

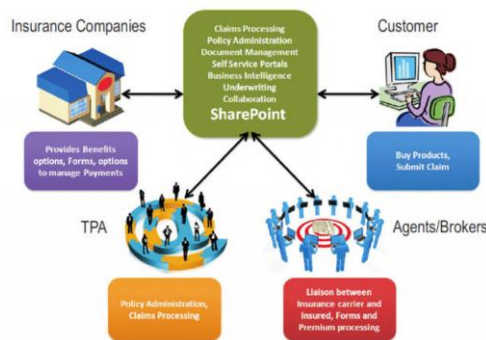
Customer Relationship Management and Insurance Industry

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SNAPSHOT

With the continuous growth in population in India, there is a greater demand for insurance. It enhanced the level of competition among the insurance companies both in public and in private life insurance sector. There is greater competition among the insurance companies to capture the market share. As per the IRDAI annual report of 2017-18, on the basis of total premium income, the market share of Life Insurance Corporation decreased from 71.81 percent in 2016-17 to 69.36 percent in 2017-18. The market share of private life insurance companies has increased from 28.19 percent in 2016-17 to 30.64 percent in 2017-18. Customer Relationship Management is a new competitive weapon for organizations for serving internal and external customers. With the help of adoption of new advanced technology, there will be reduction in the cost, which leads to decrease in the price of product and services. By advanced technology, direct contact with the customers has resulted with more personal relations between life insurance companies and customers, creating the database of consumers to monitor their activities by the life insurance companies.



Dia 1: Customer Relationship Management (Source: Finances Online, Reviews for Business)

LITERATURE REVIEW

1. Chandra Patidar, Nihar Jindal and Sneha Gokam (2006) suggested the new methods and technologies which are required to delight the customers. The study concluded that insurance companies in the developed global market have already adopted Customer Response Management and Customer Integration Management.
2. Soumya Chattopadhyay (2011) looked at how analytics can help life insurance companies to acquire and retain customers. The study find out that, most insurance companies are in the early stages of using predictive analytics.
3. Abdul Alem Mohammed and Basri Bin Rashid (2012) made an attempt to provide a value conceptual model that explains the theoretical linkages existing between CRM dimensions, marketing capabilities and assist them in improving hotel performance and competitiveness.
4. Ciprian Matis and Liviu Ilies (2014) addressed the implementation of CRM in insurance companies with the aim to present the benefits resulting from the application of new technologies like CRM. But it remains just a technology.
5. M S Catherine Nirmala Rao (2014) examined and evaluated the various CRM initiatives in Life Insurance Companies and compares the strategies used by public with private sector companies. There is definitely a shift of customers' preference from Public to Private Life Insurance Companies.

6. Dr. Garima Malik (2015) aimed to evaluate the impact of CRM benefits on customers' loyalty and retention for the benefits of enterprise and customers itself. The result revealed the significant factors that lead to the customer loyalty for automobile were trust associated with on time service delivery, promptness in handling repair work, friendliness, helpfulness, arranging replacements and fulfill its obligation to customers.

OBJECTIVES OF THE STUDY

The objectives of this study are to understand the concept, need, role and benefits of Customer Relationship Management in Insurance Industry.

SOURCES OF DATA

This study is based on secondary data and data collected from IRDAI Journals, Research Journals, trade Magazines and Publications of the Banking and Insurance companies and Thesis.

CONCEPTS OF CRM

Life Insurance has always been a competitive business. Now a day with uncertainty and rising costs, insurers can increase growth by acquiring and retaining the most profitable customers. Therefore, CRM strategy is required to identifying profitable customers and keeping them. In the life insurance industry, CRM can help a company to create a comprehensive roadmap for managing the entire life-cycle of a customer, from acquisition to lapse or maturity. CRM can reduce the cost of customer acquisition by optimizing the results of marketing campaigns. The challenge for most insurance companies, given their fixed marketing budgets, is to decide where to allocate resources to obtain the best marketing return on investment.

ROLE OF CRM

With the acceleration of global economic integration process, the markets today have changed from the production and sales oriented marketing to customer oriented marketing. In this situation, the vital factor to enhance the corporation's competitive powers is customer relationship like Peter Drucker said: "The business of business is getting and keeping customers". High quality customer service and satisfaction will relate to corporation's revenues, profits and market share closely. Thus, facing a highly competitive environment, more and more corporations are realizing the importance of CRM. While the insurance sector is seeking to maintain a balance between acquiring customers and developing existing ones, they are heavily focusing on CRM to help acquire customers through various touch points and translate operational data into actionable insight for proactively serving customers.

NEED FOR CRM

CRM or Customer Relationship Management is a system that aims to improve the relationship with existing customers, find new prospective customers and win back former customer. This system can be brought into effect with software that facilitates, collecting, organizing and managing customer information. With CRM insurers have to increasing pursued a customer centric competitive strategy rather than a product centric one. By adopting CRM insurer can do customers demand constant access, immediate response and personalized touch. With this technology focus is shifting from supply chain to demand chain effectiveness. Better understanding and intelligent management of customer relationship is essential for insurer to survival in industry. There are five main key strategies that insurer can employ to survive and thrive during uncertain economic conditions. They are,

- Focus on existing customers
- Maximize revenue opportunities
- Do more with less
- Reduce operational costs

- Optimize existing IT assets

BENEFITS OF CRM

Customer Relationship Management is a system that aims to improve the relationship with existing customers, find new prospective customers and win back former customer. This system can be brought into effect with software that facilitates, collecting, organizing and managing customer information.

1. **Improve Customer Satisfaction:** One of several major benefits of CRM is customer relationship. The main purpose of a CRM system is to support a insurer in engaging is customers. CRM strategy helps in building up better communication within the company. Sharing customer data between different departments will enable to work as a team and help optimize the customer experience. One of the prime benefits of using a CRM is improving customer satisfaction. By using this strategy, all dealing involving servicing, marketing, and selling products and services to customers can be conducted in an organized and systematic way. Insurer can also provide better service to customers through improved understanding of their issues.
2. **Improve Customer Retention and Revenue:** By using a CRM strategy, insurer will be able to improve your customer retention rates, which often translates into increased revenue. If everyone is using the CRM to record their customer interactions, every client interaction, then others' are able to serve the client with the knowledge of what has been previously discussed with the client. According to Harvard Business Review, a 5 percent reduction in customer defection rate can increase profits anywhere from 25 percent to 85 percent. By using collected data, insurer can proactively address at-risk accounts as well as reach out to satisfied customers at the right moment, to encourage repeat purchases.
3. **Maximize Business Performance:** A CRM system can help maximize business performance by increasing up-sell and cross-sell opportunities. Up-selling is where insurer offer customers an upgrade or premium products that are related to their purchase. Cross-selling is where insurer offers complementary products that falls into the same category of their purchase. Cross-selling is where insurer offers complementary products that falls into the same category of their purchase. With a CRM insurer can easily conduct both these sales strategies, when an insurer understand about their wants, needs and patterns of purchase. The more you know about customers' needs and wants the better able you are to provide the solution to their next problem.
4. **Reduce operational costs with better internal communication:** One of the major several benefits of CRM is reduce operational costs. A CRM strategy helps in building up better communication within the company. Sharing customer data between different departments will enable you to work as a team and help optimize the customer experience. By functioning as a well-informed team, will help increase the company's efficiency overall and offer a better service to customers. The more knowledge employees have the more empowered and engaged themselves. Having an accurate and up-to-date CRM that everyone uses and has access to helps employees solve client problems.
5. **Optimize your marketing:** CRM allows to having a more targeted and cost-efficient marketing program. By understanding customer needs and behavior, insurer will be able to identify the correct time to promote product. A CRM will also help to segment the customers and give insight into which are the more profitable customer groups. By using this information, one can set up relevant promotions for the groups and execute them at the right time. By optimizing marketing resources in this manner, insurer can give the best possible chance of increasing revenue.
6. **Gain Valuable Insights:** As a CRM stores all the information in one centralized place, this makes it a lot easier to analyze your performance as a whole. By considering important information such as revenue generated, leads as well as results of your marketing campaigns, you will be able to easily generate reports. Better reporting data

means you will be able to make effective business decisions and improve revenue in the long run.

CONCLUSION

In the post-liberalization of insurance market in India, one factor that contributes to the overall performance of insurers is CRM. Customer Relationship Management is a powerful tool for insurance industry. Due to increase in number of insurance players and rising awareness among customers about different products, companies in the insurance sector realize the importance of implementation of Customer Relationship Management. It allows insurance companies to enable the marketing departments to identify and target their best customers, manage marketing campaign with clear goals and objectives, and generate quality leads for the sales team. The article can be concluded by giving statement that, the more you know and remember about customers the more your customers know you care about them. This enables you to forget a much stronger connection and a deeper relationship with customers.

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