

Customer Grievance Redressal Mechanism of Select Insurance Companies

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Grievance is a communicated or in communicated umbrage at an imaginary or real injustice, giving rise to cause for complaint. Grievance is thus anger against a perceived wrong or wrong suffered. Complaint is the most modest reaction of an aggrieved person. A complainant does not seek mercy. He expects remedy for the wrong meted out to him. In other words the act of complaining is a natural reaction of a civilized man who nurtures a sublime, sustained hope in the efficacy of societal system.

‘Grievance/Complaint’ - A “Grievance/Complaint” is defined as any communication that expresses dissatisfaction about an action or lack of action, about the standard of service/deficiency of service of an insurance company and/or any intermediary or asks for remedial action.

On the other hand, an aggrieved who is dispirited chooses to suppress his anger because he perhaps is already convinced of futility of any protest. It should be understood that this in communicated or suppressed grievance is the real threat to the system. Any ideal system worth the name should provide sufficient opportunities and encouragements to the inspired to exert and excel, and to the aggrieved to give vent to his dissatisfaction or resentment. These are the vibes that interlink the individuals and the society. Therefore it is avowedly imperative for any organization to have an effective Customer Grievance Redressal Mechanism in place. Redressal does not always mean remedying which in the case of perceived injustices would suggest not more than a timely and proper communication.

In a vast organization like LIC, catering to the various needs and aspirations of millions of policyholders, grievances of customers do arise occasionally. In order to redress these grievances LIC has established an elaborate Grievance Redressal Machinery Customers can meet the Grievance Redressal Officers on other days also with prior appointment. The names of the Grievance Redressal Officers are displayed in the respective Offices and are periodically published in the local newspapers.

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Customer Grievance Services

Marketing Strategy

Adequate marketing research orientation is imperative for any business organization. Slipshod management practices where market services and innovative thinking are discouraged or neglected results in aphorism in product design and marketing. A number of transient insurance products which are making appearances in insurance market from time to time are the result of utter casualness shown in the matter of crucial issue of market research. Frequent

changes in the product designs and contents baffle the customers. These insurance covers as a matter of routine undergo changes frequently and in most of the cases such changes are to the disadvantage of the customer.

Post Sale Non-Claim Services

An improper management philosophy creates a situation in which the organization experiences a total disconnect with internal or external customers. This leads to cascading ineptitude, accursed lassitude, neglect of duty and irresponsibility in the organization. Such organization contributes to proliferation of maximum customer grievances. An organization which does not give sufficient importance to customer perception will in the course of conduct of their business create maximum number of aggrieved customers. Other factors which contribute to customer resentment are poor service designs, faulty HR policies adopted by an organization, lack of technical knowledge, lack of transparency, etc.

Claim Service

Majority of customer complaints emanate from incompetence of professional agencies like Surveyors, Third Party Administrators (TPA), Insurance Investigators, etc. whose services are availed by the insurers in the event of claim. Inspire of the fact that there are strict regulations for the surveyor and the insurers mandating them to adhere to service parameters, in number of cases, compliance is delayed without any reason causing great hardships to the customers.

Lackadaisical and unhelpful attitude shown by these professionals in the matter of finalizing assessment of loss, unfair pruning of the claim amount, compelling the insured to furnish unnecessary documents, and irrelevant information, often wrong declination of claims, etc leave the customer sulking. The patently unhelpful attitude of the insurers also causes great frustration to the customer.

Claims Review Committee

The Corporation settles a large number of Death Claims every year. Only in case of fraudulent suppression of material information is the liability repudiated. This is to ensure that claims are not paid to fraudulent persons of the cost of honest policyholders. The number of Death Claims repudiated is, however, very small. Even in these cases, an opportunity is given to the claimant to make a representation for consideration by the Review Committees of the Zonal office and the Central Office. As a result of such review, depending on the merits of each case, appropriate decisions are taken. The Claims Review Committees of the Central and Zonal Offices have among their Members, a retired High Court/District Court Judge.

Policy Holders Councils and Advisory Boards

In all the 109 Divisional Centers, Policyholders' Councils have been established. Three policyholders of the area represent the interest of the policyholders and interact with the Divisional Management on consumer concerns. Similarly,

Citizens Charter

LIC has adopted a Citizens Charter through which it reiterates its commitments to the customers and the standards for general procedures, the standards for policy servicing, the standards for easy access to information for customers and the standards for fairness in dealing with the customers have been laid down.

Objectives of the Study

- To understand the concept, meaning and applicability of Customer Grievance Redressal Mechanism in the present Insurance Industry
- To popularize the necessity of Customer Grievance Redressal Mechanism
- To study how far the Grievances Redressal Mechanism is effective in the life Insurance Industry.

Methodology

The study is conducted using both analytical and descriptive type of methodology. The study is based on both the primary data and secondary data. The primary data has been collected by administering an interview schedule to the customers. The secondary information has been collected from the reports of the select insurance companies and related agencies. Further books, journals and websites have been referred.

The Sample

Everyone in this world is a sales person and a buyer in a way and hence, the communicating population of any area or region under study would constitute the universe for the study. But for the domain of this study is conducted in Chennai city life insurance customer. The sample method is using the convenience sampling method. The sample size of the research is 600 from 155 wards from the Chennai city. In order to elicit the best feedback from the targeted sample units, information was collected by circulating the Interview schedule.

Data analysis

The primary data collected was analyzed using the Statistical Package for Social Sciences. The statistical tools used for obtaining results as follows

1. Factor analysis has been made by Principal component method to reduce variables of the study into major factors.
2. K-Means Cluster Analysis and Discriminate analysis were used to group the customers of insurance into different categories.

Limitations of the study

- The study focuses the Customer Grievance Redressal Mechanism towards life insurance companies in Chennai city only.
- The study considers the personal policies pertaining to life insurance companies. The study is based on the attitude of the customers and is subject to change in the future.
- The sample customers expressed their views on the current state of affairs of the life insurance companies. The interview schedule survey is conducted among customers of Chennai. Since it is a perception study, result cannot be generalized.

Factor of Customer Grievances Redressed and Suggestion Mechanism

Insurance settlement claim is the problem frequently faced by the customer. The other financial issue gave more complication to grieving process of customer. At the mist of competitive market customer centricity approach delivery system separate the service excellent from an average and service approach the reputation and trust worthiness of Life Insurance Company learn upon claim stage prerequisite service and simplified central process processes. The research instrument comprises eight variables of customer grievances redressed and suggestion mechanism and the factors analysis. The principle component method is applied and the following results are obtained.

Table - 1

KMO and Bartlett's Test, Communalities and Total Variance Explained for Customer Grievances Redressed and Suggestion Mechanism

Component	Initial Eigen values			Rotation Sums of Squared Loadings			Extraction
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	
1	2.744	34.305	34.305	2.601	32.510	32.510	.448
2	1.616	20.203	54.508	1.538	19.230	51.740	.499
3	.848	10.598	65.105	1.069	13.365	65.105	.647
4	.787	9.832	74.937				.713
5	.637	7.966	82.903				.522
6	.538	6.721	89.623				.759
7	.502	6.275	95.898				.701
8	.328	4.102	100.000				.920
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.							.738
Bartlett's Test of Sphericity - Approx. Chi-Square							1066.018
df							28
Sig.							.000

Extraction Method: Principal Component Analysis.

From the above table it is found that the KMO value Kaiser-Meyer-Olkin Measure of sampling adequacy is .738, Bartlett’s Test of sphericity along with Chi-square value is 1066.018 are statistically significant at 5% level.

This designates that the sample size is adequate and also forms a normal distribution to reduce them in to predominant factor. The factors derived out of the eight variables and their variances are represented in the extraction column.

It is found that the eight variables of customer grievances redressed and suggestion range from .448% to .920%. This shows that all the variables in the customer grievances redressed and suggestion possess significant variance to represent the factor.

It is found that the eight variables of customer grievances redressed and suggestion are reduced into three predominant factors with initial value 2.601, 1.538 and 1.069. The individual value variable of the factors is formed to be 32.510%, 19.230% and 13.365%. The total variance explained by the eight variables is found to be 65.105% which is statistically significant to form two predominant factors.

Factor one compressed four variables

1. Effective grievance redressed mechanism is in place. (.534)
2. The company welcomes suggestions and takes care of the grievances recorded. (.692)
3. Avenues for putting across suggestions are available. (.803)
8. The product really offers the solution for the financial need of the customer. (.946) Therefore, the factor is known as dynamic mechanism.

Factor two compressed four variables

4. The employees respond quickly to customer’s request and problems. (.836)
5. The follow up by the companies to check the Effectiveness of the redressed Mechanism is well organized. (.696)
6. Complaints regarding deficiency in services are recorded with the manager. (.871)
7. Disputes are duly noticed and settled in time. (.803) Therefore the factor is known as systematic redress.

The researcher analytically identifies the customer grievances redressed and suggestion mechanism mainly depends upon the dynamic mechanism and systematic redress.

What are the grievances redressed that should be based by the insurance company various suggestion getting from the customer. Grievance to be solved through grievance redress and suggestion, employee response, complaint effectiveness dispute settlement various suggestion system to be followed by the life insurance company to satisfy the insurance customer.

Classification of customer on the basis of factor of customer grievances redressed and suggestion mechanism

The factor analysis derives two predominant factors namely dynamic mechanism and systematic redress. These factors act as a basis from heterogeneous cluster assumes shown below.

Table - 2

Final Cluster Centers for Customer Grievances Redressed and Suggestion Mechanism

Factors	Cluster		
	Diehard customer	Systematic customer	Solution seekers
Dynamic Mechanism	2.95	2.90	1.74
Systematic Redress	3.11	4.34	3.18

Table - 3

Number of Cases in Each Cluster for Customer Grievances Redressed and Suggestion Mechanism

Cluster	Diehard customer	177.000	29.50%
	Systematic customer	286.000	47.67%
	Solution seekers	137.000	22.83%
Valid		600.000	100%

From the above table it is indicated that the first cluster composes 177 (29.50%) customer weak in the dynamic mechanism and this heterogeneous group possesses moderate agreement for the systematic redress, therefore this group is known as “Die hard Customers”. The second cluster consist the 286 (47.67%) customer weak perceptions in the dynamic mechanism and more perception in the systematic redress; hence this group is labeled as “Systematic Customers”. The third cluster consist the 137 (22.83%) customer very weak perception in the dynamic mechanism and moderate perception for the systematic perception in the heterogeneous group, therefore this group can be called “Solution Seekers”.

Customer Explanation

Diehard customers: This type of customer is very loyal and has strong preference towards the insurance product provided by the company. They show low levels of grievances with the company, hence redressed are not approached by the customers. The customers follow the employees to check the effectiveness of systematic redressed.

Systematic Customers: This type of customer shows less preference towards the dynamic mechanism of grievances redressed. The customer shows higher responses towards the organization measures towards the complaints raised by the customer.

Solution Seekers: These solution seekers have weak perception about the dynamic mechanism provided by the company at the time these customers have moderate vision towards the systematic redressed.

Findings

- The research analytical identified the customer Grievances Redressed and suggestion Mechanism mainly depends upon the dynamic mechanism and systematic redress. What are the grievances redressed that should be based by the insurance company various suggestion getting from the customer. Grievance to be solved through grievance redress and suggestion, employee response, complaint effectiveness dispute settlement various suggestion system to be followed by the life insurance company to satisfy the insurance customer.
- The cluster classification is done on the basis of Customer grievances redressed and suggestion mechanism of life insurance product, it is found that 29.50% are Diehard customers, 47.67% are systematic customers and 22.83% are solution seekers.

Conclusion

An analysis of the situation obtaining in the insurance industry will make it clear that a majority of the customer complaints are such that can be avoided by a little farsightedness and willingness to take timely action on the part of insurers. In short, it is high time; the insurance industry gives utmost importance to preventive mechanism. In order that those factors that have the potential of creating customer discontent are identified in advance and remedial action taken, rather than adopting conventional method of arranging redressal after the grievance has taken place.

This is of paramount importance to service industry because it is typical of service industry like insurance that the manifested customer prejudice in this sector invariably transforms itself into stereotype which impacts the industry negatively. In the context of insurance industry it is to be understood that grievance redressed is not grievance eliminated but only mitigated in as much as the customer whose grievance has been resolved does not feel really delighted but on the contrary feels that he is the vanquisher. It is rightly said "prevention is better than cure".