

A Study on Customer Relationship Management (Crm) Practices in Selected Life Insurance Companies in Chennai City

Madhan. G

MBA, Department of Management Studies
Bharath Institute of Science and Technology,
Bharath Institute of Higher Education and Research
Department Of Management Studies,
Selaiyur, Chennai, Tamil Nadu 600 073

ABSTRACT

CRM is a concept that enables an organization to acclimatize definite products or service to each individual customer. May be used to create a modified one to one experience that will give the individual customer a intelligence of being cared for customer satisfaction and loyalty, The speedy growth of information technology helps insurance business to quickly down customer information, to evaluating their requirements and giving values to their through the betterment of the original aspects, channel consolidation sweetening of employees potential force negotiable reaction ,customer division values evaluation and customized service CRM retains the current customer, appealing the potential customers and widening customer value the concept of CRM vibrate the management in this scenario. The recent articles regarding CRM operations describe about the failures and outcome company opposition to interest in CRM the possibility of significant improvement in CRM practices coupled with user trinities and risky atmosphere failed to execute their effort efficaciously in such a state of affairs if is be suitable to re examine the existing theories and find out the stakes for CRM practices so as to communicate to the subsisting drifts in the insurance company.

1. INTRODUCTION

The Insurance Companies are playing vital role as a financial institution in the world. As well as insurance are playing significant task where is risk management. But compare with other developed countries contribution of insurance for service sector existing at low level in India. The most popular reason that confidence about the insurance companies exit at low level at India. The Life insurance is complex matters. People sometimes make pretty unintelligent choices with their life insurance. One of them is to lapse their policy; stop paying their premium. Causation of life insurance policies is a curse for the insurer and a serious infection within an insurance company which, if not cured, could even lead to the whole company's economic failure. Insurance companies function through the perception of risk pooling and risk sharing. This means that the losses of the few are spread over the group; average loss is substituted for actual loss. Causation of policies makes it difficult for insurance companies to build accurate estimates. The previous policies have a detrimental effect on risk pooling and sharing - so, if policies start lapsing then business is sure to go down. Causation impacts on customer retention, product performance; pricing factors, public

image and workforce planning, and is ultimately detrimental to the insurer's business. Indian has a low 25.4% life insurance dissemination which the industry attributes to a lack of responsiveness and poor economic conditions brought about succinctly by the fact that 50% of life insurance policies lapse along the way due to insured's finding it difficult to continue to pay their policy premiums because of pecuniary problems.

2. THE BACKGROUND THE STUDY

The Organization follow CRM strategy with the intention of raising the business operations and values firms confront different organizational difficulties incorporated with the endeavor. To cut down the jeopardy of failure, it is recommended that firms should couldn't an evaluation of organizational preparedness before practicing CRM initiative insurance sectors is not elision to this fact .There is an elevated requirement to focus on different challenger confronted by the public and private insurance firms in exulting CRM practices now dry's many insurance firms have endow into CRM but research betoken diverge in outputs. It is evident that there are important variations in CRM related issues confronting by the public and private sector and that business should have an effortless time in implementing CRM systems, the implication strategic value for public for sector is evident with customer postulate more service and availableness from top-level management, public sector CRM software technologies have to extend best solutions for attaining process and cost objectives.

3. THE OBJECTIVE OF CRM

CRM is the strategic concept that can provide the strategic to help the enterprises, and the objective of CRM can be analyzed in three aspects that are improvement of efficiency, development of market and customer retention. Improvement of efficiency: Through the usage of information technology, the enterprise can improve the automation level of business process to achieve the information sharing and then promote the ability of staff to reduce the training requirement. So, CRM can help the enterprise to get more efficient business operation. Development of market: Through a new business mode in CRM, the enterprise can expand the scope of business to grasp new market opportunities and occupy bigger market shares. Customer retention: From the customer service system in CRM, the customers could choose their favorite's way to communicate with the enterprise in order to get the information and service from the enterprise better. With the improvement of customer satisfaction, more regular customers can be retained and more new customers will be attracted.

4. IMPORTANCE OF CUSTOMER RELATIONSHIP MANAGEMENT IN INSURANCE SECTOR

Customer Relationship management is a comprehensive strategy ad process of acquiring, retaining and partnering with select customers to create a superior value for the insurer and the customer. The basic theme of the CRM strategy is that the insurance sectors have to become more customers

centric. This does not create a new revenue stream immediately in all transactions, however. The essence of CRM is the bonding between the insurance sector and the customer. Insurance sector is not a mere transaction of products, services and money transaction but a whole process of transaction. It is possible to establish better relationship between the insurance sector and the customers.

1. HMDS Wijenayaka, DAM. Perera, and WS Sanjewa (2015) the study revealed that the majority of customers strongly agree that trust is an important dimension that underpins CRM and their relationship with insurance Industry. All the variables of the study have high structural correlations. The empirical results indicate a positive relationship between perceived trustworthiness of insurance industry and CRM at Insurance Industry in Sri Lanka. Therefore the hypothesis H1 is partially accepted. In other words, if the trustworthiness of Insurance Industry increased, CRM at Insurance Industry would also increase. Financial matters are important to people, they want to know that their and their dependents' future is secure should an unplanned future event take place that could make them disabled or force their dependents to fulfill financial obligations after their death, therefore customers desire to trust. This specifically indicates that employees of Insurance Industry working at the Customer Link-in-Centre's, with whom clients directly interact, should show respect to customers and be honest and truthful in their dealings with customers.

2. Bowman al. (2004). This research was considering CRM analytics is an essential part of insurance company's e-Business strategy. Insurance firms gain advantage through embracing analytical support for the business enterprise using systems that can quickly organize and retrieve information stored in their customer knowledge base. Insurance company's investment in a CRM system that tracks customer interactions with the business and facilitates workflow management will lead to service excellence, paying dividends in higher customer retention levels.

3. Accenture, (2005). This study was focus as far as insurance CRM is considered, the use of CRM in the public and private sector is similar in two ways. Both use the same underlying technology and principles, and both use CRM to help improve customer care. The big difference between both sectors can often lie in the way in which each regards the customer. In the private sector, the level of service given to each customer is sometimes seen to be based upon his or her current or perceived future value to the organization. This often means that CRM is used by some organizations to ensure that high value customers get a high level of service, while as many transactions as possible, are automated, when it comes to low value customers. In the private sector, CRM is used to manage a large number of customers, using a small number of processes, to maximize a small number of products and services.

4. RESEARCH GAPS IN THE LITERATURE

This research has reviewed more than 95 studies, which include 75 Indian and 20 foreign journals were reviewed. The previous discussion of the literature identified significant gap that will be explored in the thesis. Most of the studies in the area of customer relationship management

practices by studying the reasons for strategies to increase the customers, post sales service, customer satisfaction, impact of technology, extent of risk taken by respondents, the present study covered level of customer relationship management practice on the basis of customer service, customer royalty, innovative schemes, customer expectations are strategically determined, CRM maintenance, problems faced by the customer. But no study was made on customer relationship management (CRM) practices in selected life insurance companies in Chennai city

5. PURPOSE OF THE STUDY

This study draws awareness to the key elements of relationship marketing. Due to competition and customers has become sophistication. The marketing must also improve the serve this new environment and help the insurance company compete and be successful. Customers are increasingly educated, competent and connected to technology. To expand insurance relationships, relationship management helps the marketer to be able to react, adjust, and satisfy customer demands on the spot. Qualifying customer needs and credibility in offering a solution are prerequisites for even being in the organization. New customer demands have made insurance coverage and services conversations far more complex, requiring a wide range of product knowledge, sales techniques, customer insight, and company-wide awareness and the customer expects a fast response.

6. STATEMENT OF THE PROBLEM

CRM in the insurance sector have four phases. It consists of full service group of product vendors, marketer that provide some but not all CRM applications and e-CRM call centre and Internet products. In the private sector competitor, force and the demand for share holder returns guide to concentrate on maximizing customer value for short term profits but in the public sector the competitive pressure arise due to customer's anticipations, increasing demands, need for cost diminution, fraud and demand for increased services. Audience selection is also a choke point in both public and private sector. But public sector cannot choose the people they accommodate. Public and private sector organization of times begins to follow the same nature of work eg-patchy direct marketing, customer complaint, various customer services and e-government projects etc. CRM is not equal to e-government. So private and public sector Company started integrate their e-business projects into CRM Private Sector organizations doesn't have a direction regarding the accomplishment of CRM initiatives, micro functional, Macro, and programmed levels.

7. SIGNIFICANCE OF THE STUDY

The present study on Customer Relationship Management (CRM) practices will also be useful to the insurance sector to understand the perception and expectation of customers in relation to the services rendered by them, insurer can further identify the extent to which they are able to maintain customer relationship and the measures they can take to improve their relationship and quality services. The study will also be informative to the customers.

8. OBJECTIVES OF THE STUDY

- To examine Customer Relationship Management Practices in selected Insurance Companies in Chennai Division
- To identify innovative measures and technology adopted by channels of insurance Companies.
- To assessing Customer Relationship Management Strategies for creating Customer Loyalty in Insurance Companies.
- The Problem of implementation of CRM Practices in insurance Companies
- To offer and suggestions to improve CRM Practices in insurance Companies

9. METHODOLOGY OF THE STUDY

The study is based on the primary data as well as secondary data. The primary data will be collected from the study area through Interview schedule to the customers and by questionnaire to the insurance. Personal observations and discussions with the customers and regular visits and conversation with insurance official have also will be taken the customer' and insurance sectors' perception about customer services, attitudinal environment in the insurance, and CRM practices in the insurance sectors. Four special areas of CRM, namely, acquisition, satisfaction, loyalty and retention will be focused in the questionnaire prepared for the insurance sectors. The interview schedule prepared for customers covered the aspect of customer services, the attitudinal environment prevailing in the insurance sectors and the CRM practices in the banks. Secondary data will be collected from the publication of annual reports.

RESEARCH DESIGN

The researcher is taken by descriptive research. Descriptive research is provides description of relationship of modern CRM practices in the Indian insurance sector.

SAMPLING

This study was determined as per the insurance sector situated in Chennai city. There are five insurance companies are functioning in Chennai city. Among 35, only 50 per cent of the insurance sectors are alone taken for the study. And the samples are taken administered in the following table.

S.NO	NAME OF THE INSURANCE COMPANIES	IDENTIFIED	CUSTOMER
1.	SBI life insurance	135	135
2.	Kotak Mahindra	135	135

3.	HDFC Standard life insurance	135	135
4.	ICICI Prudential life insurance	135	135
5.	ING Vysya Life insurance	135	135
Schedules taken for the analysis		675	675

TABLE NO 1

The sampling method each insurance sector employees are taken 135 of each customers are decided for the study among them only 675 respondents alone cooperated at the time of interview.

AREA OF THE STUDY

The selection of respondents' survey has been conducted in Chennai city. Only 5 Insurance sector employees are taken by 675 respondents which were selected for the study.

PERIOD OF THE STUDY

The period of the study is 2005-2006 to 2015-16. The primary data was collected on end of the 2016.

PILOT STUDY

The study used a structured questionnaire. The questionnaire was pretested during the months from June 2015 to December 2015 on a sample of 75 Customer selected in Chennai Division. A pilot study was undertaken to identify and eliminate ambiguous terms and to check the reliability of the questions. Necessary changes were made in the instrument on the basis of responses to the questionnaire. Pilot testing of the measurement instrument was necessary to validate the items and the whole scale. This is because some of the measurement items were developed or modified for the purposes of this research and because the questions in the instrument were newly compiled to form a new questionnaire. The statements to be included in the CRM Practices were identified by applying "t" test.

RELIABILITY STATISTICS

FACTORS	NO. OF ITEMS	CRONBACH'S ALPHA
CRM Strategies	25	.8742
CRM post sales service	18	.8435
CRM Customer Satisfaction	18	.8892
CRM Technology	14	.8983
Impact of CRM	19	.9832
CRM Maintenance	13	.8671

TABLE NO 2

A common measure of the internal reliability of a dimension mechanism is Cronbach's alpha. In this research, the satisfied validity of the measurement instrument was assessed by asking experts to examine it and provide criticism for revision.

10. LIMITATIONS OF THE STUDY

This study though a number of precautions have been taken to increase the reliability of the present study the researcher feels that there are certain limitations which may be given due consideration, Limitations of time and willingness of the respondents dictated the sample could not be larger than the present one. The findings cannot be generalized to the Insurance sector owing to some macro and micro factors, which can affect profitability of the insurance companies. It is possible that the negative effects of technology change over time as employees and customers become more accustomed to the systems. Therefore, a future longitudinal study might also provide worthwhile insights. As new CRM processes evolve over time, it could be argued that our sets of processes at each stage will need to be "enriched" or updated, as new activities become common practice. To examine CRM processes at the end user and consultant facing level only. Some dimensions of CRM could be out of the preview of study.

SBI LIFE INSURANCE

Formed in 2001, SBI life insurance is a joint venture between SBI –Indian largest bank and BNP Paribas Assurance – francs banking and financial service provider. SBI own 74% of the total capital and BNP Paribas Assurance remaining 26%. SBI Life insurance has an authorized capital of Rs. 2,000 Crores and a paid up capital of Rs. 1000 Crores. They are collect more products including retirement plan, child plan, investment plan, Health Plan,

KOTAK MAHINDRA LIFE INSURANCE

Kotak Mahindra Is One of the Indians leading banking and financial service organizations, offering a wide range of financial services that encompass every sphere of life. From commercial banking, to stock broking, mutual funds, life insurance, and investment banking, the group caters to the diverse financial needs of individuals and the corporate sector. Kotak Mahindra life Insurance old mutual life insurance Ltd is 74:26 joint ventures between kotak Mahindra Bank Ltd., its affiliates, and old mutual.

HDFC LIFE INSURANCE

Established in 2000, HDFC life is a leading long term life insurance solutions provider in India, HDFC Life one of the leading life insurance companies in India offering a range of individual and group insurance solutions that meet various customer needs such as protection, pension and investment and health along with children's & women Plan, customers have the added advantage of customizing plans, by adding optional benefits called rider, at a nominal price, As on may 31st, 2016, the company had 29 individual and 8 group products in its portfolio, along with 7 optional rider benefits catering to a diverse range of customer needs.

ICICI Prudential Life Insurance

ICICI prudential life insurance company is a joint venture between ICICI bank and Prudential PLC, a leading international financial service group headquartered in the United Kingdom. ICICI Prudential was amongst the first private sector insurance companies to begin operations in December 2000 and has been one of the leading players. Our assets under Management (AUM) crossed 1 lakh Crore as on February 19, 2015 for the life insurance company, it is a sign of trust reposed in us by policyholders. Our claim settlement ratio stood at 93.80% as per the IDDAI Annual Report FY 2014-15.

ING VYAYA LIFE INSURANCE

Established in india in September 2001, ING Vysya Life insurance company limited is a part of the ING group, a global financial institution of Dutch origin that offers banking, insurance and assets management to clients across the world, Headquartered in Bangalore. ING life india has over 250 branches present in more than 225 cities across india. ING Vysya insurance Co. has around 7000 employees with over 1 million policy holders spread across the country.

10. CONCLUSION

The present article concluded that the managements of all the organizations selected for the study are unanimous in the way they define Customer Relationship Management (CRM) and their understanding of the concept of CRM. However this study has thrown sufficient light on the CRM practices and how these practices differ among the different service sectors and within a service sector. Hence based on these findings this study has made some suggestions that are common to all the service sectors like formulating a sound customer knowledge strategy, categorization of customers on customer value, devising a mechanism to measure CRM progress and internal marketing. Besides this study has also made some important suggestions specific to the selected service like the banking service organizations are recommended to design their offering based on a customer knowledge strategy. The Hotel managements are suggested to implement loyalty programmes which would lead to referrals. The Insurance Companies would benefit through tailoring their offering to high value customers that is high net investors and the telecom companies have been suggested to develop churn prediction models by using tools like data mining. The present study can serve as a platform for future work on the subject and this will naturally stimulate new ideas and also further research on the subject.

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