

# Cos can now customise insurance

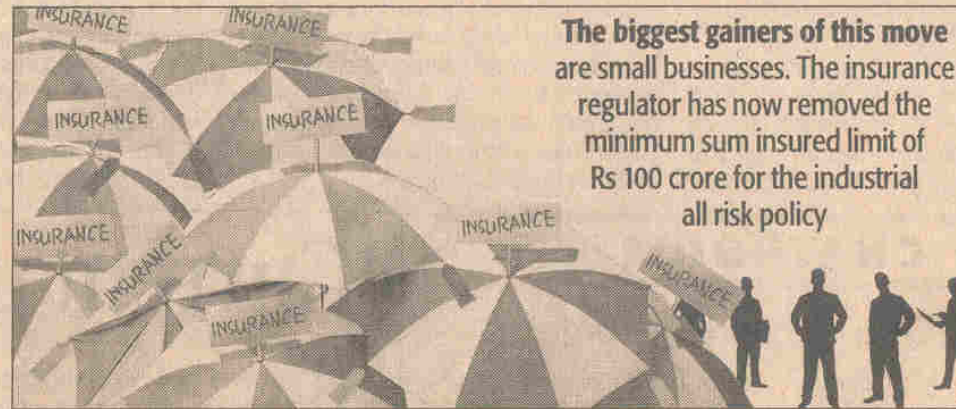
## Non-Life Products To Turn More Comprehensive And Better Suit Individual Needs

Our Bureau  
MUMBAI

THE Insurance Regulatory and Development Authority has taken free pricing to the next level by giving non-life insurance companies more freedom to design their own products. Both individual and businesses, who buy non-life insurance, can now look forward to policies that are either more comprehensive or better designed to meet their requirement. For instance, under motor insurance companies can now introduce a clause where the insured can get reimbursed for the full value of damaged goods without having to bear 50% depreciation on rubber parts, which is the current practice.

Another add on cover is the compensation that insurance companies provide to vehicle owners for loss of use on account of an insured event. So if a car is damaged in an accident, the insurance company can provide the rental for an alternative car during the period that the vehicle is under repair.

The biggest gainer because of this move are



**The biggest gainers of this move are small businesses. The insurance regulator has now removed the minimum sum insured limit of Rs 100 crore for the industrial all risk policy**

small businesses. The insurance regulator has now removed the minimum sum insured limit of Rs 100 crore for the industrial all risk policy. Purchasing an IAR policy — a package cover — is more convenient, cheaper and comprehensive cover than the piecemeal stand-alone policies for fire and insurance. Until now only large corporates were allowed to buy the IAR cover. From now even small scale industries can participate. "This gives a lot of flexibility to insur-

ance companies in designing policies. The removal of the minimum sum insured limit on industrial all risk policies is a very important move as the policy will become very attractive for a larger segment" said Radhakrishna Chamarty of India Insure Risk Management and Insurance Broking Services. "The freedom to provide additional covers will enable insurers to fill in any missing parts under the standard tariff cover. Brokers will have to play a wider

role as they will now have to provide advice on innovative add-on covers" he added

In a circular issued on Thursday, the regulator said that insurers are permitted to file (new products) with variations in deductibles from those prescribed under the erstwhile fire, engineering, industrial all risk and motor own damage tariffs subject to written disclosures and acceptance by the insured prior to finalisation of the policy. Another relaxation is that insurance companies have been allowed to permit engineering insurance cover to portable electronic equipment which until now had to be covered under a separate policy.

Earlier the regulator had indicated that companies would be given the freedom to draft their own policies a year after detariffing. But a year after prices were decontrolled, the insurance regulator had second thoughts. The idea was that the present clauses under most policies have been established after years of jurisprudence and allowing companies to write their own clauses would lead to confusion in the markets.