

Can Insurance company shut down in India?



Insurance companies come under the regulatory authority of IRDA

- IRDA protects policyholders if insurer fails

- Solvency levels determines the insurer ability to pay claim and is an indicator of insurer's health

- Insurance Act provides merger of the failed insurance company with an on-going strong company

- Insurer must provide for adequate reserve of fund vis-à-vis its liability
- Regulator keeps tab of solvency ratio

Solvency Ratio –
All insurers including Life, Health and General insurance need to maintain minimum solvency ratio of 150%