INTRODUCTION

Chapter - 1
CHAPTER - I
INTRODUCTION

1.1. Career in Insurance
1.2. Purpose and need for Insurance
1.3. Key job functions in Insurance
1.4. The business of Insurance
1.5. Insurance as a social security tool
1.6. Life Insurance agent
1.7. Definition of an agent
1.8. Authority of an agent
1.9. Personal development of Insurance agents
   1.9.1. Score
   1.9.2. Personal Growth
   1.9.3. Claim Adjuster
   1.9.4. Claim Examiner
   1.9.5. Legal counsellor and loss control specialist
   1.9.6. Risk Manager
1.10. Standardisation of service and Human element
1.11. Skill requirements in Insurance profession
   1.11.1. Public Relations Skill
   1.11.2. Customer orientation skill
   1.11.3. Long term relationships
   1.11.4. Trustworthiness
1.12. Behavioural Aspects
   1.12.1. Communication skills
   1.12.2. Persuasive skills
   1.12.3. Analytical ability
   1.12.4. Customer service representative
   1.12.5. Customer Relationship management specialists
1.13. Social Factors
1.14. Economic Factors
1.15. Comfort Zones
1.16. Friendship
   1.16.1. Overcoming failure
   1.16.2. Behaviours involving encouragement
   1.16.3. Ten specific words of encouragement
1.17. Customer Education
1.18. Competency
1.19. Types of Competencies
1.20. Motivation
   1.20.1. Introduction
   1.20.2. Definition – Motivation
   1.20.3. Need for Motivation
   1.20.4. Motivation and Abilities
   1.20.5. Nature of Motivation
   1.20.6. General Principles of Motivation
1.21. Basic and derived work motives and their satisfaction
1.22. Types of motives
1.23. Motivational theorists and their theories
   1.23.1. Traditional theory ‘X’
   1.23.2. Theory ‘Y’ – Douglas McGregor
1.24. Theories about the need for achievement
1.25. Characteristics of Motivation
1.26. Three elements of Motivation
1.27. Importance of Motivation
1.28. Factors which do not motivate
   1.28.1. Money
   1.28.2. Competition
   1.28.3. Disciplinary Action
1.29. Motivation as an instrument in business process
1.30. Financial Methods of Motivation
1.31. Non-Financial Methods of Motivation
1.32. Business Target
1.33. Insurance Agent as a motivator
CHAPTER - I
INTRODUCTION

The business of insurance is related to the protection of the economic value of assets. Every asset has a value. The asset is created through the efforts of the individuals with the expectation that either through the income generated there from or some other output, some of his/her needs would be met.

There is a normally expected life time for the asset during which it yields income, knowing this fact, the owner, manages his affairs in such a way that by the end of the life time, a substitute is made available to ensure the continuous flow of income. However, if the asset is lost or destroyed or turns non-functional, in an accident or in any other unfortunate event, the owner and those deriving benefits there from face lot of problems. In this context, Insurance is a mechanism that comes to rescue the people who suffer.

1.1. CAREER IN INSURANCE

The insurance industry provides protection against financial losses resulting from a variety of perils. By purchasing insurance policies, who affected the individuals can receive reimbursement for losses due to car accidents, theft of property, fire and storm damage, medical expenses and loss of income due to disability or death etc. The insurance industry involves insurance carriers, insurers, and insurance agents and brokers. In general, insurance carriers are large companies that provide insurance and assume the risks covered by the policy. Agents and brokers sell
insurance policies to the carriers and work either for themselves or for relatively small firms.

Insurance is divided into four categories viz. Life Insurance, Fire Insurance, Marine Insurance and Miscellaneous Insurance. The concept of Life Insurance is about a century old in India. The Bombay Life Insurance Society Ltd., which was established in 1871, began the insurance services for the Indians. Prior to this life insurance, mutual firms in the country served only to the British. In 1956 the entire life insurance business was nationalized and Life Insurance Corporation of India (LIC) came into being.

While LIC deals with life insurance, there is another insurance firm called General Insurance Company (GIC) that deals with rest of them. GIC along with its four subsidiaries namely Oriental Insurance, New India Assurance, National Insurance and United India Insurance was also taken over by the government in 1973. Medical Insurance, which is a relatively new concept in our country, is offered by both the LIC and GIC.

Although the growth rate of the Indian economy has been quite impressive in the last decade, the insurance industry still has a low penetration (non-life premium has a 0.71 percent share of Gross Domestic Product, and life 1.90 per cent). In the US, the corresponding figures are around five per cent, while in the UK and Japan, non-life premium has a three per cent share of GDP, and life, nine per cent. The per capita insurance premium in India is far below the level when compared with advanced countries. The global life insurance market stands at $ 1231.8
billion whereas the non-life insurance market is placed at $896.6 billion. India takes the 23rd position with $7 billion annual premium collections and a meagre 0.34 per cent share of global insurance market. All these indicate that there is a huge untapped potential in the Indian insurance market.

From a humble beginning made in 1956 since the nationalization of the insurance industry, the industry today sees a number of multinational insurers all charging in to set up shop here considering the existing vast unexploited potential. The winds of liberalization privatization and globalization have initiated vast changes in the functioning of the insurance industry today. Increasing number of multinational partnerships with private insurers have paved the way for a radical shift in insurance business through a number of new distribution channels besides bringing about more awareness about the need for insurance and also stressing the important role technology can play.

With major trade barriers gone, the Indian insurance industry is slowly opening itself from a protected environment to e-business, incorporating newer technologies in insurance, thanks to competition, that will hopefully bring forth a market improvement in customer service, insurance marketing, risk management, claim settlement, underwriting etc., in comparison to its earlier days. Apart from these, liberalization would expand the insurance market and increase job opportunities as well as generate much desired funds for infrastructure and social sectors.
Insurance is a trillion dollar business that employs more than 2.5 million people in the United States alone. As the population ages and wealth accumulates, the demand for insurance professionals will increase dramatically.

**Actuary:**

Actuaries are business professionals who apply their knowledge in mathematics and probability theory to real life problems involving the predictability of future events. Actuaries use their analytical skills to predict the risk of writing insurance policies on property, business and people lives and health. Because an actuary somewhere found that the risk of insuring automobiles is highly age dependent. Actuaries are a crucial part of the insurance process because they use statistical and mathematical analysis to determine the risk of providing coverage. To perform effectively, actuaries must have knowledge about general social trends and legislative developments which may affect risk. Actuaries can work either within insurance companies or for government, pension planning organizations or third-party advisors.

**1.2. PURPOSE AND NEED FOR INSURANCE**

Assets are insured, because they are likely to be destroyed or turn non-functional, through an accidental occurrence. Such possible occurrences are called perils. Fire, floods, breakdowns, lightning, earthquakes, etc, are perils. The damage that these perils may cause the asset is the risk that the asset is exposed to.
The risk only means that there is a possibility of loss or damage. It may or may not happen. There has to be an uncertainty about the risk. Insurance is done against the contingency that it may happen. Insurance is relevant only if there are uncertainties. If there is no uncertainty about the occurrence of an event, it cannot be insured against.

Conceptually, the mechanism of insurance is very simple. People who are exposed to the same risks come together and agree that, if any one of the ‘members’ suffers a loss, the others will share the loss and make good to the person who lost. All people who send goods by ship are exposed to the same risk related to water damage, ship sinking, piracy, etc. Those owning factories are not exposed to these risks, but they are exposed to different kinds of risks like fire, hailstorms, earthquakes, lightning, burglary, etc. Like this, different kinds of risks can be identified and separate groups made, including those exposed to such risks. By this method, the effect of the risk is spread among the community and the likely big impact on one is reduced to smaller manageable impacts on all.

A human life is also an income generating asset. This asset also can be lost at any time through unexpected early death or made non-functional through sickness and disabilities caused by accidents. Accidents may or may not happen. Death will happen, but the time is uncertain. If it happens around the time of one’s retirement, when it could be expected that the income will normally cease, the person concerned could have made some other arrangements to meet the continuing needs. But if it happens much earlier when the alternate
arrangements are not in place, insurance is necessary to help those dependent on the income.

In the case of a human being, he/she may have made arrangements for his/her needs after his/her retirement. These would have been made on the basis of some expectations like he/she may live for another 15 years, or that his/her children will look after him/her. If any of these expectations do not become true, the original arrangement would become inadequate and there could be difficulties. Living too long can be as much a problem as dying too young. These are risks which need to be safeguarded against. Insurance takes care.

Insurance does not protect the asset. It does not prevent its loss due to the peril. The peril cannot be totally avoided through insurance. The peril can sometimes be avoided, through better safety and damage control management. Insurance only tries to reduce the impact of the risk on the owner of the asset and those who depend on that asset. It compensates, may not be fully, the losses. Only economic or financial losses can be compensated.

The concept of insurance has been extended beyond the coverage of tangible assets. Exporters run the risk of the importers in the other country defaulting as well as losses due to sudden changes in currency exchange rates, economic policies or political disturbances. These risks are now insured. Doctors run the risk of being charged with negligence and subsequent liability for damages. The amounts in question can be fairly large, beyond the capacity of individuals to bear. These are insured.
Thus, insurance is extended to intangibles. In some countries, the voice of a singer or the legs of a dancer may be insured, even though the advantage of spread may not be available in these cases.

Satisfaction of economic needs requires generation of income from some source. If the property, which is the source of such income is lost fully or partially, permanently or temporarily, the income too would stop. The purpose of insurance is to safeguard against such misfortunes by making good the losses of the unfortunate few, through the help of the fortunate many, who were exposed to the same risk but saved from the misfortune. Thus the essence of insurance is to share losses and substitute certainty by uncertainty.

There are certain basic principles which make it possible for insurance to remain popular and a fair arrangement. The first is the fact that people are exposed to risks and that the consequences of such risks are difficult for any one individual to bear. It becomes bearable when the community shares the burden. The second is that no one person should be in a position to make the risk happen. In other words, none in the group should set fire to his/her assets and ask others to share the cost of damage. This would be taking unfair advantage of an arrangement put into place to protect people from the risks they are exposed to. The occurrence has to be random, accidental, and not the deliberate creation of the insured person.
1.3. KEY JOB FUNCTIONS IN INSURANCE

Insurance jobs demand a variety of skills, offer great opportunities for continuing education and career advancement, and tend to be very stable. For those people who enjoy sales, have a strong quantitative bent, or like to investigate mysteries, this is a very good area for a job. It’s also a challenging field to consider if anyone is looking for top-notch benefits, reasonable hours, and a sense of belonging within a large organization. Specialists in business, business administrators can find ample opportunity etc., can do better in insurance business. And there is also change for those entrepreneurs who want to run an insurance agency or work in other sales positions. Trade-offs come in the forms of big bureaucracy, paternalistic management, and an occasionally heavy-handed emphasis on team play. Also, jobs tend to involve quantitative analysis or customer service or both.

1.4. THE BUSINESS OF INSURANCE

The business of insurance done by insurance companies, called insurance, is to bring together persons with common insurance interests (sharing the same risks) collecting the share or contribution (called premium) from all of them, and paying out compensations (called claims) to those who suffer. The premium is determined on the same lines as indicated in the example above with some additions made for the expenses towards administration.

The business of insurance is nothing but one of sharing. It spreads losses of an individual over the group of individuals who face common risk. People who suffer loss get relief because their loss is made good.
People who do not suffer loss are relieved because they are spared from the loss.

1.5. INSURANCE AS A SOCIAL SECURITY TOOL

The United Nations Declaration of Human Rights 1948 says: “Everyone has a right to a standard of living adequate for the health and wellbeing of himself and his/her family, including food, clothing and medical care and necessary social services and the right to security in the event of unemployment, sickness, disability, widowhood or other lack livelihood in circumstances beyond his/her control”

When the bread winner of a family dies, to that extent, the family’s income diminishes. The economic condition of the family is affected, unless other arrangements come into being to restore the situation. Life insurance provides such an alternate arrangement. If this did not happen, another family would have been pushed into the lower strata of society. The lower strata creates a cost on society. Poor people cost the nation by way of subsidies and doles and so on. Poor people also cost by way of larger growth in population, poor education and vagaries in children behaviour. Life insurance tends to reduce such costs. In this sense, therefore, the life insurance business is complimentary to the state’s efforts in social management.

Under a socialistic system the responsibility of full security would be placed upon the State to find resources for providing social security. In the capitalistic society, provisions of security is largely left to the individuals. The society provides instruments, which can be used in
securing this aim. Insurance is one of them. In capitalistic society too there is a tendency to provide some social security by the State under some schemes, where members are required to contribute e.g. Social security scheme in UK.

In India, social security finds place in our Constitution. Article 41 requires the State, within the limits of its economic capacity and development, to make effective provision for securing the right to work, to education and to provide public levels.

In terms of Section 44 of the Insurance Act, agents who have put in at least 5 years and have at least Rs.50,000 business in force or have put in at last 10 years, will be entitled to receive the renewal commissions, even after the agency has terminated. Such commission will continue to be paid to the heirs of the agent after his/her death. This is conditional on the termination being for reasons other than fraud. It is also subject to the condition that the agent does not directly or indirectly solicit or procure insurance business for another person.

1.6. LIFE INSURANCE AGENT

An insurance agent has been defined by the Insurance Act, 1938, as one who is licensed under that Act is paid in consideration of his/her soliciting or procuring insurance business, including business relating to the continuance, renewal or revival of policies of insurance. The L.I.C. does not authorize its agents to collect premium (except first policyholders). But if the agent collects such amounts, remits to the insurer, gets receipts to be handed over back to the policyholder.
authority can be inferred or construed. The LIC’s stand has been that LIC’s agents cannot collect renewal premiums has been upheld by court judgements. Other insurance companies in India may not follow LIC’s practice. They may grant more or less authority.

1.7. DEFINITION OF AN AGENT

Section 182 of the Indian Contract Act defines the words ‘Agent’ and ‘Principal’. An agent is a person employed to do any act for another or to represent another in dealing with a third person. The person for whom such act is done or who is so represented is called the ‘Principal’. In Insurance industry the term ‘Agent’ is ordinarily applied to a person engaged by the insurer to procure new business.

The rule as to agency is expressed in maxim ‘Qui facit alium, facit perse’ i.e. one, who acts through others, acts to himself. Therefore, contracts entered into through an agent and obligations arising from acts done by an agent, may be enforced in the same manner and will have the same legal consequences, as if the contracts have been entered into and the acts done by the principal himself/herself.

Under Section 183 of the Act, any person who is of the age of majority according to the law to which he/she is subject and who is of sound mind can employ an agent. Section 184 provides that as between the principal and third persons, any person may become an agent. Thus, through a minor may be employed as an agent and the principal would be bound by his/her act, the minor himself/herself will not be liable to his/her principal. No consideration is necessary to create an agency.
1.8. AUTHORITY OF AN AGENT

An agent can only to the extent of authority granted to him/her by the principal. This authority may be expressed or implied. An authority is said to be expressed when it is given by words, spoken or written. It is implied when it is to be inferred from the circumstances of the case.

1.9. PERSONAL DEVELOPMENT OF INSURANCE AGENTS

1.9.1. SCOPE

This section deals with the development of an agent who is an individual, not a company or firm. In the case of the latter, this topic would be relevant for the director or partner or any other employee who may be performing the agency function of meeting prospects, persuading them, etc.

Personal development would result in enhancing one’s capabilities to function as an agent. This would be measured partly by the business that is done and the commission that is earned. It is also to be measured in terms of the reputation that the person enjoys in the market. Agents can be spoken well of, as a person who knows, who can be trusted to look after the customer’s interests, who does not mislead, who is nice to deal with and so on. It is such reputation that helps one to collect more and more references from satisfied policyholders and thus expand one’s circle of contacts.
1.9.2. PERSONAL GROWTH

Agents may have personal goals, like willing to rise in the hierarchy of the company. Some companies do provide opportunities for agents to accept higher responsibilities. One might like to become a senior agent, making the effort to pass on one’s experience to newcomers in the field. Some senior agents make it a point to attend seminars, workshops and conferences. They meet others in the profession. The benefit is mutual. They receive as well as give, as experiences differ and are unique. Professional agents set aside both funds as well as time for such purposes. The pay off is high although not immediately visible. The various roles of the insurance agents are dealt hereunder.

1.9.3. CLAIM ADJUSTER

Claim adjuster makes a difference in people’s lives. An adjuster is a qualified, independent business person who investigates, quantifies, negotiates and resolves the amount of loss in an insurance claim. The adjuster completes these tasks on behalf of insurance companies and government insurers who require the expertise of a licensed, experienced adjuster for personal contact with their insured.

Adjusters negotiate insurance claims with people who have experienced a loss. The adjuster is responsible for reaching a claim settlement that is fair to all parties. Adjusters can be employed by one insurance company, or perform contract work for a number of insurers. Consumers can also hire a public adjuster who is not employed by an insurer. Doing well in this job requires a person who is resourceful,
tactful and good with people some adjusters work in the field, while others work out of an office.

1.9.4. CLAIM EXAMINER

Claim examiners are insurance company employees who review settled claims to verify that adjusters have complied with company procedures and negotiated reasonable settlement amounts.

1.9.5. LEGAL COUNSELLOR AND LOSS CONTROL SPECIALIST

A lawyer, employed directly or on a contract basis, who reviews insurance company policies and actions to determine whether they are within the law and who manages all other legal questions and issues within the insurance company.

The job of a loss control specialist is to help keep accident and losses to a minimum. He will visit factories, shop floors and businesses to identify potential hazards and help to eliminate them. In the health insurance area he/she might work with an organisation to promote preventive health care in the workplace or to limit exposure to certain types of ailments. This work requires an understanding of safety management or engineering. A combination of a technical graduate and a business graduate would be outstanding preparation for this job.

1.9.6. RISK MANAGER

A Risk Manager is employed by an organization to help identify the risks that it faces and to make recommendations for dealing with these risks. The recommendation may include the purchase of insurance,
adoption of precautionary measures and presentations to upper management. Risk Managers are involved in the management of employee benefit plans. Valuable skills include knowledge of the insurance industry and of business practice as well as skill in making presentations to upper management.

1.10. STANDARDISATION OF SERVICE AND HUMAN ELEMENT

For every business organization, customer is the most important element. It is for his/her sake that a product is created and delivered. In the service sector like insurance and banking almost every company offers more or less the same type of benefits. But in practice we observe that some companies become the dream destination for the customers while the others have very poor customer base. What creates this difference? The difference is created by the quality of service provided. The quality of service encompasses the service rendered by man and machine. The quality in service generated through machine can be duplicated by others.

1. **Knowledge**: The person at the contact point must be knowledgeable. He/She should have the basic knowledge of the work. His/her answer to the customer's query must be reliable and accurate. It should not be an off-the-cuff remark. He/she should know the aim of the organization and the basic purpose of the service being delivered. The basic purpose is to give the customer satisfaction. The satisfaction is perceived when the customer experiences the service being provided is more than what he/she had expected.
2. **Attitude:** The attitude should be to help the customer. If the customer was dissatisfied, the attitude should be to make recovery. Recovery means getting the customers’ loyalty back. Here it should be clearly borne in mind that the attitude to help should be supported by the genuine understanding of the problem.

3. **Monitoring:** There should be a person who should be responsible for monitoring the interaction of the customers at the contact points. He/she should be sensitive to both explicit and implicit messages. He/she should be able to infer the customers’ needs and expectations from casual remarks, gestures, etc. He/she should be observant on the customers’ movement in the office. He should take corrective steps even before the problem arises by being watchful that the contact points are working as intended.

Thus, it is people whose knowledge and attitude create a favourable impact on the customers. It helps in the retention of the customers and a brand is created by persistent sticking to the high service standards. Some people may feel, what they give to the organization is enough vis-à-vis their remuneration. They may not apply themselves fully to the organization. Thus, a desired behaviour towards customer is not produced by them. Here, one should always bear in mind that remuneration is only a part of the whole process. Economic return is not the whole thing which should guide our behaviour towards a customer. People do not join an organization only because it gives a handsome pay package. More than salary, a job disciplines ones life and is a source of satisfaction under the umbrella of the Brand Image of the organisation.
1.11. SKILL REQUIREMENTS IN INSURANCE PROFESSION

Insurance companies are in the business assuming risk by writing policies which transfer risks from customers to themselves. This work is challenging, complex and likely to continue to prosper. Insurance companies are in the business either of providing property and causality insurance protect owners of cars, business and homes against loss and injury, life insurance or health insurance.

Insurance may be one the best-kept secrets in the field of finance. Most students do not realize the high growth and enormous potential for personal development and advancement that this field offers. Risk managers are responsible for helping companies and government to minimize the likelihood and cost of accidental losses. Work as a Risk Manager requires good communication skills, problem-solving skills and business knowledge.

The field of insurance is well-suited for those who are good listeners, who enjoy people and are comfortable with quantitative analysis of risks.

Many people avoid insurance careers because they perceive that the business is about selling and so tedious. Certainly, part of the business involves selling but keep in mind that insurance policies help people, especially in times of need. Moreover, most jobs in the field do not involve direct selling.
1.11.1. PUBLIC RELATIONS SKILL

Public relation specialists build and maintain relationships with consumers, media outlets employees and investors, with the goal of representing the company in a positive light. Tasks encountered in a public relations job include writing press releases, attending trade shows, representing the company at community events and cooperating with the marketing department on advertising initiatives.

1.11.2. CUSTOMER ORIENTATION SKILL

An agent is a professional, in the sense that there is a body of specialized knowledge that has to be studied and mastered. He is also a businessman. As a professional he has to keep his client’s interests in mind and not his personal gains from a transaction. As a businessman, he is concerned with the money that he makes from the transaction. The experience of highly successful agents is that if the client’s interests are taken care of and they are satisfied, one’s business tends to grow steadily. There is no conflict between the two.

1.11.3. LONG TERM RELATIONSHIPS

An agent therefore has to strive towards building long term relationships with the policyholders. The techniques for doing so are many, but all depend on one simple fact. The other person has to feel important and not slighted. He must feel that his concerns are uppermost in Agents mind. Some ideas are listed in the next paragraph, but the essential requirement is sensitivity to the other person’s feelings. This is not at all a difficult skill to acquire. It requires one to be less engrossed with oneself.
Some ways to build relationships are

- Courteous behaviour, which comes from genuine (not pretended) friendliness.
- Have an attitude that seeks to help
- Avoid suggesting that the customer is ignorant or is at fault
- Try to understand the customer. The slogan ‘The customer is always right’ does not mean that his contention or behaviour is always right. It means that, always, there is a justification for the customer’s behaviour or contention. If that is understood, it helps a lot to keep him satisfied.
- Listen to what the customer says. People feel good when they are listened to. Listen to the substance, not the words or manners. If he/she is angry, ignore the anger and “listen”, or pay attention, to the cause of the anger. There can be no empathy and no help without listening.

1.11.4. TRUSTWORTHINESS

An agent sells himself before he sells his product. This may be true in many cases but is particularly true in the case of insurance, because of the very intangible nature of the product. The customer buys mainly because he believes the promises being made by the agent. He believes them as if their promises are made on behalf of the insurance company. He is buying the promise. Whether he bought the right thing or not, will be known only in the future, when the promises are to be redeemed. That is the time of the claim. If an agent has to succeed
professionally, he has to continue to enjoy the trust of the policyholder. This alone will lead to repeat business and to referrals.

1.12. BEHAVIOURAL ASPECTS

1.12.1. COMMUNICATION SKILLS

Communication is normally understood to refer to the information that one has to send to another, through words or symbols or pictures, in writing or verbally. Because of its importance in commercial and private life, the process of communication has been studied and written about extensively.

Communication happens when meaning is made. When the meaning intended by the sender is the same the meaning made by the receiver, there is perfect and complete communication. If the two meanings are not identical, there is said to be a communication gap or misunderstanding. Meanings are made even when nothing is said. A friend remaining silent can mean that he is worried about something. To a mother working in the kitchen, prolonged silence can cause anxiety about the whereabouts of the little child.

An agent's main tool at work is his communication skill. He has to explain and to persuade. Any misunderstanding might become evident only much later and be then attributed to the failure to the agent to inform, alleging even deliberate cheating or suppression of material facts. Good effective agents make written presentations about their recommendations for insurance, pointing out both benefits and pitfalls. The written matter is explained during the sales interview. A further explanation will take
place when the policy is delivered to the policyholder. At this time the
agent will make the policyholder go through the important clauses and
conditions of the policy, highlighting the implications of the same.

The seven C’s of good written communication are

- Completeness: Stating all essential facts, anticipating and
  answering all possible doubts.
- Courtesy: Pleasantly worded, meant to gain goodwill,
  requesting instead of commanding.
- Consideration: Keeping in mind the reader’s interest and level
  of understanding.
- Clarity: Using simple familiar words, short sentences, avoiding
  technical jargon and uncommon abbreviations.
- Conciseness: Avoiding superfluous and redundant expressions.
- Concreteness: Avoiding complicated imagery and saying
  directly, leaving no room for imagination.
- Correctness: Particularly with numbers, dates, and references.

1.12.2. PERSUASIVE SKILLS

Persuasion is important in all selling. It is more difficult in
insurance selling, as the concept is to be bought and there is nothing
tangible which could be shown and sampled before purchase. The
concept has to be examined by the prospect in his own mind, on the basis
of words, figures, stories and mental pictures created by the insurance
agent. He has to be convinced on the basis of his own logic and beliefs. It
cannot be forced. The insurance agent has to influence the thinking process of the prospect, without being able to see it or share it.

The principles are the same as in counselling, where the counselee has to think for himself and decide whether any change in behaviour is called for. It is also the case when negotiators try to persuade hijackers to behave differently.

**The principles include:**

- The decisions has to be made by the prospect. He cannot be ordered about.
- The prospects cannot even be rushed. He will think at his own pace.
- The prospects feelings, doubts and anxieties have to be acknowledged and taken seriously. They cannot be ignored or discounted.
- To facilitate the prospect’s thinking, open-ended questions help. Such questions do not have any definite answers and compel one to reason out.
- The more the prospect talks, the more the agent understands how his mind is working.
- Not to interrupt the prospect.
- Not to challenge the prospect’s assumptions and hypothesis. Help him find out the errors therein. Open ended questions help.
Welcome his objections, because they indicate the thought process

Never make him defensive. He will become so, if he gets a feeling that his stance or position or ideas are being considered invalid.

Not to say that he is wrong. Adopt the ‘Yes-But’ technique.

1.12.3. ANALYTICAL ABILITY

The insurance policy being sold to the prospect must meet his requirements. It would be wrong to assume the popular standard plans of insurance would meet everybody’s needs. In some situation, only a Multipurpose policy will be appropriate, not an Endowment plan. Such variations are more marked in the case of non-life plans. The methods of storage and the nature of the goods stored, the quality of constructions and the materials used therein all make differences to the nature of the risk as well as to the insurance needs. The prospect will not be able to highlight the relevant facts. He may not even know what is relevant. Only the agent can know what is relevant for the insurance coverage and the premium to be charged. A casual approach on the part of the agent may lead to an oversight of detail, which may later be interpreted as suppression of material facts, nullifying the cover taken.

1.12.4. CUSTOMER SERVICE REPRESENTATIVE

Customer service representatives are the links between agents who sell policies and insurance companies who write the policies. Field representatives must be good listeners and communicators. This position
require knowledge of the company’s products and ability to establish good rapport with those working for the company.

Customer service representative is an insurance agency employee who handles claims appeals, answers client questions and ensures prompt telephone service for client calls. Customer service claims specialists also work with management to train other staff members in customer service.

1.12.5. CUSTOMER RELATIONSHIP MANAGEMENT SPECIALISTS

Customer relationship management specialists are employees who facilitate communication between the insurance agency and its customers. They identify potential new clients and work to understand the needs of current clients, with the goal of increasing profitability through customer relation.

1.13. SOCIAL FACTORS

Human thought is moulded to a large extent by the society in which he/she is born and brought up. These social compulsions contribute a lot influencing one’s perception. This is manifested in a lot of ways in our country where the population is divided into endless groups based on castes and creeds.
**Key word that attracts all:**

CRAVE – U is the key word that helps to attract all.

<table>
<thead>
<tr>
<th>C-Care</th>
<th>One should express that he cares others and their welfare.</th>
</tr>
</thead>
<tbody>
<tr>
<td>R-Respect</td>
<td>Show respect to others</td>
</tr>
<tr>
<td>A-Accept</td>
<td>Be ready to accept people who belong to different types and environment.</td>
</tr>
<tr>
<td>V-Values</td>
<td>Show respect for to the individual values of the people.</td>
</tr>
<tr>
<td>E-Encourage</td>
<td>Encourage people not only as an agent but as a real care takes.</td>
</tr>
<tr>
<td>U-Understand</td>
<td>Try to understand people so that you can adopt yourself accordingly.</td>
</tr>
</tbody>
</table>

**Role of Conversation:**

Conversation is a two-way process. Respect should be given to those with whom you are talking with.

**1.14. ECONOMIC FACTORS**

By and large, human beings tend to worship the rich. In fact, many of them are overawed by wealth and splendor. There is always a hidden admiration or hidden hatred for the rich. Naturally, perception in such cases does get distorted.
1.15. COMFORT ZONES

Comfort Zones are directly related to our dreams or goals which is associated with self-fulfilling prophecy. In order to grow and change, we must be discontent with our current comfort zone.

PERCEPTUAL DIFFERENCE

This is a phenomenon by which one becomes selectively blind to those traits that one does not want to see and or do not conform to one's expectations.

The characteristics of the ‘Perceiver’ and ‘Perceived’ are as follows:

Characteristics of the ‘Perceiver’

(a) If one is aware of one’s own character fully well, one is likely to make less mistakes in the perception process. Weintgarten has shown that such people are less likely to view the world in black and white terms and to give extreme judgements.

(b) One’s own characteristics tend to affect the characteristics likely to be seen in the “Perceived”. For example, If I am rich, I will live to see the same trait in the “Perceived”

If I am a sportsman, a pinch of sportsmanship in others will improve their image in my eyes.

(c) Awareness of ones own drawback helps in taking a more objective view of the things and persons around. The ‘Perceiver’
in this case, is conscious of the pitfalls in perception. In fact he would empathise with the ‘Perceived’.

(d) Accuracy in perceiving others is not a single skill. The ability to rightly perceive is dependent on how one is sensitive to differences between the various people and the norms findings them.

In short, the ‘Perceiver’ should look more at the ‘Perceived’ than at himself (which is normally done)

**Characteristics of the ‘Perceived’**

(a) Status of the perceived - (eg., boss, subordinate, rich, poor, educated, uneducated etc.) For instance, we have a tendency to discount bad behaviour in people belonging to the lower strata of the society.

(b) Visibility of traits: The ‘Perceived’ will be sometimes reserved in his behaviour in the presence of persons unknown or persons whom he does not like.

(c) Some traits are not visible: An employee’s loyalty to an Organisation, for example cannot be directly manifested; so too is the case with qualities like honesty.

Having said all these, we come to the conclusion that:

“Right Perception” can work as an antidote to most of the problems facing the world. However, it requires a lot of sense of objectivity and maturity to master the “Art of Perception”
1.16. FRIENDSHIP

1.16.1. OVERCOMING FAILURE

Failure is a learning tool. Thomas Edison failed a thousand times before he invented the light bulb. Failure is trying to do things others have not considered. It is a temporary by-product of creativity. It is challenging the learning process.

"We first make our habits, then our habits make us."

– John Dryden.

1.16.2. BEHAVIOURS INVOLVING ENCOURAGEMENT

1. Valuing individuals as they are
2. Having faith in the ability of others
3. Showing faith in others
4. Giving recognition for effort as well as results
5. Using a group to help a person develop
6. Integrating the group
7. Planning for success and assisting in the development of skills that are sequentially and psychologically paced
8. Identifying and focussing on strengths rather than on mistakes
9. Using the interests of the individual

1.16.3. TEN SPECIFIC WORDS OF ENCOURAGEMENT

1. You do a good job of ............
2. You have improved in .............
3. We like (enjoy) you, but we don’t like what you do
4. You can help me (us, others) by .................

5. Let us try it together

6. So you made a mistake; now, what can you learn from it?

7. You would like us to think that you can’t do it, but we think you can.

8. Keep trying, don’t give up.

9. I am sure that you can straighten it out (solve this problem), but if you need any help, you know where you can find me.

10. I can understand how you feel, but I am sure that you will be able to handle it.

The above words of encouragement definitely overcome failure.

1.17. CUSTOMER EDUCATION

1. Every customer who comes to pay his premium may be given leaflets depicting plans of insurance available or at least about any one plan of insurance.

2. Every month Customer Meet should be conducted to

   (a) Distribute new policy bonds and welcome new policyholders (This will surely avoid cancellation of policies during cooling period).

   (b) Distribute Claim Cheques (SB/Maturity/Death) to the claimants.
(c) One plan per every Customer Meet should be highlighted and presented before the customers. Pamphlets / leaflets of that particular plan be distributed during the meeting.

3. Every Agent / Development Officers should visit schools of Physically and Mentally challenged children and speak in the Annual Day Celebration atleast for an hour about LIC’s Jeeven Adhar & Jeevan Vishwas policies.

4. “Charity begins at home” says the proverb. All our Staff, Agents, Development Officers should not only have policies for themselves but every member of their family and relatives should be fully covered by our policies.

5. People from all walks go to libraries, hence our Brochures may be supplied with all the books taken for reading by their permanent members.

Thus Insurance Awareness and Education should be a continuous programme and several innovative ideas should be gathered and implemented in time. Progress chart should be prepared so as to analyse the results, and make improvements in the strategies that will help us not only to retain the Market Share but also ensure a substantial growth.

1.18. COMPETENCY

The term ‘competency’ is a generic word that represents the following three levels of human functioning. (i) knowledge (ii) attitude and (iii) performance skill. A program could be based on competency statements in one or more of the following components (a) its planning and design (b) its training materials (c) its training procedures and (d) its
evaluation. The word competency is taken in the broad sense of knowledge, attitudes, skills and “behaviours that facilitate intellectual, social, emotional and physical growth in children” (Weber, 1972).

1.19. TYPES OF COMPETENCIES

The competencies can be classified as under (i) classroom competencies (ii) competencies related to administration and management (iii) competencies in relation to school, society, co-workers and pupils (iv) competencies in relation to content and curriculum (v) contextual competencies (i.e) wider view of development of education in society (vi) transactional competency (i.e.) general, subject and strategies (vii) motivational and value based competencies (viii) evaluation competency.

Many attempts have been made both to analyse critical tasks that career guidance personal must perform in order to work effectively, and to specify the competencies needed for successful task performance. The sets of competencies produced by these attempts can be categorized in at least four ways (a) functional levels (b) areas of application (c) degrees of masters and (d) prerequisite and training - program competencies.

1.20. MOTIVATION

1.20.1. INTRODUCTION

Managerial concern for motivation usually stems from a firm’s lack of financial success. However, once management has made a commitment to deal with some of the conditions there seems to be some
indication that the situation can be charged for both the worker and the organisation.

Managerial concern about the subject of motivation has become an issue of great importance and study. Much of the concern centers around improving productivity. Granted, many approaches feature large technological improvements, many of the programs aim at involving the worker or manager more directly to improve their performance.

Factors other than insufficient productivity had made managers aware that motivating employees is part of their job. These include the recognition that employees want more from their job than just economic rewards, that the work force is more educated and sophisticated, that external control and authority are next as effective as is the past, and that employees are becoming more militant in making demands to have mere of their needs satisfied is the workplace.

Motivation tools are instruments that prompt people to action. Hence, while using these should be adequate and capable enough to motivate employees to make their maximum efforts to accomplish the set goals. Motivational tools are broadly classified into monetary and non-monetary or incentives. Now we will focus on motivation as an instrument in Business practices.

1.20.2. DEFINITION – MOTIVATION

Motivation is one’s willingness to exert efforts towards the accomplishment of his / her goal.
Motivation is a process that starts with a physiological or psychological deficiency or need that activates behaviour are a drive that is aimed at goal as incentive”.

- Fred Luthans

“Motivation is the willingness to exert high levels of effort towards organizational goals, conditioned by the effort ability to satisfy some individual needs”

- Stephen P. Robbins

Motivation cannot be seen because it is internal to man. It is externalized via behaviour. It activates the individual to more toward goal.

“Motivation is everything with which the work of two people, can be done but one can’t be two people. Instead, one has to inspire the next guy down the line and get him to inspire his people”.

Lee Iacocca (Former ‘CEO’ of Chrysler)

Motivation is arguably one of the most commonly used yet least understood terms in business today.

The most common mistake is to believe that we can motivate people. “Gordan Rabey” says that the internalized derive towards dominating thought of movement, one can’t motivate anyone – one can
only create a situation to which individuals will respond because they choose to.

Motivation is defined as, 'the set of forces that cause people to choose. Certain behaviours from among the many alternatives open to them'. Motivation refers to the degree of readiness of an organism to propose some designated goals and implies the determination of the nature and locus of force inducing degree of readiness. Motivation can also be defined as the process that account for an individual's intensity, direction, and persistence of effort toward attaining a goal. The three key elements in the definition are (1) Intensity (2) Direction (3) Persistence.

1.20.3. NEED FOR MOTIVATION

Mainly Motivation is need for a person in all organizations, because organizations are run by people. Hence, Managers cannot afford to avoid a concern with human behaviour at work. This is because the motivated employees are more productive and quality-conscious than apathetic ewes.

1.20.4. MOTIVATION AND ABILITIES

Candidates are selected for the various jobs on the basis of the job requirements which implies presence of some degree of various physical as well as mental abilities required for performing a job. Further, to develop the level of abilities and potentials. The training is provided and development programmes are conducted. Thus, ability is a combination of many physical strength, stamina, knowledge, experience, skill and competence motivation is an inner-psychological factor which activities
the individual to use his abilities for achieving given goals. When people join organization, they bring with them certain needs, goals and interest along with certain level of ability and competence. They use their abilities for performing the assigned job more efficiently. From this point of view ability assumes more important place because first it is achieving the organizational goal. But on the other hand, if the employees are capable of doing the things having enough abilities. If not motivated the level of performance is bound to be low. For example one worker in manufacturing company he/she feels that the wage is not fair, he could not express his full ability to the work, it affects the performance.

Motivation is a psychological force which is more related with the working behaviour of the employees. They can be motivated by providing necessary stimuli, by moulding the pattern of behaviour, modifying their perceptions and values and inspiring them. Whereas the ability can be acquired through formal education and training. It is less behavioural but more related to physical and mental competence. Abilities can be further developed by giving supportive facilities, providing necessary training. Conducting development programmes, providing proper environment of learning. So motivation involves both positive as well as negative variables where as ability always moves in positive direction through positive measures to some extent. Motivation and ability reinforce each other as ability of the employee can be realised fully only by motivation. If motivational factors are not present in work setting level of performance tends to be low in spite of able and capable workforce. It is found in practice that high degree of ability and competence may also create feeling of motivation among the individuals.
Because they perform assigned job only. But highly motivated people can also produce desired results inspite of lesser degree of ability and competence.

Precisely, motivation is the process of inspiration, that enables an individual of a work group to put in his/her best efforts to pull their weight together, effectively to give his/her loyalty or group loyalty, to meet the challenge that the individual has accepted or jointly meet the challenge that the group has accepted.

1.20.5. NATURE OF MOTIVATION

- Motivation is internal to man
- A single motive can cause different behaviour
- Different motives may result in single behaviour
- Motives come and go
- Motives interact with the Environment

**Motivation cycle:**

![Motivation Cycle Diagram]
1.20.6. GENERAL PRINCIPLES OF MOTIVATION

Basic principles of motivation exist that are applicable to learning in any situation.

a. The environment can be used to focus the student's attention on what needs to be learned

Teachers who create warm and accepting yet business-like atmospheres will promote persistent effort and favourable attitudes towards learning. This strategy will be successful in children and in adults. Interesting visual aids, such as booklets, posters, or practice equipment, motivate learners by capturing their attention and curiosity.

b. Incentives motivate learning

Incentives include privileges and receiving praise from the instructor. The instructor determines an incentive that is likely to motivate an individual at a particular time. In a general learning situation, self-motivation without rewards will not succeed. Students must find satisfaction in learning based on the understanding that the goals are useful to them or, less commonly, based on the pure enjoyment of exploring new things.

b. Internal motivation is long lasting and more self-directive than in external motivation, which must be repeatedly reinforced by praise or concrete rewards

Some individuals—particularly children of certain ages and some adults—have little capacity for internal motivation and must be guided and reinforced constantly. The use of incentives is based on the principle that
learning occurs more effectively when the student experiences feelings of satisfaction. Caution should be exercised in using external rewards when they are not absolutely necessary. Their use may be followed by a decline in internal motivation.

d. Learning is most effective when an individual is ready to learn, that is, when one wants to know something

Sometimes the student’s readiness to learn comes with time, and the instructor’s role is to encourage its development. If a desired change in behavior is urgent, the instructor may need to be supervised directly to ensure that the desired behavior occurs. If a student is not ready to learn, he or she may not be reliable in following instructions and therefore must be supervised and have the instructions repeated again and again.

e. Motivation is enhanced by the way in which the instructional material is organized

In general, the best organized material makes the information meaningful to those who are motivate and identify the specific motivational components of any particular act. Instructors must focus on learning patterns of motivation for an individual or group, with the realization that errors will be common.

1.21. BASIC AND DERIVED WORK MOTIVES AND THEIR SATISFACTION
1.22. TYPE OF MOTIVES

The following are the types of motives

- Primary Motives
- General Motives
- Secondary Motives
- Power Motives
- Achievement Motives
- Affiliation Motive
- Security Motive
- Intrinsic Motive
- Extrinsic Motive

Some other elements of motivation, given by capitals are focused on as.
1.23. MOTIVATIONAL THEORISTS AND THEIR THEORIES

Although the process of management is as old as history, scientific management as we know it today is basically a twentieth century phenomenon. Also, as in some other fields, practice has been far ahead of theory. This is still true in the field of management, contrary to the situation in some of the pre sciences. A giant of a man, like Albert Einstein, formulates a theory, which was later proved by decades of intensive research and experimentation. Not so in the field on management.

In fact this field has been so devoid of real fundamental work so far, that Herbert A. Simon is the first management theoretician to win the Nobel Prize for Economics in 1978. His contribution itself gives a clue to the difficulty, bordering on impossibility, of real fundamental work in this field concerned with people. In order to arrive at a correct decision, the manager must have all the information necessary relevant to the various factors and all the time in the world to analyze the same.

This is seldom, if ever, the case. Both the information available and the time at the manager’s disposal are limited, but he or she must make a decision. And the decision is, therefore, not the optimum one but a ‘satisfying’ one-in effect, a satisfactory compromise under the real conditions prevailing in the management ‘arena’.

1.23.1. TRADITIONAL THEORY ‘X’

This can best be ascribed to Sigmund Freud who was no lover of people, and was far from being optimistic. Theory X assumes that people
are lazy; they hate work to the extent that they avoid it; they have no ambition, take no initiative and avoid taking any responsibility; all they want is security, and to get them to do any work, they must be rewarded, coerced, intimidated and punished. This is the so-called ‘stick and carrot’ philosophy of management. If this theory is valid, managers will have to constantly police their staff, whom they cannot trust and who will refuse to cooperate. In such an oppressive and frustrating atmosphere, both for the manager and the managed, there is no possibility of any achievement or any creative work. But fortunately, as we know, this is not the case.

1.23.2. THEORY ‘Y’ – DOUGLAS MCGREGOR

This is in sharp contrast to theory ‘X’. McGregor believed that people want to learn and the work is their natural activity to the extent that they develop self-discipline and self-development. They see their reward not so much in cash payments as in the freedom to do difficult and challenging work by themselves. The managers job is to ‘dovetail’ the human wish for self-development into the organizations need for maximum productive efficiency. The basic objectives of both are therefore met and with imagination and sincerity, the enormous potential can be tapped.

It could be construed, by some, that Theory ‘Y’ management is soft and slack. This is not true and the proof is in the ‘pudding’, for it has already proved its worth in the USA and elsewhere. For best results, the persons must be carefully selected to form a homogeneous group. A good leader of such a group may conveniently ‘absent’ from group meetings so they can discuss the matters freely and help select and
‘groom’ a new leader. The leader does no longer hanker after power, lets people develop freely, and may even (it is hoped) enjoy watching the development and actualization of people, as if, by themselves. Everyone, and most of all the organization, gains as a result.

1.24. THEORIES ABOUT THE NEED FOR ACHIEVEMENT

The desires to succeed and to excel are called achievement needs. Achievement motivation is basic to a good life. Achievers, as a whole, enjoy life and feel in control. Being motivated keeps us productive and gives us self-respect. David McClelland, et al. (1953) and John Atkinson (1981) have contributed greatly to this area of study. They began by developing a measure of the need to achieve. Other researchers (Jackson, Ahmed, and Heapy, 1873) suggested that achievement needs are made up of several factors:

1. Wanting approval from experts
2. Wanting to make money
3. Wanting to succeed on our own
4. Wanting respect from friends
5. Wanting to compete and win
6. Wanting to work hard and excel.

Thus, one high achiever might strive primarily to make money while another person, equal in overall need to achieve, would concentrate on gaining respect and status from friends, and so on, depending on our past experience.
How do we learn to have a high or low need for achievement? It comes partly from our childhood. Although the conclusions are not certain. Weiner (1980, p. 216-218) says a high achieving male tends to have rejecting parents who expect him to become independent early, make high demands on him, reward his success, and/or punish unsatisfactory behavior (which increases the fear of failure). Rather surprisingly, both loving-accepting and dominant fathers tend to have achieve then sons of fathers with routine jobs (Byrne & Kelley, 1981).

1.25. CHARACTERISTICS OF MOTIVATION

One of the manager’s primary task is to motivate people in the organisation to perform at high levels. This means getting them to work hard, come to work regularly, and make positive contributions to the organisation’s mission. But job performance depends on ability an issue of great importance and study. Much of the concern centres around improving the productivity. Granted, many approaches features large technological improvements nevertheless many of the programs aim at involving the worker or manager more directly to improve their performance. Factors other than insufficient productivity have made managers aware that motivating employees is part of their job. These include the recognition that employees want more from their job than just economic rewards, that the work force is more educated and sophisticated, that external control and authority are not as effective as in the past and that employees are becoming more militant in making demands to have more of their needs satisfied in the workplace.
1.26. THREE ELEMENTS OF MOTIVATION

Motivation starts with the desire to be free, to be free from dependency on others, freedom to live the lifestyle we dream of, freedom to explore our ideas. Total freedom is not possible or desirable, but the struggle to achieve that ideal is the basic for motivation.

1.27. IMPORTANCE OF MOTIVATION

Most motivation theorists assume that motivation is involved in the performance of all learned responses; that is, a learned behaviour will not occur unless it is energized. The major question among psychologists, in general, is whether motivation is a primary or secondary influence on behavior. That is, are changes in behavior better explained by principles of environmental / ecological influences, perception, memory, cognitive development, emotion, explanatory style, or personality or are concepts unique to motivation more pertinent.

For example, we know that people respond to increasingly complex or novel events (or stimuli) in the environment up to a point and then responses decrease. This inverted-U-shaped curve of behavior is well-known and widely acknowledged (e.g. Yerkes & Dodson, 1908). However, the major issue is one of explaining this phenomenon. Is this a conditioning (is the individual behaving because of past classical or operant conditioning), a motivational process (from an internal state of arousal), or is there some better explanation?
Motivation is an important part of managing process. A term of highly qualified and motivated employees is necessary for achieving objectives of an organisation. It is only through motivation process, they contribute maximum for accomplishing objectives.

- Highly motivated employees make optimum use of available resources for achieving process.
- Motivation is directly related to the level of efficiency.
- Highly motivated employees make full use of their energy and other abilities to raise the existing level of efficiency.
- Highly motivated employees would make goal-directed efforts. They are more committed and co-operative for achieving organizational objectives.

So as we attempt to understand motivation, we need to appreciate the subtleties that exist in human behavior, and focus our attention on general principles of motivation that have wider application. At least if we can understand some of these principles, we might be better prepared to lead or facilitate a long-term, highly motivating team experience.

1.28. FACTORS WHICH DONOT MOTIVATE

1.28.1 MONEY

We all need it to support our families and ourselves. It's definitely an incentive. But compensation, which includes pay and benefits, doesn't motivate; it normally activates employees to do the minimum that is required in their job descriptions.
1.28.2. COMPETITION

Whether in the form of sales contests, piecework incentives, or close supervision, competitive methods may seem to increase motivation and productivity. The perception is that they can and do, for a little while anyway. The down side is that even with this perceived increase in motivation and productivity, the desire of the individual to engage in the activity for its own sake is depleted.

Recognition: Praise and rewards are excellent ways to say, “Job well done.” They are necessary in a consistent way for employees to gauge their performance, but should not be used as motivator. Such contingent use of rewards and praise makes employees wonder what your motives may be.

1.28.3. DISCIPLINARY ACTION

Negative feedback can be disastrous if employees are made to feel incompetent and controlled. While we cannot ignore poor performance, we can be autonomy-supportive in our manner of approach. This simply means that we try to see things from the employee’s perception and we offer an opportunity for self-direction.

1.29. MOTIVATION AS AN INSTRUMENT IN BUSINESS PROCESS

Motivation of the individual, his sense of competence his abilities, role perception and organisational resource is taken away, performance will be affected adversely. The double headed arrow between motivation and service of competence indicates the two variables mutually influence each other.
Motivation & Performance

Motivation will lead to higher performance by an individual's.

1. Efforts for higher performance
2. Lower Rate of absenteeism
3. Loyalty and stability with the organisation.
4. Adaptation to organisational charge

Motivation performance relationship, indicates the relationship between reward and motivation and the most important individual can be motivated for better performance.

◆ Many key cosmetics motivate its sales force by recognizing their achievement during the annual sales rally. High achiever are heted in a crowing ceremony and win trip and Jewellery, Cars, other prizes for their hard work.

1.30. FINANCIAL METHODS OF MOTIVATION

In spite of the belief of some writers, such as Herzberg, that money is not a positive motivator (although lack of it can demotivate), pay systems are designed to motivate employees.
**Piece-rate pay:**

Piece-rate pay gives a payment for each item produced. This system encourages effort, but often at the expense of quality. Piece rate is common in the agriculture and textile industries but is difficult to apply in service industries.

**Commission:**

Commission is a payment made to employees based on the value of sales achieved. It can form all or part of a salary package.

**Profit-related pay:**

Profit-related pay gives employees a share of the profits earned by the business. This is an approach adopted by the John Lewis Partnership. It encourages all employees to work hard to generate the maximum profits for the business. It offers firms some flexibility: for example, in less prosperous times, wages can fall along with profits, so reducing the need for redundancies.

**Performance-related pay:**

Performance-related pay is a topical but controversial technique used in many industries from textiles to education. It needs to be tied into some assessment or appraisal of employee performance. Whatever criteria are used to decide who should receive higher pay, the effect can be damaging to employee morale.
Share ownership:

Employees are offered shares in the company in which they work. ASDA operates such a scheme. Shares can be purchased through savings schemes (e.g. by shop-floor employees putting aside a few pounds each week). Share options offer senior managers the opportunity to purchase shares in the company at a discounted price at an agreed future date. However, share ownership may cause discontentment if this perk is only available to the privileged few.

1.31. NON-FINANCIAL METHODS OF MOTIVATION

In the last 30 years or so, many firms have recognised the need for non-financial methods of motivation. They have realised that money may not be a great motivator and that financial incentive schemes can be difficult to operate. Working in terms may also mean that individual financial incentive schemes are of little relevance. A number of non-financial methods of motivation have been developed.

Job enlargement:

This technique gives employees a broader workload of a similar nature. This widens the variety of tasks that are completed and, hopefully, lessons the repetition and monotony that are all too common on production lines which rely upon the division of labour. Job enlargement may offer advantages in the short-term. This technique is also called horizontal loading.
**Job rotation:**

Job rotation is similar to job enlargement. This approach widens the activities of a worker by switching him/her around a range of work. It may require an employee in an office to move regularly between staffing reception and inputting data onto a database. Job rotation may offer the advantage of making it easier to cover for absent colleagues, but it may also reduce productivity as workers are initially unfamiliar with a new task.

**Job enrichment:**

Job enrichment attempts to give employees greater responsibility by increasing the range and complexity of tasks they are called upon to complete and giving them the necessary authority. It motivates by giving employees the opportunity to use their abilities to the fullest. Herzberg argued that job enrichment (through motivators) should be a central element in any policy of motivation. According to Herberg, enriched jobs should contain a range of tasks and challenges at different ability levels and clear opportunities for achievement and feedback on performance. Job enrichment necessitates training.

**Team working and empowerment**

Empowerment involves giving people control over their working lives. Organising the labour force into teams with a high degree of autonomy can achieve this. This means that employees plan their own work, take their own decisions and solve their own problems. Teams are setting targets to achieve and may receive rewards for doing so. Empowered teams motivate through allowing people the opportunity to meet some of the higher needs as identified by Maslow or Herzberg’s
motivators. Volvo and Vauzhall use this technique to improve employee performance.

**Quality circles:**

Quality circles are in widespread use to allow employees an opportunity to contribute to decision-making. These are small groups of less than 20 people who meet regularly to discuss and solve production problems. The members are usually drawn from all levels and areas within the organisation. This ensures that all perspectives are considered. As well as motivating staff, such a group can provide business with some valuable ideas. This technique was first used at the Toyota Motor Company in Japan in the 1950s. It has been increasingly adopted in the West since the 1980s.

**Job design and redesign:**

Many theorists have argued that jobs need to be designed or redesigned with the major motivational factors in mind. They should not be too highly specialised and should offer a varied range of duties. Equally, jobs need to allow people to use their initiative as well as enable them to meet their social needs by working with others.

**Single status:**

Single status occurs where a business has removed all the barriers which distinguish between various grades of staff. These forms of distinction may include:

- Canteens and other social facilities
- Different pay systems (salaries versus piece-rate)
different clothing (managers wearing suits and shop-floor workers wearing overalls) Removing these barriers is intended to eliminate the 'them and us' attitude which is common in business. The concept of single status originated in Japan but now operates worldwide.

1.32. BUSINESS TARGET

Yet, as a businessman, he/she has to have some goals with regard to revenue. The revenue, which is in the nature of commission on premium, depends on the number of sales one makes. The number of sales depends on the number of contacts one makes. There is a relationship between the number of calls one makes and the number of closures that result. The proportions keep improving as one gains experience. The number of calls can therefore, be the target and the rest will follow. The calls may be on new persons, from a growing list of prospects. The calls may also be service calls on existing clients for renewals or for checking on the changes in status (marriage, children, new job, new premises, new businesses and so on) that may suggest either more business or change in the terms of the existing policies.

1.33. INSURANCE AGENT AS A MOTIVATOR

A good agent has to be clear about the market he/she is working on. For an insurance agent, the whole world is a potential market. But no one agent can insure the whole world. While the whole world is the total potential market, it is in fact several markets with distinctly different needs and characteristics. The very rich has different needs compared to the middle class salary earner. The young have different needs compared
to the elderly. Working women with dependents have different needs compared to housewives. The grocer's needs are different from those of a bank, which are again different from those of a multicrore petroleum refinery. Thus, when the total market is viewed in terms of needs, it will break up into a number of smaller segments.

The target-markets/segments may be identified in terms of geographical location (residence or office), age, occupation, religion, social status, income levels, family size, or business size, nature of business, technology, products, etc. Each segment has to be approached in a different way. Agents tend to specialize in specific segments of the market. One big advantage in doing so, is that the agent acquires knowledge in depth of that segment and is also known within that segment.

The segment in which an agent operates is called his/her target market/segment. An agent may have more than one target segment. One agent may be working only within one department of Government like the police department or a big company with a salary savings scheme, because he finds that the earnings from this source are adequate and it takes almost all his/her time servicing the policyholders. One agent was known to work only among the hardware merchants in a city, handling both life and non-life business of those traders, although there were also jewellers in the same neighbourhood. An agent with an infrastructure of an office and a few employees may be in a position to cater to a larger segment or more than one segment. It is prudent to make careful choices, depending on one's competency. The lure for additional business, should
not lead one to ignore the very important aspect of servicing of the business.

The success of insurance agents depends upon the level of motivation strategies that they adopt during their profession. As role of motivation has gained greater importance in a profession, its scope cannot be underestimated both in learning and profession. In order to know and study the effect of Motivational Intervention Strategies scientifically on enhancing the professional competency among the LIC agents, this study has been undertaken. Studying the factors responsible for enhancing the professional competency of Insurance agents is a new endeavour and it needs a thorough analysis of studies done earlier, on Professional Competence and Motivation Intervention Strategies.

Having embarked on the broad area of research in LIC business with a specific focus on agents, the researcher proceeds to make a survey of the research works done in this area. The survey not only gives proper direction to the researchers but also helps to avoid repetition. So, the researcher ventures to present the review of related research works. Keeping the three main issues in mind, namely, i) Agents’ perception of the profession ii) Agents’ competence and iii) Training of the agents. In the foregoing chapter, an attempt is made to present a comprehensive consolidated review of the research done in the area.