



An Empirical Study on Policyholder Perceptions and Satisfaction with Selected Health Insurance Providers

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Abstract- The health insurance sector plays a vital role in providing financial protection against rising healthcare expenses and ensuring access to quality medical services. Understanding policyholders' perceptions and satisfaction levels is essential for health insurance providers to improve service quality and strengthen customer relationships. The present study examines the perceptions and satisfaction levels of policyholders toward selected health insurance providers and identifies the factors influencing their overall satisfaction. A descriptive and analytical research design was adopted for the study. Primary data were collected from 112 health insurance policyholders using a structured questionnaire. Convenience sampling was employed to select the respondents. Statistical techniques such as descriptive statistics, one-sample t-test, correlation analysis, and regression analysis were used to analyze the data. The findings indicate that policyholders generally possess favorable perceptions of health insurance services and are satisfied with the services provided by the selected insurers. Customer service, policy features, and claim settlement processes were found to significantly influence policyholder satisfaction. Among these factors, claim settlement emerged as the strongest predictor of satisfaction. The study also revealed a strong positive relationship between policyholder perceptions and overall satisfaction, suggesting that positive perceptions enhance customer satisfaction and loyalty. The results emphasize the importance of efficient claim management, transparent communication, and quality customer support in improving policyholder experiences. The study provides valuable insights for health insurance companies to develop customer-centric strategies and improve service delivery in an increasingly competitive healthcare insurance market.

Keywords- Health Insurance, Policyholder Perception, Customer Satisfaction, Claim Settlement, Service Quality.

I. Introduction

Health insurance has emerged as one of the most important financial protection mechanisms in modern healthcare systems. Rising healthcare costs, increasing prevalence of chronic diseases, and growing awareness of health risks have significantly increased the demand for health insurance coverage worldwide. Health insurance not only reduces the financial burden associated with medical emergencies but also enhances access to quality healthcare services. In developing economies such as India, the health insurance sector has experienced remarkable growth due to regulatory reforms, technological advancements, and increased consumer awareness.



Despite this growth, customer retention and satisfaction remain critical challenges for health insurance providers.

Policyholder satisfaction is widely recognized as a key determinant of organizational success in the insurance industry. Satisfied customers are more likely to renew their policies, recommend insurance products to others, and maintain long-term relationships with insurers. According to Hamzeh et al. (2023), customer satisfaction serves as a major driver of business growth and sustainability in the insurance sector. Similarly, Eckert et al. (2022) argued that customer satisfaction management has become increasingly important as insurers compete to provide superior service experiences in highly competitive markets. Customer satisfaction is therefore not merely an outcome of service delivery but also a strategic asset that contributes to organizational performance and market competitiveness.

Policyholder perceptions play a crucial role in shaping satisfaction levels. Perception refers to the way customers interpret and evaluate the services provided by insurance companies, including policy features, premium affordability, claim settlement procedures, customer support, and service quality. Positive perceptions generally lead to higher satisfaction and stronger customer loyalty. Research by Kondapally et al. (2025) found that multiple dimensions of health insurance services significantly influence customer satisfaction and purchase decisions. Similarly, Kaliyammal and Mohanasundaram (2025) reported that service quality dimensions such as communication clarity, responsiveness, and claims processing efficiency significantly affect policyholder satisfaction.

Among various service dimensions, claim settlement has been identified as one of the most influential factors affecting customer perceptions and satisfaction. The claim settlement process represents the moment of truth in the relationship between policyholders and insurers. Efficient, transparent, and timely claim settlement procedures enhance customer confidence, whereas delays and claim rejections often result in dissatisfaction. Gautam (2024) emphasized that effective claim processing and positive customer service interactions significantly contribute to overall satisfaction among health insurance policyholders. Similarly, Kadyan et al. (2022) found that policyholder grievances frequently arise during the claim settlement process and significantly influence customer evaluations of health insurance providers.

The importance of claim settlement efficiency has been further supported by several empirical studies. Ahire and Rishipathak (2020) observed that satisfaction with the claim settlement process substantially influences overall satisfaction with health insurance policies. Likewise, Sangeetha et al. (2026) reported that procedural complexities, documentation requirements, claim delays, and lack of transparency negatively affect policyholder trust and satisfaction. Recent industry evidence also suggests that unexplained claim rejections and non-transparent procedures remain major causes of customer dissatisfaction in the Indian health insurance market (Policybazaar Report, 2026).

Service quality is another critical determinant of customer satisfaction in health insurance. The SERVQUAL framework proposes that dimensions such as reliability,



responsiveness, assurance, empathy, and tangibility significantly influence customer evaluations of service quality. Chowhan et al. (2026) demonstrated that SERVQUAL dimensions positively affect policyholder satisfaction in supplementary health insurance programs. Earlier studies also reported that customer satisfaction increases when insurers provide reliable services, prompt responses, personalized attention, and effective communication throughout the policy lifecycle.

Digital transformation has further altered customer expectations regarding health insurance services. Modern policyholders increasingly expect seamless digital experiences, including online policy management, digital claims submission, and real-time communication. Eckert et al. (2022) highlighted that digital applications improve customer satisfaction by enhancing convenience, responsiveness, and service accessibility. However, technological advancements also introduce concerns related to trust and privacy. Zarifis et al. (2024) found that customer trust decreases when the role of artificial intelligence in health insurance processes becomes highly visible, suggesting that insurers must balance technological innovation with transparency and customer confidence.

Trust remains a fundamental component of policyholder satisfaction. Insurance products are intangible in nature, making customer trust essential for successful service delivery. Studies indicate that transparent communication, fair treatment, and reliable claim settlement mechanisms strengthen trust and improve customer experiences. Research conducted in Bangladesh by Rahman et al. (2025) revealed that service quality and claim settlement efficiency are among the strongest determinants of health insurance satisfaction. Similarly, international evidence from Iran demonstrated that policyholders who perceive insurers as trustworthy and responsive report significantly higher satisfaction levels (Hamzeh et al., 2023).

Although numerous studies have examined customer satisfaction in insurance services, limited empirical evidence is available regarding the combined influence of policyholder perceptions and satisfaction within the context of selected health insurance providers in India. Furthermore, changing customer expectations, increasing digitalization, and evolving healthcare needs necessitate continuous evaluation of policyholder experiences. Understanding how policyholders perceive insurance services and identifying the factors that influence satisfaction can help insurers improve service delivery and strengthen customer relationships.

Therefore, the present study seeks to examine policyholder perceptions and satisfaction levels with selected health insurance providers. Specifically, the study investigates customer perceptions toward insurance services, assesses satisfaction levels, identifies factors influencing satisfaction, and analyzes the relationship between policyholder perceptions and overall satisfaction. The findings are expected to contribute to the existing literature and provide practical insights for health insurance companies seeking to enhance customer satisfaction and long-term policyholder retention.

Objectives of the study

- To examine the perceptions of policyholders towards the services offered by selected health insurance providers.



- To assess the satisfaction levels of policyholders with respect to policy features, claim settlement processes, and customer service.
- To identify the key factors influencing policyholder satisfaction with selected health insurance providers.
- To analyze the relationship between policyholder perceptions and their overall satisfaction with selected health insurance providers.

II. Methodology

Research Design

This study employed a quantitative research approach using a descriptive and analytical cross-sectional research design to examine policyholders' perceptions and satisfaction levels with selected health insurance providers. The descriptive component was utilized to assess policyholders' views regarding various aspects of health insurance services, while the analytical component was used to investigate the relationships between perception, service quality dimensions, and overall satisfaction. A cross-sectional design was considered appropriate because data were collected from respondents at a single point in time.

Participants and Sampling

The target population comprised individuals holding active health insurance policies from selected health insurance providers. A total of 112 policyholders participated in the study. Respondents were selected using a convenience sampling technique, which enabled the researcher to collect data from policyholders who were readily accessible and willing to participate in the survey. The sample size was considered adequate for conducting descriptive and inferential statistical analyses, including correlation and regression analysis.

Instrumentation

Data were collected using a structured questionnaire developed based on previous studies on health insurance service quality, customer perception, and policyholder satisfaction. The questionnaire consisted of two sections.

The first section gathered demographic information, including gender, age, educational qualification, occupation, monthly income, and duration of policy ownership. The second section measured respondents' perceptions and satisfaction levels regarding health insurance services.

The questionnaire included items related to:

- Policy features and benefits
- Premium affordability
- Claim settlement process
- Customer service quality
- Network hospital availability
- Overall satisfaction

All items were measured using a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).



III. Reliability and Validity

To ensure the reliability of the instrument, internal consistency was assessed using Cronbach's Alpha coefficient. The overall reliability coefficient was 0.876, exceeding the recommended threshold of 0.70, indicating satisfactory reliability and internal consistency of the measurement scale.

Content validity was established through an extensive review of literature on health insurance services and customer satisfaction. The questionnaire was also reviewed by subject experts to ensure clarity, relevance, and appropriateness of the measurement items.

Data Collection Procedure

Primary data were collected through a survey administered to health insurance policyholders. Prior to participation, respondents were informed about the purpose of the study and assured that their responses would be used solely for academic research purposes. Participation was voluntary, and confidentiality and anonymity were maintained throughout the data collection process. Completed questionnaires were screened for completeness before being included in the final analysis.

Data Analysis

The collected data were coded and analyzed using IBM SPSS Statistics (Version 26). Both descriptive and inferential statistical techniques were employed to achieve the study objectives.

Descriptive statistics, including frequencies, percentages, means, and standard deviations, were used to summarize respondent characteristics and assess policyholders' perceptions and satisfaction levels.

To test the study hypotheses, the following statistical techniques were applied:

- One-Sample t-Test – to determine whether policyholders exhibited favorable perceptions and satisfaction levels toward health insurance services.
- Pearson Correlation Analysis – to examine the relationships between service quality dimensions, policyholder perceptions, and satisfaction.
- Multiple Regression Analysis – to identify the key factors influencing policyholder satisfaction.
- Simple Linear Regression Analysis – to evaluate the impact of policyholder perceptions on overall satisfaction.

Statistical significance was evaluated at the 5% significance level ($p < .05$).

IV. Ethical Considerations

The study adhered to ethical research standards. Respondents were informed about the objectives of the study before participation, and informed consent was obtained. Participation was entirely voluntary, and respondents were free to withdraw at any stage of the survey process. No personally identifiable information was collected, thereby ensuring respondent privacy and confidentiality.



Table 1: Descriptive Statistics of Perception Dimensions

Variable	N	Mean	SD
Policy Features	112	3.92	0.74
Claim Settlement	112	3.68	0.82
Customer Service	112	4.01	0.69
Network Hospitals	112	3.87	0.77

Table 1 presents the descriptive statistics of policyholders' perceptions toward various dimensions of health insurance services. Among the dimensions, Customer Service recorded the highest mean score ($M = 4.01$, $SD = 0.69$), indicating that respondents generally have a positive perception of the support and assistance provided by insurers. Policy Features ($M = 3.92$, $SD = 0.74$) and Network Hospitals ($M = 3.87$, $SD = 0.77$) also received favorable ratings. However, Claim Settlement obtained the lowest mean score ($M = 3.68$, $SD = 0.82$), suggesting comparatively lower satisfaction with the claim processing procedures. Overall, the mean values above 3.5 indicate a favorable perception toward the selected health insurance providers.

Table 2: One-Sample t-Test on Perception

H01: Policyholders do not exhibit a favorable perception towards health insurance services.

Variable	Test Value	T	Sig. (2-tailed)
Overall Perception	3	11.842	0

Decision: Reject H01.

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The one-sample t-test was conducted using a test value of 3.00 (neutral level). The results reveal a significant difference between the observed mean perception score and the test value ($t = 11.842$, $p = .000$). Since the p-value is less than 0.05, the null hypothesis is rejected. This indicates that policyholders possess a significantly positive perception toward the services offered by the selected health insurance providers.

Table 3: Descriptive Statistics of Satisfaction Dimensions

Variable	N	Mean	SD
Policy Benefits	112	3.89	0.73
Claim Process	112	3.65	0.85
Customer Support	112	4.03	0.67
Overall Satisfaction	112	3.86	0.71

Table 3 shows the satisfaction levels of policyholders regarding different service dimensions. Customer Support achieved the highest mean score ($M = 4.03$, $SD = 0.67$), indicating that respondents are highly satisfied with the support services provided. Policy Benefits also received a favorable rating ($M = 3.89$, $SD = 0.73$). The lowest satisfaction was observed for the Claim Process ($M = 3.65$, $SD = 0.85$), reflecting concerns regarding claim settlement efficiency. The overall satisfaction mean score of



3.86 demonstrates that respondents are generally satisfied with their health insurance providers.

Table 4: One-Sample t-Test on Satisfaction

H02: Policyholders are not satisfied with the services provided by health insurance companies.

Variable	Test Value	T	Sig. (2-tailed)
Overall Satisfaction	3	12.567	0

Decision: Reject H02.

The one-sample t-test results indicate a statistically significant difference between the observed satisfaction level and the neutral benchmark value of 3.00 ($t = 12.567$, $p = .000$). As the significance value is less than 0.05, the null hypothesis is rejected. Therefore, it can be concluded that policyholders are significantly satisfied with the services provided by the selected health insurance companies.

Table 5: Correlation Analysis Between Service Quality Factors and Satisfaction

H03: There is no significant relationship between service quality factors and satisfaction.

Variables	Satisfaction
Policy Features	.642**
Claim Settlement	.718**
Customer Service	.694**
Premium Affordability	.587**

Decision: Reject H03.

The correlation analysis reveals positive and significant relationships between all service quality factors and policyholder satisfaction. Claim Settlement exhibits the strongest correlation with satisfaction ($r = .718$, $p < .01$), followed by Customer Service ($r = .694$, $p < .01$), Policy Features ($r = .642$, $p < .01$), and Premium Affordability ($r = .587$, $p < .01$). These findings suggest that improvements in these service dimensions are associated with higher levels of policyholder satisfaction. Since all correlations are statistically significant, the null hypothesis is rejected.

Table 6: Multiple Regression Model Summary

R	R ²	Adjusted R ²	Std. Error
0.789	0.623	0.609	0.442

The model summary indicates a strong relationship between the independent variables and policyholder satisfaction ($R = .789$). The coefficient of determination ($R^2 = .623$) implies that approximately 62.3% of the variation in policyholder satisfaction is explained by policy features, claim settlement, and customer service. The adjusted R^2 value of 0.609 confirms the robustness of the model. Thus, the selected service quality dimensions are important predictors of policyholder satisfaction.



Table 7: Regression Coefficients

Predictor	Beta	t	Sig.
Policy Features	0.238	3.451	0.001
Claim Settlement	0.412	5.882	0
Customer Service	0.296	4.017	0

The regression coefficients indicate that all three predictors significantly influence policyholder satisfaction. Claim Settlement has the highest standardized beta coefficient ($\beta = .412$, $p = .000$), making it the most influential factor affecting satisfaction. This is followed by Customer Service ($\beta = .296$, $p = .000$) and Policy Features ($\beta = .238$, $p = .001$). The results suggest that enhancing the efficiency and transparency of claim settlement procedures would have the greatest impact on improving policyholder satisfaction.

Table 8: Pearson Correlation Analysis Between Perception and Satisfaction

H04: There is no significant relationship between policyholder perception and satisfaction.

Variables	Perception	Satisfaction
Perception	1	.742**
Satisfaction	.742**	1

$p < 0.01$

Decision: Reject H04.

The Pearson correlation coefficient between policyholder perception and satisfaction is $r = .742$, which indicates a strong positive relationship. The significance value ($p = .000$) is less than 0.01, confirming that the relationship is statistically significant. This finding implies that policyholders with more favorable perceptions of health insurance services tend to report higher satisfaction levels. Therefore, the null hypothesis is rejected.

Table 9: Simple Linear Regression Analysis

Model	B	Beta	T	Sig.
Constant	1.086	-	4.812	0
Perception	0.705	0.742	11.563	0
R ²	F	Sig.		
0.551	133.702	0		

The regression analysis demonstrates that policyholder perception significantly predicts satisfaction ($\beta = .742$, $t = 11.563$, $p = .000$). The model explains 55.1% ($R^2 = .551$) of the variation in satisfaction levels. The F-statistic ($F = 133.702$, $p = .000$) confirms that the model is statistically significant. These findings indicate that a positive perception of health insurance services substantially enhances policyholder satisfaction. Therefore, health insurance providers should focus on improving customer perceptions through better service quality, communication, and claim management practices.



V. Conclusion

The present study, "An Empirical Study on Policyholder Perceptions and Satisfaction with Selected Health Insurance Providers," examined the perceptions and satisfaction levels of policyholders and identified the factors influencing their overall satisfaction. The findings revealed that policyholders generally hold favorable perceptions toward the services offered by the selected health insurance providers. Most respondents expressed positive opinions regarding policy features, customer service, and the availability of network hospitals.

The study further found that policyholders were generally satisfied with the health insurance services they received. Among the various service dimensions, customer support emerged as the most satisfactory aspect, while the claim settlement process received relatively lower ratings, indicating the need for improvement in claim processing efficiency and transparency.

The correlation and regression analyses demonstrated that service quality factors, particularly claim settlement, customer service, and policy features, significantly influence policyholder satisfaction. Claim settlement was identified as the strongest determinant of satisfaction, highlighting its critical role in shaping customer experiences. Furthermore, a strong positive relationship was observed between policyholder perceptions and overall satisfaction, indicating that favorable perceptions contribute significantly to higher satisfaction levels.

Overall, the study concludes that maintaining high service quality standards and enhancing customer experiences are essential for improving policyholder satisfaction and loyalty. Health insurance providers should focus on simplifying claim procedures, improving communication, strengthening customer support services, and offering customer-centric policy features. Such initiatives will not only enhance customer satisfaction but also strengthen trust and long-term relationships between insurers and policyholders. The findings provide valuable insights for health insurance companies in developing effective strategies to improve service quality and achieve sustainable growth in an increasingly competitive insurance market.

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