दि न्यू इन्डिया एश्योरन्स कंपनी लिमिटेड
(भारत सरकार का उपक्रम)
THE NEW INDIA ASSURANCE COMPANY LTD.
(Govt. of India Undertaking)
पंजीकृत एवं प्रधान कार्यालय : न्यु इन्डिया एश्योरन्स बिल्डिंग, 87, महात्मा गांधी मार्ग, फोर्ट, मुंबई - 400 001.
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Ref. No.: NIACL/CMD_BoardSectt/2024-25 — 14th November, 2024

To,

The Manager
Listing Department
BSE Limited
Phiroze Jeejeebhoy Tower
Dalal Street
Mumbai 400 001

The Manager
Listing Department
The National Stock Exchange of India Ltd.
Exchange Plaza, 5th floor, Plot C/1,
G Block, Bandra-Kurla Complex
Mumbai 400 051

Scrip Code: (BSE – 540769/NSE – NIACL)

Dear Sir/Madam,

Sub: Transcript of the Conference Call held on 12th November, 2024

With reference to our letter dated November 05, 2024, intimating you about the conference call with Analysts/Investors held on November 12, 2024.
Please find attached the transcript of the aforesaid conference call.

You are requested to kindly take the same on records.

Thanking You

Yours faithfully

For The New India Assurance Company Limited

JYOTI RAWAT

Digitally signed by JYOTI RAWAT
Date: 2024.11.14 17:50:26 +05'30'

Jyoti Rawat
Company Secretary & Chief Compliance Officer

"The New India Assurance Company Limited Q2 FY2024-25 Earnings Conference Call"

November 12, 2024

Perfect Relations
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C H O R U S C A L L ®

Management:	Ms. Girija Subramanian - Chairman cum Managing Director
	Ms. Smita Srivastava - Executive Director
	Ms. Chandra Iyer - General Manager (Finance)
	Mr. Vimal Kumar Jain - Chief Financial Officer
	Ms. Sreedevi Nair - General Manager (Motor)
	Ms. Sushma Anupam - General Manager (Health)
Moderator:	Ms. Mamta Samat – Perfect Relations Private Limited

Moderator: Ladies and gentlemen, good day and welcome to the Q2 FY25 Analyst Conference Call of The New India Assurance Company Limited.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference has been recorded. I now hand the conference over to Ms. Mamta Samat from Dentsu Creative PR. Thank you and over to you, ma'am.

Mamta Samat: Thank you, Jacob. Good evening and thank you all for joining us on the New India Assurance Company Limited Q2 FY25 Analyst Conference Call.

Today, we have with us the senior management represented by Ms. Girija Subramanian – Chairman cum Managing Director; Ms. Smita Srivastava – Executive Director; Ms. Chandra Iyer – General Manager; Mr. Vimal Kumar Jain – Chief Financial Officer; among other esteemed management members.

Before we begin, I would like to say that some of the statements that will be made in today's discussion may be forward looking in nature, it is subject to unforeseen risk and uncertainties and the actual results could materially differ.

We will begin the call with the "Opening Remarks" from the Management after which we will have the forum open for the interactive Q&A session.

I will now request Ms. Girija Subramanian, Chairman cum Managing Director for the "Opening Remarks." Thank you and over to you ma'am.

Girija Subramanian: Good evening to everyone. I am Ms. Girija Subramaniam – Chairman cum Managing Director of New India Assurance.

Joining me on this call are Ms. Smita Srivastava – Executive Director along with General Manager (Technical); General Manger (Finance) and Mr. Vimal Jain – CFO.

Firstly, I would like to thank all the participants who have taken time out for attending this concall. I would also like to express my gratitude to our valued shareholders, investors and analysts for your continued support and interest in our organization.

There has been remarkable growth in the Indian insurance sector over the past few years. However, India remains under penetrated with general insurance penetration at around 1.10%. IRDAI, the regulator and government of India, along with various insurers are taking many steps to help increase insurance cover, bring down the cost of premium and educate people about the importance of insurance. Furthermore, we are witnessing increasing disposable income, increasing cost of medical expenses alongside awareness and willingness of the new generation to opt for a health cover. All this has helped increase penetration levels to some extent.

We firmly believe that this will only increase substantially with time. As many of you know, New India Assurance was founded by Sir Dorabji Tata in 1919. Our operations now span 25 countries and we have maintained our position as market leader since nationalization in 1973. We have been rated AAA stable by CRISIL and the AM Best Rating of Financial Strength Rating of B++ (Good), long-term issuer credit rating of bbb + (good) and India National Scale rating (NSR) of aaa.IN (Exceptional) indicating that the company has the highest degree of financial strength to honor its policyholder's obligations. Additionally, we are recognized as a domestic, systematically important insurer by the IRDAI and our ISO 27001:2013 certified for IT security, placing us among the few general insurers in India with such high standards in data security. Also, we are the state insurer of the state of Gujarat and the union territory of Lakshadweep. This widespread footprint reinforces our dominant position in the domestic market and enhances our ability to serve a broad base, a broad customer base.

The Indian general insurance industry has shown growth during the period ended September 30, 2024. The industry grew by 7.03% with a GDP of Rs. 1,53,911 crores as against Rs. 1,43,798 crores for the corresponding period for the previous year. Current trends suggest this figure would comfortably surpass Rs. 3 lakh crores by the end of this financial year. For New India, staying true to our motto, growth with profitability, we have strategically avoided loss making businesses that could not meet our pricing or terms, resulting in a slightly lower direct premium growth. The company's gross return premium for the quarter ended 30th September was Rs. 21,408 crores. Our net earned premium for the quarter ended 30th September 24 was Rs. 17,028 crores, registering a growth of 5.6% year-on-year.

Our market share stands at 12.60% as on 30th September 2024 and we continue to be market leader despite highly competitive environment. As on 30th September 2024, the company has a net worth of Rs. 21,212 crores, investment assets standing at Rs.1,00,278 crores. The company's net worth including the fair value change account increased from Rs. 44,704 crores in March 24 to Rs. 50,232 crores in September 24. The profit after tax stood at Rs. 288 crores as against Rs. 60 crores and our underwriting loss has reduced from Rs. 3,632 crores from Rs. 3,862 crores for the corresponding period of the previous financial year. The incurred claims ratio has improved to 98.92% for the half year ended 30th September 2024 as against 101.03% for the corresponding period last financial year. The combined ratio stands at 120.55% as against 122.68% for the corresponding period last year and 120.87% for the year ended 31st March '24. Solvency ratio at 1.81x remains comfortably above the threshold of 1.5x. The company has a well-diversified portfolio of products including the recent launches of surety bonds. We are continuously striving to provide the best customer initiatives and services.

Moving forward, our focus remains on digital initiatives, streamlining processes for increased efficiency and expanding our sales force particularly through our agency channels. In this direction, we have tied up with app players like PhonePe and WhatsApp-enabled sales facilities. I would like to assure our stakeholders that your company, recognized as a Domestic Systemically Important Insurer (DSII), is fundamentally strong and strategically well positioned to cater to the insurance needs of the country, offering the best solutions to our customers whilst ensuring proper pricing of our products.

With that, I now hand over to our General Manager, Finance, Ms. Chandra Iyer who will present the financial figures.

Chandra Iyer: Thank you ma'am. I'll first give an overview of our company:

We are the number one company in Indian insurance market with a market share of 12.60%. which is about Rs. 19,390 crores of premium in the general insurance industry. We are leaders in the major segments like fire, marine engineering, motor and health and aviation and we are holding our position over the past few years. Our company has a strong solvency of 1.81 times and we are having presence in 25 countries and network of 1,840 offices within the country. We have a diversified product mix with technical, competent manpower to manage the business and also a multi-channel source of distribution. We have shown our presence in the market to excellence in customer service and adopting technology for our growth and maintaining the market leadership.

Our strategy for the company is to increase the profitability and increase the return on equity for our investors by increasing our market share, improving our profit margins and also we have restructured our offices to become more efficient and adopting digital transformation for our company. We are also intent on maintaining a healthy solvency margin and improving the margin in due course. The business mix is distribution through channel is mainly 33% is sourced through brokers and 29% is through agency source of distribution. We also have 29% of our business coming through direct channels and bank assurance and dealers are bringing 9% of the business to the company.

The highlights of the financial performance for the year, we have a 12.89% growth in our GDPI and our return premiums and net premiums has increased by 5.60% to Rs. 17,028 crores. A profit of a tax after the quarter is Rs. 288 crores but if you would observe that in the previous year for the second quarter we had a loss of Rs. 200 crores which is now turned around and we are showing a profit of Rs. 71 crores for the second quarter. So overall we are having a profit after tax of Rs. 288 crores for the quarter ending September 24. Our networth has also increased including fair value, market value for investments, fair value change by 20.6% to Rs. 50,232 crores which is a major achievement for our company as we have crossed the Rs. 50,000 crore limit. Likewise, the asset value investment assets has also increased to Rs. 1,00,278 crores which is another achievement feather in our cap. Our general reserves have increased, improved by 6.5% and our results, in the incurred ratio and the combined ratio have improved over the previous quarter's position. Previous year, previous second quarter we had incurred ratio of 101% which is now down to 98.9%. and our combined ratio has come down from 122.98 in the previous half year to current position of Rs. 120.76 crores

Our product mix, major portion of our business is 47% which is contributed by Health and PA reserves, followed by motor business which is 26%. Marine business Fire contributes 15% of the business mix. Our technical reserves have improved from Rs. 50,165 crores in previous half year to current half year of Rs. 52,150 crores. There is an improvement in the key ratios which measure the company's performance. Our ICR has improved from 101 to 98.9. Commission ratio is slightly higher at 9.41 from 8.82 but overall the expense ratio has reduced from 13.13% last half year to current half year of 12.43%. Combined ratio has also seen an improvement from 122.98 to 120.76% and as I mentioned before solvency ratio is now at 1.81 and our return on equity is 5.44.

Segment wise performance of the company, the fire business has seen a drop in the ICR from 98% to 77%. And other classes like motor, health, and other miscellaneous business have all seen a reduction in the incurred ratio with a small increase only in the motor TP business. So overall the incurred ratio has come down. To recap, the fire business premium has shown a small drop from Rs. 3,329 crores in the previous half year to Rs. 3,119 in the current half year. Marine business is up from Rs. 501 crores to Rs. 552 crores. Motor OD has dropped slightly from Rs. 2,558 crores in previous half year to Rs. 2,528 crores in the current half year. Motor TP has increased from Rs. 2,678 crores to Rs. 2,917 crores which is an increase of 8.9% in this current half year. Health has likewise increased from Rs. 9,698 crores in previous half year to Rs. 10,116 which is a 4.31% growth. Other miscellaneous classes have also seen a robust increase from 1996 to 2176 which is a 9% increase over the previous half year. So overall from previous half year premium of Rs. 20,760 crores we are now at Rs. 21,408 crores which is a 3% increase for the company.

So that is all from my side. Thank you. You may proceed with the question, if any.

Moderator: Thank you. We will now begin the question-and-answer session. The first question is from the line of Prachi, an individual investor. Please go ahead.

Prachi: My question is, the profit after tax has shown a 5x increase. What key factors contributed most significantly to this improvement?

Chandra Iyer: So if I may, I am Chandra here. Overall, you see that our underwriting result has improved by Rs. 230 crores. This is the main contributor. So basically, the key metrics of our claims ratio and our expense ratio have been brought under control or they are reduced over the previous comparable period. So, this has contributed to the increase in the PAT. So it is five times as the proportion, but the overall improvement is Rs. 230 crores.

Prachi: I also have one more question. Could you elaborate on the decision to focus on more profitable lines and let go of large renewals? How do you see this impacting premium growth in the near and medium term?

Girija Subramanian: Actually, it was a conscious call from the last almost more than a year now that we come out of bleeding businesses which are standalone and which do not impact other businesses of our company. So whenever we find these businesses which are standalone and bleeding and bleeding across the protected period of time, I think we should move on if the price correction is not accepted by the customer. In case we have those businesses which have impact on other lines of business for us, wherever it's a bouquet of the entire business being placed with New India, then we normally try to talk to the client for the price increase and we see to it that somehow we bring about the price increase as far as possible in order to retain the client. But in many cases where the price increase was not agreed to, we have stepped away even from such businesses in the last year. It has had an impact on the topline for us, but it has definitely improved the bottomline, the way we are seeing in the results. And going forward, I mean, this ability to hold on to price, which is becoming more norm for us now, is paying off for us, especially in the health sector. And going forward also, that will be the way we will operate.

Moderator: Thank you. The next question is from the line of Aditi Joshi from J.P. Morgan. Please go ahead.

Aditi Joshi: Just a couple of questions. Firstly, on the health side. In the last conference call, you have mentioned that you would like to go more aggressive in the retail health insurance segment, so. are you able to provide some update on that as in how are you doing in terms of price aggression as well as market share gains in that particular segment? Secondly, we saw some increase in the loss ratio of the motor third party line as well. So I just wanted to understand as in going forward, because of the limited price hike that we said is from our end, do you want to continue growing or would like to pull back to improve on the profitability side? Those are my questions.

Sushma Anupam: I am Sushma Anupam and I would like to share with you some important points about our journey towards focusing on the retail segment. Our initiatives have started paying off and we find that our growth in the retail products has been closer to 13%. So we have a very big book of senior citizens as well. So we do have products even for the senior citizens and despite that, if we are able to have a growth of 13%, I feel that all the initiatives and efforts that have been made in the past two years, particularly in the last year have really paid off very well. And as regards to the price increase or the other initiatives that are there, I would like to just mention that in the first two quarters, we did have many regulatory advisories coming our way. And we are happy to share that we have been compliant to all of the advisories placed by the IRDAI. And even on the major changes that came in the retail product range, we have managed to do it without increasing the cost largely. So that has been another favorable feature in this quarter for us. And I think that going forward also we would expect a good traction and the sustained level of growth to continue.

Sreedevi Nair: Hi, Sreedevi here. So your question was on the profitability part of the motor segment even when the motor TP ratios are showing increase. So basically we should understand that the pricing reason motor TP has not happened for the last 2-3 years. So that is the major reason why our top TP ratios are going up, that also and combined with the higher awards that the courts are awarding and interest work part also. So these all are adding to the motor TP ratio. We are aware of it and we are looking at areas where we can improve the growth in profitable segments like private cars and two-wheelers. Commercial vehicles also we take care that we don't get the loss making segments, so we have brought in a dynamic pricing also in most of the centers whereby we factor the correct price for commercial vehicles. And definitely during the remaining months, we will be focusing on loss control measures, both in on damage cover as well as TP claims. For TP claims, we have increased the number of compromise settlements that we do and we participate very actively in the National Lok Adalat's across the country. And in motor, Own Damage section, we have brought in digital loss assessment and again, garage and visits and surveyor appraisal system. So on the whole, we feel that we are on the right path towards controlling the losses in motor. Did I answer your question?

Aditi Joshi: Yes, thank you for that. Actually, I had just a couple of questions more if I can. Firstly, if you're able to share what will be, what does your combine ratio look like if we carve out the impact of natural catastrophic losses? This is one. And the second question was actually related to the expense ratio. Can you please highlight the reasons why the commission ratio went up? Yes, that's all. Thank you.

Chandra Iyer: You wanted to know whether what would be the impact if we exclude NATCAT losses on our combined ratio, right?

Aditi Joshi: If we adjust for those losses, how will the combined ratio look like? And then how much was the percentage point impact on the combined ratio from the natural catastrophic losses?

Chandra Iyer: So the combined NATCAT losses amount to somewhere around Rs. 600 crores to Rs. 700 crores. I don't have the calculation right now, but that would be the direct impact on the combined ratio.

Aditi Joshi: So Rs. 600 crores-Rs. 700 crores for the second quarter, right?

Chandra Iyer: Yes. Around 3% to 4%

Aditi Joshi: And just on the, if you are able to comment on the commission ratio as well, the reason behind the increase?

Girija Subramanian: Yes, because actually the commission ratios have gone up now because we have to be in competition with the market where everybody is paying more commission on certain product lines. We also have to increase commissions to agents, to our brokers so that we are able to retain our business. It is totally a market rated effect.

Aditi Joshi: Are you able to also share as in which particular line of business saw the most increase?

Girija Subramanian: It's mostly across all lines.

Moderator: Thank you. The next question is from the line of Kishore Agarwal from Bajaj AMC. Please go ahead.

Kishore Agarwal: Just a couple of questions. So first is on the growth side. I understand in the last 12 months you have calibrated growth to focus on profitability. But if you look at the last 3-4-5 years, we have been losing market share to the private insurers as well overall lost market share. So what's your sense on when do you see that the loss in market share to start coming down? What's the medium-term growth guidance for the company? That's my first question. So second question is, how long will it take for the growth calibration to sustain or to reduce the combined ratio? Because I think 120 combined ratio is still quite high. So in order to achieve a decent 14%-15% kind of ROE, you'll need to bring down the combined to let's say 100 and 810 sort of a level. So any guidance on that as well?

Girija Subramanian: Growth part, yes, we have been focusing on growth with profitability and therefore, since we actually de-grew out of some lines, you can see that loss of market share. And there has been a little bit of impact because of organizational re-engineering or re-transformation because of government directors, we had to have corporate business houses, retail business houses and those kinds of different offices, which are handling specialist businesses and also claims hub, so there was a little bit of HR reallocation that had an impact on last year's business. We see that we will be able to make up for that in the next 1 or 2 years. So this growth which we have lost due to organizational restructuring will possibly bounce back in a year or two. But where we need to grow back and bring in new businesses into our fold, that is something which we have strategized and put in as growth targets for our various offices. And if those growth targets are met, then I think we would get back our market share in a medium term of around 2 to 3 years.

Kishore Agarwal: So in the next 2 to 3 years, let us say once this entire period of profitability gets over, you will be able to grow at let's say 10%-12%-15%?

Girija Subramanian: Yes, we expect to be in that range of 12% to 15% growth in the next 2 to 3 years. And also the same thing would result in a combined ratio coming down to the range of 105 to 107 in the same period because higher topline with the watch on the bottomline it surely will have a great impact on the combined ratio is what we believe.

Kishore Agarwal: So, how long did you say, 2 to 3 years, is it?

Girija Subramanian: 2-3 years period.

Kishore Agarwal: What is the current yield on the debt book that we are earning?

Chandra Iyer: Our debt book is showing a yield of somewhere between 7% and 7.5%.

Kishore Agarwal: And average maturity?

Chandra Iyer: Average maturity is 3 years.

Moderator: Thank you. The next question is from the line of Sahej Mittal from 3P Investment Managers. Please go ahead.

Sahej Mittal: I had a couple of questions. So first is, what would be the share of senior citizen book in the retail health insurance in the overall retail health insurance book?

Chandra Iyer: So it is almost about 30% of our book consists of senior citizens.

Sahej Mittal: 30% of retail health or the overall health insurance?

Chandra Iyer: Of the retail health and this I am talking about the products which are dedicated exclusively to the senior citizens. So there are other policies also where we do have some continuing part of the senior citizens but it is a mix. So only our senior citizens is about 30%.

Sahej Mittal: And what would this number be one year or two years back?

Chandra Iyer: Well, I would put it this way that we are fortunate to have this book with us over a sustained period because these customers have been with us for quite some time and they continue renewing with us. That way we are blessed, I would say.

Sahej Mittal: The reason I am asking this is that the senior citizen book from profitability point of view is very high on claims ratio, right? Because once these customers mature and are aged, the claims ratio goes up. So, are you trying to understand from the profitability point of view?

Chandra Iyer: Certainly, it impacts the profitability. That is the entire reason why we have made more efforts in coming out with products targeting the other profitable segments and to balance out the experience that we have in the senior citizen book. So that is the way we are trying to manage the loss ratio.

Sahej Mittal: And what would be the claims ratio in this senior citizen, I mean policies or the book which is senior citizen dedicated?

Chandra Iyer: Actually, you know the senior citizen book if you see always has a higher loss ratio. It would be anywhere between 117 to 122. It keeps within that range.

Sahej Mittal: And what would be the loss ratio if you can spell out the loss ratio for your retail health and group health separately?

Chandra Iyer: Of late what I have observed is that there is not much difference between the retail and the group health segment. Mainly it is because of the medical inflation which is there. It impacts all equally, whether it is the retail segment or it is the corporate segment or it is the younger lot or you find senior citizens. Because particularly post COVID we have seen the complications that are coming up which are really giving us very huge losses even in the younger lot. So, if you have to make a comparison, I feel that it is evenly spread out as far as both the senior citizen and the non senior citizen part is concerned.

Sahej Mittal: But ma'am in the retail health book the loss ratio would be upwards of 100%.

Chandra Iyer: Retail it is less than 100%.

Sahej Mittal: And one thing is on the motor TP side. So we have seen that most of the other general multi-line general insurance players they have released their reserves in the motor TP book So have we done any reserve releases?

Sreedevi Nair: In water TP actually we have proceeding with the correct provisioning as far as the provision is concerned because there is also another reason because we are booking it and as and when each year we are booking the third-party premium and here we are providing the correct figures including the interest also we provide each year. So provision is not released but rather it stays. We see that the correct provision is made in Motor TP.

Sahej Mittal: Just hopping back on the profitability bit. So over the next 1 or 2 years, when you're given that you have already gone through the organization restructuring, how do you see your loss ratios and combined ratios moving over the next 12 months to 24 months?

Girija Subramanian: In the next 12 to 24 months, we are making a lot of efforts in terms of having more standardized processes, having more supervision and monitoring across our offices, ensuring that offices that have been as per the reorganized framework expected to put the customer at the center of our existence, delivering on claims fast and being compliant with the new regulatory norms on TAT with regards to claims, etc. So with all of these improvements coming in and with the regular monitoring of our business procuring offices, whether it's a regional office or the corporate business houses, chasing the targets that are set for them, with all this monitoring, we expect to see a cleaner book with a better loss ratio, with a better combined ratio in the next two years and it's our goal to achieve a combined ratio of within 105 in the next two years.

Sahej Mittal: 105% is the combined ratio internal target which you're having. Did I hear that right?

Girija Subramanian: Yes.

Sahej Mittal: And any price hikes you're planning on the retail health policies?

Chandra Iyer: Actually, if I can just share with you that in the last two years, we have had lots of changes in the retail products that we are having as regards to the pricing. We had to wait for the revision because of the pandemic which was there. So after six years; we had gone for the price rise and then following that, we also made some changes to make it, we gave up the band-wise pricing to come up with the edge-wise pricing and we came up with a three-year product also. So all these changes were already happening. So in the current, lot of changes that came through the regulation. We have not really increased the price in those products where already we had gone with the price raise in the recent one year. But then we had some products of ours where we had not gone for a price revision for almost five years or so. And in those products, we had to make some changes because the waiting period for PED has come down, the moratorium has been revised. So with all these changes, there is certainly going to be some impact over the outgoes again. With these policies and these products alone, we made some very nominal price increase, but largely we have absorbed changes in the existing price range.

Sahej Mittal: So no major price revisions which are planned in retail health policies or senior citizen policies despite them throwing higher claims ratios?

Sushma Anupam: Actually as I mentioned to you, part of the price revision has happened in our flagship product. If you see the New India Mediclaim and the family floater price revision happened in the last year. So with that, we really do not wish to burden the policyholders with another very quick price increase. So right now, we have gone ahead with it. And we are also examining the impact of the price revision that has happened in the last year, because we are thinking even the loss ratios which I was mentioning to you, we feel that with this price revision we should be able to have some correction over it. So we would rather examine that and then decide if it is further what needs to be done because at the same time we are focusing more on the claims control part because any profitability cannot be just price driven. It also needs to have a second facet to it in terms of controlling the claims. So we are focusing on extending our PPN network in tier 2 and tier 3 cities because that is where we find a sizable population is there. And if we are able to achieve better network rates with those hospitals then we will have a better control over the claims. We have increased the audits and investigations. We have also recruited medical officers who are actively involved in the claims processing. So all these features and even better negotiations with the hospitals for the renewal packages, all these things alongside the price rise I think should be giving us better results.

Moderator: Thank you. The next question is from the line of Devesh Advani from Reliance General Insurance. Please go ahead.

Devesh Advani: Actually, my question is, the gross premium return, there has been a muted growth in this quarter of around 2.2%. So what is the guidance as far as H2 FY25 is concerned, how the company plans to improve on the front of gross premium return?

Girija Subramanian: Yes, so since we are from Reliance General Insurance, you must be aware that there is a bloodbath in the market at the moment on major lines like fire and engineering. And even in other lines also, the price war is on. So obviously we are working in this market scenario. We are trying to get a little bit, write more of new business or areas that have never been penetrated before. So that is one of the agendas of the company. So we have given targets to our offices to write business that was not insured hitherto. So I think that part of the business will come in in the second quarter. It's a new business from there. But otherwise, the growth will be in tandem with market. I think a lot of growth is happening for new age insurers who have gone digital in a big way. So that's where we see the growth happening and we are trying to improve our internal IT systems and processes, bringing in more automation across our simple products which we can introduce into the market and also through the bank assurance medium. So this is the way we decide next 4-5 months we will try to bring in more new business through these lines.

Devesh Advani: Any figure as to what we are expecting for the gross premium return in the coming H2 or in the coming year?

Girija Subramanian: Expected growth, right now it's at sub 3%, we expect it to grow around 10% by the end of the year.

Moderator: Thank you. We take the next question from the line of Rishikesh from RoboCapital. Thank you. You may proceed now.

Rishikesh: Ma'am, you just shared a 105 combined ratio target for which if we see the claim ratio needs to go down as well, maybe below 90 or some odd levels. So, I would like to know what exactly is going to happen such that our ICR goes below 90 and our claim ratio goes towards 105-107 levels? And do we have any internal targets for combined ratio for FY25 and 26?

Girija Subramanian: So basically our internal target is in the range of 105% to 107% in the next 2-3 year horizon. Now as you said rightly that we have to have an internal claims ratio of around 90% in order to have a combined ratio at that level. So for that we are working heavily on all our lines of businesses to see that we improve on the ICR for each of these lines. Now health and motor together comprise around 70% to 75% of our book. And on the health side, we are trying to bring in more introspection into our claim services by way of audits and by way of having more tie-ups with other hospitals which are in the hinterland which will bring down our claims experience to a large extent. We're hiring doctors and we have used their services for auditing these claims and as well as having a tight supervision on TPAs in order to ensure that there are no fraudulent claims. We are also looking at buying some off the shelf anti-fraudulent software which will help us to detect fraud and see that if there are any such fraudulent claims we are able to take care of that. So that is as far as health goes. As far as motor is concerned, we have directly recruited automobile engineers in the last year. We are having a current recruitment exercise on in which we also will be recruiting automobile engineers. We have been having this started this practice of having automobile engineers posted at all our auto hubs. They do visit all these garages and company surveyors to detect this motor claims and whether there are any fraudulent claims or what kind of practices prevail in the market. We have been taking proactive steps in order to ensure that the system at least that we operate in is cleaner as we go and I think all of these efforts will bring down the ICR apart from a very stringent risk selection exercise that we have started. We've sending our staff regularly on trainings. We been started this practice of training our staff more on these lines so that they're able to exercise more caution at the time of selection of risks in these two lines of business, apart from other lines like fire engineering, cyber, liability, all these other areas where we also want to grow. So basically all of this I think will bring an overall ICR around 100 in the next 2 to 3 years horizon.

Rishikesh: Also one more question, in our motor TP segment you said you can't do any price hike. Could you share what's the reason for this and if you see any price hike in your motor segment going ahead?

Girija Subramanian: No, motor TP is mandated and it is fixed by Ministry of Road Transport. So we have absolutely no control over that and they have to only hike increase the price and there is an industry-wide representation done by the General Insurance Council as well as through the IRDA forum also to them the fact that we are experiencing lot of issues which are unsustainable and I think it has to totally appeal to the government and they have to take care of it. Till the time we have no choice because TP is a mandated segment. We cannot refuse to do TP business.

Moderator: Thank you. The next question is from the line of Saket Kapoor from Kapoor and Co. Please go ahead.

Saket Kapoor: Firstly, we find the government is working at 85%. And I think the LODR norm request needs us to be fee of 25%. So what is the update on the same?

Girija Subramanian: We are a government-owned company and right now we are at 85% and we will have to do any loosening only after we get instructions from the Finance Ministry and from the DSS Government of India. As and when we get any news from them, we will have to start working on it. As of now, there are no plans for the current financial year.

Saket Kapoor: And when we look at the concept for insurance, these are products for contingency. And always your customers are the ones who are paying in order to get the support in terms of contingency. So in that ethical angle, what should be our target in achieving growth? Because if at times the customers do play, it is the purpose for which they have done the insurance. So when we speak in the light that there is a lot of claims being there from the clientele, it is for the purpose only that they have been in that situation that claims are arising. So how correct are we in trying to eliminate this fact because this is the nature of the business aspect itself, it is for the protection of your customers that they are giving a premium and they are looking forward to get the safeguards at time of contingency.

Girija Subramanian: You said it, because that is the nature of our business that we are in this business to pay claims. So this is the very nature of our existence and claims is the reason why we are there. So, having claims is good for insurance companies and insurance business. So we will welcome the fact that claims continue to happen and continue to grow and we find ways and means to expand our business. It's all about the law of large numbers that you write many risks so that you are able to service a few claims. This is the fundamentals of insurance and that's how it will be for as long as it exists. So the only way we can handle our claims better. So as I was saying, it's the law of large numbers that work for insurance and I feel that in order to comfortably service our claims that come into our account, we need to write larger number of risks which are selected well at the time of underwriting. This is the only way that we can do this business well and that's how we'll continue to do it.

Saket Kapoor: And ma'am, for the Mediclaim part of the life insurance, for Mediclaim's part as such, we are seeing a lot of competition from the private players. So what have been the incremental additional policy holders which you have added and also the repeat customers if you could just give some understanding and the uniqueness of our company's insurance products especially for the medical part that irrigates from the private sector because in private sector there is lot of crowding and outgoing from their side. So what are our preparations because whether it's media, whether it's other form of advertisement, we find their presence to be in a bigger way. So how are we creating our space in a profitable way in that segment?

|Girija Subramanian: The first question of how much we have increased in health, then we have increased 13%. And this is despite the fact that as you said it right that there are many health insurance companies that are doing extremely well in the market. The growth rate is at 25% for standalone health companies or the SAHI companies which are growing by the day. There are many of them now and I think six of them now in the market and they are growing at a rate of 25%. We have business across all lines and with the degrowth that we targeted last year for loss making accounts. Even with that we have still grown at 13% because health is a sector where there is a lot of awareness in the population, especially after COVID and therefore it's not a push product. By far it is more or less purchased as a necessity by most individuals and therefore the growth happens even without much of push. So having said that, the difference between a company general insurer like us which does all lines and standalone insurer is that the standalone insurer has to create profitability only out of that one line and therefore it is a very price sensitive thing and the minute there are the insurer has too many claims some more than what he can bear then either he will not pay the claims, he will find ways and means of cutting down on claims or he may sort of try to cut the coverages, sell at lower coverages. All these things are possible and because he has to create that viability out of that one line of business. Whereas as a general insurer, we have got this buffer across all lines, wherein one or two lines don't do well. We have the spread and diversity across all lines, and more importantly, New India which is totally different from any other insurance company in this country, has got operations across the world. And therefore we have an opportunity where we can diversify our books, not only across line of business, but also across geographies, which are also overseas. And therefore there is a marked difference when you buy a policy from a general insurer, because we are able to take a much more shocks than a normal health insurer. That's the difference.

Saket Kapoor: And last point ma'am, for your investors, when investors looked at our performance and the market cap sliding and their investment not getting the right returns. What is the message to your investors, especially the minority because we as minority shareholders look for returns in a growing company, in a growing segment. So we are in a growing segment and there needs to be a lot of market penetration that you people, your team are pursuing. But when will this organization starts addressing your investors need also in terms of creating the profitability pool that takes care of your shareholders. So we are doing a good job in creating a net for the people who are paying premiums and getting their claim settled. But what is there left for your investors who are invested or are looking to invest in big companies like New India Insurance?

Girija Subramanian: We have to thank our stakeholders and our shareholders so that we are able to exist because of the support that you have given us. We've been able to do exceedingly well in our businesses, even during these kinds of turbulent times with every competition, with the prize wars, the way they are. We are able to sustain and keep the ship afloat. That itself is a very big thing with the challenges that we have. So basically, what we have for investors in mind is that we know that you expect to get returns on your investment in a much bigger way than what you have to do. But Insurance is an area where the penetration currently is at 1.10. We have an entire canvas of 98.90% of this country that needs to be penetrated for general insurance. And we are well on our way to see that we are insuring more uninsured segments so that normally the claim ratios come down and profitability increases. With increase in profitability, that will have a direct impact on your returns also. The way forward for this is to go digital in a big way, to use the government missionary to see that we are able to reach the rural hinterland to distribute our products and so that we have innumerable number of policies that we write. And so once we write so many policies, then the number of claims that will come surely will ensure that we sort of get a better premium claims versus premium ratio and that will directly have an impact on your profitability. So this is something we are strongly working on. We are working on our digital interfaces, automation across various product lines. We're trying to see that our claims servicing comes and becomes more digital. We have recently introduced motor servicing for claims digitally up to one lakh, wherever claims are there up to one lakh, they can be straight away cleared digitally. So these are the various things where we are trying to give a better customer delight to see that the TAT for customer increases and obviously this will have an impact on more policies that will come to us or renew with us in the years to come. So these are the many things we are doing but in a country like India where insurance awareness has been growing very recently only after COVID and only because of health where even today, the homes and many of the other assets are not insured. As I said, 98.9% remain uninsured, where the government also needs to put in their faith in insurers and ensure that all CAT services are insured with the insurers. We are working on state governments for this. And once we get this buy-in, the spread and awareness of insurance actually converts into premium and protection for the public. And with that, I am sure that once we have that, the ICR comes down, the COR comes down, and that automatically translates into return on investment for our valued investors. This is a long journey. There is no shortcut here. This sector itself is for people who believe in long-term investment and growth. And I'm sure the people who invested here believed in that and they did it and I'm sure that with all their faith and trust and with New India putting its best foot forward, the day is not far when we will see better returns and better returns on the lines of what our investors expect for them. Thank you.

Saket Kapoor: And lastly, the Pradhan Mantri, the Senior Citizen Yojana, that covering people above the 70 year bracket with Rs. 5 lakh medical insurance, how has that created a market for us and how are we going to benefit it and how are we underwriting? What steps are we taking to garner those types of people who are covered by this scheme?

Sushma Anupam: So, Sushma Anupam here. So, right now it has come as an announcement and yet it has to come into effect. But certainly it is a welcome move. Actually what we see in the long run is that definitely it offers protection to people who are 70 plus. At the same time, it will not, I think, affect the book that is there. As far as the business course, it will give more traction because it will increase the awareness and it will definitely bring home the point which we have also been trying to make across that insurances really must for every person to survive in this atmosphere, particularly as far as the health segment. So we feel that it will give more opportunities. better product variations may come out of this. Even we are working closely on it and we are watching the space and we would certainly like to partner more in that space as well. Thank you.

Saket Kapoor: But that will be a good business case for us because there on the other side is the government who are ensuring that they are going to get the things settled. How does the math work for an insurance company?

Sushma Anupam: Actually, every time it is not the math which is driving the entire thing. See, the main advantage there would be also in terms of the hospital network which is there for the particular segment. Because as you are aware that in the government schemes, the hospitals that are participating, they come at the table with the package rate that is negotiated by the NHA. So, there are many things to it, a lot of work goes into it. So we don't strictly look at it from that angle because with the senior citizens, we are also full of other family members also coming into the net of insurance. So every move is an opportunity and we look at it with a very open mind.

Girija Subramanian: We also look at it as an experience because when you buy a policy for an elderly person at your home and when you get the benefit of a claim which obviously most certainly there will be a claim in a few years and so the rest of the family also understands the release of stress or financial burden that the whole family experiences because of that particular insurance cover being there and we expect them to copy that habit or copy that purchase of health insurance for the rest of the family. And this is how I think life insurance grew in this country and this is how health will also grow.

Moderator: Thank you. The next question is from the line of Nikhil Barshikar, an individual investor. Please go ahead.

Nikhil Barshikar: My question is, new entrants like Digit, ACKO etc. are tech only companies and have disrupted the general insurance space and increasing their market share. How do you see yourself competing with these companies and what is the company's strategy to increase the market share and compete with these new entrants? What is the strategy for top of mind recall strategy to remain competitive in product offerings?

Girija Subramanian: Digit and ACKO are digital and in the retail space, they are very competitive. They're able to get things because of the turnaround times being what they are with the digital medium. So as I already told you, we are working on the digital part. We have been able to automate a few of our products and claim services on the digital space. We are working on the rest of the products also so that we are able to be more competitive on the retail space. But where the other mid-size or large-size clients are concerned, Go Digit and ACKO are not really a competition for New India because we have got clients across several years. We have catered and when you are talking about big clients, big risks, you cannot do much of it digitally. It has to be done by sales people, by marketing people, by our entire technical team being present, taking care of this, having a good pool of engineers, surveyors at your beck and call. And I think in those lines of businesses, we don't look at Go Digital, ACKO as a competition.

Nikhil Barshikar: Ma'am, I have one more question for you. In the distribution channel mix, we can see that bank assurance is one person, which is a smaller portion. So I just wanted to know any initiatives you are planning to take to improve this going forward?

Girija Subramanian: We have taken a lot of initiatives in the recent last three months to increase our penetration in bank assurance. We are in talks with a few banks and we are going to get into MOUs with them to distribute our products. We are also talking to some other rural banks and corporate credit societies and other affinity groups to see whether we can get onto their platforms to onboard our products. So otherwise on the digital front, we are ready with onboarding our products on any of these networks. We are working with at least 3 to 4 banks at the moment and very soon we see some traction in this area.

Moderator: Thank you. That was the last question. On behalf of the New India Assurance Company Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.