

# Anatomy of Customer Grievance in Insurance industry

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**G**rievance is a communicated or uncommunicated 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.

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 organisation to have an effective Customer Grievance Redressal Mechanism in place. Redressal does not always mean remedying which in the case of perceived injustices would

The industry which had not so good an image over the years has after its opening up started gaining confidence of the insuring public and as a result could by now embark on a real growth trajectory.

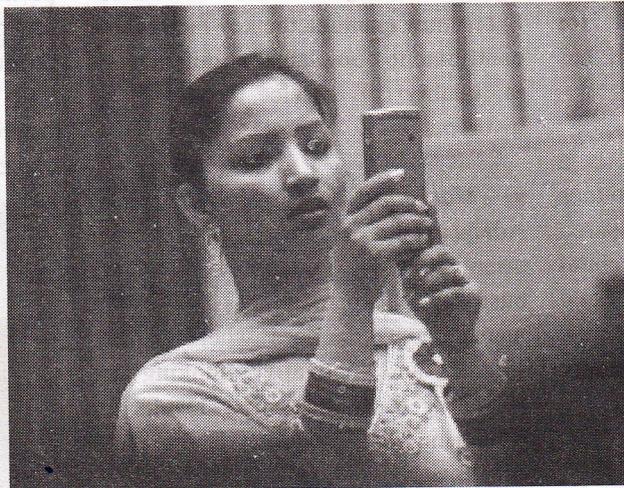
With improvement in insurance awareness amongst the people, the insurance penetration is gradually picking up. Satisfied clientele is the mainstay of an industry and more so of service sector like insurance industry. Just as customer satisfaction plays a vital role in the development of insurance industry, customer grievance can create a grossly negative impact.

It is only relevant that understanding fully well the significance of customer relationship and customer sensitivity in this era of globalisation and cut throat competition, a number of customer centric measures have been taken by various industries including insurance industry.

suggest not more than a timely and proper communication.

## **Antithesis**

Insurance industry is essentially a service industry and customer delight is its professed and accepted ethos.



Governmental actions such as legislation of Consumer Protection Act, Citizen Charter, RTI Act, Banking & Insurance Ombudsmen, IRDA Protection of Policy Holders Interest Regulation, coupled with corporate initiatives like establishment of in-house Customer grievance Cells, etc. have gone a long way in creating customer confidence in the market place.

All these efforts however seen to focus more on effective handling of customer grievances after the grievances have been articulated. While remedying customer dissatisfaction is certainly of utmost importance for any industry, attention should now turn to more vital question of a prognostic approach with a definite view to obviating any customer complaint, as customer resentment of any magnitude creates prejudice although temporarily which affects the industry adversely.

Insurance sector being service industry it is all the more crucial that all efforts should be made to avoid customer grievance rather than wait for remedying the grievance after it has occurred.

An insurance product by itself is a contract that is supposedly continuous in nature, to provide the assured services and hence holds the potential of more chances of defaults and deficiencies, perceived or real, in rendering such services ultimately leading to customer discontent.

A sincere attempt to avert a situation capable of creating any grievance should involve a meaningful study of circumstances and factors that cause the defaults and deficiencies in rendering service. To determine what causes a shortcoming or default, we should try and find out what the customer generally expects. A customer

looks for the following traits in an insurer:

- a) Respect
- b) Receptiveness
- c) Thoughtfulness
- d) Timely action

Any shortcoming in respect of the above aspects engenders revulsion in the mind of a customer. An aggrieved customer either opts to hide his displeasure or turns to be combative. In either case of potential grievance is created. Indian insurance field which is evolving out still witnesses very minimal customer demand and that too mostly obligated, and therefore any customer discontent is capable of creating prejudice against the industry.

Efforts should therefore be to see that such situations do not arise. Truly the most important yardstick for measuring the efficiency of insurer should be the least number of grievances reported instead of maximum number of grievances handled.

#### *Raison-Detre of Customer Grievance*

Let us now examine the key factors that contribute to complaints of deficiencies in quality of service rendered by insurers.

#### *a) 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 adhocism 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

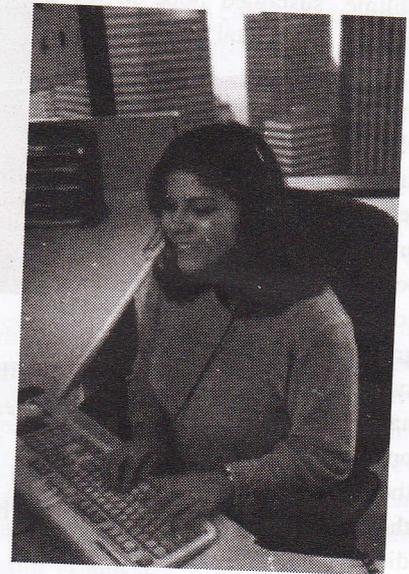
designs and contents baffle the customers. An apt example is various Health Insurance covers introduced by insurers.

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. Interestingly, more often than not the changes effected were found to be in respect of those very features that were proudly presented as the USP of the insurance cover when it was originally introduced.

Recently it was found that some insurers have even opted to impose restricting conditions during the currency of Health Insurance Policies by sending specific communications to the insured.

Over promising is another anathema that is commonly seen in the insurance industry now a days. With the aid of media blitzkrieg and overcharged marketing force, shoddy products are pushed into the market and customers are persuaded to buy such insurance products.

Insurers many a time engage in unfairly aggressive marketing in which sales



force is unduly pressurized to focus on sales volume and not quality of business. The result is that the sales are affected on the basis of misinformation and inchoate or influenced decision by customers.

The customer realizes the folly later on and develops great prejudices against the industry. The impressive sale of ULIP products by Life Insurance Companies till recently and the subsequent controversial exit thereof from the market is a case in point.

#### ***b) 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 is 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. In spite 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 rhyme or 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.

#### **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".