

## Customer Grievances of Health, Motor and Others in the Indian Insurance Industry – A Comparative Study

**Ramya K. P.,**

Assistant Professor,  
PG Department of Commerce,  
Co-Operative Arts & Science College, Madayi  
Affiliated to Kannur University, Kerala, India.

**Dr. Venugopalan K. V.,**

Associate Professor and Research Guide,  
PG and Research Department of  
Commerce, St.Peter's college, Kolenchery,  
Affiliated to MG University, Kerala, India.

### ABSTRACT

*The insurance industry is one of the noticeable industries in India and it plays a vibrant task in the process of building the nation and enhancement of social security. During the year 2016, the insurance density was USD 59.7. It is growing at 15-20 percentage and it contributes approximately 4 percentage of the GDP. At the end of March 2017, there are 57 insurers, in which 24 are Life Insurance Companies, 31 General Insurance Companies and two are Re-Insurers. Among 29 General insurers functioning in India, 4 are Public Sector insurers, 17 are Private insurers, 2 specialized insurers and 6 are insurers exclusively doing health insurance segments. The four public sector players contribute 47 percentage to the industry and the outstanding part is covered by the 17 private sector companies and 2 specialized insurers in 2016-17. The Motor Insurance carry on with the largest general insurance segment with a share of 39.22 percentage. Health segment have a share of 26.95 percentage and other segment contribute 33.83 percentage. Customer satisfaction and customer retention are the crucial and critical aim of every service focused industry. Like life insurance, general insurance industry is also not free from customer dissatisfaction and grievances, which may be due to the unethical practices of the insurers or lack of awareness on the part of the Customers to protect their rights. In order to reduce the Grievances, the authorities should firstly find out and analyse the most repeated Grievances and create and execute a well-equipped Customer Relationship Management (CRM) and Grievance Redressal policy will help the companies to multiple the satisfaction and loyalty of customers more than before. This study analyse the Customer Grievances of Motor, Health and Other General Insurance and its grievance classification.*

**Keywords:** General Insurance, Motor insurance, Health Insurance, Other Insurance, Customer Relationship Management (CRM), Grievances, Grievances Classification, Grievance Redressal Policy.

### INTRODUCTION:

Non-life insurance sector in India observed a growth of 12.9 percent (inflation adjusted) during 2016. At one and the same time, the growth in international non-life premium was 3.7 percent. However, the share of Indian non-life insurance premium in universal non-life insurance premium was small at 0.83 percent and India ranked 15 in world-wide non-life insurance markets. Over the last 10 years, the penetration of nonlife insurance sector in the country remained steady in the range of 0.5-0.8 percentage. However, its density has gone up from USD 2.4 in 2001 to USD 13.2 in 2016. (Source: Swiss Re, Sigma various issues). Among 29 General insurers working in India, 4 are Public Sector insurers, 17 are Private insurers, 2 specialized insurers and 6 are health insurers exclusively doing health insurance business.

**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. (Source: IRDA Guidelines for Grievance Redressal by Insurance Companies). In other words, Grievance may be the dissatisfaction arisen due to deficiency of service provided to the customer by the insurance company or its representative. Grievances are clearly distinguished from inquiries and appeals. In today's scenario of insurance market, with the large volume of insurance transactions and huge customer size, it is an accepted fact that there will be growing number of policyholder grievances for every insurance providing company (R. K. Yadav, S. Mohania).

**Channels for Customer grievances:**

IRDA has provided various Channels for customers to raise their grievances against insurers. These include:

- Online grievances portal, to register grievances
- Insurance Ombudsman as per Redressal of Public Grievances Rules,1998
- Consumer Affairs Department of IRDA monitors Insurers' policy of Grievance redressal
- Consumer Education Initiatives
- Grievance Redressal Officer in every company
- IRDA Grievance Call Centre(IGCC)
- Integrated Grievance Management System

**Integrated Grievance Management System (IGMS):**

The IGMS put in place by IRDAI is the repository of the insurance industry. Complaints providing not only a stage to raise customer grievances with insurers but also to generate various investigative reports on customer grievances recorded against insurers.

**Department of Administrative Reforms and Public Grievances (DARPG), Government of India:**

Apart from the complaints registered in the IGMS Portal of IRDAI, Complaints registered in DARPG Portal against insurers are also referred to IRDAI. IRDAI regularly accesses the portal of the DARPG and guarantees that grievances relating to the insurance sector are transferred and necessary action to get them scrutinized by the insurers is taken.

**Grievances -General Insurers –an Over View:**

As per the IRDA Report for the year 2016-17, 98.52 percent of the total complaints handled and resolved by General Insurance companies during the year 2016-17. The private general insurance companies handled and resolved 99.20 percentage and public general insurance companies resolved 97.35 percentage of the grievances received by them. As at 31st March, 2017, a total of 786 complaints were pending for resolution, out of which 268 were belonging to private sector insurance companies and 518 were pertaining to public sector insurance companies. There is 7 percentage reduction of the complaints reported under policy related and 8 percentage increase in complaints reported under Claims during the year 2016-17 as compared to 2015-16. The complaints reported under others have shown a 1 percent reduction over the previous year. The analysis of the complaints under policy type indicates that health insurance complaints are more during the last 5 years as compared to the complaints reported under motor insurance. ([www.irda.gov.in/](http://www.irda.gov.in/) [www.policiholder.gov.in](http://www.policiholder.gov.in/))

**Patterns or classification of Grievances/Complaints Received:**

- Claim Related complaints
- Coverage Note Related(Applicable to Motor and Others)
- Coverage
- Others
- Policy Related
- Premium
- Product
- Proposal related
- Refund

## **LITERATURE REVIEW:**

(Arunesh Garg, 2013) in his article entitled "Satisfaction and Problems of Health Insurance Policyholders in India" examined the numerous characteristics of health insurance policy of public and private sector, the Satisfaction level of customers regarding claim settlement operations and numerous other quality of health insurance protection has been studied and compared with the public and private players. He found that the major grievances of customers are deferral in policy issue, unnecessary documentation, non-responsiveness and non-cooperativeness on the part of company and its officials, delay/ repudiation in case of claim settlement and lack of pellucidity

(Kalpesh K Chauhan, 2016) in his study "A Comparative Study of Private Sector and Public Sector Non-Life Insurance Companies in India" analysed the performance of Non life public and private sector in terms of gross direct premium, incurred claim ratio, net profit/loss, equity share capital and status of grievances and found that the the grievances reported and resolved are more in private sector than public sector.

(Sharad N Inamdar, January 2013) "A Study Of Management Of Problems And Prospects Of General Insurance Companies In Public Sector In Pune Region For The Period 2000-2008" found that the 48.75% policyholders are not satisfied by the services provides by the companies especially in agents services and delay in claim settlement operations. He also found that overall 65% respondents are unaware of the grievance redressal system.

(Sharma & Deepa, (2010)"Redress of insurance consumers' grievances: a study of company executives' perception" they found that the main assistance required by the aggrieved customer was an speedy settlement of claim, time bound claim settlement and quick and polite clarification on rejection of the insurance claim. Most of the public sector companies admitted that a company's corporate Redressal system was increased customer awareness. The increase in company's good will depends upon an effective corporate grievance redressal System believed by the the executives of private sector companies.

(Dr.Sneha Ravindra Kanade, Prof. Veena Shenoy, & Prof. Khushbu Singla Goyal, 2015) in their research article "Grievance Defrayal: An Overview" have conducted a descriptive study to understand the system and method of settlement of grievances in production industry. They tried to evaluate role of government in grievance handling , best handling practices and to study the employee perception about effectiveness of grievances handling. They found that economic facort is the major grievance prone subjects and dominant ways of handling grievances are open door policy and exit interviews.

## **OBJECTIVES:**

- To compare the growth rate of Policy type wise general insurance industry grievances.
- To analyse and compare the Classification of Grievances of Motor, Health and Other Insurance Sector in India.

## **RESEARCH METHODOLOGY:**

### **Type of Research:**

The study followed an analytical research design.

### **Scope of the study:**

The scope of the study is limited to Non Life Indian insurance only.

### **Period of the Study:**

The study period for secondary data is five years starting from the year 2012-13 to 2016-17.

### **Source of Data:**

The present study is based on secondary data. The main source of data includes Indian NonLife Insurance Industry Year Book, Consumer Affairs Booklet of IRDA from 2012-2013 to 2016-2017, journal of Insurance Institute of India, various research articles and websites.

### **Tools for Analysis:**

The data collected was tabulated and analyzed by using average, standard deviation, Coefficient of Variation.

**ANALYSIS AND INTERPRETATION:**

**Table 1: Growth Rate of Policy type wise General Insurance Industry for the Last 5 years**

Year	Motor			Health			Others		
	Grievances (Numbers)	Increase/Decrease	%	Grievances (Numbers)	Increase/Decrease	%	Grievances (Numbers)	Increase/Decrease	%
2012-13	35793			30279			12855		
2013-14	28100	7693	21.49	23677	6602	21.8	11558	1297	10.08
2014-15	24647	3453	12.29	25633	1956	8.26	10408	1150	9.95
2015-16	24536	111	0.45	26838	1205	4.7	7709	2699	25.93
2016-17	18904	5632	22.95	26937	99	0.37	6263	1446	18.76
MEAN	26396	4222.25	14.3	26672.8	2465.5	8.78	9758.6	1648	16.18
SD	6201.93			2406.126			2723.38		
COV	23.5			9.02			27.91		

**Source:** IRDA Consumer Affairs Annual Booklet from 2012-2013 to 2016-17

It is perceived from the above table that the aggregate number of Grievances received by the motor insurance companies have been decreased during 2012-13 to 2016-17. The average decrease of Grievances was decreasing except in 2016-17 with a mean of 4222.25. The average decreasing rate is 14.30%. The number of health insurance grievances reported all through the study period showed an increasing trend except in the year of 2013-14. The average increase of Grievances was decreasing and have a mean of 2465.50. The average growth rate of Grievances was 8.78%. But the percentage of increasing Grievance showed a decreasing rate. The trend of Grievances in Other Insurance Companies were also decreasing. The average decline in Grievances have a mean of 1648. The average decline rate of Grievances were 16.18%. Standard Deviation of Grievances in all sectors is less than the mean value of the Grievances registered. By comparing the three sector, the total and average number Grievances were highest in the health sector and showed a lowest Coefficient of variation. This means the registered Grievances of Health sector was stable.

**Table 2: Analysis Of Grievance Classification Of Health Insurance**

Year	Claim	Coverage	Others	Policy Related	Premium	Product	Proposal Related	Refund
2012-13	11249	298	7403	8883	1163	404	269	610
2013-14	10309	179	5078	6165	1045	142	291	468
2014-15	11184	152	4877	7455	1071	111	362	421
2015-16	11881	672	4570	8379	626	91	162	457
2016-17	14500	386	4274	6042	695	130	182	728
Mean	11824.6	337.4	5240.4	7384.8	920	175.6	253.2	536.8
SD	1596.85	209.37	1246.86	1277.59	242.14	129.14	82.01	128.87
COV	13.5	62.05	23.79	17.3	26.32	73.54	32.39	24

**Source:** IRDA Consumer Affairs Annual Booklet from 2012-2013 to 2016-17

In the table 2, it is exhibited that the Grievances reported in the course of study period showed that claim related Grievances place first position, then policy related , other Grievances ,premium and so on. The proposal related Grievances got last place. Standard Deviation of all kinds of Grievances was less than the mean value of the Grievances registered. By comparing the 8 kinds of Grievances, the average number of grievances is highest in claim related and Coefficient of variation is lowest ie 13.5 percent. This shows the frequency of this grievance is consistent during the study period.

**Table 3: Analysis Of Grievance Classification Of Motor Insurance**

Year	Claim	Cover Note Related	Coverage	Others	Policy Related	Premium	Product	Proposal Related	Refund
2012-13	15235	586	241	3214	14546	941	101	251	678
2013-14	13183	589	80	2508	10440	599	115	183	403
2014-15	11641	553	74	3027	8177	525	143	193	314
2015-16	11259	360	211	2840	8565	460	195	245	401
2016-17	9800	159	105	2428	5343	364	127	269	309
Mean	12224	449.4	142.2	2803.4	9414.2	577.8	136.2	228.2	421
SD	2070	187.89	78.1	334.71	3399.05	220.65	36.32	37.91	150.64
COV	16.93	41.81	54.92	11.94	36.11	38.19	26.67	16.61	35.78

**Source:** IRDA Consumer Affairs Annual Booklet from 2012-2013 to 2016-17

In the table 3, it is observed that the Grievances reported through the study period showed that claim related Grievances place first position, then policy related , other Grievances ,premium and so on. The product related complaints got last place. Standard Deviation of all kinds of Grievances was less than the mean value of the Grievances registered. By comparing the 9 kinds of Grievances the average number of grievances is highest in claim related. The claim related grievances decreased from 15235 in 2012-13 to 9800 in2016-17. The Coefficient of variation is 11.94 percent lowest in other kind of grievances. This shows the frequency of this grievance is stable during the study period.

**Table 4:Analysis of Grievance Classification Of Other Insurance (other than Motor and Health)**

Year	Claim	Cover Note Related	Coverage	Others	Policy Related	Premium	Product	Proposal Related	Refund
2012-13	3561	118	1088	1611	5672	335	53	59	358
2013-14	3917	89	800	1411	4635	233	57	67	349
2014-15	3642	54	602	1297	4024	317	55	66	351
2015-16	3340	47	115	1225	2478	185	67	38	214
2016-17	3337	22	71	834	1549	134	42	62	212
Mean	3559.4	66	535.2	1275.6	3671.6	240.8	54.8	58.4	296.8
SD	241	37.66	439.38	286.73	1657.11	85.53	8.96	11.84	76.57
COV	6.77	57.06	82.09	22.42	45.13	35.51	16.35	20.27	25.8

**Source:** IRDA Consumer Affairs Annual Booklet from 2012-2013 to 2016-17

In the table 4, it is found that the Grievances registered during the study period showed that policy related Grievances place first position, then claim related , other Grievances, premium and so on. The product related Grievances got last place. Standard Deviation of all kinds of Grievances was less than the mean value of the Grievances registered. By comparing the 9 kinds of Grievances, the mean of the grievances is highest in policy related. The policy related grievances decreased from 5672 in 2012-13 to 1549 in 2016-17. The Coefficient of Variation is lowest i.e., 6.77 percent in claim related grievances. This shows the frequency of this grievance is consistent during the study period.

**FINDINGS:**

1. Among the three sectors, the total and average number of Grievances were highest in the Health Sector and it showed a lowest Coefficient of variation. This means that the registered Grievances of Health sector was stable throughout the study period.
2. Standard Deviation of all kinds of Grievances was less than the mean value of the Grievances registered.
3. By comparing the 8 kinds of Health Sector Grievances, the average number of grievances is highest in claim related and Coefficient of variation is lowest. This shows the frequency of claim related grievance is consistent during the study period.

4. In Motor Sector Grievances, claim related Grievances place first position, then policy related , other Grievances ,premium and so on. The product related complaints got last place. The claim related grievances decreased from 15235 in 2012-13 to 9800 in2016-17. The Coefficient of variation is 11.94 percent lowest in other kind of grievances. This shows the frequency of this grievance is stable during the study period.
5. By comparing the 9 kinds of Other Sector Grievances, the average number of grievances is highest in policy related. The policy related grievances decreased from 5672 in 2012-13 to 1549 in 2016-17. The Coefficient of Variation is lowest i.e, 6.77 percent in claim related grievances. This shows the frequency of this grievance is stable during the study period.

#### **SUGGESTIONS:**

1. Health Sector Grievances showed more increasing and consistent trend which requires more inclusive enquiry at the top level.
2. The Customer Relations Management focus to analyse and eliminate the root reasons of the more repeated Grievances, i.e., claim related, policy related and other grievances, which they keep receiving from time to time.
3. The Grievances to be attended and disposed within the stated Turnaround Time.
4. IRDA should frame suitable policies of Grievance redressal and ensure that all the sectors comply with the guidelines in order to redress the customer grievances.

#### **CONCLUSION:**

The appealing conclusion of the above study is that for the quicker redresal of grievances, the insurers must maintain speed, sensitivity and accuracy as well as to take steps for improving policyholder's education/awareness regarding grievance redressal mechanism. The insurance company should focus on settlement of claims efficiently without delay and also to be especially knowledgeable and at the same time keep themselves talented of resolving the grievances of the policyholders in accomplishment of regulations with an effective and efficient grievance management system in order to contest with competitors in the field.

#### **REFERENCES:**

- Arunesh Garg. (2013, September). Satisfaction and Problems of Health Insurance Policyholders in India. *International Journal of Banking, Risk and Insurance*, 1(2), 43-54.
- Dr.Sneha Ravindra Kanade, Prof. Veena Shenoy, & Prof. Khushbu Singla Goyal. (2015, April). Grievance Defrayal: An Overview. *International Journal of Physical and Social Sciences*, 5(4), 134-145.
- Kalpesh K Chauhan. (2016, May). A Comparative Study of Private Sector and Public Sector Non-Life Insurance Companies in India. *International Journal of Research in Economics and Social Sciences*, 6(5), 194-198.
- Sharad N Inamdar. (January 2013). *A Study of Management of Problems and Prospects of General Insurance Companies in Public Sector in Pune Region for the Period 2000-2008*. Tilak Maharashtra Vidyapeeth, Pune: (P hD Thesis).
- Sharma, & Deepa (2010). Redress of insurance consumers' grievances: a study of company executives' perception. India: *Institute of Management Technology*.
- Yadav and Mohania (2013). Claim settlement of life insurance policies in insurance services with special reference of Life Insurance Corporation of India, *Indian Journal of Economics and Development*, Vol 1(1), Jan 2013, ISSN: 2320-9836 pp 29-37.

----