

Insurers Look to Set up Digital Payments Platform

Move to bring transparency, improve efficiency of transactions between reinsurers; initiative led by General Insurance Council

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New Delhi: Insurers are looking to set up a digital payments platform (a change) for effective management of the reinsurance business, which will facilitate reinsurance premiums, commissions, claims, and any other transactions between the insurer, insurance intermediaries and reinsurance companies.

The initiative, led by the General Insurance Council, will also see participation from foreign reinsurers and broker associations.

"The platform will enable transparency and improve the efficiency of financial transactions between reinsurers. It will help streamline the process of reinsurance contract validations, balance confirmations, settlements, and receipts between insurers and reinsurers, which will also

reduce administrative burdens," said Tapan Singhal, chief executive officer, Bajaj Allianz General Insurance.

According to another executive source of the development, a new company will be set up towards this end, where general insurance companies through the GI Council will hold up to 66% stake. "No insurance firm will hold more than 6% stake while the developer company may be owned around 34% stake in the new firm," he said, adding that the process is on to identify all key stakeholders.

Singhal said that the digital platform will reduce the turnaround time for effecting remittances and confirming receipt of funds thereby improving the efficiency of reconciliation between insurers and reinsurers. "The Reinsurers Digital Payment Platform is a platform that will provide a holistic and unified solution for handling all reinsurance-related financial transac-

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DIGITAL ECOSYSTEM FOR END-TO-END REINSURANCE TRANSACTIONS



tions," he noted.

Last year, the insurance sector regulator, Insurance Regulatory and Development Authority of India (Irda), had proposed that the maximum overall cession limits allowed per cross-border

reinsurer (CBR) by an Indian insurer transacting other than life insurance business shall be 31% (or amount may be specified by the regulator from time to time) of its total reinsurance premium ceded outside India to all CBRs.

GI Council, Foreign Reinsurer & Broker Association to set up a firm

INDIA MAY BE SIXTH LARGEST MARKET IN TERMS OF TOTAL PREMIUM VOLUME BY 2032

"Every Indian reinsurer (including foreign reinsurers branches (PRBs) shall maintain a minimum retention within India of 99% of Indian reinsurance business underwritten. Any retrocession to an IRG (IFSC Insurance Office) up to 26% of Indian reinsurance business underwritten shall be reckoned towards the required minimum retention of 99%," the regulator said in the exposure draft. The amended regulations will be applicable as of April 1, 2023.

According to a report by global reinsurer Swiss Re, India is going to emerge as the sixth largest market in terms of total premium volume by 2032. "Total insurance premiums in India will grow by an average of 14% per annum in nominal local currency terms over the next decade, making India the sixth largest in terms of total premium volume by 2032 from the 18th largest in 2021," it noted.