

After detariff, what?

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The insurance sector was partially opened in January 2007 and the motor insurance premium rates fell by 20% in the first year itself. It also saw the end of one-size-fits-all policies and pricing, doing away with the anomaly of charging all policyholders the same rate, irrespective of their claims history. "Free pricing ensured that good policyholders no longer cross-subsidised the bad ones," explains M. Ramadoss, chairman and managing director, Oriental Insurance Company. Insurance companies are also slowly moving away from wooing only corporate and business houses (although they still comprise the bulk of the business) and are paying more attention to the retail customer.

Insurance companies can now word their policies, and so, can launch new products, unbundle several products and offer consumers more choice, since they are not restricted by a uniform policy. Industry players say that the market for retail consumer products will widen. This would offer guarantees, warranties and also take up your case if a malfunction lands you in a consumer court.

The new year could also see brokers having a say in new product development. Ubiquitous in most other areas, the broker is only now getting a firm footing in the insurance space. That is because the need for a broker's services was not felt as long as there was only one insurance company and a handful of products. Insurance agents were sufficient. You gain with a broker because he works with the insurer on your behalf.

The broker is also more knowledgeable about the various products available in the market and is better placed to guide you to those that will meet your needs. **Says V. Ramakrishna, managing director, India Insure Risk Management Services: "As an insurance broker, our prime focus is to provide value to our clients by working out the best risk cover at the optimum premium cost."** Most importantly, since the broker generally has a panel of surveyors on call, he is able to expedite the claims process. This aspect of timely, speedy and easy claims settlement favours the clients, which means that more and more people will use a broker rather than an agent.

On the service front, there will be more online intermediaries and sales points that will not only enable the sale of policies but also compare premium quotes across policies and insurers. Apart from this, current circumstances have put risk management in the spotlight. The demand for policies covering damage/death due to terrorism or natural calamities is likely to go up. **"More small businesses and individuals will look for risk management services, where brokers will play a big role," says Ramakrishna.** The broker will assess the client's risk needs, advise him on the range of covers available, source quotes from various insurers, evaluate them and focus on coverage and cost optimisation, before recommending a policy.

Likewise, insurers will spruce up on claims, post-sales experience and educate existing policyholders on new policies and extend discounts in case of existing relationships. Cover portability, which is still tough in some cases, will become easy. With more competition in line (a slew of insurers is waiting for regulatory approvals to commence business), there will be more players in the ring. As for policyholders, they will have more choice and freedom in the new regime; it is bound to be a happy year for them.

<http://businesstoday.intoday.in/story/after-detariff,-what/1/7824.html>