

## CUSTOMER RELATIONSHIP MANAGEMENT IN MARKETING OF LIFE INSURANCE PRODUCTS

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### ABSTRACT

*Customer is the key driver for any business. Any act of having relationship with customer will yield greater benefits to both the stake holders i.e. customer and the company, now and in future. Managing the relationship with customer over a period of time requires lot of efforts from the organization and need investments of both time and money. Indeed Customer Relationship management (CRM) is a comprehensive strategy and process of acquiring, retaining and partnering with customers to create a superior value for both. Over a period of time the concept of CRM has grown by leaps and bounds by various factors like emerging markets, service orientation, global operations etc. Life insurance product is basically a financial tool which will ensure financial stability to the customer and family keeping in view the uncertainties of life. One of the greatest benefits an insurance plan can accord is to provide security to the family of the deceased. Since customers are of various types, having a relationship will benefit both the parties in the long run keeping in view the longevity of an Insurance plan which runs into as long as thirty, forty years. An effective CRM in a Life Insurance Company can prove to be a tool for extending greater service experience and in turn profit the organization by acquiring business with low or no cost.*

*This paper attempts to look at the relevance of Customer Relationship Management with respect to Life Insurance Products in Indian context.*

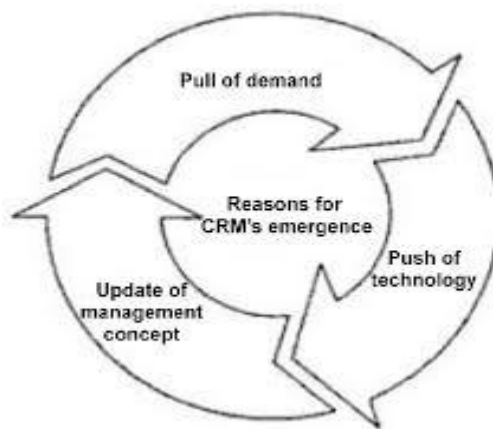
### INTRODUCTION

In today's vibrant business environment customer service and loyalty are vital and emerging strongly as key drivers for gaining advantage over competition. Customer Relationship Management (CRM) in its core is the establishment, development and maintenance of long term mutually beneficial relationships between customer and company. Due to Globalization and availability of products with similar quality, features and benefits there is a tendency from customer to migrate from one brand to an in search of betterment. In order to gain the lost ground the companies are always on the run to offer superior customer experience by improving current dynamics and come up with innovative products and services in order to retain old customers by keeping them loyal and at the same time to acquire new customers. The management of customer in service industries like banking, Hospitals, Telecom and Insurance is gaining more prominence and hence it is imperative to study the customer and ever changing needs and behaviour vis-à-vis the products offered by them. Insurance business is remarkably

difference in the sense that it needs to keep huge data and information regarding its customers like personal information, health history, financial details and any other relevant data which deemed fit. On the prospective and new customer front it needs to collect demographic and financial profiles in order to make new business a reality. To take the best advantage of the database available with Insurance companies Customer Relationship Management will prove to be a more scientific and commercial tool to increase the customer satisfaction, loyalty and future business. Added to this the rising expectations from existing customers in insurance industry has made the companies to launch more and more new products and services with the help of Customer Relationship Management initiatives. This will ultimately results in exponential growth in sales of insurance plans or products and on the other hand technological advancement results in reducing the cost of operations. Needless to say the overall profitability of Insurance Company solely depends on the services and products it offers to the customer by meeting the demand and expectations of them on a regular basis. Thus paving the way for a good Customer Relationship Management programme to exist and be the foundation for effective and efficient operations on the long run. As well understood the crux of today for any company for that matter for any Insurance company is to retain old customers and acquire new business by constantly offering new value additions by way of new experiences in customer satisfaction.

### Emergence of Customer Relationship Management

Customer Relationship Management in its original form is “Contact Management” which is essentially a set of specialized activities to help the company to collect, sort and analyze the data available with the company. In the beginning this has used as a Relationship Management as coined by Barbara Bund Jackson as a tool and later on the concept of RM changed into Customer Care and finally into present day a comprehensive set of tools and techniques called as Customer Relationship Management by Gartner Group. The two significant reasons which made CRM a big success are Pull of Demand and Push of Technology.



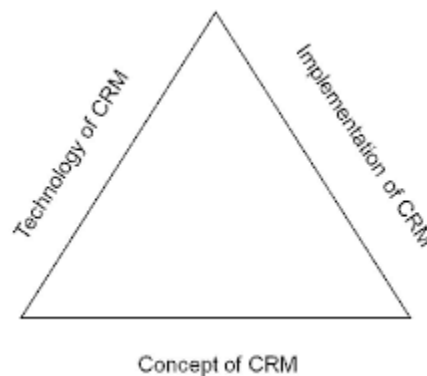
**Pull of Demand:** In recent times many organizations have sought to benefit from the information available with them in order to achieve economic and commercial benefits. In doing

so they faced a common and unique issue that is the level of information available in Sales, Service and Marketing to suit the requirements of the company for business development. This has resulted in the automation and scientific advancement in churning data and information. The problems which were prevailing earlier in companies are scattered customer information in sales, service and operations and secondly the collection of the relevant data and information by customer wise.

**Push of the Technology:** As the technology was advancing in the areas of Computers, Telecommunications and Net Work Applications the CRM initiatives have also taken a rapid growth because the IT development will enable the application of information in a more meaning way. The customers can access the company by way of various modes like Telephone, Fax, Mail, SMS and any other available source of communication. Sales and Service staff can deal with customers based on the information available with them to suit customer requirements, demands and expectations and suit their advice accordingly. The CRM can track all the initiatives and activities of Sales, Service and Marketing. Finally the usage of data can be of anytime and anywhere in nature and can provide the cost of operations in running existing business and on how to reduce by acquiring and retaining customers at low or no cost.

### **The Concept of Customer Relationship Management:**

The CRM can be well understood by the following three aspects: Concept, technology and implementation. Concept of CRM is the crucial factor for the success of the CRM and is the foundation for implementation while technology is means and methods. These three aspects can constitute a steady triangle of CRM as shown below.



### **CRM IS A BUSINESS AND MANAGEMENT CONCEPT:**

This concept entirely focuses on customer by treating him or her as important resource for the development of the company. Efficient and planned management of available resources can help the company to achieve long term as well as short term goals. In today customer oriented marketing, customer is key for any advancement. On the other hand the strengthening of relation

between customer and the company can result in reducing the cost of operations and at the same time to acquire and generate new business at low cost.

### CRM IN INSURANCE INDUSTRY:

It is well understood that Insurance is a complex financial product and the knowledge of personal and health histories can be useful to make a sale. With more and more companies offering innovative products customers are ever seeking superior and personalized service. At the same time banks and brokerage firms joining the business has made the environment much tougher than ever. In order to maintain competitive edge and viability of the business the Insurance Companies are focusing very closely on delivering superior experience in terms of quality and service to the customers. A comprehensive Customer Relationship Management (CRM) strategy can address three imperatives by 1. Providing unified customer profile, 2. Retention of the customers by offering superior service and 3. Controlling the costs while expanding the business. All these imperatives can improve revenue and productivity.



### CRM PRACTICES IN INSURANCE INDUSTRY:

Prior to liberalization of the economy only the Life Insurance Corporation was offering the Insurance Products and being a Public Sector organization enjoyed great advantages in gaining customers and to be precise a virtual monopoly in the market place. Post liberalization as many as thirty Life Insurance companies are offering products making it difficult to differentiate. If one were to do so it can be done by offering superior quality, better pricing, effective distribution and effective promotional activities. In a cut throat competition which is prevailing today in India in Insurance Industry, the companies have realized to offer superior value additions in product offering for survival. In order to be better off almost all the Insurance Companies are designing and implementing various CRM practices. The endeavor all these companies have been to bring service as close as possible to retain, attract and satisfy current and future customers. The nature and implementation of CRM practices are given below.

**Front End Services:** To enhance customer responsiveness, companies are offering online services to their customers. With this the customer is able to do almost all transactions related to Life Insurance Products and this is possible as today all the branches are well connected through computerization.

**Interactive Voice response Systems (IVRS):** These IVRS are menu driven services and enable the customer to call and receive information related to their queries. To avail IVRS service the customer need to dial a unique contact number.

**Company Website Services:** The Insurance Companies design their own websites for the benefit of their customers to operate free of cost via internet and to view their products details like premium, term etc. The company provides a unique number to log into their portal with a password in order to avail various details.

**Customer Relationship and Revival Programmes (CRRP):** If the insurance product or insurance policy is lapsed due to non payment, the terms and conditions of the policy become null and void and full benefits cannot be passed on till it is revived. The same can be done by paying pending installments along with penal charges and health reports if required. By executing these CRRP's companies have motivated the customers to revive their insurance policies and the same is conducted during specified time period like January to March of every calendar year.

**Customer Relationship and Re Assurance Programmes (CRRAP):** Insurance companies organize meetings with customers and extend assistance to policy related issues. The field staff is assigned to them to support on a continuous basis.

**Electronic Data Management Systems (EDMS):** The latest technology adopted by companies is to digitalize the policy records and details. These can be observed virtually and can be retrieved across the branches based on customer needs and requirements and a copy of the same can be provided.

**Customer Clubs:** Taking the base as revenue generated and keeping in view the long term association the companies are offering membership and treating their customers as High Net worth Individuals (HNI's). By offering additional and superior service these clubs encourage customer loyalty and as referral points and center of influence.

**Customer Contact Programmes:** Through these programmes the companies are continuously extending their services by terming relationship programme, which is aimed at providing service free of cost during a selected month in a year terming as "Customer Servicing Month". During this period company organizes campaigns across locations centering on servicing as well as selling new products launched by the company.

**Service for the Payment (SFM):** This particular service is extended by the company to collect the premiums due by offering various means and modes like paying in cash at Banks, On Line Payment, Electronic Bill Presentation and payment (EBPP), Automated teller Machines (ATM's), through Sales Agents etc.

**Complaint Management System (CMS):** Customers or policy holders grievances are redressed at various points either manually or through online. These complaints regarding policies are received by company appointed person and the same is solved within a specified time frame. If the customer is not satisfied the same can be escalated to the higher authorities. Government has appointed Ombudsman at various locations so that the customer can approach for a solution without any bias.



**Claim Settlement Services (CSS):** Insurance companies have formed a separate service wing which looks into maturity as well as death claims for the speedy process. Greater emphasis is given to provide justice to customers who are honest and at the same time to tackle fraudulent claims on account of false information provided regarding health and other related information.

## CONCLUSION:

There is a sea change in the Indian Insurance Industry post liberalization with respect to providing services to their customers or policy holders. Now the customer has been identified as a key driver of their business survival and growth. In order to achieve the retention and acquisition of new and prospective customers the Customer Relationship Programmes are vital as they bring customer into focus and extend superior value added benefits. There is no better way than to have a CRM programme to make operations efficient and pass effective initiatives to customer and make them loyal and trustworthy. Customer Relationship Management is the basis for reduction of the cost of operations and expand the business with minimum cost.

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