

Nippon Life gets FIPB nod for stake hike in Reliance Life to 49%

The Japanese insurer will be investing ₹2,265 cr for an additional 23%

OUR BUREAU

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The Foreign Investment Promotion Board has granted approval to Nippon Life Insurance (NLI) for increasing its stake in Reliance Life Insurance (RLI), a part of Reliance Capital, to 49 per cent.

NLI has already secured approval from the Competition Commission of India (CCI) and the transaction is now expected to be completed in the next few days.

The Japanese insurer will be investing ₹2,265 crore (\$348 million) to acquire an additional 23 per cent stake in Reliance Life, taking its total shareholding to 49 per cent.

In line with the new shareholding structure, the name of the company will also be changed to Reliance Nippon Life Insurance Company.

The transaction pegs Reliance Life's valuation at around ₹10,000 crore (\$1.5 billion). Nippon Life's investment in Reliance Life represents implied embedded value multiple of over three times, the highest in the industry till date.

Nippon Life would have invested a total of ₹8,630 crore (\$1.3 bil-

lion) for acquiring 49 per cent each in Reliance Life and Reliance Capital Asset Management with this transaction.

The company recorded new business premium of ₹285 crore (\$43 million), renewal premium of ₹706 crore (\$107 million), total premium (net of reinsurance) of ₹986 crore (\$149 million) and total funds under management of ₹16,038 crore (\$2.4 billion) for the quarter ended December 31, 2015.

Nippon Life is an over 125-year-old insurer and a Global Fortune 500 company that manages over \$520 billion (₹33.8 lakh crore) in assets — among the largest total assets in the world for any life insurer.