

Innovations

Review paper on New-age CRM practices in the Life insurance sector

Tanu Bhatnagar

Research Scholar, Bhilai Institute of Technology, Durg

Dr. Daljeet Singh Wadhwa

Associate Professor, Bhilai Institute of Technology, Durg

*Corresponding author: **Tanu Bhatnagar**

Abstract: *Customer Relationship Management is the one of the recent and widespread innovation in customer service industry. In general to acquire a new customer is six times costlier than to retain. Customer centric businesses like life insurance industry have adopted CRM to provide standardize service, higher efficiency, centralized database and simplified automation equality to the insurers. After privatization, insurance companies are competing on a global scale with a plethora of products offerings to customers. The research paper focuses on the innovation and the technological advancements in CRM practices for survival in the competitive business era.*

Keywords: *1. Customer Relationship Management, 2. Innovation, 3. Technological Advancements*

1. Introduction

According to Peter F. Drucker has also quoted that “there are only two functions which generate revenue”, these are marketing and innovations. CRM is the mechanism to acquire, maintain and develop long-term profitable relationship with the customers. CRM involves managing company interactions with existing and prospective customers. In course of time CRM is a crucial measure in any service sector especially in Insurance sector in India. With the deregulation of Indian economy competition has increased in insurance sector thereby breaking the monopoly of Life Insurance Corporation of India.

Globalization brings private players in the industry thereby reduce the market share of LIC. In comparison private companies more attentive towards customers retention and relationship building. Presently CRM is the only effective technique with quality insurance products to meet match customer expectations. Clarity in workflows and secured personal data of the policy holders is imperative in building trust and developing customer loyalty. Application of CRM allows the companies have to move from managing a market to improved segmentation and targeting customers. It is a challenging and continuous task to maintain a long-term relationship with the customers'. Besides competition, changing customer preferences and needs, continuous technological advancements and innovative products, it is essential to practice CRM techniques. The rising expectations of customers compelled the insurance sector to introduce more and more innovative products and newer ways to provide convenience in handling transactions have a positive impact on the sales volume. Insurance industry specifically life insurance branch is long-term trustworthy association with the customers and requires customer interaction on the regular basis. The major threat the industry faces is creating and keeping clients with high curtailing cost and decreasing value of money overtime. Emerging technologies, dynamic customer expectations and changing customer financial situation are major struggle of any insurance company. The focus of the paper is to provide an overview of the most prevailing CRM

solutions accustomed with adaptation of advanced technologies and automation to adapt with shifting demands. To bottom line CRM recognizes the long-run value of potential and current customers leading better profitably and developing, maintaining, and enhancing successful customer relationships. CRM is a strategic and structured way for identify sources of value for the customer and the firm and can guide the organizational in making strategic choices, customer acquisition, customer retention, service quality and customer satisfaction.

2. Objective of the Study

- The main objective of this study is to know the new innovative CRM Practices adopted in the Indian life insurance companies.
- To find best practices, technological advancements and other recent developments in CRM industry with reference to Life Insurance companies.

3. Sources of Data Collection

The main sources of data is secondary published in relevant manuals, books, journals, articles, business magazines, other research papers and websites. Research methodology used is descriptive.

4. Review of Literature

Biswamohan and Bidhubhusan, 2012 mentioned globally developed countries are characterized by a stable insurance market with low growth potential due to a high degree of competitiveness on the focal point is to create and maintain a database of profitable customers). Dr. Arnika Srivastava and Dr. Sarika Tripathi (2012) have noticed that Indian life insurance industry is the one sector observing growth whereas all industries are striving hard to survive in economic uncertainties fuming more competition. Pathak and Singh (2003) studied the aftermath effects with the entry of private players into the insurance sector with reference to LIC. After SWOT it was concluded that in comparison insurance companies are spending more on marketing and advertisement than on research and development. Maoz (2009) discussed that CRM is business strategy including people, processes and technology integrated in all operations. Burnett (2001) explained CRM focuses in better revenue generation, cost saving and strategic impact on improving customer retention and satisfaction. Jagendra Kumar (2008) in his articles explains the importance of services rendered in the customer purchasing experience and important factor in repurchase. Narayan. H. Jai (2009) emphasize on importance of loyal customer in insurance sector as customer service is to be rendered for longer period of time.

Satish S.V. (2009) highlights on the creativity and lucidity of marketing strategies to attract maintain and develop consumers as after liberalization it is a global marketplace. Simultaneously it is also vital to provide complete information to consumers appropriately in right time as Indian insurance market is least understood by the common consumers. Keerthi P and Vijayalakshmi, R (2009) concluded in his study private life insurance companies puts more efforts to provide better service quality and customized experience with innovative initiatives. Swift 2002 highlights the benefits of CRM practices in insurance sector. It stated besides lower acquisition cost it helps in retaining customers for longer period and provides better services and response in real-time. In addition with better knowledge of customers and channels and distributions, the relationship becomes more effective as well as that cost for marketing campaign is reduced.

5. CRM practices adopted by major Life Insurance Companies

Indian life insurance market is dominant by LIC as it is the one and only company in public sector. Apart from LIC gradually other private companies are growing market share by implementing and maintaining best CRM practices in the Life Insurance industry. In this LIC plays a major role and it is the one and only company in

public sector. The study focused on to know the Innovative CRM practices in public sector LIC and pioneer private life insurance companies.

CRM practices in LIC

- –Online services for Customer education
- –Renewal follow-up services like timely reminders
- –Renewal notices and facility to renew policies
- –To build-up strong renewal mechanism.
- –Customization of life insurance products
- –LIC provides online services for Customer education regarding A) Policy Status, B)
- Online services for Customer education
- –Renewal follow-up services like timely reminders
- –Renewal notices and facility to renew policies
- –To build-up strong renewal mechanism.
- –Customization of life insurance products
- Bonus enquiry
- SMS services and email services
- Educating customer through online platform
- Timely reminders of renew policies, installments
- Customization of Life insurance products and services
- Launched satellite offices to have better branch coverage throughout the country
- Easier payments options through ATM terminals
- Increased number of touch points and call centers
- Due to expansion of the branches improved services are available in rural areas

- Online services for Customer education
- Renewal follow-up services like timely reminders
- Renewal notices and facility to renew policies
- To build-up strong renewal mechanism.
- Customization of life insurance products
- LIC provides online services for Customer education regarding A) Policy Status, B
- Through call centres' and touch points, the LIC was serving the customers better.

CRM Practices in HDFC Standard Life

To provide highest level of customer service HDFC Standard Life engages in different add-on services to create ease to customers at every level including providing information regarding procedures such as processing claims, renewal of policies, premium payments and so on. Online access to customers in managing life policies, knowing tax benefits and tax laws, premium options and downloading several policy forms .Some key features like notice corner, information center and Grievance Redressal Centre.

CRM Practices in SBI Life

State Bank of India and BNP Paribas jointly owned SBI life. Prospects and new consumers avail services of Financial Planner tools, Proposal tracker, Order a form, Meet an Advisor, child education Planner, tax calculator, Easy Plan Finder Premium calculator, need analysis calculator, Retirement calculator and Human Life Value (HLV) calculator.

CRM Practices in ICICI Prudential

ICICI Prudential is specialized in online sales of products through internet and mobile services sells. Numerous services is provided to existing customers like E-statements ,E-switch, online top up, file complaints, toll free number, SMS services, turnaround, downloading of forms, online claim intimation , networking with others services like hospitals and many more.

CRM Practices in MAX LIFE-CRM initiatives

MAXLIFE-CRM is pioneer for Indian life insurance as it was the first organization to provide free look period for 15 days for the customers later on IRDA made it mandatory, first organization to start too services for customers and agents and first organization to practice lean methodology of service excellence and the first insurance company awarded ISO 9001:2008 certification. Besides the above accomplishment routine CRM strategies include more than ten payment options, auto debit , drop box, IVR (Interactive voice response), SMS service, policy status, policy due date, unit statements, answers FAQs and escalation matrix to report query to higher level.

CRM Practices in Bajaj Allianz

Bajaj Allianz provides life tools such as claim right invest calculator, retire rich calculator , manage your policy and online calculator such as return calculator, right insure calculator , right invest calculator and retire rich calculator. Some addition services include benefit illustrations, retrieve quotes, premium renewal options and life FAQs.

CRM Practices in Reliance Life insurance

CRM services include online services for direct debit premium payment options, fund performance information, claim filing, IVR (Interactive voice response) ECS and complaints.

CRM Practices in AVIVA LIFE

AVIVA Life provided customized products for individual, senior citizens, medium business, small business pregnant women, and children and for women. The organization ensures to provide provision for regular and effective communication on regular basis. They offer services for claim for insurance benefits, surrender of policies, Personal Information updation and payment of insurance premium.

The organization also claims to contend highest standard for confidentiality and information safety.

CRM Practices in BIRLASUNLIFE

The organization provided several services to customers focusing on ease in various procedures such as easy premium payments, settlement of claims, updating personal information, changing premium frequency, Net banking, and National electronic fund transfer (NEFT) and enquiry regarding claims, Demat of insurance, tax benefit and login.

CRM Practices in MET LIFE

The organization cater service to login with customized id , educate on various produces such as premium payment , claim procedure, Grievance Redressal and handling spurious call . MetLife also provide a special zone for NRI customers and live FAQs.

9-findings

CRM practices have undergone a radical change over a period of time. Gradually the insurance companies comprehend the benefits of relationship building and customer retention. The key factors are service quality, ease in procedures, sales and promotion, behavior prediction and integration to enhance company revenue generation and profitability. Major functions of CRM includes • Collection of customer personal information •

Augmentation of customer base • Decrease of advertising costs • Increase in profitable customers • Introduction of innovative new products • Retaining the existing customers • Maximizing their profitability, behaviors and satisfaction. It is observed that its cost ten times costlier to sell to a new customer in comparison to sell to an existing one. Another prominent findings state that moreover most of the CRM service includes technological advancements and mobile services however sometimes some customers are not comfortable with technology in that case trained well-verse personnel is required. Hence for successful implementation of CRM tools human touch is imperative with technological advancements.

10. Conclusion

As the magnitude of the organizations has increased in manifolds organizations, complexity increases in managing existing and apprehend potential customers. Establishing a Systematic and well-structured CRM systems is most effective solution. CRM is a recent business philosophy based on customer trust, loyalty and relationship. The basic function of CRM is to provide superior value to customers in an effort to convert prospects into customers, customers into loyal customers. Life Insurance companies want intermediaries who can deliver solutions to customers, not simply products. Regular improvement CRM is critically important for the financial Sector especially in life insurance sector. Life Insurance companies have adopted this CRM approach have been able to achieve business growth and profitability in competitive environment monitoring of social networks. According to economic and social conditions regular bringing newer improved products and services to enhance consumer interaction and ease of operation is inevitable to fulfill organization long –terms objectives and goals

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Corresponding Email id: bhatnagartanu89@gmail.com
daljeetsingh.bit@gmail.com