



दि न्यू इन्डिया एश्योरन्स कंपनी लिमिटेड

(भारत सरकार का उपक्रम)

THE NEW INDIA ASSURANCE COMPANY LTD.

(Govt. of India Undertaking)

पंजीकृत एवं प्रधान कार्यालय : न्यू 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



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Ref No.: NIACL/CMD_BoardSectt/2023-24

October 20, 2023

To,

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

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

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

Dear Sir/Madam,

Re: A.M. Best assigns the India National Scale Rating (NSR) of “aaa.IN (Exceptional)” and affirms “B++ (Good) Rating” to The New India Assurance Company Limited.

AM Best has assigned the India National Scale Rating (NSR) of aaa.IN (Exceptional) and has affirmed the Financial Strength Rating of B++(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.

The ratings reflect the Company's balance sheet strength, which A.M. Best categorizes as very strong, as well as its adequate operating performance, favourable business profile and marginal enterprise risk management (ERM).

You are requested to kindly take the same on records.

Yours Sincerely,

For The New India Assurance Company Limited

Jyoti Rawat
Company Secretary & Chief Compliance Officer



AM Best

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OCTOBER 20, 2023 09:10 AM (EDT)

AM Best Affirms Credit Ratings and Assigns National Scale Rating to The New India Assurance Company Limited

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FOR IMMEDIATE RELEASE

SINGAPORE - OCTOBER 20, 2023 09:10 AM (EDT)

AM Best has affirmed the Financial Strength Rating of B++ (Good) and the Long-Term Issuer Credit Rating of “bbb+” (Good) of The New India Assurance Company Limited (New India) (India). Additionally, AM Best has assigned the India National Scale Rating (NSR) of aaa.IN (Exceptional) to New India. The outlook of these Credit Ratings (ratings) is stable.

The ratings reflect New India’s balance sheet strength, which AM Best assesses as very strong, as well as its adequate operating performance, favourable business profile and marginal enterprise risk management (ERM). In addition, the ratings factor in the neutral impact from New India’s ultimate majority ownership by the Government of India.

New India’s balance sheet strength assessment is underpinned by its risk-adjusted capitalisation, which remained at the strongest level in fiscal-year 2023, as measured by Best’s Capital Adequacy Ratio (BCAR). AM Best views the company’s investment portfolio to have moderate risk. Although a large portion of investments are held in domestic government and corporate bonds, which are well-rated on the local scale, the balance sheet remains subject to volatility arising from the company’s allocation to domestic equity investments. The majority of New India’s reinsurance assets are of good credit quality, notwithstanding that the company maintains a reinsurance counterparty concentration to the domestic reinsurer, General Insurance Corporation of India (GIC e).

New India’s operating performance is assessed as adequate. The company has reported positive operating results on a consolidated basis over the last five years, with an average return-on-equity ratio of 2.7% (fiscal years 2019–2023). In the fiscal year ending 31 March 2023, the company reported improved underwriting losses due to the reduction in COVID-19 health claims and the remediation action taken by New India. This was partially offset by a higher loss ratio of motor insurance and adverse development of prior year claims in crop insurance and foreign catastrophe losses. Robust investment incomes, including interest and dividend incomes, as well as realised gains from the sale of equity investments, provides a sizable contribution to overall earnings. AM Best expects challenging market conditions to constrain the company’s underwriting results over the medium term, albeit overall operating results are expected to remain profitable.

New India’s favourable business profile assessment reflects its market position as the largest non-life insurer in India by gross premiums written. The company’s underwriting portfolio is moderately diversified by lines of business and distribution channels, although with an elevated concentration in health insurance. International geographical diversification is supported by the company’s overseas operations, through its foreign branches, agency offices and subsidiaries. The domestic market continues to present significant growth opportunities for New India, although AM Best considers high market competition, particularly in the health and motor businesses, to be an offsetting factor.

New India’s ERM is assessed as marginal given that the profile of some key risks exceeds the company’s risk management capabilities and the ERM framework continues to evolve. The company’s audited financial statements have been qualified for several years as a result of internal control weakness in the reconciliation of certain items and accounts. Whilst New India is progressing on strengthening internal controls and has partially addressed some audit matters, inadequate resolution of audit matters has impacted the company’s financial reporting quality over a number of years. Elevated concerns persist over New India’s pricing discipline and underwriting risk

management given the level of ongoing underwriting losses and the competitive market environment. Overall, whilst New India continues to take actions aimed at strengthening its ERM, there remains a gap between the company's ERM framework and the global standards for an organisation of its scale.

Ratings are communicated to rated entities prior to publication. Unless stated otherwise, the ratings were not amended subsequent to that communication.

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AM Best is a global credit rating agency, news publisher and data analytics provider specialising in the insurance industry. Headquartered in the United States, the company does business in over 100 countries with regional offices in London, Amsterdam, Dubai, Hong Kong, Singapore and Mexico City.

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