

Insurance Regulatory and Development Authority of India

Press Note

12.05.2022

More choice for policyholders for Home Insurance, Micro and Small Businesses to get tailor-made products

In its continuous endeavour to increase insurance penetration and provide wider choice to Policyholders, IRDAI has allowed insurance companies to design new and customised products for dwellings, micro and small enterprises for Fire and Allied Perils. This move will enable insurance companies to broaden the coverage already provided in the standard products by offering innovative add-ons or varying the existing provisions to meet the needs of the policyholders in terms of suitability and affordability. This comes after the introduction of standard products in this segment, namely Bharat Griha Raksha, Bharat Sookshma Udyam Suraksha and Bharat Laghu Udyam Suraksha in April 2021. A circular dated 12th May, 2022 has been issued by IRDAI in this regard.

Industry Burning Cost – only a reference, not minimum mandated rate

IRDAI has clarified that it does not mandate any minimum rate for premium setting by insurance and reinsurance companies. It has come to the notice of IRDAI that policyholders are being led to believe that the Burning Cost released by Insurance Information Bureau of India (IIB) is 'minimum mandated rate'. Industry Burning Cost is only a reference point to understand claims experience in fire perils across the industry. It is not to be construed as a minimum mandated rate laid down by IRDAI. A circular clarifying the same has been issued on 12th May, 2022 reiterating to the insurance companies the purpose of publishing the Industry Burning Cost by IIB. The insurance companies have also been advised to ensure that there is no mis-information to policyholders and other stakeholders regarding the same.