

IC 38 IMPORTANT CHAPTER 2

CUSTOMER SERVICE

In this chapter you will learn the importance of customer service. You will learn the role of agents in providing service to customers. You will learn different grievances redressal mechanisms available for Insurance policyholders. You will also learn how to communicate and relate with customer

1.Customer service – General concepts

Customers provide the bread and butter of a business and no enterprise can afford to treat them indifferently. The role of customer service and relationships is far more critical in the case of insurance than in other products.

This is because insurance is a service and very different from real goods.

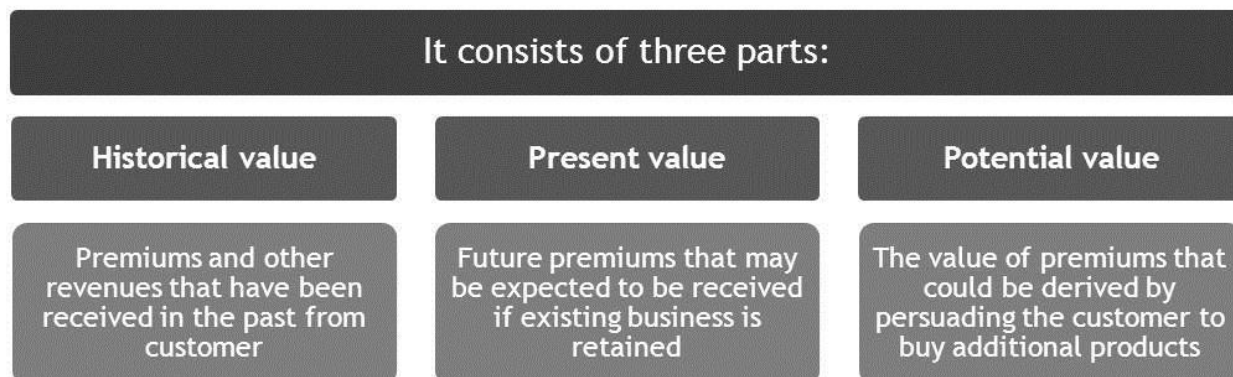
What the customer really derives is a service experience. If this is less than satisfactory, it causes dissatisfaction. If the service exceeds expectations, the customer would be delighted. The goal of every enterprise should thus be to delight its customers

2.Quality of service

A well-known model on service quality [named “**SERVQUAL**”] would give us some insights

Reliability, Responsiveness, Assurance, Empathy, Tangibles

3.Customer service and insurance **Customer lifetime value** may be defined as the sum of economic benefits that can be derived from building a sound relationship with a customer over a long period of time



Insurance agent 's role in providing great customer service

The Point of Sale - Best advice

The first point for service is the point of sale

the role of an insurance agent is more than that of a mere sales person. She also needs to be a risk assessor, underwriter, risk management counsellor, designer of customised solutions and a relationship builder who thrives on building trust and long-term relationships, all rolled into one.

The proposal stage

The agent has to support the customer in filling out the proposal for insurance. The insured is required to take responsibility for the statements made therein the Agent can help the Customer to open an e-Insurance Account (e-I-A), if required, through the Registered Insurance Repository.

Acceptance stage

Delivery of the policy document: Delivery of the policy is another major opportunity that an agent gets to make contact with the customer.

Policy renewal

Although there is no legal obligation on the part of insurers to advise the insured that his policy is due to expire on a particular date, yet as a matter of courtesy and decidedly a healthy business practice, insurers issue a —Renewal Noticell one month in advance of the date of expiry, inviting renewal of the policy. The agent needs to be in touch with the customer well before the renewal due date to remind the latter about renewal so that he can make provision for the same.

The claim stage

The agent has a crucial role to play at the time of claim settlement.

Grievance redressal

Integrated Grievance Management System (IGMS)

IRDA has launched an Integrated Grievance Management System (IGMS) which acts as a central repository of insurance grievance data and as a tool for monitoring grievance redress in the industry.

The Consumer Protection Act, 1986

This Act was passed “to provide for better protection of the interest of consumers and to make provision for the establishment of consumer councils and other authorities for the settlement of consumer’s disputes.” The Act has been amended by the Consumer Protection (Amendment) Act, 2002.

Consumer disputes redressal agencies

District Forum

value of the goods or services and the compensation claimed is up to Rs. 20 lakhs The District Forum is empowered to send its order/decreed for execution to appropriate Civil Court

State Commission

the value of goods/service and compensation, if any claimed exceeds Rs. 20 lakhs but does not exceed Rs. 100 lakhs. Other powers and authority are similar to those of the District Forum.

iii. National Commission: The final authority established under the Act is the National Commission. It has original; appellate as well as supervisory jurisdiction. It can hear the appeals from the order passed by the State Commission and in its original jurisdiction it will entertain disputes, where goods/services and the compensation claimed exceeds Rs.100 lakhs. It has supervisory jurisdiction over State Commission.

All the three agencies have powers of a Civil Court.

The Insurance Ombudsman

The Central Government under the powers of the Insurance Act 1938 and Insurance Regulatory and Development Authority Act 1999(41 of 1999), made Insurance Ombudsman Rules 2017 by a notification published in the official gazette on 25th April,2017. The Ombudsman, by mutual agreement of the insured and the insurer can act as a mediator and counsellor within the terms of reference.

The decision of the Ombudsman, whether to accept or reject the complaint, is final

Summary

- a) The role of customer service and relationships is far more critical in the case of insurance than in other products.
- b) Five major indicators of service quality include reliability, assurance, responsiveness, empathy and tangibles.
- c) Customer lifetime value may be defined as the sum of economic benefits that can be derived from building a sound relationship with a customer over a long period of time.
- d) The role of an insurance agent in the area of customer service is absolutely critical.
- e) IRDA has launched an Integrated Grievance Management System (IGMS) which acts as a central repository of insurance grievance data and as a tool for monitoring grievance redress in the industry.
- f) The Ombudsman, by mutual agreement of the insured and the insurer can act as a mediator and counsellor within the terms of reference.

g) Active listening involves paying attention, providing feedback and responding appropriately.

h) Ethical behavior involves placing the customer's interest before self.