Selection Factors of Insurance Companies: The Case of Northern Cyprus

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ABSTRACT

In the selection of insurance company, there are many several selection criteria all around the world. It has a crucial importance in North Cyprus as well. In order to address these criteria, there might be some different ways to observe them such as surveys, feedback lists, customer complaints etc. Through taking the results in one of the possible ways, the insurance companies may improve their service qualities regarding to the outcomes. In this thesis, the critical points on selection of an insurance company for Turkish Cypriots have been studied. The 300 experimental surveys have been distributed in North Cyprus to randomly selected people from different occupations, income levels, and genders. However, the results of the surveys have been analyzed merely for different genders. Additionally, the results are examined by using the SERVQUAL instrument. The novelty of this thesis is to investigate the insurance company selection criteria for Turkish Cypriots. The survey outcomes represent that the most important criteria for an insurance company selection are recommendations from relatives/friends, location of the insurance company, the service quality, and the costs of the services. Moreover, the SERVQUAL instrument outcomes showed that empathy is the most crucial dimension, whereas tangible is the least important one for an insurance company selection.

Keywords: Insurance Company Selection Criteria, North Cyprus, Customer Demands, SERVQUAL instrument.

ÖZ

Sigorta şirketi seçiminde, dünyanın her tarafında birçok seçim kriteri bulunmaktadır. Bunun Kuzey Kıbrıs'ta da ciddi bir önemi vardır. Bu kriterleri belirleyebilmek için, anket, geribesleme listeleri, müşteri şikayetleri gibi birçok farklı yöntem olabilmektedir. Bu yöntemleri kullanarak, sigorta şirketleri elde edilen çıktılara dayanarak hizmet kalitelerini geliştirmektedirler. Bu tezde, Kıbrıslı Türklerin sigorta seçiminde kullandıkları noktalar çalışılmıştır. Var olan 300 anket, farklı meslek gruplarından, gelir seviyelerinden ve meslekten rastgele seçilmiş insanlara verilmiştir. Ayrıca, sonuçlar SERVQUAL enstrümanı yöntemi kullanılarak da incelenmiştir. Bu tez mevcut çalışmalarla kıyase edildiğinde, Kıbrıslı Türklerin sigorta şirketi seçiminde göz önünde bulundurdukları seçim kriterlerini inceleme bakımından yeni bir bakış açısı getirmiştir. Anket sonuçlarına göre sigorta şirketi seçimi sırasında en önemli olan kriterler akraba/arkadaş tavsiyesi, sigorta şirketinin konumu, hizmet kalitesi ve hizmet bedelidir. Bunun yanı sıra, SERVQUAL enstrümanı sonuçlarına göre ise en önemli boyut sigorta şirketi çalışanlarının sunduğu ilgi iken en önemsiz olanı şirketin görünüşüdür.

Anahtar Kelimeler: Sigorta Şirketi Seçim Kriterleri, Kuzey Kıbrıs, Müşteri Talepleri, SERVQUAL enstrümanı.

DEDICATION

To my family…

ACKNOWLEDGMENT

Last but not least, I would like to express my utter indebtedness to my family, who has given me endless love and guidance, throughout the entire course of my academic career. There are no words with which I could properly express my appreciation of their steadfast support.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF ABBREVIATIONS

SERVQUAL   Service Quality Instrument

Chapter 1

INTRODUCTION

1.1 Service Quality and Customer Satisfaction in Insurance Industry

Recently, insurance has gained a tremendous importance due to the many reasons including environmental disasters (Adiel, 1996; Cummins et. al, 2000; Linnerooth-Bayer et. al, 2009; Wikipedia: Types_of_insurance). Even though the name of insurance brings the prejudice of insuring only life and health, in many countries including both developed and developing ones, natural disaster, property as well as casualty insurances are commonly used (Nissim, 2010; Zanjani, 2009). Due to the recent hurricanes, earthquakes, tsunamis, and forest fires, the interest for the idea of insuring belongings and life has gain a great significance (Hlatky, 2011; Maccaferri et. al, 2012). As it is widely known, in insurance industry, the companies develop their services in order to increase their customers. In order to be able to increase the customer numbers having insurance, there is a competition among the companies in insurance industry (Nissim, 2010).

Insurance yields economic protection in case of an economical risk occurs in a certain time intervals. The brightest part of insurance is that, it may cover the whole occurred risk depending on the contract signed by the customer and the insurance company. There are some companies mainly promising to cover damages or loosing belongings which are occurred by different types of risky situations such being robbed or having a fire.

Moreover, they also cover for instance health problems, corruption of owned company, and having an accident cases as well. These types of companies make contracts for properties and casualties (Wen et. al, 2008). However, some companies provide only life and health insurances (Viscusi et. al, 2005). They promise to cover the death, retirement, and disabilities situations. These types of companies make contracts for life and health different from properties as well as casualties (Nissim, 2010).

In insurance company selection, there are plenty of criteria. One of the most important ones is service quality. Even the companies might find large amount of customers, they need to satisfy their customer in order not to lose them. Since there is a competition among all current insurance companies, one dead point is to have high level of service quality which mostly satisfies the demands of the customers. For a customer, it is probable enough to change her/his insurance company, since there are many alternatives. Therefore, a great service quality is must for a customer (Pottier et. al, 2006). What is more, another very crucial factor on insurance selection is customer satisfaction.

Customer satisfaction is a point that all insurance companies need to take into account all the time. Therefore, the companies should generally be in contact with their customers in order to satisfy them with their services and possibilities. They might make surveys, collect feedback sheets from them, or to constitute a customer service department to listen to the complaints from the customers who face with any types of problem regarding to the service or the systems of the company. It might not be straightforward to satisfy all demands of each customer, yet the goal needs to be in this

direction. The attractive opportunities from other companies may make customers to change their insurance companies easily. Having said these, the owners of companies need to keep their eagers to satisfy the customers though they might be over demanding.

With a detailed understanding of the relations between the service quality and customer satisfactory, it is easy to say that they are highly related. There are some academic studies in literature analyzing these two widely used criteria in different aspects (Mullender, 2011; Senyucel, 2009; Wells et. al, 1995). The references shows that these two factors are must in order to interpret the survey results. In general, there is a direct relationship between them. If the customers have a high quality service, then they become satisfied most of the time. On the other hand, if the customers think that they are not served in the way they deserved, they start complaining and want to change their insurance company (Brown et. al, 1993). In general, in many companies, there is a special department collecting all the demands/complains letters from the customers and updating their working style/mission regarding to these petitions. For instance, a customer who has insurance for his car wants to have 7/24 online service. Let's say an X company offers 7/24 urgent call center and assist service with high insurance cost, whereas a Y one offers cheaper but does not offer 7/24 online call center. Most of the people choose the company of X instead of Y one which used to be cheaper. As it is clear from this basic example, the service quality and customer satisfaction is directly related.

1.2 Insurance Company Selection Criteria

During the decision of an insurance company selection for a customer, there are many factors that needs to be considered such as recommendations from friends/relatives, location of the main building as well as the closest branches of it, the service quality, cost of service, the manner of personnel, the reputation of the company, the physical appearance of it, working hours/days, etc. (Appendix A; Pacini et. al, 2008; Pottier et. al, 2006; Saito 2006; Staking et. al, 1995). All the mentioned criteria are mainly used ones in literature for surveys on insurance company selection (Senyucel, 2009). Recommendation is an important asset for insurance company selection (Chavare, 2012). In this thesis, the survey results show that recommendations have the highest importance for insurance company selection. The underlying reason might be that people trust their friends/relatives advices more than advertisement or the promises offered by the companies. One other important criterion is location. In case of a customer needs to visit the insurance company, he/she prefers to go the closest one to save time. Additionally, transportation may not be developed in every country; that is why it has a great significance in insurance company selection. Moreover, customer friendly personnel are an essential criterion for customers to decide as well. In case of any problems regarding to service quality or some technical issues that customers faced with, they are directed to personnel. Hence, they want to contact with considerate and kind personnel who are willingly help them. This reason makes the behavior of personnel criterion very crucial for insurance takers. What is more, the reputation of an insurance company might be attractive to customers. The well-known brands give more trustable picture to people (Darzi, 2009). There are also other criteria that were

mentioned above, namely physical appearance and working hours/days of an insurance company. Despite of the fact that they do not have the first priorities for customers, underestimating them would be a serious mistake. For some group of participants, they have the highest importance as well as it might be seen in the survey formed in this thesis (Appendix A).

There are several different insurance company selection criteria. However, the ones used in this thesis have been discussed above.

1.3 The Goal of the Study

An addressing the criteria of selection an insurance company, the outline of this thesis has an impact importance for the current literature. Despite the fact that there are many different criteria during selection process, in this thesis the most common ones have been investigated. First of all, a sample survey has been formed based on the demands of the customers: 35 questions for the first part of the survey and 22 questions for SERVQUAL instrument dimensions. The surveys have been distributed to 300 randomly selected people in the main streets of North Cyprus and the obtained results have been analyzed to understand the selection factors as well as to increase the performances of companies for customer satisfaction. Through doing so, the insurance companies will be able to answer the customer demands indirectly. Moreover, the SERVQUAL instrument introduced by Parasuraman et al (1988) has also been used in order to point out the demands of customers. For this instrument, five dimensions have been considered such as Tangibles, Assurance, Reliability, Responsiveness, and empathy. Their minimum, maximum, and mean values have been obtained as output. However, in order to interpret the expectations of customers

5

from insurance companies, only the mean values have been used in parallel to the previous literature.

1.4 The Outline of the Thesis

After giving the introduction of the subject in the Chapter 1, in Chapter 2, the detailed literature review is studied. In Chapter 3, Data and Methodology part of the thesis are discussed, whereas in Chapter 4, the Results and Discussions are given. Finally, in Chapter 5 the Conclusion of the thesis is given.

Chapter 2

LITERATURE REVIEW

The story of insurance is probably as old as the story of mankind (Thakur et. al, 2011). Ever since the idea of properties commenced, the term of insurance has been emerged. Insurance implies protection insurers financially from specified types of risks. As businessmen in modern era concern about losses or disruptions, the primitive ones had the same worries as well (Darzi, 2009). For many different cultures, insurance is essential in order to decrease the potential risks which are uncertain. In other words, the term of insurance emerges due to the uncertainties in one's life (Thakur et. al, 2011). Uncertainties might show themselves in different forms in one's life such as in the form of money or life duration. Even though no one may guarantee the exact living time, the term of life expectancy is used in order to ignore the uncertainty. Therefore, people want to insure not only their life but also their properties owing to the uncertainties that might occur (Duska, 1999; Knoppers et. al, 2004; Thakur et. al, 2011).

Environmental changes increase the occurrence rate of uncertainty (Bodla et. al, 2003). The risk emerges because of environmental changes has become complicated and even though people have insurances, their properties as well as themselves might not be protected properly (Haveman, 1992). Therefore, the insurance companies divides the concept of

insurance into several groups in order to precise the content of it and various insurance products has emerged. From this point of view, the competition among the

insurance companies has increased, since people want to have the cheapest insurance which also covers many different insurance products. As a result, insurance sector has not only entered into a competitive mode in a short period of time, but also moved into an expansionary phase (Darzi, 2009). However, due to the environmental diseases, the importance and the number of people having insurances have been increased as well. In conclusion, both the potential number of customers who want to have insurance and competition among the insurance companies increased.

In literature, there are some studies investigating the importance of insurance with respect to investment aspect (Mullender, 2011). There might be a direct relation between investment and insurance. Due to the fact that the properties are insured, it might be reasonable to say the more investments one has, the more insurances he/she needs.

In literature, there have been some studies examining Cyprus situation on banking selection criteria from where the survey of this thesis has been inspired (Senyucel, 2009). Even though the items taking place in the distributed surveys are similar, in this thesis the criteria for insurance company selection has been studied, whereas in Senyuca, (2009) the criteria for banking selection had been examined. In other words, the difference between the study of Senyucel, (2009) and this thesis is that in her study Senyucel (2009) studied the bank selection criteria for both Turkish and Greek Cypriots, whereas in this thesis the insurance selection criteria are analyzed for only Turkish Cypriots.

Differently from the current literature, the importance of selection factors on insurance company has been studied and the results have shown that some companies may not be able to answer the demands of customers. By using the outcomes of this thesis, some deficiencies of some insurance companies are aimed to be solved.

Chapter 3

DATA AND METHODOLGY

3.1 Survey Process

The questions taking part in the survey used in this thesis are form through different studies (Kennington et al., 1996; Gerrard and Cunningham, 2001: Zineldin, 1996; Holstius and Kaynak, 1995; Boyd et al., 1994; Anderson et al., 1976). The novelty of this thesis is adopting the SERVQUAL instrument of Parasuraman et. al, (1988) to insurance company selection criteria in order to observe the understanding way of insurance customers about SERVQUAL dimensions which are 22 items, 5 dimensions: Tangibles, Reliability, Assurance, Empathy, and Responsiveness.

The system has three main parts, namely demographic profile with 4 questions, Insurance Selection Factors with 36 questions, and SERVQUAL instrument of Parasuraman et. al (1988) as insurance selection factors with 22 items and 5 dimensions. By referring to Likert Scale with five different scores ranging from score 1 which implies that "Not Important at all" to score 5 which implies "Very Important", the insurance company selection criteria has been studied.

3.2 Data Collection

The prepared surveys have been given to the randomly selected people from different occupations, education level, gender, and income level. The surveys have been filled by

people who had been stopped and asked to answer the survey questions in the main street of Famagusta which is Salamis Street. Totally, 300 surveys have been filled in two months period. Before people who were willing to fill the survey started to answer survey questions, they were kindly asked to reply the questions after carefully reading them and being honest on scoring. Additionally, in order to emphasize the importance of the results, it is told that they will be used for a master thesis. Therefore, the results need to be precise enough. That is why there is logical harmony in the answers.

3.3 Hypothesis of the Study

The insurance company selection criteria are evaluated by using descriptive statistical techniques which also include average scores. In order to check if the entire sample for factor analysis is properly selected, the pre-analysis testing is calculated for insurance selection factors. Therefore, the instrument's alpha coefficients for reliability level which includes both insurance selection instrument and SERVQUAL one can be easily observed. Additionally, the alpha coefficient of insurance selection instrument is 0.782 and SERVQUAL one has 0.783 alpha coefficient value. As it is obvious from the given alpha coefficient values, the insurance selection factors and SERVQUAL instruments are proper in order to be used for insurance selection factor analysis.

Table 1: Factor Loading of Insurance Selection Criteria

ID	Important Factors for Insurance Company Selection	Factor Loadings
1.	Convenient location of the main agency	0.853
2.	Convenient location of insurance company agencies	0.756
3.	Availability of insurance companies in several locations	0.768
4.	24 hours availability of insurance company service	0.588
5.	Several agencies of insurance company	0.623
6.	Convenient insurance company agency locations	0.652

7. Low service charges of insurance company	0.664
8. Insurance companies providing various monetary advantages	0.613
9. Insurance companies' low charges on transactions	0.650
10. Pleasant insurance company atmosphere	0.622
11. Adequate number of personnel in the insurance company	0.629
12. Reception at the insurance company	0.592
13. Selecting insurance company through recommendations of friends	0.808
14. Selecting insurance company through recommendations of relatives	0.746
15. External and interior appearance of insurance company	0.659
16. Available parking space near the insurance company	0.608
17. The area of the parking space near insurance company	0.648
18. Insurance service by mail	0.643
19. Availability of home facilities by insurance company	0.735
20. Availability of insurance promotions	0.702
21. Providing insurance promotions cards with no annual fees	0.752
22. Ease of service provided by insurance company	0.781
23. Ease of accessing to insurance company	0.619
24. Variety of services offered by insurance company	0.662
25. Friendliness of insurance company personnel	0.755
26. Confidence in insurance company manager	0.667
27. Type of the used insurance (public or private)	0.540
28. Type of the used insurance (domestic or foreign branch)	0.743
29. The reputation of the insurance company	0.613
30. Selecting insurance company based on family tradition	0.642
31. Availability of internet website in the insurance company	0.588
32. The place of insurance company on mass media advertising	0.565
33. The insurance companies being open in the afternoon	0.611
34. Speed and quality of service of the insurance company	0.659
35. Accurate insurance company statements	0.720

In Table 1 and Table 2, the factor loadings for every single factor are shown. It might be clearly seen that most of the factors has more than 0.5 loadings except from one. Hence, for the further examining many of the results are appropriate to be considered (Hair et. al, 1998).

Table 2: Factor Loading of SERVQUAL Instrument as Insurance Selection Criteria

ID	Important Factors for Insurance Company Selection	Factor Loadings
1.	The insurance company having modern looking equipment	0.746
2.	The insurance company having visually appealing physical facilities	0.754
3.	The insurance company having neat appearing reception desk employees	0.761
4.	The insurance company having visually appealing materials with services	0.689
5.	The insurance company doing something by a certain time as promised	0.667
6.	The insurance company showing interest in solving customer problems	0.591
7.	The insurance company performing the service right at the first time	0.738
8.	The insurance company providing service at the time as promised	0.690
9.	The insurance company insisting on error free records	0.712
10.	The insurance company telling customers when the services performs	0.657
11.	The insurance company giving customers prompt service	0.690
12.	The insurance company employees always willing to help customers	0.744
13.	The insurance company never being busy to respond to customers' request	0.479
14.	The behavior of insurance company employees should confidence in customers	0.725
15.	Customers should feel safe in transactions with the insurance company	0.684
16.	Employees of insurance company should be consistently courteous with customers	0.658
17.	Employees of insurance company should have the knowledge to answer questions	0.658
18.	The insurance company should give customers individual attention	0.668
19.	The insurance company should have operating hours convenient to all customers	0.642
20.	The insurance company should have employees who give personal attention	0.535
21.	The insurance company should have customers' best interest at heart	0.699
22.	Employees of insurance company should understand specific needs of customers	0.625

Chapter 4

RESULTS AND DISCUSSION

The results of 300 distributed surveys have been discussed in this chapter. This thesis analyzes the results with respect to different genders. The percentage of male participants is 68, whereas it is 32 for female. Even though the population distribution between male and female is almost equal in North Cyprus, the male participants were more eager to participate to the surveys comparing to female ones. The reason of this issue is obviously not specifically the subject of this thesis, yet the reasons of unbalanced participant percentages may occur due to the fact that it is easier to stop a male than a female in North Cyprus.

According to Table 3, among all given questions, the most important one for participants is "Recommendations of Friends". Regarding to Turkish culture, hearing positive feedbacks about an insurance company is the very essential. Not only on insurance company selection but also in many different aspects Turkish people prefer to ask their relatives/friends first. Therefore, the importance of the result of friends' recommendation is quite understandable. The second highest score is for "Convenient insurance company agencies". It is again not surprising for people who live in North Cyprus. Since the transportation is not sufficiently good enough, people prefer to walk/drive less.

Additionally, in case the customers have any problems with call center or customer manager at the branches, they might visit the main branch of the company.

Therefore, the demand on convenient location is an important factor that needs to be questioned first before becoming a member of a company. The last but not the least is that since the technological development level in North Cyprus is not as fast as developed or even developing countries, customers may be called to visit the main branch of the insurance company for many different reasons. As a result, the location of the insurance company gains a great importance on selection period.

For many questions, the answers are above 0.5 out of 1. However, the harmony is broken by a specific question which has the score of 0.479 out of 1. It is the question of "Never being busy to respond to customers' request". Since the question includes the word of "never" which is not a smooth word, the result broke the harmony in the survey.

Considering human relations more than trade ones, this result is clear enough. In Turkish culture, people might react considerately when the operative of the company behave in a manner of climbing down. It is not possible to address the intent of each participants, yet considering the culture might shed light to understand the underlying reason. Other than the highest and lowest loading scores, the general demands of Northern Cypriots for insurance company selection are mainly "Availability of Insurance Companies in Several Locations", Recommendations of Relatives", "Ease of service provided by insurance

company", "Friendliness of Insurance Personnel", "Employees always willing to help customers", and "Having visually appealing physical facilities".

The average score results of SERVQUAL instrument of Parasuraman et. al, (1988) are given in Table 4. The mean of the parts of SERVQUAL instrument have been taken with respect to their sizes as it has been proposed by Parasuman et. al (1988). According

Table 3: Insurance Company Selection Criteria

ID	Important Factors for Insurance Company Selection	Mean
1.	Convenient location of the main company	4.51
2.	Convenient location of insurance company agencies	4.79
3.	Availability of insurance companies in several locations	4.37
4.	24 hours availability of insurance company service	4.42
5.	Several agencies of insurance company	4.41
6.	Convenient insurance company agency locations	4.49
7.	Low service charges of insurance company	4.50
8.	Insurance companies providing various monetary advantages	4.52
9.	Insurance companies' low charges on transactions	4.49
10.	Pleasant insurance company atmosphere	4.52
11.	Adequate number of personnel in the insurance company	4.51
12.	Reception at the insurance company	4.46
13.	Selecting insurance company through recommendations of friends	4.80
14.	Selecting insurance company through recommendations of relatives	4.70
15.	External and interior appearance of insurance company	4.35
16.	Available parking space near the insurance company	4.42
17.	The area of the parking space near insurance company	4.52
18.	Insurance service by mail	4.55
19.	Availability of home facilities by insurance company	4.52
20.	Availability of insurance promotions	4.58
21.	Providing insurance promotions cards with no annual fees	4.58
22.	Ease of service provided by insurance company	4.58
23.	Ease of accessing to insurance company	4.55
24.	Variety of services offered by insurance company	4.54
25.	Friendliness of insurance company personnel	4.58
26.	Confidence in insurance company manager	4.60
27.	Type of the used insurance (public or private)	4.54
28.	Type of the used insurance (domestic or foreign branch)	4.49
29.	The reputation of the insurance company	4.52
30.	Selecting insurance company based on family tradition	4.61

31. Availability of internet website in the insurance company		4.67
32. The place of insurance company on mass media advertising		4.62
33. The insurance companies being open in the afternoon		4.62
34. Speed and quality of service of the insurance company		4.68
35. Accurate insurance company statements		4.74

to the outcomes taken from this instrument, the factor of "Employees should understand

specific needs of customers" has the greatest mean value which implies that it is the
most important one among all given ones.

Table 4: Important factors for insurance company selection

ID	Important Factors for Insurance Company Selection	Mean
1.	The insurance company having modern looking equipment	4.62
2.	The insurance company having visually appealing physical facilities	4.67
3.	The insurance company having neat appearing reception desk employees	4.78
4.	The insurance company having visually appealing materials with services	4.82
5.	The insurance company doing something by a certain time as promised	4.66
6.	The insurance company showing interest in solving customer problems	4.79
7.	The insurance company performing the service right at the first time	4.83
8.	The insurance company providing service at the time as promised	4.82
9.	The insurance company insisting on error free records	4.88
10.	The insurance company telling customers when the services performs	4.64
11.	The insurance company giving customers prompt service	4.80
12.	The insurance company employees always willing to help customers	4.86
13.	The insurance company never being busy to respond to customers' request	4.83
14.	The behavior of insurance company employees should confidence in customers	4.75
15.	Customers should feel safe in transactions with the insurance company	4.81
16.	Employees of insurance company should be consistently courteous with customers	4.85
17.	Employees of insurance company should have the knowledge to answer questions	4.88
18.	The insurance company should give customers individual attention	4.73
19.	The insurance company should have operating hours convenient to all customers	4.78
20.	The insurance company should have employees who give personal attention	4.85
21.	The insurance company should have customers' best interest at heart	4.87
22.	Employees of insurance company should understand specific needs of customers	4.93

Table 5 is formed to show the mean values of importance factors of insurance selection

which are Tangibles, Assurance, Reliability, Responsiveness, and Empathy.

Table 5: Averaged scores of SERVQUAL dimensions

ID	SERVQUAL Dimensions	Mean
1.	Tangibles	4.7226
2.	Reliability	4.7973
3.	Responsiveness	4.7754
4.	Assurance	4.8225
5.	Empathy	4.8296

According to Table 5, Empathy dimension has the highest mean value for insurance company selection. However, Tangibles has the lowest importance score, in other words, it is the least crucial point that participants consider. Looking to the general picture, it might be seen that there is not a great amount of difference among the mean values of all the dimensions given in Table 5. It might be concluded that the importance of all dimensions are somehow similar which is expected.

Chapter 5

CONCLUSION

5.1 Remarks on Conclusion

In this thesis, the insurance company selection criteria from different aspects have been studied. In order to address the expectations of people from insurance companies in Northern Cyprus and improve the performances of insurance companies, 300 surveys evaluating the needs of insurance takers from several aspects have been distributed in the main streets to the randomly selected citizens. The surveys collected and assessed to pictorialize the most important criteria. The results are evaluated by using SERVQUAL instrument introduced by Parasuraman et al (1988). The obtained results showed that the most crucial criterion affects participants for choosing the insurance company is "Selecting insurance company through recommendations of friends". In contrast, they scored the criterion of "External and interior appearance of insurance company" as the lowest one. Additionally, regarding to SERVQUAL instrument, even though the mean value of all the dimensions are relatively close to each other, Tangibles has the lowest mean score, whereas the highest mean value is for Empathy. Since there is harmony among the questions taken place in the distributed surveys, the mean value of all the dimensions do not differ too much from each other. These survey results shed the expected light based on the theory.

In order to observe the important criteria on choosing an insurance company for people living in Northern Cyprus, two different types of instruments have been investigated in this thesis. One of them includes 36 questions to evaluate the priorities of people. It is prepared based on the related research in the current literature. The other type of instrument used in this thesis to assess the importance level of criteria is called SERVQUAL instrument which was introduce by Parasuraman et al (1988). The instruments also gave the reasonable results on selection criteria as it is explained above.

5.2 Interpretations of Results

The survey results collected over 300 randomly chosen people living in Northern Cyprus and having either life, accident, health, or vehicle insurances have represented the importance level of some criteria formed by using related literature. Owing to the fact that it is hard to focus on each question in the surveys, the main conclusions may be drawn to imply the general idea. The highest score in insurance company selection according to the survey outcome was about friends' recommendation. It shows that the companies should satisfy their members in order to have more customers. If a member is satisfied with the service quality, possibilities of the company, or personnel working in that company, then he/she might recommend this company to his/her relatives as well. What is more is advertisement. It has a reasonable significance on choosing an insurance company. If someone sees an announcement from a company and is affected by it, he might advise it to his relatives/friends. From this conclusion, the importance of advertisement has also been shown. Besides from friends' recommendation criterion, the location of the main building and branch of an insurance company is also very essential.

There is an upsetting fact about Northern Cyprus: there are not railway, subway, or highway transportation possibilities neither in city centers nor between the cities. The transportation deficiency brings several issues which might not be the case for the countries in which there is high level of transportation possibilities such as fast trains, metros, subways, tamps, or busses. Therefore, these factors makes people too chose the closest insurance company to their house or working place to access easily. In North Cyprus, the online services are not developed either. The customers should visit the main building of the company if they have any problems. Hence, it is rational to select the closest insurance company even though it is not the most proper one for them with the other possibilities except from the location. The same strategy might be followed in order to show the importance of location of the branches of an insurance company for the customers. One other criterion that needs to be discussed according to the survey outcomes is the service quality of an insurance company. Beside to the above criteria, having an efficient and customer friendly service is another significant factor that every customer wants. The efficient service includes having 7/24 available call centers and online services, solution based as well as friendly personnel, fast solutions to the problems, available parking spaces for drivers, etc. Though their priorities are not on the top of the required list for choosing an insurance company, they have an important impact factor for selection. The last but not the least essential criterion that makes people to select an insurance company is the cost of the services and the interest rates that the company offers. It would not be precise to say people mainly ignore the money issue in case they are satisfied by an insurance company. As a result, the costs of the services need to be acceptable for the budget of customers. Having said these, the cheapest, most efficient, and closest companies are the best choice for the customers who want to have insurance.

According to SERVQUAL instrument, the selection of an insurance company has been investigated under five different aspects, namely Tangibles, Reliability, Responsiveness, Assurance, and Empathy. All these five dimensions are related to each other in some aspects; that is why, the mean values of them do not differ significantly. The highest mean value belongs to the dimension called "Empathy" and it is 4.8225, whereas the lowest mean value belongs to the dimension called "Tangibles" and it is 4.7226.

Depending on the results, it might be said that the equipment in an insurance company do not have exactly the same importance as the manner of the personnel working in it. In other words, even if the company has all new brand desks, tables, computers, or fancy, well-decorated building, the operators have to be friendly and kind to the customers. Otherwise, it might not satisfy the customers with its performances. In conclusion, for SERVQUAL instrument, it might be said that all five dimensions have the averagely similar importance on a customer's decision for selection of an insurance company.

5.3 Future Work

Despite the fact that the survey and SERVQUAL instrument results have given reasonable results, there are some artifacts of this study. First of all, the number of participants might be increased to have more precise results. Additionally, the surveys could have been done for whole Cyprus Island (for both North and South Cyprus) instead of only for Northern part. The results could have been compared for Northern
and Southern Cypriots by using a well-known test methodology in literature. Additionally, along with gender of the participants, the occupation and income levels of them could have also been considered for survey analysis. Moreover, since some results were interpreted

with cultural background, the survey could be applied in Turkey as well in order to observe whether the outcomes are consistent or not. Furthermore, another survey could be formed for insurance companies to understand their expectation from the customers as well. Then the differences between the demands of the customers and the insurance companies could have been examined. By doing so, both the customers and companies could have seen their deficiencies from each other's eyes. Then the problems occur because of miscommunication could be solved which is an interesting research are for many fields.

Having address the possible artifacts mentioned above, the future work may be based on solving them in an efficient and proper way.

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APPENDIX

Appendix: Insurance Company Selection Criteria In Northern Cyprus

Dear Participant,

As a requirement of my master thesis, this research will search about your opinions in selecting insurance company before you start to use their services. Please read all of the questions carefully and try to answer the questions on your insurance company selection factors.

Regards,

Hakan ÇİGDEM
M. A. Student
Department of Banking and Finance
Eastern Mediterranean University.

1. Gender: a. Male   b. Female

PART A. INSURANCE COMPANY SELECTION FACTORS

This section comprises of 35 questions on insurance company selection factors. Please use the following Likert`s scale ranging from 1 (Not Important at all) to 2 (Very Important) for your answers:

Not Important at all   **Very Important**

                    1   2   3   4   5

ID	IMPORTANCE OF FACTORS FOR INSURANCE COMPANY SELECTION	LIKERT`S SCALE				
1.	Convenient location of the main company	1	2	3	4	5
2.	Convenient location of insurance company agencies	1	2	3	4	5
3.	Availability of insurance companies in several locations	1	2	3	4	5
4.	24 hours availability of insurance company service	1	2	3	4	5
5.	Several agencies of insurance company	1	2	3	4	5
6.	Convenient insurance company agency locations	1	2	3	4	5
7.	Low service charges of insurance company	1	2	3	4	5
8.	Insurance companies providing various monetary advantages	1	2	3	4	5
9.	Insurance companies' low charges on transactions	1	2	3	4	5
10.	Pleasant insurance company atmosphere	1	2	3	4	5
11.	Adequate number of personnel in the insurance company	1	2	3	4	5
12.	Reception at the insurance company	1	2	3	4	5
13.	Selecting insurance company through recommendations of friends	1	2	3	4	5
14.	Selecting insurance company through recommendations of relatives	1	2	3	4	5
15.	External and interior appearance of insurance company	1	2	3	4	5
16.	Available parking space near the insurance company	1	2	3	4	5
17.	The area of the parking space near insurance company	1	2	3	4	5
18.	Insurance service by mail	1	2	3	4	5
19.	Availability of home facilities by insurance company	1	2	3	4	5
20.	Availability of insurance promotions	1	2	3	4	5
21.	Providing insurance promotions cards with no annual fees	1	2	3	4	5
22.	Ease of service provided by insurance company	1	2	3	4	5
23.	Ease of accessing to insurance company	1	2	3	4	5
24.	Variety of services offered by insurance company	1	2	3	4	5
25.	Friendliness of insurance company personnel	1	2	3	4	5
26.	Confidence in insurance company manager	1	2	3	4	5
27.	Type of the used insurance (public or private)	1	2	3	4	5
28.	Type of the used insurance (domestic or foreign branch)	1	2	3	4	5
29.	The reputation of the insurance company	1	2	3	4	5
30.	Selecting insurance company based on family tradition	1	2	3	4	5
31.	Availability of internet website in the insurance company	1	2	3	4	5
32.	The place of insurance company on mass media advertising	1	2	3	4	5
33.	The insurance companies being open in the afternoon	1	2	3	4	5
34.	Speed and quality of service of the insurance company	1	2	3	4	5
35.	Accurate insurance company statements	1	2	3	4	5

PART B. SERVQUAL INSTRUMENT AS INSURANCE COMPANY SELECTION CRITERIA

Not Important at all   **Very Important**

1   2   3   4   5

ID	IMPORTANCE OF FACTORS FOR İNSURANCE SELECTION	LIKERT`S SCALE				
	TANGIBLES					
1.	The insurance company having modern looking equipment	1	2	3	4	5
2.	The insurance company having visually appealing physical facilities	1	2	3	4	5
3.	The insurance company having neat appearing reception desk employees	1	2	3	4	5
4.	The insurance company having visually appealing materials with services	1	2	3	4	5
	RELIABILITY					
5.	The insurance company doing something by a certain time as promised	1	2	3	4	5
6.	The insurance company showing interest in solving customer problems	1	2	3	4	5
7.	The insurance company performing the service right at the first time	1	2	3	4	5
8.	The insurance company providing service at the time as promised	1	2	3	4	5
9.	The insurance company insisting on error free records	1	2	3	4	5
	RESPONSIVENESS					
10.	The insurance company telling customers when the services performs	1	2	3	4	5
11.	The insurance company giving customers prompt service	1	2	3	4	5
12.	The insurance company employees always willing to help customers	1	2	3	4	5
13.	The insurance company never being busy to respond to customers' request	1	2	3	4	5
	ASSURANCE					
14.	The behavior of insurance company employees should confidence in customers	1	2	3	4	5
15.	Customers should feel safe in transactions with the insurance company	1	2	3	4	5
16.	Employees of insurance company should be consistently courteous with customers	1	2	3	4	5
17.	Employees of insurance company should have the knowledge to answer questions	1	2	3	4	5
	EMPATHY					
18.	The insurance company should give customers individual attention	1	2	3	4	5
19.	The insurance company should have operating hours convenient to all customers	1	2	3	4	5
20.	The insurance company should have employees who give personal attention	1	2	3	4	5
21.	The insurance company should have customers' best interest at heart	1	2	3	4	5
22.	Employees of insurance company should understand specific needs of customers	1	2	3	4	5