



Brokers have a critical role

The Indian insurance sector is growing fast relative to other markets and brokers have played a vital role in this. *Asia Insurance Review* spoke to **Prudent Insurance Brokers'**

Mr Pavanjit Singh Dhingra about the issues that the Indian broking community faces today.

By Anoop Khanna



A country of the size and complexity of India has just a few hundred insurance brokers and most of them are concentrated in a handful of metro cities. The Insurance Regulatory and Development Authority of India (IRDAI) website lists 521 registered brokers (as on 7 December 2021).

Challenges for the broking community

Prudent Insurance Brokers joint managing director Pavanjit Singh Dhingra speaking with *Asia Insurance Review* said, "There is ample space for anyone who wants to make this their career to set up a broking company and discover what an amazing profession insurance broking is."

As India transforms from a developing to a developed economy, it provides a long runway of growth not only to brokers but to all insurance players.

"Technology will be a critical aspect of building the insurance broker of the future. The current crop of Indian brokers is adopting,

and will continue to adopt, technology and use it based on their business models to add value to customers."

Speaking about the regulatory environment Mr Dhingra said, "Effective regulation is critical to the orderly growth of the market. Yes, there is always a dilemma about how much regulation is enough and whether the regulator should give broad direction and allow the market to function and find its equilibrium or monitor activities on a granular level."

"Self-regulation is a critical aspect of the growth of the industry and as the industry matures and large, mature organisations emerge, I expect significant progress in the area of self-regulation," said Mr Dhingra.

Foster consumer trust

Advisory and claims service are two critical areas where clients have high expectations from their broker partners. They expect benchmarking of coverage, sound advice on their risks and risk transfer options,

insurer evaluation, policy design and price-efficient placement.

Mr Dhingra said, "Many say that India is a price-sensitive market, however, I believe that India is a value-sensitive market. If the product or service being offered is of commodity quality, customers definitely want the lowest price. However, when presented with the right value proposition, clients are always willing to go for higher quality at an appropriately higher price without compromising their risk. It is incumbent upon brokers to de-commoditise themselves and create value for clients or else fight a price war."

He said, "Customer satisfaction comes from effective claim settlement. Claims clearly show the client whether the policy was well designed and well placed with the right insurer and whether the broker was effectively able to represent the client's interests. Ultimately, clients are buying effective indemnity when they face losses and that is where our community needs to create the greatest value."

Service will be the differentiator

Mr Dhingra said, “The world is changing and so is the risk landscape. Advising our clients on their changing risk profiles and working with them to choose the appropriate retention and risk transfer strategy is paramount.

“Exceptional service will be the most important differentiator and brokers that are able to build and grow service and add valuable features of their offerings will gain market share.”

Need to nurture broking talent

There is a tremendous fight for talent in the industry. With a fast-growing market and a paucity of quality professionals, the insurance industry has a long way to go in improving the talent intake to keep pace with growth.

Mr Dhingra said, “Companies that can manage their talent pipelines effectively will have an unbeatable advantage.”

Foreign investment

India had raised the foreign investment limit to 100% in insurance intermediaries in 2019. Initially this became a sensitive issue for the Indian insurance industry. Also, the global broking community did not show much interest in it.

Mr Dhingra said, “I have always welcomed 100% foreign investment in the insurance sector. If you look at the Indian financial services sector, whether banking or mutual funds or the non-banking finance companies, while international giants have been present in India, it is normally strong Indian companies that tend to do better in the long term.”

He said, “Many of the international companies realise over time that they cannot effectively

compete in the Indian market and they exit. I believe that India will produce some great insurance broking companies which will be trailblazers and lead globally in some areas.”

Business lines for the future

Speaking about the growth of various lines of business in times ahead, Mr Dhingra said while it expects growth in all lines of business for the industry, there will be particular growth in cyber due to the nature of risk, frequency of losses and increasing severity. “I feel that every company and individual needs cyber cover given the way we interact and transact, especially post-COVID-19.”

“Motor will grow in the short to medium term and will have to deal with changing technologies and the shift to electric vehicles and autonomous driving in the long term. Health insurance will continue to grow apace with Indian incomes and the requirement of access to better quality healthcare.”

Mr Dhingra said credit insurance is also making a comeback after being stopped a few years ago and will show growth in the years to come. “A number of new products

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like surety bonds will play a critical part in the growth of the industry.”

Brokers can make a difference

Brokers have played a critical role in expanding insurance distribution in India. They have helped the market to convert fixed distribution costs of insurance companies by way of direct market teams into variable distribution cost and bring significant efficiency for customers.

Mr Dhingra said, “We all need to invest to grow the industry effectively and to represent the rights of the insured in the best possible way. It is also important that brokers play a role in the overall development of the market, contribute to regulatory insight and have a seat at the table as industry matters are deliberated.

“To make that happen, it is important that the larger brokers create effective teams and structures that can make a difference at the industry level. Many brokers are working towards growing their capabilities in these areas.”

Mr Dhingra said, “As India finds its rightful place in the world, so will our broking companies. We may end up surprising many with our agility, speed, capability, technology strengths and hunger for excellence.”

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