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L.L.B Part- 2nd

Subject- Insurance Act

Paper- 8th

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Topic- Explain the functions, rights, duties and liabilities of an Insurance Agent.

Functions of an insurance agent

An insurance agent may work in a team or individually. They have to deal with different people, such as team members, their seniors, and clients, and their work is usually target based.

In many insurance companies, agents are responsible for evaluating the insurance programs, and they have to give advice on making required modifications in the same. All insurance agents have certain functions and duties, and a few of them are mentioned below:

- Take details of the client's requirements, understand it, and then suggest the appropriate insurance plan to the client.
- Calculate the premium details of the policy and discuss the same with the client.
- Attend programs, seminars, and meetings related to the field, and to learn about the latest techniques, products, and services.
- Call clients and policyholders to explain and deliver the insurance policy, to modify beneficiary, if asked, to estimate the insurance plan and recommend alterations or additions.
- Monitor insurance claims and make sure that they have settled rightfully for both the parties i.e., the insurer and the client.
- Discuss with clients what needs to be provided and receive information when the claims are made towards the insurance policies.

- Develop sales and marketing to compete with agents in the same field.
- Contact underwriters and customize insurance policies that will meet the client requirements, covering multiple risks, to make sure that the given plan suits the client's insurance needs. To get customers to complete essential medical test requirements and completing KYC formalities.
- Examine and inspect the overall condition of the property, type of construction, age, and other characteristics to help underwriters in their decisions, whether it is an appropriate insurance risk for both the customer and the insurance company.
- Explain the features, merits, and demerits of various insurance policies to encourage the sale of an insurance policy.
- Interview potential customers to gather data about their insurance needs, financial resources, future financial requirements, the physical condition of the person (in case of life insurance), or property (in case of general insurance) to be insured and know about their existing coverage, if any.
- Plan and review the integration of insurance policies into the accounting system of the company.
- Carry out certain administrative tasks like handling policy renewals.
- Market and sell different types of insurance plans to individuals, businesses, and groups on behalf of the insurance company.
- Constantly look for new clients and increase the network to find out new customers.
- Work on the allotted sales target and obtain the same by adopting various methods and strategies.
- Understand the client's requirement and if required, request the higher authorities to customize the insurance plan to meet the customer's requirements.
- An insurance agent continually needs to keep himself updated about policy-related information such as modification in the existing plan, or services or the introduction of a new policy.
- Collect information regarding the other insurance companies and know about their products and services. This helps an insurance agent to explain the clients and how their insurance plans are competent as compared to others.

Rights of an Agent:

Following are the important rights of an agent :

1. Right of Remuneration:

It is basic right of an agent that he should receive the remuneration of his services.

2. Right of Compensation:

In case of injury caused to agent by the negligence of the principal may be compensated by the principal.

3. Right to Retain Money:

In conducting the business if an agent advances or spends some money for the betterment of a business. He has also right to retain that amount from the total sum received by him on account of the principal.

4. Right of Lien:

An agent has also a right to retain the goods or property of a principal till the payment in due is received by him.

5. Indemnity Right:

An agent has a right to be indemnified against the liabilities falls on him.

Duties of an Agent:

Following are the important duties of an agent:

1. Obey the Instruction:

It is the basic duty of an agent that he should act upon the lawful instructions of the principal.

2. Conducting Business:

It is the duty of an agent that he should conduct the business of a principal. While performing the services he should keep in view the directions of the principal or prevailing customs in business.

3. Showing of Accounts:

It is the duty of an agent that he should maintain the accounts properly and submit it to the principal on his demand.

4. Return of Undue Profit:

If an agent has earned undue profit from the business, he should return it to the principal.

5. Use of Skill and Knowledge:

It is the duty of the agent that he should perform his duties with as much skill and knowledge as is generally shown by an ordinary prudence in similar business.

6. Communication With Principal:

It is the duty of the agent that he should give all the information's about the business to the principal. He should seek instructions from his principal. He should not keep anything secrets from his principal.

7. Payment of All Sum:

It is the duty of an agent to pay his principal all the sums received on his account.

8. Principal Death Case:

If principal dies or becomes insane, it is the duty of the agent that he should protect or save the goods as he was doing in the life of the principal. Now he will protect the interest of the legal heirs.

9. Separate Account:

An agent should not mix his account with the principal. It is the duty that he should keep the accounts of a principal separate.

10. Performance With Honesty:

It is the duty of an agent that he should deal the business honestly. If he conducts the business dishonestly then he is not entitled to receive the reward of his services.

Liabilities of an Agent:

1. In case of payment by mistake or fraud

Where an agent receives money by mistake or fraud from third parties, he can be sued there fore.

2. In Case of Bill of Exchange

The general rule is that an agent is liable on a bill of exchange if the sign it without making it clear that he is signing on behalf of a named principal.

3. In Case of Foreign Principal

Where as agent acts for a foreign principal, the presumption is that credit has been given to agent and not to the foreign principal. He can therefore, himself sue and be sued on the contract.

4. In Case of Undisclosed Principal

The agent is also presumed to be intended to be personally liable where he acts for an “Undisclosed Principal”.

5. Third Party Insistence

Where the third party insists that the agent should accept the liability before he will make the contract. If the agent has agreed to do this, he will be liable along with the principal. In other cases the agent may have agreed to be the principal's guarantor.

6. In case of Breach of Warranty

Where an agent exceeds his authority he is liable to the third party for breach of warranty of authority:

- i. if the third party does not know of the lack of authority; and
- ii. If the third party suffers loss as a result of this lack.

The End