A STUDY ON CUSTOMER RELATIONSHIP MANAGEMENT PRACTICES IN LIFE INSURANCE COMPANIES IN MADURAI CITY

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Abstract
The Insurance companies would benefit through tailoring their offering to high value customers that is high net investors and the telecom companies have been suggested to develop churn prediction models by using tools like data mining. Customer Relationship Management (CRM) now playing an inevitable role in the business world.

Every institution wants to attract more and more customers and always struggling to retain their existing customers. CRM leads to modern trend in the field of business. Nowadays Customer Relationship Management is attracting the expanded attention of scholars and practitioners. In order to maintain customer relationship, life insurance companies should provide proper service whenever and wherever it is required. The present study can serve as a platform for future work on the subject and this will naturally stimulate new ideas and also further research on the subject. This article highlights the customer relationship management practices in life insurance companies in Madurai city.

The present article concluded that the managements of all the organizations selected for the study are unanimous in the way they define Customer Relationship Management (CRM) and their understanding of the concept of CRM. However this study has thrown sufficient light on the CRM practices and how these practices differ among the different service sectors and within a service sector.

Key Words: Customer Relationship Management, Financial Institutions, Life Insurance Companies, Relationship Practices and Attitudes.

Introduction

At present, the customer relationship management (CRM) is the latest idea of managing and propagating insurance business more successfully. It is a tool that helps to design insurance products which match with the customer expectations. It also helps to build customer trust and develops loyalty of the customer. The main strategy of CRM is to pay attention to customer needs, innovative marketing channels, uniform quality outlets and identification of target market and also customer groups.

The new generation companies claim to grow by customer services by tuning up technology, training staff and tackling existing markets. Private players are picking up market share from competitors. With better prospects offered in the technology sector, the capacities and capabilities of the life insurance sector to retain and improve customer base is strengthened. The timely and efficient policy towards customer service makes this possible and acceptable to the insurers.

The quality of customer relationship is often the differentiator. It is more so for life insurance business because the insurers are in the business of improving the quality of life of the customers. The understanding that a life insurance business is essentially one of partnership in helping customers and meets their lives, opportunities and adversities will go a long way in aligning the functional arms in the business.

This study includes the analysis of customers view in maintaining CRM practices, their opinions on requirement of CRM practices by the service providers and their intensions regarding satisfaction, retention, repurchase and in referring to new customers and the enhancement which can be made through good relationship management practices. Added to it the opinions of people who are likely to have close contact with customers like dealers and employees with customer contacts are analyzed. Analysis of demographics and their effects are also made.

Review of Literature

Chawla and Singh (2008), in their paper, investigated the service quality factors affecting customer satisfaction levels of the policyholders. The data was collected from 210 policyholders belonging to Northern India through a questionnaire. Factor analysis and reliability analysis were carried out to test the data. The results revealed that the accessibility factor has a higher mean satisfaction as compared to mean satisfaction of reliability and assurance factor. The comparison of overall mean satisfaction based on various factors expected showed that respondents who had purchased insurance policies before privatization had a higher mean score as compared to respondents who took insurance policies after privatization.

Rajeswari and Kartheeswari (2011) determined that the customer satisfaction as the perception of customers on the service whether that service has met his needs and expectations. Service quality, personal factors, perception of equity and fairness,

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price, product quality, situational factors and attributions for service success or failure are the factors that influence the customer satisfaction. However, the perceptions and expectations of the policyholders who have taken the policies from Life Insurance Companies vary from person to person. This study emphasizes the perceptions of the policyholders about the service rendered by the LIC of India and intends to promote a better theoretical understanding and recognition of the complexities to service quality and its measurement with respect to life insurance.

Annamalah (2013) determined that in Malaysia, the life insurance industry has grown the strength and plays an important role in the capital market. This study examines the various socioeconomic and demographic factors associated with decisions to life insurance purchasing behaviour and total policies expenditures on life insurance by Malaysian married couples. Primary data from a survey were used in this study. The Logit model was formulated to investigate life insurance purchasing decisions and total expenditure on life insurance policy amongst married couples. Results from the empirical analysis showed income and education level of the household head supports the explanatory variables for life insurance purchasing decisions. In addition, the profile of life insurance policy purchaser is constructed to identify the segment of people and to provide good understanding on the demand for life insurance in Malaysia and would help in the formation of policies for further developing of the insurance industry.

Objectives of the Study
1. To analyse the outlook of life insurance companies in India.
2. To know the advantages of Customer Relationship Management in Insurance Sectors.
3. To evaluate the policyholders' attitude towards CRM practices adopted by life insurance companies in Madurai city.

Methodology and Research Design
The study is based on both primary and secondary data. Primary data are collected for understanding the customer relationship management practices of the policyholders in Madurai city. In Madurai city policyholders is mainly concentrated in LIC of India, SBI life insurance, Birla sun life insurance, ICICI Prudential life insurance and Bajaj Allianz life insurance. Hence, the study is based on primary survey, concentrates only on large area of policyholders in Tami Nadu. Primary data were collected from a sample of 130 policyholders from Five Insurance Companies in Madurai city. The secondary information has been collected from the reports of the select insurance companies and related agencies. Further books, journals, reports and websites have been referred

CRM In Indian Insurance Sectors
With the increase in the number of insurance companies in the market and consumers becoming more aware of different policies. Insurance companies have realized the importance of CRM. The cost of attracting a new customer is five times more than that is incurred to make an existing customer happy. Therefore, to survive in the market, insurance companies need to implement CRM in their organizations. This is the key to success in the industry. The organizations can succeed who have been able to build a base of their loyal customers, because a loyal customer advocates the companies' products much better than the organization itself. The basic existence of the organisation lies in the hands of its customers. It can be easily concluded that for success, it is necessary to implement CRM in the right manner.

Insurance Companies Available In India
1. Life Insurance Corporation of India
2. SBI Life Insurance Co. Ltd
3. Tata AIG General Insurance
4. New India Assurance
5. Oriental Insurance
6. ING Vysya Life Insurance
7. Shriram Life Insurance
8. ICICI Prudential Life Insurance
9. HDFC Standard Life Insurance
10. Bajaj Allianz General Insurance
11. IFFCO TOKIO General Insurance
12. ICICI Lombard General Insurance
13. Birla Sun Life Insurance
14. Aviva Life Insurance
15. Max Life Insurance
16. MetLife India Insurance
17. Reliance Life Insurance
18. Sahara India Life Insurance

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19. Om Kotak Mahindra Insurance Company
20. Agriculture Insurance Company of India Ltd
21. Amsure Insurance
22. ANZ Insurance
23. Cholamandalam General Insurance
24. Employee's State Insurance Corporation 2
25. Peerless Smart Financial Solutions
26. Royal Sundaram Alliance Insurance India
27. Export Credit Guarantee Corporation of India Ltd.

Advantages of CRM
CRM is the process of acquiring, retaining and growing profitable customers. It requires a clear focus on the service attributes that represent value to the customer that create loyalty. Customer relationship management has several advantages:
1. Company can easily find the needs of the customers.
2. It can easily to target specific customers by focusing on their needs.
3. I makes easier to track the effectiveness of a given campaign.
4. It gives knowledge about the customer who is loyal to the product.
5. Direct contact with the customers, creates the potential customers' existence.
6. Marketing of a product is based on customer-oriented not price oriented.
7. As per the customers' wish, a product is manufactured and marketed.
8. It prevents overspending on low-value clients or under-spending on high value ones.
9. It speeds up the time to develop and market a product.
10. CRM reduces advertisement costs.
11. Product quality to be increased.
12. Volume of sale is to be raised.
13. It improves the use of the customer channel, thus making the most of each contact with a customer.

Profile and Attitude Practices of Policyholders
The profile of the respondents, Age wise, Gender wise, Education qualification, occupation. Nature of the family, monthly income, type of bank account, duration of maintaining accounts with the Insurance.

The sex wise comparison of sample reveals that majority of the customers is male (80.7 percent). In terms of age, it is evident that 30 percent of the respondents are in the age group of 31 years to 40 years, undergraduate account for 54 percent, 49.4 percent are business man, 92 percent of the respondents are living in Nuclear family. The monthly income statistics revealed that 44 percent earn Rs. 20,001 to Rs.40,000 and 36.7 percent of the respondents have maintaining their policy in insurance between 3 to 5 years.

Table No.1 Opinion of the Policyholders towards the Services and CRM in Life Insurance

Policyholders Opinion	Mean
Space available at the branch office for the customer is adequate	4.45
The amenities like seating arrangement, fans, drinking water and toilet facilities are available in the branch.	3.98
Parking facility is convenient in the branch	4.09
Life insurance branch office is easy to approach by all the policyholders.	4.07
Life insurance branch office is easy to approach by all the policyholders.	3.99
All the information relating to the policy are displayed on the notice board.	5.22
The branch follows the time norms for all services.	4.04
The branch has maintained complaint/ suggestion box in the office	3.86
Working hours is convenient to the customers.	3.47
Suggestions / complaints are considered without delay.	4.01

In order to evaluates the Customer Relationship Management strategy and Policyholder Attitude in the Madurai City. The private sector life insurance industry, overall opinion of the policyholders towards the customer service and CRM strategy provided by the life insurance industry, with the help of mean score, the private sector life insurance companies policyholders feel that the seating arrangement/parking facilities, life insurance branch easy to approach, agent meet policyholders periodically, the branch follows time norms, the branch maintain complaint box, working hours is convenient to the policyholders, suggestions are considered without delay, these services are to be concentrated more to improve the customer service and CRM strategy provided by the private sector life insurance companies.

In the case of private sector life insurance companies good score is found in regarding the "Providing guidance regarding the payment of premium" and followed by "Creating awareness regarding new policies is useful to the policyholders" and the least score was obtained by "The settlement of grievances of the life insurance industry"

Summary and Conclusion
1. Customer Relationship Management is the key to success in the present era and only those organisations can succeed who have been able to build a base of loyal customers, because a loyal customer advocates the companies' name and products much better than the organization itself.
2. The insurance companies should formulate a sound customer knowledge strategy. It should realize that one time collection of customer data is not enough. Customer knowledge gets built when information is collected systematically over a period of time. This can be done through regular surveys and during customer interactions.
3. Insurance companies must introduce new ways and means that makes its customer highly delighted with its quality of services.

The present article concluded that the managements of all the organizations selected for the study are unanimous in the way they define Customer Relationship Management (CRM) and their understanding of the concept of CRM. However this study has thrown sufficient light on the CRM practices and how these practices differ among the different service sectors and within a service sector. Hence based on these findings this study has made some suggestions that are common to all the service sectors like formulating a sound customer knowledge strategy, categorization of customers on customer value, devising a mechanism to measure CRM progress and internal marketing.

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