"General Insurance Corporation of India Limited Q1 FY-22 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to the General Insurance Corporation of India Limited Q1 FY22 Earnings Conference Call. As a reminder to all participants, lines will be in the listen-only mode and 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 your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Binay Sarda from Christensen Advisory. Thank you and over to you sir.

Binay Sarda: Thanks, Faizan. Good afternoon to all the participants on the call who are joining Q1 FY22 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 risks, uncertainties, and other factors. It must be viewed in conjunction with our businesses that would cause future result performance or achievements 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 Mr. Devesh Srivastava – Chairman and Managing Director and other top members of the management. We will be starting the call with a brief overview of the quarter gone, post which it will be followed with a Q&A session. With that said I will now handover the call to Mr. Devesh Srivastava. Over to you sir.

Devesh Srivastava: Thank you Binay. Good afternoon everyone. I am pleased to announce the financial performance for the quarter ended 30th June 2021. The underwriting performance was impacted on the back of a challenging external environment. However, we are taking necessary measures to bring down the incurred claims ratio and improve our overall profitability. We continue to focus on bringing a combined ratio near 100 and are hopeful that this will be achieved shortly.

Some of the key highlights of the financial performance is as under; the gross premium income of the company was Rs. 14,289 crores for Q1 FY22 as compared to Rs. 15,881 crores for Q1 FY21. The investment income has increased to Rs. 1794 crores in Q1 FY22 as compared to Rs. 1142 in Q1 FY21. Incurred claims ratio increased to 104% in Q1 FY22 as compared to 94% in Q1 FY21. The combined ratio in Q1 FY22 increased to 123% versus 112% for Q1 FY21. The adjusted combined ratio by taking into consideration the policy holders investment income works out to 112% for Q1 FY22 as compared to 105% in Q1 FY21. The company recorded loss before tax of Rs. 1166 crores in Q1 FY22 as against loss before tax offer Rs. 811 crores in Q1 FY21 and loss after tax of Rs. 771 crores in Q1 FY22 against a net loss of Rs. 557 crores in Q1 FY21. Solvency ratio remains stable at 1.74 as on 30th June 2021. Net worth of the company without fair value change account, increased to the Rs. 21,285 crores on 30/06/2021 as against 19,714 crores as on 30/06/2020. Net worth of the company including fair value change account increased to Rs. 50,673 crores on 30/06/2021 as compared to Rs. 39,071 crores on 30/06/2020.

On the premium breakup, domestic premium for Q1 FY22 is Rs. 10,435 crores and the international book is Rs. 3854 crores. The percentage split is domestic 73% and international 27%. There is a degrowth in the domestic premium by around 12% while the international book has decreased by 3%. It has been our constant endeavor to bring down the combined ratio and better our overall performance. We remain optimistic of achieving this going forward on the back of improving external environment. Having given the highlights now we will open the floor for questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Sanket Godha from Spark Capital.

Sanket Godha: If we exclude COVID losses, both in life and health insurance segment then what is the likely loss ratio we would have reported compared to 104.8? So, in basic simple terms I just wanted to get an understanding of how much was COVID related deterioration in the loss ratio or combine ratio in the current quarter, if you can quantify the number, absolute to this core number it will be useful.

Devesh Srivastava: Sanket, quantification in precise terms would be difficult but what we can tell you is that both the health and life sector, the two sectors you speak about, have had quite an effect of COVID. Also, the fact that being prudent reinsurance we have reserved very conservatively. Health as you we have said always is largely a retail book, doesn't require too much of reinsurance. So much of our health book that comes to us or is in the books of GIC is from the obligatory sessions that we get from our domestic market where we have seen quite a bit of surge from the direct insurance companies in health losses. But on the other hand, and in the same breath I would also want to add that you would also notice that health as a portfolio has grown considerably. Now this is a good sign for us because people have started valuing that insurance as a purchase which is not really the Indian mindset. But COVID has done this for them. That is why health as a portfolio will stabilize as we see going forward on the back of all the vaccination drive that is going forward. Coming to the life sector, again something that has been affected, we have with us our appointed actuary on life Mr. Sharma. Sir, can you come in here please? Mr. Vikas Sharma.

Vikas Sharma: On the life side, the performance has definitely been impacted by COVID-19. We have also provided for additional mortality reserves during the impact of the second wave where we expect most of the debt claims to be concentrated in April-May-June. Because of the late reporting some of the claims do not get reported to us on that date. So, we have provided for it very prudently in our financials. That has definitely led to the loss ratios being on the higher side. And of course, in the short run there'll be some stress that is expected because the impact of COVID-19 will be felt, more severely in the first quarter which we have seen, in the later quarters they are expected to be slightly lesser than this. But the primary reason is the debt claims obviously that we received plus the extra provisions that we have created to take into account some of the strain that we expected is going to be reported in the future.

Sanket Godha: In the financial, you've mentioned that we had made a provisioning of Rs.536 crore - additional IBNR provisioning. This Rs.536 crore, can we safely assume it is largely towards life insurance or if there is a part of health insurance also in this Rs.536 crores?

Vikas Sharma: This Rs.536 is not Life, that would be the non-life segment. So, I wouldn't be able to comment on it. Life, provision is a separate. I mean it works very differently from the non-life sector in terms of its overall working. The approximate provision, you can see somewhere around 300 crores which is already built into our IBNR calculations. That will be over and above what is written for non-life.

Sanket Godha: Can you tell us how much amount of COVID claims you have settled till date under a Life's death claim? And second related question to this is that, given how experienced a bad mortality experience, are you going to see a hardening in the rate in a meaningful manner to recoup the losses what we have experienced right now?

Vikas Sharma: So, in terms of the number of claims that have been reported where the cause of death is specifically COVID, I think the approximate number till date is 140 crores. That is what the number is. But what happens, we also receive a lot of death claims, I mean there has been a general increasing trend in death claims that we have seen in India. Unfortunately, if the cause of death is something else which is fever or let's say respiratory problems, it could be induced due to COVID but we cannot make that conclusion. The COVID death claims specifically is somewhere around 143 crores till date. Sorry, what was your second question?

Sanket Godha: Second question was that given your experience is little high on mortality as compared to what you have assumed whenever you have signed the contract. Do we see that you guys will harden the rates for the sector, so the profitability of the Life might equal the losses what you have experienced right now?

Vikas Sharma: So, yes, the rates have already been hardened in lines of business where there is an immediate possibility to harden the rates which would be let's say book 1-year renewable term business book started it is 1 year term because as soon as it has seen in terms of renewal you have the sensibility to change the rates, so that has already been done. On the individual side where Life Insurance contracts are mostly for 15-20 years and the rates are lost into business which we have already sold, rates can be changed for future new business which is a continuous process and based on our continuous monitoring of the experience, we keep on changing it. But there is obviously a slight difference between long-term contracts and short-term contracts.

Sanket Godha: I understand that. In retail business how much is the rate hike we have taken?

Vikas Sharma: It varies from case to case but….

Sanket Godha: Blended basis?

Vikas Sharma: On blended basis the rates going up by let's say, I'll give a very rough number to it because it does vary based on the profile of the group and the size of the group. But on average you can say it has definitely developed by 4 to 5 times on average. That is what we are seeing right now.

Sanket Godha: You mean to say 400 times.

Vikas Sharma: Yes. That has also, yes, there are cases in which it is lower than this. There are cases in which it is more than this. But this is most standard rate business so where we have freedom to set rates, so the rates have increased but again like I said there is flexibility on both the cedant under reinsurance side to place business with each other, I mean there is complete freedom. These are not guaranteed business.

Sanket Godha: But this is like a onetime event. Or you will sustain it for a longer period.

Vikas Sharma: These rates will be applicable for 1 year in case the cedant decides to place the business with us. These rates would be applicable for 1 year because we are talking about 1 year renewal group term business.

Sanket Godha: My second question was largely because of the slowdown in the crop business because we just wanted to understand the dynamics, last year slowdown was understandable because we have tightened the treaties. In the current year also the crop insurance business almost declined almost by 44% or 45%, around 23%-24%. Just wanted to understand the reason around it, why crop is seeing a declining trend. I also wanted to understand why motor has seen such a sharp jump, any specific reason around it?

Devesh Srivastava: Sanket, not really. The Agri portfolio has largely stabilized. The fact that last year the domestic treaties were on a 3-year basis has largely settled. What is the capacity to be given in the premiums that are to come in.? So, this is more, it could be appearing in figures like that but largely the portfolio is pretty stable now. We continue to give capacity to the market and for the scheme definitely.

Sanket Godha: So basically, we will end up from the full year point of view same amount of business probably what we did it last year. That's the way we should look at it?

Devesh Srivastava: Sanket say that again please.

Sanket Godha: I was asking from the full year point of view how much business we have done in crop given it’s a 3-year contract, we might end up doing a similar amount of business in FY22 form the full year point of view given its quarterly anomaly, from full year point of view still will end up for the same amount of business?

Devesh Srivastava: Yes of course.

Sanket Godha: On motor any reason why it has increased so much?

Devesh Srivastava: Sanket, Motor is also as I said largely for us, it comes in from the domestic portfolio because this is pretty much retail but to have a dependence only on the domestic is not the correct thing. We wanted a diversified basket. We have tried to also explore the foreign markets. So, little amount of premium, good premium has come in from the foreign business also that we write. That is the difference that you would also be observing. Over and above of course since the business itself in India has also grown that is also contributing through it. We have a bit of domestic and some of foreign book.

Moderator: The next question is from the line of Vikas Agarwal from AAA investments.

Vikas Agarwal: The first question was actually on the fire line of business. So it's like very difficult to understand that despite taking 8% to 9% price hike that we had done last year still the combined ratios look very high, even in a quarter like Q1, our domestic combined ratio for fire was around 130. So just trying to understand why the combined ratios in fire continue to be consistently high since the last couple of years despite all the corrected actions that you take both on the domestic and the international side. So just some color on that will be helpful.

Devesh Srivastava: We have also been talking always about the way we got the market back into business by hiking the rates or rather specifying that IIB rates as given by the regulator is what is to be followed by every cedent. That obviously took time to come in and has been shown in the other later quarters and the fire portfolio largely stabilized. The hike that you see currently in the combined is of the hike combined that you see is currently because we have reserved very prudently for the two cyclones that hit the Eastern and the Western coast. So, we have provided amply for that. We have Mr. Satish Bhatt, who is our appointed actuary for non-Life. I request you to throw some more light on the reserving new band for fire portfolio. If you can come in, please.

Sateesh Bhat: Thank you sir. Mainly the two cyclones we had to provide this quarter, that is a Yaas and the Tauktae. That itself is amounting to about 550 odd crores and over a premium base being small in the first quarter that is why the loss ratio for this quarter are seen higher.

Vikas Agarwal: On a full-year basis what is the kind of combined ratio that we expect in fire?

Devesh Srivastava: Vikas, we have taken a lot of steps in the fire portfolio which to us has stabilized largely. Last year if you see the results were quite heartwarming on the back of the IIB rates that we had prescribed. If this year is a benign one, we expect to remain pretty stable in our fire portfolio and you would look at growing it because now that the economy also picking up steam. There will be many opportunities for reinsurance which we intend to harness most definitely and get good business onto our fire portfolio. The growth of the economy will definitely help us a great deal in that.

Vikas Agarwal: Absolutely I agree with that and second your opinion the only point is are we pricing this risk correctly in your opinion because this is something that we've been investors with you for the last 3 or 4 years and this has been recurring. Obviously, there are untoward events that have been happening. I appreciate that but the combined ratio remains consistently high. So I'm just trying to understand that are we taking a wholistic view on pricing and if it is not priced right, is it better to leave that business or part of that business which is making losses for us?

Devesh Srivastava: Vikas it doesn't function like that; you see the meat of reinsurance is the property or the fire portfolio as we call it. So, if you see last year the combine was at around 135 for the fire which has come down to 120 now or 121 for this quarter. Obviously on a year-to-year basis I mean the IIB rates which were introduced in January-February last year due to the lag effect took time coming onto our books. In the first quarter of last year, they were not fully reflected. The decrease in combined you see is now the IIB rates settling in, the increase is also due to the very prudent reserving we have done. Now when you look at our fire portfolio, there that is one portfolio because capacity is limited and globally you have seen so many events taking place that due to shortage of capacity rates have been hiked up. With the growing economy this is definitely going to come to become good in our books. We are very happy in the way and the initiative that we have taken to stabilize the fire portfolio and grow it with a bottom-line focus. That endeavor is continued, and we are very gung-ho on that.

Vikas Agarwal: My second question was on the Agri line of business. There were some news reports recently where in a few states were said to be opting out of that crop insurance scheme that is being run currently. So, could like bit elaborate on that?

Devesh Srivastava: Vikas, there are certain states who thought that the PMFBY model is not really suiting them. These were the states that were perennially having very high claims ratio. They have opted out for something different in their own setup in which there is a certain band in which the insurers come in and pay and then there is a premium refund if they do not achieve that or if the claim ratio is below that. Those are the states that even we were very circumspect about and we continue to be like that. Currently GIC is not supporting these in a very big way apart from a small toe in the water sort of a thing to watch how it goes. We are examining it. Currently the PMFBY has stabilized for us. We are very happy the way the early portfolio has panned out because it was on a very set strategy that we set for ourselves. That strategy has paid us huge amounts of dividend. So good that the way it's progressing but we are very keenly watching the states and the way they are coming up with these new schemes. We will definitely enter these schemes if it makes sense to us and take it forward from there.

Vikas Agarwal: One more question was on the 100% combined ratio target that we set for ourselves. So, any indicative timeline of when we're targeting that and more importantly what is the mix of business that you're looking at going ahead to get through this 100% number?

Devesh Srivastava: Vikas, I think last year we had set some time that we need but this was before the COVID onset or maybe COVID was just a blip on the radar that time, we had set ourselves a goal of about 6 to 8 quarters. We are largely on track there. Maybe it will get pushed by a quarter or two but that is both because of COVID and the impediments it has too because life itself has become a challenge. So that is it. But we are all at GIC Re, pretty much working towards the bottom-line approach and working to better combine as close to 100. We have set for ourselves our internal guidelines. We have also set for ourselves where we want to be quarter-on-quarter and we are following that with dogged determination.

Vikas Agarwal: Also, if you could guide on any product mix differences that we see to get us to this 100%?

Devesh Srivastava: Vikas, largely a re-insurance book at least for GIC especially it is the four biggies are fire, agriculture, motor, and health. This is about (+80%) of our book. So, this portfolio mix is going to continue. Additionally, we are also going to look at our foreign and domestic divide which is something that we are working on because rates internationally have also gone up and an international portfolio for an international reinsurer like us gives us a very healthy balance. We are working on that also and both the places a cautious approach but an approach to balance out our book while looking at the bottom line is what is being worked on and implemented.

Vikas Agarwal: My final question would be on the investment strategy considering the prevailing interest rate scenario and expectation that low interest rates might be a reality for some point in time, how are we adjusting our investing strategy accordingly because I mean if our combined ratio is 100, the real money that we will make on the investment book or the float, right?

Devesh Srivastava: Vikas, your voice faded out for a bit in the initial point what was your earlier point? Just state that again please.

Vikas Agarwal: My point was that if the interest rates scenario continues to remain where it is, a low interest rate scenario then how are we adjusting our investing strategy? Because if our combined ratio is 100 then the money, we'll be making will be of investment income, right?

Devesh Srivastava: Vikas, yes, I mean the whole idea is to get your combined below 100 so that the investment is the icing on the cake. That is a strategy we are working on. Having said that investment provides us with a huge amount of opportunities. We have a book that is assiduously been built up over five decades. We have with us our Chief Investment Officer Ms. Radhika ma'am; can I request you to come in and state a bit about how we are progressing?

Radhika Ravishekar: Mr. Vikas, I am Radhika Ravishekar, the CIO. I would like to say that out of our profit of Rs.1763 crore, nearly 644 crores is on sale of securities. We have a very good book, as our CMD has pointed out and in the lower interest rate scenario, we will always be pushing it to those securities which offer a little more yield. So, we'll have our investments. So, these are out of the total investments, nearly 52 is on our sovereign and AAA rated bonds, we have around 72% of that for portfolios in fixed income securities also.

Vikas Agarwal: So, if I could just ask what is the current proportional of debt and equity in our investment book by market value probably? Do you see that changing anytime soon?

Radhika Ravishekar: Market value for equity is around 41,000, of which 12,000 is book value, so the market value as present stands at around 41,000 and odd, 41,976 and debt of course is around 50,000 and something and around 51,000. So, we definitely have a good mix of debt and equity.

Vikas Agarwal: You don't see that changing materially going ahead?

Radhika Ravishekar: No, very-very materially. We'll continue it because we still get a good investment income from the fixed income securities and also from the equity. We take every opportunity for the fall in market and as well as we come out during excess or overweight positions.

Moderator: The next question is a follow-up question from the line of Sanket Godha from Spark Capital.

Sanket Godha: Just have two questions, one is on we are hearing a lot about global wildfire and floods this time. So, your take on likely impact of it on the overseas book. We know that we are in a good cycle of rate hardening in international books but this rate hardening, what you have seen over last year or so would be good enough for any of these kinds of claims which can come and hit us or any initial comments how on these events which are really frequently happening at the global level?

Devesh Srivastava: Sanket surely, I'll request Mr. Hitesh Joshi to come in please.

Hitesh Joshi: This is very interesting question Sanket, in terms of the development of wildfires in the Western US and the flood events in the Western Europe, this year definitely materially the assessment of underwriters in terms of what we expected. It was around between 15 and 17 that whatever were the expectations of the reinsurance and insurance community which underwent a change. These recent events of US wildfire have more weightage to the sustained increased frequency for coming future. The floods in Europe also materially would impact the underwriter's assessment and the market perception of the climate change. Together with this there is a record flood event in China. All these events are definitely posing a challenge for the reinsurance community in general which has seen pressure on the return to investors during the last 5 years. Since these figures are yet to come in, how will it play out, I think we need to wait for a quarter. I think as the figures crystallized maybe towards the mid -November or end November when the reinsurance and insurance community will be formalizing their strategy for January renewal, I think we will have a better idea as the more data about the exact estimates of these losses in the industry comes in.

Sanket Godha: But are we exposed to any of these areas where these events are happening in a meaningful way which can deteriorate substantially our international loss ratio?

Hitesh Joshi: Since the wildfire events of 15 to 18, we have been extremely careful, and we have been avoiding wildfire because wildfire is a risk which is under modeling development. It is not as established as say flood. It is under kind of development. We would say we are not materially affected by the wildfire of US. As far as European floods are concerned, again we need to assess but impact is less because of our reduced market share during the last 1 year in the European book, European market.

Sanket Godha: Finally, anything you have heard on revision of our rate, rating change with respect to AM Best. Anything you have heard on it. And second thing is just wanted to understand in international book even in June resizing cycle, how the rates, have seen the rate hardening cycle even in the current environment or not in June cycle. Those are my two questions.

Devesh Srivastava: Hitesh bhai can you take up the AMBS please.

Hitesh Joshi: Yes sir. So, we are in dialogue with AMBS and towards the end of this month or maybe next month they will come back with the rating advice as to it requires any change or they are maintaining that we come to know in the next 1 month or so. Dialogue is going on and we are engaging very actively.

Devesh Srivastava: On the June thing see Sanket for us reinsurers that almost 90% of our book is treaty and just about 10% is facultative. Now the treaty season is largely over 1st January for international and 1st April for the domestic market. That leaves us largely with the facultative book where of course, on the back of the international rates prevailing and the truncation of capacity, we are looking at the risks that are coming our way very objectively with both deductibles and rates being negotiated and given appropriately so that we have a good book that we had spoken about earlier also.

Moderator: The next question is a follow-up question from the line of from Vikas Agarwal from AAA Investments.

Vikas Agarwal: One more question that I had was on the pricing discipline in the domestic market. I know we have been speaking sporadically across different business lines about how pricing is becoming a little more conducive. But can you just elaborate on that a little more versus your experience in 4 or 5 years back given that a large number of peers are now listed and having the report results to investors. Do you see any material ease in terms of passing on higher prices?

Devesh Srivastava: Vikas, see pricing I mentioned earlier also to you that the bulk of our book is Fire, Agri, Motor and Health. Now Motor and Health again as stated earlier is largely in obligatory book with not much scope for a reinsurer because these are largely retail and any insurance company will be able to hold it towards book. The Fire and Property, these are the two sectors. Last year according to a very set strategy we worked on the Agri portfolio which has stabilized, has shown the results and we are very happy as I said earlier. On the Property book definitely, the idea is to go with cedents who are not mavericks and are not trying to get into a rate cutting mode. We are looking at the cedents who are going to be with us in long-term partnership and therefore will be good for dividends in the sense, dividend for them as a company and dividends for us as a company as well. So that both of us earn money and it's a win-win situation. We have madam Madhulika Bhaskar who is the director and general manager. She also heads up the Property vertical. Ma'am can just come in here.

Radhika Ravishekar: Can you come back to the question please, its regarding Property, right?

Vikas Agarwal: Just wanted to understand how pricing has moved in Property and whether you are seeing an ease and pass to our Fire prices overall in this quarter?

Radhika Ravishekhar: So, this will be answered by the Property section?

Devesh Srivastava: Yes, Radhika ma'am no, this was intended to be with Madhulika ma'am.

Radhika Ravishekhar: Okay.

Devesh Srivastava: I think ma'am is having some issues with…but it is largely that Vikas. So that was how see the basis of writing reinsurance business is that you have to find your way around. Otherwise, there will never be any dearth of business for us as reinsurers. You see as the world is progressing people are realizing more and more, the risks associated with this business which is the raw material that feeds us. There is never a dearth of business and going forward even more so. As people realize more about the risks that are prevalent that had been escaping their attention. But now with a global village concept you are learning about it every day. You have a CRO in almost every organization which was not the case earlier. Risk-wise we are never short. We have a huge amount of raw material that feeds us. The whole idea of having a healthy book is to find your way around and find your way around profitably and in building long-term relationships with your cedents as well because that is how reinsurance business progresses. I mean if you see the European models, reinsurers who have been on the books of a certain insurance company they would have been there for 20 years-25 years-30 years. It's a very stable panel which doesn't change really. That is how the business progresses because you find your partnership exactly what even GIC intends to do going forward. We will be husbanding our capacity to the ones who deserve it, who have been treating it with the respect it deserves and taking that forward. That is how the strategy of GIC is worked on.

Vikas Agarwal: Is there any update on that Lloyd's collaboration and how that has progressed for us?

Devesh Srivastava: Vikas, the Lloyd's Syndicate was the first one that any Asian country was allowed there. It was really a feather in our cap. It has done exceedingly well. In fact, it has been given a lot of importance by Lloyd's people themselves. It has progressed well. And we are also having a lot of exchanges of intellectual property that comes with it because those are something that those what do you call it the way you, the rating tools that have been developed by them is all available to us. We are making good use of it and it is being a stable relationship that is progressing very well. We are very happy with the way the Syndicate and GIC Bombay are holding and then moving forward.

Moderator: The next question is from the line of Arjun from Spark Capital.

Arjun: My question is just to get a broad sense on the Life Insurance segment. So, we have been seeing our incurred claims of around 1200 crores last year and it's almost 1000 crores this quarter itself but the overall GWP contribution from this line would be around 300 crores a quarterly run rate. I just wanted to understand as a strategy whether it will be going ahead, you will be focusing more on Life to make good the losses from this segment by growing this segment better? Will it become around 7% to 10% contribution in overall GWP? That is one question. With that also you have a price hike for 4x to 5x. So, if you are going for a price hike whether there is appetite in the underlying market to absorb this price hike?

Devesh Srivastava: Arjun if you look at the Life portfolio globally, I mean for with big range for us. It forms a sizable part of their portfolio. Why is that, because Life businesses are much more stable business and that is why reinsurers prefer it because stability is the key for a reinsurer. Exactly in the same manner GIC also set for itself the Life book and we are doing it slowly but surely. Now what has happened in this year, is a one in a century event. I mean pandemics like this don't happen every other day and the Life mortality table is a very well-defined thing because you have a lot of data going into it. That is what provides you the stability. Yes, currently Life is a small portfolio for us, but we intend to grow it because it will provide stability to the GIC book in the long run. As our appointed actually for Life also mentioned that the rates have been going up looking north which gives an opportunity for us to recoup these losses but also build upon the book and get it the required diversification. Also, the fact that Life is also as I spoke about Health earlier Life is also become something that people are now looking at with a great deal of interest. The Life insurance business is growing and that is a good sign for us. For some more detail Vikas sir can I request you to just give a brief overview of the Life book globally and for us in GIC so that Mr. Arjun can have a better understanding of it.

Vikas Sharma: Yes, if you look at even GIC's financials, the proportion of Life Insurance business over the past 2-3 years has gradually been increasing and that is what we would expect going into the future. But one thing also we have to remember is the Life reinsurance market in India is a slightly smaller than the non-Life market. If you look at the total reinsurance premium that is paid by all Life insurers in India combined together, I think that number would work out to somewhere around 4000 to 4500 crores and that market keeps on growing by 15% to 20% every year. Similarly, our share also will always be a proportion to that, and we would not be able to exceed what Life insurers taken together, pay reinsurance premium, sorry, what all Life insurers pay as reinsurance premium in a year. The Life insurance, reinsurance market in India is smaller in size and that is why the growth will also be in proportion to that.

Moderator: Ladies and gentlemen that was the last question. I now hand the conference over to the management for closing comments.

Hitesh Joshi: Thank you sir. As CMD sir mentioned that we have embarked on this journey of underwriting profitability and achieve the combined ratio of below 100 over next six to eight quarters with journey of course is interrupted by the COVID pandemic. But we have embarked and we will continue and we are committed. The global events during last 3-4 years particularly when last 2 years have also impacted our journey in a very major way particularly just a while back, we talked about the wildfires in US, the floods in China this year just now, the last year the European floods. These are the blips or maybe the ride is a bit bumpy. We are actively monitoring the competitive dynamics in the domestic market particularly the Health and Motor. Also, global developments in the context of pandemic and climate change and we are considering all these factors and re-calibrating our response on a continual basis. We remain optimistic and fairly confident about achieving our journey in the timeline indicated by the CMD sir. Thank you.

Moderator: Thank you. Ladies and gentlemen on behalf of General Insurance Corporation of India Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.