

REINSURANCE IN INDIA

ABHISEK PANDA

13DM075

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Reinsurance

- ❑ In simple terms reinsurance is insurance for insurance companies.
- ❑ It is a means by which an insurance company can protect itself from risks.
- ❑ The company who requests for the cover is called the cedant and the reinsurer is called the ceded.

Why Reinsurance

Risk Transfer

- Greater individual risks than its size
- Offer higher limits of protection to a policyholder

Increased Underwriting Capacity

- Permit direct insurer to issue policy in excess of its retention limits

Income Smoothing

- Absorbing larger losses

Arbitrage

- Price differential between two or more markets

Managing Cost of Capital

- Capital In terms of Reinsurance

Protection Against Catastrophic Losses

Reinsurance In India

There is only one reinsurer in India



आपत्काले रक्षिष्यामि
GIC Re

GIC Re

The sole domestic reinsurance company of India

AAA+ Rating

Incorporated on **22 November 1972**

Net Worth: **\$1.8 billion**

Business Of GIC

- Domestic Reinsurance Business(60% of the Revenues)
- International Reinsurance Business (40% of the Revenues)

Revenues Earned

Class-wise Revenue Account for the year ended 31st March 2013

				(Rs.'000)
	Fire	Miscellaneous	Marine	Life
	2012-13	2012-13	2012-13	2012-13
	Current Year	Current Year	Current Year	Current Year
Total	38,16,233	85,50,157	59,58,038	22,852

REINSURANCE PLACED WITHIN INDIA AND OUTSIDE INDIA AS PER CENT OF GROSS DIRECT PREMIUM IN INDIA

(In per cent)

Class	2011-12		2012-13	
	Placed In India	Placed Out- side India	Placed In India	Placed Out- side India
Fire	33.47	23.06	31.87	24.60
Marine Cargo	20.06	16.18	15.20	16.29
Marine Hull	36.42	51.88	36.76	52.53
Motor	32.62	0.18	15.52	0.20
Aviation	29.04	78.40	40.67	60.61
Engineering	38.69	21.10	31.82	25.94
Other Miscellaneous	14.16	5.79	14.83	9.37
INDUSTRY	25.39	7.52	17.99	8.72

REINSURANCE CEDED OUTSIDE INDIA ON INDIAN BUSINESS

(₹ crore)

Class	2011-12		2012-13	
	Premium Ceded	Net Profit Ceded	Premium Ceded	Net Profit Ceded
Fire	1,180.15	135.18	1,551.17	769.63
Marine Cargo	282.61	(39.10)	303.10	77.92
Marine Hull	499.95	358.04	523.58	66.06
Motor	40.46	14.93	55.67	68.75
Aviation	361.8	278.06	301.73	217.27
Engineering	447.9	184.33	624.84	501.53
Other	1,201.71	(89.75)	2,249.06	(290.42)
Miscellaneous				
INDUSTRY	4,014.59	841.69	5,609.14	1,410.74

Future Scope

- ❑ The Insurance Laws (Amendment) Bill, 2008 has a provision that will allow foreign reinsurers to set up branches in India
- ❑ With the passage of the bill delayed, reinsurers are getting ready to enter India first through their offshore branches
- ❑ More than euro 1 trillion (\$1.382 trillion) in additional premiums will be generated in the Asian region by 2020 with growth markets such as China and India contributing almost 70 per cent

Foreign Players

Swiss Re



hannover **re**[®]

**THANK
YOU**
