



About the Company

With over 105 years of experience, the New India Assurance Company Limited (New India Assurance) is India’s largest general insurance company. The **Government of India holds an 85.44% stake** in it.

The company offers insurance across categories including fire, marine, motor, crop, health, and other insurance products. It has a presence in **25 countries and operates over 1,840 offices in India**.

New India Assurance boasts a diversified product mix, technical competence, and multi-channel distribution.

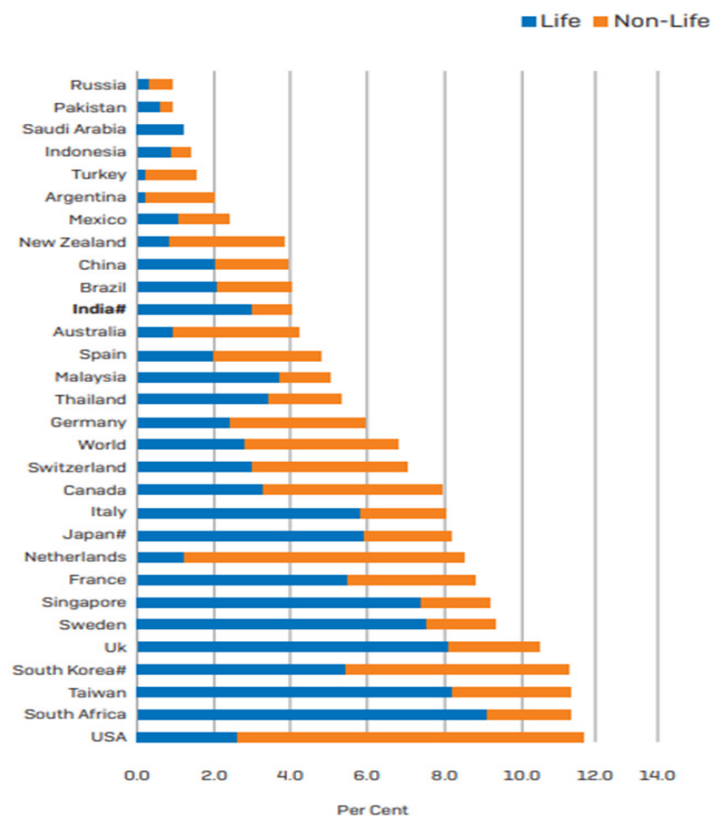
Industry Overview

Insurance penetration in India, measured by the percentage of insurance premiums to GDP, shows considerable potential for growth. According to IRDAI’s annual report, insurance penetration in India declined from **4.2% in FY22 to 4% in FY23**, significantly below the global average of 6.8%. Notably, life insurance enjoys broader reach compared to general insurance, which has a penetration rate of barely 1%.

Despite low penetration, general insurance industry’s Gross Direct Premium Income (GDPI) saw a robust 15.5% year-on-year expansion in FY24, rising to **₹2.79 lakh crore** supported by the health segment. Apart from this, the growth in the motor insurance segment was healthy, supported by the increase in the new vehicle sales (two-wheelers, or 2W, rose by 13.3% YoY and passenger vehicles, or PVs, by 8.4% YoY in FY2024).

General insurance industry’s GDPI is expected to touch **₹3.7 lakh crore by FY26**, a robust 32% rise from current level.

Insurance penetration across the globe



Data relates to financial year | Source: IRDAI, Swiss RE

Trend in GDPI growth

FY23	FY23	FY24E	FY25P	FY26P
GDPI Growth - Industry	17.2%	15.5%	15.5%	14.7%
GDPI Growth - PSU	10.4%	9.4%	10.0%	9.5%
GDPI Growth - Private	21.2%	19.0%	18.2%	17.0%

Source: ICRA

The insurance industry is buzzing with activity. Some recent developments include:

May 2024: Go Digit went public with a ₹2,614 crore IPO.

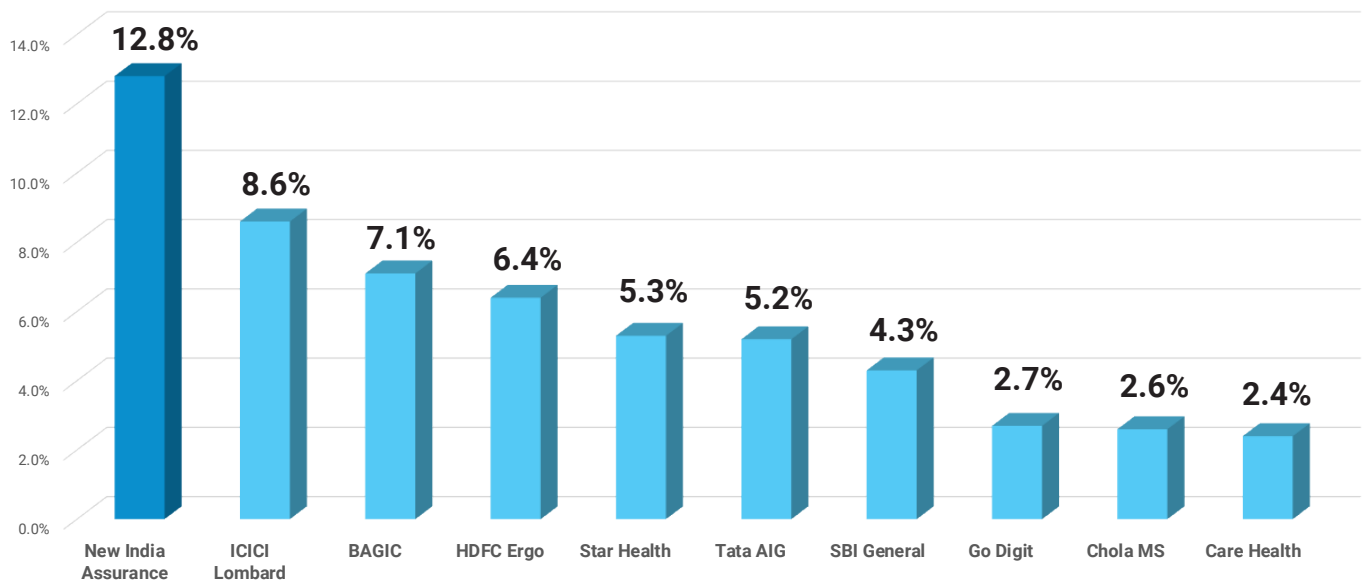
January 2024: CCI approved the merger of Shriram LI Holdings Private Limited (SLIH) with Shriram Life Insurance Company Limited (SLIC)

November 2023: Zurich Insurance Group announced that it will acquire a majority stake in Kotak General Insurance, marking the first major foreign investment in India’s insurance sector in eight years.

September 2023: The UK and India agreed to launch a partnership to boost cross-market investment by the insurance and pension sectors.

NIACL Market Leader in General Insurance Industry

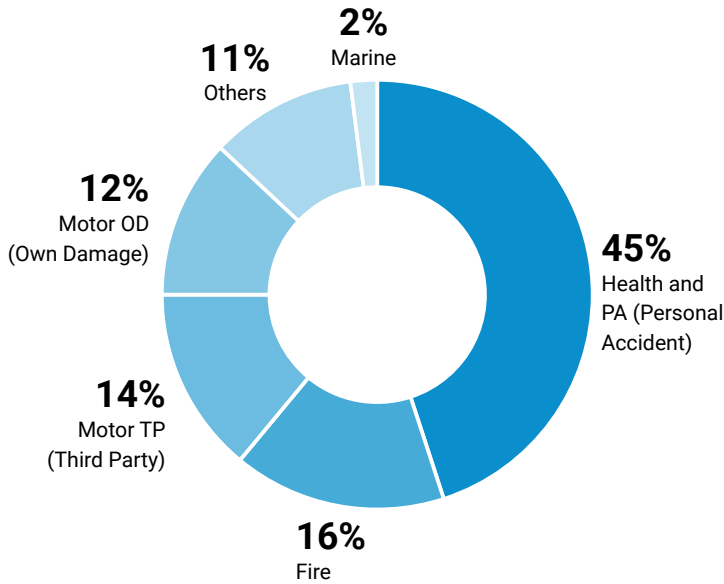
Of the total GDPI underwritten in FY24, New India Assurance held the highest market share of 12.78% at ₹37,035 crore. The split between its segments were as follows: Fire (₹4394 crore), Marine (₹984 crore), Engineering (₹1090 crore), Motor (₹9519 crore), Health (₹18,875 crore) and Aviation (₹412 crore).



Data as on March 2024 | Source: General Insurance Council

Product Mix (FY24)

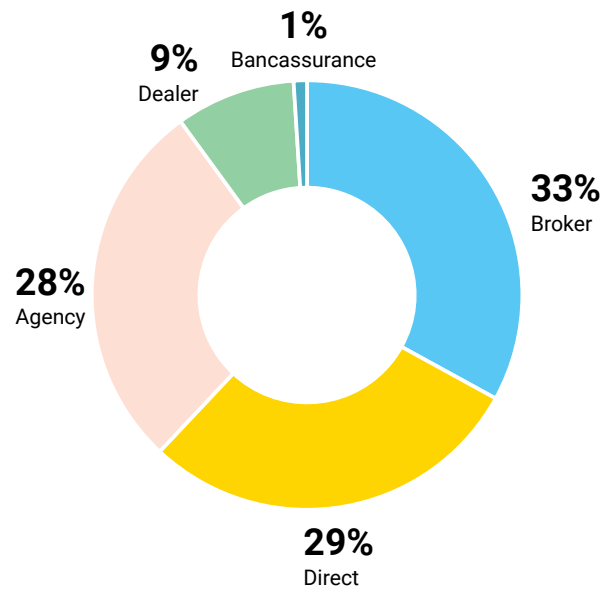
Health & PA, which is the fastest growing sub-segment in the GI industry, accounts for 45% of NIACL's product mix. Its net premium in Health segment increased by 13% in FY24 to ₹17,795 crore. In overall Motor (OD+TP) segment net premium increased by 8% in FY24 to ₹10,589 crore.



Source: NIACL FY24 Annual Report

Distribution Mix (FY24)

NIACL has established a comprehensive multichannel distribution network encompassing individual and corporate agents, brokers, bancassurance partners, and other intermediaries.



Source: NIACL FY24 Annual Report

NIACL - Key Numbers

In FY24, the company's gross written premium grew by 8.3% to ₹41,996 crore and profit after tax increased by 7% during the year to ₹1,129 crore. PAT for the fourth quarter more than doubled as it increased by 128.4% to ₹34 crore. The solvency ratio, indicating the insurance company's ability to meet short-term and long-term debt obligation, remained healthy at 1.81x.

Particulars	FY24 (in crore)	FY23 (in crore)	Growth
GDPI	40,363	37,482	7.68%
GWP (Gross Written Premium)	41,996	38,791	8.26%
NEP (Net Earned Premium)	34,028	30,244	12.51%
Profit after tax	1,129	1,055	7.00%
Net Worth	21,135	19,920	6.09%
Net Worth including Fair Value Change	44,704	37,957	17.78%
Investment Assets at Market Value	95,910	86,111	11.37%
ICR (Incurred Claim Ratio)	97.36%	95.59%	
Combined Ratio	120.99%	117.15%	3.28%
Solvency Ratio	1.81x	1.87x	
Return on Equity	5.5%	5.53%	

Source: NIACL FY24 Annual Report

Rationale

Market Leadership

Over the decades, NIACL has maintained its leading position in the Indian General Insurance Market. It is the leader in several sub-segments such as fire, marine, engineering, health (including PA), and aviation insurance. It holds the second position in motor insurance. However, over the past year, NIACL’s market share has declined due to intense competitive pressure from newer insurance players.

To counter this, the company is actively working on its pricing strategy and launching new products. In FY24, NIACL introduced 27 new products, as mentioned by the management in a recent earnings call.

Focus on Increasing ROE to 10%

As of FY24, ROE stood at 5.50% compared to 5.53% in FY23. Management aims to improve ROE in the medium term to 10%. The company’s strategy for achieving this includes increasing market share, improving profit margins by leveraging economies of scale driven by growth, rationalizing operating offices, increasing digital penetration, and maintaining a healthy solvency margin. The insurer aims to leverage technology to drive customer satisfaction, profitability, and growth.

New Product Launch

The company offers 306 products, out of which 64 are health and personal accident products, and the remaining 244 are other non-life products. Some of its newer products include the Surety Bond, which aids in the country’s infrastructure development, and the Title Bond, which supports the real estate industry.

The company is also exploring cyber security products and mentioned in its recent concall that health insurance requires regular updates in terms of new products and pricing.

Capital Allocation Strategy

The company plans to leverage its IT infrastructure to develop data-driven models aimed at enhancing underwriting functions, improving risk management, and reducing fraud. Additionally, it aims to distribute 30% of its Profit After Tax (PAT) as dividends. With a management focus on achieving growth alongside profitability, the company targets double-digit growth, aiming for at least 10% moving forward. Furthermore, the company’s solvency has consistently remained well above the regulatory requirement of 1.5 times.

Robust Investment Portfolio

The insurer’s investment assets stood at ₹95,910 crore as on 31st March, 2024 as against ₹86,111 crore last year. The quality of investments remains sound, supported by more than half the book being parked in government securities (central and state), CRISIL mentioned in its latest report.

Valuation

One thing of concern is high combined ratio, which is the sum of incurred losses and operating expenses measured as a percentage of earned premium. However, the stock is currently trading at a good discount to its peers.

Company	FY24 Combined Ratio	FY24 P/E	FY24 P/B
ICICI Lombard	103%	45.4	7.4
Star Health	97%	35.2	4.8
New India Assurance	121%	38.9	0.9

The company stands to benefit from new product launches, robust solvency, and focus on increasing RoE. In addition, New India Assurance has the support from the Government of India. We believe New India Assurance is well-positioned to capitalise on its leadership in the Indian general insurance industry and sustain its market share, which will lead to better combined ratios.

Shareholding Pattern

	Mar 2020	Mar 2021	Mar 2022	Mar 2023	Mar 2024
Government	85.44%	85.44%	85.44%	85.44%	85.44%
FIIIs	0.11%	0.03%	0.58%	0.65%	0.81%
DIIIs	13.42%	13.19%	12.42%	11.93%	11.76%
Public	1.00%	1.34%	1.56%	1.98%	1.98%

Source: BSE

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