Chapter VIII - Recommendations

8.1 Policy Holders

Awareness about the terms and conditions & various schemes of the general insurance policy

There is a mixed response from the respondents at all levels in all the categories. The respondents are not confident about their response. Whatever may be the case, the policyholders need to understand that it is in their own interest that they know the terms, conditions and the schemes of the policy. They should read the policy documents carefully in their own interest. The General Insurance Companies can also arrange the workshops for them and try to keep the policy document as short and simple as possible, also the language has to be kept simple and understandable by one and all.

Monopolistic situation of public sector general insurance companies before globalization

The Public Sector General Insurance Companies have to take serious note of the situation that their monopoly has ended and they now compete with private companies. They should come up with innovative ideas, products, technology etc. to take on the competition. They can make use of their image, government support, infrastructure, and experienced staff to face the private sector general insurance companies.

Aggressive marketing by private sector general insurance companies

It is recommended that the public sector general insurance companies too adopt aggressive marketing. Like private companies, they could start door to door marketing. They should remove the loop holes like procedural delays etc. They
have to think out of the box and come out with innovative products for policyholders.

**Higher rates of comprehensive policies**

At ‘all policy holders’ level, 65% respondents say that the tariff rates for the comprehensive policy are very much on higher side, followed by 71% in other category level, followed by 65% in the occupation class. It would be better for the PSGIC to become more efficient and productive.

**Reliability of the Public Sector General Insurance Companies**

Majority respondents at all the various category levels, viz. education, occupation, income groups including ‘all policy holders’ levels, say that the public sector general insurance companies are more reliable and the percentage for this is in the range of 67% to 93%. It is recommended seeing this overwhelming response, that the Public Sector General Insurance Companies should make all the efforts to be worthy of the belief and faith of the people and further try to improve their brand image.

**Duties, functions of IRDA, duties of agents and their knowledge, calculation of tariff & premium rates, procedure of settlement of claims etc.:**

It is seen that most of the respondents are not really aware about the duties of IRDA, agents and also not much aware about the calculation of insurance premium rates and the procedure of settlement of claims either. As has been recommended earlier, the people have to take efforts to these things for their benefit and in their own interests. It is however, also recommended that the IRDA has to take the responsibility, they have to educate the masses for this. Media can play an important role in this endeavour.

**On litigation against the general insurance company for non-settlement of your claims**

It is observed from various levels in the various categories, the percentage of respondents who have never gone into litigation against the general insurance company for non-settlement of your claims is very high. In the ‘all policyholders’
case it is 93%, 97.33% in case of students policyholders and even 100% in case of income group level of 3 to 4 lacs. It seems customers are happy with the companies, may be because of transparency. The welfare of people is the motto of these companies, they think of policyholders and it is recommended that they have to always keep this in mind and serve customers better. On the other hand, because litigation is a long drawn out process in Indian courts, policyholders could be averse to taking legal action.

**Majority of respondents always prefer to deal with General Insurance Companies through Agent only**

Overall 65% respondents agree to this. It is seen that in the category of education wise 96%, in occupation category 65% and in the income group category 66.65% respondents agree to this statement. It is the agent who goes door to door to offer services and not the company. The agents are the people who get the business for the companies. It could also be the case that Public Sector General Insurance Companies do not have a customer friendly image or reputation.

It is therefore, recommended that the public sector general insurance companies should increase the number of agents to cover maximum areas as well as the customers.

**Poor awareness amongst people in India about the General Insurance**

Overall 84.33% agree, all the HSC and Ph.D. holders agree to this, others in education category 85% agree to this. The percentage in case of occupation wise and income group wise is 84.33% and 82.86%. A huge majority agree to this. Increasing awareness is in the interest of both the customers as well as companies. To increase the awareness, it is recommended that the general insurance companies should design a short and simple policy document easily understood by all. The policy document should be compact and should have clear wording and not be vague. The public sector general insurance companies are printing policy documents in English and Hindi only. Instead of this it is
recommended that they should also print the documents in the local language, i.e. the language of the respective states.

**Credibility of the agents**

Overall 51.33% have not checked up the credibility of their agent. 77.78% SSC, 83.33% HSC have not checked up, but 55.49% PG holders and 100% Ph.D. holders have checked up credibility of their agent.

It is recommended that the general insurance companies should check the biodata of the agents, their experience, his previous work, certificates, and any appreciation letters and then they should appoint them as their authorised agents. The companies also should issue visiting cards to them and authorization letter. The list of such agents should be displayed in the respective companies at conspicuous places. They should put this list on the Internet as well. Also the customers should be asked to submit their papers along with the agency license of the agent issued by the company to the agent.

**Fierce competition of all General Insurance Companies**

Overall 88% respondents agree to this. All the SSC, HSC, Graduate, Ph.D. holders agree and 85.98% PG holders agree to this. In the education category, 88% agree to this and if seen from income group wise, 89% respondents agree that there is fierce competition between General Insurance Companies. Competition is fierce as monopoly of Public Sector General Insurance Companies has ended. It is recommended that because the Public Sector General Insurance Companies have very good infrastructure, should use the experience, capabilities and expertise of their staff to compete effectively with the privates sector.

**Change of Public Sector General Insurance Company for some reason**

Majority of respondents have responded that they have never changed their insurance companies. If the company is changed, the benefits are lost. Another reason could be that they are happy with their companies because of no
disputes. It could also be policyholder-inertia. Human beings are loath to make any change if they can avoid it.

It has to be stated here that the Public Sector General Insurance Companies are thinking of “company portability”, but the law has not been enacted so far. It is recommended that Public Sector General Insurance Companies have to always keep this in mind and improve their quality of service further if this is to be avoided.

**Income tax rebate on Mediclaim policy**

It has been observed that most of the respondents are not aware that income tax rebate can be obtained only on the Mediclaim policy and on no other policy. It is recommended that the Public Sector General Insurance Companies should highlight this sentence in their policy documents and also advertise this through media in the interest of people as most of the people are interested in getting rebate in income tax. More number of people would certainly come forward to buy Mediclaim policies for saving on income tax.

**About the policy document**

It is recommended that the policy document should not be too long as to lose the accuracy nor should it be too short thereby missing out on key points and it should be simple to understand. Almost 85.33% respondents agree to this, followed by all the PH.D. policyholders, by 89.89% in the education category and over 80% at all levels in all other categories.

**Grievance redressal system at offices of Public Sector General Insurance Companies**

Majority of respondents at ‘all policyholders’ level and also at various levels in different categories are not aware of the grievance redressal system even though this is written in the policy document. It is also mentioned here whom to approach in case of any dispute. The policyholders must read the document carefully and note the contents therein. It is recommended that the Public Sector General Insurance Companies should have help desks in their offices. They also should
appoint Public Relations Officers in their offices, who will guide all the agents as well as all the customers accordingly.

8.2 Management

Liberalisation has affected the General Insurance business

A majority of 69.34% at ‘all management’ level followed by 53.34% respondents from top management, 62.97% from middle management and 78.59% officers have responded that liberalization has affected the general insurance business. To face the changed situation, it is recommended that the management of these companies should use advanced technology. For example, they could start core insurance on the basis of core banking to provide all services under one roof etc. It is also recommended that they should start giving SMS services to the customers to inform about the validity, status etc. of their policy.

Level of competition of Public Sector General Insurance Companies with other General Insurance Companies

At ‘all management’ level, 88.66% say that the level of competition of their company with other general insurance companies is very high. 95.30% respondents into management, 85.18% in middle management and 85.11% in officers’ level are also of the same opinion. At various levels in all the categories, more than 80% also feel the same way. This is but natural. It is felt that the Public Sector General Insurance Companies should study the working of Private Sector General Insurance Companies and improve their own working style.

Some of the corporate business of Public Sector General Insurance Companies has gone to Private Sector General Insurance Companies

Over 75% respondents at all levels in all the categories say that some of the corporate business of Public Sector General Insurance Companies has gone to private sector general insurance companies. It is recommended that the companies should introduce competitive tariff and premium rates. They should also try to reduce the overheads and increase the productivity. They could get
back the business which has gone to other companies by increasing marketing efforts, for example.

**In which area is there a greater awareness about the general insurance business**

At ‘all management’ level, 86.67% respondents say that there is a greater awareness about general insurance business in urban areas. Equal percentage from top management category agrees to this, 85.19 from middle management and 89.29% officers also agree. 84% male respondents and 92% female respondents also agree. It is recommended that these companies should increase number of agents for rural areas, educate people. Rural areas are the untapped market. GICs need to tailor their products to needs of rural India. Apart from the standard products, new products such as agriculture insurance, insurance against crop failure, etc. could be developed The agents should also concentrate on rural areas and should reach villages for this matter. The companies should also check the possibilities of opening branches at villages.

**Because of system of de-tariffing of premium rates and discounts the business of general insurance companies have been affected.**

At ‘all management’ level, 82.67% respondents agree that because of system of de-tariffing of insurance premium rates and discounts the business of general insurance companies has been affected. 73.34% respondents from top management level, 77.78% from middle management and 89.29% officers agree to this. For overcoming this problem, the companies should increase the volume of their business. They should also introduce new products in the market.

**The entry of brokers has affected your profit margins.**

A majority of respondents, 58.67% at ‘all management’ level, followed by 46.67% respondents in the top management and also majority of respondents at other levels, say that the entry of brokers has affected their profit margins. It is recommended that the companies should ensure that brokers adhere to the
premium rates set by the companies. Further, commission rates could be negotiated.

**The surveyors appointed by you are all loyal to your Company.**

Majority of respondents say that they neither agree or disagree to this statement. While it is very difficult to say that the surveyors appointed by the company are all loyal to them, the code of conduct requires that the surveyors are objective and loyal to neither the company nor the policyholder.

**The rotation/ transfer policies of the Public Sector General Insurance Companies are complicated and not acceptable by majority employees**

Overall 80% female respondents say that the rotation/transfer policies of the public sector general insurance companies are complicated and not acceptable by majority employees. 60% male respondents also agree to this. At ‘all management’ level, 68% agree, at top management level, 60%, at middle management level, 70.30% and at officers’ level, 67.85% respondents agree to this statement. It is recommended that the companies should have a flexible policy and reshuffle the employees and not transfer to other cities. They also can rotate their employees for other types of work. If at all transfers are inevitable, the transfers should be local and not to other cities.

**Because of globalization there is ever increasing competition.**

High majority 93.34% of respondents at ‘all management’ level, 93.33% in top management level, 88.88% middle level management level and 96.43% in officers’ level say that because of globalization there is ever increasing competition. All the 100% female respondents and 90% male respondents agree to this statement. In the income level of 2,00,000 to 3,00,000 lakhs and 3,00,000 to 4,00,000 lakhs, all the 100% respondents also are of the same opinion. It is but natural but at the same time, the public sector general insurance companies should take the benefit of their infrastructure. They should take the competition as opportunity to improve their working.
The existing business is getting rotated amongst the insurance companies.

Majority of respondents say that the existing business is getting rotated amongst the insurance companies. It is recommended that the public sector general insurance companies should try to issue the policies and rates as required by the customers. While doing this, these companies should also offer them good service. The PSGICs should break out of this cycle and because there is still and untapped urban and rural market, they should become more aggressive to win over potential customers.

Settlement of claims by private sector companies is faster compared to public sector general insurance companies

Most of the respondents say that the settlement of claims by private sector companies is faster compared to public sector general insurance companies. In public sector general insurance companies, there are various levels of authorities. They are at regional level, zonal level etc. It is recommended that the public sector general insurance companies should delegate the authority, approving authority etc. to avoid delays in settlement of claims. These companies should review the old rules and change them to conform to the changing business environment.

Most of the employees are not fully aware about the IRDA, its duties and functions etc.

At ‘all management’ level, 66.66% respondents are of the opinion that most of the employees are not fully aware about the IRDA, it’s duties and functions. 66.67% top management, 59.26% middle management level and 71.70% officers say the same thing. The public sector general insurance companies should train the employees, which can be done in-house the management people or externally as well by experts.

Training and Development of the employees

There is overwhelming response from the respondents and they say that the training and development is a must for employees. Any training and development
programme for the staff will help PSGICs face the competition more efficiently and effectively. Respondents are also of the opinion that better trained and committed staff will help in getting more business in view of the stiff competition. This is but natural and the companies should start the training and development workshops for their employees, if not already done. The internal as well as external experts can be appointed for this purpose.

**Giving loyalty/no-claim bonus on policies will boost insurance business.**

At all managements’ level, 64% say that giving loyalty/no-claim bonus on policies will boost insurance business by retaining customers who could otherwise take their business elsewhere. In the top management level, 53.33%, in middle management level, 77.78% & in officers’ level, 60.71% respondents agree to this. This is because at present the customers are not getting any loyalty/no-claim bonus on any policies. Once the premium is paid it is gone from their pocket. They get rebate in income tax only on Mediclaim policy and no other policy. If the public sector general insurance companies start to give such benefits on other policies, definitely the business would increase.

**About the merger of all the four public sector general insurance companies**

Majority of the respondents from ‘all management’ level and also respondents at various levels at other categories are of the opinion that business of the public sector general insurance companies would increase if the merger of all the public sector general insurance companies take place. This is true as the inter-public sector company competition between them would stop. They can compete with private companies with their united force. They can use their manpower in a better way. There also would be uniformity in their working and with all this they will be able to take up the competition with private sector general insurance companies in a more effective manner.