

PGDM (Insurance Business) 2013-15
Broking and Distribution Channel Management
INS-303
Trimester – III, End-Term Examination, April, 2014

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. **[3x5=15]**

- A-1. Explain the meaning and scope of horizontal marketing in insurance sector.
- A-2. A channel manager has to be a human resource manager as well. Discuss this statement.
- A-3. How is rural distribution different from distribution in urban areas? Describe any three such elements.
- A-4. Explain in brief the five selling points for life insurance agency as a career to a young individual.
- A-5. What are the important provisions for the claim consultancy services in the new IRDA Brokers Regulation?

Section-B

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

[2x10=20]

- B-1. What are the three core functions of a distribution channel? Explain them with suitable examples from insurance industry.
- B-2. Describe the important recommendations of the IRDA committee on the Sub-Broking. Do you believe such arrangement would help in expanding the distribution of insurance products in rural India?
- B-3. What was the necessity of bringing a regulation for Web Aggregators? What are the duties and the revenue model suggested in this new regulation?

P.T.O.

Section-C

Case Studies

15 marks

Amit Jindal, the Sr. Sales Executive of Liberty Insurance Company (LIC) was very upset and waiting for the arrival of Mr. Rakesh Soni, the Vice President (Employee Benefit) in the head office to place his strong protest about the way things were moving. Mr. Jindal had been following up with a high profile corporate client for the last 6 months for their Group Gratuity Business involving almost a premium income of Rs 4.5 Crores. A week back the CFO of the company had confirmed their intension of placing the business with LIC and had asked Mr. Jindal to come and collect the details. This day, when he enquired about the suitable time for visiting the client, he was advised not to come by the CFO's secretary. Through his personal rapport in client's office, he came to know that the business was being placed through KBC Insurance Broker. He was also informed that the senior marketing officials of the broking firm had visited the Board Members of the company three days back and the said broker had even arranged a family dinner party for the senior officials of the company.

LIC was having a mixed channel option for the corporate business. Traditionally they had been using the services of their own salaried staff for sale of the employee benefit related group policies. When the sector was opened up and the broking channel was introduced, they started getting business through licenced brokers also. For their core sales team they recruited young management graduates having an exposure of sales as marketing executives with a fixed salary and performance based incentive scheme. These young recruits were given extensive training about the subject matter and they were expected to tap the high end corporate clients with better knowledge / soft skills.

The acceptance of the brokers as a channel partner got resistance from the salaried officials as they perceived this new initiative as a challenge to their existence. Many a times the complaints were lodged that these brokers were just reaping the fruits of the hard work done by the companies executives by literally purchasing the policy by giving gifts/rebates etc. The company officials were not permitted to indulge in such activities.

On arrival of Mr. Soni, Mr. Jindal narrated the whole episode and showed him the trails of the mail / correspondences etc. which he had done with the clients over a period of time. He also informed that KBC Brokers were new to the market and they were not at all on the role of the clients and this diversion of the business was purely on account of unfair means which was not good for the division. Mr. Jindal wanted a prompt remedial action to block such deal and restore the image of the company.

- a) Taking this case as the base pl explain the meaning, reasons and the relevance of channel conflict. (7)
- b) What would have been your approach had you been in the place of Mr. Soni? (8)
