

No need to raise fresh capital in three years: SBI Life MD

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SBI LIFE INSURANCE is not likely to raise fresh capital from the market in the next three years to grow its business, according to its MD & CEO Mahesh Kumar Sharma.

"As of now we don't need to raise money. We have enough capital. Our solvency ratio is also very decent, which will allow us to grow for some more time to come. As of now, maybe we can say that we don't need capital for the next three years," he told FE.

At the end of the third quarter this fiscal, the insurer's solvency ratio stood at 2.25 as against the regulatory requirement of 1.5. Net premium income for the quarter rose 6.35% year-on-year at ₹19,170.80 crore compared with ₹18,025.35 crore in the same period last fiscal. Value of new business (VNB) margin was at 29.6%, with an improvement of 478 basis points y-o-y over 24.8% in the third quarter of FY22.

"Growth in VNB and VNB margin is driven by change in product mix, predominantly in non-par segment and business volume. With our



Mahesh Kumar Sharma, MD & CEO, SBI Life Insurance

growth targets and the product mix shift, we expect to maintain a healthy VNB growth rate," Sharma said during an earnings call.

Sharma said changing product mix is a dynamic process for the company which depends on market and customer demands. "Our product mix has been slightly fluid and that is because we are not determining what the customers should buy and trying to push it. But what we are seeing is gauging what the customers want and then trying to see we have a good proposition to offer," the MD explained.

"One end you have Ulip products,

where customers get market-linked returns, and on the other hand you have guaranteed products. And also you have products with predetermined returns. It is a question of what the market is liking today...there is a growing class of people who want the guarantee of what they will get and they don't mind if it is slightly lower than what markets will deliver," he said.

Asked about the likely impact of government's proposal to tax income from high-ticket non-linked life insurance products, he said the Budget proposals will affect "portions of the business".

"Some insurers (to be hit) little more, while some insurers little less. But going forward there will be some kind of a rethink on people investing in insurance products. There is a bit of apprehension there...now a lot of people who are in the bracket who pay over ₹5 lakh premium in a year, will be affected going forward. The only concern is that with this kind of treatment of tax, returns for these people may be negative. So, then it becomes less attractive compared to some other investment avenues," he said.