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MSIG ready to hike stake in Chola MS General Insurance

Bets Big On India, Expects Joint Venture To Become Largest Overseas Company Of Group

Our Bureau
CHENNAI

JAPAN'S second largest insurance company, Mitsui Sumitomo Insurance group (MSIG), is ready to increase its stake in its Indian joint venture, Cholamandalam MS General Insurance Company (Chola MS). It is also betting big on the Indian market and expects the JV to become the group's largest overseas company in the near future.

The six-year-old Chola MS is a 74:26 joint venture between the Murugappa group and MSIG. It has emerged as one of the fastest growing general insurance companies in

India, with its gross written premium (GWP) going up from Rs 150 crore to Rs 684 crore in 2008-09. It has also scaled up network to 113 offices. In April, the promoters infused Rs 75-crore capital, increasing the paid-up capital to Rs 217 crore to support its growth largely happening in the motor and health segments.

Unfolding strategies for the JV, MSIG president & CEO Toshiaki Egashira told mediapersons in Chennai on Tuesday, "If the Indian government permits, we are willing to increase our capital investment in the venture in the future."

"I am very satisfied with the progress of our JV, which achieved a 30% growth in GWP in

2008-09, which is much beyond the average expected growth in the general insurance industry in India."

On the strategies, Egashira said it would be expanding to retain business, especially motor that has significant growth ratio in India. For this, the group would share its knowledge such as profit management, sales promotion techniques, etc., through its experts.

It would also extend support in implementing the customised technical expertise of MSIG in key areas such as reinsurance, risk management and compliance. It would provide training to the employees of JV in Japan and Singapore.

For the commercial business, it may transfer its technical knowhow to Chola MS risk management which is another JV between the partners.

Murugappa group executive chairman M A Alagappan said that once the Indian FDI laws are relaxed, the stake increase by MSIG in the JV will happen at one go. But MSIG's strategies to strengthen the JV are independent of its gaining majority control in the venture.

Chola MS MD S S Gopalarathnam said it is targeting a GWP of Rs 875 crore this year and Rs 1,200 crore next year. It is expected to touch Rs 2,500 crore in five years.



Murugappa group executive chairman M A Alagappan (left) and Mitsui Sumitomo Insurance Group president & CEO Toshiaki Egashira addressing a press conference in Chennai on Tuesday. ET