



नेको इन्सुरेन्स लि.

NECO INSURANCE LTD.

Company Profile: General Details

NECO INSURANCE LTD.

GENERAL INSURANCE COMPANY

REGISTERED OFFICE: GYANESHWOR, KATHMANDU

ESTABLISHED: 16TH DECEMBER 1994

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COMPANY PROFILE: BACKGROUND AND CORPORATE OVERVIEW

1. Company Information

Neco Insurance Ltd. is a limited liability company registered under the Companies Act, 2021 BS. It was established on 1st Poush, 2051 (16th December, 1994). It has been operating general insurance business in Nepal since 17th Jestha, 2053 (30th May, 1996) as per the license granted by the Insurance Board of Nepal. The registered office of the company is at Gyaneswor, Kathmandu and it is operating its business through various service outlets nationwide. Neco Insurance enjoys a reputation of expertise, stability and strength. Our competitive edge, extensive range of products, wide network, claim servicing capabilities and the ability to provide all possible general insurance solutions under one roof makes us the most preferred partner for our valued customers. Neco Insurance has been known in the market as being innovative and having a well-established relationship with the various reinsurance markets of the world. We are proud to be the local insurance partner of AIG (American International Group).

2. Strategic Objectives

The main objectives of the company are:

- To “**MAKE A VISIBLE DIFFERENCE**” in insurance market by providing best general insurance services nationwide
- To be the first and final choice of customers of every business segment of the country
- To ensure that all stakeholders achieve a long-term, competitive and stable return

3. Capital Structure

The paid-up capital of the company is NPR 1,521,633,738 as of 15th July, 2021 and has declared a bonus share of Rs. 228,245,060 increasing the effective paid-up capital to Rs. 1,749,878,798. In terms of capital, Neco Insurance Ltd is one of the leading insurance company of general insurance sector. The shareholding patterns of the company are 51% of promoters and the remaining 49% of the public. The major promoters of the company are:

- **Mahato Group: Holds 17.90% of the total share**
Mahato group is one of the renowned and biggest groups in Nepal. They have a large investment in various sectors. Its major investments are in financial institutions, manufacturing, hospital, medicine, media, education sector etc.
- **Rastriya Banijya Bank Ltd.(RBB)- Holds 15% of the total share**
Rastriya Banijya Bank is 100% government owned and one of the pioneer commercial bank in Nepal having paid up capital of NPR 14,940,000,000 as on 16/07/2022. The bank has the highest public confidence with the highest deposit base in the country. The bank has the largest network with 263 branches across the country.
- **Citizen Investment Trust: Holds 8.15% of the total share**
Citizen Investment Trust (Nagarik Lagani Kosh), a statutory institute under Citizen Investment Trust Act, 2047, has ownership of the Nepal Government as a public financial organization. It operates and manages various types of retirement schemes/programs as well as various unit schemes and mutual fund programs for both domestic and foreign investors to encourage people for saving in order to expand funds and increase investment opportunities along with the dynamic development of the capital market to contribute economic development of the nation.

- **Agriculture Development Bank Limited: Holds 3.40% of the total share**

Agricultural Development Bank Limited (ADBL) is an autonomous organization largely owned by the Government of Nepal. The bank has been working as a premier rural credit institution since the last three decades, contributing more than 67 percent of the institutional credit supply in the country.

- **Vinayak Group: Holds 3.32% of the total share**

Vinayak group is jointly formed by well-known investors of the capital market of the country. The investment of the group is mainly in shares of financial institutions, hydropower and other sectors.

- **Fund Management Company Ltd: Holds 2.86% of the total share**

This is a subsidiary company of Agriculture Development Bank Ltd., fully owned by Nepal's government. The fund of the bank's own staff is managed by this company

4. Board of Directors

With distinctive combination of the promoters, an energetic young team of reputed individuals having vast experience and excellent leadership has been representing to the Board. The current Board of Directors of the company consists as follows:

Name of Directors

Mr. Rohit Kumar Bhattra, Chairman
Mr. Vinaya Raman Poudel, Director
Mr. Prem Kumar Shrestha, Director
Mr. Bharat Kumar Adhikari, Director
Mr. Bhanu Bhakta Pokhrel, Director
Mr. Ratna Raj Pandeya, Director

Representation

S. S. Binayak Pvt. Ltd.
Rastriya Banijya Bank
Agriculture Dev. Bank Ltd.
Public
Public
Independent

5. Management Team

The management team of Neco Insurance Company Ltd. has been prudently comprised with vast experienced managers of insurance and banking sectors. The fusion of experienced brain and young talent has drastically upgraded the graph of the company. Presently, the leaders in management team of the company are as follows:



Mr. Ashok Kumar Khadka – Chief Executive Officer

Email: ashok@neco.com.np

Mr. Ashok K. Khadka, CEO of Neco Insurance Ltd. has more than two decades' experience in the field of banking and insurance sector. He has joined this company as an advisor to support the managerial activities initially. Later on, he worked in the capacity of DCEO for more than five years. He has been currently contributing to the company as CEO since last 4 years. Under his active and efficient leadership, the company and its stakeholders are witnessing rapid growth of the company and expecting long term sustainable growth of the company.

The other senior level staffs of the key departments of the company are:

Name of Staffs	Department	Designation	Email address
Mr. Pawan Thapa	Corporate	Deputy Chief Executive Officer	pawan.thapa@neco.com.np
Mr. Ganesh Lamsal	Corporate	Deputy Chief Executive Officer	ganesh.lamsal@neco.com.np
Mr. Ramesh Bd. Thapa	Marketing	Assistant General Manager	ramesh.thapa@neco.com.np
Mr. Bishal Kumar Thapa	Corporate	Assistant General Manager	bishal.thapa@neco.com.np
Mr. Bishnu Prasad Dhital	Board Secretariat	Chief Manager	bishnu.dhital@neco.com.np
Mrs. Sapana Rawal	Reinsurance	Chief Manager	sapana.rawal@neco.com.np
Mr. Hansa Man Dangol	Underwriting	Manager	hansa.dangol@neco.com.np
Mr. Bhuwan Mahat	Account & Finance	Manager	bhuwan.mahat@neco.com.np

6. Support Team

To support the operational activities, prudence in claim and technical risk analysis, we have outsourced the support team comprising of qualified Chartered accountants, doctors, agriculture technical and engineers which also supports management.

7. Branch Network

With the strategic vision of aggressive growth in business and providing better and quality service to a client, Neco has established an efficient and effective expansion of footprint all over Nepal. Company has altogether 81 networks all over Nepal with 30 branches, 47 sub-branches, 3 TP-Counter and 1 contact office.

8. Recent Market and Regulatory Development Impact on Company

There are altogether 19 non-life insurance companies, 19 life insurance companies and 2 re-insurance companies running in the country. The overall, life as well as general, insurance business in Nepal is at growing phase. As Insurance Sector has contribution on national GDP is 3.67 %. On around 22.74% average annual growth rate has been accounted over the past 5 years in non-life insurance sector.

OPERATING AND UNDERWRITING REVIEW

Line of Business

The company underwrites all types of general insurance risk through different kinds of policies prevailing in the market under seven major categories i.e. *Property, Motor, Aviation, Marine, Engineering, Agriculture and Miscellaneous*.

1. Underwriting Approach

There is a separate Underwriting Department in the company. The department accepts the proposals submitted by marketing agents and staffs after a deliberate evaluation of underlying risk in the proposal. The decision in major cases is taken by the combined team of higher-level management. Sometimes, the opinions of experts are also sought on technical matters to know the depth of risk in the policies.

2. Historical Growth and Distribution

The company prepares a Budget every year to set the business target as well as to monitor the operating expenses throughout the fiscal year. The budget is prepared and duly approved by the board of directors of the company. It works as a plan of action for the running year. Every possible effort is made to achieve the target set in the budget and control the expenses within the allocated limit. The growth in business is set considering industry growth rate, business potential in the overall market, own expansion plan and so on.

i. Business: Portfolio-wise

The business mix for the different portfolios for the last three years is tabulated as under:

Portfolio	F.Y. 2019/20			F.Y. 2020/21			F.Y. 2021/22		
	Audited			Audited			Unaudited		
	Nos.	Amount (RS)	Mix	Nos.	Amount (RS)	Mix	Nos.	Amount (RS)	Mix
Fire	54,258	565,528.45	27%	71,841	672,625.70	28%	68,711.00	758,499.46	27%
Motor	167,891	927,866.18	45%	193,359	1,029,279.17	43%	188,494.00	1,083,966.58	38%
Aviation	1	33.4	0%	1	118.34	0%	-	-	0%
Marine	5,734	49,190.54	2%	10,426	73,089.15	3%	9,421.00	84,935.97	3%
Engineering	4,099	314,370.03	15%	4,187	313,222.32	13%	4,358.00	491,900.64	17%
Miscellaneous	14,747	165,445.01	8%	19,714	224,578.68	9%	20,467.00	233,953.89	8%
Agriculture	1,476	51,264.96	2%	3,201	102,550.83	4%	7,369.00	200,569.21	7%
Total	248,206	2,073,698.57	100%	302,729	2,415,464.19	100%	298,820.00	2,853,825.74	100%

Amount in NPR “000

Engineering and agriculture portfolio has increased as the government focuses on infrastructure and agriculture development in the country.

ii. *Business: Growth Rate*

The comparative growth rate is presented below:

Portfolio	F.Y. 2018/19		F.Y. 2019/20		F.Y. 2020/21		F.Y. 2021/22	
	Audited		Audited		Audited		Unaudited	
	Policy	Premium	Policy	Premium	Policy	Premium	Policy	Premium
Fire	16%	19%	4%	16%	32%	19%	-4%	13%
Motor	-4%	13%	-14%	2%	15%	11%	-3%	5%
Aviation	-100%	-100%	100%	100%	0%	254%	-100%	-100%
Marine	68%	48%	-27%	-1%	82%	49%	-10%	16%
Engineering	7%	-10%	10%	52%	2%	0%	4%	57%
Miscellaneous	21%	60%	9%	-23%	34%	36%	4%	4%
Agriculture	66%	54%	-63%	0%	117%	100%	130%	96%
Total	3%	15%	-10%	8%	22%	16%	-1%	18%

A. FINANCIAL REVIEW

The key indicators of the company for last 4 years are presented below:

Particulars	Indicator	FY 2018.19	FY 2019.20	FY 2020.21	FY 2021.22
		Audited	Audited	Audited	Unaudited
Net worth	Rs	2,207,907.72	2,665,249.73	3,157,824.66	3,705,504.75
Book Value per share	Rs	187.70	202.31	207.53	211.76
Net Profit	Rs	354,731.48	468,089.41	504,587.80	547,749.58
Net Profit ratio	%	18.51	22.57	20.89	19.19
Earnings per share	Rs	30.16	35.53	33.17	31.30
Dividend per share	Rs	9.14	16.32	15.69	-
Management expense ratio	%	16.47	15.92	15.52	17.18
Amount in NPR “000					

B. INVESTMENT AND LIQUIDITY REVIEW

There is a separate directive from the regulator, which defines the overall framework of investment by the insurance companies. In compliance with the directive, the company has formulated its own investment policy and procedure. The investment policy is being strictly followed to safeguard the amount of investment, at the same time seeking a sound return from the investment. The investment and return on investment for last 3 years is presented below.

Amount in NPR “000

Particulars	F.Y. 19-20	F.Y. 20-21	F.Y. 21-22
	Audited	Audited	Unaudited
Investment	3,145,254.67	3,720,565.99	4,483,229.77
Interest and Other Income	286,969.76	359,230.54	353,890.35
Return on Investment (%)	9.12%	9.65%	7.89%

C. WHERE WE STAND (POSITIONING)

The company aims to establish a brand to occupy a distinct position in the mind of its stakeholder by applying appropriate strategies. The following table depicts the detailed comparison and positioning of the company based on some performance indicators. The comparison is based on the figure of the fourth quarter of FY 2021/22.

S.N	Indicators	Positioning
1	Capital	2
2	Market share	3
3	Net Profit	1
4	Market Presence	2

A. HUMAN RESOURCE MANAGEMENT

On human resource management front, Neco gives high consideration to human resource and accordingly, it cares highly for its staff. Regular training and grooming for our staff to improve their professional skills have been given due importance in the current period, which will be continued in the days ahead as well. We are in a very competitive industry and economic conditions are also challenging. Hence, we have given high priority to human resource management. We have ensured the positioning of the right people in the right places so that their distinct competencies, knowledge and personality attribute are utilized to their maximum potential resulting in desirable results.

B. SPOT PAYMENT SERVICE

We feel proud to share you that for the first time in Nepal, Neco Insurance Ltd. have launched "Spot payment" facility on the claim against the insurance policy of our company. To make the claim procedure fast and hassle free we have introduced spot payment service that pays your claim on the spot.

Our claim department also settles the claim of health insurance of your staff within a week. Our staff will offer the claim settlement amount on the spot but it is you to accept or reject the amount. No documentation no hassle.

The company undertakes reinsurance arrangements to mitigate the financial losses in case of large incidence of losses. It has got reinsurance treaties with the reputed reinsurers throughout the globe. The details of our reinsurer at present are as below:

S.N	Name of Reinsurance Company	Origin/ Country
1	Zep Re(PTA Reinsurance Company) Nairobi Kenya	Nairobi Kenya
2	Kenya Reinsurance Corporation Ltd	Nairobi Kenya
3	Asian Reinsurance Corporation	Bangkok, Thailand
4	General Insurance Corporation of India (GIC Re)	Church Gate , Mumbai
5	Saudi Re	Saudi
6	The new India Assurance	Mumbai, India
7	East Africa Reinsurance Company Ltd	Nairobi Kenya
8	Trust International Insurance & Reinsurance	Manama, Baharain
9	Societe Tunisienne D' assurance (Tunis Re), Tunisia	Tunisia
10	GIC-Bhutan Reinsurance Company Limited	Thimpu, Bhutan
11	CICA Re	Togo, West Africa
12	Oman Reinsurance Company	Oman
13	SIRIUS INTERNATIONAL	LONDON
14	QBE RE	(Europe)LIMITED.

Prime Clients:

1	Rastriya Banijya Bank
2	Sonam Infratruction Nirman Private Limited
3	Ashwins Medical College and Hospital Private Limited
4	Fewa Contructions
5	Kumari Bank Limited
6	Balephi Hydropower Limited
7	Sonapur Minerals and Oil Limited
8	Phingawa Group Company Limited
9	Vivek Automobiles Private Limited
10	Shree Steels Private Limited