

# STUDY ON CUSTOMER PERCEPTION ON CLAIM SETTLEMENT SERVICES IN LIC AT BELGAUM DISTRICT

<sup>1</sup>SOUBHAGYA V HOSAMATH, <sup>2</sup>Dr. SADASHIV O HALASAGI

<sup>1</sup>Research Scholar, <sup>2</sup>Research Guide  
<sup>1</sup>KLE's Lingaraj College, Belagavi  
<sup>2</sup>Shivanand College, Kagwad

## Abstract:

**Introduction:** LIC in India nowadays have taken a giant shape especially after introduction of insurance regulatory and development authority (IRDA). The claim intimation should consist of basic information such as policy number, name of the insured, death of date, cause of death, name of the claimant etc.

**Review of Literature:** *Chowdhury et al., (2007)* found that this is the law of nature that people have to live and play with hazards and to some extent insurance policy can free people from those frustrations. This study will highlight those issues relating to non popularity of insurance companies in Bangladesh. To find Gap-model of service marketing will be fitted to the insurance industry of Bangladesh.

**Objective of this study:** The main purpose of this study is problems and difficulties facing by policyholders in making claims and find out the result of claim settlement at Belgaum district.

**Research methodology:** The study was conducted on claim settlement procedure a sample of 582 respondents at Belgaum district. A structured questionnaire was designed to collect the primary data. The questionnaire was developed by identifying the variables based on literature review and the objective of the study.

**Data Analysis** This article three analysis of data into two part. First part analyses the demographic characteristic of the respondents and second part of analysis gap model on claim settlement of Chi- Square test of the respondents.

**Conclusion:** This article conclude that it is cleared that there is a low gap between customer's expectation and LIC offered facilities. However, it does not mean that LIC is perfect, at many areas gap is found and LIC need to improve in that areas.

**Keywords:** Policyholders, Claim Settlement, Perception Level, Expectation Level, LIC

## INTRODUCTION:

The most important service that an insurance company gives to its customers is the claim settlement to its policyholders. From older point of view, the policy settlement of his or her claim is the very important part of the insurance contract. First, insurance company has to handle claims settlement in a proactive and positive manner and Secondly, the speed and promptness with which the claims are settled and paid within the framework of stipulated rules and regulation of IRDA. An insurance claim is a formal request by a policyholder to an insurance company for coverage or compensation for a covered loss or policy event.

The present study explain customer perception on claim settlement services in life insurance companies. Insurance industries in India nowadays have taken a giant shape especially after introduction of insurance regulatory and development authority (IRDA). The claim intimation should consist of basic information such as policy number, name of the insured, death of date, cause of death, name of the claimant etc. As per the regulation 8 of the IRDA Regulation, 2002. The insurer is required to settle a claim with in 30day's of receipts of all documents including clarification sought by the insurer. If the claim requires further investigation, the insurer has to complete its procedure within 6 months from receiving the written intimation of claim. The payment by the insurer to the insured on the date of maturity is called maturity payment. The amount payable at the time of the maturity includes a sum assured and bonus, and it is to be returned to the office along with original policy document, ID proof, Age proof if age is not already submitted, and any copy of climates' Bank book cancelled the cheque. The life insurance policy can be attached with different rider like accidental rider, critical illness rider, Hospital cash rider, waiver of premium rider etc for critical illness, necessary medical documents such as first investigation report, Doctor Prescription, Discharge summary etc are required. For accidental disability rider, attested copy of FIR, Doctor Certificate of disability, original medical bills with prescription/treatment papers etc are required.

## REVIEW OF LITRETURE:

**Chowdhury et al., (2007)** found that this is the law of nature that people have to live and play with hazards and to some extent insurance policy can free people from those frustrations. Even if this is true, people of Bangladesh still don't prefer to insure themselves. One may think that the people of Bangladesh are risk lover; on the other hand other may contradict by saying that their low purchasing power doesn't permit them to avail insurance policy. This study will highlight those issues relating to non popularity of insurance companies in Bangladesh. To find marketing side problems, Gap-model of service marketing will be fitted to the insurance industry of Bangladesh.

**Ansari Z. A. (March 2012)** in the present study examines the attitude of individuals towards different kinds of risks and scope they prefer in Saudi Arabia. The main purpose of this study how the use of insurance particularly the binding insurance has altered the

perception towards risks , their future behaviour towards buying other insurance policies and also what features the users of insurance suggest in their insurance policy contract. The study is based on primary data collected aimlessly from current users of binding insurance policies that is motor insurance and health insurance and life insurance.

### OBJECTIVES OF THE STUDIES:

1. The main purpose of this study is problems and difficulties facing by policyholders in making claims at Belgaum district.
2. Find out the results with analysis of gap between perception and expectation level of claim settlement in LIC at Belgaum district.

### RESEARCH METHODOLOGY:

This study was conducted at Belgaum district is sub divisions ( taluka's) into 3 divisions i.e. Belagavi, Bailhongal and Chikodi. Belagavi sub-division into Belagavi, Khanapur and Hukkeri. Chikodi Sub-division into Chikodi, Athani and Raybag. Bailhongal sub-division into Bailhongal, Ramdurg, Saundatti and Gokak. The primary data were collected from 2013 to 2020. The study was conducted on claim settlement of gap between perception and expectation level a sample of 582 respondents at Belgaum district. A structured questionnaire was designed to collect the primary data. The questionnaire was developed by identifying the variables based on literature review and the objective of the study. The help of experts, professionals and trainers in the field of life insurance was taken so as to ensure the content validity. a three point scale was used (1= Agree, 2= Disagree, 3== Neutral) The questions were designed on interval scale for effective analyzing the data. For this study, statistical tool is used like percentage and chi square analysis of primary and secondary data by using computer software tools, judgmental forecasting and cause and effect analysis.

### DATA ANALYSIS OF CLAIM SETTLEMENT PROCEDURE:

In the present study based on primary data has been collected from various sources. Primary data has been collected from the existing policyholders in LIC at Belgaum district and selected insurance companies through questionnaires and interview. The first part analyses the demographic characteristic of the respondents. The second part of analysis is gap between perception and expectation of claim settlement. A pilot survey has been conducted before drafting the final schedule that provides useful insights to the final draft of the schedule. The schedule consists of twenty two closed ended questions relating to the above parameters, while the questionnaire consist of eight questions which are both open and closed ended . Results of primary data of policyholders are discussed in various level of gap model of claim settlement.

#### 1. Demographic Profile:

The first part analyses and interpretation on demographic characteristic of the respondents. Data analysis and interpretation on demographic characteristics of the respondents are given below:

**Table No. 1**

**Demographic Profile of Respondents**

Particulars	Respondents	Percentage
<b>1. Sex:</b>		
Male	376	64.60%
Female	206	35.39%
<b>Total</b>	<b>582</b>	<b>100</b>
<b>2. Age:</b>		
18-30	113	19.41%
31-40	155	26.63%
41-50	180	30.92%
51-60	107	18.41%
Above 60	27	4.63%
<b>Total</b>	<b>582</b>	<b>100</b>
<b>3. Occupation:</b>		
Government	214	36.76%
Private	113	19.41%
Business	176	30.24%
Others	79	13.57%
<b>Total</b>	<b>582</b>	<b>100</b>
<b>4. Educational Qualification:</b>		
Primary	24	4.12%
Secondary	33	5.68%
PUC	137	23.53%
Degree	284	48.80%
P.G	104	17.87%
<b>Total</b>	<b>582</b>	<b>100</b>

[Source: Field survey in LIC at Belgaum district]

The primary information reveals that males and female from LIC at Belgaum district were 64.60% and 35.39%. The figure indicates that the selected sample were dominated by the male respondents, as they are sole earner of family and hence for their protection and financial security they prefer insurance. Though the percentage of male respondents is more as compare to female in LIC at Belgaum district. In context of age the primary information indicates that the majority of respondents were in the age group of 41-50 years. In LIC at Belgaum district, (30.92%) respondents were in the age-group of 41-50. The collected information reflect that there is the highest frequency of life insurance policyholders were in the age group of 41-50 which indicates that at this age there is positive perception towards life insurance and risk coverage as well as future saving in LIC at Belgaum district. In respect of occupational pattern, the primary information indicates that in LIC at Belgaum district 36.76% were government while in business and private occupation they constitute 30.24% and 19.41% only. From the above analyzed that the majority of sample respondents were government employees in LIC at Belgaum district. In respect to educational qualification of the respondents the primary information reveals that in LIC at Belgaum district 4.12% were primary educated, 5.68% were secondary educated, 23.53% PUC education, 48.80% were graduate and 17.87% were P.G. From the above analyzed that the majority of sample respondents were degree educated and literate in LIC at Belgaum district.

## 2. Chi- Square test on Claim settlement:

Question was raised in order to know about service quality from the policyholders. By reviewing various literature on micro insurance it was found that services quality play a vital role in analyzing the services provided by insurance companies to their policyholders. Query has been asked on various important items of service quality i.e. perception and expectation level to policyholders. The data is non-parametric in nature hence the application of Chi- Square test has been used for testing the hypothesis duly framed.

### 1. Perception Level:

**Table No.2**  
**Items involve in Perception Level**

Items	Alternative		Total
	Positive	Negative	
Providing Services at the right time	425	157	582
Error free and speedy documentation of the policies	420	162	582
Guiding the policyholders as regards the policy status and new products	422	160	582
Sincere interest of the agents and employees in solving the problems of the policyholder	427	155	582
Agents have a very good knowledge about the various policies of the company and explain features of the policy	418	164	582
Agents assist in identifying the right policy	425	157	582
Agents and employees clarify the doubts	426	156	582
Agents remind the policy holders of the due date for payment of premium and making payment of premium	414	168	582
Neat and well dressed agents and employees	428	154	582
Use of modern technology by the life insurance company	426	156	582
Clean and comfortable environment of the branch office	427	155	582
Modern fixtures and parking facility	425	157	582
Polite and friendly dealing of agents and employees	415	167	582
Knowledgeable agents and employees to answer policy holders' questions	426	156	582
Considering policyholders beliefs and emotions.	413	169	582
Understanding specific needs of the policyholders	411	171	582
Having convenient operating hours in the branches for the policyholders	415	167	582
Willingness to help the policy holder	422	160	582
Willingness to respond to policy holders' requests	408	174	582
Instilling confidence in the policyholder	428	154	582
Feeling safety and security in the interaction with the agents and employees	418	164	582
Timely revival of lapsed policies, change of nominee, address and mode of payment	417	165	582
<b>Total</b>	<b>9256</b>	<b>3548</b>	<b>12804</b>

[Source: Field survey in LIC at Belgaum district]

Hypothesis has been formulated to test the significant relationship between various items involve in perception level.

**H<sub>0</sub>**: There is a no significant relationship between various items involve in perception level of policyholders.

**H<sub>1</sub>**: There is a significant relationship between various items involve in perception level of policyholders.

Table No.3

## Chi-Square table of Perception Level

O	E	O-E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
425	421	4	16	0.03
157	161	-4	16	0.09
420	421	-1	1	0.00
162	161	1	1	0.00
422	421	1	1	0.00
160	161	-1	1	0.00
427	421	6	36	0.08
155	161	-6	36	0.22
418	421	-3	9	0.02
164	161	3	9	0.05
425	421	4	16	0.03
157	161	-4	16	0.09
426	421	5	25	0.05
156	161	-5	25	0.15
414	421	-7	49	0.11
168	161	7	49	0.30
428	421	7	49	0.11
154	161	-7	49	0.30
426	421	5	25	0.05
156	161	-5	25	0.15
427	421	6	36	0.08
155	161	-6	36	0.22
425	421	4	16	0.03
157	161	-4	16	0.09
415	421	-6	36	0.08
167	161	6	36	0.22
426	421	5	25	0.05
156	161	-5	25	0.15
413	421	-8	64	0.15
169	161	8	64	0.39
411	421	-10	100	0.23
171	161	10	100	0.62
415	421	-6	36	0.08
167	161	6	36	0.22
422	421	1	1	0.00
160	161	-1	1	0.00
408	421	-13	169	0.40
174	161	13	169	1.04
428	421	7	49	0.11
154	161	-7	49	0.30
418	421	-3	9	0.02
164	161	3	9	0.05
417	421	-4	16	0.03
165	161	4	16	0.09
<b>Total</b>				<b>6.48</b>

[Source: Field survey in LIC at Belgaum district]

Degree of freedom= (c-1)(r-1)

$$(2-1)(22-1) = 21$$

$$\alpha = 0.05$$

The critical value of  $\chi^2 = 0.906, 0.308$  and Degree of freedom=21. Since calculated value of  $\chi^2 = 6.48$ , which is more than the critical value therefore the null hypothesis is rejected.

On the analysis of perception level by the statically tool Chi Square which relate to the non-parametric analysis of data. The analysis indicates that in respect of perception level the null hypothesis is rejected as the calculated value was more than the critical value. The parameters involve various dimension of the perception level. The hypothesis further indicates that a significant relationship between these various dimension in perception level.

The reason that can be attributed to the significant calculated value is that in case of claim administrators behavior of the policyholders, delay payment, cost of claim settlement. The other reason behind found during the course of investigation between the companies and policyholders are argue towards claim settlement procedure among the beneficiaries resulted in the rejected of null hypothesis.

## 2. Expectation Level:

**Table No.4**  
Items involve in Expectation Level

Items	Alternative		Total
	Positive	Negative	
Providing Services at the right time	421	161	582
Error free and speedy documentation of the policies	421	161	582
Guiding the policyholders as regards the policy status and new products	426	156	582
Sincere interest of the agents and employees in solving the problems of the policyholder	427	155	582
Agents have a very good knowledge about the various policies of the company and explain features of the policy	419	163	582
Agents assist in identifying the right policy	429	153	582
Agents and employees clarify the doubts	425	157	582
Agents remind the policy holders of the due date for payment of premium and making payment of premium	410	172	582
Neat and well dressed agents and employees	426	156	582
Use of modern technology by the life insurance company	418	164	582
Clean and comfortable environment of the branch office	417	165	582
Modern fixtures and parking facility	429	153	582
Polite and friendly dealing of agents and employees	415	167	582
Knowledgeable agents and employees to answer policy holders' questions	428	154	582
Considering policy holders beliefs and emotions.	416	166	582
Understanding specific needs of the policyholders	415	167	582
Having convenient operating hours in the branches for the policyholders	413	169	582
Willingness to help the policy holder	421	161	582
Willingness to respond to policy holders' requests	410	172	582
Instilling confidence in the policyholder	429	153	582
Feeling safety and security in the interaction with the agents and employees	413	169	582
Timely revival of lapsed policies, change of nominee, address and mode of payment	416	166	582
<b>Total</b>	<b>9244</b>	<b>3560</b>	<b>12804</b>

[Source: Field survey in LIC at Belgaum district]

Hypothesis has been formulated to test the significant relationship between various items involve in expectation level.

**H<sub>0</sub>**: There is a no significant relationship between various items involve in expectation level of policyholders.

**H<sub>1</sub>**: There is a significant relationship between various items involve in expectation level of policyholders.

**Table No.5**

### Chi-Square table of Expectation Level

O	E	O-E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
421	420	1	1	0.00
161	162	-1	1	0.00
421	420	1	1	0.00
161	162	-1	1	0.00
426	420	6	36	0.08
156	162	-6	36	0.22
427	420	7	49	0.11
155	162	-7	49	0.30
419	420	-1	1	0.00

163	162	1	1	0.00
429	420	9	81	0.19
153	162	-9	81	0.50
425	420	5	25	0.05
157	162	-5	25	0.15
410	420	-10	100	0.23
172	162	10	100	0.61
426	420	6	36	0.08
156	162	-6	36	0.22
418	420	-2	4	0.00
164	162	2	4	0.02
417	420	-3	9	0.02
165	162	3	9	0.05
429	420	9	81	0.19
153	162	-9	81	0.50
415	420	-5	25	0.05
167	162	5	25	0.15
428	420	8	64	0.15
154	162	-8	64	0.39
416	420	-4	16	0.03
166	162	4	16	0.09
415	420	-5	25	0.05
167	162	5	25	0.15
413	420	-7	49	0.11
169	162	7	49	0.30
421	420	1	1	0.00
161	162	-1	1	0.00
410	420	-10	100	0.23
172	162	10	100	0.61
429	420	9	81	0.19
153	162	-9	81	0.50
413	420	-7	49	0.11
169	162	7	49	0.30
416	420	-4	16	0.03
166	162	4	16	0.09
<b>Total</b>				<b>7.05</b>

[Source: Field survey in LIC at Belgaum district]

$$\text{Degree of freedom} = (c-1)(r-1)$$

$$(2-1)(22-1) = 21$$

$$\alpha = 0.05$$

The critical value of  $\chi^2 = 1, 0.33$  and Degree of freedom = 21. Since calculated value of  $\chi^2 = 7.05$ , which is more than the critical value therefore the null hypothesis is rejected.

On the analysis of expectation level by the statically tool Chi Square which relate to the non-parametric analysis of data. The analysis indicates that in respect of expectation level the null hypothesis is rejected as the calculated value was more than the critical value. The parameters involve various dimension of the expectation level. The hypothesis further indicates that a significant relationship between these various dimension in expectation level.

The reason that can be attributed to the significant calculated value is that in case of claim administrators behavior of the policyholders, delay payment, cost of claim settlement. The other reason behind found during the course of investigation between the companies and policyholders are argue towards claim settlement procedure among the beneficiaries resulted in the rejected of null hypothesis.

### CONCLUSION:

LIC is already a leading company of insurance in India. The policyholder responses in the project report also indicate that LIC is a capable insurance company justifying with its policyholders in real manner. It is found in the study most of the policyholders are satisfying with the LIC services. LIC is providing adequate service which really consumers wants. But there are some areas where LIC need to improve so that it may meet the policyholder objectives easily. We know very well every policyholder have their own view regarding thing, LIC services is one of them. In conclusion it is cleared that there is a low gap between customers expectation and LIC offered facilities. But it does not mean that LIC is perfect, at many areas gap is found and LIC need to improve in that areas.

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