



## FY18 Investor Presentation



# Overview

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Largest general insurance company in India with an established brand, expansive multi-channel distribution network and strong international presence

## **#1 in India**

in terms of net worth, domestic gross direct premium, profit after tax and number of branches

## **c.100 years of operations**

Incorporated in 1919

**A- rating by AM Best and AAA by CRISIL**

## **~28 million policies**

issued in FY2018 across all product segments

## **15% market share**

Leadership in all lines of business other than crop insurance

## **2,400+ offices in India**

across 29 states and 7 union territories

## **Presence in 28 countries**

through international branches, agency offices and subsidiaries, including a box at Lloyd's, London



# Future Strategy

## Increasing Return on Equity

Improve underwriting profitability by reducing the incurred claim ratio

Maintain/Increase market share and leverage benefits of economies of scale driven by growth

Leverage technology to drive customer satisfaction, profitability and growth

# Improve Underwriting Profitability

- Optimize risk adjusted returns in each product segment
- Minimize errors by refining underwriting process and internal controls
- Develop differentiated and accurate underwriting models
- Obtain better commercial arrangements from reinsurers
- Stringent inspection of claim documentation, active monitoring and increased audits of claims to minimize claim fraud
- Replace loss-making schemes and channels with profitable options

Segment Specific Strategies	
Health	<ul style="list-style-type: none"> <li>■ Medical doctors employed for product design and efficient health insurance claims management</li> <li>■ Co-promoted a TPA for better customer service and efficient claims management</li> <li>■ Price revisions in retail and group health schemes</li> </ul>
Motor Own Damage	<ul style="list-style-type: none"> <li>■ Recruited automobile engineers and has an in-house surveyors team for efficient claims management</li> <li>■ Controlling NIL-DEP policies</li> <li>■ Favorable MISP guidelines</li> </ul>
Motor Third Party	<ul style="list-style-type: none"> <li>■ Motor Vehicle (Amendment) Bill, 2016 could improve the profitability</li> <li>■ Regular price increases by IRDAI helps control ICR</li> </ul>
Crop	<ul style="list-style-type: none"> <li>■ Adequate reinsurance for higher risk crop insurance</li> </ul>
Fire	<ul style="list-style-type: none"> <li>■ Focus on risk selection with a list of declined risks already prepared</li> <li>■ Forensic audit of large claims being performed</li> </ul>

# Maintain/Increase Market Share

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- Capitalize on the low density and penetration of Indian insurance sector
- Focus on growth primarily driven by profitable retail business with lower emphasis on lines like corporate health
  - Launching innovative new products
  - Large scale recruitment/training of agents
  - Increased use of technology – direct to customer, agent portal etc.
  - Increasing geographic reach through micro office model – profitable model due to low cost and competition
  - Focus on Bancassurance channel with emphasis on profitable miscellaneous lines of business
    - Recently tied up with Punjab National Bank, Canara Bank, Bandhan Bank, Bank of India, South Indian Bank
    - Further growing current tie ups with Union Bank and Corporation Bank

# Leverage Technology

Target	Strategy
Customers	<ul style="list-style-type: none"> <li>■ Simplify customer interfaces and processes</li> <li>■ Adopt chat bot technology to increase engagement</li> <li>■ Formal root cause analysis to reduce grievances</li> <li>■ Digital marketing to garner real-time customer feedback</li> </ul>
Sales	<ul style="list-style-type: none"> <li>■ Structured, cost-efficient and automated sales process</li> <li>■ Leverage data analytics for cross sales opportunities</li> </ul>
Claims	<ul style="list-style-type: none"> <li>■ Update IT infrastructure for efficient claims processing</li> <li>■ Reduce the turnaround time for claim settlement</li> </ul>
Under-writing	<ul style="list-style-type: none"> <li>■ Data driven models to improve underwriting functions, risk management, monitoring and reduction of fraud</li> </ul>
Online Channel	<ul style="list-style-type: none"> <li>■ Introduce additional standard term products for direct distribution through online channels</li> <li>■ Introduce mobile applications for new product launches and enable functional ease for agents and customers</li> </ul>
Business Processes	<ul style="list-style-type: none"> <li>■ Refine IT infrastructure based on feedback from customers, employees and distribution intermediaries</li> </ul>

# Peer Comparison – Solvency Ratio

Insurer	Solvency Ratio (x)
<b>New India</b>	2.58*
<b>National</b>	1.53
<b>United India</b>	1.08
<b>ICICI Lombard</b>	2.21
<b>Oriental</b>	1.43
<b>Bajaj Allianz</b>	3.13
<b>HDFC ERGO</b>	2.05
<b>TATA-AIG</b>	1.78
<b>Reliance</b>	1.72
<b>IFFCO Tokio</b>	1.63

*As on 31<sup>st</sup> Dec 2017*

\*New India Solvency Ratio as on 31<sup>st</sup> March 2018



# Key Highlights of FY18 results

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- Profit After Tax more than doubles to Rs 2,201 crore
- Gross written premium at Rs 26,554 crore up by 15.3%
- Solvency ratio as at 31<sup>st</sup> Mar 2018 at comfortable levels of 2.58x
- Board recommends a bonus issue of 1 new share for every existing share held
- Full year dividend of 175% (Rs. 8.75 per share on current equity)\*

\* Subject to shareholder approval of final dividend of Rs 5 per share recommended by the board



# CMD's comments on results

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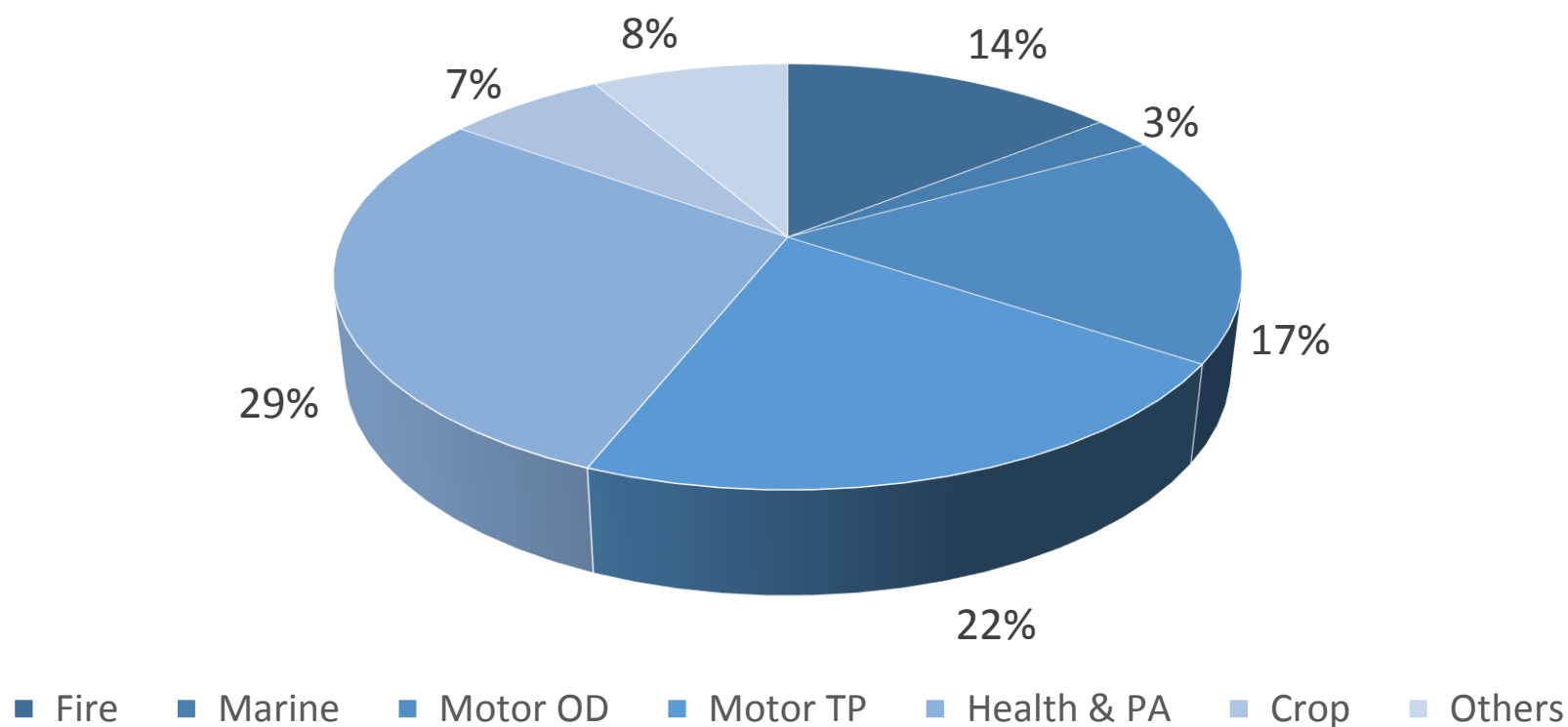
*"The profit of the company for the year has more than doubled due to substantial improvement in the operating performance of the company. The combined ratio has dropped by 8% due to improvement in the claims ratio and expense ratio of the company. This has been the result of various steps taken to improve underwriting and claims management of the company. The ROE has been healthy at 16.1%.*

*The company will continue to take various steps to further improve the operating performance in the coming years as well. The company continued to grow its business in India by about 19% largely due to its brand image and satisfied customers in the market. The Indian general insurance industry is poised for a great expansion in the coming years and New India as the market leader would leverage this for continued better performance.*

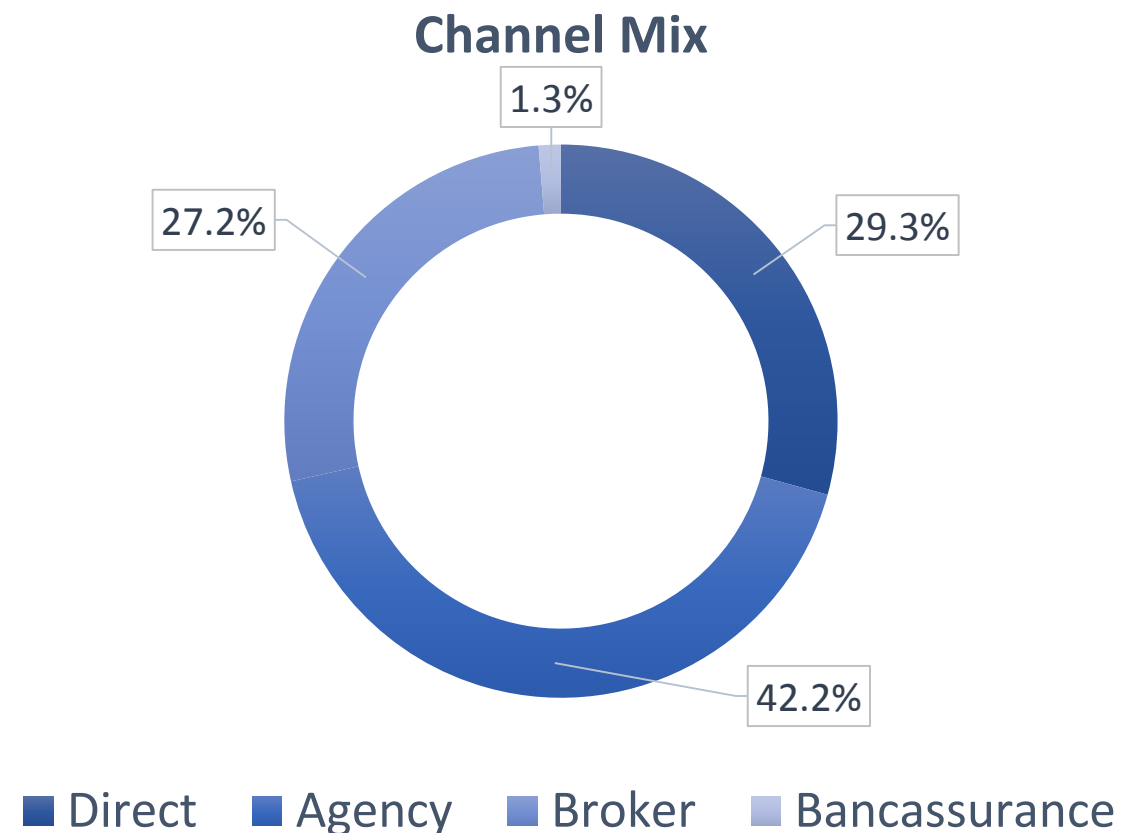
*The company has declared a final dividend of Rs. 5 per share(pre bonus) taking the total dividend to Rs. 8.75 for the year. The company has also declared a one for one bonus subject to approval of the shareholders."*

# Business Mix – Global GWP FY18

Gross Written Premium Rs 26,554 cr

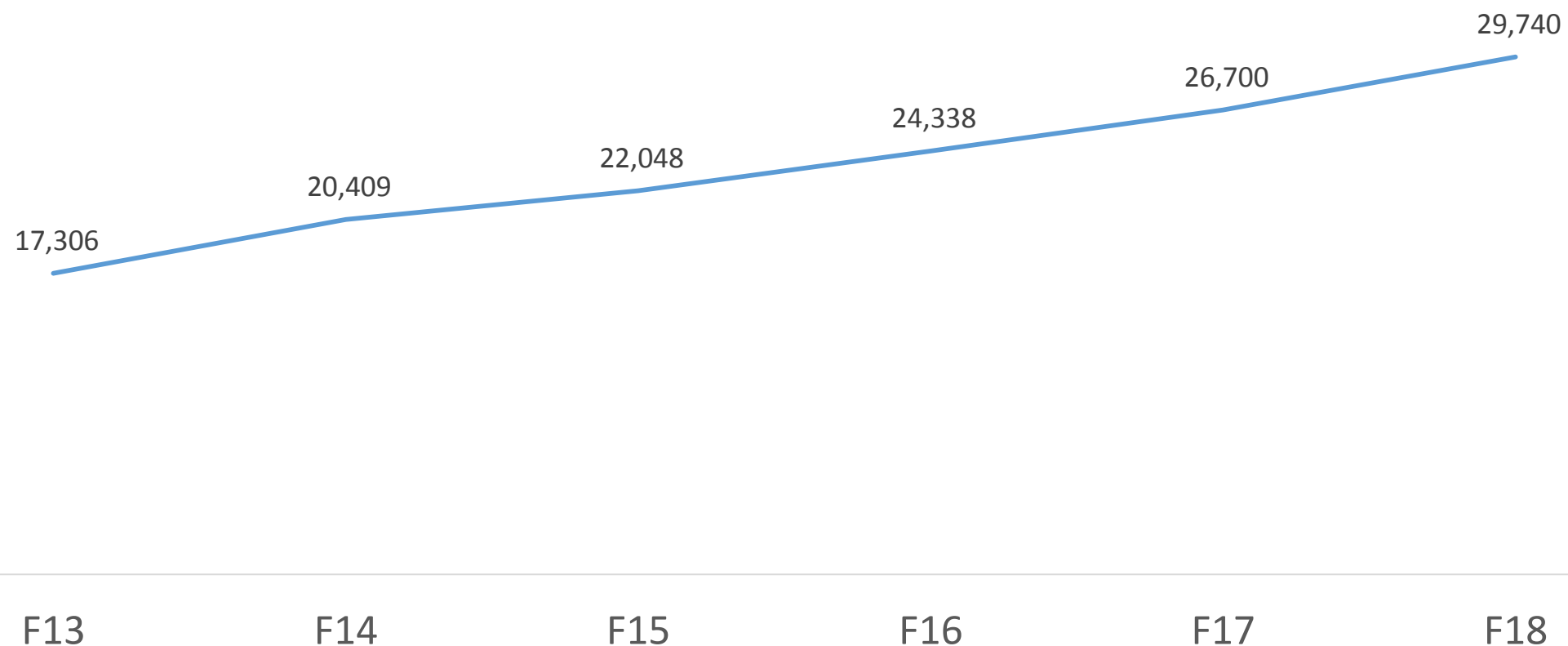


# Distribution Mix – Indian Business FY18



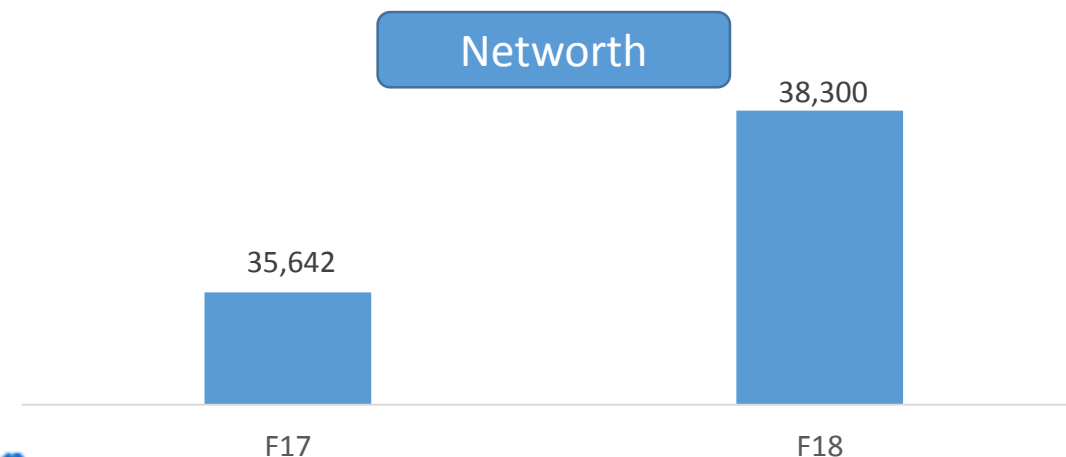
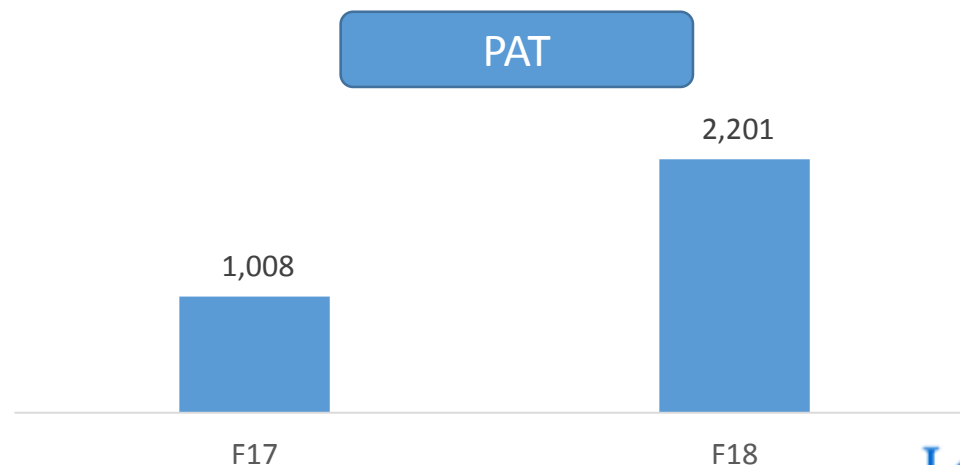
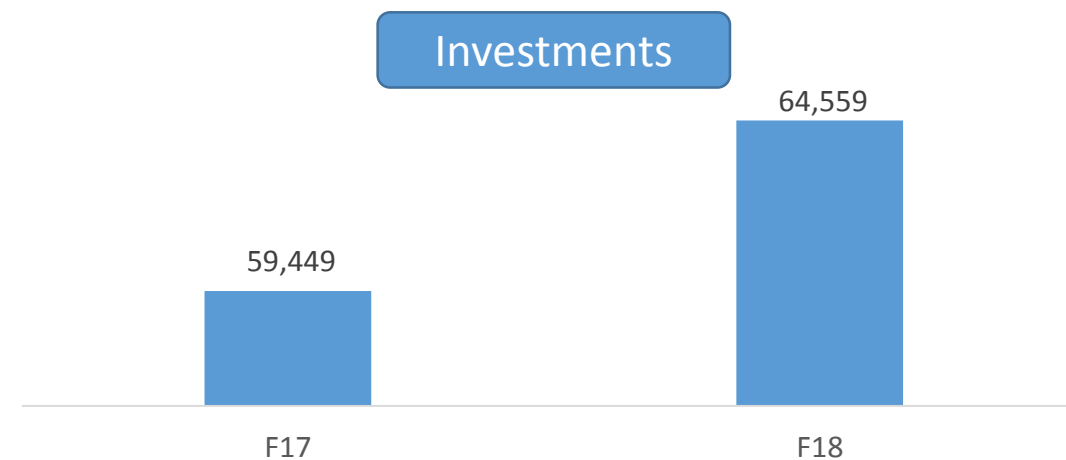
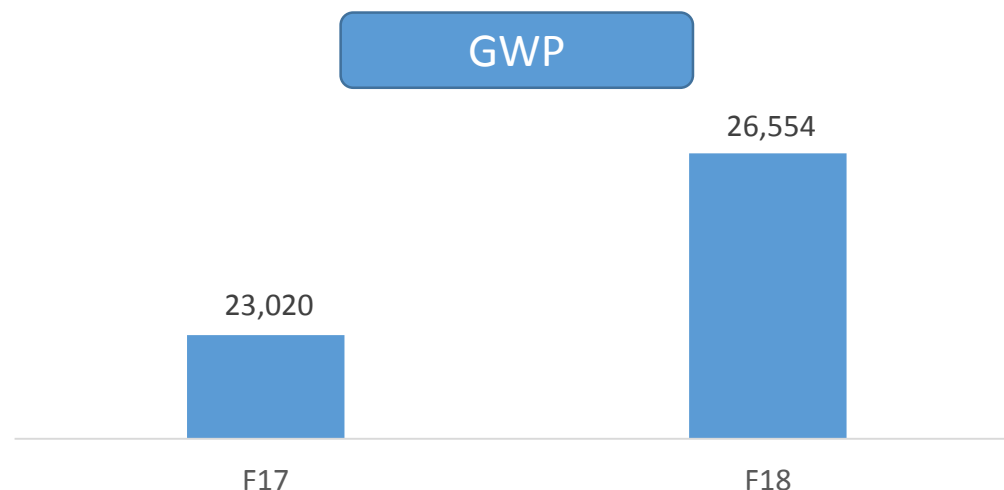
# Movement in Technical Reserves (cr)

All figures in Rs cr



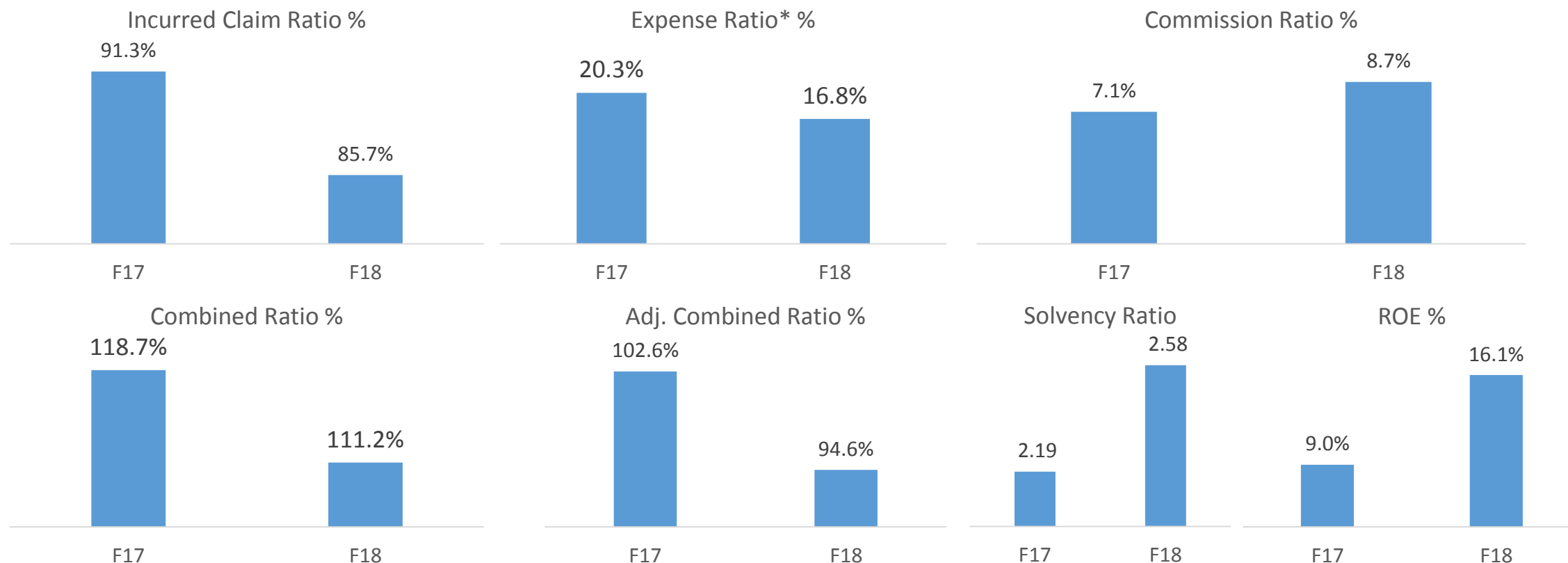
# Financial Snapshot<sup>#</sup>

All figures in Rs cr



<sup>#</sup> Results for F17 was favorably impacted by a one time effect of accounting policy change in estimation of URR by ~ Rs 530 cr

# Key Ratios



*\*Expenses were higher by about Rs 70 cr due to additional provisions to cover increase in gratuity provision to Rs 20 lakhs*

# Segmental Information

GWP	F18	F17	YoY %
Fire	3,787	3,480	8.8%
Marine	685	700	-2.2%
Motor OD	4,650	4,374	6.3%
Motor TP	5,760	4,552	26.5%
Health & PA	7,666	6,489	18.1%
Crop	1,784	1,250	42.7%
Others	2,220	2,175	2.1%
<b>Total</b>	<b>26,554</b>	<b>23,020</b>	<b>15.3%</b>

ICR %	F18	F17#
Fire	77%	102%
Marine	60%	76%
Motor OD	74%	83%
Motor TP	85%	91%
Health & PA	103%	103%
Crop	92%	100%
Others	62%	55%
<b>Total</b>	<b>86%</b>	<b>91%</b>

# Results for F17 was favorably impacted by a one time effect of accounting policy change in estimation of URR by ~Rs 530 cr



# Key recent developments

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- MISP guidelines effective from 1<sup>st</sup> Nov 2017 – favorable development for the industry
- Retail health price revision on new and renewal policies fully rolled out
- Continuous corrections happening in the Group Health portfolio
- Budget highlights
  - Government reveals plans for healthcare cover for 10 Cr families – scheme details awaited
  - Merger of three PSU general insurers will be leading to further industry consolidation – should be beneficial for the companies and the industry
  - Increase in tax related benefits for purchase of health insurance – favorable for retail health segment
  - Overall improvement in disposable income of rural India – should drive further penetration of retail lines
  - LTCG provisions – effect is going to be incremental and existing fair value change reserve to be unaffected

# About Us

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The New India Assurance Company Ltd, founded by Sir Dorabji Tata in 1919, a Multinational General Insurance Company, today operates in 28 countries and headquartered at Mumbai, India. The Company has been market leaders in India in Non – Life business for more than 40 years.

New India Assurance has been leading the market, apart from premium, in reserves & net worth for many years.

## For further information please contact:

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