

Why insurance should be relationship based

Only an adviser can give a holistic view about policies and help you choose the right one

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Insurance customers today have a plethora of choices; they just have to pick and choose the insurance product they feel is suited to them.

The question is, as a buyer, are you confident enough to purchase what you want and after getting to know the product completely? Or is an adviser a good sounding board to have?

Many of us have a family doctor who is completely in the know of our family's health and requirements. It is easy for him or her to diagnose and make out prescriptions, because the fact-finding necessary for a good diagnosis has been done earlier, by virtue of knowing us well. Wouldn't you spend time checking references before you visit a new doctor nearby or use apps that promise solutions?

The reason you do this is that you long for comfort, guidance and a personal touch.

Why is it any different for when it comes to insurance advice? This should ideally come from a person who knows your insurance health, seeks facts objectively, does a thorough need analysis and is someone whom you trust! As consumers of insurance products, we have two major challenges viz., time and the knowledge in executing it. When these challenges are addressed by the trusted relationship with your insurance adviser, you get that all-important, anytime accessibility with a personal touch.



It could be an insurance broking company that is in regular touch with you and advises you, or an individual. In today's context, the customer gets alluring options on insurance products with price as the focus. Price may be an important factor, but it is not everything.

Only after buying a policy for the wrong reasons, or with a variant you hadn't bargained for, does one understand what errors of understanding had been committed. This bubbles up only at the time of making claims. When insurance is sold based on price, it becomes a commodity. Unfortunately for many first-time buyers, insurance comes across as a commodity. Insurance should be all about terms and conditions. For a given set of covers or terms, you pay a certain price.

Motor policies

In motor policies, the individual, in the excitement of driving away

the new, wheeled wonder, does not see whether his policy covers the right IDV (Insured Declared Value), add-ons viz., nil depreciation cover, return to invoice, engine protector or unnamed passenger cover, to name a few important covers.

Only at the time of total loss, he may realise the confusion on the IDV of his vehicle. By tweaking the IDVs, popular sites may offer lower price with lower IDV, but during claims, one may realise the shortcomings of the policy leaving him to shell out more money. In fact, one may not be sure whether the model, sub-model or variants are captured correctly in the policy. An adviser can help here.

 **The ultimate aim is to get guidance from your adviser who understands your needs well rather than from a site, an app or an anonymous telecaller**

Health insurance is no different. Top-ups, super top-ups, home insurance and overseas medicaid offer a rich but confusing variety of options for the retail consumer. Only an insurance professional can address each of these, specific to the needs of the individual in question. A web site or machinised callers are poor substitutes.

Technology is very encouraging today but should be available for the fulfilment of the transactions. You can get comparisons done with the aid of technology, but only your own insurance adviser can give clarification and advice on, for ex-

ample, the proportional medical cost in a health policy, pre-existing condition clauses, room-rent restriction clause, which insurance covers suit you and your family, the difference between a top-up cover and super top-ups, which wholesome product is available at what price and the like.

For home insurance, good questions to ask are around products covering machinery break downs (MBDs), as electrical breakdowns are not covered under MBDs by a few firms.

In life cover, the maximum level of sum insured, expanding it with add-on covers, whether they are linked to investments, whether they are tagged 'participating' or 'non-participating', are guaranteed and at what internal rate of return should the insured blend his life cover with investment, are all questions an adviser can help with. Relationship-based insurance can help not only the retail customer, but also enterprises that face more complex risks.

A trusted, relationship-based advice is from a person who is not out to make a quick buck. If the product allows him a respectable fee, he will take it; if not, a good insurance broker will take that too in his stride. At a critical moment, a consumer is better off calling his trusted broker than some anonymous voice at the other end of a 1-800 number. Insurance is based on trust and ought not to be sold as a product.

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