



Opinion Poll

Would You Buy The New Life Insurance Products Launched Since Jan 1 ?

- Yes
- No
- No Opinion

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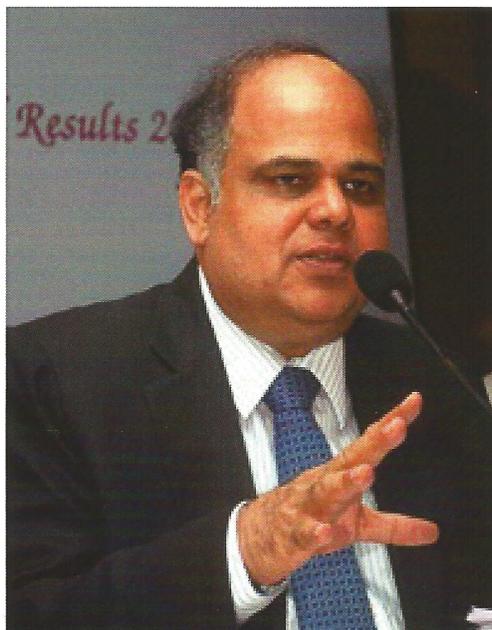
News

Headline : New India Assurance profit at Rs. 701 crores, up 36% in Apr-Dec period

News Date : Feb 05, 2014

Source : AIP News Service

NIA's Combined ratio came down to 120% at the end of December 2013 from 122% recorded in the corresponding period



India's largest non-life insurance company, New India Assurance (NIA) docked a net profit of Rs 701 crores, up 36% in the first nine of the current fiscal. The state-run insurer's net profit in the corresponding period last year stood at Rs 517 crore. Announcing the first nine months performance of the company, G. Grinivasan, CMD, said, "NIA's global premium grew by 15% to touch Rs 10,255 crores during the first nine months of the fiscal."

"Our target for the entire global operation is Rs 15,000 crore for the current year. We are on the right track but it is not a easy job...It is a challenging task considering the slight slowdown we are seeing in the Indian economy," he said.

The Indian business of NIA increased by 16% to reach Rs 8337 crores during the same period. The company has been able to increase its market share for the year. The company has a business mix of 65 % corporate and 35% of retail portfolio..

" Going forward, we expect growth in retail portfolios like motor and health. Corporate portfolio growth depends upon the picking up of the Indian economy," said Srinivasan.

Srinivasan expected a rise in the TP motor rate with the approval of insurance regulator Irda as the claim ratio in the portfolio at 130% has remained high

"Our actuarial calculation makes a case for 40% hike in TP motor portfolio," he said.

However he said there is an overall softening bias in other segments.

"International reinsurer which are facing the problem of softening prices because of excess capital in the global reinsurance industry are expected to provide larger capacity to the Indian market at a cheaper rate," he said.

Accelerated claims settlements and underwriting caution, saw the incurred claims of the company during the reporting period coming down to 86% from the previous year's 89%. The operating expenses ratio also came down marginally to 23.65% from 23.82% during the period .

Company which has paid Rs 1600 crore as claims during the reporting period has seen its combined ratio coming down to 120% at the end of December 2013 from 122% recorded in the corresponding period..

"Our target is to get it to the level of 108% and 110% in next three years, so that we will be making underwriting profit," he said.

NIA's investment income went up by 14% to Rs 2344 cr during the first nine month as against Rs 2055 cr for the corresponding period of previous year.

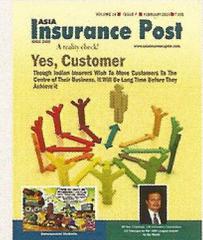
The market value of the investments rose to Rs 27,088 crores in the reporting period from Rs 35296 crores for the same period earlier year.

The operating expense ratio came down marginally to 23.65% from 23.82%.

The net worth of the company rose to Rs 8486 crores in the reporting period from Rs 7601 crores as on 31st December, 2012.

During 2013-14, company plans to recruit 500 Officers and 1600 assistants to augment its manpower required for expansion.

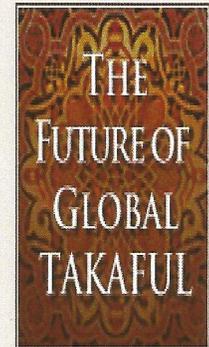
The company has completed its financial inclusion drive of opening large number of micro offices in Tier 3 and Tier 4 towns announced by the union finance minister in the Budget. The company has opened more than 700 such micro offices during the current financial year.



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"Each of these micro offices are doing business ranging between Rs 20 lakh to Rs 2 crore and beyond that we are upgrading as branches. We have upgraded 25 to 30 micro offices as branch offices," said Srinivasan. On the proposed Oil Pool to facilitate insurance cover for the oil import from Iran, he said that it may not be required now after sanction conditions imposed due to Iran's nuclear programme have been relaxed by US and NIA continues to provide cover to both hull and cargo from Iran with explicit mention of sanction clause in the policy. The company has also been focusing on settlement of motor third party claims through conciliation by settling more than 22,000 claims in the first 9 months. The company had settled about 13000 claims in the Mega Lok Adalat held in November, 2013.

While the company is the market leader in corporate segment, it has robust strategies to foray into retail insurance. The company has plans to recruit about 20000 agents during the year.

Its robust IT Platform provides portals to Customers, agents, Motor vehicle dealers, Vehicle OEMs, B2 B connections. Company has exclusive tie up with Akshya, the E Governance mission of Govt of Kerala to issue policies through the VLE outlets. Company has also tied up with CSC SPV, of Govt of India to provide Insurance policies through country wide Common Service centers.

