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Private players set to dominate general insurance sector

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DESPITE the size of general insurance industry in India remaining at Rs 32,180 crore, the country has been a victim of having the lowest penetration rates for property and casualty insurance in Asia, said M A Alagappan, Executive Chairman, Murugappa Group.

Addressing the media here on Tuesday, he said that Cholamandalam MS General Insurance Company, a joint venture between Murugappa Group and Mitsui Sumitomo Insurance Group, had positioned itself to face the growing trends, challenges and opportunities of the Indo-Asian general insurance market by tapping the 72 per cent of the retail business, covering motor, household, small trade and health. "Of the 23 per cent portfolio on health, government and individual schemes are doing well with the exception of corporate group insurance scheme," he said.

He also said that plans were there to launch

three health products, one for senior citizens, in the near future by way of extending the insurance cover to a large section of the population.

"We are targeting Rs 2500 crore premium in another five years and our marginal underwriting is likely to happen in 2011," he noted.

"One of the major milestones in the Indian general insurance industry has been the withdrawal of premium pricing restrictions post January 2007. Detariffication or free pricing was intended originally to give freedom to insurers to determine the rate and the type of risk they prepared to underwrite. The entry of new private players has resulted in strengthening the bargaining power of the customer," he said.

Toshiaki Egashira, President and CEO, Mitsui Sumitomo Insurance Group, said that his company would be focusing on India and China because of the market opportunities in both countries. He also outlined the strategies in India which mainly centred around expanding retail business especially in the motor portfolio.