

INTERVIEW

G SRINIVASAN, CHAIRMAN AND MANAGING DIRECTOR, THE NEW INDIA ASSURANCE CO LTD

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Gulam Ali Khan
Muscat

Established in 1919, The New India Assurance Co is an India-government owned multinational general insurance company which is a leader in its home market and has a strong global presence. The company has been operating in Oman since 1974 and operations in the sultanate are its biggest overseas after the UK.

In an interview with *Muscat Daily* during his recent visit to Oman, G Srinivasan, chairman and managing director of New India Assurance, throws light on the company's operations in the region and its performance in the sultanate.

Can you brief us on the company's presence outside India? New India is a 94-year-old multinational general insurance company with a strong global presence across 27 countries. About 80 per cent of our business comes from the Indian market itself, while the remaining 20 per cent is from overseas operations. In 2012, the company garnered US\$2.1bn in total premium and we hope to achieve US\$2.5bn in 2013.

What are New India's operations in the GCC? How important is this market for the company? The GCC is a very important



market, in which we have had a presence for nearly four decades. We operate in all GCC countries except Qatar, where we hope to enter very shortly. We are awaiting approvals from the Indian and Qatari regulators and we hope to start operations by end of this year. We did about US\$200mn in total premium last year in the GCC, and we are expecting a ten per cent growth in 2013 to reach US\$220mn. It is a growing market for us.

And what about the Oman market? The sultanate is a very important overseas operation for us. It is the second largest overseas operation after the UK. We are close to completing forty years in this market, having launched in 1974. The Oman operation has been very profitable for the company and we have been growing steadily over the years.

New India is also the largest foreign insurance company in

the Oman market. We have a one-third market share among foreign insurers in the sultanate, and of the total net premium generated in Oman we have a nearly 14 per cent market share. We have been able to create a very good reputation in this market in terms of quality of products and customer services. We are a big company and are present in all segments of the market.

How do you rate the company's

business retention and profitability in Oman? In 2012, New India's total premium business in Oman was worth RO27mn and we are targeting RO30mn this year. We also retain a large part of our business here. We have the second largest retention rate in the non-life insurance segment in Oman. Our retention is above 88 per cent in this market, while the market average is below 50 per cent.

Our Oman operation has

been profitable. The only segment we are concerned with is motor, due to the large number of road accidents and higher cost of claims.

But we expect to carry on the good work in Oman. Recently, World Finance magazine recognised New India as the best insurer in Oman.

The Oman insurance market is overcrowded. As one of the biggest players how do you compete in this environment? No doubt, Oman is a really competitive market because of the presence of many domestic and foreign players. My perception is that insurance is a financial promise. So we need insurers that are financially sound and heavily capitalised so that they can come out with good products and are able to settle major claims.

I expect this market to encourage better capitalised and bigger insurance companies so as to ensure that customers get the best services.

The frequency and severity of road accidents are higher in Oman. How does this affect New India?

In Oman, motor insurance is a challenging portfolio for the entire market, including New India. The obvious reasons are the high rate of accidents and cost of claims. The third-party liability segment is also a cause of

concern.

I think this is a challenge that can be resolved by ensuring better underwriting and better claims management and by adopting steps to prevent the rising number of accidents.

What is your view on catastrophe losses in Oman? How did Gonu (2007) and Phet (2010) affect your profitability?

Before Gonu, nobody would have thought of Oman being affected by natural catastrophes. But Gonu and Phet have really brought to focus the risks Oman is faced with. This is something which is beyond our control, but necessary steps need to be taken to minimise the impact of catastrophes by taking risk-improvement measures.

I would advise Omanis to take adequate insurance cover so that they are able to meet their financial losses through insurance schemes when these type of events happen.

How do you view the Oman market's high reliance on re-insurers?

You need highly capitalised companies in the market, because the amount of risk a company can retain depends on its financial strength. If companies are small and do not have enough resources and capital they cannot retain a large part of the risk and always depend on reinsurance.