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CHANGES FOLLOW IRDAI NOTIFICATION and will be visible from July or Oct renewals, starting with mega policies of over ₹1,000 crore sum assured

Insurers to Curate Policies with Flexibility in Wordings

Our Bureau

Mumbai: Insurance companies are working to provide customers with greater choice and flexibility to tailor coverage, particularly benefiting mega-risk policies initially and later extending to retail products like motor own damage cover, following a recent notification from the regulator that allows them to change policy terms, conditions, clauses and wordings.

The changes could be evident from July or October renewals, as it will take some time for insurance companies to implement these and come up with new and innovative policies, said industry experts.

Insurance companies were previously not equipped to free up the policy wordings. By the second fiscal quarter, they will see curated policies coming into the marketplace. So far, insurers have followed a fixed format for their policies and couldn't make many changes, even though pricing had been freed up in 2006.

Now, with this new freedom, the Indian insurance market is catching up with global standards, allowing more flexibility in pricing and policy design, industry experts said.

The change will be first visible in mega policies including those with a sum assured of more than ₹1,000 crore.



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“With the de-notification of tariffs, it opens up a lot of scope for innovation, even on the policy wordings front. Pricing will now be dependent on product coverages, innovative features and services offered,” said Tapan Singhel, managing director of Bajaj Allianz General Insurance. “Till now the variation had only been on the price. With this new move, the discussion moves to better products, wordings, and services as well. A lot of modular and customised products would be seen soon, with a host of innovative covers and services, offering customers a wider choice,” Singhel said.

India is a price-sensitive market. If insurers bring in value-added policies, customers may be willing to pay more depending on the risk covered. This will help offer insuran-

ce policies suited to the specific risks of each business, encourage new ideas and meet customers' needs more effectively.

“We will see the introduction of global insurance policies which will be brought in by global reinsurance companies and the role of intermediaries becoming more relevant,” said an insurance broker.

“The policy wording relaxation will give customers more options and flexibility in choosing insurance coverage that suits them best, especially for large policies initially,” said Anup Rau, managing director of Future Generali India Insurance Company. “In some cases, this could even lead to lower premiums for big policies, thanks to customisation with the help of global reinsurance companies.”