



भारतीय साधारण बीमा निगम
General Insurance Corporation of India
CMD's Secretariat

The Indian Merchants' Chamber (IMC)
Symposium on "An International Reinsurance Hub – Why India Needs It"
January 17, 2013.

Chief Guest: Chairman of Parliamentary Standing Committee on Finance & Former Union Finance Minister of India, Hon'ble Mr Yashwant Sinha.

Mr Ashok Kumar Roy, Chairman-cum-Managing Director GIC Re also spoke at the Seminar and we bring you some excerpts from his address at the Seminar.

Isn't it surprising that none of the global reinsurers has thought it fit to open a joint venture in India so far! The answer for this is not difficult to seek. Today any reinsurance company anywhere in the world can do reinsurance business in India without any real barrier.

Also, it is said that GIC Re has a monopoly over reinsurance business in India. Nothing can be farther from truth. Today we are competing and we have been competing with all the major reinsurers operating from anywhere around the globe. We have no monopoly. We don't get anything on the platter except the 10% obligatory cession. And the statistics are there to prove whether we have made our money or otherwise in that segment of business.

Hence, the question is, should there be a hub in India. My answer is Yes; India is a very large country with huge potential and on a high growth trajectory. It is not possible for one reinsurance company to serve India. This market will welcome many more reinsurers who can open offices either in the form of branches or joint ventures.

Already, in the Insurance Act amendment bill which is pending in the Parliament, there is a provision that reinsurers can open their branch here. I must hope that, once they open their branches they will be governed by our regulations.

We are doing business globally. We operate in more than 160 countries across the globe through the broking community. We have our offices in Dubai, London, Kuala Lumpur and Moscow.

I wish to elaborate on the situation we face while doing business in other countries. Wherever we have our branches, like in London, Dubai and Kuala Lumpur we are regulated by the local Regulatory Authority. We are supposed to generate our profit by complying with both the local and Indian regulatory requirements. We are also supposed to maintain our capital in local currency in that country and in their bank. There are other countries where we are forced to give LOC for doing business. None of these measures is applied



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when some other reinsurance companies do business in India. That's the difference that we have today.

So it is amply clear that we are not operating on a level playing field.

What is required for a reinsurance hub to prosper? We have almost everything! We have skilled man-power and we have a vibrant and growing insurance industry.

We have a very good IT platform. Our infrastructure set-up is perhaps lacking in some parts but then very soon we will be catching up with the developed markets on that front also.

What we don't have is a favourable tax regime, which is necessary for developing a reinsurance hub in India. If we study the places where hubs have developed, we find that there are specific policies for that.

It may be difficult to have a very specified range of tax system for the Indian reinsurance business which essentially is a global business and requires to have parity with the global tax regime.

Hence, I have a suggestion; we can have a system like Dubai which has created an international platform -Dubai International Finance Centre- for developing a reinsurance hub. If that kind of platform can be created in India where all the global players can be invited to operate from - that would be a viable proposition.

When Lloyds comes to India, definitely it will give an impetus to the growth of reinsurance hub in India. Lloyds will come with all its expertise. This will make the Indian insurance business environment quite vibrant. And we are definitely looking forward to that day when we have at least some more reinsurance players operating in India, so that we will have some peers to evaluate ourselves. Today when we are evaluated we have no peers for a comparative evaluation.

We are catching up with the world. We are learning the tricks of the trade in a big way. And the time is not far when we will be ready to face the challenges of global reinsurance in our own country and that will give us better lever to further hone up our skills.
