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Only 1 of 22 non-life insurers makes underwriting profits

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Mumbai: The insurance regulator's proposal to force companies to list might have come at an inopportune time for non-life companies. As many as 21 out of the 22 non-life insurers continue to lose money in the main insurance business. Bajaj Allianz General Insurance has emerged as the only non-life company to make underwriting profits among the 22.

The JV between Bajaj Finserv and German insurer Allianz also tops the list of private insurers in terms of net profits with post-tax earnings of Rs 564 crore. It also ranks No. 2 in terms of premium income and has the highest return on equity at 20.2%.

Typically, companies make underwriting losses as they cut rates to grow business.

But Bajaj Allianz has turned out to be an outlier. "In the last five years, we have grown our premium at a compounded annual growth

BAJAJ ALLIANZ COMES OUT ON TOP

Insurer	Profit* (₹ cr)	Combined Operating Ratio* (%)
Bajaj Allianz GIC	544	99
ICICI Lombard	507	107
New India	829	119
United India Ins	221	120
Oriental	300	124
National Ins	149	138

Source: Cos

All figures for FY16

rate of 65%. This shows that there is no trade-off between growth and underwriting profits," said Tapan Singhel, MD & CEO, Bajaj Allianz.

To improve governance, the Insurance Regulatory and Development Authority of India (IRDAI) has proposed mandatory listing for insurance companies after a decade of operations. There are 16 life insurers, 12 non-life companies, one health insurer and two specialised insurance companies which have been around for more than a decade.

While companies have reached maturity, underwri-

ting profits are yet to emerge for most of them. The high level of underwriting losses could be a damper for investors, although companies report net profits because of the investment income earned from their reserves.

According to IRDAI officials, there is no restriction on companies making underwriting losses from going public. However, the regulator would like to see businesses stand on their own without depending on investment income. They add that listing might help improve underwriting discipline in companies.