

Directors and Management

Chairman-Cum-Managing Director



B. CHAKRABARTI

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Directors



TARUN BAJAJ



T. S. NARAYANASAMI



M. RAZZACK



SANJAY GUPTA



SARAT PATTANAYAK



N.S.R.CHANDRA PRASAD



A.R. SEKAR



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Directors and Management

General Managers



J. K. GUPTA



V. JAYAPRAKASH



I.S. PHUKELA



S. GOPALKRISHNAN



MRS. ASHA NAIR

CVO



MRS. GOPA RAY

Appointed Actuary



A. R. PRABHU



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Directors' Report

Directors' Report 2007-08

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 are pleased to present the 89th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March 2008.

I. CLASS-WISE PERFORMANCE SUMMARY:

(Rupees in crores)

			Fire	Marine	Misc	Total
Gross Direct Premium Income	India	CY	743.43	437.28	4096.20	5276.91
		PY	909.98	321.02	3786.20	5017.20
		(% Growth)	CY -18.30	36.22	8.19	5.18
	Outside India	PY	8.38	7.08	3.67	4.71
		CY	237.96	57.55	579.04	874.55
		PY	254.59	49.45	615.54	919.58
	Global	(% Growth)	CY -6.53	16.38	-5.93	-4.90
		PY	-3.51	-0.19	7.87	4.02
		CY	981.39	494.83	4675.24	6151.46
	Global	PY	1164.57	370.47	4401.74	5936.78
		(% Growth)	CY -15.73	33.57	6.21	3.62
		PY	5.54	6.05	4.24	4.60
Reinsurance Premium Accepted	India	CY	40.90	7.99	473.10	521.99
		PY	46.41	6.17	28.98	81.56
	Outside India	CY	302.73	7.37	29.68	339.78
		PY	345.54	5.21	36.22	386.97
	Global	CY	343.63	15.36	502.78	861.77
		PY	391.95	11.38	65.20	468.53
Reinsurance Premium Ceded	India	CY	289.19	266.50	1325.56	1881.25
		PY	399.81	177.44	852.73	1429.98
	Outside India	CY	148.13	11.92	57.65	217.70
		PY	103.78	15.85	103.93	223.56
	Global	CY	437.32	278.42	1383.21	2098.95
		PY	503.59	193.29	956.66	1653.54
Net Premium	India	CY	495.14	178.77	3243.74	3917.65
		PY	556.57	149.75	2962.44	3668.76
		(% Growth)	CY -11.04	19.38	9.50	6.78
	Outside India	PY	24.09	14.08	4.84	7.74
		(% to Gross Premium)	CY 66.60	40.88	79.19	74.24
		PY	61.16	46.65	78.24	73.12
	Global	CY	392.56	53.00	551.07	996.63
		PY	496.35	38.82	547.83	1083.00
		(% Growth)	CY -20.91	36.53	0.59	-7.98
		PY	29.86	17.25	4.94	15.53
	Global	(% to Gross Premium)	CY 164.97	92.09	95.17	113.96
		PY	194.96	78.50	89.00	117.77



Directors' Report

I. CLASS-WISE PERFORMANCE SUMMARY: (Contd...)

		(Rupees in crores)			
		Fire	Marine	Misc	Total
Global Net Premium	CY	887.70	231.77	3794.81	4914.28
	PY	1052.92	188.57	3510.27	4751.76
(% Growth)	CY	-15.69	22.91	8.11	3.42
	PY	26.74	14.72	4.86	9.42
(% to Gross Premium)	CY	90.45	46.84	81.17	79.89
	PY	90.41	50.90	79.75	80.04
Addition to Unexpired Risks Reserves	CY	82.61	-43.19	-142.26	-102.84
	PY	-111.08	-24.20	-81.38	-216.66
(% to Net Premium)	CY	9.31	-18.63	-3.75	-2.09
	PY	-10.55	-12.83	-2.32	-4.56
Earned Premium	CY	970.31	188.57	3652.54	4811.42
	PY	941.84	164.37	3428.90	4535.11
Incurred Claims Net	CY	601.60	158.24	3417.64	4177.48
	PY	560.06	62.30	3021.25	3643.61
(% to Earned Premium)	CY	62.00	83.92	93.57	86.82
	PY	59.46	37.90	88.11	80.34
Commission Net	CY	100.23	26.69	332.31	459.23
	PY	79.33	14.23	297.33	390.89
(% to Earned Premium)	CY	10.33	14.15	9.10	9.54
	PY	8.42	8.66	8.67	8.62
Operating Expenses	CY	196.11	56.63	766.36	1019.10
	PY	284.62	52.32	816.94	1153.88
(% to Earned Premium)	CY	20.21	30.03	20.98	21.18
	PY	30.22	31.83	23.83	25.44
U/W Results	CY	72.37	-52.99	-863.77	-844.39
	PY	17.84	35.52	-706.64	-653.28
(% to Earned Premium)	CY	7.46	-28.10	-23.65	-17.55
	PY	1.89	21.61	-20.61	-14.40
Investment Income - Policy Holders	CY	210.99	60.65	1082.13	1353.77
	PY	215.18	66.46	1108.36	1390.00
Revenue Account Surplus	CY	283.36	7.66	218.36	509.38
	PY	233.02	101.98	401.72	736.72
Investment Income - Share Holders	CY				990.85
	PY				861.35
Other Income less Outgo	CY				21.23
	PY				15.85



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Profit before Tax	CY	1521.46
	PY	1613.93
Provision for Tax	CY	120.33
	PY	153.98
Profit after Tax	CY	1401.13
	PY	1459.95
Dividend (Proposed)	CY	283.00
	PY	292.00
Dividend Tax	CY	48.10
	PY	49.63
Transfer to Reserves	CY	1070.03
	PY	1118.32

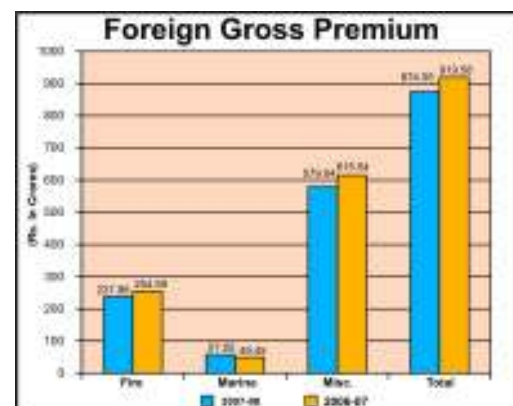
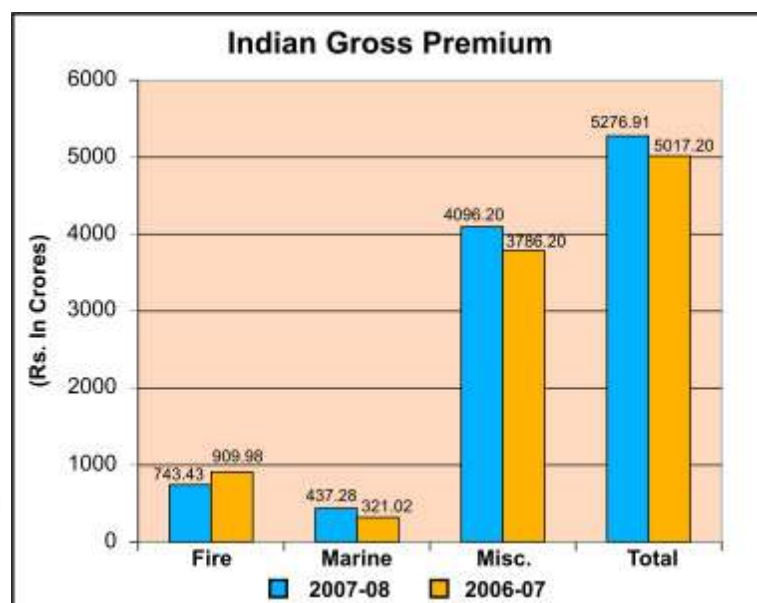
II. PERFORMANCE REVIEW

(Rupees in crores)

	2007-08	2006-07
A. GROSS DIRECT PREMIUM:	5276.91	5017.20
Percentage change over previous year:	5.18	4.71

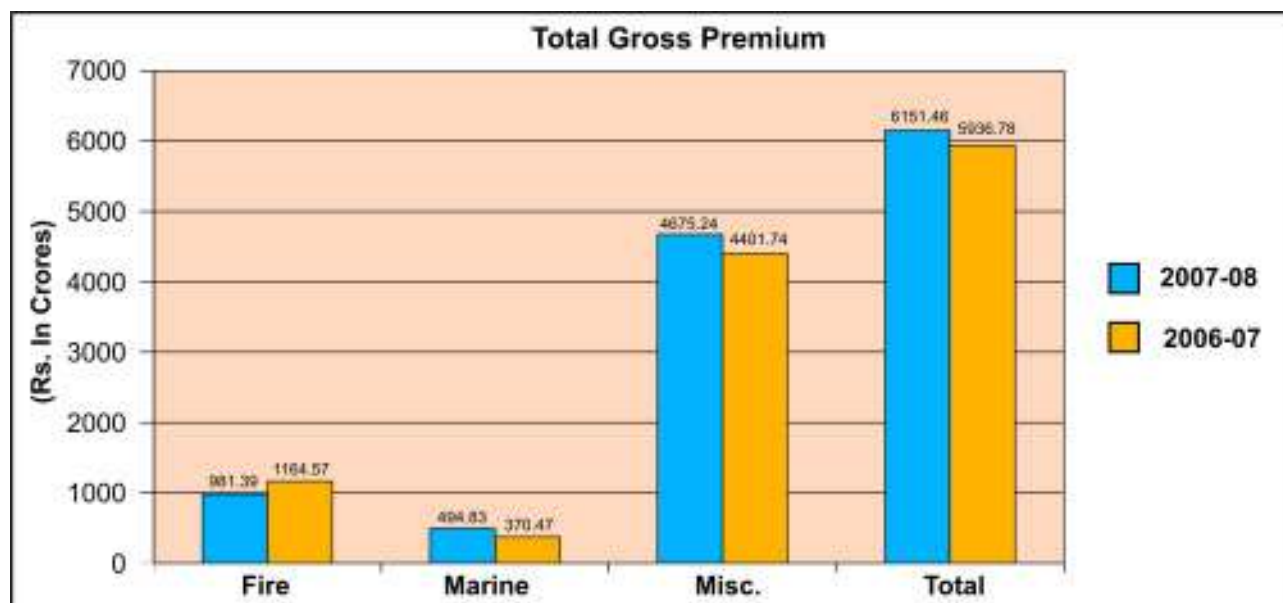
Gross Direct Premium in India has increased from Rs. 5017.20 Cr. in 2006-07 to Rs. 5276.91 Cr. in 07-08 recording a growth of 5.18% as against 4.71% growth registered during 2006-07.

The growth in business, in the backdrop of de-tariffing of Fire, Engineering, Motor OD and W.C. business during the year, which resulted in substantial reduction in the premium rates in these classes of business,



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Directors' Report



may be considered satisfactory. Marine business (Cargo + Hull) has increased by 36% and Company's market share has reasonably improved in this line of business. Health business in India has increased from Rs.765.29 Cr. in 06-07 to Rs.1209.42 Cr. in 07-08 owing to increase in premium rates and an increase in market share of the Company. Foreign (Direct) business has marginally declined from Rs. 919.57 Cr. to Rs. 874.55 Cr. Company has continued to be the market leader during 07-08 in India. With global premium having crossed Rs. 6000 Cr., the Company has crossed yet another milestone during 2007-08.

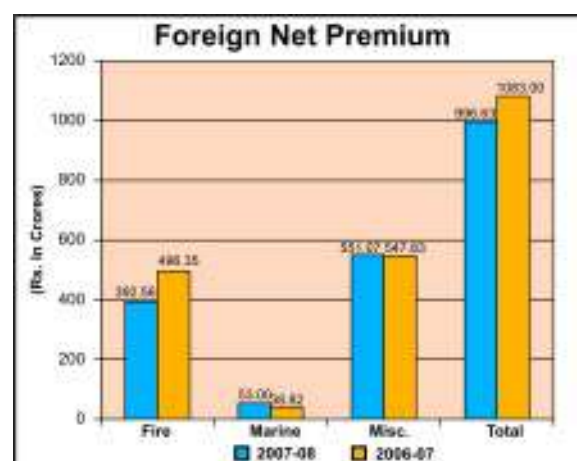
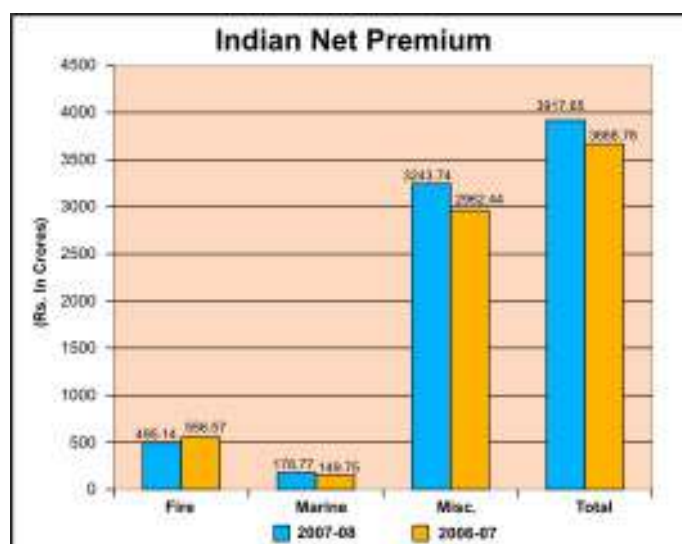
B. NET PREMIUM (GLOBAL)

Percentage change over previous year:

(Rupees in crores)

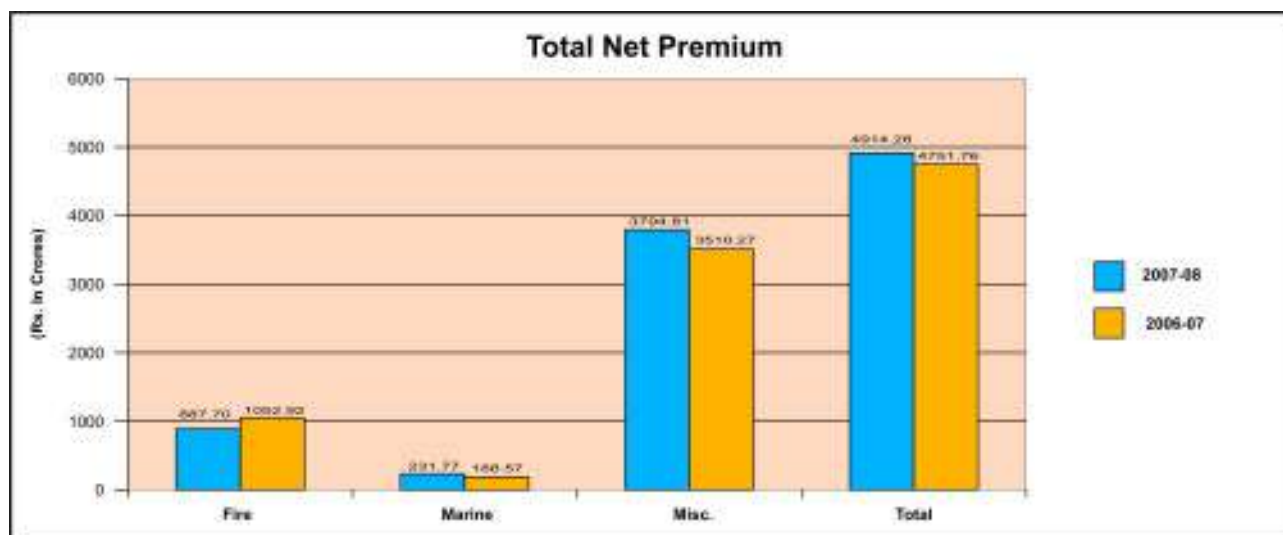
2007-08	2006-07
4914.28	4751.76
3.42	9.42

The Net Premium grew from Rs.4751.76 Cr. to Rs. 4914.28 Crs. (i.e. by Rs. 162.52 Crs.) with a stable retention ratio of 79.89% in the current year, against previous year's ratio of 80.04%.



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(Rupees in crores)

C. ADDITIONAL UNEXPIRED RISK RESERVES :

2007-08	2006-07
102.84	216.66

Percentage to Net Premium:

2.09	4.56
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Unexpired Risk Reserve has increased from Rs. 2470.17 Cr. as at 31.3.07 to Rs.2573.01 Cr. as at 31.3.08 contributing to reserve strain of Rs. 102.84 Cr. during the year. There was a reserve release of Rs. 82.61 Cr. in Fire class of business and reserve strain of Rs. 43.19 Cr. in Marine and Rs. 142.26 Cr. in Miscellaneous class of business.

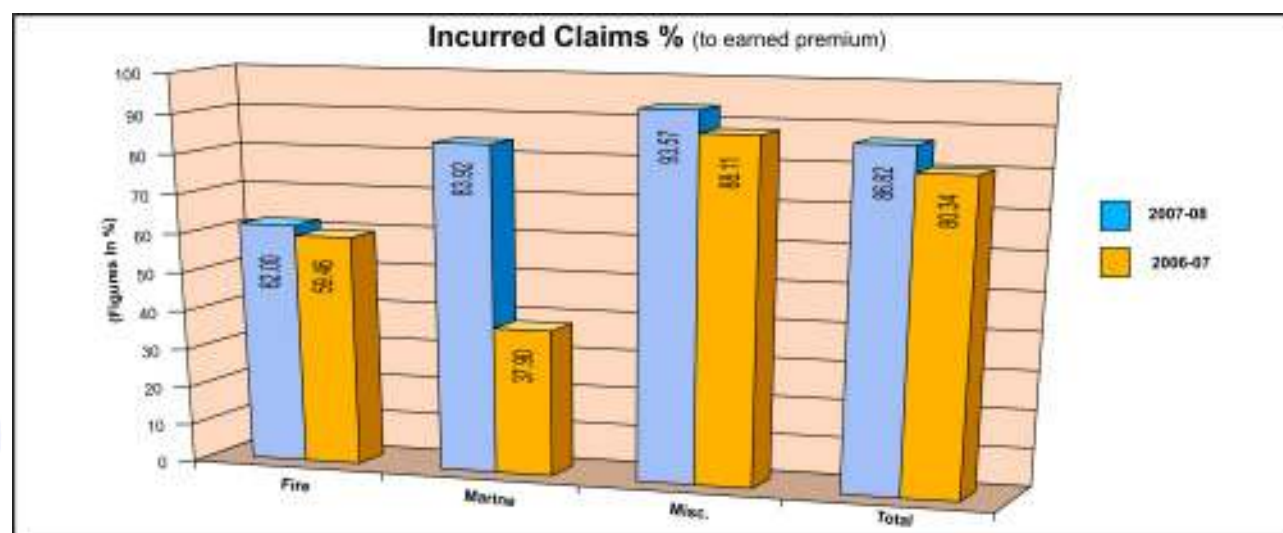
(Rupees in crores)

D. INCURRED CLAIMS :

2007-08	2006-07
4177.48	3643.61

Percentage to Net Premium:

85.01	76.68
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Global net incurred claims have shown an increase of Rs. 533.87 Cr. comprising of an increase in Indian net incurred claims by Rs. 427.42 Cr. and an increase in foreign net incurred claims by Rs. 106.45 Cr. Incurred claims in Indian Motor Business (Own Damage & Third Party) have shown an increase of Rs. 261 Cr. Incurred claims under Fire Department pertaining to our foreign business has caused an increase to the extent of Rs. 105 Cr. largely due to catastrophic claims in Muscat and Curacao. Owing to an increase in Health Business in India, the claims have also increased by Rs. 87 Cr.

E. COMMISSION :

Percentage to Net Premium:

(Rupees in crores)

	2007-08	2006-07
	459.23	390.89
	9.34	8.23



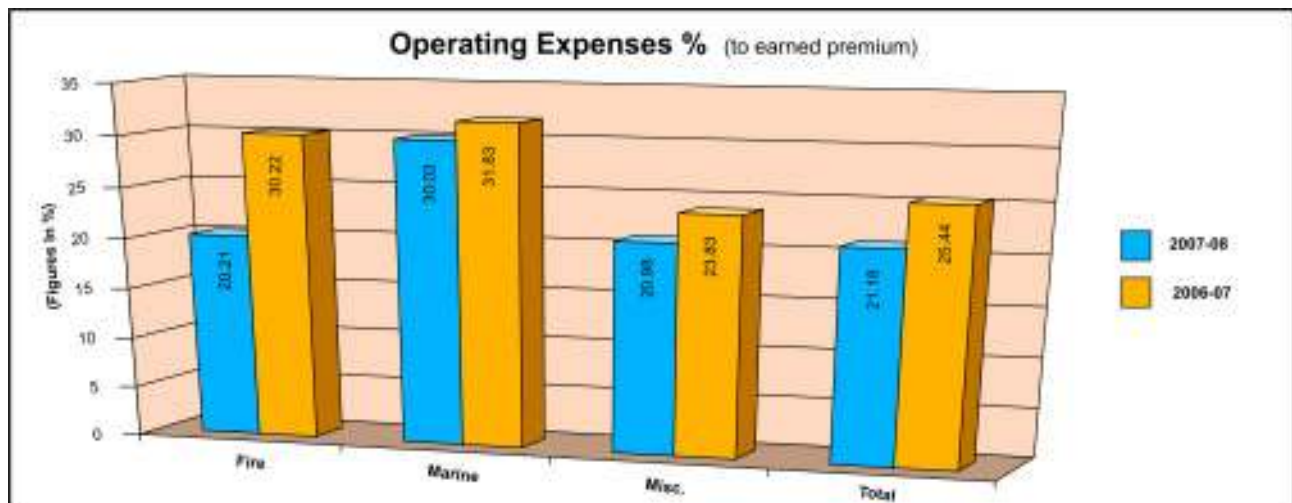
Net acquisition cost of business has gone up by an amount of Rs. 68.34 Cr. Increase in the commission of direct business by Rs. 18.60 Cr. and increase in the commission of RI Accepted business by Rs. 48.57 Cr. are responsible for the increase in the net acquisition cost from 8.23% to 9.34%

F. OPERATING EXPENSES :

Percentage to Net Premium:

(Rupees in crores)

	2007-08	2006-07
	1019.10	1153.89
	20.74	24.28



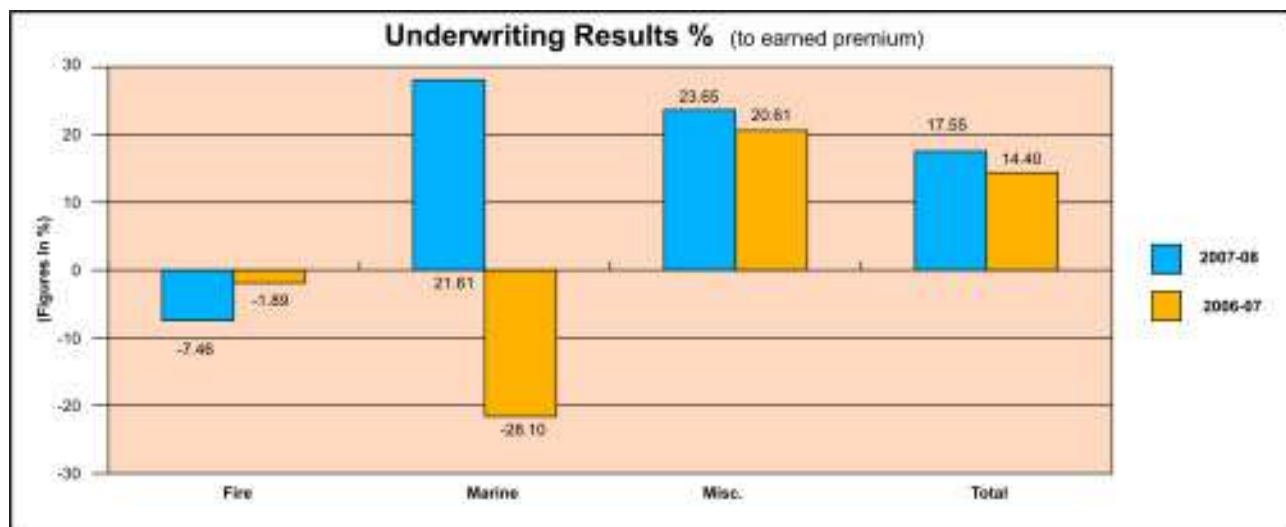
Operating Expenses declined by Rs. 134.79 Cr., mainly due to the reduction in the employee remuneration and welfare benefits. Operating Expenses constitute 20.74% during 07-08 as against 24.28% during 06-07 against net premium.



Directors' Report

G. UNDERWRITING RESULTS: Percentage to Net Premium:

(Rupees in crores)	
2007-08	2006-07
-844.39	-653.27
-17.18	-13.75



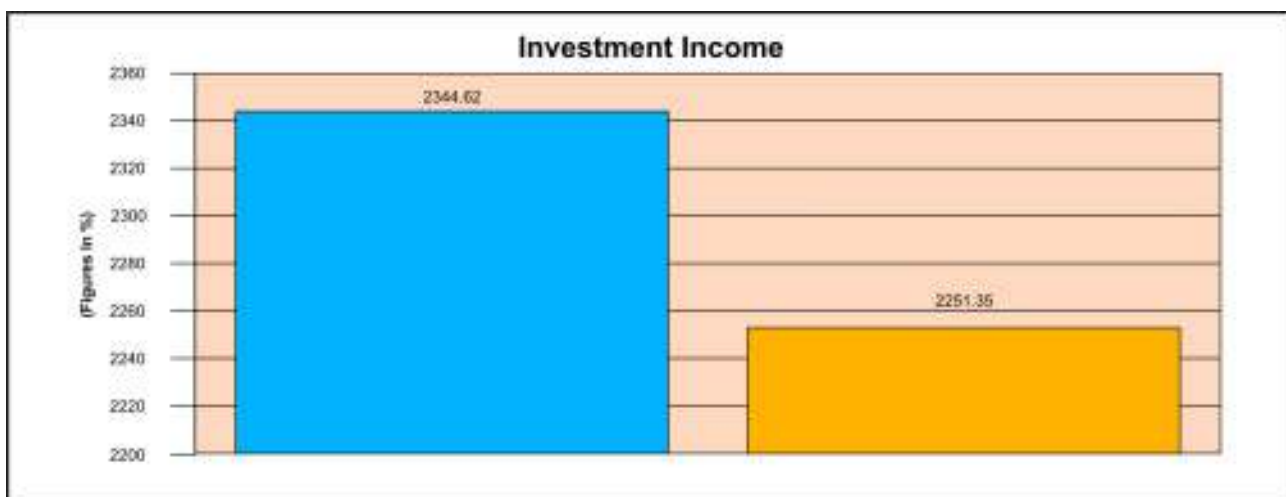
Underwriting deficit has gone up from Rs. 653.27 Cr. in 06-07 to Rs. 844.39 Cr. in 07-08 mainly on account of increase in net incurred claims by Rs. 533.87 Cr., which was partially offset by reduction in the expenses and moderate increase in the net premium.

H. INVESTMENT INCOME (LESS PROVISIONS)

Apportioned to Policyholders
Apportioned to Shareholders

Total

(Rupees in crores)	
2007-08	2006-07
1353.77	1390.00
990.85	861.35
2344.62	2251.35



Continued good investment performance enabled the Company to earn an investment income of Rs. 2344.62 Cr. in the current year against Rs. 2251.35 Cr. of the previous year. The mean yield on funds is 19.56%. The non-performing assets come to Rs.215.34 crores.



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I. REVENUE ACCOUNT RESULTS :

Percentage to Net Premium

The policyholders' account showed a net surplus of Rs.509.38 Crs. In the current year against Rs.736.72 Cr. in the previous year, a reduction of Rs.227.34 Crs.

(Rupees in crores)

2007-08	2006-07
509.38	736.72
10.37	15.50

J. OTHER INCOME / OUTGO

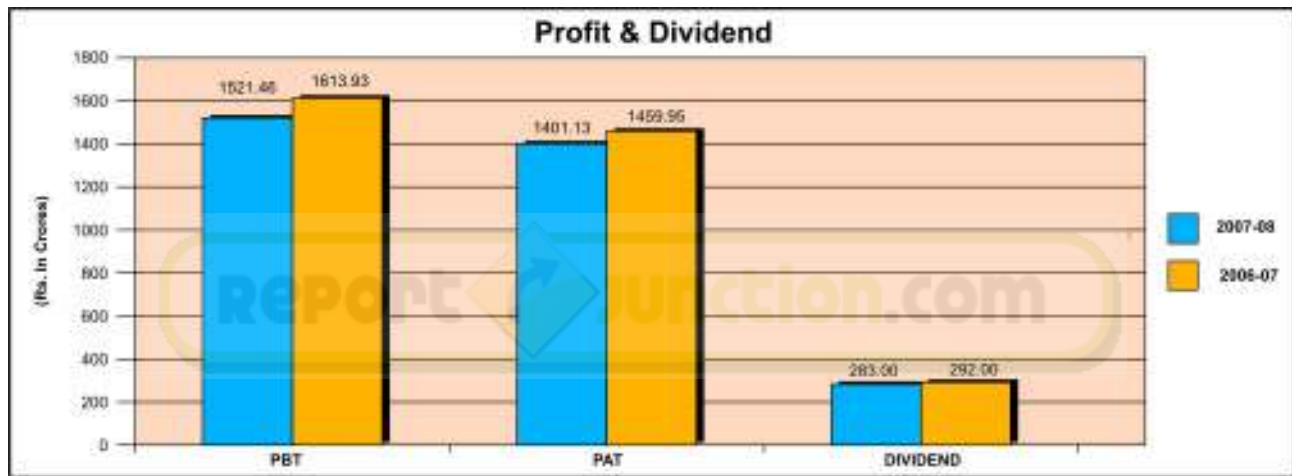
K. PROFIT BEFORE TAX

L. PROFIT AFTER TAX

M. PROPOSED FINAL DIVIDEND

(Rupees in crores)

2007-08	2006-07
21.23	15.85
1521.46	1613.93
1401.13	1459.95
283	292

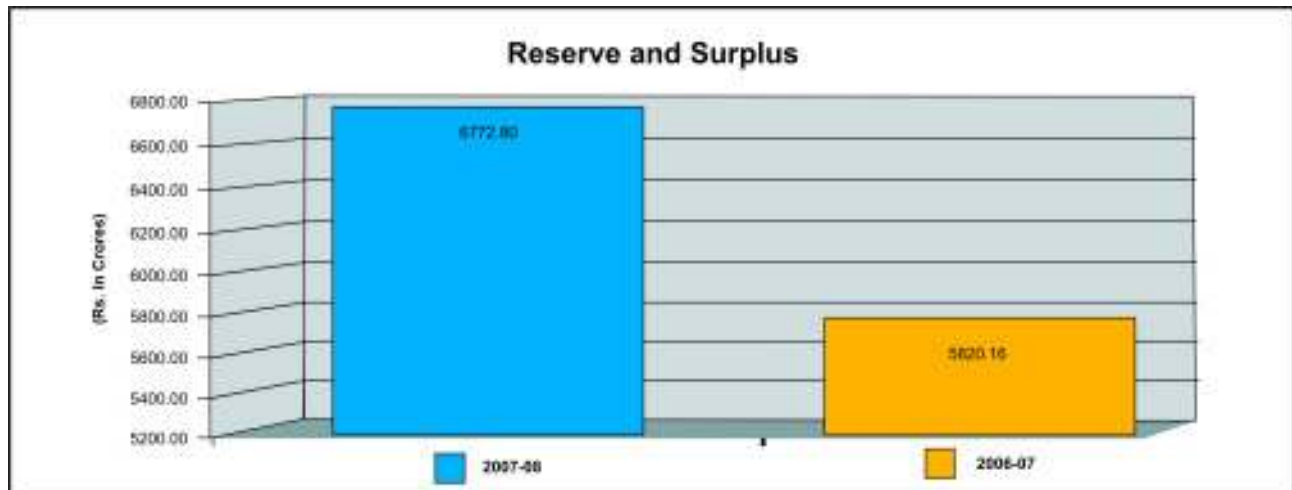


(Rupees in crores)

N. PAID-UP CAPITAL

O. RESERVES AND SURPLUS

2007-08	2006-07
200	200
6772.80	5820.16



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