An Analysis on Recruitment and Selection Process of Agent adopted by Various Life Insurance Companies

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Abstract

In India, there is a throat cut competition in the market of life insurance that is why brand services adopt new strategies for sales. It can be said that people are much aware of the aspects of life insurance and also about the role and act of agent. That is why life insurance companies give more focus on recruitment process so that suitable candidate can be selected. Recruitment highlights each an applicant's skills, talent and experience. The recruitment activity done is the initial screening process, after which the prospective agents would have to undergo an intense training as well. They will have to clear a written exam as per the IRDA (Insurance Regulatory and Development authority) norms, before they get their license and begin selling policies. This paper is an attempt to find out the people who want to be agent and recruitment and the selection process adopted by the life insurance companies.

Key Words: Life Insurance Agent, Life Insurance, Recruitment, Selection Process

I. Introduction

Successful employment planning is designed to identify an organization's human resource needs. Once these needs are known, an organization will want to meet them. Organizations have to recruit people with requisite skills, qualifications and experience, if they have to survive and flourish in a highly competitive environment. To be effective, they need to tap all available sources of supply, both internal and external. Recruitment provides a pool of applicants for selection. Selection is much more than just choosing the best candidate. It is an attempt to strike a balance between what the applicant can and wants to do and what the organization requires. Successful selection activities entail a lot of careful planning and careful thought. Selection process is composed of steps, each of which provides information to decision makers that will help them predict whether an applicant will be a successful job

performer or not. One way to conceptualize this is to think of each step as a higher hurdle in the race. The applicant that is able to clear all hurdles wins the race and gets job offer. The purpose of the study is to understand recruitment and selection process of life insurance companies and its efficiency. The data gave knowledge about loyalty and their opinion about life insurance.

Intense competition and globalization of businesses has put mounting pressure on life insurance companies to deliver more and better than before. Life insurance companies need to develop and deploy sales force that can articulate the vision of organization and make teams with the synergy to perform at much higher levels. Sales force builds and drives the knowledge assets of an organization, the value of which has been established to be many times more than the tangibles. In the present scenario it is becoming important for organizations to focus on finding, developing and retaining talented employees. The life insurance sector in India is rising rapidly to bring in growth and employment opportunities.

Retailer is the one who is involved in selling products or services to consumers for their personal and/or family use. Retailers are the final link between producer and consumer. In Life Insurance industry, products are designed and introduced by actuarial department and the top

management. Then they are marketed through insurance agents, who work under the guidance and leadership of development officers. Development officers are employees of corporation and are responsible for recruitment of agents. But the agents who work under the development officers are not employees but the representatives of insurance company. Life insurance is retail in nature, agents selling each insurance policy directly to individual consumers. Apparently, life insurance agents shall be called as 'Retailer of Insurance' or 'Insurance Retailer'.

In this research, information was collected by using questionnaire from 150 respondents. Information about various attributes and factors was collected. All the data collected was filtered, analyzed and represented in the form of graphs and charts. It is found that most of the recruited people are aware of insurance sector and the people who are not aware of insurance sector are made aware through the training before sitting for the IRDA test.

II. Review of Literature

Leidner's (1993) study of insurance trainee states that people whose sales platter ranges from descriptions of the product to pauses and jokes, was scripted by their employers, reveals how much they appreciate the reassurance of knowing they had robust information to work with and

which had proved to be successful. These scripts may have taken away their opportunity to shape the majority of the sales task but they also provided security. Finally the social elements of work, friendships and collegiality can occur in even the most unpropitious of settings including noisy factories (Burawoy 1979; Pollert 1981; Delbridge 1998); slaughterhouses (Ackroyd and Crowdy 1990) and call centres (Korczynski 2002; Wray-Bliss 2001). Grugulis et al, 2004; Payne, 1999 and Warhurst and Nickson, 2001, in their study they found that the seemingly growing importance of what are termed soft, generic oriented-personal-skills and/or personality traits has crystallised debate about the relative importance of qualifications versus other skills/factors within R&S. With the shift from manufacturing employment into services, and particularly the rise of interactive personal services (e.g. call centres, retailing, personal care) there has been a growing interest in and concern about, the degree to which R&S decisions increasingly revolve around the candidate's possession of these generic skills and attributes.

Johnson and Burden 2003 in their study had found that with a small number of exceptions, employers place relatively little emphasis upon formal qualifications or specific technical skills or experience when talking about the things they look for in potential new recruit.

Honan et al (2005), analyses some of the major components associated with developing new agents starting from recruitment till signing of agency contract. Field recruitment and new agent development are essential for future growth of the sales force and new recruitment is critical to the long term viability of life insurance industry and selecting — training the right candidate is an important role. Authors have suggested several recommendations in respect of each of the activities like recruiting and selection, pre-contract and agent training. Bowles and Gintis, 2002, in their study said that personality type (or non-cognitive skill, as economists tend to prefer to name it) appears to have a major impact on earnings levels, which is sometimes more significant than qualifications. In turn, this reflects the influence that personality traits, and the attitudes they engender, have on how individuals perform in the workplace. Many employers are seeking to recruit employees who demonstrate what they regard as positive attitudes and dispositions (towards work, change and social interaction with both customers and co-workers), and qualities such as leadership, industriousness, perseverance, and a positive attitude towards authority.

Mohamed Branine (2008, p. 500) state that recruitment and selection process refers to the

process of searching for and obtaining potential job applicants from graduates in sufficient quantity and quality so that potential employers can select the most suitable candidates to fill in their job vacancies. Universally, there is no commonly accepted strategy or commonly agreed procedure of recruiting and selecting due to different recruiting needs and selection methods of employers. The differences and variations in recruiting and selection methods among employers are dependent on the operations, size and needs.

III. Objectives

1. To know which type of people like to be agent.
2. To identify the process of recruitment and selection of life insurance agent.

IV. Research Methodology

A descriptive research methodology has been adopted. This research was carried out in five life insurance companies as Life Insurance Corporation of India (public sector), Max Life Insurance, HDFC Standard Life, Aviva Life, and Birla Sun Life.

Primary data was collected through survey method by distributing questionnaire to agents. Questionnaire was carefully designed by taking into account the parameters of my study. Primary data was collected through survey method by distributing questionnaire to branch manager and other sales manager. Questionnaires were carefully designed by taking into account the parameters of study. Secondary data was collected from books, magazines, websites etc. A sample of 150 agents (30 from each life insurance company) through a designed questionnaire has been taken on the basis of convenience sampling.

V. Observations

A. Agent's Training / Qualification as per Insurance Regularity and Development Authority (IRDA)

The future success of life insurance professional depends, above all, upon the knowledge and integrity of the people who advise customers and the point of contact. At IRDA, the regulator's goal is to see that life insurers are increasingly able to attract, motivate and retain outstanding people, committed to adopting a 'needs-based' approach to financial advice.

Keeping the above in mind, IRDA conducted a thorough review of the existing life insurance agent licensing qualification. It was decided to utilize the expertise of Chartered Insurance Institute (CII), London in enhancing the existing IC33 "license to practice" the qualification for pre-recruitment examination for life insurance agents conducted by the Insurance Instituteof India (III). All the key stakeholders worked together to realize this goal. The revised IC33 syllabus has been uploaded on IRDA/III

website, which is available for free download. Training in revised syllabus started from 1st October, 2011.

B. Documents Required

1. Photograph.
2. Age proof (passport, birth certificate, college leaving certificate, driving license).
3. Address proof.
4. Educational proof.
5. Copy of PAN card duly singed cancelled cheque of self.
6. A candidate needs to bring a DD as per the rule of related company.

C. Skills Required for Agent

1. He should like to outgoing and meeting people.
2. He should be self motivated.
3. He should have convincing power.
4. He should be a good communicator.
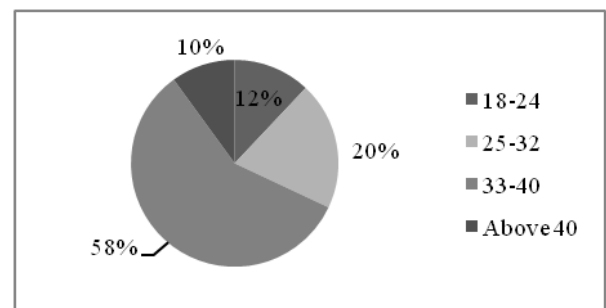
D. Excellent Opportunity for Agent

1. Flexible working time.
2. Anyone can join.
3. Zero investment.
4. Certificate by IRDA.
5. Attractive remuneration.

E. Data Analysis to understand which Type of People Like to be Agent

1. **Age Group**

Table: 1 (No=150)

Age Group	Life Insurance Corporation of India	Max Life Insurance	HDFC Standard Life	Aviva life	Birla Sun life.	Age Group	Life Insurance Corporation of India
18-24	3	6	3	6	0	18	12%
25-32	9	6	6	3	6	30	20%
33-40	12	12	18	21	24	87	58%
Above 40	6	6	3	0	0	15	10%
Total	30	30	30	30	30	150	

In a given sample number of agents in age group of 18-24 are 18 which is 12% of the total sample while in age group of 25-32 has 30 agents which is 20% of the total sample. In age group 33-40 has

87 which is the maximum number of agents in the given sample. Its percentage is 58%. The agents belong to age group above 40 are 15 and its percentage is 10%. In the chart maximum percentage is 8% while minimum percentage is 10%. It means majority of 33-40 age group people are life insurance agent.

2. Marital Status

Table: 2 (No=150)

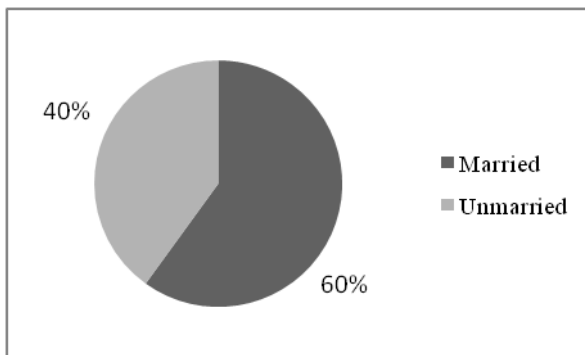| Marital Status	Life Insurance Corporation of India	Max Life Insurance	HDFC Standard Life	Aviva Life	Birla Sunlife	Total	Percentage
Married	21	24	15	18	12	90	60%
Unmarried	9	6	15	12	18	60	40%
Total	30	30	30	30	30	150	

Table 2 shows the marital status of life insurance agents. In a given sample of 150, 90 agents are married while 60 are unmarried. It can be derived from the above tabulation that 60% are married and 40% are unmarried in a given sample. Above chart

shows that in a given sample maximum agents are married which is 60% of the total sample while 40% are unmarried. It means majority of married people are life insurance agent.

3. Qualification

Table: 3 (No = 150)

Age Group	Life Insurance Corporation of India	Max life insurance	HDFC Standard Life	Aviva life	Birla Sun life.	Total	Percentage
Undergraduate	9	0	3	0	0	12	6%
Graduate	18	21	18	15	26	98	65.33%
Post-graduate	3	9	9	15	6	42	28%
Total	30	30	30	30	30	150	

Table 3 shows the qualification of the agents. In a given sample of 150 agents 12 are undergraduate which makes 6% of the total population while 98 are graduate. Graduate agents are 42 in the sample their percentage is 65.33%. The number of
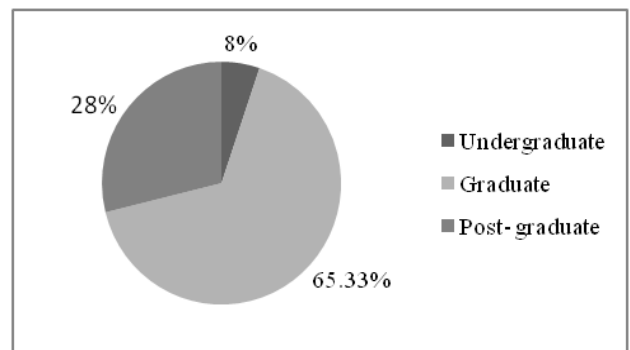
postgraduate agents is 42 and their percentage is 28% from the given sample.

The above chart shows that 65.33% is the maximum percentage in the given sample which is of graduate agents. The minimum percentage is 8% which is of post graduate agents. It means majority of graduate people are life insurance agent.

4. Main Occupation

Table: 4 (No=150)

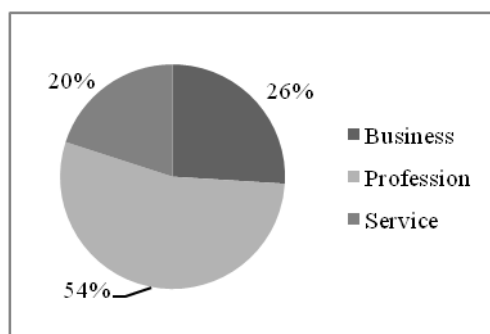| Occupation	Life Insurance Corporation of India	Max life insurance	HDFC Standard Life	Aviva life	Birla Sun Life	Total	Percentage
Business	9	3	12	6	9	39	26%
Profession (doctors and lawyers)	12	18	15	21	15	81	54%
Service	9	9	3	3	6	30	20%
Total	30	30	30	30	30	150	

Table 4 shows the main occupation of given agents in the sample. 39 agents belong to business and their percentage is 26%. 81 are from other professions (like doctors, lawyers) and this occupation shows the maximum percentage which is 54%. Number of service persons are 30 and their percentage is 20%.

Above chart shows the maximum percentage as 54% which are agents who are professional while minimum percentage of 20% of service. The middle percentage is 26% which is of business persons. It means majority of professional people are insurance agent.

5. Income Level

Table: 5 (No=150)

Annual Income	Life Insurance Corporation of India	Max Life Insurance	HDFC Standard Life	Aviva Life	Birla Sunlife	Total	Percentage
Less than 2 Lac	3	0	3	6	3	15	10%
Between 2 to 4 Lac	15	18	15	12	15	75	50%

Between 4 to 6 Lac	12	9	9	6	6	42	28%
Above 6 Lac	0	3	3	6	6	18	12%
Total	30	30	30	30	30	150	

between 2 to 4 lacs which is 50% of the total sample. This percentage is the maximum of the total sample. 42 agents lie between 4 to 6 lacs who are 28% of the total population and the agents whose income is above 6 lacs are 18 and whose percentage is 12. Above chart shows the maximum percentage of 50% and minimum percentage of 10%. It means majority of people having income level between 2 to 4 lacs are life insurance agent.
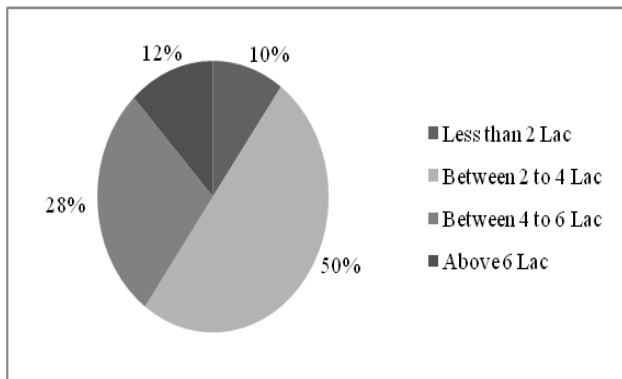
Table 5 shows the annual income of agents. In a given sample, agents whose annual income is less than 2 lacs are 15 which are 10% of the total sample while 75 are those whose income is

VI. Stepwise Recruitment and Selection Process of Life Insurance Companies

From the sample of 5 companies the surveyed data have been obtained. Four steps have been found for recruiting and selecting the agent which is shown under the following table.

Table: 6 Stepwise Recruitment &Selection Process from a sample of 5 Life Insurance Companies

Steps in Recruitment Process	Public sector	Private Sector			
	Life Insurance Corporation of India	Max Life Insurance	HDFC Standard Life	Aviva Life	Birla Sun Life
Step – I	Candidate contacts nearest Branch Office and meet the Development Officer there. The Branch Manager (I/C) will conduct an interview, and if found suitable	Screening Interview	Job analysis, recruitment planning and strategy development	Company has a numerical rating system, where all your attributes, be it your qualifications or experience, age or family background, all have predetermined points	Manpower requisition form with recruitment plan

				weightage. These points determine the basic eligibility of a candidate.	
Step –II	Candidate will be sent to training at divisional/agency training center.	Career seminar	Searching and screening	Once eligible, a screening interview is conducted, followed by a basic assessment test. Successful candidates make it to the final round of interviews	Budget and sourcing
Step –III	Training is for 100 hours and covers all aspects of Life Insurance Business. After successful completion of training candidate will have sit for pre-licensing examination conducted by IRDA.	Project evaluation and compensation review	Evaluation and control	Final selections depend upon your overall performance.	Selection process and joining
Step –IV	After successful completion of the examination candidate will be called for interview to know his/her strategy before strategy before starting business awarded a License by the IRDA to work as an insurance agent.	Career interview	Selection	-	Post Recruitment data updating

Source: As per surveyed information

VII. Model of Recruitment and Selection Process of Life Insurance Agent on Basis of Survey

Figure 1 shows a model of recruitment and selection process of life insurance agent. It starts from screening interview. Then after IRDA training is provided to the candidate then following the IRDA guidelines exam is conducted. If candidate is not able to pass the examination then exit process is adopted and if the candidate gets passed in the examination then he/she is sent for product training. In the product training candidate gets knowledge about traditional as well as ULIP products. Then again internal assessment is done of the candidate. If candidate fails in this assessment then exit process is adopted and if the candidate passes the internal examination then certification process is adopted.
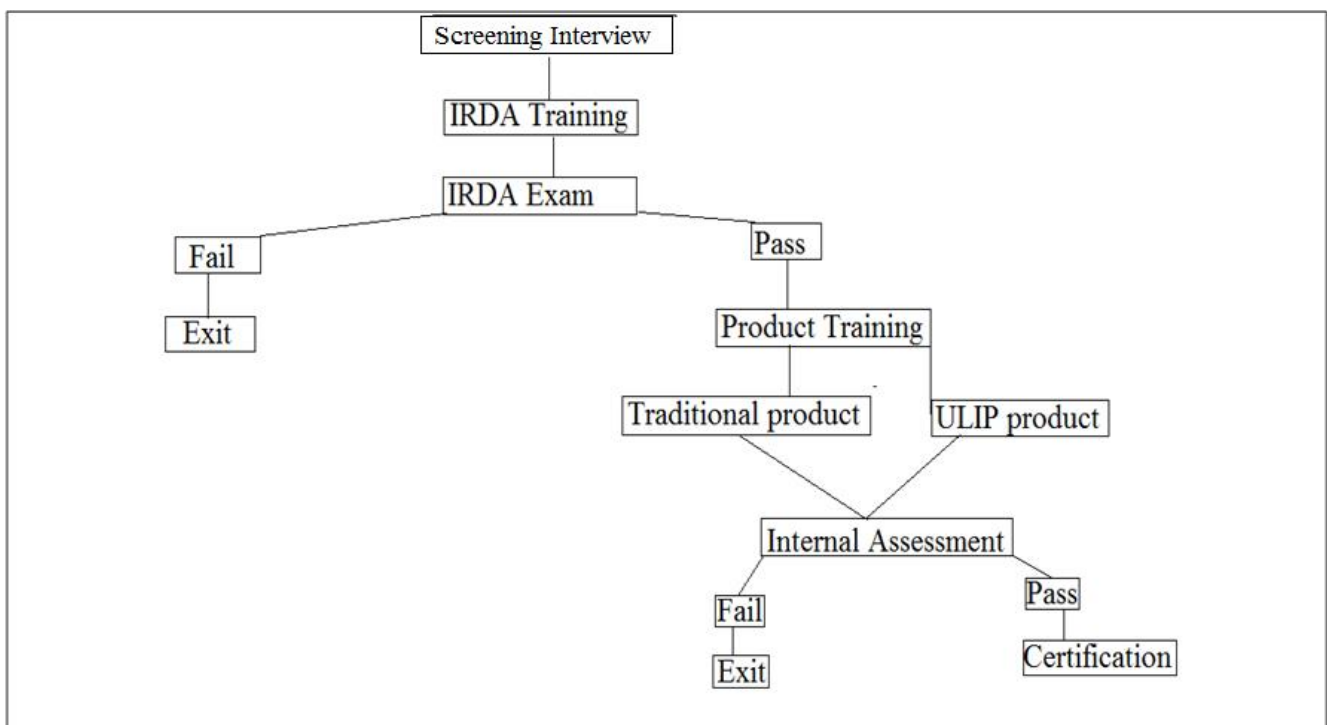

Figure: 1

Source: On the Basis of Surveyed Data

VIII. Finding and Conclusion

12th pass 18 years old people who are self-motivated, good communicator, having good convincing power and committed to adopt a 'needs-based' approach to financial advice are eligible to become a life insurance agent.

33-40 age group married professional having income level between 2-4 lac are interested to be

life insurance agent. This shows that professionals (i.e.: doctor, lawyer) of such age group having large circle as well as potential to do life insurance business.

After clearing screening interview candidate is sent for training then he sits for pre- licensing exam conducted by IRDA. Thereafter he is called for career interview and after that license is provided.

IX. Suggestions

1. Good training should be provided to life insurance agent for their product knowledge and skill development.
2. Free life cover should be given for every active agent.
3. Discount rate premium for its family member.
4. Make people understand about the meaning of the IRDA authorization and its validity.
5. There should be large pool of technically skilled manpower with a depth knowledge and understanding of market.
6. Life insurance companies should provide innovative products to cater different needs of different customers   so that agent can offer appropriate product as per the need of agent.

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