

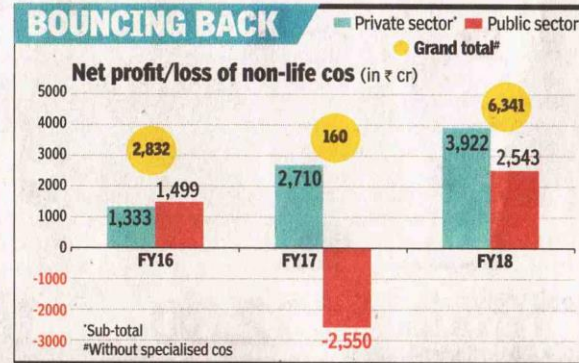
IPOs push non-life cos out of red

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Mumbai: The non-life industry has reported a remarkable turnaround with net profits of ₹6,341 crore for the year ended March 2018 as against ₹160 crore in the previous year. The turnaround is despite the Kolkata-based National Insurance Company reporting a record loss of ₹2,171 crore.

The huge loss by National notwithstanding, state-owned insurers reported a net profit of ₹2,543 crore for FY19 as compared to a loss of ₹2,550 crore in FY17. One of the reasons for improvement in profits appears to be the promoters' decision to list the companies. During the year, the largest public sector insurer New India Assurance and the largest private insurer ICICI Lombard General Insurance got listed on the stock exchanges following an initial public offer.

Bajaj Allianz General Insu-



rance (BAGIC) continues to be the only insurance company to report underwriting profits in the non-life industry. The company has maintained its combined ratio at 92.3% in 2017-18 as against 96.8% in 2016-17 — the lowest in the general insurance industry. The combined ratio is the percentage of the total premium income to cost of incurred claims and management expenditure.

The company's MD & CEO Tapan Singhel said, "In FY18, there has not been any major catastrophic event. Also, prices were better for some business like fire. And group mediclaim business saw an improvement in margins too. This year, there has been a softening of prices." In FY18, BAGIC posted the highest underwriting profit of ₹293 crore as compared to ₹64 crore in 2016-

17. According to Singhel, BAGIC has managed to beat the trend because of its focus on retaining underwriting margins. "We believe that customers should come to us because they see value — we do not play the price game," said Singhel.

The improvement in the performance of the public sector was driven by New India Assurance, which doubled its net profit to ₹2,201 crore from ₹1,008 crore in FY17. The other two public sector insurers Oriental Insurance and United India also reported net profits of ₹1,003 crore and ₹1,510 crore in FY18 as against losses of ₹1,912 and ₹1,691 crore in FY17. The improved profits were on the back of better underwriting results (difference between the premium collected and claims incurred). National's underwriting losses, however, worsened from ₹3,680 crore to ₹5,600 crore in FY19.