

**A STUDY ON PROBLEMS AND DIFFICULTIES FACED BY LIC AGENTS WHILE SELLING INSURANCE
POLICIES WITH SPECIAL REFERENCE TO THIRUNELVELI BRANCH**

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ABSTRACT:

Life Insurance Corporation of India has the major market share in the insurance sector of India. More than 10, 00,000 agents are working for LIC throughout India. This study focus on the problems and difficulties faced by LIC agents hundred samples were selected by quota sampling method. Proper analysis was done by using percentage analysis and weighted ranking method. Finally the study revealed the following major results that the agents are satisfied with commission and other benefits provided by the branch but they are not satisfied with medi-claim policies and their settlement ratio and long term premium paying period

Key words: LIC, Agents, Commission and other benefits, Services of Branch, Weighted Rank Analysis

INSURANCE INTRODUCTION:

A promise of compensation for specific potential future losses in exchange for a periodic payment. Insurance is designed to protect the financial well-being of an individual, company or other entity in the case of unexpected loss. Some forms of insurance are required by law, while others are optional. Agreeing to the terms of an insurance policy creates a contract between the insured and the insurer. In exchange for payments from the insured (called premium), the insurer agree to pay the policy holder a sum of money upon the occurrence of a specific event.

LIFE INSURANCE:

Life insurance is a contract, whereby the insurer in consideration of a premium undertakes to pay a certain sum of money either on the death of the insured or on the expiry of fixed period .Life insurance is designed to provide protection against two distinct risks: premature death and superannuation. Under life insurance, the subject matter of insurance is life of a human being. The amount payable on a claim arising in life insurance is not in doubt. It is as mentioned in the policy.

IRDA- INSURANCE REGULATORY AND AUTHORITY OF INDIA:

Insurance regulatory and development authority of India is an autonomous apex statutory body which regulates and develops the insurance industry in India. It was constituted by a parliament of India act called insurance regulatory and development authority act, 1999 and duly passed by the government of India. The agency operates from its headquarters at Hyderabad, Telangana where it shifted from Delhi in 2000.

SCOPE OF THE STUDY:

The study focus on the problems and difficulties faced by LIC agents in marketing of insurance policies at Thirunelveli,

This study gains importance in the aspect that it focuses on and analyses the difficulties and problems faced by the LIC agents with regards to the type of the insurance plans in life insurance Corporation in thirunelveli, since thirunelveli is an area with potential savers who invest their money in risk-free avenues. The research work is confined only to the respondents from few in thirunelveli. There is scope for investigation into lapses of LIC policies, their causes and effects. Hence this project is carried out with the LIC agents in thirunelveli.

STATEMENT OF THE PROBLEM:

- Recent day's insurance plays an important role. This research is aiming to find out awareness level of the respondents.
- Manufacturing a product is comparatively easier job than marketing such products. In this point of view, agents of LIC are the primary assets of LIC. They bring the policy to the people.
- While meeting people agents have faced so many difficulties, this study focus on the problems and difficulties faced by agents of thirunelveli area to sell the policies to people.

OBJECTIVES OF THE STUDY:

1. To study about socio-economic factors of respondents.
2. To study about problems faced by the LIC agents while meeting prospect.
3. To study about satisfaction level of agents with services of branch,
4. To study about the satisfaction level of agents about commission and other benefits provided by LIC
5. To study about the problems faced by agents while selling various insurance policies, and problems faced with other agents.

LIMITATIONS OF THE STUDY:

1. The study covers only 100 samples
2. Area of study only restricted to thirunelveli branch.

3. Study only covers six months period only.
4. For cost, time convenience/convenience sampling method used for the study.
5. Accuracy of results based on the response of selected respondents only.

RESEARCH METHODOLOGY:

The research methodology is used to systematically solve the research problems. It may be understood as a science of studying how research is done scientifically. In this we study various steps that are generally adopted by the researcher in studying his/her research problem along with the logic behind them. It is necessary for the research to know not only research but also methodology.

DATA COLLECTION METHODS:

There are two sources of data collection the researcher has made use of primary data and the researcher has also made use of secondary data to fortify the results.

PRIMARY DATA:

Primary data is collected through questionnaire.

SECONDARY DATA:

Secondary data were collected from various sources like journals previous reports and websites.

SAMPLING:

Sampling is utilization of a limited number of items regarding population (or) universe for studying the characteristics of the whole population (or) universe.

In this study, quota sampling was used; the population is divided into various strata or parts and a sample is drawn from each stratum at random. Area of research split into two areas Thirunelveli and , 50 respondents were selected from each area. A total of 100 samples have been selected for the study. Out of 250 agents of Thirunelveli branch office and 100 agents were selected for the study.

STATISTICAL TOOLS USE:

- Simple percentage analysis
- Weighted score ranking analysis

SIMPLE PERCENTAGE ANALYSIS:

Percentage refers to special kind of ratio; Percentage is used in making comparison between two or more series of data percentage are used to describe relationship. Since the percentage reduce everything to a common base and here by all meaningful comparison to be made.

Simple percentage = $\frac{\text{Actual respondents}}{\text{Total respondents}} * 100$

WEIGHTED SCORE RANKING ANALYSIS:

In this method weights of the various aspects or factors are obtained by multiplying the rank given with the frequency, it gives the weighted score, on the basis of the weighted score the rank will be given.

2. REVIEW OF LITERATURE:

- Wadikar ashok laxaman (2001) in his thesis on “Innovativeness in the insurance industries”, PhD. thesis submitted to the department of management, university of pune, 2001. Confirms a general opinion that innovativeness in every activity alone rules and dominates the industry. But, at the same time, the practically and economic justification of that innovativeness are also to be analyzed.
- Balachandwran, s. (2001) in his book on “Customer Driven Services Management” concludes that the insurance industry is fast growing and mostly becoming a customer driven and customer centric one. He also advocates that when the insurance products are attractive to the customers, then only the insurance industry flourishes in the market and serves its purpose of profit earning and also income generation.
- Saibaba et al (2002) study the perception and attitude of women towards life insurance policies. Now a day’s many insurance companies are trying hard to woo the female population. The study finds that women feel that their lives are not as valuable as their husbands, they perceive insurance as a tool for risk coverage and not as a tax saving device, there is also lack of knowledge about suitable insurance plans.
- Meidan (2007) presents different marketing strategies for insurers, suggesting that the selection of an appropriate strategy should be based on the internal conditions and external forces facing the firm. The two broad categories of insurance marketing strategies exist: growth strategies; and competitive marketing strategies. Due attention should be given to the marketing organizational structure and its departmental responsibilities.
- Rajeshwari.K and Karthesswari.s (2012) in their study stated that majority of the respondents (54.24%) were in the age group 21 to 40 years. 70% of the respondents were male, and most of the male policyholder are taking the policy in their own interest. Female persons are given importance as nominee, 30.79% respondents preferred endowment policy, and 40.50% of the respondents have continuously taken the policies from LIC of India. And 81.5% respondents paid the premium regularly, and are very careful on non lapsation. Among the policy holders whose policies lapsed, they were not able to pay the premium due to the financial difficulty.

3. PROFILE OF LIFE INSURANCE CORPORATION OF INDIA:

Life insurance Corporation of India (LIC) was established with the nationalization of life insurance business in 1956. At the time of nationalization, there were 246 private insurance companies and societies functioning in India. LIC had monopoly over the life insurance business in India from the day it was created in 1956 till the year 1999, when changes in India's economic philosophy brought relaxation of state control over insurance sectors of the economy by passing insurance regulatory and development authority bill. Insurance Regulatory and Development Authority (IRDA) acts as watchdog for maintaining best practices in the Indian insurance industry. Since opening up of the sector in 1999, 16 private companies have been granted licenses by March, 2007 to conduct business in life insurance and the number is growing fast. At the time of opening up of the sector, life insurance was viewed as a tax saving device. Of late, policyholder's perspective is slowly changing towards taking insurance cover irrespective of tax incentives. The insurers are increasingly introducing innovative products to meet the specific needs of the prospective policyholders. More notably, most Indian insurance companies whether domestically owned or joint venture have recognized that service completion should be more important than price competition. The concept of service completion is a result of the participation of foreign insurance companies through joint ventures.

GENERAL PROBLEMS IN MARKETING OF INSURANCE:

Insurance marketing is basically just the marketing of insurance products. Insurance marketing emphasizes the importance of the customer preferences and priorities. Major objectives of insurance products, Developing corporate image, Improving customer service, Improving customer base and its spread, and etc.

Factors impeding insurance business, non-existence of long term development strategies of insurance companies and the fact that insurer orient mostly to short term needs: and while trying to apply more actively insurance marketing means it is necessary to change the whole organizational management structure of an insurance company, the channel of insurance products sales, technology of communication with clients (kotler, 2003).

- Ineffective promotion
- Mistrust in insurance relationship
- Distribution channels
- Competition
- Availability of trained staff
- Pricing of insurance services

- Cost of insurance

INEFFECTIVE PROMOTION:

The promotional mix is used to describe the set of tools that a business can use to communicate effectively. In case of life insurance services, promotion is done through a mix of advertising, personal selling, and sales promotion. The insurance services depend on effective promotional measures. It is essential to have both personal and impersonal promotion strategies. The agents and the rural career agents play important role. Arranging exhibitions, participation in fairs and festivals, rural wall paintings and publicity are done through mobile publicity vans.

MISTRUST IN INSURANCE RELATIONSHIPS:

In insurance services there is a mutual mistrust between insurance companies and their customers. The claim settlement is one of the area where relationship[s] often fail due to imperfectly managed interaction. The second area is in relation to the offers made to gain customers, often through drastically lowered premiums. Third is the concept of complexity and difficulty in understanding the service provided. The final area concerns the history of the strictly institutionalized and regulated insurance business, entailing badly delivered services.

DISTRIBUTION CHANNELS:

Distribution is the key determinant of success for all insurance companies. Building a distribution network is very expensive and time consuming. Buyers prefer a face to face interaction and they place a high premium on brand names and reliability. The financial services industries have successfully used remote distribution channels such as telephones or internet to reach more customers, avoid intermediaries, and bring down overheads and increase profitability.

COMPETITION:

Marketing is becoming increasingly vital in the contemporary Indian insurance business environment. Environmental variables and intense competition from other financial institutions has compelled Indian companies to devise ways and means to survive and operate efficiently and effectively. Indian companies are showing interests in the relevance of marketing techniques in their businesses. These interests have been manifested in form of myriads of products and prices, among other marketing activities.

AVAILABILITY OF TRAINED STAFF:

Professionalism constitutes the main thrust of insurance practice. Hence, it is hypothesized to be positively related with increased consumption. The unique nature of insurance industry should serve as the foundation for a distinctive marketing system in the insurance market.(marney,2000).

The agent is very central in insurance marketing process. While this is true, the relationship between the agent and the company they represent can be is often varied. Because of the technical complication of the insurance products, it is particularly important that those selling insurance understand the contracts they are supposed to sell. Because of a common problem associated with agency is the professional attitude of most insurance agencies. With little or no qualification, one can become an agent or broker.

Training, development and strong relationship with intermediaries are the key areas to be kept under consideration. Training the employees, use of IT for efficiency, both at the staff and agent level, is one of the important areas in marketing of insurance services.

PRICING OF INSURANCE SERVICES:

Neither price nor the technology available during the delivery of the service constitutes the principle concern of the average customer. In many cases the individual purchase wd from an agent whom was a friend, a relative, a neighbour or a referral from some trusted source .Hence, insurance transactions are , more often than not, seen as an act of friendship rather than a strictly market based decision.

COST OF INSURANCE:

The factor that determines the client’s ability to purchase any insurance product is the issue of cost. The demand for availability and affordability of the supply of any product is the function of cost, which means there is an inevitable conflict between these two goals. When the cost of the losses for a given group is low, it is clear that insurance was available and affordable. Conversely when the cost of losses for given group is high the premium must also be high.

4. DATA ANALYSIS AND INTERPRETATION:

Table: 4.1 Socio-economic statuses of Respondents

Sl.No	Variables	No of respondents	Percentage	
1	Gender	Male	80	80
		Female	20	20
2	Age	18 to 30	6	6
		30-40	34	34
		40-50	34	34
		Above 50	26	26
3	Educational Qualification	SSLC	30	30
		H.Sc	34	34
		Graduate	18	18
		Post graduate	18	18
4	Type of Agency	Full time	54	54
		Part time	46	46
5	Other Occupation	Agriculture	28	28
		Business	24	24

		Private Employee	12	12
		Others	26	26
6	Years of Service	Up to 2 years	4	4
		2 to 5 years	16	16
		5 to 10 years	22	22
		Above 10 years	58	58
7	Annual Income	Upto 1,00,000	38	38
		1,00,000 to 3,00,000	38	38
		3,00,000 to 5,00,000	18	18
		Above 5,00,000	6	6

Table 4.1 reveals the socio economic status of respondents in the following way:

1. Majority of the respondents(80%) were male
2. Majority of the respondent(68%) were lies between the age of 30 to 50
3. Majority of the respondents (34%) were only HSC level
4. Majority of the respondents were(54%) full time agents
5. Majority of part time agents(28) were farmers
6. Majority of the respondents(58%) have more than 10 years’ service in lic
7. Majority of the respondents(72%) income were up to 3,00,000

Table 4.2 Methods and Techniques used by an agent to convert prospect into policy holder

Sl .no	Methods and Techniques	Variables	No of respondents	Percentage
1	Finding a new prospect	Direct Oral discussion	86	86
		Telephonic conversation	12	12
		Sms	0	0
		Mail	2	2
2	No of meetings to convert prospect into policy holder	First meeting	2	2
		1-5 times	78	78
		5-10 times	12	12
		Above 10 times	8	8
3	Techniques used to convert prospect into policy holder	Wishes & Greetings	18	18
		Day to day help	14	14
		Monetary assistance	58	58
		Creating insurance awareness	10	10
4	Techniques used to get high premium	Insisting tax benefit	38	38
		High premium policy introduction	6	6
		Insisting insurance protection	16	16
		Stimulate savings awareness	40	40
5	Assessment of premium paying capacity	Asset value	18	18
		Occupation	46	46
		Interest level on Insurance protection	16	16
		Savings awareness	20	20

Table 4.2 concluded that

- I. Majority of the respondents(86%) find new prospect through direct oral conversation
- II. Majority of the respondents(78%) met their prospect 1 to 5 times for getting a new policy
- III. Majority of the respondents(58%) provided monetary assistance to their prospect to get new policy
- IV. Majority of the respondents(40%) got high premium by insist their respondents about savings
- V. Majority of the respondents(46%) assessed the premium paying capacity of their prospect by means of their occupation

TABLE 4.3 SATISFACTION LEVELS OF AGENTS WITH THE SERVICES OF BRANCH, COMMISSION AND OTHER BENEFITS.

S.NO	Services	Highly Satisfied (5)	Satisfied (4)	Neutral (3)	Dissatisfied(2)	Highly Dissatisfied(1)	Total weight	Rank
1	N.B COMPLETION	34(170)	64(256)	-	-	2(2)	428	2
2	SURVIVAL BENEFIT	28(140)	66(264)	6(12)	-	-	416	7
3	DEATH CLAIM	32(160)	64(256)	-	4(8)	-	424	4
4	MATURITY CLAIM	40(200)	60(240)	-	-	-	440	1
5	SURRENDER OF POLICY	38(190)	58(232)	-	2(4)	2(2)	428	2
6	REVIVAL OF POLICIES	26(130)	64(256)	10(30)	-	-	416	7
7	LOAN SANCTION	28(140)	68(272)	2(6)	2(4)	-	422	5
8	ASSIGNMENT	28(140)	64(256)	6(18)	2(4)	-	418	6

9	SUPPORT OF BM &DO FOR JOINT CALL	3 2(160)	62(248)	6(18)	-	-	426	3
10	MEDICAL FOR NB AND REVIVAL	8(40)	64(256)	24(72)	2(4)	2(2)	374	8

SOURCE: PRIMARY DATA

INTERPRETATION:

RANK 1: Maturity claim

Most of the agents have agreed that LIC has the best service of maturity claim, they ranked this as first.

RANK 2: NB Completion

Agents agree that procedure for NB completion is not complicated; they ranked this service as second.

RANK 3: BM &DO support for joint call

Respondents have also satisfied with branch manager and development officer's support for joint call, they ranked it as third.

RANK 4: Death claim

Compared with maturity claim, death claim has some more legal procedures; it will take some time for settlement, so agents ranked it as fourth place.

RANK 5: Loan

Agents ranked service of loan sanction as fifth.

RANK 6: Assignment

Services of assignment has more forms and procedures, it will also take more times. So Agents ranked this as 6th rank.

RANK 7: Survival benefit

Survival benefit & revival services are placed in the 7th position by agents.

RANK 8: Medical cases

Agents are not satisfied with the service of branch for medical cases for new business and revival; they placed last for this service.

TABLE 4.4 SATISFACTION LEVELS OF COMMISSION AND OTHER BENEFITS

S.NO	Particulars	Satisfaction level					Weighted score	Rank
		Highly satisfied (5)	Satisfied (4)	Neutral (3)	Dissatisfied(2)	Highly dissatisfied (1)		
1								
2	COMMISSION ON REGULAR PREMIUM	24(120)	68(272)	8(24)	0(0)	0(0)	416	1
3	COMMISSION ON SINGLE PREMIUM	14(70)	54(216)	20(60)	6(12)	6(6)	364	5
4	CONDITIONS OF CLUB MEMBERSHIP	20(100)	64(256)	10(30)	2(4)	4(4)	394	2
5	BENEFITS OF CLUB MEMBERS	16(80)	66(264)	12(36)	6(12)	0	392	3
6	GROUP INSURANCE BENEFITS	14(70)	48(192)	10(30)	1(2)	6(6)	300	6
7	MEDICAL INSURANCE BENEFITS	18(90)	60(240)	4(12)	12(24)	6(6)	372	4

SOURCE: PRIMARY DATA

INTERPRETATION:

Table 4.4 shows the satisfaction level of commission and other benefits

- Most of the respondents are highly satisfied with commission on regular premium, so they ranked it as first.
- The respondents are also satisfied with conditions of club membership, so they ranked as second.
- Benefits of club members are the third satisfaction of the respondents.
- Fourth rank scored is medical insurance benefits by the respondents.
- Satisfaction of commission on single premium scored as fifth by the respondents.

- Group insurance benefits have low satisfaction among the respondents, so they ranked as last.

Table 4.5 DIFFICULTIES WHILE SELLING VARIOUS POLICIES (RANKING)

S.NO	Factors	Whole life policies	Endowment	Child plan	Ulip	Pension plan	Term insurance
1	MODE OF PAYMENT	6	10	12	12	4	2
2	HIGH PREMIUM	16	26	10	12	18	22
3	LOW INSURANCE COVERAGE	4	2	2	4	4	2
4	LONG TERM	52	30	34	10	18	10
5	LOW RETURN	4	10	6	14	12	6
6	MINIMUM LOAN	2	2	4	0	2	4
7	LOW SURRENDER VALUE	2	4	6	2	2	4
8	AUTO COVER	2	4	0	2	4	2
9	NO RESPONSE	12	12	26	26	36	48
	TOTAL	100	100	100	100	100	100

SOURCE: PRIMARY DATA

INTERPRETATION:

Major findings of selling various policies are listed as follows:

- 52% of the respondents felt that long term is a major problem in selling whole life policy.
- 30% of respondents felt that long term is a major problem in selling endowment policies.
- Majority of respondents (34%) also felt that long term is the major problem for child plan a als0.
- In case of ulip policies, majority of respondents (24%) faced a problem of low return.
- With respect to pension plan, respondents faced two difficulties, such as high premium and long term

- In case of term insurance, majority of respondents (22%) faced a problem of high premium in LIC compared with other general insurance provider.

5. SUGGESTIONS:

- Only male agents are interest in the insurance job. Corporation should take necessary support to female candidates and introduce them as agents.
- Agents may use electronic Medias like mail/ sms to attract new prospects through electronic Medias; they are easily reaching more number of prospects. Social Medias like whatsapp, face book, twitter agents can easily attract more persons.
- Now- a –days mobile phones play a vital role among the people, the agents can use sms to communicate their clients and new prospects.
- Agents should prepare a prospect list before meeting every prospect, agents prepare the list of prospect, get prior from them, it will reduce number of visit time.
- Term insurance policies and money back policies are not proposed by agents due to lack of commission. So corporation should revise the entire commission rates for all type of policies.
- Agents should create more awareness rather than on providing financial assistance. The primary objective of insurance is to protect the policyholders. So it is essential to create awareness among them.
- Premium paying capacity is the major factor of policy continuity. So before finalizing premium amount, agents not only consider occupation of the prospect. They also consider their assets, awareness level, savings habit etc., based on all factors, agents may fix appropriate premium.
- The study clearly shows that awareness level of middle class peoples have very low compared with others. So the government and agents should take necessary steps to create awareness of insurance among peoples and policyholders.
- Corporation should relax the rules for revival of policies to retain the policyholders with the corporation.
- Rules for medical cases are also complicated, should be modified with policyholders convenient.
- Policy assignment procedure has also difficult compared with other services of lic.
- In medical cases, availability of doctors and their services should be agents convenient.
- No agents have interest to get single premium policies, so corporation should revise the commission rate into attractive one to get maximum single premium.
- Group insurance benefits are not satisfactory to agents; corporation should consider and give more insurance benefits to agents.

- Major difficulty faced by agents is non-availability of hospital. Corporation should take proper actions in that regards. Long term policies have more benefits like bonus, final additional bonus etc., so agents make aware of these elements to policyholders. Corporation has also introduced limited year premium paying policies to attract more number of policyholders.
- Most of respondents have no response about ulip, pension plan and term insurance; corporation should take necessary steps to initiative steps. Private agents are made false statement of high return to attract the people. The agents prepare a comparative list of difficulties in private insurance with lic and restrict them into lic.
- Completion of new policy and continuity of some policy both are important to agents. So agents should intimate the policyholders regularly about their premium payment date and avoid lapse of such policy.

6. CONCLUSION:

Finally we conclude that the major difficulties faced by an agent while selling policies where:

1. No direct cash payment to hospital for medi-claim.
2. Non-availability of hospital for medical cases.
3. Faulty representation by private insurance agents.
4. Low commission for higher premium policies.
5. Long term premium payment period.

Insurance is one of the primary elements for every individual's protective life. The study reveals that awareness level of peoples should be increased about insurance. Government also provided various beneficial insurance schemes under its social welfare schemes but most of the people have no aware of it. So, government, corporation and agents are taking necessary steps to create insurance awareness among people.

There are so many difficulties have found in the study like, non-availability of hospitals in higher premium, delay in settlement of medical policy claims, these are to be eradicated in the future days. Agents are the primary source of selling policies, so their satisfaction level and their morale should be concentrated by corporation for future enhancement of business.

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