



# Performance update: Q1-FY2019

July 24, 2018

# Agenda

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Company strategy and performance

Opportunity

Industry overview

# Agenda

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**Company strategy and performance**

**Opportunity**

**Industry overview**

# Strategy: Market share + profitable growth

Objective

Grow Value of New Business (VNB)

Focus on retail through multi-channel distribution

Customer centric products

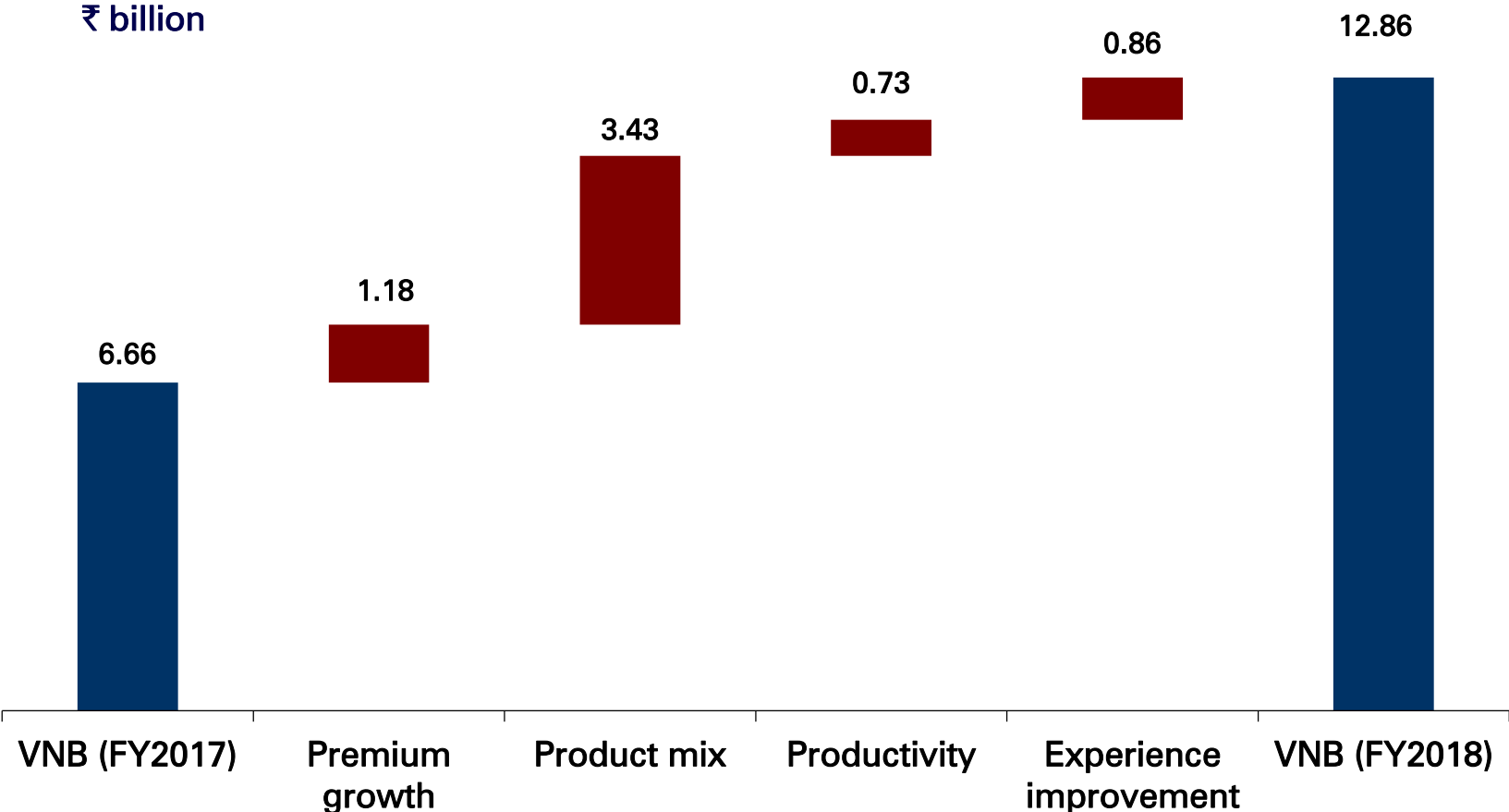
Saving opportunity

Protection opportunity

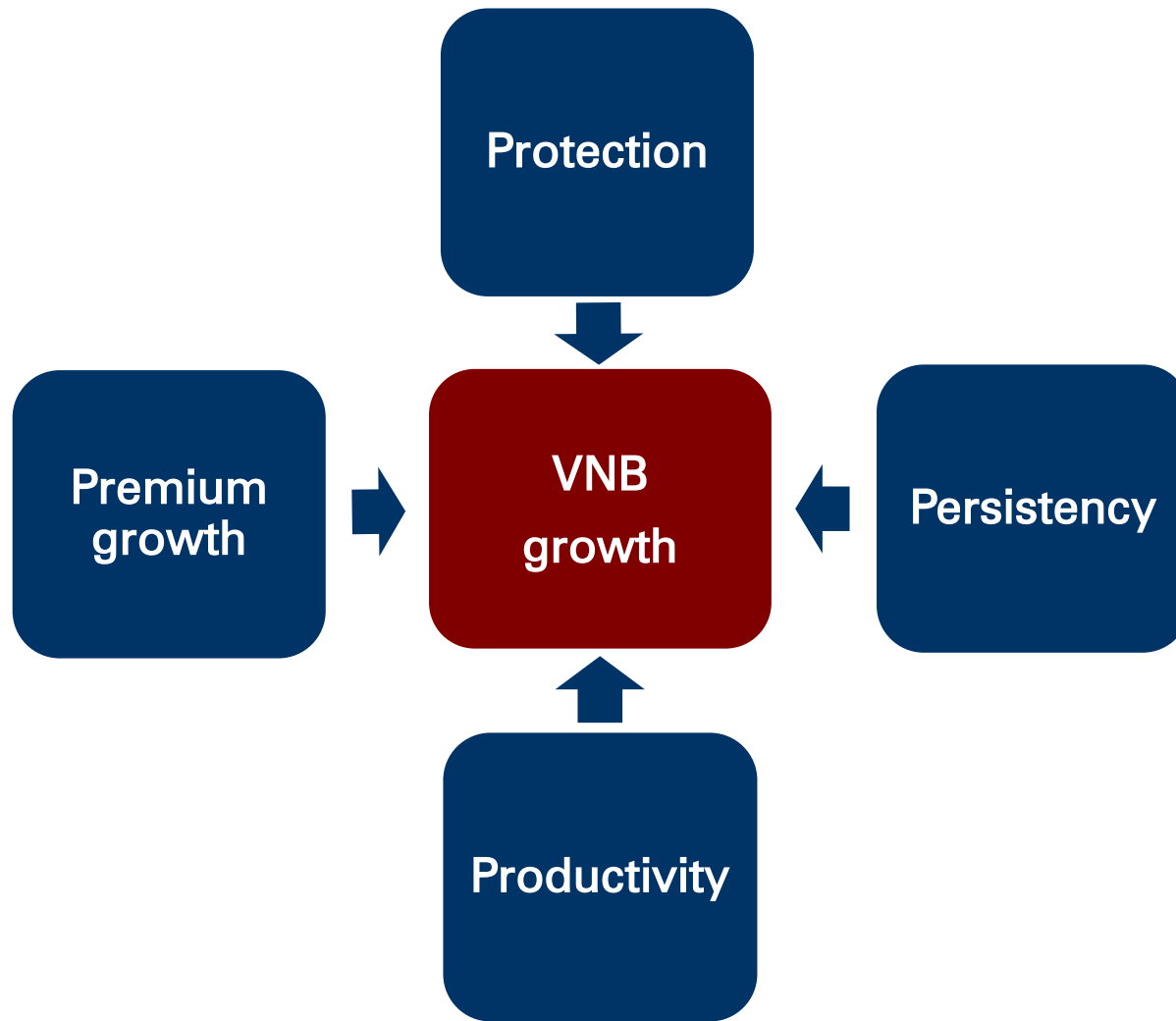
Superior business quality to deliver enhanced customer and shareholder value

Technology as business enabler

# Drivers of VNB growth



# Strategic elements



# Strategic elements (1/4)

## Premium growth

- Focus on retail for long term sustainability
- Diversification of distribution
- Offer customer centric products
- Unmatched on-boarding experience

## Q1-FY2019 update:

- APE declined by 18%
- Market share of 11.3%

# Strategic elements (2/4)

## Protection focus

- Meeting the needs of both income replacement and liability cover
- Comprehensive suite of products
- New partnerships
- Leverage technology for risk calibrated superior underwriting

## Q1-FY2019 update:

- Protection APE growth of 48.1%
- New micro insurance product launched

\* At June 30, 2018



# Strategic elements (3/4)

## Persistency

- Drive renewal premium with the same rigour as new business
- Offer convenience of multiple payment options
- The single most important indicator of business quality

### Q1-FY2019 update:

- Total premium growth of 13.0%
- Retail renewal premium growth of 29.1%
- 13<sup>th</sup> month persistency maintained at 85.8%\*
- Improvement across cohorts

\* As per IRDAI circular dated January 23, 2014; excluding single premium

# Strategic elements (4/4)

## Productivity

- Leverage technology for process re-engineering and drive productivity
- Tablet as a virtual office
- Derive value from every rupee spent

## Q1-FY2019 update:

- Cost/TWRP (savings LOB) at 13.7% compared to 12.5% in Q1-FY2018
- Ratio expected to improve with growth in premium through the year

# VNB growth

₹ billion	FY2017	FY2018	Q1-FY2018	Q1-FY2019
Value of New Business (VNB) <sup>1</sup>	6.66	12.86	1.82	2.44
VNB Margin	10.1%	16.5%	10.7%	17.5%
VNB growth	61.7%	93.1%	NA	34.1%

1. For full year, based on actual cost;  
Q1: based on management forecast of full year cost

# Outlook

## Premium growth

- Strong growth potential for industry
- Savings premium growth expected to be higher than nominal GDP growth

## Protection

- Protection business can grow at a higher rate than savings

## Persistency

- Continued improvement in persistency and quality parameters

## Productivity

- Productivity improvement through digital initiatives

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# Company performance

# Categories of products

Savings	
Linked	<ul style="list-style-type: none"> <li>• Transparent</li> <li>• Choice of asset class</li> <li>• Low charges and minimal lapse risk for customers</li> </ul>
Par	<ul style="list-style-type: none"> <li>• Return upside through segment surplus<sup>1</sup> i.e. income net expense/reserve</li> <li>• High lapse risk for customers</li> </ul>
Non-Par savings	<ul style="list-style-type: none"> <li>• Guaranteed returns</li> <li>• High lapse risk for customers</li> </ul>

Life cover ten times annual premium similar across savings products

Protection	
Individual life/health	Pure mortality/morbidity risk cover
Credit cover	Pure mortality/morbidity cover to borrowers
Group life	Pure mortality cover for formal/informal groups

1. 90% of segment surplus belongs to customers

# Saving products: persistency impact

- Significant loss for traditional saving product (Par and Non par) customers in case of discontinuance before the maturity date

Year of surrender	Total premiums paid	Maximum surrender penalty	
		Unit linked	Traditional
Year 1	100,000	14,000	100,000
Year 2	200,000	20,000	200,000
Year 3	300,000	27,000	210,000
Year 4	400,000	32,000	200,000
Year 5	500,000	Nil	250,000
Year 6	600,000	Nil	300,000
Year 7	700,000	Nil	350,000

**Notes:**

1. Unit linked surrender penalty includes average admin charges
2. Actual surrender penalty for non linked could be lower for certain products
3. Assuming policy term greater than 10 years

# Strategy: Market share + profitable growth

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Focus on retail through multi-channel distribution

Customer centric products

Saving opportunity

Protection opportunity

Superior business quality to deliver enhanced customer and shareholder value

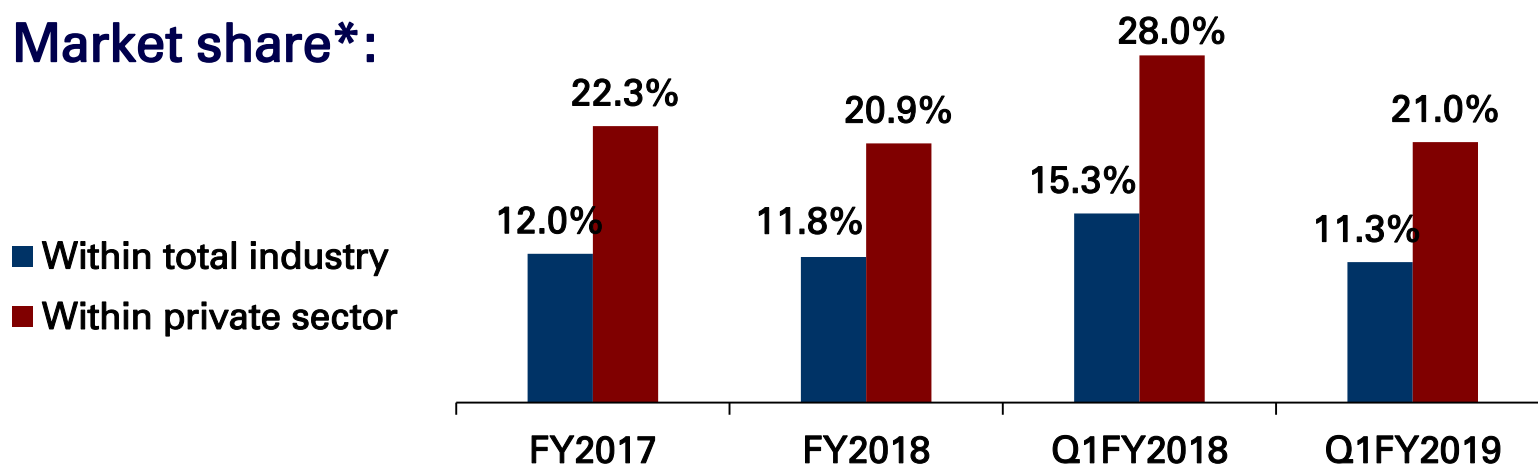
Technology as business enabler



# Focus on Retail market share

₹ bn	FY2017	FY2018	Q1-FY2018	Q1-FY2019	Growth
Retail APE	65.18	75.78	16.79	13.35	(20.5%)
Group APE	1.07	2.13	0.26	0.61	134.6%
Total APE	66.25	77.92	17.04	13.96	(18.1%)
Retail as % Total APE	98.4%	97.3%	98.5%	95.6%	
Retail AUM	1,083.15	1,235.21	1,118.25	1,275.15	14.0%
Total AUM	1,229.19	1,395.32	1,265.91	1,426.63	12.7%
Retail as % Total AUM	88.1%	88.5%	88.3%	89.4%	

## Market share\*:

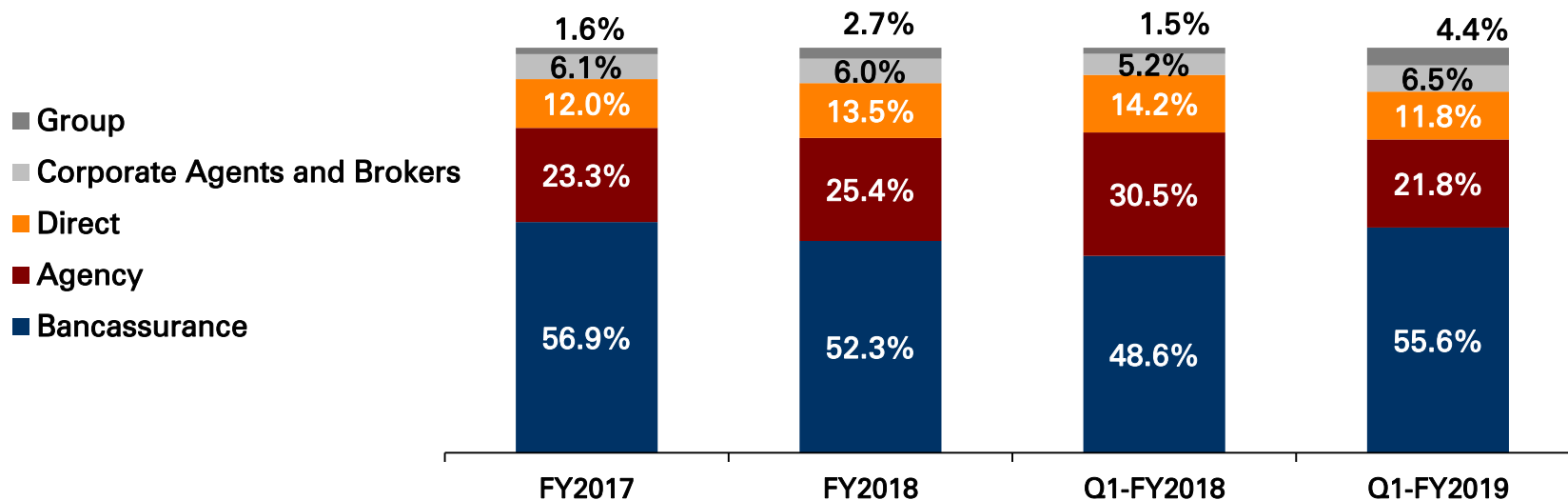


\* Market share based on RWRPP

17 Components may not add up to the totals due to rounding off

# Multi-channel distribution<sup>1</sup>

₹ bn	FY2017	FY2018	Q1-FY2018	Q1-FY2019
Bancassurance	37.72	40.75	8.28	7.76
Agency	15.41	19.79	5.20	3.04
Direct	7.98	10.54	2.42	1.64
Corporate agents and brokers	4.07	4.70	0.88	0.91
Group <sup>2</sup>	1.07	2.13	0.26	0.61



1. Based on APE  
2. Including group protection

# Customer centric products

₹ bn	FY2017	FY2018	Q1-FY2018	Q1-FY2019
Savings	63.64	73.45	16.27	12.82
<i>ULIP</i>	55.69	63.81	14.61	11.14
<i>Par</i>	6.38	8.46	1.42	1.36
<i>Non par</i>	0.72	0.40	0.09	0.13
<i>Group</i>	0.86	0.78	0.16	0.19
Protection <sup>1</sup>	2.60	4.46	0.77	1.14
Total APE	66.25	77.92	17.04	13.96

- Protection APE grew by 48.1% in Q1-FY2019

1. Protection includes retail and group protection products

# Persistency<sup>1</sup> (retail excluding single premium)

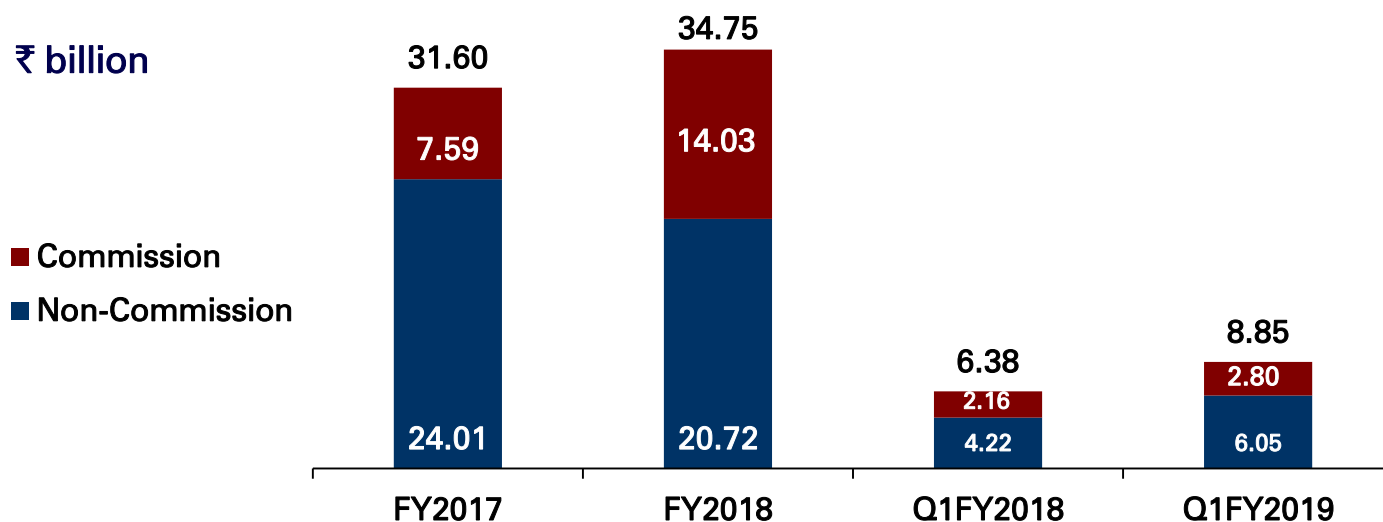
Month	FY2017	FY2018	Q1-FY2018	2m-FY2019
13 <sup>th</sup> month	84.7%	85.8%	85.8%	85.8%
25 <sup>th</sup> month	73.0%	77.0%	73.9%	77.8%
37 <sup>th</sup> month	65.5%	67.6%	67.0%	68.2%
49 <sup>th</sup> month	58.3%	62.8%	59.2%	63.7%
61 <sup>st</sup> month	53.8%	53.7%	54.3%	54.0%

₹ bn	FY2017	FY2018	Q1-FY2018	Q1-FY2019
Retail renewal premium	142.19	174.97	28.08	36.25
<i>YOY growth</i>	<i>18.5%</i>	<i>23.1%</i>	<i>25.4%</i>	<i>29.1%</i>
Retail surrender (linked)	105.35	116.86	28.99	18.89

1. As per IRDAI circular dated January 23, 2014

# Productivity: Cost efficiency

	FY2017	FY2018	Q1-FY2018	Q1-FY2019
Expense ratio (excl. commission) <sup>1</sup>	11.4%	8.2%	9.4%	12.0%
Commission ratio <sup>2</sup>	3.6%	5.5%	4.8%	5.5%
Cost/TWRP <sup>3</sup>	15.1%	13.7%	14.2%	17.5%
Cost / Average AUM <sup>4</sup>	2.8%	2.6%	2.0%	2.5%
Cost/TWRP (Savings LOB)	13.3%	11.8%	12.5%	13.7%



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

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## Technology as business enabler

# Technology initiatives

## Acquisition

- **Facematch:** Automated fraud detection tool for better underwriting
- **API platform:** Standardised data exchange platform across applications and partners (Implementation in progress)

## Operations

- **Robotics Process Automation (RPA):** Automation of regular manual activities to reduce cost and error
- **Auto OCR:** Convert image to text for faster & automated processing

## Service

- **Chatbots:** Handling frequent queries of customers, sales team and employees
- **AI & Machine Learning:** Automated decision making based on data analytics (Implementation in progress)

# Outcome

## Productivity

- 73% of new business policies issued within 2 days in Q1-FY2019
- 91% of new business applications initiated via digital platform

## Persistency

- More than 250,000 premium payment centres across India
- 61% of renewal premium receipted through electronic mediums<sup>1</sup>

## Customer Service

- 72% service transactions are self service
- 99% of customer initiated payouts are processed electronically
- Claims TAT<sup>2</sup> decreased from 6 days in FY2014 to 3 days in Q1-FY2019

1. Transactions processed through online, direct debit and ECS
2. Average turn around time for non-investigated claims from receipt of last requirement



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# Financial update

# Financial metrics

₹ bn	FY2017	FY2018	Q1-FY2018	Q1-FY2019	Growth
Retail new business premium	70.66	84.02	18.22	14.91	(18.2%)
Retail renewal premium	142.19	174.97	28.08	36.25	29.1%
Group premium	10.69	11.70	2.55	4.01	57.3%
<b>Total premium</b>	<b>223.54</b>	<b>270.69</b>	<b>48.85</b>	<b>55.18</b>	<b>13.0%</b>
Value of New Business (VNB) <sup>1</sup>	6.66	12.86	1.82	2.44	34.1%
Embedded Value	161.84	187.88	-	-	NA
Profit After Tax	16.82	16.20	4.06	2.82	(30.6%)
Solvency ratio	281%	252%	289%	235%	
AUM	1,229.19	1,395.32	1,265.91	1,426.63	12.7%

1. For full year: based on actual cost; Q1: based on management forecast of full year cost

Components may not add up to the totals due to rounding off



# VNB growth levers update (4P's)

₹ bn	FY2016	FY2017	FY2018	Q1- FY2018	Q1- FY2019	Growth
<b>P</b> remium growth (APE) <sup>1</sup>	51.70	66.25	77.92	17.04	13.96	(18.1%)
<b>P</b> rotection APE	1.39	2.60	4.46	0.77	1.14	48.1%
<b>P</b> ersistency <sup>2</sup> (13 <sup>th</sup> month excluding single premium)	81.8%	84.7%	85.8%	85.8%	85.8% <sup>3</sup>	
<b>P</b> roductivity (Cost/TWRP)	14.5%	15.1%	13.7%	14.2%	17.5%	

1. Annualized premium equivalent
2. As per IRDA circular dated January 23, 2014; excluding group and single premium policies
3. 2M-FY2019 persistency

Components may not add up to the totals due to rounding off

# Agenda

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**Company strategy and performance**



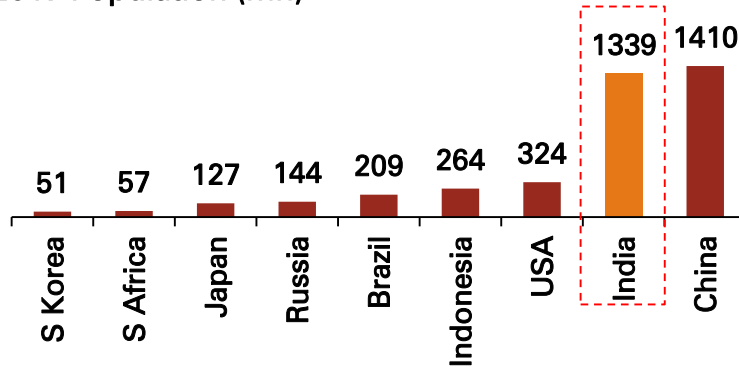
**Opportunity**

**Industry overview**

# Favourable demography

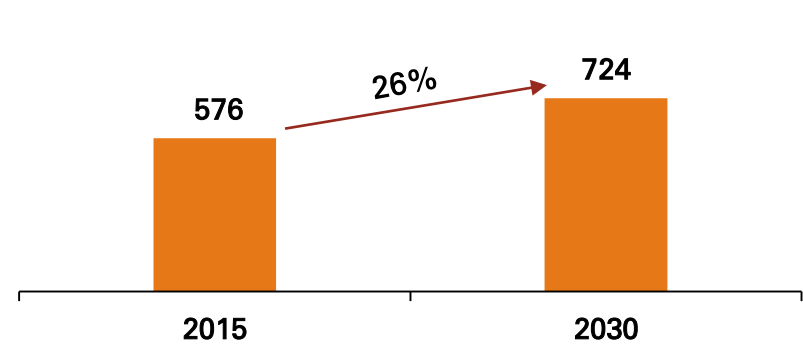
## Large and Growing Population Base<sup>1</sup>

2017 Population (mn)



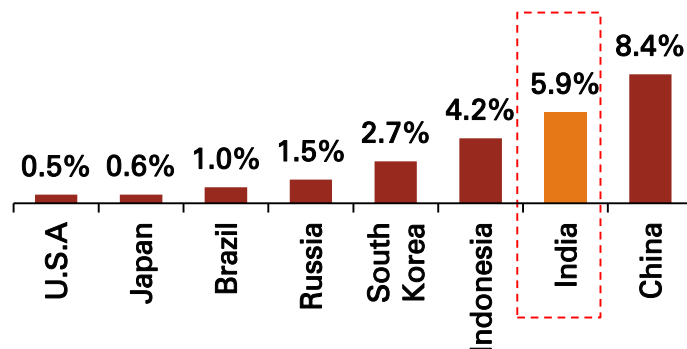
## High Share of Working Population<sup>1</sup>

Population of age 25-59 years: India (mn)

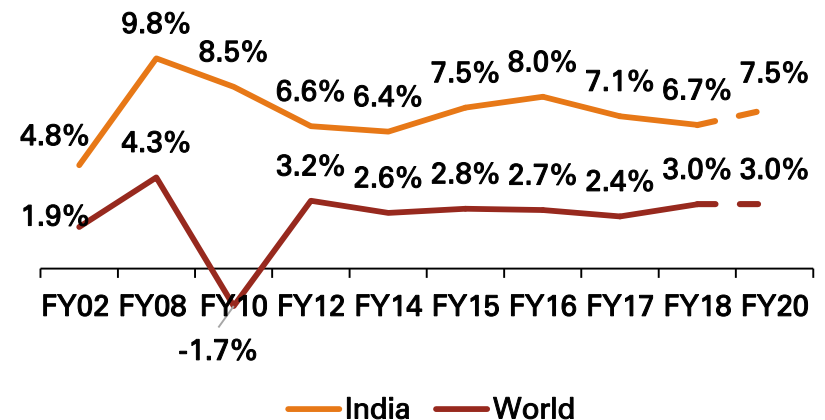


## Rising Affluence<sup>2</sup>

GDP per capita CAGR (FY2007-FY2017)

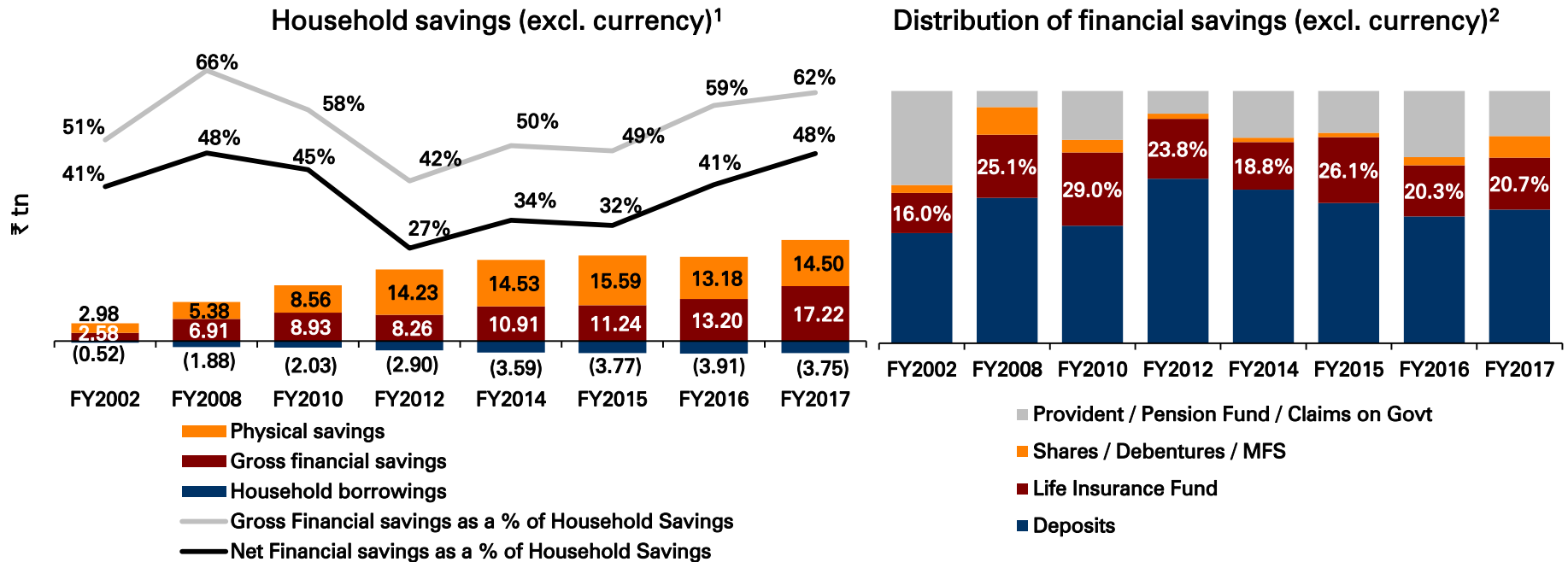


## Driving GDP Growth<sup>2</sup>



1. Source: UN Population Division  
2. Source: World Bank

# Financialisation of savings: Opportunity for insurance

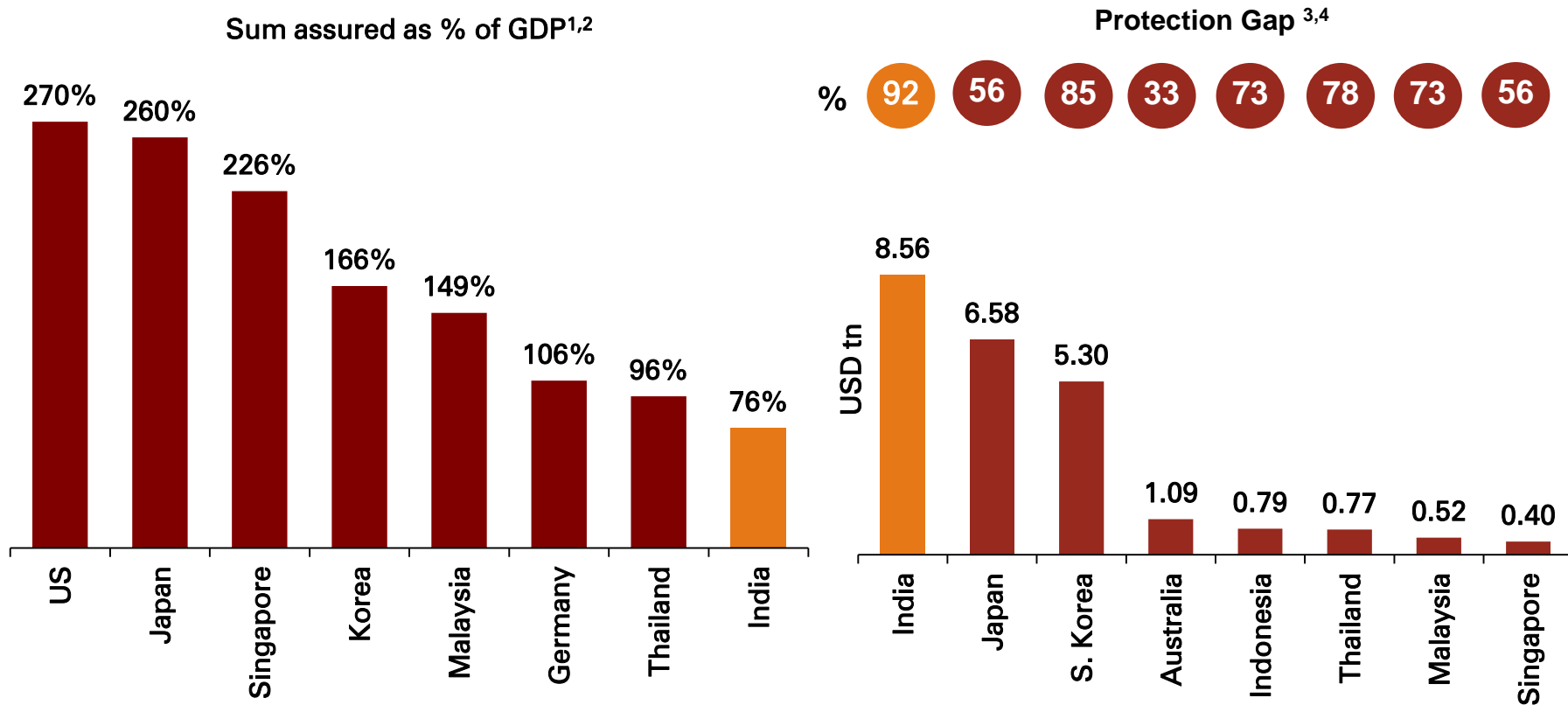


	FY2002	FY2008	FY2010	FY2012	FY2014	FY2015	FY2017	FY2018
Life insurance premium <sup>3</sup> as % of GDP	2.1%	4.0%	4.1%	3.3%	2.8%	2.6%	2.7%	2.7%

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

1. Source: RBI and CSO
2. Source: RBI
3. Total life insurance industry premium including renewal; Source: IRDAI

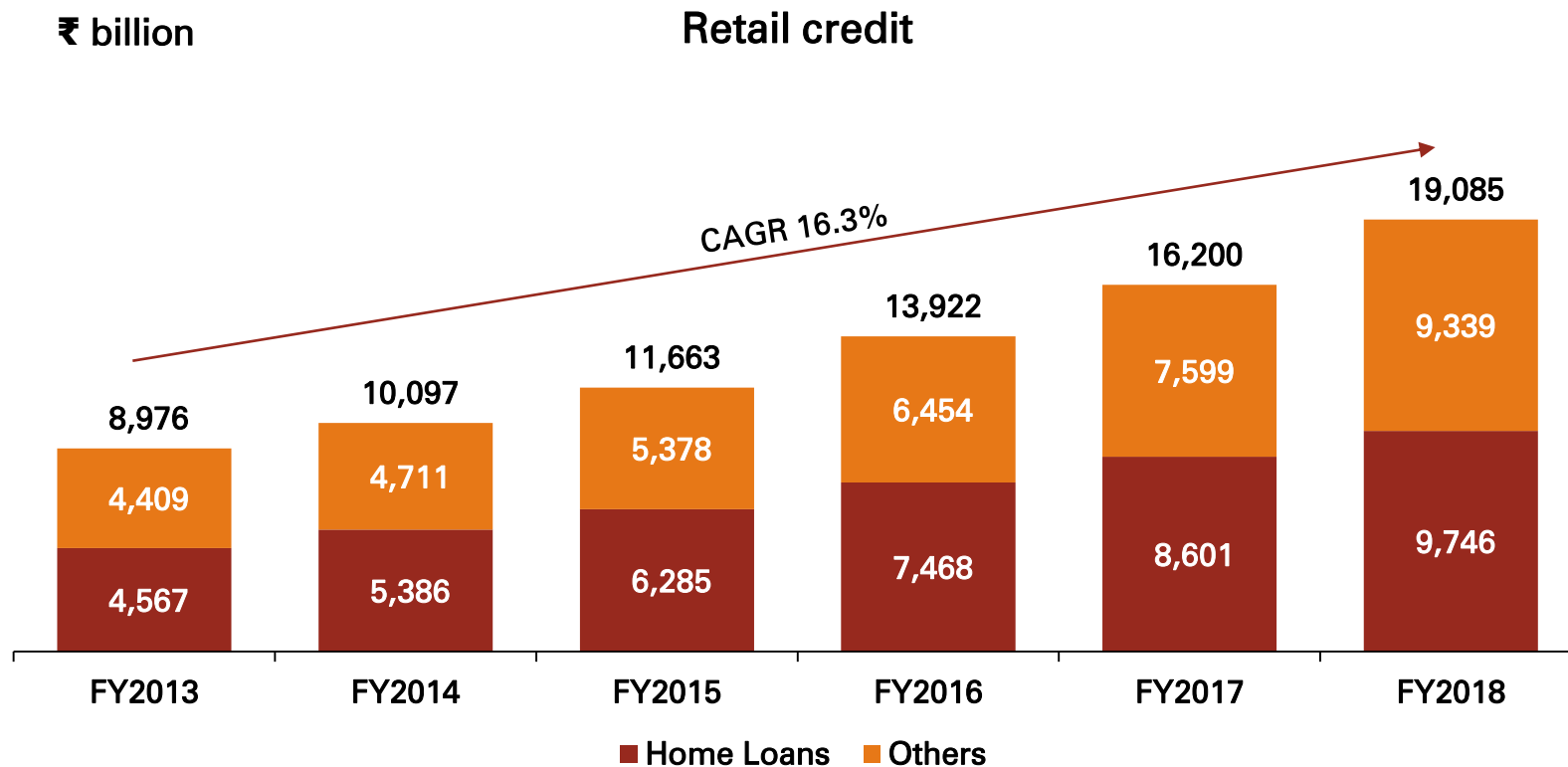
# Protection opportunity: Income replacement



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

1. As of FY2018 for India and FY2015 for others  
 2. Source: McKinsey analysis 2015 , CIRC Annual report 2015, Life Insurance Council, CSO  
 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 (₹ bn)	FY2008	FY2018	CAGR
Health	50.45	378.97	22.3%
Motor	130.63	593.14	16.3%
Motor Own Damage (OD)	84.19	263.59	12.1%
Motor Third Party (TP)	46.44	329.55	21.6%

- Protection premium ~ ₹ 100 billion for life insurance industry in FY2018

Source: General Insurance Council and company estimate

# Agenda

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**Company strategy and performance**

**Opportunity**



**Industry overview**

# Evolution of life insurance industry in India

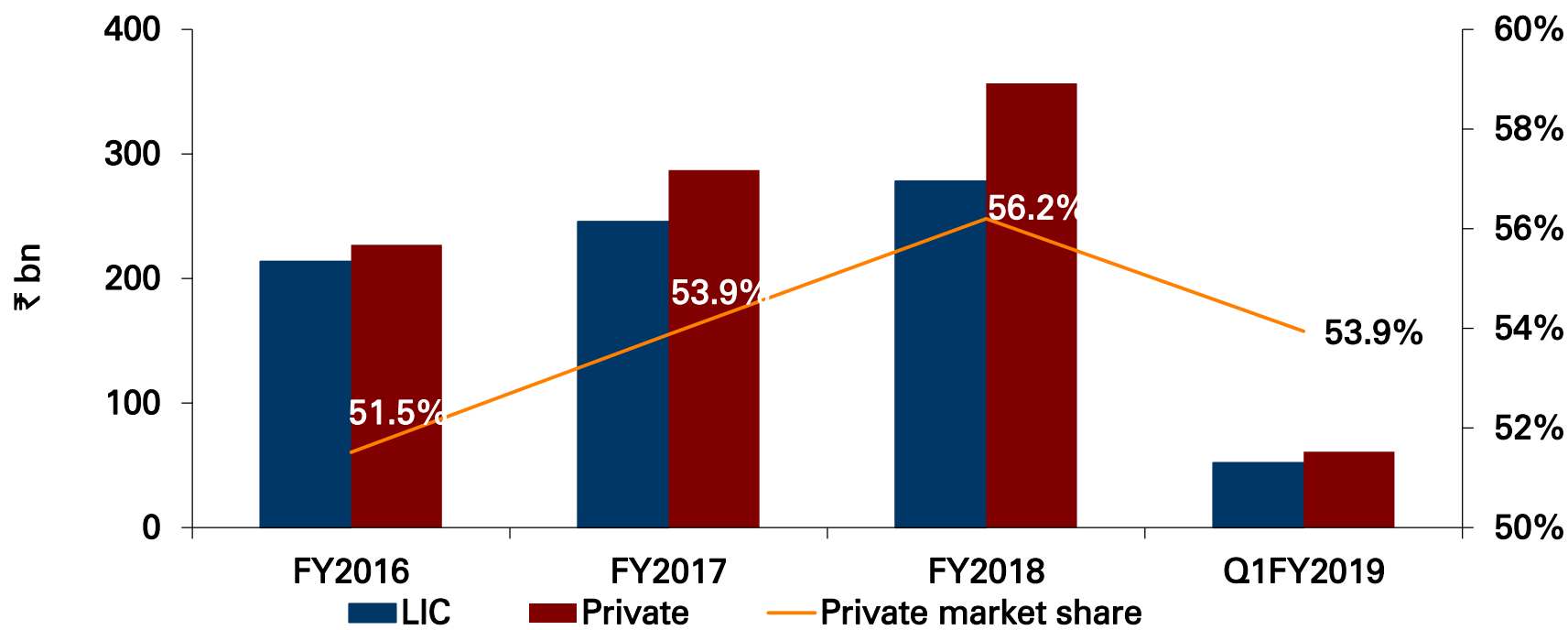
	FY2002		FY2010		FY2015		FY2018
New business premium <sup>1</sup> (₹ bn)	116	21.5%	550	-5.8%	408	15.9%	635
Total premium (₹ bn)	501	23.2%	2,654	4.3%	3,281	11.8%	4,583
Penetration (as a % to GDP)	2.1%		4.1%		2.6%		2.7%
Assets under management (₹ bn)	2,304	24.0%	12,899	12.6%	23,361	12.4%	33,130
In-force sum assured <sup>2</sup> (₹ bn)	11,812*	15.5%	37,505	15.8%	78,091	17.6%	126,989
In-force sum assured (as % to GDP)	50.1%		57.9%		62.7%		75.7%

Industry is back to growth

1. Retail weighted received premium (RWRP)  
 2. Individual and Group in-force sum assured  
 Source: IRDAI, CSO, Life Insurance Council  
 \* Company estimate

# New business<sup>1</sup>

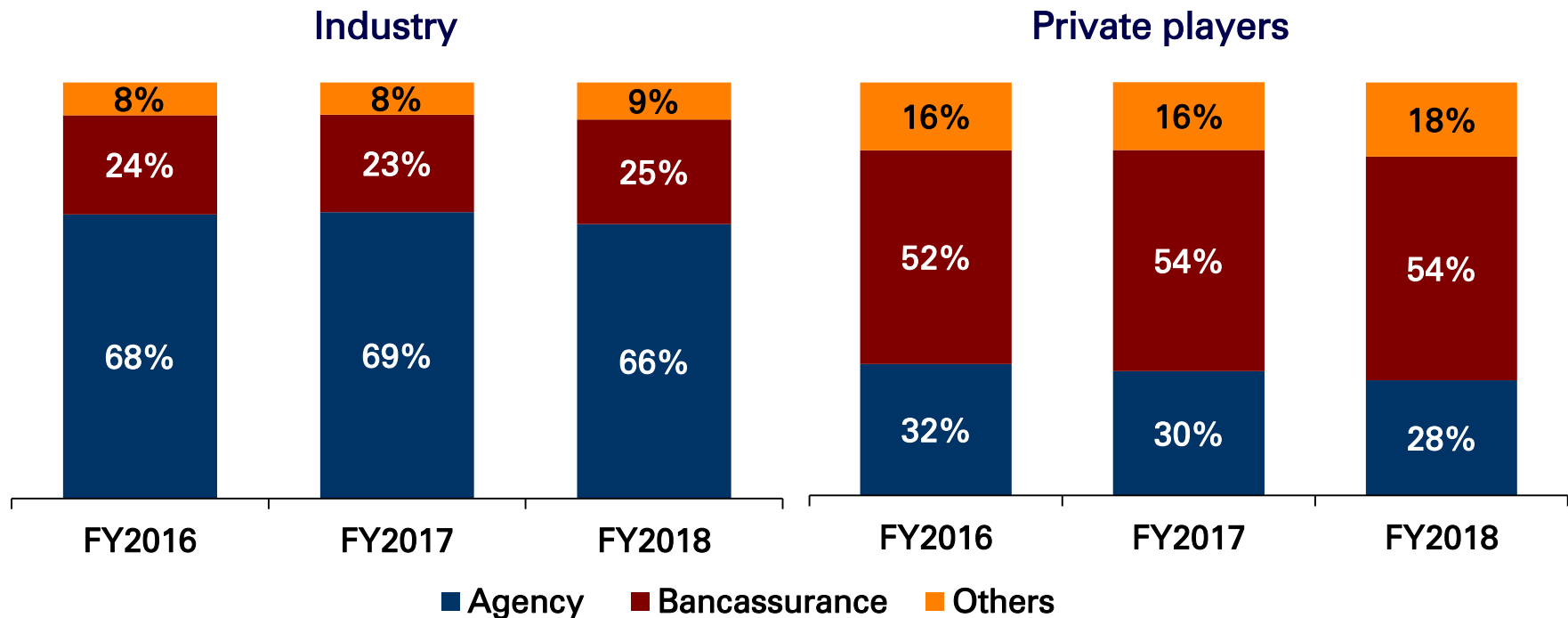
Growth	FY2016	FY2017	FY2018	Q1-FY2019
Private	13.6%	26.4%	24.3%	4.5%
LIC	2.9%	14.7%	13.2%	6.9%
Industry	8.1%	20.7%	19.2%	5.6%



1. Retail weighted new business premium  
Source : Life Insurance Council



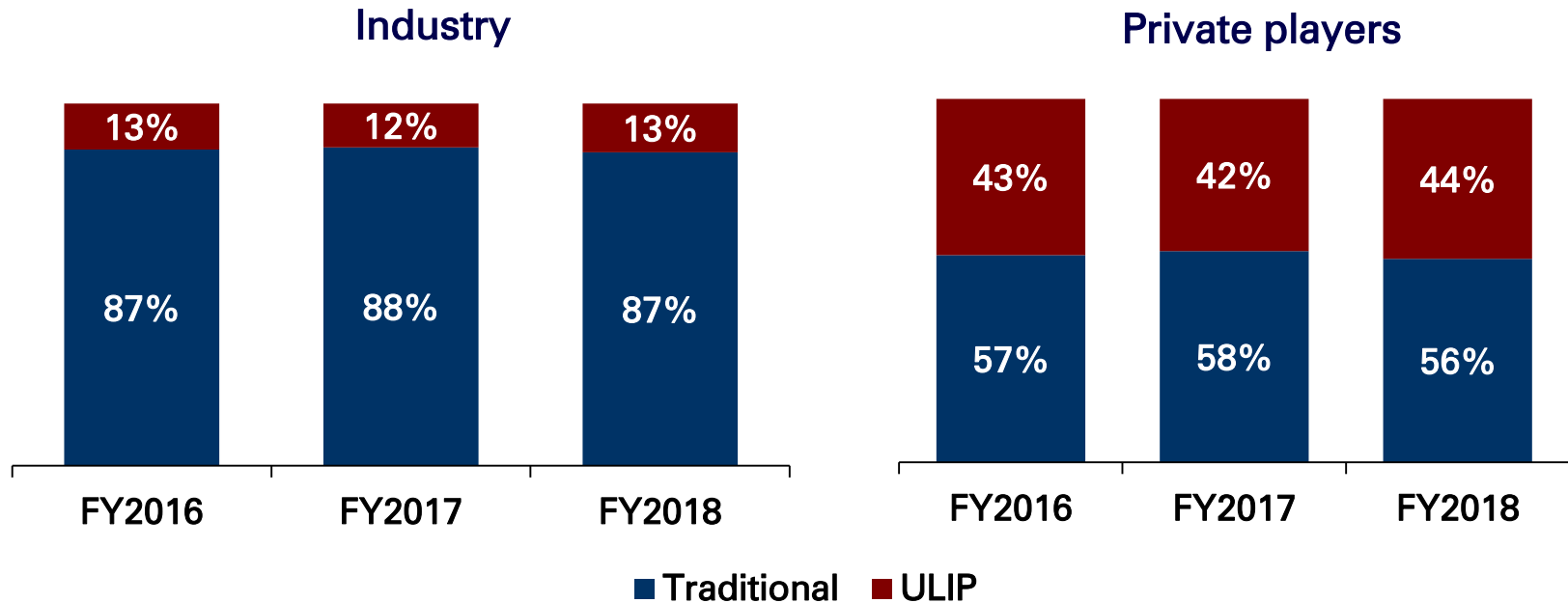
# Channel mix<sup>1</sup>



- Given a well developed banking sector, bancassurance has become largest channel for private players

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

# Product mix<sup>1</sup>



- **Strong customer value proposition of ULIPs**
  - Transparent and low charges
  - Lower discontinuance charges compared to other savings products
  - Choice and flexibility of asset allocation

1. New business premium basis  
Source: Life Insurance Council

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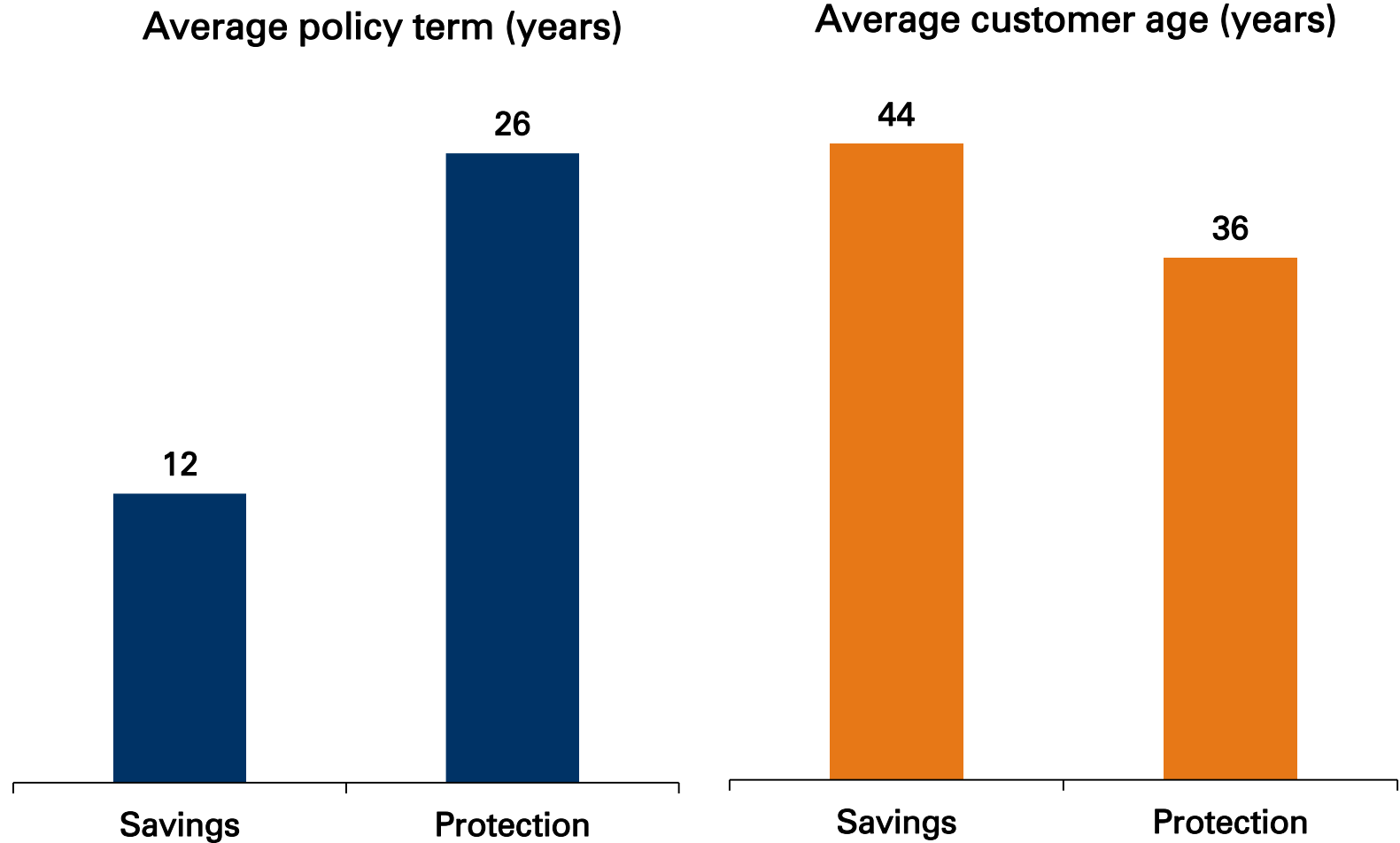
# Annexures

# Average APE by product categories

Average retail APE per policy (₹)	FY2015	FY2016	FY2017	FY2018
ULIP	129,087	149,777	169,701	180,746
Par	38,430	44,533	56,325	62,379
Non par	25,233	23,656	39,153	54,187
Protection	4,408	10,284	9,815	9,123
Total	73,047	87,194	92,735	90,620



# Policy term and customer age<sup>1</sup>



1. For FY2018; protection excludes credit life

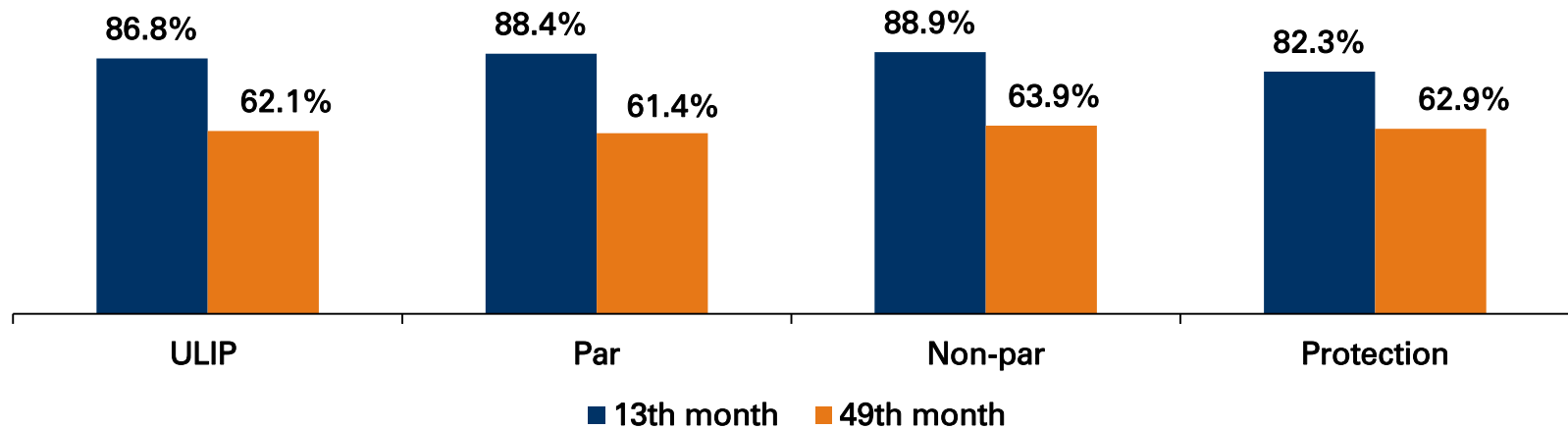
# Channel wise product mix<sup>1</sup>

Channel Category	Product Category	FY2015	FY2016	FY2017	FY2018
Bancassurance	ULIP	88.4%	88.9%	92.1%	89.8%
	Par	10.0%	9.1%	5.3%	7.3%
	Non par	0.0%	0.0%	0.4%	0.1%
	Protection	1.5%	2.0%	2.2%	2.7%
	Total	100.0%	100.0%	100.0%	100.0%
Agency	ULIP	78.5%	76.4%	79.5%	81.8%
	Par	19.2%	19.6%	14.2%	13.5%
	Non par	1.0%	0.8%	2.0%	0.4%
	Protection	1.3%	3.2%	4.3%	4.3%
	Total	100.0%	100.0%	100.0%	100.0%
Direct	ULIP	90.5%	84.3%	85.3%	88.0%
	Par	2.8%	7.7%	5.0%	4.3%
	Non par	4.7%	3.6%	3.1%	2.4%
	Protection	2.0%	4.4%	6.5%	5.3%
	Total	100.0%	100.0%	100.0%	100.0%
Corporate Agents and Brokers	ULIP	62.0%	47.4%	46.5%	36.8%
	Par	34.4%	49.0%	44.1%	49.9%
	Non par	2.4%	0.5%	0.4%	0.5%
	Protection	1.2%	3.1%	9.0%	12.8%
	Total	100.0%	100.0%	100.0%	100.0%

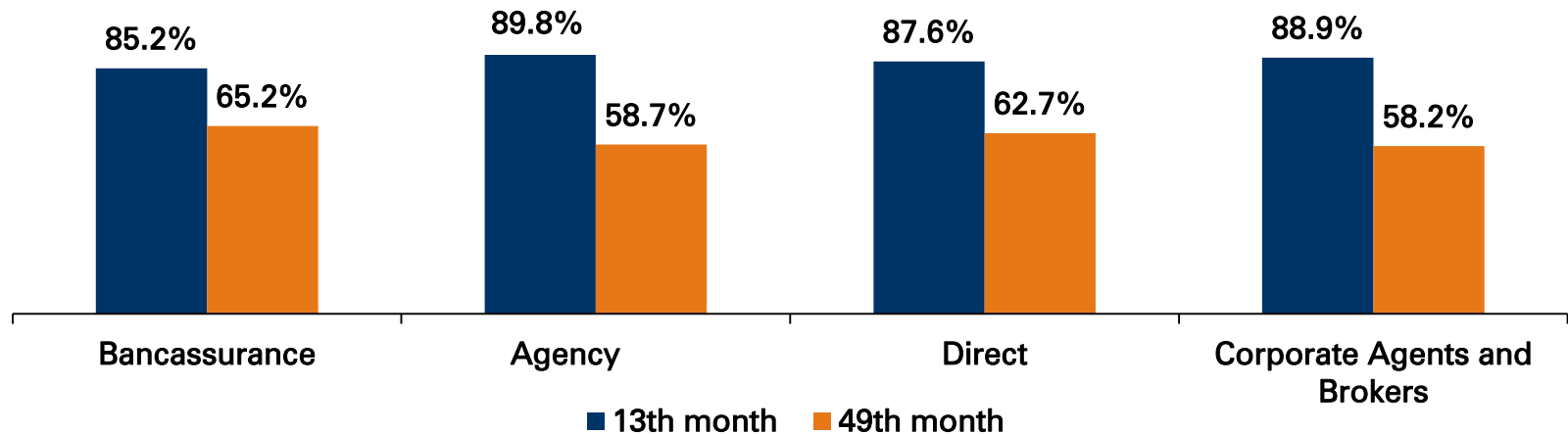
1. Retail Annualized Premium Equivalent (APE) basis

# Retail persistency excluding single premium<sup>1</sup>

## Persistency across Product Categories



## Persistency across Channel Categories



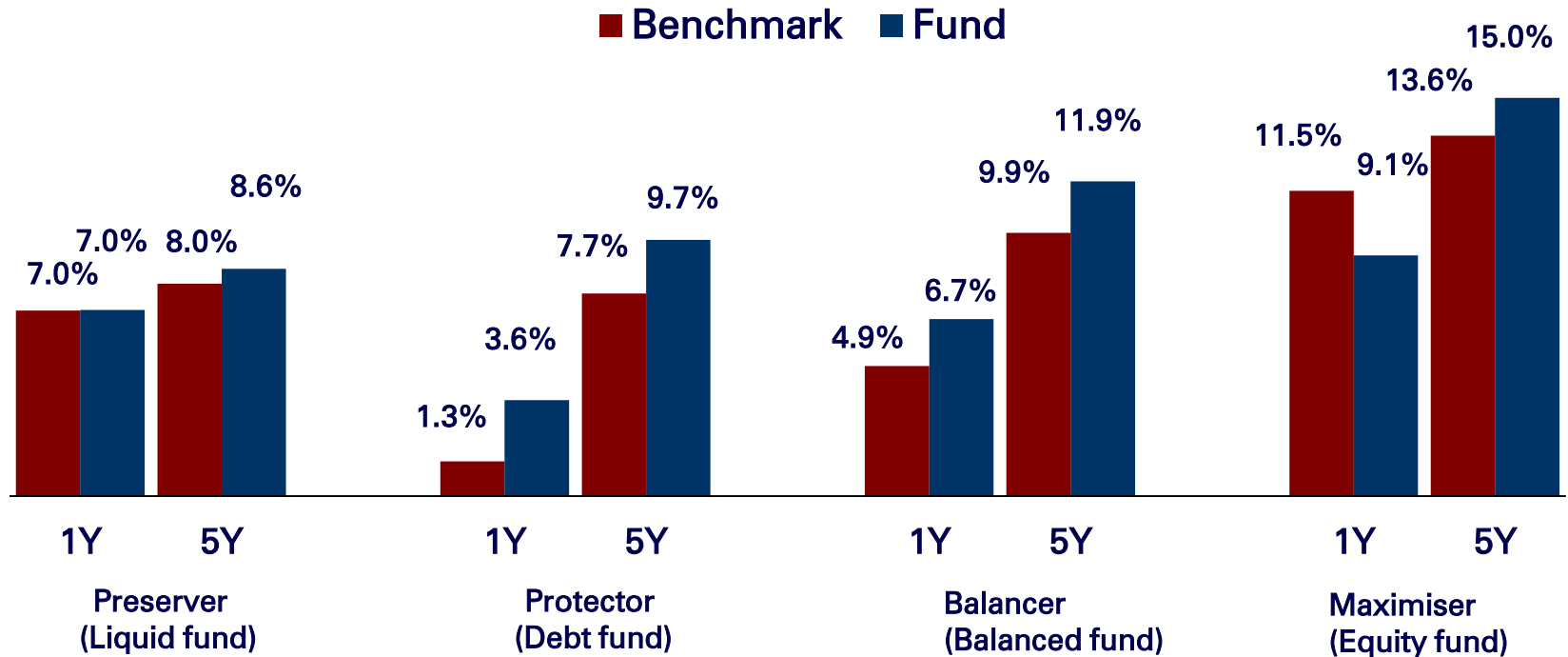
1. 11M-FY2018 persistency  
As per IRDA circular dated January 23, 2014; excluding group and single premium policies

# Retail persistency (including single premium)

Month	FY2016	FY2017	FY2018	2M-FY2019
13 <sup>th</sup> month	82.4%	85.7%	86.8%	86.9%
25 <sup>th</sup> month	71.2%	73.9%	78.3%	79.2%
37 <sup>th</sup> month	61.6%	66.8%	68.8%	69.3%
49 <sup>th</sup> month	62.2%	59.3%	64.2%	65.1%
61 <sup>st</sup> month	46.0%	56.2%	54.5%	54.8%

As per IRDA circular dated January 23, 2014

# Fund performance



86.0% of linked portfolio out performed benchmark indices since inception

At June 30, 2018

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# Embedded Value

# Embedded Value growth

₹ bn	FY2015	FY2016	FY2017	FY2018
Value of In force (VIF)	82.88	84.25	94.28	117.64
Adjusted Net worth	54.33	55.14	67.56	70.24
Embedded Value <sup>1</sup>	137.21	139.39	161.84	187.88

Return on Embedded Value (ROEV) <sup>2</sup>	15.4%	16.2%	16.5%	22.7%
EV growth-pre dividend	24.8%	12.1%	20.6%	23.4%
EV growth-post dividend	16.5%	1.6%	16.1%	16.1%

VNB as % of opening EV <sup>2</sup>	2.3%	3.0%	4.8%	7.9%
Operating assumption changes and variance as % of opening EV <sup>2</sup>	3.2%	4.0%	2.9%	6.3%

1. As per Indian Embedded Value (IEV) method
2. Difference of FY2015 closing EV and FY2016 opening EV shown as operating assumption changes in FY2016

Components may not add up to the totals due to rounding off

# Analysis of movement in EV<sup>1</sup>

₹ bn	FY2015	FY2016	FY2017	FY2018
Opening EV	117.75	137.21 <sup>2</sup>	139.39	161.84
Unwind	11.70	12.58	12.21	13.72
Value of New Business (VNB)	2.70	4.12	6.66	12.86
Operating assumption changes	1.60	1.04 <sup>2</sup>	1.00	7.64
Persistency variance	2.12	2.01	0.99	1.53
Mortality and morbidity variance		0.79	0.98	0.78
Expense variance		0.59	0.35	0.27
Other variance		1.09	0.76	0.00
EVOP	18.12	22.23	22.95	36.80
Return on embedded value (ROEV)	15.4%	16.2%	16.5%	22.7%
Economic assumption change and investment variance	11.11	(5.64)	5.82	1.13
Net capital injection	(9.77)	(14.41)	(6.32)	(11.88)
Closing EV	137.21	139.39	161.84	187.88

1. As per Indian Embedded Value (IEV) method
2. Difference of FY2015 closing EV and FY2016 opening EV shown as operating assumption changes in FY2016



# EV methodology ... (1/2)

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- 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 methodology (2/2)

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- 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

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- **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 (1/4)

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- **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**

# Components of VIF (2/4)

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- **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 (3/4)

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- **Time value of financial options and guarantees (TVFOG)**
  - 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

# Components of VIF (4/4)

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- **Cost of residual non-hedgeable risk (CRNHR)**
  - CRNHR is an allowance for risks to shareholder value to the extent not already allowed for in the TVFOG or the PVFP
  - Allowance has been made for asymmetric risks of operational, catastrophe mortality / morbidity and mass lapsation risk
  - CRNHR determined using a cost-of-capital approach
  - Allowance has been made for diversification benefits among the non-hedgeable risks, other than the operational risk
  - 4% annual charge applied to capital required

# Components of EV movement (1/2)

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- **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
- **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
- **Value of new business**
  - Additional value to shareholders created through new business during the period



# Components of EV movement (2/2)

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- **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)

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- **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 FY2018 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)

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- **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

# Sensitivity analysis (FY2018)

Scenario	% change in EV	% change in VNB
Increase in 100 bps in the reference rates	(2.1)	(4.9)
Decrease in 100 bps in the reference rates	2.2	5.2
10% increase in the discontinuance rates	(1.3)	(8.6)
10% decrease in the discontinuance rates	1.4	9.1
10% increase in mortality/ morbidity rates	(1.0)	(5.4)
10% decrease in mortality/ morbidity rates	1.0	5.5
10% increase in acquisition expenses	Nil	(9.2)
10% decrease in acquisition expenses	Nil	9.2
10% increase in maintenance expenses	(1.0)	(3.5)
10% decrease in maintenance expenses	1.0	3.5
Tax rates increased to 25%	(4.6)	(7.9)

# Economic assumptions underlying EV

Tenor (years)	Reference Rates		
	March 31, 2017	March 31, 2018	June 30, 2018
1	6.35%	6.57%	7.13%
5	7.78%	8.21%	8.69%
10	8.02%	8.31%	8.46%
15	8.03%	8.11%	8.31%
20	8.03%	7.97%	8.27%
25	8.03%	7.91%	8.26%
30	8.03%	7.88%	8.26%

# Glossary

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- **Annualized Premium Equivalent (APE)** - Annualized Premium Equivalent (APE) is the sum of 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

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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.



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Thank you