

Indian Pharma majors rush to buy insurance covers for developing Covid-19 remedies

The policy provides cover for legal liability arising out of lack of care or negligence resulting in injury or death of the subject participating in the trial, 'Raheja QBE General insurance, has issued 119 'Clinical Trial Liability Insurance', policies including 53 covers exclusively for developing Covid 19 remedies from April till November 2020. "Clinical trial premium is more expensive than other liability products. We have taken reinsurance support for this policy," said Atul Sahay, CMD, New India Assurance. , ICICI Lombard General Insurance is now getting ready to provide transit cover for transporting Covid -19 vaccine in India, said Sanjay Datta, Chief – Underwriting, Claims, Reinsurance and Actuarial.



Mumbai:

Even as, Adar Poonawalla, CEO, Serum Institute of India (SII) has sought government protection for manufacturers of Covid-19 vaccine against all lawsuits for their forthcoming products, dozens of pharma companies have rushed to buy insurance

covers from many domestic general insurers for their clinical trials to develop such vaccines in the country.

Some of the general insurers who have provided these covers include New India Assurance, ICICI Lombard General Insurance and Raheja QBE General Insurance.

Known as 'Clinical Trial Liability Insurance', the cover seeks to indemnify the insured (institution or organization conducting clinical trial) against legal liability arising out of clinical trials on claim-made basis, said Atul Sahai, CMD, New India Assurance, the largest general insurance company in the country.

The legal liabilities may arise out of death and bodily injury or disease to volunteers while undergoing clinical trials of product specifically named and insured. It covers serious adverse event to the volunteers, explained, Sahay.

The policy provides cover for legal liability arising out of lack of care or negligence resulting in injury or death of the subject participating in the trial, further clarified , Pankaj Arora, MD & CEO , Raheja QBE General Insurance.

"The policy indemnifies the insured for legal costs, damages and compensation for injury or death caused to a research subject participating in a trial. The policy also provides cover for medical expenses in respect of such subjects who sustain injury arising out of their participation in a trial," added Arora.

India has a large pharma industry and some pharma companies have taken 'Clinical Trial Liability Insurance' for developing Covid-19 vaccine, said Sanjay Datta, Chief – Underwriting, Claims, Reinsurance and Actuarial, ICICI Lombard General Insurance.

"We have also issued some Covid-19 policies and have received some claims against these policies," he said.

The domestic Clinical Trial Cover market is about Rs 400-500 crore, said Datta.

According to Datta, ICICI Lombard General Insurance is now getting ready to provide transit cover for transporting Covid -19 vaccine in India.

"The transportation of covid-19 vaccine has its own technicalities and risks. We will be keen to provide these covers with reinsurance support," said Datta.

Despite growing demands and claims, the premiums for clinical trials haven't gone up post-Covid-19, he said.

"Clinical trial premium is more expensive than other liability products. We have taken reinsurance support for this policy but due to confidentiality we can't disclose exact information," said Sahay.

"We are not very sure, as of now, of size of Indian market, Indian Clinical Trial market report indicates that the market size would be anywhere between \$ 2000-3000 million. Authenticity of such claims is yet to be ascertained. As per this report, market is growing at compounded annual growth rate of 8.7 per cent.

"We estimate insurance market size to be about Rs 50 crores and our market share in the industry is around 10 per cent," said Arora.

"Insurers who have appetite for this business can write this to their own capacity or Treaties and do not need to seek separate reinsurance arrangements for the same. Insurers who do not have the ability and expertise to write this class of business will need to obtain facultative reinsurance support for this business specifically. Some Lloyds markets may reinsure this class of business, said Arora.

"The cover is taken till the particular medical product or vaccine for which the cover has been given is completed. Once the product is launched in the market, the cover ceases to operate," said Arora.

'Raheja QBE General insurance, has issued 119 'Clinical Trial Liability Insurance', policies including 53 covers exclusively for the "Covid-19 Clinical Trials" from April till November 2020. Out of 53 new policies given for clinical trials for developing 'Covid -19 remedies, some companies have taken more than one policy.

The premium for a 'Clinical Trial Liability Insurance' is based on the risk exposure and depends on a wide range of factors. It may range anywhere from less than Rs 1 lakh for simple trials for limit of liability as low as Rs 50 lakhs to over Rs 1 crore for complex trials for high limits of liability ranging from Rs 50 – 70 crores, said Arora.

Mostly Indian companies but some foreign companies, joint ventures/partnerships have also taken this cover, he said without disclosing names of these pharma companies, said Arora.

Analysts have pointed out that the fact that Raheja QBE General Insurance itself has issued 53 policies, exclusively for "Covid 19 Clinical Trials", to various pharma companies, show that though there are only a few names of big pharma companies are being talked about which are developing Covid-19 remedies, there are many more, particularly pure Indian pharma companies, working on this particular segment of clinical trials silently in the country.

While Indian companies such as Zydus, Bharat Biotech and Genovax are developing indigenous vaccines, other domestic companies are collaborating with global companies such as Serum Institute with AstraZeneca, Dr Reddys with Sputnik and Biological E with J&J.

The insurer, which is a niche market player for a range of liability products, has also received some claims against Covid-19 policies..

'Clinical trial cover market has grown at 30 per cent in India but, this year growth has been substantially higher as a result of Covid-19, said Arora..