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According Insurance leaders, the recent 'Bima Vahak' guidelines released by IRDAI outlines a clear path for a dedicated, women-centric distribution channel and holds immense promise for the insurance industry with an overarching objective of enhancing insurance penetration, accessibility, and inclusion. Through this initiative, we are not only empowering women economically but also leveraging their ability to understand the unique needs of their communities, Insurers said.

Earlier this month, the Insurance Regulatory and Development Authority of India ( IRDAI ) released the guidelines for ' Bima Vahaks (BV)', with minor changes from the framework released in May 2023.

Every insurer shall endeavour to engage Bima Vahaks with the focus to progressively achieve coverage of every Gram Panchayat. The regulator is set to deploy Bima Vahaks in every Gram Panchayat before 31 December 2024, as per the release.

In the new guidelines, IRDAI has removed the clause restricting the number of insurers a Bima Vahak is allowed to work with. "work with only one life insurer, one general insurer and one health insurer and additionally where permitted by the Authority, with the Agriculture Insurance Company of India," it added.

Meanwhile, the objective of Bima Vahak continues to be a women-centric, dedicated distribution channel that will ensure accessibility and availability of insurance in every nook and corner of the country.

According to Insurance leaders, the recent guidelines hold immense promise for the insurance industry with an overarching objective of enhancing insurance penetration, insurance accessibility, and inclusion.

By focusing on women-centric dedicated distribution channels, we are not only empowering women economically but also leveraging their ability to understand the unique needs of their communities, thus increasing trust in insurance in every village and Gram Panchayat. It brings insurance to the doorstep of every village, enhancing financial security for countless families across the country, said Tapan Singhel , MD & CEO, Bajaj Allianz General Insurance.

"We are confident that this initiative will play a pivotal role in elevating insurance awareness and accessibility, ultimately contributing to the 'Insurance for all by 2047' goal set by IRDAI," he added.

According to Bruce de Broize , MD & CEO of Future Generali India Life Insurance (FGILI), the aim is to engage resources in raising awareness about the importance of insurance and educating the rural population about a range of products tailored to their requirements. This visionary initiative underscores the invaluable role of local expertise, trust, and community insight in insurance distribution.

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The guidelines have corporate and individual Bima Vahaks for the distribution channel. An individual Bima Vahak could be any individual appointed by an insurer or appointed by a corporate Bima Vahak. The Bima Vahaks, both corporate and individual, will be authorised to undertake activities like the collection of proposal information and know-your-customer (KYC) documents and coordinate claims-related services.

"The latest directives pave the way for insurers to actively engage with both Individual Bima Vahaks and Corporate Bima Vahaks while adhering to rigorous industry standards. This sets the stage for a comprehensive transformation in insurance distribution, with a pledge to broaden coverage to all corners of our nation," he added.

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'Significant breakthrough in the Indian insurance ecosystem'

The Bima Vahak Guidelines, 2023, mark a significant breakthrough in the Indian insurance ecosystem. They outline a clear path for a dedicated, women-centric distribution channel that aims to revolutionize insurance inclusion propositions, especially in the remote corners of our nation, said Sharad Mathur , MD& CEO, Universal Sampo General Insurance on similar lines.

Mathur strongly believes that the guidelines are not just regulatory measures; they represent a commitment to enhancing the accessibility and availability of insurance throughout the nation. With a structured framework for the engagement of both Individual Bima Vahaks and Corporate Bima Vahaks, these guidelines adhere to firm standards.

"We wholeheartedly embrace the potential of this initiative and are ready to actively participate in this transformative journey. Through our collective efforts, we aim to ensure that every citizen, regardless of their location, has access to the financial protection and peace of mind they deserve," he added.

Echoing what other insurers said, Shashi Kant Dahuja, Chief Underwriting Officer, Shriram General Insurance also considers the Bima Vahak initiative as a very important step in the direction of establishing a women-centric dedicated distribution channel at every village/gram panchayat level.

"We have been appointed as the lead insurer for the Odisha region under the regulator's guidance for 'Insurance for All by 2047', and our efforts towards that are unwavering. We are also looking into putting together infrastructure to enable a seamless interface with necessary support. One key aspect of the initiative is that every insurer would have to make available optional modes for payment of premiums by prospects or policyholders," he highlighted.

IRDAI has directed insurers to put in place appropriate systems, processes, internal controls and infrastructure to enable seamless interface with all Bima Vahaks. Further, the circular has stated that every insurer would have to make available optional modes for payment of premiums by prospects or policyholders. Bima Vahaks are expected to be encouraged to adopt electronic payment processes facilitated by the insurers to enable direct remittance of premiums, it added.

'Parametric insurance stands as a beacon'

The insurance regulator has said that the guidelines for this women-centric insurance distribution channel, Bima Vahak, will come into force with the launch of Bima Vistaar , an all-in-one standard insurance product which is expected to be launched soon.

"In the realm of insurance reforms, the introduction of Bima Vahak by IRDAI completes a pivotal trinity alongside Bima Vistaar and Bima Sugam. While Bima Vistaar expands insurance accessibility to the last mile, Bima Sugam acts as a comprehensive online portal," Amit Agarwal, CEO of Howden Insurance Brokers (India) pointed out.

According to Agarwal, to bridge the protection gap, parametric insurance stands as a beacon. Customizable and responsive to diverse needs, it covers not just general risks but also climatic hazards faced by rural India. By tailoring products to match the paying capacity of rural households, parametric insurance can address uncovered risks, making insurance accessible and affordable.