

# Press Clipping

**Publication:** The Hindu Business Line

**Date:** Thursday, June 17, 2010

**Edition:** Chennai

**Page:** 6

## Shriram General makes underwriting profit

Our Bureau

Chennai, June 16

Shriram General Insurance Company made an underwriting profit of Rs 5.45 crore in 2009-10, the company's first full year of operations.

This is significant because most insurance companies make profits out of their investments, and not from insurance. (Underwriting profit is basically the surplus available from the premiums collected after meeting expenses and claims.)

Shriram General Insurance earned a premium income of Rs 417 crore and a post-tax profit of Rs 15.87 crore. It is almost entirely focussed on motor business — about 95 per cent of its business comes from vehicle insurance, and there again, mostly trucks. The Shriram group is a major financier of truck purchases.

The Managing Director and CEO, Mr J. S. Gujral, said at a press conference here on Wednesday that the company would recruit 1,000 officers this year, doubling the employee strength.

The group's Founder and Mentor, Mr R. Thyagarajan, said the company kept away from other lines of business such as 'corporate' (fire and marine) and health, as the tariffs in these lines were unprof-



**Focus on trucks pays:** Mr R Thyagarajan (centre), Chairman, Shriram Group , with Ms Akhila Srinivasan, Managing Director, Shriram Life Insurance; and Mr J.S. Gujral, Managing Director, Shriram General Insurance, at a press conference in Chennai on Wednesday. — Bijoy Ghosh

itable. He said the company would reach about Rs 1,500 crore in premium earned in about five years.

Shriram Life Insurance, which has been profitable in the first three of its four years of existence, intends to go on an expansion mode.

The company has collected cumulative new business premium of Rs 1,235 crore. Last year, it recorded new business premium of Rs 420 crore compared with Rs 314 crore in the previous year.

Shriram Life now believes it is ready for a major thrust in

North India. "In the fourth and fifth year, we will not make profits. In the sixth year, we will consolidate," Ms Akhila Srinivasan, Managing Director, said.

Mr Thyagarajan noted that the cumulative operating cost (up to 2009-10) was 22 per cent of the new business premium, which is "among the lowest in the industry start-ups."

Sanlam of South Africa, Shriram group's partner for both life and non-life insurance businesses, will drive the foray into North India. Praising Sanlam for its prowess in life insurance, Mr Thyagarajan spoke of "San-

lamisation" of Shriram Life Insurance.

Sanlam, he said, was keen on partnering the Shriram group in its other businesses in financial services. The South African company is keen on investing in Shriram Capital, the holding company for the group's financial services businesses.

### OVERSEAS FORAYS

The Shriram group is close to starting non-life insurance business in Indonesia. The venture is likely to have a local partner, but Shriram will hold about 75 per cent.