

# L&T General Insurance gets regulatory nod to start biz

## Co To Commence Ops With Rs 175-Cr Paid-Up Capital

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L&T General Insurance Company has received final approval from the insurance regulator to commence business. The company is promoted by the \$9.8-billion engineering company, L&T, which controls 100% equity in the non-life company.

The company, which will be headed by CEO Joydeep Roy, already has 100 employees on board and plans to increase its headcount to 300 by the end of the financial year. Mr Roy, who was formerly with Tata AIG Life Insurance, said the company will launch standard non-life products in the next 60-80 days. The company has already designed 20 products, which it will soon lodge with Irda for approval.

Mr Roy said the company will commence operations with a paid-up capital of Rs 175 crore against the statutory requirement of Rs 100 crore. Most of the additional capital will be invested in building up an information technology backbone. The company would use technology to lower its cost of operations. "We are starting our operations with 10 branches and will gradually extend



our network to tier-II and tier-III centres, added Mr Roy.

He said health would be a major focus area for the company and L&T Insurance would eventually have its own health claim management team. For the short-term, however, it would outsource claims management to third-party administrators until its own infrastructure was in place.

L&T has a presence in the financial services sector through its three wholly-owned subsidiaries — L&T Finance (LTF), L&T Infrastructure Finance (LTIF) and L&T Mutual Fund, which was acquired from Cholamandalam. "Given the size and the opportunity, L&T considers financial

services as an important business in its portfolio. We are very confident of building a world class insurance business in India," said YM Deosthalee, whole-time director & chief financial officer, L&T.

Mr Deosthalee said the non-life company would tap into the 'entire L&T ecosystem' to generate new business. This would include selling covers to corporate customers of L&T, borrowers of L&T finance and investors in L&T Mutual Fund. He said L&T, at present, had no plans to get into the life insurance business because it required a distribution reach that was not available with the group.

L&T was earlier in discussion with US insurer Travellers for a partnership. However, the talks fell through and L&T decided to go ahead with the venture on its own. Responding to a query on whether L&T would seek a partner, Mr Deosthalee said joint ventures with multinationals were constrained by the product design and overall strategy of the insurance partner. He pointed out that among present joint ventures, in many cases the foreign partner had a major say in running the business despite having a minority stake of only 26%.