

# IRDAI to support biz interruption policies covering pandemics

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**Hyderabad:** In what could offer a ray of hope to many corporates that are grappling with loss of business in the extended lockdown period, insurance regulator, Insurance Regulatory Authority of India (IRDAI), has indicated that it will support insurance companies that come up with 'Business Interruption' policies covering pandemics like Covid-19 in the future.

According to the insurance regulator, insurance companies can take help of reinsurance to reduce their risks while offering such covers to businesses.

"IRDAI has been encouraging insurers to design products that fulfil the genuine needs of customers from time-to-time. With this in view, IRDAI recently asked insurers to design Covid-19 specific products. Also, it has rolled out the Regulatory Sandbox under which innovative products can be considered. IRDAI will support filing of products that would provide protection from loss due to business interruption during unusual times like outbreak of pandemic. In doing this, the primary insurers will be encouraged to take help of reinsurance to further reduce their own risk," said an IRDAI official told TOI over email.

Currently, business interruption cover is generally being offered by insurers along with material



damage (MD) cover under fire and engineering segments with business interruption cover being triggered along with MD claim.

Hit by lockdown, many industries, especially belonging to sectors like travel, hospitality and manufacturing, among others, have been making enquiries whether the losses that they have incurred during this period, can be covered under their existing business interruption policies. While the existing business interruption policies do not offer any respite during pandemics, the rising demand from industry could nudge insurers to come up with such products in the future.

CR Mohan, senior VP and national head, property and risk engineering services, Bajaj Allianz General Insurance, told TOI that business interruption cover is generally sold along with fire insurance or property insurance in India, but only 0.1% of the total fire-policy holders have availed business interruption policies so far, offering a huge scope for insurers to tap this market.