

## Talent Management Challenges in Indian Insurance Industry

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**Abstract:** India is the second populous country of the world with numbers reaching 1.38 billion and providing the citizens with gainful employment or creating opportunities for self-employment is the prerogative of the government. Insurance industry not only provides for economic security of people and country, but also generates huge career opportunities for people. Insurance related education and skill building has not been adequately focussed in policy formulation and industry regulation. This short study looks into the current situation and opens up options for further detailed research studies and for immediate implementation of urgent steps by the governance machinery in the country.

**Key Words:** Insurance industry Talent Skills Shortage Policy Regulator Government

**Introduction:** A Nation's economic prosperity is a function of product of factors employed. Labour is one the factors, also vital one. Labour is determined by the skilled Human Capital available in the country and accessible to the industry. There are two sub functions involved in this. First is the creation of highly efficient and skilled force and second is making it available to the industry.

Insurance is a part of BFSI (Banking Financial Services & Insurance) block of the economy. Insurance is a highly scientific and technical domain, which has been seeing huge development in the knowledge base with changes in human civilisation. Hence talent management in this

industry needs to be a highly scientific and perpetual process. Indian industry has seen the effects of ad-hoc, stop-gap short term measures like hiring external consulting experts from abroad. Since India is now an integral part of global economy or global village, it is essential to absorb the needs and prepare for meeting challenges.

Insurance Industry is very important element in governance. By principle, the government has to take care of needs of its citizens, practice of this is next to impossibility in any country. Since it is essential to take care of the lesser privileged sections, government caters to this segment directly through its actions and motivates, encourages other sections to help themselves, assists in building necessary systemic infrastructure. Insurance falls under the second category and helps the government by reducing the strain on government funds on one side and by virtue of self-administered systems huge investments are generated internally in the country, which can be employed in governmental projects which ensures sovereign guarantee.

When the industry is of such importance, it becomes all the more imperative that there needs to be strategic policy decision of the government, which acts as a guiding principle in the economy. This policy should not only be concerned with creation of an efficient and self-updating skilled work-force and also should aim at deploying them efficiently.

In this short research paper, a quick analysis is done on the current situation in India, based on the published data related to industry, tries to identify possible solutions and makes recommendations to policy makers.

**Literature Review:** Not much research has happened in this segment and only available information are as below:

(A) India: Financial Sector Assessment Program—Detailed Assessments Report on IAIS Insurance Core Principles--IMF Country Report No. 13/265 - August 2013 -© 2013 International Monetary Fund-This paper on India was prepared

by a staff team of the International Monetary Fund as background documentation for the periodic consultation with the member country. It is based on the information available at the time it was completed on February 22, 2012. Two important segments of this report are used in the analysis in this article.

(B) Sustainable Employment Opportunities in Indian Insurance Industry: Prof.P Narasimha Murthy- Academia.edu. This detailed article discusses about the various career opportunities available in the Indian insurance industry and their sustainability.

(C) EMPLOYMENT (VISION 2020)- This is a vision statement of the Government in 2020

(D) National Classification of Occupations-2015: Contains List of Occupation codes in Indian economy published by the Central Government of India

(E) IRDAI Annual Reports: these reports will disclose the industry performance with respective statistics

### Research Design:

- Research Gap: None of the published studies identify the need for a strategic policy at National Government level for industry wise-talent management and the impact of such an absence on the industry

- Statement of Problem: Absence of a strategic Policy at government level has hindered the growth of talent required in the industry and denied employment opportunities to its citizens because of current practices

- Objectives of this study: Following are the objectives (i)Establish the need for a policy (ii) Assess the impact of the absence (iii)Make necessary recommendations

- Data Collection: This short empirical study is based on published secondary data from authentic sources, government agencies and regulators

- Statistical tools used: Percentages,

- Scope of the study: Is limited to talent management

in Indian insurance industry

- Limitations of the study: None

### Data Analysis and Interpretation:

- The arguments in the introduction part establish the importance of the insurance industry in the economy. It is a known fact that till the advent of Covid-19, India was a hub of economic growth and was aiming to become a \$ 5 trillion economy by 2024, out of this \$3 trillion (60%) to come from services sector.

- The vision document listed in literature review mentions the following:

- \* “7.32 % of the labour force, in the year 1999-2000, was unemployed. In absolute terms the number of unemployed stood at 26.58 million.” (Source: Page 1)

*Analysis: Data 20 years old and there were around 3 crores unemployed*

- \* “Only about 8 % of the total employment is in organized sector. More than 90 % are engaged in informal sector activities, which is, largely outside the reach of any social security benefits and also suffers from many handicaps in form of limited access to institutional facilities and other support facilities.” (Source Pages1-2)

*Analysis: Major concern area is this 90% in unorganised sector are exposed to high risks due to non-availability of social security covers.*

- \*“The educational and skill profile of the existing workforce is very poor.” (Source: Page 2)

*Analysis: there is chronic shortage of talent-base in the economy in general.*

- \*“Current State of Labour Force Skills: It is not easy to quantify the level of skills in the labour force because data on skill levels are not readily available.” (Source: page 5)

*Analysis: This is the status of the skills in economy, which confirms non-availability of industry related data. Whatever is available little also relates to year 2000 which is 20 years old and redundant.*

\* “The levels of vocational skills in the labour force in India compare poorly with the position in other countries.”

*Analysis: An observation on page 9 is a real eye-opener and emphasise the need for an urgent action.*

\*“... The system is also excessively oriented towards general academic education with little or no vocational orientation. The preference for general education is driven primarily by the perception that an academic degree is necessary to obtain a government job, which is highly valued because job security is virtually complete and pay scales are typically much above market wages. The net result is that the education system has neglected the need to provide vocational skills and to generate awareness and demand among students for acquiring, marketable skills.”

*Analysis: The statement brings out the shortcomings of current education system in the country. However, the New Education Policy 2020 is a ground breaker, when implemented would build a strong national talent base, but it would take a maximum period of 15 years, a complete education cycle in a human life.*

\*“Proportion Vocationally Trained among the youth in Labour Force- International Comparison..... Vocationally trained (percent of those in labour force) in India is 5.06%”

*Analysis: Though this data is related to NSSO report related to 1993-94, abysmally low. No latest data is available.*

\*IMF Country Report No. 13/265 of August 2013, titled “India: Financial Sector Assessment Program—Detailed Assessments Report on IAIS Insurance Core Principles” made a startling revelation as follows:

“12. The insurance sector employed 139,000 people in the life sector and 61,000 in the nonlife sector at the end of FY10/11. A little over half held some form of relevant vocational or academic qualification. Slightly less than 10 percent had formal insurance related credentials. At the time of the assessment, there were 415 individuals with actuarial qualifications (including 82 IAA accredited Fellows) and approximately 5,700 accountants active in the insurance industry. More

than 10,000 surveyors and loss adjusters are also employed in the sector. There is a need to increase the number of insurance professionals significantly due to rapid local growth. India is also a major supplier of skilled personnel to the emerging Middle Eastern markets.”

*Analysis: This study also reveals that there is huge shortage of highly skilled insurance professionals in a highly developing and crucial industry.*

*There is no follow-up study on this during the last 10 years, which indicates in itself, that skill analysis industry wise is a non-priority for the labour ministry as well as the education ministry, as there is no concrete action plan whose results can be seen in the industry’s performance.*

\*The annual reports of the Insurance industry as disclosed by Industry Regulator IRDAI don’t seem to have any published statistics on the skill levels of people in the industry nor any statistics based on various skill based professions in the insurance industry like Qualified Marketers, Risk Underwriters, Legal drafters of policies and clauses, Qualified Service Executives and qualified claims specialists, Investigators, Actuaries, Investment specialists, qualified Asset Managers is available anywhere.

*Analysis: This attitude of the regulator is really cause for concern even after IMF report in 2013.*

\*Indiscrete use of Artificial Intelligence & automation in Insurance sector

*Analysis: Because of reason of lack of availability of skilled professionals has resulted in number of jobs going down drastically, this in a country of 138 population seems a grave injustice to human beings. There are no regulatory/statutory barriers on this even. This has resulted in technical professions like Underwriting, Actuarial etc to lose their significance and consequent decrease in public confidence to go in for either qualifications related to industry or even seek options in industry.*

\*Regional disparity due to concentration in one or a few selected locations

*Analysis :Insurance industry is a barometer of*

*economic growth. Whole of the industry home offices are concentrated in the country's economic capital at Mumbai. An interesting fact is disclosed by the Insurance Vade-Mecum of 1955-56. Companies had their Ho's at places like Masulipatnam, Pune, Ahmedabad, Guwahati, Bangalore etc which would distribute industry emphasis across the country. This has denied access to right talent in non-metro.*

\*Indifference to industry related to occupations:  
*Analysis: National Classification of Occupations 2015 does not recognise occupations like Underwriter, Field Underwriter, Claims Analyst, Fraud Analyst, Claims investigators etc.*

\*Absence of a national policy on industry specific talent management  
*Analysis: Due to this cause industry growth also has not been significant in terms of premium growth, service quality enhancement etc*

**Conclusions:** From all the above it can be concluded that

- Industry supportive skills are not recognised Like: Marine Underwriting, Marine Claims, Motor Underwriting, Motor Claims, Fire Underwriting, Fire Claims, Liability Underwriting

- Indiscrete and Uncontrolled automation and use of AI techniques have been undermining and eroding specialised human skills involved in the industry.

- Undue concentration of industry in one location is contributing to ignoring talent from other states, especially in a large and diverse country like India.

Recommendations:

- SBU (Strategic Business Unit) model of administration adopted by Public Sector insurers be encouraged Across Industry

- National Classification of Occupations be revisited and updated with all occupations related to insurance industry so that harnessing adequate talent base becomes practicable

- "Jobs to hands" should be the policy of the government which will reduce indiscrete automation and AI and create jobs for human hands in the country. Talent upgradation will not only help the country, excess available resources can be shared with other developing countries.

- Every State be encouraged to have a Home Office of one insurer so that regional economic imbalances can be reduced and local talent be absorbed

- Periodic review of talent base and industry specific opportunities be the focus of Union HRD ministry and also that of industry regulator IRDAI

- Though the IMF report came out in 2013, no periodic follow-up seems to have taken place at policy making and at administration/regulatory levels.

### **Recommendations:**

- \* National Qualification/Occupation Registry needs to be updated with industry specific occupations/qualifications.

- \* A policy on restricting indiscrete automation be brought in

- \* Upskilling/Reskilling be encouraged to build the required talent pool.

- \* Each state be housed with an Insurance company to increase the opportunities in every state.

- \* Investments of insurance companies be deployed in states equitably to remove disparities, to facilitate regional growth.

- \* Adequate emphasis be on reducing unethical business practices, by publication of audit observations in the reports of the regulator.

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- \* 32\_bg2020.pdf (niti.gov.in)

- \* National classification of occupations \_vol i- 2015. pdf (ncs.gov.in)

- \* Annual Reports of the REgulator (irdai.gov.in)

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