

Training and Private Life Insurance Company's in India

Dr. Rajib Dutta

Principal, Kingston School of Management & Science,
Barasat, Kolkata (West Bengal) India.

ABSTRACT

In today's scenario, insurance companies are seen to be moving from 'selling' insurance to 'marketing' an essential financial product. Hence, having a robust, well oiled & trained taskforce is paramount to the development, growth & spread of Life Insurance in India. There are currently 23 private players in the Indian Life Insurance Industry. This write-up is basis a close observatorial study on a few of these prominent private players and the training and enablement in these Private Life Insurance Companies (PLICs). While studying the Training Needs Identification, the one factor found standing out in each of these PLICs, has been their respective Cost-Benefit Analysis. While researching the various Training & Learning Models in vogue at most of these PLICs, specifically found the use of a) The Six Disciplines of Breakthrough Learning [Roy V. H. Pollock, Andy Jefferson & Calhoun W. Wick]; b) Four Levels of Training Evaluation [Donald L. Kirkpatrick, James D. & Wendy]; & c) Return on Investment (ROI) [J J Philips] in practically every case studied. Finally, the government's push towards 'Universal banking' has made most of the banks warm up to the 'fee based Income' avenue in a big way. No wonder if one looks up the list of Insurance Companies as existing today, 18 of the 23 Life Insurance companies have a Bank tie-up for distribution purposes, and this 'banc assurance' number is going to get prolonged further. The open question then is, Are the Private Life Insurance Companies (PLICs) manpower ready to bear the huge push towards Training & Development in these times of mass tie-ups in Bancassurance?

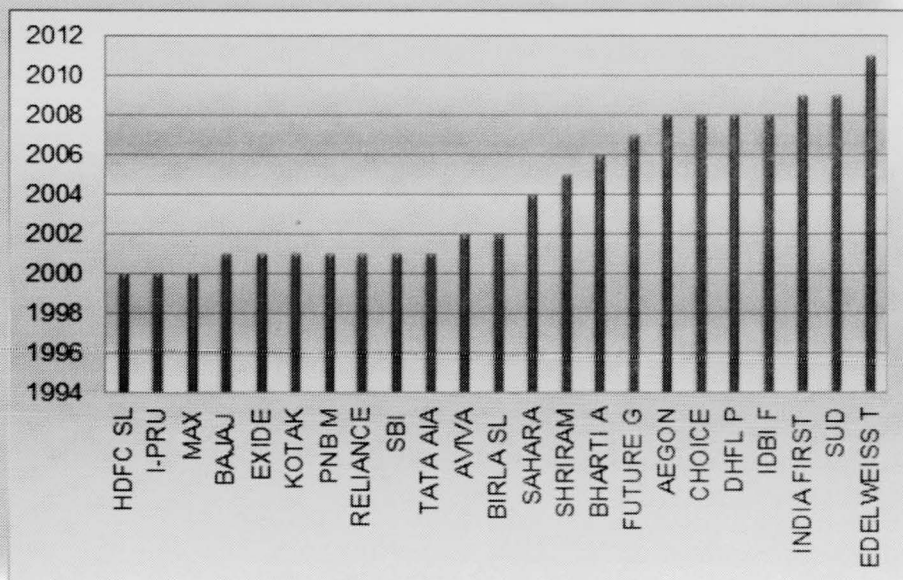
I INTRODUCTION

Insurance as a subject finds mention in the Seventh Schedule of the Constitution of India and is listed in the Union List. Having a robust, well oiled & trained taskforce is paramount to the development, growth & spread of Life Insurance in India. In today's scenario, insurance companies are seen to be moving from 'selling' insurance to 'marketing' an essential financial product. The distributors have to accordingly become trusted financial advisors for the clients and trusted business associates for the insurance companies. It is thus imperative for

organizations in this sector to continually train their work force and keep them updated with business-critical information.

II STATUS REVIEW

There are currently 23 private players in the Indian Life Insurance Industry. As mentioned in the Insurance Regulatory & Development Authority of India (IRDAI) website, the first licence was granted in 2000 with 2011 being the year since the last License approval was rolled out.



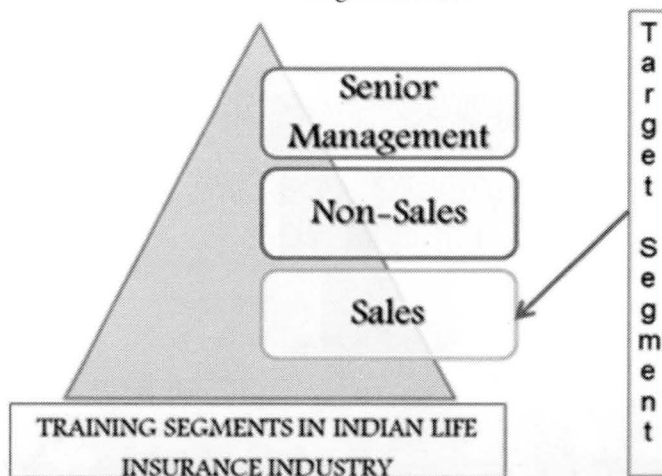
[Source: IRDAI Journal & website]

The current private players in the Indian Life Insurance Industry with year of incorporation.

All roads lead to 'Bancassurance' is what one would be led to believe while on the distribution strategy that exists in most of these Private Life Insurance Companies, today. According to a Credit Suisse report (released in June'17),

"The private sector has significantly regained lost market share."Bancassurance has now emerged as the primary distribution channel, with 53% share in FY16 from 21% in FY10 among private insurers."

While on the Sales Training aspect in these organisations, there is observed to exist distinct Target segments. Broadly speaking, the segments are the Sales Force, the Non-Sales Segment & the Senior Management team.



[Ideated from IRDA Journal Feb 2010]

ORGANIZATIONAL LEVEL/ DEPARTMENT	TRAINING MODULES ADMINISTERED
Sales staff/agents	Sales effectiveness , Product knowledge, Communication, Using IT, Problem solving
Non Sales staff	Business environment, Operational Policies, Product concept and design, Underwriting, Actuary, After-sales service, Compliance, Settlement process and fraud investigation
Senior Management	Solvency, Capital requirements, Corporate Governance, Regulatory/audit Compliance, Risk Management

[Source: http://www.irdaindia.org/journals-10/irda_feb10.pdf]

Also in most of/all the Private Life Insurance Companies, the Department of Sales Training reports into the Chief Distribution Officer/Head of Distribution & Sales/Director (Sales) – [Source : Market Intelligence].

Accordingly if one were to look into the Learning & Developmental aspects that go into the profile of a Sales Trainer in these organisations, more often or not it is basis 'Sales', despite the fact that the department is known as Sales Training.

What then makes a Sales Trainer in such organisations?

While researching with the Training fraternity attached to these PLICs, observe a detailed presence of the following -

III TRAINING AND DEVELOPMENT NEEDS IDENTIFICATION

The purpose of Training Needs is to bridge the gap between the participants - Desired capability and the Current level of capability..Keeping this in mind, we can understand it from fig 1

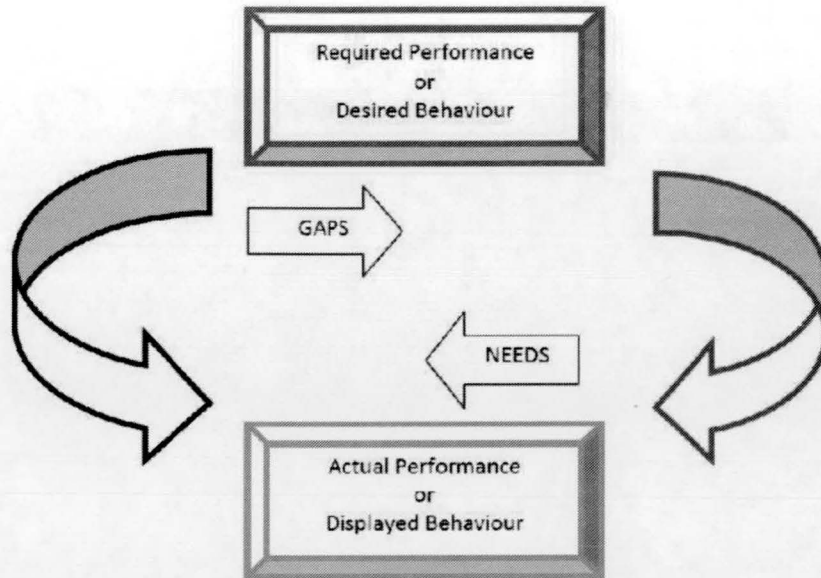


Fig. 1 Training needs identification

In majority of these Private Life Insurance Companies, Training Needs Identification is an actionable which is carried out, but more often than not falls short of short of getting implemented.

Having monitored and observed the Training Needs Identification being taken up, can safely put forward the steps being followed while Identifying the Developmental Training needs in such organisations as given in fig 2



Fig. 2- Development Training Needs

If one looks up the typical distribution verticals that exist in the Private Life Insurance Companies today, one comes across varied training needs that's typical to each one of them – be it the Tied-Agency Vertical, or the Corporate-Agency one, be it the Broker vertical or the Direct Sales Force be it the MLM/Mass Market or even the Bancassurance one.

training' remains a distinct measurable in terms of the 'impact' the training is seen to have generated..

While acknowledging the importance of Training, the CBA (Cost-Benefit Analysis) here certainly gains prominence amongst the vast multitude of beneficiaries when also measured in terms of the ROI (Return on Investment) the training generates.

IV COST-BENEFIT ANALYSIS

As we have already noted, in the 23 Indian PLICs (Private Life Insurance Companies), training is always a 'support' function. As such it is ordained to be a 'cost' centre than a 'revenue' one. Accordingly, the concept of 'profit(ability)' is practically non-existent here.. One the other hand, 'Evaluation of

Connecting with Sales Trainers in a few of these Private Life Insurance Companies, and also looking up the Benefit/Cost Ratio [BCR = (Total Monetary Value of Benefits) / (Cost of Training)] in J J Philips in his book – 'ROI in training & Performance Improvement Programs' enables us to draw up the following specifics when it comes to Training Costs & Returns as depicted at table 1

Table 1
Training Costs & Returns

Training Type	Relative Cost
On-the-job coaching and mentoring	₹
Self-directed study	₹
Video presentations	₹
Job shadowing	₹
Satellite distance learning (e-learning)	₹₹
Seminars	₹₹
One-to-one tutoring	₹₹
General Management Programs	₹₹₹
Group workshops (external)	₹₹₹
Consultant training (in-house)	₹₹-₹₹₹

Legend: ₹ - Least Expensive, ₹₹ - More Expensive, ₹₹₹ - Most Expensive

Not for nothing then, most of these organisations, push for On the Job Coaching & mentoring. Job shadowing with electronic Learning thrown in by a large measure when it comes to training & developing the front-line sales force.

V RESEARCH METHODOLOGY

The Research methodology followed here emanates from mixed sources. While substantial time has been devoted by the author personally in the field (as an observer and analyser) - the same can be anointed as the primary source of the submission here. There also have been concerted efforts in looking up the various company websites, connecting with relevant acquaintances', gathering feedback via market intelligence to come up with the secondary sources of submission.

As in all types of training, Sales Training is associated with Positivity – to bring about a positive change in behaviour. While rudimentarily, Sales Training in these PLICs delves into the realm of Knowledge, Skills, Attitude & Habit (famous as the KASH acronym), Sales Training also has many other facets like Behavioural Training, Skills Training, On the Job Coaching, Motivational Training and the like.

Going by all that one observes & gathers in such organisations, is the inherent 'training culture' that exists – holistically one can safely assume a lot of unstructured follow-ups & specific POS support becoming the typical order of the day in the life of a Sales Trainer, here..

If one were to lay-bare the factors specific & external to & Impacting a Trainers Performance in these PLICs, one can come up with these mentionable/s which play a pivotal role in the life of a Sales Trainer in such organisations, viz:-

- Overbearing of Sales
- Word of Mouth (WOM) rather than actual Feedback
- (Hint of) A culture of Favourite-ism
- Perception ruling supreme

Looking up the Training departments in these 'new-age' Private sector Life Companies today, one observes in all cases, Sales Training is but a Support function and hence subservient to front-line Sales. Also 'Sales' Training rather than 'Management Development' is the order of the day.

A Story typically heard from one of the Sales Trainers at one of the Private Life Insurance Company.

"At the start of a 'behavioural' workshop, I made a commitment to my audience – the Front-Line Sales (FLS) participants.

I said that at the end of the workshop, I would introduce them to a person who would help them bring about the change that they wanted to bring in themselves.

This created enough curiosity & all my participants waited anxiously for the workshop to get over so that they could meet this mysterious person.

True to my promise, at the end of my session, I informed the participants that the person I had spoken at the beginning of the workshop - earlier in the day, had indeed arrived and was waiting to meet each of the participants one by one in the adjacent room.

Rise in din & commotion ensued inside the training hall.

Before I let the participants go inside the adjacent room, one by one, I put down a simple condition for them to follow. I forbade them from talking to other participants and advised them to strictly maintain silence.

One by one each participant went inside the adjacent room and came back deep in thought.

When all had met the mysterious visitor & had come back to the Training Hall, I addressed all of them again with - 'Was the wait & visit worth it'?

There was a pin-drop silence in the room and everyone nodded in agreement.

So who was in the adjacent room?

A mirror.

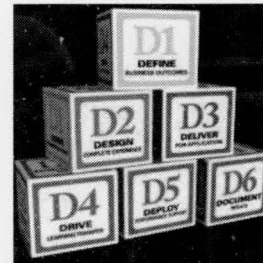
This made me conclude the session with these words - "Change, like contentment, comes from within. You cannot seek it without.

You are the catalyst of change - You cannot outsource it - You cannot wait for the spark to come from somewhere, someone or something - No one else can do it for you!"

VI RESULT & DISCUSSION






While researching the various Training & Learning Models in vogue at most of these PLICs, can specifically mention the following being in use:-

(a) The Six Disciplines of Breakthrough Learning
(given to the world by Roy V. H. Pollock, Andy Jefferson & Calhoun W. Wick)



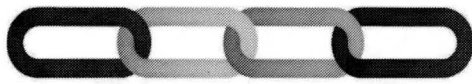
Exploring further, we also observe that D6 is the Discipline currently in vogue - Document the Impact from all training interventions - While Define, Design & Deliver form the back-end preparatory frame-work, Drive, Deploy & Document are the front-enders. Without an Impact, no training can be construed to have taken place in the first place!

Looking up, we have each of the Disciplines practical & enumerated as.

		
<ul style="list-style-type: none"> • Link program objectives to business needs • Describe what participants will do differently • Agree on definition of success 	<ul style="list-style-type: none"> • Include all four phases of learning • Plan and manage learning transfer process • Redefine finish line as on-the-job results 	<ul style="list-style-type: none"> • Make relevance and utility of content clear • Provide time for practice with feedback • Use methods that make learning memorable
		
<ul style="list-style-type: none"> • Recognize transfer as a critical part of the process • Treat learning objectives as business objectives • Put in place systems and processes to support transfer 	<ul style="list-style-type: none"> • Engage participants' managers • Provide job aids and performance support systems • Ensure availability of feedback and coaching 	<ul style="list-style-type: none"> • Measure what matters to sponsors (D1 outcomes) • Use insights to drive continuous improvement • Market the results to key stakeholders

(b) Kirkpatrick's Four Levels of Training

Evaluation [given to the world (and nurtured) by Donald L. Kirkpatrick, James D. & Wendy]



Level 1 Level 2 Level 3 Level 4
 Reaction Learning Behavior Results

While the above forms the base of any Training Delivery, these days increasingly (more so in these

PLICs), and categorically find the add-on concept of ROI being talked-up & measured. [Ref: Return on Investment in Training and Performance improvement Programs by Dr Jack J Philips]

(c) While on the Return on Investment (ROI) It is observed in some of these companies, ROI is determined through the twin factors of 'Investment made' (or cost incurred) and 'Value/Gain' (or return) accrued.

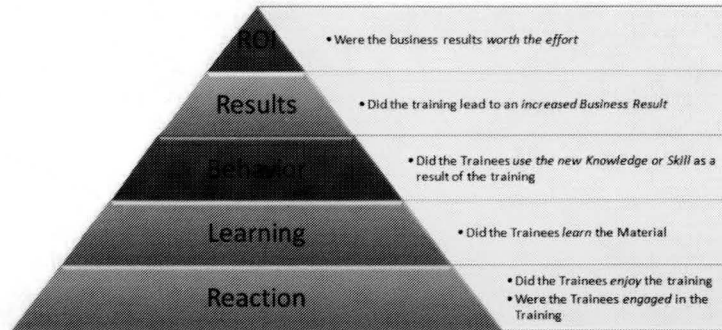


Fig.3 Kil patrik's 4 levels & J J Philips 5th level

In most organizations under review, keeping the SMART specifics in mind, we can note the observations (heavily leant on Kilpatrick's 4 levels & J J Philips 5th level) as..

- (i) Level 1: Reaction - is generally measured by taking feedback from the learners & participants. Every Trainer is observed to be maintaining a well-designed & complete Feedback Form which mandatorily forms part of every Instructor Led Delivery session.
- (ii) Level 2 : Learning – is measured through the Assessment Tests/Quiz/Evaluations carried out at the end of each Classroom Training which is to be mandatorily undertaken by every participant.
- (iii) Level 3 : Behavioural Change – is measured by the Trainers hand-holding, Demonstrating & Observing the trainees Real Time on field to follow it up with further one-o-one or related coaching towards enabling the desired change.
- (iv) Level 4 : Results (Business Impact) – is generally measured through improved TATs, faster closures, Improved Quality controls & checks , reduction in re-works and getting higher number of work assets first time right.
- (v) Level 5 : Return on Investment (ROI) – this being the most critical measure of training as observed in these Private Life Insurance Companies (PLICs), the measure generally coming from the calculation of business impact gains converted monetarily.

With the NITI Aayog coming of age and the various measures undertaken by the government for leap-frogging India to the premier countries of the world stage, the current buzz around the corridors of power at the North Block reverberate on the topic of 'Banks integration & merger'.

This indeed is bound to be a water-shed scenario for the Current Private Life Insurance Companies in India as well..

Only a couple of years back, the Insurance & Regulatory Authority of India (IRDAI) had opened up the LI industry into the concept of 'Open Architecture' where in each Insurance Company could have a distribution tie-up with more than One Life Insurer.

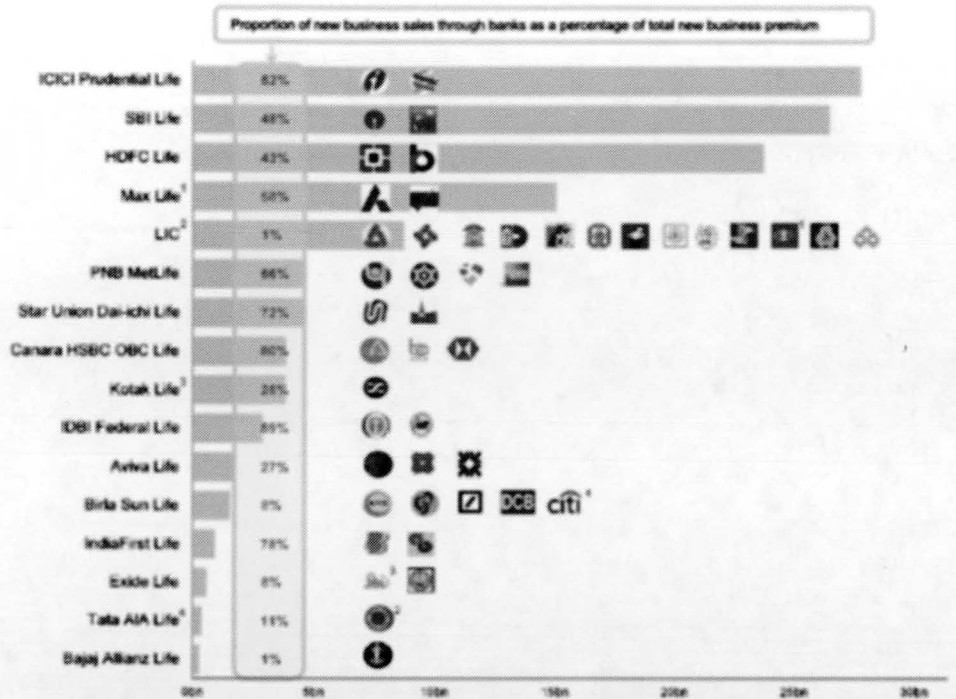
While Bancassurance (Selling of Insurance through the Banks) had its roots in France in 1980s and spread its wings across continental Europe fast & wide, it's really caught on in India since the last decade..

With the government's push towards 'Universal Banking' made most of the banks warm up to the 'fee based Income' avenue in a big way. No wonder if one looks up the list of Insurance Companies as existing today, 18 of the 23 Life Insurance companies have a Bank tie-up for distribution purposes, and the number is going to get prolonged further.

Re-produced at fig 4 is an excerpt from Towers Watson on New Business Volumes through Bancassurance. This succinctly corroborates what was mentioned in the study, earlier.

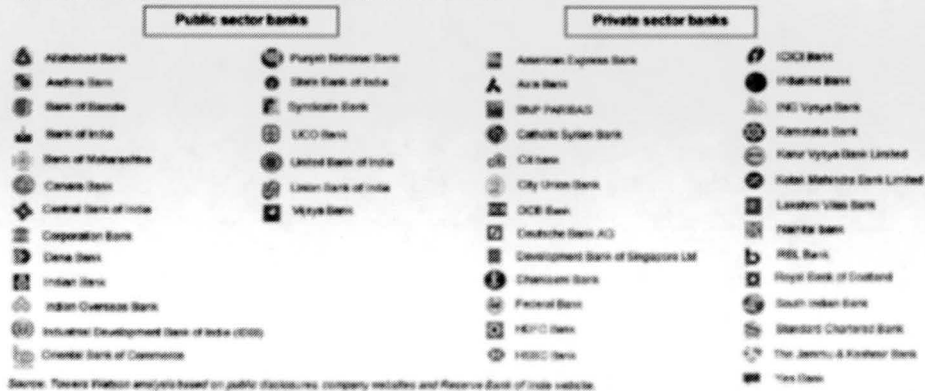
New business volumes through bancassurance

Total unweighted new business premium income (individual and group) through banks in FY2014-15



There were some changes in the distribution of sales during FY2014-15. Bank partners in the chart shown above are those that have been associated with the insurer for majority of the year. The changes are listed below:
 1. Max Life has tied up with Lakshmi Vilas Bank in fourth quarter of the FY2014-15. Prior to this, the bank had a tie up with LIC.
 2. United Bank of India has entered into a distribution tie-up with LIC during the year. The bank previously had a tie up with Tata AIA Life.
 3. Kotak Bank acquired RIG Vysya Bank in November 2014, following which the bancassurance partnership between Exide Life and RIG Vysya Bank has come to an end. The banking network of erstwhile RIG Vysya Bank will now be used for the sales of Kotak Life.
 4. Citibank has entered into a bancassurance tie-up with Tata AIA Life, as a result of regional tie-up between Citibank and AIA Group. Citibank earlier had a tie-up with Birla Sun Life.

Legend: Banks represented in the chart above are listed in alphabetical order below.



Source: Towers Watson analysis based on public disclosures, company websites and Reserve Bank of India website.

Fig. 4 – Expert from Towers Watson on New Business Volumes

Source: India Market – Life Insurance Update – June 2015 (Towers Watson)

VII CONCLUSION

The question emanating from all of the above discussion then is, Are the Private Life Insurance Companies (PLICs) manpower ready to bear the huge push towards Training & Development in these times of mass tie-ups in Bancassurance?

More pertinent from the point of view of Training, do these organisations have the wherewithal for producing & nurturing good enough trainers specific to drive the variant & divergent training needs of the

emerging channels?.. The answer may not be too far to seek.

During the good old days where the Insurance Industry was synonymous with the name of the behemoth-LIC (even today it still is!), Sales training meant to be deeply rooted into & following the adult learning principles with ‘Knowledge’ & ‘Skills’ holistically..

What we can learn from this paper, then is, while looking up the Public Sector Life Insurance Companies today, 'Knowledge' dissemination is but a very small part in the overall curriculum under Sales Training with Demonstration 'Skills' of the trainers coming distinctly to the core, not to forget the very heavy undertone of the participants 'Attitude' being thrown in by a good measure..

REFERENCES

- [1] Bancassurance in India - S. M. Padwal, R. K. Parchure, National Institute of Bank Management (India), National Insurance Academy (India), National Institute of Bank Management, 2000.
- [2] Training Needs Assessment – Methods, Tools and Techniques, Jean Barbazette, John Wiley & Sons, 2006.
- [3] Selling Life Insurance – The Practical Way – B Raman, Macmillan, 1st edition, 2009.
- [4] http://www.irdaindia.org/journals-10/irda_feb10.pdf (IRDA Journal, Feb 2010).
- [5] Return on Investment in Training and Performance improvement Programs: Dr Jack J Philips, Routledge, Taylor & Francis, 2011.
- [6] “All-round progress - Indian insurance Industry”, IRDAI Journal, June 2013.
- [7] Introduction to the Constitution of India – Dr Durga Das Basu, Lexis Nexis, 21st edition, 2013.
- [8] India Market – Life Insurance Update – June 2015 (Towers Watson).
- [9] A Saga of Bancassurance in India - V. Neelaveni, International Journal of Research in Finance and Marketing, Oct 2015.
- [10] The Six Disciplines of Breakthrough Learning : Roy V. H. Pollock, Andy Jefferson & Calhoun W. Wick, John Wiley & Sons, 2015.
- [11] “Role of Intermediaries in Insurance Industry – Key to servicing of customer”, IRDAI Journal, Feb 2016.
- [12] Kirkpatrick's Four Levels of Training Evaluation: Donald L. Kirkpatrick, James D & Wendy, American Society for Training & Development, 2016.
- [13] Credit Suisse India Life Insurance report. 2017.
- [14] “IRDAI looking at allowing PE firms to buy stakes in insurance companies” – The Hindu Business Line, Sep 22, 2017.