BRIEFING NOTE 14

Microinsurance Innovation Facility

International Labour Office

SELLING MORE, SELLING BETTER: A MICROINSURANCE SALES FORCE DEVELOPMENT STUDY

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Selling microinsurance is not easy. Convincing low-income clients of the value of insurance is difficult, especially when sellers have no previous insurance experience or have other responsibilities in addition to selling insurance. When insurance is not explained properly or mis-sold, clients may not understand what they are buying and have inaccurate expectations of the policy, leading to dissatisfaction and reputational risks not only for the insurer and distribution channel, but for the entire concept of insurance. However, when a sale is done right, clients are more likely to recognize the benefits of the protection against risks, understand when and how to claim, and renew policies.

Adequate training, incentives, and monitoring of the sales force are indispensable for selling microinsurance effectively. A properly trained and motivated sales force is needed to reach scale; cost-efficient sales methods can enable microinsurance programmes to be viable.

The note reviews the four main steps in sales force development: recruit, train, incentivize, and monitor and provides lessons for microinsurance providers to improve the performance of their sales force.[1]

RECRUIT

Organizations prioritize different selection criteria based on regulation, the structure of the programme, and the requirements for the job.

Hiring sales staff that is trusted in the community makes sense, particularly for community-based programmes. CARE Foundation relies on community leaders to nominate candidates. It believes that active participation and commitment to the community leads to lower attrition rates.

It can be effective to integrate training and recruitment when recruiting candidates with basic education or when candidates are difficult to judge based on their past experience. Trainers can assess candidates based on their performance on exercises simulating daily tasks, and hire staff accordingly.

Finding a cost-effective way to identify and hire successful candidates is necessary. The first step is to determine the characteristics of effective sales staff for a given programme and then to develop screening processes to identify suitable candidates. Organizations can also consider using psychometric tests that assess candidates' personality and aptitude against desired characteristics. Using such tests can standardize the selection process and make it easier and cheaper to replicate as programmes achieve scale.

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[1] This brief is excerpted from Microinsurance Paper no. 16, which includes the relevant citations and details on methodology and the cases reviewed. The paper is available at www.ilo.org/microinsurance. Serena Guarnaschelli and Gill Cassar work at Dalberg, and Aparna Dalal works as a consultant for the ILO's Microinsurance Innovation Facility.

TRAIN

Experiential training can be an effective approach for sales staff with basic education and little prior exposure to sales or insurance. Good practices involve role-playing and games to give sellers a safe space in which to understand concepts, practice selling, obtain targeted feedback, and build confidence (see Box 1 for CARE's training programme). Insurers can encourage trainees to personally experience the product, for example by providing a discount to them. Trainees can sell the product to each other during the training programme, providing them with a practical experience of the sales process.

A more experienced sales staff or a manager can provide on-the-job training to new sellers after the initial training. Monitoring systems can target training to the specific needs of sales staff, and regular meetings can be held where they can share experiences, and top sellers can explain their methods.

INCENTIVIZE

Organizations should use a balanced incentive structure with financial and non-financial incentives. As outlined in Table 1, each type of incentive has pros and cons, with some potentially causing negative behaviour. A financial incentive model linked only to sales volumes might encourage sellers to mis-sell, that is, to force a sale without the full consent of the client or without a clear understanding of the terms and conditions of a product.

Incentives therefore need to be carefully designed and monitored. Selecting which incentive is most suitable depends on the type of organization, maturity of the programme, profile of the sales force and the ability to monitor staff actions and measure client satisfaction.

Incentives should optimize both the number and the quality of sales. Good quality sales increase the likelihood of renewals, thus protecting clients against risk in the long term and enhancing the sustainability of the insurance scheme. Rewarding staff for sales quality improves the likelihood of renewals. Quality can be measured quantitatively (e.g. renewals, transaction speed, type and rate of errors) or qualitatively, (e.g. client satisfaction surveys, audits to check client understanding of a product, supervisor assessments).

Box 1 CARE Foundation's training programme

CARE Foundation is a not-for-profit organization operating in India that has piloted a self-insured, voluntary outpatient health insurance scheme, delivered through rural village based health care workers. These workers are trained to sell the insurance policies, perform health checks, and provide doorstep basic primary care services aided by handheld devices, which link them to a doctor and medical information.

The two-day training programme is delivered through a series of brief sessions. Meetings are conducted in the local language and in a participatory and interactive manner, including practical exercises and role-plays. The training relies heavily on the use of images and graphics, and includes a seven-minute animated video. Trainers developed a list of Frequently Asked Questions, which is updated regularly based on queries received during training. The health workers are trained on the basics of insurance and risk management, the product features and benefits, sales strategies, premium collection, enrolment, documentation and how they will be compensated.

After launching the pilot, trainers found that the health workers often provided incomplete information to prospective clients. In response, CARE developed a detailed checklist for health workers to consult when promoting the product. The checklist covered the important information that should be conveyed during the sales pitch.

CARE also found that inexperienced health workers lost confidence after their initial training. CARE sent coordinators to villages to support these sellers. The coordinator, accompanied by the health worker, would conduct group or door-to-door meetings with prospective clients to demonstrate best practices. Health workers were encouraged to practice and received feedback on their performance.

Table 1 Range of incentives

Incentive	Indicators	Pros-cons
Sales commission	Number of sales	Most common type of incentive Pros: Promotes sales, easy to measure and design Cons: Ineffective if too small, potential for mis-sales if not balanced with other incentives or monitored carefully
	Number of sales per team	Pros: Promotes team work and team building Cons: Effort and reward might not match
Renewal commission	Renewal rate, persistency	Linked to quality of sales Pros: Encourages appropriate sales Cons: Reward delayed for long-term policies
Quality-based commission	Quantitative: renewals, transaction speed, errors Qualitative: client satisfaction surveys, client understanding of product, supervisor assessments.	Incentive based on assessment of staff performance in promoting product understanding and appropriate sales. Qualitative or quantitative. Pros: Promotes desired behaviour in staff Cons: Difficult and more expensive to measure, subjective, need to capture client feedback
Promotions, professional development opportunities	Indicators listed above, manager input	Pros: Improves staff retention Cons: Usually limited to a relatively small number of opportunities
Awards, recognition	Indicators listed above, team/client nominations	Pros: Improves staff retention, non-financial focus, can be low cost), Cons: Maybe less motivating than financial incentives, can take time to set up and implement
Support higher purpose	Supervisory/peer assessment of drive/motivation	Pros: Reinforce social objective/higher purpose, promotes staff retention Cons: Subjective

Non-financial incentives can give sales staff recognition or a tangible reward for strong performance. Organizations that hire community-based sales staff can emphasize the social benefits of insurance to motivate staff. By hiring staff locally when selling microinsurance in tea plantations, ICICI Prudential relies on the social bonds between its sales staff and their communities to encourage good performance. ICICI Prudential trains the sales staff about the importance of financial inclusion and poverty alleviation to give them a sense of purpose.

Team-based financial incentives can be effective in promoting teamwork and encouraging sales staff to work together. For example, CARE Foundation gives a group financial incentive, to be equally divided among a team of sales staff, if the team reaches a predefined benchmark.

MONITOR

Monitoring is critical for microinsurance for a number of reasons. Given clients' limited experience with insurance and the low demand for microinsurance, sales staff have to push sales. Monitoring ensures that sales are appropriate and verifies whether the client understands the product. Further, monitoring enables innovation, allowing organizations to adapt quickly; this is particularly important as many microinsurance schemes are still evolving.

For insurers with a sales force that is fully outsourced, there is a need to implement strong monitoring systems and clearly outline targets for sellers. As an example, Hollard's quality assurance staff listen to sales staff's calls to ensure compliance with South African regulation and with the company's rules. Ultimately, each call centre is evaluated based on its staff's performance on sales calls. Liberty audits every sale through an external audit company. After each sale, the audit company calls clients to welcome them to the company, and checks their understanding of the product.

Feedback from monitoring allows organizations to diagnose issues and equip staff with the tools they need to be successful (Box 2 outlines GRET's practices). Feedback from monitoring helps insurers to accurately target specific individual and group training needs over time.

Clear performance goals set expectations up front of what is required of sales staff. Systematic monitoring helps assess their performance, particularly when staff is outsourced.

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Box 2 GRET's integration of monitoring and training

In 2000, GRET, a French non-governmental organization launched the SKY health insurance programme in Cambodia. SKY currently holds 73,000 policies sold by 80 community-based sales staff.

GRET has a comprehensive system of monitoring financial and sales force performance using its IT system, surveys and a hotline that members can call with questions. GRET integrates feedback into on-going training schedules of its sales staff. GRET monitors financial performance, sales performance, member knowledge and sales force knowledge systematically. Every month, GRET calculates the number of new sales, dropouts and total income earned. Managers review the quarterly performance of sellers and work with the field operations officer to build a training plan for the next quarter based on the needs of individual sales staff.

GRET tests sales staff annually to assess their knowledge of the product, benefits, claim procedures, etc. In addition, field coordinators use a set of questionnaires to do spot checks of sellers in the field to assess whether they are following procedures.

CONCLUDING THOUGHTS

This note provides tips for microinsurance providers to use across the four steps of sales force development. Properly trained and motivated sales staff can ensure that clients have positive experiences with the sales process and a better understanding of how insurance works, leading to improved demand for insurance amongst low-income communities. Cost-efficient sales methods can enable microinsurance programmes to reach scale and become viable.

Housed at the International Labour Organization's Social Finance Programme, the **Microinsurance Innovation Facility** seeks to increase the availability of quality insurance for the developing world's low income families to help them guard against risk and overcome poverty. The Facility was launched in 2008 with generous support from the Bill & Melinda Gates Foundation to learn and promote how to extend better insurance to the working poor. Additional funding has gratefully been received from several donors, including the Z Zurich Foundation and AusAID.
See more at www.ilo.org/microinsurance

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