CHAPTER I

INTRODUCTION OF THE STUDY

1.1 Introduction
1.2 Evolution of Customer Relationship Marketing
1.3 Need for Customer Relationship Management in the Insurance Industry
1.4 CRM Application in Life Insurance Corporation
1.5 Effectiveness of CRM in the Insurance Sector
1.6 Need for the Study
1.7 Statement of the Problem
1.8 Scope of the Study
1.9 Objectives of the Study
1.10 Hypotheses of the Study
1.11 Limitations of the Study
1.12 Profile of Life Insurance Corporation of India
1.13 Operational Definition of Concepts
1.14 Chapter Scheme
1.1 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 (LIC) characterized by a ritual style of functioning till 1991 had to reinvent and strike a novel path for itself with the opening up of the economy. There were unprecedented changes and challenges with the onset of liberalization, privatization and globalization in Indian economy. Steep competitions, globalization, growing customer demands have compelled the LIC to find new ways of improving profitability. The role of customers in the field of marketing has become more pronounced. The organization has begun to think of measures to attract more and more new customer, while moving heaven and earth to retain the existing customers. To-day, LIC of India faces unique challenges to sustain their growth path for survival. The challenges include customer retention, reduction of transaction costs, risk management and regulation compliance. The industry is aware of the vital needs for evolving new strategies.

The strategic tool that was chosen to encounter the impediments is the information technology. Most of the insurance sectors went through adoption of various stages and forms of information technology over the years and the process is still continuing. 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. It was found imperative not only to meet the high expectations of policyholders but also 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 workforce. Therefore, business model changed from insurance sector –centric approach to customer –centric approach. The customer became the crown and glory of business success. He is for all purposes the cynosure of all eyes!

The service sector has emerged as a key sector in the Indian economy. The contribution from this sector to the Indian Gross Domestic Product (GDP) is approximately 61 per cent, as per the budget report 2011-12. The continuous growth of the GDP at 8 per cent and above has become possible due to the good performance of this sector. In the post–reforms era, there has been a sea change in the financial sector. In such a scenario, the services have grown rapidly and the customer has been more often a purchaser of services rather than a product. LIC of India has now become customer centric.

In the service sector, the Insurance services are the backbone. In insurance services, LIC of India remains head and shoulders above the rest. This rapid transformation of services in the insurance sector has led to the evolution of a highly competitive and complex market, where there is a continuous refinement of services. The more conspicuous role of LIC in India’s economic development on the one hand and the changes in the business climate on the other hand has put considerable pressure on it.
As the insurance sectors are trying to provide all the services at the customers’ doorstep, the customer has become the focal point either to develop or maintain stability in the business. Every engagement with the customer is an opportunity to either develop or destroy a customer’s faith in the LIC of India. The expectations of the customer’s have also increased exponentially. Intense competition in the insurance sector has redefined the concept of the entire insurance system. The insurance sectors are today looking for new ways not only to attract but also to retain the customer and gain in-depth competitive advantage over their competitors. Every insurance industry, like other business organizations is now deploying innovative sales techniques and advanced marketing tools to remain peerless in the field.

There can be no dispute about the fact that the Life Insurance Corporation of India plays a significant role in channelizing funds to the government. Government and Infrastructure projects require long-term funds, which are managed from the investments made by the life insurance corporations. They provide a convenient and effective link between savings and investment. LIC of India channelize the savings of millions of individuals with varied characteristics and notions in respect of safety, liquidity and return. They also provide diversification of investment instruments to the individual policyholders, who, otherwise, may not be able to exercise the diversification of investment due to his/her limited savings potential.

LIC, Government of India undertaking, is the only life insurer in India enjoying 44 years of monopoly. By the end of March 2008, there were 18 life insurance companies operating in India. Of these 18 life insurance companies, the Life Insurance Corporation
of India (LIC), the only public sector life insurance company, still remains at the top in all the key aspects. It adorns the highest position in the pedestal.

Liberalization, privatization and globalization together have changed the entire Indian marketing operations. Due to the innovation, development in new technologies and changes in the customer expectations, there is a major shift from seller’s market to buyer’s market. The problem of losing market share in this era of intense competition and retention of existing customers is more important than acquiring new ones. In the present scenario of the economy, markets have undergone a metamorphic change to cope with the tight and enhanced competition, changing needs and expectations of the customers, ongoing product improvement, changing market trends from mass marketing to interactive and customized marketing and finally to the relationship marketing. With easy access to the world wide information, to-day’s customers are ready with the product information. They have an upper hand in most of the interactions and hence sellers are bending over backwards to help them reach their targets.

These new trends are expected and give birth to the age of never satisfied customers. As a result, the organizations are changing from the product centric business orientation to customer centric business orientation. LIC knows that it costs ten times as much to acquire a new customer as to retain an existing one.

The continuous development in the economies with the sky as the limit has placed a whole new set of capabilities in the hands of the customers. As presented by Drucker the customer is the ultimate objective of every organization as he is the one who keeps the organization alive in the market. Mahatma Gandhi also supported the concept that the
‘Customer as King’. Amiability, affinity and close and cooperative relationship with the customer is more important in the current era of intense competition and demanding customers, than had ever been before.

Thanks to the information technology revolution, in particular, the World Wide Web, there is a greater 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. This is a different issue and requires different strategies and new set of tools for analysis.

1.2 EVOLUTION OF CUSTOMER RELATIONSHIP MARKETING

One of the important marketing tools in the developed countries is relationship marketing. The Customer Relationship Marketing (CRM) is a comprehensive approach for creating, maintaining and expanding beneficial relationship with the customers. It has
emerged as one of the most widely prescribed solutions for diminishing market share and sluggish growth of many industries in general and banking and financial sector in particular. The customer relationship management is a simple philosophy, which places the customer at the heart of the business processes, activities and cultures for improving customer satisfaction and maximizing profits. In one of the encompassing definitions, customer relationship management is described as “the establishment, development, maintenance and optimization of long term, mutually-valuable relationship between the customers and the organization”.

The concept of CRM is vital to the insurance sector. Good customer service is the best brand ambassador for any mode of insurance. The entire business process consists of highly integrated efforts to discover, create, arouse and satisfy customer’s needs. The modern business has realized it and is making all out efforts to become ‘customer-centric’ across the globe. Hence, the customer relationship management is not a once-for-all affair but a continuous process. It is the integral approach of dealing with customers by deploying the advanced information technology.

The customer relationship management is the information technology face of the business process that aims to establish on a strong footing the mutually-beneficial relationship with customers in order to drive customer retention, value and profitability. It is meant for the common and equal good of the two stakeholders, businesses and their customers. It calls for capturing pertinent data about the prospective and current customers in respect of their buying pattern, shopping behavior and usage habits. Using these data designing and providing services as per the needs of the customer has become
the focal point of customer relationship management. So, the customer relationship management is a tool for realising a variety of marketing dreams such as:

1. It targets and serves customers on an individual basis.
2. It permits one to one marketing as opposed to mass marketing.
3. It helps in establishing durable relationship with customers and
4. It helps in reducing marketing cost progressively.

In to-day’s increasing competitive environment, customer relationship management is critical for the success of any business unit. Delivering high quality service and achieving high customer satisfaction has been closely linked to profit, cost savings and market share. Hence, keeping the customer as the focal point, insurance sectors are giving up their traditional practices and making way for new matrices that include customers’ perception and expectations.

1.3 NEED FOR CUSTOMER RELATIONSHIP MANAGEMENT IN THE INSURANCE INDUSTRY

The important factors that establish the need for the customer relationship management in the insurance industry are detailed below:

i. Cut-throat Competition

There is intense competition among the private sector insurance, public sector insurance and foreign insurance companies and they are all striving their best to attract and retain the customers. New technologies, research facilities, globalization of services, the flood of new products and the concept of providing all the facilities under one roof to provide better customer service leading to customer delight do matter today.
ii. Well-informed Customers

The customers in the insurance industry today are well-informed. New technology has transcended and diversified all geographical limits. Thus, if an insurance company wants to have more customers, it should develop a good relationship with its present customers, whose recommendations may act as an incentive for the entry of future customers.

iii. Decline in Brand Loyalty

In the present scenario, brand loyalty is on the decline. The customers are switching over frequently to avail themselves of better facilities from other insurance companies. Newer and superior products and services are being introduced continuously in the market. Thus, the insurance companies have to upgrade their products, improve customer service and create bonds of trust through proper care of customer needs and regular communications. With the help of the customer relationship management, strong customer loyalty and a good image for the organization can be developed.

iv. Improved Customer Retention

In the intensely competitive insurance industry, retention of existing customer is vital, which can be achieved through the process of the customer relationship management.

1.4 CRM APPLICATION IN LIFE INSURANCE CORPORATION

In case of life insurance, the market is more premium based and the profit margins are high. There is a lot of scope for product innovation. These days the products are getting customized based on the customer liking and need. The customers themselves
have become demanding. Some are exceedingly fickle in making final decisions. In order to arrive at a standard strategy to target customers, life insurance companies have started employing tactics of direct selling, combinational sales and remote selling using various media. However personalized approach in case of life is still the most popular one. Also in the case of life insurance, the premiums are generally renewed on a long-term basis and hence the customer is likely to stay for a longer timeframe. The approach of CRM in this context is to have a more sustainable advantage against the competition and then concentrate towards acquiring newer customers.

Another noticeable difference is in the customer touch point. The life insurance companies have more or stable process for arriving at the mutual benefits, policy administration, granting claims or managing complaints. The factors for making decisions are fairly simple and chances of variables going awry are rare. Therefore, front office applications are less complex and the data collection is also standardized. Therefore, CRM implementation in life insurance can be extremely effective if done in the right way.

i. Market is Huge

CRM has a role to segment the market into various customer profiles and target the right customer segment with the right kind of policies. This would be in mutual benefit of customer as well as the company.

ii. Claims are few but of Large Value

Claims management is one of the key areas, where customer dissatisfaction is high. Customers are changing the companies just because of the long process involved in
claim settlement. CRM has a high leading role to play in terms of minimizing delays and making effective use of acquired information for quick settlement. In turn, maintaining the customer retention is easy.

iii. Product Innovation

Customers have become more market savvy and already looking for newer products. So, whenever they find a product responding to their need they are inclined to patronize it. Life insurance corporations have to be vigilant in this regard and have to effectively address the concerns of the customer proactively. They need to constantly innovate and provide value added service to the customers. CRM would be providing the framework more effective.

iv. Retention of Sales Force

This is primarily important in the case of life insurance as the personalized touch and the customer contact is through the sales agents. These hold the key in acquiring the large customer base on the basis of word-of-mouth. Life insurance corporations have to effectively implement CRM to address the internal customer’s problems which in turn satisfy them to give more business.

1.5 EFFECTIVENESS OF CRM IN THE INSURANCE SECTOR

Integration of policy administration system and CRM implementation would be useful for understanding the front office process management.

i. Customer-Centric Approach

The element of focus is the end-customer, not policies. The CRM implementations need to associate all the relevant information, including owned policies to the customer.
ii. Strategy Enabling

The CRM architecture would help in perpetually evolving the business functionality and implementing digital innovation to support key strategies. Business and CRM should work in unison to continually and incrementally provide added value without undertaking lengthy and costly projects for every change. This capability is essential for enabling rapid time to market new policies, for adapting to new business rules and for the spontaneous capture of additional customer and risk data.

iii. Customer Relationship Management

Customer-centric approach would allow a comprehensive and complete data view of all customer information allowing for complete portfolio selling and management.

1.6 NEED FOR THE STUDY

LIC of India should provide quality service in tune with the customers’ expectations. They should respond to the requirements of the customers faster than their competitors. The responsiveness and learning nature of the Life Insurance Corporation of India must build confidence in the minds of the customers. LIC of India must focus constant attention on the competitors’ performance, their strategy and style of operations and compare the same with its own performance, since customers always make this comparison before reaching a decision. Such analysis helps the LIC of India to rise to the occasion.

Periodical customer satisfaction audit must be conducted by LIC of India. It would provide a basis for developing appropriate strategies to retain relationship with customers. Customers, who usually reach a level of dissonance, irrespective of the standard of a product or service offered, seek for remedial actions. The causes for such
dissatisfaction are to be identified and have to be attended well. A disgruntled customer becomes friendly when a grievance is redressed. He develops a positive attitude to this organization.

The study offers suggestions to the insurance industry to face challenges. It helps LIC of India to deliver consistently higher quality service, which will not only help to acquire and retain a customer but also to build a better corporate image.

Since the agents are the interface between customers and the insurance companies, they can be the best source of information regarding the changes required in the life insurance industry. So, there is a need to study the insurance industry from the point of view of agents too.

1.7 STATEMENT OF THE PROBLEM

Insurance industry occupies the centre stage in a fast developing country. All services in the insurance sector can be managed theoretically by information technology applications and the internet facility. Life insurance is customer based business, where retention of existing customers is the biggest challenge in the present-day cut-throat market competition. The customers of the service sector especially in the insurance industry have become more sophisticated, more demanding and less loyal and less willing to sidestep insurance companies, whose products and services do not meet their high standards. They want all the services under one roof and expect to save time while doing business and want the transactions to be as simplified as possible. The success of the life insurance business depends on the awareness about the products and satisfaction of the policyholders regarding the services rendered by LIC of India. As a consequence, Life Insurance Corporation of India has undergone an increasing pressure to the
policyholder’s requirements. Today, LIC of India has come out with innovative measures to satisfy the needs of both the present and the potential customers and at the same time has initiated procedures and modalities to win back the lost customers. Insurance industry is seriously planning to come out from the bureaucratic mould and reorient the organization structurally and operationally to enhance customer relations. In this context, the philosophy and practices of CRM merit due consideration in the revival plan. The present study proposes to examine the CRM issues in Life Insurance Corporation of India.

1.8 SCOPE OF THE STUDY

The study has been undertaken mainly to highlight the customer relationship management with Life Insurance Corporation of India in Sivagangai District. This study is extremely useful to research scholars to gain knowledge in customer relationship management. It helps the practicing managers to know about the trends in marketing scenario for arriving at better decisions. It helps the customers to rate the services provided by the insurance industry. Based on the components identified, the relative importance of the insurance industry with that of the competitors is measured.

1.9 OBJECTIVES OF THE STUDY

1. To study the demographic profile and awareness levels of the respondents in Sivagangai District.

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

3. To analyze the CRM practices implemented by the Life Insurance Corporation of India in the study area.
4. To examine the policyholders’ perception about the various aspects of LIC of India, service quality, customers retention, customer satisfaction, 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, if any, changes of improvements required to undertake CRM practices more effectively and dynamically.

1.10 HYPOTHESIS OF THE STUDY

Based on the objectives of the study, the following hypotheses have been framed and tested.

1. There is no significant difference between the policyholders with different age groups, educational level, occupational status, size of the family and different monthly income level relating to their perception about service quality in Life Insurance Corporation of India of the study area.

2. There is no significant difference between the favourable and the unfavourable opinion of policyholders about customer retention in LIC of India.

3. There is no significant difference between each segment and opinion about customer loyalty in LIC of India.

4. There is no significant difference among the age of the employees, the educational qualification, the occupational status and difference among the category of the employees regarding the opinion of CRM strategy.
5. There is no significant difference in the importance of ratings given by the employees in clearing the doubts of the policy details, in rendering advice at the time of facing the problems, in verifying all policy documents, in providing moral support at all levels to them, and in settling the grievances of the policyholders as quickly as possible.

6. There is no significant relationship between the genders of the agents, their age, educational qualification, marital status and their level of opinion about CRM in LIC of India.

1.11 LIMITATIONS OF THE STUDY

For the research work, data was collected and interpreted with utmost care and consistency but due to the nonchalant attitude of a few respondents, certain limitations of the study could not be avoided.

1. The study depicts the present scenario of LIC of India in Sivagangai District and hence the result may not be applicable to another period of time or any other place.

2. The study has not considered other life insurance companies, as LIC of India is the dominant player of the insurance in the Sivagangai District.

3. The study is confined to only four branches of LIC of India in Sivagangai District, namely Karaikudi, Sivagangai, Tirupattur and Devakottai.
4. The response rate from the customers was not satisfactory even though two attempts have been made to collect the data. However, the response rate of more than 30 percent is usually considered as good for this kind of study.

5. Some respondents were neither motivated nor interested in expressing their perception about CRM in LIC of India.

1.12 PROFILE OF LIFE INSURANCE CORPORATION OF INDIA

Life Insurance Corporation of India (LIC) is the largest insurance group. It is a state-owned company where the Government of India has 100 per cent stake. It has assets estimated to ₹1560481.84 crore, Total Life Fund ₹1433103.14 crore (as on 31st March 2013), and the number of Policies sold ₹367.82 lakh in 2012-13. Life Insurance Corporation of India currently has 8 zonal Offices and 118 divisional offices located in different parts of India. It has around 3500 servicing offices including 2048 branches, 54 Customer Zones, 25 Metro Area Service Hubs and a number of Satellite Offices located in different cities and towns of India. It has a network of 13,37,064 individual agents, 242 Corporate Agents, 79 Referral Agents, 98 Brokers and 42 Banks (as on 31.3.2011) for soliciting life insurance business from the public.

1.12.1 Market Share of LIC of India

Many players have joined insurance industry posing a tough competition to LIC. LIC has been reorganizing itself in order to perform better than the new players. On the basis of total premium income, the market share of LIC has increased 70.68 per cent in
2011-12 to 72.70 per cent in 2012-13. A decline in share of private insurers is also noted from 29.32 per cent in 2011-12 to 27.30 per cent in 2012-13.

**TABLE 1.1**
Market Share of Life Insurers (in Percentage)

<table>
<thead>
<tr>
<th>Insurer</th>
<th>2011-2012</th>
<th>2012-2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Regular Premium</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LIC</td>
<td>64.90</td>
<td>58.09</td>
</tr>
<tr>
<td>Private</td>
<td>35.10</td>
<td>41.91</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td><strong>Single Premium</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LIC</td>
<td>80.07</td>
<td>83.92</td>
</tr>
<tr>
<td>Private</td>
<td>19.93</td>
<td>16.08</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td><strong>First Year Premium</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LIC</td>
<td>71.83</td>
<td>71.36</td>
</tr>
<tr>
<td>Private</td>
<td>28.17</td>
<td>28.64</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td><strong>Renewal Premium</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LIC</td>
<td>69.91</td>
<td>73.50</td>
</tr>
<tr>
<td>Private</td>
<td>30.09</td>
<td>26.50</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total Premium</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LIC</td>
<td>70.68</td>
<td>72.70</td>
</tr>
<tr>
<td>Private</td>
<td>29.32</td>
<td>27.30</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: IRDA Annual Report 2012-13

1.12.2 Organization Set Up of LIC

LIC is a four-tier organization which is classified as:

(i) Central Office

(ii) Zonal Offices
(iii) Divisional Offices

(iv) Branch Offices

The functioning of the above said offices are explained below briefly.

Central Office

The central office of the Corporation is situated in Mumbai. It is the highest controlling point of the Corporation. The Chairman, is the chief executive officer of the Corporation. He is assisted by managing directors, who are whole time officers of the Corporation.

Zonal Offices

The regional level offices are called zonal offices. The Corporation has 8 zonal offices. The zonal manager is the head of the zonal office. He is assisted by regional managers and secretaries who are put in charge of individual portfolios. He manages and controls the functioning of the zonal office and executes the orders and directions received from the control office. He has to make arrangements for managerial development and training activities; expand branches and develop insurance agents; and to undertake market studies, increase the cost effectiveness and public relations.

Divisional Offices

Divisional office is an important part of LIC. It provides various types of services to policyholders, agents, development officers, employees and even to the branch offices. It monitors and controls the operations in LIC. It has a specified number of branches under its control. Each of the branches is functioning effectively and successfully in its own limited area of operation. The divisional manager is responsible for all the functions
of divisional office. He evaluates the plans and budgets of branch offices. In addition, he sends the report to the zonal manager and discharges his functions under the direct control of zonal manager.

**Branch Offices**

Branch offices procure business. They are responsible for all customer interface transactions. It is the main operating office where the sale of life insurance policies is done and services are given to the customers. In these offices, branch manager is the head of the branch and responsible for effective functioning of the branch office.

Branch offices are the primary centers of the LIC of India, through which the insurance business is obtained. Nearly two thirds of the total income of the LIC is earned through these offices. About 75 percent of the managerial expenses are spent by the branch offices. A major part of the employees and officers are working in the branch offices. The problems of policyholders are mostly solved by the branch offices.

**1.12.3 Customer Relationship Management in LIC of India**

In the digital economic era, there is a major shift from product based strategy to customer based strategy. This is applicable to insurance sector also. As competition intensifies; it focuses on retaining the old customers and acquiring the new customers. Customer focused strategies require Customer Relationship Management (CRM) to retain and acquire the customers. It helps to sell more products to existing customers and to increase the profitability. It also helps to acquire new customers through various touch points and translate operational data into actionable insights. After Telecom and Banking, it’s the turn of Insurance Companies to deploy Customer Relationship Management solutions.
CRM at Zonal Office

The Zonal office has to play a very important role of actualizing the CRM concepts in the area of its jurisdiction. It conducts programmes for the staff and field personnel of the zone with the help of CRM managers and trained zonal training center’s faculty. It selects the manager and the staff of the CRM machinery at Divisional Office and Branch Office levels. It assesses the customer satisfaction levels obtained at the various offices situated within the zonal area. It guides, monitors, recommends the various activities and appropriates measures for betterment. It keeps the central office informed of the various activities and progress achieved by the zone in the area of CRM.

CRM at Divisional Office

CRM machinery at Divisional Office level plays a great role to fulfill the objectives of the CRM. It has a grievance redressal machinery / complaints cell. This cell registers complaints from all sources including web-based complaints. It forwards the complaints to appropriate branch or service department at Divisional Office level for resolution, and it closes the complaints.

CRM at Branch Office

At branch level, the Customer Relations Executives (CRE) is in-charge of CRM. He leads with linkages, customer satisfaction, customer meets, customer relation campaign, customer education, research survey etc. At branch level the main objectives of CRM are as follows:

i. To campaign the cause of the customer;

ii. To provide vital link between customer and organization;

iii. To obtain customer feedbacks for improving the systems and procedures.
The CRM machinery will be acting within the ambit of the financial powers granted to various authorities working in the branches as per the “Financial Powers Standing Orders”. Thus, CRE at branch level personally handles the tasks like leakages, time lag study, customer satisfaction, customer meets, customer relationship campaign, customer education, research, survey and so on. LIC of India has geared CRM strategy for educating customers for utilization of facilities available below:

1. Policyholder to get the information about the policies through phone.

2. Policyholders to pay premium through internet.

3. Policyholders to know the details about LIC of India and its mission.

4. Policyholders to pay premium through ATMs of Corporation Bank and UTI Bank.

5. Policyholders to avail the Electronic clearing service to pay the premium.

1.12.4 Details of the Study Area

Sivaganga District is one of the district in Tamilnadu. It is bounded by Pudukottai District on the North, Madurai District on the West and Ramanathapuram on the West and South east. There is no coastal line in this district. The economy of Sivaganga district is basically agrarian in character and a vast majority of its population is dependent upon agriculture for income and employment either directly or indirectly. In Sivagangai District, there are about. 96 bank branches comprising 65 public sector and 31 private sector.
In Sivagangai District, LIC has four branches located at Karaikudi, Tirupattur, Devakottai and Sivagangai. Karaikudi Branch is one of the earliest branches opened on 01-09-1956 under Madurai Division. Later on when Sivagangai Branch was opened on 25-09-1987, the Karaikudi Branch was again bifurcated. Thirupathur Branch was opened on 09-09-1992 and the Devakottai Branch was opened on 18-10-1993. Now the area of all the branches were limited to one taluk only.

The number of employees working in Karaikudi branch is 74, Sivagangai branch is 62, Devakottai branch is 44 and Tiruppathur branch is 36. Besides regular employees, 600 Agents in Karaikudi, 420 Agents in Devakottai, 560 Agents in Tiruppapur and 650 Agents in Sivagangai are doing their business. Nearly there are 100000 policyholders in Karaikudi, 75000 policyholders in Devakottai, 40700 policyholders in Tiruppathur and 80800 policyholders in Sivagangai.

1.13 OPERATIONAL DEFINITION OF CONCEPTS
1.13.1 Agent

An insurance company representative licensed by the state, who solicits, negotiates or effects contracts of insurance, and provides service to the policyholder for the insurer.

1.13.2 Assurance

Assurance is the coverage of risk on the happening of an event, which will happen during the period of insurance.

1.13.3 Back Office

An office in which the administrative work of the business is carried out.
1.3.4 Bancassurance

The relationship between a bank and an insurance company whereby the insurance company uses the bank sales channel in order to sell insurance products.

1.3.5 Brand Loyalty

The tendency of consumers to continue buying the same brand of goods rather than competing brands.

1.13.6 Claims

A claim is the demand that the insurer should redeem the promise made in the contract.

1.13.7 Cross Selling

The practice of selling an additional product or service to an existing customer.

1.13.8 Customer Centric

Placing the customer at the center of a company’s marketing effort, focusing on customers rather than sales.

1.13.9 Customer Loyalty

Customer loyalty is all about attracting the right customer, getting them to buy often, buy in larger quantities and bring even more customers.

1.13.10 Customer Relationship Management

Customer relationship management is a technology to organize, automate, and synchronize sales, marketing, customer service, and technical support.
1.13.11 Customer Retention

An assessment of the product or service quality provided by a business that measures how loyal its customers are.

1.13.12 Customer Satisfaction

Customer satisfaction refers to the extent to which customers are happy with the products and services provided by a business.

1.13.13 Endowment Policy

An endowment policy is a combination of insurance and investment. The life of the individual taking the policy is insured for a certain amount. This life cover is referred to as the sum assured. A certain part of the premium gets allocated towards this sum assured.

1.13.14 Electronic Clearance System

This is a facility by which premium is deducted by bank at pre-decided date and remitted to LIC of India. To avail of ECS facility, policy holder submits mandate form to LIC of India and also authorizes bank to deduct premium. Bank deducts premium on the basis of invoice received from LIC of India.

1.13.13 Front office

The departments that come in direct contact with the customers, and liaise with the back office departments to maintain a two-way flow of information.

1.13.14 Insurance

Insurance is an arrangement by which a company or the state undertakes to provide a guarantee of compensation for a specified loss, damage, illness, or death in return for payment of a specified premium.
1.13.15 Insurer

Insurer is the company, which covers the risk under a policy of insurance.

1.13.16 Insured

Insured is the person on whose life the risk is covered.

1.13.17 Interactive Voice Response System

Interactive voice response system (IVRS) is a technology that allows a computer to interact with humans through the use of voice and Dual Tone Multi Frequency input via keypad.

1.13.18 Lapse of Policy

A policy which has terminated and is no longer in force due to non-payment of the premium due.

1.13.19 Life Insurance

Life insurance is a contract that pledges payment of an amount to the person assured (or his nominee) on the happening of the event insured against. The contract is valid for payment of the insured amount during

i. The date of maturity, or

ii. Specified dates at periodic intervals, or

iii. Unfortunate death, if it occurs earlier.

1.13.20 Maturity Claim

Maturity claim is the payment of amount by the insurer on the life assured surviving the term specified in the policy.
1.13.21 Money Back Policy

Money back policies are basically an extension of endowment plans wherein the policy holder receives a fixed amount at specific intervals throughout the duration of the policy.

1.13.22 Pension Plan

Pension Plans are individual plans that gaze into one’s future and foresee financial stability during his old age.

1.13.23 Plan of Insurance

Plan of insurance is the scheme offering specified benefits. Different plans are offered by the insurer to suit the varying needs of the insuring public.

1.13.24 Policy

Policy is the document issued by the insurer specifying the sum assured, plan, term, the benefits payable under the policy and the conditions and privileges of the policy. It is an evidence of the contract of life insurance.

1.13.25 Premium

Premium is the consideration that the policyholder has to pay in order to secure the benefits offered by the insurance policy.

1.13.26 Service Quality

An assessment of service quality provided to the customers in order to improve their service, to quickly identify problems and to better assess client satisfaction.
1.13.27 Sum Assured

Sum assured is the amount payable on the happening of the event specified in the policy during the term of the policy.

1.13.28 Surrender

Premature termination of the contract of life insurance by the life assured. A policy can be surrendered if the full year’s premiums have been paid. The amount paid on surrender is called surrender value.

1.13.29 Surrender Value

The value payable to the policyholder in the event of his deciding to terminate the policy before the maturity of the policy.

1.13.30 Survival Benefit

Survival benefit is the amount (a fixed percentage of sum assured) payable under certain plans on the life assured surviving the period specified in the policy.

1.13.31 Term

Term is the period (no. of years) for which the risk on the life assured will be covered.

1.13.32 Term Insurance Policy

This policy is pure risk cover with the insured amount will be paid only if the policy holder dies in the period of policy time. The intention of this policy is to protect the policy holder’s family in case of his death.
1.13.33 Unit Linked Policy

A Unit Linked Insurance Plan (ULIP) is a product offered by insurance companies that unlike a pure insurance, gives investors the benefits of both insurance and investment under a single integrated plan.

1.13.34 Upselling

It is a sales technique whereby a seller induces the customer to purchase more expensive items.

1.13.35 Whole Life Policy

As the name itself says, the policy holder has to pay the premium for whole life till his death.

1.13.36 World Wide Web

An information system on the Internet which allows documents to be connected to other documents by hypertext links, enabling the user to search for information by moving from one document to another.

1.14 CHAPTER SCHEME

The report of the study entitled, “A Study on Customer Relationship Management in LIC-with Special Reference to Sivagangai District” is presented in eight chapters.

Chapter I- ‘Introduction of the Study’ deals with the evolution of customer relationship management, need for customer relationship management in the Insurance Industry, CRM application in life, need for the study, statement of the problem, scope, objectives of the study, hypotheses, limitations, profile of the study area, operational definitions and chapter scheme.
Chapter II- ‘Review of Related Literature’ presents the collection of advanced literature related to the study including a review of the previous studies conducted by other researchers in the subject area and subsequently the identification of the research gap.

Chapter III- ‘Research Methodology’ discusses the research design, sample design, survey instruments, reliability tests, procedure for data collection and data analysis.

Chapter IV- ‘Conceptual Framework of CRM’ covers the functions and modalities of CRM in LIC.

Chapter V- ‘Policyholders’ Perception on CRM Practices in LIC’ explains the profile of the policyholders and their perceptions on the various aspects of the customer relationship management practices of LIC in Sivagangai District.

Chapter VI- ‘Employees’ Perception on CRM Practices in LIC’ presents the profile of the employees and their perceptions on the various aspects of the customer relationship management implementation at LIC.

Chapter VII- ‘Agents’ perception on CRM practices in LIC’ encompasses the profile of the agents and their attitude towards customer relationship management.

Chapter VIII –‘Summary of Findings, Suggestions and Conclusion’ presents an overview of the findings, suggestions and conclusion based on the study. The chapter also indicates the suggested areas for future research in the topic.
REFERENCES

1. IRDA Annual Reports.