

Star Union Dai-ichi Life partners UBI

MUMBAI: Private insurer Star Union Dai-ichi Life Insurance (SUD Life) on Wednesday said that it had entered into a tie-up with Union Bank of India (UBI) for pan-India distribution of its reverse mortgage loan-enabled annuity plan (RMLeA).

"This is a unique plan which has the potential to put us in the forefront of the market," SUD Life CEO Kamalji Sahay told reporters here.

He said the product was earlier launched in association with the Central Bank of India and limited only to Tier-1 cities and had already collected Rs.16-crore premium. "With this MoU with Union Bank, we are planning pan-India presence and are expecting to collect around Rs.100-crore premium by the end of 2012," he added.

Union Bank is one of the joint venture promoters of SUD Life and the other joint venture promoters are Bank of India and Dai-ichi Life, Japan.

RMLeA targets senior citizens, who can reverse mortgage loan from UBI which will be utilised for purchasing a life annuity from SUD Life.

The home owner's obligation to pay loan is deferred until his death, after which the home is either sold by the bank or the legal heirs re-



TARGETING SENIOR CITIZENS: M. V. Nair (right), Chairman and Managing Director, Union Bank of India, shakes hands with M. Balachandran, Chairman, Star Union Dai-ichi Life Insurance Company, at a press conference in Mumbai on Wednesday. — PHOTO: SHASHI ASHIWAL

claim the property by repaying the interest portion only because the principal will be returned by SUD. "This tie-up brings an addition to our wide array of financial products,

giving customers more choice and assistance in their financial planning needs," UBI Managing Director M. V. Nair said.

Meanwhile, UBI is expect-

ing Rs.1,150 crore capital infusion from the Government by March 2011, which will increase the Centre's stake to 58 per cent. At present, the Government holds 55.43 per

cent stake in the bank. "We hope to get the second tranche of Rs.1,150 crore capital infusion by March. This will help us to increase our Tier-1 capital to 8.37 per cent from the current 7.9 per cent," M. V. Nair told reporters here on the sidelines of a Star Union Dai-ichi function.

The Cabinet had already approved the capitalisation plan of Union Bank, which received Rs.111 crore about four months back as first tranche.

Mr. Nair said the bank was expecting a deposit growth of 20 per cent and credit growth of 23-24 per cent during the current fiscal.

Earlier this week, the bank raised its base rate (or the minimum lending rate) by 50 basis points to 9 per cent in line with other lenders.

To raise \$200 m

Mr. Nair said "We are planning to raise another \$170-200 million Medium Term Notes (bonds) in the next two months through bonds."

The bank had already held a road show in Switzerland in this regard, he said. "Whether the funds will be raised via Swiss francs or Euro denominated bonds will be decided later," he added. The funds raised would be utilised for funding overseas business, he said. — PTI