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CUSTOMER SERVICE TECHNIQUES AND NATIONAL INSURANCE COMPANY EFFICIENCY

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ABSTRACT

The goal of the study was to see how customer happiness affected service quality efficiency at National Insurance companies. The National Insurance Company of India (NIC) is a large general insurance company in India that serves a large number of customers. The study employed exploratory factor analysis to examine at how satisfied people were with the NIC's services. Clients are exceptionally delighted with the service standards of Prompt Claim Settlement and Fair Premium, according to EFA's data. The impact of satisfaction on NIC service efficiency was investigated using a structural equation model, and the results reveal that a fair premium and the usage of clearly understandable policy papers have a significant impact on NIC efficiency. This study will be valuable to the NIC and other general insurance companies, academics, researchers, and regulators.

Key words: Access, Claims, Fair Premium, NIC, Prompt Settlement and SEM

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1. INTRODUCTION

The life insurance industry, like all other financial services industries, is grappling with a rapidly changing environment, rising technologies, economic uncertainty, growing competition, and increasingly demanding customers, and a changing world has presented an unprecedented set of challenges (Bhawiya roopa & Gopinath, 2020). Unlike many other industries, life insurance companies consider their customers to be their most precious asset.

The most crucial question is whether or not this consumer-centric orientation is reflected in their approaches.

General insurance businesses are well aware that today's consumers, who are concerned with improving the quality of coverage, have a variety of options and can switch insurers more rapidly if they are unhappy (Gopinath, 2011). This is evidenced by the not-so-rare incidence of 'command lapses,' which are frequently followed by angry policyholders. Because of the decline in customer interaction, insurance companies must prioritise company-level control and client retention. In order to maintain or increase their strategic advantage, life insurance firms must reconfigure their policy and market, and to do so, they must understand how to establish a loyal client base that will not be harmed even in the face of fierce competition (Gopinath, 2019a). These businesses will understand the necessity to research and examine the numerous antecedents of consumer service in order to address this fundamental challenge. Service efficiency is an antecedent of consumer happiness, according to a variety of trials in many sectors. As a result, insurance firms must recognise that their success is dependent on client support and loyalty, and that it is critical for them to improve their customer service (Gopinath, 2019c).

2. LITERATURE REVIEW

Smith-Miles, Kate & Willis, Robert & Brooks, M. (2000): The community of organisational analysts in the insurance business is concerned about a number of issues. Two such challenges are described and overcome in this work utilising a range of data mining approaches. The first of these concerns is to categorise policyholders who may extend or terminate their policies in order to better understand customer retention strategies. Second, we must have a deeper understanding of the trend of allegations and identify vulnerable categories of policyholders. Increasing these concerns has an impact on premium price decisions, which has a direct impact on profitability. Using hypotheses, statistics, clustering, decision-making trees, and neural networks at various levels, a data mining tool is used to investigate the process of information processing in a full context. The impact of the case study on the insurance company is discussed.

Coviello, Antonio & Di Trapani, Giovanni (2012): Consumer satisfaction with a company's product is also considered as a key to the company's profitability and long-term viability. The insurance industry is gaining a lot of attention in order to increase customer loyalty. In the context of marketing, customer pleasure is frequently viewed as a critical aspect in client retention. The overall goal of this article is to develop a conceptual framework for analysing customer retention based on customer satisfaction and quality concepts. Customer satisfaction is an important metric for insurance companies to assess which components of their customer service are working well and which areas need to be improved in order to keep or grow their membership base.

Abaidoo, Geraldine. (2016): Based on the CSMS theory, the goal of this multi-case research was to examine the customer satisfaction tactics used by life insurance company leaders to improve and preserve the life insurance market. Customer satisfaction has been determined by feedback on life insurance products, understanding the role and benefits of life insurance, responsiveness, and operational efficiency. It will promote knowledge about whether life insurance is available in Ghana and how it can be used to alleviate poverty by empowering individuals, families, organisations, and communities. Insurers looking to increase market penetration and profitability may be interested in this work.

Nebo, Gerald N. Okolo, Victor O (2016): The 'Impact of Customer Service Approaches in Enugu Metropolis on the Results of Certain Insurance Companies' is the subject of this essay. The goal of the study was to investigate customer satisfaction tactics often used by Nigerian insurance businesses, identify how each strategy contributes to the performance of the Nigerian

insurance industry, and assess their overall influence on Nigerian insurance companies. According to the findings, ten (10) of the fifteen ways studied were implemented largely to satisfy customers. Second, of the ten elements considered, the factors had a considerable impact on the insurance industry's output. In order to improve Nigeria's allegedly declining reputation and efficiency, the study suggests that managers focus on the seven ways that have demonstrable beneficial benefits on consumer satisfaction, while stressing the less relevant variables in energy, time, and human resource spending.

Christopher Mwangi, Paul Katuse (2017): The purpose of the study was to see how the customer service standard affected client satisfaction in a specific scenario of the NIC bank. The analysis employs a questionnaire as the data gathering method. The conclusions of the investigation were thoroughly explained in the reports, which included tables and graphs. Businesses would deliver high-quality services to their clients, according to the survey. Customer service was also the foundation for corporate expansion, as seen by the fierce competition that existed in the banking sector. The findings bolstered the notion that banks rely on customer service to stay afloat. Consumers are also providing firms the ability to fix a default service, according to the research. According to the report, banks emphasise the trustworthiness of credit service providers. As a result, the study recommends that banks give customers the option of reporting a service failure.

G. Kowshalya and M. Nandhini, (2018): The insurance sector is rapidly expanding and handling massive volumes of data. The insurance industry's biggest issue is fraudulent claims. The claim that personal financial gain is unethical or immoral is erroneous. False claims have an influence not only on insurance companies, but also on legitimate policyholders. In general, insurers use domain information to detect fraudulent claims using standard approaches. In recent years, data mining has made important contributions to insurance research. In this study, data mining techniques are utilised to analyse bogus claims and estimate insurance rates for specific consumers based on personal and financial data. This study aids in the examination of arguments, lowering human capital and monetary costs in the basic screening procedure.

3. OBJECTIVES OF THE STUDY

- To determine the customer satisfaction techniques employed by NIC insurance firms.
- The purpose of this study is to see how customer satisfaction approaches affect the efficiency of NICs.

4. HYPOTHESIS OF THE STUDY

Null Hypothesis: Customer satisfaction approaches have a negligible impact on NIC efficiency.

Alternative Hypothesis: Customer satisfaction approaches have a significant impact on NIC efficiency.

5. RESEARCH METHODOLOGY

The primary data from the respondents was used in this investigation. To establish the sample size, the study used a straightforward sampling procedure. The data was acquired from NIC consumers using a standardised likert scale questionnaire. For the purpose of examining framed objectives, the study used the following statistical approaches.

Exploratory Factor Analysis: The EFA was employed in this study to identify the customer satisfaction techniques used by the NIC. The high loading factors will be extracted by the EFA, which will reflect the NIC customer's pleasure.

Structural Equation Model: The SEM was used in this study to determine the impact of customer satisfaction on NIC efficiency. Multiple independent factors have an impact on the dependent variable when using the SEM.

6. DATA ANALYSIS AND INTERPRETATION

Objective-1: To identify the techniques used by NIC insurance companies for customer satisfaction

These goals define the customer satisfaction practises utilised by NIC insurance firms. To determine the sample adequacy of the data, the KMO and Barlett's tests are applied; the gathered data are summarised as follows.

Table 1 KMO and Bartlett's Test for Customer Service Techniques on the Efficiency of NIC

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.766
Bartlett's Test of Sphericity	Approx. Chi-Square	60.462
	Df	66
	Sig.	.669

Source: Primary Data

The Kaiser Meyer Olkin reflects the sample adequacy of data, which means that calculated value is observed to be above the recommended value (i.e., 0.766 > 0.70) and Chi square calculated value appears to be greater than critical value, which is evaluated with the aid of Barlettes test of Sphercity, implying that sample data is adequate and statistically significant (Gopinath, 2019b). As a result, the data validation is adequate, and the model's significance is high, indicating that factors analysis may be retrieved from these data.

Table 2 Identification of Customer Service Techniques on the Efficiency of NIC

Parameters	**Components**					
	1	2	3	4	5	6
Prompt settlement of claims	**0.584**					
Fair premium		**0.548**				
Prompt attendance to customers‘ complaints		0.422				
Staff-client cordial relationship			0.475			
Timely and effective communication of renewal notices			0.437			
Effective marketing communication to explain products benefits				**0.532**		
Location of insurance branches close to customers				0.377		
Adopted internet in communication of services and sending of policies statements					**0.617**	
Use of easily understandable policy documents					**0.513**	
Customers‘ advisory services						0.344

Source: Primary Data

The Customer Satisfaction strategies utilised by the NIC are listed in Table -2. The results of the factor analysis show that eleven of the twelve factors are regarded to be highly loaded. Adopted internet in service communication (0.617) and Prompt claim settlement (0.617) have the highest loading factors in the above table (0.584). Fair premium (0.548), Effective marketing communication (0.532), and Use of easily understandable policy documents (0.513) are three other technical factors that are thought to have a significant impact on NIC efficiency. Other elements that had a moderate impact on customer satisfaction were prompt response to customer complaints (0.422), pleasant connection between staff and clients (0.475), and timely and effective transmission of renewal notices (0.437) (Gopinath, 2019d). Consumers' advisory services (0.377) and Location of insurance branches close to customers (0.377) are the last two characteristics evaluated by the NIC to determine customer satisfaction (0.344).

Objective-2: To examine customer satisfaction techniques effect on efficiency of NICs

This goal attempted to determine the impact of customer satisfaction on the efficiency of NICs. It took into account ten parameters that were merged and interconnected at the same time to produce a theorised model. The model estimated the goodness of fitness index first, then model consistency, indicating that the model is noteworthy (Gopinath, 2019e). Finally, the hypothesised model (SEM model) has been framed in order to determine the model's estimated findings.

Table 3 Goodness of Fitness for Customer Service Techniques on the Efficiency of NIC

Fit statistic	Recommended Value	Obtained Value
Chi square		41.021
Df		45
Chi square significance	p < = 0.05	0.014
Goodness Fit Index	>0.90	0.947
Adj. Goodness Fit Index	>0.90	0.922
Normed Fit indexes	>0.90	0.992
Relative Fit Index	>0.90	0.911
Comparative Fit Index	>0.90	0.951
Tucker Lewis Index	>0.90	0.924
RMSEA	<0.05	0.023

Source: Primary Data

The hypothesised model's fitness is shown in table 3 of the Goodness of Fit Index. The GFI ("Goodness Fit Index") is 0.947, and the "Adjusted Goodness of Fit Index" is 0.922, both of which are higher than the acceptable level. The Normed Fit Index appears to be higher than 0.992, but the Relative Fit Index appears to be 0.911. Goodness indices such as the Comparative Fit Index (0.951) and the Tucker Lewis Index (0.924) are found to be higher than the cutoff level. The root mean square is 0.023, indicating that the model is significant. As a result of the goodness of fit index, the model is deemed adequate (Gopinath & Irismargaret, 2019).

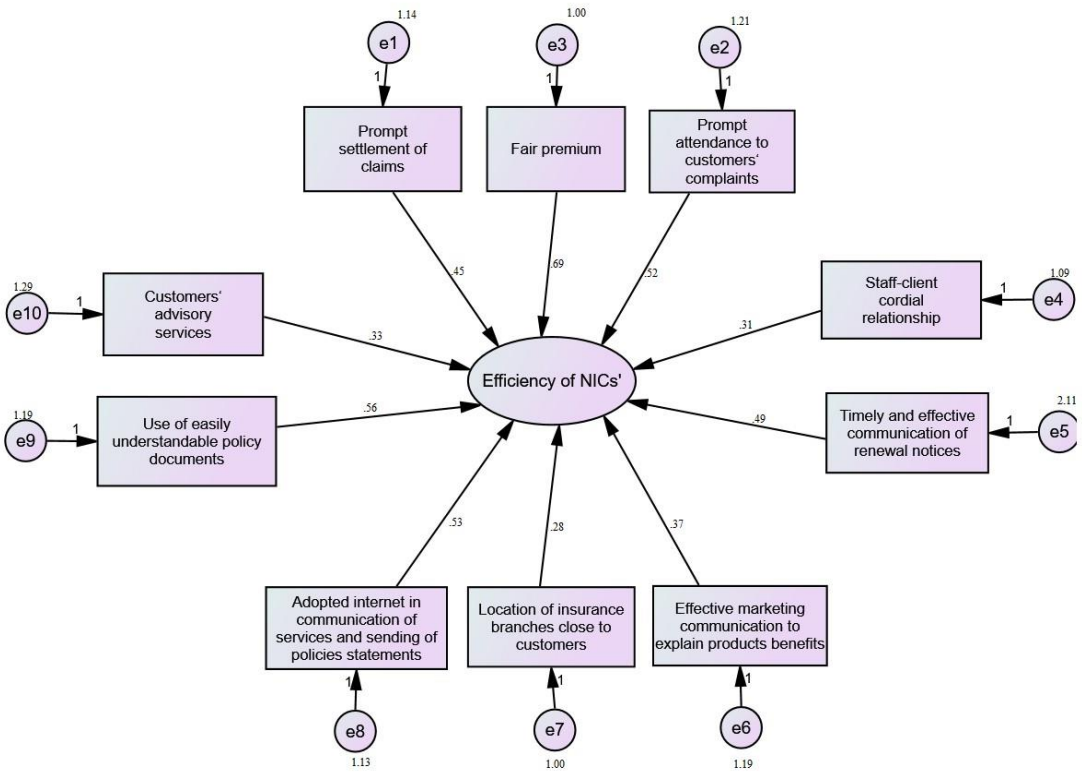

Figure 1 Path diagram

Table 4 Effect of Customer Service Techniques on the Efficiency of NIC

Independent Variables		Dependent Variable	Estimate	S.E.	C.R.	P
Prompt settlement of claims	<---	Efficiency of NICs	0.451	0.209	2.157895	0.018
Fair premium	<---	Efficiency of NICs	0.692	0.203	3.408867	0.032
Prompt attendance to customers'complaints	<---	Efficiency of NICs	0.521	0.201	2.59204	0.003
Staff-client cordial relationship	<---	Efficiency of NICs	0.308	0.151	2.039735	0.024
Timely and effective communication of renewal notices	<---	Efficiency of NICs	0.493	0.214	2.303738	0.032
Effective marketing communication to explain products benefits	<---	Efficiency of NICs	0.373	0.144	2.590278	0.028
Location of insurance branches close to customers	<---	Efficiency of NICs	0.282	0.143	1.972028	0.037
Adopted internet in communication of services and sending of policies statements	<---	Efficiency of NICs	0.527	0.216	2.439815	0.027
Use of easily understandable policy documents	<---	Efficiency of NICs	0.564	0.201	2.80597	0.026
Customers'advisory services	<---	Efficiency of NICs	0.332	0.167	1.988024	0.038

Source: Primary Data

The above table 4 examines the impact of customer satisfaction approaches on NIC efficiency. Prompt settlement of claims, fair premium, prompt attendance to customer complaints, Staff-client cordial relationship, Timely and effective communication, Effective marketing communication, Location of insurance branches, Adopted internet in communication, Use of easily understandable policy, and Customers' advisory services are a few techniques mentioned above that are high loaded factors and also carried forward to examine the efficiency of NIC's, whereas Accommoda Customers are extremely delighted with the Fair Premium (0.692), but only somewhat satisfied with the Use of easily understandable policy documents (0.564), Adoption of the Internet in communication services (0.527), and Prompt response to customer concerns (0.527). (0.521). Prompt Settlement of Claims (0.451), Timely and Effective Communication of Renewal Notices (0.493), Effective marketing communication to explain product benefits (0.373), and Customers' Advisory Services are some of the customer satisfaction techniques that have a significant impact on NIC's efficiency (0.332). In terms of NIC's efficiency, customer satisfaction is low due to amicable staff-client relationships (0.308) and the proximity of insurance branches to customers (0.282) (Gopinath & Kalpana, 2019).

7. FINDINGS OF THE STUDY

- Using exploratory factor analysis, the study discovered that NIC customers are satisfied. According to the findings, NIC consumers are satisfied with "Prompt Settlement of Claims" (0.584) and "Fair Premium" (0.548).
- Customers are satisfied with the NIC "Effective marketing communication to explain product benefits" (0.532) and "Adopted internet in communication of services and sending of policy announcements," according to the report (0.617).
- The loading factor for "Use of easily understood policy documents" (0.513) is quite high, indicating that NIC consumers are satisfied with the policy documents (Karthick et al.,2020b).
- Using the -SEM statistical method, the study determined the impact of customer happiness on NIC's efficiency. According to the research, "Fair Premium" (0.692) and "Use of easily understandable policy materials" (0.564) have the greatest impact on NIC Efficiency (Karthick et al.,2020a).
- "Adopted internet in communication of services and sending of policy statements" (0.527) and "Prompt attendance to customer's complaints" (0.521) are determined to have a moderate effect on NIC efficiency, according to the study.
- According to the research, "Location of insurance branches close to clients" (0.282) has the least impact on NIC efficiency.

8. CONCLUSION

The research focused on NIC customer satisfaction and how it affects NIC efficiency. With the help of a draught questionnaire, the study was able to collect primary data. For the purpose of determining sample size, the study took into account convenient sampling. The two goals have been defined in the study. The study used factor analysis to determine customer satisfaction, and the results show that the factors of prompt claim settlement and fair premium imply that customers are happy (Usharani & Gopinath, 2020a). The SEM was used to determine the impact of satisfaction on NIC efficiency. According to the findings, "the use of clearly understandable policy documents" and "the adoption of the internet in the transmission of services and the sending of policy statements" have a substantial impact on the NIC's efficiency. As a result,

further research is needed in this area, concentrating on the impact of customer satisfaction on operational efficiency in both life and non-life insurance (Usharani & Gopinath, 2020b).

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