

COMMUNIQUE

IFFCO-TOKIO NEWSLETTER



AUGUST 2015

FOR PRIVATE CIRCULATION ONLY

MESSAGE FROM MD & CEO'S DESK



The financial year 2014-15 has been good for the company. During the year, company recorded premium income of ₹3399 crores with a growth rate of 13.6% over the previous year. The profit before tax of the company remained at ₹302 crores marginally lower than the previous year. The company continued to maintain its market position as 3rd largest private insurer in the general insurance sector in India. This performance would not have been possible without the efforts of all the people working and associated with the company and I congratulate all of them for this achievement. Our first quarter performance of the current year also is quite well and is in line with our business plan for the year. Our premium growth rate at 11.8% during the period is higher than the market growth rate. Our efforts at enhancing agency network are showing results and to further strengthen this initiative the company has recently launched agents loyalty programme "Advantage Plus". We are confident that this programme will become catalyst in motivating and thus winning the loyalty of our agency force.

A recent report highlighted that the country's insurance penetration in the current fiscal fell to 3.3% as compared to the year before, when it was 3.9% and was the lowest in last 10 years. While it may seem alarming at the first glance but penetration being a factor of the total premium versus the GDP, such instances can occur when the contribution of other sectors in GDP grows at a rate higher than the insurance sector. This is an indication of core growth happening in other sectors, the benefit of which will come to insurance sector in due course of time.

The start of the current fiscal year has been exciting. The government in addition to various measures to boost business sentiments and pump prime growth in the economy, has announced social security schemes like Pradhan Mantri Suraksha Bima Yojana, Pradhan Mantri Jeewan Jyoti Yojana and Atal Pension Yojana etc. We are of belief that plans like these will go a long way in providing the much needed social security to the Indian masses, especially in the rural sector.

Digital India is another initiative of the Government to connect all gram-panchayats of the country through high speed broadband connectivity. This initiative will not only bring government services but other services like healthcare, education and financial services including insurance at the doorstep of the masses and thus become catalyst in implementation of financial inclusion vision of the government. This internet penetration will also become enabler for the insurance industry to increase penetration in rural part of the country and provide much needed services to this segment of population. However, to cater to these markets, insurers shall have to provide low ticket products which can be distributed in cost effective manner.

E-commerce has changed the way of retail business. The regulator has also taken note of the future of internet and e-commerce in insurance and has recently appointed two committees to research and suggest ways in which it could increase insurance penetration and bring financial inclusion. We welcome this move.

Friends, time in front of us is vibrant and promising. I look upto all of you to move confidently and garner your share directly and with the support of all our business partners.

Warm Regards,

Yogesh Lohiya

CONTENTS >

MD's Message	1
Editor's Note	2
Company News	2-6
Industry News	6
Know Your Top Management.....	7-8

COMPANY NEWS

IFFCO-TOKIO stall at IFFCO AGM at NSUI on 21st May 2015

IFFCO-TOKIO organised a stall at the Annual General Meeting of IFFCO held on 21st May, 2015 in New Delhi. Several dignitaries and a large number of delegates from IFFCO Cooperative member societies attended the meeting. The occasion provided an opportunity for IFFCO-TOKIO to showcase its products designed to cater to the insurance needs of farmers and rural populace. Various delegates visited the stall of the Company and purchased insurance cover for themselves and their family members.



IFFCO-TOKIO Senior Management with IFFCO Chairman, IFFCO MD & CEO and former Chairman IFFCO



MD & CEO delivering valedictory address at NIA-Pune at Seminar - "The Changing Global Reinsurance Landscape" on 31st July 2015

EDITOR'S NOTE

The economy is in a very buoyant mode and so is business. Educated youth who were earlier focussed towards employment are looking to be entrepreneurs. As a result, large numbers of start-ups are coming up and are pursuing ideas in various sectors. These ideas are not only unique, but they are also driven towards creating convenience for the customer. One of the encouraging developments is that in today's open and dynamic market, viable and scalable ventures have easy access to seed funds and venture funds for initial and expansion capital requirements.

E-commerce is a sector that has achieved great success in recent times; and some of the ventures in this sector are drawing huge financial valuations. These business platforms, with their unique combination of IT and logistic capabilities, have created huge market places for industry and traders. In order to find fitment of

insurance into this market place, IRDAI recently constituted two panels to discuss and suggest ways in which e-commerce could be leveraged in the insurance sector. To my mind, the reference should have been vice-a-versa. Every business has its uniqueness and insurance needs to fit into e-commerce like any other product or service. This may require designing of products that are simple, with fixed sum insured and pre-underwritten premium so they can be sold over the counter. Additionally, to achieve full potential of e-commerce, regulatory provisions of intermediary registrations also may require a rethink. If this is achieved, I am sure insurance will find many avenues for business to business integrations in times to come.

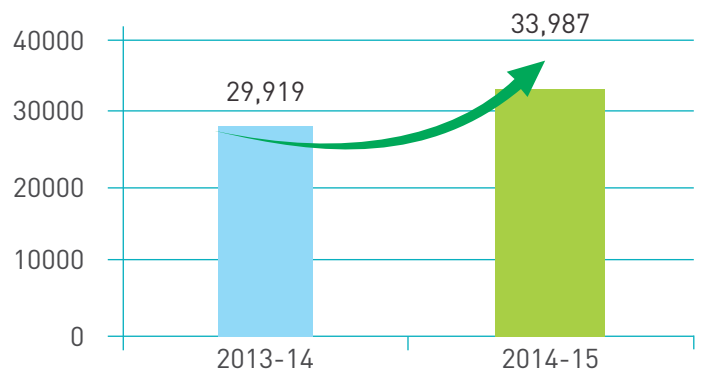
With Regards,
K. K. Aggarwal

Company Performance

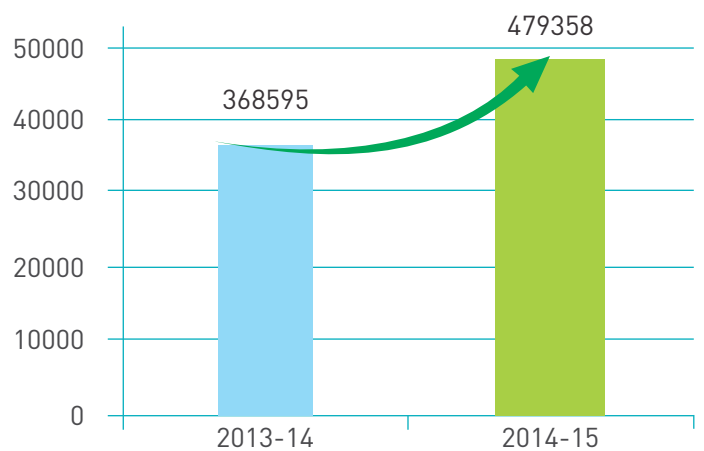
(₹ In Million)

Particulars	2014-15	2013-14
Gross Written Premium	33,987	29,919
Less: Reinsurance Premium	8,072	9,682
Net Premium	25,915	20,237
Earned Premium	22,674	19,531
Commission Earned (Net)	371	322
Other Expenses	1	(3)
Net Incurred Claims	16,815	14,817
Expenses of Management	6,183	5,020
Underwriting Profit/(Loss)	(696)	19
Investment Income	3,717	3,206
Profit/(Loss) Before Tax	3,021	3,225
Combined Ratio	103.1%	99.9%

Gross Written Premium (₹ In Million)



Claims Settlement (In Numbers)



Member, Non-Life, IRDAI at IFFCO-TOKIO

Mr. M. Ramaprasad, the Member then, Non-Life, IRDAI visited our office on 15th April 2015 and had a interaction with the senior management.



MD & CEO with Mr. M. Ramaprasad (Member, Non-Life, IRDAI)

PHD Chamber organised an Interactive Session on "Insurance Marketing Firms" on 15th April 2015 at PHD House, New Delhi.

PHD Chamber organised an Interactive Session on "Insurance Marketing Firms" on 15th April 2015 at PHD House, New Delhi to enrich participants concepts and awareness regarding Insurance Marketing Firms. Mr. Ramaprasad (Member, Non-Life) and Mr. Randeep Singh (Joint Director, IRDAI) clarified to the audience various doubts on Insurance Marketing Firms.



Shri Yogesh Lohiya, Chairman, Insurance Committee, PHD with Mr. M. Ramaprasad, Member IRDAI at an Interactive Session on "Insurance Marketing Firms" on 15th April 2015 at PHD House, New Delhi.

IFFCO-TOKIO shines at Indian Insurance Awards organised by Fintelekt

A proud moment for IFFCO-TOKIO at The Indian Insurance Awards 2015 - The Company received Award in Three Categories:

- Personal Lines Growth Leadership
- Under served Market Penetration
- Most Socially Responsible Insurer

The Indian Insurance Awards organised by Fintelekt were established to recognise and honour the achievements of insurance companies in India that have met measurable and tangible business objectives.



MD & CEO, Director Marketing and Director Operations with India Insurance Awards 2015

Personal Lines Growth Leadership, General Insurance

This award honours excellence in growth in the personal lines i.e. the retail category for a general insurer in India - IFFCO-TOKIO has been awarded for demonstrating strong and balanced overall growth in the personal lines category, among small and medium companies.

Under-Served Market Penetration, General Insurance

The award recognises the efforts of an insurance company that has far-reaching geographical coverage within India - IFFCO-TOKIO displayed maximum outreach in terms of customers targeted and business generated from the 15 under penetrated states and union territories in India, among the small and medium companies, making the company the jury's choice for the award.

Most Socially Responsible Insurer, General Insurance

This award recognises a company that has executed a social responsibility campaign resulting in a significant and long lasting impact on a underprivileged section of the society - IFFCO-TOKIO received the award for the project on 'Community based drinking water system at Abhul Laot Village in Maharashtra': Through Bhausahab Chougule (Shaman) V.K.S (V) Sewa Society Ltd, IFFCO-TOKIO implemented a drinking water plant in the village of Abhul Laot in Maharashtra, with a population of twenty thousand. The project has impacted the lives of the villagers in Abhul Laot and nearby areas by reducing water borne diseases, creating awareness among the people about use of clean and healthy water, and lowering the pollution of river and other water bodies.

"Certificate of Appreciation: Special Support" by MARUTI SUZUKI INDIA LIMITED (MSIL) awarded to IFFCO-TOKIO



Joint MD Maruti Suzuki India Ltd. - Mr. Toshiaki Hasuike , Director Productions - Mr. Shigetoshi Torii , Director Operations IFFCO-TOKIO GIC Ltd. - Mr Hiroshi Yasui and MD&CEO Maruti Suzuki India Ltd - Mr. Kenichi Ayukawa

MD & CEO delivered a special address at the PHD Seminar on Agriculture Insurance in India Challenges and the Way Forward; on 24th July 2015, at PHD House, New Delhi

The Chief Guest at the program was Shri. Mohanbhai Kundariya Hon'ble Minister of State for Agriculture Government of India and Mr. Ashish K. Bhutani, Joint Secretary, Department of Credit & Co-operation, Ministry of Agriculture, Government of India.



PHD Seminar on Agriculture Insurance in India, Challenges and the Way Forward; on 24th July 2015, at PHD House, New Delhi

Advantage Plus Rewards Program launched for Agency Channel from July 2015

Agency channel is a valued Retail channel for IFFCO-TOKIO. Our Insurance Advisors are continuously adding value to our company by adding to our spread, penetration, profitability and after sales service. We foresee Agency as the primary channel for Retail business.

We value the relation with our Insurance Advisors and share their dreams and aspirations. To acknowledge the fact, we have successfully launched our Agency Engagement Program, 'Advantage Plus' - with effect from 1st July 2015. "Advantage Plus" has four tier segregation based on performance - Registered, Classic, Preferred and Supreme.

We want our Advisors to be motivated to move to the higher category. We intend to be connected through regular

updates by sms, email and microsite and help our Advisors keep scores through updates of performance. Options to redeem points earned via Online shopping sites, vouchers shall be available.

We are confident that this program would engage, excite and motivate our agency force and help us build on existing and create new relationship.

Insurance Advisors were invited to the events held at 9 locations across India starting with Delhi on 22nd June, Indore on 25th June, Pune and Chennai on 26th June, Bhubaneshwar on 27th June, Bangalore on 29th June, Jaipur, Ahmedabad on 2nd July, Chandigarh on 3rd July and Mumbai on 6th July. More than 1700 Advisors participated in the program.

- Mr. R. Kannan (Retail Marketing Head)



Trainings and Workshops

MD & CEO inaugurated the first training session of the year on 20th April 2015 – ADM Induction Program. In his address Mr. Lohiya shared, "We want you to be equipped with technical know how and managerial skills. As new joiners you bring enthusiasm and energy to the workplace; and "our channel partner is the strength and face of the company and a person to be respected" this thought must permeate into every interaction .



MD & CEO inaugurating first Training of the year

Regional Commercial Underwriters and Risk Engineers Training on 22nd & 23th May 2015

MD & CEO shared about the crucial role of Underwriters to develop and assist marketing. To make decisions, right business information is a big challenge. He advised them to develop data bank of information, get specialised knowledge of respective areas, and a proactive approach. MD envisioned Underwriters to be "Techno marketing" persons.

INDUSTRY NEWS

PM launches insurance schemes to provide social security

In May 2015, Prime Minister Narendra Modi launched two insurance schemes with the primary goal of providing social security to Indian masses.

Health and Motor e-insurance by year end

Recently, the IRDAI licensed Online Repositories and General Insurance Council have agreed to the data exchange policy. Now that the data structure for health and motor policies is frozen, it will be possible to launch e-insurance in these two segments by the end of the year. Thus, very soon we'll be able to see demat insurance policies similar to the demat account we are familiar with.

Claim cheques distributed to farmers under MNAIS in Bulandshar and Bareilly districts of Uttar Pradesh

IFFCO TOKIO distributed claim cheques of Rabi 14 Modified National Insurance Programme (MNAIS) flagship programme of Govt of India under National Crop Insurance Programme (NCIP) to farmers of Bulandshar district U.P. on 9th July 2015. The claim cheques were distributed by District Magistrate Ms. B. Chandrakala (IAS) and also present on the occasion were other eminent dignitaries like CDO, DDA, DAO and LDM.

In total, the company settled claims worth ₹1.88 crores to 4092 farmers of Bulandshar district.

In another function at Bareilly, District Dy Director Agriculture distributed claim cheques to farmers in the presence of other eminent dignitaries like CDO, DDA & DAO. In total Company settled claims worth ₹8.74 crores to 11679 farmers of Bareilly District on 2nd August 2015.

IFFCO Tokio's endeavour to serve the rural populace - the company has expanded the reach of this programme to Uttar Pradesh providing farmers with products that cater to the specific needs of different agricultural regions. It aims to secure the livelihood of Indian farmers by reducing the risk and uncertainties faced by them in crop yields.



To start with high-ticket policies of premium higher than ₹10,000 will be converted into a demat form.

Every year 11-12 crore new general insurance policies are issued. The repositories are targeting these policies as their first goal.

IRDAI creates e-commerce panel

Recently, the Indian insurance regulator IRDAI constituted a panel to deliberate and advise on how the insurance sector could leverage from e-commerce. There is a panel each for life and non-life sectors of the industry. Panel members are from the regulator, insurance companies (private and public), the intermediaries as well as digital repositories. The panel will submit their report in 4 weeks.

KNOW YOUR TOP MANAGEMENT



Mr. Hiroshi Yasui has expertise in “Commercial Line” (BtoB) risk solutions, especially in Marine Cargo and Overseas Plant Insurances. Channel management strategy is another of his key skills. He is an outstanding leader and has excellent skills in creating strong teams. His efforts to raise the motivation of the team

members and the systematic and logical approach to improve Operations enabled all the branches in his charge achieve “Branch of the Year” awards. His success is reflected not only in his individual output, but in the groups’ performance and capability. Mr. Yasui is also a professional musician – percussionist.

Message from DIRECTOR Operations:

I am very happy to be here, to be able to work with all of you.

My name is Hiroshi Yasui. I came from TOKIO MARINE Head Office in Tokyo. I’m sure I look young but I joined TOKIO MARINE in 1984, almost 30 years ago. My career in TOKIO MARINE has been mainly related to Production (Sales).

After joining TOKIO MARINE, I spent several years each in various offices in Tokyo, Osaka, Nagoya and in Brazil. At these offices, I experienced various BtoB businesses, marine cargo insurance, non-marine insurance such as EAR, PL, Global Programs, and also experienced BtoC businesses, such as auto insurance contracts with individual customers, and others including super-insurance (package policy of Life & Non-Life, our strategic product for Cross Selling). I have been in charge of both Life and Non-Life Insurance.

In 1999, I was deputed to our subsidiary in Brazil, Sao Paulo, where I could fully leverage these assets. In Brazil, we had both BtoB businesses and BtoC businesses. I worked as a deputy director of both fields. After spending exciting 4 years in Brazil, I came back to Japan, and worked at Nagoya office and Tokyo office. Then, I was deputed to Hamamatsu Office.

You may have heard the name of “Hamamatsu” before, because Mr. MAEDA had been the head of the subsidiary before he came to India.

I was the successor of him at Hamamatsu, and this is the second time that I succeed the position of Mr. MAEDA.

Before joining TOKIO MARINE, when I was a student, I worked as a professional musician. I am a percussionist,

and play various kinds of hand drums including drum sets. The categories of music I usually play are Jazz, Fusion and Brazilian Music.

Even now, I continue playing with other professional musicians. I participated in almost 500 CDs’ recording. Also, I released 10 CDs of myself or my band. I had been having a supreme respect to a great musician in your country, Mr. Zakir Hussein, tabla player. He is the King of hand drum, the best percussionist in the world. This is another reason that I am excited to start working in India.

I lived in Brazil for 6 years in total, and whenever I speak in English, I have a habit to think in Portuguese and translate it into English in my head.

Therefore, for a while, my speaking skill will not be so good. Please give me some patience for a while.

TOKIO MARINE thinks that India is the most important country in the world, and IFFCO-TOKIO is the most important partner company in its global strategy.

I am very happy and honoured to work with you. My mission is to contribute to the growth and development of IFFCO-TOKIO. I promise that I will do my best to meet my responsibility.

TOKIO MARINE has a philosophy as “TO BE A GOOD COMPANY”. Mr. Nagano, our CEO, explained this philosophy to you on his last visit to India. In order to achieve this goal, I think it is important “to have a high stand point”, “to be flexible and forthcoming”, and “not to hesitate in face of challenges”.

The business environment keeps on changing. In order to adopt these changes, “continuing the best practice in the past” is not enough at all.

Each of us has assets, know-how and experiences in solving problems of customers. For some of us, they are very well known processes, but for others, they might not. I believe it is necessary that we visualise those know-hows, experiences and processes so that all the employees of today or in the future can utilise them fully. By doing so, we can leverage these valuable assets and offer the best solutions to the customers.

This “Power of collective wisdom” will lead IFFCO-TOKIO and TOKIO MARINE to be the best companies in the world.

We work for customers, partners, society, and of course for ourselves.

I will keep on working with you in order to make ITGI to be “A Great Place to Work”.

Thank you very much.

KNOW YOUR TOP MANAGEMENT

We welcome Mr. Harbhajan Singh to IFFCO-TOKIO GIC Ltd., as Financial Advisor with effect from 1st of May, 2015.



Mr. Singh is Fellow member of Institute of Chartered Accountants of India and a member of The Bar Council of Income Tax Appellate Tribunal (ITAT), New Delhi. He is a Commerce Graduate from Delhi University and was also Captain of The College Chess Team and has played International Tournaments.

Mr. Singh has been associated with "IFFCO" for 32 years in various capacities. He has argued successfully various cases of Income Tax, Excise, Service Tax before Tribunals and High Courts. Mr. Singh has worked as Financial Controller in Oman Fertilizer Company SAOC at Sur, Sultanate of Oman, for about two years.

Mr. Harbhajan Singh and his wife are proud parents of two highly qualified Software Engineers. Both their sons are working with a USA based technology company which develops flight software programs for airlines.

We asked Mr Harbhajan Singh what he enjoys most about his work.

Mr Singh shared, "I like to take fresh challenges and set new goals for myself and try to improve proficiency, effectiveness and quality of work." I have recently joined IFFCO TOKIO and in this short period, the dedication of the employees here has impressed me.

As an experienced professional, with more than 35 years of experience, any insights you would want to share with the young professionals today?

"Dedication and hard work coupled with respect for seniors is the key to success."

Mr. Singh believes that education is the best legacy a parent can leave to a child.

Yoga Day celebrated at IFFCO-TOKIO Corporate Office and Mumbai SBU & CSC



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