



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.

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Ref. No.: NIACL/CMD\_BoardSectt/2023-24

23rd February, 2024

To,

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Listing Department  
BSE Limited  
PhirozeJeejeebhoy Tower  
Dalal Street  
Mumbai 400 001

The Manager  
Listing Department  
The National Stock Exchange of India Ltd.  
Exchange Plaza, 5<sup>th</sup> 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 21st February, 2024**

With reference to our letter dated February 16, 2024, intimating you about the conference call with Analysts/Investors held on February 21, 2024, please find attached the transcript of the aforesaid conference call.

You are requested to kindly take the same on records.

Thanking You

Yours faithfully

**For The New India Assurance Company Limited**

**Jyoti Rawat**

**Company Secretary & Chief Compliance Officer**



THE NEW INDIA ASSURANCE CO. LTD.  
दि न्यू इंडिया एश्योरेंस कंपनी लिमिटेड

**“The New India Assurance Company Limited  
Q3 FY '24 Earnings Conference Call”  
February 21, 2024**

**MANAGEMENT:** **MS. NEERJA KAPUR – CHAIRMAN AND MANAGING  
DIRECTOR – THE NEW INDIA ASSURANCE COMPANY  
LIMITED**  
**MR. TITUS FRANCIS – GENERAL MANAGER, DIRECTOR  
AND CHIEF FINANCIAL OFFICER – THE NEW INDIA  
ASSURANCE COMPANY LIMITED**  
**MR. SHARAD RAMNARAYANAN – APPOINTED  
ACTUARY – THE NEW INDIA ASSURANCE COMPANY  
LIMITED**  
**MRS. SREEDEVI – GENERAL MANAGER, MOTOR – THE  
NEW INDIA ASSURANCE COMPANY LIMITED**

**MODERATOR:** **MR. ARYAN RANA – VERITAS REPUTATION PR**

**Moderator:** Good afternoon, ladies and gentlemen. I am Sagar, the moderator for this conference call. Welcome to the Earnings Conference Call of the New India Assurance Company Limited, arranged by Veritas Reputation, to discuss the financial results for Q3 FY24, ended 31st December, 2024.

At this moment, all participant lines are in the listen-only mode. Later, we will conduct question and answer session. At that time, if you have a question, please press star and one on your touch-tone keypad.

Please note that this conference is recorded. I now hand the conference over to Mr. Aryan Rana from Veritas Reputation PR. Thank you, and over to you, sir.

**Aryan Rana:** Thanks, Sagar. Good evening, ladies and gentlemen. We warmly welcome and express our gratitude to each one of you for being a part of today's AnalystConference Call for the New India Assurance Company Limited.

I am Aryan Rana, your host for the session, and it brings me great joy to guide you through the proceedings as we analyse the financial results for the third quarter, concluding on December 31st, 2023. While the detailed presentation and results are available on our company website and the stock exchanges, it is essential to note that our discussion may include forward-looking statements, contingent upon known and unforeseen risks, uncertainties, and various factors. To offer a comprehensive overview of our Q3 FY24 financial performance and address any queries you may have, we are honoured to have esteemed members of our management team present today.

Ms. Neerja Kapur, Chairman and Managing Director, Mr. Titus Francis, General Manager, Director, and Chief Financial Officer, Mr. Sharad Ramnarayanan. Without further delay, now I hand over the call to Ms. Neerja Kapur, our Chairman and Managing Director of NIACL, to address the analysts present here on the call. Over to you, ma'am. Thank you.

**Neerja Kapur:** Thank you, Aryan, and very good evening to all. I am Neerja Kapur, Chairman and Managing Director of New India Assurance, and along with me, as mentioned by Aryan, are Mr. Titus Francis, GM and Director, and also the CFO. Along with me are also General Manager, Mrs. Sreedevi, who is in charge of Motor, and Mr. Sharad Ramnarayanan, our Appointed Actuary.

I would like to firstly thank all the participants who have taken time out for attending this call. To begin with, I shall give a brief background, and Mr. Titus shall highlight the financials of 9 months, ending 31st December, 2023. Thereafter, we shall proceed to the question and answer session, wherein we shall endeavour to answer all your queries and clarify any doubts you might have.

As you all know, New India Assurance was founded by Sir Dorab Tata in 1919. The company's operations span across 25 countries, and we have been a market leader since the time of nationalization, way back in 1973. New India continues to be rated



AAA by CRISIL, and India National Scale Rating of AAA.IN, exceptional, by AMBEST. The company continues to be identified as Domestic Systemically Important Insurer, that's DSII, by IRDA. We are certified as ISO 27001.2013 compliant on IT security, thus making us one among the few general insurers following highest standards on data security in India. As you know, the Indian general insurance industry has been growing impressively, and for the period ending 31st December, 2023, the industry has grown by 14.02%, and has completed a gross direct premium of INR2,13,486 crores. And as per current trends, it is expected to cross INR2,90,000 crores by the end of this financial year.

For New India, the Indian gross direct premium grew by 9.04%, and as I have mentioned in the past, our motto remains, Growth with Profitability. And in this process, we have let go of a few loss-making businesses which were unwilling to renew at the right price or terms. While the direct premium growth has been lower, the gross written premium witnessed a growth of 15.38% in the third quarter, and 10.5% for the nine-month period as the company wrote crop business of INR258 crores as inward reinsurance from our sister company AIC during the quarter. Our market share is 13.33%, and we remain the market leader. The industry continues to be highly competitive.

The combined ratio of the industry, which we usually get with a one-quarter lag, for the period up to September 23 was 112%. For New India, we reported a combined ratio of 120.64% for the nine months ending December 23, and 116.56% for the quarter ending December 23. In the third quarter, the country has witnessed catastrophic events like cyclone Mikjong and floods in South India, Sikkim and West Bengal.

The net impact of these events on the company's third quarter results was about INR358 crores, which is in addition to the INR301 crores of catastrophic claims that adversely impacted the results in the first half.

The impact of cap losses on the ICR was about 2.9% for the nine-month period and 4.4% for the quarter. Despite this, the profit after tax for the nine-month period was INR775 crores, as against INR900 crores for the corresponding period last year. The balance sheet remains strong with the net worth at INR20,754 crores and the investment assets stand at INR94,512 crores. The investment environment has been joined and the company's net worth, including the fair value change account, increased from INR37,957 crores in March 23 to INR44,690 crores in December 23.

The solvency ratio remains comfortably above the threshold of 1.5 times and we are currently at 1.72 times. The company has a well-diversified portfolio of products, including the recent launches of surety bonds. In fact, New India is one of the few insurers issuing both bid bonds as well as performance bonds and these policies will go a long way in supporting the infrastructure growth in the country.

We have also come out with modern treatment rider under the health insurance policies, the battery protect add-on for electric vehicles under our motor line of business, along with the pay-as-you-drive policies which we had launched earlier, MyCyber policy to address the cyber threat for our retail customers, CritiProtect policy to provide protection in the event of critical illnesses and earlier, of course, the drone insurance policy has been launched.

We are continuously endeavouring to provide the best of customer initiatives and service. Going forward, our focus remains on digital initiatives, streamlining processes for increased efficiency and increasing our sales force with a focus on our agency channels.

I would like to convey to our stakeholders that your company, which is categorised as a domestic systemically important insurer, is fundamentally robust and strategically well-poised to cater to the insurance needs of the country, offering the best insurance solutions to our customers while ensuring right pricing of our products. With this, I now hand over to our CFO, Mr. Francis Titus, who will give a presentation on the performance up to quarter 3 of 2023.

**Francis Titus:**

Thank you, Madam. Good evening to all of you and welcome once again to the earning conference call. I will just brief you on the financial results of the company up to quarter 3, FY24. So we are the largest general insurance company in India with an established brand and expansive multi-channel distribution network and a strong international presence. We are number one in India in terms of net worth, domestic gross direct premium, highest number of offices and maximum number of claims settled.

We are into the 104 years of operations and as already mentioned by CMD ma'am, the financial strength rating is B++ by AMBEST as well as a long-term issuer credit rating of BBB++ by AM BEST, a AAA stable by CRISIL and this year we have got an additional rating from AM BEST, which is an India national scale rating of AAA, which is exceptional and which is the highest in the country.

So going forward, we also have issued 30 million policies in FY '22-'23 and we have a presence in 26 countries through various international offices, agencies and subsidiaries, including a box at Lloyds London. We are leaders in segment wise performance in terms of gross direct premium in fire, marine, engineering, motor health as well as aviation. We have a market share of 13.33% which is the highest in the industry.

Coming to the future strategy, we continue to focus on the increasing return on equity by maintaining or increasing the market share and leveraging the benefits of economies of scale driven by growth, rationalization of operating offices, maintaining healthy solvency margin and increasing digital penetration.



We also would leverage technology to drive customer satisfaction, profitability and growth. If you look at our business mix, motor OD and TP comprises of around 27%, health and PA 45%, fire 17%, marine 2% while others are at 10%.

If you look at our channel mix, direct 32%, broker 33%, agency 26%, dealer 9% and banca assurance at 1%. Our technical reserves are at INR50,551 crores which shows that we adequately provided for. Coming to the finances snapshot against GWP of 31,425, we have a profit after tax of 776 and against GWP of 28,440 and profit after tax of 900.

Of course, this quarter and as well as the previous quarter, we were impacted by CAT claims. As already mentioned, around INR650 crores of CAT claims came in the year. This is why our incurred claim ratio is at 98.07 against 94.7 in the nine months period last year. Our expenses ratio are almost same as 13.84 compared to 13.91 last year. And our commission ratio is at 8.74 against 7.76 last year.

Because of the ICR, the combined ratio is at 120.64 against 116.37 last year. Solvency at 1.72 and ROE at 5.08%. Segment-wise, we have grown in all the lines of business. As already mentioned, we have grown at 10.5 and which is more in motor OD at 24.75 and health at 9.94%. And because of the crop line of business which you have underwritten in the current quarter, there is an increase in the other line of business by 18.83%.

ICR, as already mentioned, has gone up from 94.70 for the last nine months to 98.07, mainly because of the CAT losses and some higher TP ratio and slightly higher health ratio. As already mentioned, our balance sheet is very strong with a net worth of 20,754, a net worth including fair value at 44,690, investment assets at market value of INR94,512 crores and a solvency at 1.72.

These were the brief highlights of the financial results of the company for nine months, December '23.

**Aryan Rana:** Yes, Sagar, we can go for Q&A session now.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Ketan Athavale from Robocapital. Please go ahead.

**Ketan Athavale:** Hello, thank you for the opportunity, sir. I wanted to know what is the combined ratio outlook for FY '25 and FY '26?

**Neerja Kapur:** I think that's a little forward-looking statement. That would be a forward-looking statement and possibly we may not be able to give a forward-looking statement at this point of time. But as I have mentioned in our previous investor meets also, our constant endeavour has been to reduce the combined ratio.

The combined ratio, as you know, comprises of the ICR, the commission ratio and the management expense ratio. So while the commission ratio and expense ratio are at

very reasonable figures and we don't see much scope for reduction there. But the ICR, yes, we would be looking at reducing and our focus is to get the combined ratio less than 110%.

**Ketan Athavale:** Less than 110% is possible by FY '25?

**Neerja Kapur:** Again, it's a forward-looking statement. I said we are always endeavouring towards working towards this target. That is our target in the long run, yes.

**Ketan Athavale:** And can you mention about ROE also? What do you expect in FY '25-'26?

**Neerja Kapur:** These are all forward-looking statements. I think it would be difficult for us to mention them. But I would ask our CFO to answer, to take that question.

**Ketan Athavale:** Yes, just a ballpark.

**Francis Titus:** Actually, we always target to have a ROE above 10. So that is what we are aiming at. It's a target.

**Ketan Athavale:** Above 10. Okay. Got it. Thank you.

**Moderator:** The next question is from the line of Bunty Chawla from IDBI. Please go ahead.

**Bunty Chawla:** Thank you, ma'am. Just as you have said that the outlook is to bring below 110%, though in the long term, not in near future. But what are the triggers that should support bringing down this kind of a combined ratio?

**Neerja Kapur:** Yes, as I mentioned, the commission ratios and expense ratios are at very reasonable figures and probably some of the best figures in the industry. If you see for the nine months ended, our commission ratio, despite giving added incentives to our sales force, under the EOM guidelines issued by IRDA, our commission ratio for nine months was 8.74% and expense ratio was 13.84%. So combined with about 22%. The ICR is of course one factor which we are working extensively on.

The nine month period ICR was 98.07%. Again, this was impacted predominantly due to the catastrophic claims and we are constantly endeavouring to settle these claims as early as possible and to update the provisions in line with the updated survey report. We are endeavouring to focus on improving the ICR of our motor portfolio as well as our health portfolio. These are two main components and a focus on these two prominent portfolios will help the overall ICR to improve as well as the combined ratio to come within the targeted endeavour.

**Bunty Chawla:** Ma'am, continuing with this, as you said catastrophic losses of around INR650 crores has impacted this. So if I need to understand what was the same number last year, nine months, so that if I equalise this number then I will get the ICR on an equivalent basis.

**Neerja Kapur:** So currently the provisions that we have made for these catastrophic perils is about INR659 crores and last year at the same time it was about INR202 crores. So there is a good increase of nearly INR479 crores on account of this. But like I said it is a constant endeavour to ensure that the claims are settled fast as and when we settle the claims the provisions get released. So hopefully by the end of the fourth quarter our performance for catastrophic perils will improve.

**Bunty Chawla:** So ma'am, if I reduce this INR650 crores minus INR200 crores, so approximately INR400 crores, if I adjust this, so your combined ratio should come last year around 116, right. So my query is how, what are the triggers or the steps or any outlook you can give from 116% to 110%, what are the things we are doing so that it should come down.

**Neerja Kapur:** See, like I mentioned the two main portfolios are health and motor and we are constantly endeavouring to improve the performance here. For instance, if you see in the motor performance, our OD ratio at the end of last year December was about, own damage was about 130%. So this is, you know, with a lot of focus on improvement here, this is now improved to about 118%.

And our health portfolio also has improved, you know, from about, especially the group Medclaim insurance, it has improved from about 108% to 103%. So these are constant endeavours which we are making, but at the same time for the motor third party claim ratio, that has gone up slightly, because we have seen that there has not been much increase in the motor TP premium over the last few years, it has been stagnant. And whereas, you know, after the COVID period, the quotes are now back in full flow and awards have increased and due to inflation, the average, you know, award amounts have also increased.

So the TP ratio has, you know, gone up a little bit. We are, again, you know, it's a constant endeavour to ensure that we do a lot of settlement of these third party claims also and trying to improve the ratio there also. So these are, you know, a little bit of improvements in the motor OD ratio, in the health group ratio, but countered by the third party claims which have slightly gone up. So that's the overall impact on our ICR.

**Bunty Chawla:** Okay. Lastly, in any segment, do we have taken any price hike or premium hike during this quarter or any of the segments, fire, marine, motor, any?

**Neerja Kapur:** So yes, in health, we had increased our premium rates after nearly six years. I remember mentioning this in the last investor meet also that our health retail rates had gone up after a break of nearly six years, we had increased our rates. So the new policy rates had gone up from 1st of April and the renewal rates had gone up from 1st of July.

Then there was a policy Asha Kiran where the rates had gone up from August onwards. So these are the rates which have gone up as and when the renewal takes



place. So obviously that increase would have happened in the last quarter also for these retail policies.

Plus, in addition, we have seen an increase in, due to the various impacts of the catastrophic perils over the last few years, the rate for STFI, that's the storm, flood, etcetera, in property, that has gone up by in the range of, you know, 15% to 25% depending upon the region. So that has overall impacted the property rates by in the range of 3% to 5%. So yes, we have seen an increase of rates in these two segments.

**Bunty Chawla:** So just one clarification, you said increase of premium rates, it was around 3% to 5% you said. Is it right?

**Neerja Kapur:** In property, yes. Overall impact of the increase in STFI, that has resulted in the net property rates going up by 3% to 5%.

**Bunty Chawla:** No, no. On the health side, there has been an increase after six years of premium rates. So just the rate at which...

**Neerja Kapur:** The increase has happened depending upon the different ages, the different age bands, and that has ranged from 20% to 30%.

**Bunty Chawla:** 20% to 30%. Okay. Thank you. Thank you very much.

**Neerja Kapur:** Welcome.

**Moderator:** The next question is from the line of Shreya Shivani from CLSA. Please go ahead.

**Shreya Shivani:** Yes, thank you for the opportunity. I have two questions. First is on the loss ratio for the health segment. Can you help us break up the loss ratio in the health segment between retail policies and group policies, specifically the employer-employee segment?

And my second question is on the solvency ratio. So the solvency ratio for the nine months came in at 1.72. What is our internal target of where we want to keep it or where we are comfortable? I know the regulatory requirement is 1.5 times. And is my understanding correct that the higher claims that must have come through is what has dragged the solvency because the growth has roughly been only 10%-11%, right? So is that understanding correct?

**Neerja Kapur:** Yes, I'll answer your second question first. Yes, you're right. The impact on the solvency has been predominantly due to these increased catastrophic claims. And our internal guidelines and we want to take the solvency at anything above 2. That is our endeavour and our target. So that was the second question.

Regarding the first question, your question on the health insurance, you wanted to know the ICR of the employer-employee relationship. That's what we call the group Mediclaim. That was last year at 108% at this point of time, 31st December 2022. It is now, at the end of 31st December 2023, it has improved to 103%.

- Shreya Shivani:** And retail? Retail segment, which is your indemnity, retail policies?
- Neerja Kapur:** Yes, we are seeing the ICR at about 98%.
- Shreya Shivani:** Okay, that is 98%. And just one follow-up on the solvency ratio. So you will be raising capital or any plans because you're clearly under 2, like significantly under 2, which is your internal target?
- Neerja Kapur:** No, we will not be raising capital. If you see our net worth is at, one second, our net worth is at 19,000. It's at 20,754, but on fair value, it is 44,690. So it's nearly two and a half times. So the fair value change is not counted for solvency, but our actual net worth including the fair value change is 44,690.
- Shreya Shivani:** We got it. We got it now. This answers all my questions. Thank you so much.
- Neerja Kapur:** You're welcome.
- Moderator:** Thank you. The next question is from the line of Dev from Haitong. Please go ahead.
- Dev:** Okay. My question was on the lines of – in the commercial line of business, mainly fire and marine, the growth has not been coming on a nine-month or over nine-month period. You've also mentioned that that was – I guess that was probably because of the prudence that you have got into the system of underwriting and bringing in profitability. So, is that the only reason why the growth has been weak -- somewhat weak in the commercial line of business? And is there anything that we intend to undertake to improve this kind of growth in these lines at least?
- Neerja Kapur:** See, the growth in the fire segment has been about 6.26%. And the growth in the engineering segment, it is in the range of about 15%. There has been a lot of investment in the infrastructure. So, we are seeing a lot of increase in the projects, policies coming which fall under our engineering policies. So, we are seeing many large projects -- many new projects for which we are issuing engineering policies. As regards fire, yes, we have been quite prudent in underwriting these – the policies.
- And, like, we are focusing on growing in the right segments. So, yes, we have taken a conscious decision in some areas which have been continuously loss-making for many, many years. So, we have taken that conscious decision possibly not to renew or to renew at harder terms which the client may not have accepted. But, yes, there is a lot of competition also in these segments. So, yes, in fire, we have seen a growth of 6.26%. It has grown from INR4,900 crores to about INR5,264 crores.
- Engineering growth has also been there of one second. In engineering, we have seen a growth of from about INR700 crores to INR772 crores.
- Dev:** Okay. Okay. Got it. Got it. That's helpful. Thank you.
- Moderator:** Thank you. The next question is from the line of RK Khandelwal, who is an Individual Investor. Please go ahead.

- RK Khandelwal:** Sir, you have substantial investment in your portfolio where market value has increased substantially. Do you have any plan to dispose of some of the shares to earn long-term capital gain and distribute among the shareholders?
- Neerja Kapur:** I will request my CFO, Mr. Francis Titus, to answer this question.
- Francis Titus:** Yes. As you said, we have a lot of fair value reserve account, but we will use it judiciously. It will be, as and when the requirement is there, only that time only we will be monetizing those shares. So, we cannot be selling it off all at one and giving it to the shareholders at one instance.
- RK Khandelwal:** No, no. At present, market value is high and since your portfolio has increased substantially two, three times and you have a substantial gain, therefore I say part of the gain can be used.
- Francis Titus:** Yes, Yes. That we are already doing it. We are already doing that to that extent required. So, that is already being done. That is why also we have the profits during the period. Also, there are underwriting losses.
- RK Khandelwal:** You have some plan in future also in the coming year, coming fourth quarter?
- Francis Titus:** Yes, yes. We have the targets, internal targets. So, that has been taken care.
- RK Khandelwal:** Okay, okay.
- Moderator:** Mr. Khandelwal, do you have any other questions?
- RK Khandelwal:** No, no. It's all right.
- Moderator:** Thank you. As there are no further questions from the participants, I would now like to hand the conference over to Ms. Neerja Kapur, Chairman and Managing Director of the New India Assurance for closing remarks.
- Neerja Kapur:** Thank you, Sagar. And thank you, Arvind and your team from Veritas Reputation for organizing this conference call. I would like to thank all the participants again for attending our call, taking time out from their busy schedules. If you have any further queries, I will request all of you to please get in touch with us. We would be happy to address them all. Thank you once again.
- Moderator:** Thank you. On behalf of the New India Assurance Company Limited, we conclude this conference. Thank you for joining us. You may now disconnect your lines.