

RCap to spin off health biz from general insurance

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Reliance Capital will set up a standalone health insurance company by carving it out from the general insurance entity.

The board of directors of Reliance General Insurance Company (RGIL), a subsidiary of Reliance Capital, has approved the proposal to sep-

arate the health segment. Sector regulator Insurance Regulatory and Development Authority of India (Irdai) is yet to approve the plan.

Reliance Health Insurance, the proposed new company, will be a wholly owned subsidiary of Reliance Capital, a company statement said. Health insurance business, one of the fastest growing in India, is estimated to

double to about ₹50,000 crore (\$8 billion) by 2020. RGIL's health insurance portfolio recorded gross premium of ₹570 crore (\$87 million) as of March 31, 2016.

Reliance Capital said the proposal to separate health business will enhance management focus on this segment. It will provide flexibility to the company to unlock value by bringing in global

leaders in this space as strategic and equity partners, it added. Ravi Viswanath has been named the chief executive officer of Reliance Health Insurance Co.

Meanwhile, shares of Reliance Capital surged by around nine per cent on Thursday after the announcement.

The scrip settled at ₹603.50 on BSE, up 8.47 per

cent from the previous close. In the intra-day trade, the stock had climbed 9.45 per cent to touch the 52-week high of 609. On NSE, it closed 9.07 per cent higher at ₹607.25. It had touched year-long high of ₹609.50 during the day.

Following the uptick, the market capitalisation of the company increased by ₹170.3 crore to ₹3,653.14 crore.