Factors Influencing The Productivity Of Life Insurance Agent In India- A Proposition

Ramesh Kumar Satuluri, Radhika Ramanchi

Abstract: Life Insurance Industry predominates to be the most happening industry in terms of direct and indirect employment. We have over 2.5 lakh employees and ~20 lakh financial advisors relying on this industry for their sustenance. While we have manifold distribution channels, carriers rely predominantly on their proprietary channels and the most noticeable one being the agency. Agency channel has diversified layers of hierarchy however the common denominator remains to be the agent who sources policies from prospects. At the moment the crux of the problem for industry is agent attrition and dwindling productivity. Agent attrition in the industry is inexplicably high thus effecting the topline as well as bottomline of carriers. For FY 2018-19 industry recruited 6.4 lakh agents and terminated 5.3 lakh agent as the net count on 31st March’19 remains at 21.94 lakh agents. In terms of volume of business for FY 2017-17, agency channel underwrote 65.93% of individual new business which is close to 1.28 lakh crore. Since 65% of the total business is contributed by agency channel and the channel is grappling with higher levels of attrition it has become imperative to analyze the factors which influence agency retention, productivity and ways to develop the same. However we have not had enough research and study on agent retention and enhancing their productivity. This article presents insight into the factors concerning agent productivity and retention. We will also have a comprehensive discussion on suggestive measures to all the stakeholders in augmenting the productivity and retention of an agent.

Index Terms: Life Insurance Industry, Agent, Productivity, Retention, Earnings, Expenses, Carrier

1 INTRODUCTION
Life Insurance Industry agency channel wrote a First Year Premium of 1.28 lakh crores for FY 2017-18 which is contributed by ~20 lakh agents. This comprises of single premium as well which takes the productivity per agent to 6 lakhs approximately. Considering an average commission of 10%, an agent ends up making a annual earning of 60k which proportionates to 5k per month. This is the cusp of the entire discussion as to why we do not have full timers into agency career. Also the fact remains that we are toiling to attract millennials into advisory role. Agency force is aging which is a worrisome factor. We have not had college passouts taking up this agency role as the earnings are quite meagre for them to make it as a full time profession. Even if they had opted for agency it will surely be a stop-gap arrangement before they plunge into their full time employment. Indian insurance penetration is around 3.6% which is way below the penetration of developed nations. Insurance penetration across the globe is 6.09% and Taiwan has 20.88% penetration which is the highest. Among other countries Japan is at 8.86% followed by USA(7.14%) and China(4.22%).(Source:Statistica.com). We have a meagre 20 lakh agents serving 130 crore population. While we ought to have multi pronged strategy to enhance the life insurance penetration, setting up new branches across locations will be the most vital step in the process. However this is not going to be feasible due to differential accounting practices adopted by Indian insurance industry. The other way to further penetration is to recruit more and retain more. Regrettably even this is not happening in the industry for diverse reasons which is surely a cause of concern.

As of 31st March’2014 we had 21 lakh LI agents on board. Since our terminations are higher than recruitments we have not made enough progress on the overall advisors on board. Hence as on 31st March’2019 we remain at 21 lakh AOB(Advisors On Board) which means our net addition during the five year period between 2013-14 and 2018-19 remained insignificant. So we have issues which are compounding and intertwined. Among the prominent one are not able to recruit agents as per the requirement and eventhough we succeed in getting them on board we do not witness enough exertion put in to make them productive and retain them for longer term. Today’s customer is craving for a unfussy customer centric plan. Also the recent tussle between SEBI and IRDAI had slashed the earnings of agents further down. Hence the problem is multi dimensional and not a straightforward one. While we have many stakeholders who have a bearing on agent productivity, the prominent one are

- Customers procuring policies
- IRDAI regulating business
- Agent, the common denominator in entire sales process
- Carrier who runs value driven business

2 IMPACTING STAKEHOLDERS
Let us comprehend the rationale for dwindling productivity and looming attrition in Indian life insurance industry.

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2.1 Customer the end user
Consumer is the king in today's market and it holds good to all industries. Today's consumer is inundated with information and is well-informed about products and process. Hence their expectations will be much higher both in terms of knowledge as well as skill. They would foresee a financial advisor as a knowledge ambassador and also expert in handling all their objections. Also the fact remains that most of the customers rely on their preceding experience and hence they would always be sharp-eyed not to have a post purchase remorse. They will be selecting the brand of financial advisor before the carrier's brand. This is also a large extent dependent on the experience post sales process. While the branding of the agent plays a vital role however customers are looking at approaching only those agents who have acquaintance with them. In a nutshell insurance sales in India materializes only through known contacts and close relationship. Customers do not foster an agent who is proficient but not in their contact list. Knowing an agent as a prerequisite to sales in one way or the other is denting professionalism in insurance sales process. Insurance in India is highly regarded as obligatory sales. Since it is bought mostly as an obligation it often leads to mis-selling since the product is sold basis the whims and fancies of an agent. Also since customers were supportive only to known contacts to source policies this led to rebating or inciting prospect before sourcing. IRDAI act strictly prohibits rebating as per Section 41. However it has become a wide spread phenomenon primarily in rural areas where we do not have enough awareness as agents end up paying the first premium from their pocket. This incitement has wider ramifications. There is a huge scope of misselling since agents need to recover their bait and this will tantalize them to sell higher commission products. It will lead to mis-selling since customer may or may not be provided with all-inclusive details of the product.

2.2 Regulatory Framework
As per Expenses of Management of Insurers transacting life insurance business Regulations, 2016 Part-B, all carriers who completed 10 yrs and above operations and who source 10 yrs and above premium payment term products are allowed to charge 80% on First Year Premium and 15% on renewal premiums for regular premium products. These regulations will confine companies from paying excess commission to their agents thus lowering agent earnings further. So the expense regulation defines the ratio of expenses both at carrier vintage level and also product premium payment term. For the purpose of these Regulations, carrier shall be deemed to be compliant with the limits of Expenses of Managements provided that the actual expenses of management are not above the allowable expenses of management as under:

<table>
<thead>
<tr>
<th>Slno</th>
<th>Financial Year</th>
<th>Percentage of actual expenses to allowable expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2015-16 and</td>
<td>120 percentage</td>
</tr>
<tr>
<td></td>
<td>2016-17</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>2017-18</td>
<td>110 percentage</td>
</tr>
<tr>
<td>3</td>
<td>2018-19 and onwards</td>
<td>Not above 100 percentage</td>
</tr>
</tbody>
</table>

Table 1.0
This expense regulation is also hindrance in establishing new branches across locations since indian insurance industry follows NON-IFRS accounting practices. NON-IFRS accounting does not allow carriers to amortize upfront cost and hence the same gets reported in the year of spending. This effectively means that any capital expenditure incurred in establishing new branches will get reported as expense in the same financial year thus dragging the profitability further down. Licensing web aggregators and online sales also has a bearing on overall sales process. At the moment we have 27 web aggregators targeting millennials who are tech savvy and rely on online expertise. For FY 2017-18 web aggregators contributed 0.07% and online sales 0.54% in individual new business segment. While the % age is abysmally low the fact is it is predicted to go exponentially high in the years to come which will certainly takeaway prospects from personlized advisory service to online comprehensive financial planning. However the reliable news is that the recent survey conducted by Exide Life Insurance and Max Life Insurance signify that most of the customers favor agents for their personal financial planning than relying on automatic financial planning. Quality of recruitment is the other aspect which sways the productivity and retention of financial advisors. Essential qualification for agent recruitment is only 10th standard and this also has direct bearing on recruitment process. Insurance industry is knowledge based industry as it necessitates lots of analysis on competition, interpreting the nuances of financial markets and taxation. Also considering prospects to be tech savvy with information overflow, the expectations of prospects are elevated. This is also effecting the performance of agents since they are deprived of professional outlook.

2.3 AGENT AS THE FRONTLINE SALES PERSON
Insurance industry witnessed immense growth between 2001 and 2008 post which later quietered due to global meltdown and also series of regulatory guidelines. Industry underwent lots of misselling during growth phase when customers did not have any decent familiarity about products and processes. The advent of unit linked plans compounded matters further with most of the agents selling unit linked as guaranteed products. This certainly dented the image of insurance industry and the agent procuring policies. Customers who lost money and had unpleasant experience due to misselling always revealed their experience with their known contacts. This has further made prospects thoughtful and watchful in terms of buying a policy from an agent thus effecting his earnings and also reputation. Also agents never outlined a sales process which is ethical, comprehensive and recognizes both explicit and implicit needs of the customer. This led to further disbelief from customers about the entire process and made them skeptic as they shied away from investing further. Agents were also not inducted properly on financial planning concepts thus explaining the features of product instead of aligning prospect with the benefits of the product. Also the product was never associated to the need of the prospect which has dented the overall revenue of agents. An agent is fully dependent on natural market during preliminary stage. Once he is drained with his contacts he would rely on referrals chased by activities for name gathering. However most of the agents shy away from seeking referrals after concluding a sale. And the varied reasons are either the agents are not systematically trained on generating referrals or they are in the greed of hastily picking cheque from the prospect. Whatever may be the reason the fact remains that agents do not generate referrals thus impacting their productivity and retention in the profession. Referrals always have superior conversion ratio compare to the name gathering exercise we do from cold calling or activities.

2.4 PROACTIVE CARRIER TO PROMOTE SALES
Ideal profiles to get attracted for agency are housewives, retirees and businessmen. However Carriers failed miserably in attracting young talent or college passouts. This is so because young lot would be keen for stable employment and will be keen to work on salary basis. In developed nations we will always find agents working on fixed compensation. However in india we do not find this scenario. Every year we have lakhs of graduates passing out from various college but barely these young lot get into advisory role. Carriers also cannot afford to pay fixed compensation as it will not go with the productivity of an agent. Since we are struggling to draw young talent, industry is always witnessing part timers. We predominantly find house wives, business men and retirees taking up advisory role as part timers since their objective is engaging themselves. Choice of opting part timer career is also due to paltry earnings. At the commencement of career an advisor is entirely reliant on natural market. Since they conduct in their natural market they will not face any resistance. However when they walk off from natural market and get into referral or activity based leads, they ought to be well equipped to handle objections. With information dissemination across verticals, today’s prospect is well versed and more proficient than agents. However we do not experience high end trainings conducted for the agents persistently in the industry which is rendering them incapacitated in handling technical queries pertaining to products and services. Agents are trained, coached and developed by their managers. An inept manager will nurture an unsuccessful agent. One of the reasons why the agents are grappling with performance is also due to managers incapacity. Also the fact remains that agents are recruited by their managers from their known circle. Due to undue influence of managers, carriers started focussing on quality recruitment and executed home visits as a prerequisite to complete the selection process. However till now we achieved minimal success. The other aspect which is denting the agent performance is infrastructure support. Financial Advisors are intended to have access to office and infra from carriers which will allow them to do business efficiently. However most of the companies have pitiable infrastructure which disheartens agents to walk in to offices thus effecting their productivity and retention. Agent performance has also bearing on his status as dependent vs. independent agent. An independent agent is one who can excel in defined role without monitoring or handholding on a daily basis. Agent is self-reliant and would execute responsibilities viz. opening a call, objection handling, closing a call and clearing pendency thus becoming fully independent. However today’s scenario is rather complex since we have 90% agents relying on their managers thus
effecting their productivity and earnings. Typically a manager would guide 20-25 direct agents and hence it becomes cumbersome process to dedicated time to a specific advisor. Business is also driven by law of averages wherein we work on output basis the conversion ratio. Averages determine business output when carriers focus on scalability than efficiency. This approach is swaying the quality recruitment thus effecting the productivity and retention of an advisor. Carriers need to focus on quality parameters than volumes. In terms of products sold most of them are convoluted and obscure to grasp by both agents and customers. A product which is complex serves no purpose. It will neither match the short term and long term goals of the prospect nor will connect with prospects emotionally. Any product which is not bonded to customer’s goal would lapse and the agent will be subjected to reputational risk. Lapsed policy would have wider ramifications thus effecting the renewal earnings and also futuristic earnings in the form of cross sell and upsell opportunity. Let us analyse the steps needed to for higher productivity and retention.

3 STEPS TO ENHANCE PRODUCTIVITY AND RETENTION

![Figure 1.1](Image)

3.1 Role of GOI/IRDAI

In terms of IFRS17 accounting IRDAI has constituted a working group to implement the same in order to bring in uniformity with the global accounting standards. Considering the complexities involved in execution, IRDAI has deferred the implementation to April 2020. While there are no guidelines from the regulator it is presumed that the upfront expense or acquisition cost will get deferred or amortized to subsequent years thus giving leeway to carriers in terms of reflecting the entire expense ratio. IRDAI at this moment is seeking earnestly compliance at product level both in PAR and Non PAR segments. However there is rising demand from carriers that the expense ratio need to be computed at aggregate level inorder to manage expenses better. Overrun in PAR fund is funded by policy holders account however in NON PAR it has to be from share holders account. Hence carriers will always want to maintain higher PAR fund so that company can absorb the overrun if any. In advance economies sale happens professionally through IFAs (Independent Financial Advisors). IFAs are skillful on financial planning and will be subjected to stringent training and certification. They will also be legally held responsible for wrong or fragmentary advisory service. Since the role is of an IFA, service rendered will be on fee basis and charged to client than product manufacturer. However in India it is quite distinct. We have agents who are tied to a carrier and they will pay commission and the expense is also embedded in the product during design phase. Also there is no structured training or mandatory certification on need based analysis thus effecting quality of sales. With customer expectations rising phenomenally high, today’s customers are not eyeing at a product seller instead they are keen to engage with a consultant who provides them end-to-end solution. An agent needs to map their customer with life stages and offer them service at critical junctures using the accessible technology. Retiral benefits are not evenly spread across insurance companies to retain the talent. At the moment only Life Insurance Corporation had initiated pension and gratuity to their agents. Few companies mooted the concept of heriditary commission to nominee but it is still not operational. Prior to 2015 earnings on renewal were assured to agents basis the minimum years of service. Post the passage of Insurance Law Amendment Act, 2015 it is left at the discretion of insurance company. Since every company views this contrarily there is no homogeneity in terms of retiral benefits. Carriers are predisposed by the contribution from agency channel. In few instances agency channel contribution may be abymally low and hence management may not be keen to fund retiral benefits. This is daunting young talent to takeup agency as a full time profession. IRDAI ought to have a uniform regulation offering retiral benefits as statutory obligation viz. PF, Gratuity, Guaranteed Renewal Commission and Health insurance as well. Prior regulators have permitted an agent with 10yrs and above service for full renewal commission on his discontinuation. However with the regulator change in 2015 the onus lies on insurance company to initiate these schemes. This is certainly a setback for prospective agents to takeup this opportunity as full time profession. Regulator needs to work on a robust social security mechanism for long serving agents inorder to inspire them to opt agency as a career. Also there is no ancillary law defining legacy planning of life insurance agency. Regulations should inspire legacy planning for agency which principally depend on the chief agent who commences agency operations. As of now even this provision is retained by carrier where not every one is encouraging heriditary commission. We have a mandatory requirement to insure our vehicles. In advance economies even life and health insurance is made obligatory. However it is not mandated in India. GOI launched diversified schemes viz. PMJyJBY, PMSBY, PMJDY etc to cater to both organized and unorganized sectors but nevertheless insurance penetration remains at the lowest point. Insuring risks remain most vital aspect of financial planning. Any risk without insurance or under insurance will have devastating effect on families who will be subjected to unprecedented intricacies. Dependent families in most cases will be financially ruined which then becomes an obligation on GOI since they need to fund the families with assorted social welfare schemes. Insurance companies are complementing GOI in providing financial support to the needy.
fund the people living in penurious circumstances and insurance will ensure the insured do not fall below poverty line. IRDAI may define adequate insurance by considering a multiplier factor on annual earnings of every individual and this needs to be mandated by GOI. This will confirm sufficient insurance to the needy and the families stay well protected against unforeseen event. More so it will augment penetration thus quadruple agent sourcing from current level. Long term impact of this strategic move is multifold jump in agent earnings thus leading to greater retention. Often insurance products are paralleled with diversified investments on return perspective. For quite a long period insurance products were always perceived as a mechanism to transfer risk to insurance companies. However the existing products are a combination of insurance and investment and hence an anticipation for superior returns. Nevertheless product returns are governed by investment regulations notified by IRDAI. Regulations do not permit carriers to take higher equity exposure thus restricting the upside in terms of return. Also the principal risk companies carry is the downward trend of interest rates. When interest rates plunge carriers struggle to make good return on the product portfolio thus effecting the bonus declared on PAR products which in turn impacts new customer acquisition. Investment regulations must permit higher exposure to new investment vehicles viz. Alternative Investment Fund, GILT-ETF, Tier-II Capital and derivating contracts to safeguard returns viz. Forward Rate Agreements, Interest Rate Swap, Exchange Traded Interest Rate Future. Foreign Direct Investment should pave a way for building wider distribution thus boosting overall awareness about insurance and its benefits. This in turn is going to aid agents who approach customers thereby enriching their earnings and productivity. Foreign companies operating in India and building distribution will be vital to enhance penetration and density. Agents should be heard and they have to have a congenial platform to voice their concerns and contest for their basis rights. LIC is the only carrier which allows agents to have welfare unions to take care of their genuine interests as none of the private carriers allow unionization fearing lockdowns or unusual demands from the members. A strong union at the national level and percolating down to zonal and branch level reassures every person taking up agency as a full time career. Insurance education still remains elusive to most of the students as we do not have insurance as major at schooling level. We need to have insurance education from school to college and at research level. Insurance Institute of India and National Insurance Academy promote insurance education in India at undergraduate level. IRDAI also has a central role to play in creating insurance awareness programs across the country. As of now it is with minimal impact as they need to enhance their budgets on building awareness. Also we have not had enough spendings on research in insurance industry especially on newer technologies since when there is hardly any field which is not impacted by the evolution of Artificial Intelligence and data analytics. A time has come when GOI needs to seriously ponder upon introducing Indian Insurance Service. We need to position insurance as central service and this will assuredly aid us create awareness manifold thus pushing for higher penetration and density. This will surely enhance the earnings of agents operating in insurance space. IRDAI needs to moot the idea of making agents as Independent financial advisors by introducing agency portability. Agency portability will indisputably help agents to pick up the company basis the client’s requirement which will aid them to work independently. Ideally an agent should be allowed to work as a broker with 5-6 companies if not all. This will give the agent enough exposure and he can cater to all the needs of the customer thus enhancing his productivity and earnings. Expense regulation is fixed at the product level which prohibits companies paying loftier commission to vintage and productive advisors. IRDAI should look at overall expense ratio instead of evaluating expense under each head. Paying higher payout to vintage and productive advisors will help us retain them.

3.2 Agent-The Common Denominator

Today’s agent need to be tech savvy and digitally enabled to handle the requirements of millenial, Genx and Gen Y customers. In this era, information is freely available and overflowing thanks to the advent of internet where the entire globe is connected through technology. Also gone were the days when an agent used to interact with 100-200 customers in a month as contacting them involves primarily face to face interviews or fixing an appointment over phone. Today’s digitally enabled agent has got multi dimensional communication channels viz. whats up, face book, twitter, instagram etc. through which he has a provision to contact innumerable customers with a click of the bottom. He is engaging with his vast clientele through multiple touch points. This enhances his approachability and accessibility to customers manifold. Prospecting for agent would further go up by implementing the art of referencing. Referencing is the fuel for agent business since a satisfied customer becomes a brand ambassador for the agent. Most of the times, agents shy away from asking referencing. This could be because of greed in picking up business quickly at the point of sale or a fear psychosis carried by most of the agents in interrupting the trial close by seeking references. It is not necessary that referencing needs to happen at the time of closing a sale. Referencing can always be done once you start serving the customer post sales. This will surely increase the prospect base for the agent thus enhancing his productivity and earnings. Once referencing is implemented effectively then the agent needs to have undivided attention on lead generation activities. They always need to have a prospect reservoir. Reservoir is a prospect list which keeps on feeding agent with enough and enough appointments on a daily basis. Once the agent is exhausted with natural market he would rely on referencing. Since referencing is also limited considering the customer base which he will possess initially, an agent needs to focus more on activities where he can conduct name gathering exercises which eventually become part of prospect reservoir. More number of successful activities will surely lead to higher productivity and earnings. A success of any pursuit initiated will solely depend on tracking the input activity. Most of the activities carry excitement only to an extent of gathering names. Later they get faded away. Activity is completed only when it has a business outcome. An agent productivity is influenced by his planning. Planning a day in advance surely is going to make his day productive. It is about mangling time productively. Also an agent needs to prioritize his tasks and categorize them.
basing the importance. They also need to have right habits. Right habits can be meeting 3 new customers every day. Let us understand agent earnings through input activities as mentioned below.

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of productive days in a month(Excluding Saturday and Sunday)</td>
<td>25</td>
</tr>
<tr>
<td>Meeting new customers per day</td>
<td>10</td>
</tr>
<tr>
<td>Total customers meet in a month</td>
<td>400</td>
</tr>
<tr>
<td>Sales Conversion</td>
<td>8</td>
</tr>
<tr>
<td>Number of calls closed(Rounded Off)</td>
<td>3</td>
</tr>
<tr>
<td>Average Premium per policy</td>
<td>50000</td>
</tr>
<tr>
<td>Total Collected Premium</td>
<td>100000</td>
</tr>
<tr>
<td>Average Commission</td>
<td>10%</td>
</tr>
<tr>
<td>Total Earnings for the month</td>
<td>100000</td>
</tr>
</tbody>
</table>

Table 1.1

Also tasks which impact his earnings should be handled by the agent immediately and tasks which do not have any immediate implication need to be delegated to juniors thus focussing on core job. Tasks which are unimportant need to be deleted from the list of activities. Agent success is primarily dependent on his mental makeup. He needs to have a strong perseverance to accept NO and stay positive. We are in an information age especially when there is a huge information dissemination through internet hence an agent productivity is directly proportionate to the knowledge and skill he possesses. Carriers need to invest in upgrading the skillset of agent which matches the expectations of tech savvy customers who are like knowledge ambassadors. Agent should equip themselves to sell solutions and not products through comprehensive financial planning. They have to move from pushing to providing solutions. Also the fact remains that agents should be allowed to work on multi product platform so that they will aid the customers on both shortterm and long term goals. Working on multi product platform will also help them study the asset and liability mismatch if any and focus on enhancing their networth. Financial planning will aid the agent in quality sales as it will capture both implicit and explicit needs of the customer. We will surely experience higher retention of customer when a sale happens through quality with a defined sales process. Agent productivity also will get enhanced when a high end training is planned on strategic selling or business insurance viz.keyman, partnership, employer employee insurance and HUF. These sales have the potential of attracting higher ticket size.

3.3 ROLE OF CARRIER IN AUGMENTING GROWTH

With big data in place we have enough opportunities for cross sell and up sell. Carriers need to seriously work on deploying analytics linking with the life stages of existing customers and the likelihood of customer buying a new product. Once the customer list is defined, the same needs to be passed to agents who in turn will quickly latch upon the gold mine to enhance their productivity. Cross sell/up sell opportunity is also the outcome of better customer service after sales and hence carriers need to focus on constantly engaging customers to serve them better. Today's agent should not only be tech savvy but also supported with big data and analytics. An agent needs to be fed with full information about the customer before he goes on a call. Carriers also need to assign orphan policies to successful agents. Orphan policies are those where the agents who sourced these policies are not active in the system. We name it orphan since these customers do not get any service from agents. Assigning orphan policies to successful agents has manifold benefit. Firstly the agent gets engaged which will eventually lead to customer satisfaction and better service. Secondly agent gets an opportunity to approach the customer for cross sell/up sell opportunity thus enhancing their earnings.Carriers also need to augment the average ticket size by designing products with higher premium requirement. Higher premium will in turn enhance the earnings of the agents. Fixing a premium at lower level acts as a psychological barrier and most of the agents will never be tempted to broach the same. The moment we fix premium at a particular level we will see a behavioural change in agents selling higher premium. We may witness initial hiccup which can be effectively handled by training interventions. The other way to increase agent earnings is also branding Million Dollar Round Table Conference(MDRT). MDRT is the highest recognition for an agent where they need to do a business of ~40 lakh to qualify for the same. Pushing and branding MDRT will surely increase their ticket size thus enhancing their earnings. Carriers need to focus on a cultural shift with MDRT as the basic requirement.Agents need to be thoroughly trained on this opportunity since the conversion ratio is much higher than an activity-based name gathering exercise. Carries need to have a robust training road map with planned interventions for every agent basis the vintage and productivity. Imparting high-end training programs will surely enhance the productivity. Industry opened up for private players in the year 2000. With 24 companies in Life Insurance and agency being the most dominant channel, we are still struggling to attract the best talent for agency. Most of the profiles are retired, businessmen or housewives. These profiles primarily work on part time basis and may not be quite high in terms of aspirations. We have a negligible percentage of young graduates getting into agency in lieu of employment. This is primarily because we do not have a fixed compensation for agency. An agency with fixed compensation or a part time employment will surely be a big booster for agent retention. We do not want to have young lot using agency as a stop gap arrangement till they find their permanent employment. This profession should be viewed seriously. Also there is a need to recruit prospective agents with higher standards of precision. With big data in place we needed to identify the traits of successful agents and the same will have to be incorporated in the recruitmetn questionnaire to ensure that we match the qualities of successful agents. Hiring right advisor plays a vital role. We need to list down traits and basis which check the fitment of a person for the role of the advisor. Hence conducting a formal interview is a must since we can identify traits which are essential for a
prospective advisor to take up the roll. Any agent recruitment which is Goal based will have higher success since identifying a trigger and aligning career with goal would have long term positive impact. We need to deploy business intelligence in all spheres be it recruitment or business. Incorporating the traits which make an independent successful agent is a sure shot way to increase productivity. Dependent agent is always low in productivity since he cannot do anything on his own. Dependent agent struggles with capacity constraints. While it is of utmost challenge to shortlist a prospective agent with independent qualities, we can surely find out few important traits and the balance can always be built over a period of time through series of training interventions. Also we need to list down the knock out factors to reject the prospective agent basis the cut off score. Carriers also will have to venture into capturing the prospect sheet before the final interview of an agent only to be doubly sure that the prospective agent has got enough natural market to kick off the activity. Needless to say an agent productivity is also influenced by his manager. A quality manager produces successful agents. Proper tracking of call support given by manager also influences the agent productivity. Hence few companies are tagging their managers also for call monitoring activity. An agent is nurtured and nourished by his manager and an efficient manager can make even an average agent a high performer. Hence the need to have the best manager. Carrier in addition to focussing on quality agent recruitment also need to have undivided attention on manager quality recruitment. A manager with excellent leadership traits is going to develop high performing advisors. While the industry is moving towards digitization, we still find physical offices established by carriers across the country. This will help brand themselves and reach out to customers in the vicinity. Since we expect customer walk ins, carriers need to invest in infrastructure. An office with good infrastructure obviously motivates an agent to work full time. Hygiene factors in office will motivate an agent to do higher business. These will include clean, comfortable and well decorated office along with proper lighting. It will surely enhance his productivity considering the overall productive time he spends in the office. Telecalling activity is the major input activity and this needs sophisticated infrastructure this increasing the efficiency in contacting prospecting customers.

4 CONCLUSION

Eventhough we have many channels competing with agency the fact remains that 65% business is derived from agency channel(Source:Annual Report 2017-18). This clearly reiterates that agency channel would continue to be dominant in Indian Insurance Industry atleast for a decade if not longer. With mere ~20 lakh agents to support the insurance needs of ~130 crore population we have a huge scope for adding up advisory force to the agency channel. We need to have all stakeholders on a conducive platform to walk the path in implementing the steps to enhance agent productivity. A strong and robust agency not only aids the industry enhance growth but will also help the GOI to provide an employment opportunity to the youth. Industry needs to work both on scalability and efficiency. We need to have a five fold jump on net agent onboard so as to have atleast ~1 crore agents servicing entire populace. In simple terms we can also expect a five fold jump in overall business. In order to go ahead with this gigantic recruitment drive we need to make this career very lucrative and appealing to millenial. Government of India will have pivotal role to play through regulator. Industry was growing multi fold till 2009 and carriers enjoyed the topline and bottom line. This growth in the industry enthused many foreign players to start operations in India. However post 2010 we had series of regulations which dented the profitability of life insurance companies. Then started exodus of foreign companies. It is generally perceived that Indian Insurance Industry is the least profit making industry across the globe. Regulator has to ponder upon this while framing guidelines. We need to bring Indian Industry back to the forefront. Government needs to consider raising FDI further to encourage new players. Present limit of 49% and without management control may not motivate new players to get into this space. GOI need to have a brainstorming session with all stakeholders to take this industry to new heights and the remedial measures suggested will surely help revive the sector.

5 REFERENCES

6 ARTICLES FROM WEB


