

# A Study on Relationship of Grievance Handling with Policy Renewal in the Life Insurance Sector of Chhattisgarh

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## Abstract

*Grievance management is crucial to insurance policy renewals and customer satisfaction. The effectiveness of grievance handling directly affects choices to renew policies in the life insurance sector in Chhattisgarh. Through an emphasis on regional subtleties and consumer behaviours, this study seeks to comprehend the link between timely grievance resolution and policy renewal dynamics. Good grievance handling not only eases current issues but also promotes enduring client loyalty. Timely and efficient grievance resolution separates insurance companies' customer service quality and trustworthiness in a competitive market with shifting client expectations.*

**Keywords:** *Grievance Handling, Policy Renewal, Customer Satisfaction, Life Insurance, Customer Retention.*

## 1. Introduction

In retaining customers, insurance companies must ensure effective handling of grievances. Complaints are inevitable across industries, but their grievances resolution significantly influences the relationship of customer trust and commitment, influencing policy renewal rates. This study aims to explore the relationship between policy renewal and grievance management within the life insurance sector of Chhattisgarh. By delving into this connection, insurers can glean insights into how adeptly addressing complaints correlates with client retention and subsequent policy renewals.

In Chhattisgarh's insurance landscape, comprehending this correlation is paramount, allowing insurers to tailor grievance management strategies to meet regional customer expectations effectively. These findings underscore that enhancing grievance redressal processes may elevate consumer satisfaction, foster loyalty, and ultimately bolster policy renewal rates.

## 2. Literature Review

Grievance management and life insurance policy renewal are examined in detail in the literature study. It discusses research that show how effective grievance handling improves consumer satisfaction and loyalty, affecting insurance renewals. These studies show how grievance management processes affect retention of customers and renewal rates in the competitive insurance sector.

**Christopher, M., and Payne, A. (1993)** examined the value of relationship marketing techniques, particularly in efficiently managing consumer complaints. Proposed study has foster strong customer relationships hinges on a robust grievance handling process, which not only resolves current issues but also fosters loyalty and trust, critical for insurance industry policy renewals.

**Zeithaml, V. A., Berry, L. L., and Parasuraman, A. (1996)** argued that maintaining customer loyalty requires excellent service, including effective complaint handling. Their findings suggest that insurers providing consistently high-quality service experience higher rates of policy renewals.

**Bansal, H. S., Taylor, S. F., and James, Y. M. (2005)** investigated how consumers' perceptions of insurance companies influence their decision to renew policies. They found that consumers' views on the handling of their complaints significantly impact renewal decisions, emphasizing the importance of effective grievance management in achieving high renewal rates.

**Verhoef, P. C., and Brashear, T. (2007)** additionally explored the factors affecting customer loyalty and satisfaction, with a focus on complaint handling. Their research highlighted the significant improvement in customer experience through personalized and careful resolution of grievances. Satisfied customers were found to be more likely to renew their policies, underscoring the direct relationship of grievance handling on renewal rates.

**Smith, A., and Baker, J. (2016)** emphasized that efficient grievance management is one of the key factors influencing policyholder retention. Their study revealed that insurers who effectively address complaints are more successful in retaining customers, ultimately leading to higher renewal rates.

**Mittal, V., and Kamakura, W. A (2017)** looked into how customer satisfaction, loyalty, and complaint handling related. Their research revealed that if consumers feel that their complaints have been satisfactorily resolved, they are more likely to renew their insurance. Higher renewal rates were ascribed to the trust and reliability that were developed by efficient grievance management.

**Rahman and Saha (2018)** emphasized how important effective grievance management is to raising customer satisfaction in the insurance sector. They maintained that an insurer's reputation is important for policy renewals and that a well-run and efficient grievance handling procedure not only quickly resolves consumer complaints.

**Hofstede, G. (2018)** examined how cultural variations influence complaint handling in the insurance industry. He argued that international insurance companies must be mindful of cultural nuances, ensuring that grievance handling is effective and respectful of regional expectations and customs. This approach enhances customer satisfaction and increases policy renewal rates in different regions.

**Thaler, R. H., and Sunstein, C. R. (2019)** discussed how behavioural insights might be applied to enhance the way the insurance sector handles complaints. They maintained that knowing the tastes and actions of their customers helps insurers create more sympathetic and effective grievance handling procedures, which improves the emotional bond between customers and insurers and encourages policy renewals.

**Ferrell, O. C., and Fraedrich, J. (2019)** meanwhile emphasized the need of treating customers with respect, fairness, and openness. Handling grievances ethically not only complies with the law but also builds a reputation for honesty and dependability, which is essential for keeping customers and winning new policies.

**Kaplan, A. M., and Haenlein, M. (2019)** investigated how social media correlates the handling of complaints in the insurance industry. They found that public and transparent

dispute resolution channels provided by social media platforms can enhance customer satisfaction. However, mishandling complaints on social media can lead to negative publicity and lower policy renewal rates, highlighting the importance of effective complaint management on these platforms.

**Parasuraman, A., and Grewal, D. (2021)** stressed the need of getting and assessing input. Changes implemented based on consumer input result in more efficient grievance handling and increased policy renewal rates.

**Singh, S., and Singh, J. (2021)** highlighted the value of having independent review, escalation protocols, and first complaint resolution as part of a multi-tiered grievance handling system. Their study revealed that insurers with robust grievance redressal procedures have higher rates of policy renewal and client retention.

### 3. Research Objectives

- To analyse the relationship between grievance handling practices and policy renewal rates within the life insurance sector of Chhattisgarh.

### 4. Hypotheses

- **Null Hypothesis (H0):** There is no significant relationship between grievance handling and policy renewal of life insurance customers.
- **Alternative Hypothesis (H1):** There is a significant relationship between grievance handling and policy renewal of life insurance customers.

### 5. Methodology

A study was conducted with 450 participants to collect data on the influence of grievance management on policy renewal in the life insurance industry in Chhattisgarh. The participants were the consumers of diverse array of jobs and positions of the industry, guaranteeing the study's inclusivity and thoroughness. An intricately crafted questionnaire was developed to gather relevant data from the participants. The study consisted of inquiries on customer contentment with the methods followed by insurance companies for addressing complaints and renewing policies.

### 6. Data Analysis

**Table 6.1 Descriptive Statistics**

Variable	Mean	Std. Deviation	N
Grievance Handling	18.07	4.345	450
Policy Renewal	20.64	4.283	450

**Table 6.2 Correlations**

	Grievance Handling	Policy Renewal
Grievance Handling	Pearson Correlation	1

	<b>Grievance Handling</b>	<b>Policy Renewal</b>
	<b>Sig. (2-tailed)</b>	
	<b>N</b>	<b>450</b>
<b>Policy Renewal</b>	<b>Pearson Correlation</b>	<b>0.169**</b>
	<b>Sig. (2-tailed)</b>	<b>0.000</b>
	<b>N</b>	<b>450</b>

**Interpretation:** In the table 6.2 the correlation analysis reveals a significant positive relationship ( $r = 0.169$ ,  $p = 0.000$ ) between grievance handling and policy renewal, indicating that effective grievance handling positively relates policy renewal rates.

## 7. Findings

The study identifies a significant positive correlation between effective grievance handling and policy renewal rates in the life insurance sector. The correlation analysis supports the acceptance of the alternative hypothesis, indicating that timely resolution of consumer grievances significantly increases the likelihood of policy renewals. This result emphasizes how important effective grievance redressal procedures are to maintaining insurance renewals and improving consumer loyalty. Effectively handling consumer complaints by insurers increases the likelihood of retaining customers.

## 8. Limitations

- The study's sample size of 450 respondents may limit its generalizability. A larger, more diverse sample could provide deeper insights.
- The focus was solely on grievance handling and policy renewal, excluding other factors like product offerings, pricing, and claims processing, which might also relate customer satisfaction and policy renewal.

## 9. Suggestions

- Insurance companies which want to improve customer satisfaction should make investments in prompt and organized grievance resolution procedures.
- Continually educate customer service representatives to effectively and sympathetically address concerns. Constant staff development guarantees that employees possess the knowledge and abilities necessary to efficiently handle and resolve problems.
- AI-driven solutions and automated complaint management technologies are available to insurers to expedite the grievance processing procedure.

## 10. Conclusion

In the life insurance industry, this research shows a strong correlation between efficient grievance management and policy renewal. These findings demonstrate the relationship of grievance redressal on customer loyalty and insurance renewal rates. Insurance companies

should improve grievance handling to boost customer satisfaction and retention. Subsequent investigations should delve into supplementary variables that have positive relationship insurance renewal and use thorough research methodologies to formulate more efficient customer retention tactics.

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