



आपत्काले रक्षिष्यामि
GIC Re

LOOKING UP. LOOKING AHEAD.





आपत्काले रक्षिष्यामि
GIC Re

LOOKING UP. LOOKING AHEAD.





आपत्काले रक्षिष्यामि
GIC Re

VISION



“To be a leading global reinsurance and risk solution provider”

MISSION



To achieve our vision by :

- Building long-term mutually beneficial relationship with business partners
- Practicing fair business ethics and values
- Applying “state-of-the-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

CORE VALUES



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

CONTENTS

CORPORATE OVERVIEW



Chairman's Message	04
Corporate Information	06
Corporate Chronicle.....	08
Board of Directors	10
Management	13

REPORTS



Directors' Report	14
Corporate Governance Report	34
Corporate Social Responsibility Report	52
Management Discussion and Analysis Report	54
Management Report.....	62
Business Responsibility Report	64

STANDALONE FINANCIAL STATEMENTS



Independent Auditors' Report	73
Comments of the Comptroller and Auditor General of India	86
Revenue Account	88
Profit & Loss Account	92
Balance Sheet	94
Schedules forming part of Financial Statements	95
Significant Accounting Policies.....	120
Notes forming Part of Accounts.....	124

Summary of Financial Statements	148
Performance Ratio	150
Cash Flow Statement	153
Balance Sheet Abstract and Company's General Business Profile	155
Performance Highlights	156

CONSOLIDATED FINANCIAL STATEMENTS



Auditors' Report	158
Comments of the Comptroller and Auditor General of India	169
Revenue Account	172
Profit & Loss Account	176
Balance Sheet	178
Schedules forming part of Consolidated Financial Statements	179
Significant Accounting Policies on Consolidated Financial Statements	206
Notes forming Part of Consolidated Financial Statements	212
Consolidated Cash Flow Statement	228

ANNUAL REPORT OF SUBSIDIARIES



GIC Re South Africa Ltd.	231
GIC Re, India, Corporate Member Limited	277
GIC Re Perestrakhovanie LLC	311
Notice of Annual General Meeting	371
Glossary	381



Devesh Srivastava
Chairman and Managing Director

Dear Shareholders,

I have great pleasure in welcoming you to the 49th Annual General Meeting of your Company.

I am addressing you all at a time when the nation has valiantly emerged from the second wave of Corona virus. Having made good progress on vaccination, the general expectation is now towards very muted third wave, if at all it strikes. There is good news on the economic front in terms of recovery from the shrinkage of economic output of last year which bore the full impact of the pandemic.

Your company is now entering the golden jubilee year, half a century of its existence. This is also time when the Corporation has witnessed a full circle from being at the core of nationalization to opening up and now a reasonable balance between public and private sector market participation.

The business model, hitherto characterized by underwriting losses getting cross-subsidised by investment income is changing to underwriting profitability, will dictate goals, as the market further

matures. Indian economy will continue to be an important part of the Asian economic growth engine and its knock-on effect on insurance will be experienced by the industry. Insurance under-penetration of the Indian market will certainly provide the tailwinds.

Macro-economic and Industry overview

India's real gross domestic product (GDP) at current prices stood at ₹ 135.13 lakh crore in FY 2020-21, as per the provisional estimates of annual national income for 2020-21.

Health and fire insurance segments witnessed decent growth while the motor was impacted due to the nationwide lockdown. The growth in fire segment can be attributed to upward revision in the premium rates while growing demand for health covers on the back of Covid-19 pandemic boosted the health segment.

On the domestic front, GIC Re has been prudently participating in the Indian Agriculture insurance industry with implementation of the Pradhan Mantri Fasal Bima Yojana scheme (PMFBY) in 2016. PMFBY scheme is a yield index-based product and Restructured Weather Based Crop Insurance product is a weather index product. GIC Re has been cautiously underwriting both domestic and foreign business with a keen interest to increase the premium volume while simultaneously controlling the combined ratio.

The Aviation sector globally has been majorly impacted by the COVID-19 pandemic with flight operations being grounded for the most part of the year 2020-21. This situation is reflected in drop of GIC Re's premium income by 17.2% for the Financial Year.

The climate change is still posing a serious concern for most of the insurers. Amid the second wave of the COVID-19 pandemic, India witnessed some cyclones like Tauktae, Yaas, Amphan and Nisarga, leaving behind a trail of destruction across several Indian states.

Economy activity picked up from the fourth quarter of the financial year on the back of robust fiscal and monetary stimulus, mega vaccination drive and low inflation. During the year stock market indices reflected continuous increase from their historic low levels of March 2020 and the interest rates remained subdued.

Economic growth picked up during the year and the global GDP surpassed its pre-pandemic level mainly aided by strong policy support and ongoing vaccine deployments leading to resumption of economic activities, especially in the service sectors. As per the OECD Economic Outlook, the Organization for Economic Co-operation and Development projected that the Global GDP would grow by 5.7% in 2021 and 4.5% in 2022. The recent moderation in some countries due to the impact of delta variant and supply side constraints are expected to unwind over time and lead to faster recoveries in 2022.

Financial performance

The gross direct premium underwritten by non-life insurance companies in India increased by 5.2% to ₹ 1.99 Lakh Crore in FY 2020-21 compared to ₹ 1.89 Lakh Crore in FY 2019-20.

Your company has booked Gross premium during Financial Year 2020-21 of ₹ 47,014.38 Crore. The underwriting loss for the Financial Year was ₹ 5,488.45 Crore as against ₹ 6,367.18 Crore in the previous year. Profit before tax for the Financial Year was ₹ 3,163.38 Crore (as against Loss before tax of ₹ 447.97). Your company reported a Profit after Tax of ₹ 1,920.44 Crore for the Financial Year as against Loss after Tax of ₹ 359.09 Crore during the previous year.

I am pleased to inform that the investment performance of your company during Financial Year 2020-21 has been very strong with the book value of Investments growing by 17% to ₹ 68,798.54 Crore while the Fair Value of Investments Assets increasing by 30% to ₹ 95,989.39 Crore over the previous year. Income from investment (including Profit on Sale of investments) during the year was ₹ 8,820.86 Crore registering a growth of 23.8% over the previous year. The yield on average level of investments improved from 12.16% in the last financial year to 13.24% in 2020-21.

The company has been working towards underwriting profitability and has taken major steps in this regard for some segments in the domestic property class through adoption of Insurance Information Bureau published burn costs. Alongside, we did major rebalancing of our risk portfolio by streamlining our Agri book. We are also upgrading our risk assessment processes towards this goal of underwriting profitability.

GIC Re continued to maintain its leadership in the domestic market which contributed 64% of the premium income for Financial Year 2020-21. Your company has a Net worth (including fair value of investments) of ₹ 49,643.19 Crore and total assets ₹ 134,661.22 Crore, while the Solvency ratio increased to 1.74 as at 31.03.2021 from 1.53 as at 31.03.2020.

A.M. Best in their August 2021 report has maintained its "stable" outlook for the global reinsurance on the back of positive pricing momentum along with market discipline. However, there remains risks associated with property catastrophe events, uncertainty around coronavirus-related losses, low interest rates and shrinking reserve release. The market hardening is likely to continue in the foreseeable future and take care of the lower investment income on the back of falling reinvestment rates.

Future Outlook

The Indian Insurance industry is expected to achieve high single digit growth despite hiccups due to the ongoing Covid-19 pandemic which has affected consumer sentiment. With the second Covid

wave behind us and economic recovery back on track, insurance industry can be expected to recover in tandem.

The market will continue to be led by Health, Motor and Agri classes of business. Owing to greater awareness and risk aversion together with significant medical costs, health segment, particularly retail segment can be expected to grow well in the medium term.

The life and health insurance have grown significantly during Corona pandemic and brings about a major shift in the perception among consumers and in the delivery modes by insurance providers. Technology has also driven shift on the back of ongoing pandemic, with innovative product offerings and rise in demand for standardized product will aid future growth of the industry.

GIC Re, having had phenomenal growth during last few years, is in a consolidation mode as reflected in rebalancing the risk portfolio for agriculture insurance. The continued and enhanced focus on the bottom line is expected to bear fruit after a lag, given the very nature of the reinsurance operations.

Last few years have put stress on underwriting performance of the reinsurance industry owing to record level of catastrophe activities and Covid-19 pandemic and current hardening of rates can be expected to continue in the near term.

In India, the equity market made a sharp V-shaped recovery. India remained a preferred investment destination in FY 2021-22 with foreign investments pouring into equity markets and augured well for quicker recovery in emerging economies.

As the market conditions gradually improve, reinsurers with financial strength and reputation can leverage their market position to take advantage of growing markets.

The future of the Indian Insurance Industry is bright. Demographic factors such as young insurable population, growing middle class, and growing awareness of the need for protection and retirement planning will support the growth of insurance sector in India.

I assure you that your company has been fully geared up to support the Indian and World insurance industry and would continue to focus on achieving 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	Chairman and Managing Director
Shri Amit Agrawal	W.e.f. 08.01.2021
Ms. Dakshita Das	Upto 08.01.2021
Shri Atanu Kumar Das	
Ms. A. Manimekhalai	Upto 28.09.2020
Shri V. Ramasamy	Upto 28.09.2020
Shri Amarendra Pratap Singh	Upto 28.09.2020
Shri G. B. Pande	W.e.f. 25.11.2020 and upto 31.07.2021
Shri Deepak Prasad	

MANAGEMENT

Chairman and Managing Director

Shri Devesh Srivastava

Director & General Manager

Shri Deepak Prasad

W.e.f. 25.11.2020 and upto 31.07.2021

General Managers

Smt. Reena Bhatnagar
Shri Deepak Prasad
Smt. Madhulika Bhaskar
Shri Deepak Godbole
Shri S. N. More
Smt. Suchita Gupta
Shri Satyajit Tripathy
Shri Ramaswamy Narayanan
Smt. Girija Subramanian
Smt. Jayashree Ranade
Shri Hitesh Joshi

Upto 30.06.2020
Appointed as Director w.e.f. 25.11.2020
Upto 07.07.2019 (Deputation to Insurance Institute of India)
Upto 31.12.2020
Upto 02.08.2021 (Transferred to National Insurance Co. Ltd.)
Upto 06.08.2021 (Transferred to New India Assurance Co. Ltd.)
(Proforma promotion) (Deputation to London)
W.e.f. 27.07.2020
W.e.f. 28.06.2021
W.e.f. 28.06.2021

Chief Vigilance Officer

Shri B. Padhi

W.e.f. 28.06.2019

Appointed Actuary (Non-Life)

Shri Sateesh Bhat

Appointed Actuary (Life)

Shri Vikash Kumar Sharma

W.e.f. 24.07.2020

Deputy General Managers

Shri Charles G. Ashirvatham
Ms. Blessy Sequeira
Shri Uttam Kumar Sharma
Shri Rajesh Pawar
Shri Paul Lobo
Shri Rajesh Khadare
Shri Balaji Thiagrajan
Shri G. Radhakrishna
Smt. Sarita Kunder
Shri S. K. Rath
Shri Savio Fernandes
Shri Nago Bhima Sonawane
Smt. Jayashri Balkrishna
Smt. Chandra Iyer
Shri V. Balkrishna
Shri Sachindra Salvi
Smt. Modha Poojary
Shri Sandip Karmarkar

Upto 31.05.2020
Upto 31.07.2021
Upto 30.06.2021
W.e.f. 24.08.2020
W.e.f. 24.08.2020
W.e.f. 24.08.2020
W.e.f. 24.08.2020
W.e.f. 12.07.2021
W.e.f. 12.07.2021
W.e.f. 12.07.2021