



# Performance update: FY2021

April 19, 2021

# Agenda

- Company strategy and performance
- Opportunity
- Industry overview



# Agenda

- Company strategy and performance
- Opportunity
- Industry overview



# Year at a glance

Mar 2020

May 2020

Sep 2020

Dec 2020

Mar 2021

## Lockdown due to Covid-19

## First phase of unlock

## Recovering to pre Covid levels

Environment

- Economic activities disrupted; GDP contracted by 24.4% (Q1)
- Stock market declined 23% in March

- Gradual recovery in economic activities; GDP contracted by 7.3% (Q2)
- ~100% branches open

- GDP growth of 0.4% (Q3)
- Stock market crossed all time high in Nov 2020

- GDP growth expected to be better than Q3
- Vaccination drive initiated
- Rise in new Covid-19 infections seen recently

Customer

- Shift from ULIPs to traditional
- Demand for protection
- Reluctance for longer term savings

- Greater digital adoption

- Increased branch walk-ins

- Renewed interest in ULIP in Dec 2020

- Capital gains tax on higher ticket ULIPs

Outcome

- APE declined 44% (Q1)

- APE declined 23% (Q2)
- Supply side constraints in protection due to pandemic

- 83 new partners in 9M
- 13,179 new agents in 9M
- Channels other than ICICI Bank grew 8.7% YoY (Q3)

- Deferred annuity & product with income benefit option introduced
- APE grew by 27% in Q4

Focus on resilience

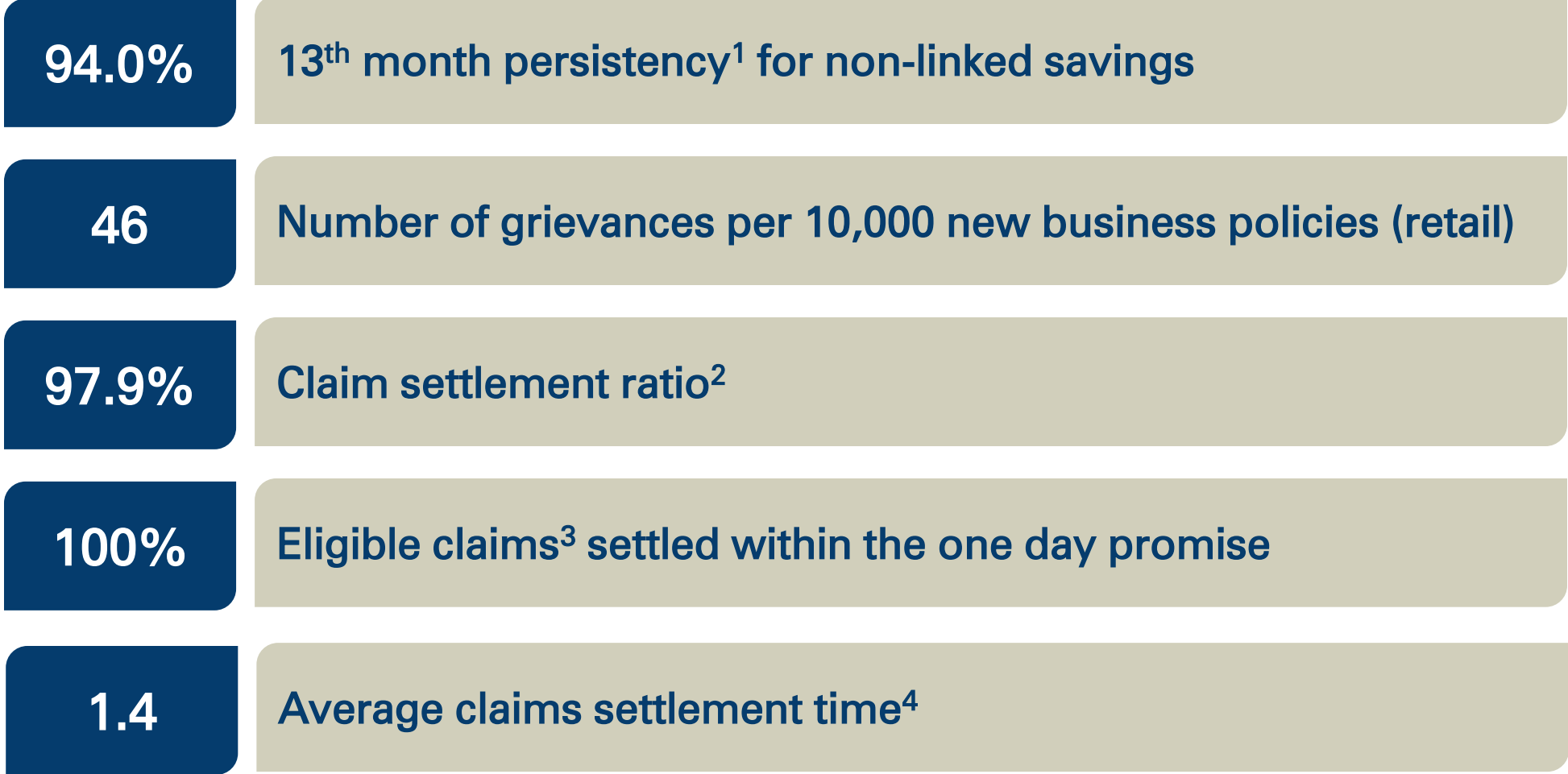
Build for growth

Take momentum ahead

# Key strategic elements



# Customer centricity



1. As per IRDAI circular dated January 23, 2014; including SP
2. Individual death claims
3. Claims with prescribed criteria
4. Average turnaround time for non-investigated claims from receipt of last requirement

# Premium: Back to growth

Premium growth

- Deepen penetration in under-served customer segments
- Enhance current distribution
- Create new distribution
- Augment capability in Health and Protection
- Increase focus on Pension and Annuity

₹ billion	FY2020	9M-FY2021	Q4-FY2021	FY2021
New business premium (NBP) <sup>1</sup>	123.48	78.99	51.33	130.32
<i>YoY growth</i>	<i>20.4%</i>	<i>(3.3%)</i>	<i>22.9%</i>	<i>5.5%</i>
APE <sup>2</sup>	73.81	39.54	25.09	64.62
<i>YoY growth</i>		<i>(26.9%)</i>	<i>27.1%</i>	<i>(12.5%)</i>

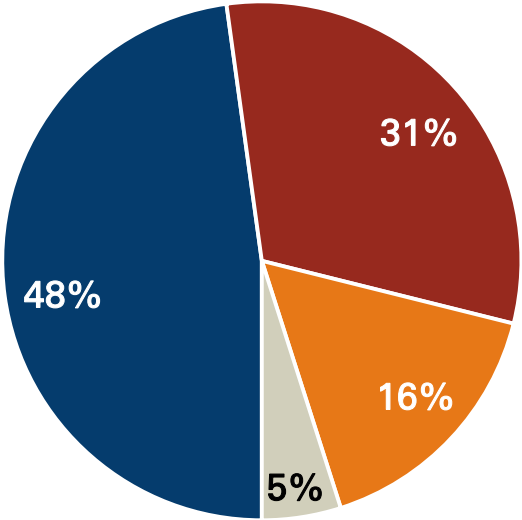
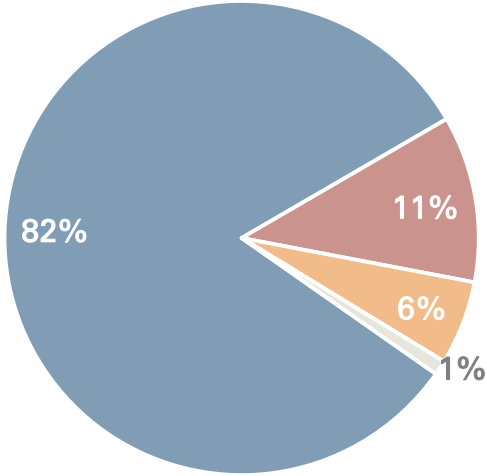
27% growth in APE for Q4-FY2021

# Premium diversification: Product and Distribution

## Product mix APE

FY2018

FY2021



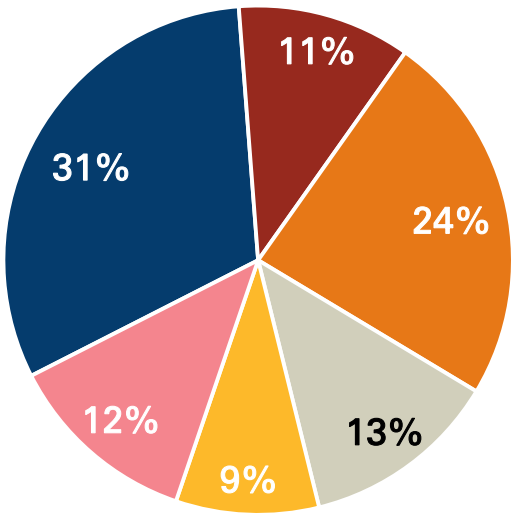
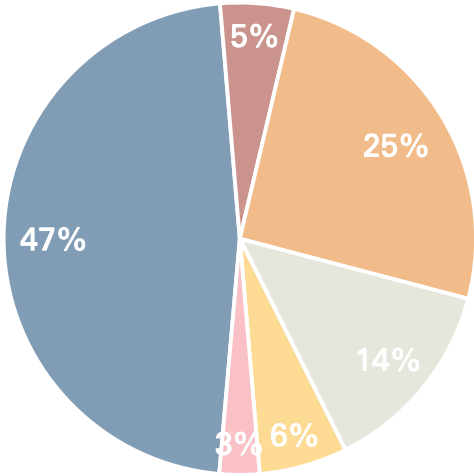
■ Linked ■ Non-linked ■ Protection ■ Group

Diversified product mix

## Distribution mix APE

FY2018

FY2021



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

Distribution mix diversified further



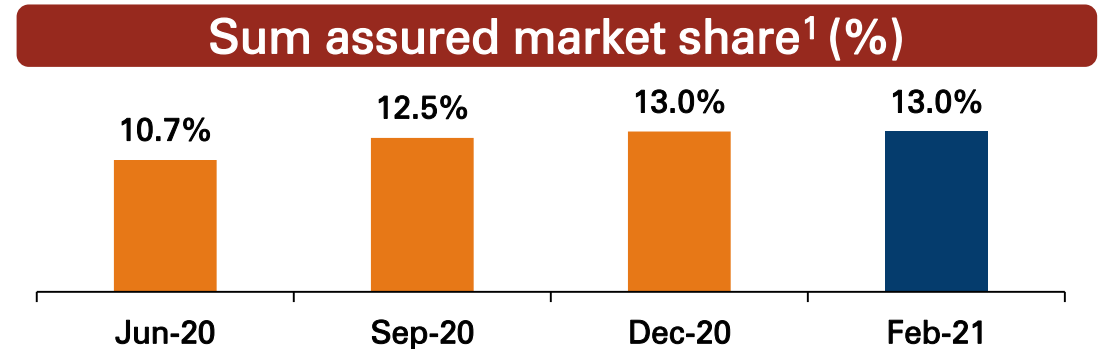
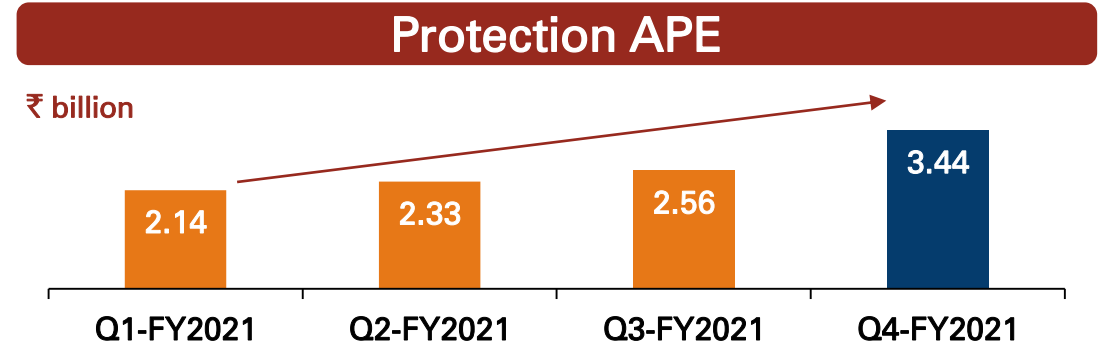


# Protection: Increasing mix

Protection focus

Continue to grow both retail and group lines of business

₹ billion	FY2020	FY2021
Protection APE	11.16	10.46
Protection mix	15.1%	16.2%
Sum assured market share <sup>1</sup>	11.8%	13.0% <sup>2</sup>



- Despite supply side challenges, protection mix increased further
- Continued private market leadership based on new business sum assured
  - Market share increased from 11.8% in FY2020 to 13.0% in FY2021

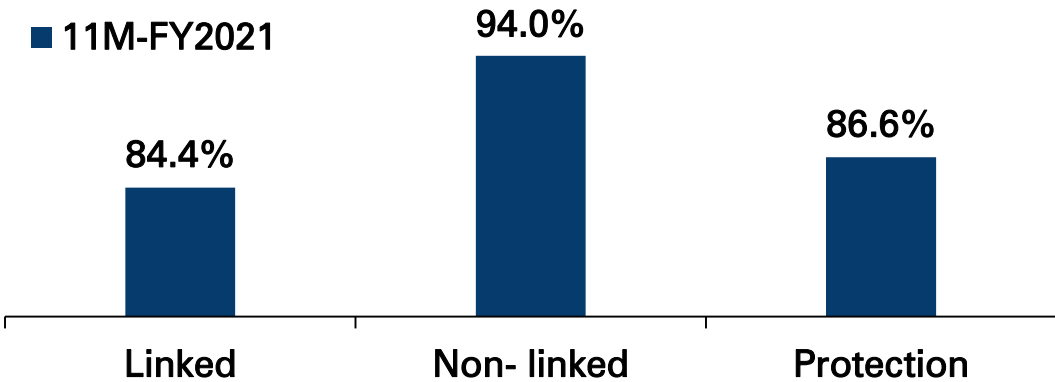
# Persistency improvement

Persistency

Improve persistency across all cohorts

Persistency <sup>1</sup>	11M-FY2020	11M-FY2021	Y-o-Y
13 <sup>th</sup> month	83.2%	84.8%	↑ 160 bps
61 <sup>st</sup> month	56.0%	58.3%	↑ 230 bps

13<sup>th</sup> month persistency<sup>2</sup> across product categories



Continued improvement in persistency; substantial progress year on year



Computed as per IRDAI circular dated January 23, 2014  
 1. Retail excluding SP  
 2. Retail including SP

# Productivity improvement

## Productivity

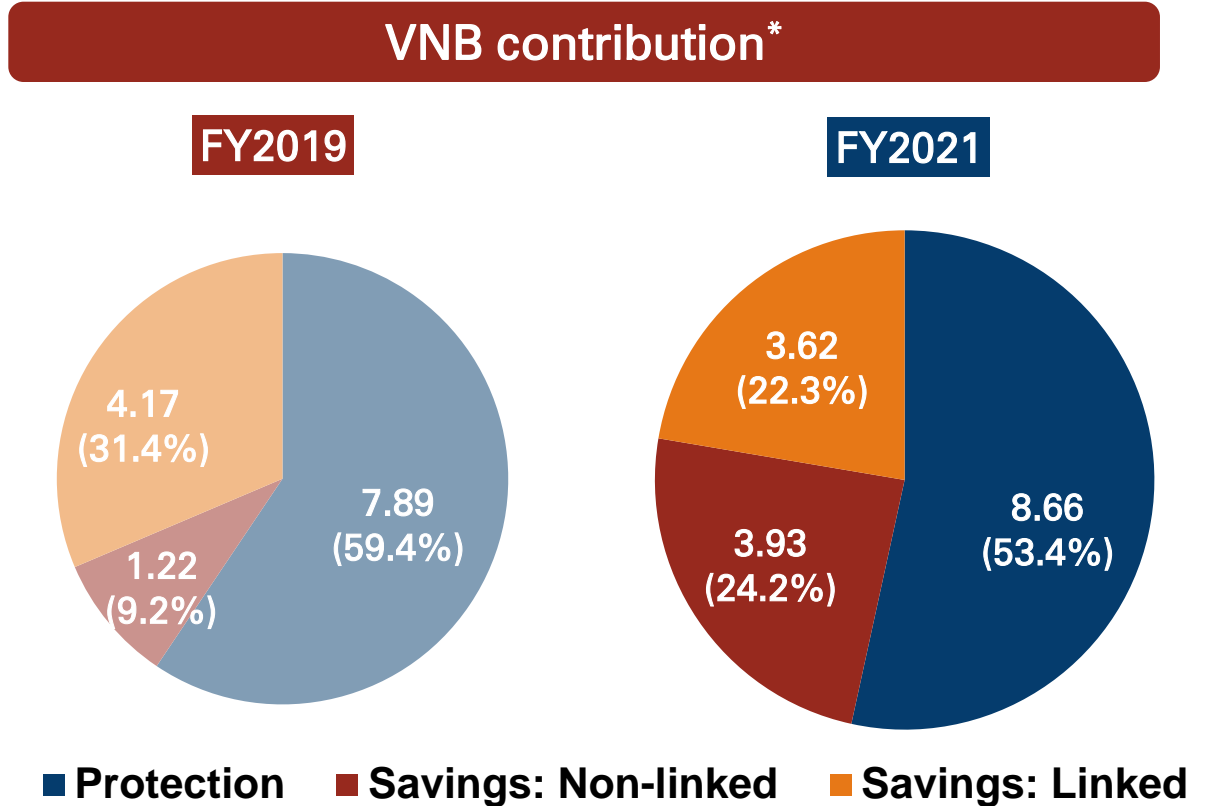
Continue to leverage technology for process re-engineering and to drive productivity

₹ billion	FY2020	FY2021
Cost/TWRP <sup>1</sup>	15.9%	14.8%
Cost/TWRP (savings LOB)	10.4%	9.6%

## Improvement in cost ratios

# Value of New Business (VNB)

₹ billion	FY2020	FY2021
Value of New Business (VNB)	16.05	16.21
VNB margin	21.7%	25.1%



Diversification of sources of profit; non-linked savings contribution increased to 24% in FY2021

# Resilient Balance Sheet

## High quality assets

- 96.8% of fixed income in sovereign or AAA; 0.5% of fixed income below AA
- Zero NPA since inception

## Liability profile

- 83% of liabilities largely pass on the market performance to customers
- Non par guaranteed return book: 1.1% of liabilities

## Insurance risks

- Mortality experience: Additional reserve of ₹ 3.32 billion held for potential Covid-19 claims
- Operating variances on other parameters continue to be positive

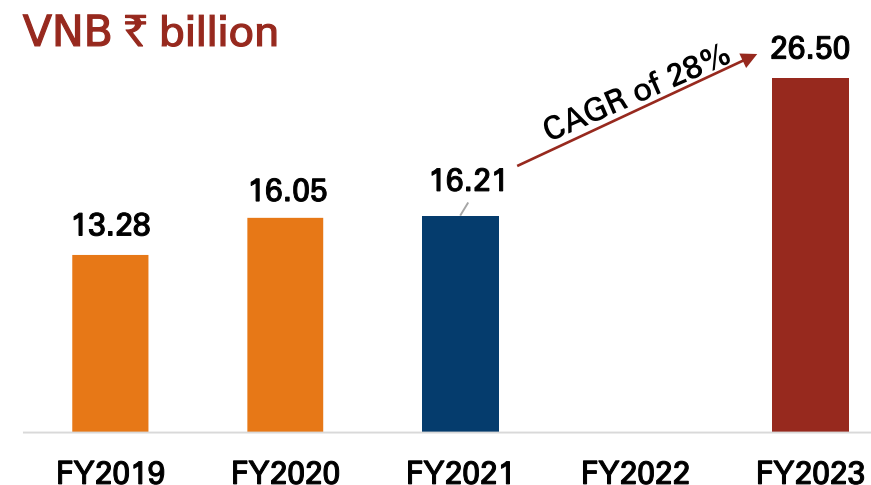
## Strong solvency ratio

- Solvency ratio of 216.8% at March 31, 2021

# Way forward

Aspire to double the FY2019 VNB by FY2023

₹ billion	FY2020	9M- FY2021	Q4- FY2021	FY2021
Value of New Business (VNB) <sup>1</sup>	16.05	10.30	5.91	16.21
VNB growth	20.9%	(9.3%)	25.7%	1.0%



- Premium growth: Diversified product & distribution mix to aid higher growth
- Protection: Short term headwinds on retail, expect to maintain the sequential momentum and increase attachment of riders
- Persistency: Continued improvement to aid product margins
- Productivity: Target operating leverage with growth in premium

# Distribution approach

Objective

Long term sustainable growth

Approach

Broadening our customer reach



# Distribution approach

Objective

Long term sustainable growth

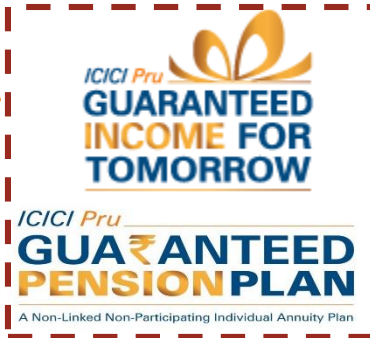
Approach

Broadening our customer reach





# Products available across all categories



## Non-linked

## Savings

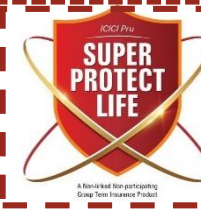
## Linked

Savings with guarantee and equity participation

Guaranteed savings; Immediate/ Deferred Annuity

ULIP: Suite of funds for Equity and Debt

ULIP: with capital guarantee



## Retail

## Protection

## Group

Pure term with accident cover

Critical illness, Disease specific

Pure term, Micro insurance, Credit insurance, Critical illness



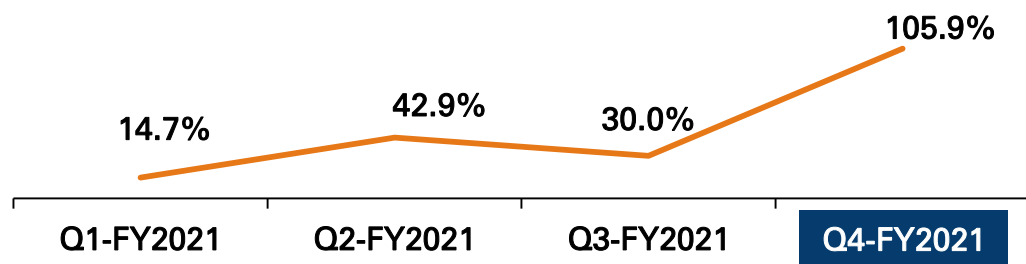
Products introduced in FY2021

# Performance across segments: Savings

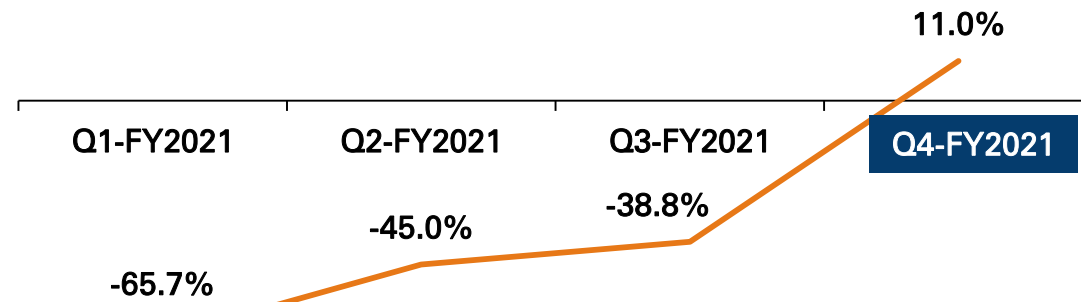
## Savings segment APE

₹ billion	FY2020	Q4-FY2021	FY2021
Linked	47.72	11.85	30.90
Non-linked	11.41	7.74	17.79
Annuity	1.05	1.07	2.29
Group	2.47	1.00	3.18
<b>Total savings APE</b>	<b>62.65</b>	<b>21.65</b>	<b>54.16</b>

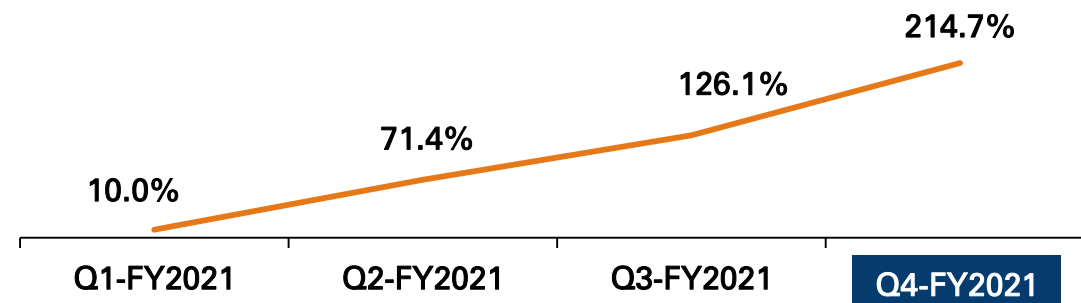
## Non-linked (y-o-y growth)



## Linked (y-o-y growth)



## Annuity (y-o-y growth)

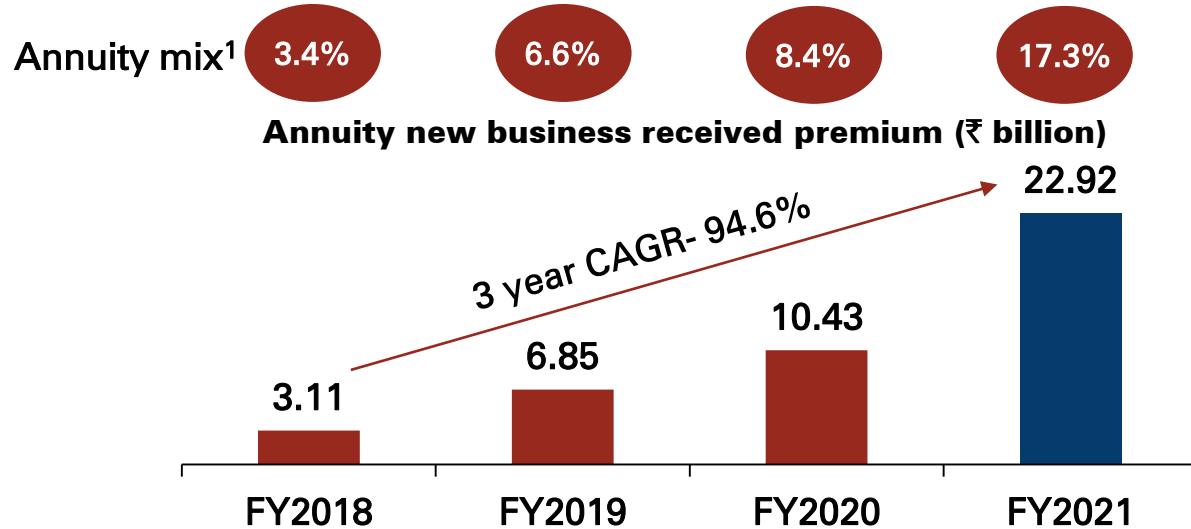


- Q4-FY2021: Strong growth across product segments; linked turned positive year on year
- FY2021: Annuity and non-linked savings grew by 120% and 56% respectively

# Pension and Annuity

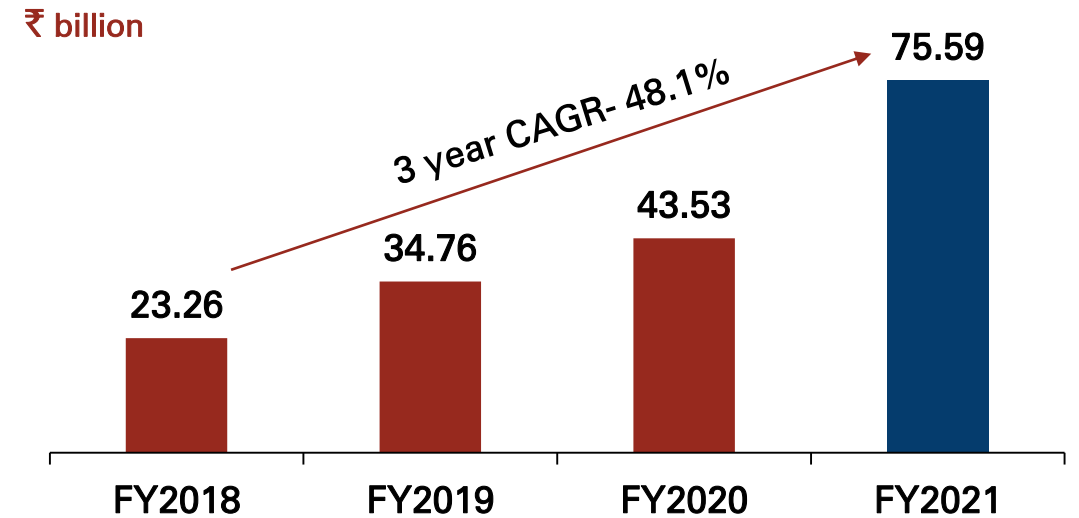
A comprehensive pension provider

## Annuity



- 120% growth in FY2021
- Premium over 7x in three years

## Pension fund management (AUM)



- 74% growth in AUM during FY2021
- AUM over 3x in three years

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

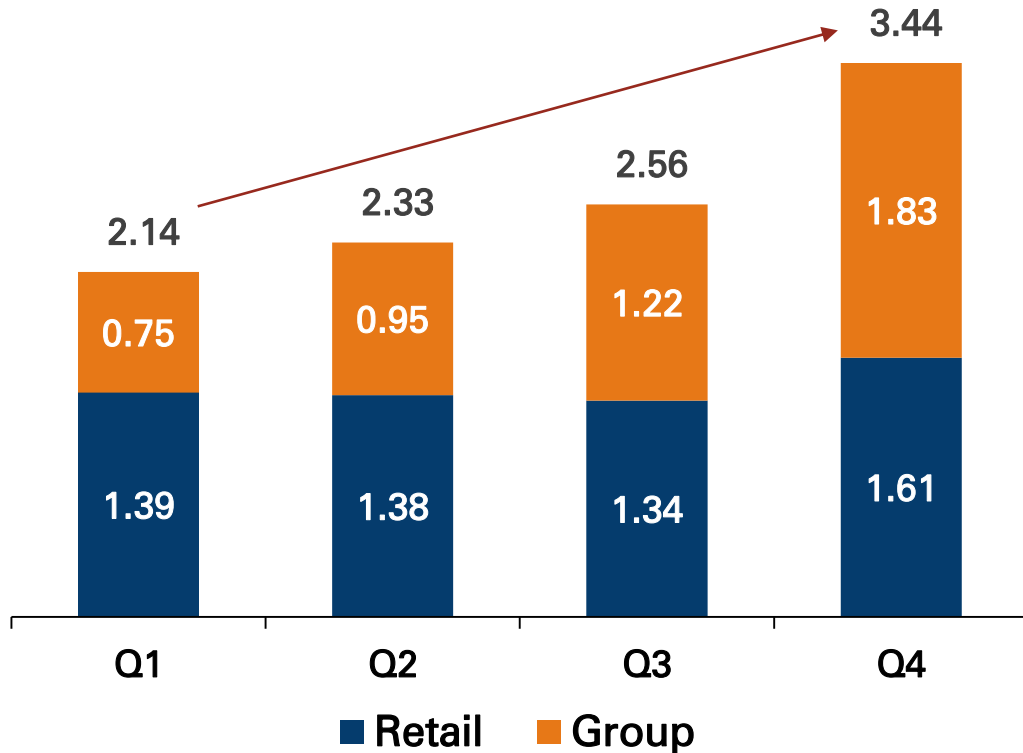


1. % of new business received premium as per financials

# Protection business

## Retail and Group Protection APE (FY2021)

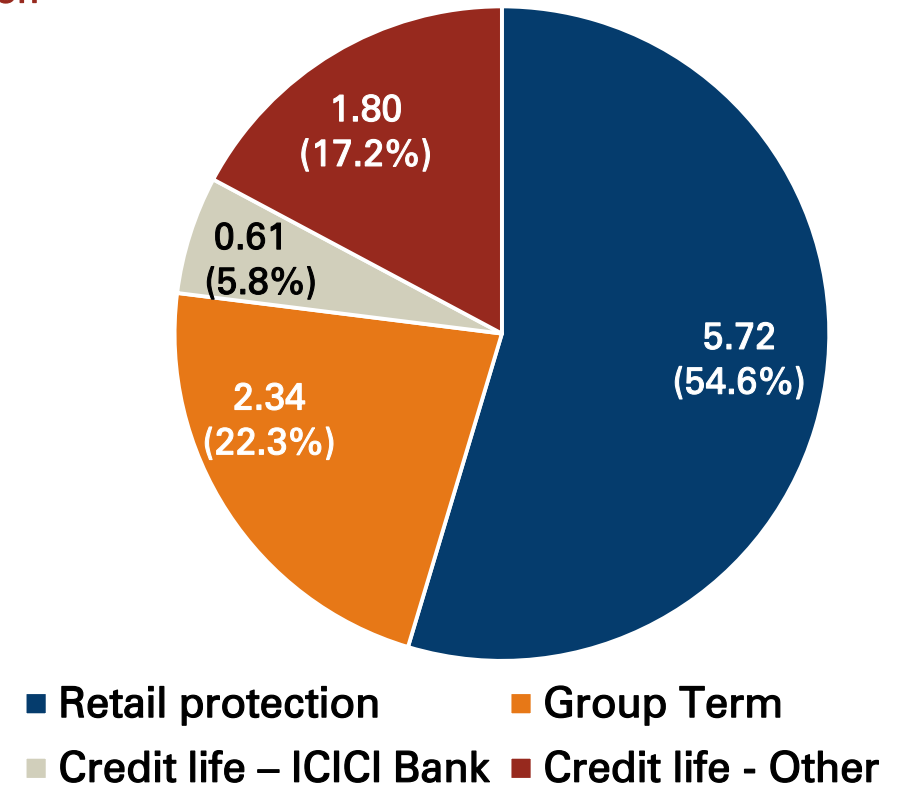
₹ billion



Steady growth Q-o-Q despite supply side challenges

## Protection split based on APE\* (FY2021)

₹ billion



Diversified mix within protection segment

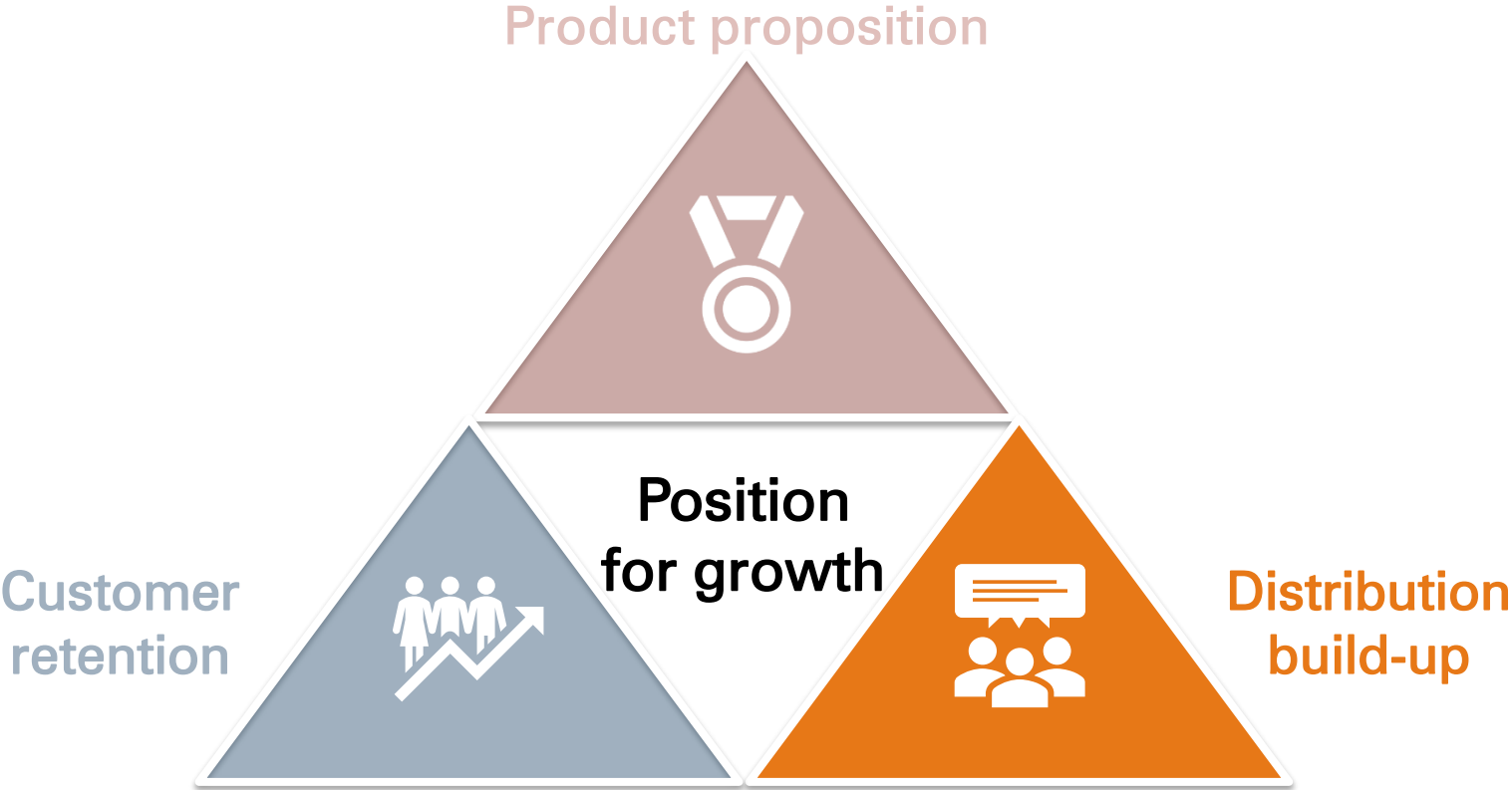
# Distribution approach

Objective

Long term sustainable growth

Approach

Broadening our customer reach



# Enhancing distribution

## Strategy: Build profitability

- 23 bank partnerships
- Protection and Annuity mix further increased from 4.3% in FY2020 to 15% in FY2021

## Strategy: Create depth and add width

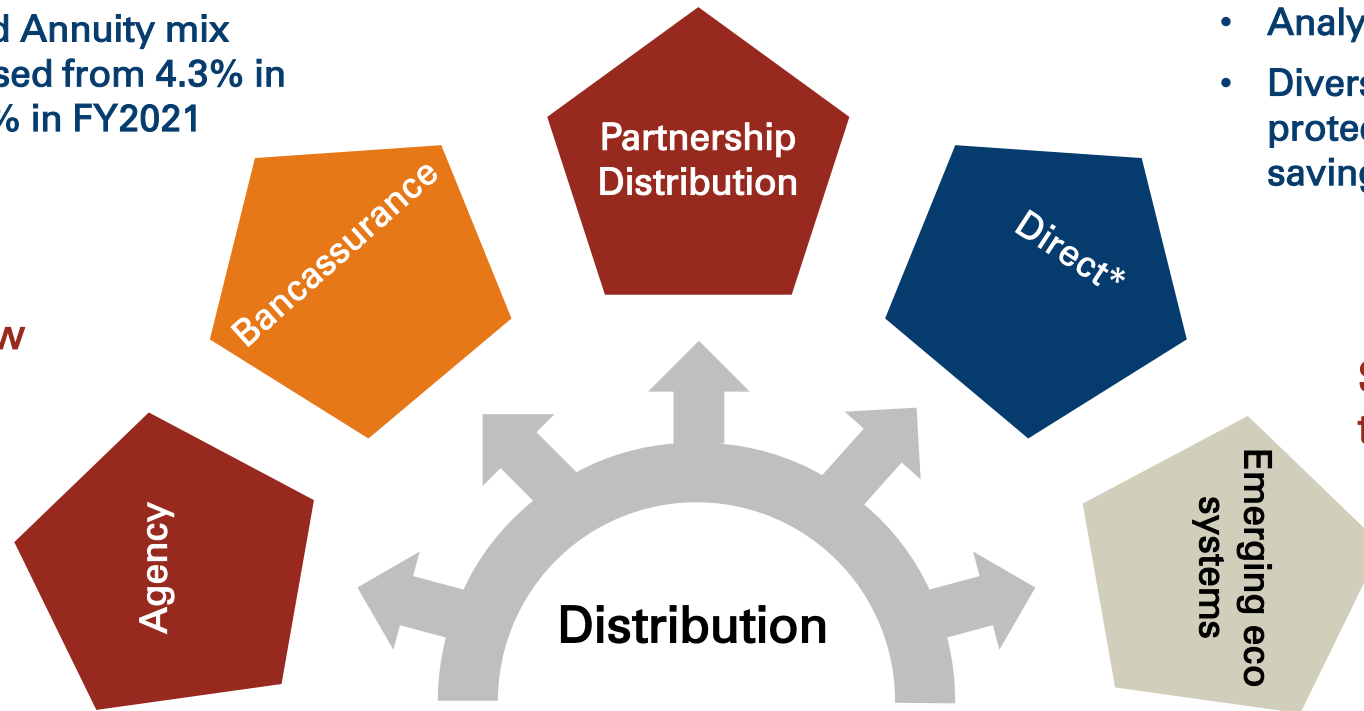
- ~600 partnerships
- Protection 14% and non-linked savings 71% in FY2021

## Strategy: Digital focused upsell campaigns

- Analytics driven upsell channel
- Diversified product mix with 10% protection and 21% non-linked savings

## Strategy: Invest and grow

- 20,298 agents recruited during FY2021
- Diversified product mix: Linked 33%; Non-linked 67%



## Strategy: Partner with non-traditional distributors

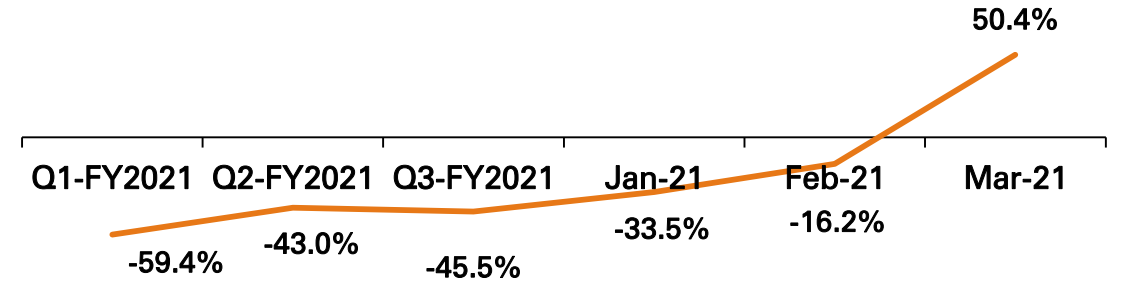
- Tie-up with small finance banks, wallets, payment banks, aggregators etc.
- Product customization

~600 partnerships including 23 banks; > 185,000 advisors

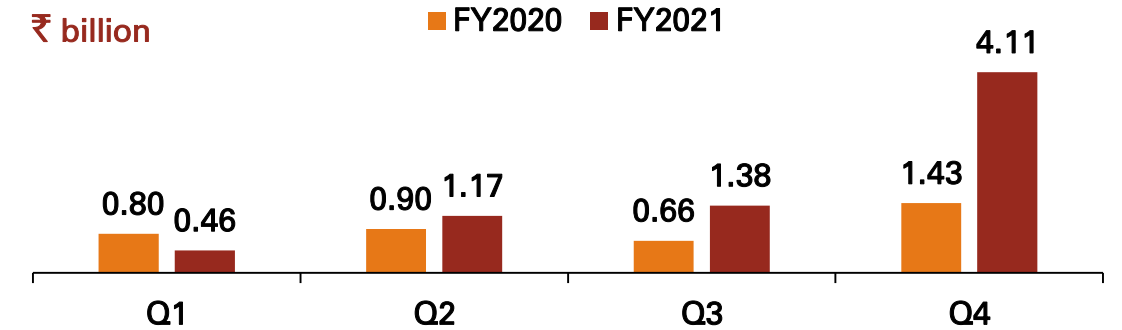
# Performance across distribution channels (1/2)

₹ billion	Q4-FY2021	FY2021
Bancassurance	10.68	27.34
Agency	5.86	15.39
Direct	3.11	8.10
Partnership distribution	2.62	5.87
Group	2.83	7.93
<b>Total APE</b>	<b>25.09</b>	<b>64.62</b>

## Bancassurance-ICICI Bank (y-o-y growth)



## Bancassurance-Other Banks APE



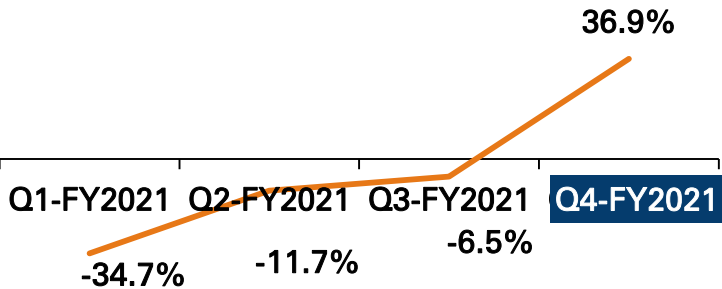
New bank partnerships gaining momentum



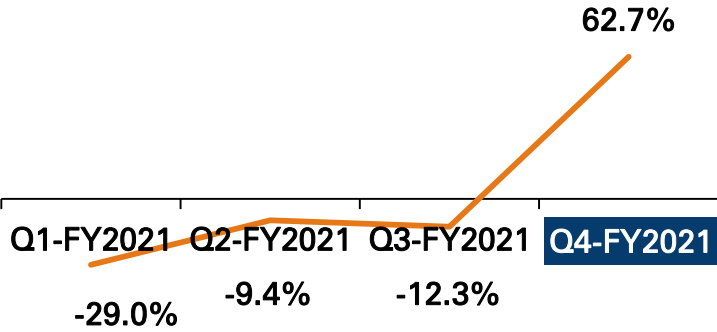
Total may not add up due to rounding off

# Performance across distribution channels (2/2)

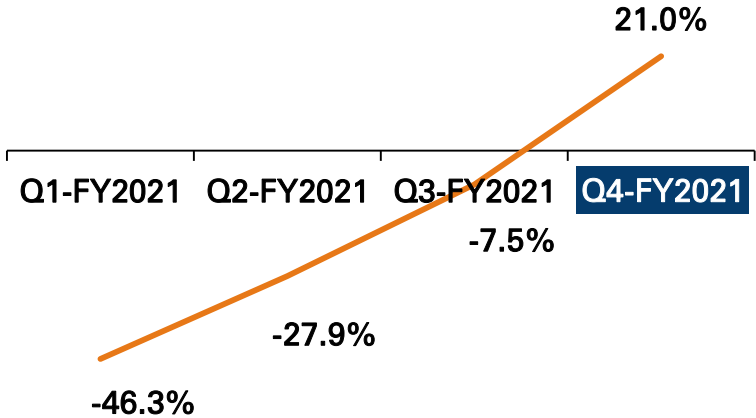
Agency (y-o-y growth)



Partnership distribution (y-o-y growth)



Direct (y-o-y growth)



Sequential momentum across channels

Strong year on year growth in Q4-FY2021





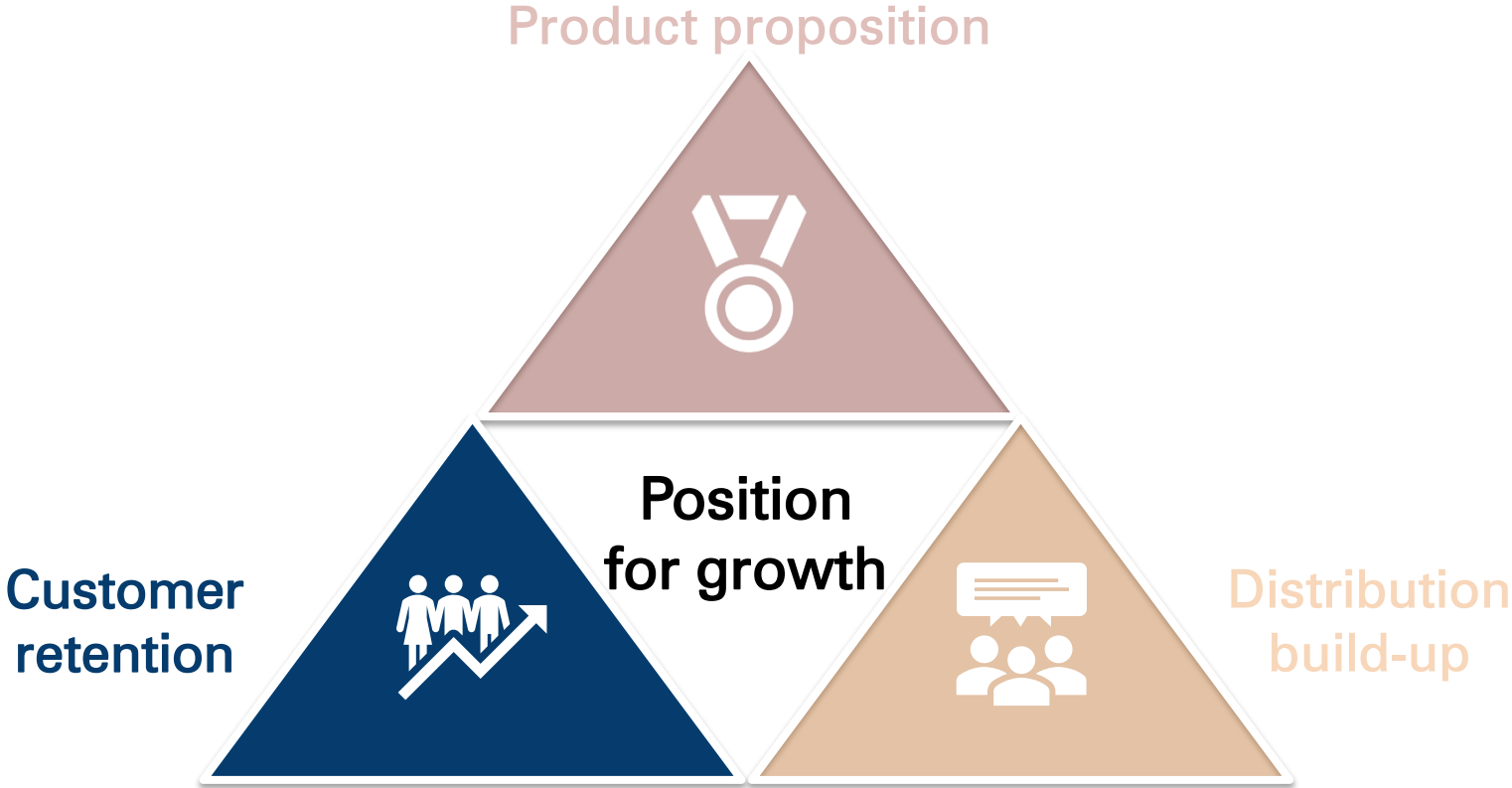
# Distribution approach

**Objective**

Long term sustainable growth

**Approach**

Broadening our customer reach

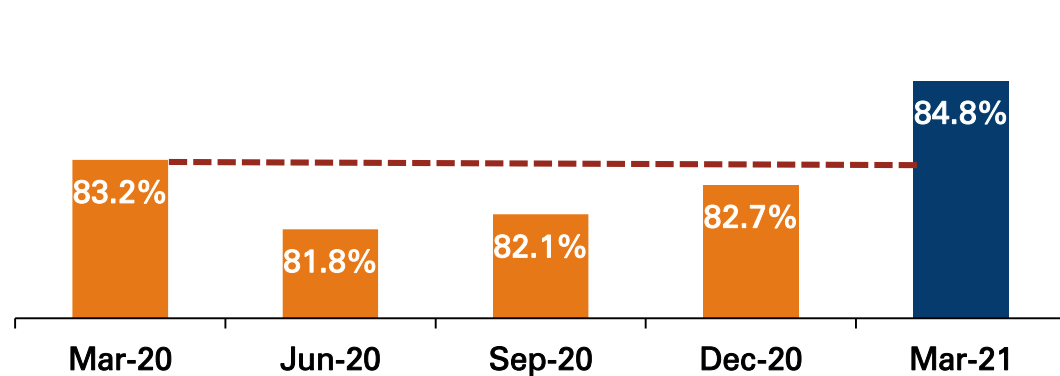


# Persistency

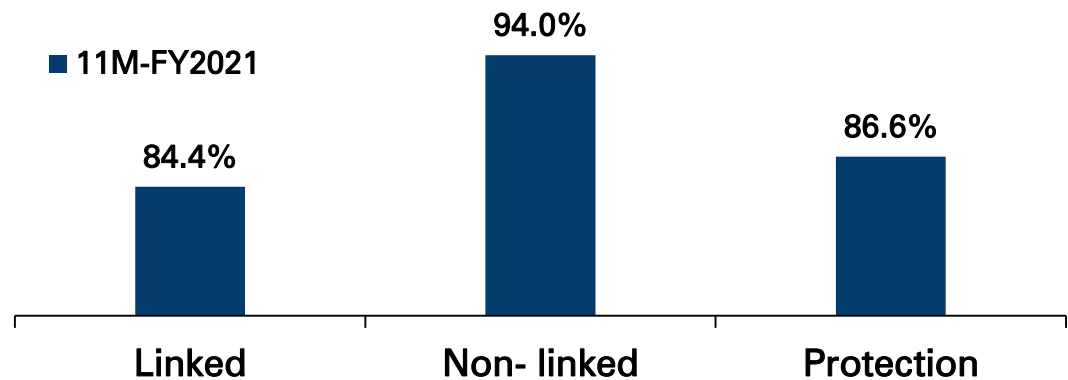
Retail excluding single premium		
Month	11M-FY2020	11M-FY2021
13 <sup>th</sup> month	83.2%	84.8%
25 <sup>th</sup> month	75.1%	73.6%
37 <sup>th</sup> month	66.7%	66.3%
49 <sup>th</sup> month	64.6%	63.0%
61 <sup>st</sup> month	56.0%	58.3%

Retail including single premium		
Month	11M-FY2020	11M-FY2021
13 <sup>th</sup> month	85.3%	86.9%
25 <sup>th</sup> month	77.4%	76.8%
37 <sup>th</sup> month	69.0%	69.3%
49 <sup>th</sup> month	66.4%	65.5%
61 <sup>st</sup> month	57.4%	60.2%

## 13<sup>th</sup> month persistency<sup>1</sup>



## 13<sup>th</sup> month persistency<sup>2</sup> across product categories



Stable persistency across cohorts and product segments



Computed as per IRDAI circular dated January 23, 2014

1. Retail excluding SP
2. Retail including SP

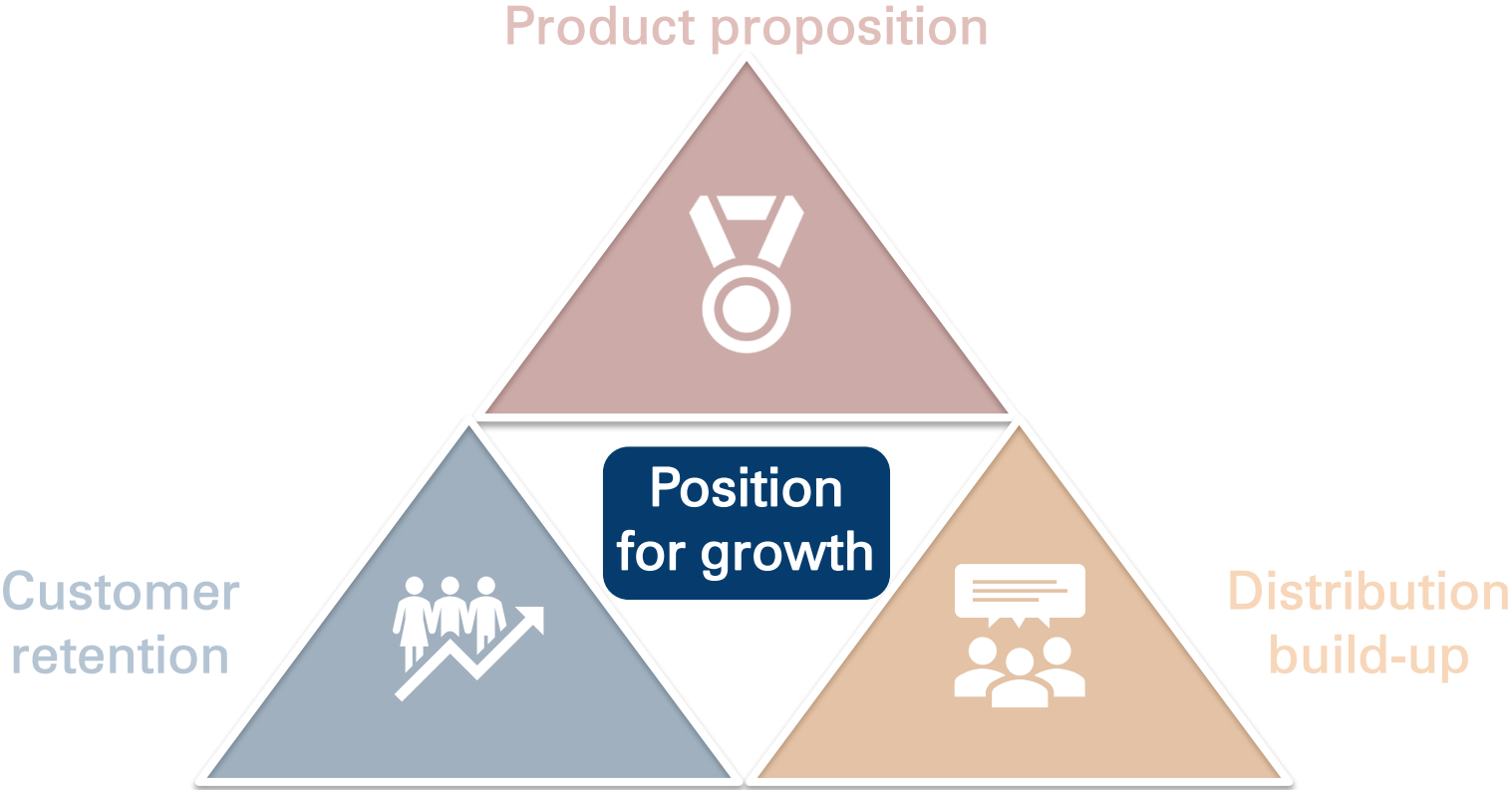
# Distribution approach

Objective

Long term sustainable growth

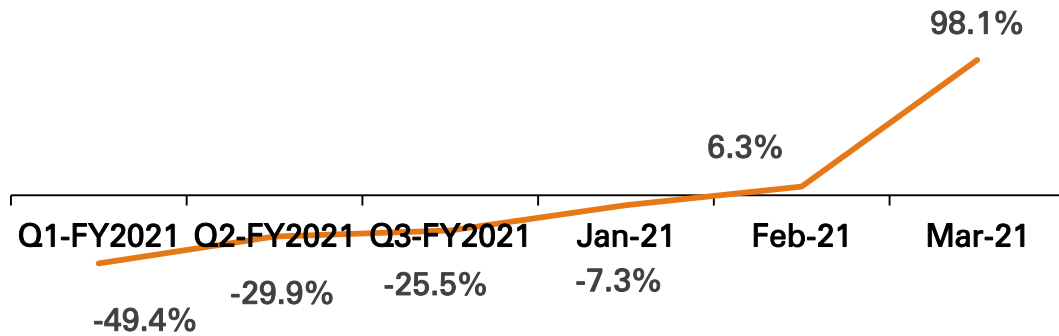
Approach

Broadening our customer reach

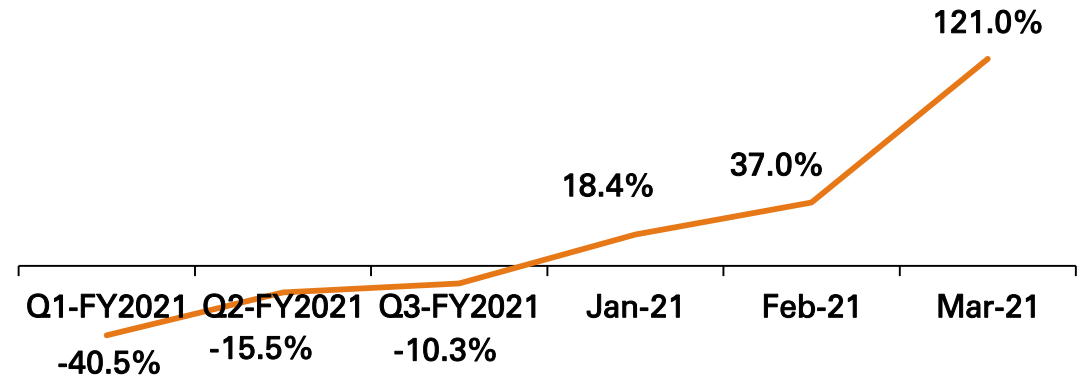


# Position for growth

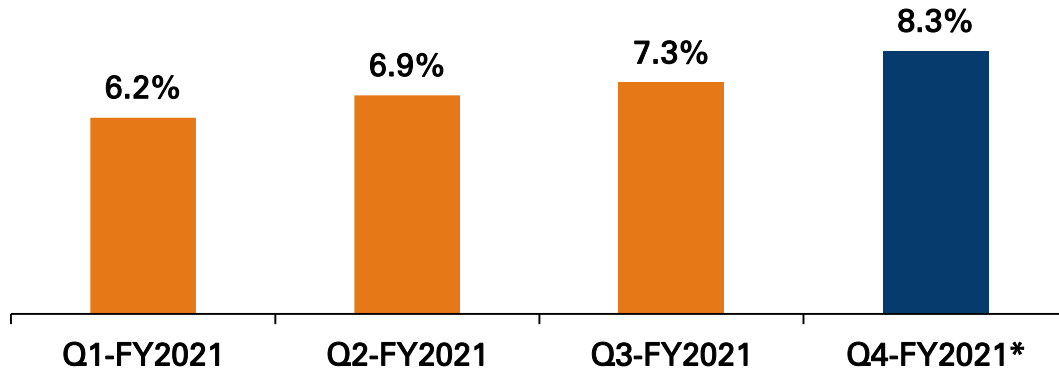
RWRP<sup>1</sup> (y-o-y growth)



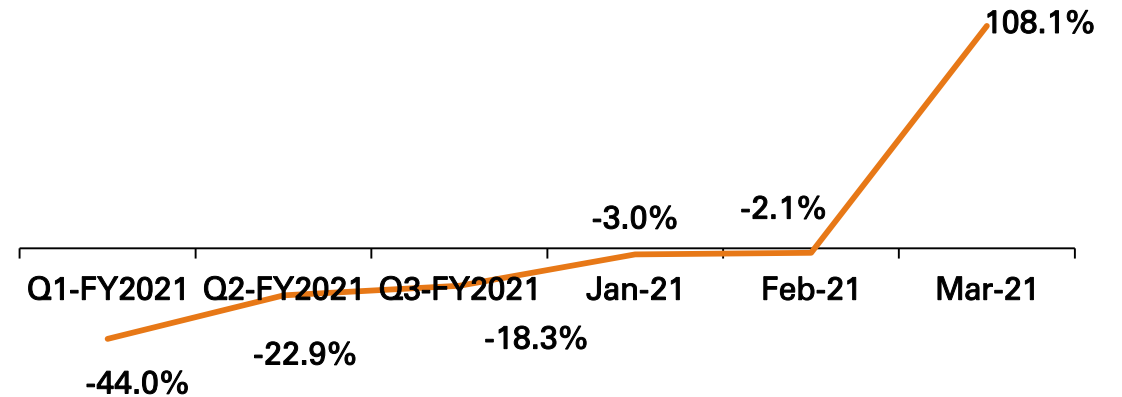
Retail NBP<sup>3</sup> (y-o-y growth)



RWRP market share (%)



APE<sup>2</sup> (y-o-y growth)



Significant recovery in market share

Strong sequential momentum; APE grew 108% year on year in March 2021



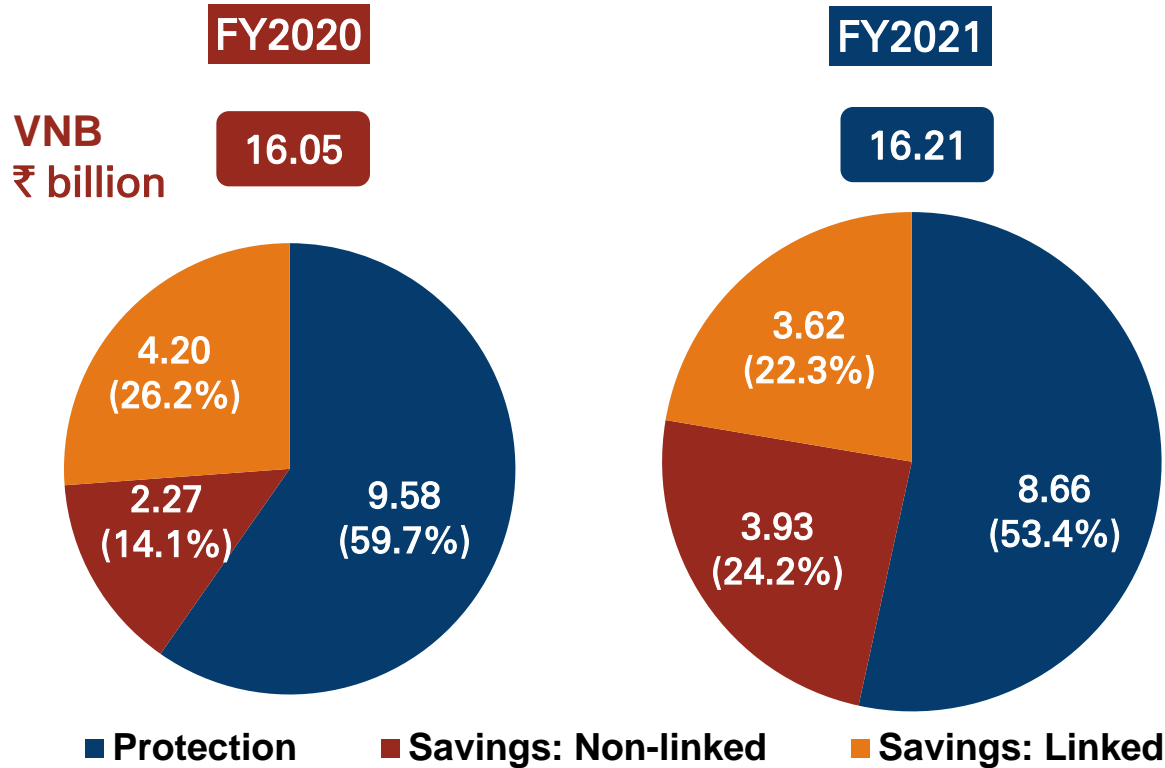
\* For January-February 2021

1. Retail weighted received premium
2. Annualized premium equivalent
3. New business premium (As reported to IRDAI)

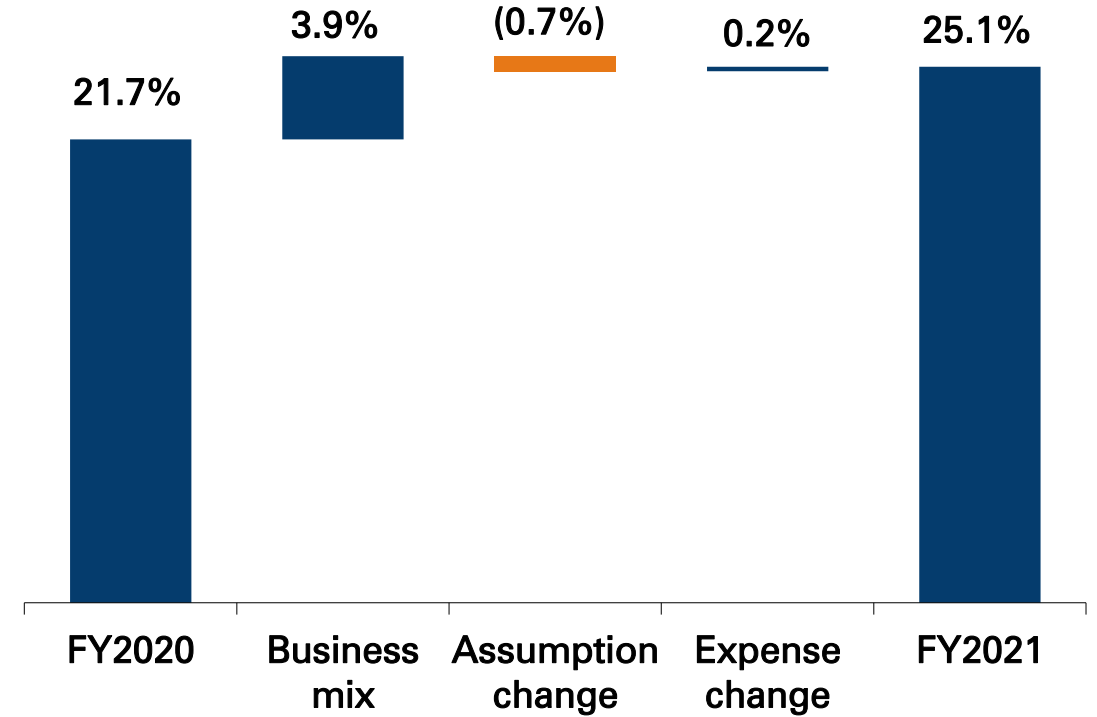
# Financial update

# Value of New Business (VNB)

## VNB contribution\*

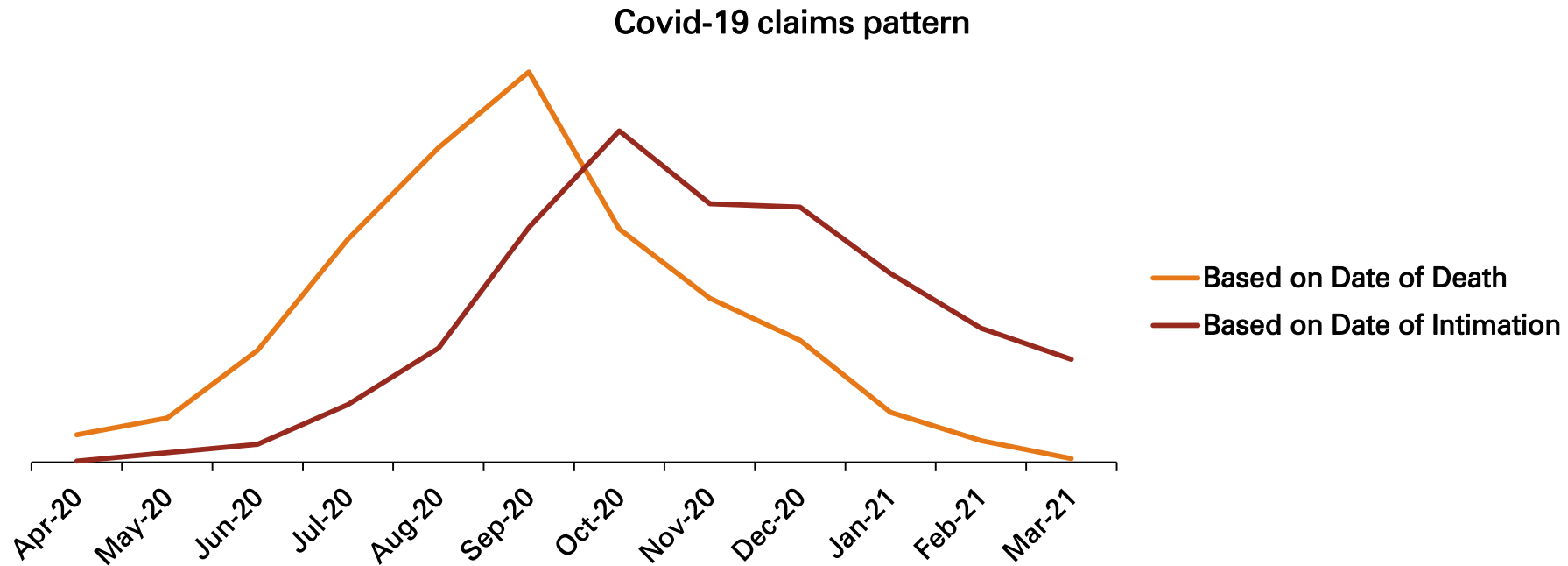


## VNB margin movement



Non-linked savings contribution to VNB increased to 24%; also helped in expansion of VNB margin

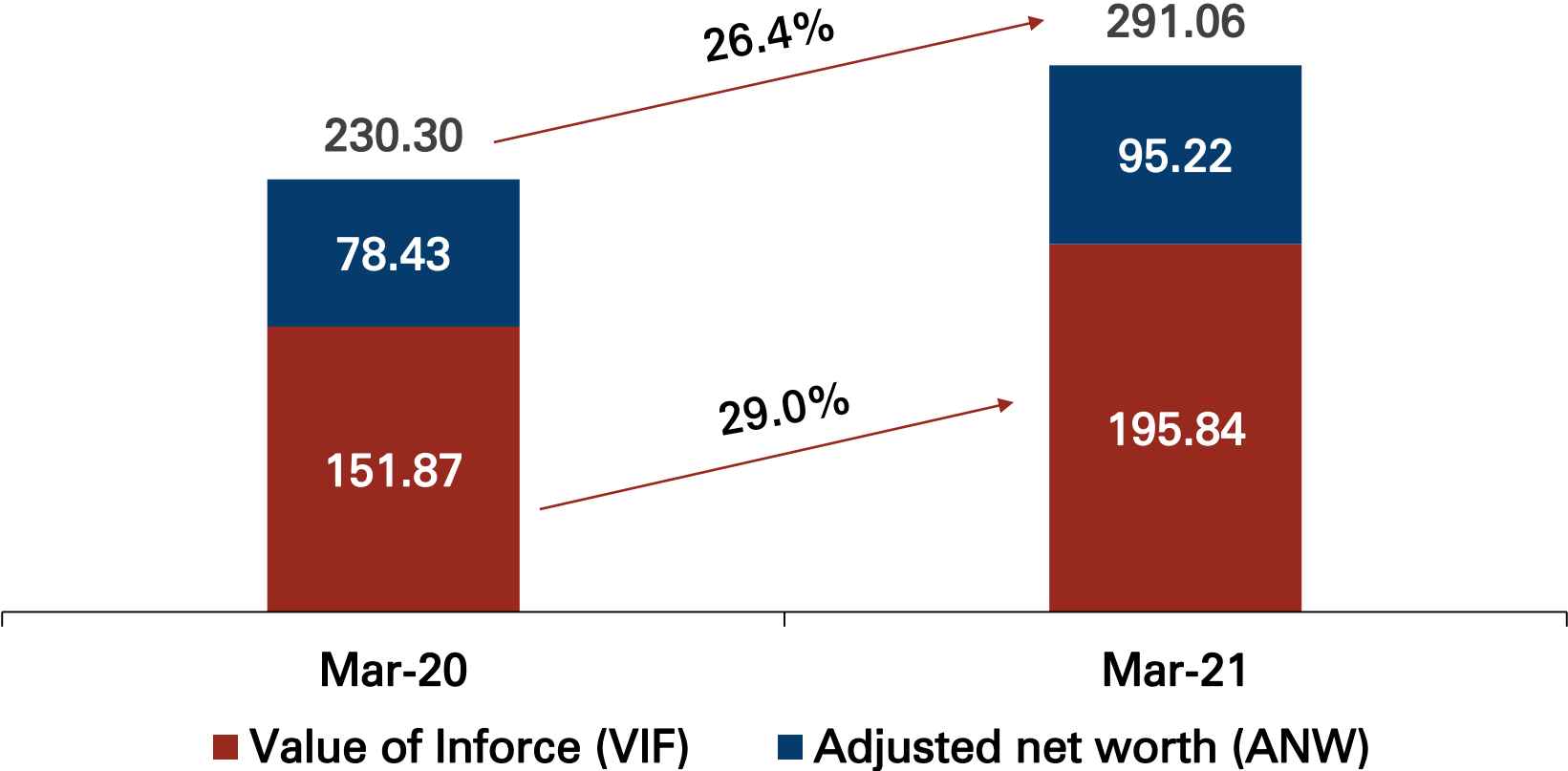
# Impact of COVID-19 on mortality



- Total claims on account of Covid-19 for FY2021 was ₹ 4.59 billion<sup>1</sup>
  - Claims net of reinsurance was ₹ 2.64 billion<sup>2</sup>
- Additional provision of ₹ 3.32 billion<sup>3</sup> towards Covid-19, not utilised so far

# Embedded Value growth<sup>1</sup>

₹ billion



VIF grew by 29% to ₹ 195.84 billion and EV grew by 26% to ₹ 291.06 billion

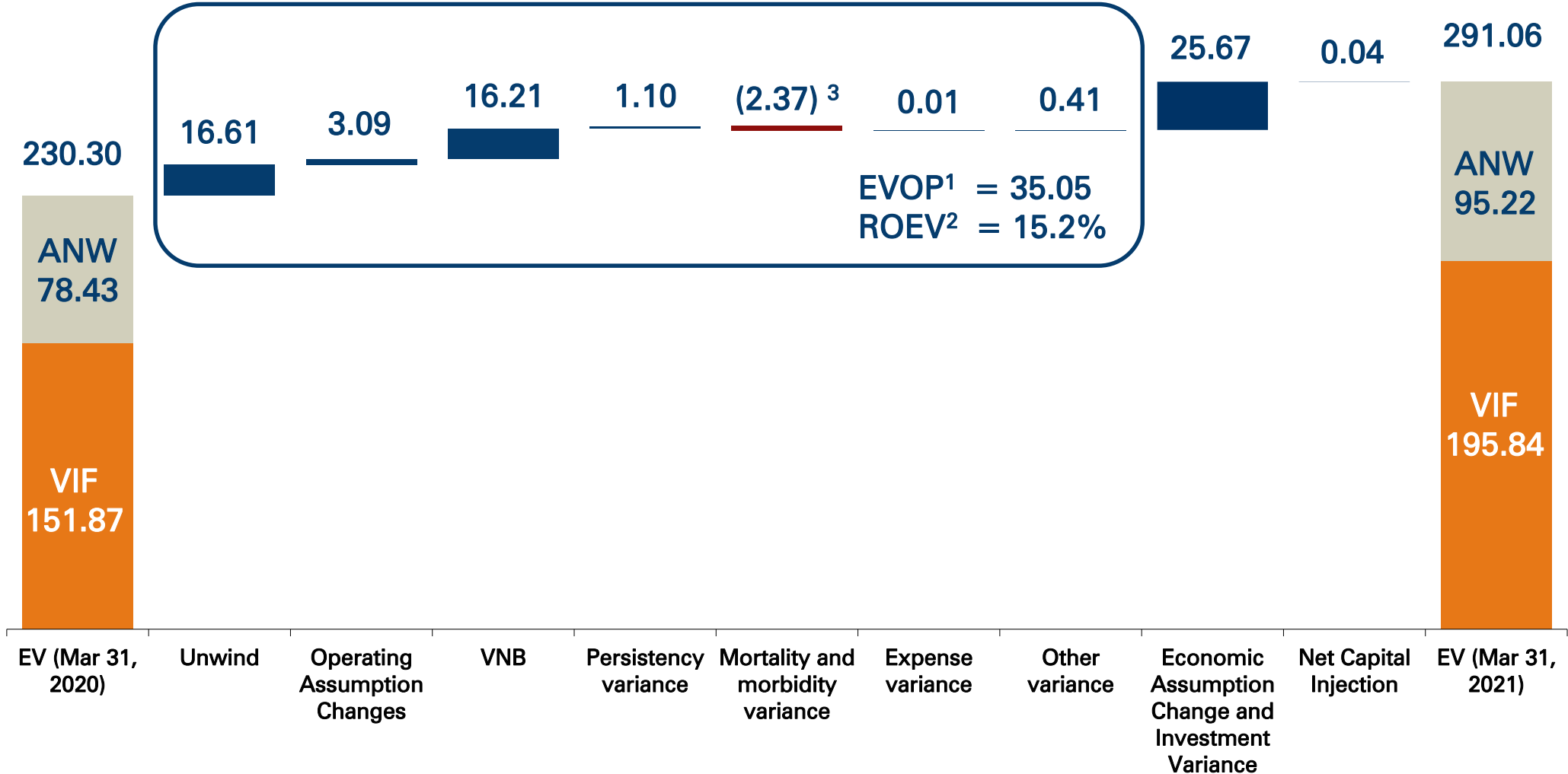


1. As per Indian Embedded value (IEV) method



# Analysis of movement in Embedded Value (EV)

₹ billion



# Sensitivity analysis

Scenario	% change in VNB		% change in EV	
	FY2020	FY2021	FY2020	FY2021
Increase in 100 bps in the reference rates	(2.4)	0.7	(2.5)	(2.8)
Decrease in 100 bps in the reference rates	2.2	(1.7)	2.6	3.0
10% increase in the discontinuance rates	(5.0)	(3.1)	(1.1)	(0.9)
10% decrease in the discontinuance rates	5.1	3.2	1.1	1.0
10% increase in mortality/morbidity rates	(9.5)	(10.2)	(1.6)	(1.6)
10% decrease in mortality/morbidity rates	9.6	10.4	1.7	1.6
10% increase in acquisition expenses	(11.6)	(10.5)	Nil	Nil
10% decrease in acquisition expenses	11.6	10.4	Nil	Nil
10% increase in maintenance expenses	(3.0)	(2.5)	(0.8)	(0.6)
10% decrease in maintenance expenses	3.0	2.5	0.9	0.6
Tax rates increased to 25%	(11.4)	(11.1)	(5.8)	(6.2)
10% increase in equity values	0.7	1.3	1.8	2.9
10% decrease in equity values	(0.7)	(1.6)	(1.8)	(2.9)

# Financial metrics

₹ billion	FY2020	FY2021
Profit before Tax	10.69	10.81
Profit after Tax	10.69	9.60
Solvency ratio	194%	216.8%
AUM	1,529.68 <sup>1</sup>	2,142.18 <sup>1</sup>

40% growth in AUM during FY2021

# VNB growth levers update (4P's)

₹ billion	FY2020	FY2021	Growth
Value of New Business (VNB) <sup>1</sup>	16.05	16.21	1.0%
VNB margin	21.7%	25.1%	

₹ billion	FY2020	FY2021	Growth
Premium growth (APE)	73.81	64.62	(12.5%)
Protection growth (APE)	11.16	10.46	(6.3%)
Persistency (13 <sup>th</sup> month) <sup>2</sup>	83.2% <sup>3</sup>	84.8% <sup>3</sup>	
Persistency (61 <sup>st</sup> month) <sup>2</sup>	56.0% <sup>3</sup>	58.3% <sup>3</sup>	
Productivity (Cost/TWRP: Savings) <sup>4</sup>	10.4%	9.6%	

# Awards and accolades: FY2021

Only insurance Company to be ranked in the Top 30 of India's 'Most Sustainable Companies'

Ranking	Company	ESG Score	ESG Rating	ESG Score	ESG Rating	ESG Score	ESG Rating	ESG Score	ESG Rating
1	Infosys	81.146	AAA	73.0	AA	62.0	BBB	51.0	BBB
2	Reliance Industries	76.171	AA	70.0	AA	60.0	BBB	48.0	BBB
3	Tata Consultancy Services	69.903	BBB	52.5	BBB	44.0	BBB	36.0	BBB
4	Wipro	69.000	BBB	50.0	BBB	40.0	BBB	32.0	BBB
5	State Bank of India	68.000	BBB	47.5	BBB	38.0	BBB	30.0	BBB
6	ICICI Bank	67.000	BBB	47.5	BBB	38.0	BBB	30.0	BBB
7	Axis Bank	66.000	BBB	47.5	BBB	38.0	BBB	30.0	BBB
8	ICICI Prudential Life Insurance Company Ltd.	65.000	BBB	47.5	BBB	38.0	BBB	30.0	BBB
9	State Life Insurance Corporation	64.000	BBB	47.5	BBB	38.0	BBB	30.0	BBB
10	State General Insurance Corporation	63.000	BBB	47.5	BBB	38.0	BBB	30.0	BBB
11	State Health Insurance Corporation	62.000	BBB	47.5	BBB	38.0	BBB	30.0	BBB
12	State Fire Insurance Corporation	61.000	BBB	47.5	BBB	38.0	BBB	30.0	BBB
13	State Motor Insurance Corporation	60.000	BBB	47.5	BBB	38.0	BBB	30.0	BBB
14	State Marine Insurance Corporation	59.000	BBB	47.5	BBB	38.0	BBB	30.0	BBB
15	State Aviation Insurance Corporation	58.000	BBB	47.5	BBB	38.0	BBB	30.0	BBB
16	State Marine Insurance Corporation	57.000	BBB	47.5	BBB	38.0	BBB	30.0	BBB
17	State Marine Insurance Corporation	56.000	BBB	47.5	BBB	38.0	BBB	30.0	BBB
18	State Marine Insurance Corporation	55.000	BBB	47.5	BBB	38.0	BBB	30.0	BBB
19	State Marine Insurance Corporation	54.000	BBB	47.5	BBB	38.0	BBB	30.0	BBB
20	State Marine Insurance Corporation	53.000	BBB	47.5	BBB	38.0	BBB	30.0	BBB
21	State Marine Insurance Corporation	52.000	BBB	47.5	BBB	38.0	BBB	30.0	BBB
22	State Marine Insurance Corporation	51.000	BBB	47.5	BBB	38.0	BBB	30.0	BBB
23	State Marine Insurance Corporation	50.000	BBB	47.5	BBB	38.0	BBB	30.0	BBB
24	State Marine Insurance Corporation	49.000	BBB	47.5	BBB	38.0	BBB	30.0	BBB
25	State Marine Insurance Corporation	48.000	BBB	47.5	BBB	38.0	BBB	30.0	BBB
26	State Marine Insurance Corporation	47.000	BBB	47.5	BBB	38.0	BBB	30.0	BBB
27	State Marine Insurance Corporation	46.000	BBB	47.5	BBB	38.0	BBB	30.0	BBB
28	State Marine Insurance Corporation	45.000	BBB	47.5	BBB	38.0	BBB	30.0	BBB
29	ICICI Prudential Life Insurance Company Ltd.	44.000	BBB	47.5	BBB	38.0	BBB	30.0	BBB
30	State Marine Insurance Corporation	43.000	BBB	47.5	BBB	38.0	BBB	30.0	BBB

ICICI Pru Signature - Best ULIP policy of the year



A Unit Linked Non-Participating Life Insurance Plan

Excellence in Claims and Customer Service



Sustain Labs Paris in association with BW Businessworld

Adjudged one of the Most Valuable Indian Brand



'BrandZ Top 75 Most Valuable Indian Brands 2020'

Business Today – Money Today Financial Awards 2020

Gold Award – Excellence in Financial Reporting: FY20 Annual Report



Ranked at #52 worldwide by LACP\* Annual Spotlight Awards

FICCI Insurance Industry Awards 2020

Best Contact Centre



Customer Fest Leadership Awards 2021



\*League of American Communications Professionals LLC


# Technology @ICICI Prulife

# Our digital enablers



## Marketing

### Hyper personalization –

Personalized 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 customized quotes

### Search engine optimization –

Use of Machine learning to rank ICICI Pru higher on customers search


### Mobile first –

All our content and journeys are designed for mobile devices



## Data & Analytics

### Nudge engine/ Actionable insights

- Data analytics based system which suggests the best suited action for you to achieve next goal 

### Smart solutions –

Pre-approved personalized best offers to customer for instant issuance and persistency backed by data

### Modular data integration approach

– to meet partner requirements


### On premise data lake

Use of AI & ML to analyze structured & unstructured data



## 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 –

Robust LMS enhanced with voice capability and geographical tagging 

### Knowledge repository –


On-the-go e-learning modules via exclusive Learners' Box app

### My Coach –


AI based platform for video based library creation for sales pitches

# Our digital enablers

## Onboarding & issuance

**Term by invite** - Pre approved offerings for partners with zero documents or medical 

### Digital journey

- ❖ End to end digital onboarding
- ❖ 3-click PASA onboarding
- ❖ Smart doc upload
- ❖ Instant OCR
- ❖ Video risk verification 
- ❖ Tele & video underwriting

### RPA enabled issuance


### Leveraging third party Data points & data pre-pop

- ❖ ICICI Bank
- ❖ Experian
- ❖ CRIF
- ❖ CIBIL

## Customer service

### 24x7 chat/voice assistants



- ❖ LiGo chat bot
- ❖ WhatsApp bot
- ❖ Voice bot on IVR
- ❖ E-mail bot
- ❖ Humanoid bot 

### Digital customer service

- ❖ Omni-channel experience
- ❖ Mobile application for customer service
- ❖ Digital life verification

### Flexible premium payment options

**Artificial intelligence** for pre claim assessment and claims processing

## 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



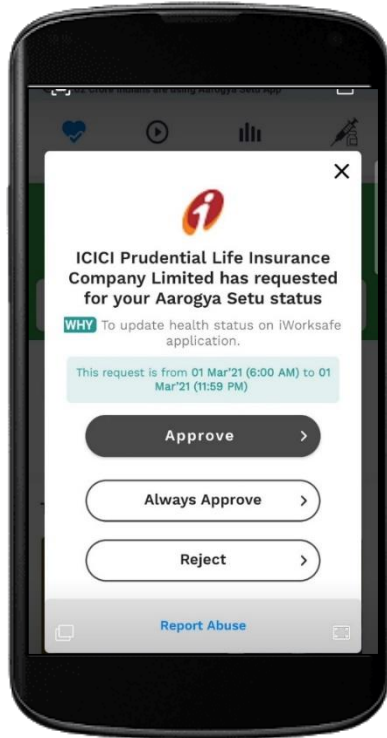
# Empowering stakeholders

## Contactless interactions, interfaces



### Covid companion app

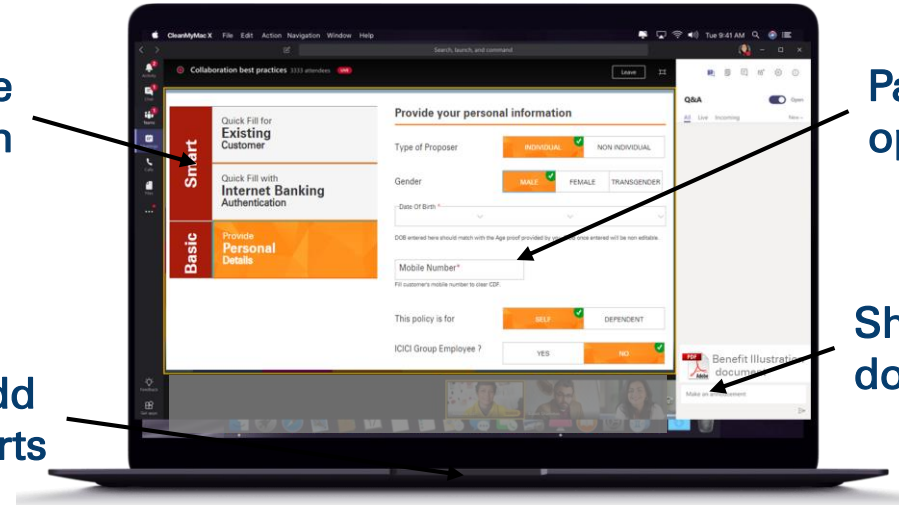
- Fetches health status from Arogya setu



### Collaboration platforms

Share screen

Add experts



Payment options

Share documents

Online meetings (upto 300 users) | Video/Audio call  
| Joint sales call | Share content Chat |  
Invite external guests, experts | Access previous meeting notes | Record sessions

# Agenda

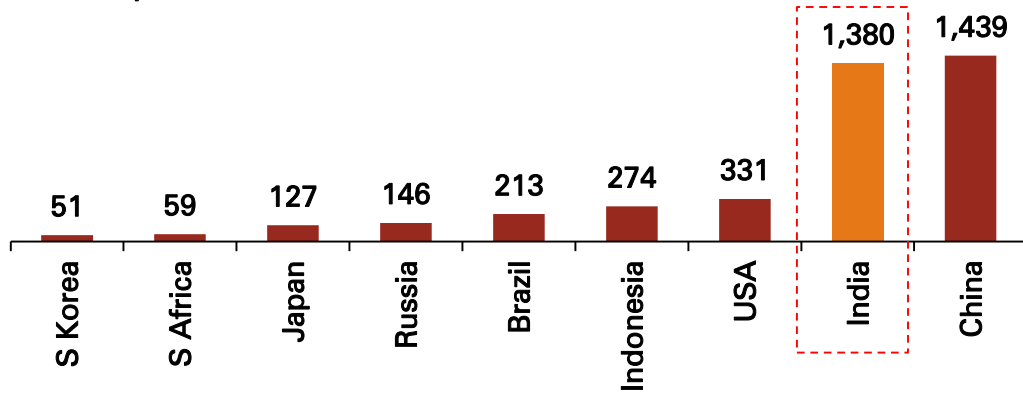
- Company strategy and performance
- **Opportunity**
- Industry overview



# Favorable demography

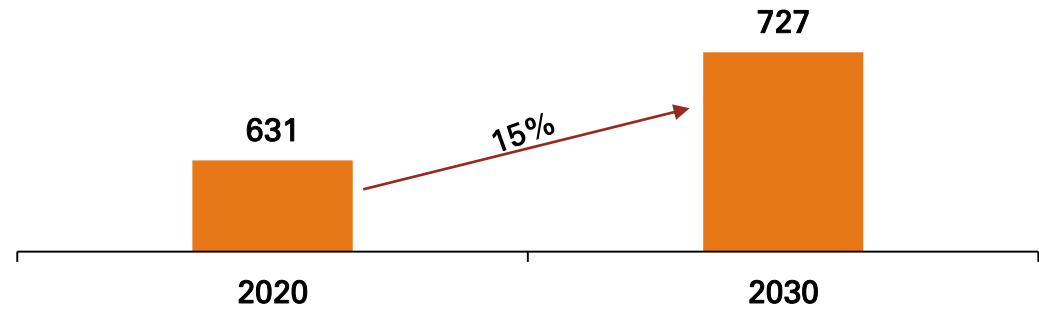
## Large and growing population base<sup>1</sup>

2020 Population (mn)

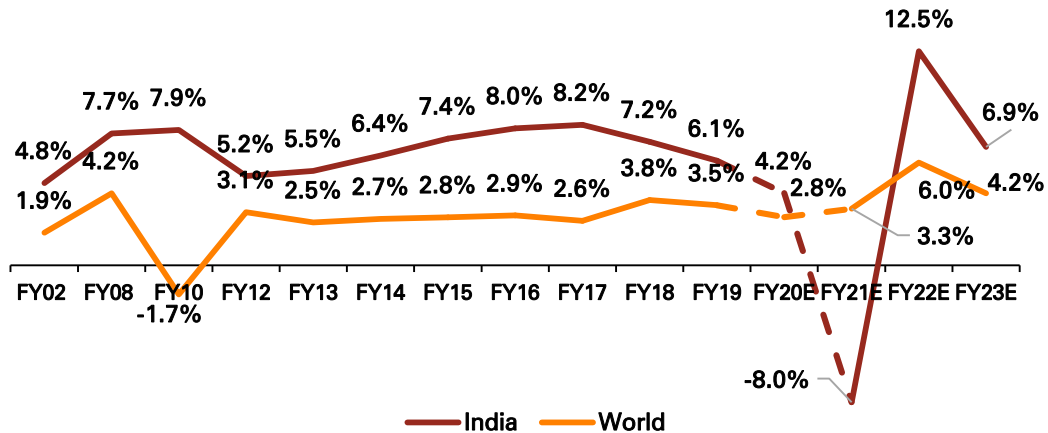


## High share of working population<sup>1</sup>

Population of age 25-59 years (in mn)

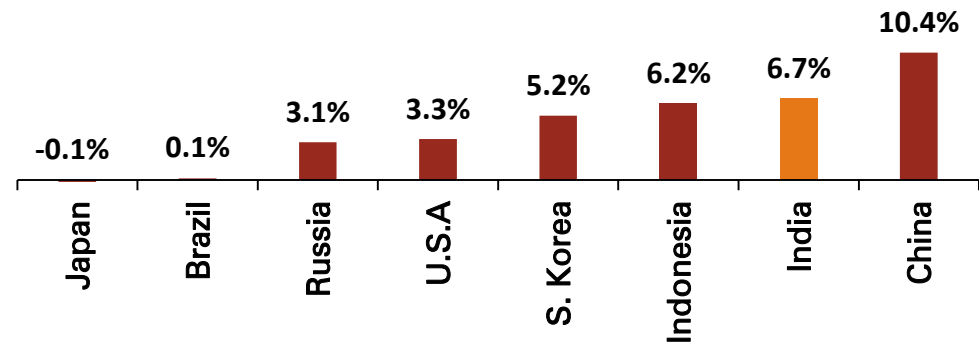


## Driving GDP growth<sup>2</sup>



## Rising affluence<sup>2</sup>

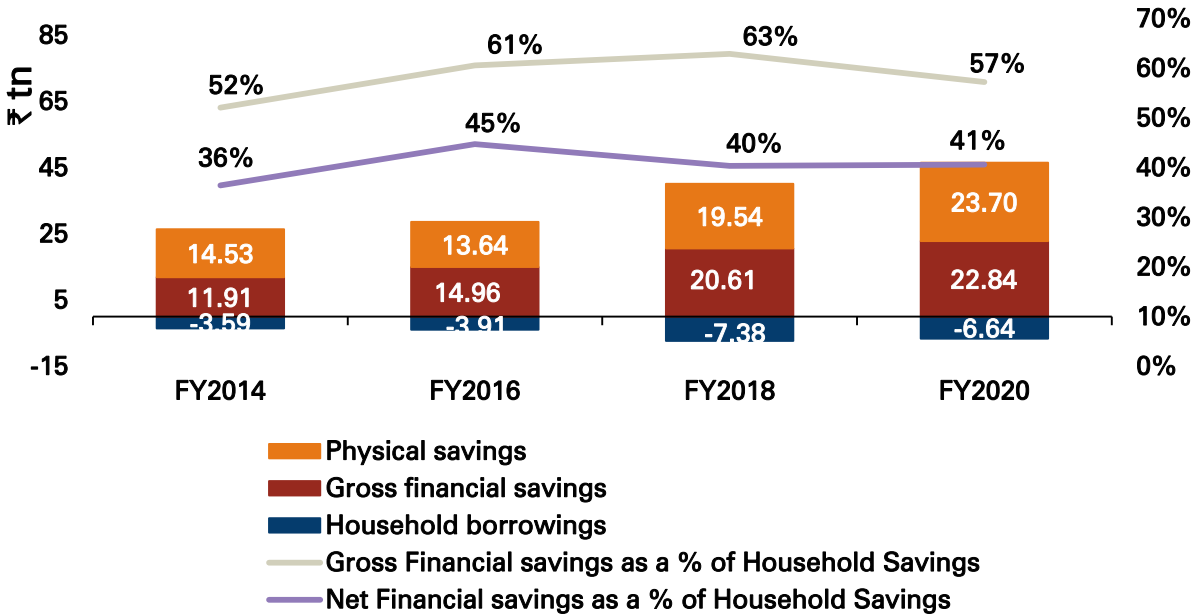
GDP per capita CAGR (FY2010-FY2020)



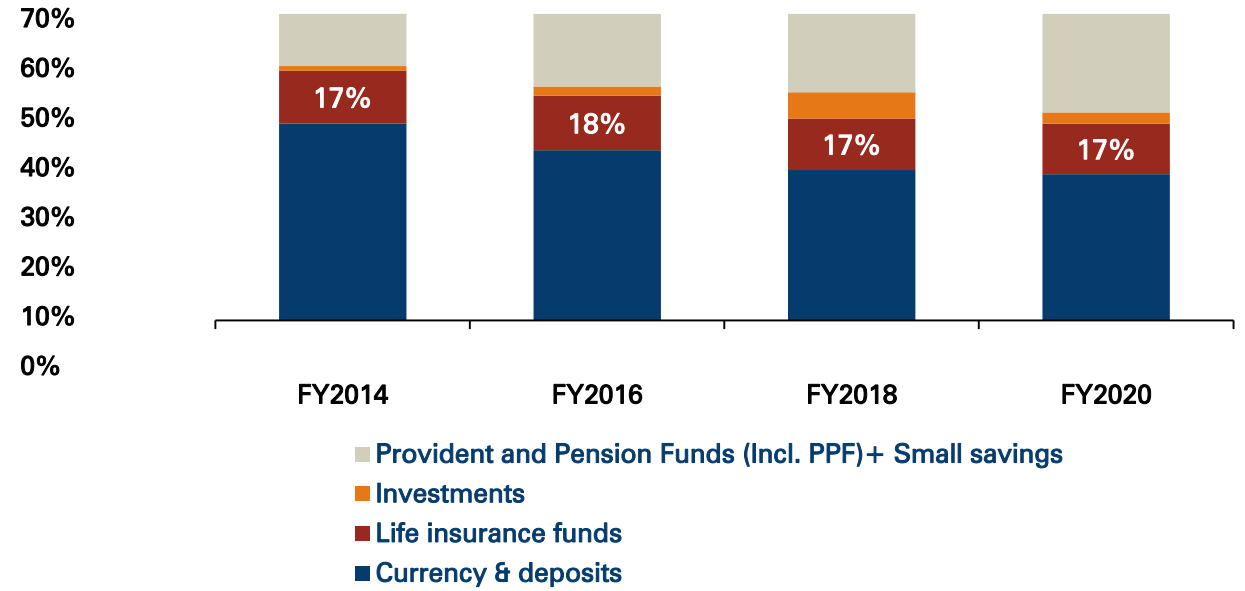
1. Source: UN population division  
2. Source: WEO Update, April 2021

# Financialisation of savings: Opportunity for insurance

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



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



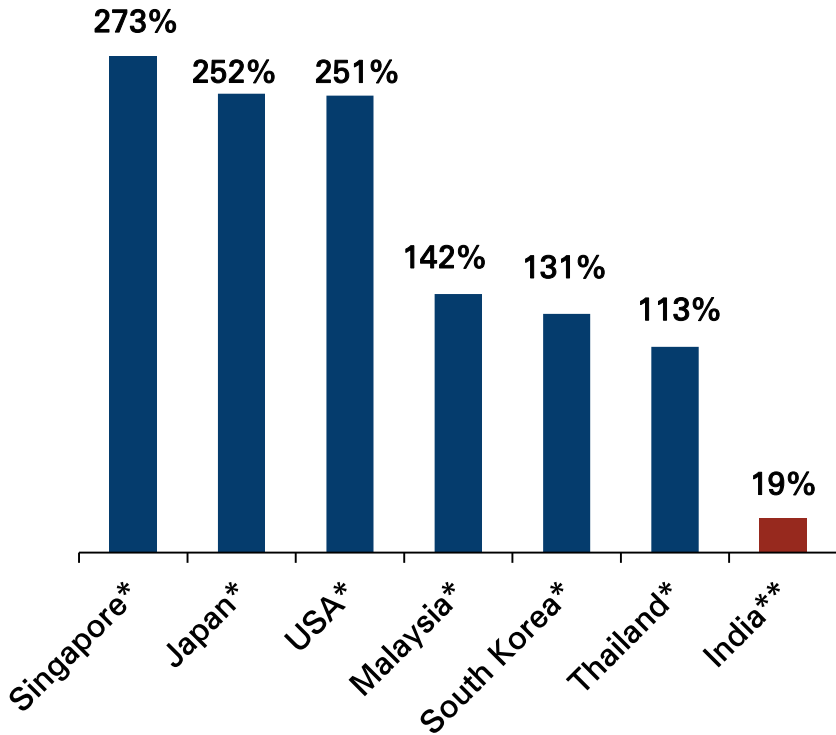
	FY2002	FY2008	FY2010	FY2012	FY2014	FY2018	FY2019	FY2020
Life insurance premium <sup>3</sup> as % of GDP	2.1%	4.0%	4.1%	3.3%	2.8%	2.7%	2.7%	2.8%



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

# Protection opportunity: Low penetration

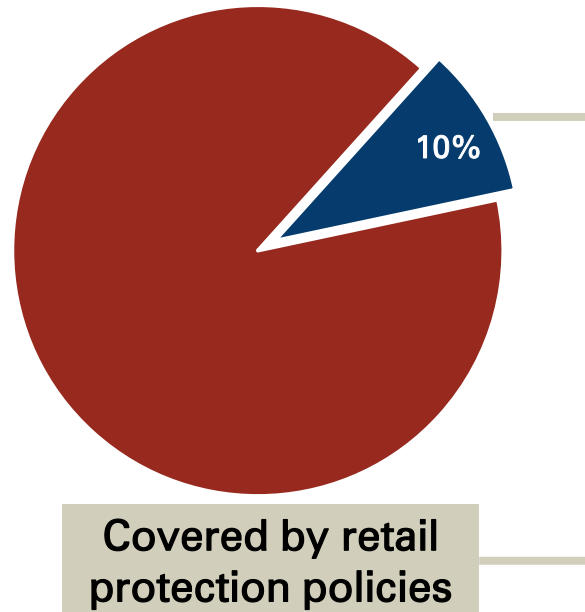
Sum Assured as a % of GDP<sup>1,2</sup>



\* Total sum assured

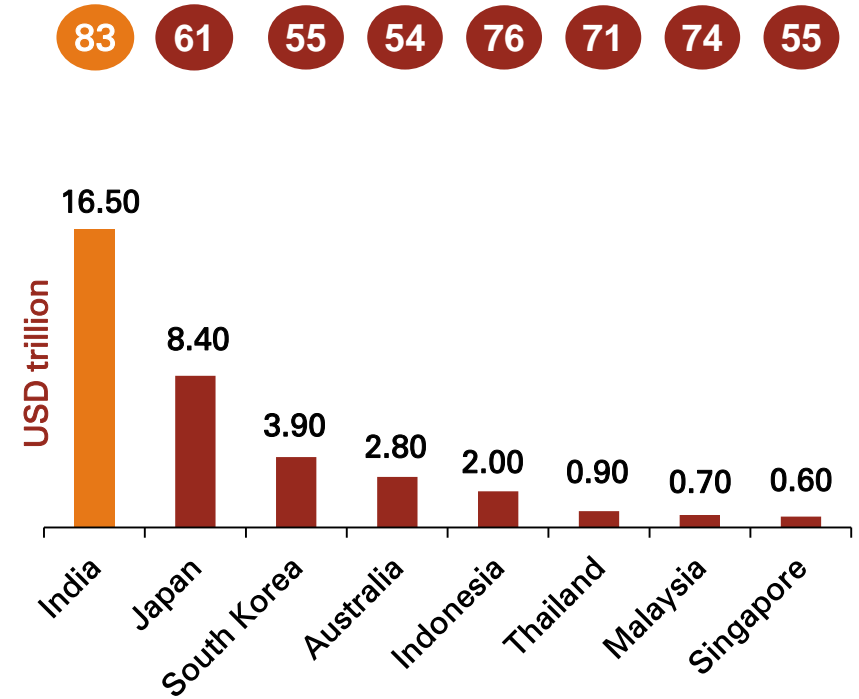
\*\* Retail protection sum assured (company estimates)

Addressable population<sup>#</sup> coverage<sup>3</sup> (%)



# Based on Income Tax Department data for individuals (annual income > ₹ 250,000) and company estimates

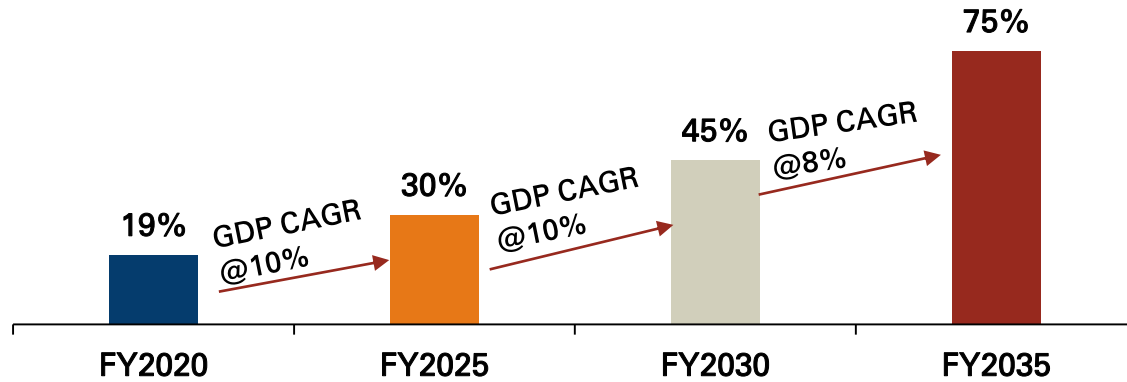
Protection gap(%)<sup>4,5</sup>



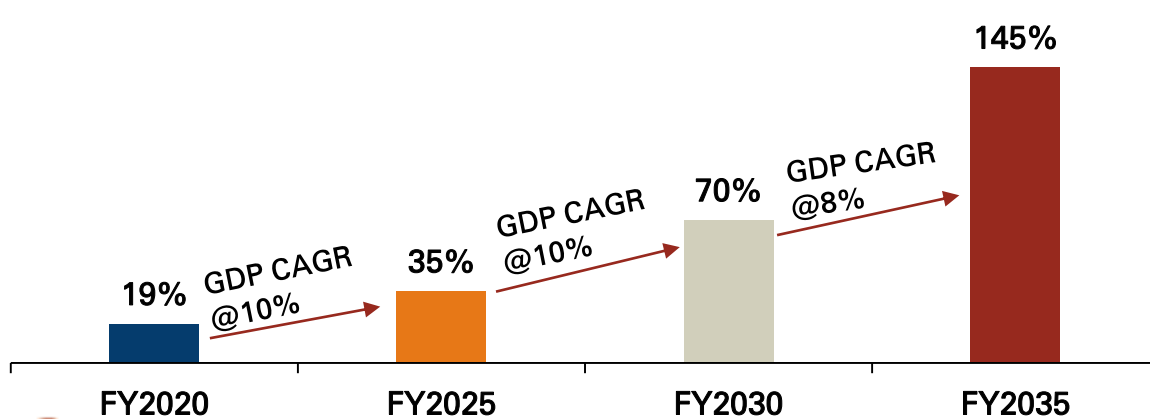
- As of FY2020 for India (GDP Source: National Statistics Office, protection sum assured source: company estimates)
- As of FY2018 for US, Japan, South Korea. Others as of FY2017 (Source: McKinsey estimates)
- Addressable population coverage= Inforce no. of lives for retail protection/ No. of returns with income > ₹ 250,000
- Protection gap (%): Ratio of protection lacking/protection needed
- Source: Swiss Re, Closing Asia's mortality protection gap, 2020

# Protection opportunity: Sum assured as a % of GDP

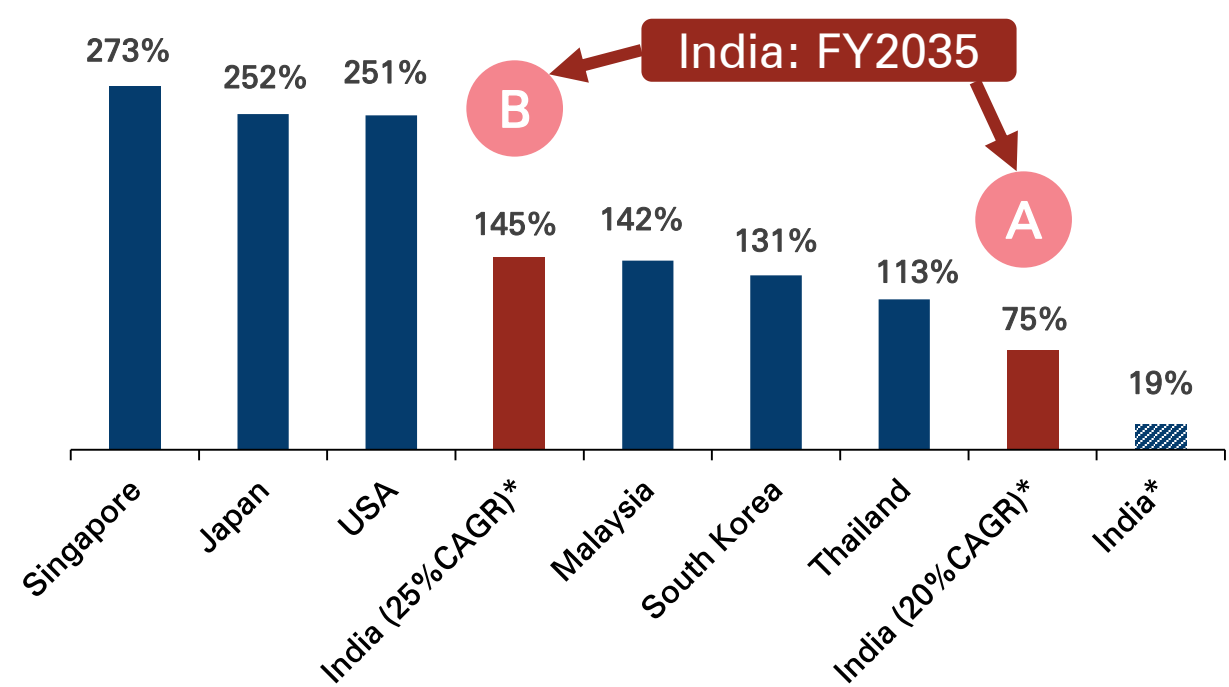
**A** Sum Assured (SA) as a % of GDP:  
Assuming SA growth @ 20% CAGR



**B** Sum Assured (SA) as a % of GDP:  
Assuming SA growth @ 25% CAGR



Sum Assured as a % of GDP<sup>1,2</sup>



\* For retail protection sum assured (company estimates)

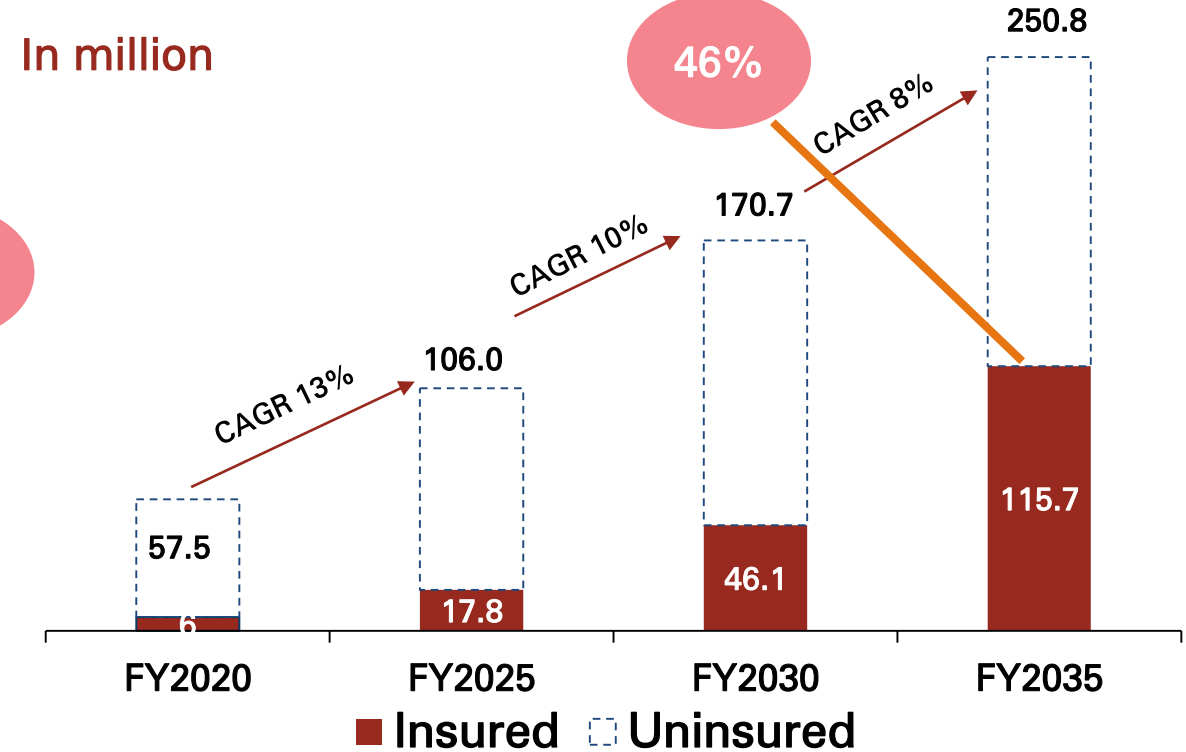
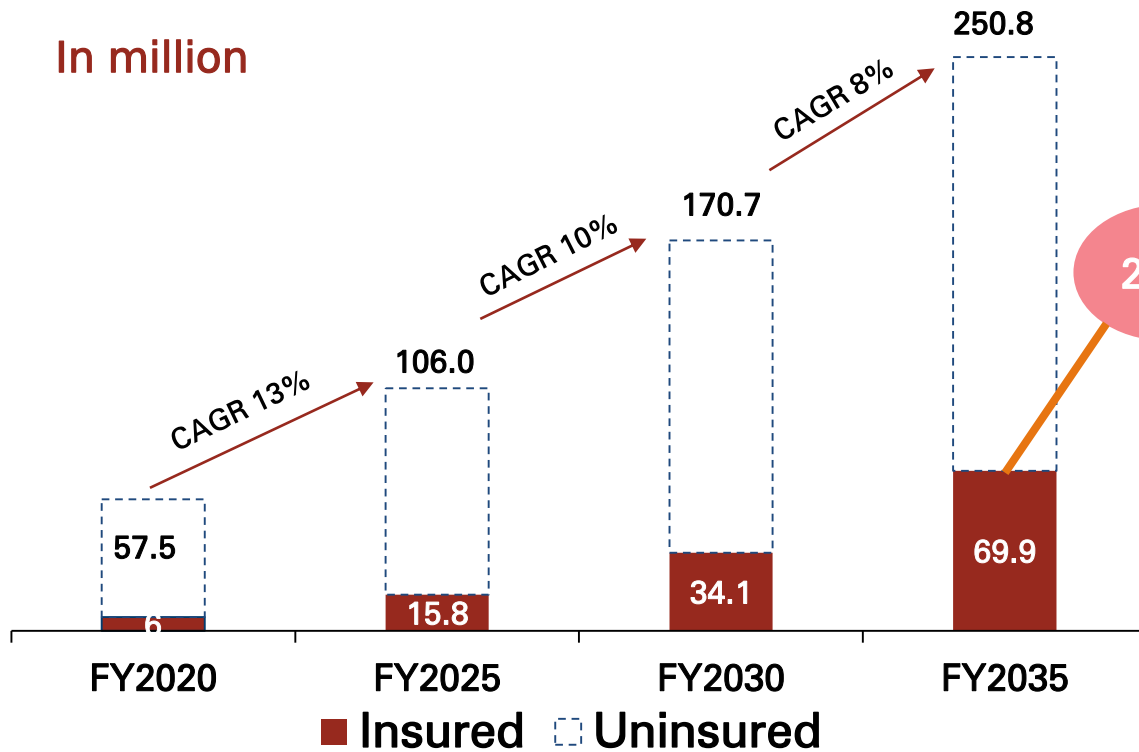


1. FY2020 GDP data for India (Source: National Statistics Office, protection sum assured source: company estimates)
2. As of FY2018 for US, Japan, South Korea. Others as of FY2017 (Source: McKinsey estimates)

# Protection opportunity: Addressable population coverage (%)

With 15% CAGR in new policy count from FY2020 to FY2035

With 20% CAGR in new policy count from FY2020 to FY2035

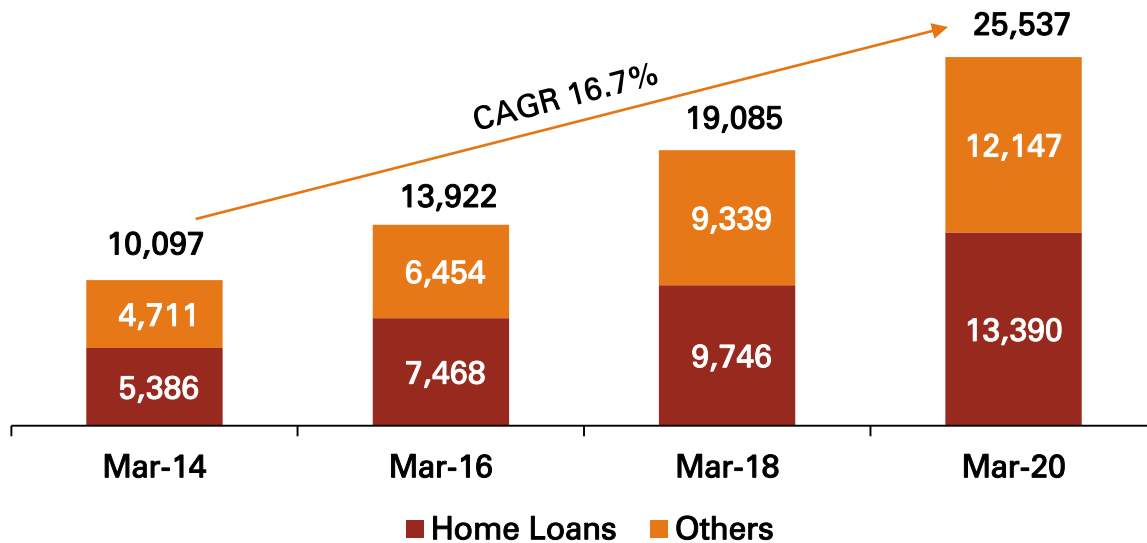


Even at accelerated policy growth rates, at best ~50% of India's addressable population can be expected to be covered in 15 years

# Indicators of protection opportunity

## Retail Credit<sup>1</sup>

₹ billion



- Healthy growth in retail credit
- Credit life is voluntary

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

Gross direct premium (₹ billion)	FY2009	FY2020	CAGR
<b>Health</b>	<b>66.23</b>	<b>516.38</b>	<b>20.5%</b>
<b>Motor</b>	<b>138.21</b>	<b>692.08</b>	<b>15.8%</b>
- Motor Own Damage (OD)	87.56	265.52	10.6%
- Motor Third Party (TP)	50.65	426.56	21.4%

- Protection premium ~ ₹ 235 billion for life insurance industry in FY2021



1. Source: RBI

2. Source: General Insurance Council and company estimate  
Components may not add up to the totals due to rounding off



# Agenda

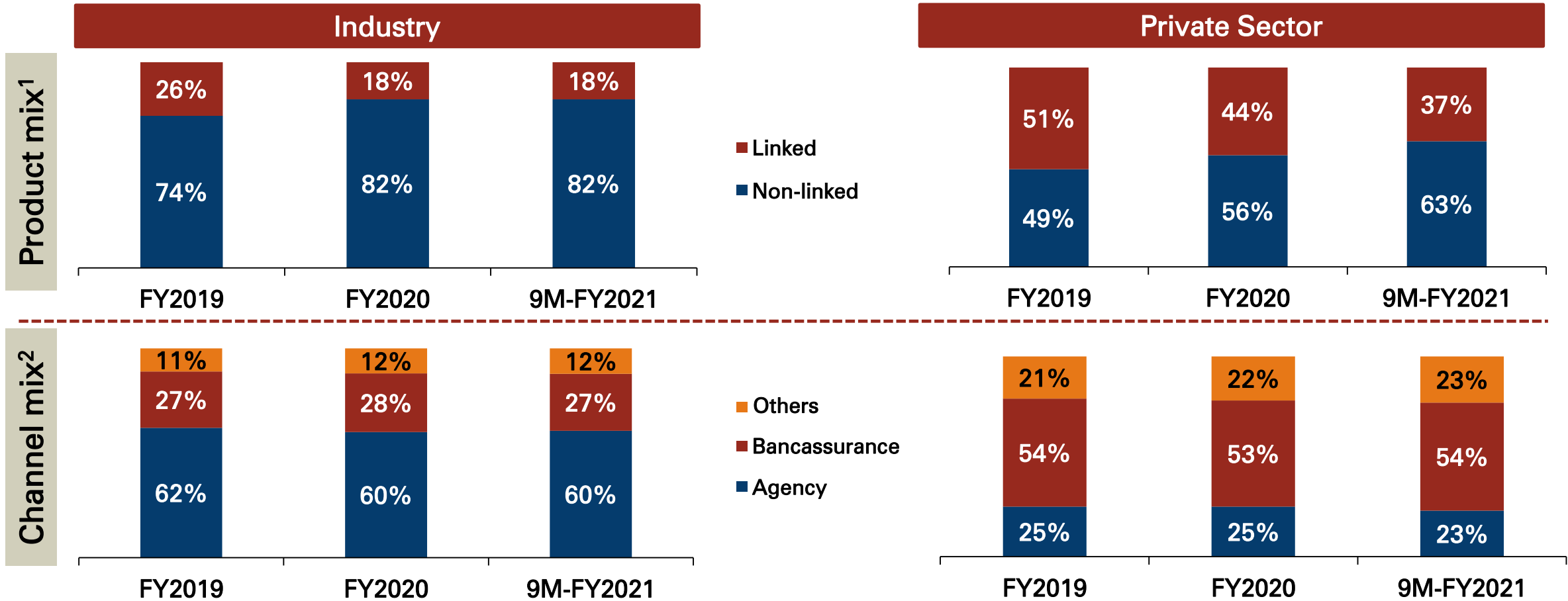
- Company strategy and performance
- Opportunity
- Industry overview



# Evolution of life insurance industry in India

	FY2002		FY2010		FY2015		FY2020
New business premium <sup>1</sup> (₹ bn)	116	21.5%	550	-5.8%	408	12.5%	735
Total premium (₹ bn)	501	3.2%	2,654	4.3%	3,281	11.6%	5,683
Penetration (as a % to GDP)	2.1%		4.1%		2.6%		2.8%
Assets under management (₹ bn)	2,304	24.0%	12,899	12.6%	23,361	10.1%	37,757
In-force sum assured <sup>2</sup> (₹ bn)	11,812*	15.5%	37,505	15.8%	78,091	17.3%	173,077
In-force sum assured (as % to GDP)	50.1%		57.9%		62.7%		85.1%

# Industry overview



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

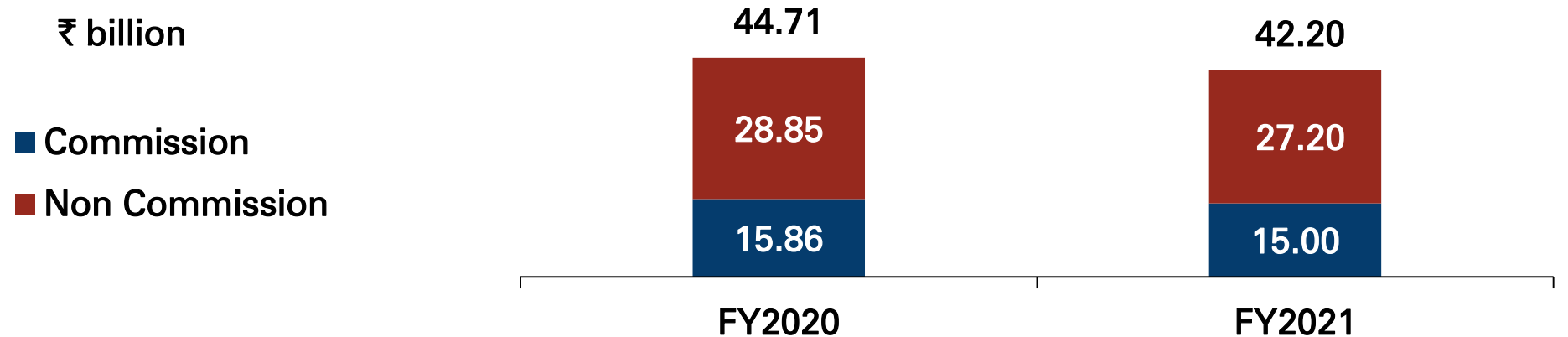


1. New business weighted premium basis  
 2. Individual new business premium basis  
 Source: Life Insurance Council

# Annexures

# Cost efficiency

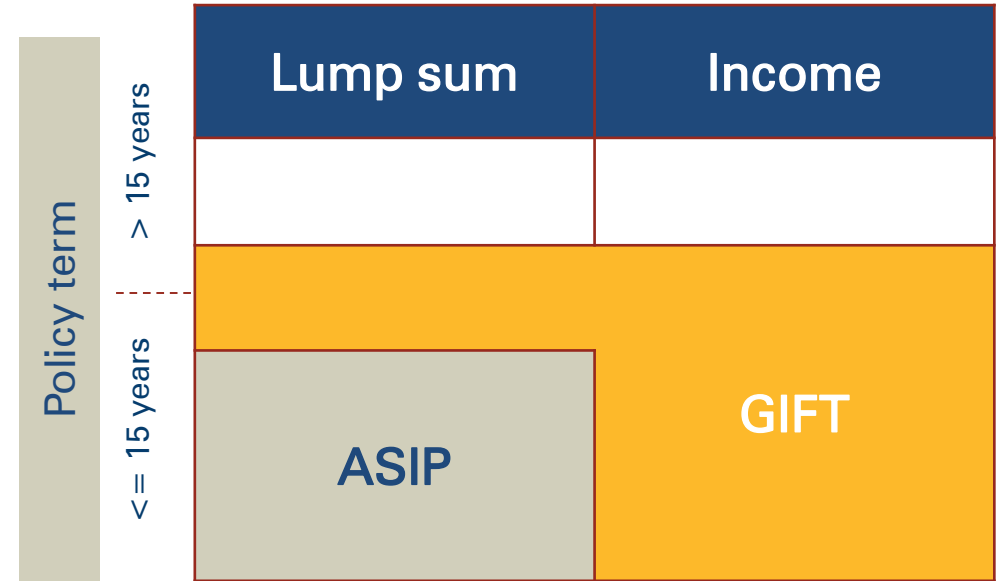
	FY2020	FY2021
Expense ratio (excl. commission) <sup>1</sup>	10.3%	9.5%
Commission ratio <sup>2</sup>	5.7%	5.3%
Cost/TWRP <sup>3</sup>	15.9%	14.8%
Cost/Average AUM <sup>4</sup>	2.9%	2.3%
Cost/TWRP (Savings LOB)	10.4%	9.6%



# Risk management: Non-participating business

## Guaranteed return savings product

- Expanded product tenure from a maximum of 15 years to ~20 years
- Interest risk hedged through a combination of cash market instruments and derivatives
  - Hedge program designed for each tranche of new business
  - Locked in yields for future premiums
  - Underlying bonds for derivatives selected keeping in mind liability tenure

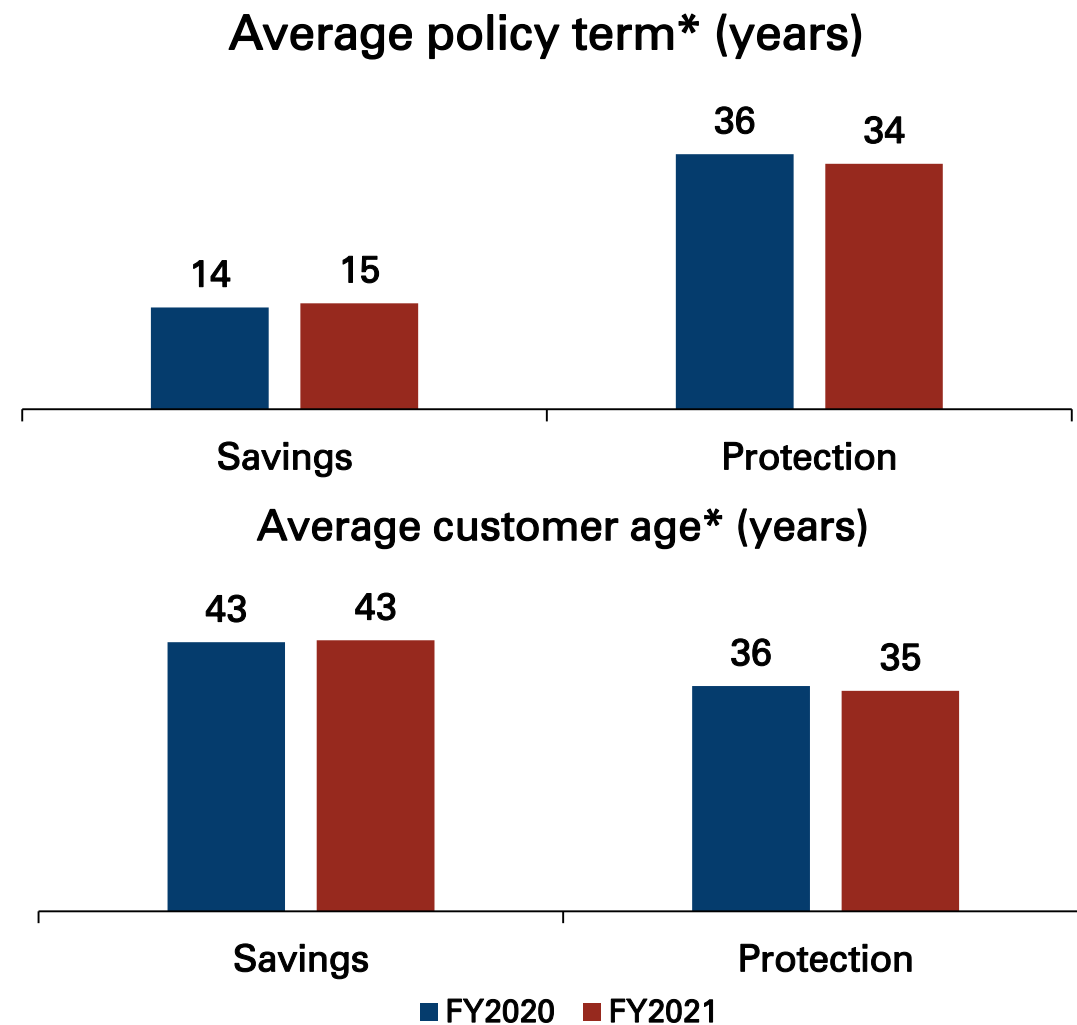


- Annuity (GPP): Average deferment period < 5 years

Review of pricing based on current interest rate environment

# Average APE by product categories

Segment (₹)	FY2020	FY2021
ULIP	183,109	154,702
Non-linked savings	72,000	85,654
Protection	23,115	25,149
<b>Total</b>	<b>88,648</b>	<b>85,701</b>



\* Protection excludes credit life

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

Channel category	Product category	FY2019	FY2020	FY2021
Bancassurance	ULIP	93.4%	86.8%	73.3%
	Non-linked savings	2.3%	3.3%	11.6%
	Annuity	0.5%	0.7%	4.3%
	Protection	3.9%	9.3%	10.9%
	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Agency	ULIP	75.3%	49.9%	33.3%
	Non-linked savings	18.4%	39.2%	57.0%
	Annuity	0.1%	0.6%	2.1%
	Protection	6.2%	10.3%	7.7%
	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Direct	ULIP	79.3%	66.7%	61.4%
	Non-linked savings	6.7%	14.4%	21.2%
	Annuity	4.9%	7.2%	7.8%
	Protection	9.0%	11.6%	9.6%
	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Partnership distribution	ULIP	28.3%	21.8%	13.1%
	Non-linked savings	49.9%	49.6%	70.5%
	Annuity	0.0%	0.5%	2.9%
	Protection	21.9%	27.8%	13.5%
	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

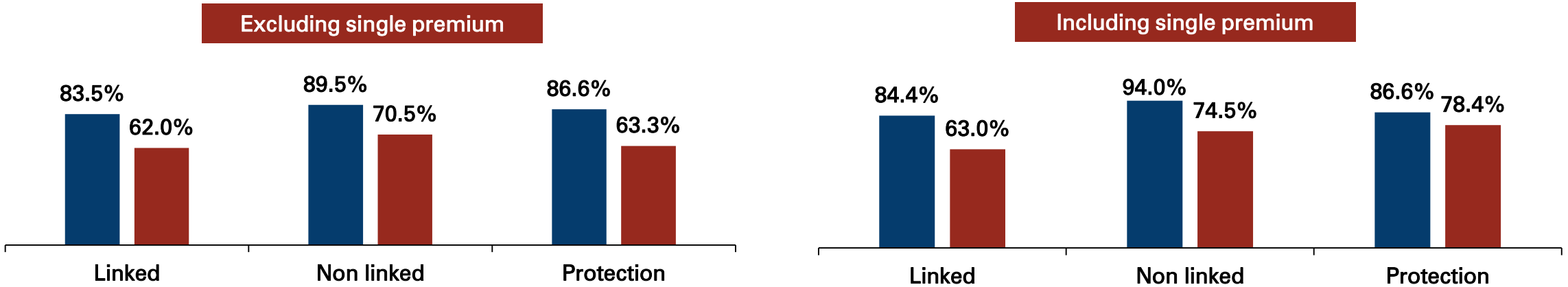


# Product wise channel mix<sup>1</sup>

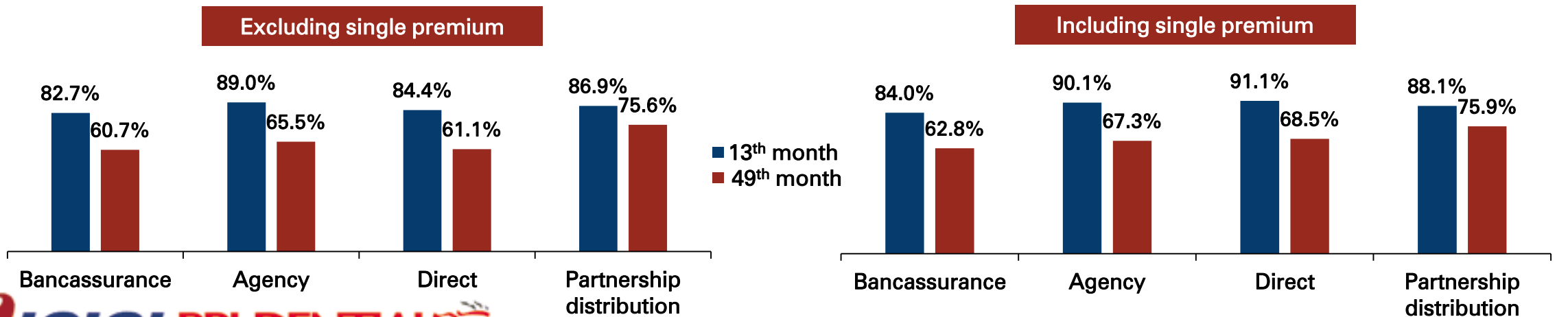
Product category	Channel category	FY2019	FY2020	FY2021
ULIP	Bancassurance	65.5%	68.2%	64.9%
	Agency	20.5%	16.3%	16.6%
	Direct	12.0%	13.0%	16.1%
	Partnership distribution	2.1%	2.5%	2.5%
	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Non-linked savings	Bancassurance	14.2%	10.8%	17.8%
	Agency	44.5%	53.6%	49.3%
	Direct	9.0%	11.7%	9.7%
	Partnership distribution	32.3%	23.8%	23.3%
	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Annuity	Bancassurance	29.0%	29.4%	51.1%
	Agency	2.9%	11.8%	14.0%
	Direct	66.7%	55.3%	27.5%
	Partnership distribution	0.0%	3.5%	7.4%
	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Protection	Bancassurance	36.9%	45.2%	51.9%
	Agency	22.8%	20.9%	20.6%
	Direct	18.7%	14.0%	13.6%
	Partnership distribution	21.7%	19.8%	13.8%
	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

# Retail persistency

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



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



1. 11M-FY2021 persistency  
As per IRDA circular dated January 23,2014; excluding group

# Embedded value

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

₹ billion	FY2017	FY2018	FY2019	FY2020	FY2021
Opening EV	139.39	161.84	187.88	216.23	230.30
Unwind	12.21	13.72	15.84	17.25	16.61
Value of New Business (VNB)	6.66	12.86	13.28	16.05	16.21
Operating assumption changes + Operating variance	4.08	10.22	8.89	(0.42)	2.24
<i>Operating assumption changes</i>	1.00	7.64	4.20	(2.25) <sup>2</sup>	3.09
<i>Operating variance</i>	3.08	2.58	4.69	1.83	(0.85)
<i>Persistency variance</i>	0.99	1.53	2.66	0.85	1.10
<i>Mortality and morbidity variance</i>	0.98	0.78	1.97	0.42	(2.37) <sup>3</sup>
<i>Expense variance</i>	0.35	0.27	0.04	0.01	0.01
<i>Other variance</i>	0.76	0.00	0.02	0.56	0.41
EVOP	22.95	36.80	38.01	32.88	35.05
Return on embedded value (ROEV)	16.5%	22.7%	20.2%	15.2%	15.2%
Economic assumption change and investment variance	5.82	1.13	(1.22)	(14.76)	25.67
Net capital injection	(6.32)	(11.88)	(8.43)	(4.05)	0.04
Closing EV	161.84	187.88	216.23	230.30	291.06

# Embedded value growth

₹ billion	FY2019	FY2020	FY2021
Value of In force (VIF)	142.69	151.87	195.84
Adjusted Net worth	73.54	78.43	95.22
<b>Embedded value<sup>1</sup></b>	<b>216.23</b>	<b>230.30</b>	<b>291.06</b>
Return on Embedded Value (ROEV)	20.2%	15.2%	15.2%
EV growth-pre dividend	19.6%	8.4%	26.4%
EV growth-post dividend	15.1%	6.5%	26.4%
VNB as % of opening EV	7.1%	7.4%	7.0%
Operating assumption changes and variance as % of opening EV	4.7%	(0.2%)	1.0%

# Economic assumptions underlying VNB and EV

Tenor (years)	References Rates	
	March 31, 2020	March 31, 2021
1	4.83%	3.91%
5	7.43%	7.38%
10	7.32%	7.93%
15	7.17%	7.48%
20	7.14%	7.02%
25	7.14%	6.72%
30	7.14%	6.55%

# 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**