

**Press Release**

**GIC Re announces Financial Performance  
for the Half Year Ended September 30, 2019**

**GIC Re records y-o-y growth of 11.6 % in Gross Premium**

**Total Assets increased by 6.94%**

**Net Worth (including fair value change account) of ₹ 47,262.68 crore**

**Solvency Ratio of 1.6 times**

**Mumbai, November 11:** GIC Re announced financial performance for the Half Year Ended September 30, 2019 at a board meeting of company held in Mumbai today.

Against the back drop of severe claims worldwide during the year 2019-20, higher agriculture claims and also flood claims in various parts of India, in quarter ended 30.09.2019 underwriting performance resulted in underwriting loss to the Corporation. However, going forward the trend of claims experience is expected to be better for the rest of the financial year 2019-20.

We give below details of our financial performance for the half year ended 30.09.2019

- Growth in Gross Premium Income of the company was 11.6 % with premium of ₹ 30,272.33 crore for the half year ended 30.09.2019 from ₹27,117.40 crore in the corresponding period of previous year.
- Net Commission percentage on net premium improved to 14% as against 15.3% of corresponding period of Previous year.
- Investment Income of ₹ 3,197.01 crore for the Half Year ended 30.09.2019 as compared to ₹ 3,281.27 crore for the corresponding period of previous year.
- Net Worth of the company (without fair value change account) of ₹ 20,419.69 crore on 30.09.2019 from ₹ 21,297.78 crore on 30.09.2018.
- The company recorded Loss before tax of ₹ 481.13 crore in half year ended 30.09.2019 as against Profit before tax of Rs ₹1,199.64 crore in the corresponding period of previous year. The reduction in profit is on account of provisioning of IL&FS (Q1), DHFL and reduction in other income such as exchange gains and provision for increase in agriculture losses.
- Underwriting Loss (inclusive of exchange gain) recorded ₹ 3154.28 crore in Half year ended 30.09.2019 as against underwriting loss of Rs. 2,098.19 crore in corresponding period of previous year. Hurricane activity during the second quarter of Financial year 2019-20 put pressure on reinsurer's results, though the premium will be earned in the second half of the year. Therefore, Q3 and Q4 should show better results due to increase in premium earnings.
- Loss After Tax for the half year 30.09.2019 was ₹ 486.86 crore compared to Profit after tax of ₹ 1,285.27 crore in corresponding period of previous year.

- Combined Ratio is 111.30 % for the half year ended 30.09.2019 as compared to 110.30 % for the corresponding period of previous year.
- Adjusted Combined Ratio is 102.56% for the half year ended 30.09.2019 as compared to 100.64 % for the corresponding period of previous year.
- Solvency Ratio of 1.60 as on 30<sup>th</sup> September 2019, which is above the minimum required Solvency Ratio of 1.50.
- Total Assets increased by 6.94 % from ₹ 1,17,895.37 crore as on 30.09.2018 to ₹ 1,26,080.50 crore as on 30.09.2019.

**Summary of Revenue and Profit and Loss Account**

(₹ crore)

SL No	Particulars	Half Year ended 30 Sept, 2019	Quarter ended 30 June 2019	Half Year ended 30 Sept, 2018	Year Ended	
					31 March, 2019	31 March, 2018
1	Gross Premium	30,272.33	20,813.12	27,117.40	44,238.00	41,799.37
2	Net Premium	28,442.76	19,644.06	25,113.29	38,995.97	37,634.46
3	Earned Premium	28,648.19	16,737.12	25,593.34	37,679.08	38,096.05
4	Incurred Claims	27,661.77	14,700.69	24,131.02	33,739.95	32,953.55
5	Incurred Claims Ratio (on earned premium)	96.6	87.8%	94.3%	89.5%	86.5%
6	Net Commission	3968.50	2,845.33	3,905.99	6,105.43	6,370.15
7	Net Commission Percentage (on Net Premium)	14.0	14.5%	15.3%	15.7%	16.9%
8	Expenses of Management	228.73	63.47	117.86	256.07	216.44
9	Expenses of Management Ratio (on net premium)	0.8	0.3%	0.46%	0.7%	0.6%
10	Profit/(Loss) on Exchange	105.32	31.98	470.79	216.18	(53.33)
11	Premium Deficiency	48.79	13.98	7.45	5.29	-
12	Underwriting Profit/(Loss)	(3154.28)	(854.37)	(2,098.19)	(2,211.46)	(1,497.42)
13	Investment Income	3197.01	1401.90	3,281.26	6,401.34	5,392.03
14	Other Income less Outgoings	(523.86)	(408.63)	16.57	(756.06)	(226.35)
15	Profit Before Tax	(481.13)	138.90	1,199.64	3,433.82	3,668.26
16	Provision for Taxation	5.73	30.31	(85.63)	1209.51	434.68
17	Profit After Tax	(486.86)	108.59	1,285.27	2,224.31	3,233.58
18	Combined Ratio %	111.3%	102.6%	110.3%	105.9%	104.0%

### International and Domestic Business Composition

(₹ crore)

Gross Premium	Half Year 30.09.2019	Share (%)	Half Year 30.09.2018	Share (%)	Growth (%)	FY 2018-19
Domestic	23,623.47	78.03	20,663.73	76.20	14.32	30,972.21
International	6,648.86	21.97	6,453.67	23.80	3.02	13,265.79
<b>Total</b>	<b>30,272.33</b>	<b>100</b>	<b>27,117.40</b>	<b>100</b>	<b>11.64</b>	<b>44,238.00</b>

### Breakup of Gross Premium

Gross Premium	Half Year Ended 30.09.2019 ₹ crore	Half Year Ended 30.09.2018 ₹ crore	Growth %
A) Fire	<b>6,390.44</b>	<b>5,400.45</b>	<b>18.3</b>
B) Miscellaneous - Total	<b>22,377.21</b>	<b>20,753.27</b>	<b>7.8</b>
Misc – Motor	5,016.86	4,439.37	13.0
Misc – Health	2,955.38	2,582.13	14.5
Misc – Agriculture	11,732.73	11,296.62	3.9
Misc - Other LOBs	2,672.24	2,435.15	9.7
C) Marine	<b>995.87</b>	<b>683.86</b>	<b>45.6</b>
Marine – Cargo	496.60	313.94	58.2
Marine – Hull	499.27	369.92	35.0
D) Life	<b>508.81</b>	<b>279.72</b>	<b>81.9</b>
<b>Total – A+B+C+D</b>	<b>30,272.33</b>	<b>27,117.40</b>	<b>11.6</b>

**Note:**

Combined Ratio = (Net incurred claims/ Net earned premium) + (Management expenses + Commission on reinsurance)/ Net written premium

Net Commission = Commission paid on reinsurance accepted - Commission on reinsurance ceded.



### Consolidated Financials of GIC Re

GIC Re's group includes subsidiary companies namely, GIC Re South Africa, GIC Re Corporate Member, London, GIC Perestrakhovanie LLC, Moscow and three associate companies namely GIC Re Bhutan, India International Insurance Pte Ltd, Singapore and Agriculture Insurance Corporation of India. The group performance highlights, on the basis of consolidated financial statements for the Half Year ended 30 September, 2019 are given below:

- Growth in Consolidated Gross Premium Income of the company was 10.1 % with premium of ₹ 30,622.28 crore in the half year ended 30.09.2019 from ₹ 27,816.77 crore in the same period of previous year.
- Investment Income of the group recorded to ₹ 3,247.64 crore for the half year ended 30.09.2019 as compared to ₹ 3,291.62 crore in the same period of previous year.
- Consolidated Loss After Tax for the half year ended 30.09.2019 was ₹ 460.54 crore compared to consolidated profit after tax of ₹ 1491.35 crore during same period of last year.
- Incurred claims Ratio increased from 94.26 % in the half year ended 30.09.2018 to 96.77% in the half year ended 30.09.2019.
- Net Worth of the group (without fair value change account) as on 30.09.2019 is ₹ 22,486.63 as compared to ₹ 23,156.93 crore on 30.09.2018.

### Summary of Revenue and Profit and Loss Account of consolidated financials

(₹ crore)

S No	Particulars	Half Year Ended	Half Year Ended	2018-19
		30.09.2019	30.09.2018	
1	Gross Premium	30,622.28	27,816.77	45,611.32
2	Net Premium	28,516.25	25,285.12	39,390.86
3	Earned Premium	28,705.06	25,771.22	38,250.06
4	Incurred Claims	27,776.97	24,291.27	33,969.58
5	Incurred Claims Ratio (on earned premium)	96.8%	94.3%	88.8%
6	Net Commission	4,000.13	3,872.95	6,116.44
7	Net Commission Percentage (on Net Premium)	14.0%	15.3%	15.5%
8	Expenses of Management	237.11	127.91	272.66
9	Expenses of Management Ratio (on net premium)	0.83%	0.51%	0.69%
10	Profit/(Loss) on Exchange	114.45	500.15	230.47
11	Premium Deficiency	48.79	7.45	5.29
12	Underwriting Profit/(Loss)	-3,243.49	-2,028.22	-1,883.44
13	Investment Income net of expenses	3,247.64	3,291.62	6,447.75
14	Other Income less Outgoings	-542.51	49.51	-709.97
15	Profit Before Tax	-538.37	1,312.91	3,854.34
16	Taxation	15.59	-84.66	1,215.87
17	Share of Profit in Associate Companies	93.42	93.77	119.10
18	Profit After Tax	-460.54	1,491.35	2,757.57



भारतीय साधारण बीमा निगम

General Insurance Corporation of India

## About General Insurance Corporation of India (GIC Re)

GIC Re has steadfastly maintained its leadership position in the Indian reinsurance market. It is the largest reinsurer in the domestic reinsurance market in India. It leads most of the domestic companies' treaty programmes and facultative placements. While foreign reinsurers have opened branch operations in India since early 2017, GIC Re is expected to maintain its market leadership and market share.

Internationally, GIC Re is an effective reinsurance partner for the Afro-Asian region, leading the reinsurance programmes of several insurance companies in Middle East and North Africa, and Asia including SAARC countries. GIC Re is 10<sup>th</sup> largest global reinsurer group based on figures for 2017-18 and 7<sup>th</sup> largest non-life reinsurer globally. It has offices in London, Dubai, Kuala Lumpur and a representative office in Moscow. In April 2018, syndicate fully capitalised by GIC Re became operational at Lloyd's of London. This syndicate in its second year is expected to scale up over the next few years towards achieving the medium term objective of management of achieving 60:40 domestic : international risk portfolios.

The global economic environment is a key driver for insurance markets. Worldwide, insurance premiums are expected to grow at about 3% in next couple of years. A major growth engine for this sector will be the emerging markets, with their economic growth significantly higher than global average. In contrast, premium development in industrialised countries is characterised by lower economic growth and weak growth in insurance penetration.

After two years of record catastrophes globally in 2017 and 2018, the reinsurance market has shown significant signs of hardening during last few months. This will be fully reflected in GIC Re financials in next 4-8 quarters.

The general insurance business in India continues to grow at a healthy rate. Penetration remains low at under 1%, and this is an area of great opportunity. Spurred by Government initiatives such as PMFBY, crop insurance is the third largest line of non-life insurance business after motor and health insurance. As the government health scheme Aayushman Bharat adopts insurance driven model, GIC Re can be expected to benefit from emerging opportunities in this space.

As the insurers get listed, market consolidates and merger of public sector insurance companies as envisaged by the government is implemented in the backdrop of declining interest rates, the pricing discipline in the market can be expected to strengthen.

GIC Re maintains a diversified risk portfolio that includes property, motor, agriculture, marine, engineering, aviation, health, liability. Reinsurance premiums are expected to touch ₹ 70,000 crore by 2022. Its dominance of the Indian market stems from a long-term and broad-based relationship with the Indian market. This is supported by continued obligatory cessions and order of preference. Its strength lies in its geographical and business diversification, long term relationships, prudent risk selection and effective exposure management. Its investment portfolio is also well diversified, with effective asset-liability management. Quite importantly for business that runs on human talent, GIC Re has the right talent pool with a low attrition rate.

GIC benchmarks its performance against the best-in-class global players. With the competitive advantage that it enjoys and with a domestic market growth momentum, on the strength of its balance sheet size and customer servicing, it can be expected to further strengthen its position globally.

**Disclaimer:** Certain statements in this document that are not historical facts are forward looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local, political or economic developments, technological risks, and many other factors. That could cause actual results to differ materially from those contemplated by the relevant forward-looking statements. GIC Re will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.