



# 27

## AGENCY SERVICES

After completion of your study, you may be thinking to start your own business. How will you go about it? Where? When? And How? These are some of the questions, which would definitely lurk in your mind. So what will you do? You would definitely need the help of some one specialised to guide you in different matters of business and to solve your problems. For example, when you go to buy or hire a room for your trading business in a particular locality you need to contact a Property Agent who will explain in detail about availability of room and the procedure to get it. When you start a business the point of safety and security will be raised. Then you would definitely think of getting your shop insured against all the possible hazards like fire and theft! For this, you will seek the guidance of an insurance agent. So, who are all these people who are helping you in getting things done in a smooth manner? These people like the property agent and the insurance agent who give you specialised services are known as Agents. In this lesson you will learn detail about agents and their activities.



### OBJECTIVES

After studying this lesson, you will be able to:

- define the terms ‘agent’ and ‘agency’;
- explain the meaning and characteristics of agency services;
- describe the importance of agency services;
- explain the duties, rights and liabilities of an agent;
- enumerate the qualities of a successful agent; and
- describe different types of agency services that can be undertaken.

### 27.1 DEFINITION OF AGENT AND AGENCY

An agent is a person employed to do any act on behalf of another or to represent another



in dealing with any third person. The person for whom such work is done or who is represented is called the principal. The relationship between the agent and the principal is called agency. In other words, we can say that an agent is a person who is engaged to act on behalf of another person and deals with other parties as a representative of some person or persons. Thus, when Mohit appoints Banit to buy 1,000 bags of cement on his behalf, Mohit becomes the 'Principal' and Banit becomes the 'Agent' and the contract between them is called as 'Agency'.

All such activities done on behalf of others are included in agency services. Under agency service, an agent works as a link between the principal and the other parties. An agent is fully authorised to work on behalf of the principal. The work done by an agent for his principal will be legally deemed to have been done by the principal himself/herself who is responsible for all legal actions of the agent in this regard. For example, Gopal engages Gobind as his agent and asks a particular shopkeeper to supply him goods on his behalf. Gobind continues to purchase goods from the shopkeeper on behalf of Gopal. After sometime Gopal dismisses Gobind but does not inform the shopkeeper about this. If later on, Gobind continues to purchase goods from the shopkeeper, the shopkeeper is entitled to claim money from Gopal. Remember that a person is liable only for the lawful acts of his agent. For example, if an agent on directions of his principal beats a person and is fined as a result, then he cannot make his principal liable to reimburse the amount of fine because beating a person is an unlawful act.

You must not get confused that an agent is a servant of the principal. He/she is not! He/she is a person who binds the principal and the third party by his/her actions. The principal is responsible for risks resulting from the agent's action. The agent is not a servant as he/she can sell the goods in his/her own name also. An agent can do agency for several persons, i.e., he/she can act on behalf of several persons. An agent is completely free to work for more than one principal. The purpose of appointing the agent is to establish the contractual relationship between the principal and the third party.

#### **TEST OF AGENCY**

Agency exists whenever a person (the agent) can bind another (the principal) by acts done on his/her behalf and to create contractual relations between principal and a third party. Where this power does not exist, the relationship is not one of agency. Thus, a wife is not an agent of the husband except under special circumstances and for special purposes. But, if a person appoints a broker to sell his car on his behalf, the broker is an agent. Now let us see how these agents are appointed and who can be an agent.

#### **WHO CAN APPOINT AN AGENT**

Any person who is an adult, of sound mind, having an ability to enter into a contract can appoint a representative or an agent.

#### **WHO MAY BE AN AGENT**

No minimum qualification is required to be an Agent. Any person who has the full



confidence of the principal can work as an agent. A minor or a person of unsound mind may also be appointed as an agent, but he cannot be held liable by the principal for any negligence in performing the work. Thus, if a person appoints a minor to sell his/her old car for not less than one lakh, and the car is sold for Rs. 80,000, the owner of the car will be bound by the transaction. He/she will have no right against the agent for compensation.

## 27.2 IMPORTANCE OF AGENTS AND AGENCY

In ancient times people were satisfied with bare necessities. Therefore, the pace of development was slow and the production was small. With the increase in demand, there was an increase in production too. There is demand for specialisation in each area of production. The trade has become international. With this, specialists in each field are required. On account of special work and experience, the specialists are working as a link between the producers and consumers, buyers and sellers, creditors and debtors and employers and employees. They are called as Agents and the service provided by them are called Agency Services. In modern times, agency business is an important means of providing employment. You can become agent in every field of day-to-day business, such as purchase and sale of all commodities like food, clothing, property, automobile, investment, employment, insurance etc.

More and more people are adopting agency services as an occupation and are doing very well. The Government has also acknowledged its importance and has given them legal recognition and regularised their activities. The relation between the Principal and the Agent is recognised in law under the Indian Contract Act.

## 27.3 CHARACTERISTICS OF AGENCY SERVICES

After studying the relationship between an agent and principal, let us now learn about the main characteristics of an agency. These are given as below:

1. **Mutual Trust:** To maintain any relationship, good faith and trust is essential. Hence, the basis of a good agency is mutual trust and faith between the agent and principal. The principal should have full faith on the agent and, the agent in turn, should not betray that trust. Both, the principal and the agent should be responsible, honest and trustworthy.
2. **Consideration:** Unlike other contracts, it is not necessary to have a clause for consideration in the contract of agency. But, on completion of the work, remuneration is paid under the terms of the contract for the service provided. It is usually in the form of commission on the value of business done.
3. **Liability:** The main characteristic of the relations between the principal and the agent is that the principal is liable for each lawful activity performed by the agent. Agent is not personally liable for anything. Even if an agent takes wrong decision due to ignorance which results in loss, the principal is liable for that loss, not the agent.



4. **Qualification:** A capable adult person may appoint any other person as an agent. No qualification is prescribed for an agent. A minor can make the principal liable for his legal activities but he himself is not liable.



### INTEXT QUESTIONS 27A

1. Define the term 'Agency' in your own words.
- \_\_\_\_\_
- \_\_\_\_\_
2. State YES or NO in the following cases. Put your answer in the box given against each statement.
- a) Madhu sells Sewing Machines on behalf of Usha Sewing Machines Ltd. Is she an agent?
- b) Satish is a friend of Suresh. Satish entered into a contact with a third party on behalf of Suresh with his knowledge. Is Suresh bound by his act?
- c) Mohan is a lunatic. Can he represent Madan as an agent?
- d) Sakhil is a minor, but had acted on behalf of Shoeib without his consent. Is he an agent?
- e) A is working for B, C and D. On their instructions can he become an agent for all?

## 27.4 DUTIES, RIGHTS AND LIABILITIES OF AN AGENT

You have learnt that an agent acts on the instructions of the principal and the principal is liable for the acts of an agent. You should also know about the duties and rights and liabilities of an agent. Suppose you want to buy a house and have taken the services of the property agent in this matter, the property agent must know what are his duties, rights and liabilities in this case in order to perform this function properly and help you to the best of his ability. The duties, rights and liabilities of an agent are given below.

### 27.4.1 DUTIES OF AN AGENT

#### 1. Duty to follow principal's directions

It is the duty of the agent to act in accordance with the order and directions of the principal. In the absence of clear-cut directions, the agent should follow the prevalent trade practices. If the agent does not act according to the directions of the principal, he has to compensate



the principal for the losses, if any, incurred by him on this account. For example, if the principal directs the agent to insure the goods, but the agent forgets to do so and the goods are destroyed by fire, the agent will have to compensate the principal for his loss.

## **2. Duty to act with reasonable diligence and skill**

The agent is supposed to carry out the work of principal with due diligence. If some work is not done efficiently and with reasonable diligence, and the principal suffers the loss, then the agent may have to compensate for the loss. For example, if an agent sells goods on behalf of principal to a third party without enquiring his financial status, and the third party is not able to pay, then the agent will have to compensate for that by paying from his own pocket.

## **3. Duty to render correct accounts**

It is the duty of the agent to render correct accounts of all the transactions to the principal from time to time or whenever asked for.

## **4. Duty to communicate**

It is the duty of the agent, in case of difficulty, to make all possible efforts to communicate with his principal and seek his instructions, before taking any steps during emergency or difficulty.

## **5. Duty not to delegate authority**

No agent can appoint a sub-agent to complete the work assigned by the principal. But, under certain circumstances, sub-agents can also be appointed. There may be a case of emergency, on when the work is clerical, or according to prevalent practices, a sub agent can be appointed. The nature of business may also necessitate appointment of sub-agents. For example, travel agents of Indian Airlines carry on business through their sub-agents in different areas.

## **6. Duty not to misuse authority**

It is the duty of the agent not to misuse the information obtained by him from his principal and from other sources and he should not try to make any personal gain. For example, purchasing goods of his principal at low prices himself and earning profits is not permitted.

## **7. Duty to deduct his dues**

It is the duty of the agent to deduct expenses incurred and his commission from the total sale proceeds and pay the balance to the principal immediately.

## **8. Duty not to deal in his own name**

It is the duty of the agent to ensure that he/she does not act in his/her own name and make personal gain out of the agency work. If an agent does some such work and earns profit out of it, it is his duty to submit its account to the principal. For example, if the agent sells



25 sacks of his own sugar along with 50 sacks of his principal and earns personal gains, he is supposed to render full accounts to his principal.

### **9. Duty to protect the interest of his principal**

In case of untimely death, bankruptcy or insanity of the principal, it is the duty of the agent to safeguard the interest of the principal. The agent should take all reasonable steps for the protection and preservation of the interests entrusted to him.

## **27.4.2 RIGHTS OF AN AGENT**

### **1. Right to receive remuneration**

The agent has the right to receive from the principal reasonable remuneration for the work done by him in accordance with the agreement. As soon as the agent finishes his work, he has the right to receive remuneration. For example, a producer appoints an agent to procure orders for his goods. He is eligible to receive remuneration after he procures the orders. It does not matter whether the producer supplies the goods or not.

### **2. Right of lien**

If the principal does not clear the accounts of the agent, the latter has the right of lien on the goods of the principal, that is, the agent can retain the goods in his possession for realising his dues.

### **3. Right to adjust his dues**

The agent can deduct advances given by him to the principal, the expenses incurred by him and the remuneration to be received from the sales proceeds of the goods.

### **4. Right of Indemnification**

As the agent represents the principal, the agent has a right to be indemnified by the principal against all charges, expenses and liabilities properly incurred by him in the course of an agency. An agent has also the right to be indemnified against the consequences of all lawful acts done by him in exercise of the authority conferred upon him.

### **5. Right to compensation**

The agent has a right to be compensated for injuries sustained by him due to the principal's neglect or want of skill.

### **6. Right of stoppage of goods in transit**

An agent has a right to stop the goods in transit to the principal, if (i) he has bought the goods with his own money or against personal liability, and (ii) the principal has become insolvent.



### *Duties and Rights of an Agent – At a Glance*

#### ***Duties of an Agent***

1. *Duty to follow principal's directions*
2. *Duty to act with reasonable diligence and skill*
3. *Duty to render correct accounts*
4. *Duty to communicate*
5. *Duty not to delegate authority*
6. *Duty not to misuse authority*
7. *Duty to deduct his dues*
8. *Duty not to deal in his own name*
9. *Duty to protect the interest of his Principal*

#### ***Rights of an Agent***

1. *Right to receive remuneration*
2. *Right of lien*
3. *Right to adjust his dues*
4. *Right of Indemnification*
5. *Right to compensation*
6. *Right of stoppage of goods in transit*



### **INTEXT QUESTIONS 27B**

1. What is meant by Right of Lien on goods?

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2. Identify the duty of the agent that is being violated in the following case.
  - a) An agent sells the goods to third parties without considering their financial status.
  - b) Gita, an agent, entered into a contract with Mita and made personal profits.
  - c) The truck carrying goods faced an accident on the way to the place of agent. The agent sold those goods at 50% without informing the principal.
  - d) Knowing the fact that the principal has become insolvent, the agent tried to provide him incorrect statement of account.
  - e) In spite of repeated instructions of the principal, the agent did not insure the goods and 50% of the goods were destroyed by fire.

### **27.4.3 PERSONAL LIABILITIES OF AN AGENT**

You have already learnt that when an agent executes a contract with a third party on behalf of a principal, the agent acts merely as a connecting link between the principal and the third party, and incurs no personal liability. But in certain circumstances, as narrated below, the agent will be held personally liable.

1. When the contract expressly provides the liability of the agent.
2. When the agent signs a negotiable instrument in his own name without making it clear that he is signing it only as an agent.
3. When the agent acts for a foreign principal.



4. When the agent acts for a secret or undeclared principal,
5. When the agent acts for a principal who cannot be sued e.g. minor, mentally challenged etc.
6. When the agent compromises with false statements or fraudulent actions.
7. When the agent works outside the limit of his rights.
8. When the agent earns personal profit by fraudulent means.
9. When the agent enters into an agreement in his own name.
10. When the interest of the agent is also included in the agency agreement.

### 27.5 QUALITIES REQUIRED TO BE A SUCCESSFUL AGENT

After learning about the duties, responsibilities, and rights of an agent, you should also have an idea about the qualities required in an agent to carry out the work properly. Since the agents have to work hard and in most cases they have to travel a lot, it is essential that they must possess sound health. Besides physical fitness, every agent must possess certain mental qualities, which are as follows.

1. **Honesty:** The agent must be sincere and honest in his dealings. He/she should not indulge in any activity that may have an adverse effect on the agency work. The accounts must be prepared honestly as per the terms and conditions of the agency.
2. **Diligence:** The agent must show great diligence in his/her activity. To be successful, the agent must put sincere and persistent effort. At any moment he/she not be impatient.
3. **Tactful:** One of the reasons for engaging an agent for any specific activity is the expertise he/she possesses in that area. Hence, the agent should be tactful in dealing with others and ensure completion of the task successfully.
4. **Confident:** The agent must perform his/her activities with great degree of confidence. If an agent does his/her work sincerely, timely and correctly, he/she can face any challenge with confidence.
5. **Awareness:** The agent must have clear understanding of his/her duties, rights and responsibilities while performing his/her job. The awareness about the products and services, current market situations and consumer behaviour ensures success in agency services.
6. **Foresight:** The agent must have the ability to visualise the future market situation and take appropriate action well in advance.
7. **Responsible:** The responsible behaviour of the agent contributes towards the success of the agency to a great extent. The agent must discharge his/her duty as per the



instruction of the principal, take appropriate action in time, and communicate with the principal as and when required.

8. **Adaptability:** The agents may have to move from place to place and from region to region. They come across different people and society while discharging their duties. So it is essential that they must have a sense of adaptability in different situation and environment.



### INTEXT QUESTIONS 27C

1. The agent must have the ability to visualise the future market situation and take appropriate action well in advance. Which quality of an agent does this statement indicate?

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2. State Yes or No regarding the personal liability of an agent in the following cases.

An agent is personally liable:

- |   |                      |
|---|----------------------|
| (a) when he/she acts on the instruction of the principal.   | <input type="text"/> |
| (b) when he/she earns fraudulently.                         | <input type="text"/> |
| (c) when he/she acts for undisclosed principal.             | <input type="text"/> |
| (d) when his/her interest is not included in the agreement. | <input type="text"/> |
| (e) when he/she works for a foreign principal.              | <input type="text"/> |

## 27.6 AGENCY SERVICES

Diversity and complexity of modern life has increased the need for specialists in every walk of life. These days individual has neither the time nor the ability to meet his requirements himself. He takes the assistance of those who specialise in their respective fields and manage the affairs better. These specialised persons are known as agents.

Right from the household savings and investment in the business at international level, the role of agents has acquired a great significance these days. In business sector there are several areas in which agency services can be provided. The various agency services can be broadly classified into two heads as follows.

- a) Financial Agency Services like Savings and Investment Agency, Insurance Agency; and
- b) Commercial Agency Services like Advertising Agency, Selling and Purchasing agency and Clearing and Forwarding Agency, Tour and Travel Agency etc..



In this lesson we shall take up Financial Agency Services, and the details of commercial agency services follows in the next lesson.

## 27.7 FINANCIAL AGENCY SERVICES

The financial agency services deal with savings, investments business. Hence savings and investment agency services and insurance agency services are the most common form of financial agency services. The key activities involved in saving and investment agency include educating people about the benefits of saving; inform them about alternative channels of investment with safe and stable income; collecting the savings at intervals on behalf of the organization and helping the investors in getting loans against the investment, if needed. The insurance agency, on the other hand, involves educating people about the benefit of insurance and informing them about the terms and conditions of insurance and the types of policies available, helping them to fill up the form of application for insurance collecting premium on behalf of the insurance company; help the insured people to settle their claim, if any, from the insurance company.

Let us discuss in detail about these two areas of agency services.

### 27.7.1 SAVINGS AND INVESTMENT AGENCY

Savings and investment are indispensable for the economic growth of a country. Various savings and investment schemes are provided by post office, commercial banks, Life Insurance Corporation of India, and other insurance companies, Unit Trust of India and other mutual funds and joint stock companies. The different schemes provided by them are profitable to investors and useful to the society as a whole. But when the people are not aware about the different savings and investment schemes, they will not be able to derive any benefit out of these schemes. Therefore, someone is definitely needed to motivate, encourage and educate the people to save and invest. Here comes the role of savings and investment agents who work for various financial institutions on commission basis.

The savings and investment agencies provide the following services to the investing public and collecting organisations.

#### SERVICES PROVIDED TO THE PUBLIC

- (a) **Educate the public about investments:** These agencies motivate and encourage public to save more. They educate the people about the different schemes available for investment with the different institutions, their comparative merits and demerits and encourage the public to invest their savings in secured and profitable channels of investment.
- (b) **Channelise the investment:** These agencies collect the savings from the investing public; direct them in different savings schemes provided by different organizations according to the choice of people.



- (c) **Provide personalised service:** These agents approach the individuals at a place and time convenient to them. They collect the savings as per the convenience of the investors. They also assist them in getting loans against their investments in case of their need; remind the investors about the due dates of periodic payment, maturity date of the investments and help them in the realisation of their investments.

## SERVICES PROVIDED TO COLLECTING ORGANISATIONS

The agents help the collecting organisations as well as the government in raising funds for growth activities. They play a major role in bringing the public and these institutions closer to each other.

### 27.7.2 INSURANCE AGENCY

Nothing is free from accidental losses. An individual may face an accident at any moment. Property may be damaged by fire and ships may sink in ocean. As a protection against such risks, the system of insurance has been devised. Insurance, as you have already learnt, is a contract by which an insurance company for a certain premium in return, undertakes to compensate the insured for the damages caused to him on happening of some specified event. Insurance cannot prevent risks, but it provides for mitigating the sufferings arising there from. This is true in case of fire, marine and general insurance. In case of life insurance, people are motivated to save and invest and provide for eventualities like death and accidents.

In order to secure insurance business, insurance companies appoint agents. These agents are specialists in the field of insurance. They act as an indispensable link between insurance companies and prospective insured. They are beneficial not only to the insurance companies but also to the insuring public. Besides securing good business to the insurance companies, they render very useful services to the society.

Let us now discuss the service provided by the insurance agency to the insurance companies and the policyholders.

## FUNCTIONS OF THE INSURANCE AGENCY

**For Insurance companies:** Insurance agencies are very important for the insurance companies because of the following reasons:

- (a) **They propagate business:** Agents meet different people personally and explain the salient features of different schemes and their benefits to them. They also distribute various forms and pamphlets and this way propagate the insurance business.
- (b) **Procure business:** Almost all the business of insurance is procured through agents. Only a small part of the business is procured directly by insurance companies.
- (c) **Protect the interests of the companies:** Insurance companies rely on the agency force to select good business. In deciding upon the risk the companies have to



satisfy themselves as to the purpose of insurance and the character, habits and financial standing of the insurers through their agents.

**For Policyholders:** An insurance agent is the link between the insurance company and the policyholder. He/she renders many useful services to the policyholders. These may be:

- (a) **Educate people about the benefits of Insurance:** An insurance agent explains to the public about the various available schemes and their benefits. He also helps them to select scheme best suited to their needs.
- (b) **Encourage thrift by providing better channels of investments:** An insurance agent ensures that the policyholder saves regularly and pays the premium on time.
- (c) **Help in payment of premiums and settlement of claims:** An insurance agency informs the insured about the due dates of premiums and expiry of policies; and help them in payment of premiums and collection of claims, if any.



### INTEXT QUESTIONS 27D

1. Name the two broad categories of Agencies Services.
  - (a) \_\_\_\_\_
  - (b) \_\_\_\_\_
2. 'Insurance agents are indispensable to the public'. Do you agree? Give your answer in not more than 50 words.

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### 27.8 WHAT YOU HAVE LEARNT

- An agent is a person employed to do any act for another or to represent another in dealing with any third person. The person for whom such work is done or whom they represent is called the principal. The relationship between the agent and the principal is called agency.
- Agency exists whenever a person (the agent) can bind another (the principal) by acts done on his/her behalf and to create contractual relations between principal and the third party.
- Any person who is an adult, of sound mind, having an ability to enter into a contract



can appoint a representative or an agent. Any person who has the full confidence of the principal can work as an agent.

- Today there is demand for specialisation in each area business. On account of special work and experience, the specialists started working as link between the producers and consumers, buyers and sellers, creditors and debtors and employers and employees. Therefore the need for agents arises.
- The main characteristics of agency are: (a) In every agency mutual trust and faith between the agent and principal is absolutely required; (b) The agents expect the consideration or remuneration after completion of the work; (c) The principal is liable for all legal act of the agent; and (d) No specific qualification is prescribed for an agent.
- Duties of an Agent: To follow principal's directions; to act with reasonable diligence and skill; to render correct accounts; to communicate; not to delegate authority; not to misuse authority; deduct his dues; not to deal in his own name; duty to protect the interest of his principal.
- Rights of an Agent: Right to receive remuneration; Right of lien on goods; Right to adjust his dues; Right of indemnification; Right to compensation; Right of stoppage of goods in transit.
- The agent is personally liable when the contract expressly provides for the liability of the agent. When the agent acts for foreign principal/ secret or undeclared principal/ the principal who cannot be sued, the agent himself is liable. When the agent works outside the limit of his/her rights and earn personal profit by fraudulent means, he/she is personally liable. The agent is also liable when he/she signs a negotiable instrument in his/her own name without making it clear that he/she is signing it only as an agent. When the agent enters into an agreement in his own name or when the interest of the agent is also included in the agency agreement, the agent is personally held liable.
- The qualities required to be a successful agent: Besides physical fitness, every agent must possess certain mental qualities like, honesty, diligence, tactfulness, confident, awareness, foresight, responsible, adaptability etc.
- The various agency services provided in business sector are classified under two broad headings, viz., (a) Financial Agency Services; and (b) Commercial Agency Services.
- Savings and Investment agency helps in mobilising the savings from the public and channelise the amount in proper investment avenues to get maximum return.
- Insurance agency helps in propagating and procuring insurance business. Encourages thrift by providing better channels of investments.



### 27.9 KEY TERMS

|                          |                  |                               |
|--------------------------|------------------|-------------------------------|
| Agency                   | Agent            | Commercial agency             |
| Financial agency         | Insurance agency | Principal                     |
| Right of Indemnification | Right of lien    | Savings and investment agency |



### 27.10 TERMINAL QUESTIONS

#### Very Short Answer Type Questions

1. What is meant by the term 'Agency'?
2. Who can appoint an agent?
3. State two conditions when the agent is personally liable for his acts.
4. State the meaning of right to compensation.
5. Sanjay gives Raja a sum of Rs. 2 lakh for deposit in his savings deposit account. Raja invests the stated amount in his own business without informing Sanjay and gives interest to Sanjay at the bank rate. He earns a profit of Rs 1 lakh from this business and it is much more than the amount of interest paid to Sanjay. Has Raja done the right thing?

#### Short Answer Type Questions

6. Explain any two rights of an Agent.
7. State any four duties of an agent.
8. State any four qualities of a successful agent.
9. What is the test of agency?
10. Explain the services provided by the insurance agency.

#### Long Answer Type Questions

11. State any six duties of an agent.
12. Explain the different categories of agency services.
13. Describe the various characteristics of agency services.
14. Give four suitable situations involving the personal liability of an agent.
15. Define the term 'agent'? Explain any three rights of an agent.



## 27.12 ANSWERS TO INTEXT QUESTIONS

- 27A** 2. (a) Yes (b) No (c) Yes (d) No (e) Yes
- 27B** 1. The agent can retain the goods in his possession until his/her dues are cleared by the principal.
2. (a) Duty to act with diligence  
(b) Duty not to misuse authority  
(c) Duty to communicate  
(d) Duty to protect the interest of his principal  
(e) Duty to follow principal's direction
- 27C** 1. Foresight
2. (a) No (b) Yes (c) Yes (d) No (e) Yes
- 27D** 1. (a) Financial Agency  
(b) Commercial Agency
2. Mention the various services provided by Insurance agent to the public.



## DO AND LEARN

Contact one savings agent and one insurance agent of your area or nearby vicinity and make a comparative statement of their duties. Observe the difference in nature and role of both the agents.



## ROLE PLAY

Mr. Khurana is running a finance company has not been very successful in this venture. He happened to meet his nephew and was expressing his disappointment.

Mr. Khurana : Beta, You are a post-graduate in Business Administration. Why don't you give me some good advice?

Nephew : Uncle, these days one hardly fails in business if one has a sound financial position. Now a days it is easy to utilise the services of experts.

Khurana : Which experts are you talking about?

Nephew : You can appoint a few agents who will provide special service to your company and to the public on your behalf. They can contribute to expand your business.



Khurana : That's wonderful? But what about their rights and duties?

The nephew explained to his uncle about the rights and duties of an agent. Assume the role of nephew and ask somebody to play as uncle and carry on the conversation.

### **Chapter at a Glance**

- 27.1 Definition of Agent and Agency
- 27.2 Importance of Agents and Agency
- 27.3 Characteristics of Agency Services
- 27.4 Duties, Rights and Liabilities of an Agent
  - 27.4.1 Duties of an Agent
  - 27.4.2 Rights of an Agent
  - 27.4.3 Personal Liabilities of an Agent
- 27.5 Qualities required to be a successful agent
- 27.6 Agency Services
- 27.7 Financial Agency Services
  - 27.7.1 Savings and Investment Agency
  - 27.7.2 Insurance Agency
- 27.8 Insurance Agency