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/2022-23 — 22nd February, 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,

Sub: Transcript of Investors/Analysts meet

Disclosure under Regulation 30 read with para A of Schedule III and Regulation 46 (2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015. Please find enclosed the transcript of analyst/ institutional investors meeting with senior management of the company held in Mumbai.

You are requested to kindly take the same on records.

Thanking You
Yours faithfully

For The New India Assurance Company Limited

THE NEW INDIA ASSU. CO. LTD. H. O. MUMBAI

Jayashree Nair
Company Secretary & Chief Compliance Officer

- **Interviewer:**
- So, I just wanted to understand what your experience has been for the motor TP loss ratio. We have the reported numbers of course, but there's a little bit of diversion. There could be progression of booking of reserves in the books of different companies. But, generally it was low in the COVID period, and of course, we can see that reverting in your numbers. Had you paid to the extent of foreclosures in your peak period, and to that extent, some acceleration of claims? And, do you expect it to come back to pre-COVID levels, or is there a structural change?
- **Interviewee:**
- In TP have been pretty consistent, except for the COVID year. We have been consistent at around 85-86%. With COVID of course, 1 or 2 quarters we had a lower provisioning. But later we corrected it and now it's more or less stable around 85% kind of a mark, in terms of ICR, if you want to count. During COVID, of course, some bit of provisioning was actually lowered. Now, it has been done conservatively and now we are just waiting for the actual experience to emerge, and based on that, we'll do the course correction. Mostly it will be around... but, we'll have to do the course correction based on how the experience emerges.
- **Interviewer:**
- And the Motor TP Act, what is your take on how that will impact you ROEs and your provisions?
- **Interviewee:**
- TP, it has got a few provisions which is good for GI companies as well, especially the 6 month window ones. There was also some Chennai court ruling also which was in favour of the insurers. But, we have rushed to actually take the credit for all those things. We really feel that some genuine cases or the other will come up and the entire thing will be again relooked. So for the time being, we haven't really made any major changes depending on what it's going to do to the act, even in terms of registration.
- **Interviewer:**
- As a company, you have not been seeing... in your personal book, in stances where the ruling was applicable and it has been escalated.
- **Interviewee:**
- Not yet. Actually, we haven't really done anything, even setting of reserves level of whatever. We haven't really taken any good part of that which will help us after 6 months window putting a closure in terms of registration. Even the Chennai verdict was quite surprising because it was talking about... even we were expecting it to be on a prospective basis. We think all those things will be corrected. Finally the court will always take a stand which is closer to the policy holder.

- **Interviewee:**

- Further I want to add, now recently we are more stressing on compromising the claims, the pending claims, where we can save our interest and other liabilities later on, so that the pendency will gracefully reduce. Instead of long term claims, it will come down drastically in the coming days. So, more stress is there. We have come out with a very clear cut instruction through the operating officers or dealing officers to compromise maximum cases. Because generally, in Motor TP we generally lose. The award comes and we try to save our... we try to prove that... but generally it doesn't happen. So, more stress on the compromising the claims, we can save on the interest part where we compromise. So drastically that reduction will be there instead of pendency, because during that period also, we could not participate in the Lok Adalats, during that COVID 2 years. Even last Saturday there was a Lok Adalat and we have done about 7,000-8,000 compromised during that period. So, more stress...

- **Interviewer:**

- Pardon me, but what do you mean when you say 'compromised'?

- **Interviewee:**

- Compromised means, during the Lok Adalat where the judge also sits and the opponent party comes and the advocate comes, from our side our people go...

- **Interviewer:**

- So you mean settlement?

- **Interviewee:**

- Yes, settlement. It's like a mutually... So, the lag of pendency will reduce, the interest liability will reduce. In the future we don't know how much award will come. So then, it gives us a benefit that we will not... that the claimant cannot go further for appeal. Suppose today I have settled through compromise or mutual understanding through Lok Adalat, then he cannot file an appeal before the High Court. So that benefit also we get. So, we are also restricting further litigation. Generally when award comes, then there is option of the claimant to go to a higher court for enhancement or for any other purpose. So that also comes down. That's also an area where more stress is there. So over the period, whatever he said, those claim ratios will be hovering around 80-85, which is quite good as far as TP is concerned.

- **Interviewee:**

- The client also gets the money well in time. So, he's also...

- **Interviewee:**
- And, we have come out in 2-3 places, especially in New Delhi and Tamil Nadu, that within 30 days. So, that manipulations of involving vehicles and other things... investigation. So, within 30 days there is a DAR which is in collaboration with the police, insurance companies and the claimant. So, within 30 days they are supposed to submit the report, and if everything is in order, we are supposed to submit our offer as per the laid down rules because the rest is all factored now. So on that basis, we offer and he accepts and the claim closes there. So now the pendency to new claims will drastically come down. Though old claims are still continuing, but these 2-3 cases... The Supreme Court wants that it should be over in all states. So slowly slowly other states are also coming out that they should adopt this DAR facility (Detailed Accidental Report).
- **Interviewer:**
- Have you seen intimations happening more quickly than before?
- **Interviewee:**
- Yes, yes. Immediately when an accident happens, we have a team in the legal hub we have in Delhi. So, they that intimation and our own people get involved in the investigation. Immediately they take action and...
- **Interviewer:**
- If you look at the industry data, IRD data, they suggest that 30% of the claims get reported within 6 months, meaning whatever accidents happen for that particular year. So, that number... given that 7.26 has been now 9 months or...
- **Interviewee:**
- 6 months.
- **Interviewer:**
- 9 months, April to now. It has been effective for 10 months. Have you seen that intimation within 6 months... 30% is improving to 40-50% or the claim frequency has gone up, in that sense?
- **Interviewee:**
- On the incurred side if I see, within the first 12 months when I just modelled it, I see a higher figure, definitely. But, whether it will be 30% and all, it's too early to say. That was projected, but the final is...
- **Interviewer:**
- But, that number bump up you're seeing?

- **Interviewee:**
- But the initial figure, usually what is actually getting reported during the first 12 months, I am seeing an increase; definitely there is an increase. But, along with that, if the end difference is also going to increase, I'm not sure. So for the time being we are making some provisions based on the past loss ratios.
- **Interviewer:**
- You said Motor TP loss ratio 84.
- **Interviewee:**
- ICR.
- **Interviewer:**
- Yes ICR, the incurred figure. Your total motor loss ratio is 94-95, means OD is...
- **Interviewee:**
- Above 100.
- **Interviewer:**
- So this is bleeding, and we are growing that segment more aggressively in the current year compared to what we did last year. So, exactly what is the strategy? Why are we chasing that business when the losses are so huge?
- **Interviewee:**
- Whenever we go for package policy, we get third party also along with that. If we are getting for 3 year premium... suppose a new vehicle is there, we were tying with a dealer like Maruti and Hyundai. So when somebody purchases the vehicle, he takes the insurance. So the third party premium comes for 3 years and the OD part comes for only 1 year. So along with that, we take some decision that if new vehicles are coming, atleast we are getting 3 year premium, which is slightly profitable. So, when we merge both OD and TP, it will be I think less than 96-97%. So to that extent, if we have some margin in TP, because in private cars loss ratio of third party is less, two-wheelers' loss ratio in third party is less... So, in commercial vehicles we get one year only because there is no compulsion. In two-wheeler we get 5 year third party premium along with that. So, that also we consider. So yes, OD at present, where we are in competition and the private companies are paying more than what we are paying, it is very difficult to even continue with that business. And, motor is our core business. For any insurance company, as far as general insurance is concerned, motor has to be a dominant LOV for us. But now, after COVID and other things, I think health has become more dominant. So, to that extent, I can see that for some time it will continue, but later on it will stabilise.

- **Interviewee:**
- To add 2-3 other points, in case of commercial vehicles, the decision driver, is it going to be TP? If your OD premium is say 5,000, you TP premium is say 40,000, so the decision driver on whether to take the business or not is going to be the third party contribution. That is the first thing. Second thing, during COVID time, of course we saw some unrealistically lower loss ratios as far as third party... that is the time when the motor OD discounting, that phenomenon started. And now, the clawback of that discounting, it's taking more time than anticipated, because all of us got used to lower pricing as far as OD is concerned. So now, to revert to the old days of lower TP discounting is taking some more time. And third thing of course, the relationship with the dealers and all for us... there was a time when due to this NIST and all happening, there was a lot of business loss which had happened at the dealership. So, little bit of that clawback also.
- **Interviewer:**
- What made it to happen sir suddenly? Why are the dealers okay to not work with private companies, but public companies?
- **Interviewee:**
- No, right now of course, we are trying to re-establish our relationships because from 1st April the situation is going to change totally with the new regulations coming in. So, that time dealers are going to play a much more important part. So again, having that connect with the dealers has become much more...
- **Interviewer:**
- Sir, you being a CAG audited company, never have been able to match the payouts which private companies made. So now, which expense of management rules relaxation, will you match the payouts what private make and then we can see the combined ratio to further deteriorate only, or do you think pricing will improve?
- **Interviewee:**
- Pricing can improve, because payouts are not going to be indiscriminate, it's going to be driven by loss ratios. So they are all linked actually. For this particular loss ratio, this is going to be... we used to have that for 2014-15 and all, that used to be the arrangement where the entire payouts were going to be linked to the loss ratios. So, depending on the profitability and the kind of vehicles, what is the experience we have where retail is concerned... So, an elaborate new pricing regime has to now evolve which will be depending on the...
- **Interviewer:**
- But will the industry behaviour show sanity or will cut-throat competition continue?

- **Interviewee:**
- If you see, around 30% is the proposed EOM limit. And if you see, most of the companies are between 25% and 35%; most of the companies. So, there is not much scope to actually behave in an indiscriminate manner. But, whatever they have been doing till now, they may continue to...
- **Interviewer:**
- But sir, it could potentially happen that you have a group business high exposure like crop, and then it can cross-subsidise and make your payouts.
- **Interviewee:**
- That is the issue which is there, but I think the private companies are choosing the lesser of the evil, I would say, because they already got into all those suits because of the payrolls, GST implications, taxation department after them and all those. They got into a real mess. So, they also... One thing is there, unanimously, they are going in for EOM, so there is no protest at all. Even from companies whose current EOM is more than 30%, everyone has unanimously agreed that this is what we want. So, that is going to be the new regime.
- **Interviewee:**
- What will happen in this EOM is that we will have some cushion to pay for the profitable business. At present we don't have that cushion. As far as profitable business of motor or any other segment is concerned, private companies they benefit because they are not subject to audit of CAG or any government regulations. So, we have limitations. It's unethical. We cannot pay some extra money to the agent or to the broker. You know in the market how it is happening. If I have experienced that w.r.t. a school bus, even third party they are giving 50%. Out of third-party premium, how these private companies are paying 50%? Because, school buses are profitable. How much we can pay? We have some limitation to pay some fixed amount, 2.5% we can pay. Over and above, if we want to pay some extra incentive, we can pay 10%. But, we cannot match. But after EOM coming, that will change. So, that profitable segment which have been slashed by these private players, then we can target those profitable... and then balancing will happen. So, a level playing field will be there. Then we can also think of paying some extra for the business and that cushion would be there. So ultimately, it would be good for the industry.
- **Interviewer:**
- Sir, with the TP long-tail reducing, ultimately the investment work will reduce, the investment income will reduce, we'll have to look at even better COR.

- **Interviewee:**
- No, actually what is happening currently is, right now we make a provision for outsourcing. Then that comes to us as investment corpus, we earn investment income. But, every year we also put an interest loading to the outstanding claims at 7-7.5%; we put a loading on the outstanding claims. That is a part of incurred claim. So, our incurred claim will include the provisions of the outstanding that we make on the TP claims. And correspondingly, the same amount we are getting back as investment income. But those distortions happen in the combined ratio calculation because the 7% outstanding on the 10,000 crore plus of TP outstanding, that is simply getting added to my incurred claims. But, the same amount or much than that, because of my equity exposure, I'm getting investment income, that is not considered for the combined ratio calculation. So now what will happen is, there won't be any change with the overall profitability, the only thing is, instead of interest loading which used to happen because of the pendencies, the pendency is reducing, you'll settle the claim quickly. Correspondingly to some extent, your assets under management may slightly come down and your investment income will also reduce to the same extent. Optically, your metrics will look better, but operationally there is not going to be, I would say, much difference. Only thing, the risk will come down, because what happens is TP is, the biggest risk at any point of time is, some court verdict comes and says that your method of calculation has to change and you have a huge amount of outstanding. You are exposed to a massive risk. So, if you're able to settle it quickly and clear it, you are actually saved from the risk of an adverse ruling. So that way, the risk levels of the company will actually come down if you're able to settle the TP claims faster. But operationally, it's not going to change, optically it will look better.
- **Interviewer:**
- Your provisioning method will also change in a way, because earlier when the settlement timeframe was 4 years, 5 years, more than 5 years also, so for all these contingencies you have to make some bit of provision. Now, given the settlement is earlier, will that change the provisioning method?
- **Interviewee:**
- Provisioning method won't be changed much. With the case result setting, it's going to be the same. In terms of your projections for the non-reported claims, the method will be similar. There will be some distortions in the past claim patterns and all that, and we'll have to make manual adjustments.

- **Interviewee:**
- At present, whenever the claim is reported, we provide the reason... provision. So, if it is pending for 1 year, again 7.5% interest is loaded at the end of... if suppose that is not going to be pending for a longer period, so interest loading for that period will not be there. So, ultimately, it will not affect, because we are already loading our provisions to that interest.
- **Interviewer:**
- Sir, what is your share of new cars in the motor segment basically?
- **Interviewee:**
- New cars, overall...
- **Interviewee:**
- Because off late, our mix has totally changed with lot of dealer business coming back during the last 12 months. So, the mix has changed and the proportion have definitely increased, but the exact figures I may not be having.
- **Interviewee:**
- In private cars it's almost 50%.
- **Interviewer:**
- Given what feedback we are getting from the various industries, especially with new cars, especially the competitive intensity remains very very high, and probably it will continue for some more timeframe. And the loss ratios probably we'll continue to see are elevated. Given our 50% also, how are we going to see some improvement towards the motor loss ratios? How should one think from a 12 to 24 month perspective on this?
- **Interviewee:**
- That's what he has already mentioned, that EOM will play an important role in the coming days. On 1st April that 30% limitations or regulations, whatever comes, we will balance accordingly and analyse it. Wherever profitability is there, there we can pay and get the new cars business or new two-wheeler business. At present we are getting private cars maybe 50%, but two-wheeler segment we are not getting that much. So, we will target that two-wheeler segment also. So, in that segment also where we are going to add a 5 year third party premium at a stretch. So there automatically it will balance. So, maybe in 12 to 24 months you can say, that after this regulation comes, things will change, even for new vehicles.

- **Interviewer:**
- Sir, you're saying that the underlying loss experience in commercial vehicles is worst compared to PVs and two-wheelers. So, the next change will automatically improve your loss ratios and the EOM will let you choose...
- **Interviewee:**
- ... to be profitable.
- **Interviewer:**
- to be in those. But, you don't expect the industry as such to correct the pricing in motor OD?
- **Interviewee:**
- It will happen, but it follows this typical cycle.
- **Interviewer:**
- So, things will get worst before they get better?
- **Interviewee:**
- We can't comment on when it will. But over a period what will happen is, everyone will have to finally look at net profitability, ROE, everything. So, it follows a cycle. Right now, motor is probably at a level where pricing is slightly...
- **Interviewee:**
- I think the industry itself is having a hype.
- **Interviewee:**
- Hmmm. Across the board I think even private sectors are seeing much elevated loss ratios in motor. And for them, because of the payouts, even a lower loss ratio actually translates to a much higher combined ratio. For instance, if the payouts are not there, even a high loss ratio, but combined ratios would still be alright.
- **Interviewee:**
- Also, that online settlement of claims we have started.

- **Interviewee:**
- Online settlement, that also we have recently started. The claims up to 50,000 through PVO online settlement people are sending photographs and we will send a link also. That also we are in the process, and we have already on the pilot project which we have done in 3-4 hours, and it is quite successful. So, now as an industry at the GIPSA Level, we are coming out with a new RFQ for inviting the service providers for settlement of claims for private cars upto 50,000 through online. So, our in-house surveyor will assess the photograph sitting in the office and he will tell you to start your repair. So those manipulations will come down... wherever this segment. If the vehicle goes to the garage and the garage guy will say I will give you this, you make it. So those things we are going to improve in the next 6-12 months. So, this will also aid us to reduce our ICR of OD.
- **Interviewer:**
- The surveyors will be in-house or will it be almost like TPA?
- **Interviewee:**
- Now we are authorised up to 50,000w we can survey and assess the loss in house also. We are planning to have in house survey sitting at our office. We will see the photograph, we will talk to the garage and we will allow the claim damages, you go ahead. And then immediately he will start the work.
- **Interviewer:**
- In group health you had been ceding market share, if I just take aggregate through the year numbers. So what is the strategy there?
- **Interviewee:**
- In group health, in the last maybe 2-3 years, especially during COVID period, health portfolio has not performed well because of the awareness of the people as well as so many relaxations given by the government also that you pay, you cannot say no. Though maybe in some cases there could be exclusions, but we are proud to say that we have served the country during the pandemic, and whatever is payable, even that we paid. So, during these 2 years our loss ratios were not very encouraging; maybe 130 or 135 was there. But anyway, I think this happens once in 100 years. And, when the country needed our services as an insurance company, not only New India, but other companies also suffered. And, everybody was around 125-130 range that year. But, now we have recovered very well after that. So, we have corrected our pricing also. We are not now very aggressive as far as group GMCs are there. So, things are improving and now we have around 103-104 claim ratio, which was 130 last year. So, it has come down. And over the period, maybe it will come down to less than 100.

- **Interviewer:**
- So, in the last 2 years, on how many instances have you effected this price increase and what is the rough magnitude?
- **Interviewee:**
- In group it is case to case pricing, because the group behaves in a particular (inaudible) on a case-to-case basis we price. On retail, I would say, during COVID, of course we were considering, we couldn't really increase the prices. But now on the flagship individual Mediclaim product, we have rolled out a price increase, which should come out pretty soon. It's just pending some queries with IRDA. But, by March or April we should be able to roll it out. So, roughly minimum 30% increase is there as far as retail health is concerned. And, another product, floater product, these are the two major retail products. The floater also, I think in another week or so, we will be filing the price increase. Overall, retail premium increase will be close to 30% plus, which will be effective from the next financial year.
- **Interviewee:**
- As far as group is concerned, I want to further add in that, we you have the maximum about 40%-50% our corporate clients are there. They are giving us the other business also, fire business is there, marine is there, miscellaneous is there, and that is very, very profitable, so whenever GMC or Medical Insurance Council at that time that they demand that at least you give some discount into that. So, that's why also I can say if you send 4%-5% increase to GMC that is about it, actually because of that but because of we have a huge premium coming from those clients like Reliance you can say. We are getting 1000 crore and that there it can happen.
- **Interviewer:**
- So, this retail pricing what you've taken is good enough for the hospital inflation?
- **Interviewee:**
- What we have found is, there is a massive increase, this has happened post-COVID, which is something which you really, I think across the road the entire industry fell back. After the COVID, in fact when the case returned to normalcy, the security is the real short up, when the frequencies we identify in the change, but the severity is drastically short up and because of this we were forced to and also we had an increase for five years, usually we increase it in a 3-year period. We last increased in 2017, so by 20, they were due for increase, but by that time COVID wave hit and at that time it
- **Interviewer:**
- Increasing that time

- **Interviewee:**
- We had our own responsibility, so we cannot really push up the retail price increase during that period. So, now we are rolling it out and the severity has definitely increased, but I think 30% plus increase and there are also its across different age groups, we have different increases.
- **Interviewer:**
- Finally, a cumulative price 30% is good enough?
- **Interviewee:**
- No, I'm saying across the board because what happens is there are some age groups where the performance has been altered, some age groups will witness almost 50%-55% increase, so it is going to be kind of mixed depending on the age group.
- **Interviewer:**
- Sir, now it has become an industry practice, right Sir. All the players I think have taken retail health price hike of around 25% to 30%.
- **Interviewee:**
- Recently, they have took actually, we are late I would say.
- **Interviewer:**
- You are late?
- **Interviewee:**
- We are late, so both the products you'll see a significant price increase coming, so that along with the group maybe it may be around 103 like say that plus this one together should see further improvement in the loss ratio. Maybe for the next year, we have about 50% of the impact you will see in the next year, the year after the increase.
- **Interviewer:**
- Certainly, you seem to have stopped growing government business?
- **Interviewee:**
- Who?
- **Interviewer:**
- We, this year, PH business, which we did last year, we are not doing today, and even the group health -- the government group health we have slowed down. I mean the number suggests.

- **Interviewee:**
- No, no, what happened?
- **Interviewer:**
- PA has clearly declined right?
- **Interviewee:**
- PA was a COVID policy. So, what happened we had done special policy for the government for two years for the PH. So, what happened all the medical practitioners and all the COVID workers
- **Interviewer:**
- Sorry, its COVID warriors
- **Interviewee:**
- COVID warriors they used to do. So, all those workers we actually rolled out a policy for them that 50 lakhs death cover.
- **Interviewer:**
- Oh okay.
- **Interviewee:**
- So, that policy because COVID was also very high and lots of people lost lives, correspondingly premium also went up. So, we lost about 500-600 crores, this year 700 plus, yes. So, roughly 700 crores decrease in premium during the course of nine months is because of this policy being not renewed.
- **Interviewer:**
- Not renewed as there is no COVID, I can say because of that and actually growing that product in this market would have been most profitable?
- **Interviewee:**
- No, no, it's a government policy.
- **Interviewer:**
- Oh, government policy, it's a government policy.

– **Interviewee:**

– Basically, it was more like an execution kind of a thing. Government says you operated at 90% loss ratio, so we are also assured of some profit and we execute the policy for the government. So, that's how it was structured. Last year when we accepted crop also near about, I mean full insurance crop close to 1000 crores.

– **Interviewer:**

– 1000 crores, that is no longer there.

– **Interviewee:**

– So, that also government business is reduced.

– **Interviewer:**

– Roughly, first nine months if you see the premium growth you see only 1.9%.

– **Interviewer:**

– Yeah because of that.

– **Interviewee:**

– 1900 crore, if you adjust for it, the growth is still out.

– **Interviewer:**

– Got it, got it. yeah, because there's a 13% decline in the other category which is part of the crop,

– **Interviewee:**

– That is crop.

– **Interviewer:**

– Almost 1000 crore was crop?

– **Interviewee:**

– 900 crores.

- **Interviewer:**
- 900 crores, yeah. So, next year what you're thinking on crop, government is going to go that beat formula wave or do you think that the scheme because this is the last year of the scheme, last year. If build formula becomes a new norm, then you will participate how you think on crop?
- **Interviewee:**
- Crop, actually what we see that our sister company, agriculture insurance company is there. So, all CMDs are put together, they discuss among them that they have the specialization in that agriculture, we don't have.
- **Interviewer:**
- Right.
- **Interviewee:**
- We started accepting business in 16-17 and 17-18 and we burnt our fingers. So, see we don't have that expertise, we don't have and we should not enter into it.
- **Interviewer:**
- Got it.
- **Interviewee:**
- So, then later on two years back, they took the decision that at least agriculture is having the specialized insurance company they do crop insurance, so let them to do. So, last year as per their agreement, we caught the co-insurance from the agriculture insurance company from this 900-crore the premium that we have not done any direct business. So, at present, I can say we don't have a core capability. If you say, I admit it that so - that if we accept it and then again burn our fingers, so instead of going into dark, better to go to somebody who is there our core, so we will follow it. so, we have the requesting to our sister company that wherever the capacities are there they can provide capacity we can provide and we can accept a business insurance and that is more or less it is profitable, but because we manage in a more systematic way.
- **Interviewer:**
- But Sir, beat formula becomes that 80-110 loss corridor formula becomes new norm then, probably the losses are capped because it's 10%, then would you think that seriously you are getting into crop despite not

- **Interviewee:**
- Finally, it has to be executed because it's a 1000 crore business then you end up at 1:10, so 100 crores loss and profit is between 1000 and 2000, then can really, so still a lot of execution skills.
- **Interviewer:**
- It's co-insurance only that you will do?
- **Interviewee:**
- At present, what we are thinking or maybe later on, maybe with the new management who are concerned, they may think of accepting direct business also, but at present what we are thinking that going slow towards this business and another thing what we think that in crop that we are this 80 or 100 also, then you require some reinsurance arrangement also at your level and other things. so, it is better to be away from this. So, at present we are going slow on this front.
- **Interviewer:**
- Okay, it works because the government itself is acting as a reinsurance?
- **Interviewee:**
- You don't have reinsurance cost as a bigger saving.
- **Interviewer:**
- that's a big saving and not only that reinsurance will come with lot of restrictions.
- **Interviewee:**
- So, to accept anything other than that it requires a lot of more exposure, everything is on the higher side. You go in direct, because these all payments are linked with the subsidies you are supposed to receive from the state as well as centre and they don't pay the money. To be very frank, it comes very later and we stop the payment of claims and then all farmers will come to the offices, they will create a scene in the office, it has happened in the Poona and Baja Allianz, it has happened in our offices also. Then the government - they don't realize, they want their claim should be paid and then forcefully government will tell you pay, so sometimes it becomes a very difficult situation as far as to handle these types, all farmers will come together, they will put *dharna* outside your office, and then it gives the wrong message among the people that companies are not paying the claim. So, these things are there, so with the government scheme this is the problem.

- **Interviewer:**
- Got it. See anything you are hearing on composite license means LIC will subsume everyone, our government is thinking of those things?
- **Interviewee:**
- First thing is if you read the act, the amendment, one of the major changes is that they have defined tariff as a line, earlier it was life norm, now it is life, health, and non-life. So, when you create a new line called health automatically, we are composite insurance, the next year when we apply for a license, we are doing health and non-life. So, one reason why the word composite was put in was an enabler because they have defined health as a different line and so all the non-life companies doing health obviously, they have become
- **Interviewer:**
- They automatically become composite.
- **Interviewee:**
- So, was this, but along with that it's got interpreted that life can get into health, life can also get into health and all. So, it all depends because even now it is up to the IRDA to decide whether to allow it or not and justice because composite license is going to be allowed that is needed from an operational point of view because all non-life companies have to be composited, but along with that whether they are going to allow the health companies to get into - life companies to get into health and all there are lots of
- **Interviewer:**
- So, for example if LIC applies for a composite license, they renew their license and say composite license, then they automatically be eligible to do both the businesses right. If they want to do motor or if they want to do health?
- **Interviewee:**
- No, first of all IRDA has to - let the revolution do come first. Revolution has not come
- **Interviewer:**
- Even act is Act has to be postponed.
- **Interviewee:**
- No, the Act amendment should happen first then later on we should think of – the initial thought process for that word composite was because you have normalized plus health companies you define health as a different line obviously, we have to go become a composite company.

- **Interviewer:**
- But has it gone to backburner or it will come in monsoon session?
- **Interviewee:**
- No, no, Sir I think our council has also represented earlier
- **Interviewer:**
- Yeah, they are in the news, definitely.
- **Interviewee:**
- Council has represented against allowing life companies to get into that. They already have their own problems why they want to get *(all laughing)*
- **Interviewer:**
- But in expensive management rules, which will come it's a known fact that why Sai took market share from you guys, public sector companies because they paid more than then what you were able to not pay. So, now with you changing the possibility of that same agent who is working for you with motor but he is working with the Sai to distribute health, can you convince him to come back and to get your products and you can see a scale growth in the retail health in a meaningful way?
- **Interviewee:**
- Yeah, yeah. Every agent if you see, you'll be having 3-4 families each one associated with some other company, so they can legally itself they can do for non-life as well as the health company and the life company, legally itself they can do along with that they also have multiple people in different - having allegiance to different companies, so that whoever pays the best on that name the business will be. So, to that extent if will see as far as five companies are concerned, they have paid more, but now nothing prevents us from paying. So, if you want to actually look at having a differential structure, if you to attract the 25 to 30-year-old more, so probably we can have a compensation structure where you pay 5-year old there. Right now, we were constrained that everything has to be within 15%.
- **Interviewer:**
- So, probably for a 60-year-old guy you say that I will give only commission to them, but a 25-year-old guy, I can give you a commission of 40, you bring in the business.
- **Interviewee:**
- Overall
- **Interviewer:**
- Overall, it should be kept with 30% that can happen.

- **Interviewee:**

- You see this line we had to file. Their staff and management expenses is if you today also you see very small and their advertisement and other expenses you will find they are equal to us, means the marketing expenses are more than what we are doing. so, we have a lot of 1000-2000 offices among all over India, they have maybe 20 officers all over India, but their management expense is very less and advertisement so, total expenses are put together it will match to us. So, where that money is going, that do you see that recently

- **Interviewer:**

- Recently the rates have taken 35 for Sai one reason was –

- **Interviewee:**

- Now they know that the competition will heat up, they wanted the extra cushion of 5%.

- **Female Speaker:**

- Sir general consensus then is that commissions will probably step up a little bit because it puts the smaller players at a disadvantage the EUM guideline and the bigger place will probably go

- **Interviewee:**

- No, for smaller companies there is a carve out, as long as their market share is less than 1½ to 2 crore.

- **Female Speaker:**

- Yeah, but most of them are like I don't know if that's at a gross level across all lines?

- **Interviewee:**

- It is market share

- **Female Speaker:**

- Not within respective - not within health?

- **Interviewee:**

- No, grossly. It depends on the license you have taken.

- **Female Speaker:**

- So, if you're a Sai

- **Interviewee:**
- Sai is also market share criteria applies the same, but 35% is there allowable limit.
- **Female Speaker:**
- So, one if I have Sai and then I have 1½% market share in health
- **Interviewee:**
- Then you are stuck to 35.
- **Female Speaker:**
- Then I'm stuck to 35.
- **Interviewee:**
- But if it is less than 1.5, then you will get a 4 variance, so you can go to any extent you want.
- **Interviewer:**
- IRDA removing the IAB thing on fire because previously the industry was pricing everything based on burning cost, so now the burning cost IRDA said that that you can't use this as a rate card to price to industry. So, if that is going away then fire which is one of our most profitable portfolio and we are market leaders there, do you think again price discounting war will start and this portfolio can become much worser than what you have experienced in last 3-4 years?
- **Interviewee:**
- IRDA has not put that means the IRDA has not that you should accept the IAB rates because of our RI treaties are based on this, that's why we are charging. So, it depends on the individual insurance companies to charge the rate. It is not compulsion that you have to
- **Interviewer:**
- No, no, it came from top I know

- **Interviewee:**

- So, if GIC has put a condition that I'm providing you the insurance coverage because if you charge the IAB rates because he has to see - they have to see their profitability also. So, accordingly maybe later on, the individual companies whenever they are taking new reinsurance plans they may think of factoring through that discount also tomorrow that is to be given to the profitable clients that also we will negotiate with the GIC or whoever insurer providing reinsurance support to us that some reduction should be allowed. So, I think your audit

- **Interviewer:**

- You have already started your April negotiations, are you seeing GIC or any other reinsurance reducing the - allowing you to price below IAB rates?

- **Interviewee:**

- I think in some exceptional cases it can - no actually there are two aspects. One, what was happening was IAB was monitored by GIC and second thing because of wherever GIC was the leader, we were all tight. As an insurer wherever companies are there who didn't have GIC as a leader, they could offer always more competitive rates. So, lot of business was also not coming to these companies because you are tied to a reinsurer. So, this IRDA was ensuring that you are not going to speak to IAB that's more like an order to the GIC and not to insurance companies.

- **Interviewer:**

- But it indirectly benefited you guys right because for the (inaudible)

- **Interviewee:**

- But lot of business was also lost because GIC was not the leader in some other companies which used to quote price. It used to in a quote in a more competitive environment. So, it all depends on for the business scheme which came and second thing the same business was divided into you can say fire can be divided into three parts. One, which is less than 150 - less than 50 crore category, then you have the midsize segment, and then you have the large size segment. Less than 50 crore already is decoded, there is no IAB, whenever the product was launched itself was made very clear that you don't stick to IAB, so every company is already pricing in based on the occupancy somewhere and the larger - when it comes anywhere reinsurers have a say because they are - because the retention and the insurance is going to be less there and mostly it will be sent to the insurance, so they already continue to have a say. So, if it is not IAB also, it will be a rate which they are going to accept, so that is going to be there. So, what is left is only the middle segment of the property where we simply blindly used to charge the IAB where the business comes, on that segment there will be some kind of a what do you call price again it can be lower or more of occupancy based, everything will start and GIC will definitely now accept whatever the price and then they will have to put the conditions based on the performance of each.

- **Interviewer:**
- Got it. Any thoughts on the solvency of the other - especially the other three DAC players like they are below the IRDI requirement, so that will the government continue to influence capital, so any thoughts on that the solvency side?
- **Interviewee:**
- Already government is thinking on restructuring these people. So, to bring them above the required solvency, so there are certain instructions which have gone problems to all of them to you know manage your business, how to restructure, reorganize your offices, so all that is being done bring them up to the apart from giving them the required capital these things are also happening simultaneously. So, hopefully as we go forward you might see an improvement there also.
- **Interviewer:**
- And could you share your motor mix in terms of like how much is CV, how much is PV there?
- **Interviewee:**
- We have around 19% at CV.
- **Interviewer:**
- Okay.
- **Interviewee:**
- And 54% as private and then standalone we have another 22 OD policy for QUIPC
- **Interviewer:**
- Sorry?
- **Interviewee:**
- Standalone OD policy for private car which is another 22% and for two-wheeler it's around 1%, standalone only.
- **Interviewer:**
- okay. Sir, sorry since I joined late, there is one question with respect to the Madras

- **Interviewee:**
- Come, come, you can sit here now.
- **Interviewer:**
- With respect to the Madras High Court order, has there been any release in the reserving or what would you see?
- **Interviewee:**
- It's too early to take the call on that because we have to see because it's not, especially on a retrospective reserve, release is not yet.
- **Interviewer:**
- On an incremental loss ratio are you baking in this thing six-month gap?
- **Interviewee:**
- No, because even the six-month thing, we are not so confident that it will clearly stick with us, some genuine case comes and it may get over, so and we'll just wait for some time, if at all after 2-3 years also it is standing and nothing is happening then hopefully you can think of putting an end to the claims which have been filed after that particular date.
- **Interviewer:**
- Sir, just one last question given our nine-month growth is around 2%, crop we are not looking basically in this, even personal accident because COVID is gone now, how you think the growth probably to pan out for FY24 because motor also has some segments which are high competitive intensity given our motor share is very high and although some price hike is there in the retail health, but how you think overall growth to pan out?
- **Interviewee:**
- No, growth will be in all IODs, if I feel in my personal view. It will be a little increase in fire, marine, also because now the movements are happening, earlier those were stopped during the COVID period and a little bit increase in motor that is what we earlier discussed maybe after this new EUM regulation after that we can maneuver our payouts also and we can grow more in motor in profitable segment. At present maybe we are getting the left-out business or where the business is not that much profitable. So, that will improve and definitely after COVID awareness and health has increased a lot. So, even people are coming to us not for renewal, for a new business also, for new policies also, so that also awareness has created a demand in

the health sector. So, you see if the entire business if you see mixed, the health is now dominant, earlier motor used to be dominant. So, that segment also will likely to grow in the steady fashion at 10% to 15% and the other side effects now liability another businesses where we want to target small communities where we are slightly lagging in that segment, so in that segment also and miscellaneous segment also we are going to see some growth in the coming days.

- **Interviewer:**

- You some new products also introduced?

- **Interviewee:**

- In fact, one major change that has happened is your all the product filing has moved to use and file.

- **Interviewer:**

- Correct.

- **Interviewee:**

- That has actually reduce the time to market rush, so we are actually launching quite a lot of products around the annual and within a short time we can actually conceptualize the product, bring it to the market everything can be done very, very quickly, so that is one major advantage not just for us for the entire industry, so that is going to be a real game changer because use and file for product because earlier it used to just get stuck in IRDA after (inaudible) another competitor launches the projectile slightly lower price, we've to wait for another three months, four months, so it was a real pain, but that is completely gone I think. All the new regulatory changes which are happening, there is going to be a principle based regulations, there is not going to be months in terms of prescriptions, so that's going to be a very open this thing and even on health side thankfully help is not dependent on tax incentive, even though you get some tax incentive, it's not dependent on income tax side, because people are really recognizing the need and taking the cover and not for any tax breaks or whatever.

- **Interviewer:**

- But retail health repricing you have to go to them for approval?

- **Interviewee:**

- No, ideally what use and file says you can actually get it done, but they have the right to question. So, then we file the retail even though we filed it the use and file, because our policy holder base is pretty high, there are some queries which IRDA had asked and so we are in the process of addressing it and after that we will roll in, but otherwise if it's a small product, do you want to launch a new product, small product or even within the small product because if you want to change the price, it can all happen very quickly.

- **Female Speaker:**
- Sir your pricing relative to the competitors where would you
- **Interviewee:**
- the competitors, it will be similar with the competitors.
- **Interviewer:**
- And the three-year time frame is also now removed that after only three years you can replace the retail?
- **Interviewee:**
- No, the clause still says but it also has that under exceptional circumstances if you want to get it replaced you have an option of doing, but that clause is still staying, but what is happening is all the regulations are being relooked and there is a chance that even that may get removed from the new set of regulations to come.
- **Female Speaker:**
- Thank you, Sir.
- **Interviewer:**
- Thank you very much Sir.

End of Transcript