

Press Release

GIC Re announces Financial Performance for the year ended March 31, 2019

GIC Re records growth of 6 % in annual premium

PBT of Rs 3,434 Crore for the year 2018-19

Dividend proposed at 135%

Solvency Ratio increased to 2.06

Mumbai, May 23, 2019: GIC Re announced financial performance for the Year Ended March 31, 2019 at a board meeting of company held in Mumbai today.

- Growth in Gross Premium Income of the company was 6 % with premium of ₹ 44,238 crore for the current year ended 31.03.2019 from ₹ 41,799.37 crore in the previous year ended 31.03.2018.
- Investment Income increased by 18.7 % to ₹ 6,401.34 crore for the year ended 31.03.2019 as compared to ₹ 5,392.03 crore for the year ended 31.03.2018.
- Incurred Claims Ratio improved for the year ended 31.03.2018 to 89.5% as compared to 91.8% for the nine months ending 31.12.2018.
- Commissions during the year 2018-19 reduced to 15.7% on Net Premium from 16.9% in the previous year 2017-18
- Combined Ratio improved to 105.9% for the year 2018-19, from 107.6 % for the nine months ended 31.12.2018. There is an improvement in underwriting results for the period of three month ended 31.3.2019, showing underwriting profit of Rs.101.16 crore.
- Adjusted combined Ratio (after considering the policyholders' investment income) works out to 94% for the year ended 31.03.2019.
- Profit Before Tax for the year 2018-19 recorded as Rs.3,433.82 crore (Previous Year Rs.3668.26 crore).
- Profit After Tax (PAT) for the year ended 31.03.2019 was ₹ 2,224.30 crore compared to ₹ 3,233.58 crore for the previous year ended 31.03.2018, mainly due to increase in tax provision on account of change in law.
- Solvency Ratio increased to 2.06 as on 31 March 2019, as compared to 1.72 as on previous year ended 31.3.2018 and which is above the minimum required Solvency Ratio of 1.50.
- Net Worth of the company (without fair value change account) increased by 3.75 % to ₹ 22,334.42 crore on 31.03.2019 from ₹ 21,525.92 crore on 31.03.2018.
- Growth in net worth (including fair value change account) was 2.73 % at ₹ 52,765.05 crore on 31.03.2019 as against ₹ 51,360.18 crore on 31.03.2018.
- Total Assets increased by 8.40 % from ₹ 109,672.39 crore as on 31.03.2018 to ₹ 118,883.62 crore as on 31.03.2019

Summary of Revenue and Profit and Loss Account

₹ crore

SL No	Particulars	Three Months ended 31 March, 2019	Three Months ended 31 March, 2018	Year ended 31 March, 2019	Year Ended 31 March, 2018
		1	Gross Premium	8,089.35	8,525.02
2	Net Premium	5,774.78	7,280.02	38,995.97	37,634.46
3	Earned Premium	5,056.28	7,053.34	37,679.08	38,096.05
4	Incurred Claims	3,783.32	6,663.10	33,739.95	32,953.55
5	Incurred Claims Ratio (on earned premium)	74.8%	94.5%	89.5%	86.5%
6	Net Commission	1,047.68	1,546.58	6,105.43	6,370.15
7	Net Commission Percentage (on Net Premium)	18.14%	21.2%	15.7%	16.9%
8	Expenses of Management	67.07	62.72	256.07	216.44
9	Expenses of Management Ratio (on net premium)	1.16%	0.9%	0.7%	0.6%
10	Profit/(Loss) on Exchange	(56.64)	49.08	216.18	(53.33)
11	Premium Deficiency	0.43	0	5.29	0
12	Underwriting Profit/(Loss)	101.16	(1,169.98)	(2,211.46)	(1,497.42)
13	Investment Income	1,598.89	1,780.17	6,401.34	5,392.03
14	Other Income less Outgoings	(505.96)	(38.98)	(756.06)	(226.35)
15	Profit Before Tax	1,194.08	571.21	3,433.82	3,668.26
16	Provision for Taxation	590.71	(180.39)	1209.51	434.68
17	Profit After Tax	603.37	751.60	2,224.31	3,233.58
18	Combined Ratio %			105.9%	104.0%

International and Domestic Business Composition

₹ crore

Gross Premium	Year Ended 31.03.2019	Share (%)	Year Ended 31.03.2018	Share (%)	Growth (%)
Domestic	30,972.21	70. %	29,812.91	71.32 %	3.9%
International	13,265.79	30 %	11,986.46	28.68 %	10.7%
Total	44,238.00	100 %	41,799.37	100 %	6.0%

Breakup of Gross Premium

Gross Premium	Year Ended 31.03.2019 ₹ crore	Year Ended 31.03.2018 ₹ crore	Growth %
A) Fire	10,312.55	9,998.18	3.1
B) Miscellaneous - Total	31,608.53	30,035.32	5.2
Misc – Motor	8,349.68	8,045.55	3.8
Misc – Health	5,147.24	5,294.60	-2.8
Misc – Agriculture	13,289.12	13,139.35	1.1
Misc - Other LOBs	4,822.49	3,555.82	35.6
C) Marine	1,772.82	1,328.16	33.5
Marine – Cargo	744.95	446.30	66.9
Marine – Hull	1,027.87	881.86	16.6
D) Life	544.10	437.71	24.3
Total – A+B+C+D	44,238.00	41,799.37	6.0

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 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 year ended 31 March, 2019 are given below:

- Growth in Consolidated Gross Premium Income of the company was 7.9 % with premium of ₹ 45,611.32 crore in the year ended 31.03.2019 from ₹ 42,271.41 crore in the same period of previous year.

- Investment Income of the group increased by 19.33% to ₹ 6,447.75 crore for the year ended 31.03.2019 as compared to ₹ 5,403.09 crore for the year ended 31.03.2018.
- Consolidated Profit After Tax (PAT) for the year ended 31.03.2019 was ₹ 2,757.57 crore compared to ₹ 3,145.54 crore during same period of last year.
- Incurred claims Ratio increased from 88.8% in the year ended 31.03.2019 to 86.5% in the year ended 31.03.2018.
- Consolidated financials reflect Net Worth of the group (without fair value change account) increased by 5.8 % to ₹ 24,548.09 crore on 31.03.2019 from ₹ 23,203.35 crore on 31.03.2018.
- Growth in Group's net worth (including fair value change account) was 3.65 % at ₹ 54,972.04 crores as against ₹ 53,037.70 crore.

Summary of Revenue and Profit and Loss Account of consolidated financials
₹ crore

SL No	Particulars	Year Ended	Year Ended
		31 March, 2019	31 March, 2018
1	Gross Premium	45,611.32	42,271.41
2	Net Premium	39,390.86	37,723.99
3	Earned Premium	38,250.06	38,200.00
4	Incurred Claims	33,969.58	33,058.23
5	Incurred Claims Ratio (on earned premium)	88.8%	86.5 %
6	Net Commission	6,116.44	6,380.09
7	Net Commission Percentage (on Net Premium)	16%	16.7 %
8	Underwriting Profit/(Loss)	(1,883.45)	(1,534.00)
9	Investment Income	6,447.75	5,403.09
10	Profit Before Tax	3,854.33	3,629.54
11	Taxation	1,215.86	434.92
12	Share of Profit in Associate Companies	119.10	(49.08)
13	Profit After Tax	2,757.57	3,145.54

About General Insurance Corporation of India (GIC Re)

GIC Re has persistently maintained its leadership position in the Indian reinsurance market. It is the largest reinsurer in the domestic reinsurance market in India. It leads many 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. It has offices in London, Dubai, Kuala Lumpur and a representative office in Moscow. In April 2018, syndicate supported by capitalisation by GIC Re became operational at Lloyd's of London. This marks an inflexion point in its history since it will help broaden and diversify its international portfolio.

Based on financial results for 2017-18, GIC Re has emerged 10th largest global reinsurer group based on net premium as per Standard and Poor's. The corporation has featured in the Forbes Global Top Regarded Companies 2018 (ranked 156th), best global employer list (ranked 106th) and as global Growth Champion (ranked 86th).

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 saturation in insurance penetration. The year 2018 witnessed second consecutive year of record catastrophe losses globally. This has resulted in hardening in some geographies based on account experience. Rating agencies have changed the outlook for the reinsurance sector from negative to stable.

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. With government push towards improving insurance coverage and health scheme Aayushman Bharat now operational, GIC Re can be expected to benefit from emerging opportunities in health segment.

IRDAI issued a circular in April 2019 in regard to obligatory cessions to Indian reinsurers for the year 2019-20. The obligatory cessions were maintained at 5% level like for the previous year without any monetary caps.

GIC Re in March 2019 revised premium rates for eight sectors under property class including thermal power plants, textiles, pharma and steel in line with the claims history of this sectors across the domestic market. This resulted in significant increase in premium rates for some sectors and clients, for risks which are ceded to the treaties with GIC Re. The move was aimed at correcting the imbalance between the premium rating and claims history over a number of years. The correction is premised on the loss data (burning cost method) compiled by the industry body the Insurance Information Bureau (IIB).

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 insurers. 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 very 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.