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The loss ratios for specialised insurance policies provided by insurance companies to companies taking part in the 2018 Indian Premier League (IPL) have increased from 80 to 90 per cent last year to 150 to 200 per cent this year. With three weeks left for the conclusion of the 11th

season of the IPL, insurance claims on account of injured players have started coming in.

While the insurance coverage this season amounts to Rs 23 billion, up from Rs 18 billion last year, according to industry estimates, the premium rates for the various policies, such as event cancellation, player accident and medical costs, loss of player fees, has risen by 3.5 to 4 times from last year.

So far, claims of six to seven injured players have been intimated by the respective IPL franchisees, said Pranav Shah, director of Alliance Insurance Brokers. The insurance policy is provided to the teams, the broadcaster STAR India and the main sponsor, Vivo, for any revenue loss on account of extraneous events, such as weather issues, riots, and loss of player fees on account of injury or illness.

“The increase in the loss ratios is a key factor in the hardening of rates,” said an insurance broker. Injured players in the 11th season of the tournament include Suresh Raina, Shikhar Dhawan, Hardik Pandya, Kamlesh

Nagarkoti and Bhuvaneshwar Kumar.

“Historically, the loss ratio was on the higher side, but the policy structure has changed over the years. The insured value per match has been increasing over the years,” said Sanjay Datta, chief of underwriting, claims and reinsurance, ICICI Lombard General Insurance.

New India Assurance, the state-run general insurer, has underwritten a majority of the injured player policies for various IPL franchisees. It is providing insurance cover for players, the Board of Control for Cricket in India (BCCI) and the sponsors. ICICI Lombard is the lead insurer for the broadcaster. Alliance Insurance Brokers has worked on the policies for the broadcaster, the BCCI’s loss of fee and for some franchisees.

The premium rates for player loss fees have increased from 1 per cent last year to 3.5 per cent this year, with the sum insured ranging from Rs 350 million to Rs 450 million for every team. The reimbursement claims will only be paid to each of the IPL teams if their players miss a match due to injury or illness. For example, if a player was bought at the IPL auction in January for Rs 1 million on a pro-rata basis, his per match fee (or loss of player fee for one match) would be Rs 71,428.

“These are specialised policies, so there are many factors that go into underwriting these policies such as years of experience, the category of player and the kind of injuries the player had in the past, if any,” added Shah. Once a claim is made by a team for a player who missed a match, and the necessary documents are received and verified by the insurance company, the insurer will reimburse the money paid to the team or the BCCI, in case a national team player is injured.

The event cancellation premium rate availed by Star India has increased from 0.25 per cent to 1 per cent, with the sum insured pegged at Rs 15 billion for the entire season. The claims under the policy will be triggered if a match is cancelled due to weather, riots, civil commotion or terrorism.

Two matches, so far, were cut short due to weather-related issues: The first was between Rajasthan Royals and Delhi Daredevils in Jaipur, and the second one between Kolkata Knight Riders and Kings XI Punjab in Kolkata. In 2017, only one match was washed out. In 2015, three matches were cancelled because of rain.

Datta said, “For the interruption in the two matches, the intimation is being done to ICICI Lombard. However, whether this interruption will result in any claim payout will be determined once the tournament is over.”

“The event cancellation policy can be invoked only if the entire match is cancelled or in case of a wash out. Teams do not claim insurance for matches that have to be cut short due to rain, whereas for the broadcaster and sponsors even a partial curtailment of the match may lead to a claim,” added Shah.

The BCCI has bought an insurance policy worth Rs 2 billion covering 25 to 30 contracted cricket players, who are also part of the national cricket team. If any of these players did not play a match owing to injury or illness, half the fee loss will come from the franchisee, while the rest from the BCCI.

“We will know the full extent of the claims after the tournament concludes. In next year’s tournament, depending on the composition of players introduced by the teams, the loss ratios and premium rates might change,” said Shah.

The tournament, which runs for 51 days, will end on May 27 in Mumbai.