

# Nippon-Rel Life in quake-resistant deal

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**MUMBAI:** Even the massive earthquake has not been able to dent business sentiments in Japan as Nippon Life Insurance, the largest life insurer in the tsunami-hit country, on Monday announced that it is acquiring 26% stake in Reliance Life insurance for \$680 million (₹3,062 crore), making it the largest foreign direct investment in the Indian financial services sector.

“Nippon Life will bring vast experience, expertise and global best practices in product development, underwriting, investment management and

## SUN STILL RISING

- Nippon Life Insurance is buying a 26% stake in Rel Life for \$680 million
- Govt norms do not permit foreign firms to hold more than 26% in an insurance JV
- Rel Cap plans to use the funds for its expansion drive.

risk management,” Sam Ghosh, chief executive officer, Reliance Capital.

The deal, which is subject to regulatory approvals, pegs the total valuation of Reliance Life Insurance, a part of Reliance Capital, at around ₹11,500 crore.

“Together, we believe we can

develop a strategic partnership to help Reliance Life Insurance become a world class insurance company in India”, said Kunie Okamoto, president, Nippon Life.

Life insurance penetration in India is about 4 % of the gross domestic product, compared with 2.4% in China and about 13.5% in Britain.

Investors gave up thumbs up to the deal, with shares of Reliance Life Insurance rising 10% to close at ₹562 on Bombay Stock Exchange.

Reliance Capital will use the funds from the stake sale to drive its expansion. The government does not allow foreign companies to own more than 26% stake in insurance JVs.