

## PRESS RELEASE

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## Domestic Systemically Important Insurers (D-SIIs)

**PRESS RELEASE****Domestic Systemically Important Insurers (D-SIIs)**24<sup>th</sup> September, 2020

1. **Domestic Systemically Important Insurers (D-SIIs) refer to insurers of such size, market importance and domestic and global inter connectedness whose distress or failure would cause a significant dislocation in the domestic financial system. Therefore, the continued functioning of D-SIIs is critical for the uninterrupted availability of insurance services to the national economy.**
  
2. **D-SIIs are perceived as insurers that are ‘too big or too important to fail’ (TBTF). This perception and the perceived expectation of government support may amplify risk taking, reduce market discipline, create competitive distortions, and increase the possibility of distress in future. These considerations require that D-SIIs should be subjected to additional regulatory measures to deal with the systemic risks and moral hazard issues.**
  
3. **In order to identify such insurers and to put such insurers to enhanced monitoring mechanism, the Insurance Regulatory and Development Authority of India (IRDAI) has developed a methodology for identification and supervision of D-SIIs. The parameters, as per the methodology for identification of D-SIIs, *inter alia* include the following:**
  - a. **the size of operations in terms of total revenue, including premium underwritten and the value of assets under management;**
  - b. **global activities across more than one jurisdiction;**
  - c. **lack of substitutability of their products and/or operations; and**

- d. interconnectedness through counterparty exposure and macro-economic exposure.**

**These parameters were assigned weights to cover various aspects of their operations. The Authority would identify D-SIIs on an annual basis and disclose the names of these insurers for public information.**

- 4. After analysis of data, the Authority has identified for the year 2020-21, the following insurers as D-SIIs:**

- a. Life Insurance Corporation of India;**
- b. General Insurance Corporation of India; and**
- c. The New India Assurance Co. Ltd.**

- 5. Given the nature of their operations and the systemic importance of the D-SIIs, these insurers have been asked to carry out the following:**

- (i) Raise the level of corporate governance;**
- (ii) identify all relevant risk and promote a sound risk management culture.**

- 6. D-SIIs will also be subjected to enhanced regulatory supervision.**

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