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**The efficacy and competitiveness of Agents in Indian Insurance Industry**

**Abstract**

The distribution of products and services is the foremost activities of all insurance companies wherein intermediaries have a momentous role to play in the success of their work performed. The performance of Life Insurance Industry depends how efficiently its distribution channels work. Historically in India, among numerous channels operating in insurance industry, it is the individual agent who is not only contributing in business but also assists in disseminating whatever services are at their disposal. Therefore, the present paper discusses the growth and performance, particularly with respect to individual agent channel The study has assessed the business performance in terms of number of policies issued and premium income underwritten by LIC and 19 private life insurers for the period of five years i.e. from 2018-19 to 2022-23. The overall spread of individual agents along with their productivity has been evaluated. To assess the growth and trend of individual agents performing in private and public insurers, descriptive statistics as well as compound annual growth rate through log linear regression model has been determined. The final word of the study highlighted that in life insurance industry wherein entire business has been pursued through individual agents as compared to other distribution channels operating in industry. The performance of other channels is showing growth but not as much as demonstrated by individual agent with respect to business generated. The findings of the study suggested that if emerging channels need to remain dynamic in the market structure and become more efficient in light of their performance, then they need to redesign their distribution courses of action in order to facilitate with the performance of established channel.

**Keywords**: Distribution Strategies, Individual Agents, Performance, Life Insurance, India.

**Life insurance industry- Indian scenario**

The insurance industry is **one of the massive** sectors of the economy and especially life insurance domain has set up the benchmark in its growth which is attained by the effectiveness of its distribution channels. The life insurance market in India is undergoing a lot of changes that has eventually led to marketing of alternative distribution channels. The strengthening of distribution network and implementing the formulated distribution strategies are considered the critical factors for the success of insurance industry (Bhat, 2005). Distribution channels or the Intermediaries are the market makers who match the needs of policyholders with insurers who can able to meet their requirements (Cummins and Doherty 2006). An intermediary acts as a mediator between buyer and seller who need to undertand the customer requirement and deliver the solutions available with him (Parekh 2011). Since the nationalization of Life Insurance sector in 1956 and opening up of the market by IRDA in 2000, there were only individual agents working as distribution channel with the industry (Banerjee 2004). But period after liberalisation and privatisation, several distribution channels namely corporate agents, brokers, bancassurance, direct marketing, web aggregator has emerged which have been increasingly consolidating their strengths in the Indian domain (Narayan 2008).

Scenario after Nationalization in 1956

Insurance Companies

Agents

Customers

Scenario after Privatization in 2000

Insurance Companies

Web Aggregator

Direct Selling

Broker

Banks

Corporate Agent

A

Individual Agent

C U S T O M E R

Source :

**Overview of the Distribution channels**

Distribution channels are considered essential constituent of life insurance domain. They are the chain of intermediaries through which a goods or service passes to end consumer.

According to Insurance Development Regulatory Authority (IRDA) an independent insurance agent sells insurance products on behalf of one insurance carrier and normally works from a small office. Under Sec.2(10) of the Insurance Act, 1938, an insurance agent means an agent licensed under section 42 who receives or agrees to receive payment by way of commission or other remuneration in consideration of his soliciting or procuring insurance business (Rao and Babu, 2013). Insurance, globally and in emerging markets depend upon the skills of the distributor. In India, historically it’s the individual agent who has been responsible for not just acquiring business but also in disseminating whatever services that was there at his disposal. This phenomenon greatly contributed to the growth of insurance industry (Narayan, 2008).Similar to an independent agent, a corporate agent sells insurance products for one insurance carrier. Corporate agents normally do not have public offices, relying instead on telemarketing and online sales efforts. They are regarded as employees of the insurance companies. Corporate agents represent one life and one non-life companies (Desk, 2013). The only difference between individual and corporate agent is that corporate agents are employees of the insurance companies who sell insurance products on behalf of the company itself (Sud, 2012). As an intermediary between the insurer and the insured, the agent ought to be a man of trust and confidence for both the parties (Awasthi, 2004). The insurance company appoints agents to canvass business creation based on the merits of the schemes, keeping in view the financial gains and security of life and material. He assists in marketing of its products and service and thereby procuring innovative ways to reach their customers widely. He has to conduct business in a transparent manner in the best interest of the insurer and the policyholders.

Bancassurance is synergy of banks and insurance company whereby insurance products and services are sold by banking networks. According to Chevalier et.al (2005) Anand and Murugaiah (2006), Majumdar (2010), Singaraju (2012), Pani and Swain (2013) stated that the channel is offering tremendous benefits to customers, insurers and bankers itself and it was regarded as forthcoming and successful channel in terms of its growth and productivity.

An insurance broker is an independent sales person or the company who works for the customer sells insurance products from multiple issuers. According to Radhakrishna (2006) broker is the only distribution channel which discovered the risk exposure needs of the consumers and playing versatile role in serving them the best product according to their needs and provides wide range of services (Cummins and Doherty 2006). The role of broker was gradually growing into the role of facilitator thereby ensuring fulfillment of the needs and requirements of insured (Sithapathy 2008)

Direct selling is the movement of goods and services from producers to consumers without intermediaries (Kotler and Keller 2006). These are the companies who sell insurance products/policies directly to consumer either through online or through phone. Dumm and Hoyt (2002) explained that channel with its successful performance provided various opportunities and benefits to its customers. It doesn’t mean the channel will target the customers only, is an important factor for most insurers also (Murali 2014).

**Literature Review**

**Viswanathan (2006)** observed that distribution channel was playing a vital role in significant growth of an insurance industry. Prior opening of insurance industry to private sector it was linked with only tied agency channel. But now the emphasis revolved around creating alternative channels like brokers, bancassurance, direct marketing, tele marketing, net marketing, worksite marketing. In the situation of rapid changes in Indian insurance industry, the customers had enjoyed diversity in products and services with multiplicity of distribution channels. With the result of transformation that took place, the value proposition of distribution channel had changed from product based to customer focused. The result of the study disclosed that in the pace of challenging environment, the customer’s perception lies at the centre and the ultimate rationale of success was matching the right segment of customer with right products at right time with right distribution channel.

**Lakshmikutty and Baskar (2006)** highlighted the prevalence of various distribution channels in Indian insurance and how these channels had been helpful in overcoming the problems and challenges faced by various companies. The scenario of Indian market tinted that among the various distribution channels, agents remained to be the primary channel of insurance. Both the public and private sector companies were finding their own ways to overcome the impediments and challenges faced by them from market perspectives. The study evaluated that composition of various channels should not be uniform but representative of market structure. The ultimate success of marketing of insurance channels depends upon matching the elements of market with the suitable segment of intermediaries and understanding the socio-cultural needs of targeted population.

**Majumdar (2010)** observed that distribution channels (tied agents, banks, corporate agents, direct marketing and referrals) had played significant role in enhancing insurance penetration. The individual and group business underwritten through various distribution channels in life insurance industry in the year 2008-09 was highlighted. The study disclosed that although tied agents had brought maximum business to the life insurance industry but bancassurance channel was regarded as upcoming channel in terms of its growth and productivity.

**Sud (2012)** highlighted the role and functions performed by agents in insurance market. Among the various distribution channels, agency channel was considered the most preferred source of customers for buying life insurance policy. Agent acted as the financial advisor to the customer who identify the needs and offer best solutions to them, provide qualitative advice, direct in taking right decisions. The study also highlighted the significant role played by regulator for the functioning of agency channel. For the benefit of customers, companies and agents itself it was desirable that agents should be properly trained and execute their work to the best.

**Rajeshwari and Christy (2012)** examined the performance of individual agents in Indian life insurance industry. The performance is measured with respect to the number of individual agents performing in the industry, individual business underwritten in terms of premium and policies by the agents. The study also evaluated slab wise performance of individual agents in various districts of Madurai division of south Tamil Nadu in the year 2008-09. The study showed remarkable performance of agents in the way to enhance insurance business, they should provide advisory services to build vast customer base.

**Chaudhary and Kiran (2011)** make an attempt to study Indian life insurance scenario in the light of various indicators like growth in total number of offices of life insurers, growth in number of individual agents working in life insurance industry, number of products and riders, growth of life insurance business and premium income have been analyzed. The study reported that life insurance industry has expanded tremendously in terms of number of offices, number of agents, new business policies, premium income, new products etc. Private life insurers used the new business channels of marketing to a great extent when compared with LIC.

**Objective and Research Methodology**

The paper discusses the growth and performance of individual agents in Indian life insurance industry. The study has assessed the business performance of individual agents in terms of number of policies issued and premium income underwritten by the public and private life insurers over the time period from 2018-19 to 2022-23. The overall spread of individual agents in life insurance was also highlighted. Along with, the productivity has been evaluated by transacting policies issued per number of agents and premium income per number of agents. To assess the growth and trend of individual agents performing in both private and public insurer’s compound annual growth rate has been determined through the following model.

Y= abt

After computing its log

Log Y = log a + t log b

CAGR% = antilog (log b-1) \*100

Where: Log Y= Parameter whose CAGR is calculated

 a = constant term

 t = time period

 Log b = Regression coefficient

**Analysis and Discussion**

The following table reveals the individual new business underwritten by 19 private insurers through agents in terms of policies issued from the year 2018-19 to 2022-23.

***Table I - Share of individual agents in total business with respect to Policies Issue: Private Insurers***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Private life insurers** | **2018-19** | **2019-20** | **2020-21** | **2021-22** | **2022-23** |
| AEGON RELIGARE | 31.77 | 41.15 | 38.29 | 41.08 | 29.71 |
| AVIVA | 61.86 | 42.17 |  41.24 | 35.16 | 34.46 |
| BAJAJ ALLIANZ | 52.23 | 41.95 | 44.96 | 52.58 | 63.59 |
| BHARTI AXA | 56.72 | 57.35 | 57.79 | 60.86 | 43.52 |
| BIRLA SUN LIFE | 84.52 | 39.89 | 52.49 | 53.81 | 59.87 |
| DLF PRAMERICA | 11.52 | 39.95 | 48.65 | 40.85 | 24.04 |
| FUTURE GENERALI | 78.26 | 37.43 | 30.00 | 48.68 | 33.59 |
| HDFC STANDARD | 60.07 | 69.65 | 54.35 | 41.06 | 36.52 |
| ICICI PRUDENTIAL | 50.47 | 48.90 | 45.52 | 36.49 | 28.79 |
| IDBI FORTIS | 38.90 | 30.01 | 31.20 | 27.52 | 21.71 |
| **ING VYSYA** | **78.83** | **68.20** | **68.17** | **77.87** | **66.42** |
| KOTAKMAHINDRA | 34.14 | 46.35 | 47.18 | 43.30 | 36.16 |
| MAX NEW YORK | 65.05 | 60.98 | 52.93 | 42.67 | 42.86 |
| MET LIFE | 47.07 | 46.19 | 62.13 | 45.15 | 33.91 |
| RELIANCE LIFE | 32.48 | 35.50 | 38.88 | 56.52 | 53.06 |
| **SAHARA** | **99.36** | **95.69** | **96.02** | **98.63** | **98.49** |
| SBI LIFE | 63.91 | 62.59 | 59.44 | 60.02 | 57.90 |
| SHRIRAM | 61.01 | 54.36 | 37.37 | 34.75 | 19.99 |
| **TATA** | **80.58** | **73.98** | **66.23** | **60.21** | **72.65** |

 Figures representing percentage share of individual agents in total business

 Source: Author’s Calculation

The value presented in the table gives the percentage share of business undertaken by individual agents in total business. The scenario of five years shows that among the private insurers SAHARA life insurer is doing approximately entire business through agents. TATA AIG and ING VYSYA insurer are undertaking about 60 to 70 per cent of its business through this channel. The picture is showing a mixed basket response of the agent contribution in total business. The AVIVA life insurer is undertaking 61.86 percent of business through agents in 2018-19 which sharply decreases to 34.46 percent till the year 2022-23. Also FUTURE Generali Life Insurer is performing 78.26percent of its business in 2018-19 through individual agent channel which steadily fall and reached to 33.59percent in 2022-23

**Table II Individual new business underwritten (policies issued): Insurer wise**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Life insurers** | **2018-19** | **2019-20** | **2020-21** | **2021-22** | **2022-23** | CAGR (per cent) |
| PRIVATE  | 56.16 | 48.42 | 47.65 | 48.12 | 39.68 | -6.76 |
| LIC | 97.60 | 98.06 | 98.06 | 98.10 | 95.86 | -0.40 |
| INDUSTRY  | 85.38 | 84.66 | 86.44 | 88.55 | 77.53 | -1.49 |

Figures representing percentage share of individual agents in total business

Source: Author’s Calculation

The ensuing table outlines the individual new business underwritten by 19 private insurers through agents in terms of premium income from the year 2018-19 to 2022-23.The business generated through agents is showing declining trend from 56.16percent to 39.68percent in case of private insurers resulting in negative growth of 6.76 percent. In case of LIC, agents contributed 97.60 percent of total business in the year 2018-19, and then after remaining constant it declines to 95.86percent in 2022-23 with a negative growth of 0.40percent. The agency channel remains the predominant channel working in industry (Parekh 2011). For a longer period insurance industry in India relied heavily on traditional agent distribution channel (Kumaraswamy 2012)

**Table III - Share of individual agents in total business with respect to Premium Income: Private Insurers**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Private LIFE INSURERS** | **2018-19** | **2019-20** | **2020-21** | **2021-22** | **2022-23** |
| AEGON RELIGARE | 24.54 | 36.25 | 36.14 | 45.87 | 36.40 |
| AVIVA | 45.00 | 41.04 | 43.93 | 45.37 | 43.62 |
| BAJAJ ALLIANZ | 61.47 | 55.79 | 54.93 | 66.06 | 76.15 |
| BHARTI AXA | 51.84 | 57.14 | 51.01 | 61.51 | 43.57 |
| **BIRLA SUN LIFE** | **65.93** | **61.00** | **67.41** | **63.64** | **63.22** |
| DLF PRAMERICA | 32.44 | 51.57 | 60.69 | 53.84 | 44.26 |
| FUTURE GENERALI | 76.78 | 44.77 | 45.90 | 46.09 | 43.05 |
| HDFC STANDARD | 47.77 | 45.49 | 30.82 | 20.06 | 16.61 |
| ICICI PRUDENTIAL | 56.70 | 50.83 | 42.55 | 45.09 | 35.90 |
| IDBI FORTIS | 18.22 | 23.35 | 23.77 | 21.34 | 20.63 |
| ING VYSYA | 71.41 | 57.16 | 61.71 | 65.73 | 65.19 |
| KOTAK MAHINDRA | 39.55 | 43.31 | 40.90 | 32.77 | 26.13 |
| MAX NEW YORK | 66.79 | 69.87 | 53.76 | 37.45 | 34.54 |
| MET LIFE | 36.64 | 37.79 | 59.11 | 45.27 | 29.65 |
| RELIANCE LIFE | 36.91 | 46.13 | 58.64 | 64.61 | 55.84 |
| **SAHARA** | **99.60** | **96.17** | **97.58** | **99.21** | **99.02** |
| SBI LIFE | 64.17 | 54.67 | 53.76 | 51.74 | 52.68 |
| SHRIRAM | 65.37 | 59.31 | 49.19 | 46.98 | 32.02 |
| **TATA AIA** | **71.31** | **75.36** | **71.07** | **64.99** | **66.31** |

\*Figures representing percentage share of individual agents in total business

\*Source: Annual reports of IRDA

The agents have traditionally been a major distribution channel for life insurers, contributing the maximum to individual business premium collections.

As it can be observed from table, showing the share of new business premium underwritten by private insurers. Sahara life insurer is acquiring almost of its business through agents channel. TATA AIA is undertaking 70 to 75 percent of its business through this channel in the year 2018-19 to 2020-21 accompanied by a slight downfall in recent years. Also Birla Sun Life is doing on account of 61 to 67 percent of its business through agents. The channel remained thriving among other private insurers Bajaj Allianz, ING VYSA, SBI Life also. However, the share of agents is considerably less among the few private sector insurers.

The subsequent table divulges the individual new business underwritten by life insurers and industry entirety through agents in terms of premium income for the period of five years

**Table IV - Share of individual agents in total business with respect to Premium Income**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **LIFE INSURERS** | **2018-19** | **2019-20** | **2020-21** | **2021-22** | **2022-23** | **CAGR** **(per cent)**  |
| PRIVATE  | 54.94 | 50.67 | 46.89 | 44.05 | 39.68 | -7.60 |
| LIC | 97.34 | 97.75 | 97.45 | 96.56 | 95.86 | -0.40 |
| INDUSTRY  | 79.57 | 79.61 | 78.95 | 78.69 | 77.53 | -0.60 |

\*Figures representing percentage share of individual agents in total business

\*Source: Annual reports of IRDA

Individual new business premium collected through the agency channel has fallen to 39.68 per cent in financial year 2022-23 as compared to 54.94 per cent with that of 2018-19 showing the negative growth rate -7.60 per cent. Also premium collected through the agency channel by public insurer LIC in financial year 2022-23 has decreased to 95.86 per cent in comparative to 97.34 per cent in the year 2018-19 resultant in negative growth of 0.40 per cent. Viewing the scenario of industry the agents are contributing 77 to 80 percent of business and which remain consistent over the period of time showing a negative growth of 0.60 percent which is negligible.

**Table V Spread of Individual Agents: Private Insurers**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **INSURER** | **2018-19** | **2019-20** | **2020-21** | **2021-22** | **2022-23** |
| AEGON RELIGARE | 2309 | 7617 | 10861 | 7313 | 4488 |
| AVIVA | 30838 | 32728 | 23219 | 19126 | 17470 |
| **BAJAJ ALLIANZ** | **204941** | **167741** | **189667** | **173146** | **148000** |
| BHARTI AXA | 28932 | 33011 | 15512 | 14842 | 13269 |
| BIRLA SUN LIFE | 164363 | 168124 | 144573 | 131297 | 106823 |
| DLF PRAMERICA | 113 | 2115 | 5199 | 7122 | 5487 |
| FUTURE GENERALI | 24437 | 42613 | 52666 | 41281 | 27437 |
| HDFC STANDARD | 207741 | 199522 | 142238 | 106259 | 77503 |
| **ICICI PRUDENTIAL** | **276929** | **211169** | **176076** | **131220** | **147547** |
| IDBI FEDERAL | 6509 | 7737 | 7882 | 7400 | 8531 |
| ING VYSYA | 76058 | 53273 | 34957 | 29396 | 28528 |
| KOTAK MAHINDRA | 42083 | 35897 | 38269 | 31297 | 33740 |
| MAX LIFE | 78287 | 64645 | 40065 | 35368 | 35384 |
| MET LIFE | 60727 | 63300 | 28840 | 29418 | 24114 |
| **RELIANCE LIFE** | **149613** | **195565** | **189433** | **150590** | **124038** |
| SAHARA | 13515 | 13856 | 14180 | 14578 | 11016 |
| SBI LIFE | 43534 | 23753 | 33353 | 30514 | 94138 |
| SHRIRAM | 19759 | 21554 | 10139 | 6380 | 5351 |
| TATA AIA | 107670 | 151557 | 87223 | 46948 | 29361 |

Source: Annual reports of IRDA

The following table shows the number of individual agents spread among all private insurers’ public insurer and industry as a whole. There are about two dozen players in the Indian life insurance market, where competition has intensified and some significant regulatory changes have also taken place in the recent past.

**Table VI Spread of Individual Agents: Insurer -Wise**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **INSURER** | **2018-19** | **2019-20** | **2020-21** | **2021-22** | **2022-23** | **CAGR** **(per cent)** |
| PRIVATE  | 1538358 | 1495846 | 1244776 | 1016528 | 949774 | -12.63 |
| LIC | 1344856 | 1402807 | 1337064 | 1278234 | 1172983 | -3.63 |
| INDUSTRY TOTAL | 2883214 | 2898653 | 2581840 | 2294762 | 2122757 |  -8.15 |

Source: Annual reports of IRDA

The table shows the number of individual agents recruited by both LIC and private insurers. The total number of agents in insurance industry is 2883214 in year 2018-19 which steadily fall to 2122757 in the year 2022-23 with the negative growth 8.15percent. The individual agents in private insurers are 1538358 in year 2018-19 which falls to 949774 in 2022-23with a negative growth of -12.63 percent. A primary reason for decline in the number of agents is due to stringent guidelines and regulations of IRDA regarding educational qualifications, mandatory training hours and certification. Also the agents are restricted to work with only one insurance company (Chatley 2012). Viewing the scenario of LIC which is oldest life insurer in India which has been working only through individual agents recruited 1344856 agents in 2018-19 which fall to 1172983 in year 2022-23

The scenario was worse for private life insurers as compared to Life Insurance Corporation of India (LIC).

**Productivity of agents**

According to IRDA As on 2010 there were about 2.98 million agents registered with life insurers, of which LIC of India had about 1.4 million and the private companies had about 1.57 million. Five years ago, on March 2006, there were only about 1.42 million agents. The number has thus doubled in a space of five years, and for the private companies, it has risen by over 4.2 times during the same period. According to the BCG report, despite interventions by insurance companies over the past two to three years, the average productivity of agency managers has not seen enough increase and it continues to track around 40 to 50 per cent lower than the levels required for the channel to break even. According a survey by McKinsey 2013, agents in India appear to spend time unproductively, with 66 per cent of that spent in non-selling activities and over 50 per cent of total agents failing to meet minimum standards. Since then, life insurers – especially the older established players – have significantly reduced agent capacity

Table VII Productivity of Individual Agents: Private Insurers

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2018-19** | **2019-20** | **2020-21** | **2021-22** | **2022-23** |
| Private insurers | **a.** | **b.** | **a.** | **b.** | **a.** | **b.** | **a.** | **b.** | **a.** | **b.** |
| AEGON RELIGARE | 3.25 | 0.33 | 2.69 | 0.72 | 3.29 | 0.86 | 4.46 | 1.30 | 4.26 | 1.05 |
| AVIVA | 7.51 | 1.02 | 3.09 | 0.93 | 3.39 | 1.26 | 3.31 | 1.25 | 2.76 | 1.07 |
| BAJA ALLIANZ | 6.60 | 1.26 | 5.58 | 1.29 | 3.66 | 0.75 | 3.20 | 0.69 | 3.14 | 0.78 |
| BHARTI AXA | 4.15 | 0.50 | 3.11 | 0.71 | 6.27 | 1.07 | 4.03 | 0.82 | 3.27 | 0.71 |
| BIRLA SUN LIFE | 7.11 | 0.97 | 4.20 | 0.83 | 3.65 | 0.77 | 3.47 | 0.61 | 3.13 | 0.62 |
| DLF PRAMERICA | 2.83 | 0.96 | 3.68 | 0.91 | 3.45 | 0.86 | 4.01 | 0.78 | 4.49 | 1.11 |
| FUTURE GENERALI | 3.32 | 0.43 | 2.95 | 0.48 | 1.79 | 0.36 | 1.98 | 0.34 | 1.39 | 0.28 |
| HDFC STANDARD | 3.11 | 0.56 | 3.32 | 0.63 | 3.17 | 0.76 | 3.15 | 0.55 | 4.83 | 0.71 |
| ICICI PRUDENTIAL | 4.81 | 1.10 | 4.08 | 1.25 | 3.49 | 1.31 | 2.86 | 1.05 | 1.87 | 0.83 |
| IDBI FEDERAL | 5.02 | 0.89 | 3.75 | 1.21 | 4.29 | 1.31 | 3.15 | 0.84 | 3.10 | 0.76 |
| ING VYSYA | 3.71 | 0.62 | 3.72 | 0.68 | 5.35 | 1.15 | 6.19 | 1.42 | 4.76 | 1.46 |
| KOTAK MAHINDRA | 4.02 | 1.12 | 4.13 | 1.34 | 3.19 | 1.03 | 2.87 | 0.85 | 1.82 | 0.53 |
| MAX LIFE | 10.03 | 1.55 | 8.98 | 1.90 | 10.78 | 2.60 | 6.89 | 1.81 | 6.11 | 1.68 |
| MET LIFE | 2.54 | 0.65 | 2.13 | 0.56 | 4.29 | 1.30 | 3.11 | 1.24 | 2.98 | 0.90 |
| RELIANCE LIFE | 4.82 | 0.82 | 4.22 | 0.80 | 3.90 | 0.82 | 4.10 | 0.60 | 3.26 | 0.50 |
| SAHARA | 8.13 | 0.96 | 5.80 | 0.74 | 4.71 | 0.63 | 4.80 | 0.48 | 5.80 | 0.55 |
| SBI LIFE | 13.76 | 4.95 | 35.66 | 10.35 | 16.75 | 7.72 | 17.34 | 5.67 | 5.47 | 1.57 |
| SHRIRAM | 3.91 | 1.04 | 3.51 | 1.05 | 4.45 | 2.33 | 7.09 | 2.27 | 5.73 | 1.73 |
| TATA AIA | 5.22 | 0.66 | 3.36 | 0.56 | 4.20 | 0.91 | 3.55 | 1.00 | 3.73 | 0.75 |

Table VIII Productivity of Individual Agents: Insurers Wise

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2018-19** | **2019-20** | **2020-21** | **2021-22** | **2022-23** |
|  | **PL** | **PR** | **PL** | **PR** | **PL** | **PR** | **PL** | **PR** | **PL** | **PR** |
| PRIVATE TOTAL | 5.48 | 1.04 | 4.65 | 1.07 | 4.25 | 1.15 | 3.99 | 0.95 | 3.47 | 0.85 |
| LIC | 26.05 | 2.92 | 27.15 | 3.51 | 27.15 | 3.84 | 27.42 | 3.23 | 30.76 | 3.43 |
| INDUSTRY TOTAL | 15.07 | 1.92 | 15.54 | 2.25 | 16.11 | 2.54 | 17.04 | 2.22 | 18.55 | 2.27 |

Note: PL- Policies per No. of Agents, PR- Premium per No. of Agents

Authors Calculation

For the industry as whole it has increased from an average of 15.07 policies per agent to about 18.55 policies per agent during last five years. Premium per agent has similarly enhanced from about 1.92 to 2.27 lakhs. We must also note the figures for each company. The figure for LIC of India for 2018-19 was about 26.05 policies for about 2.92 lakhs premium per agent. The corresponding figure for the private sector companies as a whole was just 5.48 policies per agent for a premium of about 1.04 lakhs.

**Conclusion**

The Indian insurance industry relies heavily on the traditional agency distribution channel, with a large number of agents of varying levels of professionalism and productivity. To affect a good quality of life insurance sale, an agent must be equipped with technical aspects of insuranceknowledge, he must possess analytical ability to analyse human needs, he must be abreast with up to date knowledge of merits or demerits of other instruments of investment available in the financial market, he must be endowed with a burning desire of social service and must have a determination to succeed as a life insurance salesman. (Banerjee, 2004) A life insurance agent in India is usually a canvassing agent Irrespective of the distribution channels; value is driven by improving the following factors: Channel capacity, Productivity, Average case size, Product margin. There is thus scope for developing alternative distribution channels, which are often more efficient, and which can offer lower costs and better benefits for policyholders. We need to develop alternative distribution channels, which cost less, and can reach a wider target market. The insurance industry in India experienced substantial growth in the numbers of agents working, life insurance premium and the number of policies after the opening of the industry to private players (kumaraswamy 2012). A marginal increase of any of these indicators will have a significant impact on your channel profitability. To conclude, the best distribution channel is the one who learns to study customer need first and the policies next (Jain 2011). It is rightly said by President of New York Life Insurance Company that a company without agents was akin to a church without preachers.

Similarly, there is a need to evaluate key roles. Should the agency managers play more of a managerial role or a sales role? How can these managers strike the right balance as ‘player player– coach’? Branch managers have typically focused only on volumes — but there is a clear need to build a value and margin focus while evaluating performance at the branch level,” said the report.

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