

## 'Our exposure to the NBFC sector is very small'

### SURABHI

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Confident about growth prospects, Ashish Vohra, Executive Director and CEO, Reliance Nippon Life Insurance Company, said it is not troubled by issues at Reliance Capital and other group firms. "We are well capitalised...Nippon Life is a strong partner," he said in an interaction with *BusinessLine*. He also said the company is focussing on the protection business and is keen to improve its 13<sup>th</sup> month persistency ratio. Excerpts:

#### How have troubles at Reliance Capital and other group firms impacted Reliance Nippon Life Insurance?

We are a completely independent operating company. We are a 51:49 joint venture, where 49 per cent stake is with Nippon Life.

Insurance is a very tightly regulated sector, and we have much tighter norms in terms of reporting. We are

also well capitalised, and our solvency ratio is 260 per cent against the prescribed limit of 150 per cent.

So, we don't have any immediate capital need. Our growth is maintained. Nippon Life is a very strong partner; it is the eighth-largest insurer in the world and the largest insurer in Japan.

So, our access to know-how and expertise comes from Nippon Life. They have seen several cycles of economic and credit crises.

#### Have you invested in group companies such as Reliance Home Finance or Reliance Commercial Finance?

We don't have any investment in either of the two

firms. Our exposure to the NBFC sector is very small. We are a life insurer and a guarantee writer; for us, safety is more important. We have a little bit of exposure to ULIPS, but on the whole ULIP book, the loss of returns is in a few basis points.

On an average, if we give a return of 8 per cent to 9 per cent on the ULIP book to the customer because of the NBFC impact, it could be lower by 30-40 basis points. It is the beginning of the year; hopefully, some good news will come and even that impact may not be visible to the customer at all.

We make sure granularity is there in our investments. Even our total exposure to

DHFL is less than half a per cent of our total book.

#### How has the company's performance been?

We grew at 21 per cent last year, while the private sector grew only at 11 per cent. We increased our persistency ratio, and managed to deliver profit and grow our embedded value.

We are focussing on the protection business and are eyeing middle India - customers with an income range of ₹3-4 lakh to ₹12-14 lakh annually, who are not al-

ways from metro cities. The ULIP business is aimed at non-middle India. Of the new sales by value, 70 per cent are traditional products for the company and remaining 30 per cent are ULIPS.

#### What are the new initiatives you are looking at?

We have three focus areas - first to grow the protection business; second, we want to continue our transformation of the digital journey, where we are working on a number of initiatives; and third, persistency.

For instance, we are investing a character reader to make front-end character recognition easier. It will directly be able to read the address on something like a driving licence and put it on the form.

We will also try to improve our 13th month persistency - it has improved to 78 per cent from 59 per cent in the last three years, but I am not happy with this number.



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**ASHISH VOHRA**  
Executive Director and CEO,  
Reliance Nippon Life Insurance

