

CROSS SELLING OF LIFE INSURANCE- A STRATEGY TO FOLLOW, AN OPPORTUNITY TO FLOURISH.

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Abstract:

Life Insurance business takes place for very long period. In spite of this life insurers have to penetrate the market further. Life insurers frequently change their strategy, policy, working style to match the needs of the customers. No one can underestimate the influence of information technology in the development of life insurance business in insurance sector. If cross selling strategy is followed correctly with the support of information technology, it would be mile stone in the life insurance industry. In this study the researchers focus on the the scope and scenario for cross selling. The research study also indicates the importance cross selling to the life insurance companies as well as policy holder's.

Key words: Policy holder, Cross Selling, Training, Motivation, Social media.

Introduction

Life Insurance is savings, investment, risk shielding financial instrument. It has been designed and sold in India for very long period. Life Insurance industry is fully regulated, promoted by the governing body IRDA. IRDA permits private players to enter into life insurance business. They launch new life insurance products and implement different marketing strategies. Even after the severe efforts taken by the private, public sector insurance companies, they go slow in penetrating the untapped market of India. Life insurance products are not voluntarily bought by the customers, it is being sold by the agents, sales staff of insurance company. Life insurance products are being sold more by the repetitive personal contacts, demonstration made by the agents and sales staff. Because individuals do not understand their personal and family needs correctly. Individuals strongly believe that, any untoward event will not take place in their life. They strongly think, they live long in the universe peacefully without any type of risk,

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peril. So it is hard for the insurance company to expand their sales volume, market share in India. In spite of the hardship, life insurers do not slow down their action in launching new products and new techniques. Life insurers start relationship with private sector, public sector banks, Co-operative banks to sell life insurance products. The life insurers have tie-up with different financial service providers to sell life insurance plans in India. By doing this, they get good business, financially protect more people and too earn more profit.

Cross Selling fills the Gap

When life insurance industry hope to sell more products with the support of efficient employees and products with customer friendly features to the prospective new customers, industry can think about cross selling. Cross selling is a successful concept throughout the world in various industries. Cross selling is selling another product by a company to its existing customer. According to Fedrick Thurring¹, increasing the number of products of a company's existing customers is referred to as cross selling. Cross selling can be done easily by the company by getting database of its customers. **SAS (2009)**² inferred that by analysing the key demographics, claims data, life style changes- the company could identify which customers are likely to require new insurance protection and company can contact those customers. The data base comprises age, gender, job, family income, life style, purchasing pattern, educational level and cultural behaviour of its customers. By the careful analysis of their data base, a company may design various new products. The newly produced products are to be sold to its prospective customers and existing customers. Selling new suitable product to the existing customer is somewhat easy job than selling a product to a new customer. A new customer does not have a chance to know the company and its value, features, quality, performance of the products. The new prospective customer has a doubt about the product in their mind that how this product would be suitable for them to fulfil their needs. So, the customer may reject or neglect the product initially. To convince the customer, the company, employees have to take more effort such as time, money, energy. As like selling products to new customer, a company can focus on its existing customers.

¹Fedrick Thuring: *A Credibility method for profitable cross selling of insurance products*. Retrieved July 26, 2016, from *Actuaries.com, Annals of Actuarial Science; Manuscript 2*. www.Actuaries.org/ASTIN?Colloquia/papers/Thurring.

²Sas, (2009). *How can we drive organic growth through cross sell and upsell opportunities*. Retrieved July 28, 2009. From www.SAS.com.https://www.www.Sas.com/industry/insurance

Their own customers know the company's value and its products. If they have been satisfied with the existing products, the customer has more chance to buy another product of the same company.

Chris Burand(2008)³described that cross selling however, may provide another opportunity to beat the competition. David Hollander (2012)⁴ clarified that customers are willing to buy multiple products from existing providers, many prefer to do so if it can be done in a way that is convenient and delivers greater value. Various experts in the marketing field also accept cross selling is a viable concept. Cross selling is a win-win approach to both the producers and customers. Life insurance industry is no way exception from cross selling. Cross selling is a suitable technique in life insurance sector. Review of Literature:

According to Shibo Li, Baohong Sun, Ronald T. Wilcox (2005)⁵, This predictable phenomenon provides opportunities for firms to cross-sell additional products and services to existing customers. Identification of the order in which households acquire financial services has important implications for market segmentation and cross-selling strategies. This study illustrates a procedure by which financial institutions, based on internal records, can estimate the likelihood that a customer will purchase/use additional services (Wagner A. Kamakura et al, 1991)⁶. The firm's goal is to maximize the long-term profit of its existing customers while taking into account the development of customer demand over time and the multistage role of cross-selling promotion (*Shibo Li et al., 2011*)⁷.

³Chris Burand. (2008, August). *Cross Selling Realities*. Retrieved August 10, 2016, from burand-associates.com, <http://www.burand-associates.com/Articles/Cross-Selling.pdf> .

⁴Hollander.D.2012). *Voice of the customer: Time for the insurers to rethink their relationship*. Retrieved August 13, 2016, from www.ey.com. [http://www.ey.com/Publication/vwLUAssets/Global_Consumer_Insurance_Survey_2012_-_The_Americas/\\$FILE/EY_GIR_AMERICAS_SML.pdf](http://www.ey.com/Publication/vwLUAssets/Global_Consumer_Insurance_Survey_2012_-_The_Americas/$FILE/EY_GIR_AMERICAS_SML.pdf)

⁵Shibo Li, Baohong Sun., & Ronald T. Wilcox (2005). **Cross-Selling Sequentially Ordered Products: An Application to Consumer Banking Services**. *Journal of Marketing Research* , 42(2) , 233-239.

⁶Wagner A. Kamakura. , Sridhar N. Ramaswami., & Rajendra K. Srivastava. (1991). Applying latent trait analysis in the evaluation of prospects for cross-selling of financial services. *International Journal of Research in Marketing*, 8, (4) , 329-349.

⁷Shibo Li., Baohong Sun., & Alan L. Montgomery . (2011). **Cross-Selling the Right Product to the Right Customer at the Right Time**. *Journal of Marketing Research*, 48, (4), 683-700.

Successful cross-selling to customers depends on the strength of the relationship built up with the organization and the ability to identify and satisfy individual customer's needs (Hughes, 1992)⁸. The incorporating practices pertinent to face-to-face service production give rise to improvisation and spontaneity, empathy, feelings of trust and friendship, and anticipation of needs, which all positively influence cross-selling (Sara Värlander, Ali Yakhlef, 2008)⁹.

Data Searching

Selling life insurance to prospective customer is somewhat toughest task at the beginning. Sale will be completed only after several visits made by the agents, sales officers. Apart from selling insurance plans to new customers, a company can concentrate on its existing policyholders. Perhaps existing policy holders are interested, company can sell additional or complimentary product to them. By doing this, policyholders unknown needs are also fulfilled with the company's other insurance products. Policyholders also prefer to buy new policies without additional effort taken by them. Life Insurance Company also spends fewer amounts of resources such as men, money and time to finish cross selling.

Cross selling in life insurance sector is possible, when insurer possess complete database of its policyholders. The data can be gathered from proposal form filled by the customer, confidential report given by sales officer and agent, health status provided by the doctors. The insurer can segment the policyholder by their age, income, gender, food habits, personal & family health condition and other life insurance policy purchased by the policyholder. By this, the insurer comes to know about the clear details of its policyholders. Then they have to approach their existing policyholders with another insurance product. It will give good solution to the customer by suggesting a right insurance plan and increasing business to the life insurer.

Objectives

To study the scenarios suitable to cross sell life insurance schemes to the existing customers.

⁸Hughes, T.J. (1992). The Customer Database: Cross-selling Retail Financial Services. International Journal of Bank Marketing, 10 (7), 11 – 16.

⁹Sara Varlander, & AliYakhlef. (2008). Cross – selling: The power of Embodied Interactions. Journal of Retailing and consumer services, 15(6), 480 – 490.

Research methodology

Life insurance industry is the ever green industry in India. Even though insurance industry was nationalized very long back, still it is not fully tapped. Apart from the new business, business can be received from the existing customers. Cross selling is the right concept that can be used properly to sell new insurance scheme to the existing customers.

This study is conducted mainly to determine the options and possibilities of cross selling to the life insurers. Secondary data is utilized to do this research study. Books, journals, websites relevant to insurance industry and marketing are helpful to the researchers to do this task. One of the researchers worked with a insurance company. Hence, the personal experience of the researcher is also included in this study.

Cross Selling Scenarios

Cross selling is possible in life insurance sector in different scenario. Agents, sales officers collect data about the prospective customer at the first visit. Then they have to choose the insurance products, which are apt to them and make demonstration. In continuation of this, allow the customer to select the right product. Immediately agents can tell about the benefits of critical illness rider, accidental death benefit rider, waiver of premium rider etc to the customer and close the rider products sales.

Cross sell various products when clients get married, purchase home and have children(Bpo Go Health, 2016)¹⁰. If the agent comes to know the prospective customer has small kids, then they can not only focus on the target customer, but also show their attention on the kid by selling children plan. By doing this, customer and their small kids will be protected with two different products. By taking additional effort, instead of one product agent, sales officer are capable to sell two insurance products to the family of the customer.

Agents, sales officer must realise life insurance products are tangible in nature. No can see, touch the life insurance products. It is a service being given by the insurer, by which policyholder is financially protected. Hence agents, sales officers have to choose the probable customer from various data base. Next they need to determine the long term goal and short term goal in the career, personal life of the customer. Based on which,

¹⁰ Bpo Go health. Cross selling campaigns. Retrieved July 31, 2016, from bpo.gohealth.con, <http://www.bpo.gohealth.com/insurance-solutions/cross-selling-campaigns.html>.

agent may give demonstration about the right product. If the customer prefers to traditional plans such as: endowment plan, money back plan, children plan or pension plan, agent can tell about health insurance policy. Because, in this modern digital era individual are severely affected by different kinds of known and unknown disease. If such individuals are not protected with health insurance policy, it results in financial burden in the form of hospital bill, medical bill, X-ray , ECG and Scan charges. In order to avoid this, in addition to traditional plan health insurance policy can be sold to the customer.

Now-a-days, all leading public sector, private sector banks, co-operative banks have association with life insurance companies. By this banks start selling life insurance products to the bank customer. If a customer approaches bank to avail housing loan, the customer can be given details about the life insurance schemes. In order to get the loan from the bank, the customer surely accepts the deal with the bank. Customer will not avoid the offer given by bank officer regarding the sale of life insurance schemes. Similarly bank can attract the doctors by selling suitable life insurance policy, when they need to construct hospitals or its expansion or renovation or to purchase costly instruments for providing better treatment to the patients. Similarly, when a bank is approached by businessman to avail loan for the development of business, bank can sell appropriate life insurance scheme to him.

Chit fund companies are doing fantastic business in urban, semi urban, rural areas of India. They have plenty of employees and agents to enhance the efficiency of various task of the company. With the help of the human resource, they serve the society in best way, when chitfund customers are in need of money, while sanctioning the bulk amount to the customer, chitfund staff can sell life insurance policies.

Number of investors of stock market grows year by year in India. Investors are also in rural area. Staffs of the stock broking company have good rapport with the traders, investors. They can easily segment the customer based on their volume of trade and value of trade made by the investors. Investors, who are trading above certain value, should be identified. As the staff have good relationship with the customer, in addition to stocks, traders can be sold right life insurance policies. As the staffs have vast idea in the finance area, they can smoothly serve their investors by selling apt life insurance product.

Chartered accountants, Cost accountants are the leaders of financial sector in India. They are the back bone of mammoth, midcap, small cap industries. They suggest useful ways to government in mobilising, spending and saving money. It is not wrong to say, they are the real pillars for very big public sector, private sector companies. Few sick industries in our country are performing well by the committed task, policy suggested by these experts. If they have been made to act as a insurance company advisors, they promote and suggest the suitable life insurance product for the business people. As the businessman has the good image about these advisors, business man won't decline the offer and will buy life insurance scheme apart from getting right suggestion for the business development.

Influence of Insurance Specialist

Web aggregators are the people, who have got licence from IRDA to sell various life insurance companies different products to their clients only through online. Web aggregators have their own website. They display different insurance plans in a single screen. In order to get the quote, prospective customer has to feed his/her personal data, career related data, habits, health condition. If the customer prefers to buy one scheme, the webaggregator can show and suggest the riders and other relevant schemes which are convenient to the customer. So, instead of selling one product, customers of the webaggregators are sold additional product for their customer and their family members. Number of internet connections, internet users grows day by day, these channel should be promoted well by the insurer. Reviews of the satisfied old customers should be shown, while a new visitor collects information about his/her product. By this, visitor of the web aggregator will be influenced to buy correct schemes. Because, satisfied old customer's reviews are considered as true opinion and the real motivator. This is the successful method to induce the visitor to buy the product.

Convenient Customer Touch Points

The above said occasions would be useful to cross sell additional products. In spite of the above, the life insurer, agent, sales officer should maintain good relationship with the customer. The extent of relationship is enhanced, when customer contacting, interacting situation is increased. While sending renewal notice to the customer, other most suitable product details may be added. If the customer wants to have further details about the new product mentioned in the renewal notice, mention the various methods require for contacting company. It may be to email, phone number, customer care executive, website address of the insurer. These facilitate the customer to contact the insurer without any hesitation. On policyholder's wedding day, birthday sms or whatsapp message containing wishes can be sent.

Details about bonus added every year to existing policy can be sent through sms, email and letter. Other than the above, perhaps the customer needs special service such as change of address, mobile number, nominee and availing loan against the policy, the need should be fulfilled at the earliest. It results in good image about the company, staff. Hence the customer becomes loyal to the insurer.

The regular and careful study of loyal customers' database will show clear picture about the changes that occur in the behaviour of the customer. Then the loyal customers should be contacted now and then by emails, letters, sms's. It should contain details about the upgraded new product, offers. It leads to cross sell another product to the existing customers. Instead of approaching new customers interaction with the existing customer drastically reduces expenses of the company by cross selling.

Providing Training and Motivation:

Cross selling is an excellent concept to sell additional product to the existing customer. Cross selling reduces the resources such as time, money, energy used by the insurer. More over it satisfies the unfilled need of the existing customer by offering right insurance product. Cross selling is tough, when insurance agent, does not determine the behavioural changes that take place in the mind of the customer. Here, employees, agent who act as an influencer to perform "cross selling" are to be well trained to convince and to demonstrate the customer. These employees, agents are to be motivated, induced to perform well, because, without their involvement, dedication nothing will happen. Sales contest, incentives, bonus, appreciation are the real motivators to do the task. **Sun life (2009)¹¹** explained that cross selling insurance helps preventing clients from moving to another, full –service agent and therefore protect the income of agents. Here the most satisfied employees, agent become super power and it leads to lesser attrition rate.

Inducement of Social Media

In today's digital world, number of people who have account with facebook, linked in, twitter etc increases at the speed of rocket. It is because of lesser rate of internet connection; get the connection quickly, education, convenience, entertainment. These users spend several hours in social media sites in 24 hours period. When they want to open account with these sites, they must give their profile. When they interact with other members, everything is observed silently by the social media network and it is conveyed to life insurer.

¹¹ Sunlife Assurance. (2009). *Cross selling your wealth clients. Express solution for insurance*. Retrieved July 25, 2016, from sunnet.sunlife.com, <https://www.sunnet.sunlife.com/files/advisor/english/PDF/810-3528.pdf>

John Carroll (2015)¹² clarified that; social media is a better place to raise awareness of the lesser known lines of insurance. So insurer can cross sell more. In spite of few users have policy with the life insurer, their current behaviour, preference, life style, taste is noted down correctly. These customers are sold new or additional insurance product. If the company does not focus on these customer, they have to loose lot of customers. Intermediaries such as agents, brokers, corporate agents, banc assurance staff and sales officer of life insurance company are directly meeting the customer in their market. Whatever the company policy, strategy may be regarding cross selling, only intermediaries actually meet, talk to the customers. **Deborah .E. Pearlman, (2012)**¹³ expressed that; training is a critical element of cross selling program. Intermediaries, sales staff need to be trained about cross selling, change in behaviour, gaps in current life insurance plans of customers. Loyalty of the customer can be developed only through required service, periodical interaction with the existing customer. By having a good association with the customer, the probability for cross selling is high. Cross selling effort would not be fruitful without proper training and involvement of sales staff, intermediaries.

Conclusion:

In the fast and dynamic world, needs of the individuals change overtime. Producers, marketers should consider not only new customer but also existing customers. They are also the good lead to the company. Existing customers contribution to the business cannot be avoided easily. Their unprotected financial gap, family health and economic condition are to be continuously observed. Close relationship and timely service develop and tighten the bond between the customer and life insurer. By which customer accepts cross selling effort taken by the insurer. Insurer can also restrain customer from switching over to another insurer by offering additional, suitable life insurance product.

¹²John. F. Carroll. (2016, May 24). 29 ideas to cross-sell more insurance to current clients. Retrieved August 6, 2016, from Customer Service Sales, <http://www.insurancesplash.com/blog/cross-selling-tips>.

¹³Deborah E. Pearlman. (2002, July 31). Creating a cross-sell/Upsell program. Retrieved August 10, 2016, from News, <http://www.dmnews.com/news/creating-a-cross-sellupsell-program/article/78234/>

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