

• Interview **G Srinivasan**

New India lays out a plan: Pushing new products, portals, micro offices

New India Assurance Company Limited on Wednesday reported strong half yearly numbers with PAT more than doubling to Rs.205 crore. But away from the numbers, Chairman & Managing Director G Srinivasan sat down in an interview with Business Editor Jagdish Rattanani to explain how and why the largest company in insurance is working to build new products, portals and go to rural markets.

The numbers looked excellent. What has been happening in the business behind the scenes?

Premium has gone up substantially and we grew by about 17 per cent. Growth has been in India as well as abroad. In terms of claims, the incurred loss ratio has marginally gone up but our management expense ratio came down substantially, and the commission ratio also dropped marginally. Our investment income went up, so as a result of all this, PAT grew by almost 115 per cent and our net worth today is more than Rs.7,000 crore, which is the highest in the Indian market. We have a huge investment in equity, so the investment base is also Rs.35,000 crore, which is the highest in the market. That way we continue to be the strongest company in India and we've maintained this leadership for many decades.

How do you see the rest of the year poised form here on in the current market conditions?

In terms of growth, the general insurance industry will continue to grow. So I see the topline growing significantly in the remaining part of the current year. We will reach the figure of

Rs.12,000 crores. In terms of the bottom line, I see improvements basically because the rates are improving and also various steps taken towards claims management are paying dividends. So I expect the profits figure to also grow. We will reach a decent figure by the end of the current year.

How has the company, and PSUs in general, fared in a market with so many private sector players now well established? Is there a feeling at all that the PSUs may lack some aggression seen from others?

When the industry was opened up in 2001 and you go upto 2006, the PSUs lost almost 40 to 42 per cent of the market share. But since then, we have been able to maintain our position despite so many new companies coming. Today there are 27 companies, so we have over 20 private sector players and even in that, the PSU companies have maintained their position. We have seen a lot of customers who went out in the initial phase of opening up now return to us. There is a lot of trust, a lot of confidence and in terms of major customers, we have the capacity to

provide cover, so there are a lot of strengths which help us in maintaining our position.

Trust has been a strength but the service aspect has been lagging...

Our service has improved a lot but I still feel there is a lot of scope for improvement. First, we need to come out with more innovative products, second is to improve our claims service mechanism. We need to simplify our procedures and systems. We have formed back office hubs which have substantially improved the turnaround time for settlement of claims.

Our average time for claim settlement was 56 days two years back; today it is 35 days. So it has come down substantially but I agree there is scope for improvement and that's the message we are sending out to our officers - we need to improve our customer service. That is a focus area for me and definitely New India will continue to improve.

A whole new base of customers has come up, given the rise in the number of vehicles and the increased awareness on health...



Our growth is coming from retail and personal lines and automobile, health, household...these are the new lines which are developing. Individuals are feeling it necessary to take policies now and our growth has come from these lines. We are doing well in the new lines which are quite popular today.

So the growing base of young takes it the question to online...why are you not particularly active online?

We are very close to doing it. We already have some online portals. A few products are there. We went

through the Core Insurance Solution, which was about a year back, so we are almost stabilised now and we are now going ahead with the portals. You will see large activity from New India on the portal in the next three to six months...many of our products, especially on personal lines, will be on the portals. We will also enable renewals on the portal. You will certainly see a lot of technological initiatives from New India in the coming months.

Because the power of just logging on to buy or renew instantly is unbeatable, isn't it?

That's what the current youngsters like. I agree with you that we were not fully leveraged on the portals but now we are in a position to leverage that strength in a short time.

As you prepare to add new products, can you comment on the balance between more variety and complexity of products...Some products add to the number of products on offer but are not understood well.

I fully agree with you. Too many products will confuse the customer. Also in a market where the awareness is not high, too many prod-

ucts could be an issue. But there are certain needs which have not been tapped by the market, especially in health and also in motor. Top up policies, policies with huge benefits, policies which are useful to the common man. We need products suited to different segments of the population. I think today we don't have that kind of product variety, so we are coming out with newer products in the next three to four months. Motor is another area where lot of innovations are possible. We are working on them. Product development is very important in today's market.

Briefly can you touch on health and the poor claims ratio from your side and rising costs from the side of the insured...

The problem today is not that we like to charge higher. The problem is we are losing money and if health insurance has to be developed aggressively, it has to be viable to insurance companies. The problem is health costs are increasing every year by 10-5 per cent and added to that we have abuse of the system. We have hospitals charging huge amounts...so this being the case, on the one

hand, we can control claims, which we are trying and on the other hand we have to bring prices in line. We don't want to make huge profits but we have to break even in the segments. The solution lies in providers probably reducing their rates. I don't know how far this is feasible but that's the only way this can be brought down.

But then the industry has to lead with a credible solution on how this can be done...the last time, it went into a crisis and a battle with hospitals.

But that was the only way we could engage with them. Otherwise we were not taken really seriously. There was this sense that either you take it or leave it. So I think for the first time we could bring to the table all the stakeholders and the regulator was also involved and I think it is necessary for all of us - the insurers, the TPAs, the service providers to be on the same table to ensure that the customer gets a good deal.

Do you feel somehow that the medical profession has been irresponsible?

I don't want to generalise...I don't want to use strong words. There are some among the hospitals who are obviously not following all good practices. Initially, there was a lot of opposition to what we were saying but now most of them have accepted the rates being suggested and so cashless procedures are working well.

As the country develops and becomes a much more stronger economic power, health will continue to be an issue and we need to find solutions.

In group insurance, have the groups really expanded?

In group insurance, we also look for some basis for

groups. So employer-employee is a very natural group. Then we are now giving policies to CAs as a group. We have given them some special terms and conditions. So we can form new groups but there must be some relationship because it should not result in multi-level marketing, like groups getting formed only for the sake of insurance. That leads to a lot of unethical practices but natural groups we are keen on.

What do you see as your long term trajectory and what do you aspire to have?

New India today is the largest company. I want it to be not only the largest but also the best insurance company. So I would like the company to focus on customer service. We should be known for having good products, giving good service to the customers in times of need - that's my first priority. The second priority is to reach an underwriting break even so we don't make underwriting losses. The third is to take the message of insurance to the people of this country. That's the greatest need of any insurance company in this market. So New India will play a very important role in the days to come as it has done in the last 94 years of its existence.

You also have a role in micro insurance...

This role is growing. We need presence in the rural markets. None of the insurance companies are present in villages, so we are looking at alternative models, like opening one-man micro offices. I said 300 more offices will open this fiscal to add to the 264 that we already have. That's a major drive in the next six months. The second is to use business correspondents of the banks and let them sell banking as well as insurance products.

Tata Housing raises Rs 65 cr from PE firm to fund project

This is the first private equity funding in Tata's housing projects

New Delhi

Tata Group's realty firm Tata Housing Development Company on Thursday said US-based Portman Holdings has invested about Rs.65 cr in its luxury housing project in Bengaluru for a minority stake.

The company said this is the first private equity funding in its housing projects.

"Tata Housing has raised equity in Promont (project name), which is valued at Rs.240 cr, from Portman Holdings...for a minority stake in the project," Tata Housing, a wholly-owned subsidiary of Tata

Sons, said.

Atlanta-based Portman Holdings is a real estate development, investment and management company. Yes Bank was the financial advisor on this transaction.

Tata Housing spokesperson said, "We have raised about Rs.60-65 cr as private equity in our Bangalore project for a minority stake of about 25%. The project has been valued at Rs.240 cr."

The company would develop 400 units in the first phase and about 150 villas in the second phase. The price range of units is Rs.1.5-3 cr, while villas at over Rs.5 cr. The total project cost is

Rs.650 cr to be invested over the next five years, he added.

According to media reports, Portman has invested in approximately 3 million sq. ft. of property and continues to seek opportunities within the Indian real estate market. It has been investing in India since 2009.

Commenting on the deal, Tata Housing Managing Director and CEO Brotin Banerjee said, "Portman Holdings clearly recognises the opportunity for long-term and sustained growth in the Indian housing market. Their investment represents a huge endorsement for The Promont as an outstanding project."

Tata Housing has 60 million sq ft under various

stages of planning and execution and an additional 19 million sq ft in the pipeline. It is offering products ranging from Rs.5 lakh to Rs.14 cr.

The company has presence in Maharashtra, Gujarat, Goa, Gurgaon, Chandigarh, Bengaluru, Chennai, Kolkata and Bhubaneswar. It plans to expand presence across tier I and II cities. Tata Housing has also ventured into foreign markets such as Maldives and is actively exploring other markets including Sri Lanka and other South Asian countries.

Portman Holdings has raised and deployed over \$6 bn and developed over 50 million sq ft of premium real estate globally. In India, the group has invested in about 3 million sq ft of property so far.

-PTI

VLCC buys Wyann Intl

New Delhi

Wellness and beauty company VLCC on Thursday said it has acquired a majority stake in Malaysia-based Wyann International for an undisclosed sum. Kuala Lumpur-based Wyann International owns and operates a chain of 22 slimming and beauty outlets across Malaysia offering specialist services and innovative products through its established Bizzy Body, Facial First and masculine brands.

"We are very excited by this opportunity, which is not only significant as our first step beyond South Asia and the Middle East but also as our first move to grow through acquisition," VLCC Group Chairman Mukesh Luthra said. This is an excellent spring board for the company to expand in South East Asia.

BSE Brokers' Forum signs deal with Hong Kong securities body

Mumbai

The BSE Brokers' forum on Thursday signed an MoU with the Hong Kong Securities Association (HKSA) for exchange of information and growth of overall securities market.

The main objectives of the MoU are to "establish channels for exchange of information regarding topics related to laws and regulations in securities industry, development of efficient practices and mechanisms, international clearance and settlement procedures, self-regulatory function and investor education", BSE Brokers' Forum said.

"This step brings the two Asian broking associations together for the growth of overall securities markets. Such a tie-up would highlight the concerns of the



Siddharth Shah, Chairman, BSE Brokers' Forum; Brain Fung, Chairman, Hong Kong Securities Association and Ashishkumar Chauhan, MD & CEO, BSE Limited during signing of a MoU

broking fraternity and give a sound platform for solving their issues with the regulatory bodies and the stock exchanges," Forum Chairman Siddharth Shah said.

Under the pact, both associations will consider con-

ducting business missions to respective countries. Another major objective is to develop the Asian securities markets and raise the continent's presence in international forums related to the securities industry. -PTI

Monaco expects 25% growth in Indian tourists



Patrick Medecin

Mumbai

The Monaco Government, which expects a growth of 25% in tourists from India this year, plans to spend 30% of its budget for BRIC countries.

"India is increasingly becoming a niche strategic market for us and we are witnessing a good growth in the number of tourists visiting Monaco from India,"

Ambassador of Monaco to India H E Patrick Medecin said.

Monaco will spend 30% of its budget for BRIC countries comprising India, Brazil, Russia and China to promote the country as one of the most serene destinations in Europe with various activities and luxuries that tourists can enjoy, he said.

"It has been encouraging to see a steady growth of Indians visiting Monaco and we expect the arrivals grow by 25% in 2012," Medecin said, adding around 1,500 Indian tourists travelled to Monaco in 2011.

As the world's second smallest country, Monaco is mainly focusing on leisure as well as MICE (meetings, incentives, conferences and exhibitions) tourism from India and is anticipating more growth in the numbers in the coming years, he added. -PTI

Swamy's plea: Notice to two companies allegedly linked to Karti Chidambaram

New Delhi

The Supreme Court on Thursday issued notices to Chennai-based Advantage Strategic Consulting Private Ltd and its offshore sister concern on a plea of Janata Party President Subramanian Swamy seeking initiation of contempt pro-

ceedings against them for filing a defamation suit in Singapore against him. "We will issue notices to two companies to seek their responses...returnable within 12 weeks," a bench of justices G S Singhvi and K S Radhakrishnan said, moments after Swamy rose to advance his arguments on

his contempt petition. The bench, however, refused to issue notice to Finance Minister P Chidambaram and his son Karti Chidambaram who allegedly has majority stake in the companies.

Swamy filed contempt plea against the companies, including Advantage Strate-

gic Singapore, which had filed the defamation suit against Swamy for allegedly defaming them in judicial proceedings related to 2G spectrum allocation scam case. He said the companies had intentionally filed suits abroad to harass him and to make him run around the world. -PTI

Rajasthan to announce new textiles policy

• PRAKASH BHANDARI Jaipur

Rajasthan will announce a new textiles policy by March next year to encourage domestic and foreign investment and also help all stakeholders tap the huge latent potential that lies in areas ranging from fabric to fashion, Industries Minister Ra-

jendra Pareek said. The announcement was made at the end of the inaugural session of "Vastra 2012" exposition at the Export Promotion Industrial Park at Sitapura industrial area here, that was attended by Rajasthan Chief Minister Ashok Gehlot and Industries Minister Rajendra Pareek. The four-day event, was in-

augurated by the Chief Minister Gehlot who said that the state had a lot of potential in the textile sector.

"In the coming days, textiles and apparel sector in the state will improve further because of the Delhi-Mumbai Industrial Corridor (DMIC) as a lot of facilities will be provided in the six zones being set up along the

corridor," Gehlot said.

Spread over 5,000 square metres, the highlight of the event includes live demonstrations of traditional textile crafts, business shows, concurrent conferences and buyer-seller meetings. Around 170 exhibitors, covering the entire sector, are participating through 400 stalls.

UBI's financial inclusion feat in Ernakulam



Kerala CM Oommen Chandy; RBI Governor D Subbarao and UIDAI Chairman Nandan Nilekani at a function in Kochi to dedicate Ernakulam as first district in the country having 100% banking under 'Meaningful Financial Inclusion' programme

Ernakulam

The city of Ernakulam is declared as country's first district to achieve Meaningful Financial Inclusion. Oommen Chandy, Chief Minister of Kerala said, "It is a proud moment for the district and the state. He emphasised on the significance of rolling out of AADHAAR enabled payment system.

The objectives of Meaningful Financial Inclusion is to empower people to help them in achieving financial progress.

Dr. D Subbarao, Governor, RBI, said that the efforts of banks in Ernakulam are commendable.

Nandan Nilekani, Chairman, UIDAI told that AADHAAR is unique in the country to give identity to the entire population. AEPS is going to be very important as interoperability in micro ATMs would be of great help to the common man.

Debabratha Sarkar, Chairman & Managing Director of the bank and K M Mani, Finance Minister of Kerala were also present on the occasion.