

PAPER TITLE: SCANNING THE NUANCED DIMENSIONS OF GRIEVANCE REDRESSAL AS PRIME CUSTOMER RETENTION STRATEGY IN INDIAN TRAVEL INSURANCE INDUSTRY

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Abstract

Travel Insurance as an ancillary service is emerging as the buzz word in the outbound tourism sector. It is being realized as a dire need, keeping in view the uncertainties associated with modern day travel. The paradigm change in the travel industry shall be captured in this work as the accent is increasingly laid on people centric business approaches wherein the policyholder is at the focal point. The present work probes the regulations in place in the current perspective in the travel insurance business to protect the interests of both insurers and the insured which also focus on customer retention. Presently, the travel insurance market, with an immense pool of transactions and huge customer size faces lot of challenges, particularly the policyholders' grievances. Across all corporate entities there is a drastic improvement in the customer service culture, albeit it leaves much to be desired. Settling of claims at a fast pace is the sure shot to customer retention. A perceptible development has risen in the Indian insurance industry during the last few decades with the emergence of the institution of ombudsman set up by the Insurance Regulatory and Development Authority (IRDA). The 'Insurance Ombudsman' is engaged to receive and consider complaints from any tourist who has grievance against a travel insurance product of a company; to handle issues at appropriate time such as claim settlement to be operated in a transparent mode and initiation of user friendly process for the customers while filing complaints related to travel insurance. This study focuses on customer grievance redressal mechanisms in vogue as regards rendering travel insurance schemes and services with the scrutiny by the insurance ombudsman at the time of dispute, as a customer retention strategy. In fact, recently, travel insurance industry has seen a remarkable growth both in the number of policies as well as the premium incomes of travel insurance. The intensity of this growth has brought to fore large number of consumer complaints and grievances. Therefore, it may be construed that each travel insurance company has to devise an in-house department exclusively for customer grievance redressal to accentuate customer retention. This explorative work in a qualitative mode makes a critical analysis on the contemporary practices and propositions.

Keywords: Insurance Ombudsman, Customer Grievance Redressal, Retention Strategies, Complaints and Grievances, Travel Insurance.

INTRODUCTION

The Travel Insurance sector, globally, in the 21st century is cruising remarkably amidst enormous challenges arising from intense competition, rising regulatory compliance and growing payouts due to fraud and natural disasters while traveling, especially overseas. Considered among the fastest growing industries, travel insurance industry of India has a number of license holders operating business in this sector. Travel insurance is dealing with vast numbers of customer grievance redressal issues that have a

profound impact on accentuating travel insurance business. With an increased usage of information technology and its allied services, there have been better improvements in the field of dealing with customer related issues for retaining customers. Across all corporate entities there is a vast improvement in the customer service culture and there is still a lot to be desired in achieving fool proof status in this matter. Even though the Ombudsman's office can operate within certain pre-defined set boundaries and limitations, one should see that the institution has contributed a lot in the field as a

crucial consultant nurturing the trends of growing customer satisfaction in travel insurance sector. Earlier, grievances filed by the customers were treated as definitive cases and some kind of crafted remedies were suggested, but with the changing environment, increasing competition and high level of customers' awareness in travel insurance sector, now grievances are not treated as particular events. In order to gain good reputation in the market, cause and effect analyses of the grievances are undertaken not only as a corrective step but also as a preventive step. The Consumer Protection Act, 1986 is one of such examples that are to be treated as a milestone in the history of socio-economic legislation to protect the interests and bring in stability as regards respecting the consumers' rights in India. As a matter of fact, insurance companies have recognized the need to handle the customers, instilling confidence in them through appropriate measures giving accent to addressing their grievances swiftly and professionally. This has become the cornerstone of the customer relationship strategies devised by the insurance industry.

NEED FOR THE STUDY

The travel insurance industry in India is advancing at a staggering pace and underpins the potential utilization of novel advancements pertaining to the setting up of customer grievance redressal systems in a full-fledged manner by subscribing to the major transitions as it proceeds towards adoption of registering complaints directly via online process as a technology determined initiative for customer satisfaction in travel insurance business. It is the need of the hour to assess the trends and practices with respect to the progressive trends and of customer retention strategies in Indian travel insurance industry. By implementing appropriate operations in sorting out complaints efficiently, customers are motivated to purchase travel insurance which in turn propels volume of sales. In this backdrop, a study on the strands of customer redressal schemes that can catapult the retention strategies in the insurance sector of India can result in a win-win situation for the travelers as well as the insurance companies.

STATEMENT OF THE PROBLEM

The Insurance Regulatory and Development Authority (IRDA) have been established to regulate the business of travel insurance in India. While framing the regulations for travel insurance, the authority keeps in mind the primary objectives of protecting the interests of and secure fair treatment to the insured (consumers). Consistent with this, the authority has set up Grievances Redressal Cell and tries to ensure speedy redressal of the complaints received from the insured to retain customers. Tourists (the insured) who have complaints against insurers are required to first approach the Grievance Complaints Cell of the concerned insurer (the insurance companies). If they do not receive a response of the company, they may approach the Grievance Cell of the IRDA. The scant research works in the area have attempted to unveil the issues hovering around customer relationship management in the insurance sector of India. No study has gauged the dynamics of grievance settlement mechanisms exclusively. In this context, the present study has been undertaken to fill up the gap.

OBJECTIVES OF THE STUDY

This study has been conducted with the broad objective of unraveling the significance of customer redressal approaches as a productive retention strategy in the Indian Travel Insurance Industry.

The specific objectives of the study are:

- (a) To examine the practices in vogue as regards customer grievance redressal systems in the travel insurance business in India.
- (b) To analyze the operational performance of grievance settlement processes and procedures for the insured.
- (c) To study the role of the Ombudsman in Indian travel insurance industry.
- (d) To envisage a model to throw insights to connect between the efficacy of the redressal systems and the retention strategies.

METHODOLOGY OF THE STUDY

Methodology describes the research route to be followed, the instruments to be used, universe and

sample of the study for the data to be collected, the tools of analysis used and pattern of deducing conclusions. Explorative method of study has been employed for presenting the challenges and intricacies related to the progressive trends and nuanced dimensions of customer redressal practices and policies as an utmost important retention strategy in Indian travel insurance industry. Delphi Technique has been adopted to collect data. The Panel constituted experts and practitioners in the travel insurance sector. Personal interviews were conducted and in addition responses were collected over phone and e-mail.

DATA COLLECTION

The data was compiled through direct interviews with experts (practitioners) from the industry sector and various stakeholders of insurance industry dealing with travel insurance in particular. Secondary data was collected from documents and records of tour and travel companies offering the travel insurance policies, journals, brochures, periodicals, insurance blogs, and websites. The relevant secondary data has been collected through the data bases of Insurance Regulatory Development Authority of India (IRDA) websites, travel insurance companies, various reports, dossiers, and other studies.

LITERATURE SCAN

A considerable amount of research has been done on the operations and performance of insurance industry in India, albeit limited in the realm of travel insurance. The literature obtained by investigators, in the form of reports of IRDA, research studies, articles of researchers, insurance officials and news, are briefly reviewed in this part.

Mathur, N.D (2002) in his study concludes that competition in insurance is one aspect of the post liberalization scenario; the other aspect would be the public and private sector companies working together to ensure the healthy expansion and progress of the travel insurance sector.

Dr. Narayana Rao, S.B. and Dr. Madhavi, C. (2006) in their study analyzed the performance of the insurance industry in India and deducted that the public sector should further improve their product varieties and attract schemes to compete with other

competitors in the market and also change their attitude further towards service to survive in the industry.

Vara Praad & Murali Krishna (2009) in their study attempts to analyze the success of insurance business and categorically states that it depends on the role played by the intermediaries and changed marketing strategies to suit the customers' needs. There are references on the methodologies implemented to have a hold over customer grievance redressal.

Sorab Sadri (2009) avowed the social image in a highly competitive market where even foreign players are steadily entering the domestic scene; people management expertise is inevitable to sustain the Indian insurance industry. This approach has increased quality in the travel insurance product to draw novel strategies such as customer grievance redressal to retain customer.

Monica Suri (2011) in her study attempts to highlight the market share of the Quarts Insurance and concludes that the insurance sector in India has come to a position of very high potential and competitiveness in the market. Moreover, the volume is bound to increase by clearing more number of grievances of customers at the right time that will ultimately result in customer retention.

Srinivasa Narayanasamy (1989) undertook a study entitled, "Consumer Education and Academic Curricula" in which he states that consumers are the largest economic group in the country and they are the centers of all economic activities. It mentions that the consumers at present do not have even the kindergarten level of consumer education. The consumer has to be educated on the importance of buying travel insurance along in their journey.

Lizzy (1993) investigated 'The efficacy of consumer redressal agencies in Kerala' and found that the literacy levels were correlated to the filing of complaints in the consumer forums. The study revealed that the number of complaints received by redressal agencies was high, when the literacy rate was high or almost equal to the state average literacy rate. The customers have knowledge about their purchases and ensure optimum benefits out of the products. Therefore, it may be inferred that customer grievance redressal have been started by each

company to sort out the issues and for better customer retention strategies.

P. Sivaprakasam (1995) in the work "Recent Trends that Reflect Consumer Protection in India" discusses the features of the Consumer Protection Act, 1986 and the role of voluntary organizations. He also explains how legislation and voluntary associations protect the interest of consumers. He identifies the problems in the execution of Consumer Protection Act and makes proposals.

C. Gnanadesigan and N. Thanulingom (1996) have conducted a study entitled "Awareness of Consumer Rights among the Educated" which underscores the relationship between the educational qualification of consumers and the extent of their awareness of consumer rights. They identified the extent of awareness of consumers towards consumer rights, consumer protection laws, and consumer protection council. It concludes that the success of consumer movement depends upon the consumers' involvement and other stakeholders in the market to retain the customers.

Asha Nagendra (1999) in the study entitled "Consumer Protection - An Analytical Study on the legal and Institutional arrangements for Protection in Poona" conducted to identify the loopholes in the administration of machinery suggested ways and means to strengthen them. This study exposes that the apathy of consumers is the major bottleneck in the growth of consumer movement. He also points out that the characteristics of Indian consumers are the main causes for unlawful practices in India.

K.K. Falgunan (2001) has tried to evaluate the performance of consumer disputes redressal agencies in the application of the Consumer Protection Act 1986. He has analyzed the extent of awareness and the attitude of consumers with regard to Act. He also has analyzed the changing attitude of the business community after the enactment of the Consumer Protection Act 1986.

M. Selvin Marry (2002) has made a comparative analysis of the awareness and utilization of consumer protection laws. She has offered a few suggestions to increase the awareness in order to facilitate the effective utilization of the consumer protection laws.

Shrimant F. Tangade and C.S. Basavaraj (2004) examined the level of awareness of educated consumers on the Consumer Protection Laws and unveiled the satisfaction levels by exercising their rights under the consumer protection laws. This study revealed that there is a direct relationship between education and awareness. Most of the educated consumers are aware of the consumer protection laws. Electronic and press media have played a very significant role in creating awareness among the consumers. Most of the consumers are satisfied with the application of consumer protection laws. Finally, it suggests that the government should take serious efforts to increase the level of awareness of consumers towards consumer rights and laws by conducting various programs in rural areas targeting the illiterate masses and also provide them better opportunities to make use of the benefits extended to them under various consumer protection laws.

Slants of Customer Grievance Redressal towards the Retention Strategies

The practices of customer grievance redressal system have attained the requisite momentum and importance in Indian travel insurance industry. The grievance redressal centers with efficient approaches have emerged to sort out issues face by customers which helps the insurance companies to chalk out new strategies to retain the customers by proving their efficacy and also provide clear cut definitions for various behavioral scenarios, trends analysis of grievances, and their classifications and quantification of impacts on travel insurance services, etc. To be successful, the grievance redressal system must be activated at the first service encounter point with the policyholders. In addition, it also includes identifying the requirements of customers for effective grievance redressal and what are the factors that make the client satisfied. The main factors comprise securing a viable system for grievance reporting and redressal, transparency in the processes, and proper feedback. Ideally, grievance administration and meticulous handling influence the customers to purchase the insurance products and they turn out to be repeat customers. Such satisfied customers also inspire other potential customers. Customer grievance redressal is a completely dynamic assignment as it has to be accurate and within a specific time frame. The implications of the

e- grievance redressal including kiosk offerings brings forth flexibility for customers and better avenues for the insurance majors to dish out services efficiently as a forecast model. Mooted as a novel scheme, the installation of the e-complaints login process, linking customers' particulars would be a paradigm in future in the travel insurance industry.

Role of Insurance Ombudsman

The establishment of Insurance Ombudsman was made by Government of India, 1998 with the motivation of speedy transfer of the grievances to safeguard clients and to alleviate their issues included in redressal of those complaints. This foundation is of incredible significance and importance for the assurance of investments of arrangement holders and likewise in building their confidence in the framework. The institution has served to produce and support the confidence and certainty amongst the insured and insurers. The Insurance Ombudsman is engaged to get and consider complaints from any individual who has any grievance against a travel insurance providing company.

The following are the reasons for lodging complaints against the travel insurance company:

Any partial or total repudiation of claims by the travel insurance providing company;

- ✓ Any disagreement concerning premium paid or payable in the travel insurance policy;
- ✓ Any dispute upon the justifiable construct of the wordings in the event of dispute related to claim settlement;
- ✓ Delayed in the process of satisfying customers at time of claims, and
- ✓ Even after the receipt of premium, non-issuance of any insurance document i.e. Travel insurance certificate. Insurance ombudsman's powers are confined to insurance policy contracts of worth not exceeding Rs. 20 lakhs. The insurance providing companies are obliged to respect the recompenses passed by an Insurance Ombudsman within three months. Mode of lodging complaint the grievance by an aggrieved person has to be in writing, and addressed to the

insurance Ombudsman of the jurisdiction under which the office of the insurance providing company falls. Aggrieved person can also file grievance through the legal heirs.

IMPLICATIONS AND DISCUSSIONS

The analyses and discussions are featured as under:

- ❖ Globalization has brought a lot of competition among the travel insurance companies in India. Insured remain the cynosure point of the travel insurance sector. After the entry of private and foreign insurers, the industry is witnessing a lot of competition and thus there is a dire need for improvement of the consumer service by implementation of customer grievance redressal.
- ❖ With the pace of the number of travel policies sold an extensive number of complaints have been lodged by the insured which are being sorted out to retain the customers in the long run. So far as outstanding complaints, travel insurers have shown impeccable performance. Compared to the complaints received and resolved, travel insurers are quite consistent in terms of outstanding complaints. There is a significant difference in performance of both the complaints received and resolved in respect of insurers in the travel insurance industry.
- ❖ E- Customer grievance redressal can be implemented for a better and vital role in augmenting the volume of businesses which take a steep rise in terms of customer satisfaction and create more trust in customers towards travel insurance industry. India needs to improve its performance in the area of grievances settlement a lot to face the challenges.
- ❖ The efficacy of resolving complaints has made a profound impact with an optimistic attitude towards travel issuance policies as each travel insurance counters are obliged to encourage and establish small software pockets, for the vendors, by assigning different roles to sort out the issues whenever required by the travel insurance corporate at a rapid speed without any delay.
- ❖ In terms of customer interactions - customer satisfaction, quality control, and cost concerns

are important, this very well elucidate the repeat purchase as regards using customer grievance redressal initiatives in travel insurance sector.

- ❖ The credibility of travel insurance companies is of paramount significance in terms of assurance provided to customers in the services and the clarity provided at the time of resolving grievances.
- ❖ More awareness generation campaigns are essential to equip the customers in terms of information and usage of novel concepts and advancements in travel insurance industry in the form of E-customer grievance redressal.

CONCLUSION

With the increasing numbers of customer bases and travel insurance schemes and policies, the quantity of grievances related to insurance services is also rising. Therefore, today it is very much essential to have clear cut grievances system. The Insurance Ombudsman ensures that every complainant should be provided good opportunity to raise his or her grievances. Constant increase in number of complaints received by various ombudsman offices all across India shows that the policy-holders are gaining their confidence and trust in the institution of Insurance Ombudsman. The IRDA has recently established the Consumer Affairs Department to give a special focus to and oversee the complaints by insured of the IRDA Regulations for Protection of policyholders' interests and also to empower consumers by educating those regarding details of the procedures and mechanisms that are available for grievance redressal. Policyholders must be provided with inexpensive and speedy mechanisms for complaints disposal and the IRDA (Regulations, 2002) require travel insurance companies to have in place, effective and speedy grievance redressal mechanisms. IRDA has also issued guidelines for customer grievance redressal, which will further strengthen the redressal systems for the insured already in place. This will enhance customer trust upon the travel insurance industry; to sort out issues and challenges of grievances and help to retain customers.\

Scope for Further Research

The study can be further extended to scan the progressive trends and nuanced dimensions of customer retention strategies in Indian travel insurance industry; the performance in terms of consumer protection and their welfare, and comparison among travel insurers. Such a study would enhance the awareness of travel policies and its provisions for insured, insurers, academicians and researchers. This research paper and its findings may be of considerable use to insurance institutions, policy makers and to academic researchers in the area of customer grievance redressal in the travel insurance sector.

Model - Diagram

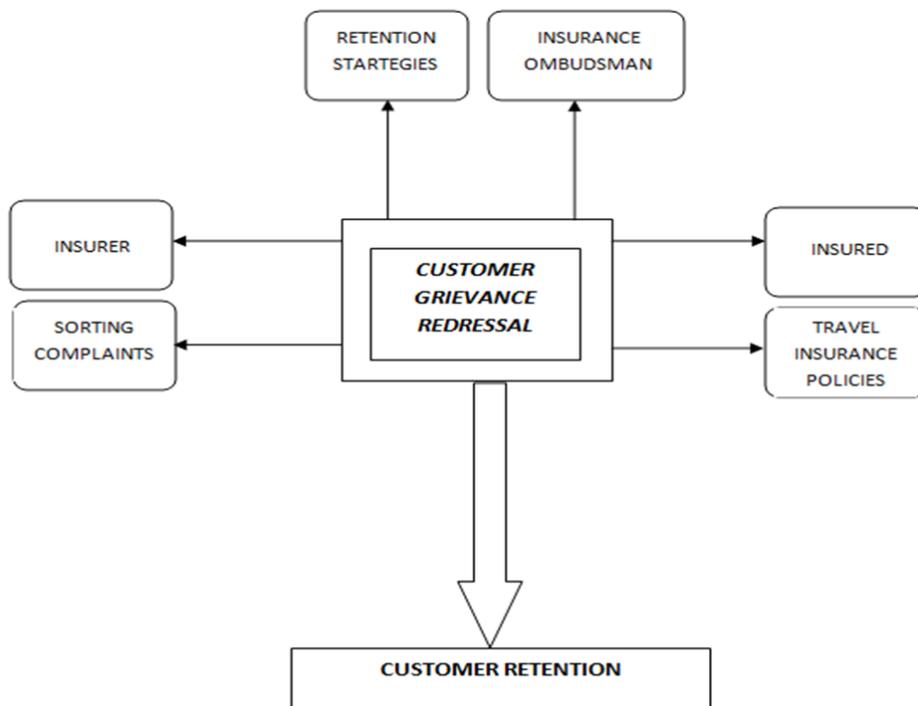


Figure 1:
Trends and

Dimensions of Customer Retention Strategies in Indian Travel Insurance Industry by Activating Customer Grievance Redressal

Notes: In the travel insurance industry, the Consumer Affairs Department of IRDA handles customers’ grievances. By all means, customer grievance redressal is not a one-time task. It is a completely vibrant project as it requires steady observing skill sets by its employees to adapt and adjust the clock and is never said to be finished as long as the business is in vogue. It works as an intangible promotional tool for potential travelers to purchase travel insurance as they become confident on the grievance redressal cell. The corporate insurance houses have their own in-house redressal cell. The

service quality is a critical element of business strategy for most service businesses, and the travel insurance industry is no exception. The insurance regulators are ingrained with the duty of monitoring insurer service quality. Therefore, the measurement of service quality is a concern of both insurers and regulators to satisfy customers’ with proper feedback and grievances. Therefore the above formulated model “Trends and Dimensions of Customer Retention Strategies in Indian Travel Insurance Industry by Activating Customer Grievance Redressal” explains the travel insurance policies.

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