



PRESIDENT'S WORD

Dear colleagues,

I am indeed very pleased to address you through this newsletter once again. You are all aware that we have had the 15th Annual General Meeting of the association recently. Through this newsletter, I once again congratulate the new team of directors; especially those that have been elected to the Board for the first time.

It would be needless to emphasize the key role of the association in general and the Board of Directors in particular, in ensuring that the brokers' channel continues to remain focused in taking the industry forward. In this regard, I take this opportunity to sincerely thank the outgoing team of directors who have done a commendable job to take the brokers' channel where we are presently.

India is well positioned globally as one of the fast-growing economies apart from being the fastest growing economy among the BRICS countries. Besides, insurance penetration being low combines together to offer an excellent growth opportunity. While insurance broking continues to grow to have a larger market share of the total premium, it shall be our endeavor to register even higher growth in the years ahead. In order to achieve this, it is important that we position our channel and community as the true champions and representatives of customers and be relevant in terms of size and growth.

In order that the focus of this newsletter remains more on the various issues associated with the channel, as also take the newsletter to newer



heights; it has been decided to form an editorial team, as you are all aware. I am pleased to report that there has been good response to the initiative and a team has indeed been formed. I welcome all the broker colleagues who have volunteered to be on the team. I have no doubt in my mind that going forward, the team will play a key role in the publication of the newsletter and ensure that it achieves its goal.

In the domain of business commitments, I will be pleased to look forward to a further thrust by each one of you so that, as a channel, we move forward with gusto. Wish you all a great festival season ahead and also continued success in business performance.

Best regards,
Sanjay Kedia

BOARD of DIRECTORS

Mr. Sanjay Kedia (President)

Mr. A. K. Narang (Vice-President)

Mr. T. L. Arunachalam (Vice-President)

Mr. Vijay Rampal (Hon. Secretary)

Mr. Kishan Agrawal (Treasurer – Director)

Mr. Sohanlal Kadel (Director)

Mr. Nitin G. Dossa (Director)

Mr. Girish Malik (Director)

Mr. Hemang Jangla (Director)

Mr. S. V. Thakkar (Director)

Mr. S. Sunder Raman (Director)

Mr. S. K. Jain (Director)

Mr. Akhilesh Jain (Director)

Mr. Mukesh Jain (Director – Spokesperson)

Mr. Arvind Kumar Khaitan (Director)

CREATING A FORMIDABLE DISTRIBUTION CHANNEL HANDHOLDING

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We have to understand not just what our customers need but how and where they desire the availability of a solution. The future of marketing is not about technology, trends, packaging objects or case studies. What is going to succeed is only relation with the distribution channel

- Sarah Zeldman

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Every year many people start their careers as insurance distributors - agents, brokers, corporate agents, to name a few. Everyone wants to succeed and fulfil their life's dreams. But only a very few are able to grow beyond a certain point in their careers? Why is it that only a handful of them reach to the top? The successful insurance distributors are not very different from any normal person. What makes them different is their value system and attitude. Change is the only constant in today's marketplace. Probably more handholding which was more prevalent earlier is the need of the hour. We need to create an environment that facilitates continuous development.

LET US ENUMERATE A FEW FACTORS

1. Regular updation of knowledge.
2. Making note of our problems, mistakes and common objections.
3. Interaction with our peers on the professional front.
4. Staying informed about latest technological advancements.
5. Trying to find the key ingredients to develop our fraternity.

EMPATHY AND INFLUENCE

Initial impressions may cloud later perceptions. The customer expects the broker to be a professional in personal appearance, behavior and technical skills/knowledge. Brokers need to remember that the prospect may be busy. Common courtesies should always be followed. Essential elements are basic honesty, demonstrating competence, showing propriety and building commonality. Commonality has four different levels viz. interests, speech, posture and thinking.

SELLING IT RIGHT

Need analysis is required before deciding on the product. In order to encourage customers, we need to ask right questions. We need to avoid the temptation of presentation in a rigid manner without understanding needs. Illustrations are always better than presentations. Objections may be dealt with in many ways like forestalling the objection, denial, questioning the objection, agreeing and counter etc. However, agree and counter is considered to be the best method as it gives an opportunity to the customer to be heard and also gives him the confidence that his views are respected. This sets the stage for uncovering a customer's primary goal or needs, which is involved in the decision making process, the budgetary and timing issues involved as well as the criteria involved in making a buying decision. In Life insurance, solution should invariably elevate the value against the cost incurred. If the value perceived is greater than the cost, chances of being successful in the sale increases dramatically. Else, relationship marketing is the only way to salvage the sale.

CLOSING

At the end of every sales call, we need to close it by attempting to gain the customer's commitment – either to buy or to undertake the next step. One rule of thumb when it comes to closing is “we must ask for commitment”.

Where the commitment is an agreement to take the next step, the second thumb rule is that decision should be arrived at jointly by the active participation of both the broker and the customer. Closing may just be a request for another meeting for some specific details. Closing is very critical in the process of influencing a customer. Once the sale has been concluded, it is very important to ensure that it remains closed till the business is processed.

PROFESSIONALISM

Brokers need to recognize the importance of developing and maintaining the professional standards of service, behavior etc.; and follow the code of conduct in every area of their work. This also includes the way they act with their peers, competitors and customers.

THEY NEED TO IMBIBE THE FOLLOWING QUALITIES

1. Knowing and performing various roles and activities effectively (versatility)
2. Good self-image
3. The ability to recognize that success or failure comes through hard work and perseverance
4. Should be value-driven and highly ethical
5. Be trusted and respected (interpersonal engagement)
6. Be strong and possess credible communication skills with extremely good net working skills
7. Be capable of time and talent management
8. Aim to be proactive, change-oriented and problem solvers.

Creating customer value and satisfaction are the basic mantras of our success. The ultimate goal is to deliver long term value to customers; and the measures of success are long term customer satisfaction and retention.

- Girish Malik

The author is Director and Deputy Principal Officer, Xperitus Insurance Brokers Pvt. Ltd.

THINKING ALOUD

INSURANCE

I would like to ventilate a few thoughts on issues that IBAI can take up with IRDA to further the interest of policyholders. IBAI's members are the only intermediaries who represent the policy holder. To that extent IBAI; and IRDA, which is tasked with protection of policyholders, can work together to further the interests of the policyholders.

I begin by drawing the attention of the readers to the IRDAI's Annual Report for 2014-15. The repudiation of Life insurance claims was an insignificant 18,231 (in number). The total amount repudiated, however, is a staggering Rs.701.69 crores. This figure in a relatively simple business ought to make anyone sit up.

LIC's repudiation ratio was only 1.15% and that of the private sector was 7.78%.

Similar statistics should be available for General insurance. In one of our submissions to IRDA, we had stated that if the Regulator were to call for the amount of claim repudiated in rupees (presently numbers are mentioned) by General insurers, they would find it unacceptably high. Similarly, if the aging particulars of claims are gathered in Rupee terms, I am sure the figure would run into tens of thousands of crores. Unless this information is in public domain, corrective measures cannot be taken.

We had made a case that the Regulator must

strive to ensure that the gap between the actual loss sustained by the policyholder and the final compensation that he receives has to be the bare minimum. Today, in the absence of data, my assumption is that in Fire insurance itself, the loss to the policyholder on account of under-insurance will be at 20 to 25% of the claim.

We had made a case that the insurers or the surveyors' institute must come out with an advisory on the multiplier to be used every year for various industries. The RBI index could be one methodology plus a loading to take care of inflation during the policy period. Valuation is not an exact science and I am sure if the Regulator nudges insurers and surveyors to narrow down this gap, a solution will be found. Here IBAI can play a very important role. The other deductions that we have commonly encountered in property insurance are 'deductions for improvement'. Where an insured decides to upgrade his plant following an insured peril, he cannot expect the insurer to pay for the improvement. However, if

the improvements are on account of improved technology, it only requires the Regulator to insist that all insurers will insert something to the effect that there shall be no deductions for involuntary improvements.

In Property insurance, I find it wholly unacceptable that after a major loss the insured has to borrow money to get started again. It is absolutely imperative that there should be a fixed timeline for assessment and payment of claims on market value basis. Funds have to be placed at the disposal of an insured so that they can get back on their feet. As reinstatements take place, funds have to be available to the insured in tranches. I would also like to emphasize a 'large claim' cannot be an absolute figure. It has to be relative to the financial size of the insured and the value of his assets. The time line has to be in consonance with the provisions of Policyholder Protection Regulations.

The list of issues which IBAI can take up with the Regulator on just policyholders' interests is large. A detailed analysis of just the standard Fire policy will reveal that the contract wordings have to be tightened in the interest of policyholders. We had made a case with IRDA that we cannot have policies that are frozen in time and there is a crying need to ensure that the policies are modified to keep pace with judicial pronouncements. As a broker, I cannot find fault with an insurer who bases his repudiation on a Supreme Court or National Commission decision, unless the latter has been successfully challenged in the Supreme Court. Yet, I would expect a dynamic environment that allows insurable losses to be paid after the policy is modified for future contracts. Some of the judgments of the National Commission which need the Regulator's attention to ensure insurable risks can be covered at all times. The fact that the

Supreme Court and the National Commission decisions are based on strict interpretation of the policies, it creates a welcome environment of contract certainty. It also casts a responsibility on the Regulator to ensure policy wordings are dynamic and insurable risks are covered, albeit at extra premium.

I must also mention that in one of our submissions to IRDA while making a case for doing away with 'file and use' for policies being purchased by large and small corporations, we had made a strong case for standardization of retail products. I believe that individual policyholders need the Regulator's protection in ensuring the policies meet the stated objective. Improvements in offering can be made by 'add on' covers as long as they do not in any way diminish the underlying cover.

I must flag at least one of the issues which we have raised as unacceptable. I have never been able to accept the exclusion of pre-existing diseases in a travel health policy. A travel health policy is meant to cover a person who requires 'emergency medical attention'. Once his condition stabilizes and is fit to travel, all further treatment has to be in his home country. I can say with authority that this cover is available because when I was in an insurance company, our proposed reinsurer had suggested this kind of coverage. To dispense with underwriting and use points of sale to push products militates against consumer interest.

While keeping the policyholders' interest as the focus, IBAI must also engage the Regulator and insurers in setting up a strong anti-fraud mechanism. I would like to see IBAI take up such issues vigorously with the Regulator. This will ensure our relevance in the insurance ecosystem.

- Jeetu Nayer

The author is the Managing Director of Amicus Insurance Broking Services Pvt. Ltd.



The broker, as an intermediary, represents the insured. Accordingly, it is incumbent upon the broker to ensure that the terms of the contract in a policy are as envisaged. However, there may be times when the terms of the contract are not exactly as per the desired requirement. While the intention is not to point fingers at the insurers, it is always advisable to go through the detailed policy conditions in order to obviate any avoidable complications at a time when a claim arises. The following check list could be of assistance to the broker while checking the details of policy conditions. While it is not exhaustive, it would certainly be representative of a sample check list to assist the broker in rendering efficient service to the clients.

SUGGESTED PROCEDURE FOR CHECKING THE POLICIES RECEIVED FROM INSURERS

Name of the Insured

Name of the Insurer

Policy No.

FIRST LEVEL CHECKING

1. **Policy No.**
Current Year
Previous Year
2. **Sum Insured**
Current Year
Previous Year
3. **Premium Rate**
Whether as Per the Quote
Previous Policy Premium Rate
Current Policy Premium Rate
4. **Period of Insurance**
5. **Whether Premium Collected is More / Less**
6. **Whether Printed Policy with Terms / Conditions is Attached**
7. **Any Co-Insurance – Whether Co-Insurance is Properly Mentioned in the Policy**
8. **Whether Broker’s Code is Mentioned**
9. **Whether Original Policy is Stamped** (when the original policy is received by us – if consolidated payment is made, a stamp to that effect is affixed by the insurer)
10. **Whether there is any Bank Interest?**

SECOND LEVEL CHECKING

Insured

Insurer

Policy No

FIRE INSURANCE POLICIES

1. **Risks covered – whether as per the proposal**
2. **Whether the situations covered are properly mentioned**
3. **Whether the description of assets is properly mentioned**
3. **Whether occupancy is properly mentioned**
4. **Whether all the risks / add-ons as per the proposal / letter are covered**
5. **Whether all warranties / clauses are attached**
6. **Whether there is any revision in the excess**
7. **If a floater policy, whether proper clauses are attached**
8. **If a declaration policy, whether basis of declaration is mentioned**

TRANSIT INSURANCE POLICIES

1. **Sum insured**
 - A) Specific policy – whether sum insured properly mentioned
 - B) Import policy – check the exchange rate
2. **Place of origin**
3. **Place of destination**
4. **Check the I.R.No. / B.L. No. / RR No. / A.W.B. No.**
5. **Whether all relevant clauses have been attached**
6. **If an open policy / open cover check the location limit / per despatch limit / per bottom limit**
7. **Basis of valuation**
8. **Whether loading is specifically included**
(In the new clause, loading is covered)
9. **Whether there is any excess clause**
10. **If import cover, whether duty is covered**
11. **Whether the sum insured includes duty when a policy is taken for inland transit from the port to consignee's warehouse**

BURGLARY INSURANCE POLICIES

1. **Policy no.**
Previous year
Current year
2. **Name of the insured / address**
3. **Whether the policy is subject to first loss; if yes, whether necessary clause is attached**
4. **Check the sum insured with the corresponding fire insurance policy**
5. **Whether any special conditions are included**

VEHICLE INSURANCE POLICIES

1. **Policy No**
Current
Previous
2. **I.D.V.**
Current
Previous
3. **Vehicle No. / Engine No. / Chassis No.**
4. **Make**
5. **Whether it is under hire purchase / hypothecation**
6. **Vehicle plying at**
7. **Add on covers**
8. **No claim bonus details**

In all liability policies, check the retroactive date besides checking whether the relevant extension clauses are attached.

Jewellery block policy / money in transit policy: Check the sum insured against each column.

Mr. R. Hanumantha Sarma, CEO and Principal Officer, Optimum Insurance Broking Services Pvt. Ltd., Chennai



The 15th Annual General Meeting (AGM) of IBAI was held at Mumbai on 17th September, 2016. The photograph on the left shows the members who attended the AGM. In the second photograph, **Mr. Sanjay Kedia**, President, IBAI is seen addressing the members. Others seen in the photograph are (L to R): **Mr. V B Doshi**, Auditor; **Mr. A K Narang**, Vice President – IBAI; **Mr. Pradeep Purwar**, Company Secretary; and **Mr. Kishan Agrawal**, Director & Hon. Treasurer, IBAI.

REPORT CARD (Non-life)

The Indian non-life insurance presents a picture of steady growth as on 31st August 2016, as compared to the corresponding period of the previous year. However, the specialized insurers continue to register a negative growth during this period although it does not seem very significant in the overall business growth of the industry. As the close of the first half year is just round the corner, it is expected that the players would gear up further during the month to post a robust growth.

FLASH FIGURES (Non-Life Insurers)

Gross Direct Premium Income Underwritten for and Upto the Month of August 2016 (Rs. in Crores)

Insurers	August		% of Growth	Cumulative Up to August		% of Growth
	2016-17	2015-16		2016-17	2015-16	
Private Sector	4126.26	2945.87	40.1	19824.21	15890.20	24.8
Public Sector	3825.19	3320.88	15.2	22438.02	19884.29	12.8
Stand-alone Health	398.06	291.45	36.6	1791.49	1358.15	31.9
Specialised	664.46	1008.61	-34.1	1266.91	1803.57	-29.8
Grand Total	9013.97	7566.81	19.1	45320.63	38936.21	16.4

(Source: General Insurance Council)

REPORT CARD (Life)

First Year Life insurance premium up to August 2016 was Rs. 59,468.75 crores (as against Rs. 45,871.05 crores for the corresponding period in 2015) posting an accretion of 29.64%. Of this, the private Life insurers posted Rs. 15,423.06 cr. (as against Rs. 13,434.15 cr. for the corresponding period last year) thereby showing a growth of 14.80%. The public sector LIC posted Rs. 44,045.69 cr. (as against Rs. 32,436.90) indicating an impressive growth of 35.79%. No. of lives covered under Group Schemes during this period was 738.91 lakhs (as against 604.57 lakhs in 2015) thereby showing a growth of 22.22%. The contribution of the private sector in this is 561.57 cr. as against 455.58 cr. (a growth of 23.26%) and the public sector registered 177.34 cr. from the previous year's figure of 148.99 cr. and thus grew by 19.03%. This is just to remind those members with licence for Life insurance broking about the huge opportunities in this domain waiting to be tapped.

Particulars	Premium in Rs. Crore					No. of lives covered in Group Schemes*				
	Month of Aug-2016	Up to Aug-2016	Month of Aug-2015	Up to Aug-2015	YTD Variation in %	Month of Aug-2016	Up to Aug-2016	Month of Aug-2015	Up to Aug-2015	YTD Variation in %
Private Total	3571.65	15423.06	3394.92	13434.15	14.80	106.10	561.57	78.42	455.58	23.26
LIC Total	10713.55	44045.69	5587.67	32436.90	35.79	22.10	177.34	39.82	148.99	19.03
Grand Total	14285.20	59468.75	8982.59	45871.05	29.64	128.20	738.91	118.24	604.57	22.21

(Source: IRDAI)

*No. of lives covered in Group Schemes in Lakhs.



For a quick and proper follow-up of your license renewal and any other IRDAI-related matter, please contact Mr. D.V. Sharma. He can be reached at ibaihyd@ibai.org

or

You may call him on **9000355577**.