CUSTOMER RELATIONSHIP MANAGEMENT (CRM) PRACTICES IN LIFE INSURANCE INDUSTRY

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Abstract
The strategic tool that was chosen to face these challenges was information technology. Most of the insurance sectors went through adoption of various stages and forms of information technology over the years and the process is still continuing. The rapid growth in information technology and its potential to serve the customers in a new way awakened the marketers and enabled them to transform these challenges into new opportunities. Under these circumstances, customer satisfaction became an important aspect of the business. The Customer Relationship Management (CRM) literature recognizes the long-run value of potential and current customers. Increased revenues, profits, and shareholder value are the result of marketing activities directed toward developing, maintaining, and enhancing successful company customer relationships.
Keywords: *Customer Relationship Management (CRM), customer satisfaction., service quality.,*

Introduction

The Customer Relationship Management (CRM) literature recognizes the long-run value of potential and current customers. Increased revenues, profits, and shareholder value are the result of marketing activities directed toward developing, maintaining, and enhancing successful company customer relationships. These activities require an in-depth understanding of the underlying sources of value that the firm both derives from customers, as well as delivers to customers. CRM principles provide a strategic and tactical focus for identifying and realizing sources of value for the customer and the firm and can guide five key organizational processes: making strategic choices, creating value for customers, customer acquisition, customer retention, service quality and loyalty or rewards programme.

Statement of the Problem

Relationship marketing is the process of building long term mutually beneficial relationship with customers. The financial institutions in the developed countries are

using this marketing tool very effectively by taking full advantage of information and communication technologies. Life insurance corporation which was operating in a bureaucratic style prior to 1991 had to undergo large scale transformation with the opening up of the economy. The sector has been facing unprecedented challenges with the wave of liberalization, privatization and globalization of Indian economy. The LIC in India are under intense pressure in today's volatile market place. Steep competition, globalization, growing customer demands are forcing the LIC find new ways of improving profitability. On the other hand cost- cutting measures have forced LIC to manage operations with a few customer relationship managers and product specialists. Industry consolidation also posses fresh challenges to this sector. As, the insurance sector are trying to provide all the services at the customers doorstep, the customer has become the focal point either to develop or maintain stability in the business. Every engagement with the customer is an opportunity to either develop or destroy a customer's faith in the LIC the expectation of the customer's have also increased many folds. Intense competition among the insurance sector has refined has redefined the concept of the entire insurance system. The insurance sectors are looking for new ways not only to attract but also to retain the customer and gain competitive advantage over their competitors. Every insurance industry like other business organizations is deploying innovative sales techniques and advanced marketing tools to gain supremacy. Therefore a study on the customer relationship management practices in the insurance industry is need to explore the benefits of the customer relationship management practices in the insurance industry, perceptions as well as the level of acceptance of the customer relationship management by the insurance and the factors which discriminate the various aspects of the customer relationship management and their outcomes in the private and the public sector banks. These aspects have not been explored so far in the district of Sivagangai. Hence the present study is making an attempt in this direction to solve the stated problem.

Review of Literature

Srinivasa Rao,(2012) in his article explains that CRM implementation differs from organization to organizations but there are few common steps one needs to follow to ensure a successful implementation. There are many factors that could influence the success of CRM implementation goals of the CRM implementation and how it supports organization goals should also be estimated to employees. Therefore it is important to focus as much importance on communications training and other aspects as much as the technology involved. It is highly essential to ensure that the system speaks of ease of usage and the ability to be easily customizable. Employees implementing CRM and forming a part of the CRM process range from the mediocre level right to management and to the employees at the very forefront. It is imperative that the business ensure that the CRM software chosen is easy to use and implant not only by a

few employees but by everyone using the system. Hence this paper has selected some of the Indian industries and discussed how the CRM practices are implementing for the benefit of their customers.

Dash Biswamuhan and Mishra Bidhubhushan,(2016) has revealed that on a global scale a number of insurance are competing and offering the customers a plethora of products. The customers are deenading quick and better service from the service provider. For insurance companies to survive competition, they have to upgrade the quality, transparency and integrity to acquire and retain customer in long range. Since the institution of liberalization, privatization and globalization successes government have tried to keep pace with a rapidly changing global scenario. For the past few decades, insurance was looked upon as a tax saving investment product. While the opportunity for the players in the huge untapped potential, the challenge is to establish a long term reputation also to serve the customers in a sophisticated way by introducing the innovative offerings. This research study is based on impact of customer relationship management practices as insurance sector in odisha market. In this study customer opinions have been collected through a structured questionnaire to understand the effectiveness of CRM implementation in relationship to the companies like AVIVA, LIC of India, ICICI prudential Birla sun life and Reliance.

Objectives of the Study
1. To study the perception of service quality dimensions
2. To identify and analyze the factors which influence the service quality of LIC.
3. To study the customers perception on factors influencing customer relationship management
4. To ascertain the perception of LIC employees on impact and benefits of CRM

Hypotheses of the Study
1. The awareness and income of the policyholders do not influence the level of utilization of services of LIC.
2. Responsiveness, Assurance, Empathy, Convenience will have significant impact on customers satisfaction
3. There is no association between demographic variables and service quality perception of CRM.

Methodology
This section discusses the methodology which includes sample design, collection of data period of study and tools of analysis.

Sample Design
Sivagangai district comprises four life Insurance Corporation branches namely Tirupathur, Karaikudi, Devakottai and Sivagangai. In this study, the list of insurers, those

who have insured during five years from 01.04.2012 to 31.03.2014 were of timed from each branch for sample selection. Total of 500 customers (5 per cent of total insurers) in each of four branches were randomly selected by adopting proportionate random sample method for the purpose of primary data collection. For this, a list of insurers in each branch was obtained to select customers randomly from these four branches in Sivagangai district.

Tools for Analysis
Perception on Service Quality Variables Among Customers (Insurers)

Customer satisfaction is an important theoretical as well as practical issue for the marketers and consumer researchers. Customer satisfaction can be considered as the ensure of success in todays' highly competitive world of business. The importance that customers place on service quality attributes is the driver of satisfaction. Service quality conceptually captures aspects of products and services that potential consumers can and would like to assess before they select product or service. Additionally service quality encompasses consumer's expectations interms of quality after they have highlighted a large number of service that are supposedly used by consumers. There are so many service quality variables identified by Parasuraman et.al (1994) such as reliability, responsiveness, competence, accessibility, courtesy, communication, creditability, security, understanding and tangibility. In the present study, six variables namely tangibility, Reliability, Responsiveness, assurance, empathy and convenience are identifies as service quality of Life Insurance corporation in Sivagangai district.

Average Score and Stability in Perception of Service Quality

Sl. No	Service Quality Dimension and variables	Expectations			Perceptions		
		Mean	S.D	C.V (percentage)	Mean	S.D	C.V (percentage)
	Tangibles	4.69	0.81	17.2	4.40	0.91	-
1.	Physical facilities are visually appealing	4.79	0.80	16.70	4.46	0.79	17.71
2.	Contact employees appear neat	4.60	0.74	16.09	4.46	0.99	22.20
3.	Materials are visually appealing (Brichurs, leafteats etc)	4.86	0.79	16.26	4.50	0.82	18.22
4.	Uses latest technology in providing service	4.55	0.76	16.70	4.42	0.96	21.72
	Reliability	4.65	0.90	19.35	4.24	0.96	22.64
5.	Performs the service right in first time	4.65	0.90	19.35	4.28	0.86	20.09

6.	Provides the service at the promised time	4.60	0.76	16.52	4.30	0.78	18.14
7.	Well informed about progress of complaint	4.76	0.78	16.39	4.20	0.80	19.05
8.	Billing system accurate and error free	4.60	0.80	17.39	4.34	0.90	20.74
9.	Timeliness of bills	4.56	0.75	16.45	4.26	0.74	17.37
	Responsiveness	4.70	0.76	16.17	4.46	0.84	18.83
10.	Promptness of service	4.96	0.89	17.94	4.46	0.71	15.92
11.	Queries taken seriously	4.86	0.70	14.40	4.56	0.72	15.79
12.	Quick complaints resolution	4.62	0.74	16.02	4.48	0.81	18.08
13.	Willingness / Helpfulness	4.56	0.80	17.54	4.45	0.72	16.18
	Assurance	4.78	0.76	15.90	4.36	0.79	18.12
14.	Friendly and polite	4.70	0.76	16.17	4.46	0.71	15.92
15.	Adequate knowledge to handle queries	4.76	0.80	16.81	4.45	0.82	18.43
16.	Behaviour instills confidence in you	4.75	0.71	14.95	4.26	0.70	16.43
17.	Feel safe in your transaction	4.66	0.71	15.24	4.36	0.80	18.35
	Empathy	4.61	0.70	15.18	4.26	0.78	18.31
18.	Easily accessible	4.65	0.70	14.05	4.20	0.86	20.48
19.	Customs is made to feel important	4.58	0.91	19.87	4.36	0.78	17.89
20.	Gives yor individual attention	4.61	0.72	15.62	4.26	0.71	16.67
21.	Understand your specific needs	4.59	0.72	15.69	4.30	0.72	16.74
	Convenience	4.40	0.80	18.18	4.26	0.80	18.78
22.	Convenient business hours	4.40	0.74	16.82	4.30	0.79	18.37
23.	Ease of lodging complaints / queries	4.32	0.72	16.67	4.20	0.72	17.14
24.	Flexibility in payment of bills etc	4.48	0.74	16.52	4.30	0.78	18.14
25.	Simple application	4.50	0.82	18.22	4.18	0.70	16.75

It is revealed that Life Insurance Companies are good at responsiveness and tangibles of Life Insurance service when compared to assurance, reliability and convenience as indicated by mean score of perceptions. When compared to expectations perceptions of all six service quality dimensions were rated less sure values. It shows that the customers (insurer) expected more quality than they have perceived at present. According to co-efficient of variation, a less stability in expectation than perception was observed for all six service quality dimensions.

Benefits of CRM

The greatest benefit that an organization reaps from CRM is gaining, customers' unhindered good will, collaboration and loyalty. The present study concentrates on sixteen variables of benefits from CRM of insurance. The mean and standard deviation of mean values of perception of insurance employees regarding benefits of CRM are given in Table 6.17.

Customer Perception Regarding Benefits of CRM

Sl. No.	Variables	Mean (X)	(S.D)	C.V. (%)
1.	Professional approach to customers	4.23	0.80	18.91
2.	Employees empowerment	3.69	0.71	19.24
3.	Delivery of high quality service	3.70	0.66	17.84
4.	Co-ordinated effort to meet the customers' needs	3.86	0.75	19.43
5.	Empowerment of managers	4.06	0.88	21.67
6.	Personalized services to customers	4.15	0.96	23.13
7.	Employees have more time to serve customers	3.74	0.89	23.80
8.	Optimum use of resource	3.20	0.50	15.63
9.	Customer empowerment	3.06	0.75	24.51
10.	Employee's ready to serve their customers	4.29	0.51	11.89
11.	Targeted product and service offering	4.04	0.60	14.85
12.	Employee have high satisfaction rating	3.66	0.69	18.85
13.	Increase in customer loyalty	3.21	0.73	22.74
14.	Upto date customer information	3.12	0.76	24.36
15.	Improved customer acquisition and cross selling	2.99	0.79	26.42
16.	Capitalizing the opportunities in the market	3.20	0.71	22.19

Source: Computed Data.

Note: C.V- Co-efficient Variation.

From the Table indicates that the mean values of the variables range from 2.98 to 4.27. It is understood that the variables, professional approach to customer, empowerment of managers, personalized service to customers, employees' ready to

serve customers and targeted product and service offering possess the mean value strictly greater than 4. As evidenced through co-efficient variation, the perception of employees regarding benefits variable, employees ready to serve their customers is highly stable. It is followed by the variables, targeted product and service offering and optimum use of resource.

Summary of Findings

The discussions about the demographic variables revealed that majority of customer belong to the age group 41 to 50 years followed by 30 – 40 years. Thus it may be concluded that majority of customer are nearing middle age groups.

In the case of monthly income of the respondents, nearly 47.4 per cent of them have salary of Rs.40000 to 50000 followed by Rs.30000 to 40000.

Regarding association with LIC, nearly 69 per cent out of 500 respondents have associated 5 to 10 year with LIC followed by less than 5 years (23.6 per cent). Out of 500 respondents, nearly 46 per cent have taken two policies followed by one policy (39.8 per cent). Regarding mode of payment of premium, out of 500 respondents, nearly 56.00 per cent of their mode of payment is annual. It is followed by monthly payment. In order to examine the relationship between demographic profile variables namely age, sex, marital status, education, family size, occupation, income and awareness and level of utilization of services of LIC, chi-square test has been applied.

The chi-square results revealed that the following four variables out of eight variables influence the level of utilization of services of LIC. The mean score value of perception of customers indicated that LIC services are found good in responsiveness and tangibles when compared to assurances, reliability and convenience. Further, the mean score value of expectation showed that customers (insurers) expected more service quality than they have perceived at present. As evidenced than they have perceived at present. As evidenced through co-efficient variations, a less stability in expectation than perception was observed in all six service quality dimensions.

One sample statistics and t – test showed that customer perceived with agreeableness that LIC satisfy them in customer satisfaction. In the case of customer loyalty in CRM, a top priority was given to the variable my relationship with the insurance provider will be better if they apologies for problem that grose with high stability in perception. One sample statistics and t – test showed that the customer perceived with agreeableness that LIC satisfy them in customer loyalty. Regarding the problems faced by customers the variables, lack of personal care was given in 1st position followed by the variables arrangement of loan against policy and cumbersome procedure. A high stability in perception was found in variable cumbersome procedure as evidenced through co-efficient of variation. One sample statistics and t- test showed that the customers are strongly agreeable with problem faced by them except cost of services and indiscipline of staff.

Suggestions

It is suggested that LIC should encourage strategy development for superior service quality management particularly in the areas of assurance, empathy and responsiveness. Life insurance companies should devise policies which provide effective risk coverage rather than focusing on the tax benefits and long term investment in insurance. Life insurance companies should come up with innovative tailor-made products with high risk cover, more return and low insurance premium to attract more number of customers. The customer satisfaction should be the main focus of any service firm especially to the Life insurance Company. This will be result in customer retention leading to improved profitability and growth of the Life insurance institutions.

Conclusion

CRM is a powerful concept for the success of any industry. It paves the way to maintains and optimistic relationship with customers to increase the business and profitability. From the present study, it is evident that CRM must be implemented in the insurance sector and the CRM process has to be systematic. The study further reveals that demographic variables, service quality, interaction management, contact programmes, retention management, service strategies, customer satisfaction customer loyalty and problem faced by customers are the important aspects that impact of CRM. The study has taken a wider view about customer's perception of CRM in Life Insurance Corporation of India (LIC). To conclude, the researcher would like to maintain that the relationship building with customers is now accepted as over –riding goal of marketing and business as a whole and it applies to other service industries also.

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