

**Date:** 5.7.2018

**Publication:** Moneycontrol.com

## [6 facts to note before purchasing an insurance policy from a point of sale person](#)

A PoSP caters to a customer looking for simple and basic insurance policies

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To facilitate growth in the non-life and health insurance business in the country, the Insurance Regulatory and Development Authority of India (IRDAI) introduced a new type of distribution model called point-of-sales person (PoSP), who are engaged either directly by insurers or by intermediaries such as corporate agents and insurance brokers. Let us understand the key differences of buying a policy from PoSP and insurance brokers in this story.

### **Type of insurance policies that PoSP and insurance brokers sell**

TA Ramalingam, Chief Distribution Officer-Institutional Sales, Bajaj Allianz General Insurance, explained, "PoSP normally sell over-the-counter (OTC) products that are pre-underwritten and approved by IRDAI. These products don't require any further discussion or explanation with the customer at the time of sale."

Jyoti Punja, Chief Operating Officer & Customers Officer at Cigna TTK Health Insurance, added: "PoSP usually deals with products such as motor, travel and personal accident insurance as their benefits are simple to explain, stated upfront clearly and are fixed and pre-defined."

In case of insurance brokers, Ramalingam said, "They deal with mega risk policies mainly from corporates."

### **Whom do PoSP and insurance brokers cater to?**

A PoSP caters to first-time customers looking for simple and basic insurance policies. Their focus is across geographies, which includes metro, urban, semi-urban and rural areas to serve customers.

Insurance brokers work with multiple clients and act as their financial consultant to determine the insurance company that the customer should opt for as per the risk involved. They focus is more in metros and urban areas to serve customers.

### **Eligibility criteria to become a PoSP versus insurance broker**

PoSP are individuals for whom the eligibility criteria is simple, "A Class 10th pass with a valid Aadhaar card and 15 hours of training can apply. But a PoSP can only market insurance products," said Anand Roy, Executive Director and Chief Marketing Officer at Star Health and Allied Insurance.

Whereas, a broker is a company which has to have a minimum paid-up capital of Rs 75 lakh, office infrastructure etc to be eligible for application. An insurance broker need to have a Bachelor's degree and undergo 50 hours of training. Roy said, "Unlike POSP's, brokers, apart from marketing insurance products of various companies, can offer claims consultancy, risk management services, et al."

### **Drawback of purchasing a policy from a PoSP**

A PoSP cannot explain complex insurance products. Pankaj Sharma, Business Head, Coverfox, said, "PoSP has to rely on an insurance broker/company for servicing demands of his customers. Since PoSPs are typically less trained, they need to take extra efforts to acquire experience of customer handling on a pre- and post-sale aspects."

### **Benefits of purchasing a policy from PoSP**

Punja said, "Allowing intermediaries to appoint PoSPs to sell retail insurance ensures greater adherence to norms as well as improves density by making policy purchases extremely convenient and easily available." A PoSP of a broker drives more trust on account of being locally available for the customer. He can form a great interpersonal bond with customers since they have multiple common grounds of communication. Sharma added, "A PoSP of an online broker is also well trained and equipped with quick and efficient technology platforms to provide instant service to clients."

### **Who settles claim and complaints after purchasing from PoSP?**

The PoSP and broker (if involved) hand-hold the aggrieved customer throughout the claim settlement process. Sharma explained, "They act as the customer representatives with right knowledge and connections to get the claim processed without any hassle for the customer. Since the sale happens through the broker/insurance company appointing the PoSP, the ultimate responsibility of any mis-selling lies with the broker/insurance company. So, the entity who is appointing the PoSP is liable in case of a complaint."