

## Nippon hikes stake in Reliance Life Insurance to 49%

**ENS ECONOMIC BUREAU**

MUMBAI, NOVEMBER 23

NIPPON LIFE Insurance (NLI) of Japan has agreed to increase its stake in Reliance Life Insurance (RLIC), part of Reliance Capital of the Anil Ambani group, from the existing 26 per cent to 49 per cent at a cost of Rs 2,265 crore. This is the first instance of a foreign partner hiking its stake to the maximum permissible limit of 49 per cent in an Indian insurance joint venture under the amended Insurance Act.

The 23 per cent stake purchase pegs Reliance Life Insurance's valuation at around Rs 10,000 crore (\$ 1.5 billion). In March 2011, Nippon Life had picked up 26 per cent stake in Reliance Life for Rs 3,062 crore.

Foreign insurers are slowly increasing their activity in India. Standard Life, which has an insurance joint venture with HDFC is seeking to raise its stake in the JV to 35 per cent from 26 per cent. BNP Paribas Cardif, life insurance joint venture partner of State Bank of India is also in talks to lift its stake to 36 per cent.

ICICI Bank, India's biggest private sector bank, recently agreed to sell a 6 per cent stake in ICICI Prudential Life Insurance Company in two separate deals to billionaire Azim Premji and Singapore state investor Temasek for Rs 1,950 crore which put the valuation of the company at Rs 32,500 crore. ICICI Bank recently announced that it was selling 9 per cent stake in its general insurance arm, ICICI Lombard, to Fairfax Financial Holdings, promoted by Canada-based NRI Prem Watsa. The sale will bring down the bank's stake in the insurance venture to 64 per cent and bring in Rs 1,550 crore.

Reliance Life Insurance will change its name to Reliance Nippon Life Insurance after the deal, which is subject to approval from regulators and is expected to close within the current financial year that ends in March, the companies said.

"We are delighted that the outstanding relationship between our two companies has now grown into an equal partnership, with Nippon increasing their stake — first, in our asset management business, and now, in our

### FOREIGN INSURERS INCREASING ACTIVITY

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Life Insurance business — to 49 per cent," Reliance group Chairman Anil Ambani said in a statement.

Reliance Life Insurance recorded a new business premium of Rs 601 crore, renewal premium of Rs 673 crore, total premium (net of reinsurance) of Rs 1,263 crore and total funds under management of Rs 15,524 crore for the quarter ended September 30, 2015.

"This additional investment represents not only the past efforts and initiatives, but also the good relationship between both companies going forward, and we are pleased to be able to further strengthen this partnership in various fields," Yoshinobu Tsutsui, president, Nippon Life Insurance said.

Nippon Life Insurance has now invested an aggregate of Rs 5,327 crore (\$ 819 million) for acquiring 49 per cent stake in Reliance Life Insurance with this transaction. NLI has also committed an investment of Rs 3,303 crore for acquiring 49 per cent stake in Reliance Capital Asset Management, thereby taking its total investment to Rs 8,630 crore, the largest FDI in the financial services sector.

Last month, Nippon Life agreed to acquire a 14 per cent stake in Reliance Capital Asset Management for Rs 1,196 crore to increase its stake to 49 per cent.