



EMPLOYMENT OPPORTUNITIES IN INSURANCE SECTOR



Insurance Education Series

A Consumer Education Initiative by



भारतीय बीमा विनियामक और विकास प्राधिकरण

**INSURANCE REGULATORY AND
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Key learning objective

After reading this booklet, the reader will be able to understand the following:-

1. An overview of Insurance Sector
2. Professional requirements of insurance sector and
3. Employment opportunities in insurance sector

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FOREWORD

Choose a job you love, and you will never have to work a day in your life

- Confucius

India is a country with a large proportion of its population being young and employable. With the public sector ceasing to provide sufficient opportunities of employment, the educated have to invariably look for private sector employment for their sustenance and growth. With low levels of financial inclusion, financial sector offers immense scope and potential for expansion. Insurance penetration in particular is low in the country providing immense scope for expansion of insurance business. The large number of insurers in the private sector, intense competition and diverse kinds of intermediaries and specialists who have a role to play in the insurance business provide immense employment opportunities in insurance sector.

The sector is poised for an unprecedented growth in the coming years. Given the insurance training infrastructure in the form of Insurance Institute of India (III) offering various online courses, National Insurance Academy, Pune (NIA), Institute of Insurance and Risk Management (IIRM) and Institute of Actuaries of India (IAI) for specialized courses, several universities offering insurance as a subject of study and various training institutes for training insurance intermediaries; there is enough opportunity for the young to get qualified and employed in the insurance sector. Insurance Regulatory and Development Authority of India (IRDAI), being the regulator of insurance sector in the country, also provides career opportunities for experienced insurance professionals.

Through this book, we intend to throw light upon the various entities, distribution channels, intermediaries, consultants etc. in the insurance sector, various classes of professionals operating in the sector and the potential of growth and employment in the insurance sector. We hope this booklet can help the young educated people to choose insurance as a career option. I acknowledge the efforts of NIA for their contribution in bringing out this book.

We gladly welcome you to the world of insurance not only as insured but also as insurance service providers.

T.S. Vijayan
Chairman

EMPLOYMENT OPPORTUNITIES IN INSURANCE SECTOR

1) Introduction

India is a country of a large proportion of persons being in employable age. Adequate prospects for employment and consistent earnings help in sustenance and utilization of the potential of this work force for national growth. Challenges at work and incentives on meeting them provide the environment for job satisfaction obviating frequent change of job for better prospects. Financial sector provides ample employment opportunities because of low levels of financial inclusion and high potential for growth in the sector. Insurance, within the financial sector, plays a vibrant role in the economy and there are a variety of risks in day to day life requiring insurance protection.

In simple terms, insurance is a mechanism of sharing of losses of a few by many. Though the pooling mechanism exists in the society since ages in various forms, the modern form of insurance can be traced to Europe, starting with marine expeditions in pursuit of business. Subsequently, the concept extended to development of Life Insurance and other forms of property insurance. By the end of the 19th century, health insurance emerged as a means of health care financing and is considered as a means of social security protection both by employers and also by Governments in various countries including India. This diversity of various classes of insurance business requires human resources of different levels of education, technical know-how and expertise.

After the advent of financial sector reforms in 1990s, the insurance industry was opened for private participation and foreign equity in India in early 2000. Insurance Regulatory and Development Authority of India (IRDAI) is a statutory body formed in April, 2000 under an Act of Parliament by Government of India to protect the interests of the policyholders and to regulate, promote and ensure orderly growth of the insurance industry in India. At the time of opening up of the sector, there was only Life Insurance Corporation of India offering life insurance products; four subsidiary companies under the flagship of General Insurance Corporation of India were offering general insurance or non-life products; and ECGC was a specialized insurer. After allowing private sector companies into insurance sector, the industry has so far witnessed the entry of 23 new private companies in the life segment and 22 in the non-life segment. During this period, various insurance intermediaries viz. Third party administrators, Corporate agents, brokers, micro

insurance agents, web aggregators, insurance repositories etc., have been introduced into market for servicing the insurance sector. The sector has seen a high growth in the last decade, both in the Life and Non-life segments and is poised for growth to reach the untapped segments because of low insurance inclusion.

As such, insurance industry is poised to provide secure employment and job satisfaction for a large number of individuals with varying levels of educational qualifications, knowledge and skill sets. Thus, it provides an ideal platform for employment of the educated youth both in urban and rural areas.

2) ENTITIES PROVIDING EMPLOYMENT

Various entities under the insurance sector which offer employment opportunities are indicated below:

A. Insurers registered with IRDAI:

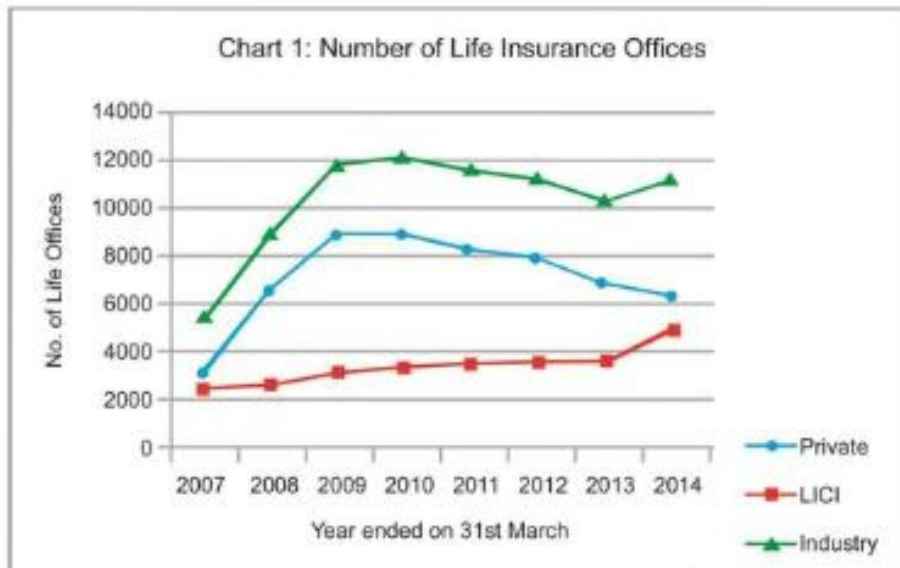
At the end of March 2014, there are 53 insurance companies operating in India of which 24 are in the life insurance business and 28 are in non-life insurance business and one company in reinsurance business.

1. **Life insurers:** From just one LIC of India in 2000, there are 24 insurers offering Life insurance in India in 2014.

Table 1		
	FY 2000-01	FY 2013-14
Number of Life Insurance Companies	5	24
Number of Individual Agents	1,15,709	2188500
Number of Branches	Approx 2,000	11,032
Funds under Management (In Rs. Crore)	142,910	19,57,466

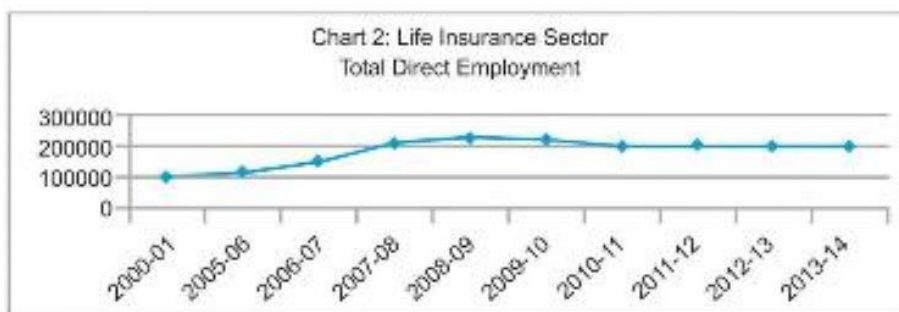
Source: IRDAI Annual Reports

Number of offices more than doubled in the last five years. Number of direct employees in Life Insurance industry (Source: LI Council) increased from 1,22,867 in 2000-2001 to 2,44,522 in 2013-14.

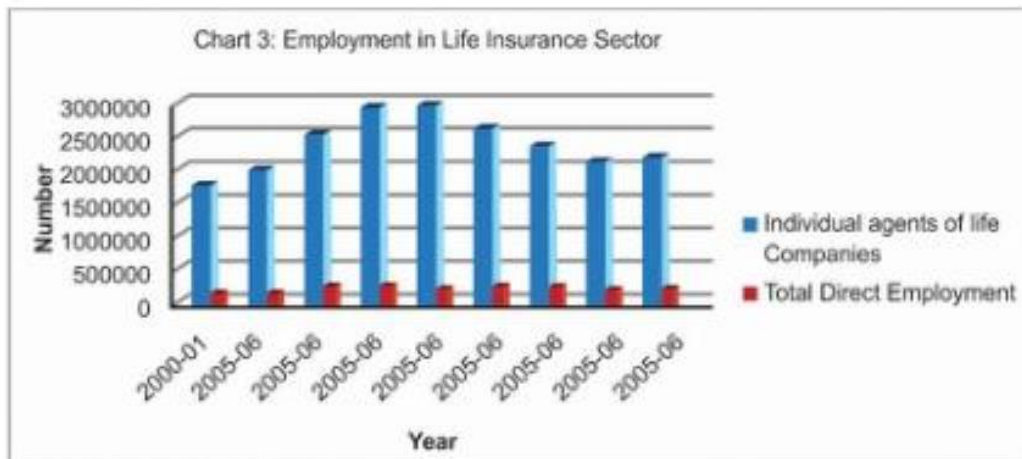


Source: IRDA Annual Reports

Source: IRDAI Annual Reports



The number of individual agents has increased to nearly 20 times the number in 2000-01. As on 31st March, 2014, there are 689 Corporate Agents working for life insurance industry. Life insurance industry recorded a premium income of Rs. 3, 14,283 crore during 2013-14 including renewal premium as well as new premium. The number of new individual policies issued in 2013-14 stood at 4.08 crore.



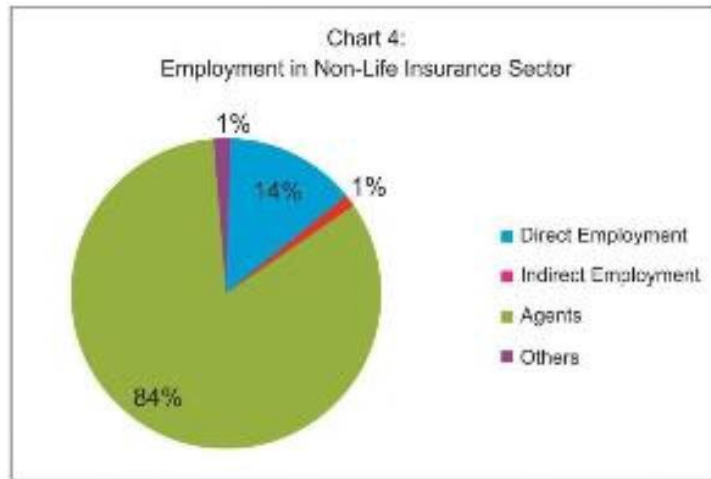
Source: Life Insurance Council

The potential is still high considering the fact that the extent of life insurance penetration is still low in the country.

2. **General insurers:** From just four general insurers in the year 2000, there are 28 general insurers operating in India in 2014. Among them, 5 are exclusively for Health Insurance, one is for Agriculture Insurance and one is for Export Credit insurance. Four public sector general insurers and 17 private general insurers are dealing in all types of Non-life insurance sales and servicing.

The number of employees in non-life industry increased from 77,030 in 2003-04 to 1,04,965 in 2013-14. There are a number of agents as well as intermediaries servicing the sector. As on 31.3.2014, there are 5,16,764 agents and 13,325 persons -working with various other intermediaries as well as insurance bodies.

(Source: GI Council).



Source: General Insurance Council

The number of offices in general insurance sector also increased to 9872 by 31st March, 2014 from 4573 in 2003-04. The non-life insurance industry had underwritten a total premium of Rs. 70610 crore in India for the year 2013-14. The number of policies issued stood at 10.25 crore policies in 2013-14 as against 4.77 crore in 2003-04. In spite of increase in the number of employees and in the number of insurance offices, the insurance penetration in the non-life sector is low indicating immense potential for insurance inclusion in the non-life sector as well.

Table - 2

	Non-Life Insurers - No. of Offices all over the country* - 2014						Total
	Tier I	Tier II	Tier III	Tier IV	Tier V	Tier VI	
	Public Sector	3747	1361	1257	1298	80	
Private Sector	1337	124	147	0	0	0	1608
Standalone Health Private	394	1	0	0	0	0	395
Specialised Insurers	82	1	0	0	0	0	83
Total	5560	1487	1404	1298	80	43	9872

* based on HRA classification of places by Government of India

Source: IRDA Annual Report

3. **National Reinsurer:** General Insurance Corporation of India (GIC Re), a wholly Government of India owned company, has also flourished since being notified as the Indian Reinsurer since 2000. To offer its international clientele an easy accessibility, efficient service and tailor made reinsurance solutions, GIC Re has opened liaison/representative/branch offices at a few places outside India. GIC Re provides Treaty and Facultative reinsurance business on risks emanating from the international market also based on merits of the business.

B. Other entities:

1. **Employees' State Insurance Corporation (ESIC)¹:** Employees' State Insurance is a multidimensional social security system tailored to provide socio-economic protection through cash benefits to worker population and their dependants covered under the scheme because of employment injury or occupational hazard. ESIC is expanding its network, thereby providing employment opportunities.
2. **Postal Department²:** It is engaged in Postal Life Insurance (PLI) and Post Parcel insurance offering scope for employing persons as agents.
3. **State Government Insurance Funds³:** In various States like Rajasthan, Gujarat, Maharashtra, Karnataka and Kerala, State Governments have set up State Insurance Funds for insuring properties and goods of State Governments. State Governments are also providing pension, provident fund, group insurance, etc. for secured living of their employees and members of public.
4. **Deposit Insurance and Credit Guarantee Corporation⁴:** A wholly owned subsidiary of RBI established under the Deposit Insurance and Credit Guarantee Corporation Act, 1961 is engaged in insurance of deposits of banks. It is neither regulated by IRDAI nor in competitive business with other insurers. This entity provides protection for bank deposits up to Rs. 1,00,000/- held with commercial banks, including public sector as well as private banks, Regional Rural banks, Co-operative banks and branches of foreign branches functioning in India.

¹ ESIC is governed by Employees' State Insurance Act, 1948 and does not come under purview of IRDAI

² Postal Life insurance was introduced on 1st February, 1884 for the benefit of postal employees which has been extended to others over period of time. This oldest life insurer comes under Directorate of PLI under the Department of Posts and has been assigned the task of offering life insurance by the Central Government.

³ These are exempted insurers, governed by Insurance Act, 1938 and relevant provisions of law

⁴ Controlled and Supervised by RBI

C. Licensed Distribution Channels :

1. **Bancassurance:** Banking sector serves as the most important corporate insurance agency for distribution of insurance products. They are in tie up with insurance companies for selling insurance using their own network. Banks provide immense opportunities of employment. In 2013-14, the banks contributed to nearly 15.62 per cent in life insurance new business.
2. **Corporate agents:** Corporate agents are engaged in the business of insurance distribution. As on 31st March 2014, there were 689 corporate agents (LIC 149; Others 540). Their market share in premium was less than 10%. Motor Dealers are also administering insurance policy sale, claim intimation and cashless settlement of claims at their end as Corporate Agents of insurers.
3. **Insurance brokers:** From 2002, broking companies are increasing in number and opening more offices and thereby employing more and more people to procure larger market share of insurance premium. There are 384 insurance brokers registered by IRDAI and the market share of premium sourced through brokers went upto 22% in 2012-13.
4. **Individual Agents (Advisors):** Insurance Agents have been working in insurance sector for decades. With licences from IRDAI, during the last 13 years, the number of agents in Life insurance increased enormously to 21.88 lakhs as on 31st March, 2014 in (11.96 lakhs of LIC and 9.92 lakhs for all other private insurers). Market share of premium in Non life brought by Individual Agents increased upto 35.3 % whereas in case of life insurance business; it is nearly 78.40 per cent of new business in case of life insurance business.
5. **Micro Agents:** The introduction of Micro Insurance Regulations in 2005 (under revision now) has brought in micro agents also into the insurance distribution scene. There are around 20000 micro insurance agents servicing insurance sector.
6. **RAP & VLE FOR RURAL AREAS** - Common Services Centres (CSC) under E-Governance Services India Limited has been granted license by IRDAI to market specific products through RAP (Rural Authorised Persons) or VLE (Village Level Entrepreneurs) to market insurance products. Under this system, there is a huge scope for employment to rural people.

7. **Referral Companies:** Though Referral companies are not into direct distribution business, referral companies offer their customer database to the insurance companies and the insurance companies in turn solicit insurance from those customers using their marketing teams.
8. **Web Aggregators:** Web Aggregators compile and provide information about insurance policies of various companies on a website. Web aggregators are licensed to provide information pertaining to insurance products, comparison of similar products offered by different insurers and have linkages to websites of various insurance companies from where customers can select and purchase policies on-line. The web-aggregators to whom licenses have been granted till date are:

Table 3				
List of Web Aggregators as on November 2014				
S. No.	Approval no.	Name of the Applicant	Web Address	Expiry Date
1	IRDA/WEB/AGG/MUM/001	iGear Financial Services Pvt. Ltd.	www.MyInsuranceClub.com	09.07.2015
2	IRDA/WEB/AGG/UP/002	Accurex Marketing and Consulting Pvt. Ltd.	www accuratquotes.in	30.07.2015
3	IRDA/WEB/AGG/ND/003	Great Indian Marketing & Consulting Services Pvt. Ltd.	www.insuringindia.com	27.09.2015
4	IRDA/WEB/AGG/MAH/004	Voila Consultancy Services India Private Limited	www.buysmartpolicy.com	22.11.2015
5	IRDA/WEB/AGG/BAN/005	eMudhra Consumer Services Ltd.	www.emudhrainsurance.com	Surrendered
6	IRDA/WEB/AGG/HYD/006	I Call Soft (P) Ltd.	www.sastapolicy.com	06.12.2015
7	IRDA/WEB/AGG/MUM/007	Policy Mantra Insutrade Pvt. Ltd.	www.policymantra.com	06.12.2015
8	IRDA/WEB/AGG/MUM/008	Deztination Insurance Solutions Pvt. Ltd.	www.policybachat.com	23-07-2016
9	IRDA/WEB/AGG/HR/009	Mangotree Solutions Pvt Ltd	www.quickbima.com	27.11.2016
10	IRDA/WBA11/12	Comet Insurance Web Aggreagtor Pvt Ltd.	www.insurax.in	15.06.2017
11	IRDA/WBA17/14	PolicyX.com Insurance Web Aggregator Pvt LTd	www.policyx.com	11.08.2017

9. Insurance Repositories have been introduced to hold insurance policies in electronic form. They handle insurance accounts of policy holders electronically all over India. List of Insurance Repositories till date are given below:

Table 4		
List of Insurance Repositories as on November 2014		
License Number	Name and Address of the Insurance Repository	License Valid Upto
1	M/s NSDL Database Management Limited 1st Floor, Times Tower, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013. Website: www.nir.ndml.in	31/07/2015
2	M/s Central Insurance Repository Limited, Phiroze Jeejeebhoy Towers, 17th Floor, Dalal Street, Mumbai - 400 001. Telephone: 022-2272 1383 Website: www.cirl.co.in	31/07/2015
3	M/s SHCIL Projects Limited SHCIL House P-51, TTC Industrial Area, MIDC, Mahape, Navi Mumbai - 400 710 Website: https://www.shcilir.com Email: irsupport@shcilprojects.com	31/07/2015
4	M/s Karvy Insurance Repository Limited 'Karvy House', 46, Avenue 4, Street No 1, Banjara Hills, Hyderabad - 500 034. Website: www.kinrep.com	31/07/2015
5	M/s CAMS Repository Services Limited, No. 158, Rayala Towers, 1st Floor, Anna Salai, Chennai - 600 002. Telephone: 044 3021 2997 Website: www.camsrepository.com	31/07/2015

D. THIRD PARTY ADMINISTRATORS: (TPAs):

Third Party Administrators opened up offices in 2001 as intermediaries for the provision of health services to insurance companies. There are 30 such TPAs working all over India providing identity cards for availing cashless facility, direct settlement of hospitalization bills of networked hospitals and scrutiny and reimbursement of claims relating to treatment at non-networked hospitals.

E. CONSULTANTS :

Specialists in respective areas are appointed as Consultants for managing the following:

1. Investments
2. Advertisements
3. Infrastructure
4. IT Solutions
5. Risk Management
6. Reinsurance
7. Actuarial Consultancies
8. Call Centres

F. REGULATOR:

1. **Insurance Regulatory and Development Authority of India (IRDAI)** with its Head Office at Hyderabad has opened its Regional Office at New Delhi and is in the process of opening office at Mumbai. With the expansion of insurance sector, it needs persons with technical expertise in various aspects of insurance.
2. **Self regulatory bodies / Professional organisations-**
 - a. Life and General Insurance Council
 - b. Indian Institute of Insurance Surveyors and Loss Assessors (IIISLA)
 - c. Institute of Actuaries of India (IAI)
 - d. Insurance Brokers Association of India (IBAI)
 - e. Insurance Information Bureau (IIB)

G. TRAINERS, EDUCATORS, EXECUTIVE COACHES:-

1. **Agents Training Institutes (ATIs)** to train prospective agents for licenses and for renewal of licenses are now 1611 all over India for offline class room training. There are 23 online ATIs also.
2. **Accredited Institutes** for Training of Brokers for fresh license and renewals
3. **Training Centres** for training fresh recruits and for conducting Management Development Training programs and mandatory pre-promotional training programs. For this purpose, PSUs have Corporate Training Institutes, Zonal and Regional Training Centres. These employ academicians, subject matter specialists and persons in support services like maintenance of hostel, catering etc.
4. **Examiners for assessing Insurance examinations**
 - i) Insurance Institute of India– (earlier called the Federation of Insurance Institutes) Formed in 1955 to promote the education and training in insurance and for advanced education in insurance. One can go for the International Certification in "Life & General Insurance". There is a provision for Insurance Agent's Examination under Digital Certification. There are many other professional examinations that are associated with insurance in India, viz.
 - a. Licentiate level examination
 - b. Associate level examination
 - c. Fellowship examination
 - d. Specialised Diplomas
 - e. Certificate in Insurance salesmanship
 - f. Examination for Agency licence is conducted by III.
 - ii) National Insurance Academy (NIA), Pune conducts examinations for brokers and Web Aggregators.
 - iii) Institute of Insurance and Risk Management (IIRM) promoted by IRDAI also offers various courses in insurance and risk management.

H. CLAIMS HANDLING AGENCIES

- i) **Surveyors / loss assessors:** The claim servicing is the moment of truth under insurance which the insurer has to oblige in terms of insurance contract.

Independent qualified professionals from diverse fields like Engineering, Agriculture, chartered accountancy etc., can enter this field as licensed surveyor and loss assessor for assessing the losses in case of general insurance claims and provide valuable service to general insurance companies and policyholders. They are experts in their field as well as in insurance.

- ii) **Investigators:** The services of investigators are used for investigation of genuineness and quantum of claims especially early claims, or claims which appear to be fraudulent. They are employed for claim assessment and settlement.
- iii) **Legal Officers / Lawyers / Advocates** – They are necessary for dealing with disputes relating to insurance
 - Customer complaints
 - Matters before Ombudsmen
 - Arbitration matters
 - Motor Third party claims in Motor Accident Claim Tribunals
 - Consumer cases in District, State and national level forums
 - Criminal cases
 - Cases before High Courts / Supreme Court

I. GRIEVANCE HANDLING

Grievances relating to insurance are required to be resolved and responded to. Grievance Redressal Officers are appointed for the purpose. Call centres are set up to answer queries, take policy servicing requests, receive, register and intimate status of complaints and clarify matters relating to insurance.

Insurance complaints can be taken up with IRDAI, Ombudsmen, Government portal (DARPG), Consumer Forums, etc., if unresolved.

J. OTHER SPECIALIZED AGENCIES:

Matters like Audit, Vigilance, Tax (including service tax), Labour and Industrial relations matters, advertising and marketing, computer solutions including hardware, software, database management and disaster management, overseas claims handling, reinsurance, Technological services, mobilization of equity or other forms of capital, Rating, Actuarial assessment, Official language implementation etc., require interaction with outside agencies and specialists

K. PROFESSIONALS ASSOCIATED WITH THE INSURANCE INDUSTRY

Actuaries: Insurance business is all about probabilities and assumptions on occurrence of peril insured against and adequacy of premium to cover losses. Actuaries are involved in the development of insurance products and their pricing. They also help in monitoring solvency and valuation of the liabilities.

Chartered Accountants and finance professionals: Insurance accounts and valuation of assets and liabilities to assess solvency on an ongoing basis underline the need for Chartered Accountants and other financial professionals in insurance companies. Maintenance of mandatory level of investments and spreading them as per policy requirements so as to ensure safety, liquidity and profitability is a challenge in insurance business making it an attractive profession for finance professionals.

Risk managers: Insurance is covering the financial risk of individuals and businesses. The risk managers are usually engineers who have in-depth knowledge of perception of magnitude of risk, safety, hazards and loss minimization in case of occurrence of an event resulting in a claim. This is a highly specialized field. While some big industrial houses are directly appointing Risk Managers on their rolls, others are seeking the services of independent specialist firms/ individuals to advise them on this very important aspect. Technocrats with experience have great opportunities in this specialised field.

Legal professionals: Insurance, being a contract between insured and insurer, interpretation of clauses, terms and conditions of coverage assumes a lot of significance in claim handling. Rejected or fraudulent claims often lead to litigation. Certificate of Compliance with regulatory requirements by a legal officer is essential before any new product is filed for regulatory approval. Thus, insurance industry has a large requirement of legal experts for the drafting and interpretation of policy conditions, dispute resolution and handling litigation emanating out of business especially claims.

Capital market professionals like bond traders, financial risk managers, traders, research professionals and business analysts play a key role in investment of policyholder funds so that they meet the requirements of safety, liquidity and return on investments to protect policy holders' funds and increase profitability within the regulatory framework.

Human Resource experts: The insurance companies have to be professionally run and the work force should be adequately trained, posted appropriately and kept motivated for continued performance. The large contingent of agents who are associated with insurers also pose a challenge from the HR front to ensure their training and to keep them motivated so as to prevent attrition. These requirements on an ongoing basis make the role of HR professionals important in insurance industry.

Marketing and Advertising specialists: Insurance is described generally as a product which is sold rather than purchased. This is largely because insurance is aimed at protection from risk and not necessarily for returns as in the case of saving or investment products. Marketing of insurance products, therefore, assumes great importance for greater expansion of insurance business. The increasing use of social media, internet and electronic media has brought in a quantum change in approaches to marketing which was largely through print media. Integrating the various marketing media for a successful marketing campaign requires advertising and marketing skills making insurance an attractive field for marketing and advertisement specialists.

Compliance Officials and company secretaries: Familiarity with the laws and regulations of the country and rules/guidelines prevailing specific to each kind of business which is insured makes insurance an attractive field for industry specific compliance experts.

I T professionals: Most of the operations of insurance companies are performed using computers and across networks, which are essential and integral to any forward looking and customer oriented business organization. Therefore, there is a continuing need for IT professionals even in insurance sector to have seamless flow of information through various operational systems in delivering efficient service to the customers.

Underwriters: Underwriters examine the proposal for insurance and assess the risk sought to be covered to decide whether to provide insurance or not and if so, the rate of providing insurance as per the underwriting policy of the company. Since it is one of the main functions of an insurance company, several persons are employed in underwriting business in insurance companies.

Medical Professionals: Of late, health insurance is emerging as the most important segment in insurance sector. Doctor plays a key role in medical underwriting of the proposal before accepting the proposal. Further, doctor plays a key role in verification of claim payments against the life and health insurance coverage. In health insurance, the most important intermediary is "TPA" or Third Party Administrator who is engaged by the insurer for a fee or remuneration to act as a service provider to the insured on behalf of insurance company. According to IRDAI (TPA) Regulations, 2001, at least one of the directors of the TPA shall be a qualified medical doctor registered with the Medical Council of India. Medical professionals have good opportunities in insurance as well.

There are Cost Containment Specialists as well as Loss Control Specialists who help the insurers by suggesting measures for loss prevention, minimization of the costs and risk management.

3. SPREAD OF INSURANCE OFFICES

Territorial spread and coverage of insurance offices in India is very good. Both LIC and private life insurers together covered 94.37 per cent of all districts in the country. Out of 640 districts, only 36 districts are not covered (LIC covers 597 districts and private insurers cover 560 districts). In case of non-life insurance, out of 640 districts, PSUs cover 601 districts and private insurers cover 286 districts. When compared to life insurance, there are 39 districts which do not have any non-life insurance office.

The distribution of offices indicates spread of large proportion of offices in non- metro and non-urban areas in tier II, III & IV cities as well as towns making it a good employment opportunity for educated youth in rural areas.

a) OUTSOURCING:

The insurance industry also outsources a number of functions such as enquiries, grievances etc. to call centres which provide a number of employment opportunities to the young generation.

Inward Outsourcing to India:

India is becoming an insurance hub of the world. Giant insurance companies from across the globe are outsourcing core insurance functions to India. IT –

Infrastructure in the country and new generation Indian talent are attracting world insurance business for core functions and for cost effective solutions. Indian software companies are leading in this race. Even BPO in insurance sector is growing very fast. From USA and Europe, a wide variety of jobs are being outsourced to Indian companies.

All this requires technical and domain skill sets relating to insurance. Thus, IT, IT Enabled services (ITES) and BPO business in Insurance Sector from outside India is expected to rise in future.

b) BACK OFFICE PERSONNEL

The back office of an insurer requires efficient man power for procuring business, servicing and retention of customers which includes activities such as:

- Risk assessment and underwriting
- Policy preparation and delivery
- Maintenance of records and depository
- Customer tracking
- Delivery of updates
- Investment and returns tracking and monitoring
- Risk monitoring and retrieval systems
- Grievance redressal
- Assessment of losses and claims payment
- Valuation and matching risks and portfolio
- Information dissemination for customers and prospective customers
- Compliance with the laws and regulations
- Governance structures
- H R and administration
- Employee services and office services
- Evaluation of personnel

- Secretarial services
- Training of personnel
- Research related to markets and trends
- I T systems support
- Accounting and audit
- Finance and investment accounting
- Budgets and other control structures
- Third party services monitoring
- Monitoring service standards
- Marketing tracking and inputs for increasing customer base
- Support for marketing personnel

Insurance sector, being a highly competitive segment in the financial services space, will have a large requirement of smart, committed, well-informed and dedicated front end personnel to not only procure business but also to retain business by taking care of servicing needs of customers and their changing requirements. In addition to the professionals in various areas for back office support, the requirements for personnel in the front end in insurance sector will also increase.

4. INDUSTRY OVERVIEW

Insurance industry in India has now been through a cycle involving high growth and moderation. The next wave of growth will be of a different nature and complexity, led by players who change the market dynamics through innovation. With a decade of experience and learning about customer behavior and business economics, Indian insurers are well-placed to select and diffuse innovative ideas. However, this would require that insurers bring about fundamental difference in mindset on how they perceive the role of innovation in achieving profitable growth. The insurers will need to align the people strategies to create a culture of generating new ideas and implementing those using optimal resources.

Table 5			
Global scenario			
Region wise Life and Non-Life Insurance Premium - 2014			
(Premium in USD Billions)			
Region/Country	Life	Non-Life	Total
Advanced economies	2200.25	1653.02	3853.27
	(57.1)	(42.9)	(100)
Emerging markets	407.84	379.83	787.67
	(51.8)	(48.2)	(100)
Asia	898.41	380.37	1278.78
	(70.3)	(29.7)	(100)
India	52.17	13.40	65.58
	(79.6)	(20.4)	(100)
World	2608.09	2032.85	4640.94
	(56.2)	(43.2)	(100)

Source: Swiss Re, Sigma 3/2014.(IRDAI Annual Report)

Figures in brackets indicate share of the segment in per cent.

In the last few years, growth was the primary agenda across competition segments including public sector and private sector life and general insurance players. Changes in the external environment would continue to present growth opportunities and insurance companies would be better equipped to exploit them based on market insights and internal capabilities developed over the period of time. In order to deliver on the shareholders' expectations, the companies will be driven to strike a balance between growth, profitability and risk as they go forward.

5. Indian Insurance Market -Forecast

According to a report published by CII⁵, in India, the coming years will see an unprecedented financial market surge. Even under a pessimistic scenario, the insurance market is likely to see annual growth rates in excess of 10%. In the high growth case, the overall insurance market could grow up to twenty times to be worth over Rs. 82,52,458.5 crore by 2030. India shows the potential for the largest growth; 2020-30 could see the most dramatic increases in demand

⁵ Source: Swiss Re, Sigma No. 3/2014. Data is in USD

for financial services, implying that the general insurance market might be worth between Rs. 7,60,949 crore and Rs. 21,55,260 crore by 2030. Including the life market, total premiums could rise over \$ trillion⁶ i.e. Rs. 63, 48,745 crore (over 8% of GDP) by 2030.

	2010	2020			2030		
		Conse nsus	high	low	Conse nsus	high	low
Premiums per capita (\$US)	46.5	146	185	128	537	896	371
Market size (\$US bn.)	56.7	202	256	176	809	1,350	559
Market size (% of GDP)	4.2	5.0	5.3	4.9	7.1	8.3	6.4

Source: CII – The Southern surge

The measure of insurance penetration and density reflects the level of development of insurance sector in a country. While insurance penetration is measured as the percentage of insurance premium to GDP, insurance density is calculated as the ratio of premium to population (per capita premium). According to data published by Swiss Re⁷, the insurance density in life category in India as in 2013 is US\$ 41.0; and India's share in global life insurance market was 2.00 per cent. For non-life, it is US\$ 11.0; the share of Indian non-life insurance premium in global non-life insurance premium was small at 0.66 per cent. The insurance penetration in life in India is 3.10%; and in non-life, it is 0.80%. Globally, the average per capita spend on insurance in advanced markets was USD 3 621. Per capita spending on life insurance was USD 2 074, and in non-life it was USD1 547. The huge gaps in insurance density and penetration depict the imminent growth potential of the insurance industry.

Financial services have considerable scope to expand in India and across South East Asia not only due to the opportunities created by the region's generally strong economic growth prospects but more particularly because India, the largest market in the region, has not yet fully developed in financial services.

India remains in the low income bracket but has been steadily moving up towards the take-off point and could be set to become the world's fifth largest consumer market with a middle class of over half a billion people by 2025.

India is the most important market in South and South East Asia not just because of the size and growth of their economies but due to the relative strength of the

⁶Conversion rate as on 24/12/2014: 1 \$ is equal to 63.49 Indian Rupees

Financial sector. Data for the insurance market also show the same pattern of development and importance, with India clearly the largest market because of its population size. As India is the largest market in the region, its demand profile will dominate overall trends, suggesting scope for a "Southern Surge" scenario around 2020.

GDP per capita in India has risen. Considering the potential for expansion of insurance business, there could be a period of particularly high growth in the demand for financial services to come in the future.

The India Today-Ma Foi Employment Trends Survey (March 2010) puts the insurance sector among the top 10 recruiting industries in 2010 with a lot of private insurance companies and insurance intermediaries being the prominent recruiters.

According to a NIA-CII survey, there are 45 lakh people employed by the insurance sector in India directly or through agencies. While the projected requirement for 2012 was 27 lakh additional manpower, the supply was projected to be only 5 lakh manpower indicating sufficient employment potential for the present and in the future as well.

NSDC (National Skill Development Corporation) Report has estimated job creation of 20 lakh persons in insurance and banking sector by 2021 in its latest report.

CII Report - The recent survey of Confederation of Indian Industry estimated that there is a need of at least 21 lakh insurance educated employees by 2025.

ASSOCHAM Report on Insurance Sector has pointed out employability potential in Insurance Sector and has estimated manpower requirement to be 30 lakh by 2030.

As insurance need is vertical as well as horizontal, the insurance business is spreading across the country. Insurance companies are focusing and spreading network in rural markets as it has huge potential. Technological development is helping this drive of rural expansion. As insurance sector is growing with 20% rate, there will be a huge requirement of Insurance professionals in the country.

At present, India and China are the two most lucrative insurance markets in the world with high growth rates and low penetration rates. Thus, both countries offer immense potential for growth in the insurance industry.

Till privatization, employment in the insurance sector was considered akin to any government job, but with private participation, it has assumed significant importance and has diversified and grown rapidly. New players, innovative products and expansion into semi-urban and rural areas will drive the growth of the insurance industry in the years to come.

The insurance industry is at an inflection point. The potential of the insurance industry is huge and this would create thousands of new jobs and career opportunities for professionals.

Insurance employment is as much suitable for women as it is for men.

6. INSURANCE SECTOR - A POTENTIAL EMPLOYER FOR MILLIONS

From the above discussion and reports of various bodies, it is clear that the insurance industry offers varied opportunities for persons with different kinds of qualifications and skills thereby making employment in insurance industry a very attractive and lucrative career choice. While the sector has place for professionals who can do back office jobs, persons with good communication and soft skills can serve as front end officials. Firms with good listening skills can man the BPOs. Those with creativity can bring about innovation in advertising, product development and marketing. It is probably the only segment of financial services industry which provides opportunities for employment for not only a

10th pass but also to specialists from diverse streams like doctors, lawyers, IT professionals, civil engineers, automobile experts, financial analysts, Chartered Accountants and Company Secretaries alike, be it men or women.



Figure 1: Skill set requirements of insurance industry

**SUMMARY OF REGULATORY REQUIREMENTS FOR APPOINTMENT AS
INSURANCE INTERMEDIARIES AND INCENTIVES**

Intermediary	Requirements to do business	Fees	Stipulations for License / Renewal	Incentive
Individual Agent	License under IRDAI(Licensing of Insurance Agents) Regulations, 2002 License valid for 3 years	Fresh license Rs. 125/- Renewal Rs.125/- + ST	A. Pass exam conducted by a recognized institution 1. Minimum 12th or equivalent – if he resides in a place with >5000 people as per last census 2. Minimum 10th pass or equivalent –if he resides in a place with <5000 people as per last census B. Practical training for first time-license 1. 50 hours for life or general. 2. 75 hours for both life and general C. Compliance with Code of Conduct	Commission as a per cent of premium as decided by the insurer subject to IRDAI regulations. Limits Single premium – 2 % of single premium Regular Premium – First year - 35% of premium (40 % if company is less than 10 years old) 2nd and 3rd year – 7.5% of premium 4 year and afterwards – 5 % of premium.
Micro Insurance Agent	NGO, SHG or MFI appointed by insurer as per terms of agreement. IRDAI (Micro Insurance) Regulations 2005. Further expanded vide circular dt 3rd April 2013 to include various categories of individuals , entities.	NIL	1. Education qualifications have not been specified. 2. Insurer to provide 25 hours training 3. Compliance with Code of Conduct	Commission as a per cent of premium as decided by the insurer subject to IRDAI regulations For Life policies Single premium – 10 % of premium Non-single premium – 20 % of premium for all years For Non-life 15 % of premium
Corporate Agent	License under IRDAI (Licensing of Corporate Agents) Regulations 2002. Valid for 3 years	Fresh License – Rs. 125/- Renewal – Rs. 125/- + ST	The corporate insurance executive A. Should be a permanent employee of the company B. Pass exam conducted by a recognized institution 1. Minimum 12th or equivalent – if he resides in a place with >5000 people as per last census	Commission is paid by the insurer to the agent. Salary is paid by the agent to the employee as per the policy of the company / bank

Intermediary	Requirements to do business	Fees	Stipulations for License/ Renewal	Incentive
			<p>2. Minimum 10th pass or equivalent – if he resides in a place with <5000 people as per last census</p> <p>C. Practical training for first time license</p> <p>1. 50 hours - if for life or general insurance.</p> <p>2. 75 hours - if for both life and general</p> <p>3. 25 hours - if he is a</p> <p>a. Fellow or Associate of Insurance Institute of India, Institute of Chartered Accountants of India, Institute of Costs and Works Accountants of India, Institute of Company Secretaries of India, Actuarial Society of India or</p> <p>b. an MBA from recognized institution</p> <p>c. any professional qualification in marketing from a recognized institution</p> <p>D. Compliance with Code of Conduct</p>	
Broker	License issued under the IRDAI (Insurance Brokers) Regulations, 2013 License valid for 3 years	<p>Fresh License Direct Broker (DB) – Rs.20,000/-</p> <p>Reinsurance Broker (RB) – Rs.25,000/- and</p> <p>Composite Broker (CB) – Rs. 40,000/-</p> <p>Annual Fees</p>	<p>1. A company, registered cooperative society or Limited Liability Partnership or any other person recognized by IRDAI</p> <p>2. Capital – Minimum paid up capital, net worth or contribution of : Direct – Rs.50 lakhs; Reinsurance – Rs. 200 lakhs; Composite – Rs. 250 lakhs</p> <p>3. Deposit – 20 % of capital in term deposits with any Scheduled Bank at all times with lien in favour of IRDAI</p> <p>4. Professional indemnity insurance – 3 times of remuneration earned in previous FY subject to minimum of Rs. 50 lakhs (DB), Rs. 250 lakh (RB) or Rs. 500 lakh (CB)</p> <p>5. Principal officer shall possess</p> <p>• Qualifications Bachelors/ Master's degree in arts, sciences or social sciences or</p>	Commission is paid by the insurer to the broker. Salary is paid by the broker to the employee as per the policy of the broker entity

Intermediary	Requirements to do business	Fees	Stipulations for License / Renewal	Incentive
		<p>0.5 % of remuneration earned in previous FY subject to DB – Min</p> <p>Rs. 25,000/-</p> <p>Max Rs.1 lakh</p> <p>RB -</p> <p>Min Rs. 75,000/-</p> <p>Max 3 lakhs</p> <p>Court below -</p> <p>Min Rs.125,000/-</p> <p>Max 5 lakhs</p> <p>Renewal fee</p> <p>Rs. 1000/- + ST</p>	<p>commerce or MBA or its equivalent from institution /university recognized by any state or central government or</p> <p>Associate or fellow of III, CII, IIRM, ICAI, ICWAI, ICSI, Institute of Actuaries of India, CAIIB, CFA or PG of IIRM or any other qualification specified by IRDAI</p> <p>– Professional Training</p> <p>50 hours of theoretical and practical training OR 25 hours if carrying on reinsurance activity or in insurance consultancy for continuous 7 years prior to application OR</p> <p>Has been principal underwriter or Manager in any nationalized insurance company for continuous 7 years prior to application</p> <p>Associate or fellow of III, CII, IIRM, ICAI, ICWAI, ICSI, Institute of Actuaries of India, CAIIB, CFA or PG of IIRM or any other qualification specified by IRDAI</p> <p>– Passing Examination</p> <p>Conducted by National Insurance Academy, Pune or any other institute authorized by IRDAI.</p> <p>6. Compliance with Code of Conduct</p>	
Web aggregator	<p>License issued under the IRDAI (Web Aggregators) Regulations, 2013</p> <p>License valid for 3 years</p>	<p>Fresh License Rs.10,000/- Annual License fee Rs. 5000/- Renewal Rs. 10,000/- + ST</p>	<ol style="list-style-type: none"> 1. A company or Limited Liability Partnership or any other person recognized by IRDAI 2. Capital – Minimum paid up capital, net worth or contribution of Rs.10 lakhs 3. Professional Indemnity insurance – 3 times of remuneration earned in previous FY subject to minimum of Rs. 10 Lakhs 4. Principal officer shall possess 	<p>– Flat Fee not exceeding Rs. 50000/- per product per year displayed on website</p> <p>– Reasonable service charges for outsourcing of activities by insurer.</p> <p>– Commission for telemarketing and distance marketing</p>

Intermediary	Requirements to do business	Fees	Stipulations for License / Renewal	Incentive
			<ul style="list-style-type: none"> - Qualifications Bachelors/Masters degree in arts, science or social science or commerce or MBA or its equivalent from institution /university recognized by any state or central government or Engineering or Law Management. Associate or fellow of III, CII, IRM, ICAI, ICWAI, ICSI, Institute of Actuaries of India, CAIIB, CFA or PG of IIRM or any other qualification specified by IRDAI - Professional Training 50 hours of theoretical and practical training OR 25 hours if Carrying on reinsurance activity or in insurance consultancy for continuous 7 years prior to application OR Has been principal underwriter or Manager in any nationalized insurance company for continuous 7 years prior to application Associate or fellow of III, CII, IRM, ICAI, ICWAI, ICSI, Institute of Actuaries of India, CAIIB, CFA or PG of IIRM or any other qualification specified by IRDAI - Passing Examination Conducted by National Insurance Academy, Pune or any other institute authorized by IRDAI <p>5. Compliance with Code of Conduct For telemarketing Register as Telemarketers. Engage telecallers who are employees on the rolls of web-aggregator Should be trained for 25 hours at an institute accredited for pre-license training of agents Clear the post-training test to be conducted by IRDAI- authorized institute.</p>	

Intermediary	Requirements to do business	Fees	Stipulations for License / Renewal	Incentive
Surveyor / Loss assessor	<p>License issued by IRDAI under the Insurance Surveyors and Loss Assessors (SLA) (Licensing, Professional Requirements and Code of Conduct) Regulations.</p> <p>Categorized as A, B and C based on professional qualifications, training undergone, experience as SLA and other professional experience, other criteria specified by IRDAI</p> <p>License valid for 5 years</p>	<p>Fresh License</p> <p>Individual or Corporate:</p> <p>Rs. 1000/- +ST</p> <p>Renewal Fee</p> <p>Rs. 100/- + ST</p>	<ol style="list-style-type: none"> Requirements of Section 64-UM met by individual or all partners or directors of firm or company- <ul style="list-style-type: none"> • Holds degree in any branch of Engineering or • Is a fellow of ICAI/CWAI • Holds actuarial qualifications or holds degree or diploma of University or Institute in relation to insurance • Possesses technical qualifications as specified by IRDAI • Does not suffer from any disqualifications Additional Technical qualifications, Membership of IISLA, PG Diploma in General Insurance from IIRM, B.Sc. Agri etc. Practical training of not less than 12 months Passing relevant papers of Surveyors examination conducted by Insurance Institute of India or any other institute authorized by IRDAI Compliance with Code of Conduct 	<p>Fee payable by insurer to the surveyor or loss assessor and to whom the assessment of loss of a claim is assigned would depend on</p> <ul style="list-style-type: none"> • Category of surveyor • Agreement between insurer and the Surveyor or loss assessor • Policy of Insurer and • Directions / Guidelines issued by IRDAI
TPA	<p>License by IRDAI under IRDAI (Third Party Administrators – Health Services) Regulations 2001.</p> <p>License valid for 3 years</p>	<p>First time Processing fee</p> <p>Rs.20,000/- and</p> <p>License Fee</p> <p>Rs.30,000/-</p> <p>Renewal Fee</p> <p>Rs.15,000/- + ST</p>	<ol style="list-style-type: none"> Company with paid up share capital/ working capital of Rs. 1 crore. At least one of the directors should be a qualified medical doctor registered with Medical Council of India Chief Administrator Officer or Chief Executive Officer should have Qualification – Degree in arts, science, commerce or management or health or hospital administration or medicine Passed Associate ship exam conducted by III or equivalent institution Training - Practical Training of 100 hours with a recognized institute Comply with the code of conduct. 	<p>Remuneration as per agreement between TPA and insurer.</p>

Disclaimer:

This handbook is intended to provide you general information only and is not exhaustive. It is an education initiative and does not seek to give you any legal advice.

A Consumer Education Initiative by



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