



## Despite easier norms, Insurance brokers struggle for momentum

Arun Iyer  
BANGALORE

EVEN five years after the insurance broking business was liberalised, the share of premium collected by broking firms has barely grown since 2004-05, a report shows.

The proportion of business placed by broking firms in 2007-08, at Rs 4,100 crore, was 15% of the total non-life insurance premium compared to Rs 2,450 crore, or 13.5%, in 2004-05, according to a report by insurance broking firm India Insure.

Non-life insurance premium (excluding agencies like ECGC, stand-alone health insurance entities and Agriculture Insurance Corporation) in 2007-08 was Rs 28,130 crore as against Rs 18,095 crore in 2004-05.

Unlike banks, which are corporate agents and can sell products of only one insurance company, a broker can offer a suite of products from multiple insurance companies.

While premium collection rose by 70% between 2004-05 and 2007-08, the premium collected by brokers has not risen at a proportionate rate.

Revenues of insurance broking firms rose from Rs 125.44 crore to Rs 420 crore in 2007-08. Compared to the 40 brokers in operation during 2004-05, the total number of insurance brokers was 262 at the end of June.

Interestingly, insurance brokers in India appear to be more focussed on the retail business — such as health/mediclaim or motor insurance — instead of large- and medium-sized businesses in more mature markets.

The report, which also includes a survey of corporate consumers of insurance broking services, indicates that an overwhelming majority would prefer to deal with Indian entities with a national presence. Such a preference was indicated by some 56% of corporates paying an annual premium of over Rs 50 lakh, 82% of those paying annual premium between Rs 10 lakh to Rs 50 lakh and half of those with premiums below Rs 10 lakh.

Chicago Board of Trade (CBoT) is planning to open its Asian office in India. CBoT is also exploring the possibility of modernising the Indian stock exchanges. Speaking to an Assocham delegation, Charles Cares, chairman of CBT, said that one of the locations in India had emerged as an ideal choice for CBoT for its Asian office. CBoT is currently negotiating. chairman of CBT, said that one of the locations in India had emerged as an ideal choice for CBoT for its Asian office. CBoT is currently negotiating.