

Customer Service

"A customer is the most important visitor on our premises. He is not dependent on us. We are dependent on him. He is not an interruption of our work. He is the purpose of it. He is not an outsider to our business. He is part of it. We are not doing him a favour by serving him. He is doing us a favour by giving us the opportunity to do so".

- Mahatma Gandhi

K. Govindan

CEO & Director

Insutech Insurance Broking Services Pvt. Ltd.,
Ahmedabad.

This sign is commonly found in all Government, semi-government and public sector offices as if it is modest initiative to show the organization's concern for the customer. Was this adage Gandhiji's candid suggestion to the posterity or his characteristic musing or was it an expression of his great concern for customer? It is still a matter of conjecture! Be it as it may, people in general seems to have accepted this dictum with a "Yes, we know" attitude and that is how such speeches or pronouncements of well-meaning persons are received in a democratic country. Gandhiji was no votary of globalization.

On the contrary, he was the one who propagated Swadeshi Movement and stood against globalization because he strongly believed that it would affect the economic development of the nation. He lived in an era when powerful nations grossly, unabashedly exploited the weaker states and subjugated them totally disregarding the interests of their populace. They engaged in self-aggrandizement at the cost of poor nations. Consumer in those times was a virtual nonentity. Consumers were always at the mercy of producers who were predominantly the landed gentry.

The theory of demand and supply had only an academic relevance, as the ground reality was that producer only decided what to produce and when to supply. Monopolistic practices such as hoarding and profiteering were the order of the day. Even in the midst of this, Gandhiji in his astute vision found it necessary to remind the countrymen that customer is the ultimate force and is a strong contributory factor in the economic development of the nation. He believed that in the sphere of national economy a customer can be ignored only at ones peril.

The Second World War was followed by an era of rapid industrialization. More and more people engaged themselves in economic activities which resulted in increased production. Increase in the number of producers of goods resulted in severe competition. Customer then found his place in the nations economic activities.

This customer consciousness lead one to conclude that customer is the main link that should be utilized to create demand which is an essential factor in economy of a nation. The realization of importance of customer brought along with it the idea that apart from quality of product, pricing, utility, etc. customer demands

service which is intangible and purely subjective. The goal of achieving customer satisfaction assumed greater importance in corporate governance. Customer satisfaction cannot be achieved by a magic wand. The perceptible degree of customer satisfaction is dependent on factors that are industry-specific. For example, in business marketing, the level of customer satisfaction can be

The Second World War was followed by an era of rapid industrialization. More and more people engaged themselves in economic activities which resulted in increased production. Increase in the number of producers of goods resulted in severe competition. Customer then found his place in the nations economic activities.

easily gauged and measures for improvement can be taken as and when necessary.

However in the case of service marketing like marketing of financial services such as banking, insurance, etc., this cannot be easily and effectively monitored as service by its very nature is intangible, cannot be tested or smelt but has to be experienced. The issue is more complicated in the

case of insurance services especially because the insurance deals in promises to provide service enjoyment whereof is postponed to a future date or is made conditional upon a future event.

Customer service & insurance

We have witnessed various customer-centric initiatives taken by industry by the end of 20th century. Business marketing registered considerable improvement in the matter of customer service which in turn contributed to tremendous development of business industry. Insurance industry in tandem initiated some positive actions but with comparatively less impressive outcome. Unlike in business industry, insurance industry being engaged in service marketing has to have a special scheme of things to ensure customer satisfaction especially because what the industry offers is promise of future performance. Insurance industry of course conducted number of seminars and training sessions for their personnel and made vigorous efforts to infuse customer sensitivity.

But, in service industry like insurance, the nature of customer response is unpredictable and therefore the level of customer satisfaction in a given condition is not discernible. The training and awareness campaigns, etc. could ofcourse go a long way in creating customer consciousness but is not a guarantee for achieving customer satisfaction. The reason for this is the presence of following phenomena that are considered typical of insurance industry.

Customer perception

In India very few people prefer to visit an insurance office for their insurance requirements. There can be various explanations for this situation. Prominent among them are (1) the

age-old practice of availing the services of intermediaries like Insurance Agents, (2) Ignorance and (3) Apprehension of possible cavalier attitude of office personnel. All the same, an Insurance customer generally seems to maintain a prejudiced view of insurance service. The insured somehow has developed an impression that his insurer will not render the desired service unless they are compelled.

This perception of the customer is mainly due to factors such as (a) horizontal communication based on typical experiences of others, (b) over-promising on behalf of insurer at the time of negotiating and closing a sale, (c) time gap between the sale and occurrence calling for performance of the promise, which if longer the expectation will be higher and (d) the peculiar mindset of an insured after he has sustained a loss.

Any initiative taken for improving customer service will not produce desired result unless the perception of customer, the stereotype, about the insurer is changed. This can be achieved primarily by bringing about an attitudinal change in the personnel at the customer access points. What the customer in most of the situations looks for is a reasonably prompt response to his small needs, a helpful atmosphere in the office and readiness of the concerned personnel to spare some time to listen to him and to explain to him relevant issues.

Lack of knowledge

Often wrong decisions are taken or improper advices given by insurance personnel due to lack of sufficient knowledge of subject matter. Such decisions or advices adversely affect the insured and cause avoidable grievances. Lack of adequate knowledge results in lack of confidence

which affects decision-making. An incompetent official either takes a wrong decision forcing upon the party an unwarranted litigation or tries to avoid taking decisions at all and indulges in procrastination. Often, such officials seems to go to the extent of even prompting the customer to move court of law as they consider that satisfying the court order as it comes is a safer option.

A perusal of insurance matters pending with various courts in India will bring out the fact that a good number of them have originated from the pernicious practice explained above. It will be a welcome step if the appropriate authorities set up threshold committees consisting of representatives of insurers and vested with overriding powers, at all main centers to review and dispose of all such cases to the satisfaction of insureds. Thus, a majority of pending legal matters can be easily disposed of thereby saving valuable time and money of all concerned.

Complaints handling

Customer complaints can be classified as (a) non-receipt of documents, (b) error in documents, (c) delay in settlement of claim, and (d) repudiation of claim. Complaints may be in writing or verbal. The customer is often exasperated because his complaint is either totally ignored or responded to after inordinate delay. Normally, inept handling of customer complaints and often unhelpful attitude of office personnel aggravate grievance. It can often be seen that the office personnel take the genuine grievance as a complaint against them or a challenge to authority and consequently responds to the customer vindictively.

Willingness to promptly sort out small issues such as issuance of docu-

ments, rectification of documents, etc. will go a long way in keeping the clients happy. In the case of repudiation of a claim, effort should be made to explain in adequate details why the claim is not admitted. There should be a system of re-examining the claim, when necessary, by the same or a higher authority to ascertain that the decision taken is correct and in keeping with the terms of contract. During review if it is found that an erroneous decision has been taken, there should not be any hesitation to revise the decision as needed.

Professional Intermediaries

Insurers employ professionals such as Surveyors, Investigators, Third Party Administrators, etc. to source specific services in the event of a claim. This action on the part of insurer to certain extent alienates the customer. A customer genuinely expects the insurer as the contracting party to provide the promised service when an insured peril occurs. Normally, an insured cannot appreciate a situation where he has to deal with a stranger for realization of his rightful due.

The intermediaries should therefore show apparent pro-activeness and should take all positive steps so to assure the customer that they are appointed only to facilitate an early settlement of the claim. Needless to say, any deficiency on the part of these professionals will give rise to avoidable grievances against the insurer.

Grievance Redressal Mechanism

Customer satisfaction is a cherished goal of every organization. Despite whatever efforts made to obviate or mitigate customer discontent, customer satisfaction still remains a conundrum in the insurance industry. It is a general feeling that enough has

not been done to bring about a perceptible change in this sphere. The usual alibi for such mediocre performance is the peculiarity of insurance service especially its very nature that it deals with contracts of executory consideration.

One would agree that in spite of all the initiatives taken to ensure customer satisfaction, there are possibilities that customer complaints may still occur. The customer may be genuinely aggrieved on account of deficiency in service rendered by the insurer or he may be prejudiced by an adverse decision taken by them. A prompt and impartial handling of customer grievance can have a salutary effect on the customer psyche.

In an attempt to meet the customer expectations effectively, Government and business organizations have adopted various methodologies such as bringing about legislation to protect the interests of customers, setting up statutory for a to deal with customer complaints and the business organizations maintaining customer Service Cells, and Grievance Cell/Dept. which effectively keep a customer interface. We shall now discuss to what extent these initiatives have helped the customers and what are the steps that need to be taken to further improve the system.

a) Customer Service Cell/Dept.

Almost all business organizations now a days have independent Customer Service Department/cell to facilitate effective interaction between the business and the customer. In insurance, Customer Grievance Cell is handling the whole gamut of customer service. This department in many of the insurance offices is not adequately equipped. The Department, instead of being an access point for the aggrieved customers for seek-

ing solution for their problems, in effect is treated as one more desk where files can be conveniently pushed on to.

Paradoxically, it is often heard from the insurance office that a particular file is pending with Grievance Department. The scenario is comparatively better in private sector where customer grievances are attended to as promptly as possible and as a result customers do not seem to make much hue and cry. Public sector insurers do not seem to have made much headway in this area. The root cause of the ineffectiveness of the system in the sector is the so called "public sector syndrome". In public sector, the system of handling public grievance has by now become a mere ritual.

The emphasis seems to be not on customer satisfaction but compliance of related administrative directions. In many cases, the person entrusted with the job of Grievance Department himself is an aggrieved person and what good he can do to customer is imaginable. Complaints addressed to the dealing office is often ignored or responded to in a spirit of vengeance. Rarely any attempt is made to understand the sentiments expressed by the customer in his representation.

Amusingly, if the complaint is addressed to higher authorities, many a time it is found that a routine acknowledgement is mailed to the customer. In majority of the cases, the higher office without even bothering to call for the papers to ascertain the possibility or otherwise of reviewing the case in the light of insured's representation, only directs the dealing office to examine the case thus bringing the matter back to square one.

Taking into account the peculiar type of service rendered, renewed efforts will have to be made by insurance industry in general and public sector insurers in particular with a view to improving the customer perception. Such customer-centric initiatives should consist of an unmistakable corporate direction, resoluteness in implementing the corporate decision, meticulous analysis of feedback and taking timely remedial measures wherever necessary.

Customer satisfaction is industry-specific and is contingent upon time, place and person. If the corporate objective is properly communicated to all concerned, and responsibility clearly spelt out, all concerned will discover ways and means of achieving the goal and the industry as a whole will undergo a significant transformation.

b) Consumer protection laws and regulations :

Consumerism as an organized movement became widespread in the western world in the 20th century under the influence of neo-liberalism and globalization. The movement attained credence in India by end of 20th century. In India after independence, a number of legislations have been enacted with the objective of providing protection for consumers. Consumer Disputes Act, 1986 is a landmark legislation whereby customer grievance cases, were heard and decided by quasi-judicial forums set up under the Act at district, state and national levels.

As per Government of India Notification 1998, institution of Ombudsman was established for the purpose of arranging prompt disposal of customer grievances. Under this Notification, different Ombudsman has been appointed at various geographical ar-

reas. The Ombudsman is empowered to receive complaints regarding personal line insurance matters from individuals and pass awards. It has been made obligatory on the part of the insurers to honour such awards.

While the institution of Ombudsman all over the country has surely helped in restoring the confidence of the insuring public by arranging quick dis-

Customer satisfaction is industry-specific and is contingent upon time, place and person. If the corporate objective is properly communicated to all concerned, and responsibility clearly spelt out, all concerned will discover ways and means of achieving the goal and the industry as a whole will undergo a significant transformation.

posal of customer complaints, it seems Consumer courts could not really catch up with plethora of customer complaints resulting in huge backlog of cases. The factors such as wide jurisdictional area allotted, ever increasing consumer complaints, over load in the consumer courts and the resultant delay in disposal of cases have collectively contributed to the unimpressive performance of Consumer Courts. Despite all these limitations, these courts continue to execute commendable task.

Insurance Regulatory and Development Authority (IRDA) has notified "Protection of Policy Holders Interest Regulations, 2002". The objective of this regulation is to provide protection to insureds in the matter of issuance of proper insurance documents, finalizing of need-based insurance covers in reasonable time and prompt disposal of insurance claims. IRDA has also appointed a Customer Grievance Cell to look into public grievances. These initiatives of the Authority aiming at

providing optimum customer care are wholeheartedly welcomed by the insuring public.

In spite of all the above legislative measures seeking prompt redressal of customer grievances, public in general is found to be allergic to any kind of litigation and therefore hesitant to approach courts. If the customer is obligated to approach statutory bodies for redressal of grievance, though the success he achieves will lead to customer satisfaction it also creates in him an element of antagonism, a feeling of prejudice and one-upmanship and this affects customer loyalty.

Customer loyalty is a very important factor in any business. A satisfied customer is one who has no complaints against the service provider. This ideal situation may be either because there was no occasion to complain about service or his complaint is promptly attended to.

Therefore, efforts should always be to maintain excellent customer relations so as to give him to reason to complain and in case of any complaint, to effectively utilize the in-house customer grievance redressal mechanism to provide prompt satisfaction to the customer. In a liberalized economy, customer is supreme, he is the eye and ear of any business venture and he can be overlooked to ones doom. □

Life Insurance Today
An exclusive monthly journal on Life Insurance from the house of The Insurance Times