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CUSTOMER PERCEPTIONS TOWARDS MOTOR VEHICLES INSURANCE CLAIMS MANAGEMENT SYSTEM OF FIRST NATIONAL INSURANCE (FNI)

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ABSTRACT

This Study aims to explore the customer perceptions towards motor vehicles insurance claims management system of First National Insurance (FNI). It examines the customer perceptions in FNI. To meet these objectives, the required data are collected through structure questionnaire towards educated and postgraduate level. The simple random sampling method is applied to select 100 customer of Yangon. This primary and secondary data were collected from the first week of December 2019. The results of the study showed that both educated level and postgraduate level are satisfied. Customer are satisfied both response to   claim and towing damage vehicle. Repair handling factors are significant with customer perception. This also showed that most customer perceive services which provides in good condition like before. Therefore, it is suggested that claim management system of First National Insurance (FNI) has systematic procedures and good services factors to the all customer. But, these satisfaction factors may be changed from time to time, employee and owners need to assess the satisfaction factors of the customer on continuous basis in order to be continuous success. FNI should pay more attention to the only towing vehicle and repair handling factors since these factors have the positive relationship with customer satisfaction. In these factors, FNI should focus more on repair handling by taking approval and confirming from.

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CHAPTER 1
INTRODUCTION

The insurance industry is a competitive sector as customers become increasingly selective about tailoring their insurance purchases to their unique needs. Motor insurance is about protecting other road users as opposed to the driver of the insured vehicle and it is not an optional extra. Insurance companies provide motor insurance and unlike road tax, there is no such thing as a "standard" rate. Insurance is about more than just compensating for loss as it is a highly effective mechanism for assessing, managing and reducing risk. By helping customers face up to and manage risk effectively, insurance is an invaluable part of modern society and the motoring experience. Motor insurance is a contract between the insured and the insurance company that protects against financial loss. (Butler and Francis, 2010).

As insurance becomes more popular and more people take up insurance policies, insurance fraud has also become an issue that insurance companies have had to deal with. One of the areas in which insurance fraudsters have sought to scam insurers is in the area of motor insurance. Direct losses may arise from an auto accident that may possible cause physical damage to the owner of the vehicle and even the vehicle. Auto accident risk and losses is not limited to these losses, it may also cause third party property damages or body injury damages. Hence, an insurer may have to be prepared not only for compensation payments in form of claims but should also be prepared to stay in the business by ensuring that the premium calculation provides the insurer with earnings to cover administrative cost and returns on his invested capital. This accounted for why much attention is usually focused on pricing and premium calculations by actuaries. Actuaries require accurate predictions in order to estimate future liabilities of the insurer and understand the implications of future claims to the solvency of the company Valdez and Frees (2005).

The distribution of insurance claims and frequency is usually use as guide to premium rating. Hence, each claim has its own characteristic which may effects the total risk exposure of the insurer. For insurance policyholder, the most important expectation from the insurer is claims settlement upon the event of the peril insured against. The right of the insured to receive the amount secured under the policy of insurance contract promised by the insurer is called claim (Butler and Francis, 2010).

Tajudeen and Adebowale (2013) defined claim management process as a combination of all managerial decisions and processes concerning the settlement and payment of claims in accordance with the terms of the insurance contract (Redja, 2008). For Crawford (2007), claims are the most critical channels and defining a link that shapes the overall perception of the customers towards their insurer and their satisfaction by the service it offers. Barua (2015), indicating the importance of claims for an insurance company, warns that any delay or negative behavior by the insurer during claim settlement creates customer dissonance. On the positive claims handling offers a unique opportunity to develop a customer satisfaction and build lasting relationship with them. Hewitt (2006) on Tajudeen and Adebowale (2013), therefore, rightly puts claims handling as the moment of truth for the insurance company an opportunity to fulfill the promise made to customers to pay a valid claim thereby resulting in a satisfied customer.

1.1 Rationale of the Study

The need for motor insurance of third party liability towards injury, death or property damage is becomes essential nowadays.Therefore the vehicle car insurance becomes important as it is not one for car owners to minimize the risk for his or her vehicle but for the persons who may get injury or damage etc. due to vehicle hit or so on.

As the number of motor vehicles and roadways miles and hence vehicles - miles of travel increase throughout the country, the people are more exposed to traffic accidents. Motor accidents occur everywhere, even with the best systems of traffic control. However, a comparison between accident rates per vehicles will show that developing countries hold the worst record in this respect, in spite of the fact that the number of motor cars per capita of population in these countries is much smaller than that of developed countries. The reason of for this situation is obvious. The increase in the rate of motorization took place without a corresponding improvement of potentially road safety of traffic codes, of traffic control, etc. With the increase of the number of motor cars on the roads and the consequent increase of motor accidents, it became socially and economically necessary to make sure that innocent victims of motor accidents are indemnified.

For the insured, however, experience and financial strength of the insurer can only lead to satisfaction if only the promises made, specifically, payouts to claims, are made

upon the occurrence of the covered incident. In the corporate world, this essence commonly termed as customer satisfaction is often seen as the key to a company's success and long-term competitiveness. Nyaguthii (2013) stated that customer satisfaction is one of the most important factors responsible for the sustained growth and profitability of an organization. This is no different for an insurance company. Barua (2015) indicates that customer satisfaction is the golden key to the survival of an insurance company. Subashini and Velmurugan (2016) also emphasize that a satisfied customers a backbone of any insurance company.

The success of any a service business is always attached to its ability to keep customers

satisfied. Satisfaction is the customer's overall judgment of the service provider while with a positive judgment the customer can be maintained for a long time. Just like companies of other business domains, insurance companies also consider their customers as the most important asset. As the insurance company, First National Insurance (FNI) needs to know the satisfaction levels of the customers in order to give better insurance service and gain more market share in the industry.

1.2   Objectives of the Study
The main objectives of the study are:
(1) To identify the motor vehicles insurance claims system of FNI
(2) To examine the customer perceptions towards the motor vehicles insurance claims system of FNI

1.3 Scope and Method of the Study
This study only focuses the customer perceptions towards motor vehicles insurance claims system of FNI in Myanmar. Descriptive research method is applied for this study. To achieve the main objectives of the study, both primary data and secondary data are utilized. Primary data are acquired by using structured questionnaire with 5 point likert scale. Among 47,830 automobile insurance buyers of FNI, 100 customers are selected as sample population based on Taro Yamane's sampling formula. Simple random sampling method is applied in this study. The secondary data are also be used such as lecture books, reference books, previous research papers, website and annual reports of FNI.

1.4 Organization of the Study

      This researched is organized into five chapters. Chapter 1 is an introductory one that presents rationale of the study, method of the study, scope and limited of the study and organization of the study. Chapter 2 presents with literature review of Vehicle Insurance Claims System. Chapter 3 describes about the motor vehicles insurance claims system of FNI. Chapter 4 consists of the analysis on customer perceptions on motor vehicles insurance claims system of FNI. Chapter 5 is the part of the conclusion, suggestions, and needs for future research.

CHAPTER 2
THEORETICAL BACKGROUND

This chapter presents the related literature review about Client Protection Principles of microfinance which could affect on financial and social performance.

2.1   Insurance

People seek security. A sense of security may be the next basic goal after food, clothing, and shelter. An individual with economic security is fairly certain that he can satisfy his needs (food, shelter, medical care, and so on) in the present and in the future. Economic risk (which we will refer to simply as risk) is the possibility of losing economic security. Historically, economic risk was managed through informal agreements within a defined community. If someone's barn burned down and a herd of milking cows was destroyed, the community would pitch in to rebuild the barn and to provide the farmer with enough cows to replenish the milking stock. This cooperative (pooling) concept became formalized in the insurance industry. Under a formal insurance arrangement, each insurance policy purchaser (policyholder) still implicitly pools his risk with all other policyholders (Andersson, 2005).

Zeleke (2007) also defines insurance as a social device, in which a group of individuals called Insured transfer risk to another party called the Insurer in order to combine loss experiences, which permits statically prediction to losses and provides for payment of losses from premiums by all members who transferred risk

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

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

Indemnification: The direct advantage of insurance is indemnification for unexpected loss, which means, putting one to the same position he/she was before the unfortunate events occurred.

Keep families and business together: The existence of insurance often supplies financial aid at time of death of family or damage of property due to unforeseen events.

Provides a basis for credit: One finds it impossible to visualize the credit economy of today without insurance. For instance, fire insurance is invariably used by mortgages who loan money with real or personal property as collateral. Banks would not dare to grant any loans without making sure there is some institution or someone that will pay them their money if the unfortunate happens to the collateral they hold against the credit granted.

Stimulates savings: classes like life insurance have special advantages in stimulating savings.

Provides investment capital: Insurance premiums normally are paid in advance of losses and held by insurers until the time of claim payment, which allows insurers to invest it.

2.1.1 The Nature of Motor Insurance

The main objective of motor insurance is mainly to cover losses to third party liability to persons and property as well as accidental own damage to the same due to overturning or collision depending upon the type of cover. The subject matter in motor insurance is motor vehicle. A motor vehicle is defined by Road Traffic Act of the UK as a mechanically propelled vehicle intended or adapted for use on roads. Road means any highway and any other road to which the public has access and includes bridges over which a road passes (Insurance Note and Guidance, 2011).

2.1.2 Classification of Motor Vehicles

For the purpose of motor insurance motor vehicles are classified as follows:

Private Vehicles: a vehicle is classified as private vehicle if it is used solely for social, domestic, pleasure and professional purposes or business calls of the insured. The term private use does not include use in connection with the motor trade, racing, commercial traveling and hire and reward.

Commercial Vehicles: These are Goods Carrying Vehicles: It is used to describe different types of vehicles that are intended or designed to carry goods. It ranges from trucks to small goods carrying delivery vans. Such vehicles can be used for the carriage of goods for hire or reward (general cartage) and the carriage of own goods plus carriage for hire and reward.

(i) **Passenger Carrying Vehicles**: This group includes vehicles such as taxis, minibuses, buses, etc. generally, it is divided into public services vehicles and own service vehicles

(ii) **Public service vehicles** are vehicles used for the carriage of passengers for hire or reward. These include public hire vehicles, private hire vehicles and buses. Public hire vehicles are usually with a carrying capacity of less than 12 seats.

1. Vehicles of Special Construction: Such vehicles are designed or constructed to perform specific purposes such as mobile cranes, fire trucks, mixers, breakdown vehicles, dumpers, dozers, graders etc.

2. Agricultural and Forestry Vehicles: This group includes tractors, trailers, balers and combines harvesters.

3. Motor Cycles: This group is two or three wheeled vehicles used for personal or business purposes.

4. Motor Trade: This class of risk relates to vehicles used by dealers and repairers in during drive test, in custody and other related activities in motor trade.

5. Learners: they double clutch and brake pedals used for training drivers.(Insurance Note and Guidance, 2011).

2.2   Meaning and Concept of Claim

A claim on an insurance policy, according to Krishman (2010), is a demand on an insurance company to fulfill its portion of the promise, committed to while writing the contract with the insured. Asokere and Nwankwo (2010) defined a claim as a demand made by the insured person to the insurer for the payment of benefits under a policy. Brooks, Popow and Hoopes(2005) earlier submitted that an insurance claim is also a demand by a person or an organization seeking to recover from an insurer for a loss that an insurance policy might cover. A claim, according to Vaughan and Vaughan (2008), is described as a notification to an amount is due under the terms of a policy.

However, Francis and Butler (2010) described claim as a defining moment in the relationship between an insurance company and its customer. Similarly, such relationship can become healthy if the insurers are able to address five key issues such as: taking greater control of the claim process; understanding their customer; choosing the right claims model for their business; developing a mutually beneficial relationship with other service providers; and gaining an information advantage. Singh (2012) opines that insurers can transform the claims processing by leveraging modern claims system that are

aligned with robust business intelligence, document and content management system that will improve claims processing efficiency and effectiveness.

2.3   Claims Management Process

Jacob (2007) noted that the core challenges driving business costs in claims processing involve: responsiveness; flexibility and management of workflow; supply chain management; and business intelligence. Association of Insurance and Risk Managers in Industry and Commerce (2009) argued that the key components that must be in place in a bid to delivering excellence in insurance claims handling include: culture and philosophy, communication, people, claims management, infrastructure, date management, operations, and monitoring and review.

Goel (2013) was of the opinion that claims processing involves some tasks such as: following up with the claimant or third party for missing documentation and validating that all required claim information has been collected. It was arguably considered thus that claim manager sought to focus only on the most significant claim tasks that required their attention, and also optimizing the use of their time. According to Singh (2012), for insurers to attain operational efficiency and effectiveness in claim process, they must look directly at implementing modern claims system; leveraging advanced fraud detection technologies and creating innovation around their self-service claim processing activities. IBM (2007) expressed that those involved in the management of claims seek to achieve: increased efficiency in their claims handling process ; improved control over the process with a view to managing and guaranteeing service levels ; seamless integration across the end-to-end claims process; greater flexibility within the process to respond to changes within the market; and the ability to deliver this across multiple distribution channels to their customers and partners.

Benefits that have been alluded to effective claims management process, according to Capgemini (2011), were noted as: improved customer service; reduced indemnity costs, improved claims handling and administration; reduction in allocated loss adjustment expresses; improved operational management; improved enterprise risk management; enhanced business agility; and core brand differentiation. According to an earlier submission by the Productive Commission (2002), a good claim management process is expected to include: proactiveness in recognising and paying legitimate claims; assessing exactly the reserve associated with each claim; reporting regularly; minimising

unnecessary costs; avoiding protracted legit disputation; dealing with claimants carefully; and expediting claims handling.

Butler and Francis (2010) discovered that prompt claims settlements has positive and significant relationship with insurance performance in terms of customer satisfaction. Harry (2012) asserted that insurers need to take their claim handling function more seriously because if a claim is handled well, it results to higher customer retention but if handled poorly, policy holders will lose confidence in the insurer and this may damage its most cherished reputation.

The claims manual, according to the State of Louisiana Office of Risk Management (2011), is developed purposely to provide useful information on insurance language to use in agency contract with outside vendors, contractors or lessees. It is thus used as a guideline and to provide recommendations of limits and coverages. The insurance policy section of the claim manual usually contains brief description of individual insurance and not treated as a replacement for the relevant policy documents (Aon Risk Solution, 2013). Edward (2001) opined that an insurer's claim manual is usually needful whenever there is a suit against insurance companies.

2.4 Claim Service Factors Affecting on Customer Satisfaction

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

2.4.1 Claim Reporting

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

When a claim is not reported promptly, the insurer misses out the opportunity to investigate facts when they are still fresh. Other factors also come into play, which may

aggravate the loss. Besides, an insurer needs to separate genuine claims from fraudulent ones. Late reporting makes this separation difficult. The OECD guideline recommends that the insurance company should draw the attention of the policyholder to report claims timely during the signing of the policy. The guideline also recommends that the insurer prepares appropriate claim reporting forms and provide necessary information to help the client report the claim (OECD, 2004).

2.4.2   Claim Review and Response

Claim Review involves analysis of the claim and includes comparison of information in claim form with what was provided in the proposal form, interpretation of the policy in light of the claim, economic considerations such as decision on whether the claim is too small to warrant further investigations or the need to call for additional documentation.

Alternatively, a large claim may justify further investigations or legal action. The insurer needs to check that the policy was in force at the time of loss, the insured's details are as per proposal form, the peril insured against is covered by the policy, the insured has complied with the policy terms and conditions and that the loss claimed against does not fall under an exclusion. Claims review is a crucial stage in the claims process; where likely conflicts arising from policy interpretation, economic considerations, market practice and legal requirements. A senior claims handler needs to be involved at this stage, in order to handle major issues accurately and promptly, including properly investigating the claim if need be (James, Lyn and Rowe, 2009).The OECD guideline suggests that the insurer establishes a compliance programs for combating fraud, discourage fraudulent practices by making the policyholder/claimant/beneficiary aware of the consequences of submitting a false statement (which in particular could be liable to prosecution) and/or an incomplete statement (OECD, 2004).

In response to claims, the initial response is usually an acknowledgment, or a request for further information. Once the insurer is satisfied with information given, they either convey decision to pay, or decline to pay the claim. A third response may be offered to pay a lower amount than that claimed or enter into negotiations with the insured, without initially making any offer on amount. This is in a situation where liability is accepted, but insurer is not satisfied with amount claimed. Whether the insurer intends to decline a claim, or enter into negotiation, they must convey to the insured their

reasons for the decision, to ensure the insured is satisfied with the decision and avoid the insured resorting to litigation (James, Lyn& Rowe, 2009).

2.4.3   Claim Investigation

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

2.4.4   Claim Settlement:

Liability is not in dispute and both insurer and insured are in agreement on quantum, settlement follows immediately. However, in situations where either liability or quantum is in dispute, the claim is delayed. OECD (2004) points out, after an agreement has been reached between the insurer and the policyholder (claimant or beneficiary) on the amount of compensation, the payment should be completed within a reasonable amount of time. A quick claims settlement as well as high quality and punctual information provided to the policyholder (claimant or beneficiary) are key competition features for insurance companies. In case of any delay, the guideline recommends that the insurance company as soon as possible should advise in writing the policyholder (claimant or beneficiary) on the reasons for any delay and resolution (OECD, 2004).

2.4.5 Complaints and Dispute settlement

In cases where the client has complaints or goes into disputes, OECD (2004) suggests that complaints or disputes be filed, acknowledgement of the receipt of the complaint to the client within a reasonable period of time be made, explain how their complaints will be handled and on the procedures of follow up. Complaints should be processed promptly and fairly with communication of progress. Final response should be given in writing within a reasonable period of time. Further, if policyholder/ claimant/beneficiary is dissatisfied with the final response given by the insurer, he should be informed if interested to activate an internal appeals processor appeal to the dispute settlement procedure available outside the company (OECD,2004).

2.4.6 Claim Recoveries

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

2.5 Customer Satisfaction

Kotler (2000) defines Customer satisfaction as a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations. Brown et al (1992) defines customer satisfaction as the state in which customer needs, wants and expectations throughout the product or service's life are met or exceeded resulting in repeat purchase, loyalty and favorable worth-of mouth.

Satisfaction/dissatisfaction is defined as the consumer's fulfillment response, the degree to which the level of fulfillment is pleasant or unpleasant. Therefore, satisfaction is the customer's overall judgment of the service provider (McDougall and Levesque, 2000). Crompton and MacKay (2002) state that satisfaction is a psychological outcome emerging from an experience. Customer satisfaction can also be a measure of how products and services supplied by a company meet or surpass customer expectation (Farris et al, 2010). Measuring customer satisfaction provides feedback on how successful an organization is at providing products and/or services to the satisfaction of customers.

Oliver (2010) defined customer satisfaction as consumer's fulfillment response. It is a conclusive decree on a service or product outlook and feature, or the service or product itself, as long as a satisfying level of consumption-related contentment, and levels of under-or over satisfaction are set forth. Under this definition, Oliver did not focus on a customer rather on a consumer in the perspective that the consumer is the user of the service or product. While a customer performs payment for the service/product a possibility that she/he may not be the consumer exists.

Customer satisfaction is often viewed as a central determinant of business success, without customers the service firm hardly be able to exist, thus, every service giving organization needs to proactively define and measure the level of customer satisfaction (Reincheld, 1996). They are dissatisfied when expectations are not fulfilled by actual experience: satisfied when expectations are fulfilled; and very satisfied, or thrilled, when they are exceeded (Duchesse, 2002).

Kobylanski and Pawlowska (2012) postulated that customer satisfaction means the sense of receiving acceptable systematic management through the process of continuous improvement. Customers always expect businesses to have a dynamic and seamless service delivery process that is simple and meet standards and expectations so customers can receive unquestionable service. Customer satisfaction is not a static concept. Many internal and external events can quickly change a satisfied customer into a dissatisfied one. Companies that commit themselves to satisfying customers must establish a system to continually monitor customer satisfaction.

Marketing research findings ascertaining that satisfied customers are likely to continue their relationship with the firm, and they are less costly to approach than new customers. Therefore, the fact that attracting new customers is much more expensive than keeping old ones, explains the corporate drive toward increased consumer satisfaction. Additionally, customer satisfaction renders multidimensional benefits to the business form. Kotler (2006) considered customer satisfaction to be the best indicator of a company's future profit. (Likenise, Andeson et al ,1994) found that customer satisfaction has a direct outcome on the primary source of future revenue streams for most of the companies, they studied. Other scholars and practitioners (Fornell, 1992; Swanson and Kelley, 2001; have pointed out that the benefits of satisfied customers can be manifested in terms of positive word of mouth, repeated purchase, less defection to competitors, satisfied employee, solution against price competition, great reputation, etc.

In consideration of the above, almost every business firm is expected to employ customer satisfaction measures thoroughly, because of the fact that satisfied customers are essential to make a business become successful.

Thus, it is believed that the customer in insurance sector needs, among other things:

1. Prompt and accurate issue of insurance documents (policy papers, endorsements, Acceptance/rejection letters, warranties, etc)
2. Prompt and fair settlement of claims
3. Better problem solving approach
4. To meet the customer's requirements on time
5. Fair and competitive price/premium

Therefore, the good insurance quality service delivery mechanism could improve customers and insurance staff member's satisfaction, increased customer loyalty to the insurer and encouraged customers to return to the insurance company and recommend the service to others.

2.6   Empirical Research

Ajemunigbohun (2015) conducted a study of effectiveness, efficiency, and promptness of claims handling process in the Nigerian insurance industry. Using a sample of 107 respondents drawn from claims department of 33 insurance companies and One Sample T-test, he tested two hypotheses. Their finding indicated that that managing claims effectively and efficiently will significantly affect operational process in claims management and thus, promptness in claims handling processes does essentially assist in fraud detection and prevention. They proved that claim reviewing, responding and repairing processes significantly affect on client satisfaction.

Research on the effect of claims management process on customer satisfaction in the motor insurance sector are dominated by white papers and industry analytics rather than peer reviewed research papers. For example, a research commissioned by Central Bank of Ireland to assess the Consumers' Experience of the Motor Insurance Claims Process used quantitative online survey of 284 consumers who had made a motor insurance claim (Central Bank of Ireland, 2017). The research showed that element of the claim management process like the easiness of reporting damage, a single person handling the claim, the amount of settlement and the repair work done as determinants of customers' satisfaction.

Similarly, Nyaguthii (2013) did the research to find out the determinants in the life insurance industry in Kenya. He surveyed 235 insurance customers by survey and calculated customer satisfaction using dimensions of first notice of loss (claim); service interaction; appraisal; repair process; rental experience; and settlement to rank motor insurance service providers.

A research conducted by Tajudeen (2013) to identify what drives customer satisfaction during the insurance claims process, identified initial filing of the claim, use of knowledgeable insurance reps, fast car towing service, obtaining approval for the claim, overall effort required to file a claim and initial assignment of the adjustor on the claim as the top reasons for satisfaction.

Gessese (2018) research is conducted with the general objective of understanding the effect of claims management process on customer satisfaction of motor insurance customers at Ethiopian Insurance Corporation. He took a sample of 102 customers selected using a convenience sampling technique. The conceptual model of Gessese (2018) was presented in Figure (2.1).

Figure (2.1) Conceptual Framework of Gessese (2018)

Insurance Claim Management

| Claim Reporting |
| Claim Reviewing |
| Claim Response |
| Towing Service Quality |
| Evaluation of Damage |
| Car Repair Process |
| Complaint Solution |

→ Customer Satisfaction
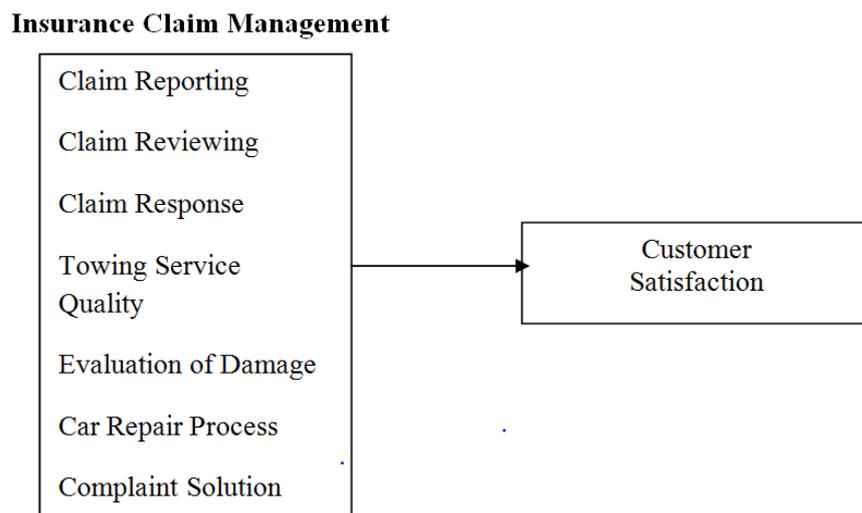
Source: Gessese (2018)

The results indicated that there is a statistically significant correlation between customer satisfaction and all motor insurance claim management processes. Gessese (2018) recommended that improving motor insurance claim management process could improve the overall customer satisfaction.

2.7   CONCEPTUAL FRAMEWORK OF THE STUDY

According to the above literature review and previous five empirical studies, the following conceptual framework has been developed. Figure (2.2) presents the conceptual framework of the study.

Figure (2.2) Conceptual Framework of Gessese (2018)

Client Management Processes
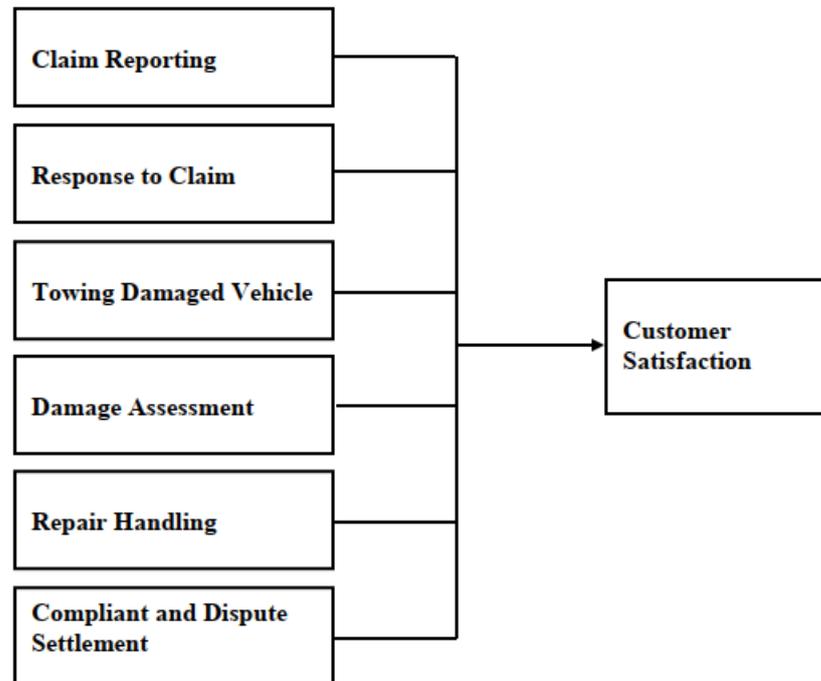
Source: Adopted from Gessese (2018)

The above conceptual framework for this study is based on the above previous five empirical studies. It is done according to the objectives of the study. There are six independent variables and one dependent variable in this study. Ajemunigbohun (2015) found that claim reviewing, responding and repairing processes have the positive relationship on client satisfaction. Central Bank of Ireland (2017) proved that reporting damage, a single person handling the claim, the amount of settlement and the repair work on satisfaction of the customers. Nyaguthii (2013) concluded first notice of loss (claim); service interaction; damage amount appraisal; repair process; rental experience; and settlement to rank motor insurance service providers. Tajudeen (2013) proved that initial filing of the claim, use of knowledgeable insurance reps, fast car towing service, obtaining approval for the claim, overall effort required to file a claim and initial assignment of the adjustor are significantly correlated with customer satisfaction. Gessese

(2018) found that all claim management processes are correlated with the customer satisfaction in claim management.

Based on the above empirical studies, the conceptual framework for this study includes six independent variables namely claim reporting, response to claims, towing damaged vehicles, damage assessments, repair handlings, and, compliant and dispute settlements. In this study, customer satisfaction is the only one dependent variable. To find out the relationship between independent variables and dependent variables, multiple regression is used.

CHAPTER (3)
MOTOR INSURANCE MANAGEMENT SYSTEM OF
FIRST NATIONAL INSURANCE (FNI)

This chapter presents profile of First National Insurance (FNI). In additions, it includes the claim process of First National Insurance (FNI).

3.1   Profile of First National Insurance (FNI)

As reliable First National Insurance Public Company Limited (FNI) is one of the business unit under Htoo Group of Companies. FNI was established as a public company and granted the business licence (No.007) by Insurance Business Regulatory Board (IBRB) on June 14, 2013. With a strong management team and insurance professionals onboard, FNI has set out to become the largest insurance provider in both Life and Non-Life insurance products. 46 billion Kyats was initially invested for the Paid-up capital and USD 500,000 capital was added to the company's working capital in 2014. Therefore, FNI can write the insurance cover in both Myanmar Currency and US Dollars. FNI is offering 18 different types of insurance cover with our highly qualified and well-trained 200 over professional staff.

The head office is in Yangon and the branches are in Mandalay, Monywa, Mawlamyine and Pyay, Mayangone (YGN), Sanchaung (YGN), Myitkyina and Naypyitaw. Moreover, FNI has appointed certified regional offices in 19 township areas in Myanmar. So FNI can provide insurance covers to all across the Nation.

First National Insurance (FNI) is delighted to state that it has the privilege of playing a critical role in Myanmar's social and economic reforms by ensuring peace of mind and promoting opportunities for prosperity nation-wide. FNI provides prompt 24 hours' claims services and has been gaining the reputation of effective professional claims handling.

3.2   Claim System of First National Insurance (FNI)

This section includes the major claim management system of First National Insurance (FNI). The claim management system includes claim reporting, response to claim, towing damaged vehicle, damage assessment, repair handling.

(1) Claim Reporting

The customer needs to inform respective insurance company by phone if there is any accident occurs. At first, the company will ask the owner of insurance policy about situation of the accident and whether it is Own Damage or Third Party Damage.

1. Number Plate
2. Name of the driver
3. Situation and condition
4. To check whether the other vehicle has insured or not
5. To check whether the owner of insurance policy has insured or not
6. To analyze and check additional protection has covered or not
   Above questions will be checked and analyzed accordingly by communicating with the Underwriting Department of our own company.

(2) Response To Claim

The company agent or representative has to go to the place of accident as soon as possible and take care of the situation on behalf of our customer. In case of Own Damage (For those of customer who occur accident on their own vehicle which has insured)

1. Number Plate
2. Name of the driver
3. Situation and condition
4. To check whether the owner of insurance policy has insured or not
5. To analyze and check additional protection has covered or not

In case of Third Party Damage (with the other vehicle)
1. To check whether Third Party has insured or not
2. If it is insured, according to Knock for Knock Agreement in between the insurance companies, respective companies must repair the damaged vehicles.
3. Claim Form to be filled by Third Party
4. Driving License, Wheel Tax, Owner Book, if it is commercial license to ask for the copy of commercial license.

5. To negotiate with the policy owner only the reasonable damage will be repaired or changed accordingly.

6. The vehicle will be repaired at workshop of Third Party/ workshop of the policy owner/ workshop of FNI. To ask for estimated voucher and the price will be only in accordance with workshop of FNI.

7. Recording damage of Third Party vehicle.

    The insurance company will be only liable for the towing fee of only one Lakhs (Kyats) to respective workshop from the place of accident.

(3)   Towing Damaged Vehicle

The insurance company and the customer have to negotiate according to the situation for transportation of damaged vehicle to the workshop. The customer tow vehicle to the workshop itself (or) the insurance company contacts to tow Crane Company. According to the situation and convenience, the customer and the insurance company transfer the vehicle to the workshop and other miscellaneous tasks to transfer the vehicle. Total liable cost will be One Lakhs (Kyats) for maximum cost. The customer has to submit vouchers and other necessary documents. This job has been done by the insurance company mostly. (The Crane means the tow vehicle in order to use for other vehicles which breaches the traffic rules and regulations. The Crane Company means the groups which provide that sort of services to liaise.)

(4) Damage Assessment

Things to take actions while repairing the vehicle

1. If there is any workshop from the owner of policy, the estimated voucher to be asked.

2. The price of the workshop from FNI will be only valid.

3. As to make reasonable repairing and changing accordingly.

The insurance company will be only repaired and changed for reasonable damage. If the owner of the policy wants to repair at his or her own workshop, he or she must submit estimated voucher. Only the price from the workshop of FNI will be valid. Because some policy owners would like to repair only at expensive workshop and they only want to change expensive parts of the vehicle, those are the issues. There are the cases that some policy owner does not want to repair at the workshop of FNI. Therefore,

they accept the repair cost from the workshop of FNI and repair at their own workshop. Thereof, the analysis of repair cost and limitation must be done accordingly.

Most of the policy owners would like to repair everything (prior damage conditions which not regard with the accident) if there is any accident occurred. Evaluation of the damage conditions whether it has been caused by the accident or not must be done and to emphasize that the service quality also must be tip-top at the same time.

Some spare parts cannot be easily available according to the current market conditions. In this case, we must negotiate with the policy owner accordingly to be satisfied. Those problems usually occurred for the antique model vehicles.

As for the first stage of acceptance while applying for the insurance, the vehicle valuation plus the extra valuation for interior cassette and other valuable items (extra items) must be add in accordingly to be accepted. Maximum insured cost to be settled for Third Party vehicle will be only 500 lakhs (Kyats).

After repairing process, recording and analysis at the workshop must be taken. Then claim calculation must be done. According to the damage measurement, damage parts calculation shall be done accordingly. If the vehicle cannot be repaired again, marks as Total Loss. The insured amount shall be given and FNI confiscates the vehicle. If the accident has been occurred between the vehicles covered by the insured companies, the settlement must be done in accordance with Knock For Knock Agreement and respective insurance companies must repair the vehicles on their own account.

If the vehicle of the policy owner damaged by the fault of Third Party's vehicle:

1. The policy owner and FNI liaise together to get claims from Third Party completely.
2. If the dispute cannot be settled completely by the policy owner, in such situations, the policy owner must takes Third Party vehicle's Wheel Tax, Driving License, Contacts No. & Phone No. to be continued to settle with Traffic Police.

(5)   Repair Handling

Actions to be taken after repairing of the vehicle,

1. The repairing conditions record must be taken at the workshop after inspection. (FNI Workshop & Policy Owner's Workshop)
2. Claim Calculation

3. If authorized, to submit to Account Department

4. If Account has approved, payment for Policy Owner's Workshop (or) FNI Workshop.

Actions to be taken after repairing process

1. Inspection for repairing and recording.

2. After approved, payment to be made.

(6)   Complaint and Dispute Settlement

In own damage conditions, some policy owners submit the damage cases of their vehicle before the accident has taken place altogether with the current case. There will be complaints if the insurance company cannot accept the conditions.

Example: While reversing, there was some damage at the right (side) of the vehicle and damage at the front of the vehicle also included in the current case. Although the driving license of the driver has expired in the case of accident, while in contact with the insurance company, the policy owner substitute with another valid driving license holder. (Although the traffic police aware of the situation on the scene, the policy owner already negotiated with him for this case.)

Moreover, although drink driving, the policy owner refuses to admit he or she was driving while drunk. Alcohol consumption control and limit cannot be easily accessible and available. There is such above weakness. Situation and conditions of the country and lack of communication in between the Ministries had also been occurred. Various loopholes have occurred in rules and regulation procedures. Policy owner has lack in ethical living. Service quality competitions in between the insurance companies, therefore, negotiating as much as possible with the policy owners where no claims shall be given.

According to IBRB regulations and guidance, maximum penalty for accident is only 2 lakhs (Kyats). However, while accidents occurred, some policy owners were arrested and the cost of court is much higher.

In this kind of situations, the policy owners cannot be satisfied totally. Thereof, they would like to get the actual cost of claim from the insurance company.

- Neither suing according to the insurance policy nor in accordance of the rules, there are the cases which had been sued according to other general rules and regulations of the society.

- IBRB instructions must be followed, therefore, some policy owners would like to claim according to the ground situations but there is the weakness. So the insurance company cannot be followed accordingly.

- Instructions from IBRB has loopholes, therefore, the insurance companies are paying which they don't have to pay for.

Example: There is no driver limitation, thereof, whoever is driving for the insured vehicle, and the insurance company had to compensate for it.

- The limited amount for compensating in deceased case is only 10 Lakhs (Kyats). Therefore, compensation amount of the insurance company is not that much.

- Insurance claim for the front windshield is only 30 Lakhs (Kyats), therefore, for those of expensive vehicles if there is anything wrong for their front windshield, although insured, it cannot be covered completely and higher loss for the policy owner.

- According to Knock for Knock Agreement, if there is accident in between two insured vehicles which had covered by the respective insurance companies, without looking at the amount of damage they have to repair by themselves. Nevertheless,

  Example: the vehicles has covered by FNI insurance and if the driver's driving license has expired, no matter what damage has occurred for that vehicle, the other insurance company will deny for compensation. Likewise, FNI will also refuse to pay for the compensation. Although the policy owner will be faced with actual loss, although it has insured, there will be no coverage at all and those situations of denial for compensations and disputes can be arisen and be seen at all times.

- Small vehicle (Insured by FNI) has been knocked out from the back by Tow Trucks (Insured by other insurance company), in that kind of situation, although the front vehicle is right of way, according to Knock for Knock agreement, each companies has to repair their own insured vehicles.

- There is no right or wrong for Knock for Knock Agreement.

- Because of Knock for Knock Agreement, there are disputes and lots of complaints had been found in between the customers (policy owners).

Example: In the case of solving dispute in between owners of vehicles, first thing had to check whether it was covered by any insurance policy for each vehicle. If it was covered, according to Knock for Knock agreement, each of the companies was agreed to fix the vehicles and the vehicle had to fix for front windshield which had been broken. In this kind of situation, policy owner didn't cover for windshield insurance and thereof FNI cannot compensate accordingly. According to Knock for Knock Agreement, the policy owner can't ask for compensation from the other insurance company and the driver from another vehicle. Those sorts of problems had been occurred.

- According to Insurance Software, Rules and Regulations loopholes, the policy owner didn't feel satisfy and on the other hand, the insurance company also faces with difficulties.

- The essence of insurance shall not be destroyed. The maximum compensation for insurance claim is only 500 Lakhs (Kyats) and as for real big accidents cases, the total loss will be much higher.

- In the cases of accidents which has deceased person, the maximum compensation is 10 Lakhs (Kyats) and the amount is calculated based on percentage ratio. However, depending on accident conditions, current market price and valid price range is difference. Therefore, as to be satisfied by the policy owner, negotiation must be done accordingly.

Example: In the case of accident with Trishaw driver who was injured, according to the severity of wounds, sometimes it is only need to pay 20000 Kyats or 30000 Kyats according to the ratio. Therefore, the policy owner has to pay extra by themselves in order to settle the dispute.

- Reinstatement Charges has some complaints too. Reinstatement means:

Example: While covering insurance for front windshield, the amount is 10 Lakhs (Kyats) and while compensating, the valuation will be done according to market price. According to the market price at that time, if the windshield cost is only 1 Lakhs (Kyats), it must be changed according to that cost 1 Lakhs (Kyats). Again, when the reinstatement charges to be collected for the windshield, the price is 1 Lakhs (Kyats) and if the restatement charges is become 50000 Kyats, policy owner will not be satisfied.

In some cases of restatement charges collection, the differences is only 100 Kyats to 200 Kyats and it is not effective to collect. Therefore, the company has to pay for it instead.

- Trial cost is not the total cost to face trial. The company is only paying maximum 2 Lakhs (Kyats) compensation upon ordered by the court. If the compensation is below 2 Lakhs (Kyats), the insurance company will be paid. Maximum compensation is only 2 Lakhs (Kyats). There is no regulation in analyzing different cases according to the severity of the case to bring in front of the court.

- The company pays for Subrogation costs. As for the case of asking compensation from other party, the case will be handled by the company by asking General Power from the policy owner. For the case which has to be go by policy owner directly, the owner shall be liable to face at the court and only claims can be submitted. The insurance company does not need to be responsible to solve that kind of situation.

CHAPTER (4)

ANALYSIS OF MOTOR INSURANCE SYSTEM OF

FIRST NATIONAL INSURANCE (FNI)

This chapter includes profile of the respondents, customer perceptions of claim management system of First National Insurance (FNI). Finally, it includes the regression analysis.

4.1   Profile of the Respondents

This part presents the profiles of 110 FNI motor insurance customers. Table (4.1) presents the profile of the 110 respondents who answer questionnaire.

Table (4.1) Profile of the Respondent

Sr.No	Particular	No. of Respondents	Percent
1.	Gender :Male	59	59.0
2	Age :25-30 years	2	2
	31- 40 years	36	36
	41-50 years	41	41
	51-60 years	15	15
	>60 years	6	6
3.	Educational :HighSchool	4	4.0
	Bachelor	72	72.0
	Master/PhD (Postgraduate)	24	24.0
4.	Position :Self-employed		
	GovernmentServant	23	23.0
	CompanyStaff	12	12.0
	Professional		
	Dependent	46	46.0
	Others	14	14.0
5.	Income :Less than 1,000,000 Ks	23	23.0
	Total	110	100

Source: Survey Data (2019)

According to Table (4.1), among 110 respondents, the majority of the respondents are males. Most respondents are between 41 and 50 years old followed by the people who are between 31 and 40 years old. It is found that all respondents are educated. Regarding education, majority of the respondents are bachelor degree holder and second dominating group represents Master/ PhD holders. Most of the respondents earn 1,000,000 -1,500,000 kyats and most are private company employees while some respondents are self-employed. Most of the respondents are affordable to buy car insurance because most of them are educated company staff and earn about 1,000,000 -1,500,000 kyats.

4.2 Customer Perception on Claim Management Process

In this study, claim management process includes six sections namely claim reporting, response to claim, towing damage vehicle, damage assessment, repair handling, and complaint and dispute settlement.

4.2.1 Customer Perception of Claim Reporting

The customer perception of claim reporting is very important that the respondents like to know how they can claim reporting Customer Perception of Claim Reporting is shown in Table (4.2).

Table (4.2) Claim Reporting

Sr.No	Statement	Mean Score
1.	It was easy to contact the insurance company to report the incident/claim	3.6
2.	The person I contacted was knowledgeable about claim reporting	3.33
3.	The person I contacted offered to provide assistance in completing the claim form	3.18
4.	Agent has knowledge about claims by considering the situations.	3.18
5.	Claim reporting process is simple and easy.	3.51
	Overall Score	**3.36**

Source: Survey Data (2019)

According to Table (4.2), most of the respondents perceived that claim reporting process is simple and easy because the insurance company make process report simple for user clarification. Moreover, the customers are satisfied with the person they contacted was knowledgeable about claim reporting because the staff are well trained and have experiences. In addition, most of the people from insurance office very helpful that they offer to provide assistance in completing the claim form. Furthermore, customer has knowledge about claims by considering the situations because they are well trained for product knowledge, and public relationship with customers. The customers believe that the reporting process is easy to contact the insurance company for incident and accident. According to overall mean score, the respondents perceived claim reporting because the report system is easy and simple, and the staff are very helpful and experienced.

4.2.2 Customer Perception of Response to Claim

The customer perception response to claim is very important that the respondents examine the response of the claim. The motor insurance company cares for the claim systematically and reduces the loss for the customers.

Table (4.3) Customer Perception of Response to Claim

Sr.No	Statement	Mean Score
1.	Initial response either to approve or request additional information was expedited.	3.24
2.	FNI staffs come to the accident place fast.	3.23
3.	FNI staffs support in order to reduce the loss as much as possible for the customers.	3.30
4.	Getting claim approval was expedited process.	3.26
5.	FNI handles claim systematically.	3.41
	Overall Score	**3.29**

Source: Survey Data (2019)

According to Table (4.3), FNI handles claim systematically because FNI has database system to collect claim, as a result, the customer are satisfied with the claim handling system. Moreover, FNI staffs support in order to reduce the loss as much as possible for the customers because the employees are very experienced and supportive

and ready to serve for the customers. In addition, the customers perceive getting claim approval which is expedited process. Furthermore, the respondents perceive that initial response either to approve or request additional information was expedited. Mostly, FNI staffs come to the accident place fast because the staff need to check the damage and incident. According to the overall mean score, the customers perceive the response to claim that FNI insurance takes care of claim systematically and FNI staff are very supportive and helpful.

4.2.3   Customer Perception of Towing Damage Vehicle

Towing damage vehicle is very important that the respondents examine the response of the claim. The motor insurance companies care for the claim systematically and reduce the loss for the customers. Mean scores for each question are calculated and the results are shown in Table (4.4).

Table (4.4) Customer Perception of Towing Damage Vehicle

Sr.No	Statement	Mean Score
1.	FNI arranges to have the damaged cart owed from the accident area on time.	3.12
2.	The process of getting the damaged vehicle towed was easy	3.02
3.	Towing car arrives to the accident place fast.	4.10
4.	Towing service ensures no additional damages after accident	3.21
5.	FNI pays back when the customer arranges towing service on their own.	3.15
	Overall Score	**3.32**

Source: Survey Data (2019)

According to Table (4.4), towing damage vehicle is very essential that the customers perceive that towing car arrives to the accident place fast because the insurance company send care at once as soon as they get claim. Moreover, FNI arranges to have the damaged car towed from the accident area on time because the company has enough staff and cars. Additionally, the process of getting the damaged vehicle towed was easy because the company focus on the customer care, thus, they make the process easy and

simple. Similarly, the customers perceive that towing service ensures no additional damages after accident because the insurance company make sure that there is no other damages after accident. Furthermore, FNI pays back when the customers arrange towing service on their own because FNI reimburse the expense of towing if the customers have done on their own. According to overall mean score, the customers perceive the towing damage vehicles because FNI gives full service on towing accidents since the towing arrive on time to the place and the process is very easy.

4.2.4   Customer Perception of Damage Assessment

Customer Perception of Damage Assessment is very vital that the respondents examine how to deal with other people who did the accident. Especially, FNI takes care of compensation to get cover of the damage by other people who did hit. Customer perception of damage assessment is shown in Table (4.5).

Table (4.5) Customer Perception of Damage Assessment

Sr.No	Damage Assessment	Mean Score
1.	A damage assessor was assigned promptly	3.20
2.	The estimate of repair cost or pre-accident value (in case of total loss) was appropriate	3.30
3.	The speed with which the estimate is given was acceptable	3.10
4.	FNI enables to request full compensation from other driver who did accident	3.40
5.	FNI staffs could evaluate the value of damage parts based on the market price.	3.20
	Overall Score	**3.23**

Source: Survey Data (2019)

According to damage assessment in Table (4.5), FNI enables to request full compensation from other driver who did accident because the staff in insurance company are very clever in public relation and they are aware of how to deal with people. Moreover, the customers perceive the estimate of repair cost or pre-accident value (in case of total loss) was appropriate. And the customers perceive a damage assessor was assigned promptly. Additionally, FNI staffs could evaluate the value of damage parts

based on the market price because FNI staff can deal very efficiently and they get a good price comparing to market price. Besides that, the respondents perceive that the speed with which the estimate is given was acceptable because the speed they give is reasonable and acceptable. According to overall mean score, the customers indicated that the damage system of FNI is acceptable because FNI takes care of the compensation from the other cars who did hit and the repairmen cost is appropriate.

4.2.5 Customer Perception of Repair Handling

Customer perception of repair handling is taking the dominant role that the customers expect for the quality of the parts which are replaced and the repairing time because they need to leave the car at car workshop. Especially, FNI make the car repair at the good workshops to get cover of the damage by other people who did hit. Customer perception of repair handling is shown in Table (4.6).

Table (4.6) Repair Handling

Sr.No	Repair Handling	Mean Score
1.	FNI provides me with the detail of the work that had been approved to be carried out	3.20
2.	The quality of the spare part used was at least equivalent to the standard that existed before the accident	3.10
3.	The time it took to complete the repair work is acceptable	3.20
4.	FNI pays the repair amount that owners made fast.	3.40
5.	FNI repairs the cars at the good workshops.	3.20
	Overall Score	**3.22**

Source: Survey Data (2019)

According to repair handling in Table (4.6), the respondents perceive that FNI pays the repair amount that owners made fast because FNI company reimburse if the owner pay first for the repairment. Moreover, FNI provides me with the detail of the work that had been approved to be carried out because the staff explains the work process and they provide everything they need to do. Additionally, the time it took to complete the repair work is acceptable because they do the repairmen as soon as possible and serve the best for the customers. The respondents perceive that FNI repairs the cars at the good

workshops because they are satisfied with the car condition after repair. The customers are moderately satisfied with the quality of the spare part used was at least equivalent to the standard that existed before the accident since the staff find the parts or the car workshop install the parts which are the good ones. According to overall mean score, the respondents are satisfied with repair handling process since FNI pays back for the repairment paid by the customers first and FNI repairs the cars at good workshops.

4.2.6 Customer Perception of Complaint and Dispute Settlement

Customer Perception of Complaintand Dispute Settlement plays the dominant role. Customer perception of complaint and dispute settlement is shown in Table (4.7).

Table (4.7) Complaint and Dispute Settlement

Sr.No	Statement	Mean Score
1.	There was a mechanism to file any complaints or disputes during the claim process	3.52
2.	The complaint handling process was clear.	3.18
3.	If any, my complaint was acknowledged and processed promptly	3.05
4.	FNI explains the procedures and terms to every customer since they buy the insurance.	3.34
5.	FNI has the standard operating procedure regarding the claims.	3.43
	Overall Score	**3.30**

Source: Survey Data (2019)

According to Complaint and Dispute Settlement in Table (4.7), the respondents stated that there was a mechanism to file any complaints or disputes during the claim process because the company offered the simple and easy process for the customers. Moreover, FNI has the standard operating procedure regarding the claims since the insurance company make the standard process for all customers and the process will be easier. Besides that, FNI explains the procedures and terms to every customer since they buy the insurance, as a result, the customers understand well about the company's rules and regulations. The customers perceive that the complaint handling process was clear based on their terms and conditions. Furthermore, FNI company acknowledge and

response instantly if in case the incident occurred. According to overall mean, the customers are pleased with complaint and dispute settlement since the company offered the clear process with perfect mechanism and standard operating system for all the customers.

4.2.7   Customer Satisfaction

Customer Perception of customer satisfaction is very essential that the customers examine for the claim reporting process. Moreover, the customers observe the towing service, and customer relationship with staff. Mean scores for each question are calculated and the results are shown in Table (4.8).

Table (4.8) Customer Satisfaction

Sr.No	Statement	Mean Score
1.	Claim reporting process is smooth.	3.58
2.	Staffs are providing service with sympathy	3.47
3.	Quality of repair for damage parts is satisfactory.	3.21
4.	Towing car service is arranged for any place and anytime.	3.26
5.	Among of damage assessment is fair.	3.54
	Overall Score	**3.53**

Source: Survey Data (2019)

According to customer satisfaction on customer satisfaction in Table (4.8), the customers perceive that claim reporting system is clear because FNI offers the standard operating mechanism. Besides, among of damage assessment is fair because FNI staff are skillful and good at public relation. The customers express that FNI staff offered the service with empathy because they are well trained in relationship with customers who get stressed out if they got damaged. Towing car service is arranged for any place and anytime since the customers are satisfied for the quick process and enough labors. Moreover, the customers perceive that Quality of repair for damage parts is satisfactory because the staff have ability to deal with the best price, best quality of the products. According to overall mean score, the customers are satisfied with FNI because claim reporting system is clear and standardized, the staffs' customer relationship is good enough, more importantly, towing service is anytime, anywhere.

4.3 Analysis of Claim Management System on Customer Satisfaction

This section analyzes the relationship between claim management system on customer satisfaction. Table (4.9) presents the regression result.

Table (4.9) Influencing Factors on Customer Satisfaction

Variable	Unstandardized Coefficients		β	t	Sig
	B	**Std Error**			
(Constant)	-.784	1.443		-.543	.588
Claim Reporting	-.014	.179	-.008	-.077	.938
Response to Claim	.271	.176	.176	1.539	.127
Towing Damage Vehicle	.330*	.187	.196	1.761	.081
Damage Assessment	.163	.171	.094	.950	.345
Repair Handling	.403**	.194	.210	2.083	.040
R Square	.351				
Adjusted R Square	.346				
F value	7.765***				

Source: Survey Data, 2019

According to Table (4.9), the value of R square is 35 percent thus this specified model could explain about the variation of claim management system on customer satisfaction of FNI motor insurance claim system. The regression model can be said valid since F value is significant. It could explain the variance between independent and dependent variable by 34 percent.

Towing Damage Vehicle has the positive relationship with customer satisfaction on claim management system of FNI as clients would like to get fast towing service when accident occurs. The increase in Towing Damage Vehicle by 1 unit will also raise the Customer Satisfaction by .330unit.

Repair Handling has the positive relationship with customer satisfaction. Clients want to get their car to the original conditions. Otherwise, they could lose much money when they sell their cars. The increase in Repair Handling by 1 unit will also raise the Customer Satisfaction by .403unit.

The Repair Handling has the largest beta value (.210) among six independent variables indicating that Repair Handling has the greatest contribution to increase the Customer Satisfaction.

CHAPTER (5)
CONCLUSION

This chapter is composed of three parts. Firstly, it presents the findings and discussions based on the survey data. Secondly, the suggestions and recommendations based on the findings is presented. Finally, it states the need for further study.

5.1   Findings and Discussions

This study emphasizes to identify the motor vehicles insurance claims system of FNI and to examine the customer perceptions towards the motor vehicles insurance claims system of FNI. The survey result states that most of the respondents are males. Most of the clients are 41 and 50 years old and they are company staff earning 1,000,000 -1,500,000 Ks. Most of the respondents are educated and they have academic degree.

Concerning Claim Reporting, among 110 respondents, most of the people state that claim reporting process is simple and easy as FNI gives the phone numbers to call their officials when accident occurs. But some respondents sometimes encounter some problems as the given phone numbers are busy or out of service. They also state that the person handling their cases is skillful and helpful. In additions, the FNI staff fills the claim forms and does from start to end. Customer are satisfied with the claim reporting stage as FNI trains its staff to give the assistant service for customers depend on the situations.

Regarding Response to Claim, most respondent think FNI has systematic claim response system since they experience FNI claim process and response. FNI has systematic procedures and trains all its employees to give the service as fast as possible. Thus, FNI staff arrives fast to the accident place and support to clients to lower the damage or loss of the car. Many customers think FNI claim approval process is fast and acceptable.

Regarding towing car service, most customers mention that the car arrives fast at the accident place and they do not have to wait for a long time as FNI has linked with many towing services at many regions. Customers state that they have no extra damage to the vehicles while towing as FNI makes sure no extra damage. Furthermore, the clients get money back if they arranges by their own for towing but FNI pays up to 100,000 Kyats. As the whole, most clients are moderately satisfied.

Regarding damaged assessment, most clients are satisfied with the FNI ability to ask compensation if the accident is happed by others as FNI agents have enough

knowledge and skills. In additions, FNI agents or staff could evaluate the loss or damage amount reasonable as FNI trains them how to evaluate the damage vehicle based on the estimated amount of FNI workshops. As the whole, customers are moderately satisfied with the damaged assessment.

Regarding repair handling, FNI pays for the compensation that owners paid fast if the clients show the valid voucher. Customers state that FNI did the repair job according to its promise and repair duration is acceptable. Many clients perceive that the spare parts have the same conditions like their ordinary ones. As the whole, clients have the moderate level of satisfaction to repair handling process.

Regarding compliant and dispute settlement, most clients are satisfied as FNI has standard procedure to make the complaints as FNI explains every customers once they buy the insurance. Thus, most clients know the terms and conditions for complaints. Many clients state their complaints had been solved quickly. Customers are moderately satisfied with this process.

Based on the regression result, among six factors, only towing vehicle and repair handling factors are significant with customer satisfaction. In these, repair handling strongly affect on customer satisfaction.

5.2   Suggestions and Recommendations

In order to achieve more customer satisfaction levels, First National Insurance (FNI) should pay more attention to its major customer segment in order to offer more satisfactory claim management system. It should pay attention to middle aged people who are educated and working as the company staffs.

For claim reporting, FNI should arrange the good connection phone lines or PABX line phones so that customers could connect to the office and report their claim easily. Based on the regions, FNI should give at least 3 phone numbers of the agents for that region. In additions, FNI should train all staff by helping the form filling process on behalf of customers.

For response to claim, most customers are satisfied with the FNI. In order to achieve more satisfaction, FNI should make standard time for response so that employees will be more satisfied. FNI should appoint more agents in order to give fast service while customers report their accidents.

Regarding towing car service, FNI should maintain the current service quality. To be more effective, FNI should make the partners with professional towing car service

providers. FNI needs to train or educate to its staffs and agents to make sure no additional damage occur. In additions, FNI should offer more than 100,000 kyats for towing charges if customers makes the own arrangements based on the towing distance.

Regarding damage assessments, FNI should educate the customers since they buy the insurance. FNI should explain clearly the degree of damage and related compensation so that there will be no arguments. In additions, FNI should make the damage assessment based on the market prices of the spare parts.

Regarding repair handling, FNI should take the agreement about repair handling process by confirming the owners at every stage about the progress of repair process. FNI should make the agreements about workshops, spare parts and overall compensation costs. This will improve customer satisfaction about repair handling stages.

Regarding compliant and dispute settlement, FNI should solve the customer complaints within specific time. FNI should practice accordance with the rules and regulations that they promised at the time customer purchased the product. In order to avoid arguments, FNI should explain about the terms and conditions of the products before customers buy the insurance.

Finally, FNI should pay more attention to the only towing vehicle and repair handling factors. In these factors, FNI should focus more on repair handling by taking approval and confirming from.

5.3   Needs for Further Research

This study does not cover whole insurance industry as it focuses only on the claim management process of motor insurance provided by First National Insurance (FNI) company limited. This study does not cover all the products and services from FNI. In additions, it does not include service quality factors for the products. The further study should focus on the industry wide by focusing customer satisfaction levels for all insurance firms in order to cover the whole industry. In additions, the further study should explore satisfaction levels of the car owners towards the service quality of insurance companies.

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Questionnaire for Customers

Dear Sir/Madam,

This survey questionnaire is to use only for the research paper "**Customer Perceptions towards Motor Vehicles Insurance Claims Management System of FNI**" to submit as a partial fulfillment towards the degree of Master of Banking and Finance (MBF). The data would not be used in other purposes. Thank you very much for your information.

Please choose only one answer by marking.

I.   **Customer's Demographic Information**

1. **Gender**

☐   Male   ☐ Female

2. **Age (Years):**

☐   <25years   ☐   25-30 years   ☐   31- 40 years   ☐   41-50 years
☐   51-60 years   ☐   >60 years

3. **Education Level**

☐ High School   ☐   Diploma or Attending University   ☐   Bachelor
☐ Master/PhD (Postgraduate)

4. **Occupation**

☐ Self-employed Go☐rnment Servant   C☐pany Staff
☐ Professional   ☐ Dependent   ☐   Others

5. **Income**

☐ Less than 1,000,000 Ks   ☐ 1,000,000 -1,500,000 Ks

☐ 1,500,001 – 2,000,000 Ks   ☐   Above 2,000,000 Ks

II. Assessment the Influencing Factors towards Car Insurance Buying Behavior

Please "√" your answer to each statement using 5 point Likert scale [(1) = strongly disagree; (2) = disagree; (3) = neutral; (4) = agree and (5) = strongly agree]

Influencing Factors

No.	Claim Reporting	1	2	3	4	5
1	It was easy to contact the insurance company to report the incident/claim					
2	The person I contacted was knowledgeable about claim reporting					
3	The person I contacted offered to provide assistance in completing the claim form					
4	Customer has knowledge about claims by considering the situations.					
5	Claim reporting priocess is simple and easy.					
No.	Response to Claim	1	2	3	4	5
6	Initial response either to approve or request additional information was expedited.					
7	FNI staffs come to the accident place fast.					
8	FNI staffs support in order to reduce the loss as much as possible for the customers.					
9	Getting claim approval was expedited process.					
10	FNI handles claim systematically.					
	Towing Damage Vehicle					
11	FNI arranges to have the damaged car towed from the accident area on time.					
12	The process of getting the damaged vehicle towed was easy					
13	Towing car arrives to the accident place fast.					
14	Towing serice ensures no additional damages after accident					
15	FNI pays back when the customers arranges towing service on their own.					
	Damage Assessment					
16	A damage assessor was assigned promptly					
17	The estimate of repair cost or pre-accident value (in case of total loss) was appropriate					
18	The speed with which the estimate is given was acceptable					
19	FNI enables to request full compensation from other driver who did accident					

20	FNI staffs could evaluate the value of damage parts based on the market price.					
	Repair Handling					
21	FNI provids me with the detail of the work that had been approved to be carried out					
22	The quality of the spare part used was at least equivalent to the standard that existed before the accident					
23	The time it took to complete the repair work is acceptable					
24	FNI pays the repair amount that owners made fast.					
25	FNI repairs the cars at the good workshops.					
	Complaint and Dispute Settlement					
26	There was a mechanism to file any complaints or disputes during the claim process					
27	The complaint handling process was clear.					
28	If any, my complaint was acknowledged and processed promptly					
29	FNI explains the procedures and terms to every customers since they buy the insurance.					
30	FNI has the standard operating procedure regarding the claims.					

III. Assessment the Customer Satisfaction towards Car Insurance Claims

Please "√" your answer to each statement using 5 point Likert scale [(1) = strongly disagree; (2) = disagree; (3) = neutral; (4) = agree and (5) = strongly agree]

No.	Customer Satisfaction	1	2	3	4	5
1	Claim reporting process is smooth.					
2	Staffs are providing service with sympathy					
3	Quality of repair for damage parts is satisfactory.					
4	Towing car service is arranged for any place and anytime.					
5	Among of damage accessment is fair.					