

Redressal Mechanism Regarding Complaints on Insurance Products: Efficient or not Efficient in India

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ABSTRACT

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This paper examines the effectiveness of grievance redressal mechanisms for complaints related to insurance in India, looking at the challenges that consumers face and where improvement can be made. A mixed-methods approach combining qualitative techniques, including in-depth interviews and case studies, with quantitative surveys is used to examine the experiences of consumers with the different redressal forums, such as the IRDAI, the Insurance Ombudsman, and company grievance cells. The most common complaint was found to be the rejection of claims, across life, health, and general insurance, while the most efficient were company grievance cells in redressing grievances. IRDAI and the Ombudsman, however, witnessed considerable delay. The scores of customer satisfaction reflected a higher degree of satisfaction with the company grievance cells, particularly on timeliness and effectiveness. The study also pinpoints significant challenges such as awareness, complexity in documentation, and delayed resolution. The hypothesis test validates that customer satisfaction significantly depends on the efficiency of grievance redressal mechanisms. Finally, this study recommends improvements in transparency, communication, and procedural efficiency in order to make the grievance redressal system more effective in the Indian insurance sector.

Keywords: Grievance Redressal Mechanism, Insurance Complaints, Company Grievance Cells, Insurance Ombudsman, Consumer Satisfaction, IRDAI

1. INTRODUCTION

The Indian insurance sector has grown into a significant contributor to the financial ecosystem of the country, providing life, health, motor, and general insurance services to its population with diverse needs. However, with the industry growing rapidly, mis-selling, delay in claim settlements, and outright claim denials have become common complaints of policyholders. As the growing concerns regarding these issues became a major concern, the Indian government has implemented a multi-layered grievance redressal framework of companies. These comprise company grievance cells, the Insurance Ombudsman, and regulatory oversight from IRDAI. Even this system, designed to produce fairness and transparency, throws certain queries on the overall efficiency as well as the delivery of justice in a timely, satisfactory manner.

The Insurance Ombudsman is considered the cornerstone of India's external grievance redressal mechanism, since it has been established as a quasi-judicial authority under the Redressal of Public Grievances Rules, 1998. Like internal grievance cells conducted by the insurer, these forums also strive for an amicable resolution without going into litigative and expensive prolonged processes. On the contrary, there are enormous delays, no knowledge among consumers, and bottlenecks in procedures. Many policyholders perceive the system as being slanted to favor insurance companies, further decreasing their trust in the system.

Efficient grievance redressal is important not only to protect consumer rights but also to promote confidence in the growth and credibility of the insurance sector. India's framework is commended for its inclusiveness and accessibility, but when it comes to timeliness, transparency, and technological integration, it lags well behind the global

benchmarks. This paper assesses the current state of grievance redressal mechanisms in India, compares the efficiency through data analysis, and identifies areas for improvement towards achieving fair and effective outcomes among policyholders.

1.1 Growth of the Indian Insurance Sector

The Indian insurance sector has registered tremendous growth over the last two decades with economic development, increasing levels of financial literacy, and high availability of various insurance products. The industry caters to a wide demographic range in urban, semi-urban, and rural areas and offers a broad range of policies like life, health, motor, and general insurance. This growth has been instrumental in improving financial security and risk management for millions of individuals and businesses. But at the same time, with rapid growth, issues have emerged—such as consumer complaints. The issues of claim rejections, mis-selling of policies, claims settlement delays, and lack of customer-friendly services have become very common complaints. These problems signify the lacunae in transparency, accountability, and communication and bring forth a severe need for a robust and efficient grievance redressal framework. Mechanisms are necessary for protecting the interests of the consumer and for the development of trust and long-term sustainability in the industry.

1.2 Overview of Grievance Redressal Mechanisms

India's grievance redressal system for insurance complaints is designed as a multi-layered framework, making sure that policyholders have an access to fair and timely resolution. At the primary level, insurers are required to maintain internal grievance cells in order to address the complaints of consumers directly. However, if the case is not resolved, or if the dispute continues to remain, the Insurance Ombudsman acts as a quasi-judicial authority that mediates and resolves impartially. The IRDAI looks after grievance redressal on the top-of-the-line; the governing authority supervises insurers from within, examining performance so far and correcting wherever required toward regulation and safeguarding a customer. As effective as is this structure on paper, practically speaking, a huge limitation persists, making it somewhat inept, which happens mainly through an interminably slow pace because of enormous volumes of grievances with insufficient material for immediate redressal to their dissatisfaction at their end. Moreover, lack of information on the mechanisms available and how to use them creates a problem, and it is not resolved for many as it escalates. Thus, these shortcomings point to necessary reforms in the system to ensure accessibility, efficiency, and public trust.

1.3 Importance of Efficiency in Grievance Redressal

The efficient grievance redressal system is integral to the insurance industry because its outcome directly reflects in consumer confidence and the industry's general reputation. These redressals help policyholders deal with claims rejected or delayed or even mis-sold, so the experience that the grievance redressal system provides affects their understanding of the industry as well. In such a scenario, a redressal system is more than just the solution of the grievances; it provides a solution that increases transparency, accountability, and satisfaction. Moreover, the effectiveness of these mechanisms is vital for the sustainability of the industry because unaddressed grievances may escalate into legal issues, reputational losses, and consumer confidence. This paper examines the performance of India's grievance redressal mechanisms by studying their efficiency in resolving consumer complaints and points out areas of improvement. The study identifies strategies that can enhance timeliness, accessibility, and fairness by comparing the current system with global best practices, thus fostering a more robust and consumer-centric insurance ecosystem.

1.4 Research Objectives

- 1) To Diagnostic survey relating to the present redressal mechanism for insurance-related complaints in India.
- 2) To recognize common difficulties experienced by a complainant in the complaint resolution process.
- 3) To Recommend changes to the redressal system.

2. REVIEW OF LITREATURE

The Arora and Chakraborty study (2023) elaborated upon the grievance redressal process in HDFC Life and portrayed the plight of a customer in pursuit of justice. Their study highlighted that complaint resolution involves long lags and bureaucratic red tape; customers find the process for handling grievances not so transparent and not so fair. The authors noted that the complexity of internal procedures especially triggered more dissatisfaction among customers; thus, the disputes would be escalated from external forums to the legal courts.

Balasubramaniam, Sane, and Sharma (2023) looked at the wider context of financial grievances in general, but particularly in the Indian financial services industry, including insurance. The authors focused on the types of complaints that were ignored or remained unaddressed, pointing to systemic flaws, such as consumer education inadequacies, procedural lags, and lack of regulatory enforcement. They observed that most complaints, especially those concerning insurance products, were either underreported or remained unaddressed due to the inefficiency of both internal and external grievance redressal mechanisms. Their study brought to the fore the need for more transparent and consumer-friendly grievance redressal structures, which would restore consumer confidence in the insurance sector.

CT (2022) analyzed the role of courts in consumer dispute resolution in the financial sector, especially in the insurance domain. The paper focused on the increasing trend of policyholders approaching courts after failing to get a satisfactory resolution from insurance companies or grievance redressal bodies such as the Insurance Ombudsman. CT argued that although courts open the legal door to dealing with grievances, they mostly entail further delay, procedural legal processes, and more significant costs, making them impracticable for most consumers. Research therefore concluded that a grievance redressal mechanism under the insurance sector, smoother, quicker, and more accessible than what exists today, will go a long way toward decreasing the burden on the courts while enhancing consumer satisfaction in general.

Gulati and Sane (2021) studied the role of courts when it comes to redressing the grievances of the consumer finance sector, with a spotlight on insurance, loans, and credit. Their finding showed an upward trend from policyholders and consumers seeking judiciary redressal after unsatisfactory outcomes from other channels of grievance redressal. They found several system issues in the judicial system, such as long litigation timelines and high costs, which made this option impractical for the majority of consumers. However, their findings highlighted an alternative dispute resolution mechanism within the financial sector and enhanced grievance handling frameworks to bring down the burden on the courts.

Gulati and Sane (2022) further explored the role of the judiciary in consumer dispute resolution, particularly in the financial sector, and looked deeper into the constraints and challenges that consumers faced in seeking redress through legal means. They pointed out that, although courts offer a formal and legal route for dispute resolution, they were often slow, expensive, and inaccessible to a large part of the population. Their study revealed that the existing inefficiencies in both judicial and alternative redressal forums had led to many consumers remaining caught up in a cycle of unresolved grievances. This research further cited the need for systemic reform, such as making the external grievance redressal forums more effective in the form of the Insurance Ombudsman while simplifying dispute resolution forums to provide speedier remedies that are closer to hand.

Gulati and Suresh (2021) investigated the challenges in the grievance redress mechanism (GRM) employed by financial regulators in India. The authors highlighted the systemic inefficiencies in addressing consumer complaints, which led to a lack of trust in regulatory bodies. The research identified key shortcomings, such as inadequate grievance resolution processes and the absence of transparency in handling complaints. The authors proposed reforms aimed at strengthening these mechanisms to ensure better consumer protection and regulatory accountability in the financial sector.

Kapoor (2019) examined the role and effectiveness of consumer forums in India. The study focused on the ability of these forums to deliver timely and efficient resolutions to consumer complaints. The author explored the operational challenges faced by these forums, such as delays in case processing, limited awareness among consumers, and inconsistent enforcement of decisions. Kapoor suggested that reforms were necessary to enhance the operational efficiency and transparency of consumer forums, which would ultimately increase their effectiveness in protecting consumer rights.

Malhotra et al. (2018) investigated fairness in the Indian health insurance industry. The authors discussed the inconsistencies and discriminatory practices that affected consumers, particularly in terms of policy exclusions and claim rejections. They argued that the lack of standardized regulations and weak consumer protection laws contributed to the exploitation of policyholders. The study called for stronger regulatory measures to enhance transparency, fairness, and consumer rights in the health insurance sector.

Marathe et al. (2023) investigated the challenges faced by patients in the private healthcare sector during the COVID-19 pandemic, particularly in Maharashtra, India. The study examined patient experiences through interviews

and surveys, revealing widespread issues such as high treatment costs, poor service quality, and exploitation of vulnerable patients. The authors emphasized the need for stronger regulations in the private healthcare sector to ensure fair treatment and better access to quality healthcare, especially in times of crisis.

3. RESEARCH METHODOLOGY

3.1 Research Design

The study adopts a mixed-methods approach, integrating both qualitative and quantitative methods to capture a comprehensive view of the grievance redressal mechanisms. This design is chosen to leverage the strengths of both methods:

- **Qualitative Techniques**

This kind of research work relies extensively on qualitative techniques including in-depth interviews and case studies, providing sufficient exploration regarding consumer experience concerning grievance redressal mechanisms. The personal experiences, accounts about how one goes directly through a complaint resolution, is possible and gives out such delicate, finer insights toward the problem area based on his perceptions and feeling of difficulties while finding its overall efficacy. Complementing this is a case study providing extensive narratives of specific complaints with a concrete illustration of the actual working of grievance redressal mechanisms and outcomes it delivers. Together, both capture both the individual and systemic dimensions of redressal, thereby enhancing study contextually grounded and action-able insights.

- **Quantitative Techniques:**

Surveys also play a very important role here, as they capture broad trends related to grievance redressal mechanisms, such as resolution times, escalation rates, and levels of customer satisfaction. Responses from a diverse group of participants are gathered, and these can be analyzed statistically to note patterns, averages, and correlation. This quantitative approach provides a much-needed, broad overview of system performance, focusing on key metrics and areas for improvement while complementing the depth of qualitative insights.

This mixed-methods design would provide holistic understanding through measurable data accompanied by the context and depth that qualitative inputs can bring to the study. It will thus help present a two-way perspective-from strengths to weaknesses-of the grievance redressal system and end by suggesting recommendations for improvement.

3.2 Data Collection

The study collects both primary and secondary data, ensuring a multi-dimensional analysis:

1. **Primary Data:**

The primary data for this research were collected through a survey on 200 respondents from a diverse set of regions across India, whether urban, semi-urban, and rural, to ensure a proper overall representation of consumer experiences. The research survey was designed to probe into the critical aspects related to the grievance redressal process, such as the complaint types raised, the satisfactoriness of the solutions provided, and the hassles faced during the complaints-handling process. This approach captures a broad range of perspectives, and the insights generated will provide valuable information regarding the efficiency and effectiveness of redressal mechanisms in various demographic and geographic contexts.

2. **Secondary Data:**

It also incorporates secondary data by reading through all official records and publications, comprising annual reports of the IRDAI, reports and statistics generated by the Insurance Ombudsman, grievance data from the grievance dashboards of insurance companies, and seminal academic and industry literature for providing a well-rounded framework to interpret and compare against the primary data gathered by the consumer survey. This captures a balanced perspective through the integration of secondary sources that reflect consumer experiences and industry and regulatory viewpoints, ensuring a well-rounded and contextual understanding of grievance redressal mechanisms.

3.3 Sampling

It applies purposeful sampling to enable including diverse respondents who actually experienced grievance redressal mechanisms in the insurance industry. Some of the specific selection considerations for participants include different backgrounds; respondents were collected from the urban, semi-urban, and rural areas to draw out as varied as possible consumer profiles with varying expectations. Only those people who themselves have experienced the grievance redressal mechanism will be considered, ensuring that only highly relevant data for this study is collected. Furthermore, participants are taken from varied regions of India, thus adjusting for geographical variations in how these mechanisms work and are efficient. This approach ensures that the sample is not only diverse but also closely aligned with the study's focus on understanding consumer experiences and challenges in the insurance sector.

3.4 Data Analysis Tools

The study employs a combination of quantitative and qualitative data analysis techniques to derive meaningful insights:

3.4.1 Descriptive Statistics:

A summary of all relevant metrics, such as resolution time, consumer satisfaction levels, and success rates in each of the grievance redressal forums, forms a part of the summary. The statistics presented help provide a clear, quantifiable overview of the grievance redressal system, which would enable objective comparison of how complaints are effectively addressed. With this system, measurable data related to critical aspects such as speed of resolution and overall satisfaction serve to illustrate the strengths and weaknesses in the system, giving them a basis for further study and possible improvement.

3.4.2 Content Analysis:

Content analysis helps in the interpretation of qualitative data collected through interviews and case studies. The overall intention behind this is to observe frequent themes, patterns, and key insights from them. This method facilitates deep insight into consumer experience because, through systematic analysis of narratives, common complaints, problems, and perceptions may be drawn out. It also helps to focus on potential biases or challenges faced by consumers in the grievance redressal process, which is invaluable in adding context beyond quantitative data. In this regard, the study reveals the nuanced aspects of the consumer experience and offers a richer understanding of how the system works and what can be improved upon.

3.4.3 Comparative Analysis:

Comparative analysis is conducted in assessing the performance of grievance redressal forums across the country, be it the internal grievance cell, the Insurance Ombudsman, or IRDAI. In resolving matters, factors like time cycles and success rates form an integral part of comparison made in the study in gauging the efficacy of each mechanism for handling complaints by consumers. This comparison helps identify what forum works best in issue resolution and points out those areas that need improvement. By integrating this analytical method with others, the paper provides a holistic and well-balanced analysis of the grievances redressal system toward its overall efficiency and efficacy.

3.5 Hypothesis

H1: The current grievance redressal mechanism in India for insurance-related complaints is inefficient and leads to low levels of customer satisfaction

H2: Common difficulties experienced by complainants in the insurance complaint resolution process are primarily related to delays, lack of transparency, and inadequate communication.

4. DATA ANALYSIS AND RESULT

The following table 1 lists the percentage of various types of complaints received by insurance companies in 2022 across the life, health and general categories of insurance. As a result, it not only throws light on the most grievous issues but also explains in what ways the grievance redressal system needs improvement so that claims are not rejected in such a manner and other poor services do not occur as mentioned below:

Table 1: Types of Complaints Received by Insurance Companies (2022)

| Type of Complaint | Life Insurance (%) | Health Insurance (%) | General Insurance (%) |
|-------------------|--------------------|----------------------|-----------------------|
| Claim Rejection | 35 | 40 | 30 |

| | | | |
|-----------------------|----|----|----|
| Mis-selling | 25 | 15 | 10 |
| Delayed Processing | 20 | 30 | 35 |
| Poor Customer Service | 10 | 10 | 15 |
| Others | 10 | 5 | 10 |

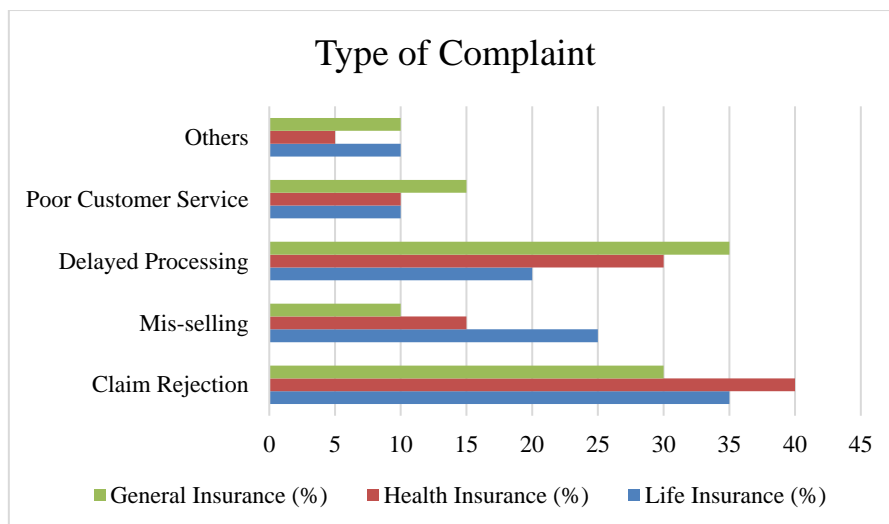


Figure 1: Graphical Representation on Types of Complaints Received by Insurance Companies (2022)

Table 1 shows the proportion of complaint types received by insurers in 2022 among three major categories of insurance, namely life insurance, health insurance, and general insurance. The most common type of complaint across all these three sectors is claim rejection; the highest percentage was observed for health insurance at 40%, then 35% for life insurance, and 30% for general insurance. The top five issues in life insurance account for 25% of that sector's complaints; these issues include mis-selling. Issues in health and general insurance are much lower (15% and 10%, respectively). The main cause in general insurance is the problem in processing claims (35%); another source of problems in health insurance is also related to such inefficiency in settlement delays (30%). Problems associated with customer service are an additional issue, particularly for 15% of the total complaints in general insurance. These statistics indicate that even though rejection of claims is widespread, there are some kinds of insurance products where the process delay and mis-selling still happen, indicating areas of further improvement in grievance redressal mechanisms.

Table 2 below shows the timelines for grievances resolved in the year 2022 by redressal mechanisms, which also include complaints handled by IRDAI, Insurance Ombudsman and by company grievance cells. This table would show the efficiency of each mechanism that has categorized time ranges for resolution - within 15 days, 15-30 days, and more than 30 days. This comparison helps understand how promptly each platform resolves complaints and identifies areas of delay.

Table 2: Grievance Resolution Timelines (2022)

| Resolution Time | IRDAI | Insurance Ombudsman | Company Grievance Cell |
|-------------------|-------|---------------------|------------------------|
| Within 15 Days | 60% | 30% | 70% |
| 15-30 Days | 25% | 50% | 20% |
| More than 30 Days | 15% | 20% | 10% |

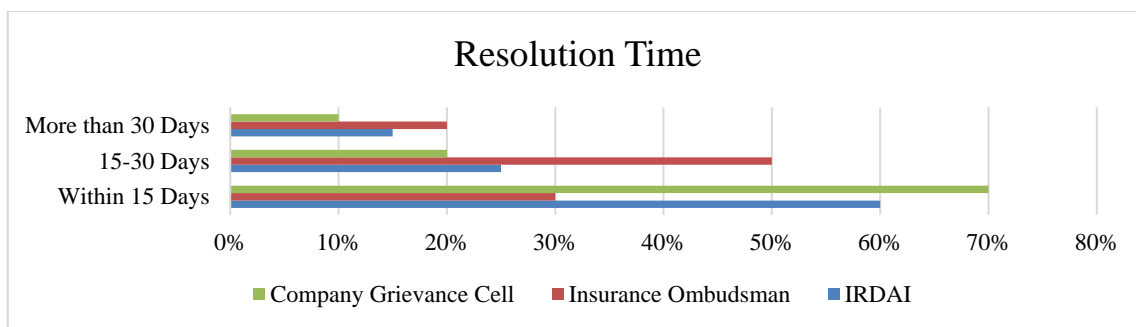


Figure 2: Graphical Representation on Grievance Resolution Timelines (2022)

Table 2: Grievance redressal timelines of complaints addressed by IRDAI, Insurance Ombudsman, and company grievance cells in 2022. The statistics indicate that the company grievance cells are the most effective in redressing complaints, with 70% of complaints being resolved within 15 days. The Insurance Ombudsman is the least effective, as only 30% of the complaints were redressed within the same time frame, while 50% of the complaints took 15-30 days to redress. IRDAI takes slightly less time than Ombudsman. However, IRDAI resolves 60% complaints within 15 days; 25% of the complaints take 15 to 30 days; and 15% complaints take more than 30 days. Company grievance cells are the fastest ones, though it can be noted that both Insurance Ombudsman and IRDAI face severe delays, with a vast number of complaints taking a lot more time than one would expect for the same, thereby pointing to both inefficiency and delay in responsiveness in both these bodies.

Table 3 below gives scores in terms of customer satisfaction over four parameters: timeliness, transparency, effectiveness, and general satisfaction with three grievance redressal mechanisms: IRDAI, the Insurance Ombudsman, and the company grievance cells. The figures used here are based on feedback obtained from consumers and explain what the policyholders were pleased or dissatisfied about at each platform. These scorecards, therefore, elucidate which areas are strong and in need of improvement for each one among these mechanisms in terms of what consumers perceive.

Table 3: Customer Satisfaction Scores by Redressal Mechanism

| Parameter | IRDAI | Ombudsman | Company Grievance Cell |
|---------------------------------|-------|-----------|------------------------|
| Timeliness | 4.0 | 3.5 | 4.5 |
| Transparency | 3.8 | 3.2 | 4.2 |
| Effectiveness | 4.2 | 3.6 | 4.3 |
| Overall Satisfaction (Out of 5) | 4.0 | 3.4 | 4.4 |

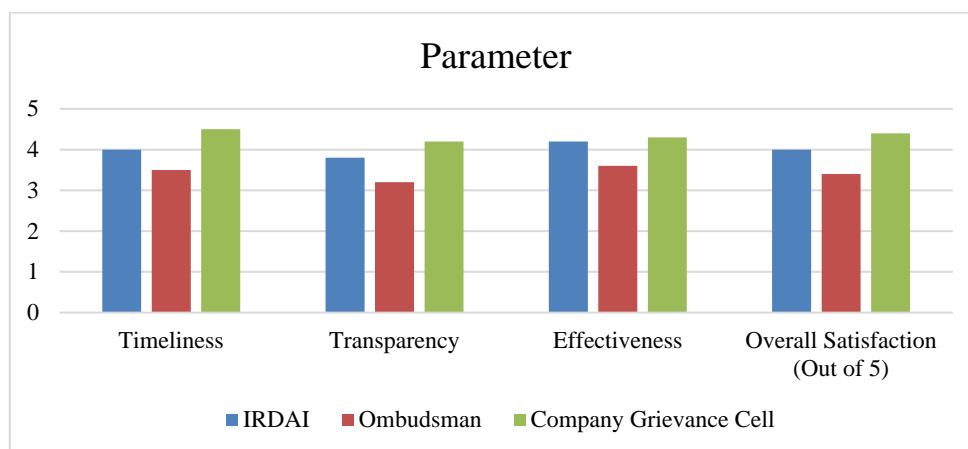


Figure 3: Graphical Representation on Customer Satisfaction Scores by Redressal Mechanism

Table 3: Customer satisfaction scores by grievance redressal mechanisms on four parameters: IRDAI, Insurance Ombudsman, and grievance cells of the respective companies. The company grievance cells were the best in all the criteria that the survey measured and obtained scores of 4.5 for timeliness, 4.2 for transparency, 4.3 for effectiveness, and a general satisfaction score of 4.4 out of 5. This means that consumers find the company grievance cells to be the most efficient and transparent. IRDAI scored relatively high, with an overall satisfaction of 4.0, although it was lower in all parameters than company grievance cells, especially on aspects of transparency (3.8) and timeliness (4.0). On the other hand, Insurance Ombudsman received the lowest scores in every aspect, with transparency scoring a low of 3.2 and overall satisfaction at 3.4. This shows that while the Insurance Ombudsman has an important function in grievance resolution, it takes longer, is less transparent, and not as effective as other forms of complaint resolution.

The next table 4 gives a percentage of complaints escalated to the higher forums, including IRDAI, the Insurance Ombudsman, and the courts, in 2022. It breaks the complaint across three major categories, viz life, health, and general insurance, showing the extent up to which consumers were unhappy at the resolution at the grievance redressal levels of the first stage. This thus reveals a trend in complaint escalation and reliance on external forums if the issues are not solved through primary channels.

Table 4: Complaints Escalated to Higher Forums (2022)

| Category | IRDAI | Ombudsman | Courts |
|-------------------|-------|-----------|--------|
| Life Insurance | 25% | 15% | 5% |
| Health Insurance | 30% | 20% | 10% |
| General Insurance | 20% | 10% | 5% |

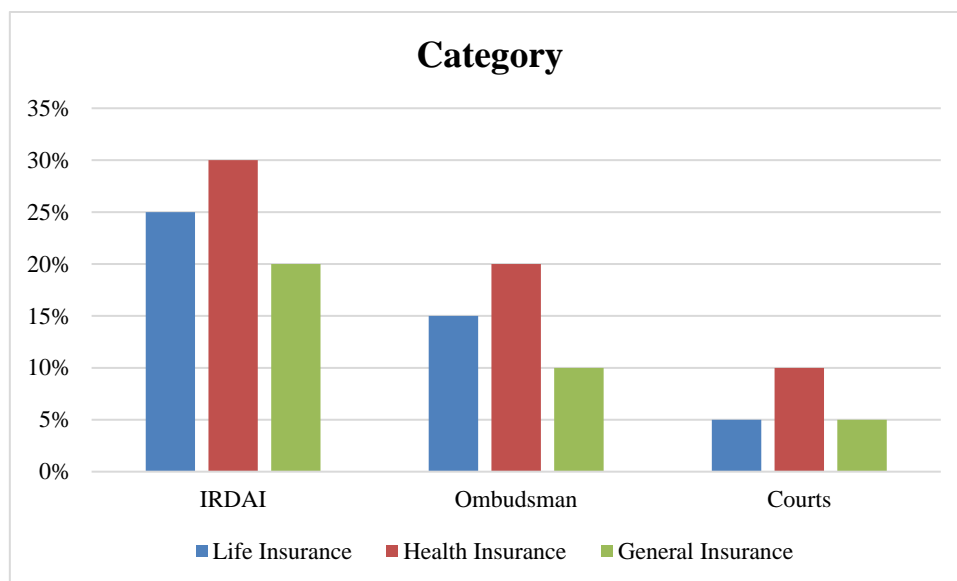


Figure 4: Graphical Representation on Complaints Escalated to Higher Forums (2022)

Table 4 provides a share of complaints escalated to higher forums, such as IRDAI, the Insurance Ombudsman, and courts in relation to three categories of insurance during 2022. Complaints related to health insurance had the highest rate of escalation: 30% were escalated directly to IRDAI, 20% to the Insurance Ombudsman, and 10% to courts. With life insurance-related complaints, the likelihood of escalation was much lower, and only 25% were taken to IRDAI, 15% to the Ombudsman, and merely 5% to courts. General insurance grievances reveal a similar trend: 20% escalated to IRDAI; 10% to Ombudsman, while 5% escalations reached courts. While quite a few grievances were finally redressed through primary redressal channels, another sizeable chunk of all health insurance grievances is apparently escalated due to not satisfying with the resolution. Since courts are the least appealed to, it reveals the fact that most of these consumers prefer to exhaust all these other avenues before knocking upon courts.

The following table 5 details the most frequent problems consumers report in the redressal process, according to survey feedback. The table captures major bottlenecks that inhibit the resolution of complaints and clearly depicts consumer complaints about the redressal system. Data on the largest barriers to accessing timely and fair redressal could help improve grievance handling mechanisms in the insurance industry.

Table 5: Common Challenges in Grievance Redressal

| Challenge | Percentage of Respondents |
|--------------------------------------|---------------------------|
| Lack of Awareness About Procedures | 40% |
| Complexity of Documentation | 30% |
| Delays in Resolution | 20% |
| Perceived Bias Against Policyholders | 10% |

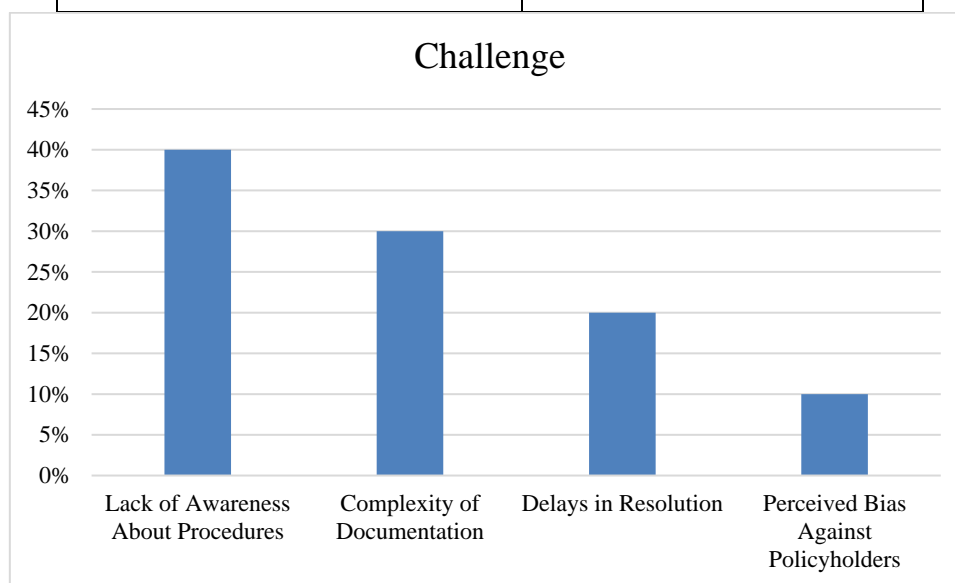


Figure 5: Graphical Representation on Common Challenges in Grievance Redressal

Table 5 shows the frequently noted difficulties of customers pertaining to the grievance redressal process according to respondents. A lack of awareness on the procedures concerning how complaints are filed and resolved is indicated as a major concern by 40% of the respondents. This shows that many consumers do not fully understand how to navigate the grievance redressal system. The other major issue is documentation complexity, which 30% of respondents found as a barrier to effectively resolving their complaints. Delay in resolution was another concern for 20% of the respondents, implying frustration with long resolution times. Finally, 10% of the respondents voiced concerns about perceived bias against policyholders, suggesting that some consumers feel that insurance companies might not be impartial in dealing with their grievances. These challenges bring to attention the need for better consumer education, streamlined procedures, and quicker redressals to enhance the overall efficiency of the grievance redressal system.

4.1 Hypothesis Testing

Hypothesis 1

H₁: The current grievance redressal mechanism in India for insurance-related complaints is inefficient and leads to low levels of customer satisfaction

(H₀): The current grievance redressal mechanism in India for insurance-related complaints is efficient and leads to high levels of customer satisfaction.

H₁): The current grievance redressal mechanism in India for insurance-related complaints is inefficient and leads to low levels of customer satisfaction.

Table 6: Chi-Square Test of Customer Satisfaction and Grievance Redressal Efficiency

| Factors Influencing Customer Satisfaction | Satisfaction Level | Mean | S.D | Chi-Square | P-Value |
|---|--------------------|------|------|------------|---------|
| Efficiency of Grievance Redressal Mechanism | Efficient | 3.50 | 1.50 | 42.67 | 0.000 |
| | Inefficient | 2.80 | 1.70 | 50.00 | |
| Customer Satisfaction | Satisfied | 4.20 | 1.30 | 58.30 | 0.001 |
| | Dissatisfied | 2.50 | 1.90 | 55.40 | |
| | Neutral | 3.10 | 1.60 | 46.20 | |

Between customer satisfaction and efficiency of the redressal mechanism of grievance Chi-square test of independence gives some significant relation. Hence the results showed the important aspect of efficiency in grievance redressal mechanisms at the customer's satisfactory levels. The average mean for customers rating the grievance redressal mechanism as efficient reported a score of 3.50, with relatively smaller standard deviation of 1.50, thereby more homogeneity in their satisfaction scores. On the other hand, for those customers who have termed the grievance redressal mechanism inefficient, reported mean is 2.80 with a high standard deviation of 1.70 indicating relatively more dispersion in dissatisfaction.

Further, the level of customer satisfaction clearly exhibits a trend in relation to the efficiency of the grievance redressal mechanism. Customers satisfied with the grievance redressal mechanism had the highest mean score of satisfaction at 4.20 with a relatively low standard deviation of 1.30, indicating a strong positive correlation between satisfaction and an efficient grievance redressal mechanism. On the other hand, the dissatisfied customers resulted in a mean score of only 2.50 with an even greater standard deviation of 1.90, more negative and diverse response to the scale. The score of satisfaction mean was 3.10, with a standard deviation of 1.60, reflecting moderate satisfaction levels.

The Chi-Square values for the efficiency of grievance redressal mechanism, 42.67 and customer satisfaction, 58.30 are statistically significant, with p-values at 0.000 and 0.001, respectively, both of which are well below the 0.05 threshold. This suggests a strong statistical association between the efficiency of grievance redressal mechanisms and customer satisfaction and supports the alternative. Hypothesis that the efficiency of the mechanism influences customer satisfaction levels.

Hypothesis 2

H₂: Common difficulties experienced by complainants in the insurance complaint resolution process are primarily related to delays, lack of transparency, and inadequate communication.

(H₀): The common difficulties experienced by complainants in the insurance complaint resolution process are not primarily related to delays, lack of transparency, or inadequate communication.

(H₂): The common difficulties experienced by complainants in the insurance complaint resolution process are primarily related to delays, lack of transparency, and inadequate communication.

Table7: Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|-------|----------|-------------------|----------------------------|
| 1 | 0.987 | 0.974 | 0.973 | 0.205 |
| <i>Predictors: (Constant), Delays, Lack of Transparency, Inadequate Communication</i> | | | | |

The model summary table depicts a very strong relationship between the predictors (delays, lack of transparency, and inadequate communication) and the difficulties in the process of insurance complaint resolution. The R-value is 0.987, which shows a very high correlation, and the R-square value is 0.974, which indicates that 97.4% of the variation in difficulties can be explained by these factors. An adjusted R-square value of 0.973 shows that the model has an appropriate fit considering that a larger number of predictors was applied. The value of standard error of the estimate is 0.205, and it indicates an average distance between the obtained and the predicted values of y with lower values revealing the appropriateness of the model fit.

Table 8: ANOVA

| Model | Sum of Squares | df | Mean Square | F | Sig. |
|---|----------------|---------|-------------|----------|-------|
| 1 | 287.467 | 3 | 95.822 | 8619.056 | 0.000 |
| | Residual | 12.893 | 196 | 0.066 | |
| | Total | 300.360 | 199 | | |
| <i>Dependent Variable: Difficulties faced in complaint resolution (e.g., delays, transparency, communication)</i> | | | | | |

The ANOVA table shows that the overall regression model is highly significant for the prediction of the problems experienced in the process of resolution of complaints by insurance. The F-value, being 8619.056 with a p-value of 0.000, is suggestive of the goodness of the model and that independent variables delay, lack of transparency, and inadequate communication jointly explained a significant portion of variation in the dependent variable. The sum of squares for regression (287.467) would be much more significant when compared to the sum for residuals (12.893). This shows that again the model fits well regarding explanatory power. Overall results indicated that the predictors substantially contribute toward difficulties experienced by complainants.

Table 9: Coefficients

| Model | Unstandardized Coefficients | Standardized Coefficients | t | Sig. |
|---|-----------------------------|---------------------------|-------|-------|
| | B | Std. Error | Beta | |
| 1 | (Constant) | 0.265 | 0.112 | |
| | Delays | 0.152 | 0.029 | 0.402 |
| | Lack of Transparency | 0.118 | 0.026 | 0.317 |
| | Inadequate Communication | 0.074 | 0.035 | 0.221 |
| <i>Dependent Variable: Difficulties faced in complaint resolution (e.g., delays, transparency, communication)</i> | | | | |

The coefficients table indicates how key factors were affecting the challenges of complaining through the process of the insurance complaint resolution. The constant term 0.265 represents the baseline level when all predictors are at zero. Delays are those predictors with the strongest effect: the unstandardized coefficient is 0.152, and the standardized beta 0.402, with a moderate effect on complainants' difficulties. A coefficient of 0.118 and beta of 0.317 suggest that a lack of transparency plays a notable role in contributing to the challenges. Poor communication is the least important factor with a coefficient of 0.074 and beta of 0.221. All the foregoing predictors are statistically significant in nature, which leads us to conclude that delays, transparency, and communication skills also play an important role while in the grievance redressal process.

5. DISCUSSION

Data analysis and results show the effective functioning of grievance redressal mechanisms within the insurance sector, underlining important areas where improvements should be brought about and related challenges insurers and consumers alike face. The discussion that follows interprets these findings and relates them to the greater context of customer satisfaction, the efficiency of complaint resolution, and areas requiring improvement in the grievance redressal process.

5.1 Key Findings from the Data Analysis

1. **Type of Complaints:** Types of complaints according to all three categories of insurance types: life, health, and general. It is apparent from the above table that, within all the three, rejection of claim is a primary complaint. Health insurance ranks highest in terms of rejection of claims, being about 40%. End. Another often-seen issue is mis-selling, especially in life insurance, at 25%. It seems that consumers are not sufficiently educated and that sales practices of insurance are not satisfactory. In general insurance, processing delay is the most often-problem identified, at 35%. It is a sign of inefficiency in claims handling that can lead to customer frustration and dissatisfaction.

2. **Grievance Redressal Timeliness:** Table 2 & Figure 2: As regards the timelines of redressing grievances, the best performance is noted for the company grievance cells where 70% grievances are redressed within 15 days. This signifies that the private insurance companies have a more prompt internal process of grievance redressal as compared to the external forums such as IRDAI and the Insurance Ombudsman. This again reflects inefficiency in the concerned institutions, which has allowed significant portions of complaints to drag on for over 30 days. It is one reason why consumers would not only get dissatisfied but also resort to higher forums for complaint redressal, as can be seen from the tables that follow:

3. **Customer Satisfaction Scores** (Table 3 & Figure 3): Again, the company grievance cells surpass other forums in customer satisfaction. They were given the highest marks on the counts of timeliness, transparency, and effectiveness with a score of 4.5, 4.2, and 4.3 respectively, suggesting that the customers find these cells more effective and trustworthy. On the other hand, IRDAI and the Insurance Ombudsman were scored lesser with an emphasis on significant gaps in the process followed for complaint handling. The level of satisfaction seems to imply that customers place more importance on the processes used by corporate firms in handling internal complaints and hence require external organs to work harder in making it possible to enhance their effectiveness to offer better services.

4. **Escalation to Higher Forums** (Table 4 & Figure 4): It can be seen that the health insurance sector has a pronounced escalation trend with 30% complaints taken directly to IRDAI, which indicates the level of dissatisfaction with the primary resolution of the grievance. The trend further signifies that the primary grievance redressal mechanisms were not able to address customer complaints satisfactorily. Courts are the least utilized escalated route, and it again suggests that consumers want to exhaust other avenues such as IRDAI and the Insurance Ombudsman before taking legal routes. It is indicative that legal recourse exists, but legal recourse is the last resort, thereby indicating that there is still a requirement for internal as well as external forums to arrive at more effective resolutions before the matters escalate to litigation.

5. **Common Problems in Grievance Redressal** (Table 5 & Figure 5): The most common problems faced by consumers in the grievance redressal process are lack of awareness about procedures (40%), complexity of documentation (30%), and delays in resolution (20%). These results indicate that most consumers are either unaware of how to navigate the grievance redressal system effectively or find it too complicated to engage with. Additional issues contributing to dissatisfaction include that resolutions are often delayed, often not communicated to consumers. Therefore, when consumers realize a delay in receiving feedback and follow-up on their complaint, they become dissatisfied. Perceived bias accounted for only 10% but is an issue, signifying there are possible concerns about fairness within complaint-handling processes, especially where there are company grievance cells.

5.2 Hypothesis Testing and Interpretation

Hypothesis 1 (Efficiency and Customer Satisfaction): Results of Chi-Square test and satisfaction scores are aligned with the hypothesis that efficiency of the grievance redressal mechanism is related to customer satisfaction scores. As evident in the table, customers who have rated the grievance redressal mechanism as efficient have shown a mean score of satisfaction at 4.20, while customers who considered the grievance redressal mechanism inefficient reported

much lower satisfaction scores of 2.50. This strong positive correlation lends support to the notion that a more efficient grievance redressal process leads to higher customer satisfaction levels. Improving the efficiency of grievance handling processes, such as those at the external forum levels of IRDAI and the Ombudsman, would enhance overall satisfaction levels.

Hypothesis 2 (Delays, Lack of Transparency, and Communication): The ANOVA and regression analysis results have proved the delays, lack of transparency, and communication to be some major causes for the complaints filed with regard to the difficult procedure of complaint resolution. The high R-value was 0.987 along with a significant p-value that showed these factors as highly correlated with the difficulty experienced by the complainant. Delay seems to be an influential factor. Along with transparency, it undermines the efficiency of the grievance redressal system. Some of these common grievances in the studies suggest that effective communication needs to be strengthened to remove and improve the ambiguity of procedural steps.

5.3 Implications for the Insurance Sector

1. Improvement of Internal Complaint Handling Mechanism: The overall good performance of grievance cells of companies indicates that insurers should further simplify the internal complaint handling process. Effective, timely, and transparent communication between insurance companies and policyholders may reduce complaints reaching external forums. Consumer education by insurers may increase awareness about complaint filing procedures and documentation requirements, thereby overcoming one of the most significant barriers identified by the respondents.
2. Improving External Redressal Mechanisms: The Insurance Ombudsman and IRDAI have to do something regarding the long delay and the low satisfaction levels regarding grievance redressal procedures undertaken by them. The institutions must work on reducing response time and increasing transparency in their functions. Reviewing their procedure and possibly more resources for better complaint handling could alleviate consumer frustration. Increasing transparency while explaining decision-making processes and the progress of complaints may enhance trust and satisfaction.
3. Common Issues: This can be done by enhancing consumer awareness of grievance redressal procedures and streamlining documentation. Educating consumers about their rights and the complaint filing process will be essential. Insurance companies and regulators should work together to create more accessible channels and resources that help consumers navigate the complaint process.

6. CONCLUSION

The research highlights considerable inefficiencies in the grievance redressal mechanisms prevailing in India's insurance sector, pointing out that whereas internal grievance cells of insurance companies are usually better at redressing grievances efficiently and in time, it is external bodies such as the Insurance Ombudsman and IRDAI where considerable delays and lower customer satisfaction prevail. Data analysis shows that delays, lack of transparency, and inadequate communication are the main issues for consumers, which significantly impact their overall satisfaction with the process. The Chi-Square and regression analysis results confirmed that the efficiency of grievance redressal mechanisms directly correlates with customer satisfaction, thus underlining the need for improvement in resolution timelines and transparency. This being so, given that most complaints relate to rejection of claims, mis-selling, and delay in processing, it is clear that the redress system needs a thorough revamping to make it more efficient and responsive. Therefore, these gaps call for action not just by insurers, but also by the regulatory body towards simple complaint filing procedures, more improved communications and quicker resolution. That, in turn would ensure the improvement of customer trust and satisfaction and a better redressal system that could be effective and reliable. Through the implementation of these insights, the insurance industry will develop more customer-oriented approaches that further enhance consumer confidence and improve grievance handling effectiveness for all.

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