GIC Re

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To,

The Manager
Listing Department
BSE Limited
Phiroze Jeejeebhoy Tower
Dalal Street
Mumbai – 400001

The Manager
Listing Department
The National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor, Plot C/1,
G Block, Bandra Kurla Complex
Mumbai - 400051

Scrip Code: (BSE – 540755/ NSE – GICRE)

Dear Sir/Madam,

Sub: Transcript of conference call held with Investors and Analysts to discuss the financial results for the quarter ended 30th September 2022

In compliance with Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith Transcript of the conference call held with Investors and Analysts on Thursday, November 10, 2022, to discuss financial results for the quarter ended 30th September 2022.

The same is also available on the website of the Corporation at www.gicre.in.

Kindly take the above information on record.

Thanking You

Yours sincerely

For General Insurance Corporation of India

SATHEESH KUMAR S   Digitally signed by SATHEESH KUMAR S Date: 2022.11.14 19:04:48 +05'30'

(Satheesh Kumar)
CS & Compliance Officer

भारतीय साधारण बीमा निगम

(भारत सरकार की कंपनी)

General Insurance Corporation of India
(Government of India Company)
CIN: L67200MH1972GOI016133 IRDA REG NO.: 112

'सुरक्षा', १७०, जे. टाटारोड, चर्चगेट , मुंबई ४०००२०

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"General Insurance Corporation of India Limited Q2-FY23 Earnings Conference Call"

November 10, 2022

MANAGEMENT: MR. DEVESH SRIVASTAVA – CHAIRMAN & MANAGING DIRECTOR, GENERAL INSURANCE CORPORATION OF INDIA LIMITED
MR. HITESH JOSHI – GENERAL MANAGER, GENERAL INSURANCE CORPORATION OF INDIA LIMITED
MS. CHANDRA S IYER – GENERAL INSURANCE CORPORATION OF INDIA LIMITED

Moderator: Ladies and gentlemen, good day and welcome to General Insurance Corporation of India Limited Q2 FY23 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Binay Sarda from Ernst & Young. Thank you, and over to you.

Binay Sarda: Thanks, Aman. Good morning to all the participants on the call, and thanks for joining this Q2 FY2023 Earnings Call for General Insurance Corporation of India. Please note that we have mailed out the press release to everyone and you can also see the results on our website, as well as it has been uploaded on the stock exchanges. In case if you have not received the same, you can write to us, and we will be happy to send it over to you.

Before we proceed with the call, let me remind you that the discussion may contain forward-looking statements that may involve known or unknown risks, uncertainties and other factors. It must be viewed in conjunction with our businesses that would cause future results performance or achievements to differ significantly from what is expressed or implied by such forward-looking statements. To take us through the results of this quarter and answer our questions, we have with us the management of GIC represented by Mr. Devesh Srivastava – Chairman and Managing Director and other top members of the management. We will be starting the call with a brief overview of the quarter gone past, and then we will begin with the Q&A session. With that said, I will now hand over the call to Mr. Devesh Srivastava. Over to you, sir.

Devesh Srivastava: Thank you, Binayji. Good morning everyone. I am pleased to announce the financial performance for the quarter ended September 30, 2022. Coming to the results, the underwriting performance was impacted on the back of challenging external environment. However, we continue to take necessary measures to bring down the incurred claims ratio and improve our overall profitability. Also, it has been our constant Endeavor to bring a combined ratio below 100, and we are continuously taking appropriate steps to achieve the same.

Let me now take you through some of the key highlights of the financial performance. The gross premium income of the company was Rs. 8,100 crores for Q2 FY23 as compared to Rs. 8,374 crores for Q2 FY22. The investment income increased to Rs. 3,206 crores in Q2 FY23 as compared to Rs. 2,669 crores in Q2 FY22. The incurred claims ratio increased to 97.5% in Q2 FY23 as compared to 92.2% in Q2 FY22.

Combined ratio in Q2 FY23 reduced to 117.89% versus 122.19% for Q2 FY22. The adjusted combined ratio by taking into consideration the policyholders investment income works out to 92.07% for H1 FY23 as compared to 104.4% in H1 FY22.

Profit before tax increased to Rs. 2,461 crores in Q2 FY23 as against Rs. 1,213 crores in Q2 FY22. And profit after tax increased to Rs. 1,859 crores in Q2 FY23 as against Rs. 1,010 crores in Q2 FY22.

Solvency ratio increased to 2.25 as on 30/9/2022 as compared to 1.88 as on 30/9/2021. Net worth of the company without fair value change account increased to Rs. 26,625 crores on 30/9/2022 as against 22,691 crores as on 30/9/2021. Net worth of the company including fair value change account increased Rs. 59,203 crores on 30/9/2022 as against Rs. 55,088 crores as on 30/9/2021.

On the premium breakup, domestic premium for H1 FY23 is Rs. 13,422 crores, and the international is Rs. 5,699 crores. The percentage split is domestic 70% and international 30%. There is a degrowth in the domestic premium by 14%, while the international book has decreased by 19%. We continue to strive to bring down the combined ratio and remain confident of improved performance going forward in the coming quarters.

Having given the highlights, we will now open the floor for questions from the interested parties. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Avinash from Emkay Global. Please go ahead.

Avinash: So, two questions. The first one is on international business. I mean, you have been speaking for many years that this will improve and you have the reasons to be geographically diversified and hence, the overseas business. But, you know, the record suggest that this is since the listing, the international business continues to be a drag on overall profitability, particularly, I mean, if we sort of include kind of, you know, overly a broking channel business that we get from overseas. Of course, we have higher commission costs there as well. And of course, probably, in those markets, we don't have the standing which you have in a domestic where you are kind of, you know, the leader by a margin. So, overseas business continue to be remained a drag, and that, of course, is evident even now that I would say that okay, very, very strong improvement YoY in terms of underwriting as far as domestic business is concerned, but overseas business remains a challenge.

So, what is the thought process there and what is a sort of a realistic outlook there that okay, if that business makes sense or is it, I mean, good enough for you to be just in India? Because I mean, India itself is your fully diversified country. So, I mean, there is not really as such, you know, consensus on risk assets. So, that's the one question that okay, what is the situation there? And what's the realistic outlook on foreign business? That's one.

Second is on the rating that AM Best, probably, if I recall correctly, has downgraded the outlook from a stable to negative, probably with some comment around, you know, the auditor's observation. So, if you can just clarify on that? Thank you.

Devesh Srivastava: Avinash, to take your question on international business, yes, I do agree that international business has not been doing well in the earlier quarters, but there is a reason behind it. There have been hurricanes and other acts of God which have actually impacted all reinsurers on the globe. We are not the only ones, but first let us try to understand why does the reinsurer do international business in the first place. Otherwise, you could easily have had a German reinsurer doing only German business and the UK reinsurer being only UK business. The basic tenet of reinsurance is spread. As I always say, spread essentially as a thumb rule is that the premiums from America will offset your claims from Australia.

In our own case in GIC, we are doing business with over 160 countries. And why do we do that? Because of the spread. You do mention about our clout and our muscle in the domestic market. Yes, we can write pretty much the entire domestic market. We have our clout there. But then it will make our portfolio very, very volatile. The reason why we do international business and have a long-term vision of making it 50-50, that means 50% domestic and 50% foreign, is that we need spread, which is a basic tenet of reinsurance.

Now in international business, we have seen these losses coming, which has also resulted in the market hardening. Now the 1st January renewals are almost at the doorstep, and we have seen a distinct hardening in the market. Of course, the proof of the pudding will finally emerge on the 1st of January itself, but till then we are seeing these trends emerge, and this is going to impact us very positively as we get a higher premium for the same exposure. So, this is something that is now ongoing.

Second point you raise about the rating bit. The outlook was primarily because of an audit qualification that we had on our 31st March balance sheet in which the statutory auditors had mentioned that the figures are not ascertainable, which as you see in this 30th September balance sheet which they have pretty much diluted, because they also understood that it is not such a sweeping statement that could be made that figures are not ascertainable. Our figures are pretty much there. They have all been reconciled and booked, and that is a continuous process, which is also in sync with the trade of reinsurance, because here everything functions with a lag. The direct insurance companies and the reinsurers always have a lag, and that is why the figures also tend to follow that lag, which was the reason for the qualification, which now stands considerably diluted.

Avinash: So, just again a follow-up on the first one. Again, I do appreciate the need of a wide geographic diversification, and that's why your insurance business is typically global, which I understand. I understand there have been some challenges, but here a couple of points again. When vis-à-vis if I compare you versus the top five, whether say German, Swiss or American, the reinsurer, why I tell you that okay that considering the cost of acquisition that you have materially higher in overseas market versus domestic, it means that you are not getting the price correct, because, I mean, if I were to look starting from 2017 to now we are in FY23, almost last six years, continuously, you know, the overseas business has been running around if I recall correctly

120% combined this year. That is not the case if I were to use, you know, the other peers who are kind of globally diversified. So, it means that, I mean, yes, for the kind of acquisition cost you incur to source this overseas business, the pricing is not coming right for you as compared to others. So, how are you going to solve it? Even if the market hardens, that's why we also see improvement. You will see some improvement, but the performance or combined ratio gap between you versus the other global peers will remain still wide. So, I mean, that is what my question is that okay, why in that kind of, you know, the gap existing? I mean, how can we expect you, you know, to be competitive in the oversea market?

Devesh Srivastava: Sure, Avinash. I mean, to answer your question again, you start from the year 2017. I mean, this, these last five years have exactly been the worst five years possibly in the history of reinsurance. So, it is a sheer coincidence, but that's how it is. And secondly, being a subscription market, we are not really at a disadvantage. But to, you know, give you a deeper insight, I request the general manager Mr. Hitesh Joshi to come in here.

Hitesh Joshi: Avinash, the first thing I think of probably you can readily recognize from the figures that there is a clear degrowth in the international gross premium figures. And I think that growth is fairly substantial.

Secondly, this growth is not fully apparent. Even if the premium is flat for international, there is, in real terms, there is a degrowth because there is a exchange rate depreciation. So, I mean, I am also essentially responding to your first question where you said what are we doing about international? There is a distinct degrowth, and that degrowth is not fully apparent because of depreciation.

Coming to the deductions, I don't think that we are at a disadvantage. As sir already mentioned, it is a subscription market. So, deductions are same for usually all the participants on a given placement. If you compare it with India, I think, probably the comparison with India is not appropriate. Reinsurance is essentially a intermediary driven business globally, and it will continue to be so due to the peculiar circumstances of delayed opening of the market and brokers were given a bigger role over last say opening up during last couple of decades. So, the broker role is in evolution. Once the broker role fully evolves, one can probably expect that even domestic market intermediary cost will match international cost to a fairly high degree. Does it answer?

Avinash: Partly sir. My concern, I mean, your overseas combined ratio vis-à-vis the say Munich, Swiss over the last 5, 10 years, the gap is substantial.

Hitesh Joshi: Okay. Let me tell you one more thing. The point is it is not absolute, it is not at all correct to compare us with all these biggies, because there are fundamental difference in the portfolio composition. I think this has been discussed in earlier earnings call also and one to one call, one to one discussions and group meetings with the investors that their portfolios is essentially driven by the developed market economies where there is no investment income, and there is a better price adequacy, better sophistication in rating. So, say, what do we essentially need to see is that for any biggie, what is their percentage composition of portfolio from South Asia? GIC book is predominantly Asia and Africa. So, the dynamics of Asian African rating will impact us more than they would be impacted.

Moderator: Thank you. The next question is from the line of Sanketh Godha from Spark Capital. Please go ahead.

Sanketh Godha: Sir, you alluded to the point that there is a substantial rate hardening in the overseas market probably happening in Jan 2023. Sir, just wanted to understand what kind of price hardening you are going to witness from the initial discussion what you have with the customers?

Devesh Srivastava: There is a confluence of factors and almost all of the factors is pointing to a very significant hardening. And incidentally, at the same time, the alternative capital is withdrawing. So, by and large if you see the kind of press, probably, they are avoiding mentioning a particular rate in terms of hardening. Because when there is a very significant hardening, there will be tricks and what do you say, structuring and all kinds of tools will be deployed by the buyers and brokers to reduce the cost. So, if at the risk of getting it wrong, if I have to put a figure, the industry participants are putting the hardening between say 25 to 50%, but the real hardening will be reduced. Real hardening will be less because the buyers will end up retaining more. They will structure the program differently, and all tools which are available to retain the risk more and reduce the cost will be deployed.

Sanketh Godha: But sir, even if I assume that some portion of a restructuring will happen in the contract either by higher ratings and or higher deductible, then it should be easier, it's safe to assume that this 25 to 50 will trickle down to at least 15 to 25 when it comes to real signing of the contract?

Devesh Srivastava: I would believe that it should be between 25 to 50 only on a risk adjusted basis. What is not written by them is outside the industry, but the hardening will be to this extent. Mindless, they will reduce their incremental budget. But the hardening has to be essentially between 25 and 50.

Sanketh Godha: Sir, assume it is somewhere in between like 30%, and given our combined is almost closer to 125 to 130 in the overseas business in 1H FY23, and assume same amount of CAT events happen next year also. So, with this kind of a price like on risk adjusted basis, you believe that we might be at 100 combined next year from the overseas assuming same amount of cash what you have witnessed today happens next year too.

Devesh Srivastava: I think one can expect that, but I would not like to endorse it fully.

Sanketh Godha: And, sir, can you actually quantify the amount of CAT losses you witnessed both in domestic and overseas market in the current quarter? Because I believe that is one of the reasons why you have higher combined in the current quarter compared to the previous quarter. So, if you can quantify the exact loss of how much you have incurred both overseas and domestic market?

Devesh Srivastava: For Hurricane Ian we have provided $50 million. For Typhoon Josie, and there is one more typhoon, we have provided $20 million. There is also another Cyclone Fiona. We have provided something like $15 million.

Sanketh Godha: So, overseas CAT event is closer to 85 to $90 million. That's the way I need to understand, right, all CAT events?

Devesh Srivastava: Correct.

Sanketh Godha: And domestic, sir, I mean, given Bangalore floods where they ran so on and so forth, so any provisioning there made?

Devesh Srivastava: Domestic there is some resource strengthening done for the agri for previous years. Otherwise, current underwriting year for agri is going better than what is reflected in the figures.

Sanketh Godha: No, the reason why I am asking, sir, is that if I look at motor combined for the domestic business, it has substantially deteriorated. Actually, it is substantially higher even compared to 1Q. So, just wondering is it because of these like the flood situation which played out during second quarter?

Devesh Srivastava: I don't think that will be so meaningful. We are also further dipping, I mean, we are further digging into the components, but essentially, it is obligatory.

Hitesh Joshi: See, Sanket, in our motor portfolio, domestic motor portfolio, a large part of it, a very, very large part of it is all obligatory sessions. If the motor OD premiums seeing a southward trend, the incurred claims for the current motor portfolio in the industry is running at 130 plus, which is getting reflected in our book as well.

Sanketh Godha: And second fundamental question what I have is the future of crop business. See, honestly, I think this is the last year of the contract which was entered in 2020. Three years is getting over. So, I don't know. There is an indication that the entire structure of the contract will get changed from some next Kharif forward. And if it moves towards 80/20 rule or Beed formula rule, 80-110, sorry, rule, Beed formula rule, then is it safe to assume that crop as a business or you potentially can become zero going ahead? At least domestic crop, PMSBY at least?

Hitesh Joshi: No, what will become zero?

Devesh Srivastava: Domestic business. It becomes all 80-110.

Hitesh Joshi: No, I think they will still need to for the purpose of solvency and better risk management, they will continue to buy. The degree of reinsurance required will, of course, go down, but it will not vanish.

Sanketh Godha: No, you might get obligatory partner. Other than the obligatory part, if 80-110, if there is no insurance cost, there is no external cost for the primary companies, do you see a reason for a primary company to come and reinsure with you or still feel if it is 80-110 rule?

Hitesh Joshi: Some of them still do. Some of them still buy cover. So, some of, I mean, reinsurance is still there.

Devesh Srivastava: All are buying it.

Hitesh Joshi: Most are buying it.

Sanketh Godha: I am asking an hypothetical question. But assume every, entire country moves to 80-110 rule. Assume few people still buy the cover. Potential size assuming the same area get means the yielding, the yield of the crop is similar compared to what it is today, then to what extent the premium could fall, sir?

Devesh Srivastava: Sanketh, see, crop insurance is something that really requires a very high degree of reinsurance. So, even if you are talking about that hypothetical case in which the entire country moves to 80-110, which is, I mean, highly, highly, highly improbable if you ask us, the point will remain that the numbers are so large that reinsurance will still be sought. And therefore, if you feel that the premiums of reinsurance and crop are going to become zero at a future date, I really wouldn't subscribe to that view.

Sanketh Godha: No, my point was that, sir, that in case if you did almost domestic crop last year of, sorry, last year you did entire crop of last year almost of 7,900 crores or 8,000 crores. So, that number if it remains same in the current year, with the 80-110 rule that 8,000 crores can potentially become maybe a 1,000 or 2,000 crore or definitely it will not remain as big as it was in FY22. That's the whole point I was asking.

Devesh Srivastava: Sanketh, even now if you see the domestic, it is still 3,000 crores. For that 39 result that we have published, it is still 3,000 crores.

Sanketh Godha: And another data keeping question which I have, sir, is we have means our investment yield in the current quarter was on the higher side. Can you break down that the entire investment income into capital gains, dividends and interest income, and if you can tell us how to see the investment income in subsequent second half?

Devesh Srivastava: So, Sanketh, just break up your question again. You want the investment income broken up?

Hitesh Joshi: Q2 standalone. Dividend, interest, capital gains.

Sanketh Godha: Interest, capital gain and dividend, probably, if you can give that breakup, it will be useful, sir.

Hitesh Joshi: Q2 standalone.

Devesh Srivastava: For Q2 standalone, right?

Chandra S Iyer: Good morning. I am Chandra here. So, this income that we have on investments, about 2,100 crores is from interest, and 600 odd crores is from dividend, and the profit on the sale of securities is another 2,000 crores. So, rounding off kind of, so that's the break up.

Sanketh Godha: But this number you are saying, is it for 1H, right, ma'am? Or are you saying it for second quarter?

Chandra S Iyer: For as on date, half year.

Sanketh Godha: For six months, right? And finally, sir, what is the regulator thinking on obligatory part? It has been reduced from five to four. Do you see this number to come down to 3, gradually almost, I mean, given you might be having an active discussion with the regulator, if you can use the thought process on how current regulator is looking or current chairman is looking at the obligatory business?

Devesh Srivastava: See, Sanketh, obligatory was a huge number. Almost 30% once upon a time, it has come down. Going forward, obviously, obligatory will become zero one fine day, but that fine day is not yet here upon us. It is something that the data is contemplating, and the final decision rests with the Government of India.

Moderator: Thank you. The next question is from the line of Deepika Mundra from J.P. Morgan. Please go ahead.

Deepika Mundra: Most of my questions have been answered. However, if I just look at your segmental disclosure, the fire segment there seems to be, you know, significant amount of underwriting loss. That's potentially because of the CAT events, but could you give us a sense as to how much of fire portfolio is domestic versus international? And in both, what is the type of pricing action or price hardening that you have seen?

Devesh Srivastava: Ma'am, the breakup is something I will give you in a moment, but before that, see, international portfolio we have already spoken about it, that the hurricane, especially, Hurricane Ian has played a very major part in further hardening of the market. And as my colleague mentioned, we have also provided very generously for it. For Hurricane Ian, we have provided almost $50 million.

Now your second question was also about the domestic rates. Now the domestic rates have GIC has already put in place the IIB rates for sessions to GIC treaties which has helped pretty well. And that has seen that the rates have not only stabilized, but the market has stabilized to a very great extent, and that's the type of the market, you know, get down to something that is more realistic in terms of rate. Otherwise, it was really going down south before that. That step taken by GIC has helped the Indian non-life insurance market in a very big way, I would say. And as for the breakup is approximate would be how much?

Chandra S Iyer: 57.

Hitesh Joshi: 57%.

Devesh Srivastava: 57 is domestic and the balance 43 is foreign.

Deepika Mundra: In terms of the premium?

Devesh Srivastava: In terms of the premium. Total gross premium for fire which is about 6,800 odd crores is 57/43.

Moderator: Thank you. Next question is from the line of Anupam Jain as an individual investor. Please go ahead.

Anupam Jain: I just wanted to understand what is the trend right now that is panning out in general insurance industry?

Devesh Srivastava: Anupam, if you talk about the trends, then it is a very large brush you want me to paint the canvas with. Let me try and tell you my thoughts about it. See, first, start with the process that what is the raw material that we deal with. For us, the raw material clearly is risk, because we are the risk manager. And where are those risks coming from? When industries and individuals identify those risks and they want to mitigate it.

In our case, we have seen that, let's say, a decade or maybe a decade and a half ago, there was no such post as a Chief risk Officer in any company. Today no company worth its salt can afford not to have a Chief risk Manager. And what is the job of a Chief risk Manager? To go around identifying risk and then ensure that they are mitigated.

So, for us, the raw material, the feed is now coming in copious quantities. That is a very healthy trend, and then I will give you one more example, COVID. See, insurance has always been a push product. But COVID ensured that what decades of advertisement could not do for the non-life insurance industry, COVID did that. It put the purchase of a health insurance cover as something mandatory or almost something to be very seriously considered in every household that yes, this was an expenditure that is worthwhile.

So, as we go forward, we are seeing more and more trend of people wanting to buy insurance as a good, as a product to maintain their lifestyle, which for us is a very good sign. COVID is just a green shoot but going forward is a very good sign for us. So, by that if you talk about these trends, the trends are very good as far as the raw material, the feed, the income that is if it was as penetration grows. The second thing you spoke about earlier was the hardening of the market which is you could say an icing on the cake.

Anupam Jain: When this hardening could be like change? When will the trend be basically the reinsurance market is kind of facing headwinds in developed market basically?

Devesh Srivastava: See, these trends normally last three to five years. It is not something that is a switch that can be switched on or switched off. There are a lot of factors that go into hardening. As my colleague mentioned earlier as well, hardening comes from a variety of factors, which includes the inflation that the West is seeing, which includes the way the dollar is moving, and many other such factors. COVID, of course, has been a factor to that as well.

Anupam Jain: Yes, but we are definitely not in the US market or in developed markets per se.

Devesh Srivastava: Yes, as we have said that 30% of our book is the international book. 70% is domestic currently.

Anupam Jain: Yes, but you said Asia, Africa. Is there I have heard something wrong majority?

Devesh Srivastava: Yes. That is where our footprint is very deep and very strong.

Anupam Jain: So, you are also in USA, and so like you are in developed market also. You are not only in Asia and Africa majorly.

Devesh Srivastava: Not at all. Pretty much. When we say that we have provided for Hurricane Ian, which hit the Florida Coast, we provided a $50 million reserve for it, which shows you how much we are entering in the US market.

Anupam Jain: And the second question was on investment income. So, like you gave a breakup of like Rs. 6,000 odd crores for H1. So, for H2, would that be sustainable also?

Chandra S Iyer: Can you please repeat?

Anupam Jain: Yes. You gave a breakup of Rs. 6,000 crore on a H1 basis. Would that be sustainable on a H2 basis also? Can you see that panning out?

Chandra S Iyer: Yes, sir. We expect it to continue, because the current interest rate regime is supporting our investment income.

Anupam Jain: So, we can go on an upward trajectory maybe.

Chandra S Iyer: Yes.

Anupam Jain: And other question would be how is the underwriting losses that you are going to get panned out? How is that going to get from a year or two I think, so there is a change in shift that we are avoiding underwriting businesses that we don't want to do? So, how is that going to pan out for GIC Re specifically?

Devesh Srivastava: Anupam, I am not very clear. You are saying that what are we trying to avoid?

Anupam Jain: Yes. Basically, we are trying to avoid the kind of business that we don't want do.

Devesh Srivastava: Yes, that's correct.

Anupam Jain: So, what is the trend on that?

Devesh Srivastava: So, that is the trend that continues. See, it is not again something that's irreversible. When you were set out on a path to get your combined at 100 or as close to 100 or below 100 is possible, you set for yourself certain goals. And then you work assiduously towards it. Exactly what we are doing. So, the portfolio pruning, trying to get better return is something that is ongoing.

Anupam Jain: Yes, but can you quantify the timeline maybe?

Hitesh Joshi: I think it will be a different answer in terms of the different segments. Say, for example, not a domestic we will have a different take and a motor foreign will have a different take. Similarly for, say, fire, we have kind of presently price adequacy because of IIB, but fire foreign is a totally different ballgame. So, taking the holistic view, I think whatever pruning we have done during last two years plus, we can say that we have probably reached a point where we are happy with where we are, and there cannot be, there will not be most likely a very significant pruning of portfolio. Now probably, we are very close to the U turn, and now we will be focusing on profitable growth.

Moderator: Thank you. The next question is from the line of Deepak Sonawane from Haitong Securities. Please go ahead.

Deepak Sonawane: Sir, I have two questions. First is on the provisioning that we have created as of June. That is around 160 crore for your legacy equity portfolio, for negative mark-to-market. So, have we done some kind of reversal in this quarter against this provision?

Chandra S Iyer: Can you please repeat the question, because I am not clear?

Deepak Sonawane: Ma'am, last quarter you tell that we have created around 160 crore provisioning against a negative mark-to-market on equity portfolio that has been lying with us, I mean, since last three or four years. So, coming to this quarter, have we reversed any of this amount?

Chandra S Iyer: No, we are maintaining the similar provision. Maybe a couple of crores more, but the 1,600 crores is the same provision.

Hitesh Joshi: I don't think we can reverse it. It continues. Once it is done, it is done. It can only increase. It can't go down.

Devesh Srivastava: Unless market improves.

Chandra S Iyer: There is no significant change in that. The provision remains the same.

Deepak Sonawane: And my second question is, in our Health portfolio, we have reported kind of very good underwriting performance in Q2, but I could see that is this underwriting performance has been because of a kind of lag effect that we witness every time, I mean, the claim that has been reported intimated by direct insurers to us?

Devesh Srivastava: Deepak, the combined which is how we measure our performance has come down from 138 last year September to 112 now. Obviously, that last year was pretty much COVID affected.

Moderator: Thank you. We have the follow-up question from the line of Sanketh Godha from Spark Capital. Please go ahead.

Sanketh Godha: Sir, I just wanted to understand the future tax rate because we paid, we had 30% tax rate in Q1. Now we have 24%. And honestly, the marginal tax rate for the country if you don't take any benefits, it's 25.2. So, I just wanted to understand how much of a MAT credit is leftover? And when we will move to 25.2? And how you see for the full year the tax rate to be?

Devesh Srivastava: For the current year basically, we have already moved to the lower rate. So, current if we see that this is coming around 25.168%. There is no MAT credit. So, we have taken full benefit of MAT last year itself. So, current rate is basically 25%. It's coming because 22% is the rate with the surcharge and fees.

Sanketh Godha: Sir, so for the full year, we can expect that number to be around 25, right, sir?

Devesh Srivastava: 25%. It will be around 25% because 22% is the rate, 2% is the surcharge, and 1.68% is something around 1.68 is fees.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference back to the management for the closing comments. Thank you, and over to you.

Devesh Srivastava: Thank you. Thank you everyone for your interest. As we had stated earlier, and we continue to maintain that stand that we are on a path of getting our entire business on a much more stronger footing. That endeavor is continued and shall continue in the future as well. The market is offering us a lot of good opportunity as we see them coming, and we hope to do even better as we move forward. Thanks again, and good bye everyone. Have a lovely day ahead.

Moderator: Thank you very much. Ladies and gentlemen, on behalf of General Insurance Corporation of India, that concludes this conference. Thank you all for joining us and you may now disconnect your lines.