

Fly Like a Butterfly....

During his speech at the 9th Global Conference of Actuaries last month, Dr Rakesh Mohan (Deputy Governor, Reserve Bank of India) stated that things are getting 'pretty hot' in India. With 9.2% growth in GDP for the 2006-2007 fiscal year, his allusion to butterflies causing tornadoes is a timely cite. The question that naturally follows is: what does this growth mean for the Insurance Industry?

My thoughts as a search consultant turns to growth in terms of resources i.e. the butterflies needed to effect & sustain these changes in the insurance market. The Indian insurance sector is relatively young, with many factors in the market such as growing longevity, growth in nucleus families and so on. These fuel development and interest in new products, and have contributed to the growth and (according to some observers) even 'overheating' of the economy. In short, it is a busy and exciting time for Actuaries in India. There are only 213 ASI members (ASI count March 2006), 420 on the last unofficial count (or perhaps Indian Actuarial humour!) a fraction of that number are working abroad/ and a fraction are of retirement age. It's no secret that there is a notable shortage of actuaries, and this could hamper development.

HR and recruitment are increasingly coming under the spotlight. Many notable qualified actuaries are being drawn to India from overseas, attracted by the growth and the subsequent pay packages that are increasingly levelling with the more developed markets. On the other hand, there is still a trend for one-way traffic out of India. These NRI professionals are a great potential for the Indian market. Though their acquired skill set demands a higher salary, and many cite being a non-returning NRI due to the fact that they feel they are learning more abroad.

Salaries are not always on a par with growth of the industry at the part/nearly qualified level and market rates can vary from company to company. Senior Managers are complaining of too much movement, citing apparent inflation in salaries. With a trend for many actuarial students switching jobs in less than two years, HRs are having to deal with this instability and many companies are feeling the ripples of this take effect. A note of caution, balance needs to be kept in keeping up with market rates in a rapidly developing economy over inflated demands for salaries.

With the industry at a chrysalis stage, the same teams are covering everything from valuations to product development. There has never been a greater need for more hands on deck. It is true that part/nearly qualified actuarial students need to be brought up to speed with current conditions. But without investing in them in terms of taking the plunge and recruiting and following up with a rigorous training programme of recruits, the chasm will only get bigger. This needs to be seriously addressed, and with forethought and planning could be an effective.

With over 5000 ASI students, even if a fraction of these were to qualify, companies will have a great potential for nurturing these caterpillars in the early stages through to go on to qualification into the actuarial butterfly.

In many cases, staff retention would be much cheaper for companies than staff replacement. The idea of internal promotions and movements would allow companies to develop and nurture their high calibre staff in the long term. Even with staff movement there are lessons to be learned, i.e. to be better informed in the future. Periodical 2-way appraisal systems will not only ascertain that colleagues are on target, but if there is uncertainty or frustration this is where a frank and open dialogue can repair relations. On the event of resignations, it is recommended to do 'exit interviews' to gain further insight into reasons for moves, which will in turn help toward making better, productive and more stable teams. GAAPS is always ready to offer advice on such interviews, and any other recruiting matter. The right team is essential in order for full capacity business performance; false economy is not a sustainable long-term option.

With the infrastructure of India changing at all levels, it is clear that effective recruitment, retention and training needs to be addressed. Indian companies need to deploy strategies at all levels to skilfully engineer this period of transition. And this simply means focusing on Human Capital needed to keep all those butterflies flying.

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