

Abstract

The 2008 financial crisis exposed the flaws of the financial system and strategies to prevent recurrence of such an event are being formulated. The key component of the strategy is risk based capital.

Insurance is one of the backbones of the financial system. Solvency II is the name given to the set of capital regulations that European insurers will have to abide by. India's insurance industry is still at a nascent stage and the overall industry size is very small compared to the insurers from Europe. Yet even India will slowly move to a risk based capital framework. This project looks at the state of an Indian insurance company in a solvency II world and examine if we need similar regulations in India.

Royal Sundaram General Insurance was the first private general insurance company to get the operating license in 2001. A solvency II type risk assessment is being carried out on this company.