



आपत्काले रक्षिष्यामि
GIC Re

THE INDIAN REINSURER WITH A GLOBAL FOOTPRINT

48th ANNUAL REPORT
2019-20



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GIC Re

OUR VISION

To be a leading global reinsurance and risk solution provider

OUR CORE VALUES

- Trust and mutual respect
- Professional excellence
- Integrity and transparency
- Commitment
- Responsive Service

OUR MISSION

To achieve our vision by:

- Building long-term mutually beneficial relationship with business partners
- Practicing fair business ethics and values
- Applying “state-of-art” technology, processes including enterprise risk management and innovative solutions
- Developing and retaining highly motivated professional team of employees
- Enhancing profitability and financial strength befitting the global position



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Devesh Srivastava
Chairman and Managing Director

Dear Shareholders,

I have great pleasure in welcoming you to the 48th Annual General Meeting of your Company.

It was yet another eventful year for your Company. As part of our consolidation drive, we set in motion a host of activities with the aim of focusing on the bottom line. This was also necessitated by the falling interest regime that we are witnessing, making it obligatory on our part to show less and less of a reliance on investment returns and focus more on generating profits from our core operations - reinsurance. It was the third year in succession where the globe was faced with major natural catastrophes. This has resulted in your company showing an overall loss, the second time in its 48 years history. Furthermore, with the current pandemic situation which started in March and has plagued the globe in a never before manner, the economy and consequently the insurance and reinsurance sector is under stress. However, with the slew of bottom line focused measures taken up, coupled with the hardening of the market rates following these successive catastrophes, we hope to do better, going forward. The year also witnessed the operationalising of our 100% owned subsidiary in Moscow, GIC Perestrakhovanie. Our

licence in Brazil was also upgraded to the status of an "Admitted Reinsurer". With these steps, our dominance in the BRICS reinsurance space seems complete. Additionally, our syndicate at Lloyds, GIC Re 1947 also finished its first full year of operation, clocking a combined ratio of 94%.

Macro-economic and Industry overview

India's gross domestic product (GDP) was estimated to be ₹ 145.65 lakh crore (US\$ 2.06 trillion) for 2019-20, growing 4.2 per cent over the previous year.

The Indian non-life insurance industry maintained robust growth during Financial Year 2020 and reported a gross direct premium of ₹ 1.89 trillion as compared to ₹ 1.69 trillion in the previous year, registering a growth rate of 11.72% according to data published by the General Insurance Council. Life insurance industry registered a growth of 20.60% for new business premium during 2019-20 at ₹ 2.15 trillion. Mid-term outlook is blurred owing to the Covid-19 impacting the economic growth with which the non-life insurance premium has a significant positive correlation.

The global non-life reinsurance premium reached approx. USD 190 Bn in 2019. The year 2019 continued to see global catastrophic activity by way of hurricane Dorian and typhoon Hagibis that struck the US and Japan coasts respectively, though less severe as compared to earlier years. Coming close on the heels of the catastrophes of 2017 and 2018, exacerbated by Covid-19 giving rise to additional volatility in the financial markets impacting asset side of the (re)insurer balance sheets, the market is showing distinct signs of hardening and this hard cycle may be expected to last at least for a couple of years.

Financial Performance

Your company continued its growth in Financial Year 2020 reporting higher premium. The Gross premium during Financial Year 2020 was ₹ 51,030.13 Crore. The Agriculture portfolio posted a modest growth as did the other classes of business too. The underwriting results for the year were impacted due to major catastrophic events across the world and accordingly underwriting loss for Financial Year 2020 increased to ₹ 6,366 Crore as against ₹ 2,211.46 Crore in the previous year. Your company continued its leadership in the domestic market which contributed 71% of the premium income for Financial Year 2020. Your company has a Net worth (including fair value of shares) of ₹ 35,425.87 Crore and total assets ₹ 1,16,196.20 Crore, while the Solvency ratio is 1.53.

I am also pleased to inform that the investment performance of your company during Financial Year 2019-20 has been very strong with investment income having grown by 10.71% to ₹ 6,787 Crore providing a mean yield of 12.16%. The net non-performing assets percentage has reduced from 1.12% to 0.63% during the period.

On 02.07.2020, the global rating agency A M Best downgraded the Financial Strength Rating (FSR) of A- (Excellent) to B++ (Good) and the Long-Term Issuer Credit Rating (ICR) of "a-" to "bbb+". The outlook of the FSR was revised to 'Stable' from 'Negative' whilst the Long-Term ICR outlook to 'Negative'.

The global pandemic has created significant volatility in the financial markets and this impacted valuation of the Corporation's equity portfolio quite adversely as at 31.03.2020. Rating agencies consider market value of the equity portfolio while assessing balance sheet strength of the rated entity. The rating revision followed deterioration in GIC Re's balance sheet strength fundamentals and risk-adjusted capitalisation, as measured by Best Capital Adequacy Ratio (BCAR) as compared to that in fiscal year 2019 and prior.

Your company was ranked 11th largest global reinsurer based on Net Written Premium in 2019 by S&P Global.

Future Outlook

The world is today in the grip of a pandemic which has been unprecedented. This has led to the global economy witnessing a downturn. However, for us in the reinsurance space, where a large part of our book is domestic, the property rates have shown a good trend commensurate with the burn cost. Furthermore, the virus has also seen a good growth in the Health sector of the country. This will help better the penetration of insurance in the domestic market.

The three operating branches of your company have been well established in their respective geographical areas have shown a good performance. The joint ventures and subsidiaries are consolidating their positions and gaining traction for the next level of profitable growth.

Domestically, we continue to encourage product innovation and have extended support to Cyber Insurance, Drone Insurance, Latent Defect Insurance and Title Insurance. Additionally, with the launch of the Flood Insurance model, we are in a better position to map our country in yet another major peril.

I assure you that your company has been fully geared up to support the Indian and World insurance industry and would continue to focus to achieve underwriting surplus in the nearest future. Profitable diversified growth will be our focus in the coming years.

I take this opportunity to thank all stakeholders, Board members, customers, intermediaries and colleagues for their continued support and co-operation during the year.

Devesh Srivastava

Chairman and Managing Director

DIRECTORS

| | |
|-----------------------------|---|
| Shri Devesh Srivastava | <i>Chairman and Managing Director w.e.f. 17.12.2019</i> |
| Smt. Alice G. Vaidyan | <i>Chairman and Managing Director upto 31.07.2019</i> |
| Ms. Dakshita Das | <i>w.e.f. 17.01.2020</i> |
| Shri Ravi Mital | <i>upto 17.01.2020</i> |
| Shri Atanu Kumar Das | |
| Shri V. Ramasamy | <i>upto 28.09.2020</i> |
| Shri Amarendra Pratap Singh | <i>upto 28.09.2020</i> |
| Shri G. B. Pande | <i>upto 28.09.2020</i> |
| Smt. Sashikala Muralidharan | <i>upto 30.11.2019</i> |
| Smt. Usha Ramaswamy | <i>upto 31.10.2019</i> |
| Ms. A. Manimekhalai | <i>w.e.f. 12.03.2020</i> |

MANAGEMENT

CHAIRMAN AND MANAGING DIRECTOR

| | |
|------------------------|--------------------------|
| Shri Devesh Srivastava | <i>w.e.f. 17.12.2019</i> |
| Smt. Alice G. Vaidyan | <i>upto 31.07.2019</i> |

DIRECTOR & GENERAL MANAGER

| | |
|-----------------------------|------------------------|
| Smt. Sashikala Muralidharan | <i>upto 30.11.2019</i> |
| Smt. Usha Ramaswamy | <i>upto 31.10.2019</i> |

GENERAL MANAGERS

| | |
|--------------------------|---|
| Smt. Reena Bhatnagar | <i>upto 30.06.2020</i> |
| Shri Deepak Prasad | |
| Shri Devesh Srivastava | <i>upto 16.12.2019</i> |
| Smt. Madhulika Bhaskar | |
| Shri Deepak Godbole | <i>upto 07.07.2019 (Deputation to Insurance Institute of India)</i> |
| Shri S. N. More | |
| Smt. Suchita Gupta | |
| Shri Satyajit Tripathy | |
| Shri Ramaswamy Narayanan | <i>(Deputation to London)</i> |
| Smt. Girija Subramanian | <i>w.e.f. 27.07.2020</i> |

CHIEF VIGILANCE OFFICER

| | |
|---------------------------|--------------------------|
| Shri Sistla Venkateswarlu | <i>upto 27.06.2019</i> |
| Shri B. Padhi | <i>w.e.f. 28.06.2019</i> |

APPOINTED ACTUARY (NON-LIFE)

| | |
|-------------------|--|
| Shri Sateesh Bhat | <i>Consulting Actuary (Non-Life) w.e.f. 19.11.2019 and upto 19.01.2020</i> |
| | <i>Appointed Actuary (Non-Life) w.e.f. 20.01.2020</i> |

APPOINTED ACTUARY (LIFE)

| | |
|--------------------------|--------------------------|
| Shri Ajai Tripathi | <i>upto 30.11.2019</i> |
| Shri Vikash Kumar Sharma | <i>w.e.f. 24.07.2020</i> |

DEPUTY GENERAL MANAGERS

| | |
|-----------------------------|---|
| Smt. Lakshmikala Raghupathy | <i>upto 31.08.2019</i> |
| Shri Charles G. Ashirvatham | <i>upto 22.03.2018</i> |
| | <i>(Deputation to GIC Re South Africa Ltd. upto 31.05.2020)</i> |
| Smt. Girija Subramanian | <i>upto 26.07.2020</i> |
| Smt. Jayashree Ranade | |
| Ms. Blessy Sequeira | |
| Shri Uttam Kumar Sharma | |
| Smt. P. G. Manisha | <i>upto 31.01.2020</i> |
| Shri Rajesh Pawar | |
| Shri Paul Lobo | |
| Shri Rajesh Khadatre | |
| Shri Balaji Thiagrajan | |
| Shri G. Radhakrishna | |
| Shri Hitesh Joshi | |
| Smt. Sarita Kunder | <i>w.e.f. 03.06.2019</i> |
| Shri S. K. Rath | <i>w.e.f. 03.06.2019</i> |
| Shri Savio Fernandes | <i>w.e.f. 03.06.2019</i> |
| Shri Nago Bhima Sonawane | <i>w.e.f. 24.08.2020</i> |
| Smt. Jayashri Balkrishna | <i>w.e.f. 24.08.2020</i> |
| Smt. Chandra Iyer | <i>w.e.f. 24.08.2020</i> |
| Shri V. Balkrishna | <i>w.e.f. 24.08.2020</i> |