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### Exide Life To Recruit 18,000 New Agents In FY 2014-15

Private sector insurance player Exide Life Insurance Company is planning to hire about 18,000 new agents in this fiscal, company's Managing Director and CEO Mr. Kshitij Jain said.

Last month, the ING Vysya Life Insurance changed its name to Exide Life insurance after being totally owned by the Raheja Group through leading battery maker Exide Industries.



At present, there are 35,000 persons who account for nearly 60% of the business of the company. The company wants to hire at least 25 % of the total posts from North India, the region where the company wishes to expand its business.

"I have no option but to up my game in North India, as it is too big a market to be ignored in the stage I am in right now. I have a presence (in North) that I want to build. I can grow only from strength to strength in this market," Mr. Jain said.

Exide Life Insurance has a bancassurance tie-up with ING Vysya Bank, which also has a branch network in North India. Nearly 22 % of its business comes from this bancassurance arrangement.

### Three Out Of Every Four Insurance Policies To Be Sold Online By 2020: Study

According to a study conducted by Google India and Boston Consultancy Group (BCG), about 75% of total insurance policies will be sold through online route by year 2020.

The report titled "Digital@Insurance-20X By2020" was released recently in Mumbai claims that as many as three out of every four insurance policies will be sold online in next 6 years.

The report claims that the online insurance market in India will cross Rs 20,000 crore, about 20-folds its current value of Rs 700 crore by year 2020.

"The exploding popularity of smart phones and Internet has become a core part of life for many consumers across the globe and in India," the report said.

"The influence of Digital is already 'big' and is getting 'bigger', exponentially in terms of user growth and time taken. The connected online population of over two billion users forms a brand new market that cuts across borders", it added.



“As insurers seek new avenues to grow profitably, they have a unique opportunity to embrace and benefit from the digital wave, which also addresses many key issues that plague the offline world today,” it said.

The digital way could result in potential savings of 15%-20% of total cost in the case of life insurance, and 20%-30% in case of non-life, said Mr. Alpesh Shah, a BCG Senior Partner also the author of the report.

While online purchases represent a small component of insurance activity in India today, the overall influence of Internet on insurance product purchase in India is already 6-times and growing rapidly, said BFSI Travel Google India Industry Director Mr. Vikas Agnihotri.

## **Ex-IRDA Chairman Bats For FDI In Insurance Sector**

An increase in the Foreign Direct Investment (FDI) capping in insurance sector is inevitable if it has to grow, and this move will attract foreign investments about USD 1-1.5 billion (Rs. 6,000-9,000 crore) immediately, according to Former IRDA Chairman Mr. J Hari Narayan.

The Finance Ministry is considering raising FDI capping in insurance sector to 49 % from existing 26 % with some riders, such as restriction on voting rights. The reason behind a probable restriction of voting rights for foreign investors is to ensure that the control of the critical sector involving lifetime's savings of a large number of people does not pass into foreign hands.

In an interview with CNBC-TV18, Mr. Narayan dismissed the concern that a foreign partner will get a gigantic controlling stake even at 49%. Former IRDA boss believes that insurance regulations are very strong in India, and it is very unlikely for adverse investments in insurance sector.



According to Mr. Kshitij Jain, MD & CEO of Exide Life Insurance, many foreign investors are interested in Indian insurance industry which accredits strong fundamentals.

## **Govt Considers Raising FDI Cap In Insurance To 49% With Riders**

The Modi-led newly formed government is all set to raise the Foreign Direct Investment (FDI) in insurance sector to 49% from existing 26%, with two riders - all companies will have to provide health insurance cover, and voting rights of foreign firms' nominees on boards will be limited to 26%.

The Insurance Law (Amendment) Bill has been pending with the Upper House of the Parliament since year 2008, as the then opposition party BJP had been opposing this, arguing it would expose the sector to global vulnerability.

The government is working on a three-pronged strategy to make

health care affordable. "While allowing up to 49 % FDI in insurance, we will mandate insurers to offer health insurance cover. They are willing to do that. Second, we are considering a higher tax exemption



on health insurance products. More products and players should be in the market. Third, there should be some regulation of charges levied by private hospitals," an official from the ministry said.

The government might follow a gradual approach to raising FDI ceiling in insurance, starting with non-life, health and then life insurance. The minimum paid-up capital for health insurance is Rs 50 crore, unlike Rs 100 crore for other insurance segments.

The government is also planning to bring a mechanism to ensure private hospitals don't overcharge patients.

## **J & K Bank Plans To Sell Its Entire 5% Stake In PNB MetLife**

Jammu & Kashmir (J & K) Bank is exploring possibilities to sell its entire 5 % stake in the life insurance joint venture PNB MetLife India Insurance Company, sources said.

PNB MetLife is a joint venture between state-run Punjab National Bank (PNB), US-based MetLife Inc., J & K Bank, M Pallonji and Company, and other private investors. PNB and MetLife Inc. are the majority shareholders in the JV, with 30% and 26% stake, respectively.

Although the pricing has not been finalised yet, the mid-sized bank is expecting to raise about Rs.700 crore from the deal. As per the sources, the bank will use the capital to strengthen its core business, banking.



Majority stakeholders will have the first 'right to refusal' in buying J&K Bank's stake in the JV, said the sources, adding, "If they were not willing, the bank will search for a buyer outside the company."

## **RBI Permits FPIs, NRIs to Invest Up To 26% In Insurance Sector**

The Reserve Bank of India (RBI) on Thursday said foreign investors, including Foreign Portfolio Investors (FPIs) and Non-Resident Indians (NRIs), can invest up to 26 % in insurance sector and allied activities such as insurance companies, insurance brokers, Third Party Administrators (TPAs), surveyors and loss assessors, through the automatic route.

"Effective from February 4, foreign investment by way of FDI, investment by Foreign Institutional Investors (FIIs)/ Foreign Portfolio Investors (FPIs) and Non-Resident Indians (NRIs) up to 26 % under the automatic route shall be permitted in the insurance sector," the bank regulator said in a circular released on Thursday.

In February this year, the government had allowed 26% foreign investment in activities related to insurance like broking, third party administrators and surveyors and allowed FIIs and NRIs to invest in insurers within the stipulated cap.

In case of insurance companies, the 26% ceiling will include FDI and investments from FIIs and NRIs, said a press note issued by Department Of Industrial Policy and Promotion (DIPP). Earlier, only FDI under the automatic route was allowed in insurance companies.



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