PGDM (Insurance Business) 2017-19
Channel Management
INS- 308
Trimester – III, End-Term Examination, March 2018

Time allowed: 2½ Hours | Max Marks: 50

Roll No: ____________

Instruction: Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means.**

Note : - Please be relevant and brief in your answers.

Section-A

There are 5 questions in this section. Attempt any 3 questions. Each question carries 5 marks. (Min. 150 words) ***[3x5=15]***

A-1. Which are the three dominating distribution channels in general insurance line of business India in India ? Discuss a brief about their contribution & future prospect.

A-2. What are the salient features of the scope of working of Insurance Marketing Firms ? Do you believe that it can help in expanding the penetration of insurance in India ?

A-3. What are the different permissible source of revenue for a Web Aggregator as per IRDAI regulation ? Should they not be allowed to recommend / sale the policies ?

A-4. Why are digital platforms gaining ground in insurance distribution space ? Give detail of two successful examples from Indian market.

A-5. What are the three core functions of a distribution channel ? Illustrate these with suitable examples from distribution channel in Insurance industry.

Section-B

Answer 2 out of the 3 Questions below. Each Question carries 10 marks.

(Min. 250 words) ***[2x10=20]***

B-1. List down the advantages & disadvantages of a company's own distribution set-up compared with having channel partners. Which are the specific segments where insurance companies in India prefer to deal directly & why ?

B-2. What is the organizational set up of a mid size insurance broking firm ? What are the functions of different departments there ?

B-3. The core competency of an insurance company has shifted from underwriting to distribution and control of the customer. Do you agree with the statement ? Explain your stand with reasons.

18

P.T.O.

Section-C

Case Studies ***7.5 marks each***

The year 2014-15 was not a good year for the general insurance industry in India from profitability point of view .

One factor was found common among all the insurance companies while analyzing their profit & loss account and that was their over dependence on the Broking channel for the booking of their business. This was found to be an ever increasing cost element in the business cycle over the years. Experts opined that Brokers charged insurance companies around 10-35% as remuneration in commission Or other kinds which was much above the ceiling prescribed by Regulator.

Brokers made entry to the Indian insurance sector almost a decade back on the growth of the opening up of the sector . They initially started booking low premium corporate business as part of their new business model and subsequently upgraded themselves in value chain giving a wide range of services. It was a cost efficient business procurement option even for the insurance companies and they got benefits initially.

However, having got acceptability and faith of the target segment these Brokers started dominating the business scene and they became a substitute of the direct channel owned by the companies themselves. They started expecting the bigger slice of the earning pool. The insurance companies started feeling the competition as many a time their own direct corporate customers started preferring presence of a broker in business dealing as they found having some one providing a clear value proposition. The over dependence on these brokers also badly affected their own marketing set –up.

The poor financial result led the marketing officials of these leading insurance companies to re-think about their business model. The felt the need of focusing and strengthening their own direct & digital channels not only to save cost but also help them keep a tab on their loyal customers and better inventory management.

Based up on your understanding of the Indian insurance market , pl answer the following questions

1. Do you feel it is right marketing decision for these insurance companies to go back to the old times of having own distribution channel? Will it not be better to negotiate with brokers for a long term sustainable commission structure? Explain.
2. Is there any possibility of channel conflict arising in such arrangement? If so what kind of precautions need to be taken?

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