

NOMINEE'S SATISFACTION TOWARDS CLAIM SETTLEMENT BY LIFE INSURANCE CORPORATION OF INDIA

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Abstract

In this article the researcher examines the satisfaction towards the claim settlement by LIC at Srivilliputhur Taluk, of Virudhunagar district. In total 124 claimant nominees were surveyed and results are presented. 87.10% were satisfied and satisfaction towards fulfillment of right to know policy benefits and whereabouts; Satisfaction towards procedures relating to KYC updating and registration, fund transfer, linking bank details and receiving and submitting succession certificate from court; Satisfaction towards submission of ID proof and claim settlement procedures; and procedures with regard to parent nominations are significant in the estimation of the overall level of satisfaction towards the policy nomination procedures and the claim settlement policy.

Key Words: Nominee, Claim Settlement, Insured, Redudiation, Paidup, Claimant.

1.1 Introduction

Insurance is a means of protection against money loss from many kinds of hazards. Insurance companies make it possible for millions of people to put together money to protect each other from large losses. Insurance is a method which provides security and protection against financial loss up to some limit.

1.2 About the study

The study measures the level of satisfaction towards the claim settlement and uses factor analysis to reduce the aspects for satisfaction into important factors and uses multiple regression to identify the aspects significant to satisfaction towards the claim settlement.

1.3 Review of concerned literature

The Life Insurance Corporation of India(LIC) is an autonomous body having the exclusive privilege to carryout life insurance business in India. It has emerged as a multi-dimensional organisation as number of studies were conducted on the working of LIC, its investment pattern and evaluation of various schemes.

Wen Jyh Henry Chiu (1995) in his research report analysed the functioning of insurance markets and the implications of existing and proposed public intervention in these markets¹.

Outreville (1996) presents some empirical tests of the relationship between financial development and the development of the life insurance sector and provides empirical evidence of the negative effects of a monopolistic market on life insurance growth.²

Chandramohan (2002) attempted a study on the marketing of Life Insurance Services in Erode District of Tamil Nadu and in the study he highlights the problems of the sales personal in marketing life Insurance policies and gives suggestions for improving the marketing services.³

¹ Wen Jyh Henry Chiu (1995), "Essays on Public Intervention in Insurance Markets", Ph.D.Thesis, The John Hopkins University, [Baltimore, Maryland, United States](#).

² Outreville, J.F. ,(1996), "Life insurance markets in developing countries", **The Journal of Risk and Insurance**, Vol. 63, No. 2, pp. 263-268.

³ Chandramohan (2002), "A Study on the marketing of Life Insurance Services in Erode District of Tamil Nadu" Ph.D. Thesis, Erode Arts college, Erode.

Gautam Pansal and Pawan Tenjeja (2005) have studied on Life insurance advertisement on television and the quality of Illustration. In their article they have stated that advertisement of LIC create more awareness among the people.⁴

Nirmala (2005) has studied the Women Empowerment and Participatory strategies in LIC of Tirunelveli Division. In her research work she has emphasized the rate of women participation at different levels in LIC.⁵

Rajesh Jampal (2005) in their article 'Claim settlement – the key success factor of LIC' pinpointed that LIC settles claims with greater accuracy and courtesy, and the key success factors of LIC is positive and timely claim settlement.⁶

Gurupandi (2007) in his doctoral dissertation has suggested that as most of the policy holders hold only one policy, LIC can introduce prize schemes and extensive publicity in order to persuade people to take more number of policies.⁷

Karunanithi (2007) in his doctoral dissertation viewed the environment of services marketing of LIC of India in Madurai Division. In his research he has analysed the business performance and services marketing of LIC of India and the role of agents in promoting the LIC marketing.⁸

Chandarana (2008) in his doctoral thesis has analysed the overall performance of LIC since liberalisation and to compare the performance of various plans with sum assured premium underwritten and the marketing strategies adopted by LIC.⁹

Kannan (2009) in his work originated that the market potential for private insurance companies is found to be greater in the long run as most of the Indians are of the opinion that, private insurance companies would be able to perform well in the future.¹⁰

R.Khader Mohiden(2016) revealed that whole life and endowment policies are more favoured by the samples with zero dependents, with one dependents, with two dependents and with four dependents. Also it assessed the relationship between types of policy holding and dependents.¹¹

Dr.P.B.Ashturkar(2015) provides valuable insight into the time consumed by the individual insurance company to complete the settlement process and pay claims to the policyholders examines the claim settlement period of India public and private life insurance companies in view of the LPG in insurance sector.¹²

Dr.Syed Shahid Mazhar and Farhura S.Khan (2019) concludes that customer is the only significant factor that can lead to life insurance changes and there are many factors influencing the investment decisions of users in life insurance and as per survey the demographic factors of the population play a key role in deciding to purchase life insurance policies.¹³

1.4 Statement of the problem

Many studies have dealt widely with the satisfaction towards LIC policies but there is little or no research towards nominees satisfaction towards the claim settlement. This research gap is the problem identified by the researcher and is the level of satisfaction experienced by the nominees of life insurance policies in LIC.

1.5 Objectives of the study

The objective of the study was to measure the level of nominee's satisfaction towards claim settlement by life insurance corporation of India at Srivilliputhur Taluk.

⁴ Gautam pansal and Pawan Tenjeja (2005) "Life insurance advertisement on television: A Study on Quality of Illustration", **Indian Journal of Marketing**, XXXV No.8, August p.34.

⁵ Nirmala, J., (2005), "Women Empowerment and Participatory strategies in LIC of Tirunelveli Division" Ph. D Thesis Madurai Kamaraj University, Madurai.

⁶ Rajesh.J. C., Jampal and Venkateswara Rao BH., (2005), "Claim settlement – the key success factor of LIC", **Indian Journal of Marketing** Vol. XXXV No.7 July, p31.

⁷ Gurupandi, M.(2007), "Attitude of the policyholders towards LIC – a study with special reference to Ramnathapuram district", Ph.D. Thesis, Madurai Kamaraj University Madurai.

⁸ Karunanithi, G. (2007), "Services Marketing of LIC of India in Madurai Division- A Study in view of global Environment" Ph.D. Thesis, Madurai Kamaraj University, Madurai.

⁹ Chandarana (2008), "Performance Evaluation of Life Insurance Corporation of India" Ph.Dthesis Surashtra University, Rajkot.

¹⁰ Kannan, K.V., (2009), "Market potential for private life insurance companies in India" M.Phil Dissertation, Erode Arts College, Erode.

¹¹ Khader Mohideen.R.(2016), "A Study on policy-holders satisfaction of Life Insurance Corporation of India at Sirkali Town", *International Journal of Management*, 7(2), pp 730-734.

¹² Dr.P.B.Ashturkar(2015), "An Analytical approach to study claim settlement and Life Insurance: Indian Evidence", *International Journal of Management Research and Development(IJHRD)*, Volume 5, Number1, January-April 2015.

¹³ Dr.Syed Shahid Hazhar and Fashina.S.Khan,2019., "Study of factors affecting customers preference towards investment in Life Insurance Policies". <https://www.researchgate.net>3379>.

1.6 Research hypothesis

The following hypotheses were tested in the study:

Hypothesis 1: There is no association between the opinion towards level of satisfaction the respondents had over the policy nomination procedures and the settlement of policy claims with various categorical characteristics of the insurance policy, the characteristics of insured and the nominee such as insurance policy type, policy term, mode of payment of premium, gender of the life assured education of nominee, gender of the nominee, opinion about taking accident rider, and opinion about availing accident rider benefit at 5%.

Hypothesis 2: The opinion towards overall level of satisfaction towards the policy nomination procedures and the claim settlement policy do not vary with various characteristics relating to the insurance policy, the insured and the nominee such as sum assured, premium amount per annum, age of nominee, income of life assured, loan amount, gross amount received and net amount received at 5%.

1.7 Methodology adopted

The researcher has used a descriptive research, selecting 124 nominees from Srivilliputhur Taluk of Virudhunagar District using census survey. The data collection tool used was a structured questionnaire. The tools used for analysis were percentage analysis, chi square test, one way ANOVA, Factor analysis, and Multiple regression.

1.8 Analysis and interpretation

The various analysis and interpretations made are briefed below:

1.8.1 Characteristics of the nominee

63 policy nominees forming 50.80% were 36-53 years of age, 29 policy nominees forming 23.40% were 54-71 years of age, 26 policy nominees forming 21.00% were 18-35 years of age, and rest of the 6 policy nominees forming 4.80% were below 18 years; 50 policy nominees forming 40.30% were educated up to SSLC and below, 38 policy nominees forming 30.60% were graduates; 27 policy nominees forming 21.80% were educated up to higher secondary level, 5 policy nominees forming 4.00% had technical education, and rest of the 4 policy nominees forming 3.20% were post graduates; 83 policy nominees forming 66.90% were female, and 41 policy nominees forming 33.10% were male; 84 policy nominees forming 67.7% were spouse of the policy holder, 21 policy nominees forming 16.90% were son of the policy holder, 10 policy nominees forming 8.10% were daughters of the policy holder and rest of the 9 policy nominees forming 7.30% were related in other ways to the policy holder.

1.8.2 Insurance policy and insured details

Out of 124 respondents of the study, 87 respondents forming 70.20% had taken endowment policy, 28 respondents forming 22.60% had taken Money back policy and rest of the 9 respondents forming 7.30% had taken whole life policy; 61 respondents forming 49.20% had taken insurance for a term of 16 years-20 years, 37 respondents forming 29.80% had taken insurance for a term of 5 years-15 years, 16 respondents forming 12.90% had taken insurance for a term of 21 years-25 years, 6 respondents forming 4.80% had taken insurance for a term of 26 years-30 years, and rest of the 2 respondents forming 1.60% each had taken insurance for a term of less than 5 years and more than 30 years respectively; 57 respondents forming 46.00% had an insurance policy with a sum assured of Rs.1,00,001 - Rs.5,00,000, 48 respondents forming 38.70% had an insurance policy with a sum assured less than Rs.1,00,000, 18 respondents forming 14.50% had an insurance policy with a sum assured of Rs.5,00,001 - Rs.10,00,000, and 1 respondent forming 0.80% had an insurance policy with a sum assured of Rs.10,00,001 - Rs.15,00,000; 43 respondents forming 34.7% they paid premium on quarterly basis, 31 respondents forming 25.00% they paid premium on yearly basis, 28 respondents forming 22.60% they paid premium on half yearly basis, 10 respondents forming 8.10% they paid premium by salary deduction basis, and rest of the 5 respondents forming 4.00% paid single premium; 92 respondents insured forming 74.20% were male and rest of the 32 respondents insured forming 25.80% were female; 50 respondents forming 40.30% paid an annual premium of Rs.5001 - Rs.10000, 38 respondents forming 30.60% paid an annual premium of Rs.1,001 - Rs.5,000, 23 respondents forming 18.50% paid an annual premium more than Rs.20000, 9 respondents forming 7.30% paid an annual premium of Rs.10001 - Rs.15000, and rest of the 4 respondents forming 3.20% paid an annual premium of Rs.15001 - Rs.20000; 48 respondents forming 38.70% had a monthly income above Rs.25,000, 31 respondents forming 25.00% had a monthly income of Rs.15,001 - 20,000, 24 respondents forming 19.40% had a monthly income of Rs.20,001 - 25,000, and rest of the 21 respondents forming 16.90% had a monthly income of Rs.10000- 15,000; 58 respondents forming 46.80% each were residing in rural and urban areas respectively, and rest of the 8 respondents forming 6.50% were residing in semi urban area; 105 respondents forming 84.70% had not taken any loan and rest of the 19 respondents forming 15.30% had taken loan out of which 18 had paid the loan interest regularly and only one stated that the loan interest was not paid regularly, the mean amount of loan availed was Rs.153236.84 with a standard deviation of Rs. 266023.09; 97 respondents forming 78.20% had taken accident benefit rider and 27 respondents forming 21.80% had not taken accident benefit rider, 116 respondents forming 93.50% had not availed accident benefit and rest of the 8 respondents forming 6.5% availed accident benefit rider and the mean accident rider received was Rs10685.48; Mean days taken to intimate the death to LIC was 82.03days with a standard deviation of 67.12days; Mean Days taken to receive the claim was 17.57days with a standard deviation of 36.30days; Mean gross death benefit amount received was Rs.164968.69 with a standard deviation of Rs.19226.46;

Mean net death benefit amount received was Rs.159934.34 with a standard deviation of Rs.18121.17; 122 respondents forming 98.40% stated that their claim was not rejected and rest of the 2 respondents forming 1.60% stated that their claim was rejected.

1.8.3 Satisfaction towards nomination and settlement of claims

The table 1 below portrays the level of Satisfaction towards nomination and settlement of claims.

Table 1

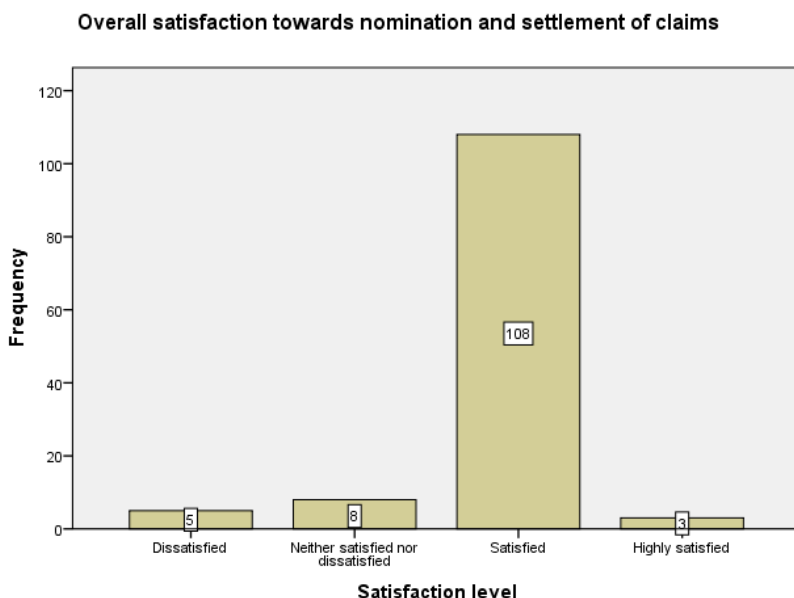
Satisfaction towards nomination and settlement of claims

Satisfaction level	Number of respondents	Percentage
Dissatisfied	5	4.00
Neither satisfied nor dissatisfied	8	6.50
Satisfied	108	87.10
Highly satisfied	3	2.40
Total	124	100.00

(Source: Primary data)

108 respondents forming 87.10% were satisfied, 8 respondents forming 6.50% were neither satisfied nor dissatisfied, 5 respondents forming 4.00% were dissatisfied, 3 respondents forming 2.40% were highly dissatisfied with the policy nomination procedures and the settlement of policy claims.

Chart 1



1.8.4 Hypothesis test result

Decision with regard to Hypothesis 1

When chi-square analysis was carried out it was found that there is association between the opinion towards level of satisfaction the respondents had over the policy nomination procedures and the settlement of policy claims with various categorical characteristics of the insurance policy, the characteristics of insured and the nominee such as gender, occupation, marital status, religion type of family, educational qualification, nature of residing place, nationality, residing state, accompanying persons, sources of information, opinion about visiting same tourist place, mode of transport preferred, opinion about touring frequency, opinion about type of tourist spots preferred, and opinion about period of stay at a tourist place at 5% as the significance of Chi square statistic is less than 0.5 and there is no association between the opinion towards level of satisfaction the respondents had over the policy nomination procedures and the settlement of policy claims with various categorical characteristics of the insurance policy, the characteristics of insured and the nominee such as gender of the nominee, and opinion about loan drawn at 5%. as the significance of Chi square statistic was more than 0.5

Decision with regard to Hypothesis 2

When one way ANOVA was carried out it was concluded that the opinion towards overall level of satisfaction towards the policy nomination procedures and the claim settlement policy do vary with the characteristics such as premium amount per annum, age of nominee, income of life assured, gross amount received and net amount received at 5% as the significance of F statistic is less than 0.5 and it is concluded that the opinion towards overall level of satisfaction respondents had over the policy nomination procedures and the claim settlement policy do not vary with the characteristics such as sum assured and loan amount at 5% as the significance of F statistic is more than 0.5.

1.8.5 Descriptive statistics for various statements describing the level of satisfaction towards policy nomination procedures and the claim settlement policy

Table 2

Descriptive statistics for various statements describing the level of satisfaction towards policy nomination procedures and the claim settlement policy

STATEMENTS	Mean	Std. Deviation
1. Receiving information of being nominated by Life Assured	3.6532	1.31930
2. Nomination information provided by LIC	3.5161	.94123
3. Claim settlement procedure adopted by LIC	3.7823	.81211
4. Claim settlement period taken by LIC	3.9839	.62449
5. Percentage of claims settled by LIC	3.9435	.72474
6. Procedural steps in submission of death certificate of sum assured requirements by LIC	3.7984	.66234
7. Legal issues with claims settlement	3.1048	.49087
8. Procedures with regard to submission of original policy documents at the time of claims	3.7742	.80485
9. Procedures with regard to submission of ID proof required by LIC	3.8008	.76599
10. Procedures with regard to submission of discharge form as required by LIC	3.8145	.61640
11. Procedural requirements with regard to submission of FIR copy on unnatural death	2.9355	.37702
12. Procedural requirements with regard to unnatural death such as submission of postmortem report	3.0484	.50774
13. Procedural requirements with regard to submission of death certificates	3.8242	.58579
14. Procedures for receiving and submission of succession certificate from the appropriate court	2.9677	.28329
15. Problem with regard to administration of joint discharge form	3.0403	.36956
16. Policies with regard to updating nomination details	3.4919	.61810
17. Procedures with regard to settlement of claims to minor nominee	3.1290	.42230
18. Fund transfer procedures	4.0161	.69824
19. Policies and procedures pertaining to KYC updating and registration	3.9032	.64290
20. Procedures pertaining to linking bank details	3.9919	.65638
21. Support offered by LIC agents with regard to claims settlement	4.0082	.92390
22. Support of LIC in claims settlement	4.0403	.79018
23. Adoption of automation in claim settlement process	2.9435	.67838
24. claim settlement problem with regards to suicidal death	3.0484	.42012
25. LIC treated you with respect	3.9274	.63978
26. Spouse nomination procedures	3.5403	.66747
27. Parent nomination procedures	3.0806	.37388
28. Children nomination procedures	3.2097	.48177
29. Multiple nominations	2.9758	.20015
30. Nominees right to Know the policy benefits	3.5726	.60045

31. Nominees right to Know about the policy whereabouts	3.5968	.59700
32. new rules under the Insurance Laws (Amendment) Act 2015	3.1210	.45250
33. Minor nominations	3.0323	.31066

(Computed from primary data)

The highest satisfaction is observed for the statement '*Support of LIC in claims settlement*' with a mean of 4.0403; and the lowest satisfaction is observed for the statement '*Procedural requirements with regard to submission of FIR copy on unnatural death*' with a mean of 2.9355.

The highest variation in satisfaction is observed for the statement '*Receiving information of being nominated by Life Assured*' with a standard deviation of 1.31930; and the lowest variation in satisfaction is observed for the statement '*Procedures for receiving and submission of succession certificate from the appropriate court*' with a standard deviation of 0.28329.

1.8.6 Factor analysis

Thirty three statements describing the level of satisfaction towards policy nomination procedures and the claim settlement policy were subjected to exploratory factor analysis using principal component analysis and varimax rotation method with Kaiser Normalization to identify important role factors and nine factors were extracted were named as

1. *Satisfaction towards fulfillment of right to know policy benefits, and whereabouts;*
2. *Satisfaction towards Procedures relating to KYC updating and registration, fund transfer, linking bank details, and receiving and submitting succession certificate from court;*
3. *Irrelevance of minor nominee settlement, legal issues, death certificate submission ,unnatural death submission of post mortem reports, and joint discharge procedures;*
4. *Satisfaction towards submission of ID proof and claim settlement procedures;*
5. *Satisfaction towards Procedures with regard to submission of FIR copy in case of unnatural death and problems with regard to claims in case of suicides;*
6. *Satisfaction towards nomination of spouse, children and minors;*
7. *Irrelevance of multiple nominations;*
8. *Procedures with regard to parent nominations; and*
9. *Adoption of automation in claim settlement process.*

1.8.7 Multiple regression

The multiple regression showed that the factors extracted namely *Satisfaction towards fulfillment of right to know policy benefits, and whereabouts; Satisfaction towards Procedures relating to KYC updating and registration, fund transfer, linking bank details, and receiving and submitting succession certificate from court; Satisfaction towards submission of ID proof and claim settlement procedures; and Procedures with regard to parent nominations* are significant in the estimation of the overall level of satisfaction towards the policy nomination procedures and the claim settlement policy and the factors such as *Irrelevance of minor nominee settlement, legal issues , death certificate submission ,unnatural death submission of post mortem reports, and joint discharge procedures; Satisfaction towards Procedures with regard to submission of FIR copy in case of unnatural death and problems with regard to claims in case of suicides; Satisfaction towards nomination of spouse, children and minors; Irrelevance of multiple nominations; and Adoption of automation in claim settlement process* are insignificant in the estimation of the overall level of satisfaction towards the policy nomination procedures and the claim settlement policy.

1.9 Conclusion

Satisfaction towards fulfillment of right to know policy benefits, and whereabouts; Satisfaction towards Procedures relating to KYC updating and registration, fund transfer, linking bank details, and receiving and submitting succession certificate from court; Satisfaction towards submission of ID proof and claim settlement procedures; and Procedures with regard to parent nominations are significant in the estimation of the overall level of satisfaction towards the policy nomination procedures and the claim settlement policy.

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