

- Five years of Insurance broking in India
- Corporates and Insurer's views on Brokers

Message from the Editor

Dear Readers,

This financial year saw 5 completed years of Insurance broking in India and we thought it most appropriate to reach out and do a quick review of what has been achieved. With the number of broking licenses IRDA issues every year, and the penetration made by brokers during this period, it clearly indicates that insurance broking in India has made the desired impact and is here to stay. It has been slow, but we must admit it has been rather steady and there have been no major surprises or upsets so far.

We conducted a small survey amongst various stake holders of the industry and others as well. The response was indeed overwhelming and we thank all those who participated in the survey for this has given the industry and brokers in particular a chance to reflect upon and course correct. All through this issue our prime focus has been on the survey analysis and some

tips to the corporates on what needs to be kept in mind while selecting a broker.

This issue also happens to be the 25th anniversary issue of inotes and honestly, with all humility, we must admit that it does give us a sense of achievement that we have, in our own limited way been able to spread the message of insurance to some extent. It is the feedback we get from our readers that keeps us ticking. Talking about ourselves, we just celebrated our 9th anniversary and it was heartening to see our entire team coming forward to rededicate themselves to customer servicing.

We thank our readers once again for all the support given through these years.

V Ramakrishna

V Ramakrishna
Editor – *i-notes* & Chairman – India Insure

Five years of Insurance broking in India

It has been more than 5 years now since insurance brokers have become a part of the fabric of the Indian insurance market. Predictable as it was, introduction of brokers in India marked the opening moves of potentially dramatic shifts in the distribution of insurance products through intermediaries. The broking industry seems set for an explosion with the entry of 262 players in the past 5 years but it remains to be seen how they will progress. As we look back at these five years, one can be reasonably proud of the strides made by this community.

When we run down the memory lane, we remember those days when a broker was considered a glorified post man delivering policies and endorsements from the insurer to the customer. As time passed, brokers realized that they needed to exceed the expectations of their customers to remain in business. Some caught on to it and have become indispensable to their clientele. Large insurance buyers have also begun to rely on the qualified professionals in insurance brokerage houses to represent their interests in the insurance marketplace, albeit with perhaps greater oversight and involvement than in the past.

Brokers are making a difference to their customers' businesses daily by anticipating trends, understanding the risks, offering choice, structuring their insurance program, extending the cover, solving problems & claims and reducing cost for a majority of commercial and retail customers who trust their brokers for expert advice and unbiased opinion.

Insurance Brokers -Statistics

Growth in numbers

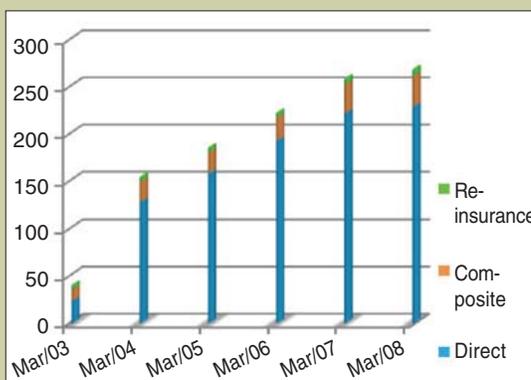
If we look at the statistics pertaining to the growth of the brokers in India, we find that against 40 brokers as on 31 March, 2003 (when the broking industry was born), we now have 262 insurance brokers (as on 30 June, 2008). In a little over 5 years, the number of insurance brokers has increased manifold. And, the party is still on with more and more adding to the numbers.

How it started: 40 insurance brokers as on 31st March 2003

- Direct Brokers : 24
- Composite Brokers : 12
- Reinsurance brokers : 4

Where it is now: 262 insurance brokers as on 30 June 2008

- Direct Brokers : 224
- Composite Brokers : 32
- Reinsurance brokers : 6



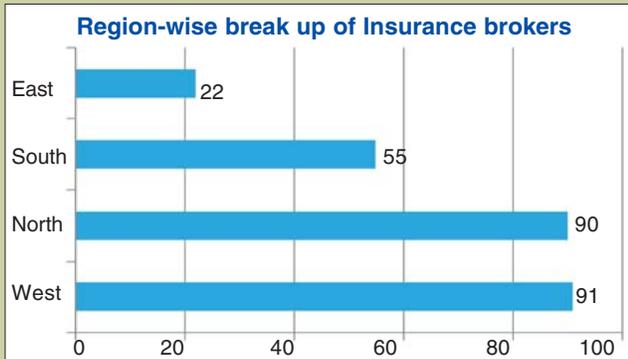
The number of new licenses issued by IRDA was 26 in 2005, declined to 22 in 2006, slightly improved to 27 in 2007 and then dropped again to 8 in the first half of 2008. The advent of detariffing and increased competition in the broking space will add to the pressure as brokers struggle to maintain profitability. There is likely to be a trend of acquisition of small brokers by the larger ones thus reducing the total number of players in the market.

Another trend witnessed in India is the tilt that brokers have towards retail lines

Five years of Insurance broking in India.... Contd. # 1

insurance. Worldwide brokers concentrate more on large and medium sized commercial business while retail is left to the agents. One reason could be the large uninsured retail market in India and its growing consumer class. A developing economy's initial growth in insurance penetration is often driven by personal lines products and India is no exception to that.

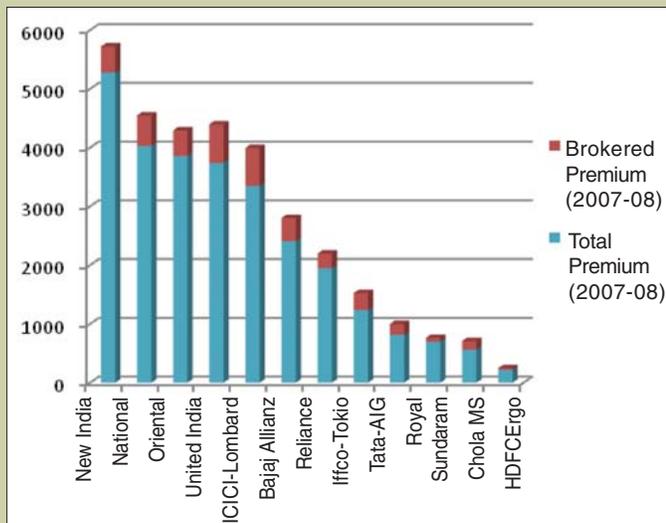
Region-wise break up of Insurance brokers



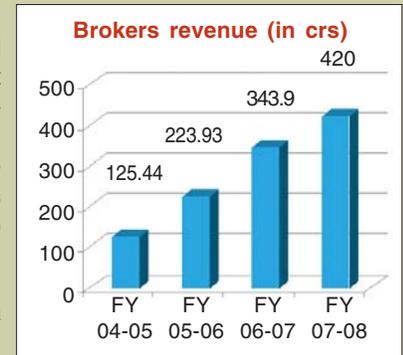
Regional-wise analysis of brokers reveals that West leads the pack with 91 brokers, closely followed by North with 90. One important aspect to note here is that broking companies have started seeking licenses in smaller towns like Baroda, Surat, Rajkot, Thrissur, Varanasi etc. In addition, many have expanded their branch networks, thereby making services available in large number of B and C category towns.

Business Volumes

On an aggregate non-life market premium of Rs.28130 crores in FY07-08 (excluding ECGC, AIC and stand alone health insurers), brokers have been instrumental in placing business of around 4100 crores i.e. around 15% of total business. But when we look back at the FY 04-05, we find that brokers even then have placed around 13.5% (2450 crs) of the total non-life business (18095 crs). This is an area of concern which



showcases that even though the brokered premium has almost increased by 70% in FY 07-08 compared to FY 04-05, the brokers share of the insurance market pie has not increased at the same rate.



Survey conducted by India Insure

In June 2008, in commemoration of India Insure's 9th anniversary, we have conducted an online survey on "Insurance Brokers and the perception of their services in today's market". The survey captures the predictions and perceptions of a small and representative sample of stakeholders in the Indian insurance market. The survey was mailed to around 2000 people who had a stake in the industry. We received 250 responses, which equates to an impressive 12.5% response rate.

The survey focused on the

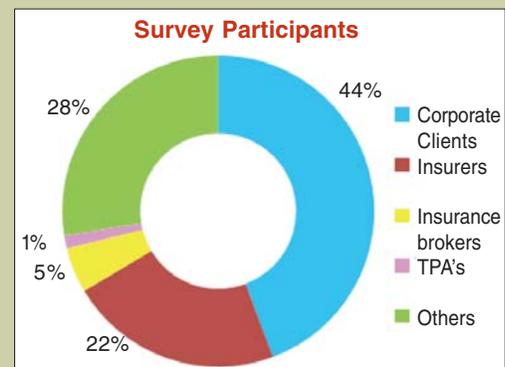
- Role of an insurance broker in India
- The importance of insurance brokers in today's market
- The type of broker that a customer would prefer
- Key characteristics which a customer looks for in a broker
- Future prospects of brokers in the Indian market

Whatever the results, they have been decided by the market and we've got them here for you.

Survey Participants

The survey participants were a mix of corporate clients, insurers, TPA's, insurance surveyors and others (include insurance management graduates, financial planners, regulator etc) who are involved in the insurance industry. The survey attempts to synthesize diverse viewpoints and offer insights on brokers and their role in this ever-changing insurance environment.

Main Findings of the Survey



Corporates and Insurer's views on Brokers

As India Insure embarks on its 10th year of growth, we spoke to some of the corporates using insurance brokers and also insurers on their experiences, expectations and views about the broking industry. We thank **Mr. Vijay Mundra, GM- Finance, Tata Teleservices; Mr. Anil Monteiro, HR Manager, Perot Systems; Mr. PR Shreekumar, Head – Commercial, BPL Communications; Mr. B. Krishnan, Treasury Manager, Marico Limited and Mr. S. Narayan, CEO, Iffco Tokio General Insurance Company** for sharing their insights and sparing their time for this interview.

{Views expressed herein are personal and not of the company}

1. As a company, you have been using the services of insurance brokers for the past 3 years. Have they served the purpose for which you appointed them? If yes how (if no, why)?

Mr. Vijay: Our broker has helped us by obtaining better quotes and at the same time doing some value adds over the existing policies. We first took their services on an experimental basis and they were able to get a huge reduction in premium with better coverage and value adds. We are able to use their expert insurance knowledge & they also help and guide us in processing our insurance claims & refund process. We don't need a full time employee to look after our insurance activities as our broker is interacting with insurance companies to facilitate our requirements. The company has indeed benefited by appointing an insurance broker.

Mr. Anil: Yes, they have partnered with us in understanding our needs and helped us focus on our core expectation – Employee Benefit.

Mr. Shreekumar: I would say yes, I made them working and got the purpose served for our Insurance related services.

As an insurance broker, we largely expect following services to be performed by them on our behalf and in line with the requirement of the organization for which they have been appointed.

- Design the most cost effective insurance coverage.
- Arrange inspection of assets i.e. building, plant, machinery and stock and evaluate them in relation to the existing insurances.
- Review of the existing insurance policies, the risks covered and the extent to which they are covered, which includes identification of risks not covered or inadequately covered, with quantification of the potential magnitude of the risk.
- Maximizing risk coverage for the existing quantum of premium paid & saving in insurance premium without any reduction in risk coverage, with an assurance that

the reduction in insurance premium will substantially come out of a change in the pattern of risk covered and not from a reduction by negotiation of insurance premium rates.

- Ensuring that the insurance policies issued are properly worded to avoid time wasting debates after an accident has occurred.
- Install information systems that will ensure quick settlement of claim through prompt submission of information to loss assessors.

Besides these, as a professional broker; most importantly to provide value added services like Insurance adequacy study and submission of detailed reports etc. In my opinion we were successful in availing most of the above services from the appointed Insurance Brokers.

Mr. Krishnan: They have helped in settlement of certain claims and in obtaining insurance coverage.

2. If you were to recommend using the services of an insurance broker to another corporate, what major benefits would you list out?

Mr. Vijay: Few benefits of using an insurance broker could be their easy accessibility; timely approach, better quotes, right advice, prompt service and regular follow up.

Mr. Anil: Overall packaging of Employee Benefits

Mr. Shreekumar: As far as benefits are concerned, I would say that it will help to obtain professional services and advises for risk management services both non-health and health insurances.

Mr. Krishnan:

- Expertise on the subject of insurance and coverage
- Professional assistance in claims management

3. What shortcomings in your insurance broker would lead you to consider terminating their services?

Mr. Vijay: If they don't meet up to our requirements with regards to the above-mentioned benefit, we would consider looking out for another option.

Mr. Anil: Insurance Broking, we see to be a long term relation like a client we do business with, it's not an annual relationship that would help the organization save some money. Any broker who involves in unethical process of sourcing quotes, non-disclosure of any benefit as part of the policy will face termination.

Mr. Shreekumar: Lack of professionals to handle various elements involved in Insurance & Risk Management like experts to provide advise and opinions, claims management experts and

any other resources which are required to provide the services to satisfaction.

Mr. Krishnan:

- Inability to contribute to claims management process
- Failure to understand business requirements and match the same with appropriate insurer

4. How do you expect the role of a broker to evolve in future?

Mr. Vijay: Insurance has always been a complicated & interesting subject. For a telecom company like TTML, which is capital intensive and also has varied insurance policies covering various risks right from Network Contingent policy, GMC, GPA, Marine, Laptop, Vehicles and so on, to get the best output, one will definitely need the services of a broker. After opening up of the Insurance sector and new insurance companies coming to explore the market, the role of the broker will become more and more important.

Mr. Anil: We expect the broking company to know the growing demands of a corporate and be able to connect us to the forthcoming changes in the insurance system.

Mr. Shreekumar: In a scenario where insurance sector and industry is becoming more & more broker driven, we may be able to see insurance broking firms getting into underwriting also.

Mr. Krishnan: Increased contribution in terms of obtaining coverage specific to the business risk exposure in the detariffed regime.

Insurer's views on Brokers

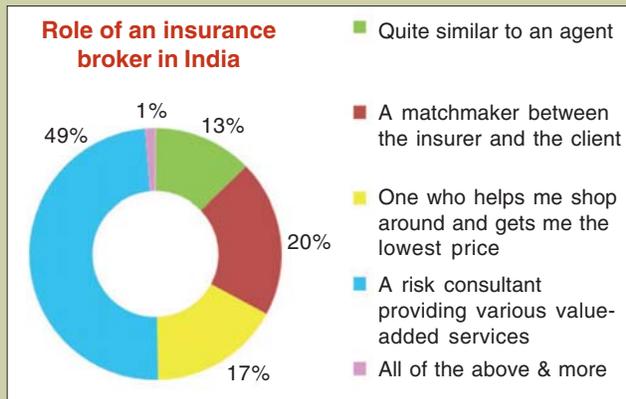
1. It has been over five years now since the insurance market has opened up for brokers. What in your opinion has been the impact of this on the industry?

Mr. Narayan: With the phased deregulation of prices and policy scope and wordings still under regulation, brokers had very little chance so far to prove themselves. The overlap between brokers and insurers as 'advisors' to the large corporate continues.

The one area where there is visible impact is in the sphere of premium reduction. Coupled with deregulation and the increase in the number of insurers, the intense competition amongst the brokers themselves has led to depression of prices, very often to unviable levels.

Unfortunately the broking services have not yet made enough penetration into the SME segment. I am hopeful that in the next few years brokers will explore the smaller insured's and also have stability with the larger buyers. That will be the time when the brokers will truly render the full gamut of services and will be a fair intermediary between the insured's and the insurers.

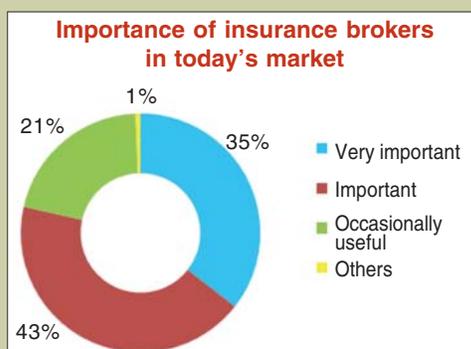
1) What is your perception on the role of an insurance broker in India?



A majority of the participants (49%) feel that the role of an insurance broker has evolved from being that of a match maker between the insurer and the client to a risk consultant providing various value added services. These services include loss control, claims management, contract reviews, safety program recommendations and other risk management services that go beyond the structuring and placement of insurance cover. Initially, when the concept of insurance broking was introduced in the market by IRDA, most of the people considered the role of a broker very similar to that of an insurance agent. Over a period of time, their views have changed and this evolution is in tandem with the changing risk landscape.

2) How do you rate the importance of insurance brokers in today's market?

43 % of the survey participants consider insurance brokers to be important in today's market while 35% view them as very important. Brokers have become important in today's market because their clients are benefitting from their clear and unbiased advice which may otherwise be hard to come by. They feel brokers reduce the time, mind space and search



Buying insurance in today's market is a complex and time consuming task and there are more people than ever in the insurance business. A carefully selected broker can deliver great value to a business but choosing the wrong one can be an expensive mistake.

Before embarking on the selection of a broker,

- ❖ Ensure that he is licensed by the Insurance Regulatory and Development Authority (IRDA).
- ❖ Get details from the broker on
 - Their experience with your type of business
 - Their areas of expertise
 - Their success in settling claims
 - Their turnover for the past one year
 - Their reach - in terms of number of offices
 - References of their existing clients
 - Who would service the account
- ❖ Make your expectations clear. Clarify the role that the broker has to play in terms of reviewing the existing insurance portfolio, placing cover, documentation, handling administrative work with regard to insurance, claims

costs incurred by insurance buyers when they have to look at multiple insurers for placement of the policy.

It is also observed that larger companies having insurance portfolio greater than 25 lakhs consider the role of a broker as very important. This may reflect both the complexity of larger firms and their awareness of the benefits of using a broker. Although the awareness of the concept of a broker has been increasing, different people and different organizations can have significantly different understandings of it.

3) Type of broker preferred

63% of participants prefer a large Indian broker with a pan India presence, while 26% prefer a multinational broker. Regardless of the size of the participants insurance premium



handling and renewal. Check out if they offer any other additional value-added services.

- ❖ Your insurance broker should be large enough to represent at least half a dozen insurance carriers from which to source coverage from. Your broker should have a strong relationship with their insurance carriers in order to source the most appropriate coverage to address your risk exposures once they have been properly identified.
- ❖ Check out the broker's reputation for excellent service, professionalism, and integrity.

Some characteristics of a good broker

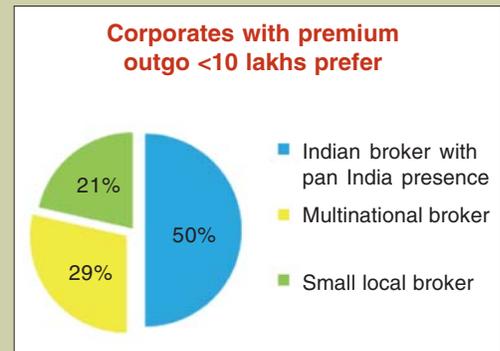
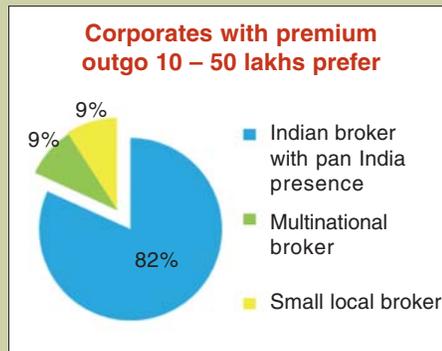
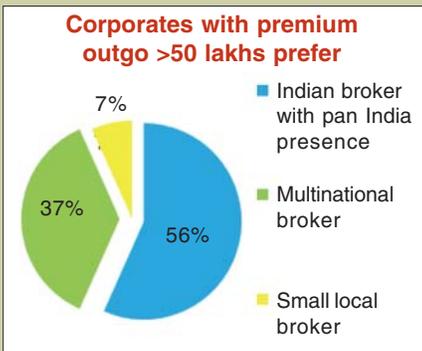
- ❖ Your broker can be of real help to you only if they have a comprehensive understanding of what your company is all about. Every business presents different risk exposures, and only a qualified and experienced insurance professional can properly identify them.
- ❖ A good broker will know what the markets are doing, who the insurers are, what they are looking for, and how to present your firm in the best possible light. They are careful to maintain relationships of mutual respect and trust with insurers, for they know that the quality of those relationships

is an essential component of their ability to serve you well. They are highly professional. Good brokers are known by reputation.

- ❖ Throughout the policy year, a good broker will be there to listen to your questions and your plans, understand them, and advise you on how the risks involved can best be managed. He or she will know what products, services, and other tools are available to respond to changes in your company.
- ❖ The litmus test regarding the effectiveness of broker is at the time of a claim. A good broker will be your advocate in getting the claim settled.
- ❖ At renewal time, they will be able to explain differences in coverages and cost in terms that you will understand. You can also expect sound, objective advice on the perils, as well as the potential benefits of changing insurers.

Your insurance broker will serve you best if your mutual relationship is grounded in confidence and trust. You need to be secure in the knowledge that the advice you receive is objective and free of hidden influences. Carefully selected and advantageously used, your broker can be as important to the management of your company's risk as your accountant or your attorney.

Five years of Insurance broking in India.... *Contd. # 4*



outgo, the majority of them prefer to have a large Indian broker with a pan India presence. This could probably be because of the pan India presence that most of the corporate houses operate from.

When we divide the participants by their premium outgo and analyze, we realize that around 37% in the '>50 lakhs premium outgo' category are open towards having a MNC broker while 56% prefer a large Indian broker. But when you look at the segment where the 'premium outgo is between 10-50 lakhs', only 9% prefer having a MNC broker, while 82% prefer having an Indian broker with pan-India presence and 9% prefer having a local Indian broker.

On the other hand, in the 'premium outgo <10 lakhs category', we notice that 50% prefer having a large Indian broker, while 29% prefer having a MNC broker & 21.43% prefer having a local Indian broker. This could mean that these corporates may be located in only one place and hence 21.43% of them are comfortable with a small local broker.

4) Parameters critical for deciding an insurance broker?

Lowest price with best available coverage, excellent claims handling with short turn around time (TAT) and proper placement of policy are the 3 aspects that were valued highly by the participants. Lowest price with best available coverage was valued most, with 21% votes for this, while excellent

Report Card - General Insurance

Five years of Insurance broking in India.. Contd.# 5

Gross premium underwritten by non life industry for and up to the month of May 2008***
(Rs. in crores)

INSURER	MAY		APRIL - MAY		% GROWTH OVER PREVIOUS YEAR
	2008-09	2007-08	2008-09	2007-08	
New India	401.11	378.91	1106.84	1032.61	7.19
National	363.07	328.42	819.54	724.31	13.15
United India	359.44	323.38	796.77	730.74	9.04
Oriental	304.60	329.55	731.63	743.72	-1.63
ICICI-lombard	257.56	202.28	800.84	650.93	23.03
Bajaj Allianz	232.71	175.33	508.85	390.68	30.25
Reliance General	152.27	141.70	426.22	362.86	17.46
IFFCO-Tokio	132.11	100.81	274.33	208.06	31.85
Tata-AIG	74.08	59.98	222.05	172.04	29.07
Royal Sundaram	56.90	49.52	131.05	117.37	11.65
Cholamandalam	52.42	36.77	147.46	109.73	34.38
HDFC ERGO General	16.61	12.77	31.22	34.66	-9.93
Future Generali*	9.19	0	19.55	0	
Universal Sampo**	0.05	0	0.18	0	
PRIVATE TOTAL	983.90	779.16	2561.74	2046.33	25.19
PUBLIC TOTAL	1428.22	1360.26	3454.78	3231.38	6.91
GRAND TOTAL	2412.12	2139.42	6016.52	5277.71	14
SPECIALISED INSTITUTIONS					
Credit Insurance					
ECGC	57.53	50.31	104.59	88.09	18.74
Health Insurance					
Star Health & Allied Insurance	4.47	1.31	62.68	35.30	77.55
Apollo DKV*	3.94	0	5.44	0	
Health Total	8.41	1.31	68.12	35.30	92.97
Agriculture Insurance					
AIC	19.67	23.59	40.74	47.26	-13.81

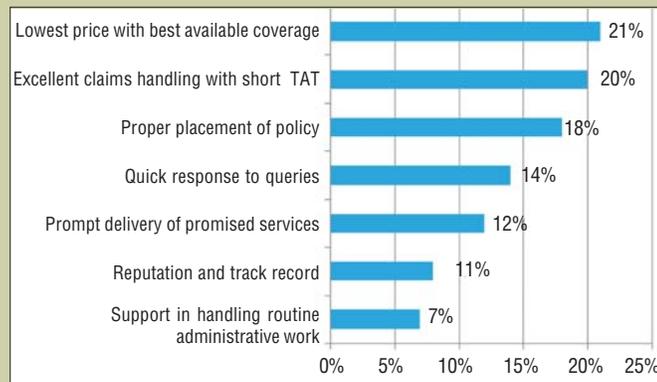
* Commenced operations in November, 2007

** Commenced operations in February, 2008 ***Source: IRDA Journal

News TitBits

Pre-existing diseases to get cover from 4th yr

Buyers of health insurance policies will now get their pre-existing diseases covered from the fourth year of their policy. Insurers have now agreed to adopt a standard definition of pre-existing diseases. The new uniform definition of a pre-existing disease is: "Any condition, ailment or injury or related condition(s), for which you had signs or symptoms and/or were diagnosed, and/or received medical advice/treatment within 48 months prior to your first policy with us". The exclusion wording says: "Benefits will not be available for any condition(s) as defined in the policy, until 48 months of continuous coverage has elapsed, since inception of the first policy with us".



claims handling with short turn around time (TAT) occupied the second spot with 20% (missing the top slot by a narrow margin), proper placement of policy occupied the third slot with 18% voting for it.

5) Future prospects of brokers in the Indian market?



These are exciting times for the broking community. It appears that all parties view the future prospects of brokers as good and critical to the insurance business in India. 43% of respondents feel that they have 'very bright' prospects while 54% feel that they have 'good' future prospects. The insurance boom sweeping India is coming as manna from heaven for the insurance broking community. There are several long term trends that are having a positive effect on the opportunities for brokers: the evolvement of new risks, the growing complexity of business, political uncertainty etc.

On the other hand, the advent of detariffing may lead to closure of some broking houses; only those brokers who learn the new rules of the game will survive. In the past 5 years, 14 brokers have shut shop (as per IRDA website) for various reasons.

(Contd... 07)

Five years of Insurance broking in India.... Contd. # 6

Detariffing - Advantage Broker?

Hitherto the role of an insurance broker was not properly understood or appreciated because of the tariff regime.

- ❖ The opening up of the Indian insurance market has brought about a slew of changes: premium reductions, product customization and risk-based pricing. Detariffing will enable brokers to demonstrate their value in 'shopping around' for the best deal.
- ❖ With the insurance market going to get flooded with multiple products having various coverages and exclusions, customers will have to look at brokers to help them wade through. Professional insurance brokerage firms have extensive resources, depth of knowledge, and effective transactional capabilities.
- ❖ Since brokers deal with all insurance carriers, their relation with them as well as their bargaining capacity will help secure the best deal for their clients.
- ❖ In addition, given the fragmented nature of the insurance marketplace, the broker can play a critical role in syndicating the placement of large insurance programs across many markets in accordance with individual insurer preferences.

Challenges faced by brokers

- ❖ Brokers have a high set up cost of INR 50 lakhs; they are also required to have professional indemnity cover of three times their brokerage income, subject to a minimum of INR 50 lakhs.
- ❖ Many brokers are accused of being unprofessional in their approach. Brokers need to stop positioning themselves as discounters, rebaters of premium or glorified agents and instead start adding value at both ends of the purchase and during the claims process.
- ❖ The role of a broker is not properly understood by the Indian market and sometimes even within the broking community. Brokers have also been slow to address and explain their value proposition to consumers.
- ❖ Insurance even today is being purchased on the basis of price and nothing else. "Why do I need a broker (and pay a commission) to buy an insurance policy when I can buy it directly from the insurance company at a discount" is the question that most brokers are faced while pitching for a sale. While detariffication is changing these dynamics of the broking community, it is likely to take significant time and resources to ensure that clients understand the full benefits brokers can bring to them.
- ❖ The main source of broker's revenue is commissions which have been somewhat opaque to the client.

Customers want brokers to be more transparent with regard to the commissions that they earn.

- ❖ The free-pricing regime has brought about a 50% drop in the earlier tariff based premiums. The drop in premiums has already affected the broker's income adversely.
- ❖ Insurance regulations make it mandatory for marketing teams working with Broking companies to be trained for a minimum of 100 hours (followed by an exam), but very interestingly no such rule is applicable to their counterparts in Insurance companies.
- ❖ As the region's insurance and reinsurance sector continues to grow, an emerging challenge is around the lack of an experienced insurance workforce. The previously low salary rates, limited employee movement and low penetration in the insurance sector have now been replaced with a boom in demand for talented insurance specialists. The constant cat-and-mouse race of insurers and brokers chasing the same employees has caused the insurance industry to report the highest attrition rate of 35.2% in 2007, even higher than that of the ITES sector (28.9%). However one good news here is that the broking industry has slowly started to attract quality people which was earlier a strict 'no-no' because of the industry's image issue. Now, there is a paradigm shift in the way talent pool is looking at broking.
- ❖ The need for training and professionalism of brokers is greater in the detariffed era as they need to help customers sift through the maze of policies. But brokers have shot themselves in the foot-trying to get short-term savings, they have cut training and education. The absence of technical knowledge is proving to be a big hurdle in the orderly growth of the broking industry.

Conclusion

The broking community still has a long way to go in meeting the needs of customers. The key is to be aware of international trends, remain service oriented, flexible and sensitive to the challenges facing customers. Brokers also need to slowly tune their risk radar from hazard risks to less quantifiable risks such as human capital risk, reputation risk, political risk, environmental risk, regulatory risk and enterprise risk. They must stay abreast of a continuously evolving risk environment, seeking insights that may contribute to clearer understandings of the challenges their operations, employees and customers may face now and in the future. They need to exceed expectations and create surprises. After all, in business... what distinguishes leaders from laggards, and greatness from mediocrity, is the ability to uniquely imagine what could be.

Corporates and Insurer's views on Brokers.....Contd. # 3

2. Having interacted with various insurance brokers, how do you feel that the insurance broker has been able to differentiate himself from an insurance agent?

Mr. Narayan: Agents & brokers have traditionally operated in different market segments - the former operating in motor, retail & personal lines spaces where as the latter is active in large and medium corporate sector. The agents have no influence on price of product to the insured, or on the scope of products he can offer, since he represents a single company. I personally believe that in future there will be very limited overlap in the services.

3. To what extent do you think that an Insurance broker has fulfilled his role of being the eyes and ears of the underwriter, in terms of providing quality information to him on customer requirements, risk profile, claims history?

Mr. Narayan: Till now most clients have given the broker very little opportunity to know the insured and his requirements fully. Mostly they are used only as a means to reduce the premiums. There has been a steady improvement in the quality of information submitted by the brokers. But in most cases they are engaged on case to case basis with restricted access to client information.

Continuity of a broker with his client is very important if the broker were to understand the insured's risks and requirements well. Equally important is the insured's willingness to involve the broker in risk management. Without this the broker will not be able to fulfill his role of being the underwriters eyes and ear.

4. On a hypothetical note, if insurance broking was abolished in India (by regulation), do you think that they would be missed by Insurers?

Mr. Narayan: In a fully deregulated market risk information is crucial for quotations. It may not be possible for the all the insurers to have large inspection teams to cover the whole spectrum of insured's. Nor is it

practical for the insured's to respond to all the requests for risk inspection / queries from each of the insurers.

Insurers too should gradually focus more on their primary function of being risk carriers and limit the activities of risk improvement and risk transfer advices to select customers. In this context, I believe that it is very difficult to dispense with the institution of brokers, both for the insurers and for the corporate customers.

5. How do you expect the role of a broker to evolve in future in India?

Mr. Narayan: With the economic boom there has been an increase in the number of corporates in India. Barring the old established ones, a large number does not have trained insurance professionals manning their insurance departments. Accentuated competition has also contributed to the lack of qualified insurance personnel in the job market to take on the role of risk / insurance manager for the corporate. Brokers have successfully filled up this gap and will continue to do so in future.

Till now the broker's role is more or less limited to prospecting the suitable insurance company. There is not much stress on after sales service, be it endorsements, claims or risk advisory. I expect to see the transformation in these areas very soon.

One of the very important roles played by the brokers in other countries is independent placement and claim recovery from multiple insurance companies. The risks of the insured as well as the insurers have to well spread out in respect of each risk. Brokers have an important role to play in this respect.

The 'coinsurance agreement' practice prevalent in India may become very difficult to sustain with the increase in the number of participating insurance companies in any policy. Brokers in other countries effectively discharge the function of remitting premiums and recovery of claims independently from the insurers. The brokers have a crucial role to play in redefining the mechanism of 'Coinsurance' in India.

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