

It's a rough ride for life insurance agents

Downsizing, cost-cutting see over 2 lakh lose jobs up to end-December last fiscal

Over two lakh life insurance agents have lost their jobs in the first three quarters of last financial year. The number of direct employees in the 24 life insurance companies too came down by over 2,000, as per the data available with the Life Insurance Council.

The number of agents fell to 21.62 lakh as at end-December 2012 from 23.78 lakh in the same period last year. According to a top functionary of a private sector life insurance company, downsizing and cost-cutting by many players were behind the trimming of the agent force.

"The unfavorable regulatory environment, which began with new norms for unit-linked insurance plans in 2010, is largely responsible for this situation," he said. Industry experts feel that some agents might have also left the profession due to shrinking commissions. In the first nine months of FY 2012-13, about 1,000 branches folded-up. The dip in new pre-minimum income since the third quarter of 2010-11 due to new norms for ULIPs has been forcing the insurers to cut costs.

The premium income in the first 11 months of FY13, for instance, too decreased by six per cent at Rs 84,501 crore, according to Insurance Regulatory and Development Authority data. Some major insurers, including ICICI Prudential and SBI Life, reported a dip in premium income.

The industry outlook for the current financial year may not be very different.

"We expect the same trend to continue in 2013-14 at the industry level, though there may be variations in performance of individual companies," P. Nandagopal, Chief Executive Officer, India First Life Insurance, said. The business models, however, would be more efficient and intelligent compared to earlier, he added.