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 31st January, 2025

To,

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BSE Limited
Phiroze Jeejeebhoy Tower
Dalal Street
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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 28th January, 2025

With reference to our letter dated January 22, 2025, intimating you about the conference call with Analysts/Investors held on January 28, 2025.
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: 2025.01.31 14:53:39 +05'30'

Jyoti Rawat
Company Secretary & Chief Compliance Officer

"The New India Assurance Company Limited
Q3 FY '25 Analyst Conference Call"
January 28, 2025

MANAGEMENT: MS. GIRIJA SUBRAMANIAN – CHAIRMAN-CUM-MANAGING DIRECTOR – THE NEW INDIA ASSURANCE COMPANY LIMITED
MS. SMITA SRIVASTAVA – EXECUTIVE DIRECTOR – THE NEW INDIA ASSURANCE COMPANY LIMITED
MS. CHANDRA IYER – GENERAL MANAGER – THE NEW INDIA ASSURANCE COMPANY LIMITED
MS. MUKTA SHARMA – GENERAL MANAGER – THE NEW INDIA ASSURANCE COMPANY LIMITED
MR. C. S. AYYAPPAN – CHIEF RISK OFFICER AND GENERAL MANAGER – THE NEW INDIA ASSURANCE COMPANY LIMITED
MR. VIMAL KUMAR JAIN – CHIEF FINANCIAL OFFICER – THE NEW INDIA ASSURANCE COMPANY LIMITED
MR. DHARMESH SAXENA – DEPUTY GENERAL MANAGER HEALTH – THE NEW INDIA ASSURANCE COMPANY LIMITED
MR. SHARAD S RAMNARAYANAN – APPOINTED ACTUARY – THE NEW INDIA ASSURANCE COMPANY LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to The New India Assurance Company Limited Q3 FY '25 Analyst Conference Call. 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 star then zero on your touchtone phone.

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 risks 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 would 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, everyone. I'm Girija Subramanian, Chairman and Managing Director of The New India Assurance Company Limited. It's my privilege to welcome you to this investor call following the announcement of our quarter 3 results for FY '25.

Joining me today are Ms. Smita Srivastava, Executive Director; Mrs. Mukta Sharma, General Manager; Ms. Chandra Iyer, General Manager; Mr. C. S. Ayyappan, our CRO and General Manager. We have our -- some of our DGMs also here and our Chief Financial Officer, Mr. Vimal Jain.

At the outset, I would like to extend my heartfelt gratitude to all participants for taking the time to join us this evening. I also wish to thank our shareholders, investors and analysts for your continued trust in our organization. Your unwavering support is a key driver for our success and motivates us to deliver consistent and sustainable growth.

The Indian general insurance industry is witnessing a transformation underpinned by promising macroeconomic and social trends. Factors such as rising disposable income, increasing health care costs and heightened awareness of the importance of insurance among younger generations are contributing to gradual yet steady improvement in the insurance penetration. These trends, along with collaborate efforts by our regulator, the IRDAI, insurers and the Government of India provide a solid foundation for the industry's growth in the years to come.

New India Assurance, founded by Sir Dorabji Tata in 1919, has been at the forefront of India's insurance journey for over a century. As a market leader, since nationalization in 1973, we have consistently upheld the principles of trust, excellence and innovation. Our operations span 25 countries, reflecting our global presence and adaptability in diverse markets.

Our financial strength and stability are validated by AAA rating from CRISIL and the aaa.IN AM Best National Scale Rating. In addition, we are proud to be recognized as a Domestic Systemically Important Insurer by the Insurance Regulatory and Development Authority of India. This designation underscores our crucial role in India's insurance ecosystem. Furthermore, our achievement of ISO 27001:2022 certification for IT security demonstrates our commitment to leveraging technology, whilst ensuring the highest standards of data security.

As the state insurer for Gujarat and the Union Territory for Lakshadweep, our extensive domestic footprint highlights our ability to serve diverse geographies and customer needs. I'm delighted to share that we recently renewed the prestigious Rajasthan Government Health Scheme, which will provide coverage to 1.3 crores families starting February 2025. This renewal also reflects our disciplined pricing strategy with a 20% increase in per family premium.

On the industry front, the Indian general insurance sector recorded 7.83% growth during the 9 months ended December 31, 2024, with a gross direct premium of INR2,30,201 crores compared to INR2,13,477 crores in the same period last year. This figure is poised to surpass INR3 lakh crores by the end of the financial year.

Despite these positive indicators, general insurance penetration remains at around 1%, presenting a vast untapped market. Expanding coverage, reducing premium costs and raising awareness will be critical in addressing this gap.

At New India, our guiding principle of growth with profitability is not just a statement, it is a philosophy that drives every decision we make. In an industry as dynamic and competitive as general insurance, this approach requires a fine balance between expanding our business and ensuring sustainable financial health.

We have consistently prioritized disciplined underwriting over aggressive growth, choosing to step away from loss-making businesses where pricing did not align with risk. For instance, we've made the strategic decision to forego some large corporate accounts where premium rates were insufficient to cover anticipated claims.

While this resulted in a temporary moderation in our direct premium growth, it has enabled us to focus on quality over quantity, ensuring that every policy we underwrite contributes to the long-term stability and profitability of our portfolio.

This disciplined approach has also allowed us to better manage our loss ratio and safeguard shareholder value. By maintaining a sharp focus on underwriting excellence and profitability, we are building a resilient foundation that positions us to capitalize on future opportunities in a sustainable manner.

As of December 31, 2024, our gross written premium reached INR32,186 crores with a net earned premium of INR26,061 crores. We anticipate a robust recovery in growth momentum during Q4 for the financial year '25, supported by encouraging signs of premium strengthening in the property insurance segment and a strategic focus on profitable underwriting practices.

Our focus on underwriting discipline has significantly improved our operational performance. In Q3 FY '25, we achieved a combined ratio of 116.33, reflecting a steady progress in managing claims and controlling expenses.

Our market share stands strong at 12.80%, reaffirming our leadership in a competitive environment. Our net worth, including the fair value change account, increased from INR44,704 crores in March '24 to INR46,506 crores in December '24. Our investment assets remained robust at INR97,690 crores.

Profit after tax for the 9 months ended December 31, 2024, stood at INR641 crores compared to INR775 crores in the same period last year. This decline was primarily due to weaker equity market conditions, which impacted investment income. However, our focus on operational efficiency enabled us to reduce underwriting losses to INR5,083 crores from INR5,225 crores in the corresponding period.

Our key operational metrics also show a positive trajectory. The incurred claim ratio improved to 97.37% from 98.07% and the combined ratio reduced to 119.08% from 120.34%. Our solvency ratio remains strong at 1.90x, well above the regulatory requirement of 1.50x. We are confident of achieving a solvency ratio of 2x in the near future.

Innovation and customer centricity remains central to our strategy. We continue to expand our product portfolio with the recent introduction of products like My Identity Theft, New India Mahila Udyam Bima designed for women MSME entrepreneurs, pollution legal liability and surety bonds being notable additions. Our focus on digital transformation has enabled us to enhance accessibility and convenience for our customers.

For instance, our partnership with super-app platforms like PhonePe and the launch of WhatsApp-enabled sales facilities demonstrate our commitment to leveraging technology to meet the evolving expectations from our customers. These initiatives also align with our broader goal of strengthening distribution channels and deepening market penetration.

As a domestic systematically important insurer, New India Assurance is uniquely positioned to address the evolving insurance needs of our customers. Our disciplined underwriting approach, strong foundation and commitment to innovation enables us to navigate challenges and capitalize on opportunities.

Looking ahead, we remain focused on optimizing our business mix, particularly in the motor and corporate health segments, while continuing to improve operational efficiency. With a strong leadership team, robust financials and a customer-centric vision, we are well equipped to deliver sustainable value to all our stakeholders. I wish all our stakeholders a very happy and prosperous 2025.

With this, I now invite our Chief Financial Officer, Mr. Vimal Jain, to provide a detailed overview of our financial performance.

Vimal Jain: Thank you, madam. Good evening to you. Good evening, all. I am presenting the financial performance up to Q3 of financial year '24-'25. This -- up to this period, our gross direct premium income is INR31,095 crores. Gross written premium we have done is INR32,186 crores. Net earned premium is INR26,061 crores.

Profit after tax is INR641 crores. Net worth increased to INR21,515 crores and net worth including fair value change is INR46,506 crores. Investment assets at market value is INR97,690 crores. General reserve is INR16,974 crores. Incurred claim ratio has come down to 97.38%. Combined ratio, 119.08% as against 120.34% of previous year.

Solvency ratio has increased to 1.9x as against 1.72x of previous year and return on equity has come down to 4.01% from 5.08%. In all parameters, we have shown the growth, except the profit after tax and the return on equity due to the lower booking of profit on investment in this -- up to this quarter.

Our product mix is from brokers, we have generated a business of 33%. Direct side, we -- direct platform agent, which is 26%, directly is 31%, bancassurance is 1% and dealer is 9%. Our business is, Fire segment it is 15%; Marine, it is 2%; Motor OD, it is 12%; Motor TP, 15%; Health & PA is the maximum, which is 46%; and Others 10%. The technical reserves have increased from INR50,551 crores as of last year of December to INR52,536 crores of this year.

Our market share is 12.80% as per GI Council data. Out of INR230 crores -- INR2,30,201 crores, our market share is INR29,466 crores, that is showing 12.8%. We are present in 25 countries in the world. We are having 1,680 offices in India, and we are the dominant domestic company.

We are market leader in general insurance sector and ISO 27001:2022 certification we are having. And we have the AM Best and CRISIL ratings we are having. And diversified product mix with technical competence, we are having multichannel distribution. We are excellent in customer service and technology and consistent market leader since last many years and since nationalization, you can say.

And we are also increasing the return on equity through the increase in market share, through improving profit margin by leveraging economies of scale driven by growth. We are rationalizing the offices, operating offices. We are increasing the digital penetration. We are maintaining healthy solvency margins. We are leveraging on technology to drive our customer satisfaction, profitability and growth.

We are also actively involved in social initiatives such as educational and health programs to support local communities. We are making progress in reducing carbon footprint by adopting sustainable practices and initiatives such as green energy solutions to mitigate the climate risk.

We have developed a comprehensive plan to integrate ESG considerations into business and operations. That plan includes using advanced technologies to automate process, to provide training to employees, to develop ESG metrics to track performance. We also implemented rigorous governance practice to ensure transparency and accountability in all our operations.

This is from my side. Now you can -- further the incurred claim ratio is 97.38%. Our commission ratio is 9.50%. Expenses ratio is 12.19%. Combined ratio total is 119.08%. Solvency becomes 1.90x, and return on equity is 4.01%.

The premium -- gross premium written is -- through Fire is INR4,786 crores, Marine INR793 crores, Motor OD, it is INR4,002 crores, Motor TP is INR4,685 crores, Health, including personal accident, is INR14,745 crores; again, it is the highest; Other miscellaneous is INR3,174 crores. So in all segments, we are showing positive growth except Fire, where we are negative by 9.08%. That's all from our side. Now you can take the questions.

Moderator: The first question comes from the line of Jerick Sachdev, who is an Investor.

Jerick Sachdev: Sir, my first question is, can you share an update on how your partnership with PhonePe and WhatsApp have done in Q3 FY '25, especially in terms of sales?

Girija Subramanian: Yes. So our CRO will handle this.

C S Ayyappan: Thank you for the question. And as a strategy, The New India has partnered with the super-app players like PhonePe and Q3 growth in the sale is 50% with PhonePe. And as far as the WhatsApp is concerned, we have started with the initial sale of the existing products, and we would like to expand further with -- on sale of the product, but however, as on date, it is more concentrated on the service for the quarter.

Jerick Sachdev: Okay. Sir, just one more following question on to that, actually. Could you give us some updates on the performance of the renewed Government Health Scheme in Rajasthan? And how it fits with your profitability goals actually? My second question is, could you give us some updates on the performance of the renewed Government Health Scheme in Rajasthan? And how it fits with your profitability goals?

C S Ayyappan: Thank you. It's a wonderful thing that -- Mr. Jerick, for raising this question. As a socially committed organization, New India always try to support all the government schemes especially, however, with a line of thinking about the bottom line also to take care of the interest of the stakeholders.

In the present scheme also, what we have done is we have taken into consideration the expiring experience. Basing on that, we have raised the premium in such a way that there is a premium growth, as our Chairman Madam has pointed out, of 20% on the existing premium base and which will be taking care of the bottom line requirements also, however, addressing the needs of the common man at all times.

Girija Subramanian: Does it answer your query?

Jerick Sachdev: Yes, sir.

Moderator: The next question comes from the line of Aditi Joshi who is from JP Morgan.

Aditi Joshi: My first question -- actually, a couple of questions. First question related to the investment yield side. So possible to explain as in what were the reasons why we had a lower investment yield? And even if I look at the yield without annualized gains and losses, it actually came off a little bit. So it is because mainly -- it is mainly because of fall in the interest rates? Or was it because of the lower equity markets?

And if you can also provide your comment on what's the outlook as in it's going to remain weaker in the next coming quarter as well? Because even if we improve the underwriting profit, but if we have, let's say, a weaker investment income, then it actually weighs on the profit after tax. So that's actually first question.

And second question is actually related to the growth in the Motor segment. We saw growth in both Motor OD as well third party, but specifically speaking about third party, it was quite high, and it has been quite high within the industry as well. So if you are able to explain as in what's causing that growth, especially in the third-party segment?

And also if you are able to provide some comment on the portfolio mix change as well? Like you have mentioned in the comment as in the mix of -- how the mix between the private cars or 2-wheelers in the commercial vehicles have changed and what's causing that growth? Yes, that's it from me.

Chandra Iyer: Aditi, I'm Chandra here. So regarding this yield on investment, what you are asking about, the lower yield, like you pointed out, it is because of the churning in the market that is happening in the equity market, so we were able to realize -- or we were able to realize lesser in that particular segment of our investment. So that has hit our investment yield.

And about the outlook, it is still quite a volatile market that we are having, and we are waiting for tomorrow's RBI guidance. So we will be seeing some change in the interest yield in the market. And we will be taking action accordingly to lock in whatever we can at the higher-yielding securities. Does that answer you?

Aditi Joshi: Yes. So was the slowdown also caused because of the interest rates or it was mainly only from the equity market -- poor equity market?

Chandra Iyer: It's primarily due to the equity market. We didn't get enough an opportunity to cash in on the equity sales.

Aditi Joshi: Okay. But it was down even without the unrealized gains and also that's again because of the weaker equity market?

Chandra Iyer: In previous quarters also, we were a little slow in our realization because we were expecting dividend yields from our portfolio. So we had slowed down a bit. But unfortunately, in the later part of the year, the market has not given us an opportunity to catch up.

Girija Subramanian: On the second question, which is on motor TP, I think TP business, basically, it is mandatory. So it goes -- I mean, even without putting in any efforts, whatever business comes, we are not able to decline that. Having said that, about the portfolio mix, we have a mix of a bigger portfolio on the commercial vehicles, some midsized portfolio on private car and a very small 2-wheeler book. So basically, this is the mix that we have and the high growth in TP is across all these. Yes, our Motor DGM will clarify further on this.

Management: Good evening, everyone. Regarding this motor-specific query, I would like to answer in this manner, this motor TP growth, what you are looking at now, basically, it is -- first is our government's awareness bringing into the general public at large and motor vehicles, especially these commercial vehicles, some of them were at some certain zones where going without this TP and this government has raised the awareness about the third-party insurance.

That is one of the reasons why we are finding this TP premium growth. However, the TP rates per vehicle are still less, but it is -- the major awareness that is standing out because of which we are getting a good TP coverage on commercial vehicles.

Regarding -- so coming to the motor, the other part, which is the motor own damage cover part, here, actually, the earlier two quarters, the trends in the market were also not very encouraging. The sales were also not good. It is just this Diwali vacation, some good numbers are coming out from the motor manufacturers, and that is helping our costs, and we are getting a good number of this. Especially in this quarter, we have shown a good accretion on the motor part. Anything else to be -- where you are having any query or...

Aditi Joshi: No, I think this has been good. Just can I ask one more question? And that's broadly in the Health segment. So if possible to share the split or the growth between the retail and group health for the third quarter?

Dharmesh Saxena: Yes. Good evening. This is Dharmesh Saxena, I am the DGM Health at New India. So to answer your question, madam, the retail growth is -- comes to 11%. GMC, that is the group health growth is 7%. And government, we were at minus 6%. That is because the Rajasthan scheme was -- is effective from February '25. So that should come in this quarter. I hope that answers?

Aditi Joshi: Yes, yes, that's clear.

Moderator: The next question is from the line of Mahek from Emkay.

Mahek: Yes. So I had a couple of questions. So first one was on the Health segment particularly. So I just wanted to know the trends in the claims ratio. And how are you seeing the growth in the retail and the group segments going ahead? Secondly, on the Motor TP segment, the quarter has seen a little bit of uptick in the claims ratio. So I wanted to understand the reason for the same.

And secondly, I wanted to understand your views on any price hike whether you're expecting in FY '26? And lastly, on the Fire segment, have you seen any kind of pricing discipline in the month of January? So these were my three questions.

Dharmesh Saxena: Good afternoon. This is Dharmesh Saxena again, DGM Health. So I will start by answering the health question first. So if I talk about growth, the retail segment is growing at 11%. GMC, that is the group health, is growing at 7%. And the government business till the quarter 3 was minus 6%. That, again, because of the Rajasthan scheme, which kicks in, in February '25. So that is regarding the growth, sir.

And if we talk about ICR, we have substantially improved our ICR over last year. We are at 103.25% in toto. And in retail, the ICR is 88%, group health is 103% and government was 114%, sir.

Mahek: Sir, my question on growth was particularly from the competitive intensity perspective. I mean whether you're seeing any competitive intensity, particularly in the group segment, sir?

Dharmesh Saxena: In the group segment, yes, we have completion, but I mean, we are very aware of our bottom line, and we are looking to the fact that we should be getting profitable business so that at the end of the day, we are making some profit. And...

Girija Subramanian: Actually we have been adopting a very stringent pricing discipline where group health goes because that is where there were issues earlier on. And from the last more than a year, there has been a pricing discipline that has been practiced very, very strictly at New India wherein when we accept GMC business, we correct the price so that both experientially as well as on an exposure basis, we are on a better footing than what we were in the previous year.

So -- and we have not -- we have refused also a lot of group business when the pricing did not meet the minimum levels that we felt was required. So from this perspective, I think there has been changes in our portfolio in the group health basis these factors. And in the retail, there has been an increasing thrust on growth in retail sector in health. And this is very much evident from the growth that is seen of 11% in retail, whereas the growth in GMC has been arrested at 7%.

Mahek: That's helpful, ma'am. Can you just help me with the answers on the other two questions?

Girija Subramanian: Motor.

Smita Srivastava: Sir, this is Smita Srivastava, ED. Regarding the increasing ICRs in TP, if you see from the year '21-'22, the ICR on earned premium was 67.55%; '22-'23, it rose to 75.07%; '23-'24, 83.05% and up to quarter 3 in financial year '25, which is 88.94% on earned premium. So the main reason is non-revision of the motor premium by the Ministry of Road Transport.

The last revision in premium happened in the year 2022, which was also very nominal increase and some decrease in certain segments. Also, we have seen in the past few years the nature of awards given by the MACT and other courts, the minimum wages, even for unemployed people is now being taken at INR15,000. That increases the awards to a very great extent.

Also other judgment which came in Mukund Dewangan case and which was reinforced in the Ramadevi case, where commercial vehicle can also be driven by a person holding a private car license. So all such cases which we were denying now will go back and will have to be paid. So these are some of the reasons why the ICR is going up in TP. And we are waiting very expectantly for increase in premium, which will help us in bringing down the ICR in this segment. Does this answer the motor one?

Mahek: Ma'am, just a small follow-up. So can you just a little bit give your commentary on the reserving in the Motor TP segment, particularly? Like how is it -- because other players are seeing a lot of reserve releases during the quarter and...

Sharad Ramnarayanan: This is Sharad here. As far as reserves are concerned, what we usually do is actually we adopt a stable approach during the quarter. And if at all any corrections have to be done, either upwards or downwards, as far as prior years are concerned, it will be done in the fourth quarter. This is why you always need to look at the third-party your performance over a full year basis because quarterly, there can be quite a bit of variations.

And since the prices have not really increased, I think whenever you are making an estimate, you have to consider the expected claim inflation. So as long as the prices remain constant to you, it's very natural to expect the loss ratios to go up steadily, which is what you have witnessed in our results.

Regarding past year reserve releases, so each company's book is very different, depends on the business mix, depends on the location where they write, depends on the extend of CV, PC, TW kind of thing in the books. And each one behaves differently. So different companies, you cannot really expect the numbers to be similar. So I think, at the end of the year, we will again reevaluate what is the situation. And after that, we can talk about it in detail.

Mahek: That was helpful. And lastly, on the Fire segment, like are you seeing any pricing discipline in the month of January?

Girija Subramanian: Yes. So the market -- there is -- I mean there is an expectations from the market that the pricing is going up for Fire and the few renewals that have happened from Jan, yes, the price is holding to a large extent.

So we believe that the market behavior to increase pricing following a huge dip in the Fire pricing, which has gone to unsustainable levels, and that has motivated the market to sort of increase the pricing. And I think across all the renewals that we have seen, it is holding. And we expect that for this quarter, Fire business will be at more sustainable levels and you can see better performance of Fire as a class this quarter.

Moderator: The next question is from the line of Kishore Agarwal from Bajaj AMC.

Kishore Agarwal: I have a couple of questions. So first is on the Motor TP side. So have you taken any third-party reserve releases this quarter? And you also briefly talked about that there can be a price hike this year. So what can be the quantum that we expect on the TP price hike?

Second question is on the combined ratio journey. So I think you had briefly highlighted in the last call that you want to bring down the combined ratio. So this quarter, we have seen some improvement in the claim ratio, but that is very minimal. So where are we in the overall journey, and how long do you expect it to take for you?

And on the fire side, what has been the premium increase that you have seen in Jan? So those are my questions.

Sharad Ramnarayanan: On the TP reserves, I'll like to answer that we have not had any prior year releases, at least for the first 9 months. In the March quarter, we will again relook for the full year's exact development patterns and decide whether there is need for any strengthening or needs for any releases. At that time, we will be taking a call. During the quarter, like I said earlier, we will be just making reserves based on a simple estimate basis by adjusting the assumed loss ratios for the expected claim inflation.

Girija Subramanian: On the combined ratio journey, yes, we had throughout the year targeted for reduction in combined ratio as we go with every quarter. And this quarter, we have achieved a reduction in the combined ratio. And this has come through a lot of effort and the basic -- and the most important effort that has come in is through the selection of risk wherein across lines of businesses, we have taken a concerted effort to improve risk selection and also improve pricing where health is concerned on GMC business.

And we are also trying a line of business diversification, a different portfolio mix, wherein we have more thrust on retail across health, across home, across liability and other miscellaneous segments. So with this diversification, we have seen this impact coming. And we are sure that this will continue in the next quarter.

And in the immediate long term or immediate term, 2 or 3 years, we'll continue this journey of very, very strict supervision on risk selection, so that qualitatively, we have a better book of this, which will hold us in good stead for a long time to come. So that is the journey for combined ratio, and we expect that the ratio will come down every quarter.

For the fire premium increase, we cannot give a quantum because these risks are across various occupancies and each occupancy has a different claim ratio, has a different experience and exposure. And the increase would determine on basis on each -- subjective on each risk previous experience and what the exposure holds in store for the next year. So we can't comment on exact percentage of price increase, but it's definitely good enough to see the portfolio turning around to a very positive side.

Kishore Agarwal: Okay. Just two follow-ups. So one, have you seen any impact of the one by end accounting change on the long-term premium? And secondly, on third party, we just have 2 more months before the financial year-end. So have you seen any discussion with the regulator on the price hikes on the TP side? So that will be it.

Girija Subramanian: Yes. So on the one by end accounting, we are strictly implementing that part of regulation. And we are -- I mean that is being implemented. But we don't see a very big impact for New India because we don't have a very big book of long-term business.

We have business in motor, but that's already been accounted in the one by end way, the way it is mandated. And for the other segments, wherein the long-term policies are almost -- they're not at all significant, they won't have any impact on the overall results for New India.

As regards the TP -- motor TP premium, there has been a constant dialogue that has been taken up by the General Insurance Council on behalf of the industry with the MoRTH and the effort continues to be on. We are also trying to have this dialogue with MoRTH regularly on increasing TP premium and we're very sure that there would be some increase in the near future.

Moderator: The next question is from Aditi Joshi from JP Morgan.

Aditi Joshi: Just a couple of questions. Within the health, you have said that retail health was -- GWP was up by 11%. So are you able to share as in how much of this increase was because of price increase, if at all it was there?

And the second question is, I just wanted to understand with respect to the future regulation environment, if we have, let's say, a composite licensing coming in, then what is the management's strategy on that will be as in would you like to expand to, let's say, life insurance as well. Or how will you like to -- what will be your strategy under that scenario?

Dharmesh Saxena: Yes. So good evening, again. So as I said that the retail growth is around 11%, and mainly, it is due to the price hike, which we have done in October this year. It has been done mostly after about 5.5 years this increase in pricing, and also to take into effect the various indications which IRDAI had given. So after a long time, there has been an increase in the pricing parameters. And most of the growth, I would say, is due to that price increase.

Aditi Joshi: Okay. And then just a follow-up. Going forward, do you think pricing increase can happen further? Or does the level of hike that you have taken is suffusion for, let's say, the next year?

Dharmesh Saxena: We are actively marketing our various products also. So I think with the growth in business, with the more policies which are marketed, probably the premium would also increase. So the premium base is surely going to go up.

Aditi Joshi: Okay. Got it. And on the composite, if you can...

Girija Subramanian: On the composite license, as of right now, we do not have any plans to foray into life insurance. Life insurance is a very different business. It requires a lot of planning and it requires a lot of capital also. And I think the -- it takes -- it's a very long journey before you break even in life insurance business.

It takes a lot of planning to get into that sector. And as of today, there is no such planning. We are already quite well diversified into the non-life segment. We do practically everything in the non-life space. So right now, we don't have any plans to get into life business.

Moderator: The next question comes from the line of Saket Kapoor with Kapoor & Company.

Saket Kapoor: Ma'am, when we look at our financial numbers and the line item 13 speak about the underwriting losses that we incur on a quarterly basis. So our company is serving the nation in various sectors. But for investors, how should they look at this company offered as an investable proposition. If you could just dwell on the same?

Girija Subramanian: Yes. Actually, underwriting losses are there across the various lines of business. But we are able to generate profits because of the investment income and proper handling of the investment funds that are with us. We are also putting our entire resources to examine all these lines of business as to how we can turn them around and reduce the losses, bring the combined ratio down so that it becomes very attractive for the investor.

But then, I mean, I think it is -- this is a problem which exists with most of the entities that operate in this market. The price sensitivity is very high and increasing price for any product becomes very, very difficult in this market. And because of the intense competition and even the companies willing to almost give the customer the product almost free of charge, that is the reason why we are finding it very tough to increase prices very heavily.

We have to draw a very fine balance between maintaining the volume and the quality. And that is a very, very thin line and the tight walk that we do every day and trying to see that at the end of the day, our books show some profit for the investor.

And I believe that part of this whole thing also comes from the fact that we are an under-penetrated, very much under-penetrated market, where insurance awareness is on the rise, but it's definitely not at the optimal level where insurance is a buy product, it's not a sell product. So right now, it's really a sell product. We need to, first of all, convince the customer to buy and when he buys then he want it almost at a very, very competitive price where it becomes very unaffordable for the insurer.

So -- and there are many things as a government entity that -- because of all the transparency levels being where we are and we being -- having to put everything in a very transparent and ethical way, that also -- because of that, there is a price that is associated with that, and we are very proud to be working in that way so that we are able to open our books of accounts to all entities so that we are seen to the transplant, seen to be fair, seen to be an entity that is in the national service of being -- of making our citizens financially included in every possible way.

And we have to do this entire thing with a sense of responsibility wherein it comes to we sell a product at a price, which is -- by which we are able to manage the losses in conjunction with the investment income. So in this whole gamut, I think right now, I can tell you that we are doing our best. Our senior management has put its best foot forward to see that we are able to give the best value under the current circumstances to the investor.

And we will never let our investors down. We are always committed to see that every rupee that we can give back to our stakeholders by way of return, we will surely do that. Entire management is completely committed on that. And it's a 106-year-old company that has stood the test of time, that has weathered all the storms.

We are always the first port of call for any national requirement when it comes to insurance, and we'll continue to be so for many years to come. And other than this, I would say that it's an intangible element that you surely should look at when you invest in this company and a long-term perspective.

Saket Kapoor: Ma'am, you mentioned about our investment is supporting our cash flow. So what is the current size of our investment book? And if you could give the split between investment in the equity market and the debt products?

Girija Subramanian: Yes. Our current investment book is of INR97,000 crores, which we have put it in our presentation, of which our equity is about -- near about 17% of the total.

Saket Kapoor: 1-7? 17%. Ma'am, you were mentioning about 1-7, 17% being in equity and others are in the debt?

Girija Subramanian: 17% of our book value is equity.

Saket Kapoor: Okay. And on the debt part, what is our current yield to maturity?

Girija Subramanian: Current yield is somewhere between 7% and 7.5% on the debt book.

Saket Kapoor: Okay. And the further breakup of debt into the government and the state government, what percentage is towards the government securities and...

Girija Subramanian: State government and central government securities totally about 53% of our book value is invested in the government securities and other fixed interest bonds is 23%.

Saket Kapoor: Okay. Madam, as you were alluding to the earlier idea of creating value for your shares, when we look at our market capitalization, when the stock got listed sometimes I think in 2017, correct me there, the prices have remained or have halved over a period of time for the last 8 years?

So when you are conveying the message that you will be creating value for your shareholders, that has not been the case for the last -whatever trading history we have -- maybe the organization is older than the century, but still then also last 7 years performance, the perception of the market that you want to convey, there is a gap between what you are perceiving and how investors are perceiving the company?

Girija Subramanian: So you want us to answer to this?

Saket Kapoor: Yes, ma'am, you alluded to the fact that you are working for creating shareholder value. And my observation was when we got listed in 2017, from then to today, whoever have remained invested or one can look at the enterprise value, that has declined only. So what are the key factors that neither the market can perceive the valuation which you are alluding to, and thereby, the decline in the enterprise value?

Girija Subramanian: I think from the time we got listed till now, we've had COVID era and we've had this era where the markets have completely fallen down. And I think all the insurance companies suffered from this. So it's not only New India alone. If you look at any other listed company also, it has been the same story for insurers in general.

And we are -- since we are in the business of insurance, we are not able to -- we are regulated in terms of where we invest our funds, and we have to stick to those norms. So obviously, there are certain restrictions as to where -- whether we can -- we are not an investment company that we use the entire funds and use all the ups and downs of the market to churn out maximum profitability for the shareholders.

We have a limitation that we have to use the premium -- the funds that come through premium and invest them by way of regulation and also then -- and within that -- those -- within that -- those parameters, we have to generate the best results. So -- and handle the market volatility across these years. And I think within all these restrictions and challenges, we have done a wonderful job.

Saket Kapoor: Okay, ma'am. So a small point, ma'am. If you could give us the peer comparison in the space where we operate so that we can find out the difference. And secondly, ma'am, since the product is -- the penetration is low, I think so, more steps should be taken not only by -- not by the organization, but also by the Government of India to promote and make it a buy-side product, which you very well alluded to, that it is a sell side. And as and when the requirement arrives, we are going to sell it.

What steps should -- there should be suggestions to the Government of India, to the nodal agencies that this become a buy product. And lot of other initiatives like the government takes about Swachh Bharat and other verticals should be taken in terms of the insurance part of the story also going ahead? That was my understanding and humble suggestion.

Girija Subramanian: Yes, yes. So thank you so much for this. Now this peer group comparison that you're asking, actually, I should tell you that we are unique in the way we are, and we don't have any peers. We have only ICICI Lombard and that is nowhere near us. I mean it's a private sector entity and many other things which are different from New India, and therefore, not comparable. So we'll not be able to give you a peer group comparison.

But -- and as regards your suggestion that we should be giving to the government regarding making insurance a buy product, that is happening, it has been happening across the years and now with the current government being very active on financial inclusion, it has found ears also. And we can see so many schemes being rolled out by the government.

Most of these schemes are after intense dialogue with the insurance industry and most importantly, the public sector companies, which have given a lot of inputs. We are, you can say, governed by the Department of Financial Services. And we have regular interaction. Every quarter, there's a review. And during these reviews, everything is discussed threadbare, including challenges, including the penetration.

We are constantly being pushed by our government also on -- to bring our products and roll -- reach out to the last mile customer. We are -- in fact, New India has put an increased and undoubtedly focused focus on trying to see that we reach our products, our simple products to the last mile customer in the hinterland. And we have activated several of our offices. We have been talking to governments, state government trying to see how we can combine with them and bring this product -- bring our products to the customers.

Yes. So as I said that we do give our inputs to the government very regularly. And as a PSU company, we are regularly being reviewed by the Department of Financial Services to whom we report. It is a very threadbare review that is done to the smaller level across each line of business.

We are also encouraged to bring out lot of products to align with the distribution channel that will allow us to take our products to the last mile customer in the hinterlands of India and the whole purpose is to bring in financial inclusion. So there's a huge activity that is happening across the last few years.

And it's just that even despite lot of efforts, it's very, very difficult to break ice, but the efforts are still on. And the numbers will speak for themselves in terms of number of insureds across various retail lines. And I'm sure that this kind of effort that we are putting in, it will see a lot of traction in the coming few years.

And all that -- all the efforts that the government and the insurance companies, the regulator, the General Insurance Council, all of us are putting in humongous efforts to see that insurance becomes a buy product. The day is not far when this will be. We're very sure and very positive about it.

Saket Kapoor: Business is derived from...

Moderator: Thank you. Due to paucity of time, we are taking questions from one more person only. We have Rachna on the line, who is an Investor.

Rachna: I have one question. Like earlier, D2C had advantage tech but traditional payers are slowly catching up. Now once tech has been enabled into traditional players as well or how can traditional players have a competitive edge over D2C? As you being an industry player, how different is our tech compared to other D2C players? And how are we well placed in terms of tech?

C S Ayyappan: Yes. Ma'am, to answer your question, I would like to divide the answer into two parts. One is about the traditional players and second on D2C players. Whereas basically, the traditional players, we are having -- unlike the D2C players, we are having the direct business also. Sizable share of our business is coming directly also for us. So actually, we are having a direct reach to the customers traditionally also.

Second one is, as far as the D2C players are concerned, they concentrate only on the D2C using a particular platform only and not using the digital mode, which is an adapted practice throughout the world when it comes to the general insurance. Because being a push product, naturally, the digital is the preferred mode and whereas the digital is coming as a secondary model. So this is the difference when it comes to the marketing.

So as the market leader, New India adapts a hybrid approach. One, using their traditional method of approaching the customers directly physically; second, using the digital modes and also using the digital partners to reach out to the customers on D2C modes. These are the two approach papers that we are having. As a market leader, we are exhibiting and also doing the sales successfully, ma'am.

Rachna: Just a follow-up on that. Even the D2C players are having an omnichannel presence, as you rightly said. And they are scaling at a faster rate, so the competitive intensity is high. So to overcome that, what are the measures we are taking as an industry leader?

C S Ayyappan: Ma'am, the competitive intensity, as you rightly pointed out, especially it happens in the retail market. Always anywhere in the world, the retail is highly competed and also highly intensified through the intermediary commissions and various expenditures and also the maximization of the cost to acquire a customer. This is what happens throughout the world.

There is also -- India is also not an exception. For that matter, New India also follows the same method. However, we have to comply with the regulatory guidelines on the expenditure, which is 30%, whereas we have noticed some of the D2C players in the recent days have exceeded this

30%. So this means they are violating and it may be leading them to unnecessary things, which I'm not able to comment about other players.

But as a prudent player and who is leading this market, I can very well say that New India is doing the D2C thing within the limits of the IRDAI guidelines and which will stabilize the market growth in the days to come.

Moderator: Ladies and gentlemen, that brings us to the end of the question-and-answer session. I would now like to hand it over to the management for closing comments.

Girija Subramanian: I thank all our stakeholders, our investors for the trust and the trust reposed in New India and our management to carry forward the story and see that we bring about our strategies to the flow with the proper intention that we have always framed them and see that we are in the best service to our customers and stakeholders at all times. And we've continued to give good results and good return on investment to all our investors going forward. Thank you so much. Have a wonderful 2025.

Moderator: Thank you. 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.