



A Comparative Analysis on Customer Relationship Management in Public Sector and Private Sector Life Insurance Companies

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ABSTRACT

Liberalization of the financial services sector has led to insurance companies functioning increasingly under competitive pressures; so companies are consequently directing their strategies towards increasing customer satisfaction and loyalty through improved service quality. With the opening of insurance industry to private players, the competition has intensified and it has become very difficult for the companies to attract and retain the policyholders. Every company has recognized the need for shifting from a traditional strategy to survive in the market. It is in this context, the process of CRM has been adopted by all private and public sector insurance companies as well. CRM technologies and campaign management tools are maturing and finding wider adoption with large insurance companies. This study is an endeavour to examine and evaluate the various CRM initiatives in life insurance companies and compare the strategies used by public sector LIC with private sector companies.

KEYWORDS : 1. CUSTOMER CENTRIC 2. CUSTOMER PERCEPTION & TRUST 3. CRM STRATEGIES

INTRODUCTION

CRM is a technology. Implementation of this technology includes collection of valuable information of the customers through previous contacts, surveys and queries. The information is collected through tele, e-mail, fax and call centers. It is best fit for providing quality service towards policyholders. Through the implementation of CRM, the insurer gets the advantages of innovative development of product, better operational efficiency and accelerated customer satisfaction. The customers are becoming harder to convince and satisfy. They are more demanding, price and service-conscious, less forgiving and are approached easily by competitors with same or higher offers. This challenge is not to develop satiated customers but to produce very much delighted, loyal and committed customers.

OBJECTIVES OF THE STUDY

1. This study aims at evaluating the importance of Customer Relationship Management in Life Insurance Companies.
2. To compare the CRM strategies used by public sector LIC with private Life Insurance Companies.
3. To evaluate the extent of customer centric selling of insurance products by public and private sector LIC s.

HYPOTHESIS OF THE STUDY

Customer Relationship Management is more effective in private sector Life Insurance Companies when compared to public sector LIC.

SAMPLING TECHNIQUE

A stratified random sampling technique was adopted for the study.

DATA COLLECTION

Primary data was obtained from the insured population of 722 respondents who were policy holders of LIC and ten private companies. Secondary data was obtained from various IRDA publications, insurance company websites, newspaper articles and related journals. All the respondents were employed. The private companies taken for the study are SBI Life, ICICI Prudential, Max Life, HDFC Life, and ING Vysya.

CRM in Insurance - FINDINGS OF THE SURVEY

A study was done on the CRM practices in public sector LIC and ten private life insurance companies.

CRM in LIC

LIC which was once upon a time put customers through a lot of hardships now with the advent of private life insurance companies has reinvented itself in terms of Customer Relationship Management. Customization of life insurance products have enabled customers to choose among variety of life insurance products that are need based and customer centric. This culture was not prevalent in LIC when it was the sole Life Insurance provider in the country till year 2000. The company now provides online services for Customer education regarding Policy Status, Insurance selector, NRI Centre, Phone help line, Policy

guidelines, tax benefits, Bonus information and Sms enquiry. It also provides premium calculator and multiple premium payment options. It was found that LIC had the most number of channels for customers to pay their premiums both online and offline when compared to private life insurance companies. The Offline premium payment options were – ECS, Bill Pay and ATM.

Online premium payment options include LIC Website – Net Banking, Debit and Credit card
Authorized Banks – Through Axis Bank and Corporation Bank
Franchises – AP Online, MP Online, Suvidha Infoserve and Easy Bill Pay.
Merchants – Premium Point Empowered agents, Life Plus (SBA) & Retired LIC Employee collection.

CRM in ICICI Prudential

The company sells most of its products online through phone or internet. For existing customers constant support is provided through a toll free number, sms, Turn around time, downloading of forms, filing of claims, Payment of premium online and buy insurance online. Existing customers can set standing instructions, view fund progress, get E-statements and perform E- switch, do an online top up, file complaints, go through Pre issuance payments and protect their policy. They also have all the instructions regarding the procedure to file claims, make online claim intimation and avail networking of hospital facilities.

CRM in INGVYSYA

The company assures customers of daily provision of information and the effective communication with as main priorities in their work. They offer various possibilities for access to the information about their products and services. They offer consultations to their customers and aim to provide adequate solutions that meet their individual needs. Existing customers are offered services for payment of insurance premium, claim for insurance benefits, surrender of policies, investment of insurance units, personal information update, file a complaint or give recommendations. When they give information, they comply with the highest standards for confidentiality and information safety, which ING applies in its activity worldwide.

CRM in HDFC LIFE

HDFC Life is committed to maintaining the highest level of customer service. Hence they have tried to provide customers with all the information you may want to seek regarding procedures such as paying their premium, various policy servicing options, processing a claim and so on. Customers can manage their account online and access and manage life policies online, avail 17 premium payment options, know about tax benefits and tax laws applicable to their policy, able to contact the company, download policy servicing forms for permissible policy alterations, make claims for benefits, and enquire about lapsation and revival of policies. The Company also provides a key feature document, a notice corner, an information centre and a grievance Redressal center.

CRM in MAX LIFE

CRM initiatives

- First organization to have provided a free look period of 15 days for the customers - later on IRDA made this mandatory
- First Indian life insurer to have provided different services to the agents and customers over phone
- First company to have started toll free lines for agent services
- First life insurer in India to have started service centers at the regional level
- First and the sole Indian life insurer to have put into practice the Lean methodology of service excellence in service industry
- First Indian life insurer to have been awarded ISO 9001:2008 certification

CRM in SBI Life

SBI Life Insurance is a joint venture between State Bank of India and BNP Paribas Cardif. To its existing policy holders, the company offers

various services to pay premium online, detailed premium payment procedure, ECS facility, NRI services, claim settlement process, Answers to FAQs, SMS based services and Revival of lapsed policies. New customers can avail of services of Premium calculator, Need analysis calculator, Retirement calculator, Human Life Value (HLV) calculator, Buy Policy Online Tools, Financial Planner tools, Proposal tracker, Order a form, Meet an Advisor, Child education Planner, Tax calculator and Easy Plan Finder.

ANALYSIS AND INTERPRETATION OF DATA

A survey of 722 respondents was conducted among policy holders of LIC and ten private companies in various cities of South India and Mumbai. The data obtained was subjected to statistical analysis and with the help of Chi Square and Correlation techniques the results were obtained. The following are the findings of the primary data survey conducted among policy holders.

Table 1 ABOUT HERE Summary of important findings

	Yes	No	Partially
1. Private insurance company are equally secured	60.5	39.5	
2. Products offered by private Insurance Company are more need based (Mean 22 Std. Deviation 0.864)	29.1	21.2	49.6
3. Quick service by Private [Test results 2.03 0.907 0.823]	39.6	17.7	42.7
4. Preliminary difficulties with LIC	33.8	23.5	42.7
5. Monopoly position of LIC till year 2000 put customers at a disadvantage	50.7	49.3	
6. Availability of facilities for online payment of renewal premium is made available by LIC	34.1		
7. Availability of facilities for online payment of renewal premium is made available by private LIC's	57.2		
8. Entry of private companies have given more choice and customer centered products	83.5	16.5	
9. Shift in customers preference from LIC to private companies	26.9	18.8	54.3
10. Awareness about failure of LIC to spread the market for insurance beyond 20% of population	54.3	45.7	
11. Awareness about maximum pending claim settlements of LIC	37.4	62.6	
12. Public sector LIC uses advanced technology and facilities according to customer's need.	48.2	23	28.8
13. Private sector LIC uses advanced technology and facilities according to customer's need.	43.2	35.7	21.1
14. LIC's exclusive service to High value customers	19.1	56.8	24.1
15. Private LIC's exclusive service to High value customers	19.7	57.1	23.3
16. Customer's faith on agents of LIC	61.8	19.4	18.8
17. Customer's faith on agents of LIC	38.5	41.3	20.2
18. Surrender value of amount invested in ULIP's are less than amount invested	20.5	79.5	
19. Return on LIC's policies are greater than return on policies of private companies	25.9	17.2	56
20. Availability of products are more after private companies have entered the insurance market	65.9	34.1	
21. Do the agents of LIC follow up on lapsed policies	8.2	91.8	
22. Do the agents of private LIC's follow up on lapsed policies	65.3	34.7	
23. Difficulty in reinstatement of lapsed policy in LIC	85.3	14.7	
24. Difficulty in reinstatement of lapsed policy in private Companies	20.4	79.6	
25. LIC has tried to sell more and more products to existing policy holders	30.4	69.6	
26. Private companies try to sell more and more products to existing policy holders	67.4	32.6	

CONCLUSIONS AND SUGGESTIONS

It is very clear from the analysis of the data and the statistical analysis that follows that the CRM practices of life insurance companies have seen a dramatic change over the past few years. Most of the insurance companies have very transparent and effective CRM models. However it is evident that the private companies have been the pioneers in initiating the CRM strategies because of service quality perceptions and increased competition in the industry. Customer services in private companies far outweigh the facilities offered in the public sector LIC. It was found that LIC has reinvented its strategies to stay abreast with

IRDA regulations and provide varied facilities to its customers. Majority of the respondents were of the opinion that the services provided by private companies have redefined the whole concept of insurance. When LIC was the only insurance company customers were at a disadvantage due to its monopoly position and seller oriented selling of life insurance products. However life insurance products are now need based and customer centric. Customers have shown a clear preference for private life insurance companies due to their persistent efforts to build new clients and retain existing clients. Private companies also made it relatively easy for clients to revalidate lapsed policies and are

very effective in quick claim settlements. There is definitely a shift of customers' preference from public sector LIC to private life insurance companies. This would be even more evident if private companies continue to reinvent themselves, develop customer need based products, eliminate mis-selling and concentrate on customer satisfaction and customer relationship building as its main prerogative.

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