

CUSTOMER SATISFACTION IN GENERAL INSURANCE INDUSTRY- -A STEP TOWARDS COMPETITIVENESS

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Customer service management is a multi faceted area on any public service business. Customer satisfaction is most important criterion, which encompasses quality product and value addition through value evidence of what was implied to provide ultimate customer satisfaction. Customer (dis) satisfaction is cascading inn nature and requires building relationship of confidence and trust with utmost commitment, internal accountability and a sense of care of customer. The insurer must try to get closure to customer through 6 C concept and by implementing customer experience management by understanding customer's value propositions through all his interactions and give Weightage to more focussed methodology. The final issue for any business in the competitive environment is of knowing profit opportunities in managing services through tangibilisation, empathy and reinstatement of ones presence and performance by overcoming inconsistencies in customer service management in the organisation.

“You pay money and you take your chances”; “Let the buyer (customer) beware,” the age-old caveat emptor dicta initially akin to products, is still the buzzword in “Insurance Sector”. If it is general insurance, more so. If the public sector general insurance companies have to keep their stakes in the business and allow them not to be swept away by the entry of private players, with more responsive and convenient attitudes, the only shortcut is ‘quality service’. Insured, if not satisfied, is bound to test competitors. The new millennium in Insurance Industry has thrown the biggest challenge of handling ‘Customer Satisfaction’ & in turn ‘Customer Concerns’.

Customer Satisfaction in insurance means the use of a Policy product purchased for a cost, to the ultimate satisfaction of the buyer, when a claim is paid. The satisfaction is not fully achieved only when a product so purchased **gives its full use**, but it also stipulates that the product bought by the buyer *will give him the expected fruit* i.e., **peace of mind** during the product cycle when it is in use by the customer.

1.1 VALUE EVIDENCE

The present day customer buys his **ultimate satisfaction**, not the product (Kodak claims to sell.) Today's customer is an active seeker of **Value-Evidence** (Certificate, Policy, Prompt Service/ Full value.) He dwells more on promise of satisfaction made by agents/ brokers/ company advertisements/ assertions by Company/Industry/Regulator/ Legislature. The judgement of customer service is mainly on the basis of **‘what was asserted or implied’** about the policy product. Operational staff delivers this assertion done by marketing personnel at the beginning by issuing documents promptly, their behaviour at the time the consumer prefers a claim or seeks assurance of his service in any other manner. Therefore, any lapse on the part of operating office turns proactive

rather than preventive, and it affects the sustainability of relationship between the insurer and the insured customer.

1.1.1 (DIS) SATISFACTION A CASCADING EFFECT

It may affect *renewals* and consequent *loss of client, image of the company*, and finally the *profitability* i.e., bottom line of the company. One dissatisfied customer tells his perception/experience/grievance to eleven others who in turn happen to tell yet to another 5 each. One can imagine the ‘*cascading effect*’ of these ripples spreading dissatisfaction to sixty seven⁺. We need to save this adverse publicity through *word of mouth* and avoid incurring manifold increase in expenses, which is an additional cost incurred by the business, by losing so many customers and then trying to replace them with new clients. The saving on one lost customer needs to be looked in the light of acquisition cost of sixty seven⁺ potential customers who have been alienated forever **due to one adverse perception**, even though these were not on the insurers books. As per a US market study, a prospective customer costs 6 times more, than retaining one existing customer. The cascading effect of dissatisfaction is therefore 402⁺ times. Another study claims that 5% increase in retention of customers may save up to 18% cost. Therefore, all our efforts must be put in to retain a customer to achieve reduction in expenses of management.

1.2 BUILDING RELATIONSHIP OF CONFIDENCE AND TRUST

The satisfaction of Insured customer requires *building relationship of confidence and trust* between the buyer and seller. It is essential to build trust so that **the intentions of both the parties** are clearly understood by each other e.g. if an insured has paid premium against a proposal, mere issue of receipt without any narration (cover note/ Certificate of insurance) as to the specifications of the product intended to be sold, would not render satisfaction, prompt issue of the policy document and quick and adequate settlement of claim, would only create confidence in buyer about the product bought by him.

1.2.1 COMMITMENT

The building of confidence also requires that one should **build up the reputation**, that whatever is once said, is not unilaterally withdrawn in the garb of official red-tapism or other unforeseen constraints developing due to change in environment. The rules are always meant for internal consumption until they are not detrimental to the mutual interest of either.

The insurer must be held fully accountable for his promises made to public, more so when the insurer has already given a commitment through Cover note or a public commitment through *Citizen Charter* or industry commitment given by the Insurance Regulator by way of regulation of Protection of *Policy Holders Interest & promulgating code of conduct* on intermediaries (agents/ brokers) or facilitators like Surveyors & Loss assessors.

1.2.2 INTERNAL ACCOUNTABILITY

The natural corollary of building confidence to external customer requires that each internal customer (employee) must **accept accountability** for all the actions done by them or done on their behalf, whether it is improper treatment, breach of mandatory provisions, non-inclusion of warranties or conditions, charging wrong premium or overstatement by intermediaries at the time of pre sales and post sales both.

1.2.3 SENSE OF CARE

Moreover, confidence would be generated only if insurance companies' are **quick to serve**. Undue delay is an important reason of losing confidence by the insured in the words spoken by the insurer or his representative. The customer is the most wanted person on the insurers premises. Each employee of the insurance company from sub-staff to Chairman exists in the company on the simple premise "***to serve the customer, in whatsoever role has been assigned to any one***". Therefore, attending to potential, prospective, insured is the prime duty of each employee. The customer at no cost should go back unattended. We in Insurance business proclaim our selves to be a part of a family, which clearly insists that if one family member is absent, another or whosoever is present, should attend to his best of ability and see that the customer returns with the clear notion that "**He was adequately cared**". The **sense of care** is a vital tool in achieving customer satisfaction. An unattended or frustrated visit could bring discord and a feeling of repulsion, which may in turn rupture the thin cord of mutual relations developed due to the insurer-insured relationship.

The insurers role pre-envisages the instinct of sense of care, building of confidence & trust. The claimants' morale is already low due to economic or personal loss sustained and happening of a fortuitous event. The insurer is, therefore, under greater degree of duty to assuage insured's hurt feelings and attend to his needs promptly, efficiently, actively and courteously.

Good human relations can be built up when we keep in mind the motives and desire of other people as given here under:

- a) To be treated courteously: we must respect human dignity whether the customer is Managing Director of a corporate group or merely a cattle owner.
- b) The customer must get a suitable environment to accomplish the job for which he has come at our doorstep.

A sense of care, concern, trust and confidence must be present on the insurers premises. There should not be any display of complacency and lack of sensitivity in the employees towards Customers. The customer needs to be served promptly, efficiently and effectively. As a Public Sector Insurer we should not lose sight of our "goal of social service, spreading of insurance to every nook and corner of our vast country and to help distribution of economic wealth to one and all". Our job exists to serve the customer at the right time, to serve him with courtesy, magnanimity and sincerity.

In our industry, it is sell, sell, sell. **and-oh-yeah** give good service, too. But that is as an after thought only. Does this not point to our failure, to properly define and reinforce the *service role of employees*? The result we see today is, “Growth with lot of question marks on service”, though motto¹ is: “**SERVICE GATEWAY TO GROWTH**”.

1.3 GETTING CLOSER TO CUSTOMERS

A common assumption is that “**the front line personnel understand their customer priorities by virtue of regular customer contact**”. Our front line contact persons are mainly agents, Brokers, Companies Sales officers, underwriting/claim assistants, cashiers in office, besides sub-staff and other executives etc. This front line staff interacts 90% of time with the customers, mainly interacting outside any direct supervision. These ‘*moments of opportunities*’ (the time to perform) for our organisation are in reality (Richard Norman’s high impact interactions at Scandinavian Airlines) ‘*moments of truth*’, for the customer to feel the service. This desires full accountability of the front line staff present for interaction on behalf of the insurer. The Insurance Company has to provide a *proactive response* towards their customers in day-to-day actions while extending services, for being considered as having given effective and efficient service.

1.3.1 CORPORATE CULTURE – CONCEPT OF 6 “C”

The author feels that an Insurance service company’s corporate culture should be based on 6 “C” – **Communication, Cooperation, Cheerfulness, Credibility, Challenge and Continuity**. The Company must welcome the insured to speak on the basis on these 6 “C” to the employee who has been serving him, if he is not happy with the service provided by him or any of the company’s agents or associates or any other matters that they are not satisfied with. Only after availing the response the customer should be directed to use formal mechanism. The customer interactions with a company form a critical part of value of customers perceive.

1.3.2 CUSTOMER EXPERIENCE MANAGEMENT

Theoretically, ‘*Customer Experience Management*’ appears disarmingly similar to ‘**Customer Relationship Management**’, which should be a *business strategy* to improve long-term loyalty. CRM nevertheless, in practice is an *information-driven approach to customer analysis and process automation*, while CEM concentrates on the *customer value proposition and includes all interactions*, not just those that can be automated. The focus, therefore, must shift to understanding gap between the experiences customer are receiving vs. those insurance companies think they are delivering, if we want to address the roots of customer satisfaction. With quantitative data from two CRM guru surveys on CEM it has been concluded that managing experiences well can, indeed, boost business performance. Companies that lead in CEM effectiveness as measured by CRM Gurus 25 question assessment generally also achieve double-digit revenue and profit growth.

1.3.2.1 METHODOLOGY FOR IMPLEMENTING CEM

The objective of bringing employee and customer together is to build a positive attitude and empathy amongst employees, towards customer and to create effective and prompt response towards customers. The way out for employees to achieve this is by “*getting closer to customers*”. The insurance companies must give Weightage to following aspects:

- ***‘Listen to customers’*** viewpoint at every stage from end to end.
- ***‘Obtain customer feedback’*** through employees-customers meets. Exposing employees to have first hand experience of client by arranging visits along with field staff.
- ***‘Identify and fulfil unarticulated needs’*** of the customer to provide excellence in service.
- ***‘Understand of psychological needs’*** which cause mismatch between the perception of the customer and the employee.

A concerted action should be initiated to minimise the gaps by increasing tangibilisation of services, in lieu of intangible promises doled out by the insurance policy. The insurance customer needs:

1. Prompt and accurate issue of document.
2. Prompt and fair settlement of claim.
3. Good listening mechanism
4. Better problem solving approach
5. Reliable manner of service
6. Meet customer’s requirement ***on time every time.***

If each one starts striving for customer satisfaction, as a step towards competitiveness, we shall soon be identifying ourselves with creating Customer Delight rather than mere customer satisfaction. Customer Satisfaction is a key factor in the formation of an effective and vibrant organisation, with *caring, committed and empowered people*. This new thrust & innovativeness, is key to competitiveness.

1.4 PROFIT OPPORTUNITIES IN MANAGING SERVICES

Winston Churchill once said, “one must always look ahead, but it is difficult to look further than one can see”. In the current liberalisation era we have little option but to strive for customer satisfaction and competitiveness for bare survival. Professor M. L. Agarwal of IIM-Lucknow in his studies on ‘Customer Relationship Management’ has identified five profit opportunities in managing services:

1. Greater intangibilisation
2. Customer co-production
3. Pace based services
4. Cyber services
5. Mass customised services

The emerging need of insurance customer is ample evidence of changing customer profile and their expectations. The competitive advantage can be achieved through net-based delivery channels. The Insurance Regulator has amply demonstrated by implementing the licensing of agents/brokers/companies through web. One PSU has issued an e-sugar Policy to Sugar Stock Exchange, being serviced on Web Technology based competition, with cyber-based services. The interactive response system is an important tool in emerging scenario to achieve competitive advantage in the organisational effort to sustain. The insurance mall.com has opened up true competition among insurance companies whether private or public, in product quality and price vis-a-vis availability at the doorstep of the consumer.

The insurance industries business is so enormous that the negative effects of technological competition are considerably nullified, if the Public Sector Insurers start relying on the strength of their core competencies viz., a) existing employees b) huge network of offices, c) loyalty of customers and d) strong bond between customers and employees e) approach to problem solving as against dispute resolution.

The competition has been tougher in the last 5 years and more of the same is expected in the next 5 years. Competitiveness requires special emphasis in two areas while achieving customer satisfaction.

1.4.1 TANGIBILISATION OF SERVICES.

How to work with customers & attend to queries i.e. *tangibilisation & empathy* should be given priority. The dress, manner of speaking by employees, writing and issue documents also enhances tangibilisation process.

- Phone call attending: It should be done courteously instead of saying that so-and- so is on leave or is away from his seat. We must find the reply from the concerned person and it should be complete and ensure calling back by appropriate person.
- Visit of client: The client needs to be attended like a friend giving him a seat and a glass of water. One must empathise with the client in his moments of distress caused due to his sustaining loss. Do we not expect the same treatment for ourselves? We must also ensure that he is not made to visit office for the same reason again & again and that his interest is attended to on top priority. How many clients do we receive every day? With all knowledge and tag of highly paid educated employees can't we attend a visitor adequately?
- All enquiries need to be attended promptly.
- Any complaint must be handled with fairness and we should not try to hide behind legality & technicality, which in any case the consumer is not aware of.
- The customer also needs to be understood by listening him properly. We can create an Appellate mechanism as in Income Tax department to review the decisions of our operating offices. Second step to appeals is to go to legal department for initiating appropriate steps governed by protecting the interest and image of the company. Grievance in itself has a negative connotation and unless extraordinary precaution are taken results in disputes fought in court of law resulting in total alienation of the

customer for ever, as he loses trust in the insurer's ability to protect the interest of the customer.

Good service is vital; however, at times other factors tend to be ignored at customer's expense. These are things such as the ergonomics of the environment, the hygiene and even the general aesthetics. Physical infrastructure that caters for people for special needs for example is overlooked area. Facilities for customers (external or internal) who have to wait a longer time such as heaters/air conditioning, comfortable seating. In Insurance presentation and setup of Cover note, Policy document is important to customer besides the treatment he receives during his visit to office.

1.4.2 REINSTATEMENT OF PRESENCE AND PERFORMANCE:

The insurers have shown scant regards to insured's woes. In the current competitive scenario Insurance companies must be proactive in providing risk management and claims counselling services to live the dictum of "**pay if you can and repudiate if a must**". The customer Services departments must be transformed into customer counselling departments to reinstate the presence and performance.

The vision report titled '2016: the Future Value Chain' published in 2006 by the Global Commerce Initiatives, Cape Gemini and Intel describes the trends & developments that will impact the consumer products and retail industry over the next 10 years, with consumer behaviour being a key driver of these changes. In the new report of Cap Gemini's "Future Consumer" the opportunities areas identified in "2016" study need to be anticipated as number of dimensions. The main hypothesis stemming from 2016 report includes following:

1. Health & wellness being the key factors influencing the consumer behaviour, if companies can address this need they are bound to make profit.
2. Sustainability aspect shall be given more consideration in the buying decisions of consumer. This will be an input for public opinion & personal judgement.
3. Entering into true dialogue by consumer with readiness to provide relevant information i.e., value personalisation. This will be possible through customised communication and 2-way dialogue by value personalisation.
4. Online channels to grow increasing demand for home delivery. This will require service provider to generate personalised products and be able to deliver, by extending distributional channels to consumer's home. The provider will have to consider new integrated approach, and be open to new ways of working driven by consumer by involving consumers in R7D and innovation of products. This will lead to changes in key roles in marketing and communication and pretensions to influence purchase decisions

The insurance policy is an intangible promise to pay in time of happening of an event but it also promises reliability, trust, assurance, competence, empathy, responsiveness and tangibility.

➤ **RELIABILITY** Ability to perform promised services.

- **TRUST** About quality of product.
- **ASSURANCE** Capability of delivering the promise with accuracy, adequacy i.e., ability to inspire trust and confidence in customer.
- **COMPETENCE** Knowledge of product.
- **EMPATHY** Courtesy by employees towards customer i.e., (how do they wish to be treated themselves)
- **RESPONSIVENESS** Willingness to help / provide prompt services and
- **TANGIBILITY** Appearances of facilities, personnel, communication material etc.

The gaps in the perception of these perceived service quality between employees and consumer gives rise to customer dissatisfaction. It affects quality of service / image of insurance company & its employees and in finality affects ultimate business prospects i.e. profitability.

A survey by General Insurance Corporation of India (holding company of 4 PSU's in 1994-95 based on over 20,00 feedback from employees and customers, had identified following service quality gaps causing customer dissatisfaction:

1. Responsiveness & Empathy (lack of inter group empathy).
2. Reliability & Assurance (lack of sense of belongingness) Trust.
3. Tangibility (lack of empowerment).

The survey has clearly revealed perception gaps in the area of:

1. Visual appeal of document and office.
2. Product knowledge and adherence to promises.
3. Responsiveness and dependability.
4. Error free records and empathy.

Service standards are customer's expectations stated in a way that is meaningful to employees. Only these "service standards" can bring a customer focus into employee's day-to-day work reality, the real work situation of service delivery, leading to customer satisfaction.

1.4.3 INCONSISTENCY IN SERVICE

One of the biggest complaints in the area of service is 'inconsistency'. Particularly in Public Sectors like banking & insurance, the views of the customers vary significantly because one customer's experience differs generally from the next. This inconsistency is usually nothing more than attitude of the service provider, lack of management of their employees moods, discrimination and choosing to favour certain customers over others, and generally, aspects of service that can be managed by demonstrating a positive attitude. Inconsistencies may be a result of different service experiences from the same

staff complement. It could also be inconsistency among staff where service by the Field Officers does not match with the service received when one gets to the insurers office.

No pretentious proportions will lead to bountiful benefits. The reliability in its great people is an organisations greatest asset. Therefore the first and foremost point is to invest in getting the 'right people for right job' and thereby, minimise costs and risks the company entails by sending them on endless training courses that will simply not work. Insurance organisations tend to talk wildly about complaints procedure(s) they have and the fact that the door is open for customers to voice their complaints. The redressal of Public Grievance Rules 1998 permitted the Companies to avail exemption from the applicability of the mechanism, if they can demonstrate to have a viable grievance redressal system. It's disheartening to note that not one PSU has sought the exemption in past 10 years. Often the complaints are of the same type. The endeavour should be that if a complaint has happened once it should not repeat again. It is desirable to manage the customers experience from the beginning. The vision statement must be more than a wall hanging. It should be visible and a working policy of any company. Whether the Company and its each employee live up to the vision statement? If a company in its performance can't match the vision, there is no reason why the company should display vision as a public document.

If a company has a Vision statement or Citizens charter or industry regulation like Protection of policy holders Interest regulations, applicable to insurers, each one in the company must make sure that it is delivered by each employee of the company irrespective of the capacity in which one works. Half the battle in the service industry is in ensuring that the staff are informed and are the right fit and are monitored regularly. The other half is what incentives the Insurance companies tend to provide to facilitate the service providers, managing the service delivery? Most of all is there a battle at all or are we sitting and waiting for the other side to sort themselves out? Are there any real challenges in customer service management?