

CORPORATE REDRESS SYSTEM FOR INSURANCE CONSUMERS

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ABSTRACT

A progressive company must have a well-knit mechanism for redressing the grievances of dissatisfied-consumers in order to retain them and attract the new ones. It needs no emphasis that if the consumer complaints are satisfactorily handled and grievances redressed effectively and expeditiously, a consumer will have hardly any occasion or eventuality to approach the external agency for redress of his grievance. This paper intends to evaluate the working of the consumer grievance redress (CGR) system in insurance companies, in terms of its structure and the extent of training and responsibility of redress officers, complaint-processing, relief provided, the time taken in disposal of complaints, and the provisions and practices for awards, penalties, and complaint-handling audit.

Keywords: Consumer Grievance, Complaint, Grievance-Redress System, Insurance

INTRODUCTION

Redress of consumer grievances is a pre-requisite for ensuring long-term customer loyalty and profitability for any business concern. Because service encounters are complex interactions affected by multiple elements (Kotler, et al., 2011) customer complaints are bound to happen, more so in a contract of insurance, where the reciprocal obligations are often not properly understood and performed. Hence, in service companies, handling of customer complaints is all the more important and necessary. Companies that encourage dissatisfied customers to complain and empower employees to remedy the situation on the spot have been shown to achieve higher revenues and increased profits than the companies that do not have a systematic approach to addressing service failures (Tax and Brown, 1998). According to Etzel, Walker, Stanton, and Pandit (2008), the analysis and management of customer complaints is an evaluation tool that can be used by both, the non-business and the profit-seeking organisations. In fact, consumer-grievance redress by a company is an effective way of self-regulation, which is beneficial not only to the consumer but also to the company and the government. The issues pertaining to the nature, pattern, and functioning of the redress system of insurance companies were examined in the light of the responses of the sample companies' senior and junior executives entrusted with the handling of consumer complaints.

LITERATURE REVIEW

The growth of consumer movement has prompted companies to set up a consumer grievance-redress mechanism. According to Buskirk and Rothe (1970), business firms need to establish a separate corporate division for consumer affairs, change corporate practices that were perceived as deceptive, and to educate channel members about the need for consumerist effort, in their response to consumerism. Kendall and Russ (1975) examined the complaint handling in consumer packaged goods industries (CPGMs) of the US. With regard to corporate responses to consumer complaints, the study, *inter alia*, revealed: (a) all companies responded promptly³/₄three quarters of them had definite policies with respect to a given time period, at most a week; (c) all the companies responded in the form of a personal letter along with the offer of product replacement (87 per cent) or money-back (64 per cent); (d) in half of the companies a public relations or consumer affairs department was entrusted with the responsibility of handling consumer complaints. In 20 per cent of the companies, the sales and marketing department was given the responsibility while in another 20 per cent, the science or research department was entrusted with the task.

Fornell and Westbrook (1984) ascertained the organisational barriers and the consequences of their complaint handling and found that the organisation's willingness to listen to consumer complaints decreased as the level of consumer complaints increased. Moreover, the unwillingness to listen to consumer complaints led to increased consumer complaints by separating the consumer affairs department from management participation. Contrary to what was in the best interests of both the firm and the customers, an organisation's willingness to listen to and act upon its customers' complaints was negatively related to the consumer problems voiced. Homburg and Furst (2005) found that though both the mechanistic and the organic approaches significantly influence the complaining customers' assessment, the mechanistic approach had a stronger total impact. The beneficial effects of the mechanistic approach were stronger in the case of the B-2-C settings than in B-2-B ones' and for the service firms than for the manufacturing firms. Gruber, Szmigin, and Voss (2009) sought to explore the nature of complaint satisfaction, specifically to examine how contact employees should behave and which qualities they should possess. They found that being taken seriously in the complaint encounter and the employee's listening skills and competence are particularly important. The value of the study lies in the fact that if companies know what customers expect, contact employees may be trained to adapt their behaviour to the customers' underlying expectations, which should have a positive impact on customer satisfaction.

The review of related studies reveals that only a few researchers have sought to evaluate consumers' grievance-

redress mechanism set up by companies. In fact, no comprehensive study, to our knowledge, has been conducted on corporate redress system for grievances of insurance consumers, despite the fact that this is an emerging area in services marketing and customer relationship management. With a view to bridging the gap in this area of great socio-economic relevance, the present study was undertaken.

OBJECTIVE OF THE STUDY

The study seeks to examine the structure and pattern of grievance-redress system available to consumers, with respect to selected companies in the insurance industry and to evaluate the approach taken by them, in the redress of consumer grievances.

RESEARCH METHODOLOGY

A representative sample of 60 insurance company executives, 30 each of the senior level (i.e., from those working at the head offices and the regional and/or zonal offices) and the junior level (those working at the divisional and branch offices) were personally interviewed with the help of a structured questionnaire for collecting the information on various facets of the problem. For the sector-wise comparison, responses of 37 executives belonging to the public-sector insurance companies and 23 to the private-sector companies were analysed.

The respondents out of corporate executives were picked up from all the levels of organisations, where redress system for consumer grievances was operational. With the help of the no-probability convenience sampling method and based on other relevant considerations, a sample of seven companies from the private-sector (four from the life insurance and three from the general insurance) and all the five public-sector insurance companies were selected. The area chosen for the study consisted of the metropolitan cities of Delhi, Mumbai, and Pune, and the satellite towns of Delhi, namely, Noida, Ghaziabad, Faridabad, and Gurgaon. The questionnaire used in the study was exhaustive enough to extract voluminous data from the respondents, even though they were relatively not so large in number.

MAJOR FINDINGS

Company Policy for Consumer Grievance Redress : All the insurance companies contacted, reported that they had in place a consumer-grievance redress system. This fact was clearly mentioned in the company policy statement by 57.1 per cent of the companies. However, only 21.4 per cent of the executives were not aware of this fact. The redress system was claimed to have been adopted by public-sector insurance companies, as far back as 1980s. The system has been in place in the private insurance companies since their inception in the year 2000, when the insurance sector in India had just opened up to the private sector.

Decentralisation of Corporate Redress System: Four out of the five public-sector companies claimed to have

decentralised the grievance redress system. On the other hand, 55.6 per cent private-sector companies reported to have centralised operations for grievance redress. It may be clarified here that the 'centralised' mechanism of grievance redress, here, means the phenomenon where complaints are received and disposed of at the corporate headquarters. On the other hand, where the company has entrusted its CGR functioning to its divisional and/or branch offices, it is said to have a decentralised grievance-redress system.

Organizational Set-up for Complaint-handling: Four of the five public-sector insurance companies, and four out of seven private-sector companies, claimed to have an independent redress mechanism in the form of a department or cell. In the public-sector companies other than the LIC, this department was designated as 'Customer Service Grievance Cell'. The LIC, the only public-sector life insurance company, where the grievance redressal mechanism formed part of the marketing department, termed it as 'CRM' Department. This was established in the year 2000. Among the private-sector insurance companies, such an independent redress system was identified either as the 'Customer Support', 'Compliance Customer Care', or the 'Complaints' department. Where there was no separate or independent cell, the CGR cell formed part of either the 'Operations' department or the 'Customer Care' department. In one of these companies, complaint-handling was not the exclusive responsibility of any single department, but was deemed to be shared by all the department heads. In terms of the designation of officials who formed part of the redress system, it was noticed that in the public-sector companies other than the LIC, a specific designation, like 'Chief Manager (Grievances)' was assigned only to one of the head office executives. Almost the same pattern was observed among private-sector companies, which is well in conformity with their centralised working. It is interesting to note that although the public-sector insurance companies claimed to have decentralised their redress mechanism, there was no specific designation explicitly assigned to officers down the hierarchy.

Training and Responsibility of CGR Officers: In both the public and the private-sector insurance companies, no specific qualification had been prescribed for the post of the CGR officers. However, in public-sector companies, it is generally the Scale V officers and Scale IV officers who were assigned the CGR function at the corporate head office and regional offices, respectively. At the lower levels, it is either the divisional officer or the branch in-charge who is eligible to look after the CGR function. In the private-sector insurance companies, it was the person's experience in customer-servicing and complaint-handling at any call centre, which was given weight for eligibility for such assignment/charge. As regards the training of such officers, no special programme of lectures was conducted on a continuing basis. Training in complaint-handling formed

part of only the induction programme conducted for a short duration of 3 to 7 days. The lack of training in complaint-handling in companies might have been one of the factors which resulted in a large number of unresolved cases and unnecessary escalation of complaints. The responsibilities of all the officials were specified at all levels, which included the reporting on action and decisions taken on complaint-handling. As regards the receipt and processing of complaints among the public-sector companies, it was noted that the complaint relating to any administrative failure, was processed by the manager in the receiving office. However, the complaints relating to claim-settlement or to products like ULIPS (in the case of life insurance) were referred to either the regional office or, as the case may be, to the divisional office. The relevant divisional or the branch office was responsible for the final disposal of the complaint. Among the private-sector companies, it was either the call centre or the customer service executive at the branch/regional office, who received the complaint. However, such complaints were processed by the GROs at the head office or the concerned department head, and were finally disposed of by them.

Complaint-Handling Manual for Employees: As reported by the company executives interviewed, a complaint-processing manual had been developed in an overwhelming majority (82.6 per cent) of private sector companies, leaving their counterparts in the public sector far behind (43.2 per cent). However, the manual was made available to the concerned employees, in a large majority (78.9 per cent) of cases among the private-sector companies. The manual on complaint-handling often formed part of 'Operation Manual', 'Whistle-Blowers', 'Anti-Fraud Enquiry Manual', 'Business Process Manual', 'Standard Operation Process' (SOP), or 'Situation Action Process Flow' (SAP). The Intranet seems to have become a convenient mode of communication among techno-savvy companies. The non-availability of the complaint-handling manual with the executives concerned in other companies is an indication of the companies not heeding to the requirement of the regulator for protection of policy-holders' interest. The absence of such a manual also acts as a barrier in monitoring the performance of the CGR process.

Recognition for Effective Complaint-Handling: A large majority of executives disclosed that their company had no system of recognizing or rewarding an employee or the branch team for effective or exemplary complaint-handling work. This might be one of the reasons why company executives lacked the needed motivation to exercise their redress authority and be responsive to the complainant. In order to continually improve the effectiveness and efficiency of the CGR process, an organisation would motivate its employees to make a redress-oriented effort. This is sadly not the philosophy of many business concerns. In those companies, which had a system of reward and recognition for redress-oriented executives, an

appreciation letter was issued by a few (16.7 per cent) of the sample companies. It appears that the CGR is not regarded such an important function as to merit an incentive or reward.

Penalising the Defaulting Officers: The penal provisions for the CGR officers whose conduct was found to be at variance with the policies and objectives of the company were available in companies. This was reported by an overwhelming majority (80.0 per cent) of executives. However, as regards the form of penal action taken against the defaulting officers, it was noted that in a large majority of cases (75.0 per cent), it was a mere warning letter issued to the officer concerned. Harsher penalty, like deduction from the officer's salary and placing him under suspension, was reported to have been sparingly used.

Publicising the Grievance Redress Process : The company's website was used most frequently (65.0 per cent) as the mode of publicising the CGR process, followed by display at the reception counter (45.0 per cent). However, during the personal visit to these offices, the researcher noted that the display of the CGRP was rather inconspicuous. Very few (13.5 per cent) executives of the public-sector insurance companies reported to have the CGR process mentioned in the policy cover. The companies in either sector sparingly used the print and other mass media to publicise the CGRP. Thus, the CGRP was not adequately publicised by the companies.

It seems these companies operated in a closed system, where their communications are directed towards the techno-savvy customers who had an e-mail account and had access to the Internet. Their overdependence on the company website and e-mail as a mode of marketing communication has put many complainants at a disadvantage.

Moreover, they do not foresee the need of the potential claimants (and complainants), including the legal heir of the deceased policy-holder. The wise counsel tendered by Zeithaml, Bitner, Gremler, and Pandit (2008) to "welcome and encourage customer complaints" seems to have been ignored by these companies. This is important as it also serves to educate the customers as to how, where, when, and whom to complain to, thus providing convenience to both the complainant and the company.

Filing of Complaint: Evidently, the companies allowed the complainant to approach the company via any mode convenient to him, whether in person, on-line, on telephone, or by post. The call centre and e-mail have lately become popular channels of communication for complainants in the case of private-sector companies, as against their public-sector counterpart, who seem to be picking up. A high significant difference was noted in the time taken by the companies of the two sectors for acknowledging the receipt of complaint (Chi-square=15.60, $p < .01$). While it took not more than a day in private-sector companies (56.5

per cent), in a majority of public-sector companies, no more than a week was taken (78.4 per cent) in acknowledging the complaint.

Nature of Consumer Complaints Received : The most frequent consumer complaints received by the companies were those relating to the claim-settlement (58.3 per cent). Among these complaints, rejection of claims (66.7 per cent) and delay in claim-settlement (46.7 per cent) were reported to be the more common cause of complaint. At the same time, a large majority (76.3 per cent) of respondents stated that the claim-settlement ratio in their companies was more than 75 per cent. Notably, this statement was made by most of the respondents belonging to public-sector insurance companies. This ratio (more than 75 per cent) seems to be unrealistic in the light of their responses given earlier.

Consumer Grievances Considered Significant: The types of grievances viewed as significant by company executives were classified and the same are shown in Tables 1. Although the perspective of the respondents with respect to the gravity of the grievances varied largely, what was more important in the public-sector insurance companies is who forwarded the complaint for disposal. Among the various sources [1(a) to (d)], the complaint forwarded by the Union Ministry of Finance was considered the most significant of all (47.6 per cent), followed by the one endorsed by the Insurance Regulatory Development Authority (IRDA). This phenomenon was particularly noticed among public-sector companies. The complaints filed at the public redress systems were reported to be the next significant grievance (15.0 per cent). However, the respondents took the complaints filed at the Ombudsman office more seriously as against those filed at the consumer forums. The complaints, which occur frequently, causing hardship to a number of consumers, were also found to be significant by an equal number of respondents. However, such complaints were claimed to be significant, by a relatively large number of private-sector executives.

This is an amazing finding that there were two types of executives: one, those who viewed the grievances as significant in terms of specific aspects, such as the source, frequency, heavy financial liability involved, premium amount, company image and similar other aspects (Serial Nos. 1 to 13 in Table 1), and second, those who made no distinction between the grievances received for redress (Serial No.14). At the same time, there was one respondent (of a public-sector company), who took note of even those complaints which involved a small amount. Thus, a consumer grievance is more effectively redressed by the company when it is routed through the administrative ministry of the Govt. of India or the relevant regulatory body.

Complaints Handled at Various Levels: The responses of the executives, in respect of the type of consumer complaints handled by them at various levels, are

Table 1: Consumer Complaints Considered Significant by Companies

N=60

Rank→				
↓Particulars/Nature of Complaint	1	2	3	4
1. Complaints forwarded by:				
a) Union Ministry of Finance	10 (16.7) (37.2)*	6 (10.0)	-	-
b) Department of Public Grievances(DPG), Govt. of India	6 (10.0)	-	-	-
c) IRDA	9 (15.0)	14(23.3) (58.3)*	8 (13.3)	2 (3.3)
d) H.O./R.O.	2 (3.3)	4 (6.7)	3 (5.0)	3 (5.0)
Total (a+ b+ c+ d)	27 (45.0)*	24 (40.0)*	11 (18.3)	5 (8.3)
2. Complaints filed at:				
a) Ombudsman Office	6(10.0) (66.7)*	9 (15.0)	8 (13.3)	1(1.7)
b) Consumer Forums	3 (5.0)	1 (1.7)	3 (5.0)	1 (1.7)
Total (a + b)	9 (15.0)*	10 (16.7)	11 (18.3)	2 (3.3)
3. Frequently-occurring complaints	9 (15.0)	3 (5.0)	2 (3.3)	5 (8.3)
4. Complaints relating to equity plans	2 (3.3)	2 (3.3)	1 (1.7)	2 (3.3)
5. Claim-related complaints and those involving large amounts	3 (5.0)	1(1.7)	1 (1.7)	-
6. Complaints pertaining to delayed response	3 (5.0)	-	-	-
7. Complaints related to 'mis-selling'	2 (3.3)	1(1.7)	-	-
8. Complaints which might affect the image of the company	1(1.7)	-	1(1.7)	1(1.7)
9. Complaints involving high premium	1(1.7)	3 (5.0)	1(1.7)	-
10. Complaints involving frauds & heavy financial burden	1(1.7)	3 (5.0)	-	-
11. Complaints involving small amounts	1(1.7)	-	-	-
12. RTI applications deemed as complaints	1(1.7)	-	-	-
13. Complaints received from general public	-	1 (1.7)	-	4 (6.7)
14. No demarcation among complaints (All complaints are significant to us)		9 (15.0)	-	- -

Note: Percentages are in parentheses**Table 2: Types of Complaints Handled at Various Levels**

S. No.	Insurance Executives→ Particulars ↓	Public-Sector Cos. (N=37)	Private-Sector Cos. (N=23)	Total(N=60)
1.	Complaints of all kinds at all levels	23 (62.6)	11 (47.8)	34 (56.7)
2.	Complaints of all kinds at H. O. only	-	2 (8.6)	2 (3.3)
3.	Behaviour related; technical cases requiring modification of rules; no-settlement of claims; ULIPS; legal cases pertaining to Ombudsman, National Commission & IRDA, at H.O. level	5 (13.5)	4 (17.39)	9 (15.0)
4.	Repudiation of claim related complaints, escalated complaints, & consumer forum cases (District Forums & State Commissions), at R.O/Zonal level	5 (13.5)	4 (17.39)	9 (15.0)
5.	Operational and policy-related complaints at Branch /Divisional levels; Ombudsman cases, at divisional level of public-sector cos.	4 (10.8)	2 (8.6)	6 (10.0)

Note: Percentages are in parentheses.

summarised in Table 2.

As is evident from the table, more than one-half of the respondents (56.7 per cent) claimed to have no specific category of complaints to be handled at various levels. Complaints of all kinds were handled at every level of the company. Rest of the respondents disclosed some of the specific complaints processed at different levels. Technical complaints requiring modification of rules, behaviour-related grievances, and those related to non-settlement of claims were handled by the head office executives. The complaints relating to the repudiation of claim, escalated complaints, and those relating to equity plans (such as ULIPS) were the responsibility of the regional and/or the zonal level executives, while the operational and policy-related complaints were reported to be disposed of at the branch and/or divisional levels. With regard to the complaints inviting external intervention (litigation), the findings are important. While the complaints pertaining to the Ombudsman, the National Commission, or those forwarded by the IRDA were exclusively handled at the head office, the cases being adjudicated by the District Consumer Forums and State Commissions, were handled at the regional and/or zonal levels. Moreover, the cases of the public-sector insurance companies filed before the Ombudsman were disposed of by the divisional offices.

Time-frame for the CGRP: Apparently, in almost all of the insurance companies studied, no specific time frame was provided in respect of the entire redress process or even according to the different types of complaints involved. However, on summarising the varied responses of the executives, it can be inferred that a majority (60.9) of the respondents (belonging to private sector insurance companies) had a provision for the maximum time limit in terms of the initial response and the final complaint-resolution. Almost half the number of these respondents in the public sector (37.8 per cent) claimed to follow the same practice. While, in the private-sector companies, the initial

response was generally specified as three days, in the public-sector companies the provision was of three to seven days. For the final resolution of the complaint, the maximum time limit ranged from eleven days to thirty days and thirty days to three months in the private and public insurance companies, respectively. The time frame in terms of the extent of investigation involved was found to be of a shorter duration among the private-sector companies (29.7 per cent) as compared to the public-sector. It needs to be added here that the time frame reported by the public-sector respondents was not specified as in their company, but was claimed to be desirable. 16.7 per cent of the executives included those who candidly admitted that their company did not have any specific time frame for the CGRP. Amusingly, all of these belonged to the public-sector. Having no specific time frame was not surprising. Regulation 5 of the IRDA (Protection of Policyholders' Interests) Regulations, 2002, simply stipulates that every insurer should have in place proper procedures and mechanism to redress grievances of policy-holders "efficiently and with speed". The term 'speed' may have different connotations to different people. Unless the time is defined in terms of days, weeks or months, the provisions cannot lead to the timely redress of consumer grievance. Only a small paragraph, devoted to grievance redressal procedure consisting of no defined time-line and other related aspects in this single relevant regulation of the IRDA, supports the status of grievance redress system in insurance companies, particularly in the public sector. The absence of specific provision for time frame for disposal of complaints can also be attributed to the technical nature of the insurance contract and to the varied approach needed for the final resolution of each case.

Relief Promptly Provided to Complainants: A company's policy on the provision of relief to the complainants might include an apology, a polite and quick clarification, refund, substitute, replacement, technical as well as financial

Table 3: Relief Readily Provided by Companies

S. No.	Rank →	1	2	3	Total
	Forms of Relief Provided ↓				
1.	Claim settlement within a specified time	19 (31.7)	18 (30.0)	14 (23.3)	51 (85)
2.	Quick and polite clarification	19 (31.7)	11 (18.3)	11 (18.3)	41 (68.3)
3.	Immediate settlement of claim	11 (18.3)	6 (10.0)	4 (6.7)	21 (35.0)
4.	Refund of excess premium	3 (5.0)	14 (23.3)	4 (6.7)	21 (35.0)
5.	Renewal of lapsed policy	2 (3.3)	7 (11.7)	11 (18.3)	20 (33.3)
6.	Letter of regret/apology	3 (5.0)	2 (3.3)	6 (10.0)	11 (18.3)
7.	Interest on delayed settlement	1 (1.7)	-	8 (13.3)	9 (15.0)
8.	Compensation for wrongful rejection	1 (1.7)	2 (3.3)	1 (1.7)	4 (6.7)
9.	Substitute policy	1 (1.7)	-	1 (1.7)	2 (3.3)

Note: Percentages are in parentheses

assistance or immediate settlement of issues involved. The list can be endless. What is important for the study was to identify the relief or remedies within their scope of authority, while operating from different authority levels in the company and those, which are not. The various kinds of relief provided readily by the companies are summarized in Table 3.

It is noticeable from the table that an overwhelming majority (85 per cent) of respondents were comfortable with the ‘settlement of claims within a specified time period’. The next three forms of relief reported to be readily provided by the companies were:

1. ‘a quick and polite clarification of the reasons thereof’ (68.3 per cent);
2. ‘immediate settlement of the claim’ (35 per cent), and
3. ‘refund of excess premium’ (35 per cent)

Compensatory remedies, like ‘interest on delayed settlement’ and ‘compensation for wrongful rejection’, were found to have been provided sparingly. It appears that these companies only seek to ‘satisfy’ (to the extent of the loss suffered), and not to ‘surprise’, the complainant in order to ensure customer loyalty.

Time Taken in Providing Relief : The time taken by the companies ranges from a minimum of ‘1 day to 3 days’ and goes up to ‘2 months to 3 months’, in each kind of the relief specified. The companies took the maximum time (not less than a month) where the relief pertains to the claim settlement within the specified time. The minimum time (of 1 day to 3 days) was involved in providing the following remedies:

1. Quick and polite clarification (58.5 per cent);
2. Refund of the excess premium (47.6 per cent); and
3. Immediate settlement of the claim (28.6 per cent).

Among the companies who provided ‘interest on delayed settlement’, a majority (66.7 per cent) of the same did so within seven days. Thus, the redress of grievances becomes speedier in companies, which provide remedies in the form of refund, renewal, or settlement of claims, indicating equity

in their system. It also signals towards the “procedural and interactional fairness”, by providing quick and polite clarifications for the occurrence of a grievance. The software applications in a number of companies, recently, have paved the way for systems and procedures that allow for quick action. This was observed during the study at the head offices of two major insurance companies in the private-sector.

Considerations in Complaint-Resolution : Where there is a high inflow of complaints at the company offices, certain factors might be considered more appropriate while resolving the complaint. Such factors, on the basis of which companies resolve the complaint, were identified. The same are presented in Table 4.

From the above table, it appears that, as compared to public-sector companies, the private sector companies did not consider the following factors while resolving a complaint:

1. Extent of severity;
2. Complexity of the case; and
3. Need for immediate action.

These companies (47.8 per cent) rather resolved a complaint on a ‘first-come, first-served’ basis. A sizeable number of public-sector insurance companies (29.7 per cent) followed the same criteria. However, in terms of adopting some of the considerations/bases (S. no. 2 to 6 in the table), these companies scored over their counterpart in the private sector. None of the respondents reported the likely ‘impact on goodwill of the company’ as an important consideration for resolving a complaint.

The ‘first-come, first-served’, criteria for resolution of a complaint suggests that the companies are fairly responsive. At the same time, it also implies a casual approach of such companies towards grievance redress.

Curbing Frivolous Complainants : As admitted by the respondents, no action was taken against frivolous complainants. In fact, no such practice existed in the insurance companies, under study. They simply ignored such complaints or merely rejected them outright. Only one

Table 4: Considerations in Resolution of Complaint

Executives→ Basis of complaint-resolution↓	Public Sector (N=37)	Private Sector (N=23)	Total (N=60)
1. First-come, first-serve	11 (29.7)	11 (47.8)	22 (36.7)
2. Need & possibility of immediate action	11 (29.7)	4 (17.4)	15 (25.0)
3. Extent of severity	8 (21.6)	5 (21.7)	13 (21.7)
4. Complexity of case	5 (13.5)	3 (13.0)	8 (13.3)
5. Track record of complainant	1 (2.7)	-	1 (1.7)
6. Frequently occurring grievance	1 (2.7)	-	1 (1.7)
7. Likely Impact on goodwill of the company	-	-	-

Note: Percentages are in parentheses

respondent reported the matter to the IRDA. It is amazing that though certain companies did penalise their defaulting officers, they did not do so in the case of frivolous complainants, resulting in escalation of unnecessary work.

Complaint-handling Audit : A majority (65.2 per cent) of respondents belonging to private-sector insurance companies claimed to have in place a regular audit of their complaint-handling system as against the public sector (32.4 per cent). However, a larger number of executives down the hierarchy were either not sure of the system or admitted that it was rarely conducted. Almost all the respondents who had affirmed the conducting of the audit on a regular basis also admitted that it was never done independently, rather, conducted as a part of the general audit of the company. The complete absence of, or an irregular conduct of, the audit of the CGRP suggests the following phenomenon:

1. The companies do not have in place the stated criteria or the standards related to complaint-handling against which they could measure its performance and accordingly facilitate the needed improvements;
2. The companies still do not regard consumer grievance redressal as important a function as any other, for which the audit was already provided; and
3. The companies have got accustomed to attending to complaints and resolving them the way they are done, without caring for any improvement.

CONCLUSION AND POLICY-IMPLICATIONS

The findings of the study have important policy-implications for both the policy-makers and the policy-holders of insurance companies. The insurance companies need to revamp their consumer complaint handling system, in terms of the measures, such as developing a positive attitude and redress-oriented approach of the company executives towards consumer complaints, ensuring a strict enforcement of the code of conduct for complaint-handling, imparting of adequate training to redress officers in handling of consumers' grievances, which will lead to reduction in escalated complaints. Moreover, the consumers expect companies to be fair in interactive and procedural justice. The inherent complexity of a financial product, like insurance, calls for an effective CGR mechanism, wherein the consumer gives another chance to the organisation to satisfy him.

It needs no emphasis that if the consumer complaints are satisfactorily handled and the grievances redressed effectively and expeditiously, a consumer will have hardly any eventuality to approach the external agency, including a regulatory body, namely, Ombudsman or Consumer Forum, for redress of his grievance.

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