



STEPS TO SUCCESS

IN SELLING LIFE INSURANCE



भारतीय जीवन बीमा निगम
LIFE INSURANCE CORPORATION OF INDIA

**A SIMPLE and MODEST projection of earning of an agent during 15 years, if he/she brings
FIRST YEAR PREMIUM of only Rs. 5 lac per year**

S. No.	Year No.	First Premium (Rs.)	Total commission earning (Rs.)	Remarks (In view of sales of different types of plans, single premium plans and a bit of lapsation, FP commission only @20%, 2nd year & 3rd year commission only @ 6% and renewal commission only @4% only have been assumed. This is a very simplistic projection to enable new agents to see a career in their agency-work! Agents should work out their own projections, as per their sales pattern and future plans.)
1	YEAR 1	500000	100000	FP commission (FPC) @average rate of 20% on total first-year premium of Rs. 5 lac
2	YEAR 2	500000	125000	FPC @average rate of 20% on total first-year premium of Rs. 5 lac + 2nd year commission @6% on 1
3	YEAR 3	500000	150000	FPC @average rate of 20% on total first-year premium of Rs. 5 lac + 2nd year commission @6% on 2 + 3rd year commission @6% on 1 and 2
4	YEAR 4	500000	170000	FPC @average rate of 20% on total first-year premium of Rs. 5 lac + 2nd year commission @6% on 3 + 3rd year commission @6% on 2 + RC @4% on 1
5	YEAR 5	500000	190000	FPC @average rate of 20% on total first-year premium of Rs. 5 lac + 2nd year commission @6% on 4 + 3rd year commission @6% on 3 + RC @4% on 1 and 2
6	YEAR 6	500000	210000	FPC @average rate of 20% on total first-year premium of Rs. 5 lac + 2nd year commission @6% on 5 + 3rd year commission @6% on 4 + RC @4% on 1, 2, and 3
7	YEAR 7	500000	230000	FPC @average rate of 20% on total first-year premium of Rs. 5 lac + 2nd year commission @6% on 6 + 3rd year commission @6% on 5 + RC @4% on 1, 2, 3, and 4
8	YEAR 8	500000	250000	FPC @average rate of 20% on total first-year premium of Rs. 5 lac + 2nd year commission @6% on 7 + 3rd year commission @6% on 6 + RC @4% on 1, 2, 3, 4 and 5

(Contd... Cover page 3)

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7 STEPS TO SUCCESS

IN SELLING LIFE INSURANCE

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Life Insurance Corporation of India

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Foreword

Though our organisation has, many decades ago, changed focus from SALES to MARKETING, sales-activity is the most important fact of the whole marketing approach. Selling life insurance has been considered to be the most challenging sales-job; therefore, familiarizing oneself about the gamut of the sales-job is of greatest importance to agents. It has been seen that before becoming successful, most of the agents spend many years learning the nuances of the job.

Every profession has secrets of success extracted from the past experience - life insurance is a few hundred years old now. Unfortunately, no book is easily available on the subject in our country. Further, much more than ever in the past in our country, life insurance selling has become a fruitful profession drawing more people in to its fold. However, the nature of the job has become more demanding (and, of course, more rewarding) owing to regulatory changes, competition, upsurge in economy, globalisation and communication-revolution. Today, customer is more demanding and has a greater capacity and need to buy life-insurance.

Passion and hard-work are the pre-requisites for success in this job; however, beyond a limited range, planning, knowledge and technique are compulsory for success. Therefore, this booklet is meant to be every LIC agent's companion – a guide regarding code of conduct, planning, prospecting, handling objections, keeping ambitious targets, sales-talk, closing of sales, maintenance of records, writing effective emails, telephone etiquette, et el.

This publication, along with **Manual for Agents (part-I and part-II)**, **Prospecting Guide** and **Book of Data Sheets** being published separately, is expected to help our new and veteran agents achieve success and contribute to stability of the Corporation.

dt. 26-12-2011

D.K.Mehrotra

Preface

This book is being published as part of the **BACK to BASIC** strategy. Over the years life insurance industry has undergone deep changes. Today a life insurance agent is supposed to harness advantages of technological advancement for faster communication, he / she has access to a vast storage of information and is supposed to be aware of regulatory and other guidelines. **However**, the basics of the profession remain the same.

Life insurance is a mature industry now; therefore, maturity of salesman in the sphere is easily desirable. For being successful, an agent has to follow certain steps consistently and assiduously; hard work, of course is the pre-requisite along with passion for the work. These steps have been explained here for the benefit of our agents, both new and veteran.

If practiced sincerely, consistently and passionately, these steps are sure to make a successful agent. More than ever earlier, life insurance selling has become more challenging in view of competition, rising expectation of customer and regulatory requirements; however, the scope of success for the professional agent has widened in great measures because of growth of economy and advent of a large segment of insurable population.

I place on record the formidable work done by Mr MML Verma, Chief (SBA) in preparing **AGENT's KIT** (comprising of **Manual for Agents (Part-I and II)**, the present book, **Prospecting Guide** and **Book of Data Sheets**).

This book as part of **AGENT's KIT** is expected to guide our agents in their ambitious journey for success.

S. Roy Chowdhury

Executive Director

(Marketing / Product Development)

26.12.2011

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SECTION I

SEVEN STEPS TO ACHIEVE SUCCESS

STEP - 1

Know the nature of your work, responsibilities and your code of conduct

The success of an agent depends upon his knowledge of what LIC is, what it does and how it can meet the basic needs of the individual, its family and the nation as a whole. And hence as an agent, you must know:

- i) The nature of your work,
- ii) Your responsibility and
- iii) Your code of conduct

For a successful insurance sales career, a person has to have a thorough knowledge of life insurance philosophy and its outstanding advantages.

1. What is life insurance ?

Life insurance is basically a contract providing for payment of a sum of money to the person assured or, failing him, to the person entitled to receive the same, on the happening of a certain event, i.e. completion of a period or expiry of the person assured.

2. The outstanding advantages of life insurance :

- a) Life insurance is superior to an ordinary savings plan, unlike other savings plans, where only the accumulated savings are available. It affords full protection against risk of death. Even if a person expires after payment of one or a few premiums, the full sum assured which may be many times the amount paid to the Corporation, is paid to the nominee/ estate of the life assured.
- b) Life insurance encourages and forces thrift. Payment of life insurance premium brings about compulsory savings.
- c) Easy settlement and protection against creditors. The proceeds of a life insurance policy can be protected against the claims of the creditors of the life assured by effecting a valid assignment of the policy.

- d) Administering the legacy for beneficiaries.
- e) Ready marketability and suitability for quick borrowing : If the policyholder finds himself in economic crisis he can under certain conditions take loan against the payments made. In extreme cases finding unable to continue payment of premiums he can surrender the policy for a cash sum. A life insurance policy is acceptable as security for a commercial loan.
- f) Tax relief:

The Income Tax Act allows deduction from income of individuals or HUFs which is diverted to payment of insurance premiums, as per rules.



Your work as a life insurance agent will be to :

1. secure names of people who are likely to need life insurance
2. meet those people at times convenient to them and during the interview, uncover their insurance needs.
3. awaken them to their needs and present life insurance plans that will satisfy these needs within their capacity to pay the premium.
4. make all reasonable enquiries regarding their health, habits, family history, moral hazard etc. and satisfy yourself about their insurability before recommending their proposals.

Your responsibility as an Agent will be to :

1. get the proposal form properly filled in by the proposer, get payment towards proposal deposit and get medical and other tests, whenever needed, properly completed,
2. ensure that premiums are paid regularly by the policyholder.
3. see that age of the life assured is admitted in all policies.
4. advise and help policyholders in effecting nomination/ assignment
5. try to prevent lapsation of policies
6. render all assistance to policyholders in effecting change of address, to revive their policies, to claimants in complying with all the requirements for settlement of claims.

Your code of conduct should be :

1. to fully realise the noble service rendered by life insurance and hold this business in high esteem.
2. to give correct information about physical and financial aspects of the proposer, as the grass root level under-writer,
3. to work consistently and according to a programme with the aim of extending the benefits of life insurance to as many people as possible.
4. to strictly adhere to the rules and regulations of LIC and IRDA and procure proposals only on lives of. people conforming to the physical, moral and financial standards prescribed by the Corporation and IRDA.
5. to use only the right methods for persuading clients to provide financial security for their families and make accurate and truthful presentation to them.
6. to keep the client's interest uppermost and hold in trust all personal information passed on to you.
7. improve your knowledge of life insurance through constant study.
8. render prompt and sincere service to your clients and be fair in your relations with colleagues.
9. be loyal to the Corporation and truly represent its viewpoint to the insuring public.
10. comply with guidelines issued by Insurance Regulatory and Development Authority (IRDA).

Some Covetable Habits which make for success :

Without hard work, success is impossible. But unless work is a habit, it will be a drudgery which, in the case of life insurance salesman, usually results in failure.

1. Work diligently and persistently towards a reasonable and definite objective (serving society while simultaneously being compensated)
2. Plan tomorrow's work today; do today what was planned yesterday.
3. Make as many contacts as possible with the right kind of people.
4. Find out as much as possible about people, study and analyse your market.
5. Be prompt in starting work and going into the market every morning.
6. Keep full records.
7. Do the most difficult job **first** each day.
8. Spend maximum time with prospects.
9. Have a skilled and effective presentation.
10. Follow a programme of continuous self-improvement and improve your image.

STEP - 2

Know the Attractions of Life Insurance Agency as a Profession

1. You are very fortunate in having an occupation which does not require a sacrifice of income and yet render such great social service that you can be proud of. The capital required of you consists chiefly of your time and effort.
2. In life insurance unlike most professions, you can earn while you learn, where there is an absence of money spent (outgo) for the cost of training.
3. This is a business in which you are your own boss-you don't have to wait for business to come to you, but you can go out after business and develop a clientele of the type you wish. You run your own business - plan your day's activities, and schedule your own working hours.

4. You are given free training by your Development Officer. We have also arrangements for giving further training at each Divisional Training Center (DTC) in each Division, Sales Training Centres and 8 Zonal Training Centres for in-house training. We also impart training to agents at external training institutes and if you possess the ability of applying life insurance knowledge to solving peoples' problems of life and living, you emerge as a successful insurance consultant. You are also given the benefit of guidance and personal help of a supervisor to tackle difficult cases and constantly increase your efficiency.
5. Competitions and motivational meetings will help you to overcome depressions, to develop self-confidence and continually reach new heights.

No restrictions

6. In life insurance business, age is no barrier to success.
7. In life insurance, you are never too old to earn. A long earning span is possible, i.e. no forced retirement.
8. No seniority rules to restrict your promotion. Life insurance offers an independent life-long career.
9. There is no salary ceiling, The more able you are, the more you can earn. In life insurance selling, you get a direct return for your efforts.



Life Insurance Business - a satisfying career

It's a friendly business - you turn strangers into acquaintances and acquaintances into friends. Life really begins with meeting people.

They welcome you as a family well-wisher, taking you into confidence on personal affairs where it is necessary for you to give professional judgement as to the type of provision which only life insurance can guarantee.

You gain immense satisfaction by helping people in ensuring their future financial security. You contribute much to society by bringing peace of mind to those whom you insure. By doing this you gain prestige in your community. **There is a big world out there and there are unlimited opportunities.** Remember that if you are just holding your own, other people are passing you by.

Working as a financial counsellor, you are trusted as a guide and friend. If you impress upon people that they will not make a loss by dealing with you, you will thrive.

STEP - 3

Life insurance agency is a unique career - it is monetarily rewarding and soul satisfying too

The commodity that a life insurance agent sells is unique - you sell and service financial security and hence the pattern of remuneration for the same is also unique.

Life insurance profession is the “**best paid hard work**”. The harder you work the more commission you get.

Moreover the sale of life insurance gives repeated commission payments for one sale and what is more, they continue even after the agent resigns or dies - provided he has the required business in force as per rules.

1. First Commission on sales :

Under standard tables and terms (e.g. Table 14 for a term of 20 years) you are paid 1st year's commission of 25% of the first year's premium paid by the policy holders.

2. Bonus Commission :

You are entitled to bonus commission at the rate of 40% of the eligible first year commission provided you fulfil certain requirements as to total first year's premium secured and number of lives you have insured in your agency-year.

3. Renewal Commission :

From the sale of most commodities, the salesman gets only one commission at the time of sale whereas under the type of compensation paid by the Corporation the agent receives not only a liberal **first year commission**, but in addition, renewal commissions for several years.

The agent is paid 7.5 per cent of the amount paid by the policy holders (under standard tables and terms) as the second as well as the third year's premiums and continues to be paid renewal commission of 5% on every year's premium paid from the fourth year onwards. Renewal commission is payable on renewal premium. Hence, you should ensure that your client keeps the policy in force. If you remind him to pay premiums, you will be rendering a good service to him. *(Please see Annexure 1)*

4. Increasing Income:

With the above recurring income-feature of the insurance compensation your income goes on steadily increasing every year. Each succeeding year's new sales add to the renewal commission on the previous year's business. Your renewal commission will grow faster every year, if with increasing expertise, you do more and more business as years roll by.

5. Guaranteed Income :

In the event of termination of agency because of non-performance, any time after five agency years but before completion of 10 agency years, the renewal commission continues to be payable provided you had nominal business of at least Rs. 2 lakhs in force one year before cessation of agency. This condition is waived in the event of cessation after the agent has worked for ten years or more.

6. Hereditary Commission :

In case of agent's death while his agency subsists, after agency was **in force for two years or over**, renewal commission will continue to be payable to his heirs or nominee provided there was a business of not less than Rs. 1 lakh in force at the time of death.

7. Retirement Benefit :

Gratuity upto a maximum of Rs. 2,00,000/- is payable under Schedule VI of the (Agents) Rules, 1972 provided the agent has completed the business guarantee for at least 15 years called as "qualifying years". The total amount of gratuity payable depends upon the total number of qualifying years and the amount of renewal

commission he earned in the “qualifying years” out of the last 15 years of agency. Gratuity is payable at age 60/65 or on resignation or termination for any reason other than an excepted reason, subject to fulfilment of the above condition. Gratuity is also payable on death while agency is subsisting and the amount depends on the number of “qualifying years” completed and the renewal commission earned in the “qualifying years”.

8. Term Insurance - free family protection :

Free term insurance ranging from Rs. 3000/- to Rs. 10,000/- is payable under Schedule VI of the (Agents) Rules, 1972 in the event of death of a confirmed agent before age 60 provided among other conditions :

- (a) he was appointed before age 50
 - (b) he has completed at least 3 “qualifying years”
 - (c) his agency was in force on the date of death, and
 - (a) he holds an insurance policy (other than a temporary insurance policy) for at least Rs. 5,000/- at the time of death.
9. A) Corporation also provides Group Insurance to its agents as following -

Category	Duration of Agency	Cover (Rs.)	Premium (Rs. p.a.)
I	1 up to 3 years	50,000	150/-
II	> 3 to 5 years	1,00,000	300/-
III	> 5 to 10 years	3,00,000	900/-
IV	More than 10 years	5,00,000	1500/-

- B) Group Superannuation Cash Accumulation Pension Scheme - “SAMVARDHAN” is also available to our agents as a contribution scheme.

STEP - 4

Adequate knowledge and selling skills are the foundations of long term success. Knowledge is power.

One of the objectives of the Corporation is to involve all people working in the Corporation to the best of their ability in furthering

the interests of the insuring public to provide efficient service with courtesy. Training inter-alia is an essential support to achieve this objective.

Keeping this in view, to enable our agents to be equipped with thorough knowledge about the plans and better skills to sell need-based plans to their clients and improve the service in the true spirit of the marketing policy, we impart free training to them.

Every new recruit agent is on probation. The Dev. Officer gives basic training to his Agent. He has to undergo the induction training and pass the test to earn confirmation and eligibility for bonus and renewal commission. The agent has to achieve this confirmation within an agency year of appointment.

We have a mass training programme at every branch held almost every month to educate our agents to procure New Business and also acquire professional status to serve the policyholders properly and efficiently.

To inculcate in our agents a desire to learn more and strive for professionalism, we have advanced courses of training arranged at the STCs/ZTCs/JVT and the like. Branch Manager's Club Members, Divisional Manager's Club Members and selected agents are imparted training at Sales Training Centres.

Zonal Manager's and Chairman's Club Members' are trained at our Zonal Training Centres.

Selected agents are also trained at our external institute.

Thus to make life insurance selling a professional career, you must take opportunity of the above training courses by attending the same, studying the material on life insurance and obtaining guidance and help from your Development Officers and supervisory officers.

STEP - 5

Plan your target and complete the minimum business guarantee required of you to keep your agency in force

You are required to complete a minimum amount of business during each agency year (successive period of 12 months). Failure to complete the same will result in automatic termination of your agency. You should therefore make it a point to comply with this requirement well in time to avoid tension and last minute haste.

Minimum Amount of Business to be secured by the agents appointed on or after 9-7-2009 (Rule 9 of Agents Rules, 1972)

An agent shall bring in the following business in each of his **First, Second and Third agency year-**

“Proposals resulting in policies on at least twelve different lives for not less than First Year Premium Income (FYPI) of Rs. one lac; provided that a shortfall in fulfillment on one count namely lives or First Year Premium Income shall be condoned up to **a maximum of 50% at the end of 3rd Agency year:**

provided further that it is compensated with same or higher percentage increase on the other count and further subject to the condition that the agent brings in not less than six proposals resulting in policies on at least six different lives and at least Rupees Fifty Thousand First Year Premium Income in each of the First, Second and Third years of his agency.

In Fourth Agency Year and in subsequent agency years, at least twelve proposals resulting in policies on at least twelve different lives with First Year Premium Income of at least Rs.1 lac. Please note that the provision for condonation shall not be applicable from fourth agency year onwards.

Please note that the agents appointed on or after 09.07.2009, the above mentioned minimum business guarantee shall be applicable with immediate effect.

Minimum Amount of Business to be secured by the agents appointed before 9-7-2009 (Rule 9 of Agents Rules, 1972)

For the agents who were appointed before 09.07.2009, the minimum business guarantee shall be applicable from the agency year falling after 09.07.2009. (Please see **Manual for Agents** for details.)

The easiest way to complete the business guarantee and to fulfil the target you aim for, is to break the target into fortnightly or weekly sub-targets and work diligently to complete the sub-targets each week keeping in mind that continuation of your agency and hence renewal commission depends on completing the business guarantee. If you adhere to this action plan, you will be surprised to find that you exceed the guarantee before the year expires.

Your motto should be : **Two prospects a day will bring prosperity right away.**

If you adopt and practice this, you will have a good list of prospects. And if you prospect well and call on the prospects regularly and systematically you will increase your skill and pave your way to enduring success.

STEP -6

Plan the efforts needed of you to earn a high income taking advantage of the various facilities offered by LIC to reach your goal.

Life insurance business assures you a steady and satisfactory income to start with, which contains plenty of opportunities for further growth and development.

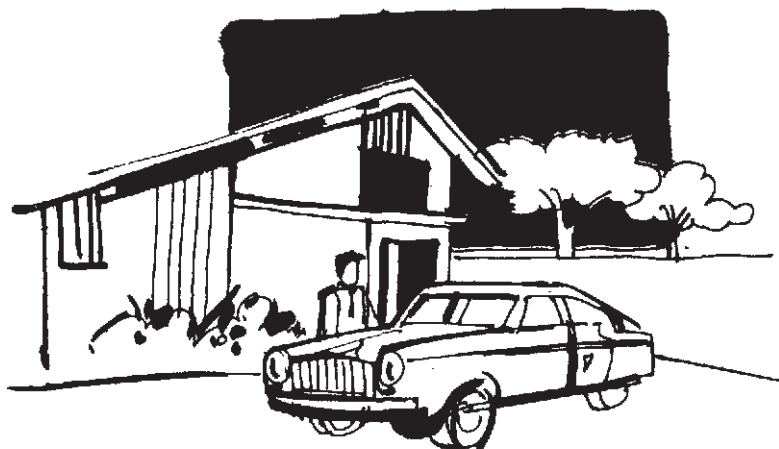
You shouldn't be satisfied with merely completing the minimum business guarantee. You must aim at high income goals for yourself and strive to achieve the same. The best way to go about this is to decide in advance how much money you wish to earn from your agency. You can plan your goals in accordance with the detailed advice given in the following pages under the topic **"Planning and Record Keeping"**.

To benefit from this career that you have chosen and be a successful life insurance agent, you can avail of the facilities that are offered to you.



As you complete good business for a couple of years, you will find that you have to contact more and more people every day for enlarging your circle of contacts and increasing your sales as to render service to your policy holders. For this the need for having

your own fast moving conveyance will be keenly felt. Looking to your various needs such as fast conveyance, office accommodation with furniture, computer etc., shelter, your social and financial obligations such as marriage, thread ceremony, sickness etc, the Corporation grants various types of advances with or without interest, of course, subject to the renewal commission earnings of the agent.



Purpose / Nature of Advance	Interest
1. Motor Car	Interest free for certain club member agents only
2. Two Wheelers	"
3. Office equipment such as tables, chairs, filing cabinets, racks etc.	"
4. Installation of telephones	"
5. Bicycle	Interest free for all agents
6. LIC Diaries, Calendars, approved gift articles	"
7. Festival Advance (after 2 years of agency)	"
8. Advance for participating in training, organised by outside institutions	"
9. Medical treatment for self and family members	With interest for all agents

11. Ceremonies akin to thread ceremony, turban ceremony, navjot, sunnat ”
12. Marriage of self, son, daughter or wholly dependent sister ”
13. Repairs of motor-car, scooter, motor-cycle including purchase of tyres and battery ”
14. Purchase of house, flat, building or premises for agent's office, or repairs thereof ”
15. Flood, Cyclone
16. Purchase of personal computer hardware ”

Details will be furnished by your controlling Branch on request.

STEP - 7

Strive for self-improvement and become a member of the Agents' Clubs

Having gone through the earlier steps, we assume that by now you will be interested not only in reaching your first goal but also in growing steadily from year to year.

Wise insurance salesmen constantly strive to accomplish two things in addition to their selling and organisational activity i.e. **improving efficiency and seeking self-improvement.**

This is how it can be done :

1. Make it a point to supplement your knowledge by regular study - preferably through the reading of good professional books, Manual for Agents (Part-I and Part-II), pamphlets of new plans and magazines which contain the latest information on various aspects of your work (for e.g. 'Yogakshema' house magazine of the Central Office and house magazine of your ZO/DO etc.) which will enable you to master the techniques of persuading even the most difficult of prospects.

You should also make use of "search" facility in internet through useful internet sites such as www.google.co.in.

Visiting the following sites at regular intervals is of great use –
www.licindia.com
www.irdaindia.org
www.lifeinscouncil.org

2. According to the needs and capacity of the prospect, sell the right policy, for the right term and for the right amount.
3. No business can be run efficiently unless proper records are maintained. If you mean to do record business, you will have to create a good system of records that will help you to achieve success. It is needless to add that you should constantly be receptive to new ideas which will bring about improved efficiency by eliminating procedures which are not helpful and also practice those ideas which have been duly tested and found effective.
4. Maintain regular contact with your policyholders and establish your reputation as **a well informed and helpful agent**.

To progress as a salesman, it is essential that you pay attention to your personality development.

1. Check-up constantly on your appearance, health, neatness of your clothes and personal tidiness. Let enthusiasm permeate through your personality.



2. Compare what you are doing with what you are capable of doing. Always try to achieve 'EXCELLENCE'.
3. Analyse both your success and failure, your weak points and strong points Always remember, history belongs to dreamers.

4. Enjoy your work as a salesman, by calling on people and helping them to plan for financial security. Good relationship with people is more valuable than money, because you can't buy good relationship.
5. Be punctual in keeping appointments and behave with dignity and never offend a prospect. Put yourself in your client's shoes.



6. Have an effective plan of study because improvement can only be assured through continuous study. Every person has infinite capacities, the only difference between a wizard and an ordinary person is that the wizard uses more of his/her talent and works even harder.
7. Make the most of your time. Plan your work thoroughly and then work out that plan systematically. One mistake is a great teacher, two mistakes are too many.
8. Apply all that you learn to your daily work. **Give your best.**
9. Maintain a proper set of records which will help you and your clients. Your professionalism makes you acceptable.
10. Try to make some conscious improvement each day. Think creatively.

Be a member of one of the Agents' Clubs

In order to foster professional approach amongst the agents, L.I.C has formed Agents' Clubs. By this LIC recognises the dedicated service of the agent by giving him **a place of pride** both inside the organisation as well as outside. By becoming a member of one or the other club, enhances your status.

Consistency in business performance and also conservation of business in terms of first year commission, renewal commission and number of lives are the criteria set for eligibility for entry into the club as well as for continuation of its membership. There are four such clubs. You have to fulfil the condition given below to become a member of the club.

Agents' Club Rules
w.e.f. Qualifying Financial Year 2010-11
(Membership Year 2011-12)

1. Club Membership Eligibility Criteria:

For ENTRY into and CONTINUATION in the CLUB same membership criteria will apply as following :-

TABLE 1

Sr. No.	Name of Club	CM's Club	ZM's Club	DM's Club	BM's Club
1.	Minimum Net No. of Lives	40	30	20	15
2.	(a) Net No. of Lives	130	100	80	50
	OR (b) No. of Lives in-force	600	400	250	150
3.	Renewal Commission paid (Rs.)	2,00,000	1,40,000	90,000	50,000
4.	First Year Commission paid (Rs.)	2,00,000	1,40,000	60,000	35,000

2. No. of years for which the criteria will have to be fulfilled:

The Criteria will have to be fulfilled in “Qualifying Year” and in any **two** out of **three** financial years **preceding** the “**Qualifying Year**” for both ENTRY and CONTINUATION.

3. Minimum Net Number of Lives : Condition No.1

An agent aspiring to enter into or continue membership of any club will be required to bring in **minimum net number of lives** in “Qualifying Year” and in each of the years reckoned for his/her entry into / continuation of his/her club membership. This is a mandatory condition.

4. Net Number of Lives/ Number of Lives in force: Condition No. 2:

An agent can either bring in the net number of lives **or** should have the requisite number of lives in force in the years reckoned for his entry into / continuation of his/her club membership i.e. he/she has to fulfill either condition 2(a) or 2(b).

5. Relaxation Clause:

An agent will have to fulfill condition with regard to **Renewal Commission** and **First Year Renewal Commission** as per **Table 1** above. However, a shortfall in fulfillment of condition of **First Year Commission (paid)** may be condoned maximum up to 50%, in years to be reckoned for **Club Membership**, provided it is compensated with the same or higher percentage increase on the basic condition prescribed for Renewal Commission paid.

Or

A shortfall in fulfillment of Renewal Commission paid, condition may be condoned up to a maximum of 100% in years to be reckoned for Club Membership provided it is compensated with the same or higher percentage increase on the basic condition prescribed for First Year Commission paid.

6. Escalation Clause:

From the **Membership Year 2014-15 (Qualifying Financial Year 2013-14)**, a 5% escalation clause each year on the previous year's **ENTRY CRITERIA** in respect of **First Year Commission** paid and **Renewal Commission paid** (rounded off to nearest thousand) will be applicable for entry to any club.

However, for continuation there will be a concession for one year in applicability of the escalation clause, i.e. 5% escalation clause on the previous year's **CONTINUATION** criteria in respect of First Year Commission paid and Renewal Commission paid (rounded off to nearest thousand) shall be applicable from Membership year 2015-16 (Qualifying Financial Year 2014-15).

7. Relaxation in fulfillment of qualifying criteria:

An agent

- (i) who has completed the age of 60 years as on the date of commencement of club membership year and had been a continuous member of the same club for not less than 15 membership years, or

- (ii) an agent who is a life member of CM's or ZM's club can continue the membership of the same club by fulfilling at least 75% of the criteria applicable for that club.

8. Various terms that are used in the Club Rules:

- a. The year in which an agent becomes member of a club is known as the Membership Year. It runs from 1st September to the following 31st August. The financial year immediately preceding the Membership Year is known as the Qualifying Year.

- b. **Definition of Net Number of Lives, Number of Lives in Force:**

There is no change in the definition of net number of lives and number of lives in force. However, we are reproducing the same below:

- i. **"Net Number of Lives"** are distinct lives insured (not number of policies) during the qualifying financial year reduced by the number of lives who had been insured in the financial year preceding the qualifying financial year whose policies are lapsed as on 31st March of the said qualifying financial year.
- ii. **"Number of Lives in Force"** are the number of lives in force at the end of each relevant year out of the total business completed by the agent from the inception of the agency to the end of each such financial year. If the same life takes more than one insurance in the same financial year, it will be counted as one life only.
- iii. **"Pucca Lapsed Policies"** -The policies under which overdue premium/s remain unpaid for more than six months from the date of the first unpaid premium are deemed to be pucca lapsed for the purpose of arriving at Net Number of Lives in determining agents eligibility for membership of any club. All policies issued in the previous financial year which stand pucca lapsed as on 31st March of the subsequent financial year are to be deducted from the policies issued in the subsequent year to arrive at the 'Net' figure for considering the agent's eligibility for Club Membership irrespective of whether the first unpaid premium was due in the previous financial year or the subsequent financial year.

- iv. **“First Year Commission”** includes bonus commission paid in the financial year.
- v. **“Commission earned”** means commission actually ‘paid’ to the agents during any financial year.

9. Definition of Minimum Net No. of Lives:

This is the minimum no. of ‘Net Number of Lives’ as defined above which are to be secured in a financial year.

10. Credit for revived policies:

Any agent, who has revived policies in respect of business completed by him/her **during the financial year preceding the Qualifying Financial Year**, is to be allowed to claim credit to the extent of ‘lives revived’ in arriving at ‘Net Number of lives’ if such policies are in force as on 31st March of the qualifying financial year.

However, the agent must submit the full details of such policies revived by him/her as per the prescribed form and make a representation to the Branch Office for allowing such credit within a period of 2 months from the close of the Qualifying Financial Year.

The Branch Office after due verification of the particulars, shall grant credit in arriving at ‘Net Number of Lives’ only if the agent is falling short of the required norm. The period of 2 months from the close of the qualifying financial year is for making a representation to the office and not for reviving the policies up to 31st May.

11. Life Membership of Clubs:

Life Membership for Chairman’s and Zonal Manager’s Clubs will be granted on fulfillment of any of the following conditions:

- (A) Minimum age of 60 completed years as on the date of commencement of Club Membership year; **and**

Continuous membership in the same club (either Chairman’s or Zonal Manager’s club) for not less than 15 membership years

OR

- (B) Continuous membership in the same club (either Chairman’s or Zonal Manager’s Club) for not less than 25 membership years.

If an agent after having been a continuous member of the Zonal Manager's Club for less than 15 years and then becomes a member of the Chairman's Club and he/she continually retains his/her membership of CM's Club for at least that many years that is falling short to reach 15/25 years, for being a life member, then in such a case life member of Z.M Club shall be awarded to that agent by clubbing those years in which he/she was a member of the C.M's Club.

A life member need not fulfill the mandatory condition (Condition 1 as mentioned in Table). **However, they will have to fulfill the other conditions for continuing as a Regular Life Member as per Table 1.** A non-regular life member is the one who has not fulfilled the eligibility criteria prescribed for the Chairman's/Zonal Manager's Club. A non-regular life member will not be eligible for any monetary benefits including participation in the Convention. Such an agent will be eligible for functional privileges only.

12. Distinguished Agents' Club - Conditions and Benefits :

The agent should have completed **minimum one agency year** and should be a confirmed agent.

The agent should fulfill the following criteria for entry in to / continuation of membership of Distinguished Club -

Net Number of Lives : 40

First Year Commission Paid: Rs.50, 000

Benefits:

Sr.No.	Particulars	Ceiling
1.	Sales Promotional Gift Items	Up to Rs.400/-
2.	Letterheads, envelops and visiting cards (As per CIP)(Number)	100
3.	Reimbursement of Stationery Expenses	Up to Rs.500/-

13. Agency with any other Insurer:

If any member/s of an LIC agent's family has taken agency/ Corporate Agency or is a Specified person / Financial Services Executive / Direct Sales Executive with any other Life Insurer or is a Life Insurance Broker, then the agent working with LIC shall not be eligible for grant / continuation of Membership of any Club. The definition of members of family of an agent shall include-

- (i) Spouse;
- (ii) Children or step-children staying with the existing agent;

- (iii) Any other person related whether by blood or marriage staying with the existing agent;

Or as amended by LIC of India from time to time.

Fringe Benefits :

Being a member of the club carries a good deal of prestige as it provides concrete evidence in the eyes of the insuring public that you are working with a spirit of devotion, dedication and professionalism in serving the insuring public. It also entitles you to various fringe benefits according to the membership of different clubs, as following -

1. Well designed letter heads, envelopes and visiting cards.
2. Beautiful badges at the time of their entry and prestigious certificates
3. Attendance at club conventions.
4. Privilege of attesting signatures on documents, receiving loan/ claim cheques/ policy documents on behalf of policy holders/ claimants, under authority (D.M.'s Club and above) Also authorised to give Moral Hazard Report upto certain limits under each club.
5. Sales promotional gift items.

C.M.'s Club	—	Rs. 3000/-
Z.M.'s Club	—	Rs. 2000/-
D.M.'s Club	—	Rs. 1000/-
B.M.'s Club	—	Rs. 500/-
6. **Telephone expenses** - Rental and/or call charges for mobile / land line phones

C.M.'s Club	—	Rs. 6000 per year
Z.M.'s Club	—	Rs. 4000 per year

Reimbursement of Mobile Phone Charges -

D.M.'s Club	—	Rs. 2400 per year
B.M.'s Club	—	Rs. 1800 per year
7. Office allowances - 50% of actual expenses or 7.5% of total commission (F.Y.C. + R.C.) earned by the agent in the preceding financial year (D.M.'s Club and above).

Or

Rs. 35,000/- — C.M.'s Club Member

Rs. 22,000/- — Z.M.'s Club Member

Rs. 12,000/- — D.M.'s Club Member

whichever is less.

B.M.'s Club member will be entitled to reimbursement of stationery expenses to an extent decided by Corporation.

8. C.M.'s Club members are entitled for advance for laptop/personal computer - full purchase price or Rs. 1 lakh or previous years renewal commission whichever is the least, repayable in 60 monthly instalments. The advance is interest-bearing.
9. Loan at concessional rate of interest for purchase of house, flat, building or premises for agent's office or repairs thereof.

Group Mediclaim Cover

Club	Cover
Chairman's Club	Rs.1.25 lac
Zonal Manager's Club	Rs.75000
Divisional Manager's Club	Rs.55000
Branch Manager's Club	Rs.40000

10. Group Insurance Scheme

(coverage up to 65 years (nbd) at the commencement of the policy year)

Club	Cover
Chairman's Club	Rs.2.80 lac
Zonal Manager's Club	Rs.1.40 lac
Divisional Manager's Club	Rs.70,000
Branch Manager's Club	Rs.40,000
Mementos to Club Member Agents not covered under GIS.	

11. Additional Office Allowance on account of lesser lapsation

12. Office Allowance for potential CM's Club Members

13. Graded Benefits for Higher Performance to Chairman's Club Members

- 14. LIC Guest House Facility** Members of clubs at each level (Chairman's, Z.M's, D.M's or B.M's clubs) would be permitted to stay at guest houses, if any, of the LIC maintained in the area of the respective offices (Central Office, or the Zonal Office or Divisional or Branch Offices) according to the level of the Club, of which they are members, at the same rate and subject to the same conditions as are applicable to the employees of the Corporation.
- 15. Complimentary copies of Diaries and Calendars** LIC produces diaries and calendars every year for sale to agents to help them to give as present to their clients, prospects etc. For personal use of members of the various clubs they are supplied diary/ calendar every year, free of cost as per the particulars below for the year:-

Club Membership	Complimentary Items
Chairman's	1 Table Diary (Ordinary), 1 Pictorial Calendar.
Zonal Manager's	1 Table Diary (Ordinary), 1 Pictorial calendar
Divisional Manager's	1 Table Diary (Ordinary), 1 Pictorial calendar.
Branch Manager's	1 Table Diary (Ordinary).
Distinguished Club	1 Pictorial calendar.

- 16. Complimentary copy of 'Yogakshema'** Members of Chairman's and Z.M's Club are entitled to a free copy of 'Yogakshema'
- 17. Certificate of Membership**
- The members of the Agents' Clubs will get a duly signed certificate of membership from the Chairman, Zonal Manager, Divisional Manager or Branch Manager depending upon the club for which membership is granted. It is necessary that the club-member agent displays the 'certificate of membership (along with the agents' license) in office maintained by them as this will impress the visitors and clients about the stature in the profession.
- 18. Convention** A convention for club member agents will be held as per the existing rules or as amended from time to time.



MDRT- Million Dollar Round Table

Founded in 1927, MDRT headquartered at USA, is a professional organization for insurance sales persons which provides the members with resources to improve their technical knowledge, sales and client service while maintaining a culture of high ethical standards. In order to distinguish different categories of performers 3 types of memberships are designed viz- MDRT-million dollar round table, COT (Court of the Table and TOT (Top of Table).

The eligibility for membership to various Tables are based on **First Year Premium or First Year Commission paid** during the respective Calendar Year (January to December). The country wise requirements in local currency will be revised from time to time. In order to motivate our agents to become members of this prestigious professional organization, LIC is providing a no. of benefits to the Qualifiers of these Tables.

Benefits:-

MDRT	Reimbursement of MDRT Registration Fees (as specified by MDRT from time to time) to all MDRT qualifiers
COT	Reimbursement of Registration Fees (as specified by MDRT from time to time) and Rs. 25000/- as out of pocket expenses for attending the MDRT Annual Meet.
TOT	Reimbursement of Registration Fees (as specified by MDRT from time to time) and Rs. 50000/- as out of pocket expenses for attending the MDRT Annual Meet.

1. An interest free advance of a maximum of Rs. 80000/- to all MDRT agents for attending the MDRT Annual Meet which is recoverable in 12 monthly instalments

2. COT (Court of Table) agents who attend the MDRT Annual Meet are eligible for a reimbursement of Rs. 40000/-
3. TOT (Top of Table) agents(except Corporate Club members) who attend the MDRT Annual Meet or TOT Meet are eligible for a reimbursement of Rs. 80000/-
4. Corporate Club Members who have qualified for MDRT/COT/TOT will be eligible for a reimbursement upto Maxi. Rs. 80000/- or actual airfare whichever is lower.They will also be eligible for an Out of Pocket expense of Rs. 15000/-, Rs. 25000/- and Rs. 50000/- respectively for attending the MDRT Annual Meet.
5. Interest free advance for purchase of laptops upto a maximum of Rs. 80000/- for MDRT qualifiers and Rs. 100000/- for COT and TOT qualifiers on Commission basis only which is recoverable in 60 equated monthly instalments..

MDRT–2013 (Production in Calendar Year 2012)

“First Year Commission” condition

- MDRT qualifiers	Rs. 8,18,600
- Court of the Table Qualifiers	Rs. 24,55,800
- Top of the Table Qualifiers	Rs. 49,11,600

Commission conversion factor : **9.0955**

“First Year Premium” condition

- MDRT qualifiers	Rs. 32,74,400
- Court of the Tables qualifiers	Rs. 98,23,200
- Top of the Table qualifiers	Rs. 1,96,46,400

Premium conversion factor : **18.1911**

Procedure for registration with MDRT :-

Once an agent qualifies the eligibility criteria then he has to apply to MDRT in a prescribed format for allotting him an ID number. Once this is allotted he can download his application for registration with that ID no. which he has to duly fill and forward directly to MDRT, USA before the prescribed date along with certifying letter issued by the competent authority & necessary fee . Then MDRT will issue a certificate of registration to the agent. Agents can seek the help and guidance of the MDRT Help Desks at Divisional and Zonal levels for these.

Certifying letters can now be issued by the respective **Sr. Divisional Managers** .

Corporate Club Membership

The club of clubs Corporate Club has been formed w.e.f. the Membership Year 2004-2005.

- The qualifying year for this club is a financial year.
- For membership year from 01.09.2012 to 31.08.2013, the qualifying financial year is 2011-2012.

The qualifying conditions for entry and continuation to the club for MEMBERSHIP YEAR 2012-13 (01.09.2012 to 31.08.2013) are as under:

Commission Requirements (for ENTRY/as well as CONTINUATION)

First year commission paid only on LIC business (excluding Bonus Commission / commission on P&GS business / commission on Mutual Fund business) at least **Rs. 17 lac** in the qualifying year i.e. financial year 2011-12 and at least **Rs. 17 lac** in the financial year preceding the qualifying year i.e. F.Y. 2010-11.

Agents who satisfy conditions for entry / continuation into Corporate Club but have not completed 5 years of their agency, will be allowed membership of the Corporate Club. However, they will not be granted advances and functional privileges until they complete five agency years and continue in the club.

However, other benefits will be extended to them and they will be allowed to attend the Corporate Club Convention as a special invitee.

The maximum permissible lapsation in qualifying financial year will be 10%. However in the financial year preceding the qualifying financial year, the lapsation will be condoned maximum up to 12% provided there is at least a 20% increase in respect of the applicable first year commission requirement in that financial year.

Benefits:

- Interest free car advance recoverable in 72 installments - Actual price of the car

OR

Last two years' Renewal Commission.

OR

Rs 20 lac

WHICHEVER IS THE LEAST, (Executive Director (Marketing) can sanction advance up to Rs.30 lac in deserving cases.)

- Additional office allowance of Rs. 10,000 (in a year) if lapsation is less than or equal to 5% .
- Festival advance of Rs.20000.
- Office Allowance of Rs.1.25 lac to Rs.1.75 lac (in a year) depending on the duration of continuous membership of the club subject to maximum 50% of actual expenses.
- Facility to attend a Training Programme / Educational Seminar (India/ abroad) for which an amount of Rs. 30,000/- will be reimbursed.

OR

Reimbursement of air fare after attending the MDRT Annual Meet at USA/ Canada.

- Reimbursement of Rs. 15,000/- to the qualifiers who attend the MDRT Annual Meet in USA / Canada.
- **No linkage of fringe benefits with any of the other clubs (CM's / ZM's / DM's / BM's Clubs).** The following fringe benefits will be given to Corporate Club Members.
 - A. Total Reimbursement for telephone facility: Rs. 15,000/- p.a.(including landline (call charges and rental) and mobile (only call charges).)
 - B. Supply of letterheads with envelopes and visiting cards (as per Corporate Identity Program) :-
 - i) Letter heads – 1500 per year
 - ii) Visiting cards – 1000 per year.
- Interest free PC/ Laptop advance up to a maximum of Rs. 1 lac
- Group Insurance of Rs. 5.20 lac (memento in lieu of this for those above 65 years of Rs. 1500).
- Reimbursement for undergoing computer training at a reputed training institute (to be decided by the concerned Sr. Divisional Manager) - Rs. 5,000/-
- The other advances will be at par with club to which the qualifiers of the Corporate Club qualify for. (as per the revised Scheme of Advances, 2001) The advances which were granted to an agent prior to his becoming Corporate Agent shall continue under the earlier scheme or the agent can also opt for premature repayment.

- The following functional privileges are allowed for the Corporate Club Members.
 - 1) MHR limit-Upto sum under consideration of Rs. one crore.
 - 2) Introduction for FMR and special reports upto sum proposed Rs. one crore.

Other functional privileges relating to policy servicing will be at par with C.M's Club Member Agents.
- Annual Convention for the Corporate Club members.

It is in your interest to plan - right from the first day of agency, for attaining successive levels of Club Membership.

Our bright Agents are earning, not in thousands, but in lakhs of rupees. By dint of total application you will also join this galaxy of stars.

SECTION - II

TRAINING FOR SUCCESS

STUDY UNIT - I

The following questions will stimulate you to think as to **WHY MEN BUY LIFE INSURANCE**. The numbers shown in brackets at the end of each question are paragraphs in the text given below which will give you the answers.

QUESTIONS

1. What are the reasons which impel people to save ? (1 & 2)
2. What are the five weaknesses which prevent a man from saving regularly for, say 20 years ? (3)
3. What are the two great hazards to which the income of a man is exposed ? Describe them briefly. (4 & 5)
4. Why is living too long considered a third hazard of life ? How can one prepare himself to meet it ? (7)
5. What are the advantages of life insurance over other conventional forms of saving ? (6 & 7)

Why men buy life insurance

1. Every prudent man realises the need for saving "for a rainy day" but very few take into account the nature of obstacles which

prevent them from saving regularly. Thus, fulfilment of their saving objective is always in doubt.

2. Human beings have certain weaknesses and are also subject to hazards - and unless a man adopts a savings plan, which automatically guards him against these weaknesses and hazards, his dreams of a happy future will fail, and fail completely.

Weaknesses which prevent regular savings

3. An average person faces several weaknesses in his savings plan. He thinks of spending **first** and of saving only afterwards, if anything is left over. **Secondly**, he may save regularly for a few months but a time comes when he becomes irregular or even stops saving. **The third** weakness is the temptation to withdraw from the savings at the slightest fancied "need". **Fourthly**, the interest or dividend earned on the savings are generally spent instead of being reinvested. **Lastly**, very few persons can claim to be experts in investment and even if they act wisely five times and fail to do so the sixth time, the result can be a disaster.

Hazards to income

4. Granted, that there is an exceptional man who can overcome all these weaknesses. Yet, there are two great hazards, viz. DEATH and PHYSICAL DISABLEMENT, which can completely nullify the most determined savings plan.



5. When a man dies his INCOME too dies and his savings plan comes to an end. His family gets only the amount he has actually saved

though he may have started with a noble determination to save Rs. 500000 or Rs. 20 lac or more. The same is the case if he is permanently DISABLED physically.

Advantages of Life Insurance Savings

6. Life insurance meets the challenge of these five weaknesses towards saving as well as the two hazards to income, because:

- i) It creates an estate immediately the policy commences (on payment of only a small instalment), for the amount the man decides to save over a period of 15, 20 or 25 years. Thus, even if the person is not fortunate enough to live 15, 20 or 25 years, his family is paid the full amount which the breadwinner had planned to save - although he had saved only a small portion of it. This is the miracle of life insurance.
- ii) Likewise, if a person is totally and permanently disabled due to an accident, the payment of all future premiums is waived subject to certain conditions and yet the full sum assured is paid at maturity or at death if earlier - ACCIDENT BENEFIT.
- iii) Life Insurance also overcomes almost every one of the weaknesses which makes it difficult for a man to save steadily and regularly over a long period. The Premium Notice acts as a gentle reminder and a compulsion. The fear that the benefits of life insurance will not be available if he defaults, will force him to find the money, somehow, to pay the premium in time. Withdrawals are not as easy or convenient as they are from a bank account; besides, they entail interest payment. Thus, frequent withdrawals are automatically discouraged. Lastly, investment experts of LIC take care to ensure the best possible returns consistent with safety of funds.

Thus life insurance overcomes the hazards of death or disablement.

7. In this way, the savings are made regularly and the amounts continuously grow. The result is that when he lives up to a ripe old age, a man is sure to get back in his hand what he had planned to save years ago. He is then in a position to meet the challenge of another, a third hazard, viz., **the hazard of living too long**. The wise young man of today saves regularly in a life

insurance policy to provide for a comfortable retirement for the old man he would be tomorrow.

8. The steadily increasing savings, which the man has invested regularly in a life insurance policy will also be available to him for meeting an emergency, such as unemployment, loss in business etc., and help him to tide over or even a major financial crisis. The life insurance policy provides for the grant of a loan, based on his savings, to meet such needs.
9. Besides the above, there are other advantages of saving in life insurance. They are :
 - i) The title to the policy moneys can be easily transferred to a dependant (by nomination or assignment);
 - ii) The moneys payable under a policy which is assigned cannot be attached by a creditor;
 - iii) The life insurance premiums are eligible for relief in income tax;
 - iv) The policy moneys are fool-proof against loss by theft, fire or fraud; and
 - v) Plans of life insurance can be chosen to suit a variety of individual needs.
10. Thus life insurance is the one savings plan, which is an effective answer to all the weaknesses of human nature and the various hazards of life; without life insurance the most determined savings plan is apt to fail miserably. It is a unique plan of saving.

***Life Insurance is a Good property to own.
Every earning member NEEDS it.***

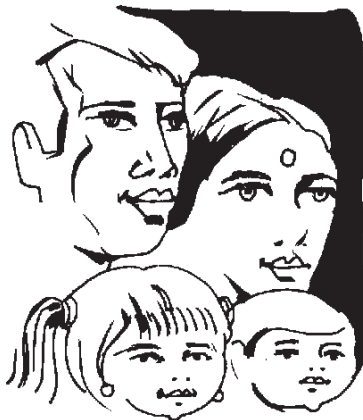
Life Insurance is a wonderful service to sell

STUDY UNIT - 2

No other plan of saving is as good as life insurance, to provide for the various **HUMAN NEEDS** which confront a family at various times. The following questions and the answers thereto (to be found in the paragraphs indicated in brackets) will show this.

QUESTIONS

1. What are the financial obligations which itself imposes on every living person and from which there is no escape ? (4 and 12)
2. Explain how life insurance offers easy terms for meeting the inescapable cost of living ? (12)
3. Explain how life insurance is not a burden, but a relief from burden? (13)
4. How can life insurance help one to fulfil his dream of a comfortable retirement ? (5)
5. What are the financial problems which a family faces on the death of its bread-winner ? (6,7,8 and 9)
6. A young married man says he does not need insurance. Why is he wrong ? (12)



HUMAN NEEDS

1. In the first study unit we have seen how life insurance takes care of the individual and his family members. It provides ready cash in the event of the major hazards, viz. old age, death, disablement and even unexpected difficulties requiring emergency loans.
2. We have now to look into various life situations which create need for cash. This may be in the shape of a lump sum or in the shape of a regular monthly income.
3. No parent would mind any sacrifice to give a good start in life to their children - a sound college education for their children and in particular, a suitable happy match and marriage for the

daughters, irrespective of whether the breadwinner lives to see the fulfilment of this dream or not.

4. These provisions would be necessary, whether the breadwinner is alive or not. The amount will vary depending upon several factors like status of the family, the capacity to save, etc. But the desires by themselves will mean nothing unless they are backed up by a logical action, i.e. a savings plan which will produce the required amount when need arises. Life insurance alone provides the dependable answer.
5. Every human being who has worked his way in life and comes to old age desires to spend the evening of his life in comfort and security. Few persons are so employed as to get the benefit of provident fund, pension and gratuity. A large number of workers, as also professionals have no such schemes to back up their dream of a comfortable retirement. If they do not have a savings plan which will help them to retire, we will have before us an unhappy spectacle of people labouring in their old age. A prudent man so plans his savings that he can get a guaranteed retirement income - be it $\frac{1}{2}$ or $\frac{1}{3}$ of his last earned salary. Life insurance is a wise choice, because it is insulated against the human weaknesses noted in the preceding study unit.
6. Coming to the case of a person dying a premature death we have several needs cropping up. In the first instance, death itself entails expenditure by way of funeral, religious rites and ceremonies to be performed, tax liabilities if any, to be paid off, expenses connected with the last sickness and hospital charges, etc. All these cost a substantial sum. The amount will vary from individual to individual, but the need would be there all the same.
7. The needs of the family will continue even after the breadwinner's death. A monthly income, however small it may be, will help the family to tide over the day-to-day problems. Thus, family income takes the top-most priority in any financial planning and a prudent person cannot be happy unless he has provided for at least $\frac{1}{2}$ or $\frac{1}{3}$ of his current monthly income, for the "dependency period" i.e., till the youngest child reaches the self-supporting age of 21/25.
8. This change over to a drastically low income cannot be accomplished suddenly. It is a time consuming process. The family may have to find a house with lower rent, the children

may have to go to less expensive schools, servants may have to be dispensed with, etc. During this "Readjustment Period", slightly higher income provision, say half of the original income, is necessary.

9. After the children are made self-reliant, there is still the widow to be taken care of. She would like to be in a position to live independently, if need be, even though the children may be good enough to offer her shelter in her old age. A prudent man cannot escape the responsibility of providing an income for his wife to meet such a contingency, as long as she is alive.
10. These, then, are the basic economic needs of an average family. Even individually these needs are not insignificant. Added up, the total needs are indeed formidable. An agent who can get a prospect to analyse his own needs in this manner, should not find it difficult to make him realise the miserable situation his family would face, if adequate provision of assets is not built up to meet the eventualities.
11. An analysis on above line, will convincingly show that the oft-repeated objections, "I have enough insurance", or "I don't need insurance" are not well considered replies and can be easily overcome. Try it, with yourself, with your friends and relatives. The exercise will be rewarding.
12. This brings us to the heart of the entire matter, viz. human needs are there and will continue to be there as long as people live. Children will have to be educated and married, widows and orphans, and old men too, will have to be provided with cash to meet the cost of their basic day to day needs - food, clothing, shelter, medicines, comforts. There is no escape from these costs. Life imposes these obligations. **The terms of life are hard and uncompromising. But the terms of life insurance are comparatively easy.** A small portion of your monthly earnings, say 1/4 or 1/6, if paid towards life insurance premiums will take care of most of these needs. If a man fails to make this little sacrifice, then the people whom he loves will suffer, They will have to pay for his failure. His failure to pay a few rupees, a small fraction of his income, towards life insurance premiums will cost them **tears, suffering and loss of opportunities for a whole life-time.**
13. Adequate life insurance thus takes over the financial obligations of the bread-winner and relieves him of all worries and fears

about the future. Life insurance premiums, therefore, are not a burden, but a relief from a burden. Once the premiums are paid, a man can freely spend the balance of income left in his hand, and enjoy peace of mind.

Please also see APPENDICES.

No Agent will lack business if he can discover the needs of his prospects and get them agree on those needs.

STUDY UNIT - 3

You will have mastered the ART OF **PROSPECTING** well if you can answer the following questions. See how you can answer them best by reading the paragraphs in the text below which are given in brackets :

QUESTIONS

1. Why is it that every person whose name is known to you cannot become your prospect ? (8 & 9)
2. What are the essentials of a good prospect for life insurance ? (9)
3. Why should an agent daily keep the record of prospecting persons? (12)
4. What is the method which most of the successful agents follow to keep the prospects list growing ? (14)
5. Why should a new agent start his sales efforts with his “**natural contacts**”? (11)

PROSPECTING

1. Life insurance is a wonderful method of saving. It combines in one package a savings plan (through gentle compulsion) and a plan of protection against death. The miracle of this unique service makes readily available the desired amount of cash to meet the various needs of a family, when the need is most acutely felt. Yet, the irony is that people do not come forward to buy life insurance on their own. LIFE INSURANCE HAS TO BE SOLD. The reasons are many and varied.
2. Firstly, people are generally inclined to ignore human weaknesses and life's hazards. Everyone thinks, “I will not die so soon,” or “I

can save regularly on my own plan.” As we have seen in the last study unit, both these attitudes can be wrong.

3. Secondly, life insurance calls for a “sacrifice” today for the purpose of providing for a future need. Now, an average person does not mind spending for a commodity or service which he feels is essential to satisfy his immediate needs. But he is not equally ready to save or spend for a distant need. He thinks he can do so in future... but that future never comes.
4. Because of these features, you will rarely find a person going to the L.I.C office and asking to be insured across the counter.

Your duty and opportunity

5. This fact casts a duty on and offers a wonderful opportunity to the life insurance agent - the noble duty of awakening people to their needs for life insurance; and the opportunity of seeking clients (unlimited in number) and completing maximum business instead of having to wait for customers to come to you.
6. You will naturally ask : “To whom shall I go ?.....Where are the buyers ?” In answering this you step into the realm of prospecting –finding out potential buyers of life insurance.
7. The answer is : “Who does not wish to provide for his wife’s and children’s future financial needs and to make sure that they do not suffer from hunger, poverty, misery ? People insure not so much because they want to be rich, as because they do not want to be poor.”

Get names and qualify them

8. The market of potential buyers is thus wide open. But can you approach any one and everyone you meet to sell a policy ? No. That way you will be wasting your precious time. You should, therefore, select people who are likely to buy from you.
9. Prospecting thus falls in two stages : (1) Getting names of people –whoever they may be; and (2) testing them whether they are prospects. For this purpose, apply the following conditions.
 - i) The person must have ability to pay.
 - ii) The person must have physical health to qualify for insurance.
 - iii) The person must have a need which life insurance can satisfy.
 - iv) The person must be approachable to the agent.

First Stage

10. Make the list of as many names of people as you know - your relations, friends, colleagues in office, neighbours, grocers, cloth merchants, chemist, other people with whom you deal, etc. etc. These persons are your 'natural contacts'.

Second Stage

11. Many of these people will be 'good prospects' for you. It is advisable to start your career by approaching this sympathetic market, because
 - i) The persons are known to you. Hence you have some idea of their health, family needs and financial background.
 - ii) You will be assured of a courteous interview; and they will at least listen to your message.
 - iii) Life insurance is a useful service. It is your duty to offer it first to people known to you and whose welfare is dear to you.

Keep prospects-list growing

12. Will all these natural contacts take out insurance from you ? No. For every one man who buys, at least 5 or 7 will not. Thus, a stage will come when you will have exhausted all the names from the list. **What next** ? You now realise how important it is to see that your prospects list grows every day so that you will never face a situation when you have no one to meet for selling life insurance. Develop the habit of entering new names regularly in the "prospecting list" and your prospects list grows.
13. Continuous addition of new names in the prospecting list is thus the cornerstone of your success. Because - NO prospects will mean NO calls ... NO interviews NO sales ... NO commission and ultimately NO agent too. You will be out of the profession.

Use 'Referred Leads' method daily

14. How can you ensure that your prospects list keeps growing day-to-day even after all your natural contacts are exhausted ? There is a very simple plan for this. At the end of every interview (a successful sale or even an attempted sale) request the prospect to recommend the names of persons whom you may contact and offer your services. You may as well ask for an

introduction, written or oral or just permission to mention his name as the one who directed you to meet him. This method, called the “**Referred Leads**” method, is the most successful method used by leading agents all over the world. It works like this; you ask A to give you names and he give you names of B and C; then B in turn gives you the names of D and E; C too gives you the names of F and G and so on. When you follow this method systematically you develop a chain of prospects. **This is also known as the “Endless Chain Method.”**

15. Every agent who wants to be in the profession for many years must learn to use the “Referred Leads” method and keep an ever growing list of prospects.

Please also see APPENDIX.

Continuous additions to prospects-list is the cornerstone of your success.

STUDY UNIT - 4

The following questions emphasize the need of the agent to **PROSPECT CONTINUOUSLY** and **EFFICIENTLY**. They make you think of the tried methods of building up a growing list of prospects. If you don't know the answers, please read the text below and particularly the para number shown against each question.



QUESTIONS

1. What is the 'endless chain method' of prospecting ? (4)
2. Who is a 'centre of influence ?' What would you do to cultivate one ? (5)
3. Why is prospecting considered to be the most important single activity of a salesman ? (3 and 10)
4. Give a few examples of prospecting by 'observation'. (6)
5. What do we mean when we say that every prospect has a value? (10)

How to Prospect Efficiently

1. You have a well stocked prospecting list to start your activities. Congratulations! It is a good beginning. All you have to do now is to call on these persons - your natural contacts ; tell them the story of life insurance and convert them into your policyholders. In these efforts your experience would follow a pattern.
2. Some prospects will refuse to buy, giving one reason or another; some will try and avoid a spot decision and ask you to see them at a future date; some will avoid discussion of life insurance altogether and some, a small minority, say one out of five or seven will buy.
3. Thus, the rate of fall-out from your natural contacts would be high. For every one person who buys, perhaps, as many as seven may not buy. At this rate it is obvious that your prospects list will be in danger of falling to a dangerously low level, unless you are vigilant and add a few names every day to replace those dropping out, and so keep the list growing. The best way to do this is to make it a habit to prospect for names at the end of every sales interview. Indeed, prospecting and selling should be regarded as two sides of the same coin. If you neglect prospecting, you will have no persons to sell to. If you neglect selling, your prospects list will be meaningless.
4. You will naturally ask, "How to get new names ?" Well, there are many ways. Take your friend, a natural contact. You have called on him and explained to him the benefits of the life insurance. If he buys from you, well and good. Even if he does not, the fact is, he has faith in you. Therefore, if you ask him, he would not hesitate to give you names of two or three persons. The names so secured are called leads' and if you repeat this process -

getting one or two names from every contact you make - you will get a “chain” of prospects. Therefore, this is called the “endless chain method”. There is naturally no limit to its gainful use.

5. Then, again, some of your natural contacts would be persons of social standing, such as executives in private sector, young people working in call centers/software parks, NRIs, doctors, legal practitioners, tax consultants, managers of banks or co-operative societies, sarpanch, office bearers of clubs, social and political workers, etc. They would be your well-wishers. These persons have a wide circle of friends and acquaintances. Their word carries weight and prestige. If you enlist their co-operation, they would gladly act as your “centres of influence”. They can be a constant source of new names. For cultivating the goodwill of your “centres of influence” you should develop their faith in your ability and integrity. You should also report to them the result of your efforts on the leads given by them; thank them for their goodwill and help.
6. Efficient prospecting requires constant watchfulness for life insurance situations. This brings us to the next method of finding prospects, i.e., **observation method**. We see important announcements in the newspapers pertaining to marriages, births, promotions, transfers, new appointments, new partnerships, opening of new business, etc. These items of news can be made use of for exploring life insurance needs. When the **personal statement form** is being filled up by a proposer, ask for the names and other details of his brothers and sisters. If some of them are married, ask for details of their in-laws, so that these persons can be contacted, too, for selling life insurance. It requires a trained eye and developed imagination to spot our prospects from everyday life-situations.
7. Some agents have found it useful to become known as ‘insurance men to most of the employees in selected institutions. Starting with only two-three contacts in an institution, these agents by regularly visiting these offices or factories and rendering service to the policy holders, have sold life insurance to a large number of employees there. Prospects in an office or a factory can be secured in a ‘bunch’, or ‘nest’. Therefore, this method is known as “**prospecting in nests**”. Any agent who takes pains to be a regular visitor to such institutions and builds prestige through selfless servicing, can establish himself in the employees’ eyes

as '**our insurance man**'. Once he acquires this reputation, getting new names from that source becomes easy. A 'prospects' nest is established.

8. These simple methods of prospecting can be very effectively used by any beginner. Later on, as he gains knowledge, confidence and selling skills, he can learn methods of meeting total strangers. This is called prospecting by '**cold canvass**' and requires a good deal of experience and confidence on the part of an agent.
9. No matter what method or methods you adopt, it needs to be emphasised even **at the cost of repetition** that prospecting is the key to your success ; prospecting can be ignored only at the risk of being a total failure.
10. There is a basic law of averages which runs as an under-current to every agents' success.

It is best explained in terms of rupee value. Take the case of an agent who has succeeded in securing a proposal of Rs. 1 lac and earning a commission of Rs. 1400. Behind this sale, the following efforts must have been there.

About five prospects must have been contacted. About 20 calls must have been made on them and about eight selling interviews must have taken place. Thus each call of the agent has earned for him Rs. 70, each interview about Rs. 180 and each prospect has paid him Rs. 280.

We cannot be sure in advance which of the five prospects will buy, or how many effective interviews will be needed. But a careful analysis, based on record, will bear out this ratio; viz. five prospects - twenty calls - eight selling interviews - one proposal - Rs. 1400 commission, giving the rupees value for each call and each interview and each prospect, as mentioned above.

Commission is the end product. Prospects are the raw material. If there is no raw material, the entire process would come to a grinding halt.

11. Any discussion on prospecting and prospecting methods is not complete unless we discuss **the process of elimination**. If you have called on a prospect for a sufficient number of times, without any results, you would do well to stop calling on him at least for the time being. Every shop keeper holds a 'clearance sale' once at

least in a year. He does not want his shelf-space to be wasted on non-saleable items; in the same way, you should not waste your time, as TIME is an agent's most important asset. For this purpose, you too should remove deadwood from your prospects-list and keep it stocked with prospects who are likely to buy.

Make prospecting a daily habit so that you can always have enough prospects at whom you can direct your sales effort.

STUDY UNIT - 5

Popular Plans

The object of effecting life assurance is two-fold :

1. Making provision for the family or other dependants of a person in the event of his/her death **or** provision for one's old age.
2. Creating an additional avenue for savings and investments (for determining the economic value of a person please refer to the study unit 5A)

All persons who take out life assurance policies are motivated by either or both of these factors, depending on their individual circumstances and needs. The Corporation offers various schemes of assurance, each plan providing different benefits so as to cater to the needs, of all types and classes of proponents (refer study unit 6). The following questions will enable you to advise your prospects on the most suitable plan. The options shown against each question will help you acquire that ability.

State the plan of insurance which will meet the needs of the following prospects:

1. Mr. Gupta wants to provide for his family a fund, at the lowest premium, in the event of his death at any time. (Whole Life policy and Limited Payment Life policy)
2. Mr. Raman wants to make adequate provision for his old age and to provide a lumpsum amount for his family in the event of his premature death. (Endowment Assurance policy)
3. Mr. Shah wants to provide a fund for his 3 year old son's higher education and his 5 year old daughter's marriage. (Marriage Endowment Policy / Jeevan Anurag / Komal Jeevan / Jeevan Kishor policy)

4. Mr. Shaikh wants to provide for himself and his family cash at periodical intervals and in his old age a lumpsum amount to satisfy his financial needs like children's education, marriage, down payment for a house or a long awaited holiday, or in case of premature death a lumpsum payment to his family. (Money Back policy)
5. Mr. D'souza wants insurance protection at a minimum cost but cannot afford to do so at the moment as he is on the threshold of his career but has prospects of increase in income after a few years (Convertible Term Assurance policy)
6. Mr. Desai desires double cover insurance security for his family in case of his premature death (Jeevan Mitra policy)
7. Mr. and Mrs. Rao want to make provision for themselves for their old age or for each other a lumpsum payment if one predeceases the other. (Jeevan Sathi policy)
8. Mr. Banerjee wants to go in for a housing loan and at the same time wants to make provision for his family in case of his premature death before the entire housing loan is repaid. (Jeevan Griha policy)
9. Mr. Sharma wants his money to grow through systematic participation in capital markets (Endowment Plus policy)
10. Mr. Ramesh want a policy for health related problems (Heath Protection Plus / Jeevan Arogya policy)
11. Mr. Rahul wants a policy only for life-risk cover (Anmol Jeevan – I / Amulya Jeevan –I policy)
12. Ms Preeti wants a policy suitable to ladies (Jeevan Bharati – I policy)

POPULAR PLANS OF INSURANCE

Following are some of the popular plans of insurance. The emphasis is on their special features and the particular need or needs they best satisfy. Broadly speaking, most plans are offered on "With Profits" basis. "With profits" plans are eligible to participate in the bonus declared by LIC after valuation of its assets and liabilities every year.

1. Whole Life Policy (Table No. 2):

Under the Whole Life policy (Table No. 2) premiums are payable throughout the life time of the life assured and this is the cheapest form of policy.

This plan is ideally suited to a person who wants maximum provision for his family at minimum cost. It also meets the need for funds required for funeral, religious rites and ceremonies to be performed, tax liabilities if any, and expenses connected with the last sickness and hospital charges, etc.

2. The Limited Payment Life Policy (Table No. 5 & 8):

Premiums are payable for a selected period of years (Table No. 5) or until death if it occurs within this period, the life assured thus having the satisfaction of knowing the maximum amount he will be required to pay, no matter how long he lives. If the life assured survives the premium paying period, the policy continues in full force provided all premiums have been paid upto premium ceasing age.

Under Table No. 8 the payment of premium is by a single premium only.

3. Endowment Assurance Plan (Table No. 14 & 48):

Endowment assurance plans are quite popular. They are eminently suited to meet in one policy, the twin demands of old age provision and risk cover for family. The sum assured is payable on maturity or at death, if earlier. Thus an Endowment Assurance policy provides for retirement and also serves as a means of family provisions.

Under Table No. 14 premiums are payable for a term of years equal to the Endowment term or until death if it occurs within this period. Under Table No. 48 premiums are payable for a specified number of years, for the assurance to be paid at the end of 15 years/ 20 years etc. or at death, if it should occur earlier. Premium can also be paid as single premium.



4. Marriage Endowment/ Educational Annuity Plan (Table No. 90):

Every father desires to see that his children are well settled in life, through sound education, leading to good jobs, and happy marriage. These needs arise at ages which can be approximately anticipated, say, when the children are between 18 and 25 years of age. This plan provides for a sum assured to be kept aside to meet marriage/ educational expenses of children. Under this plan the S.A. together with vested bonus shall be payable at the end of the selected term either in a lumpsum or in ten half-yearly instalments, at the option of the life assured/nominee/ beneficiary. The first instalment shall be payable on the date of maturity. These instalments will be calculated at rate declared by the Corporation from time to time.

5. Money Back Policy (Table No. 75, 93):

This plan (Table No. 75, 93) is of special interest to persons who, besides desiring to provide for their own old age and family, feel the need for lumpsum benefits at periodical intervals. Under these policies, part of the sum assured is paid to the life assured in instalments at pre-defined intervals.



6. Jeevan Surabhi (Table No. 106,107,108):

This policy is an improved version of the Money Back plans providing for early payment of survival benefits, increasing risk cover and limited premium paying term. Under this policy, premiums are payable for the full premium paying term or till death, if it occurs earlier. This plan also provides for periodical payments and the full sum assured

gets paid as survival benefits till the end of the premium paying term. Even though the full sum assured gets paid as survival benefits till the end of the premium paying term, the risk cover continues and the policy participates in profits till the end of the policy term. If death occurs at any time during the term of a policy, the basic sum assured alongwith vested bonus will be paid without deducting the survival benefits already paid, if any. The enhanced risk-amount will also be paid on death under such a policy. There is an increasing risk cover under the policy.

7. Convertible Term Assurance (Table No. 58):

This plan of assurance is designed to meet the needs of those who are initially unable to pay the larger premium required for a Whole Life or Endowment Assurance or Jeevan Anand policy. After five years when the policyholder has settled down in his occupation, he can get an idea of his saving capacity and leave the final decision as to plan to a later date, when perhaps a better choice could be made.

Premiums are payable for a specified term of 5, 6 or 7 years or until death if it occurs within this period.

The life assured has an option to convert the policy provided it is in full force, into either a Limited Payment Life Policy or an Endowment Assurance Policy or Jeevan Anand policy without having to undergo fresh medical examination at any time during the specified term except the last two years.

8. Jeevan Mitra (Table No. 88):

This plan provides additional insurance cover equal to the sum assured in the event of death during the term of the policy so that the total insurance cover in the event of death is twice the basic sum assured i.e. the basic sum assured is doubled and the accrued bonus is also paid. If the life assured survives the term, then the basic sum assured alongwith bonuses is paid.

9. Jeevan Saathi (Table No. 89):

This plan is issued on the lives of husband and wife provided the female life belongs to category I or category II. The S.A. will be payable on the first death and again on the death of the survivor during the term of the policy. Vested bonus would also be paid alongwith the S.A. on second death. If one or both the lives survive

to the maturity date the S.A. alongwith the vested bonuses would be payable on maturity date. The premiums under this plan are payable during the joint life time of the two lives and ceases on the first death or on the expiry of the selected term whichever is earlier.

10. Jeevan Griha (Table No. 133):

This plan is offered to cater to the needs of insuring public who have to go in for housing loan or who want high-risk cover along with benefits of the Endowment Assurance on maturity. Under this plan thrice the S.A. along with bonuses is payable on the death of the life assured during the term of the policy.

On survival to the date of maturity the basic sum assured with bonuses is payable.

11. New Jana Raksha Plan (Table No. 91):

This plan provides payment of S.A. alongwith accrued bonuses on maturity date to the life assured or to his nominee in the event of his premature death. Full death cover is available for a period of three years from the first unpaid premium due date provided premiums have been paid under the policy for atleast two years. This plan offers Accident Benefit and the same will also be admissible during the period of extended cover of three years. S.A. upto Rs. 10 lac is available under the plan.

12. Jeevan Anand (Table No.149) :

This plan is a combination of Endowment Assurance and Whole Life plans. It provides financial protection against death **throughout the life time** of the life assured with the provision of payment of a lump sum at the end of the selected term in case of his survival. Premiums are payable yearly, half-yearly, quarterly, monthly or through salary deductions (as opted) throughout the selected term of the policy or till earlier death.

Final (Additional) Bonus may also be payable provided the policy has run for certain minimum period.

13. Jeevan Shree (Table 162) :

This is an Endowment Assurance plan offering the choice of many convenient premium paying terms. It provides financial protection against death throughout the term of plan with the payment of maturity amount on survival to the end of the policy term. The policy provides for the Guaranteed Additions at the rate of Rs. 50/- per

thousand sum assured for each completed year for first five years of the policy. The Guaranteed Additions are payable along with the basic sum assured at the time of claim.

The policy participates in the profits of the Corporation's life insurance business from the 6th year onwards. It will get a share of the profits in the form of bonuses. Simple Reversionary Bonuses will be declared per thousand basic sum assured annually at the end of each financial year. Once declared, they will form part of the guaranteed benefits of the plan.

14. New Bima Gold (Table 179) :

It is a plan where premiums paid over the term of plan are paid back during the policy term in installments and life insurance cover is available not only during the term but also during the extended term of the plan. It provides risk cover for smaller amount of premium.

15. Jeevan Amrit (Table No.186) :

Some people, particularly the younger ones, want to have high cover at a low cost. Further, many of them do not want commitment to pay premiums for a longer duration. LIC's Jeevan Amrit is most suitable for such persons. Under this plan premium payment is limited to 3 or 4 or 5 years and the premium payable during the first year is higher than the premiums payable in subsequent years.

16. Anmol Jeevan-I and Amulya Jeevan-I (Tables 164 and 190) :

Death Benefit: In case of unfortunate death of the life assured during the term of the policy, sum assured is payable provided the policy is kept in force.

Maturity Benefit: Nil

17. Jeevan Bharati-I (Table 192) :

It is a plan exclusively for women. It is a with profit plan having special features considering the needs of women. The plan also provides for Accident Benefit, Critical Illness Benefit and Congenital Disability Benefit as optional riders.

1. Encashment of survival benefit as and when needed: the policyholder at her option may avail the survival benefit any time on or after its due date. If opted to avail later, increased survival benefit at the rate decided by the Corporation from time to time will be payable.

2. Flexibility to pay premiums in advance: The mode of premium payment is only yearly under this plan. However, policyholder may pay the next yearly premium in advance in installments (maximum upto 3 instalments) during the year. If premiums are paid in advance a premium rebate may be allowed as may be decided by the Corporation from time to time.
3. Option to receive maturity proceeds in the form of an annuity: The policyholder shall have the option to receive the maturity proceeds in the form of annuity. The rate of annuity will be based on the annuity rates prevalent at the time of stipulated date of maturity.
4. Auto Cover :After two years' premiums have been paid, whenever premium payment is discontinued, the life cover for full sum assured will continue for 3 years from the due date of first unpaid premium. If death occurs during the auto cover period, then death benefit after deducting unpaid premiums, with interest is payable along with the vested bonus, if any.

The auto cover shall not be available for rider benefits.

18. Endowment Plus (Table No.802) :

This is a unit linked Endowment plan which offers investment cum insurance cover during the term of the policy. One can choose the level of insurance cover within the limits, which will depend on the mode and level of premium he/she agrees to pay.

Policyholder has a choice of investing premiums in one of the four types of investment funds available. Premiums paid after deduction of allocation charge will purchase units of the fund type chosen. The unit fund is subject to various charges and value of units may increase or decrease, depending on the Net Asset Value (NAV).

19. Jeevan Arogya (Table 903) :

Health is now a major concern on everybody's mind. In these days of skyrocketing medical expenses, when a family member is ill, it is a traumatic time for the rest of the family. As a caring person, one does not want to let any unfortunate incident to affect one's plans for him/her self and family.

LIC has launched LIC's Jeevan Arogya, a unique non-linked Health Insurance plan which provides health insurance cover against certain specified health risks and provides timely support in case of

medical emergencies and helps remain financially independent in difficult times.

It gives :

- Valuable financial protection in case of hospitalisation, surgery etc
- Increasing health cover every year
- Lump sum benefit irrespective of actual medical costs
- No-claim benefit
- Flexible benefit limit to choose from
- Flexible premium payment options

Economic Independence In Retired Life

Social Security Schemes not having taken roots in our country, it is the responsibility of each individual to provide for his own old age. Normally no thought is given to put aside a specific amount for old age provision. The role of insurance agents is vital in that he will have to ensure that at least the aged of tomorrow provide adequately for their old age. And this can be done through our following pension plans.

You should accept this challenge and create a secured and happy retired life for many.

1. Pension Plus (Table 803) and Jeevan Nidhi (Table 169)

This is an excellent medium through which regular retirement income can be planned by young and middle aged persons. It is specially



designed to meet the changing needs of a dynamic environment. It has an advantage over the other media of savings in as much as it offers income on retirement, an income a pensioner can never outlive. This plan offers attractive living annuity benefits and a lumpsum amount with bonus addition on death after the annuity payments commence.

2. New Jeevan Akshay-VI (Table No. 189):

This is an attractive annuity policy. This policy provides for a life long pension during life time ; and on death a Guaranteed Insurance Sum to your heirs. There are various other option for the type of annuity. It is ideal if you are thinking of investing your retirement fund and enjoying a safe, sure and secure monthly income therefrom. It offers attractive returns plus absolute security during lifetime plus on death, return of total premium paid. This pension plan can be bought by paying a single premium called the purchase price.

What are the advantages of Children's Assurance Policy ?

The advantages are as follows :

- a) Low cost insurance for the child
- b) Inculcating the habit of thrift in children.
- c) Maturity provision for the child's future.

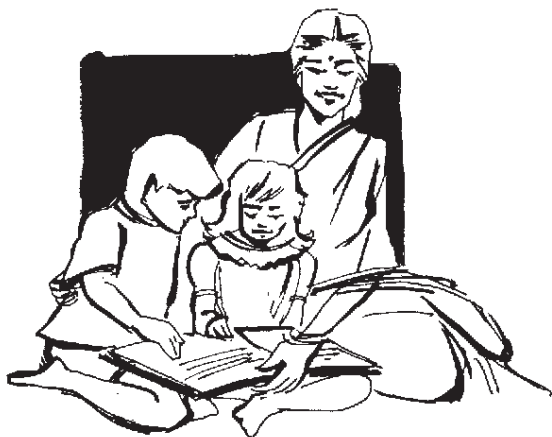
CHILDREN'S PLANS

The sense of satisfaction one derives in seeing dear ones happy cannot be measured. One's aim will be to keep them secure and happy forever. If they are one's own offspring the affection is still deeper.

1. Jeevan Kishor (Table No. 102) :

This plan is an improvement of the existing 'New Children's Deferred Assurance' Plan wherein children' (both male and female) between the ages of 1 and 12 (last birthday) are eligible to be proposed for insurance. The policy automatically vests in the life assured on the policy anniversary falling on or immediately following his/her attaining majority. The risk commences either two years after the date of commencement of the policy or from the policy anniversary falling immediately after the completion of 7 years of age whichever is later. However, the date of commencement of risk will not, in any case, go beyond the policy anniversary falling immediately after the

completion of 12 years of age. The policy is eligible for bonus even during the waiting period.



2. Jeevan Chhaya (Table No. 103) :

This plan is a combination of Jeevan Mitra and Money Back Plan. Persons having a less than one year old child (not an adopted child) can avail themselves of this plan, in order to ensure that an adequate financial provision is made for the higher education of the child. The premiums under this plan are payable during the life time of the life assured and shall cease on the death of the life assured or on the expiry of the term of the policy whichever is earlier. However, the benefits payable on all inforce policies whether or not the life



assured survives the term of the policy is as follows : (a) one fourth of the sum assured each at the end of (n-3), (n-2), (n-1) and nth year (where n is the term of the policy) (b) bonus for the full term on the S.A on the date of maturity.

In addition to the above, one additional S.A. will be payable on the death of the policyholder at any time during the term of the policy.

3. Komal Jeevan (Table 159) :

This is a Children's Money Back plan that provides financial protection against death during the term of plan with periodic payments on survival at specified durations. This plan can be for a child aged 0 to 10 years. The risk commences either after 2 years from the date of commencement of policy or from the policy anniversary immediately following the completion of 7 years of age of child, whichever is later. The policy provides for Guaranteed Additions at the rate of Rs.75 per thousand sum assured for each completed year. The Guaranteed Additions are payable at the end of the term of the policy or earlier death of the life assured. It gets a share of the profits in the form of loyalty additions payable along with death or maturity benefit. Loyalty addition may be payable depending on the experience of the Corporation.

4. Child Career Plan (Table 184) :

This plan is specially designed to meet the increasing educational and other needs of growing children. It provides the risk cover on the life of child not only during the policy term but also during the extended term (i.e. 7 years after the expiry of policy term). A number of survival benefits are payable on survival of the life assured to the end of the specified durations.



5. Child Future Plan (Table 185) :

This plan is specially designed to meet the increasing educational, marriage and other needs of growing children. It provides the risk cover on the life of child not only during the policy term but also during the extended term (i.e. 7 years after the expiry of policy term). A number of survival benefits are payable on survival of the life assured to the end of the specified durations.

6. Jeevan Anurag (Table 168) :

This is an improvised version of Jeevan Chhaya plan. It is a with profits plan specifically designed to take care of the educational needs of children. The plan can be taken by a parent on his or her own life. Benefits under the plan are payable at pre-specified durations irrespective of whether the life assured survives to the end of the policy term or dies during the term of the policy. In addition, this plan also provides for an immediate payment of basic sum assured amount on death of the life assured during the term of the policy.

Payment of 20% of the basic sum assured at the start of every year during last 3 policy years before maturity. At maturity, 40% of the basic sum assured along with reversionary bonuses declared from time to time on full sum assured for the full term and the terminal bonus, if any shall be payable. For example, if term of the policy is 20 years, 20% of the sum assured will be payable at the end of the 17th, 18th, 19th year and 40% of the sum assured along with the reversionary bonuses and the terminal bonus, if any, at the end of the 20th year.

Payment of an amount equal to Sum Assured under the basic plan immediately on the death of the life assured.

STUDY UNIT- 5A

HUMAN LIFE VALUE

1. What is “Human Life Value” based-selling ?

“Human Life Value” can be defined as the capitalised value of the net future earnings of an individual after taking into account appropriate costs for one’s self-maintenance.

It is a monetary worth or economic value of an earning person and facts that determine it are training and education, character and

health and above all his ability to work hard and his ambition based on self image as successful man. Higher these factors, higher his value; lower the value of these factors, lower will be his economic value.

2. What is its concept ?

Human life also has an economic value. But unlike material things, it is difficult to determine the exact value of a human being.

Any true life insurance salesman should ask every prospect/ client to determine his “Human Life Value”.

All these years, our agents barring a few have not been selling life insurance as insurance for life, rather we have been mainly selling savings and **tax benefits**. We don't tell the prospect to buy life insurance for what it really is and what it does to him, but we tell him only about the tax benefits and savings that he would derive out of his investment in life policy by way of certain amount of premium.

We generally talk to our clients of Section 80C and high returns and re-investment and bonus rates and interest rates and so on, but **never about the basic security that life insurance imparts**.

3. Then what should be done ?

We as an organization collectively and each salesman individually should shift our focus, change our selling techniques and alter our marketing strategies. That is to shift our focus from tax benefits and savings to Human Life Value. Change our sales-talk from investment angle to security angle, stop discussing high returns and start talking about life insurance, start finding out our client's worth and tell them about it.

4. How this concept helps ?

- i) Once the prospect is made aware of “Human Life Value” approach and thinking, he will be able to know his income potential in numerical data and consequently, he will endeavour to purchase life insurance to that extent for protecting his dependants.
- ii) He will try to reduce his personal expenses and hence try to insure to the extent of such increased “Human Life Value” due to reduction in personal expenses.
- iii) The bread-winner comes to know the increasing quantum of his “Human Life Value” and he continues his efforts to tailor his savings and insurance programmes accordingly.

iv) Dependants of the bread-winner also come to understand “Human Life Value” of his life and they start realising the importance of the role of the bread-winner for their welfare. Hence everyone amongst them acts for his dignity and security and prays for his continued good health. The members of the family start efforts to establish their own HLV. Consequently, income and saving potential of the family enlarges and grows stronger. It draws the attention and lays the foundation for prudent and sound financial planning for leading a successful economic life.

5. How to determine the “Economic Value” of a human life ?

“Economic Value” of a human life is the future earning power of a person for his family. Since he commits a major part of his earnings to his family's well-being he has a great stake in its continuation.

The basic principle to estimate this value is as under :-

1. Arrive at a man's average yearly earnings. Some provisions can also be made for the likely increase in future earnings depending on his qualification, ability, field of activity etc.
2. Deduct from (1) the cost of his own expenditure. Also deduct insurance premium, tax, etc. which will not be there after his death.
3. Estimate the number of years of future earning life. This will be upto actual retirement age for an office goer. His current state of health will also influence this.
4. Discount **(1) - (2)** for the no. of years as computed in (3) at a reasonable current interest rate.

Thus we get the present cash value that can be placed on the person's “Economic Value” to his family which will be his true insurable value.

A simple example to illustrate the above :

a. Age	-	35 years
b. His average yearly earning	-	Rs. 7 lac
c. Cost of his own expenses	-	Rs. 1.5 lac
d. Insurance premium, tax etc.	-	Rs. 50,000/-
e. No. of years of future earning life	-	25 years
f. Total expenses (c+d)	-	Rs. 2 lac
g. Net annual income (b-f)	-	Rs. 5 lac
h. Net total earnings during the above tenure (500000 x 25)	-	Rs. 1.25 crore
i. Assuming a discount rate of 8%		
p.a. this individual would be worth	-	Rs. 53,37,388.09

Present Value calculation @ 8% per annum#	Rs.
500000/1.08 =	462962.96
500000/1.08^2 =	428669.41
500000/1.08^3 =	396916.12
500000/1.08^4 =	367514.93
500000/1.08^5 =	340291.60
500000/1.08^6 =	315084.81
500000/1.08^7 =	291745.20
500000/1.08^8 =	270134.44
500000/1.08^9 =	250124.48
500000/1.08^10 =	231596.74
500000/1.08^11 =	214441.43
500000/1.08^12 =	198556.88
500000/1.08^13 =	183848.96
500000/1.08^14 =	170230.52
500000/1.08^15 =	157620.85
500000/1.08^16 =	145945.23
500000/1.08^17 =	135134.48
500000/1.08^18 =	125124.51
500000/1.08^19	115856.03
500000/1.08^20 =	107274.10
500000/1.08^21 =	99327.87
500000/1.08^22 =	91970.25
500000/1.08^23 =	85157.64
500000/1.08^24 =	78849.67
500000/1.08^25 =	73008.95
Total	5337388.09

$[(1 - (1/(1.08^{25}))) / 0.08]$ multiplied by 500000

6. How would this concept benefit L.I.C. ?

If we adopt this approach, we would benefit on the following counts :

1. Policy lapsation will decrease substantially.
2. Rebate will slowly die its natural death.
3. The right types of plans will be sold.

4. With lower lapsation there will be an increase in renewal income and surplus fund
5. LIC's "New Business" would increase considerably.
6. The image of LIC agents will brighten.

No man can afford to ignore his economic value once he comes to know about it. No man's heart is so rocky that it will not melt at the thought of what would happen to his wife and children if his income also ceases to exist, should anything happen to him.

The need of the hour, is to switch over to "Human Life Value" based-selling.

STUDY UNIT-6

A Family Package - Segmentwise Life Insurance

Family Package:

All our insurance plans are good but they serve different needs. You as a sales person has a great responsibility in properly diagnosing the needs of the clients and suggesting judicious combination of plans, amount and timing of insurance, so that the overall needs of the clients are fully satisfied. For this you will have to keep reviewing the family position constantly. For example, when the money saving potential is enhanced, initiate steps for additional insurance or if a policy has matured, the purpose for which it was taken is non-existent or has been fulfilled in some other manner, a plan would be needed to be prepared to utilise the money more profitably, or better channelise the same in some kind of a regular income as New Jeevan Suraksha-1 / New Jeevan Akshay -1.

We have plans to suit all kinds of family needs. You will have to prepare and suggest a package of the plans to cater to varying needs of the family, keeping in view the family size and saving potential. Not only the present size and needs of the family is to be kept into focus, but **also the likely changes in these determinants.**

You will have to evolve an insurance programme to provide adequate insurance protection to:

- One who is young and has just started his career at the lowest of the scale.

- To one who has advanced half way in his career as well as age.
- To a widow who has received a lump sum from insurance policy, dues from her husband's employer.
- To provide for education, marriage and proper settlement of their children.
- To provide for a regular flow of monthly pension.

If an estate is to be divided among the wife and children, one has to plan to save the same from being forced and pruned. Insurance helps by way of MWP Policies. As professional agent you will have to provide expert guidance in the area of tax planning and estate planning.

Segment-wise:

Human society is made of different segments depending upon the vocations the people pursue, for their livelihood. In a fast developing economy of our country where insurance consciousness is increasing and the resistance to life insurance is decreasing considerably, it is time to analyse the various needs of life insurance segment wise and to examine which type of insurance is more suitable to offer. This will enable you to penetrate more effectively in different segments to achieve our corporate goals expeditiously.

Our segmentwise population is as follows :

Segment I: consisting of professional, technical and related persons and administrative, executive and managerial persons.

The most important aspect of this segment is that in the case of professionals and executives, their income will stop the day they stop working either due to death, disability, superannuation or old age. Hence the risk cover element is very vital to them. Moreover their standard of living is so high that their family would need substantial amount to maintain that standard even in their absence. For them sufficient risk cover on the basis of "Human Life Value" is needed and hence you can easily understand their first three needs that have to be covered namely:

(1) Compulsory Saving (2) Risk Cover and (3) Tax Relief

And for this you can suggest Whole Life, New Bima Gold, and Endowment Plans including Money Back, Jeeven Surabhi and Jeevan Mitra to individuals according to their needs. After making

provision for risk cover to give full protection, a plan like New Jeevan Suraksha - 1 may be suggested for retired life.

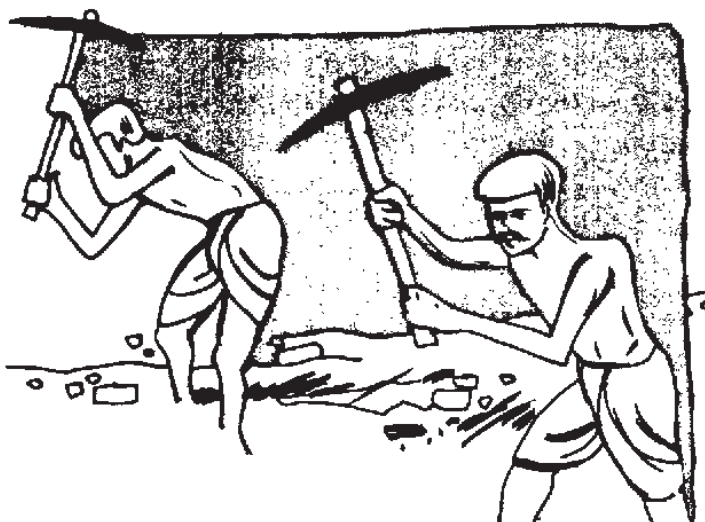
This segment is quite interested in term insurance (Anmol Jeevan – I and Amulya Jeevan – I).

Segment II : Consists of regular income group - clerical, sales staff, service workers, production, transport and related workers.

Workers being employees have compulsory P.F. and Gratuity, but these provisions do not give their families any protection against the hazards of premature death. Hence you can suggest such plans which will give them adequate coverage of life insurance and at the same time try to meet their family commitments like education and marriage of children and for a happy retired life. For this plans like New Bima Gold, Endowment, Money Back, Jeevan Mitra, Jeevan Sathi, New Jeevan Dhara-I, etc. would be ideal.

Segment I and Segment-II are potential areas for ULIP plans (Endowment Plus) and health plans (Health Protection Plus and Jeevan Arogya)

Segment III : Consists of farmers, fishermen, allied workers and cultivators. Here the income is not regular but seasonal. Hence, plans like New Jana Raksha for lower income groups or Endowment plan for higher income groups with yearly or half yearly premium falling due during this peak income season are most suitable. As this class of people do not have any idea of investment, old age provision can



also be made for their sustenance during old age through Jeevan Nidhi plan, for convenient and regular building up of a pension plan and Jeevan Akshay-VI Plan when large amounts are received from cash crops.

Segment IV : Consists of agricultural labourers groups. This is economically the weakest section of the society. Their income is so low that it is difficult for them to save anything. However, LIC has covered their lives through Group Insurance Schemes. In spite of this, there may be few persons in this segment who may be above poverty line and capable of saving small amounts. Small-amount policies of New Bima Gold, Endowment and New Jana Raksha can be given to them to cover risk and to make provision for saving.

Segment V : This segment pertains to Salary Savings Scheme. The prospects for this segment are drawn from segment I & II. Hence, the Corporation has earmarked it as a separate segment. This segment is very potential one and covers a sizeable proportion of Corporation's business. Even those who are already insured, but not adequately insured, need further insurance. Endowment, Money Back, Jeevan Mitra with maturity dates near about retirement would be eminently suited for this class. Whenever the employer does not provide pension benefits, a combination of New Jeevan Suraksha-I would help to meet their pension needs.

Segment VI : Is the Group and Superannuation business. Statutory provision like Gratuity Act has given a tremendous scope for Gratuity and EDLI Schemes. A little more interest on your part will certainly give you substantial business under Group Gratuity and other Group Insurance Scheme. Our P & GS Department is well equipped and ready to render all help in this matter. A good source for this business would be established where SSS is already in existence. We may mention here that the apprehension which few of our agents carry in their minds that P & GS business would affect their conventional business is not correct. In fact, the P & GS business, would be complimentary to conventional business. Because of this you get opportunities to come in contact with top management of the company. This will create openings for conventional business also. You may contact P & GS Dept. for details.

Segment VII : This segment is called the segment of pensioners. It is estimated that in India there would be huge no. of people aged 60 years by 2020 A.D. It is, therefore, an important and big market for you.

STUDY UNIT - 7

Non-medical business

Generally medical examination is required for all insurances. However, the Corporation accepts proposals without medical examination subject to certain conditions.

NON-MEDICAL Schemes

Guidelines in respect of non-medical business are as under:-

NON-MEDICAL (SPECIAL) BUSINESS

To persons employed with length of **service not less than one year** in: -

- i. Government and Quasi Government Offices
- ii. Schools, Hospitals, etc. run by Government / Quasi Government
- iii. State Corporations, Industrial undertakings and reputed commercial firms
- iv. Industrial undertakings, private schools, colleges, etc.
- v. Undertaking operating for a minimum period of 3 years with average turnover of Rs.50 crores during this period
- vi. Armed forces, not below medical category A-1 and not been placed in a lower category during the 2 years period, prior to the date of the proposal.

Classes of Lives	Sum Assured (SUC)	Plans allowed
Literate major males and SSC passed major females not aged over 35 years	Rs.15 lacs	All Plans including Term rider and PWB but excluding Table Nos.43, 52, 58, 164, and CI Rider
Literate males & SSC passed females aged between 36 & 45 years	Rs. 10 lacs	
Literate males & SSC passed females aged between 46 & 50 years	Rs.4 lacs	

Notes:

- Term rider will be allowed subject to the overall limit which is presently Rs.25 lacs.
- Only standard age proof will be accepted.
- Table 162 and 167 will not be allowed to persons aged 46 and above, as the minimum SA under the Plans is Rs.5 lacs and Rs.10 lacs respectively.
- There is no change in the Non-medical (special) limits allowed to Non Resident Indians (NRIs).
- Table No. 190 will not be allowed as the minimum SA under the plan is Rs. 25 lacs

NON-MEDICAL (GENERAL) BUSINESS**1. PROFESSIONALS - (SELF EMPLOYED AND EMPLOYED IN ORGANIZATIONS NOT COVERED UNDER NON-MEDICAL (SPECIAL))**

Chartered Accountants, Cost Accountants, Engineers, Architects, Management / Computer Consultants, Doctors, Lawyers, Teachers, LIC Agents etc.

Classes of Lives	Sum Assured (SUC)	Plans allowed
Professionals not aged over 35 years	Rs.12 lacs	All Plans including Term rider and PWB but excluding Table Nos.43, 52, 58, 164, and CI Rider
Professionals aged between 36 & 45 years	Rs.8 lacs	
Professionals aged between 46 & 50 years	Rs.4 lacs	

Notes:

- Term rider will be allowed subject to the overall limit which is presently Rs.25 lacs
- Only standard age proof will be accepted
- Proof of income – copies of ITRs with minimum income of Rs.1.5 lacs per annum
- Table No. 167 will not be allowed to professionals aged over 35 years and Table 162 will not be allowed to professionals aged over 45 years in view of the minimum sum assured under the plans.

2. MAJOR STUDENTS

Classes of Lives	Sum Assured (SUC)	Plans allowed
Major students not aged over 25 years	Rs.8 lacs	All plans excluding Table Nos.43,52,58, 88, 133, 164,167,190,Term Rider and CI Rider

Notes:

- A declaration to be obtained from the major students as well as from their parent that they are regularly attending colleges / technical institutions.
- Copy of passing certificate / appearance report at the examination of the just completed academic year to be obtained
- Cover will, as usual, be allowed subject to matching insurance on parents' lives and adequacy of their income.

3. NON-MEDICAL GENERAL (OTHERS)

a. Major males and literate females:

With standard age proof or Non-Standard Age Proof – I (NSAP– I), having own income (earned or unearned) and married women falling under female category III (**housewives**) :-

Ages	Sum Assured (SUC)		Plans allowed
	Standard Age Proof	Age Proof NSAP-I	
Not aged over 35 years	Rs.4 lacs	Rs.3 lacs	Table No. 5 (with PPT 5 to 10), 8, 14, 48, 75, 90, 91, 93, 103, 106, 107, 108, 136, 149, 165, 168, 169 ,178, 179,186, (PWB, Term rider & CI rider are not allowed).
Aged between 36 & 45 years	Rs.2 lacs	Rs.2 lac	
Aged between 46 and 50 years	Rs.1 lac	Rs.50,000/-	

Notes:

- For women falling within Female Category III, the above limits and plans will be subject to their maximum allowable overall limits and allowable plans.

- Married women falling under Female Category III will be allowed cover under Non – Medical (General) subject to satisfying the eligibility conditions for allowing them insurance under medical business, i.e., not exceeding husbands' insurance and adequacy of husbands' income.
- Table No.149 will be allowed subject to minimum SA restriction of Rs.1 lac.
- Table No. 188 will not be allowed if Critical Rider is opted for.
- For Age Proof NSAP-I
 - Maximum policy term will be restricted to 25 years
 - Table Nos. 103, 106, 107, 108 and 168 will be allowed subject to the overall restriction on maximum aggregate SA of Rs. 5 lacs together with SA under Plans Nos. 43, 52, 58, 88, 89, 133, 150, 160 & 164
 - Table No. 5 and 8 will not be allowed
 - Table No. 186 will not be allowed for ages above 45 years.

b. Major males and literate females:

With age proof NSAP-II and NSAP-III, having own income (earned or unearned) and married women falling under Female Category III

Ages	Sum Assured (SUC)		Plans allowed
	Age Proof NSAP-II	Age Proof NSAP-III	
Not aged over 35 years	Rs.2 lacs	Rs.2 lac	Table No. 14, 48, 75, 90, 91, 93, 136, 149, 165, 178, 179, 186, (PWB, Term rider & CI rider are not allowed.
Aged between 36 & 45 years	Rs.1 lac	Rs.1 lac	
Aged between 46 and 50 years	Rs. 50,000/-	Rs.50,000/-	

Notes:

- For women falling within Female Category III, the above limits and plans will be subject to their maximum allowable overall limits and allowable plans.

- Married women falling under Female Category III will be allowed cover under Non – Medical (General) subject to satisfying the eligibility conditions for allowing them insurance under medical business, i.e., not exceeding husbands' insurance and adequacy of husbands' income.
- Maximum Policy Term will be restricted to 25 years
- Maximum age at entry and maturity age will be restricted to 50 & 65 years respectively.
- Table No.149 will not be allowed to proponents aged above 45 as minimum SA under the Plan is Rs.1 lac.
- Table No. 186 will not be allowed for ages above 45 years.

Table Nos. 171 and 175

Table Nos. 171 and 175 are not included above for the following reasons:

- Table No. 171 is allowed on the basis of DGH if Term Rider is not opted for
- Table No. 175 is allowed on the basis of DGH only
- Table No. 171 without term rider and Table No. 175 may be allowed in addition to Non-medical limits
- Table No. 171 with Term Rider can be allowed under Non-medical (Special) and under non-medical (General) to Professionals. However the same cannot be allowed under Non-medical (General) to Students and to Others.

SPECIAL REPORTS

Sum under consideration will be the basis for calling for Special Reports. Where SUC is such that it falls within the limits of non-medical business, no special reports will be called for.

SEPARATE, EXCLUSIVE NON-MEDICAL SCHEME FOR SINGLE PREMIUM PLANS.

It has been decided to introduce separate exclusive non-medical limits for single premium plans. These limits would be on the basis of "Actual Sum Assured".

The "Actual Sum Assured" can be different depending on the type of plans.

The separate exclusive non-medical limits for single premium plans are as shown in the table below :

Ages (nbd)	Non-medical (Special), Non-Medical (General), to employed and self-employed professionals, major students and NRIs to whom Non-medical (Special) scheme is applicable. Limits based on "Actual Sum Assured"	Non-medical (General) to Others Limits based on "Actual Sum Assured"	
	Only standard age proof	Standard age proof & NSAP-1	NSAP-2 & NSAP-3
Aged not over 35 yrs.	Rs. 5 lacs	Rs. 5 lacs	Rs. 1,00,000/-
Aged between 36-45 years	Rs. 4 lacs	Rs. 4 lacs	Rs. 75,000/-
Aged between 46-50 years	Rs. 3 lacs	Rs. 3 lacs	Rs. 50,000/-

- 1) The above limits are applicable to proponents falling under the Non-Medical (Special), Non-Medical (General) to employed and self-employed professionals and major students, NRIs to whom the Non-Medical (Special) scheme is applicable and Non-Medical (General) to others.
- 2) Plans of Assurance covered under above scheme :
 - a) All plans of assurance wherein single premium mode is applicable and which are allowed under our existing Non-Medical Special Scheme, Non-Medical General Scheme to employed and self-employed professionals and major students, NRIs to whom the Non-Medical (Special) Scheme is applicable and Non-Medical (General) scheme to Others can be allowed.
 - b) Pure Term Assurance Plans like 43, 52, 164, etc. will not be allowed.
 - c) Term Rider benefit and Critical Illness Rider will also not be allowed.
- 3) The MHR limit should be on the basis of first year risk cover (death cover).
- 4) As there was no separate, exclusive non-medical limit prior to 24.12.2009, no previous insurance under Non-Medical/Medical

scheme be clubbed with the above limits. However, for any further insurance under the above scheme, the sum of the “Actual Sum Assured” under all single premium proposals taken under non-medical only in the last one full year on the basis of date of commencement should be the basis for deciding the eligibility for the above scheme.

Note :- for provision under our Health Insurance plans, Please refer to Manual for Agents.

Separate, exclusive non-medical limits for single premium plans are based on Actual Sum Assured. The Actual Sum Assured (ASA) under single premium plans is defined as “Basic sum assured less Single Premium”.

STUDY UNIT - 8

Policy Conditions and Privileges

When you go out to sell insurance policyholders will ask you all kinds of questions about their rights and obligations. If you know the answers to the following question, you will be a successful agent.



Questions :

1. What is 'grace period' ? Is it uniform for all modes of payment of premiums ? (3)
2. Find the paid-up value of an Endowment Assurance Policy for Rs. 50,000 with a total premium paying period of 20 years, if the payment of premiums is stopped after six years.

3. What is meant by this statement - 'Life Insurance is a contract of **Utmost Good Faith**' ? (2-a)
4. What are the conditions for getting Accident Benefit ?

Policy Conditions & Privileges

1. Life Insurance is a contract providing for payment of a sum of money to the person assured or, failing him to the person entitled to receive the same on the happening of a certain event. Hence both the parties to the contract have to fulfil certain conditions.
2. On the part of the assured he has to fulfil the following :

A) Observe **Utmost Good Faith** while entering into the contract. This is because the proposer alone knows the true facts about his health, habits etc and the Corporation acts on his statements in good faith in accepting the risk. That is why he has to answer questions in the proposal form fully and correctly. If he fails to do so and later on, it is established that material facts were misrepresented or suppressed to defraud the Corporation, then the Corporation has a right to declare the contract void, forfeit all premiums and in case a claim arises, repudiate the claim too.

It is thus the duty which the agent owes both to his client and to the Corporation.

B) Submit a proof of age acceptable to the Corporation. The following age proofs are acceptable to the Corporation :

a) Standard Age Proof

The following proofs of age are considered as standard for the purpose of age admission :

- i) Certified extract from Municipal or other records made at the time of birth.
- ii) Certificate of Baptism or certified extract from Family Bible, if it contains age or date of birth.
- iii) Certified Extract from service register, in case of government employees and employees of quasi-government institutions and certificates from commercial institutions and industrial undertakings provided conclusive evidence of age was produced at the time of recruitment of the employee.
- iv) Identity cards issued by Defense Departments to defense personnel.

- v) Identity Cards (provided date of birth is mentioned therein) issued by Government, Quasi-Government, reputed commercial and industrial undertakings to their employees.
- vi) Marriage Certificates issued by Roman Catholic Churches in the case of Roman Catholics.
- vii) Domicile Certificates in which the date of birth stated was proved on the basis of the school or birth certificate.
- viii) Passport
- ix) Horoscope maintained by a Hindu family in a Bahi or family horoscope provided Manager (NB) is satisfied with its reliability and originality.

B) Non-Standard Age Proofs :

When a standard age proof is not available, a non-standard age proof should not be accepted too readily having regard to circumstances of the case more particularly to the status of the proponent, the place he is hailing from, etc. A non-standard age proof should be accepted with caution. If a non-standard age proof is offered to be furnished in the proposal, the same should be insisted upon before completion of the proposal. A declaration from the client, agent and Development Officer / ABM(S) is to be obtained in Form No.3260 to the effect that the client is not in a position to submit any standard age proof. Further, sample checking of 10% of the School Certificates received at the Branch Offices should be done meticulously to ensure genuineness of the age proof submitted and also to ensure that frauds are not perpetrated on the Corporation.

The following proofs of age are considered as non-standard for the purpose of age admission :

Non-Standard Age Proofs – I (NSAP-I)

- i) Permanent Account No. (PAN) Card issued by Income-tax Department.
 - ii) Driving License issued by RTO
- The above non-standard age proofs (NSAP-I) will be accepted with the following restrictions :
- a. Non-standard age proof extra will not be charged.
 - b. Whole Life (Table No.2) will be allowed upto a cover of Rs.5 lac.

- c. For other plans, there will be no restriction on maturity age / premium ceasing age except that the maximum policy term / premium paying term will be restricted to 25 years – this restriction will not apply for Table No. 902.
- d. There will be no restrictions on maximum age at entry.
- e. Plans involving higher term insurance elements (Table Nos.43, 52, 58, 88, 89, 103, 106, 107, 108, 121, 133, 143, 150, 160, 164 & 168) will be allowed for total aggregate rated up sum assured of Rs.5 lakhs.
- f. Term Rider and Critical Illness Rider will be allowed upto a cover of Rs.2 lacs.
- g. Table Nos. 167 and 190 will not be allowed.

Non-Standard Age Proofs – II (NSAP-II)

- i) ESIS Card
- ii) Marriage certificates in case of Muslims
- iii) Service record where age is not verified at the time of entry into service or where only year of birth is mentioned.

The above non-standard age proofs (NSAP-II) will be accepted with the following restrictions :

- a. Age proof extra equivalent to Class I extra subject to a minimum of Rs.1.50% will be charged.
- b. Plans involving higher term assurance element, Whole Life (Table No. 2), Table Nos. 167, 190, 803, 902 and 903 Term Rider and Critical Illness Rider will not be granted.
- c. Maximum age at entry will not exceed 50 years (nbd) of age.
- d. Maximum policy term will be 25 years.
- e. Maximum maturity age / premium ceasing age shall be restricted to 65 years.

Non-Standard Age Proof – III (NSAP-III)

- i. Horoscope, other than that maintained by a Hindu family in a Bahi or family horoscope book.
- ii. Election (voter) identity card, if date of issue of the card is available.

- iii. Certificate issued by a village panchayat
- iv. Elder's declaration (Form No.3261)
- v. Self declaration (Stamped) Form No.5220
- vi. Self declaration (Unstamped) Form No.5096
- vii. Ration card issued originally, clearly mentioning the date of issue. (Ration card where date of issue is not available or not legible or altered or duplicate ration card or renewed ration card will not be accepted as age proof).

viii. Any other proof not classified as standard as above.

The above non-standard age proofs (NSAP-III) will be accepted with the following restrictions :

- a. Age proof extra equivalent to Class I extra subject to a minimum of Rs.1.50% will be charged.
- b. Plans involving higher term assurance element, Whole Life (Table No. 2), Table Nos. 167, 190, 803, 902 and 903 Term Rider and Critical Illness Rider will not be granted. Table No. 902 will be admissible under single-premium mode only.
- c. Maximum age at entry will not exceed 50 years (nbd) of age.
- d. Maximum policy term will be 25 years.
- e. Maximum maturity age / premium ceasing age shall be restricted to 65 years.
- f. Maximum insurance cover will be restricted to Rs.two lac
- g. The date of birth may be taken as follows under various self declarations :
 - If the date of birth is stated in the declaration then the same may be taken as it is.
 - If the month of birth alone is stated in the declaration, then 15th of the month stated may be taken as the date of birth.
 - If the year of birth alone is stated in the declaration, then 1st July of the year stated may be taken as the date of birth.

C) Pay the premiums when due. Premiums are to be paid on the due date.

3. However, the Corporation allows a grace period within which the premium can be paid. Under most of the plans the grace period is one month, but not less than 30 days when the mode of payment is yearly, half-yearly or quarterly. For monthly mode, the grace period is 15 days. If death takes place within the grace period, the claim is paid in full, less premiums due upto the next policy anniversary.
4. If the premium is not paid within the grace period, the policy lapses, and the Corporation's liability to pay claim in case of death ceases.
5. A lapsed policy can be revived by paying the arrears of premium with interest and undergoing medical examination (where necessary).
6. Once the three simple conditions mentioned in Para. 2 are fulfilled, the assured enjoys various privileges as under:
 - i) In case of death, any time during the currency of the policy, the full sum assured is paid to the beneficiary.
 - ii) If death takes place by suicide provided suicide is committed after 12 months from the date of policy issue, only the full sum assured is paid. **(Suicide Clause)**
 - iii) If the policyholder pays an extra premium of Rs. 1.00 per thousand per annum, and if he dies as a direct result of an accident within 180 days, the beneficiary gets double the amount of sum assured. In case the policyholder is completely and permanently disabled as a result of an accident, following benefits are available :
 - a) all future premiums are waived upto an assurance of Rs. 50 lac
 - b) sum assured is paid in monthly instalments spread over a period of ten years; and
 - c) full sum assured is again paid at maturity or at death, if earlier **(Accident Benefit)**
 - iv) The policyholder is able to pass on the sum assured and other benefits under the policy to his legal heirs without cost and delay **(Nomination or Assignment)**
 - v) If the policyholder pays the premiums for a period of atleast 3 years and fails to continue the policy thereafter, the moneys paid are not forfeited but the policy is treated as "paid- up".

The 'paid-up value' is paid at maturity or at death, if earlier. Paid-up value is calculated as follows :

$$\frac{\text{Number of premiums paid}}{\text{Total No. of premiums payable}} \times \text{S. A.} = \text{Paid-up Value}$$

For example, if a policy for Rs. 50,000 with a term of 25 years is made paid-up after 10 years, the paid-up value of Rs. 20,000 is arrived at as shown below :

$$\frac{10}{25} \times 50,000 = 20,000 \text{ Paid-up Value}$$

(Non-forfeiture clause under Table Nos. 14, 89, 133 etc.)

- vi) If the policyholder has paid at least 3 full years premiums and does not pay further premiums, full sum assured is paid if death occurs within 6 months from the date of the first unpaid premium subject to deduction of such unpaid premiums with interest upto the date of death and the unpaid premiums falling due before the next anniversary of the policy. This claims concession clause has now been extended to operate for 12 months from the date of the first unpaid premium if at least 5 full years' premiums have been paid (**Claims Concession Clause** for most of our conventional plans like Table 14, 75, 88, 89 etc.).

STUDY UNIT - 9

Proposal Form and Other Forms

Once the prospect has indicated his consent to insure, **no time should be lost** in securing the proposal and complying with any other requirement that may be called for, so that the Corporation can cover the risk without delay. By completing the following exercises, you will develop some expertise over (1) choosing the correct form to be completed, (2) collecting the full first premium after calculating it correctly and (3) securing acceptable age proof.

You should not make any mistake in these respects in the prospect's presence. How easy these exercises are, you will find when you study the paragraphs indicated against each question.

QUESTIONS :

1. Calculate age nearer birthday (n.b.d.)

- (a) Mr, A.S. Saxena, born on 17.3.1972 is proposing for life insurance on 30.8.2011
- (b) Mr. K.B. Ahuja, born on 6.12.1989 is proposing for life insurance on 3.9.2011
2. Calculate the premium instalment payable by each of the following proponents (11)

Name of the party	Age	S.A. (Rs.)	T&T	Mode of Premium	Accident Payment Benefit
1. Mr.A.LYadav	26	50,000	2-30	Qly	Yes
2. Mr. K.N. Nair	31	1,00,000	14-29	Hly	Yes
3. Mr. E.A. Sawant	25	75,000	75-20	Yly	Yes
4. Mr. & Mrs, Shenoy	32/28	1,00,000	89-25	Yly	Yes
5. Mr. Rao	40	60,000	88-15	Hly	Yes
6. Mr. Banerjee	35	2,00,000	108-25	SSS	Yes

Complete the Forms

- Complete the proposal form for life assurance on your own life for Rs. 50,000/- sum assured under the Endowment (with profits) plan for a term of 25 years with Accident Benefit, premium paying mode as quarterly. (Form No. 300)
- Complete the proposal form for life assurance on your daughter's life age 6 years for a sum assurance of Rs. 50,000/- and a term of 20 years (non-medical) (Form No. 360)
- Complete F.No. 340 assuming your friend to be the proposer and his wife to be the life assured,
- Your friend Mr. Rao wants to take out a Jeevan Kishor policy maturing at age 40 for Rs. 10 lakh on the life of his son aged 10. Choose the form to be used and complete it,
- Mr. Sukumar was born on 3.11.1983. He is filling up a proposal form for life insurance on 29.7.2011. What advice will you give him about the date of commencement of his policy and why ? How will you inform L.I.C. about the advice you have given to Mr. Sukumar.
- Complete the Agent's Confidential Report in respect of proposal for life insurance of Mr. Gupta, who is an Electrical Engineer,

earning a salary of Rs. 50,000/- p.m. and has been known to you for the past 3 years. At work he has to handle high voltage equipments.

9. Mr. Rajaram aged 32 years gives his family history as under. Point out the error in his statement reproduced below, so that he can be asked to correct it.
 1. Father : died aged 38 years in 1983 of old age
 2. Mother : died aged 65 in 1990 of heart attack
 3. Brother - 2 : 1, aged 9 years died in 1983 of typhoid
1, aged 35 years living in good health.
 4. Sister - 1 : aged 40 years living in good health
10. Mr. Bagde is a graduate working for a Govt. Undertaking. He has submitted his horoscope prepared in childhood as age proof. Will it be accepted by LIC ?
11. Mr. Rambabu is a *panwala*. He was born in Ratlam on 15.8.1956. He did not attend any school. Which of the following age proofs should you try to secure in order of acceptability by LIC :
 - (a) Municipal Birth Certificate
 - (b) Elder's Declaration
 - (c) Personal Declaration
 - (d) A horoscope prepared according to date of birth mentioned.

How to fill the proposal and other forms?

1. Agent should be conversant with the various types of proposals and other forms, to be completed under given circumstances so that only the appropriate form duly completed in all respects, is submitted. This assists in expeditious disposal of business. The formalities to be observed are as follows :
 1. Filling up the appropriate forms,
 2. Medical examination (where necessary),
 3. See that the first premium is paid with the proposal,
 4. Submitting age proof acceptable to LIC,
 5. Office procedure (deciding upon the terms of acceptance of the risk), and
 6. Issue of policy.

SELECT THE FORMS:

2. Care should be taken to select the correct forms for completion. The following forms are most generally needed.
 1. Form No. 300 : Proposal for insurance on own life.
 2. Form No. 340 : Proposal for assurance on the life of another person and where medical examination is required including proposals on the lives of minors and proposals for children. Children's Deferred Endowment Assurance policies when deferment period is less than 10 years and medical examination would be required.
 3. Form No. 360 : Proposal for assurance on the life of another person, in the case of proposals for Children's Deferred Endowment Assurance policies where the deferment period is 10 years or more i.e. where no medical examination is required.

OTHER FORMS :

1. Form No. 380 : Agent's Confidential Report
2. Form No. 400 : Joint Life Declaration under Table 89
3. Form No. 460 : Health Declaration
4. Form No. 500 : Queries regarding occupation
5. Form No. 680 : This form is to be used when revival of a lapsed policy is to be considered on the basis of personal statement regarding health.

Fill the forms fully and correctly.

3. These forms must be carefully filled in and every question fully and correctly answered. The proposal form and the personal statement should be completed by the proponent as far as possible. They must be completed legibly and in ink and all alterations should be duly initialled.
4. Ages of family members must be checked for accuracy and consistency by comparing their ages with that of the life to be assured.

Since these forms form the basis of the contract between the proposer and the Corporation, these forms must contain complete information in order to avoid any misunderstanding.

MEDICAL EXAMINATION :

5. After filling up the proposal forms, the next step is to arrange for the medical examination of the proposer, if it is necessary. The names of the authorised medical examiners / TPAs can be obtained from your Branch Office. The Manual for Agents sets out in detail the conditions as to age, sum assured, employment, etc. under which the proponent should be/not be medically examined. The manual also gives detailed rules for conducting medical examination where necessary. Agents should study these rules in minute details and follow them.

FIRST PREMIUM:

6. A proposal for insurance is not considered by the Corporation unless it is accompanied by the full first premium instalment. So it is most essential to see that the full first premium instalment is deposited with the Branch Office simultaneously with the proposal.
7. Proposals are not taken up for consideration unless accompanied by acceptable age proofs (as mentioned in para 2(b) of Study Unit -7). Care should be taken by you to see that only acceptable age proof is submitted alongwith the proposal.

CALCULATE THE AGE NEARER BIRTHDAY :

8. The amount of first premium depends upon the age of the proposer "nearer birthday" on the date of proposing for insurance under most of our plans. This is determined as under (i.e. taking the full years, ignoring any broken period less than 6 months and taking the next higher age if the broken period is in excess of 6 months) :

	D	M	Year
Date of proposal	12	3	2011
Minus date of birth	30	9	1981
	12	5	29

9. As the age on 12.3.2011 is 29 years, 5 months and 12 days, calculate premium for age 29 years only. The broken

period of 5 months and 12 days being less than 6 months, has to be ignored. If, however, the difference was more than 6 months, then the age nearer birthday would be 30 years (as shown below):

Date of proposal	30	3	2011
Minus date of birth	3	9	1981
	27	6	29

DATING BACK OF POLICY :

10. The risk under the Corporation's policies commences on the date of receipt of the first premium in full or the date of acceptance, whichever is late. Policies can be dated back if desired, within the financial year. Please see details in Manual for Agents.

STEPS FOR CALCULATING PREMIUM :

11. For calculating the premium instalment you have to take into account the plan-term, age of the proponent, sum assured, mode of payment and Accident Benefit (if desired).

AN EXAMPLE OF PREMIUM CALCULATION :

Table -14, Term - 25 years, Sum Assured - 2,00,000/-,
Mode - yearly, Age - 30 years

Tabular premium per thousand	41.05
Less : Adjustment for yearly mode (3%)	1.231
Balance	39.819
Less : Adjustment for large sum assured	2.00
Balance	37.819
Multiply by sum assured (in thousands)	x 200
Total	7563.80
Add : Extra for Accident Benefit (@ Re. 1 per thousand S.A.)	200.00
Total	7763.80
Instalment premium	7764

Note :

Rebate for Mode (for most of our plans)

Yly	- 3% of tabular premium
Hly	- 1.5% of tabular premium
Qly/ SSS	- No rebate
Monthly	- The tabular premium increases by 5%

Rebate for large S.A.

Upto and including Rs. 1,00,000	NIL
Rs. 50,000 to 1 lac	- Re. 1.00 per thousand
Rs. 100,00 and over	- Rs. 2.00 per thousand

UNDERWRITING :

12. The agent has to submit to the Branch Office -

The proposal form,

Agent's Confidential Report,

Age proof, and

The first premium deposit

After processing the papers, the New Business Dept. registers the proposal and allots a proposal number. The papers here are carefully scrutinised and a decision is taken about the acceptability or otherwise of the proposal.

When the proposal is accepted as proposed without an extra premium, the decision is known as "Acceptance at Ordinary Rates" and if the premium deposited is found to be correct, the risk commences, policy number is allotted and the policy document is issued in due course.

EXTRA CHARGE, DELAYED OR DECLINED PROPOSALS :

Some proposals involve extra risk on account of occupation, adverse personal or family history etc. Under these circumstances, the underwriting decision can be as under:

1. Charging an extra premium
2. Altering the plan or term of assurance
3. Accepting the proposal with a lien
4. Postponing consideration of the proposal
5. Declining the proposal

Knowledge is useful only if it is translated into action. Action becomes easy only when you master every step to be taken to complete the action.

STUDY UNIT - 10

Selling Process - I

The following questions will give you an idea of how you should conduct yourself while selling. Read the answers from paragraph numbers given in brackets and you will want to know more about selling techniques and **be impatient to practise the ideas.**

QUESTIONS :

1. What service can a salesman render to a prospect at the time of selling a policy ? (9-vi)
2. What do you understand by pre-approach ? What steps will you take to ensure a sound preparation ? (2)
3. Mention some simple rules for conducting your interviews efficiently (9)
4. What is the use of the sheet where analysis of needs of the prospect has been made? (3)
5. What is the object of the first approach ? (7)

THE SELLING PROCESS : How to sell

1. A sale results when the salesman takes the prospect along with him through well defined steps. The steps are not separate and clear-cut but blend into one integrated process if it can be so called. The steps are:
(a) Pre-approach (b) Approach (c) Interview
(d) Objections (e) Motivation and (f) Close
2. Any worth-while activity requires advance planning. Pre-approach means preparing to approach the prospect. If you wish to go to a destination, you decide the mode of reaching it, the time and resources at your disposal, etc.

Similarly, if you wish to call on a prospect, you will have to determine why you wish to call on him, when you wish to call on him and how. If you merely wish to sell him life insurance, he will not respond very enthusiastically to your suggestion. But he will be enthusiastic if you can locate his 'needs' and talk about them. To locate his needs you require basic information regarding his income, his habits, his saving capacity, his family position, etc. These facts can be had from a variety of sources; and you may even have to make a personal call on the man himself, and get from him the facts you need to help him in taking a decision.

3. It is good to record all this information **on a sheet** so that you will have a complete idea of your prospect's financial position as it stands today. The next job is to project yourself into the future (from the prospect's viewpoint) and find out the various needs which will arise in his life in times to come, and determine them on the basis of his minimum requirements.

This done, the next job is to find out **which need is most important** and suggest a plan or plans which will meet that need. You should make this "analysis of needs" very carefully. The sum assured, of course, will be determined by his capacity to save. **Selling according to need is the first step in efficient service.**

If you make the sale first in your own mind, you will find it easy to make the sale to the prospect.

4. It is advisable to prepare a neat presentation. All these preparations (pre-approach) including a check-up on the time most suitable to visit him, will make your call meaningful and give you the confidence borne out of your 'preparedness'. You have now a definite advantage over the prospect, as you know the points which would appeal to him. You are ready to meet him.
5. When you knock on the man's door and are face to face with him, the dynamic phase of the sale begins. The approach can be varied. Three facts, however, are to be borne in mind.



(1) Greetings (2) Introduction (if calling on a stranger) and (3) Purpose.

That you are calling on him for life insurance should be made known at the very earliest.

Remember, you are not begging for a policy, you are calling on him to render him a valuable service to ensure financial security for him and his family.

6. You started the game and opened the talk explaining the purpose of your call in such a way (offering a service which is valuable to him) as to arouse his interest to talk to you. In a majority of cases, you may expect him to first come out with a 'NO'. **This is to be expected in 9 out of 10 cases.**
7. At this juncture of approach when a 'NO' is received from the prospect, an astute salesman would not be in a hurry to convert the 'NO' into a 'YES'.

The purpose of approach is not to sell insurance, but to sell an interview. Your job is to get an opportunity to talk when you can explain what you want the prospect to think about, and get an opportunity for further discussion to remove his doubts or fears. So, avoid any argument. Ignore the 'NO'. Exchange a few pleasanties and at the first opportunity launch into a sales discussion, explaining how he will benefit generally by your suggestions.

8. The interview should normally run along well defined lines :
 - i) Firstly, establish the need of the prospect and get his agreement that he realises the need to ensure future security of his family.
 - ii) Secondly, compliment him on his existing plan of savings (if any) to meet these needs.
 - iii) Then unfold your proposition or plan and stress, in what manner it is better or superior to other plans of savings (You now are in the midst of an interview).
9. Follow the simple rules :
 - i) Do not talk more than necessary - but ask questions, and make the prospect talk.
 - ii) Listen to the prospect's point of view carefully, without interruption or argument. Restate what he says, and, ask him if you have understood him correctly.

- iii) Ask questions about his plans, dreams, hopes, aspirations and needs in such a way as to get **'yes' responses**.
 - iv) Make your sales talk interesting to him. Tell a true story of how life insurance has helped families in various situations and how families have suffered without it.
 - v) Use a laptop, pictorial aids, graphs and the written presentations. Engage the prospect's eyes by showing LIC's advertisements, etc. Let him make the calculations, if any. This ensures his concentrated attention.
 - vi) Let your advice be in the best interest of the prospect - not your interest. Let him feel that you are a friend to him and protecting his interests. Sell the right plan, for the right amount, and the right term. This is the best service you can give, to start with.
10. Let the story have a personal appeal. Use first person names of his children or relatives. That will make the story more appealing.
11. The interview should be a discussion in which the prospect asks questions and gets his doubts cleared; and you gradually help him to take his decision as to which plan of insurance will meet his needs. **It should never be a dull monologue from your side.**
12. Most salesmen prepare their presentations carefully. This ensures that they do not fumble for ideas or the right words. The ideas, too come in the most natural and logical sequence. Lastly, **a prepared sales talk can be given with more enthusiasm** and conviction than a talk without preparation. Prepare yourself thoroughly before every sales interview.

A well prepared approach ensures a favourable interview.

STUDY UNIT - 11

Selling Process - II

What is the role of OBJECTIONS in a sale ? How can we MOTIVATE the prospect ? How can you 'CLOSE' a case and get the proposal ? If you know the answers to these and the following questions, you will be almost a skilled salesman. The paragraph numbers shown in brackets will help you in this direction.

QUESTIONS :

1. "Objections make it easy for an agent to sell". Is this correct ? . Why ? (3)
2. What role does motivation play in the sale of life insurance ? (11)
3. Why is 'Yes but' method of answering objections effective ? (9)
4. Give two questions, the prospects' positive reply to which shows that he is ready to sign the proposal. (12)
5. Fill in the blanks :

To sell successfully, you have to make the prospect feel that he has taken

the _____ to buy, and that your role in the process was only to _____ him by giving him the _____ he needed. (10)

THE SELLING PROCESS : II

OBJECTIONS

MOTIVATION

CLOSE

1. As a beginner in the selling line, you may be afraid that the prospect will raise one objection or another. You fear that you will not be able to answer them; but you would do well to remember that **objections are a part of every sale**. In fact, if prospects did not object, there would be no need for salesman. People would then buy on their own just as they buy a litre of milk or a tablet of common medicine for headache to satisfy their immediate needs. Then again, if the prospect sits silently, how will you know why he is not buying ? But if he tells you his reason (objection), **you know what type of information can satisfy him**.
2. The entire selling process is, therefore interspersed with objections. At the stage of approach itself the prospect may say - 'I do not believe in life insurance', 'I do not need life insurance', and the like. Such objections are not against life insurance but rather against the salesman whom he wants to put off gracefully, or are a sign of indecision, or of the **fear of** being "forced" or "tricked" into buying.
3. Then, there are objections during the interview, like, 'I pay more than what I get back', 'It is advantageous only if I die', 'Meet me after six months'. Such objections which come up during the

main discussion are real objections. However, their intention is not to put you off. Quite the contrary, the prospect wants you to convince him; he wants you to give him detailed information that will remove his fears and doubts and to back up his unconscious desire to buy.

Every objection tells you about the prospect's thinking and gives you an opportunity to remove his mental blocks. Indeed, **a prospect who puts forward an objection is actually asking you to give him one more reason to buy.** A true agent should therefore welcome objections.

4. Then there are objections raised at the closing stage, such as, 'I will think it over', 'I will consult my father', 'See me next month when I get my confirmation/increment/promotion, etc.' These objections reveal an inability to take a major decision.
5. Depending upon the stage at which the objections are raised, they can be dealt with effectively.
6. Objections at the approach stage need no elaborate answer. You have to reassure him that you are not going to force him and the decision will be his. You only want him to consider what you say.

You can say, for example, 'If you know you needed life insurance, Mr. Desai, you would have bought it on your own; but, you know, many times doctors are "too busy" to treat themselves. This applies to most men. You will find it worthwhile sparing just 15 minutes to consider how your life-time's earnings should be best utilised. The ultimate decision is yours, but it may be a valuable decision for you and your family ...", or 'you may not believe in life insurance, Mr. Joshi, but I am sure, you believe in Pramod's education. Which school is he attending ?'

7. However, objections which crop up at the stage of interview, cannot be treated in a summary manner. The answers to these must be complete and convincing to the prospect. He wants you to help him in taking a decision to buy. His decision needs to be fortified by **your expert knowledge**. His doubts or difficulties need to be removed or clarified.
8. Then again, objections at the close need a brief answer, but with an attempt at closing the case, e.g., "Mr. Patel, your father will never object to a wise decision to save money. Will this evening

be suitable for a medical examination or tomorrow morning ?” (Give him two affirmative choices, either of which takes him nearer to the close).

9. In answering objections, bear in mind never to get into an argument. The “Yes but” method is the most effective. You agree (say, ‘yes’) in principle with what the prospect says under circumstances assumed by him; “but”, you say, ‘the actual circumstances are different’ and then convey your point. The prospect is bound to be receptive to such an open ‘Give and Take’ in discussion.

For example, you may say : “Mr. Prospect, I agree that conditions are hard and people have difficulty in saving; but imagine how much more difficult it will be if your family has to carry on without you”

10. The secret of successful selling is to make the prospect feel that he has taken the decision - you only help him in the process by answering his objections.
11. Objections, however well and logically answered, will not get you a decision. In selling, an appeal **to the heart** is more fruitful than an appeal **to the head**. The prospect has to be motivated to action. This can best be done by telling him true life stories or showing appealing pictures from which he can visualize how his own life situation will be without insurance. This will move him more surely to action.

Life Insurance is bought for the prime reason of protecting the loved ones, affording a good start in life to the children, duty to aged parents, or perhaps a desire for self preservation in old age. Therefore, a sale can be accomplished only when an appeal is made to one of these motives, that is, an appeal to the heart. It is important to understand the psychology of each prospect so that you can speak on those points which appeal to him most.

12. When the sale reaches this pitch, the time for closing the deal is at hand. The ‘close’ has to be sensed and timed, because very few prospects will, of their own accord, say ‘I will insure’. The salesman, sensing the close, takes the prospect’s positive decision for granted by asking for his implied (not direct) consent.

“Will you pay the premium by cash or cheque ?”, ‘Do you have your school certificate at hand now or can you give it tomorrow ?’

(Affirmative choice). A positive answer to any of these questions is an indication to go ahead. If the prospect does not respond favourably to these first trial close, you should not conclude that interview before making three or four more attempts to secure the proposal.

These attempts will be made on different appeals (i) premium rate may go up because of age change; (ii) remove his fear that he suffers no loss if premiums are interrupted due to temporary difficulties because the policy remains paid-up or can be revived; (iii) if he undertakes the big obligation of paying the premium then LIC undertakes the big obligation of paying the entire sum assured; (iv) he may not be able to get the insurance tomorrow if there is any change in his health.

An interview is not complete without these attempts. These techniques help in getting the prospect's signature on the proposal form, and you should not give up without trying them.

Objections are stepping stones to a sale.

STUDY UNIT - 12

You will see from the following questions that **SERVICING POLICYHOLDERS** has many advantages. See if you can answer them yourself; otherwise study the paragraphs mentioned in brackets against each question.

QUESTIONS :

1. What are the direct and indirect rewards which an agent gets through proper servicing ? (1,2, 3 and 11)
2. Why is it that policyholders need and appreciate personalised service ? (4 and 9)
3. How will lack of servicing put the agent as well as the policyholder to loss ? (4)
4. When does an agent get the highest satisfaction from his profession ?(10)
5. Servicing opens opportunities for new business. How does it happen? (11)

Servicing Policyholders

1. With the sale of a life insurance policy, a close relationship of mutual trust should develop between you and the policyholder, a relationship which is profitable to both of you.
2. You can then look forward to “leads” to new prospects being given to you, from time to time, by your satisfied clients. Repeat-business from the same person cannot also be ruled out. With many agents, the motto ‘once a customer always a customer’ is a reality and you too should aim at it.
3. The policyholder, on his part, gains from this relationship in the form of continuous service over a number of years from a trusted agent who is competent in his profession, who knows well his own particular aims in life and who will render him service in a fair measure.
4. In life Insurance, servicing takes on added significance because of two reasons. In the first instance, unlike other savings or investment plans, a contract of life insurance is a long-term commitment extending over many years. During this period an average policyholder passes through various situations in which he would need the personalised help and guidance of a trained agent who has won his confidence.

Secondly, life insurance embodies the hopes, aspirations and dreams of a man for the welfare and well being of his family. Yet, people are too often involved in their day-to-day struggle for life and do not find time to think of their long-term interests. A devoted life insurance agent is welcomed by them - if only he approaches them suitably and gains their confidence as their well-wisher. The absence of competent and timely service to people may spell the end of all their noble ideals and may leave behind a trail of tears. **Thus a salesman who neglects servicing does so at serious loss to himself and grave risk to his clients.**

5. With this background in mind, let us look into some of the basic services which you will be usually called upon to render and by rendering which you can acquire immense prestige and popularity.
6. In the first instance, age admission is necessary if a claim is to be settled promptly. It would be your duty to help the policyholder to comply with this requirement under all his policies.

7. On the death of a policyholder the moneys can only be paid to the person who can give a legally valid discharge to the Corporation. One of the advantages of a life insurance policy is that the proceeds can be transferred to beneficiaries without cost or delay. This can be done by the proposer appointing the nominee while completing the proposal form; otherwise the policyholder can also appoint the nominee or execute an assignment on the back of the policy. You should see that these formalities are complied with. Otherwise, in the event of a claim, the family already in distress will be put to a great deal of trouble, expenses and delay in complying with the legal formalities of obtaining a probate of will or letters of administration required for payment of the claim amount.
8. Over the years, the policyholder may find himself in financial difficulties. This may result in his policy getting lapsed. A gentle reminder from you will induce him to revive the policy. Also, when he decides to revive his policy he will need your help. Many times even if a man is anxious to revive his policies, he takes no action in the absence of help from an agent. **Every case of revival is an opportunity for you to extend your service to your clientele.**
9. At other times, the policyholder may need a loan or to know the surrender value of his policy. An average policyholder, pre-occupied with his own avocation, generally does not have the time or the patience to find out the 'how' of getting the formalities completed. On such occasions the help and guidance of a competent agent is most welcome.
10. Likewise, when a claim, particularly a death claim arises, the miracle of life insurance transforms promises made years ago into hard cash, so much needed by the policyholder's family. At such a time the bereaved family needs the guidance of a devoted agent. When he does his job, he gets the satisfaction which a professional doctor feels when his labours come to fruition and the patient recovers from serious illness.
11. Then again, with the passage of years the individual policyholder or his family situation will undergo change. The insurance policies taken say, five or seven years back, may be inadequate or outdated because of the change in his financial position or family needs. He may need more insurance. You should, therefore, see that the insurance programme of every

policyholder is reviewed and revised periodically so that it may be kept up-to-date.

12. The “Servicing Manual for Agents” sets out in detail, the rules and procedures to be followed in respect of all servicing situations. Like the ‘Manual for Agents’, this handy booklet should be studied by every agent.
13. Lastly, remember, servicing not only benefits the policyholder but the agent as well by building up his prestige and opening up new channels of business. To be able to render prompt service to policyholders when they need it most, you should keep in REGULAR TOUCH with them.

The key to long-term success and satisfaction as an agent lies in keeping in close touch with policyholders and servicing them.

STUDY UNIT - 13

Planning and Record Keeping

Human memory is short. Man would not have made the tremendous progress he has achieved if he did not have paper and ink to record his thoughts and plans. Some people use laptop / PC also, now for the purpose. The following questions bring out the need for an agent to keep different types of records. For detailed answers to them please study the paragraphs numbered against them.

QUESTIONS :

1. What are the advantages to an agent of keeping a record of his day to day activities ? (6)
2. Give a brief description of any three records which can help an agent to work efficiently ? (4,5, 6 and 7)
3. What is the name of the book in which you can plan your income objectives as well as work objectives ? (2)
4. How can the **sheet** where **analysis of needs** of the prospects is made, help you to win the prospect’s confidence ? (5)
5. How can an agent know whether he is putting in efforts in the right direction to attain his income objective ? (7)

Planning and Record Keeping

Plan Your Work

1. You have taken up the agency with a definite objective. Your prime objective is to earn enough money to live comfortably or to supplement your main income. Whatever it is, it would be desirable to determine your money objective at the beginning of the year and work diligently towards it.
2. Let us see how you can do this.
 - i) Suppose you want to earn Rs. 20,000 p.m. on an average in the first year of your appointment.
 - ii) This means, at 35 per cent you should have a monthly premium objective of Rs. 60,000. You must complete that much business which will yield Rs. 60,000 as premium every month.
 - iii) Taking Rs. 60 per thousand as the average premium per thousand sum assured, you will need to complete a business of Rs. 10 lac per month.
 - iv) Making allowance for the fact that all premium may not be yearly, let us say your objective is to complete a business of Rs. 12.50 lac per month.
 - v) This means that every month you will need to complete at least five cases (taking an average of Rs. 2.50 lac per policy). Now to complete these five cases, you will have to introduce at least six cases per month.
 - vi) Each of these six cases will be secured as a result of effective interviews- at eight interviews per case, you will need to conduct about 50 to 60 sales interviews per month on **qualified prospects**.
 - vii) Not all prospects you call on will meet you or grant you an interview. Taking an average of about 20 calls per effective sale, you will need to make about 120 calls per month.
 - viii) Thus you have translated your income objective into work objective i.e. 120 calls - 60 interviews - seven sales - over 25 working days. This means, five calls per day and two effective interviews per day.
 - ix) With each day's sales effort, your prospects-list gets depleted either by sale or by dropping out. It is, therefore, absolutely essential that you maintain **50 to 60 prospects**

on your list at all times, of which about 40 should have been **qualified**.

- x) There is one more point. Every call you make has a rupee value; and you should not waste your valuable time on barren calls. You must size up each prospect within one or two calls, and make more calls (say, three or four calls, at the most) on the same prospect, only if you are pretty sure that business might result if you do so. Working on this basis also, you will find that your prospects list gets exhausted soon. Therefore, maintaining a live list of at least 50-60 prospects (after eliminating those sold and those not saleable) is a **MUST**. The 'prospecting list', will help you to plan your income objectives and work objectives and also build up a continuous list of prospects and qualify them.
- 3. Records help you to **PLAN YOUR WORK** and increase the value of the calls you make. Your basic records will naturally be for the twin activities of prospecting and selling.
- 4. The "**PROSPECTING GUIDE**" is the ideal place in which to note names of all possible buyers from every possible source. Its contents are self-explanatory ; if the instructions contained therein are followed, both in letter and in spirit, an average agent will not find himself lacking in prospects.
- 5. Each prospect is an individual. The information on points having vital bearing on life insurance like age, address, ages of his family members, saving habits, etc., can be ascertained and noted. The analysis of needs in such a systematic way as is done in this form helps you to win the prospect's confidence. The **sheet**, prepared in duplicate, can be a detailed permanent record of your client, one copy being kept by you, filed in alphabetical order for easy reference and the other being given to the client. Periodical visits to the prospects can help in keeping the information as well as the insurances up-to-date.
- 6. Since field activity - **WORKING THE PLAN** - for selling life insurance is your main job without which all the planning is fruitless, the other important record will be your **DIARY** in which you should record each night the work done during the day and also the names of people you plan to meet on the next day. This is a very important step in becoming a self-starter, in being your own boss. An agent who needs to be goaded by others will not succeed.

7. When you record all information pertaining to your day to day work like hours spent on the field, calls made, number of prospects seen, number of effective interviews conducted, number of sales made etc., in your diary and make a **periodic analysis** of these entries, say once a month, **you will know** whether - or not - you are fulfilling your work objectives (number of new prospects, number of calls, number of sales interviews). **You will know** what you should do to reach your income objectives (commission targets). **You will know** your ratio of sales to interviews, sales to calls and the value of each call. If you discuss this analysis with your supervisor, he will indicate the areas in which you are weak and guide you how to improve yourself. In short, you will know what you should do to BE A SUCCESS.
8. Then there is the Agents Policy-cum-Commission Register which helps you to note the commission received month by month. This record can also show under which policies commission is not received, most probably because the premium is not paid. A diligent agent can follow up this information to see that the policyholder pays the premium thereby reducing lapsation to the barest minimum.
9. There are some of the basic minimum records which you would do well to maintain. Later on, as your selling becomes more diversified, you can have your own **system**, if need be, of keeping records. Do not forget that this is your business and **you are your own employer as well as employee.**

Records help you (i) to plan your work (ii) to know where you can improve and (iii) to get more value for your calls.

Enclosed specimen of the following :

1. Policy-cum-Commission Register
2. Prospecting list-sheet
3. **Data Sheet** - analysis of financial needs

APPENDICES

Annexure I

Agents' Commission Rates

(Percentage of commission on "premium received and adjusted in respect of a policy")

Table	Premium Paying Term	First Year	Second & Third Year	Subsequent years
		%	%	%
2*, 5, 14, 48, 88, 89, 90, 91, 133, 149, 162	15 years and above	25	7.5	5
	10 to 14 years	20	7.5	5
	5 to 9 years	10	5	5
	2 to 4 years	5	2.25	2.25
41, 50	10 years and above	10	5	5
	5 to 9 years	7.5	5	5
	2 to 4 years	5	2	2
58	5 to 7 years	7.5	3	3
75, 93, 106, 107, 108	All	15	10	6
102, 103	15 years and above	15	5	5
	10 years and above	15	5	5
	5 to 9 years	10	3	3
114	10 years	15	8	6
	15 years and above	15	10	6
136	10 to 14 years	15	8	6
	15 years and above	15	10	6
159	8 to 9	10	5	5
	10 to 14	20	7.5	5
	15 and above	25	7.5	5
164	5 to 9 years	10	5	5
	10 to 14 years	15	7.5	5
	15 years and above	25	7.5	5
165	10 to 14 years	20	7.5	5
	15 years and above	25	7.5	5
167	3 to 4 years	5	2.25	2.25
	5 years	10	5	5
168	7 to 9 years	10	5	5
	10 to 14 years	20	7.5	5
	15 years and above	25	7.5	5
169	Regular Premium	7.5	2%	2%
178	10 years	20	7.5	5
	15 and 20 years	25	7.5	5
179	Regular premiums	15	7.5	5

Table	Premium Paying Term	First Year	Second & Third Year	Subsequent years
182 (Jeevan Madhur)	5 to 8 years	10	6	6
	9 to 11 years	10	8	8
	12 to 15 years	10	10	10
184	6 to 9 years	10	5	5
	10 to 14 years	20	7.5	5
	15 years and above	25	7.5	5
185	6 to 9 years	10	5	5
	10 to 14 years	20	7.5	5
	15 years and above	25	7.5	5
186	3 years	4	2.25	N.A.
	4 years	4	2.25	2.25
	5 years	7.5	5	5
190	5 to 9 years	10	5	5
	10 to 14 years	20	7.5	5
	15 years and above	25	7.5	5
192		25	7.5	5
198 (Jeevan Mangal)	Regular premiums	10	10	10
802		6.5	2.5	2.5
803		7.5	2	2
805		10	2	2
806		12	4	2.5
902		10	5	5
903		25	7.5	5

*Policies under Table to effected at a proposer's age 56 or above will be treated as policies where under premium ceases at age 70 for the purpose of fixing the premium paying period.

Bonus commission @40% of FIRST YEAR COMMISSION is also payable as per rules **except** under Table Nos. 147,148, 169, 182, 198, 803. No bonus commission is payable on SINGLE PREMIUM.

Commission on Single Premium :-

1. @2% under Tables 8, 48, 102, 136, 159, 162, 168, 169, 171, 175, 178, 189, 190, 802 and 803.
2. @5% under Table 198.

Commission on Top-up :- @1% under Table 803 and 2% under Tables 805 and 806.

DATA SHEET FOR
ANALYSIS OF FINANCIAL NEEDS OF

Insurance is the
subject matter of
solicitation.

Shri/Smt./Miss _____

Basic Data		Income per year	Savings per annum	Existing Policies								
Address		Salary	Life Insurance Premiums	LI C / other	Policy No.	Risk Date	Plan / Term	Date of Maturity	Sum Assured	Premium	Mode	Name of Beneficiary
			Commission	Provident Fund								
			Dividends									
Occupation												
Date of Birth		Interest										
			Unit Trust									
Place of Birth		Other										
		Sources										
email ID			Can save further									
Telephone No		Total										

RECOMMENDATIONS

ANALYSIS OF NEEDS

Nature of Provision Needed	Name of Beneficiary	Amount of Provision Needed	Existing Provision	Balance of provision to be made	Present Age of Beneficiary	Year in which NEED will arise	Order of Priority of Needs	Sum Assured	Plan/ Term	Premium	Mode
1. Family Income (Fund)											
2. Mortgage/Debt Cancellation											
3. Readjustment Income											
4. Marriage Expenses											
5. Educational Expenses											
6. Income for wife/ dependants											
7. Retirement Income											
8. Income for any infirm/ seen eventually/widow											
9.											
10.											

Note : 1) The back of this sheet may be used for recording additional particulars about the party, the value of his property and assets for calculations.
2) The DATA SHEET should be prepared for each prospect IN DUPLICATE - the original sheet is to be given to the prospect and its copy is to be retained by the agent for this record.
3) Agent is required to adhere to guidelines on BENEFIT ILLUSTRATION issued by IRDA from time to time.

Presented by : - Signature and Name : _____
Ag. Code No. _____ Br. No. _____
Email ID _____
Telephone No. _____

PROSPECTING SHEET

Who knows the people I want to know — and would like to help me ?

Personal friends — men with whom I do business — highly regarded policymakers — friends of my family — my doctor — banker — people I know in civic and welfare organizations

[illegible]

Life Insurance Corporation of India

[illegible]

HUMAN NEEDS

People do not buy insurance – at least not all they need, because by sheer force of habit they think that only tangible forms of property constitute real wealth and can provide better future income. The gambling spirit in men forces them by custom and tradition to speculate on the possibilities of appreciation in value and the get-rich-quick schemes appeal more to them than the method of gradual accumulation. It is habit, custom or tradition which is responsible for such an attitude and not that there is any logic behind it.

Life insurance, like any other form of saving, involves sacrifice in terms of present desires. It is difficult to forgo present comforts for deferred benefits. Usually, men prefer to live completely in the present – **till someone makes them think of their distant needs.** Most men realise the advantages of saving money but the conviction is so mild that usually it does not prepare them for a sacrifice. **It is the conflict between a man's present desires and future needs that a salesman has to resolve.**

Perhaps the greatest reason against the spontaneous purchase of insurance by people is the bad job done by salesmen. They have, too often, based their theory on the premature death of the individual and placed insurance at his disposal as the means by which he could leave a handsome amount of money for his dependents. The suggestion is repulsive and no wonder the public has built a notion that one has to 'die' to 'win' in insurance. Secondly, there has been too great an emphasis on selling policies for fixed sums. Relatively only a few salesmen sell insurance to satisfy the future needs of their clients. Insurance is not purchased merely because someone is going to die too soon. It is also purchased because someone may live too long. The hope of living too long obliges the man to provide for his own future needs as well as those of his dependents. The motivation actually comes from the hope of living long. The provision against early death is only incidental.

Take an instance. Why do men strive to acquire wealth? Why do they build houses, own mortgages, hold stocks, bonds, etc.? Is it because they hope to die soon? Surely not ! They are amassing wealth to provide income for the future when their present income may cease or when business reverses or old age may prevent them from having their present income. Surely this line of thought is not based on the probability of dying too soon ! It must be clear to you that human beings amass wealth to satisfy future needs. Insurance

satisfies all these needs in a better and more effective manner than any other form of wealth. A brief description of human needs and the manner in which life insurance offers a complete solution to them is given in this chapter.

FAMILY INCOME FUND :

Income for the family – one of the major human needs, is the prime responsibility of every family man. It may be provided in either of the following forms :

- a) Income for the entire family till the youngest child has attained majority and thereafter, for the wife alone.
- b) Income for the entire family only till the youngest child has attained majority (presuming that the mother will be supported by her children thereafter).

Most people have a wrong idea about the sufficiency of their assets which gives them a false sense of security. A man with life insurance of Rs.15 lac may feel that he has ample provision for his family. Such a person would usually be having a monthly income of about Rs.50,000. In the event of his death, his family would need at least Rs.30,000 per month just to meet the bare necessities of life. To ensure a monthly income of Rs.30,000, say for 20 years, one would need Rs.35.87 lac on the assumption that the funds are invested @ 8% p.a. and that both the capital and interest have to make up the monthly income.

If only the interest was to make up the income, keeping the capital intact, one would need as large a sum as Rs.45 lac. It is, therefore, for the salesman to bring home to the prospect, the necessity of additional cover for satisfying his family's future needs.

It will be seen that no savings plan except life insurance, can guarantee an adequate income to the family, under all circumstances. A Limited Payment Life Policy with premium payments limited to the earning period of the prospect or an Endowment Assurance will serve the purpose. The proposition is more or less similar to the one presented under the Readjustment Fund. It is helpful to relate a story wherein lack of prudence on the part of the bread-winner exposed his family to dire circumstances or **where prudence on the part of the bread-winner helped the family to tide over the worst period.**

A salesman will seldom come across a person who would take up all the insurance warranted by his family's needs. It is prudent and

perfectly professional to suggest a part provision which the prospect can easily pay for. The plan should be unfolded to the prospect and further approaches made, as soon as his ability to pay improves.

It will help a prospect to follow your line of argument better if you obtain his statement at the appropriate stage during the talk as to **what amount he considers as the minimum sum which his family would need every month in the event of his death**. Give the prospect a chance to talk and if you find he is overestimating his other assets, explain as suggested under the "Readjustment Fund".

The adaptability of the policy for his retirement income, in the event of his survival, should be made clear.

READJUSTMENT FUND

In most cases, the death of the earning member would require adjustment in the standard of living of the family. Children may be obliged to shift to less costly schools and the family may have to settle down to a lower standard of social obligation. They would surely need some time before they can bring about these changes. Till then, all expenses at the current level would continue.

Under the present day economy, no one, howsoever well placed he may be, can save enough to provide for his family's expenses for long after his death. The clean-up expenses after death would usually claim whatever little cash he may leave in Savings Fund Account. Even if he were prudent and has provided for a Clean-up Fund through insurance, the family would still need money to meet the current expenses till they are able to adjust themselves to changed circumstances.

Regular saving of money is not enough because death may take place before any appreciable fund has been accumulated. The second drawback in the savings scheme is that the present needs of a man will always tempt to draw on his savings and thus tend to reduce the accumulated fund to a negligible sum. Life insurance is the only answer because a relatively small payment every year can guarantee a readjustment fund to the family irrespective of the fact whether the individual had accumulated the amount he had planned for or not.

All married persons as well as others who have dependents are prospects for this plan of insurance. A prospect must have good health and the means to pay. In addition, he should have good habits to ensure regular payments for the continuity of the benefit.

Help the prospect to picture the hardships which his dependents will be put to in the event of his death. Examine (if called for) and point out that his present assets and insurance (if any) cannot permit his family to maintain the present standard of living for long, in the event of his death. Further, if a reasonable amount is not available to them every month for at least two to three years after his death, the widow and the children may have to face insurmountable hardships. Illustrate how a sudden fall from a high standard of living to the lowest scales can ruin everything he has valued in life and how life insurance can provide a Readjustment Fund to help the family gradually adjust itself to the standard of living it can maintain thereafter.

This would enable the widow to look after the children with all the care a mother can bestow. Alternatively, her desperate circumstances may force her to seek some sort of employment and the children would be denied their mother's care which makes all the difference in their formative years.

If the need has been well diagnosed, a simple but logical statement of fact would be enough to make the prospect act. A Limited Payment Life policy and an Endowment Assurance, both will serve the purpose.

CLEAN-UP FUND

Death always entails expense wherever and whenever it occurs. Someone must pay the medical and funeral expenses, unpaid bills of the grocer, rent, rates and taxes. These are termed as "clean-up" expenses. They vary with individuals but money would be needed, all the same. The sense of pride in an individual makes him or her abhor the thought of dying a debtor.

Depending upon his standard of living, an individual requires an adequate Clean-up Fund. Regular setting aside of money in a bank or Savings Fund Account is not enough because one may die before accumulating the requisite sum. Life insurance provides the ideal means to build up a fund for 'clean-up' expenses.

It is for the salesman to help the prospect arrive at the adequate figure for a Clean-up Fund by considering the various items of likely expenses in the light of the prospect's social standing.

Everybody is a prospect for a Clean-up policy provided he or she is medically eligible for insurance and is in a position to pay for it. A prospect will act when his sense of pride is roused by suggestions like :

“Is it fair for a self-respecting man to **run the risk** of leaving a burden for others to carry?”

“Is it fair to expose the family assets to a **shrinkage** which the clean-up expenditure may bring about?”

Usually a Whole Life policy with premiums limited to the earning period of the prospect meets the situation.

EDUCATION FUND

Parents naturally desire their children to have a college education. Every father realises that a college / professional education can ensure better opportunities to his child in life and it is his fond wish to see his children advance in life, a step farther than himself.

Other means of saving money, year by year, will not serve the purpose for reasons stated under plans already discussed. Insurance offers the only sound solution. “Clean-up Fund”, “Readjustment Fund” and “Family Income Fund” will have the most pressing demands on them, if the breadwinner dies. The family income may not be sufficient to meet the cost of education in which case the child would be denied the chance of a higher education. Perhaps he may be obliged to seek employment to supplement the family income, if it is not adequate.

If the father can afford a **Jeevan Chhaya** or a **Jeevan Anurag policy**, it would be ideal; because there would then be an adequate fund for college education, no matter whether he lives or dies. In case the father cannot finance such a policy, a cheaper Whole Life policy would make an adequate provision in the event of his early death. However, if he survives, he will have to finance the education from his current income and use the cash value of the policy towards part payment of the education expenses, if need be.

All thoughtful fathers are prospects for this plan of insurance.

MARRIAGE FUND

The need for a Marriage Fund is similar to the Education Fund and can be met by a Marriage Endowment Policy / Jeevan Chhaya / Jeevan Anurag policy. Mothers are better prospects than fathers (although the policy may ultimately be on the life of the father).

The sale of a Marriage Endowment Policy / Jeevan Chhaya / Jeevan Anurag policy is particularly appropriate to Indian conditions. People (particularly parents of girls) continue to spend large sums on marriages not because they are so opulent but because of custom and tradition. Some times the marriage of a girl means near financial

ruin to a middle class family. Ours is an agricultural country and the bulk of our population still lives in villages and small towns where customs are still rigid. The situation creates a need which is not fully appreciated by the salesman. This aspect of human need is yet not adequately looked after.

RETIREMENT FUND :

Every man visualises for himself a period of peaceful retirement in old age. However, in practice, an appallingly large number do not think objectively and fail to make provision for old age during their working years. This results from (i) their desire to live completely in the present during their active years and (ii) failure of salesmen to bring home to them the problem of their future needs. One has only to look around to witness the hardships the majority of the retired men are facing. The price of life insurance has got to be paid in one shape or another. During the active years of life, one can set aside a part of one's earnings to pay for a comfortable living in old age. If he does not pay in cash during the active years, he will have to pay in hardships in his old age.

The scheme of savings fund or investment in stocks, etc. mostly proves impracticable. Granting that one is able to set aside a reasonable sum from year to year and accumulate a fund for old age expenses, he must constantly face **the problem of safely investing these funds**. A large number of persons who prefer their scheme of saving ultimately lose their assets in old age. The very instinct which actuated them to adopt this scheme of savings on grounds of greater returns in interest, etc., obliges, or rather drives them to invest in unsound investments till they find, to their dismay, that most of the funds are lost. Their inexperience generally makes them easy victims of unscrupulous people who are ever too eager to present professedly lucrative investments.

Granting that one is able to invest wisely, **the risk of running short of funds by living too long** cannot be over-ruled. The danger of running short of funds by living too long subjects the individual to a constant state of nervous tension. Surely, no one will term it as a peaceful retirement.

Life insurance not only ensures the safest investment, it also guarantees that the planned income will reach the individual as long as he lives. Through insurance one can use one's savings along with interest for retirement income entailing the least possible sacrifice in terms of his present needs.

Almost everyone who will depend for income in his old age on the savings he has accumulated earlier in life, is a prospect.

A young man starting on a career is a good prospect because a relatively small yearly saving can ensure him a handsome income after retirement. Men somewhat advanced in age are equally good prospects because of the bitter experiences of others they may have observed.

Retirement income cannot be given preference over the Clean-up Fund, Readjustment Fund or Family Income Fund. In many cases, Family Income Fund can be utilised for Retirement Income when the needs of the family may have been satisfied. Conversely, a retirement income policy (New Jeevan Suraksha-1 / New Jeevan Dhara-1/ Pension Plus policy) can be equally adapted to serve as a Family Income Fund in the event of earlier death.

KOMAL JEEVAN / JEEVAN KISHORE / CHILDREN's DEFERRED ASSURANCE PLANS

This does not fall within the purview of primary needs. The reasons for its popularity are :

- 1) Low premium rates
- 2) A medium of teaching the thrift habit.
- 3) A guarantee of insurability to the child.
- 4) Freedom from occupational and war extras, etc.
- 5) As a gift to the child from grand-parents.
- 6) Its attractive cash options at the end of the deferment period especially when the risk of the parent is covered in case of CDA plans.

The drawback in the policy is that, usually on the death of the parent, payments of premiums do not cease. However, with a nominal extra premium, a clause can be included to provide for the **waiver of unpaid premiums till the child attains majority**. In such an eventuality, the policy can provide a fund for higher education or a start in life as well.

MORTGAGE CANCELLATION FUND :

In large cities, people of moderate means cannot purchase houses straightaway. They have them on a hire-purchase basis, with instalments spread over a period of ten years or more. Usually,

a modest initial payment is necessary and the hirer (as the word signifies) does not become the owner of the house till the debt is completely paid off. From year to year, the hirer has to meet taxes, interest, maintenance charges, fire insurance premium and the capital-repayment instalments. Usually, there are a few more clauses to protect the interest of the vendor (the investing party).

Usually, the housing societies / companies demand from a hirer a life insurance policy for a sum equal, at least, to the unpaid instalments on the house.

In the event of the death of the hirer before the liquidation of the debt, the family has either to pay cash down, equal to the balance or vacate the house. In the event of failure to pay the balance, the family has to move out and in many cases, lose the instalments already paid (it is particularly so during the initial period of a year or two). Thus, the death of an earning member would not only force the family out of its home, but it may also make it lose some of its erstwhile assets. Shelter (home) is one of the primary human needs and any thinking person would like to tackle this problem in a practical way.

Life insurance (Anmol Jeevan-1, Amulya Jeevan-1, Whole Life, Whole Life Limited Payments or Endowment Assurance) for a sum equal to the balance of the mortgage loan is one solution. If the hirer dies when the mortgage loan is considerably reduced, the excess balance from the insurance policy can serve other needs.

Another solution is the Mortgage Redemption Plan under which the sum assured diminishes year after year to match the reducing amount of mortgage loan.

OTHER PLANS :

Besides the plans discussed above, the Corporation offers a good many more plans of insurance to suit various needs; **ULIP plans and Health Insurance plans** are the latest innovations in life insurance industry. A careful study of the Manual for Agents will be amply rewarded in practice.

“SINGLE NEEDS” v/s. “PROGRAMMED” SELLING

You have acquainted yourself with the various human needs (demanding future delivery of money) which insurance can satisfy. When you sell a policy to satisfy any one single need, i.e. Clean-up Fund, Readjustment Fund, Family Income Fund, etc., you have done the “Single Needs” selling or “Package Selling”. When you sell a policy

or a set of policies to satisfy all the needs of a prospect, you effect a “Programmed” sale i.e. a sale **to cover up the entire financial programme of an individual or a family**. From the emphasis laid on satisfying all the needs of the prospects, you should not conclude that “Programmed” selling is the best course.

Firstly, it calls for a higher skill to do “Programmed” selling; secondly, the number of individuals who can pay for a complete “Programme” at a time is small.

The largest market for life insurance consists of people who can afford to pay for one single or two needs at a time. It would, therefore, be fruitless to present complete “Programmes” to all such people. The correct thing to do would be **to determine all the needs and encourage the prospect to gradually provide for them in the order of their importance and urgency**. When properly done, a series of ‘single needs’ sales, spread over a period of five to ten years, would constitute a complete “Programme” of financial independence for the family. Thus you will observe that “Single Need” selling is a part of “Programmed” selling.

PROSPECTING

Prospecting is an integral part of the job of selling life insurance. It is perfectly logical to first understand what you have to prospect for. It is a regrettable fact that most salesmen never realise what life insurance is. They are engaged mostly in selling policies with lot of a jugglery and manipulation of figures. **Their talks centre around how much a prospect has to pay, how much he get back**, bonuses and other comparative advantages. Their only argument is that life insurance is a 'good thing'.

Prospecting is nothing more than finding a market for your commodity. Before you endeavour to locate a market, you must know what commodity you have, what it is used for and who would be its logical buyers. Since you have to sell life insurance, it is imperative that you should give serious thought to **what life insurance is, what it does for the people and what impels them to buy it**. It calls for more than superficial thinking about everyday problems of life to fully understand the relation of life insurance service to these problems.

The greatest problem of life is the procurement of necessities which sustain life. Food, clothes and shelter constitute the sheer necessities and things like radios, refrigerators, automobiles, etc. fall in the category of luxuries.

Food, clothing and shelter are the primary necessities for everyone in order to exist. These needs are always there. They are constant and do not change. To provide oneself and one's family with these necessities, one has to follow one or the other calling. Usually, every family has its income from somewhere to purchase these necessities. But even when this income stops owing to the death of the earning member, reverses in business, old age or disablement, the need for food, clothes and shelter does not cease. The problem of all men is similar in the main and is only dissimilar to the extent and in the manner that it is enlarged or diminished because of the peculiar situations attendant on individual cases. Death is just an incident. **Death does not by itself produce change or develop problems**. The problems of families are fixed things and death merely brings them to conspicuous attention. What families need today, when income is brought home by the head of the family, is exactly the same thing they need tomorrow, even though the head of the family does not come home. The only thing that is changed is that there has developed an acute need for a new source of income. The problem – things to which the income is to be applied, is identical before and after death. When death, disability

or old age steps in to terminate the income which an individual has carefully worked to preserve and the income which the family has utilised for its right to live, then the only change in the family's status is that **a new source of income is needed**. The problem is identical before and after – today and tomorrow.

When we sell insurance, we suggest to people to provide an alternative income for tomorrow, to provide food, clothing and shelter. People know all about this but they think so little that they have to be helped to do something. This is the reason why the insurance salesman appears in the picture.

The obvious thing is to first store up enough money to provide for oneself the necessities in the event of old age, disablement or business reverses and for the family in the event of early death.

In addition to the major needs of food, clothes, shelter, children's education, medical aid, etc., we also desire certain other conveniences like well-furnished houses, radios, refrigerators, automobiles, etc. We do not need them but want them and some people want these luxuries more than the things they need. The insurance salesman's advisory role lies in guiding people correctly but it makes little difference whether people consider a particular thing a necessity or a luxury, so long as they are induced to create reserves for future emergencies.

WHO IS A PROSPECT

Life insurance represents cash for the purchase of tomorrow's necessities and everyone should be a keen buyer. However, it is not so.

A prospect is one who has a need which insurance can satisfy – one with whom you can get a hearing, who can pay the premium for the plan proposed and who can pass the prescribed medical test of fitness. A prospect is one who can save today so that he and his family may have tomorrow.

What turns an individual into a prospect?

If someone is sick, you need a physician; when it is cold, you need fuel to warm up; if your dress wears out, you need a new suit of clothes. These needs have the potentialities of converting individuals into prospects but they do not necessarily create a market. Only when these demands become insistent and turn into necessities, a market develops. At this stage, the financial (and physical) ability

undergoes a test and whosoever qualifies, becomes a prospective buyer – a prospect. A sale situation is thus created.

Life insurance is devised for future delivery of money. Although everyone wants money for tomorrow, few want to save today. **This situation opens out opportunities for a salesman.** His function lies in making people realise that they cannot have tomorrow, if they do not save today. Those who realise this truth and can be induced to act upon it are prospects for life insurance.

By now, it must have been clear to you that human needs remain constant irrespective of the fact whether someone lives or dies, whether one is rich or poor and lastly whether one has made provision or not. Human needs have remained much the same from prehistoric to the present times. A brief reference to the evolution of human needs and the methods devised by man from age to age for satisfying them will provide you with a still better background to appreciate the statement, 'human needs remain constant'.

The Stone Age man went out hunting whenever he needed food. He needed few clothes and lived in caves. He did not, or perhaps could not store food for more than a day or so. With the advent of Iron Age, man invented agriculture. The agriculturist depended mainly on grain for his food. Grain was available only during harvesting time and he was forced to the necessity of storing his grain between the two harvesting seasons. Thus the idea of storing for future needs developed. As time advanced, human needs multiplied and a barter or mutual exchange was established by which method one could have cattle or implements in exchange for his grain or vice versa. The uncertainty of crops on the one side and the newly invented device of storing up on the other, gave rise to the notion and necessity of amassing surplus wealth. Thus cattle, at one time, formed real wealth.

With the advance of time, an invention was made which enabled people to amass their wealth in more compact manner than to herd together so many heads of cattle or store heaps of grain. **This invention was money.** Money by itself does not represent anything more than a piece of metal or paper but its recognised power to purchase, represents wealth. In our own time, we have witnessed the coin being abandoned in preference to the currency note and currency notes being used less with the advent of credit / debit cards / online accounts, on grounds of storing convenience. We also store wealth in stock, mortgages, deeds, landed property, etc. We value currency notes and all other forms of wealth because they have the

potentiality to satisfy our future needs. **You have noticed how at every stage of human evolution man endeavoured to amass wealth to provide for his future needs.** Those needs remain much the same today but the complexities of modern life have changed the forms of wealth and varieties of means of satisfying these needs.

Just as money was invented for the convenience of prudent members in the community and was a great improvement on the barter system, so is life insurance designed to satisfy future needs in a better manner than other forms of wealth.

As its use was not compulsory, the idea of money was adopted very gradually. The progress of life insurance has been identical and people still need to be educated and advised about the superiority of life insurance over other forms of wealth. **Thus, you will realise that the proper study of life insurance is the study of human needs.**

PROSPECTING – ITS IMPORTANCE

One's endeavour to locate the natural market for one's commodity is known as prospecting. The importance of locating a proper market is only too obvious for one who has to sell. In your case, however, prospecting assumes greater importance. Some people go to the extent of stating that prospecting is 80% of the whole job of selling life insurance. It is not possible to define any exact percentage to fix the importance of prospecting but **it can be stated, without fear of contradiction, that prospecting is most important in life insurance selling – and ultimately to the salesman.** Why is it so?

1. The income of a salesman is dependent on the number and size of the policies he sells.
2. There are limited hours during which he can do the selling job.

Prospecting is the process of **selection and elimination**. By the process of gradual elimination, a salesman can sort out prospective buyers from those who cannot and will not buy. Thus, the salesman can devote more time to potential buyers. Unless constant prospecting is indulged in, the process of elimination will not be effective and the salesman will waste a lot of time on mere suspects.

Prospecting is vitally essential in life insurance selling because :

1. In a merchandise store, things are labelled, priced and placed in well-arranged cupboards. A customer enters the store with his wants uppermost in his mind.

2. The situation is quite different for a life insurance salesman. His market does not develop automatically because he is not catering to the present needs or desires but he is providing for the future. Provision for future imposes sacrifice in terms of the present desires which individuals are least inclined to undergo. This human tendency to live completely in the present does not allow a spontaneous development of the market for life insurance. Therefore, the first thing which a life insurance salesman has to do is to locate potential buyers (by the elimination process). Once potential buyers are selected, he has to accentuate their needs by 'fixing their problems'. Both the events call for continuous endeavour by the life insurance salesman. Hence the greater importance of prospecting in selling life insurance.

It has been said that failure to prospect intelligently has been responsible for more failures in life insurance selling than any other single cause. Conversely, we have the testimony of large producers that 70% to 80% of their success is due to effective prospecting.

No matter how much you know about life insurance, prospects won't call on you to buy – you must call on them. Consequently, one of your fundamental daily duties must be to add to your reservoir of potential prospects, the names of people who have the need for life insurance and are approachable to you. Your prospect list is the raw material from which your success will be processed. You would probably be very critical of a manufacturer who permitted his supply of raw material to run so low that his plant, machinery and labour were forced into idleness and yet you may virtually face the same situation; because if your prospect list becomes exhausted, your selling plant must necessarily slow down and stop. You will not only lose immediate sales but you might also become inactive and languid. It will take some time and energy to gain momentum again just as it does in the case of a manufacturer whose plant has stopped. You will need to regain a positive, optimistic attitude before you can expect to resume an effective selling routine. It will be obvious that as you make a sale or find that you cannot sell one of your prospects, your reservoir becomes depleted. That is why the prospecting job is a continuous one and must be made a daily task.

According to the dictionary, 'to prospect' is 'to explore (a region) for gold or other minerals – to test its richness'. The definition admirably describes the work of prospecting for life insurance business. Whether you are prospecting for valuable minerals or for people

whose needs represent value to you, makes little difference. You have to seek, inspect and examine to test its richness just as one who is searching for valuable minerals or gold.

When you look for names, classified lists and various directories will offer them in thousands. But, are they all prospects for YOU? Surely, some of them are. Who are they? They are the people who have needs which insurance can satisfy and who are approachable by you under favourable circumstances. To get in touch with them involves the process of prospecting – gradual selection and elimination. By inspecting and examining a mass of names you grade or sort out ready prospects from the suspects – who call for a further examination – and the unfertile stock.

You are handling human problems which life insurance can solve and you will be able to recognise these needs readily as you become deft in looking for life situations rather than for mere names to sell policies to.

Prospecting is designed to clear the system for effective administration of life insurance remedies to cure the ills of human needs.

Prospecting is planned to establish the strategy of a salesman for an attack on the most vulnerable point and is the counterpart of a reconnaissance in military operations.

In selling insurance, detailed information is absolutely necessary. It gives the salesman more points of contact such as promotion, marriage, birth of a child, etc. etc. In fact there is no information about a prospect that can be said to be valueless but one or two characteristics of a man may be sufficient to begin with, the versatility and ready intuition of the salesman being relied upon for the rest.

If a salesman merely sought to sell a new type of rubber shoes for children, he might face a prompt and firm 'no' from a parent. But if he suggests to a customer that the new rubber shoes will protect his son during the ensuing wet season, he stands a reasonable chance of gaining a hearing. The simple fact that the salesman named the 'son', gave a sense of importance to the parent. The salesman got a chance to apply his knowledge of psychology to rouse the parental instinct of the customer which made him think about the comforts of his son.

Similar is the case of selling life insurance. Prior knowledge of the prospect's circumstances affords a salesman better contact and he can plan to sell a life insurance policy by naming the need it is designed to meet.

It greatly aids the salesman if he knows the hobby of the prospect. This is one thing on which a prospect will talk most enthusiastically and you can easily develop acquaintance.

SYSTEMATIC WORK

Success in prospecting depends on systematic work. Success depends more on systematic execution rather than on the exceptional talents of a man.

KEEPING RECORDS

Prospecting records can be kept either in an indexed file or on loose cards in a box. The latter method is generally preferred and particularly when cards of different colours are used for different kinds of prospects. **Record can also be maintained online or in personal computer / laptop.**

Apart from constantly adding new names to the list of prospects, a weekly check will ensure that no information is being ignored. Apart from the prospects, you will have quite a few other people whom you have to see periodically. They may be centres of influence, important people in the community or policyholders, etc. A list of such people should be kept, preferably on cards. The coloured cards are preferred, as suggested, for the prospect list. To add to your efficiency, you can prepare a schedule of monthly engagements each month and mark the important engagements of the month on the respective dates. Keep this activity schedule always before you.

PROSPECTING METHODS

To begin with, you would need to build up **an initial list of names**. This list will constitute the foundation stone of your prospecting structure. This list must grow with the frequent additions of new names. The initial list should include everybody known to you. Start from boyhood, school and college friends. Add all the people you are dealing with in everyday life – grocer, tailor, doctor, lawyer, bookseller, teacher, priest, etc. Include all relatives and friends. Remember one thing : the list should never stop growing. The least that you can do is to add a minimum of six new names every week.

When your list is ready and you have completed your prospect file or cards, you are set for action. To add to this initial list of prospects, you will have to constantly locate more and more prospects from day to day. You may make use of any or all the tested methods, a brief description of which is given in this chapter. There is no preference

for any particular method. The method that yields results is the best for you.

Survey community conditions to locate insurance needs. Search for all the avenues to discover human needs so that you can help fill those seeds well in time. Someone has wisely said :

“It is no defence for you to urge that they do not want life insurance. The fact is, they need it. It is your affair to make them want it. It would be little defence for a social worker to say that the people of our slums do not want health and sanitation and better surroundings and virtue. **It is the duty of a salesman to convert a need into a want.** It is up to an insurance man or woman to make people want so essential a thing as good life insurance”.

“ENDLESS CHAIN” METHOD

The “Endless Chain” method is the practice of obtaining detailed **information about at least one particular individual from a person** who may have been successfully sold or not. One can always get most of the information about at least one likely prospect from each person interviewed. Friends of likely prospects are usually willing to give the information if they know the use to which the information will be put. It becomes still easier if the salesman has built a **reputation for fair dealing and efficient service**. The “Endless Chain” method of collecting particulars of new persons can be used with policyholders, centres of influence, friends and relatives. It provides a very satisfactory and endless source of new prospects. Apart from the considerable saving of time which one effects by collecting a reasonable number of names with the relevant details, the salesman often has better hearing when the prospect learns about the friendship or relationship of the salesman with one of his own friends or associates.

It provides a more auspicious opening to a salesman because he becomes different from an absolute stranger. In this policy-holder-to-policy-holder, relation-to-relation and friend-to-friend method of prospecting, one can greatly expand one’s sphere of activity. All persons favourably disposed towards the salesman are most likely to suggest **new names** in their particular callings. This peculiarity will be more marked amongst the professional men who may suggest prospects even at places other than those where they themselves are stationed. This enables a salesman to develop his clientele in other towns as well. If the salesman collects names from classified lists, directories, etc., he would not usually go beyond his own town.

‘CENTRES OF INFLUENCE’ METHOD

“Centres of influence” are persons or institutions who know you favourably and appreciate your service sufficiently or like you personally well enough to be willing to help you succeed. The aid they can render you is to give you names of persons whom they believe to be good prospects for you. By prudently using centres of influence, you are in a way making other people work for you. One of the greatest sales managers has emphasized that :-

“No salesman ever made a success by himself; ultimately, his accomplishment will depend upon his ability to get others to work for him”.

This is a great truth and absolutely holds good for a life insurance man. Many salesmen of average ability have obtained outstanding success only because they had or developed centres of influence which helped them. On the other hand, many salesmen who are producing mediocre results could multiply their output only if they would learn to establish centres of influence.

A contact turns into a centre of influence when :

- a) He gets to know you so favourably as to acquire personal interest and a desire to help you.
- b) He has contacts with the type of people you need and has influence with them.
- c) He is convinced of your ability and skill to serve efficiently.

A ‘referred lead’ from a centre of influence has its value provided he has influence with the person recommended.

A centre of influence can be used in two ways :

- 1) By obtaining individual names.
- 2) By preparing a list of people belonging to the trade or profession of one’s centre of influence and **asking him to mark those with whom he may have influence.**

When circumstances permit and situations warrant, a letter from the centre of influence to the person recommended is obtained. This is known as the ‘preferred lead’ method.

The ‘preferred lead’ method is obviously the best way for prospecting. It has been responsible for all the great successes in the history of life insurance selling. **The fear of meeting strangers has been the potent cause of failures.** By using a centre of influence, a salesman

converts the prospect into a preferred person. The knowledge that the centre of influence has a say with the person recommended, dispels all fear and enhances the salesman's confidence. This positive attitude gives rise to enthusiasm and the salesman has the most auspicious beginning.

DIRECT APPROACH OR COLD CANVASS METHOD

Sometimes, when sufficient information about a likely prospect is not available through any other means, a direct approach is made. Care is taken to seek the briefest possible interview to collect data for which a printed or typed sheet is kept ready. The method demands versatility and skill on the part of the salesman which he can acquire only after some experience. Information is sought mostly by auto-suggestions and no effort is made to sell. An approach under this method is generally made as follows :

“My name is Salesman and I represent the Life Insurance Corporation of India. We have a scheme for the financial stability of people like you. But before going any further, I would like to ascertain whether it is applicable in your case or not. If, on the basis of information you give me, I find that we can be of service. I will let you have a written statement for your consideration. If it does not interest you, the matter ends. There is no obligation.....”.

“I suppose you are about _____ years. May I know if you are married? Any children? Their ages? etc., etc. “

If you impress the prospect with your sincerity and keenness to serve and he is convinced that you are seeking information to make a submission to him, normally he will not withhold any facts. The slightest endeavour to sell at this stage may destroy the friendly atmosphere. **Do not put questions about his income till you have become friendly.** Make a reasonably accurate guess from his standard of living and other circumstances.

This method is also adopted with groups of comparative strangers and the following procedure employed :

1. A class of people who have more or less similar needs is selected and a standard policy is drawn up to fill these needs. The salesman, after introducing himself, points out that the particular scheme he has to offer has proved of interest to other men in the same profession and would like to explain its advantages. The opening sentences do not necessarily define the line of action the salesman will adopt but this replaces the lengthy process of prospecting.

2. Some attractive scheme of insurance such as a MONEY BACK plan or ENDOWMENT PLUS plan, etc., is selected and an effort is made to sell. These types of policies can be sold by cold canvass to the eligible class of people but it demands tact on the part of the salesman.

Circular Letter Method : This method can be used with a selected class of people. Care is taken to follow up the letter/email by a personal visit. The letter serves to introduce the salesman, and his purpose, to the prospect before a call is made and eliminates the few awkward moments which usually precede the start of the conversation. It is customary to enclose a prepaid envelope for reply, although the response is generally very poor.

Prospecting through service : Usually a salesman calls on a policyholder to service his policies and avails of the opportunity to uncover any further needs.

Use of Email : Please see the APPENDIX.

Use of Telephone : It is recommended for experienced salesmen only, as it calls for higher tact.

SOURCES OF PROSPECTS

1. Classified lists of legislators, members of Parliament, members of Municipality, Government officials, etc.
2. Various directories like the telephone directory, industry and commerce directories, 'Who-is-Who' publications, etc.
3. Banks, clubs, hotels, Rotary Clubs, schools, colleges, universities, etc.
4. Professional men, millowners, outstandingly rich people, occupational groups.
5. Seasonal prospecting as in the case of agriculturists, people in the hills and seasonal industries like sugar mills, forest contractors, etc.
6. Satisfied policyholders.
7. People with whom you are dealing in daily life.
8. Daily news.
9. Unusual happenings.
10. Events exposing human needs, etc.

Telephone Etiquette

Here are some tried and tested tips on telephone etiquette to help us become aware of the **courtesies** that could easily be overlooked :-

1. Check the number carefully & then dial it **correctly**.
2. Allow it to ring long enough to give the called person **time** to get to the phone.
3. Don't ask them to wait the **moment** that they answer.
4. **Identify yourself** immediately. Don't make them guess who is calling.
5. Ask them if it's **convenient** to talk now. Are you interrupting anything?
6. Talk **loud** enough directly into the phone to be heard - without shouting.
7. If you have dialled a wrong number, **apologise**. Don't just hang up ! You are talking to a person now, **not** a machine. So speak accordingly.
8. **Observe** courtesies like "Hello, Please, Thank you and Good bye".

Making a Call:

1. Be an **attentive** listener; don't do other jobs at the same time.
2. Don't **interrupt** while the other person is speaking. Use common courtesy.
3. Use the person's **name**. It's music to their ears.
4. If they have to be put on **hold**, ask if you can call them back rather than keep them waiting indefinitely on the line.
5. If they would like to **wait** on the line get back to them every 30 seconds to **update** them and give them another opportunity to be called back.

Receiving a call:

1. Answer your phone **promptly** to save them having to ring again.
2. Greet the caller **pleasantly**. Don't be too busy to be nice.
3. If you have **company**, let the caller know that you must be brief or that you will call back later.
4. Take **messages** for others clearly and politely.
5. Be sure to **pass** on the message.
6. Always **return** telephone calls and do so as soon as possible.
7. Let the caller be the one to **end** the call first.
8. Remember to **farewell** the caller with, "Good bye" or something similar.
9. Hang up the phone **gently**.

Email Etiquette

The rules of email etiquette are not “rules” in the sense that I will come after you if you don’t follow them. They are guidelines that help avoid mistakes (like offending someone when you don’t mean to) and misunderstandings (like being offended when you’re not meant to). These core rules of email etiquette help us communicate better via email :-

1. **Writing in All Caps is Like Shouting**
Don’t shout in your emails (and all caps is so difficult to read).
2. **Catch Typos by Printing Your Emails**
You can often find typos or misplaced commas neither your spell checker nor you yourself catch when proofreading on the screen.
3. **Set Your System Clock Right**
Make sure you don’t send messages from 2001.
4. **Talk About One Subject per Email Message Only**
Help make the world less confusing. Try to talk about one subject per message only. For another subject, start a new email.
5. **Punctuation Matters; in Emails Too**
Comma, colon, hyphen and semicolon — all exist for a reason: they make it easier to understand the intended meaning of a sentence. Don’t make life more difficult and possibly less interesting for the recipients of your emails. Pay some — not excessive— attention to punctuation.
6. **Use Acronyms Sparingly**
SKR ? Not everybody knows every acronym, and they don’t save that much time anyway.
7. **Take Another Look Before You Send a Message**
Don’t send anything you don’t want to send.
8. **Keep Emails Short**
Do not intimidate recipients with too much text.
9. **Properly Format Your Email Replies Don’t be Lazy**
Your text should be properly formatted for clear communication.
10. **Write Perfect Subject Lines**
The key to getting your messages read is not to be clever, but to be articulate and brief. Everybody gets so many emails every day

and does not read them all; proper subject-line will ensure that your email is read promptly.

11. **When in Doubt, Send Plain Text Email, Not Rich HTML**

Not everybody can receive your fancily formatted emails. Some may even react furiously. To be safe rather than sorry, send plain text emails only when in doubt.

12. **Use Current Antivirus Software, Keep it Up to Date**

Make sure you're not spreading worms and viruses via email or act as a vehicle for spreading spam.

13. **Ask Before You Send Huge Attachments**

Don't clog email systems without permission.

14. **Resize Pictures to Handy Proportions Before Inserting Them in Emails**

When your photos look good in your email, you look good, too !

15. **In Doubt, End Emails with "Thanks"**

If you don't know how to say good-bye at the end of an email, there's one thing that will almost always be appropriate. Thanks.

16. **Why You Should Compress Files Before Sending Them via Email**

Smaller is more beautiful, at least when it comes to email attachments. So make files smaller before you send them via email.

How to Write E-Mail Sales Messages

When you send your email messages, do your customers open it, and most importantly, act on them ?

Free. . . Sale. . . New . . . Hot. . . Act now ! These words announce yet another e-mail sales letter. We're inundated with e-mail pitches and wary of anything that sounds too good to be true. So, it is of importance to know how you should write your e-mail sales letters so customers will open, and most importantly, act on them.

We can easily sort e-mail sales messages into three categories :

- 1) unprofessional -- poorly written, poor grammar, different fonts and formatting
- 2) lackluster -- messages that leave us saying "so what"
- 3) winners that compell us to buy a product or service.

These are the SIX STEPS TO WRITING E-MAILS THAT SELL :-

1. **Write a compelling (and truthful) subject line.** As with all email, the first hurdle is to write a subject line that says, "must open." Great subject lines telegraph the content of the message and promise a product, service, or outcome of real value. So many e-mail sales messages have FREE or DISCOUNT in the subject line that those words would seem to be a prerequisite. But after the first dozen or so free offers, the reader is wary and wants something more.
2. **Deliver a clear message up front.** Your readers are busy - they don't have time to figure out what you're offering. They're impatient, too; they don't want a tease, a "clever " anecdote leading up to the main point. Be direct and succinct. Start with a clear statement of what you're offering.
3. **Deliver one message.** When you have gone to great trouble -- and expense -- of compiling an e-mail marketing list you may be tempted to really get your money's worth by using the list to tell all potential customers about everything you do. Don't.

E-mail readers have short attention spans -- long enough to digest one message, no more. The best strategy for delivering multiple e-mail sales messages is to write a separate message for each thing you're trying to sell.

If you do have lots to tell your readers, and would like to communicate with them regularly, consider an e-mail newsletter, a better format for multiple messages.

4. **Provide value in return for opening and reading your communication.** Give readers something of value : useful information!
5. **Show** readers how they will benefit. It is not enough just to tell readers about what you offer: Let them know how your product, service or offer will benefit them.
6. **Include a call to action.** Your compelling subject line and customer-oriented lead have done the trick : you've got the reader to open your message. You've offered useful information and showed readers how your product or service will benefit them. Now go the distance and tell your readers exactly what you want them to do.

Tell them what action to take.

We may close our discussion of e-mail sales with a final reminder of the importance of brevity in e-mail sales letters.

9	YEAR 9	500000	270000	FPC @average rate of 20% on total first-year premium of Rs. 5 lac + 2nd year commission @6% on 8 + 3rd year commission @6% on 7 + RC @4% on 1, 2, 3, 4, 5, and 6
10	YEAR 10	500000	290000	FPC @average rate of 20% on total first-year premium of Rs. 5 lac + 2nd year commission @6% on 9 + 3rd year commission @6% on 8 + RC @4% on 1, 2, 3, 4, 5, 6, and 7
11	YEAR 11	500000	310000	FPC @average rate of 20% on total first-year premium of Rs. 5 lac + 2nd year commission @6% on 10 + 3rd year commission @6% on 9 + RC @4% on 1, 2, 3, 4, 5, 6, 7 and 8
12	YEAR 12	500000	330000	FPC @average rate of 20% on total first-year premium of Rs. 5 lac + 2nd year commission @6% on 11 + 3rd year commission @6% on 10 + RC @4% on 1, 2, 3, 4, 5, 6, 7, 8, and 9
13	YEAR 13	500000	350000	FPC @average rate of 20% on total first-year premium of Rs. 5 lac + 2nd year commission @6% on 12 + 3rd year commission @6% on 11 + RC @4% on 1, 2, 3, 4, 5, 6, 7, 8, 9, and 10
14	YEAR 14	500000	370000	FPC @average rate of 20% on total first-year premium of Rs. 5 lac + 2nd year commission @6% on 13 + 3rd year commission @6% on 12 + RC @4% on 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, and 11
15	YEAR 15	500000	390000	FPC @average rate of 20% on total first-year premium of Rs. 5 lac + 2nd year commission @6% on 14 + 3rd year commission @6% on 13 + RC @4% on 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, and 12

It can be seen that because of accumulation of renewal commission, total commission in the 5th year, becomes a little less than TWICE that in the 1st year; in the 10th year, total commission becomes almost TRIPLE. In reality, an agent's performance will improve every year, so actuals will be much higher. Along side, he will win many competitions, earn club-membership and attend educative seminars and conventions.

What is Life Insurance ?

A Life Policy is just a time yellowed piece of paper with columns of figures and legal phrases until it is baptised with a widow's tears. Then it is the modern miracle, and Aladin's Lamp. It is Food, Clothing, Shelter, Education, Peace of Mind, Comfort, Undying Love and Affection. It is the sincerest love letter ever written. It quietens the hungry crying of a baby at night. It eases the aching heart of the bereaved widow.

It is a comforting whisper in the dark, silent hours of the night. It is new hope, fresh courage and strength for the mother to pick up the broken threads of life and carry on. It is a college education of the son and daughter, the chance for a career instead of a need for a job.

It is comforting presence, a helping hand, a softly breathed word of comfort and cheer when needed most. It is the undying, unfailing love and affection. It is fruition of a father's hope and plans for his family's future. Through Life Insurance he lives on, there is no death, Life Insurance is a plan that Exalts Life and Defeats Death. It is the premium that we pay for the privilege of living after death.

In 1929, Jack J. Leterman — a long-time life insurance agent in Norfolk, Va. — enclosed the note above when he delivered a life insurance policy to a client.