

HDFC Life waits for better times to launch IPO

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HDFC Standard Life Insurance, the third largest private player by market share, is waiting for the life insurance industry and stock markets to stabilise before coming out with an initial public offering (IPO). The company, like most others, lost significant business this financial year and plans to wait for its valuations to improve before hitting the capital markets.

"Our plans for an IPO remain. Since the life insurance industry is going through a downturn, there is an impact on our volumes and margins. We will not get the right valuations. We will wait for the markets to stabilise," said Amitabh Chaudhry CEO, HDFC Standard life Insurance.

The company would also wait for the long-awaited Insurance Amendment Bill to see if foreign partners or foreign institutional investors (FIIs) are allowed to have higher stakeholding in insurance companies, before deciding on the IPO.

"We are looking at the option of an IPO more for liquidity and not for raising capital because our capital requirements are actually going down. It is more to get our valuations right and get our papers out in the market. Both our shareholders would like to see our papers in the market," he said.

Although, analyst reports peg the company's valuation at around Rs 15,000 crore, Chaudhry believes it is valued at about Rs 20,000 crore. "Based on Nippon Life's 26 per cent stake pick in Reliance Life Insurance, which valued the company at Rs 13,000 crore, we believe we are at least 50 per cent higher than that, going by our market share," he said.

HDFC Standard Life clinched a market share of 15 per cent among private players for the first six months of the financial year,



In wait

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- Firm to wait for Insurance Bill to see if foreign partners are allowed to invest more

on a weighted received premiums (WRP) basis, making it the top-ranked private life insurance company, according to Chaudhry.

The company, a 74:26 JV between HDFC and UK-based Standard Life, recently saw a change in its branding to HDFC Life, from HDFC Standard life earlier. "In a survey that we conducted, we realised that people did not know that 'Standard' was a name of the company and presumed it to represent benchmarks. Standard Life still holds 26 per cent. It's the right thing to do for the company and Standard Life understood and agreed to it," he said.

Insurance Regulatory and Development Authority (Irda), had recently fined HDFC Standard life for delays in claims settlement. Explaining that the settlement process was delayed due to the delays in the procurement of documents required for claims settlement, Chaudhry said the company had a claim repudiation ratio, or the ratio of claims rejected for every 100 claims, at 4 per cent, which is one of the lowest in the industry.

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