

VIVEKANANDA COLLEGE
(Empowered Autonomous)

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INSURANCE

B.COM. PART 1
SEMESTER 1ST

Duties and Functions of Insurance Agent in India

An insurance agent is a representative of a particular insurance company selling its insurance policies and related products. Apart from selling the products of the company, an agent also helps in improving the brand image of the company. An agent receives in-house training from the company itself, and he/she has to obtain a license as part of the regulations put forth by [IRDAI Insurance License](#). This piece of writing talks about the duties and functions of an insurance agent in India.

Who Is An Insurance Agent In India?

An insurance agent is the representative of the insurance company, i.e. the insurer. According to section 42 of the **Insurance Act, 1938**^[1], an insurance agent is a licensed person who receives or agrees to receive payment commission or remuneration in consideration for soliciting or procuring business and includes business related to the continuance, renewal or revival of policies of insurance. In other words, an insurance agent in India is a person who agrees to work for the insurer in exchange for remuneration or commission. Such an agent promotes the products and services offered by the insurer.

Key Functions Of An Insurance Agent In India

Following are the key functions of an insurance agent in India:

1. **Soliciting and procuring new business:** from the above definition of the insurance agent provided under the Act, it can be easily concluded that the primary function of an insurance agent is to solicit prospective clients and procure new business. The agent should make efforts to get new insurance proposals.

- Conserve the existing business:** In addition to procuring new business, an insurance agent in India must also ensure that the existing customers continue with the policies of the company he represents and prevents them from lapsing on account of default in payment of premium.

- **Assistance in selection of the best suitable policy:** An insurance agent, though representing a particular company only, should guide the prospective client in selecting the best possible policy according to the requirements of the client.
- **Enquire into the client's details:** An insurance agent is supposed to enquire into all the necessary details of the client with a view to assess the extent of risk and to assist the client in taking a claim accordingly.
- **Assuring the date of birth and other related medical information:** An insurance agent should always assure himself of all the necessary medical information related to the client, including the date of birth of the insured, so that no technical complications arise in future with respect to the settlement of claims. It further helps in the future settlement of policies.
- **Ensure that the policyholder averts instances of default:** it is also the duty of the insurance agent in India to remind the policyholder about the due date of making payment on his premium and prevent the instances of default in payment of premiums. This helps to avoid the applicable penalties for late payments.
- **Preventing the policy from lapsing:** An insurance agent should inform and remind the policyholder of all the possible disadvantages that may accrue to the policyholder on account of the lapse of an insurance policy.
- **Remind the insured about the importance of the nominee:** An important duty on the part of an insurance agent is to inform the policyholder about the need to appoint a nominee in his policy. The appointment of a nominee helps in the future settlement of policies without any ambiguity.
- **Preparation of the required documentation:** An insurance agent is required to guide and assist the prospective client in the preparation of the necessary documentation for the required policy, such as birth certificate, medical certificate, major injuries etc.

Important Duties Of An Insurance Agent In India

Some of the important duties to be executed by an insurance agent in India include the following are:

1. An insurance agent must properly inform the prospective buyer of the insurance policy about all its terms and conditions in great detail so as to avoid misrepresentation, and both the policyholder and agent are on the same page.
2. It is also the duty of the agent to suggest the best possible policy to the client on the [basis](#) of their needs and requirements.
3. An insurance agent is supposed to introduce himself as an insurance agent and show the identity card when demanded by the client.
4. The insurance agent is supposed to tell the client about the applicable rate of commission that agent will gain for selling the policy.
5. The agent is supposed to explain the details of the insurance application form to the client.
6. The agent is to make the client aware of the instances where the insurance agency can refuse the insurance application.
7. The insurance bond is bound to comply with the rules and regulations for insurance agents laid down by the Insurance Regulatory and Development Authority of India.
8. The client should be provided with the insurance bond within a period of 45 days.

Conclusion

From the above discussion, it can be concluded that an insurance agent in India has in-depth knowledge of all the products of the company, and for selling the products, he gets more commission from the insurance broker. Their sphere of services is limited to providing products of only the company they represent, and as a result, they are able to serve a limited clientele.

This makes their service even more personalized.



THANK YOU

