CHAPTER VIII

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION

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8.1 INTRODUCTION

Relationship marketing is the process of building long term mutually beneficial relationship with customers. The service sectors in the developed countries are using this marketing tool very effectively by taking full advantage of information and communication technologies. Life Insurance Corporation of India which was operating in a ritual style prior to 1991 had to undergo large scale transformation with the opening up of the economy. The sector has been facing unprecedented challenges with the wave of liberalization, privatization and globalization of Indian economy. The LIC in India are under intense pressure in today’s volatile market place. Steep competitions, globalization, growing customer demands are forcing the LIC to find new ways of improving profitability. On the other hand cost- cutting measures have forced LIC of India to manage operations with a few customer relationship managers and product specialists.

The rapid growth in information technology and its potential to serve the customers in a new way awakened the marketers and enabled them to transform these challenges into new opportunities. Under these circumstances, customer satisfaction became an important aspect of the business. The search for new strategies began to meet not only the high expectations of policy holders but the need to retain them. The competitive world witnessed many insurance sectors participating in the race to optimize their profits. It increased the pressure leading to the adoption of advanced technology and better skilled work force. Therefore, business model changed from insurance sector–centric approach to customer–centric approach. The customer became not only an essential but also the most important part of the business.
The essence of the information technology revolution, in particular, the World Wide Web provides an opportunity to build better relationships with customers, which was not possible earlier. By combining the abilities to respond directly to customer requests and to provide the customer with a highly interactive, customized experience, companies have a greater ability today to establish, nurture, and sustain long-term customer relationships than ever before. The ultimate goal is to transform these relationships into greater profitability by increasing repeat purchase rates and reducing customer acquisition costs. This revolution in customer relationship management has been referred to as the new “mantra” of marketing. Traditionally, marketers had been trained to acquire customers, either new ones who have not bought the product category before or those who are currently competitors’ customers. This has necessitated heavy doses of mass advertising and price-oriented promotions to customers and channel members. Today, the tone of the conversation has changed from customer acquisition to retention.

The Study entitled –“A Study on Customer Relationship Management in Life Insurance Corporation (With Special Reference to Sivagangai District) is an endeavour to analyze the policyholder’s, employees’ and agents’ perception on CRM practices in Life Insurance Corporation of India. A study on the customer relationship management practices in the insurance industry especially the Life Insurance Corporation of India needs to explore the benefits of LIC, perceptions as well as the various components of the customer relationship management.
i. Objectives

1. To examine the demographic profile and awareness level of the respondents in Sivagangai District.

2. To study the conceptual framework of CRM in Life Insurance Corporation of India in the study area.

3. To analyze the CRM practices implemented at the Life Insurance Corporation of India in the study area.

4. To examine the policyholders’ perception about the various aspects of LIC, viz., service quality, customer retention, customer satisfaction and customer loyalty in LIC of India in the study area.

5. To study the awareness of insurance agents regarding CRM practices of LIC of India in the study area and

6. To suggest, changes of improvements required to undertake CRM practices more effectively and dynamically, if any.

ii. Research Methodology

In the present study, the descriptive and analytical type research designs were administered. This study analyses the policyholders’, employees’ and agents’ opinion about customer relationship management practices implemented by the LIC of India. The study is diagnostic in nature.
Sivagangai District was purposively selected as the study area as it is one of the developing districts. Modernization and literacy in the districts is growing at faster rate after the establishment of the Alagappa University, CECRI, Engineering colleges and Medical College.

Familiarity to the culture, local dialect and infrastructural facilities available at this district would help the researcher to develop a good rapport with the policyholders, employees and agents of the LIC in the district. Hence, better and valid responses could be received.

Sivagangai District comprises four branches of LIC namely Tirupathur, Karaikudi, Devakottai and Sivagangai. The sample comprised of 112 employees 140 agents and 416 policyholders. 668 questionnaires were filled in. However, the conclusions drawn in this study relate to the responses given by only 650 respondents. The sample respondents were chosen on the basis of random sampling method (110 employees) (140 agents) and (400 policyholders). The applied sampling technique of the present study is stratified sampling.

iv) Questionnaire Development and Pilot Study

The questionnaires were prepared in the present study one for examining the policyholder’s perception towards service quality, customer retention, customer satisfaction and customer loyalty in life insurance corporation, one for analyzing the opinion of employees towards CRM practices implemented at LIC and another for studying the awareness of insurance agents towards CRM practices. The relevant
variables related to customer relationship management have been collected from various previous studies and also the views of the experts in this field. A pilot study was conducted among 30 policyholders, 15 employees and 15 agents of the LIC in the district. As per the result of pre-test certain modifications, deletions and simplifications were carried out to enrich the quality of the questionnaire and the relevant data were collected.

8.2 SUMMARY OF FINDINGS

The summary of findings of the study are as follows:

**Perception of Policyholders**

Males have more liking towards the LIC policies. 63 per cent of the policyholders’ population were between 21-40 years. 78.35 per cent of the married persons were more interested in the investment in LIC when compared to unmarried persons. Graduates were better aware of the multifarious services offered by the Life Insurance Corporation of India when compared to undergraduates. A majority of the policyholders belonged to salaried class and they had opted to buy LIC products due to tax benefit. Nearly 54.75 per cent of the policyholders belonged to the nuclear family. Most of them were of the family size of 4-5. They had a monthly income of ₹10,000-₹30,000.

Most of the policyholders had awareness about LIC of India through agents. 50.75 per cent of policyholders preferred money back policy compared to other categories. They opted for a policy for risk coverage, security for future and tax relief. They agreed
with the customer care services offered by LIC of India. The premium paid by majority of policyholders was mostly through cash only.

The most preferred channel of payment of premium is through agent only and the preferred duration of payment was quarterly. The main reasons for the lapse of policy were the inability of the policyholders to pay their premium. Majority of the respondents were of the opinion that they were provided with policy related information by the agent. They preferred the same agent to take another policy as they considered their overall services were good.

Kruskal Wallis Test revealed that there was no significant difference of opinion regarding LIC between the age groups occupational status, monthly income of the policyholders regarding service quality in Life Insurance Corporation of India. There was a significant difference among the groups of policyholders based on educational qualification, size of the family and their perception regarding the service quality.

Student ‘t’ test had concluded that there was a significant difference between favourable and unfavourable opinions of policyholders about customers retention in Life Insurance Corporation of India. The Important factors identified by factor analysis in customer satisfaction in LIC of India were problem factors, claim factors, policyholder’s factors, premium factors and policy factors.

Majority of the policyholders’ opinion about customer relationship management practices in LIC was good.
Perception of Employees

Most of the employees were males. They were in the age group of 41-50 years and were married. They were graduates, development officers and office assistants. They were having high awareness level towards CRM strategy and they understood CRM means alternate marketing approaches of Life Insurance Corporation.

Garrett ranking technique concluded that the employees came to know about the CRM strategy mainly through the orientation given by their officials as it is ranked first. Mostly professionals and businessmen approached the employees for guidance at the time of taking a policy, payment of premium and for getting loans. Most of them were satisfied with regard to the services provided by the LIC to its customers as LIC was quick in responding to all its queries.

ANOVA Test had concluded that there was no significant difference in the opinion on the services of LIC of India because of educational qualifications and occupational status norm strategy. There was a significant difference of opinion on age, and category of employees and CRM strategy.

The KS Test had concluded that there was a significant difference in the importance of ratings on services given by the employees of LIC of India. With the help of mean value, standard deviation and co-efficient of variation, the study concluded that the opinion of the employees of LIC regarding the CRM System was that it was an integral part of their work in LIC of India.
**Perception of Agents**

Most of the agents were males in the age group of 21-40 years, were graduates and married. Their annual income on an average was mostly from ₹50,000 to ₹1,00,000. They had mostly 3-5 members in their families.

Most of the agents in LIC were members in the divisional's club and majority of the agents had more than eight years of experience in dealing with LIC. They had undergone training which helped them to gain more knowledge about all the LIC products. Their major targeted category was businessmen’s category. Generally, the policyholders had insured for is ₹50,000-₹1,00,000.

Garrett Ranking Techniques had concluded that the reason for agents’ interest in LIC was to get higher income. Friedman’s test showed that there was a significant difference between mean ranks towards the opinion about the services rendered by the branch of LIC. The major concern for the agents was that less percentage was paid as commission for new policies by the LIC.

Chi-square Test had concluded that there was no significant difference of opinion between the gender, literacy level, marital status of the respondents and their overall opinion level about the CRM in Life Insurance Corporation of India, whereas it was seen that age, annual income, and years of experience of the agents influenced the overall opinion about the CRM in Life Insurance Corporation of India.
8.3 SUGGESTIONS

In this part of thesis, the researcher has proposed some suggestions based on the observations and findings presented in this section as well as on the basis of discussions the researcher had with the managers, officers and policyholders of LIC of India during her visit to the premises. This study on the CRM in LIC of India would like to draw the attention of the managements of the organization to the main benefits surrounding CRM lay in the fact it promises a win-win benefits, greater efficiencies and higher-spending customers. It is a data driven approach that, at best, enables companies to assess each customer's current needs and services accordingly. CRM if done right enhances customers' loyalty and boosts revenue.

8.3.1 Suggestions Based on the Findings of the Survey on Policyholders

1. Creating more awareness about the products

Based on the findings, it has been seen that the awareness about insurance products and services have been created by the agents. This implies that agent is the most popular distribution channel in the insurance field. The agents by using various strategies sell the product by convincing the customers. Most of the policyholders expressed that they push policies with the highest premium to pocket a higher commission. Hence, it is suggested to the management that the agent can adopt consultative approach considering the needs of the policyholders.

2. Focusing more on all Schemes

It is being observed from the study that, majority of the policyholders had invested in money back policies as it is a popular policy which provides life coverage
during the term of the policy and the maturity benefits are paid in installments by way of survival benefits in every 5 years. It is therefore, suggested that more advertisements can be made to concentrate on other schemes to make them more attractive for the policyholders.

3. **Focusing First on Existing Policyholders**

   It is important for any organization to delight existing customers before earmarking huge resources for prospective customers. It has been observed that ‘Recommendations of known users’ have maximum influence on the decision to select the service provider. Based on this finding, it is recommended that the service providers need to concentrate first on their existing consumers and build better relationship with them. A positive word of mouth through them spreads faster and can do great wonders in attracting new customers in a cost-effective manner.

4. **Building Stronger Relationship**

   As part of relationship building measures, the organization should respond to policyholders’ complaints instantaneously, analyze the attrition of the policyholders in a particular product, create suggestion box to elicit the views and thereby obtain an electronic feedback from policyholders to understand the level of acceptance of existing products, which would facilitate in developing better products and long term relationship. Hence it is suggested that organizations should take it up as a challenge to recognize the relationship the policyholders intends to have and must act in accordance with the wishes of their policyholders while trying to achieve profitability.
5. Making Optimum Use of the Modes of Communication regarding New Policies

It is suggested that the service providers should make effective use of ‘SMS’ and ‘Phone’, as compared to that of the other modes regarding the arrival of new policies, due to wider reach, greater cost-effectiveness and higher efficiency and at the same time, explore why other modes are not used as frequently. They should explore specific benefits of other modes and increase their usage in relevant situations. For example, ‘personal visit’ can be given greater importance, especially in the case of high-revenue consumers.

6. Quality Service

In order to achieve the competitive edge, it is suggested that the insurance industry need to standardize the process and bring about quality improvement and get feedback from the policyholders regarding the quality of services rendered. This will result in customer satisfaction, customer retention, customer acquisition and cost reduction. A satisfied customer is the best advertisement; hence organisation should ensure a good customer experience at every customer touch point as a successful growth strategy. A good customer experience will drive customer acquisition and promote customer retention, which translates into increased profits.

8.3.2 Suggestions Based on the Findings of the Survey on Employees

1. Focusing on CRM Practices

The analysis has revealed that majority of the employees agreed that CRM is an integral part of LIC, as it enhances customer loyalty, customer friendly approach, attract new customer, boost customers’ confidence and benefits industry performance and
productivity. Based on this finding, it is recommended that the employees should develop a helpful attitude, provide accurate billing, activate connections within the promised time, increase their knowledge about products/services.

2. **Focusing on Consumer Satisfaction**

The analysis has revealed that most of the policyholders either ‘agree’ or ‘disagree’ to the statement ‘I am satisfied with the services of my service provider’ whereas majority of the employees either ‘agree’ or ‘strongly agree’ to the statement ‘Our policyholders are satisfied with our services’. It implies that the policyholders do not seem to be as satisfied with the services of their service provider as the employees perceive them to be. It is, therefore, recommended that the service providers need to identify the gaps in the perceptions of employees and policyholders and then act suitably to increase the satisfaction levels.

3. **Making more Efforts towards CRM**

The analysis has revealed that majority of the employees either ‘agree’ or ‘strongly agree’ with the statements representing CRM efforts. However, the level of agreement, and consequently the importance attached to each statement, differs as reflected in the mean scores of responses to the statements. It has been found that the statement ‘CRM helps to build customer loyalty’ shows the highest mean score of responses, as compared to those of the other statements. It implies that ‘loyal customers’ contributes the most to the CRM efforts, as perceived by the employees. Based on this finding, it is recommended that service providers should continue to focus on deepening
the relationship, strengthening loyalty and optimizing profitability through cross selling and up selling.

4. **Customer Centric Approach**

   A CRM programme is not exclusively for marketing or sales department it belongs to the whole organization. The whole organization should be organized according to the CRM requirements. Every one working in the organization must have a clear goal in mind. The whole organization must be working as a single unit. It is not appropriate that the higher management is looking the CRM as marketing and sales and middle management looking towards personal interactions and so on. At every level, the CRM definition must be very clear. Definition here does not mean by few written words, but it is soul. Why are we setting in the Market? Who are our customers? Why to make contact with them? How to make it long lasting? How to make customer satisfied? How to make these customers once again and again? These questions must be very clear in every one working in the LIC. Only then one can say the organization is customer centric.

5. **Changing the Attitude of Employees**

   It has been found that most of the policyholders and agents have stated that the employees do not behave properly as one of their problems. The organisation, therefore, need to put a lot of energy in developing a caring attitude by conducting orientation programme and other soft skills in the customer-interacting employees. The employees need to be sensitized to empathize with policyholders, express concern and extend all possible help in solving their problems proactively.
6. **Increasing the Frequency of Interaction of Executives with Consumers**

   It has been seen that majority of the policyholders have expressed that executives of their insurance service provider interact ‘rarely’ with them. It has also been noted that the executives interact less with the policyholders. Based on this finding, it is recommended that the executives of insurance service providers need to increase the frequency of interaction with policyholders by conducting more customer meet.. At the same time, they need to ensure that the interaction is meaningful and done at the appropriate hour of the day so that it does not cause any disturbance to policyholders.

7. **Solving Customer Problem**

   It is suggested that policyholders should be encouraged to first approach Ombudsman in case of any problem during the term of their insurance. It is therefore suggested that the organisation should inform their policyholders well in time about the meetings arranged for them as many of their problems can be addressed in these meetings. Such meetings help to increase the credibility of the companies to a great extent.

8. **Installation of Help Counters**

   A special counter to help policyholders should be installed which ensures regular availability of slips, brochure and other information to the policyholders and help them in filling the forms and other formalities of the insurance company. So it is advisable to the service provider that they should provide full material in their offices.
9. **Layout/ Infrastructure**

Insurance premises should be attractive and equipped with all the facilities like drinking water, lighting, parking facilities etc. A separate lounge for policyholders with newspapers, magazines, television highlighting the policies schemes can be provided.

10. **Implementation of Technology and New Equipments**

It can be suggested that in order to increase productivity, the insurance industry should go for full computerization including latest technology and also appoint trained computer experts to handle the insurance service. So it is suggested to the insurance companies that they should also adopt new technologies at faster rate to attract more customers.

**8.3.2 Suggestions Based on the Findings of the Survey on Agents**

1. **Focusing on Personal Selling**

The analysis has revealed that majority of the policies are sold by the agent as, the agent is the most important link between the organization and the policyholders. Therefore the top-level and middle-level managers should take it upon themselves to train the agents to practice relationship management and build relationship with their customers because a good marketer first forms relationships and then sells his goods.

2. **Strengthening CRM**

LIC must realize CRM in its broader term. No doubt personal interaction, marketing and sales are the right view of the CRM, but CRM includes a lot more than that. In its vital sense CRM includes personal interaction, marketing and sales, information technology, customer knowledge, people, process and technology. There can
also be some other dimensions of CRM. It is therefore suggested that LIC should not only concentrate on one segment of CRM, but also by using a mix of different elements they can get a real customer with a long time relationship.

3. Customer Friendly Agent

The analysis has revealed that majority of the policyholders has preferred the same agent as they offer prompt services and reminds the due date for the payment of premium. The agents can help the policyholder in selecting the right policy if the policyholder is able to pen down his goals and financial plan. Agents must be knowledgeable in financial planning methodology and help the customer appreciate the requirement for one. Agents should also map his current need as a part of financial plan. This kind of support will bring in a strong relationship between the customer and agent and will help in furtherance of the business by the agent. It is therefore suggested that Life insurance companies should include in their training programmes, a comprehensive module on “need analysis and financial planning”. Whenever the policyholders experience any difficulties in decision making with regard to buying of life insurance products, the agents must come forward to provide necessary counseling to the policyholders.

4. Transparency

Role of an agent is to offer services efficiently, which includes, accurate information related to products, prompt delivery of documents, periodic follow-up, timely reminder and sensitivity to personal aspects and confidentiality of information. They also need to help the policyholder in availing loan on the policy amount. In such a
case, the agents has to clearly communicate the interest charged on the loan. Hence, it is therefore suggested that the Agents need to visit the customer at an agreeable periodicity which helps the policyholders to update on new developments.

8.4 CONCLUSION

The present study concludes that the LIC of India needs to embrace CRM as a philosophy and adopt a strategy for managing customer relationships that effectively addresses three key areas namely people, process and technology. The study impresses that a CRM programme will never be successful without the complete commitment and participation of the staff. Hence, LIC of India needs to focus on creating a customer-centric culture right from the administrative staff to the senior executives. Customer centricity can be achieved through a strong top management focus, comprehensive communication and training programs that teach their employees how to use CRM applications, the benefits of doing so along with appropriate incentive policies.

The study observed that, most of the customers are satisfied with the services offered by Life Insurance Corporation of India. The satisfaction is a strong predictor, and hence it is recommended that insurance service providers should endeavour to satisfy and delight their customer’s satisfaction. When customers are satisfied, they are more likely to recommend the insurance service to their peers, less likely to switch on and more likely to re-patronize services. The company should try to keep their promise to do the work timely, should show sincere interest in customers’ problem, and should provide prompt service to satisfy the customer fully. In this competition, Life insurance Corporation of India has to concentrate on the customers’ satisfaction to retain the
existing customers and at the same time they have to improve the quality of services day by day to attract new customers. Thus the success of the insurance firm will be determined by the way in which effectively it would have been done to meet the diverse consumer needs and wants by treating each customer as unique and offering products and services to suit their needs. Therefore, today all the firms are engaged in the process of creating a lifetime value and relationship with their customers, a stepping stone towards developing knowledge regarding its customers’ needs are the most important aspect. Based on these suggestions, the LIC should understand the establishment of CRM in order to generate the customer loyalty among the customers.

8.5 SCOPE FOR FURTHER RESEARCH

1. The study has been limited to one service sector only, namely, life insurance. Future research could examine similar research objectives across other sectors such as health insurance and so on.

2. The scope of the present study is also limited to life insurance corporations only. Non life insurance corporation can also be studied in this manner.

3. A comparative study of CRM practices on the public and private insurance sector towards their customer also arises as a further scope.

4. The present research focuses only on the CRM in life insurance corporation. Future research can be done to analyse the CRM in both life and general insurance corporations.