

# Customer Relationship Management in Insurance Sector

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## Abstract

According to Siebel Customer Relationship Management (CRM) is a technique to recognise, obtain, and hold customers. CRM is an organization greatest asset, various Study has exposed that, firms that generate fulfilled and loyal customers have more business which also lowers customer-acquisition charges, which in turn creates better commercial performance. The notion of CRM is to help the organization use CRM as tools and human assets to gain customer behaviour insight. Therefore customer relationship management plays a vital role in the corporate world hence the paper explores the importance and evolution of CRM in India with Non-life insurances.

**Keywords :** Customer relationship management, customer satisfaction, General insurances, Insurances sector.

## 1 Introduction.

Customer relationship management is handling done by the organization with present and potential customers. CRM includes technology like software for handling customer grievances, queries and attracting the customer in terms of services by resolving all the clarification immediately by providing quality services the firm expands the sales and business profit, CRM is nothing but gathering the data of individual customers and integrating into the single databank. CRM have come into the picture in the early 90s when marketing has gathered its importance's in the market, the term CRM has various contrary some theorist claims CRM is performed to gather a new customer from the market whereas some theorists claim that CRM is a tool to retaining an old customer.

In the current scenario, CRM is very important, it has gained a lot of interest among practitioners and experts. CRM involves the relationship between customers and brokers or businesses, CRM has gained importance's in all sectors especially CRM is the greatest tool for the insurances sector for business profitable because insurances are not like another sector because it is not mandatory for the insurances company to provide services to the customer immediately after the payment, the services are provided among premium only when an event of occurrences, to gain a trust and relation CRM act as a tool.

## 2 Literature review

### 2.1 Customer relationship management

CRM has gained a lot of attraction among Corporates in recent years the most talked about subjects in corporate circles. Customer relationship management is all about solving the customer's grievances and needs .which will develop a strong bond and create trust between customers and clients (Sheth & Parvatiyar 2000). The target of CRM is to achieve profitability in the business from all accept.CRM is an add on product to achieve extra potential clients and business. According to (Rababah et al,2010) The term CRM means working on customers' needs with the aim of gaining customer loyalty and business profitability (Mohd et al, 2010) .to under the customer needs and requirements the organization should understand the various elements of customer relationship management the main element of CRM is Human, procedure and skill

Payne and Frow (2005) say CRM is a pre-determined goal to attain the interest of the shareholder and to expand the business and share market with appropriate strategy .as an extension of the above review Kumar & Reinartz (2006) defines CRM as pure strategy tools which select the targeted customers who are more profitable to the business connect them with the business and increases the organization present and future values. (Mugunthan & Kalaiarasi 2017) explain four-point on how CRM creates Positive relationships among customers firstly CRM is a tool that helps to segregate the profitable and non-profitable customers hence the business can focus on them, secondly segregating the customers on the business types thirdly tapping the old customer and gaining the news customer its called chance of business lastly CRM is cost-effective which includes less of employees and physical materials like paper, fewer space occupancies etc

## 2.2 CRM and insurances sector

The research done by (Sarmaniotis et al, 2013) demonstrates that the implementation of the CRM effectively gives more profits. The customer's lifetime value in 2 longitudinal case studies concluded that the customer management strategies keep on changing concerning the customer's value. Therefore, CRM works and reasonably straightforward analysis of the customer's value may make an actual difference. The CRM concept brings the best performance of an organisation by the way of appropriate measurement and managing the customer relationships. The data of the comprehensive revenue and cost, which is specified to the individual customers or segments can help the organisation for adjusting its CRM strategies.

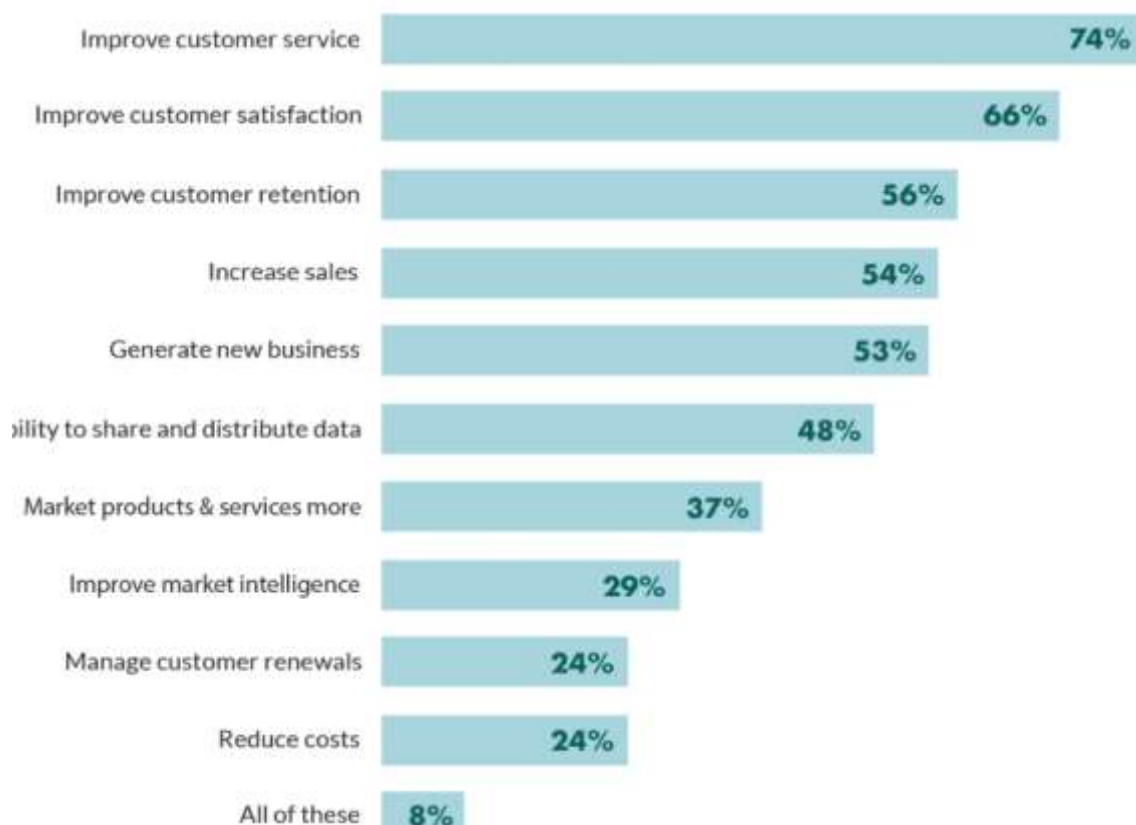
### 3 Objective

- 1 To understand the need for customer relationship management
- 2 To investigate the importance of Customer relationship management in the insurances sector

### 4 Need for Customer relationship management

Customer relationship management will bring satisfaction among the customer, if the customer is satisfied he will become loyal towards the organization (Shaw and Robert 1991) a long term satisfied customer will bring more clients for business through word of mouth (WOM) .also maintain the old client is cost-efficient for business then acquiring a new client (Atul et al 1985) .praetor law define eighty percentage of companies profit is coming from the loyal or old customers .also the law states that if the old customer is satisfied he will tell to eight-person whereas if the new customer is dissatisfied he will tell it to twenty people about his worst experiences.

Figure -1 Benefit of having Customer relation management in a business



Picture source - Zarema Plaksij (2021)

### 5 Importance of Customer relationship management in the insurances sector

The evolution of the insurances sector in India is more than a decade, during the time of evolution policies were very stringent with the law later on with increasing clients insurances sector got flourished many public and private organizations pitched in so the policy where tailor-made according to customer's needs. Unlike other field insurances sector is not you pay and in return, you buy a product, it is a way in which u will receive only at the occurrences of the said incident even if the incident occurs or not the premium has to be renewed every year, not every customer is ok with this term only proper trust can bring new customers and retain old customers so CRM is a solution to create and boost confidence among the clients. India has made a huge investment in value-based CRM Alok Kumar Rai (2013). CRM maintains a steadiness between business model and technology Arora, B (2003)

The insurances sector is a major financial sector that holds 33 per cent of the total market share, customers were well aware of the policies, services, premiums with available information on the internet. So CRM has a vital role to play in the insurances

sector because quality, price quotation services is the only uniqueness the company can show amongst other companies. (Kotler and Armstrong 2008), The main Aim of the CRM is to retain the old customers because acquiring a new customer will incur a lot of costs like an advertisement, discounts etc. (Shani & Chalasani 1992), hence to retain or gain a customer a firm needs to implement CRM in the business

At times customers don't know which policy to acquire for specific issues example customers are unaware whether the eye surgery or teeth corrections come under insurance or not to build awareness and build customer confidence among insurances products and their coverage the CRM must be implemented (Brink & et.al. 2006). Customer relationship management build a better understanding between customer and organization it's a win-win situation for both organization and clients (Ramaseshan, 2006)

**Table -1 Usage of CRM in the Insurances sector**

| Use of Customer relationship management in the insurances sector |   |
|--|---|
| Premium payment reminders  | Payment reminder traditionally is sent manually via email, now the options for the customer is taken into consideration and send the payment information to email or SMS or what Sapp whichever mode customer prefer              |
| Grace Period   | grace period in general insurances is 30 days, during this periods the reminder is sent if the payment is not maid the policy will automatically expire   |
| Duplicate policy   | original insurances policy is like a commercial tool, giving duplicate policy is difficult task providing the duplicate policy is one of the CRM policy   |
| Alteration in the policy   | If the client wants to top up any policy to their existing policy also can be done  |
| Record Maintain  | entering full customer details is very important because if the policyholder wants to make any changes in the policy he can update it online, previous this option is not available it can be done only by the insurances company |
| Claim settlement   | Customers use CRM software register for the claim from the place of incident and the claim will get processed at maximum speed  |

Source - Shanmuga Sundaram& srileka, 2017

## 6 Conclusion

Customer Relationship Management in the insurance sector is based on customer-company relationships and material concentration. CRM helps in fulfilling customer expectations and improves the quality of the services, expands the profitability by bringing new customers by providing services and stratification among old customers, CRM is used as an effective customer management context, hence author suggests that CRM must be updated in such a way it should speed the data and resolve the queries of the customers quickly .insurances industry is purely based on customer trustworthiness to build the trust the organization must be honest, transparent and quickly responsive to attain that insurance sector has to implement CRM in the organization .this takes the organization to huge success .for the successful business the organization should have loyal customer because gaining the new customer is much costlier compare to retaining the old customer

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