

In the News

Publication: **The Economic Times** | Date: **12/10/2020**

Income loss? Here's what insurers offer you

Synopsis

Agents earn commission in the wide range of 2-20 percent. LIC will likely recruit three lakh new agents this whole financial year. About one lakh agents would be recruited by insurance companies other than LIC in the rest of the financial year.



Commission rates vary depending on the nature of insurance policies.

MUMBAI: **Insurance** companies led by Life Insurance Corporation (**LIC**) of India are set to appoint an estimated 3.4 lakh **agents** in FY21 as the novel Coronavirus has created an immediate demand for protection.

The insurance behemoth alone would contribute nearly three-fourth of these jobs, creating **income** opportunities at a time when many have either lost jobs or taken pay cuts.

LIC will likely recruit three lakh new agents this whole financial year. This would be a 20 percent year-on-year rise in the net agent addition with people still preferring physical insurance purchases to online.

About one lakh agents would be recruited by insurance companies other than LIC in the rest of the financial year, show an estimate by Rekrut India, a Mumbai-based staffing firm.

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“We aim to increase our market share this year as the pandemic has made people understand the need for insurance,” said Mukesh Gupta, managing director at LIC of India. “The foremost challenge being that the agents are unable to establish physical contact with policyholders for underwriting premia due to the ongoing lockdown.”

The net addition so far this year is over 60,000 agents. Out of the total three lakh proposed agents, the net addition would be two lakh agents. At present, LIC of India has more than 1.2 million agents.

Agents earn commission in the wide range of 2-20 percent. Commission rates vary depending on the nature of policies.

“Insurance agencies are a low hanging fruit for immediate income flow as many have either lost jobs or taken pay cuts,” said Ajay Shah, managing director, Rekrut India. “The novel Coronavirus made people realise the need for insurance cover.”

Experts said the increase in hiring reflects a surge in demand for term protection and guaranteed products during the pandemic, products that are typically sold through individual channels.

Moreover, the employability criteria are not very stringent. Those passing the XIIth standard, 25-50 hours of relevant training and a certification are eligible to be employed as agents.

“We are hiring new employees who also double up as direct selling agents (DSAs),” said Ashish Vohra, CEO of Reliance Nippon Life. “We are pushing for online certifications to hire more sales agents.”

At the end of FY19, the number of agents with LIC stood at 11.79 lakhs, while the corresponding number for private sector insurers was 10.16 lakhs.

According to Vohra, the challenges associated with physical tests and passing certificates have prevented hiring in the first half of the fiscal. This could change as the industry is now pushing for online certification, he said.