

Hindu Business Line

IRDA relaxes general insurance norms

Date: 08-11-2008 | Edition: Delhi | Page: 6 | Source: Bureau | Clip size (cm): W: 22 H: 14

Clip: 1 of 1

IRDA relaxes general insurance norms

More benefits for customers; will allow insurers to broaden offerings

Our Bureau

Hyderabad, Nov. 7

If you maintain your car in good shape and make no insurance claim, you can expect more and higher incentives from your insurer.

The benefits include lesser depreciation of your vehicle or a better no-claim bonus as opposed to the standard patterns in vogue, thanks to relaxation of relevant norms by the Insurance Regulatory and Development Authority (IRDA).

As per the new norms which were circulated to general insurance companies by the regulator on Friday, the insurers are now permitted to file variations in deductibles set out in the tariffs. They can also file add-on covers, over

Covering more risks

Lesser depreciation of vehicle or a better no-claim bonus as opposed to standard patterns in vogue.

Minimum limit of Rs 100 crore on total sum insured for corporates removed.

Insurers can offer industrial all risk products for all industries, including petrochemical units, which are not allowed at present.

and above the erstwhile tariff covers with appropriate additional premiums.

The minimum limit of Rs 100 crore on the total sum insured (TSI) for the corporates has been removed.

The insurers can offer industrial all risk (IAR) products for all industries, including the petrochemical units, which are not allowed at present. They are also permitted to extend engineering

insurance to portable equipment.

The authority has also protected the interests of existing policyholders. The scope of standard covers available under the existing tariffs, however, cannot be abridged beyond the options permitted in different categories.

The revised products may be offered to the present policyholders on renewal. The policyholders should also be

given an option to cancel their existing policies and go in for the revised products.

IRDA will also keep a tab on the profit margins of insurers and has asked them to indicate expected profit margins to be generated on the revised products to the Authority. The new norms would come into force from January 1.

CUSTOMER-FRIENDLY

The relaxation of norms will be beneficial for the customers while at the same time allowing the companies to broaden their offerings, according to experts.

"These are welcome changes with positive implications for the individual and corporate policyholders. The removal of TSI limit will help

the small and medium enterprises to take insurance cover. There is huge risk in petrochemical industry, which can now get cover," Mr V. Harshavardhan, General Manager, United India Insurance, told *Business Line*.

According to Mr V. Ramakrishna, Managing Director of India Insure Risk Management Services, the move is "pretty good" as it facilitates tailor-made products for different customers. "Each insurance company will now have the freedom to meet the customer needs. It can also design industry-specific insurance plans," he said.

For the companies, however, it will be a challenge to meet the customer requirements and win market share, he added.