

Union Bank plans to lower stake in IndiaFirst Life to less than 10 per cent

By: PTI

Published: April 26, 2020 4:30:20 PM

Union Bank received the stake after Andhra Bank was merged with the Mumbai-based lender, effective April 1.



X

As per guidelines of the Insurance Regulatory and Development Authority of India (IRDAI), one promoter cannot hold more than 10 per cent stake in two insurance ventures.

[Union Bank of India](#), which received 30 per cent stake in insurance joint venture IndiaFirst Life Insurance by virtue of the mega bank consolidation exercise of the government, plans to pare its holding to less than 10 per cent, a senior official said.

Union Bank received the stake after [Andhra Bank](#) was merged with the Mumbai-based lender, effective April 1.

RELATED NEWS

NBFC and MFIs' funding gap to further increase to Rs 15k-25k crore: Acuite Ratings

Bank of Baroda to raise Rs 13,500 crore additional capital

Bank advances grow 7.2%, deposits rise 9.45% in fortnight ended April 10

As per guidelines of the Insurance Regulatory and Development Authority of India (IRDAI), one promoter cannot hold more than 10 per cent stake in two insurance ventures.

Union Bank also holds 25.10 per cent equity stake in Star Union Dai-ichi Life Insurance, with the other partners being Bank of India and Dai-ichi Life Holdings of Japan. "We will continue the process started by erstwhile Andhra Bank to divest the stake to bring it below 10 per cent," Union Bank of India Managing Director and Chief Executive Officer Rajkiran Rai G told PTI.

Last year, Andhra Bank had initiated the process for selling its part or full stake in the insurance venture with [Bank of Baroda](#) (44 per cent stake) and Carmel Point Investments, owned by Warburg Pincus, holding the

remaining 26 per cent.

Both the insurance ventures are doing well and the valuation is going to improve further, he said, adding the stake sale will happen at opportune time and at good valuation. As per the government's mega consolidation plan, 10 state-owned banks were merged into four to create global size lenders, beginning April 1.

Besides Andhra Bank, [Corporation Bank](#) was also merged with Union Bank. [United Bank of India](#) and [Oriental Bank of Commerce](#) were merged with [Punjab National Bank](#); [Syndicate Bank](#) was merged with [Canara Bank](#); and [Allahabad Bank](#) was amalgamated with [Indian Bank](#).

The merger of Oriental Bank of Commerce with [PNB](#) resulted in transfer of 23 per cent stake in Canara HSBC OBC Life Insurance to the latter. This too created a similar situation as that of Union Bank of India, as PNB is a promoter of PNB Metlife Insurance with the highest

stake of 30 per cent.

