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Headline :

New India's net profit at Rs 311 crores, up 19% in Apr-June Qtr

News Date : Jul 31, 2014

Source : AIP News Bureau

Company's Indian premium touched Rs 3,398 crores in the Apr-June Qtr, up 15.02 %



Mumbai:

Riding on a strong investment income, the profit after tax of New India Assurance, the country's largest general insurer has risen by 19% to Rs 311 crores in first three months (Apr-June) of FY 2014-15, against Rs 262 crores posted in year ago period.

The global premium of the company grew at 13.28 % to Rs 4020 crores in the reporting period from Rs 3,548 crore recorded in the year ago period. The company's Indian premium touched Rs 3,398 crores in the first quarter, as against Rs 2,954 crores in year ago period, showing a growth rate of 15.02 %.

The company has been growing ahead of the market and its market share has been steadily rising, despite intense competition, said G Srinivasan, CMD, NIA on Thursday.

"The business confidence in the economy certainly has picked up. This is a good sign and it has a positive impact on insurance sector." added Srinivasan

With a focus more on retail business to fuel its growth, the company has set a target of Rs 16,500 crore during 2014-15, said Srinivasan

NIA combined ratio fell to 115% (110%) as it reported higher



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underwriting losses - difference premium collections and claims paid out- of Rs 500 crore in the reporting period against Rs 350 crore a year ago period.

The incurred claims ratio of the company went up to 87.24 % from 80.18 % due to hike in property claims experience during the period.

“Though higher underwriting losses are mainly on account of third party motor insurance claims, there is a single property claim amounting to over Rs 360 crore which has inflated our underwriting losses during the period,” said Srinivasan who didn't reveal identity of the client.

Sources point out that NIA as a lead insurer has to provide for a large claim of the Guru Gobind Singh refinery in Bhatinda which is owned by HMEL — a joint venture between Hindustan Petroleum Corporation (HPCL) and the LN Mittal Group that was damaged by fire.

NIA's investment income rose 49 per cent to Rs 937 crore in first quarter and the value of its investment portfolio stood at Rs 43099 crore.

Moreover, the commission expenses and the operating expenses were brought down from the previous first quarter levels added Srinivasan.

While the commission as a percentage of net premium came down from 8.73 % in 2013-14 to 7.94 % in the current quarter, the operating expenses were lower at 19.87 % in 2014-15, compared to 21.57 % in the previous year.

Srinivasan indicated that NIA is gearing for competing from private insurance players who are expected to make huge investment in India following government's decision to allow them to raise their stake to 49 per cent from 26 per cent now.

"We will face severe competition but in the past we have seen competition and yet retained our number one position. At the same time we are upgrading technology and improving our service standards to meet competition," said NIA chief.

The company showed an operating profit of Rs 67.39 crores in the quarter ending June 30th. The company's foreign operations continued to do well and the gross premium touched Rs 622 crores. Company's plans to expand its foreign operations has received regulatory nod and the process is on.

The net worth of the company grew at 11.50 % to touch Rs 8,941 crores as against Rs 8019 crores at the end of last year's first quarter. The fair value reserves stood at Rs. 20,808 crores. The investment assets at market value stood at Rs. 43,099 crores at the end of Q1 2014-15 compared to Rs 38,457 crores at the end of March 2014.

In 2013-15 NIA had a record breaking profit at Rs 1,089 crores.