



Ref. No.: GIC Re/SE/2020-21/CR

Date: July 3 , 2020

To,
The Manager
Listing Department
BSE Limited
Phiroze Jeejeebhoy Tower
Dalal Street
Mumbai - 400001

The Manager
Listing Department
The National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor, Plot C/1,
G Block, Bandra Kurla Complex
Mumbai - 400051

Scrip Code: (BSE – 540755/ NSE – GICRE)

Dear Sir/Madam,

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

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

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

The Rating Rationale issued by A. M. Best dated 2nd July 2020 regarding revision of credit ratings is enclosed.

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

Thanking You

Yours sincerely

For General Insurance Corporation of India


(Suchita Gupta)
CS & CFO & Compliance Officer

Encl: A/A



JULY 02, 2020 09:46 AM (EDT)

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AM Best Downgrades Credit Ratings of General Insurance Corporation of India

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Related Companies

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

AMB#	Company Name
093386	General Ins Corp of India Dubai Branch
093387	General Ins Corp of India Labuan Branch
093388	General Insurance Corp of India UKB
086041	General Insurance Corporation of India

FOR IMMEDIATE RELEASE

SINGAPORE - JULY 02, 2020 09:46 AM (EDT)

AM Best has downgraded the Financial Strength Rating (FSR) to B++ (Good) from A- (Excellent) and the Long-Term Issuer Credit Rating (Long-Term ICR) to "bbb+" from "a-" of General Insurance Corporation of India (GIC Re) (India). The outlook of the FSR has been revised to stable from negative whilst the Long-Term ICR outlook is negative.

These Credit Ratings (ratings) reflect GIC Re's balance sheet strength, which AM Best categorises as strong, as well as its adequate operating performance, favourable business profile and appropriate enterprise risk management (ERM).

The rating downgrades follow a deterioration in AM Best's view of GIC Re's balance sheet strength fundamentals. GIC Re's risk-adjusted capitalisation, as measured by Best Capital Adequacy Ratio (BCAR), declined to the strong level at fiscal year-end 2020, as compared with the strongest level in fiscal year 2019 and prior. This deterioration follows an approximately 30% decline in GIC Re's reported capital and surplus in fiscal year 2020 due to a significant fall in the market value of its equity investments, as well as from the reporting of a full year operating loss. Unfavourable movements in the fair value of GIC Re's investment holdings follow global volatility in investment markets in the face of the prevailing COVID-19 pandemic. At the same time, GIC Re's fast premium growth continues to outpace capital accumulation leading to lower risk-adjusted capitalisation. In addition, GIC Re's regulatory solvency position at fiscal year-end 2020 was marginally above the regulatory minimum

requirement. Positive balance sheet strength considerations include the company's relatively modest underwriting leverage, its typically liquid investment portfolio and retrocession counterparties of high credit quality.

AM Best assesses GIC Re's operating performance as adequate. GIC Re has reported a five-year average return-on-equity (ROE) ratio of 5% (fiscal years 2016 to 2020), as calculated by AM Best. However, the company posted an operating loss in fiscal year 2020 following weaker-than-expected underwriting performance, emanating principally from its domestic lines of crop, motor, fire and health business, as well as from natural catastrophe events impacting GIC Re's foreign business portfolio. The company's combined ratio deteriorated to 106% in fiscal year 2019 and to over 110% in fiscal year 2020. Over the medium term, the negative trend in underwriting performance may be moderated partially by the recent imposition of premium rate increases and changes to reinsurance treaty terms for domestic fire and crop business, and from an increased focus on underwriting discipline. In addition, the company's exposure to crop business has been reduced significantly starting in fiscal year 2021. Notwithstanding this, competitive market conditions and disruption borne by the COVID-19 pandemic remain key challenges for GIC Re over the near term.

AM Best assesses GIC Re's business profile as favourable. GIC Re is a leading reinsurer in India, with over a 75% market share based on ceded domestic written premiums. The company continues to have close relationships with direct insurers in India, and local regulations provide GIC Re with an advantage in obtaining domestic reinsurance placements. In addition, GIC Re maintains a geographically diversified underwriting portfolio, with approximately 30% of business sourced outside of India in fiscal year 2020.

The negative outlook for the Long-Term ICR reflects AM Best's concern that continued underwriting losses, coupled with the potential for further volatility in India's investment markets amid the prevailing COVID-19 pandemic, may further pressure GIC Re's operating performance and balance sheet strength fundamentals. In recent years, the company has relied on investment returns and realised gains to offset the reported underwriting losses and grow its capital base; however, under the current conditions, such a model may no longer be sustainable.

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

This press release relates to Credit Ratings that have been published on AM Best's website. For all rating information relating to the release and pertinent

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

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



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