

'Decision on PEs investing in insurance firms in a month'

SUBRATA PANDA

Mumbai, 22 September

Expressing concern over private equity (PE) firms buying stake in insurance companies, Insurance Regulatory and Development Authority of India (Irdai) Chairman T S Vijayan on Friday said the regulator will come out with a decision on this in a month's time. They have also formed a team to look into the matter legally.

"In insurance companies, we look at it in two different ways — investors and promoters. Anybody can invest in the company; for promoter, we are studying what is the feasibility, and if at all somebody is coming, what are the conditions that need to be in place," Vijayan said.

PE firms have invested heavily in leading insurance companies such as SBI Life Insurance, ICICI Lombard General Insurance, HDFC Life Insurance and Max Life Insurance. The firms who have invested in these companies are KKR, Temasek, Warbug Pincus LLC, Clermont Group and Premji Invest.

Speaking at the Assocham Global Insurance Summit, the Irdai chairman said, "In Irdai, we have things like 150 per cent of solvency margins irrespective of numbers etc. We are trying to move towards risk-based capital model. We have started forming a committee, taking opinions from industry and professionals. It will take time as it is not an overnight type of thing."

With ICICI Lombard and SBI Life



“ ANYBODY CAN INVEST IN THE COMPANY; FOR PROMOTER, WE ARE STUDYING WHAT IS THE FEASIBILITY, AND IF AT ALL SOMEBODY IS COMING, WHAT ARE THE CONDITIONS THAT NEED TO BE IN PLACE”

T S VIJAYAN, Chairman, Irdai

in line to get listed this year and HDFC life also looking to list its business in FY18, Vijayan said while it would be nice if the more than 50 insurance firms come to the market, the regula-

tor wouldn't force the firm to come out with an initial public offering.

Last August, Irdai had come out with a discussion paper on listing of all life and non-life insurance companies. The insurers, back then, had protested against the mandatory listing of insurance companies.

On the controversy surrounding the Pradhan Mantri Fasal Bima Yojana, where it was stated that insurance companies were reaping profits, the Vijayan said, "Pradhan Mantri Fasal Bima Yojana was a big success and has increased the insurance penetration to a great level. These types of schemes cannot be evaluated in one single year. It needs building up of reserves, reinsurance support and evaluation of the extent of damages...."

● FUTURE FUNDING PLAN

Irdai scouts for private equity investment in insurance firms

Insurance regulator has also formed a committee on introduction of risk-based solvency in the sector

FE BUREAU
Mumbai, September 22

INSURANCE REGULATORY AND Development Authority of India (Irdai) is looking into the area of private equity firms investing in insurance companies and might take some decision in next one month. Insurance regulator has also formed a committee on introducing risk-based solvency in the insurance industry.

Speaking at the ASSOCHAM Global Insurance Summit event, TS Vijayan chairman of Irdai said, "In insurance companies, we look at it in two different ways, investors and promoters, anybody can invest in the company, for promoter, we are studying (as to) what is the feasibility, if at all somebody is coming what are the conditions that need to be in place. We have put a team, we are legally examining it and we will take a decision in a month."

He also informed that Irdai has though just formed a committee for risk based capital model but gave no deadline for its introduction. "In Irdai we have things like 150% of solvency margins irrespective of numbers



etc, we are trying to move towards risk-based capital model, we have started forming a committee and have started discussion, it will take time as it is not an overnight type of thing, it will take time," said Vijayan.

Several insurance companies have lined-up their initial public offer (IPO) and in the next few months we can see companies like New India Assurance, General Insurance Corporation of India (GIC Re), HDFC Life among others. Vijayan also added that, "There are more than 50 companies. It will be good if all the companies are coming to the market, but nobody can force do so." Recently ICICI Lombard General Insurance and SBI Life com-

pleted their IPOs.

Pradhan Mantri Fasal Bima Yojna (PMFBY) which was a big hit last year and had collected premiums of over R20,000 crore, but Irdai feels that such schemes cannot be evaluated in one single year. "PMFBY was a big success and has increased the insurance penetration to a great level.

These types of schemes cannot be evaluated in one single year. So, it needs building up of resources, reinsurance support and evaluation of the extent of damages. It is a good starting point and has produced good result and going forward it will be catching up again," concluded Vijayan.

IRDAI looking at allowing PE firms to buy stakes in insurance companies

Decision likely in a month's time, says TS Vijayan

OUR BUREAU

Mumbai, September 22

The Insurance Regulatory Development Authority of India (IRDAI) is examining the possibility of allowing private equity (PE) firms to buy stake in insurance companies, according to TS Vijayan, chairman. A decision on this is likely in a month's time.

"In insurance companies, we look at it in two different ways — investors and promoters, anybody can invest in the company. For promoter, we are studying (as to) what is the feasibility, if at all somebody is coming what are the conditions that need to be in place," said Vijayan at the Assocham Global Insurance Summit.

The IRDAI chief added that the regulator had set up a

team to help come to a decision. He also said IRDAI had just formed a committee for risk based capital model but gave no deadline for its introduction.

The IRDAI is also looking at risk-based supervision. "With the co-operation of insurance companies, we should be able to monitor their result on a very frequent basis and do on-site inspection only when it is required," said Vijayan.

On insurance companies going for initial public offering (IPO) and the valuation they are getting, the IRDAI chairman said that the regulator is merely looking at the solvency margin and what the shareholder is paying for a share is not its concern.

He said that while rapid changes are happening in many areas, a proactive rather than reactive approach is required, especially in response to the steady growth in the insurance sector.

Irdai scouts for private equity investment in insurance firms

ENSECONOMIC BUREAU
MUMBAI, SEPTEMBER 22

THE INSURANCE Regulatory and Development Authority of India (Irdai) is looking into the area of private equity firms investing in insurance companies and might take some decision in next one month. Insurance regulator has also formed a committee on introducing risk-based solvency in the insurance industry.

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He also informed that Irdai has though just formed a committee for risk based capital model but gave no deadline for its introduction. "In Irdai we have things like 150 per cent of solvency margins irrespective of numbers etc, we are trying to move towards risk-based capital model," said Vijayan. FE

Irda to take call on PE funding soon

NEW DELHI, DHNS: The Insurance Regulatory Development Authority of India (Irda) will come out with a decision in a month's time on allowing private equity (PE) firms to buy stake in insurance companies, its chairman, T S Vijayan said.

"In insurance companies, we look at it in two different ways—investors and promoters. Anybody can invest in the company, for promoter, we are studying what is the feasibility, if at all somebody is coming, what are the conditions that need to be in place," said Vijayan while, inaugurating an Assocham Global Insurance Summit. "We have put a team, we are legally examining it and we will take a decision in a month or so," added the Irdai chairman.

He also informed that though Irda has just formed a committee for risk based capital model but gave no deadline for its introduction.

"In Irda, we have things like 150% of solvency margins irrespective of numbers etc, we are trying to move towards risk-based capital model. We have started forming a committee and have started discussion, it will take time," said Vijayan.

"The knowledge papers are prepared, and the committee will take some time to evaluate that because we have factor-based capital so far and frequent changes are not good in this. We are evaluating, studying, taking opinions from the industry and professionals and going forward, there is no time frame as of today," he added.

पीई कंपनियों को बीमा कंपनियों में हिस्सेदारी खरीदने की अनुमति जल्द: इरडा बिजनेस डेस्क: भारतीय बीमा विनियामक विकास प्राधिकरण (आईआरडीएआई) एक महीने के भीतर एक निर्णय के साथ निजी इक्विटी (पीई) कंपनियों को बीमा कंपनियों में हिस्सेदारी खरीदने की अनुमति देगी, इसके अध्यक्ष, टीएस विजयन ने मुंबई में आयोजित एसोचैम कार्यक्रम में कहा। विजयन ने एक एसोचैम ग्लोबल इंश्योरेंस समिट का उद्घाटन करते हुए कहा, 'हमने एक टीम बनाई है, हम कानूनी तौर पर इसकी जांच कर रहे हैं और हम एक महीने एक निर्णय लेंगे। उन्होंने यह भी सूचित किया कि आईआरडीएआई ने हालांकि जोखिम आधारित पूंजी मॉडल के लिए अभी एक समिति बनाई है।