

# New Irdai norms to ensure faster growth of general insurers

Mumbai, March 6

**T**HE ₹84,000-crore general insurance industry feels that the 'use and file' norms unveiled recently by Irdai will ensure faster growth in the industry, though the regulations may lead to price rise of such products.

The new norms, coming into force from April 1, will allow marketing of corporate products even before the regulatory approval.

"The new system would enable insurers to adapt faster to the requirements of commercial entities. All of these changes are positive, indeed path breaking," ICICI Lombard General Insurance managing director and chief executive Bhargav Dasgupta said.

"We have asked the industry body General Insurance Council (GIC) to prepare the common wordings while designing covers for the corporates," New India Assurance CMD G Srinivasan, who is also the chairman of GIC, said.

"A price rise across the segments is very much expected", he said without divulging any further details.

According to Srinivasan, the new norms will bring in a great deal of discipline in the general insurance industry improving the financials of the industry.

"With the stipulation that the general insurers have to operate under 100 per cent combined ratio, the industry should see rate hardening which over a period of time would ensure underwrit-



ing profits," SBI General senior vice-president, marketing and product development Gunjan Ghai said.

In some of the competitive risk areas, this would likely improve the profitability of insurers as a whole, he added.

Post detariffing in 2007 under which pricing of general insurance products are being determined by the market forces, the general insurance industry has seen a cut throat competition in pricing of the products leading to losses in the industry. The only exception is third party motor premium which is the only product whose price continues to be fixed by Irdai.

Sasikumar Adidamu, chief technical officer (non-motor), Bajaj Allianz General Insurance said that "the Irdai norms would facilitate insurance com-

panies to adopt a more structured approach while designing products, pricing and diligently manage the operations of the entire product lifecycle. This change will stand in good stead for companies, as they will be able to create more innovative and need-based products."

"The new norms would check under pricing as the pricing would require actuarial and technical justification that has to be approved by a product management committee, a special committee to be formed by the concerned company," he added.

"The general insurers who are already doing business in the current market will be benefited to sell new products. This will contribute growth in gross written premium for the year 2016-17," Future Generali India Insurance MD and CEO Krishnamoorthy Rao said.

Rao advised that the new norms should be applicable for retail lines too on the plea that 'use and file' guidelines can help insurers offer varieties in retail products which can take care of consumer needs on day to day basis and it will result in boosting the growth under retail lines."

However, a section of the industry is not in its favour.

"Industry is yet to mature to be empowered. In order to protect retail customers' interest, regulatory oversight is desirable at this juncture", Tata AIG General Insurance president M Ravichandran said. PTI