



दि न्यू इन्डिया एश्योरन्स कंपनी लिमिटेड

THE NEW INDIA ASSURANCE COMPANY LTD.

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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Website : www.newindia.co.in

Ref. No.: NIACL/CMD_Board Sectt. /2020-21

July 18, 2020

To,

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

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

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

Dear Sir/Madam,

Sub: Disclosure under Regulation 30 read with para A of Schedule III and Regulations 46(2) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 30 read with para A of Schedule III and Regulations 46(2) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, we hereby inform that A. M. Best Asia-Pacific (Singapore) Pte Ltd. ('A. M. Best') has revised the ratings assigned to The New India Assurance Co. Ltd. and further revised the outlook of Financial Strength Rating as per details given below:

Name of the Agency	Credit Rating Scales	Existing Ratings	Revised Ratings	Remarks
A. M. Best	Financial Strength Rating	A- (Excellent)	B++ (Good)	Outlook revised to stable from negative
	Long-Term Issuer Credit Rating	a-	bbb+	Outlook revised to stable from negative

The Rating Rationale issued by A. M. Best dated July 17, 2020 regarding revision of credit ratings is enclosed.

We request you to kindly take the above information on record.

Yours sincerely,

For The New India Assurance Company Limited

Jayashree Nair
Company Secretary & Chief Compliance Officer



Encl.: As above.

July 17, 2020 11:02 AM (EDT)

AM Best Downgrades Credit Ratings of New India Assurance Company Limited

Singapore - **AM Best** has downgraded the Financial Strength Rating (FSR) to B++ (Good) from A- (Excellent) and the Long-Term Issuer Credit Rating (Long-Term ICR) to “bbb+” from “a-” of New India Assurance Company Limited (New India) (India). The outlook of these Credit Ratings (ratings) has been revised to stable from negative.

These ratings reflect New India’s balance sheet strength, which AM Best categorises as very strong, as well as its adequate operating performance, favourable business profile and marginal enterprise risk management (ERM).

The rating downgrades follow a revision in AM Best’s assessment of New India’s ERM from appropriate to marginal. The company’s deficiencies in financial reporting continue to result in audit qualifications. Whilst the company’s audited accounts have been qualified for several years as a result of internal control weakness in the reconciliation of certain accounts, the company received two further matters of emphasis from auditors in fiscal-year 2020 related to claims and expense allocation. In addition, New India’s persistent underwriting losses and volatility raise concern over the company’s ability to select and price the risks appropriately. Whilst the unique features of India’s market and the company’s role as government-owned insurer may impact the strategy, AM Best considers New India’s ERM to be below the global standards for an organization of its scale.

AM Best continues to view the company’s balance sheet strength as very strong. This is supported by its risk-adjusted capitalisation, which remained at the strongest level as of March 31, 2020, as measured by Best’s Capital Adequacy Ratio (BCAR). However, New India’s capital adequacy has deteriorated compared with the 2019 position, largely as a result of an approximately 30% decline in its capital and

Related Companies

For information about each company, including the Best’s Credit Reports, group members (where applicable) and news stories, click on the company name. An additional purchase may be required.

AMB#	Company Name
093361	New India Assurance Co Ltd (JP Branch)
090239	New India Assurance Co Ltd NZB
086043	New India Assurance Company Limited
093909	New India Assurance Company Ltd (AUB)
093910	New India Assurance Company Ltd (FJB)

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surplus. This was driven by a sharp fall in the market value of New India's equity investments. In addition, in the near to medium term, the capital and surplus might be negatively impacted by an additional pension liability of INR 16.4 billion (USD 218 million) resulting from a recent regulatory amendment. Consequently, the company's risk-adjusted capitalisation is increasingly sensitive to further investment market volatility and/or potential deterioration in the credit quality of the company's bond investment portfolio, amid the COVID-19 pandemic.

AM Best assesses New India's operating performance as adequate. New India has reported a five-year average return-on-equity (ROE) ratio of 3.5% (fiscal years 2016 to 2020), as calculated by AM Best. Underwriting performance, while improved in fiscal-year 2020 compared with the prior year, has remained poor owing to persistent losses from its motor and health business, coupled with severe deteriorations in loss experience for engineering, crop and other miscellaneous classes of business in fiscal-year 2020. Furthermore, AM Best expects that investment income, which the company has relied on mainly to offset underwriting losses and produce operating profits for many years, could be weakened over the near to medium term as the central bank lowers interest rates and companies reduce dividend payouts to conserve resources during the current economic downturn.

The company's business profile is assessed as favourable. New India remains the largest player in India's non-life insurance market, ranked by gross premium written. In addition, New India maintains a dominant position in almost every line of business in its domestic market. Furthermore, the company is well-diversified in terms of geographic spread, lines of business and distribution channels. In comparison with local peers, it stands out as the only direct insurer with a considerable overseas footprint.

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

This press release relates to Credit Ratings that have been published on AM Best's website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see AM Best's Recent Rating Activity web page. For additional information regarding the use and limitations of Credit Rating opinions, please view Guide to Best's Credit Ratings. For information on the proper media use of Best's Credit Ratings and AM Best press releases, please view Guide for Media - Proper Use of Best's Credit Ratings and AM Best Rating Action Press Releases.

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

BN-NJ-7-17-2020 1102 ET #

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