

Customers' Grievances and Redressal Mechanism in the Indian Health Insurance Industry - An Analysis

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ARTICLE DETAILS

Article History

Published Online: 29 Sep 2018

Keywords

Customer Relationship Management (CRM), IDRA, Grievances, IGMS, Complaint Classification, Health Insurance, Grievance Redressal Policy, Customer Loyalty

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ABSTRACT

Health insurance plans, being a complex financial product, needs a lot of understanding, awareness and updating among customers. Towards the end of March 2017, there are 29 General insurance players functioning in India; of which 4 are Public players, 17 are Private players, 2 specialized insurers and 6 are health insurance players absolutely doing health insurance business. The four public sector companies contribute 47% to the industry and the outstanding part is covered by the 17 private sector companies and 2 specialized insurers in 2016-17, and the share of the Health segment is 27%. Customer satisfaction is the key hole and customer retention is the critical and the main desire of every service oriented organization. Due to some fraudulent unethical practices by some of the Insurers in India, customer dissatisfaction and grievance are on the rise. The authorities are trying to create awareness among customers and to curb such unholy practices. So, an execution of the well-equipped Customer Relationship Management (CRM) and Grievance Redressal policy will support the companies to speedily raise the satisfaction and loyalty of customers. In order to remove various hurdles faced by the customers, the Insurance Regulatory and Development Authority (IRDA) issues guidelines regarding Grievance Redressal to the insurers. This study is diagnostic and exploratory in nature and essentially makes use of primary and secondary data. The study provides the details of the awareness regarding the grievances settlement operations, causes of dissatisfaction among customers, various measures taken to resolve the issues and data related to grievances in the health insurance industry. The study suggests that the health insurance industry need to create awareness among the customers with respect to redressal of their grievances and the policy holders need to be more alert while obtaining Health insurance products.

1. Introduction

The economic amelioration originated in the early 90s concrete the mode for the development and opening up of the financial sector, which directed to a continued era of economic magnification. The entrances of the insurance industry were liberating for private players in the year 2000, and have seen surprising progress over the past decade with the entry of global insurance companies. As the companies understand the customers very well, the expenses or efforts incurred for settlement of grievances were easy and they never come gain with complaints. When new players are entering with innovating products into the market, they have to concentrate more into Customer Relationship Management. (*Amarpreet Singh Ghura and Shraddha M. Bhome, 2004*). In order to ensure customer loyalty and profitability insurer should focussed on redressal of customer grievances. In service oriented industries, redressal of customer grievances are more essential. In fact, customer grievance redressal by companies is an effective technique of self-regulation, which is advantageous not only for the customers but also for the company.

In order to better serve the interests of the customer and to settle their disputes, Consumer Council and other authoritative mechanism are also being established. In an insurance industry, the Consumer Affairs Department of IRDA handles policyholders' (insurance consumers) grievances. The

Grievance Cell looks into the complaints from policyholders against life and non-life insurance companies.

▪ 'Grievance/Complaint'

A "Grievance/complaint" means any form of communication that states discontent about an act or lack of act, about the standard of service/shortage of service of an insurance company and/or any middleman or asks for corrective action. (*Source: IRDA Guidelines for Grievance Redressal by Insurance Companies*). In other words, Grievance may be the displeasure arisen due to dearth of service provided to the customer by the insurance company or its representative. Grievances are clearly distinguished from investigations and desires. In this Era of large volume of insurance transactions and huge customer size, the major difficulties faced by every insurance company is rising number of policyholder grievances. (*R. K. Yadav, S. Mohania, 2013*).

Grievance in health care means a complaint about the way in which medicare health plan gives attention. According to the Managed Care Reform Act, all decisions apart from the decision denying claims for services on the grounds that the services are not "medically necessary" can be challenged and also the denials of referrals to specialists and denial of services on the grounds that they are not protected under a patient's insurance contract, on facing any grievance on calling the plan and when a staff person at the plan behaves in an hopeless mode. (*www.uslegal.com*)

▪ Definition of Grievances

A grievance can be defined as any kind of dissatisfaction, which needs to be redressed in order to bring about the smooth functioning of the individual in the Organization (Mohanasundaram, 2013). Broadly, a 'Grievance' can be defined as any displeasure or disappointment with any aspect of the Company. It can be actual or fictional, genuine or unreasonable, valued or silent, in black and white or oral. It must however, find manifestation in some form or the other Redressal System.

▪ Grievance Redressal Policy

Every insurer shall have a Board sanctioned Grievance Redressal Policy which shall be filed with IRDA. (Regulation 5 of IRDA Regulations for Protection of Policyholders Interests, 2002)

Redressal System

Every insurance company has an elected Grievance Redressal Officer at the top Management level. Each companies shall also have a structure and process for accepting, recording and settling of grievances.

(GovindJohri, 2007). Every Company have a 3 Tier redressal system and is made through:

Tier-1 –Approach Grievance redressal officer of its Branch

Tier -2- If Policy Holder is unhappy with the solution-Approach the Grievance Redressal Cell of the Consumer Affairs Department of IRDA through letter, email or call toll free number.

Or Approach Integrated Grievance Management System (IGMS)

Tier -3- If Policy Holder is unhappy with the resolution the IRDA advises the complainant to Approach

(The Insurance Ombudsman (Redressal of Public Grievances Rules, 1998)

▪ Integrated Grievance Management System (IGMS)

IGMS was announced by The Consumer Affairs of the IRDA in the year 2010, which is an online arrangement for registration and tracing of grievances. IGMS is a grievance redressal observing device of IRDA, which offers a door to register complaints with insurance companies if the customers are not approached directly to the company. Grievances shall be escalated to IRDA only if need be raised. IGMS is a comprehensive solution which not only has the talent to offer a integrated and online access to the customer but complete access and mechanism of IRDA for monitoring market conduct problems of which customer grievances are the main indicators. IGMS has a system to order dissimilar Grievance types based on pre-defined rules. It offers a medium to record grievances through letter email or voice calls received by IRDA Grievance Call centre (IGCC). Thus IGMS make available a standard platform to all insurers to resolve policyholder grievances and provides IRDAI with a device to monitor the efficiency of the grievance redressal system of insurers. (www.policyholder.gov.in)

▪ Turnaround Time (TAT) and Process of resolution of Grievance

- a) Acknowledge a grievance - 3 working days after receipt of grievance
- b) Resolve a grievance-Letter of resolution/rejection - 15 Days

2. Literature Review

- **Dr. M. Syed Ibrahim and Shakeel- ul- Rehman, (2012)** in their article entitled "Consumer Grievance redressal system in the indian Life insurance Industry- An Analysis" they conducted a diagnostic and explorative study make use of secondary data. The main objective of the study was to examine the consumer awareness with regard to grievance redressal mechanism followed by the insurance companies and to provide speedy, simple and inexpensive redressal to consumers. They found that the Life Insurance Industry have significantly improved their performance with regard to redress the grievances of the policyholders.
- **Johri, (2007)** accomplished their research article entitled "A Critical look at Grievance Redressal Mechanism In Indian Insurance Industry" he made an attempt to showcase complete view of the prevailing grievance redressal system available in the General Insurance Industry. He also focused on the main ambition of the customers by diagnosing their right to be heard in spite of their right of redressal and to make sure that the industry responds with greater care and concern while dealing with the grievances.
- **Prof. R. C. S. Rajpurohit & Ranu Nawal, (2016)** in their article "Grievance Redressal Mechanism in Indian Life Insurance Industry: An Exploratory Study on Quantifying Relationships", they made an attempt to evaluate the performance of Life insurance industry as well as LIC concerning grievance redressal. They also made an effort to find out the relationship between grievances received and number of policies sold.
- **Raman S & Uma K, (2015)** in their study entitled "Grievance redressal mechanism in Indian life insurance industry", they conducted a diagnostic and exploratory study and found that effective customer relationship management need a systematic grievance redressal mechanism and the Life Insurance Industry have significantly enriched their performance with regard to customer e grievance redressa. They also emphasised the role of speed, understanding and precision in the faster settlement of grievance redressal.
- **Sumninder Kaur Bawa & Navjeet Kaur, (2014)** in their article titled "Customer Grievance Redressal In India: A Case of General insurance Sector" the study examined the structure and pattern of Customer grievance redressal practices available and also evaluate the decisions taken by the insurers in redressing the grievances. The study evaluated the performance of the general insurers regarding the solution of grievances escalated to IRDA. The

statistical tools used to evaluate the study were Descriptive statistics and Mann Whitney U test. The analysis of the IRDA found that the private insurers were more efficient in comparison to the public sector insurers in effectively handling the complaints of their customers. The analysis also revealed that there exists a difference in grievance settlement operations in terms of complaints received and solved in respect to public and private insurers.

- **Sharma & Deepa, (2010)** "Redress of insurance consumers' grievances: a study of company executives' perception" their study examined the company executives' perception of the grievance redressal mechanism and the external/public grievance redressal mechanism available to the customers. The study found that the main relief sought by the aggrieved customer was an immediate settlement of claim, time bound claim settlement and quick and polite clarification on rejection of the insurance claim. They also found that the major factor of a company's corporate Redressal system was increased customer awareness and this fact was admitted by most of the public sector companies. The executives of private sector companies believe that increase in company's good will depends upon an effective corporate grievance redressal System.
- **Yadav, Rajesh K, Mohania and Sarvesh, (2014)**, published a research article and tried to evaluate the role of insurance ombudsman in grievance management. The fact that the policy holders are gaining their assurance and faith in the institution of Ombudsman is the indicator of continuous increase in number of Grievances received by various Ombudsmen all over the country.
- **Viswanadham, (2005)** in his study made a detailed analysis regarding the objectives of adjudicating the performance in terms of both maturity and claims consequent to death on and of the turnaround period fixed by IRDA.

3. Significance of the Study

Dissatisfaction is a big threat which hinders the customer loyalty. If there is grievance or complaints for the customers, the same lead to dissatisfaction. Dissatisfaction of one customer would definitely be a reason to cause high publicity regarding the lack of performance of the company concern. It is in this context the relevance of an effective grievance redressal mechanism evolves. A successful Grievance redressal system would result in winning back an otherwise losing customer. On the other hand the same would achieve gaining more loyal customer. It is therefore very essential that every insurer must have faster and effective Grievance Redressal System.

4. Statement of the Problem

"CUSTOMERS' GRIEVANCES AND REDRESSAL MECHANISM IN THE INDIAN HEALTH INSURANCE INDUSTRY - AN ANALYSIS" is a humble attempt to study the Grievances and redressal mechanism of Health Insurance (under General Insurance) companies in India

standing within the framework of IRDA policy regarding the grievance redressal policy. Since the major aim of insurance companies are satisfaction of customers, it is very essential to settle the claims on time and it is necessary to solve the grievances raised from the customers as early as possible. So this study is relevant in this sense to know the fact whether the companies having fulfill the responsibility or not.

5. Objectives of the Study

1. To analyse the customer awareness about health insurance industry.
2. To examine the method and structure of Grievance Redressal Mechanism accessible to customers of Health (general) Insurance business of India.
3. To identify the different types of grievances and the reason for such grievances among the health insurance customers.
4. To analyse the performance of public and private Health insurance companies in terms of grievance redressal operations.

6. Hypothesis Of the Study

- There is no significant difference in grievance settlement operations of the Public and Private Health Insurers (HO).

7. Methodology of the Study

This study is based on primary and secondary data.

8. Sample Design

The research method adopted for the study is sample survey. Random Sampling method is adopted for selecting unit for the study. For the purpose of the present study, there are 29 insurance companies (Health insurers) that have been included for the present study (4 are Public sector insurers, 23 private insurers (including 6 are health insurers exclusively doing health insurance business) operating as on 31st march 2017.

9. Population of the Study

Universe of the study consists of Policy holders of Health Insurance Companies in the State of Kerala.

10. Sampling Unit

The research was made on the data (primary) collected from Individual Health Insurance policyholders of both males and females residing in the state of Kerala.

11. Sampling Frame

The sampling frame includes the Health Insurance customers residing in the three regions (Thiruvananthapuram, Ernakulam and Kozhikode) in the State of Kerala.

12. Method of Data Collection

The present study is descriptive in nature and makes use of primary and secondary data. The primary data was collected

from the three regions of Kerala. A structured questionnaire was drafted and given to 90 respondents in order to carry out the research. 75 completed responses were received, which were taken for the study.

The secondary data was collected from annual reports of office of the governing Body of Insurance Council, IRDA and Health Insurance companies, Books, journals and website information.

13. Tools Used

In order to analyze the data and draw conclusions on this study, various statistical tools like average, standard deviation, coefficient of variance have been used for analysis.

14. Scope of the Study

The scope of the study is limited to Indian Health insurance only. Primary data for the study is collected from the state of Kerala.

15. Period of the Study

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

16. Limitations of the Study

The study is confined only to Grievance redressal of the Health (general) insurance customers in an Indian Health (General) insurance industry.

17. Analysis and Interpretation

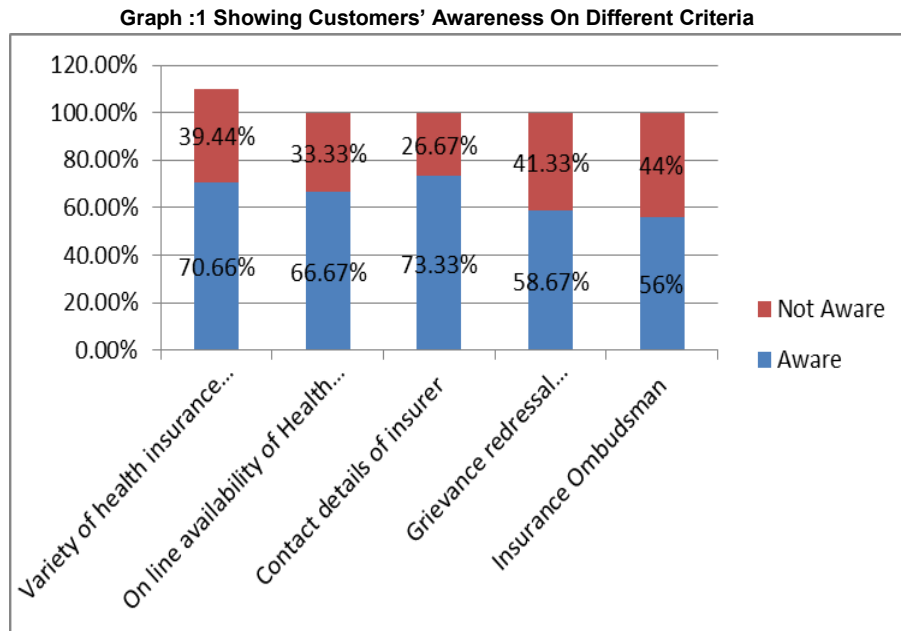
Table: 1 Demographic Profile of 75 Respondents

Population Characteristics		Number	Percentage
Location	Thiruvananthapuram	25	33.33
	Ernakulam	30	40
	Kozhikode	20	26.67
	Total	75	100
Gender	Male	46	61.33
	Female	29	38.66
	Total	75	100
Age	20-30	25	33.33
	30-40	35	46.67
	40-50	15	20
	Total	75	100
Marital Status	Single	22	29.33
	Married	53	70.67
	Total	75	100
Educational Qualification	Undergraduate	11	14.66
	Graduate	43	57.33
	Post Graduate	21	28
	Total	75	100
Employment	Salaried	41	54.67
	Business	24	32
	Self employed	10	13.33
	Total	75	100
Annual Income	Below 2 Lakhs	10	13.33
	2-4 Lakhs	18	24
	4-6 Lakhs	40	53.33
	6-8 Lakhs	8	10.67
	Total	75	100

Source: Field Survey

The demographic profile of the customers is showed in the above table. 70% of the respondents are married. The respondents include 60% of male and 40% of female. The age group of the research group ranging from 20 to 50 years. 57% of the respondents are Graduates, 28% of them are Post

Graduates and majority of the research group are salaried or businessmen. More than 50% of the respondents have an annual income of 4-6 Lakhs. Geographical area for primary data collection was three regions of the State of Kerala.

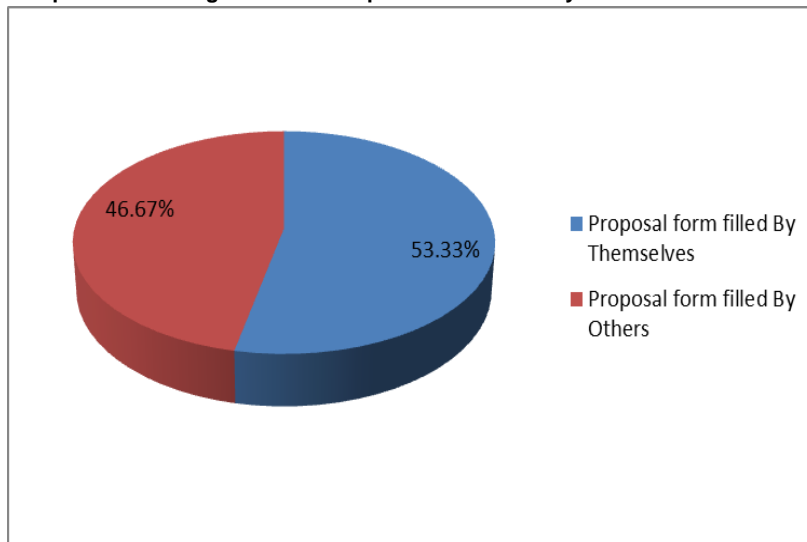


Source: Field Survey

The Graph narrates the awareness of the respondents relating to major criteria leading to grievances. About 40 % of the respondents do not have knowledge about the variety of health insurance plans, contact details of insurer grievance

redressal mechanism and Insurance Ombudsman. This leads to misleading by the agents and other representatives which causes dissatisfaction among customers.

Graph : 2 Percentage Share Of Proposal Form Filled By Themselves Or Others



Source: Field Survey

Out of respondents who have covered with the health insurance plans, only 53% of them have filed the proposal form

themselves. Even educated people are not filling up the proposal forms themselves.

Table:2 Analysis of Complaint Classification of Health Insurance

Year	Claim	Coverage	Others	Policy Related	Premium	Product	Proposal Related	Refund	Total
2012-13	11249	298	7403	8883	1163	404	269	610	30279
2013-14	10309	1791	5078	6165	1045	142	291	468	23677
2014-15	11184	152	4877	7455	1071	111	362	421	25633
2015-16	11881	672	4570	8379	626	91	162	457	26838
2016-17	14500	386	4274	6042	695	130	182	728	26937

Source: IRDA Annual Reports

It is clear that most of the complaints received from customers on claim. There has been a rise in the policy related complaints because of the fact that the customers are not satisfied with the services they get from the insurers. Balance

share of complaints were complaints raised with insurer not addressed (others), premium, coverage, fund proposal and product.

Table No.3 Showing Status of Grievances of Public Health Insurance Sector

Year	Reported During The Year	Total Number Of Complaints Received	Resolved During The Year	Outstanding At The End Of The year
2012-13	7169	7757 (100%)	7336 (94.57%)	421 (5.43%)
2013-14	6594	7015 (100%)	6763 (96.41%)	252 (5.59%)
2014-15	6197	6449 (100%)	6265 (97.15%)	184 (2.85%)
2015-16	8076	8260 (100%)	8024 (97.14%)	236 (2.86%)
2016-17	9738	9974 (100%)	9705 (97.30%)	269 (2.7%)
Mean	6296.50	6576.67	6349.67	227.83
Standard Deviation	1410.11	1354.60	1338.05	88.95
C.V(%)	22.40	20.6	21.07	39.04

Source: IRDA Annual Source: IRDA Annual Reports

It is observed from the above table that the number grievances reported during the study period showed increasing trend except in the year of 2014-15. The total number of complaints received has been increased from 7757 in 2012-13 to 9974 in 2016-17. However it decreased to 7015 in 2013-14 and again it decreased to 6449 in 2014-15, with the mean

value 6576.67. The trends of complaints resolved have gone up from 7336 in 2012-13 to 9705 in 2015-16. Total number of complaints received in respect of Public Sector is quite consistent as its Co-efficient of Variation (20.60%) is less than that of the complaints resolved and outstanding at the end of the respective years.

Table No.4 Table Showing Status of Grievances of Private Health Insurance Sector

Year	Reported during the year	Total Number of Complaints Received	Resolved During the Year	Outstanding at the End of the Year
2012-13	23110	23128 (100%)	23079 (99.79%)	49 (0.21%)
2013-14	17083	17132 (100%)	17076 (99.67%)	56 (0.32%)
2014-15	17436	17492 (100%)	16794 (96%)	698 (4%)
2015-16	18762	19460 (100%)	19259 (98.97%)	201 (1.03%)
2016-17	17199	17400 (100%)	17261 (99.20%)	139 (0.80%)
Mean	15599.17	15769.50	15579	191.33
Standard Deviation	2545.37	2399.15	2637.65	269.80
C.V(%)	16.32	15.21	16.93	141.03

Source: IRDA Annual Reports.

In the table 3, it is exhibited that the complaints reported during the study period showed consistent expect in 2012-13, and the total number of complaints received have been decreased from 23128 in 2012-13 to 17400 in 2016-17. During the period under reference, the companies has been able to mark above 99% o of its settlement of grievances except in 2014-15. The complaints received at the end of the year in respect of Private Sectors is quite consistent as its Co-efficient of Variation (15.21%) is less than that of the complaints received(reported)and resolved

1. The age group of the respondents ranging from 20 to 50 years. 57% of the respondents are Graduates, 28% of them are Post Graduates and majority of the respondents/research group are salaried persons or businessmen.
2. More than 50% of the respondents have an annual income of 4 - 6 Lakhs.
3. About 40 % of the respondents do not have knowledge about the variety of health insurance plans, contact details of insurer grievance redressal mechanism and Insurance Ombudsman. This leads to misleading by the agents and other representatives which causes dissatisfaction among customers.

18. Findings

4. The study reveals that a major problems faced by the Health Insurance industry is lack of awareness among the customers.
5. 53% of them have filed the proposal form themselves. Even educated people are not filling up the proposal forms themselves.
6. Majority of the complaints received from the customers were on claim.
7. In the case of public sector, total number of complaints received showed an increasing trend whereas in the case of private sector the trend was decreasing.
8. During the period under reference, the private sector Health Insurers have been able to mark above 99% in its settlement of grievances except in 2014-15. Whereas in the case of Public sector, the percentage of grievance resolved were below 97%.

19. Suggestions

1. The Health Insurance Players should conduct surveys in order to find out the expectations of the prospective customers and should try to formulate its policies accordingly.
2. The unfriendly attitude of employees also leads to grievances, the employees equipped with tools for redressal of grievances by enhancing their knowledge to understand the grievances.
3. Public sector Health Insurance Customer grievances showing increasing trend which require more comprehensive analysis at the top level.

4. The company must check the recurring complaints which they keep receiving from time to time.
5. Most of the customers are not aware of the grievance redressal mechanism available for redressing their grievances. Awareness programmes should be conducted to educate the importance of their rights, claim process, grievance redressal available to the customers etc.

20. Conclusion

The irresistible conclusion of the above study is that for the faster redresal of grievances the insurers must maintain speed, sensitivity and accuracy. In this Era every insurance company should have faster and efficient grievance management system to resolve the grievances of their policyholder in order to compete with the rivals.

Acknowledgement

I would like to express my sincere gratitude to my Guide Dr.Venugopalan K V, Associate Professor, St.Peter's College Kolenchery for the continuous support and guidance of my research article.

I also express my sincere thanks to Dr. Sreejesh S, Assistant Professor, School of Management studies, CUSAT for the technical assistance for my study.

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