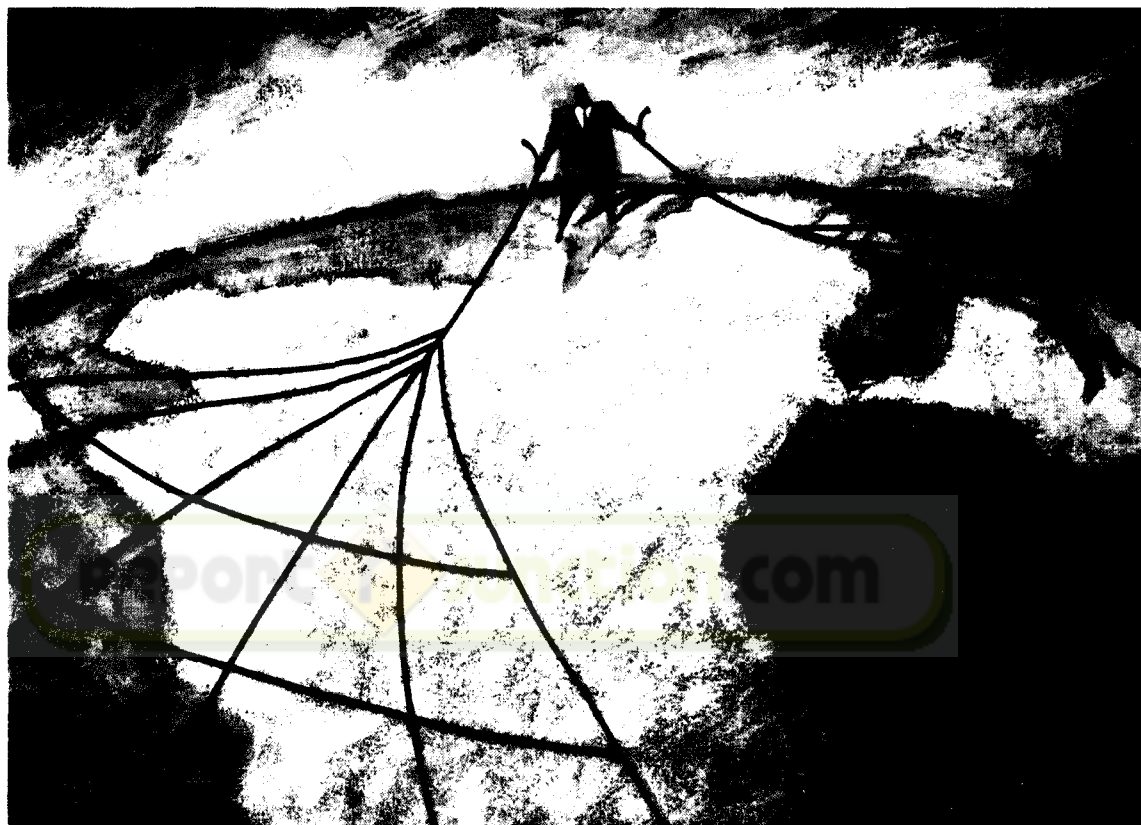


वार्षिक प्रतिवेदन 2003-04 ANNUAL REPORT



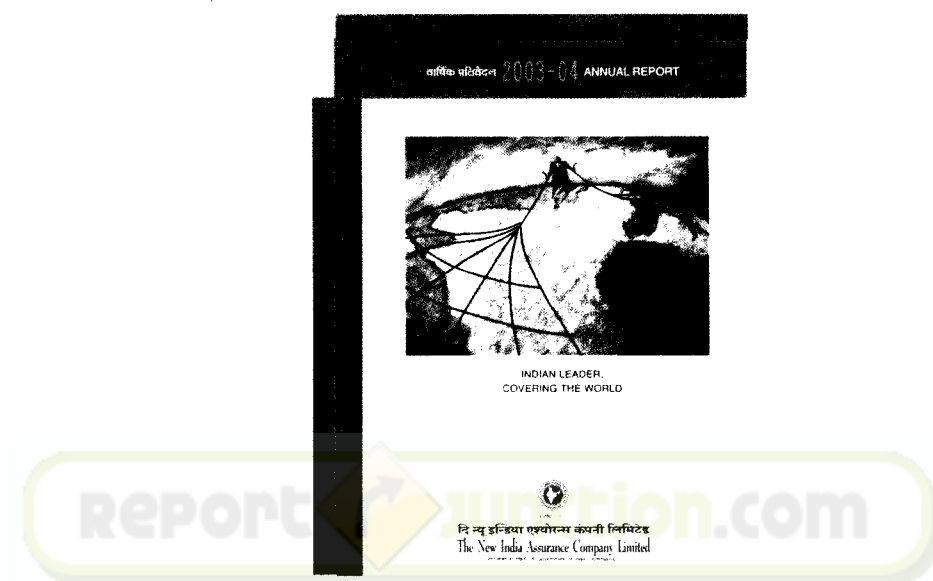
INDIAN LEADER,
COVERING THE WORLD



Estbd. 1919

दि न्यू इन्डिया एश्योरन्स कंपनी लिमिटेड
The New India Assurance Company Limited

(भारत सरकार का उपक्रम / A Government of India Undertaking)



The Global Network spanning 23 countries across 5 continents, makes the India's industry leader a distinguished general insurer. New India Assurance assimilates international best practices and offers the best in terms of service and products to our clients. Our international rating of 'A' Excellent (M/s A. M. Best (Europe) Company Limited) for five years in a row further reinforces the strength of our safety net. What else can 'best represent this industry leader than 'spreading safety net across the globe.'



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DIRECTORS AND MANAGEMENT

BOARD OF DIRECTORS

R Beri

Chairman-cum-Managing Director

DIRECTORS

G C Chaturvedi, IAS	V Leeladhar <i>up to 13.6.04</i>
Dr. A K Khandelwal <i>w.e.f. 10.6.04</i>	Nitin Doshi <i>up to 3.1.04</i>
G R Mhaisekar <i>up to 3.1.04</i>	Dr Azfar Shamshi <i>up to 3.1.04</i>
R K Joshi	A V Purushothaman
Kumar Bakhru	

**GENERAL
MANAGER &
FINANCIAL
ADVISOR**

V K Gupta, IRS

GENERAL MANAGERS

A V Purushothaman	Kumar Bakhru
M D Garde <i>up to 2.4.04</i>	M K Garg

**GENERAL
MANAGER &
CHEF
VIGILANCE
OFFICIER**

K Sridhar
w.e.f. 21.6.04

RBL Vaish
up to 29.6.04

**APPOINTED
ACTUARY**

A R Prabhu

ASSISTANT GENERAL MANAGERS

A V Muralidharan	J K Gupta
S Mamman	S K Mutneja
P Manokaran	U V Shenoy
M A Kharat	M A Ramamoorthy
V J Mehta	N K Singh
K G Arora	R C Grover
R Sengupta	Dr B Sundar Raman
N Toppo	A V Girijakumar
S Yugandhar Rao	

**AGM &
COMPANY
SECRETARY**

A R Sekar

INVESTMENT COMMITTEE

R. Beri	G C Chaturvedi, IAS	V Leeladhar <i>up to 13.6.04</i>
Dr. A K Khandelwal <i>w.e.f. 10.7.04</i>	Nitin Doshi <i>up to 3.1.04</i>	Dr Azfar Shamshi <i>up to 3.1.04</i>
V K Gupta, IRS	M K Garg	A R Prabhu

AUDIT COMMITTEE

G C Chaturvedi, IAS	V Leeladhar <i>up to 13.6.04</i>	Dr. A K Khandelwal <i>w.e.f. 10.7.04</i>
Nitin Doshi <i>up to 3.1.04</i>	Dr Azfar Shamshi <i>up to 3.1.04</i>	R K Joshi <i>w.e.f. 21.5.04</i>
A V Purushothaman <i>w.e.f. 21.5.04</i>		

AUDITORS

P.S.D. & Associates
Chartered Accountants

Vyas & Vyas
Chartered Accountants

Khandelwal Jain & Co
Chartered Accountants

REGISTERED OFFICE

New India Assurance Building, 87, M. G. Road, Fort, Mumbai 400 001.
Website : www.niacl.com

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BOARD OF DIRECTORS AND MANAGEMENT



R. Beri
Chairman-cum-Managing Director

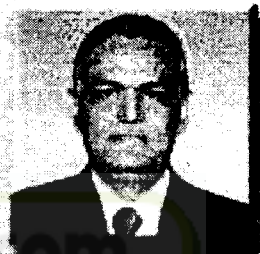
DIRECTORS



G. C. Chaturvedi
IAS



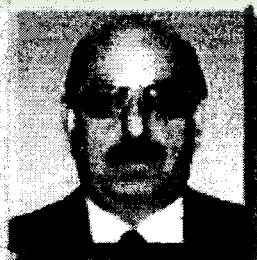
Dr. A. K. Khandelwal



R. K. Joshi



A. V. Purushothaman



Kumar Bakhru

GM & FA



V. K. Gupta, IRS

GM



M. K. Garg

GM & CVO



K. Shridhar

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दि न्यू इंडिया अश्योरन्स कंपनी लिमिटेड
The New India Assurance Company Limited
Incorporated in India under the Companies Act, 1956

FROM CMD'S DESK

FROM THE CMD'S DESK

The year 2003-04 will go down in the annals of India's economic history as a golden year for the country. The year was credited with several glorious achievements on the macro economic front, which in many respects were unprecedented. The economy recorded a robust growth of 8.2%, becoming one of the fastest growing economies in the world. This was against a growth of 6.2% in the previous year. The economy witnessed an all pervading sectoral growth. While the services sector maintained its series of astronomical growth rates, the agricultural sector rebounded sharply from the previous year's negative growth rate by posting a growth of 9.1% on the backdrop of a favourable monsoon. The manufacturing sector sprung up a pleasant surprise by clocking a growth rate of 7.3%, the best in many years for the sector which was lying dormant for quite some time. The restructuring efforts of India Inc. led to a surge in the competitiveness of the Indian industry. The New economy juggernauts defied external retarding factors like a rising rupee, hostile war conditions in the Middle East etc. to exhibit a sustainable growth performance. Exports zoomed to record the best performance in the recent past. The forex reserves crossed the magic figure of \$100bn. All these factors triggered a bull run on the stock markets. Another noteworthy feature was the stable inflation.

The Indian economy is poised for a major leap in the years to come. The strong fundamentals of the economy, coupled with an all-round reforms initiative could usher in a sustained high growth in the coming years. CMIE is forecasting a growth of 7.4 % for the coming year. However, the short-term outlook hinges on factors like the monsoon, the global political environment etc. The threat of inflation looms large on the Indian economy.

The repercussions of the Iraq war may have a negative impact on the oil prices, triggering inflationary trends across the global economy. However, this can be offset by the strong economic growth prospects of the Big Three- US, EU and Japan. Overall, the economic fundamentals portend to a positive economic outlook for the coming year.

GENERAL INSURANCE:

The Indian general insurance market moved in tandem with the Indian economy. The sector, riding on the crest of a strong economic growth, posted an impressive growth of 13% for the current financial year. The most impressive spectacle has been the foray of the private players. This has led to the demolition of Capitalism's bete- noire "Monopoly". In only their fourth year of operations, the private players have garnered a market share of 14% up from about 10% a year ago. The Gross premium procured by the general insurers amounted to Rs. 16,118 cr as compared to Rs.14,303 cr. in the previous financial year.

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The public sector general insurance companies initiated a process of restructuring to cope up with the competitive pressures unleashed by the private players. The primary move in this direction was the SVRS- aimed at a leaner organization.

The global non-life insurance market grew by 6% in 2003, with the emerging markets recording an impressive growth of 8.5%. The global insurance market has shown a better record on the underwriting front in 2003 than in the previous years. The property/casualty market recorded the best underwriting year in the last 25 years. The combined ratio (a measure of loss and expenses as a % of net premium written) of the global insurers in the p/c market amounted to 100.1%, the best in 25 years. The projections for the ensuing year presage a drop in the combined ratio to less than 100%. The estimated deficit of the p/c market has been substantially reduced. The US p/c market recorded a meteoric rise in profitability – nearly 10 times the previous year's figure. After continued hardening trends, the global market is exhibiting a proclivity towards softening of premium rates. The upward trajectory of the global economy portends to a high growth scenario for the global insurance market in the coming financial year.

REINSURANCE:

In the beginning of the year 2003 the International Reinsurance market showed signs of stabilizing especially in property catastrophe reinsurance covers. By March – April 2003, the hard market conditions of the previous years showed some signs of downward movement depending on the territory and that too only on catastrophic excess of loss business. Any improvement in pricing of excess of loss covers was by restructuring of the reinsurance program.

The pressures on reinsurer's balance sheet continued. The rating agencies maintained their focus on capital adequacy of the reinsurers and at the same time, the shareholders put pressure for increased returns on their capital. Much of the new capital raised in 2003 was to meet balance sheet requirements. The influence of ratings agencies has increased as cedants and regulators are laying more emphasis on the minimum rating requirements.

Although lack of capacity for catastrophe was not a constraint for the Indian Market, however, modeling of natural peril aggregates and actuarial analysis now play an important role in the pricing and terms. The major cat events in 2003 like the tornadoes and forest fire in the USA hurricane Isabel affecting east coast of US and Canada, floods in France, typhoon Maemi in South Korea and hurricane Fabian in Bermuda caused substantial damages but did not have a major impact on the market.



FROM CMD'S DESK (Contd.)

For proportional treaties (surplus) the reinsurers as in 2002 were reluctant to provide support. The demand for profitability, imposition of event limit and information on exposures affecting the surplus treaties besides other restrictive conditions continued. Due to these requirements, many insurers having treaties with poor performance had to discontinue the proportional covers and replace it by an excess of loss cover.

It is expected that unless there are any significant catastrophes, prices will fall in some lines of business and in some territories but the basic fundamental changes demanded by the international market will continue.

The Indian general insurance industry is on the threshold of a paradigm change. A momentous transformation pervading various aspects like the regulatory framework, the intermediaries, equity and ownership structures is on the anvil.

The policy of liberalization may sooner or later bring about changes in the limits of FDI permissible, paving way for increased foreign ownership. The advent of the brokers and the banks as intermediaries will radically transform the distribution network of the insurance industry. Plans are afoot for the phased de-tariffing of the general insurance industry with a modest beginning being planned for the Motor OD segment. The above aspects pose daunting challenges and at the same time create lucrative opportunities. The general insurance industry should prepare to brace the challenges ahead through prudent underwriting and sound management practices. The galloping services sector presents many opportunities for insurance, which are yet to be tapped. The global business trends and increasing exposure of the Indian businesses to the international legal environment present tremendous opportunities for liability insurance, which are yet to be explored. Personal line insurance business is another branch of insurance with tremendous potential. The insurance penetration achieved so far is just the tip of the iceberg. A journey to the nadir of the iceberg will need a concerted and a dedicated effort from the industry players, the regulator and the intermediaries. New India, as the torchbearer of the industry and with a rich legacy to live with, has to lead the next General Insurance revolution. Surely, 'the leader is on prowl' with a view to contribute to the industry as well as to the nation.

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DIRECTORS' REPORT

DIRECTORS' REPORT: 2003-04

Report of The Board of Directors of The New India Assurance Company Limited Under Section 217 of The Companies Act, 1956

TO THE MEMBERS:

The Directors have pleasure in presenting the 85th Annual Report together with the Audited Statement of Accounts and Balance Sheet for the year ended 31st March, 2004.

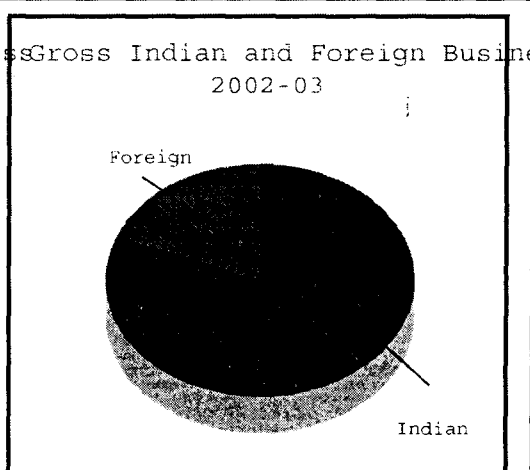
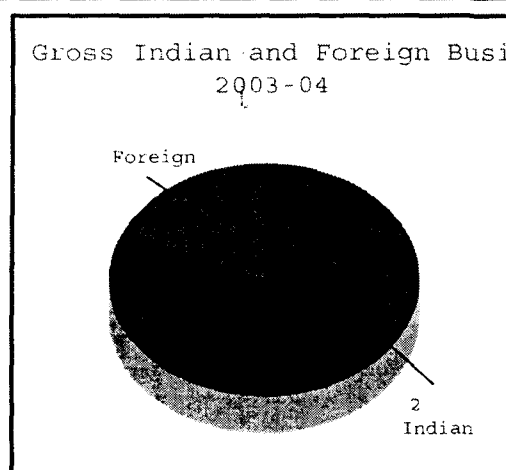
We are pleased to inform you that the Company has become a wholly owned Government Company. As per the directive from the Government of India, all the equity shares of the Company held by General Insurance Corporation of India (GIC) were transferred in the name of President of India with retrospective effect from 21st March, 2004. Consequently, the Company has ceased to be a subsidiary of the GIC.

Class wise underwriting performance.

(Rs. in Crores)

	Year	Fire	Miscellaneous	Marine	Total
Gross premium -In India	2003-04	775.20	3011.26	259.22	4045.68
Percentage growth		-10.64	11.14	-24.73	3.17
	2002-03	867.46	2709.38	344.40	3921.24
		0.88	17.13	1.50	11.64
-Outside India	2003-04	292.49	536.87	46.43	875.79
Percentage growth		-3.91	-2.90	35.76	-1.77
	2002-03	304.40	552.95	34.20	891.55
		23.33	33.08	46.03	30.01
Total	2003-04	1067.69	3548.13	305.65	4921.47
Percentage growth		-8.89	8.76	-19.27	2.26
	2002-03	1171.86	3262.33	378.60	4812.79
		5.89	19.56	4.38	14.64

Gross Indian and Foreign Business 2003-04



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नियु नूडिया अशुरांस कम्पनी लिमिटेड
The New India Assurance Company Limited

DIRECTORS' REPORT (Contd.)

Results of Policy holders Accounts:

(Rs. in Crores)

	Year	Fire	Miscellaneous	Marine	Total
Net premium	2003-04	766.68	2695.29	172.97	3634.94
Percentage growth		-6.70	8.06	-13.70	3.37
Percentage to gross premium		71.81	75.96	56.59	73.86
	2002-03	821.70	2494.30	200.43	3516.43
		8.28	18.82	-4.60	14.61
		70.12	76.46	52.94	73.06
Reserve Strain	2003-04	-27.51	100.46	-27.46	45.49
Percentage to net premium		-3.58	3.73	-15.88	1.25
	2002-03	31.43	197.50	-9.66	219.27
		3.82	7.92	-4.82	6.24
Earned premium	2003-04	794.19	2594.83	200.43	3589.45
	2002-03	790.27	2296.80	210.09	3297.16
Net incurred claims	2003-04	261.34	2370.30	81.94	2713.58
Percentage to net premium		34.09	87.94	47.37	74.65
	2002-03	467.37	2115.23	116.91	2699.51
		56.88	84.80	58.33	76.77
Net commission	2003-04	39.37	171.39	2.86	213.62
Percentage to net premium		5.14	6.36	1.65	5.88
	2002-03	33.41	170.13	-10.40	193.14
		4.07	6.82	-5.19	5.49
Operating expenses related to insurance business including foreign taxes	2003-04	325.67	951.85	63.04	1340.56
Percentage to net premium		42.48	35.32	36.45	36.88
	2002-03	246.45	595.02	53.30	894.77
		29.99	23.86	26.59	25.45

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