

RelCap to Hive Off Health Cover Unit

To carve out health business from its subsidiary Reliance General Insurance Co

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Kolkata | Mumbai: Reliance Capital has announced plans to carve out its retail health insurance business from its subsidiary, Reliance General Insurance Company, to increase its stake in India's growing health insurance sector. The company said it has plans to bring in global equity partners to unlock value in the company in future. The board of the general insurance company has approved the proposal to form Reliance Health Insurance, which will, for the time being, be a wholly-owned subsidiary of Reliance Capital, the Anil-Ambani-led Reliance Group company.

The plan, however, requires approvals from Insurance Regulatory & Development Authority of India.

"The proposal will enhance management focus on health insurance and provide flexibility to the company to unlock value by bringing in global leaders in this space as strategic and

equity partners," the company said in a press statement.

The business recorded gross written premium of ₹570 crore as of March 31, 2016, through its network of over 175 branches. During April-February 2016-17, Reliance General recorded 41.45% growth in premium income to ₹3,641 crore. It has a market share of 3.2% as on February-end 2017 and is



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the tenth largest company among 28 general insurance companies. Reliance Capital has hired Ravi Viswanath as CEO-designate of the proposed company.

Reliance Capital expects annual premium from health insurance business to nearly double to nearly ₹50,000 crore by 2020. Shares of the company surged 8.47% from previous close to ₹603.5 on the BSE on Thursday.

The general insurance business continues to defocus on third party motor business. Therefore, the share of non-motor business rose from 44% to 55%. Profit for the quarter ended December 2016 has increased 20% to ₹183 million, including the impact of ₹429 million on account of strengthening reserves for the motor TP segment.