



# Performance update: FY2019

April 24, 2019

# Agenda

- Company strategy and performance
- Opportunity
- Industry overview



# Agenda

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



# Immediate priorities we had set for ourselves (1/2)

## Premium Growth

₹ billion	9MFY-2019	Q4-FY2019	FY2019
APE <sup>1</sup>	53.43	24.57	77.99
YoY growth	(4.2%) <sup>2</sup>	11.0% <sup>2</sup>	0.1%

Beginning of journey to broaden customer base  
- Retail savings new business policies grew by 18.6% YoY for Q4-FY2019



1. Annualized premium equivalent
2. Growth rates adjusted for impact of APE definition change in base period- 9M-FY2019: (5.2%) and Q4-FY2019: 14.0%

# Immediate priorities we had set for ourselves (2/2)

## Persistency improvement

Persistency <sup>1</sup>	8M-FY2019	11M-FY2019
13 <sup>th</sup> month	84.1%	86.1%
49 <sup>th</sup> month	63.2%	63.9%

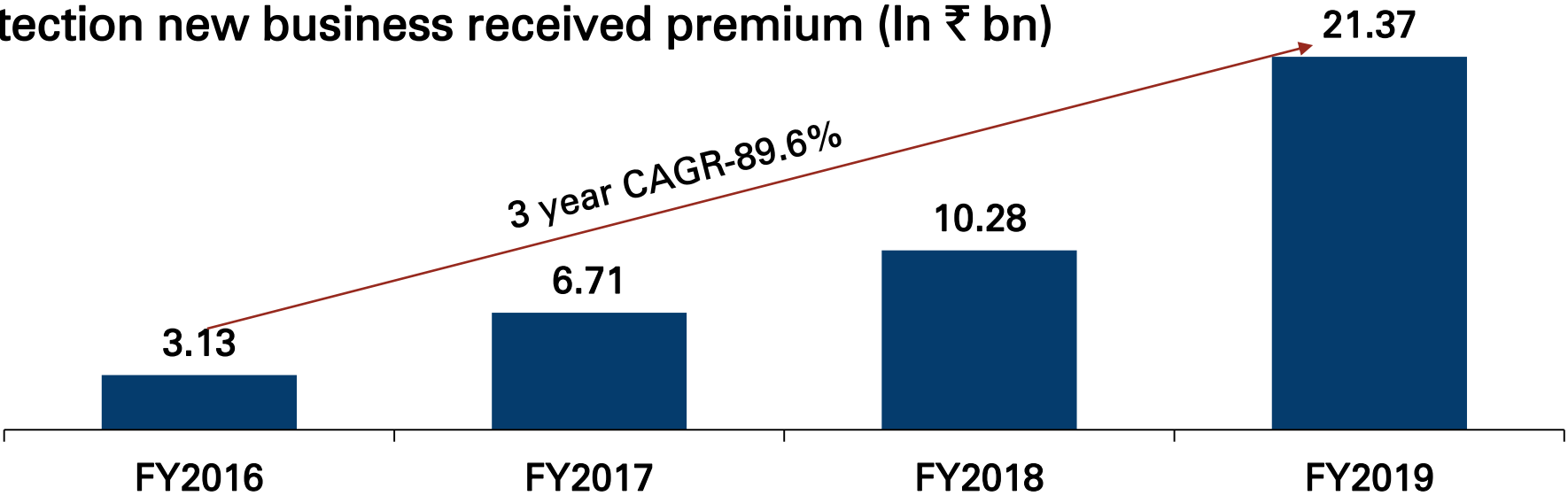
Improvement over 8M-FY2019

# Continued focus on protection

Protection mix<sup>1</sup>



Protection new business received premium (In ₹ bn)



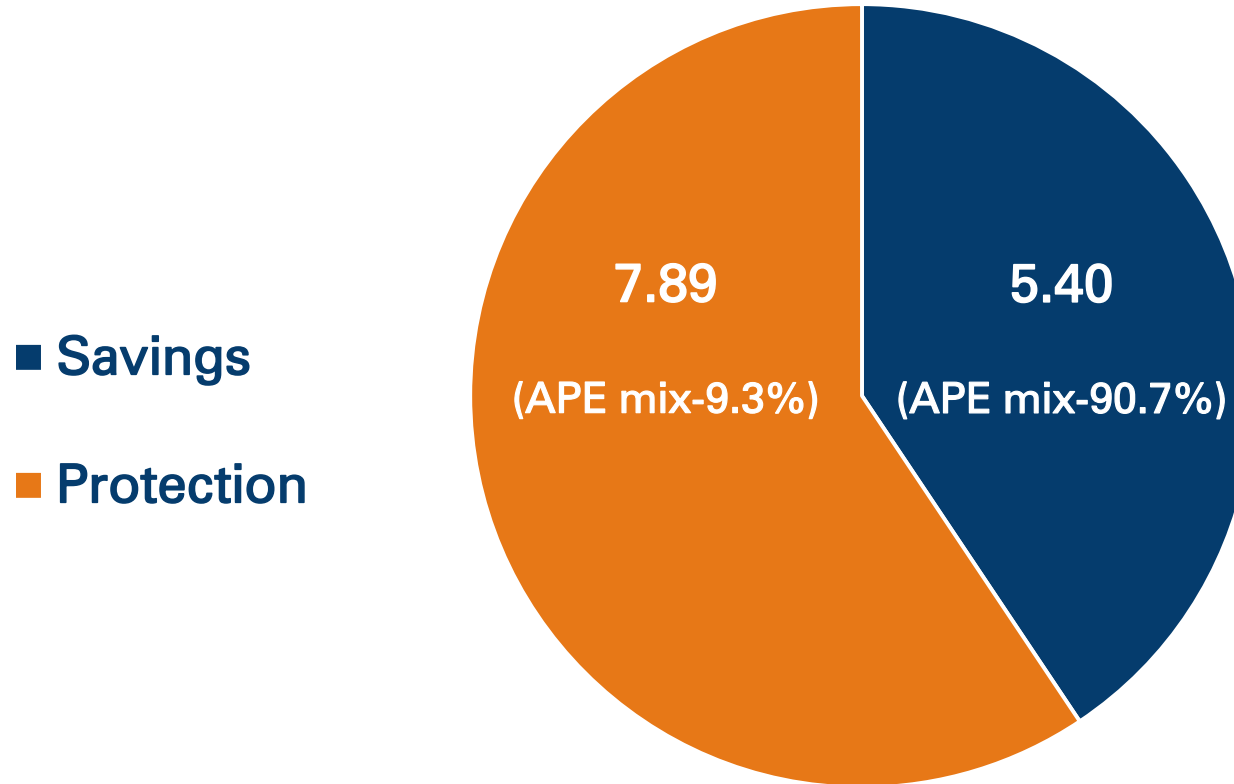
Protection >20% of new business received premium  
- Leading to...



1. As a % of total new business received premium

# Value of new business

₹ billion



...protection business contributing ~60% of VNB

# Delivering value...

₹ billion	FY2018	FY2019	YoY growth
Value of new business	12.86	13.28	3.3%
VNB margin	16.5%	17.0%	NA
Embedded value	187.88	216.23	15.1%
Return on Embedded value	22.7%	20.2%	NA
<b>...through the 4P approach</b>			
Premium	77.92	77.99	0.1%
Protection	4.46	7.22	61.9%
Persistency <sup>1</sup> (13 <sup>th</sup> month)	85.8%	86.1%	NA
Productivity <sup>2</sup>	13.7%	15.0%	NA

Customer centricity continues to be at the core



# Way forward

## 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

## Protection

- Continue to grow both retail and group lines of business

## Persistency

- Improve persistency across all cohorts

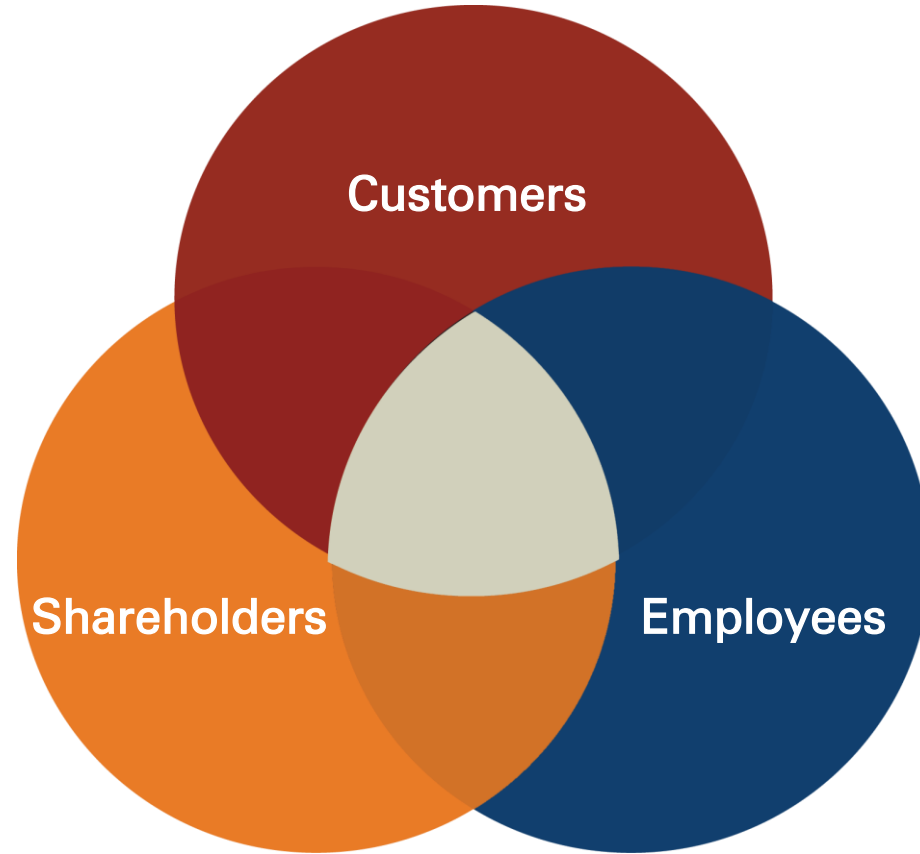
## Productivity

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

Aspiration to double VNB in 3 - 4 years

# Strategy

# To create value for all key stakeholders



# Customers

Metrics	FY2018	FY2019
Claims settlement ratio <sup>1</sup>	97.9%	98.6%
Average no. of days for settlement <sup>2</sup>	2.99	2.34
Grievance count	7,698	6,387
Grievance ratio <sup>3</sup> (volume)	92	72

# Employees

## Leadership depth & breadth

- 91% of senior management have served for more than 10 years
- 86% senior management vacancies filled internally in the last 5 years
- 70% of senior management team have done at least 3 job rotations

## Productive & engaged workforce

- Amongst best in industry on employee cost to revenue ratios
- Employee advocacy score of 90%

# Shareholders: Performance snapshot

₹ billion	FY2018	FY2019	Growth
Value of New Business (VNB)	12.86	13.28	3.3%
Embedded Value	187.88	216.23	15.1%
APE	77.92	77.99	0.1%
-Savings	73.45	70.77	(3.6%)
-Protection	4.46	7.22	61.9%
Persistency (13 <sup>th</sup> month) <sup>1</sup>	85.8%	86.1%	
Persistency (49 <sup>th</sup> month) <sup>1</sup>	62.8%	63.9%	
Productivity (Cost/TWRP) <sup>2</sup>	13.7%	15.0%	

# Shareholders: 4P strategy



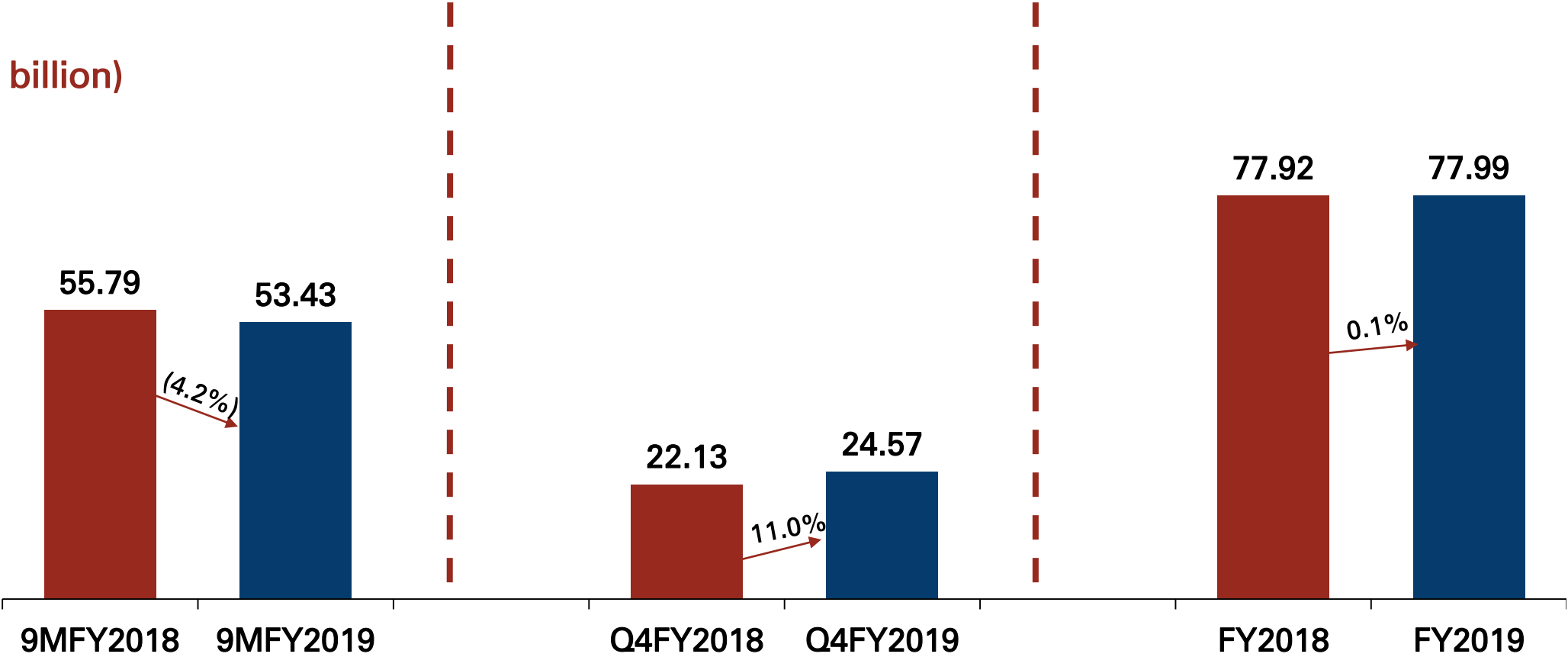
**Customer centricity  
continues to be at the core**

# 4P: Premium



# Premium growth

APE (₹ billion)



Retail continues to constitute more than 95% of new business

# Premium growth: Product segments

APE (₹ billion)

Segments	Q4-FY2018	Q4-FY2019	FY2018	FY2019	Q4-FY2019 Mix	FY2019 mix
Savings	19.96	21.96	73.45	70.77	89.4%	90.7%
ULIP	17.56	18.85	63.81	62.10	76.7%	79.6%
Par	2.03	2.29	8.46	6.72	9.3%	8.6%
Annuity	0.17	0.31	0.31	0.69	1.3%	0.9%
Others	0.20	0.50	0.87	1.27	2.0%	1.6%
Protection <sup>1</sup>	2.16	2.61	4.46	7.22	10.6%	9.3%
<b>Total APE</b>	<b>22.12</b>	<b>24.57</b>	<b>77.92</b>	<b>77.99</b>	<b>100.0%</b>	<b>100.0%</b>

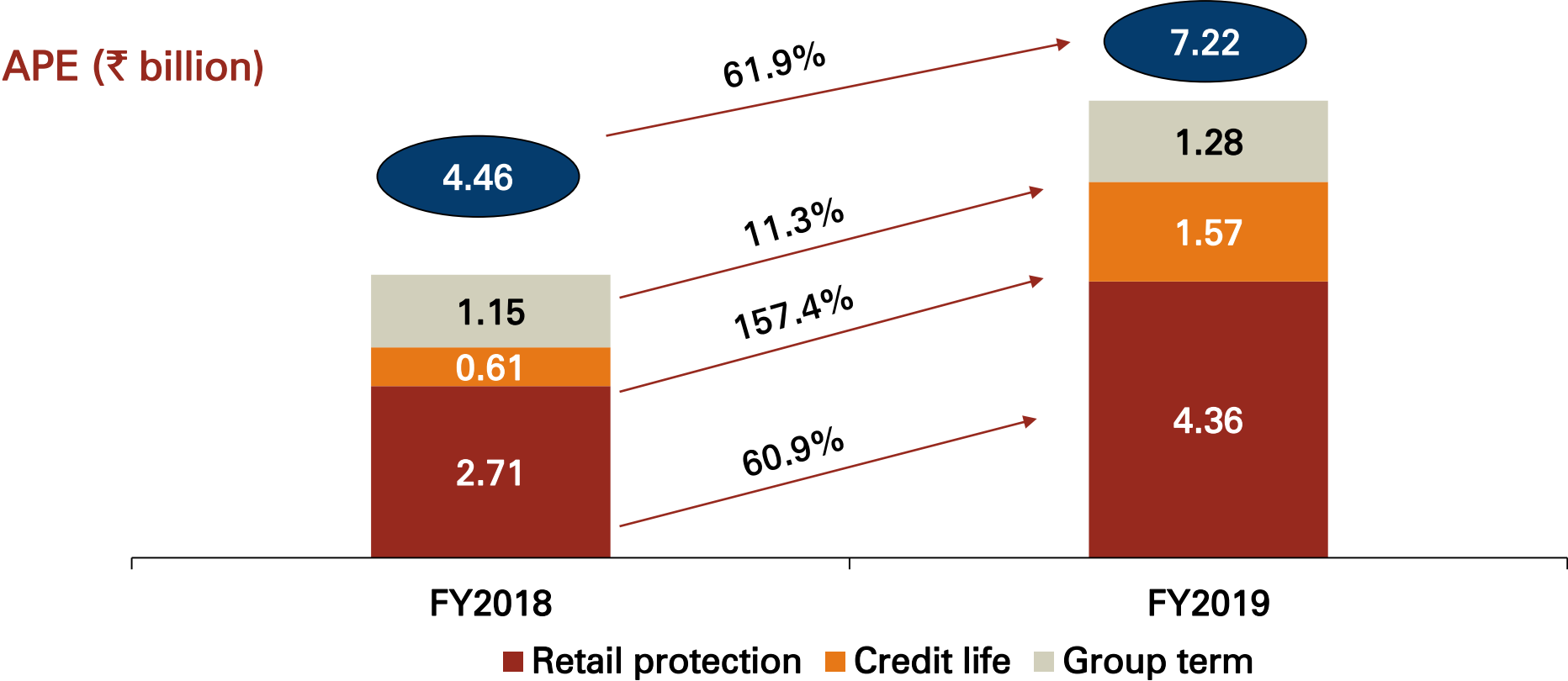
# Premium growth: Channels

APE (₹ billion)

Channels	Q4-FY2018	Q4-FY2019	FY2018	FY2019	Q4-FY2019 mix	FY2019 mix
Bancassurance	11.68	13.33	40.75	43.53	54.3%	55.8%
Agency	5.09	5.41	19.79	16.89	22.0%	21.7%
Direct	2.46	3.14	10.54	9.34	12.8%	12.0%
Corporate agents and brokers	1.61	1.58	4.70	4.59	6.4%	5.9%
Group	1.28	1.11	2.13	3.65	4.5%	4.7%
<b>Total APE</b>	<b>22.12</b>	<b>24.57</b>	<b>77.92</b>	<b>77.99</b>	<b>100.0%</b>	<b>100.0%</b>

# 4P: Protection

# Protection: Components



Retail protection is more than 60% of protection APE

# Protection: Increasing share

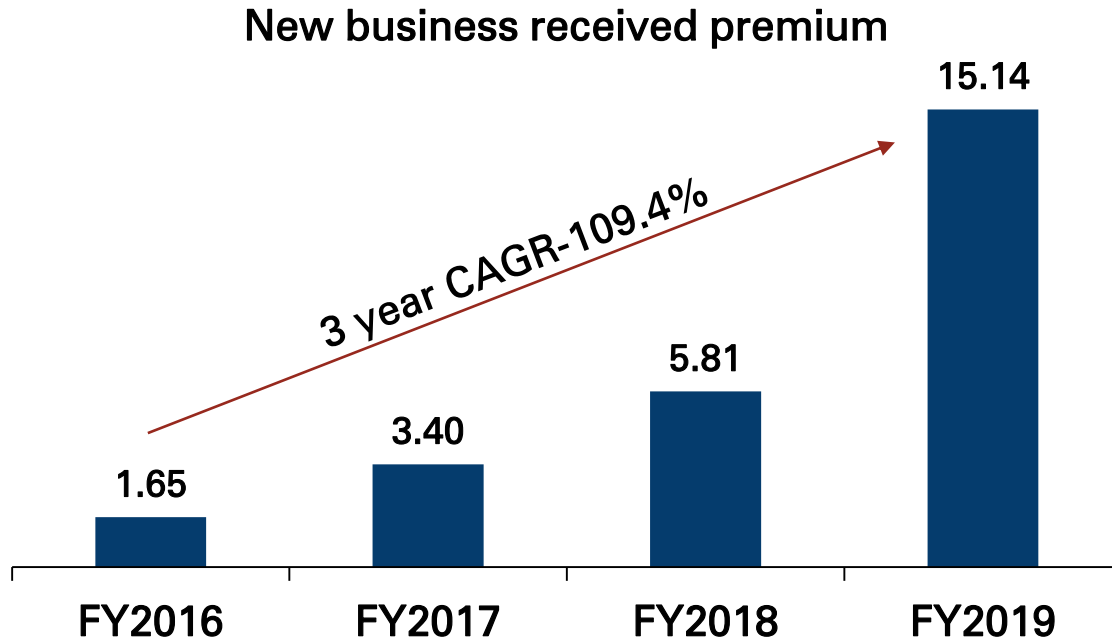
APE (₹ billion)

Segment	H1-FY2019	Q3-FY2019	Q4-FY2019	FY2019
Savings	31.14	17.68	21.96	70.77
Protection	2.66	1.95	2.61	7.22
<b>Total</b>	<b>33.81</b>	<b>19.62</b>	<b>24.57</b>	<b>77.99</b>
Protection mix	7.9%	9.9%	10.6%	9.3%

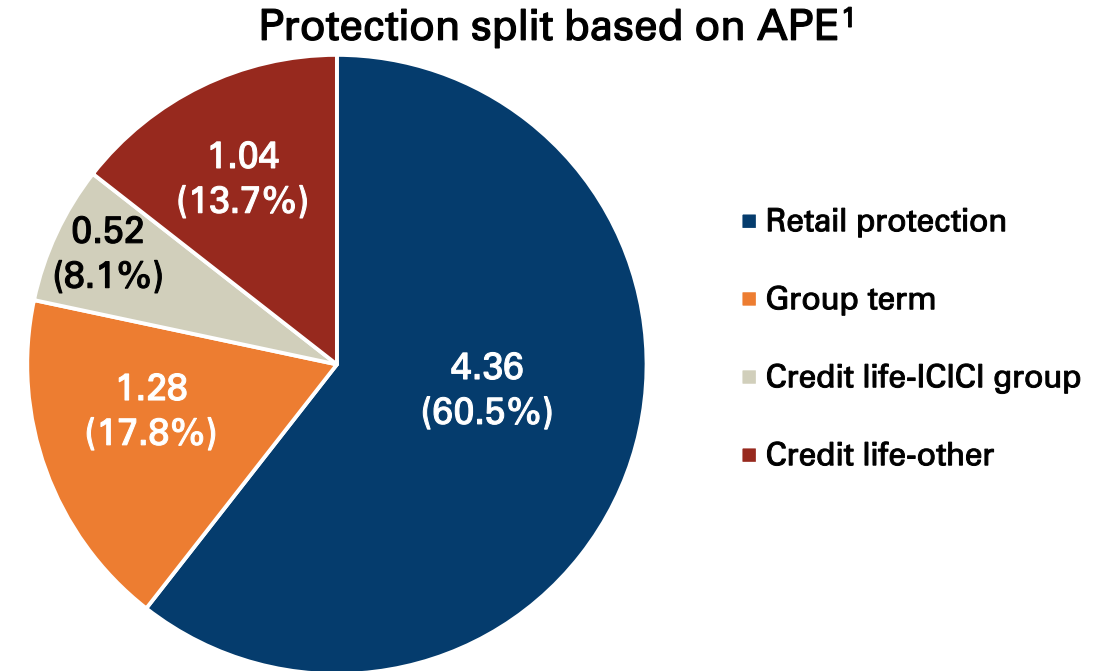
Protection mix ~10% for two quarters in a row

# Protection: Credit life

₹ billion



Premium over 9x in three years



Credit life through third party contributes ~14% of Protection APE

# 4P: Persistency



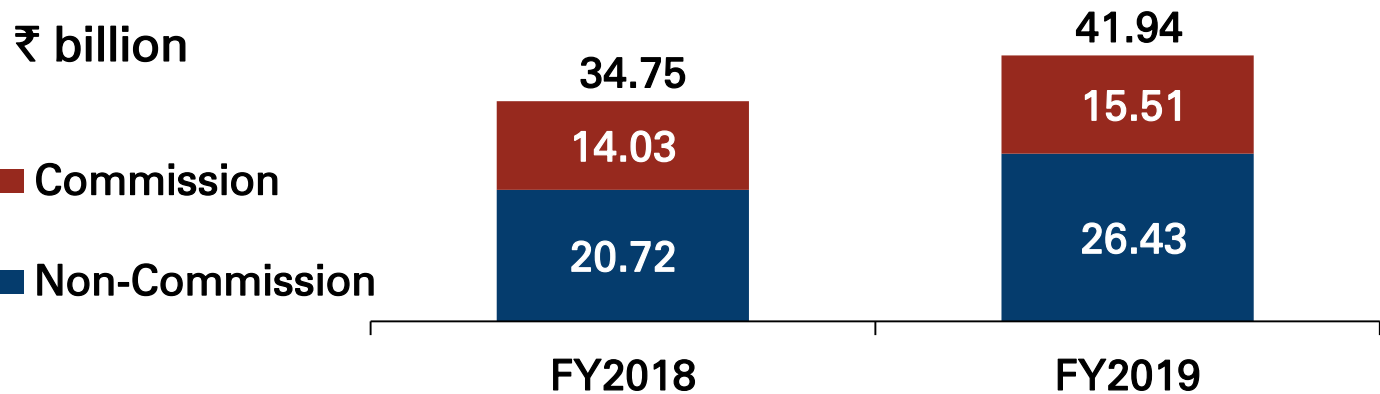
# Persistency<sup>1</sup> (retail excluding single premium)

Month	FY2018	11M-FY2019
13 <sup>th</sup> month	85.8%	86.1%
25 <sup>th</sup> month	77.0%	76.3%
37 <sup>th</sup> month	67.6%	69.8%
49 <sup>th</sup> month	62.8%	63.9%
61 <sup>st</sup> month	53.7%	56.4%
₹ billion	FY2018	FY2019
Retail renewal premium	174.97	202.25
Retail surrender (linked)	116.86	91.91
Assets under management	1,395.32	1,604.10 <sup>2</sup>

# 4P: Productivity

# Productivity: Cost efficiency

	FY2018	FY2019
Expense ratio (excl. commission) <sup>1</sup>	8.2%	9.5%
Commission ratio <sup>2</sup>	5.5%	5.6%
Cost/TWRP <sup>3</sup>	13.7%	15.0%
Cost/Average AUM <sup>4</sup>	2.6%	2.8%
Cost/TWRP (Savings LOB)	11.8%	11.5%



- 67% of new business policies issued within 2 days
- 94% of new business applications initiated via digital platform

# Technology driving the industry leading benchmark

1<sup>st</sup> in industry

## Customer profiler

Personalized info.,  
upfront requirements,  
Video streaming and  
best suited options

## Nudge

Real time analytics  
providing appropriate  
trigger to customers  
and distribution

1<sup>st</sup> in industry

## Instant reader

Instant feedback on  
KYC documents

~0.15 mn  
assessments

## AI<sup>1</sup> led underwriting

Reduction in TAT;  
improved  
underwriting  
experience

## Voice based LMS<sup>2</sup>

Empowering sales and  
driving ease of  
adoption

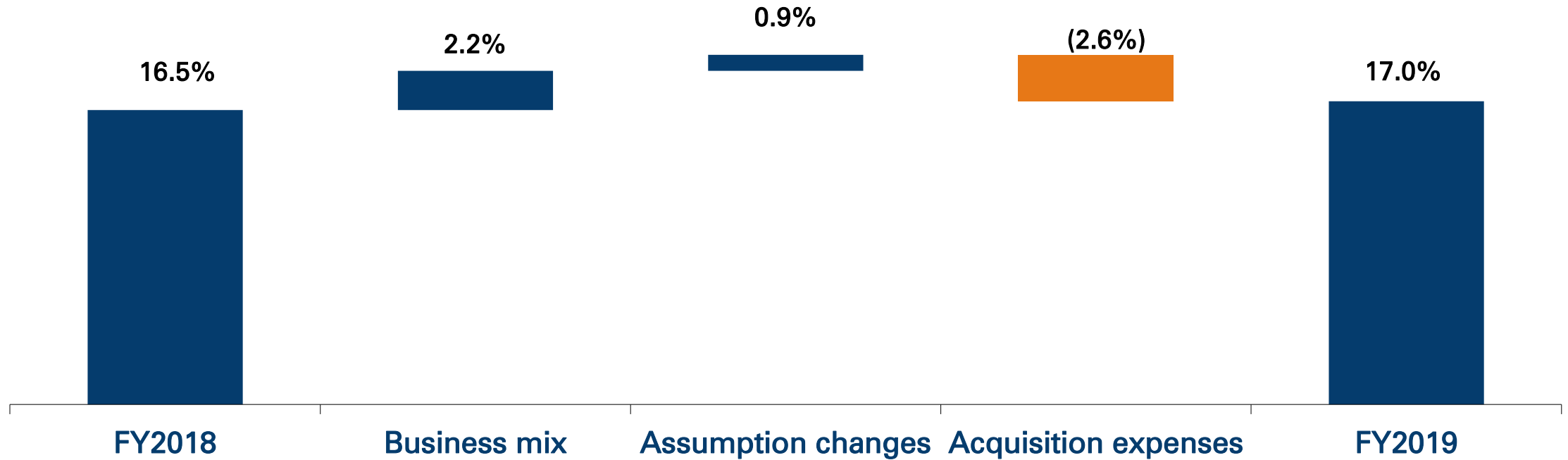
1<sup>st</sup> in industry

## WhatsApp interface

Verified business  
account on WhatsApp

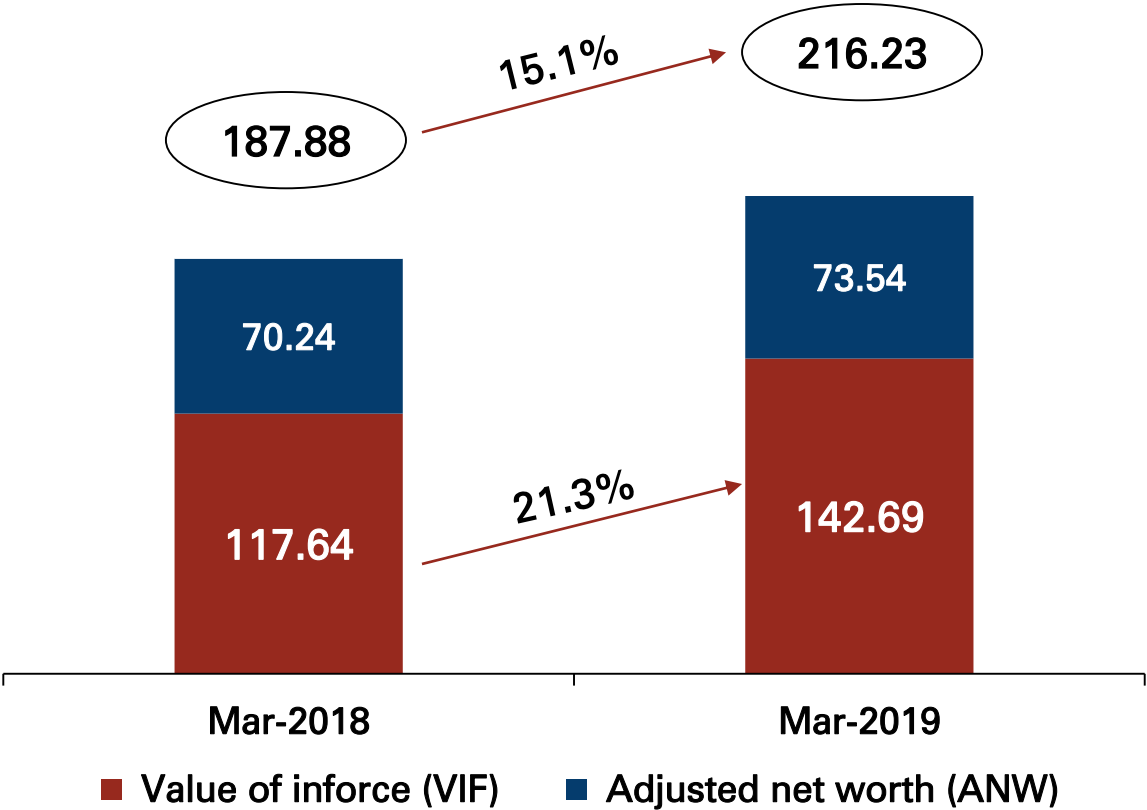
# Value of New Business (VNB)

₹ billion	FY2018	FY2019
VNB	12.86	13.28
VNB margin	16.5%	17.0%



# Embedded Value (EV)<sup>1</sup>

₹ billion



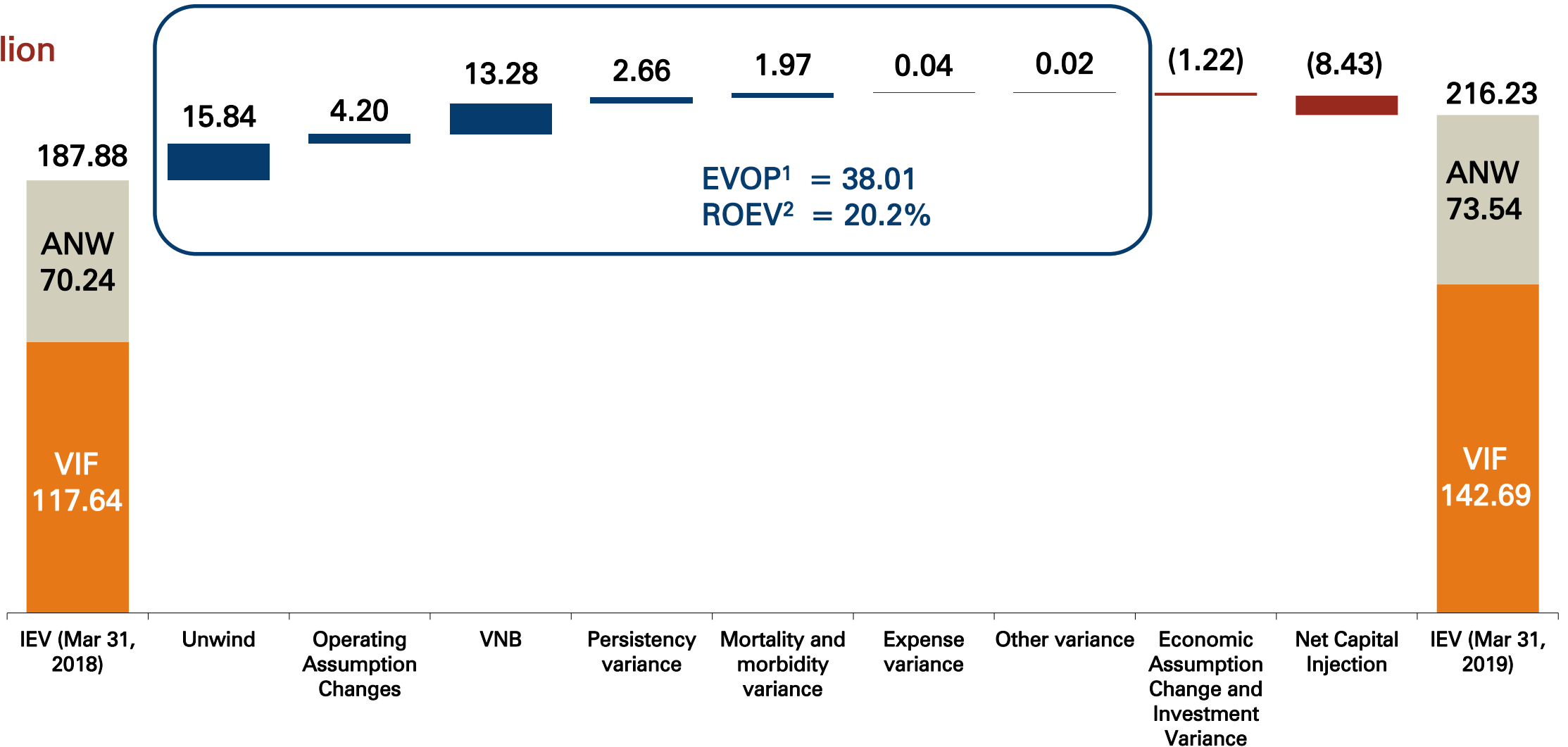
Pre dividend EV growth of 19.6%



1. As per Indian Embedded value (IEV) method  
Components may not add up to the totals due to rounding off

# Analysis of movement in EV

₹ billion



1: EVOP is the embedded value operating profit net of tax

2: ROEV is the return on embedded value net of tax

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

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

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

₹ billion	FY2017	FY2018	FY2019
<b>Opening EV</b>	<b>139.39</b>	<b>161.84</b>	<b>187.88</b>
Unwind	12.21	13.72	15.84
Value of New Business (VNB)	6.66	12.86	13.28
Operating assumption changes	1.00	7.64	4.20
Persistency variance	0.99	1.53	2.66
Mortality and morbidity variance	0.98	0.78	1.97
Expense variance	0.35	0.27	0.04
Other variance	0.76	0.00	0.02
<b>EVOP</b>	<b>22.95</b>	<b>36.80</b>	<b>38.01</b>
<b>Return on embedded value (ROEV)</b>	<b>16.5%</b>	<b>22.7%</b>	<b>20.2%</b>
Economic assumption change and investment variance	5.82	1.13	(1.22)
Net capital injection	(6.32)	(11.88)	(8.43)
<b>Closing EV</b>	<b>161.84</b>	<b>187.88</b>	<b>216.23</b>



# Sensitivity analysis

Scenario	% change in VNB		% change in EV	
	FY2018	FY2019	FY2018	FY2019
Increase in 100 bps in the reference rates	(4.9)	(4.3)	(2.1)	(2.0)
Decrease in 100 bps in the reference rates	5.2	4.4	2.2	2.0
10% increase in the discontinuance rates	(8.6)	(8.5)	(1.3)	(1.3)
10% decrease in the discontinuance rates	9.1	8.9	1.4	1.4
10% increase in mortality/morbidity rates	(5.4)	(9.4)	(1.0)	(1.4)
10% decrease in mortality/morbidity rates	5.5	9.4	1.0	1.4
10% increase in acquisition expenses	(9.2)	(13.0)	Nil	Nil
10% decrease in acquisition expenses	9.2	13.0	Nil	Nil
10% increase in maintenance expenses	(3.5)	(3.6)	(1.0)	(0.9)
10% decrease in maintenance expenses	3.5	3.6	1.0	0.9
Tax rates increased to 25%	(7.9)	(7.5)	(4.6)	(4.0)

# Dividend

# Dividend

₹ billion	FY2018	FY2019
Profit after Tax	16.20	11.41
Solvency ratio <sup>1</sup>	252%	215%
Dividend declared <sup>2</sup>	9.62	4.52
Dividend payout ratio	59.4%	39.6%

Dividend payout ratio of ~40% for FY2019

# Agenda

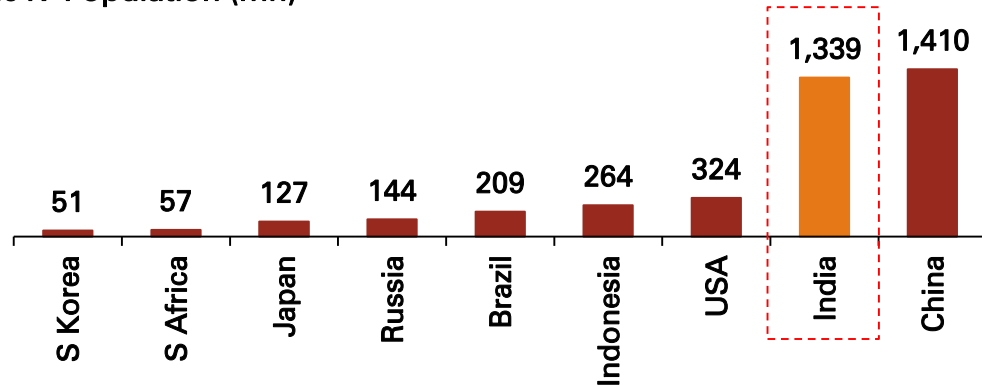
- Company strategy and performance
- **Opportunity**
- Industry overview



# Favorable demography

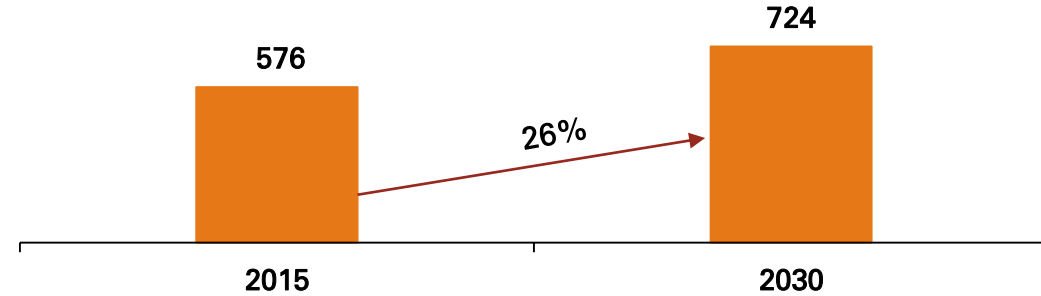
## Large and growing population base<sup>1</sup>

2017 Population (mn)

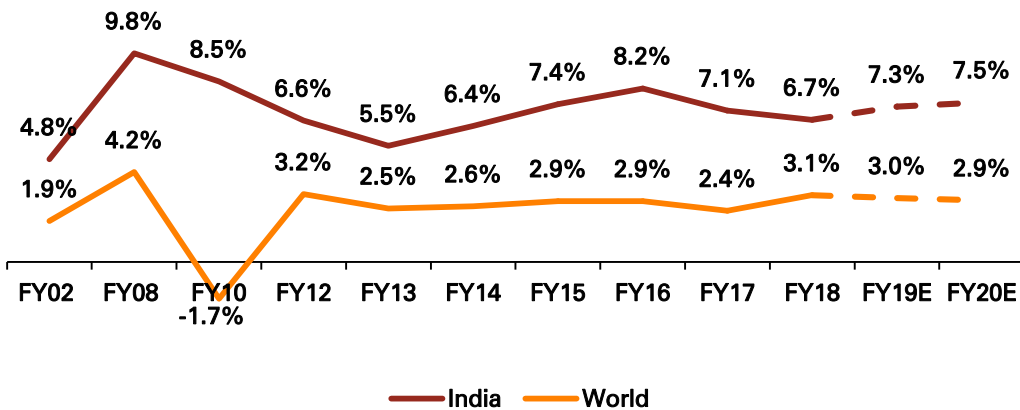


## High share of working population<sup>1</sup>

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

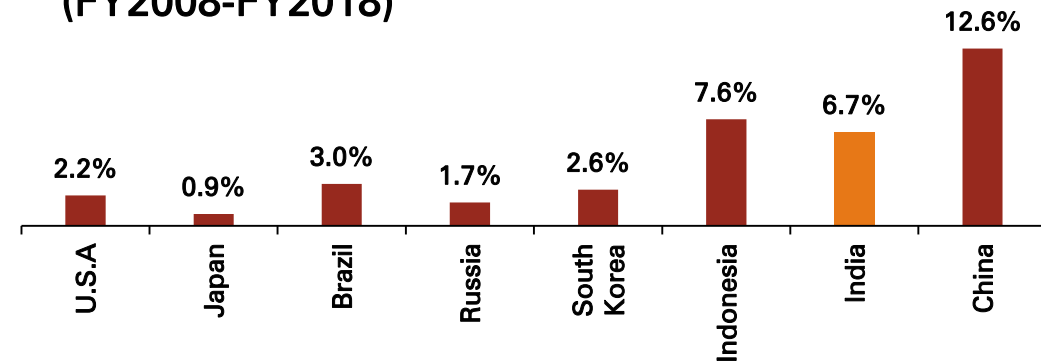


## Driving GDP growth<sup>2</sup>



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

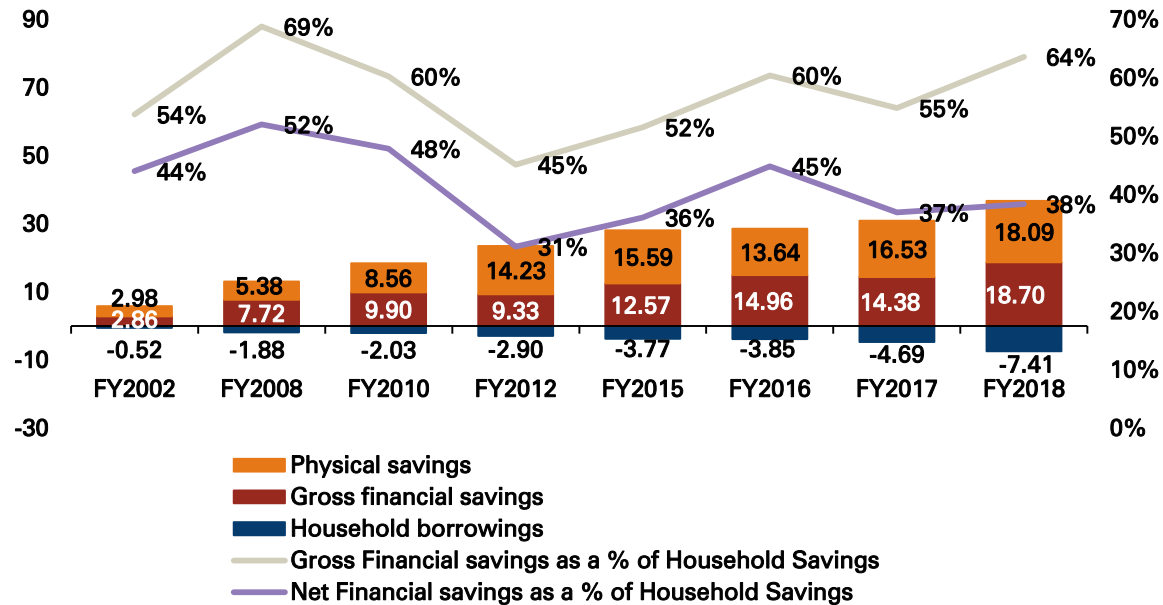
GDP per capita CAGR (FY2008-FY2018)



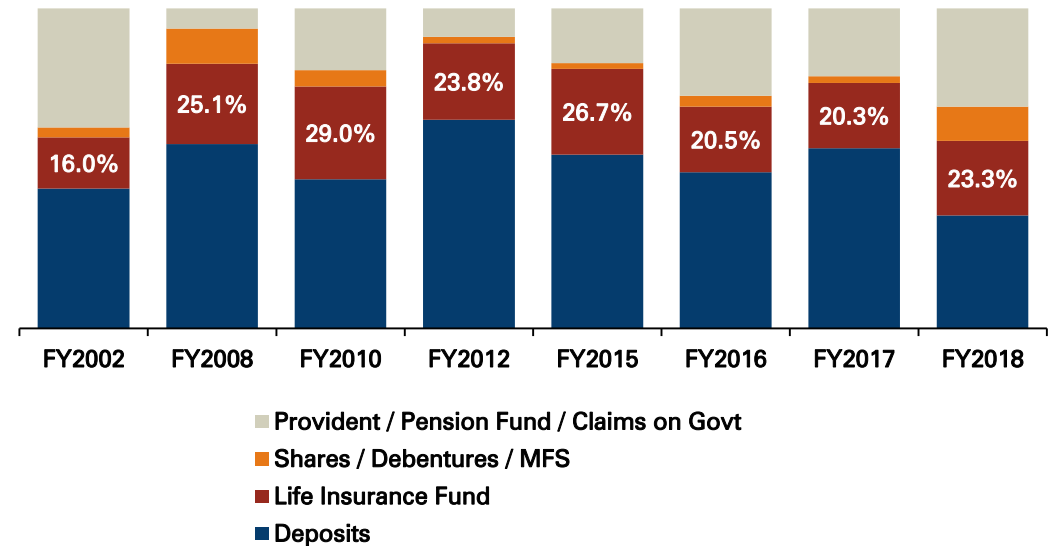
1. Source: UN population division  
2. Source: World bank

# Financialisation of savings: Opportunity for insurance

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



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



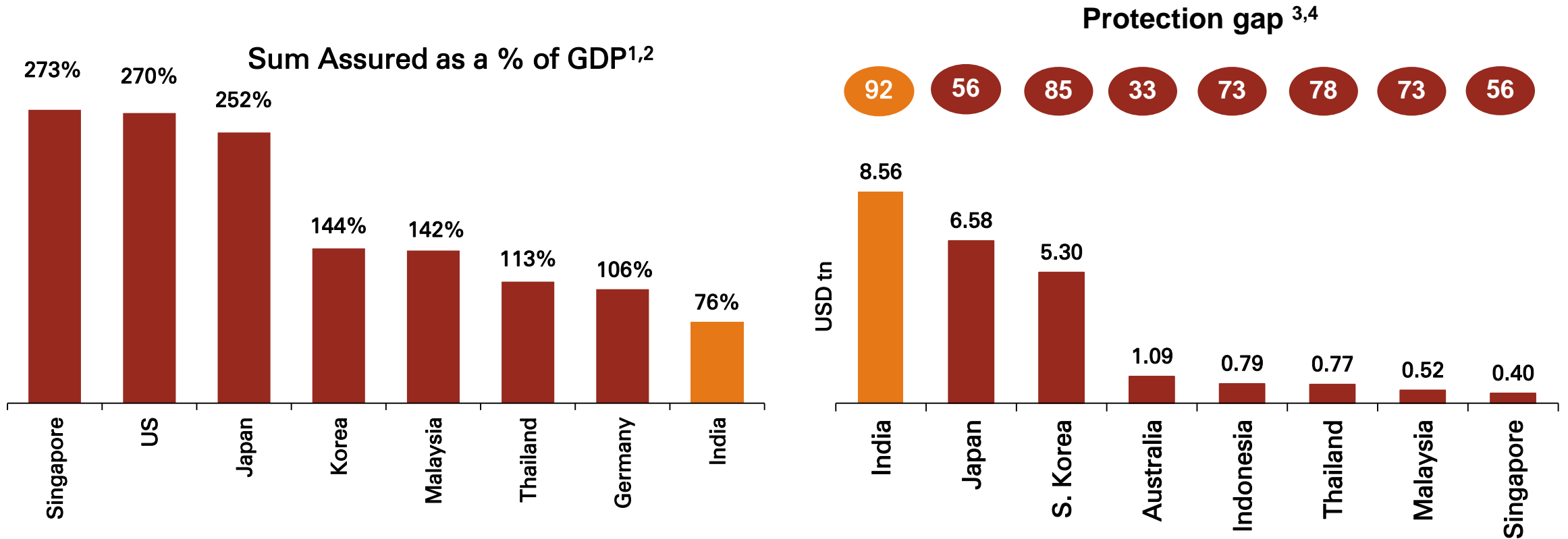
₹ billion	FY2002	FY2008	FY2010	FY2012	FY2014	FY2015	FY2017	FY2018
Life insurance premium <sup>3</sup> as % of GDP	2.1%	4.0%	4.1%	3.3%	2.8%	2.6%	2.7%	2.8%

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



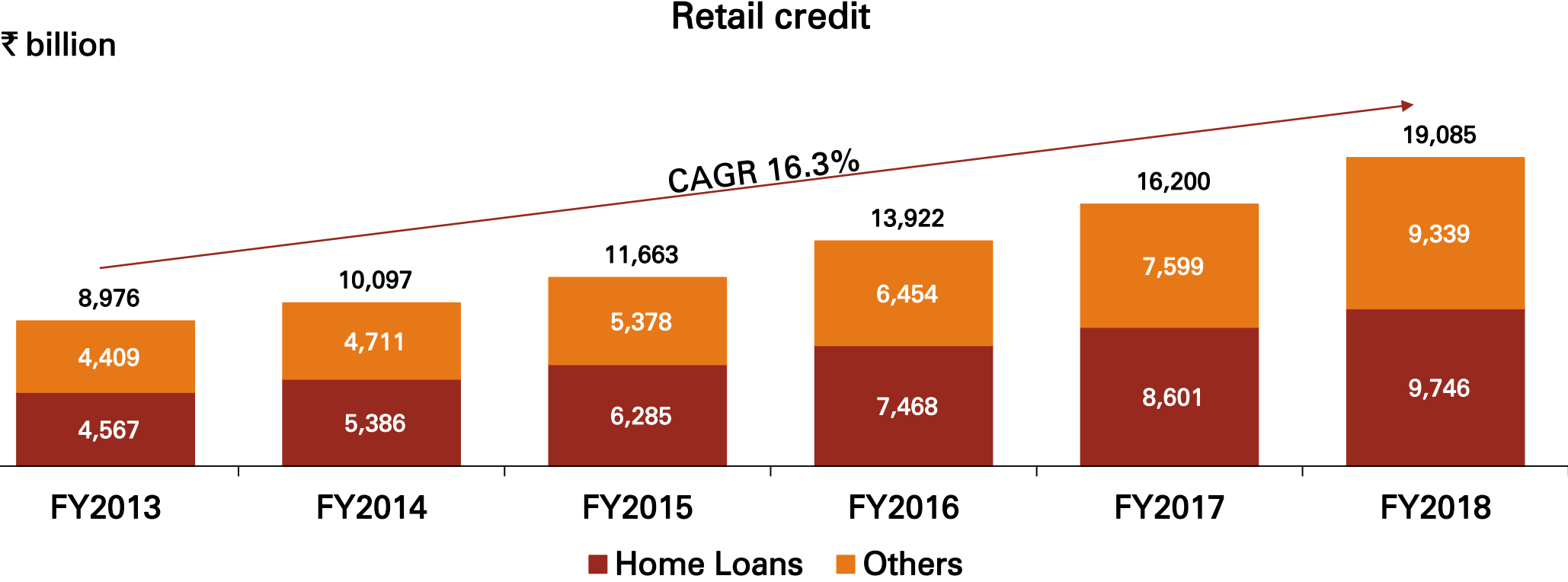
- Source: RBI and CSO
- Source: RBI
- Total life insurance industry premium including renewal; Source: IRDAI

# Protection opportunity: Income replacement



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

# Protection opportunity: Liability cover



- Retail credit has been growing at a healthy pace
- Credit life is voluntary



Source: RBI  
 Components may not add up to the totals due to rounding off



# Protection opportunity

Gross direct premium (₹ billion)	FY2008	FY2018	CAGR
Health	50.45	378.97	22.3%
Motor	130.63	593.14	16.3%
- Motor Own Damage (OD)	84.19	263.59	12.1%
- Motor Third Party (TP)	46.44	329.55	21.6%

- Protection premium ~ ₹ 125 billion for life insurance industry in FY2018

# Agenda

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



# Evolution of life insurance industry in India

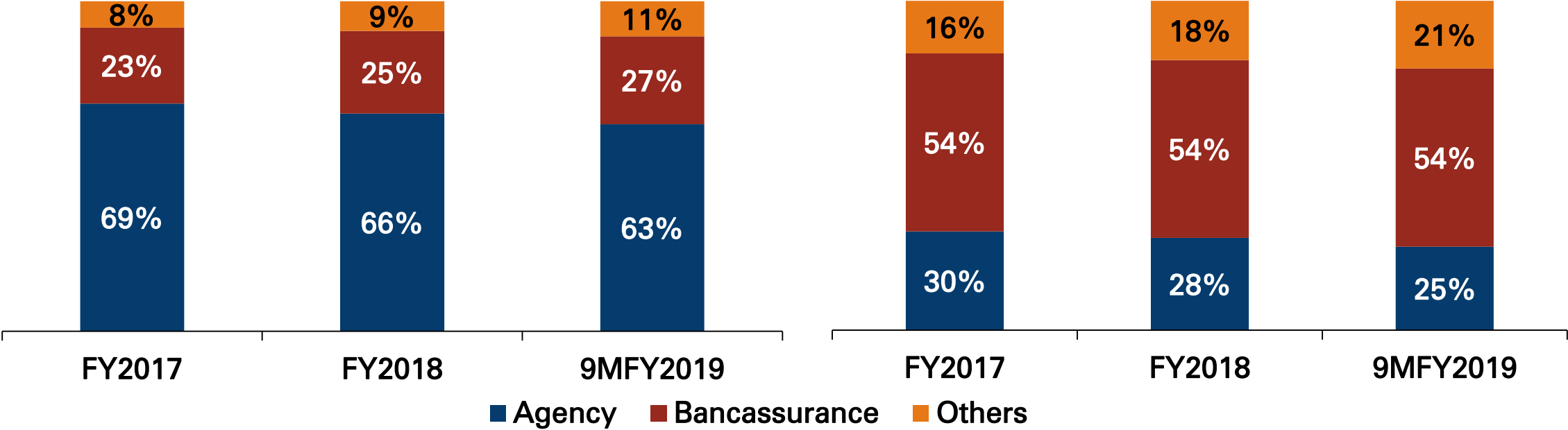
	FY2002		FY2010		FY2015		FY2018
New business premium <sup>1</sup> (₹ bn)	116	21.5%	550	-5.8%	408	15.9%	635
Total premium (₹ bn)	501	23.2%	2,654	4.3%	3,281	11.8%	4,583
Penetration (as a % to GDP)	2.1%		4.1%		2.6%		2.8%
Assets under management (₹ bn)	2,304	24.0%	12,899	12.6%	23,361	12.4%	33,130
<hr/>							
In-force sum assured <sup>2</sup> (₹ bn)	11,812*	15.5%	37,505	15.8%	78,091	17.6%	126,989
In-force sum assured (as % to GDP)	50.1%		57.9%		62.7%		75.7%

**Industry is back to growth trajectory**

# Channel mix<sup>1</sup>

## Industry

## Private players

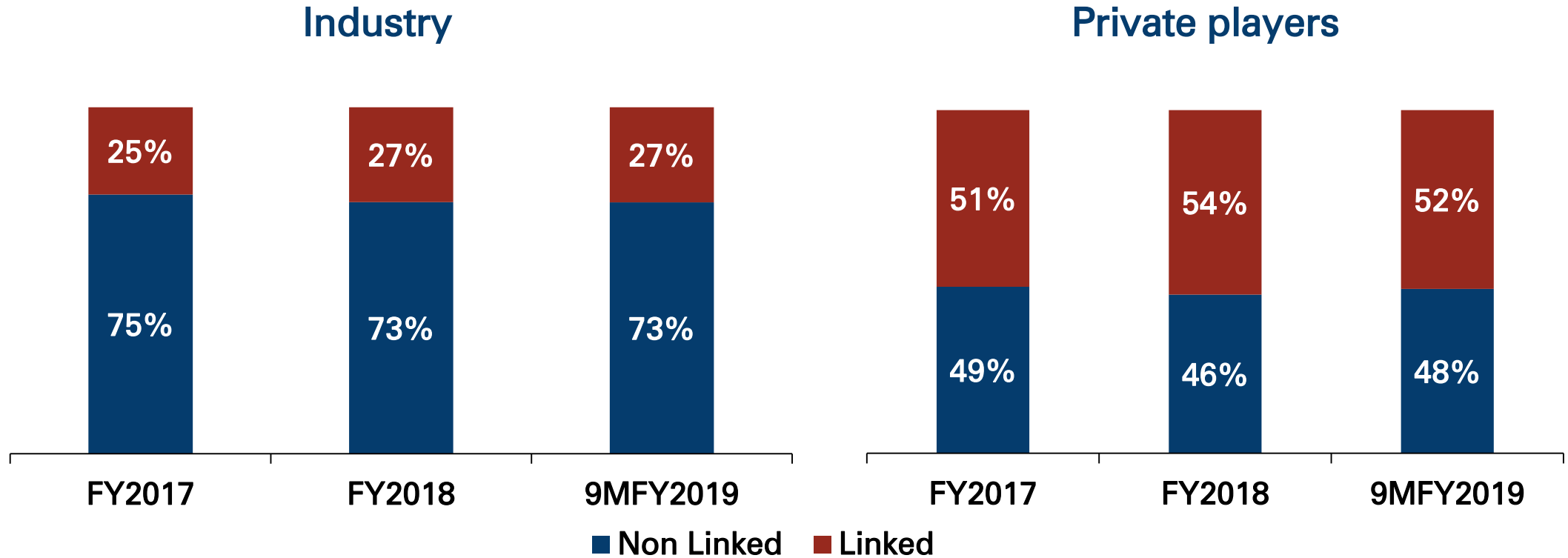


Given a well developed banking sector, bancassurance continues to be the largest channel for private players



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

# Product mix<sup>1</sup>



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

# Annexures

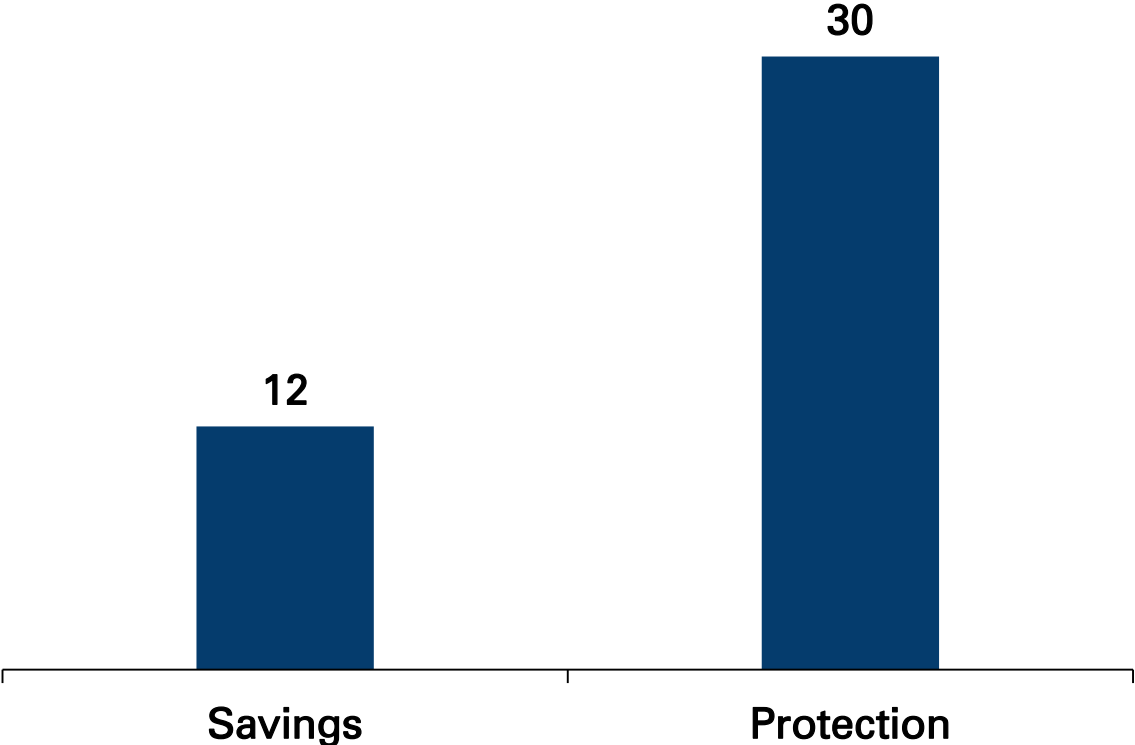
# Average APE by product categories

Average retail APE per policy (₹)	FY2017	FY2018	FY2019
ULIP	169,701	180,746	159,329
Par	56,325	62,379	60,308
Non Par	39,153	54,187	76,468
Protection	9,815	9,123	12,048
<b>Total</b>	<b>92,735</b>	<b>90,620</b>	<b>83,309</b>

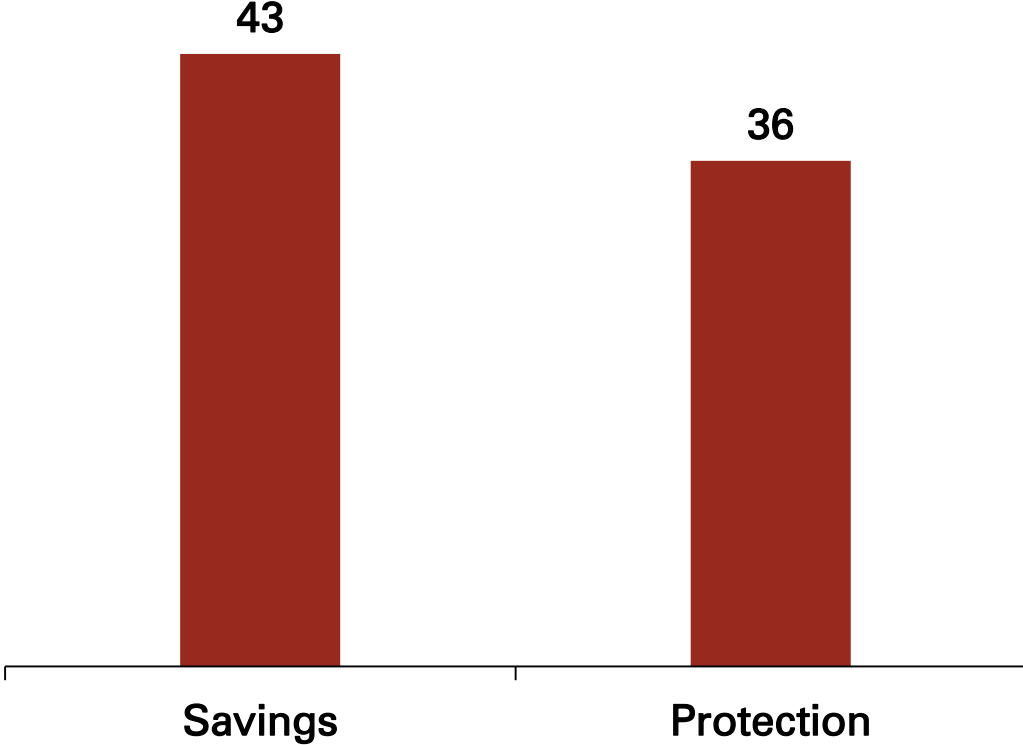
Average retail APE per policy (₹)	Q1FY2019	Q2FY2019	Q3FY2019	Q4FY2019
ULIP	171,337	173,516	134,442	165,707
Par	57,273	58,833	60,712	62,902
Non Par	54,014	54,529	68,659	95,350
Protection	10,257	8,762	12,575	15,841
<b>Total</b>	<b>82,749</b>	<b>84,263</b>	<b>77,779</b>	<b>87,771</b>

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

Average policy term (years)



Average customer age (years)



1. For FY2019; protection excludes credit life



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

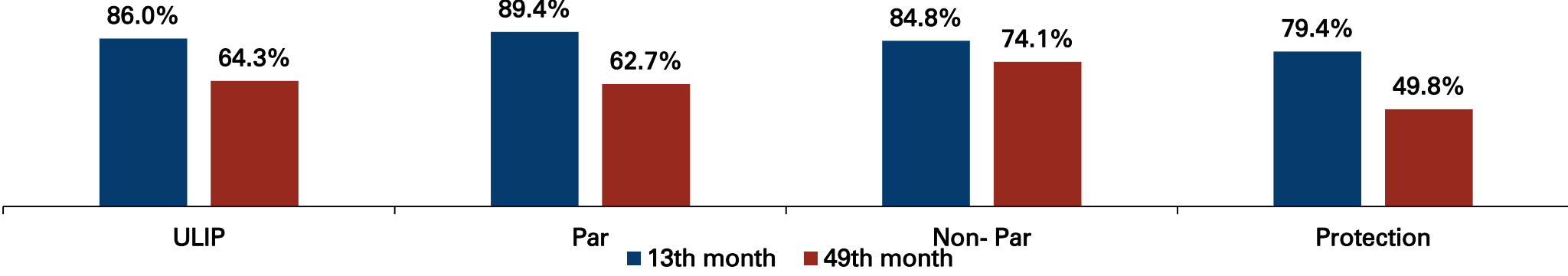
Channel category	Product category	FY2017	FY2018	FY2019
Bancassurance	ULIP	92.1%	89.8%	93.4%
	Par	5.3%	7.3%	2.1%
	Non par	0.4%	0.1%	0.6%
	Protection	2.2%	2.7%	3.9%
	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Agency	ULIP	79.5%	81.8%	75.3%
	Par	14.2%	13.5%	18.1%
	Non par	2.0%	0.4%	0.5%
	Protection	4.3%	4.3%	6.1%
	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Direct	ULIP	85.3%	88.0%	79.3%
	Par	5.0%	4.3%	5.3%
	Non par	3.1%	2.4%	6.4%
	Protection	6.5%	5.3%	9.1%
	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Corporate agents and brokers	ULIP	46.5%	36.8%	28.2%
	Par	44.1%	49.9%	49.5%
	Non par	0.4%	0.5%	0.6%
	Protection	9.0%	12.8%	21.8%
	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

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

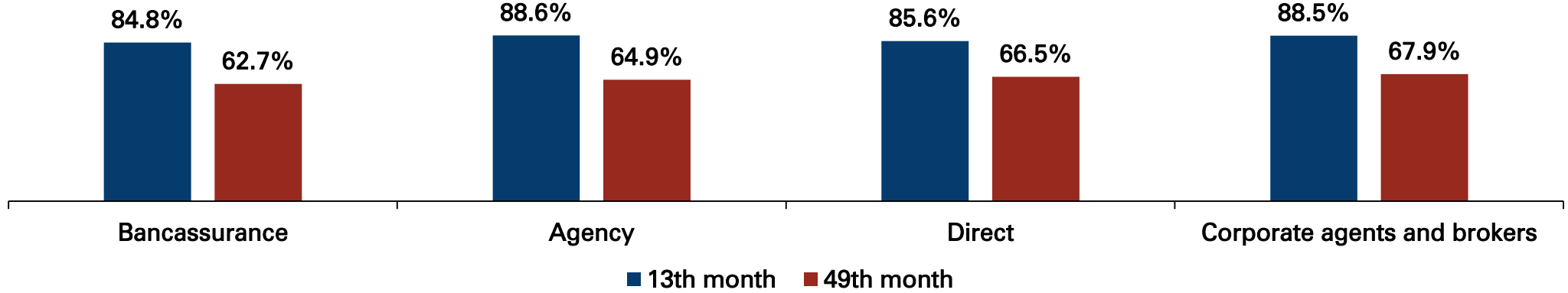
Channel category	Product category	FY2017	FY2018	FY2019
ULIP	Bancassurance	62.4%	57.4%	65.5%
	Agency	22.0%	25.4%	20.5%
	Direct	12.2%	14.5%	12.0%
	Corporate agents and brokers	3.4%	2.7%	2.1%
	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Par	Bancassurance	31.3%	35.4%	13.8%
	Agency	34.3%	31.5%	45.4%
	Direct	6.3%	5.3%	7.4%
	Corporate agents and brokers	28.1%	27.7%	33.3%
	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Non par	Bancassurance	22.8%	15.9%	27.4%
	Agency	49.0%	24.5%	8.0%
	Direct	25.6%	52.8%	62.0%
	Corporate agents and brokers	2.6%	6.8%	2.6%
	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Protection	Bancassurance	35.2%	35.2%	36.9%
	Agency	27.9%	27.6%	22.8%
	Direct	21.6%	17.9%	18.7%
	Corporate agents and brokers	15.3%	19.3%	21.7%
	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

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

## Persistency across product categories



## Persistency across channel categories



1. 11M-FY2019 persistency  
As per IRDA circular dated January 23,2014; excluding group and single premium policies

# Retail persistency

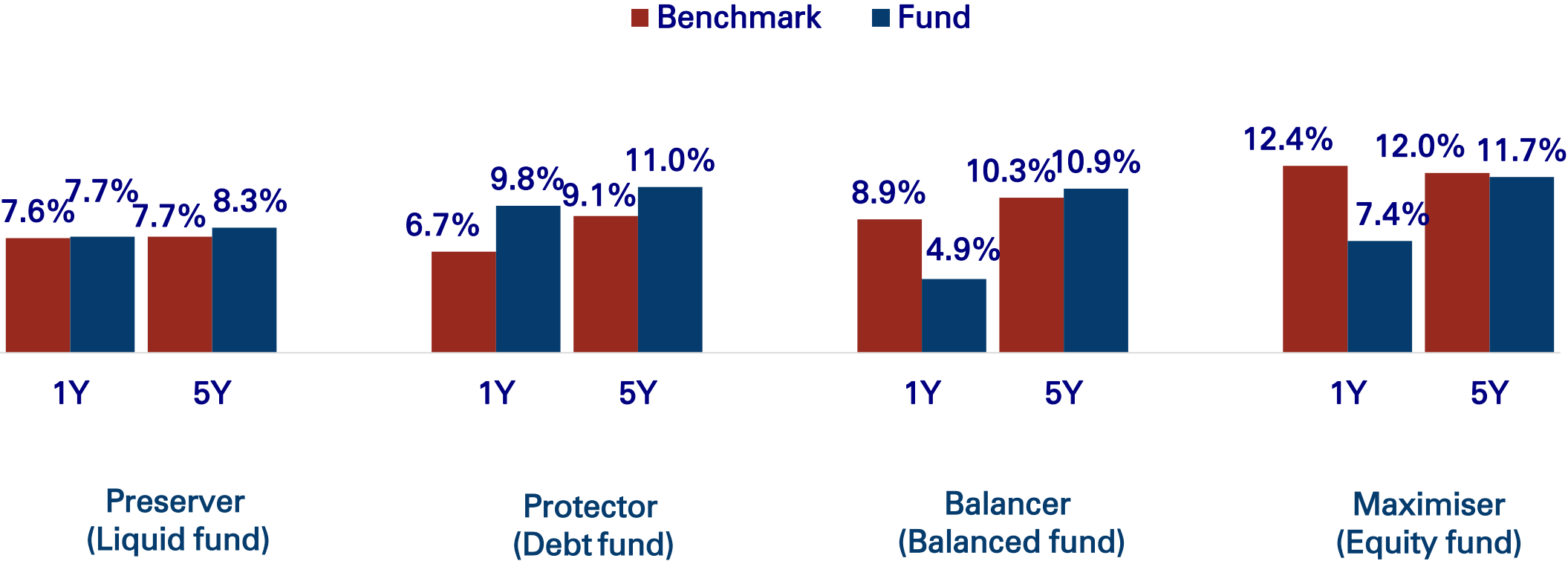
## Including single premium

Month	FY2017	FY2018	11M-FY2019
13 <sup>th</sup> month	85.7%	86.8%	87.4%
25 <sup>th</sup> month	73.9%	78.3%	78.0%
37 <sup>th</sup> month	66.8%	68.8%	71.3%
49 <sup>th</sup> month	59.3%	64.2%	65.2%
61 <sup>st</sup> month	56.2%	54.5%	57.6%

## Excluding single premium

Month	FY2017	FY2018	11M-FY2019
13 <sup>th</sup> month	84.7%	85.8%	86.1%
25 <sup>th</sup> month	73.0%	77.0%	76.3%
37 <sup>th</sup> month	65.5%	67.6%	69.8%
49 <sup>th</sup> month	58.3%	62.8%	63.9%
61 <sup>st</sup> month	53.8%	53.7%	56.4%

# Fund performance



**82.7% of linked portfolio out performed benchmark indices since inception**

# Embedded value

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

₹ billion	FY2015	FY2016	FY2017	FY2018	FY2019
<b>Opening EV</b>	<b>117.75</b>	<b>137.21<sup>2</sup></b>	<b>139.39</b>	<b>161.84</b>	<b>187.88</b>
Unwind	11.70	12.58	12.21	13.72	15.84
Value of New Business (VNB)	2.70	4.12	6.66	12.86	13.28
Operating assumption changes	1.60	1.04 <sup>2</sup>	1.00	7.64	4.20
Persistency variance		2.01	0.99	1.53	2.66
Mortality and morbidity variance		0.79	0.98	0.78	1.97
Expense variance	2.12 <sup>3</sup>	0.59	0.35	0.27	0.04
Other variance		1.09	0.76	0.00	0.02
<b>EVOP</b>	<b>18.12</b>	<b>22.23</b>	<b>22.95</b>	<b>36.80</b>	<b>38.01</b>
<b>Return on embedded value (ROEV)</b>	<b>15.4%</b>	<b>16.2%</b>	<b>16.5%</b>	<b>22.7%</b>	<b>20.2%</b>
Economic assumption change and investment variance	11.11	(5.64)	5.82	1.13	(1.22)
Net capital injection	(9.77)	(14.41)	(6.32)	(11.88)	(8.43)
<b>Closing EV</b>	<b>137.21</b>	<b>139.39</b>	<b>161.84</b>	<b>187.88</b>	<b>216.23</b>

# Embedded value

₹ billion	FY2017	FY2018	FY2019
Value of In force (VIF)	94.28	117.64	142.69
Adjusted Net worth	67.56	70.24	73.54
<b>Embedded value<sup>1</sup></b>	<b>161.84</b>	<b>187.88</b>	<b>216.23</b>
Return on Embedded Value (ROEV)	16.5%	22.7%	20.2%
EV growth-pre dividend	20.6%	23.4%	19.6%
EV growth-post dividend	16.1%	16.1%	15.1%
VNB as % of opening EV	4.8%	7.9%	7.1%
Operating assumption changes and variance as % of opening EV	2.9%	6.3%	4.7%



# EV methodology

- EV results prepared based on the Indian Embedded Value (IEV) methodology and principles as set out in Actuarial Practice Standard 10 (APS10) issued by the Institute of Actuaries of India (IAI)
- EV consists of Adjusted Net Worth (ANW) and Value of in-force covered business (VIF)
  - ANW is market value of assets attributable to shareholders, consisting of
    - Required capital
    - Free surplus
  - Value of in-force covered business (VIF) is
    - Present value of future profits; adjusted for
    - Time value of financial options and guarantees;
    - Frictional costs of required capital; and
    - Cost of residual non-hedgeable risks

# Components of ANW

- Required capital (RC)
  - The level of required capital is set equal to the amount required to be held to meet supervisory requirements.
  - It is net of the funds for future appropriation (FFAs)
- Free surplus (FS)
  - Market value of any assets allocated to, but not required to support, the in-force covered business

# Components of VIF (1/2)

- Present value of future profits (PVFP)
  - Present value of projected distributable profits to shareholders arising from in-force covered business
  - Projection carried out using 'best estimate' non-economic assumptions and market consistent economic assumptions
  - Distributable profits are determined by reference to statutory liabilities
- Frictional Cost of required capital (FC)
  - FCs represent investment management expenses and taxation costs associated with holding the Required capital
  - Investment costs reflected as an explicit reduction to the gross investment return

# Components of VIF (2/2)

- Time value of financial options and guarantees (TVFOG)
  - Represents additional cost to shareholders that may arise from the embedded financial options and guarantees
  - Stochastic approach is adopted with methods and assumptions consistent with the underlying embedded value
- Cost of residual non-hedgeable risk (CRNHR)
  - An allowance for risks to shareholder value to the extent not already allowed for in the TVFOG or the PVFP
  - Allowance for asymmetric risks of operational, catastrophe mortality/morbidity and mass lapsation risk
  - Determined using a cost-of-capital approach
  - Allowance for diversification benefits among the non-hedgeable risks, other than the operational risk
  - 4% annual charge applied to capital required

# Components of EV movement (1/2)

- Expected return on existing business (unwind)
  - Expected investment income at opening reference rate on VIF and ANW
  - Expected excess 'real world' investment return over the opening reference rate on VIF and ANW
- Operating assumption changes
  - Impact of the update of non-economic assumptions both on best estimate and statutory bases to those adopted in the closing EV
- Value of new business
  - Additional value to shareholders created through new business during the period

# Components of EV movement (2/2)

- Operating experience variance
  - Captures impact of any deviation of actual experience from assumed in the opening EV during the inter-valuation period
- Economic assumption changes and Investment variance
  - Impact of the update of the reference rate yield curve, inflation and valuation economic assumptions from opening EV to closing EV
  - Captures the difference between the actual investment return and the expected 'real world' assumed return
- Net capital injection
  - Reflects any capital injected less any dividends paid out

# Key assumptions underlying EV (1/2)

- Discount rate and Fund earning rates
  - Set equal to reference rates which is proxy for risk free rates
  - Reference rates derived on the basis of zero coupon yield curve published by the Clearing Corporation of India Limited
- Expenses and commission
  - Based on the Company's actual expenses during FY2019 with no anticipation for productivity gains or cost efficiencies
  - Commission rates are based on the actual commission payable to the distributors

# Key assumptions underlying EV (2/2)

- Mortality and morbidity
  - Based on company's experience with an allowance for future improvements in respect of annuities
- Persistency
  - Based on company's experience
- Taxation
  - Taxation costs reflect the reduction in costs due to dividend income being tax exempt



# Economic assumptions underlying EV

Tenor (years)	References Rates	
	March 31, 2018	March 31, 2019
1	6.57%	6.66%
5	8.21%	7.83%
10	8.31%	8.35%
15	8.11%	8.35%
20	7.97%	8.22%
25	7.91%	8.11%
30	7.88%	8.05%

# 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**