



The role of insurance agents in promoting economic growth: A field study

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Abstract

This study examines the role of insurance agents in promoting economic growth, with special reference to their contribution to financial inclusion, savings mobilization, risk management, and employment generation. Insurance agents serve as a vital link between insurance companies and policyholders, particularly in developing economies where awareness and accessibility remain key challenges. Through a field-based survey using a structured questionnaire, the study analyzes how agents influence insurance penetration and economic stability at the household and business levels.

The findings indicate that insurance agents significantly enhance financial literacy, encourage long-term savings, and facilitate risk transfer mechanisms that protect individuals and enterprises from financial shocks. By expanding insurance coverage in rural and semi-urban areas, agents contribute to capital formation and strengthen the formal financial system. Furthermore, the insurance agency system itself generates employment opportunities and supports entrepreneurial growth.

The study concludes that insurance agents act as catalysts for sustainable economic development by improving financial security, increasing investment flows, and promoting inclusive growth. Strengthening training, digital integration, and regulatory support for agents can further enhance their contribution to economic progress.

Keywords: Insurance agents, economic growth, financial inclusion, savings mobilization, risk management, employment generation

Introduction

Insurance plays a vital role in the economic development of a country by providing financial protection against unforeseen risks and uncertainties. In this process, insurance agents serve as a crucial link between insurance companies and policyholders. They act not only as sales representatives but also as financial advisors, educators, and facilitators of risk management solutions. Their contribution becomes especially significant in developing economies, where awareness about insurance products and financial planning is often limited.

Insurance agents help expand insurance penetration by reaching diverse segments of society, including rural households, small business owners, and economically weaker sections. Through personal interaction and guidance, they simplify complex policy terms, build trust, and encourage individuals to adopt insurance as a financial security tool. Increased insurance coverage enhances financial stability, reduces vulnerability to economic shocks, and promotes a culture of long-term savings.

Moreover, the premiums collected through insurance policies are mobilized into productive investments such as government securities, infrastructure projects, and corporate financing. By facilitating the flow of long-term funds into the financial system, insurance agents indirectly contribute to capital formation and economic growth. Their role in promoting business insurance further supports entrepreneurship, industrial expansion, and employment generation.

In addition, the insurance agency system itself creates direct and indirect employment opportunities, thereby contributing to income generation and economic activity. With growing digitalization and financial inclusion initiatives, the role of insurance agents is evolving, yet their importance in building trust and expanding market reach remains fundamental.

This study aims to examine the role of insurance agents in promoting economic growth by analyzing their contribution to financial inclusion, savings mobilization, risk management, and employment creation. Through empirical investigation, the research seeks to understand how insurance agents influence economic development at both micro and macro levels.

Objectives of the Study

1. To examine the role of insurance agents in promoting economic growth.
2. To study the impact of insurance agents on savings mobilization among individuals.
3. To assess the contribution of insurance agents in generating employment opportunities.
4. To understand how insurance agents influence insurance awareness and penetration.
5. To suggest measures for improving the effectiveness and performance of insurance agents.

Scope of Study

The present study focuses on examining the role of insurance agents in promoting economic growth. It seeks to analyze how insurance agents contribute to financial inclusion, savings mobilization, risk management, and employment generation within the economy.

The scope of the study covers the following dimensions:

Geographical Scope

The study is limited to an Ashta, District -Sangli, Taluka-Walwa. The findings are based on responses collected from policyholders and insurance agents within the chosen area.

Conceptual Scope

The research concentrates on the economic role of insurance agents, particularly in:

Increasing insurance awareness and penetration,
 Encouraging long-term savings and investment
 Supporting small businesses through risk coverage,
 Generating direct and indirect employment
 It does not focus extensively on technical underwriting processes or detailed actuarial analysis.

Time Scope

The study is based on data collected during a Week period. It may also consider recent trends in insurance growth and economic development.

Analytical Scope

The study uses primary data collected through questionnaires to evaluate the relationship between insurance agents and economic growth.

Importance of the Study

The insurance sector plays a significant role in economic development by promoting financial security, mobilizing savings, and supporting investment activities. Within this sector, insurance agents act as key intermediaries who connect insurance companies with individuals and businesses. Understanding their contribution to economic growth is essential for policymakers, financial institutions, and researchers. The present study is important for the following reasons:

1. Enhances Understanding of Economic Contribution

The study highlights how insurance agents contribute to economic growth through increased insurance penetration, capital formation, and financial stability. It provides insights into their indirect role in strengthening the financial system.

2. Promotes Financial Inclusion

Insurance agents are instrumental in spreading awareness and reaching underserved and rural populations. This study emphasizes their importance in expanding financial inclusion and integrating more people into the formal economy.

3. Supports Policy Formulation

The findings of this research can help government authorities and regulatory bodies design better policies, training programs, and support systems for insurance agents to improve their efficiency and outreach.

4. Encourages Employment and Entrepreneurship

The study underlines how the insurance agency system generates employment opportunities and supports small businesses by providing risk management solutions. It sheds light on the sector's potential for job creation.

5. Provides Academic Contribution

This research adds to existing literature by focusing specifically on the economic role of insurance agents, an area that often receives less attention compared to overall insurance sector studies.

6. Assists Insurance Companies

The study can help insurance companies understand the importance of agent development, digital training, and customer relationship management in achieving long-term growth.

Limitations of the Study

While the present study attempts to examine the role of insurance agents in promoting economic growth, certain limitations must be acknowledged:

1. Geographical Limitation

The study is confined to an Ashta (Maharashtra) District-Sangli, Taluka- Walwa.

2. Sample Size Limitations

The research is based on a limited number of respondents. A larger sample size could provide more comprehensive and accurate results.

3. Time Constraint

The study is conducted within a limited time frame. Economic growth and insurance penetration are long-term phenomena, and short-term data may not capture the complete impact.

4. Dependence on Primary Data

The study mainly relies on responses collected through questionnaires. The accuracy of findings depends on the honesty, awareness, and understanding of respondents.

5. Limited Access to Secondary Data

Detailed financial and operational data from insurance companies may not be fully accessible due to confidentiality policies, which restricts deeper analysis.

6. Dynamic Nature of the Insurance Sector

The insurance industry is rapidly evolving due to digitalization, regulatory changes, and market competition. The findings may vary with future developments in the sector.

7. Measurement Constraints

Economic growth is influenced by multiple factors. Isolating the exact contribution of insurance agents from other economic variables can be challenging.

Data Analysis and Interpretation Demographic Information

Table 1:

Sr. No.	Age	Gender		Location		Total
		Male	Female	Urban	Rural	
1	0-25	0	0	0	0	0
2	25-35	3	1	4	0	4
3	36-45	3	2	4	1	5
4	46-Above	1	0	1	0	1
	Total	7	3	9	1	10

Source: Primary Data

The demographic data indicates that the majority of respondents belong to the middle age groups, particularly 36–45 years (50%), followed by 25–35 years (40%), while only 10% fall in the 46 and above category. There are no respondents in the 0–25 age group, suggesting that younger individuals are not represented in the study.

In terms of gender distribution, the sample is male-dominated, with 70% male respondents and 30% female respondents. This imbalance may influence the findings, as female perspectives are comparatively underrepresented.

Regarding location, a significant majority of respondents (90%) are from urban areas, while only 10% belong to rural areas. This indicates that the study largely reflects urban viewpoints, with minimal rural representation.

Overall, the data shows that the study is primarily centered on urban, middle-aged male respondents, which should be considered when generalizing the results, as it may not fully represent younger populations, females, or rural communities.

Learn about insurance Policy

Table 2:

Sr. No.	Learning Parameters	Responses	Percentage
1	Insurance Agent	7	70
2	Bank	0	00
3	Online	0	00
4	Friends/Family	3	30
	Total	10	100

Source: Primary Data

The above table shows that 70% of respondents learned about insurance through insurance agents, indicating that agents play a dominant role in creating awareness and promoting insurance products. Only 30% of respondents learned about insurance from friends or family, while none of the respondents reported banks or online platforms as their source of information.

This suggests that personal interaction and direct communication by insurance agents remain the most effective method of spreading awareness. It also highlights the limited impact of digital and banking channels in the selected sample area.

Insurance Agent Improve awareness about financial security

Table 3:

Sr. No.	Awareness about Financial Security Parameters	Responses	Percentage
1	Strongly Agree	8	80
2	Agree	2	20
3	Neutral	0	00
4	Disagree	0	00
5	Strongly Disagree	0	00
	Total	10	100

Source: Primary Data

The above table indicates that 80% of respondents strongly agree that insurance agents create awareness about financial security, while 20% agree with the statement. Notably, there is no neutral or negative response, which reflects a highly positive perception of insurance agents in promoting financial security awareness.

This suggests that insurance agents are highly effective in educating customers about financial planning and risk protection.

Insurance agent explained policy benefits clearly

Table 4:

Sr. No.	Opinion about policy benefit	Responses
1	Yes	10
2	No	00

Source: Primary Data

All respondents (100%) reported that insurance agents clearly explained policy benefits. There were no negative or unclear responses, indicating that agents are effective communicators and play a crucial role in enhancing customer understanding of insurance policies.

This suggests that insurance agents are a key link between insurance companies and policyholders, ensuring that clients are aware of benefits and terms, which builds trust and encourages policy adoption.

Purchasing insurance improved your financial security

Table 5:

Sr. No.	Opinion about improved your financial security	Responses
1	Yes	10
2	No	00

Source: Primary Data

All respondents (100%) indicated that purchasing insurance improved their financial security. There were no negative responses, showing a unanimous perception of insurance as a tool for financial protection.

This reflects that insurance policies, facilitated by agents, provide risk coverage against uncertainties, reduce vulnerability to financial shocks, and enhance economic confidence among policyholders.

Insurance agents encourage savings

Table 6:

Sr. No.	Awareness about Financial Security Parameters	Responses	Percentage
1	Strongly Agree	8	80
2	Agree	1	10
3	Neutral	1	10
4	Disagree	0	00
5	Strongly Disagree	0	00
	Total	10	100

Source: Primary Data

A strong majority (90%) of respondents either agree or strongly agree that insurance agents encourage savings. This indicates a highly positive perception of insurance agents in promoting financial discipline and long-term savings habits. Only 10% of respondents remained neutral, and importantly, no respondents expressed disagreement, which further strengthens the conclusion.

Insurance Policy helped you recover from financial loss

Table 7:

Sr. No.	Recover from financial Loss	Responses
1	Yes	80
2	No	20

Source: Primary Data

A significant majority (80%) of respondents reported that insurance has helped them recover from financial loss. This indicates that insurance is widely seen as an effective financial safety net.

However, 20% of respondents stated that insurance did not help them recover losses. This could be due to factors such as claim rejections, inadequate coverage, delays in settlement, or lack of awareness about policy terms.

Insurance agents support small businesses in risk management

Table 8:

Sr. No.	Insurance agents support small businesses in risk management	Responses
1	Yes	70
2	No	20
3	Not Sure	10

Source: Primary Data

A strong majority (70%) of respondents believe that insurance agents do support small businesses in managing risks. This suggests that agents are generally perceived as helpful in providing guidance, coverage options, and risk mitigation strategies.

However, 20% of respondents feel that insurance agents do not provide such support, indicating some dissatisfaction or lack of effective service. Additionally, 10% are unsure, which may reflect limited awareness or interaction with insurance agents.

Insurance agency creates employment opportunities

Table 9:

Sr. No.	Employment opportunities	Responses
1	Yes	100
2	No	00

Source: Primary Data

All respondents (100%) agreed that insurance agencies create employment opportunities. This shows a unanimous positive perception regarding the role of insurance agencies in generating jobs.

There were no negative responses, indicating strong awareness and agreement about the employment potential in the insurance sector.

Increased insurance coverage contribute to economic growth

Table 10:

Sr. No.	increased insurance coverage contribute to economic growth	Responses	Percentage
1	Strongly Agree	8	80
2	Agree	1	10
3	Neutral	1	10
4	Disagree	0	00
5	Strongly Disagree	0	00
	Total	10	100

Source: Primary Data

A vast majority (90%) of respondents either agrees or strongly agrees that increased insurance coverage contributes to economic growth. This indicates a strong positive perception of the role of insurance in strengthening the economy.

Only 10% of respondents remained neutral, and notably, no respondents disagreed, which reinforces the overall positive sentiment.

Findings

1. The findings strongly support the view that insurance agents are the primary drivers of insurance awareness,

thereby contributing significantly to insurance penetration and, indirectly, to economic growth.

- The findings strongly support the hypothesis that insurance agents play a significant role in enhancing financial awareness. Their contribution helps improve financial stability, encourages savings behavior, and indirectly supports economic growth.
- The data confirms that insurance agents significantly contribute to financial literacy and customer awareness. Clear communication of policy benefits supports informed decision-making, increases insurance penetration, and indirectly contributes to economic stability and growth.
- The findings confirm that insurance has a direct positive impact on personal financial security. Insurance agents play a crucial role in this process by guiding individuals to select suitable policies, which in turn strengthens household financial stability and contributes to overall economic growth.
- Overall, the data suggests that insurance agents are widely perceived as playing an important role in encouraging savings and financial security among individuals.
- Overall, the findings suggest that insurance plays a crucial role in financial protection and recovery, though there is still a notable minority who may not be fully benefiting from it.
- Overall, the findings indicate a positive perception of insurance agents in supporting small businesses with risk management. However, the presence of negative and uncertain responses highlights the need for better communication, awareness, and tailored services for small business owners.
- The findings clearly suggest that insurance agencies are widely recognized as important contributors to employment generation, offering various job opportunities such as agents, advisors, administrative roles, and support staff.
- The findings clearly suggest that increased insurance coverage is widely believed to support economic growth by promoting financial stability, risk management, and investment opportunities.

Suggestions

Based on general customer expectations and feedback, the following improvements are needed in insurance agent services:

1. Improved Customer Support

Timely responses, regular follow-ups, and personalized assistance can enhance customer satisfaction.

2. Simplification of Policy Information

Insurance policies are often complex; agents should present information in a simple and easy-to-understand manner.

3. Faster Claim Assistance

Providing guidance and support during the claim process can help customers recover losses more efficiently.

4. Professional Training and Knowledge

Agents should be well-trained and updated with the latest products, regulations, and market trends.

5. Use of Digital Tools

Adoption of online platforms and digital communication can make services more efficient and accessible.

6. Trust Building and Ethical Practices

Agents should prioritize customer needs over sales targets to build long-term trust.

Conclusion

The study concludes that insurance agents play a vital role in promoting economic growth by enhancing financial inclusion, increasing insurance awareness, and encouraging savings among individuals. They act as an important link between insurance companies and policyholders, especially in areas where knowledge about financial products is limited. The findings show that insurance agents significantly contribute to improving financial security by helping individuals understand policy benefits and choose suitable insurance plans. Their role in risk management enables both individuals and small businesses to recover from financial losses and face uncertainties with confidence. Additionally, insurance agents contribute to employment generation by creating direct and indirect job opportunities within the insurance sector. The expansion of insurance coverage also supports capital formation and strengthens the overall financial system, which leads to economic development. Although the performance of insurance agents is positively perceived, there is still scope for improvement in areas such as communication, customer service, claim assistance, and use of digital technologies.

Overall, the study confirms that insurance agents are key contributors to sustainable economic growth. Strengthening their skills, improving awareness programs, and adopting modern tools can further enhance their role in achieving inclusive and long-term economic development.

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