"General Insurance Corporation of India Limited

Q2 FY27 Earnings Conference Call"

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MANAGEMENT: **MR. HITESH JOSHI – CHAIRMAN AND MANAGING DIRECTOR – GENERAL INSURANCE CORPORATION OF INDIA LIMITED**
MR. SANJAY MOKASHI – CHIEF UNDERWRITING OFFICER – GENERAL INSURANCE CORPORATION OF INDIA LIMITED
MR. RAJESH LAHERI – CHIEF FINANCIAL OFFICER – GENERAL INSURANCE CORPORATION OF INDIA LIMITED
MS. RADHIKA RAVISHEKAR – CHIEF INVESTMENT OFFICER – GENERAL INSURANCE CORPORATION OF INDIA LIMITED
MR. SATEESH BHAT – APPOINTED ACTUARY, NON-LIFE BUSINESS – GENERAL INSURANCE CORPORATION OF INDIA LIMITED

MODERATOR: **MS. NIKITA ATRI – ERNST & YOUNG**

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Moderator: Ladies and gentlemen, good day and welcome to the General Insurance Corporation of India Q2 FY 2027 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Nikita Atri from Ernst & Young. Thank you, and over to you, ma'am.

Nikita Atri: Thank you, Alaric. Good morning to all the participants on the call and thank you for joining Q2 and H1 FY 2027 earnings call for General Insurance Corporation of India. Please note that we have mailed out the press release and presentation to everyone, and you can now see the results on our website, and it has been uploaded on the stock exchange as well. In case you have not received the same, you can write to us, and we will be happy to send it over to you.

Before we proceed with the call, let me remind you that the discussion may contain forward-looking statements that may involve known or unknown risks, uncertainties, and other factors. It must be viewed in conjunction with our businesses that could cause future results, performance, or achievement to differ significantly from what is expressed or implied by such forward-looking statements.

To take us through the results for the quarter and answer questions, we have with us Mr. Hitesh Joshi, Chairman and Managing Director, and other top members of the management of GIC. We will be starting the call with a brief overview of the quarter gone by, which will then be followed by the Q&A session.

With that said, I will now hand over the call to Mr. Joshi. Over to you, sir.

Hitesh Joshi: Good morning, ladies and gentlemen, and thank you for joining us for GIC Re's earnings call for Q2 FY 2027. Before turning to our financial performance, let me briefly touch upon the broader operating environment. The global operating environment remains shaped by geopolitical uncertainty, changing trade dynamics, and broader economic developments. Natural catastrophe activity, rising asset values, and elevated loss costs continue to influence risk assessment, pricing, and demand for insurance and reinsurance protection.

Catastrophe exposure remains a key industry consideration. The frequency and severity of events, concentrations of economic value in exposed regions, and higher repair, reconstruction, and replacement costs reinforce the importance of adequate capacity, pricing adequacy, and disciplined risk assessment. Global reinsurance capacity remains healthy, increasing competition across certain business lines and geographies. Against this backdrop, GIC Re remains selective in its underwriting, prioritizing pricing adequacy and sustainable risk-adjusted returns over premium growth alone.

Underlying demand for protection remains strong, supported by growing asset values, greater awareness of evolving risks, growing accumulation, and increasing focus on financial resilience. In India, economic growth, infrastructure development, an expanding base of insurable assets,

and increasing insurance penetration support a compelling long-term opportunity. As risks grow in scale and complexity, reinsurance capacity and expertise will remain really important. GIC Re is well-positioned to support this development while pursuing sustainable profitable growth. Let me now take you through some of the key financial highlights.

The gross premium income of the company was INR11,228.21 crores for Q2 FY 2027 as compared to INR9,601.70 crores for Q2 FY 2026. Gross premium income for half year FY 2027 was INR24,703.57 crores compared to INR21,989.71 crores. The investment income stood at INR4,238.26 crores in Q2 as compared to INR3,791.67 crores.

Investment income for half year 27 was INR7,503.78 crores compared to INR7,105.41 crores in the corresponding period of the previous year. Incurred claims ratio stood at 87.39% in Q2 FY 2027 as compared to 81.50% during the corresponding quarter of the previous year. Combined ratio in Q2 FY 2027 stood at 110.23% versus 109.15% during the corresponding quarter of the previous year.

The incurred claims ratio for H1 27 was 86.19% compared to 86.45% in H1 FY 2026. The combined ratio was 107.39% compared to 107.41% in the corresponding period of the previous year. The adjusted combined ratio, taking into consideration the policyholders' investment income, works out to 85.92% for the half year ended 30th September 26 as compared to 83.74% in half year FY 2026. Underwriting loss for H1 27 was INR1,709.06 crores compared to INR1,234.59 crores in H1 FY 2026.

Profit before tax stood at INR3,101.54 crores in Q2 FY 2027 as against INR3,472.76 crores. Profit after tax stood at INR2,455.62 crores in Q2 FY 2027 compared to INR2,866.79 crores. Profit before tax for H1 27 was INR5,591.79 crores compared to INR5,716.30 crores. Profit after tax was INR4,377.66 crores compared to INR4,619.02 crores. Our solvency position remains strong.

The solvency ratio stood at 4.18 as on 30th September 26 compared to 3.85 as on 30th September 25. Net worth excluding fair value change to date INR53,402.32 crores as on 30th September 26 compared to INR46,669.38 crores as on 30th September 25. Net worth of the company including fair value change to date INR93,138.68 crores as on 30th September 26 as against INR88,709.19 crores as on 30th September 25.

On the premium breakup side, domestic premium for H1 FY 2027 was INR19,794.41 crores and international premium was INR4,909.16 crores. The percentage split was domestic 80% and international 20%. Domestic premium recorded a year-on-year growth of 15.9%, while international premium remained broadly unchanged year-on-year in this half year. The first half recorded healthy premium growth and a broadly stable claims ratio. Underwriting losses, however, increased year-on-year.

Strengthening underwriting profitability remains a key priority, and our efforts are directed towards better risk selection, appropriate pricing, and active portfolio management. The international portfolio recorded an improvement in its combined ratio to 108.24% in H1 27 from 119.87% in H1 FY 2026. This is encouraging progress, although the portfolio has yet to achieve

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underwriting profitability. We expect competitive conditions to persist in the second half of the current financial year.

Our approach will remain measured, with growth pursued where pricing terms and risk-adjusted returns meet our expectations. Our strong capital base, relationships, and solvency position enable us to support clients and pursue opportunities across domestic and international markets. Our focus is on translating this into financial strength and profitable growth through consistent execution.

This concludes my remarks. Thank you. We can now move on to question and answer session.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Avinash Singh with Emkay Global Financial Services. Please go ahead.

Avinash Singh: Thank you for the opportunity. Good morning, sir. A few questions. The first one, If you can please quantify your NATCAT or flood-related losses in quarter two. Also, what would be your normal modelled run rate for these kind of losses? Because a Q2 flood will be a normal phenomenon, so of course you will have certain modelled loss numbers.

So, by what amount these quarter losses were in excess due to the floods or NATCAT ? Second, now where we are in H1 and looking ahead, what kind of a combined ratio for the full year do you see to be achievable? Is 105% for FY 2027 full year achievable or not? So that is the second.

Thirdly, now you would have also started submitting that Ind AS-based financials to the regulator. Under Ind AS, where will combined ratios appear in your P&Ls particularly?

Hitesh Joshi: Yes. Avinash Singh, coming to your first question regarding guidance on the NATCAT activity for the, say, quarter one, quarter two. Presently, we are not disclosing this. We are working on it, and we propose to come up with this guidance explicitly from the next year. That will be financial year FY 2028. Presently, we would like to park it because we are working on it.

Coming to your second question, whether a combined ratio of 105 is achievable, we would like to believe that it is achievable, but then we have still two full quarters to run, and also the Q3, which remains exposed to catastrophe activity globally. Coming to Ind AS, I think we need to now move away from the concept of combined ratio because Ind AS works on a totally different way.

There will be certain sensitivity and volatility coming from the transition itself, particularly how the investment income is recognized. In the very first year, well, there can be a very significant investment capital gains getting reflected in the Ind AS, and it will be subject to assumptions. So presently, we would refrain from making a comment as to where the combined ratio will go.

If we just would like to make a very broad comparison between the legacy, the existing accounting system, and the Ind AS, we would like to believe that it will get deflated to the extent of mark-to-market. Rest of the things, say, investment income per se and the financial performance will remain same. Only thing, the major factor that will move the needle for us will be the discounting of reserves.

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So, I think probably you can make some back-of-the-envelope calculations and arrive at return on equity and the combined ratio on the basis of whatever I have said.

Avinash Singh: Okay, sir. Thank you.

Moderator: The next question comes from the line of Sanketh Godha with Avendus Spark. Please go ahead.

Sanketh Godha: Thank you for the opportunity, sir. Sir, when I look at your domestic loss ratio for the first half, which is at 88%, better than the first quarter FY 2027 at 89%, I just wanted to understand what led to this improvement despite the entire industry, all general insurance players reporting losses with respect to the Gujarat floods. So, what led to this improvement, or is it the case that we did not provide for catastrophe in the current quarter? It eventually will come in subsequent quarter as the numbers get crystallized. So, that is my first question, sir.

Hitesh Joshi: There is a natural lag in our reporting to the extent that some of the quarterly statements of accounts on the proportional treaties and the obligatory statements flow to GIC Re with some lag. There is a lag, and some of this impact of the losses that are getting reported might show in the next quarter.

But at the same time, as far as our financials are concerned, we have provided INR450 crores-INR500 crores for Gujarat floods. It is not that the market losses are totally ignored. At the same time, market losses are not fully factored in. Probably our results fall somewhere in between.

Sanketh Godha: Understood, sir. Basically, what you're trying to say is that you have already provided INR450 crores, INR500 crores in this claims ratio, and if there is anything more than that, you'll provide in subsequent quarters. That's the way I interpret.

Hitesh Joshi: Correct. Correct.

Sanketh Godha: Understood. Sir, then if I ignore INR450 crores and try to look at the losses excluding catastrophe events, then there is a meaningful improvement in the domestic loss ratios. Any line segment or product mix segment which played a role for that improvement, sir?

Hitesh Joshi: Sanketh ji, as we have been saying that ours is a trend business. While we do analyze internally and we do have our conclusions, probably it will not be appropriate for us to share those because we have been maintaining consistently that two quarters' results are not really reflective because there are certain reserve movements.

There are certain adverse and positive reserve movements from the previous periods. There are quite a few moving parts. We do consider them and arrive at a conclusion, but we consider it premature to share these conclusions with the investing community for now.

Sanketh Godha: Understood, sir. Fair enough. Sir, on similar lines on the domestic, sorry, overseas business, we had an extraordinary quarter in 1Q with 66% loss ratio. Now in 1H, we are at 80% overseas, which is still very good compared to what historically you have reported. Sir, just wanted to understand what led to the overseas loss ratio going from 66% to 80% from 1Q to 1H. From a full year point of view, this 80% number, is it a sustainable? Wanted to check, sir.

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Sanjay Mokashi: Yes. On the international side, the weight of the property book is more, and that has performing well because of both our underwriting approach and fairly benign kind of CAT activity. However, having said that, we have provided in the Motor and Cargo segment more for the runoff treaty, which we came out.

American runoff treaty, which we came out in December 2021, wherein we felt that the loss reserves in our books need to be maintained for some more time. That has contributed to the increase in the loss ratios of Motor and Cargo segment. These two are balancing one another, but the overall position is slight deterioration in the foreign book.

Sanketh Godha: Sir, we were under the impression that the old book runoff treaties, that you mentioned, were almost fully provided for. Is this more like a conservative accounting, or do you think this will really and hit us at some point in time?

Sanjay Mokashi: It is conservative accounting. As the IBNR proportion is small, it is better to maintain it at certain threshold levels. That is what we are doing.

Sanketh Godha: Understood, sir. My other question is on growth. If I look at your growth in the domestic business, for the quarter, it is 21%, and for the year, it is 16%, or first half it is 16%. Also, in the overseas business, growth has picked up in second quarter with 6% growth, which was flat year-on- year.

Just wanted to understand, in domestic business, it seems that we are growing better than the industry, which means that have we gained any market share from FRBs or GIFT City branches, which led to our market share gain? Within that, if I see the numbers in domestic, sir, it seems that you are focusing too much on health. If you can give a color on what line of health is growing and what kind of loss issues you are experiencing here.

Sanjay Mokashi: Your observations are bang on, Sanketh, but I wouldn't say that we are focusing more on health. It so happens that in any segment where we come across a contract that makes sense, that we find viable, and that will add to our quality of our portfolio, we write that contract. Health contracts that we have been writing are big ticket contracts, the quota shares of various insurance companies as well as SAHI.

We got better signings from standalone health insurance companies this year. All this has contributed to the health book showing a pronounced growth. Though on the property side, our book has shrunk, health is compensating, and overall, that is the reason. Additionally, we have, as you know, 4% obligatory cessions, which reflect the market growth in our books.

Coming to foreign, if you see on a half-yearly basis, and that is the best way to look at the foreign book, considering the seasonality involved, it has remained stable at around INR4,900 crores. We will have to look at Q4, how we perform in 1st January renewal, to get a sense of where and how our foreign book is moving on an annual basis.

Sanketh Godha: Understood, sir. Sir, last point, last question. On domestic, I think from September 10 onwards, there is some indirect discipline in fire prices implemented by the industry. Just wanted to understand, are you seeing that behavior happening that the pricing in foreign fire business has

improved? Even if you can give a color on pricing environment for the overseas business, how it is behaving currently, given overseas business still did not witness as many CAT events typically it did two, three years back.

Sanjay Mokashi: Appreciate your observations about the domestic, Sanketh. Yes, we understand that insurance companies have realized that there has been a slide in domestic property premiums, which is not sustainable, and they are holding the slide. We are in touch with our prominent customers, insurance companies, and we see that they have been able to control that slide, and the rates are holding up from September onward till date.

That is our information from the market, which is heartening. In terms of overseas, we are just back from couple of international conferences, and the information that we gather from various market players, our interaction with the stakeholders is that there is abundant capital in the foreign market, both in the traditional segment and on the alternative capital side. The competitive pressures are expected to remain for another year.

One silver lining there is that the outlook appears to be stable and the underwriting discipline is also expected to hold up. We are pinning our hopes on these observations and going to face our 1st January renewals, which are now very much around the corner.

Sanketh Godha: Understood, sir. Lastly, on PBT, how much did NSE contribute to our profit, sir, in the quarter?

Radhika Ravishekar: INR1,082 crores, sir.

Sanketh Godha: How much, ma'am?

Radhika Ravishekar: INR1,082 crores.

Sanketh Godha: INR1,082 crores. Perfect, ma'am. Thank you very much.

Moderator: The next question comes from the line of Swati Agarwal, an Individual Investor. Please go ahead.

Swati Agarwal: Yes, sir. My question was regarding the NSE share valuation. Can you please explain how the valuations has changed in the books of the company during the quarter on account of its listing? Since it was unlisted, was it valued at cost then or already at M2M, and how have the gains on the sale and the market value change on balance quantity been recognized?

Radhika Ravishekar: The valuation was at cost when it was unlisted.

Swati Agarwal: Yes, ma'am. Right now, have you changed the valuation?

Radhika Ravishekar: Yes,. It is gone as per market value now in our books.

Swati Agarwal: Ma'am, the investment income that I see quarter-wise, it's not changed too much historically. How have you recognized this income?

Radhika Ravishekar: INR1,082 crores from NSE OFS.

Hitesh Joshi: Madam, unrealized appreciation of NSE will go to the-

Radhika Ravishekar: Fair value change account.

Hitesh Joshi: It will not get reflected in the investment income.

Swati Agarwal: Have you already transferred it to that account?

Radhika Ravishekar: Yes, yes.

Swati Agarwal: Okay. If you have already recognized it.

Management: Yes, yes.

Swati Agarwal: Okay, fine. Thank you so much, ma'am.

Management: Thank you.

Swati Agarwal: That's it.

Moderator: The next question comes from the line of Karthikeyan K., an Individual Investor. Please go ahead.

Karthikeyan K.: Hi. Thanks for the opportunity. Good morning. I have a couple of questions regarding growth in terms of the foreign portfolio, we are flat for the first half. How are we seeing growth in the second half and the subsequent year, the FY 2028? We are growing very well in the health and accident and life portfolio. But at the same time, we are also observing underwriting losses in the health portfolio. Life seems to have done well in the Q2. Will that continue going forward?

Sanjay Mokashi: Sir, your first question was about the growth in foreign portfolio, especially at this stage when we are saying that the foreign portfolio is flat. The observation is correct. Going forward, we are pinning our hopes on the 1st January renewals. As you know, there is some kind of seasonality as far as foreign business is concerned, where much of the renewals happen on 1st of January. We have our rating back. We have been engaging with the brokers.

There has been an initiative from our side for broker outreach. We have reached out to international brokers so that we get to see more opportunities, and we hopefully will increase our foreign book during the 1st Jan renewal. That is how we are playing for the foreign book. On the domestic side, yes, we are growing in health and life.

While answering the earlier question, I did mention that it is a contract that should make sense, and we will write a contract if it is found viable by us. It so happened that the health contracts that were offered to us on 1st of April, we wrote a couple of big-ticket contracts. We got increased signings from standalone health insurance companies. Likewise, in Life Re also, we are looking for opportunities.

There have been additional contracts which we wrote during the current year, which has resulted in pronounced growth in both Health and Life. As far as Health is concerned, yes, there are

pressures on pricing, but our focus has been more on the retail segment rather than the group segment. Our proportional treaty writings, are based on this understanding of the portfolios that we are writing.

At the same time, we need to keep strengthening our reserves, and as a result, you are seeing the reflection of that in our health portfolio result at the half-yearly stage. In Life Re also, we had mentioned in the previous quarter earnings call that some old long-term contracts needed reserve strengthening, which we have done over past few quarters.

We have sufficiently done that strengthening, and that is the reason why, if you see this quarter, the Life Re results have improved over the previous quarter, and we expect to see this improvement in rest of the year.

Karthikeyan K.: Got it, sir. You are saying that this trend of Life and Health component growing will continue in H2 and subsequent years?

Sanjay Mokashi: Yes. These are contracts which we have already written. The same, they will get booked in Q3, Q4, and you will see the same kind of growth.

Karthikeyan K.: Okay. What I see is that last year to this year, the reserve strengthening, the IBNR has gone up by almost 25%. Right? Last year, it was only INR4,000 crores. Now it is almost INR5,100 crores. Do you think that this strengthening will continue in H2 as well?

Sateesh Bhat: This is Sateesh Bhat, Appointed Actuary for Non-Life Business. Ideally, IBNR strengthening happens based on the business that we have written. I think it was mentioned earlier that we have made provision of about INR440 crores for the Gujarat floods. Likewise, we look at the class of business-wise and still segregate it by foreign business and also by subsections, like the type of contracts.

It is not basically a conscious decision to a policy to increase the IBNR or the reserves. It reflects the business that the corporation has written during that period. We just cannot compare a previous number with this number because of the growth in business and also the type of business, and the emerging loss experience that we are seeing.

Hitesh Joshi: This IBNR also includes a significant strengthening for the current crop year.

Sateesh Bhat: Crop, yes.

Hitesh Joshi: Because of the drought conditions that are getting reported. As Mr. Sateesh Bhat pointed out, there are too many moving parts because there are also reserve releases against over-reserving in the previous years on some classes, some contracts. At the same time, there are reserve strengthening on certain other contracts and other classes. So, what you are seeing is actually the net result, which can be a fairly complex scenario overall.

Karthikeyan K.: Got it, sir. Thank you. One last question regarding the balance sheet, both the standalone and consolidated level. The advances have grown from the end of March to six months, right? It has

grown up by almost 10% in the standalone and 28% in the consolidated level. Any reasons for that?

Rajesh Laheri: Sir, it is normal. We will come back to you on this, which part has increased. But it is the normal things going on, so it is not that something has increased consciously.

Hitesh Joshi: As long as the SFS is normal and CFS is abnormal, I think the answer has to be found in the associates. And the bigger ones you can readily see. Who are there. It is AICL, mostly the biggest one…

Rajesh Laheri: No, sorry. CFS will have GIC Re South Africa Ltd, is the biggest one.

Hitesh Joshi: AICL.

Rajesh Laheri: AICL, yes, profit comes.

Moderator: The next question comes from the line of Mehak with Emkay Global Financial Services. Please go ahead.

Mahek: Yes. Hi. Thank you for the opportunity. I just had one question on the impact of the cyclones which have resulted in high losses in the eastern part of India. I know it's early days, but if you could give a sense of what impact you are seeing on your book with respect to those NATCAT events.

Hitesh Joshi: Presently, we don't have any real concrete figure to go by. We will need to wait some more time. Maybe, data is collated at the insurance company level, and it will flow to us with a little lag. But still, in case you would like any guidance, we tend to have a loss of the industry at around 25% to 30%. So, whatever might be the industry figure getting reported, we could have a loss of 25% to 30% of that.

Mahek: Got it, sir. Secondly, one question on the competitive dynamics, especially with respect to 2-3 new reinsurers starting their businesses, and one of the large groups who is expecting to start their reinsurance business. So, how do you see the competitive intensity, especially in the domestic market going forward?

Hitesh Joshi: I think we'll have to watch their behaviour as to how aggressive they become. That is something which we can't really speculate about. We need to wait for that to pan out.

Mahek: Sure, sir. Thank you so much for answering the questions.

Moderator: I would now like to hand the conference over to the management for the closing remarks.

Hitesh Joshi: Thank you all for joining in. As we have discussed, there is overall more reserve strengthening than reserve releases for the previous period. Despite that, the result is fairly stable. Volatility is at the core of our industry. Despite that, it is our effort throughout this period, during the last few years, to lend stability to our performance. We will continue to work on it.

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As we have also discussed, there is ample capacity, not only globally, also the new capacity, the new reinsurers who have come up. At the same time, the loss trends during the last 2-3 years have been below the long-term average. So, all these factors will be considered at the January renewal pricing and maybe April renewal pricing.

Against that backdrop, we also have to see the pricing trend changes and the loss trend changes in the domestic market. We will continue to remain focused on our underwriting discipline. We hope to continue to do well. I take this opportunity to wish you all Happy Dhanteras and Happy Diwali. Thank you.

Moderator: Thank you, sir. Ladies and gentlemen, on behalf of General Insurance Corporation of India, that concludes this conference call. Thank you for joining us, and you may now disconnect your line.