CUSTOMER RELATIONSHIP MANAGEMENT (CRM) PRACTICES IN SELECTED LIFE INSURANCE COMPANIES IN CHENNAI CITY.

Dr. K.Karthikeyan

Asssistant Professor, Department of Commerce,

Sri Muthukumaran Arts and Science College,

India, Tamil Nadu, Chennai.

ABSTRACT:

Customer relationship management is an old concept. It's all about how you treat your customer after the sale. Businesses that handle well succeed referrals and repeat sales are the lifeblood of business. They are also a direct result of effective customer relationship management. This article focuses related to customer relationship building especially for retail investors from life insurance sector and its management in general, based on the principles of Relationship management in service organizations. Identifying the managerial practices and measures for relationship building for effective and efficient business is the epitome of this article. Right from basic concept of CRM, its strategy & technique formulation to evaluation of CRM, various aspects of customer relationship management are covered in this article.

KEYWORDS: CRM, Retail Investor, level of perception.

INTRODUCTION

Customer Relationship Management (CRM) is a broad term that Covers concepts used by Companies to Manage their relationship with customers, including the capture storage and analysis of Customer information. The CRM must consider customer privacy and data security. CRM is a Sound Business Strategy to identity a Company's most Profitable Customers and Prospects and devotes time and attention to expanding account relationships with those customers through individualized marketing, reprising, discretionary, decision making and Customized Service delivered through the various Sales Channels that the Company Uses. Customer relationships activities also include learning a Customer's individual interest and then tailoring services to meet them.

In Collaborative CRM there is direct interaction with Customer's. The interaction cable through variety of channels. Such as internet, e-mail, automated Phone etc. The objective of collaborative CRM is Cost reduction and service improvements. CRM attract Customer's by Providing Chatting facilities of Chat rooms which increase customer. Loyalty to a service provider. The ideas of CRM are that it helps business use technology and human resource gain insight into the behavior of customers and the values of those Customers. The present study is an attempt to assess the customer relationship practices followed by Insurance Sectors in selected Life Insurance Companies in Chennai City.

2. STATEMENT OF THE PROBLEM

The current period in the Insurance Company is a complex and competitive environment tinged with little stability. The major hassle the industry faces is obtaining clients. This is due to the fact that the big fish in the insurance industry dominates the sector. It has become increasingly difficult for this particular sector to gain profits while curtaining costs, acquisitions, mergers have all contributed to the difficulty insurance agents and other professionals from this industry face. Long considered a job only restricted to insurance companies, selling insurance policies has now become an option for banks as well. This has resulted in a lot of increased as well as unwelcome competition customers tend to lose out as they are not buying from the right provider. In addition to this the internet has increased the pressure for insurance companies in capturing the market. All this has succeeded in making the insurance world more complicated. What is required is as collected database of information about customers who hold insurance policies choosing a customer centric strategy can go a long way in achieving this CRM helps the insurance companies to ensure that the customer is understood better. Right now insurers can achieve excellent policy administration, good billing systems and the like but fall short on the customer front. However this alone is insufficient to survive on. Insurers have now realized that CRM is essential if they want to deliver high quality services since it satisfies current customers and gains new ones. This is because policies get sold only it relationship are built. CRM solves these problems with its use friendly web based CRM tools that increase sales opportunities.

3. REVIEW OF LITERATURE:

[1]J.Arul Suresh (2011) in this article has observed that the success of the Life Insurance business depends on the awareness of the Policy Holders about the Products and satisfaction regarding the service rendered by LIC of India. Life Insurance being a service sector is no exception to this Principle.

The basics of customer relationship management included a business strategy that focuses on developing and retaining the relationship that existed between customer and organization. CRM also provided the Customer with a much needed avenue to find expression for this problems, ideas and suggestions.

[2]D.Upadhiya ya and M.Badlani (2011) in their Paper observed have identified that despite high satisfaction levels, there remained a lot to be done by the Management of the retail life insurance companies to maximize their customer satisfaction and improve the quality of service. The satisfaction of the customer with service. Further a need was felt to integrate technology features into inter personal relationships and not to replace them.

[3]Anju Nitin Khandekar and U.M. Deshmuku (2012) in their Article titled, "Customer Relationship Management Practices in Insurance Companies" have stated that globalisation had brought drastic Changes in Government Polices towards insurance Industry as a whole. The protected and Monopolistic Insurance Industry Suddenly found itself in the midst of severe competition with the Opening up of Insurance Sector to foreign investors. Plethora of Private Insurance Companies entered in this field within a span of ten years in the Past. This had naturally brought professionalism and severe competition in this sector. Naturally, the CRM got their Prime

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[1] J.Arul Suresh "Empirical Study on Satisfaction of the Policy holders towards the services provided by LIC of India in Madurai Division. International Journal of Multidisciplinary Vol. 1 issue 8 December 2011, PP: 552-557.
[2] D.Upadhyaya and M.Badlani (2011) "Service Quality Perception and Customer Satisfaction in Life Insurance companies in India. International Conference on Technology and Business Management March 28-30, 2011 PP. 1011-1024.
[3] Anju Nitin Khandekar and U.M. Deshmuch, "Customer Relationship Management Practices in Insurance Companies". Golden Research though Vol.I, Issue 2, 2012. PP. 184-199.

Importance of energy Player. In depth study of CRM vis-a-vis loyaly of customer in Insurance sector revealed that better the CRM Practices greater will be the loyalty of customers resulting in more retention of Customers Leading to enhanced profitability.

[4]Jagendra Kumar (2008) in this articles on "Product Doesn't Matter Service does" advocates that the CRM technology can help improve customer service and customer contact. More companies are moving towards supplying self service to customers to replace face to face contract.

[5]Kirby Thomas (2008) Life agent with LIC identified that many people think Life Insurance would be easier to buy it life Insurance itself was simpler to understand. Consider the two Major types of Life Insurance. Temporary and Permanent within these broad categories. You can choose from such products as level term. Decreasing Term, Whole Life, Universal Lite, Variable Lite, variable Universal Life, first-to-die. Second-to-die, and so on. Life Insurance Policies can be customised with the addition of "riders" that reflect your individual circumstance and personal preferences. The respondents were 160 old customers of LIC. Findings show that Life Insurance must use a form of legalese in the Policies they offer because Life Insurance is a legal contract.

[6]Chandrasekharan, David (2008) emphasized that identifying the right Product is the First step towards ethical selling. All we can say in the present situation to the Customer of Insurance is "Let the buyer beware". He adds that although it sounds very simple. It is hard to accomplish, considering they numerous factor that go into a scale.

[7]Sathish S.V. (2009) in his article entitled "Life Insurance Marketing - A Phenomenon" contends that insurance marketing requires intriguing creativeness of the insurers implying updating knowledge on the markets with Global Perspective which calls for availability of enough right data of information at the operating officer.

4. SCOPE OF THE STUDY

The study has been undertaken mainly to highlight the customer relationship management practices in selected Life Insurance Companies in Chennai. The kinds of policyholders like self employed, businessman, agriculture, government employees, private sector employee's people have included in the study. This study includes the customer relationship in life insurance sector and their levels of perception only individual life customer have been taken and other are excluded from the study. This study is made to analysis the policyholder with customer relationship management in life insurance The investment habit of the people from Chennai City in the life insurance corporation has been tested with the help of the number of polices taken and other factor insured amount and the period insurance.

5. OBJECTIVES

1.   To identify the Practices of CRM in Insurance sector in Chennai City.
2.   To evaluate the performance of Policy Methods adopted by Insurance Sector for CRM practice.

3.   To find out the reasons for the deviations of CRM practices.

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[4] Jagendra Kumar "Product doesn't Matter Service does", the Journal of Insurance Institute of India. January - June 2008. P.34.
[5] Kirby Thomas (2008) Life Agent with LIC, "Making Life Simple". www.indianarticles.com/Life Insurance.
[6] Chandra Sekar, David (2008), "Ethics in Life Insurance Selling", Insurance Chronicle July 2008, P.56-59.
[7] Sathish S.V. "Life Insurance Marketing" - A Phenomenon" Southern economist, Feb 15, 2009, P.37.

4.   To suggest the ways and means for further improvement of the CRM Practice in Insurance Sector.

5.   To find out what benefits enjoyed by Policy holders in Private Sector Insurance Companies.

6. METHODOLOGIES

This section describes the methodology which include collection of data, construction of questionnaire, F-test, , Karl Pearson"s co-efficient, gap model, spearman rank correlation, field work and frame work of analysis.

6.1 Collection Of Data

The study is based on both the primary and secondary data. The primary data were collected from respondents directly with the help of structured questionnaire. Secondary data were collected from books, journals and websites.

6.2 Construction Of Questionnaire

The questionnaire is constructed by the researchers themselves. The variables to be included are identified by the researcher in the pilot study. The variable identified is converted into appropriate question and they are included in the questionnaire. It is circulated among few academicians and research scholars in the light of recommendation from them the questionnaire was modified.

6.3 Sampling Design

The sample was selected from Chennai which was considered to be rural area, urban, semi urban area. The sample size was selected as 250. They were selected at random by applying convenience sampling.

6.4 Field Work and Data Collection

The researcher carried out her field work for the study during the period from April 2015 - August 2015. The required information is collected through questionnaire

6.5 Framework of Analysis

A master table was prepared for entering responses for each respondents and small cross tables were made from the master table for analysis in order to determine the customers perception towards CRM in insurance sector. Likert scaling technique was used. The numerical weight given to the alternative responses were given below.

Statements	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
Positive Statement	5	4	3	2	1
Negative Statement	1	2	3	4	5

6.6 Tools For Analysis

Data were analyzed with the help of table and percentage, Karl Pearson′s co-efficient were also used to rank the factors that influenced to go for that particular policy regarding the attitude of customer relationship management towards LIC from their most importance to least importance. F-test was used to analyzed the relationship between the level of perception of customer relationship management and socio-economic profile of the respondents like age, gender, marital status, educational qualification, nature of family, size of family, occupational status, annual income and place of living.

7. HYPOTHESIS

The following hypothesis were formulated

1.	There is no significant relationship between age of the respondents and their level of perception

2.	There is no significant relationship between gender of the respondents and their level of perception

3.	There is no significant relationship between educational qualification of the respondents and their level of perception

4.	There is no significant relationship between occupational status of the respondents and their level of perception

5.	There is no significant relationship between family type of the respondents and their level of perception

6.	There is no significant relationship between family size of the respondents and their level of perception

7.	There is significant relationship between income level of the respondents and their level of perception

8. LIMITATION OF THE STUDY:

1.	This study covers only five types of Policies Well known to the people in the study area. This is the major Limitation of this study.

2.	Another Limitation of this study is that it is restricted to Chennai City only.

3.	Number of the respondents are relatively small.

4.	The needs wants and other motives of respondents vary at different occasions.

9. PROFILE OF THE RESPONDENTS

Age: 53 (21.2 percent) respondents were in the age group between (36-40) years, 47 (18.8 percent) respondents were in the age group between 26-30 years, 43 (17.2 percent) respondents were in the age group between 21-25 years. 39 (15.6 percent) respondents were in the group of less than 20 years, 35 (14 percent) respondents were in the Group between 31-35 years, 33 (13.2 percent) respondents were in the group of above 45 years.

Gender: 140 (56 percent) respondents were male and 110 (44 percent) respondents were female.

Educational Qualification:

95 (38 percent) respondents have completed graduation, 57 (22.8 percent) respondents have completed Post graduation, 40 (16 percent) respondents have completed illiterates, 31 (12.4 percent) respondents have completed diploma, 27 (10.8 percent) respondents have completed up to HSC.

Occupational

75 (30%) respondents were working Government employees 47 (18.8) respondents were working in Private Sector Employee, 57, (22.8%) respondents were doing Agriculture activities, 41 (16.4%) respondents were doing Business, 30 (12%) respondent were doing self employed.

Family Types

167 (66.8 percent) respondents were living in nuclear families, 83 (33.2 percent) respondents were living in Joint Families.

Income

85 (34 percent) respondents having a annual Income between 2-5 lakhs, 77 (30.8 percent) respondents having a annual Income a annual Income between less than 2 lakh 52 (20.8 Percent) respondents having a annual Income between 5-10 lakhs 36, (14.4 percent) respondents having a Annual Income between 10 lakhs above.

Data Analysis and Interpretation

Table 1: It was found that the gap score for the customer relationship management Dimension like employees attitude and service was very low, that indicating the high fulfillment of the expectations of the respondents as compared to other customer relationship management dimensions like service through Loyalty, after sales services, Impact of CRM and Technology in CRM. The gap score for the customer relationship management dimension, like CRM Maintenance was very high, that indicating less fulfillment of the expectations of the respondents as compared to other customer relationship management dimensions like strategies to increase the customer, customer satisfaction, Acquirement of customer service, CRM Initiation.

Table 2: it was found that the calculated value of "R" is less than the table value at 5% level of significance for ranking based on marital status. Hence it may be concluded that, there is no significant difference in the ranks given by the respondents.

Table 3: it was found that the calculated value of "R" is less than the table value at 5% level of significance for ranking based on family type. Hence it may be concluded that, there is no significant difference in the ranks given by the respondents.

Table 4: It was clear from the table that out 250 respondents, 107 (42.8%) respondents come under the category of high level perception, 93 (37.2%) respondents come under the category of medium level perception, 50 (20%) respondents come under the category of low level perception.

Table 5 The preference of the Customer and Executors towards the level of perception about CRM practices in LIC has no significant association with their personal profiles such as Age, Gender, Family type, Educational qualification, Income level. The preference of the policyholders towards the level of perception about CRM practices in LIC has a significant association with their personal profile such as Occupation.

FINDINGS

Today insurance has become a part of our life. This project was undertaken to find out whether the policyholders were satisfied with the customer of LIC. As a result of the project, the following were analyzed.

1. Most of the respondents were in the age group between 36-40 years.

2. In gender wise classification 140 (56%) respondents were Male.

3. 95 (38%) respondents have completed graduation.

5. 75 (30%) respondent were working Govt. employees.

6. 167 (66.8%) respondents were living in nuclear families.

7. 41 (33%) respondents come under the annual income group between one to five lakhs

8. Respondents are classified on the basis of their level of perception and it was found that 37.2 percent of the respondents were in the category of medium level perception, 42.8 percent of the respondents were in the category of high level perception and 20 percent of respondents were in the category of low level perception.

9. Hypotheses were formulated to test the relationship between socio-economic background and level of perception on testing the hypothesis, it was found that.

10. The level of perception towards CRM in LIC was independent of age, gender, marital status, educational qualification, place of living ,nature of family and annual income,

11. The level of perception towards CRM in LIC was dependent of occupational status.

SUGGESTIONS

1. In case of premium, premium of products should not be too high

2. Marketer should follow the strategy of good quality products and services in lower premium category for rural customer.

3. Regarding promotion, insurer must build up unique imagery appeal for their insurance products through creative advertisement.

4.   More intense research works should be initiated, studying the specific needs and attitude sorted by the rural customer for different kind of product categories.

5.   Focus should be given on improvement of services given by the rural agents.

6.   Insurer should spread more awareness and relax the product complications to make it easier to understand

7.   Charges of the insurance companies should be kept low.

CONCLUSIONS

1.   There is low level of awareness and understanding of life insurance products and more generally of the operation of life insurance companies in city customers.

2.   There is confusion in the minds of customers between life insurance, general insurance, health insurance and some investment products.

3.   Growth was also hampered by the existing customer perception that life insurance was a tax saving tool.

4.   Another problem was that the entry of many players had cluttered up the market.

5.   The trend of insurance companies shifting from a product focused view to a customer – focused one has been developing recently as insurance products become increasingly hard to differentiate in fiercely competitive markets.

6.   Insurance companies in India are consequently directing their strategies towards increasing customer satisfaction and loyalty through improved service quality both for rural or urban markets.

7.   It is becoming desirable for insurance companies to develop a customer centric approach for future survival and growth.

8.   The awareness has already dawned that prompt, efficient and speedy service alone will tempt the existing customers to continue and induce new customers to try the services of the company and with increasing demands from different customer insurance sector has become competitive.

9.   Customer are becoming increasingly aware of their expectations and demand higher standards of services as technology is enabling term to make comparisons quickly and accurately.

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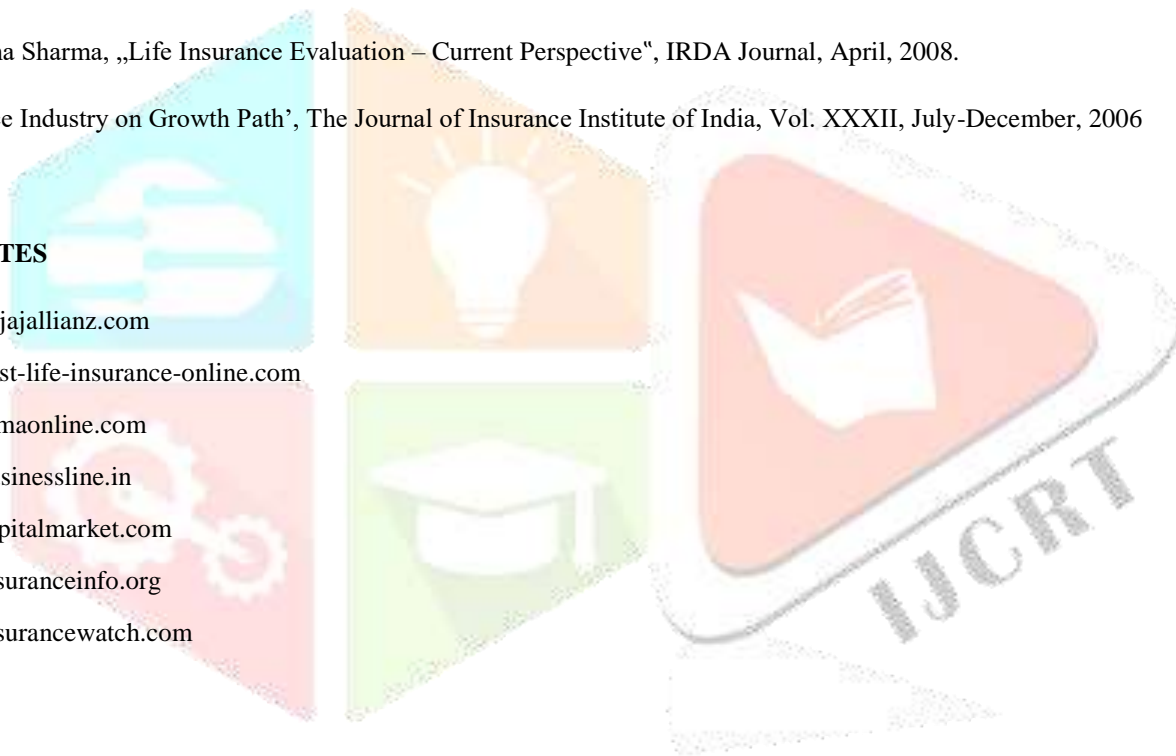www.insuranceinfo.org

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Table - 1 : Factorwise Analysis of Gap Score

S. No.	Statements	Expected Value	Observed Value	Gap Score
1.	CRM Initiation	10.76	10.752	0.008
2	Strategies to Increase the Customer	10.744	11.672	0.072
3	After Sales Service	10.408	11.704	-0.296
4	Customer Satisfaction	14.99	15.928	0.064
5	Technology in CRM	10.56	10.704	-0.144
6	Acquirement of Customer	10.656	10.626	0.032
7	CRM Maintenance	11.056	10.904	0.152
8	Impact of CRM	10.624	10.984	-0.192
9	Settlement of Claims	10.624	11.04	-0.416
10	Customer Loyalty	18.4	18.735	-0.335

Source: Primary data

Table - 2 : Relationship between Marital Status and There Views about Preference

S. No.	Statements	Marital Status	
		Married	Unmarried
1.	CRM Initiation	7.5	7.5
2	Strategies to Increase the Customer	9	10
3	After Sales Service	6	2
4	Customer Satisfaction	3	1
5	Technology in CRM	2	5
6	Acquirement of Customer	7.5	7.5
7	CRM Maintenance	1	4
8	Impact of CRM	5	9
9	Settlement of Claims	4	3
10	Customer Loyalty	10	6

Source: Primary data

Spearman's Rank Correlation

$$R = 1 - 6\frac{\sum D^2 + \frac{1}{12}(M_1^3 - M_1) + \frac{1}{12}(M_2^3 - M_2) + \frac{1}{12}(M_3^3 - M_3) + \cdots}{N^3 - N}$$

Calculated value : 0.072

Table Value : 0.6833

Table - 3 : Relationship between Family Type and There Views about Preference:

S. No.	Statements	Family Type	
		Nuclear	Joint
1.	CRM Initiation	8	8
2	Strategies to Increase the Customer	9	9
3	After Sales Service	6	5
4	Customer Satisfaction	10	4
5	Technology in CRM	7	10
6	Acquirement of Customer	5	6
7	CRM Maintenance	3	3
8	Impact of CRM	4	2
9	Settlement of Claims	1	1
10	Customer Loyalty	2	7

Source: Primary data

Spear man's Rank Correlation

$R = 1 - \frac{6\sum D^2}{N3 - N}$

Calculated Value : 0.539

Table Value : 0.6833

Table - 4 : Level of Perception about CRM in LIC of Chennai City

Sl. No.	Level of Perception	No.of Respondents	Percentage of Total
1.	High	107	42.8
2	Medium	93	37.2
3	Low	50	20.0
	Total	250	100.0

Source: Primary data

Table - 6 : Consolidated Results of 'F' Test

S. No.	Personal Factors	Calculated Value	Table Value	Association
1.	Age Group	3.143	5.64	NS
2	Gender	0.75	5403.3	NS
3	Educational Qualification	5.15	11.392	NS
4	Occupation	1.33	5403.3	NS
5	Family Type	133	5403.3	NS
6	Family Size	133	5403.3	NS
7	Income Level	25.54	6.8401	S

S = Significant

NS = Not Significant