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.
Regd. & Head Office : New India Assurance Bldg., 87, M.G. Road, Fort, Mumbai - 400 001.
CIN No. L66000MH1919GOI000526

आज़ादी का अमृत महोत्सव

Phone : 022 2270 8100
022 2270 8400
Website : www.newindia.co.in

Ref. No.: NIACL/CMD_BoardSectt/2024-25 29th May, 2024

To,

The Manager
Listing Department
BSE Limited
PhirozeJeejeebhoy 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 24th May, 2024

With reference to our letter dated May 17, 2024, intimating you about the conference callwith Analysts/Investors held on May 24, 2024, please find attached the transcript of theaforesaid 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: 2024.05.29 14:40:38 +05'30'

Jyoti Rawat
Company Secretary & Chief Compliance Officer

"The New India Assurance Company Limited

Q4 FY '24 Earnings Conference Call"

May 24, 2024

MANAGEMENT: **MR. TITUS FRANCIS – EXECUTIVE DIRECTOR, – NEW INDIA ASSURANCE COMPANY LIMITED**
MRS. SMITA SRIVASTAVA – EXECUTIVE DIRECTOR - NEW INDIA ASSURANCE COMPANY LIMITED
MRS. SUSHMA ANUPAM – GENERAL MANAGER, HEALTH - NEW INDIA ASSURANCE COMPANY LIMITED
MR. SREEDEVI NAIR – GENERAL MANAGER, MOTOR – NEW INDIA ASSURANCE COMPANY LIMITED
MR. SHARAD RAMNARAYAN – APPOINTED ACTUARY – NEW INDIA ASSURANCE COMPANY LIMITED

MODERATOR: **MS. MAMTA SAMAT – PERFECT RELATIONS PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the New India Assurance Limited Q4 FY '24 Earnings Conference Call hosted by Perfect Relations Private 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 star then zero on your touch-tone phone.

Please note that this conference is being recorded. I now hand the conference over to Ms. Mamta Samat from Perfect Relations Private Limited. Thank you and over to you ma'am.

Mamta Samat: Thank you Muskaan. Good evening ladies and gentlemen. I am Mamta Samat, the host for this conference call. I thank each one of you for joining us today for the New India Assurance Company Limited Q4 FY '24 Earnings Conference Call. Today we have with us the Senior Management represented by Mr. Titus Francis, Executive Director, Mrs. Smita Srivastava, Executive Director along with other senior management dignitaries. 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 like to hand the conference over to Mrs. Smita Srivastava for the opening remarks. Thank you and over to you ma'am.

Smita Srivastava: Thank you Mamata. Good evening everyone. I am Smita Srivastava, Executive Director, the New India Assurance Company Limited.

On behalf of my team, I extend a warm welcome to you and thank you for your presence today at the New India Assurance Company Limited earning call for the fiscal year 2023-'24. I would also like to express a heartfelt gratitude to each one of you for your continued patronage and confidence in us over all these years. We hope you all have had the opportunity to review our results including the press release and investor presentation available on the stock exchanges.

Today, I am joined by Mr. Titus Francis, Executive Director, Finance, Mrs. Sushma Anupam, General Manager, Health, Mr. Sreedevi Nair, General Manager, Motor and Mr. Sharad Ramnarayan, Appointed Actuary. To begin with, I will give you a brief background of our company.

Thereafter, Mr. Titus Francis, Executive Director, will present the financials for the fiscal year ending 31st March 2024 and then we shall proceed to the question and answer session wherein we shall answer all your queries and clarify any doubts you might have. The New India Assurance Company was founded by Sir Dorabji Tata in 1919. The company's operations span across 25 countries and we have been a market leader since nationalization in 1973. Our company is a state insurer for Gujarat and Lakshadweep.

AM BEST has assigned the India National Scale Rating of aaa.IN exceptional, affirmed the financial strength rating of B++ which is good and the long-term issuer credit rating of bbb+ good to the New India Assurance Company Limited. The outlook of these credit ratings is stable. In India, we are rated AAA stable by CRISIL.

The New India Assurance continues to be identified as a domestic systemically important insurer by IRDAI. We are certified as ISO 27001. 2013 compliant on IT security, thus making us one among the few general insurers following higher standards on data security in India. With over 105 years of experience in the general insurance industry, we have built a legacy of trust and reliability.

Our long standing history and deep rooted expertise enable us to navigate the complexities of the market and deliver superior insurance solutions. As you are aware, the Indian general insurance industry has been growing impressively and for the year ended 31st March 2024, the industry has grown by 12.78% and has completed a gross direct premium of INR 2.89 lakh crores.

I am proud to announce that New India holds the highest market share in the industry, amounting to INR 37,085 crores which represents 12.78% of the market. This is a testament to our robust market presence and our ability to meet the diverse needs of our customers. We are proud of our extensive global reach with a presence in 25 countries and our expansive network of over 1840 offices in India. This widespread footprint reinforces our dominant position in the domestic market and enhances our ability to serve a broad customer base.

Coming to the financials, our gross written premium grew by 8.3% during the year to INR 41,996 crores as compared to INR 38,791 crores in the financial year 2022-'23. The profit after tax increased by 7% during the year to INR 1,129 crores against INR 1,055 crores last year. The profit after tax for the fourth quarter more than doubled as it increased by 128.4% to INR 354 crores. The segment-wise breakup of our company's business portfolio is as follows. Health and personal accidents 45%, fire 16%, motor third party 14%, motor own damage 12%, other lines of business including liability and aviation at 10% and marine 3%.

Our company commands 12.78% market share in terms of GDP among the Indian general insurance and consistently been a market leader in fire, marine, aviation, engineering and health insurance in India. The solvency ratio remained healthy at 1.8. The net worth stands at INR 21,135 crores as against INR 19,920 crores in the last financial year. The investment assets stand at INR 95,910 crores as against INR 86,111 crores last year.

The investment environment has been buoyant and the company's net worth including fair value change account increased to INR 44,704 crores as on 31st March 2024 as compared to INR 38,675 crores in the previous financial year recording a growth of 17.78%. The impact of catastrophic claims on the net incurred claims during the year was INR794 crores. During the fourth quarter there was an impairment charge of INR 110 crores on the Nigerian operations due to devaluation of their currency, the Naira.

Some tectonic changes have been taking place at the regulatory level with introduction of several light touch principle-based regulations. These regulations are a part of a larger exercise undertaken by the regulator to make the insurance ecosystem more robust and consumer friendly. Some of them are the IRDAI Insurance Products Regulation 2024, IRDAI Expenses of Management including Commission of Insurance Regulation 2024, IRDAI Protection of Policyholders' Interest Operations and Allied Matters Insurance Regulation 2024, IRDAI Rural

Social Sector and Motor Third Party Obligations Regulation 2024, the Bima Sugam Insurance Electronic Marketplace Regulation 2024, the Corporate Governance Regulation for Insurance 2024, the Finance Actuarial and Investment Regulation 2024, the Registration and Operation of Foreign Reinsurance Branches Regulation 2024 and the Registration, Capital Structure and Transfer of Shares and Amalgamation of Insurers Regulation 2024 and I would like to assure you that our company is making a very smooth transition to the new regulations which have been introduced.

We remain committed to pursuing growth and profitability ensuring that we continue to meet the needs of our customers by delivering value to our stakeholders. Thank you for your continued support and trust in the company. Together we look forward to a future of sustained growth and success.

With this I now hand over to Mr. Titus Francis, Executive Director Finance to present the company's financials for the fiscal year 2023-'24.

Titus Francis: Thank you, Madam. Good evening to one and all once again. I am just presenting a brief overview of the financials of the company for the fiscal year '23, '24 and as Ma'am has already put it that we have the highest market share of 12.78% out of the total gross direct premium of INR 2,89,738 crores written by all the companies. We are leaders in fire, marine, engineering, motor, health including, not motor, motor we are a close second, health including PA and aviation. We are a 105 year old company. We have a presence in 25 countries with 1840 plus offices in India and a dominant domestic market position.

Our solvency is very strong at 1.81 which has grown from the earlier quarters. We are also rated by AM Best and CRISIL Rating as already emphasized by Smita Madam. We are also having the ISO 27001:2013 certification and we are having a diverse product mix with technical competence and a multi-channel distribution. We strive to excel in customer service and technology with a consistent market leadership and growth.

Along with the various initiatives we are also aware of the ESG initiatives which are required to be done and we are trying to reduce our carbon footprints by sustainable practice and green energy solutions and digital processes. We are also implementing the various governance practices and aim to be transparent and accountability in all operations. We also have used the entire CSR budget in social welfare and are involved in various social initiatives like education and health.

Our future strategy continues to be increasing the return on equity by increasing in market share, improving our profit margin by leveraging economies of scale driven by growth, rationalization of operating offices, increasing the digital penetration and maintaining a healthy solvency margin and we are always aiming to leverage technology to drive customer satisfaction, profitability and growth.

If you see our distribution mix we have brokers at 33%, we have direct at 29%, agency at 28%, dealer at 9% and bancassurance at 1%. Our financial performance in short, we have completed a gross direct premium income of INR 40,363 against INR 37,482 last year with a growth rate of 7.68. This is the global premium. A GWP of INR 41,996 against INR 38,791 crores which is giving a growth of 8.26%.

The profit after tax is INR 1,129 against INR 1,055 with a growth of 7%. A net worth of INR 21,135 against INR 1,992 crores last year with a growth of 6.09%. Net worth including fair value at INR 44,704 crores against INR 37,957 last year. Our ICR at 97.36 against 95.59 last year. We were hit by catastrophic events which cumulative loss on a net basis was INR 794 crores.

Similarly, there were certain hits to the P&L as to the Nigerian operations because of the devaluation of Naira and hence our combined ratio is at INR 120.99 against INR 117 last year. Solvency is 1.81 and our return on equity is 5.50. We come to the product mix. Fire is at 16%, marine is at 2%, motor is at 26% and health and PA at 45%, others at 11%. The movement in technical reserves show that we are adequately provided for and as of 31st March INR 50,114 crores is the technical reserves.

And the key ratios we have incurred claim ratio at 97.36 commission at 8.74 and expense ratio at 14.89. We are well within the UM limits as per the IRDA UM regulations. Our solvency is at 1.81 and ROE as already mentioned is at 5.50. Net worth including fair value, general reserves, investment at market value and solvency has already been mentioned by our ED Smita madam.

If we come to the segmental performance we have grown in almost all the lines of business. Fire at 4.73%, motor OD at 14%, motor TP at 2.95%, health including PA at 8.07%, another miscellaneous at 20.60 which includes the crop business of around INR 370 crores. As already mentioned the ICR is at 97.36 and if we look at the LOB wise ICR fire at 80%, marine 48%, motor OD at 105%, motor TP at 96%, health at 105% and other miscellaneous at 56%. So, these are the brief highlights of the financial performance of the company.

Moderator: Thank very much. We will now begin the question and answer session. First question is from the line of Vikram Kotak from Ace Lansdowne Investments Services. Please go ahead.

Vikram Kotak: Yes. Thank you taking my questions. I have couple of questions ma'am for you. One is you mentioned that we have 1800 plus operating offices all over the world and you are also planning at the same time trying to rationalize some of the offices. So, can you throw some light what kind of numbers over the next couple of years and what kind of rationalization you are going to drive?

Titus Francis: Yeah, if you are aware that we had four tier structure last year and we moved to three tier structure. So, we had almost 2100 plus offices earlier and which has now been rationalized and come down to INR1840 crores. This is only Indian operations. The global operations are there as it is and it is as per the territory wise it goes.

So, wherever we find that the offices are not viable or they are close proximity is there between two offices and within the same maybe one kilometer radius. So, we try to see that whether these can be merged without impacting the service parameters. So, this is a constant analysis of the offices what we have as of now and we try to rationalize these offices so that we give better services. The service parameters is paramount so that we take into consideration before we also merge the offices to the nearest office.

Vikram Kotak: Yes because I was looking at the slide which was somewhere increasing ROE because my second question was what are the parameters you are looking to increase the return on equity because that has been in single digit for a long time. So, one of course you mentioned about the rationalization of offices which will reduce the cost. What are the other parameters like you are also increasing digital penetration.

So, any numbers on that? What are the current digital numbers for our business? What will be within direct how much will be digital? And what are the numbers you are looking at over the next three years?

Titus Francis: Yeah, actually the first question the return on equity. Yeah, what we are trying to as of now there are certain claims which have hit us in this year like the CAT claims. So, that is why our ICR. So, since our ICR is slightly on the higher side, how the return on equity gets impacted and also you must remember that our net worth is quite high.

So, my denominator is already on the higher side, but what we are trying to achieve is that at least we come to that 110% ICR combined ratio, but we have that ROE target of being coming to the double digits. So, on a medium term plan we plan to come to combined ratio of 110% percent and as well as the ROE being around slightly about 10.

Vikram Kotak: Understood. So, that could be medium term is over 2 years, 3 years time?

Titus Francis: Yes.

Vikram Kotak: And on the digital side what is the strategy and what is the current number on digital where are you seeing yourself at digital because digital has become very popular medium for insurance buyers particularly on the health side and the...

Titus Francis: We are aware of that digital penetration. We are constantly striving to increase the digital penetration. As of now we are around 12% and we lot of agents portal, customer portals, broker portals and all these are we try to increase it over a period so that our digital footprint gets increased. So, we are constantly striving to improve our digital footprint and bring more and more of our operations into digital including even settling of claims not only the premiums even the settlements of claims and the surveys report all these are we are trying to digitalize slowly and steadily.

Vikram Kotak: Great. So, 12% is on the overall business not part of the directs. So, overall you are 12% digital?

Titus Francis: Yes.

Vikram Kotak: That's good. Okay superb. Thank you so much.

Moderator: Thank you. The next question is from the line of Jerick Sachdev from Emkay Global. Please go ahead.

Jerick Sachdev: Hi, sir. Thank you for taking my question. My question is any plans to launch new products and going aggressive in promotion of products considering intense competition from peers?

Titus Francis: I didn't get the question. Can you repeat please?

Jerick Sachdev: My question is any plans to launch new products and going aggressive in promotion of products considering intense competition from peers?

Smita Srivastava: Yes, sir. In the insurance industry anybody I mean for upping the game we do have to come up with new products and in the last financial year New India has come up with I think 27 new products in the products and we are constantly looking at our customer needs and some which we are working on and which even IRDA is pushing.

One is the surety bond which helps in the infrastructure development for the country, then title bonds which helps the real estate industry and we are also looking at cyber security and health is one area which requires regular churning in terms of new products and pricing.

Similarly, even for motor, even though we have a large number of products, but looking at the loss ratios, the pricing has to be made dynamic. So we are constantly doing market analysis research and we have a very well-provided and intelligent and good actuarial team which works on the pricing and the new initiatives taken by the regulator which is Bima Sugam, Bima Vistaar and Bima Vahak.

So Bima Vistaar is a new product which the regulator is bringing forward. It's a combined product, a bundled product which covers life, personal accidents, property. and health. And these are very nominally priced across the country and will be sold at the gram panchayat level. So we are looking at these also and the total products which our country has, our company has as of date are 306, out of which 64 are health and personal accidents and the other non-life products are 244. Anything further, sir?

Jerick Sachdev: No ma'am, that's it. Thank you so much for answering the queries.

Moderator: Thank you. The next question is from the line of Ashna M from Motilal Oswal. Please go ahead.

Ashna M: Yeah, hi, hi. Thank you for taking my question. So firstly I would like to know, do you have any capital allocation strategy in place and how and where will we deploy the cash flow generator?

Titus Francis: 30% of PAT is what we strive to distribute as dividend. So we, the insurance company being a capital intensive industry, capital is the raw material for future growth. But still we will try to maintain 30% of PAT to be distributed as dividends.

Ashna M: Okay, okay. So and also if you can just give guidance whether the company will be able to maintain the gross margin of mid-team growth for FY'25 and FY'26?

Titus Francis: Actually, our vision is growth with profitability. So even then, but we need to be with the market. So we also strive that we grow at a double-digit growth, at least by around 10% is our, is our goal ahead.

Ashna M: Okay, right. Okay, thank you.

Moderator: Thank you. The next question is from the line of Mahek Shah from Emkay Global. Please go ahead.

Mahek Shah: Thank you for taking my question. So I have three questions. So first is, given that no price hike is expected in the motor TP segment, so how do you see the planes ratio panning out in FY'25? That will be the first question. Second is, with no motor TP price hike expected, do you see any competitive intensity increasing in the motor OD segment in the coming year?

And third one is, can you help us with some of your thoughts on the claimed frequency and severity in the health segment? And would the company be looking to take a price hike in the health segment? These are my three questions.

Smita Srivastava: So I'll request our General Manager of Motor, Sreedevi Nair ma'am, to answer your question on motor TP. And thereafter, Sushma ma'am will take up the question on health claims.

Sreedevi Nair: So your first question was on like TP, right from 2018 onwards, we have had not a hike in the premium, like whatever hike has happened has been very minimal. So that has impacted our claims ratio. Along with that, the awards that are coming in and the notional income that the course are taking, that has also increased over the years.

So this has affected our motor TP ratio. And last year, we have seen a hike of around 10% in our motor incurred claim ratio. So this is a challenge that we are facing. In OD, your question was on OD? What was your question on motor OD?

Mahek Shah: On the competitive intensity, in the coming year. How do you see that?

Sreedevi Nair: Yes, actually, there is competition in this field. But at the same time, we are tying up with the major manufacturers across the country. We have tied up with almost 13 as of now. And in the coming year, also, we will be focusing on growth in OD. We have the premium coming in through various intermediaries. So we definitely want to increase our presence in OD.

So by increasing OEM tie-ups and other retail business, we'll definitely be meeting those challenges.

Mahek Shah: Okay, and on the third question in the health segment.

Sushma Anupam: Yeah. So I'm Sushma Anupam. I take care of the health portfolio in New India Assurance Company. And your query related to the frequency and periodicity for the health claims, I would put it in a way that the entire industry is reeling under the pressure of the long COVID complications that are still surfacing. And all of us are really having a spike in our claims overall, which are prompted maybe also because people are more cautious and they want to rule out any complications further.

So we do see a spike that, that is a reason why we see almost 12% to 13% increase in our normal, whatever claims we usually see around this time of the year. And the second thing is also we have a steady book of senior citizens, like we were the pioneers in retail health when the segment was opened. And since then, we have people who are with us for all these years. So it's a large contingent of senior citizens and with the increased expectancy in life.

We do have a very big number where as the age advances, there would be some issues related to health and thereby the number of events we see it is a bit of concern which we are addressing through other various initiatives, like the health check-up and other measures. Thank you.

Mahek Shah: So just to follow-up on this one, I wanted to understand that you mentioned that the senior citizen pool is getting bigger and bigger day-by-day. So what is the company's strategy to bring in the young pool which is there?

Sushma Anupam: Yeah, so thank you for this very good question. Actually, we have come up with a new product, which is Yuva Bharat and even the Digital India product which we have. It is targeted at the youth and also we are coming up with more such products where we are attracting the younger lot. We are also coming out with some top-up policies with the long-term policies where we are sure that we will attract the younger lot also to our books. Thank you.

Mahek Shah: Okay, and one last question. Do you expect any price hike in your products in the health segment?

Sushma Anupam: So actually, you know, we have already come out with a price increase and the second thing which we had last, we had a promise that we were coming out with age-wise pricing instead of block-wise pricing for age blocks, I mean to say. So we have already worked on that and very soon we are coming out with the zone-wise and age-wise pricing. So that is in the offing.

Mahek Shah: Okay, thank you so much for answering the question.

Sushma Anupam: Thank you.

Moderator: Thank you. The next question is from the line of Jerick Sachdev from Emkay Global. Please go ahead.

Jerick Sachdev: Hi ma'am, I would like to ask you one more question that how much was the return on the investment income you made in the quarter compared to the last quarter?

Titus Francis: The return on investment is at 14.97% which includes profit on sale of equity.

Jerick Sachdev: Are there any numbers that we would like to see in future by any chance?

Titus Francis: Well, we would like to be with whatever the trends in the market. So for the fixed income securities, we would like to be around whatever the 7.5% to 8%, whatever is the long term investments are giving. Profit on sale on equity, it will vary depending on the market condition. So we can't put a number there. But we normally try to churn the portfolio and take advantages when the market is high so that we can churn some of the portfolio.

Jerick Sachdev: Okay. So also adding to that, I wanted to ask you one more question. What is the New India Assurance's strategy to increase business, customer base and the market share going forward?

Smita Srivastava: Sir this is a regular thing which any insurer looks at. And we are looking at increasing our retail base so that the penetration in the country increases. And we are attempting this one through the Digital mode of procuring insurance because it's easier and very convenient for a high number, a high percentage of millennia's in the country which is I think about 35% to 40%.

And this particular bracket is very comfortable buying insurance online. So we are going very heavily into digital marketing and digital sales through our portals. And as was earlier answered through a lot of integration with our many clients. customers using agent portals. broker portals, aggregators.

So that is one area. Also the regulator has been pushing penetration in the country by going to not only tier two, tier three cities but going down to the gram panchayat through the BIMA Vistar and the BIMA Vahak scheme. And our company is also the state insurer for the huge state of Gujarat and also Lakshadweep.

So we are looking at meeting with these government officials, transporters, farmers, different agencies where we can sell products on the retail basis. And IRDA has identified a vendor, an IT vendor called Zoppo who are preparing a digital gateway through which we would be able to employ and take on BIMA Vahak which is a women-centric distribution channel. And we are looking very closely at this.

And once the BIMA Vahak both individual and corporate are taken online, we will be selling this bundled up product called BIMA Vistar at the gram panchayat level. That is going to help us in increasing our reach as well as number of people we cover and growth in premium. Also we are looking at new products which will attract people in the market.

We have thousand add-ons under our motor and fire product and other tailor-made solutions to different kinds of policy holders who have different needs. So we are hoping that by taking these steps, we should not only increase our premium but also increase the insurance penetration and density in the country.

Jerick Sachdev: Okay. Thank you so much, ma'am.

Moderator: Thank you. The next question is from the line of Saloni from Angel One. Please go ahead.

Saloni: Sure. Hello. Hi, ma'am. On the management expense, what was the impact on the total expense of management that the company has incurred?

Titus Francis: The expenses of management has been steady for this year. There has not been any major expenses of management this year like the previous years. So our percentage of expenses of management compared to last year, it is 14.77% compared to last year 13.50%. So this is a normal increase with the premium increase and few exceptional items like as I mentioned that few increase in the liabilities around INR 200 crores and some additional provisions which we have made this year. That has slightly increased the management expenses but overall it is on the normal range.

Saloni: Okay. So I have one more question. Do you have any plan for sustainability or low carbon footprint going forward?

Titus Francis: Yes, I think the ESG is already we have floating an RFQ for a consultant to look into our ESG requirement and we are also taking steps wherever we can to reduce the carbon footprint like one of our offices in Rajasthan is a paperless office. Similarly, wherever we try to minimize the electricity consumption, we have this facility where the lights go off automatically when the person is not there in the office and we use VCs more instead of physical mode also to reduce the carbon footprint and to have the environment to take care of the environment.

Saloni: Okay. So the sustainable revenue from this, the EBITDA margin for the company, what is the EBITDA margin for the company?

Titus Francis: Actually, we don't have the EBITDA margin. Actually, what we look at is the combined ratio and the maintaining the growth. So we hope to have a double digit growth though our main aim is growth with profitability and combined ratio we already mentioned that we wanted to bring it to 110% over the medium term.

Saloni: Okay. Understood. Thank you so much.

Moderator: Thank you. The next question is from the line Dipanjan Ghosh from Citi Group. Please go ahead.

Dipanjan Ghosh: Hi, good evening. A few questions from my side. First, on the group health side, if you can give your strategy incrementally in terms of customer segment that you would be targeting large versus mid and small and what sort of pricing aggressiveness or pricing normalization you're seeing in that segment.

Second would be on the B2B businesses. I just want to understand what sort of competency does a non-life insurance player really require to succeed in this segment. I mean, is this segment more price sensitive or is it based on more of value-added services that you provide to the customers or is it based on more of long-term relationships?

I just wanted to get some colour on the key competencies you require to really succeed in this segment. And in line with that, if you can also kind of break up your FIRE business in a bit more granular fashion between retail or corporate or the type of business underwritten within the FIRE segment for both you and maybe for the industry just to understand it more from a relative basis.

And lastly, on your retail health insurance business, if you can give me the number of or the mix for new business this year and what would be the growth or degrowth in new business on the retail health side? Those are my three questions.

Smita Srivastava: Sir. Your first question on group health, segment pricing, and the last one on retail. It will be addressed by Mrs. Sushma Anupam, General Manager Health.

Sushma Anupam: Yeah. So coming to the group health, it is largely it is a corporate business where it is the employer-employee kind of equation which we are covering in the policies. So usually, you will find it is a market practice that here all the, you wanted the overall portfolio or you wanted the segmentation, how we are looking at it?

Dipanjan Ghosh: Basically, we wanted to understand the strategies on group health in terms of let's say large corporate versus small corporate.

Sushma Anupam: Yes. So actually, in that, I can place it that way that large corporates, any which ways have to be considered separately because you can't find a parallel. But as far as the small or midsize corporate is concerned, we do have a similar book where we can have a better pricing strategy. But at the same time, we always strike a balance going by the experience of that particular group. So, you know, we it's a blend of both. We take the pricing for the particular corporate as well as the entire book for that particular segment.

So if we are looking at a midsize corporate level, then you know, what is our experience in that level of that segment plus the experience of a particular corporate. That is how the pricing strategy works. And as far as the large corporates are concerned, the sheer volume and the size does not allow us to make a generalized kind of pricing there. So it goes with their own experience as such. So that is the part related to the group health.

Dipanjan Ghosh: Just one small follow up. I mean, do you see pricing aggressiveness in the market in terms of bidding for this customer that you have or has the pricing kind of rationalized a bit? How do you read into the current market situation?

Sushma Anupam: Okay, so actually, I see that the market has hardened post the COVID. It is across all the insurers because of having sustained huge losses in COVID time. Thereafter, the pricing has been there has been a good amount of price correction. As far as New India is also concerned, we have gone for a massive price correction exercise.

And we have said a lot of our corporates where they were not, you know, in our line of thought process of accepting the price correction. So in that process, almost INR 800 crores we had lost in the previous year. And even in this expiring year, for '23-'24, we have given up almost around INR 500 crores of business where the price correction was not acceptable to the customer. So definitely, I see that there is an improvement as far as the market is concerned. But at the same time, it's a dynamic market.

So with so many players in the market, you would always find that there is some aggressive pricing thrown in by a few entrants or, you know, even for the ones who are already established ones, but for various reasons. So it will continue. And eventually, it will stabilize. But speaking for our company, I can tell you that we have certainly been on a price correction path. And we are even going forward, there won't be any change in it. We are going for a price correction as far as the group health is concerned. And even as far as the retail health for that matter is concerned.

Dipanjan Ghosh: Okay, ma'am, on the weekend, my question on new business mix and growth, some colour on that.

Sushma Anupam: Okay, so as far as our retail health business is concerned, as I already mentioned, it is a bigger segment of senior citizen population. So there is natural degrowth also happens to some extent. But largely, I would put it that our renewal ratio as far as the health policies are concerned, it is almost about 75% to 80%. We see that the policies are renewed. Other than some small dips here and there thrown by the natural attrition.

Dipanjan Ghosh: You know, you mentioned this point second time in the call on, you know, population of senior citizens in your retail health business. So you know, you have been in this business for the longest period of time, or at least among the larger ones. Yes, get some colour. I mean, you know, when let's say when you look at a cohort of customers, does claims ratio increase only based on age or is it based on the gestation of the customer in terms of let's say a customer stays with you for 20 years and gradually ages, let's say from 45 to 65?

Or is it, you know, based on some of the characteristics, I mean, is it a fundamental phenomenon in the industry that you know, whenever customers age, the claims ratio increases, I would assume that pricing should adjust accordingly. And, you know, just aging should not be a factor leading to higher claims.

So what really drives it? Is it because you know, the backpocket increases? If you can get some colour on the cohort, you know, how you see the cohort behaving in terms of age versus demographics, or whatever you think is important?

Sushma Anupam: Yeah, actually, very interesting question. Actually, it is never done per se the age. Actually, what happens is, you know, with the aging, there are other health complications, which make the cost of treatment higher.

That is actually the problem. Otherwise, if you see, it's not just because a person is aging, the cost is going to go up. It may not be so but it is because of the advancing age, a person contracts some other lifestyle diseases by the time a person becomes senior citizen, or crosses, say, 65 years or 70 years of age.

And that really brings in a lot of other expenses which are there and to balance all those expenses, a price revision is necessitated every time. So it's not just the age, it is the other things which are there and plus with the newer treatments that are coming because there's so much experimentation going on in the medical field, which has come up with the established and accepted treatments which get covered in the policy. And all those treatment costs also keeps going up. That is how the price revision is necessitated. Thank you.

Sushma Anupam: Thank you. Got it. And that's my last question, which was more on the B2B business.

Smita Srivastava: Can we get a clarity on the question? You wanted to know how we go about our B2B services.

Dipanjan Ghosh: B2B business is basically your PNC businesses, which is the fire engineering liability. So just wanted to get some colour on the granularity of the business, both in terms of ticket size or maybe lumpiness, concentration risk, and in terms of the insurance supply available on them and the pricing from the private or public competitors. How is that? I would assume that over a period of time, this segment should be quite price sensitive, similar to group health?

Smita Srivastava: So on a company level, if you take the breakup between corporate and retail, it's 40% corporate and 60% retail policy. But in fire, I would say it would be 50-50 because we have a large number of corporate set of books and a large number of large risk, what we call large risk, mega risk, that is risk at one location more than INR 2,500 crores, more than INR 3,500 crores.

So if you go by granularity, we have both retail fire policies, like the Bharat Griha Bima, which is the householder's policy. And then we have the huge large risk policies for builders and other industries. So basically, that would be the breakup. And you wanted to know about reinsurance. So we have a very well-defined reinsurance policy, which is filed with IRDA.

And we look at maximizing retention within the country. We see that we get the best protection for the rates that we are paying. We also see that the rates that we get, we get the best protection. And at the same time, we get optimum deductibles in the treaty. So I would say we have a very prudent reinsurance policy for the company.

But as you would know that the reinsurance market is a global market, and we are governed by what goes on in the global reinsurance market, ruled by the global players. So because of the climate-related risks, it's a hardening market now, and we are finding it difficult to get good rates for our fire portfolio.

Dipanjan Ghosh: And then lastly, on the pricing in this segment, I mean, when it's underlying, let's say corporate customers, those mega-risk, large-risk customers, what do they really look for? Is it pricing or is it value-added services? What are they really looking at for selecting the underlying insurance companies?

Smita Srivastava: You're talking only about fire LOB?

Dipanjan Ghosh: Fire line of business? Mostly fire and maybe fire and liability side of things.

Smita Srivastava: See, we look at how long the customer has been with us, and what has been the loss ratio for the customer over a period of time. So it's a huge industry giving us a lot of premium, and the loss ratios have been good. So in the coming years, the premium may go down. But suppose we find that the loss ratios are high, then the premium are loaded.

And regarding value-added services, we do have, risk management and risk evaluation services, which we give to our customers through our risk insurance department. And also, we have, if the business is coming through brokers, then many times the brokers have technical expertise and know-how, which sometimes goes beyond our knowledge.

And they also give a lot of risk-betterment advices to our valuable customers. In the health segment, we look at wellness products. We give them, if they have good wellness parameters and other things, then they get vouchers for gyms and maybe a discount on the premium if the loss ratios have been good. In motor, we provide roadside assistance and free roadside assistance to our customers. So these are generally the common value-added products that we provide.

Dipanjan Ghosh: Thank you, ma'am, for all the detailed answers and all the best.

Moderator: Thank you. The next question is from the line of Abhishek from Centrum Broking. Please go ahead.

Abhishek: Yes. Hi. Thank you for the opportunity. My question is, for the last five years to six years, the net profit has been inconsistent. So could you elaborate the reasons for it?

Titus Francis: Yes. Actually, every year, there has been certain events which have come in, coming like one year there was the COVID-related event that has happened. One year there was the wage areas where, the wage areas impact had to be taken. Sometimes there are catastrophic events which happen. So all these things do happen year after year. So, and that is why we can see that there is ups and downs in the profitability. But however, I think as we go forward, we feel that there should come certain stability in the profits.

Abhishek: So, because before pandemic, the profits are much higher to what we are having right now. So, in that sense, you expecting that in the next two years, three years, we will be as far as what we were before pandemic?

Titus Francis: Yes, we strive to be there. So, as we already mentioned, we strive to be 110% combined ratio in the medium term. So, this will then bring us to where we were at some point of time. And that will help us also to up the ROE to what we are looking at.

Abhishek: So, last question, if you can elaborate on the segment wise growth, we have seen in this financial year, and also how has been the revenue growth each segment? What are the targets for the next fiscal year, both in segment wise growth in business and in revenue?

Titus Francis: So, actually, that is there in the investor presentation, the segment wise performance. So, just to, broadly mention that, fire we had grown by almost 5%, motor ODE by 14, motor TP by 3, health by 8% and other miscellaneous by almost 21%. So, our target is to, be around 10% growth overall.

Abhishek: Thank you, sir. Thanks. That's about it.

Moderator: Thank you. As that was the last question for the day, I now hand the conference over to the management for closing comments. Over to you.

Smita Srivastava: Thank you, Ms. Mamta for moderating the call. And thanks to Perfect Relations for organizing this call. I would also like to thank our shareholders, business partners, analysts and investor friends who have shown continued faith in us and supported us throughout our journey. We would be happy to connect with you on a one-on-one basis if required for any further queries that you would have and take it forward. Thank you once again.

Moderator: Thank you. On behalf of Perfect Relations Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.