Research Design
CHAPTER III
RESEARCH DESIGN

3.1 Research question

The research questions of the study stemming from the nature of the problem are as follows;

1. What are the factors influencing/affecting 'Motor Third Party Claims Management' in public sector insurance companies?

2. To what extent the factors in 'Third Party Claim Problem' affects the 'Third Party Claim Management' in public sector insurance companies?

3. What are the various solutions available to the 'Third Party Claim' related problems?

4. What are the priority of solutions that has to be implemented to make the 'Third Party Claim Management' more effective?

3.2 Hypothesis of the study

The following hypothesis has been framed based on the objectives of the study:

H1. Areawise factors contribute to the difficulty in 'Third Party Claims Management'.

H2. Administrative problems contributes to the difficulty in 'Third Party Claims Management'.

H3. Legal problems contributes to the difficulty in 'Third Party Claims Management'.

H4. Internal corrective steps are necessary to improve the 'Third Party Claims Management'.

H5. Overall corrective steps are necessary to improve the 'Third Party Claims Management'.

3.3 Methodology

3.3.1 Sampling design

It is an applied research specifically aimed to solve the current problem called 'Third Party Claims Management' in the public sector non-life Insurance companies. It is an exploratory study and the purpose is to formulate the problem for precise investigation, and the major emphasis is to discover ideas and insights relating to the problem under study.
The population for the study is the persons dealing in 'Third Party Claims' in the public sector non-life insurance companies like National Insurance Company Ltd, The Oriental Insurance company Ltd, The United India Insurance Company Ltd, The New India assurance Company Ltd located at Salem, Namakkal and Coimbatore districts and the 'Stratified Random Sampling' were used for choosing the sampling size of the study. Since the subject is of specialized nature and normally the 'Third Party Claims' are processed at 'Divisional Office' level and not at branch levels, only the persons having specialised knowledge and relevant experience in 'Third Party Claims' alone has to be taken as sample. Hence, the samples are to be derived from the non-homogeneous population like persons having specialised knowledge about 'Third Party Claims'. 'Experience Survey Method' is applied and the survey was conducted, who have practical experience in dealing with the 'Third party claim'.

The sub population (strata) derived from the population 106 numbers and that are individually homogeneous are divided into three categories like (a) Administrative officers like Branch managers, Divisional managers, Assistant managers etc, (b) Legal officers/Claim officers dealing in 'Third Party Claims', (c) Panel lawyers who appear for cases on behalf of the insurance companies and are in the ratio 61:16:29 (i.e.) 4:1:2 respectively. The proportionate stratified random sample of 75% persons (Total 80 numbers) taken from the stratum, Administrative officers: Legal officers: Panel lawyers is in the ratio 4:1:2 respectively from four different public sector insurance companies located at places called Salem, Namakkal and Coimbatore districts. Divisional/Branch office staffs, Panel lawyers with 'Third Party' knowledge are asked to respond to the questionnaire. This is done to get more precise estimate and more accurate results for each components, thereby reliable and detailed estimate of the whole can be obtained.

The reason for selecting three categories of persons (Administrative officers, Legal officers, Panel lawyers) are as follows: The internal 'Third Party Claim Process' in public sector insurance companies are broadly divided into two aspects called 'Administrative' and 'Legal' aspects. The administrative part carried over by the administrative officers and partly by the claim/legal officers and the legal aspects dealt with by the Claim/Legal officers and the panel lawyers. Hence the above stated three
categories of persons dealing with 'Motor Third Party Claims' (Administrative officers, Legal officers, Panel lawyers) from all the four public sector insurance companies are taken as strata for this study.

The reason for selecting the places Salem, Namakkal and Coimbatore district are as follows: Namakkal acts as a 'Transport Hub' of Tamilnadu and also plays an important role in all India level particularly for Lorries, Truck and Trailors and have a very important role in 'Motor Insurance' segment. The 'All India Lorry Owners Association' head quarters located at Namakkal. Salem was also famous for textile and the place Sankari in Salem is famous for transports and also previously Namakkal was under the Salem district. The Coimbatore city is an important industrial city having Tirupur a major Industrial town with more vehicles plying on the roads and well known place for garment export Industries. Hence the researcher has chosen respondents from the above stated districts.

Out of total 85 questionnaires given to the respondents, 79 numbers responded and 2 questionnaire rejected for not filling the answers completely. Hence 77 respondents questionnaire are taken for study.

A brief profile of the sample selection procedure adopted for this study is depicted in the following Table 3.1.

**Selection of sample for the study**

<table>
<thead>
<tr>
<th>Type of persons</th>
<th>Number of persons</th>
<th>Proportionate sampling (75%)</th>
<th>New India (Slm,Nmkl, Cbe)</th>
<th>Oriental (Slm,Nmkl, Cbe)</th>
<th>United India (Slm,Nmkl, Cbe)</th>
<th>National (Slm,Nmkl, Cbe)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admin officer A/O/BM/DM/AM/RM</td>
<td>61</td>
<td>46</td>
<td>12</td>
<td>11</td>
<td>12</td>
<td>11</td>
</tr>
<tr>
<td>Claim/Legal officer</td>
<td>16</td>
<td>12</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Panel lawyer</td>
<td>29</td>
<td>22</td>
<td>5</td>
<td>6</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>106</td>
<td>80</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
</tbody>
</table>

Type of persons: AO-Admin Officer, BM-Branch Manager, DM-Divisional Manager, AM-Assistant Manager, RM-Regional Manager.

Place: Slm-Salem, Nmkl- Nammakal, Cbe-Coimbatore.
3.3.2 Instrument and measurement

The variable of primary interest of this research is the 'Dependent Variable' called 'Third Party Claims Management'. Seven 'Independent Variables' called 'Police Department Contributions', 'Insurance Company's Contribution', 'Court and Lawyers Contribution', 'IRDA and Government Contribution', 'Legal Rules and Provisions', 'Society Contribution', 'Hospitals and Doctors Contribution' are used in an attempt to explain the variance in 'Third Party Claim Management' in different public sector insurance companies and also each independent variable are sub divided into ten parameters to extract more accurate informations. Also the independent variables like 'Administrative Factors', 'Legal Factors', 'Internal Steps to Improve Third Party Claims Management', Overall Improvement Steps' are used and each independent factor are divided into several parameters to extract meaningful informations.

This study is to identify important factors associated with the 'Third Party Claim' problems in public sector insurance companies. Here the researcher is interested in delineating the important variables that are associated with the problem.

3.3.3 Data collection

The study based on the problem faced in managing the 'Third Party Claim' by the non-life public sector insurance companies. Data for the purpose of the study were collected from all the four public sector non-life Insurance companies (National Insurance Company Ltd, The Oriental Insurance company Ltd, The United India Insurance Company Ltd, New India assurance Company Ltd) located at three districts (Salem, Namakkal and Coimbatore) and the stratified random sampling were used for choosing the sampling size of the study.

The persons dealing with 'Third Party Claim Issues' (Population) are divided into three categories(strata) like (a) Administrative officers like Branch managers, Divisional managers, Assistant managers etc, (b) Claim/Legal officers dealing in third party claims, (c) Panel lawyers who appear for cases on behalf of the insurance companies. They are found to be in the ratio 4:1:2 respectively. The questionnaires were administered on the premises (Insurance companies) on the working days and collected on the next day
allowing them time to read and answer the questionnaires in a proper way. The researcher assured the employees that their responses would be anonymous and confidential. Most of them responded well.

3.3.4 Area of the study

Sample collected from all the four public sector companies (The National Insurance Company Ltd., The New India assurance Company Ltd., The Oriental Insurance Company Ltd. The United India Insurance Company Ltd) located in the area Salem, Namakkal and Coimbatore districts of the State of Tamilnadu, India.

3.3.5 Period of the study

The Study was conducted from March 2003 to Aug 2009

3.3.6 Source of data

The Study is based on primary data. The primary data collected through questionnaire. The secondary data based on investigations and court cases etc., are also used.

3.3.7 Questionnaire

The questionnaire was carefully designed according to the objective of the study. The preliminary stage of developing and preparing the questionnaire is done by the researcher by conducting practical research investigations, literature collections and analysing the court cases.

The second stage of development of questionnaire is, it was consulted and discussed with the claims officers of public sector insurance companies, panel advocates, investigators to get valid inputs from them and to make the questionnaire a very effective one.

The third stage of development of questionnaire is seriously attempted by the researcher with the help of senior profile persons like 'Divisional Manager', 'Assistant Manager', 'Regional Office Staffs', 'Senior Panel Advocates' in order making the questionnaire more meaningful, informative and reliable one to collect the data from the respondents.

The questionnaire consists of two main parts. In the first part questions for extracting general informations are asked such as name of the Company, nature of duties
etc. The second part divided into three parts and in the second part questions for extracting specific information about the subject are asked like area-wise factors that contributes to 'Third Party Claim Management' (Part-A), Administrative and legal problem that affects 'Third Party Claim Management' (Part-B), Internal steps and overall Steps that can be taken to improve 'Third Party Claim Management' (Part-C). Each divided into several parameters to extract more accurate informations.

3.3.8 Variables

Third Party Claim Management Problem, Variables

Figure 3.1

The dependent variable is the 'Third Party Claim Management'. The questionnaire consists of nine questions measured by nominal scale with general information questions.

The factors influencing 'Third Party Claims Management' measured in five point scale as described below:-

1. Independent variable like 'Area-wise Factors' that contributes to 'Third Party Claim Management' is taken and this variable was tapped through 'Seven Areas' that specifies the factors influencing 'Third Party" claims in each area. This factor was again subdivided into ten parameters to make it more accurate.

2. The independent variables, 'Administrative Problems' and 'Legal Problems' that affects 'Third Party Claim Management' are subdivided into several parameters to obtain more accurate information.
3. The variable, Internal corrective steps that improves 'Third Party Claim Management' and the Variable, 'Overall Corrective Steps to Improve Third Party Claim Management' are subdivided into several parameters to get comprehensive information.

**Third party claim corrective step variables**

![Diagram](image)

**Figure 3.2**

### 3.3.8 Analytical techniques used

'Descriptive Analysis', 'Average Score Analysis', 'F-test', 'Friedman's Non-parametric test with Chi-square test' were applied for analysis and interpretation of Data. Descriptive analysis is also termed as percentage analysis which is performed for the nature of the respondents questions contained in the questionnaire mainly to ascertain the distribution of respondents based on each category like nature of work, name of the company, experience etc. Diagrams and charts are also used for clear understanding of the data collected. Average score analysis and F test is performed to study the level of agreement between the dependent and the independent variable. Non-parametric test-Friedman and chi-square test is performed in order to compare the mean ranks among group of respondents and to find the preference level of respondents towards the given factors. Mean ranking analysis is to rank the factors based on the frequency of agreeability by the respondents.