

Rel General Insurance open to acquisition

PRESS TRUST OF INDIA
New Delhi, May 10

RELIANCE GENERAL INSURANCE is open to inorganic growth provided good opportunity at good valuation is available, a top company official said.

"We are open to acquisition if an opportunity is available at reasonable valuation. Apart from organic growth we not averse to inorganic growth," Reliance General Insurance MD and CEO Rakesh Jain said.

The company had initiated talks with Royal Sundaram Alliance for merger of their businesses in 2010 but negotiations could not reach the logical conclusion.

Jain said the company expects to expand at 18-20% organically and is looking at growth in all segment including motor insurance. The proposed Motor Vehicle Act would be a game changer as far as motor insurance is concerned, he said, adding that it would give a

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leg up to motor insurance business.

The Lok Sabha last month passed a Bill to amend the Motor Vehicles Act seeking to impose stiffer penalties on traffic rules violations. The Bill amends the Motor Vehicles Act, 1988 to address issues such as third party insurance, regulation of taxi aggregators, and road safety. The Bill provides for a Motor Vehicle Accident Fund which would offer compulsory insurance cover to all road users in India for certain types of accidents.

For the year ended March 2017, Reliance General Insurance reported a 40% growth in total gross written premium at ₹4,007 crore.

Its profit before tax stood at ₹302 crore before additional provisioning for Incurred But Not Reported (IBNR) reserves proposed by an external panel actuary. However, PBT rose by 32% to ₹130 crore after provisioning for IBNR reserves, which now stands fully strengthened.