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BUSINESS OPPORTUNITIES IN INSURANCE SECTOR

2.0 INTRODUCTION

Every individual is a personality which is defined by the set of traits which he has acquired through conscious or unconscious exposure to various environment. Identification of these traits & selecting a business opportunity which is in perfect unison with the personality is most crucial job for a person. But in the present scenario the opportunities in the ever growing Insurance sector are available in abundance.

2.1 OBJECTIVES

At the end of this lesson you will come to the various career opportunities available in Insurance sector

- Agent/Corporate Agent
- Insurance Brokers
- Surveyors etc.

2.2 IMMEDIATE PAST OF INSURANCE SECTOR

Before the passage of IRDA Bill 1999, there were two nationalized companies in the insurance business (i.e.) Life Insurance Corporation of India and General Insurance Corporation of India. General Insurance Corporation of India has four subsidiaries to carry on general insurance business. They are The New India Assurance Co. Ltd., National Insurance Co. Ltd., United India Insurance Co. Ltd. and The Oriental Insurance Co. Ltd.

**Notes**

These companies together have 6300 offices through out the length and breadth of the country. These companies have 10 lacs indirect employees (agents) and 2 lacs direct employees. These 12 lacs employees conduct insurance business of Rs. 42,000 crores annually and cover just 6% of the insurable population.

2.3 LOOKING AHEAD

Already 25 companies have been granted insurance license by Insurance Regulatory and Development Authority (IRDA). When we look at the profile of these companies and their foreign partners, they are financially very strong, have deep pockets and would deploy highly advanced technology in the field of insurance, which has never been witnessed by the Indian Insurance Consumers, be it IT technology, be it Customer Service, be it innovative Products etc.

It is projected that another 20 will enter the insurance sector in next 10 years. The insurance business is projected to grow to 6 lacs crores as per Confederation of Indian Industry (CII) report. The manpower required to generate insurance business of 6 lac crores is projected to be 40 lacs.

Till date, Insurance companies in India have concentrated their efforts to sell insurance in urban areas mainly. Very little premium comes from the rural areas. Seeing that Insurers prefer easy and cost effective selling and with the apprehension that new players will also follow the same strategy, Insurance Regulatory and Development Authority (IRDA) has made it mandatory for insurance companies to do minimum fixed percentage of total insurance business in Rural area as well. This is to ensure that benefit of privatization of insurance is passed on to the masses in real sense.

Over 70% of population lives in the Rural India and this is the segment, which is yet to be accessed. A number of the new entrants shall be targeting this area and for this they shall be needing a trained and well-motivated workforce to effectively market their products, a challenge for next 3 years. Even in the urban area as the existing companies already have a very strong foothold it will not be easy for the new entrants to make a dent in the business of these companies unless aggressive marketing of their products is done. The real test of course will be their service performance at every stage, as

worldwide also it is the strength of limited few Insurance companies and weakness of many. It is this benchmark, which will ensure the acceptability of the company by the Public at large.

The traditional mindset of the Indian people does not view Insurance as a very desirable product and it is viewed with suspicion as the general feeling is that Insurance companies collect the premiums but do not pay up when claims arise or if they do pay its only after a lot of harassment. To overcome this mental block is not going to be easy and the new companies will have to go in for innovative marketing methods.

**Notes**

INTEXT QUESTIONS 2.1

1. How business of insurance companies is projected in CII Report?
2. How much manpower is required to do insurance business in next 10 years?

Till date, the selling of Insurance is done by the branch offices of the companies or the Agents who are paid a healthy commission as a percentage of the business they bring to the company. But as on date various distributional channels are being introduced by IRDA as well as in other related areas are introduced where an individual gets an opportunity to start one's career in Insurance sector as discussed below:

2.4 MULTIPLE CAREERS IN INSURANCE SECTOR**2.4.1 Agents/ Insurance Advisers**

The present system of selling Insurance through Agents or Insurance Advisors after the forthcoming amendments are through will continue but things are more professional today. IRDA has regulated the procedure for licensing of agents and their minimum qualifications; compulsory training, and passing of an examination conducted by Insurance Institute of India has been made mandatory before a license can be obtained. The license fee has also been increased 15 times. All this will provide a professional touch. The new entrants are going to require Insurance acumen and entrepreneurship skills for selling their products. At present there are approximately 15 lac agents representing the Life and General

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Insurance Companies. With the entry of the new players, it is estimated that there will be fresh requirement for 50,000 agents/ Insurance advisers every year. The recruitment procedure is explained in the module “Insurance Legislation”

2.4.2 Corporate Agents

The Corporate Agent is a corporate entity wherein two or more Agents join hands and form legal entity wherein minimum two directors/ partners of a Corporate Agents or the firm should have the qualifications required of an Individual Agent. The capital requirement is Rs 15 lakhs. With this concept many bankers have become Corporate Agents.

2.4.3. Brokers

In America and elsewhere a major amount of Insurance business is conducted through Brokers. A broker is representative of the insured (i.e. customer) rather than of the insurer, but he is like an agent in the sense that he gets paid in the form of commission by the Insurance company with whom he places the business. The broker solicits business from the Insured and then places the business with an appropriate Insurance Company. He can deal with any number of Insurance companies as opposed to the single company that an agent can represent. Brokers also provide pre sale and after sales service to the Insured.

This concept also is an opportunity for those who plan to go on their own and bring business to the new entrants from areas where the companies do not have their own offices or may not want to set up an office due to economics of scale & limited business. The recruitment procedure in explained in module “Insurance Legislation”

2.4.4. Surveyors

Independent qualified professionals from the field of Engineering, medicine and finance can enter this field and provide valuable service to the Insurance companies who do not wish to employ surveyors/ loss assessors directly and prefer to have Independent people who will work for them on case to case basis for a percentage of the claim amount. In America, they are called Claim Adjusters and often they are authorized by the companies to settle the claims upto a certain amount and even make the payment to the insured, so that small

claims are settled early and the insured's satisfaction level is kept high.

2.4.5. Risk Managers

This is a highly specialized field. While some big Industrial houses are directly appointing Risk Managers on their rolls others are seeking the services of independent specialist firms/ individuals to advise them in this very important aspect. Risk Managers are mainly engineers, who have in-depth knowledge of safety, hazards, claim minimization and perception of magnitude of risk, which can possibly arise. Technocrats with experience have great opportunities in this specialized field.

2.4.6. Legal Consultants

As in the case of Insurance Consultants the services of legal consultants are availed of by both the Insurer and the Insured and their services are mostly required at the time of claim disputes, during arbitration, Third party claims, Liability claims or when the subject matter has been referred to the courts. It is predicted that growth of legal disputes out of insurance related matters is going to increase exponentially with over 20 new players entering the fray.

2.4.7 Investigators

Independent Individuals or a firm whose services are used on case-to-case basis by the Insurance companies to investigate the genuinity /quantum of claims especially early claims and theft claims. They are specialised people and need to be experts in their field as well as in Insurance. Insurance claim detection agencies, fraud control organisations, and statistical/ grading agencies run by entrepreneurs will take a start in coming times.

2.4.8 Recovery Agents

Their services are used by the Insurance Companies to settle third party claims. Wherein there is a chance of recovery from the third party. The insurers send the recovery agents to talk to the third party and arrive at a justified settlement thus savings on legal costs, which otherwise would have been incurred if the matter had gone to court. At times, the settlements made by the recovery agents are quite favourable.

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**Notes****2.4.9 Medical Professionals**

TPA” means a Third Party Administrator who is engaged for a fee or remuneration determined in the Agreement for health services. He is a service provider to the Insured on behalf of insurance company. His work profile includes, to obtain all the requisite documents pertaining to the administration of insurance claim arising out of insurance contract concluded by the insurer with the insured and render necessary assistance and advise to policyholders or claimants or beneficiaries in complying with the requirement for settlement of claims with the insurer, if called for by the agreement;

2.4.10 Actuary

Actuary is most remunerative profession in Insurance sector. In life insurance companies the appointment of Actuary is statutory requirement. Basically he is a Production Manager of an insurance company especially of a Life insurer because he designs the product and its price so that the product is easily saleable in the market. To become an Actuary one has to become a member of **Actuarial Society of India** who has prescribed the qualification and examination to be passed by an individual. The minimum qualification is 1st class graduation and who studied Mathematics and Statistics at graduation level. It takes minimum 5-6 years to complete the course.

2.5 SUMMARY

The opportunities are many and will grow with almost 25 new entrants expected to be in this sector. The services of independent entrepreneur or group of professionals joining together is what required today. Only time will tell how many take up the challenge and at what stage. Presently, there is lack of awareness as the Insurance companies, professionals and educational Institutes have a lot to contribute in their own way to promote this cause. IRDA is responsible to promote growth of Insurance under its “Development” Banner. If existing & new Insurance Companies, Associations, Professional bodies, Academicians and dedicated Insurance Institutes do not timely step in to share the load of development of Insurance in India, IRDA as a watchdog will surely make it happen by making it an essential activity to be performed by each one of us.

2.6 TERMINAL QUESTIONS

1. What are the various opportunities available to sell insurance products?
2. Explain the various career opportunities available in insurance sector.

2.7 ANSWERS TO INTEXT QUESTIONS

2.1

1. Rs 6 lakhs crores in next ten years.
2. About 40 lakhs



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