

# PM's cheap cover bleeds PSU bank-backed insurers

## High provisions hit SBI Life, IndiaFirst, Star Union

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LIFE insurance companies floated by public sector banks have witnessed profit erosion in the first quarter ended June 30 due to higher provisioning for future claims under the government's *pradhan mantri jeevan jyoti bima yojana* (PMJJBY).

SBI Life Insurance, a subsidiary of State Bank of India (SBI), saw its net profit fall 16 per cent to Rs

202.35 crore from Rs 241.35 crore.

Similarly, IndiaFirst Life Insurance, a joint venture between Bank of Baroda and Andhra Bank, reported a loss of Rs 4 crore for the June quarter compared with a net profit of Rs 90 lakh during the corresponding period of the previous year.

Losses of Star Union Daiichi Life Insurance, a joint venture between Bank of India and Union Bank, more than doubled to Rs

12.3 crore for the quarter compared with a loss of Rs 5.4 crore during the same quarter of 2014-15.

Speaking to *Financial Chronicle*, SBI chairman Arundhati Bhattacharya said, "We have made a provision of Rs 50 crore towards claims that may come from PMJJBY. As a result, SBI Life's profit has been lower in the June quarter compared with the previous year."

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