

# Insurance selling: Why new firms need to show they have better products and service standards

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Published: December 27, 2019 6:13:57 AM

Credibility is a by-product of a very systematic and conscious effort to live up to the expectations of the customers, not once but almost every time.



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Distribution of insurance products is different from sale of consumer products or services. In insurance, the assured benefit is experienced if the assurance comes in action on the occurrence of certain events. In case of life insurance, the unforeseen may happen or may not happen but at the end of the term there is a provision of refund of lump sum with some bonus except under term assurance plan also known as ‘pure insurance’.

In case of non-life insurance, the customer does not pay for immediate gratification. His need to protect his assets or health or the goods in transit against possible financial loss during the next 12 months or during the contracted period is taken care by the insurer. If no loss or damage happens, he would have no chance to experience the fulfilment of an assurance.

The customer would buy a policy on the basis of the credibility that the seller enjoys in the market. In both life and non-life insurance, most customers do not experience honouring of commitment before they decide on buying an insurance product. On the basis of *uberrima fides*, i.e., utmost good faith, the insurance buying and selling transaction takes place, motivated by the credibility of the insurer.

### Credibility matters the most

Credibility is of paramount importance in marketing insurance products. However, the job of establishing credibility after a sale takes place is in the hands of those in the organisation who do not themselves sell the products. But they are responsible for providing comfort to the customers about their intention to honour all the legitimate assurances given by the sales person to the prospective policyholders.

The reputation of the insurer plays a big role in the marketing of insurance products. In such a scenario it would be difficult for new entrants into the business to prove their credibility. The credibility factor motivates any new player to have a tie-up with someone who already has a great reputation, even if in a different market globally. When the insurance sector was opened for private players, only those local brands entered the business who were already highly respected corporate entities themselves. Moreover, they tied-up with highly reputed international brands.

But now that the players in the market are fairly well-established, it is high time that customers do the talking and contribute to the brand building of each company. The market is still guided by the lineage factor in brand building of the companies. Companies such as LIC, New India Assurance, SBI Life, HDFC Standard Life and Tata AIG lead the pack because of the reputation of their parent company.

Since the market potentiality is huge, other companies need to accept the challenge of developing their business by establishing credibility. They need to perform better than the competitors but at the same time they need to demonstrate that they have better products and better service standards or stiffer internal benchmark so that they prove to be more capable of delighting the customers.

The task is difficult because the demonstration of the assured performance does not happen in most of the cases. But a sales person can be trained to talk about actual experience of the customers and provide testimonials in print to impress upon them that the assurances given by him have a very high probability of getting honoured by his colleagues. The sales process becomes easier from referrals induced by credibility in the market.

Credibility is a by-product of a very systematic and conscious effort to live up to the expectations of the customers, not once but almost every time. Every insurer must play a positive role by developing its strengths and establishing its credibility if the market penetration has to improve substantially. The regulator must support and guide each licensed players to cultivate the market and its potentiality to the full extent. Otherwise absolute numbers grow but vital ratios will remain the same.

**The writer is former MD & CEO,  
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