

Complaint Redressal Practices in Public and Private Insurance Companies

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Abstract— The life insurance industry of India has 23 licenses -holders running their business in this sector. The Life Insurance Corporation of India (LIC), which is the only player in the public sector, the remaining area is covered by the 22 private sector companies. IRDAI has taken initiatives to provide effective grievance handling machinery to address the grievances of policyholders. Consumer dispute Redressal agency is efficient for handling complaints and easily accessible. This paper examines the regulations and guidelines framed by IRDAI for effective grievance handling and the study would provide some insights into the areas, specifically status of grievances in public and private life insurance companies (LIC, SBI, HDFC, Reliance Life and Bajaj Allianz) and the functioning of consumer dispute Redressal agencies of life insurance sectors.

Index terms: Grievance Cell, Policyholders and the Insurance Regulatory and Development Authority (IRDA). **JEL Classifications:** G22

I. INTRODUCTION

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 insurance companies. A grievance without resolution leads to dissatisfaction beyond control. The Redressal of customer grievances is a pre-requisite for ensuing long term relationship with customers and customer loyalty in service industry like insurance. Life insurance contract is a long term contract between the life assured and insurance company. Both the parties are bound to fulfill obligations lies with them. An efficient insurer is one who has an effective mechanism not only for providing excellent service but for redressing the complaints of customers.

II. REVIEW OF LITERATURE

Jimin Hong & S. Hun Seog (2019) we investigate the effects of life settlement, the securitization of life insurance contracts, on the primary insurance market. We analyze an economic model in which policyholders have different liquidity risks in an overlapping generation setting, and both policyholders and the monopolistic insurer incur liquidity costs. We find that, under some conditions, life settlement may lead to an increase in the insurance demand and a decrease in financing costs. The insurer will have a higher profit when the decrease in financing costs or the increase in demand is sufficiently large.

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III. STATEMENT OF THE PROBLEM

The study focuses on the grievance Redressal Practices in Public and Private Insurance Companies. The Insurance Regulatory and Development Authority (IRDA) has been recognized to adjust the industry of both the life and non-life insurance in India. Grievances Redressal Cell and try to make certain immediate Redressal of the complaints received from the policyholders. Policyholders who have complaints against insurers are necessary to first approach of Grievance/Customer Complaints Cell of the concerned insurer (insurance companies). If they do not receive a reply of the company, they may approach the Grievance Cell of the IRDA.

IV. OBJECTIVES OF THE STUDY

To examine the status of grievances of public and private life insurance companies.

To analyze the perception regarding the functioning of Consumer Dispute Redressal Agency among the policyholders.

V. HYPOTHESES OF THE STUDY

H1 There is no significant difference in factors influencing taking policy.

H2 There is no significant difference between Life insurance Companies and its Policies.

H3 There is no significant difference in Complaint Redressal Practices.

H4 There is no significant difference in Functions of Consumer Dispute Redressal Agency.

VI. METHOD OF DATA COLLECTION

The present study is descriptive in nature and makes use of primary and secondary data. A structured questionnaire was drafted and given to 50 respondents in order to carry out the research. The secondary data was collected from annual reports of office of the governing Body of Insurance Council, IRDA, Books, journals and website information.

VII. DETAILS ABOUT PRIMARY DATA

Sample size : 50 Respondents
 Area : Grievances/Procedure for Redressal mechanism/onsumer dispute redressal agency
 Industry : Insurance
 Respondents : Policyholders

VIII. TOOLS USED

Primary Data: The collected data will be processed with the help of appropriate statistical tools. The researcher tentatively proposes to use descriptive analysis, Cross tabulation, t- test, Pearson correlation, Kendall’s test.

Secondary Data: In order to analyze the data and draw conclusions on this study, various statistical tools like Mean, Standard Deviation and Co-efficient of variance have been used for analysis.

IX. PERIOD OF THE STUDY

The study period for secondary data is five years starting from 2012-13 to 2017-18

X. 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.

XI. STATUS OF GRIEVANCES OF PUBLIC AND PRIVATE LIFE INSURANCE COMPANIES

The Grievances Cell of the Authority (IRDA) receives grievances from the policyholders against insurance companies. Such complaints are forwarded to the companies for resolution at their end. The insurance companies are required to keep the Grievances Cell of IRDA informed about the status of respective grievances and whether the complaints have been resolved or otherwise. Table 1 gives the perspective of the complaints received by the Authority.

Table-1
 Status of Grievances in Life Insurance Companies

Company Year	Life Insurance Corporation of India (LIC)			SBI Insurance Company			HDFC Insurance Company			Reliance Insurance Company			Bajaj Allianz Insurance Company		
	Opening Balance	Report during the year	Resolved during the year	Opening Balance	Report during the year	Resolved during the year	Opening Balance	Report during the year	Resolved during the year	Opening Balance	Report during the year	Resolved during the year	Opening Balance	Report during the year	Resolved during the year
2008-09	571	481	980	15	62	59	56	94	95	12	79	75	75	211	251
2009-10	186	606	642	19	80	94	56	154	171	23	184	192	38	173	195
2010-11	150	2588	2672	5	293	284	39	528	562	15	540	541	16	799	811
2011-12	66	52300	52135	14	18490	18482	5	35218	35205	14	50807	50802	4	22390	22388
2012-13	165	73034	72655	8	18681	18678	13	50947	50814	5	21843	21714	2	37092	37090
2013-14	544	85284	85828	11	16061	16067	146	52402	51882	134	30659	30748	4	52314	52308
2014-15	0	80944	80944	5	12273	12263	666	32214	30582	45	24763	24318	10	19795	19530
2015-16	0	64750	64750	15	9391	9403	2298	11513	13726	490	14024	14345	275	14295	14556
2016-17	0	30784	30784	3	8165	8166	85	8647	8722	169	4958	5127	14	3993	4007
2017-18	0	77184	77184	2	7640	7642	10	7257	7256	0	1615	1614	0	3439	3421
Mean	46857			9114			19902			14948			15456		
SD	35064			7318			20562			16964			17783		
CV (%)	74.83			80.29			103.32			113.49			115.06		

Source: IRDA Annual Report



The Table 1 shows that status of grievance in selected life insurance companies. The Life Insurance Corporation India (LIC) mean value is 46857, standard deviation value is 35064 then the Co-variance Value is 74.83, SBI Life Insurance Company mean value is 9114, standard deviation value is 7318 then the Co-variance Value is 80.29, HDFC Life Insurance Company mean value is 19902, standard deviation value is 20562 then the Co-variance Value is 103.32, Reliance Life Insurance company mean value is 14948, standard deviation value is 16964 then the Co-variance Value is 113.49, Bajaj Allianz Life Insurance

company mean value is 15456, standard deviation value is 17783 then the Co-variance Value is 115.06.

XII. RESULTS AND DISCUSSION

Demographic Profile

Socio economic profile is both quantitative and qualitative aspects of selected human population. The following section presents the social and economic profile of the respondents which includes Gender, Age, Marital Status, Occupation, Educational Qualification and Annual income.

Table- 2

Demographic Profile of the Respondents

Social Factor	Classification	Frequency	Percentage (%)
Gender	Male	26	52.0
	Female	24	48.0
Age	Below 30 Years	5	10.0
	31-40 Years	18	36.0
	41-50 Years	8	16.0
	51-60 Years	9	18.0
	Above 60 Years	10	20.0
Marital Status	Unmarried	20	40.0
	Married	30	60.0
Educational Qualification	Illiterate	4	8.0
	School Level	16	32.0
	College Level	21	42.0
	Professional	9	18.0
Occupational Level	Government employee	13	26.0
	Pvt. Sector employee	10	20.0
	Self employed	11	22.0
	Professional	4	8.0
	Agriculturist	8	16.0
	Retired Person	4	8.0
Income per annum	Rs.2, 00,000 to Rs. 4, 00,000	27	54.0
	Rs.4, 00,001 to Rs. 6, 00,000	18	36.0
	Above Rs.6, 00,000	5	10.0

Source: Computed Data

The detailed respondent's demographic profile in terms of frequency & percentage is presented in Table 2, 52% respondents were male while 48% were female. Responded were mostly belong to age group 31-40 (36%), followed by the age group Above 60 (20%) & 18% respondent belong to

age group 51-60. Mostly (60%) of the respondents are married and 40(%) respondents are Unmarried. Most of respondents (26%, 13 out of 50) are Government employee.54% respondents have annual income in the range of 2 lakh- 4 lakhs.

Life insurance Companies and Policies

Table- 3
Life Insurance Companies and its Policies

Insurance Company * Insurance policy Cross tabulation			Insurance policy					Total
			Term Policy	Money Back Policy	ULIP Plan	Pension Plan	Child Benefit Plan	
Insurance Company	LIC	% within Insurance Company	7.1%			57.1%	35.7%	100.0%
		% within Insurance policy	9.1%			66.7%	50.0%	28.0%
		% of Total	2.0%			16.0%	10.0%	28.0%
	SBI	% within Insurance Company	80.0%				20.0%	100.0%
		% within Insurance policy	36.4%				10.0%	10.0%
		% of Total	8.0%				2.0%	10.0%
	Bajaj Allianz	% within Insurance Company	0.0%	22.2%	55.6%	22.2%		100.0%
		% within Insurance policy	0.0%	33.3%	45.5%	16.7%		18.0%
		% of Total	0.0%	4.0%	10.0%	4.0%		18.0%
	HDFC Std. Life	% within Insurance Company	42.9%		57.1%			100.0%
		% within Insurance policy	27.3%		36.4%			14.0%
		% of Total	6.0%		8.0%			14.0%
	Reliance	% within Insurance Company	20.0%	26.7%	13.3%	13.3%	26.7%	100.0%
		% within Insurance policy	27.3%	66.7%	18.2%	16.7%	40.0%	30.0%
		% of Total	6.0%	8.0%	4.0%	4.0%	8.0%	30.0%
Total	% within Insurance Company	22.0%	12.0%	22.0%	24.0%	20.0%	100.0%	
	% within Insurance policy	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
	% of Total	22.0%	12.0%	22.0%	24.0%	20.0%	100.0%	

Source: Computed Data

The Table 3 shows that 28.0% respondents have policies of LIC Company & 10.0% respondents have policies of SBI Life, 18.0% respondents have policies of Bajaj Allianz, 14.0% respondents have policies of HDFC Std and 30.0% respondents have policies of Reliance Life.

22.0% respondents have Term policy out of which 27.3% plans are of Reliance Company. 66.7 % respondents have Money Back policy, ULIP plan category, 18.2 % and 16.7% & 40% respondents have Pension Plans & Child Benefits Plans.

Table- 3.1
Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	47.535 ^a	16	.000
Likelihood Ratio	54.577	16	.000
Linear-by-Linear Association	3.943	1	.047
N of Valid Cases	50		

a. 25 cells (100.0%) have expected count less than 5. The minimum expected count is .60.

Source: Computed Data

The calculated value of Chi-Square Tests is 47.535 and the p value is .000. Since the calculated P value is higher than the 0.05 (P value > 5%), the null hypothesis is accepted at the five percent level of significance.

Table-4
Independent t- Test

		Levene's Test for Equality of Variances		t-test for Equality of Means				
		F	Sig.	t	df	P value	MD	Std. Error Diff
Premium	Equal variances assumed	7.670	0.008	2.132	48	.038	.288	.135
	Equal variances not assumed			2.145	47.843	.037	.288	.135
Charges	Equal variances assumed	.980	0.327	-.690	48	.494	-.112	.163
	Equal variances not assumed			-.696	47.224	.490	-.112	.161
Policy Term	Equal variances assumed	1.300	0.260	-.911	48	.367	-.199	.218
	Equal variances not assumed			-.906	45.523	.370	-.199	.219
Savings	Equal variances assumed	.960	0.332	-.248	48	.806	-.038	.155
	Equal variances not assumed			-.249	47.888	.805	-.038	.155
Accessibility	Equal variances assumed	.032	0.860	-4.275	48	.000*	-.673	.157
	Equal variances not assumed			-4.243	44.831	.000	-.673	.159
Company Image	Equal variances assumed	2.616	0.112	.272	48	.787	.045	.165
	Equal variances not assumed			.269	43.399	.789	.045	.167
Bonus and Interest	Equal variances assumed	12.667	0.001	1.732	48	.090	.218	.126
	Equal variances not assumed			1.750	46.500	.087	.218	.125
Services(Pre & Post Sales)	Equal variances assumed	4.054	0.050	-1.671	48	.101	-.497	.297
	Equal variances not assumed			-1.724	32.246	.094	-.497	.288
Wide risk coverage	Equal variances assumed	1.121	0.295	.138	48	.891	.019	.139
	Equal variances not assumed			.139	47.479	.890	.019	.138
Quick settlement of previous claims	Equal variances assumed	1.084	0.303	-1.151	46	.256	-.167	.145
	Equal variances not assumed			-1.151	45.962	.256	-.167	.145

Source: Computed data

The Table 4 inferred that the Levene's test for equality of variances with a p value at 5% which is less than significance. It indicates the Factors influencing taking the insurance Policy are less than 5%. Therefore, the null hypothesis is rejected.

Complaint Redressal Practices

Table-5
Complaint Redressal Practices

Correlations				
		Grievances Redressal is Major Component	Present grievance handling policy	Complaint handling/ grievance Redressal is prompt
Grievances Redressal is Major Component	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	50		
Present grievance handling policy	Pearson Correlation	.125	1	
	Sig. (2-tailed)	.388		
	N	50	50	
Complaint handling/ grievance redressal is prompt	Pearson Correlation	.619**	.049	1
	Sig. (2-tailed)	.000	.737	
	N	50	50	50

** Correlation is significant at the 0.01 level (2-tailed).

Source: Computed Data

According to Table – 5, the Complaint Redressal Practices has correlation with the variable such as Present grievance handling policy ($r=.388$, $p<0.01$), Complaint handling/ grievance redressal is prompt ($r=.000$, $p<0.01$).

Functioning of Consumer Dispute Redressal Agency

Table – 6
Functions of Consumer Dispute Redressal Agency

S. No	Functions	Mean Rank	Rank
1	Consumer Dispute Redressal forums have economical Redressal system	8.27	11
2	Consumer Dispute Redressal forums provide Speedy trial mechanism	9.45	2
3	Consumer dispute Redressal forums are technically efficient for handling Complaints	8.80	9
4	Consumer dispute Redressal decisions are regular and consistent	7.93	12
5	Consumer dispute Redressal are easily accessible	10.32	1
6	Consumer Dispute Redressal forums are fully transparent	6.66	16
7	Consumer Dispute Redressal forums have impartial judgment	7.87	13
8	Consumer Dispute Redressal forums have strong execution of final order	8.89	7



9	Consumer Dispute Redressal forums have systematic mechanism	8.88	8
10	Consumer Dispute Redressal forums are compensatory in nature	6.76	15
11	Consumer Dispute Redressal forums have adequate staff	7.45	14
12	Consumer Dispute Redressal forums have hassle-free(easy) dispute mechanism	8.90	6
13	Consumer Dispute Redressal forums have proper infrastructure facility	9.07	3
14	Consumer Dispute Redressal forums settle cases within 90 days	9.00	5
15	Consumer Dispute Redressal forums strongly reject frivolous and vexatious complaint	8.73	10
16	Consumer Dispute Redressal forums do consensus judgments	9.02	4

Source: Computed Data

According to mean rank of functions of Consumer dispute Redressal Agency; the highest rank of this function is Consumer Dispute Redressal Agency is easily accessible and then the lowest rank is Consumer dispute Redressal agency is fully transparent.

Table – 6.1
Kendall's W Test

Test Statistics	
Kendall's W ^a	.055
Chi-Square	41.510
df	15
Asymp. Sig.	.000
a. Kendall's Coefficient of Concordance	

Source: Computed Data

Kendall's W test has been administered to determine whether functions of Consumer Dispute Redressal agency have a different rank order preference for the different factor has influenced to Consumer Dispute Redressal agency. This functions $W=.005$, which indicates there is no level of functions between the judges, and the $P=0.000$ is less the 5% significant level, hence it is conclude the rejecting the null hypothesis that there is functions among the judges.

XIII. CONCLUSION

Complaint redress practices in very important role of the better customer relationship management. This study has been undertaken by status of grievances in selected life insurance companies, Life insurance Companies and Policies, Factors influencing taking the Insurance Policy, Complaint Redressal Practices and Functioning of Consumer Dispute Redressal Agency. Grievances of policyholders effectively and efficiently, insurance can create a situation of both life and non-life insurance companies.

XIV. ACKNOWLEDGMENT

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