

FDI hike in insurance sector set to create thousands of jobs

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With the Parliament ratifying the new 49% cap for foreign direct investment (FDI) in insurance from 26%, the placement market has been galvanised, with the industry set to add as many as 1,18,000 new jobs in 2015.

Recruiters are still working out the overall impact on the job market, but they agree that the move would bring back the sheen to the jaded insurance sector as a career option.

PATCHING UP THE UMBRELLA

Most life insurance companies have been fighting high attrition. The new 49% FDI cap will help their revival

118,000 No. of jobs likely to be added in Indian insurance sector in 2015*

2 mn No. of jobs estimated to be added in banking and insurance sectors by 2021**

200,000 Fall in agent workforce from 2.4 mn in 2011 to 2.2 mn in 2013

WHAT THE 49% FDI CAP BRINGS

- More capital infusion
- Insurance companies will work on upgrading infrastructure
- More hiring to improve penetration in less developed local markets
- Bigger salary budget to attract better talent for middle and senior-level positions
- Better training and development of insurance professionals
- Career enhancement for the existing talent pool

SOURCE: *INDUSTRY; ** NATIONAL SKILL DEVELOPMENT CORPORATION

The Indian arm of Dutch staffing firm Randstad expects a 10-15% growth in job creation in the insurance sector, while job portal Shine.com is more optimistic and sees hiring activity going up by at least 12-18%.

“The move will surely create lot of job opportunities in the sector, which in past has seen no growth and even contraction in job opportunities due to miss-selling and a lack of trust building in the insurable community,” said Amit Garg, executive director, digital initiatives, HT Media, which owns Shine.com.

Premium executive search firm Egon Zehnder said insurance companies may introduce major changes in their leadership positions. “Global insurers were keenly looking for Indian partners and now they may undertake re-locations and shuffles at top positions in order to build impressive leadership teams,” said Sanjiv Sachar, partner at Egon Zehnder.

Said Mayank Chandra, managing partner at UK-based executive search firm Antal International: “There will be greater stress on top talent as new roles and positions could be created.”

More openings are expected in support functions, sales, distribution and customer service. With digitisation in full-swing, there are also likely to be new jobs in online channels and information technology. “Companies will focus on creating a better employee experience,” felt Shailesh Singh, chief people officer, Max Life Insurance.

Anil D’Souza, head, HR at SUD Life Insurance said, “Given our young and underemployed population, more FDI will provide for training and development of insurance professionals.”

Fresh skillsets are likely to be needed. “Foreign players are going to focus on underwriting, analytical and technical skills,” said Moorthy K Uppaluri, chief executive officer, Randstad India. “Soft skills to articulate complex insurance propositions, negotiation and persuasion skills etc will also be in demand.”

There will also be significant contract-hiring in positions such as direct selling agents and insurance brokers.