Review of Literature

CRM is an inter disciplinary subject; this cannot be studied in isolation. Before making any single move onwards improvement propositions, it is worthwhile to first understand and analyze the current and future trends. The literature on Customer Relationship Management in the context of the Insurance Industry of developed countries points towards the wide use of all financial services under one roof leading to relationship of insurance and CRM concept. In a specific study on CRM found that a customer becomes more profitable in the long run. Though the initial acquisition cost exceeds gross margin but the subsequent retention costs are much lower which help in increasing the profits. The Research findings of Technical Assistance Research Project state that 95% of customers do not complain and give opportunity to competitors. On the other hand, a dissatisfied customer tells many people about service failure, whereas the same customer tells less when he receives excellent service. This chapter highlights major review developments related to CRM in General insurance.

The review is as under

**Goyal and Malhotra (1988)** Banks are operating today in highly competitive and rapidly changing environment. Too many institutions are in a fray eying on the common man who has the capacity to save. Not only the competition within the banking industry has increased tremendously, but also the non-banking competitors have come to exert themselves in the market. Non-banking competitors of the banks can be broadly classified into two categories:

1. Public sector like life and general insurance corporation on India and unit trust of India, etc;
2. In private sector, we have multitude of insurance companies.

**Parasuraman et al. (1988)** in their paper described the development of 22-item instrument (called SERVQUAL) for assessing customer perceptions of service quality in service and retailing organizations. The data for initial refinement of the 97-item instrument was gathered from a quota of 200 adult respondents. The results indicated a refined scale (SERVQUAL) with 22 items spread among five dimensions; namely, reliability, responsiveness, assurance and empathy. The last two dimensions (assurance and empathy) contain items representing seven original dimensions - communication, credibility, security, competence, courtesy, understanding
and knowing customers, and access. So, SERVQUAL has only five distinct dimensions; they capture facets of all 10 originally conceptualized dimensions. The study concluded that SERVQUAL has a variety of potential applications. It can help a wide range of service and retailing organizations in assessing consumer expectations about and perceptions of service quality. It can also help in pinpointing areas requiring managerial attention and action to improve the service quality.

Reichheld and Sasser (1990) Role of customers is essential for corporate performance, so that when relationships with customers endure, profits rise up. In same way, Reichheld (1993) concluded that economic benefits of high loyalty are important, and in many industries they explain the cost-effectiveness differences among companies. Furthermore, there are two ways by which these improvements can take place i.e. customer retention entails an improvement of corporate performance by means of repeated purchases and references, enhanced organizational performances enable the company to invest more resources on motivating and improving the relationship with its employees, and this will affect again customer retention.

Tom peters (1990) Relationship marketing is emerging as a new area of focus for service firms in India. But these are mainly based on some loyalty programs and investments in technology for enhancing the capability of databases. Managers should ensure that while investing in databases, technology, human resources and relationship marketing programs, attempts should also be made to develop milestones, which help them sustain these initiatives. These milestones become benchmarks against which future programs get evaluated. Measurement metrics get developed over a period of time when one starts collecting information about customers, their buying patterns, usage behavior, referrals etc and start linking them to the marketing programs. Successful firms take a long term strategic view of customer relationship management. It cannot be solely managed through periodic programs. To be successful, firms need to be marketing oriented before initiating relationship marketing initiatives. A holistic approach which leads firms to develop customer centric process, integrate technology through customer oriented approaches, motivate employees to perform to their full potential through empowerment are prerequisites for firms to successfully utilize their customer knowledge for customized or even one to one marketing.
McKenna (1991), Vavra (1992), Reichheld (1993) However, these definitions of relationship marketing provide the basis for the new paradigm argument that views marketing as an integrative activity involving personnel from across the organizations, with emphasis on building and maintaining relationship over time, personal relationships, interactions, and social exchange are the core elements of relationship marketing.

Tapan K Panda (1992) financial services providers are most probably the industry that is facing rapid modernization and inflated competition in today’s world. The fight has begun for getting a larger share of customer pie with the lowest possible cost to serve the customers. Since Profits are drying up in the face of increased competition and customers are moving very fast from one firm to another on service and complete solution provision dimension, it becomes important to have an integrated customer relationship management strategy across the whole organization for generating higher customer life time value. Without this awareness and constant attention to varying customer needs a financial service provider cannot be competitive in today’s world. Integration of process, people, technology and information will offer a greater value to the customers.

Anderson, E.W. and Sullivan, M.W. (1993) Insurance services providers are most probably the industry category that is facing rapid modernization and inflated competition in today’s world. The fight has begun for getting a larger share of the customer pie with the lowest possible cost to serve the customers. Since profits are drying up in the face to another on service and complete solution provision dimension, it becomes important to have an integrated customer relationship management strategy across the whole organization for generating higher customer life time value. Without this awareness and constant attention to varying customer need, an insurance service provider cannot be competitive in today’s world. Integration of process, people, technology and information will offer a greater value to the customers.

Oliver (1993) In the first place, it is frequently argued that in order to form a satisfaction judgment, consumers must have experienced a service, whereas perceived service quality is generally viewed as being not necessarily experience-based. Second, it has been argued that the two concepts are determined by different antecedents. Evidence exists regarding a number of cognitive and affective processes (equity, attributions, and cost/benefit analyses) that influence satisfaction. The number of antecedents to service quality is regarded as more limited.
Perrien et al. (1993) in the increasingly competitive global financial world, relationship marketing has been advocated as an excellent way for financial service companies to establish a unique long term relationship with their customers. Most of the core product/service in financial services is fairly generic, and it is difficult to compete purely on this core service. Thus, recognition of the importance of relationship marketing has grown in recent years. They suggested that strong competitive pressure has forced financial institutions to revise their marketing strategies and to stress long-lasting relationship with customers.

Rust, R. and Zahorik, A. (1993) Relationship marketing is emerging as a new area of focus for service firm in India. But these are mainly based on some loyalty programs and investments in technology for enhancing the capability of databases. Managers should ensure that while investing in databases, technology, human resources and relationship marketing program, attempts should also be made to develop milestone, which help them sustain these initiatives. These milestones become benchmarks against which future programs get evaluated. Measurement metrics get developed over a period of time when one starts collecting information about customers, their buying patterns, usage behavior, referrals, etc and start linking them to the marketing programs. Successful firms take a long term strategic view of customer relationship management. It cannot be solely managed through periodic programs. To be successful, firms need to be marketing oriented before initiating relationship marketing initiatives holistic approach which leads firms to develop customer centric process, integrate technology through customer oriented approaches, motivate employees to perform to their full potential through empowerment are prerequisites for firms to successfully utilize their customer knowledge for customized or even one to one marketing.

Morgan and Hunt (1994) Defined relationship marketing as the marketing activities directed toward establishing, developing, and maintaining successful relational exchanges. The separation of the producers from the users was a natural outcome of the industrial era. On the one hand, mass production enforced producers to sell their product & services through middlemen, and on the other, industrial organizations, due to specialization of corporate functions, created specialist purchasing department and buyer professionals, thus separating the users from the producers. He focused more on commitment and trust as a major variable affecting relationship between different parties involved in marketing transaction & exchange.
Clark and Payne (1995) observed that, although the origins of relationship marketing were initially in the industrial context, the service industry has increasingly become focused on maintaining and enhancing customer relationships. Relationship marketing in the service context was first introduced by Berry (1983) to describe a longer term approach to marketing. With the research and interest in relationship marketing growing, four broad groups of researchers have emerged, namely: (1) The Nordic School which focuses on service marketing and services quality. (2) The Cranfield School which comprises the “Anglo-Australian” School of relationship marketing. (3) The Industrial Marketing and Purchasing Group (IMP) which has been highly influential in the study of industrial markets. (4) The North American researchers who are active in both the industrial and service markets. Definitions of relationship marketing emphasize a longer-term perspective, focusing on keeping customers rather than getting customers. According to them relationship marketing is the business of attracting and enhancing long-term client relationships.

Ennew et al. (1995) the objective of every insurance company is to increase long-term profits by maintaining and enhancing client relationships. They suggest the following advantages to an insurance companies through successful application of relationship management: (1) Customer loyalty: Increased customer satisfaction should result in customer loyalty and hence improved profitability; (2) Lower costs: Cross-selling of multiple services should result in economies of scope thus further enhancing profits; (3) A competitive advantage in the market place; (4) Greater trust by the customer: Trust enhances the buyer’s commitment to the relationship; (5) Higher margins: The customer is less price sensitive, which results in greater and more stable profits; (6) Preferred supplier status: Strong relationships can confer the right to bid on new business and to rebid to meet competitors; (7) Privileged information: Information from relationship clients can be used for product development. Information can also be used to help price and distribute securities.

Kim et.al (1996) examined the choice between exclusive agency and independent agency distribution systems by firms in the insurance industry in US assuming that alternative distribution systems are efficient mechanisms for controlling contracting problems among policy holders, insurers and agents. the implications of this control based theory are tested by investigating the association between the type of distribution system and the firm’s ownership structure ,lines of
insurance, advertising policy, size, geographic concentration, and cost structure measures for a large sample of property liability insurers. Results showed that exclusive agency insurers typically have lower costs (both across & within individual lines of insurance), are larger, have more geographically concentrated operations, advertise more, and sell less insurance in personal lines than independent agency insurers.

**Sharma and Rasotra (1998)** in the study of insurance customer satisfaction in rural India measured the satisfaction of rural customer in insurance and the extent of impact of socio-economic vice-versa demographic factor on the same through first hand information gathered personally from randomly selected 500 policy holders of rural areas of Jammu division. He also explains that ineffective grievance redressal machinery, complicated procedures, indifferent attitude of LIC employees and high premium rate are the major sources of the poor insurance customer satisfaction in rural India.

**Singh (1998)** in the study of pricing strategy in services marketing highlighted the importance of services marketing in the present day trend. According to him, pricing happens to be the most sensitive aspect of marketing strategy in the service sector in order to be successful in marketing of the services, techniques of differential pricing, discount pricing, diversionary pricing, guaranteed pricing, high pricing, less pricing and offset pricing are used to attract customers and consolidating the areas already covered.

**Tiwary and Ojha (1998)** in their study of the essence of services marketing emphasized need of the application of the concept of marketing the services. It is worth mentioning, in this connection, that bank marketing, insurance marketing, transport marketing, tourism marketing, hotel marketing, hospital marketing, education marketing, entertainment marketing, etc. have been gaining popularity in India also.

**Francis Buttle (2000)** for relationships to succeed with strategically significant customers, companies have to re-invent structures and process. On the way out are hierarchical structures and product managers. CRM is widely misunderstood by marketing management and seriously misrepresented by software houses. Companies are being sold front-office and back-office solutions, but are missing out on the fundamental, strategic benefits that CRM can provide. CRM at its most sophisticated has the potential to integrate all business processes around the
requirements of strategically significant customers, a fact that most IT solutions fail to acknowledge.

**Somesh kumar Singh (2000)** CRM holds a lot of promise for improving customer loyalty resulting in top and bottom line benefits. According to Bain & co research, when companies retain just five percent more of their customers, corporate profits can be boosted a minimum of 25 percent. Whether it’s improving forecasting capabilities, establishing support policies or simply keeping your customers, CRM might just be the answer for your organization. A satisfied customer in 10 years will bring 100 more customers to the company. Further he states:-

- It costs 7 times more to attract a new customer than to serve an old one.
- 20% of the company’s loyal customers account for 80% of its revenues.
- approximately 70% of customers switch brands because they don’t like the service or the provider
- On an average a customer tells 9-10 people about a problem.

The chances of selling to an existing customer are 1 and 2; the chances of selling to a new customer are 1 in 16.

**Bradshaw and Brash 2001; Hirschowitz (2001)** While numerous studies have yielded important insights, the extant CRM literature appears to be inconsistent and is highly fragmented due, primarily, to the lack of a common conceptualization. Thus, to help advance a cohesive body of knowledge on this topic of growing interest and importance, this paper attempts to provide a clear and accurate delineation of CRM's domain. Following the review and analysis of process, strategy, philosophy, capability, and technology-based CRM perspectives, the authors propose that the phenomenon is best conceptualized as an ongoing process that involves the development and leveraging of market intelligence for the purpose of building and maintaining a profit-maximizing portfolio of customer relationships.

**Krishnan et al. (2001)** In their paper examined the drivers of customer satisfaction for financial services. The authors discussed the results on the basis of a full Bayesian analysis based on data collected that was collected from customers of a leading financial services company. The study found that satisfaction with product offering was a primary driver of overall customer satisfaction. The quality of customer service with respect to financial statements and services
provided through different channels of delivery, such as information technology enabled call centers and traditional branch offices, were also important in determining overall satisfaction. However, the analysis indicated that the impact of these service delivery factors may differ substantially across customer segment. In order to facilitate managerial action, the authors discussed how specific operational quality attributes for designing and delivering financial services could be leveraged to enhance satisfaction with product offering and service delivery.

Agrawal (2002) in his article title “ethics in insurance distribution” discussed an important challenging aspect in distribution of insurance. It is experienced in many a case that the pressure to achieve sales targets on agents and other distributions results in unethical practices at the grass root level. The author elaborates on the existing gap between customer expectations and insurability of risks, which can be filled by ethical practices of sales personnel. In emphasizes on imparting training of ethics to the agents besides aligning the organizational culture to ethical behavior, making the policy phraseology simple and creating healthy competition among peers.

Chang (2002) found that CRM packages are starting to extend tendrils to other parts of the banks outside the traditional front office functions’ making CRM a maze of cross discipline perspectives, with organizations, and researchers equally, needing to understand the fact that ‘CRM is a complex, multifaceted discipline that involves rethinking and re-examining everything from technology and processes to the skills and abilities of employees’ Companies will gain the strategic and economic benefits associated with CRM by integrating their organization capabilities like structure, processes, skills and metrics into the added intelligence of CRM technologies to either confirm or change decision-making criteria’ (Swift, 2001) meaning only through the integration of backend, front-end and data-handling technologies efficiently and effectively, then this is CRM. ‘Successful CRM in banks depends more on strategy than on the amount you spend on technology’ (Rigby et. al., 2002), meaning simply throwing software or technology at an organization for CRM implementation will cause more problems than solutions.

Cooper & Frank (2002) analyzed ethical challenges in the two segments of insurance industry. Author found that the main issues relevant are false or misleading information about insurance product, failure to correctly identify and recommend matching insurance products for consumer’s needs, and lack of knowledge or skills on the side of intermediaries. High competitive
pressure both to the intermediaries and to insurance companies is seen as a major factor, which prevents ethical behavior on the part of intermediaries.

Lakshmikutty & Bhaskar (2002) conducted that the success of marketing insurance depends on understanding the social & cultural needs of the target population & matching the market segment with the suitable intermediary segment. The author suggested that a multi channel strategy is better suited for the Indian market & insurers need to keep in mind that this market is a conglomeration of multiple markets.

Malhotra and Arora (2002) in their study attempted to analyze the level of customer satisfaction in public and private sector insurance companies ,with the purpose of helping management to formulate marketing strategies to lure customers towards them .The exploratory study was done by collecting primary data from the cities of Amritsar, Ludhiana and Chandigarh. Twenty factors were taken into consideration for measuring the level of satisfaction /dissatisfaction. The study found that there were six factors determining satisfaction of public sector customers. The factors, in order of their importance were, namely, routine operation factor, price factor, situation factor, environmental factor, technology factor and interactive factor. Similarly, for private sector companies, customers were staff factor, routine operations factor, service factor, environment factor, interactive factor, promotional factor, and situational factor found to be important. Moreover, factor wise average scores of these factors revealed that there was a significant difference between the satisfaction level of the public and private sector customers. The later were found to be much more satisfied than their counterparts in public sector. From the analysis of the study, it was evident that public sector companies need to adopt certain specific marketing strategies in order to survive in the competition. Few strategies suggested by the authors were, namely: proper training to the staff, conducting periodical market survey, personalizing the service, avoidance of long queues in the banks, well-lighted, ventilated and clear surroundings.

Pasha (2002) emphasized that the insurance sector needs to maintain a balance between acquiring customers and developing the existing ones. And the customer focused strategies require customer relationship management (CRM) applications. Customer relationship management technologies such as sales force automation, contact center segmentation and
campaign management tools are maturing and finding wider adoption with large insurance companies in India.

D’Arcy and Xia (2003) in their paper published in Risk Management and Insurance Review, have concluded that insurance has emerged as one of the most hotly debated issues regarding China’s.

Dercon and Krishnan (2003) present evidence that suggests a crowding out effect of informal risk-sharing arrangements by food aid. While the evidence base is limited, micro insurance can also have important externalities at the community level. For example, health insurance can produce positive information externalities through improved preventive behavior so that also individuals who are not insured benefit from it.

Handrashekhran & Mathur (2003) discussed how innovative products, distribution strategies, pricing strategies, customer services and information technology would help insurance companies in India to differentiate themselves. The author conducted that opening up the insurance sector certainly means more awareness amongst customers and higher expectations which can be satisfied by new products, better packaging and improved customer service.

Joshua Madan Samuel (2003) in his paper titled “CRM – With special emphasis on financial services and banking”, emphasized about growing need of managing customers better in banking. CRM applications applied in banking were customer knowledge, sales effectiveness, customer retention, customer segmentation, product presentation, customer fulfillments, customer acquisition, channel management, marketing intelligence, campaign management. The processes need to be redesigned in order to be able to utilize CRM for the customers and organizational benefits. The three S’s of banking i.e., Size, Speed, Service; are better managed by CRM. In the world of banking CRM technology was the answer to the question of increased growth with less cost.

Mike Evans (2003) in his paper on CRM titled “What are the returns on Investment from CRM” stressed that failure of CRM in an organization was not the failure of CRM Technology. The problem was to match technology to sales and marketing working practices and then manage change in those practices. CRM’s marketing automation should provide big benefits by matching marketing activities to sales activities. IT industry had seen CRM too much as an automation tool
and not enough as an empowerment tool. CRM had worked best in situations where a sale is simply about taking orders from inward calls generated by marketing campaigns. CRM needed to be applied intelligently where sales was complex enough otherwise it won’t work.

**Stefanou and Sarmaniotis (2003)** Current competitive challenges induced by globalization and advances in information technology have forced companies to focus on managing customer relationships, and in particular customer satisfaction, in order to efficiently maximize revenues. This paper reports exploratory research based on a mail survey addressed to the largest 1,000 Greek organizations. The objectives of the research were: to investigate the extent of the usage of customer- and market-related knowledge management (KM) instruments and customer relationship management (CRM) systems by Greek organizations and their relationship with demographic and organizational variables.

**V.P. Gulati and M.V. Siva Kumaran (2003)** in their paper titled “CRM in Banking and Financial Services CRM for Banks in India” emphasized on the value added by CRM in banking. With more and more advancement in technology taking place and an equally higher level of implementation of technology would be totally irrelevant and unproductive unless they were made after a well thought-out business strategy, supported by exhaustive business intelligence and customer information systems and solutions. Meaningful CRM was just a matter of time and not a matter of choice. The sharper focus provided by CRM would help the bank management in making key decisions and impact analysis on various groups of customers and their contribution to the bank. A carefully planned CRM strategy and initiative would bring in the following benefits to the customers namely: Improved customer service, Effective and timely delivery, Value added services, Personalization and closeness, Variety of products and packages, Availability, Reliability and affordability of products and services.

**Awasthi (2004)** as an intermediary between the insurer and the insured, the ideal role of agent is ought to be a man of trust and confidence for both the parties and his motto must be “service to the policy holder”. Agent must conduct business in transparent manner in the best interest of the insurer and the policyholder.

**Das and Rveendra (2004)** the entry of new players in insurance sector has led to an overall expansion of the market, interaction of new and innovative products, use of number of
alternative distribution channels and improved customer service. The author suggest that it is profitable for players to focus on different segments to survive and thrive in a multi firm open environment. Each company needs to choose its own unique positioning based on its unique strengths, but the three generic positioning alternatives that are worth considering are variety based positioning and across based positioning. In India there is excellent opportunity in the insurance industry to employ access based positioning by targeting the rural insurance sector.

**Krishnamurthy (2004)** in his article discussed the customer behavior in insurance buying and conducted that a remarkable trend in the insurance industry since liberalization is rapid change in the knowledge level as well as expectations of the consumers.

**Machiraju (2004)** observed that insurers in India are lagging well behind in marketing methodology, agent recruitment & selection, agency management education & training. The author laid stress on the need for professional insurance agent training as careful selection and rigorous training makes a good agent.

**Rand (2004)** examined the suitability of SERVQUAL'S application in the insurance industry to diagnose service quality in the insurance industry of Greece and Kenya. GIQUAL, the SERVQUAL type instrument was developed for the measurement of service quality in the Greek insurance industry. It included 22 items from the SERVQUAL and 3 additional items to evaluate the effect of product quality, ambiguity of insurance contract terms and delays in claim settlement. The 25 - item GIQUAL was then applied to three independent samples of 87, 87 and 81 customers of insurers A, B and C respectively in major Greek cities. On the other hand, in Kenya the insurer's questionnaire comprised of 43 statements relating to expectations of excellent insurers only, while the insured's questionnaire had 86 attributes in total - 43 related to expectations of excellent insurers and the other 43 related to perception of respective insurer. The results indicated that the quality gaps that are obtained in the insurance industries of Greece and Kenya are largely the same. In both countries, the customers' expectations were in excess of their perceptions. The dimensions of reliability and empathy were the most deficient and need appropriate actions to improve the quality of their services.

**Azam (2005)** examined the customers' attitudes towards private and public owned general insurance organisations' products exploring 8 salient beliefs, namely, sound financial strength,
goodwill, satisfactory claim settlement, easy risk underwriting, diversified policy, experienced employee, excellent client service and good office environment. The study utilised fishbeins' multi-attribute attitude object model to measure overall attitude. T-test was performed to test the hypothesis. The study indicated that among 8 salient beliefs customers' perceptions on financial strength, goodwill and office environment are statistically different at 0.001 levels, while risk underwriting and client service are different at 0.05 level of significance. The results revealed that customers' favourable perception towards financial strength and goodwill of SBC, while office environment, risk underwriting and client services were favourable for private insurance companies.

Gayathri.et.al. (2005) conducted pilot study on the service quality of insurance companies with the objectives to compare the service quality and its dimensions for insurance service providers in India and to study the relationship of customer satisfaction with the scores on the service quality dimensions in Indian context. The study has been conducted in the city if Mysore in Karnataka state. A random sample of 168 individuals was considered from among these who have taken insurance policies. The relationship of customer satisfaction with the scores for each dimensions of each insurance company was studied using multiple regression analysis. Multiple regression analysis result indicate that a strong relationship exists between the quality and service dimensions.

Maheshwari (2005) in his article pointed out that the agents in the insurance sector in India are critical for the success of the organization. In order to gain competitive advantage, quality people are needed. The quality of agents for the purpose lies in understanding the needs of the customer, analyzing their financial status, and generating confidence among the potential customers. According to the author the turnover of insurance agents has traditionally been high in the business because of social stigma, difficult selling process, legal provisions and expectation gap. He suggest that to make agents give their maximum, the remuneration system needs to be studied a little more in depth because they do not get fixed salary and it is very difficult for them to work full time and survive in the initial years. Besides, they require training covering, the technical and behavioral skills at different stages of their career.

Ray (2005) at one time insurance was considered a pure relationship product, but not any more changing customer perception of insurance and increasing price competition have made
many customers view insurance as a commodity and this takes the relationship factor out of decision making criteria. This has forced agents to make extra efforts to project the benefit of relationship and convince clients of their role with escalating value addition propositions. To cope up with the challenges posed by alternative distribution channels agents are searching for new sources of leads and new identity. They are capitalizing on their biggest asset, i.e. humanizing service to the clients.

Sonig (2005) is of the opinion that the agents from the backbone of any insurance company and their compensation deserve greater attention, despite the emergence of new methods of sales, marketing and CRM. Human interface is an important element in insurance business, which develops on trust. It is therefore, important to keep the agents motivated and interested in the business.

Purdy (2006) discussed the challenges of insurance distribution in Indian market. According to him different distribution channels bring their own challenges. First, companies will have to ensure a strong brand identity. Distribution through third parties means that it is those companies rather than the insurers who often reap the benefits of customer loyalty. This accelerates the shift of insurance to a commodity product. Second, since many new companies already offer other financial services products, they will be tempted to sell only their own products. They must balance this against the advantages of offering customers a wide product range. The real penetration of insurance in India will be achieved with strategic decisions in distribution channel.

Tsoukatos & Rand (2006) in their study investigated the path of service quality customer satisfaction loyalty at the level of constructs, drawing from the Greek insurance industry. A questionnaire was designed to measure the service quality, evaluate the customers overall satisfaction and assess the sentimental and behavioral dimensions of their loyalty to their insurers. A confirmatory and exploratory factors analysis was used to determine the scale’s dimensionality. The results also indicated that satisfaction does not directly influence the repurchasing intentions.

Vanniarajan et al. (2006) conducted a study to reveal the various expectations of policy holders, to analyze the significant differences among policy holders regarding their expectations from the insurance companies, and to identify proper variables and strategies required by different
market segment in the Indian insurance industry. Result showed that the most important expectation among the UFIG (urban fixed insurance group) was promotion, among the UBIG (urban business income group) & RFIC (Rural fixed income group) was product, whereas among the RBIG was distribution. Rural business income group the result indicated the need for differentiated strategies to meet the customers’ expectation in different market segments.

Vembu and Uthara (2006) in their article titled, “CRM: An Essential Yardstick for Success in Insurance” observed that the Indian CRM market can be sized at Rs.50-100 crore. The study claimed that 18per cent of Indian firms were either unaware or unconvinced of CRM. The service sectors like banking & insurance are the best fit to CRM. Many insurance companies started to review CRM as a tool to deliver high service quality. LIC Aviva, ICICI Prudential Life, HDFC, and Standard Life Insurance companies have already deployed CRM. Players such as Birla Sun life, Met life etc. are expected to adopt CRM in near future. The study concluded that to survive in the competitive market insurance companies need to implement CRM, not only technically but also as a part of culture. The successful CRM results in the ability to measure customer value and improve services.

Banerjee and Parhi (2007) revealed that competition was yet to reach the pricing arena in health insurance. The oligopoly nature of market has turned to restrict the free play of market forces through product differentials. Post-detariffing, the upcoming probable price war in other fields of insurance may create a momentum in this section. In future, health insurance premium goes up by another 40% to factor the increased claim ratio of 130per cent in health insurance, which obviously is unacceptable.

Banga (2007) in his doctoral work, made an attempt to examine the effectiveness of marketing strategies being adopted by insurance companies, the satisfaction level of the customer, different types of pricing and product management strategies adopted, and various promotional and distribution channels used by insurance companies for marketing their products. The study revealed that the same product may not be able to give full satisfaction to different categories of customers. Hence, while planning the product the above mentioned factors are required to be considered earnestly. The quality of services provided to their customers by private general insurance companies are better than public sector general insurance companies. It is in this context that the public sector insurance organisations need to think in favour of managing the
marketing activities with the help and co-operation of world class professionals. The study also revealed that employees and agents working with insurance companies are not properly trained, resulting in slow business. The present marketing policies of insurance organizations are unable to make the public aware totally, and a drastic change is required in the marketing system. So, it is right to opine that the marketing practices need a new look, an innovative approach and the conceptualization of the holistic concept of management can make it possible.

Camarero (2007) analyzed the complementary effects of relationship and service quality orientations on market and economic performance and there mediating role in the relationship between market orientation and performance. An empirical analysis for financial and insurance companies in Spain was conducted. The study revealed that market performance relates highly to relationship orientation and service quality as two alternative but complementary strategies, whereas the effect on economic performance is basically indirect through the market performance.

Capgemine and EFMA (2007) in their quantitative and qualitative research, revealed key themes on which today's insurance is focused. The key issues studied were increasing the emphasis on customer centricity, enabling the distribution network with improved sales & service tools, implementing integrated multi-channel strategies, replacing legacy technology with more flexible systems and improving operational efficiency. The research showed insurers must re-evaluate how they handle customer interactions, align their offering with customer purchasing criteria, hone channel mix and better understand, and act on the drivers of customer satisfaction, loyalty and defection. At the same time, they can optimize the distributor strategy by proactively seeking to retain and attract quality distributors, enable distributors to function more effectively, integrate distributors more deeply into the enterprise, and build an enterprise view of the customer. To integrate systems and enable them free from information throughout the insurance enterprise, insurers need to upgrade or replace policy administration systems. Insurers should also explore alternative methods to reduce costs and improve operational efficiency.

Goswami (2007) in his paper, made an attempt to understand the dimensions of service quality which help ensuring maximum customer satisfaction, and hence, help general insurers to acquire a large share of the market. The study was done on a systematic sampling design and 250 respondents were asked to respond to the statements in the SERVQUAL scale on a five-point satisfied-dissatisfied scale. The step-wise multiple regressions were run with the scores on
tangibility, reliability, responsiveness, assurance and empathy as independent variables, and customer satisfaction as the dependent variable. The results indicated that the responsiveness of service quality provided maximum customer satisfaction in the general insurance industry in India. The study suggested the insurers to improve customer relationship. Proper CRM implementation would not only ensure increased customer satisfaction but also help in acquiring new customers, at the same time retaining the old customers.

**Jha and Agarwala (2007)** in their article studied the impact and challenges of detarriffing in insurance industry. The paper revealed that detarriffing creates intense competition, sharp drop in premium, reduction of premium more evident in corporate portfolios, and non-reasonable basis for reduction in premium. In the case of retail/small portfolios, the premium cut was less due to ignorance about detarriffing of insurance market, premium reduced irrespective of the quality of risk management, direct impact on the balance-sheet of insurers and review in reinsurance rates by several leading re-insurers etc. They found that the only way out available with the insurance companies will be to vigorously market the policies, create new customer base, spread the net of insurance, not to compromise with quality of risk insured, proper appraisal of risks and motivate the insured to practice risk management.

**Parekh (2007)** explained that the face of insurance in India has changed so radically that you cannot recognize it from the past. The changes which have been witnessed in the last seven years are: product innovation, unbundling of features and becoming more customer-responsive. Detarriffing that is being driven by the regulator has presented another huge opportunity to the non-life sector. The insurance industry has been huge contributor to the creation of both direct and indirect employment opportunities.

**Ramana (2007)** in his article, observed that in the light of duties and obligations cast on the regulator in respect of protection of policyholders” interest, growth and development of insurance business in India. What has been done and achieved till now is only a sound beginning. Much remains to be done to become true to the ideas with which the regulatory body has been conceived and constituted, particularly in the context of economic reforms initiated in our country. With increasing complexity and novelty of business opportunities thrown open to more and more players in the insurance market, the regulatory body too needs to gear up its administrative and regulatory machinery to have in place a more structured, systematic and
Rao (2007) in his article, discussed how the industry performed since liberalization, why the mindset of insurance continued to be premium obsessed, as in the past, and why it was very necessary for them to switch their focus to measuring performance on a different basis for their survival in the market place, that is getting hotter and hotter at a competitive level. And why it was even more important to the public sector insurers to get their act together, as not doing so, might hurt them more as continued solvent insurers. The study revealed that non-life insurance industry performed superbly in FY 2006-07 in terms of rising premium volumes, recording its highest growth rate ever of 23 per cent, with an accretion of Rs.4626 crore. The premium volume crossed Rs.25003 crore. The growth rate during FY 2005-06 was 16 per cent & during 2004-05 was 12 per cent. The private players whose premium shares in FY 2000-01 was Rs. 500 crore had taken it to Rs.8700 crore, with their market share up from 4 per cent to 35 per cent. It was observed that measuring performance only by monthly premium has lowered the morale of staff. Even after the market was liberalized, this situation has not changed much.

Rao (2007) in his article said that the credit for the enlargement of the insurance market penetration and density should legitimately go to the private sector and rightful regulation. The increased economic activity coupled with recent reforms in general insurance market would certainly help to expand the market in the years to come. The opening up has augured well for the consumers, who now have access to wide range of new products particularly unit linked products that have attracted the attention of the insured.

R. Qaiser (2007) Customer expectations are rising. They want individual attention, responsiveness customization and other value additions without any premium for these services. There is therefore an urgent need to improve and increase the convenience and comfort level of the customers. It is possible to meet these challenges through CRM initiatives. While it is very important to retain customer, no retention strategy can be 100% success. Customer acquisition becomes vital to ensure growth in customer base. CRM packages are available and can be developed which can be of immense help, both in retention of existing customer and increasing
the new customer base. However, it should be very clearly understood that CRM is driven by technology but it is not about technology and therefore the people issues are very important.

Sabera (2007) in his paper highlighted that growing insurance industry has recorded a growth of 16 per cent in the financial year 2005-06. Innovative products, better marketing and aggressive distribution have enabled fledgling private companies to sign up Indian customer faster than expected. The private players are mainly concentrating on customer service. For this, they are looking at delivery channels like call centers, internet, telemarketing and direct marketing. The public sector companies are also identifying new ways to satisfy the needs and will be competing with private players in the near future. There will be a large scope for growth and the industry will become highly competitive.

Seal and Debnath (2007) observed that detariffing in the insurance segment has been to the advantage of the consumers. The rates of premium in fire and engineering have decreased. Even though the premiums, for a segment of motor insurance increased, despite charging such increased rates of premium, insurance companies will be at loss in the area of motor insurance. Competition will bring more and more new and better products at some discount. Finally, consumers will be the beneficiaries of detariffing.

Sethu (2007) in his paper, showed the effect of privatization and globalization on non-life insurance segments. He observed that the current trend in the insurance sector speaks volumes of the unethical practice of insurance and non-maintenance of the principles of insurance prevalent prior to the privatization of insurance in India. The basic principles of insurance are to serve the public for their security without detriment to them. It not only should aim at spreading of insurance all over the country but also promote social security keeping in view the principles of equity and natural justice, in the interests of all the insuring public. In the initial stage of privatization, the private companies were concentrating more on the creamy business and were indulging in unethical practices to grab the business by hook or crook. The PSU (Non-Life) insurers, on the other hand, having the massive strength of manpower, are unable to match with the private players who have minimum staff strength and a huge technology at their disposal. So PSU insurers are keen to reduce the staff strength by more than 50% to compete with the private players.
Tsoukatos & Rand (2007) conducted the study firstly to determine whether culture is related to service quality and whether the importance of service quality and whether the importance of service quality dimensions is connected to the dimensions of culture. Second to examine whether the importance of service quality dimensions determines the strength of their relationships with customer satisfaction and, hence, whether culture is a determinant of the latter. These research questions are tested on a sample of customer from Greek retail insurance. The analysis affirms that culture and service quality are related. More specifically, the importance of five service quality dimensions is found exactly as hypothesized on the basis of respondents, culture profile, reliability, followed by responsiveness and assurance, equally ranked, then empathy and finally tangibles.

Anuraag Mittal (2008) studied that whether managers of public sector and private sector insurance company believe that their insurance company are relationship centric or not, after the study he indicated that the managers of public sector and private insurance company are of the view that there is variation with respect to the implantation of relationship marketing philosophy in the insurance company under this study. There is poor implementation of relationship marketing customer satisfaction, poor culture, Hence public sectors insurance companies need to work very hard to implement relationship marketing approach.

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.

H.C.Purohit (2008) Under The Topic Customer Relationship Management And Brand Loyalty Through Word Of Mouth Communication, shows there is a relation between brand loyalty and customer relationship management, the main objectives of study are: to study the attitude of the two-wheelers users towards communication and to analyze the factors that influence consumer relationship behavior. His main findings are that generally people shifted to
other brands rather than complaining. He suggest that marketers should have to identified dissatisfied customer and make proper communication to make them satisfied to retain them in future.

Khurana (2008) conducted a survey to identify customers' preferences regarding plans and their purpose of buying insurance policies, their satisfaction level and their future plans for the new insurance policy. The data was collected through a questionnaire filled from 200 customers of Hisar city on the basis of convenience sampling method. The results revealed that the customers still prefer public sector companies to the private sector ones. The main purpose of buying an insurance policy is protection. The survey showed that only 6.3 per cent of the respondents having policies of LIC faced some problems. As high as 56.3 per cent respondents were ready to buy new insurance plans from the same company.

Shaikh Ahmed Hussain and Sri Ranga Prasad, N V (2008) Customer Relationship Management is one of the important aspects in today’s business. In current business scenario the focus is laid on customer and firms are striving to delight the customer. And customer relationship management programs are adopted by various firms in fulfilling the task of attracting and retaining the customers. Insurance business being in the service sector needs to perform the task of attracting and retaining the customers more effectively. To facilitate this function, CRM philosophy helps the companies to achieve the desired objective. The present article discusses CRM philosophy in general and in particular for Insurance sector and presents a framework of CRM for Insurance business.

Govind Johri (2009) Customer service management is a multi-faceted area on any public service business. Customer satisfaction is most important criterion, which encompasses quality product and value addition through value evidence of what was implied to provide ultimate customer satisfaction. Customer (dis)satisfaction is cascading in nature and requires building relationship of confidence and trust with utmost commitment, internal accountability and a sense of care of customer.

The insurer must try to get closure to customer through 6 C concept and by implementing customer experience management by understanding customer’s value propositions through all his interaction and give weight age to more focused methodology. The final issue for any business in
the competitive environment is of knowing profit opportunities in managing services through tangibilisation, empathy and reinstatement of one’s presence and performance by overcoming inconsistencies in customer service management in the organization.

K. Gopinath, Vice President (Rural & Cooperatives), IFFCO Tokio General Insurance Company Ltd, in his article (IRDA Journal, 66 April, 2009) says that 70% of India lives in rural areas but have no access; or have negligible access to insurance. Due to wide geographical disparity and high distribution costs, insurers have been chary of venturing into this territory. Coupled with a tariff regime which assured them of good profits, they have been concentrating only on urban market. With increasing rural incomes and improving infrastructure, rural and micro insurance offers immense possibilities. But with opportunities, this sector throws various operational challenges as well, for the insurers rural and social sector insurance should not be approached as a legal or statutory requirement, but as a business opportunity. With proper safety guards, this sector can contribute immensely to the top line as well as bottom line. Doing well while doing good is very much possible.

Didier Soopramanien and Liu Hong Juan (2010) Companies use decision support tools that enable them to efficiently manage their customers. When targeting new prospective customers, companies need to be able to select those customers who are not only more likely to respond to their marketing activities but are also going to buy their products. There is a lot of research about customer relationship Management and the analytical models that can be used to effectively select and manage customers. There is however less attention that is given to the actual process of developing and building a marketing decision support tool. In this paper, we pay particular attention to the construction process of a marketing decision support tool. A key contribution of the paper is that we propose that companies should pay more attention to studying their exchange context and its unique features when they are developing analytical models to support marketing decisions. We illustrate the research contribution through the story of a company that is involved in the direct marketing of business insurance and faces the need to implement a better targeting model.

Rohit Kumar Rajpal (2010) several new and innovative products have been designed, developed and introduced into the market, particularly by private players. All these favorable conditions for the insurance sector need an evaluation of trends in the product portfolio, to
examine the growth and development in the insurance sector in the post-liberalization period. The study aims at examining the emerging trends of each product portfolio in the public sector and the private sector in the post-liberalization era to identify the gaps and to make suggestions to general insurance companies to increase spread penetration by improving their product portfolio performance. The study concludes that the Indian general insurance industry lacks balanced product portfolio performance, as the companies emphasize only few portfolios like motor, fire, health, etc., where the need of the hour is to have a balanced portfolio performance to sustain general insurance penetration. So, the general insurance companies should market their entire portfolio to achieve balanced portfolio performance and increased insurance penetration.

**Seiro ITO and Hisaki (2010)** Insurance for the poor, called micro insurance, has recently drawn the attention of practitioners in developing countries. There are common problems among the various schemes: (1) low take-up rates, (2) high claim rates, and (3) low renewal rates. In the present paper, we investigate take-up decisions using household data collected in Karnataka, India, focusing on prospect theory, hyperbolic preference, and adverse selection. Prospect theory presumes that people behave in a risk-averse way when evaluating gains but in a risk-loving way when evaluating losses. Because insurance covers losses, the risk-loving attitude toward losses might explain the low take-up rates, and we find weak empirical support for this. Households with hyperbolic preference were more likely to purchase insurance, consistent with our theoretical prediction of demand for commitment. We also find some evidence on the existence of adverse selection: households with a higher ratio of sick members were more likely to purchase insurance.

**Sjur Didrik Flam and Elmar G. Wolfstetter (2010)** Car owners are liable for property damage inflicted on other motorists. In most countries such liability must be insured by law. That law may favor expensive or heavy vehicles, prone to suffer or inflict large losses. This paper explores links between liability rules and vehicle choice. It presumes cooperative insurance, but non-cooperative acquisition of vehicles. Thus, the Nash equilibrium and its degree of efficiency depend on the liability regime.

**CONCLUSION:**

To sum up the Review of Literature, it is clear that the research studies in foreign countries are very systemized and various determinants of effective Marketing Management are well
defined – Service Quality, satisfaction, Trust, Commitment, Loyalty, Relationship Marketing. In India, Customer Relationship Management (CRM) has not picked up yet and most of the Indian studies are focusing on only one determinant of CRM i.e. Service quality, but even this seems to be more of theory rather than practice. Other important determinants of CRM remain virtually unexplored. Based on the review of literature and deficiencies of the studies the objective of the proposed study has been defined. As there are not many studies on Customer Relationship Management in General Insurance sector in Indian literature, the proposed study is considered to be a comprehensive one on the subject.
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