

AN ENQUIRY INTO THE STATUS OF COMPLAINTS IN INSURANCE SECTOR IN INDIA

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ABSTRACT: *The paper aims at enquiring the status of complaints in insurance sector in India. The results of the trend analysis of 10 years secondary data taken from annual report of 10 years starting from 2005-06 to 2014-15 of the IRDAI show that there is an increasing trend in total complaints received for life and non-life insurance business jointly and in case of life insurance there is an increasing trend in complaints received but in case of non-life insurance trend of complaints received is decreasing. In case of total complaints disposed jointly in life and non-life insurance business there is an increasing trend and in case of insurance business in life insurance there is an increasing trend but in non-life insurance business there is a decreasing trend in disposal of complaints. Lastly in case of complaints outstanding, there is an increasing trend in insurance business in joint business of life and non-life where there is an increasing trend in pending cases of complaints in life insurance business but there is a decreasing trend in pending cases of complaints in non-life insurance business.*

Key words: Insurance, Life, Non-life, ombudsman.

BACKGROUND OF THE STUDY

Complaints are the result of some grievances which is some wrongs for which someone has to suffer. Complaints indicate the dissatisfaction of the consumer regarding any product or service of any producer of a particular product or service provider. Insurance is a business which is the part of service sector and it is a customer-centric business. Consumers play vital role in this type of businesses where providing good service should be the motto of the service provider. As Insurance business deals with providing service to the people, people always wants more. As people always expect something more there is every chance of occurring some grievances and as a result some complaints will arise. The service provider always has to give all efforts it can to dispose the complaints in an efficient and effective manner otherwise it has to lose the customers. **In this backdrop**, the objective of this study is to enquire into the status of complaints in Insurance sector in India.

OBJECTIVES OF THE STUDY

Objective always provide some route and direction to reach ultimate goal. The main objective of this study is to enquire into the status of complaints in Insurance sector in India. The primary objective is backed with some secondary objectives which are as follows

1. To make a conceptual discussion about Insurance, life insurance, non-life insurance and ombudsmen.
2. To provide some concluding observations.

DATA AND METHODOLOGY

This study is based on secondary data collected from the annual reports of 10 years starting from 2005-06 to 2014-15 from the website of the Insurance Regulatory and Development Authority of India and also from some books, journals, magazines, websites, newspapers, etc. Data analysis is made mainly based on tables, charts, percentages, ratios, trend analysis, etc.

INSURANCE

From the name we can say that it is an insurance against losses that may occur in future. It is a legal contract between two parties whereby one party wishes to reduce the risk and uncertainty to occur in near future and other one undertakes to pay something on happening or not happening of an event which is certain or uncertain. The first party is called the insured that pays certain amount of money called as premium and the second party is known as insurer. The insurer is also known as assurer or underwriter and the insured is also known as assured. To embody the contract a document is used which is called policy. Insurance business is mainly classified into two businesses known as Non-Life (General) insurance and Life insurance.

NON - LIFE (GENERAL) INSURANCE

Non-Life insurance provides a short-term coverage, usually for a period of one year. Non-Life insurers transact fire insurance, motor insurance, marine insurance and miscellaneous business.

List of Non-Life (General) insurer in India for the year ended 31st March, 2015

Public Sector	Private Sector
1. National Insurance Co. Ltd.	1. Bajaj Allianz General Insurance Co. Ltd.
2. New India Assurance Co. Ltd.	2. Bharti AXA General Insurance Co. Ltd.
3. Oriental Insurance Co. Ltd.	3. Cholamandalam MS General Insurance Co. Ltd.
4. United India Insurance Co. Ltd.	4. Future Generali India Insurance Co. Ltd.
Specialised Insurers	5. HDFC ERGO General Insurance Co. Ltd.
1. Agriculture Insurance Co. Ltd.	6. ICICI Lombard General Insurance Co. Ltd.
2. Export Credit Guarantee Corporation Ltd.	7. IFFCO Tokio General Insurance Co. Ltd.

	8. L & T General Insurance Co. Ltd
	9. Liberty Videocon General Insurance Co. Ltd.
	10. Magma HDI General Insurance Co. Ltd.
	11. Raheja QBE General Insurance Co. Ltd.
	12. Reliance General Insurance Co. Ltd.
	13. Royal Sundaram Alliance Insurance Co. Ltd.
	14. SBI General Insurance Co. Ltd.
	15. Shriram General Insurance Co. Ltd.
	16. TATA AIG General Insurance Co. Ltd.
	17. Universal Sompo General Insurance Co. Ltd.
Standalone Health Insurers	
1.	Apollo Munich Health Insurance Co. Ltd.
2.	Cigna TTK Health Insurance Co. Ltd
3.	Max Bupa Health Insurance Co. Ltd.
4.	Religare Health Insurance Co. Ltd.
5.	Star Health and Allied Insurance Co. Ltd.
RE - INSURER	
General Insurance Corporation of India	

Source: Annual Report of IRDAI

LIFE INSURANCE

Life insurance is a contract between two parties, the assured and the assurer, whereby, the latter for consideration promises to pay a certain sum of money to the former (or failing him/her, to the person entitled to receive the same) on the happening of the event insured against. The life insurance contract provides for the payment of an amount on the date of maturity of the contract or at specified dates at periodic intervals or at untimely (premature) death. The contract also provides that the insured shall pay premium periodically to the insurer. There are five needs that life insurance can satisfy: dying young, living too long, disability, and care for children and wealth generation.

List of Life insurer in India for the year ended 31st March, 2015

Public Sector	Private Sector
1.Life Insurance Corporation of India	1. Aegon Religare Life Insurance Co. Ltd.
	2.Aviva Life Insurance Co. Ltd.
	3.Bajaj Allianz Life Insurance Co. Ltd.
	4.Bharti AXA Life Insurance Co. Ltd.
	5.Birla Sun Life Insurance Co. Ltd.
	6.Canara HSBC OBC Life Insurance Co. Ltd.
	7.DHFL Pramerica Life Insurance Co. Ltd.
	8.Edleweiss Tokio Life Insurance Co. Ltd.
	9.Exide Life Insurance Co. Ltd.
	10.Future Generali Life Insurance Co. Ltd.
	11.HDFC Standard Life Insurance Co. Ltd.
	12.ICICI Prudential Life Insurance Co. Ltd.
	13.IDBI Federal Life Insurance Co. Ltd.
	14.India First Life Insurance Co. Ltd.
	15.Kotak Mahindra Old Mutual Life Insurance Co. Ltd.
	16.Max Life Insurance Co. Ltd.
	17.PNB Met Life India Insurance Co. Ltd.
	18.Reliance Life Insurance Co. Ltd.
	19.Sahara Life Insurance Co. Ltd.
	20.SBI Life Insurance Co. Ltd.
	21.Shriram Life Insurance Co. Ltd.
	22.Star Union Dai-ichi Life Insurance Co. Ltd.
	23.TATA AIA Life Insurance Co. Ltd.

Source: Annual Report of IRDAI

OMBUDSMAN

To provide the insured a speedy and inexpensive grievance redressal system, the Government of India promulgated Redressal of Public Grievances (RPG) Rules 1988 (under the Insurance Act 1938) to set up an institution of ombudsman. The office of Insurance Ombudsman is a set up in building up the confidence of the policy holders in insurers. The Insurance Council is the administrative body of this institution and it has appointed 12 ombudsmen across the country since 1999. The objective of Insurance Ombudsman is to provide a forum for resolving disputes and complaints from the aggrieved insured public or their legal heirs against insurance companies operating in general insurance business and

life insurance business in public and private sector. The insurance ombudsman is empowered to receive and consider written complaints in respect of insurance contracts on personal lines where the insured amount is less than Rs. 20 lakh. The complaints can relate to:

- a. Grievance against insurer
- b. Partial or total repudiation of claims by the insurer
- c. Dispute in regard to premium paid or payable in terms of the policy
- d. Dispute on the legal construction of the policy in so far as such dispute relate to claim
- e. Delay in settlement of claims
- f. Non-issue of any insurance document to customers after receipt of premium

The 12 ombudsmen offices across the country are at the following locations

- 1. Ahmadabad
- 2. Bhopal
- 3. Bhubaneswar
- 4. Chandigarh
- 5. Chennai
- 6. Cochin
- 7. Guwahati
- 8. Hyderabad
- 9. Kolkata
- 10. Luck now
- 11. Mumbai
- 12. New Delhi

An ombudsman is entrusted with two functions

- 1. Conciliation
- 2. Award making

The awards passed by an ombudsman are binding on insurers and they are required to honour the awards within three months.

ANALYSIS AND INTERPRETATION

From the table we can see that from 2005-06 to 2014-15 the opening balances of complaints for life and non-life insurance business are 547, 588, 603, 390, 557, 888, 2343, 2846, 3884, 5724 and 1541, 1341, 1344, 1029, 838, 1381, 3678, 4330, 4717, 3893 respectively. Complaints received in the current year from 2005-06 to 2014-15 for life and non-life insurance business are 4979, 5433, 5565, 5753, 8967, 11017, 12353, 15711, 17512, 14339 and 4094, 4754, 5300, 5640, 7097, 10048, 9987, 9071, 8803, 7145 respectively. Total complaints for the year from 2005-06 to 2014-15 for life and non-life insurance business are 11161, 12116, 12812, 12812, 17459, 23334, 28361, 31958, 34916, 31101 respectively (Table-1).

Table1 Total number of complaints in the years

Year	Insurance						Total (Life +Non-Life)
	Life			Non - Life			
	Opening Balance	Current Year	Total	Opening Balance	Current Year	Total	
2005-06	547	4979	5526	1541	4094	5635	11161
2006-07	588	5433	6021	1341	4754	6095	12116
2007-08	603	5565	6168	1344	5300	6644	12812
2008-09	390	5753	6143	1029	5640	6669	12812
2009-10	557	8967	9524	838	7097	7935	17459
2010-11	888	11017	11905	1381	10048	11429	23334
2011-12	2343	12353	14696	3678	9987	13665	28361
2012-13	2846	15711	18557	4330	9071	13401	31958
2013-14	3884	17512	21396	4717	8803	13520	34916
2014-15	5724	14339	20063	3893	7145	11038	31101

Source: Annual Report of IRDAI

From the table we can see that the percentage of number of complaints received in the current year from 2005-06 to 2014-15 for life and non-life insurance business are 54.88, 53.33, 51.22, 50.50, 55.82, 52.30, 55.30, 63.40, 66.55, 66.74 and 45.12, 46.67, 48.78, 49.50, 44.18, 47.70, 44.70, 36.60, 33.45, 33.26 respectively (Table-2).

Table 2 Number of complaints received in the current years

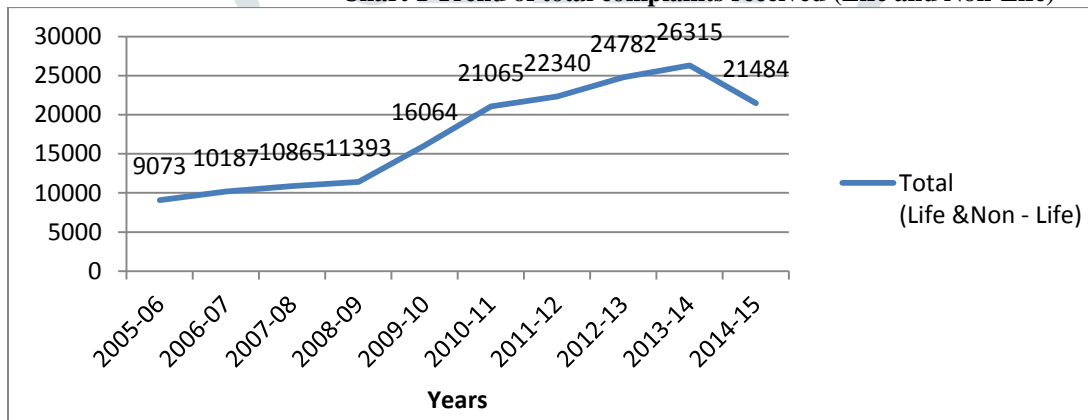
Year	Insurance		Total
	Life	Non - Life	
2005-06	4979 (54.88)	4094 (45.12)	9073
2006-07	5433 (53.33)	4754 (46.67)	10187

2007-08	5565 (51.22)	5300 (48.78)	10865
2008-09	5753 (50.50)	5640 (49.50)	11393
2009-10	8967 (55.82)	7097 (44.18)	16064
2010-11	11017 (52.30)	10048 (47.70)	21065
2011-12	12353 (55.30)	9987 (44.70)	22340
2012-13	15711 (63.40)	9071 (36.60)	24782
2013-14	17512 (66.55)	8803 (33.45)	26315
2014-15	14339 (66.74)	7145 (33.26)	21484

Source: Annual Report of IRDAI

From the table we can see that the total complaints received in the current year from 2005-06 to 2014-15 are 9073, 10187, 10865, 11393, 16064, 21065, 22340, 24782, 26315 and 21484 respectively jointly for life and non-life insurance business (Table-2). From the chart we can also see that there is an increasing trend in total complaints received from 2005-06 to 2013-14 though there is a decreasing trend in the year 2014-15 (Chart-1).

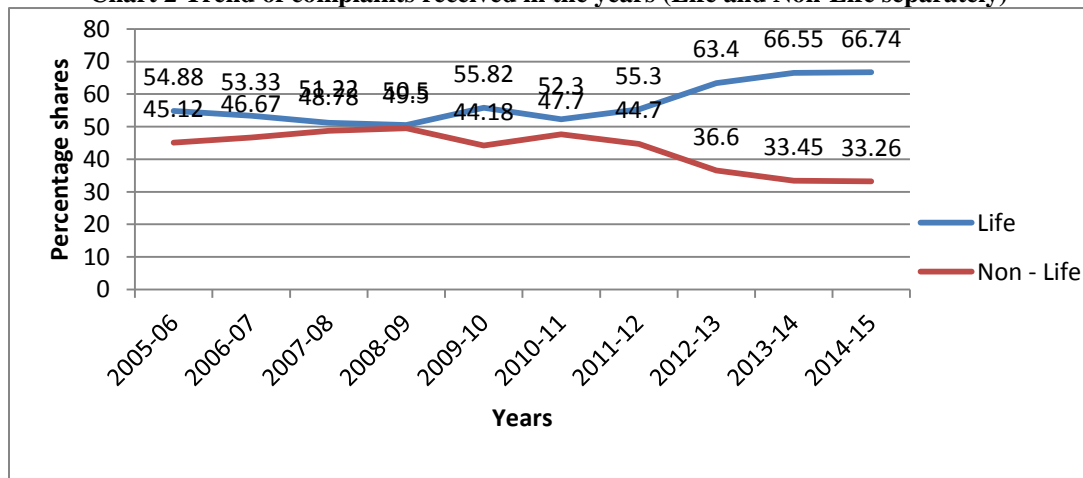
Chart 1 Trend of total complaints received (Life and Non-Life)



Source: Annual Report of IRDAI

From the chart we can see that in case of complaints received in the current year from 2005-06 to 2014-15 for life and non-life insurance business there is an increasing trend in percentage share of life insurance business in total complaints received in the current year whereas in case of non-life insurance business there is a decreasing trend of percentage share in total complaints received in the current year respectively (Chart-2).

Chart 2 Trend of complaints received in the years (Life and Non-Life separately)



Source: Annual Report of IRDAI

From the table we can see that in case of total complaints disposed jointly for life and non-life insurance business from 2005-06 to 2014-15 are 9215, 10169, 11393, 11417, 15190, 17239, 21285, 23357, 25299 and 24319 respectively. The percentage share in total complaints disposed in the years for life insurance business and non-life insurance business are 53.45, 53.28, 50.72, 51.07, 56.85, 55.40, 55.94, 62.82, 61.95, 64.42 and 46.55, 46.72, 49.28, 51.07, 43.15, 44.60, 44.06, 37.18, 38.05, 35.58 respectively (Table-3).

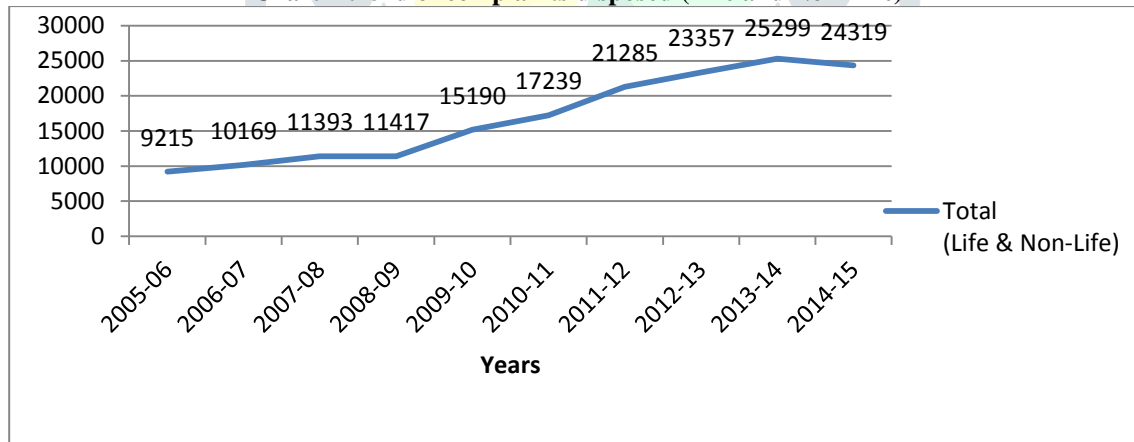
Table 3 Number of complaints disposed

Year	Insurance		Total
	Life	Non – Life	
2005-06	4925 (53.45)	4290 (46.55)	9215
2006-07	5418 (53.28)	4751 (46.72)	10169
2007-08	5778 (50.72)	5615 (49.28)	11393
2008-09	5586 (51.07)	5831 (51.07)	11417
2009-10	8636 (56.85)	6554 (43.15)	15190
2010-11	9551 (55.40)	7688 (44.60)	17239
2011-12	11850 (55.94)	9335 (44.06)	21285
2012-13	14673 (62.82)	8684 (37.18)	23357
2013-14	15672 (61.95)	9627 (38.05)	25299
2014-15	15666 (64.42)	8653 (35.58)	24319

Source: Annual Report of IRDAI

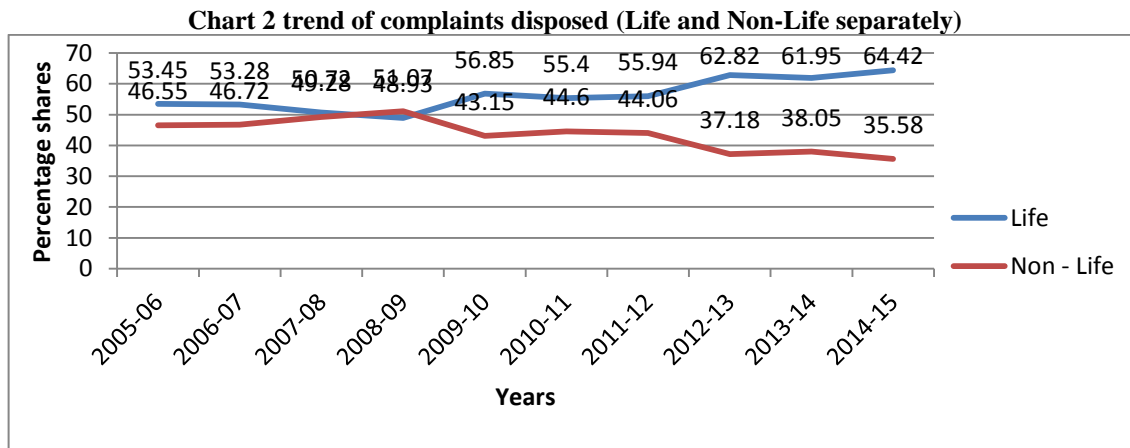
From the chart we can see that there is an increasing trend in total complaints disposed jointly in life and non-life insurance business in India from 2005-06 to 2013-14 though in 2014-15 there is a decreasing trend (chart-2)

Chart 2 trend of complaints disposed (Life and Non-Life)



Source: Annual Report of IRDAI

From the chart we can see that in case of complaints disposed separately in life and non-life insurance business there is an increasing trend from 2005-06 to 2014-15 in life insurance business whereas there is a decreasing trend from 2005-06 to 2014-15 in case of non-life insurance business (Chart-2).



Source: Annual Report of IRDAI

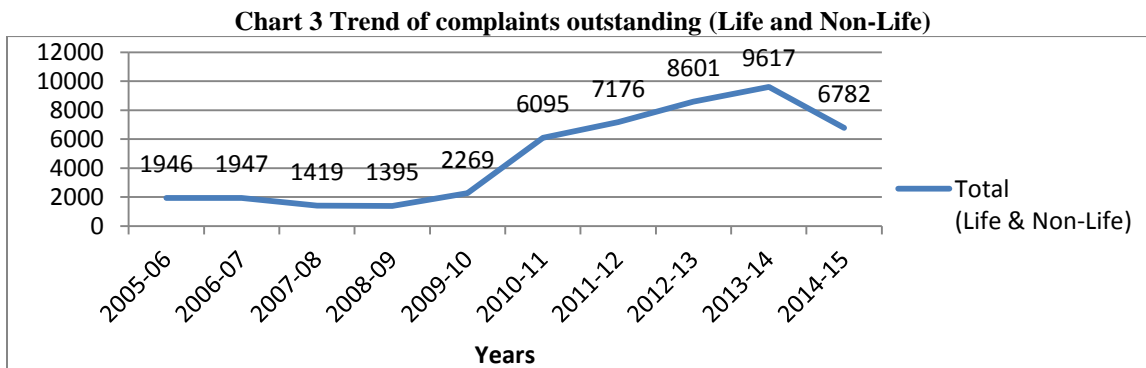
From the table we can see that the total complaints outstanding in case of joint business of life and non-life insurance from 2005-06 to 2014-15 are 1946, 1947, 1419, 1395, 2269, 6095, 7176, 8601, 9617 and 6782 respectively. The percentage share of life and non-life insurance business in total complaints outstanding are 30.88, 30.97, 27.48, 39.93, 39.14, 38.62, 39.66, 45.16, 59.52, 64.83 and 69.12, 69.03, 72.52, 60.07, 60.86, 61.38, 60.34, 54.84, 40.48, 35.17 respectively (Table-4).

Table 4 Number of complaints Outstanding

Year	Insurance		Total
	Life	Non - Life	
2005-06	601 (30.88)	1345 (69.12)	1946
2006-07	603 (30.97)	1344 (69.03)	1947
2007-08	390 (27.48)	1029 (72.52)	1419
2008-09	557 (39.93)	838 (60.07)	1395
2009-10	888 (39.14)	1381 (60.86)	2269
2010-11	2354 (38.62)	3741 (61.38)	6095
2011-12	2846 (39.66)	4330 (60.34)	7176
2012-13	3884 (45.16)	4717 (54.84)	8601
2013-14	5724 (59.52)	3893 (40.48)	9617
2014-15	4397 (64.83)	2385 (35.17)	6782

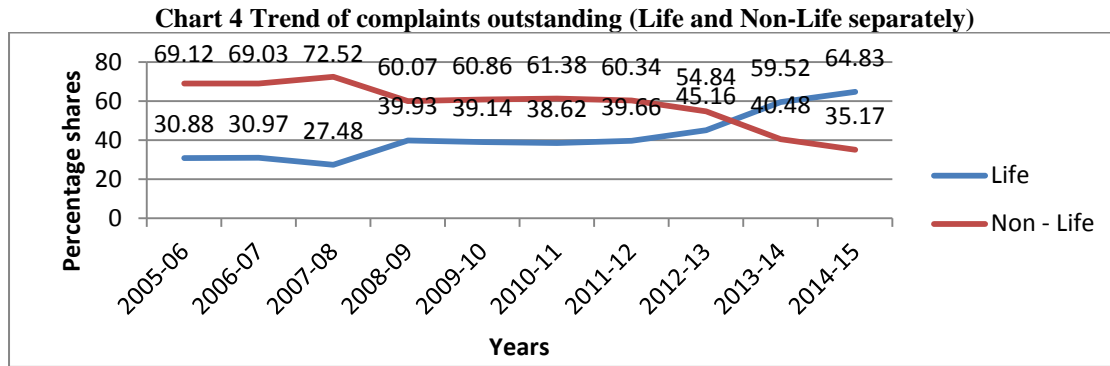
Source: Annual Report of IRDA

From the chart we can see that trend in total complaints outstanding jointly for life and non-life insurance business from 2005-06 to 2013-14 is increasing though in the year 2014-15 there is a decreasing trend (Chart-3).



Source: Annual Report of IRDAI

From the following chart we can see that in case of percentage share of life and non-life insurance business in total complaints outstanding from 2004-05 to 2014-15 there is an increasing trend in life insurance business and there is a decreasing trend in non-life insurance business (Chart-4).



Source: Annual Report of IRDAI

CONCLUDING OBSERVATION

Insurance is a people-centric business. In the service sector to exist one has to provide satisfaction to the customers otherwise one will lose customers. From the above discussion we can see that there is an increasing trend in total complaints received, total complaints disposed and total complaints outstanding in the insurance sector in India in joint business of life and non-life. In case of non-life insurance business performance is better than life insurance business. As there is decreasing trend in complaints received, complaints disposed and complaints outstanding. Though in life insurance business the performance of ombudsman is good but it has to give more effort to dispose the complaints received as there is an increasing trend in complaints received, complaints disposed and complaints outstanding. The insurer and other authorities in life insurance business and non-life insurance business have to work more efficiently to find out the reason of complaints and the remedies.

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