

ROLE OF AGENTS' IN LIC SERVICES

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Introduction

An agent is a primary source for procurement of insurance business and as such his role is the mile stone for building an edifice of any life-insurance organization. To effect a good quality of life insurance sale, an agent must be equipped with technical aspects of insurance knowledge, he must possess analytical ability to analyze human needs, he must be abreast with up to-date knowledge of merits or demerits of other instruments of investment available in the financial market, he must be capable with a burning desire for social service and over and above all this, he must possess and develop an undeterred determination to succeed as a Life Insurance agent. In short, he must be an agent with professional approach in life insurance salesmanship. Such an agency force is expected to be helpful not only in proper field underwriting but also after sales servicing concomitant and essential elements for higher retention of business.

Life Insurance Corporation of India, the capital-intensive business, provides the most important financial instrument to customers aimed at protection as well as long term savings. The Corporation reaches out to the people through the main traditional route of the agency model for the selling processes of the numerous need-based products. The agents help in marketing its policies by spreading the message of life insurance among the masses. They serve as the kingpin for insurance companies seeking to provide traditional and innovative products and focal point for customers seeking to procure insurance coverage and long-term savings. This paper investigates the role agents' in Life Insurance Corporation of India.

Milestone's in the Life Insurance Business in India

1912: The Indian Life Assurance Companies Act was the first regulated life insurance business.

1928: The Indian Life Assurance Companies Act enacted to enable the government to collect statistical information about both life and nonlife insurance business

1938: Earlier legislation consolidated and amended to by the Insurance Act with the objective of protecting the interest of the insuring public.

1956: 245 Indian and foreign insurance and provident societies were taken over by the central government and nationalized LIC formed by an Act

Review of Literature

IRDA report revealed (2003)¹ that the maximum business activities of private life insurers are limited in the urban areas where a good market network of public sector insurance companies already exists. The ratio of agents of urban and rural agents was 100:76 in the Public where it was 100:39 only in case of private companies.

Sunil Maheswari (2005)² in her article entitled "managing insurance and the agents," Pointed out that those quality agents can sell insurance products in the market successfully.

Objectives of the Study

1. To analyze the role of agents to renew the individual assurance schemes, pension schemes, and group insurance scheme in Life Insurance Corporation of India.
2. To identify the role of Life Insurance Corporation of India's Public fund generations.

Qualifications of an Insurance Agent

1. If he/she has completed 18 years age.
2. He should possess a valid license issued under section 42 of Insurance Act, 1938
3. He must have passed matriculation examination or an equivalent examination recognized by the corporation.
4. Any society, association, panchayat or other body may be appointed as agent if it is licensed to act as insurance agent under section 42 of Insurance Act, 1938.
5. He should have the ability to make valid contract.
6. He should be of sound mind.

Duties of the Agents

The following are the duties of the Agents:

1. He should perform his duties in order to achieve the objectives of the insurance companies.
2. An agent should develop a close relationship with policy holders and the Development officer.

3. The agent should create mutual trust between each other i.e. policy holders and insurers.
4. An agent should render continuous service to the policy holders.
5. The agent should give personal help and guidance relating to savings and investment plan of the policy holders.
6. The agent should motivate the policy holders to renew the policy in case the policy lapses.
7. An agent should help the policy holders in emergency for a loan or surrendering the policy.
8. The agent should help the policyholders for appointment of a nominee or for the execution of an assignment.
9. Death claim cheques should be personally delivered by the agent.
10. He should do the market research and establish contacts with industries and institutions to explain various schemes of insurance companies and tax benefits granted by the central government.
11. He should be ready to solve any servicing problems of existing policy holders.
12. He should explain his ways of prospecting servicing and recordkeeping in the branch meeting.
13. The agent must act with reasonable care and skill and must comply exactly with any instructions given to him.
14. Implement advertising about various insurance schemes in consultation with Development Officer.
15. An agent should make plan and organize for implementing various policies issued by the insurance companies.
16. Feedback information should be given to the Development Officer and Branch Manager about insurance market potential.
17. He should achieve the targets before the fixed period.

Training of Agents

Every newly appointed agent should be trained by the Development Officer and ABM(s), and agent will have to pass the written test within one year from his appointment to be confirmed as an agent.

Functions of Insurance Agent

- To work for insurance corporation in the interest of corporation.
- To sell insurance as per the capacity of the person to whom he is selling insurance.
- To see that the proposal form is correctly filled in.
- To see that age certificate and name of nominee is given to avoid future complications.

- To give after sales service to his client such as : date of next premium, how to take loan, how to change nominee etc

Growth Rates of Life Insurance Business

The Insurance Industry in India consists of 52 Insurance Companies of which 24 are in Life Insurance business and 28 are Non-life Insurers. The Life industry details as given by Life Insurance Council are as below -

S. No	Particular	March-16	March-15
1	Capital Deployed (including share premium if any) (Cr.)	34,847	35,680
2	Number of Branches	11,071	11,030
3	Number of Agents (Individual)	20,16,565	20,67,856
4	Number of Direct Employees	2,47,541	2,49,221
5	Total Assets (Cr)	25,29,390	23,44,228
6	Equity Investments (at Market Value) (Cr.)	5,95,389	6,29,967
7	Infrastructure Investments (Cr.)	3,06,492	2,91,332
8	Renewal Premium (Cr.)	2,27,796	2,14,398

Agency Strength

The total number of Agents on our Roll is 10, 61,560 as at 31.03.2016 as against 11, 63,604 as on 31.03.2015. The total Active Agents is 10, 18,039 as at 31.03.2016 as compared to 10, 81,495 as on 31.03.2015.

Agent's Club Membership

Various Clubs have been forming to motivate and recognize high and consistent performers amongst the Agency Force. The details of membership strength of the Clubs are furnished in the Table below:

Members of Various Agents' Club

Name of Club	Membership Year		
	2015-16	2014-15	2013-14
Corporate	214	227	181
Galaxy	429	-	-
Chairman	38435	39554	40754
Zonal Manager	31213	32778	33919
Divisional Manager	55029	59504	60786
Branch Manager	56162	69130	78796
Distinguished Agents Club	11477	20697	20912
Total	192959	221890	235348

- **Career Agents Scheme**

The Corporation has a scheme for Urban Career Agents and Rural Career Agents to promote the cause of professionalizing the Agency force. They are given stipends at the start of their career to enable them to settle down in the profession. There are 6429 Urban Career Agents and 14302 Rural Career Agents, as on 31st March 2016.

- **Chief Life Insurance Advisor Scheme, 2008**

The Corporation introduced the above Scheme on 12.04.2008 with an objective of increasing its market presence by enrolling more agents by utilizing capabilities of existing high performing agents for organizational growth. In the eighth year Scheme 31.03.2016, First Premium of 2627.97 Crores (-4.89 % growth) with 20, 28,967 Policies (8.54% growth) generated with the help of 1, 33,311 Agents on a roll, supervised by 21,672 Active Chief Life Insurance Advisors. The share of the channel is 9.89% in Policies and 10.21% in FPI.

- **Authorized Agents:**

Given the increasing customer expectations for more conveniences in premium payments and servicing, the Corporation has empowered select Agents to collect the renewal premium through "Premium Points." Number of such "Premium Points" across the country is 30992 as on 31.03.16. An amount of ` 35,031.07 Crores (6.91% growth) Renewal Premium collected by these empowered agents who have issued 8.55 Crores (1.91% growth) Renewal Premium Receipts to the LIC customers. Premium collected through Premium Points stands at 23% of the Total Collections.

Income of the Life Insurance Corporation of India

particulars	2015-2016 (in crore)	2014-2015 (in crore)	2013-2014 (in crore)	2012-2013 (in crore)	2011-2012 (in crore)	2010- 2011 (in crore)
Individual assurance						
First year premium	20060.18	19432.44	27010.36	27905.85	28681.37	21756.38
Percentage increase over previous year	3.23%	-28.06%	-3.21%	-2.70%	31.83%	14.9%
Renewal premium	159678.53	152713.10	136782.80	119287.19	104184.74	97480.56
Single premium	12767.13	13451.82	13548.16	12713.90	8709.36	3040.69
Individual pension scheme						
First year premium	52.24	48.14	29.90	41.89	205.47	70.30
Renewal premium	781.31	837.85	928.10	1059.00	1011.44	1121.91
Group insurance schemes						
First-year premium	23354.67	19409.17	20720.27	17657.17	18135.93	24338.82
Renewal premium	48049.01	31699.72	33775.38	22316.01	25875.42	14962.64

Sources: secondary data for annual report

**Role of agent in premium renewal = First-year premium current year-previous
year/renewal premium of current year*100**

year	Individual assurance (Rs in crore)	Individual pension scheme (Rs in crore)	Group schemes (Rs in crore)
2015- 2016	20060.1819432.44/ 159678.53*100= 0.39%	52.24 48.14/781.31*100 = 0.52%	23354.67-19409.17/ 48049.01*100= 8.21%
2014- 2015	19432.44 27010.36/ 152713.10*100=-4.96%	48.14 29.90/ 837.85*100= 2.18%	19409.17-20720.27/ 31699.72*100= -4.1%
2013- 2014	27010.36-27905.85/ 136782.80*100=-0.65%	29.9041.89/928.10* 100=-1.29%	20720.2717657.17/ 33775.38*100=9.07%
2012- 2013	27905.8528681.37/ 119287.19*100=-0.65%	41.89-205.47/ 1059.00*100= -15.45%	17657.17-18135.93/ 22316.01*100= -2.14%
2011- 2012	28681.37-21756.38/ 104184.74*100=6.65%	205.47-70.30/ 1011.44*10 = 13.36%	18135.93-24338.82/ 25875.42*100=-23.97%

Suggestion and Recommendation

- LIC and agents of LIC, instead of concentrating on whole life and endowment policies, they should focus on popularizing term policies, health policies, ULIPs, and money back policies to spread its business
- LIC agents must inform the existing customer about the new arrivals from time to time through telephone, e-mails or personal contact. For this purpose, the agents should maintain up to date demographic profile of the clients.
- Agents of LIC should nurture themselves as professionals and should be very polite, courteous and on his feet to help them
- Being a service, the products in life insurance are intangible. Hence, agents of LIC who work at the root level and have direct contacts with the customers should enhance their knowledge the products and procedures to answer the doubts of customers satisfactorily.
- Since, the reason for rejection of claims is the supply of incomplete and wrong information by the policyholder about his medical history, habits, etc.; it is suggested that the agents should see that policyholders provide and complete information at the time of taking a life policy.
- Appropriate and regular training and development programmes must be designed and implemented intensively to stimulate the dormant agents who are just fulfilling the minimum requirements, instead of the present system of motivating the high performers, who are only twenty percent
- Besides, the commission rates on different policies should be modified duly to make the agents concentrate uniformly on all the kinds.
- Agency job can be made attractive to the educated youth by giving job-option of e-coming development officer or a branch manager by their education along with a consistent achievement of the stipulated higher performance.

Conclusion

Life insurance has today become a mainstay of many market economies since it offers plenty of scope for garnering large sums of money for long periods of time. A well-regulated life insurance industry which moves with the times by offering its customers tailor-made products to satisfy their financial needs is therefore essential if we desire to progress towards a worry-free future. Success and overall growth potential of the insurance business depend on the efforts being made by the insurance companies in selling insurance products and services to the policyholders. Selling insurance products is a smart strategy, and the real challenge is to retain and service the customer in the vibrant multiplayer competitive industry.

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