



Birla pact to offer health insurance

OUR BUREAU

Calcutta, Oct. 24: Aditya Birla Group has inked a joint venture with South African insurance company MMI Holdings Ltd to enter the health insurance segment.

The Kumar Mangalam Birla group is already present in life insurance through Birla Sun Life Insurance, a joint venture with Canada-based Sun Life Financial.

Aditya Birla Financial Services Group (ABFSG) will form a joint venture with MMI Holdings.

The South African company will initially hold a 26 per cent stake in the company, — the maximum investment allowed to a foreign entity.

Johannesburg-based MMI Holdings said in a statement that it would have the right to raise the stake to 49 per cent, if the regulations are tweaked in the future.

The insurance bill, which is awaiting parliamentary approval, is set to increase the foreign direct investment limit in insurance to 49 per cent from 26 per cent and also lower the minimum paid-up capital to Rs 50 crore from Rs 100 crore.

"Health insurance has low penetration levels in India. Given ABFSG's focus on building a retail presence across products, we foresee a huge potential to target the requirements of untapped customers and their families," said Ajay Srinivasan, chief executive of

COVER STORY

The deal: Aditya Birla Group inks joint venture with South Africa's MMI Holdings Ltd

Stake status: MMI Holdings to hold 26% in venture — the maximum allowed to a foreign firm

Birla presence: AV Birla group is present in life insurance through joint venture with Canada's Sun Life Financial

financial services, Aditya Birla Group.

MMI chief executive officer Nicolaas Kruger said, "MMI considers India as a strategic market for its international expansion strategy."

The company will initially target the "ideal" client base of 20 million in India's larger cities where the reach of health insurance is less than 3 per cent, reports PTL.

"Each party will put in intellectual property and expertise and we will each contribute a relative portion to the share of capital required by the joint venture," Kruger said.

Other Indian companies having joint ventures in health insurance include Apollo Munich, Max Bupa, Star Health & Allied Insurance and Cigna TTK

South Africa's Sanlam has an exposure to insurance in India through a joint venture with Shriram Group.