

# Dissatisfied Consumers' Complaint Behavior – From Grievances to Conflict in the Insurance Industry

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**Abstract.** *The article discusses the conflict in the insurance industry, focusing on service failure and recovery processes in a Romanian insurance company. The Customer Complaints Management – and the associated challenges have been studied from a behavioral and also from an operational perspective in order to offer a better understanding of the potential conflict management tools that can be used in situations of service failure. The aim of this research is to offer a new and realistic perspective on the conflicts occurred between the insurance company and the policyholders emphasizing those aspects which are recurrent and specific for consumers' complaint behavior. In Romania, especially in the insurance industry, there are only a few companies that excel at handling service failures. Through this research, there are revealed some useful insights of how a firm can implement a cohesive conflict management strategy by valuing the knowledge assets in complaint management processes.*

**Keywords:** *insurance company, complaint, consumer, Romanian insurance industry.*

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## Introduction

This study aims to offer a comprehensive (but not exhaustive) overview on the conflict management processes in the insurance industry by analyzing specific patterns of expressing dissatisfaction among policyholders of a Romanian insurance company – and also the company responsiveness.

The Romanian Insurance Industry has recently became a hotspot for the Financial Supervisory Authority (FSA) that had implemented at the beginning of 2014 a series of controls and severe measures against some insurance companies which were accused

by underestimating the values of the damages and becoming incapable of disbursement. Therefore, consumer complaints handling has become an important concern for insurance companies.

## **Objectives**

The present research focuses on the complaint management projects of a Romanian Insurance Company that had been in the top 3 companies which registered the fewest complaints to the FSA (the percentage of complaints represented 0.034% from the total number of active insurance policies and only 10.86% of the grievances were substantiated).

The purpose of the research is to investigate the determinants of complaining behavior and provide insight into the knowledge management in service failure and its effect on customers. Using the knowledge concept to support the development of customer complaint management offers a better understanding of how the company manage customer knowledge in service recovery and explores how they acquire data in service failure and how they process it in order to generate and deploy customer knowledge for a better coping with conflicts.

## **Methodology**

The method chosen for investigating the subject is data – gathering and analysis followed by content (textual) analysis. One hundred written customer complaints have been analyzed in order to provide an insight on how customer perceive and expressed their dissatisfaction and also understand where and how the service failed.

Qualitative content analysis is defined as “an approach of empirical, methodological controlled analysis of texts within their context of communication, following content analytical rules and step by step models”. Thus, this method is the most suitable one considering the nature of the data – written complaints documents – that can provide very useful insights only by such type of analysis.

The analysis of the formal aspects of the material has been comprised as well in the research. The general aspects such as text length, page layout and wording (typed or handwritten) have been also reviewed. The qualitative content analysis has been combined with several quantitative procedures in order to review the demographic aspects of complainants: age, sex, background (rural or urban) and also some aspects regarding the car insurance policy – type of the policy, brand of the car and the value of loss reserve.

Once the demographic characteristics have been classified, a qualitative analysis has been performed in order to reveal specific patterns of expressing anger or frustration, the real motives that determined the customers to make a written complaint and also

what kind of expectations they have. The content analysis was based on two general categories: a conceptual analysis and relational analysis. The conceptual analysis was performed for establishing the existence and frequency of concepts most often represented by words or phrases in the text (words of expressing anger, frustration, dissatisfaction, threatens and the main reasons of complaining: delays, abuses or insufficient compensation). Furthermore, through the relational analysis there have been identified several insights emerging as a result of the correlation between some groups and the way they express dissatisfaction.

The main advantages brought by using this method consisted in the possibility to describe attitudinal and behavioral responses and to identify intentions and communication trends in expressing dissatisfaction. Being an unobtrusive method, it also allowed closeness to text which alternated between specific categories and relationships. All these aspects provided an interesting insight into a wide of patterns of customer thoughts.

On the other side, there were some disadvantages encountered while using this method: it was extremely time-consuming as the data was difficult to be automatically analyzed (despite using some text mining tools). Moreover, it was quite liberal and reductive in the attempt to draw meaningful inferences about the relationships and impacts implied in the study. However, the advantages mentioned before, have weighed more for purpose of the research that revealed some valuable and insightful information that can be further integrated into a knowledgebase for effective conflict management.

### **Customer reaction to service failure – the question of fairness**

#### *Complaining reactions – patterns of expressing dissatisfaction*

Complaints are a natural consequence of any service activity because “Mistakes are an unavoidable feature of all human endeavor and thus also of service delivery” (Boshoff, 2007). Studies show that conflict fundamentally influences the quality of the company-customer relationship, and its effective management can contribute not only to maintaining the relationship but even to deepening it (Berger, 2015, *apud* Gruber *et al.*, 2010). Nowadays, there is an increasing concern for understanding consumer behavior and satisfying his needs and expectations all the time and at the right time. Since the 80's consumer complaint behavior has sparked the interest of marketing researchers who aimed to find behavioral patterns and suitable responses related to the low level of satisfaction.

Though several definitions of complaining behavior have been proposed, there is a general consensus about the conceptual meaning of consumer complaining behavior. It is believed to be triggered by feelings and emotions of perceived dissatisfaction (Day, 1984 *apud* Prim & Pras, 2010, p.7). Without this feeling of dissatisfaction, the complaint

cannot be considered as a real complaining behavior, but as a “game theory” behavior and a negotiation tool (Ibid, 2010).

The philosophy of “the customer is always right” depends on the concept of customer satisfaction and builds up the heart of the company’s activities. Customer satisfaction is the customer’s perceived relation of expectation and the performance of the good services. If the customer’s experience from a product is higher, than that customer is satisfied or else, dissatisfaction emerges (Schiffman & Kanuk, 2004, pp. 14-15). The literature on this field depicts the conflict in a variety of ways relating its occurrence to the emotional states, cognitive states or conflict behavior of the participants. Trying to analyze a conflict between buyer and seller we may assume that a conflict indicates “disrupted understanding between a company and the consumer, generated by their diverging stands, the clash of aims and opinions and manifested by acting in response to the disruptions (Berger, 2015, p. 32).

Submitting a complaint is one of the obvious expression of a conflict between client and company. Traditionally, studies on consumer complaint behavior focused on behavioral responses, specifically those consumer actions that directly convey an “expression of dissatisfaction” (Landon 1980, p. 187). There are several reasons for the emergence of dissatisfaction (Pride, Ferrell, 1997, p. 10) such as:

- incomprehension of customer’s expectations;
- wrong customer satisfaction standards;
- lack of expectation – performance;
- undelivered commitments.

Attitude toward complaining is defined as the “personal tendency of dissatisfied consumers to seek compensation from the firm.” (Augusto de Matos, *et al.*, 2006). This attitude encompasses a general feeling of the “goodness” or “badness” of complaining and it is not restricted to a specific episode of dissatisfaction (Kim *et al.*, 2003). These authors have found that consumers with a positive attitude toward complaining have higher complaining intentions.

Complaining behaviors triggered by a perceived dissatisfaction may lead to some action being taken or no action being taken. In the first situation, complaining behavior is named “behavioral complaining behavior”. In the second case, it is named “non-behavioral complaining behavior” (there is no action – the consumer tries to forget the dissatisfaction and remains loyal) (Prim & Pras, 2010, p. 7).

In what concerns the behavioral patterns, there were identified two major behaviors as it can be seen in the Figure 1: responsive and unresponsive.

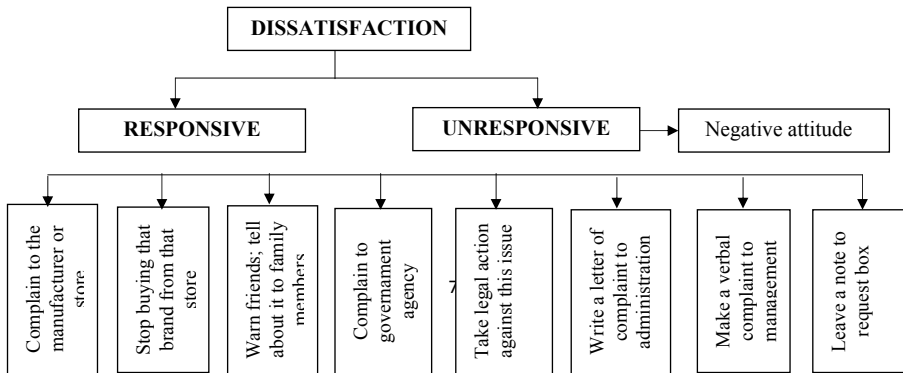


Figure 1. Dissatisfied Customer's behavior

Source: Hawkins Del. I., Best Roger J., Coney, Kenneth A., *Customer Behavior Building Marketing Strategy*, 9<sup>th</sup> Ed., McGraw-Hill Irwin, New York, 2004, p. 641.

Among the dissatisfied customers, there were identified four types of complainers (Hoyer & MacInnis, 2007, p. 289):

- **Passives:** These customers who are least likely to complain following bad purchasing experiences. Taking no action or not buying a firm's products or services are legitimate ways to express dissatisfaction.
- **Voicers:** Those who are likely to complain directly to the retailer or service provider; their actions may refer to changing the brand supplier; ceasing to use the product and also warning family and friends. These actions involve only the people within the consumer's group in informal ways.
- **Irates:** Those who are angry customers that are most likely to engage in negative word of mouth, stop patronage and complain to the provider but not to a third party as the media or government; the people from this typology may be seeking redress directly from the seller and even take legal actions. The main purpose of these consumer complaints is to "recover economic loss by getting an exchange or a refund and rebuild self-image" (Krapfel, 1985, p. 348)
- **Activists:** They engage heavily in all types of private and public actions including complaining to a third party. Consumers may blame seller or provider for their products or services and they may even reach to boycott them by spreading negative information.

The above mentioned aspects show that complaints are a critical element of the voice of the consumer. It is much better for a complaint to be voiced than for the consumer to spread it to many other consumers and to exit or leave (Stone, 2011, p. 118). Despite this growing interest in consumer complaining behaviors, only a few researchers argue that it is important to encourage consumers to complain (Prim & Pras, 2010, p. 6). However, being able to voice acts as a release of pressure and may create a sense of equity.

## **Coping with conflict – complaint management practices**

### *Service failure and recovery*

Dealing with problems effectively constitutes the most critical component of a reputation for excellent – service for a broad range of industries (Johnston, 2001 *apud*. Michel, Bowen & Johnston, 2009, p. 3). According to Tax and Brown (2000), service recovery is a “process that identifies service failure, resolves customer problems in an effective manner, classifies their root causes and yields data that can be integrated with other measures of performance to assess and improve the service system”.

One critical test failed by many companies is the ability to take problem data from customers and staff and transform it into real improvements (Gross *et al.*, 2007). The process of learning from failures appears to be more important than simply recovering from failure. What seems to annoy and anger the customers after a service failure is “not that they were not satisfied but rather their belief that the system remains unchanged which can make the same problem occur again (Johnston and Clark, 2008 *apud*. Michel, Bowen & Johnston, 2009, p. 7).

Whether they are due to human or non-human errors, service failures are often unavoidable. Interest in service recovery has grown as the results of service breakdowns reflect into customer dissatisfaction and possibly customer defection depending on the customer’s trust, knowledge and the availability of alternative service provider (Ranaweera & Prabhu, 2003).

### *Models of complaint management*

Previous research has shown that service recovery is critically important from a managerial perspective in terms of maintaining customer relationships. Given the predominance of marketing and customer focus in the literature on service recovery, the operations perspective hasn’t received the necessary attention. Only a few studies adopting a corporate perspective have focused on the normative managerial model dealing with the best practices in complaint management. The in complaint management, from this perspective, is “the process by which complaints are handled and customers recovered. The design, planning, control and execution of these procedures are core operations tasks (Mjahed & Triki, 2009). Complaint management practices are believed to undermine knowledge management when they “pursue the goal of control as associated with avoiding negative failure consequences. This view is much more developed than the view believing in the potential positive effects of failure. Paradoxically, firms often restrict themselves in fixing what has been broken in order to restore satisfaction and to prevent defection.” (Mjahed & Triki, 2009). There are organizational mechanisms that may encourage or detain complaint management. The organizations that fail to be effective in managing complaints are usually encouraging defensive organizational

behaviors impeding firm's customer related responsiveness in a service failure context (Mjahed, 2008, p. 15).

Complaint management process revealed strong knowledge intensity and involved a two-way flow of feedback: „an external feedback from complainant to the organization and an intra-organizational feedback.” (Ibid, 2008). Johnston (2001) developed a model, based on an assumption that the prime purpose of designing effective Customer Complaint Management (CCM) systems is to „deliver profit by increasing revenues and reducing costs (Taleghani *et al.*, 2011, p. 342).

### *Knowledge components in the complaint management*

Knowledge is a broad and abstract notion that has defined the epistemological debate in Western philosophy since the classical Greek era. In the past few years, however, there has been a raging interest in treating knowledge as a significant organizational resource (Alavi & Leidner, 2001). Many authors have avoided an epistemological debate on the definition of knowledge, by comparing knowledge with information and data. Data, information, and knowledge are not interchangeable concepts (Zhang & Kim, 2010, p. 3). Watson (1998) has described data as a collection of facts, measurements, and statistics. There is no inherent meaning in data. In organizations, data may be the raw material used in decision-making, but data represents only structured records of transactions. Information is different from data because it has meaning (Zhang & Kim, 2010).

Nowadays, knowledge is widely recognized as a sine-qua-non-asset for the well going of any organization. Effective knowledge management “offers a competitive advantage within the high competitive pressure in the business market and raises customer expectations regarding product/service delivery quality” (Mjahed & Triki, 2009). One of the best way to contain the negative and promote the positive consequences of failure is to use knowledge management – by simply following three important steps: quickly detecting the complaint, finding adaptive actions and establishing customer satisfaction.

Unfortunately, most of the times, complaint management practices undermine knowledge management by pursuing the goal of control associated with the avoidance of negative effects. This approach is much more developed than the potential positive consequences of failure. Surprisingly, many firms limit their actions in limit what has been broken “in order to restore satisfaction and prevent defection” (Ibid, 2009). This view reaches only half of the goal of service recovery that should be “to capitalize on complaint management by taking advantage of learning opportunities afforded by service failure and proactively taking unexpected actions.” (Ibid, 2009).

In what regards the learning from failures, knowledge management aims to transform customer complaints into knowledge about them that can further provide valuable improving opportunities for enterprises. An enhanced understanding of customer com-

plaints in the insurance industry will not only benefit the resolutions provided, but will improve the quality of the services significantly.

Complaint management process are based on two main proprieties: utilizing information technologies to break the barrier between employees and enable customers to gain information and service recovery from the company (Mjahed & Triki, 2009).

In order to achieve an effective complaint management, Nonaka and Konno (1998) proposed a comprehensive knowledge system framework, based on four types of interaction, represented by the acronym SECI (Socialization – Externalization – Combination – Internalization)

*Socialization* – in the complaint management process occurs when the member within the organization interact with customers and employees interact with each other to share tacit knowledge. Thus, there are two type of customer knowledge in the organizational frame: the knowledge exchange between customers and organization and knowledge dissemination within the organization.

*Externalization* – involves expressing tacit knowledge in such a way that it can be understood by others. A cross-functional team with the right mix of knowledge may speed up the solving of specific failures. This is especially necessary for an uncertain situation, which often requires the problem holders to make certain decisions relying more on experiences in interpreting complaint-handling policies and procedures.

*Combination* – refers to the collection of explicit knowledge from sources inside and outside the organization in order to have a comprehensive view of the failures and find the appropriate solutions.

*Internalization* – entails the process by which the newly created knowledge is converted into organization's tacit knowledge. The explicit knowledge gained from the complaint management analysis is directed toward managers in charge of taking preventive actions.

In order to release the full potential of customer knowledge, a firm must excel at managing all four processes mentioned above. Service recovery performances depend upon the firm's commitment to integrating knowledge management into complaint management process and upon its ability to manage knowledge assets in each complaint management step. The provisions of this type of approach are essential in achieving a superior service recovery, by modeling an effective decision-making support. The better a company's ability to acquire, analyze, and use its customer complaint data, information, and knowledge, the better the firm will be in a position of developing their own business rules to support the management of customer complaints.



## **Case study – from grievances to conflict in the insurance companies**

### *Romanian legislative framework in the insurance industry*

In Romania, the national authority empowered to protect the insurance consumers (policyholders – insurance customers after signing a facultative or a mandatory insurance) is the Financial Supervisory Authority (FSA). ASF is the empowered body competent to monitor the observance of the directly applicable regulatory acts issued by the European Union, in the fields provided by this regulation, and for the transposition into the national legislation of the provisions issued by the EU Council, EU Parliament, European Commission and by other European authorities.

Under the Romanian Law – the Financial Supervisory Commission was established as an autonomous administrative authority, with legal personality. The Financial Supervisory Authority (ASF) contributes to the consolidation of an integrated operation and supervisory framework of the non-banking market, one of its aims being to promote the stability of the insurance activity and protect the rights of policyholders. Its main role is to promote the trust in the insurance market by ensuring protection against disloyal, abusive and fraudulent practices.

In the insurance field, consumer protection is reflected on how the compensation of damage incurred is carried out (Gavriletea, 2010):

- The modality of compensation calculating the compensation;
- The way the policyholders are treated by the insurance company employees;
- The quality of repairs carried out.

In the same way, the protection of policyholders is also reflected by the maintenance of an acceptable level of insurers' solvency, based on the regulation – insurers that must pay the future compensations using the currently received insurance premiums. In order to register a complaint against an insurance company, there must be two steps that preceded it: the existence of the insurance contract and the occurrence of an insured risk.

The FSA has submitted a Regulation regarding the way of solving petitions addressed to insurance insurance company set up by the Law no. 32/2000. By filing a petition/ complaint/notification, the petitioner may notify ASF that he considers that one of its rights was prejudiced by the insurance company. According to Art. 2 of Government Ordinance No. 27/2002 on the regulation of the complaint settlement activity, "petition means the request, complaint, notification or proposal made in writing or by e-mail that a citizen or a duly established organization may address to public central and local authorities and institutions, to public decentralised services of ministries and other central bodies, to business entities and national companies, to county or local interest companies, and autonomous companies, hereinafter referred to as public authorities and institutions".

Thus, ASF may determine whether a supplier of non-banking financial products and services assumes its responsibilities seriously or if additional supervisory and control measures are required. In this way, the complaint settlement activity represents an additional leverage for ASF to protect the legitimate interests of consumers, but also an important source of information for the supervision and control activity.

The petition (the complaint or notification) may be sent by post, e-mail, may be submitted to the headquarters, or via the online form for the transmission of complaints. ASF also offers expert advice by telephone to Consumers, but petitions cannot be filed by this channel.

The ASF recommends the petitioners to try an amicable resolution of their problem by addressing the insurance company directly. If they were unable to reach an amicable agreement with the company, they might address ASF their complaint, accompanied by supporting documents. It shall be settled within the legal term of 30 days from the date of its registration. If the facts notified in the petition require a more detailed investigation, the term may be extended by maximum 15 days.

Another recommendation regards the content of the complaint that should be clear and contain a concise account of the facts and reasons for which it was filed, and the proposed solution for settling it. Copies of the relevant documents that could help in settling the petition should also be attached.

For the receipt of petitions, within each sector of ASF (insurance-reinsurance and financial instruments and investments and private pensions) there are specialists in the field of consumer protection, public relations, and complaint reception and settlement. Furthermore, the Consumer Protection Service operates within the Integrated Supervision Directorate, whose duties include, among others, monitoring the entire non-banking financial markets to identify and correct non-compliant practices of services suppliers.

After receipt of the petition, ASF initiates the petition settlement process. Depending on the case, ASF specialists contact the parties involved in the petition in order to request additional explanations on how the facts occurred. ASF may issue recommendations to both parties and, furthermore, it will explain whether the natural/legal person acted in accordance with the applicable rules and regulations.

To ensure transparency over the resolution of the registered petitions, the insurance companies are required to submit on their websites the following information:

- the total number of complaints registered per claimant and per unique case;
- the total number of substantiated complaints (resolved favorably) recorded per complainant and per event;
- the number of substantiated complaints (resolved favorably) on claims files;

- the total number of petitions for which the claim files have been paid;
- the total number of complaints recorded the unfavorable per event and per claimant.

In order to defend the rights of policyholders and promote the stability of insurance in Romania, the Financial Supervisory Authority verifies constantly the way the petitions are solved by insurers and insurance brokers, as well as the implementation and compliance with this Regulation.

### *Research methodology*

#### **A. Objective and Hypothesis**

The aim of this research is to offer a new and realistic perspective on the conflicts occurred between the insurance company and the policyholders emphasizing those aspects who are recurrent and specific for consumers' complaint behavior.

H1. There is a positive correlation between age and the complaint behavior. The study aims to disclose if young people are more likely to complain and report a dissatisfying experience.

H2. There is a positive correlation between the value of the damage and the complaint behavior; the research tries to underline if the high level of the damage may determine the consumer to complain if they had a dissatisfying experience.

H3. Men are more likely to complain than women. Because the target group of the study is represented by auto policyholders, it can be assumed that men may be more determined to complain than women.

#### **B. Sampling and Data Collection**

The data was collected from the online complaints registry. There were selected only the complaints of auto policyholders (CASCO and MTPL – Motor Third Part Liability) registered in 2014. From a total number of 305 that met this criterion, the complaints were selected using a statistical step by choosing every third complaint from the report.

#### **C. Instruments and Research Methods**

The first part of the research consists of a quantitative data analysis and the second part focuses on a qualitative content analysis. The data was centralized in an Excel table, but the instrument used for data centralization and analysis can be seen in Annex 1.

### *Results and interpretation*

In what concerns the complainer's profile it could be seen in the table below that the men are significantly more than women (four times more). Most of the complainers are from the urban area (78%). It can be also observed that the majority of complainers are middle aged (61% are between 26 and 55 years).

Variable	Category	Frequency
Gender	Male	81
	Female	19
Background	Urban	78
	Rural	22
Age	18-25 years	6
	26-35 years	25
	36-45 years	22
	46-55 years	14
	56-65 years	9
	> 65 years	2
	NA	22
Entity type	Corporate	26
	Individuals	74

### ***Policy information***

There is a quite balanced distribution of the complaints on the two types of policy – 42% CASCO and 58% MTPL. The higher percentage of the complaints on MTPL policies is justifiable as long as the MTPL injured parties are “third parties” and not the clients of the company. However, the lack of facultative car insurance (CASCO) is also a case which can determine an insured to try to fraud the insurance companies. When there is the case of an accident between an expensive, imported car and a cheaper one, “the parties involved might try to fraud the insurers. In these cases, the owner of the cheaper car will be the one considered guilty because, if the owner of the expensive car were the one considered guilty, the following year, he would be forced to pay higher premiums for CASCO. Based on a common agreement, the owner of the expensive car pays an amount of money to the other that will take care of the repair expenses, and the insurance company is left to pay the damages for the expensive car.” (Badea, 2008, p. 60).

In what concerns the territorial distribution of the complaints, it can be noticed that the highest percentage of complaints belong to Bucharest region (Ilfov County) and there is a higher percentage of complaints in the South Region in comparison with the North Region. A detailed distribution of the complaint in each county can be seen in the map below:

It can be also noticed that there is a higher recurrence of the complaints, according to the brand of the car. In the below table, there is a top 10 brands of damaged cars, their frequency (column 2) and the average loss reserve (column 3).



Brand of the damaged car	Frequency	Average loss reserve (RON)
VW	11	17030
BMW	11	18911
DACIA	9	9688
OPEL	7	7642
RENAULT	6	10133
AUDI	5	7500
FORD	5	7760
MERCEDES-BENZ	5	11625
PEUGEOT	4	26250
CHEVROLET	3	9566

### Complaints content analysis

At a slight view of the text of the complaints, it can be seen that most of them 94% are typed and only 6% are handwritten. Most of the grievances (95%) were received via FSA. Regarding the text length, the majority of complaints (82%) are under 500 words – the standard format of one page.

Variable	Category	Frequency
Aspect	Typed	94
	Handwritten	6
Source	via FSA	95
	via customer	5
Length	< 250 words	41
	250 - 251 words	41
	501-750 words	7
	> 751 words	11

### ***Text analysis***

A more detailed overview of the complaints shows that the indicators of politeness “please” and “thank you” are used only by less than a half of the clients. The grammar rules are respected by 77% of the complainers. An interesting fact is that the complaints labeled not to be grammatically correct have more than three mistakes (spelling & grammar).

There is a 22 percentage of the clients whose level of dissatisfaction reached a maximum level and they use to express it by using different types threaten: resorting to mass-media or legal action. There is a percentage of 7% of the clients who uses open questions to express their dissatisfaction and motivate somehow the company to give a response. Some of the encountered questions are given below:

- What does the customer come in all things?
- If the policy wasn't valid, why the file was opened?
- How can they decide this thing?
- Why it took two months to conclude that he doesn't know much about the accident?
- What will I do if those from the service will not give me back my car because I have to pay reparation?
- To understand that we have chosen the wrong insurer?

These questions suggest a high concern to find an answer from the company and indicate as well strong means to express the dissatisfaction.

Moreover, besides these questions there is a large variety of words used by the client to express the dissatisfaction and criticize the insurance company. Most of them are related to the high delays in receiving a reply or a payment. There exists also another variety of words and expressions used to criticize and blame the attitude of the company or the company's employees.

An interesting aspect that could be noticed is that many clients adopted a confessional expressing style, writing their grievances like talking face to face with the insurer. In order to express their anger, some of the complainers wrote several sentences in uppercase letters and used many consecutive exclamation or question marks (“!!!!!!” or “?????”).

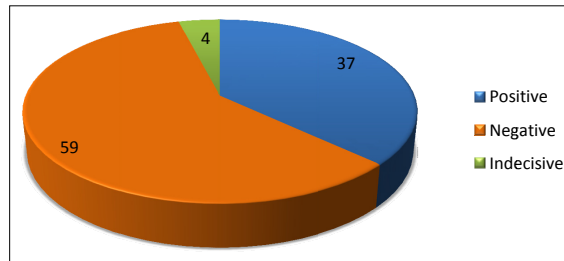
Another aspect claimed by the customer is the abusive attitude of the company, 10% of the complainers using the words “abuse” or “abusive” in their grievances.

### ***Settlement methods and resolutions***

There were identified two main subjects of complaints: payments requests and information/additional verification requests. The table below presents how the requests

were settled depending on their subject:

	Positive	Negative	Indecisive
Payment request	36	53	4
Additional verification request	1	6	0
TOTAL	37	59	4



### ***Reasons of rejection***

The reasons for rejecting 59% of the complaints were varied; the most frequent reason is related to the customer declarations regarding the damages. In many cases the claim files were rejected for:

- pre-existing damages;
- the damages did not correspond to the accident dynamics;
- faked event.

Other reasons for rejection referred to:

- the lack of documents in the claim files;
- drunk driving;
- common fault of the parties involved in the accident;
- expired PTI (Periodical Technical Inspection);
- uninsured risk;
- fraud attempt.

There have been identified a subcategory of complainants that voice illegitimate complaints in order to gain some financial compensations, knowing that they are the cause of a service failure. The main methods of frauding the insurance companies are staged accidents, induced theft and damage and also inflated claims, based on forged documents (Badea, 2007, p. 59). The temptation in frauding the insurance companies also occurs in the case of ensuring second-hand cars. Due to the disproportion between the acquisition price and the insured amount established based on the catalog price, the insured becomes interested in earning an amount of money, significantly bigger than the price paid for its purchasing (Ibid, 2077).

### *Limitations of the study*

Customer grievances and complaints represent only a phase of the conflict between the customer and the company. For a comprehensive overview of this issue, there should be analyzed as well the reasons that caused dissatisfaction and how they were approached over time. Moreover, due to the limited amount of the data – provided by only one insurance company, the results cannot be generalized to the entire Romanian insurance market.

This research offers only a unidirectional approach to the complaint behavior focusing only on consumer's grievances. In order to have an exhaustive perspective, there should have been analyzed the responses of the company to customer complaints.

The "loss reserve" used for analyzing the value of the damages may change over time, and it does not reflect the real value of the final payment that the insurance company should pay. Thus, the second hypothesis concerning the correlation between the value of the damage and the complaint behavior could not be totally validated.

### *Conclusions and practical implications*

Customer complaints, no matter if they come from males or females, youth or elders, well-bred or uneducated people, are a valuable and useful source of improvements for the company. They offer a very insightful perspective on how the products and services are perceived by the clients. Consumer complaints have shown that much more needs to be done to ensure that the information provided in the sale of insurance products is fairer, more balanced, clearer or easier to understand, and not misleading. Besides these, Poor claims-handling including inappropriate claims refusals, compensation disputes, and delays in payments in the third party motor insurance sector have been reported.

The Romanian auto policyholders are a part of the "irates" and "activists" categories. The high level of dissatisfaction that made them write the grievances is clearly expressed and it reflects both frustration and optimism that the consequences of the complaints will be positive and will lead to some benefits. Romanian complainers use to confess openly their dissatisfactions, to blame, to accuse, to threaten and to seek all the means for doing justice.

Having an issue that warrants a complaint is usually the trigger for the customer to address to a superior authority entitled to solve this issue. Complaints and associated issues of product and service reliability in the insurance industry are focused on by regulators such Financial Supervisory Authority – which is an important determinant of managing them properly.

A very annoyed consumer will seek all the possible ways to voice his/her opinion. Today, it takes only a few seconds to fill in a form on the internet and transform it into a complaint. However, it is much better for a complaint to be voiced than for the consumer



to spread a negative word of mouth and exit. How well a complaint is managed is a key determinant of consumer satisfaction which may be naturally correlated with loyalty.

The research revealed as well that some of the declared service failures and illegitimate complaints are not necessarily linked to dissatisfaction. In this respect, there comes a need to reevaluate the complaint management practices in terms of products and staff training schemes in order to ensure that the genuine dissatisfied customers are fairly treated and the illegitimate ones are identified. A possible mechanism for achieving this aim will be to train the front-line employees to identify and prevent unjustified customer complaints and at the same time, empower the staff to take higher responsibility and give optimal solutions for the fair customers.

Whether they are substantiated or not, consumer grievances are essential incentives for improving the products quality and the customer care services. The quality of the company-customer relationship is significantly influenced by the conflicts that occur during a customer life cycle and the effective management of these situations can lead not only to maintaining a long relationship but even to deepening it.

Considering all the plusses and minuses of the present study, I would like to further extend my research on this topic by using a more inclusive approach and incorporate insights from employees, managers and other relevant actors in service encounters. A future research may explore the diverse areas of complaints that have been provided by new technologies and see how the conflict is managed through the tools offered by new media. In these respect, it is hoped that the current study represents the basis for additional research into this understudied topic.

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