

## Role of agents in Indian insurance sector

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### ABSTRACT

Insurance plays an important role in sharing the risks of people in an affordable form. In India, life insurance is generally considered as a tax-saving device instead of its other implied long term financial benefits. An agent in law is one who acts for another and insurance agent is one who works for an insurer. The number of active agents was 9.02 lacs as on 31.03.2003 compared to 7.44 lacs as on 31.03.2002. The average sum assured per active agent in 2002-03 was 19,51,767. Complementary to it is the consistent and continuous training to the agency force through ZTCs, STCs, DTCs and ATCs- that can help them to stand on their feet and become truly professionals in a field that is becoming increasingly competitive.

**Key words :** Insurance, Agent, Premium, Risk, Sum assured

Insurance plays an important role in sharing the risks of people in an affordable form. It helps the people to quickly recover from damages and losses. Insurance is a defensive measure used against future conditional losses to hedge the possible risks of the future. It is a legal contract that protects a person from contingent risk of losses through financial means and provides a means for individuals and societies to handle some of the risks faced in daily life.

### Life Insurance Importance:

Life insurance is defined as “the device of providing for life after death and financial independence for those retired, disabled or who live longer”. Man is exposed to risks and uncertainties. For instance, the time of death of a person is not certain and in the case of his premature death a man’s dependents may find themselves deprived of all means of existence. Every prudent man will carefully consider how best he can prevent such risk or minimize or provide against its effects. It is difficult for an individual to survive unless the arrangement for covering the risks is possible. This arrangement is made possible by insurance.

In India, life insurance is generally considered as a tax-saving device instead of its other implied long term financial benefits. Indian people are prone to investing in properties and gold followed by bank deposits. They selectively invest in shares also but the percentage is very small. Even to this day, Life Insurance Corporation of India dominates Indian insurance sector.

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**Table 1 : Global market value**

(Forecast value: \$ in Billion 2004 -2009)

| Year                | \$ in billion | Percentage of growth |
|---------------------|---------------|----------------------|
| 2004                | 3,013.80      | 4.40                 |
| 2005                | 3,145.00      | 4.40                 |
| 2006                | 3,295.40      | 4.80                 |
| 2007                | 3,464.60      | 5.10                 |
| 2008                | 3,468.80      | 5.30                 |
| 2009                | 3,838.80      | 5.20                 |
| CACR, 2004 – 2009 : |               | 5.00                 |

Source: Data monitor

### Agents personal development:

Agents like every other individual do have personal goals and ambitions for example, to achieve some senior position in the company. An agent also aims to establish good reputation in the society and is willing to accept higher responsibilities and challenges of the institution. All such personal objectives and benefits in terms of self-interests and the interests of the company need to balance, with the interests of the customers, so as to have meaningful and long lasting result oriented impact on business and growth.

An agent has to sell himself before selling his product of life insurance. This is due to the intangible nature of the products and its long-term commitment. So, trust and belief in the customer is to be created for buying this product, which also needs to be sustained and continued in future too.

A customer buys because he trusts the agent and his promise. So, agent needs to adopt a positive and helping attitude so as not to let down the expectations of the customer. An agent needs to be enthusiastic, optimistic, convincing, and committed. With such high standards in