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## AN EMPIRICAL ANALYSIS OF GENERAL INSURANCE AGENT PERFORMANCE IN AN INDIAN INSURANCE SECTOR

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### ABSTRACT:

Confrontational thinking and a lack of risk management understanding have resulted in a difficult competitive climate for Indian general insurers. The general public's faith in the insurance business has become a critical issue for the industry's success. The insurance sector's regulator demonstrated through statistical data that the general insurance market is not growing at an acceptable rate. For many years, penetration has been exceedingly low. The existence of insurance firms is dependent on effective human resources, particularly agents. As a result, general insurers strive to focus on sales agent performance in order to enhance firm sales and grab a substantial market share. Therefore, the goal of this study was to examine the existing relationship between salesperson abilities and agent performance in India's general insurance industry. Using a quantitative methodology, the study mailed surveys to 400 insurance brokers in the general insurance industry at random. The study utilized salesperson sales performance as independent variables and selling skill components (interpersonal skills, salesmanship skills, technical skills, and marketing skills) as dependent variables. According to the study, a salesperson's performance is most strongly influenced by their interpersonal abilities.

**Keywords:** - Insurance, Selling skill, Sales performance, Relationship

### I. INTRODUCTION:

Traditional general insurers in India are in poor condition. Adverse weather conditions, more administrative expenses brought on by regulatory changes, slower automobile sales, currency depreciation, and customers' bad impressions of the insurance sector are the most important elements affecting the disruption of this industry. Additionally, the following factors were considered to be low profit attractive factors for this industry: To begin with, loss-making vehicle and health insurance policy products have been the general insurance industry's main drivers. These insurance policy lines make up more than half of the general insurance industry's portfolio (IBSL, 2015). This is the fundamental problem that has impeded the development of the sector. Due to their high claim

ratios and combined ratios, loss-making lines restrained the sector's growth, while motor and health insurance had the lowest GWP. Intense competition is the second main cause of the general insurance industry's downturn. Because of the harsh competitive environment, underwriters were forced to reduce premium levels in order to win market share.

Due to their high claim ratios and combined ratios, loss-making lines restrained the sector's growth, while motor and health insurance had the lowest GWP. Intense competition is the second main cause of the general insurance industry's downturn. Because of the harsh competitive environment, underwriters were forced to reduce premium levels in order to win market share.

Additionally, the regulatory body for the Indian insurance sector disclosed that the general insurance industry's penetration level has been too low for a longer period of time, highlighting the general insurers' ongoing struggle to grow their market share (Weeralingam and Illangasekara, 2011); in 2015, the level of penetration was only 0.66% (IBSL, 2015).

Although this is fairly low compared to the average for the Asian region (IBSL, 2015), it shows that India has a sizable untapped market for future expansion in the general insurance industry. Therefore, in order to increase the company's profit level, general insurers focused on luring lucrative customer segments and forging close ties with them. Long-term client connections will promote the survival of general insurance businesses, while being oppressed by complex obstacles (Muthusamy & Fernando, 2016). General insurers focus on corporate sales in response to the shifting climate. Salespeople are crucial to enhancing the company's market contribution since general insurers' revenues are highly dependent on direct sales channels (Farhang and Hasely, 2013)..

Not only does the insurance business depend heavily on salespeople, but so do banking (Jarrar and Neely, 2002), engineering, telecommunications, the chemical industry, financial services, insurance, health care, accountancy, airlines, and retailing (Li, Sun and Montgomery, 2011)." The most important parallels vary according on the type of salesperson and industry (Johlke, 2006), according to earlier empirical research. Management aims to increase corporate sales, and there are a number of factors that affect sales success. Management does this by hiring skilled salespeople in order to enhance sales results. Understanding the most important skills for salespeople is therefore essential. The goal of the study was to give a comprehensive understanding of general insurance industry salesperson competencies and how they impact sales success.

## II. LITERATURE REVIEW AND HYPOTHESIS

Alberts et al. (2006): Strong customer relationships between businesses and their clients are becoming increasingly difficult for organizations to create. Due to the numerous options that globalisation gave customers for their purchase preferences, there was a customer turnover with other items.

Kamakura et al. 2002: One of the most important customer relationship management strategies for keeping current customers in a company is cross-selling. In the service industry, customers are the most precious resource. Service providers are making an effort to modify their customer retention strategies. "Customer relationship management, which consists of acquiring, retaining and growing or expanding customer relationships with a firm, is an important endeavor for modern service organizations".

Rahmanjee, 2007: In the event of an incident, the insured obtains financial compensation in return for consideration. A formal agreement between the insurer and the insured is called an insurance contract.

"A contract in which one person, known as the "insurer," promises to pay a quantity of money to another person, known as the "insured," in exchange for an agreed-upon price known as the "premium," is how insurance is defined.

There are two categories of insurance: general insurance and life insurance.

Thangakone, 2001: One kind of long-term insurance is life insurance, sometimes referred to as long-term assurance. It is a life contract for humans that is related to passing away or unforeseen events. The Human Life Value establishes the contract value. Life insurance may be classified into the following groups: Life insurance, linked long-term annuities, annuities, contracts providing numerous indemnities and disability benefits, contracts providing benefits for accidents and illnesses, permanent health insurance, contracts providing capital redemption, and pension plans.

"General Insurance" means "Any insurance which does not fall within the scope of Long- Term Insurance may be considered to fall within the scope of General Insurance". The four categories of general insurance are motor vehicle, employee liability, maritime, aviation, and transport insurance, fire insurance, and miscellaneous insurance.

Weitz and Bradford, 1999: Since most general insurance products are included in annual contracts, acquiring and keeping customers is harder in the general insurance market than in other sectors. Additionally, there is a significant amount of customer churn in this industry. Effective salesmanship is crucial in this line of work to find and attract the right clients and prospects.

### **A. Sales Performances**

Every business has to maximize sales effectiveness since it has a direct impact on revenue generation and overall company growth. A range of strategies, skills, and talents are needed for good sales performance in order to draw in and retain consumers, finish transactions, and meet or surpass sales goals.

Good sales effectiveness requires a variety of abilities, including product knowledge, interpersonal skills, effective communication, continual learning, and flexibility. By focusing on these elements and being customer-centric, salespeople may consistently achieve and exceed their goals, hence promoting business development (Darmon et al., 2013).

Sales representatives' efforts are crucial to sales performance, and providing them with incentives will boost their output. As a salesman, you should focus on role clarity, goal orientation, experience, and adapting your selling behavior since these factors are critical to your success and will help you perform better (Brown and Peterson, 1994). A devoted customer base and a sizable sales profit are the outcomes of salespeople that execute their sales effectively. The company's sales performance will increase and it will be able to fulfil its profitability targets thanks to rich quality and valuable relationships (Schmitz et al., 2014). Numerous studies noted that organizations were forced by changes in competition to employ technology to boost sales, which encourages quick and efficient customer service and frees up employees' time from worrying about unnecessary labor (Rapp et al., 2008).

According to Darmon et al. (2013), a number of businesses' marketing goals are not achieved as a result of bad management decision-making, disgruntled employees, and a lack of commitment from management and staff. Lovely-natured insurance sales representatives will perform better in the field since they are highly motivated. Researchers found that the organization should affect sales performance in addition to the salesman in order to boost sales. For managers and salespeople to increase sales success, product portfolio and sales adaptability are critical.

Many salespeople, such as "brokers, agents, and banking representatives," are in charge of attracting new insurance clients. People were drawn to the merchandise by sales people. Sales reps are very important in the insurance industry. Insurance customers are recruited by a variety of sales personnel, including "brokers, agents, and banking representatives." (Erastus Yamoah, 2013)

Numerous studies have established the extent to which a salesperson's hard work and talents, in addition to their abilities, influence their achievement in the sales arena. The dependent variable has been defined by this research and study as One of the most important factors influencing a salesperson's performance and attitude is their ability. Similar to this, aptitude and flexibility are crucial performance metrics. product line and salesperson's ability to close deals. Comprehending is necessary for successful sales. client requirements. The research thus concentrates on sales. It will raise profitability and performance targets. thereby gaining a substantial market share (Weitz et al. 1986)

## **B. Interpersonal skills and Salesmanship Skills:**

The skills that people employ to effectively engage with others are known as interpersonal skills, also sometimes referred to as people skills or social skills. These abilities are critical in the job, in social situations, and in personal relationships, among other areas of life. A vast array of competencies, including communication, active listening, empathy, conflict resolution, and teamwork, are included in interpersonal skills. The majority of studies found that excellent interpersonal skills lead to high sales objectives. (Farhang and Hasely, 2013).

Salespeople need salesmanship skills, which are fundamental abilities, to influence and convince potential customers to buy from them. These skills are essential in the sales industry, where the aim is to satisfy client needs while achieving organizational goals. Successful salesmanship requires a variety of skills, including persuasion, communication, product knowledge, flexibility, and customer relationship management. (Basir and Berhad, 2010)

Johlke (2006) emphasized that in the cutthroat world of sales, those with strong salesmanship skills can build relationships with customers, politely handle objections, and close deals. These skills not only boost profits but also enhance customer satisfaction and loyalty, fostering enduring relationships and repeat business. Gaining proficiency in salesmanship skills allows professionals to thrive in the competitive and fast-paced world of sales, leading to business growth and success.

According to the literature reviewed, the first and second hypotheses framed are as follows:

**H1:** There is a significant correlation between salesperson performance and interpersonal skills.

**H2:** There is a significant correlation between salesperson performance and salesmanship skills.

## **C. Technical Skill and Marketing Skills**

Salespeople that have technical skills are able to fully comprehend the products or services they are selling. Salespeople are more equipped to address customer issues, tailor presentations to specific needs, and explain aspects of sophisticated software solutions or high-tech devices when they have a thorough understanding of their intricacies (Schmits et.al, 2014).

Credibility is derived from technical expertise. Customers are more trusting of salespeople who can explain a product or service's technical intricacies well. When buyers believe the person selling something is educated about the product, they are more likely to make an investment.

Students that study marketing are trained in effective communication techniques. Salespeople with marketing expertise may develop compelling stories around products to make them more relatable to the needs and goals of the customer. The ability to tell an emotive story may significantly influence a consumer's choice to buy.

Marketing skills place more focus on building relationships than on signing contracts. For salespeople who grasp the principles of marketing, long-term client relationships, brand reputation, and customer loyalty are all crucial. They may make excellent use of this information by nurturing leads, offering exceptional post-purchase assistance, and building brand loyalty (Weitz & Bradfor, 1999).

According to the literature reviewed, the third and fourth hypotheses framed are as follows:

**H3:** There is a significant correlation between salesperson performance and interpersonal skills.

**H4:** There is a significant correlation between salesperson performance and salesmanship skills.

### III. RESEARCH METHODOLOGY

For this study, a quantitative research technique was adopted. Utilising the quantitative data, knowledge about social phenomena was revealed. The primary data used in this investigation were collected using a standardised questionnaire. 400 general insurance agents from five different general insurance companies made up the study's sample. Based on their market share in the general insurance industry, the top five general insurance companies are ranked and selected. A straightforward random selection technique that takes into account the goals of the study and the features of the population was used to choose the sample. In order to assess the quantitative data, this study employed statistical and descriptive methods, including correlation between the variables under investigation and descriptive analysis (mean, median, and standard deviation).

### IV. DATA ANALYSIS AND INTERPRETATION

The study's results from the data analysis will be displayed in this section. Cronbach's coefficient alpha was used to assess the instruments' internal consistency, per Sekaran (2010). The above-mentioned number of 0.7 serves as a useful beginning point.

#### A. Sampling Adequacy Test and Reliability Test

KMO is a test that looks at factor appropriateness to assess an index's adequacy. Larger KMO test results are suitable between 0.5 to 0.1, according to Yor Malhotra (2006); however, if it is too tiny close to zero, it shows inappropriateness. The generalizability of the research is shown by the suitability of the population and sample. Reliability was evaluated using Cronbach's alpha value. According to the method, the Alpha values have to be more than or equal to 0.70. It suggests that the questions have greater measurement reliability. KMO is a test reveals the factor appropriateness. The value of 0.827 reveals generalizability of the sample to the population. The analysis of every parameter in independent and dependent dependability at the acknowledged level is shown in Table below.

Cronbach's Alpha	N of Items
.755	4

#### B. Variable Analysis

The predicted results show that interpersonal skills and sales performance have the biggest positive correlation. The correlation between sales performance and interpersonal abilities is  $r = 0.677$  and  $P = 0.000$  at the 95% confidence level. At the 95% confidence level, there is a moderate positive correlation and significance ( $r = 0.550$ ,  $P = 0.000$ ) between salesmanship competence, marketing prowess, and corporate sales success, respectively.

Technical abilities and sales performance have a weakly positive connection ( $r = 0.299$  and  $P = 0.000$ ).

The researcher developed the following regression equation based on the rationale provided:  $Y = 0.554 + 0.515$  (Interpersonal Skills) + 0.147 (Marketing Skills) + 0.184 (Salesmanship Skills).

### C. Multiple Regression Analysis

According to the final model, the researcher discovered four Sales Skills Dimensions that have a 71% link with sales success, with the remaining 29% covered by other factors. The model's independent and dependent variables have a positive connection.

According to the R<sup>2</sup>, three independent criteria have a positive 50.4% influence on cross-selling performance.

### D. Hypothesis testing

Hypothesis test statements are created in order to evaluate the variations between the elements and variables in this investigation (Sekaran, 2010). The Null Hypothesis (H<sub>0</sub>) in statistics may indicate that there is no relationship at all between two variables. The alternative hypothesis, according to Sekeran (2010), states that two variables are related.

Sekeran (2010) states that the observed significant level is represented by the P value. If the p value is more than 0.5 ( $p > 0.5$ ), then H<sub>0</sub> will be rejected.

*H1: There is a significant correlation between salesperson performance and interpersonal skills.*

A 95% significant positive correlation ( $r = 0.515$ ,  $P = 0.000$ ) has been shown via regression analysis between salesman performance and interpersonal skills. Correlation analysis revealed that this assumption was likewise supported ( $r = 0.677$ ,  $P = 0.000$ ).  $P < 0.05$  leads to the rejection of H<sub>0</sub>. endorsed H<sub>1</sub>

Churchill et al. (2000) claim that sales effectiveness is positively impacted by interpersonal skills. The results of this survey indicate that salesmen for general insurance companies anticipate having stronger interpersonal skills in order to boost their performance in the marketplace. Salespeople with stronger interpersonal skills will retain clients for longer periods of time, which will reduce the incidence of customer attrition.

*H2: There is a significant correlation between salesperson performance and salesmanship skills.*

The regression analysis indicates that sales performance is significantly influenced by salesmanship skills. At the 95% significant level, the positive beta indicates a favourable influence on sales performance because ( $r = 0.184$  and  $P = 0.000$ ). The previously indicated notion was further corroborated by the correlation ( $r = 0.550$ ,  $P = 0.000$ ).  $P < 0.05$  leads to the rejection of H<sub>0</sub>. Admitted H<sub>2</sub>

The results of the empirical study supported the positive correlation between sales performance and salesmanship skills. In addition, Johlke (2006) stressed that in order to improve salesmanship performance, training sessions for presenting skills and flexible behaviours must be provided. Additionally, the poll verified that salesmen for general insurance companies need to possess exceptional sales skills.

*H3: There is a significant correlation between salesperson performance and interpersonal skills.*

The beta value between technical capabilities and sales success was not significant at the 95% significant level, according to the regression analysis model. This explains why technical abilities do not appear to improve sales performance. Furthermore, correlation revealed that the two variables had a relatively favourable relationship ( $r = 0.299$ ,  $P = 0.000$ ). H<sub>3</sub> is rejected since  $P > 0.05$ , and H<sub>0</sub> is thus accepted.

Prior research has not shown a significant relationship between technical proficiency and sales representative efficacy (Basir, Ahmad, & Kitchen, 2010).

Schimit, Lee, and Lilien (2014) assert that it is crucial to enhance sales force in the general insurance industry in India, despite Muthusamy and Fernando (2016) stating that salespeople in this sector lack technical knowledge and are unconcerned about technical knowledge when it comes to the practical scenario because technical skills become obsolete due to innovations, abnormal weather conditions, and environmental changes in India.

*H4: There is a significant correlation between salesperson performance and salesmanship skills.*

The regression analysis model indicated that the beta value between marketing abilities and sales success was positive ( $= 0.147$  and  $P = 0.018$ ) at the 95% significant level.

This explains why sales performance is positively impacted by marketing talent. Additionally, correlation analysis demonstrated that the two variables had a positive link ( $r = 0.499$ ,  $P = 0.000$ ).  $P < 0.05$  leads to the rejection of  $H_0$ . Accepted  $H_4$

## V. CONCLUSION

The report underlined how crucial it is for the sector to increase sales in order to prosper in the marketplace. The relationship with the client is vital in the general insurance business. Because of its nature, the business greatly depends on the customer's intuition. Salespeople must assist in enhancing industry performance in order to restore client confidence. Because of this, the general insurance business needs highly skilled workers to fulfil sales targets and keep clients. There hasn't been any research done on this topic in the Indian setting. Thus, the study will be the most important and first step in the investigation of this subject. In order to attract and keep clients in the general insurance industry, a salesperson has to possess strong interpersonal, sales, and marketing abilities, according to the survey. Therefore, the study will be a crucial beginning step towards advancing this field's research.

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