

Customer Satisfaction in Health Insurance Industry: A Study of Punjab and Union Territory of Chandigarh

Abstract

Success of insurance business depends upon the satisfaction of customers. No business can be survived without customers. Satisfaction of the customers depends upon the quality of services provided. In health insurance business also, public and private sector companies' achievement can be judged through satisfaction of the customers. Since if the customers are satisfied then only they become loyal to the company. Health insurance policies are generally renewable for one year. So, it is essential to keep the existing customer rather than fascinating a new customer in the health insurance industry. The cost of marketing efforts adopted for attracting new customers is very high as compare to retaining the old customers. The present study is an attempt to measure the satisfaction level of customers of health insurance companies of Chandigarh and Punjab.

Keywords: Customer Satisfaction, Service Quality, Health Insurance.

Introduction

The success of insurance companies depends upon the products availability and quality of services provided to the customers. Because of increasing competition in the market every insurer wants to satisfy their customers by offering good quality services. Customer faces more difficulty in valuation of quality of services as compared to goods. There are various tangibles factors to purchase the good quality products for e.g. size, colors, price, styles, fit, and packages. But there is lack of such factors affecting service quality. Service quality in health insurance business depends on the ability of the health insurance companies to fulfill the expectations of the policyholders. The insurance companies should evaluate and compare their services with other insurance providers. They must offer differentiated services to different segments according to their requirements. The customer is now well educated and his potentials are increasing about the market. These varying situations are exercising burden on the present companies in the industry to revise their strategies and policies. They will have to increase their service quality to struggle for survival in the market. Thus, non- life insurance companies feel the requirement to improve service quality. Under these situations, there is a necessity to judge how extreme the general insurance companies will be capable to satisfy their customers by providing quality services.

There is a need to study the level of customer satisfaction of health insurance companies. So that services can be improved if there is any deficiency in services for the smooth flow of insurance business. The present study is an attempt to study the satisfaction level of customers of health insurance companies of Punjab and Chandigarh. The sample of the study was 450 policyholders of selected public and private health insurance companies of Punjab and Chandigarh

Review of Literature

Sayulur and Sardar (2005) studied socio economic profile and the satisfaction level of policyholders regarding BimaKiran and Endowment policy services of Mancherial branch of LIC of India. The sample size of the study was 160 policyholders 80 in BimaKiran and 80 in Endowment policy. The results showed that 92.5 percent respondents of bimakiran and 85 percent respondents of endowment policy were males. Also 90 percent of bimakiran respondents and 95 percent of endowment policy respondents were married. Majority of the respondents from both of the policies have secondary education followed by graduation and belonged to middle income group. The study also showed that 41 percent of the policyholders

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of bimakiran policy and 44 percent of the policyholders of endowment policy were satisfied. It was suggested that insurance companies should send intimation regarding payment of premium regularly and delay in maternity claims settlement and death claims settlement should be removed.

Borah (2012) analysed the satisfaction level of customers of private sector insurance company and service factors affecting customer's satisfaction. The sample size of the study was 50 customers of Kotak Mahindra Life Insurance located at Jorhat. The results showed that majority of the respondents were satisfied from the services of this company. It was concluded that factors like tangibility, accessibility and understanding factors had the maximum impact on customer satisfaction. It was suggested that company should try to execute its pledge timely, should solve customers' grievances honestly and provide prompt services to the customers.

Akila (2013) studied the customer's perceptions, effect of customer perceptions and overall customer satisfaction towards health insurance products of LIC (Life Insurance Corporation) in Salem district. The data was collected from 352 existing customers of LIC (Life Insurance Corporation) through structured questionnaire. The results showed that customer perception was positive regarding health insurance plans of LIC (Life Insurance Corporation). It was also found that majority of the customers were satisfied with the health insurance plans of LIC (Life Insurance Corporation). It was also suggested that customers must get information about the policy before purchasing.

Baishya et al. (2015) analysed the satisfaction level of insured and uninsured person regarding benefits provided by the ESI hospital as well as cash benefits provided under this scheme. The data was collected from 382 respondents of Assam. The study revealed that 58 percent of the insured respondents were not satisfied from the

services of the doctors, specialized service, quality of drugs provided and laboratory facilities. Majority of the insured respondents were satisfied regarding cash benefits in terms of sickness benefits, maternity benefits, disablement benefits and other benefits

Objectives of the study

The objective of the study is to measure the satisfaction level of customers in selected health insurance industry.

Research Methodology

The present study is based on primary data. A questionnaire has been prepared to collect data from the policyholders of Punjab and Chandigarh. Most populated district of Malwa, Majha and Doaba region have been selected from the Punjab and Chandigarh is also a capital of Punjab and here people of different states have been reside. Data from the 450 customers have been collected and 435 respondent's response found for analysis.

Analysis

The satisfaction of customers with the health insurance companies was measured by developing an instrument containing 35 statements. The statements were measured on a five-point likert scale from strongly disagree (=1) to strongly agree (=5) Higher the score, more agreement with the statement. The reliability of the scale was tested using Cronbach's alpha. The alpha value of the scale was 0.961, which was very near to 1 and could be considered as excellent. The alpha value recommended that the scale was Precisely capable to measure the customer satisfaction with complete accuracy.

Descriptive statistics was used to present the results of scale. Table 1 exhibits the results of descriptive statistics. The items of the scale are organized in decreasing order of mean scores. Statements with higher mean are attached on the top of the table 1 followed by the statements with lower mean score.

Table 1: Descriptive Statistics of the Statements of Scale Measuring the Customer Satisfaction

Statements	Min ^m .	Max ^m .	Mean	SD
1. Clear or understandable Information given on website.	2	5	4.24	0.666
2. Regular updates on websites.	2	5	4.21	0.689
3. Arrangement for drinking water.	1	5	4.18	0.658
4. Space for parking the vehicle.	1	5	4.17	0.680
5. Adequate Information available on website about company.	2	5	4.17	0.622
6. Sitting arrangement.	1	5	4.12	0.693
7. Operating hours of the company.	1	5	4.12	0.639
8. Status of the policies can be checked through website.	1	5	4.11	0.831
9. Time taken by the company to issue policy.	1	5	4.11	0.657
10. Language of policy documents.	1	5	4.11	0.655
11. Location of Health Insurance Company.	1	5	4.11	0.617
12. Suitability of products to your requirements.	1	5	4.07	0.688
13. Number of network hospitals	1	5	4.02	0.780
14. Process of filling application form.	1	5	4.00	0.851
15. Knowledgeable employees and staff.	1	5	3.97	0.795

16. Accessibility of Network hospitals	1	5	3.95	0.834
17. Enquiry counter for general enquiry at Health Insurance Company.	1	5	3.94	0.814
18. Information provided by the Third-Party Administrators.	1	5	3.92	0.857
19. Availability of Information about products and services through brochures, pamphlets and magazines.	1	5	3.91	0.767
20. Behaviour of Employees or staffs.	1	5	3.89	0.852
21. Medical examination procedure.	1	5	3.89	0.898
22. Knowledge of agents.	1	5	3.88	0.858
23. Claim processing by Third Party Administrator's.	1	5	3.86	0.880
24. Standardized fees structure of Third-Party Administrators.	1	5	3.85	0.894
25. Guidance given by agents at the time of issuance of policy.	1	5	3.84	0.990
26. Awareness of Third-Party Administrators about various health insurance policies.	1	5	3.83	0.955
27. Reminders given by company about premium payment.	1	5	3.78	1.019
28. Procedure for specific problem solving.	1	5	3.73	1.001
29. Procedure of renewal of policy.	1	5	3.70	1.087
30. Collection of premium by agents.	1	5	3.67	1.005
31. Agents help in settlement of claims.	1	5	3.61	1.083
32. Procedure of claim settlement.	1	5	3.61	1.111
33. Procedure of making changes in the policy.	1	5	3.58	1.077
34. Time taken in settlement of claim.	1	5	3.57	1.182
35. The premium charged by the health insurance company.	1	5	3.54	1.128
Overall Satisfaction with Health Insurance Companies	2	5	3.92	0.568

As shown in Table 1 the explanations of the statement 'Clear or understandable Information given on website' ranged between 2 and 5 with a mean of 4.24 (SD=0.666). The score of the statement was high signifying that the customers were highly satisfied with the information given on website. The customers were also highly satisfied with the regular updates on websites (4.21, SD=0.689). The customers were also highly satisfied with the arrangement for drinking water (4.18, SD=0.658), and parking space for the vehicle (4.17, SD=0.680). Customers were satisfied with the adequate information available on website (4.17, SD=0.622). The sixth (4.12, SD=0.693), seventh (4.12, SD=0.639), eighth (4.11, SD=0.831), ninth (4.11, SD=0.657), tenth (4.11, SD=0.617), eleventh (4.11, SD=0.617) and twelfth statement (4.07, SD = 0.688) are the measurement of customer satisfaction with the general convenience and the customers were found to be highly satisfied with it. Statement number 13 (4.02, SD=0.78), 14 (4.00, SD=0.851), and 15 (3.97, SD=0.795) measure the satisfaction with the procedural convenience or easiness. Statement number 16 (3.95, SD=0.834) and 17 (3.94, SD=0.814) are measurement about the general accessibility and the customers were moderately satisfied. The statement about the third-party administration and the customers were satisfied from moderate to high level (3.92, SD=0.857). The statement the information about product and services through brochure and customers were satisfied upto moderate to high level (3.91, SD=0.767). The

statement behavior of employees of health insurance companies and customers were satisfied upto moderate level (3.89, SD=0.852). Statement medical examination procedure and the customers were satisfied upto moderate level (3.89, SD=0.898). Statement the knowledge of agents and the customers were satisfied upto moderate extent (3.88, SD=0.858). Statement claim processing by third party administration and customers were satisfied to moderate extent (3.86, SD=0.880). The customers were moderately satisfied with the standardized fee structure of third-party administration (3.85, SD=0.894). The customers were moderately satisfied with the guidance given by the agents at the time of issuance of policy (3.84, SD=0.99). The customers were moderately satisfied with the awareness of third-party administrators about the various health insurance policies. The customers were moderately satisfied with the reminders given by the company about premium payment (3.78, SD=1.019). The customers were fairly satisfied with the procedure for specific problem solving (3.73, SD=1.001). The customers were fairly satisfied with the procedure of renewal of policy (3.70, SD=1.087) and with the collection of premium by the agents (3.67, SD=1.005). Also, the customers were fairly satisfied with the procedure of claim settlement (3.61, SD=1.111) and agents help in settlement of claim. The customers were poorly satisfied with the procedure of making changes in the policy document (3.58, SD=1.077), the time taken in settlement of claim (3.57, SD=1.182),

and the premium charged by the health insurance policies (3.54, SD=1.128).

A combined score was computed using summated average procedure to measure the overall satisfaction with the health insurance companies. The observations of overall satisfaction score ranged between 2 and 5 with an average of 3.92 (SD=0.568), suggesting that the overall customers were moderate to highly satisfied with the insurance companies (Refer table 1).

Findings

1. It is relatively apparent that the satisfaction score of customers on most of the measurements of customer satisfaction ranged between highly satisfied to poorly satisfied.
2. The measurements of transparency in the information, procedural convenience and general convenience obtained the highest scores.
3. The customers are worst satisfied with the procedure for specific problem solving, procedure of making changes in the policy document and with the procedure of renewal of policy.
4. The customers were fairly satisfied with the premium charged by the health insurance companies, collection of premium by the agents and claim settlement procedure.
5. The overall satisfaction scores suggested that customers were moderate to highly satisfied with the health insurance companies.

Suggestions

Health insurance companies should decrease the amount of premium charged so that every person can avail health insurance. They should make the procedure of problem solving, claim settlement and renewal easier. They must concentrate on the services of agents like premium collection, timely settlement of claims.

Conclusion

Health insurance is a growing segment of general insurance companies. It is necessary to make the policyholders happy and content from the services of health insurance companies. So that they become loyal to the previous company and can attract more customers for the company. This study intends to measure the satisfaction level of the policyholders so that companies can improve the quality of services

provided. So that it can take timely actions to remove deficiencies of its services.

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