



Whither Indian insurance brokers?

Insurance Brokers Association of India's Mr Sumit Bohra spoke with *Asia Insurance Review* about his plans for the Indian insurance broking sector.

By Anoop Khanna

In recent years, Indian insurance brokers have contributed around 25% to India's annual gross premium. Indian brokers perform extremely well in the non-life insurance sector and now are also focusing on the life insurance. However, despite being the 11th largest insurance industry globally, the country has around 1,000 insurance broking offices.

Operational pressures and constraints

Speaking with *Asia Insurance Review*, Insurance Brokers Association of India (IBAI) president Sumit Bohra said, "Brokers are the only representative of policyholder in the entire insurance distribution system. We are also subjected to maximum compliances which include employing broker-qualified persons for sales, reporting to Insurance Regulatory and Development Authority (IRDAI), inspections from the regulators, minimum capital requirements, infrastructure and the works."

He said, "We also face the dilemma of business continuity as brokers' licenses issued by IRDAI comes up for renewal once every three years. Currently there are only 481 licensed brokers in India and competition is intense - not only amongst brokers but from other channels as well. While we handle over 25% of Indian insurance business, we also have to compete with direct channels of insurers, web aggregators, corporate agents, agents and bancassurance."

Speaking about the issue of technology adoption by brokers, Mr Bohra said evolving technology puts a constant positive pressure on the brokers to improve their services

by adopting robust technology platforms.

"Adoption of technology catalyses the brokers to innovate and evolve. The pandemic has actually helped us to embrace technology. Most brokers have seen an increase in their revenues due to a combination of market forces."

"The two main reasons for the increase were the hardening prices in the property line and employee benefit segment. The pandemic has also pushed up the demand for health and life insurance and brokers have seized the opportunity," said Mr Bohra.

Pandemic is an opportunity

The COVID-19 pandemic has presented the broking sector with a big opportunity. It has made people think from a risk-management perspective and they understand their insurable-risk exposure will have to be passed on to insurers.

Mr Bohra said, "The clients may not actually buy the covers but the pandemic has made them to think about business interruption (BI), trade credit and cyber liability covers as a necessity for their businesses."

"We can now adopt the best international practices to suit Indian market needs. An ideal synergy between brokers and InsurTechs will help ease business through a robust delivery system and penetration," he said.

Post-pandemic scenario

Clients have now understood the importance of BI cover and this will spur the insurers to think about introducing such covers here.

Mr Bohra said, "The D&O, liability and cyber market will expand because of an increase in compliance, e-transactions, work-from-home

culture and virtual meetings. Health insurance that cover telemedicine and outpatient-department (OPD) expenses will certainly receive a boost.

"Telemedicine and OPD covers will become an integral part of regular health insurance policies. Travel and motor lines may initially contract due to travel restrictions and fear of infections but will explode once the pandemic is over," he said.

Challenges ahead

Mr Bohra said the biggest challenge is that apart from the large corporates, most of clients do not appreciate the value addition brokers provide in the insurance chain.

"Awareness about the difference between various types of insurance intermediaries and other distribution channels is still lacking," he said.

"Many clients, especially among the micro, small and medium enterprises seldom buy protection cover and if they do it is under pressure from lenders and financial institutions for compliance rather than as a prudent risk-mitigation activity. They are largely ignorant or ill-informed of the coverages and exclusions," said Mr Bohra.

"My effort as IBAI president would be to make brokers much more relevant and the preferred insurance intermediary across consumers. We at IBAI would like to ensure that our community is well respected and our expertise is used by clients for risk management, gap analysis, policy audit and consultancy rather than to just do price discovery from underwriters," Mr Bohra said. "I hope that brokers will be looked upon as adviser and a consultant and well-wisher of the policyholder and not a deal maker." ■