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Published by: Abhinav Publication

***Abhinav International Monthly Refereed Journal of Research in  
Management & Technology***

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**A STUDY ON PERFORMANCE AND CHALLENGES OF LIC  
AGENTS**

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**ABSTRACT**

*LIC is the backbone of a country's risk management system and agents are the face of the insurance company. An agent is a primary source of procurement of insurance business and also LIC agent is the person who provides advice on life insurance planning for people to protect their family from unexpected events of death, disability and retirement of the bread winner. It is the noblest profession indeed LIC agent also contributes to the economic development of the country. The main role of insurance agents are full information must be provided to the proponent at the time of the point of sale. The insurance agent helps in promoting and selling of insurance products and services to its clients. Insurance agent gives sound financial advisory and customers support to the clients. He gives the information regarding general awareness about the market, and also LIC agent needs to have good relationship, including good rapport with his/her existing and prospective clients. Promotion of insurance brands needs to have a carefully drawn randomly by the insurance agent. The present study proposes to evaluate the opportunities and problems of LIC agents.*

**Keywords:** LIC agent, financial advice, economic development

**INTRODUCTION**

In 1818 saw the advent of life insurance business in India with the establishment of the oriental life insurance company in Calcutta this company however failed in 1834. In 1829, the Madras equitable had begun transacting life insurance business in Madras presiding 1870 saw the enactment of the British insurance act and in the last three decades of the nineteenth in the century the Bombay mutual (1871) oriental (1874) and empire of India (1897) were started in the Bombay residency. In 1914 the government of India started publishing returns of life insurance companies in India. The Indian life assurance company's act 1912 was the first statutory measure to regulate life business in 1928 the Indian insurance companies act was enacted to enable the government to collect statistical information about both life and non-life business transacted in India in 1938 with a view to protecting the interest of the insurance public, the earlier legislation was consolidated and amended by the insurance act. The insurance amendment act of 1950 abolished principal agencies. However, there were a large number of insurance companies and the level of competition was high. The government of India there four decided to nationalize insurance business. An ordinance was issued on 19<sup>th</sup> January 1956 nationalizing the life insurance sector and Life Insurance Corporation came into existence in the same year. The LIC absorbed 154 Indian 16 non Indian insurance as also 75 provident societies – 245 Indian and foreign

insurance at all. The LIC has monopoly till the late 90 until the insurance sector was responding to the private sector. Insurance industry had ten and six entrants in life and non-life sector respectively in the year 2000-2001 again saw two and three entrants in the life and non-life business respectively in the year 2001-2002. Indians who have always seen life insurance as a tax saving device, are now suddenly turning to the private sector that are providing them new products and variety.

### **REVIEW OF LITERATURE**

A review of literature relating to the Evaluation of Performance and Challenges of LIC Agents is essential to identify gaps. So that research efforts are concentrated on filling these gaps.

N. Sai Babu (2014), "Attitudinal exploration of LIC agents: A Qualitative Appraisal". He defines that an insurance agents and brokers play an important role in marketing of life insurance policy. They are the face of the insurance company. Hence the companies hire a skilled person. An agent must have some of the good qualities like communication skills, availability and flexibility, etc. Therefore, LIC of India has started providing training to their employees and framed a special HRD focusing on building and strengthening competencies etc. in the organization. Finally, insurance act as suppliers, transformers and problem solver.

Ms. Prarthana Shashi (2013), Recent trends in the marketing strategies of life insurance Corporation of India. She studied that "Individual satisfaction leads to group satisfaction". At present 24 insurance companies operated, Existence in India. More than thousands of agents are existed accurse the country. There is a high competition between their agents therefore LIC of India concentrate on employee satisfaction. Hence, they provide facilities to their employees like housing loan, meal coupons, sports employee training, increasing the number of agent's box assurance and number of agents etc. These facilities provide for the better performance and job satisfaction of the employee in the origination finally agents are the backbone of the insurance company; therefore insurance company must increase their agent's base to retain its dominating market share.

Tan Free Yean Kbulida Kirana Yahya (2013), "The Influence of Malaysian Insurance Agents career planning on their career strategies". She started that career planning is triggering the implementation of career strategies, career strategies is the action that individual take to decrease the time required to meet career objectives. Hence human recourse practitioner in the company should take greater efforts to understand insurance agent's behavior in order to provide a series of career development support and develop a more favorable working environment. These lead to insurance agents to plan and strategies their career effectively. The achieving career plans through implementation of career strategy. It leads to effectively progress to words, achieving career success of insurance agents finally; it proved that career planning has a positive impact on career planning.

Rama Murthy (2014), "Agents Perception Towards life Insurance corporation of India". She explains that life insurance corporation of India provides the most important financial instruments to customers aimed at protection as well as long term savings. Success and overall growth potential of the insurance business depend on the efforts being made by the insurance companies in selling insurance products and service to the policyholder. Selling insurance product is a smart strategy and the real challenge. The agent serves as the kingpin for insurance companies. This research proved that work experience of the agents has no significant effort on their perception towards LIC.

Gregory A Kuhlemeyer and Growth H. Allen (1999) "Consumer satisfaction with life insurance. A Benchmarking survey". In this study explained that consumer satisfaction with life insurance agents. Life insurance companies and satisfaction with agents and companies, overall consumer satisfaction with the agent's ability to assess product's agent's ability to meet the financial goods and needs of the consumer. Company use agent and direct method of purchasing, sales this research support the direct sales method scored the highest level of satisfaction, then the product sale through an agent the main objective of the study is to benchmark consumer satisfaction relative to life insurance agents. The

research shows that trust, competence and product appropriateness play an integral part of consumer satisfaction.

PN Harikumar and Lakshmanan MP Study made on the preference of policyholder towards LIC policies. He opined about the characteristics of agents. As agents are having a good relationship with policyholders, and have good knowledge about the policies. The agent known the materials and its durability and capability and also that required the needs of the policy holder in the LIC number of companies is there, the agents should have some knowledge with all the other insurance companies' policies. He is capable to explain the remaining companies. The LIC agents understand in the capability of the policyholder on the basis of income, health and need of insurance.

Sunil Maheshwari, "Insurance Industry in Indian Structure Performance and future challenges". She explained that very critical for organizations to attain success in the competitive environment without LIC agents. In order to gain competitive advantage quality people are needed, but this is a challenge. The purpose of quality of agents listing, understanding needs of the customer, the analyzing customer financial status and generating confidence among the potential customers. In order to gain competitive advantage company needs quality people for providing the quality advice to customer and sell the company products. The finally organization success, however, critically depends on the effectiveness of these people.

Neelam Gulati (2104), "Analysis of the productivity of life insurance Corporation of India".

The analysis of the productivity of LIC has been done in this paper. Different variables have been used to calculate the productivity variables involving the activities of LIC agents. New business per active agent, number of policies per agents, premium income per agents. The growth of the insurance business to a large extent is dependent on the skills and the ability of well and agents to attract the public to its fold. Agents are motivated and trained to pursue more and more people to purchase a life insurance policy.

### **STATEMENT OF THE PROBLEM**

This study deals, with detailed information about the performance and importance of an agent helps in promoting and selling of insurance product and services. And it also involves some social responsibilities like to educate the people; create the awareness to the public, guide about beneficial policies which are in the favor of the customer. However, agents face some of challenges like high competitive; influence the rural people to purchase the product, built trust about the company as well as policy and also himself in the minds of rural people, etc. Influence of new technologies in the field of LIC is a big challenge to an agent.

### **OBJECTIVES OF THE STUDY**

The following objectives of the present study are presented below:

1. To make a detailed study about the history and development of LIC.
2. To evaluate the job satisfaction of LIC agents.
3. To analyze the role of agents in development and growth of the company.
4. To examine the opportunities and challenges is available to the Agents.
5. To offer valuable suggestions based on the findings of the study.

### **SCOPE OF THE STUDY**

This study is mainly significant as to collect the information about life insurance agent in order to know about the challenges faced by an agent and his job satisfaction by conducting surveys in Shivamogga district.

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## RESEARCH DESIGN AND METHODOLOGY

The success and failure of the prospect depend upon the methods adopted for data collection. Source of information contains both primary and secondary data.

### Source of data

#### Primary data:

Data collected through field survey was conducted by way of personal interview using a structured questionnaire as a research measuring instrument.

#### Secondary data:

Data collected from secondary sources also. The data are collected through books, journals, reports, E-sources.

### Sampling design

For the purpose of the study Shivamogga district has been taken as on sampling unit which involves only 50 LIC agents have been selected to conduct surveys through random sampling.

### Statistical tools and techniques

For this purpose of the study to analyze the survey of information collected from the respondents, charts and graphs are used.

### Limitations of the study

1. This study covers only LIC agents.
2. Limited numbers of respondents have been taken for whole analysis and interpretation.
3. This study limited to Shivamogga District.

## ANALYSIS AND INTERPRETATION

### Classification of Respondents on the basis of Genders.

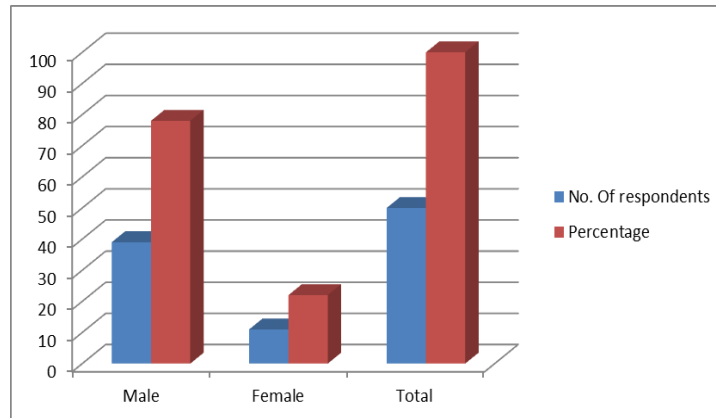
Gender	No. Of respondents	Percentage (%)
Male	39	78
Female	11	22
Total	50	100

(Source – survey result)

From the above table it is clear that out of 50 respondents, 78% of respondent are male and 22% of respondent female. Among 50 respondents, 78% agents are male, which shows the numbers of male respondents are LIC agents with their choice because most of the males are very eager to choose their profession as insurance agents.

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## Gender of the respondents:



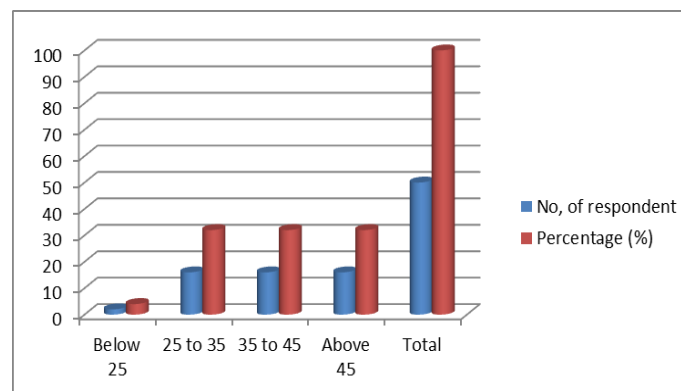
## Classification of the Respondent on the basis of Age

Age( in year)	No, of respondent	Percentage (%)
Below 25	2	4
25 to 35	16	32
35 to 45	16	32
Above 45	16	32
Total	50	100

(Source – survey result)

From the above table it is clear that among 50 respondents, 4 % of respondents within 25 years, 32 % of belonging to the age group of 25 to 35 years, 32 % of belonging to the age group of 35 to 45 years, and remaining 32 % are having the age of above 45 years. It is interpreted that equal majority of respondents because they are concentrated towards their future.

## Age of the Respondents



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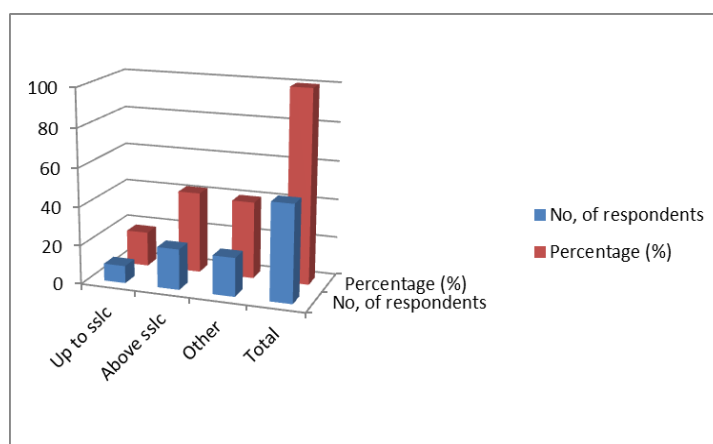
### Classification of Respondents on the basis of Educational Qualification.

Qualification	No. of respondents	Percentage (%)
Up to SSLC	9	18
Above SSLC	21	42
Other	20	40
Total	50	100

(Source – survey result)

From the above table it is clear that out of 50 respondents, 18 % of respondents, are having education level up to SSLC, 42 % of respondents are above SSLC, and 40 % of respondents are other qualification for higher level. It is interpreted that the majority of the respondents are having above SSLC because it's basic educational qualification to become a LIC agent.

### Educational Qualification of the Respondents.



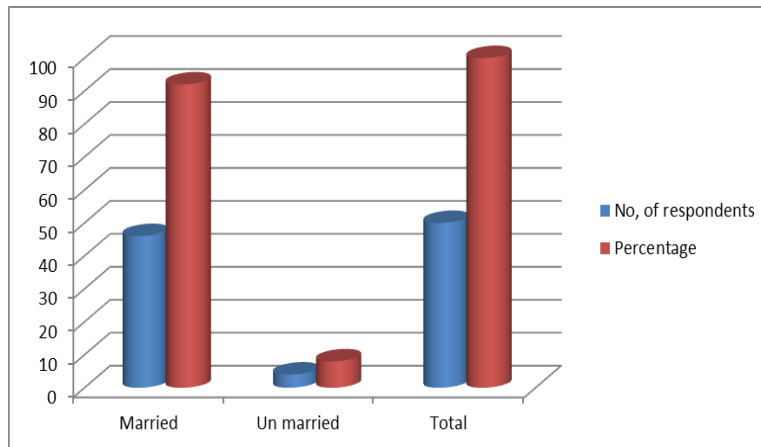
### Classification of Respondents on the basis of Marital Status.

Particulars	No, of respondents	Percentage (%)
Married	46	92
Unmarried	4	8
Total	50	100

(Source – survey result)

From the above table it is clear that out of 50 respondents, 92 % of respondents are married and only 8 % of respondents are unmarried. It is interpreted that the majority of respondents are married because more aged people have become LIC agents.

**Marital Status of Respondents.**



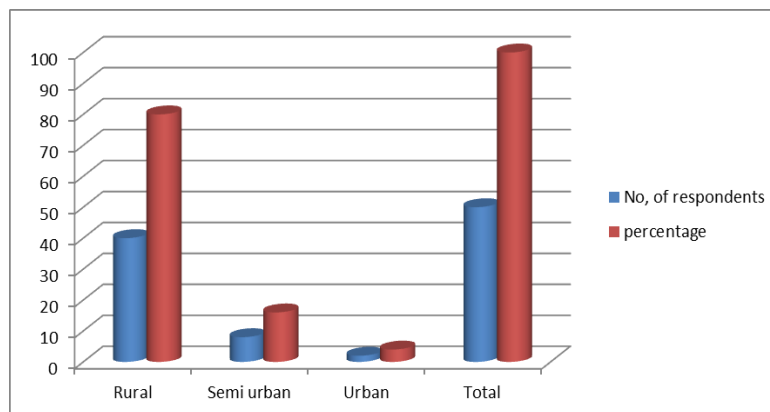
**Classification of Respondents on the basis of selling the LIC Policies.**

Particulars	No. of respondents	Percentage (%)
Rural	40	80
Semi urban	8	16
Urban	2	4
Total	50	100

(Source – survey result)

From the above table it is clear that out 50 respondents, 80 % respondents are selling LIC policies in rural areas, 16 % respondents are semi urban area and 4 % respondents are selling LIC policies in urban areas. It is interpreted that the majority of the respondents are selling LIC policies in rural areas because LIC agents put more effort in creating awareness in rural areas

**Selling of LIC Policies**



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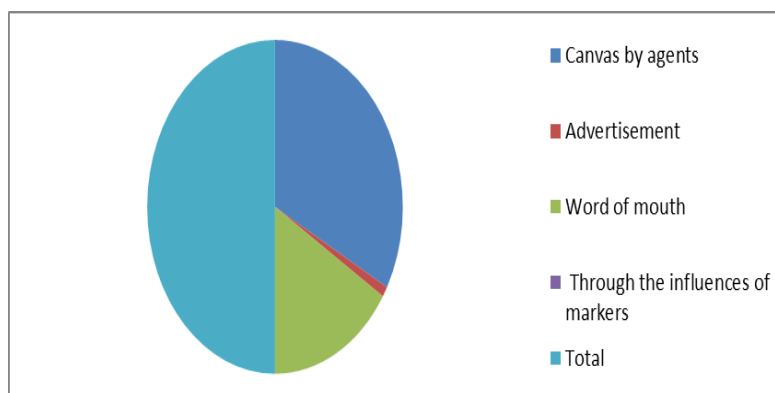
### Classification of Respondents on the basis of Attract to Life Insurance in Rural Policy Holder

Particulars	No, of respondents	Percentage (%)
Canvas by agents	33	66
Advertisement	1	2
Word of mouth	16	32
Through the influences of markers	0	0
Total	50	100

(Source – survey result)

From the table it is clear that out 50 respondents, 66 percentage age respondents attract to life insurance in rural policy holder canvas by agents, 2 percentage age respondents are attracted to life insurance in rural policy holder by advertisement and 32 percentage respondents are attracted to life insurance in rural policy holder by word of mouth. The majority of the respondents are attracted to life insurance in rural policy holder get canvas by agents because of effective marketing strategies in rural areas

**Attract to Life Insurance in Rural Policy Holder.**



### Classification of Respondents based on their opinion about the quality of training for agents Organized by LIC.

Particulars	No, of respondents	Percentage (%)
Excellent	12	24
Good	23	46
Average	15	30
Poor	0	0
Very poor	0	0
Total	50	100

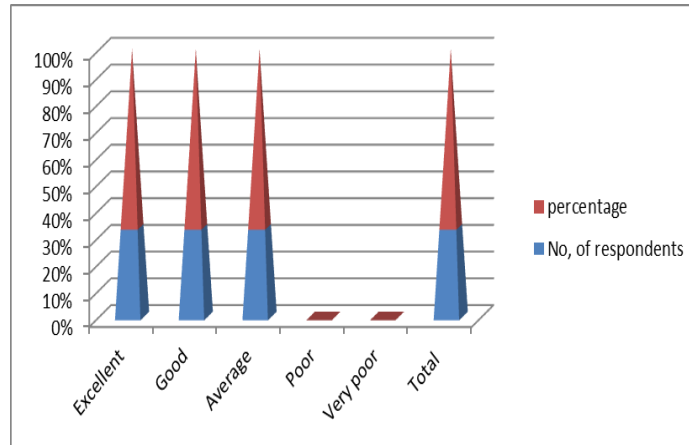
(Source – survey result)

From the above table it is clear that out of 50 respondents, 24 % of respondents are select the quality the of training for agents organized by LIC are excellent 46 % of respondents are select the quality of training for agents organized by LIC. Are good and 30 % of respondents are select the quality of training for agents organized by LIC are average. Through the above analysis, it is understandable the maximum felt good about the quality of training for agents organized by LIC because the training is not good quality.



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**Respondent based on their opinion about the quality of training for agents Organized by LIC.**



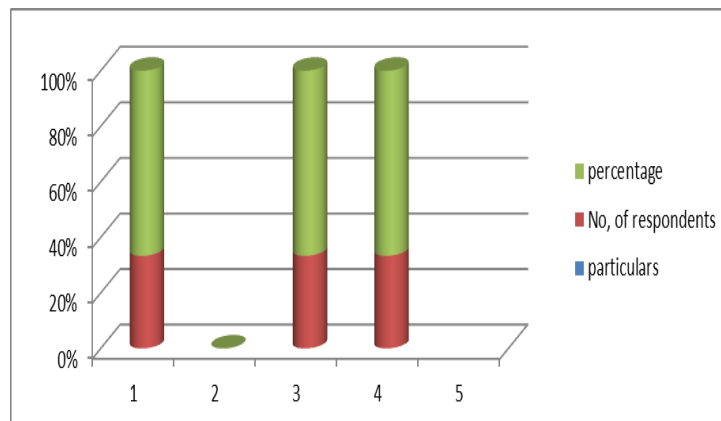
**Respondents based on their perception about the future of Life Insurance business in the coming years.**

Particulars	No, of respondents	Percentage (%)
Bright	44	88
Bleak	0	0
No opinion	6	12
Total	50	100

(Source – survey result)

From the above table it is clear that of 50 respondents, 88 % of respondents are opinion that bright future of life insurance business in the coming years, 12% of respondents are opinion that no opinion the future of life insurance business in the coming years. It is interpreted that majority of respondents are opinion that bright future of life insurance in the coming years because of developing sector it has the high scope in the future.

**Respondents based on their perception about the future of Life Insurance business in the coming years.**



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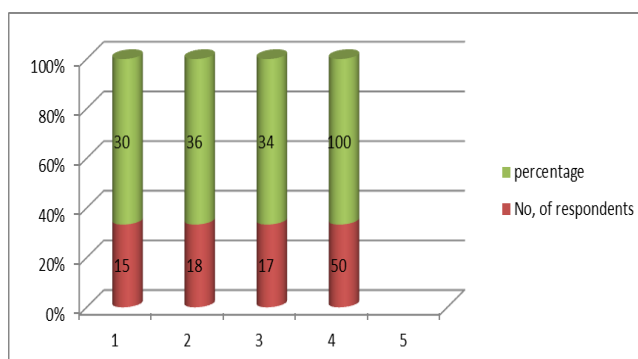
### Classification of Respondents based on their Job Security in Life Insurance Agency Profession as Perceived.

Particulars	No, of respondents	Percentage (%)
Low	15	30
Moderate	18	36
High	17	34
Total	50	100

(Source – survey result)

From the above table it is clear that out of 50 respondents, 30 % of respondents are perceived the low job security in life insurance agency profession, 36 % respondents perceive that moderate job security in life insurance agency profession, 36 % respondents are perceived high job security in life insurance agency profession. It is interpreted that the majority of respondents perceived the moderate job security in life insurance agency profession because of average number of people are influenced about job security in a life insurance agency.

#### Respondents based on their Job Security in Life Insurance Agency Profession as Perceived.



### Classification of Respondents based on the level of the cost with LIC'S Service Quality regarding the dimensions of Attention of Correspondence.

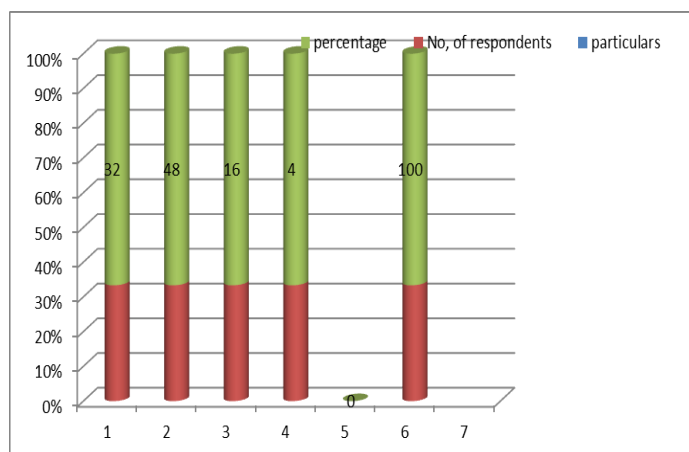
Particulars	No, of respondents	Percentage (%)
Highly satisfied	16	32
Satisfied	24	48
Neither satisfied nor Dissatisfied	8	16
Dissatisfied	2	4
Highly dissatisfied	0	0
Total	50	100

(Source – survey result)

From the above table it is clear that out of 50 respondents, 32 % respondents are highly satisfied with LIC'S service quality regarding the dimensions of attention of correspondence, 48 percentage of respondents are satisfied with LIC'S service quality regarding the dimensions of attention of correspondence , and 16 % of respondents neither satisfied nor dissatisfied with LIC'S service quality regarding the dimensions of attention of correspondence , only 4 % of respondents are dissatisfied with LIC'S quality regarding the dimensions of attention of correspondence. It is interpreted that the

majority of respondents are satisfied with LIC'S service quality regarding the dimensions of policy loans because of maintain a good customer relationship.

**Correspondents based on the level of the cost with LIC'S Service Quality regarding the dimensions of Attention of Correspondence.**



**FINDINGS OF THE STUDY**

1. The study found that in most cases, the agents quit the business due to the non- lucrative nature of their career.
2. Out of 50 respondents, 39 agents are male, which shows the numbers of male respondents are LIC agents with their choice because most of the males are very eager to choose their profession as insurance agents.
3. Most of the respondents said that the bright future of life insurance in the coming years because of developing sector it has the high scope in the future.
4. The study found that most of the agents have sold policies less than 10% in the years.
5. The major problems faced by the lack of awareness of customers in the marketing of LIC policies.
6. The most of the agents normally meet with customer at home because it is very convenient for LIC agents.
7. The most of the agents have secured business from rural areas.
8. The volume of business transacted by the agents seems to be nominal. It clearly indicates they're in efficiency in securing insurance business.
9. Most of the agents perceived the moderate job security in life insurance agency profession.
10. Most of the agents earn low commission from insurance policies.

**RECOMMENDATIONS**

1. The agents shall concentrate on all areas and canvass more business for the company.
2. Increase life insurance coverage, LIC should identify target groups as well as locations where the coverage is weak.
3. The agents should motivate the policy holders.
4. Agents should educate their customers through seminars and workshops.
5. The company should conduct meeting with agents to know their problems and difficulties faced by them.

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6. The agents shall take all possible steps to understand the insurance market and identify the needs of the prospective customers.
7. The company should organize proper training programs to new agents.
8. The company should set up Redressal cell for the settlement of grievances.

## CONCLUSION

LIC Agents render a social service not only the families, agents cover, but also generate funds. The agents help in marketing its policies by spreading the message of life insurance among the masses. Agents are the kingpin of Life insurance companies. They play an important role in the development of Life Insurance Company. The LIC agents face various problems, therefore they must be provided by all types of facilities by Life Insurance.

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