



Performance update: FY2020

April 25, 2020

Agenda

- Company strategy and performance
- Opportunity
- Industry overview



Response to COVID-19 lockdown (1/2)

Governance

- Regular updates to the Board on the ongoing situation
- Daily top management meetings to monitor emerging situation
- Central and regional COVID councils to track developments
- BCP activated for all functions

Employees

- Work from home enabled across the organisation
- Continuous health tracking of Company & outsourced employees
- Free tele-consultation with empaneled doctors
- Employee centric policy support: conveyance and mobile / data reimbursements
- Regular communication on health advisories, COVID-19 awareness & Company updates
- COVID-19 testing facilitated for any employee as needed
- Leveraging existing virtual learning platforms

Response to COVID-19 lockdown (2/2)

Customers

Email communication and press release on digital options available for:

- Customer service transactions
- Premium payment
- Claim registration and status

Regulator & Government

- Insurance classified as essential service
- Regulatory relaxations provided by IRDAI

Distribution

- Encourage digital closure of pending requirements
- Engagement with sales team on further transition from physical to digital connect with customer

Community

- Contribution towards purchase of ventilators, sanitizers and other consumables
- Proposed contribution towards 'PM Cares Fund' in FY2021 by the Company and employees

Risk management

Market risk

Sharp fall in equity prices & lower bond yields

- Linked & Par (81% of liabilities) largely pass on the market performance to customers
- Non par guaranteed return book: 0.4% of liabilities; minimal ALM mismatch
- 94% of fixed income in sovereign or AAA; 1.0% of fixed income below AA
- Zero NPA since inception

Mortality risk

Mortality experience and COVID-19 claims

- Mortality experience continues to be better than assumptions
- Proposed pricing of protection fully absorbs the increase in reinsurance rates
- Insignificant claims from COVID-19 so far
- Additional reserve held for potential COVID-19 claims

Solvency ratio of 194.1% at March 31, 2020

Comfortable on solvency even with stress test scenarios (shocks for equity, bond yields & claims)

Agenda

- **Company strategy and performance**
- Opportunity
- Industry overview



Key strategic elements



Strong performance on customer metrics...

97.8%

Claim settlement ratio¹

1.6 days

Average claims settlement time²

83.2%

One of the best 13th month persistency³ ratio in the industry

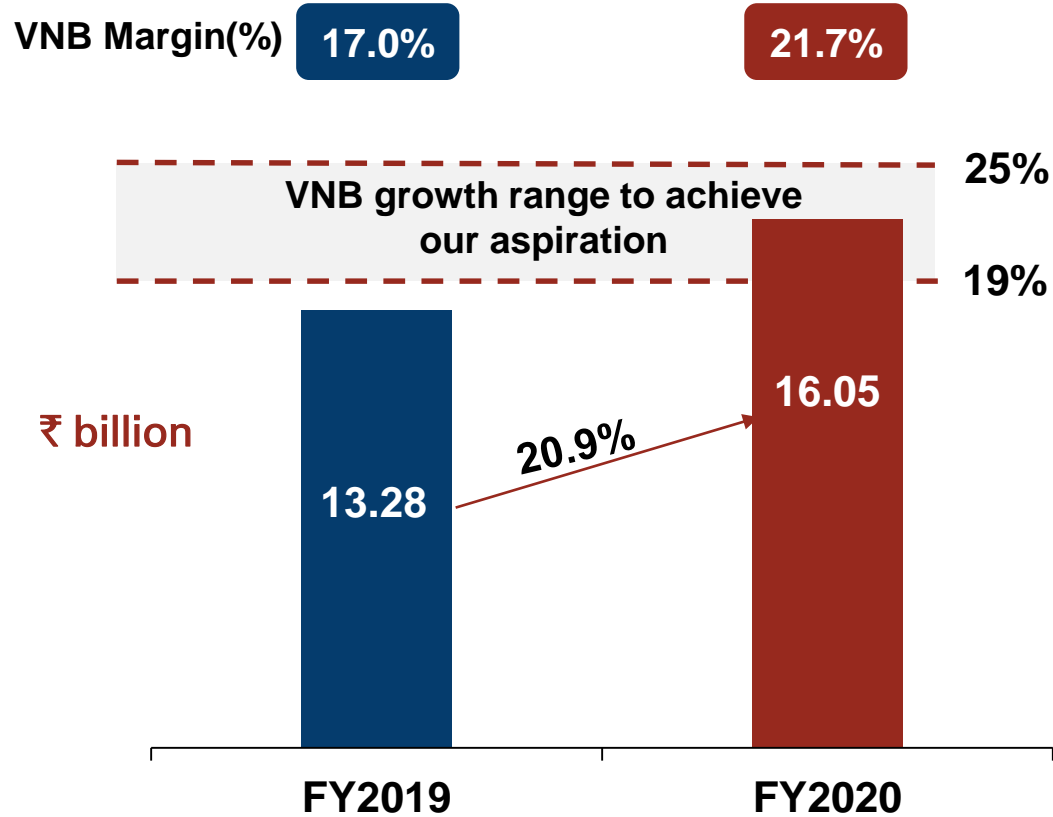
48

Number of grievances per 10,000 new business policies (retail)



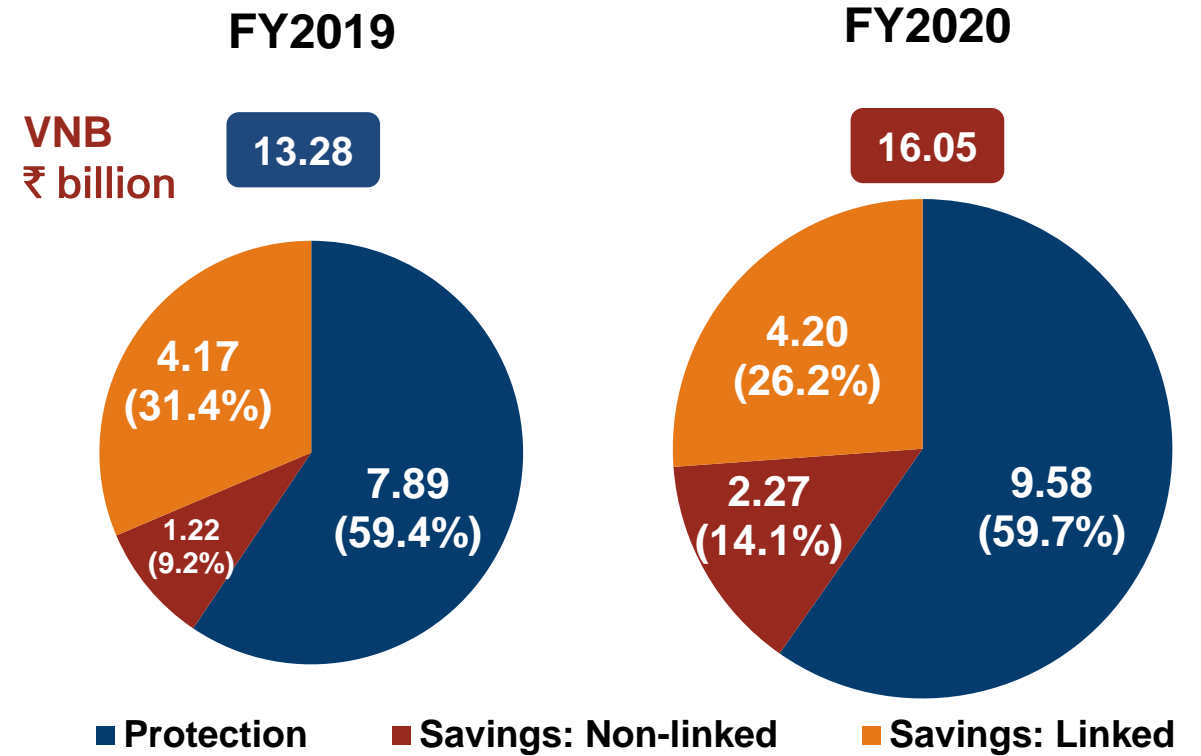
1. Individual death claims
2. Average turnaround time for non-investigated claims from receipt of last requirement
3. Retail excluding single premium computed as per IRDA circular dated January 23, 2014

...with strong growth in VNB



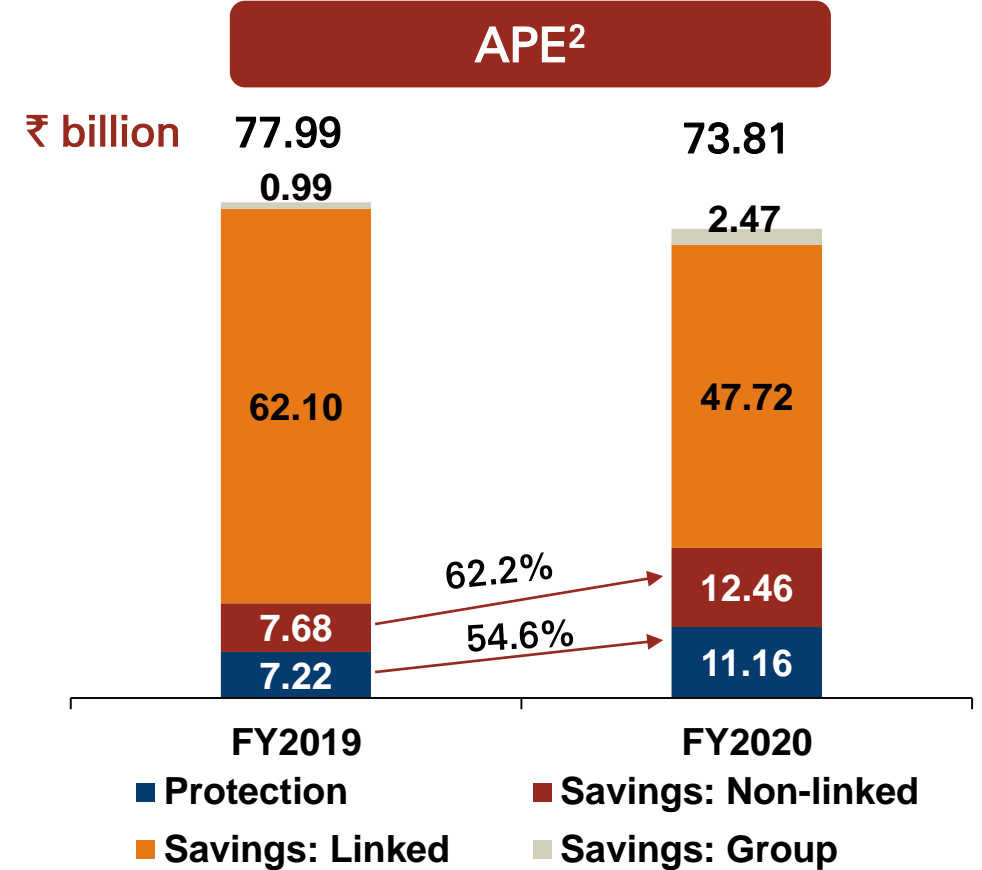
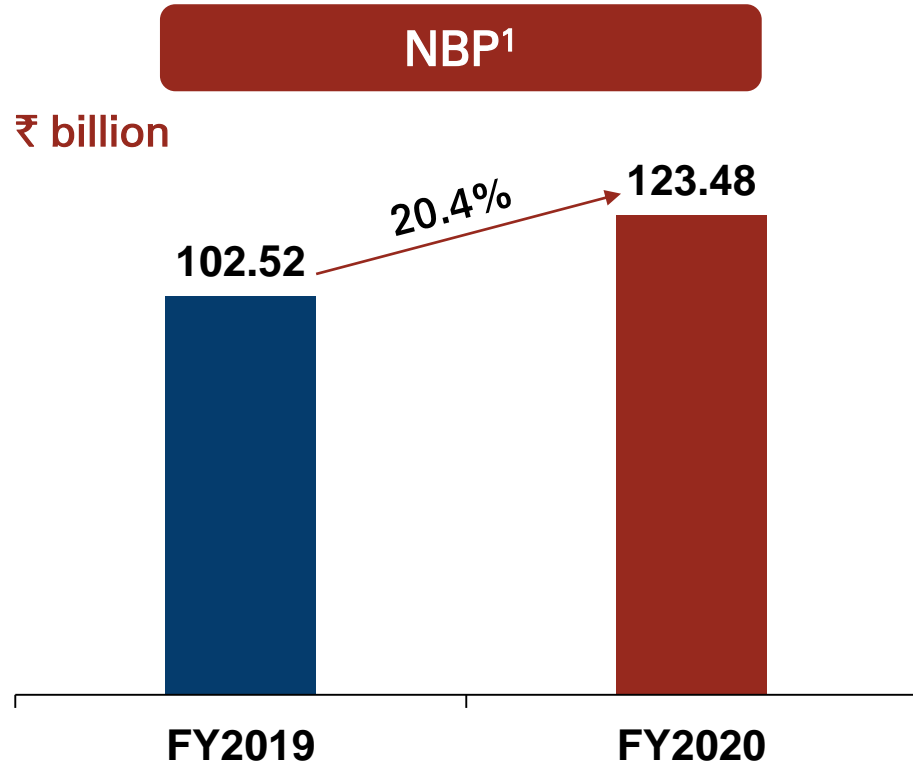
VNB growth of 21%; margin 21.7%

VNB contribution*



74% VNB from protection & non-linked savings

Premium growth



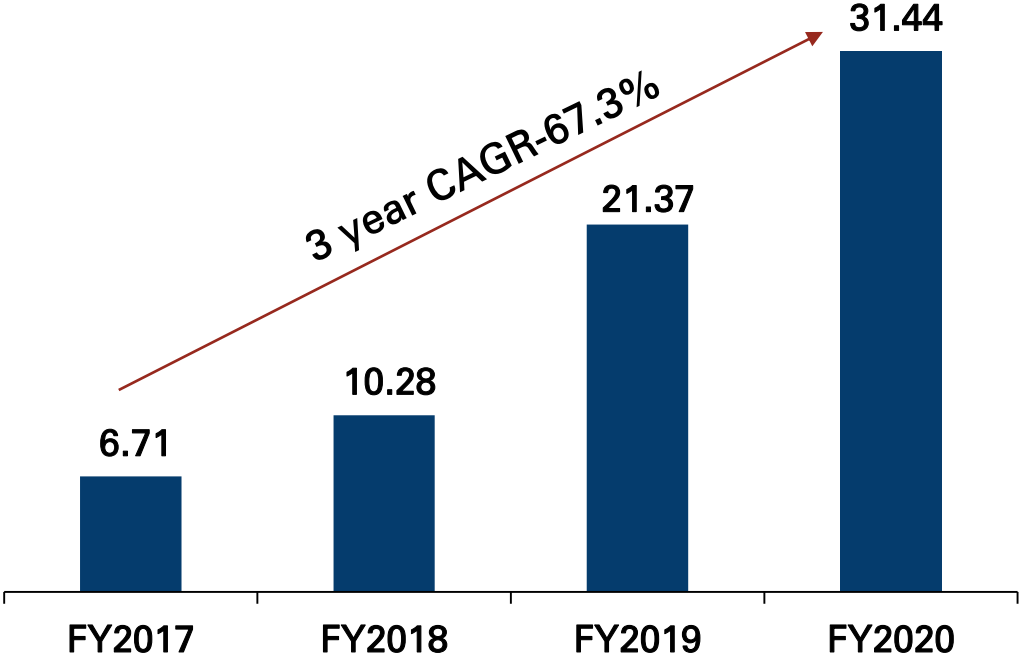
Strong growth in protection & non-linked savings; APE share increased from 19% to 32%

Continued growth in Protection and Annuity

Protection mix¹



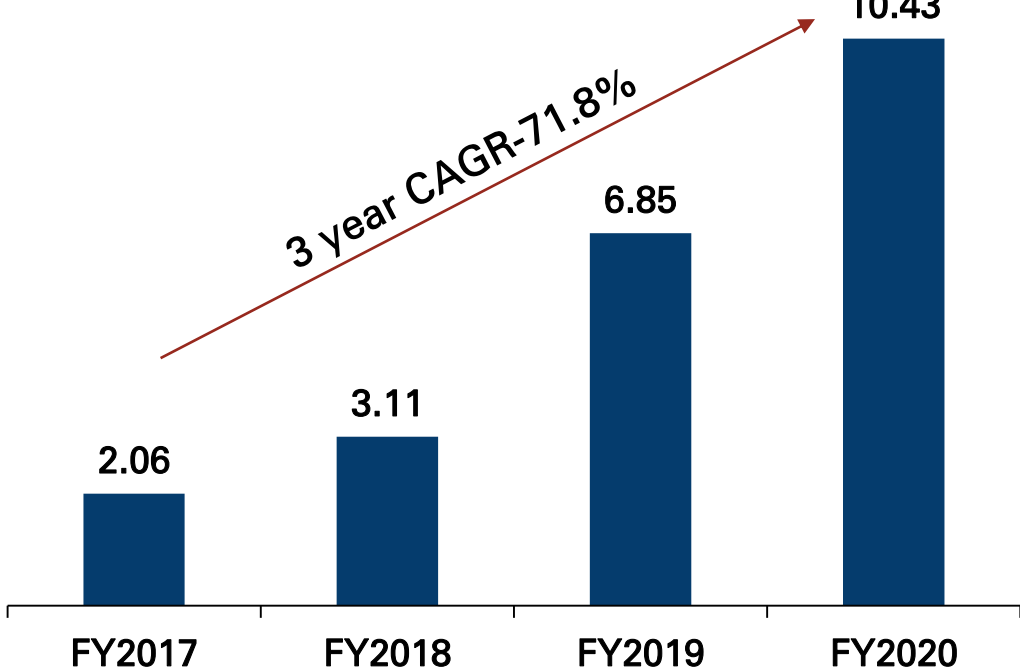
Protection new business received premium (₹ billion)



Annuity mix¹



Annuity new business received premium (₹ billion)



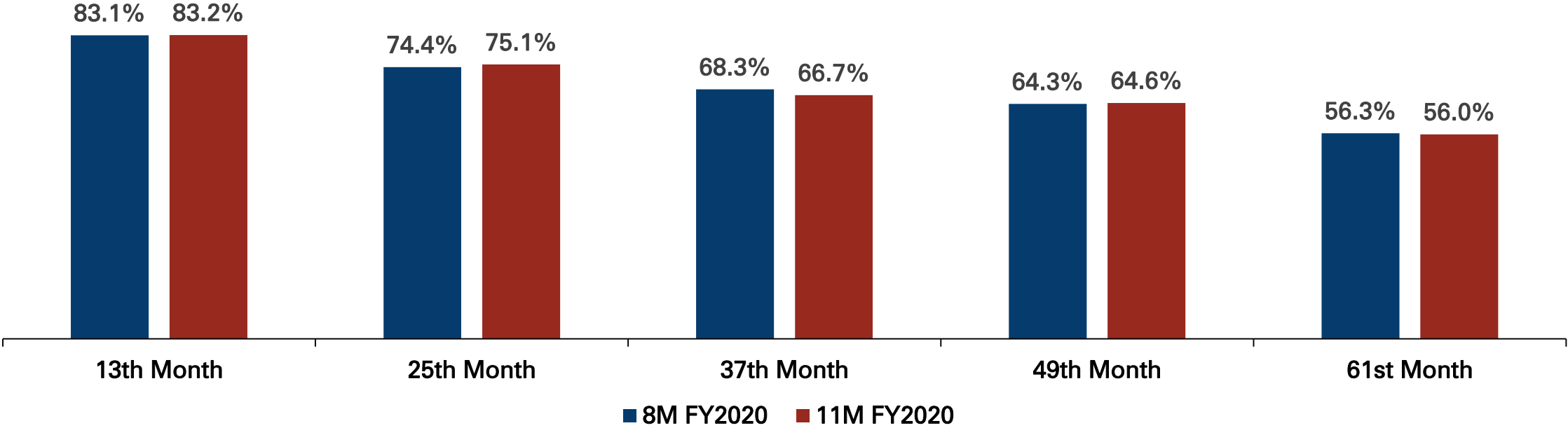
Protection and Annuity contributed over 1/3rd of new business premium



1. % of new business received premium as per financials

Stable persistency

Retail persistency (excluding single premium)



Persistency continued to be one of the best in the industry



As per IRDAI circular dated January 23, 2014

Productivity improvements

₹ billion	FY2019	FY2020
Cost/TWRP ¹	15.0%	15.9%
Cost/TWRP (savings LOB)	11.5%	10.4%

Cost ratios improved further; continued to be one of the best in the industry



1. Cost/(Total premium- 90% of single premium)
Total may not add up due to rounding off

Way forward: Our approach for Q1-FY2021 (1/2)

Distribution

- Enablers for Q1
 - Contactless conversations through video conferencing
 - Encourage higher levels of digital adoption across channels
- Channel strategy
 - Agency: Traditional and protection
 - ICICI Bank: Protection sales through app and website
 - Partnership distribution: Higher focus on distributors who can operate digitally
 - Direct: Digital campaigns & direct lead assignment
- Expected shift in product mix
 - Protection: Growth over last year
 - Non-linked savings: Target small growth
 - Unit linked savings: Demand likely to be weak

Way forward: Our approach for Q1-FY2021 (2/2)

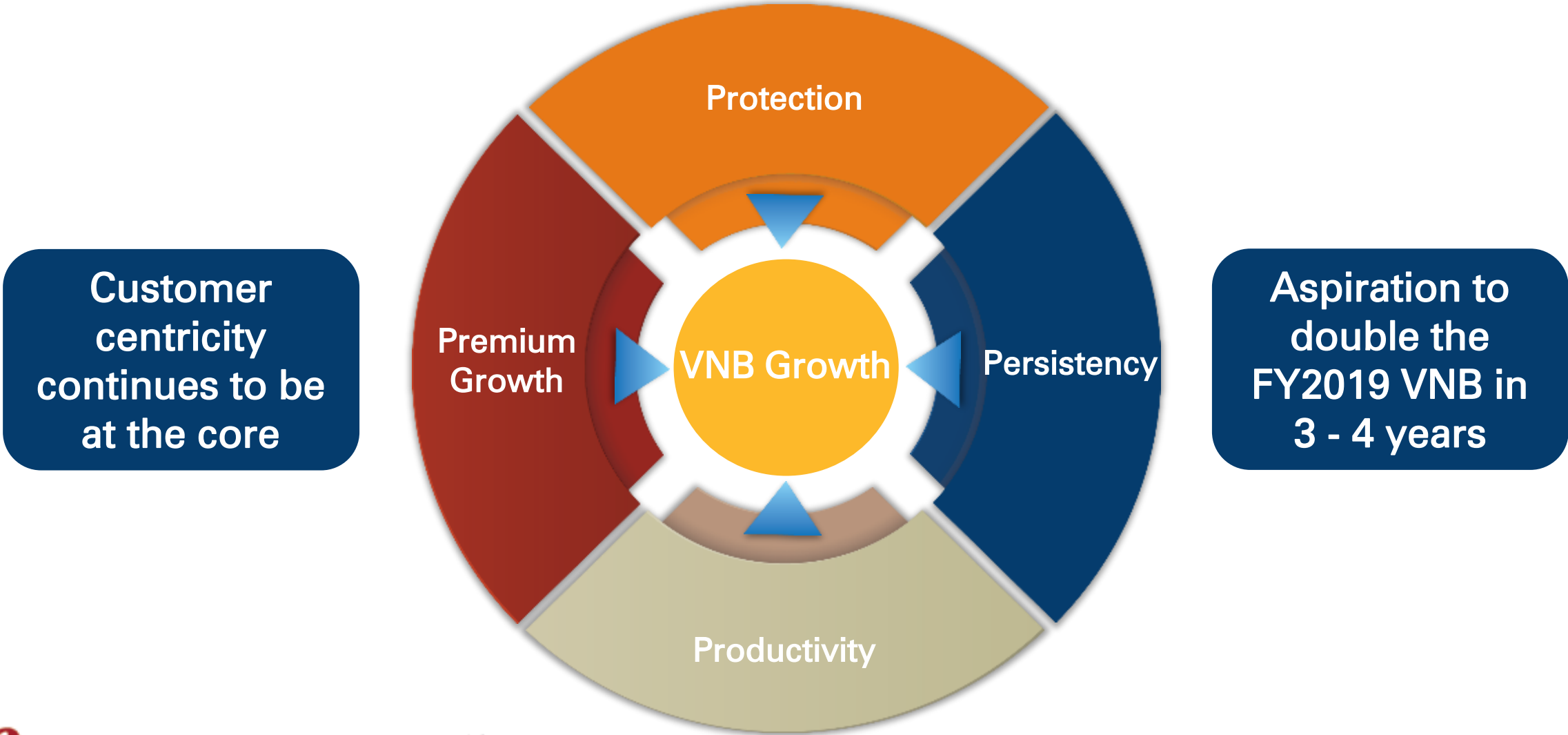
Customer

- Customer service
 - Leverage new technologies to improve service offerings
 - Uniform policy information across all service touch points
- Multiple digital avenues for renewal premium payment
 - Website, Netbanking, UPI, Bharat Bill Payment System, Wallets etc
- Claim settlement
 - Multiple channels for digital claim intimation/status
 - Self service- Website, SMS, WhatsApp
 - Claim status can be tracked online
 - 24x7 secured electronic payments
- Targeted upsell
 - Digital channels and direct lead assignment

Cost management

- Improve span, efficiency and productivity
- Pursue further variabalisation of expenses

Key strategic elements



Premium: Product strategy and performance

Products available across all categories

ICICI Pru
FuturePerfect
Non-linked Insurance Plan

ICICI Pru
Savings Suraksha
Non-Linked Life Insurance Plan

ICICI Pru
Assured Savings Insurance Plan
Non linked life insurance plan

ICICI Pru
LAKSHYA
A Non-linked Participating Life Insurance Plan

ICICI Pru
Immediate Annuity
Non-Linked Life Insurance Plan



ICICI Pru
SIGNATURE
A Unit Linked Non-Participating Life Insurance Plan

ICICI Pru
Easy Retirement
Unit Linked Pension Plan

ICICI Pru
Guaranteed Wealth Protector
Unit Linked Insurance Plan

Non-linked

Savings

Linked

Participating with equity

Savings with guarantee; Annuity

ULIP: Suite of funds for Equity and Debt

ULIP: with capital guarantee



ICICI Pru
PRECIOUS LIFE
A non-linked non-participating term insurance plan.
Term insurance plan for **EVERYBODY**



ICICI Pru
Shubh Raksha Life
A Non-Linked Non-Participating Group Micro Insurance Product

ICICI Pru
Group Term Plus
Group Life Cover Plan

ICICI Pru
Super Protect - Credit
(A Non-Linked Non-participating Group Life Insurance Product)

Retail

Protection

Group

Pure term with accident cover

Critical illness, Disease specific

Pure term, Micro insurance, Credit insurance, Critical illness

Product segments

Segments	APE (₹ billion)			Mix	
	FY2019	FY2020	Growth (%)	FY2019	FY2020
Savings	70.77	62.65	(11.5%)	90.7%	84.9%
Linked	62.10	47.72	(23.2%)	79.6%	64.7%
Non-linked	7.68	12.46	62.2%	9.8%	16.9%
Group	0.99	2.47	149.5%	1.3%	3.3%
Protection¹	7.22	11.16	54.6%	9.3%	15.1%
Total APE	77.99	73.81	(5.4%)	100.0%	100.0%

62% growth in non-linked savings; 55% growth in protection

Premium: Distribution strategy and performance

Diversified distribution

Strategy: Build profitability

- 15 bank partnerships
- Protection and Annuity mix increased from 4.3% in FY2019 to 10.0% in FY2020

Strategy: Create depth and add width

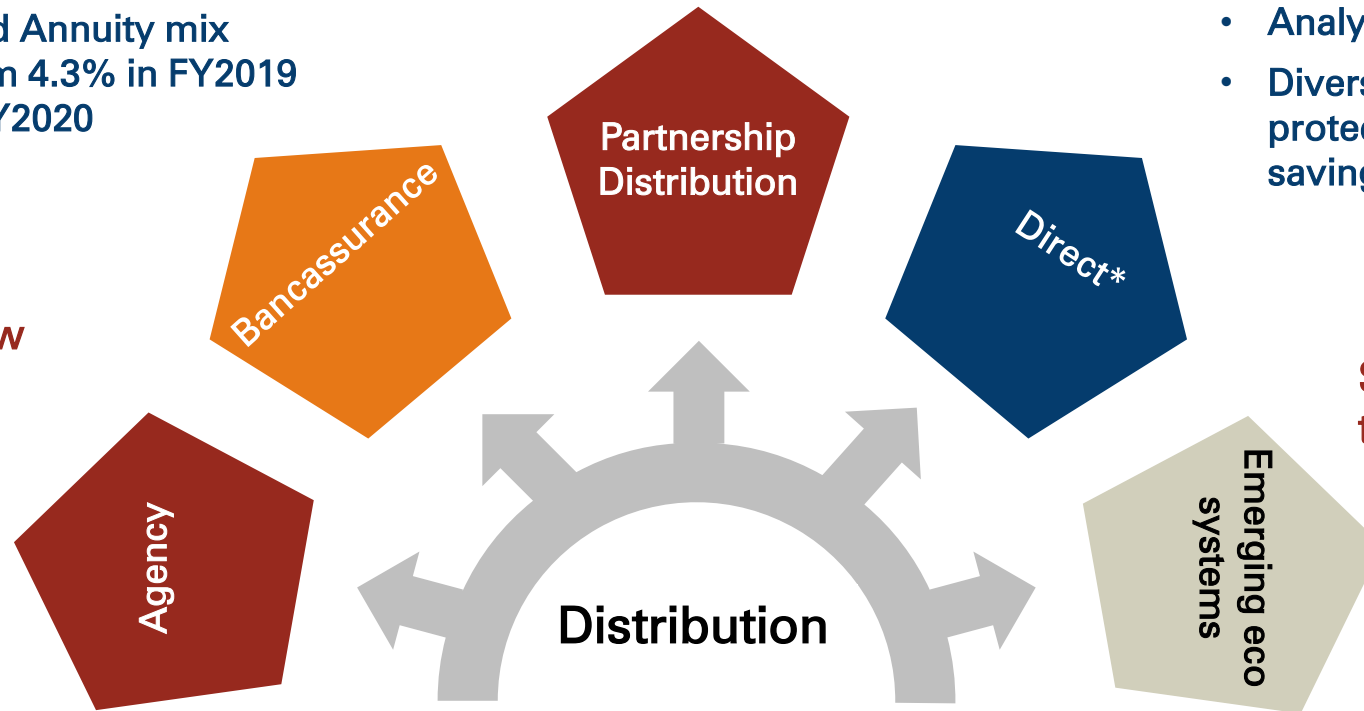
- > 500 partnerships
- Protection and non-linked savings: ~80% in FY2020

Strategy: Digital focused upsell campaigns

- Analytics driven upsell channel
- Diversified product mix with 12% protection and 22% non-linked savings

Strategy: Invest and grow

- 23,200 agents recruited during the year
- Diversified product mix: Savings: linked 50%, savings: non-linked 40% and Protection 10%



Strategy: Partner with non-traditional distributors

- Tie-up with small finance banks, wallets, payment banks, aggregators etc.
- Product customization

Broaden distribution network; continued growth in specific channels

Distribution channels

Channels	APE (₹ billion)		Mix		Growth (%)	
	FY2019	FY2020	FY2019	FY2020	Linked	Non-linked
Bancassurance	43.53	37.48	55.8%	50.8%	(20.0%)	72.5%
Agency	16.89	15.62	21.7%	21.2%	(38.8%)	87.8%
Direct	9.34	9.31	12.0%	12.6%	(16.6%)	59.0%
Partnership distribution	4.59	5.46	5.9%	7.4%	(7.0%)	31.4%
Group	3.65	5.94	4.7%	8.1%	-	-
Total APE	77.99	73.81	100.0%	100.0%	(20.8%)	59.6%

60% growth in non-linked segment; growth across channels

Protection

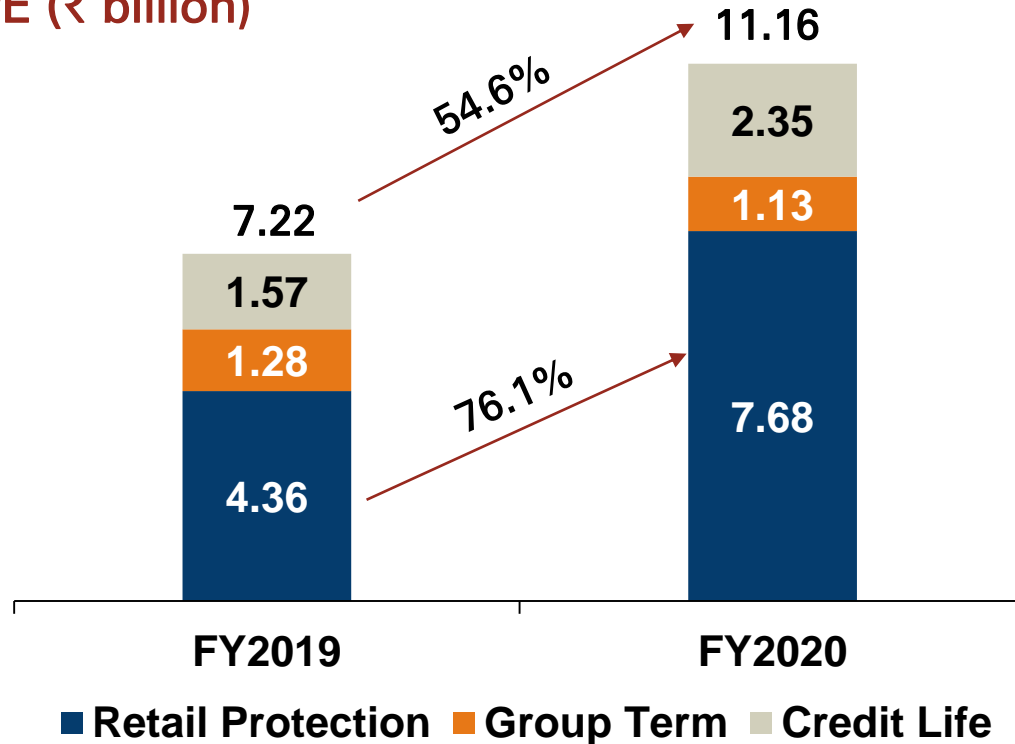
Protection: Increasing share

APE (₹ billion)	FY2019	FY2020
Protection	7.22	11.16
<i>YoY growth</i>	<i>61.9%</i>	<i>54.6%</i>
Protection mix	9.3%	15.1%

Continued strong growth; mix increased from 9.3% to 15.1%

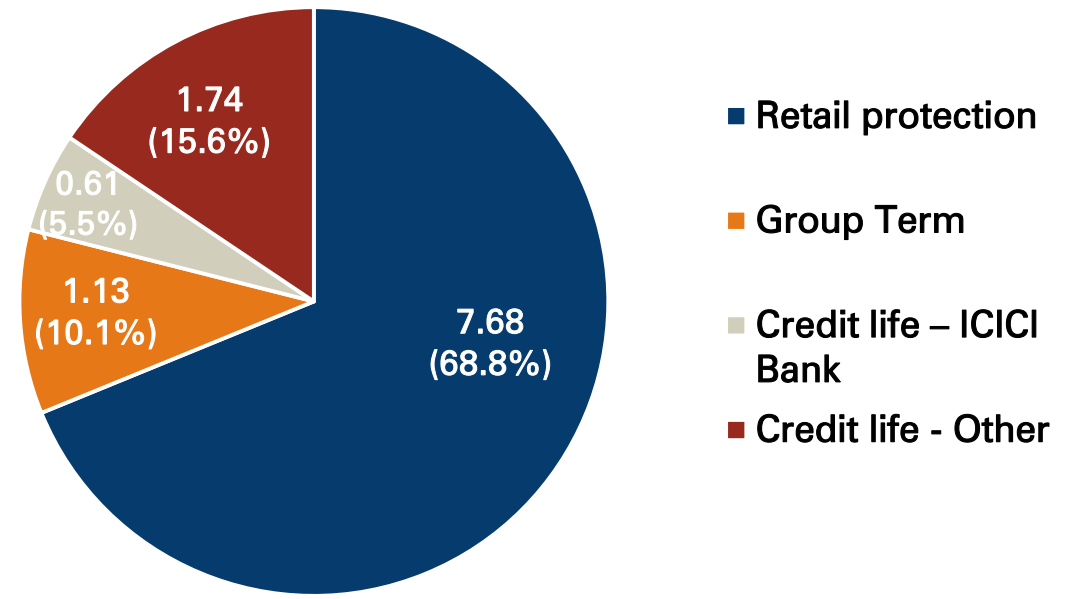
Protection: Components

APE (₹ billion)



Protection split based on APE* (FY2020)

₹ billion



Retail protection is ~70% of protection APE

Credit life through third party contributes ~16% of protection APE

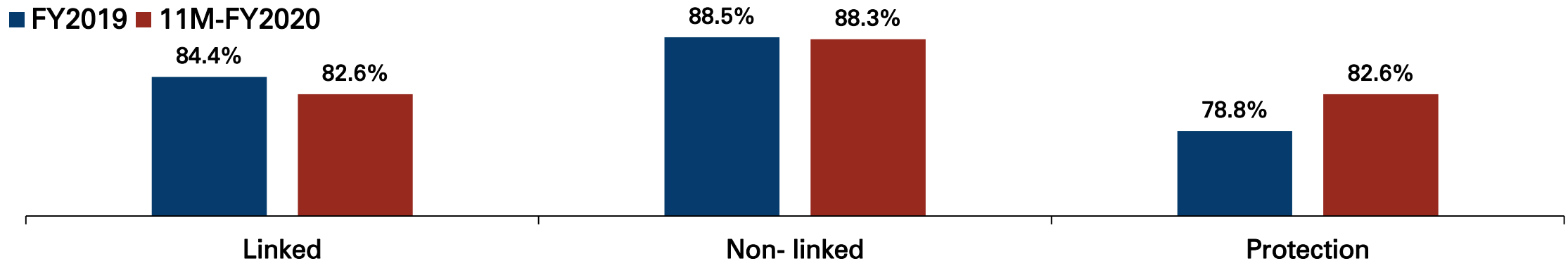
Persistency

Persistency

Retail excluding single premium			
Month	FY2019	8M-FY2020	11M-FY2020
13 th month	84.6%	83.1%	83.2%
25 th month	75.6%	74.4%	75.1%
37 th month	69.3%	68.3%	66.7%
49 th month	63.8%	64.3%	64.6%
61 st month	56.8%	56.3%	56.0%

Retail including single premium			
Month	FY2019	8M-FY2020	11M-FY2020
13 th month	86.2%	85.1%	85.3%
25 th month	77.4%	76.4%	77.4%
37 th month	71.0%	70.5%	69.0%
49 th month	65.0%	65.8%	66.4%
61 st month	58.1%	57.7%	57.4%

13th month persistency¹ across product categories



Stable persistency across cohorts and product segments

1. Retail excluding SP computed as per IRDA circular dated January 23, 2014

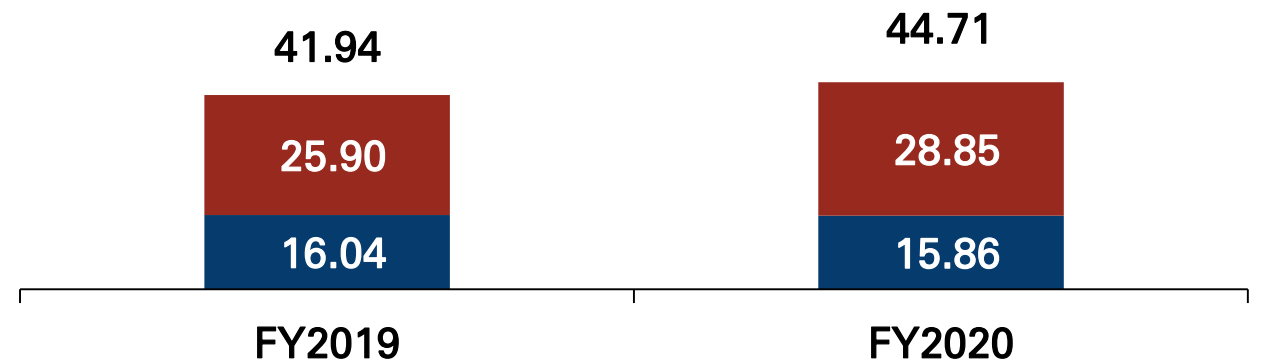
Productivity

Productivity: Cost efficiency

	FY2019	FY2020
Expense ratio (excl. commission) ¹	9.3%	10.3%
Commission ratio ²	5.8%	5.7%
Cost/TWRP ³	15.0%	15.9%
Cost/Average AUM ⁴	2.8%	2.9%
Cost/TWRP (Savings LOB)	11.5%	10.4%

₹ billion

■ Commission
■ Non Commission



- 66% of new business policies issued within 2 days
- 94% of new business applications initiated via digital platform



1. Expense ratio: All insurance expenses (excl. commission)/(Total premium- 90% of single premium)
 2. Commission ratio: Commission/(Total premium- 90% of single premium)
 3. Cost/(Total premium- 90% of single premium)
 4. Annualized cost/Average assets under management during the period
 Total may not add up due to rounding off

Expenses: improving efficiency on the savings business

- Improving savings cost ratio

Cost to TWRP	Savings
FY2019	11.5%
FY2020	10.4%

FY2020 savings business	Growth
Fixed cost	(6.4%)
<i>Wage cost</i>	(8.4%)
<i>IT expenses</i>	3.1%
<i>Others</i>	(2.9%)
Variable cost	(16.4%)
Total expenses	(10.4%)

- Expense growth in line with APE growth

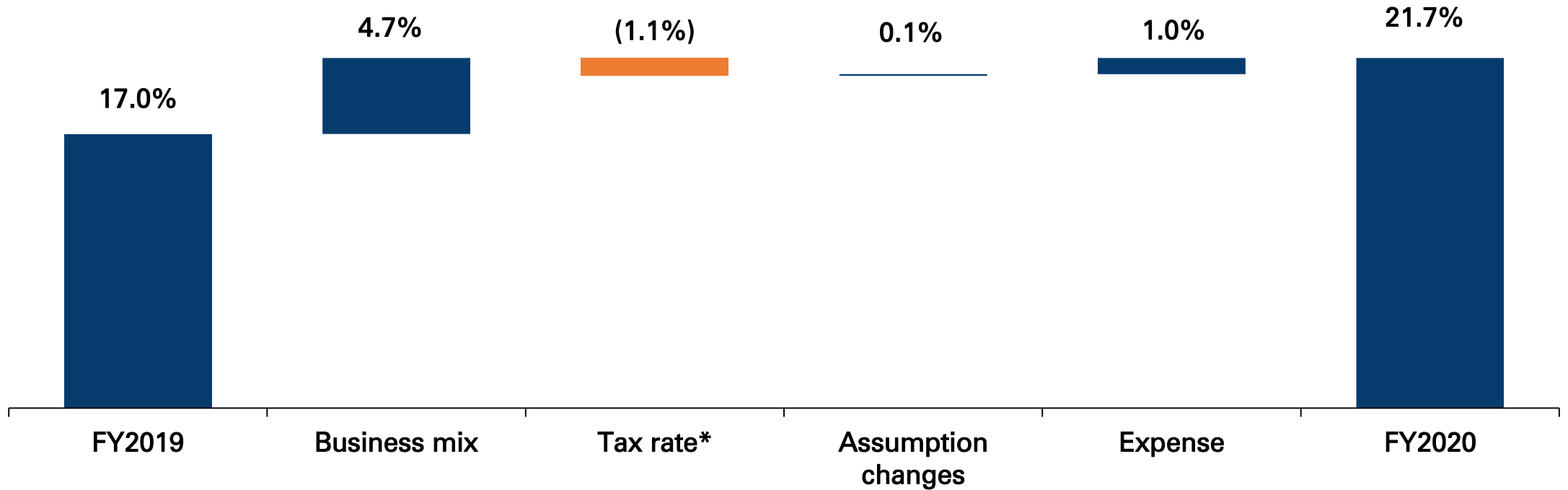
FY2020	Savings
APE growth	(11.5%)
Operating expenses growth	(10.4%)

Manage operating expenses while continuing to invest in areas of competitive advantage

Focus on variabalisation into FY2021

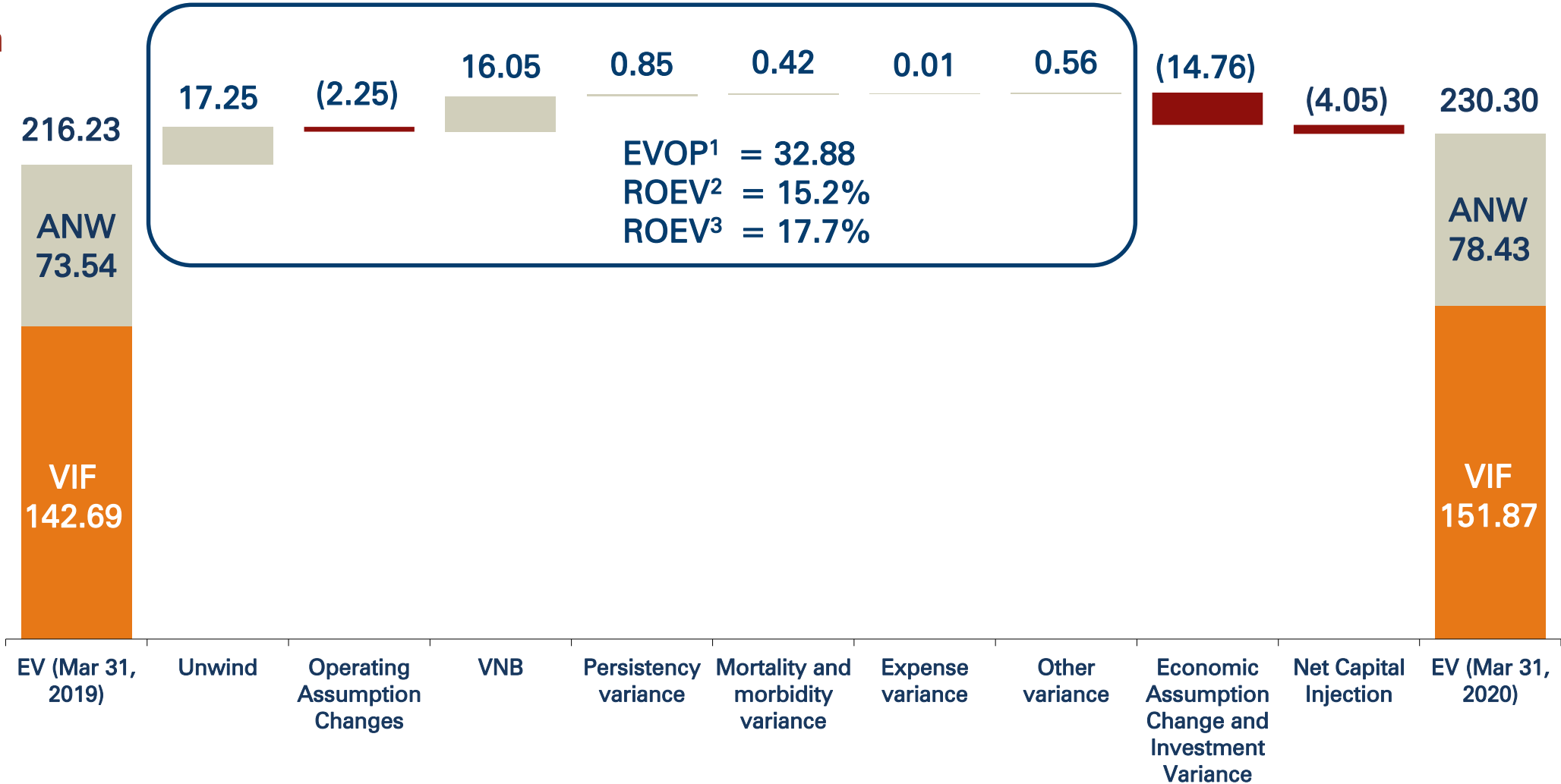
Value of New Business (VNB)

₹ billion	FY2019	FY2020
VNB	13.28	16.05
VNB margin	17.0%	21.7%



Analysis of movement in EV

₹ billion



Analysis of movement in EV¹

₹ billion	FY2016	FY2017	FY2018	FY2019	FY2020
Opening EV	137.21²	139.39	161.84	187.88	216.23
Unwind	12.58	12.21	13.72	15.84	17.25
Value of New Business (VNB)	4.12	6.66	12.86	13.28	16.05
Operating assumption changes	1.04 ²	1.00	7.64	4.20	(2.25) ³
Operating variance	4.48	3.08	2.58	4.69	1.83
Persistency variance	2.01	0.99	1.53	2.66	0.85
Mortality and morbidity variance	0.79	0.98	0.78	1.97	0.42
Expense variance	0.59	0.35	0.27	0.04	0.01
Other variance	1.09	0.76	0.00	0.02	0.56
EVOP	22.23	22.95	36.80	38.01	32.88
Return on embedded value (ROEV)	16.2%	16.5%	22.7%	20.2%	15.2%
Economic assumption change and investment variance	(5.64)	5.82	1.13	(1.22)	(14.76)
Net capital injection	(14.41)	(6.32)	(11.88)	(8.43)	(4.05)
Closing EV	139.39	161.84	187.88	216.23	230.30

Sensitivity analysis

Scenario	% change in VNB		% change in EV	
	FY2019	FY2020	FY2019	FY2020
Increase in 100 bps in the reference rates	(4.3)	(2.4)	(2.0)	(2.5)
Decrease in 100 bps in the reference rates	4.4	2.2	2.0	2.6
10% increase in the discontinuance rates	(8.5)	(5.0)	(1.3)	(1.1)
10% decrease in the discontinuance rates	8.9	5.1	1.4	1.1
10% increase in mortality/morbidity rates	(9.4)	(9.5)	(1.4)	(1.6)
10% decrease in mortality/morbidity rates	9.4	9.6	1.4	1.7
10% increase in acquisition expenses	(13.0)	(11.6)	Nil	Nil
10% decrease in acquisition expenses	13.0	11.6	Nil	Nil
10% increase in maintenance expenses	(3.6)	(3.0)	(0.9)	(0.8)
10% decrease in maintenance expenses	3.6	3.0	0.9	0.9
Tax rates increased to 25%	(7.5)	(11.4)	(4.0)	(5.8)
10% increase in equity values	NA	0.7	NA	1.8
10% decrease in equity values	NA	(0.7)	NA	(1.8)

Dividend

₹ billion	FY2019	FY2020
Profit after Tax	11.41	10.69
Solvency ratio ¹	215%	194.1%
Dividend declared ²	4.52	1.15 ³

ESG





Environmental initiatives

Preserving 'Mother Earth' for future generations



Replace

- End to end digital solutions for our business activities
- 84% shareholders communicated digitally
- Video conferencing facility at 94 locations
- Live plants to improve air quality: ~31% office space



Reduce

- 3/5 star rated ACs in all offices
- VRF AC systems (20% of usage)
- LED technology: 54% of branch lighting, 47% of backlit signage
- Managed print services & stationery tracking
- Food wastage awareness drive
- Sensor based taps & urinals
- Periodic office equipment maintenance



Reuse & Recycle

- Sewage treatment plant and wet waste conversion into manure at head office
- No single use plastic
- E-waste disposal through government certified vendors
- Reusable glasses & plates



Social initiatives

Building communities and giving back to society

Business itself is social in nature: Serving long term financial and protection needs of the society

Customer centricity



- Products across life stage needs; multi- channel reach
- Digital enablers provide 24x7 service; 87% self-help usage
- Consistent risk-adjusted returns
- Grievance redressal policy
- 13th month persistency: 85.3%
- COVID-19: Un-interrupted service including claims

Commitment to employees



- Gender neutrality, equal opportunity, POSH policy
- Supportive policies including women centric, Whistleblower
- Learning & growth programs at all levels
- 85% of SMT served > 10 yrs
- Responsible behavior: Privacy, Anti-corruption
- ~100% WFH during COVID19

Community service



- 3.9 mn lives insured from rural /social sector and PMJJBY⁵
- ICICI Academy for Skills: Trained 25,000 youth (145,400 till date)
- Rural livelihood training: 76,400 youth (275,200 till date)
- Much needed long term capital for infrastructure and housing
- COVID-19: Provision of ventilators and consumables



Governance

Transparency in functioning with separation of supervision from execution

Awarded for Corporate Governance; scorecard by IFC, BSE limited and liAS



01

Supervisory structure

- Diverse Board composition
- 50% IDs including Chairman
- Board committees comprise majority of IDs/ NEDs; and chaired by IDs
- Evaluation framework for Directors, Chairman, Board and its Committees
- Policy on Board diversity & criteria on appointment of Directors; regulatory norms on "Fit and proper"

02

Compliance, Risk & IA

- Quarterly compliance certificate to the Board
- Risk policy: Investment, Insurance & Operational risk
- Risk-based IA framework
- WTDs' compensation aligned to KPI; includes malus & claw-back
- ISO 22301:2012 certification for the BCM
- Investment policy for governance & operations

03

Ethical practices

- Framework for managing Conflict of Interest
- Guidelines for Acceptance of Gifts, Entertainment and Sponsored travels
- Policies on Anti-Money Laundering, Anti Bribery/ Corruption, Privacy policy, Whistleblowing
- Stewardship Code

Summary

₹ billion	FY2019	FY2020	YoY growth
Value of new business	13.28	16.05	20.9%
VNB margin	17.0%	21.7%	NA
Embedded value	216.23	230.30	6.5%
Return on Embedded value	20.2%	15.2%	NA
AUM ¹	1,604.10	1,529.68	(4.6%)

...through the 4P approach

Premium	77.99	73.81	(5.4%)
Protection	7.22	11.16	54.6%
Persistency ² (13 th month)	84.6%	83.2%	NA
Persistency ² (49 th month)	63.8%	64.6%	NA
Productivity ³	15.0%	15.9%	NA



1. At March 31 of respective years
2. Retail excluding SP computed as per IRDA circular dated January 23, 2014
3. Savings LOB: FY2019- 11.5%; FY2020-10.4%

Awards and accolades

Excellence in
Financial Reporting:
FY19 annual report

Ranked amongst
top 3 companies

One of the most
valuable brands six
times in a row

Life insurance
company of the
year



ICAI Award



Indian corporate
governance scorecard



'BrandZ Top 75 Most
Valuable Brands 2019'



4th Annual Insurance
India Summit &
Awards 2019

Agenda

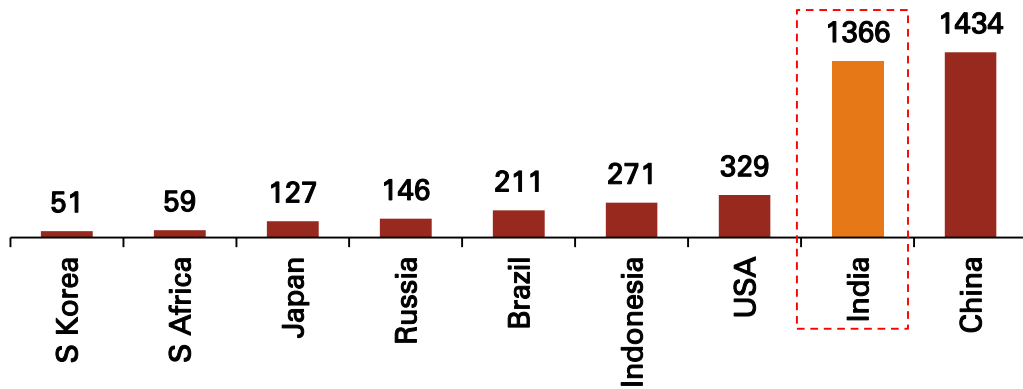
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Favorable demography

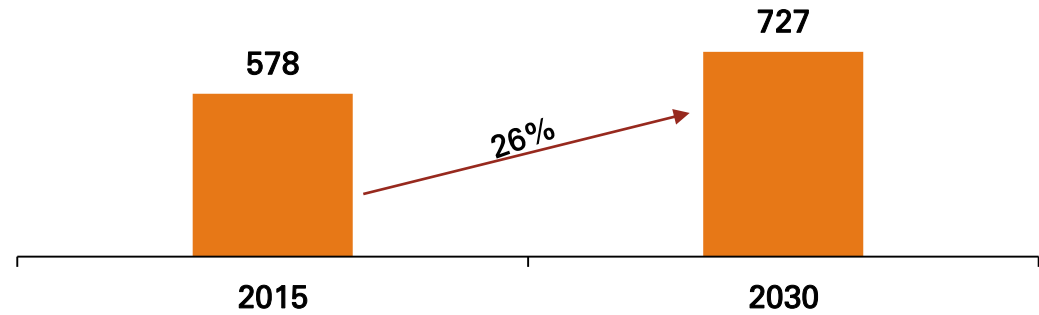
Large and growing population base¹

2019 Population (mn)

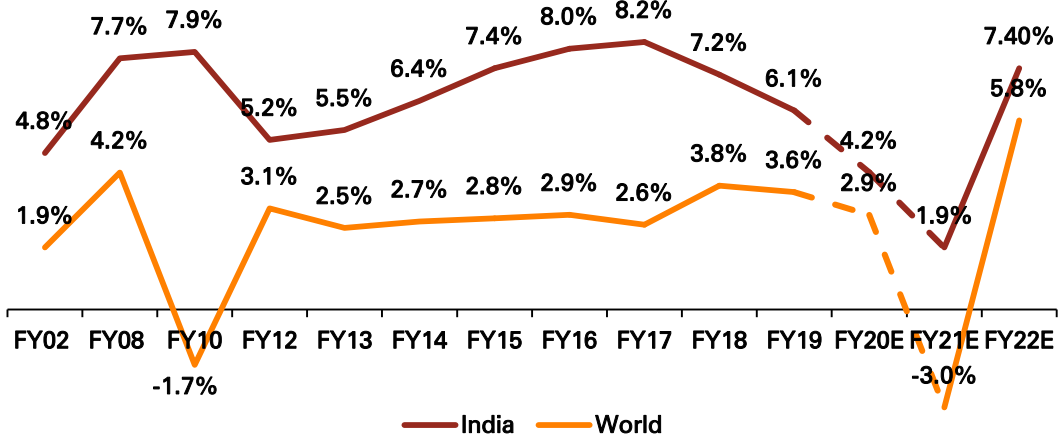


High share of working population¹

Population of age 25-59 years (in mn)

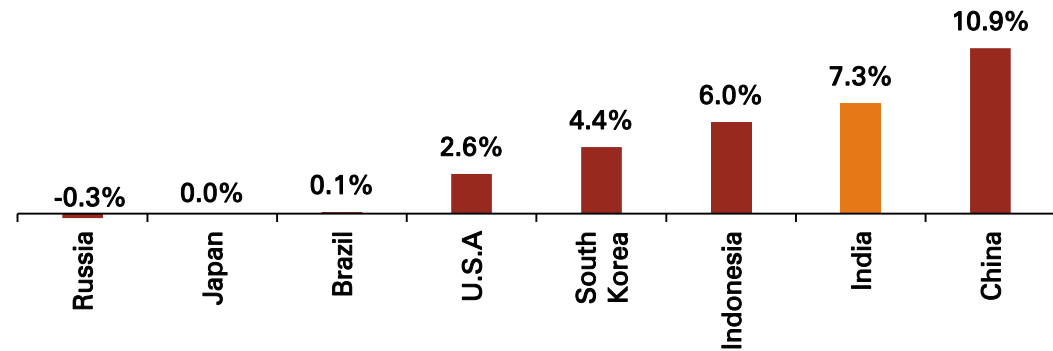


Driving GDP growth²



Rising affluence²

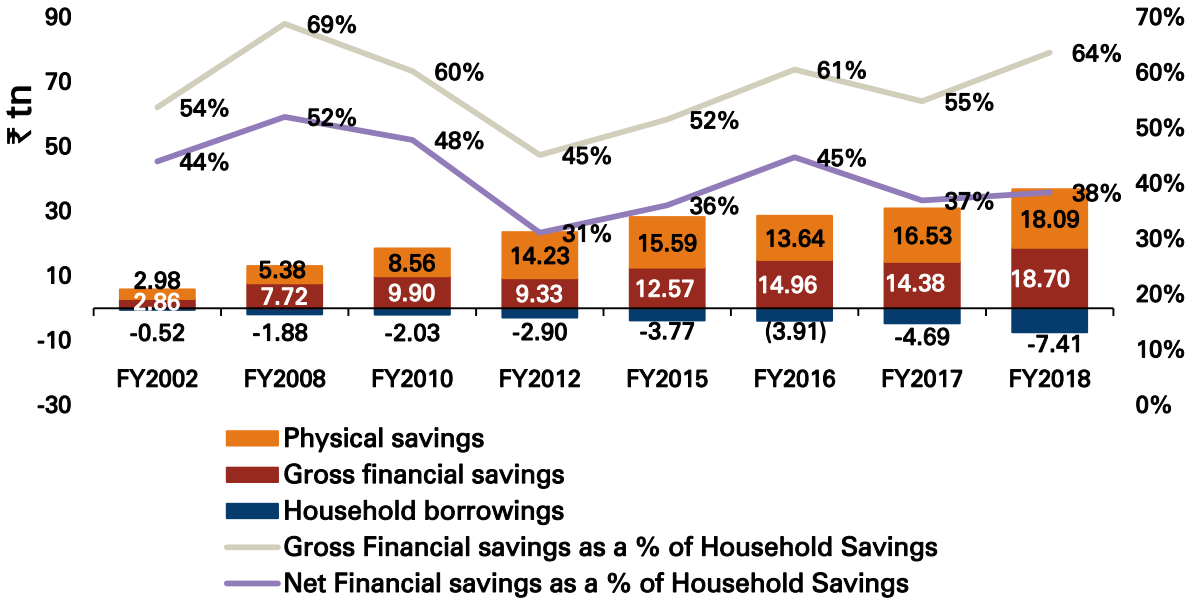
GDP per capita CAGR (FY2009-FY2019)



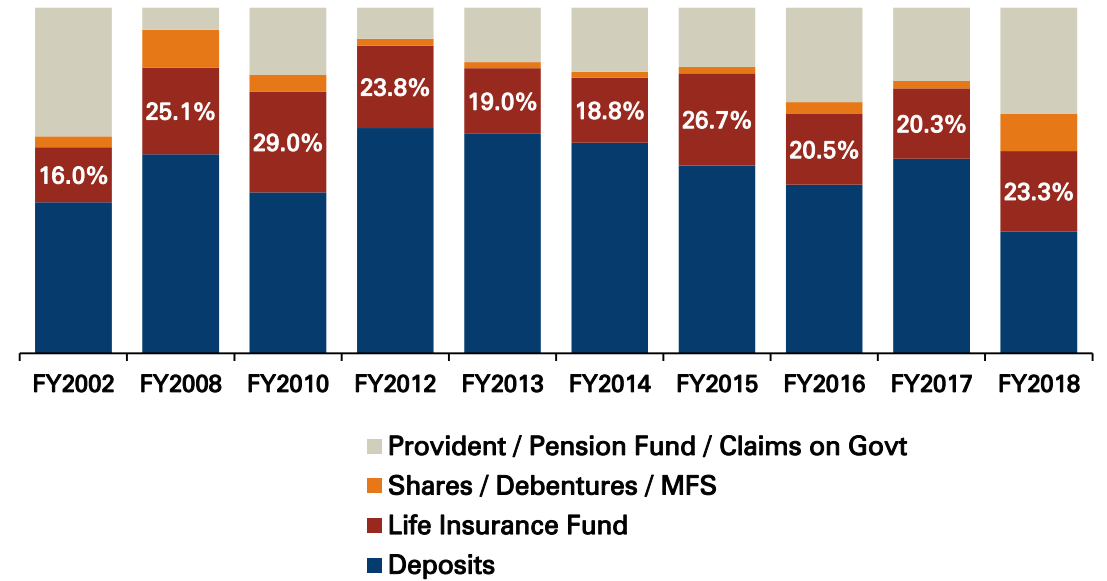
1. Source: UN population division
 2. Source: WEO Update, April 2020

Financialisation of savings: Opportunity for insurance

Household savings¹



Distribution of financial savings (excluding currency)²



	FY2002	FY2008	FY2010	FY2012	FY2014	FY2018	FY2019
Life insurance premium ³ as % of GDP	2.1%	4.0%	4.1%	3.3%	2.8%	2.7%	2.7%

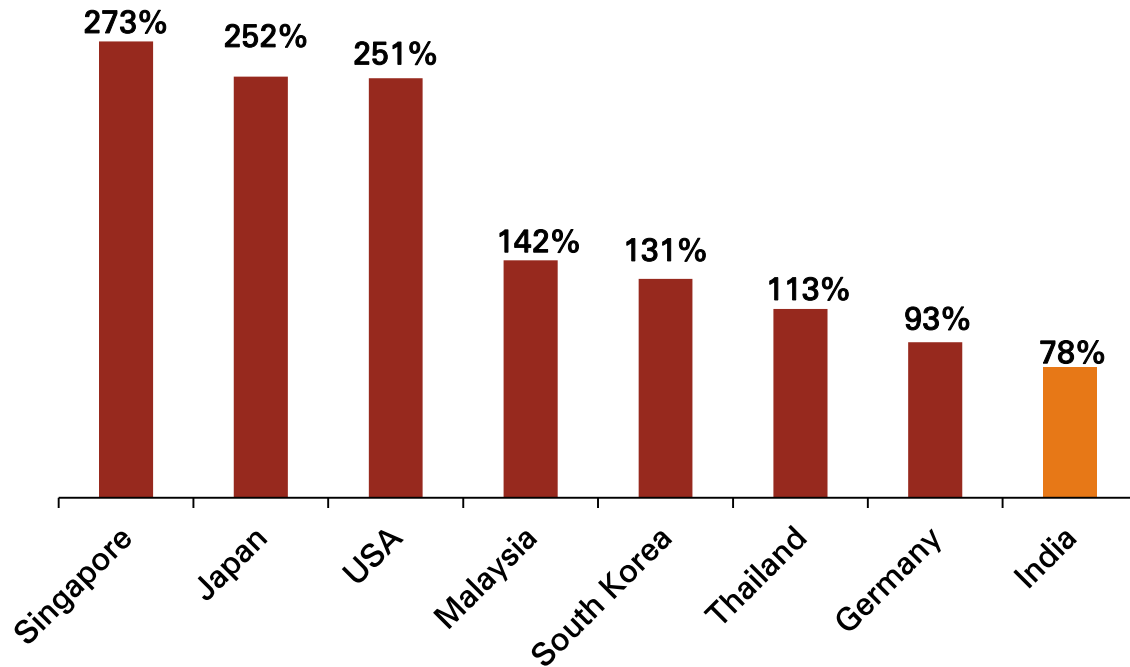
- Financialisation of savings aided by Direct Benefit Transfer, RERA and GST



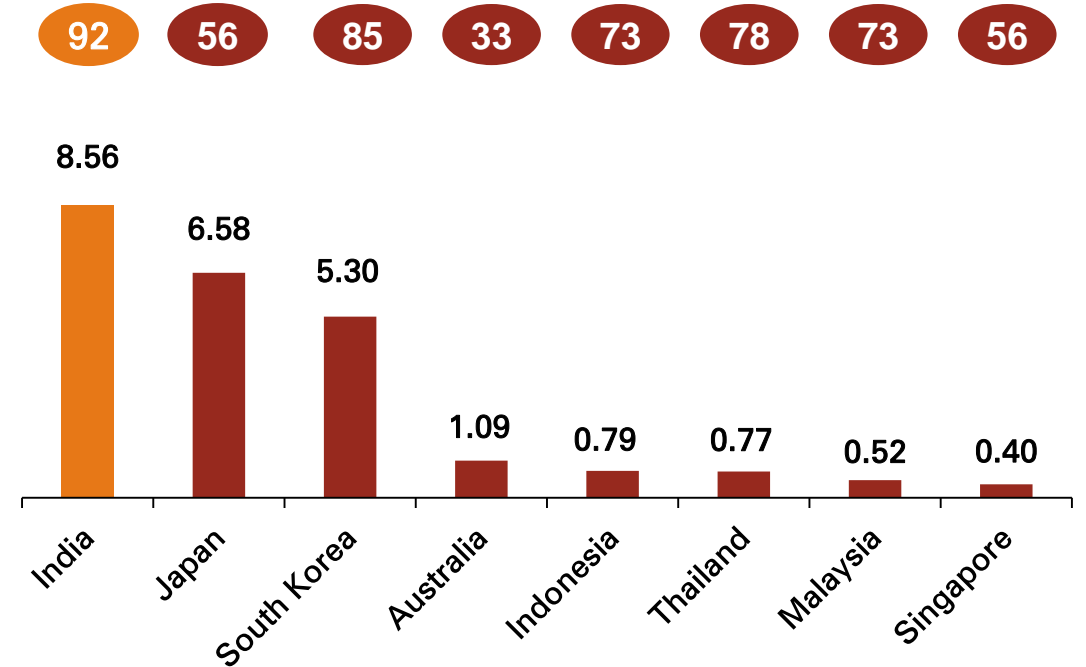
- Source: RBI and CSO
- Source: RBI
- Total life insurance industry premium including renewal; Source: IRDAI

Protection opportunity: Income replacement

Sum Assured as a % of GDP^{1,2}



Protection gap^{3,4}

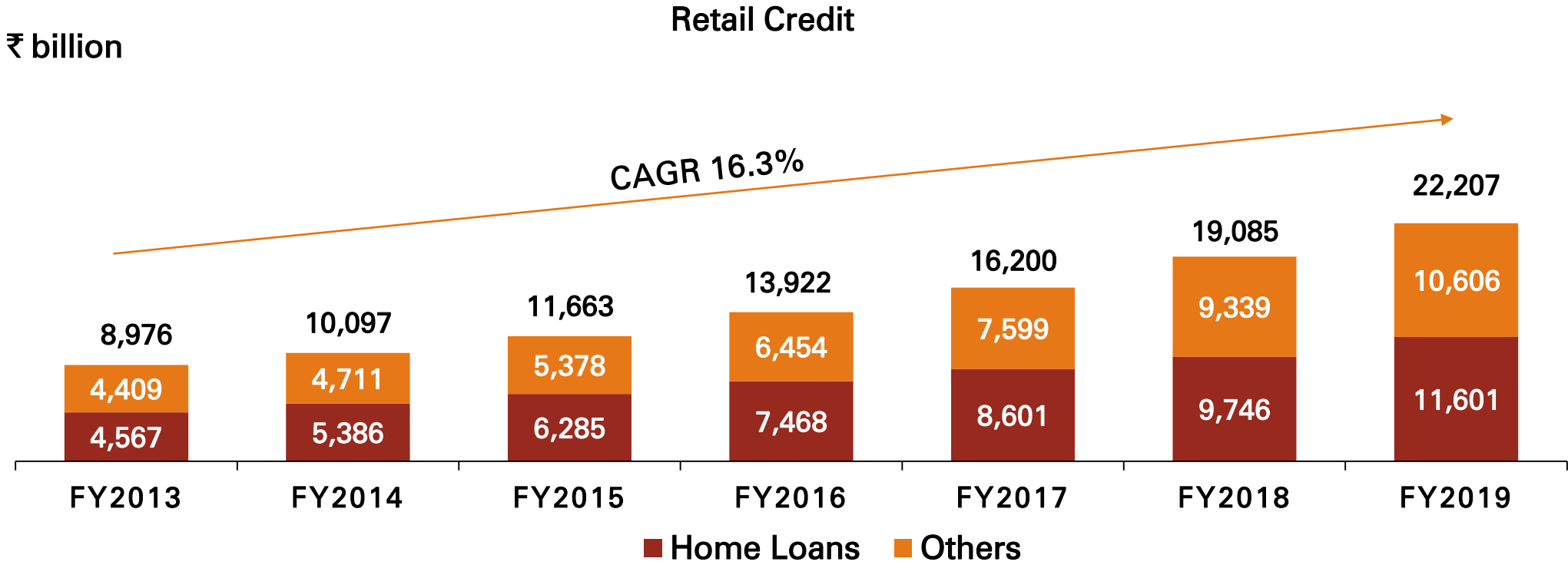


- Sum assured as % of GDP low compared to other countries
- Protection gap for India US \$ 8.56 trillion



1. FY 2019 data for India; As of FY2018 for US, Japan, Germany, South Korea and others as of FY2017
2. Source: McKinsey estimates.
3. Protection gap (%): Ratio of protection lacking/protection needed
4. Source: Swiss Re, Economic Research and Consulting 2015

Protection opportunity: Liability cover



- Retail credit has been growing at a healthy pace
- Credit life is voluntary



Source: RBI
 Components may not add up to the totals due to rounding off

Protection opportunity

Gross direct premium (₹ billion)	FY2009	FY2019	CAGR
Health	66.23	454.89	21.3%
Motor	138.21	644.55	16.6%
- Motor Own Damage (OD)	87.56	264.73	11.7%
- Motor Third Party (TP)	50.65	379.82	22.3%

- Protection premium ~ ₹ 200 billion for life insurance industry in FY2020

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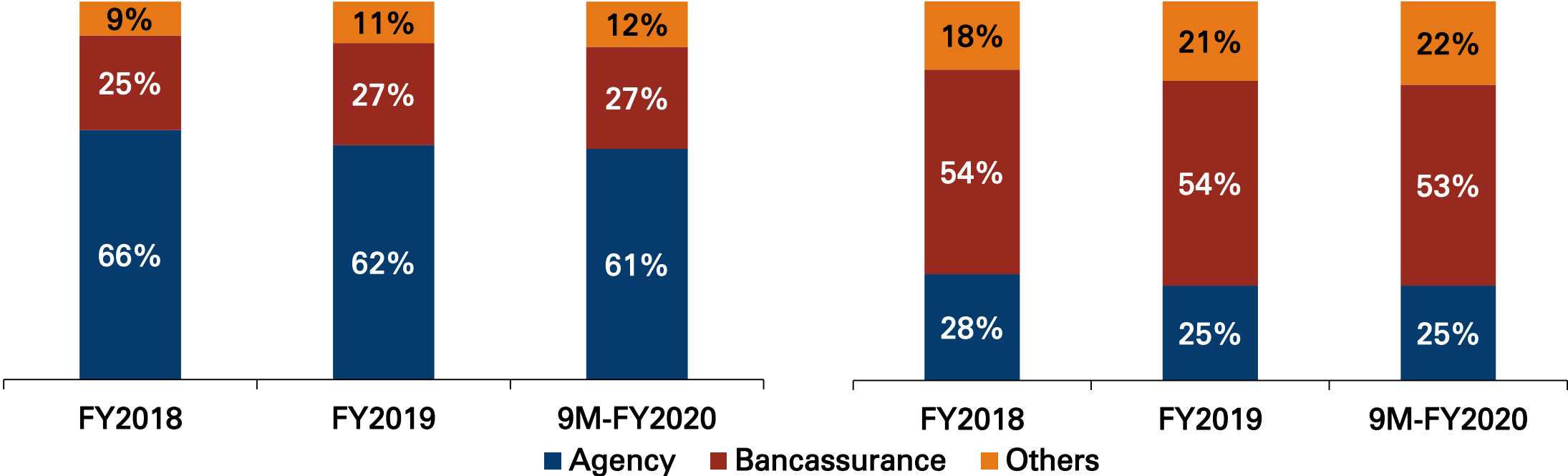
Evolution of life insurance industry in India

	FY2002		FY2010		FY2015		FY2019
New business premium ¹ (₹ bn)	116	21.5%	550	-5.8%	408	14.1%	692
Total premium (₹ bn)	501	3.2%	2,654	4.3%	3,281	11.6%	5,089
Penetration (as a % to GDP)	2.1%		4.1%		2.6%		2.7%
Assets under management (₹ bn)	2,304	24.0%	12,899	12.6%	23,361	11.9%	36,657
In-force sum assured ² (₹ bn)	11,812*	15.5%	37,505	15.8%	78,091	17.2%	147,501
In-force sum assured (as % to GDP)	50.1%		57.9%		62.7%		77.6%

Channel mix¹

Industry

Private players



- Given a well developed banking sector, bancassurance continues to be the largest channel for private players

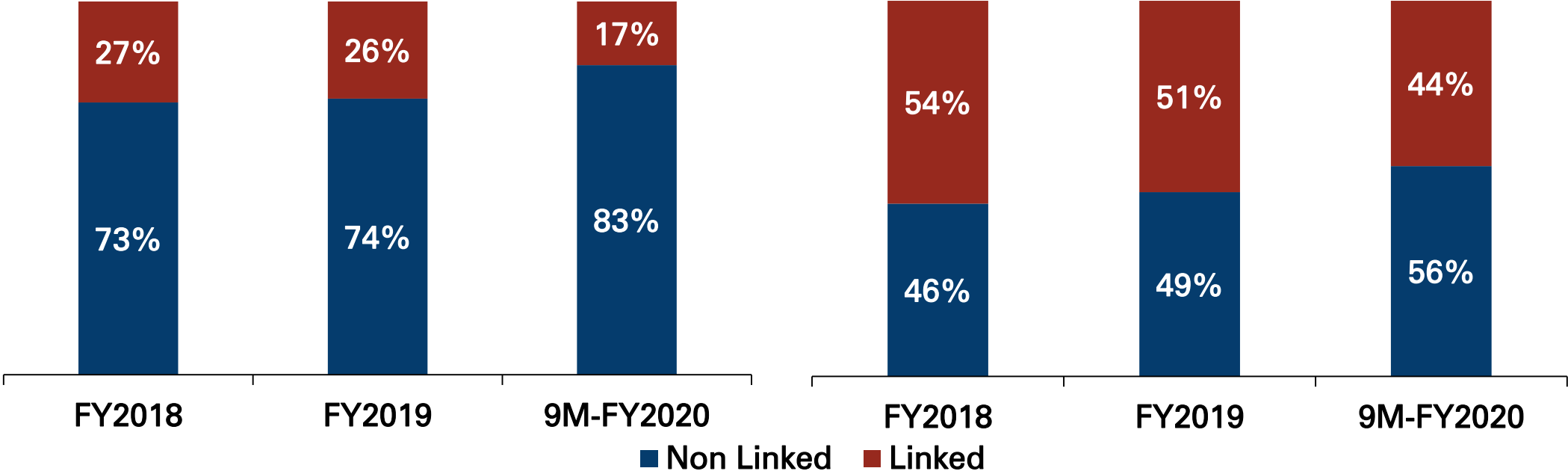


1. Individual new business premium basis
Source: Life Insurance Council

Product mix¹

Industry

Private players



1. New business weighted premium basis;
Source: IRDAI, Life Insurance Council

Technology initiatives

Objectives

To be the most admired digitally enabled insurer

- Empower customers and distributors with simplified journeys and choice of platforms
- Decongest processes by leveraging ecosystems and emerging technologies
- Enable servicing anytime, anywhere
- Drive adoption through superior experience
- Establish industry leading benchmarks

Strengthening the
core

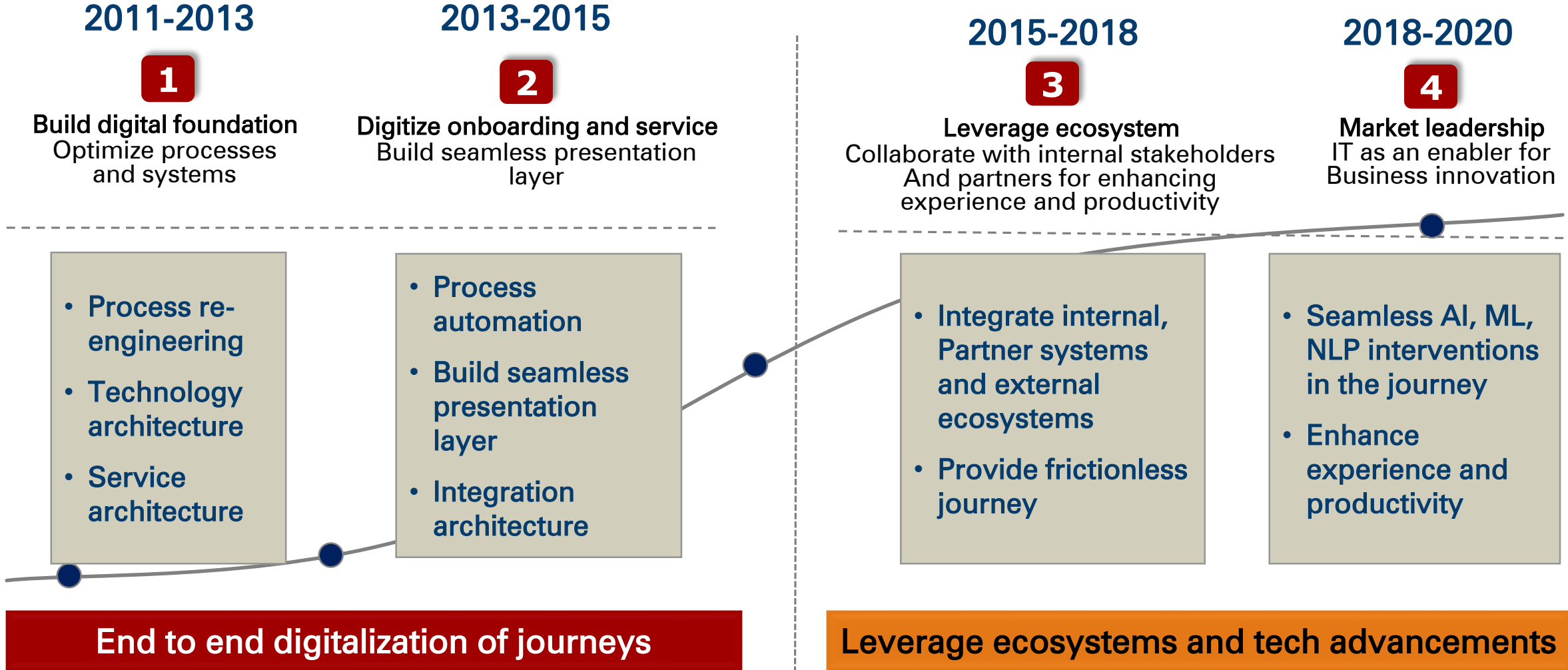


Be future ready



Support new
growth engines

Digital evolution path to maturity



AI : Artificial Intelligence | ML : Machine Learning
NLP : Natural Language Processing

Pre sales



Suitability analysis

Product recommendation based on customer's life stage, goal, risk appetite



Lead Management System

Enhanced with voice capability and geo tagging



Customer Profiler

Know customer better through social platforms



Nudge engines

Prompt for appropriate action



Cognitive BOTs

24x7 query resolution using chat bots



Learners Box

On-the-go e-learning modules and video based sales pitches



My Coach

AI platform for video based library creation for sales pitches

Onboarding and issuance



Flexible/paperless on-boarding

Platform agnostic and paperless journey available for all channels



PASA

No medical or income document requirement for smoother onboarding



Instant document verification (OCR)

Real time identification and verification of documents



Robotic enabled issuance

Robotic processing for faster issuance



Tele/video underwriting

Improves efficiency and reduces issuance TAT



AI assisted underwriting

Empowers underwriters with comprehensive insights

Customer servicing and claims (1/2)



Anytime..
..Anywhere

87% transactions self serviced, omni channel experience



Premium premium payment

74% renewal premium through electronic modes



Intuitive/visual IVR

Helps customers avoid IVR queues. Saves 50% navigation time



Service bot LiGo

1.96 mn queries resolved by Chatbot LiGo with 91% accuracy



WhatsApp

First life insurer to get business verified account
1.39 mn transactions



AI based Claims Processing

AI based pre-claim assessment & claim processing

Customer servicing and claims (2/2)



Annuity service

Simplifying journey for Annuity customers with digital life verification



Digilocker integration

View or download policy document from DigiLocker app



Customer app

Customer service native app with in-app nudges/notifications



Bot orchestration layer

Universal Bot with voice capability to cater to all touch-points



WhatsApp bot

Available for all customers with same functionalities as LiGo



Humanoid

AI based conversational tool deployed for renewal premium reminder calling

Marketing and lead generation



**Rank high on
online searches**

Machine learning used to
rank us higher when
customers search



**Segmented
targeting**

Reaching the customer by
mapping their interests
and affinities



**Hyper
personalisation**

Personalized messaging
to engage customers
throughout journey



**Selfie
quote**

AI backed quote based on
facial recognition



**Truecaller
integration**

Facilitate auto form fill



Co-browsing

Instant screen share
available for assistance in
form fill

Partner integration



**Process
simplification**

**Superior customer
experience**



**Flexible
integration**

**Modular integration as
per the choice of partners**



**Web
portal**

**Self service module for
Group business**



**Easy
UI**

**Pre-coded pages for
quicker integration**



**Customer
service**

**Enabling customer
service on partner portals**

Analytics



Actionable insights

Accelerate sales, enhance customer experience & personalization



Data modelling

Customer interaction based segmentation, propensity, nudges



Smart solutions

Pre approved life cover; provide best offer to customer



Google Big Query, Hadoop, Python

Using best technology available to process the data



Data lake solution

Use of AI & ML to analyse structured & unstructured data

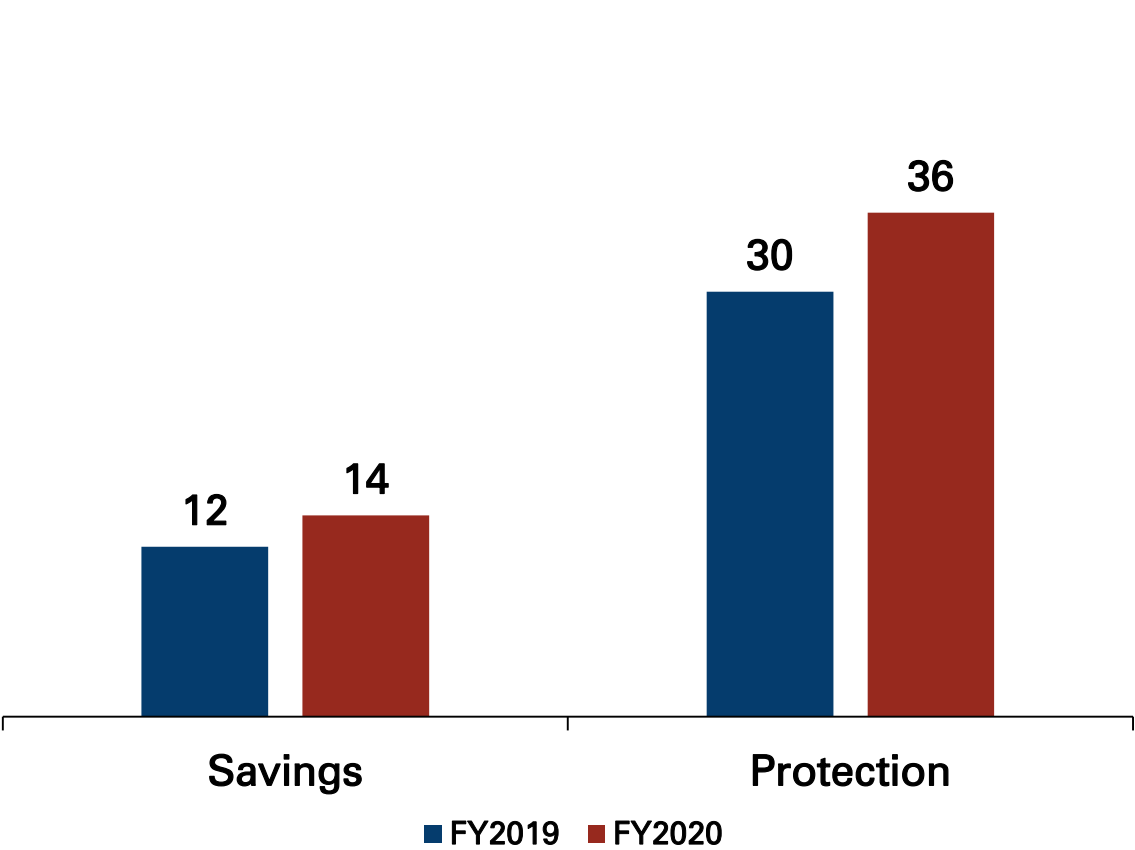
Annexures

Average APE by product categories

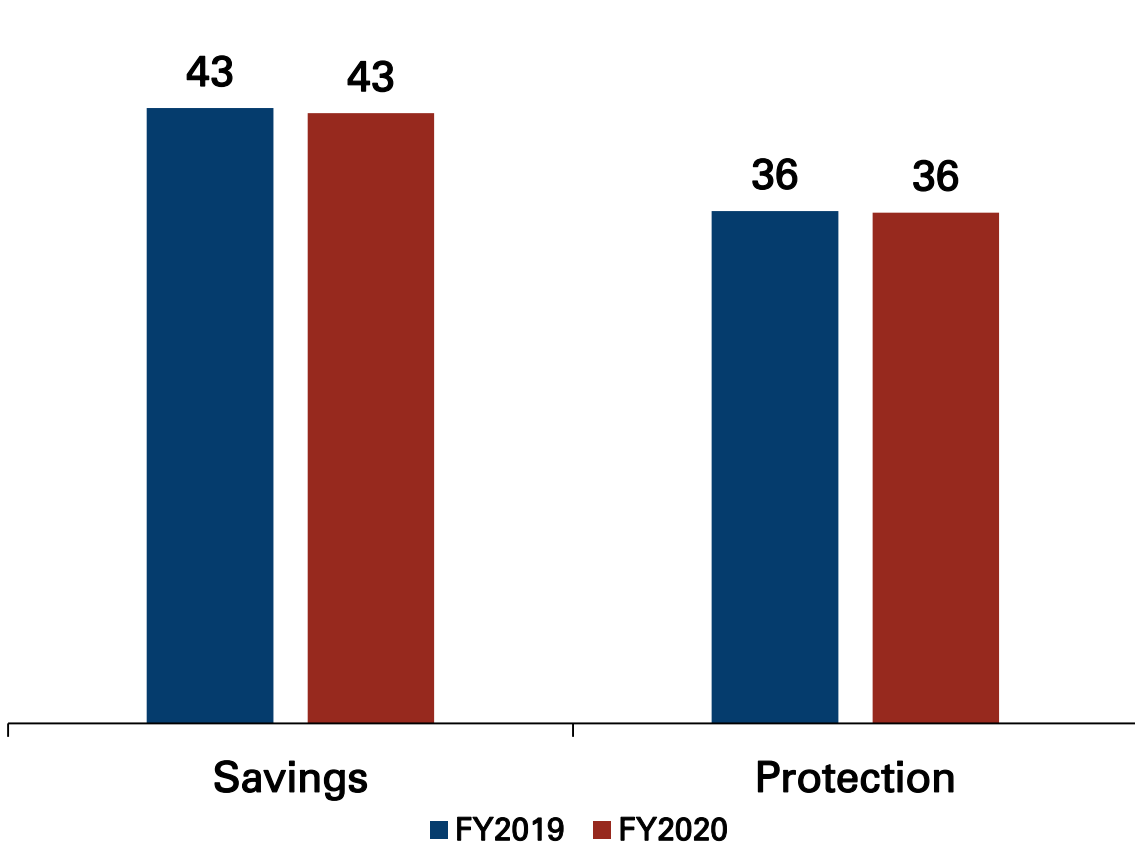
Average retail APE per policy (₹)	FY2018	FY2019	FY2020
ULIP	180,746	159,329	183,109
Par	62,379	60,308	64,285
Non Par	54,187	76,468	109,410
Protection	9,123	12,048	23,115
Total	90,620	83,309	88,648

Policy term and customer age*

Average policy term (years)



Average customer age (years)



* For FY2020; protection excludes credit life

Channel wise product mix¹

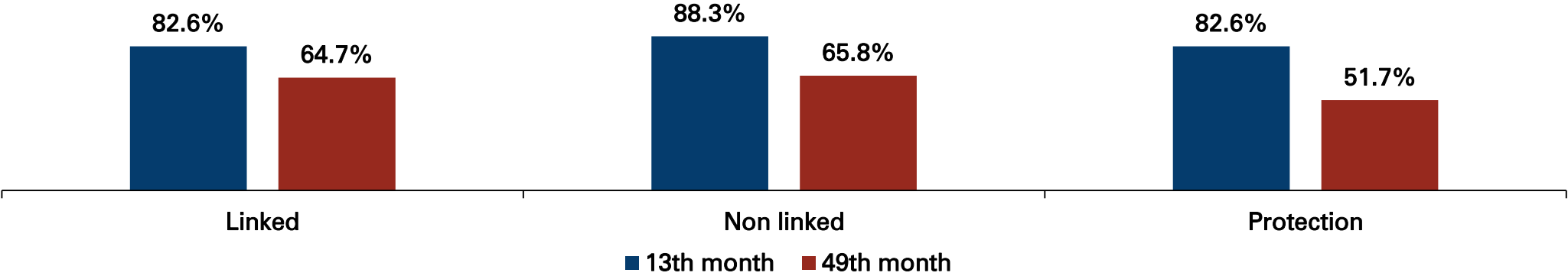
Channel category	Product category	FY2018	FY2019	FY2020
Bancassurance	ULIP	89.8%	93.4%	86.8%
	Par	7.3%	2.1%	2.2%
	Non par	0.1%	0.6%	1.8%
	Protection	2.7%	3.9%	9.3%
	Total	100.0%	100.0%	100.0%
Agency	ULIP	81.8%	75.3%	49.9%
	Par	13.5%	18.1%	32.5%
	Non par	0.4%	0.5%	7.3%
	Protection	4.3%	6.1%	10.3%
	Total	100.0%	100.0%	100.0%
Direct	ULIP	88.0%	79.3%	66.7%
	Par	4.3%	5.3%	10.7%
	Non par	2.4%	6.4%	11.0%
	Protection	5.3%	9.1%	11.6%
	Total	100.0%	100.0%	100.0%
Partnership distribution	ULIP	36.8%	28.2%	21.8%
	Par	49.9%	49.5%	39.9%
	Non par	0.5%	0.6%	10.4%
	Protection	12.8%	21.8%	27.8%
	Total	100.0%	100.0%	100.0%

Product wise channel mix¹

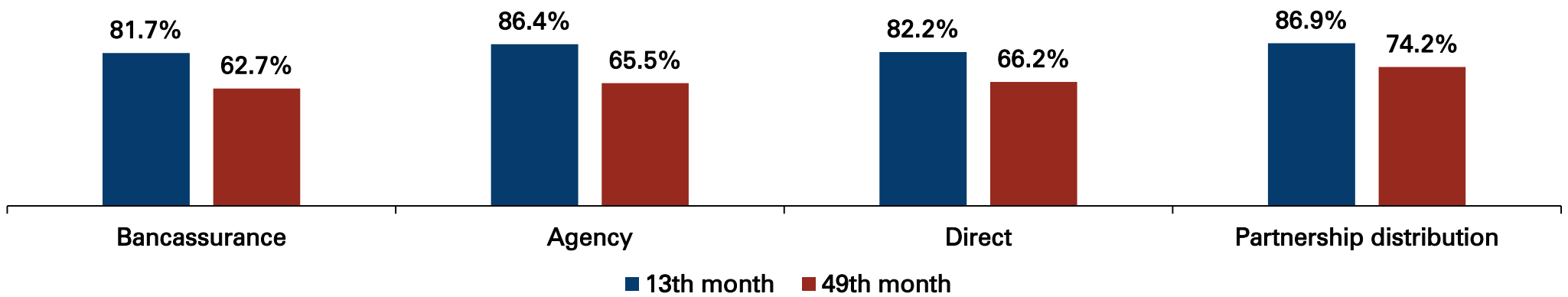
Product category	Channel category	FY2018	FY2019	FY2020
ULIP	Bancassurance	57.4%	65.5%	68.2%
	Agency	25.4%	20.5%	16.3%
	Direct	14.5%	12.0%	13.0%
	Partnership distribution	2.7%	2.1%	2.5%
	Total	100.0%	100.0%	100.0%
Par	Bancassurance	35.4%	13.8%	9.0%
	Agency	31.5%	45.4%	56.0%
	Direct	5.3%	7.4%	11.0%
	Partnership distribution	27.7%	33.3%	24.0%
	Total	100.0%	100.0%	100.0%
Non par	Bancassurance	15.9%	27.4%	19.4%
	Agency	24.5%	8.0%	33.7%
	Direct	52.8%	62.0%	30.1%
	Partnership distribution	6.8%	2.6%	16.8%
	Total	100.0%	100.0%	100.0%
Protection	Bancassurance	35.2%	36.9%	45.2%
	Agency	27.6%	22.8%	20.9%
	Direct	17.9%	18.7%	14.0%
	Partnership distribution	19.3%	21.7%	19.8%
	Total	100.0%	100.0%	100.0%

Retail persistency excluding single premium¹

Persistency across product categories



Persistency across channel categories



1. 11M-FY2020 persistency
As per IRDA circular dated January 23,2014; excluding group and single premium policies

Embedded value

Embedded value

₹ billion	FY2018	FY2019	FY2020
Value of In force (VIF)	117.64	142.69	151.87
Adjusted Net worth	70.24	73.54	78.43
Embedded value¹	187.88	216.23	230.30
Return on Embedded Value (ROEV)	22.7%	20.2%	15.2%
EV growth-pre dividend	23.4%	19.6%	8.4%
EV growth-post dividend	16.1%	15.1%	6.5%
VNB as % of opening EV	7.9%	7.1%	7.4%
Operating assumption changes as % of opening EV	4.7%	2.2%	(1.0%)
Operating variance as % of opening EV	1.6%	2.5%	0.8%

EV methodology

- EV results prepared based on the Indian Embedded Value (IEV) methodology and principles as set out in Actuarial Practice Standard 10 (APS10) issued by the Institute of Actuaries of India (IAI)
- EV consists of Adjusted Net Worth (ANW) and Value of in-force covered business (VIF)
 - ANW is market value of assets attributable to shareholders, consisting of
 - Required capital
 - Free surplus
 - Value of in-force covered business (VIF) is
 - Present value of future profits; adjusted for
 - Time value of financial options and guarantees;
 - Frictional costs of required capital; and
 - Cost of residual non-hedgeable risks

Components of ANW

- Required capital (RC)
 - The level of required capital is set equal to the amount required to be held to meet supervisory requirements.
 - It is net of the funds for future appropriation (FFAs)
- Free surplus (FS)
 - Market value of any assets allocated to, but not required to support, the in-force covered business

Components of VIF (1/2)

- Present value of future profits (PVFP)
 - Present value of projected distributable profits to shareholders arising from in-force covered business
 - Projection carried out using 'best estimate' non-economic assumptions and market consistent economic assumptions
 - Distributable profits are determined by reference to statutory liabilities
- Frictional Cost of required capital (FC)
 - FCs represent investment management expenses and taxation costs associated with holding the Required capital
 - Investment costs reflected as an explicit reduction to the gross investment return

Components of VIF (2/2)

- Time value of financial options and guarantees (TVFOG)
 - Represents additional cost to shareholders that may arise from the embedded financial options and guarantees
 - Stochastic approach is adopted with methods and assumptions consistent with the underlying embedded value
- Cost of residual non-hedgeable risk (CRNHR)
 - An allowance for risks to shareholder value to the extent not already allowed for in the TVFOG or the PVFP
 - Allowance for asymmetric risks of operational, catastrophe mortality/morbidity and mass lapsation risk
 - Determined using a cost-of-capital approach
 - Allowance for diversification benefits among the non-hedgeable risks, other than the operational risk

Components of EV movement (1/2)

- Expected return on existing business (unwind)
 - Expected investment income at opening reference rate on VIF and ANW
 - Expected excess 'real world' investment return over the opening reference rate on VIF and ANW
- Operating assumption changes
 - Impact of the update of non-economic assumptions both on best estimate and statutory bases to those adopted in the closing EV
- Value of new business
 - Additional value to shareholders created through new business during the period

Components of EV movement (2/2)

- Operating experience variance
 - Captures impact of any deviation of actual experience from assumed in the opening EV during the inter-valuation period
- Economic assumption changes and Investment variance
 - Impact of the update of the reference rate yield curve, inflation and valuation economic assumptions from opening EV to closing EV
 - Captures the difference between the actual investment return and the expected 'real world' assumed return
- Net capital injection
 - Reflects any capital injected less any dividends paid out

Key assumptions underlying EV (1/2)

- Discount rate and Fund earning rates
 - Set equal to reference rates which is proxy for risk free rates
 - Reference rates derived on the basis of zero coupon yield curve published by the Clearing Corporation of India Limited
- Expenses and commission
 - Based on the Company's actual expenses during FY2020 with no anticipation for productivity gains or cost efficiencies
 - Commission rates are based on the actual commission payable to the distributors

Key assumptions underlying EV (2/2)

- Mortality and morbidity
 - Based on company's experience with an allowance for future improvements in respect of annuities
- Persistency
 - Based on company's experience
- Taxation
 - Taxation costs reflect the reduction in costs due to dividend income being tax exempt subject to maximum of dividend declared and distributed¹

Economic assumptions underlying VNB and EV

Tenor (years)	References Rates	
	March 31, 2019	March 31, 2020
1	6.66%	4.83%
5	7.83%	7.43%
10	8.35%	7.32%
15	8.35%	7.17%
20	8.22%	7.14%
25	8.11%	7.14%
30	8.05%	7.14%

Glossary

- **Annualized Premium Equivalent (APE)** – Annualized Premium Equivalent (APE) is the sum of the annualized first year premiums on regular premium policies, and ten percent of single premiums, from both individual and group customers
- **Assets under management (AUM)** - AUM refers to the carrying value of investments managed by the company and includes loans against policies and net current assets pertaining to investments
- **Embedded Value (EV)** - Embedded Value (EV) represents the present value of shareholders' interests in the earnings distributable from the assets allocated to the business after sufficient allowance for the aggregate risks in the business
- **Embedded Value Operating Profit (EVOP)** - Embedded Value Operating Profit (EVOP) is a measure of the increase in the EV during any given period due to matters that can be influenced by management
- **Retail Weighted Received Premium (RWRP)** - Premiums actually received by the insurers under individual products and weighted at the rate of ten percent for single premiums
- **Total weighted received premium (TWRP)** - Measure of premiums received on both retail and group products and is the sum of first year and renewal premiums on regular premium policies and ten percent of single premiums received during any given period
- **Persistency Ratio** - Persistency ratio is the percentage of policies that have not lapsed and is expressed as 13th month, 49th month persistency etc. depicting the persistency level at 13th month (2nd year) and 49th month (5th year) respectively, after issuance of contract

Safe harbor

Except for the historical information contained herein, statements in this release which contain words or phrases such as 'will', 'would', 'indicating', 'expected to' etc., and similar expressions or variations of such expressions may constitute 'forward-looking statements'. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion in business, the impact of any acquisitions, technological implementation and changes, the actual growth in demand for insurance products and services, investment income, cash flow projections, our exposure to market risks, policies and actions of regulatory authorities; impact of competition; experience with regard to mortality and morbidity trends, lapse rates and policy renewal rates; the impact of changes in capital, solvency or accounting standards, tax and other legislations and regulations in the jurisdictions as well as other risks detailed in the reports filed by ICICI Bank Limited, our holding company, with the United States Securities and Exchange Commission. ICICI Prudential Life Insurance undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.



Thank You