

L&T starts gen insurance biz

Company sets 5-year target to break even, will control costs to ensure profits

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L&T General Insurance, which announced the start of operations in Mumbai on Monday, has set a target of five years for itself to break even. The company will remain lean with a close tab on costs and loss ratio to ensure profitability, top officials told *Financial Chronicle*.

“We have an internal target of breaking even within five years of operations,” chief executive officer Jaydeep Roy said. According to him, it is important to contain loss ratios and costs and, hence, the company is investing heavily in IT infrastructure.

The company last week got the final regulatory approval to start operation.

The wholly-owned subsidiary of the engineering-to-financial services conglomerate will start the second phase of expansions after the first year of operation. “We will start with 10



IN SERVICE LIES SUCCESS: The parent company has infused Rs 175 crore as initial paid-up capital, out of which over Rs 100 crore goes towards maintaining solvency margins

branches of our own and will get into the second phase of expansion only after a year,” Roy, who came from Tata AIG Life Insurance, said.

The company will submit 20 products to Insurance Regulatory and Development Authority (Irda) for approval, and expects to launch these products by

end of September. “The product mix will be well-balanced between commercial and retail businesses,” Roy said. According to him, the company will use around 300 branches of L&T Finance, a non-banking financial company (NBFC), to get more retail business.

Asked about possible

foray into the life insurance segment, L&T chief financial officer YM Deosthalee said, “We have significant presence in financial services and would want to gather more mass before thinking of life insurance business.”

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company, out of which over Rs 100 crore goes towards maintaining solvency margins as per the regulations, while the rest has been invested in fixed costs and employee costs, the company said.

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