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MUMBAI: Bajaj General Insurance MD & CEO Tapan Singhel said the movement in insurers' loss ratio (ratio of claims to premium) provides a clearer indication of the benefit to consumers than distribution costs alone. "The industry's loss ratio has increased from 86.2% in 2015 to 87.3% currently. Even at an expense of management (EoM) of 20%, you are talking of 107% combined ratio," Singhel said, arguing that a large portion of the premium collected by insurers was being paid out as claims.

"From a consumer perspective, an 87.3% loss ratio is a very good position to be on an overall basis. If you look at it globally also, it would be around 70-odd percentage points," he said, suggesting that Indian insurers operate with a lower underwriting margin than insurers in other markets. Singhel was responding to Irdai's consultation paper on insurance distribution, which proposes changes to commissions and expenses of management (EoM), among other measures. "The intent of the consultation paper is very clear," he said, adding that the regulator wants to determine what is best for consumers, simplify distribution and ensure that every Indian has access to insurance.

On EoM, Singhel said it was premature to conclude that the existing framework had failed. He said about half the insurers were yet to fully implement the current EoM framework. "Till it is implemented fully, we cannot say whether that EoM regulation has failed or served the purpose," he said. Singhel also cited lower insurance prices as evidence of greater efficiency in the industry. Crop insurance prices had fallen by about 30%, while property and casualty insurance prices had also declined, he said. Motor insurance premiums had fallen by about 70% since tariff-free pricing was introduced in 2007, he said. Fire insurance premiums had also declined by 60-70%.