

General Insurance Corporation of India (GIC Re)

FY 2018 – H1 Financial Results Presentation for Analysts

Mumbai, 13th November 2017

Agenda



Market Review

Strategic Overview

Financial
Performance



Market Review



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Global Operating Environment

Source: E&Y report

- Overall, the international primary insurance sector will grow by 4.5% p.a. on average in 2017 and 2018
- It is expected overall that by 2025, the market share of emerging markets in Asia will be at 21.4% from 18.7% at present
- Size of the reinsurance market in 2016 is USD 230 bn
- 2016 Year-end dedicated reinsurance capacity estimated at USD 420 bn, out of which USD 345 bn is traditional capacity (AM Best)
- GIC Re ranked 12th largest composite reinsurer in the world on gross premiums written in 2016 and 7th largest on gross non-life premiums (AM Best)



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Global Operating Environment

- Globally Alternative Capital in reinsurance is about USD 88 billion till June 30th 2017, a 10% increase since the end of 2016 and represents 15% of the global reinsurance market
- Hurricanes Harvey, Irma and Maria are expected to cause loss to the insurance industry of USD 100 Bln. Reinsurers are still estimating their losses from these cat events.
- A few reinsurers are expected to take heavy hits from these events for FY 2018.
- Alternative capital providers could possibly reexamine their strategy of capital provision to the reinsurance markets.
- Price hardening could be across lines and could lead to higher reinsurance demand.



Domestic Operating Environment

- The general insurance business in India with USD 17.4 billion premium in year 2016-17, is growing at a healthy rate
- Insurance sector in India is projected to touch USD 350-400 billion by 2020
- Insurance penetration reached 3.4 per cent in FY16 and is expected to cross 4 per cent in FY17.
- In Union Budget 2017, government increased the coverage from 30 per cent to 40 per cent under Pradhan Mantri Fasal Bima Yojna (PMFBY) and as part of PMFBY, Rs9,000 crore (US\$ 1.35 billion) has been allocated for crop insurance in 2017-18
- Crop insurance has become the third largest line of non-life business in the market, after motor and health insurance



Reinsurance Industry in India

- Gross written premiums of general insurance industry in 2016-17: INR 1,34,177 crore (GI Council)
- Retention ratio of industry in 2016-17: 70.2% (GI Council)
- Reinsurance premiums in India expected to touch INR 70,000 Crore by 2022
- **GIC Re largest player in India:** market share of approx. 60% in fiscal 2016-17
- Foreign reinsurers present in India through branch operations since early 2017 and one private reinsurer commenced operations in 2017
- GIC Re expected to maintain its market leadership going forward on strong financials, adequate capacity and expertise in market conditions

Strategic Overview



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Competitive Strategy Pillars

Prudent Underwriting

- Geographical Diversification
- Lines of Business Diversification
- Continued focus on Risk Selection
- Deployment of Modelling and Pricing Techniques and Tools

Exposure Management

- Modelling accumulation of exposures
- Rebalancing the risk portfolio
- Well-rated retrocession counterparties

Talent Management

- Recruitment of Experts
- Low attrition rate

Efficient Asset Management

- Healthy Investment Income
- Diversified Investment Portfolio
- Effective Asset Liability Management

Effective Risk Management

- Conservative Claim Reserving
- Following best practices such as conducting stress test to assess resilience

Dominant Indian market position

- Continued Obligatory cessions & Order of Preference
- Long term relationship with the market
- Well-positioned to exploit all opportunities



Financial Performance



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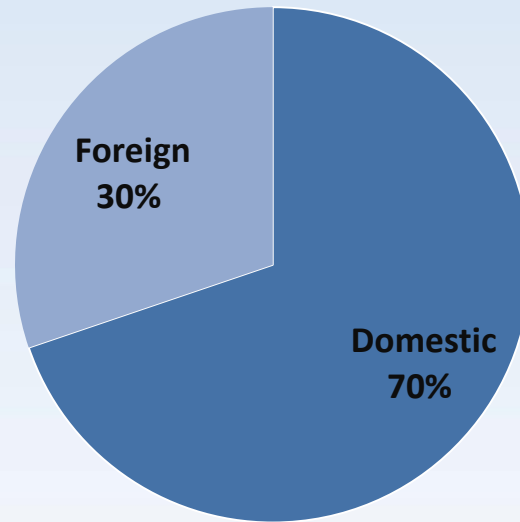
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Financials at a glance

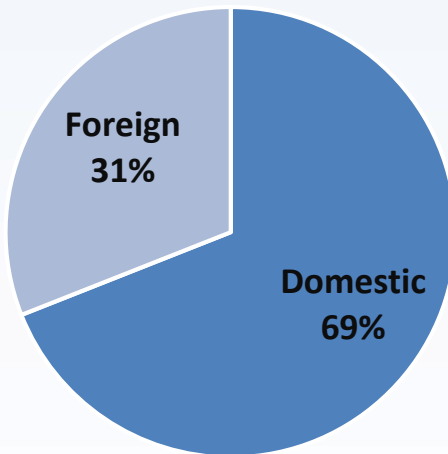
Particulars	H.Y. ended 30.09.2017	H.Y. ended 30.09.2016	Growth %	FY 2016-17 ` (in Crore)
Gross Premium	24,404.37	16,118.08	51.4%	33,585.44
Profit After Tax	1,809.22	955.81	89.3%	3,127.67
Return on Equity	19.6%	12.2%		17.4%
Combined ratio	99.4%	99.1%		99.7%
Solvency Ratio (times)	1.72	2.92		2.40
Net Worth	18,549.92	15,785.77	17.5%	17,946.63



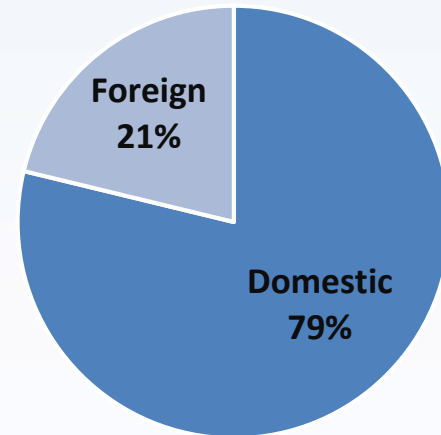
Portfolio Mix (Gross Premium)



2016 - 17



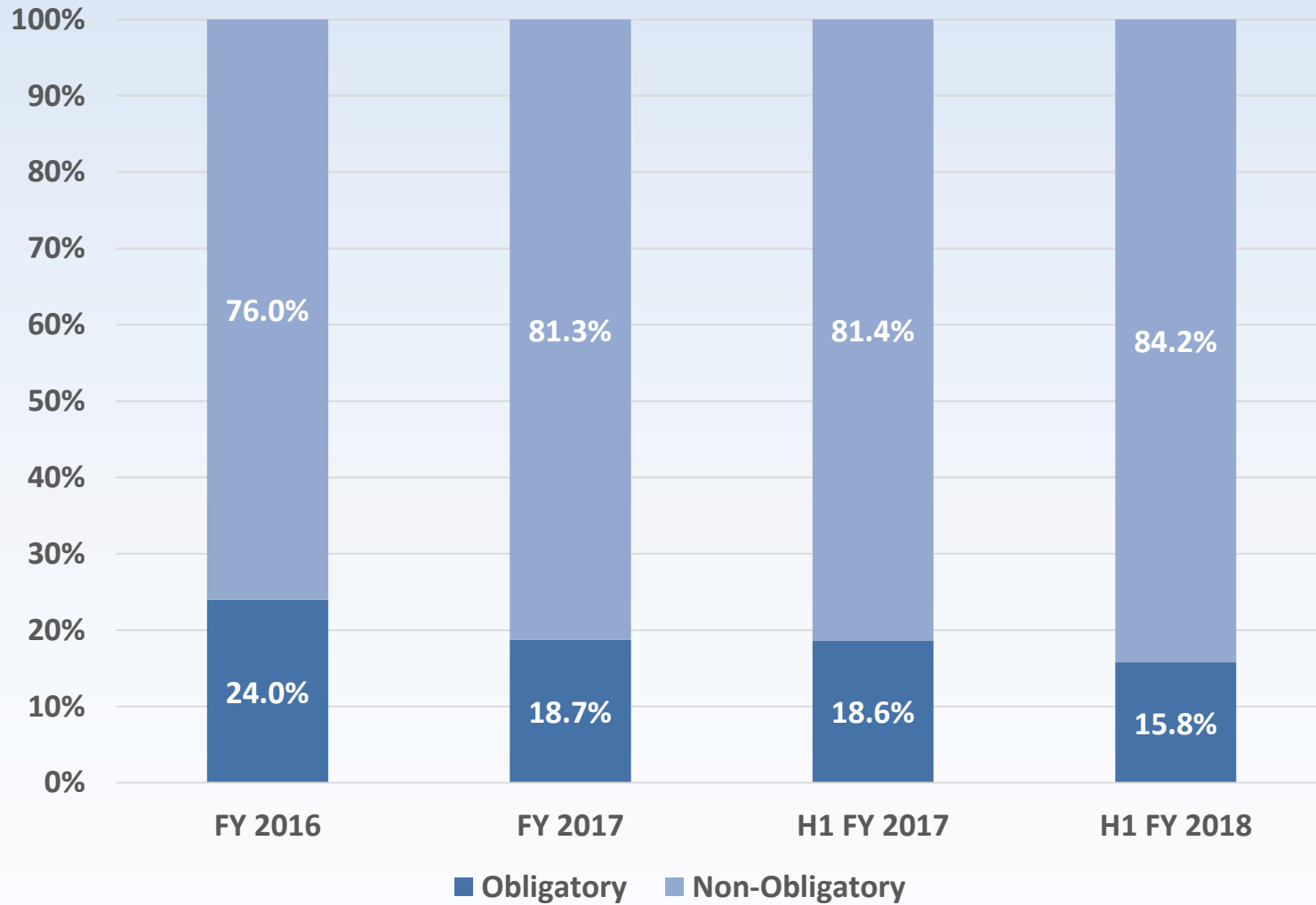
HY 30.09.2016



HY 30.09.2017



Domestic Business Mix



Key Financials

Particulars	Six Months Ended		Year Ended
	Sept 30,2017	Sept 30,2016	March 31,2017
Gross Premium	24,404.37	16,118.08	33,585.44
Net Premium	22,877.31	14,639.30	30,174.56
Earned Premium	22,485.04	11,254.93	26,714.90
Incurred Claims	18,586.34	9,106.76	21,646.41
Incurred claims ratio (on earned premium)	82.7%	80.9%	81.0%
Net Commission	3,728.25	2,535.10	5,404.40
Net Commission Percentage (on Net Premium)	16.3%	17.3%	17.9%
Expenses of Management	102.38	134.01	239.73
Expenses of Management ratio (on net premium)	0.4%	0.9%	0.8%
Profit/(Loss) on Exchange	23.67	47.24	(30.83)
Underwriting Profit/(Loss)	91.75	(473.70)	(606.47)
Investment Income	2,416.26	1,927.91	4,584.35
Other Income less Outgo	(198.94)	(291.15)	(354.03)
Profit Before Tax	2,309.07	1,163.06	3,623.86
Provision for Taxation	499.85	207.25	496.19
Profit After Tax	1,809.22	955.81	3,127.67
Combined Ratio %	99.4%	99.1%	99.7%



Break-up of Gross Premium

Gross Premium	HY 30.09.2017	HY 30.09.2016	Growth %
A) Fire	4,327.57	3,931.48	10.1
B) Miscellaneous - Total	19,123.41	11,432.31	67.3
Misc - Motor	3,548.96	2,403.81	47.6
Misc - Health	2,621.94	1,541.57	70.1
Misc - Agriculture	11,091.27	5,654.48	96.2
Misc - Other LOBs	1,861.24	1,832.45	1.6
C) Marine	688.29	570.01	20.8
Marine - Cargo	261.42	228.16	14.6
Marine - Hull	426.87	341.85	24.9
D) Life	265.10	184.28	43.9
Total – A+B+C+D	24,404.37	16,118.08	51.4



Thank you

**The Indian Reinsurer
with a global footprint**

Leading Global Reinsurer



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