

April 04, 2025

National Insurance Company Limited: Update on material event

Summary of rating(s) outstanding

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating outstanding
Subordinated debt programme	895.00	895.00	[ICRA]A+ (Stable)
Total	895.00	895.00	

*Instrument details are provided in Annexure I

Rationale

Vide its intimation, dated April 02, 2025, to the stock exchange, National Insurance Company Limited (NIC) has informed that the scheduled interest payment aggregating Rs. 18.7875 lakh¹, towards subordinated debt bearing ISIN INE168X08014, could not be remitted to three investors due to incorrect account details. However, ICRA notes that the entire interest amount due was credited to a separate account maintained with a scheduled commercial bank before the due date, i.e. March 27, 2025. The said bank account is exclusively maintained for servicing the above instrument, as per the direction of the board of directors. On the due date, the interest was paid and the balance amount of Rs. 18.7875 lakh, which could not be remitted, remained in the separate bank account. ICRA further notes that the company paid one of the investors while it issued demand drafts to the other two investors on April 02, 2025.

NIC had sufficient liquidity in the form of a cash and bank balance as on March 27, 2025 and inability to make the payment to the investors concerned neither reflects its lack of ability nor its willingness to service the debt obligations. This was because of reasons beyond NIC's control as the bank account details of the investors were incorrect.

As the company's fundamental credit profile remains intact and the unpaid amount remained in the separate account before the due date, the rating remains unchanged, in accordance with ICRA's Policy on Default Recognition.

The table below includes the details of the instrument concerned:

Name of security	ISIN	Total amount to be paid (Rs. lakh)	Due date of payment	Amount of payment made (Rs. lakh)	Amount of payment failed (Rs. lakh)	Reasons for failure of payment	Date when the amount corresponding to the failed payment was transferred to a separate bank account
Subordinated debt	INE168X08014	7,218.13 ¹	March 27, 2025	7,199.34 ¹	18.7875 ¹	Incorrect account details	March 26, 2025*

* NIC had transferred the entire interest payable to a separate bank account on March 26, 2025 (before the due date); As per the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-3/P/CIR/2024/160 dated November 18, 2024, Rs. 18.7875 lakh was in a separate bank account for interest payments

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, liquidity position, and rating sensitivities: [Click here](#)

¹ Net of TDS

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Rating Methodology – General Insurance Policy on Default Recognition
Parent/Group support	Parent/Group company: Government of India (GoI) The rating factors in NIC's sovereign ownership and the demonstrated track record of capital infusions by the GoI. ICRA expects the GoI to support NIC with capital infusions
Consolidation/Standalone	Standalone

About the company

NIC is India's oldest general insurance company. It was incorporated in Kolkata (West Bengal) on December 5, 1906. Following the enactment of the General Insurance Business Nationalisation Act in 1972, it was merged with 21 foreign and 11 Indian companies to form National Insurance Company Limited. It is fully owned by the Government of India (GoI) and has offices all over India, with an office in Nepal as well. The company has a strong presence with ~882 offices and over 60,000 agents nationwide. NIC's gross direct premium income was Rs. 15,180 crore in FY2024 and it reported an underwriting loss of Rs. 3,686 crore and a net loss of Rs. 187 crore.

Key financial indicators (audited)

NIC	FY2023	FY2024	9M FY2025
Gross direct premium	15,206	15,180	12,851
PAT	(3,865)	(187)	29
Net worth (including FVCA)	2,179	5,971	5,997
Net worth (excluding FVCA)	(949)	(995)	(989)
Total investments	31,617	34,225	36,861
Combined ratio	145.5%	126.9%	127.5%
Return on equity [^]	NM*	NM	NM
Solvency ratio (times)	(0.29)	(0.45)	(0.53)

Source: Company, ICRA Research; Amount in Rs. crore; All calculations are as per ICRA Research

[^]PAT/Net worth excluding fair value changes

* Not meaningful

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2026)				Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Apr 04, 2025	Date	Rating	Date	Rating	Date	Rating
Subordinated debt programme	Long term	895	[ICRA]A+ (Stable)	Sep-17-24	[ICRA]A+ (Stable)	Sep-19-23	[ICRA]A+ (Stable)	Oct-12-22	[ICRA]A+ (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Subordinated debt programme	Moderately Complex

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance/ Sanction	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
INE168X08014*	Subordinated debt	Mar-27-2017	8.35% p.a.	Mar-27-2027	895.0	[ICRA]A+ (Stable)

Source: Company; * The bond had a first call option after five years of issuance, which was not exercised by the company

Key features of the rated instrument:

The rating factors in the key features of the subordinated debt instrument:

- Servicing of interest is contingent on the company maintaining a solvency ratio above the level stipulated by the regulator²
- If the interest payouts lead to a net loss or an increase in the net loss, prior approval of the regulator would be required to service the debt

NIC has, however, received approval from the regulator, which allows it to pay interest on its subordinated debt instrument even if its solvency ratio is below the minimum regulatory requirement of 150% and interest payouts lead to an increase in the net losses.

Annexure II: List of entities considered for consolidated analysis

Not applicable

² As per IRDAI regulations, insurers are required to maintain a minimum solvency ratio of 150%

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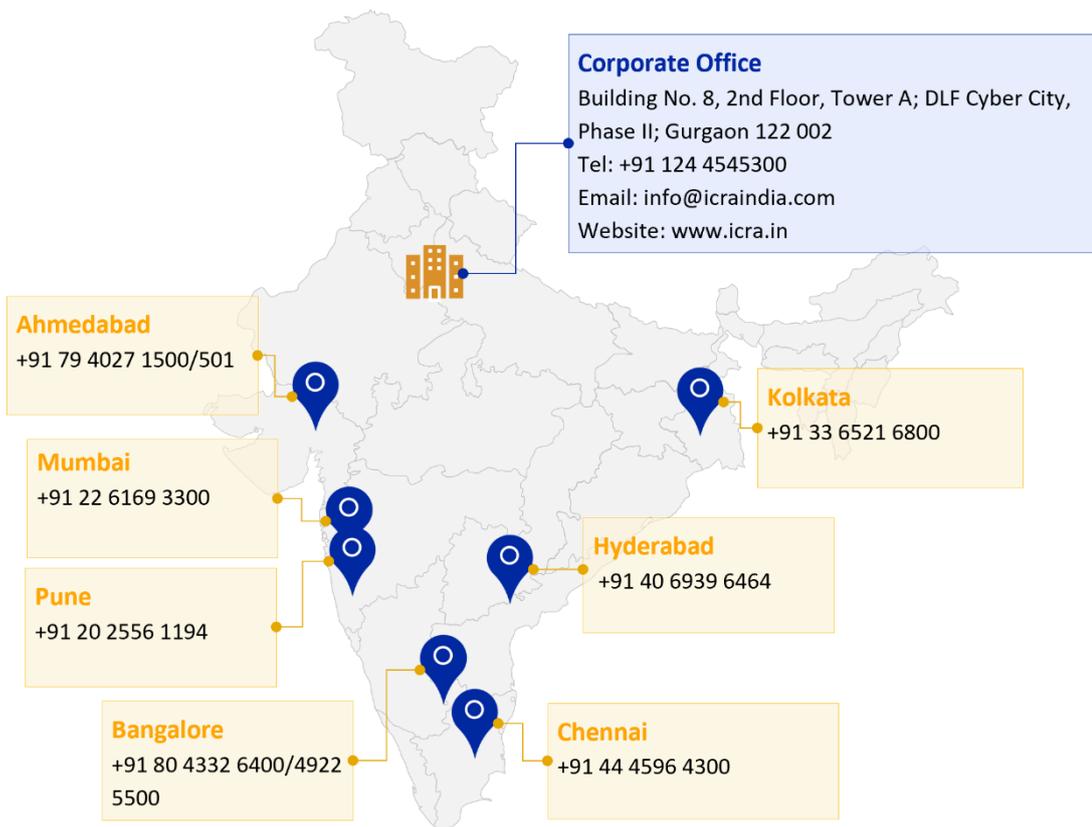
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