

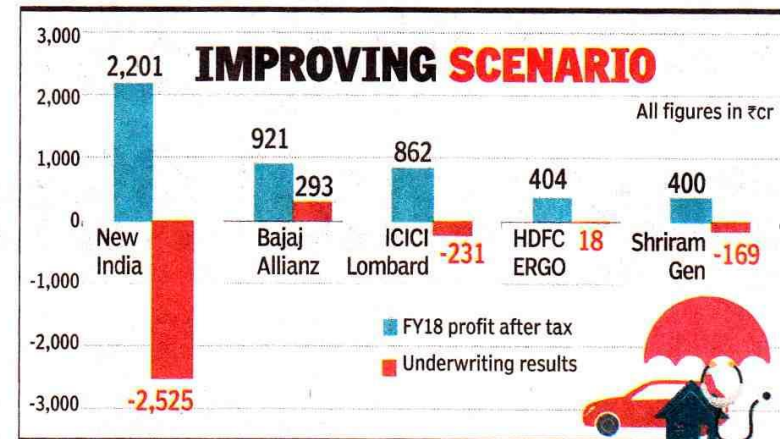
With no disasters, non-life cos see higher margins

Three Insurers Report Underwriting Profits

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Mumbai: In a pointer to improved margins in the general insurance industry, three non-life companies have reported underwriting profits as against only one last year. Underwriting losses—excess of claims paid over premium—have narrowed for most companies, indicating that prices have firmed up for corporate insurance space. Industry numbers for FY18 show that Bajaj Allianz continues to be the most profitable general insurer and has improved margins further.

According to data released by non-life companies in their public disclosures, three have generated underwriting profits—Bajaj Allianz General Insurance (Rs 293 crore), Universal Sampo (Rs 290 crore) and SBI General (Rs 94 crore). Bajaj Allianz is also the most profitable non-life company in the private sector with a net profit of Rs 921 crore—an increase of 26% over the net profit in the



previous year.

Bajaj Allianz General Insurance MD & CEO Tapan Singhel said, "Last year, the industry had no major catastrophe. This has an impact of 5-6% on the overall margins. In the past, we have seen floods cause widespread losses on motor portfolio." Another factor that has improved bottom lines, according to Singhel, was the listing of insurance companies, which has shifted focus to margins. The companies that listed in FY18 are New India Assurance, ICICI Lombard and national reinsurer GIC Re.

However, the non-life industry is extremely cyclical and improved margins often lead to more aggression for market share, which leads to pricing coming under pressure. "We have already seen prices coming under pressure during April renewals," said Singhel.

The largest private non-life company ICICI Lombard General Insurance reported a profit of Rs 862 crore—an increase of 22% over previous year. The company has also narrowed its underwriting loss to Rs 231 crore from Rs 318 crore in FY17.