"Go Digit General Insurance Limited

Q1 FY27 Earnings Conference Call"

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Moderator: Good day, and welcome to the Go Digit General Insurance Limited Q1 FY27 Earnings Conference Call hosted by ICICI Securities Limited. 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 the call, please signal an operator by pressing star then zero on your touchtone phone.

I now hand the conference over to Mr. Ansuman Deb from ICICI Securities Limited. Thank you, and over to you, sir.

Ansuman Deb Good evening, ladies and gentlemen. We are extremely delighted to host the management team of Go Digit General Insurance. I now hand over the call to Chairman, Mr. Kamesh Goyal. Over to you, sir.

Kamesh Goyal Thanks, Ansuman, and good evening, everyone, and thanks for joining the earnings call for Q1 '26-'27. With me, I have Jasleen, our CEO; Ravi, our CFO; Piyush, Head of Investor Relations; and Divya, who works in the finance team and also with Piyush. Let me just start by saying that this is our 10th earnings call, 2 years since we listed. Let me also thank you for staying with us during this period.

I noticed a lot of you joined the call on a regular business. One thing which I have realized maybe in my last 2 years compared to my 38 years in insurance is that convincing customers to pay us premium, trust us with their risk turns out to be a lot more easier than convincing the analysts and investors. When we went public 2 years back, we had made one decision. Whatever happens, we will not change the DNA that got us here. We chart our own path. Where the market is going, we are often happy to sit it out.

Where everyone sees risk, that is usually where we get interested. We do not chase growth. That does not pay for itself. And as some of you have noticed in the past, occasionally with some frustration, we do not give guidance. We would rather you judge us by terms of what we do rather than what we promise.

The second thing which we had decided is that on every call, we'll explain how we think our KPIs, how we allocate capital, why retention matters, how we read the Indian accounting standards, that is IFRS, same framework every quarter.

We may bore you, but at least in my view, we are consistently boring. And one thing we are quietly proud of this quarter, we are the first multiline insurer in the country to declare all our results under Indian accounting standards as per proforma prescribed by IRDAI. As we are preparing for the start of the new financial year, what was the scene like?

For 5 years, there has been no increase in third-party motor rates. Expense of management rules have pushed the commissions up. Pricing across most lines of business has drifted down, and now it is down across the board.

At the same time, claims costs have climbed on own damage, parts, paint, labour, TP claims as they go up every year due to increase in rates and also increase in inflation. Third-party claims are linked to wages. Every minimum wage revision increases the cost up. And these things, they don't come back down. We have not assumed any of these settle on their own in near future. So we consciously decided that these times call for a clear direction that is growth or profitability as both can't be balanced.

We decided to focus on maintaining profitability. So for us, this is a soft quarter and much of it is soft by choice. You will see growth that looks flat to negative. And I want to be clear that this is us doing the things we have always said we would do if market turns bad. And this is not what market is doing to us.

In a soft market, we would rather protect the quality of the book than the optics of a single quarter. I'll take you through exactly where we have stepped back and why slide by slide. I'll leave you with one thought before we get into the numbers, and you will see me coming back to this thought a couple of times as we go along.

We are built to do well either way. That is, we suffer the least if market stays soft, that is where they are because we do not depend on the props that are hardest to sustain and we gain the most when the market turns because the book underneath is clean. When I say props, I mean booking reinsurance commission upfront, high dependence on capital gains to protect profitability. Both are now under threat due to IFRS or Indian Accounting Standards and the present stock market level. I'll cover this optionality, which we have on the business side as well as on the investment side in detail later.

With that, let me take you through the numbers. Like always, we'll answer every single question. If it means we go beyond 1 hour today, that is fine, too. Now moving to the first slide, which is Slide number 4 on the deck. This is the numbers we normally present. If you look at our AUM, they have increased. Overall numbers look good. The one number which I think is coming up, and this is where I want to explain is our motor market share is now 5.6%. This compared to Q1 last year or compared to the whole of '25-'26 against 6.25% for the whole year.

Now this is coming to 5.58% or 5.6%. Now reduction in motor market share is primarily due to the corrective actions we have taken essentially in private car, both stand-alone own damage section, about which I have spoken in the past and also non-new cars where we feel the combination of commission and the premium rates do not justify writing business in the same volume as we were doing earlier.

In commercial vehicles, and some of you would recall, 4, 5 years back, this was 65% of our total book. This quarter, this has dropped to, I think, 23%, 24% of the motor. So commercial vehicle as a business is something we have been giving up, and we have really given a lot of business we were writing in the first quarter.

Something which personally to me, this is not a company's view, is that I cannot understand how some companies are now being so aggressive in TP business while there has been no price hike in the last 5 years and inflation increases claim severity. Anyway, good luck to them. Now let's move to the next slide. Now I think this is the KPI which we have tried to explain in the last 1 year. If I recall correctly, even in our February analyst meet, I had -- somebody had asked a question as to how do you think is the best way to look at the business performance.

And I had said at that time that we look at essentially NEP-driven combined ratio, that is essentially on IFRS basis and include DAC in it. So basically, if you are looking at IFRS or I'll just use the term IFRS. It is Indian Accounting Standards in India as we know. Here, I'm removing 2 things from a KPI perspective, which we do internally, which is, first, mark-to-market movement of the investments, we exclude that.

And we also exclude the impact of discounting of reserves. When we speak globally about insurance companies looking at their IFRS results, and if you read them, everyone actually includes the discounting of reserves in their results -- in their IFRS results from an ROE and profit perspective. But -- that is something we don't look at. I'm not saying it's wrong, but because of the discount rates can change comparing results on a quarter-by-quarter basis, from an underlying business, from a core insurance perspective becomes difficult.

So when we look at it from that perspective, our profit after tax with DAC, but without discounting and mark-to-market is INR190 crores compared to INR200 crores a year ago. This is a drop of 5%. Combined ratio is 107.2% with DAC and 104.3% with discounting. So you can actually see the difference between the 2 numbers also is roughly about 3%. Solvency is very strong at 2.43 times and this obviously plays in terms of the optionality we have. But there is one number here, which is actually going the other way. And that number is net earned premium.

Now this number has actually shown an increase of 8% compared to previous quarter last year to INR2,007 crores. So the premium is earning through, while the gross written premium has reduced. And what the reduction in gross premium is, as I said earlier at the start, this is for us a matter of discipline. This is not really shrinkage. There's another point I would want to say here is that if we look at our investment yield, now we have -- and I'll cover this in more detail later. We already have now asset allocation of 9.5% to our AUM.

Now all the numbers I'm saying now investment, previously, we used to talk in terms of market value. Now this presentation is based on the feedback we got, we are now talking every number in -- at book value. We'll tell you the unrealized figures later. So because now asset allocation is 9.5%, this number was 1 year lesser. This has led to a loss of interest income of INR14 crores. If we could have easily booked capital gains to show us -- to keep us at the same number as last year in terms of investment yield.

But we don't really run business from that perspective and try and manage a quarterly number. So this reduction of INR10 crores is actually coming in because we have higher allocation on the equity side, and that is what has led to the reduction in the investment income on the fixed income side. I'll cover some of this in more detail when we come to the investment side, but this is a point I just wanted to make.

Now our net worth has increased on IGAAP basis to roughly about INR4,674 crores, which is a further increase from roughly INR4,600 crores as of March. ROE for the quarter on this basis, which is on -- with DAC on NEP without discounting and without mark-to-market is 4.1% against 4.9% of the previous quarter. All this is non-annualized. And our net worth on an IFRS basis is INR8,200 crores, which was roughly INR7,600 crores as of March 31.

Now as I had said in our last call last time that this is something we are waiting to see as to when RBC guidelines come and whether the solvency will be based on RBC, Indian Accounting Standards or IGAAP, and that is -- we'll have to wait and see what happens at that time.

New business in 2-wheeler has grown by 26% in Q1, and our collected premium is INR546 crores against INR433 crores last year, an increase of INR113 crores in premium income. The total tax rate in the Indian accounting standards is 25.2%. It was the same as last year because the company on Indian accounting standards has been profitable since 2021. Long-term advance premium now stands at INR3,387 crores. Motor is INR2,879 crores and non-motor is INR508 crores. And the total DAC pretax as of 30th of June '26 stands at INR2,609 crores.

Now coming to the next slide. This is the slide which IRDAI has prescribed how the non-life insurance companies should present their results. under Indian Accounting Standards. Now here, actually, if you look at, and I just want to again say this that on the basis in which we look at the KPI, which I said our profit has dropped by 10% -- sorry, by 5%, and I explained what really happened on the investment income. Here, if you look at real IFRS results, our profit after tax last quarter was INR325 crores, while this year, it is INR372 crores.

This essentially is coming in because of the mark-to-market benefit and also discounting in results. So you can actually see we have increase in the unrealized gains from INR124 crores to INR187 crores. And you can also look at -- where do we see the discounting? -- so discounting amount is not separate, but the claims ratio would include the discounted. So despite seeing an increase in the way foreign insurers, most of them look at their results, we are seeing an increase.

But since, as I said, we have always explained how we internally look at the KPI, I'm actually saying for us, the profit has dropped. We could have booked the capital gains to stick to the investment yield and maintain the profit. We don't run business like this because we feel this is the time for us to keep the equity and not just sell and then buy again. There is always howsoever minimal frictional cost.

And we don't run business from that perspective. Now let me just see if I have any point here. I think I have covered. What I can also say is that this limited review as of these results has already been done by our joint statutory auditors and in the Audit Committee today, they presented -- they were present in the Audit Committee to answer the questions. And just to repeat, these are the results which IRDAI has prescribed insurance companies to publish under Indian accounting standards. So in our case, you can be sure.

You don't have to guess what our results look like. Last year, we published it. Again, we are publishing. And I hope other insurance companies also publish it so that comparison for everyone, including for analysts and investors, becomes better and easier. Now coming to, I think, this growth slide. Now on the gross written premium, we are down by 8%. Now most of it is actually coming in because we -- the drop in the reinsurance inward business, essentially in health and crop, so group health and crop, where pricing was unattractive.

And if we remove these, then our growth rate is about minus 2%, which is very similar to the GDPI. So just wanted to say that while the growth in GDPI looks -- de-growth looks high, this is essentially because of these 2 things, and we -- our team decided not to renew these policies. I've already covered what really happened in motor. Overall, motor was flat. We just grew by 0.4%, high growth in 2-wheeler, much lesser on the private car and CV was minus 27%.

So this is something which we are doing by design. And if market stays where it is, then this is something which we will continue to focus on from a profitability perspective. So I have, I think, covered most of the points. I think maybe I can also speak about fire. I think if you look at the fire business, industry has -- if I remember, industry has de-grown by minus 27%, 28%. We have de-grown by 37%. When we think of what really happened in fire business, the rates are normally down by about 40% to 45%.

You would remember that last year, the trend had started in January. Last year, when the rates were good, if I remember correctly, industry grew by about 22%, 23%, and we had grown by about 38%. Now the trend is exactly the reverse. Now the question comes, why we are not following the market and at least by de-growing by as much as the industry, why de-grow more? So let me just explain as to how we look at the fire business.

Fire, you will notice our retention is roughly about 20% and most of the insurance companies would also be around 20%, 25%. So when you are actually writing business at a low premium, which means your claims will go up, 80% of the risk actually passes on to the reinsurer. So it is not that your bottom line gets hit by 100% reduction in the premium, you're only getting hit by 20%, but reinsurers will get the 80% of the loss. Now when you actually do this, it will obviously impact your treaty profitability.

And if it impacts your treaty profitability, then you will -- next year, if your results are bad, reinsurers will come and put some restrictions on the treaty. All of you would recall that last year when the IIB rates were being followed from April '25 onwards, very few companies other than Digit had the flexibility to charge a premium rate based on what they think is right. For us in Digit, reinsurance is not really a tactical play. We want reinsurers to make money working with us which --touchwood they have in the last 8 years.

We treat these relationships stronger than a marriage. We don't change reinsurers for 1% or 2% commission. And this year, we have actually increased our reinsurance commission across all lines of business, and we have also increased capacity. Now in this market, our objective is that we should not write business which doesn't make sense and we have to protect the gross loss ratios for our reinsurers so that when time -- better time comes, when the rates are up, then we are able to again substantially increase the business based on our treaty conditions and capacity.

And just to give you a number, you will see our net loss ratio in fire, it is higher, but we also -- we were hit by one large claim in quarter 1 in fire. Despite that in quarter 1, the gross fire loss ratio is 67%. Now obviously, we don't know what will happen in future. But when we are looking at profitability of commercial line of business, we first look at gross and then look at net because on the net basis, loss ratio does not determine your profitability. It is on a gross basis, which you need to protect.

I hope I have covered this in a bit of a detail. We'll be happy to answer questions if they will come later. I think coming now to combined ratio. And I think here, again, would want to spend a bit of a time. Combined ratio, again, is based on NEP with DAC. So the way we showed on Slide 5, the profitability, the same logic is held here. Obviously, if we had used what foreign reinsurers use, then our combined ratio would have been less by about 3%. Essentially, it would have been about 104.3%.

But I'm just sticking to the KPI, which we have always spoken about. And not really technically changing the KPI because one looks better and other one doesn't. So when we look at this, the essential increase is happening because loss ratio has increased from 70.3% in the first quarter to 73.3%. If we look at it from the exit of FY26, despite such a bad quarter, our increase in loss ratio from the exit of whole year is only about 0.4%.

Now within this loss ratio of increase of roughly about 3% even compared to the last quarter, most of it is actually coming because of the increase in own damage loss ratio. Own damage loss ratio also, and as I said in the last quarter, is essentially a problem in the car portfolio, not in 2-wheeler and commercial vehicle. We had said in April that we have started taking corrective actions in February, and we have taken some further actions in April and May.

If this loss ratio had stayed where it is, it was last year, our overall loss ratio then would have been 71.4%, which is better than the exit of FY26. Based on the actions which we have taken. And because the premium -- earned premium of previous quarters would flow quarter-by-quarter. And based on the actions we have taken in the other business we are writing, that earned premium will also flow quarter-by-quarter.

We expect that our own damage loss ratio, which I had said in the -- in April also should actually stabilize in the second quarter. Sorry -- yes, I have nothing else to say. I think taxation, etcetera, had covered earlier itself. Now I think coming to the investment slide, and this is something which is quite interesting.

As I said, everything is on a book value basis. So compared to -- in 1 quarter, we have actually been able to increase our AUM roughly by about INR233 crores. No sorry, the number would be more than close to about, yes, INR500 crores or so in 1 quarter.

So AUM has increased. And when we say we booked capital or INR6 crores of capital in this quarter and holding equity position, as I said earlier, has reduced our profit before tax of INR14 crores. Now today, we are sitting in equity of INR268 crores of unrealized gains. So it's not that you might recall that as of 31st of March 2026, the unrealized gains was actually negative. So we have in 1 quarter, not only increased our equity allocation, but also now sitting at unrealized gains of INR268 crores.

And despite that, we chose not to harvest the gains unnecessarily. Now just putting in where we were, if I recall correctly, at the time of IPO, our equity allocation was 3.5%. We have substantially increased our AUM in the last 2 years. The increase in AUM roughly would have been about INR3,000 crores, maybe more, while we have almost tripled our equity allocation.

Now we are sitting at 9.5% in this period, and on top of it, we are sitting at an unrealized gains of INR268 crores.

Most of you or maybe everyone is a better allocator or equity investor than what we are. But I just wanted to also say that we genuinely do follow capital allocation discipline, not only in underwriting but also in investment. And I would also say before saying anything else that we have been extremely lucky in this investment -- asset allocation journey of last 2 years. Now I think a point which comes is now we are close to 10% in equities, which we had said is the first step.

And we always said that once we reach there, we will decide what we can do at that point in time, looking at the solvency. Now we are seeing a situation where we are at close to 10% in equities in book value terms, INR268 crores of unrealized gains, solvency of 243%.

God forbid, if market goes down from here, we can easily go to 13%, 14% of equity asset allocation because if you compare us with any large multiline insurance company, our equity allocation is still the lowest, while solvency is very strong. And if markets go up from here, then we have anyway come close to 10% in the equity. So when I initially said that we are sitting in a situation where things go up, we'll benefit, things go down.

We can actually deploy more equity allocation. And we don't take bets either way. It's just that we try and position through capital allocation in us in a situation where we benefit either way. Now when we go to the fixed income, and this, again, is fairly, I would say, interesting. Overall, now when we think about our unrealized gains in fixed income are also about INR220 crores. So fixed income also, we have a decent amount of -- yes we have decent amount of unrealized income.

And again, I think I gave you some numbers on duration last time. I would want to give you those numbers again. So March '25, so about 15 months back, our duration was 5.2. Reinvestment yield was 7.5%. June '25, some of you would recall, interest rates were going down. We were at 4.9. Reinvestment yield because we are passively reducing duration was 7%. September '25, duration was 4.6, reinvestment yield 6.4%. December '25, duration was 4.4. So just 6 months back, our duration was 4.4, reinvestment yield 6.7%.

March, we had slightly increased the duration. We were at 4.5. Reinvestment yield was 7.5%. Now June, the duration has moved in 1 quarter from 4.5 to 4.9, and reinvestment yield is sitting at 7.8%. So if you look at even fixed income, we actually have been able to increase -- reduce the duration when the interest rates were going down, increase the duration when the interest rates are going up.

And what is interesting here, and this is the second optionality we also have now in fixed income, if interest rates go up beyond and I'm giving an exact number, if they go -- 30-year goes beyond –7.7, 7.5%, 7.6% slightly more than 7.75% on a steady-state basis, we can always increase that duration to 5.2, the number which we had as of March '25.

If they go down from here, even today, we are sitting on a INR200 crores, INR220 crores of unrealized gains. You can imagine with our duration and the time at which we increase the duration, we'll actually benefit both ways. This, again, we don't really take a bet on what will happen in the interest rates, the way we don't take a bet on the equity market. We just follow certain valuation. We know what our risk appetite is. And based on that, we actually take a call.

So I hope on the investment piece, I have been able to cover this in a bit more detail. In Slide 10, you can look at some of these numbers. And not really material change in this. And the 9.5% number, which I am saying essentially includes equity, REITs and InvITs. We don't include AT1 bonds in that. I think we show it as a separate category. And the rest, obviously, is fixed income portfolio.

So moving on now to the loss ratio. Now I have tried to cover what really happened in the loss ratio in this, especially on the own damage piece. On the TP, our loss ratio is 66.6%, similar to what it was, broadly stable. Third party, as we have always said, is a long-tail business, and we read it on a full year basis, not any single quarter. We also disclose full reserving triangle, for the whole year. This was disclosed with our FY26 fourth quarter results.

So, you can actually see what is happening to the triangles since we started the company. We reserve our TP performance on a bit conservative basis and consistently. And we are, I would say, instead of explaining the triangles, we would be happy to let the triangles do the talking.

I think the loss ratio because of OD, the impact it had essentially driven by private car is something which I have already explained. I also explained how we look at fire and typically also all commercial lines of business. And I would not really want to spend too much time because, as I said, based on FY26, first quarter '27 is similar.

Once OD loss ratio comes under a bit of a control, which hopefully it will in the second quarter, I would say things would be right. And all other commercial lines of business, including health, etcetera, are being managed, looking at where the price is. Just to repeat, present market for us, we decided even before the quarter began, and you can see this in the numbers in April.

We decided that this is not really the time where one can balance both growth and profitability. And if I have to say, in the present atmosphere instead of keeping feet in two boats, better to keep feet in one boat and we decided to put our feet on the profitability boat rather than the growth.

I think I have finished what I had to say. We'll be more happy to now take your questions. And we have -- as I said, we'll try and answer every question like we do every time. Thank you.

Moderator: Thank you. The first question is from Supratim Datta from Jefferies.

Supratim Datta: So my first question is on the growth side. I do understand that 1 quarter, obviously, the industry dynamics were very different. But if I look at the last 2.5, 3 years in a sense, basically in the premium post listing, the growth has significantly slowed down as compared to the rate you were growing before that. So just wanted to understand, is it size at this point? Or has the industry dynamics and the competitive atmosphere changed drastically in these last 2, 2.5 years?

And how much of this is structural? Because is the change going to sustain and hence, the growth that we would see going ahead would be very different to what we have seen previously. So just wanted to get some color around that. And does this require us to now maybe invest in other channels or other businesses like retail, health to grow?

So that would be very helpful. Secondly, on the TP side, there was this Supreme Court ruling on 11th June. Just wanted to understand what impact on your TP loss ratio? What kind of additional reserving you require to do? If you could give us some color around that? And do you see this step-up recurring? If you could give us some color around that, that also will be helpful.

Lastly, we see high losses in Fire, Marine and Engineering. Is there any one-off that is there or one-off large losses that is there this quarter as well that we should be aware of? Those are my three questions.

Kamesh Goyal: So Supratim, let me answer all three questions in detail. So, if you look at Fire & Engineering, as I said, we look at loss ratio on a gross, not on a net basis because on net, you can still see and even in the past quarters, you can still see profits emerging because that is driven when you reinsure 80% of the book and you are getting a decent RI commission, then unless you really write shoddy business, you would actually make a profit.

Some of you would recall and if I recall the month correctly, September 2024 yes, I think '24 -- it was '23, '24 or it was maybe '23, we actually had a very bad quarter because there was this cloudburst came in Sikkim, where we were -- we suffered some losses, and we had a very big claim in a power plant.

Even in this quarter, as I said, we had a fairly large claim. I think claims would happen irrespective of what the premium rate you charge. And that is the reason why we are actually not focused on growth. So -- but again, for the quarter 1, despite this large loss, our gross loss ratio for this is 67%.

If I look at even that year, when we had terrible two events, one NatCat large event and secondly, very large claim when the fire business was less. Even at that time, if I recall, the loss ratio was just about 70%. So loss ratios, claims will come. Now we don't even maximize our treaty capacity for every single risk because one large loss can burn the treaty.

So we actually give up a lot of reinsurance commission when we give business, which we could have ceded to the treaty to other facultative reinsurers because idea is not to maximize reinsurance commission.

Idea is to maintain profitability of the treaty. So, I hope -- and the fire and engineering is actually the same, exactly works in the same manner. Now coming actually to the growth, and then I'll come to the TP claims. So, if you look at, I think this is the first quarter where we have lost market share. Since the company started, for each year, we have actually gained market share.

Now what is happening this year or in the last 2, 2.5 years, which you wanted to know? I think -- and this is something you can also listen. There's a very good interview which IRDAI

Chairman has given to ET Now, I think, about a month back. He himself is saying, if you look at last 2 years, what is happening?

First, because of EOM, the commissions have actually gone up. Secondly, because people want to meet EOM guidelines, they started writing business like crop, group health, etcetera, at much lower rates. Now this obviously impacts growth as well as the profitability. If you look at some of the tenders which have come in crop this year, and it is only maybe 25% of the Indian book, the rates have gone down.

So, I think this EOM have played a very big role in taking the rates down. Fire was very good last year because of reinsurers. If reinsurers suffer, you can be sure that this will come back in terms of restrictions. If you look at '24, '25, and if you listen to some of the commentary we said at that time, we grew a lot in liability because of simple reason is that the rates were looking good of liability. So we actually look at each line of business and decide where one can grow and where we can't.

Even today, as a channel you said, I think there are 2 channels, which is Bancassurance and institutional business, as we call it, our digital partners, including B2C, direct-to-customer, we are actually seeing fairly good growth. So it is not that growth is now really down. When you think about last year in the first quarter, if I recall correctly, we grew by almost 40% in fire.

Now from 40% growth in fire to minus 37%, growth rate will take a hit. But again, I would say we don't run the business on a quarter-to-quarter basis. The fourth quarter will start seeing, as I said earlier, some sort of a base effect.

Secondly, if everything is going down in terms of rate and our loss ratios, you can compare each line of business-wise, including health. You take our mix of group health, our mix of retail, you put what you think is the best company on loss ratios, we are not doing badly even in case of health also, which is primarily for us, group health business.

So that is how we actually look at business. I don't think that industry players who typically, if you look at the top players and you take their last 3 years ratio, and these are some of the numbers I'm actually picking up from what one analyst report I got, so roughly, I think if you look at top 5, 6 players, on an average last 3 years, 40% of their profit has come from capital gains. You will actually see what the unrealized gains are for them as of 31st March. In our case, our dependence on capital gains is about 10% in the last 3 years.

So again, we have to be in a situation where if this pain continues, and I hope it does for at least 1 full year, which is at least 31st of March '27, that we will suffer the least pain because if this continues, the madness which started in January '26, if it continues till 31st March '27, you can be sure that a lot of balance sheets will actually suffer. If things improve quickly, then I would say this is like a slow burn and people will come back after 6, 8 months. So it has to be like real hard burn.

From our perspective, we are not assuming that things will improve this quarter. If it improves, we will automatically do better. But we are not working on a basis that things will normalize this quarter or next quarter or that will happen or that will happen. We are assuming this to continue. And my personal wishes it should continue till 31st March '27. Jasleen and Ravi is sitting with me, both of them from the expressions it seems they disagree with me. So I just want to say that also.

Now coming to the TP, and I'll again try and give a detailed reply as to what exactly we do. Again, these things we have explained in every single analyst meet in detail. So in this quarter, our TP loss ratio captures at 66.6% there, it captures whatever we think is the loss ratio based on this quarter. Now how do we provide for reserving? And maybe I'll explain this a bit for benefit of some of you who might not have attended our analyst meet. We basically provide for reserving loss ratio, keeping 2 things in mind.

One is what exactly is the likely loss ratio plus -- and all this is one number. So there is no separate numbers or separate reserves in our case. Plus, we provide for what we call legal inflation plus increase in legal inflation due to Sarla Verma case, Pranay Sethi or the present one, which is, I think, Shishupal is the name -- and what the change in frequency is over a period of time as claims develop, and you can see it for each year, for '18-'19, '19-'20, '20-'21 for each year till '23, '24, '25, that as the claims develop, both in terms of severity and in terms of frequency, we actually keep revisiting the reserving.

So idea to see the triangle is to basically say what did we provide at that year, what was next year, what was next year, what was next year and what was next year. And my sense is, if you look at '18, '19, you would have seen some change in reserves over a period of 6 to 7 years. So this is not something which basically happens on a quarterly basis and one can actually predict. The second thing I would say, and this again, we had covered an analyst meet. And if I remember, it was in February '26, we had actually made a presentation on TP claims.

Now if I just give you some numbers here, which are the latest, but we had presented this in detail at that time, we -- since digit started, we have settled roughly 36,000 claims, out of which 83% of the claims have been settled through compromise. That is -- and we had explained this in that presentation that basically we see if the claim is admissible or not.

If it's not admissible, because due to fraud, this, this, this what exactly we do. If it is admissible, liability is clear, we actually go out and settle the claim. Now people had assumed that the AUM, which we are building is happening because we don't settle claims.

In fact, the idea of settling claims early is that you try and save on the legal inflation and you try and save on the interest cost. So now as earlier also, whenever there is increase in about a year back, 2, 3 states had increased 2 years back, 4 states had increased their minimum wages substantially. Now you can't really do anything in terms of the business you had written earlier other than providing a decent cushion for the legal inflation.

So what do you do? You go out and aggressively start compromising those claims so that the hit which is there doesn't really come. Third thing, we will -- we are already in the process of seeing what one can do looking at in terms of making changes to the underwriting in the granular way in which we have described and in which we actually underwrite. So objective is sometime in

August, hopefully, third August -- third week of August, we would have also taken some actions based on the judgment.

The last point I want to make, and I think this again is very important, whenever a judgment has come from the past experience, Sarla Verma, Pranay Sethi, etcetera, it normally takes 3 years for the full impact to work through. Now just to tell you, this judgment came, if I remember on 20th of June. Now what has happened in July? And this is really interesting. On July 2, Allahabad High Court in a case called as Santosh versus National Insurance, Hyderabad -- sorry, Allahabad High Court said the Shishupal case of Supreme Court does not apply to every case.

So they actually decided that we will not give this INR30,000 to every homemaker. Very clear judgment, Santosh versus National Insurance, July 2. July 16, Karnataka High Court in a case, which is HS Nagaraj versus Sandeep they said that this INR30,000 rule cannot be applied when the dependents are adults. So all I'm trying to say is that based on where we are, we are very comfortable with our reserving. It is -- we will take actions which we need to take from an underwriting perspective, which we do.

We have already tried to explain what we do with the claim settlement. You can be sure that this claim settlement is now top of our priority on the existing claims. We'll be happy to give a detailed update on this after 6 months, after 2 more quarters as to how we are settling these claims. We obviously will keep looking at every single court judgment in detail. And whenever -- whatever actions we are taking today, we are not assuming that there will be increase in third-party premium.

If the increase happens, we will revisit our business at that time to say what more we can do. But we will not wait to act in terms of underwriting or in terms of claim settlement, thinking that let's wait for 2 more years or 1 more year and see what happens. We will go out and aggressively settle homemakers compromises, particularly or specifically, we anyway settle, as I gave you a number, 83% of the claims on the TP side.

Lastly, I have said this before, please revisit this. We don't want to give a number of TP reserve release on a quarterly basis, etcetera. We cover this in detail in our triangles for the whole year. When you are looking at a long-term business, you don't really look at it on a quarter-to-quarter basis. Lastly, Supratim, I'll also say this, when no one wrote a TP business, we saw the opportunity first. In April, we started reducing the market share of TP. I would say with all humility that we understand this business better than most.

Moderator: The next question is from Avinash Singh from Emkay Global.

Avinash Singh: Two questions. First one is, I mean, from a more of a medium-term industry dynamics perspective, I mean, on one hand, we have this issue of pressure on profitability, where many of the players kind of doing almost cash flow-based underwriting, surviving with certain kind of dispensation given by regulator, including the public sector almost most solvency capital. But at the same time, I mean, here, one, that, okay, a large part of these businesses are either B2B or B2B2C and you have -- I mean, the loyalty is very, very less and new players continue to make entry.

This backdrop I mean, do you see -- I mean, profitability turning around for industry or at least allowing you to be reasonably profitable even if you sort of act in disciplined fashion. So I mean, how is this industry dynamics going to improve, say, over medium term? I'm not talking of next quarter because these problems that, okay, despite players kind of not making money rather going into losses, weak solvency, yet newcomers continue to come and the bargaining power of different B2B or B2B2C businesses, those the element is not reduced.

So that's more on the industry dynamics. Now coming to the motor side, the IRDAI Chairman interview that you referred, I mean, he had categorically went on saying that when the question was asked, particularly on commissions, he went on to say that, okay, look, there are certain products where, I mean, it's a regulatory mandated product, there is no case for commission like motor TP I use the term.

And then the next line he has gone to say that, okay, even there are certain product that sells with less effort and the case for high commission does not arise and that he has referred motor OD. Now in this context, do you think that, I mean, regulator will first kind of comes down hard on commission in motor TP then going for rate hikes? And do you think that this dealer class -- OEM dealers, they can allow a breather when regulator comes down hard on commission?

Kamesh Goyal: Avinash, thanks a lot. In May, I turned 60. If you ask me to comment on IRDAI Chairman interview, then retiring instead of 70, would retire in 61. So, I'm not going to comment on this. All I can say is that when I looked at -- when I heard his interview, and I actually went again to listen to the first minutes. I was surprised -- pleasantly surprised that the details which he was giving, I thought he's reading from a paper.

And I went back to see and I realized that he's actually not -- he doesn't have a paper, mobile, nothing at all. He's just giving these number extempore, which I felt was really impressive, which means he has really gone into details. One example which he gave, he spoke about commissions, as you rightly said.

But one example in particular, which he gave was to say in TP, he said, "We have given our recommendations to the ministry for the increase in TP premium." But he said, "Not all vehicles should see an increase in premium," and he specifically mentioned about school bus. So looking or hearing that interview and as I said, I heard it 1.5 times, my sense is -- and he also said that all this draft will come by end of July, and he spoke about not just commission, but also about distribution reforms.

So I personally feel and I think we are on record to say that, that anything which is good for the customer is something which Digit supports. And from day one, whether it is open architecture or anything else, and from day one, we have tried to make the company which believes in this.

Now coming to about your questions in terms of what will happen to the industry. Now as I said earlier, I think one major problem with our industry is that there is not one format of KPIs in which people can benchmark, whether you are an investor, you are a board or you are an analyst. Now with IFRS, this problem is solved.

Personally, what I'm really surprised is that now every company has to make IFRS or Indian Accounting Standards Results every quarter. They have to do a limited review. They also have to publish to send it to the IRDAI. I'm actually at a loss to say when you are doing all this and you anyway have to publish it, why not do it now? It makes life easier for everyone.

But I think last week, one analyst was talking to me informally, and he said that your competition said that your numbers look better in Indian Accounting Standards, that is why Digit is publishing it. So, I asked the analyst I said if this is true, then does it mean that others' number look worse in Indian Accounting Standards, and that is why they are not publishing it? So I leave that now for all of you to judge.

I also said second point is that if you look at the last 3 years, not quarter 1 of this year, average profitability is 40% coming in of the bigger players on an average, top five players coming in through capital gains. Now you know where the unrealized gains are. You know where the market is. You know how much asset allocation they already have in equity.

So the challenge is that when you imagine and you foresee that capital market will go always up, business will always be profitable, rates will not go down. Then personally, I feel that actually goes against a good company. Then you become more like a utility. Then you can have a bad company giving ROE of 6% good company giving ROE of 15%.

I would prefer to work in an industry where some companies give ROE which is zero and some companies give which ROE of 18%. And you should look at where we are. I have -- honestly, I don't spend any time thinking about what others are doing. I think our focus is what we are doing and how we understand the business, and I try and explain it to the best of ability to say where we are and what we will do. We take very clear position on this.

Lastly, some of you know that I always quote Warren Buffett. And I think no better time than to make two quotes, two references to Warren Buffett, may he live really long. First is he had said, I think sometime in early 2000s, that when tide goes down, only then you see who is swimming naked.

I think IFRS, Indian Accounting Standards and capital gains are the two things in my mind about our industry where water levels are going down and you and we will see it together as to who is swimming naked. The second thing, Avinash, I'll say is that -- and I think it is no surprise for somebody like me that I have tried to learn the basics of business of non-life from Warren Buffett.

I read every single letter of his in detail. And as Supratim was asking a question, and I might get the year wrong, but I'll tell you the facts, which I remember distinctly. Warren Buffett got, I think, amongst his early acquisitions, even before GEICO, if I remember, was an acquisition called as National Indemnity.

Now he has repeatedly spoken about National Indemnity in various letters. But in 2004, he actually congratulated the management of National Indemnity for what? For shrinking the company's premium in the last 20 years by 85%. I might get the 20 years a bit wrong, it might be 18, it might be 23. 85% shrinkage might be wrong, it could be 80% or it could be 86%, but it is not 75%.

And he said that because they shrunk the company so much, they generated a positive float and that positive float has played a big role in making Berkshire Hathaway what it is. So I think -- and again, I'm giving my view here, and I'm giving my view not only as somebody who has worked in insurance for 38 years. But someone whose 80% of wealth is invested in this company and I don't intend to sell a share.

I think to think about in non-life business that the growth is good or others are doing and we need to follow like Prince said, that if music is playing, we need to get up and dance. I don't -- I actually have a very completely different tendency, and I'm happy to say that our management team is also having that, that we will not follow the music.

If we feel it is illogical, we will be happy to be outside that and justify what we are doing, like the way we justified in our initial years on TP, to say why we are writing TP, today we justify why we are not writing TP. So this is something which is bound to happen.

So we shouldn't worry what is happening to the market. As I said, personal wishes let the plane -- let the music continue for longer, let people keep dancing. We anyway don't know dance much, and we are happy to sit on the side-lines. And we will see what happens. Personally, I would say this is really the time which will differentiate and I'm not being sexist here. The times which differentiate men from boys, and we'll see which side of the trade we land on. Thanks, Avinash.

Moderator: The next question is from Ansuman Deb from ICICI Securities.

Ansuman Deb: Sir, in the past, you have been much more calibrated than your peers when it came to the need for a motor TP hike. So now number one, would you also think that most of the segments, you mentioned about school bus, but most of the segments need a kind of a motor TP price hike and what could be that quantum if you could give a range or an idea? And secondly, we have a good solvency and we are moving to IFRS. So what can be -- what will be our dividend policy going ahead?

Kamesh Goyal: Okay. So Ansuman, I think you obviously always ask trick questions, but let me answer the dividend one first. So I think as I said in my opening notes, I also said this in first quarter that even on IGAAP basis, our solvency is 242. Even if we have a certain allocation of equity of about 15%, especially since we are already at about close to 10% now, a solvency of about 220% for us will be decent enough.

And we can easily have 15% to 18% in equity asset allocation and take a hit of 20%, 25% drop in the market. Based on where we are on IGAAP profitability, we can easily pay dividend because our solvency justifies it. And it will go up hopefully every quarter. By how much, we don't know. So I think all we are doing is waiting for the RBC norms to come.

I think I read somewhere an interview from IRDAI a senior person that risk-based capital norms would come sometime, I would say, this year -- this financial year and probably they will ask companies to start giving the calculations, etcetera, on that basis. So I would say sometime when we are in our fourth quarter results, whether RBC comes or not, as I said, we are in a position to pay dividend on IGAAP basis.

We would take this up for discussion in the Board. If RBC comes and if our IFRS net worth is calculated into this account, then based on that, we'll be sitting on a huge surplus. Even otherwise, if it doesn't happen, we are sitting on a surplus and that is something which we will consider in the last quarter of the board.

Now coming to the TP hike. Now if we look at last 5 years, no TP hike and reading what I think the Chairman said, there is a case, and I would say, if I remember correctly, I'm looking now at Jasleen. I think about 1.5 years back, council and even our actuary was part of this. They had made a couple of presentations to the IRDAI to basically say these are the segments, maybe 10%, 15% of the segments where you could reduce rates and other segments you should increase.

Now if that was about 1.5 years back, my sense is that 15% segment might have become only 5%, which could see decrease. Rest of the segments should see increase. When I was saying that we are not waiting for the increase, I did not mean that there is no case for increase in TP. As I'm saying now, there is a case of increase in TP. And on a thumb rule, I would say 90%, 95% of the vehicles should see a hike in TP.

But the question is, should we wait for it in the hope that it will increase this month, that month or you say right now, it increase hasn't happened and we'll go and run our business on that basis. And sometime in March, we decided to take that call that when TP hike happens, we'll see. But as of now, till the time hike hasn't happened, we have to run business keeping this in mind.

So I hope Ansuman, I answered both your questions. I think we are already 10, 12 minutes up. I had said we'll take every questions. If maybe we can take two or three more on the new topic, we'll be happy to answer them each. I would say questions till now have been different, and I've tried to really explain the answers in detail.

Moderator: Yes sir. We have the next question from Sanketh Godha from Avendus Spark.

Sanketh Godha: You said that 83% of the claims in TP you try to settle outside the court, but still you have 17% cases which are probably pending in some courts and you intend to settle through courts. So just wanted to understand in that 17%, maybe I'm assuming you would have some claims which are exposed to high value. And given the claim severity has increased 10x from INR3,000 to INR30,000, still we did not make any provision separately in the P&L or called out for the balance sheet.

So just wanted to understand whether our MAD, you spoke multiple times on lost triangle, is the MAD what you have in the balance sheet is good enough to take care of the claims which you still want to be court settled or you are probably betting on the other judgments and therefore, you will take call accordingly as and it will develop?

And lastly, suppose given naturally, it came from the Supreme Court, that is highest court of the country, if it holds -- it doesn't get appealed or it remains the way it is, then is it fair to say that in future reserve releases will be relatively lower compared to what benefit we saw in previous years? So that's my first question.

Kamesh Goyal: So Sanketh, thanks, and let me just start by two corrections. The numbers I gave are not likely to settle. I was saying since Digit started, we have settled about 36,000 claims. 83% of them have been settled by compromise. Only 17% of the claims have been awards given by the court. So this is not a wish. I'm actually showing you the actual number.

And if I recall, you were there in the analyst meet and we tried to explain in detail as to how the third-party claims are settled with us in fair amount of detail. Now the second is we don't take bet on anything. We are not taking a bet on TP hike. We are not taking a bet on Supreme Court judgment not holding. We are not taking a bet on investments. We are not taking a bet on markets premium rates going up.

We don't take a bet. We basically look at where the market is. Thirdly, I'm anyway half MAD, but in the P&L or reserving, we have no concept of MAD. We provide, as I said, reserves on a basis where we include frequency, plus we include legal inflation, and I meant by legal inflation, I think I did not clarify, judgments Sarla Verma, Pranay Sethi, now Shishupal.

Legal inflation plus hike in minimum wages because that is one clear factor which clearly applies. Now again, giving you one more factor. Since that time, we have been providing on this basis, both inflation, which is mix of legal inflation as well as minimum wages, you can see from our results and reserves, you would be seeing a decent amount of reserve release, and you can then try and arrive at what the number is.

Just Ravi has shared with me for first year '18, '19, we started the year with INR204 crores. In 7 years later, we are at INR132 crores. So you are continuously seeing that sort of a reserve conservativeness, which is built. Second point I can tell you because we were just looking at these numbers about 2 weeks back.

I've not seen this in detail, but our motor actuary guy, who looks after motor, he said that he'll be presenting the results in the next 3, 4, 5 weeks. He said that even in the last 2 years, what we are seeing is frequency trend seems to be better, compared to what we had presumed.

Now the third point I said already, and I gave two judgments, we are talking about less than 1 month of Supreme Court judgment, two judgments, one of Allahabad High Court, one of Karnataka High Court, which are saying their interpretation of Supreme Court judgment is different. And we have to just keep this in mind and I have studied law formally. I'm not going into getting into whether the Supreme Court will change its decision. It will not change its decision.

Review petition by council is filed. But the way -- and I'm no seasoned lawyer also, but I have friends who are fairly good lawyers, maybe amongst the top 10 in the country, at least one of them. Like every judgment, each person who reads it is actually interpreting its own way. And Allahabad High Court and Karnataka High Court, two judgments, on July 2 and second on July 16, have come out with the different interpretations of Supreme Court.

In our case, as we are looking at our actions, which we will take, as I said, hopefully, Jasleen is confirming sometime in third week of August, we will be taking again, a conservative view of what the likely loss ratio will be, and we will take actions accordingly. We will not take a bet of judgment interpretation like this or judgment interpretation like that because having studied law, one thing I know is that high courts, Supreme Court, they continuously revisit their own judgments and they keep coming out with new law.

Till that time, because matter is based on the high court judgments, matter seems to have different interpretations. We will go what we think is a conservative interpretation based on where we are.

Again, to repeat, we don't take any sort of a bet. As for future release, if I recall again correctly, I'm getting old though. I think this is a question which you have asked once earlier. I don't know, last year or earlier. And I told you at that time also, we don't give guidance.

And the last thing we do is change that in our 10th call, just because as I started saying myself, this was a soft quarter for us. We don't work on that basis. And again, when we come to the end of the year call, bring this up, and I will show you the triangle and say this is what really happened this year.

Sanketh Godha: Understood, Kamesh. Sorry, maybe I used the wrong word, bet, my intention was something else. But I got the drift from what you said…

Kamesh Goyal: No, I just wanted to ascertain your intention. Your intention is never that. A huge amount of respect for you. I'm saying it publicly. But I did not want it to go that people assume it's a bet because I'm continuously saying in the call, we don't take bet on anything.

That is taken by people who have a very different risk appetite. We see ourselves or at least I see myself as more like a trustee of investors' money, which people like you and others are managing. And we have to do our best job, take more care of it than I take care of even my own money.

Sanketh Godha: Understood, Kamesh. Sir, second question was, see, in the current GDPI, you have an unwinding of long-term plans, what you wrote in the previous -- maybe last year or year before. And if I knock off that number, say, in GDPI, is it fair to say that your growth, which looks minus 2 percentage is much more acute -- I mean it has slowed down much more than that. Just wanted to understand that this year, if I don't consider the previous year's flows numbers, then honestly, it's really, really bad year to grow in that sense, looking at the 1Q quarter?

Kamesh Goyal: So Sanketh, I will tell you what my interpretation is. I gave you -- gave everyone the numbers of our advanced premium. Most of it is coming from motor. Within that, 2-wheeler business is 1 plus 5 2-wheeler is a business, which I said even in the first quarter, we are growing by 23%, 21%.

Last year also, we had grown really well. If you look at our growth rate of 2-wheeler, we have been growing this really, really well. So if 2-wheeler business is growing, which is really long term, which is 1 plus 5 private car -- new car is 1 plus 3, I'm not sure I would reach actually that conclusion.

Secondly, in IFRS, both commission you pay as well as reinsurance commission you receive, both actually get deferred. And if you recall, we had covered this in analyst meet in February 25, 17th of February, if I remember the date also. We had covered in detail as to how some companies are up-fronting this long-term book to book reinsurance commission, and we don't do that. So I don't think that is happening.

Lastly, I would -- you have not asked, I'll say, and I gave example of National Indemnity. God forbid, if you reach a situation that we have to shrink the business to protect the profitability, we will do that, and we will not chase growth because somebody likes growth even if it comes at a big loss. That is not how we have run business till now. That is not my understanding of insurance business in 38 years, and it's too late for us to change that. I think I couldn't have been more clear in the message.

Sanketh Godha: Understood. Lastly, Kamesh, just maybe the loss ratio on the KPI is 73.3%...

Kamesh Goyal: There are three more people. So I'm under a bit of pressure from...

Sanketh Godha: Yes, not a problem. Maybe I'll take it offline.

Kamesh Goyal: From the moderators, Sanketh, because we are already one hour 25 minutes instead of one hour. Let me take those three calls, questions, and after that, I think we will stop. Like always, please reach out to Piyush, Ravi. Any questions you have, we will be delighted to answer. We can take the next one. Sorry about this, Sanketh.

Moderator: The next question is from Dipanjan Ghosh from Citigroup.

Dipanjan Ghosh: Just two small questions from my side. One, if I -- you mentioned that your motor OD business, there have been some pressure on your cars portfolio and you have taken corrective action. But if I look at the ex-PV business, how are the loss ratios tracking? Some color on that would be useful.

And the second question is on the group health side. I remember over the last almost 12 to 24 months, you have been focusing on underwriting in a cautious manner, also increasing the share of non-employer business. Within the employer business, you are doing more of SMEs. But in this quarter, if I look at the loss ratio number Y-o-Y, seems a little higher. Just wanted to get some color on that?

Kamesh Goyal: Thanks, Dipanjan. So on group health, what happened this quarter is that we have a fairly large bank-driven personal accident policy where claims get intimated. A lot of these claims get repudiated over a period of time. So this quarter, the group level PA is essentially looking elevated because of one single large PA policy.

Our experience with the -- overall this bank-driven PA policies has been decent. So we will see what exactly will happen in future. Based on that, I would say I'll be able to explain later in later quarters what is happening. But as of now, we have provided for the claims there.

Now in case of own damage, if you look at everyone loss ratio in the last 3 years. If you look at last 5 years, it is even severe. Just post-COVID '22, '23 onwards, own damage loss ratios have consistently been going up for everyone.

And own damage premium, 65% for the industry is driven more by the private car. Now in our case, we had said this in last quarter that in the previous quarter, we said that we are still trying to see if we want to retain renewals. Then we said that it is now coming to a state where we have to take corrective action, we have started taking. And you are seeing some of it in the de-growth, especially in this quarter.

Now we have also reduced the new car business in this, which I also said. So new cars typically have lower loss ratio. SAOD business and private car, as I said, which we wrote is still flowing through in the earnings. The business we started writing after taking correction still has to flow through, and then we expect it to become stable in own damage loss ratio sometime in the second quarter. So I hope I've been able to answer both your questions. We can take the next one, last two left.

Moderator: Yes, sir. The next question is from Nidhesh from Investec.

Nidhesh: So my question is on motor own damage. So historically, we have been able to reorient our portfolio ahead of anticipate higher loss ratio, anticipate lower pricing. What has happened this time in motor OD that our loss ratios have increased to 73%, 74%? And why have not been able to anticipate this, let's say, last year when we were underwriting this business? Is there any fundamental change in the claims that has happened in the last two, three quarters, which has led to this?

Kamesh Goyal: So Nidhesh, you're 100% right. And I would say I own this failure that I did not get up earlier. I think the only thing was when we look at '24, '25, we actually wrote a lot of new cars business. Now the first year stand-alone own damage policies were coming. This segment is particularly not profitable, stand-alone own damage.

Now I think we felt that can we wait a bit and see try and protect the renewals so that we can control the loss ratio. I would say in hindsight, I made the wrong call. So it's not that fundamentally we changed something. We just try to do something which at that time seemed logical.

But if I have to look back at terms of what my assessment was, I would say I was completely wrong. So there is -- I don't know how to say it in a better way. But what we did is, as we started realizing we took corrective actions.

Then in March, we again looked at how this year could grow because you start getting increase in the labor charges or paint charges, etcetera, from the OEMs. And we decided that now the time is to cut this portfolio sharp. That is what we did, Nidhesh. We can take one last question now.

Moderator: Sure. The next question is from Ananga Rana from A91 Partners.

Ananga Rana: So firstly, what is the reason for our NEP retention ratios to increase? Is it mainly driven by the mix of business changing or have we taken a conscious decision to reduce reinsurance in certain lines of business as well? That's my first question. And secondly, what is the reason again similarly for our EOM growth to be much faster than the NEP retention -- NEP growth? Sorry, those are my two questions.

Kamesh Goyal: So I would say, I think in case of, Ananga, retention, it's a mix of both. So in almost all lines of business, especially commercial like fire, etcetera, we have actually increased our retention. And secondly, it is also a case of change in mix. So if you look at fire business where retentions are less, it is actually de-growing by 37%, which means other business like motor, etcetera, increase in mix. So that again leads to a situation where your retention has increased. So it's a mix of both.

Now coming to EOM, I would say two things. When we look at on a product line basis, so for example, 2-wheeler business, if you look at our overall EOM in 2-wheeler business, though the disclosures don't happen on that basis, have actually reduced slightly. While in commercial -- in all other cases also, in some cases, it could have increased.

But when you see it at a motor overall level, they have gone up slightly. Overall EOM for every company, and you can look at the results would have gone up because low EOM business, especially fire and commercial lines has actually de-grown.

So this is also a mix effect, which the entire industry is actually seeing. And if you look at crop, we gave up business and inward reinsurance in fact some. We did not renew some inward reinsurance business of group health.

So when you are actually giving up business, which comes with low EOM, then automatically your EOM also goes up. So again, I think the question which one needs to look at is that you don't look at EOM, claims, all of them, you are just managing the EOM.

And people who try to just manage the EOM, you can actually see where they have landed up and where the industry is landing up. So you have to try and do what makes economic sense on the EOM perspective. If you try and manage this, you'll have losses, then next year, you will have to give it up, then again, your EOM will go up. So you should not chase a number.

And the fact that IRDAI Chairman himself acknowledged that post EOM, the commissions have gone up. It shows that somewhere -- and I've been saying it in every call, somewhere the intent of regulator, which was exceptional was not achieved with this construct.

But I'm sure that now sometime this year, whether it is part of distribution reforms, part of commission or part of EOM framework, this year, a lot of these will actually get finalized so that the ultimate aim of regulator of reducing the cost of insurance for the customer is actually achieved.

I actually got an e-mail from a guy called Tej, saying that they have actually done a podcast on National Indemnity. Yes. So this is interesting. I'll read it. Thanks for sending this. Thanks, everyone, for joining the call. Please do reach out Ravi and Piyush. I think in 90 minutes, what I hear from Piyush is we have answered every question.

And whenever you will see a difficult quarter, you -- I hope you don't see many. You'll see us being more available for the call. And in good quarters, I'm sure you will not ask too many questions. Thanks, everyone, for joining. Bye.

Moderator: Thank you very much. On behalf of ICICI Securities, that concludes the conference. Thank you for joining us, ladies and gentlemen. You may now disconnect your lines.