



# Performance update: Q1-FY2024

July 18, 2023

# Agenda

- Company strategy and performance
- Opportunity
- Industry overview



# Agenda

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



# Key strategic elements

4D framework enabling our 4P strategy



Customer centricity continues to be at the core



VNB: Value of New Business  
ESG: Environmental, Social & Governance

# 4D drivers

## Data analytics

- Deeper understanding of customer lifestyle & income segments
- Identify opportunities across diverse customer segments & geographies
- Extensive use of analytics to support risk-based decision making

## Diversified propositions

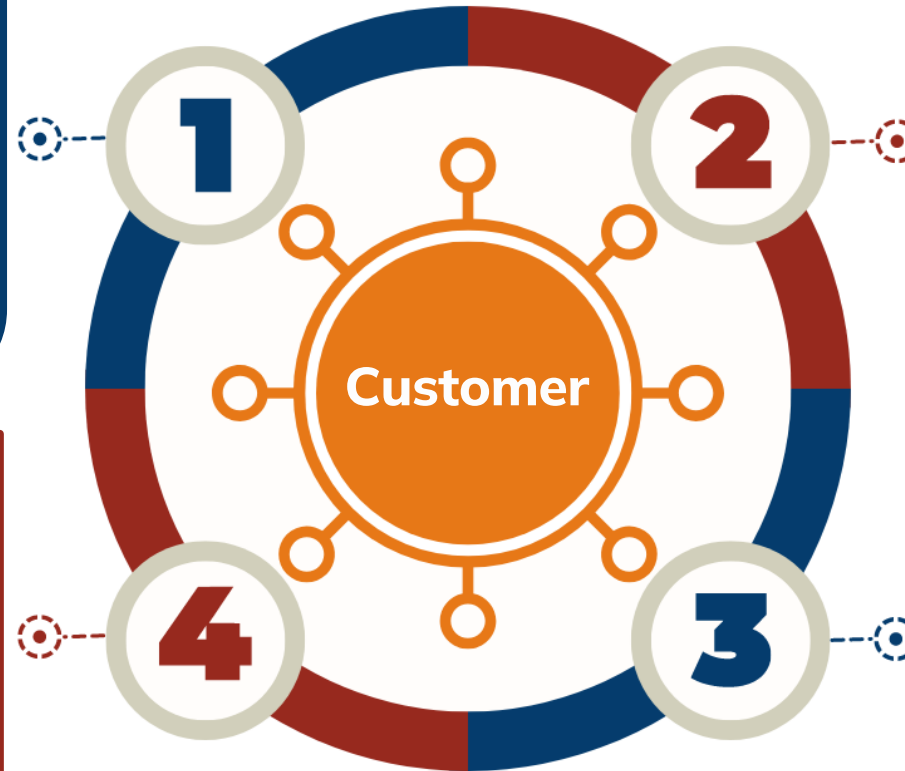
- Offer suitable customer proposition through appropriate distribution
- Provide holistic solution across customer life stages through innovative products

## Depth in Partnerships

- Deep mining of partner specific customer opportunities
- Focus on quality metrics to enhance customer proposition
- Building capabilities & integrating with partner ecosystem

## Digitalisation

- Offer simplified & hassle-free experience across customer life cycle using digital ecosystem
- Leverage digital tools to strengthen distribution capabilities
- Empower partners with customer centric digital support



Risk calibrated growth with focus on quality

# Performance snapshot: Q1-FY2024

₹ billion	Q1-FY2024
Value of New Business (VNB)	4.38
VNB margin	30.0%

₹ billion	Q1-FY2024
Premium growth (APE)	14.61
Protection growth (APE)	3.44
Persistency (13th month) <sup>1</sup>	86.4%
Persistency (49th month) <sup>1</sup>	64.7%
Productivity (Cost/TWRP: Savings) <sup>2</sup>	18.8%

# 4P: Premium



# Extensive distribution footprint

## Strategy: Digital focused upsell campaigns

- Analytics driven upsell channel
- Protection & Annuity mix 46%

## Strategy: Build profitability

- 39 bank partnerships
- Access to >19,000 bank branches
- Protection & Annuity mix 25%

## Strategy: Create depth & add width

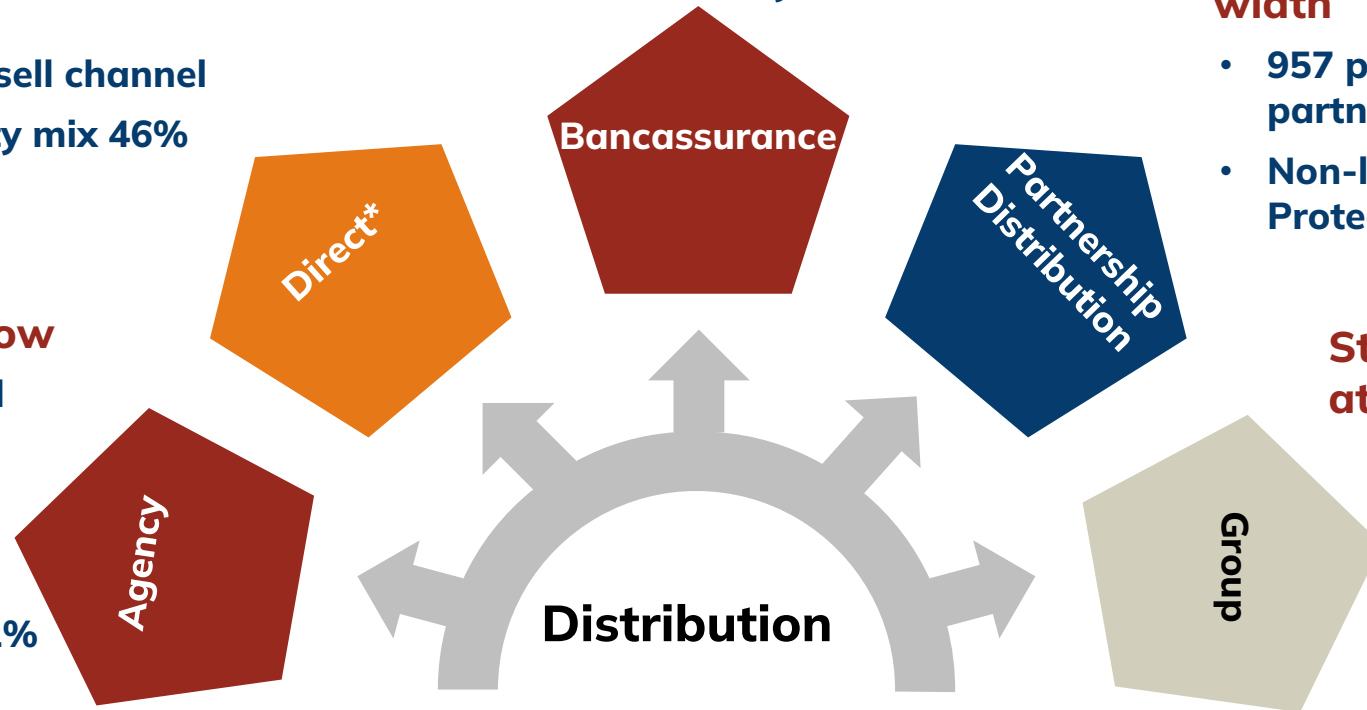
- 957 partnerships; 49 new partnerships
- Non-linked savings 52% and Protection & Annuity mix 40%

## Strategy: Invest and grow

- 7,481 advisors recruited during Q1-FY2024
- Diversified product mix: Linked 36%, Non-linked savings 33% and Protection & Annuity 31%

## Strategy: Increase attachment & market share

- ~20% contribution to overall APE mix



**>990 partnerships including 39 banks; >201,000 advisors**



# Premium growth (1/2)

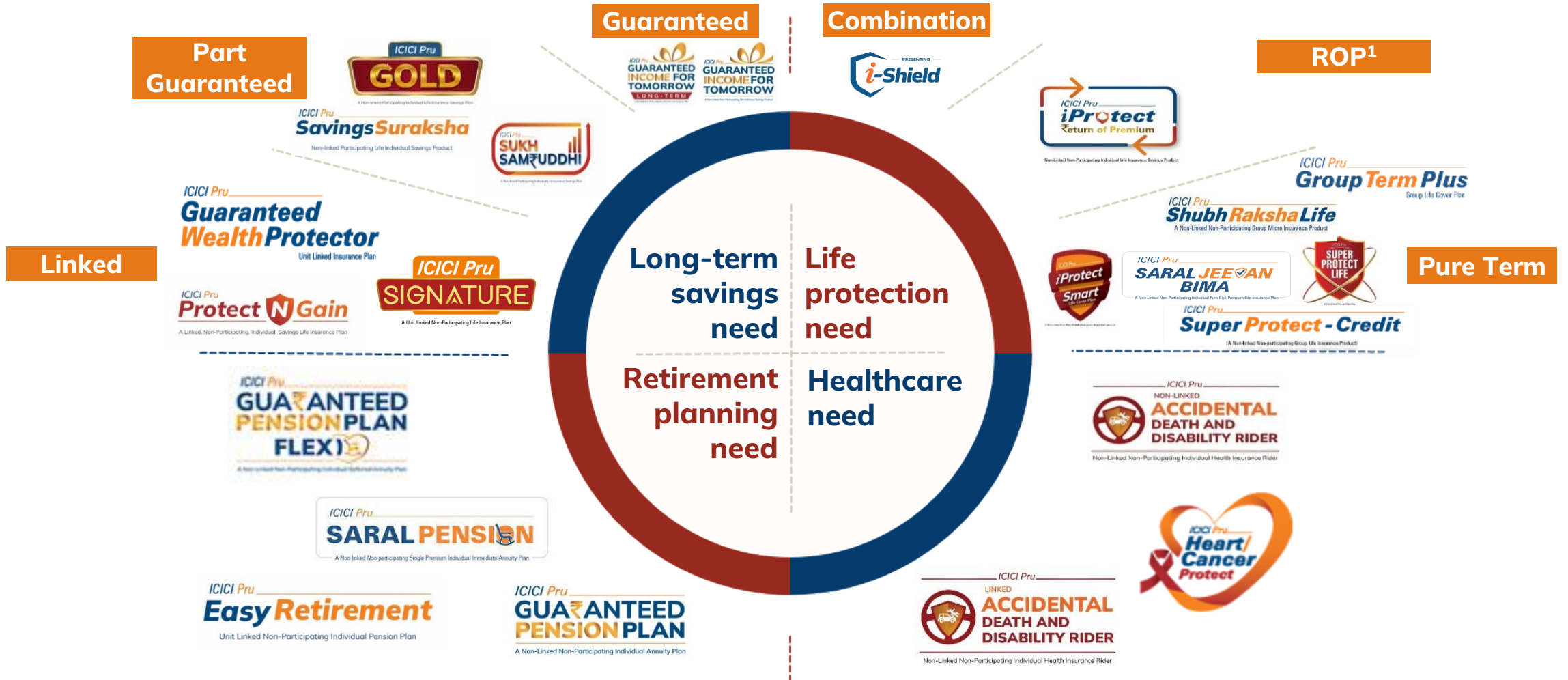
## Premium growth

- Build capacity & enhance efficiency in proprietary channels
- Focus on new partnership additions & increase share of shop in existing
- Sustain growth in annuity line of business

Channels	APE (₹ billion)			Mix	
	Q1-FY2023	Q1-FY2024	Growth (%)	Q1-FY2023	Q1-FY2024
Agency	3.41	3.57	4.4%	22.4%	24.4%
Direct	1.65	2.12	28.5%	10.9%	14.5%
Banca (ex-ICICI Bank)	2.27	2.26	(0.4%)	14.9%	15.4%
Partnership distribution	1.69	1.81	7.7%	11.1%	12.4%
Group	3.18	2.89	(9.1%)	20.9%	19.8%
<b>Sub-total</b>	<b>12.19</b>	<b>12.64</b>	<b>3.7%</b>	<b>80.2%</b>	<b>86.5%</b>
ICICI Bank	3.01	1.97	(34.6%)	19.8%	13.5%
<b>Total APE</b>	<b>15.20</b>	<b>14.61</b>	<b>(3.9%)</b>	<b>100.0%</b>	<b>100.0%</b>

**Strong growth momentum of 20.2% in May 2023 & 21.2% in June 2023 in ex-ICICI Bank retail business**

# Products for every life stage



Deliver value proposition to serve varied customer needs

<sup>1</sup>ROP: Return of Premium

# Premium growth (2/2)

## Premium growth

- Build capacity & enhance efficiency in proprietary channels
- Focus on new partnership additions & increase share of shop in existing
- Sustain growth in annuity line of business

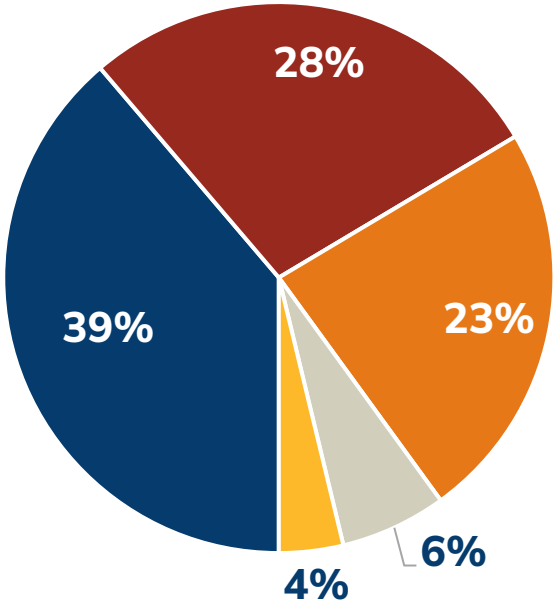
Segments	APE (₹ billion)			Mix (%)	
	Q1-FY2023	Q1-FY2024	Growth (%)	Q1-FY2023	Q1-FY2024
<b>Savings</b>	<b>11.90</b>	<b>11.17</b>	<b>(6.1%)</b>	<b>78.3%</b>	<b>76.5%</b>
<b>Linked</b>	<b>6.16</b>	<b>5.66</b>	<b>(8.1%)</b>	<b>40.5%</b>	<b>38.8%</b>
<b>Non-linked</b>	<b>4.21</b>	<b>4.04</b>	<b>(4.0%)</b>	<b>27.7%</b>	<b>27.7%</b>
<b>Annuity</b>	<b>0.98</b>	<b>0.91</b>	<b>(7.1%)</b>	<b>6.4%</b>	<b>6.2%</b>
<b>Group funds</b>	<b>0.56</b>	<b>0.55</b>	<b>(1.8%)</b>	<b>3.7%</b>	<b>3.8%</b>
<b>Protection</b>	<b>3.30</b>	<b>3.44</b>	<b>4.2%</b>	<b>21.7%</b>	<b>23.5%</b>
<b>Retail protection</b>	<b>0.68</b>	<b>1.10</b>	<b>61.8%</b>	<b>4.5%</b>	<b>7.6%</b>
<b>Total APE</b>	<b>15.20</b>	<b>14.61</b>	<b>(3.9%)</b>	<b>100.0%</b>	<b>100.0%</b>

**Strong growth momentum in retail protection**

# Premium growth: Product and Distribution

## Product mix

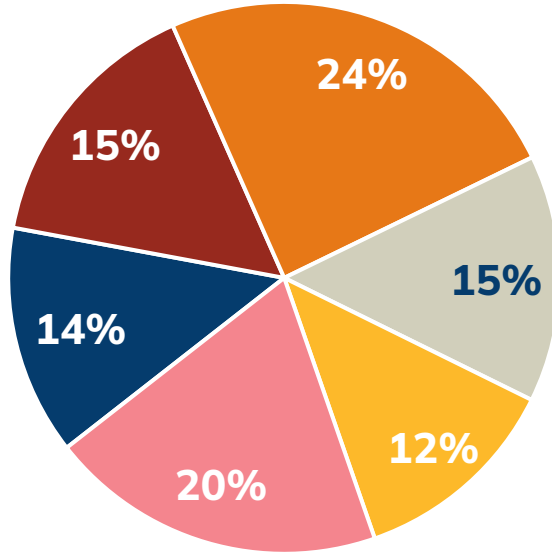
Q1-FY2024



■ Linked ■ Non-linked ■ Protection ■ Annuity ■ Group

## Distribution mix

Q1-FY2024



■ Banca - ICICI Bank ■ Banca - Other Banks  
 ■ Agency ■ Direct  
 ■ Partnership Distribution ■ Group

**Well diversified product and distribution mix**



Based on APE

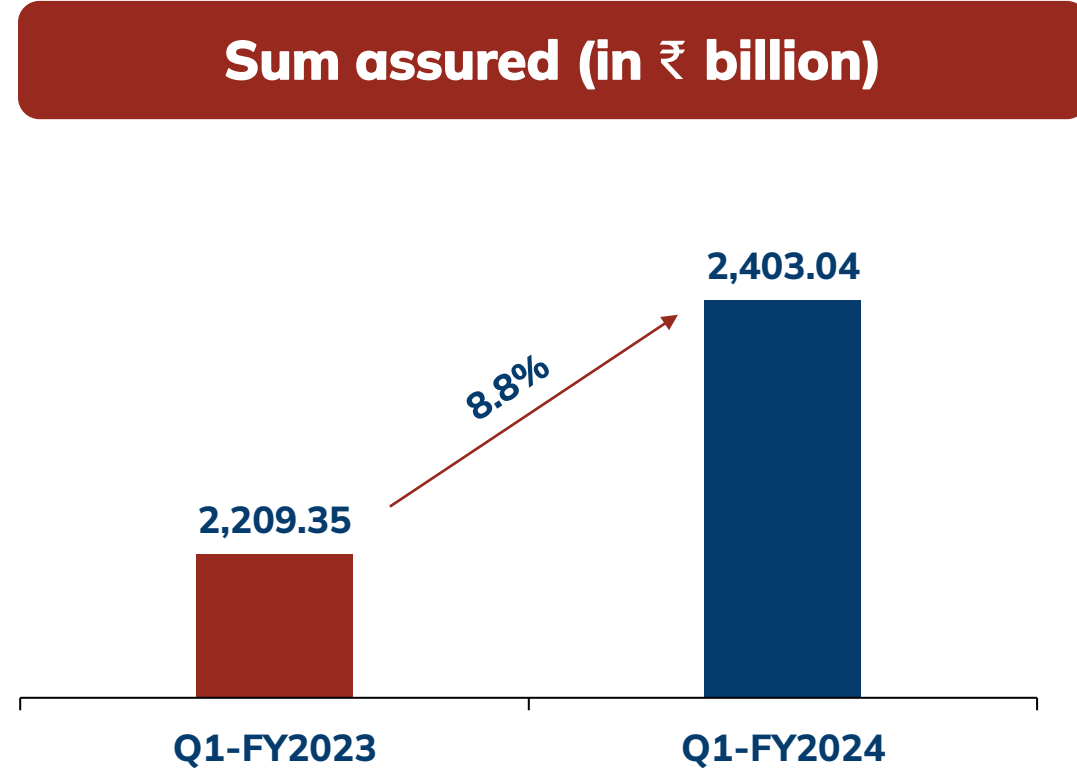
# 4P: Protection

# Protection growth

## Protection focus

- Focus on retail protection growth
- Increase protection with rider attachment
- Focus on opportunities in group protection

₹ billion	Q1-FY2023	Q1-FY2024
Protection APE <sup>1</sup>	3.30	3.44
Retail APE	0.68	1.10
Protection mix <sup>2</sup> (%)	21.7%	23.5%



**Retail protection: Strong 62% y-o-y growth in Q1-FY2024**



<sup>1</sup>Includes term with return of premium; FY2023: ₹ 0.74 bn, Q1-FY2024: ₹ 0.20 bn;

<sup>2</sup>As % of total APE (retail & group combined)

APE: Annualised Premium Equivalent, Y-o-Y: Year on year; Sum assured based on overall new business

# 4P: Persistency



# Persistency improvement

Persistency

Continue to focus on improving persistency across all cohorts

## Regular & Limited pay

Month	2M-FY2023	12M-FY2023	2M-FY2024
13 <sup>th</sup> month	85.5%	85.4%	86.4%
25 <sup>th</sup> month	77.6%	77.1%	78.0%
37 <sup>th</sup> month	67.8%	71.5%	71.8%
49 <sup>th</sup> month	63.3%	63.9%	64.7%
61 <sup>st</sup> month	55.7%	65.8%	66.5%



## Fully paid & Single premium

Month	2M-FY2023	12M-FY2023	2M-FY2024
13 <sup>th</sup> month	100.0%	99.9%	99.9%
25 <sup>th</sup> month	100.0%	99.7%	99.7%
37 <sup>th</sup> month	99.3%	100.0%	99.9%
49 <sup>th</sup> month	96.6%	98.4%	98.8%
61 <sup>st</sup> month	99.3%	98.5%	98.2%

**Significant improvement across cohorts**

# 4P: Productivity

# Productivity improvement

Productivity

Continue to leverage technology for process re-engineering & to drive productivity

₹ billion	Q1- FY2023	FY2023	Q1- FY2024	Y-o-Y growth
Total expenses	12.29	64.75	14.98	21.9%
Cost/TWRP <sup>1</sup> (%)	23.8%	21.5%	27.7%	-
Cost/TWRP <sup>1</sup> (savings LOB) (%)	16.9%	14.2%	18.8%	-

Capacity creation to support future growth

# Resilient balance sheet

## Insurance risks

- **Emerging mortality experience within expectation**
- **Persistency experience monitored regularly & witnessed improvement across all cohorts**

## Strong solvency ratio

- **Solvency ratio of 203.4% at June 30, 2023**
- **Ability to raise additional sub debt**

## High quality assets<sup>1</sup>

- **97.1% of fixed income in sovereign or AAA; 0.2% of fixed income below AA**
- **Zero NPA since inception**

## Liability profile

- **74.7% of liabilities largely pass on market performance to customers**
- **Non par guaranteed savings: FRA to hedge interest rate risks**

# VNB growth levers update (4P)

₹ billion	Q1-FY2023	FY2023	Q1-FY2024
Value of New Business (VNB)	4.71	27.65	4.38
VNB margin	31.0%	32.0%	30.0%

₹ billion	Q1-FY2023	FY2023	Q1-FY2024
Premium growth (APE)	15.20	86.40	14.61
Protection growth (APE)	3.30	15.04	3.44
Persistency (13th month) <sup>1</sup>	85.5%	85.4%	86.4%
Persistency (49th month) <sup>1</sup>	63.3%	63.9%	64.7%
Productivity (Cost/TWRP: Savings) <sup>2</sup>	16.9%	14.2%	18.8%

# Financial metrics

₹ billion	Q1-FY2023	FY2023	Q1-FY2024
Profit after Tax	1.56	8.11	2.07
Solvency ratio	203.6% <sup>1</sup>	208.9% <sup>2</sup>	203.4% <sup>1</sup>
AUM	2,300.72 <sup>1</sup>	2,511.91 <sup>2</sup>	2,664.20 <sup>1</sup>

**Solvency ratio continues to be strong at 203.4%**

# Environmental, Social & Governance (ESG)





# ESG: Focus areas, framework & approach



Sustainability intrinsic to life insurance as we serve long term savings & protection needs

## 3 pillars of our sustainability framework



**Environmental**  
leaving the planet a better place for our next generation



**Social**  
giving back to society



**Governance**  
transparency in functioning

## Our focus areas



Human capital



Responsible investing



Governance & business ethics



Data privacy & security



Access to finance & CSR



Environment

## Our ESG framework



Board Sustainability & CSR Committee\*



Sustainability risk included in Board risk policy



Sustainability Steering Committee (dedicated ESG resource)

## ESG approach

- Conducting materiality assessment to evaluate ESG factors relevant for us
- Analysis of assessment by ESG research firms on each parameter
- Benchmarking of ESG disclosures by companies with good scores
- Engaging with investors and Prudential to understand their expectations
- Introduction of initiatives & disclosures based on gap analysis
- Improve disclosures and policies across Governance & Ethics, Human Capital, Data Privacy & Security, Access to Finance, Responsible Investing, Environment & CSR

# Focus area: Human capital



## Strengthening Capacity

1. Employee strength increased by 15% to capacitate for growth; 43% freshers hired
2. Invested in building skill depth in specialist roles
3. High quality leadership team<sup>1</sup>
  - 82% leadership stability
  - 96% leadership depth
  - 97% leadership cover



## Building Capability

1. Structured phygital learning programs: 1.3+ million learning hours
2. 12,000+ employees in sales and operations certified
3. Skill mapping and professional certifications for specialist roles
4. Structured management development programs for all levels of management



## Catalysing competitive advantage through Culture

1. Multiple employee communication & engagement initiatives to align employees to Vision & Values, Cornerstones & Strategic imperatives
2. Diversity & Inclusion (D&I):
  - D&I policy & framework instituted; Diversity Council formalised
  - Gender diversity: 29% in FY2023 from 27% in FY2022; 39% in non-sales roles
3. Focused interventions to promote physical, mental and financial well-being of employees
4. Robust grievance redressal framework; Human Rights policy formalised
5. Employee survey<sup>2</sup>: 90%+ score<sup>3</sup> on advocacy, alignment, mood, learning & growth opportunities
6. Differentiated rewards on performance & potential; robust succession planning

# Focus area: Responsible investing



Three pronged approach

Stewardship policy & process

Engaging with investee companies

Disclosing voting actions

ESG integration

Responsible Investing framework incorporated into Corporate Investment Policy

Subscribed to ESG ratings by an external service provider to assess investee companies on ESG

Became signatory to UN PRI<sup>1</sup>

ICICI Prudential Sustainable Equity Fund

Benchmarked against NSE 100 ESG Index



~47% of our AUM\*: Infrastructure/housing & Government bonds  
(₹ 363 billion & ₹ 821 billion respectively)

# Focus area: Governance & data privacy

## Governance structure



### Board composition

- >50% IDs including Chairman
- Committees > 50% IDs/ NEDs & chaired by IDs



### Board Diversity

- Policy on Board diversity & criteria on appointment of Directors
- Woman Independent Director
- BNRC now includes woman director



### Evaluation framework

- Evaluation framework for Directors, Chairman, the Board & its Committees

## Compensation framework



### Compensation Policy

- Based on meritocracy & fairness within the framework of prudent risk management



### Governance

- Compensation of WTDs approved by BNRC, Board, IRDAI & Members



### Alignment

- WTD compensation aligned to KPIs incl. financial & non-financial metrics along with risk parameters; capping & deferral of bonus; malus & clawback provisions

## Information/cyber security



### Data Privacy Policy

- Covering collection, usage, storage, retention, sharing only for specific purposes with consent & security related aspects



### Cyber Security Framework

- Information & Cyber Security Policy
- ISO 27001: ISMS certification

## Risk management



### Risk Management Policy

- Board, BRMC & ERC oversight
- Covers financial, operational, sustainability & reputational risk



### Mitigating risk

- Framework sets out limits & controls for risk exposure
- Risk-based internal audit framework
- ISO 22301: BCM certification

## Business ethics/compliances



### Policies

- Code of Conduct
- POSH
- ABC Policy
- AML Policy

- Compliance Policy
- Framework for Managing Conflicts of Interest
- Insider Trading Code
- Whistle Blower Policy

# Focus area: Access to finance, CSR and Environment



## Access to Finance

- 61.8 mn lives impacted by micro insurance products (77.2 mn lives total)
- 86.6%: One of the best persistency<sup>1</sup> ratios (13th month) in industry
- 24x7 service architecture; 92.5% self-help usage
- Highest claim amount settled for 8 consecutive years<sup>2</sup> with 1.21 days<sup>3</sup> average TAT in FY2023
- Providing financial safety net to society: 13,656 retail individual death claims settled & 232,617 group claims settled
- Insurance awareness campaigns, focusing on the need and importance of life insurance along with product suitability
- Ranked no. 1 in the industry wide Customer Experience NPS study by Hansa research
- Robust policy & framework for grievance redressal



## CSR

- ₹ 39.6 mn spent for CSR initiatives
- Over 831 underprivileged youth trained through skill development program through ICICI Academy for Skills
- 18 million consumers reached through consumer awareness & education program
- 265 underprivileged patients supported on Cancer and cardiac treatment
- Over 350 underprivileged children supported on improving health outcomes
- Over 1,000 employees participated in employee volunteering programs



## Environment

- Environment policy formulated, demonstrating Company's commitment to environmental protection and reduction of its carbon footprint
- Sustainability consultant onboarded for environment initiatives and SBTi<sup>4</sup> targets
- Scope-1, Scope-2 and partial Scope-3 carbon emissions calculated and vetted by external Sustainability consultant
  - TCF<sup>5</sup> at 12,704 tonnes in FY2023 compared to 16,957 in FY2022
- 99% of new business applications logged digitally
- 95% shareholders communicated digitally
- Green energy in some Mumbai offices; Application process initiated for green energy for other offices in Maharashtra

Figures for FY2023

<sup>1</sup>Computed as per IRDAI circular dated September 30, 2021;

<sup>2</sup>Individual death claims for private life insurance till FY2022

<sup>3</sup>Average turnaround time (TAT) for non-investigated claims from receipt of last requirement

<sup>4</sup>Science Based Targets initiative; <sup>5</sup>Total carbon footprint

# Innovation @ICICI Prulife



# Grounds-up and an outside-in approach to innovation

## Identifying opportunities



Employee ideas



External scanning



Customer feedback



Innovation partner program



## Converting ideas to impact



Driving projects to streamline processes, address immediate business challenges and explore new growth areas for business



# Building a culture of innovation by encouraging every employee to share ideas



**powerful ideas**  
infinite possibilities

A simple & accessible digital portal is available to employees across the organisation for sharing ideas



**Business challenges**  
to solve on-ground  
business challenges



**Brainstorming &  
co-creation workshops**  
with cross-functional teams



**Employee recognition**  
in internal and  
external forums

**More than 1,300 employees have actively participated and shared ideas**



These ideas are reviewed and prioritized through a structured process for implementation by cross-functional teams



# Technology @ICICI Prulife

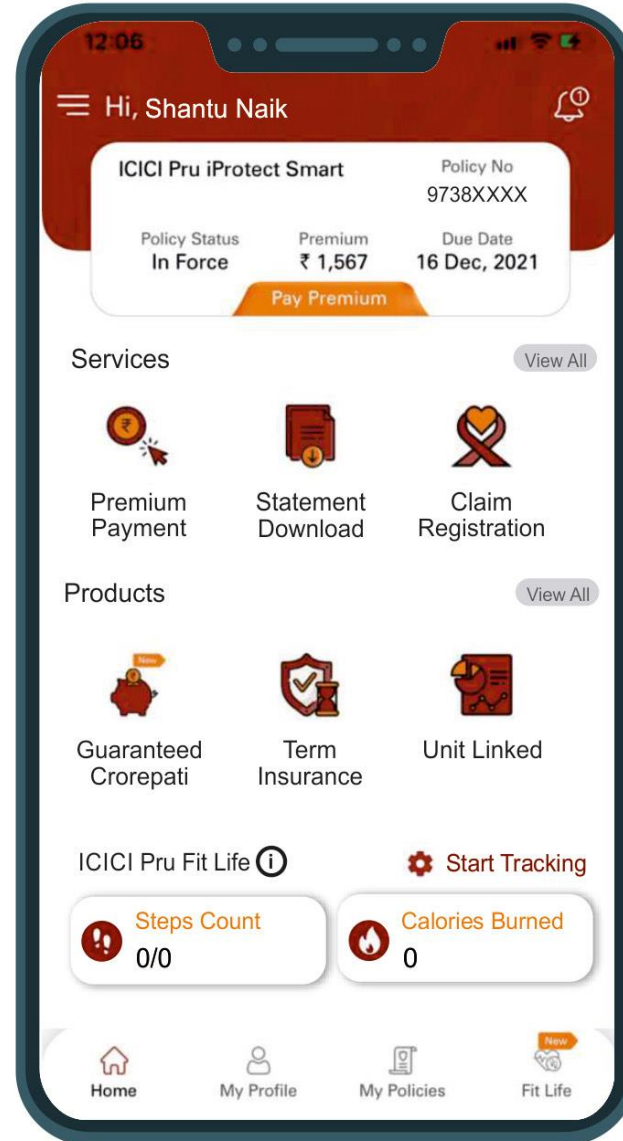
# Digital @ICICI Prulife

~3.1 million digital service interactions every month

1.7 million+ app downloads

One of the best rated app: 4.4 and 4.2 rating on app store & play store respectively

Access to over 45 types of policy transactions



99% digital logins and 100% e-insurance account for eligible base

92.5% service interactions are via self-help / digital modes


98% of pages having a system uptime of 99% & above

Fitness tracker & free health webinars from leading brands

# New business & growth

## Pre-sales

### Collaboration platform

Online meetings, joint sales calls, invite experts, share content 

### 24x7 cognitive bots

24x7 query resolution using chat bots viz. Chat Buddy, PSF Guru, Tara

### Lead Management System

Enhanced with voice capability and geographical tagging 

### Learner's Box and MyCoach

On-the-go e-learning modules with AI capabilities to improve pitch


### Demand generation

Digital platform to generate interest, qualify leads with nurture framework and funnel management

## Onboarding & issuance

**InstaPlan** - A pre-sales tool to create a customized solution for the customer by combining multiple products on the go

### Digital journey

- ❖ End to end digital onboarding
- ❖ Form pre-fill with OCR of KYC document
- ❖ 3-click PASA onboarding
- ❖ Term by invite – pre approved offers
- ❖ Smart doc upload with instant OCR 
- ❖ E-Quote app
- ❖ Video risk verification
- ❖ Tele & video underwriting


### Leveraging eco system

- ❖ Partner and third party data for pre-population and process de-congestion
- ❖ Account aggregator integration to get income details for financial underwriting

## Partner integration

- ❖ Partner integration portal
- ❖ Easy UI – Pre-coded premium quotation pages
- ❖ Data pre population
- ❖ No KYC document, digital payment with SI and digital consent

### Video based Pre -issuance verification on WhatsApp

- ❖ Instant certificate of issuance
- ❖ Instant refund into customer account, in case of cancellation 
- ❖ Video verification and CKYC as a service enabled for partners
- ❖ End-to-end digital journey for group partners

**Group portal** - An end to end automated process for on-boarding group customers

# Customer service



## Empowering customers

### Self service

- ❖ ~3.1 mn digital service interactions monthly
- ❖ 92.5% service interactions are via self-help / digital modes



### Renewals

- ❖ **Flexible premium payment options** including multiple UPI
- ❖ **Humanoid** - Two way conversational AI bot with speech recognition capability deployed in customer calls for renewal premium collection; provides superior customer experience and scalability



**e-Insurance account** facility provided to 4 mn+ policyholders to access their insurance policy details

**Quick claim assistance** through digital claim registration process, real time tracking through chatbot/WhatsApp, and AI-based pre-claim assessment, and claim processing



## Omni channel

### Mobile application

- ❖ 1.7 mn+ app downloads with best app rating among the peers



### 24x7 chat/voice assistants

- ❖ LiGo chat bot; WhatsApp bot; E-mail bot



### IVR

- ❖ Visual, intuitive and traditional IVRs cater to 64% of eligible customer, thus improving productivity

### Digital Life Verification for Individual Annuity Customer



# Digital experience



## Personalization

### Hyper personalization

Personalised messages to handhold customers throughout journey

### Segmented targeting

Reaching the customer by mapping their interests/affinities



### Interactive banners

Banners with built-in calculators for instant and customised quotes



### Search engine optimization –

Use of Machine Learning (ML) to rank ICICI Pru higher on search engines



## Actionable insights

**Nudge engine/ Actionable insights** - Data analytics-based system which suggests the best suited action to achieve the next goal



**Smart solutions** – Pre-approved personalized best offers for instant issuance and persistency backed by data

**Modular data integration approach to meet partner requirements**



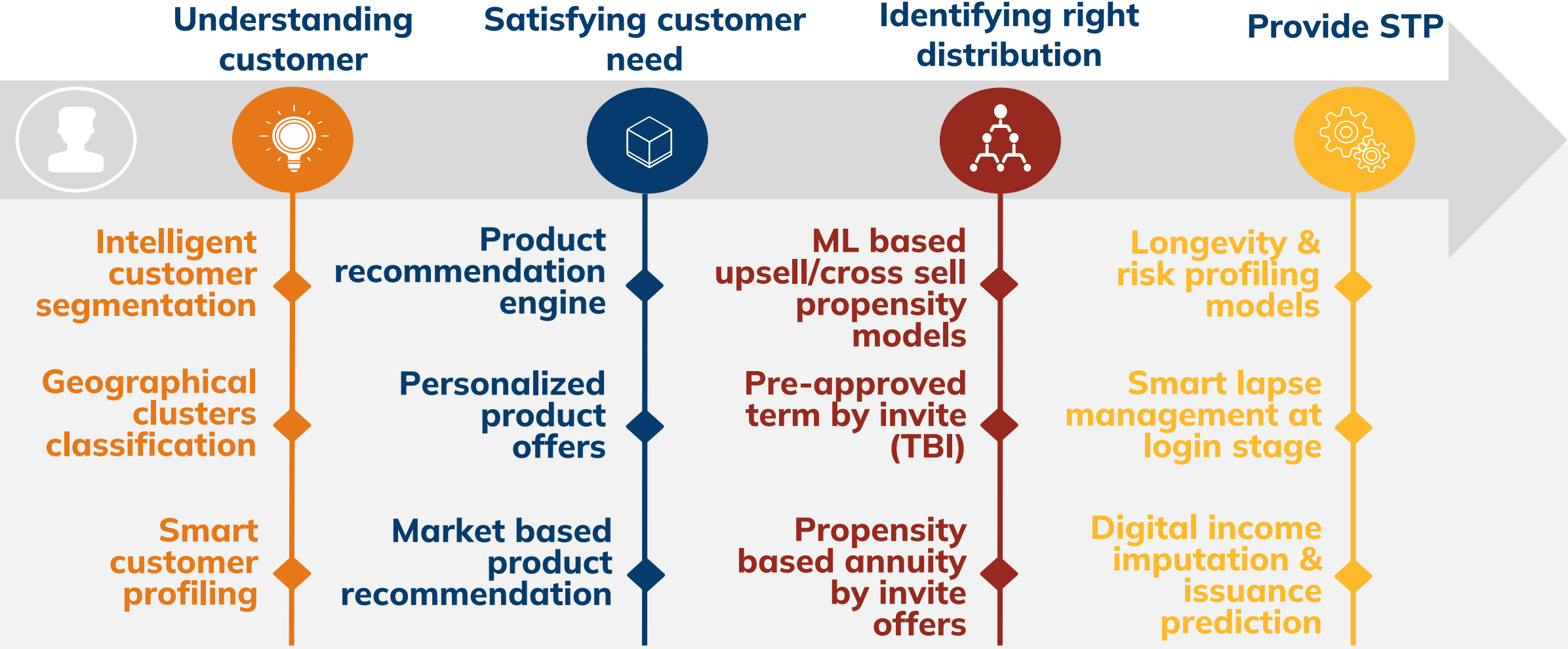
**Use of AI & ML to analyze structured & unstructured data**

**Cognitive automation** – End-to-end process automation using intelligent and cognitive automation tools

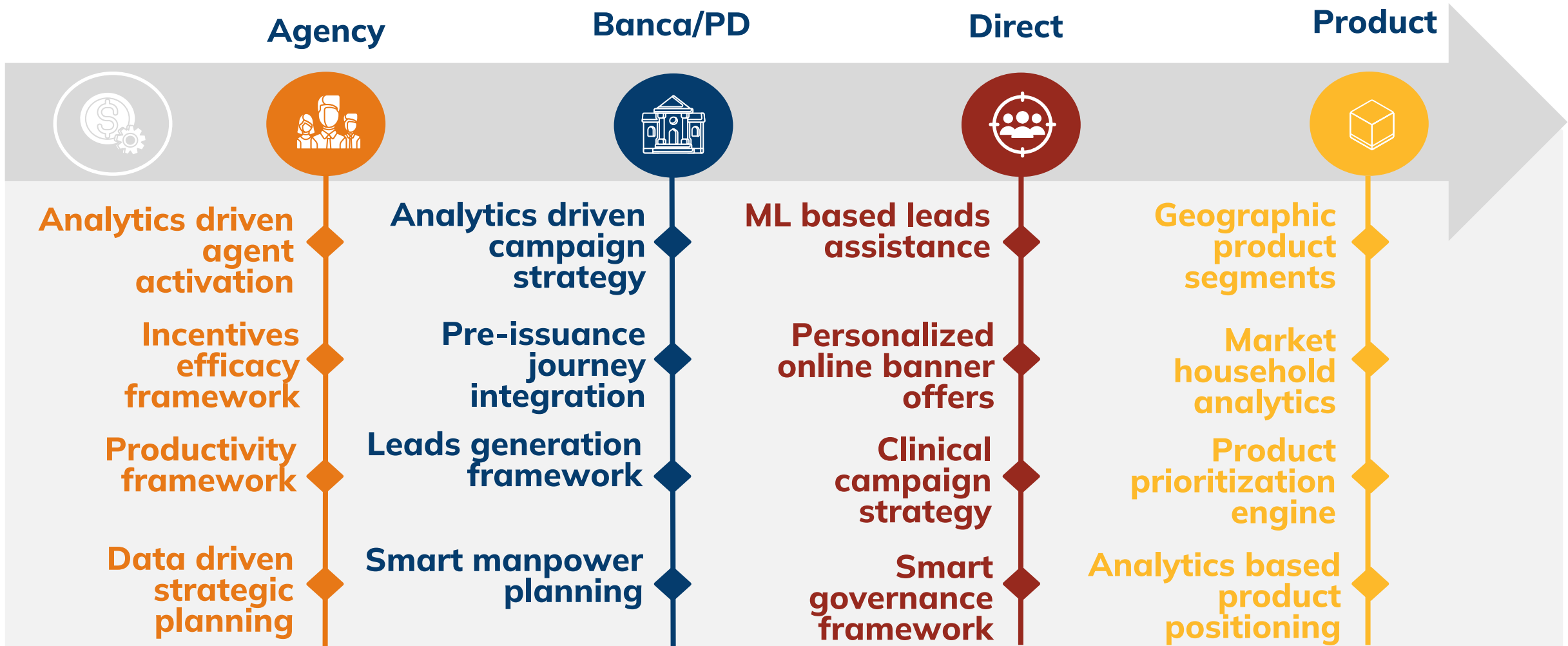
# Data science & analytics @ICICI Prulife



# Customer centric analytics powering new business



# Analytics engine powering: Business & Product



# Awards

# Awards & Accolades: Q1-FY2024

ASSOCHAM Award



For Team BIU (Business Intelligence Unit) of ICICI Prudential Life Insurance

Customer FEST Awards 2023



Best Use of Mobile to Enhance Customer Experience

Customer FEST Awards 2023



Best Data/Analytics Team of the Year

Customer FEST Awards 2023



Best Data Enablement Campaign in a Loyalty Programme

Customer FEST Awards 2023



Best Use of Data & Insights in a Transformation Project

Reputation Today Awards



Top 30 Top Corporate Communication Teams for 2023



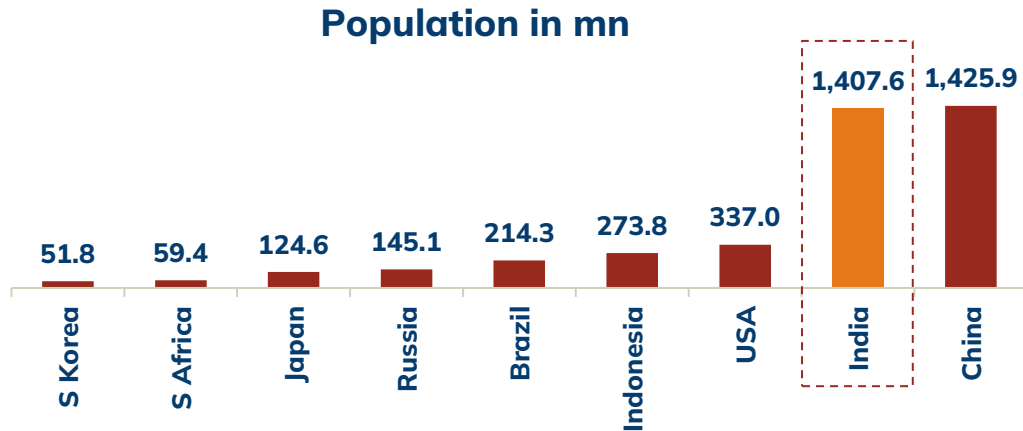
# Agenda

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

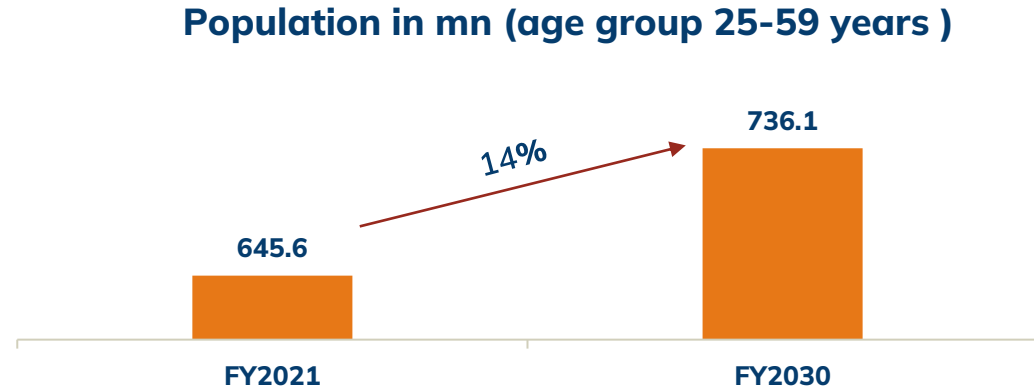


# Favorable demography

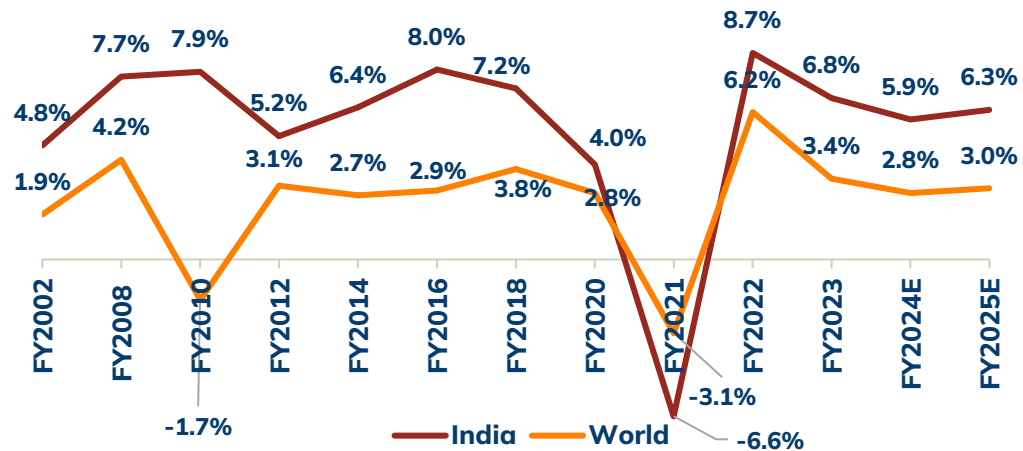
## Large & growing population base<sup>1</sup>



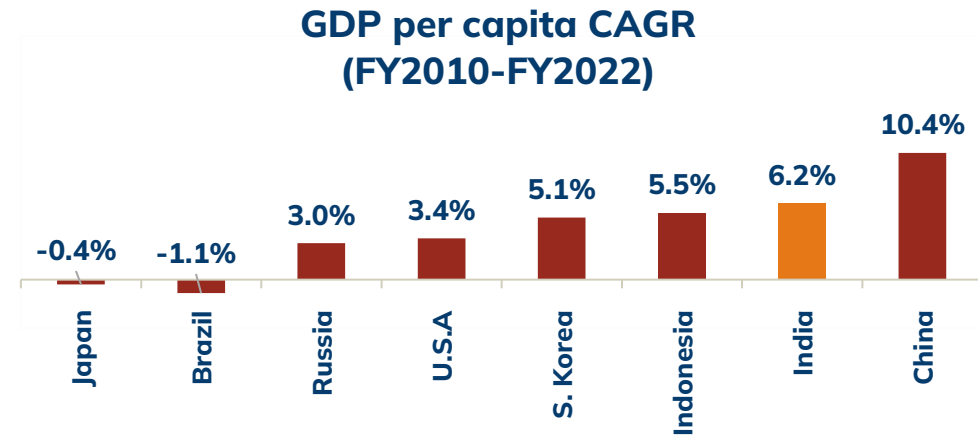
## High share of working population<sup>1</sup>



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



## Rising affluence<sup>3</sup>



<sup>1</sup>Source: UN population division at July 2022

<sup>2</sup>Source: WEO update, April 2023

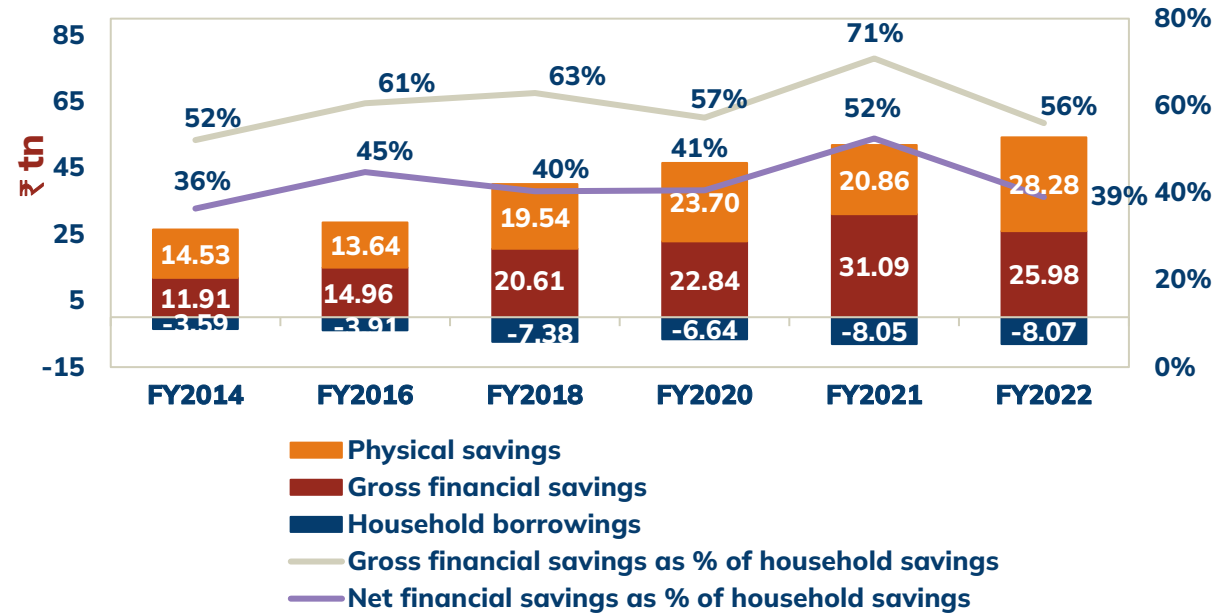
<sup>3</sup>Source: The World Bank

Compound annual growth rate (CAGR)

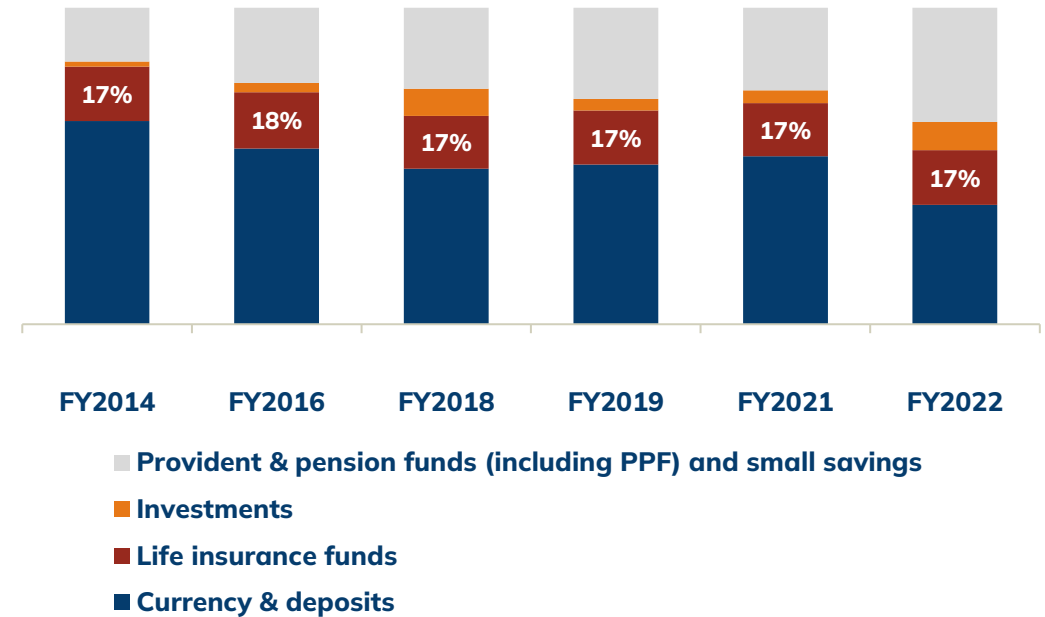
Gross domestic product (GDP)

# Financialisation of savings: Opportunity for insurance

## Household savings<sup>1</sup>



## Distribution of financial savings (including currency)<sup>2</sup>



FY2002    FY2008    FY2010    FY2012    FY2014    FY2018    FY2019    FY2020    FY2021    FY2022

Life insurance premium<sup>3</sup> as % of GDP

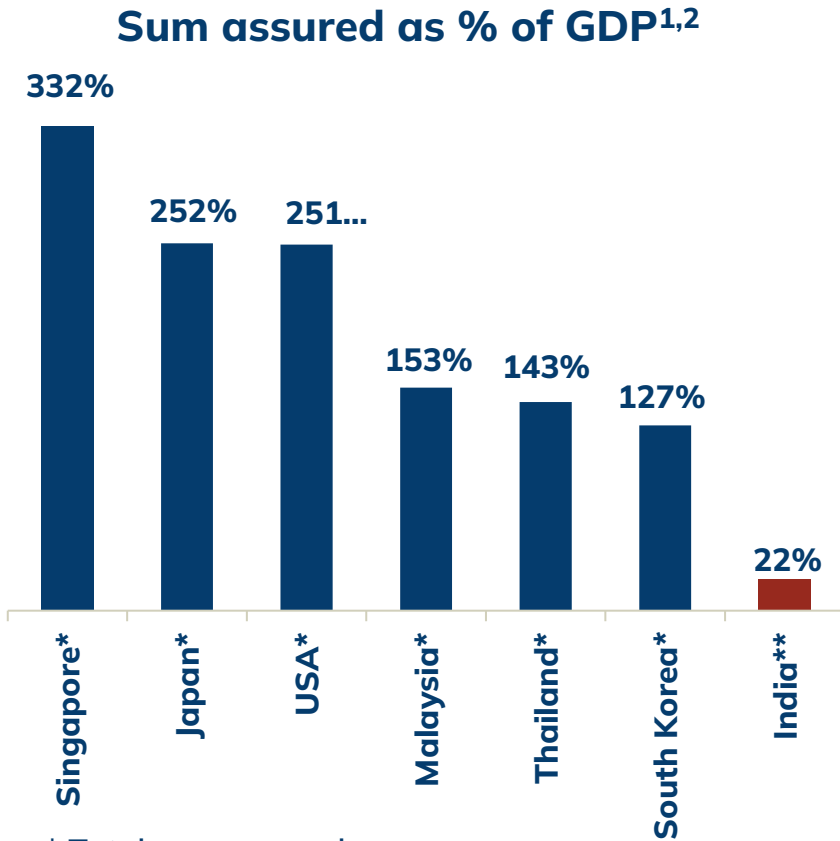
2.1%    4.0%    4.1%    3.3%    2.8%    2.7%    2.7%    2.8%    3.2%    2.9%

<sup>1</sup>Source: RBI & CSO

<sup>2</sup>Source: RBI

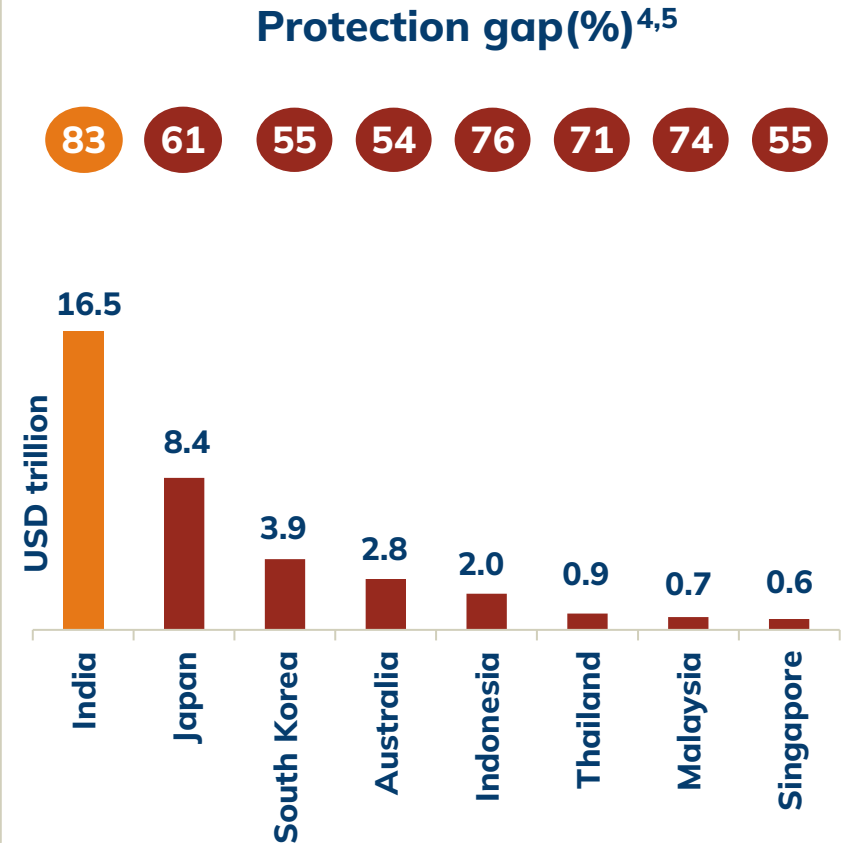
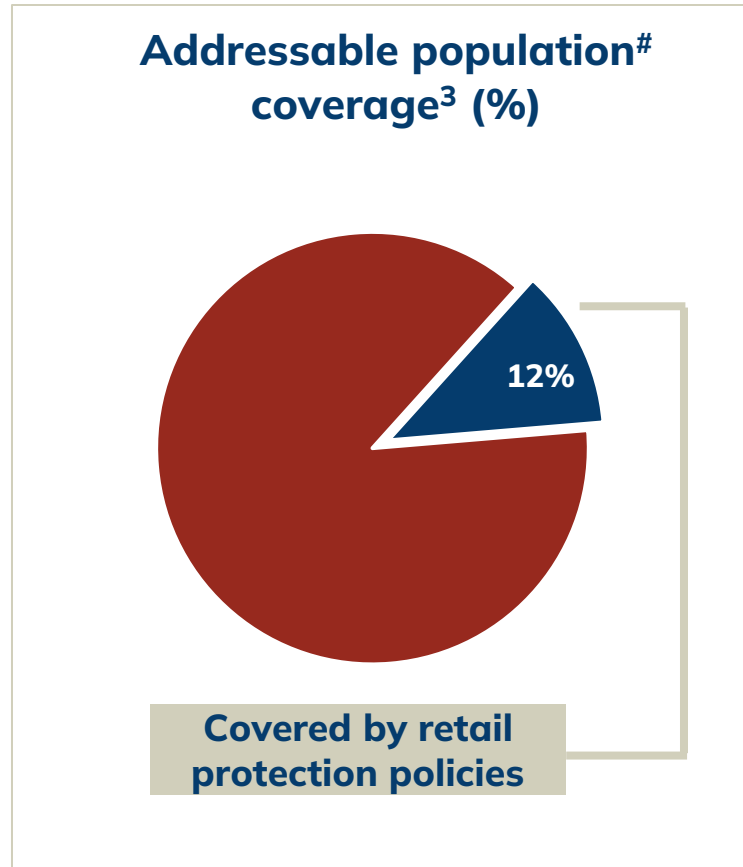
<sup>3</sup>Total life insurance industry premium including renewal; Source: IRDAI

# Protection opportunity: Low penetration



\* Total sum assured

\*\* Retail protection sum assured (company estimates)



<sup>1</sup>FY2022 for India, GDP Source: National statistics office

<sup>2</sup>FY2020 for USA & FY2018 for Japan; Source: McKinsey estimates

<sup>3</sup>Inforce no. of lives for retail protection/no. of returns with income > ₹ 0.25 mn

<sup>4</sup>Protection gap (%): Ratio of protection lacking/protection needed

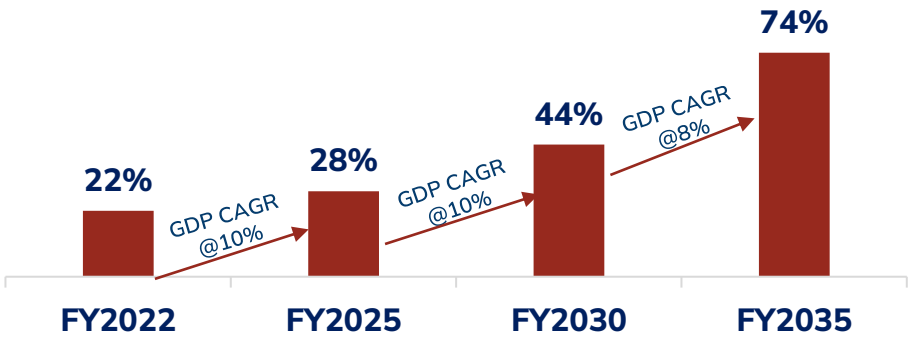
<sup>5</sup>Source: Swiss Re, Closing Asia's mortality protection gap, 2020

<sup>#</sup>Income tax department data with individual income > ₹ 0.25 mn & company estimates

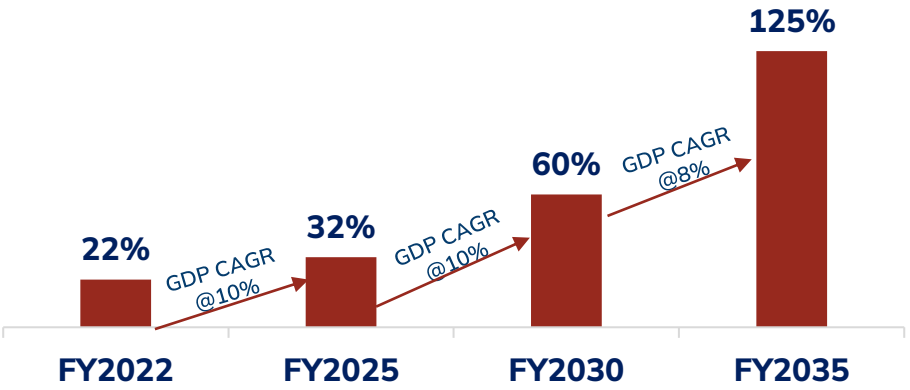


# Protection opportunity: Sum assured (SA) as % of GDP

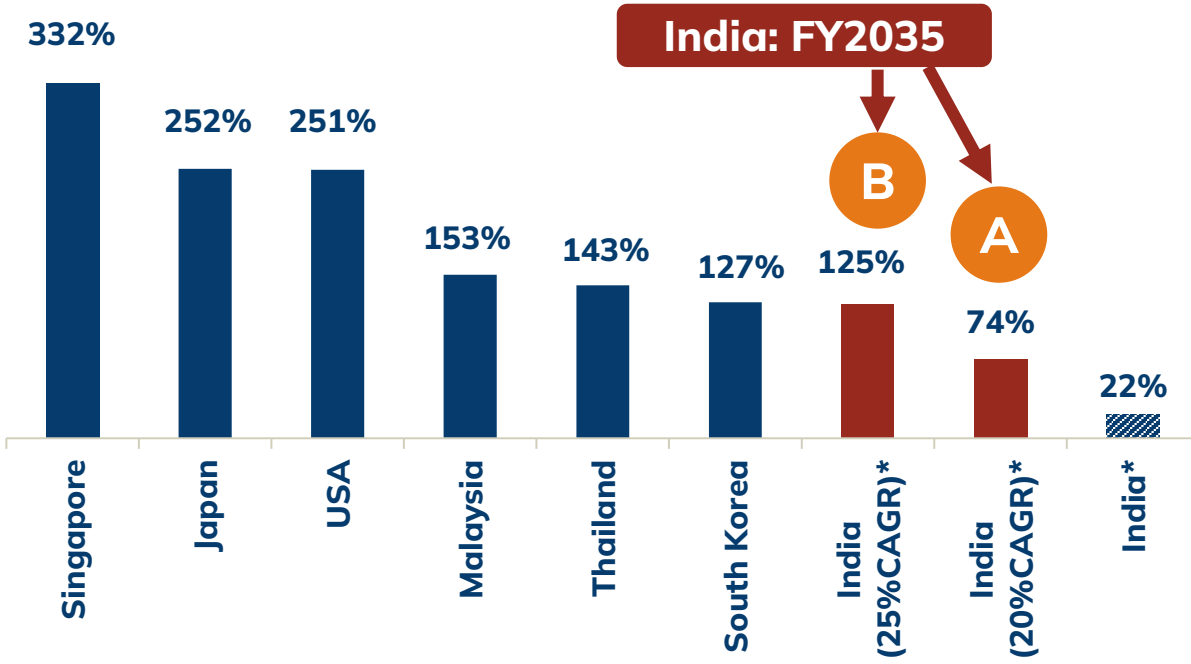
**A** SA as % of GDP (SA growth @ 20% CAGR)



**B** SA as % of GDP (SA growth @ 25% CAGR)



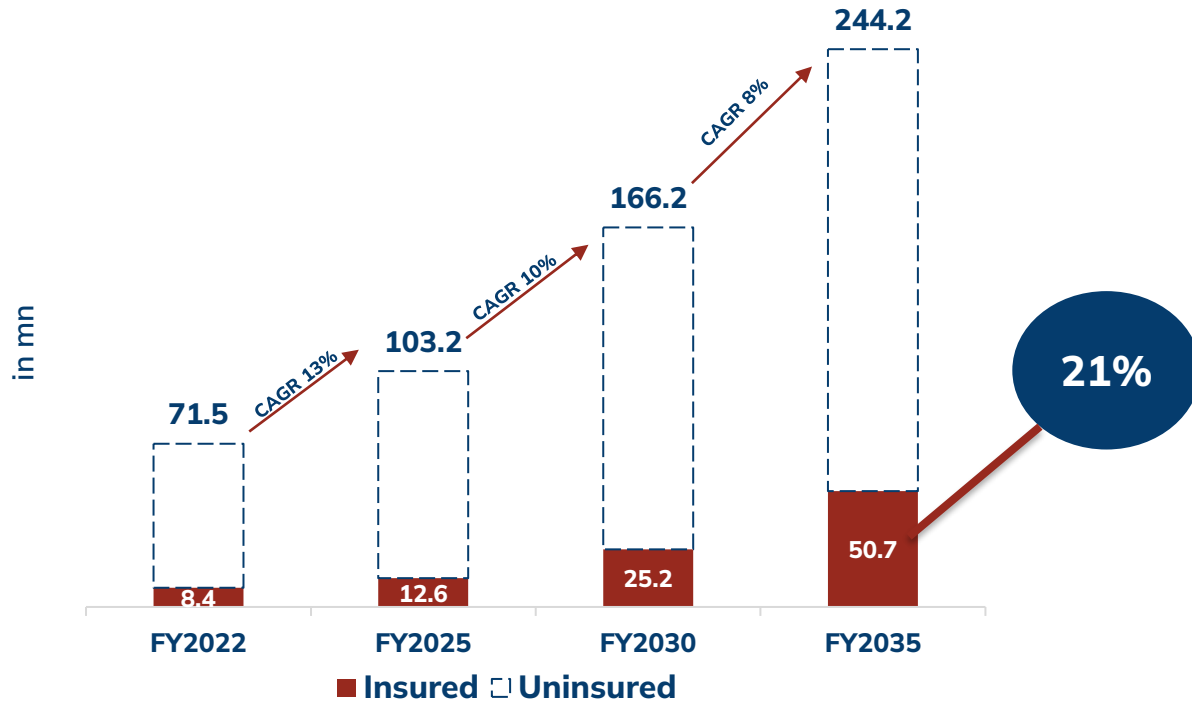
**SA as % of GDP<sup>1,2</sup>**



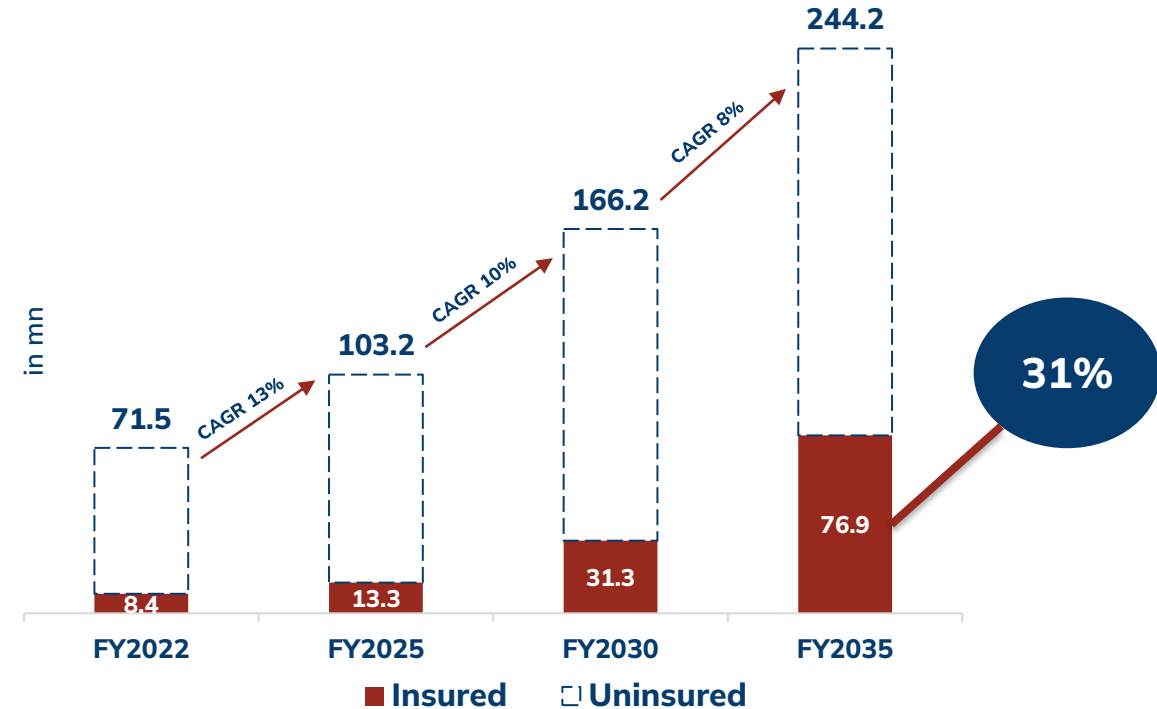
<sup>1</sup>FY2022 for India; GDP source: National statistics office  
<sup>2</sup>FY2020 for USA & FY2018 for Japan; Source: McKinsey estimates  
 \*For retail protection sum assured (company estimates)

# Protection opportunity: Addressable population (%)

15% CAGR in new policy count<sup>1</sup>



20% CAGR in new policy count<sup>1</sup>



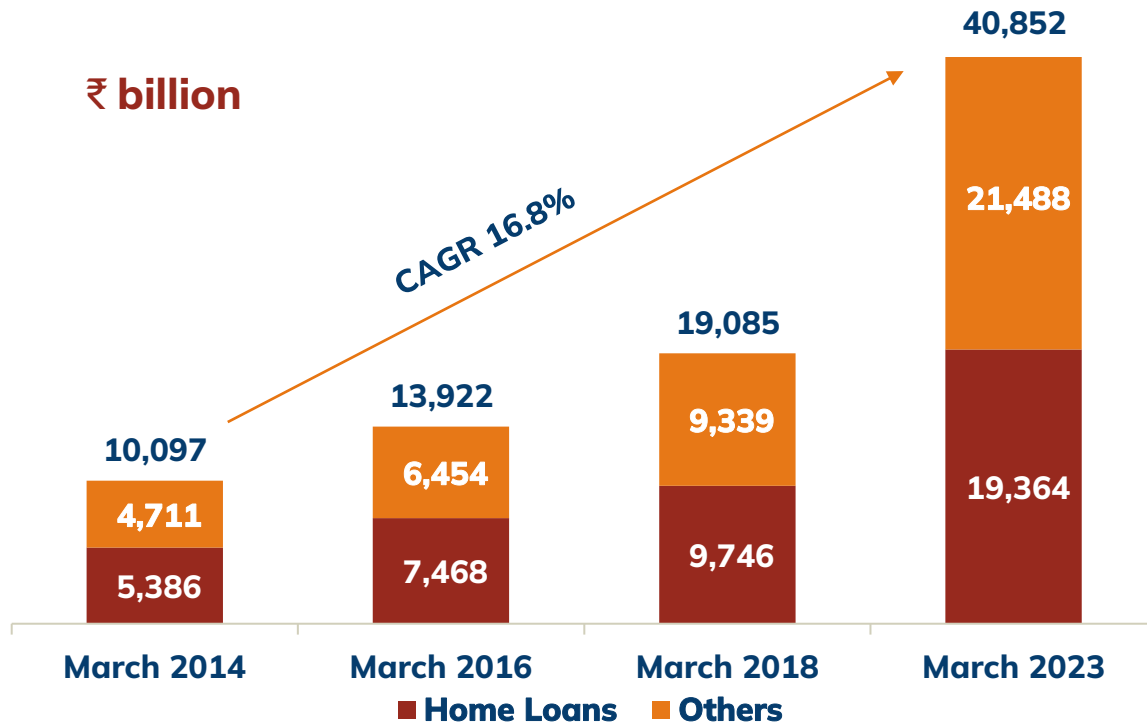
~30% of India's addressable population expected to be covered by FY2035<sup>2</sup>

<sup>1</sup>Assumed 10% lapse rate for in-force policies each year

<sup>2</sup>Estimates at accelerated policy growth rates of 20% CAGR  
Compound annual growth rate (CAGR)

# Indicators of protection opportunity

## Retail credit<sup>1</sup>



- Healthy growth in retail credit
- Credit life is voluntary

## Health & motor<sup>2</sup>

Gross direct premium (₹ billion)	FY2023
<b>Health</b>	<b>906.68</b>
<b>Motor</b>	<b>812.92</b>
Motor own damage (OD)	317.84
Motor third party (TP)	495.08

<sup>1</sup>Source: RBI: Deployment of Gross Bank Credit by Major Sector

<sup>2</sup>Source: General Insurance Council

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

# Agenda

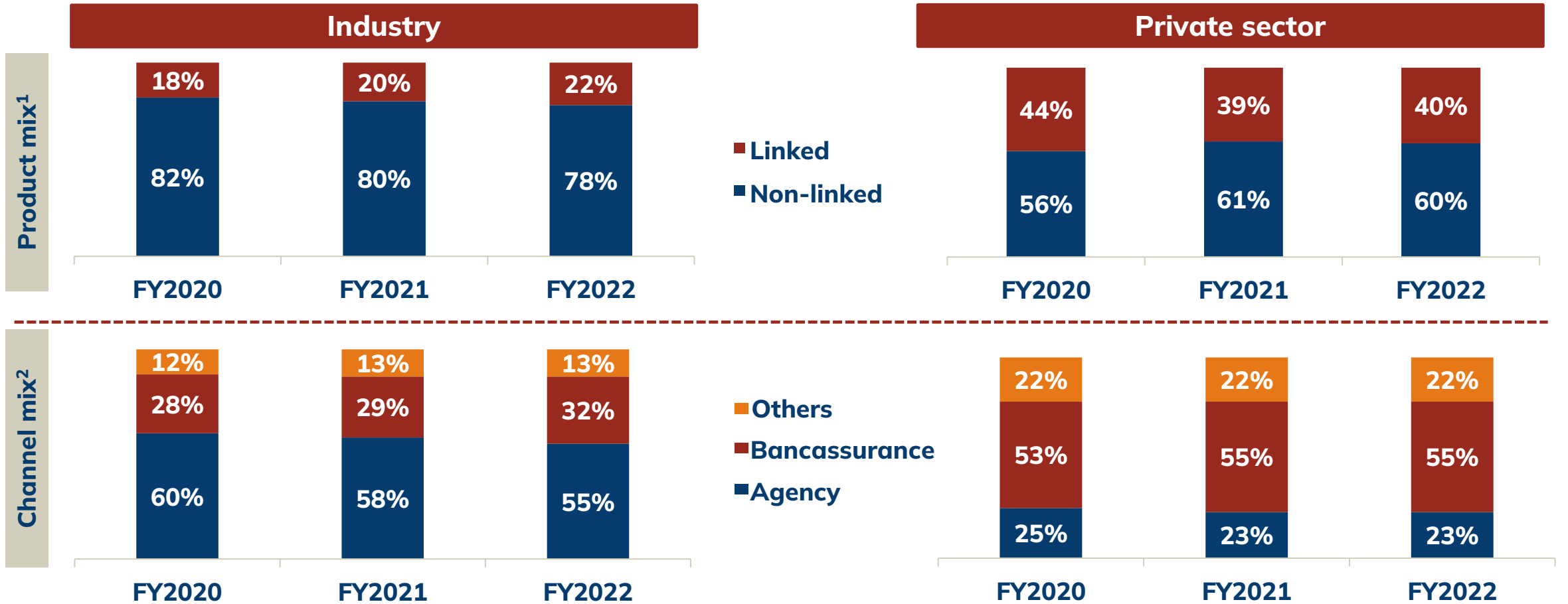
- Company strategy and performance
- Opportunity
- Industry overview



# Evolution of life insurance industry in India

	FY2002	FY2010	FY2015	FY2022
New business premium <sup>1</sup> (₹ bn)	116	550	408	876
		21.5%	(5.8%)	11.5%
Total premium (₹ bn)	501	2,654	3,281	6,917
		23.2%	4.3%	11.2%
Penetration (as % to GDP)	2.1%	4.1%	2.6%	2.9%
Assets under management (₹ tn)	2.3	12.9	23.4	52.5
		24.0%	12.6%	12.3%
In-force sum assured <sup>2</sup> (₹ tn)	11.8*	37.5	78.1	205.5
		15.5%	15.8%	14.8%
In-force sum assured (as % to GDP)	50.1%	57.9%	62.7%	86.8%

# Industry overview



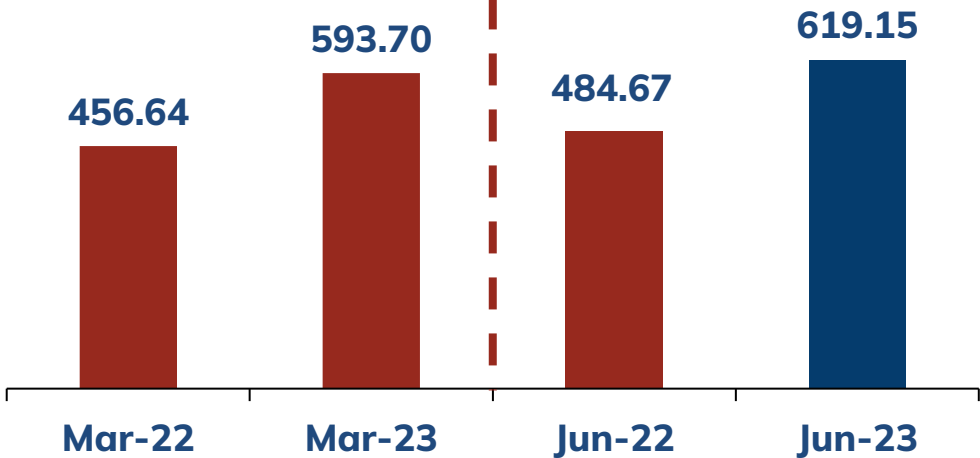
Well developed banking sector enables bancassurance to be largest channel for private players

# Annexures

# Retirement focus: ICICI Pru PFM opportunity

## Total subscribers

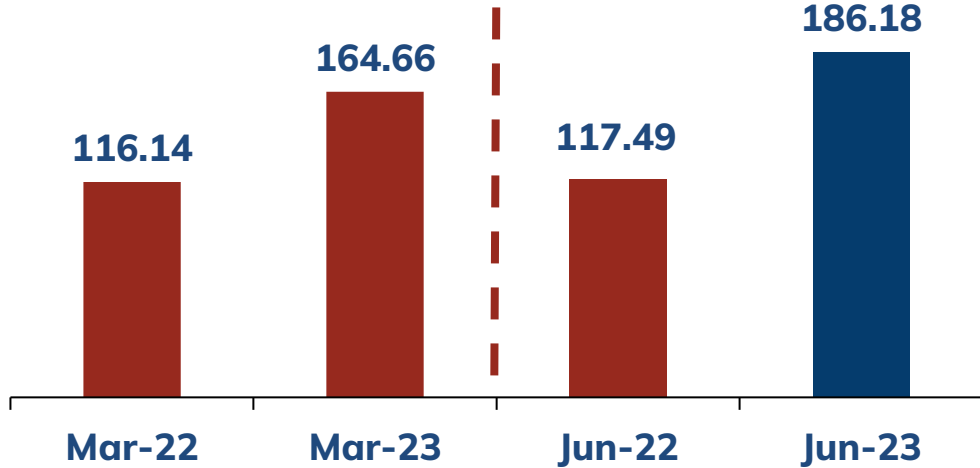
in '000



Subscribers grew by 28% over June 2022

## Assets under management (AUM)

₹ billion



AUM grew by 58% over June 2022

Significant focus on driving synergy between ICICI Pru Life & ICICI Pru PFM



PFM: Pension Fund Manager



# Interest rate risk management

## Guaranteed return savings product

- Combination of cash instruments & derivatives used to lock in yields for future premiums
- Underlying bonds for derivatives selected based on tenure of liability

## Retail protection business

- Asset liability duration matching using derivatives

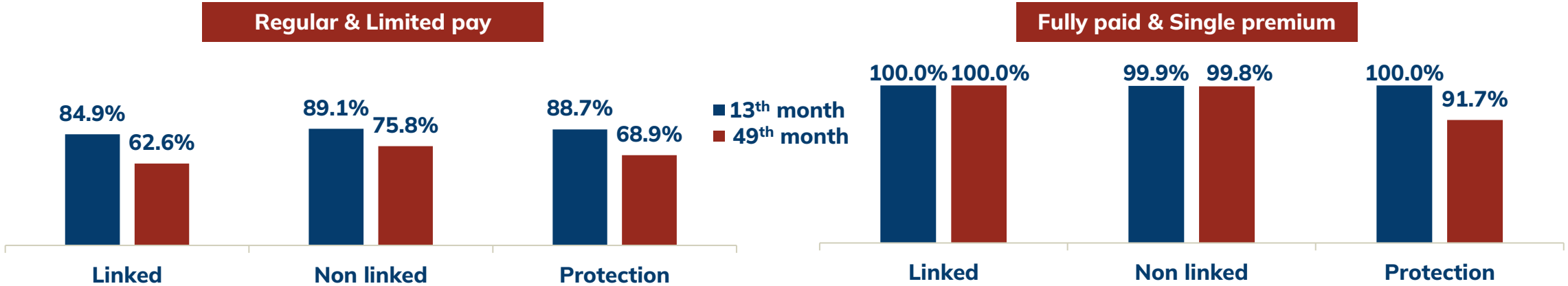
## Annuity products

- Duration matching & cash flow matching
- Derivatives undertaken to lock in yields for future premiums & match asset liability durations

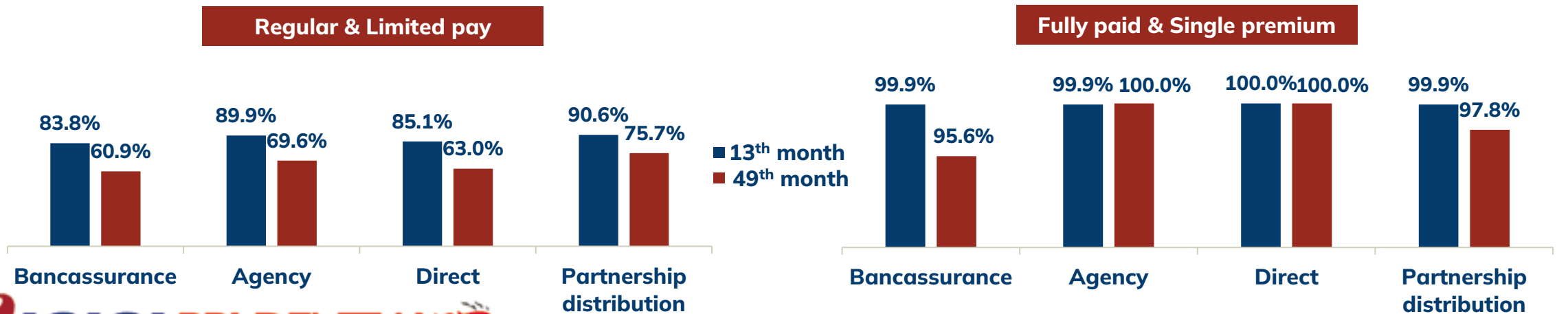
Review of pricing based on current interest rate environment

# Retail persistency: FY2023

## Persistency<sup>1</sup> across product categories



## Persistency<sup>1</sup> across channel categories



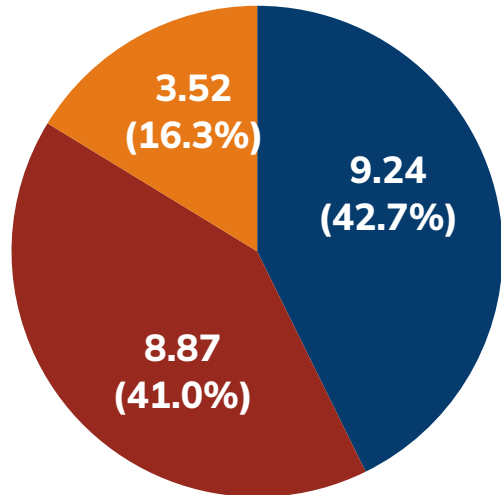
<sup>1</sup>Persistency in accordance with IRDAI circular on 'Public Disclosures by Insurers' dated September 30, 2021

# Value of New Business (VNB)

## VNB contribution\*

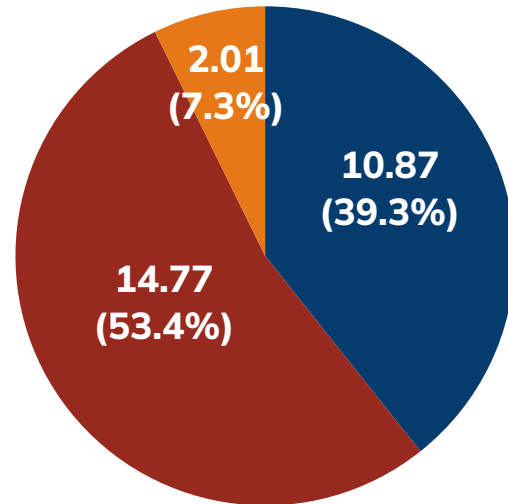
FY2022

21.63



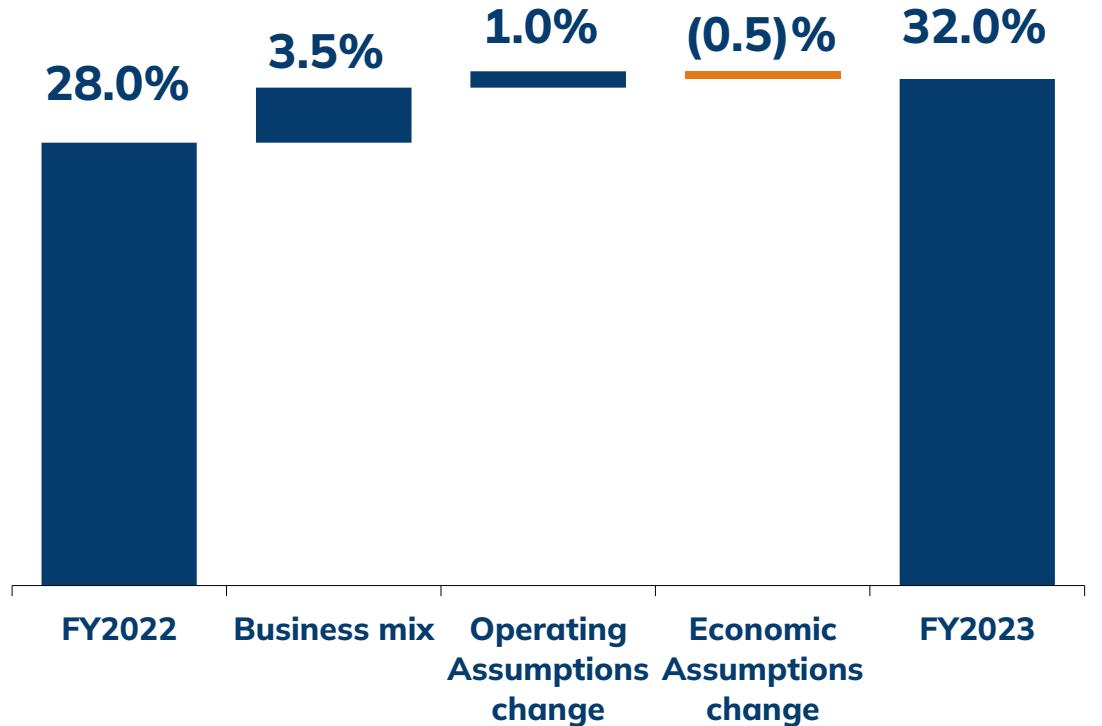
FY2023

27.65



■ Protection ■ Savings: Non-linked ■ Savings: Linked

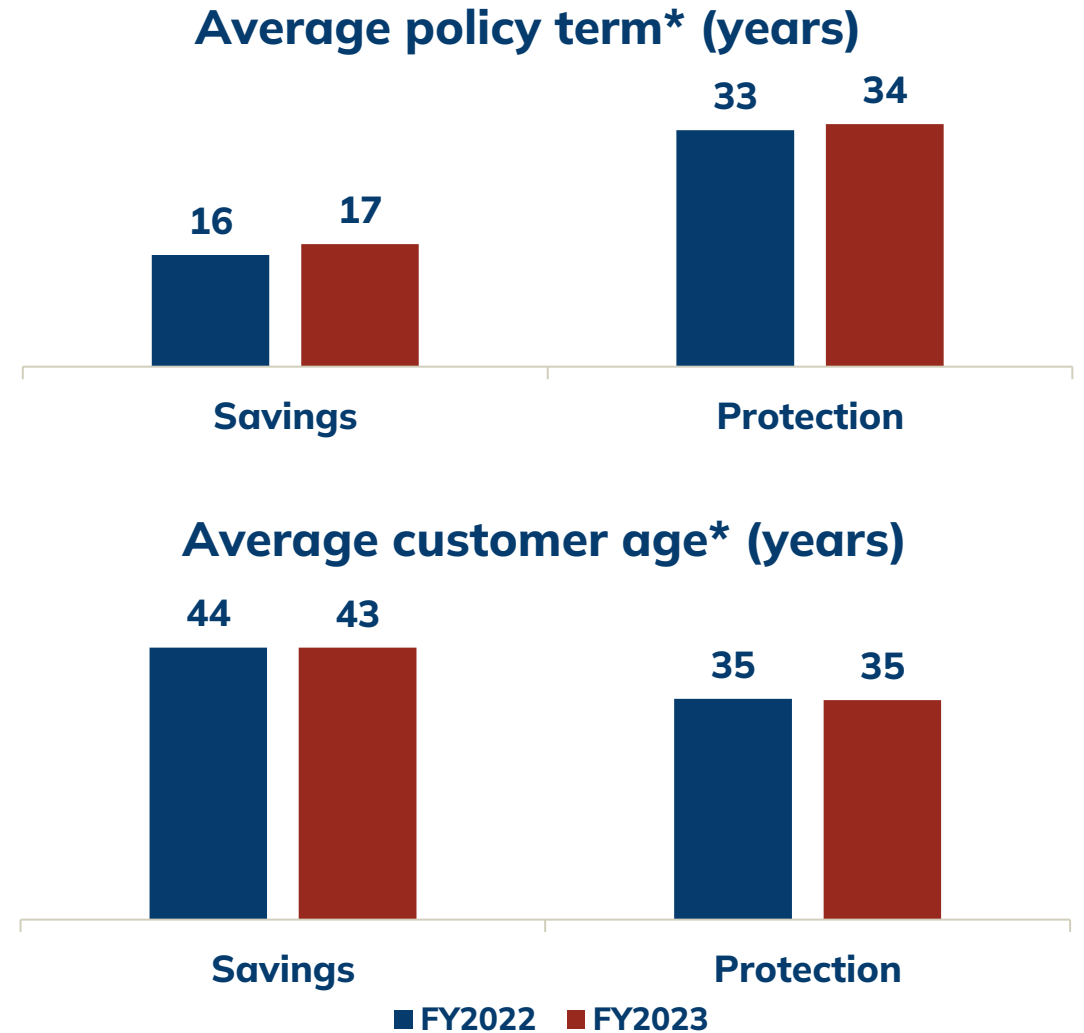
## VNB margin movement



Well diversified pools of profit

# Average APE by product categories

Segment (₹)	FY2022	FY2023
ULIP	163,770	177,057
Non-linked savings	94,925	119,748
Protection	22,608	23,086
<b>Total</b>	<b>100,407</b>	<b>118,928</b>



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

Channel category	Product category	FY2021	FY2022	FY2023
Bancassurance	ULIP	73.3%	70.7%	57.0%
	Non-linked savings	11.6%	19.2%	31.7%
	Annuity	4.3%	4.9%	7.3%
	Protection	10.9%	5.2%	4.0%
	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Agency	ULIP	33.3%	42.6%	35.6%
	Non-linked savings	57.0%	48.8%	55.4%
	Annuity	2.1%	3.9%	6.4%
	Protection	7.7%	4.7%	2.6%
	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Direct	ULIP	61.4%	73.4%	69.0%
	Non-linked savings	21.2%	13.6%	17.4%
	Annuity	7.8%	6.6%	8.4%
	Protection	9.6%	6.4%	5.3%
	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Partnership distribution	ULIP	13.1%	13.7%	8.8%
	Non-linked savings	70.5%	71.8%	75.8%
	Annuity	2.9%	2.1%	6.7%
	Protection	13.5%	12.4%	8.5%
	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

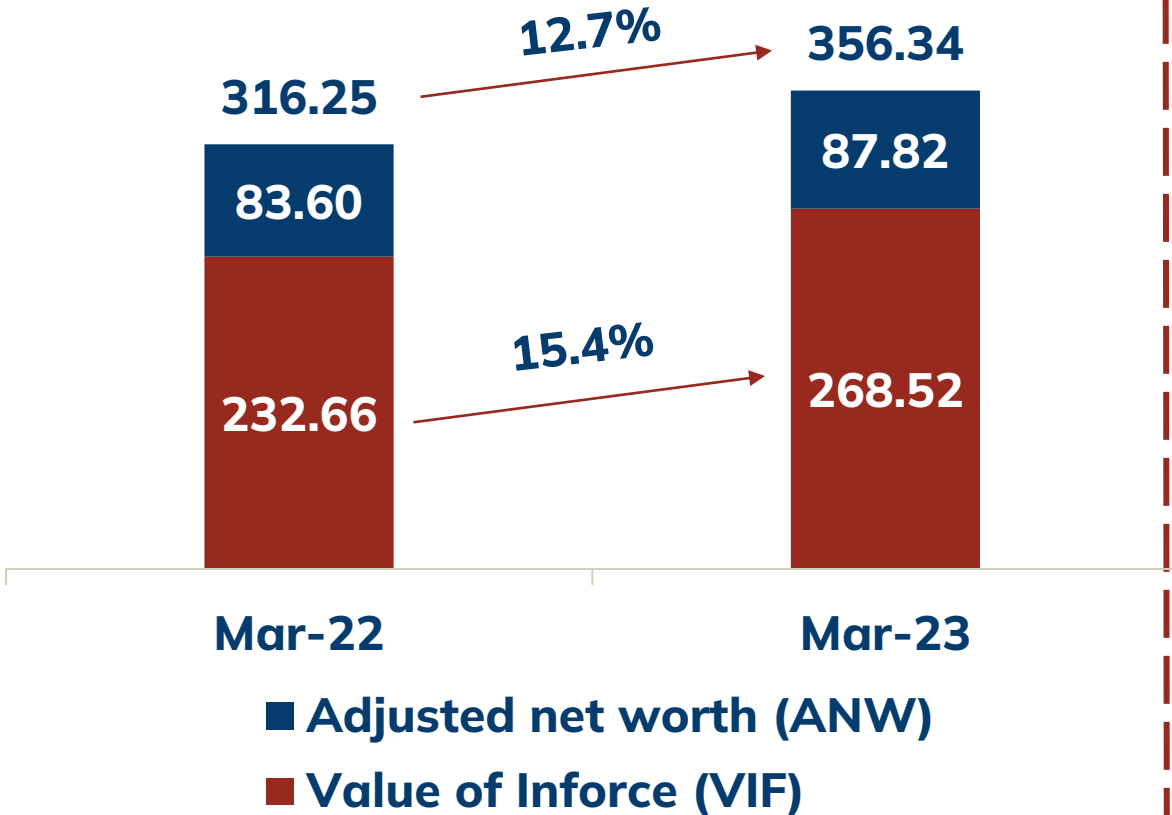
# Product wise channel mix<sup>1</sup>

Product category	Channel category	FY2021	FY2022	FY2023
ULIP	Bancassurance	64.9%	57.0%	46.6%
	Agency	16.6%	20.8%	26.1%
	Direct	16.1%	19.6%	23.7%
	Partnership distribution	2.5%	2.6%	3.6%
	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Non-linked savings	Bancassurance	17.8%	27.3%	25.0%
	Agency	49.3%	42.1%	39.1%
	Direct	9.7%	6.4%	5.7%
	Partnership distribution	23.3%	24.1%	30.1%
	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Annuity	Bancassurance	51.1%	49.1%	36.5%
	Agency	14.0%	23.8%	28.8%
	Direct	27.5%	22.0%	17.6%
	Partnership distribution	7.4%	5.1%	17.0%
	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Protection	Bancassurance	51.9%	39.6%	31.0%
	Agency	20.6%	21.7%	18.4%
	Direct	13.6%	16.2%	17.2%
	Partnership distribution	13.8%	22.5%	33.4%
	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

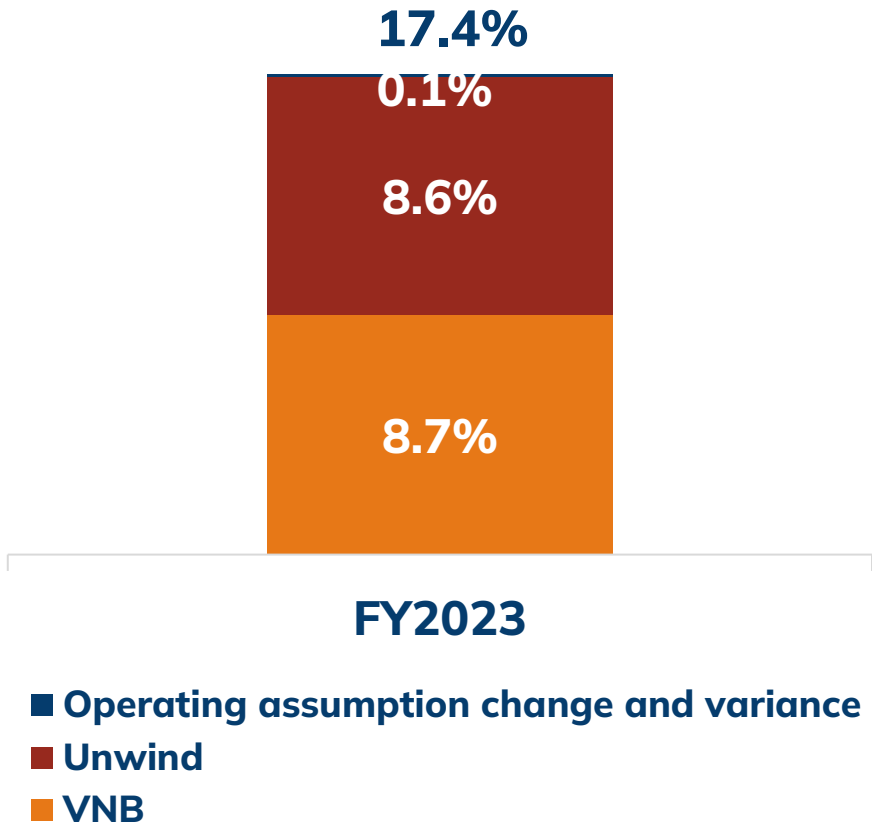
# Embedded value

# EV & ROEV composition

## EV composition



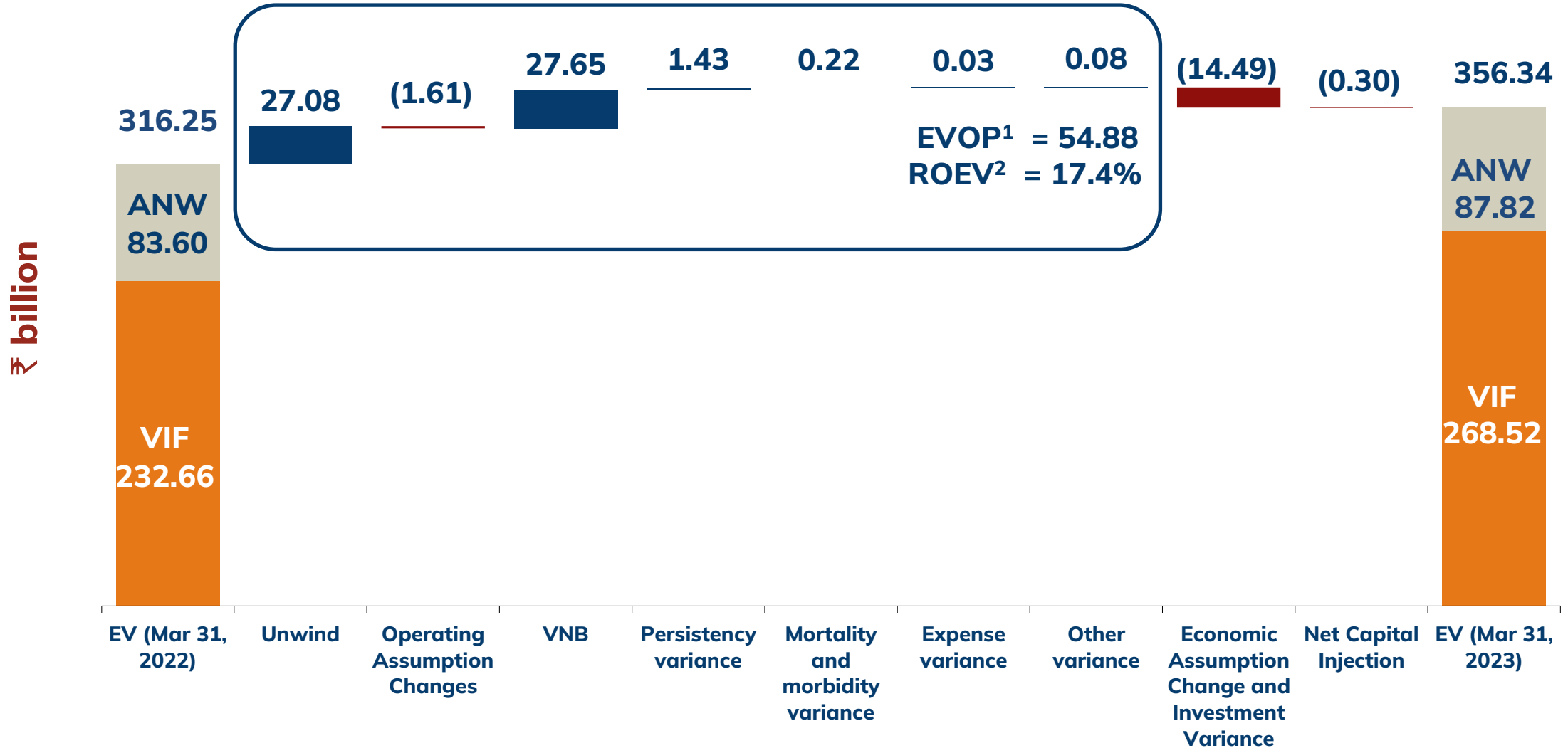
## ROEV composition



EV: Embedded value  
 ROEV: Return on embedded value



# Analysis of movement in EV



<sup>1</sup> EVOP is the embedded value operating profit net of tax

<sup>2</sup> ROEV is the return on embedded value net of tax

EV results prepared as per APS 10 and reviewed by Milliman Advisors LLP

ANW: Adjusted new worth; VIF: Value of inforce; EV: Embedded value; VNB; Value of new business

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

₹ billion	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Opening EV</b>	<b>187.88</b>	<b>216.23</b>	<b>230.30</b>	<b>291.06</b>	<b>316.25</b>
Unwind	15.84	17.25	16.61	20.85	27.08
Value of New Business (VNB)	13.28	16.05	16.21	21.63	27.65
Operating assumption changes + Operating variance	8.89	(0.42)	2.24	(10.56)	0.15
Operating assumption changes	4.20	(2.25) <sup>2</sup>	3.09	(0.91)	(1.61)
Operating variance	4.69	1.83	(0.85)	(9.64)	1.76
Persistency variance	2.66	0.85	1.10	1.51	1.43
Mortality and morbidity variance	1.97	0.42	(2.37) <sup>3</sup>	(11.87) <sup>3</sup>	0.22
Expense variance	0.04	0.01	0.01	0.07	0.03
Other variance	0.02	0.56	0.41	0.64	0.08
<b>EVOP</b>	<b>38.01</b>	<b>32.88</b>	<b>35.05</b>	<b>31.92</b>	<b>54.88</b>
<b>Return on embedded value (ROEV)</b>	<b>20.2%</b>	<b>15.2%</b>	<b>15.2%</b>	<b>11.0%</b>	<b>17.4%</b>
Economic assumption change and investment variance	(1.22)	(14.76)	25.67	(4.37)	(14.49)
Net capital injection	(8.43)	(4.05)	0.04	(2.36)	(0.30)
<b>Closing EV</b>	<b>216.23</b>	<b>230.30</b>	<b>291.06</b>	<b>316.25</b>	<b>356.34</b>

<sup>1</sup>As per Indian Embedded Value (IEV) method

<sup>2</sup>Negative impact of ₹ 5.49 billion due to change in effective tax rate

<sup>3</sup>Mortality variance includes the negative impact of COVID claims

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

# Sensitivity analysis

Scenario	% change in VNB		% change in EV	
	FY2022	FY2023	FY2022	FY2023
Increase in 100 bps in the reference rates	(3.5)	(4.2)	(4.2)	(3.5)
Decrease in 100 bps in the reference rates	3.2	4.8	4.6	3.7
10% increase in the discontinuance rates	(4.9)	(3.4)	(1.0)	(0.5)
10% decrease in the discontinuance rates	5.3	3.6	1.0	0.6
10% increase in mortality/morbidity rates	(8.3)	(10.0)	(1.9)	(1.9)
10% decrease in mortality/morbidity rates	8.4	10.1	1.9	2.0
10% increase in acquisition expenses	(10.1)	(11.8)	Nil	Nil
10% decrease in acquisition expenses	10.1	11.8	Nil	Nil
10% increase in maintenance expenses	(2.3)	(2.3)	(0.7)	(0.8)
10% decrease in maintenance expenses	2.3	2.3	0.7	0.8
Tax rates increased to 25%	(10.3)	(10.4)	(6.3)	(6.4)
10% increase in equity values	0.6	0.4	1.9	1.7
10% decrease in equity values	(0.6)	(0.4)	(1.9)	(1.7)

# Economic assumptions underlying EV & VNB

Tenor (years)	Reference rates	
	March 31, 2023	June 30, 2023
1	7.2%	7.1%
5	7.5%	7.3%
10	7.6%	7.6%
15	7.7%	7.7%
20	7.7%	7.7%
25	7.7%	7.7%
30	7.7%	7.7%

# Glossary (1/2)

- **Annualized Premium Equivalent (APE):** APE is the sum of the annualized first year premiums on regular premium policies, & ten percent of single premiums, from both individual & group customers
- **Retail Weighted Received Premium (RWRP):** Premiums actually received by the insurers under individual products & weighted at the rate of ten percent for single premiums
- **Total Weighted Received Premium (TWRP):** Measure of premiums received on both retail & group products & is the sum of first year & renewal premiums on regular premium policies & ten percent of single premiums received during any given period
- **Sum Assured:** The amount that an insurer agrees to pay on the occurrence of a stated contingency
- **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 & bad debts written off to total weighted received Premium (TWRP)
- **Persistency Ratio:** Persistency ratio is the percentage of policies that have not lapsed & is expressed as 13<sup>th</sup> month, 49<sup>th</sup> month persistency etc. depicting the persistency level at 13<sup>th</sup> month (2<sup>nd</sup> year) & 49<sup>th</sup> month (5<sup>th</sup> year) respectively, after issuance of contract

# Glossary (2/2)

- **Value of New Business (VNB):** 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 based on 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
- **Embedded Value (EV):** 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):** EVOP is a measure of the increase in the EV during any given period due to matters that can be influenced by management
- **Return on Embedded Value (RoEV):** RoEV is the ratio of EVOP for any given period to the EV at the beginning of that period
- **Solvency Ratio:** Solvency ratio is calculated as ratio of Available Solvency Margin (ASM) over Required Solvency Margin (RSM)
- **Assets Under Management (AUM):** AUM refers to the carrying value of investments managed by the company & includes loans against policies & net current assets pertaining to investments

# 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**