

‘Too many regulations stifle insurance sector growth’

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Too many bureaucratic regulations have affected the growth prospects of the insurance sector in India, said R Thyagarajan, promoter, Shriram Group of Companies.

Speaking on ‘Protecting Business — Delivering Value’ at an event organised by the Madras Management Association (MMA) and Bharat Reinsurance Brokers, Thyagrajan said insurance companies are unable to come up with new products or make modifications to existing policies due to the rigorous approval process involved.

Joint fight

Urging the business community not to circumvent the regulations, the Shriram group chief said it should instead jointly oppose regulations that are harmful to the community.

Highlighting the lack of awareness about insurance benefits among the people, Thyagarajan said: “Insurance coverage in case of both individuals and corporates are woefully inadequate in India.”

He added that businesses are facing three kinds of problems when it comes to insurance – no insurance, insuring inadequately or choosing an improper cover.

On losses arising out of business interruption, Thyagarajan said companies are not aware of insurance policies to cover ‘business interruption losses’, which can be more lethal than losses arising out of property damage.

Corporate frauds

With the increasing number of corporate frauds, many companies are now recognising corporate frauds and commercial crimes as risks and opting for insurance coverage, said TL Arunachalam, Director- Global Strategy & Special Projects, Bharat Reinsurance Brokers.

He said that besides property, marine and other usual risks, 'cyber risk' is an emerging major risk, which needs to be recognised and adequately covered.

"We are at a nascent stage of learning what cyber risk is and we are at the very basic stage in insuring those risks," Arunachalam added.

Stressing the need for covering cyber risks, he cited the case of Code Spaces, a US-based source code repository service provider, which was forced to shut down in 2014 after losing all its customer data to hackers.

Cautioning that cyber risk can be very severe, Arunachalam said it is very difficult to measure or model such risks and even more difficult to price such risks.

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