

CHAPTER I

INTRODUCTION

1.1. BACKGROUND OF THE STUDY

Insurance means a protection or guarding against property loss or damage by making payments in the form of premiums to an insurance company in exchange for payment or benefits to the insured party in the event of loss. (Mayerson, 2019)

Insurance has become one of the most important aspect in citizens everyday life. In Indonesia, there are a lot of insurance company such as AIA Financial, Prudential, AXA, Allianz, Manulife, Generali and etc. With the growing competition between each insurance companies, customers will surely choose products and company that could satisfy them the most.

Customer Satisfaction defined as a “person’s feeling of pleasure or disappointment which resulted from comparing a product’s perceived performance or outcome against his/her expectations”. On the other hand, according to other experts, customer satisfaction is define as shared understanding of the service nature provided and received such as the essence of the service, service experience and service outcome (Rajeev, 2019)

In order to retain customers, insurance company must able to meet their customers demand. Regarding products, there are a lot of competitor companies for the customers to choose from. Because the basic of insurance itself is protection for benefits, of course many companies would have almost the same business plan and nature. A company must have the service as advantages to back up and retain their customers from their satisfaction level in owning a insurance policy.

One of the Insurance company called AIA Financial, offered the best financial solution for their clients and family. When people get sick and admitted to the hospital, cost incurred during their hospital stay is certainly a problem. People depend on insurance to help them minimize the huge cost burden they face.

AIA Financial is considered as International Company because the company have office branch almost at every country. For Asia Region, the Headquarter company is located at Hong Kong. In Indonesia, the main office is at Jakarta and every transaction is approved and sent over there. AIA Indonesia hospital plans allowed clients to stayed and visited overseas hospitals. So, the company frequently has relationship/connection with international hospitals, whether it is by phone or email.

Nowadays, it is a common knowledge that hospital bills/treatments are really expensive. Even when we only have minor illness and are run to hospital, the fees incurred are costly. Through the use of insurance, people can have one less problem in their mind, that is, without worrying about high hospital expenses. PT AIA Financial offered many kinds of products in satisfying customer needs, and the company also paid close attention to the after sales service they should offered to the customers especially customers that bought health or life insurance.

Table 1.1 Average Payment Duration

Year	Average Claim Payment Duration (Days)
2014	14
2015	18
2016	22
2017	25
2018	28

Source : Prepared by writer (2019)

Based on table 1.1, it can be seen that the claim payment duration for health insurance was getting much longer than usual in the past few years. In 2014, the claim payment was usually paid in 14 days (two weeks period) but the duration increased more in the following year. In 2015, it could take 18 days period until the settlement is paid. In 2016, it became 22 days and it keep increasing to 25 days in 2017. The highest is in 2018, with the duration of 28 days.

Therefore, the title of my research is **The Impact of Insurance Claim towards Customer Satisfaction Level in AIA Medan**. From this research, it can let us know the satisfaction of a customer towards AIA Financial after their insurance claim is paid in a certain duration.

1.2. PROBLEM LIMITATION

The problems the writer found are the insurance premium, the claiming duration and the processes of cashless benefits implementation. Due to the limited time of research, the writer will strictly discuss about how satisfied AIA Medan customer with the claiming payment duration for the use of insurance health benefits. Insurance Claim are strictly discussing about clean claim rate, claim payment duration, denials by procedure codes (Henshaw, 2015). While for customer satisfaction, will focus on Intention to repurchased measures, loyalty measures, attribute satisfaction measures and global satisfaction (Collomb, 2018).

1.3. PROBLEM FORMULATION

Premium, benefits and protection provided by insurance are the main concern for insurance owners. If one of those aspects dissatisfied customers, it could give bad impression and impact on insurance company.

1. What factors that contribute to customers decision making in choosing hospitals?
2. How can insurance owners prefer to visit overseas hospitals rather than local hospitals?
3. How can Insurance companies maintain their customer satisfaction when customers claim their insurance?

1.4. OBJECTIVE OF THE RESEACRH

By doing research regarding this topic. There are some objectives that are going to be questioned.

1. The writer would like to know what trigger to customers decision making in choosing hospitals. Surely, there are a lot of hospitals to choose from, whether it is local or international hospitals.
2. What made clients prefer to visit overseas hospital rather than local hospitals. It can be seen that many people value overseas hospital especially hospitals from Malaysia as the importance of it urges insurance companies to create more products that allow its clients to stay at overseas hospitals.
3. Lastly, how satisfied is customers with the insurance benefits they have choosen and bought. It focus more on after they stay at the hopsital and wanted to claim for their insurance.

1.5. BENEFIT OF THE RESEARCH

1.5.1. Theoretical Benefit

Through this research, it will let people know the level of satisfaction of using insurance to back up hospital expenses occurs during their stay and protect themselves from any enormous billing when an unexpected situations happened. If the results are satisfying and good, it might encourage other people to trust and buy their own insurance.

1.5.2. Practical Benefit

After this research are done, AIA can receive customer feedbacks as much as possible. Whatever the result is, the company could better themselves and keep providing customers a more updated and new products with a more affordable price. The company could better their claiming procedures so that when they have a lot of customers requesting claim payment, the company can shorten the claiming payment duration which will resulted in boosting customer satisfaction level in owning and buying insurance policy in AIA Financial.

1.6. SYSTEMS OF WRITING

The systematic outline of writing in this research will be as follows:

Chapter I : Introduction

In this chapter, the writer describes about the background of study, problem limitation, problem formulation, objective of the research, benefit of the research, and systems of writing.

Chapter II : Literature Review and Hypothesis Development

In this chapter, the writer describes about theoretical background, previous research, hypothesis development, research model, and framework of thinking.

Chapter III : Research Methodology

In this chapter, the writer describes about research design, population and sample, data collection method, operational variable definition and variable measurement, and data analysis method.

Chapter IV : Data Analysis and Discussion

In this chapter, the writer describes about general view of PT. AIA Financial, data analysis, descriptive statistic, result of data quality testing, result of hypothesis testing, and discussion.

Chapter V : Conclusion

In this chapter, the writer describes about conclusion, implication, and recommendation.