BUSINESS PLAN · INDIA

POSP / Micro-Insurance Distribution

Point-of-Sales-Person network for rural & mass insurance in India

INSURANCE

AISEVAK.IN · BY ABL DIGITAL TECHNOLOGIES

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1. Executive Summary

This plan sets out a **POSP / Micro-Insurance Distribution Business** in India — a technology-enabled network that recruits, trains and manages **Point-of-Sales Persons (POSP)** to distribute simple, standardised insurance products (motor, health, personal accident, term, and micro-insurance) to mass and rural markets, working under an insurer/broker/corporate-agent principal. Revenue comes from a share of distribution commissions on the network's business.

India's mass and rural markets are vastly under-insured, and the POSP model — introduced by IRDAI to widen reach — enables low-cost, last-mile distribution through a large network of trained sales persons using digital tools. A well-run POSP network monetises scale: many POSPs each writing modest volumes aggregate into a substantial, renewing distribution book.

The promoter — operating under an appropriate principal (insurer/broker/corporate agent) — seeks total funding of **₹6.0 lakh** (₹2.5 lakh promoter + ₹3.5 lakh term loan, eligible under PMMY-Mudra / CGTMSE), targeting **₹26 lakh** income in Year 1 and **₹70 lakh** by Year 3 as the POSP network scales.

2. Business Description, Vision & Legal Structure

Concept: A last-mile insurance-distribution engine — a growing network of trained POSPs, enabled by a digital platform, bringing simple protection to under-served mass and rural customers.

Vision: To close the protection gap in mass/rural India through a large, well-managed POSP network.

Mission: Recruit, train and empower POSPs to sell suitable cover simply and honestly, and to service renewals.

Legal structure options

- **Private Limited / LLP** — recommended for a scalable network operating under a principal.
- **Operating model:** as a corporate agent/broker's channel or under an insurer's POSP programme, per IRDAI norms.

> **Regulatory anchor:** POSPs are trained/certified individuals authorised to sell specified simple products under a principal insurer/intermediary, per IRDAI POSP guidelines. Products are standardised and low-complexity. The network operates within the principal's licence and compliance framework; suitability and no mis-selling apply.

3. Promoter & Ownership

Led by a promoter with insurance-distribution and network-building experience. Delivery centres on POSP recruitment, training/certification support, a digital sales platform, and network management. Year-one ownership rests with the founder(s); ownership and profit-sharing are editable inputs, aligned to the principal arrangement.

4. Market Analysis — India

Mass-market and rural insurance penetration is very low, representing a huge protection gap and distribution opportunity. The POSP model, digital onboarding and simple products make it feasible to reach these customers at low cost. Motor, health and micro-insurance are natural high-volume lines for a POSP network.

Demand drivers

- **Massive under-insurance** in mass/rural segments.
- **POSP framework** enabling low-cost last-mile distribution.
- **Digital onboarding & sales** lowering cost-to-serve.
- **Simple, standardised products** suited to volume.
- **Renewals** building a recurring distribution book.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Under-insured mass/rural individuals in India	Hundreds of millions
SAM	Reachable customers via the network's POSP footprint	Large & growing
SOM (Yr 1–3)	Active POSPs / policies distributed	50→200 POSPs

Target segments

- Rural and semi-urban individuals needing motor/health/PA cover.
- Micro-insurance customers (low-ticket protection).
- Two-wheeler and vehicle owners (mandatory motor).
- First-time insurance buyers in mass markets.

5. Competition & Competitive Advantage

Landscape: other POSP aggregators, agents, banks and digital platforms. The firm competes on POSP recruitment/retention, training quality, platform ease, and network management.

The firm's edge

- **Strong POSP recruitment & retention.**
- **Effective training & enablement** for quality selling.
- **Easy digital platform** for quotes, issuance and payouts.
- **Local, trust-based reach** via community POSPs.
- **Renewal & persistency management.**

6. Services & Pricing (commission-share)

Line	Income model	Basis
Motor insurance (via POSPs)	Commission share	% of premium (IRDAI)
Health & personal accident	Commission share	% of premium
Term / simple life	Commission share	% of premium
Micro-insurance	Commission share	% of premium
Renewals	Renewal commission share	Recurring
POSP enablement	Platform / support	Network value

> Income is a share of commissions on the network's volume; scale (number of active, productive POSPs) and renewals are the key drivers.

7. Go-to-Market — Marketing & Sales

- **POSP recruitment drives:** local entrepreneurs, shopkeepers, and community agents.
- **Training & certification support** to activate POSPs quickly.
- **Digital enablement** for easy selling and payouts.
- **Community & rural outreach** for customer reach.
- **Incentives & leaderboards** to drive POSP productivity.

Growth model

Recruit POSPs → train/certify → activate on platform → drive productivity & renewals. Network size × POSP productivity × persistency compounds distribution income.

8. Operations Plan

- **Location:** a lean office plus field/remote network operations.
- **Process:** recruit → train/certify → onboard on platform → sales support → issuance via principal → payouts → renewals & retention.
- **Technology:** a POSP platform (quote/issue/track/payout), training modules, and a network-management dashboard.
- **Compliance:** POSP certification, product limits, suitability, and the principal's compliance framework.
- **Capacity:** the model scales with active-POSP count and productivity; field managers support clusters.

Network economics

Lever	Driver	Impact
POSP count	Recruitment	Reach
Activation	Training/enablement	Productivity
Per-POSP volume	Support/incentives	Income
Renewals	Persistency	Annuity
Retention	POSP satisfaction	Stability

9. Regulatory, Licences & Compliance (India)

- **POSP framework:** operate under an insurer/broker/corporate-agent principal per IRDAI POSP guidelines; POSPs certified and limited to specified products.
- **Business registration:** Private Limited/LLP; PAN/TAN; GST (commission attracts GST); professional tax and Shops & Establishments as applicable.
- **Conduct:** suitability, disclosure, no mis-selling, KYC, and grievance-redressal within the principal's framework.
- **Data protection** aligned to the DPDP Act; secure handling of customer and POSP data.

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Promoter / Network Head	1	1	1
Field / Cluster Manager	1	3	5
Training & Support	1	2	3
Tech / Admin	1	2	2
Total (in-house)	**4**	**8**	**11**
Active POSPs (network)	50	120	200

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0–2	Principal tie-up, platform, training, first POSPs
Launch	Month 2–5	50 active POSPs; issuance & payouts live
Traction	Month 5–10	Productivity & renewals build; break-even nears
Scale	Year 2	120 POSPs; cluster expansion
Growth	Year 3	200 POSPs; recurring distribution book

12. Financial Plan (Illustrative)

All figures are illustrative model assumptions for an Indian context, shown so the promoter can replace them with live rates. Commissions follow IRDAI norms. They are not projections of guaranteed results.

12.1 Project cost & means of finance

Capital requirement	₹
Office & fit-out	90,000
Computers & IT (4)	1,50,000
POSP platform & training setup	1,20,000
Branding, recruitment & marketing	70,000
Deposits & pre-operative	50,000
Working-capital buffer	1,20,000
Total project cost	**6,00,000**
Promoter contribution	2,50,000
Term loan (Mudra / CGTMSE)	3,50,000

12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3
Commission share (new business)	18,00,000	32,00,000	42,00,000
Renewal commission share	6,00,000	15,00,000	24,00,000
Other / enablement income	2,00,000	4,00,000	4,00,000
Total income	**26,00,000**	**51,00,000**	**70,00,000**
Salaries & field team	12,60,000	24,00,000	32,00,000
POSP incentives & support	2,40,000	5,00,000	7,00,000
Rent & utilities	1,60,000	2,00,000	2,40,000
Platform, tech & IT	2,00,000	2,80,000	3,40,000
Marketing & recruitment	1,80,000	2,60,000	3,20,000
Admin, travel & misc	1,80,000	2,60,000	3,40,000
Interest on term loan	38,000	28,000	16,000
Total expenses	**22,58,000**	**39,28,000**	**51,56,000**
Net profit (before tax)	**3,42,000**	**11,72,000**	**18,44,000**
Net margin	13.2%	23.0%	26.3%

12.3 Unit economics & break-even

- **Per active POSP:** modest monthly volume; income compounds with network size and productivity.
- **Renewals** build a recurring base as the book matures.
- **Break-even:** a threshold of active, productive POSPs — reached around month 10–12 as the network activates.

12.4 Projected Cash Flow — Year 1 (quarterly, illustrative)

Particulars (₹)	Q1	Q2	Q3	Q4
Opening balance	1,20,000	80,000	85,000	1,45,000
Collections (commission share)	4,00,000	6,20,000	7,60,000	8,20,000
Operating outflows	4,20,000	5,95,000	6,70,000	7,25,000
Loan EMI	20,000	20,000	30,000	30,000
Closing balance	**80,000**	**85,000**	**1,45,000**	**2,10,000**

> Early quarters invest in network-building; income and cash strengthen as POSPs activate and renewals begin. The buffer bridges the activation ramp.

12.5 Key Performance Indicators to Monitor

- **Network:** POSPs recruited/active; activation rate; per-POSP productivity.
- **Volume:** policies distributed; premium sourced; renewals.

- **Retention:** POSP retention; customer persistency.
- **Quality:** mis-selling/complaint rate (low); claims support.

13. Funding Requirement & Bankability

Total ask: **₹3.5 lakh term loan** against ₹2.5 lakh promoter contribution — eligible under **PMMY (Mudra)** and coverable under **CGTMSE**. Year-1 net profit ~₹3.42 lakh against annual debt service of ~₹1.0 lakh gives a **DSCR above 2.5**, improving strongly as the network and renewals scale.

13.1 Funding utilisation

Use of funds	₹	% of total
IT, POSP platform & training	2,70,000	45%
Office setup & deposits	1,40,000	23%
Recruitment & marketing	70,000	12%
Working-capital buffer	1,20,000	20%
Total	**6,00,000**	**100%**

14. Risk Analysis & Mitigation

Risk	Mitigation
Low POSP activation/productivity	Strong training, enablement, incentives and support
POSP attrition	Retention programmes; easy platform; timely payouts
Mis-selling / conduct	Suitability, product limits, monitoring within principal framework
Persistency / renewals	Renewal support; customer service
Principal/commission changes	Multiple lines; strong volumes; diversified principals where allowed

15. SWOT Analysis

Strengths Scalable last-mile reach; low capital; renewal annuity; huge under-insurance gap.	**Weaknesses** Activation-dependent; thin per-POSP volume; principal-linked economics.
Opportunities Rural/mass protection gap; digital enablement; micro-insurance; network scale.	**Threats** Competing aggregators; commission changes; POSP attrition.

16. Recommended AiSevak Tools for This Business

This business would use AiSevak's Insurance vertical tools in delivery:

- **Distribution & training:** product-explainer, needs-analysis and quote tools; POSP training and productivity trackers.

- **Service:** renewal and claims-support tools.
- **Practice:** Business Plan, Break-even and Unit-Economics tools to model the network.

17. Key Assumptions & Notes

- Operates under an IRDAI-recognised principal; POSPs certified for specified products.
- ~50 active POSPs in Year 1 growing to ~200 by Year 3; income scales with network productivity.
- Commission share follows the principal arrangement and IRDAI norms; term-loan interest ~11% p.a., 5-year tenure.
- Figures exclude GST where applicable; renewals compound over years.

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