ROLE OF CRM & ITS IMPLICATION IN INSURANCE INDUSTRY: AN EMPIRICAL STUDY

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Abstract
Customer relationship management (CRM) is a practice that puts the customer at the center of the equation. Information tracked in a CRM system includes contacts, clients, contract wins and sales leads and more. Over the years myriad software applications have sprung up to simplify and streamline this process. Customer relationship management (CRM) is a widely implemented model for managing a company's interactions with customers, clients, and sales prospects. The present study undertaken to examine the role of customer relationship management in Insurance industry. Data was collected from 304 employees of insurance company in Dehradun city to analyse the factors that results in customer satisfaction and retention of customers. It was found that customization with quality services, latest technology, trained & knowledgeable employees are the main consideration in selecting an insurance company and its products by the customer.

Keywords: Insurance Sector, Customer Relationship Management.

Introduction
In today's dynamic environment, the insurance industry has witnessed many spectacular changes in terms of advancement in technology, strengthening of the existing customer base and acquiring new customers. Knowing your customers better will help you to serve them better and keep them loyal forever.

In this age of information and uncertainty, more and more people have started recognizing the importance of insurance. However, the present situation in the insurance industry is characterized by complexity and competitive situations. At present, insurance industry is one of the leading industries in India.

CRM is a concept that enables an organization to tailor specific products or services to each individual customer. CRM technology initiatives are most commonly implemented in functional areas such as customer support, service, sales and marketing to optimize profitability and revenue. CRM is about managing customers for better understanding and to serve them. Customer service is an important component of CRM; however CRM permits businesses to leverage information from their databases to achieve customer retention and to cross-sell new products and services to existing customers. Companies that implement CRM make better relationships with their customers, achieve loyal customers and a substantial payback, increased revenue and reduced cost. Implementation of CRM helps the organization in reduction of its advertising costs. It also makes it easier to target specific customers by focusing on their needs. CRM allows organizations to compete for customers based on service, not prices and also prevents overspending on low-value clients or under spending on high-value ones. CRM improves the use of customer channel, thus making the most of each contact with a customer.

Currently, the Insurance Industry is in a state of change where today's industry field is becoming extremely complex and more competitive. As the industry continues to search for growth, obtaining clients has become difficult due to large market share ownership by the big insurance providers. Economic downturn is making it a problem to realize top-line growth, placing a higher emphasis on improving profits by way of cost management.

LIC of India has implemented the e- CRM software by the help of Wipro and IBM .This CRM project is the largest of its kind in India. Wipro and IBM work together to compile the data of over 15 crore policy holders of LIC. The data would reflect consumer behavior of policy holders, no's of customers going for loans, nos. of customers paying premium within the due date and defaulting in premium payment. **ICICI** prudential has ambitious plans for its retail business and has implemented the CRM software by the help of SAS and Tera data solutions By implementing this project they aim to reduce the cost of service, to effectively use the customer's data, to increase the customer retention, up-selling and cross selling. **AVIVA** life insurance entered in 2002 and deployed Talisma e-CRM suite. AVIVA got the success by recognizing the potential customers and bringing out products and services tailored to the customer requirements. Also e-CRM developed multistep marketing campaign and superior services across multiple channels. **Birla Sun Life Insurance** has selected Talisma CRM software due to its wide acceptance in customer relationship sphere. Moreover its modules summarize all possible requirements associated with customer interaction. **Reliance** life insurance has an excellent web enabled IT system for superior customer services. They aim to increase better customer interaction, to predict customer behavior, sales management, and consumer groupings and faster spread of information among the customers through CRM software.

Literature Review

Dash Biswamohan and Mishra Bidhubhusan stated that CRM will be able to manage the huge database of customers.CRM implementation is also a cost effective and time saving activity, which will provide the long range solutions to the insurance players. Thus, the need to integrate customer data from multiple channels, to increase sales force productivity (including agents), raising service standard, customer satisfaction, loyalty of customers, CRM soft ware's will be always in demand.

Antonio Coviello stated that the spread of CRM in the insurance industry, ultimately, proceeds quickly and it is causing obvious discontinuity in the traditional culture of the companies and their models. These initiatives are often hampered by the persistence of a corporate culture that for too long has been primarily focused on product rather than market needs. It requires adequate capacity for investment in technological equipment and
operating systems, a major effort for the integration of new professional skills that are needed to implement and successfully manage change processes.

Apampa, Olatunji Razaq stated that once insurance companies can truly position ICTs strategically, a much better perception and utilization level should take place. For now most insurance personnel are amazed by the capabilities and potentials of ICTs. Market value of most insurance companies would capture the lagged (untapped) benefits of ICT investment, when the stock market is efficient enough to take into account the long term benefits of the investment on ICTs.

Khalid Rababah, Haslina Mohd, and Huda Ibrahim study suggests that an important step before the implementation of CRM programs/systems, which is the creation and communication of customer-oriented culture within the organizational. The purpose of this step is to be as a pre-implementation plan for CRM programs/systems in which, a better understanding of the concept of CRM and the sense and awareness of the CRM program/system are created within the organization. With such a plan, the organization will have a better ability to expect, manage, and control the change that will accompany the implementation of CRM programs/systems.

Manisha Rani found that in majority of companies, customers could not perform major transactions online without necessarily coming in contact with the company in person. This is because not all companies have fully integrated IT with their CRM. A good number of insurance companies have a comprehensive database of their customers with the aid of information technology. This research reveals that CRM and IT, if effectively and appropriately combined in service delivery, would minimize delay in customer service delivery and ultimately result in increased profit.

Objective of the Study
This study has following objectives:
- To analyse how customer relationship management helps in building better service management in insurance industry.
- To identify the factors that result in retention of customer.

Research Methodology
To complete this study primary as well as secondary source of information is used. To study the role of Customer Relationship Management & its Implications in Insurance Industry, *primary data* is collected by using a detailed structured questionnaire which was administered to a sample of 304 selected on the basis of convenience sampling method. The study has been carried out in Dehradun city. The *secondary* **data** is collected from published thesis, reputed journals, magazines and related websites. The data so collected is scrutinized, tabulated, analyzed and finally used for the study purpose. For the calculation and analysis of data statistical tools and other statistical techniques are used.

Assumption of Hypothesis
Ho: There is no relationship between CRM & customer retention
H1: There is a significant relationship between CRM & customer retention.

Finding & Discussion

Table.1,Demographic Characteristics of Respondents

Category		Count	Percentage
Gender	Male	138	45%
	Female	166	55%
Education Level	Under Graduate	28	9%
	Graduate	108	36%
	Post Graduate	117	39%

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	Professional qualification, if any	51	17%
Age	Less than 20 years	15	5%
	From 21-30 Years	118	39%
	From 31-40 Years	120	39%
	Above 40 Years	51	17%
Income Level	Below 15000 PM	60	20%
	15,000 to 30,000 PM	150	49%
	30,000 to 50,000 PM	89	29%
	80,000 and above PM	5	2
	Total	304	100%

The information presented in the above table no. 1 shows that out of 304 respondents, 45% are males and 55% are females which imply that females were more than the males in the gender category of respondents. Age wise classification is considered to be an attribute of demographic profile, the analysis presented in the above table reveals that sample is dominated by the category of respondent ranging in the age group of 21-30 & 31-40 years as it contributes 39% in the sample while least number of respondents are less than 20 years of age. Majority that is 39% of respondents are post graduates. With regards to employment status majority that is 49% have income between 15,000-30,000.

The survey was conducted for four company's employees. Equal percentage of respondents is taken from Life insurance corporation of India (LIC), Aviva life insurance, Reliance life insurance & Birla sun life insurance company.

Table.2,Experience in Insurance Industry

Sl .No	Description	Number of Respondents	Percentage
1.	Less than 2 years	101	33%
2.	Between 2 to 5 years	119	39%
3.	Between 6 to 9 years	67	22%
4.	More than 10 years	17	6%
	Total	304	100%

The above table shows that 39% of respondents having work experience in insurance industry between 2 to 5 years, 33% respondents have less than 2 years of experience & 22% respondents having an experience between 6 to 9 years & only 3 17% respondents having experience of more than 10 years.

Table 3. Customer Satisfaction Survey Conducted by Company

Sl .NO	Description	Number of Respondents	Percentage
1.	Yes	191	63%
2.	No	113	27%
	Total	304	100%

As per the above table, maximum number of respondents that is 63%. says that the insurance   companies conduct customer satisfaction and only 27% respondents says that the insurance
Companies are not conducting customer satisfaction survey.

Table 4.Customers Contacted by Company

Sl .No	Description	Number of Respondents	Percentage
1.	Once in a week	138	45%
2.	Once in a month	74	24%
3.	Once in 6 month	92	30%
	Total	304	100%

The information presented in the table. 5 reveals that maximum number of respondents that is 45% says that company contact its customer once in a week,30% respondents says that they contact customer once in 6 month & only 24% respondents says that they contact them once in a month.

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Table.5 Customer Complaints and Comments

Sl .No	Description	No of Respondents	Percentage
1.	Face to face interaction	77	25%
2.	Toll free numbers	97	32%
3.	Formal surveys	75	25%
4.	Others means	55	18%
	Total	304	100%

The above table shows that 32% respondents contact its customer for comments or complaints through toll free numbers.25% respondents have face to face interaction with its customer & 25% are connected with them through formal survey conducted by companies.

Table.6,Record of Customer Complaints

Sl .No	Description	No of Respondents	Percentage
1.	Yes	230	76%
2.	No such data base	74	24%
	Total	304	100%

The above table shows that 76% employees of Insurance companies receive the customer complaints and comments and only 24% respondents don't receive any kind of data regarding complaints and comments.

Table.7,How Companies contact its Customers

Sl .No	Description	No of Respondents	Percentage
1.	SMS	138	45%
2.	EMAIL	74	24%
3.	Greetings	92	30%
	TOTAL	304	100%

As per the above table insurance companies are contacting its customer maximum through SMS that is 45%, 30% of the says through greetings and only 24% they contact their customers through E mails.

Table.8,Adoption of CRM Strategy

Sl .No	Description	No of Respondents	Percentage
1.	Feedback Record	33	11%
2.	Providing Customized Information	118	39%
3.	Sharing of Information	153	50%
	Total	304	100%

As per the above table,50% of the respondents adopt CRM strategy for sharing of information, whereas 39% respondents says that it is useful for Customized information and only 11% respondent says it is helpful in feedback control.

Table.9 CRM Helps in

Sl .No	Description	No of Respondents	Percentage
1.	Effective use of customer`s data	92	31%
2.	Cross Selling	118	39%
3.	Brand Loyalty	94	30%
	Total	304	100.0

The above table shows that 39% respondents believe that CRM helps in Cross Selling,31% believe that it helps in effective utilization of customers data, whereas 30% respondent says it is for brand loyalty.

Factor Analysis
Factor analysis is a very useful method for reducing data complexity by reducing the number of variables being studied. It is used to identify the role of CRM & its implication in insurance industry & to identify the factors that results in retention of customers. To determine the appropriateness of applying factor analysis, the KMO and Bartlett's test measures were computed and the results are presented in the below table. Higher values between (0.5 and 1.0) indicate the sample size taken for the study of factor analysis is adequate. As the result in below table indicate sampling adequacy value to be 0.586, the sample size in factor analysis is appropriate. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy (KMO=0.586)

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KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.586
Bartlett's Test of Sphericity	Approx. Chi-Square	875.214
	df	36
	Sig.	.000

Total Variance Explained

From the below table the loading of factors can be observed. The loading of factors can be positive or negative. The higher the loading the more important is the factor. Only factors with Eigen value greater than 1.0 are retained. Factors with variance less than 1.0 are no better than single variable. The exploratory factor analysis extracted 4 factors with Eigen value greater than 1, which accounted for 76.03 per cent of variance in the data. The result are presented in the below mentioned table. It provides an insight about how many variables can be clubbed together to make a single factor. Referring to the Table, Factor 1 having variance 30.667% represents the element customization, training of employees, innovation, mobile technology, knowledgeable employees and advertisement are considered as important factor that helps in maintaining better service management and retention of customers in insurance companies. Factor 3 with a variance of 15.658 % has the statement that effective communication between company and customers & providing better quality service will help in maintaining better customer relationship management. The statements that load into Factor 4, having variance 11.500% represents that if the company communicate the result of customer satisfaction survey result to customers it will help in maintain good image of company in the mind of customer.

Total Variance Explained									
Component		Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
		Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
	1	2.760	30.667	30.667	2.760	30.667	30.667	2.050	22.773	22.773
	2	1.639	18.206	48.872	1.639	18.206	48.872	1.716	19.069	41.842
	3	1.409	15.658	64.531	1.409	15.658	64.531	1.693	18.810	60.652
	4	1.035	11.500	76.030	1.035	11.500	76.030	1.384	15.378	76.030
	5	.844	9.382	85.412						
	6	.504	5.599	91.011						
	7	.315	3.501	94.512						
	8	.293	3.254	97.766						
	9	.201	2.234	100.000						
Extraction Method: Principal Component Analysis.										

Communalities		
	Initial	Extraction
Do you customize your product and services?	1.000	.821
Do you think proper training will help in implementation of strategy	1.000	.359
Effective communication between the company and customers leads to a better service relationship.	1.000	.788
Does your company communicate the results of your customer satisfaction surveys regularly.	1.000	.855
Do you think continuous innovation in customer centric approach can result in customer satisfaction	1.000	.816
Do you agree that mobile application helps in maintaining better customer relationship management?	1.000	.774
Do you think the knowledge and capability of the Insurance employees attract and retain customers in comparison with their competitors?	1.000	.866
Consumers give due consideration on quality service while selecting a insurance company	1.000	.719
Effect of advertising influence consumer most in selecting a particular insurance policy.	1.000	.843
Extraction Method: Principal Component Analysis.		

Total Variance Explained

Component		Initial Eigen values			Extraction Sums of Squared Loadings		
		Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
dimension	1	2.760	30.667	30.667	2.760	30.667	30.667
	2	1.639	18.206	48.872	1.639	18.206	48.872
	3	1.409	15.658	64.531	1.409	15.658	64.531
	4	1.035	11.500	76.030	1.035	11.500	76.030
	5	.844	9.382	85.412			
	6	.504	5.599	91.011			
	7	.315	3.501	94.512			
	8	.293	3.254	97.766			
	9	.201	2.234	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix

	Component			
	1	2	3	4
Do you customize your product and services.	.680			
Do you think proper training will help in implementation of strategy	.484			
Effective communication between the company and customers leads to a better service relationship.			.548	
Does your company communicate the results of your customer satisfaction surveys regularly .				.202
Do you think continuous innovation in customer centric approach can result in customer satisfaction	.646			
Do you agree that mobile application helps in maintaining better customer relationship management?	.491			
Do you think the knowledge and capability of the Insurance employees attract and retain customers in comparison with their competitors?	.815			
Consumers give due consideration on quality service while selecting a insurance company			0.531	
Effect of advertising influence consumer most in selecting a particular insurance policy.	.638			

Extraction Method: Principal Component Analysis.

a. 4 components extracted.

Conclusion

CRM systems are designed to compile information on customers across different channels or points of contact between the customer and the company. In the present scenario, customers do not accept any product and service, which doesn't give them, complete satisfaction, that is the reason why so many companies are successful & failure in the customer market. In the above research it was found that there is a significant relationship between CRM and customer retention. Companies who believe in customization of services, training of employees, innovation in technology this will help the insurance companies in delivering better services to customers. If Insurance companies have knowledgeable employees who can communicate well and maintain proper records & deliver quality information to customer, it will result in satisfaction as well as retention of customers.

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