

## **Study on Training and Development in the Insurance Sector in India**

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## **Comments by Faculty**

The insurance sector in India has gone through a number of phases by allowing private companies to solicit insurance and also allowing foreign direct investment of up to 26% earlier and 49% from 2012. Insurance sector requires employees who have strong critical thinking skills, the ability to get the most out of people and the ability to rise where everybody is. Training and development is of paramount importance at this juncture. As any other industry in the growth phase, the insurance industry has the capacity to create a large number of job opportunities. Training requirements in the insurance sector vary according to levels in the organization. The most frequently delivered training modules in the industry are designed for sales managers and agents. These modules emphasize on sales effectiveness, product knowledge, sales communication and relevant technology. The ones for non-sales staff are typically technical in nature, while senior management is trained on regulatory and corporate governance aspects. The present study made an effort to analyse the training and development initiatives in the Indian insurance sector. Later, a detailed analysis was also done on the skill matrix adopted by IDBI Federal Life Insurance Company, as a specific case study.

While carrying on the study, the student had referred to a number of important conceptual aspects of training and development initiatives, with special reference to insurance sector. Based on the same, she made an attempt to design the survey and interpreted the findings. Overall, the present study provided her a great scope of learning, and implementing the same learning in real business scenario. Moreover, the student learnt how to interpret data and utilize the same to propose recommendations, keeping the organizational requirements in mind. The specific case study on IDBI Federal has been a great value addition to this study.

**Mousumi Sengupta**

## **Study on Training and Development in the Insurance Sector in India**

### **Introduction**

Insurance is a subject listed in the Union list in the Seventh Schedule to the Constitution of India. The insurance sector has gone through a number of phases by allowing private companies to solicit insurance and also allowing increased foreign direct investment from 26% to 49% in 2012. Indian Insurance sector was thrown open to competition in 2000 and has evolved since then; thanks to robust regulatory framework, positive business environment and economic growth. Government-owned Life Insurance Corporation (LIC) of India is the country's largest insurer, controlling approximately 65 per cent of the market. Life insurance penetration in India is about 4.4 per cent of the country's gross domestic product (GDP) in terms of total premiums underwritten annually, according to the Insurance Regulatory and Development Authority (IRDA).

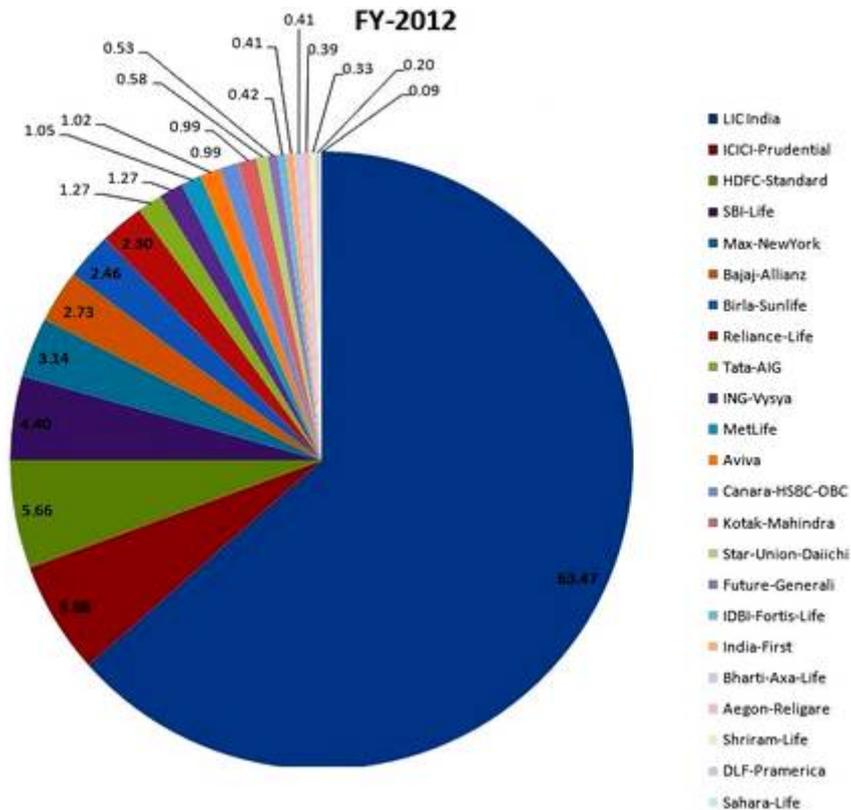
The penetration is quite less in India as against its peers and insurance sector requires employees who have strong critical thinking skills, the ability to get the most out of people and the ability to rise where everybody is. Hence, the Indian insurance market provides ample opportunities to domestic and international players to harness the profitable avenues in the same. (<http://www.ibef.org/industry/insurance-sector-india.aspx>)

Training and development is of paramount importance at this juncture. As any other industry in the growth phase, the insurance industry has the capacity to create a large number of job opportunities. Training requirements in the insurance industry vary according to levels in the organization. People in the insurance industry may be segmented into sales, non-sales and senior management/ board. Training programs may be designed accordingly.

The most frequently delivered training modules in the industry are designed for sales managers and agents. These modules emphasize on sales effectiveness, product knowledge, sales communication and relevant technology. The ones for non-sales staff are typically technical in nature, which senior management is trained on regulatory and corporate governance aspects. ([http://www.irdaindia.org/journals-10/irda\\_feb10.pdf](http://www.irdaindia.org/journals-10/irda_feb10.pdf))

## India Insurance Sector : Market Share of the Major Companies

Figure 1 shows the market share of top insurers in India in the period till April 2012:



**Figure 1 : Market share of the major companies in the insurance sector in India**  
 (<http://freepress.in/wp-content/uploads/2010/10/market share 2012.jpg>)

## Training Procedures Followed in the Insurance Sector

Training and development is the field which is concerned with organizational activity aimed at bettering the performance of individuals and groups in organizational settings. It has been known by several names, including human resource development, and learning and development. Training and development (T&D) encompasses three main activities: training, education, and development.

- **Training:** This activity is both focused upon, and evaluated against, the job that an individual currently holds.
- **Education:** This activity focuses upon the jobs that an individual may potentially hold in the future, and is evaluated against those jobs.

- **Development:** This activity focuses upon the activities that the organization employing the individual, or that the individual is part of, may partake in the future, and is almost impossible to evaluate.

Favourable economic climate and number of other factors such as, growing urbanization, increasing consumerism, rise in the standard of living, increase in financial services for people living in rural areas, etc has increased the demand for wide range of financial products that has led to mutually beneficial growth to the **insurance** sector and economic growth process. This was coincided by technology development in the insurance operations.

➤ **Types of training given in insurance sector include:**

- Skills training
- Refresher training
- Cross functional training
- Team training
- Orientation training

(Human Resources Management-Text and cases by V S P Rao, Excel Books.2010)

Figure 2 represents the various types of training modules administered across different levels in the insurance sector.

<b>Organizational Level / Department</b>	<b>Training Modules Administered</b>
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, Aftersales service, Compliance, Settlement process and fraud investigation
Board/ Senior Management	Solvency, Capital requirements, Corporate Governance, Regulatory / audit Compliance, Risk Management

**Figure 2 : Types of Training modules administered at various organizational levels in the insurance sector**

Source : [http://www.irdaindia.org/journals-10/irda\\_feb10.pdf](http://www.irdaindia.org/journals-10/irda_feb10.pdf)

## **Study on the Training Procedures Being Followed in the Insurance Sector in India**

The present study helped to investigate and analyse the current trends training and development initiatives adopted in the Insurance Companies. A sample size of 100 employees working in some of the well-known insurance companies was taken for the study. The major observations obtained from the study were as follows:

- ***Training is Conducted for All Levels of Employees***

Among 100 employees 45 employees strongly agreed, 40 employees agreed and 15 employees disagreed with the fact that the training is being conducted for all levels of employees in the organization.

- ***Frequency of the Training Programmes***

Among the 100 employees surveyed 7 respondents reported that training is being organized for them once in a year, 32 employees said training is being organized for them once in every half year, 48 employees said that training is organized for them once in every quarter and 13 employees said that training programmes are organized in their company once in every month. Thus we can say that the frequency of training programmes for the employees in the Insurance Companies is generally once in every quarter and once in every half year.

- ***Induction Training for the Newly Recruited Employees***

Among the 100 employees who were questioned in order to find out that whether Induction Training Programmes are being organized for the newly recruited employees ,82 employees agreed and 18 disagreed .Therefore it could be inferred that all the major Insurance Companies do organize Induction Training Programmes for the newly recruited employees.

- ***Training Methods Being Employed***

Among the 100 employees surveyed 58 employees said that their organization adopted On the Job Training methods, 33 employees said that their organization adopted Off the Job Training methods and 9 employees said that their organization adopted both On the Job as well as Off the Job Training Methods. Thus we can say that the Insurance Companies generally follow On the Job Training Methods.

- ***On the Job Training Methods Being Used***

Among the 58 employees;28 employees said that their organization makes use of Mentoring in order to provide training to the employees, 19 employees said that their organization used Coaching in order to provide training to the employees and 11 employees said that their organization used Job Instruction Training Method in order to provide training to the employees. Thus we can say that the Insurance companies generally followed Mentoring and Coaching methods in order to provide training to the employees.

- ***Off the Job Training Methods Being Used***

Among the 33 employees ;11 employees said that the organization makes use of Lecture Method in order to provide training to the employees, 15 employees said that their organization used Role Playing in order to provide training to the employees, 3 said their organization used Programmed Instruction Method and 4 employees said that their organization used Conferences and discussions in order to provide training to the employees. Thus we can say that the Insurance companies generally followed Role Playing and Lecture Method in order to provide training to the employees.

- ***Appointment of Trainer***

Among the 100 employees being surveyed;63 employees responded that the trainers for the training programme were being appointed by the organization from outside the organization. 37 employees said that the Senior employees acted as trainer for their subordinates in the organization.

- ***Do the Employees Attend the Training Programmes Being Organized for Them Regularly?***

76 respondents replied that they have regularly attended the training programmes being organized for them by their organization and 24 employees felt that they were irregular at the training programmes..

- ***Satisfaction of the Employees About the Trainers Being Selected***

77 employees were satisfied with the selection of the trainers in their organization and 23 employees were dissatisfied with the selection of the trainers in their organization.

- ***Areas Covered Mostly in Training***

41 employees said that their organization concentrated mostly in providing training in knowledge, 12 felt that their organization concentrates in providing training in techniques, 13 employees said that their organization provided training mainly in the area of Technical skills and 34 employees felt that their organization provided training mainly in the area of Social Skills. Thus we can say that Knowledge and Social Skills are the two areas in which the Insurance Companies provided training to the employees.

- ***Soft Skills Training***

87 employees said that their organization provided them Soft Skills training and 13 employees said that their organization did not provided them soft skills training. Thus we can say that the Insurance Companies did provide Soft Skills Training to their employees.

- ***Team Training***

63 employees said that their organization provided them Team Training whereas 37 employees said that their organization did not provided them Team Training. Thus we can

say that the Insurance Companies did provided training to their employees about various aspects of working in a team.

- ***Creativity Training***

29 employees said that their organization provided creativity training to their employees whereas 71 employees said that the organization did not provided creativity training to their employees. Thus we can say that the Insurance companies did provided Creativity training to the employees.

- ***Evaluation of Skills, Knowledge and Abilities Before Training***

79 employees said that their organization evaluated their skills, knowledge and abilities before conducting the training programmes whereas 21 employees said that their organization did not evaluated their skills, knowledge and abilities before conducting the training programmes. Thus we can say that the Insurance companies did evaluate the skills, knowledge and abilities of the employees before conducting the training programmes.

- ***Evaluation of Skills, Knowledge and Abilities During the Training***

31 employees said that their organization evaluated their skills, knowledge and abilities during the training programme whereas 69 employees said that the organization did not evaluated their skill, knowledge and abilities during the training programme. Thus we can say that the Insurance Companies did not evaluate the skills, knowledge and abilities of the employees during the training.

- ***Evaluation of Skills, Knowledge and Abilities After the Training***

58 employees said that their organization evaluated their skills, knowledge and abilities after the training programme is over whereas 42 employees said that the organization does not evaluated their skills, knowledge and abilities after the training programme. Thus we can say that the Insurance Companies did evaluate the skills, knowledge and abilities of the employees after the training programmes is over.

- ***Feedback Collected About Training from the Rmployees***

26 employees said that the organization collected feedback about the training programme and the trainer from the employees whereas 74 employees said that the organization did not collected feedback from the employees about the training programme and the trainer after the training programme was over. Thus we can say that the Insurance Companies do not collect the feedback from the employees about the training programme and the trainer after the training programme is over.

- ***Training Programme Helps in Career Development***

25 employees said that the training programmes being organized in their organization helped them in career development to a great extent, to 38 employees the training programmes being organized in their organization helped them in career development to

some extent, to 23 employees the training programmes being organized in their organization helped the employees in their career development to a very little extent and 14 employees said that the training programmes not at all helped the employees in career development.

- ***Training Provided Helps in Day to Day Job Responsibilities to the Employees***

41 employees said that they were able to employ the skills, knowledge and abilities learnt in the training programmes being organized by their organization to a great extent, 25 said that they were able to employ them to some extent, 27 employees said that they employed them very little and 7 employees said that they did not employed the skills, knowledge and abilities. Thus we can say that the employees working in the Insurance companies were able to use the skills, knowledge and abilities learnt in the training programmes being organized by their organization.

- ***Use of Latest Technology***

31 employees said that their organization made use of latest technology in the training programmes whereas 69 employees said that their organization did not make use of latest technology in the training programmes organized by their organization. Thus we can say that the Insurance Companies do not make use of latest technology in the training programmes.

- ***Employees Opinion About the Training Programme***

33 employees felt that the training programmes being organized by their organization were excellent, 25 felt it was good, 23 felt fair and 9 felt that the training programmes being organized by their organization were poor.

- ***Motivational Training***

87 employees said that the organization provided them motivational training whereas 13 employees said that their organization did not provided them motivational training. Thus we can say that the Insurance companies did provide Motivational training to the employees.

From the study we can interpret following about the training programmes in the Insurance Companies:

- Training is generally needed for all levels of employees in the insurance sector.
- Training programmes are organized usually once in quarter or once in every half year in the insurance companies based on their performance.
- Both on the Job training and off the job training methods are being employed in order to provide training to the employees.
- Coaching and Mentoring are the major On the Job training methods being used in the insurance Companies.

- Role Playing and Lecture Method are the major Off the Job training methods being used in the Insurance companies.
- Induction training for the newly recruited employees is a must for the Insurance Companies.
- The trainers for the training programmes are generally appointed by the company from outside.
- Employees being satisfied with the training programmes regularly attend the training.
- Knowledge and Social Skills are the areas where the employees are trained the most.
- Employees are given only soft skills and team training. However they are not given any creativity training.
- Evaluation of the Skills, Knowledge and Abilities of the employees is done before and after the training programmes but not during the training programmes.
- The companies do not collect proper feedback from the employees about the training programmes.
- The Insurance Companies do organize Motivational Training for the employees in order to improve their performance.
- The training organized in the Insurance companies do help the help the employees in their career development and in help them to improve in carrying out their day to day job responsibilities.

### **Training Needs Analysis at IDBI Federal Life Insurance Company Limited: A Case Study**

To implement effective training and development initiatives, IDBI Federal Life Insurance Company Limited adapts a tool named "Skill Matrix". The procedure to identify the training needs of the employees with the help of this matrix is as follows:

#### ***Step 1: Skill and Employee Listing***

Compilation and listing of the current soft skills and technical for all the employees while coordinating with the team leaders is first step. In this step the team leader/ managers were approached and the list of technical and soft skills used by the team was populated after brain storming with them. The member list (employee names) of the specific team is also updated during this step. This step also includes the deciding of the benchmarks to be set for each of the skills as per the difficulty level of the skill.

#### ***Step 2: Developing the Template***

After the lists have been created, the skill matrix template meant for rating is created.

### ***Step 3: Team Leader's/ Manager's Ratings***

Once the template is prepared, it is send first to the team leaders/managers via email, for their final approval and ratings. The team leaders/ managers give ratings to all the employees working in their team. Thus their perception of the employee skill levels is recorded for analysis.

### ***Step 4: Employees' Self-Rating***

After the team leader/ manager ratings are received, similar empty templates are sent to the team members via email for the *self-rating*. The employees rate themselves as per their perception of their skill levels

### ***Step 5: Conclusion and Manual Analysis***

After the manager ratings and the employee ratings are received, both these ratings are consolidated into one sheet such that each employee has two sets of ratings. After this is done, then the ratings are analyzed and colour coded according to the benchmarks fixed in Step-1. There are two major coding that is done:

- 1) All ratings below the bench mark are put in "Red" (Points of concern)
- 2) All expert ratings are put in "Green" (Potential in house trainers)

The benchmarks are put in "bright green" on top of each skills and the type of rating (team leader self rating, employee self-rating or team leader's rating for the employees) is put in "black" with the employee names.

### ***Step 6: Brainstorming for Discrepancies***

The analyzed colour coded sheets are then taken to the team leader/manager and a brainstorming round regarding the ratings and the discrepancies is carried out. Corrections in ratings or benchmarks if any are to be incorporated during this step.

### ***Step 7: Identifying the Final Need in Terms of Training Requirements.***

The final skill matrix is then ready with the training requirements shown in red and the potential trainers shown in green. The management can further use this tool to plan the trainings for the complete year.

***Skill matrix can be used to identify the training needs of the employees for behavioural, managerial, administrative , communication, motivational and interpersonal skills.***

After the final ratings are ready then the skills for which the employees need training are identified as follows:

1. The skills for which the employee has rating of > 3 will be coloured as green
2. The skills for which the employee has rating of < 3 will be coloured as red

3. A rating of 3 will be coloured purple
4. All the skills for which an employee has received a rating of 3 or greater than 3 are the skills for which the particular employee can act as a potential inhouse trainer for the other employees
5. All the skills for which an employee has received a rating of below 3 are the skills for which the employee needs training.

Therefore we can say that skill matrix can be used to determine the training needs of the employees as well as to find out the potential in house trainers.

### **Recommendations and Suggestions**

Following recommendations can be given from the study carried out on the training procedures being followed in the Insurance Sector:

1. Proper record of the training programmes should be maintained.
2. Creativity training should be introduced for the employees as it helps them to discover their talents.
3. Proper Motivational training should be organized. Motivational training thus forms an important aspect to enhance the performance of the employees in the Insurance sector.
4. Regular feedback should be collected from the employees about the training programmes and a proper record should be maintained. This is because the feedback serves as an important source to find out what are the flaws in the current training procedures and recording them would help to eliminate the same in the future.
5. The companies should try to employ potential in-house trainers as they understand employee needs in a much better way.

### **Conclusion**

In mature and increasingly regulated markets, performance directed training is gaining in prevalence . This is due to relatively higher job mobility being seen by the insurance industry in life, non-life and health sector in addition to Broking and Third Party administrators. The current need for specialisation in underwriting, policy writing, and claims management if addressed, will go a long way in enhancing competency development. Best practices are no longer a matter of professional practice, but of compliance as well. Training is a learning process that involves acquisition of knowledge, sharpening of skills concepts, rules, or changing of attitudes and behaviours to enhance the performance. The need of the hour is to enhance insurance literacy to empower consumers to make informed decisions based on available choices. Further ,insurance industry must evince a commitment to insurance education; to develop professionalism within insurance stakeholders who have a decisive role to play in ensuring the distribution of the fruits of insurance to every nook and corner of this vast country.

The training in insurance must embrace every aspect of the personnel elements that make up the industry including all ancillary services. Deciding about the programmes to address specific performance problems needs lots of input and involvement of various stake holders associated with it, to set the standards vis-a-vis performance levels that are measurable. The exercise may lead to several courses to be conducted in a programme, for specified duration to achieve the objectives. The exercise will also look into the content and delivery; and even where and when the programme is to be delivered. It will have tremendous impact, not only on the programmes and their participants, but also on the insurers, insurance industry, and the entire society.

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