Foot Soldiers as Commanders for Tomorrow

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Tied-insurance agents are also known as Foot Soldiers in the parlance of the insurance industry. There is a reason to call them "Foot Soldiers". They are the insurance intermediaries who go to the doorsteps of people in the remotest areas. This distribution channel has played an important role over the years in taking insurance to all segments of the populace. Alternate channels of distribution are also doing a good job in marketing insurance extensively since this sector has been opened up to the private players as well. The private insurers are depending more on alternate channels. Even the public sector insurers have by now understood the several limitations of the tied-agency channel and are taking keen interest in adopting alternate channels of distribution. They realise that the tied-agents, on an average, are less productive than the other channels. Moreover, a large number of tied-agents are only class X/XII Std. pass outs, lacking the necessary communication and presentation skills and the necessary zeal and enthusiasm to make a career out of selling insurance.

Are the tied-agents becoming more and more irrelevant? Are 'Bancassurance', 'Brokers' and 'Direct Marketing' all set to outclass and out do the tied-agency channel? This paper is a humble attempt to understand whether the tied-agency channel system is really in a state beyond redemption. It also suggests a few measures that can be taken by the insurers to rejuvenate this once preferred channel of distribution. Although this paper restricts itself to the discussion on 'tied-insurance agents in the life insurance sector, its relevance to other sectors of the industry is equally important.

Can Bancassurance be a better Alternate Channel?

Bancassurance enables the insurers to access the vast customer base of the commercial banks. Products of a commercial bank are pull products. People have to visit commercial banks at regular intervals. Banks are aware of the degree of financial solvency of their customers. That puts the banks in a better position to market yet another type of financial product – which is insurance selling. Employees of commercial banks are, in general, more educated and can communicate with their customers in a better and more professional manner.

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Private insurers are really making good use of the Bancassurance channel, with the bank-promoted insurance companies sourcing most of their new business through this channel. In fact, 51.70% of the life insurance business of private insurers was brought via the Bancassurance channel in 2015-16, as mentioned in the IRDAI Annual Report. While the contribution of tied-agency channel was 31.90%, LIC got 96.50% of its business through its tied-agents.

In insurance industry, it is not enough only to sell insurance policies. If policies do not run for a sufficiently long duration, there is loss both to the insurer and to the insured. Moreover, if policies do not run for at least five years, there is hardly any contribution from that policy to the income of the insurer. Again, a discontinued/surrendered policy defeats the very purpose of taking out an insurance policy.

The persistency ratio of the private insurers who depend heavily on Bancassurance channel is really dismal, to say the least. While it is easier to get business through Bancassurance channel and it is relatively more cost-effective to use this channel than the tied-agency channel, the persistency ratio indicates that Bancassurance channel is not very beneficial for those who over-depend on this channel. Table 1, indicates that more than 60 to 80 % of policies fail to run for more than five years.

Table 1: 61-Month Persistency Ratios (in percentage terms) of Life Insurers as on 31.03.2016 (on the basis of Policies)

Name of Insurer	*Persistency Ratio*	*Name of Insurer*	*Persistency Ratio*
AEGON Religare	20.00	India First	37.30
Aviva	18.10	Kotak Mahindra	25.75
Bajaj Allianz	6.88	Max Life	23.00
Bharti Axa	33.30	PNB MetLife	14.00
Birla Sunlife	19.00	Reliance	6.42
Canara HSBC	36.96	Sahara	22.09
Exide Life	29.00	SBI Life	16.00
HDFC Standard	31.78	Star Union Dai-ichi	19.01
ICICI Prudential	16.70	Tata AIA	16.39

Source: IRDAI Handbook, 2014-15.

Many leading private insurers are in fact facing a tough time in keeping the insurance policies in force. True, many of the surrendered policies of the private insurers are Unit Linked policies. But, what is the merit in selling ULIPs that do not run even for five years? Can one get a reasonable return by keeping ULIPs in force for the short term only? LIC has a persistency ratio of 44% which is not significantly better than that of the private insurers. The full-time agents of LIC have reasonably good persistency ratios. It is the part-time and new agents who are doing badly because of lack of patience, experience and service-orientation. We shall discuss this aspect later in this paper.

What is the main reason of the low persistency ratio of the private insurers? One important reason is that they depend too much on the partnering banks. They have their foot soldiers in large numbers but depend more on Bancassurance partners for new business procuration. While it is convenient for them to persuade high-value bank customers to buy insurance products, selling them to a wide variety of other customers on a continuous basis requires a different kind of skillset. There are other serious problems and issues with commercial banks venturing into selling insurance products. These are mentioned below.

Firstly, most of the Indians prefer to get post-sales service from local insurance agents. Tied-agents are in an enviable position to provide all sorts of post-sales services that the customer may require, e.g. assignment of policies, changing of nomination, effecting change of address, raising of policy-based loan, alteration of policy conditions and settlement of all types of claims. Technology cannot always be a substitute for human intervention, which comes readily from the friendly agent in the neighborhood. Banks are not in a position to service policies properly. In the absence of agents, the policyholder may not feel interested to keep the policies in force for a long period of time. There are other players from the financial industry, e.g. Mutual Funds, Stock Brokers, etc., who are equally interested to compete for a portion of the investable surplus of the people. After a few years from the date of commencement of an insurance policy, the customer who purchased the policy from a bank is like an 'orphaned' customer. In the insurance industry, an orphaned customer is one whose agent has either been terminated or has left the industry or has passed away. Insurance is a very high personal-involvement oriented product. Someone has to keep the customer constantly convinced that he has taken a very prudent decision by insuring his or her own life and property.

Secondly, in our country, there is a lot of difference between the working style and culture of the banks and insurance companies. Insurance has always been a subject matter of solicitation. Considerable efforts are to be made before selling the right kind of product to the right customer. The customer hardly knows or takes the initiative to buy the right product. It is incumbent on the intermediary to engage the customer in financial thinking and planning process, leading to the selection of the right insurance product. Products of a commercial bank are purely pull-products. So, the employees of a bank find it difficult to sell something which is more of a push-product. Even if an insurance company is bank-promoted, this diffident difficulty will still persist. Bancassurance is not just selling insurance policies through banks. It is about changing the attitude of the bank employees. That is not likely to happen in India in the foreseeable future.

Thirdly, there can be a conflict of interest in bancassurance operations. Both endowment insurance and term deposits are similar to long-term savings/investment products, although the insurance element is absent in term deposits. Since, deposit mobilization is one of the core objectives/functions of commercial banks, the bank employees may prefer to suggest to a customer to opt for term deposits rather than purchase an endowment insurance policy. And this is really happening in bancassurance business in India. As a result, the customers are not able to decide on the type of insurance products they really require. Consequently, there is a lot of mis-selling of insurance products on the part of banks.

Insurance products are becoming increasingly more complex in content. There is a lot of complexity in the features of ULIPs, pension and health insurance products. There are also many options, riders and exclusions. Do the bank employees have enough time, patience and commitment to make the customers understand a product in its details? In life insurance for instance, the customers tend to procrastinate before taking the decision to buy. This causes frustration among bank employees, which in fact has the danger of creating spillover-effects on their regular banking business. Bank managements being aware of this, do not show too much enthusiasm in selling insurance products even if there is a tie-up with good insurers.

Lastly, and more importantly, the insurers have failed to insure significant numbers of Indians through bancassurance channel. The insurers, promoted by private commercial banks, have suffered a clear disadvantage because these banks too have not been able to make a deep dent into the vast rural areas. Similarly, insurers promoted by nationalized banks are not doing any better either. Since they are very busy with their own core operations they are giving insurance selling a low priority. Rural people need to understand a product very clearly before they can be persuaded to purchase it. It would therefore appear that banks are neither interested, nor have enough time, nor the stamina nor the adequate skill in selling insurance products to the rural prospective clients.

Direct Marketing

This is an alternate channel through which the insurers try to reach out to the prospective clients without making use of any intermediaries. So, direct marketing is a cost-effective channel. The insurers develop their own sales teams that solicit and close insurance sales. Direct marketing is developed as a separate department within a marketing organization. Sometimes, this department personnel use the existing customer database to meet the people and sell new products. Alternatively, they meet the prospective customers following the leads generated through their portals. LIC has a Lead Management System under which the leads are automatically passed on to the Direct Sales Executives/Advisors who stay near the residences of the prospective clients.

While it sounds easy to access the customers in a cost effective manner and get high value products purchased (yes, the ticket size under Direct Marketing is reported to be the highest among all channels), the question is, how many people in the market can be approached by the insurance employees on their own. It is not possible to reach out to people beyond the big cities. And again, who will provide post-sales services to these customers? Technology-enabled services are good and the new generation customers really look for that. But, insurance is a different kind of product and for people of all ages, GenY included. They are more impressed by the after-service assistance they receive from agents. That is why Direct Marketing can achieve only a limited success.

A channel works very efficiently only when the insurance employees can directly market the group insurance products to the corporate customers. It is also possible to give them tailor-made services. But, it is nearly impossible to provide that kind of services to the millions of individual customers. Thus, this channel too has its own constraints which are not readily removable.

Online Channels

An Online channel is in fact another variant of Direct Marketing. But, here the whole sales process takes place without any human intervention whatsoever. This channel is mainly for the exclusive use of the net-savvy customers. The premium is lower than the offline channels for obvious reasons. There is minimum of paperwork. The whole process is completed very quickly, which suits the temperament especially of the young customers.

Although a lot of people prefer to carry out financial transactions online, worldwide surveys on insurance industry have shown that online channels are not suitable for customer centricity. According to Capgemini World Insurance Report, 2015, tied- agency channel has provided two times more positive customer experience than digital channels. Customer experience with digital channels has declined everywhere in the world, be it the US or Europe or the Asia-Pacific region. The main reason is that the expectations of the customers have not been fulfilled only by online channels. Only agents have been able to provide most of the desired personalized services to the customers over a prolonged period of time.

There is one practical reason why the insurers use online channels, but with a lot of caution. Since it is not possible to see the customer personally on digital channels, the insurer is not able to assess and judge the 'quality' of the life insured properly. Since there is no financial plan drawn up for the customer by the representatives of the insurer, it is also difficult to ascertain whether the customer has chosen the right product. In many cases, the customer either tends to choose the wrong product or chooses a product without going through many of the important features of the product. Later, the customer finds that the product purchased by him is not acceptable or suitable and makes a request for surrendering the policy.

Finally, many Indians still do not have internet access even today. So, an insurer cannot depend too much on this channel for its growth. This channel can at best cater only to the needs of the urban, tech-savvy and financially literate segments of the market.

Which is the channel that can be trusted the most?

Let us begin this discussion by looking at the Crisil Assocham Insurance Report, 2015. Crisil has developed an index called Crisil Inclusix to measure the level of Financial Inclusion of a region. This report has shown, much to the satisfaction of the insurers, that the districts with higher Inclusix score are the regions with high agent penetration. Needless to say, low Inclusix score is associated with low agent penetration of that district. Agent penetration has been defined by the number of agent licenses issued by insurers 'per thousand' population of a district. The all-India average of the agent penetration is 3.15. But all the bottom 20 districts have agent penetration ratio below 0.8. That means, agents play a pivotal role not only in just selling insurance policies but also in spreading financial literacy in the market. Insurance agents tend to play the role of financial advisors, especially in the rural areas of the country. Crisil Report also shows that more than 55 crore of Indians do not generally get the services of a friendly insurance agent. Where agents are available in sufficient numbers, there would be some very good agents who would readily help the people achieve their financial goals.

The fact is that private insurers have failed to recruit agents in all parts of the country. In fact, they have not tried too hard to canvass business from the rural and semi-urban areas. LIC has recruited agents everywhere but has failed to stop the continuous attrition it faces. Private insurers have a different business model as has been mentioned already. But, in the absence of sufficient number of offices and active agents beyond the confines of big cities, they have found it difficult to grow geographically at a satisfactory rate.

Table 2 shows the number of offices that have been set up by the life insurers as on 31.03.2015. Metropolitan cities include Mumbai, Delhi, Kolkata, Chennai, Bengaluru and Hyderabad. “Urban” areas include A, B1 and B2 cities. “Others” include rural and semi-urban areas. Figures in bracket refer to the percentage to the total.

Table 2: Number of Offices Set Up by Insurers in Various Regions

Insurer	Metro Cities	Urban Areas	Other Areas	Total
AEGON Religare	29 (32%)	46 (51%)	16 (18%)	91
Aviva	16 (13%)	91 (75%)	14 (12%)	121
Bajaj Allianz	61 (8%)	110 (15%)	579 (77%)	750
Bharti Axa	20 (16%)	62 (50%)	51 (41%)	123
Birla Sun Life	54 (11%)	396 (78%)	57 (11%)	507
Canara HSBC	8 (27%)	18 (60%)	4 (13%)	30
DHFL Pramerica	7 (11%)	35 (53%)	24 (36%)	66
Edelweiss Tokyo	14 (23%)	34 (56%)	13 (21%)	61
Exide Life	28 (13%)	52 (25%)	131 (62%)	211
Future Generali	10 (10%)	45 (46%)	43 (44%)	98
HDFC Standard	45 (11%)	83 (20%)	286 (69%)	414
ICICI Prudential	50 (9%)	86 (16%)	409 (75%)	545
IDBI Federal	12 (18%)	32 (48%)	23 (34%)	67
India First	7 (15%)	36 (75%)	5 (10%)	48
Kotak Mahindra	40 (19%)	64 (30%)	108 (51%)	212
Max Life	50 (23%)	90 (42%)	75 (35%)	215
PNB Metlife	31 (20%)	53 (34%)	70 (45%)	154
Reliance	53 (6%)	128 (14%)	717 (80%)	898
Sahara	8 (6%)	36 (26%)	97 (69%)	141
SBI Life	84 (11%)	140 (19%)	526 (70%)	750
Shriram	39 (9%)	89 (21%)	301 (70%)	429
Star Union Dai ichi	7 (10%)	36 (52%)	26 (38%)	69
Tata AIA	32 (21%)	115 (74%)	9 (6%)	156
Private Total	705 (11%)	1867(30%)	3584(58%)	6156
LIC	378 (8%)	622 (13%)	3877(79%)	4877
Industry Total	1083(10%)	2489(23%)	7461(68%)	11033

Source: IRDAI Handbook, 2014-15.

According to the Census, 2011, more than 69% of the Indians live in rural areas. So, it can surely be assumed that more than 75% of Indians actually live in rural or semi-urban areas. If insurers do not reach out to these people, they are sure to lose great business opportunities. From Table 2, it is clear that LIC and the leading private insurers are aware of this possibility; hence, they have set up offices even in rural areas. LIC has 79% of its offices in rural/semi-urban areas. Leading private insurers, like SBI Life, ICICI Prudential, HDFC Life and Bajaj Allianz, have more than 70% of their offices in rural/semi-urban areas. Other private insurers are also setting up offices in rural/semi-urban areas in large numbers. These companies are in a perfect position to achieve great business success in rural areas with the help of rural agents. LIC has about 11 lakh tied-agents in its fold, and, 23 private insurers together possess almost an equal number of agents. What the latter need to do is to recruit more agents in rural and semi-urban areas and make their agents more productive. Because, as has been emphasized earlier, life insurance business can grow manifold in this land with the help of tied-agents, primarily. Alternate channels no doubt can also be used to access some niche segments of the market.

That the agents have not been well-trained and groomed as knowledgeable, dependable and full-time insurance consultants can be evidenced from the figures mentioned in Table 3. It is clear that a large majority of agents of all insurance companies are contributing very little to the overall growth of the insurance companies.

Table 3: Average Number of Policies Sold by tied-agents

Insurer	***2011-12***	***2012-13***	***2013-14***	***2014-15***
AEGON Religare	4	3	3	2
Aviva	3	3	2	1
Bajaj Allianz	3	3	2	2
Bharti Axa	4	3	2	2
Birla Sun Life	3	3	3	2
Canara HSBC	-	-	-	-
DHFL Pramerica	5	4	4	5
Edelweiss Tokyo	12	8	5	2
Exide Life	6	5	4	3
Future Generali	2	1	1	1
HDFC Standard	3	4	5	5
ICICI Prudential	2	2	1	1

Insurer	*2011-12*	*2012-13*	*2013-14*	*2014-15*
IDBI Federal	3	3	3	2
India First	5	7	3	2
Kotak Mahindra	3	2	2	2
Max Life	6	6	5	4
PNB Metlife	3	3	2	2
Reliance	4	3	3	3
Sahara	5	5	4	2
SBI Life	6	6	6	5
Shriram	5	5	4	4
Star Union Dai ichi	12	5	2	1
Tata AIA	2	3	3	2
Private Total	3	3	3	2
LIC	27	29	29	16
Industry Total	16	18	17	10

Source: IRDAI Handbook, 2014-15.

It is observed that the average number of policies sold by the tied-agents has declined for almost all the insurance companies, including the LIC. The private insurers are depending more on alternate channels like Bancassurance, Direct Marketing, Corporate Agents and brokers. Many of their agents are part-timers, their main occupation being significantly different from that of selling insurance policies. The main reason for the low performance of LIC, is the large-scale attrition of its agents (being mostly newcomers). It would appear that these agents were arbitrarily selected since they could not meet the Minimum Business Guarantee (MBG) on basis of either the Number of Policies (NOP) or the First Premium Income (FPI). The second reason is that many of the agents who did meet the MBG criteria succeeded only on the basis of FPI only. Now that the agents of LIC can avoid getting terminated by registering an only a few high premium policies, many of them are really trying out that route. Thus, the emphasis is *less* on insuring more people but *more on selling* high premiums policies. Such agents mostly target selling Single Premium policies. But, in the absence of a steady flow of renewal commission, many of the agents find it difficult to survive.

Let us now have a look at some more interesting figures. Table 4 provides the average new business premium brought in by tied-agents in 2014-15 along with the average ticket-size. Table 4 gives an idea about the potential of the tied-agents in taking the industry forward.

Table 4: Average New Business Premium Procured by Tied-Agents and Average Ticket Size of Policies in 2014-15

Insurer	*Average new business premium brought by an agent (Rs. lakhs)*	*Average ticket size (Rs.)*
AEGON Religare	0.70	39,035
Aviva	0.55	42,873
Bajaj Allianz	0.67	35,039
Bharti Axa	0.64	35,419
Birla Sun Life	0.60	28,402
Canara HSBC	-	-
DHFL Pramerica	1.36	29,843
Edelweiss Tokyo	0.72	33,225
Exide Life	1.41	41,668
Future Generali	0.26	26,902
HDFC Standard	0.90	17,368
ICICI Prudential	0.80	81,956
IDBI Federal	0.47	27,619
India First	0.26	13,542
Kotak Mahindra	0.56	33,420
Max Life	1.56	40,707
PNB Metlife	0.61	32,178
Reliance	0.71	24,672
Sahara	0.34	18,025
SBI Life	1.77	36,992
Shriram	1.33	32,397
Star Union Dai ichi	0.36	34,654
Tata AIA	0.46	29,838
Private Total	0.85	34,340
LIC	2.67	16,318
Industry Total	1.86	18,273

Source: IRDAI Handbook, 2014-15.

Table 4 shows that the average ticket size of policies sold by almost all the private insurers is more than that of LIC. In fact, the average ticket size of private insurers is double that of LIC. That means, the agents of private insurers are generally selling insurance to the people having much higher purchasing power. However, this strategy is not giving the desired results to the insurers. The average new business premium brought in by an LIC agent is more than that of any private insurer. To be precise, the average new business premium brought by an LIC agent is thrice as much as that brought in by a private insurer's agent. That means, although an LIC agent is selling life insurance to customers of varied financial means, s/he is ultimately able to sell more and earn more as a result. A natural corollary of this statistical fact is that it pays to be in service of customers of all varieties of financial profiles. Another corollary is that the private insurers are not taking good care of the tied-agency channel, although it can be extremely profitable for them. Many leading private insurers have their presence in the rural and semi-urban areas in terms of the number of offices opened. They need to use those offices to build their agency strength. After all, as indicated earlier, there is space and scope for tied-agents to grow and gain in all parts of the country.

Insurance business is a game of “volume”. For each product-line of a business, an insurer needs to sell a good volume (number) of policies. Larger the volume, closer will be the experience to the initial actuarial assumptions. Law of large number works better for the insurance industry. In order to manage their own risks, the insurers need to sell policies in all the geographical regions of the country. People have a lot of faith today in insurance. Public sector insurers have done a commendable job in popularizing insurance both in rural and urban areas. It is to be noted that even before the liberalization of the sector, insurance agents in general, and, life insurance agents in particular, had worked very hard, in making the Indian population aware of and understand the benefits of insurance. The job of the insurers is much easier now. They have in fact only to create a friendly, knowledgeable and dependable agency force capable of selling the right products and providing efficient post-sales services.

Expectations of New-Age Agents

There is a need to make the tied-agency channel much more productive. In order to achieve that objective, it is imperative to understand better the expectations of young agents currently joining the industry. Due to the deep demographic changes taking place in the country, the average age of the productive members of the society is well below 30, and, consequently, a lot of GenY agents are getting recruited into the industry. It would be interesting to gauge their expectations and estimate whether these yearnings can be fulfilled by the insurers.

The young agents display all the characteristics of the GenY entering the job market. Like all the other youth, the young agents of today like to achieve their wants yesterday! So, they are impatient and unwilling to slog hard for years to achieve success in the profession. They are members of the "see it, want it, have it" now generation. The insurers should understand their mindset.

The average intelligence of the new-age agents is much higher than that of their older counterparts. They are better educated and have a better competency to reach out to diverse market segments. So, they expect good trainers and inspiring mentors as well. They are happy when they get someone to present to them a step by step realistic program to achieve excellence. They are in fact eager to learn.

They do not just look for earning hefty commissions. They want to ensure enduring relationship with the insured. They feel delighted when they are appreciated and treated with respect. These agents do not want just transactional relationship with insurers, but to be considered as members of insurance family.

Another facilitating factor that the new agents look for is the good support servicing rendered by the operational units. If the after-sales servicing is prompt and technology-enabled, the job of the agents becomes much more rewarding. In fact, these agents are technology-savy and at ease using tablets and laptops and hence carry these gadgets to customers' places quite confidently.

Therefore, it is extremely important that the young agents are properly trained, equipped and mentored. They need hand-holding in the initial period of say six months. They have to be treated with respect and showered with appreciation because this generation feels demotivated if their self-esteem is hurt. They need to be gently told that insurance business is a people-oriented business and if they want to excel in the profession, they have to build strong relationship with their customers. They have to be made to understand that this is a noble profession and success has to be earned by long and painstaking service to the customers. The insurers on the other hand have to make their life easy by allowing them a lot of flexibility in doing their jobs.

It is also necessary to set realistic targets for them, and, adequately rewarded if targets are met successfully. They should also be offered incentives for maintaining better persistency ratio (say, 80% or above) and favorable (i. e. low, say below 5%) early claim ratio. In fact special competitions should be launched exclusively for them because they would find competing with the senior agents quite difficult initially.

How to make Tied-Agency Channel more Productive?

Many insurers ask: 'How viable will it really be to penetrate rural and semi-urban areas? Will it not be safer to concentrate more in the urban areas where people have enough investable surplus? Let us have a good look at a nation-wide survey titled "People Research on India's Consumer Economy", conducted by a non-profit research institution. Their 'ICE 360^0 Survey, 2014', on Indian

Consumer Behaviour should be an eye-opener for the entire insurance industry. Table 5 given below shows one of their findings on the investable surplus funds of Indian households at that time.

Table 5: Investable Surplus Funds of Indian Households in Various Segments

Clusters	Development Score	Proportion of Salaried People	Investable Surplus (Rs)
Metros	220	50%	94,972
Boom Towns	193	35%	63,784
Niche Cities	182	38%	37,763
Other Towns	168	29%	31,083
Urban Total	184	35%	49,896
Developed Rural	119	25%	54,283
Emerging Rural	71	13%	27,372
Underdeveloped Rural	36	9%	19,770
Rural Total	60	13%	27,633

Source: ICE 360^0 Survey, 2014 Report.

Table 5 shows that insurers could access valuable business from each of the socio-economic segments of the country. Based on 21 development indicators, the segments have been assigned Development Scores. The All-India Average Development Score is 100. Although, some sections of the rural India are not fully developed, yet they too have some investable funds. Even if we assume that it is possible to mobilize 20% of investable surplus of a household as life insurance premium, it is possible to sell regular premium insurance policies to them also. From the table, we also find that the developed rural areas have more investable surplus than many of the urban areas! The insurers therefore could canvas for good business in the rural areas with the help of tied-agents since rural people tend to have immense trust primarily in the local agents.

The foregoing discussion in this write-up has hopefully brought home the fact that the purchasing power of people is fast improving among all sections of the people and that the people look for agents who are knowledgeable and dependable. The insurers need to recruit the right kind of agents and in all the geographical locations of the country. They need to make the agents more knowledgeable and service oriented. This channel therefore needs to be revamped and equipped to meet the expectations and demands of the new-age customers in every region of the country.

Proper selection of agents is very important for the long-term success of the tied- agency channel. Who should recruit the right kind of agents? While the Development Officers or Agency Managers are supposed to recruit agents, in many cases they are not able to get agents with the right aptitudes. LIC has found an innovative way to select better agents for the organization. It has come to the conclusion that it is better to entrust the selection process to the 'accomplished agents' of the organization. An experienced and successful agent knows what it takes to be a good agent. They can identify the right individuals as agents and also be better mentors to them. LIC has been successful in getting efficient and able agents through their experienced senior agents. Moreover, these senior agents are given attractive allowances for grooming the new agents into quality-inspired salespersons. This scheme further encourages accomplished agents to be constantly on the lookout for new agents.

There is another way to get better quality people from the job market as tied-agents. The insurers can now offer to the new recruits some salary in addition to commission. The Insurance Amendment Bill has approved making such payments to the agents. The new agents require salary as a vital financial support in the initial phase of their career. An agent generally takes some time before beginning to earn well in this profession. The salary component of his compensation package acts as incentive and keeps him going even when the going seems to be pretty tough.

It is not enough to recruit the right individuals as agents. They have to be inducted, groomed and nurtured diligently from day one itself. Agents have to be given elaborate training on how to assess the insurance needs of the prospective clients; how to persuade them to select life insurance products, and guide them to achieve the financial goals of their life. This kind of in-depth training must be imparted before launching them into the vast insurance arena. The new agents must be given due respect and support at the servicing offices they are attached to. The new generation of workforce is more self-respecting than before.

The insurers must have long-range plans chalked out to develop their agents into successful professionals in insurance business. The agents should not be considered as ordinary foot soldiers trying to earn some commission income out of selling insurance policies. Agents have to be developed as Customer Relationship Executives as well. That is the way the top insurance companies of the world develop their tied-agency force. Let us take the case of AIA. They produce the largest number of MDRT agents in the world. How do they make that happen? They have a year-long program called “Premier Agency” strategy. Under this scheme, they aim at making a new recruit into an MDRT agent in course of time. They recruit people with no insurance experience and develop them through a well-structured program. Their main target is the new recruits below 35 years of age. They make their agents highly knowledgeable, technologically equipped and competent in maintaining good relationship with the clientele. No wonder, 30% of the MDRT agents of AIA are below 35 years of age.

The problem with the Indian insurers is that they are always saddled with the problems of achieving business targets. They advise and encourage the agents to focus on capturing higher premium clients only. While canvassing higher premium category clients is an important goal for earning better income, it is also important to maintain proper relationship with the clients and learn new skills continuously. The agents need to improve their communication and negotiation skills. Even a successful agent needs to learn on a continuous basis.

Training programs need to be customized for different types of agents. Rural agents need to acquire a skill-set quite different from the urban agents. Likewise, the lady agents or the middle-aged agents need to be trained differently. Japan has a large proportion of lady insurance agents. In India, successful lady agents are few in number. They can interact more freely with the lady clients. But, all agents need to be adept in using technology-enabled services. They should be able to interact with the underwriting and claims' section online through software packages. Agents also need to be groomed socially, equipped technically and supported morally these days. Their attitude, body language and level of confidence need to improve continuously. Each agent is important for the particular market segment he or she is assigned to.

Life Set Hai

Finally, insurance agency profession has to be projected like a noble as well as lucrative career. Youth should be encouraged to abandon the concept of 9 to 5 jobs and take up more creative and exciting careers like insurance policy selling. Today's youth want to work and earn on their own terms, and, insurance agency can really be a satisfying profession for many of them as this is a career in which one can set one's own pace of activities and earn an honorable income because more than 60% of the insurance market is still untapped in our country. But, it is also very important to enjoy the job of insuring the lives of the uninsured and the underinsured. Insurance selling should not be considered just as a mere means of livelihood or to supplement some income for the family. This profession enables the agent to bring to the doorsteps of the clients an important social service and be of service to the people. The onus is on the insurers to turn the good foot soldiers into accomplished commanders for tomorrow.

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