

“General Insurance Corporation of India Q3 FY-19 Earnings Conference Call”

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**MANAGEMENT: MS. ALICE VAIDYAN – CHAIRMAN AND MANAGING
DIRECTOR; GENERAL INSURANCE CORPORATION OF
INDIA
MR. SHASHIKANT MORE – CHIEF INVESTMENT
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Moderator: Ladies and gentlemen, good day and welcome to the General Insurance Corporation of India Q3 FY19 Earnings Conference Call. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone telephone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Binay Sarda of ChristensenIR. Thank you and over to you sir.

Binay Sadha: Thanks Melissa. Good afternoon to all the participants on the call and thanks for joining this Q3 FY 2019 earnings call for General Insurance Corporation of India. Please note that we have mailed out the press release to everyone and you can also see the results on our website as well as it has been uploaded on the stock exchange. In case if you have not received the same you can write to us and we will be happy to send it over to you.

Before we proceed with the call, let me remind you that this discussion may contain forward-looking statements that may involve known or unknown risks, uncertainties and other factors. It must be viewed in conjunction with our businesses that would cause future results, performance or achievement to differ significantly from what is expressed or implied by such forward-looking statements.

To take us through the results of this quarter, and answer our questions, we have with us the management of GIC represented by Ms. Alice Vaidyan – Chairman and Managing Director and other top members of the management. We will be starting this call with a brief overview of the company and the financial highlights of the quarter given by Ms. Vaidyan on the performance of the company which will then be followed with a Q&A session.

With that said I will now hand over the call to Ms. Vaidyan. Over to you ma'am.

Alice Vaidyan: Good afternoon everybody, and a warm welcome to the financial performance highlights of GIC Re for the 9-month ended December 31, 2018. Let me just start with the highlights:

As you would have seen GIC has recorded a growth of 8.6% in gross premium. The profit before tax has grown 32% year-on-year for the quarter three, 2018-19. The net worth has increased by 4.5% and solvency ratio has improved to 1.84x. Just to go into the details of the financials; growth in the gross premium income of the company was 8.6% with a premium of Rs. 36,148.65 crores for the 9-month ended 31st December 2018 from Rs. 33,274.35 crores in the corresponding previous period ending 31st of December 2017. Investment income for the 9-month has increased to Rs. 4,806.12 crores as compared to Rs. 3,614.33 crores for the 9-month ended 31st December 2017, we have showed a growth of 33%. Net worth of the company without fair value change account has increased by 4.5% to Rs. 21,720.89 crores from Rs. 20,776.01 crores. Profit after tax for the 9-months ended 31st December 2018 is recorded as Rs. 1,620.94 crores compared to Rs. 1,285.27 crores for the half-year ended 30th September 2018.

Combined ratio has improved to 107.6% for the 9-months ended 31st December 2018 in comparison to 110.3% of the half-year ended 30th of September 2018. The adjusted combined ratio which we've taken into account after considering the policyholders investment income, works out to 97% for the 9-months ended 31 December 2018. Return on equity – ROE un-annualized has increased to 7.5% for the 9-months ended 31st December 2018 compared to 6% in the half-year ended 30th September 2018. Solvency ratio has improved to 1.84 as on 31st December 2018 as compared to 1.73 as on 30th September 2018. The total assets have also increased by 7.2% from Rs. 111,385.04 crores as on 31st December 2017 to Rs. 1,19,367.26 crores as on 31st December 2018.

These are the brief highlights of the financials. On the breakup of our gross premiums on domestic and international, you will see that the breakup is: domestic is 72.7% of our total book and international is 27.3% - so we have actually grown, it is showing a slight growth in the foreign premiums. And the breakup of the gross premiums has - if you see across all the sections all the lines of business; talking of fire we have an 8.7% growth, for miscellaneous 7.3%, motor 6.0% growth, health 2.3% growth, for agriculture 6.2% growth, other LOBs 21.0% growth. For marine we have grown overall 41.6%, that is for cargo 75.3% and hull 24.3% and for life we have grown by 23.5%. But overall we have grown 8.6% for our total book of business. This is the general highlights for the quarter performance. I will be happy to take any questions. Thank you.

Moderator:

Thank you. Ladies and gentlemen we will now begin the question and answer session. We have the first question from the line of Mr. Ashwin Agarwal from Akash Ganga Investments. Please go ahead.

Rahul:

This is Rahul from Akash Ganga Investments. So, my first question relates to the ILFS exposure. So, looking at the provisioning that we have made, is it fair to assume that further provisioning will also be required as loss given default would be higher than 10%? This is my first question. Then what would be our guidance for combined ratio for the full year, as for 9-months it comes up to 107%, and the third question relates to the fire segment. The fire, we have been observing that for Q3 we have made losses of around Rs. 620 crores as underwriting loss. So, what are those losses relating to? Those are my questions.

Alice Vaidyan:

So, I will first answer the combined ratio question. I will leave the investments to the Chief Investment Officer. So, for the combined ratio you are saying that you want us to tell you what should be the outlook for the end of the year?

Rahul:

Yes.

Alice Vaidyan:

See we have seen from last quarter of 110%, the combined ratio has improved to 107.6%. Now if you look at the adjusted combined ratio, we are within 97%. Now I will just draw your attention to the combined ratio for the quarter, for the Q3 alone, if you see we are at 97.9% as compared to 105.4% for the same quarter last year. So, definitely we are on an improving trend. So, we are confident and optimistic that the year will end at a definitely better combined ratio than what we

have seen this year and what we have seen last year, that is our estimation. They definitely hope to improve, that is the focus of the management also.

For the fire line of business, yes there have been some losses. The Q3 has seen the Kerala floods, also if you had seen, and some other individual risk losses have come in. But otherwise if you see that the focus for the company is on improving the combined ratio only, and I think if you ask me personally we have done very well from that parameter. If you're looking either at the combined ratio for the quarter or for the adjusted combined ratio for the 9-months. And on the ILFS I will just ask Mr. More to answer this question.

Shashikant More: For ILFS, actually we have provided more than what prudential norms are there - Prudential norms, because the default in two companies took place in the month of September. And one company ITNL default did not take place in the last quarter. But still we have conservative and provided more for that also. So, in fact in our provision, Rs. 7 crores is more for ITNL for which default did not take place in the last quarter. So, we have provided on conservative side only, and right now it has been classified as substandard and the matter is under, as you know NCLAT Board and the three lists are there. The companies which are in Green list will be solvent company and we will have to reconsider you know, whether to keep them in NPA.

Rahul: Sir, my question is on how much would you expect in the recovery, would it be 90% level since we have only provided 10%?

Shashikant More: 10% provision is made in line with the guidelines. After 3 months, we have to provide for 10%. So, after the default, we are providing first 10% and that is how we are providing. Now recovery maybe more and some companies maybe out also. So, accordingly when the situation will be clear after the publication of list, we will be provide.

Rahul: So, sir will Q4 also see more provisioning for this exposure?

Shashikant More: It depends on which companies are taken out of the NCLT List. Three list will be published, this Green, Amber and Red in the related court order. The Green companies will be totally solvent. They will be allowed to pay the secured and unsecured lenders. Amber will be allowed to pay for secured lenders. So, we will have to see which companies are coming out of it and the companies which remain there, then we will see. If valuation is available then 10% will continue.

Rahul: So, we thought you had a major exposure to the holding company and holding company there has been no rebategiven by the government on repayment. So, would you have to make a larger provision in this quarter?

Shashikant More: As per norms we have gone right now. Let the clarity be there in the publication of the list. After that we will take a call, if valuations are available then we will go in for valuation, okay? Or otherwise we will consecutively provide.

Rahul: And any steps are being taken for recovery? What are the steps taken?

- Shashikant More:** Yeah, recovery steps are taken.
- Satyajit Tripathy:** This is Tripathy – DGM (Investments and Back Office). Good afternoon, so we are actually jointly discussing this issue with other PSU insurance companies also. There have been discussions whether to go ahead with the recovery with the NCLT and the NCLAT and those steps are being initiated at our end so that we file a claim before the NCLAT so that when the secured lender cases are being considered, the cases of all the PSU companies along with GIC will be also taken up together. As of now since there is a moratorium on this matter, you can't do anything more than giving a notice to the NCLAT. Those steps are being taken by us and we will see to it that the interest of GIC Re is protected to the maximum extent possible and all steps are taken in that direction.
- Moderator:** Thank you. We have the next question from the line of Hitesh Gulati from Haitong Securities. Please go ahead.
- Hitesh Gulati:** Ma'am, my first question is why is the tax rate so high in this quarter and for 9-months?
- Shashikant More:** Can you be little bit specific? The voice is not audible sir.
- Hitesh Gulati:** Sir my question is that the tax rate has been quite high in this quarter.
- Shashikant More:** The tax matter you're referring to?
- Hitesh Gulati:** Yes the tax rate is quite high in this quarter.
- Shashikant More:** It is because of the recent regulation on long-term capital gains which is on the sale of the equity, the amount of tax that is now applicable to the insurance companies particularly is around corporate rate that is more than 30%, okay? Earlier this used to be at the regular rate of around 10% since that has gone up significantly, the amount of taxation has become high.
- Hitesh Gulati:** Okay, and sir how has been the combined ratio in the global business and domestic business? Because last quarter global business had higher combined ratio.
- Alice Vaidyan:** Yeah, even for this quarter also we have a higher combined ratio for global business, if you see comparatively. So, for domestic business it is around 102% overall and for the foreign it is around 120%. But what we have to see is that it has come down comparatively, if you compare the quarter of the earlier year the combined ratio in foreign is improving and we are focused on the foreign business claims as well. So, we hope to see an improving trend in the days to come.
- Hitesh Gulati:** Okay, and ma'am one last question is, if you look at the motor segment and the health segment, it appears that there is a little bit of deterioration whereas crop segment has done well. So, can you just throw some light on this in terms of Q3 of last year? So, if you look at underwriting loss in the segments, so motor underwriting profit is lower, health is also lower but agriculture is quite high compared to last year.



- Alice Vaidyan:** No, if you see for the quarter, agriculture performance has only improved. So, Tripathy can just elaborate on that.
- Satyajit Tripathy:** For this quarter if you look at the agriculture line of business, we have a combined ratio of below 100%, that is around 96.7%. This particular quarter had seen a lot of claim payments and subsequently there has been release from the IBNR also. That has resulted into agriculture results to be below 100% in this particular quarter and we will continue to see that kind of results ahead also. Agriculture has been better.
- Hitesh Gulati:** Yes sir that is my question. The motor and health have actually deteriorated but agriculture was good which you answered. So, what has happened in motor and health?
- Alice Vaidyan:** See, last year we had some reserve releases. So, generally what we have shown now this year, that sort of truly reflects the combined ratio of the market, if you see for motor and for health. So, last year we had some reserve releases that is why we were able to show a good picture. But for this year, more or less we are in line with the performance of the market itself.
- Hitesh Gulati:** And ma'am just lastly, so for tax rate how should we build this going forward? Because if we are going to book investment income then obviously our Long Term Capital Gains will be quiet high because our book value is quite low compared to market value. So, how should we look at this?
- Shashikant More:** See, if you look into our investment income over the last 3 years and over quarter-on-quarter, the investment income is increasing but it is not exactly because of sale of equity. The profit on sale of investments and equity has been more or less steady, it is growing at a conservative rate of around 10%. It is not that we are selling very heavily and we are going to pay tax on that. It is remaining in a particular range. The income is basically coming from dividend and interest. So, the increase in investment income is particularly contributed by fixed income side and dividend. It is not majorly from profit on sale of equity. Profit on sale of equity will be given also and whatever has happened, the amount of tax on that will remain steady what has happened for this particular quarter. If you are getting for an example, of around Rs. 1800 crores from profit on sale of equity, 30% of that will be taxes and the Rs. 1800 crores will remain between 1800 to 2000 crores, this is not going to increase significantly. So, that tax burden will be there. It is one time increase which has happened, it will remain steady hence forward.
- Moderator:** Thank you. We have the next question from the line of Manish Jain from GormalOne LLP. Please go ahead.
- Manish Jain:** My question was on the international business where the kind of outstanding initiative we took in South Africa and we have ramped up the business pretty nicely over the years. Are we developing any other markets which are likely to grow the way South Africa has grown?
- Alice Vaidyan:** Yeah, if you look at the composition on the international side, the international book is around 27.3% and domestic 72%. Our idea is to have a better balance of around 60:40, domestic-foreign.

So, we have been looking to grow our international business because it will give us some diversification, we are talking of diversification across geographies here. So, the South African operations have done well. So, considering that we have also have opened a Lloyd Syndicate which will give us very good access to good quality business which was launched in last April. So, we look to having better quality profitable business from the Lloyd Syndicate as well. In other territories like Moscow, we are just going to formally launch our subsidiary. We had only a representative office in Moscow which will also help us to get business from the CIS countries and from that part of the world. And for Brazil operations also, we have an admitted re-insurer status. In fact, we are all travelling to Brazil in a week's time to finalize that. So, we want to be evenly distributed across the globe and across all continents and we are making all out efforts. Having said that, you are aware that we have operations in five continents but we are able to write business from 160 countries. So, we already have a diversification through brokers. We write through intermediaries that gives us quite a good access, we have to ramp up the scale which is the focus of the management now.

Moderator: Thank you. We have the next question from the line of Avinash Singh from SBICap Securities. Please go ahead.

Avinash Singh: Few questions, the first one is on your investment income for the quarter and 9-months for this year and corresponding last year. Can you provide the breakup of how much of this is a regular investment income means, that your coupon, interest income and dividend? And how much is the realized gains? Because that is something which will be helpful in terms of building our model and estimates, that is why on the investments. And the second question on the asset, investment side, your NPA has simply spiked. Now even if I just account that Rs. 791 crores of IL&FS it is very difficult that we reached that 8% figures. So, which are the other categories that had gone into the NPA, if I'm getting it right? And on the IL&FS you have by now this Green, Amber and Red category. So, can you just break down your Rs. 792 crores how they falling into these 3 categories? In addition to that how much is your exposure to the private sector housing companies? So, two questions - first on the investment income and second on the asset.

Shashikant More: Yeah, investment income stands at Rs. 4,600 crores, this is the up to quarter figures and for the past quarter, it is around Rs. 1,450 crores. So, that is the investment income. Second question what is that about income?

Avinash Singh: No, so the first question is the breakup between the regular income and the realized gains.

Shashikant More: No, these are all regular because major income is from debt portion. Equity income is around Rs. 1,700 crores. The rest is regular income.

Avinash Singh: Rs. 1,700 crores out of Rs. 4,600 crores for the 9-months and for the quarter??

Shashikant More: And so far as IL&FS is concerned, actually total provision you can see Rs. 81 crores increase is there. But ILFS is the major contributor to that, Rs. 78.88 crores is due to ILFS only. I think something has also been provided between Rs. 1 or 2 crores for Gammon India.



- Avinash Singh:** No sir, my question on NPA is, your gross NPA ratio is now 8.05%. So, what is the absolute number corresponding to that? Because from 2.28 it has gone to 8.05.
- Shashikant More:** Yeah, actually earlier it was Rs. 238 crores and now it has increased to Rs. 320 crores. So, that is the thing and ratio earlier was around 6%, now it is 8%.
- Avinash Singh:** No sir but the filing suggests that 2.28 has gone to 8.05%.
- Shashikant More:** 2.28?
- Avinash Singh:** Yes sir, it is on Page #3, in Annexure-1 I am seeing. And if you can help with how is this ratio calculated? Because this 8.05% is on what sort of a base?
- Shashikant More:** So, primarily it is because of ILFS only the increase, gross. From 2.28 to 8 is because of ILFS only.
- Avinash Singh:** Sir, can you please help me that 8.05% is calculated on what investment amount? Because I mean, this number does not tie up. If I just look at Rs. 790 crores ILFS and if that has led to sort of 6% increase that means it is just the Rs. 10,000 crores base. So, I'm not able to get on what base this NPA is being calculated?
- Shashikant More:** Book value actually. On book value we are taking it.
- Avinash Singh:** Yes, on book value also your investment would be close to say Rs. 40,000 crores.
- Shashikant More:** Yeah.
- Avinash Singh:** And that means that from almost Rs. 900 crores it has gone to Rs. 3,200 crores. So, that is a jump of Rs. 2,300 crores.
- Shashikant More:** You see, but Rs. 50,000 crores is our book value, total book value. So, exact calculation we will have to work out and we will come back to you
- Alice Vaidyan:** We can share it with you.
- Shashikant More:** We will share it with you. On book value only it is worked out. Because of jump for ILFS provisioning, the gross is looking like that.
- Avinash Singh:** Yeah sir but the jump looks, even on Rs. 50,000 crores it is a Rs. 3,000 crores jump. So, I mean that Rs. 800 crores and also on that ILFS if you can just classify according to the buckets where the Rs. 790 crores stand in the three buckets. Because the market is clear now.
- Shashikant More:** Yeah, actually the buckets will be clear after some time. Right now, it is sub-judice so we're not in a position to tell in which bucket. But our major securities are secured ones, 90% is secured.

- Avinash Singh:** So, how much is holding company and how much is SPVs?
- Shashikant More:** That we will have to come back to you. There are various companies which is there.
- Satyajit Tripathy:** Majority of the investments is only at the holding company, IL&FS and in IIFL – ILFS Financial Services, and some amount is in ITNL only. There is no other investment in any of the other SPVs per se. It is only in IL&FS, IIFL and ITNL.
- Avinash Singh:** Okay so then I mean at least from the media report research that would be we will have to be at the larger loss because of this. And sir, I mean, if you can just help that okay, because is the sectoral thing investment in housing but what is your exposure to the private sector housing companies?
- Shashikant More:** Private sector housing companies will not be much – 1 or 2%, 1% or may not be even 1%.
- Alice Vaidyan:** Are you talking about DHFL? We don't have any exposure.
- Shashikant More:** No, DHFL we don't have any.
- Avinash Singh:** Okay yeah, because I was not going to take names.
- Satyajit Tripathy:** No, Avinash our exposure to private sector housing company is only limited to HDFC and it is limited to some extent in LIC Housing, if you take it as a private sector.
- Avinash Singh:** Yeah that is public sector.
- Satyajit Tripathy:** There is no exposure to any other company at this point of time. We have a minor exposure to some other few companies including GIC Housing Finance.
- Avinash Singh:** Okay sir that is fine. If you can just help me on that NPA.
- Satyajit Tripathy:** We will come back to you on the gross NPA side, with the breakup.
- Moderator:** Thank you. We have the next question from the line of Abhishek Saraf from Deutsche Bank. Please go ahead.
- Abhishek Saraf:** Just two small questions. So, first on the IBNR and IBNER release. So, it seems that this quarter we had significant release in the IBNR reserves. So, it seems it is mostly driven by crop insurance, crop segment right? So, do we expect this trend to continue or do you think that from now on it will normalize and just because earlier we had provided enough in crop insurance so that is why we have seen this kind of release? And secondly I just wanted, if you can give me the breakdown of combined ratio for domestic and international for Q3? I think ma'am mentioned 120% for foreign and domestic 102% that was for 9-months. If it is possible to give for Q3?

- Alice Vaidyan:** I will answer your question for the Q3 alone. Combined ratio for the quarter for this year was 97.9% which is well within 100 compared to 105.4% of last quarter. So, there is a very marked improvement in the combined ratio for the quarter. And for the agriculture reserve release, I will ask Tripathy to answer.
- Satyajit Tripathy:** For agriculture the Q3 had seen payment of claims. Once the payment of claims materializes during the Q3 there has been release of IBNR reserve for agriculture. This has been significant for domestic and very small amount for foreign also. So, that is why the agriculture book has shown release of IBNR reserve for this quarter. Whether this trend will remain the same for the next quarter, it is too early to say because the Rabi season is in progress right now. We expect that there will be further claim payment during this quarter also, and we will remain steady on this matter going ahead also. It is not going to remain very volatile going ahead that I can assure you.
- Abhishek Saraf:** And sir any other segment we saw IBNR release? Did we see something in motor as well or is it primarily driven by crop?
- Satyajit Tripathy:** It is primarily driven by crop. But we expect the other releases is also likely to happen in due course. It depends on how much of claim is to be released during a particular quarter. We are very conservative on this matter and since we have provided reasonably well, those releases are happening after the payment of claims. In other lines of business also, it may materialize in the coming quarter.
- Abhishek Saraf:** Okay. And sir on the previous question on the tax rate part on long-term capital gains. So, going forward this is going to remain like this. So, effectively in terms of modelling, so for any long-term capital gains that we have been booking on equities we have to pay 30%, right? So, that understanding is right, yeah?
- Satyajit Tripathy:** Yes that is going to happen for the coming period also. Whatever profits are booked on sale of investment that will be taken as long-term, and that would be paid at the corporate rate of around 30%. I think in due course these things will be taken up in April and also May.
- Moderator:** Thank you. We have the next question from the line of Avinash Reddy from Sutherland Global. Please go ahead.
- Avinash Reddy:** My first question is regarding the underwriting incurring in the international business. When you say contracts are going to come to renewal this season so are you seeing any repricing coming to your international business? My second question is regarding the motor and healthcare segments. You are seeing continuous losses from quarter to quarter in these two segments. Can management shed some light on what strategies they are going to implement to reduce the losses in both motor and healthcare?
- Alice Vaidyan:** So, your first question was on the international business, is it?



- Avinash Reddy:** Yeah, are you seeing any repricing happening in the international business?
- Alice Vaidyan:** Yeah, 2017 was a catastrophe year, we have seen losses and surprisingly 2018, that is the statistical fallacy that we don't see a cat year immediately after one cat year but that has happened last year. So, we have seen some losses in 2018 also. But the good part is that the prices have hardened to some extent because it has improved and if you see the AM Best rating report, they have changed the outlook on the reinsurance sector. It has been changed from negative to stable which means that they have also accepted that one or two cat years are okay, and this has become a new normal. So, that is as far the reinsurance sector is concerned but if you see, we have taken a very considered call for the January international renewal - the business which has happened. We have taken a call to de-grow in some segments where it has not been profitable. In fact very nominal growth of 2% in property and in some segments we have de-grown as well. So, the focus is to write only profitable business for the international sector.
- And the second question was motor and health. So motor and health are not lines which requires much of reinsurance per se because those are small ticket policies. So, whenever companies come, we do give them reinsurance treaties but our main exposure is from the obligatory, mandatory 5% session which come to GIC. So, we have taken efforts to prune that sector as well. So, I think in the coming months you will definitely see improvement in these two sectors as well.
- Avinash Reddy:** Yeah, madam a finance question, a follow up to that, are you seeing any international uptick in the new business segments like cyber insurance?
- Alice Vaidyan:** Cyber insurance? Yes, cyber is a new line which is catching up in the Indian market. But as far as reinsurers are concerned, we are very cautious about how we write it - we also have to buy protection for the line of business we write. Right now, there is not much protection available in the international market for cyber insurance. So, it is catching up, we are seeing the demand. We are scouting for protection for our book. When we are able to tie-up the protection at our end we will be able to write more of cyber insurance for the Indian market.
- Moderator:** Thank you. We have the next question from the line of MW Kim from JP Morgan. Please go ahead.
- MW Kim:** I have one specific question about the reinsurance pricing cycle. So, previously the company is the leader and still the company is the leader in terms of the local underwriting because company provides the overall pricing. But starting from this year, now the foreign reinsurance company would have opportunity to also compete with company in terms of the pricing. So, I just want to know whether this potential change of the regulation means that more margin pressure over the competition in the local reinsurance market?
- Alice Vaidyan:** So, if you have seen the new reinsurance regulation which has given GIC Re, first right of offering has been retained which would mean that the business will not go out of the country till the Indian market capacity is exhausted and GIC will get to see the business. Of course, we have

the right to choose whether we want to write or decline. But as far as competition is concerned there is a fair choice because quotes can be sourced from across the world, cross-border reinsurance can also quote - that is what the regulator has permitted. So, from that point of view there is a fair play of competition in the market. It is only an endorsement of the regulator's intent to maximize the Indian market capacity. Now we are aware that market has opened up to foreign players, there are more than 10 players in market. But we will, given our dominant position in the Indian market of 63% market share, and given the relationship which GIC has with all the companies and the trust factor of GIC and our brand name, we are sure that we will be able to maintain our market share, a dominant market share in the market and we don't per se see much competition from the players. Of course, we will also take a call. Even if our market share were to come down it would not be a matter of concern to us at all.

MW Kim: I just want to have a little bit more follow up on this question. So, if the local markets have more pressure in terms of the pricing or it seems that chances are very low, then do you consider to explore more opportunity outside India means that increase your business in the international market?

Alice Vaidyan: Yes definitely, we believe we are under no compulsion to write business which we feel is not adequately priced. So, if we have to walk away from business in the Indian market because of price inadequacy so be it. As a reinsurer we are looking to increase our foreign business market share which is right now around 27%. We want to take it to somewhere around 40% in the mid-term. We are looking for that. So, definitely we will have a focus on that. But having said that, I want to reiterate that our commitment to the Indian market will not be diluted in any way.

Moderator: Thank you. We have the next question from the line of Vinod Rajamani from HSBC. Please go ahead.

Vinod Rajamani: Just wanted to know on the combined ratio split between international and domestic for the quarter, I have the numbers of the 9-month. But what would be the numbers for Q3?

Alice Vaidyan: Yeah for the quarter the combined ratio for the quarter is 97.9%.

Vinod Rajamani: No, no in terms of international and domestic.

Alice Vaidyan: The domestic up to the quarter is definitely looking at 102% and foreign is looking at 120%. I will need to get a breakup of for the quarter domestic and international, we will definitely come back to you on that.

Moderator: Thank you. As there are no further questions, I would like to hand the floor back to the management for closing comments. Please go ahead.

Alice Vaidyan: Thank you for all your questions and we hope we have answered the questions to your satisfaction. I just wanted to reiterate that insurance is, especially reinsurance is a long-term business and I think that is the view you need to take as analysts or investors in the company.



From a stature point of view, GIC as you know has now become the 10th largest reinsurer in the world with 63% market share of the Indian market - we are definitely a dominant player. The focus of the senior management has only been to improve the combined ratio and if you see that the adjusted combined ratio after the quarter is around 97%, it has improved. Definite focus is there while not downplaying our market share and the growth, we will definitely focus only on the combined ratio in the coming time and given our pricing power and dominant share in the market, we are sure that for the Q4 we will definitely see better results and I look to all your support till then.

Moderator:

Thank you. Ladies and gentlemen on behalf of General Insurance Corporation of India that concludes this conference. Thank you for joining us and you may now disconnect your lines.