



# 9MFY2017 performance review

January 24, 2017

# Agenda

---

Company strategy and performance

Opportunity

Industry overview

# Agenda

---

Company strategy and performance

Opportunity

Industry overview

# Strategy: Market leadership + Profitable growth

## Segmented approach to tap market opportunity- Savings & Protection

- Leverage market opportunity for saving products through
  - Delivery of superior customer value through better products, customer service, fund performance and claims management
  - Focus on key local markets through customized regional strategy
- Multi prong product/ channel approach to tap protection opportunity- Retail through online and offline mode, Mortgage linked and Group term

## Strengthen multi channel architecture and explore non-traditional channels

- Focus on deepening existing bancassurance relationships and seeking alliances with new banks
- Focus on increasing scale of our agency distribution channel
- Using data analytics capability to grow direct to customers
- Establish relationship with new non bank partners with focus on quality

## Focus on increasing value of new business

- Expand our protection business
- Improve customer retention
- Maintain market-leading cost efficiency

## Leverage technology for profitable growth

- Digitalizing sales and service processes
- Increasing digital marketing and sales

---

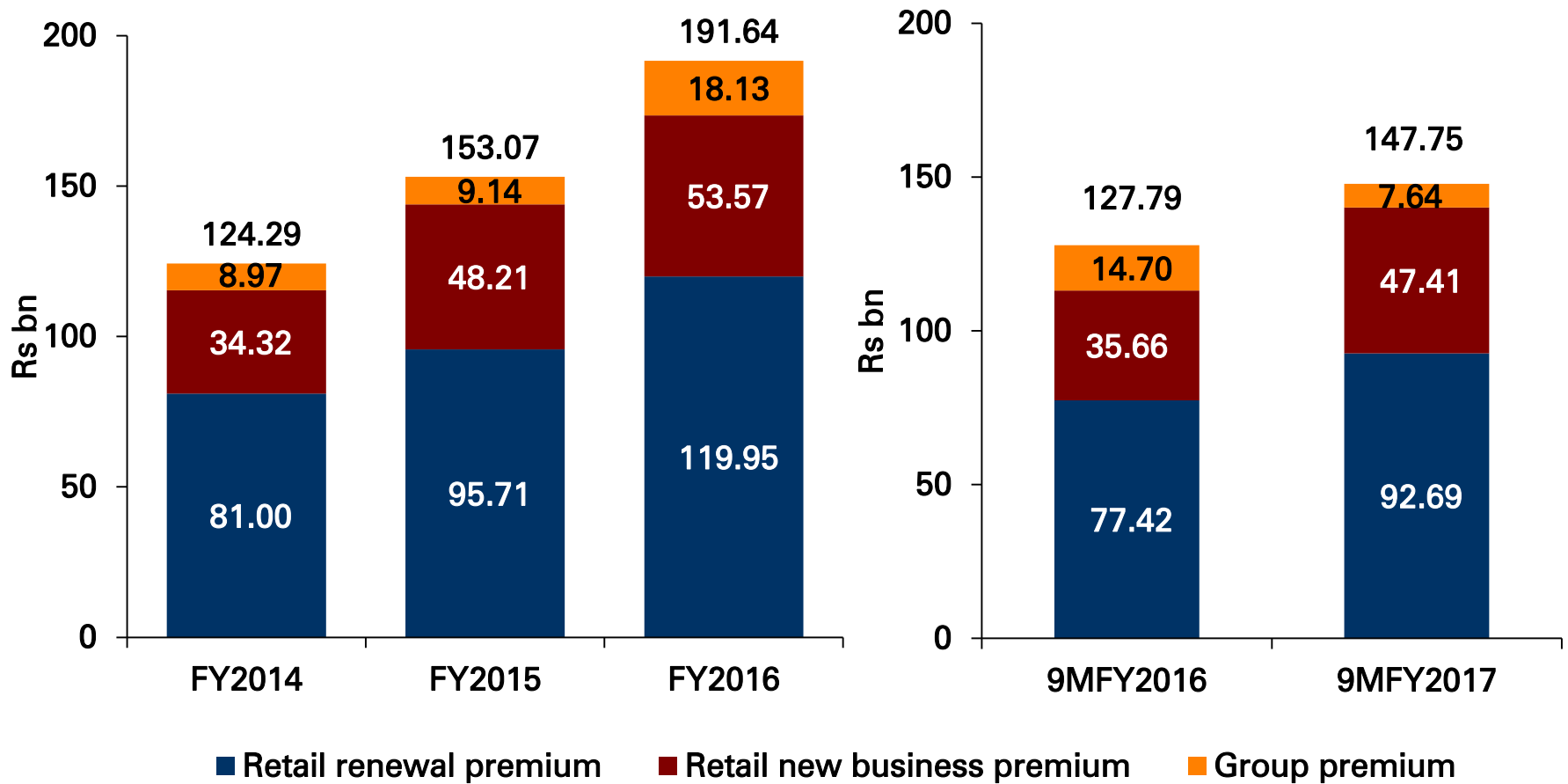
# New business

# New Business

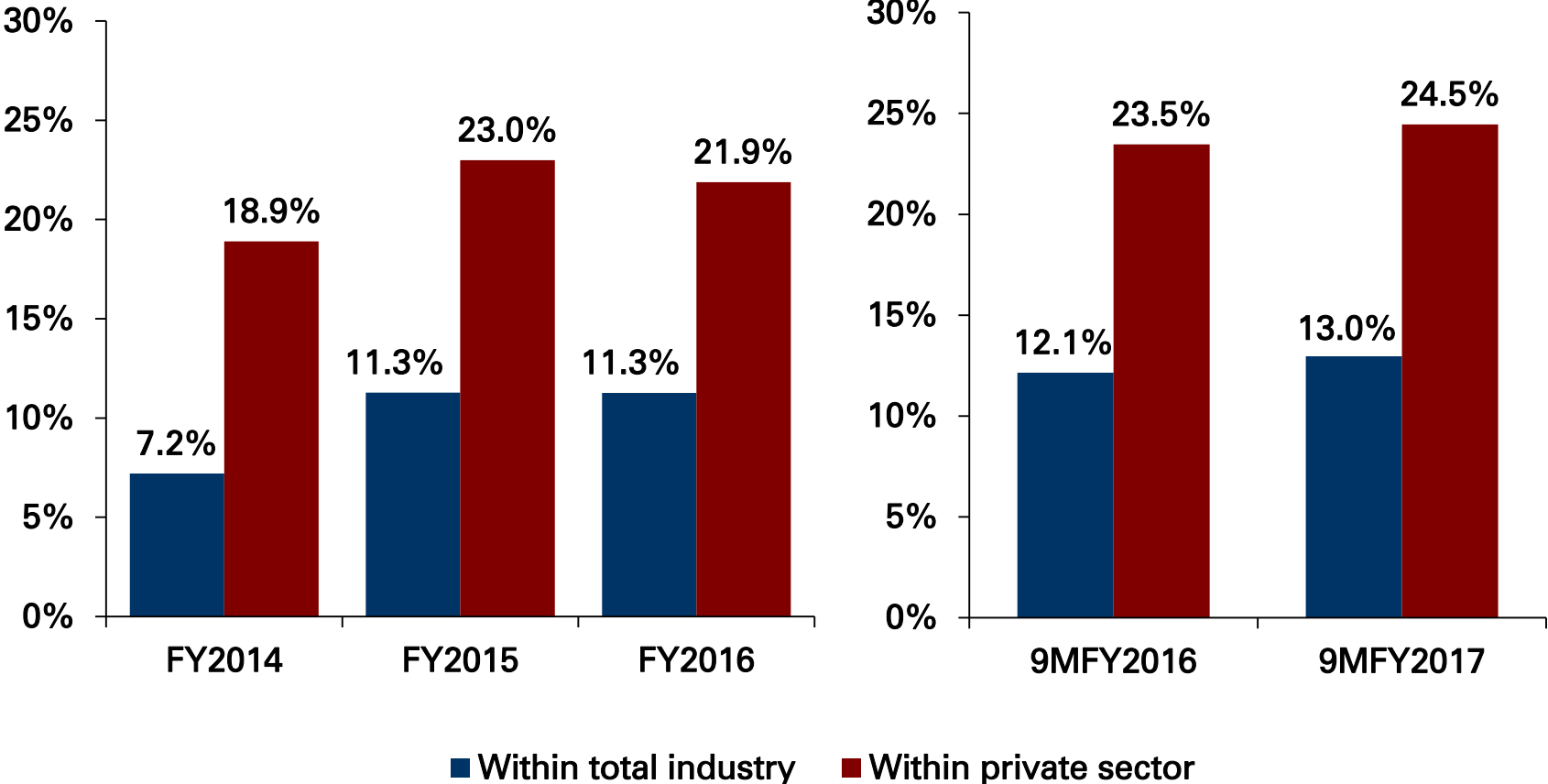
Rs bn	FY2015	FY2016	<i>Growth</i>	9MFY2016	9MFY2017	<i>Growth</i>
RWRP <sup>1</sup>	45.96	49.68	<i>8.1%</i>	33.44	42.77	<i>27.9%</i>
APE <sup>2</sup>	47.44	51.70	<i>9.0%</i>	34.94	44.58	<i>27.6%</i>
Savings APE	46.68	50.31	<i>7.8%</i>	34.16	42.84	<i>25.4%</i>
Protection APE	0.76	1.39	<i>83.6%</i>	0.78	1.74	<i>122.1%</i>

1. Retail weighted received premium
2. Annualized premium equivalent

# Premium summary



# Market share<sup>1</sup>



1. Retail weighted received premium (RWRP) basis  
 Source: IRDAI, Life insurance council





# Consistent leadership in private sector<sup>1</sup>

Market Share	FY2012	FY2013	FY2014	FY2015	FY2016	9MFY2017
LIC	63.5%	62.0%	62.0%	51.0%	48.5%	47.0%
ICICI Prudential	5.9%	7.0%	7.2%	11.3%	11.3%	13.0%
SBI Life	4.4%	5.1%	6.2%	7.7%	9.7%	11.3%
HDFC Life	5.7%	6.7%	5.2%	7.3%	7.6%	6.2%
Max Life	3.1%	3.2%	3.9%	4.8%	4.8%	4.8%
PNB Met Life	1.0%	1.2%	1.3%	1.7%	2.1%	1.9%
Bajaj Allianz	2.7%	2.6%	2.2%	1.9%	1.6%	1.9%

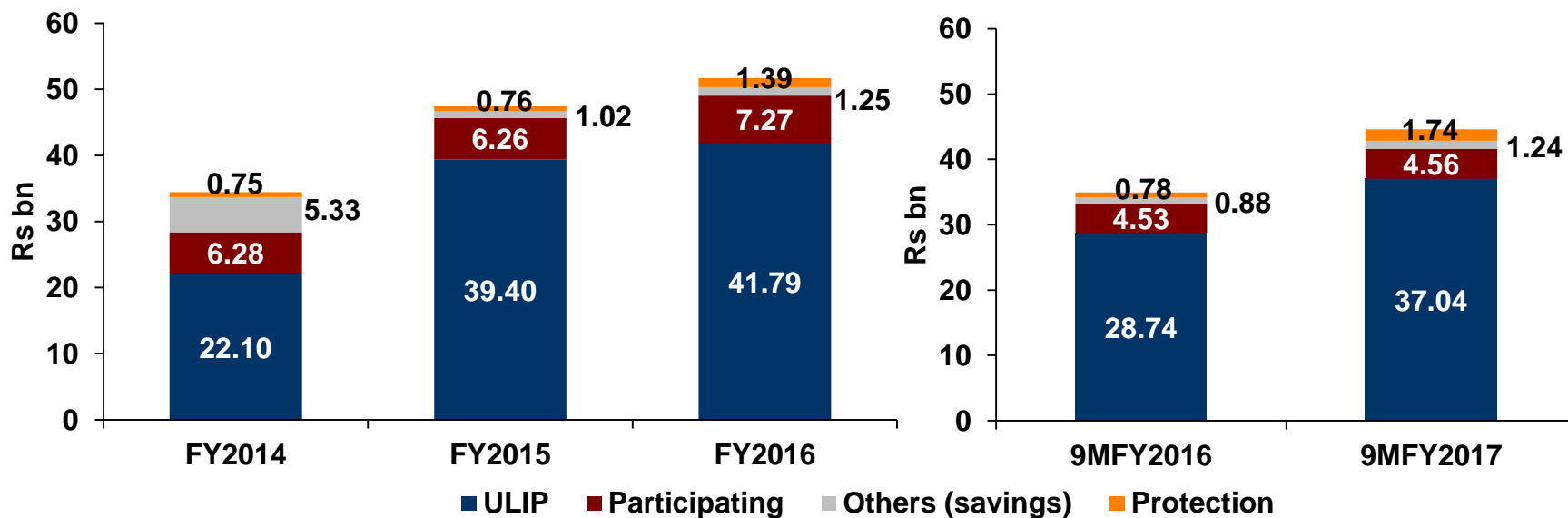
**Market leaders in private market since FY2002**

1. Retail weighted received premium (RWRP) basis  
Source: IRDAI, Life insurance council



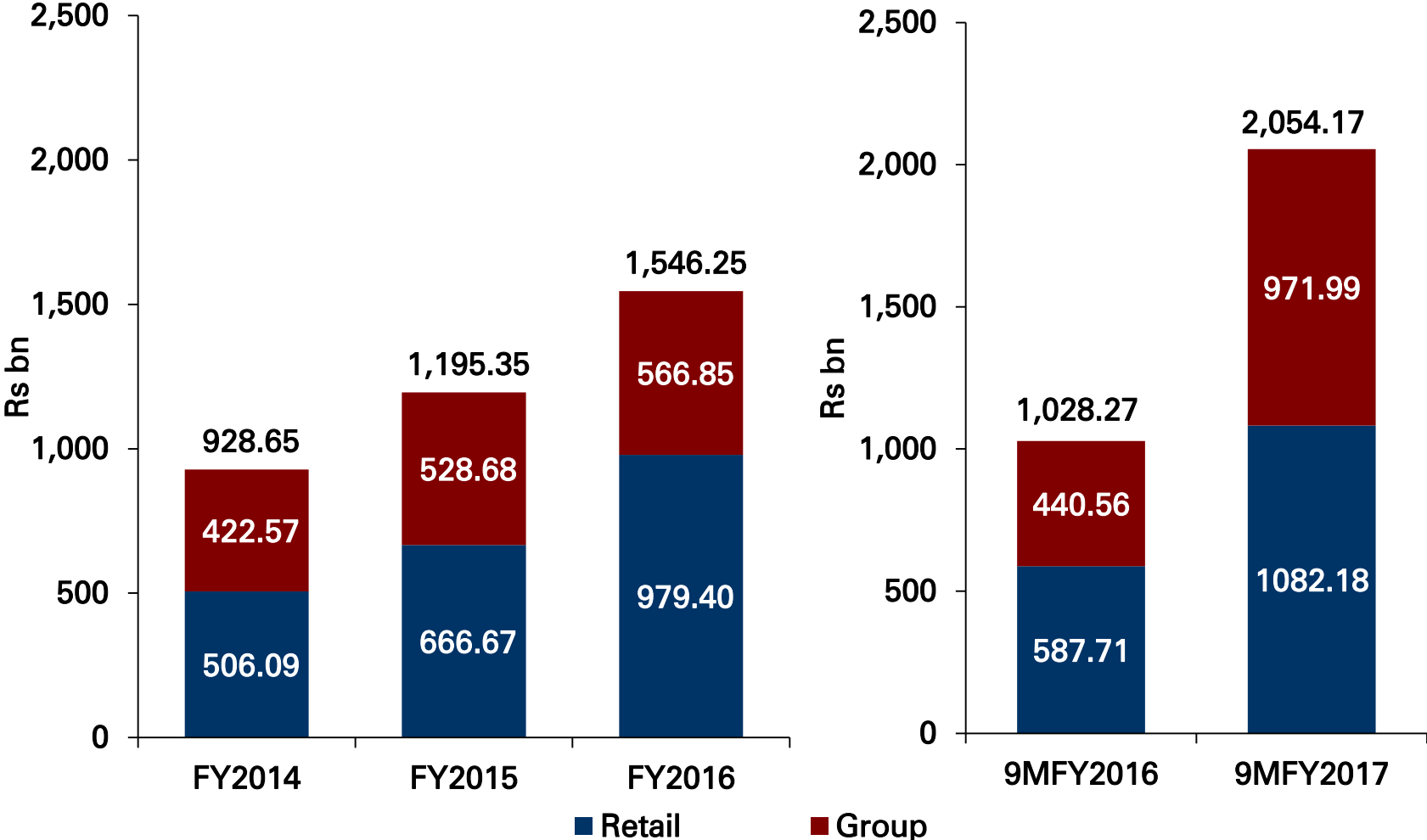
# Product mix

Product mix <sup>1</sup>	FY2014	FY2015	FY2016	9MFY2016	9MFY2017
Savings	97.8%	98.4%	97.3%	97.8%	96.1%
<i>ULIP</i>	64.1%	83.1%	80.8%	82.3%	83.1%
<i>Participating</i>	18.2%	13.2%	14.1%	13.0%	10.2%
<i>Non-Participating</i>	13.3%	0.6%	0.4%	0.4%	1.4%
<i>Group</i> <sup>2</sup>	2.2%	1.5%	2.0%	2.1%	1.4%
Protection <sup>3</sup>	2.2%	1.6%	2.7%	2.2%	3.9%



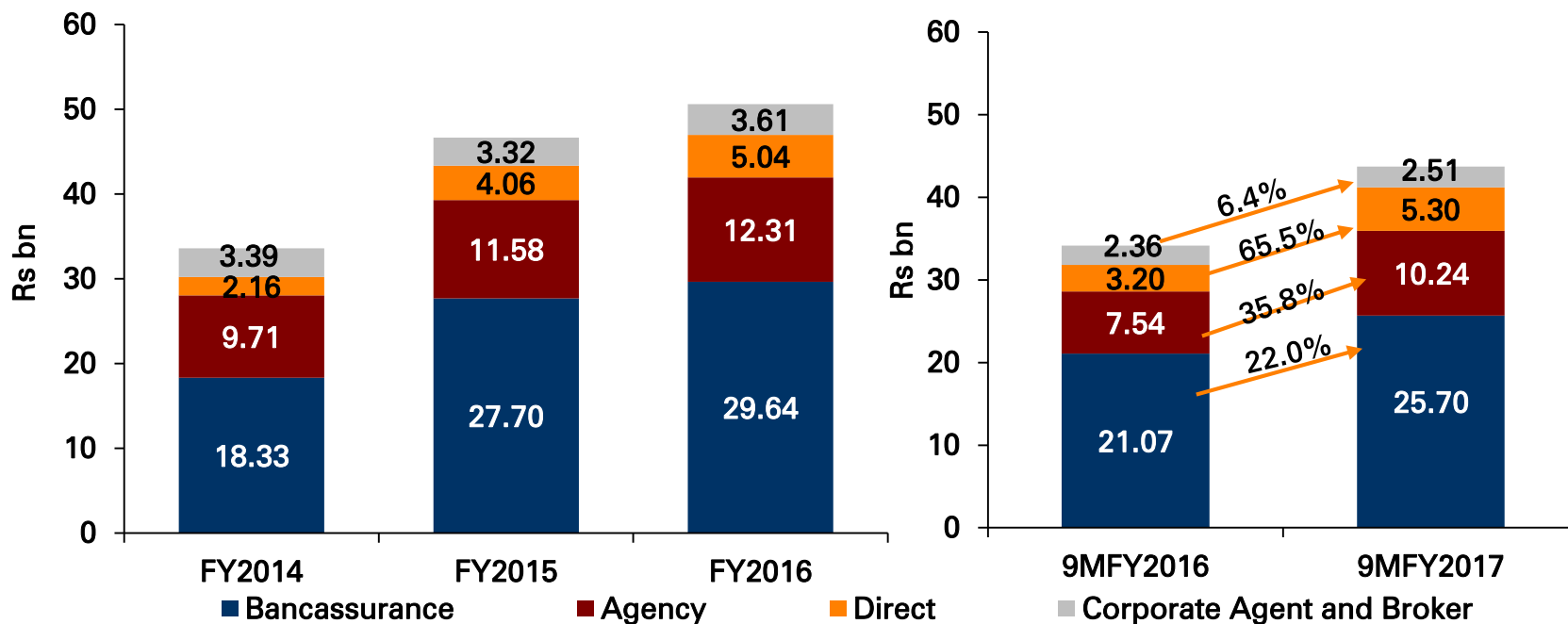
1. Annualized Premium Equivalent (APE) basis
2. Group excludes group protection products
3. Protection includes retail and group protection products

# New business sum assured



# Channel mix

Channel Mix <sup>1</sup>	FY2014	FY2015	FY2016	9MFY2016	9MFY2017
Bancassurance	53.2%	58.4%	57.3%	60.3%	57.7%
Agency	28.2%	24.4%	23.8%	21.6%	23.0%
Direct	6.3%	8.6%	9.8%	9.2%	11.9%
Corporate agents and brokers	9.9%	7.0%	7.0%	6.7%	5.6%
Group	2.5%	1.6%	2.1%	2.2%	1.9%



---

# Quality parameters

# Persistency<sup>1</sup>

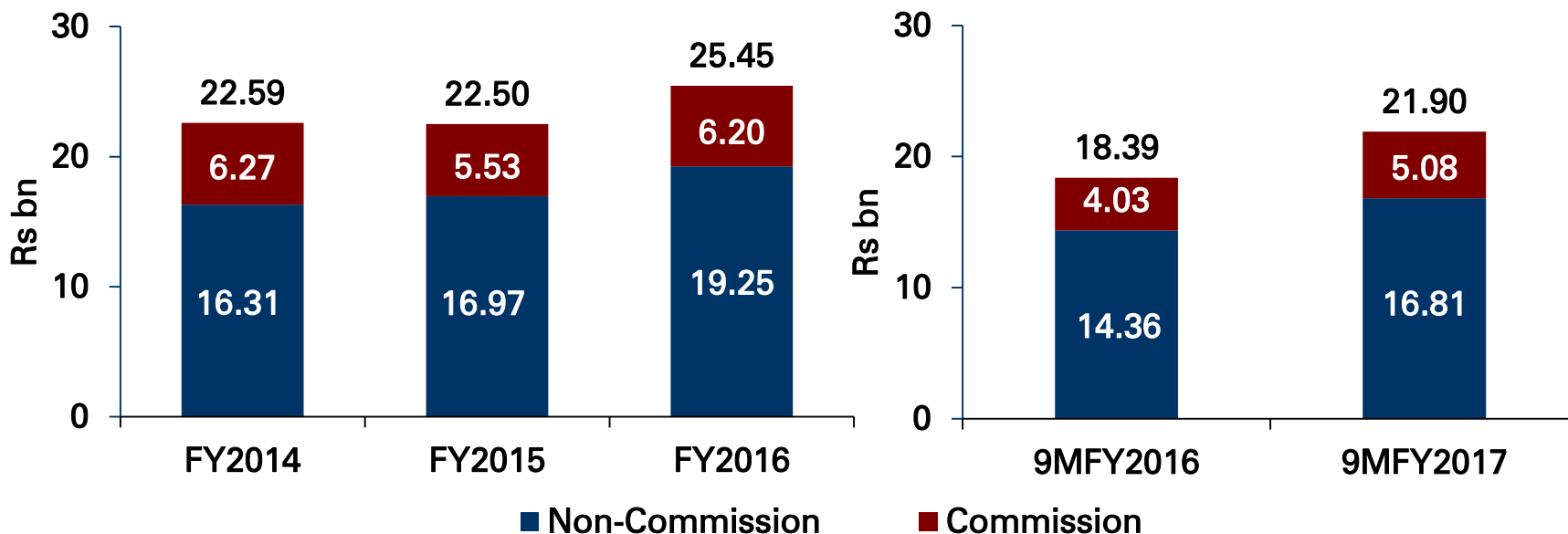
Month	FY2014	FY2015	FY2016	9MFY2016	8MFY2017
13 <sup>th</sup> month	71.5%	79.0%	82.4%	80.9%	83.4%
25 <sup>th</sup> month	68.4%	65.9%	71.2%	69.2%	72.9%
37 <sup>th</sup> month	57.3%	64.3%	61.6%	62.3%	64.3%
49 <sup>th</sup> month	20.3%	54.4%	62.2%	71.6% <sup>2</sup>	60.6% <sup>2</sup>
61 <sup>st</sup> month	12.7%	14.5%	46.0%	28.2%	65.1%

1. As per IRDA circular dated January 23, 2014

2. Excluding Single premium 49<sup>th</sup> month persistency for 8MFY2017 is 59.4% as compared to 58.7% for 9MFY2016

# Cost efficiency

	FY2014	FY2015	FY2016	9MFY2016	9MFY2017
Expense ratio (excl. commission) <sup>1</sup>	13.6%	11.6%	11.0%	12.5%	12.2%
Commission ratio <sup>2</sup>	5.2%	3.8%	3.5%	3.5%	3.7%
Cost/TWRP <sup>3</sup>	18.8%	15.4%	14.5%	16.0%	15.9%
Cost / Average AUM <sup>4</sup>	2.9%	2.5%	2.5%	2.4%	2.7%



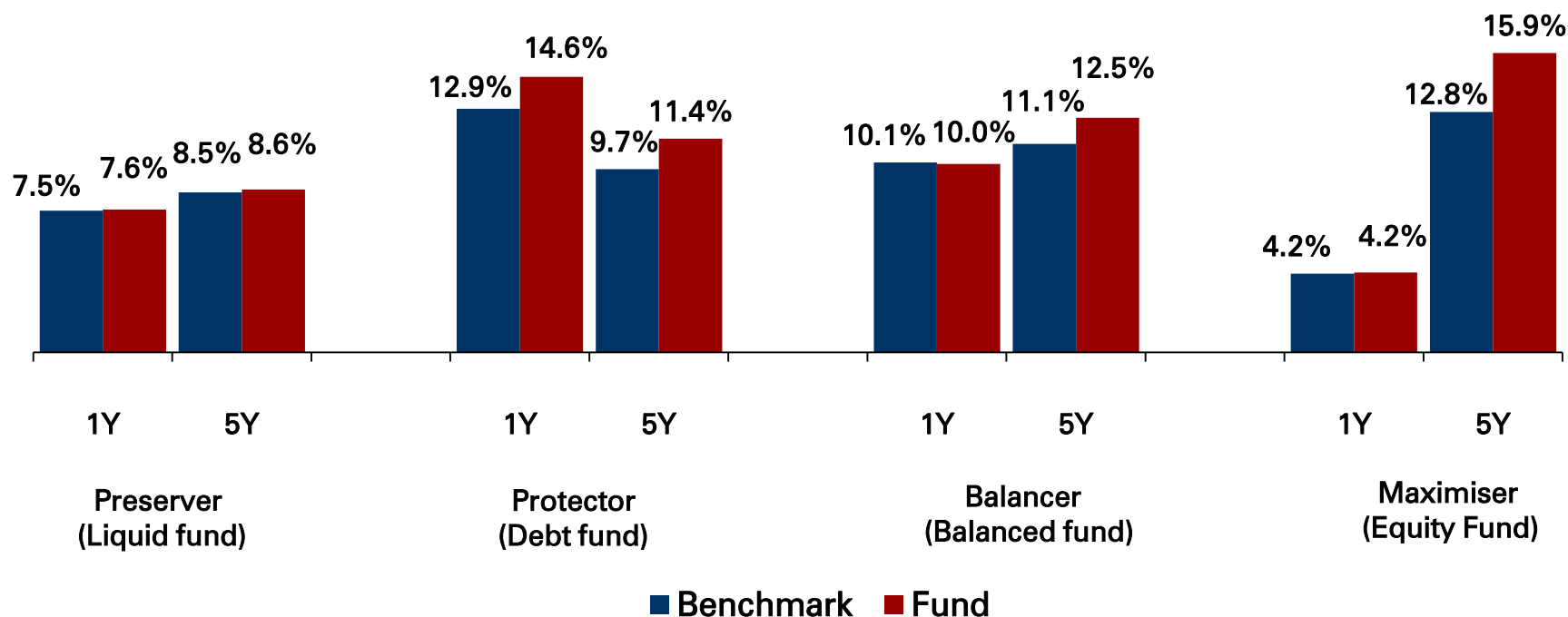
1. Expense ratio: All insurance expenses (excl. commission) / (Total premium – 90% of single premium)

2. Commission ratio: Commission / (Total premium – 90% of single premium)

3. Cost / (Total premium – 90% of single premium)

4. Cost / Average assets under management during the period

# Superior fund performance across cycles\*

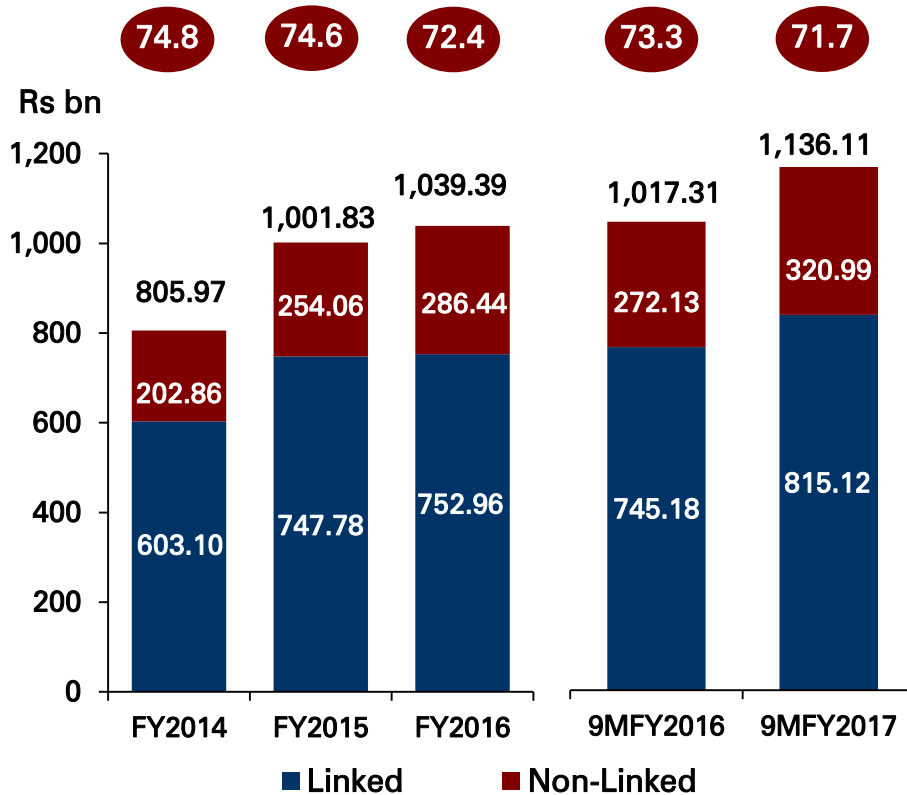


94.9% of debt investments in AAA rated and government bonds

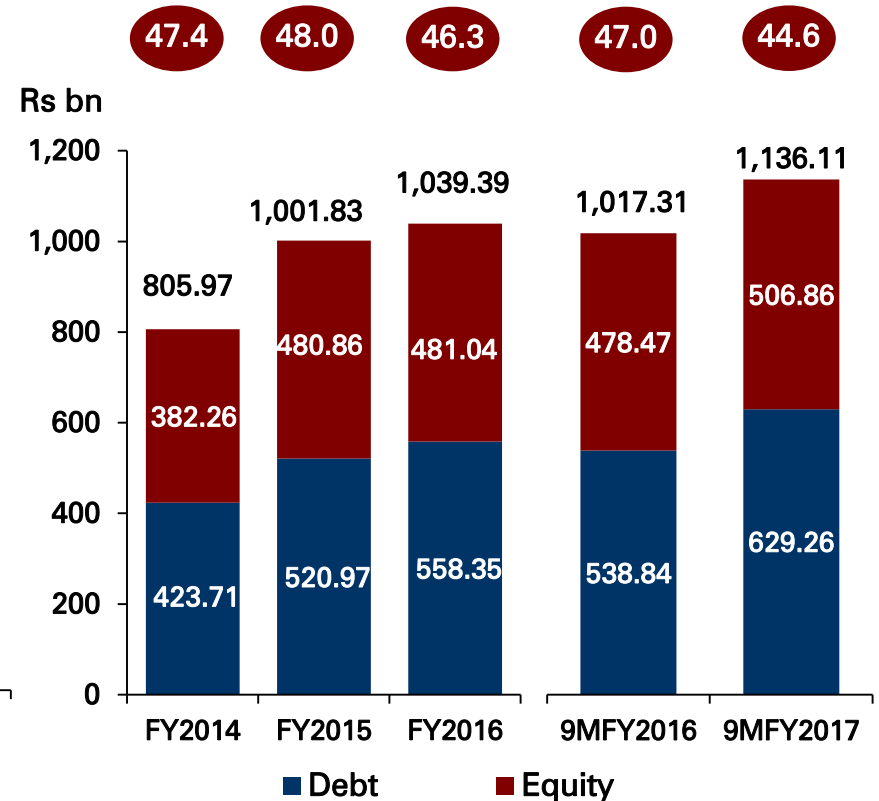


# Assets under management

Linked Mix (%)



Equity Mix (%)



Amongst the largest fund managers in India

---

# Profitability

# Value of New Business<sup>1</sup>

Rs bn	FY2015	FY2016	9MFY2017
APE	47.44	51.70	44.58
Savings APE	46.68	50.31	42.84
Protection APE	0.76	1.39	1.74
Value of New Business (VNB)	2.70 <sup>1</sup>	4.12 <sup>1</sup>	4.21 <sup>2</sup>
VNB Margin	5.7% <sup>1</sup>	8.0% <sup>1</sup>	9.4% <sup>2</sup>
Indian Embedded Value	138.22	139.39	-

- Growth in Protection APE of 122.1%
- Improvement in 13th month persistency<sup>3</sup> from 80.9% in 9MFY2016 to 83.4% in 8MFY2017
- Cost/TWRP ratio of 15.9% in 9MFY2017 compared to 16.0% in 9MFY2016

1. Indian Embedded Value basis on actual cost  
 2. Based on management forecast of cost for FY2017  
 3. As per IRDA circular dated January 23, 2014

# Profit After Tax

Solvency  
Ratio (%)

372

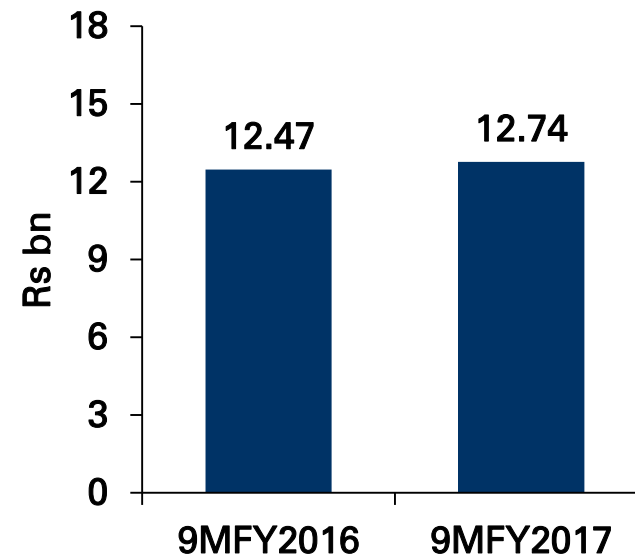
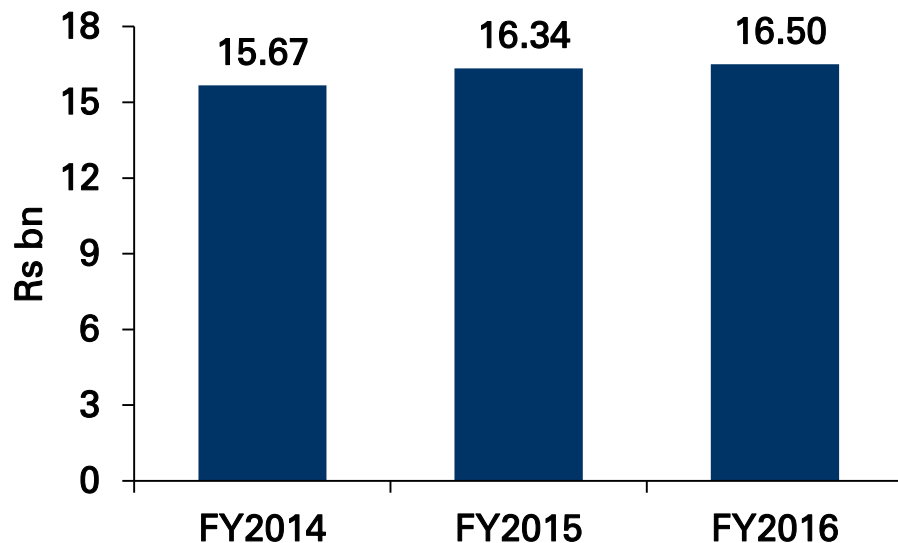
337

320

320

294

Profit after tax (Rs bn)



- Sustained and strong profitability
- Well positioned to capitalize on growth opportunity

# Summary

<p>1 India: High growth potential</p>	<ul style="list-style-type: none"> <li>● Low penetration<sup>1</sup> vs mature economies and even lower density</li> <li>● One of the fastest growing large economy in the world with strong growth drivers</li> </ul>
<p>2 Consistent Leadership Across Cycles</p>	<ul style="list-style-type: none"> <li>● #1 in India on RWRP<sup>2</sup> basis for every year since FY2002</li> <li>● Significant market share gain on RWRP basis since FY2012</li> </ul>
<p>3 Customer Centric Approach Across Value Chain</p>	<ul style="list-style-type: none"> <li>● Customer focused product suite; Delivering superior value through product design and fund performance</li> <li>● Low grievance ratio and best in class claims settlement ratio</li> </ul>
<p>4 Multi Channel Distribution backed by advanced digital processes</p>	<ul style="list-style-type: none"> <li>● Access to network of ICICI bank (#1 Indian private bank ) and Standard Chartered Bank</li> <li>● Continue to invest in agency channel, adding quality agents and improving productivity</li> <li>● Strong focus on technology and digitization to reduce dependence on physical presence</li> </ul>
<p>5 Delivering Consistent Returns to Shareholders</p>	<ul style="list-style-type: none"> <li>● RoE<sup>3</sup> of more than 30% from FY2012 to FY2016; Self funded business – no capital calls since FY 2009; cumulative dividend pay-out of Rs 45.83 bn</li> <li>● With strong solvency of 294% and less capital requirement due to product mix, well positioned to take advantage of growth</li> </ul>
<p>6 Robust &amp; Sustainable Business Model</p>	<ul style="list-style-type: none"> <li>● Very low regulatory or interest rate risk with over 80% of APE contribution from ULIP products; Over 90% of debt investments in AAA rated and government bonds</li> <li>● Strong focus on renewals (high persistency ratios)</li> </ul>

1. Sum assured as a % of GDP
2. IRDAI Retail Weighted Received Premium (RWRP)
3. Return on equity: Profit as a factor of average net worth

# Agenda

---

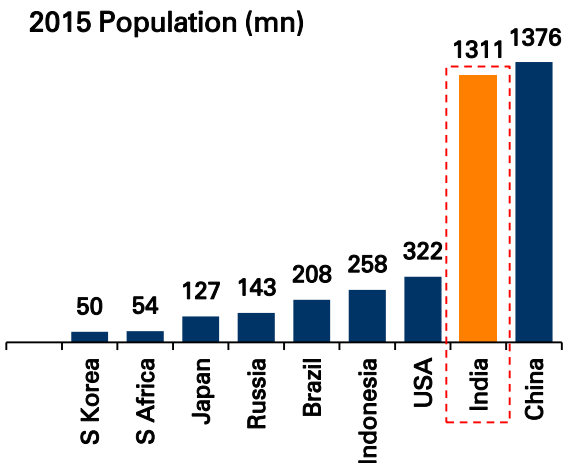
**Company strategy and performance**

**Opportunity**

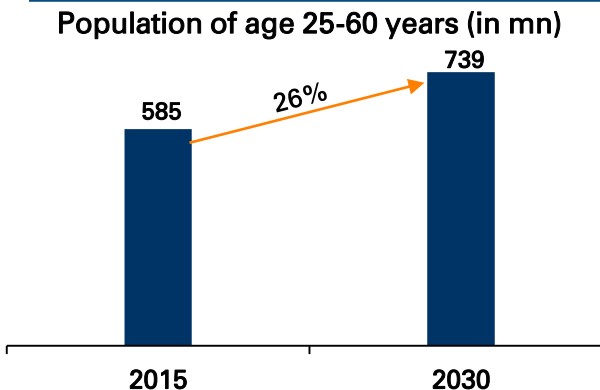
**Industry overview**

# Favourable demography to drive macro growth

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



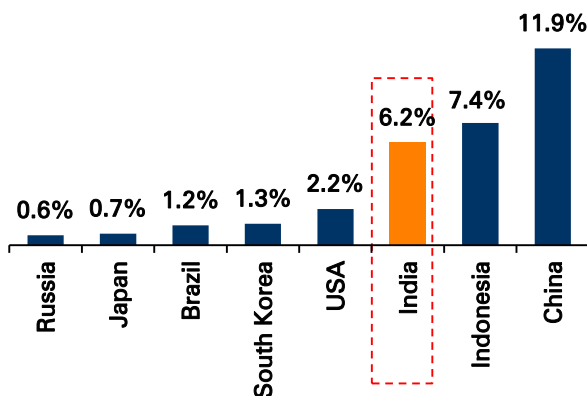
## High Share of Working Population<sup>2</sup>



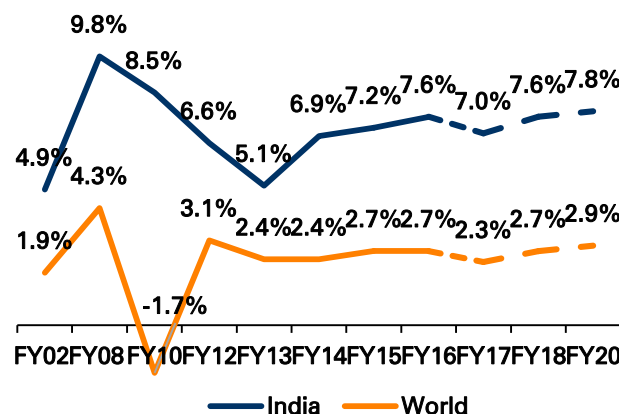
- Indian economy poised to head towards sustained growth fuelled by favourable demographics, rising affluence

## Rising Affluence<sup>1</sup>

GDP per Capita  
CAGR (2007-2017)



## Driving GDP Growth<sup>3</sup>



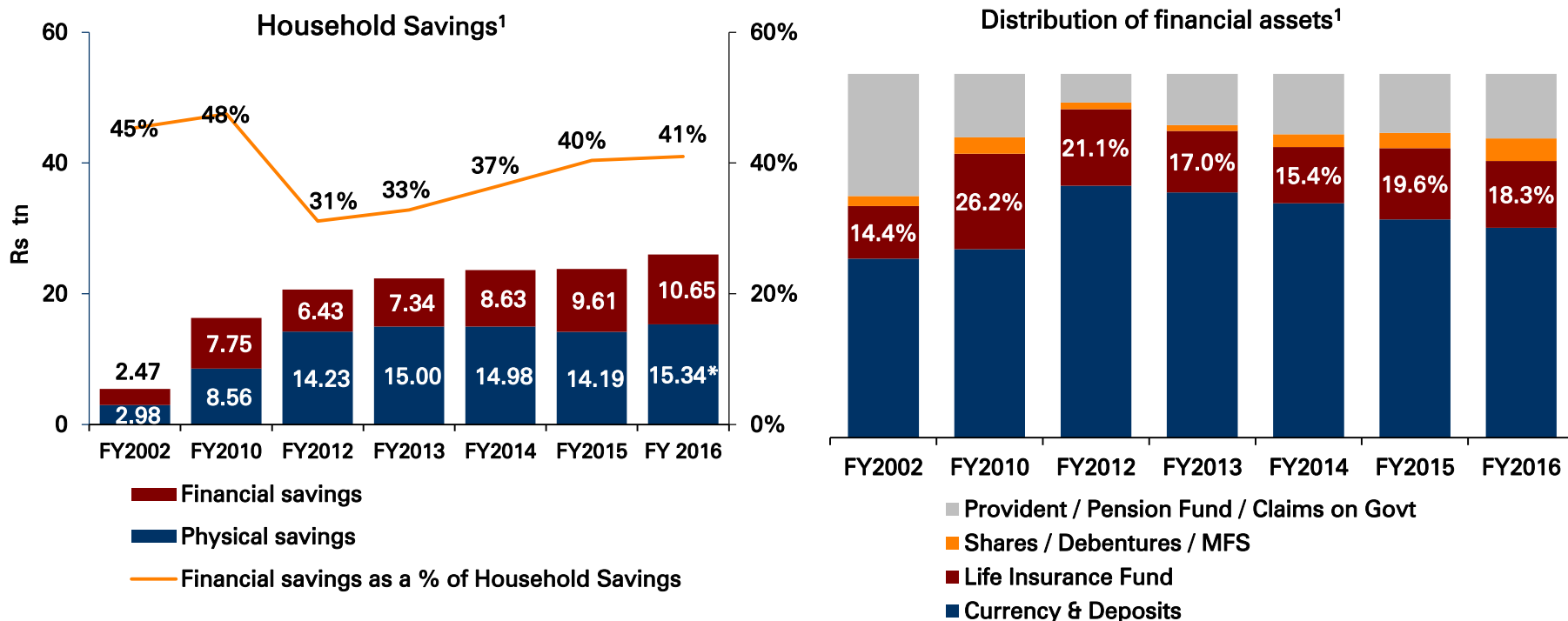
- Growth rate of total premium written by the insurance industry has outpaced the GDP growth rate over the period of FY2002-FY2016

1. Source: Economist Intelligence Unit, CRISIL Research

2. Source: UN population division 2015 release

3. Source: World bank database

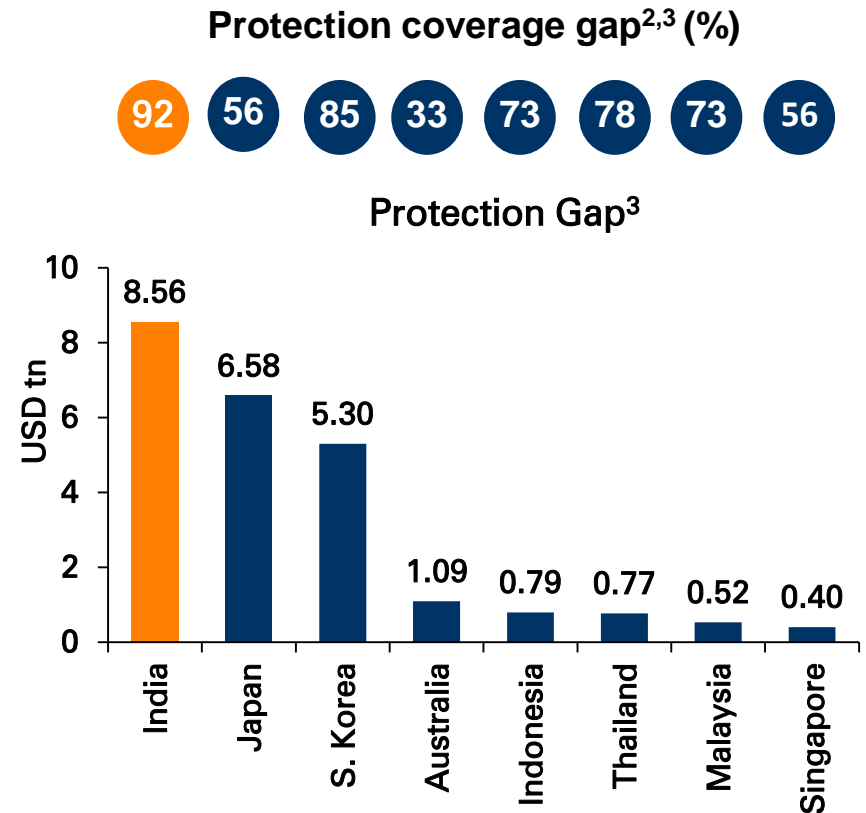
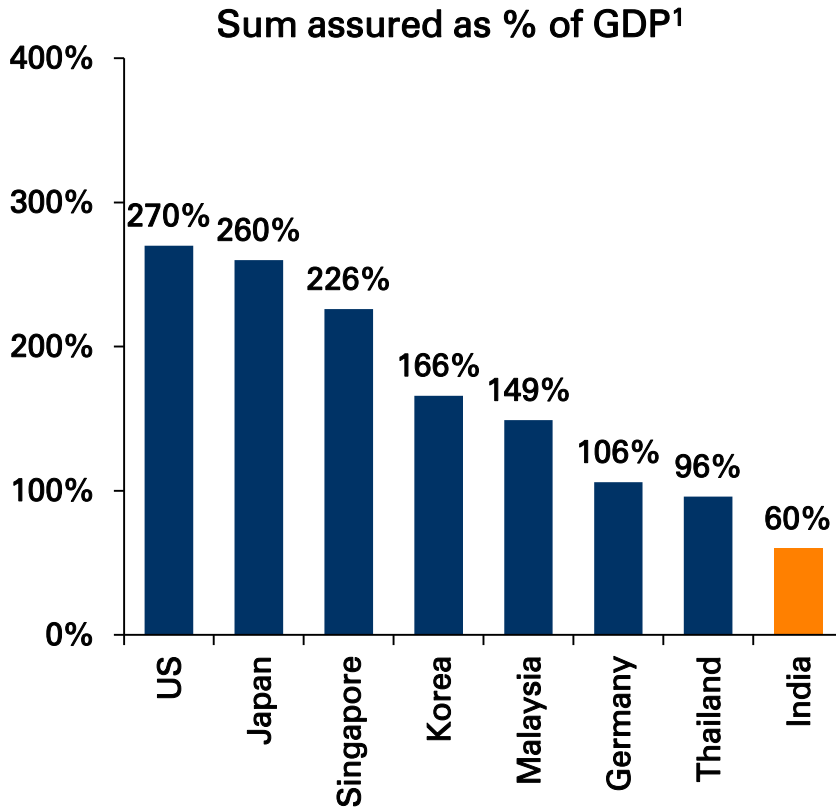
# Share of insurance in household savings



- Part of physical savings shifting to financial savings
- Insurance share of financial saving 18.3% compared to peak of 26.2% in FY2010
- Improved product proposition of life insurance savings products



# Protection opportunity



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

1. Source: McKinsey analysis 2015 and internal estimate  
 2. Protection coverage gap: Ratio of protection lacking/protection needed  
 3. Swiss Re, Economic Research and Consulting 2015

# Agenda

---

Company strategy and performance

Opportunity

Industry overview

# Evolution of life insurance industry in India

	FY2002		FY2010		FY2016
New business premium <sup>1</sup> (Rs bn)	116	21.5%	550	-3.6%	441
Total premium (Rs bn)	501	23.2%	2,655	5.5%	3,669
Penetration (as a % to GDP)	2.1%		4.1%		2.7%
Assets under management (Rs bn)	2,304	24.0%	12,899	11.9%	25,294
In-force sum assured <sup>2</sup> (Rs bn)	11,812*	15.5%	37,505	15.9%	90,752
In-force sum assured (as % to GDP)	50.1%		57.9%		66.8%

Life insurance industry predominantly savings oriented

1. Retail weighted premium

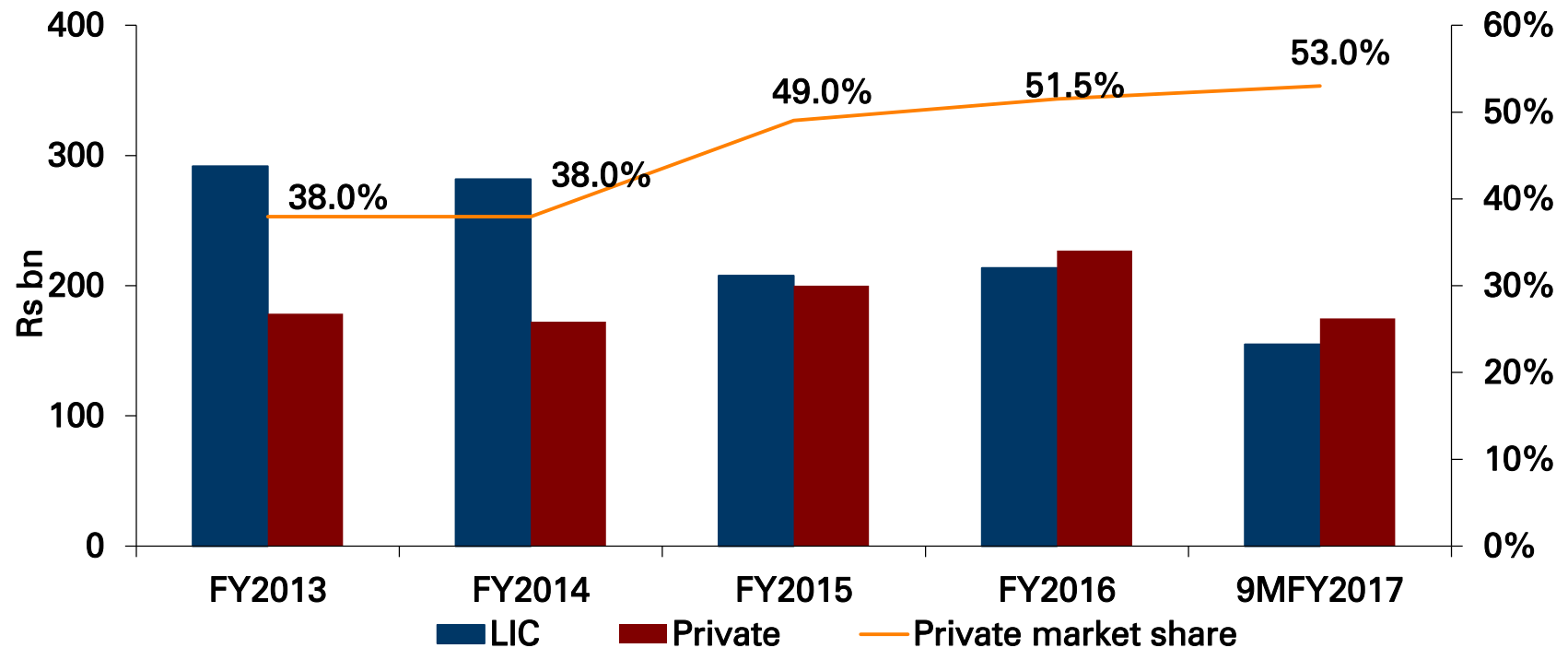
2. Individual and Group in-force sum assured

Source: IRDAI, CSO, Life insurance council

\* Company estimate

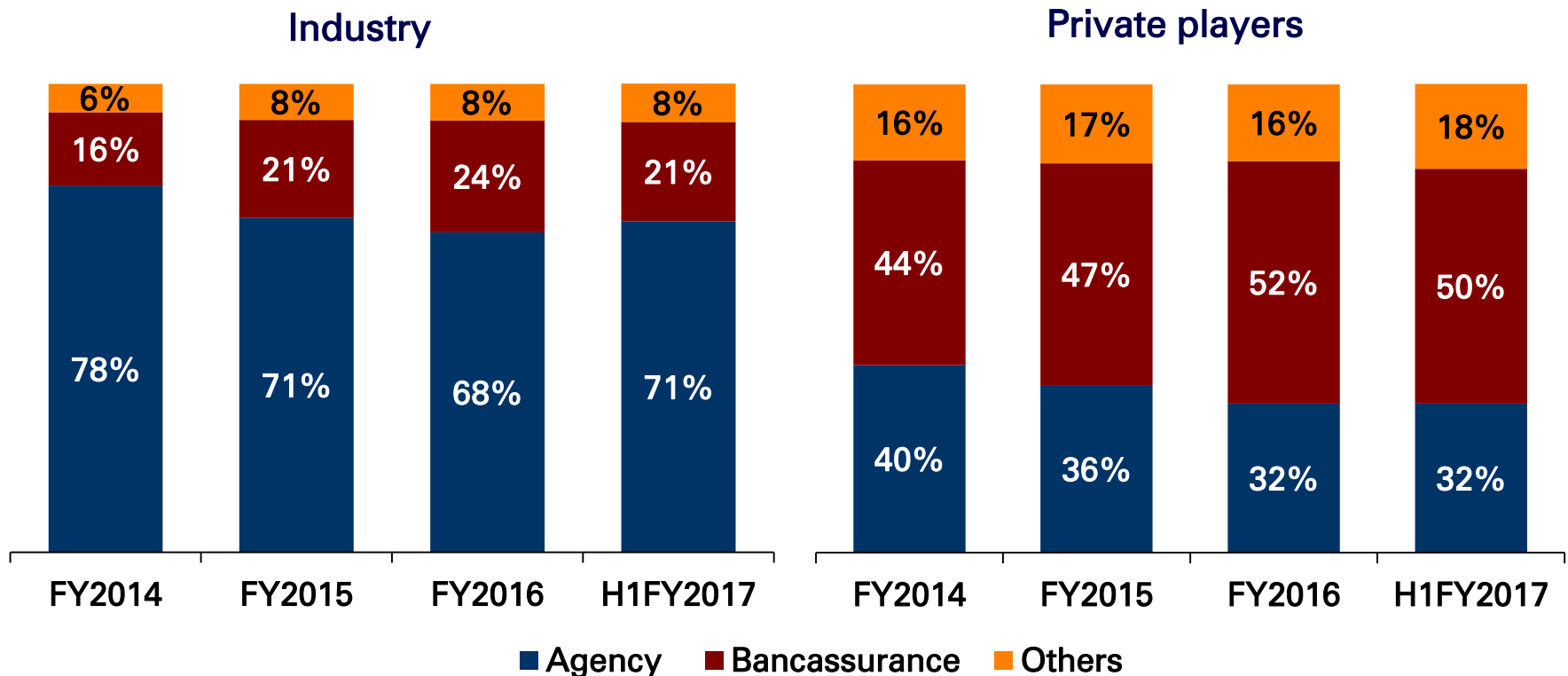
# New business<sup>1</sup>

Growth	FY2013	FY2014	FY2015	FY2016	9MFY2017
Private	1.9%	-3.4%	15.9%	13.6%	22.7%
LIC	-4.1%	-3.4%	-26.3%	2.9%	16.6%
Industry	-1.9%	-3.4%	-10.3%	8.1%	19.8%



1. Retail weighted new business premium  
Source : IRDAI, Life insurance council

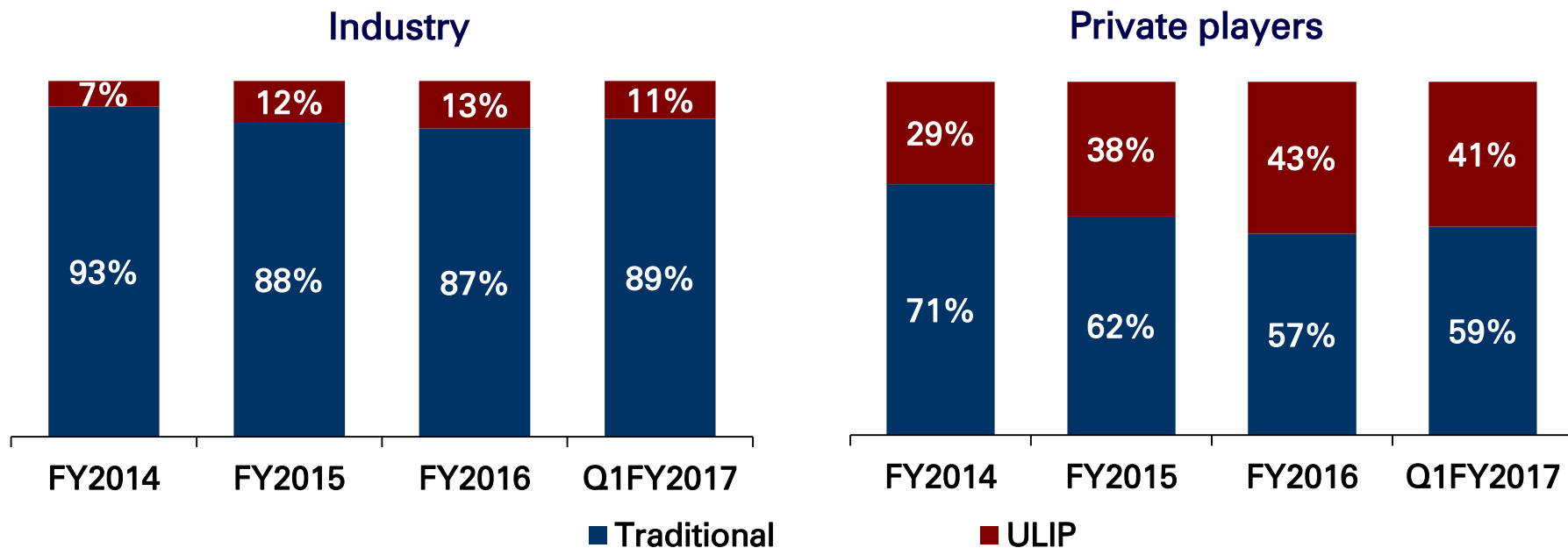
# Channel mix<sup>1</sup>



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

1. Individual new business premium basis  
Source: IRDAI, Public disclosures

# Product mix<sup>1</sup>



- **Strong value proposition of ULIPs**

- Transparent and low charges
- Lower discontinuance charges upto year 5 and zero surrender penalty after 5 years
- Choice of asset allocation to match risk appetite of different customer

1. New business premium basis  
Source: IRDAI, Life insurance council

# 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