

BAJAJ ALLIANZ GENERAL INSURANCE CO

Industry

- First full year after commencement of de-tariffication
- Removal of price controls on Fire, Engineering and Motor own damage business
- Fire, Engineering and motor account for 2/3rd of industry's Gross Written Premium
- During the year, IMTPIP formed for 3rd party motor insurance

As a result ...

➤ ↓ Industry Growth rate - 12.6% in FY08 v/s 22.4% in FY07

However ...

✓ Total Gross Premium - ↑
Rs. 281 billion in FY08 v/s Rs. 250 billion in FY07

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✓ Private insurers market share - ↑
40% in FY08 v/s 35% in FY07

➤ Top 3 companies now enjoy 68% of the private market

Currently, number of players : 14

Bajaj Allianz General

➤ Gross Written Premium – **↑ 33%** (*including Motor pool 43%*)

Rs. 24 billion (**Rs. 26 billion** including Motor pool) **v/s** Rs. 18 billion in P. Yr

➤ Growth rate – More than **Twice** the market growth

➤ Market share – **↑ 8.5%** **v/s** 7.2% in P. Yr

➤ Net premium earned – **↑ 59%**

Rs. 13.3 billion **v/s** Rs. 8.4 billion in P. Yr (*including Motor Pool*
Rs. 14.1 Bn)

➤ Number of policies sold – 6.6 million **v/s** 4.9 million in P.Yr

➤ Investible surplus – **↑** Rs. 20.4 billion

➤ Profit before tax – **↑** 44% to Rs. 1.7 billion after absorbing TP pool losses of Rs. 0.4 billion

Business mix

Line of Business	2007-08	2006-07	2005-06
Corporate ex-health	26%	42%	45%
Motor (Retail)	58%	43%	42%
Health & Travel	10%	9%	8%
Other (mainly retail)	6%	6%	5%

- ✓ **Focus on profitable growth**
- ✓ **Reduce exposure in corporate business as highly discounted**
- ✓ **Concentration on retails customers**
- ✓ **Service oriented approach – Rated amongst the top for services**

Profitability

Rs. in million	Apr-Mar 08 incl. RI inward from Motor TP Pool	Apr-Mar 08 excluding results of Motor TP pool	Apr-Mar 07	YOY change
Gross written premium	25,780	24,045	18,033	33.3%
Net earned premium	14,134	13,266	8,366	58.6%
Net Insurance Income	2,919	3,327	2,084	59.6%
Underwriting profit	(210)	198	254	
Profit before tax	1,679	2,040	1,170	74.3%
Profit after tax	1,056	1,294	754	71.6%
Loss ratio	66.7%	63.1%	66.4%	
Combined ratio	101.5%	98.5%	97.0%	
Retention Ratio	69.1%	66.8%	60.2%	

- ✓ **Strong growth**
- ✓ **Strong retention – over 58% growth in net premiums**
- ✓ **PBT growth – over 74%**

Combined ratio = (Net incurred claim plus net commission plus management expenses) / net earned premium

Balance sheet

Rs. in million	March 2008	March 2007
Cash and investments	20,483	14,754
Other assets	4,195	1,716
Insurance reserves	16,355	9,764
Other liabilities	2,576	3,081
Net worth	5,748	4,116
Free cash flow	5,038	5,736

Focus on cash flows, growth in invested surplus.

Free cash flow = increase in invested surplus net of financing cash flows

Shareholders funds

Rs. in million	2007-08	2006-07
Share Capital	1102	1101
Share premium	1666	976
Balance in P&L account & others	2980	2039
Net worth	5748	4116

Total capital infused during the year – Rs. 691 million

Share capital – Rs. 1 million

Share premium – Rs. 690 million

Bajaj Allianz General Insurance Co Ltd
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