall customers’ expectation at Metropolitan.
3. To compare the assessment of service quality by employees and customers
4. To determine customers’ expectation on insurance business in general.

1.5 Research Questions

1.5.1 Main Research Questions
What is the main leading factor that affects the quality insurance service provision in Tanzania, in particularly Metropolitan Insurance Company Tanzania Limited?
1.5.2 Specific Research Questions

In order to achieve the above study objectives, the researcher will be guided by the following research questions:

1. What are the leading factors that affect the quality insurance service provision in Tanzania?
2. What are the important elements in determining the overall customers’ general expectations of Metropolitan insurance?
3. Is the assessment of service quality by employees statistically significantly different from that of customer?
4. What are customers’ expectations in determining the insurance business in general?

1.6 Significance of the study

i. The study will help the researcher to finalize his Master degree as it is a very important requirement on fulfillment of the Master degree course.

ii. The intended purpose of insurance as a risk protection can be measured by customer satisfaction, therefore the outcome of this study will help the industry to reshape and adjust their operations so as to meet the expectations of their customers that can be measured by their satisfaction.

iii. The findings are expected to enable insurance players to identify their weakness so as to set concrete strategies to improve their products and services.

iv. It is for sure that the proposed study is important to the Metropolitan management since it will address issues on what should be done to improve their products and services so as to attract, satisfy and retain customers for their best performance in future.

v. The study will significant to other researchers within and outside the insurance industry, as it is likely that the findings shall be applicable to the stakeholder and management within the industry and outside as well.

vi. Finally the outcome of the study will help policy makers and regulators to identify the area that needs improvements in various laws and regulations in Insurance policies and regulation.
1.7 Limitation of the Study
The researcher is expected to face some limitations in conducting the study but limitations include are not limited to:

i. Financial constraints – the researcher sponsors himself in conducting the research and it likely to run out of fund to meet all requirements of the study

ii. Time limitation - time is limited due to the fact the researcher faces a challenge of responsibilities at work and family and at same time to finish the proposed study.

iii. The insurance industry has grown big nowadays, there are more than 20 insurance companies in the country therefore it will not be possible to undertake study in all companies.

iv. Metropolitan has branches upcountry as well, it will not be easy for the researcher to visit all branches.

1.7.1 Delimitation of the study
In order to overcome the stated limitations, the study will concentrate on the main office of Metropolitan in Dar es Salaam. The reason behind the selection of this company is that it is one of leading private insurance company in Tanzania in terms of market share. Efforts will be made to make sure that available time and funds are efficiently and effectively utilized to accomplish the task.

1.8 Definitions of the Terms
(i) **Indemnity** – the concept is based on a contractual agreement made between two parties in which one party agrees to pay for potential losses or damages caused by other party.

(ii) **Perils** are probable cause (such as an earthquake, fire, theft) that expose a person or property to the risk of damage, injury or loss and against which an insurance cover is purchased.

(iii) **Risks** is the possibility that something bad or unpleasant (such as injury or a loss) will happen
(iv) **Underwriting** refers to the process that a large financial service provider (bank, insurer, investment house) use to assess the eligibility of a customer to their products.

(v) **Sampling Techniques** are methods used to obtain sample for data collection process.

(vi) **Sample** is the representative element selected from the population to be involved in the data collection.

(vii) **Sample Size** is the minimum number of selected sample.

(viii) **Premium** means the specified amount of payment required periodically by an insurer to provide coverage under a given insurance plan for a defined period of time.

(ix) **Customer Service** is the provision of service to customer before, during and after a purchase. According to Turban et al. (2002), it is a series of activities designed to enhance the level of customer satisfaction that is the feeling that a product or service has met the customer expectation.

(x) **Quality Services** is a quality that satisfies the customers’ needs and desires and provided services which comply with customer expectations or exceed it.

### 1.9 Chapter Summary

The above chapter one presents background of the study whereby the nature of insurance services have been explained; Statement of the problem which explains the reason why the Researcher decided to undertake the study; research objectives and Research questions that will lead the Researcher on the exercise of date collection; Significant of the study to decision makers under insurance industry; limitation and Delimitations of the study, also finally included are definitions of terms.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter reviews the existing literature and theory relating to concept of quality service and background history of insurance to establish the gap in available literature. It also draws some experiences learnt from other countries in provision of insurance to the public, also provides the situation of the same in Tanzania. The chapter is mainly divided in two parts which are theoretical literature review as well as empirical literature review. The section gives ideas of what other authors/writers says concerning the proposed subject under theoretical literature, while empirical literature review presents a survey of experiential studies by other researcher for matters related to the studies and recommendations.

2.2 The Conceptual Definition

2.2.1 Service Insurance Quality

The definition of service quality for insurance is much harder than its definition for physical and consumables goods, because quality of consumer goods will be based on the measurement some of physical parameters (Serra 2007). Determine standard indicators for service quality of insurance combined with great complexity, because different services based on customer needs has a large variety and depends largely to supplier (Cronin & Taylor 2006).

Therefore, service quality is that the service should correspond to the customers’ expectations and satisfy their needs and requirements (Edvardsson, 1998). The insurance services is a quality that will satisfy the customers' needs and desires and provided service, comply with customer expectations or exceed it.(Gilaninia 2012). It has several advantages which include:

i. Lead to customer satisfaction and also increase loyalty and market share.

ii. It is an essential element in customer relationship marketing.

Thus, to obtain competitive advantage through service quality, it requires an understanding of quality requirements in terms of customer. (Grace & Ocass 2009)
2.2.2 Customer Service
Customer service is a distinct component of both product and service sectors and with the developments in information technology many businesses find demanding and knowledgeable customers. The worldwide trend towards service quality was initiated in early eighties when businesses realized that a quality product, in itself, is not guaranteed to maintain competitive advantage (Van der Wal et al., 2002).

2.2.3 Insurance Business
This means the business of assuming the obligation of an insurer in any class of insurance whether defined or not, which is not declared to be exempts from the provisions of insurance act and includes assurance and reinsurance and reassurance.

It also means any kind of arrangement with insurer in which you pay them regular amount against something you do protect for something bad to happen in future. The protection measures which insurer provides for its customers through a series of public measures, against economic and social distress that would otherwise be caused by catastrophes like accidents, fire, deaths and thefts at unknown time in future.

2.2.4 Insurer
Is a person carrying on an insurance business otherwise than as a broker or agent, and includes an association of underwriters who is not exempt from the provision of insurance act.

2.2.5 Underwriter
It means any person named in a policy or other contract of insurance as liable to pay or contribute towards the payment of the sum secured by the policy or contract.

2.2.6 The Insured
This means any a person affecting a contract of insurance with an insurer.
2.3 Theoretical Literature Review

The International Standardization Organization (ISO) defines a service as a part of the total production concept (Edvardsson, 1998). Services are often “invisible” and thus difficult for the supplier to explain and for the customer to assess. Therefore, many organizations extremely consider service quality to obtain their customers’ satisfaction and loyalty. In some manufacturing industries, “service quality” is considered as more important order winner than “product quality” (Ghobadian et al., 1994). Service quality improvements lead to customer satisfaction and cost management, which result in improved profits (Stevenson, 2002).

In Tanzania, the government has taken considerable interest in the transaction of insurance business. The main justification for the state control is obviously to protect the public and one relating to socially desirable measures. Through its regulations and Insurance Act 2009 under supervision of Tanzania Insurance Regulatory Authority (TIRA), makes sure the following measures are done relating to protection to any insurance company operating within boarders of Tanzania:

i. Maintain Solvency function, which should ensure that each company corresponds to its ability to pay claims. An insurer is insolvent if its assets are not adequate or cannot be disposed of in time to pay the claims arising.

ii. Equity function which is of considerable complexity and it is essential that controls exist for the protection of the policyholders. The term equity has been used to convey the intention of fairness or reasonableness or in other words the customers are dealt with a manner with what they deserve.

iii. Competence function which highlights insurance business that does not involve dealing in a tangible product as in most other business transactions. It involves a promise to provide indemnity, which is being bought and sold. It is necessary that those who deal in such promises are competent persons and are able to fulfill their pledges when the need arises.
Insurance protection system needs not to be confined to reacting to situation created by economic and political changes. They can facilitate economic transition or development by settling the claims of customers to make them stable on their losses. The key problem, for insurance regulators, is to find an appropriate way of raising awareness to the public about insurance and actively support the process of economic development or change.

2.3.1 Background History of Insurance

The insurance would appear to have developed with the industrial revolution in the west and consequent growth of seafaring trade and commerce in seventeenth century. In some sense we can say that insurance appears simultaneously with the appearance of the human societies; natural or non monetary economies (using barter and trade with no centralized or standardized set of financial instruments) and more modern monetary economies (with markets, currency financial instruments and so no.).

The former is more primitive and the insurance is such economies entails agreements of mutual aid whereby if one’s family house is destroyed the neighbours are committed to help to rebuild. Granaries housed another primitive form of insurance to indemnify against famines. Often informal or formally intrinsic to local religious this type of insurance has survived to the present day in some countries where money economy with it financial instruments is not widespread.

Turning insurance to modern sense early methods of transferring or distributing risk were practiced by Chinese and Babylonians traders as long as the 3rd and 2nd millennia BC respectively. Chinese merchants travelling treacherous river rapids would redistribute their wares across many vessels to limit the loss due to any single vessels capsizing. The Babylonians developed a system which was recorded in the famous code of Hammurabi, C. 1750 BC and practiced by early sailing merchants.

The Achaemenian monarchs of ancient Persia were the first to insure their people and made it official by registering the insuring process in governmental notary offices. The insurance tradition was performed each year in Nouroz beginning of the Iranian New
year; the heads of different ethnic groups as well as others take part, presented the gifts to the monarch.

Some forms of insurance had developed in London, United Kingdom by early decades of the 17th century. English colonist Robert Hayman mentions two policies of insurance taken out with the diocesan chancellor of London. Therefore security for members but the one structure which covered an appreciable number of people, maintained intimate relations and provided most visible protection based on principles of solidarity, was the extended family. In the extended family sick people, old people and orphanage were given first priority on protection. In short, the extended family system provided all kinds of protection including those which are provided by modern schemes. The benefits include old age, invalidity, sickness, survivors, maternity and family assistance.

These societal structures were not limited to Africa as they were only varying in degree when compared to those existed in Europe, Asia, America and other places wherever there was human existence. After the industrial revolution which came as a result of introduction of machines, the competition between factories produced goods and family producers became very stiff, whereby the factory goods were less expensive compared to those produced by the family, therefore, people were forced to abandon their family business and forced to move to the city to search for jobs. The situation weakened the economic base of the rural society and ultimately to the complete loss of contact between the urban migrant and their extended family. Eventually, risk the indeterminate out-come is implicit in the definition. Therefore the expected value of loss in a given situation or the mathematical value of a risk at any point of time and probably protected under insurance.

2.3.2 Objectives of Tanzania Insurance Regulatory Authority (TIRA)
According to TIRA as regulatory of insurance business in Tanzania tries to provide about six objectives as follows:

i. Specify the code of conduct for member of the insurance industry
ii. Effect supervision and monitoring of insurers, brokers and agents
Formulate standards in the conduct of the business of insurance which shall be observed by insurers, brokers and agents

Ensure proper observance of the code of ethics and practices by insurers, brokers and agents

Perform any other function as many may be necessary for the purpose of this Act.

Protect the interest of customer or policy holders

Specify requisite qualification for member of the insurance industry

Prescribe levies on premiums and commissions to ensure adequate funding for the authority.

2.3.3 Importance of Insurance to the General Public

The idea behind insurance plays a big role in the society and following are the importance of having insurance:

i. Removal of uncertainties – insurance companies takes the risks of large out but uncertain losses in exchange of small premium. So it gives a sense of security which is real gift to the customer. If all uncertainty could be removed from properties or business income would be sure.

ii. Stimulant of business enterprises – insurance facilitates to maintain the large size commercial and industrial organizations. No large scale industrial undertaking could function in the modern world without the transfer of many of the risks to insurer. It safeguards capital and same time it avoids the necessity on the part of industrialists.

iii. Promotion of savings – saving is a device of preparing for the bad consequences of the future. Insurance policy is often very suitable way of providing for the future. The type of policy usually found in life insurance which promotes savings which have a beneficial effect both for the individual and the nation.

iv. Correct distribution of cost – helps in maintaining correct distribution of cost. Every person tries to pass on the consumer all type of costs including accidental and losses also. In the various fields of insurance such losses are correctly
estimated keeping in view a vast number of factors bearing on them. In absence of insurance these costs and losses would be assessed and distributed only by guesswork.

v. Source of credit – modern business depends largely on credit; insurance has contributed a lot in this regard. A life insurance policy increases the credit worthiness of the assured person because it can provide funds for repayment if he dies. Also credit extension is obtained by various kinds of property insurance. Similarly, marine insurance is an essential requirement for every transaction of import and export.

vi. Reduction of chances of loss - insurance companies spends large sum of money with a view to investigate the reason of fire accidents, thefts and robbery and suggest some measures to prevent them. They also support several medical programmes in order to make the public safety minded.

vii. Solution of social problems- insurance serves as a useful device for solving complex social problems e.g. compensation is available to victims of industrial injuries and road accidents while the financial difficulties arising from old age, disability or death are minimized. It thus enables many families and business units to continue intact even after loss.

viii. Productive utilization of funds- insurer accumulates large resource from the various insurance funds. Such resources are generally invested in the country, either in the public or private sector. This facilitates considerably in overall developments of the economy.

ix. Insurance as an investment – a life policy is a combination of protection and investment which serves a useful purpose. The premium that the insured pays go on accumulating in a fund every year. The sum so accumulated by the insurance company earns interest. Under life assurance a person may also invest his capital
in an annuity which will pay him an income every year till death. Therefore insurance may be regarded as an investment.

x. Promotions of international trade – the growth of the international trade of the country has greatly helped by shifting of risk to insurance companies. A ship sailing in the sea faces some misfortune. A fire breaks out of and burns to ashes all the merchandise of a businessman. But insurance is one of the device by which these risks may be reduced or eliminated.

xi. Removing fear – insurance helps to remove various types of fear from the mind of the people. The insured is secured in the knowledge that the protection of the insurance fund is behind him if some sad event happens. It creates confidence and eliminates worries which are difficult to evaluate but the benefit is very real.

xii. Favourable allocation of factors of production – insurance helps in achieving favourable allocation of the factors of production. Capital is usually is usually difficult to invest it in risky business. Many people hesitate to invest their capital where financial losses are great.

xiii. Growth of business competition – insurance enables the small business units to compete upon more equal terms with the bigger organization. Without insurance it would have been impossible to undertake the risks themselves. On the hand bigger organization could absorb their losses due to great financial strength. Moreover insurance removes uncertainty of financial losses arising out of the certain causes.

xiv. Employment opportunity – insurance provides employment opportunity to jobless persons who are helpful for the improvement and progress of social condition.
2.3.4 Insurance Business Model

Insurance is the equitable transfer to the risk of a loss from one entity to another in exchange for payment. It is a form of risk management primarily used to hedge against the risk a contingent uncertain loss.

An insurer or insurance carrier is a company selling the insurance and the insured or policyholder is the person or entity buying the insurance policy. The amount of money to be charged for certain an amount of insurance coverage is called premium. The risk management is the practice of appraising and controlling risk has evolved as a discrete field of study and practice.

The transaction involves the insured assuming a guaranteed and known relatively small loss in the form of payment to the insurer’s promise to compensate (indemnify) the insured in the case of a financial loss. The insured receives a contract called the insurance policy which details the conditions and circumstances under which the insured will be financially compensated.

2.3.5 The insurance industry in Tanzania

After the liberalization of insurance industry in 1996, the numbers of insurance companies operating in the Tanzanian insurance industry have increased from one to twenty-seven at the end of 2010, according to the Tanzania Insurance Regulatory Authority (TIRA) annual report in December 2011. The development of the insurance industry in Tanzania is facilitated by the strong presence of foreign insurance companies, with only five out of 27 being wholly locally-owned at the end of 2010. The large number of companies therefore makes the industry highly competitive.

i. The insurance companies may be classified into two groups which are:

ii. Life Insurance companies, which sell life insurance, annuities and pension products

iii. Non – Life, General or Property/ Casualty insurance companies which sell other types of insurance. General insurance companies can be further divided into these sub – categorizes

- Standard lines
• Excess lines

In most countries life and non life insurers are subject to different regulatory regimes and different tax and accounting rules. The main reason for the distinction between the two types of company is that life, annuity and pension business is very long term in nature, coverage for life assurance or pension can cover risks over many decades. By contrast, non life insurance covers a shorter period such as one year.

By representing a diversified of carefully and reputable selected INSURANCE Company, Metropolitan offers the following insurance policies for its customers:

i. Life assurance Policies includes
   a. Group Endowment Schemes
      A group Endowment scheme is an insurance policy designed to offer life cover coupled with a savings/ investment element. The policy would pay out a lump sum amount as agreed and set in the policy (i.e. 1,2 or 3 years salary) in the event of the death of a member (employee). Or would pay at a specified date (i.e that is retirement age) if the member survives to such date thus complimenting ones retirement package. The necessary provision for funding the scheme would be actuarially determined by us and the employer would be required to make sure provision to the scheme. The funds will then be managed by our principals on the employer’s behalf in terms of investment and claims handling from which they would charge and administration fee.

   b. Group Life Assurance Policy
      This policy has been specially designed to meet your requirement and will cover the following:
         a. Death Benefit – A lump sum amount equivalent to a multiple of salary assured on the policy will be paid to the company for transmission to the deceased’s nominated beneficiaries, whose incident has occurred while in service. This section of the policy will cover both, death arising from natural causes such as illness and accidents. Death arising from HIV and related illnesses and also covered. Cover will be on 24 hours basis worldwide.
b. **Disability Benefit** – This section will cover both permanent and temporary disablement on a 24 hours basis worldwide, whether the injury is caused out to the in the course of employment or out of personal engagements subject to certain exception such as willful misconduct and related acts. The amount payable under this section shall be a lump sum amount equivalent to the death benefit in respect of permanent total disablement and a percentage thereof in respect of permanent partial disablement. A members actual weekly salary will be payable for temporary disablement in lump sum upon recovery.

c. **Funeral Expenses Benefit** – A lump sum amount of Tshs. 1,500,000 will be paid immediately upon receipt of claim intimation and the requisite documents to relieve the deceased’s member’s estate of the financial burden that come with the managing of a funeral.

And also further features are

a. Provides cover to all eligible members of the scheme
b. The benefit is paid out as a lump sum
c. Individual members do not have individual contracts with the insurer
d. The Employer would normally pay the premium
e. Cover is provided on a yearly renewable term basis
f. Cover is provided free of evidence of health with no HIV / Aids testing or medical examination required as there exists a Medical Free Cover Limit
g. Cost effective premium rates due to group scheme underwriting advantages
h. Has few restrictions and exclusions

### iii. Non Life Insurance Covers

#### a. Medical Insurance

An individual or a company can arrange for a medical insurance. This provides cover for medical expenses incurred by employees in respect of outpatient or hospitalization treatment. The members of the scheme, their spouses and children are treated at designated hospitals (medical services providers) and then the bills are paid by insurers.
iv. **Motor Insurance**
Covers vehicles at three main different levels apart from the basic ACT cover being third party cover which pays for liability to third parties, Third Party Fire and theft which covers in addition to the Third Party cover, the cost of claims arising from fire and theft of the vehicle or accessories attaching thereon and finally the comprehensive cover which covers third party liabilities in addition to damage to the insured vehicle.

iv. **Fire and Perils**
Covers insured’s buildings and contents exposure to a variety of perils such as fire, explosion, floods, storms, earthquake, riot, strike, malicious damage, theft, impact damage etc.

v. **Workmen’s compensation Insurance**
This is the statutory insurance cover, whereby as an employer you are required to cover your legal liability against personal injury by accident or disease arising in the course of employment to any employee.

vi. **Burglary Insurance**
This policy protects the insured against loss to property or damage to the premises due to burglary or house breaking which is actual forcible and violent entry/exit from the premises.

vii. **Fire Insurance**
This class of insurance covers properties (premises or contents) against fire and allied perils which include rain, storm, overflowing of guttering and down pipes, etc. This policy can also be endorsed to cover loss due to riot and strike, malicious damage and willful act of employees.

viii. **Money Insurance**
This policy provides an indemnity against loss of money robbery or theft, money including bank notes, treasury notes, cheques, postal orders and cash. The cover operates on the following risks:
a. Money on transit between business premises and bank
b. Money on locked safe
c. Hold up risk
d. Damage to safe

ix. Fidelity Guarantee Cover
Fidelity Guarantee covers against any loss caused by any act of forgery, embezzlement, larceny, or fraudulent conversion of money or stock in trade by an employee in connection with the contract of employment.

x. Electronic Equipment
You might as well be interested to affect policy which covers loss due to unforeseen and sudden physical loss or damage on office electronic equipment such as electronic data processing machines, telecommunication equipments, transmitting and receiving installations etc.

xi. Domestic package policy
If you have residential buildings it is appropriate to protect your interest against damage caused by fire, lightening, explosion, riot and strike and theft by actual forcible and violent breaking into or out of the building.

xii. Public Liability
This class of insurance provides cover for legal liability in respect of property damage and death/bodily of or to third parties due to:
   a. Defects in insured ways, works machine or plants
   b. Negligence of the insured or his employees while on duty
   c. Defective products

xiii. Mortgage Insurance
This is a special cover where your organization will be able to pass on all risks of mortgage and credit facilities to insurance companies and among product available is lenders Mortgage insurance.
xiv. **All Risks Insurance**
A wider scope of cover than provided by the standard fire and household/house owner’s policies is available to commercial entities/individuals or on items such as satellite dishes, portable computers, cameras, jewelry, personal effects etc. cover under this policy insures any loss or damage to insured items unless specifically excluded by policy wording.
The above policies outlined are basic products that individual, business or organizations likely transfers risks and protect their interests.

**2.3.6 How is Metropolitan Insurance different from other Insurers?**
Metropolitan Insurance has both life and non life insurance covers all personas from public sector, private sector and individuals. The company is third largest insurance provider in Africa enjoyed phenomenal growth on the African continent. The company has operations in number of countries in southern, Eastern and Western Africa including Botswana, Ghana, Kenya, Lesotho, Mauritius, Mozambique, Namibian, Malawi, Tanzania and Zambia.

The company is wholly owned by subsidiary of the FirstRand Group- one of largest financial institutions in South Africa and one of the top 10 listed companies on the Johannesburg Stock market (JSE). It main activities include retail, corporate investment and merchant banking, short – term insurance, life insurance, employees benefits, health insurance and asset management.
The Main Objectives of the Metropolitan Insurance are
To sell insurance policies
(i) To manage customer risk and compensate them timely and effectively
(ii) To settle customer claims promptly
(iii) To invest the available funds in sound ventures

**2.3.7 General Insurance Service Procedures**
**2.3.7.1 Underwriting of the business**
Usually insurance business can be done direct or indirect whereby it is been sourced through brokers or agents. But all in all for business to perform it will need good service to both direct clients and those customers through brokers and agents.
2.3.7.2 Claims Procedures and Documentation

Upon arising of an incident which will or may give rise to a claim, the client is supposed to report such incident to insurers through their brokers within 48 hours. The following documentation will be required to substantiate the claim

i. Claim Form (required for all claims)
ii. Certified copy of the Burial Permit (only required for death and funeral claims)
iii. Certified copy of the Death Certificate (only required for death claims)
iv. Medical certificate (required for all claims)
v. Salary slip of a deceased member (required for death and disability claims)
vi. Copy of the deceased’s ID Card
vii. Police Report Form 90, 115 and Vehicle inspection report (VIR) only motor vehicle claims
viii. Police Report (all other non–life claims)

Insurers may settle claims within 48 hours of final submission of the requisite claim documents. Taking into account documentation submission, queries, weekends/ public holidays and other contingencies claim settlements should be expected within a period of 14 days (two weeks) to give reasonable allowance.

2.4 Empirical Literature Review

Many researchers internationally and locally have done studies in relation to insurance provision whereby they have studied on performance and service quality. Researchers on service quality performed their studies with the major focus on relative existence of gaps between customer expectations and managerial perceptions on the quality of service, as well as managerial implications on how they can close the gaps and attract and maintain customers.

Others focused their study on investigating service quality factors that are of great concern to customers on service quality evaluation and customer satisfaction. More studies were majored on looking whether service quality or other factors were used to attract and retain customers, and others aimed at identify the major determinants of service quality, their relative importance as perceived by customers and the relative
performance on Tanzanian firms, while other researchers conducted study on the movements implemented on improving insurance industry.

In these various significant studies, the service quality has been presented in different dimensions. The term of service quality has become a controversial discussion in terms of definition as well as measurement since there is not a crystal clear definition for this phrase.

2.4.1 Study by Hossein Gazor et al (2011)
The study was meant for banking sector in Iran and in research as analyzing effects of service encounters quality on customer satisfaction in banking industry using service quality factors and considers various factors influencing the quality of service. The results of the survey indicate that service quality systems, customer satisfaction are the most desirable factors based on the feedback we received from the customers.

The research data was collected through questionnaire and later assessed through Cronbach’s Alpha obtained 0.85 above minimum required level which indicated that service quality systems, customer satisfaction are the most desirable factors based on the feedback we received from the customers.

2.4.2 Study by Marhamat Hemmat Poor et al. (2013)
This study was conducted to evaluate the quality of insurance services on insured interest rate based on the service quality model in the Sina insurance branch in Gilan, Singapore (2013). The researcher used a random classification sampling to determine the sample size and questionnaire was used for field methods. The results showed that the insurance services quality has an impact on willingness of insurance makers.

2.4.3 Study by Rasoul Abadi et al. (2013)
In research as "The evaluating the quality of educational services by service quality model from the perspective of students of University Medical Sciences in Kurdistan" concluded that despite the gap in all five dimensions of quality, including guarantees,
responsiveness, empathy, reliability and tangibles most gap quality of educational services is related to response the and the lowest is related to the reliability.

2.4.4 Study by Ziaei et al. (2012)
In research as “Survey of effective factors on customer satisfaction using by SERVQUAL model" concluded that four dimensions of reliability, responsibility, guarantee and empathy been effective on customer satisfaction from service quality of the Mellat Banks in Isfahan, but the appearance and physical dimensions of service, has not effect on customer satisfaction from service quality.

2.4.5 Study by Poon (2011)
In its research found that customers when using e-banking services are concerns about own intellectual property rights. For example, security of internet environment or probability access to its banking operations is effective on customers' perceptions from e-banking services.

2.4.6 Study by Arasli & Katircioglu (2010)
In study concluded service quality in the banking industry has a close relationship with customer satisfaction and improves of service quality increases the probability of customer satisfaction. Leads to behavioral results like commitment, a desire to stay, a link interactive between providing and customer, increased customer's tolerance than bugs in provide services and positive publicity about bank.

2.4.7 Study by Lupimo (2006)
The study conducted was aiming at exploring importance of service quality and customer satisfaction as well as factors for improvement of service delivery by government executive agencies. The study aimed at investigating service quality and customer satisfaction on services. Also the study aimed at investigating firm’s awareness on important factors to customers and strategies that the management can consider to improve the quality of services and increase customer satisfaction. The study findings show that, when evaluating service quality, customers consider all service quality factors. However, some factors such as competence of employees, equipment and timeliness are
given great consideration. Other factors are firms relationship with customers, customer income level and management culture. Lupimo concluded that, management should build culture of conducting customer survey regularly so as to understand customer needs and hence narrow down the existing gap.

2.4.8 Study by Nderitu (2005)
The study was researched on factors affecting service quality in the insurance industry in Nairobi, Kenya. The aim of the study was to analyze the relative existence of the gaps between customer expectations and managerial perceptions of quality service, and managerial implications on how insurance companies can close the gaps and maintain customers. Study findings revealed that, management of insurance companies do not accurately perceive customers expectations along some of the service quality dimensions. It was further revealed that, quality standards fall below what is expected by the insured hence service quality shortfall. It was also noted that, service quality specifications are not based on market research to determine what the insured should provide to their customers as the insurance providers.

2.4.9 Study by Maingu (2000)
The researcher carried out a study on impact of service quality in acquisition and retention of customers by commercial banks. The researcher was interested on examining how the financial service organizations acquire and retain their customers in the context of commercial banks bearing a competitive market environment in Tanzania. He was interested on looking whether commercial banks use service quality or other factors to attract and retain customers. Research findings revealed that, there is direct relationship between customer retention and service quality dimension.

2.4.10 Study by Hassan (1998)
The study conducted focused on service quality determinants in financial institutions (banking sector) in Tanzania. The purpose of the study was to identify the major determinants of service quality in banks in Tanzania, their relative importance as perceived by bank customers and the relative performance of Tanzanian banks. Findings revealed that, bank services provided to customers do not meet the required standards.
2.5 Synthesis of Empirical Studies (Research Gap)

Most of the above Researchers, concentrated on service quality and performance, but there is a need to find out whether the insured/policyholders are considered after entering the contract with the insurer in terms of general perceptions and expectation of the during and after elapsing of the contract. Also one of the important areas whereby quality of service is highly required is when indemnifying or compensating the policyholder. Good quality of indemnity can be enhanced by good quality of service. The image of organization can be disrepute by poor products regardless of good quality of service. The above studies indicate that there is a gap between customers’ expectations and what actually they are receiving from the industry. Customers have different values and different grounds for assessment; they may perceive one and the same service in different ways. Measuring the quality of service outputs is often more difficult than measuring the quality of a good quality service, because services are abstract rather than concrete, transient rather than permanent, and psychological rather than physical (Meredith & Shafer, 2002).

Therefore, the need to assess factors that affect quality insurance service provision arises for the purpose of meeting their expectations.

2.6 Service Quality measurement

The measurement of service quality may be based on several attributes (Gronroos, 1990). Gronroos (1988) defines the five key determinants of service quality as: professionalism and skills (technical, outcome related), reputation and credibility (image related), behavior and attitudes, accessibility and flexibility and reliability and trustworthiness (all functional, process related). However, the most widely reported framework is the SERVQUAL model of Parasuraman et al. (1988) consisting of the five dimensions of service quality are tangibles, reliability, responsiveness, assurance and empathy.

Initially, only five dimensions of service quality were indicated in the SERVQUAL approach (Parasuraman etal. 1988):

- Tangibles - physical facilities, equipment, and appearance personnel
- Reliability - ability to perform the promised service dependably and accurately
- Responsiveness - willingness to help customers and provide prompt service
• Assurance - knowledge and courtesy of employees and their ability to inspire trust and confidence
• Empathy - caring, individualized attention the firm provides its customers

The SERVQUAL instrument is a two-part questionnaire. The first part consists of twenty two items measuring expectations of customers and twenty two similarly worded items measuring perceptions or experience of customers. Assessing the quality of service involves computing the difference between the ratings customers assign to the paired expectation/ perception statements. SERVQUAL is designed as a diagnostic instrument to identify areas of strength and weakness in the delivery of services. The main activities of insurance are to produce services and services are the main product of insurance. The proposed study of the research is to use SERVQUAL for one of insurance company named Metropolitan Insurance Company Tanzania Limited. The main objective of this paper is to assess relationship between customer expectation and perception from factors affecting quality insurance service provision to organization and employees.

2.7 Customer expectation and perception of service quality

Oliver (1980) argues that customer satisfaction generally arises from an individual's comparison of perceived product performance compared with expectations for this performance. Customer perceives service quality is the degree and direction of discrepancy between customer service perceptions and expectations (Parasuraman et al. 1985). Service quality is defined as customer's overall attitude towards excellence of service. Quantification is assessed by measuring expectations and perceptions of performance for each one of these dimensions (Cronin and Taylor, 1992; Parasuraman et al. 1988; 1991; Zeithaml et al. 1990). While, expectations of customer can be rated into three levels when service quality is assessed;

• the desired level of service, reflecting what the customer wants;
• the adequate service level, defined as the standard that customers are willing to accept
• the predicted service level which is the level of service the customer believed most likely to actually occur (Zeithaml et al. 1993)
Frequently service quality, as perceived by the customer, is the degree and direction of discrepancy between customer service perceptions and expectations (Parasuraman et al. 1985). The operationalization of customer expectations is probably another critical distinction between the two concepts. Expectations that motivate customer satisfaction are based on predictions of what is likely to happen during a transaction, while expectations that drive service quality evaluations are based on consumers' desires or wants, and are motivated by what a consumer believes a service provider should offer (Parasuraman et al. 1988). In addition, the customer may conclude that product and service performance exceeding some form of standard or expectation leads to satisfaction, while performance falling below this standard results in dissatisfaction (Wilkie, 1990; Wells and Prensky, 1996; Oliver, 1997).

2.8 Conceptual Framework

In this study various independent variables relating to service quality provision will be used to test how they affect customers and withdrawing from insuring their properties in this case are referred to as dependent variables. Independent variables in this study will include service delivery, service insurance quality and customer satisfaction.

Figure 2.1: Independent and Dependent variables

The diagram below shows the independent variable and their dependent variable:

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Dependent Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Delivery</td>
<td>employees courtesy</td>
</tr>
<tr>
<td>Service Insurance</td>
<td>claims settlement</td>
</tr>
<tr>
<td>Quality</td>
<td>employee competency</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>reliability</td>
</tr>
<tr>
<td></td>
<td>Tangibility</td>
</tr>
<tr>
<td></td>
<td>Empathy</td>
</tr>
<tr>
<td></td>
<td>Assurance</td>
</tr>
<tr>
<td></td>
<td>Responsiveness</td>
</tr>
<tr>
<td></td>
<td>Loyalty to</td>
</tr>
<tr>
<td></td>
<td>organization</td>
</tr>
<tr>
<td>Variable</td>
<td>Formal Definition</td>
</tr>
<tr>
<td>--------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>Service delivery</td>
<td>Means that</td>
</tr>
<tr>
<td></td>
<td>activities or</td>
</tr>
<tr>
<td></td>
<td>services are met</td>
</tr>
<tr>
<td></td>
<td>accordingly.</td>
</tr>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Service Insurance</td>
<td>Customer's</td>
</tr>
<tr>
<td>quality</td>
<td>overall attitude</td>
</tr>
<tr>
<td></td>
<td>towards excellence of service</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>Consumer</td>
</tr>
<tr>
<td></td>
<td>fulfillment</td>
</tr>
<tr>
<td></td>
<td>response</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2.9 Theories relating to variables

2.9.1 Consumer Theory

The theory assumes that if consumers are perfectly informed, they maximize their utility as a function of consuming various goods, given relative prices, their income and preferences. Changes in prices and income influence how much of different goods rational consumers will buy (Begg et al. 2000). Insurance is expected to be a normal good with a positive income elasticity of demand, implying that the poor are less likely to insure. A price increase of a substitute for insurance – such as user fees – is expected to raise the insurance demand, as is a decrease in insurance premium. Instead of insurance, poor households may choose alternative mechanisms to cope with financial risks, like income diversification, credit and savings (Besley 1995).

However, due to uncertainty about the unknown future risks, insurance choice is not made based on utility alone but on consumers’ expectation about factors such as their health status (Cameron et al. 1988). Thus, theory helps the researcher to understand the effect of price and information on service rendered by insurance industry that can force consumer to decide otherwise, they may shift the risk to self-insure through precautionary building up of assets in good years to smooth consumption over bad times.

2.9.2 Disconfirmation Theory

Disconfirmation theory argues that ‘satisfaction is related to the size and direction of the disconfirmation experience that occurs as a result of comparing service performance against expectations’. Szymanski and Henard found in the meta-analysis that the disconfirmation paradigm is the best predictor of customer satisfaction. Ekinci et al (2004) cites Oliver’s updated definition on the disconfirmation theory, which states “Satisfaction is the guest’s fulfillment response. It is a judgement that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under- or over-fulfillment”.

Mattila, A & O’Neill, J.W. (2003) discuss that “Amongst the most popular satisfaction theories is the disconfirmation theory, which argues that satisfaction is related to the size and direction of the disconfirmation experience that occurs as a result of comparing
service performance against expectations. Basically, satisfaction is the result of direct experiences with products or services, and it occurs by comparing perceptions against a standard (e.g. expectations). Therefore proposed study need to show how the service delivery is more important than the outcome of the service process and dissatisfaction towards the service often simply occurs when customer’s perceptions do not meet their expectations.

2.10 Chapter Summary
The above chapter provides the Literature review on quality insurance service. The chapter is mainly divided in to two parts theoretical literature review and empirical literature review. Theoretical literature review provides the background history of insurance, objectives, its importance, together with some experiences on provision of insurance to the public worldwide and finally, in Tanzania whereby Metropolitan as a cited case has been well discussed showing clearly its operations, and its differences from other players on the insurance industry. The second part covers the empirical literature review whereby various researches on insurance industry were conducted especially customer care services. Researchers found that there is a gap existing between customer expectations and services and products they actually receiving from insurance industry. The Literature discussed in this chapter leads to a research gap as indicated above in 2.6.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction
This section presents the research methodology which was engaged by the researcher. It includes study area; research design; population, sample and sampling method and procedure; and Data collection methods. This chapter presents the research paradigm and design, area of study, sample and sampling techniques, nature of data and its sources, collection techniques, data analysis and the strategies shall be pursued to ensure validity and reliability of data and information.

3.2 Research Paradigm
The research paradigm has been described as an essentially a worldview, a whole framework of beliefs, values and methods within which research take place. In other ways, are patterns of beliefs and practices that regulate inquiry within a discipline by providing lenses, frames and processes through which investigation is accomplished. Therefore the researcher choice of methodologies, structure of enquiry was the paradigm adopted in order to utilize the study.

3.3 Research Design
Research design has been defined by Sanders (2008) as the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. Therefore this section shows and outline of what the researcher has done to carry out the research smoothly.

3.4 Type of the Study
This study was conducted using the case study method which is a very popular form of qualitative analysis and involves a careful and complete observation of a social unit (Kothari, 2004). The case study has been adopted for its flexibility in data collection and due to time and financial constraints. The study design was able to focus on a particular area and provide some generalizations and conclusions. This study used both quantitative and qualitative approaches of data gathering. The qualitative approaches focused on
exploring and examining quantifiable variables and also understanding issues that could not be analyzed using quantitative method.

3.5 Area of the Study
The researcher carried out the study at Metropolitan Insurance Tanzania limited. The selection of the company was due to the fact that Metropolitan has been said to be the company in operating in more than 28 countries worldwide. Also it is among leading insurance company which provide both life and non life insurance. The company operates all over the country with branches and agents providing insurance activities efficiently. However, the Researcher conducted his study only at its main office in Dar es Salaam.

The choice of Dar es Salaam office was prudent due to the fact that it serves a lot of customers located at the city centre hence has varied type of customers in terms behavior and other characteristics. This fact compels the researcher to concentrate and took keen interest in the selected area. The selection ensured the coverage of each representative element characteristics and hence increases reliability. Proximity of location of the selected area made it relatively easy and convenient for the researcher to carryout thought analysis to discover the main problem being studied given the resource and time constraints.

3.6 Study Population
Population means the total of item about which the information is desired (Kothari, 2008); study population involves all items that was involved in this study for the purpose of collecting the required information, and this included Metropolitan employees and Metropolitan customers. The study population from the group of employees included customer care staffs, supervisors, underwriting managers, claims managers and other staff members who directly involve in handling the customers in day to day operations.

3.7 Sample Size and Sampling Technique
Kothari (2004) defines Sampling as a process of obtaining information about an entire population by examining only a part of it. The items so selected constitute what is
technically called a sample. Therefore the sample was drawn from Metropolitan employees, and customers. The researcher used simple random whereby every item of the universe has an equal chance of inclusion in the sample (Kothari, 2004) to collect sufficient and relevant data. The choice of sampling techniques has been considered due to time and resource constraints facing the researcher. Simple random was used to customers at the counter who are lodging claims, underwriting of new or renewal of business and those waiting for their claims settlements cheques.

The selection was due to the fact that, they were the ones who can express their satisfaction/ dissatisfaction on services offered by insurance organizations and the distribution was like indicated hereunder.

<table>
<thead>
<tr>
<th>Type of Respondents</th>
<th>Number of Respondents</th>
<th>Percentage</th>
<th>Sampling method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managerial level</td>
<td>6</td>
<td>6</td>
<td>Randomly</td>
</tr>
<tr>
<td>Employees (Operation staff)</td>
<td>30</td>
<td>30%</td>
<td>Randomly</td>
</tr>
<tr>
<td>Customers</td>
<td>64</td>
<td>64%</td>
<td>Randomly</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100%</td>
<td>Randomly</td>
</tr>
</tbody>
</table>

Source: Research Data

3.8 Type and Sources of Data

The Researcher used both sources of data, namely primary and secondary sources of data.

(i) Primary Source of Data

Primary data are those which are collected afresh and for the first time, and thus happen to be original in character (Kothari, 2004); therefore the Researcher used primary data that was collected through the interview with customers and members of the staff, whereby questionnaire was the main technique used; but also observation was applied wherever deemed necessary.
(ii) Secondary Source of Data
Secondary data are those data which have already been collected by someone else and which have already been passed through the statistical process (Kothari, 2004); therefore secondary data was obtained from available records at Metropolitan which include daily, monthly and annual reports compiled in the course of operation; research reports published and unpublished; books; handout and presentations from various seminars and meetings without forgetting written speeches.

3.9 Data Collection Methods
On data collection exercise, the researcher used two major data collection methods which are questionnaires and interview method. Therefore questionnaires were comparatively short and simple. And also the questionnaires were effectively written as to ensure quality to the replies, and proper attention was made to the question- sequence in the questionnaires. The question – sequence was clear and smooth moving, meaning that the relation of one question to another was readily apparent to the respondent, with questions that are easiest to answer being in the beginning.

3.10 Data Analysis Method
Data which was obtained and analyzed through special computer software program known as Statistical Package for Social Scientists (SPSS) package.

All collected data were put together to identify those similar or different and the comparison enabled the Researcher to reduce data into small portions which will be used for analysis and finally to draw conclusion.

3.11 Data Reliability, Validity and Ethical Consideration
3.11.1 Data Reliability
A reliability of the instruments was one of the concerns to this study. According to (Mark Sander 2009) defines it as to the extent to which your data collection techniques or analysis procedures yield consistent findings.

The reliability scale text was used to evaluate the validity of the five dimensions of SERVQUAL. According to Sage et al. (1980), measurements are reliable if they true
rather than chance aspects of the trait measured. Thus this implies that the instrument used to the extent that the scores made by the respondents remain approximately the same in repeated measurement. In determining the reliability of the instruments, the SSPS will be used to measure reliability of the underlying dimensions i.e. tangible, reliability, responsiveness, assurance and empathy.

3.11.2 Validity
This concern with whether the findings were about what they appear to be about. In order to examine the content validity of the items the researcher contacted for assistance from company experts such as departmental managers, underwriting and claims managers, business development officers, training executives, and agents of the Metropolitan Insurance.

3.11.3 Ethical consideration
Cooper and Schindler (2008:34) define ethics as the norms or standards of behavior that guide moral choices about our behavior and our relationships with others. Therefore ethical considerations was related to questions on how they were formulated and clarify our research and gain access, collect data, process and store our data, analyzed data and write up our research findings in a moral and responsible way.
Therefore the researcher ensured that at all stages of this study the ethical issues remain sensitive and priority to the study.
CHAPTER FOUR

4.0 DATA PRESENTATION, ANALYSIS AND DISCUSSION OF THE FINDINGS

4.1 Characteristics of respondents

Methods designed for collection of data were survey, review of documents and publications, discussions and observation. Survey was conducted by distributing questionnaires to respondents. Questionnaire used were divided into two categories, for Metropolitan staffs and Metropolitan customers. Metropolitan customers can be classified as insurance brokers, insurance agents and policyholders (insured). Questionnaires were distributed to respondents to fill in their views; some of them filled instantly others requested time therefore they were left and collected the other day.

4.2 Descriptive statistics

Survey was undertaken using questionnaires which were distributed to respondents. Total of 100 questionnaires were distributed to Metropolitan staffs and customers whereas 40 respondents filled and returned were staffs. 60 questionnaires were distributed to customers of insurance service (i.e. Insurance Brokers, Insurance Agents and Policyholders (insured)) whereas only 46 questionnaires were filled and returned. Data collected were analyzed by using descriptive analysis.

4.3 Elicitation study

Elicitation study was conducted to staffs and customers through discussion and interviews with the purpose of gathering adequate data which enabled to get facts on the theory used in the study. In order to understand factors that affect quality insurance service, the Consumer theory was used. However, due to uncertainty about the unknown future risks, insurance choice is not made based on utility alone but on consumers’ expectation about factors such as their health status (Cameron et al. 1988). Questions were based on dimensions of service quality (SERVQUAL) and other factors, answers obtained were summarized as shown in this study.
4.4 Data presentation, analysis and discussion of the findings

4.4.1 Factors affect quality insurance service at Metropolitan Insurance

The study has examined the factors that affect the quality insurance service with regard to the services provided by Metropolitan Insurance. The table below is the summary of response from both customers and staffs on the main factors that affecting quality insurance service.

**Table 4.1: Main factors affecting the quality insurance service of Metropolitan Insurance.**

<table>
<thead>
<tr>
<th>Factors</th>
<th>Level of Satisfaction in Percentage</th>
<th>Average Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1)</td>
<td>(2)</td>
</tr>
<tr>
<td>Prompt Claims Settlement</td>
<td>38</td>
<td>16</td>
</tr>
<tr>
<td>Premium Charged</td>
<td>-</td>
<td>8</td>
</tr>
<tr>
<td>Employee Competence</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Employee Courtesy</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Technology</td>
<td>-</td>
<td>8</td>
</tr>
<tr>
<td>Communication Channels</td>
<td>-</td>
<td>74</td>
</tr>
<tr>
<td>Advertisement</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Survey data. N=86
The levels of satisfaction are on the Likert scale, ranging from 1 (absolutely not important) to 5 (absolutely important).

4.4.1 (a) Prompt Claims Settlement

Usually the insurer has to look upon mechanism to provide claim settlement within short time period to align with insured interest. It has been noted that claims compensation took long time to be indemnified or to bring back the insured in the same pecuniary position after the loss as enjoyed immediately before it.

Customer satisfaction reflects the degree of a customer’s positive reaction for the insurer to recognize the customer’s vision of their services. A high level of customer satisfaction can have a positive impact on customer loyalty (Denget al., 2010). If a service provider can satisfy the needs of the customer better than its competitors, it is easier to create loyalty (Oliver, 1999).

The study showed that the respondents rated company (Metropolitan) with a low mean average of 2.46512 on this factor due to poor handling and delays in claim settlement. It is suggested that claim desk should be established whereby it should be on duty 24/7 and help customers when they have claim. In doing this an ideal time should be set in order to process the claims of which should not exceed 2 weeks.

4.4.1 (b) Premium Charged

The premium is intended to cover all costs and expenses during policy coverage, and reductions may only be made to compete with competitors in order to maintain established accounts. However, the standard rates on premium were issued by regulatory authorities to avoid premium cutting of which many companies in the industry used to practice to maintain market share.

The concern expressed was that of premium cutting as a competition tool, would result in reduced profits in the long-term. Although, lower price strategies leads to larger market shares in the insurance industry in Tanzania, but with these new regulations and rules it is unacceptable for any company to practice such methods.
4.4.1 (c) Employee Competence
Competence refers to service provider to deliver services in professional manner, as indicated in the table 4.4.1 (a) above focusing on factors that affect quality insurance service, Similar to the results regarding the impact of job knowledge, employees also indicated that increased communication since accreditation is key to increased quality of service. Table 1 indicates the strong relationship between communication in the organization and quality of service.

4.4.1 (d) Communication Channels
This is the most important aspect of the service delivery as communication with insured is vital to delivering service satisfaction because when staffs takes the time to answer questions of concern to customers, it can alleviate many feelings of uncertainty. This component of service is valued highly as reflected in the in-depth interviews and influences customers’ satisfaction levels significantly (Pickton and Broderick, 2001). As shown in the table above, the factor has rated a mean average of 2.27907 which is not good to the company as it does not take it seriously to use clear communication channels for better business growth.
There are communication challenges which can lead to negative impact on: failure to produce policy documents in time, failure to raise awareness on insurable risk, inability to get customers views and consent and also informal procedure of intimating claim.

4.4.1 (e) Advertisement
This factor can also change the customers’ evaluation on quality insurance service, as indicated in table 4.4.1(a) the respondents has rated it at highest mean average of 4.9 which shows how the company has invested more in it as compared to other factors. The more advertisement is done; it raises public awareness on insurance services.

4.4.1 (f) Technology
Technology for harnessing of information and data play a critical role in the quality service delivery in organizations. Investments in Technology that facilitate service assessment and improvement process is essential (Dutton and Starbuck, 2002). The quality and timing of information should be tailored to the needs of customers. The
insurer must show four main commitments: a willingness to invest in Information Technology (IT); investments in Information Technology and in Quality Insurance departments with qualified staff that abstract insured records, analyze data, and facilitate the Quality Insurance process (Cibulskis and Hiawalyer, 2002). The study show that respondents have rated an average mean 4.5 which is good on this factor to change customer evaluations and already a new application system which is already in use, PENTA 4.0 to facilitate office activities.

**4.4.1 (g) EmployeeCourtesy**

This is a practice done by everyone throughout the world-class organization and courteous behavior is viewed as underpinning every interaction. Employees treated internally with respect and honour will most often give that same to customers. This will create the last impressions of your personal worth as well as your organizations.

As indicated in the above table 4.4.1(a), the respondents have rated an average of 4.7 which shows that the factor is well utilized by the company and staffs have confirmed participating on training programmes organized by the company and they are suggesting more and more trainings of the same should be organized in future.
4.5 Quality Insurance Service (Service Quality Dimension)

4.5.1 Dimensions determining the service quality at Metropolitan Insurance

Using SERVQUAL model, the five determinants which includes Tangibles; Reliability; Responsiveness, Assurance, and Empathy were examined. The researcher used a 5 point likert scale ranging from absolutely not important to absolutely important to strongly agree with service.
Table 4.2: SERVQUAL dimension that contribute to service quality Metropolitan Insurance.

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Level of Agreement to Service in Percentage</th>
<th>Average Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1)</td>
<td>(2)</td>
</tr>
<tr>
<td>Tangibility</td>
<td>25</td>
<td>33</td>
</tr>
<tr>
<td>Reliability</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>-</td>
<td>36</td>
</tr>
<tr>
<td>Assurance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Empathy</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Survey Data

The levels of agreement are on the Likert scale, ranging from 1 (absolutely not important) to 5 (absolutely important)

In the table above, the results show that the reliability score was the highest score (mean 5.09302) followed by assurance (mean = 4.73256), empathy (mean = 4.39535), tangibility (mean = 4.0814) and the least expectation score was with respect to the responsiveness dimension with a mean of 3.04651 as factors that can change the customers evaluation of the quality insurance service in Tanzania.

The mean score implied that respondents rated "the company's ability to perform the promised service dependably and accurately" as their highest expectation and best
experience provided by the service provider (the mean score 5.09302) is the company's willingness to help customers and provide prompt service. Respondents also rated 'the appearance of the company's physical facilities, equipment, personnel, and communication materials as factor that can change the customers evaluation of the quality service (mean 2.10465) and respondents gave the lowest score from their experience to the responsiveness dimension which represented caring, and claims settlement attention that the insurance company provides to customer ( mean 3.04651).

Figure 4.2: The histogram below illustrates the service quality dimensions

![Histogram of Service Quality Dimensions](image)

The results from this study indicated that all five dimensions scored meet the expectations of customers in the insurance industry at Metropolitan Insurance. Knowing what consumers expect is essential if quality service is to be delivered at any level of an operation. It needs to be recognized that knowledge of consumer's needs, and therefore expectations, may be used to improve quality of service. Any weakness identified on the factors has to be improved in order to meet policyholders’ expectations and staffs as well to excel in quality service.
4.6 Measuring of Customer Satisfaction

4.6.1 Customer Satisfaction

Customer’s satisfaction is defined as the results of goods and services offered for responding to customer’s needs and the satisfaction or increasing their expectations during the time of consuming the goods or services (Juran, 1991; Kelsey and Bond, 2001). The information gathered about customer’s satisfaction are often used for examining how the organizations have been able to know customer’s needs in order to satisfy them to their best (Juran, 1991; Kelsey and Bond, 2001). Measuring customer’s satisfaction includes understanding the gap between customer’s expectations and conceptual performance which is a relationship between satisfaction and profitability in the organization. The most important point in customer’s satisfaction is how servicing companies can satisfy or dissatisfy their customers from the services they offer.

Therefore the researcher conducted survey to find out whether the policyholders (insured) have trust on insurer (Metropolitan) and employees of the company to measure their satisfaction and retention. The data was collected from 46 customers and analyzed on Likert scale. The results were as follows:
Table 4.3: The overall trust of customers for the employees and the company in general

<table>
<thead>
<tr>
<th>Factors</th>
<th>Level of Satisfaction in Percentage</th>
<th>Average Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1) (2) (3) (4) (5)</td>
<td></td>
</tr>
<tr>
<td>Insured loyalty to organization</td>
<td>- - - 13 33</td>
<td>4.71739</td>
</tr>
<tr>
<td>Insured loyalty to employees</td>
<td>- - - 8 38</td>
<td>4.82609</td>
</tr>
<tr>
<td>Mutual cooperation with the policyholders</td>
<td>- - - 5 41</td>
<td>4.8913</td>
</tr>
<tr>
<td>Responding to customers phone</td>
<td>- - 16 20 10</td>
<td>3.86957</td>
</tr>
</tbody>
</table>

Source: Survey Data

The levels of satisfaction are on the Likert scale, ranging from 1 (very low) to 5 (very high). The table shows the mean scores for dimension of satisfaction the customers have on the company and employees in general. The instrument used a 5 point likert scale ranging from very high to very low. The scores on dimensions of customer satisfaction indicates that respondents are more loyalty to organization and employees (average mean 4.71739 and 4.82609 respectively) also there is very high mutual cooperation between the company and policy holders. Lastly the respondents are moderately satisfied with one dimensions of responding to customers’ phone.
**Figure 4.3:** The overall trust of customers to employees and the company in general

![Bar chart showing trust levels](image)

**Table 4.4:** How do you rate the overall success of Metropolitan insurance in terms of quality insurance service?

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent</td>
<td>15</td>
<td>17.4</td>
<td>17.4</td>
<td>17.4</td>
</tr>
<tr>
<td>Very Good</td>
<td>19</td>
<td>22.1</td>
<td>22.1</td>
<td>39.5</td>
</tr>
<tr>
<td>Good</td>
<td>52</td>
<td>60.5</td>
<td>60.5</td>
<td>100.0</td>
</tr>
<tr>
<td>Poor</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>86</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Survey Data

Survey results show that, 60.5% of respondents rated that the success of Metropolitan in terms of quality insurance service is good. 22.1% mentioned very good of the quality insurance service, 15% mentioned excellent of the service.
Almost 60% of respondents have rated good on that the overall success of Metropolitan and this showed that there is a room for improvement in terms of quality insurance service.

From an underwriting perspective the company transacted general insurance business during the year 2011 and recorded underwriting profits of TZ328 million, as evidenced by respective combined ratios that were less than 100 percent of which is a steady growth compared to other insurer in the industry. The respondents rated (mean 4.4) which is good compared to other factors that were rated below, the company need to continue with strategies only avoiding premium cutting which will lead to big market share but low income.

Table 4.5: Does the organization participate in any customer service activities?

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>34</td>
<td>40.0</td>
<td>40.0</td>
<td>40.0</td>
</tr>
<tr>
<td>NO</td>
<td>52</td>
<td>60.0</td>
<td>60.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>86</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>
Results obtained shows that 60% of the respondents disagree that organization is not participating in any customer service activities. These activities raise customers’ awareness on the services and as well making it very closer to its customers. Such activities can be corporate social responsibility (CSR) like helping orphanage homes, making family retreats with their customers once in year, sponsoring games and as well supporting schools or colleges on different needs.

**Figure 4.5: Histogram on the organization participation in customer service quality**

![Histogram on the organization participation in customer service quality](image)

Source: Survey Data

**Table 4.6: What do you think is the trend of customers who use the Metropolitan services?**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>INCREASING</td>
<td>16</td>
<td>18.6</td>
<td>18.6</td>
<td>18.6</td>
</tr>
<tr>
<td>DECREASING</td>
<td>3</td>
<td>3.5</td>
<td>3.5</td>
<td>22.1</td>
</tr>
<tr>
<td>REMAINING</td>
<td>67</td>
<td>77.9</td>
<td>77.9</td>
<td>100.0</td>
</tr>
<tr>
<td>CONSTANT</td>
<td>86</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey Data
Results of the survey conducted shows that 77.9% of respondents answered the trend of customers who use the service is remains constant. Another 18.6% of respondents answered trend of customers is increasing and 3.5% respondents answered the trend is decreasing. Looking at the gap of respondents, it is obviously that the reason for trend of customers not increasing is due to failure use effectively the factors of quality insurance service that change the evaluation of customers’ trend to the business. It is true that if factors are properly utilized then the trend of customers using Metropolitan services will automatically increase.

Figure 4.6: What do you think is the trend of customers who use the Metropolitan services?

The distribution shows 77.9% respondents answered that the trends of customers using Metropolitan services remains constant, 18.6% respondents answered increasing and 3.5% answered decreasing.
Table 4.7: Apart from your background, work experience or professional have you ever received any special training on customer service?

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>18</td>
<td>45.0</td>
<td>45.0</td>
<td>45.0</td>
</tr>
<tr>
<td>NO</td>
<td>22</td>
<td>55.0</td>
<td>55.0</td>
<td>100.0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>40</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey data

Survey results shows that 55% of respondents (staffs) have attended training course on customer service whereas 45% have not attended due to some reasons like; being hired recently and some were on holiday when conducted.

Table 4.8: Do you think that the training was adequate to needs of global customer satisfaction?

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>36</td>
<td>90.0</td>
<td>90.0</td>
<td>90.0</td>
</tr>
<tr>
<td>NO</td>
<td>4</td>
<td>10.0</td>
<td>10.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey Data

From the survey results 90.0% of respondents mentioned training on customer service was adequate to the needs of global customer satisfaction. And for those who responded “NO” 4% they argued that training has to be a continuous process for the company to excel on customer service standards. Indeed, training is not an expense but an investment and it is advised to all organization to make sure that their staffs are placed in intensive training to ensure customer service goals are well achieved.
Table 4.9: Does Metropolitan have the clear communication system to channel its customer complaints?

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>34</td>
<td>39.5</td>
<td>39.5</td>
<td>39.5</td>
</tr>
<tr>
<td>NO</td>
<td>52</td>
<td>60.5</td>
<td>60.5</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>86</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Sourced: Survey Data

The survey showed, 60.5% of respondents disagree that there is no clear communication system to channel customers’ complaints, 34% respondents agrees that there is clear channel on communication system to air out complaints.

Figure 4.7: Does Metropolitan have the clear communication system to channel its customer complaints?

Source: Survey Data

As examined, the figure above showed that there is no clear communication system at Metropolitan to channel out the customer complaints. This has positive effects on the performance of the company and as well as customer retention. 60.5% of respondents disagree while 39.5% agrees which is a clear proof that the company needs to make sure the factor of clear communication channel has to be improved to change its customer evaluation on quality insurance service.
CHAPTER FIVE
5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS
5.1 Summary
Data were collected from two groups, staffs and customers who are the most users of insurance services (i.e. policyholders, brokers and agents). The purpose of the survey was to know views of respondents, what factors affect quality insurance services in Tanzania which perceive to be more important within the customer value proposition of services offered by Metropolitan.

Insurance market in the past has been a government monopoly and in Tanzania only one state institution was practicing the service and was National Insurance Corporation (NIC) Tanzania Limited. Creativity and innovation were shown less and the insurance companies were faced with problems such as customer relationship that is, not providing complete customer satisfaction in this area (Karimi, 2005). In today's competitive market, service plays an important role in the economy and quality of service. New form of competition in the insurance industry has seen which companies need to consider new ways to build customer satisfaction and loyalty to increase their competitive power (John and Darvies, 2000).

Service providers around the world believe that the most effective way to maintain customer loyalty and customer satisfaction is consistent service quality that decreases the cost of attracting new customers and increase sales and market share. The quality of service is one of the most effective factors in creating competitive advantages and improves business (Tsoukatos and Rand, 2007). Research shows a strong relationship between improved service quality, customer satisfaction and economic success (Tsoukatos and Rand, 2007).

Services tend to be intangible, inseparable from their provider, perishable, and inconsistent in their delivery. These qualities make services high in experience and credence qualities, so consumers have a more difficult time evaluating services than they do goods (Zeithaml, 1981). Thoughtful consumers' service quality expectation is the key to delivering service quality.
A sample of 100 people was selected to participate in this study, in which only 86 respondents turned up in time. The findings showed that the company has willingness to help customers and to deliver prompt services but this will only be effective if factors can be evaluated for the benefit of customer quality service. These factors include prompt claims settlements, premium charged, clear communication channel, employee competence, employee courtesy, technology and advertisement. Therefore the company should take into consideration the important of each factor to ensure that plans for attracting new buyers and maintaining the existing policyholders yield success.

The service quality also relies upon an understanding of attributes which contribute to customer satisfactions and perceptions of service quality. These attributes were assessed by respondents based on the service provided. Indeed, Parasuraman et al. (1988) with their work on SERVQUAL have sought to identify dimensions of service quality, such as reliability, assurance, tangibles, empathy and responsiveness.

The results showed that respondents rated reliability dimension as an important attribute to the industry and this assures them the ability to service delivery, problem solving, organizations’ fame and validity and to perform services promised accurately at the first time.

Also assurance was rated second, which presents itself as the knowledge and courtesy of employees and their ability to convey trust and confidence in insurance products. This finding was also consistent with the work of Ennew et al. (1993) who offers the idea that compound services entail trust and confidence on the part of the consumer in the organization providing the service.

Finally responsiveness and tangibility were rated with mean 3.04651 and 2.10465 respectively. On responsiveness the respondents were expecting the ability to reaching the complaints and improving the services i.e. prompt claims settlement and service commitment from the company as their evaluation. This idea is supported by Berkeley and Gupta, (1995) who found that time and control are important dimensions to
customers when perceiving service as this increases readiness on the part of the customer to play a part, or even implement certain aspects of the service.

Lastly, the results showed, the tangibles attributes, which is the physical appearance of the Metropolitan insurance office, staff’s appearance and make up as well as equipments modernity has not been considered as an important factor. The service providers perceived tangibility to be much less important than did their customers. The reason for this is that they thought customers prefer to interact with insurance services via the telephone rather than in person across the counter. This view partially accords with that of Newman (2001), who found that there is an increased and growing reliance on e-commerce (using the telephone and the internet) in the financial sector than in other sectors.

5.2 Conclusion

Qualitative method was used in collection of data whereby questionnaires were distributed to respondents both customers and staffs. Questions were based on objectives of the topic with the aim of answering research questions. From the survey results finding shows to support theories in service quality and customer satisfaction were supported by the findings. From the definition of quality insurance services (insurance services) is a quality that satisfy the customers' needs and desires and provided service, comply with customer expectations or exceed it.(Gilaninia 2012).

Service delivery, customer satisfaction and quality insurance service are the key factors in marketing. Consideration of the underlying processes will be of assistance to the insurance industry by providing markers to assist in formulating strategies to enhance customer retention rates. Losing a customer impacts in terms of a reduced number of policy renewals and entails a decline in profit and sales volume for the insurance company.

Moreover, gaining and retaining new customers requires even more intense marketing activity. It is suggested that gaining new customers is more expensive than serving current customers (Heskett et al. 1994).
In service delivery, variables like prompt claims settlement, premium charged, employee competence, employee courtesy, technology, clear communication channel and advertisement of the service supports effectively in affecting customers evaluation of quality insurance service. Therefore, these variables are very important in influencing customer repurchase intentions.

In assessing customer satisfaction, the quantitative study of customer's perspectives, seek to improve customer satisfaction the results of the study of customer's views suggest that insurers should concentrate on providing superior levels of reliability. In short, if insurance companies increase their ability to perform the promised services dependably and accurately then levels of service quality and feelings of satisfaction by customers are likely to be strong. Superior levels of reliability promote enhanced intention by customers to renew their insurance policies with the same insurance company. On the other hand, based on the evidence of the rate given by respondents, poor accuracy and dependability levels are likely to result in significantly lower levels of both service quality, feelings of satisfaction and hence lower levels of intention to renew policies with the same insurance company. Thus, results of this study underscore the need for insurance providers to gear their customer service and quality improvement efforts toward components of the reliability dimension.

Finally, findings were made on the quality insurance service based on SERVQUAL model where respondents were slightly satisfied from the service quality of Metropolitan Insurance where reliability, assurance and empathy score more than other dimensions and tangibility has the lowest score. This shows that dimension tangibility is not satisfying customers while other four dimensions tangibles, assurance, responsiveness and reliability are positively related with the satisfaction.

The service quality is more likely to influence customer satisfaction at the time of repurchase (renewal of auto insurance policies), than those that prevail during, or immediately following, use of the service. Specifically, Heskett et al. (1994) suggest that high external service value leads to customer satisfaction, which ultimately leads to service loyalty. Thus, insurance companies should be proactive and not delay until
hearing of complaints from customers about service quality. Therefore insurance companies should continuously monitor customers' satisfaction to improve services by listening and evaluating customers continuously.

This should go beyond the analytical and operational level of measuring customer satisfaction. It therefore seems logical that management should try to develop and introduce some means by which they can track consumer satisfaction over time. Thus, Metropolitan Insurance must organize workplace practices, rules, and award systems that satisfy both the employees and the customers. High internal service quality will lead to employee satisfaction, which should ultimately lead to higher external service quality to customers and eventually good performance of the company.

According to sample data, 86 percent of sample population responded to this study. Therefore factors of service delivery, quality insurance service (service quality) and customer satisfaction have a significant impact to overall services performed at Metropolitan Insurance. The following shows the conceptual framework using the results from the study

![Conceptual Research Model](image)

**Fig 5.1 Conceptual Research Model**
5.3 Discussion and implication of results

Service quality is a dominant issue in business today. Not only is superior quality linked to business success (Phillips, Chang and Buzzell, 1983), but some consider service quality to be a prerequisite for the survival in the marketplace (Parasuraman, Zeithmal and Berry, 1988). The results of the study confirm that quality insurance service has an apparent relationship to customer satisfaction. The most important areas that influence perception of overall quality insurance service found in the study are appealing prompt claims settlement, clear channel communication, services being provided at the promised time, purchasing of new equipments for the office, avoid overcharging of premium and employees’ individual to pay attention to customers, returning of customers call in time and promoting corporate social responsibilities.

Therefore for Metropolitan Insurance to remain competitive in the industry that has more service providers, the management has to reevaluate their methods of attracting and retain customers. To be successful in this endeavour, Metropolitan Insurance must take closer look at all factors that affecting quality insurance service to enhance customers’ satisfaction.

5.4 Recommendation

The implementation of a customer satisfaction strategy is a major mission even for firms with a good market reputation for quality management. Therefore, it is important to identify those elements where focused intervention should be taken to enhance customer satisfaction levels.

In this context, as this paper has highlighted, it is necessary to analyze and identify the various determinants that affects customer satisfaction and are strongly impact on customer repurchase intention.

In order to increase the volume of the business, insurance companies need to be more responsive and adopt a strategy of bundling to fit individual preference. Customer satisfaction, service delivery and quality insurance service should be considered on as first priority of the business.
Additionally, the challenge that service providers in the insurance industry face today is how to retain satisfied customers. Paying attention to what other service provider's offer may provide solution. Even though customers see little or no differences in services offered, they may be easily swayed to switch to another insurance provider. If a loyal customer perceives differences between an insurance company and its competitors, developing satisfaction with service offerings becomes crucial in building repurchase intentions. The opposite is true.

Hence, Metropolitan Insurance must build customer satisfaction and repurchase intention so as to ensure positive differentiation which is usually achieved by providing superior customer service. Understanding may be based on knowing what the customer believes to be responsible for the service experience, and which quality dimension was important in the customers’ evaluation of that experience. These factors offer solutions on how to achieve higher rates of customer satisfaction and, hence, higher repurchase intentions.

To retain customers, management strategies also need to concentrate on improving customer perceived service quality to amplify customer satisfaction which is antecedent to higher customer perceptions, corporate image and strengthens customer intentions to renew policies.

Future studies could also investigate the comparison of insurance services quality among various insurance companies in Tanzania or review problems providing Insurance services in terms of clients and Insurer.
REFERENCES


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Crosby, P.B. (2005), Quality is free: the art of making quality certain, Americal Library, New York, NY.


QUESTIONAIRES

Target Group: ……………………………..………………...(Employees/Customers)

Dear Respondent,

Provided below is a set of questions that requires your highly response.

The questions are designed to meet the academic objectives.

The main purpose of this questionnaire is to get information that will assist me in my research on the assessment of factors affect quality insurance service in Tanzania.

The study is also conducted as partial fulfillment for award of Masters Degree in MSC. Accounting and Finance at Mzumbe University.

Thanking you in advance

- Department…………………………………………………………………………………………
- Position……………………………………………………………………………………………..

1. Among the following factors, identify the main factor affecting the service quality at Metropolitan Insurance?

   (a) Prompt insurance settlement ( )
   (b) Employees competence ( )
   (c) Technology ( )
   (d) Employees courtesy ( )
   (e) Clean communication channel ( )
   (f) Premium charged ( )
   (g) Advertisement ( )

2. In your opinion how important are the following elements in determining the service quality of Metropolitan Insurance? (Tick one answer for every element depending on your opinion).
<table>
<thead>
<tr>
<th>Elements</th>
<th>Absolutely not important</th>
<th>Not important</th>
<th>Somehow important</th>
<th>Important</th>
<th>Absolutely Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangibility</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reliability</td>
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<td>Responsiveness</td>
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<tr>
<td>Assurance</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Empathy</td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

3. How do you rate the overall success of Metropolitan in terms of quality insurance service?
   (a) Excellent (    )
   (b) Very Good (    )
   (c) Good (    )
   (d) Poor (    )

4. Does the organization participate in any customer services activities?
   (    ) YES (    ) NO (PUT A “✓” where appropriate).
5. What do you think is the trend of customers who use the Metropolitan services?
   a) It is increasing (  )
   b) Remaining constant (no changes) (  )
   c) Decreasing (  )

6. What do you think is the cause of that trend? Mention reasons.
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………

7. Apart from your background, work experience or professional, have you ever received any special training on customer service?
   a) Yes (  )
   b) No (  )
   If the answer is Yes, when and what?
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………

8. Do you think that training was adequate to needs of global customer satisfaction
   a) Yes (  )
   b) No (  )
   If no, what also can be done to improve customer services
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………

9. Does Metropolitan have the clear communication system to channel customer complaints?
   a) Yes (  )
   b) No (  )

10. Are there any problems that you face in achieving your daily responsibility?
    a) Yes (  )
    b) No (  )
    If yes, can you mention some? ……………………………………………………………