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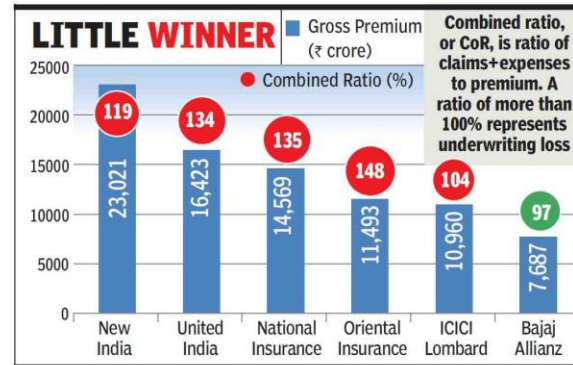
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Bajaj Allianz only non-life insurer to make profits from underwriting

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Mumbai: Bajaj Allianz continues to be the only company to report an underwriting profit during FY17 with all other companies paying out more by way of claims than they earn as premium. The company has also emerged as the most profitable private general insurer. The underwriting results refer to the income from the primary business of insurance. Despite 20 of 21 general insurers reporting underwriting losses, 16 companies still reported a net profit due to investment income.

Most insurers say that given the relatively higher returns in fixed-income investments in India, companies can function with a marginal underwriting loss. Non-life companies have an opportunity



to earn from the substantial reserves they are required to maintain. Non-life companies at any time have substantial reserves as they are required to collect premium upfront and they pay claims over a period of time.

Another parameter used

for measuring the efficiency of a company is the combined ratio (CoR). This is the ratio of claims plus operating expenses to the total premium income. For Bajaj Allianz, the combined ratio is 96.8% as against 121.3% for the industry. The industry ratio is dragged down

by public sector companies and smaller general insurance companies. Oriental Insurance in the public sector has the highest ratio of 148%, while Liberty Videocon and Kotak Mahindra in the private sector have a ratio of 146%.

Bajaj Allianz General Insurance MD & CEO Tapan Singhel said, "We are a strong retail company. Margins are better in retail if you do it sensibly. We focus on the customer so that he or she is ready to pay the right price." According to Singhel, there is no business segment that the company keeps out of in order to avoid underwriting losses. "Our market share in motor, health and crop insurance is in line with our overall market share of 7%. We even do group health insurance business," said Singhel.