



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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09th June, 2023

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 05th June 2023

With reference to our letter dated June 01, 2023, intimating you about the conference call with Analysts/Investors held on June 05, 2023, 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

Jayashree Nair
Company Secretary & Chief Compliance Officer



**The New India Assurance Company Limited
Q4 & FY23 Earnings Conference Call
June 5, 2023**

Management:

- **Ms. Neerja Kapur, Chairman and Managing Director**
- **Mr. Titus Francis, Director and GM, CFO**



The New India Assurance Company Limited
Q4 & FY23 Earnings Conference Call
June 5, 2023

Moderator:

Ladies and gentlemen, thank you for joining us today for The New India Assurance Company Limited Earnings call for Q4 & FY23. I'm Faizan, your moderator for this call. With us today are Ms. Neerja Kapur, Chairman and Managing Director, Mr. Titus Francis, Director and GM, CFO; and other members of the executive team. Before we begin, I would like to remind everyone that today's discussion may contain forward-looking statements based on our current expectations. These statements are subject to risks and uncertainties that could cause actual results to differ materially. Please refer to our latest exchange filing for more information on these risks. At this moment, all participants are in the listen only mode. Later, we will conduct a question & answer session. At that time, if you have a question, please press "*" and "1" on your telephone keypad. Please note that this conference is being recorded. I would now like to hand over the floor to Ms. Neerja Kapur for opening remarks. Thank you, and over to you, madam.

Neerja Kapur:

A very good afternoon to all, and thank you for joining us today for the earnings call of the The New India Assurance Company Limited (New India) to discuss our financial results for the financial year. '22-'2322-23. I am Neerja Kapur, Chairperson and Managing Director of the company, would like to begin by first of all expressing my gratitude to all our valued shareholders, analysts and investors for your continued support and interest in our organization.

We have all been witness to the remarkable growth in the Indian insurance sector over the past few years, thanks to the country's growing affluent, strong economic growth and an expanding middle class leading to rising levels of disposable income, young population with high digital penetration as well as dynamic regulatory developments and support of the government. The sector expanded at a compound annual growth rate of 17% over the previous two decades. And it is forecast that premium volumes will grow by an average annual rate of 12% to 14% per annum over the next decade. At this rate, India will be the 6th largest insurance market in the world by 2032, ahead of Germany, Canada, Italy and South Korea.

India has made improvements, but in terms of insurance penetration and density, it still has a long way to go. At 1% non-life insurance penetration in India last year was significantly below the global average of 3.9% and the protection gap as we all know ranges from 35% to 95%



across different lines of business. The Indian Government as well as the regulator are giving utmost priority to formulate appropriate strategies to address this and close the protection gap.

IRDAI has implemented a number of regulatory reforms recently in the last 1 year with the goal of increasing penetration. These reforms aim to simplify insurance products, to facilitate product innovation, to lower the premiums and strengthen distribution channels. Focus is also on facilitating ease of business and moving from a rule-based industry regulations to a principle-based industry regulations. As per market analysts, it is expected that lead segments of growth would be health, property, casualty, motor and agriculture. These sectors are expected to benefit from the government focus on infrastructure development, increased awareness and the introduction of new products.

Market for health insurance in India is quickly expanding with the rising costs for high quality healthcare, rising income level, longer life expectancy. Post pandemic, people are now more conscious of life uncertainties and unpredictability. As a result, over the past 2 years, there has been a considerable change in the health insurance sector in India. Coming to the performance of New India in this financial year, New India continued to be the market leader with the highest market share of 13.42% in the non-life insurance industry in India. Gross written premium increased by 5.3% for New India as the company pursued its strategy of growth with profitability, which meant that the company had to let go some businesses where the price was inadequate or the terms were unfavorable. This conscious call and efforts taken by the company to weed off loss making accounts of approximately Rs. 800 crore in Group Mediclaim and approximately Rs. 900 crore of crop insurance has resulted in a lower market share in comparison to last year, but set off by a large improvement in the performance of that segment.

Profit after tax has increased to Rs. 1,0655 crore in this financial year as compared to a profit after tax of Rs. 164 crore of the previous financial year, an increase of nearly 543%. Underwriting results were negatively impacted in the fourth quarter to an extent of Rs. 224 crore due to adverse development of claims pertaining to the previous years in the crop line of business. Some tax-CAT losses in foreign operations in the fourth quarter also negatively impacted the results with the full year results getting adversely impacted by Rs. 107 crore due to these losses. And the company's guarded approach to Group Mediclaim will continue. Strict implementations of the guidelines framed by the company has enabled the ICR of Group Mediclaim to reduce to 1205% in financial year '23 from a very high of 120% in financial year '22. The company has rolled out price increase in retail health also after many years, and the company's focus is on increasing its footprint in the retail health.

After the muted performance, we are also seeing good growth in the motor portfolio once again after many years and steps are being taken to reduce loss ratio in this segment also. Increase in repo rate augurs well for New India as incremental deployment of funds in fixed



income is happening at around 7% plus. In financial year '23, the company absorbed the entire impact of the wage arrears and additional provisioning on account of employee benefits to the

extent of Rs. 3,445 crore. Despite this, the fair value change continues to remain in excess of Rs. 198,000 crore as of financial year '23.

In financial year '24, we aim to grow by 12% or in line with the industry growth with targeted reduction of 4% to 5% in the combined ratio. We have continued to enhance our product offerings and expand our distribution channels to better serve our customers. Some of the new product offerings which you have seen in the market in the last few months are my cyber insurance, surety bonds, drone insurance, pay as you drive under the motor line of business, the credit card-guard policy covering critical illness. Our strong relationships with agents, brokers and corporate clients have enabled us to deepen our market penetration and to capitalize on emerging opportunities.

Additionally, we have placed a strong emphasis on digital transformation and technological innovation, enabling us to streamline processes, improve customer experience and to drive operational efficiency. These initiatives have positioned us well for the future, ensuring that we remain agile and adaptive in an ever-evolving industry landscape. I would like to take this opportunity to express my appreciation for the unwavering dedication and hard work of our employees and our dedicated force of agents. Despite a restructuring of the corporate structure, their commitment and professionalism have been instrumental in accomplishments and have played a very crucial role in delivering value to our stakeholders.

Looking ahead, we remain cautiously optimistic about the prospects of our industry and our ability to navigate the challenges that lie ahead. We will continue to focus on strengthening our core business, exploring new growth avenues and further enhancing our customer centric approach. I am confident that there with our strong fundamental, dedicated team and strategic vision, New India is well positioned to achieve sustainable growth and generate long term value for our shareholders.

Before I conclude, I would like to express our commitment to transparency and open communication. We are here to address any questions or concerns you may have during the question & answer session that follows our financial presentation. Once again, thank you for your participation in today's call. I will now hand over to our Chief Financial Officer, Mr. Titus, to present the financial highlights of this quarter and this year.

Titus Francis:

Good afternoon to all. Thank you for joining the call. I'm Titus Francis here. I would like to briefly present the company's overview and the financial results of the company for the year ended March '23. 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 #1 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 104th year of operations. We have

already issued 30 million policies in FY22, '23. We have 1800 offices plus offices in India and we have a presence in 26 countries through international branches, agency offices, subsidiaries including a box at Lloyd's London.

We are the market leaders. We continue to be market leaders with a 13.42% of the domestic share in the market. We are leaders in almost all the lines of business, fire, marine, engineering, motor health, including PA, as well as aviation. As already mentioned, we are the largest non-life general insurer in India with the highest market share of 13.42%. We are consistent in the market leaders in terms of network, domestic gross direct premium and we are multi-product, multi-channel and having a global presence as mentioned in 26 countries. We have a diverse product portfolio and a multi-channel distribution, dominant market position, consistent market leadership and growth, and we strive to be excellent in customer service and technology.

Coming to the key highlights, our gross return premium global, we have completed Rs. 38,791 crore against Rs. 36,835 crore with an accretion of 5.31%. Though we were lower than the market, but it was a conscious call to grow with which can be seen in the incurred claims where the last year's incurred claims was Rs. 28,750 crore, this year it is Rs. 28,909 crore with a very small increase of 0.55%. Commission witnessed an increase of 5%. Expenses Rs. 4,300 crore against last year's Rs. 4,114 crore, an increase of 7%.

Investment income has increased to Rs. 10,442 crore from Rs. 6,666 crore. This was to take care partly for the wage arrears. So, our profit before tax is Rs. 1,245 crore against Rs. 160 crore last year, 678% accretion and a profit after tax of Rs. 1,055 crore against Rs. 164 crore, 543.29% accretion. Our incurred claim ratio because of the conscious efforts to get the correct price, the claims ratio has come down to 95.59% against 99.46% last year. Commission ratio has more or less been the same at 7.7%. Expense ratio is 13.82% against 13.49% earlier, a combined ratio of saw a 3% drop from 120.66% to 117.15%.

If you look at our business mix, most of our business is coming from the health and PA segment with a 45.38% ratio. Motor will be around 26%, fire 16.60%, and marine is 2.72% and others 8.66%. If you look at our channel mix, we have brokers contributing 33%, direct 30%, agency 28%, dealer 8% and bancassurance 1%. We have adequately provided and this can be seen in the movement in technical reserves and we have as on FY23, Rs. 47,547 crore. If you look at



our gross ~~return-written~~ premium impact against Rs. 36,835 crore, we have completed Rs. 38,791 crore, an impact of Rs. 164 crore last year and impact this year of Rs. 1,055 crore.

Coming to our key ratios, our incurred claims~~ratio~~ have come down from 99.46% to 95.59%. Our commission is almost the same at 7.75% against 7.70%, and our expense ratio at 13.82% against 13.49%. As already mentioned, our combined ratio has come down by 3% to 117.15% from

120.66%. Our solvency has improved from 1.66 to 1.87 and ROE has also improved to 5.53% from 1.22%. We are striving to get to double digit figures.

And coming to the balance sheet highlights, the net worth is Rs. 19,919 crore against Rs. 18,232 crore. Net worth including fair value is Rs. 37,957 crore against Rs. 38,191 crore. General reserves at Rs. 15,791 crore against Rs. 14,785 crore, and an investment assets at market value Rs. 86,111 against Rs. 83,372 crore. Solvency ~~of is~~ 1.87 against 1.66.

Coming to the segment information. We will see that we have grown in all the lines of business except in others, basically because of the crop line of business. Last year, we had an underwritten almost Rs. 900 crore, this year it was very insignificant amount. The accretion is 5.31%, so we have completed Rs. 38,791 against Rs. 36,835 last year. As already mentioned, our ICR has improved from 99.46% to 95.49% and basically because of health and PA ~~ICR coming down~~ from 120.59% to 103.33%.

Our future strategy is increasing the return on equity and maintaining the increased market share and leverage benefits of economies of scale driven by growth, rationalization of operating offices, maintaining healthy solvency margin and increasing digital penetration. We also aim to leverage technology to drive customer satisfaction, profitability and growth.

Madam has already given her comments in the opening address. So, we are ready to take ~~calls~~ questions. Thank you very much.

Moderator:

Thank you very much. We will now begin the question & answer session. The first question is from the line of Uday, an investor. Please go ahead.

Uday:

I just have one question. How do you see the growth and competitive intensity in the motor segment and what is your plan in that sense?

Neerja Kapur:

This is Neerja here. I'll take this question. Like, I mentioned in my opening remarks that we are seeing a growth in the motor segment after quite a few years and we are seeing good growth



in the region of nearly about 15% to 17% and we expect this growth to continue looking at the economy doing well and the motor segment as a whole doing very well.

Uday:

And what about the competitive in terms of pricing? How do you feel the claims ratio and combined ratio will move in this segment?

Neerja Kapur:

So, this segment, traditionally, the losses have been quite high in the motor OD, that is own damaged segment. Like you know, there are 2 segments in motor, there's an OD segment and the TP segment, and the OD segment has traditionally been high claim segment usually offset

by the third-party segment, the premium coming from the third-party segment. So, a lot of competition happens here. Overall, our pricing is extremely competitive. As far as New India is concerned, our pricing is very, very competitive and we are in line with the market, but we have found that last year, the claims experience has been adverse due to some increase in the standalone OD segment. So, we are taking steps to take corrective action there, and in this particular year, we are having a segmented discount structure and segmented pricing structure based on the claims experience in individual regions and that will be dynamic process which will be carefully graded throughout the year, which will be watched, analyzed and graded throughout the year.

Moderator:

The next question is from the line of Arjun from Avendus Spark. Please go ahead.

Arjun:

Madam, continuing with the previous question, post expense of management being implemented from this year onwards, especially in the motor OD segment, do you believe discounting, etcetera, has normalized? Has it helped in normalization of pricing in OD segment? That is no. 1? In line with this, does this expense of management give you an advantage to pay more to your retail arms like health, etcetera, where you also had mentioned would be driver for growth in the coming years. So probably till now, there was a 15% commission on retail health book. Going ahead would you be aggressive in retail health? Does it give you an advantage? These are my first 2 questions. I'll follow up.

Neerja Kapur:

So, thank you again. I'll take this question. So, when it comes to EOM, we have actually publicly thanked the regulator for bringing a level playing field to the entire insurance industry by just one stroke of introducing the new expenses of management (regulations). So, as you are aware, last year, being a PSU, a public sector undertaking, we were not in a position to pay anything other than the regulators sily allowed commission. And so, we did face a disadvantage in the sense that even though we were offering one of the best prices in the market, the attraction was for pushing the offers made by other insurers who were able to offer differential incentives to the intermediaries. But going forward from this April, since introduction of expenses of management, New India is finding that it brings us a level playing field in the markets. And since



our total expense of management, if you see what Titus had presented in the financial year results are total combined expenses of management are in the range of 21.20%. So that gives us substantial ground for incentivizing our intermediaries to bring us the healthy proportion of the motor business as also the health business and which will we expect improve overall incurred claim ratio. Of course, the ICR is higher and when the combined ratio of the organization is high, it will put the brakes in making payments for additional expenses of management, but we do expect that giving the attractive expenses of management in the right segments will attract the right kind of business also, which will improve the ICR and overall improve the combined. I hope that answers your question.

Arjun:

Yes, madam, very much. With respect to fire, there has been a price correction in the primary market that is happening at the same time, at least domestic reinsurer indicates that they have ensured that the prices go up or the reinsurance cost has gone up in the fire segment. So, from the primary sales perspective, what would be the growth outlook? Do you see price correction happening? What would be the impact on growth? On loss ratio, what would be the impact because the reinsurer also has indicated that the reinsurance price has gone up? Your comments on that please?

Neerja Kapur:

We have seen the reinsurance market globally hardening and maybe it's going up and I think all insurers have paid substantial increase in their reinsurance premium outgoes in the current year. And so, yes, this will have an impact on the kind of discounts that many of the insurers were giving to their clients. But New India has actually moved to a risk-based occupancy specific pricing even in property category. We have been grouping them into risk category based on our experience. And even earlier, we had not shied away from charging rates significantly higher than what IID rates were, the rest of the market was charging wherever we felt that it was warranted due to the adverse claims experience in a particular segment or a sub segment. So, this underwriting philosophy will continue and wherever the claims experience is favorable, we will be able to offer better terms and prices; where it is unfavorable, we will have to also harden our rate in line with the reinsurance market.

Moderator:

The next question is from the line of Rishikesh from Robo Capital. Please go ahead.

Rishikesh:

Sir, my question is regarding what is our targeted combined ratio for FY24 as well as for FY25?

Neerja Kapur:

We are targeting a reduction in combined ratio by at least 5 percentage points every year. This year, 5% and the next year also further 5%, of course depending upon what I say here would depend on the market realities and situation. But that that is our target for this year and the next year.



Rishikesh:

And ma'am, regarding the ROE point, so when we say we are looking to increase the ROE, could you like quantify at what targeted ROEs do we have in like next 2-3 years or anything?

Neerja Kapur:

Our CFO, Mr. Titus, will take that question.

Titus Francis:

As of now, we understand that ROE is slightly on the lower side. So going forward, we aim to be in the double digits. So slowly, we aim to get there 1 step at a time. So, in fact, our first step is that we should bring it up to at least 10 and then bring it to 12 and so on. So initially, we will try to slowly get to 10.

Moderator:

The next question is from the line of Vinod Aggarwal, an individual investor. Please go ahead.

Vinod Aggarwal:

Our bancassurance business is only about 1% of our total distribution. How do you plan to grow this? And our margin guidance for the next fiscal year, where do you see the growth coming from, which segment, fire or OD, vehicle insurance, which segments would the margin guidance come from for the next fiscal year?

Neerja Kapur:

I'll answer your first question. Regarding bancassurance, yes, the business that we get from the bancassurance segment is very, very nominal. It's around 1% and we are making efforts to improve this particular segment. We have current bancassurance tie ups with a few large banks like Canada Bank, IDBI, Central Bank, Punjab & Sind Bank and Axis bank. Civil. Very recently, the tie up with Axis Bank. And we also have the large number of cooperative banks which are regional centers. Also in our recent restructuring, we have carved out a lot of positions for strengthening our marketing for the bancassurance sector and we expect that this particular segment will grow quite healthily in this particular year and going forward in the coming years also.

Your second question was, which line of business we expect growth from? We are seeing good growth coming from the health and the motor segments. These are the 2 dominant sectors currently in the insurance sector and we will also be focusing on these. Along with the other lines, we are also focusing on our property, casualty sector, liability sector. But these 2 are the ones which have the predominant growth potential.

Vinod Aggarwal:

One more question, ma'am. What is the contribution from the corporate client and the retail client percentage wise of the total premium that we receive?

Neerja Kapur:

Around 40% from our corporate sector and about 60% is from the retail segment.

Moderator:

The next question is from the line of Nidhesh from Investec. Please go ahead.



Nidhesh:

Firstly, in the motor segment, the expense of management has been implemented from 1st of April. So, have we started seeing any change in market conduct already in terms of market payout or we hope that we will see those in future?

Neerja Kapur:

Right now, no, we are not seeing any particular impact of EOM on this segment because IRDAI is in the process of consulting various insurers and bringing in certain guidelines in this particular segment. A lot of discussions have happened with the insurers, with the intermediaries and with the MISPs and with the dealers. So, the regulator has to take the final call. We are awaiting final guidelines on this.

Nidhesh:

Secondly, our motor own damage loss ratio for the last year is 110% and combined ratio will be higher than that. So how are we looking at this segment? And if we are talking about increasing growth in this segment, will not that be profit deteriorating.

Neerja Kapur:

So, I did mention earlier that the motor OD segment, the own damage segment, yes, it is above 100% and we are taking steps to bring down the ICR there. But we do not look at this motor OD in isolation. We look at the entire motor book holistically, a combination of both the own damage as well as a third-party premium. For instance, a new vehicle, when it is a new private car, for instance, when it is purchased by anybody and they take the insurance, they pay, 1-year OD premium and 3 years TP premium at one go. So that third-party premium is the one which is actually the cushion for the OD segment because they're getting the 3 years third party premium at one go and that acts as a buffer for the Edwards claim ratio of OD. Of course, we're trying to improve the ICR and the ID segment and we are taking a lot of steps there.

Nidhesh:

And what will be the quantum of advanced premium as of March 23?

Neerja Kapur:

It is Rs. 907 crore.

Nidhesh:

And lastly, in the in the corporate lines of business, I think you have also briefly mentioned about the insurance rate hardening and market pricing changing. So how do you see the impact on the profitability in the corporate lines in Fy24 versus FY23?

Titus Francis:

Can you repeat the question, please?

Nidhesh:

How do you see the profitability of commercial lines moving in FY24 versus FY23 given that reinsurance rates are hardening and pricing methodology is also changing?



Neerja Kapur:

So, what we do see is at least our corporate clients, not just the corporate clients, the entire sub-segments of retail clients as well as the different occupancies. But predominantly, the corporate clients, the entire portfolio has looked at in a holistic manner and their claims experience are not just 1 year is taken into consideration because you could have 1 bad year and you could have 5 good years and 1 bad year or 10 good years and 1 bad year. So, we look at the claims experience of the customer for a certain period, 5 to 7 years or 7 to 10 years in case of larger clients. And based on that experience, the pricing is done. Of course, the reinsurance price will have an impact for a very large corporate client, but then we have to remember that the net retention of New India is also quite high. So, we take both into consideration, the net retention, our own capacity as well as the reinsurance pricing for what exceeds our capacity. And then the combined rate is worked out for the client.

Nidhesh:

And lastly, have you done any restructuring in terms of operating cost, employee cost, because I think in last couple of years, we have seen sharp increase in pension. Because of pension, we have seen sharp increase in employee costs in one off the year. So are we planning any restructuring there?

Titus Francis:

The restructuring is happening in the offices, in the sense that the 3 tier or the 4th tier structure has been made as a 3 tier structure. So in that sense, there is a restructuring happening, but in the sense of the employee cost, in fact, there is a lot of retirement every year. So you will find that going forward there this pension cost will come down to a great extent. So as of now, we feel that we may not be having such a great impact on the salary cost as compared to earlier years.

Moderator:

The next question is from the line of Mahendra Chauhan from Capital Market. Please go ahead.

Mahendra Chauhan:

First of all, my first question is historically, the crop division has been a volatile segment. What is the management strategy going forward?

Neerja Kapur:

So, the crop sector, like you have said, it is a very volatile segment and this is one in our sector which we had stepped into sometime in 2015, '16 and '17, '18, and we actually burnt our fingers there. So, we took the decision since we are not a specialist in this particular sector, we do not have adequate experience in the sector, so we decided to leave it to the expert, which is Agricultural Corporation of India. And so, we are right now not on our own venturing into this sector. If there is any good coinsurance coming from AIC, we will probably consider it....last year itself, our crop segment premium has been reduced by nearly Rs. 900 crore because of the decision we have taken to not participate in the segment for last year.



- Mahendra Chauhan:** The second question is, what is the quantum of gains that you have booked on your equity investments? Realized gains that you have booked in FY23?
- Titus Francis:** This is Titus here. So, we have booked Rs. 6,105 crore as profit on sale on equity current year.
- Mahendra Chauhan:** The third question being the incurred claim ratio for every segment except the motor has seen an improvement. Could you please throw some light on why there has been an increase in ICR?
- Neerja Kapur:** You're talking of increase in ICR in the motor segment, right?
- Mahendra Chauhan:** Yes.
- Neerja Kapur:** So yes, we have seen a healthy improvement in all the sectors. Motor own damage was one particular segment where like we mentioned till last year, we did not have the facility or the advantage of making any expenses of management payment and so like I mentioned, the level playing field has only happened from this financial year. Till last year, we were not in an advantageous position and we were not able to despite good pricing, despite reaching out to the entirely different corners of the country and reaching out to different dealers across the country, we were not able to get the best class of business. And to that extent, we did get a little more of standalone OD premium, that is own damage premium and we did not get the right mix of third party as well as own damaged premium. So, we are seeing a correction this year and that was the main reason why our claim ratio was it was in the last year as regards motor on damage.
- Moderator:** The next question is from the line of Arjun from Avendus Spark. Please go ahead.
- Arjun:** Ma'am, can you give the split between domestic and overseas combined ratio?
- Neerja Kapur:** Yes. Just give me a second. So globally, our combined ratio was 117.15, also with the Indian was 118.03 and from the foreign segment, our offices in the foreign segment it was 108.8.
- Arjun:** With respect to wage revision, has it been completely observed or there will be subsequent any other recognition that we would be doing this year?
- Titus Francis:** Now actually, we have already observed the entire wage revision impact in current year. So there won't be any additional impact in this year.
- Moderator:** The next question is from the line of Kaushik Bajaj, an individual investor. Please go ahead.



Kaushik Bajaj:

My first question is, what are the management's plan to further expand its global footprint? Are you planning to open any international branches going forward?

Neerja Kapur:

Thanks for the question. And we have a number of branches and offices in nearly 25 countries across the globe. And as of now, we are trying to strengthen each and every office of our New India, in whichever country it is. We have to remember that in each country, we have to not only comply with the regulations of IRDAI since it's New India Assurance Company. We also have to comply with the regulations of the foreign country, which can be quite a tough task. So, at present, we may not be thinking of opening any new branches maybe at least a year or 2, but we are strengthening all our branches across the globe.

Kaushik Bajaj:

And my second question is, could you please provide the business contribution between corporate and retail clients?

Neerja Kapur:

I think we already mentioned this earlier. Our corporate business segment is about 40% of our overall premium and 60% comes from the retail segment.

Kaushik Bajaj:

And my last question is, where do you anticipate future potential in your business segment and what plan do you have in place to capitalize on it?

Neerja Kapur:

We expect to grow heavily in each of our line of business, but we expect since the industrial growth is happening in the motor and health segments, we expect these to grow more. Also, we are expecting a growth in the property and casualty segment because of the infrastructure development which is happening in India and the push which the Government of India is giving in these segments, so we expect to see a growth in all these. We would expect a growth of about 10% to 12% in this financial year.

Moderator:

Next question is from the line of Rahul, an individual investor. Please go ahead.

Rahul:

My question is that we are saying that we are the market leaders in non-life segment, but it's been observed that from last 5 years the percentage has dipped. So, as compared to other PSUs, the dip percentage for New India assurance was very less. Still, our market share has not increased. And with more and more competition coming up, especially IRDAI is giving license to other insurance companies also. So, what steps we are taking to make sure that we remain on top and we do not lose our business, especially to the private players?

Neerja Kapur:

Our focus has been and will be always not just to grow the top line, but also to grow the bottom line. So, we cannot grow on the top line at the cost of the bottom line, that has been our



philosophy. And last year, I mentioned in my opening remarks, we took a conscious decision to let go off some certain segments and sub-segments where we were finding that the claim ratio was highly adverse. For instance, in group medical insurance, we found that some of the policies over a period of quite a few years, they were giving us extremely high claim ratio. So, we decided to let go off those. So that itself was a premium of about Rs. 800 crore, which we let go. That led us to actually show an improvement in the performance of the health segment. Also, we mentioned earlier that the crop segment was also not performing very well as far as New India's performance was going. So, that is another segment about Rs. 900 crore, which we had consciously taken a decision not to renew. There was another segment of Pradhan Mantri Yojana about nearly Rs. 800 crore premium, which had covered the COVID warriors, that was a special policy which we had issued through the Government of India to cover all the COVID warriors across the country. So, that was another policy post the pandemic, which did not get renewed. So, if you take these 3 last segments, you will see that that is one of the reasons why our growth was not substantial last year because of these 3 segments, which we consciously took a decision not to continue.

Rahul:

Noted. Just want to add 1 observation here. So, what we are doing to increase our visibility and to penetrate more, especially the youth? Because the youth, they don't care more about New India Assurance, NIACL. Only limited, if I ask 10 people, 10 youth, only 2 or 3 people are aware of who is NIACL. What are we doing to increase our visibility so that everybody, even a child or even a teenager knows that yes, there is a company called NIACL and I need to buy insurance from this company?

Neerja Kapur:

So, actually regarding visibility, this is something which in the last few years due to COVID, I think that that was one of the reasons there was not much scope for doing any publicity. But post that we are we are coming out with quite a few advertisements, et cetera, and we're trying to focus on the segments, the publicity segments, which will give us wider publicity at less expense. So, we are focusing more on the social media segments and we are also trying to focus on other for instance radios and other media, which would give us more visibility at more competitive pricing also. And in this regard actually, we are tying up with the GI Council as a General Insurance Council where all the insurers put together will be coming out with combined advertisements to inform about the sector, to give more details about the sector and to generally create insurance and awareness across the country.

Rahul:

Before I wrap up, one last question that on 1st of August, Bima Sugam is launching, correct? So how you see that that specific application would be a game changer in the insurance industry and how much impact or how much benefit NIACL will be?

Neerja Kapur:

Definitely, it will be a game changer and that is something which the regulator is promoting in a big way. We have been one of the first insurers to give our assent to be part of the promoters



in Bima Sugam, and we will be actively participating in that. It will be a platform where various participants will be on the same platform, the insured, the insurers, the TPAs, the surveyors. So, everyone will be on the same platform and the definitely it will afford a lot of visibility as well as penetration to all those who are participating on the platform.

Moderator: Next question is from the line of Rishikesh from Robo Capital. Please go ahead.

Rishikesh: My question is that since we have absorbed much of the wage provisions, so there will be no wage arrears in FY24. So, do we expect a significant jump in profitability in FY24 given a normal situation?

Titus Francis: Though we had the wage arrears impact in FY23, but we could absorb the impact. So, we don't foresee any further high impact in FY24. So, although we may not have great profits, but we expect to have normal profits in '24, so which we aim to have little more than the current year.

Neerja Kapur: I will just add to what Mr. Titus has mentioned that it was our endeavor that we do not start the next financial year with carry forward from the previous year, additional amount that we need to provide for in our books at the very beginning of the new financial year. So, that is the reason why we decided to take the entire cost, entire burden of the Rs. 3,000 crore on wage revisions and pensions last year itself.

Rishikesh: Also ma'am, with the regarding the retail health, there's one thing mentioned in the PPT that the price increases are happening after a gap of 6 years. So, could you like, pinpoint the effective date for the price increase or like from which month the price increases have happened?

Neerja Kapur: So, it's from 1st July, the price increase will happen for the renewals. and new ones already started, but for the renewals, we have to give notice to our clients, that is why for the renewals, it will be from 1st July, whereas for new policies, it has already started from 1st of April.

Rishikesh: And can you like give any quantum for the price increase if possible?

Neerja Kapur: It ranges from 20% to 35%, averaging around 25% to 30%.

Moderator: As there are no further questions, I now hand the conference over to Ms. Neerja Kapur for closing comments. Thank you, and over to you, ma'am.

Neerja Kapur: Thank you, Faizan. And thank you, Gaurav, from Concept IR for organizing this conference call. I would like to thank all the participants again for attending our call, taking time out from their very busy schedule and going through our presentation and asking questions. If you have any



further queries, I would request all of you to please get in touch with us. We would be very happy to address them all. Thank you once again.

Titus Francis:

Thank you.

Moderator:

Thank you, Ms. Neerja Kapur, Chairman and Managing Director. On behalf of the The New India Assurance Company Limited, we appreciate your participation in today's earnings call. If you have any further questions, please send an e-mail to francis.titus@newindia.co.in. Thank you for joining us and have a great day. You may kindly disconnect your lines.