

Star Union aims to break even in 5 years

Insurer Records New Business Premium Of Rs 525 crore in FY10

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STAR Union Dai-ichi has emerged one of the most cost-efficient new insurance companies by maintaining an expense ratio at 15% of premium income after the first full year of operations. The management has indicated that the company would not seek capital from its parents for the next two years and would target break-even in four to five years.

"We were the 22nd life insurance company to get a licence from the insurance regulator. But after our first year of operations, we were 14th among private life insurance companies," said Star Union MD K Sahay. "We have managed our operations at a very low cost because we have been selling our products exclusively through the bancassurance channel," he added.



The company, which is a three-way joint venture between Bank of India, Union Bank and Dai-ichi of Japan, has recorded new business premium of Rs 525 crore in FY10. This was achieved through sales of 1.08 lakh policies, most of which were unit-linked insurance plans.

Star Union is the fifth life insurer to be floated by a public sector bank.

Other bank-sponsored life insurance companies include State Bank of India, IDBI Fortis, Canara HSBC and India First Life Insurance. Except SBI, all others are three-way partnerships.

The private life insurer's total operational expenses in the first year were around Rs 78 crore, which is the lowest among new companies, considering the size of new business. Star Union has also kept a check on commissions with total commissions paid out being less than Rs 50 crore.

However, the company faces a major challenge in growing business as the new Irda regulation has made pension plans unattractive for buyers. Pension plans account for half the sales of Star Union.

"Under the new regulations, selling pension plans will be a challenge. But we still hope to grow our new business by 100% in the coming year," said Mr Sahay.

Future Generali India collects Rs 541-cr premium

MUMBAI: Future Generali India Life Insurance on Tuesday said it has garnered a total premium income of Rs 541.44 crore in the previous fiscal. Of the total premium collected, Rs 486 crore was generated from new business premium while Rs 55.44 crore came from renewal premium. In FY10, the company's new business premium grew by 224%. As on March 31, 2010, Future Generali Life issued 3,35,693 individual policies against 1,03,663 individual policies in FY09.