General Insurance Corporation of India
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"General Insurance Corporation of India Q1 FY-20 Earnings Conference Call"

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General Insurance Corporation of India
Global Reinsurance Solutions
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CHORUS CALL®

MANAGEMENT: **MRS. M. SASHIKALA – DIRECTOR & GENERAL MANAGER, GIC RE**
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MRS. REENA BHATNAGAR – GENERAL MANAGER, GIC RE
MR. DEEPAK PRASAD – GENERAL MANAGER, GIC RE
MR DEVESH SRIVASTAVA – GENERAL MANAGER, GIC RE
MR SHASHIKANT MORE- GENERAL MANAGER, GIC RE
MR. SATYAJIT TRIPATHY –GENERAL MANAGER, GIC RE

Moderator: Ladies and gentlemen good day and welcome to General Insurance Corporation of India Earnings Conference Call. As a reminder, all participant lines will be in the listen only mode. 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 touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Binay Sarda from Christensen. Thank you and over to you sir.

Binay Sarda: Thanks Tanvi. Good afternoon to all the participants on the call. And thanks for joining this Q1 FY 20 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 exchanges. 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 the discussion may contain forward-looking statements that may involve known or unknown risk uncertainties and other factors. It must be viewed in conjunction with our businesses that could cause future result, 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 Mrs. M. Sashikala – CFO and other top members of the management.

We will be starting the call with a brief overview of the quarter gone by and then we will take the Q&A question. With that said I will now hand over the call to Mrs. Sashikala. Over to you ma'am.

M. Sashikala: Thank you. Good evening. We Reena Bhatnagar and I, we are holding joint charge of CEO and I am also the CFO. So, I request Reena Bhatnagar to give you a brief business overview.

Reena Bhatnagar: Good afternoon everyone. I will just give you a brief overview of our performance in this quarter. For the growth in gross premium this quarter was 10.8%, with a premium of Rs 20813.12 crores. As compared to Rs 18791.45 crores in the corresponding quarter of the previous year. The investment income increased by 26.24% with an income of Rs1,401.90 crores for this quarter compared to Rs1,110.53 crores in the previous year corresponding quarter.

The net worth of the company without taking into account the fair value change account increased by 0.5% to Rs22,443 crores as on 30th June 2019 from Rs22,334 crores on 31st March 2019. The company recorded the profits before tax of Rs138.90 crores in the first quarter, as against Rs1029.74 crores in the corresponding quarter of previous year. This reduction is on account of several factors, majorly the provisioning of IL&FS and reduction in other income such as an exchange gain. We will go more in detail later if required.

The underwriting loss including exchange gain recorded Rs854.37 crores in this quarter as against Rs96.37 crores in the corresponding quarter of previous year. The PAT for this quarter was Rs108.60 crores compared to Rs771.42 crores in the previous year's quarter. The combined ratio is 102.6% for this quarter compared to 99.9% in the corresponding quarter of the previous year. The adjusted combined ratio is 97.24% for this quarter, compared to 95.18% in the previous year's quarter. Then solvency ratio is 1.89 as of 30th June 2019 which is above the minimum required solvency of 1.50. The total assets increased by 6.31% from Rs121,136.83 crores to Rs128,776.53 crores in this quarter.

M. Sashikala: So, as we have seen the major reason for the performance as compared to last year same quarter. The reason is because of the IL&FS provisioning and of course, we have done some conservative provisioning as well. So, if there are any further questions, we will be willing to fill them now.

Moderator: Thank you. We will now begin the question and answer session. The first question is from the line of Avinash Singh from SBI Cap Securities. Please go ahead.

Avinash Singh: A few questions. First question on underwriting part. So, there are two parts, your claims ratio has shot up so, it would be helpful if you can just provide geographic and business line wise break up where the problem has come in this quarter. Second part also is related to the same, if I see even the commission, net commission and brokerage has gone up . Is it because you sort of had to increase certain commission in domestic market or is it a fact simply that because you have grown in the overseas market? So, the claims and commission breakup or some more color in granular terms on the business segment as geographic segment basis. Second part on investments, now again, we had got the numbers earlier, but again if you can just help today what sort of amount of investment in IL&FS you hold and what is the provisioning level currently. And additionally now IL&FS is just one name then we have Deiwan or ADAG group, it would be helpful if you can provide some sort of those five, six groups stress, what sort of investment you are holding currently and what is the provisioning level with regards to these two? So, the first question underwriting, second your investment broadly two questions. Thank you.

M. Sashikala: So, regarding line-wise breakup of losses, we have seen this year it was largely on account of motor and agri. In motor we have a loss of Rs465.86 crores. This is because of increased IBNR following some treaties on the earlier year. And we are hopeful that this will come down because they have taken the treaties of the earlier years and increased the IBNR, but going forward that will improve only. The same thing can be said for agri. I would request Mr. Tripathy to throw more light on this.

Satyajit Tripathy: Actually, in the line of agri, we have taken a conservative provisioning in the first quarter itself as you know, during the first quarter ending June the deficit rainfall was significantly high countrywide. So, we have taken a conservative approach to provide gross loss at a higher level and take it forward from here. That is why the provision has been higher for agri line of business and we have an underwriting loss because of that to the extent of Rs336 crores. As we move forward in quarters ahead, we expect because of the better rainfall distribution in the country, the gross loss estimation will come down significantly by the second quarter and by third quarter we will be accounting Rabi premium also. We are quite comfortable at this level of IBNR provisioning for agri line of business.

M. Sashikala: I would like to mention one part here. So, in Fire there is significant improvement in the combined ratio because of the steps taken by the GIC Re on the pricing part. I would request Usha Ramaswamy so that she will be able to explain the way forward in what we foresee for the fire portfolio property portfolio.

Usha Ramaswamy: We had crossed a quarter since the endorsement was passed for increase in premium as per IIB rates. The direct companies have shown an increase of 48% in fire portfolio which we expect will benefit GIC in the following quarters. So, we expect that the overall fire claim ratio should be much-much better than what it was for last year for us.

M. Sashikala: And can I clarify on the commission part? See this first quarter. we have taken a provision for profit commissions which actually pan out over the coming quarters. Now since for the first quarter, the earned premium is much higher and the next premium will be much less and the next premium is also less as the quarters improve, you will see these ratios improving. So, I hope this is only coming out of provision for profit commission which we book ahead in the first quarter. Regarding investments I would request Mr Tripathy.

Satyajit Tripathy: In investment, actually in this quarter there was no default. But Dewan Housing issue in July and their inter-creditor agreement is there and at industry level, this issue has been taken up by General Insurance Council and at industry level, it is being decided to participate in this agreement or not. Mostly we are on the positive side and so far as Reliance ADAG group is concerned we have exposure of Rs 480 crores but majorly in Reliance Capital and that is around Rs 365 crores, then Rs95 crores is in Reliance Home Finance and Rs20 crores in Reliance General Insurance but we have been receiving in time money from them and even as late as July, August also, we got the money so there has not been any default in these accounts.

Avinash Singh: So, what’s the amount of your current exposure, the amount?

Satyajit Tripathy: Rs205 crores.

Avinash Singh: Okay, and any exposure to Essel group?

Satyajit Tripathy: No. No exposure Essel group or any other groups. There are multiple groups which are having problems but no other stressed asset exposure.

Avinash Singh: And what is absolute amount of your gross and net NPA? That ratio I can see 2.97% and 0.15%, what is the corresponding absolute amount for these two, gross NPA and net NPA?

Satyajit Tripathy: As on 30th June, 2019 the gross loan assets of Rs30,726 crores, gross NPA Rs1,089 crores. We have made provisions of Rs1,032 crores so gross NPA percentage as a percentage to gross loan assets is 2.97, net NPA is at present Rs56.54 crores and percentage of net NPA to net loan assets is 0.16.

Avinash Singh: Okay. So, almost you are, almost fully provided for IL&FS.

Satyajit Tripathy: Yes, IL&FS is fully provided as on the first quarter and Rs788 crores of exposure was there of what Rs85 crores was unsecured which was fully provided by March. As of now, we are fully provided for the secured amount also.

Avinash Singh: Okay. So, what has been the total provision on IL&FS account in this quarter?

Satyajit Tripathy: For this particular quarter it is Rs344 crores.

Moderator: Thank you. The next question is from the line of Avinash Kawori from Sutherland. Please go ahead.

Avinash Kawori: Can you share the combined ratio picture across all your business domains? Because when you compare year-on-year you have seen combined ratio rising from 99 to 100 plus. Can you share the number of combined picture and secondly, in the previous quarter the management had indicated that they are looking to expand in Brazil? So, kindly share some info regarding your Brazil expansion. Thank you.

M. Sashikala: Percentage is 105.

Avinash Kawori: Can you share the combined ratio number across all the major business domains, aerospace, motor, etc.

M. Sashikala: In fire it is 93.3, in motor it is 122.4, aviation is 195, engineering is 107, then workmen compensation is 68.4, liability is 94, personal accident is 110, health is 97.2, agri is 104, then other miscellaneous is 113, credit is 87.9, marine cargo is 76.4, marine hull is 129, life is 125. So, overall 105.

Moderator: Thank you. The next question is from the line of Amey Vaidya from Akash Ganga. Please go ahead.

Abhay Tripriwala: I see there is a reduction in the incurred claims. It has come to 87.8% versus 88.8%. Y-o-Y but net commission has increased by Rs900 crores, which comes to 14.5% versus 11.2%. So, what is the reason for increase of these 900 crores?

M. Sashikala: See actually it is this year's commission is because of making a provision for profit commission in Q1, it's only a time difference. It's only a time difference otherwise over the quarters it will get ironed out.

Abhay Tripriwala: Okay. So, can you please elaborate like what you are expecting for the full year around?

M. Sashikala: We are expecting that it will match whatever we have been having that is around 15 to 16%, it should not be more than that.

Abhay Tripriwala: But we have been working to reduce this significantly as mentioned in the previous calls and all?

M. Sashikala: So, if you see the significant decrease was in agri, but now already we are at the ideal commission rate but we are also seeking to increase our global footprint, it is bound to be there, but definitely we will work; the whole idea is to bring the combined ratio down. So, we will be incentivizing business using the commission rates as well.

Abhay Tripriwala: What will be the target for the combined ratio for the full year?

M. Sashikala:: So, we are targeting at around 100%.

Moderator: Thank you. The next question is from the line of Aniruddh Aggarwal from AAA Investment. Please go ahead.

Aniruddh Aggarwal: Yes, so my first question is actually on the combined ratio in the motor business, so what are the specific reasons for having such a high combined ratio in this quarter?

M. Sashikala: So, this is again because of some conservative provisioning, it is mainly represented by the IBNR provisioning, which we believe will get ironed out over the quarters as the business close in because being the first quarter, the earned premium is the less compared to the rest of the quarters. So, definitely the ratios will improve as the year progresses. As you would have seen all these years.

Aniruddh Aggarwal: Right, but then overall annual basis what kind of a combined ratio do you see in the motor business?

M. Sashikala: Motor business, I would request Mr. Deepak Prasad to respond.

Deepak Prasad: We would expect somewhere around 93% at the end of the year. However, there are certain things which we are still trying to get a feedback on, is regarding a few losses that may have taken place because of the recent flood. So, that being so, we are still hopeful of achieving somewhere around 95-96%, not beyond that.

Aniruddh Aggarwal: Okay. And in terms of crop insurance, how much business are we looking to write this year. So, I think in the first quarter, we have done about Rs10,000 crores, so on an overall annual basis?

Satyajit Tripathy: For crop insurance business we are not looking to write beyond Rs13,000 crores for the whole year, that is including Kharif and Rabi season, we have actually grown only 1% for the year ending March compared to the earlier year. And if you see this year, at this point of time the crop insurance business is actually de-grown by 0.2% compared to the last year first quarter gross premium, we would like to stabilize this premium at this point of time in crop.

Aniruddh Aggarwal: Okay and have you been happy with the underwriting performance that we have had and an overall basis in the agri portfolio?

Satyajit Tripathy: If you look into agri portfolio quarter-on-quarter we have been having combined ratio below 100 from last September and the for the year ending March 2019, we had a combination ratio of 97.7. Because of conservative IBNR provisioning in the first quarter and the total amount has not yet been earned on the premium booking side. The combined ratio looks at close to 104, but we are pretty confident that going ahead in the next quarters we will be able to manage the agri portfolio below 100.

Aniruddh Aggarwal: Okay, thank you and in terms of overall business basis, we had an ROE target of at least 15% plus. So, do you think we remain on track to do a ROE of 15%?

Satyajit Tripathy: At this point of time when the PAT has reduced significantly in the first quarter, the ROE definitely will be getting impacted but our management focus is to see that we come back to the earlier ROE figures of high teen when we came during the IPO of around 14 to 15%. It will take some time but we are very much focused to see that in coming quarters, in around three to four quarters we will be back with double-digit ROE growth.

Aniruddh Aggarwal: Okay so double-digit ROE in two quarters?

Satyajit Tripathy: Yes.

Aniruddh Aggarwal: And in terms of underwriting losses before underwriting I mean when we came for IPO, our combined ratios were around 100 but for the last couple of years, we have had significant events constantly impacting our underwriting. So, to do we see that repeating in this year due to any events?

Satyajit Tripathy: Actually, if you see when we came for IPO in October 2017 post that there were two record – cat year internationally. Those claims have actually been flowing into the accounts right now. And it is not only GIC which has been affected on the combined ratio front, it has been other large reinsurers also who have had combined ratios beyond 110 to 150. There have been attempts to correct this course and we are proceeding towards getting better combined ratio in our foreign book and that will be reflected in next two quarters. And we are focused to see that the domestic combined ratio also falls inline below 100. And we are pretty sure that as a management we are totally committed to see that we bring the combined ratio below 100 and because of this, last two years of international effect on Harvey, Irma and Maria kind of hurricanes on the US Coast and the Jebi issue in the Japanese Coast. We had this kind of combined ratio, but we are on course to correct it.

Aniruddh Aggarwal: Okay, but do you see the prices hardening now in the international portfolio at least?

M. Sashikala: We see a lot of hardening in the international book and especially in aviation and even coming back to the domestic part, as Usha spoke, because of the endorsement that was signed increasing the premium rates, we expect the coming quarters we will all see a major increase in international premium, which will definitely improve the property book which is a major portion of our entire book.

Moderator: Thank you. The next question is from the line of Deepika Mundra from JP Morgan. Please go ahead.

Deepika Mundra: Just wanted to know the growth outlook for both domestic and overseas business. So, how is the mix expected to change over the next couple of years?

M. Sashikala: We are trying to grow our foreign books because as informed earlier, agri has been contributing a lot to growth in the earlier years which is now almost flat and we don't see too much growth over here, but property have hardened so domestic will grow. But we are trying to focus more on the foreign growth and we will see that with slightly hardening and property and aviation and all, we will see a good growth in foreign also. So, maybe the ratio will improve slightly.

Deepika Mundra: And could you share the combined ratio in domestic versus overseas for the quarter?

M. Sashikala: Yes, it's 104.7%

Deepika Mundra: Domestic?

M. Sashikala: Domestic. And foreign is 106.8%.

Deepika Mundra: Got it. Ma'am lastly on the domestic side, are you seeing any pricing improvement other than the fire segment taking place and secondly, on the product mix again, on domestic any changes to your proportional treaty contracts and non-promotional mix?

Usha Ramaswami: In the domestic front apart from the property, we see a little bit of price improvement in engineering. Apart from that, when we renewed the treaties for our cedents, we have ensured that there are some stricter terms and conditions which will ensure that the cedents also participate in a bigger way than last year in the losses. So, overall, I would say that the domestic book would see a big improvement this year.

Deepika Mundra: And ma'am some color on the mix between proportional and non-proportional? And is that changing?

Usha Ramaswami: There isn't much change in the proportion of non-proportional and proportional, the mix is almost the same.

Moderator: Thank you. The next question is from line of Sanket Godha from Spark Capital. Please go ahead.

Sanket Godha: I just wanted to know the impact of Fani on overall underwriting profits, the quantum of loss we incurred because of cyclone Fani? Gross and net both.

Reena Bhatnagar: We haven't had real, clear picture of the losses from the direct side except that we hear that the market losses is around Rs1000 to 1200 crores. We haven't started receiving cash calls, but definitely there have been no major risk losses. We as in the case of most event losses in India, we think that the insured losses would not be that much. In any case, GIC is protected for CAT losses. And I don't think that Fani will affect GIC in a large way.

Sanket Godha: Our loss Rs 25 crores is maximum loss, it would be talking is closer to 250 crores?

Reena Bhatnagar: Rs250 crore will be the underlying loss for GIC if at all.

Sanket Godha: So, any losses with respect to Fani has been not provided anything in this current quarter, is my understanding, right?

Reena Bhatnagar: There haven't been any provisions, maybe we have received about Rs10 to 15 crores of intimation but IBNR will take care of it.

Sanket Godha: So, just wanted to understand, though you have not crystallized the losses, how much we have provided for that event in the quarter?

Reena Bhatnagar: The IBNR would have taken into account the 250 crores of loss that will hit GIC's book.

Sanket Godha: Okay, so it's already there.

Reena Bhatnagar: We haven't got losses reported as such in a big way. Like I said about Rs 10 to 15 crores all that was reported, but the IBNR provisions of the loss that would hit us to the extent of 250 crores.

Sanket Godha: Which is being provided in the quarter you mean right ma'am?

Reena Bhatnagar: Yes.

Sanket Godha: Okay. And any view on the current recent floods and another Rs250 crores would be additionally provided because two events are different. So, suppose the gross loss was substantially higher from the current floods then another 250 crores kind of losses could come in subsequent quarters?

Reena Bhatnagar: May be not because each of the cedents will have their own deductibles to bear and largely the motor losses that we think would be hit by these recent floods. So, I do not think it would be a full event loss as such to come from different areas. So, there would be deductibles that the cedents would also be taking on their side.

Sanket Godha: Okay ma'am and just a clarification probably, I was not in the initial part of the call. We did not provide anything for our DHFL and Essel exposure as of now and sorry ADAG group, and both together, we have closer to Rs600 crores exposure, is my understanding right now?

Satyajit Tripathy: Your understanding is right. As of now we don't have a default on the ADAG group bonds that we are holding and regarding DHFL group, as and when the default hits us, we will be providing. Our exposure to both of them on the bond side is close to Rs600 crores correctly said by you.

Sanket Godha: Okay. But no one has defaulted yet for you, the due payments have been made. The dates have come but nothing has been defaulted in the quarter when the payments were due.

Satyajit Tripathy: As on June, no.

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

Vinod Rajamani: I want to know what the underlying loss ratio is excluding any reserves strengthening or reserve release and also similarly what the underlying expense ratio would be excluding any provision on profit commission? And similarly the combined ratio excluding any reserves strengthening or reserve release. Just for a like for like comparison.

M. Sashikala: So, the incurred claim we had provided about Rs6000 crores as additional provisioning. So, if you remove that so you will have your figure. So, strengthening of our reserves was by about 6000 crores.

Vinod Rajamani: Yes, so the underlying loss claimed ratio, excluding that reserves strengthening will be?

M. Sashikala: Rs8000 crores and what we show as earned premium here because of the Kharif crop. Earned premium is less whereas by September earned premium grows so automatically that gets evened out.

Vinod Rajamani: No, that is fair. I just want to know the loss ratio excluding any results strengthening or release?

M. Sashikala: It should be around 55 to 60%.

Vinod Rajamani: Okay, so Rs6000 crores if I exclude from your claims, that is from Rs 14,700?

Reena Bhatnagar: 50%.

Vinod Rajamani: So, around 52%?

Reena Bhatnagar: Yes.

Vinod Rajamani: And similarly, for the expense ratio?

M. Sashikala: Expense ratio as I told you, it's only a timing difference.

Vinod Rajamani: Yes, so underlying expense ratio excluding any provision on profit commission?

Reena Bhatnagar: It should be around at 13 to 14%.

Vinod Rajamani: Okay. So, the combined excluding and all these impacts should be around 52 plus 13.5?

M. Sashikala: Yes.

Vinod Rajamani: Okay, so around 65.5%. And you have the corresponding number for Q1 of last year?

M. Sashikala: I wouldn't have the reverse strengthening immediately.

Moderator: Thank you. The next question is from the line of Avinash Kawori from Sutherland. Please go ahead.

Avinash Kawori: My question is regarding the motor insurance from past few quarters, we are seeing the combined ratio rising beyond 100%. And you have the provision of 5% fixed by IRDAI. So, how are you looking into motor insurance to bring back the combined ratio below 100?

Deepak Prasad: Come again.

Avinash Kawori: My question is regarding the combined ratio in motor. There is a 5% provision as per the IRDAI norms. How are you looking to bring down the combined ratio in motor?

Deepak Prasad: I am not getting you, to be honest. Basically, if you look at last year, last year we were at 87%. This year, we have added certain IBNR based on some of the performance that happened last year to various treaties. But over a period of time, as we get into the next quarter and the quarter after that as claims gets paid, we will see release of IBNR coming through. And that's how we would be bringing it down to 95%. The other one is UPR also, would get release from the first quarter. So, both taken together, I guess it should be around 95% at the end of the year.

Avinash Kawori: Okay. Can you divide the combined ratio between your international underwriting and domestic underwriting?

M. Sashikala: We mentioned it is 105% for domestic.

Avinash Kawori: He is asking for motor.

M. Sashikala: You want this only for motor?

Avinash Kawori: Yes, and my final question is regarding the long term capital tax provision that you have seen that affects your bottom line in previous quarter. How did it affect this quarter and you said that you are going to discuss that with Finance Ministry? And secondly, any updates from the rating agencies to rerate the firm?

Satyajit Tripathy: So, domestic is 124 and foreign is 117 for motor.

Avinash Kawori: My question is regarding the rerating of the firm. You said that you are coming to around, you are reducing the exposure of risk assets. You said that they are going to, it will lead for a rerating prior in quarter one of last year so just wanted to ask, since you are reducing your exposure in riskier assets whether you are going to get any rerating from rating firm?

Satyajit Tripathy: Not getting, so can you be little bit specific regarding rerating of?

Avinash Kawori: Rerating of the firm because as you have reduced your exposure from riskier assets whether this will lead to any rerating?

Satyajit Tripathy: We are currently rated by AM Best internationally. We have got a rating of A minus excellent from our international rating agency AM Best. As and when the rating exercise happens this year in November only, we will come to know. As of now we think we are on a sound footing financially to get the rating that we desire.

Moderator: The next question is from a line of Avinash Singh from SBI Cap Securities. Please go ahead.

Avinash Singh: So, two questions. One is on the motor part, one of the reasons could be like in the motor for whatever problems the public sector primary insurance has, the pricing on the OD side has been under immense pressure and also the risk rationalization is poor. So, how are you going to address this part? Because, otherwise we will have structural ongoing problem that okay, **they are taking your risk at a bad price and some part of course by design of e-regulation** will automatically come and beyond that is mandatory 5% also extra. So, how are we going to add up this mispricing and adverse selection that is happening because there were lot of challenges at the primary PSU insurance as well as the market development so, that is one. And second regarding this tax notice of some Rs3,600 crores for FY17 or AY18, what exactly is that because that number was too big? So, these are my two questions.

Deepak Prasad: Okay. For the motor, we do appreciate that there is a pressure on PSU insurance companies, but then when we look at our own portfolio, you can divide it into roughly 33,33 and 33 where 33 is our foreign book, 33 is our domestic that flows in and another 33 that is through proportional and another 33 is capital gearing treaties where we have a fixed margin. So, in affect we are having challenges only on 33% of the business which we intend changing our treaty terms as and when it comes up for renewal.

Avinash Singh: Okay.

M. Sashikala: What was the second question?

Avinash Singh: The tax notice that in your notes to account mentioned some Rs3600 crore.

M. Sashikala: Yes that was regarding, one was regarding the IBNR reserve they were speaking, income tax department was speaking to tax that also and which we have through General Insurance council, the entire industry has taken it up with the Ministry saying that this needs to be taken up because on the basis of global factors also, reserves are not touched. So, we have taken it up saying that this is not to be touched. And in fact, in couple of cases also which were in the High Court, it has come in favor of some insurer. So, it will definitely be in our favor, so not to worry about that - we are fighting it out.

Avinash Singh: Okay, very clearly there is no point in taxing, for in non-life the policyholder is part anyway. On these multiple floods right now ongoing so just a very conceptual question. So, if I were to consider like a flood in Karnataka. Maharashtra, Kerala, will that your exposure limit will be like the three different events or all put together will count as a single event. So, like if you say that okay you have a one Nat Cat event cap of loss net loss at 250 crores. So, will this three be counted as three different events or all put together just single event?

Reena Bhatnagar: The event would be taken as a separate event only.

Avinash Singh: Okay, So, the actual losses could be anything but like your cap per Nat Cat event Rs250 crores, so the three separate caps could be applicable theoretically?

Usha Ramaswami: No, we are protected fully our deductible is 250, we have a protection in different layers up to Rs11,600 crores, we have a large protection program. So, I was not very clear about what you were asking each event is construed as an individual event.

Moderator: Thank you. The next question is from the line of Aniruddh Aggarwal from AAA Investment. Please go ahead.

Aniruddh Aggarwal: So, my first question now is on the health premium. So we have seen a very significant growth in this quarter, is that Ayushman Bharat underwriting?

Devesh Srivastava: Can you repeat the question please?

Aniruddh Aggarwal: On health premium we have seen an increase year-on-year from 1400 crores to 2400 crores who is that on account of Ayushman Bharat underwriting that we have done?

Devesh Srivastava: No, it is not all Ayushman Bharat. We also write voluntary shares for the cedents here in India. And when they take, since health is a big portfolio for the country, we accordingly get a big chunk of premium so this amount that you see there is from other cedents and not from your Ayushman Bharat.

Aniruddh Aggarwal: Okay and so on an overall annual basis what kind of, how much premium do you think we can do on the health portfolio because the Q1 growth is very significant?

Devesh Srivastava: Yes, the growth is significant also, because these treaties renew on the 1st of April. So, the Estimated Premium Income kicks in now but this growth, you will not see a Rs1000 crores in every quarter like that, but of course in between if anything interesting comes up for Ayushman Bharat, definitely that is something that we will be picking up depending on the price and then you see growth from those sectors then.

Aniruddh Aggarwal: Okay. And one final question on the strategy of the company, so say you take a three year view - what are the key metrics that you as a management will be tracking? And what are your targets in terms of those metrics?

Devesh Srivastava: See the target is of course bottom line focused. When Ayushman Bharat is coming, we will be looking at the prices and if the price makes sense, we will pick it up. A growth target, we have targeted about 5 to 10% growth for the health portfolio. And that's what we will intend to achieve during the course of the year.

Aniruddh Aggarwal: Right But not only the health portfolio. The overall company, the company as a whole what are your targets? And what metrics you will track?

M. Sashikala: So, combined ratio as we said, we will be targeting to keep it around 100 and growth is around 10% growth.

Aniruddh Aggarwal: Right. So, premium growth of around 10% you are expecting over the next three years.

M. Sashikala: Yes, that's right.

Aniruddh Aggarwal: Okay. But earlier you were targeting a higher growth rate if I am not wrong. So, is there anything that has made us recalibrate our approach now?

M. Sashikala: We need to take a considered a call on this because major portfolio is agri and we wouldn't like to grow too much on such a volatile portfolio. So, we are very consciously looking at it from exposure terms and we are more focused on the bottom line now. We would like to confirm our position and ensure that combined ratio is kept around 100.

Aniruddh Aggarwal: Okay, but in terms of ROE how do you see it going ahead?

M. Sashikala: In terms of ROE?

Aniruddh Aggarwal: ROE.

M. Sashikala: So, we had mentioned it earlier also we would like to keep it in the two-digit double-digit range. Yes, the first quarter results have taken a hit because of you know the combined effects of URR as well as reserves strengthening but the IL&FS also has, but we have already taken it to our books. So, as the three quarter progress we are confident that we will be focusing on keeping our combined ratio down and definitely improving our ROE.

Moderator: Thank you The next question is from the line of Amey Vaidya from Akash Ganga. Please go ahead.

Amey Vaidya: Our total bond exposure is about 600 crores to ADAG and DHFL group. So, can you tell majority of both and in ADAG to which group company is the bond exposure?

Shashikant More: ADAG, majorly it is Reliance Capital, Reliance General Insurance, Reliance Capital. Then some part Reliance Home Finance.

Amey Vaidya: Can you also tell about the maturity?

Shashikant More: Maturity has several bonds, over four, five years maturities are there.

Amey Vaidya: So, not immediately like starting?

Shashikant More: No, not immediately.

Amey Vaidya: Okay. So, over five years, around 2023?

Shashikant More: Yes, around 2022-23.

Amey Vaidya: And what about the DHFL group?

Shashikant More: DHFL also similar way two to three years it will be.

Amey Vaidya: Okay, so around the similar timeline?

Shashikant More: Yes. DHFL little early, two to three years.

Moderator: Thank you. As there are no further questions. I would now like to hand the conference over to management for closing comments.

M. Sashikala: Thank you all for having immense interest and participating in this. We look forward to improved results in this year. And definitely your interest in us. Thank you.

Moderator: Thank you. On behalf of General Insurance Corporation of India, we conclude this conference. Thank you for joining us and you may now disconnect your lines.