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Introduction

The growth of insurance business to a large extent is dependent on the skills and the ability of the well trained agents to attract the public to its fold. It is the responsibility of the industry to strengthen the hands of the agents to handle the problems linked with increasing complexity of insurance products, rapid changes in the market place scenario, sophistication penetrated due to Globalization etc. The total number of Agents on the LIC Roll is 13, 44,856 as on 31.03.2009 against 11, 93,744 as on 31.03.2008. The number of Active Agents is 12, 75,611 as at 31.03.2009 as compared to 11, 17,908 as on 31.03.2008. All these agents are Trained, Motivated, Controlled, Supervised, Coordinated and Rewarded additionally, if necessary for accomplishing the maximum results. Their incessant work has brought the LIC to attain an excellence in marketing of dissimilar products. The chapter deals with the an assortment of aspects of the agents silhouette influential to expand the LIC business

Numerous changes are captivating the consumers in the Financial Market, Banks, Mutual Funds and Financial Institutions that are increasing their presence in new areas. Financial planners and consultants are emerging to offer a variety of services in a number of places. Insurance industry itself is subjected to a closer scrutiny at public level. Agast this backdrop the LIC Agents have to work

Meaning and Definition of Agents

The term 'Agent' has a wider application than the meaning used loosely in insurance practice to describe one who introduces business to the insurer.
Sec. 182 of the Indian Contract Act defines the word '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.

Under Section 183 of the Act, any person who has reached the age of maturity according to the law to which he is subject and who is of sound mind can employ an agent. Sec. 184 provides that as between the principal and third persons, any person may become an agent.

According to the Insurance Act, 1938 defines "Insurance Agent" as insurance agent licensed under Section 42 being an individual who receives or agrees to receive payment by way of commission or other remuneration in consideration of his soliciting or procuring insurance business including business relating to the continuance, renewal or revival of policies of insurance.

An agent is one who acts on behalf of another. The 'another' on whose behalf the agent acts, is called the principal. This is the simple definition. The lawyer is the agent of the client, when he argues the case in court. An ambassador is an agent of his country. It is the function, which determines the relationship of agency, not the designation.

There is a legal maxim "qui facit alium, facit perse", which means that he who acts through others, acts to himself The principal is bound by what the agent does. 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.

Qualifications of Agents:

Following are some of the qualifications and qualities stated in the LIC Manual:

(a) **Age:** The prospective Agent has to be a major person. There is not upper limit at entry point for the Agents.

(b) **Education:** Life insurance selling requires knowledge, skill and wisdom. The Agent should have a good educational background; at least, he should be literate as he has to help the policy holders in filling up the proposal forms. Also, he has to read the life insurance literature in order to gain knowledge and command mastery in his field. He should have the working knowledge of English and Hindi, as he markets the product to all segments in the society.

(c) **Personality:** Personality is a very diverse and complex psychological concept. It is concerned with external appearance and behavior, self measurable traits and situational interactions. The various dimensions of personality are: psychological, emotional, intellectual, spiritual and social. The Agent preferably should have a well balanced personality.

(d) **Communication ability:** The ability to clearly express oneself in both formal and informal setting and to extract information effectively. This includes expressing technical concepts at the level of audience.

(e) **Ability to control situation:** The Agent should have the ability to take charge of a situation, instill confidence and thereby motivate action. This involves identifying key elements or influences, assessing their importance and making the most appropriate response to the situation.
(f) **Inter-personal relations skills:** The ability to perceive others needs, points of view and problems and to respond appropriately to them. This involves listening effectively, maintaining emotional control and presenting effective counter agreements without criticizing others.

(g) **Time management and administrative ability:** The ability to systematically structure one’s own activities is essential for effective performance and coordinated efforts. Since time is the most valuable resource, it should be managed efficiently. The agents have to visit prospective policy holders many times before they close the sales deal. They have to manage time as they visit clients according to their convenience and not Agent’s convenience.

(h) **Ability to learn and apply procedures and work with facts and figures:** New life insurance policies are introduced from time to time. There are about sixty working policies in the market as of today. Each policy is unique in the same that the term, sum assured and premium changes to suit the requirements of the customers. The Agent has to perform many arithmetic calculations in order to arrive at the payable premium by prospective policy holder. All this definitely demands that Agents should have the ability to learn and apply procedures and work on the facts and figures.

(i) **Prospecting ability:** The ability to continually develop and maintain a clientele for one’s services is prospecting ability. This involves eliminating unqualified prospects, approaching qualified prospects and scheduling appointments to discuss security needs.

(j) **Goal and achievement motivation:** The ability to self realistic long and short term goals and to channel one’s efforts toward their achievement. Intrinsic motivation plays a major role in attainment
of goals. Even though there are various incentives schemes for motivating Agents, it is the self motivation which acts as a real motivator.

(k) **Reliability:** The Agent acts as a financial planner for his clients. He should be trustworthy, enough for his clients to disclose confidential financial information to the Agent. He must be able to conduct his activities in an ethical, moral and honest manner while respecting the confidentiality of privileged information provided by his clients. He should always act in the clients best interest.

**Recruitment Policy and Selection of Agents**

This refers to obtaining a sufficient supply of qualified prospective Agents to meet the agency business objective. The effectiveness of the present sales personnel can best be determined by making a complete analysis of the agency situation. This requires a thorough study of the business record – quantitative and qualitative – of each Agent under contract, an evaluation of their individual sales potential and a summation of the business resource of the agency sales force as a whole. On the basis of this analysis, the branch manager will have necessary data to enable him to decide the manpower replacement and expansion needs of the agency force.

Recruitment does not merely consist of appointing new Agents. It is a continuous process consisting of five activities viz. prospecting, selecting, presenting the life insurance career, training and helping him to earn adequately. The various recruitment methods are as follows:

(a) **Personal contacts:** Many times, Agents are appointed through personal contacts. Branch manager or Development Officers
appoint Agents from among their acquaintances. There have been many cases where agency was offered to existing policy holders.

(b) *Direct solicitations:* Many times, people on their own apply for Agents. Since there is no limit on recruitment of Agents, Development Officers appoint many Agents. If the person who is applying or agency is able to fulfill the criteria for Agent, then he is appointed.

(c) *Direct marketing method:* Sometimes, Development Officers send letters to unknown people requesting them to join agency.

(d) *At the branch:* A board is displayed in branches advocating life insurance agency to all the visitors including policy holders.

Recruitment is concerned with the identification of sources from where the personnel can be employed and motivating them to offer themselves for the employment. Selection takes care of choosing the most suitable personnel for employment. In other words recruitment and selection are the identification of source of manpower supply.

In the insurance industry, appointing agents is an art of acknowledging the potentiality in the other and accepting the fact that no one can achieve everything by being an island.

*Sources of Recruitment of Agents:* Normally, insurance companies consider the following sources to be identified for recruitment of their agents.

1. Advertisement
2. Employment Agencies
3. Public Employment Agencies
4. Private Employment Agencies
Selection of Agents: The selection process involves a number of steps. The basic solicit maximum possible informations about the candidate to ascertain their suitability for appointment as agent. As per Insurance Regulatory Authority norms, the following standard section process has been adopted by the Insurance Companies for selection of professional agents.

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<td>(1)</td>
<td>Screening the Applications</td>
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<td>Approval by the Appropriate Authority</td>
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<td>(7)</td>
<td>Placement.</td>
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Training of Agents

Under the Agents Regulations, 1972, it has been made obligatory on the part of every Agent to undergo training and pass a test. The LIC has prepared training literature for this purpose. It consists of classroom lectures, demonstration of selling techniques and books. The LIC has developed training in three forms as follows:
1. Pre-recruitment orientation

2. Initial training after recruitment

3. Training for absorbed and confirmed Agents under advance training course.

   Elementary training to develop skill in insurance selling and servicing is rendered by Development Officers and bank officials.

   Advanced training is provided by external training centers and by sales training centers. The sales training centers are set up and run by the LIC all over India and they are approximately twenty three in number.

The external training centers approved by the LIC are as follows:

(a) Institute of Insurance and Financial Sciences Education Research and Training, Pune.

(b) College of Insurance and Financial Planning, Secunderabad

(c) Jeevan Vidya Trust, Jaipur

(d) PEACOC, Tanjavar, Kerala

To give a great thrust to the training of Agents in large numbers within a short period, the Agents mass training program was launched at branch level during January 1992. Today, training has assumed great importance due to changed business environment. A corporate policy on training has been formulated and approved by the LIC. After wide consultations with Zonal managers, their marketing terms and based on program structures adapted by training institutions, a standardized format for training at various levels of Agents and Development Officers has been finalized. From the year 1997-98, every state training center will be required to administer this standardized training formal to the trainees.
The external training institutes have also to conform to the training needs as identified by the LIC.

The term training is concerned with imparting specific skills for particular purposes. According to Flippo training is defined as "the act of increasing the knowledge and skills of an employee for doing a particular job".

In Insurance, the necessary knowledge, skill and attribute are acquired through systematic training and thereby making an agent capable of rendering valuable service to the entire community for reward and satisfaction.

The importance of training an insurance agent, lies in developing his personality through regular planning, prospecting and good work habits.

*Training Methods*: The following training methods have been adopted by the insurance companies for making an agent capable of rendering valuable service to the insurance company and to the policy holders.

1. **On-the-Job Training**
   a) Sharing experience
   b) Coaching
   c) Under study
   d) Special lecturers
   e) Carrier agent schemes
   f) Vestibule school
   g) Systematic training programmes
   h) Time management
   i) Arranging group meetings
   j) Narrating experiences.

2. **off-the-Job Training**
   a) Special courses and lectures
6. 12

- Conferences
- Case analysis
- Role playing
- Brain storming
- Sensitive training
- Transactional Analysis
- Field force analysis.

**Duties of an Agent:**

As stated earlier the Agent is the primary underwriter of life insurance in the market. He has to perform various duties while operating as the LIC Agent. The various activities are listed as follows:

(a) Agents have to get acquainted with the various plans of life insurance market by the LIC in detail as well as in comparison with other instruments in the market in order to sell the product as per the need of the client.

(b) The Agent has to constantly seek new prospects, secure the names of individuals within the standards of acceptability. He has to gather the necessary information prior to the first call and has to determine his life insurance needs.

(c) After identification of prospect, he has to analyze each prospect’s needs to determine the plan of life insurance, the type and amount of policy, etc.

(d) He has to prepare proposal based upon the analysis of the life insurance requirement of each prospect.

(e) The Agent has to plan and prepare the organized sales presentation and organize the technique of selling process. He should be able to solicit comments and answer questions during the sales presentation to obtain a commitment to purchase.
(f) After a successful sales call to prospects, he has to complete the policy application or proposal form and submit it to the Development Officer for further processing. He also delivers the policy to the client after completion of formalities.

(g) He also helps the policy holders to fulfill the service needs such as change of address, beneficiary, etc. He has to monitor clients premium payments so as to avoid lapsation of policies. He also collects initial and renewal premiums.

(h) The agent has to work systematically plan each days work in advance, make and route his list of calls and proposed sales interviews and arrange appointments for service calls.

(i) He has to keep records of prospect and policy holders files, weekly records and reports of performance etc. He also maintains current and accurate records of client data (e.g. policy average and changes). He also helps the policy holders to fill claims.

(j) For personal and professional development, it is his duty to gain knowledge of life insurance. He needs to update the knowledge about new policies, changing trends in the market from time to time.

(k) Life insurance is a long term contract, the average term of the policy being more than twenty years. Throughout this long period, it is necessary to meet the needs of the policy. During this long term, the policy holder may need assistance and guidance in matters such as default in payment of premium, renewal of policies, surrenders, loans, nominations, evidence of title, requirements for settlement of claims, etc. Agents can satisfy their clients through the servicing.
6. 14

(l) Periodically he should set goals through self evaluation and in consultation with Development Officer so as to progress in business.

The LIC very recently prescribed the following duties of agents

The duties of the agent clearly reveal their importance in the insurance business. While performing their duties, they render the following valuable services to the insurance company, policy holders, Government and to the society.

The following are the duties of the agents as prescribed by the LIC:

- He should perform his duties in order to achieve the objectives of the insurance companies.

- An agent should develop a close relationship with policy holders and the Development Officer.

- The agent should create mutual trust between each other i.e. policy holders and insurers.

- An agent should render continuous service to the policy holders.

- The agent should give personal help and guidance relating to savings and investment plan of the policy holders.

- The agent should motivate the policy holders to renew the policy in case the policy lapses.

- An agent should help the policy holders in emergency for a loan or surrendering the policy.

- The agent should help the policy holder for appointment of a nominee or for the execution of an assignment.

- Death claim cheques should be personally delivered by the agent.
- 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.

- He should be ready to solve any servicing problems of existing policy holders.

- He should explain his ways of prospecting servicing and record keeping in the branch meeting.

- The agent must act with reasonable care and skill and must comply exactly with any instructions given to him.

- Implement advertising about various insurance schemes in consultation with the Development Officer.

- An agent should make plan and organize for implementing various policies issued by the insurance companies.

- Feed back information should be given to the Development Officer and Branch Manager about insurance market potential.

- He should achieve the targets before the fixed period.

**Code of Conduct for Agent**

According to the Insurance Act, provisions have been laid down for a Code of Conduct for Agent. These include:

- Disclosing the license to the prospect on demand.
- Explaining all available options to the prospect.
- Explaining the nature of information required in the Proposal Form.
- Impress upon the prospect and the need to disclose all information.
- Informing the insurer about any adverse habits and material facts of the persons to be insured.
- Revealing to the prospect the commission that he is likely to receive, if asked for.
- Advising policy holders to effect nomination.
- Not interfering with the proposals introduced by other insurance agents,
- Not demanding or receiving share of proceeds under an insurance contract.

Rights of the Agents

The agents are given such rights which are instrumental to the development of LIC business and they are convenient to customers and policy holders. The following are the rights of the Agent:

- He can issue Renewal Notices on behalf of insurers directly.
- He can give receipts for premiums collected which are remitted to the office.
- He can introduce business on behalf of the insurers.
- He can collect premiums at the homes of the policy holders and obtain new business.
- He is entitled to the agreed payment (commission) for his duties.
- He is entitled to receive reimbursement of any payment properly made on behalf of his insurers.

Essential Qualities Required for a Successful Agent

The success of the agent depends upon his ability in attending to the varying needs and objectives of the insurance company and the community.

A successful agent requires a number of qualities and personal traits on his part in the discharge of his duties and responsibilities, such as personal aptitude, enthusiasm, foresight, tactics, patience, business morality, firmness and courage etc. Besides, there are certain other requirements for an efficient agent. They are:
Every agent should be as a resource of the insurance company.
He has to be mentally prepared to face hazards of the profession.
He must know the rules and regulations governing the profession.
He has to come in the field fully prepared with self confidence to meet any shocks.
He must have a background of planning and prospecting i.e., constant search and research activity in the insurance field.
He must have good work habits, job knowledge and punctuality.
He must take special efforts for achieving targets.
He must have good knowledge the insurance market.
He must be intelligent. He must properly utilise his time.
He must create goodwill and have personal touch with policy holders and the insurers.
He must be hard working with dedication.
He must create credibility in his profession.
He must be able to understand the insurance market.
He must identify the needs of policy holders.
He must render service to the needs of the policy holders with insurance products.
He must be ready to provide comprehensive life insurance services to the community at large.
He must be ready to solve the servicing problems of existing policy holders.
He must have adequate knowledge about various schemes of insurance business, principles, rules and regulations, tables in current use, various branches of coverage and closely allied business etc.

**Termination of Agency:**

There are various cases under which if an Agent violates prescribed rules and regulations stated in the manual, he may be terminated.

The business particulars of all the Agents as at the end of their agency year should be reviewed to determine whether they have completed the minimum business guarantee.
To such of those Agents who have not completed the required minimum business by the end of the 9\textsuperscript{th} month of the agency year a letter reviewing their business achievement and the business to be done is to be sent in the 10\textsuperscript{th} month of the agency year.

Following are the various Instances in which Agents can be terminated:

(a) On business requirement: If an Agent fails to bring in the minimum business required in an agency year, his appointment shall stand terminated at the end of such an agency year. Such terminated agency can be reinstated by the competent authority if it is satisfied that the failure to bring the business was due to reasons beyond his control.

(b) On cancellation or failure to renew license: If the license of the Agent is cancelled or is not renewed in accordance with the provisions, his appointment as Agent stands terminated from the date the license is cancelled. On restoration or renewal of license, the competent authority such as branch manager shall reinstate the agency.

(c) Agents are required to pass a simple test conducted by the LIC to qualify the confirmation and payment of bonus commission. Those who fail to qualify in the test are terminated at the end of the first agency year.

(d) On account of certain disqualification: If an Agent:

(i) is found to be of unsound mind by a court of competent jurisdiction,

(ii) is found to be guilty and criminal misappropriation or criminal breach of trust, or cheating or forgery or attempt to commit any offense by a court of competent jurisdiction,
(iii) in any judicial proceeding, has been found to have participated individually or combined at any fraud, dishonesty or misinterpretation against the corporation or any of its subsidiaries.

(e) For certain lapses, the competent authority may order to terminate the appointment of an Agent. If:

(i) he fails to discharge his functions to the satisfaction of the authority,
(ii) he acts in a manner prejudicial to the interest of the corporation and its policy holders,
(iii) evidence comes to the knowledge to show that he has been allowing or offering to rebate of the whole or any part of the commission payable to him,
(iv) it is found that any advertisement contained in his agency application or in any report forwarded by him as an Agent is not true,
(v) he becomes physically or mentally incapacitated to carry out his functions.

The appointment of an Agent may be terminated by the competent authority at any time by giving him one month’s notice, vice versa, an Agent may by giving one month’s notice to the competent authority may discontinue the agency.

In nut shell,
An agent can be terminated in the following circumstances:

- In case of cancellation or non renewal of the agent's license.
- In case of permanent incapacity of an agent.
- In case of an agent's conviction for any criminal misappropriation.
- In case of an agent involved for any criminal breach of trust.
- In case of an agent involved in cheating or forgery.
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- An agent can be terminated by the insurer in terms of the appointment of the agency.
- In case of an agent's non-performance of minimum business execrated from him.
- In case of any violation of the code of code

**Types of Agents:**

(a) *Career Agents:* The LIC had started career Agents scheme in 1972 to attract educated young men to take up life insurance business as a full time career. The minimum educational qualification is matriculation with 60 percent marks or graduate or adequate work experience. They should be between 22 to 30 years of age and should be residents for a minimum period of three years at the place of appointment. They are selected after thorough screening with the help of an objective test and interview. They are given special training during which period they are not required to canvass life insurance business. They are placed under the direct charge of a branch manager or assistant branch manager. They are paid a stipend during the training period and are also granted interest free loan for purchasing a vehicle. They are expected to complete certain business quota during the first three years.

(b) *Rural Career Agent:* The LIC introduced a rural career Agents scheme in 1977 as it was considered necessary to strengthen agency organisation in the rural area. The scheme contains recruitment and training of rural Agents and the payment of monthly stipend for a period of two years.

(c) *Director Agents:* The LIC has planned to stop recruitment of new Development Officers and tried to appoint Agents in the direct control of branch office. If a Development Officer is terminated or promoted or retired, all his Agents doing a certain business and
who in the opinion of the branch manager could be relied upon to work independently without the help of a Development Officer, would be allowed to work directly with the branch office. Direct Agents work under the assistant branch manager.

(d) *Ex-defense Agents:* Retired defense personnel who desire to take up life Insurance agency as their vocation are given training in the Defense Training Center located in each zone.

(e) *Benami Agents:* In benami agency, the canvassing and procurement of business is done by somebody other than the person who holds appointments as Agent. For example, husband working on behalf of wife. Officially this type of agency is not recognized by the LIC.

(f) *Casual Agents:* Development officers and even at times branch officials are known to offer agencies to members of a family, from whom they expect a large volume of business. The Development Officers or the branch officials do all the work involved in the selling and servicing of the business, the Agent being merely the recipient of the commission.

(g) *Staff Agents:* Now the staff Agents has been a thing of the past, as it has been terminated on the recommendation of working study of Administrative Reforms Commission of the LIC. The commission felt that the staff Agents derived undue advantage on account of their official position.

(h) *Attached Agents:* The Agents who are appointed by the Development officers and branch managers and who work under the supervision of the Development Officers are known as attached Agents. These Agents report to their respective Development Officers.
In this research study, the sample unit consists of Development Officers and their attached Agents, so the other types of Agents are not taken into consideration while describing the profile of Agents.

**Appointment of Agents:**

The Agent appointed shall be on probation initially for a period of six months from the date of his appointment and thereafter until the Agent is confirmed in accordance with the provisions.

The competent authority i.e. the Development Officer and branch manager may confirm the Agent in his appointment if:

(a) The Agent has successfully undergone the specified training,

(b) Passed in the specified tests,

(c) His work record and conduct are satisfactory.

The probation period six months can be reduced by the competent authority and also the agency can be terminated within the probation period without any notice. The period of probation of an Agent shall in no case exceed three agency years and unless he is confirmed within the aforesaid period, the appointment shall be terminated.

Agents are appointed after verification of proof, qualification, and then interview. Agency application should be completed by the Agent himself.

Once all the formalities for selection of an Agent are completed the Agent is issued with an agency license which gives him a permission to sell life insurance on the LIC’s behalf.

**Remuneration policy:**

Minimum amount of Business to be secured by Agents:
An Agent shall bring in the business as under:

(a) If he is working in a city or town with an ascertained population of five Lakhs or above, proposals resulting in policies for not less than Rs. 100,000/- sum assured on at least 12 different lives.

(b) If he is working in a city or town with an ascertained population of 1 lakh and less than 5 lakhs, - proposals resulting in policies for not less than Rs. 75,000/- sum assured on at least 12 different lives.

(c) If he is working in any other place with an ascertained population of less than 1 lakh – proposals resulting in policies for not less than Rs. 50,000/- sum assured on at least 12 different lives.

Exemption from minimum business requirement:

An Agent shall be exempted from bringing in the new business required of him, if he has continually worked for the Corporation for a period of:

(a) Not less than 21 years,

(b) At least 15 years and he is at least 55 years or age or,

(c) 15 years and at any time subsequent thereof there is business in force in the LIC books under his agency yielding a renewal income of not less than Rs. 40,000 per annum.

Payment of Commission to Agents:

Agent is not a salaried employee of the LIC. He earns a commission for each policy sold by him in the market. The rates of commission differ from policy to policy.

As compensation and remuneration for the discharge of all his functions, Agent is paid commission at the rates set out in schedule I on the first year premium and renewal premiums received during the continuation of the agency in respect of the completed business. An Agent in addition to the above mentioned commission is entitled to
receive bonus commission on first year premium as prescribed. However the Agent is entitled to the bonus or renewal premium commission only on confirmation.

Payment of Commission on discontinuation of agency:

In the event of termination of the appointment of an Agent, except for fraud the commission on the premium received in respect of the business secured by him shall be paid to him if such Agent:

(a) Has continuously worked for at least five years since his appointment and policies assuring total sum of not less than Rs.2 lakhs effected through him were in full force on a date one year before ceasing to act as such Agent.

(b) Has continuously worked as an Agent for at least ten years since his appointment.

(c) Whose appointment has been terminated on his becoming physically or mentally handicapped for carrying out functions as an Agent has continuously worked at least two years from his date of his appointment and policies assuring a total sum of not less than Rs. 1 lakh effected through him were in full force on the date immediately prior to such termination.

Agent’s promotion policy:

In 1971, Agents clubs were formed as one of the major steps to build up stable agency force. The Agents clubs bring due recognition to such Agents who are consistent producers of new business or who are looking office after a large portfolio of existing business as represented by their renewal commission earnings and the number of policies in force in their agency. These clubs provide monetary and non-monetary incentives to Agents which motivates them to work more effectively and efficiently. The membership of the clubs depends upon the size of the
performance consistently over the past four years. The membership not only brings honor, prestige and recognition, but also qualifies them for certain fringe benefits depending upon the level of club membership.

The main objectives of Agents clubs as listed in the manual are as follows:

(a) To ensure stability in Agents

(b) To enhance the status of the Agent

(c) To recognize the dedicated services of the Agent by giving him a place of pride both inside the organisation as well as outside.

(d) To foster professional approach amongst the Agents.

The various clubs designated for the purpose are – The Chairman’s club, The Zonal Manager’s club, The Division Manager’s club and The Branch manager’s club.

The rules and conditions for entry and continuation in various clubs are given in a nutshell below:

(a) The club membership year commences from 1st September and ends on 31st August each year.

(b) For deciding the eligibility for any club, the performance of the Agent for the financial year is taken into account.

(c) The financial year preceding to the membership year is known as Qualifying Year.

(d) Net sum assured and net number of lives only are considered for deciding eligibility for the club membership.

(e) As per the revised rules, life membership is restricted to Chairman’s club and Zonal Manager’s club only. If they are continuing members for not less than 15 membership years and
they have minimum age of 60 completed as on the date of commencement of club membership year.

Following table presents the criteria for various club’s membership

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<th>Entry under condition “A”</th>
<th>CM’s club</th>
<th>Z.M.’s club</th>
<th>D.M.’s club</th>
<th>B.M.’s club</th>
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<tbody>
<tr>
<td>Net sum assured (Rs.in lakhs)</td>
<td>70</td>
<td>42</td>
<td>25</td>
<td>9</td>
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<tr>
<td>Net no of lives</td>
<td>165</td>
<td>110</td>
<td>65</td>
<td>30</td>
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| Continuation under condition “A” | | | | |
| Net sum assured (Rs.in lakhs) | 55 | 35 | 20 | 8 |
| Net no of lives | 110 | 80 | 50 | 22 |

| Entry under condition “B” | | | | |
| Renewal commission paid (Rs.’000) | 60 | 45 | 30 | 15 |
| F.Y. Commission paid (Rs.’000) | 50 | 33 | 15 | 8 |
| Number of lives in force | 500 | 330 | 200 | 100 |

| Continuation under condition “B” | | | | |
| Renewal commission paid (Rs.’000) | 60 | 45 | 30 | 15 |
| F.Y. Commission paid (Rs.’000) | 50 | 33 | 15 | 8 |
| Number of lives in force | 500 | 330 | 200 | 100 |

Notes :

1. Entry under condition “A” – the criteria for entry is to be fulfilled in the qualifying year and three financial years preceding the qualifying year or three out of the four financial years preceding the qualifying year.
2. Entry under condition “B” – the criteria for entry is to be fulfilled in three financial years immediately preceding the membership year.

3. Continuation under condition “A” or “B” – the criteria is to be fulfilled in three out of four financial years preceding the membership year.

4. Shortage up to 25% either in sum assured or number of lives under condition A will be condoned if performance on other count shows an increase by the corresponding percentage. This is applicable only for new entrants and not for continuation.

5. No such concession is available under condition “B”. Under condition “B”, first year’s commission includes bonus commission paid in the financial year.

The various benefits provided to club members are as follows. They get these benefits depending upon the club to which they are associated as members. The size of the incentive differs from one club to another. For example, C.M.’s club members get Rs. 14,000 as office allowance whereas D.M.’s club members get Rs. 5,000 only. The benefits are as follows:

1. Office allowances
2. Sales promotional gift items
3. Badge
4. Certificate
5. Memento (effective from 1.1.91, a group insurance scheme in lieu of memento has been made applicable to club member Agents. The insurance cover is applicable to the Agents up to 60 years of age)
6. Letter heads, envelops, visiting cards
7. Telephone
8. Prestige calendars, diaries, house magazines
9. Traveling and daily allowance for attending conventions

10. Festival advance

11. Loan for construction or purchase of house with a rate of interest of 5.25% per annum till the club membership is continued.

Besides above benefits, the club members enjoy certain functional privileges such as authority to attest copies of university certificates, authority to attest policy holders or claimant’s signature, authority to give moral hazard report et.

**Million Dollar Round Table (MDRT):**

This is an international organisation established in 1927 in the United States of America for promotion of Agents all over the world. Its purpose is similar to that of the various established by the LIC for Agents promotion.

Every year, MDRT conference is organised for the Agents qualifying for the membership. Entry limit is set by MDRT taking into account various factors like growth of business in the country, economic condition, foreign exchange rates, etc. Generally the minimum business required for entry limit is revised every year and there is an increase of about 10%. For setting the level of the minimum business required, the First Year commission on policies sold by an Agent excluding bonus commission is taken into account. In 1996, the entry limit for Indian Agents was Rs. 3, 42,000/- which was increased to Rs. 4,81,000/- in 2009.

Agents are not entitled to any monetary benefits. They in fact have to pay a membership fee to MDRT. They have to bear the travelling, lodging and boarding expenses also. But the MDRT conference gives a boost to Agents’ motivation in the form of recognition, status and it
satisfies self esteem and other esteem needs. The guest speakers expertise from other parts of the world is an educational experience for Agents.

**Conclusions from the Experience Survey**

1. **Training**
   
   (1) Training plays a highly significant role in Agent’s professional life. Trained Agents generate substantially higher business.
   
   (2) Almost all the Agents were satisfied with the training course organised by IFSERT.
   
   (3) Business booked by Agents (17) whose Development Officers were trained at IFSERT in the past, appear to have a very high business average (Rs. 72 lakhs) as compared to other Agents (Rs. 52 Lakhs) whose Development Officers were not trained as IFSERT.

2. **Information System**
   
   (1) Agents who keep themselves up to date with knowledge of new life insurance plans generate significantly higher business than their counterparts.
   
   (2) A majority of Agents (86%) look to their Development Officer as a source of information for life insurance marketing. But the data revealed that Development Officer is not playing an effective role as information provider as these Agents have booked significantly less business than other Agents who get information from elsewhere.

3. **Communication with Development Officer**
   
   (1) A majority of Agents (90%) communicate with their D.O. frequently. Frequent communication & more experience have an additive influence on Agent’s business.
   
   (2) A majority of Agents (80%) take on initiative in contacting their D.O.
(3) Agents, who communicate to their Development Officer about business progress frequently, generate higher business their counterparts.

(4) Agents who visit their Development Officer’s residence for Informal meetings generate higher business than other Agents.

(5) There is existence of personal & professional relationship with Development Officer as almost all Agents discuss their personal / professional problems with him.

4. Agency Organisation

(1) Selection of agents – Agents who approach the LIC for a life insurance Agency on their own (34%) generate higher business than other Agents who are introduced to the LIC by Development Officer or by others.

(2) Planning Targets – A majority of Agents (76%) plan business targets on their own. These Agents generate significantly higher business than other Agents who seek Development Officer Assistance in setting targets.

(3) Joint Calls – Seven percent Agents are always accompanied by their Development Officer for life insurance marketing, 24% Agents market life insurance on their own & 69% are occasionally accompanied by their Development Officer in field visits. The data revealed that when Agents are inexperienced, Development Officer plays an effective role in Joint calls, as far as volume of business is concerned.

(4) Motivating Agents – Development Officer appears to be ineffective in playing role as a motivator as there is no significant difference in business booked of Agents who get motivated & those who do not get motivated, after meeting Development Officer.
5. Personal Information:

(1) Experience - Experience plays a highly significant role in generating business. Agents who have more than five years of experience have a better business average (Rs. 60 lakhs) than their counterparts (Rs. 47.50 lakhs).

(2) Age - Agents who are between 31-40 years of age and have more than five years of experience generate significantly higher business than other Agents.

(3) Vehicle ownership - Agents who own two-wheeler / Four wheeler vehicles have a better business average than Agents who do not own vehicles. Vehicle ownership has highly significant impact on the business.

(4) Nature: Extrovert Agents generate significantly higher business than introvert Agents.

(5) Temperament - Agents claiming to be cool-tempered, appear to generate higher business than hot tempered Agents.

(6) Marital Status - Married Agents appear to generate more business than single Agents.

(7) Family size - Agents having a family of more than 6 members appear to generate higher business than their counterparts.
(8) Earning Status – Agents who are sole income earners in the family appear to have a better business average (Rs. 57 lakhs) as compared to their counterpart’s business average (Rs. 46 lakhs)

(9) Sex- There is no significant difference between business generated by male & female workers. Since often a male member in the family operates Agency on behalf of a dummy lady Agent, no difference is found.

(10) A majority of Agents (86%) appear to be satisfied with their present career as they recommend it to their friends/relatives.

6. Other factors

1. Agents selling more number of policies irrespective of sum assured are able to bring in more business thereby spreading Life Insurance cover to a wider market & accomplishing objective of social welfare.

2. Agents, who employ one or more assistance to carry out administrative work, generate significantly higher business than Agents who do not employ assistants.

3. Out of 366 Agents, only ten Agent has computerized their business transaction.

Determinants of favorable relationship with Development Officer:

Based on views expressed by Agents in, it can be inferred that a favorable relationship is shared by Agents & their Development Officers, if Development Officer,

(1) Trains his Agents

(2) Assists them in administrative procedures

(3) Keeps all the information of Agents

(4) Keeps his Agents informed

(5) Provides good service to policyholders
(6) Is accessible to Agents at any time
(7) Treats all the Agents equally
(8) Organizes contests for business promotion
(9) Organizes get-to-gather for all Agents
(10) Assist in joint calls
(11) Organizes meetings frequently.

Profile of Successful Agent:
A profile of successful Agent can be drawn on the basis of above conclusions
The characteristics of a successful Agent are:
(1) Age in years – 31 to 40
(2) Extrovert in nature
(3) Cool tempered
(4) Up-to-date knowledge of new life insurance plans
(5) Sets target by self-planning
(6) Owns a vehicle
(7) Has attended training program
(8) Guided by trained Development Officer
(9) Has more than five years of experience
(10) Communicates frequently with Development Officer
(11) Visits Development Officer residence informally
(12) Self-approached LIC for life insurance agency
(13) Has assistants to help him in the office.

(14) Only earning member in the family.

**Agent-ship (Agentship) in Globalize economy**

Agentship has become very important and indispensable in the modern times. The development of Agentship has taken place along with the development of modern insurance of the various types. Since the advent of privatization of the insurance field, Policy selling function has been changed in multidimensional ways. But Agentship as a vehicle of selling the policies is the later development, initiated since the Third Five Year Plan. Before privatization, insurance policies were sold by the LIC managers or policy sellers to the customers directly. The LIC person either side of the selling counter used to have the full knowledge of the various but limited ranges of the policy and the customers also knew and recognized this fact. Most of the policies were designed to immediate need for sale to the customers nearby.

Agentship has been defined as the ‘art of Persuasion’. It involves convincing the prospective buyers about the superior quality and usefulness of a particular product with a view to persuade them to buy the product. Some important definitions of Agentship are given below:

1. Ripley – “Agentship is the power to persuade plenty of people pleasurably and permanently to purchase your product at a profit”.
2. H.W. Herington- ‘Agentship is a personal service rendered to the community in connection with the marketing of Insurance Policies. It is a service which is essential to the producer and distributor of Insurance Policies as well as to the customer.’
3. T.S Knox – ‘Agentship is the ability to change need into human wants’.
4. Harold White Head – “The art of presenting and offering that the prospect appreciates the need for it and that a mutually satisfactory sale follows”.

5. W. M. Scott – “It is a part of Agent business to create demand by demonstrating that the need does exist although before his visit there was no consciousness of that need”.

6. Harry L. Hansen – “Agentship is the act of persuading people to accept an idea.”

7. D.D Couch – “Agentship is the science of creating in the mind of your prospect a desire that only possession of your product will satisfy.”

Essentials of Agentship: In the light of the above definitions the essentials of Agentship can easily be understood. Agentship is the skill of a person in so presenting a pre-position about Insurance Policies or services to another that the later is induced to desire them and buy at a Premium profitable to both. It is a skill the person selling Insurance Policies should possess. Creative sales take place as a result of response to persuasion or effort. The force of presentation of facts or the description of advantages is such that the prospective customer is induced to act. However, one thing should be clearly noticed that in genuine Agentship there is no scope for misrepresentation or exaggeration of facts or exploitation of customers. Only a fair premium must be charged. The buyer must feel that the Premium asked for a produce is quite reasonable. At the same time the Agent should not make a distress sale at a loss to himself. He must make a reasonable profit. A sale should be satisfactory to both the parties. Insurance Policy Agentship aims at benefiting both the buyer and the seller. Selling by hook or by crook is not Agentship. It is also not exploiting the innocent customer. A sincere Agent is always prepared to face losses if necessary rather than deceive his customer. He will not sell spoiled and unsuitable Insurance Policies by tricky methods. An Agent cares more for the humanitarian aspect and his reputation. Agentship is founded on the rock of mutual benefit and service. The customer must also feel that he has not suffered a loss in the purchase or wasted his
money. Thus Insurance Policy Agentship has the following characteristics:-

i. Insurance Policy Agentship does not exploit an innocent customer. It aims at charging reasonable Premium irrespective to sex, rank status or age of the customer.

ii. It does not encourage haggling. Haggling indicates suspicion on the part of the buyer that the Premiums are higher. The Agent should state clearly and frankly that the Premiums are uniform for all.

iii. Insurance Policy Agentship considers that customer is always right. The customer having his interest in mind studies the merits of the proposition from his point of view. He is in a position to notice various defects which the Agent ordinarily does not care to know. An honest Agent must be prepared to listen to all criticism and try to understand defects of the particular Insurance Policies with an open mind.

iv. Insurance Policy Agentship aims at serving the customer. The Agent renders service to the customer in many ways. He advises the customer how to use, preserve and maintain the insurance policy as a assets. He may also offer to set right the things if they are out of order.

v. An Insurance Policy Agent does not use pressure, shy customers often accept Insurance Policies reluctantly because of a feeling of guilt that they have taken the time of the Agent and that it is not proper to leave the agent without buying. But such customers may not visit the agent again.
vi. It sets standards for policy sellers. An Insurance Policy Agent does not come down from his high standards. He will be an example to others.

vii. It aims at mutual benefit. After the purchase the customer should feel that he has not suffered a loss or wasted his money. He should be induced to desire Insurance Policies and buy them at a Premium profitable to both the parties.

Utility of Agentship: The advantages of Insurance Policy Agentship are innumerable.

i. To LIC. An efficient sales force can alone ensure high profits to LIC society. The Insurance Policy Agentship is an incentive to higher productivity of savings for national welfare.

ii. To society. Agentship increases confidence to live for others/future, enhances profits in safe investment, the stake holders get higher dividends, middlemen also get more reward, employers get higher emoluments. Thus the whole society reaps advantage by insurance Agentship.

iii. To the state. When LIC make high profits, the government also focuses in the form of high quantum of funds from the LIC. The government gets income by way of undertaking the commercial projects with the help procured by the agents for.

iv. To customers. Higher production brings in competition which in its turn lowers Premiums. Customers are able to purchase better quality of Insurance Policies in the market and enjoy a number of services from Agent and companies.

v. To Agents. The Agents themselves are profited directly and indirectly. Increased sales increase their commission.
How is Agentship in modern times (2010) quite different from Agentship in olden days. (1960)

Agentship in olden days.
In the early times, when people were merely earners for necessities and somehow they saved in bank or elsewhere for rainy days. Infact an average household used to have very little surplus to be exchanged. Insurance Policies were purchased for keeping the friendships with the agents. There were affiliation deals. Even today affiliation transaction takes place. Even in affiliation transactions, skill and persuasion are needed by agent who used to maintain “win-win” fillings in favor of policyholders’. With the introduction of new LIC policies and increase in the income of people, the importance of Affiliation Deals have been reduced. The emergence of new policies designed as per needs of the buyers have greatly motivated and the scope of transactions has been increased. The LIC policies and services are nowadays valued in terms of benefits and not only in terms of money. It has made the process of sales of policies very convenient.

In the beginning the sales of policies were mostly local as there were no facilities of transport. Insurance Policy could not be moved to distant places. The people from the villages were more or less self sufficient so for as essentials and they use to save in the form of either Gold or silver and the purchase of Insurance Policies for them had least concern. Of course there were commercial adventures by the LIC Agents that ventured over hazard and brought the distant Useful Insurance Policies to local people and motivate them to purchase with the help of the local specialties, literates or leaders to distant places. The seller of LIC Policies was under no obligation to disclose defects or assure quality of
services. Selling of LIC policies was not regarded as an honorable job. Even today LIC Agents are not viewed well in matrimonial deals by parents for their daughters since they as a customers for Insurance Policies know very little about Agentship. Agentship in modern times. After the Industrial Revolution of the 17th and 18th centuries rapid means of transport by rail and sea paved the way for reaching the world markets.

In the post nineties period, Insurance Policy selling has assumed greater importance than all other marketing activities. There were certain special reasons for this. First technological development paved the way for new marketing techniques which led to the expansion of the production capacity of LIC. Secondly because of the growth of financial institutions a large number of enterprises came into being and they were preferring insurance policy holders as their borrowers. Thirdly, there was a cover all development in transport and communications. All these factors jointly accounted for more production of policies of the various sorts by the LIC which evened some of the existing seller’s market into a buyers market.

Place of Agentship in Human Activities. Every man of us is an Agent in his own walk of life. The politician coaxing the voter to vote in his favor, the lawyer persuading the judge, the professor driving his point to the class all are actually engaged in Agentship. Agentship may be therefore regards as simply the ability to induce other people to accept to accept you. Your enthusiasms, and your products with willing, sympathetic or even enthuses approval.

In other sense Agentship may be construed as an ability to remove ignorance, doubt, suspicion and emotional conceding the usefulness of a product. Agentship however does imply the ability to sell anything. According to Prof. Alfred Gross “Agentship is the art of increasing
satisfaction by persuading those people who should do so to buy our specific Insurance Policies or services.” It is foolish to try to sell refrigerator to an Eskimo who does not need one.

Agent-ship is more than Merely Selling Insurance Policies!

Agent-ship is something more than merely selling Insurance Policies. Much misconception prevails in India about Agentship. Common people regard a Agent as a person who by a clever trick of word leads them to buying something they do not need and at much higher Premium. He makes a customer permanent. Honesty of Endeavour’s and sincerity of purpose make an Insurance Agent as successful.

The task of the Agent does not begin with the demand for Insurance Policies but with the creation of that demand. Nor does it end with the sale of Insurance Policies. It really ends in keeping a constant flow of demand. Where the demand exists he seeks to satisfy it, where it does not exist he Endeavour’s to make the idea known to those, who he believes need his Insurance Policies. He creates the demand for his Insurance Policies. Thus the Agent does not sell but he creates in the other man the urge to buy. This is what is termed as creative Agentship.

Agentship is a link between a LIC and a customer. He brings together the LIC (producer) and customer. Mr. John remarks that the Agent serves his customers and his company fully by bringing them together.

Is Agentship as an Art or a Science or a Profession?

The aim of Agentship is to crate demand for commodities and services, retain the demand already created and thus increase the volume of sales. Their aim is achieved through Agents who prompt the prospective customers into buying action by their art of persuasion.
Convincing, describing the attractive features of the products and pre-sale and after sale services to the customers. Thus Agentship is an art. Art is a branch of learning in which human skill, knowledge, imagination and practice have an important part to play: Singing, dancing, acting etc, are considered as arts. Science is a branch of knowledge based on the laws of nature or built on deviations from facts or “deductions from self evident truths”. Mathematics, physics are regarded as science. The conclusions reached in science do not depend on human skill and practice. Art can be developed to some extent by labour and practice. Agentship is more an art than an exact science. The principles of Agentship are concerned with the psychology of customers. Agentship is an art of persuasion. If involves convincing the prospective buyers about the superior quality and usefulness of a particular product. It is the sincere and skilful presentation of accurate information about the product by the Agents to those who need the product in such a convincing and persuasive manner that a sale is effected.

Whether Agent-ship can be called a profession or not is a debatable point. A job or an occupation to be called a profession should satisfy the following requirements:-

i. It needs an organized body of knowledge:

ii. One needs a relatively long and specialized preparation before taking up the job.

iii. There should be well organized scheme or programme for imparting training to those who intend to take up the job.

iv. There are certain standard rules and criteria to admit or disqualify person desiring to enter into the profession.

v. There is an established and accepted code of ethics.

vi. The motto of ‘service before self’.

The LIC has a practice to deal above successfully in favor of its Agents.
Agentship has not yet become a profession.

Professions like law, medicine and auditing imply that the person accepting the profession has mastery in his respective field of study. Men of professions may sell their services. A Agent has not got that body of knowledge ready and accumulated which is available to persons taking to well known professions.

A Agent can make a scientific approach in his dealings with prospects. In essence an Agent has to play on the minds of men and women with a view to bringing them round to the experiment on a number of customers with alternating and successes and failures and can be perfected only by a discriminating and diligent use of facts and knowledge of human nature. Hence, though there are certain definite principles which an Agent has to grasp, the method of implementing them is an art by itself and on this consideration, it is proper that Agentship is an art. It is a creative art. It creates wants a new. It is Science in the sense that one human mind influences another human mind.

1) The insurance agent is bound by the terms of appointment of the insurer and is expected to perturb business for the insurer. It is not a job that he has to do at fixed hours, in prescribed ways and under close supervision. Once licensed and appointed, he is an independent professional. He is the master of his time. He is not prevented from pursuing any other interest or vocation. Many agents seethe agency as a means to earn a living. They may spend only part of the time on insurance, being busy on other work the rest of the time. Some agents however, try to study and understand the business in great details and to improve their skills. They are
trying to become the best in the profession. They would be recognized as experts in the field.

2) To most persons, life insurance is just one of the many avenues for financial outlays. When an agent approaches a prospect with the proposal for life insurance, the chances are that the prospect will not know much about the benefits under various plans. He may be vaguely familiar with the alternatives available, but is unlikely to be sure of the details of all of them. He would need expert advice. If he sees the life insurance agent as one who is keen to divert his money to life insurance to the exclusion of other alternatives, then that agent's intentions and expertise would be suspect. On the contrary, if he sees the agent as one who knows about other alternatives and who is willing to take note of the needs of the prospect, then that agent would have a better chance of persuading the prospect one way or the other. In other words, a life insurance agent, while dealing with the prospect, should be thinking of his interests and requirements and the best financial arrangements that would be appropriate in his situation. Thus the life insurance agent, is an agent of the prospect also.

3) As an agent of the insurer, the life insurance agent is expected to obtain life insurance business and contribute to the revenues of the insurer. He is also depended upon to bring in business that would be profitable, to report attempts to commit any fraud, to report on relevant features that affect the risk of the subject of insurance. He is in touch with the person to be insured. Having met him at his place of work or residence and observed his life style and habits, he would be aware of the nature and characteristics of the risk, beyond
what is contained in the proposal form. He is therefore, called the primary underwriter.

4) As an agent of the prospect, he is expected to look after the interests of the prospect. Even people who are generally experts in financial matters, may not be aware of the implications of insurance, in relation to terms and conditions, warranties, exclusions, lax provisions, rights of parties, etc. Agents have the dual responsibility of being true to the interests of both the parties in the transaction. He is obliged to reveal to the prospect all the important terms and conditions of the policy, even if they are restrictive and unpleasant. He is also obliged to report to the insurer all the true facts about the prospect and the subject of insurance. He should not mislead either.

5) To be able to advise the prospect on the best financial arrangements appropriate to his situation, the agent needs to be familiar with the alternatives available in the market. He is also expected to know in full the benefits and limitations of the various plan being offered by his insurer. A good agent is a good financial planner, taking into account not merely the plans offered by insurers, but by the innumerable schemes on offer in the market. This needs study on one's own. It also needs conviction that life insurance policies do not meet all the needs of all the people. Other instruments have their own advantages.
II
ROLE OF THE DEVELOPMENT OFFICER

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Introduction

The Development Officer is born, but not made. It is true to a certain extent. Development Officers as very important in the modern ever-widening insurance market by making distribution of insurance products easy and smooth. They create time, place and possession utility. Development officers concentrate their effort on insurance products through agents. He has real concern and care for the agent. He has to improvise a lot and find his own style of operation, draft his own plans, devise his own strategies for the development insurance business.

The role and importance of the Development Officer for the growth of insurance business are discussed briefly.
Importance of the Development Officer

In the present day, the Development Officer plays an important part in the growth of insurance business. The Development Officer is the immediate friend, philosopher and guide to the agent. The present era liberalisation of insurance business, is one of anticipating of high demand. The insurance market expands along with high competition. This makes selling of insurance products difficult and a complex factor in the face of competition. The expansion of the insurance market and growing competition etc., make the role of a development officer very important.

Development Officers by virtue of their specialisation, experience and contract, can perform the insurance marketing functions more economically and effectively than the insurance executives. The Development Officer has to work as the 'eye and ear' for the insurance companies. He is the creator of insurance demand.

To capture the new insurance market, Development Officers encourage savings among the public. In order to achieve the organisation objectives, the Development Officer has to bear testimony to the doctrine of insurance by appointing agents, appealing or advertising about various insurance schemes issued by the Insurance Company to meet the needs of the entire public. To fulfill there objectives, a Development Officer organizing a team of agents performs the functions through them. Because of these reasons his role and responsibilities are of prime importance.

Duties of Development Officers

Performance of a function or service by an individual is called duty; activities that an individual is required to perform are a duty to him. Authority is a right or power required to perform a job on the basis of
duty assigned to one. The Development Officer is like an authorized person who is empowered to do the assigned job. The various duties of the Development Officer can be discussed under the following heads:

I. **Appointing Agents**
An important duty of a Development Officer is to find or select suitable persons to work as agents. Appointing agents is an art of acknowledging the potentiality in the other and accepting the fact that no one can achieve everything being an island. Thus, the Development Officer should make an arrangement for appointing suitable persons on the basis of their educational qualifications, abilities, experience, written test and interviews etc.

II. **Training of Agents**
The training programmes are organised procedure methods through which knowledge as well as skill, for a definite purpose is acquired. By training, an agent can increase knowledge in an insurance field. The agent is not born but can be made effective through training.

Thus, the Development Officer should give training or repeated training to the agents. This is essential to keep the agents, with up to date knowledge, in respect of new and latest insurance products. Training in a systematic approach which gives scope for improvement.

III. **Motivation of Agents**
Agents are the backbone of an insurance business. A good agent makes poor selling insurance products into a progressive one. The success or failure of an insurance company depends upon the ability and initiation of insurance agents. The will and willingness to work is a matter as it is a motivation factor. Thus,
the Development Officer should perform the following duties with regard to motivation of agents.

(1) Development Officer should help the agent to meet his physiological, safety and social needs.
(2) He should arrange conventions and meetings with agents for exchange of ideas and opinions.
(3) Development Officer should give a proper recognition and honour to his agents. This will greatly encourage the agents to do more hard work.
(4) He should give satisfactory solutions to the agent's problems or discuss them to arrive at satisfactory solutions.¹
(5) He should give a favourable report to the Branch Managers about the agent's abilities and experience for promoting his remuneration, status, and self respect etc.
(6) If necessary, the Development Officer should permit the agent to do his job in his own pattern.

IV. Fixing the targets

In addition to appointing and training the agents, fixing the targets are the important duties of the Development Officer. A few of them are:

(1) Find ou| opportunity in the working area for fixing the targets.
(2) Frhd ou| the capabilities of agents according to the targets.
(3) Estimating the facilities and time allotment to the agents for determination of targets.
(4) Evaluate position and degree of competition prevailing in the insurance markets for fixing the targets.
(5) Prospecting i.e., searching for new insurance market for estimating the targets.
(6) Allocating of agents and fixing the targets.

V. Duties of Communication

(1) He must arrange for the display of new schemes issued by the insurance company.
(2) He must provide information to the Branch Manager and Agents — Co-ordination.
(3) He should fully inform the agents about the Insurance Company,
(4) Insurance Products, Policies and Procedures etc.
(5) He should keep all the records for demonstrations.
(6) Arrange- for effective advertising and publicity.
VI. **Field Supervision**

1. He should know whether the agent is doing his job in the best way.
2. Find out deficiencies if any in the field.
3. Make suggestions for further improvement to the agents for development of insurance business.
4. Check the procedure of fixing the targets for agents.
5. To evaluate the performance of the agents.
6. Provide spot motivation to agents.
7. To study and secure maximum coverage of the insurance markets.
8. He should compare the performance of agents and business opportunity.

VII. **Achieving the Targets**

1. He should assist the agents in the sale of insurance products (insurance schemes).
2. He should handle any complaints from the agents and policy holders.
3. He should help the agents in planning the market campaign to achieve the targets.
4. He should encourage the agents for sales promotion activities.
5. To achieve the targets, he should be continuously working with agents.
6. Selecting the right persons and approaching them as much as possible.
7. He should follow an efficient monitoring mechanism for achieving the targets.

**Characteristics or the Qualities of a Successful Development Officer**

Quality of a successful Development Officer are the sum total of the impression made on people with whom One comes into contact. The impression is the result of many qualities that one possesses. There are a number of qualities which make a Development Officer successful. To become, a successful Development Officer, he must master all the traits. Quality of a successful Development Officer are based on the following factors, such as personality of a Development Officer, knowledge of the
insurance products, fixing the targets, planning the work, knowledge of the agents and their performance etc.

The following are some of the important qualities of a Development Officer. We discuss them in brief.

1. **Quick Action**
   A Development Officer must be alert and quick in action. He has to face many prospects of different temperaments. He must have the mentality to face any situation and be ready to answer any questions. He should not be an absent minded man. He must have quick thought of answering. What to say? how to tell? how to tackle the situation? etc., without throwing away the agents and policy holders.

2. **Imagination**
   Imagination is a key to success in handling agents and selling insurance products. If one possesses a rich imagination, it is a great help in solving problems. He must have a creative mind.

3. **Self Confidence**
   A confident man never fails. He has to have the confidence in his work, capacity and power. Confidence makes him optimistic and enthusiastic. He can meet any situation in the insurance product line. He engages or talks with agents, makes them believe and the agents act on his suggestions. Confidence makes him to meet any situation with courage. Experience and knowledge are the base for confidence.

4. **Enthusiasm**
   It makes the work of a Development Officer pleasant. Enthusiastic talk is always listened to by prospects. It gains interest and confidence of agents and in turn more insurance business, thereby savings and investment enhance, apart from satisfaction of the insurance company and entire public.
5. **Initiative**
   A Development Officer must have initiative. He must learn the tricks of insurance trade and must have the knowledge of various schemes of insurance products. An active initiator is a self starter. His job can be successfully carried out. He must have skill and be able to face and tackle situations intelligently.

6. **Observation**
   A Development Officer should have a keen observation. He must have up to date knowledge about different types of insurance products, assignment, nomination, settlement of claims, changes in rules and regulations, attitude of the competitors and Government etc. With all the latest information he can easily make suggestions to insurance agents and help them in achieving their targets.

7. **Courtesy**
   Using polite and courteous words, a Development Officer can turn a prospect into an agent. Courtesy in dealing with agents, by using pleasing words like 'thank you', 'please', 'excuse me' etc., will win the heart of the insurance agents.

8. **Tactfulness**
   When a delicate situation is faced, a tactful Development Officer deals with it in a proper way, in time and in an appropriate manner. He always tries to avoid unwarranted happenings. Through tactfulness, one can avoid obstacles, troubles, calamities etc.

9. **Helpfulness**
   He must have a helping attitude whenever agents are in need of information. The Development Officer must expose the merits and demerits of the topic relating to insurance products.
10. **Co-operation**
   
   Co-operative attitude is essential for the success of a Development Officer. He must co-operate with the insurance agents. Progress of insurance company depends on the mutual co-operation of all the employees.

11. **Determination**
   
   A Development Officer must make constant effort and have patience in his profession to improve further. It is the will to succeed. He must stick to his profession. Practice makes the man perfect. Ceaseless practice as a game, a player or a professional wrestler, makes the Development Officer to come up to the top.

12. **Sincerity**
   
   It is an added quality. He must be sincere towards his assigned duties. By sincerity, one can win friends, enroll new customers, retain old ones and win similar other favours. Dependability is increased through sincerity.

13. **Integrity**
   
   It denotes honesty, trust and purity. The talks and behaviour of a Development Officer must be believed, trusted, honoured and agreed by the insurance agents; thus agents and policy holders are satisfied. This is more essential for the progress of the insurance business and for keeping good relations with agents and the public.

14. **Courage**
   
   This is the quality that enables one to meet danger without giving way to fear. One must have enough bravery or boldness. In insurance business, there arise various situations, such as happening of tactless deals, unfulfilled promises, errors committed,
carelessness shown etc. In all these situations a Development Officer should not fear but must face them courageously and frankly.

15. **Self Management**

Everyone works to achieve an aimed target of insurance business. A self-governed Development Officer can easily achieve his target through his agents. This is because he plans his work in advance and works according to the plan. Such a Development Officer finds enough time and has a feeling of self-assurance.

**Profile of Development Officer:**

The LIC manual has clearly underlined the basis of selection standards for Development Officers. Following are some of the qualifications stated in the manual:

**Qualifications:**

(a) *Age:* He should be preferably between twenty five and thirty years of age with a fairly mature outlook on life.

(b) *Education:* He must be fairly well educated and capable of absorbing training. The minimum educational qualification as laid down by the corporation is matriculation. He should be fluent in the local language but knowledge of English language is also essential to understand insurance literature.

(c) *Economic background:* He must have an economically sound background as if his immediate need for money is great then there is a danger of his being tempted to resort to unethical practices.

(d) *Social Status:* He must come from a prestigious family. He must have sufficient natural contacts in the area of operation to enable him to make an early start both with the appointment of suitable Agents and business procurement.

(e) *Work Habits:* He should be industrious by nature and possess a spirit of enterprise.

(f) *Ability to speak:* Since he is a salesman, he must be able to express his ideas logically, sincerely and with enthusiasm.

(g) *Ability to get along with people:* He should be preferably a member of a social club and hold an office in a civic organization. As life
insurance is a service product, establishing relationship with customers is essential.
(h) Personality: He must have a personality that commands attention and create a favorable impression at first sight. He should have a balanced personality where spiritual, psychological, physical and intellectual aspects of personality are well developed.

Recruitment Methods:

The manual has also laid down following guidelines for the recruitment of the Development Officer. The branch manager resorts to one of the following recruitment methods for selection, ascertains the suitability of the persons before commending them to the divisional officer for final selection and appointment.

(a) Personal contacts: The branch manager should observe whether there are such friends, clients or acquaintances who can be appointed as Development Officers.

(b) Nomination method: After examining personal contacts, it is necessary to examine the personal contacts of those associated with you in your work – Development Officers, Agents, policy holders, office staff etc. or even educationists and social workers. This system of requesting well wishers to suggest names of suitable candidates is known as nomination method.

(c) Advertisements: This is the last resort for recruitment. Proper screening of applications should be done so as to avoid waste of time in interviews.

(d) Selection of Development Officers from among successful Agents: the agency force is another fruitful source from which Development
Officers can be appointed. The advantage of this method of recruitment are:

(i) The Agent has been known to the organization for some time. This enables the branch manager to form an accurate and dependable opinion about his personal characteristics and also business capabilities.

(ii) The backing of renewal commission built up the Agent for himself lends greater economic stability than a newcomer.

(iii) The qualities and traits of the Agents have been watched over a period and this enables the branch manager to provide the specific training most suited to the man.

(iv) He has already formed a set of good work habits which would no doubt contribute to his success. He is also fully

(v) conversant with the LIC’s business.

(e) Other methods:

(i) To make enquiries from employers or institutions where young and enterprising men many be working on a temporary basis.

(ii) A search among professional persons like lawyers, teachers, bank assistants, etc. who are on the lookout for better opportunities.
(iii) To answer “situation wanted” advertisements which provide particulars of the candidate. This method is less expensive and may prove to be more helpful than advertising.

Training Policy:

In any institution supervisor plays an important role. In the LIC, Development Officer is a link between the management and Agents. Development officer can play his role effectively only if he develops the broad perspective of the organizational objectives and what the organization expects from him as a contribution in his limited capacity as a supervisor of the Agents. Training helps him to understand group behavior processes. To promote group effectiveness the stress should be on team building, improvement of inter-personal relations and managerial skill to improve organizational climate.

There are four main aspects of training viz. Knowledge, attitude skills and habits. The Development Officer must be fully equipped with the technical knowledge of life insurance, the positive attitude, requisite skills and sound work habits are the important ingredients of training.

The branch manager is responsible for imparting training to the Development Officer. Before the commencement of the training session, the Development Officer will have to attend the branch officer regularly to study the training course, the manual for Agents the prospectus, rates of commission and work in the different sections of the branch office for about four days and acquaint himself generally with the various procedures.
Training Methods:

1. Training at the center:

   Training centers are run by each zonal office for training Development Officer from that particular zone. For Example, Western zone’s training centre is located in Satara, Maharashtra. The training center issues a memorandum of training. The training is imparted over a period of thirty six working days. It includes a study of principles and practices of life insurance in detail, methods of selling business, process of recruiting and training Agents, principles of supervision and motivation of the Agents.

2. Training at the branch:

   (a) Personal contact: The branch manager personally contacts Development Officers as for first few months he requires help from the branch manager.

   (b) Contact with the unit of Development Officer: The branch manager should conduct meetings with Development Officer and his unit at least once a month. Such meetings go a long way in training both Development Officer and Agents.

   (c) All development Officers’ meet: The branch manager holds a meeting of all the Development Officers in his branch once a quarter and provides for them an opportunity for a mutual exchange of views. At such meetings, talks as given on selected subjects for improving knowledge of the Development Officers.

   (d) Conferences: Conferences enables the members to enlarge their knowledge, express their viewpoints and clear the doubts if any.
(e) **Symposia:** Symposia is also organised periodically. This method of training provides special knowledge on a particular subject.

(f) **Refresher courses:** Each Development Officer is required to go to the training center for a refresher course. The course may be of two or three week’s duration. The purposes of these courses are to provide advance technical knowledge on various subjects through an exchange of experience of Development Officers working in different areas. This training covers both the oretical and practical aspects and contributes a regular activity in the development wing.

**Remuneration Guidelines:**

Development officers are employees of the LIC. They get a fixed income every month in the form of basic salary. Their additional income is related to the business generated by their agency force. This is a very important aspect of the relationship between Development Officer and Agents. The structure of the remuneration policy is as given below:

\[
\text{Total Income} = \text{Basic salary} + \text{vehicle allowance (fixed)} + \\
\text{Incentive bonus} + \text{conveyance allowance (Additional)}
\]

**Incentive bonus calculation:**

**Schedule First Year Premium Income = SFYPI** is the collective income based on the policies sold by his agency force.

- \(SFYPI - 5 \times \text{basic salary} = x\)
- \(SFYPI - 7 \times \text{basic salary} = y\)
- \(SFYPI - 9 \times \text{basic salary} = z\)

\[
\text{Incentive bonus} = .05x + .03y + .015z
\]

Example: Suppose salary of Development Officer is Rs. 1 lakhs and SFYPI is 20 lakhs, then incentive bonus will be calculated as follows:
20 lakhs – 5 x 1 lakh = 15 lakhs = x
20 lakhs – 7 x 1 lakh = 13 lakhs = y
20 lakhs – 9 x 1 lakh = 11 lakhs = z
Incentive bonus = .05 x 15 lakhs + .03 x 13 lakhs + .015 x 11 lakhs
= 75000 + 39000 + 16500 = 120500
Therefore incentive bonus received will be Rs. 120500.
Thus the additional income can even by more than the basic salary.
This is dependent on the collective first year income on policies sold by Development Officer’s agency force.

Reimbursement Policy:

Development officers have to incur certain expenses on maintaining their agency force. At present the expenses are borne by the respective Development Officers. The LIC is thinking about reimbursing expenses incurred by Development Officers. The amount to be reimbursed will be decided by the LIC after considering factors like age of agency, number of lives insured by the Agents and number of qualified Agents of various clubs supervised by the Development Officer.

Duties of Development Officer:

Development officers are wholly and solely responsible for the progress of Agents working under him. There is no minimum or maximum limit on the number of Agents supervised by a Development Officer. DO’s main duty is to approach and recommend Agents to the branch manager for selection. After his approval, the DO takes care of Agents’ needs. DO is supposed to train, guide, direct and motivate Agents throughout their association with the LIC. He also accompanies them on field visits if his assistance is required.

Profile of Agents:

Life Insurance business is highly personal in nature. As stated earlier, life insurance in India is not bought, it is sold. As per the
Insurance Act, 1938, life insurance policies can be sold by Agents only. Thus the Agent is the only link between the policy holders and the LIC. The LIC is known to consumers more through its agency force than any other print or audiovisual medium.

The life insurance agency work offers great rewards in terms of good and growing income and also has an element of social service in it. Agents enjoy complete freedom of action as they are not employees of the LIC (with no fixed hours) and have an opportunity to build up lifelong friendship with ever growing circle of satisfied clients who could also be source of repeat business. But this job demands a thorough job knowledge, education, training, methods for finding out people who would buy life insurance, how to hold a sales talk, planning activities and evaluating business performance. Agent’s investment is the knowledge of life insurance business, knowledge of human needs and time he invests in persuading people to buy insurance.

It was a consistent thinking in the LIC right from the beginning to have a strong development organisation through Agents, who formed the basic strata of business procurement and servicing. To build up a stable agency organisation, the LIC formulated a set of regulations under the LIC Act to control the appointment and terms of service of Agent. These regulations are presented as below:

**Recommendations:**

(1) Training – Training for Development Officers and Agents should be made a basic and continuous process. It should cover the following:

- Knowledge of life insurance plans
- Knowledge of competitors – other forms of investment
- Knowledge of consumers – changing needs.
- On-the-job training
(2) Designing information system.
It should be seen that an information business strategy is formulated. The Development Officer should collect, study, process, analyze & disseminate information to Agents as a part of routine activity. The source of information of Agents who do not get information from Development Officer has been found to be effective. This should be investigated.

(3) It is necessary to see that the experience gaining period is reduced with the help of training. Agents having more than five years of experience are high business generators. Experience has been found to be a highly significant determinant of successful selling.

(4) Agents should be motivated to communicate business progress & problems to Development Officers, as it has been found to be an important ingredient of selling. A formal reporting system may also be developed.

(5) Development officer should be trained properly in performance appraisal with reference to objectives such as:
- to review past performance
- to assess training needs
- to help develop Agents
- to set targets for future performance
- to identify how Agents can be helped to improve performance.
- To note & recognize achievements
- To increase mutual understanding of performance

(6) Analysis of administrative procedures required to be fulfilled by Agents should be done. Agents who have employed assistants have generated higher business. The duties performed by these assistants should be listed & possibility of employing an assistant per Development officer to manage administrative duties of Agents should be explored.
(7) LIC should motivate Agents in selling more number of policies irrespective of sum assured, by establishing a monetary or non-monetary incentive system. This will lead to fulfillment of LIC’s objective of wide coverage of insurance market.

(8) Agents between 31-40 years of age should be motivated to join LIC agency. A structure selection system should be devised for appointment of Agents which will stop indiscriminate appointment practiced at present.

(9) Special ‘loan a vehicle’ schemes should be devised for all Agents, irrespective of their performance, as vehicle ownership has a significant association with business.

(10) Agents should be trained properly so as to play various roles like-information gatherer, persuader, co-ordinator, problem definer, problem solver, financial consultant 7 customer need satisfier effectively.

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