



## Conference on Role and Scope of Sub Brokers in Insurance



Mr. S K Sethi, Vice President, Insurance Foundation of India; Shri Dipankar Acharya, Regional Chief Executive (North & West), Royal Sundaram Alliance Insurance Company Limited; Mr. Vimal Goyal, Senior Vice President National Head - Corporate and Institutional Business, SMC Insurance Brokers P. Ltd; Mr. Joginder Bajaj, General Manager, Punjab National Bank; Mr. M K Doogar, Chairman, Banking and Financial Services Committee, PHD Chamber; Mr. S K S Kanwar, Chief Regional Manager, The Oriental Insurance Company Ltd; Mr. AS Narayanan, Chief Distribution Officer, Bajaj Allianz Life Insurance and Ms Pushpa Girimaji, Consumer Rights Columnist.

PHD Chamber organized a conference on 'Role and Scope of Sub Brokers in Insurance' on March 19, 2013 at PHD House, New Delhi.

In his welcome address, Mr. M K Doogar, Chairman, Banking and Financial Services Committee, PHD Chamber welcomed the decision of IRDA committee to allow sub-broking in insurance. Sub-broking would play a major role in growth of insurance industry, particularly the non-life industry.

In his theme presentation, Mr. Pawan Puri, Co-Chairman, Insurance, Banking and Financial Services Committee, PHD Chamber said there is a huge opportunity for intermediaries in insurance and trained manpower is required for growth of the industry.

In his key note address, Mr. S K S Kanwar, Chief Regional Manager, The Oriental Insurance Company Limited shared that although brokers account for 18-19% of the premium collected but in terms of number of policies they account for only 6% of policies sold.

He emphasized that sub brokers would be a critical intermediary in increasing insurance penetration especially in rural and semi urban areas. He further, said that simple

products should be devised for sub broking channel.

In the technical session, eminent speakers shared their perspectives on the draft report prepared by IRDA committee on Sub Brokers in Insurance.

Ms Pushpa Girimaji, Consumer Rights Columnist was of the opinion that customer should be empowered by choices offered by sub brokers, however considering low level of awareness and literacy in Semi urban and rural, the customers in these areas are also at risk of suffering due to unfair trade practices. She said there is a need to provide an effective mechanisms for quick redress of consumer complaints against sub-brokers/brokers through an independent ombudsman system.

Mr. AS Narayanan, Chief Distribution Officer, Bajaj Allianz Life Insurance maintained that a Sub Broker must be a non-person entity like a private limited or partnership firm.

Mr. Sanjiv Bajaj, Managing Director, Bajaj Capital Limited said that training a human resource for a broker is highly capital consuming as currently there are only three cities have centers of training mandated in broker regulations.

Mr. Dipankar Acharya, Regional Chief Executive of Royal Sundaram Alliance Insurance Company Limited said that low penetration for insurance is due to lack of awareness and sound financial

advice. He shared that 70% of two wheelers, 90% of population and 99% of homes are uninsured in India. He is of the view that sub brokers should target these markets.

Mr. Joginder Bajaj, General Manager, Punjab National Bank emphasised that sub brokers play a significant role in penetration of insurance. He raised concerns that the paid up capital requirement of Rs. 5 lakhs in rural and semi urban areas may hamper the success of sub-brokers model.

Mr. Vimal Goyal, Senior Vice President National Head - Corporate and Institutional Business, SMC Insurance Brokers Private Limited commented that monitoring of sub brokers is key to the success of sub broking model.

Mr. S K Jain, Managing Director, Embee Insurance Brokers Limited suggested that sub brokers should be appointed only in those cities where the population is less than 2-3 lakhs.

He further said that the Principal broker should not have more than one sub broker in one city. Mr. S K Sethi, Vice President, Insurance Foundation of India welcomed the recommendations of the IRDA Committee on sub broking with regard to online training. He advocated that exam fees for sub broker's examination should be kept at the lowest possible levels.