



AGENCY RETENTION AND PERSISTENCY STUDY REPORT

Report Prepared by:



JULY 2020

Study Background



- The College of Insurance has trained over 30,000 agents under COP and a further 5,713 under ECOP in all 47 counties in partnership with IRA. Despite this large number of qualified Agents, only 9,163 are engaged in selling insurance. *There was a need to Investigate the reasons for high attrition rate of sales agents.*
- The number of individual life insurance policies in the market was at 624,454 as at end of year 2017. This is considered low if we are to consider the number of insurable lives in the country. Life insurance policies tend to be long term, stretching five years and above. There has been a trend over the years where customers sign up for a life insurance policy, pay the premiums for the first, second or third year then stop making payments and the policy lapses. *There was a need to Investigate the reasons behind the high lapsing (persistency) rates.*

Study Background



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- This study sought to establish the reasons behind the high attrition of agents from the industry and what could be done to the current model to retain existing agents and attract new agents to the industry. *The study also sought to bench mark with other local industries, global markets that have high numbers of active insurance agents and better business retention for best practice .*

Executive Summary (Slide 1/4)



<p>Causes of attrition</p>	<p>Kenya: (Lapsed)</p> <ul style="list-style-type: none"> • Nature of commission structure • Structure of cascading targets • Certainty of salary or wage <p>Kenya : (current)</p> <ul style="list-style-type: none"> • Commission structure • Targets • Office culture 	<p>Globally:</p> <ul style="list-style-type: none"> • Flat or shrinking agent income • Low perception of the profession • Limited professional opportunities • Level of appreciation by seniors • Workload • Stress levels and health reasons • Level of job satisfaction • Level of job security
<p>Unmet agent needs</p>	<p>Current</p> <ul style="list-style-type: none"> • Monetary benefits • Career growth opportunities • Product knowledge • Job Security • Good work environment 	<p>Lapsed</p> <ul style="list-style-type: none"> • Monetary Benefits • Product knowledge • Career Growth opportunities • Quality of networks • Regular trainings/seminars/mentorship
<p>Point of attrition</p>	<p>Individual attributes</p> <ul style="list-style-type: none"> • Age: 26-30 years of age • Years of service: within the first 5 years • Nature of engagement: independent 	<p>Industry (causal) attributes</p> <ul style="list-style-type: none"> • Better monetary and non-monetary benefits • Growth opportunities in other companies • Lack of entrepreneurial attitude among agents

Executive Summary (Slide 2/4)



Competing careers	Within insurance industry <ul style="list-style-type: none"> • Underwriting • Claims • Business development 	Perceived better careers <ul style="list-style-type: none"> • Banking • Accounting • Marketing
Training gaps	Curriculum <ul style="list-style-type: none"> •Curriculum highly academic •Impact of claw-back •Prospect-to-client conversion cycle •Coping skills for high pressure environment •Skills to convert rural customers 	
Persistency	<ul style="list-style-type: none"> •Over 50% of the policies lapse within the first year •Older and female customers have higher persistency; majority of lapsed customers are males between 25-40 years •Main cause of lapse was product features, financial constraints and brand image •Revival conditions for lapsed premiums were not favorable to customers:~60% of customers likely to purchase lapsed /surrendered policy •Direct debits and check off improve persistency levels significantly 	
Global Life Insurance challenges	Developed markets <ul style="list-style-type: none"> • Aging agency force impact on agency life-cycle management • Lack of infrastructural investment • Focus on traditional products 	Emerging Markets <ul style="list-style-type: none"> • High cost of part-time agents • High part-time agents' churn rate • Impact of the above on long-term orientation

Executive Summary (Slide 3/4)



Recommendations (challenges highlighted in bold)

Agent Affairs

- Segment agents by performance tiers towards specialized support among high **performing** agents
- Address pushing of **products**
- Adopt use of **technology** to sell and manage products, recruit agents, talent development and persistency projection
- Create incubation hubs to leverage on agent **entrepreneurial** thirst
- Merge/link the whole ecosystem through technology and data architecture

Product orientation

- Desist from copying **competition** products
- Shift in **product mix** to improve productivity and address product manufacturing tag
- Underwriters to focus on customer experience (CX) during **product design**
- Expand Research and Development (**R&D**) budgets
- Embed agents into a technology platform to enhance human-to-human **digital interaction**

Regulation

- Consider **digitization** of agency license
- Aggressive inspections by the regulator to ensure **compliance**
- Design mechanisms to capture data for sales staff working directly under such agents and consider introducing mechanisms for regulation of **non-accredited agents**

Executive Summary (Slide 4/4)



Recommendations (challenges highlighted in bold)

Agent curriculum

- Incorporate findings of ongoing impact **assessment** of the ECOP programme at IRA when re-designing industry strategies
- Consider lowering barriers to **COP entry** to have more agents
- Review the certification curriculum in light of market realities and emerging issues like adoption of technology

Persistency

- Incentivize customers for: advance premium payments, check off and direct debit to promote **payment discipline**
- Terms and conditions for **product revival** should be eased
- Design short term **tailored products** targeting women and those above 40 years
- Share persistency statistics with customers and jointly develop **lapsation** mitigation options
- Create provisions for inter-product **premium transfer** to boost upselling, cross selling and revival for lapsed premiums
- Increase agent incomes against higher productivity/reset incentives to lower **regrettable churn** rate

Research

- Carry out internal and external customer journey mapping to identify and address agents and customer pain points towards improving **customer experience**
- Embark on culture change initiatives to be more supportive of **agent retention** and to enhance employer-of-choice ratings
- Link research findings into technology platforms to manage **common pain points** in the industry

MAIN REPORT

Research Objectives

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Investigate reasons of high attrition from the industry by qualified agents, low engagement of qualified agents and low retention rates of individual life insurance policies

Propose solutions/recommendations to address the high policy lapsation rates

Recommend ways of making the insurance agents profession more attractive

Bench mark with other global markets that have low attrition levels and better business retention rates

Methodology



Item	Approach	Source
<ul style="list-style-type: none"> • Approach 	<ul style="list-style-type: none"> • Participatory 	<ul style="list-style-type: none"> ➤ Secondary and primary research ➤ Quantitative and qualitative ➤ Triangulation of different sets of data from different respondent categories.
<ul style="list-style-type: none"> • Target 	<ul style="list-style-type: none"> • Cross-sectional interest groups 	Insurance value chain

- The survey was conducted in two (2) phases:
 - Phase 1
 - Pilot Study (30)
 - Phase 2
 - Licensed agents - 499
 - Lapsed agents -86
 - In depth Interviews among key recruiters, practitioners and trainers - 12

- ### IDI's Target Groups
- Recruiters (Human Resource Managers and Unit Managers)
 - Practitioners (Lapsed and Current)
 - Trainers (College of Insurance, Insurance Regulatory Authority and Association of Kenya Insurers)

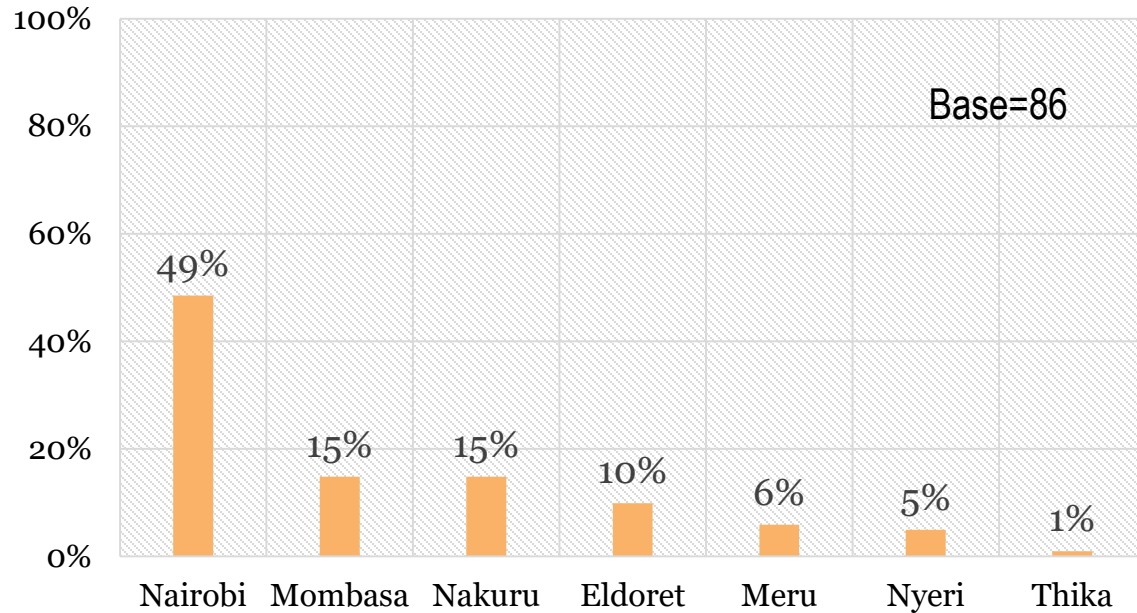
MAIN REPORT

Sampling

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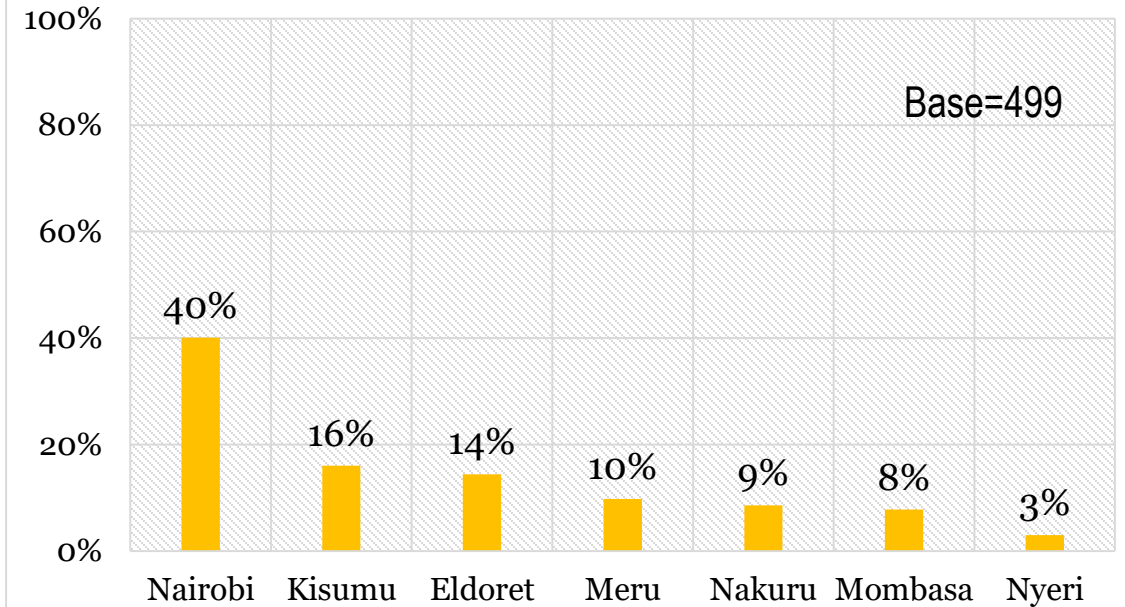


Lapsed Agents



- 49% of the respondents were from Nairobi while those from Mombasa and Nakuru were 15%; those from Eldoret were 10% while those from Meru were 6% and Nyeri 5%.

Current Agents



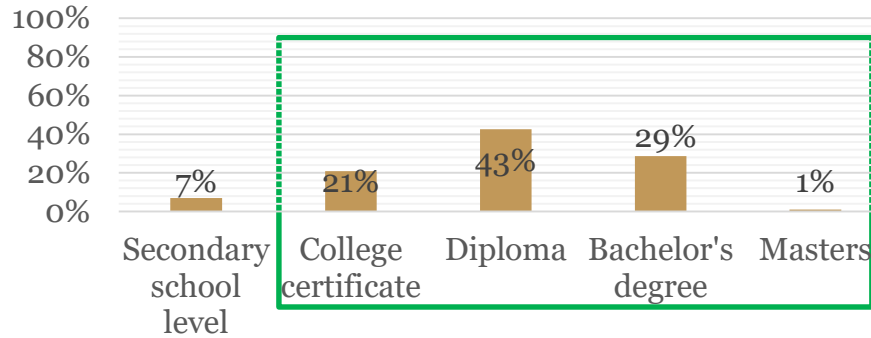
- 40% of the respondents were from Nairobi while those from Kisumu were 16% and Eldoret 14%; those from Meru were 10% while those from Nakuru were 9%, Mombasa 8% and Nyeri 3%.

Lapsed Agents Profile

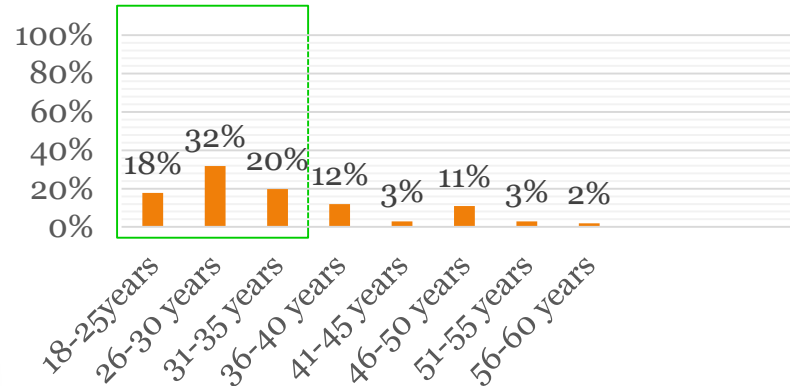
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Base=86

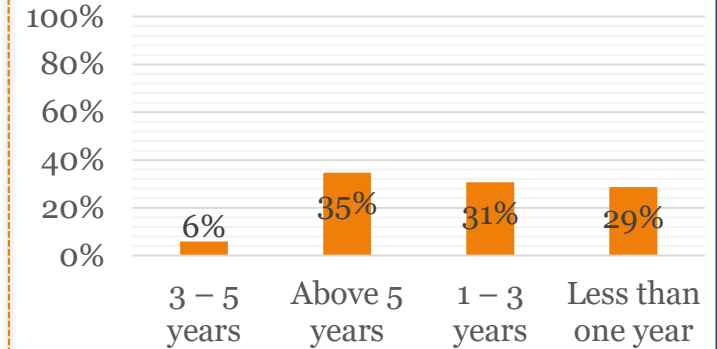
Level of Education



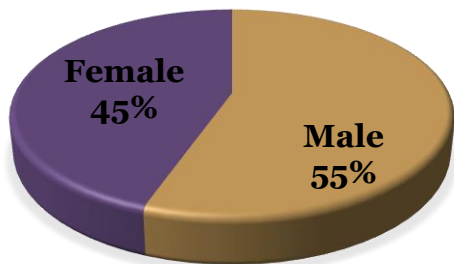
Age



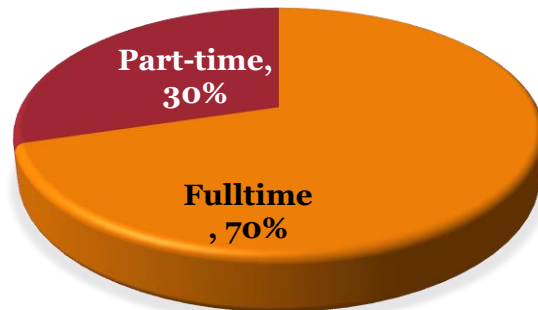
Length of Service



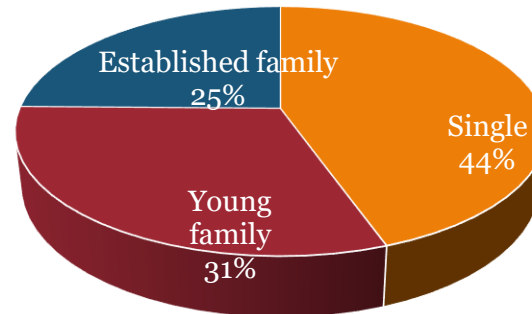
GENDER



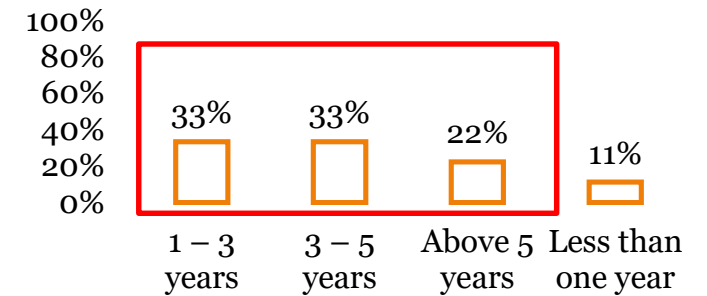
TERMS



LIFE STAGE



How long has it been since you left your job as an agent?



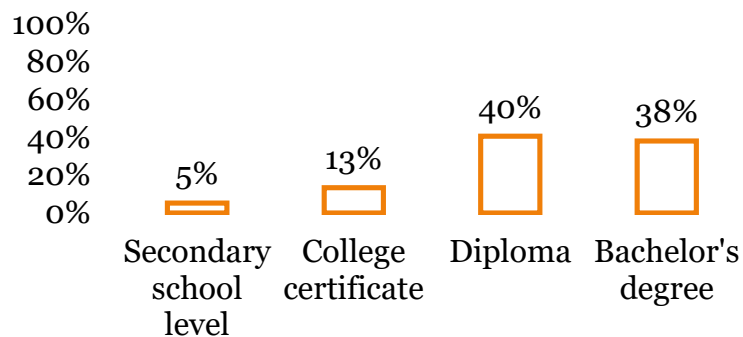
- Majority of the lapsed agents interviewed were males aged between 18 to 35 years, had post-secondary qualifications, were working fulltime and had a family.

Current Agents Profile

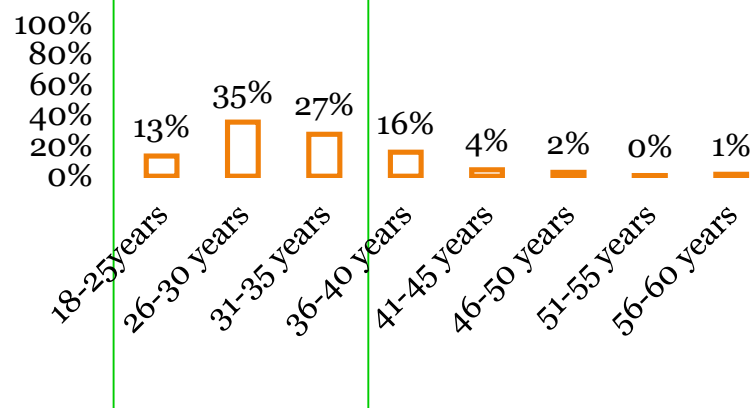


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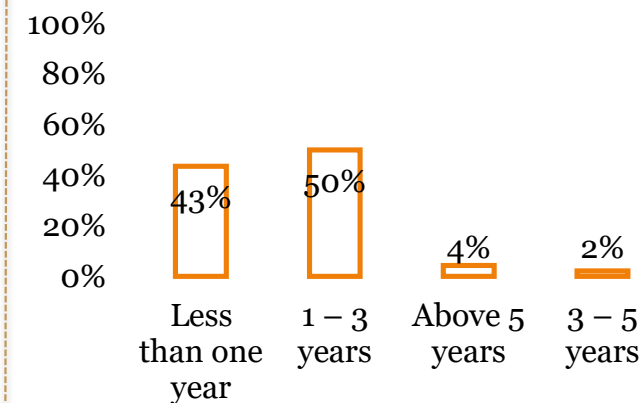
EDUCATION



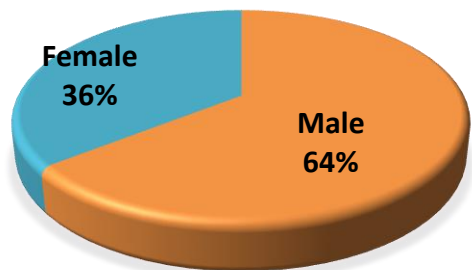
AGE



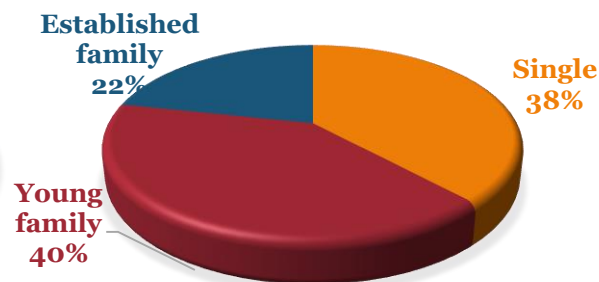
TENURE



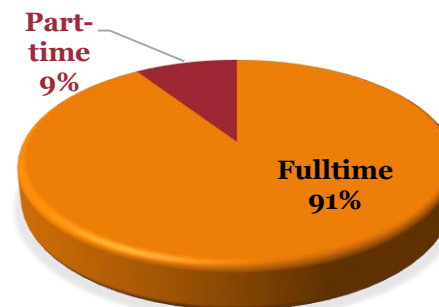
GENDER



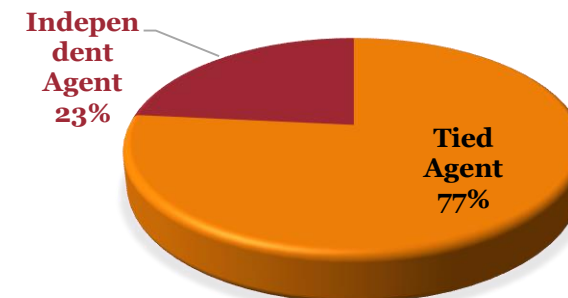
LIFE STAGE



TERMS



AGENT TYPE



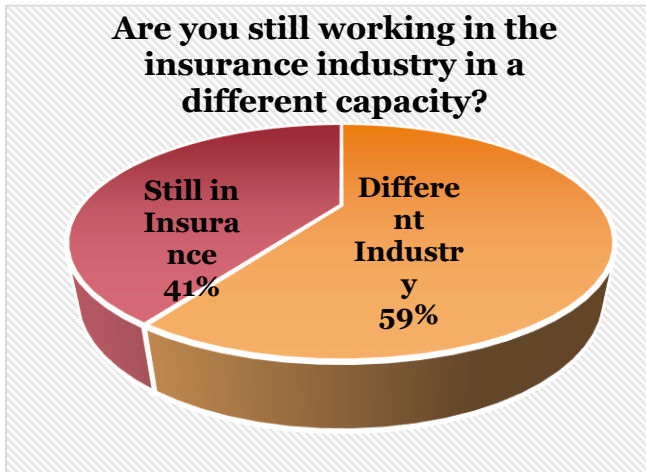
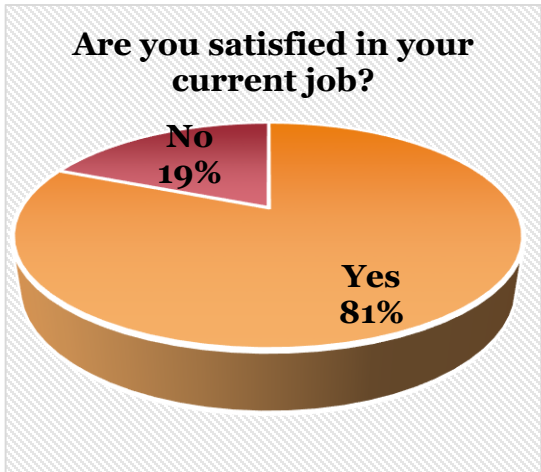
- Majority of the current agents interviewed were males aged between 18 to 35 years, had post-secondary qualifications, were working fulltime and had a family. 77% of the agents interviewed were tied agents

Job Attributes



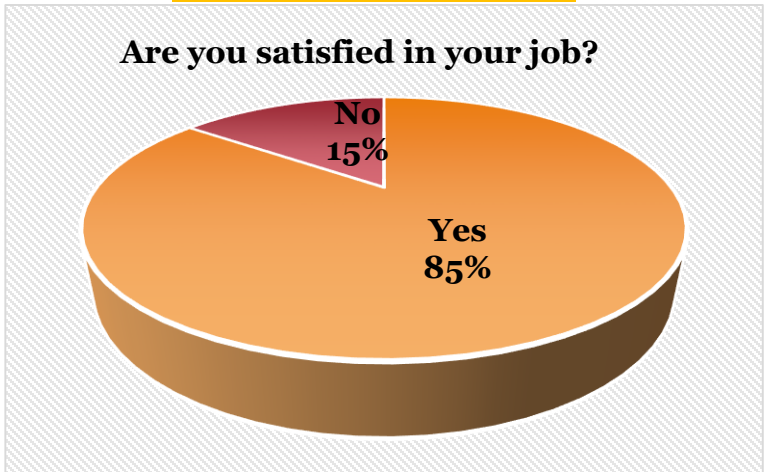
Base=86

Lapsed agents



Current agents

Base=499



- Reasons for:**
- Guaranteed pay
 - Job-security
 - Monetary benefits
 - Non-monetary benefits
 - Team work
 - Supportive bosses
 - Friendly working environment

- Reasons against:**
- Job security
 - Work pressure
 - Remuneration
 - Guaranteed pay

- Reasons for:**
- Remuneration
 - Job security
 - Staff recognition mechanisms
 - Conducive work environment
 - Career growth opportunities
 - Independence

- Reasons against:**
- Low commissions
 - Market challenges
 - Competition in urban areas
 - On job pressure

• There is evidence of internal attrition (41%) especially to motor insurance with most of such lapsed agents being traced to underwriting, claims and business development departments. It was generally observed that satisfaction levels for any type of job may not be guaranteed.

Pull Factors



Base=86

Lapsed agents

PULL FACTORS	Perception Index
Monetary Benefits	77%
Product knowledge	71%
Career Growth opportunities	69%
Quality of networks	67%
Meaningful career	66%
Regular trainings/seminars/mentorship	64%
Good work Environment	64%
Balance in Work and Family Life	63%
Employer reputation	63%
Clear communication culture	62%
Less stressful career	60%
Existence of staff recognition mechanisms	58%
Provision of working tools	57%
Expectations of immediate report/boss	57%
Non-monetary benefits	55%

Hopes and dreams: Monetary reasons was the biggest pull factor. Monetary (own business, success in life and wealth) and non-monetary (family, career growth and stress-free life)

Current agents

Base=499

PULL FACTORS	Perception Index
Monetary Benefits	77%
Career Growth opportunities	76%
Product knowledge	76%
Job Security	75%
Good work Environment	74%
Meaningful career	74%
Clear communication culture	72%
Employer reputation	71%
Balance in Work and Family Life	70%
Quality of networks	68%
Regular trainings/seminars/mentorship	67%
Existence of staff recognition mechanisms	65%
Provision of working tools	63%
Less stressful career	62%
Non-monetary benefits	60%
Expectations of immediate report/boss	59%

Satisfaction drivers: Individual (Passion, Positive mindset, Client interactions)
Industry (Flexi-hours, commissions, growth opportunities, job security)

Pull Factors



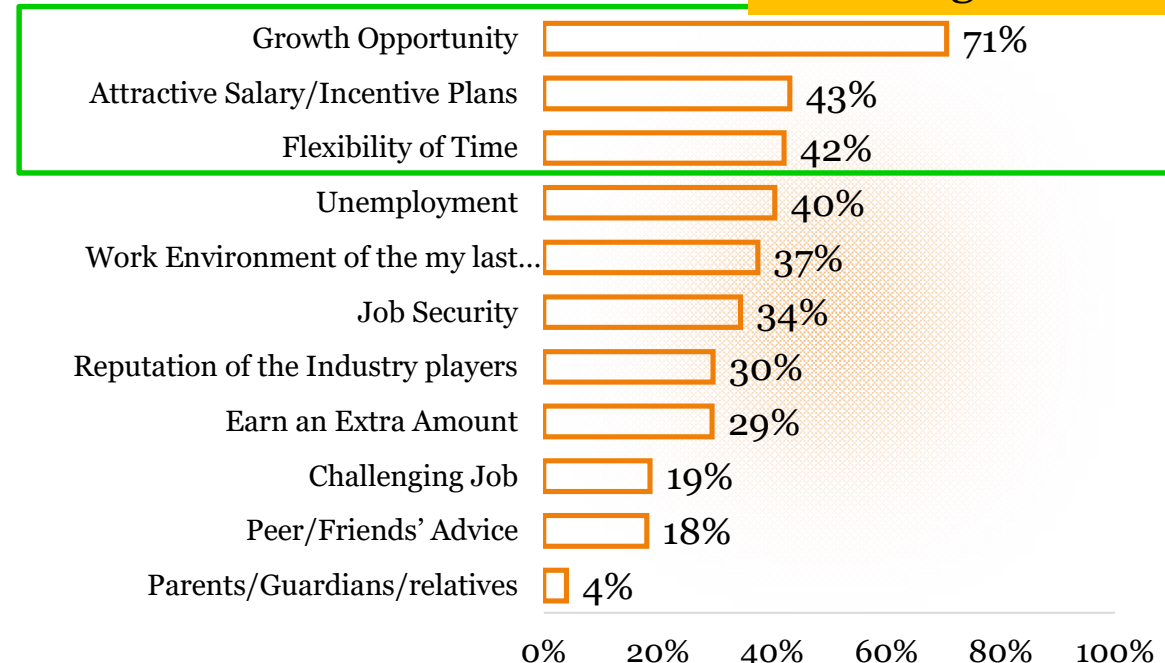
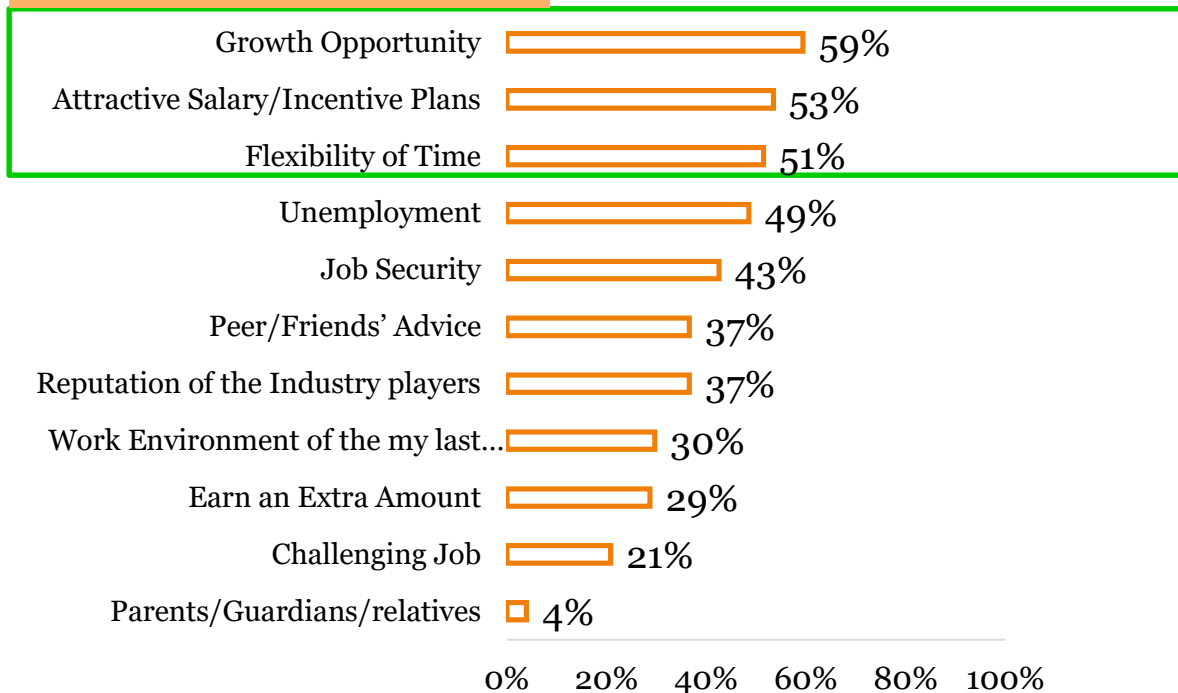
Base=86

Base=499

Lapsed agents

Current agents

What influenced you to join the insurance industry?



The other factors that led them to their current jobs were identified as personal satisfaction, passion and support from colleagues.

Monetary reasons in form of pursuit for higher income was the biggest pull factor with some of the examples being cited as: Monetary (Own insurance company, success in sales job, better job and service to clients) and non-monetary (independence, agent reputation, industry growth and stress-free life)

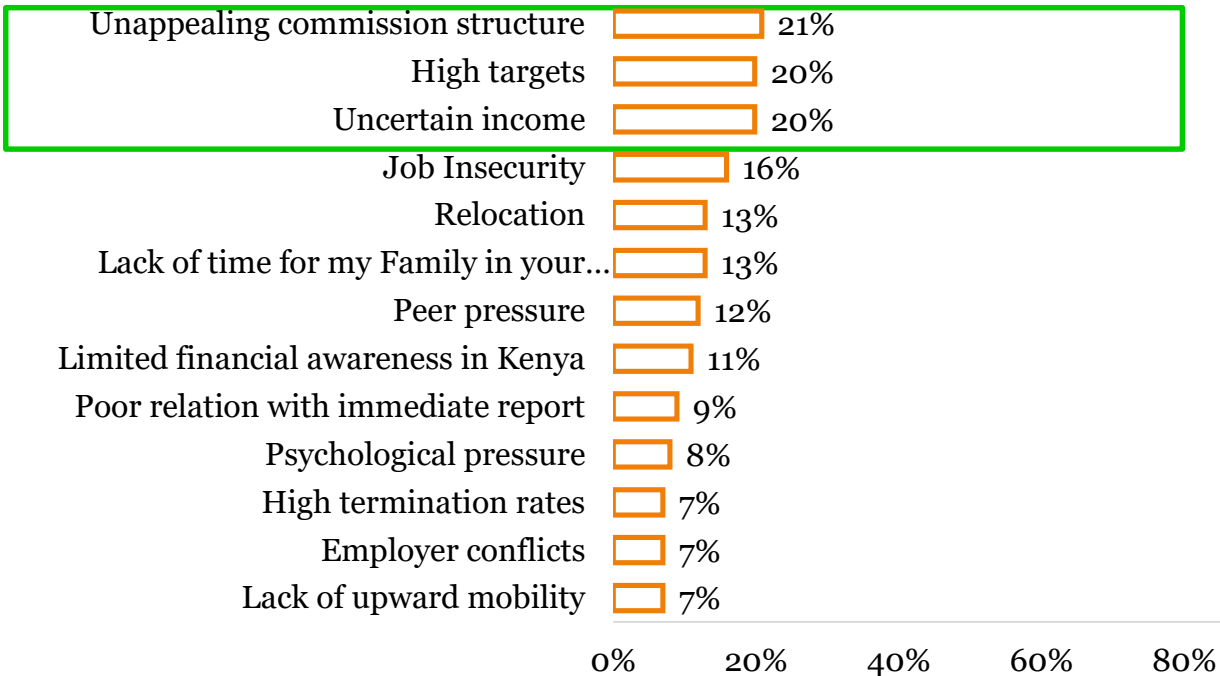
Push Factors



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Lapsed agents

What made you leave your job as an agent?

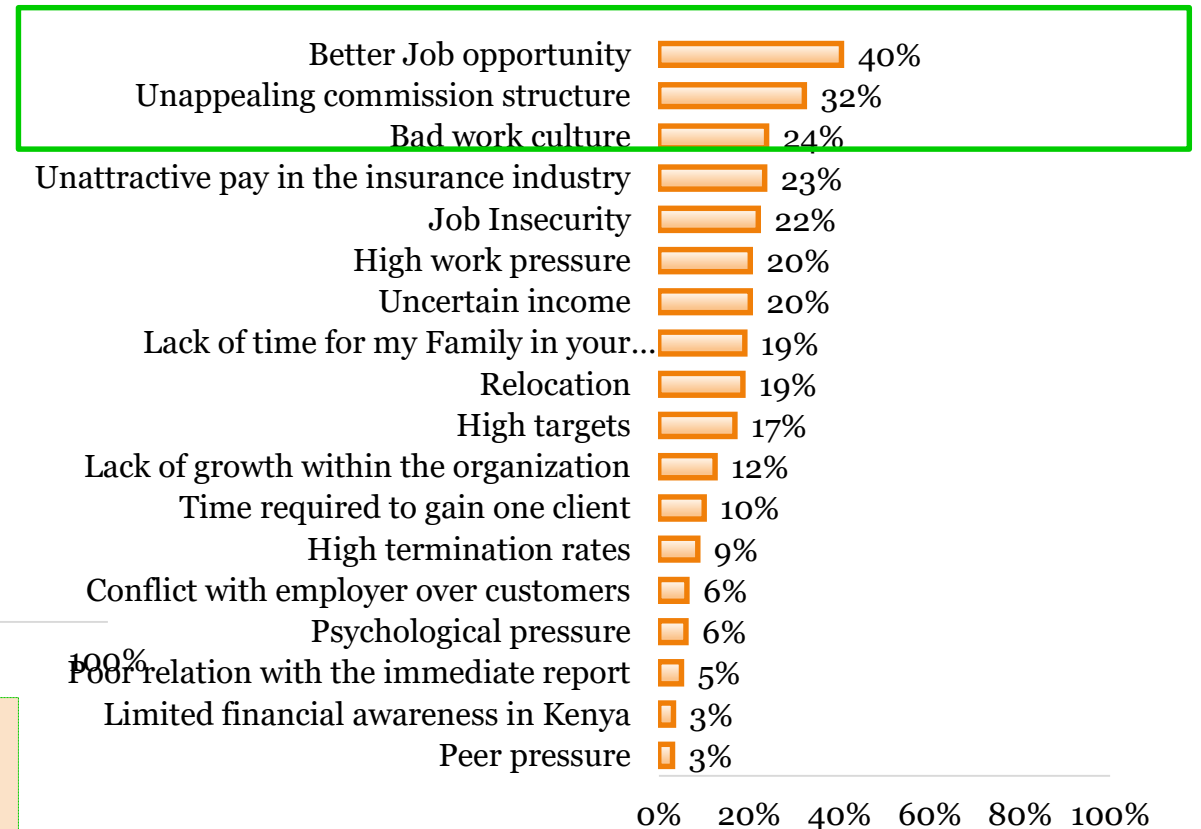


Commission structure was the biggest push factor. The main pain points were around low (5%) commission from year 3 onwards, high persistency target of 80% and claw back. Proposed bands for persistency starting from 50%. Claw back commensurate with non-surrendered client contribution.

Current agents

Base=499

What would make you leave your job as an agent?



Better job opportunities among agents was highlighted as the main potential cause of attrition.

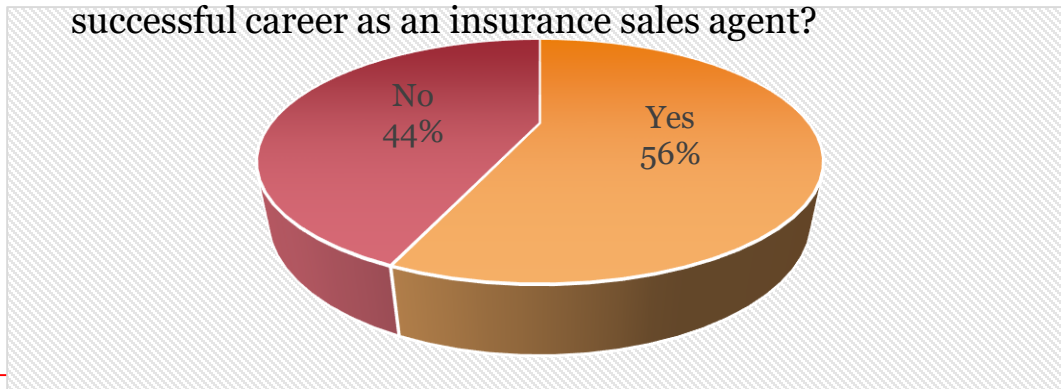
Certification Assessment



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Lapsed agents

Does Certification equip agents with the right skills for a successful career as an insurance sales agent?

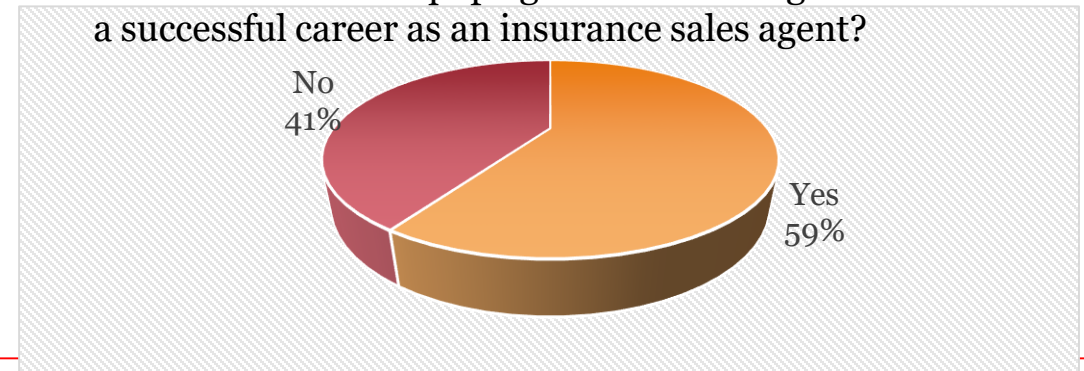


- Imparts broad knowledge on insurance and risk handling
- Equips one with the knowledge and skills required to sell
- Product knowledge
- Professionalism

Current agents

Base=499

Does Certification equip agents with the right skills for a successful career as an insurance sales agent?



- COP leads to better understanding of products
- Certification teaches agents skills to stand out and approach clients
- Agents are trained to be conversant with insurance policies
- It imparts the basic sales-pitch and closing sales skills
- Entrenches in agents professionalism
- Trains agents to adapt to the market dynamics
- Empowers agents with knowledge through vast learning
- Enables agents to work anywhere within the insurance industry

While majority of respondents believe that the certification process equipped agents with the right skills the others those who did not respond in the affirmative suggests point to a potential gaps in the certification process.

General Impression of Certification Process



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- General premise of attracting new recruits is better opportunities in form of incentives and commissions denying the most ideal students; those passionate about selling insurance
- For ECOP, sensitizing county rural-folk was a success due to partnerships with County Governments leading to training 5,713 agents; there is a likelihood that the mobilization process did not always attract the right candidates
- Recruits are sold success stories based on the most outstanding agents; the reality on the ground is however different
- The process teaches traditional selling approaches; not cognizant of market realities like technology based products; there is need to promote approaches that promote limited contact with client ahead of closing a sale

Benchmarking



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Causes of Attrition Across other Countries

- Monetary reasons [Flat or shrinking agent income incidence in last 3 years agents was 61% Germany and 47% in USA, LIMRA]
- Lack of appreciation
- Stress levels
- Health reasons
- Focusing 80% of the effort on 20% of the agents
- Lack of job satisfaction
- Lack of job security
- High work pressure
- Lack of a career path opportunity
- Repetitive nature of the job

Perceived Attrition Causes



Base=86 Some of the attributes leading to loss of agents in the insurance industry were phrased as questions and presented to respondents to rate on a Likert scale. Base=499

Lapsed agents	Perception Index
Poaching through lucrative benefits	70%
Lack of entrepreneurial attitude among agents	64%
Growth opportunities in other companies	62%
Lack of proactive approach to reduce turnover in the insurance sector in Kenya	59%
Selling insurance is viewed as an entry job in Kenya	57%
Scarce skilled/experienced sales professionals in other industries	55%
Flexibility of getting your license renewed by IRA	55%

Current agents	Perception Index
Lack of entrepreneurial attitude among agents	71%
Selling insurance is viewed as an entry job in Kenya	67%
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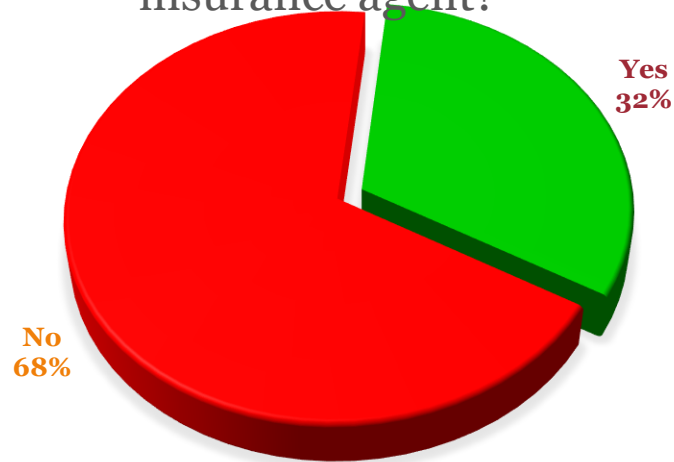
Poaching through lucrative benefits was highlighted as the main cause of attrition at 70%; an indication that agents were highly marketable followed by lack of entrepreneurial attitude among agents at 64% and growth opportunities in other companies at 62%.

Lack of entrepreneurial attitude among agents was highlighted as a potential main cause of attrition.

Likelihood of Resuming

Lapsed agents

Have you ever tried to resume work as an insurance agent?



Barriers to resumption:

- Prevailing economic conditions
- Low rural awareness
- Claw back
- Lack of retainer
- On-job challenges
- Low commission from year 3
- High pressure to meet targets
- China eggs

Drivers to resumption:

- Remuneration
- Non-monetary benefits
- Job satisfaction
- Independence
- Job offering

Likelihood of Quitting



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Current agents

How likely would you be to do the following in future...?

How likely would you be to:	Perception Index
...quit work as an individual insurance agent?	31%
...recommend a career of working as an insurance agent to a friend or relative?	68%

Drivers

- Better paying job
- High work pressure
- Lower commission

Barriers

- Independent nature of agency work
- Timely payments
- Passion for job
- Clientele
- Good working environment
- Flexibility

Study findings indicate that 31% of current agents interviewed were potentially likely to quit as shown in the figure below while 68% of current agents would recommend selling insurance as a career. Recommendation of insurance sales as a career in other countries: 70% in Germany, 97% in China (Alphawise Survey, 2019)

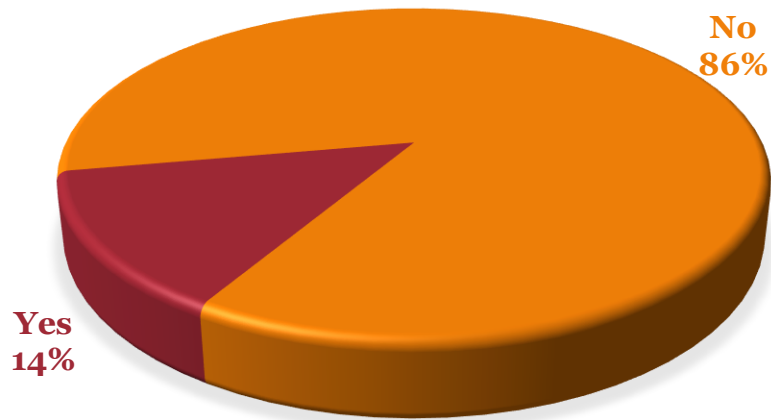
License Renewal



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Current agents

Do you face challenges when renewing your license as an agent?



What challenges do you face when renewing your license as an agent?

- Late approval of licenses
- Fraud
- High fee charged relative to commissions earned
- Lack of communication on renewal of licenses
- Short duration of license

Benchmarking

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How developed countries are innovating

- Embed agents into a technology platform to enhance human-to-human digital interaction e.g. info graphics to address old-school agents' selling process
- Continuous and pro-active Improvement of customer value proposition
- Shift in product mix to improve productivity and address product manufacturing tag
- Increase agent incomes against higher productivity/ incentives to lower regrettable churn rate
- Consumer journey mapping/and remapping to address systemic inefficiencies through technology and impact of product-pushing and legacy systems
- Enhance customer management process towards a more strategic orientation to improve persistency, enable cross-selling and upselling
- Segment agents by performance tiers towards specialized non-monetary support to high performing agents e.g. customized training, administrative support and assigning mentors
- Merge/link/ the whole ecosystem through technology and data architecture
- Consider case-tracking where customers have access to a portal to track application process, due dates, surrender dates.

Benchmarking with India



	Has High Impact on Agent Retention	Has Moderate Impact on Agent Retention	Has Some Impact on Agent Retention
Things that they do that we do not	<ul style="list-style-type: none"> Referral system of hiring Employee Stock Option Scheme 	<ul style="list-style-type: none"> Increased investment on recruitment of the right staff Using AI to project industry retention 	<ul style="list-style-type: none"> Clear matching of candidate to job description Have an agent for every 656 lives
Things they do better	<ul style="list-style-type: none"> Regular research to benchmark competition's remuneration 	<ul style="list-style-type: none"> Creating multiple responsibility centres for retention management Ensuring that senior managers commit to retention management 	<ul style="list-style-type: none"> Knowledge sharing
Things we do equally well	<ul style="list-style-type: none"> Reward systems for high performers Work-life balance 	<ul style="list-style-type: none"> Hiring individuals truly fit to succeed in the role Regulator promotion of agent welfare 	<ul style="list-style-type: none"> In-house induction of new hires Active role of Insurance Regulatory and Development Authority of India (IRDAI)
CRITICAL SUCCESS FACTORS	<ul style="list-style-type: none"> ✓ Attractive pay/compensation packages ✓ Clear job description to match candidates skills ✓ Review failures that cause employee attrition and strategize on how to fix them based on employee feedback ✓ Individual agents of life insurers reached 2,016,565 in 2016 ✓ Allotting of orphan policies to agents whose license is in force 		

Benchmarking with South Africa



	Has High Impact on Agent Retention	Has Moderate Impact on Agent Retention	Has Some Impact on Agent Retention
Things that they do that we do not	<ul style="list-style-type: none"> Increased use of technology to make sales agents work easier and to manage many clients 		
Things they do better	<ul style="list-style-type: none"> Hiring mindset over skills set Hiring attitude over academic qualifications 	<ul style="list-style-type: none"> Better matching of talent to opportunities 	
Things we do equally well	<ul style="list-style-type: none"> Redesigning compensation packages to keep agents motivated and retained in the organization 	<ul style="list-style-type: none"> Flexi-hours for agents towards work-life balance 	<ul style="list-style-type: none"> Equity in pay and promotion basis
CRITICAL SUCCESS FACTORS	<ul style="list-style-type: none"> ✓ Attractive pay/compensation packages ✓ Clear job description to match candidates skills 		

Benchmarking with Malaysia



	Has High Impact on Agent Retention	Has Moderate Impact on Agent Retention	Has Some Impact on Agent Retention
Things that they do that we do not	<ul style="list-style-type: none"> Utilization of exit interview to capture feedback on attrition 		
Things they do better	<ul style="list-style-type: none"> Greater focus on brand image as a driver to attracting new agents 	<ul style="list-style-type: none"> Focused leadership training towards agent management 	<ul style="list-style-type: none"> Organizational performance geared towards solutions to agent complaints
Things we do equally well	<ul style="list-style-type: none"> Rewarding good performance Creating a positive working environment where management gives good feedback 	<ul style="list-style-type: none"> Aligning job description with the work expectations 	<ul style="list-style-type: none"> Flexible work arrangements that minimize high unplanned leave incidences
CRITICAL SUCCESS FACTORS	<ul style="list-style-type: none"> ✓ Attractive pay/compensation packages ✓ Clear job description to match candidates skills 		

Benchmarking with China



	Has High Impact on Agent Retention	Has Moderate Impact on Agent Retention	Has Some Impact on Agent Retention	Has No Impact on Agent Retention
Things that they do that we do not	<ul style="list-style-type: none"> Higher incentives for rural policies High online sales 	<ul style="list-style-type: none"> Incentive system designed around sales, service, organization and management 	<ul style="list-style-type: none"> Have an agent for every 1,000 lives Did away with insurance sales tests in 2015 	<ul style="list-style-type: none"> Independent life insurance agents outnumber tied agents
Things they do better	<ul style="list-style-type: none"> Heavy use of technology (chat bots, smart voice, face recognition for efficient recruitment, Artificial Intelligence (AI), deep learning and Virtual Reality (VR) in training 	<ul style="list-style-type: none"> Efficient agent training system Focus on High Net worth Individuals (HNWI) 	<ul style="list-style-type: none"> Use of big data and cloud platform technologies to improve management capabilities and agent training quality 	<ul style="list-style-type: none"> Use of intelligent robots to man counters
Things we do equally well	<ul style="list-style-type: none"> Supportive industry policies Use of data analytics to track persistency and agent sales Industry focuses on quality premiums and not number of premiums 	<ul style="list-style-type: none"> Industry is protection oriented leading to consistent growth 	<ul style="list-style-type: none"> Independent agents are more client oriented while tied agents are employer oriented 	
CRITICAL SUCCESS FACTORS	<ul style="list-style-type: none"> ✓ Focus is on rural premiums ✓ Decreasing bancassurance contribution due to market focus on life policies ✓ Internet penetration rate is higher than global average of 52%, approaching 60% ✓ Offsite electronic signature ✓ Requires additional 89 million agents to reach its governments 2030 targets 			

Benchmarking with Telecommunications Sector



	Has High Impact on Agent Retention	Has Moderate Impact on Agent Retention	Has Some Impact on Agent Retention
Things that they do that we do not	<ul style="list-style-type: none"> Incentive system designed around overall company satisfaction index in addition to target achievement 	<ul style="list-style-type: none"> Heavy use of technology based products Daily interaction between independent agents and tied agents 	<ul style="list-style-type: none"> Loyalty programs
Things they do better	<ul style="list-style-type: none"> Heavy use of technology Distributed after sale service management centres 	<ul style="list-style-type: none"> Graduated incentive structure to remunerate agents for various levels of target achievement Existence of a retainer 	<ul style="list-style-type: none"> Efficient agent training system Constant advertising and provision of merchandise
Things we do equally well	<ul style="list-style-type: none"> Use of data analytics to track sales Industry focuses on quality sales and punishes churn through claw-backs Residual commission towards retaining tied corporate agents 	<ul style="list-style-type: none"> Industry is growth oriented leading to consistent Compounded Annual Growth Rate (CAGR) Reliance on few core product lines 	<ul style="list-style-type: none"> Independent agents are more client oriented
CRITICAL SUCCESS FACTORS	<ul style="list-style-type: none"> ✓ Heavy use of technology based products ✓ Focus on mass market ✓ Number of agents in the industry has grown consistently to 180,657 (Communications Authority, 2017) 		

Benchmarking with Banking Sector



	Has High Impact on Agent Retention	Has Moderate Impact on Agent Retention	Has Some Impact on Agent Retention
Things that they do that we do not	<ul style="list-style-type: none"> Commission structure that is tailored towards promoting agency banking 	<ul style="list-style-type: none"> Incentive system designed around multiple parameters Use of data analytics to track real time credit score 	
Things they do better	<ul style="list-style-type: none"> Heavy collaboration with all other sectors Use of RegTech for regulatory compliance Use of smartphone embedded platforms 	<ul style="list-style-type: none"> Efficient agent training system Incorporating independent agents within own premises Focus on established market segments 	<ul style="list-style-type: none"> Aggressive and sustained lobbying for favorable industry policies Data sharing on fraudulent practices
Things we do equally well	<ul style="list-style-type: none"> Use of data analytics to track sales 	<ul style="list-style-type: none"> Industry is risk oriented leading to consistent diversity to assure growth 	<ul style="list-style-type: none"> Independent agents are both client and employer oriented
CRITICAL SUCCESS FACTORS	<ul style="list-style-type: none"> ✓ Heavy use of technology based products ✓ Focus on niche markets such as HNWI and credit score ratings ✓ Number of agents in the industry has grown consistently to 63,481 agents (CBK, 2017) 		

Benchmarking with FMCGs



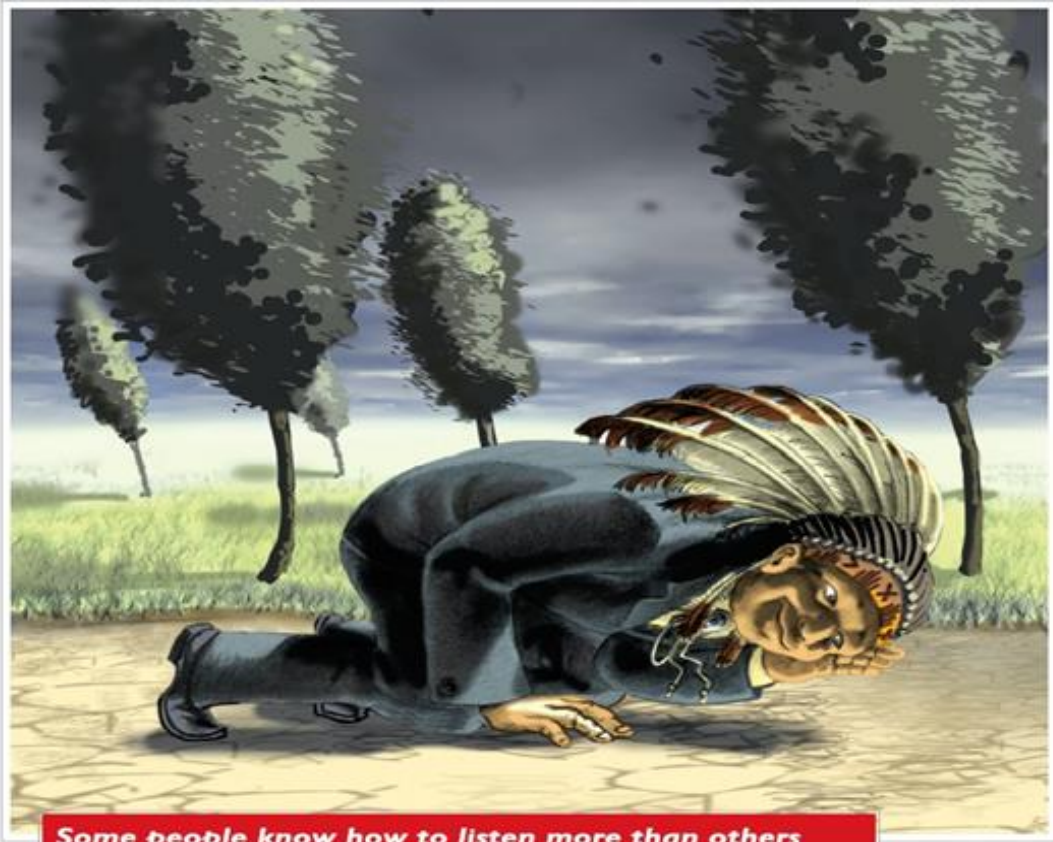
	Has High Impact on Agent Retention	Has Moderate Impact on Agent Retention	Has Some Impact on Agent Retention
Things that they do that we do not	<ul style="list-style-type: none"> • Treat any retailer as a potential agent 	<ul style="list-style-type: none"> • Dynamic Incentive system designed around multiple parameters • Consistent messaging for core products 	<ul style="list-style-type: none"> • Regular promotions
Things they do better	<ul style="list-style-type: none"> • Recruit general trade and modern trade as agents • Heavy use of psychographics for segmentation 	<ul style="list-style-type: none"> • Bundled sales • Long term focus 	<ul style="list-style-type: none"> • Adopt a low cost business model to counter competition from substitutes • Aggressive advertising
Things we do equally well	<ul style="list-style-type: none"> • Use of data analytics to track sales 	<ul style="list-style-type: none"> • Low adoption of technology in the customer experience 	<ul style="list-style-type: none"> • In-house induction of new hires
CRITICAL SUCCESS FACTORS	<ul style="list-style-type: none"> ✓ Focus on rural market ✓ Use of demographics and psychographics for efficient segmentation ✓ Attractive pay towards retaining best performers 		

Recommendations

Attribute	Short-term	Medium-term	Long-term
Agents	<ul style="list-style-type: none"> • Address pushing of products to reduce lapse and claw-backs • Segment agents by performance tiers towards specialized support to high performing agents e.g. customized training, administrative support and assigning mentors 	<ul style="list-style-type: none"> • Adopt use of technology to sell products to the mass market and youth • Adopt use of technology to recruit agents, for talent development and projecting persistency • Consider case-tracking where customers have access to a portal to track application process, due dates and surrender dates 	<ul style="list-style-type: none"> • Create incubation hubs to leverage on entrepreneurial thirst exhibited by the most successful agents and those wishing to start insurance related businesses • Merge/link the whole ecosystem through technology and data architecture
Life products' design	<ul style="list-style-type: none"> • Desist from copying competition products • Shift in product mix to improve productivity and address product manufacturing tag 	<ul style="list-style-type: none"> • Underwriters to focus on customer experience (CX) when designing products, In order to address real customer needs 	<ul style="list-style-type: none"> • Expand Research and Development (R&D) budgets • Embed agents into a technology platform to enhance human-to-human digital interaction e.g. info graphics to address old-school agents' selling process
Regulation	<ul style="list-style-type: none"> • Aggressive inspections by the regulator to ensure compliance with standard contracts 	<ul style="list-style-type: none"> • Design mechanisms to capture data for sales staff working directly under such agents 	<ul style="list-style-type: none"> • Consider introducing mechanisms for regulation of non-accredited agents

Recommendations

Attribute	Short-term	Medium-term	Long-term
Curriculum	<ul style="list-style-type: none"> • There is need to review findings of the ongoing impact assessment of the ECOP programme by IRA 	<ul style="list-style-type: none"> • Consider lowering barriers to COP entry to have more agents 	<ul style="list-style-type: none"> • Review the certification curriculum in light of emerging issues such as aggressive adoption of technology in the finance industry
Research	<ul style="list-style-type: none"> • Carry out internal and external customer journey mapping to identify and address agents and customer pain points towards improving customer experience 	<ul style="list-style-type: none"> • Insurance companies should embark on culture change initiatives to be more supportive of agent retention and enhance employer-of-choice ratings 	<ul style="list-style-type: none"> • Link research findings into AI to manage common pain points in the industry
Persistency	<ul style="list-style-type: none"> • Incentivize customers for: advance premium payments, check off and direct debit • Ease terms and conditions for reviving products 	<ul style="list-style-type: none"> • Design short term products targeting women and those above 40 years • Share persistency statistics with customers and jointly develop mitigation options 	<ul style="list-style-type: none"> • Create provisions for inter-product premium transfer to boost upselling, cross selling and revival for lapsed premiums • Increase agent incomes against higher productivity/reset incentives to lower regrettable churn rate



Some people know how to listen more than others

Thank You!!

Annexes

Suggestions from Lapsed Agents



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What would you advise the insurance industry to do to encourage more agents to take up insurance as a career?

- **Agent recruitment**
 - Encourage more people to seek COP training
 - ECOP should be highly publicized
- **Regulation**
 - IRA should be strict in regulating practitioners through frequent inspections and penalties for unprofessionalism
 - IRA to work hand in hand with qualified agents to enhance industry image
 - Maintain correct data on qualified and unqualified staff
 - Insurance companies should only employ qualified staff
- **Industry strengthening**
 - Empower more youths to take up insurance through giving them HELB loans
 - IRA should start a campaign of recruiting and educating agents and then sponsor them for COP
 - More public education is required on importance of insurance
 - Adopt technology to sell products given that agents using technology to sell insurance are thriving

Findings from Lapsed Agents



OBJECTIVE	FINDINGS	PROPOSED SOLUTIONS
<p>Investigate reasons of high attrition from the industry by qualified agents</p>	<p>Attrition causes</p> <ul style="list-style-type: none"> • Career growth was the biggest pull factor • Monetary benefit was the main persistency driver • Older agents are likely to have higher persistency • Internal attrition where agents switch to jobs within the sector 	<ul style="list-style-type: none"> • Improve working conditions to increase perceived job security, work pressure, remuneration and stability of pay • Introduce different employment bands for agents to ensure upward career progression • Consider enhancing ECOP and COP to be more cognizant of market and field realities
<p>Recommend ways of making the insurance agents profession more attractive</p>	<p>Key driver for new recruits:</p> <ul style="list-style-type: none"> • Employment • Growth opportunity • Attractive pay • Flexible work schedule is the 	<ul style="list-style-type: none"> • To attract more agents to the industry these drivers should be incorporated in any messaging directed to attracting agents to the industry • Continuous improvement of perception of the industry and that of insurance agent among the populace
<p>Establish reasons of low engagement of qualified agents</p>	<ul style="list-style-type: none"> • Selling insurance is considered an entry job • Lack of working tools (space for meeting clients, printers and retainer) • Low commissions • Long duration of converting a prospect to a 	<ul style="list-style-type: none"> • Devise mechanisms to portray insurance courses as prestigious • Consider enhancing the commission structure to make it more appealing • Consider providing a stipend for first time agents for the first two months of work • Reviewed claw-back terms to be to be less punitive

Suggestions from Current Agents

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Agent recruitment and affairs

- Consider reviewing agency license fee
- Lower barriers to COP entry
- Enhance target bands to reward agent effort
- The regulator should enforce the stipulated minimum rates
- Consider a zero claw back incentive structure
- Continue to recognize and award excelling insurance agents
- Encourage insurance companies provide more working tools to agents

Public engagement:

- Aggressive awareness campaigns to show the significance of insurance
- Public education to eliminate perceptions that sales agent's job is hard
- The sales agent's job image needs to be set right in the eyes of the public
- Encourage new graduates to join the insurance industry regardless of the courses they studied

Product offering:

- Design products that meet people's needs to ensure that insurance agents find it easier to achieve their targets
- Introduce affordable premiums targeted at the rural-folk

Findings from Current Agents



OBJECTIVE	FINDINGS	PROPOSED SOLUTIONS
Investigate reasons of high attrition from the industry by qualified agents	<ul style="list-style-type: none"> • Efforts tailored towards curbing attrition among industry stakeholders are not defined • Claw-back mechanism is not cognizant of reasons beyond agent's control • Poaching of the best agents is rife 	<ul style="list-style-type: none"> • Provide a more realistic approach within the COP and ECOP curriculum to reflect market realities • Continuously improve contractual terms for higher retention of agents • Consider creating different employment structures for agents to assure them of upward career progression
Recommend ways of making the insurance agents profession more attractive	<ul style="list-style-type: none"> • Flexible timelines and perceived independence are main drivers for new agents especially millennials • Agents are perceived as naggers by the general public • Customer knowledge on life insurance products is still low 	<ul style="list-style-type: none"> • Continuously create public awareness to make the agents' work easier through more campaigns and roadshows on life insurance • Need for a national public relations campaign portraying insurance agents as risk-solution providers
Establish reasons of low engagement of qualified agents	<ul style="list-style-type: none"> • Better job opportunities among agents was attributed as the main cause of attrition • Low and unappealing commission is the second push factor • Perceived unfavorable work culture was the third push factor 	<ul style="list-style-type: none"> • Offer graduated incentives for agents who achieve set time-specific milestones for instance year 5, year 10 and similar multiples • Need to review the commission structure to make it more appealing • Create less punitive measures for claw-back computation • Consider continuously enhancing working tools to compliment agents efforts