

## CRM SOLUTIONS IN LIFE INSURANCE SECTOR-AN EXPLORATORY STUDY

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### **Abstract**

*Increasing customer expectations, growing competition, new distribution channels, regulatory changes and globalization are just some of the changes insurance companies around the world are currently encountering. Foremost among these considerations is the new emphasis on customer orientation. To retain customers as well as profitability, insurance companies today must not only deliver a high-quality product and meet the new demands of customers but also perform efficiently to keep costs to a minimum. This can be achieved by optimally using then mechanism customer relationship management (CRM). Philp Kotler defines Customer Relationship Management is the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction. It is a strategy used to learn more about customers' needs and behaviors in order to develop stronger relationships with them. After all, good customer relationships are at the heart of business success.*

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The more useful way to think about CRM is as a process that will help bring together lots of pieces of information about customers, sales, marketing effectiveness, responsiveness and market trends. CRM is a term which is not only used by business organizations today to maintain good relationships with their present and old clients and associates but is being used by almost any type of organization to create a beneficial environment for them and all in today's era of competition. It has started to play an ever increasing and important role in the growth of all such organizations those have developed a sense of understanding towards customer service and satisfaction and focused in implementing the technique CRM.

CRM holistically viewing is a business approach that integrates people, processes, and technology to maximize the relations of an organization with all types of customers. It helps in understanding the customer better, which enable organizations to effectively customize their products and service offerings according to the customer needs, in order to retain him and increase loyalty and satisfaction towards organisation. Many organizations are embracing customer relationship management strategies to reap benefits such as enhanced revenues and high profits.

**Benefits of CRM**

Based on successful CRM implementations, the following benefits seem reasonable. The idea of CRM is that it helps businesses use technology and human resources to gain insight into the behavior of customers and the value of those customers. If it works as hoped, a business can:

- provide better customer service
- cross sell products more effectively
- help sales staff close deals faster
- simplify marketing and sales processes
- discover new customers
- increase customer revenues

The benefits of customer relationship management are abounding. It allows organizations not only to retain customers, but enables more effective marketing, creates intelligent opportunities for cross selling and opens up the possibility of rapid introduction of new brands and products. To be able to deliver these benefits, organizations must be able to customize their product offering, optimize price, integrate products and services and deliver the service as promised and demanded by the customer base. Keeping the customer happy is obviously one way of ensuring that they stay with organization. However, by maintaining an overall relationship with customer, companies are able to unlock potential of their customer base and maximize contribution to their business.

**CRM in Insurance Sector**

After telecom and banking, it's the turn of insurance companies to deploy CRM solutions. As insurance is a complex product, personalized service-achieved through an intimate knowledge of customers and their histories is critical in making sales. As insurance options broaden and products grow more complex, customers seek superior, personalized service more than ever. To maintain competitive edge and viability, insurance companies are focusing intently on delivering superior customer service. A comprehensive CRM strategy addresses three imperatives of providing a unified enterprise customer view, retaining customers with great services and controlling costs.

These three imperatives form a unique interplay that maximizes sales while reducing operational costs which is the equation for improved revenue, growth and profitability. Within many insurance companies, there is a wealth of valuable information about individual customers like

- a. To know who they are and what insurance products and services they buy.
- b. To know their history of claims and the status of their accounts.

- c. To know about their opinions and preferences, or whether promotions have attracted their response.

Collating and unifying all these fragments into a complete portrait is the most important asset. For insurance companies, "know thy customer" can be a challenging imperative. Customer data may be divided among product lines, or among legacy claims, policy and billing systems. If an insurance company has expanded its customer base through mergers or acquisitions, its information may be even more fragmented.

The insurance sector is always seeking to maintain a balance between acquiring customers and developing existing ones. Customer acquisition is vital, as no retention strategy will entirely stem customer defection, insurance companies are also experiencing unacceptable levels of customer churn, thanks to which they are focusing on keeping the customers they already have in a bid to ensure a net growth in their customer base. Today, the focus is on selling more products to existing customers to improve profitability. Customer-focused strategies require CRM to help acquire customers thorough various touch points and translate operational data into actionable insights for proactively serving customers.

The following part of the paper discusses on the importance given to CRM by taking two company as a case and further has deliberated on the few different solutions that are available in the market space.

#### **Case studies from Indian insurance market**

While the CRM market in India is still nascent, bigger players such as ICICI Prudential Life Insurance Company are adopting it in a big way. The company was earlier using Gold Mines (a sales and marketing tool) and HEAT (an operational CRM solution) from Front Range Solutions. Later it took a decision to invest in CM3 from Teradata and SAS's statistical tool for BI. I-Pru Company says, "As a forward looking company, we see CRM playing a significant role in acquiring new customers. CRM lets us obtain granular details about our customers, helping us to design better products, improve service levels and reduce operational costs." The tool has helped the company capture five lakh customers through effective event-based marketing and lead tracking to cross- and up-sell products.

Aviva Life Insurance Company India adds, "CRM helps us categorise and segment customers and align our products that best suit them." It says that CRM help cater to close to 100,000 and is helping them expand into rural areas.

Insurance companies lose customers when they become dissatisfied with the service they receive or are upset by an employee. During the case of settlement of claim, if not settled promptly to the customer's satisfaction or on a neglection of a request, the customer will look elsewhere for insurance. The key to customer retention is, quite simply,

customer satisfaction. Providing customer satisfaction, however, hinges on company performance. And here there is a nice surprise: better business processes that elevate the company's performance can not only improve customer satisfaction but reduce operating costs as well. These processes can be enabled by software that reduces redundancy, improves responsiveness, integrates the front and back offices, and delivers efficiency.

To maintain competitive edge and viability, insurance companies are focusing intently on delivering superior customer service. A comprehensive customer relationship management (CRM) strategy addresses three imperatives: Sum providing a unified enterprise customer view; Sum retaining customers with great services; and Sum controlling costs as the insurance company in question expands.

### **IT players in CRM Solutions**

CRM is an important management tool and one that is most essential for business success. Insurance firms spend close to 12 percent of their IT budgets on CRM software and services. Here we have an overview on Major IT players in CRM Solutions.

#### **Oracle**

Oracle provides CRM solutions for sales, service, marketing, contracts, E-Commerce etc. Oracle CRM boasts of excellent storage and usage of customer information besides an amazing ability to streamline processes and the ability to improve the quality of data as well. Accurate information is Oracle CRM's best offer. One other noteworthy feature in Oracle CRM is its functionality. It provides for the best kind of support for partners, customers, agents, call centers etc. Oracle's solutions also vehemently support back office operations like supply chain, finance, personnel etc.

#### **Sales force**

Sales force's CRM options are based on customers' needs and offer excellent integration with all non CRM business applications. Some of them for instance provide data sharing that helps to support sales. This in turn provides additional access to partners, suppliers, and customers. App force OS for example is an on-demand CRM option that allows organizations to share CRM applications all within a single environment. Sales force's CRM solutions are extremely flexible, adaptable and can be changed to suit organization needs. Sales force achieves an integrated, holistic approach to CRM.

#### **Right Now**

Right Now CRM solutions are built on experience in customer service that accounts for their excellent customer approach. The main achievement of the product is its ability to increase customer loyalty. It manages to do this while cutting down costs as well. Profitability increases greatly with use of their on-demand solutions. They offer customer service software, sales automation software and marketing automation software. These are

crucial for providing business information and increasing overall productivity. Right Now's CRM software serves to utilize complete customer data and achieves a shorter time frame for results.

### **Siebel**

Siebel boasts of both on premise CRM and as hosted solutions. These solutions can be used for large and small industries. Siebel solutions boast of shorter implementation time. They are customized to fit industry needs. It provides employees and customers with accurate, relevant and up-to-date information. Simplicity and functionality are the keywords when dealing with Siebel's CRM solutions. Since customers deserve the best Siebel offers customer centric options suited precisely for them. Siebel's solutions improve agent productivity as well.

### **SAP**

SAP offers a vast range of solutions from the traditional to the more offbeat ones most of them encompassing a huge range of functions and applications. SAP's CRM solutions serve to maximize sales efficiency and improve sales productivity. SAP's sales offerings for instance transcend to sales forecasting, task management, quotes, sales orders etc. Customer interactions are improved vastly as SAP's solutions can be customized to the organization to suit needs and size. The solutions are easy to use and provide the opportunity to increase revenue more effectively.

### **SAP CRM in Insurance**

SAP customer relationship management (SAP CRM) provides the insight and analysis you need to anticipate customer needs and build lasting, profitable customer relationships. It supports adaptive business and enables the redefinition of the insurance value chain through the business process platform for insurance. SAP optimizes insurance business processes through a comprehensive suite of insurance applications, integrated with SAP's leading business support and analytical applications.

The solutions help insurers improve efficiency, profitability, and customer loyalty through advanced claims management, policy management, and billing; implement best-in-class business support and insurance processes; automate and optimize reinsurance processes and provide sophisticated solutions for statutory reporting.

SAP for Insurance includes these industry-specific applications. SAP Claims Management, SAP Financial Asset Management, SAP Insurance Collections and Disbursements, SAP Incentive and Commission Management and SAP Reinsurance Management

Choice of CRM Software depends entirely on the organization. In choosing a CRM solution it is imperative to take into consideration the fact that there are vendors like the

above who offer the advantage of both experience plus the ability to meet organization needs. This additional experience can go a long way in alleviating CRM pitfalls and organizations should try their best to avail of it.

### **Conclusion**

Indian markets have the highest number of life insurance policies in force in the world. A substantial part of the insurance market, the portion dealing in pension plans and insurance as an investment option is protected by a tariff and administered price regime. Competition in pricing is yet to emerge. Once that happens, as with all dynamic customer-oriented service industries such as banking and telecom, the race to gain and retain customer mind share will be on. In this Backdrop Insurance companies have to make use of CRM technologies to improve efficiency, profitability, and customer loyalty.

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