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   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

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- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

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- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

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- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

UNPUBLISHED DISSERTATIONS AND THESES

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

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BANCASSURANCE IN INDIA: AN INDUSTRY OUTLOOK OF LIFE INSURANCE

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ABSTRACT

One of the most momentous changes in the financial services sector over the past few years are the appearance and development of bancassurance. The present paper attempts to find out the contribution of banks in the individual new business premium of private life insurer and LIC for past nine years. In addition, it focuses on the various models persisting to bancassurance and its impact on the stakeholders. The study is descriptive and exploratory in nature. Observation and secondary data collection methods are used in the study. Secondary data is collected from IRDA and other relevant websites. The results of the study revealed a growing trend of bancassurance in the life insurance industry as it showed more than three times growth in the life insurance premium. Low penetration rate (3.2% in financial year 2013) indicates that in spite of ever growing population, major chunk has not been covered under the insurance sector.

KEYWORDS

Bancassurance, Bancassurance Models.

INTRODUCTION

A sound financial sector is the backbone of healthy economy. On one hand, it is the banking sector which is highly competitive and on the other hand the insurance sector which has a lot of potential for growth. The combination of these two sectors results in an innovative concept of “BANCASSURANCE”. The Insurance Industry as a financial service is considered as one of the important segments in an economy for its growth and development. Insurance is a ‘business of solicitation’ unlike a typical banking service; it requires great drive to market the insurance products.

HISTORICAL BACKGROUND OF INSURANCE INDUSTRY

The Indian insurance industry is as old as it is in any other part of the world. The first insurance company was started in India in 1818 at Kolkata. We had a number of foreign and Indian insurers operating in the Indian market till the nationalization of the industry but there were unethical practices adopted by some of the players against the interest of the insurance consumers. The Government of India issued an Ordinance on 19 January 1956 nationalising the Life Insurance sector and Life Insurance Corporation came into existence in the same year. The Life Insurance Corporation (LIC) absorbed 154 Indian, 16 non-Indian insurers as also 75 provident societies—245 Indian and foreign insurers in all. In 1972 with the General Insurance Business (Nationalisation) Act was passed by the Indian Parliament, and consequently, General Insurance business was nationalized with effect from 1 January 1973. 107 insurers were amalgamated and grouped into four companies, namely National Insurance Company Ltd., the New India Assurance Company Ltd., the Oriental Insurance Company Ltd and the United India Insurance Company Ltd. The General Insurance Corporation of India was incorporated as a company in 1971 and it commence business on 1 January 1973.Nationalisation has lent the industry solidity, growth and reaches which is un-paralleled.

INSURANCE IN INDIA

The Government of India, in 1994 appointed a Committee under the Chairmanship of R. N. Malhotra, former Governor of RBI to study the need for private participation in the Insurance industry. The committee reported that only 22 per cent of the Indian population was insured. Based on the committee report, the Government of India took necessary initiatives to improve the operational efficiency of insurance companies and insurance penetration as well. The year 1999 brought a remarkable change in the Indian insurance sector, as a result of major structural changes like ending of Government monopoly and passing of the Insurance Regulatory and Development Authority (IRDA) bill, relaxing all entry restrictions for private and foreign players to enter into the market.

Indian insurance sector is regulated by IRDA (Insurance Regulatory Development Authority).

IRDA was established in the year 2000 as an exclusive Regulatory Authority for the insurance sector through the enactment of IRDA Act, 1999. A number of amendments were brought in various insurance related statutes, *viz.,* Insurance Act, 1938, LIC Act, 1956 and General Insurance Business Nationalisation Act, 1972 (GIBA). The Progress in the overall developments in the insurance sector was swift and more prominent after the establishment of IRDA.
In life insurance business, India is ranked 10th among the 88 countries, for which the data are published by Swiss Re (source: IRDA, Annual Report, 2012-13).
As at end-September 2013, there are 52 insurance companies operating in India; of which 24 are in life insurance business and 27 are in non-life insurance business and in addition, GIC is the sole national reinsurer.

TABLE 1: REGISTERED INSURER IN INDIA (As on 30th September, 2013)

Type of Business	Public sector	Private sector	Total
Life Insurance	1	23	24
General Insurance	6	21	27
Re-insurance	1	0	1
Total	8	44	52

(Source: IRDA, Annual Report 2012-13)

THE INDIAN ECONOMY

The economy’s growth rate slowed down to 5 per cent in 2012-13 as compared to 6.2 per cent in 2011-12. Declining growth rate of the economy, persistent higher inflation and prices and slower rate of household savings impacted the growth of insurance sector in India.
During 2012-13, the service sector also slowed down registering a growth of 7.1 per cent as compared to 8.2 percent during the previous year. Within the service sector, “financing, insurance, real estate & business services” registered the growth of 8.6 percent during 2012-13 as compared to 11.7 percent in the previous year.
The life insurance industry recorded a premium income of Rs. 2, 87,202 Crore during 2012-13 as against Rs. 2, 87,072 Crore in the previous financial year, registering a growth of 0.05 per cent. While private sector insurers posted 7.38 per cent decline in the previous year, Life Insurance Corporation of India (LIC), the state owned insurance company, recorded 2.91 per cent growth (0.29 per cent decline in the previous year) in the total premium underwritten.

CONCEPT OF BANCASSURANCE

Bancassurance is a new buzzword in India. Bancassurance, *i.e.*, banc + assurance, refers to banks selling the insurance products. Bancassurance term first appeared in France in 1980, to define the sale of insurance products through banks. ‘BANCASSURANCE’ as term itself clears the meaning. It’s a combination of the term ‘Bank’ and ‘Insurance’. It means that insurance companies have started selling their products through banks.

It's a new concept to Indian financial market but it is very widely used in western and developed countries. It originated in India in the year 2000 when the Government issued notification under Banking Regulation Act which allowed Indian Banks to do insurance distribution. It started picking up after Insurance Regulatory and Development Authority (IRDA) passed a notification in October 2002 on 'Corporate Agency' regulations. All scheduled commercial banks were permitted to undertake insurance business as agent of insurance companies on fee basis, without any risk participation.

"*Bancassurance is the process of using a bank's customer relationships to sell life and non-life insurance products".*

With the opening up of this sector to private players, competition has become more intense and the public sector major LIC has been challenged with a flood of new products and new means of marketing. Insurance industry in India has been progressing at a rapid pace since opening up of the sector to the entry of private companies in 2000. Banks are being used as an effective alternate channel to distribute insurance products either as 'stand-alone insurance products' or 'add-ons to the bank products' by way of combining the insurance with typical banking products/services.

REGULATORY AUTHORITY

In India banking and insurance sectors are regulated by two different entities. The banking sector is governed by Reserve Bank of India and the insurance sector is regulated by Insurance Regulatory and Development Authority (IRDA). Bancassurance, being the combination of two sectors comes under the purview of both the mentioned regulators. Each of them has elaborate and descriptive rules, restrictions and guidelines.

REVIEW OF LITERATURE

1) Bergendahl, Goran (1995) Developed principles for banks that want to evaluate the distribution of life insurance as well as non-life insurance products and identify key factors for profitability. Analysed the costs of training personnel, the costs of computers and communication, the fixed and variable sales costs, and the costs of administration including customer service. These costs have to be covered by direct benefits in terms of commissions and indirect benefits in terms of more faithful bank customers and also Identified five key factors: the number of branches; the number of specialists per branch; the number of customers to the bank; the cross-selling ratio; and the reduction over time in costs of selling and administration.

2) Karunagaran (2006) attempted to explore the scope for bancassurance models as feasible source of sustainable income to banking sector by exploiting the synergy in the context of India & concludes that going by the present pace,bancassurance would turn out to be a norm rather than an exception in future in India and it would be a 'win-win situation' for all the parties involved - the customer, the insurance companies and the banks.

3) Fields, L. Paige et.al. (2007) examined the the potential for bidder wealth gains in bancassurance mergers by examining a sample of such mergers in the United States and abroad. Study found positive bidder wealth effects that are significantly related to economies of scale (as measured by the size of the target relative to the bidder), potential economies of scope, and the locations of the bidders and targets. These results suggest that the bancassurance architectural structure for financial firms does offer some benefits and thus may become more prominent in future years.

4) Artikis, Panayiotis G. et.al. (2008) focused on the main empirical findings related to the bank-insurance model and to outline the market practices across the world and concluded an uneven success of the bancassurance phenomenon across the world. It is not clear whether re-regulation is the cause or response to globalization, and vice versa, which in turn both shape the bancassurance arena. A number of incentives for the formation of financial conglomerates are identified.

5) Fan, Chiang Ku and Cheng, Shu Wen (2009) compared the efficiency of bancassurance, an indirect marketing channel formed through the creation of subsidiaries, with an insurer's own team, a direct marketing channel, in the Taiwan insurance sector. major findings of the study are: the efficiency score of a direct marketing channel is significantly higher than that of a comparable indirect marketing channel. The efficiency relationship between the indirect marketing channel and the direct marketing channel is independent. A marketing efficiency evaluation, when divided into different marketing channels for evaluation, provides meaningful results for marketing decision-makers.

6) Maenpaa, Irinja and Voutilainen, Raimo (2011) investigated how financial service providers cross-sell combined bank and insurance service offerings in a business-to-business context with the aim of increasing understanding on the creation of corporate customer value through cross-selling. The results showed that financial service providers anticipate a shift from separate sales events towards one-stop shopping and from unilateral provision of non-related products towards consideration of hybrid products in the SME segment.

7) Chang, Pang-Ru et.al. (2011) study offers a comparison of bancassurance and traditional sales channels in Taiwan. Using a data envelopment analysis approach, this study first computes the efficiencies of bancassurance and traditional sales channels separately. The efficiency score of the traditional sales channel is significantly higher than that of a comparable bancassurance channel. Furthermore, the efficiency relationship between the bancassurance and the traditional sales channels is independent. These findings have significant implications for the insurance industry.

8) Tiwari, Anshuja and Yadav, Babita (2012) conducted a study with an objective to understand the role of banc assurance in Indian life Insurance Industry and to measure customer awareness, satisfaction and perception towards buying life insurance products from banks and concluded that Banc assurance would accelerate the growth of life Insurance business, reduce cost, Low awareness of banc assurance among customers and second preferred distribution channel by customers. There is a tremendous scope and growth opportunity available for banc assurance in future in the Indian life Insurance market.

9) Constantinescu, Dan (2012) studied the diversity of bancassurance institutional models induce complex processes of buying or merging, starting with simple contractual relations, continuing with the products which create the object of distribution through this system.the study revealed that according to Basel II and Solvency II rules and regulations offer new expectations of analysis concerning the management of the quality of the offered financial services through the bancassurance channel of the distribution having in view the control of the associated risks.

SIGNIFICANCE OF THE STUDY

Insurance is one of the fastest growing industries and has a significant contribution in socio-economic development of the economy. Huge untapped Indian market presents both opportunity and challenge to the Insurance Company. The success of insurers highly depends on the effectiveness of distribution channel. The rising market competition and demand for innovative need based products by the customers has forces insurance companies to look for alternative cost effective distribution channel results into emergence of "Bancassurance". It is profitable both to Banks and Insurance companies and has a very bright future to be the most developed and efficient means of distribution of Insurance products. Insurance companies can sell both life and non-life policies through banks.

OBJECTIVES OF THE STUDY

i) To examine the trends of channel – wise bancassurance in India during last ninet years.
ii) To study the bancassurance models adopted by various countries.
iii) To critically examine the impact of bancassurance on its stakeholders.

RESEARCH METHODOLOGY

NATURE OF THE STUDY: Descriptive and Exploratory study.

DATA TYPE: data used in the study is a secondary data, collected from various published sources i.e. journals, magazine, published IRDA annual reports.

ANALYSIS: Tabulation and graphic methods are used for the analysis and presentation of Annual reports of IRDA for last nine years are used as a sample for the study. Ms Excel 2010 is used for drafting graphics and tables.

RESULTS AND DISCUSSION

Traditionally, insurance products were sold only through individual agents and they accounted for a major chunk of the business in retail segment but after the establishment of IRDA, various amendments were made in the insurance sector. One of the major amendments is the selling of insurance policies through banks referred as **'Bancassurance".** Bancassurance is the channel for selling out the insurance products.

The analysis is discussed in three sections. Section I emphasize on the first objective, examining the trends of channel – wise bancassurance in India during last nine years. Section II describe about the various bancassurance models and section III will examine the impact of bancassurance on its stake holders.

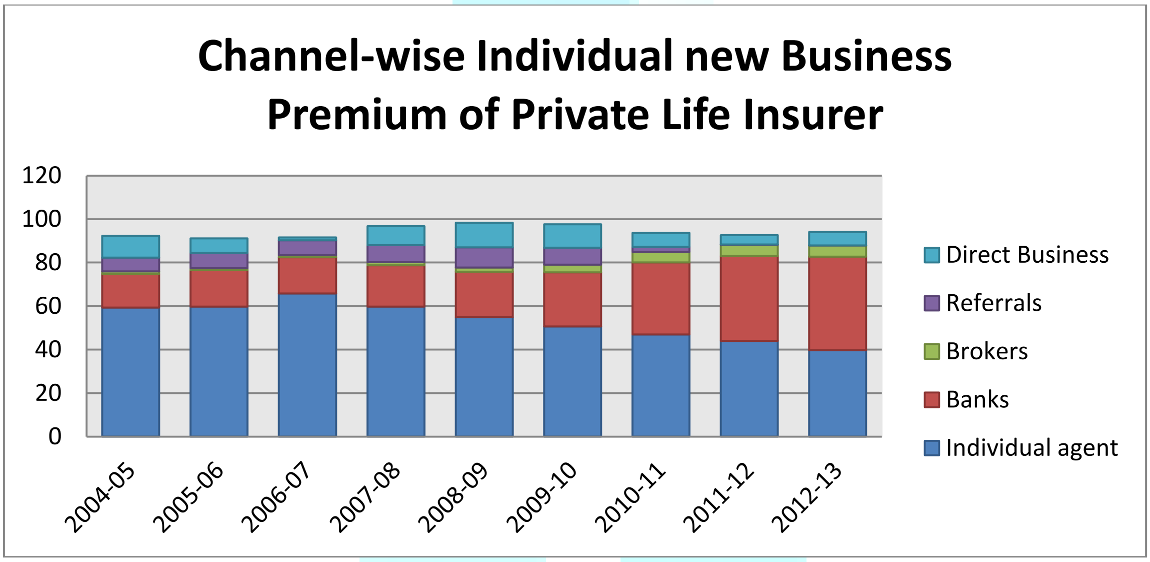
SECTION I

1.1 CHANNEL-WISE INDIVIDUAL NEW BUSINESS PREMIUM OF PRIVATE LIFE INSURER

TABLE 2: PRIVATE LIFE INSURERS' NEW BUSINESS PREMIUM (In Percent)

Year	Individual agent	Banks	Broker	Referrals	Direct Selling
2004-05	59.30	15.42	1.23	6.25	10.05
2005-06	59.71	16.87	0.83	7.06	6.61
2006-07	65.8	16.58	1.05	6.77	1.39
2007-08	59.81	18.89	1.5	7.79	8.78
2008-09	54.94	20.78	2	9.27	11.37
2009-10	50.67	24.88	3.44	7.85	10.73
2010-11	46.89	33.21	4.77	2.34	6.43
2011-12	44.05	39.01	5.07	0.16	4.35
2012-13	39.68	43.08	5.05	0.10	6.14

FIG. 1



(Source: IRDA, Annual Report 2004-13)

It is revealed from the above table I that in case of private life insurer various intermediaries are involved in the insurance industry i.e. individual agents, banks, brokers, referrals & direct selling. With the emergence of new concept "Bancassurance", the share of individual agents in the new business of insurance premium has been decreased from 59.30 percent in 2004-06 to 39.68 percent in 2012-13. Banks as a intermediaries has gained significant importance as their share was 15.42 percent in 2004-06 raised to 43.08 percent in 2012-13. It becomes clear that with the introduction of Bancassurance, banks plays an important role in the growth of insurance sector. The share of broker was 1.23 in 2004-06 but increased to 5.05 in 2012-13. The share of referrals & direct selling was 6.25 and 10.05 in 2004-06 but dropped to 0.10 & 6.14 in 2012-13 respectively.

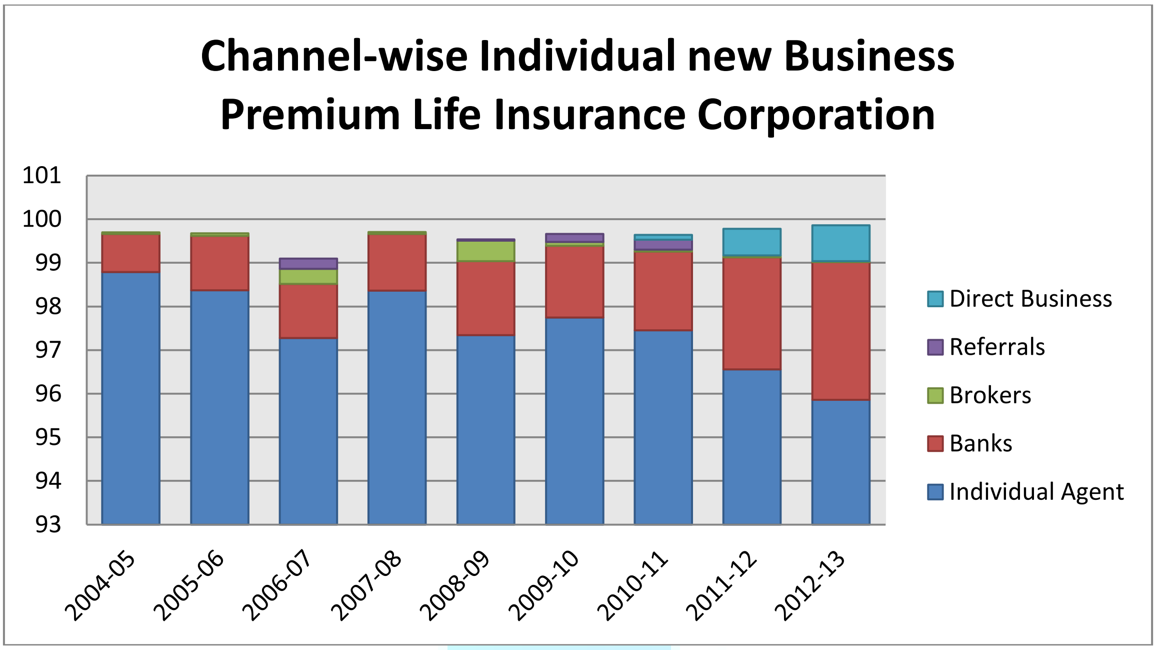
1.2 CHANNEL-WISE INDIVIDUAL NEW BUSINESS PREMIUM OF LIFE INSURANCE CORPORATION (LIC)

TABLE 3: LIFE INSURANCE CORPORATION (LIC) NEW BUSINESS PREMIUM (In Percent)

Year	Individual agent	Banks	Broker	Referrals	Direct Selling
2004-05	98.79	0.87	0.04	0	0
2005-06	98.37	1.25	0.06	0	0
2006-07	97.28	1.24	0.34	0.24	0
2007-08	98.36	1.3	0.05	-	-
2008-09	97.34	1.7	0.47	0.03	-
2009-10	97.75	1.64	0.09	0.18	0
2010-11	97.45	1.81	0.04	0.23	0.11
2011-12	96.56	2.57	0.04	0	0.61
2012-13	95.86	3.16	0.02	-	0.82

(Source: IRDA, Annual Report 2004-13)

FIG. 2



(Source: IRDA, Annual Report 2004-13)

Similarly table II revealed that Life Insurance Corporation (LIC) Insurance premium of individual agents has declined from 98.79 percent in 2004-06 to 95.86 percent in 20112-13 whereas Banks performance has shown more than three times growth in their life insurance premium contribution. The share of banks in LIC new business premium was 0.87percent in 2004-06 and increased to 3.16 percent in 2012-13. Share of brokers, referrals and direct selling in new business premium is very nominal.

SECTION II

BANCASSURANCE MODELS

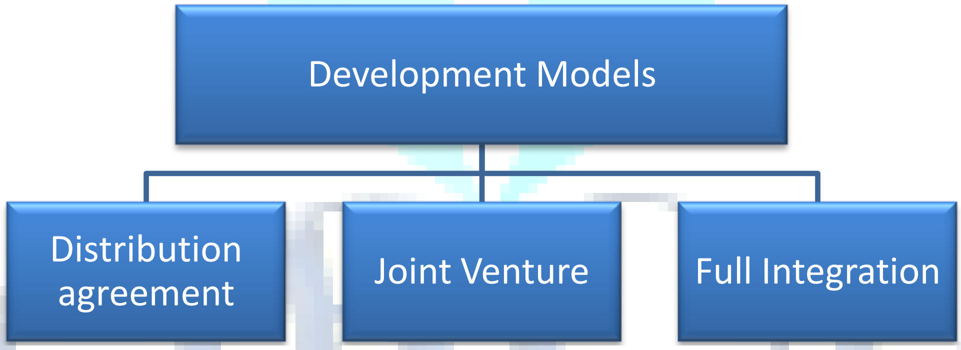
Bancassurance has grown at different places and taken shapes and forms in different countries depending upon demography, economic and legislative prescriptions in that country. It is most successful in Europe, especially in France, from where it started, Italy, Belgium and Luxembourg. The concept of bancassurance is relatively new in India. Bancassurance encompasses a variety of business models. There is no single pattern to follow in creating a bancassurance operation. There are different development models, which can be divided into three major categories e.g.

1. Development models,
2. Structural classification and
3. Product based classification

1) DEVELOPMENT MODELS

Bancassurance takes different forms that vary from one country to the next. However, three primary models of bancassurance are emerging. These are Distribution agreement, Joint venture and Full integration. Shown in Fig. 3:

FIG. 3



1.1) DISTRIBUTION AGREEMENT

In this model bank act as an intermediary for an insurance company. This method is very simple to operate and require very less capital. This model is commonly used in countries like USA, Germany, UK, Japan and South Korea.

1.2) JOINT VENTURE

In this model bank acts under partnership agreement with one or more insurance companies. Hence banks and insurance companies work together so they can share their expertise. This model is popular in Italy, Spain, Portugal and South Korea.

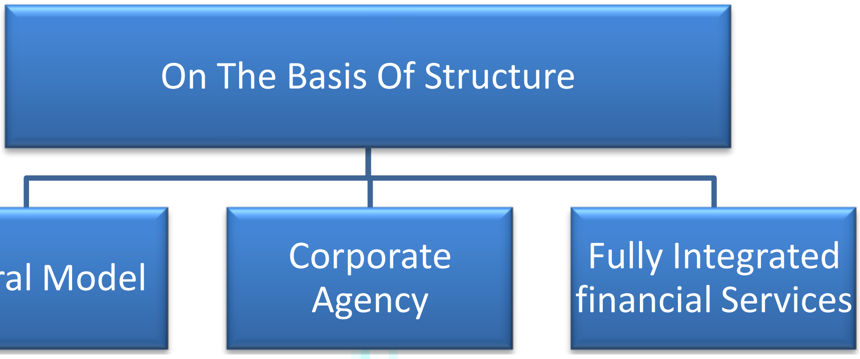
1.3) FULL INTEGRATION

These model works on the creation of new subsidiary which require substantial capital to start its operation, but it enjoy the advantage of same corporate culture. Countries like France, Spain, Belgium, Ireland, UK adopted this model.

2) STRUCTURE BASED CLASSIFICATION

On the basis of structure models of bancassurance have been classified into three categories e.g. Referral model, corporate agency model, fully integrated financial services model. In India Referral and Corporate agency models are generally used. Shown in Fig. 4:

FIG. 4



2.1) REFERRAL MODEL

Those Banks avoids to risk, adopt "referral model" wherein they merely part with their client data base for business lead for commission. The actual transaction with the prospective client in referral model is done by the employees of the insurance company either at the premise of the bank or elsewhere. Referral model is nothing but a simple arrangement, wherein the bank, while controlling access to the client‟s data base, parts with only the business leads to the agents or sales staff of insurance company for a referral fee or commission for every business lead that was passed on. This model would be suitable for almost all types of banks including the Regional Rural Banks, cooperative banks and even cooperative societies both in rural and urban.

2.2) CORPORATE AGENCY

This is another Non-risk banc assurance model, wherein the bank employees are trained to appraise and sell the products to the customers. Here the bank acts as corporate agent for the insurance products for a fee or commission. This Model is more viable and appropriate for most of the mid-sized banks in India as also the rate of commission would be relatively higher than the referral arrangement. This, however, is subject to reputation risk of the marketing bank. It also suffers some practical difficulties in the form of professional knowledge about the insurance products. Besides, resistance from staff to handle totally new service could not be ruled out. This model is best suited for majority of banks including some major urban cooperative banks because neither there is sharing of risk nor does it require huge investment in the form of infrastructure and yet could be a good source of income.

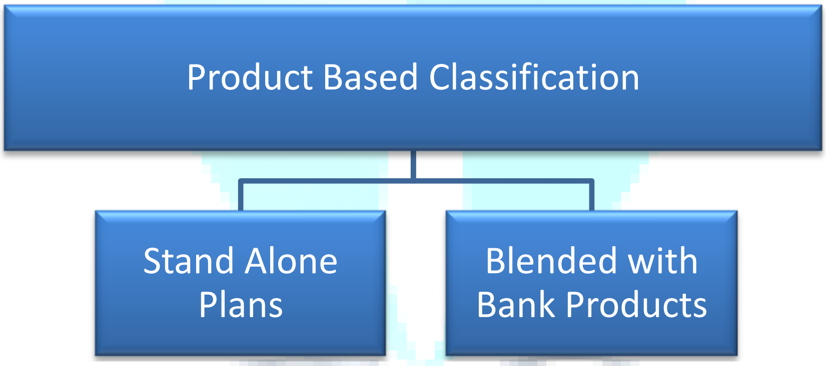
2.3) FULLY INTEGRATED FINANCIAL SERVICE

Apart from the above model, in this model bank functions as fully universal in its operation and selling of insurance products is just one more function within. Banks are equipped with a counter within to sell the insurance products as an internal part of its activities. This includes banks having a wholly owned insurance subsidiary with or without foreign participation. The great advantage of this strategy being that the bank could make use of its full potential to reap the benefit of synergy and therefore the economies of scope. This may be suitable to relatively larger banks with sound financials and has better infrastructure.

3) PRODUCT-BASED CLASSIFICATION

Bancassurance model on the basis of product classified into two categories e.g. Stand alone plans and Blended with bank products. Blended with bank products are more familiar in India e.g. Health Insurance with Home loan, Accident Insurance with Car loan etc.shown in Fig. 5

FIG. 5



3.1) STAND-ALONE PLANS

It involves marketing of the insurance products through either referral arrangement or corporate agency without mixing the insurance products with any of the banks‟ own products. Insurance is sold as one more item in the menu of products offered to the bank‟s customer, however, the products of banks and insurance will have their respective brands too.

3.2) BLENDED WITH BANK PRODUCTS

This strategy aims at blending of insurance products as a value addition while promoting bank's own products. Thus, banks could sell the insurance products without any additional efforts. In most times, giving insurance cover at a nominal premium or sometimes without explicit premium does act as an added attraction to sell the bank's own products.eg blending home loan with health insurance.

SECTION III

WHO ARE STAKEHOLDERS?

Stake holder is a person entrusted with the stakes of bettors or one that has a stake in an enterprise or one who is involved in or affected by a course of action. Stakeholder, an entity that can be affected by the results of that in which they are said to be stakeholders, i.e., that in which they have a stake. A stakeholder is anybody who can affect or is affected by an organisation, strategy or project. They can be internal or external and they can be at senior or junior levels. Some definitions suggest that stakeholders are those who have the power to impact an organisation or project in some way.

Stakeholders in case of bancassurance include insurer, bankers, customers, government etc. While stakeholders may not have a direct financial holding in the company, they would still stand to benefit if the venture or company succeeds. For example, the local government may wish to see an insurance company or bank succeed because it provides tax revenue, even though the local government does not directly own any part of the company.

3.1 POSITIVE IMPACT OF BANCASSURANCE ON ITS STAKEHOLDERS

TABLE 4

FOR INSURER	FOR BANKS	FOR CUSTOMERS
➢ Attract further business. ➢ Access to banks clients. ➢ Reduce dependence upon agent ➢ Increased efficiency. ➢ Access to rural market through banks. ➢ Reduced distribution cost ➢ Diversification of distribution method ➢ Reduced risk ➢ Increase market penetration	➢ Stable & supplement source of income ➢ Banks became super market "one stop shop" ➢ Increase profitability ➢ Product diversification ➢ Customer retention ➢ Use of existing staff	➢ Better relation with banks ➢ Awareness of insurance policies ➢ Better premium rates & services ➢ All services under one roof. ➢ Innovative & better product ➢ Better financial counselling ➢ Easy access for claims

3.2 NEGATIVE IMPACT OF BANCASSURANCE

a) **Affected bank sales:** The brand equity of the insurer is improved with bancassurance tie-up but poor insurance service may hinder the sale of core banking products.
b) **Question of customer data security:** Data management of an individual customer's Identity and contact details used by the insurance company may lead to compromising on data security.
c) **Wastage Of Valuable Resources:** The sale of the wrong kind of insurance can lead to the waste of valuable resources that could otherwise be directed to better matters.
d) **Customer Dissatisfaction:** The unfair handling of claims can lead to customer dissatisfaction and disillusionment with the product.
e) **Conflicting Interest:** There is a possibility of conflict of interest between the other products of bank and insurance policies (like money back policy). This could create confusion in the mind of customer regarding where he has to invest.

FINDINGS AND IMPLICATIONS

Bancassurance has received much attention from both researchers and policymakers, as it is a major step towards the creation of universal financial markets in the 21st century. Bancassurance is emerging as a natural pathway for the effective development of insurance. **Section I** clearly explains that there can be no doubt of the importance of the potential for Bancassurance to open the path toward cost-efficient access to insurance products, both Life and non-Life. Increased share of banks in new business of life insurance premium evidenced the success of bancassurance in India but low penetration ratio(3.2 percent in 2012) indicate that there is still untapped market which could be covered with widening the distribution channel. **Section II** highlighted various bancassurance models prevailing in different countries and referral model, corporate agency and blended with bank products are more familiar in **India. Section III** emphasised on the impact of bancassurance on its stakeholders and concluded that despite of some limitation it has positively affected its stakeholders including insurers, bankers and customers.

Prompted by the success of the bancassurance model globally and to facilitate active integration with the insurance company, several banks promote insurance companies singly or jointly in India.

FUTURE SCOPE OF RESEARCH

Where legislation has allowed, bancassurance has mostly been a phenomenal success and, although slow to gain pace, is now taking off across Asia, especially now that banks are starting to become more diverse financial institutions, and the concept of universal banking is being accepted.

1. In non-life insurance business banks are looking to provide additional flow of revenues from the same customers through the same channel of distribution and with the same people.
2. Insurers have been turning in ever-greater numbers to alternative modes of distribution because of the high costs they have paid for agent services. These costs became too much of a burden for many insurers compared to the returns they generated.
3. Insurers operate through bancassurance own and control relationships with customers. Insurers found that direct relationships with customers gave them greater control of their business at a lower cost. Insurers who operate through the agency relationship are hardly having any control on their relationship with their clients.

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