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Cover for Covid job loss, business disruption coming

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General insurers are gearing to come up with novel products under the regulatory sandbox, after the enthusiastic response to the first set of policies announced by the Insurance Regulatory and Development Authority of India.

The pandemic has opened new avenues for innovation and, soon, there may be covers for job/income loss and business interruption.

IRDAI, last week, announced the opening of the second cohort of regulatory sandbox policy. The window for filing applications opens on September 15 and closes on October 14.

The sandbox approach

The regulatory sandbox refers to the live testing of innovative products in a controlled regulatory environment, backed by relaxation of certain insurance norms for the limited purpose of the pilot.

“The regulatory sandbox approach offers industry the opportunity to conceptualise, structure and test products and services which can fructify into new products,” Pankaj Arora, MD and CEO, Raheja QBE General, told *BusinessLine*.

“The growth of the insurance sector has been steady so far; this innovation-led diver-

sified reach of customised solutions will give further impetus to the GI market, with the increase in first-time insurance buyers,” he added.

According to Ratan Chand, Head - Product Development, Bajaj Allianz General Insurance, the regulator has suggested that insurers design covers for job/income loss due to pandemic induced lockdown. Thus, the product innovation would to some extent envisage coverage for disruptions which may be caused by epidemic outbreaks/pandemics.

Bajaj Allianz General Insurance received four approvals under the first cohort of applications, and it launched ‘pay as you consume’ for motor insurance and a ‘co-pay model’ under health.

A senior executive of Tata AIG said his company had received approval for six product ideas under the first cohort. “Product rollouts are underway,” he added.

Covid imperative

The pandemic and the need to diversify insurance products have added a new angle to the second cohort of regulatory sandbox. While IRDAI has ensured product innovation by creating Covid-specific products such as Carona Kavach, now industry players are likely to take it further.’