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EFFECTIVENESS OF E-CRM STRATEGIES OF INSURANCE SECTOR: A STUDY WITH REFERENCE TO HDFC STANDARD LIFE INSURANCE LTD.

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Abstract

In today's fast-paced world, uncertainties in life are a growing concern. Life insurance, as a business, addresses the inherent risks associated with human life. Insurance operates on the principle of mutuality, offering financial protection against unpredictable events. Key elements of insurance include the principle of mutuality, the probability of an event occurring, and estimating and pricing financial loss. Maintaining strong relationships with customers is essential for sustaining competition, especially in the insurance sector, where several players such as HDFC, TATA AIG, and AVIVA compete alongside the Life Insurance Corporation (LIC). The goal of eCRM is to deliver excellent customer service by understanding who the customers are and what they want. This is particularly challenging in e-business, where companies must combine diverse sources of information to create a seamless shopping experience. eCRM helps businesses establish afamiliar contact point that recognizes customers personally, remembers their preferences, and tracks their history with the company. Whether the contact points are emails, instant messaging, Web chats, or live help desks, eCRM integrates them into a cohesive customer service system. For marketing teams, eCRM offers multiple benefits, including identifying and targeting the best customers, managing marketing campaigns effectively, improving telesales and account management, generating quality leads, and delivering the highest level of service to the most profitable customers. As competition intensifies, many companies are already implementing eCRM strategies to stay ahead. For instance, global CRM services were expected to grow from $19.9 billion in 2000 to $47 billion by 2006, highlighting the widespread adoption of this technology.

1 INTRODUCTION

Insurance business is not new to India. It finds mention in the writings of Manu, Rishi Yagnavalkya and others, indicating that it has existed in India of ancient times. It has evolved overtime and has drawn heavily from the experience of other countries specially England, where insurance companies have a more than 500 years of history. Bombay Life Assurance Company was established in Bombay (now Mumbai) on 1st May 1823. Oriental Life Assurance Company started was in Calcutta by Europeans. The recorded history of Insurance business in India, however, began in 1914 when the Government of India started publishing returns of Insurance Companies in India.

The Insurance Amendment Act of 1950 abolished Principal Agencies. However, there were a large number of insurance companies and the level of competition was high. There were also allegations of unfair trade practices. The Government of India, therefore, decided to nationalize the insurance business. An Ordinance issued on 19th January 1956 nationalized the Life Insurance sector and 'LIFE INSURANCE CORPORATION OF INDIA' (L.I.C.) came into existence in the same year. The LIC absorbed 154 Indian, 16 non-Indian insurers as also 75 provident societies. Since then LIC has been the only player.

Similarly, before November 1972, a number of Indian and many foreign companies did general insurance business in India and this business was linked with their branches abroad. In addition, LIC, some mutual companies and cooperative societies also offered this product. In fact, on the eve of nationalization, 68 Indian (including LIC) and 45 non-Indian entities carried out insurance business in India. Nationalization saw the business of all these organizations absorbed by the GENERAL INSURANCE CORPORATION (GIC) with its four subsidiaries.

Life Insurance Market

Life insurance in existing form came in India from UK in 1818 with Oriental Life Insurance Company. The Indian life Assurance companies Act, 1912 was the first measure to regulate life Insurance business. Later in 1928 the Indian Insurance Companies act was enacted, which was amended in 1938. Finally Government of India amended this act in 1950.

Life Insurance Corporation of India was formed in September 1956 by passing LIC Act, 1956 in Indian parliament. The business of life insurance in India in its existing form started in India in the year 1818 with the establishment of the Oriental Life Insurance Company in Kolkata.

Some of the important milestones in the life insurance business in India are

1912: The Indian Life Assurance Companies Act enacted as the first statute to regulate the life insurance business.

1928: The Indian Insurance Companies Act enacted to enable the government to collect statistical information about both life and non-life insurance businesses.

1938: Earlier legislation consolidated and amended to by the Insurance Act with the objective of protecting the interests of the insuring public.

1956: 245 Indian and Foreign Insurers and the Provident Societies taken over by the Central Government and Nationalized. LIC formed by an Act of Parliament, viz. LIC Act, 1956, with a capital contribution of Rs. 5 crore from the Government of India.

HDFC Standard Life Insurance Company Ltd. is one of India's leading private life insurance companies, which offers a range of individual and group insurance solutions. It is a joint venture between Housing Development Finance Corporation Limited (HDFC Ltd.), India's leading housing finance institution and The Standard Life Insurance Company, a leading provider of financial services from the United Kingdom. Both the promoters are well known for their ethical dealings and financial strength and are thus committed to being a long-term player inthe life insurance industry.

HDFC standard life insurance company was started on 14th august 2000 and received a license 23rd October 2000. HDFC and Standard Life first came together for a possible joint venture, to enter the Life Insurance market, in January 1995. It was clear from the outset that both companies shared similar values and beliefs and a strong relationship quickly formed. In October1995 the companies signed a 3- year joint venture agreement. Around this time Standard Life purchased a 5% stake in HDFC, further strengthening the relationship. The next three years were filled with uncertainty, due to changes in government and ongoing delays in getting the IRDA (Insurance Regulatory and Development authority) Act passed in parliament. Despite this both companies remained firmly committed to the venture. In October 1998, the joint venture agreement was renewed and additional resource made available. Around this time Standard Life purchased 2% of Infrastructure Development Finance Company Ltd. (IDFC). Standard Life also started to use the services of the HDFC Treasury department to advise them upon their investments in India.

Towards the end of 1999, the opening of the market looked very promising and both companies agreed the time was right to move the operation to the next level. Therefore, in January 2000, an expert team from the UK joined a handpicked team from HDFC to form the core project team, based in Mumbai. Around this time Standard Life purchased a further 5% stake in HDFC and a 5% stake in HDFC Bank. In a further development Standard Life agreed to participate in the Asset Management Company promoted by HDFC to enter the mutual fund market. The Mutual Fund was launched on 20th July 2000.

INCORPORATION OF HDFC STANDARD LIFE INSURANCE COMPANY LIMITED:

The company was incorporated on 14^{th} August 2000 under the name of HDFC Standard Life Insurance Company Limited. Our ambition from as far back as October 1995 was to be the first private company to re-enter the life insurance market in India. On the 23^{rd} of October 2000, this ambition was realized when HDFC Standard Life was the only life company to be granted a certificate of registration.

HDFC are the main shareholders in HDFC Standard Life, with 81.4%, while Standard Life owns 18.6%. Given Standard Life's existing investment in the HDFC Group, this is the maximum investment allowed under current regulations.

HDFC and Standard Life have a long and close relationship built upon shared values and trust. The ambition of HDFC Standard Life is to mirror the success of the parent companies and be the yardstick by which all other insurance companies in India are measured.

HDFC has always been market-oriented and dynamic with respect to resource mobilization as well as its lending programmer. This renders it more than capable to meet the new challenges that have emerged. Over the years, HDFC has developed a vast client base of borrowers, depositors, shareholders and agents, and it hopes to capitalize on this loyal and satisfied client base for future growth. Internal systems have been developed to be robust and agile, to take into account changes in the volatile external environment.

HDFC has developed a network of institutions through partnerships with some of the best institutions in the world, for providing specialized financial services. Each institution is being fine- tuned for a specific market, while offering the entire HDFC customer base the highest standards of quality in product design, facilities and service.

STEPS INVOLVE IN IMPLEMENTATION & MAKE eCRM EFFECTIVE

Step one- Identifying the online customer – The firms has to identify the customer segmentation well. Each market segmentation needs to be identified thoroughly. Are they are transactional users, non-transactional users, high value customers etc. Organization need to consider whether the resources are targeted to the high value users as attached with the Pareto principle.

Step two Website design – In the online world in order to develop a strong relationship the website should provide the customer a good experience. The website design should be based on the industry its operates and the customer segmentation it targets. Eg- A firm operating in the travel industry should not use colors related to gaming sites. The web site should also encourage return visits. This can be done by using attractive and updates web contents.

Step three – Information gathering and handling- Firms need to develop strategies for gathering and analyzing information about the customer activities. A proper development of database is important. Rather than just developing a database firms should think about data mining to target effective communication and life style , behavioral identification the customers. Web tracking should be enabled such as time spent on each pages, web logs etc.

Step four – Communication with customers – There has to be always one to one communication with the customers. The customer complaints and queries need to be answered quickly, also it is always important to display a FAQ page in the web. The organization has to determine the communication ways according to the target segments . Whether its email, bulleting boards (site communication) etc Loyalty and trust .

Step five – Trust can be seen as a single important element in CRM building online. Because in the online world there is no physical interaction. Building initial trust is very important. There are few sets of questions the firms need to answer is brand development is based on recognition of attributes of the customer base? If loyalty programmers are used, is it cost effective? Have customer attributes are identified? Are there are community platforms? As an e-marketer I can see the importance of the above five steps. Firms need to keep all these steps into mind rather than just developing CRM strategies without any clear and cut goals.

With customer increasingly demanding full-scale solutions, insurance companies like any other service industries are more and more forced to continuously increase their portfolio and services. The definition of electronic commerce for this project is commerce that directly utilizes combinations of computing and communications technologies in some or all aspects of the interactions between a business and its customers. Building and maintaining customer loyalty are important issues in electronic business. Customer loyalty and customer equity can be improved by providing customer services, sharing cost benefits with online customers, and rewarding the most valued customers. 'Personalization', which was earlier recognized as the 5th 'P' of e-marketing, is now becoming a strategic success factor in the present customer-centric e-business environment. As customer also expects high quality and variety of services when needed, insurance companies have to find ways to present the right service at the right moment and with the right quality. This project presents a framework, showing a possibility to personalize- business processes by adapting the interactive system to customer preferences. The research has empirically tested the critical factors that influence an individual's decision when buying products or services online.

The main aim of this project is to find out how much eCRM is effective in maintaining relationship with customer in insurance industry.

LITERATURE REVIEW

Sharma & Sheth (2010) – "Customer Relationship Management in Insurance Industry"

This study explores the role of CRM in the insurance sector, emphasizing the shift towards technology- driven customer interactions. The authors discuss how eCRM helps in identifying customer needs, improving retention, and providing personalized services through data integration.

Goyal & Joshi (2013) – "The Impact of eCRM in Insurance Industry: A Comparative Study"

This research compares the effectiveness of eCRM among different insurance companies. It concludes that firms adopting eCRM strategies experience higher customer satisfaction due to improved communication channels, reduced service times, and better data management practices.

Patel (2015)– "eCRM: A Competitive Edge in the Insurance Sector"

Patel argues that eCRM provides insurance companies with a competitive edge by streamlining customer interactions and improving the overall experience. The study highlights how real-time data access and integration allow for better decision-making and customized insurance solutions.

Kumar & Kumar (2017) – "Role of Technology in Enhancing Customer Relationship in Insurance Industry"

This paper investigates how technology, specifically eCRM, plays a pivotal role in managing and enhancing customer relationships in the insurance sector. The findings suggest that technology adoption leads to greater efficiency in handling customer data and providing tailored insurance products.

Singh & Agarwal (2020)– "Effectiveness of eCRM in Customer Retention in Insurance Industry"

The study examines how eCRM strategies contribute to higher customer retention rates in insurance. It reveals that eCRM helps in building long-term relationships by providing better service, predictiveanalysis, and more personalized interactions through digital platforms.

Choudhary & Gupta (2022) – "Digital Transformation and eCRM: A Study of Insurance Firms"

This recent study focuses on the digital transformation of the insurance industry and the role of eCRM in facilitating this shift. The authors argue that eCRM not only improves customer engagement but also reduces operational costs, making insurance companies more competitive in the digital era.

3 RESEARCH METHODOLOGY

A systematized study requires proper planning and implementation of the same. So, this research design includes an outline of the study, which was conducted at “HDFC Standard Life Insurance Company Limited”. Bangalore. The design of the study contains information stating the statement of the problem, objective of the study, need for the study, and scope of the study, significance of the study, research methodology, and sources of data, tools and techniques of data collection, plan of analysis, limitations of the study and operational definition of the concepts, sampling and sampling design.

Statement of the Problem

It is very difficult to maintain a congenial relationship with the customer. For that a better customer relationship management is required. Life insurance basically deals with risk factor of human beings. With the increase of competition all the insurance company tries to maintain a fair relationship with the customers. In this project it try to find out the effectiveness of eCRM in the sector insurance by taking the opinion of the insurance customer.

Objectives Of The Study

- To provide a clear picture on various life insurance policies offered by HDFC.
- To examine the awareness levels of the customer about various life insurance policies
- To describe the e-crm practices adopted by the HDFC company

Type of Research:

The research carried out in this study is both exploratory and descriptive in nature.

Sample size:

Random sampling has been adopted for the study. The sample size taken up for the study was 100 respondents. The respondents include professionals, self-employed, employed, and businessmen.

Tool for data collection:

The study was done based on the collection of Primary & Secondary data.

Primary Data:

Primary data was collected with the use of questionnaire and personal interaction with the company employees and general public.

Secondary Data:

These are data that were collected for another purpose and already exist somewhere. These data can be collected through external & internal sources. Internal sources include accounting record, sales force reports & miscellaneous report.

Relevant secondary for the project is company market share, economic status with respect to the competitors and it has been obtained by IRDA journals.

The data was collected by

Browsing different websites on internet.

Visiting the library of college.

Referring various articles, report, journals, and magazines on insurance.

Referring different books & previous project report.

SCOPE OF THE STUDY

With this study we will try to know about whether eCRM is effective in maintaining customer relationship. By this project reader will come to know about the role of internet in the insurance industry. This project will also deal with various online sources for building e-crm.

LIMITATIONS OF THE STUDY:

Survey will be conducted only for individuals

This survey is useful only to certain period of time

The survey will be conducted only in Bangalore city,

The survey will be conducted only to customers.

Some of the major points of the life insurance policy were not let out.

Some of the information was confidential. Which do company & its employees only use? So such information's are not reviled outside for the general public

V. DATA ANALYSIS AND INTERPRETATION

TABLE 1: Table showing the occupation of respondents

OCCUPATION	NO. OF RESPONDENTS	% OF RESPONDENTS
EMPLOYED	73	73%
BUSINESS	10	10%
AGRICULTURE	7	7%
OTHERS	10	10%
TOTAL	100	100%

73%, are employed, indicating a strong workforce presence in the study. Business and agriculture represent smaller segments, with 10% and 7% of respondents, respectively. Additionally, another 10% fall into the "others" category, which may include various professions not specified. This distribution suggests that the data is primarily reflective of the views of employed individuals, which may influence the overall findings. Understanding the occupational background of respondents is crucial for contextualizing their perspectives and ensuring relevant interpretations of the study's results..

TABLE-2 : Showing the age group of respondents

AGE GROUPS	NO. OF RESPONDENTS	% OF RESPONDENTS
20-30 years	14	14%
31-40 years	30	30%
41-50 years	35	35%
51 and above	21	21%
Total	100	100%

The age distribution of respondents reveals a significant predominance of middle-aged individuals, with 35% aged 41-50 years, indicating their strong representation in the study. The younger group (20-30 years) is the smallest at 14%, suggesting limited engagement from this demographic. Meanwhile, the 31-40 years and 51 and above groups account for 30% and 21%, respectively, providing a balanced view of perspectives. This distribution may influence the study's findings, as the middle-aged respondents may dominate the insights. Future research should aim to engage younger participants to capture a more comprehensive understanding of the topic

Table 3 Annual income level of the respondent

Income level	No of respondent	% of respondent
Below 1 lakh	0	0%
1 – 2 lakh	12	12%
2- 3lakh	32	32%
3 & above	56	56%

Table 3 presents the annual income levels of respondents, highlighting key economic segments. The majority, 56%, report an income of 3 lakh and above, indicating a relatively affluent demographic. A substantial 32% fall within the 2-3 lakh category, suggesting a solid middle-income group. In contrast, only 12% of respondents earn between 1 and 2 lakh, and none report an income below 1 lakh, which may suggest limited financial strain among participants. This income distribution indicates a skew towards higher earning individuals, which could influence the perspectives and experiences shared in the study, reflecting more privileged viewpoints.

Table 4: Showing awareness about HDFC standard life

Awareness	No. of respondent	% of respondent
YES	94	94%
NO	6	6%

Table 4 reveals a high level of awareness regarding HDFC Standard Life among respondents. A significant 94% of participants are aware of the company, indicating strong brand recognition in the market. Conversely, only 6% reported being unaware, suggesting minimal gaps in awareness among the surveyed population. This overwhelming familiarity with HDFC Standard Life implies that the company has effectively established its presence and reputation, which may positively influence customer perceptions and engagement. Understanding this high awareness level is crucial for assessing marketing strategies and potential areas for growth within the insurance sector.

Table 5: Table shows the rate of HDFC SLIC policy holder

Policy holder of HDFC	Number of persons	% of policyholder
Yes	12	12%
NO	88	88%

Table 5 presents the rate of policyholders for HDFC Standard Life Insurance Company (SLIC). Only 12% of respondents are current policyholders, while a significant 88% do not hold a policy with the company. This stark contrast suggests that while awareness of HDFC SLIC is high, actual customer conversion remains low. The large percentage of non-policyholders indicates potential challenges in attracting and retaining customers. Understanding the reasons behind this gap could inform strategies to enhance customer acquisition and improve policy offerings, ultimately aiming to increase the company's market share and customer loyalty.

Table 6: Showing why customer prefer insurance

Parameters	Number of Respondent	% of Parameters
Ambience	14	14%
Security	33	33%
Product	4	4%
Risk coverage	49	49%

Table 6 outlines the reasons customers prefer insurance, highlighting key factors influencing their choices. The most significant reason, cited by 49% of respondents, is risk coverage, underscoring the importance of protection against unforeseen events. Security follows closely with 33%, indicating that customers value the peace of mind insurance provides. Ambience is a lesser concern, noted by 14% of respondents, while only 4% cite product features as a priority. This data suggests that customers prioritize fundamental aspects of insurance, such as risk management and security, over other factors, which could guide insurers in tailoring their offerings to meet customer needs effectively.

Table 7 : Showing response about media to reach the customer

Media	Number of respondent	% of respondent
Magazine	23	23%
Internet	57	57%
TV	20	20%

In summary, the dominance of the internet highlights the importance of online marketing strategies, while magazines still cater to a niche audience. TV data, once available, would further complete this comparison of media effectiveness.

Table 8: Showing satisfaction level of the customers

PARAMETERS	Number of respondent	% Satisfaction
HIGHLY SATISFIED	73	73%
SATISFIED	20	20%
DISSATISFIED	3	3%
HIGHLY DISSATISFIED	0	0%
NO OPINION	4	4%

Above graph data not only related to HDFC SLIC but also to the sister concern of HDFC. Where73% of the respondent is highly satisfied with service provided by HDFC, 20% is satisfied, 3% is dissatisfied, & 4% of the respondent has no opinion about the service provided by HDFC.

Table 9: Showing response of customer about eCRM in maintaining relationship

Preferred	Number of Customer	% Preferred
Yes	73	73%
No	27	27%

Table 9 displays customer responses regarding the effectiveness of electronic Customer Relationship Management (eCRM) in fostering relationships. A strong majority, 73% of customers, prefer eCRM, indicating a favorable view of its role in enhancing interactions and engagement with companies. Conversely, 27% do not prefer eCRM, suggesting some skepticism or preference for traditional methods. This data underscores the significance of eCRM in modern business practices, as it is perceived positively by most customers, highlighting its potential to strengthen customer relationships and improve overall satisfaction

Table 10: Showing customer opinion on effectiveness of insurance in insurance industry

PARAMETERS	NUMBER OF RESPONDENT	% OF PARAMETERS
HIGHLY AGREE	63	63%
AGREE	27	27%
DISAGREE	7	7%
NO OPINION	3	3%

Table 10 illustrates customer opinions regarding the effectiveness of insurance in the industry. A significant majority, 63%, of respondents highly agree that insurance is effective, indicating strong confidence in its value and benefits. Additionally, 27% agree, suggesting a generally positive perception among most participants. Only 7% of respondents disagree, and a mere 3% express no opinion, indicating minimal skepticism or uncertainty about insurance effectiveness. Overall, the data reflects a favorable outlook on insurance, highlighting its perceived importance in providing financial security and support to customers.

Table 11: Showing market share of the insurance companies.

Companies	Number of respondent	% of market
HDFC SLIC	12	12%
ICICI	8	8%
LIC	72	72%
BAJAJ ALLIANZE	4	4%
MET LIFE	4	4%

Table 11 presents the market share of various insurance companies based on respondent feedback. LIC stands out as the dominant player, capturing 72% of the market share, indicating strong brand loyalty and recognition among consumers. HDFC SLIC follows with 12%, while ICICI holds 8%, reflecting a moderate presence in the market. Both Bajaj Allianz and Met Life each represent 4%, showing limited market penetration. This data suggests that LIC has a substantial lead over its competitors.

VI. SUMMARY OF FINDINGS

The majority of the respondents belong to employees.

The highest % of respondents belongs to the age group between 41-50 years.

Majority of respondents' earnings per month is Rs.10, 0000 to 20,0000.

LIC is having highest market share compare to other private life insurance players and still LIC is the market leader in life insurance sector in India.

The highest % of people giving more preference to tax benefits.

Most of the people want to invest in those investment alternatives, which furnish predictable rate of return with risk coverage.

The majority of people well aware of HDFC Standard Life Insurance Company Limited.

Out of 100 only 12% of the respondents are the policyholders of HDFC Standard Life Insurance Company Limited.

All the policyholders of HDFC Standard Life Insurance Company Limited have very much satisfied with the products and services of the company.

All the policy holder have the opinion that eCRM is helpful to maintain a good relationship.

Respondent has the opinion that eCRM will be effective in insurance sector.

All the insurance companies nowadays using eCRM to maintain relationship with the customer.

Communication between company & customer become easier with eCRM.

In rural areas eCRM popularity is less compare to urban area.

Best media to reach the customer is internet.

Customer expect risk coverage from insurance companies.

SUGGESTIONS AND RECOMMENDATIONS

Company websites should be well updated, so that customers are well aware of current situation.

Company should always try to keep touch with the customer.

Since from the finding it is seen that eCRM is helpful in insurance sector, so focus on better eCRM.

All the required information should be available in website of the company.

The policy can be framed and communicated in such a way that policy should be understandable

The HDFC Standard Life Insurance Company Limited needs to advertise about the company and their products through different advertisement channels to create awareness.

The policy of HDFC SLIC has to be popularized. It could conduct seminars.

HDFC SLIC needs to improve its services.

HDFC SLIC needs to come up with more number of plans or schemes.

HDFC SLIC needs to enter in to the rural market .

The HDFC Standard Life Insurance Company Limited needs to improve their agent network to approach the people to invest in their company through appointing more agents.

HDFC SLIC should give to the agents who have thorough knowledge about the products of the company.

CONCLUSION

Since the incorporation of HDFC Standard life in the year 2000 Bangalore branch has become an integral part of the joint venture between HDFC and Europe based life insurance Company, which has a history of more than 200 years in the insurance industry. HDFC Standard Life is the top most insurance company in the service industry HDFC Standard life doing lot of work to sustain in the national insurance market, because of the keen competition. With all these analysis we can conclude that company is trying to develop and grow itself in the insurance industry because whoever stays in this market he is the winner. So applying latest possible service manuals and methods in their customer satisfaction and company main aim to become NO: 1 Life Insurance Company within 2025.

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