



# Chairman's Message



Dear Shareholders,

It gives me immense pleasure to share with you that we have had yet another successful year just on the verge of the onset of the centenary year of your Company's foundation. Your Company had a great year in terms of financial performance vis-à-vis the Industry's performance and had a few prominent achievements and new initiatives taken in the fiscal 2017-18.

Continuing the successful growth story, your Company attained historical highs in terms of Gross Written Premium and Profit after Tax in the last fiscal. Your Company continued a robust premium growth in the FY 2018 in spite of extremely competitive and dynamic business environment. Your Company continues to be the market leader with a market share of 15.06%. It recorded a global premium of Rs. 26,554 crore recording a growth of 15%. The robust growth was observed across all the Regions. Your Company recorded a Profit After Tax of Rs. 2,201 crores. The Net worth of the Company including fair value is Rs. 38,301 crore and the asset base now stands at Rs. 76,904 crore. The solvency ratio of the company continues to be high at 2.58 times. In the first year of listing itself, your Company declared total dividend of Rs.8.75 per share @ 175% on the face value of share. The Board of the Company has also recommended the issue of one bonus share per share of the Company. I take the opportunity to congratulate all the Shareholders on this great performance to mark the beginning of the 100th year of successful operations.

In the last fiscal, Your Company was the leader not only in terms of the overall market share but also across all Lines of Business. Your Company's growth is keeping pace with the Industry growth and the financials continue to grow stronger year on year.

Today, with a strong network of 2472 offices, online portals, various distribution channels, strong sales force and presence in 28 countries, the company has its reach to the customers across geographies and continually is increasing the same. It has not only grown stronger in financials or technology aspect but has done well on the human resource front. Today the Company has a competent workforce of around 18000 employees and has been inducting new employees both in the Executive as well as Clerical cadre. The market dynamics demand skilled workforce for which the company has devised intensive training programmes for the employees. The Company has also been recruiting new agents and securing business from other new intermediaries & business channels too.

The performance of the company was well recognized by country and it received a few prestigious awards during the year. The prominent ones among them were the Dun & Bradstreet India's Leading General Insurance Company (Public) Award 2018, Outlook Money Awards 2017: Health Insurance Award, Outlook Money Awards 2017: Non-Life Insurance Award and the Dalal Street Investment Journal 2017 Roll of Honour for Highest Market Share in Gross Premium of 5 years.



Our Country's economy is doing good. The International Monetary Fund (IMF), in its report, had reaffirmed that India will be the fastest growing major economy in 2018, with a growth rate of 7.4 per cent that rises to 7.8 per cent in 2019 with medium-term prospects remaining positive. Asia continues to be both the fastest-growing region in the world giving thrust to the global economy. Asia contributes more than 60 per cent of global growth and three-quarters of this comes from two major economies i.e. India and China.

This is a very favourable scenario for the General Insurance Industry. The General Insurance industry's growth is directly proportional to the growth of the Gross Domestic Product (GDP) of the country which means an increase in manufacturing, service and infrastructure activities would contribute to growth of the general insurance sector. India has become one of the top priority emerging markets in the global insurance business industry.

However, India's general insurance penetration has been hovering in the range of 0.7-0.8%, much lower than the global average of 2.8% and penetration of between 1.6-1.8% in the Asian economies of China, Malaysia and Thailand. The insurance density too, at USD 13.2 in 2016, is much lower than the global average of around USD 285.

An analysis of various general insurance product lines indicates significant potential for growth across the board as penetration in India is much lower than global benchmarks. As of fiscal 2016, only 34% of Indians have a health insurance policy, either provided by voluntary insurance or government schemes. While retail home loans worth around Rs 14 trillion were outstanding as of March 2017, retail property insurance premiums are not even a fraction of this amount. The scenario is similar when one looks at the corporate-focused lines such as engineering, fire, and marine insurance, with penetration estimated to be less than 1% of industrial GDP.

The low penetration levels indicate great opportunity for growth for the general insurance industry. We have been constantly innovating new products keeping in view the demand of the industry as per customer needs. The customer awareness levels are also very low which needs to be improved for balanced and sustainable growth of the insurance industry. Your Company has constantly focused on the need to increase the insurance penetration and awareness in the country, aiming towards an inclusive growth. It has opened 70 new micro offices during the year to increase its reach to the untouched population. Alternative distribution channels, digital marketing strategy, online portals and increasing number of insurance agents and other intermediaries have greatly helped in increasing the reach to the customers as well as creating insurance awareness among the public.

The Government as well as the Regulator has also taken many pro-industry initiatives. The Government's introduction of the RERA Act, Aayushman Bharat Yojana, Mudra Yojana, Saubhagya Scheme, Udaan Scheme, etc have all given a boost to the Industry. The amendment of the Motor Vehicles Act which introduces strong penalties for road traffic rule violations, Improvement in issuing licenses, registration process for new vehicles, etc is also viewed as a very good move for the Motor Line of business. There have also been several positive regulatory changes introduced by the regulator that has made the business environment conducive for growth. IRDAI has introduced various pro-industry regulations and guidelines in the recent past. Motor Insurance Service provider guidelines issued by IRDAI will greatly help the industry in regulating the motor insurance business sourced through motor dealers.

Your Company has been a major participant in implementing the government sponsored schemes. We have actively participated in various schemes of the Government of India viz PMFBY, many state Government sponsored schemes, etc. Crop insurance has grown significantly in the last fiscal and accounted for nearly 16% of the overall industry premium in the FY 2017-18. We also see a greater role in the proposed National Health Protection Scheme.

In the last fiscal, New India issued 29.7 million policies and processed 4.9 million claims. We have initiated steps for speedier settlement of claims as well as to make the claim settlements hassle free. We have also taken few initiatives in the direction of Enterprise Risk Management and Information technology viz introduction of Desktop Management System Pan-India basis and Aadhar authentication for Employees.

Your Company continue on its domestic as well as Global expansion plans. There were 70 new domestic offices opened during the year and few offices were upgraded too. The company has already obtained license to operate in Dubai Financial Centre. We are also in the process of registering with Qatar Financial Centre, Doha. As of now nearly 15 % of New India's business comes from the international market.

The rising income, surge in the middle class, young population with increased disposable incomes, inflation under control, are the factors that will induce rapid growth in the insurance business. With economic growth gradually picking up and increase in the manufacturing, services and infrastructure activities, we expect the growth trajectory of the general insurance sector as well as the Company to remain strong in the next few years.

We have a very clear future strategy of premium growth with profitability. Your Company is adequately capitalized and have a comfortable solvency margin, much above the mandatory level of 1.5. We intend to bring down the Incurred Claim Ratio and Combined ratio gradually year by year till we reach the desired level in order to ensure profitability along with a growth rate keeping in the line with the growing market. We aim to retain our leadership position in the market as well as in all lines of business.

I wish to thank all the Stakeholders, Board of Directors, Customers, Associates, Intermediaries and all New Indians for their continued support and co-operation in taking the Company to greater heights.

**G. Srinivasan**