CHAPTER 6

COMPETENCY MAPPING OF HRM IN OTHER PRIVATE COMPANIES

Apart from LIC the Competency Mapping of HRM in private companies is essential to identity through different parameters. Client relationship administration and consumer loyalty are basic for survival and productivity of insurance companies. A variable affecting consumer loyalty is representative strengthening. In enabled associations, representatives understand their best innovations and ideas with a sense of excitement, ownership and honor, and they work responsibly and prefer organizational interests to their own ones. As a new approach to intrinsic job motivation, human resources empowerment means to free up internal forces of employees, providing platforms and creating opportunities for unlocking the talents, abilities and competencies of individuals. It causes employees to have a positive attitude towards their job and organization. By making changes in convictions, musings and dispositions of representatives, strengthening persuades that they have the capacity and competency important to play out their obligations effectively. How representatives feel about their working conditions influences their work habits. Attitudes and interests of employees towards their job is a source of satisfaction and a key concept in employee interest, acceptance of their job and organization goals and values. The desire and satisfaction of employees make them try in order to achieve organizational goals and having a strong desire to maintain membership in the organization. The efficient manpower is considered as the most important and valuable asset for achieving organizational goals

6.1 Private Insurance Company

We have the following major Private Insurance Companies doing business in Insurance sector under the regulation of IRDA. All have almost same products in the market and selling with different schemes. As far as competency mapping is concerned there are seven factors which identify the ability level of each company.
**Kotak Life Insurance**

Kotak Mahindra Old Mutual Life Insurance Ltd is a 74:26 joint venture (JV) between Kotak Mahindra Bank Ltd, its affiliates, and Old Mutual. Kotak Mahindra is one of India's leading banking and financial services organizations, offering a wide range of financial services that encompass every sphere of life.

**Bharti AXA**

Bharti AXA Life is a life insurance player that was started in 2006. The company brings together strong financial expertise of the Paris-headquartered AXA Group and Bharti Enterprises - one of the India's leading business groups with interests in telecom, agricultural business, financial services, and retail.

**Bajaj Alliance**

It's a joint venture between Bajaj Finserv Ltd (recently demerged from Bajaj Auto Ltd) and Allianz SE. Both appreciate a notoriety of ability, dependability and quality. Bajaj Allianz received the Insurance Regulatory and Development Authority (IRDA) certificate of Registration on May 2, 2001 to conduct various businesses (including health and other insurance).

**Reliance Life Insurance**

Reliance Life Insurance Company (RLIC) is amongst the top five private sector life insurance companies in terms of individual weighted received premium (WRP) and new business WRP. The organization has more than 1 crore approach holders with a solid dissemination system of more than 900 branches with more than 100,000 operators as of Walk 31, 2014.

**Max Life Insurance**

Max Life Insurance, one of the life insurers, is a joint venture (JV) between Max India Ltd and Mitsui Sumitomo Insurance Co Ltd. Max India is an Indian multi-business corporate, while Mitsui Sumitomo Insurance is an individual from MS&AD Insurance Assemble, a general insurer. Max Life Insurance offers comprehensive life insurance and retirement solutions.
**Birla Sun Life Insurance**

Birla Sun Life Insurance Company Ltd (BSLI) is a joint venture (JV) formed in 2000, between the Aditya Birla Group, a well-known Indian conglomerate and Sun Life Financial Inc, one of the leading international financial services organizations from Canada.

**HDFC Life**

HDFC Life was founded in 2000. It is a joint vendor (JV) between Housing Improvement Finance Partnership (HDFC) and Standard Life PLC of Joined Kingdom. HDFC Ltd has 72.37 for every penny value in the wander while Standard Life has 26 for every penny of value, with the rest lying with others.

**ICICI Prudential**

ICICI Prudential Life Insurance Company is a joint venture between ICICI Bank, a premier financial powerhouse, and Prudential, a leading international financial services group headquartered in the United Kingdom. ICICI Prudential was amongst the first private sector insurance companies began in 2000.

**SBI Life**

SBI Life Insurance is a joint venture between State Bank of India and BNP Paribas Cardif. SBI owns 74 per cent of the total capital and BNP Paribas Cardif the remaining 26 per cent. SBI Life Insurance has an authorized capital of Rs 2,000 crores (US$ 332.96 million) and a paid up capital of Rs 1,000 crores (US$ 166.56 million).

**TATA AIA**

Tata AIA Life Insurance Co Ltd (Tata AIA Life) is a joint venture (JV) company, formed by Tata Sons and AIA Group Ltd (AIA). Tata AIA Life combines Tata's preeminent leadership position in India and AIA's presence as the largest, independent listed pan-Asia life insurance group in the world spanning 15 markets in Asia–Pacific.
All Private companies have identified the competency mapping of HRM through the following seven parameters.

1. Executive Leadership

2. H.R. Strategic Development

3. H.R. Staff Knowledge and Ex parties

4. Low employee morale and High Turnover.

5. Employee Performance

6. Motivation


6.2 Executive Leadership

Official Authority assumes a crucial part being developed of an association making it an invaluable resource for an association achievement. Since, it is a business or industry indicated work, it is vital for it to progress to an indistinguishable degree from the industry does. With the late movements in the business world, the parts and components of HR are undergoing different changes. In today's improvement wild market contention, HR's regular part is becoming furthermore challenging and key. Issues and troubles can stretch out from retaining gifted agents, attracting new capacity, prepare laborer to recognize challenges, empower sound work culture for delegates and better execution. The estimations of challenges stood up to may move from industry to industry or business to business.

A standout amongst the most as of late advancing parts is Insurance segment which includes banking and other administration divisions. In the late years, low insurance advertise entrance rate and wide market openings have pulled in numerous privately owned businesses towards insurance area, giving intense rivalry to the old insurance goliaths. Nonetheless, powerful and proficient HR administrations can make it feasible for any organization to work easily and also have an edge over its rivals.
Insurance industries confront their share of difficulties and issues. With the steady internal and outer weights, Administration need to continually react to such changes and need to assemble reasonable model and techniques to adapt up for compelling administration.

Internal weights may include infrastructure, workforce planning and administration, cost administration, globalization of workforce, training and improvement. Outer weights can be changes in government control, changes in economic situations, changing representatives and client demographics. Different difficulties may include, trouble in maintenance administration, managing workforce differences, rising training and substitution costs, increasing turnover rate and ability crunch. Among the best difficulties confronted by HR, according to Brian little, a HR official of Zurich Insurance Co., is that "the insurance industry isn't really a destination for top understudies," requiring more prominent exertion and preferable presentation over in some other financial industry segments.

These difficulties, checks their capacity to adjust to changing business environment, enhance work effectiveness and gain by development in the area. HR needs to break down, innovate and recreate existing approaches so as to stay aware of the successive changes. A couple of the ways HR can manage normal issues are:

**Technology**

An efficient way to earn an edge over competitor is to stay updated on the latest technology relevant to company’s growth. HR should work closely with the companies IT function in order to understand the specific set of skills required by an employee for making significant contribution towards company’s growth.

**Work force**

One of the primary goals of HR is to ensure growth, development and satisfaction of the company workforce. To meet the objectives of low turnover rate, reduced recruitment costs, and a motivated work force, HR needs to engage in aggressive planning, communication and effective execution.
**Market conditions**

An HR needs to be responsive of the every changing market conditions in the industry. To cope with the changing customer preference, government regulations, competitor’s strategies and latest innovations in the sector, HR has to conduct market researches in order to get a better view of the changes and construct the best strategy to deal with the same.

With rapid, unpredictable and profound transformation underway in insurance industry, the issues HR must face have increased multiple folds and calls for rapid involvement. There is a need for creating new models and strategies, to adapt and evolve to such changes by the HR.

**6.3 HR Strategic Development**

Organization climate is a relatively an enduring quality of the internal environment experienced by the employees, influences their behavior. It can be described as code of values and a set of characteristics of the organizations. Hence organizations culture is derive from the perceived aspects of internal environment of an organization. But, within the same organization, there may be very different climates. This is due to the employees with different years of experiences from different levels of organizational hierarchy may perceive internal environment of an organization differently. The personal characteristic of the individuals such as values, needs, attitudes and expectations determine the manner in which they are likely to perceive the various aspects of the internal working environment of the organization.

Today there is a cut throat competition in every industry more so in service industry like insurance industry. It is being crowded with not only national players, but also with global giants. Each player, at regular intervals, is coming out with innovative products and innovative ideas to woo the investors. Insurance companies apart from ensuring security are also offering a fair return to the policy holders, LIC, under such situation, has to make extra efforts to maintain its leadership position in the insurance business. Human factor plays an important role in every industry, more so in service industry like insurance industry. Human beings are indispensable in insurance industry. Life Insurance Corporation (LIC) of India is one of the biggest service organizations with huge manpower. Its units are spread throughout the length and
breadth of the country. The scope of HRD is broad and hence, the main focus of present study is HRD climate, training and development and performance appraisal system prevailing in the Life Insurance Corporation (LIC) of India. The climate of any organization gains priority over other HRD sub systems. Training and HRD complement each other since the former is one of the effective tools of achieving the latter. In view of its importance, modest attempt is made to study the training and development extensively. Performance appraisal system is one of the important factors which influence the employee’s morale. Empirical studies have revealed that employees who know what is expected from them and how their performance is measured are normally thirty percent more efficient than those employee who did not know what was expected from them and how they were evaluated. Scientific performance system is very much essential for effecting promotions, for identification of training needs and for sustaining the morale of the employees.

6.4 HR Staff Knowledge and expertise

Insurance companies will be expected to first constantly seek ways of ensuring they are more efficient, productive, flexible and innovative, maintaining a competitive advantage now and in the future and how they will in addition to finance and technology, inordinately depend on how they will manage and factor as differentiator, the human resource compliment. With the industry undergoing huge change in the course of the most recent couple of years and the controller moving far from run based to hazard based supervision, the significance of a solid human resource compliment among insurance companies can’t be gainsaid. There is in this manner requirement for sound understanding and valuation for the human resource supplement in the insurance industry by undertaking a review of the abilities and competency levels obtaining in the industry. In proposing this study, it was indeed perceived that there had been practically zero research attempted around there in the industry in the later past. Regardless, the Insurance Demonstration provides for endorsements by the controller of key administration staff, the principal officer and the Governing body. Generally, information and information is submitted to the controller by insurers seeking endorsements of these units of human resource particularly at the season of yearly licensing. This study looked to build up accessible aptitudes and capabilities with a specific end goal to distinguish any holes arising and
methods for addressing the recognized crevices. Particular consideration was attracted to the administration units.

6.5 Low worker’s Confidence and High Turnover

Insurance industry is growing at 32-34% every year in India. This high development in the market is the consequence of progression, with new players’ fundamentally enhancing item mindfulness and promoting customer training and information. Internal representatives and deals work force are one of the key ranges for every organization to accomplish the objective. Specialists have watched high steady loss in Indian Insurance industry. Companies spend loads of cash for the improvement of the representatives and in this procedure in the event that somebody leaves the association, associations feel deviation in their arrangement and henceforth motivate deferral to achieve the target. The whittling down rate assumes a noteworthy part in an association. High wearing down rate of representatives in an association is a genuine concern on the grounds that the workers are the human capital. A portion of the associations have begun searching the cause because of which the workers are leaving the association. There are a few associations extraordinarily belonging to IT, Telecom, and different divisions which are facing high whittling down rate. Because of high steady loss rate, cost of the association increases because of training, advancement, socialization and different expenses on the representatives. Whittling down rate is high essentially in an association whose work is for the most part subject to learning specialists like BPO, paramedical, air transportation and so forth. Weakening is defined as diminishment in the quantity of representatives through retirement, acquiescence or passing. The rate of shrinkage in size or number of workers is known as whittling down rate. Whittling down of workers in a restricted measure is alluring for influx of new thoughts in an association. It helps associations to maintain their nimbleness in quick changing environment. It brings in fresh recruits, opens up new vistas for change, advancement and change, demonstrates roads to expand operations and add to the inventive lines of the associations. Wearing down in a restricted measure can along these lines bring gains to the association. Notwithstanding if there is a whittling down increases past a certain level; the gains are changed into pains. Enrollment specialists explain that high whittling down rates altogether increase the investment made on representatives. Huge investments in time
and cash should be made for acquiring representatives in any association. These can never be converted into benefit when whittling down is high. Diverse associations utilize distinctive technique to ascertain the rate of steady loss. The most well-known recipe to ascertain the rate of steady loss utilized by numerous associations is:

\[
\text{Wearing down Rate} = \left( \frac{\text{Number of representatives who left in the year}}{\text{Normal workers in the year}} \right) \times 100
\]

Worker whittling down particularly in deals drive is one of the basic issues which are confronted by Insurance Companies during nowadays. In a perfect circumstance a representative consider various solace level while working in an office for e.g. business’ goodwill in the market, compensation, future development, working condition, associates, current part's degree in the market and most critical future strength with the association. In an overview, inexact 70% of the working populace in India is not cheerful at all because of one of the angle (as specified aforementioned) which is not satisfied while working in an association which brought about higher wearing down rate. In expansive term, steady loss is a circumstance which manager confront when representative left the association because of employment disappointment, new open door in the market, retirement and regular cause (demise/sickness). Prior it wasn't critical for the association, whether their representatives are conferred or not, but rather now the time has been changed. The organization can't bear to lose its best worker to contenders. Thusly, it is a principal thought for insurance companies to think, why individuals are vacating their positions.

**Motivation**

Motivation contributes immensely to the promotion of the efficiency of the officers of organizations. Insurance companies spend huge sum of money and, efforts for the satisfaction of their officers so as to make them more productive. Motivation results in commitment and dedication on the part of the officers in their duty. It results in the accomplishment of the organizational objectives at the appropriate time. Different factors are responsible for the motivation of the officers in the insurance company. But in this research work, researchers take job situation factor alone. The researchers study the impact of job situation factor on the motivation of insurance company officers. Both the private, government insurance company officials have same opinion about the satisfaction of pattern of working, chance to learn. However private
sector insurance officials are offered comparatively better chances to learn about the insurance plans, special features, company’s rules and regulations than the government insurance company officials. Separate training department with frequent on the job training, off the job training techniques are imparted to the officials might have motivated private insurance company officials a reasonable amount.  

Customer Friendly Policies

Today's buyers of insurance policies are better briefed than the buyers of the past years, but that's of little help. There is a lot more to know about insurance today. The days when most Indians religiously—and blindly—bought endowment policies are over. As the types of policies have proliferated, so has the need to be better educated about them. Small policy holders invariably miss out on details required to make an informed decision. Insurance agents are tied to companies and are barred from comparing returns and features of policies offered by different insurers when they make a sales pitch. IRDA does not allow agents to sell more than one company's policies. That is to prevent commission-driven sales.

"By tying distributors to one company, the regulator has ensured that they take selling advice from the company managers more seriously," says Rahul Sinha, vice-president, marketing, Kotak Life. But it makes insurance buying cumbersome.

Consumers have to approach multiple insurance companies to understand their features. Sure, consumers have the option of buying from insurance brokers (different from agents) who are allowed to sell policies from all companies. But the limited number of brokers—as on November 30, 2004, there were 181 brokers in India—hampers small investors' access. Life Insurance Corporation of India has outdone its peers in the private sector in most parameters used for measuring consumer friendliness. The organization had less slips by, higher claim settlement and no punishments from the controller.

The claim settlement proportion of LIC was superior to that of private life insurers. Its settlement proportion increased to 97.73% in FY13 from 97.42% in the earlier

year. And the rate of dismissals was just 1.12% contrasted with 1.30% before. Private insurers reported a dunk in settlement proportion to 88.65% from 89.34% in FY12. "Private insurers had disavowed more number of cases when contrasted with LIC. The rate of renouncements (by private insurers) was 7.85%, practically unaltered from previous years 7.82%" in FY12," the Insurance Regulatory and Development Authority said in its annual report for FY13 released on Wednesday.

In terms of persistency of business too, LIC scores better with a lapse ratio of only 5.6% as against private life companies which are all in double digits ranging from 17% to 42%. The only exception is HDFC Life Insurance, which has a lapse ratio of 5.6%. IRDA measures lapse ratio as the number of policies lapsed during the year divided by the average of the policies in force at the beginning and end of the year.

The 13-month persistency (policies which are renewed after a year) is the highest for PNB Metlife at 71.22% on a much smaller business. LIC, Max Life Insurance and IDBI Federal Life Insurance have a 13-month persistency of 70%. For other private companies, the ratio ranges from a low of 36% to 69%. Private insurers scored slightly better was in terms of commission ratio. Private insurers paid out 5.7% of total premium as commission compared to 7.08% for LIC. However, LIC reach was much bigger and it sold more policies to the lower middle class with an average premium per policy of Rs 11,143. Compared to this, the private life insurers generated an average premium of Rs 24,457 per policy - more than double that of LIC.

While agents of private companies managed to sell only an average of three policies in FY13, the average agent of LIC sold 29 policies. In FY13, the insurance regulatory authority imposed penalties on 12 companies, including two public sector non-life insurers, for various reasons. The penalties ranged from Rs 5 lakh to Rs 1.4 crore. However, LIC did not face any penal action.Interestingly, although only five private life insurers paid out dividend, the total payout by private life insurers to their shareholders amounted to nearly 80% of LIC's dividend to the government. While LIC paid a dividend of Rs 1,436 crore to the government, private life companies paid out Rs 1,155 crore to their shareholders in FY13.

In the first quarter of FY14 life, insurers have written business of Rs 19,216 crore as against Rs 19,451 crore, recording 1.2% shrinkage in business. While private insurers
registered a 6.87% decline, the state-owned life insurer recorded a growth of 2.92%. LIC, with Rs 14,295 crore of premiums from new policies, saw its new business market share rise from 74.29% to 74.39%.  

86 AA Ahmad, Ph.D. Postulation, Aligarh Muslim University, Aligarh, India, 2003.