

# Regulatory sandbox for insurance

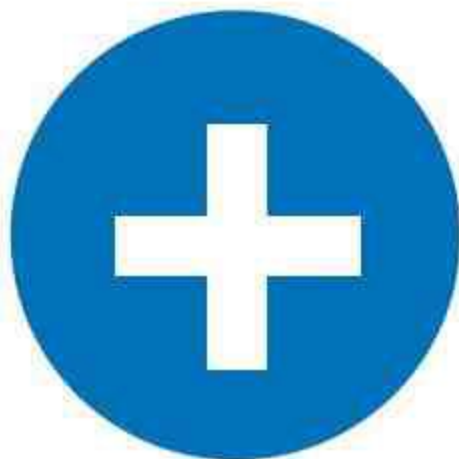
## WHAT IS SANDBOX?



The Insurance Regulatory and Development Authority of India chairman, S C Khuntia, said the regulator is working on a sandbox method for

insurance products. According to sandbox method, the regulator allows insurance companies to try their new insurance products in a limited scale initially. It can either be limited to a smaller geography or to a fixed number of policy holders. Once introduced, even if the policy is launched pan-India, a plan launched under the sandbox approach can be tried with the customers for any changes required. The sandbox method is used in other financial instruments in other countries.

## HOW WILL IT BENEFIT?



The sandbox method will encourage insurers to create more comprehensive, innovative, personalised and affordable suite of healthcare

solutions, said Prasun Sikdar, managing director and chief executive officer, Cigna TTK Health Insurance Company Ltd. This will provide support for innovation of high-end products in the market and let insurers try and test new products on a smaller scale first. Considering that the insurance penetration in India is very low, sandbox methodology may aid in increasing that too, Sikdar said. Penetration of insurance in India is only 3.69% of the GDP against a global average of 6.2%.

## HAS IT BEEN IMPLEMENTED?



In India, IndiaFirst Life Insurance Company Ltd. was the first to launch a policy under the sandbox approach. The company launched 'Insur-

ance Khata', a plan that caters to the under-served sections of the society and lets them pay single premiums, as and when feasible. Launched on April 12, 2017, under the sandbox approach, this plan got IRDA's approval for a launch on November 27. Insurance regulators in countries such as Bermuda and Hong Kong approved the approach this year. In insurance technology, Lloyd's of London had launched a global insuretech sandbox in June this year. **REVATI KRISHNA**