

News Release

July 24, 2019

NSE Code: ICICIPRULI

BSE Code: 540133

## Financial Results for the quarter ended June 30, 2019

### Q1-FY2020 Performance Highlights

- VNB grew by 27%
- VNB margin increased to 21.0%
- Protection APE grew by 88% and is at 14.6% of APE
- Total premium grew by 14.7%

#### Value of New Business (VNB)

The VNB increased by 27% from ₹ 2.44 billion in Q1-FY2019 to ₹ 3.09 billion in Q1-FY2020. The VNB margin increased from 17.0% in FY2019 to 21.0% in Q1-FY2020.

#### Premium growth

The total premium registered a healthy growth of 14.7% from ₹ 55.18 billion for Q1-FY2019 to ₹ 63.29 billion for Q1-FY2020. The Annualised Premium Equivalent (APE) grew by 5.3% from ₹ 13.96 billion in Q1-FY2019 to ₹ 14.70 billion in Q1-FY2020.

#### Protection business share

Protection APE grew by 88% from ₹ 1.14 billion in Q1-FY2019 to ₹ 2.14 billion in Q1-FY2020. The share of protection business in Annualised Premium Equivalent (APE) increased from 8.2% in Q1-FY2019 to 14.6% in Q1-FY2020.

#### Persistency<sup>1</sup>

The 13<sup>th</sup> month persistency was 84.4% in Q1-FY2020. The 49<sup>th</sup> month persistency improved from 63.8% in FY2019 to 64.2% in Q1-FY2020.

#### Productivity

The Cost/TWRP for the savings business improved from 13.7% for Q1-FY2019 to 11.3% for Q1-FY2020.

#### Commenting on the results, Mr. N. S. Kannan, MD & CEO of ICICI Prudential Life said,

"The Value of New Business grew by 27% to ₹ 3.09 billion for the first quarter of FY2020. We believe our customer centric approach and digitalisation initiatives, coupled with the growing needs of protection, savings and retirement for the country's young working population will continue to drive growth for us. Protection is an underserved segment in the country, our innovative product offerings in this segment has fuelled growth of the protection business by 88% resulting in a protection mix of 14.6% of the overall APE. We are happy to report that ICICI Pru iProtect Smart, our flagship protection product has been voted 'Product of the Year 2019'<sup>#</sup>.

**Mr. Kannan further said,** "Our emphasis on matching products with customers' needs, use of new age technology solutions and service touch-points employing Artificial Intelligence, Chatbots, Machine Learning, WhatsApp, convenient payment options etc. to empower and provide the customers with an immersive experience, has enabled us to

have one of the best 13<sup>th</sup> month persistency<sup>1</sup> levels in the industry of 84.4%. Our Assets under management grew 15% over the year to ₹ 1.64 trillion.”

### Operational Metrics:

₹ billion	Q1-FY2019	Q1-FY2020	Growth YoY
Value of New Business (VNB)	2.44	3.09	26.6%
VNB margin	17.5%	21.0%	-
Total Premium	55.18	63.29	14.7%
Annualized Premium Equivalent (APE)	13.96	14.70	5.3%
• Savings	12.82	12.55	(2.1%)
• Protection	1.14	2.14	87.7%
Savings Cost Ratio (Cost/TWRP)	13.7%	11.3%	-
Assets Under Management (AUM)	1,426.63	1,640.24	14.93%

Persistency <sup>1</sup>	FY2019	Q1-FY2020
13 <sup>th</sup> month	84.6%	84.4%
25 <sup>th</sup> month	75.6%	75.7%
37 <sup>th</sup> month	69.3%	69.8%
49 <sup>th</sup> month	63.8%	64.2%
61 <sup>st</sup> month	56.8%	57.3%

<sup>1</sup> As per IRDA circular dated January 23, 2014; excluding group and single premium policies; in FY2019, for policies issued during April to March period of relevant year measured as on April 30; in Q1-FY2020, for policies issued during June to May period of relevant year measured as on June 30.

# ICICI Pru iProtect Smart voted "Product of the Year 2019" in the life insurance category by Product of the Year (India) Private Limited.

### Definitions, abbreviations and explanatory notes

- **Annual Premium Equivalent (APE):** APE is a measure of new business written by a life insurance company. It is computed as the sum of annualised first year premiums on regular premium policies, and ten percent of single premiums, written by the Company during any period from new retail and group customers.
- **Value of New Business (VNB) and VNB margin:** VNB is used to measure profitability of the new business written in a period. It is present value of all future profits to shareholders measured at the time of writing of the new business contract. Future profits are computed on the basis of long term assumptions which are reviewed annually. VNB is also referred to as NBP (new business profit). VNB margin is computed as VNB for the period/APE for the period. It is similar to profit margin for any other business.
- **Retail Weighted Received Premium (RWRP):** RWRP is a new business measure very similar to APE for the retail (also referred to as individual) business with the only difference being that the regular premiums considered here are first year premiums actually received by the life insurer and not annualised. Secondly, since it is a new business measure for retail business, it includes only premium received from retail customers. It is the sum of all retail first year premiums and ten percent of retail single premiums received in a period.
- **Persistency:** It is the most common parameter for quality of business representing the percentage of retail policies (where premiums are expected) that continue paying premiums. The method of computation of Persistency has been prescribed by IRDAI vide its circular dated January 23, 2014.
- **Total Weighted Received Premium (TWRP):** TWRP is a measure of total premiums from new and existing retail and group customers received in a period. It is sum of first year and renewal premiums on regular premium policies and ten percent of single premiums received from both retail and group customers by Company during the period.
- **Cost Ratio:** Cost ratio is a measure of the cost efficiency of a Company. Expenses are incurred by the Company on new business as well as renewal premiums. Cost ratio is computed as a ratio of all expenses incurred in a period comprising commission, operating expenses, provision for doubtful debts and bad debts written off to total weighted received premium (TWRP).

### About ICICI Prudential Life Insurance

ICICI Prudential Life is promoted by ICICI Bank Ltd. and Prudential Corporation Holdings Ltd., headquartered in United Kingdom. The Company began operations in fiscal 2001 and has consistently been amongst the top private sector life insurance companies in India.

The Company offers an array of products in the Protection and Savings category which match the different life stage requirements of customers, enabling them to provide a financial safety net to their families as well as achieve their long term financial goals. The digital platform of the Company provides a paperless on-boarding experience to customers, empowers them to conduct an assortment of self-service transactions, provides a convenient route to make digital payments for purchasing & making renewal premium payments and facilitates a hassle free claims settlement process etc.

ICICI Prudential Life is the first private life insurance company to cross the ₹ 1 trillion mark for Assets under Management (AUM). At June 30, 2019, the Company had an AUM of ₹ 1,640.24 billion and a Total Sum Assured of approx. ₹ 11.85 trillion. ICICI Prudential Life is listed on both National Stock Exchange (NSE) and The Bombay Stock Exchange (BSE).

## **Disclaimer**

Except for the historical information contained herein, statements in this release which contain words or phrases such as 'will', '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, opportunities and growth potential to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include but are not limited to, the actual growth in demand for insurance and other financial products and services in the countries that we operate or where a material number of our customers reside, our ability to successfully implement our strategy, including our use of the Internet and other technology our exploration of merger and acquisition opportunities, our ability to integrate mergers or acquisitions into our operations and manage the risks associated with such acquisitions to achieve our strategic and financial objectives, our growth and expansion in domestic and overseas markets, technological changes, our ability to market new products, the outcome of any legal, tax or regulatory proceedings in India and in other jurisdictions we are or become a party to, the future impact of new accounting standards, our ability to implement our dividend policy, the impact of changes in insurance regulations and other regulatory changes in India and other jurisdictions on us. ICICI Prudential Life insurance undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof. This release does not constitute an offer of securities.

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**₹ 1 billion = ₹ 100 crore**