

# Adapt and innovate to remain relevant

With India's insurance penetration stuck at 3.7%, the next five years must focus on reducing distribution cost per policy, scaling prevention, and building trust. **Xceedance's Mr Nakul Vadher** speaks with *Asia Insurance Review* on how India can achieve "Insurance for All" by 2047.

By Anoop Khanna



If India is to achieve "Insurance for All" by 2047, brokers will be the navigators translating digital infrastructure and global capital into real protection. Brokers who combine deep advisory with platform-grade operations will outpace the market – and help close India's protection gap once and for all.

Speaking with *Asia Insurance Review*, Xceedance Client Partner Nakul Vadher said, "India's move to allow 100% foreign ownership of insurers and intermediaries is reshaping the industry. Global (re) insurers and brokerages can now bring in more capital, advanced technology, and specialist expertise, pushing the entire market toward higher standards in analytics, service, and risk advisory.

"Alongside this, Insurance Regulatory and Development Authority of India's (IRDAI) reform push is transforming the operating environment. Turnaround times are shrinking, processes are moving digital, and policies are shifting to compulsory dematerialisation. Regulation is becoming more principles-based, supported by consolidated master circulars that simplify compliance."

He said, "The coming launch of *Bima Sugam*, a unified digital marketplace, will raise expectations for transparency, speed, and seamless service. Together, these could be the insurance industry's UPI moment. As access expands,

brokers can no longer rely on product discovery as their core offering. The real value will lie in deeper advisory, smarter placement, data-led risk solutions, and robust claims advocacy."

A UPI moment refers to the transformative, instant, and secure digital payment experience popularised by India's Unified Payments Interface.

*Bima Sugam* is one part of what IRDAI calls the Bima Trinity. These three include

- **Bima Sugam:** the marketplace
- **Bima Vistaar:** simple, affordable composite products
- **Bima Vahak:** a women-led, local distribution network

## Challenges ahead

Speaking about the challenges facing the broking community to remain relevant and profitable, Mr Vadher said, "The Indian broking community is currently facing several challenges. The major ones would include the following:

### **Margins are expected to tighten**

The unified Expenses of Management and commission framework is rewriting distributor economics. Expected changes by September 2026 point toward lower first-year commissions (possibly from around 35% to around 20%) and higher renewals to improve persistency. Brokers will need efficiency gains, automation, and alternative revenue models to protect profitability.

### **Exorcising the advisory-first approach**

More specifically as the industry approaches the 31 March and 1 April renewal cycle, brokers find maintaining the "advisory-first approach" difficult as clients issue mandates to multiple brokers in a bid to obtain the lowest possible price. "When price wins, advisory takes a back seat," said Mr Vadher.

### **Specialised talent is hard to build**

Capabilities once considered optional – risk engineering, cyber advisory, Nat CAT modelling – are fast becoming essential. As India moves toward "Insurance for All" and the economy grows more complex, scalable risk advisory capacity will be crucial.

### **Growth exists, but profitability is not guaranteed**

Despite insurance penetration of just 3.7% of GDP – half the global average – low-ticket business consumes high servicing effort. Without automation, embedded distribution and strategic partnerships, the economics remain challenging.

## Reinventing broking

Asked about how the Indian brokers can reinvent themselves by adopting digital and operational strategies being deployed globally, Mr Vadher said India's digital infrastructure has made things very convenient not only for the insurance industry but also perhaps for all lines of businesses.

**Own the customer journey end-to-end:**

Build a digital front door that covers comparison, onboarding, mid-term service, and claims advocacy. Construct this as an API-first broker operating system that integrates with carrier portals, Bima Sugam, policy repositories, and the expanding Account Aggregator ecosystem.

**Leverage India's Digital Public Infrastructure (DPI):**

Aadhaar, eKYC, DigiLocker, UPI, and Account Aggregator can dramatically lower acquisition and servicing costs. Brokers should use these rails for straight-through issuance, fraud prevention, premium collection, and consent-based data flows. The DPI has already demonstrated scale in banking and payments; insurance will be next.

**Move from policy placement to loss prevention:**

Leading global brokers earn growing revenue from risk services, such as IoT-based monitoring, cyber hygiene programmes, OPD and wellness coordination in group health. Prevention improves retention and lowers loss ratios. This shift is already visible in India and will accelerate.

**Industrialise compliance:**

Instead of treating regulations — EoM rules, corporate governance norms, product guidelines — as manual checklists, brokers should embed them into digital workflows with maker-checker controls, audit logs, and automated reporting. This reduces regulatory risk and improves operational velocity.

**Opportunities galore**

Speaking about the biggest opportunities for brokers in India in the next five years, as the focus moves on to “Insurance for All” by 2047 and the process of liberalisation is virtually complete now, Mr Vadher said, “This is the moment to build facilities and consortia that deliver scale and consistent coverage.”

**Reaching first-time buyers through the Bima Trinity:**

As Bima Vistaar launches affordable composite covers and Bima Vahak builds local women-led distribution, the addressable market will expand dramatically. Brokers can function as integrators — curating product

bundles, supporting last-mile sellers, and offering claims concierge services to convert first-time buyers into lifelong customers.

**SME and supply-chain risk solutions:**

With DPI-enabled onboarding and consent, brokers can build streamlined SME journeys offering cyber, credit, trade insurance, and parametric Nat CAT covers with smart triage and better risk selection.

**Health 2.0 and workforce protection:**

The market is moving toward integrated benefits: OPD, wellness, mental health, hospital cash, and chronic disease programmes. Employers — especially MSMEs and gig platforms — need advisory on plan design, provider network optimisation, fraud analytics, and claims governance. The shift from reactive to preventive health creates deep advisory opportunities.

**Model**

Mr Vadher spoke about a personal example of this playbook in action. He said, “One formative experience was designing and scaling a Political Violence and Terrorism line slip for emerging markets. Fragmented capacity and inconsistent wordings limited access for mid-sized enterprises. The solution we worked out was to pool high-quality global reinsurance capacity, standardise wordings, embed risk engineering, and streamline placement and claims.

“The facility grew to over \$3m in premium income quickly — but more importantly, it expanded access for dozens of first-time buyers with transparent pricing and efficient operating model.”

This model matters for India because:

- Standardised wordings + simpler access can rapidly unlock new demand.
- India can replicate such facilities in cyber, SME combined, and catastrophe-exposed property — supported by Bima Sugam, Bima Vistaar, and Bima Vahak.
- DPI enables straight-through triage and parametric triggers for small-ticket specialty business.

He said, “In short, facility design + digital plumbing + disciplined **claims** is a scalable playbook aligned with India’s inclusion agenda.”

**Visualising future**

Speaking about future growth areas, Mr Vadher said, “These could be categorised into high growth, stable growth and the ones that will be under pressure.”

**Growth lines:**

- Health and benefits driven by medical inflation and integrated wellness.
- Cyber: SME digitisation and supply-chain risks will push demand.
- Property/Nat-Cat/Parametrics: climate volatility and infrastructure growth are creating new needs.
- SME packaged/commercial combined: embedded distribution + DPI data improve affordability and access.

**Stable or mixed lines:**

- Motor: efficiency improving, but direct channels limit broker share.
- Travel: recovering but dominated by digital platforms; niche segments remain broker-friendly.

**Pressure lines:**

- Traditional business interruption: buyers want clarity; parametric solutions may replace older structures.
- Standard D&O: pricing cycles and governance reforms may shrink commission pools.

**Readiness**

IRDAI is moving toward simplified, principle-based regulation with unified frameworks covering EoM/commission, corporate governance, registration, share transfers, and e-policies. Brokers who embed compliance into systems — not spreadsheets — will be future-ready.

What readiness looks like:

- Commission and conduct policies built into CRM workflows
- Automated checks against EoM-linked commissions
- Auditable logs for every transaction
- Unified KYC/eKYC and consent records
- Data governance aligned with Account Aggregator and India’s digital personal data regime
- RegTech-enabled reporting for evolving IRDAI norms

Mr Vadher said, “This is fundamentally a technology challenge, not just a legal one.”