



CRM Practices in Life Insurance Corporation of India

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Abstract

Every organisation should have a integrated view encompassing production, Marketing and service. The concept CRM is developed as a way to collect and manage customer service and sales information so the business would have more comprehensive view of their customer contact. CRM system provides unique opportunity with tremendous capabilities for Sales Management, Sales Forecasting, customer order processing and complaint handling supported by automated data base and user friendly solutions of Information Technology. The Insurance Regulatory Development Authority bill passed in the Lok Sabha in December, 1999 provides entry to the large number of players, addition of new distribution channels, modern technology and above all competition.

Introduction

The purpose of business is to create new customers and retain old customers. Customer orientation is the ultimate key to success of any business. Customer Relationship Management is a comprehensive approach for creating, maintaining and expanding customer relationships. CRM does not just belong to sales and marketing. CRM is an intelligent blend of marketing and information technology for serving the customer with greater care and value. It is a new way of doing business covering all aspects. If any area is left out of CRM, the Organisation is exposed to greater risk. CRM is an integrated approach of dealing with customers with smart use of Information Technology. Computerisations of records, maintenance of customer data base, on-line customer service will enhance the customer loyalty apart from exploring new opportunities for cross selling / sell ups. It involves a dramatic change in the marketing strategies from products or sales-centric to customer-centric approach. CRM focuses on the total customer requirements. When any CRM strategy is implemented it computes and analyses data about the target customers and their buying habits in multiple ways. With the implementation of CRM *business* does a better job at a better price to retain old customers, competitors find it increasingly *difficult* to acquire new customers. As a result, today marketers spend *less time* on increasing the " Share of Market" and more time in enhancing " Share of Customer ". They offer new or improved products *to current customers* and train employees to cross-sell and up sell in order *to market more products* are services to existing customer.



LIFE INSURANCE CORPORATION OF INDIA (LIC)

From its inception the Life Insurance Business in India was in the hands of private enterprise. However, the government participation in life insurance business was represented through postal insurance. Dating back to 1883, the postal insurance was initially established for the benefit of postal employees and the maximum amount on a single life was fixed at Rs. 4000. Later on, postal insurance was thrown open to all the government servants. As regards the private enterprises engaged in life insurance business, as many as 154 Indian insurers (16 non-Indian Insurers and 75 provident societies in all, 245 entities) had entered the life insurance business in India. However, a number of malpractices occurred in the private ownership of this industry causing loss to the unsuspecting public. There were also some instances of mismanagement and mis-utilization of the funds collected. An objectionable and harmful development was that the business houses which promoted these companies were, in fact, diverting large funds for their other concerns, with no consideration for prudence of doing so. Often, such large diversions of funds led to a situation where the insurance companies were not in a position to honor their commitment to their own customers. This process gathered momentum especially after the First World War and between 1914 and 1920, many insurance companies *were* closed down *causing large* losses for the small investors. After independence the Union Government's efforts at regulating the industry through various legislative measures were not very effective. The then Former Finance Minister, Dr. CD. Deshmukh said in parliament during the debate on the life insurance (emergency provisions) Bill, 1956, that the industry was not playing the role expected of insurance in modern state and efforts at improving the standard by further legislation we felt, were unlikely to be more successful than in the past. In January 1956, the All India Congress Committee formally resolved that the life insurance business should be nationalized.

As a first step, on January 19, 1956, the management of the life insurance business of 245 Indian and foreign insurers and provident societies, then operating in India, was taken over by the Central Government through the life insurance (emergency provisions) Ordinance, 1956. The Ordinance was replaced by an Act of Parliament known as the Life Insurance (emergency provisions) Act, 1956. The Bill to provide for nationalization of the life insurance business was introduced in the Lok Sabha in February 1956, and the same became an Act in September 1956 with capital contribution of Rs. 5 crores. Thus, came into existence the Life Insurance Corporation of India in 1956, and the life insurance business entered into the domain of government sector.

CRM - Organisation Set-up: The LIC of India has CRM machinery at Branch, Divisional and Zonal levels.

I. CRM at Zonal office: The zonal office has to play a very important role of actualizing the CRM concepts in the area of its jurisdiction. The effectiveness of the concepts depend on the support and encouragement provided by the Zonal Office. It conducts programmes for the staff and field personnel of the zone with the help of CRM managers and trained zonal training centre's faculty. It selects the Manager and the



staff of the CRM machinery at D.O. and B.O. Levels. It assesses the customer satisfaction levels obtained at the various offices situated within the zonal area. It guides, monitors, recommends the various activities and appropriates measures for betterment. It keeps the central office informed of the various activities and progress achieved by the zone in the area of CRM.

II. CRM at Divisional Office: CRM Machinery at Divisional *Office* level plays a great role *to* fulfill the objectives of the CRM. This level conducts awareness programmes for staff and field personnel for customer orientation. It has a Grievance Redressal machinery / complaints cell. This cell registers complaints from all sources including web-based complaints. It forwards the complaints to appropriate branch or service department at D.O. level for resolution, and it *closes the* complaints. *It has one* more committee i.e., standing committee on customer relation.

III CRM at Branch Offices: At branch *level*, the Customer Relations Executive (CRE) in-charge of CRM. He leads with linkages, customer satisfaction, customer meets, *customer* relation campaign, *customer* education, research survey etc. At branch *level* the main objection of CRM are as follows:

- i) To Champion the cause of the customer
- ii) To provide vital link between customer and organization
- iii) To obtain customer feedbacks for improving the systems and procedures. The above objectives are achieved through the implementations of the following machinery at Branch Level.

a. Customer Service Desk: Under this they provide services through the single window system. At the counter of LIC, all the services are offered to the customers. They need not go round different sections for getting the information needed.

b. Complaint Desk: Under this LIC register and follow up the complaints of the customer. They will be forwarded to manager CRM, and to D.O., where decisions are to be taken at the standing committee. This desk make the customer feel-that there is some one within the office to look after his complaint.

c. Correspondence Desk: Under this desk, they record all letters received for customers and give reply by appropriate desks. They handle "help line, Telephone, E-Mail , Fax etc. They prepare reports on various types of requests received, time lag in resolving the requests, the pending requests etc.

d. Research and Survey: LIC conducts market surveys, customer campaigns for exploring new business and retaining old customers. In this LIC studies revenue leakages, customer feed backs and measures customer satisfaction levels. They conduct awareness programmes for staff and field personnel for greater customer orientation.

e. Dealing with Important Customers: At branch level, the officials concerned directly deal with high-end customers, take their complaints and solve them



immediately. All these jobs are taken up in the "Customer Relations Group (CRG)", under the guidance and supervision of the Customer Relations Executive (CRE). Depending on the workflow, one or more desks may be created.

The CRM machinery will be acting within the ambit of the financial powers granted to various authorities working in the branches as per the "Financial Powers Standing Orders". Thus, CRE at branch level personally handles the tasks like leakages, time lag study, customer satisfaction, customer meets, customer relationship campaign, customer education, research, survey etc.

CRM - Organizational Procedures and Methods

The principle of "Uberrima fides" (utmost good faith) is the driving principle of LIC. It has capacity to act according to the needs and sentiments of the Indian people. The objective of social element is also an important element of "LIC to prove itself.

Life Insurance business becomes successful when relationship take precedence over sales and when it places a higher priority on the policyholder. Like any relationship, good customer rapport requires 'care and feeding' and keeping in touch with the customer ever after the sale is over following are the form of the initiatives to build relationships and retain them. Continuous mailer service regarding product knowledge and new CRM initiatives to policy holders and field force; (Ex: Activities of capturing of mobile Nos. and e-mail IDs).

Bench Marking: Setting standard for various activities, reviewing and revising them is recognized as an essential element. . in- CRM. Standards have been fixed communicated through manuals to all the branches for providing better services.

Total Service Quality: Quality / efficiency at every stage (End to End) of service activity leads to customer satisfactions. Any gap between the customer's expectation and services rendered leads to complaint. Hence a constant surveillance on the processes (response time and consistency) , customer grievances and system to plug the loop holes is of utmost importance. The service activity of LIC is impressing upon quality / efficiency.

Standing Committee: LIC has taken up steps for instituting a separate committee comprising of HODs at Divisional Office and the Marketing Manager as the Chair Person. A decision which is not taken by a functional head (HOD) for various reasons can be taken by this Committee there by avoiding a reference at Z.O.

Moments of truth: LIC has given utmost importance to the policy holder grievances. They are, what customers experience *at* contact points (Ex Letters, Telephones, E-Mail, in person). Organisation procedures are made sensitive enough to individual customer needs. Reliability and timely response is being taken care of. LIC is giving importance to ambience of office is to be such that customer is not only comfortable but he feels at home.

Customer's Satisfaction Index: Unless a feedback system is devised it will not be possible to know the defects / setback in working system. Therefore various methods by which the **level of** customer's satisfaction can be measured are adopted by **LIC**. The feedbacks obtained are received positively.



Service recovery: Systems are adopted to satisfy an aggrieved customer and reduce the damage caused by an error or deficiency in products / services rendered.

Single Window system: Single window system adopted by LIC helps the customer to get all his demand met at one point (counter). He is not made to run from pillar to post.

Handling complaints: A complaint is the gap between services rendered and that expected by the customers. Expectations of a customer are created by his experience (with the same organization or some other organization), practices prevailing in the market, guidance provided by field personnel or staff. LIC is giving preference to this aspect in finding alternatives to the problems.

e - CRM

Application of information technology and the computing resources in CRM is known as e-CRM. In fact, e-CRM provides manifold increased capabilities in customer relationship management and marketing. Speed, accuracy, Single Window, Green channel, Net working (Internet connections) has become the order of the day without which it may not be possible to meet the customer's expectations. LIC has realized the need of the hour and implementing IT related changes in a big way. LIC has set itself on the fast track of technology up gradation right from the year 1980. Communication to the staff and customers has become much faster and more frequent. Technologically, it is possible that a customer can deposit the premium at any of the networked franchise and the plans stand drawn to provide services to the policy holders from remote locations.

- **IT- Enhancing Efficiency:** FEAP (Front end application package) All the 2048 branches of LIC are equipped with in house developed Programs covering all policy servicing aspects to give prompt computerized services from introduction of proposal, completion, acceptance of renewal premium, revivals, loans etc. to final claim settlement.

- **IT – Developing Relationship Bond:** (Green Channel & Single Window) LIC is changing relentlessly and its changing face became evident to the customers with the introduction of the Green Channel and Single Window modules. In fact these are not modules but are two concepts or geniuses. On single window a person gets the cheque as an end result, therefore feels comfortable. On green channel a propose gets the FPR and Policy Bond on the spot. Therefore, on his next visit to the office the customer looks for the same person on the single window, because he felt at ease during the last visit to office i.e., a memorable bond of relationship was developed. Hence the new initiatives taken by LIC should be adopted in true spirit.

Enhancing Data Base:

Corporation is planning to go for data ware-housing and data mining. With this tool, Executives, sitting in the chamber, shall be able to drill down any information to minutest detail, with a click of mouse. Providing instant access and servicing to the policyholder under centralized data base Management. This interactive system shall provide Executives on easy access to decision models and data, which shall be helpful



in decision making task, it combines Data, Models, Software and User into an effective decision support and decision making system.

What is required is careful implementation of modules / instructions after thorough discussions / deliberations. In technology the patience and faith in the systems, is of paramount importance.

Conclusion and Suggestions: Today, customer relationship management requires different kinds of tools, many of them technology based. LIC has taken up all initiatives by the use of information technology for the better service and value to customers. When it comes to service to policyholders and relationship management, LIC *is still* ahead of the curve in terms of focus, culture and commitment. LIC should encourage policy holder's participation in the CRM in a big way. CRM strategy sets the agenda for what data is collected, how the data translated into information, customer intelligence and how that information is shared across the organisation. The available customer information is to be strategically utilised and segmented to target the new customer prospects. Whenever new insurance *needs* have been discovered and new products have been developed LIC can expand its customer value both horizontally and vertically.

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