

In India, motor insurance against third party is compulsory under the law. In that case, the debate about whether one needs insurance or not is irrelevant.

One must purchase third party insurance if he owns a vehicle because it is mandatory if one wants to drive on a public road. At the same time it would be prudent to cover the possibility of loss of own damage to the car which is not mandatory.

In case a portion of the possible loss can be borne by oneself, it would be economical for the insured to opt for a **deductible**. A corporate customer may have varied needs, right from the coverage of factory, people, cars, liability exposures etc. She needs the right advice for the coverage and policies to be taken.

Most non-life insurance policies broadly fall in two categories:

- Named peril policies
- All risk policies

The latter are costlier as they cover all losses which are specifically not excluded under the policy. Hence opting for 'named peril' policies where the most probable causes of loss are covered by the perils named in the policy may be more beneficial, as such a step could save premiums and provide need based cover to the insured.

The agent really begins to earn her commission when she renders best advice on the matter. It would be worthwhile for the agent to remember that while one may view insurance as the standard approach for dealing with the risk, there are other techniques like risk retention or loss prevention that are available as options for reducing the cost of insurance.

From the standpoint of an insured the relevant questions for instance may be:

- How much premium will be saved by considering deductibles?
- How much would a loss prevention activity result in reduction in premiums?

When approaching the customer as a non-life insurance sales person the question an agent needs to ask herself is about her role vis-à-vis the customer. Is she going there just to get a sale or to relate to the customer as a coach and partner who would help him to manage his risks more effectively?

The customer's angle is different. He is not so much concerned with getting maximum insurance per rupee spent, but rather in **reducing the cost of handling risk**. The concern would be thus on identifying those risks which customer cannot retain and hence must be insured.

In other words the role of an insurance agent is more than that of a mere sales person. She also **needs to be a risk assessor, underwriter, risk management counsellor, designer of customised solutions and a relationship builder who thrives on building trust and long-term relationships**, all rolled into one.

2. The proposal stage

The agent has to support the customer in filling out the proposal for insurance. The insured is required to take responsibility for the statements made therein. The salient aspects of a proposal form have been discussed in chapter 5.