

A Study on Improvements in Handling Insurance Consumer Complaints

The insurance industry has been blamed for creating lots of consumer complaints in Korea. Thus, the Korean Financial Supervisory Service has focused on reducing the number of consumer complaints in the insurance industry since the code of conduct was announced in August 2013. However, given those policy initiative and efforts, insurers may not handle complaints in the best interest of consumers. According to our consumer survey, consumers do not feel any noticeable improvements in the process of handling consumer complaints in the insurance industry.

Along with those responses from consumers, it is necessary to reconsider and restructure the consumer complaints-handling policies in the insurance industry. We assume that we cannot help observing an increase in the number of consumer complaints due to the information asymmetry between consumers and financial firms, the popularity of consumer right movement, technological advances and so on. Given those situation, we propose to change our policy direction from a quantitative approach to a qualitative one: from now on, we need to focus on how to improve the process of handling consumer complaints in order to satisfy the consumers' needs and active demands.

The goal of this paper is to improve the current consumer complaints-handling scheme so that consumers could build up trust in the insurance industry. In this paper, we demonstrate that there exists a gap between our current consumer complaints assessment indices and actual consumer satisfaction; we interpret that this gap symbolizes the failure of current consumer complaints-handling policies. Given

those empirical evidences, we suggest how to utilize the feedback from consumers in improving current complaints-handling scheme. Furthermore, we learn the best practices of financial ombudsman service in the U.K. and Australia. Coupled with those lessons, we introduce several amendments to our current complaints-handling scheme.