

Press Clipping

Publication: The Hindu

Date: Thursday, June 17, 2010

Edition: Chennai

Page: 16

Shriram, Sanlam venture to go pan-India

The South African partner will develop the markets for different product segments

K. T. Jagannathan

CHENNAI: Having made a largely satisfactory initial entry into the insurance field, Shriram Group and Sanlam of South Africa are now training their focus on becoming a pan-India player in the life space and gaining greater pie in the Indian non-life segment.

The two have together set up separate joint ventures for their life and non-life insurance businesses. Their life side of the business, Shriram Life Insurance Company Ltd. (SLIC), has reported profit every year in the initial three years.

According to Akhila Srinivasan, Managing Director of the life insurance joint venture, "We are not going to make profit in the fourth and fifth year." She told presspersons here on Wednesday that SLIC would spend considerably to secure a presence in the north, west and east so as to emerge as a strong pan-India player. In this context, she said Sanlam had been assigned the prime responsibility



FOCUSING ON GROWTH: R. Thyagarajan (centre), Chairman, Shriram Group, with Akhila Srinivasan (right), Managing Director, Shriram Life Insurance, and J. S. Gujral, Managing Director, Shriram General Insurance, at a press conference in Chennai on Wednesday. — PHOTO: BIJOY GHOSH

of developing these markets, as it had expertise in different product segments in the life space.

Given the focus on becoming a pan-India player, she was confident that the life insurance joint venture would

have no problem in hitting the Rs. 1,900-crore cumulative new business premium target set for 2010-11.

New business premium grew by 33 per cent in 2009-10 to Rs. 420 crore, up from Rs. 314 crore in the preceding

year. Ms. Akhila Srinivasan said this growth should be viewed against the backdrop of a 12 per cent growth posted by the private sector life insurers. The cumulative new business premium collection till March 2010 stood at Rs.

- Targets Rs. 1,900 crore premium
- Eyeing private equity for general insurance

1,235 crore, she added.

According to a release, the life insurance venture had collected a total premium of around Rs. 1,700 crore till date. The total sum assured (including riders) on policies now in force is Rs. 14,000 crore. The cumulative operating cost up to 2009-10 was 22 per cent of the new business premium, claimed to be among the lowest in the industry start-ups. The joint venture has assets under management of Rs. 1,420 crore as at the end of March 2010. Ms. Akhila Srinivasan said the joint venture was now in 'expansion mode'. The consolidation phase would start from the sixth year onward, she added.

R. Thyagarajan, Founder of the Shriram Group, said that

the group had deep ties with its customers. "Our bond with them is different," he said. The group, he said, would now strive to reach out to new clients and spend more money to grow business. He also indicated that the group's desire to go international vis-à-vis the general insurance business. He said that the Shriram Group would look at private equity option to facilitate its general insurance foray into other Asian markets.

J. S. Gujral, Managing Director and CEO of Shriram General Insurance Company Ltd., said the company had written a gross premium of Rs. 416.93 crore in the first full year of commercial operations ending March 2010.

The profit after tax was Rs. 15.87 crore. Net claims paid during the year amounted to Rs. 50.90 crore. The investment assets of the company stood at Rs. 258.67 crore at the end of March 2010.

Mr. Gujral was confident that the general insurance venture could write a gross premium of around Rs. 650 crore this year.