

Navigating Challenges and Opportunities: A Comparative Study of Insurance Practitioners in China and Beyond

Xiani Lin*

Sheffield University Management School, The University of Sheffield, S10 1FL, Sheffield, United Kingdom

Abstract. Since China's reform and opening up in 1978, the Chinese economy has grown rapidly and has now become the world's second-largest economy. With the transition from a planned economy to a market economy, Chinese households are facing greater market risks. This development has led to a continuous increase in the demand for financial security among Chinese residents, as well as the rapid growth of the insurance industry. However, although China has become the second largest insurance market since 2017, it still faces major challenges, including the lack of public trust and preparation in managing crises such as COVID-19. This study aims to identify the key factors affecting the development of insurance professionals in China by comparing the differences between insurance industries in different countries. From an international perspective, emphasize the existing gap in labor force in China's insurance industry, and propose the best practices and innovative paths suitable for China's national conditions. I hope these findings provide valuable insights for strengthening China's insurance industry and enhancing its international competitiveness.

1 Introduction

Since the "reform and opening up" in 1978, China's economy has developed rapidly and has now become the world's second-largest economy. In the process of transforming from a planned economy to a market economy, people's economic sources have shifted from a single state-owned unit allocation to a diversified income structure, including wage income, operating income, investment returns, and other forms. This means that more families in China are exposed to various risks inherent in the market economy [1]. With the increasing demand for risk management and financial security, the insurance industry has been able to develop rapidly, and the role of insurance professionals has become increasingly important. Since 2017, China has become the second largest insurance market. However, despite this growth, China's insurance industry also faces significant challenges, particularly in terms of credibility and public perception. In the past, the serious crisis of trust has shaken the foundation of the industry. However, the COVID-19 epidemic in recent years has exposed

*Corresponding author: xlin67@sheffield.ac.uk

the insurance industry's lack of preparation for public health emergencies, making the situation of insurance practitioners more complex.

To solve this dilemma, this article will compare and analyze the sales models, salary levels, and social status of insurance practitioners in different countries, reveal the key factors affecting the future development of Chinese insurance personnel, and seek the best practices and innovative paths suitable for China's national conditions. By drawing on international advanced experience and combining it with China's actual situation, we aim to help the Chinese insurance industry steadily move forward in the wave of globalization and achieve higher quality development. The title is set in bold 16-point Arial, justified. The first letter of the title should be capitalised with the rest in lower case. You should leave 22 mm of space above the title and 6 mm after the title.

Azizul Mohamad Nor's "A study on the level of understanding among insurance practitioners towards the basic principles of insurance" published in 2010 aims to identify the level of understanding of insurance basic principles among insurance practitioners [2]. Data was collected through a questionnaire survey, and the impact of factors such as work experience, education level, and type of insurance organization on the level of understanding was analyzed.

The book 'Countries, Different Needs: The Role of Private Health Insurance in Developing Countries' explores in detail the role of Private Health Insurance (PHI) in developing countries [3]. The report points out that different countries have varying demands and acceptance levels for private health insurance due to differences in economic, social, and cultural backgrounds. For example, in Latin America and the Caribbean, although some countries such as Uruguay and Colombia have high private health insurance coverage, there is a widespread problem of high premiums and a bias towards high-income groups in coverage. In the Middle East and North Africa region, private health insurance mainly serves foreign workers and high-income groups, while the insurance coverage for local residents is relatively low. In the Asian region, China's private health insurance market is on the rise, but it also faces issues such as insufficient public awareness and a crisis of trust.

In the above study, Azizul Mohamad Nor conducted a questionnaire survey to deeply analyze the influence of work experience, education level, and insurance organization type on understanding level [2]. However, the study did not involve a transnational perspective, that is, did not examine the differences in understanding among insurance practitioners in different national backgrounds. The report 'Countries, Different Needs: The Role of Private Health Insurance in Developing Countries' fills this gap. It not only analyzes the diverse roles of private health insurance in developing countries, but also reveals that due to different economic, social, and cultural backgrounds, countries have varying demands, acceptance levels, and specific challenges faced by private health insurance. Unfortunately, although this report comprehensively explores the differences in insurance markets across countries, its focus is more on the insurance market itself and the people it serves, rather than directly on insurance practitioners themselves [3]. Therefore, these studies can intuitively reflect the gaps in this field. Although valuable insights have been provided in their respective fields, there is still a lack of research that combines cross-border perspectives with insurance practitioners themselves [2,3].

Therefore, in order to fill the gap in research on insurance practitioners from a transnational perspective, based on existing research, this article will compare and analyze the sales models, salary levels, and social status of insurance practitioners in different countries, and explore their causes. This article aims to reveal the challenges and opportunities faced by the Chinese insurance industry in talent cultivation, career development, and social cognition. By drawing on international advanced experience, targeted suggestions are provided to enhance the professional development environment of practitioners in the Chinese insurance industry, and combined with the actual situation in

China, to help promote the sustainable and healthy development of the Chinese insurance industry.

2 The difference between China's insurance industry and other countries

2.1 Sales model

The insurance sales model in China has undergone significant development and transformation since the introduction of the individual agency sales model by AIA Insurance in 1992. The core of this model is to promote insurance products through intermediaries and personal agents. The personal agent sales model is a sales model conducted through natural persons with insurance agency qualifications. This model not only aligns the interests of employees with product sales, but also allows for a flexible workforce that can operate with a more streamlined cost structure. Therefore, it has rapidly developed in the past few decades and become one of the main sales channels for China's life insurance industry.

However, in Western countries such as the United States, insurance sales are mainly conducted through direct sales channels and professional consulting services. These countries adopt agency and brokerage systems, supplemented by various methods such as direct sales and targeted sales. In addition, most insurance sales are completed by professional insurance brokerage firms or other professional insurance intermediaries, and insurance companies themselves are less directly engaged in insurance sales work. Agents can represent multiple insurance companies, providing them with greater flexibility and potentially higher commission rates. In China, agents may be exclusive agents who usually only represent one insurance company. By separating the roles of production and sales, companies can simplify operations and focus on core competencies, thereby improving service delivery and customer satisfaction, helping to enhance sales professionalism and efficiency, and providing customers with more personalized and comprehensive services.

2.2 Salary level

Compared to European and American countries, China's insurance industry is still relatively young and the overall market maturity is not high, which affects the average salary level of insurance practitioners. According to the data released by Zhilian Recruitment in 2023, the salary level of the insurance industry is in the middle and upper reaches among major industries in China, with the median monthly salary for insurance salespeople is 111729 yuan [4]. But compared to European and American countries, it is still far behind. According to Glassdoor's 2024 data, the median estimated total compensation for insurance salespeople in the UK is £ 38963 per year, with an average annual salary of £ 31550 [5].

In China, the salary structure of insurance practitioners is usually based on basic salary plus commission, especially for sales positions where the basic salary is relatively low and commission income depends on individual sales performance. This also leads to significant performance pressure for insurance salespeople, especially grassroots employees who often need to achieve performance goals through telephone sales or unfamiliar visits. In this high-pressure environment, although the base salary is not high, the commission is considerable, resulting in unstable income.

European and American insurance companies generally offer higher base salaries, accompanied by rich employee benefits such as health insurance, pension plans, paid holidays, etc. Although the insurance industry also faces sales pressure in European and American countries, the overall working environment is more standardized, sales methods

are diversified, and online sales and customer management systems have reduced some high-pressure telephone sales methods..

2.3 Social status

In China, the insurance industry is still developing. Due to insufficient early market regulation, scandals in the insurance industry often affect people's perception of the industry. Insurance practitioners often face challenges in terms of public awareness and professional recognition. With the development of the insurance industry, people are striving to enhance the professional image of insurance practitioners, but they still face the problem of a lack of widespread public understanding of the value of insurance in financial planning and risk management.

In contrast, insurance professionals in Europe and America have a higher social status. The insurance markets in these regions are relatively mature, and people have a sufficient understanding of the industry, so they will not be easily affected by some scandals. In addition, the insurance industry in Europe and America requires practitioners to have a high level of education and professional qualifications. Many countries have strict qualification requirements for insurance agents and brokers, which prompts practitioners to receive relevant professional training and certification. High level education and specialization enable insurance practitioners to gain higher reputation within the industry.

3 Cause analysis

3.1 Social security system

Since the reform and opening up, the Chinese economy has developed rapidly. However, the construction of its social security system, especially the medical and health security system, is still lagging behind compared to developed countries [6]. The imbalance of regional development directly affects the pattern of China's insurance market, especially in the fields of medical insurance and life insurance. Due to the imperfect basic social security system, commercial insurance in China bears the responsibility of filling the social security gap, which makes the responsibilities of Chinese insurance practitioners more diverse and complex. In contrast, the social security systems in European and American countries are relatively sound, and residents still have the motivation to further enhance their personal and family risk resistance by purchasing commercial insurance while enjoying basic coverage. This difference not only affects the demand structure of insurance products, but also indirectly shapes the professional positioning and social role of insurance practitioners.

3.2 Industry maturity

The development of China's insurance industry is relatively late and still in a stage of rapid growth. The competition in the insurance market is fierce, but the level of regulation needs to be improved. Some insurance companies and practitioners may adopt non-standard sales methods in order to compete for market share. In contrast, the insurance markets in Europe and America have developed over hundreds of years and have established relatively complete market mechanisms and regulatory systems. Insurance companies and practitioners have gradually formed a corporate culture that emphasizes brand, service quality, and professional competence in the fierce market competition. This mature market environment not only improves the overall operational efficiency of the insurance industry, but also provides broader career development opportunities and higher salary levels for practitioners.

3.3 Cultural environment

In China, traditional culture may favor public officials or professions with high stability, such as civil servants, doctors, and teachers. Doctors save lives, lawyers uphold justice. Although the insurance industry is crucial for financial security and risk management, it is considered less prestigious compared to fields such as medicine or law that directly affect personal life and society. Interpersonal relationships also play a very important role in commercial transactions in China, which may affect the insurance sales model and make practitioners focus more on interpersonal sales rather than professional consulting.

3.4 Consumer psychology

The consumer psychology of Chinese consumers and European and American consumers also differs due to their different cultures and values. Chinese consumers are often influenced by traditional Chinese family values and collectivist values when purchasing insurance [7]. In contrast, consumers in Europe and the United States may value themselves more and choose to purchase some self interested products [8].

In addition, compared to Europe and America, China's insurance market is still immature. This may lead to Chinese consumers feeling hesitant due to insufficient awareness of insurance, believing that purchasing insurance is a "curse" on themselves. Even for consumers who purchase insurance, their risk awareness is relatively weak when buying insurance, and their demand for insurance may be more based on the psychology of seeking safety and disaster prevention [9]. In contrast, European and American consumers have a clearer understanding of risks and are more inclined to avoid them through insurance.

Therefore, Chinese consumers may prefer traditional savings based insurance products, which is consistent with their cultural pursuit of stability and security. And European and American consumers may be more inclined to purchase insurance or other more complex insurance products linked to investment, in order to avoid risks for themselves.

4 Suggestions and prospects for China

The insurance industry in China will continue to develop in the future. Firstly, the rapid growth of the Chinese economy has increased residents' disposable income and consumption expenditure, thereby increasing the demand for insurance products. The intensification of population aging has further increased the burden of social security, and the demand for insurance products for retirement planning, healthcare, and long-term care is also constantly increasing to address future pension and financial security issues. In addition, the COVID-19 epidemic has also made people realize the importance of crisis management. However, the future development of insurance is not entirely smooth sailing, and it will also face some challenges.

Firstly, according to McKinsey's research, Chinese insurance companies lag behind other industries in terms of customer experience satisfaction. Customers have a better experience with banks than insurance companies, including top insurance companies: only 28% of customers have high customer satisfaction ratings with insurance companies, compared to 57% for banks and 80% for coffee shops [10]. In addition, the complex distribution environment of insurance companies reduces direct contact between insurance companies and customers, which to some extent affects the establishment of customer trust. These issues need to be addressed by improving the professional skills and service quality of practitioners. For example, "Improving Perceptions of the Insurance Industry: The Influence of Insurance Professionals" suggests that education can change the public's perception of the insurance industry [11]. In this regard, the company should establish a disciplinary mechanism for

violations, and for behaviors that violate professional ethics and regulations, a strict disciplinary mechanism should be established to serve as a warning and prevention. For example, establishing integrity files for relevant practitioners to record their professional behavior and violation records. For individuals who seriously violate regulations, they can be included in the industry blacklist, restricting their employment opportunities in the insurance industry, as a warning. But at the same time, a scientific and reasonable career development system should be established to help employees plan their careers.

In today's rapidly developing technology, the insurance industry is also constantly undergoing digital transformation. Insurance companies can utilize artificial intelligence and big data technology to improve risk assessment, pricing strategies, and customer service, thereby enhancing consumer satisfaction. Artificial intelligence can help analyze large amounts of historical data, predict risks, better calculate product value, and provide more personalized insurance products. Meanwhile, big data can help insurance companies better understand customer needs and optimize product design. However, at the same time, sensitive data of both individual and corporate clients is increasingly being collected and analyzed. Therefore, insurance practitioners should pay attention to the protection of customer information, and insurance institutions must also establish a sound data security management system to prevent the risk of data leakage and abuse.

5 Conclusion

By comparing the Chinese market with different countries, key factors affecting the development of Chinese insurance practitioners were revealed, and targeted recommendations were provided.

Compared with other countries, there are differences in the sales model, salary level, and social status of insurance practitioners in China. The main insurance sales model in China is the individual agency model, while Western countries tend to lean towards direct sales and professional consulting services. In addition, the social status of insurance practitioners in China is gradually improving, but due to insufficient early market regulation, public awareness and professional recognition still face challenges. Therefore, enterprises should invest in the education and training of insurance practitioners. This includes not only technical skills, but also ethical standards and excellent customer service. Establish strict ethical and disciplinary systems, as well as comprehensive career development pathways. In addition, the digital transformation of the insurance industry brings both opportunities and risks. Although the adoption of technologies such as artificial intelligence and big data can significantly improve operational efficiency and customer experience, it also poses a threat to data privacy and security. Therefore, insurance practitioners must be cautious in protecting customer information, and insurance companies must implement strong data security management systems.

In conclusion, the future of China's insurance industry depends on the sustained development of its workforce, acceptance of technological progress, and commitment to ethical practices and data security. With these factors, the industry will play a crucial role in providing financial security and risk management for China.

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