

Press Release

GIC Re announces Financial Performance for the Quarter Ended June 30, 2018

GIC Re records growth of 9.3% in quarterly premium y-o-y

Profit After tax jumps by 97.7% to INR 771.42 Crore

Combined ratio maintained at 99.9%

Net Worth increases by 21.6%

Return on Equity is 13.8% (annualized)

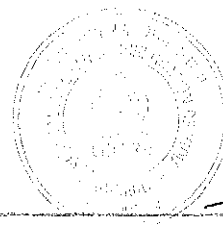
Mumbai, July 30, 2018: GIC Re announced financial performance for the Quarter Ended June 30, 2018 at a board meeting of company held in Mumbai today.

- Growth in Gross Premium Income of the company was 9.3 % with premium of ₹18,791.45 crore for the current quarter ended 30.06.2018 from ₹ 17,194.76 crore in the previous quarter ended 30.06.2017.
- The company has shown a remarkable growth in Profit before tax of ₹1,029.74 crore in first quarter FY 2018-19 against ₹391.37 crore in first quarter FY 2017-18.
- Underwriting Loss is reduced to Rs.96.37 crore in 1 Q 2018-19 as against Rs.658.47 crore in 1 Q 2017-18.
- Investment Income for the quarter ended 30.06.2018 was ₹ 1,111.31 crore for the year ended 30.06.2018 as compared to ₹ 1163.02 crore for the quarter ended 30.06.2017.
- Profit After Tax (PAT) for the quarter ended 30.06.2018 was INR ₹ 771.42 crore compared to ₹ 390.11 crore for the previous quarter ended 30.06.2017.
- Combined Ratio is 99.9 % for the quarter ended 30.06.2018 as compared to 99.7% for the quarter ended 30.06.2017.
- Net Worth of the company (without fair value change account) increased by 21.6% to ₹ 22,297.66 crore on 30.06.2018 from ₹ 18,336.91 crore on 30.06.2017.
- Growth in net worth (including fair value change account) was 3.86 % at INR 52,254.06 crore on 30.06.2018 as against INR 50,309.62 crore as on 30.06.2017.
- Return on Equity (ROE)(unannualized), is 3.5% in the quarter ended 30.06.2018 compared to 2.1% in the quarter ended 30.06.2017.
- Solvency Ratio of 1.77 as on 30th June 2018, which is above the minimum required Solvency Ratio of 1.50.
- Total Assets increased by 15 % from ₹1,05,823.99 crore as on 30.06.2017 to ₹ 121,747.89 crore as on 30.06.2018.
- EPS increase from Rs.4.54 for the quarter ended 30.06.2017 to Rs.8.79 for the quarter ended 30.06.2018.

Summary of Revenue and Profit and Loss Account

(₹ crore)

SL No	Particulars	Three Months Ended			Year Ended	
		30 June, 2018	31 March, 2018	30 June, 2017	31 March, 2018	31 March, 2017
1	Gross Premium	18,791.45	8,525.02	17,194.76	41,799.37	33,585.44
2	Net Premium	17,321.66	7,280.02	17,011.42	37,634.46	30,174.56
3	Earned Premium	14,584.27	7,053.34	12,777.65	38,096.05	26,714.90
4	Incurred Claims	12,884.21	6,663.10	10,707.70	32,953.55	21,646.41
5	Incurred Claims Ratio (on earned premium)	88.3%	94.5%	83.8%	86.5%	81.0%
6	Net Commission	1,937.51	1,546.58	2,652.71	6,370.15	5,404.40
7	Net Commission Percentage (on Net Premium)	11.2%	21.2%	15.6%	16.9%	17.9%
8	Expenses of Management	57.62	62.72	52.91	216.44	239.73
9	Expenses of Management Ratio (on net premium)	0.3%	0.9%	0.3%	0.6%	0.8%
10	Profit/(Loss) on Exchange	207.74	49.08	(22.80)	(53.33)	(30.83)
11	Premium Deficiency	9.04				
12	Underwriting Profit/(Loss)	(96.37)	(1,169.98)	(658.47)	(1,497.42)	(606.47)
13	Investment Income	1110.53	1,780.17	1,162.41	5,392.03	4,584.35
14	Other Income less Outgoings	15.58	(38.98)	(112.57)	(226.35)	(354.02)
15	Profit Before Tax	1029.74	571.21	391.37	3,668.26	3,623.86
16	Provision for Taxation	258.32	(180.39)	1.26	434.68	496.19
17	Profit After Tax	771.42	751.60	390.11	3,233.58	3,127.67
18	Combined Ratio %	99.9%		99.7%	104.0%	99.7%



[Handwritten Signature]

Financial Data

₹ crore

Particulars	Quarter Ended 30.06.2018	Quarter Ended 30.06.2017	Growth %	FY 2017-18
GDPI	18,791.45	17,194.76	9.3%	41,799.37
Profit After Tax (PAT)	771.42	390.11	97.7%	3,233.58
Return on Equity (ROE)* (unannualised)	3.5%	2.1%	66.7%	15.02%
Combined ratio (%)	99.9	99.7	0.2%	104.0
Solvency Ratio (times)	1.77	1.76	-	1.79

International and Domestic Business Composition

₹ crore

Gross Premium	Quarter Ended 30.06.2018	Share (%)	Quarter Ended 30.06.2017	Share (%)	Growth (%)	FY 2017-18
Domestic	15823.51	84.21	14320.38	83.28	10.5%	29,812.91
International	2967.94	15.79	2874.38	16.72	3.25%	11,986.46
Total	18791.45	100 %	17194.76	100 %	9.3%	41799.37

Breakup of Gross Premium

Gross Premium	Quarter Ended 30.06.2018 ₹ crore	Quarter Ended 30.06.2017 ₹ crore	Growth %
A) Fire	2645.83	2576.06	2.7%
B) Miscellaneous - Total	15568.62	14006.39	11.2%
Misc – Motor	2036.33	1747.11	16.6%
Misc – Health	1404.02	1353.75	3.7%
Misc – Agriculture	10696.27	9925.21	7.8%
Misc - Other LOBs	1432.00	980.33	46.1%
C) Marine	418.43	444.36	-5.8%
Marine – Cargo	155.47	135.55	14.7%
Marine – Hull	262.96	308.81	-14.9%
D) Life	158.57	167.94	-5.8%
Total – A+B+C+D	18791.45	17194.76	9.3%

Note:

Combined Ratio = (Net incurred claims/ Net earned premium) + (Management expenses + Commission on reinsurance)/ Net written premium

Net Commission = Commission paid on reinsurance accepted - Commission on reinsurance ceded.

About General Insurance Corporation of India (GIC Re)

GIC Re has persistently maintained its leadership position in the Indian reinsurance market. It is the largest reinsurer in the domestic reinsurance market in India. It leads many of the domestic companies' treaty programmes and facultative placements. While foreign reinsurers have opened branch operations in India since early 2017, GIC Re is expected to maintain its market leadership and market share.

Internationally, GIC Re is an effective reinsurance partner for the Afro-Asian region, leading the reinsurance programmes of several insurance companies in Middle East and North Africa, and Asia including SAARC countries. While official confirmation is awaited, it is expected that GIC Re was 10th largest global reinsurer group based on figures for 2017-18. It has offices in London, Dubai, Kuala Lumpur and a representative office in Moscow. In April 2018, syndicate supported by capitalisation by GIC Re became operational at Lloyd's of London. This marks an inflexion point in its history since it will help broaden and diversify its international portfolio.

The global economic environment is a key driver for insurance markets. Worldwide, insurance premiums are expected to grow at about 3% in next couple of years. A major growth engine for this sector will be the emerging markets, with their economic growth significantly higher than global average. In contrast, premium development in industrialised countries is characterised by lower economic growth and saturation in insurance penetration. The year 2017 witnessed record catastrophe losses globally significantly denting the underwriting performance of insurers and reinsurers who had exposures to these catastrophe events. Following this, there is some hardening of pricing.

The general insurance business in India continues to grow at a healthy rate. Penetration remains low at under 1%, and this is an area of great opportunity. Spurred by Government initiatives such as PMFBY, crop insurance is the third largest line of non-life insurance business after motor and health insurance. With government push towards improving insurance coverage and health scheme Aayushman Bharat on the anvil, GIC Re can be expected to benefit from emerging opportunities in health segment.

Listing of general insurers will bring greater bottom-line focus in the market. Consolidation of public sector companies as envisaged by the government should further improve the pricing discipline in the market.

GIC Re maintains a diversified risk portfolio that includes property, motor, agriculture, marine, engineering, aviation, health, liability. Reinsurance premiums are expected to touch ₹ 70,000 crore by 2022. Its dominance of the Indian market stems from a long-term and broad-based relationship with the Indian market. This is supported by continued obligatory cessions and order of preference. Its strength lies in its geographical and business diversification, long term relationships, prudent risk selection and effective exposure management. Its investment portfolio is also well diversified, with effective asset-liability management. Quite importantly for business that runs on human talent, GIC Re has the right talent pool with a low attrition rate.

GIC benchmarks its performance against the best-in-class global players. With the competitive advantage that it enjoys and with a domestic market growth momentum, on the strength of its balance sheet size and customer servicing, it can be expected to further strengthen its position globally.

Disclaimer: Certain statements in this document that are not historical facts are forward looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local, political or economic developments, technological risks, and many other factors. That could cause actual results to differ materially from those contemplated by the relevant forward-looking statements. GIC Re will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.