

*Suparna Bedakihale**
*P. Venugopal***
*G. Srinivasan****

Challenges Faced by LIC of India in Appointing and Retaining Individual Agents

Traditionally, the individual agency channel has been the highest business contributor for the Life Insurance Corporation of India (LIC). During the FY 2020-21, the agency channel, with a strength of 13.53 lakh agents, has contributed 93.80% to the new business premium of LIC. The educational qualification prescribed by the LIC for appointment of an agent is a pass in 10th and 12th standards or equivalent, for individuals from rural and urban area, respectively. The Minimum Business Guarantee (MBG) criteria for the LIC agents is also simple to be met. However, like all other life insurers, the 'strong brand LIC' is also facing challenges in attracting and retaining its individual agents. This article discusses the macro-environmental as well as organization-specific challenges that this insurance giant needs to address in order to reap the full benefits of the agency channel.

Keywords: Individual Agent - LIC Agent - Development officer - Agency Supervisor - Agency channel.

Introduction

Experience has proved that the life insurers working in emerging countries like India – where communications are inadequate, the awareness about insurance is generally lacking, levels of economic prosperity are low and the population is spread over large geographical areas – need to develop an in-house distribution channel like the Individual Agency.¹ The once monopolist insurer – LIC of India (LIC) – has pursued with the “individual agency”

Acknowledgement: *This article is based on the research report, “The Challenges Faced by Life Insurers in Appointing and Retaining Individual Agents”, released by the National Insurance Academy on 06.09.2021. The original report can be accessed at ‘<https://www.niapune.org.in/research-and-publication/research-reports>’. The authors sincerely acknowledge the contributions for the project and also express their gratitude for the support provided by the Academy to conduct this research.*

* Research Associate, National Insurance Academy, Pune. Email : s.bedakihale@niapune.org.in

** Chair Professor (Life), National Insurance Academy, Pune. Email : p.venugopal@niapune.org.in

*** Director, National Insurance Academy, Pune. Email : director@niapune.org.in

mode since it has been the only distribution channel for quite a long time. Being the company's dedicated sales force, the individual agents can be suitably recruited, adequately trained and properly oriented to the company's culture. Moreover, the agency can be developed as a regular cadre with total commitment to the goals, growth and prosperity of the company.¹ Considering the overall cost, however, the individual agency channel is deemed to be expensive; but it has the benefit of in-built loyalty factor which is normally lacking in the alternate external channels in the open architecture models.

However, it is quite difficult to build a robust agency channel as there are challenges in attracting, training and retaining the individual agents and simultaneously sustaining and increasing their productivity. Since long, the life insurance industry has been grappling with large-scale attrition of its agents. The social composition of the Indian society, the dynamics of the Indian financial system, the texture of the Indian life insurance ecosystem, the internal environment of the life insurers and the peculiarities of the agency profession contribute to the disproportionately large attrition rate of the agents in the life insurance sector.

All the life insurance companies face serious challenges in recruiting and retaining their agents, and LIC is no exception. During the last six years – from April 2015 onwards – the LIC has appointed nearly 18 lakh agents. This figure is very low against the backdrop of the recruitment potential and the unemployment scenario prevailing in India. Moreover, during the same period, the LIC could effectively add only 2 lakh agents to its agency force, because nearly 16 lakh agents have 'exited' the organization due to various reasons.

Research Project by National Insurance Academy

The National Insurance Academy conducted a research project from October 2020 to March 2021 in order to identify and analyse the problem of agent attrition and come up with solutions to overcome "the Challenges faced by the Life Insurers in Appointing and Retaining Individual Agents."

During the pilot study, based on the groundwork already done, and following the interview guidelines prepared, in-depth interviews were conducted with some select agents, a few terminated agents and also officials working in various capacities with the life insurers. An Ombudsman and a reputed trainer were also interviewed. It was gleaned from these interactions that the industry practitioners have plenty of experience and wisdom to share. Hence, their views were captured using open-ended questions rather than make markings on a rating scale. Thus, a 'Qualitative Empirical Approach' was adopted for the study and to collect objective and qualitative data.

The findings of the pilot study also revealed that the administration and the problems

associated with the individual agency channel are very different in the case of LIC of India, when compared with those of the private insurers and therefore the latter group needs a separate analysis. Accordingly, separate sets of detailed questionnaires were developed and administered only to various LIC officials, such as agency supervisors, assistant managers, branch managers and divisional heads, working in different parts of the country to collect their individual responses. A separate questionnaire was developed and administered to individual agents as well.

The discussions and the suggestions mentioned in this article are based on the painstaking compilation of the valuable insights provided by these various categories of respondents. Though the article covers issues relevant to the current time, the study can further be enriched with ongoing research inputs.

Role of Agency Supervisors of LIC in Developing Agency Channel

In a multi-layered agency vertical like that of the LIC, the role of the agency supervisors is very crucial as they are responsible for identifying suitable candidates to be appointed as agents, guiding and directing their activities to develop and increase the life insurance business in a planned and ethical way in their allotted areas. Ultimately, as a first step to build a strong agency channel, the LIC needs to have a strong cadre of agency supervisors such as Development Officers (DOs) and Chief Life Insurance Advisors (CLIAs).

It is reported that the strength of Development Officers in the LIC as a whole is getting weakened day by day as the newly recruited Development Officers seem not to be sustaining, and the senior Development Officers are not enthusiastic in recruiting agents on a continuous basis. Thus, the challenges appear at two levels:

- 1. The need to infuse organizational commitment in the newly recruited development officers and train them suitably.**

This includes recruitment, training and setting targets for new development officers.

- 2. The need to rekindle motivation in the senior development officers to continuously recruit agents and impart them training**

This covers the need to monitor and control the performance of confirmed development officers

Challenges Related to Recruiting New Development Officers

- 1. Recruitment of Apprentice Development Officers (ADOs)**

The LIC recruits its Apprentice Development Officers (ADOs) at regular intervals

through a selection process consisting of: (a) Preliminary written examination, (b) Main written examination, and (c) Personal interview.

It is reported that more than 50% of the newly appointed development officers of LIC make their exit within the first year of their joining. Mostly, these would be the highly qualified and academically excellent recruits, but they are not really interested in a marketing job. During their apprenticeship and probation, they continue to ‘hunt’ for other job opportunities and would quit the LIC as and when they qualify for better pastures elsewhere.

Suggestions: The LIC can save the huge ‘ADO-recruitment-exit’ cost, involved due to their exit, only by identifying and selecting candidates who are capable and seriously interested in the LIC’s hard-core ‘marketing portfolio’. In this regard, the following suggestions could be considered.

- “Pre-recruitment Counselling” of the aspiring individuals may be included in the recruitment process to get the right candidates for the field job.
- It is possible to identify the candidates who may not be really interested in taking up a marketing job by an initial scrutiny of the profiles and thereafter during the personal interview. However, it could be difficult for the selection committee to eliminate those (eligible but uncertain) candidates as they could have scored high marks in the main exam – to which by design a higher weightage is presently assigned. Hence, in view of the possible attrition, and to make the selection process more advantageous for the organization, the higher weightage, which is now given to the main written exam, can be assigned to the interview score.
- It is necessary to assess the inclination and suitability of the candidates towards developing and managing a team of agents for marketing life insurance and accordingly due weightage is to be given. Likewise other factors, such as sales experience, leadership qualities, participation in sports and extra-curricular activities, having a driving license, etc, of the candidates are also to be considered favourably in the recruitment process.

Administering an “Aptitude Test” for assessing flair and suitability of the candidates for life insurance marketing and also conducting a “Psychometric Test” need to be included in the selection process of ADOs. The appropriate weightages assigned to the main exam, aptitude test and interview should be balanced and help in assessing the marketing aptitude of the candidates for better selection.

- It is reported that the performance of the candidates absorbed from the agent's category is better than that of the candidates recruited from the open market. Hence, a greater number of vacancies of ADOs may be allotted to the existing better performing agents. The selection criteria require to be reviewed to provide greater opportunity to the promising agents. It is seriously felt that the LIC can consider appointing special batches of ADOs from the existing and better-performing agents.
- The candidates with a few years (say a minimum of 3 years) of marketing experience in a service industry may be considered for appointment as ADOs instead of candidates with no marketing or selling experience at all.
- In order to provide better scope for experienced candidates, the minimum and maximum age limits for appointment of ADOs may be reviewed, thus eliminating ineligible and young candidates
- The value of the 4-year Guarantee Bond for the selected candidates needs to be increased from the present Rs. 25,000 to an appropriately higher amount.
- Special and separate recruitment drives are to be arranged by the LIC to select suitable development officers for the rural branches working under special conditions. Such recruitments can be conducted state-wise and/or Region wise.

2. Training of Apprentice Development Officers (ADOs)

It is reported that the theoretical and the field training provided to ADOs covers many academic aspects related to life insurance. However, it does not impart the essentially required practical guidelines for recruitment of agents and life insurance marketing.

Suggestions: A holistic and **standardized** curriculum for training of ADOs is required to be diligently designed to improve the existing standards of training inputs and allied insurance schemes and activities. It should clearly include a complete practical roadmap for a 'Probationary Development Officer (PDO)' to enter into the life insurance market and convert the prospects into agents or policyholders. Professionally qualified and experienced internal/ external experts and successful marketing officials should be appointed as trainers. The initial training given needs to have sufficient weightage on imparting guidance and tips for practical aspects of agency recruitment and canvassing need-based life insurance. Also, the ADOs are to be assigned specific targets of field movement and their progress is to be monitored.

3. Support to Probationary Development Officers (PDOs)

The ‘Probationary Development Officers’ are required to achieve the given business targets to be eligible for them to be confirmed in the job. The PDOs get demotivated when they realize the high targets and tough challenges in life insurance marketing and the low conversion rates of “prospects to agents” and “prospects to policyholders”. When the PDOs find it difficult to approach people in the new area and cope up with the repeated rejections in the market, they tend to search for other job opportunities and quit.

Suggestions: For the life insurance marketing officials, the initial 2-3 years are very crucial for their survival and long-term growth. Even after the theoretical sessions and field training, the newly recruited PDOs seem not to have developed the skills to sell life insurance products in the market. But they are under heavy and constant pressure to attain the prescribed business targets within one year of their appointment. During this period, the Branch Marketing Officials (BMOs) are required to specially handhold the PDOs by providing them with practical guidance to select, train and sustain their agents and bring in business from the various segments of the market. The BMOs should appreciate constantly the performance of PDOs, help them keep their morale high and provide a conducive and supportive environment for them within the unit.

4. Business Targets Assigned to Probationary Development Officers (PDOs)

Many a times, the PDOs find it very difficult to achieve the one-year business target allotted to them for their employment confirmation and frustrated, they opt to quit.

Suggestions: Business target set for a PDO should be high enough to stretch and test his/her capacity, ability and perseverance. But at the same time, the target should be attainable at a reasonable and realistic level. In order to harvest the expected dividends of recruitment, the LIC should allow a 3-year period to its PDOs to establish themselves in the insurance market and develop the business to the expected level of an experienced senior development officer. The cost ratio (may be of remuneration) and business targets for PDOs may be reviewed and spread incrementally over a period of 3 years. It is reported that the attrition of agents recruited by PDOs is on the very high side and the target of agent recruitment for PDOs appears to be not effective. Hence, this target may be reduced to a reasonable number in the first year **with a condition of minimum business per agent.**

Also, instead of the present yearly targets, the confirmation targets for PDOs are to be **graded for every quarter.** Basic benefits of PDOs may be linked to their quarterly

performance. Their performance also needs to be reviewed realistically every quarter and corrective actions should be suggested, if and wherever necessary. This would help eliminate the disinterested candidates who join LIC for temporary advantage (an interim employment) and who continue getting fixed remuneration even if no substantial business contribution has been made for a long period. LIC of India needs to make every effort to make the apprenticeship and probation periods of its development officers an enjoyable learning opportunity and for the agency's long-term development in the real sense.

Challenges Related to Motivating Senior Development Officers

In the insurance market, the conversion rate of 'prospects to agents' is very low (nearly 25:1) and a development officer needs to contact several hundreds of people to identify suitable candidates with adequate skills to work as the agents. However, it is reported that many of the development officers are reluctant to go into the market. They recommend only those candidates who walk into the office enquiring about the availability of a job opportunity in the LIC.

In order to motivate its development officers, the LIC has launched an incentive scheme based on differentiated performance criteria. However, the scheme provides only a small incentive for the appointment of agents. There is no disincentive when agents leave for whatever reasons. The self-motivated development officers earn incentives on account of their excellent performance. Some of the development officers do not earn incentives over and above their regular remuneration as they seem to be satisfied with the same pay package – probably they have an earning spouse. Such officers do not apparently make any conscious efforts or conduct various activities or initiate any drives to attract the desired type of candidates towards agency profession and nurture them.

The responsibility or accountability of a class of executives cannot be assumed in any way, but it should be reflected in the rules in a concrete format. If one wants to bring in a change in the behaviour of the marketers, one needs to conduct an in-depth analysis of the present motivational framework and modify the stimuli, wherever necessary. The LIC needs to take a call on incorporating effective tools in the incentive scheme for development officers to ensure the expected outcome. There can be calculated positive strokes built-in for desirable performance and there must be some appropriate disincentives for negative performance, such as – no regular recruitments, agency terminations or low productivity of agents.

Training of Agency Supervisors

In order to ensure capability of the agents to work in dynamic financial markets with the complex insurance products, basically the competence of their supervisors needs to be enhanced. The agency supervisors need to be supported with robust training that would empower them to provide product knowledge, perseverance and confidence to their agents and the necessary expertise to handle joint calls with them.

The LIC needs to raise the efficiency bar, the standards and frequency of its skilling programs for the agency supervisors and also make their attendance compulsory. In this connection, the LIC needs to initiate the following with regard to its training of its agency supervisors:

- Arrange regular high-quality skilling-reskilling programs for the marketers. The relevance of the training content and its standard - together with the delivery - should be kept high by assigning the job to select officials having in-depth knowledge and training skills. Leading marketers like Development Officers, Senior Business Associates (SBAs), CLIAs and external marketing experts could be included as guest faculty.
- Simultaneously, it is necessary to create the awareness of the importance of training amongst the marketers and wherever required, to make the training mandatory. The attendance at regular trainings may be suitably linked to the basic benefits and incentives given to marketers.
- Design an attractive incentive scheme for the training 'Faculty' to attract the best academic talent into the training job profile.
- Enthuse the agency supervisors to regularly update their skills with demonstrative techniques like case study, role play, field survey and project-based group work.
- Provide standardized training and research material to the participants for further study.
- Analyse the post-training performance of trainees to track their growth and provide for further training, if required.
- Modernise the physical training infrastructure with suitable amenities and digital/networking facilities and strengthen them with people having a drive and passion to run the same in a professional manner.
- Periodically assess the competencies of all groups of marketers to ascertain their training requirements. Segment them depending on their performance and train them accordingly.

- Continuously track the market and get feedback from the agency supervisors to design and arrange regular training programmes with focus on the strategies of the competitors.
- Motivate and incentivize the agency supervisors to take external certification courses relevant to their work profile and requirement.
- Develop **pre-recorded online training modules** in tune with the changing market practices on select areas for the maximum benefit, flexibility and convenience of the agency supervisors.

The CLIA Channel

The 'Chief Life Insurance Advisor (CLIA)' channel has provided a way to the entrepreneurial senior agents to manage their own teams of agents and earn incentives. Yet, there is an overall feeling that CLIAs do not have the desired identity and prestige at the workplace and accessibility to customer data. This channel is relatively new and needs careful handling in branch offices to earn the benefits it is intended to bring.

LIC needs to take care of the specific training needs of CLIAs by arranging induction as well as special training programs for them on a regular basis to enhance knowledge and sharpen their marketing skills. The CLIAs also need to be supported to strike a balance between the maintenance of their individual club memberships and management of their own teams of agents.

Methods to Strengthen the Agency Force of LIC

Apart from strengthening of the cadre of Agency Supervisors, the agency force of LIC needs to be strengthened by increasing the number as well as the productivity of its agents. LIC also needs to take utmost care to retain its valuable agents.

To attract suitable candidates for agency, LIC need to do the following:

- Undertake planned efforts to enhance the social status and professional position of the individual agents of the LIC. The process can begin with change in the nomenclature of its "Life Insurance Agent" to a new-era name.
- Bring cultural change within to improve the self-esteem of its individual agents.
- Make the prospective agents aware of the income and the benefits they are entitled to.
- Focus more on unemployed individuals, retired persons and housewives to be appointed as full-time agents by conducting insurance awareness seminars at various suitable locations

- Undertake an aggressive marketing of the agency profession as an attractive option to supplement the family income for the people in the unorganized sector, part-timers, housewives and retired persons.
- Create an exclusive cell to attract HNI individuals to the agency profession.
- Introduce focussed products, differentiated servicing and special emphasis on speedy and effective communication through young agents to effectively connect with the high potential millennials who are motivated and more knowledgeable. To tap this important customer segment, empower the agency supervisors and encourage special innovative drives to attract and mould a large number of young agents.
- Redesign the “Career Agency Scheme” that is in place for the unemployed youth to provide financial support to them in their initial years at the agency. Probably, the high business targets set and the lack of ownership of career agents by the development officers owing to “restricted business credit” are the major limitations of the scheme.
- Design suitable intermediary model under the BMOs or the agency supervisors to penetrate further and improve the Banc-assurance business potential.

There is a need to look at the Agency vertical with a different perspective taking a cue from the other players. In mega cities, instead of following only the traditional way of managing agency operations under the development officers, **the LIC may segregate the three functions - ‘Agency Recruitment’, ‘Agency Training’ and ‘Business Procurement’.** These three segments can be handed over to three different sets of people who have the core expertise to handle exclusively the assigned functions with full focus and efficiency. LIC needs to seriously ‘think-out-of-the-box’ to revitalize a sustainable agency force at a faster pace in certain areas. This framework would enable the LIC generate a capacity to absorb big batches of candidates approaching the LIC after mega campaigns or mass recruitment drives (which is reported to be difficult for the agency-organization model under a development officer) as it would provide better monitoring, better retention and better productivity of agents.

To improve productivity of its agents, LIC needs to do the following:

- Train all the agents for “Need-based selling”, “Product combo-based selling” and “Repeat sales-based on Human Life Cycle” that would take care of their long-term commission earnings and would avoid mere “commission-focused push” of policies.

- Make the agents aware of all the benefits they are entitled to and the career progression in the first year itself. It is very much essential to monetarily motivate them and thus improve their productivity and ensure their retention.
- Segment the agents into different categories and keep the focus of activities accordingly.
- Incentivize the agency supervisors and the BMOs “differently” for their better performance and business growth of “different” category of agents.
- Design and ensure continuous “Need-based training and skilling” of agents.
- Ensure the regular monitoring of agents’ performance and build suitable nudge systems.
- Recognize the performance of agents collectively but encourage them individually.
- Maximize automation of the processes to help improve efficiency of pre-sales and post-sales servicing activities to provide better support to marketing functions and their quick delivery.
- Build a system to get continuous feedback from agents and work sincerely on their suggestions related to market competition, products, servicing support.
- Leverage cross-selling opportunities in ‘Composite Insurance Agency’ effectively.
- Re-design ‘Career Agency Scheme’ to produce consistent high performers.
- Assuage the apprehensions of development officers about switching of their highly productive agents to ‘agency supervisors’ category.

Retention of LIC Agents

The personality traits essential for agency profession cannot be defined accurately or identified exactly. Normally, the appointment of an agent is a process of “Trial and Error” to some extent even for the seasoned development officers. Often, the perceptions about an agent’s predicted performance gets proved wrong and they get terminated or vice-a-versa.

There are various reasons for attrition of LIC agents. It is reported that nearly 25% of newly appointed agents have been pressurized to join agency and they never report to the office. Nearly 25% of the agents do not accept the insurance-agency work whole-heartedly and if they are not nudged by their supervisors regularly, they opt to quit in the beginning itself.

Skewed and hasty selection of agents by PDOs and their non-confirmation in the job are also the major reasons behind the high level of attrition of agents.

The low awareness levels of the need for life insurance among the people in the society, availability of other lucrative job opportunities for agents, especially in big cities, absence of any tangible recognition of agents in the office in their early days at the agency, delay in customer servicing are also some of the reasons that lead to the early exit of agents. The agency dropouts also include: (i) candidates who join agency with the expectations of ‘high earnings without hard work’, (ii) youngsters with a “get-rich-overnight” mind-set, (iii) agents having differences of opinion with their supervisors and (iv) agents who are not trained early and adequately to work in the secondary market.

It is also reported that quite a few agents do not seem to be aware of the additional cash incentives they are eligible for, besides the commission they get under each of the policies they solicit and procure. Therefore, out of ignorance, although they could be capable of soliciting a greater number of policies, they tend to seek a secure and assured job elsewhere.

It is reported that the agents who join through ‘reference’ know the agency profession better and they tend to stick. But it is observed that chances of retention of the agents who join through advertisements in social media are less likely to continue as they are not clear about the agency profession. It is also observed that if an agency supervisor attempts to increase his/her agency team beyond a certain limit, some of the agents get terminated for want of support. It is also reported that recruiting a large number of individuals at a single time would result in attrition of many agents because all of them do not get the required attention and support from their supervisors.

It is opined that the pre-recruitment counselling and post-recruitment training provided by some agency supervisors to their agents do not fulfil the requirements. A few agency supervisors do not seem to have the necessary skills and knowledge to handhold and encourage their agents. Similarly, the agents do not seem to be trained in a professional manner by the organization in areas such as personality grooming, product knowledge and marketing skills. A few of the part-time agents do not attend the training sessions and briefings. They do not seem to be interested to skill themselves and gain confidence to solicit new business. If the agents are not provided the required training and the support to earn enough for their livelihood, in course of time, they would quit the agency and seek other types of jobs that could supplement their income.

Suggestions to Retain Agents

- Create a culture of respect and recognition in the LIC for all its individual agents.
- Create an awareness in the organisation about the contribution of agents and the importance of “Individual Agency Channel”
- Appoint competent agency supervisors and monitor them to ensure selection of agents not by the recruiters but “by the candidates themselves” as their personal choice of the agency profession.
- Strengthen the training system for agency supervisors to empower them to provide pre-appointment counselling and post-appointment guidance to their agents.
- Ensure capability of agency supervisors to handhold their agents and also prompt action.
- Segment prospective agents and develop suitability criteria like ‘Scorecard’ for selection.
- Educate the agents adequately at every stage about the noble mission of and culture at the LIC and about the benefits and growth opportunities available for them while working with LIC.
- Strengthen the in-house pre-appointment guidance and post-appointment training systems for agents with standardized contemporary course contents and ensure to appoint qualified and committed trainers to groom the agents to be competent and to motivate them to be proud to be an LIC agent.
- Make it mandatory for agents to attend induction and regular phase-wise training programs.
- Ensure that a system is in place that makes everyone understand the value of every new agent and make it mandatory for the agency supervisor to establish a positive and long-lasting ‘connect’ with him/ her.
- Establish a system to build and intensify an emotional connect and the engagement of an agent with the organization.
- Design a “Result-Oriented Benefit Framework” for agency supervisors and groom them to treat their agents well as co-workers. Establish a system of responsibility and accountability with effective incentives for them to monitor and review the performance of their agents.

- Support the growth of agents by sponsoring them for External Training Programs, encouraging them to attend certification courses, job-related training and groom them for higher benefits.
- Appoint at a time only manageable number of agents under one agency supervisor.
- Assist the agents to make the ‘life-cycle need-based’ and repeat sales to clients and ensure fair earning of commission and its continuation while achieving their business targets.
- Design and restructure products based on market feedback.
- Empower the agents digitally and analytically to be in tune with the changing technology, thereby to succeed in the highly competitive insurance market-environment through technically advanced intermediaries.
- Grade the present agents as well as terminated agents on various socio-economic, geographical, academic and business parameters and derive insights from their mapping.
- Ensure retention of customers and make efforts for persistency of policies through premium reminders, prompt and automated servicing support to customers.
- Provide promptly the necessary technical support in all offices to assist the agents to ensure prompt and proper customer service.

Training of LIC Agents: Right Knowledge, Right Skills and Right Attitude

The pre-appointment training of the prospective agents should not only focus on passing the agency examination, but it should lay a strong foundation to develop them into a competent professional Life Insurance Advisor. The post-appointment training needs to be robust, regular and an on-going system that supplies an army of competent advisors who involve themselves wholeheartedly in their profession.

Though LIC has a superior training infrastructure in place, to make it more effective, the following steps can be adopted to enhance its training mechanism for their agents:

- Devise a Standardised Induction Program for agents and make their attendance compulsory. Only a small part of the induction is to be decided by the local offices.
- Design a standardized, phase-wise, continuous post-recruitment training system for agents with mandatory assessment test at the end of each module.
- Motivate the agents to attend the training sessions and clear the tests with graded monetary incentive. The other benefits of agents, like bonus commission, club

memberships, etc., may also be linked to acquisition of knowledge (not mere attendance) imparted through training. The increased cost would be an investment necessary to reap the benefits of productive agency, in the long run.

- Enhance and strengthen the branch office training facilities.
- Simultaneously design systematic online training modules and encourage their use by agents. The pre-recorded online platforms should provide the selection and inclusion of the desired training topics, convenience of time and place to the agents to attend the training at ease. These modules can be used by any number of agents without incurring any extra cost. The offline mode of training may also be continued for some time.
- Segment the agents on the basis of age, qualification, gender, business performance, area of operation, etc., and arrange the training schedules accordingly.
- Select well-qualified faculty having excellent domain knowledge and aptitude for teaching/training. The inhibitions of the agents to discuss insurance with their family and relatives are to be overcome through counselling. Invite leading/experienced agents in the industry to impart practical marketing methods.
- Make the learning experience enjoyable for agents. The attention of the agents is required to be sustained continuously during the training programs.
- Conduct periodic post-training survey of the agents to get feedback and upgrade the training system and content.
- Sponsor agents also for suitable training programs at reputed external institutes.

Utilization of Product Basket of LIC

The product contents basket of an insurer is:

- a) to serve the financial needs of customers from all strata,
- b) to achieve the organizational goals of business,
- c) to withstand the competitive environment, and
- d) to fulfil the commission earning requirements of its intermediaries.

In order to achieve all these objectives, the LIC needs to develop its full range of products and offer a comprehensive portfolio what the individual customer needs and also design the training, compensation and motivational structure for its agency in tune with the product

offerings. Every agent also needs to be empowered to perform multiple-sales activities for their customers commensurate with the customer's aspirations and needs at different stages of his/her life. The incentive schemes for development officers may also be linked to all diversified products as a part of the business.

Relation between the Agents and LIC Staff

Though the relationship between the agents and the staff in the LIC offices is reported to be by and large cordial, nevertheless, there is a need to ensure that there is no severe strain in their relationship. Research has shown that to have good relations between two individuals (superior-subordinate and vice versa), there must be some common goals, frequent interactions and mutual respect between them.

The following are some suggestions to strengthen the relationship of the agents with the staff:

- Invite the administrative staff and the agents to a mutual discussion of the expectations from each other. Arrange regular joint meetings and also social gatherings of agents and staff.
- “Productivity Linked Lump-sum Incentive (PLLI)” is a very good initiative of LIC which can drive the staff members and the agents of a Unit to work together. It can be further explored and evolved in terms of changed/changing parameters and rewards.
- The senior administrative staff should applaud the performance of the best agents in suitable and imaginative ways.
- Activate the help-desk for agents.
- Appoint employees with PR capabilities and “a smile” to man the help desks and cash counters.
- Encourage and appropriately appreciate the staff who handhold the agents for their exceptionally high performances.
- Improve/solve the network and internet connectivity issues promptly at the operating offices.
- Ensure that the knowledge of agents regarding systems and procedures of LIC is up to date – right from filling up of proposal forms to providing support to the customers at every step – pre- and post-follow up procedures.
- Instil awareness amongst employees about the tough job of marketing and train them on products, specialized schemes (keyman, employer-employee) and keep them updated.

Among other steps, LIC needs to design a suitable incentive scheme for its Branch Marketing Officials (BMOs) to attract the best talent to the tough and challenging job of marketing. The ‘Minimum Business Guarantee (MBG)’ and ‘Eligibility for Renewal Commission (ERC)’ conditions of LIC are significant and geared towards productivity and retention of its agents and, hence, these conditions need periodical review with the changing market, employment and economic scenarios.

Conclusion

The tied agency has proved to be an effective way of marketing the various life insurance products in India and it has continued to be the highest income contributor for the Corporation. Unfortunately, the LIC has been facing the problem of huge turnover of its agents. Hence, the LIC needs to strengthen its cadre of Development Officers by selecting candidates who are committed to and capable of insurance marketing, by ensuring proper training and support, rescaling their business targets, and redesigning their incentive schemes. The LIC also needs to reinvigorate the CLIA channel and build innovative and aggressive agency distribution model for Banc-assurance.

In order to strengthen its agency channel, the LIC needs to put in ‘aggressive’ efforts to enhance the awareness about agency profession and its status in the society and also to improve the status-recognition of its agents within and outside the organization. The LIC needs to take innovative steps (‘out-of-the-box thinking’) to attract young and enthusiastic candidates for the agency, encourage the choice of agency profession ‘by’ the candidates themselves and improve their productivity and retention by ensuring their long-lasting loyalty, by appropriate skilling for need-based selling, and continuous handholding along with frequent doses of appreciation. The LIC also needs to keep armoured its agency channel with digital and analytical empowerment and hassle-free servicing support.

Reference

- Bajpai, G.N. & Navare, J. (1994), *The Marketing of Insurances: Strategies for Success*, Global Business Press, Delhi.

Web Resources for secondary data

- CMIE (2020), *Unemployment in India : A Statistical Profile*. Retrieved from <https://unemploymentinindia.cmie.com/kommon/bin/sr.php?kall=wstatmore> on 3rd March 2021.

- IRDAI Annual reports: Retrieved from https://www.irdai.gov.in/ADMINCMS/cms/frmGeneral_NoYearList.aspx?DF=AR&mid=11.1 on 11th February 2021.
- Life Insurance Council, 'Individual agents data,' Retrieved from <https://www.lifeinscouncil.org/industry%20information/IndividualAgentsData> on 11th June 2021.
- 'Public Disclosures for the Insurance Companies': Retrieved from : <https://www.niapune.org.in/research-and-publication/public-disclosure-for-the-insurance-industry> on 12th July 2021.

Bibliography

- Agrawal, A. (2015), "Sales Force Attrition Study in Indian Life Insurance Industry, Pacific Business Review International, Vol. 8, No. 2. Retrieved from http://www.pbr.co.in/2015/2015_month/August/12.pdf on 15th October 2020
- Batiza T. (2019), "Solving the Insurance Industry's Turnover Rate". Retrieved from <https://www.propertycasualty360.com> on 15th October 2020
- "Factors Affecting Life Insurance Agent Turnover (2011). Indonesia. Retrieved from <https://www.ukessays.com/essays/commerce/factors-affecting-life-insurance-agent-turn-over-commerce-essay.php> on 13th November 2020
- Kandelousi, N. & Seong N. (2011), "Retention of Generation Y's Insurance Agent: Mediating Role of Communication Satisfaction : An Empirical Study", Global Journal of Management and Business Research, Iran. Vol. 11, No. 6 (1.0). Retrieved from <https://journalofbusiness.org> on Nov. 13, 2020.
- Jose, T. (2017), "Why Insurance companies should power their insurance agents on Social Network. Retrieved from <http://www.amplispot.com> on 15th October 2020.
- "Life insurers had 2.27 million agents in FY20. How many will survive post Covid 19?" (2020), Retrieved from <https://www.moneycontrol.com/news/business/economy/life-insurers-had-2-27-million-agents-in-fy20-how-many-will-survive-post-covid-19-5274141.html> on 10th March 2021
- Majumdar, N. (2016), "Each Distribution Channel Has to Mature Professionally", IRDAI Journal, Vol. 14, No. 2. Retrieved from https://www.irdai.gov.in/ADMINCMS/cms/frmGeneral_Layout.aspx?page=PageNo2827&flag=1 on 15th October 2020.

- McKinsey & Company (2020), “How Insurance Can Prepare for the Next Distribution Model”, Retrieved from <https://www.mckinsey.com/industries/financial-services/our-insights/how-insurance-can-prepare-for-the-next-distribution-model> on 10 March 2021.
- Morgan Stanley – BCG. (2019), “India : Opportunity for Reinvigoration” Reinventing life insurance distribution globally”. Retrieved from <https://web-assets.bcg.com/8e/7d/3e8951374b418804337c459dbdaf/morgan-stanley-bcg-reinventing-life-insurance-agency-distribution-globally-march-2019.pdf> on 10th March 2021
- Pew Research Center Report (2019), “A Sampling of Public Opinion in India. Retrieved from <https://www.pewresearch.org/global/2019/03/25/a-sampling-of-public-opinion-in-india/> on 10th Oct 10, 2020
- Rasika, D.G.L. (2014), Evaluating the Factors Influencing the Retention of Insurance Agents: A case study on Life Insurance Industry in Sri Lanka”. Retrieved from https://www.researchgate.net/publication/329210050_Evaluating_the_factors_influencing_the_Retention_of_Insurance_Agents_A_case_study_on_Life_Insurance_Industry_in_Sri_Lanka on 10th October 2020
- Roy, N. & Shome, S. (2018), Attrition of Agents in Indian Life Insurance Companies”, Current Science. Retrieved from
- https://www.researchgate.net/publication/327154112_Attrition_of_agents_in_Indian_life_insurance_companies on Oct. 15. 2020.
- Shah, A. & Rochlani, A. (2016), “The Changing Face of Indian Insurance, FICCI–BCG,. Retrieved from <https://www.bcg.com/en-in/the-changing-face-of-indian-insurance-in-pursuit-of-profitable-and-sustainable-growth> on 2 December 2020.
- Sweeney, S. (2019), “Marketing Automation Can Help Build Lasting Relationships with Insurance Agents”. Retrieved from https://www.itapro-digital.org/itapro/january_february_2019/MobilePagedReplica.action?pm=2&folio=18#pg19 on Oct 12, 2020.
- “The Digital-First Life Insurance Agent: Enabling Human Interactions at Essential Customer Moments”. Retrieved from <https://www.the-digital-insurer.com>thought-leadership> on 5th October 2020
- Tusnial, D. (2019), “Life Insurance Agent: A Compelling Career Choice for Those with the Right Approach”. Retrieved from <https://www.entrepreneur.com/article/338258> (Accessed on Oct. 5, 2020)

