

Grievances Handling Mechanism of Customers in Private Sector Life Insurance Companies In India, Comparative Analysis

Mr. Subhash Pralhad Desai: (CA) Research Scholar JJT University, Rajasthan

Dr. Madhu Gupta: Research Guide, JJT University, Rajasthan

Abstract: The Insurance Industry occupies a very important place amongst financial services all over the world. Reforms in the Insurance Sector were initiated with the passage of the IRDA Bill in December 1999. The IRDA has a task of framing regulations amongst others grievances handling mechanism of customers of Life Insurance Companies. At Present along with Life Insurance Corporation of India, being a public sector Life Insurance Company, there are twenty two other private limited Life Insurance Companies operating in the Insurance Sector. Customer satisfaction is a measure of how products and services meet or surpass customer expectation. The dissatisfaction amongst the customers in the areas of services of the Insurance companies leads to grievances of customers. The research papers aims to study the status of grievances handling mechanism of customers in private sector Life Insurance Companies in India.

Key Words: IRDA, Customer Satisfaction, Grievances, Dissatisfaction

Introduction

1.1 With the liberalization and internationalization in insurance, service quality has become an important means of differentiation and path to achieve business success, Such differentiation based on service quality can be a key source of competitiveness for insurance companies and hence have implication for leadership in such organization. With the increasing demands of customer, insurance sector has become competitive. The one for all or all for one syndrome is being given a go-by. Customers are becoming increasingly aware of their expectations, and demand higher standards of services, as technology is enabling them to make comparisons quickly and accurately. Their perceptions and expectations are continually evolving, making it difficult for service providers to measure and manage services effectively.

1.2 Insurance Regulatory And Development Authority (IRDA) issued two notifications namely
 1.2.a Notification dated 16th October 2002 relating to (protection of policyholders' Interests) regulations, 2002.

1.2.b Notification dated 17th October 2002 having amendment to the notification dated 16th October 2002.

Both the above notifications are issued with a view to regulate all the insurance providers in the matters of protection of policyholders' Interests.

The IRDA regulates the mandatory disclosure by the Insurance providers to make on timely basis the grievances disposals position relating to customer's complaints as at the end of the given period. The areas about the disclosures are discussed and analyzed in the research paper relating to leading Insurance providers in private sector.

1.3 The areas of complaints made by the customers need to be disclosed by the Insurance Companies in the prescribed format (FORM No. L41) as prescribed by the regulatory body IRDA. The attributes of dissatisfactions leading to complaints by the customers in the respective areas are summarized as follows.

1.3.a Sales

The customers are not being properly explained about the prospectus of an Insurance product namely Scope of the Benefits, Extent of insurance cover, warranties, exceptions and conditions of the cover by the Insurance selling intermediaries leading to grievances.

1.3.b New Business related

This grievances mainly arising out of delays in policy conversion requirements, back dating of the Insurance product, delay in the dispatch policy document, non-receipt of the document, Incorrect delay in the processing of the refund, leakage of the customers data, decision about proposals not communicated in writing to the proposer within 15 days from the receipt of the proposal by the Insurance company, copy of the proposal form not furnished to the policy holder after acceptance. Grievances redressal mechanism and Information in respect of Insurance Ombudsman not communicated to the policy holder etc.

1.3.c Policy Servicing related

The areas of grievances can be summarized as incorrect tracking of due date in the system , incorrect updation of policy details, processing of revival request, incorrect lapsation in the system, processing of surrender's request, incorrect calculation of surrender value and sum assured, incorrect assignment etc.

1.3.d Claims Servicing related

These factors may arise on account of the premature surrender claims of Insurance policies, delay in processing of Insurance claims etc.

1) Objectives

To study: Grievances handling mechanism of leading private sector, Life Insurance Companies.

2) Assumptions

The statistical data available for the year ended 31st March, 2011, based on the figures furnished in the required returns by the company as disclosed in the respective published material is accurate.

3) Research Methodology

Through the web research of various sites visited to collect the required information, Secondary Data for the year ended 31st March, 2011 were collected. The statistical techniques used such as Tabulation, Classification, Charts and test of hypothesis such as ANOVA, the data are analyzed.

4) Hypothesis

5.1 Variations in the Complaints Outstanding as on 31-03-2010 are due to Various Companies as well as due to different types of Complaints are not significant.

5.2 Complaints received from the Customers during the Year 2010-2011 due to Various Companies as well as due to different types of Complaints are not significant.

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5.3 The number of the Complaints resolved during the period 2010-2011 are due to Various Companies as well as due to different types of Complaints is not significant.

6) Statistical Analysis

Table No. 1

PERIODIC DISCLOSURES
FORM L-41 GREIVANCE DISPOSAL

Insurer

: Bajaj Allianz Life Insurance Company Ltd.

Date: 31st March 2011

GRIEVANCE DISPOSAL							
SI No.	Particulars	Opening Balance	Additions	Complaints Resolved/ settled			Complaints Pending
				Fully	Partial	Rejected	
1	Complaints made by customers						
a)	Sales Related	24	2,712	2,691	1	12	32
b)	New Busines Related	11	211	152	-	-	70
c)	Policy Servcing related	103	5,843	5,941	-	-	5
d)	Claim Servicing related	14	1,922	1,934	-	-	2
e)	Others	9	14,805	14,790	-	-	24
	Total Number	161	25,493	25,508	1	12	133

2	Duration wise Pending Status	Complaints made by customers	Complaints made by intermediaries	Total
a)	Less than 15 days	91	1	92
b)	Greater than 15 days	42	2	44
	Total Number	133	3	136

* Opening balance should tally with the closing balance of the previous financial year.

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Table 2

PERIODIC DISCLOSURES
 FORM L-41 GREIVANCE DISPOSAL

Insurer : Birla Sun Life Insurance

Date: 31st March 2011

GRIEVANCE DISPOSAL							
SI No.	Particulars	Opening Balance*	Additions	Complaints Resolved/ settled			Complaints Pending
				Fully Accepted	Partial Accepted	Rejected	
1	Complaints made by customers						
a)	Sales Related	302	8,713	3,547	596	4619	253
b)	New Busines Related	0	1627	905	246	466	10
c)	Policy Servcing related	0	5,572	3,154	790	1583	45
d)	Claim Servicing related	0	62	6	14	41	1
e)	Others	0	686	282	116	282	6
	Total Number	302	16660	7894	1762	6991	315

2	Duration wise Pending Status	Complaints made by customers	Complaints made by intermediaries	Total
a)	Less than 15 days	313	0	313
b)	Greater than 15 days	0	2	2
	Total Number	313	2	315

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Table 3

PERIODIC DISCLOSURES

FORM L-41
GREIVANCE
DISPOSAL

Insurer: ICICI PRUDENTIAL LIFE INSURANCE

Date: 31st March 2011

SI No.	Particulars	Opening Balance*	Additions	Complaints Resolved/ settled			Complaints Pending
				Fully Accepted	Partial Accepted	Rejected	
1	Complaints made by customers						
a)	Sales Related	1327	36212	37,303			236
b)	New Business Related	17	3,187	3174			30
c)	Policy Servcing related	407	4,869	5,274			2
d)	Claim Servicing related	6	2,503	2,318			191
e)	Others	186	2,031	1,850			367
	Total Number	1943	48,802	49,919			826

2	Duration wise Pending Status	Complaints made by customers	Complaints made by intermediaries	Total
a)	Less than 15 days	400	0	400
b)	Greater than 15 days	426	0	426
	Total Number	826	0	826

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Table 4

PERIODIC DISCLOSURES
 FORM L-41 GREIVANCE DISPOSAL

Insurer:
 Canara HSBC Oriental Bank of Commerce

Date: 31st March
 2011

GRIEVANCE DISPOSAL							
SI No.	Particulars	Opening Balance*	Additions	Complaints Resolved/ settled			Complaints Pending
				Fully Accepted	Partial Accepted	Rejected	
1	Complaints made by customers						
a)	Sales Related	16	689	448	30	197	30
b)	New Busines Related	14	1546	1206	22	278	54
c)	Policy Servcing related	0	341	242	20	52	27
d)	Claim Servicing related	0	5	1	0	4	0
e)	Others	0	162	132	12	13	5
	Total Number	30	2,743	2,029	84	544	116

2	Duration wise Pending Status	Complaints made by customers	Complaints made by intermediaries	Total
a)	Less than 15 days	116	0	116
b)	Greater than 15 days	0	0	0
	Total Number	116	0	116

Table 5

Title : Customers grievances Outstanding as on 31-03-2010, Private Sector Life Insurance Company wise and Type of complaint wise

Comp/Type	Sales Related	New Business Related	Policy Servicing	Claim Servicing related	Others	Total Number
Bajaj	24	11	103	14	9	161
ICICI	1327	17	407	6	186	1943
Birla Sun	302	0	0	0	0	302
Canara	16	14	0	0	0	30
Total	1669	42	510	20	195	2436

Null Hypothesis . H_0 : I) There is no significant difference between mean no. of grievances due to Life Insurance companies.

II) There is no significant difference between mean no. Grievances due to Type of complaints.

Table 6

ANOVA TABLE

Source of variation	Degrees of freedom.	Sum of Squares	Mean Sum of Squares	F ratio	F table at 5% l.o.s.
Between Companies	3	481950.0	160650.0	2.37360504	3.49
Between Types	4	474757.7	118689.425	1.75363721	3.26
Error	12	812182.3	67681.8583		
Total	19	1768890.0			

Conclusion: Since F calculated is less than F table at 5% level of significance, H_0 is accepted.

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So there is no variation in no. of grievances as far as type of complaints and various life Insurance Companies are concerned.

Table 7

Title : ‘Complaints/ grievances received during the period 2010-11, Life Insurance Company wise and Type of complaint wise

	Sales Related	New Business Related	Policy Servicing	Claim Servicing related	Others	Total Number
Bajaj	2712	211	5843	1922	14805	25493
ICICI	36212	3187	4869	2503	2031	48802
Birla Sun	8713	1627	5572	62	686	16660
Canara	689	1546	341	5	162	2743
	48326	6571	16625	4492	17684	93698

Null Hypothesis H_0 : I) There is no significant difference between mean no. of grievances due to various Life Insurance companies.

II) There is no significant difference between mean no. Grievances due to Type of Complaints received during the year 2010-11.

Table 8

ANOVA TABLE

Source of variation	Degrees of freedom.	Sum of Squares	Mean Sum of Squares	F ratio	F table at 5% l.o.s.
Between Companies	3	2.24E+08	74666667	470.3884	3.49
Between Types	4	3.08E+08	77000000	456.1342	3.26
Error	12	4.21E+11	3.51E+10		
Total	19	4.22E+11			

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L O S level Of Significance

Conclusion: Since F calculated is greater than F table at 5% level of significance, H_0 is rejected

So there is variation in number of grievances as far as Type of complaints and Life Insurance Companies are concerned.

Table 9

Title: Grievances Resolved by Company during the period 2010-11 and Type of complaints

Comp/Type	Sales Related	New Business Related	Policy Servicing	Claim Servicing related	Others	Total Number
Bajaj	2704	152	5941	1934	14790	25521
ICICI	37303	3174	5274	2318	1850	49919
Birla Sun	8762	1617	5527	61	680	16647
Canara	675	1506	314	5	157	2657
Total	49444	6449	17056	4318	17477	94744

Null Hypothesis H_0 : I) There is no significant difference between mean no. of resolved grievances during the period 2010-11 due to companies.

II) There is no significant difference between mean numbers of resolved grievances during the period 2010-11 due to Type of complaints.

Table 10

ANOVA TABLE

Source of variation	Degrees of freedom.	Sum of Squares	Mean Sum of Squares	F ratio	F table at 5% l.o.s.
Between Companies	3	2.37E+08	78886925	447.5106	3.49
Between Types	4	3.27E+08	81625714	432.4953	3.26
Error	12	4.24E+11	3.53E+10		
Total	19	4.24E+11			

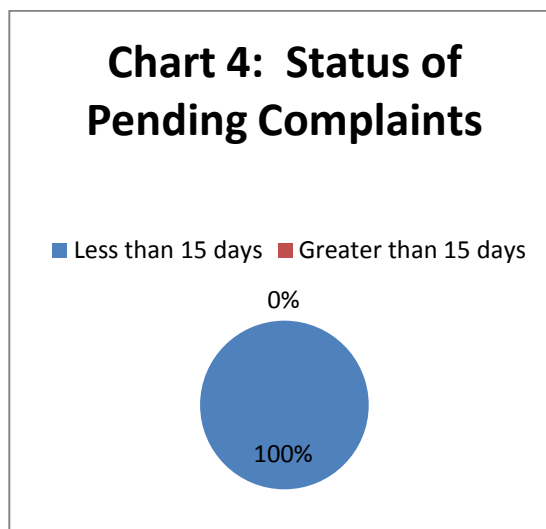
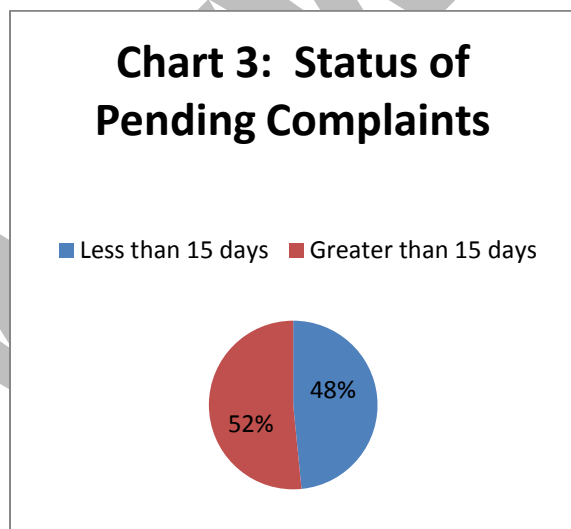
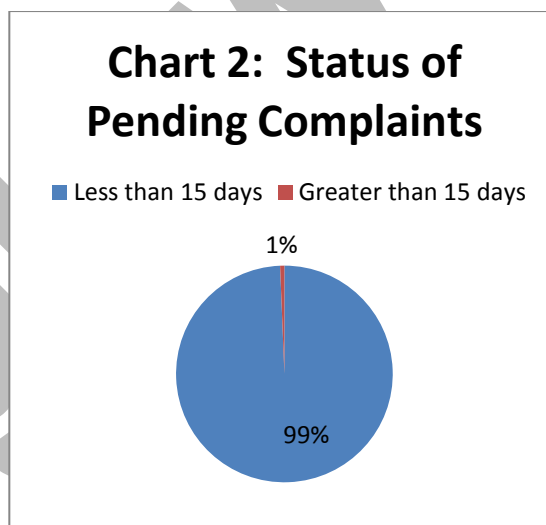
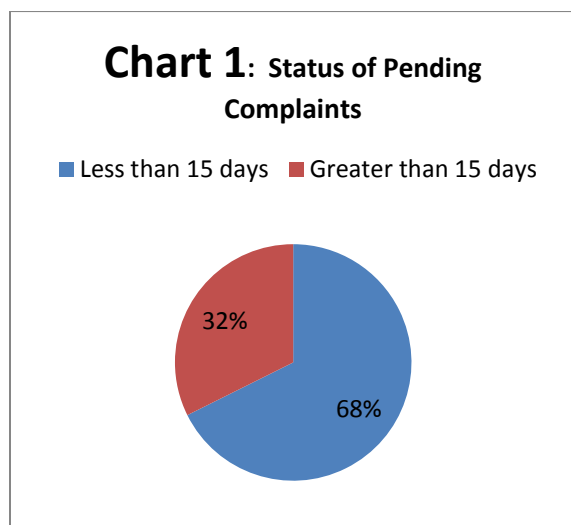
Conclusion: Since F calculated is greater F table at 5% level of significance, H_0 is rejected

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So there is variation in no. of resolved grievances during the period 2010-11 as far as Type of complaints and the type o Life Insurance Companies are concerned.

1. Bajaj Allianz Life Insurance Company Ltd.

2. Birla Sun Life Insurance



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3. ICICI PRUDENTIAL LIFE INSURANCE

4. Canara HSBC Oriental Bank of Commerce

7) Conclusions

7.1 Customers Grievances Outstanding as on 31-03-2010, various types of the Life Insurance Companies and the type of the Complaints are concerned there is no significant difference.

7.2 With respect to number of grievances received during the year 2010-11, variation observed in life insurance companies and the type complaints is significant.

7.3 With respect to settlement of grievances during the period 2010-11, the variation observed in life insurance companies and the type complaints is significant.

7.4 Analyzing the status of pending grievances, the Canara HSBC Oriental bank of Commerce is most efficient in disposal of grievances in settlement of the grievances of Customers, whereas Bajaj Allianz Life Insurance is least efficient in disposal of grievances in settlement of the grievances of Customers

8) Limitations:

I had analyzed only four out of twenty two Private Sector Life Insurance Companies.

Various factors causing the grievances of customers is a matter of further study.

9) Bibliography

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