CHAPTER - 8
CUSTOMER SATISFACTION AND PROTECTION, AND REGULATORY INITIATIVES

8.1 Introduction:

The previous chapters explained about meaning, terminologies, related intermediaries, market leaders from public and private sector & their health insurance products, customer view point about different aspects of health insurance etc. Now the current chapter will take a look about customer protection, innovative products, and steps taken by regulator for betterment of health insurance industry.

8.2 Customer Satisfaction:

Being a services industry customer and customer satisfaction is of utmost importance. The dealing of insurance companies today, starts with customer not with product or sales etc. and it finish with customer satisfaction which the customer got from services provided by the insurer. Customer today is more informed, curious, aware and demanding. Customer wants the products which suits his need at the same time services with full of qualities. So everywhere there is customer hence it is a main motto of the insurance companies to satisfy the customer to their demanding extent.

In Indian health insurance market during pre liberalization period the four public sector companies was in monopoly position hence there no importance was given to customer satisfaction but after liberalization due to entry of private player a free competition blows in the market hence companies starts to consider the importance of customer in the market.

Today customer satisfaction is of great importance as it decides profitability of the companies. The question is how? It is because of retention of existing customer in long run and cost management, as both give profit to the company in long run. Along with targeting on new customers the insurance companies are trying to satisfy their existing customer so that in return the companies can have loyalty from customer side and probability to switch to another insurer can be minimize.
It has been stated in various researches that a dissatisfy customer spread the negative image of the company among his group hence company loss not only the current customer but the prospected customer also. Hence the more the satisfy customer, the more loyalty from customer side will come, and new proposal also can be converted into the policy easily and without making more physical and economical efforts, as the existing satisfied customer works as a promotional component among their social group for the company.

**Importance of Customer Satisfaction in Health Insurance Industry**

In the competitive era if an insurer wants to survive in the market the he need to satisfy his existing customer first so as to profitability of the company can be maintained.

Demand of customer keep changes with time, if an insurer know about these changing demands on time then a market for new or ancillary products can be generated without making more efforts. But it happens when customer is satisfied and open to his insurer.

Growth of the market share is possible when existing customer are happy with insurers, because these customer is an indirect means to convey good image of company to the prospected any needy customers.

Due to remaining in continue contact with customer an insurer may know about needs of customer hence develop new products and services specifically to meet the demand of customers.

An insurer with satisfied customer base always remains in position to give tough competition to his competitors.

It helps to improve quantitative and qualitative aspects of product and services.

**8.3 Customer’s Issues with Health Insurer :**

In this research, through questionnaire, we tried to find out the problem of customer which they ever felt regarding their Health Insurance Policy/Insurer/TPAs etc. Some common issues of the customer are:

- Incomplete information about product details.
Incomplete knowledge of document need to be enclosed at the time of buying the policy and claim process.

Delay in delivery of policy documents, Health Card etc.

Do not give proper information about deductibles applied on the policy.

Undue delay to process the claim due to company’s internal formalities.

No clear response towards the queries.

Irresponsible behavior of company’s personals is highly irritating.

Being a senior citizen, plans are very specific and expensive and companies try to avoid insuring senior citizens.

Insurer charge extra premium for some disease when it detect in between policy period.

Due to delay in liaison between Insurer, TPA, and Hospital, preauthorization for cash less also delays hence some time customer have to pay himself even after having cashless facility.

8.4 Customer Protection and Grievance Settlements:

As we know that insurance is basically services based industry where customer expect higher standard of services from insurer, right from taking the policy to taking the claim if any. For providing protection to Indian consumers against malpractices and gullible brokers who are out to fleece the customers by raking in quick profits, IRDA has been made several arrangements like appointed of Ombudsman in India, Issued Guidelines for set-up of Grievance Redressal Mechanism, Policyholder Protection Committee etc. Details are as follows:

8.4.1 Insurance Ombudsman:

The institution of Insurance Ombudsman was established by a Notification of Government of India dated 11th November, 1998. The main purpose of establishment of Insurance Ombudsman was quick disposal of the grievances of the policyholders. IRDA has set up Ombudsman offices in 12 cities in India. This institution is of great importance to protect the interests of policyholders in whole system.
What all Complaints can be made to IO:

A harassed insurance policyholder can fight for his rights. He just needs to approach Insurance Ombudsman if his grievance is related to any of reason enlisted below:

- Dispute regarding premium paid/payable or any term and conditions of policy.
- Delay in claim settlement, partially or totally rejection or excessive deductions in claim.
- Dispute relates to policy wordings, which affect his claims.
- No receipt of Insurance policy/other document after paying of premium.

A policyholder need to make a complaint in written, duly signed contains name and address of himself, information relates to insurer, reason of complaint, nature of loss and expected relief from insurer etc, and submit it to the office of IO.

Disposal of Complaints by Insurance Ombudsman

A. Recommendations made by the Ombudsman:

IO may make recommendation within one month from the date complaint and sent copy of this to the complainant and the insurance company. If recommendation accepted by complainant, he will sent his acceptance in written within 15 days to the Ombudsman. Copy of the recommendation along with the acceptance letter will be sent to insurer, who has to inform the Ombudsman about its compliance.

B. Award:

If recommendation is not accepted by insured than Ombudsman shall suggest an award (amount) within the three months from the receipt of the complaint and copy of the same will be sent to insurer and insured (complainant). Insured has to reply for this within a period of one month from the date of receipt of the award. If insured give his acceptance than insurer has to comply with in 15 days and inform to the Ombudsman.
8.4.2 Set-up of Grievance Redressal Mechanism by Insurer:

As per Regulation 5 of IRDA Regulations for Protection of Policyholders Interests, 2002 which is regarding speedy and effective grievance redressal systems, IRDA issues guidelines to setup Grievance Redressal mechanism by insurance companies.

Grievance Redressal System/Procedure – Every insurance company in its each office has to establish a systematic policy & procedure for receiving, registering and disposing of grievances as per guidelines. The insurers shall ensure that the following minimum time-frames have been adopted in the company.

- When complaint received, the insurer will have to send a written acknowledgment containing grievance redressal procedure and time taken to settle the grievance, within 3 working days of the receipt of the grievance to insured..
- If complaint resolve than Resolution along with the acknowledgment shall be sent, within 3 days to insured.
- If the grievance is not resolved within 3 working days, an insurer shall resolve the grievance within 2 weeks of its receipt and send a final letter of resolution of redress or rejection following the reasons to the insured.

Any failure on the part of insurers to follow the above mentioned procedures and time-frames would be a reason for penalties, apply by the IRDA.

8.4.3 Policy Holder Protection Committee:

As per guidelines of IRDA each insurer shall set up a Policyholder Protection Committee which will be directly responsible to the Board. The Committee should have responsibility to set up proper procedures and effective system to address grievances of policyholders, and ensure access of policyholder to the mechanisms. It also responsible to make sure that all the material information discloses to policyholder and make arrangements for periodic review of whole mechanism and complaints.
8.5 Regulatory Initiatives for Betterment of Health Insurance Industry:

As it explained in chapter 1 and 2 that health insurance industry was nothing before liberalization as there was no specific mechanism/rules/regulation to regulate the Health Insurance segment. After liberalization, in the year 2001 IRDA passed Third Party Administrator regulation to improve service aspect of insurance industry, this step proved fruitful specifically to health insurance industry. The main problem to distribute/sell the insurance product was trust. To build up trust and generate responsibility, government passed regulation on insurance brokers and corporate agent in the year 2002. To make the health insurance market more competitive government allowed the stand alone health insurers in the market from the year 2006. From January 2007 government introduced Free Price Regime or De - Tariffication which enables the insurers to design new and innovative suitable products to sustain in the competitive market. Some other initiatives taken by IRDA in recent past for betterment of health insurance industry are:

To boost Financial Strength and Technical Expertise:

For this the IRDA has been proposed to raise foreign equity participation to 49% from 26%. In this regard an amendment bill has been introduced in the parliament. The bill also proposed to give permission to foreign reinsures to open their branches only for reinsurance in India. Increase FDI will boost a new energy in insurance sector.

For More awareness & relevance:

To increase awareness regarding health insurance, GIC and the IRDA launched a comprehensive marketing media campaign. It's main aim to boost awareness across different segments of the population.

To Boost Penetration:

Penetration can’t be increased with out availability and reach of sufficient and trustworthy distribution channel. For this IRDA already issued guidelines to Broker and Corporate Agents to sell Insurance products. Specifically to health insurance segment IRDA allowed to standalone health insurers to distribute their products to bank customers. By tying up with banks the health insurance
companies will be able to tap more and more customers and widen their presence in tier II and III cities.

**Boosting uniformity:**

People feel hesitant to buy health insurance policy due to several confusions and different meaning of policy wording of different companies. For reducing such confusion and ambiguity IRDA has created ‘Health Insurance Standardization Guidelines’. Under this IRDA standardized the 46 most commonly used definitions/terms/conditions in health insurance policies. It also defines 11 common critical illnesses covered under various health insurance policies in India. These guidelines has to be strictly followed by health insurers.

**Health Insurance Forum:**

The insurance regulator IRDA passed an order on Feb 2012 to set up Health Insurance Forum for effective dialogues between hospitals, insurers, TPAs and end consumers. This forum will be consultative body which helps the Insurance Regulator to evolve regulatory changes which would be beneficial to all stakeholders in the health insurance segment.

The Health Insurance Forum is expected to perform the following functions:

- To aid, advise and assist IRDA in evolving regulations relating to health insurance in India.
- To facilitate the creation and adoption of standard processes in the health insurance industry.
- To help IRDA in collecting, maintaining and disseminating data required for efficient conduct of health insurance business.
- To act as a consultative forum between insurance companies and other stakeholders.

The new **Health Insurance Forum** is a representative of all stakeholders in the health insurance segment - insurance companies, end consumer, hospitals, TPAs, IRDA, hospitals and many more. The forum is expected to held meetings at least twice in a year.
Health Insurance portability:

Before the implication of Portability, if a customer who is not satisfied with an insurance company and wants to change the insurer by transferring his policy, he was treated as new customer by latest insurer and all the benefits he accrued on his policy at earlier insurance company would stand nullified.

Health Insurance has become portable from 01 October 2011, now insured can move to another insurance provider and carry along all the credits, gained for having been loyal.

In simple insured can switch from one insurer to another without losing out on accumulated benefits.

Considerable 5 points for Porting:

- The existing policy must be valid for at least 45 days or more otherwise the application for portability will be rejected.
- The portability is only applicable for the sum-insured under previous policy.
- Portability is applicable only for individual health policies.
- Before make an application for porting insured must be clear about all the terms and conditions of portability.
- Insured should not port to save money on premium.

Financial literacy and Consumer Education initiatives:

The financial literacy and consumer education initiatives are aimed at ensuring that the customer is well informed and financially educated while purchasing insurance products. During 2011-12, IRDA has carried out awareness campaigns in English, Hindi and vernacular languages through print and electronic media. 'Bima Bemisaal' is the brand name for IRDA's insurance awareness campaign. It is a consumer education initiative and has the tagline "Promoting Insurance, Protecting Insured". The Authority has declared its formation day “19 April” as Insurance Awareness Day. IRDA’s consumer education website also spreads the message about the need to have insurance through comic strips and other consumer-related information.
8.6 **Product Innovation:**

Health insurance industry in India is in its developing stage and have a bright future in coming years specifically because of medical inflation which is running at double digit and there is no hope for any reversal in it in near future, and huge untapped market. All the insurers want to cash these opportunities and for it they are making continuous efforts, one of them is Product Innovation. As per the changing dynamics, different type of customer belongs to different section of society, changing disease pattern, different income level, etc. companies are developing different kind of products, which can be suits to the needs of the customers. Companies are doing product innovation and are launching different variety of products in the market to reach up to every type of customer, to acquire them and finally for increasing their market share. Some of the examples of product innovation are:

**Combination Product:** This is also known as Hybrid Product in which combination of health insurance and life insurance available under single policy. Such type of product has been developed by Shriram Life Insurance and Star Health and Allied Insurance in India by the name of Star Shri Individual Care Insurance.

**Critical Illness cover:** Some insurer makes provision in their health insurance products for critical illness cover. It depend upon customer whether he want to buy or not the extra cover for critical illness by paying extra premium.

**Product with Hospital Daily cash:** There are several health insurance products available in the market that provides Daily Hospital Cash benefit. This is a type of fixed daily allowance. Since during Hospitalization several incidental costs are also arises (like travel and stay costs of an attendant), this Daily Cash Allowances can be understood as compensation for such incidental cost. This benefit is available either on standalone basis or as optional component of a packaged health insurance policy. New India Assurance Company provides this benefit in its Individual Mediclaim policy, while ICICI Lombard provides the same benefit as optional in the policy.
**Products with Voluntary deductible option:** Several insurance companies give different option to their customer one of them is option of voluntary deduction in which customer need to pay a fixed percentage of claim amount (whenever claim arises) by his own. In return he got discount on payable premium. ICICI Lombard General Insurance Company and Bajaj Allianz general Insurance Company provide this option in their health insurance products.

**Health Check up benefit:** Most of the health insurers are provide facility of health check up benefit in a block of 3/4 years if there is continuous claim free coverage.

**Value Added services:** Almost all the private insurers offer their customer (Health Insurance Policy Holders) Value Added services like loyalty vouchers for OPD covers, discount coupons for diagnostic centers, gyms etc., free advice from dietician, specialist doctors etc.

Insurance Companies are trying new innovations day by day to catch the customers who are still untapped. Now the companies are trying hard and in near future some new innovation in product can be seen like Disease-Management products/policies and Critical Illness Cover for HIV positive patients. Disease management products are aimed at specific diseases and are helpful specifically for those who want to buy a health insurance policy covering specific disease. In critical illness cover, insurer make a lump sum cash payment on diagnosis of the disease covered in the policy. The IRDA has proposed to introduce a policy in which HIV would be included in critical illness. Any such policy is not in Indian market till now.