Service Quality on Claims Management for Customer Retention in the Insurance Sector: A Case of National Insurance Company (T) Limited

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Abstract

Providing quality services to any organisation is a vital and noticeable element that customers need to see. With insurance firms, specifically claim management departments, providing services of desired quality creates much attention, leading to customer retention. The current study assessed service quality's influence on claims management and customer retention in the Insurance sector. It highlights how empathy, responsiveness and assurance in the claim management department influence customer retention. The study involved a total sample size of 120 respondents, 105 filled out questionnaires, and 15 were interviewed. A purposive sampling method was employed to obtain a sample of 120 respondents, where the target was to reach only those who had the necessary information for the study. A cross-sectional research design was employed and questionnaires and interviews were used for data collection. Data analysis was done descriptively, then multiple linear regression was used to find the relationship between service quality and customer retention. Findings from regression analysis showed that empathy and responsiveness had a positive significant effect on customer retention. In contrast, assurance did not show any statistically significant effect on customer retention. It was further revealed that insurance companies provide quality claims management services. Thus, insurance companies in Tanzania need to increase empathy and responsiveness practices to retain their customers and save costs.

Keywords: Service quality, Claim management, Customer retention, SERVQUAL

1. Introduction

Worldwide, insurance companies are essential in a country's risk management systems and contribute to economic development (Ayuba & Isyaka, 2020). To attain this objective of risk reduction, however, insurance companies have to offer their customers claims settlements (Ntwali *et al.,* 2020). Claims management is one of the indispensable roles of insurance companies aimed at meeting customers' expectations (Ashturkar, 2021). Claims management mirrors the customers, enabling insurance companies to take measures to improve services and attract new customers (Capgemini, 2021). Moreover, in the current intense business competition and market share, quality service and timely claim management are crucial for both large and small insurance companies in customer retention and acquisition of new ones. As such, service quality, timely and efficient claim management differentiate one insurance company from another, allowing customers to make correct decisions (Dhar, 2019). When claims management is done accurately, it facilitates the solidification of customer's relationships with insurance companies (Rendek et al., 2022). In that sense, service quality on claims makes insurance companies tangible, valued and cost-effective as they can reduce out-of-pocket expenses from customers (Dalal et al., 2020).

Before economic liberalisation in the monopoly era, Tanzania had a state-owned insurance company known as the National Insurance Company (NIC) of Tanzania Limited, which was the sole provider of insurance services (TIRA, 2017). This publicly owned company dominated the market for many years. In contrast, owned company and dominated the market for many years, whereas the state owned all shares in this

corporation by then. Following the economic liberalisation, insurance companies have mushroomed whose ability to deliver quality services on claims management varies. As time went by, the political and economic changes influenced policy changes, allowing private companies to be established in the market. It is revealed that some of the emerging insurance companies lack offices and engage in document forgeries, failing to settle claims to their customers (Lyimo, 2014). According to Lalithchanadra and Kumari (2015), the quality of service provided in claims settlement by the insurance companies and not their numbers in the market matters.

Despite the pandemic crisis of COVID-19, the insurance industry in Tanzania has indicated significant growth, increasing its contribution to the national economy (TIRA, 2021; 2022). The number of insurance companies in Tanzania has grown to forty (40) from 33 companies in 2022. These insurance companies include both insurance and reinsurance companies. Their number has been increasing annually, causing stiff competition among them as the public becomes more aware of the insurance services. Its performance has grown from 4.7percent to 6.8percent in Tanzania mainland and Zanzibar, respectively (TIRA, 2024). It is envisaged that the industry performance will continue increasing in line with the demand for services and products it offers its customers. However, beneficiaries require psychological satisfaction based on the service's nature.

Studies have shown that empathy, responsiveness, and assurance factors have influenced customer retention in most compared to other SERVQUAL factors (Neema & Jatav, 2017; Kalia, 2021). Therefore, insurance companies need to focus on all factors leading to customer retention, including customer satisfaction and retention. However, the inclusion of the other two SERVQUAL factors to analyse customer satisfaction depends on the context. To capture the psychological aspect of its assessment; this study focused on three factors, namely empathy, responsiveness, and assurance. Psychological motivation influences consumer decision-making (Vlaev et al., 2020).

However, the problem of running effective claims to meet customers' desires and retain them in the company remained too long in the insurance industry (Angima & Mwangi, 2017). Failure in service quality on claim management discourages customers from continuing to insure with the company. It can also cause poor acquisition of new customers because unsatisfied customers may influence their friends, colleagues, and relatives not to patronise such a company. According to (TIRA, 2012; 2018), insurance companies delay settling claims, which places insurance companies at risk of losing their customers. The consequent effects of poor service on claims management could also lead to decreased trends in sales and marketing figures, low premium income, low capital formation (saving and loans), and minimal contribution of insurance companies to the gross domestic product (GDP).

Furthermore, Busiku and Banda (2019) state that poor service in claims management results in a forged settlement claim, which later weakens the company's operation and trust between customers and insurers. Despite the insurance industry being among the fastest growing industries in Tanzania, little has been informed on how empathy, assurance and responsiveness influence the quality of service provided by insurance firms in Tanzania, increasing customer retention. The surveyed studies have focused on other sectors, such as banking and transportation (Khamis & AbRashid, 2028). Therefore, this study intended to assess the service quality in claim management for customer retention at NIC of (Tanzania) Limited. Specifically, the study evaluated the influence of empathy, responsiveness and assurance on claim management for customer retention at NIC (T) Limited in Dar es Salaam.

Service quality is widely assessed through the SERVQUAL scale comprising five parameters: empath, reliability, responsiveness, assurance and tangibility. However, the current study focuses on empathy, responsiveness and assurance in gauging service quality in insurance companies. This is based on the fact that gauging quality services and customer satisfaction is a complex, abstract and intangible scenario characterised

by attributes valued by customers (Rolo et al., 2023). As such, in insurance services managers need to improve the intangible elements rather than tangible ones (Tsoukatos & Rand, 2006). Empathy, responsiveness and assurance are based on complex mental and emotional which vary among customers. Insurance services are more intangible assets than physical. Insurance services rely on the emotions and feelings of their customers to make informed decisions. They include empathy which refers to the ability of a service provider to pay attention to individual customer demands and take the place of a customer. Whereas, responsiveness is how fast service providers respond to customer queries and the willingness of service providers to assist customers and provide prompt services. This is highly valued by customers who prefer their problems or expectations met as quickly as possible; assurance is the level of knowledge displayed by a service provider when delivering its services and their ability to inspire trust and confidence (Johnson & Karlay, 2018). As many studies have focused on customer satisfaction through the SERVQUAL model, this study contributes to empirical literature on customer retention resulting from customer satisfaction. It has been argued that service excellence induces customers to buy goods and services and even become non-price sensitive (Fida et al., 2020; Venetis & Ghauri, 2014). The study focuses on the contribution of service quality to customer retention to extend the existing knowledge.

2.0 Literature review
2.1 The concept of service quality
Service quality and customer expectations are different in terms of causes and outcomes (Husda, 2017). However, service quality and customers' expectations have certain things in common; satisfaction is generally viewed as a broader concept, while service quality assessment focuses specifically on the dimensions of services. Service quality is a component of customer satisfaction. Moreover, several dimensions are considered to measure service quality in any organization, including insurance companies (Zeithaml and Bitner, 2003). The dimensions had been mentioned in the Service Quality Model (SERVQUAL) (Parasuraman et al., 1985). These dimensions are empathy, tangible, responsiveness, assurance, and reliability, and they could be used to assess service quality in the management of any organisation (Venetis and Ghauri, 2004)

According to Venetis and Ghauri (2004), empathy is a broad term that contains characteristics such as approachability, sensitivity, politeness, and effort to understand the customer's needs. Anubay (2010) depicts empathy as the capability of making customers feel welcome, especially when encountering service providers. It is a driver of high-quality customer experience in service provision settings. However, empathy varies among individuals depending on the environment and genetic makeup, though sometimes individual feelings may rely on what others feel (Tsai Tan, 2019). Despite variations in customer needs, empathy engenders highly positive responses. Thus, organisation management needs to recognise and couple with communication skills to engage customers (Clark, 2012). A customer who receives empathy from a service provider is bound to get more satisfaction than one who does not, without affecting variations among insurance companies (Chege, 2019). Given this linkage between empathy and customer satisfaction, which leads to customer retention, insurance service providers need to be approachable, sensitive to serving customers as per their requirements, be humble and polite and work hard to know the needs of customers. Thus, it was hypothesised as follows.

H1: Empathy is positively related to claims management for customer retention
Empathy entails issues such as politeness in service provision, understanding of the customer needs and commitment to service provision, to name some. It is a core characteristic of helping and caring; thus, it is pivotal to service delivery. Moreover, empathy is a tool for human interaction, leading to successful marketing

(Bove, 2019). Though it is perceived differently, empathy plays an essential role in service provision, leading to customer satisfaction. Some people think that too much caring has a negative connotation. It focuses on the ability to feel what others are feeling and influence customer satisfaction. There is an influence of service providers and rational behaviour and customers' emotions (Adrian Heng, 2019; Jin & Zeng, 2021). Other assurances include competence when providing service, effective communication and declaration in service provision.

H2: Responsiveness is positively related to claims management for customer retention

According to Anubay (2010), responsiveness is the speed and timeliness of service provision. This calls for the quickness and ability of service providers and equipment and the ability of the service to respond promptly to customer service requests throughout the service provision process, with minimal waiting and queuing times. There is a link between responsiveness and customer satisfaction. It is very important when appropriately handled in the service industry (Uyoga & Lagat, 2019). Under these variables, the hypothesis above was tested to detect the insurance industry's responsiveness level.

H3: Assurance is positively related to claims management for customer retention

Assurance is the ability of service organisations to influence and make customers feel that they are in the right and safe hands. This is demonstrated by assuring customers that service providers have the knowledge required for the service sought, thus conveying trust and confidence to service recipients. The assurance dimension includes the following features: competence to perform the service, politeness and respect for the customer, effective communication with the customer and the general attitude that the server has about the customer's best interest at heart. Thus, trust between the service provider and the customer influences customer retention (Rachuonyo & Kiriri, 2018).

2.2 Claim management and its components

Good insurance performance lies in the way a claim is handled. This is why it is called the acid test for insurance (Ogwo et al., 2018). Oyedokun (2018) argues that one of the principal functions of an insurance company is the settlement of customers' claims. It is a fact that prompt claims settlement is one of the factors that motivates an individual and institutions to take out insurance policies. Therefore, the payment of claims is said to be the major function of any insurance company. The acid test of the viability of any insurance company is a prompt settlement of claims a veritable cheapest means of advertisement.

Furthermore, Qaiser (2013) points out that claims management also involves giving good service to claimants, who should be treated courteously. This will result in higher customer satisfaction, retention, and policy renewals, which are fundamental to profit and better financial performance. Poor handling of claims may lead to policyholders loss of confidence, leading to a damaged reputation and poor performance (Butler and Francis, 2010). Indeed, claims management in insurance companies is a central issue for the protection of insurance companies. It is further noted that poor claim settlement in insurance firms has a significant linkage with customer insurance policy demands (Oyetunji., et al., 2021). However, policy ineffectiveness, untimely claims settlement, poor premium collection and ethical issues are detected as sources of poor claims settlement (Ayuba et al., 2020).

The claims handling process consists of various steps, which can be summarised as prompt notification of a claim according to insurance policy (McGee, 2009; Dorfman, 2016); the proof that the claim has occurred determined by valid proof (Greene and Trieschmann, 2017); the assessment of the claim by a

loss assessor whereby a claims reserve to provide for the estimated amount of the claim created by the short-term insurer (De beer, 2015); and finally the indemnity and settlement thereof. If a policyholder is not satisfied with the settlement of a claim, arbitration may be available. Insurance policies often have an arbitration clause according to which disputes between an insurer and a policyholder can be settled (Davis, 2018).

2.3 Customer retention

Customer retention can be defined as how companies can maintain existing customers by establishing good relations with all who buy the company's products (Kotler, 2008). Valtola (2019) contends that retained customers keep re-purchasing, acquiring new services, and referring the services to their inner circle compared to the other customers. However, once retained, customers tend to, at some point, show indicators of churning. The activity of the retained customers is monitored and nurtured to lengthen the customer relationship. At-risk customers are red-flagged as a separate group where the re-activation programs are executed to stabilise the endangered relationship (Twum-Darko, & Abrahams, 2023). Additionally, Nnko and John (2022) claim that the planning of a customer retention process is essential to achieve the desired outcome, which is determined in the modern management process. Progress in retention activities enables revenue growth to be more cost-efficient than the acquisition of new customers (Valtola, 2019).

A company would be wise to measure customer satisfaction regularly because customer retention is key. A highly satisfied customer stays loyal and longer than the dissatisfied one. He buys more as the company introduces new products and upgrades existing products, talks favourably about the company and its product, pays less attention to competing brands and is less sensitive to price, offers product or service ideas to the company and costs less to serve than new customers because transactions are routine (Boakye et al., 2017). Thus, insurance companies' effective claim settlement and customer retention cannot be underestimated. Several studies have been conducted on quality services in insurance companies. However, less has been revealed about the link between quality claims management and customer rotations in insurance companies. Thus, the current study aimed to bridge the gap between quality claims and retentions.

3.0 Methodology

A survey research design was employed in line with both quantitative and qualitative research techniques, which made the collection of numerical and non-numerical data from the field possible. Based on the nature of this study, a mixed method design was employed to gain the benefits of both qualitative and quantitative approaches. (Cresswell, 2013). Neither quantitative nor qualitative methods will be sufficient when solely employed in a study (Mohamed et al., 2022). Primary data required for the study was collected from 105 respondents (customers) and 20 respondents (employees) of NIC (T) Limited through structured questionnaires and semi structured interviews, respectively. Both probability and non-probability sampling were employed. Employees involved in interviews were obtained through purposive and convenience sampling.

Only employees with the necessary information and was readily available were consulted for data collection. On the other hand, a simple random sampling technique was employed to get a sample of customers to fill out the questionnaire prepared for the study. The sampling method was appropriate to this study due to the adoption of a mixed method. Thus, only selected employees and NIC customers were involved in the study (Radhakrishnan, 2014). Data was collected from three NIC branches located in Dar es Salaam city. After that, SPSS software Version 23 was used to data using descriptive analysis presented through frequency, percentages and graphs to create descriptive information. Furthermore, inferential analysis through a multiple regression model was applied to find the association between customer retention as a

dependent variable and independent variables (empathy, responsiveness, and assurance). The multiple regression model is described as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + \ldots\ldots b_nX_n \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots..(1)$$

Whereas:

Y = Dependent variable (Customer retention).

X_n = Independent variables

a = Y-intercept, where the regression line crosses the Y axis b_1 = the partial slope for X_1 on Y

X_1 = Empathy.

X_2 = Responsiveness.

X_3 = Assurance.

3.1 Reliability and validity

Reliability

Cronbach's alpha was used to report the test of reliability and consistency of both independent and dependent variables. It takes the values from 0 to 1, with one being the highest value, meaning there is perfect consistency. According to Nunnally (1978), a Cronbach's Alpha with a value higher than 0.7 is considered reliable compared to values lower than 0.7. In this study, three independent variables, namely empathy, responsiveness, and assurance, were involved in the reliability test, and each variable had three items. The dependent variable was also tested using three items to ascertain its reliability and validity.

Table 1: Reliability test for study variables

Variables	Items/questions	Cronbach's Alpha
Customer retention	Purchase frequency	.837
	Recommending the service to others	
	Frequency of Complaints of service	
Empathy	Politely in-service provision	.844
	Understanding customer needs	
	Commitment to serve	
Responsiveness	Responding quickly to customer needs	.878
	Willingness to serve customers	
	Awareness of customer needs	
Assurance	Competence in providing service	.799
	Effective communication with customers	
	Declaration in service provision	

Findings in Table 1 show that responsiveness has a relatively higher value of 0.878 than the threshold of 0.7, followed by empathy with 0.844, and assurance valued at 0.799. This implies that all variables under the study are reliable and consistent. On the other hand, results from factor analysis show the Cronbach's Alpha of the dependent variable to be 0.837 higher than 0.7, indicating that it is reliable.

Validity

Factor analysis was conducted for all independent variables: empathy, responsiveness, and assurance. To check if the data were appropriate for factor analysis, Kaiser-Meyer-Olkin (KMO) was conducted. If the KMO value of sampling adequacy is higher than 0.5, the data are appropriate for analysis.

Table 2: Validity test for study variables

Variables	Items/questions	KMO
Customer retention	Purchase frequency	.768
	Recommending the service to others	
	Frequency of Complaints of service	
Empathy	Politely in-service provision	.786
	Understanding customer needs	
	Commitment to serve	
Responsiveness	Responding quickly to customer needs	.984
	Willingness to serve customers	
	Awareness of customer needs	
Assurance	Competence in providing service	.877
	Effective communication with customers	
	Declaration in service provision	

Table 2 shows that the first test based on empathy produceda value of 0.786 higher than 0.7 indicating the validity of the questionnaire used for data collection. The second test, based on responsiveness, shows a value of KMO of 0.984, which is also valid for analysis. The third variable of the study was assurance, which indicated the value of KMO of 0.877, which is also appropriate for analysis. Therefore, all three independent variables showed a value higher than 0.5, which was appropriate for inferential analysis, including linear regression.

4.0 Findings and discussions

4.1 Practice of empathy on claim management for customer retention

In the first objective, the study intended to ascertain the practice of empathy in claim management and its influence on customer retention in NIC (T) Limited. Therefore, under the empathy dimension, three items were used to examine the extent to which claim managers practice empathy for customer retention. The extent was ranked with five items (1= Not at all, Litle extend = 2, To some extent=3, High Extent = 4, and The Highest Extent = 5). The findings are illustrated in Figure 1.
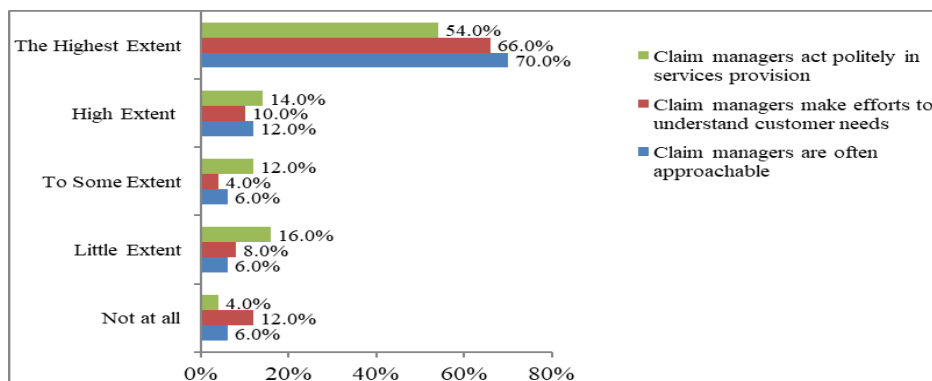

Figure 1: Extent to which empathy is practised at NIC (T) Limited

Politeness in service provision: The findings in Figure 1 indicate that among 105 respondents who participated in the study, more than half i.e. 54.0 percent stated that, to the highest extent, claim

managers act politely when they provide service to customers, 14.0 percent commented to a high extent, 12.0 percent some extent, 16.0 percent noted to a little extent, and 4.0 percent noted do not at all. Moreover, through the open-ended questions, it was revealed that claim managers at NIC (T) act politely when they interact with customers, as they speak with moderate voices and high feeling intonation- To support this, one of the respondents commented that:

> *"...Actually, employees in this organisation look great always, they talk politely with a moderate voice when we interact with them…".*

The findings imply that to retain customers at NIC (T) Limited, employees, including claim managers, apply positive politeness in responding to customer complaints and other issues whenever they interact with their customers.

Understanding customer needs: The findings in Figure 1 show that among the 105 respondents who provided their information through questionnaires, 66.0 percent commented that, to the highest extent, claim managers make efforts to understand customer needs, 10.0 percent commented to a high extent, 12.0 percent commented to some extent, 8.0 percent commented to a little extent, and 12.0 percent commented not at all. The findings imply that claim managers in NIC (T) Limited provide individualised attention to the customer, listening to and understanding the customer's needs. The findings match, the findings obtained by Kitila (2017) who found that 78.0percent of respondents perceived satisfaction with service providers who listen and meet their needs.

Approachability: The findings in Figure 1 illustrate that among 105 respondents who were able to provide their information through questionnaires, 70.0 percent commented that to the highest extent claim managers at NIC (T) Limited are often approachable, 12.0 percent commented to a high extent, 6.0 percent commented to some extent, 6.0 percent commented to a little extent, and 6.0 percent commented to not at all. In the interview, a researcher understood that, in NIC (T), limited employees are encouraged by the management to be accessible in the place and easily approachable when customers come for service. One of the interviewees said the following:

> *"...You know, we are in a competitive market, so to retain our customers all the time, we allow more access to service providers by customers, in that case, we can discuss complaints of customers all the time…"*

The findings imply that NIC (T) Limited can retain its customers by allowing its employees to be accessible and approachable to customers throughout their working time. The finding is supported by Munga (2013), who found that the decision of customer' retention in any business is affected by how service is carried out, including accessibility and approachability of service providers.

4.2 The practice of responsiveness in claim management for customer retention
In the second objective, the study aimed to understand to what extent claim managers at NIC (T) limited practice responsiveness on claim management. Three items were included in the questionnaire to obtain findings concerning responsiveness: quickness in providing services, quickness in finding solutions, and willingness to serve customers.

Quickness of Claim Officers: In this aspect, the intention was to understand to what extent claim managers practice quickness in service provision in claim management to influence customer retention.
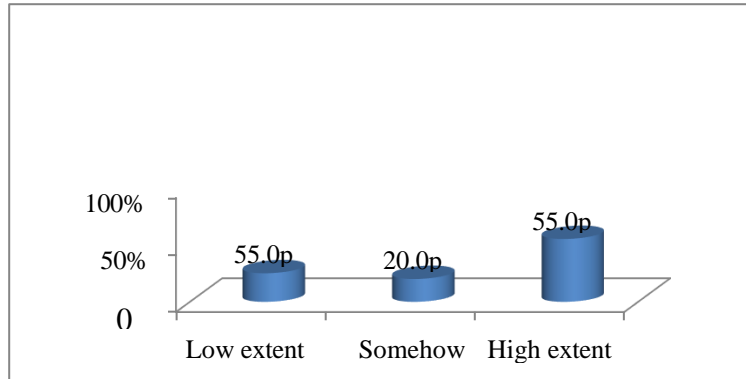

Figure 2: Quickness of claim managers

The findings show that 55.0 percent of respondents commented that claim managers respond quickly to customer needs to the highest extent, 20.0percent commented to a high extent, 15.0 percent commented to some extent, 5.0 percent commented to a small extent, and 5.0 percent commented not at all. It is learnt from findings that the quickness of claim officers in claim management is among the valued factors at NIC (T) Limited. These findings are like that of Damas (2017), who revealed that more than half (50.0) percent of respondents said a quick response is a key factor for customer retention.

Quickness in finding solutions: Apart from quickness in providing services, a researcher also wanted to know to what extent claim managers practice quickness in finding solutions at NIC (T) Limited.
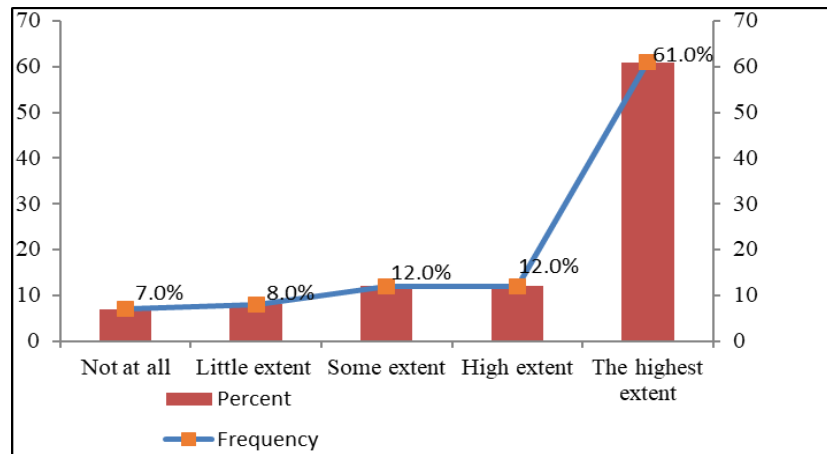

Figure 3: Quickness of finding solutions

The findings show that 61.0 percent of respondents stated that claim officers maintain quality service by finding solutions quickly to the highest extent, 12.0 percent stated to a high extent, 12.0 percent said to

some extent, 8.0 percent stated to a little extent, and 7.0 percent stated do not at all. Additionally, the responses from claim officers and agents support these results whereby they were heard saying the following:

> "...We take care of customers' problems to exceed their expectations through superior services, so we quickly find solutions for each problem on a plate..."

Willingness to serve customers: In this aspect, the intention was to determine to what extent claim managers show a willingness to serve customers in claim management.
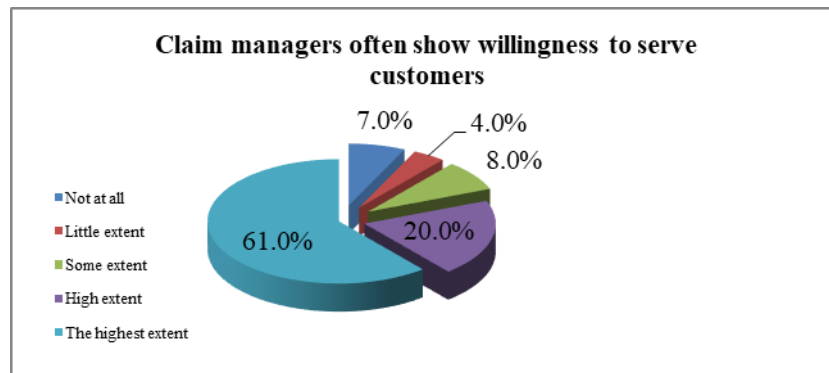

Figure 4: Willingness to serve customers

The findings show that among 100 respondents who gave their responses concerning this part, 61.0 percent commented that, to the highest extent, claim managers often show a willingness to serve customers, 20.0 percent high extent, 8.0 percent commented to some extent, 7.0 percent commented to not at all, and 4.0 percent commented to a little extent. Through the open-ended questions, a researcher understood that, at NIC (T) Limited, claim managers show their willingness to help customers by asking them if they need any assistance when they reach the office. For example, one of the respondents commented that:

> "...They show a willingness to serve us, for example, when you reach their office, after greetings, they often ask this question .....Can I give you any assistance?"

These findings imply that the claim managers at NIC (T) limited often need to understand the needs of customers who come to the office for service, the reasons to show a willingness to provide service to those customers at the right time for retaining them using NIC (T) Limited's insurance products. The findings go hand in hand with findings obtained by Lonnecker (2010), who found that the willingness of healthcare providers in private health facilities to provide services to patients (customers) leads to an increase in the number of people who prefer services from private health facilities.

4.3 The practice of assurance on claim management for customer retention

In the third objective, a researcher wanted to examine how the organisation, particularly the NIC (T) limited practice assurance for customer retention. Four items were considered to obtain information concerning assurance on claim management: competence in providing service, effective communication with customers, and ability to provide services. The findings are illustrated in Table 3:

Table 3: Practice of assurance on claim management

Assurance in claim management	SA	A	N	D	SD
Competence in providing service	11%	53%	3%	21%	12%
Effective communication with customers	18%	48%	4%	18%	12%
Ability to provide services	9 %	47%	6%	16%	22%

Note: SA= Strongly agree, A= Agree, N= Neutral D= Disagree, SD= Strongly disagree

Competence in providing service: The findings in Table 3 show that, among 100 respondents who responded to this part by providing their answers in a questionnaire, 53 percent agreed that claim managers at NIC (T) Limited are competent in providing service, 21percent disagreed, 12 percent strongly disagreed, 11 percent strongly agreed, and the remained 3percent were neutral. In the interview session,, a researcher understood that claim managers' competence at NIC (T) Limited makes them provide service with accuracy and speed.
One of the interviewees said that:

> "...In our office, all departments in general, workers have the competence to serve
> customers accurately and quickly. The rationale behind this is the value we entrust
> on customers to enable accuracy and speed in our organisation, a customer is
> always a king...".

The findings imply that claim management and other services at NIC (T) Workers with competence deliver limited; this enables them to treat their customers as kings by offering them services with accuracy and speed. The findings are similar to those of Rahman et al., (2012) who observed that various service providers cause ambiguity to customers as their services may appear to have a lack of competence that neglects the persons as potential customers who may later be real customers in business.

Effective communication with customers: Table 3 also shows that among 100 respondents, 48.0percent agreed that claim managers at NIC (T) limited practice effective communication with customers, 18.0percent strongly agreed, 18.0percent disagreed, 12.0percent strongly disagreed, and 4.0percent were neutral. In the interview session, the interviewees stated that communication with customers is done very effectively at NIC (T) Limited, customers can contact managers via mobile phones to get services or appointments. However, sometimes, the station uses social networks to communicate with its customers.
        The findings imply that to meet the customers' desires to retain, the National Insurance Corporation Tanzania develops different means of communication which facilitate a good relationship with customers. The findings are similar to those obtained by Kitila (2017) who found 70.0percent of

respondents agreed that communication is important for retaining customers in any business financial institutions like banks and insurance companies.

Ability to provide services: Findings in Table 3 indicate that, among 100 respondents who provided information through a questionnaire, 47 percent agreed that claim managers at NIC (T) Limited can provide services, 22 percent strongly disagreed, 16 percent disagreed, 9 percent strongly agreed, and 6 percent were neutral. The interview said that NIC (T) Limited considers workers' abilities to perform well in duties since the recruitment. It is at this point that the organisation reaches the point of having workers who can provide the targeted services to customers to meet their desires. One of the interviewees pointed out that:

> *"...Of course, to get a chance to work with NIC (T) limited, one needs to possess an ability to provide the required service to customers, we pass into different stages during recruitment, and however we are also often provided with training to improve our ability in service delivery to customers…".*

The findings imply that customers in NIC (T) Limited are provided with desired service because the service providers can deliver services; it is also important to note that the ability and skills to deliver services are considered since the recruitment of employees, also improvements are made through different developed trainings to employees.

Results of adjusted R Squire (R^2).

Table 4: Results of the coefficient determination

Model	R	R Squire	Adjusted R Squire
1	.972[a]	.811	.961

Based on Table 5, the regression model has a coefficient of determination/adjusted R2 of 0.961. It can be concluded that the contribution of the independent variables consisting of empathy, XI responsiveness, X_2 and assurance, X_3 variables can affect customer retention, Y as the dependent variable for 96.1percent and the rest of 3.9percent is explained by other factors which are not included in the model.

The study findings indicate that all three variables, namely empathy, responsiveness and assurance, had a positive influence on customer retention at NIC. This might have been attributed to strategic changes and the implementation of NIC to clean the company's image, which has been tarnished for decades. The insurance industry is the second fastest growing after the Banking industry in Tanzania. As such, the company has engaged its staff in training, particularly in marketing and customer service skills development. The company has deliberately increased the number of customers by reducing the premium of its products and being able to compete in the rapidly growing market.

Multiple regression analysis
The data processing was done through SPSS, and the regression model results are presented in Table 5.

Table 5: Regression results

Model	Standardised coefficient Beta	T	Sig.
Constant		1.677	.098
Empathy	.047	0.831	.032
Responsiveness	.543	8.192	.002
Assurance	.083	.0534	.313

The regression results obtained have been summarised in the following equation:

$Y = 0.047X_1 + 0.543X_2 + 0.083X_3$

From the findings obtained above, it is revealed that empathy and responsiveness significantly affected customer retention and moved in a positive direction. If the empathy and responsiveness increase, the customer retention also increases. In contrast, assurance does not have a significant effect on customer retention. Thus, in this study, we reject H1 and H2 and accept H3 that empathy and responsiveness significantly influence the quality of claims management, influencing customer retention in insurance services.

5. Discussion and study implications

Customer satisfaction is an elusive term interpreted differently by customers since it is more of a perception and internally driven. As such, service quality dimensions can also be perceived differently (Torres, 2014). The study assessed the influence of quality on customer satisfaction whereby three quality parameters, empathy, assurance and responsiveness, were assessed. It was revealed that customers appreciate empathy and responsiveness of service providers by the insurance company, while assurance was found to be insignificant. Still, in the current competitive world, insurance companies must value all dimensions to satisfy customers and increase customer retention. It is further learnt that both service providers and customers know their customers' needs and how they can be provided differently from the previous monopoly market environment. Therefore, insurance needs to focus on empathy, responsiveness, assurance, tangibility and reliability (Getnet, 2020).

Empathy is one of the pillars of marketing which emphasizes the importance of putting on the shoes of customers signifying its essence to customer satisfaction (Sainfort, 2023). Similarly, the responsiveness of service providers and assurance of services influence customer retention in insurance services. Quality service has a direct relation with perceived value and customer satisfaction. These are the most successful factors of business competition (Marcos & Coelho, 2022). Thus, satisfied customers of insurance services remain loyal and stay with the company for a long time while meeting their desires. Therefore, improving customer loyalty increases retention (Harriet et al., 2024). Similar results were revealed by Abdul-Qadir (2021) in the study on the impact of quality services on customer retention.

There is a direct influence of quality services to customer retention which is an important ingredient. Indeed, there is no daught about the link between the perceived quality service and customer retention in the insurance industry. As such, well-trained insurance company staff need to be in place if it is to remain competitive through customer retention. Therefore, it is more challenging to meet the desired quality to satisfy customers whose needs vary over time. Setting quality standards per customer desires and building trust to increase satisfaction (Sukmawan & Zulganef, 2023). More emphasis is placed on

empathy, responsiveness, and assurance of services influences effectiveness, and prompt service delivery, contributing to customer satisfaction and retention. The insurance company is responsible for imparting the necessary knowledge and skills to retain and attract more customers.

The survival of any company in the contemporary business environment depends on how customers are satisfied with quality services. Findings from this study indicate that customers largely trust NIC in terms of claims management through empathy and responsiveness. Thus, it is essential for NIC to maintain such practices and be innovative to meet customers' desires. Notably, the company need to pay attention to the assurance aspect, which was revealed to be insignificant. Customers must stay with a trusted company of their claims to remain faithful. Therefore, insurance companies must continue training their staff to exercise all five parameters of quality services as per SERVQUAL Parasuraman et al. (1988). Ignoring the quality of services contrary to customers' expectations will lower retention, affecting the entire process of achieving company goals.

6.0 Conclusion, limitations and recommendations

This study assessed the quality of claims management and its influence on customer retention. Based on the findings, it is statistically evident that quality claims management influences customer retention at insurance companies. Specifically, it is revealed that empathy and responsiveness influenced the quality of claims management, whereas assurance did not influence the quality of claims management. Customers prefer to be cared for, plus prompt responses from service providers whenever they leave claims.

Service quality dimensions are considered during claim management for customer retention. Insurance companies consider empathy by shaping their claim managers to be polite and communicate effectively when dealing with customers. Insurance companies also take care of responsiveness by making quickness in finding solutions. Additionally, assurance is highly considered in service provision concerning claim management. Therefore, it is recommended that insurance companies sustain their strategies of retaining customers in line with the ongoing changes in the market. Despite the positive responses obtained from the findings, there are still some negative attitudes towards insurance services, as indicated by minority respondents. As such, insurance companies need to make more efforts to encourage and train their claim managers and other staff to focus on service quality throughout.

Furthermore, customers need to seize this opportunity to resolve their long-awaited claims solutions and retain their customers. Insurers must keep customers informed about the ongoing changes on quality service provision, particularly in claims management, to access the company and increase retention quickly. Specifically, this study adds knowledge on the role of claims management on customer retention in insurance companies. Much has been researched on the quality of insurance services without focusing on claims management which is among the main objectives of service provision.

6.1 Limitations and Recommendations for further study

In its completion, this study encountered several limitations worth reporting for future improvement. Some respondents were reluctant to return the submitted questionnaire on time, and others did not return it. Closer and more frequent follow ups through phone calls, emails and text messages were used to ensure accumulation of representative data. Due to challenges of data availability, only one insurance company,, the National Insurance Company, which is a government-owned company, was involved, hence failing to generalise the results. It is suggested that future studies should carry out a cross-section study focusing on various insurance companies, particularly privately owned and employ multiple

methods of data collection and analysis to reveal more information and results generalisation. The convenience of interviewees was also limited due to the tight schedule of their daily activities, including travelling and meetings. As such, the data collection took longer than normal based on their convenience.

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