



# Performance update: FY2020

April 25, 2020

# Agenda

- Company strategy and performance
- Opportunity
- Industry overview



# Response to COVID-19 lockdown (1/2)

## Governance

- Regular updates to the Board on the ongoing situation
- Daily top management meetings to monitor emerging situation
- Central and regional COVID councils to track developments
- BCP activated for all functions

## Employees

- Work from home enabled across the organisation
- Continuous health tracking of Company & outsourced employees
- Free tele-consultation with empaneled doctors
- Employee centric policy support: conveyance and mobile / data reimbursements
- Regular communication on health advisories, COVID-19 awareness & Company updates
- COVID-19 testing facilitated for any employee as needed
- Leveraging existing virtual learning platforms

# Response to COVID-19 lockdown (2/2)

## Customers

Email communication and press release on digital options available for:

- Customer service transactions
- Premium payment
- Claim registration and status

## Regulator & Government

- Insurance classified as essential service
- Regulatory relaxations provided by IRDAI

## Distribution

- Encourage digital closure of pending requirements
- Engagement with sales team on further transition from physical to digital connect with customer

## Community

- Contribution towards purchase of ventilators, sanitizers and other consumables
- Proposed contribution towards 'PM Cares Fund' in FY2021 by the Company and employees

# Risk management

## Market risk

### Sharp fall in equity prices & lower bond yields

- Linked & Par (81% of liabilities) largely pass on the market performance to customers
- Non par guaranteed return book: 0.4% of liabilities; minimal ALM mismatch
- 94% of fixed income in sovereign or AAA; 1.0% of fixed income below AA
- Zero NPA since inception

## Mortality risk

### Mortality experience and COVID-19 claims

- Mortality experience continues to be better than assumptions
- Proposed pricing of protection fully absorbs the increase in reinsurance rates
- Insignificant claims from COVID-19 so far
- Additional reserve held for potential COVID-19 claims

Solvency ratio of 194.1% at March 31, 2020

Comfortable on solvency even with stress test scenarios (shocks for equity, bond yields & claims)

# Agenda

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



# Key strategic elements





# Strong performance on customer metrics...

97.8%

Claim settlement ratio<sup>1</sup>

1.6 days

Average claims settlement time<sup>2</sup>

83.2%

One of the best 13<sup>th</sup> month persistency<sup>3</sup> ratio in the industry

48

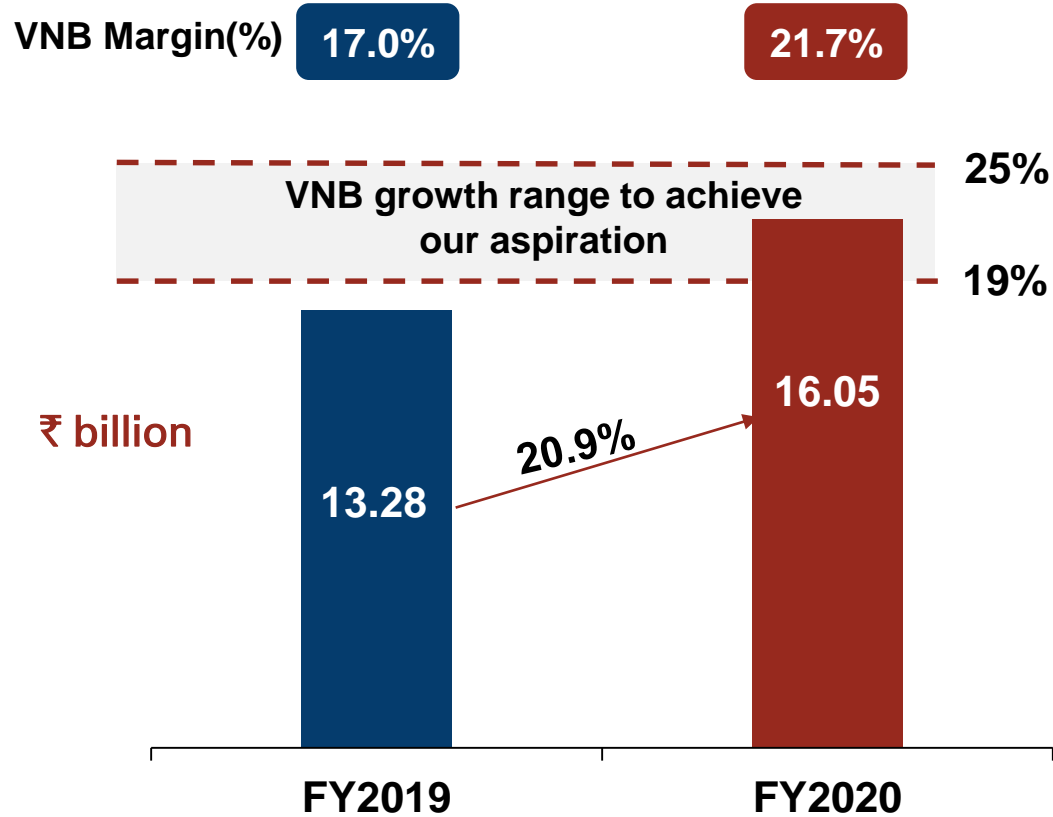
Number of grievances per 10,000 new business policies (retail)



1. Individual death claims  
2. Average turnaround time for non-investigated claims from receipt of last requirement  
3. Retail excluding single premium computed as per IRDA circular dated January 23, 2014

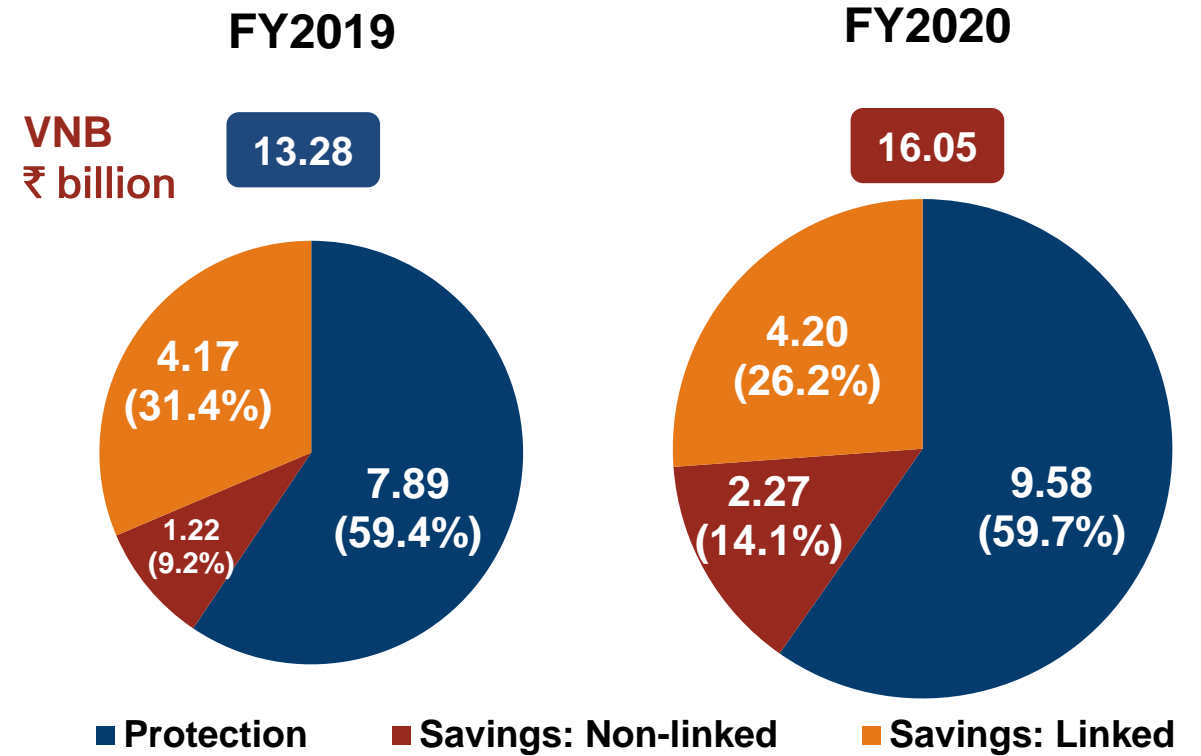


# ...with strong growth in VNB



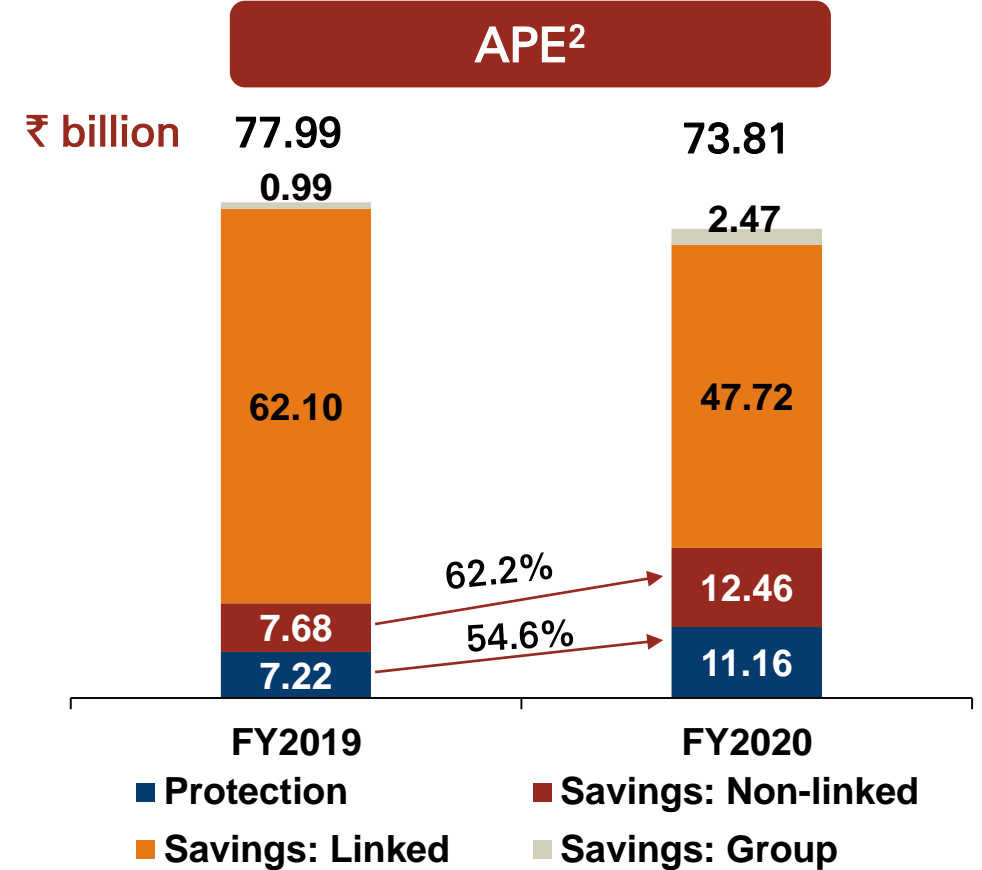
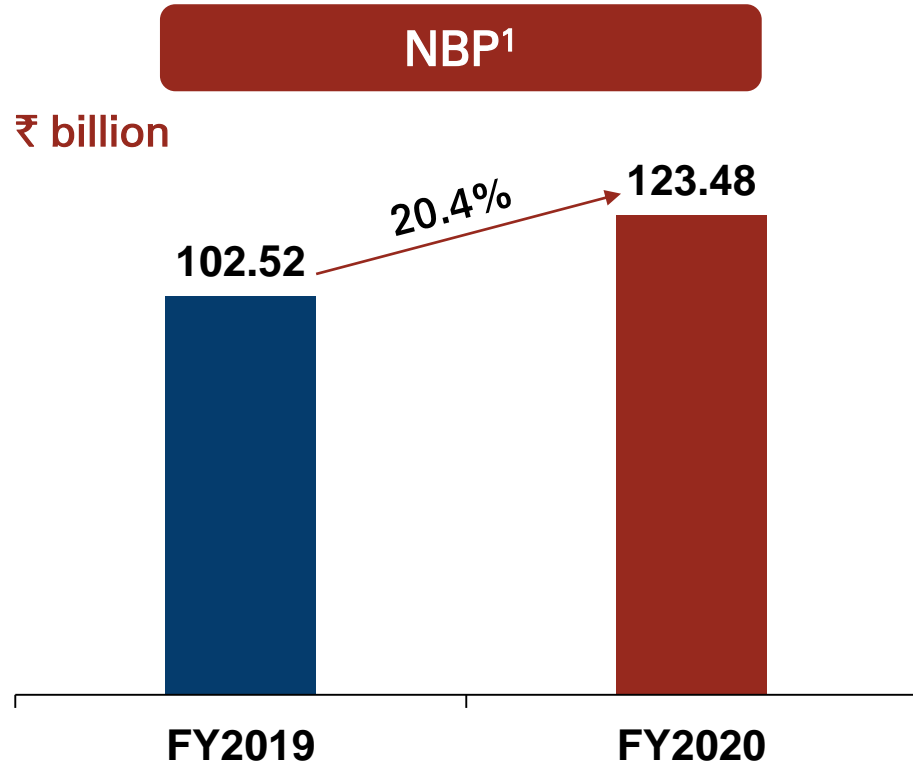
VNB growth of 21%; margin 21.7%

## VNB contribution\*



74% VNB from protection & non-linked savings

# Premium growth



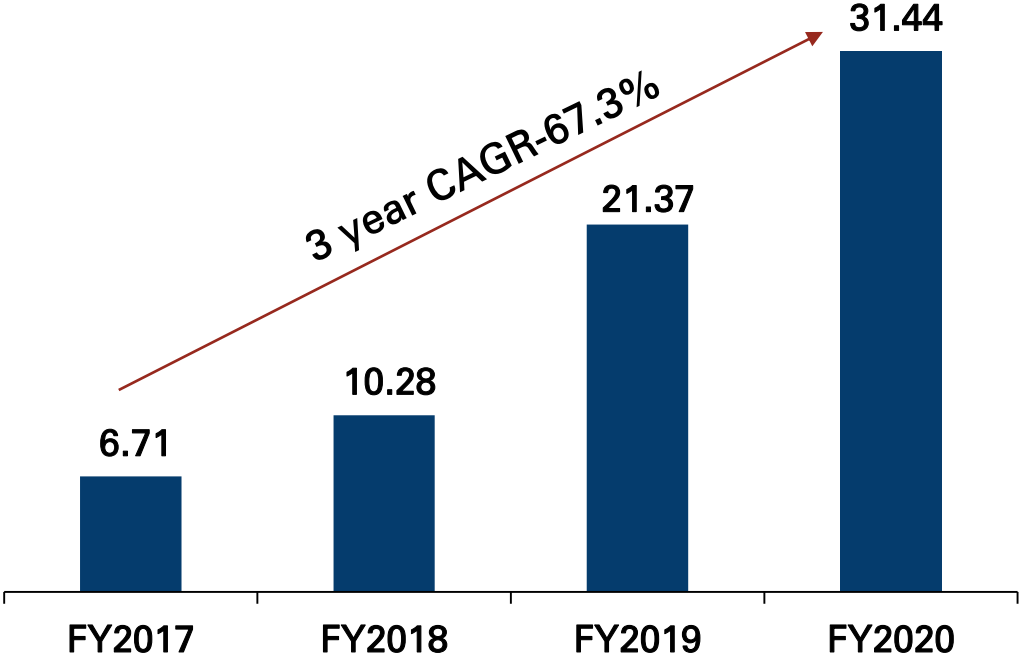
Strong growth in protection & non-linked savings; APE share increased from 19% to 32%

# Continued growth in Protection and Annuity

Protection mix<sup>1</sup>



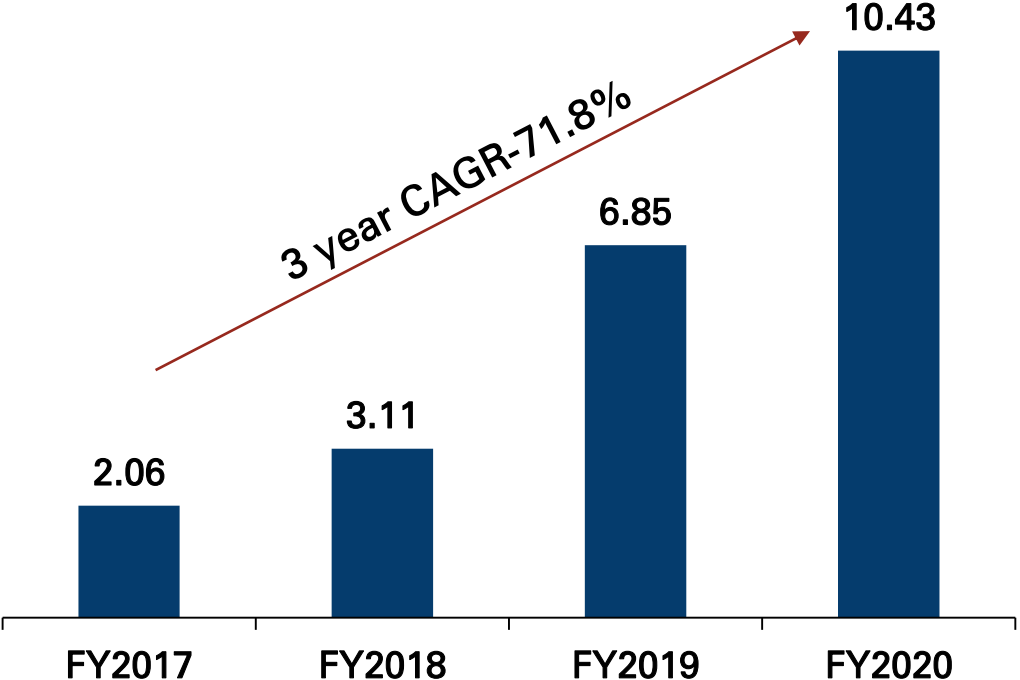
Protection new business received premium (₹ billion)



Annuity mix<sup>1</sup>



Annuity new business received premium (₹ billion)



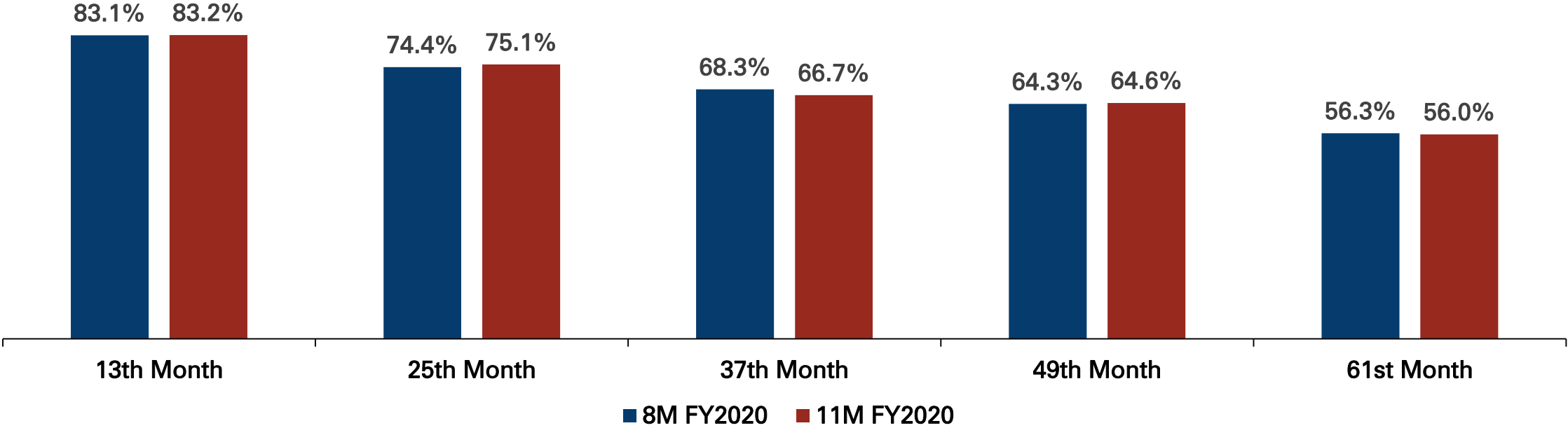
Protection and Annuity contributed over 1/3<sup>rd</sup> of new business premium



1. % of new business received premium as per financials

# Stable persistency

Retail persistency (excluding single premium)



Persistency continued to be one of the best in the industry



As per IRDAI circular dated January 23, 2014

# Productivity improvements

₹ billion	FY2019	FY2020
Cost/TWRP <sup>1</sup>	15.0%	15.9%
Cost/TWRP (savings LOB)	11.5%	10.4%

Cost ratios improved further; continued to be one of the best in the industry



1. Cost/(Total premium- 90% of single premium)  
Total may not add up due to rounding off

# Way forward: Our approach for Q1-FY2021 (1/2)

## Distribution

- Enablers for Q1
  - Contactless conversations through video conferencing
  - Encourage higher levels of digital adoption across channels
- Channel strategy
  - Agency: Traditional and protection
  - ICICI Bank: Protection sales through app and website
  - Partnership distribution: Higher focus on distributors who can operate digitally
  - Direct: Digital campaigns & direct lead assignment
- Expected shift in product mix
  - Protection: Growth over last year
  - Non-linked savings: Target small growth
  - Unit linked savings: Demand likely to be weak

# Way forward: Our approach for Q1-FY2021 (2/2)

## Customer

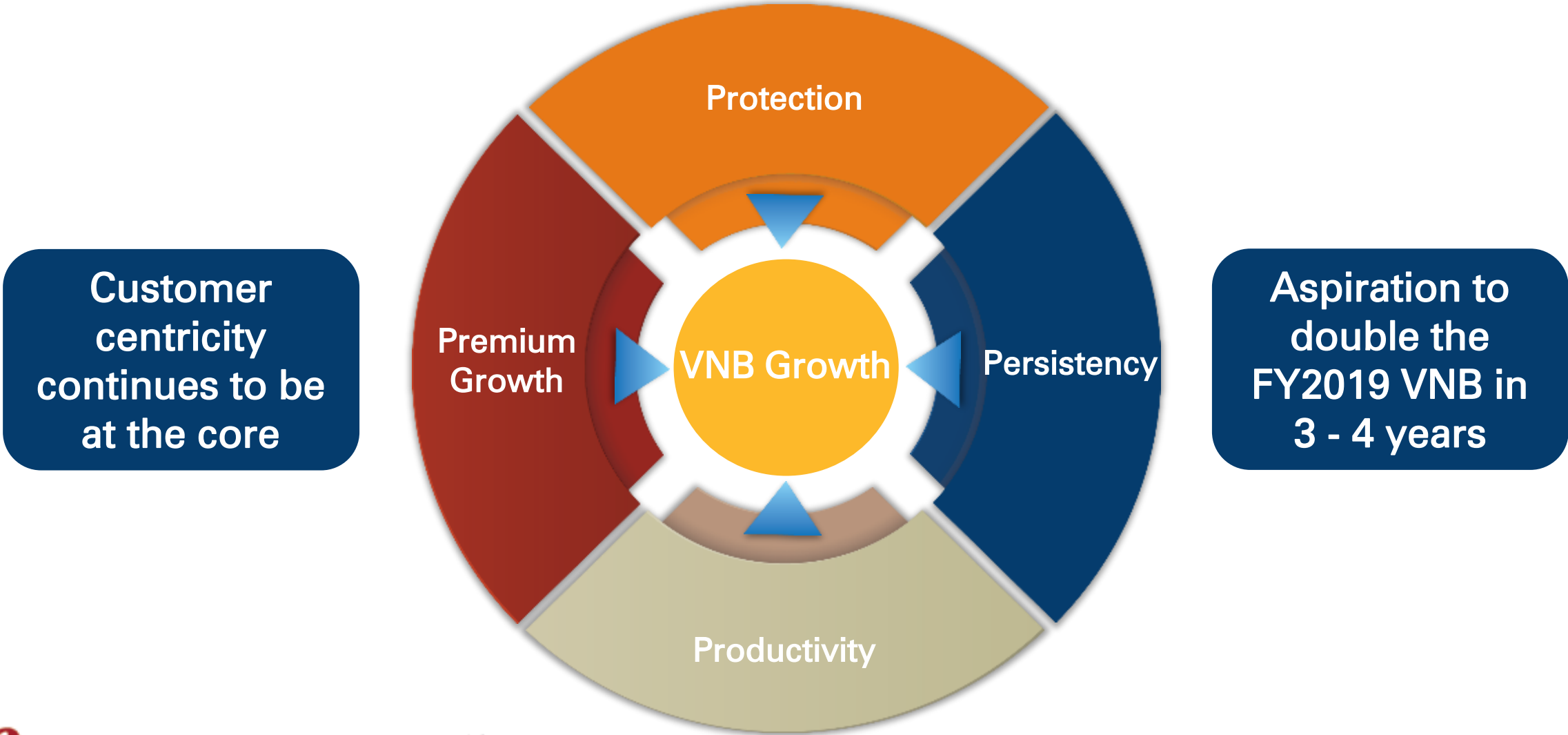
- Customer service
  - Leverage new technologies to improve service offerings
  - Uniform policy information across all service touch points
- Multiple digital avenues for renewal premium payment
  - Website, Netbanking, UPI, Bharat Bill Payment System, Wallets etc
- Claim settlement
  - Multiple channels for digital claim intimation/status
    - Self service- Website, SMS, WhatsApp
    - Claim status can be tracked online
    - 24x7 secured electronic payments
- Targeted upsell
  - Digital channels and direct lead assignment

## Cost management

- Improve span, efficiency and productivity
- Pursue further variabalisation of expenses



# Key strategic elements



# Premium: Product strategy and performance

# Products available across all categories

ICICI Pru  
**FuturePerfect**  
Non-linked Insurance Plan

ICICI Pru  
**Savings Suraksha**  
Non-Linked Life Insurance Plan

ICICI Pru  
**Assured Savings Insurance Plan**  
Non linked life insurance plan

ICICI Pru  
**LAKSHYA**  
A Non-linked Participating Life Insurance Plan

ICICI Pru  
**Immediate Annuity**  
Non-Linked Life Insurance Plan



ICICI Pru  
**SIGNATURE**  
A Unit Linked Non-Participating Life Insurance Plan

ICICI Pru  
**Easy Retirement**  
Unit Linked Pension Plan

ICICI Pru  
**Guaranteed Wealth Protector**  
Unit Linked Insurance Plan

**Non-linked**

**Savings**

**Linked**

Participating with equity

Savings with guarantee; Annuity

ULIP: Suite of funds for Equity and Debt

ULIP: with capital guarantee



ICICI Pru  
**PRECIOUS LIFE**  
A non-linked non-participating term insurance plan.  
Term insurance plan for **EVERYBODY**



ICICI Pru  
**Shubh Raksha Life**  
A Non-Linked Non-Participating Group Micro Insurance Product

ICICI Pru  
**Group Term Plus**  
Group Life Cover Plan

ICICI Pru  
**Super Protect - Credit**  
(A Non-Linked Non-participating Group Life Insurance Product)

**Retail**

**Protection**

**Group**

Pure term with accident cover

Critical illness, Disease specific

Pure term, Micro insurance, Credit insurance, Critical illness

# Product segments

Segments	APE (₹ billion)			Mix	
	FY2019	FY2020	Growth (%)	FY2019	FY2020
<b>Savings</b>	<b>70.77</b>	<b>62.65</b>	<b>(11.5%)</b>	<b>90.7%</b>	<b>84.9%</b>
Linked	62.10	47.72	(23.2%)	79.6%	64.7%
Non-linked	7.68	12.46	62.2%	9.8%	16.9%
Group	0.99	2.47	149.5%	1.3%	3.3%
<b>Protection<sup>1</sup></b>	<b>7.22</b>	<b>11.16</b>	<b>54.6%</b>	<b>9.3%</b>	<b>15.1%</b>
<b>Total APE</b>	<b>77.99</b>	<b>73.81</b>	<b>(5.4%)</b>	<b>100.0%</b>	<b>100.0%</b>

62% growth in non-linked savings; 55% growth in protection

# Premium: Distribution strategy and performance

# Diversified distribution

## Strategy: Build profitability

- 15 bank partnerships
- Protection and Annuity mix increased from 4.3% in FY2019 to 10.0% in FY2020

## Strategy: Create depth and add width

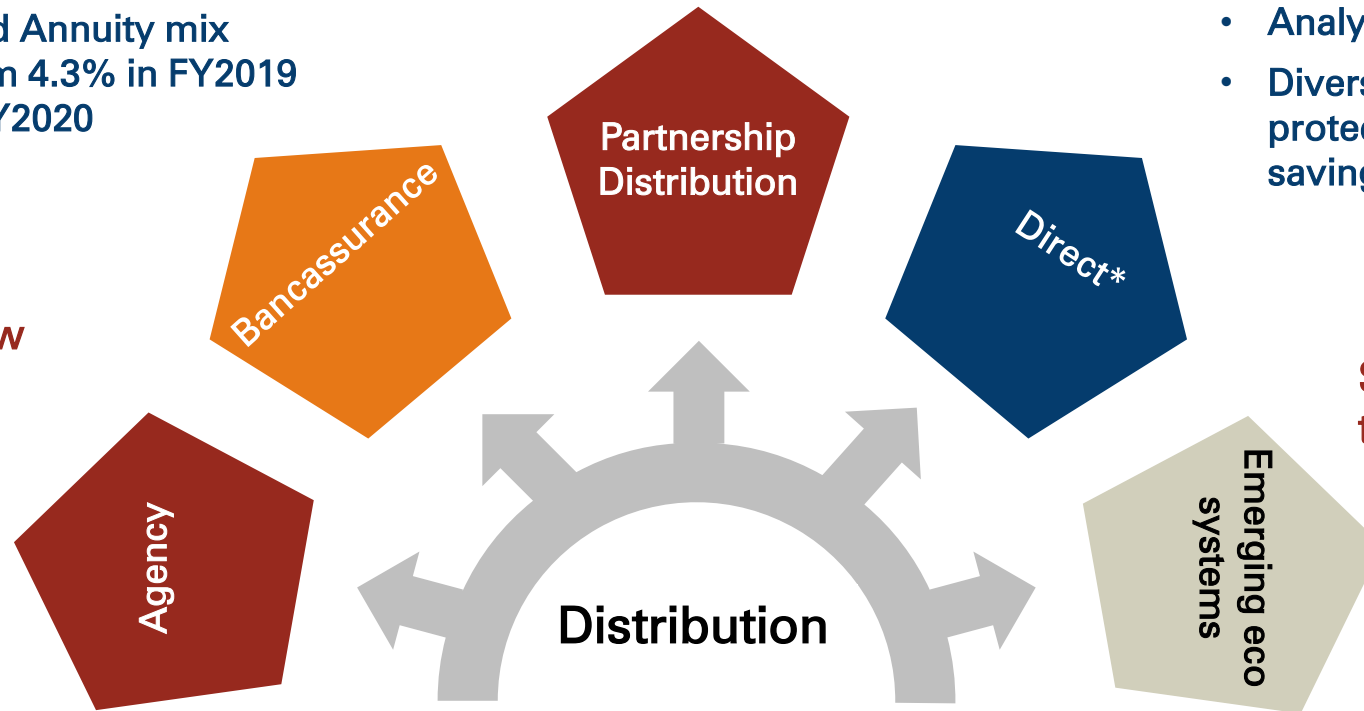
- > 500 partnerships
- Protection and non-linked savings: ~80% in FY2020

## Strategy: Digital focused upsell campaigns

- Analytics driven upsell channel
- Diversified product mix with 12% protection and 22% non-linked savings

## Strategy: Invest and grow

- 23,200 agents recruited during the year
- Diversified product mix: Savings: linked 50%, savings: non-linked 40% and Protection 10%



## Strategy: Partner with non-traditional distributors

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

Broaden distribution network; continued growth in specific channels

# Distribution channels

Channels	APE (₹ billion)		Mix		Growth (%)	
	FY2019	FY2020	FY2019	FY2020	Linked	Non-linked
Bancassurance	43.53	37.48	55.8%	50.8%	(20.0%)	72.5%
Agency	16.89	15.62	21.7%	21.2%	(38.8%)	87.8%
Direct	9.34	9.31	12.0%	12.6%	(16.6%)	59.0%
Partnership distribution	4.59	5.46	5.9%	7.4%	(7.0%)	31.4%
Group	3.65	5.94	4.7%	8.1%	-	-
<b>Total APE</b>	<b>77.99</b>	<b>73.81</b>	<b>100.0%</b>	<b>100.0%</b>	<b>(20.8%)</b>	<b>59.6%</b>

60% growth in non-linked segment; growth across channels



# Protection

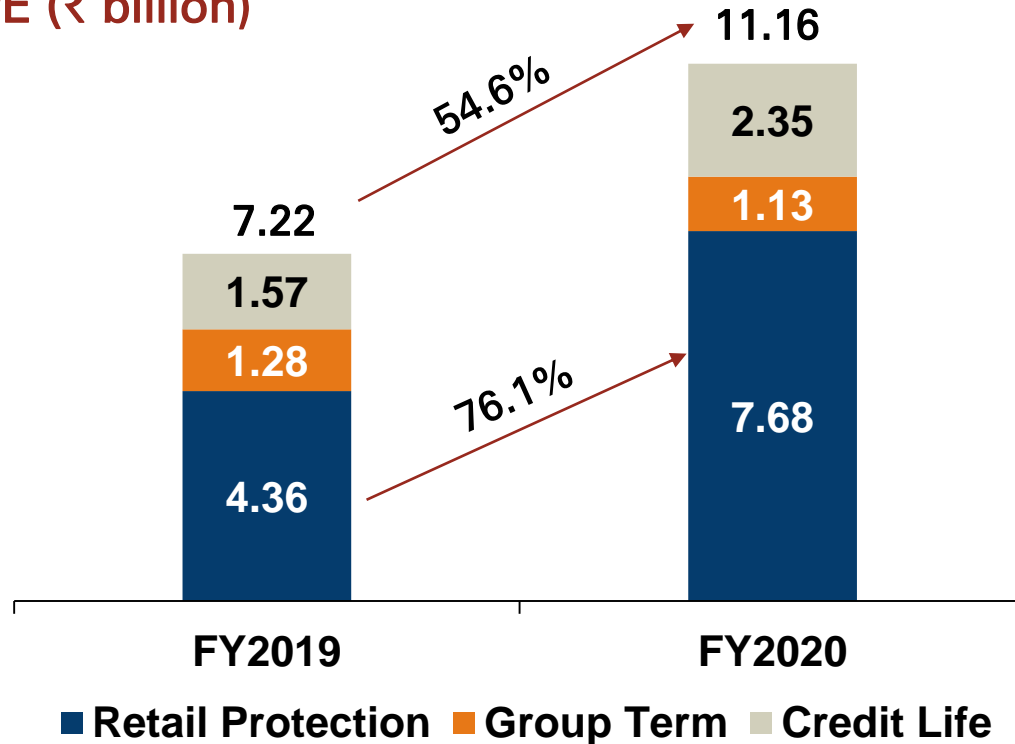
# Protection: Increasing share

APE (₹ billion)	FY2019	FY2020
Protection	7.22	11.16
<i>YoY growth</i>	<i>61.9%</i>	<i>54.6%</i>
Protection mix	9.3%	15.1%

Continued strong growth; mix increased from 9.3% to 15.1%

# Protection: Components

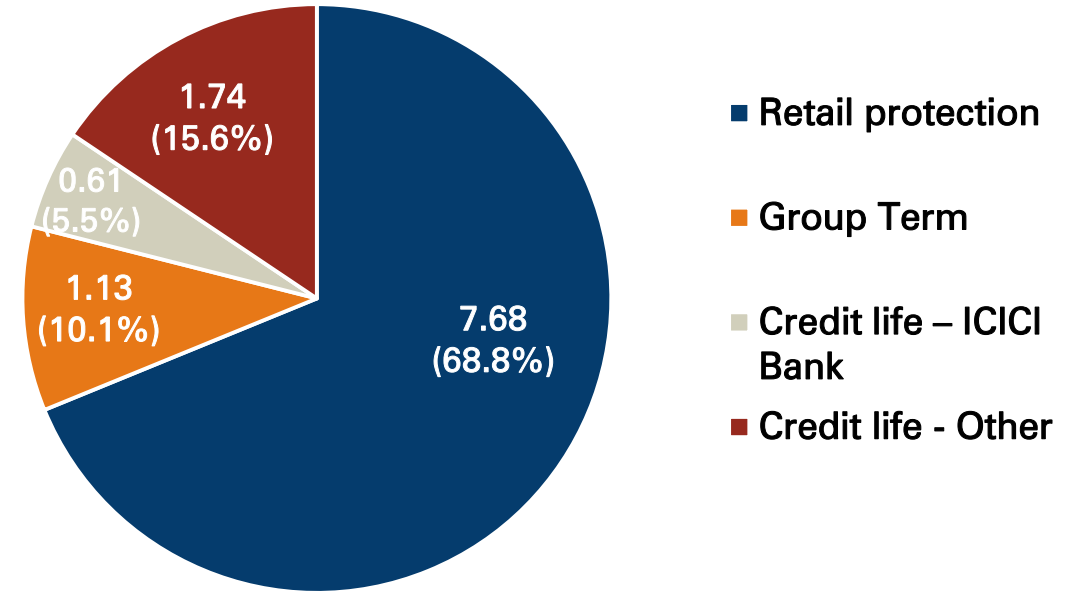
APE (₹ billion)



Retail protection is ~70% of protection APE

Protection split based on APE\* (FY2020)

₹ billion



Credit life through third party contributes ~16% of protection APE

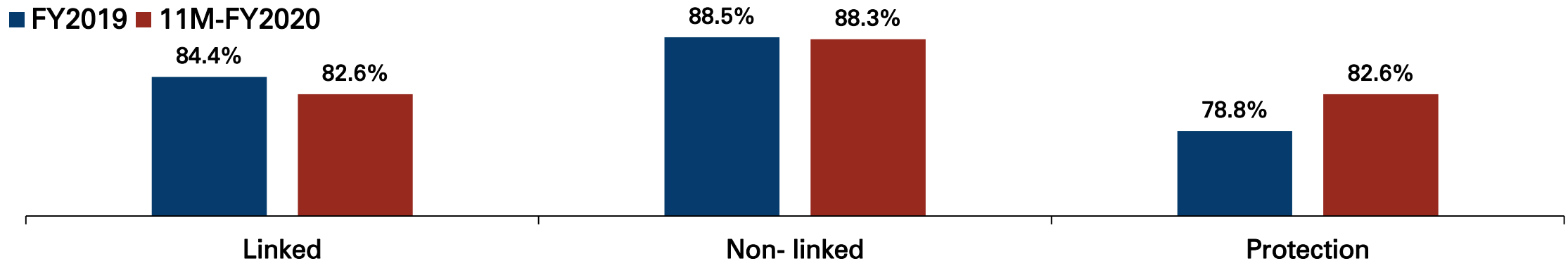
# Persistency

# Persistency

Retail excluding single premium			
Month	FY2019	8M-FY2020	11M-FY2020
13 <sup>th</sup> month	84.6%	83.1%	83.2%
25 <sup>th</sup> month	75.6%	74.4%	75.1%
37 <sup>th</sup> month	69.3%	68.3%	66.7%
49 <sup>th</sup> month	63.8%	64.3%	64.6%
61 <sup>st</sup> month	56.8%	56.3%	56.0%

Retail including single premium			
Month	FY2019	8M-FY2020	11M-FY2020
13 <sup>th</sup> month	86.2%	85.1%	85.3%
25 <sup>th</sup> month	77.4%	76.4%	77.4%
37 <sup>th</sup> month	71.0%	70.5%	69.0%
49 <sup>th</sup> month	65.0%	65.8%	66.4%
61 <sup>st</sup> month	58.1%	57.7%	57.4%

## 13<sup>th</sup> month persistency<sup>1</sup> across product categories



Stable persistency across cohorts and product segments

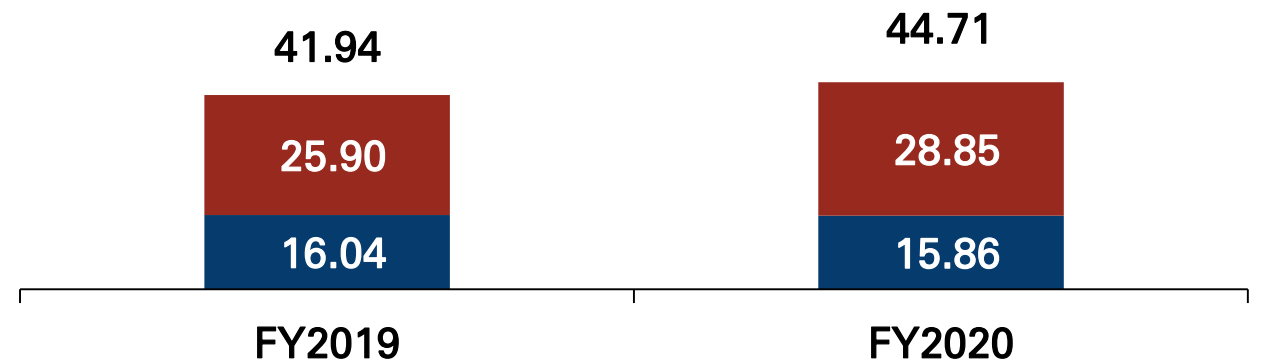
# Productivity

# Productivity: Cost efficiency

	FY2019	FY2020
Expense ratio (excl. commission) <sup>1</sup>	9.3%	10.3%
Commission ratio <sup>2</sup>	5.8%	5.7%
Cost/TWRP <sup>3</sup>	15.0%	15.9%
Cost/Average AUM <sup>4</sup>	2.8%	2.9%
Cost/TWRP (Savings LOB)	11.5%	10.4%

₹ billion

■ Commission  
■ Non Commission



- 66% of new business policies issued within 2 days
- 94% of new business applications initiated via digital platform



1. Expense ratio: All insurance expenses (excl. commission)/(Total premium- 90% of single premium)  
 2. Commission ratio: Commission/(Total premium- 90% of single premium)  
 3. Cost/(Total premium- 90% of single premium)  
 4. Annualized cost/Average assets under management during the period  
 Total may not add up due to rounding off



# Expenses: improving efficiency on the savings business

- Improving savings cost ratio

Cost to TWRP	Savings
FY2019	11.5%
FY2020	10.4%

FY2020 savings business	Growth
Fixed cost	(6.4%)
<i>Wage cost</i>	(8.4%)
<i>IT expenses</i>	3.1%
<i>Others</i>	(2.9%)
Variable cost	(16.4%)
Total expenses	(10.4%)

- Expense growth in line with APE growth

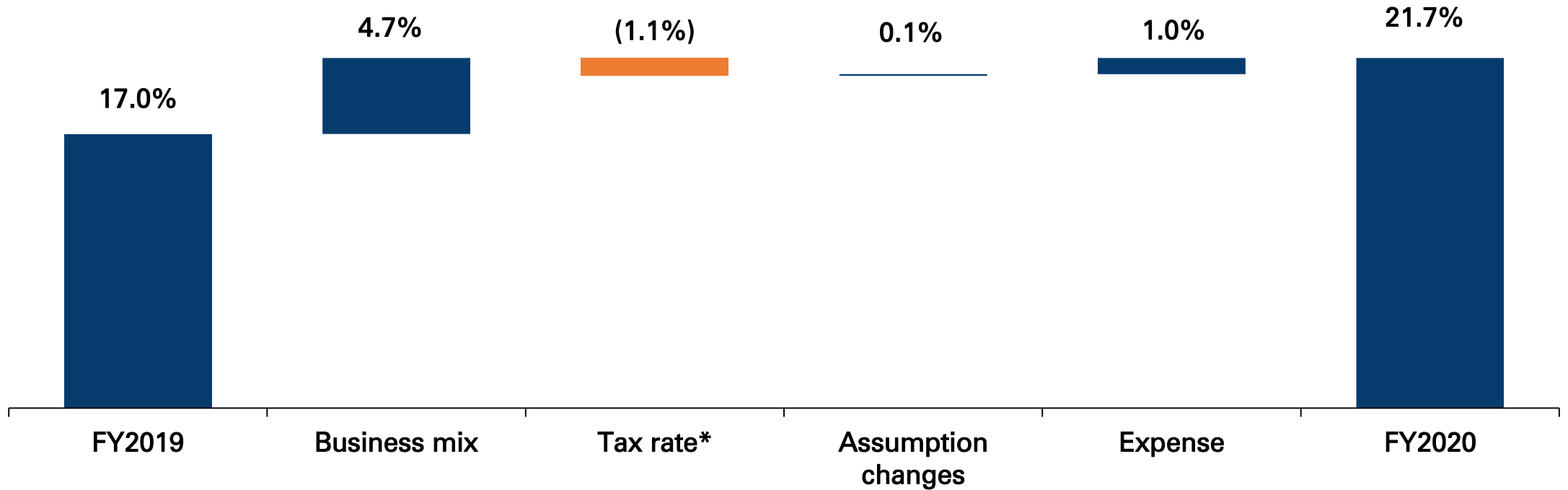
FY2020	Savings
APE growth	(11.5%)
Operating expenses growth	(10.4%)

Manage operating expenses while continuing to invest in areas of competitive advantage

Focus on variabalisation into FY2021

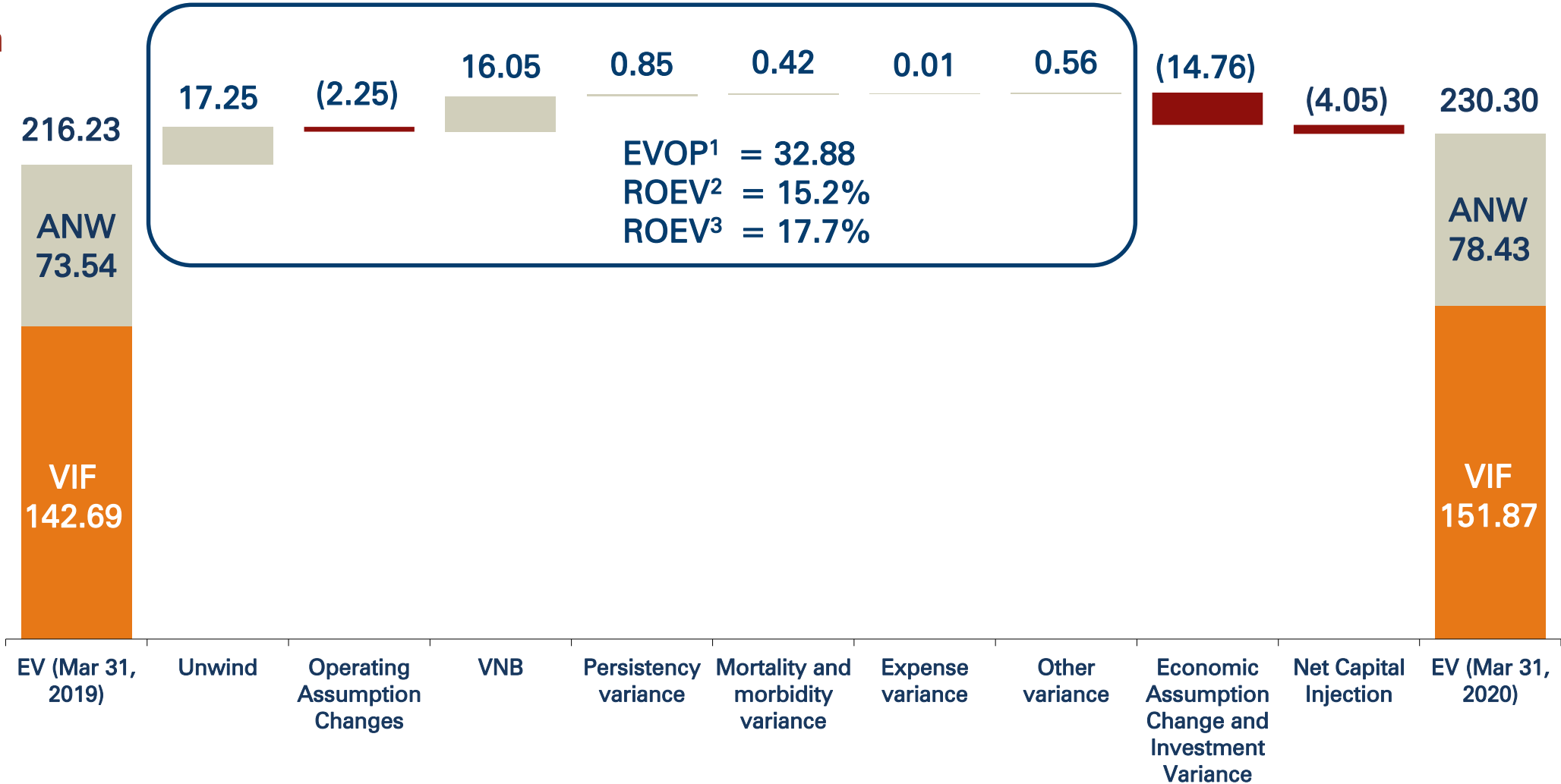
# Value of New Business (VNB)

₹ billion	FY2019	FY2020
VNB	13.28	16.05
VNB margin	17.0%	21.7%



# 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
3. ROEV excluding the assumption change impact of effective tax rate

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	FY2016	FY2017	FY2018	FY2019	FY2020
<b>Opening EV</b>	<b>137.21<sup>2</sup></b>	<b>139.39</b>	<b>161.84</b>	<b>187.88</b>	<b>216.23</b>
Unwind	12.58	12.21	13.72	15.84	17.25
Value of New Business (VNB)	4.12	6.66	12.86	13.28	16.05
Operating assumption changes	1.04 <sup>2</sup>	1.00	7.64	4.20	(2.25) <sup>3</sup>
<b>Operating variance</b>	<b>4.48</b>	<b>3.08</b>	<b>2.58</b>	<b>4.69</b>	<b>1.83</b>
Persistency variance	2.01	0.99	1.53	2.66	0.85
Mortality and morbidity variance	0.79	0.98	0.78	1.97	0.42
Expense variance	0.59	0.35	0.27	0.04	0.01
Other variance	1.09	0.76	0.00	0.02	0.56
<b>EVOP</b>	<b>22.23</b>	<b>22.95</b>	<b>36.80</b>	<b>38.01</b>	<b>32.88</b>
<b>Return on embedded value (ROEV)</b>	<b>16.2%</b>	<b>16.5%</b>	<b>22.7%</b>	<b>20.2%</b>	<b>15.2%</b>
Economic assumption change and investment variance	(5.64)	5.82	1.13	(1.22)	(14.76)
Net capital injection	(14.41)	(6.32)	(11.88)	(8.43)	(4.05)
<b>Closing EV</b>	<b>139.39</b>	<b>161.84</b>	<b>187.88</b>	<b>216.23</b>	<b>230.30</b>

# Sensitivity analysis

Scenario	% change in VNB		% change in EV	
	FY2019	FY2020	FY2019	FY2020
Increase in 100 bps in the reference rates	(4.3)	(2.4)	(2.0)	(2.5)
Decrease in 100 bps in the reference rates	4.4	2.2	2.0	2.6
10% increase in the discontinuance rates	(8.5)	(5.0)	(1.3)	(1.1)
10% decrease in the discontinuance rates	8.9	5.1	1.4	1.1
10% increase in mortality/morbidity rates	(9.4)	(9.5)	(1.4)	(1.6)
10% decrease in mortality/morbidity rates	9.4	9.6	1.4	1.7
10% increase in acquisition expenses	(13.0)	(11.6)	Nil	Nil
10% decrease in acquisition expenses	13.0	11.6	Nil	Nil
10% increase in maintenance expenses	(3.6)	(3.0)	(0.9)	(0.8)
10% decrease in maintenance expenses	3.6	3.0	0.9	0.9
Tax rates increased to 25%	(7.5)	(11.4)	(4.0)	(5.8)
10% increase in equity values	NA	0.7	NA	1.8
10% decrease in equity values	NA	(0.7)	NA	(1.8)

# Dividend

₹ billion	FY2019	FY2020
Profit after Tax	11.41	10.69
Solvency ratio <sup>1</sup>	215%	194.1%
Dividend declared <sup>2</sup>	4.52	1.15 <sup>3</sup>

# ESG







# Environmental initiatives

Preserving 'Mother Earth' for future generations



## Replace

- End to end digital solutions for our business activities
- 84% shareholders communicated digitally
- Video conferencing facility at 94 locations
- Live plants to improve air quality: ~31% office space



## Reduce

- 3/5 star rated ACs in all offices
- VRF AC systems (20% of usage)
- LED technology: 54% of branch lighting, 47% of backlit signage
- Managed print services & stationery tracking
- Food wastage awareness drive
- Sensor based taps & urinals
- Periodic office equipment maintenance



## Reuse & Recycle

- Sewage treatment plant and wet waste conversion into manure at head office
- No single use plastic
- E-waste disposal through government certified vendors
- Reusable glasses & plates



# Social initiatives

## Building communities and giving back to society

Business itself is social in nature: Serving long term financial and protection needs of the society

### Customer centricity



- Products across life stage needs; multi- channel reach
- Digital enablers provide 24x7 service; 87% self-help usage
- Consistent risk-adjusted returns
- Grievance redressal policy
- 13th month persistency: 85.3%
- COVID-19: Un-interrupted service including claims

### Commitment to employees



- Gender neutrality, equal opportunity, POSH policy
- Supportive policies including women centric, Whistleblower
- Learning & growth programs at all levels
- 85% of SMT served > 10 yrs
- Responsible behavior: Privacy, Anti-corruption
- ~100% WFH during COVID19

### Community service



- 3.9 mn lives insured from rural /social sector and PMJJBY<sup>5</sup>
- ICICI Academy for Skills: Trained 25,000 youth (145,400 till date)
- Rural livelihood training: 76,400 youth (275,200 till date)
- Much needed long term capital for infrastructure and housing
- COVID-19: Provision of ventilators and consumables



# Governance

Transparency in functioning with separation of supervision from execution

Awarded for Corporate Governance; scorecard by IFC, BSE limited and liAS



01

## Supervisory structure

- Diverse Board composition
- 50% IDs including Chairman
- Board committees comprise majority of IDs/ NEDs; and chaired by IDs
- Evaluation framework for Directors, Chairman, Board and its Committees
- Policy on Board diversity & criteria on appointment of Directors; regulatory norms on "Fit and proper"

02

## Compliance, Risk & IA

- Quarterly compliance certificate to the Board
- Risk policy: Investment, Insurance & Operational risk
- Risk-based IA framework
- WTDs' compensation aligned to KPI; includes malus & claw-back
- ISO 22301:2012 certification for the BCM
- Investment policy for governance & operations

03

## Ethical practices

- Framework for managing Conflict of Interest
- Guidelines for Acceptance of Gifts, Entertainment and Sponsored travels
- Policies on Anti-Money Laundering, Anti Bribery/ Corruption, Privacy policy, Whistleblowing
- Stewardship Code

# Summary

₹ billion	FY2019	FY2020	YoY growth
Value of new business	13.28	16.05	20.9%
VNB margin	17.0%	21.7%	NA
Embedded value	216.23	230.30	6.5%
Return on Embedded value	20.2%	15.2%	NA
AUM <sup>1</sup>	1,604.10	1,529.68	(4.6%)

## ...through the 4P approach

Premium	77.99	73.81	(5.4%)
Protection	7.22	11.16	54.6%
Persistency <sup>2</sup> (13 <sup>th</sup> month)	84.6%	83.2%	NA
Persistency <sup>2</sup> (49 <sup>th</sup> month)	63.8%	64.6%	NA
Productivity <sup>3</sup>	15.0%	15.9%	NA



1. At March 31 of respective years
2. Retail excluding SP computed as per IRDA circular dated January 23, 2014
3. Savings LOB: FY2019- 11.5%; FY2020-10.4%

# Awards and accolades

Excellence in  
Financial Reporting:  
FY19 annual report

Ranked amongst  
top 3 companies

One of the most  
valuable brands six  
times in a row

Life insurance  
company of the  
year



ICAI Award



Indian corporate  
governance scorecard



'BrandZ Top 75 Most  
Valuable Brands 2019'



4th Annual Insurance  
India Summit &  
Awards 2019



# Agenda

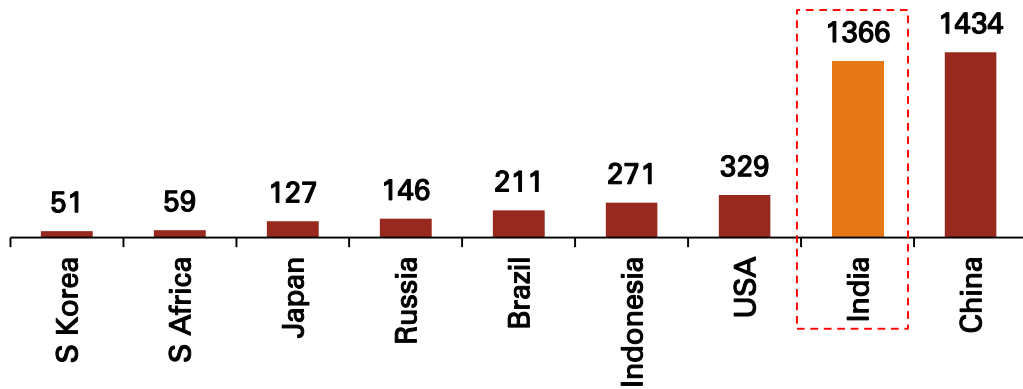
- Company strategy and performance
- **Opportunity**
- Industry overview



# Favorable demography

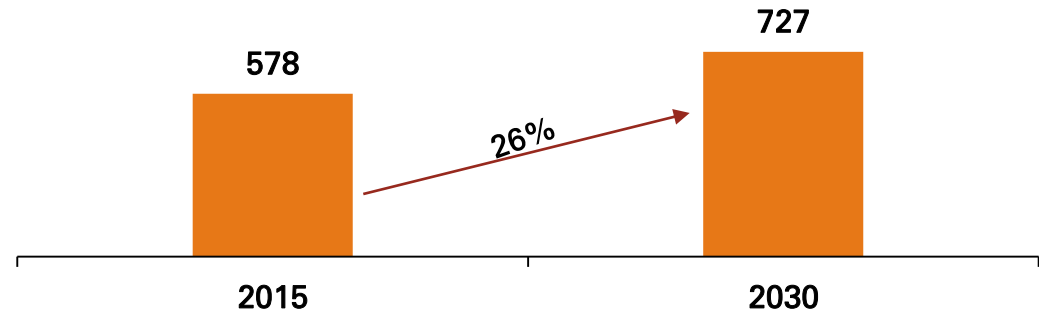
## Large and growing population base<sup>1</sup>

2019 Population (mn)

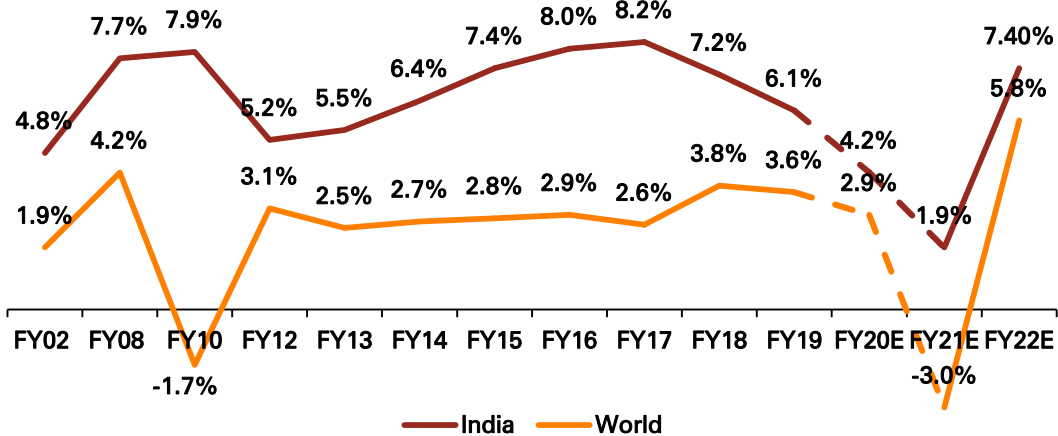


## High share of working population<sup>1</sup>

Population of age 25-59 years (in mn)

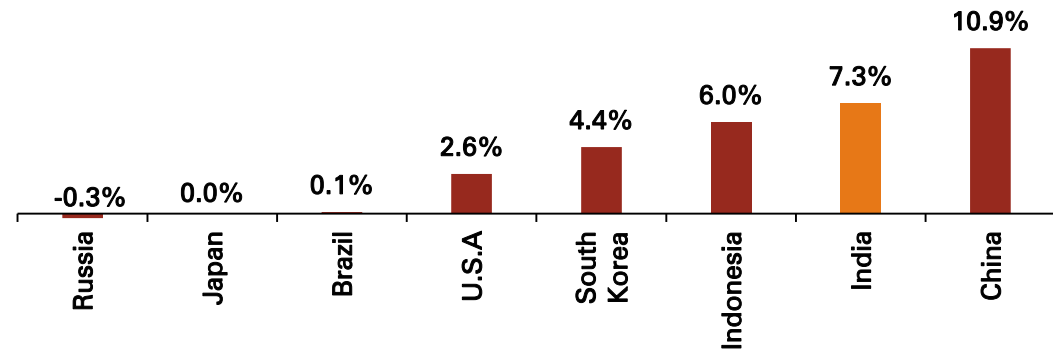


## Driving GDP growth<sup>2</sup>



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

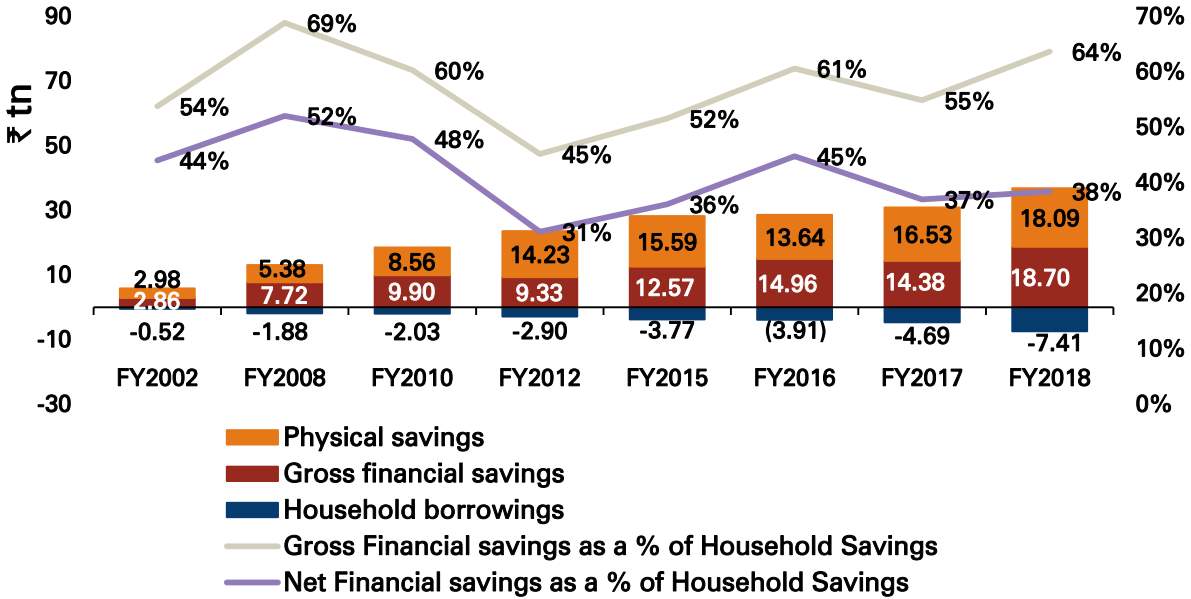
GDP per capita CAGR (FY2009-FY2019)



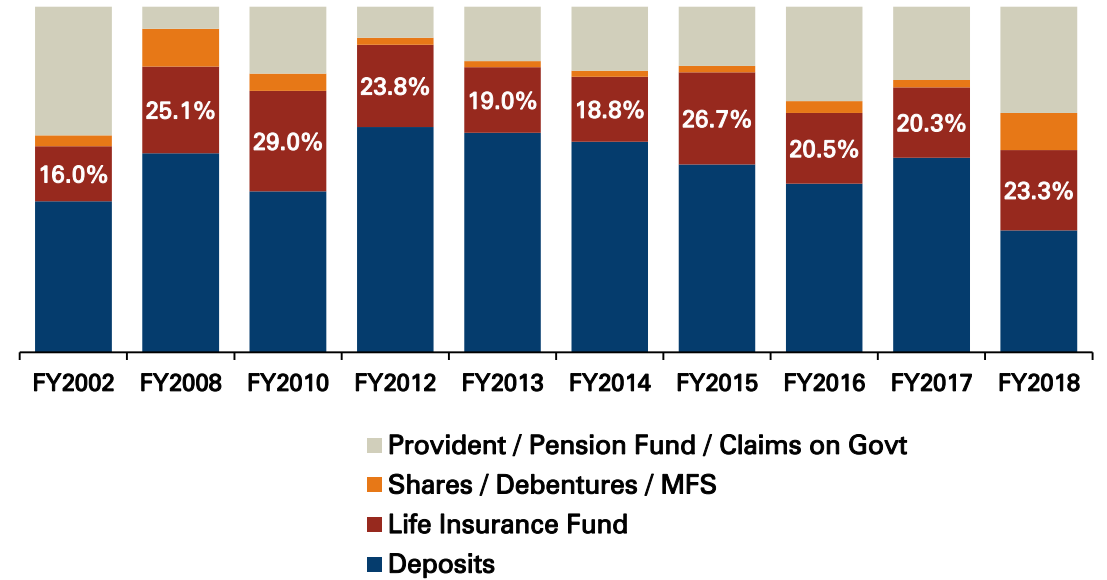
1. Source: UN population division  
2. Source: WEO Update, April 2020

# Financialisation of savings: Opportunity for insurance

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



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



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

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

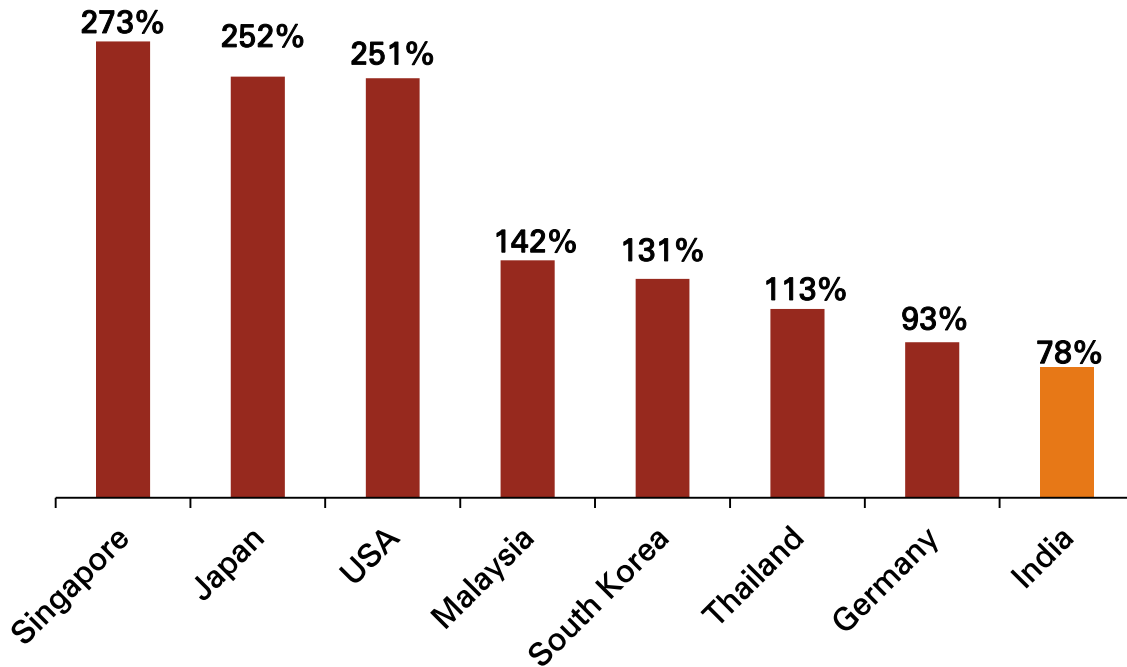


- Source: RBI and CSO
- Source: RBI
- Total life insurance industry premium including renewal; Source: IRDAI

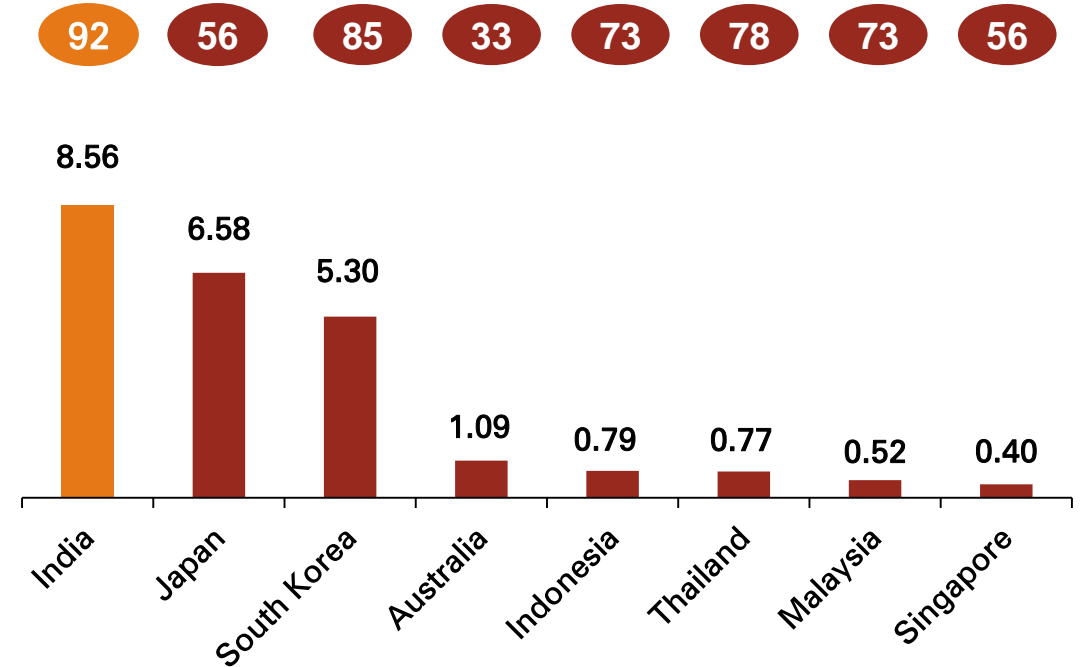


# Protection opportunity: Income replacement

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



Protection gap<sup>3,4</sup>

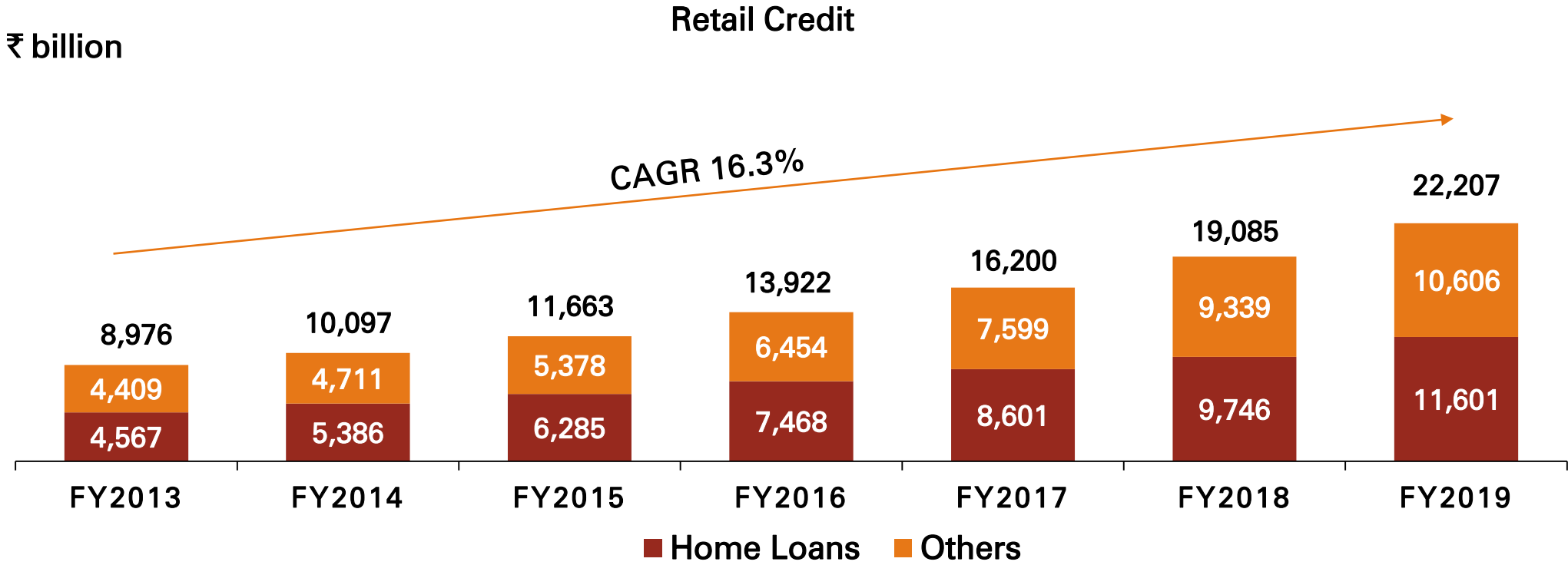


- Sum assured as % of GDP low compared to other countries
- Protection gap for India US \$ 8.56 trillion



1. FY 2019 data for India; As of FY2018 for US, Japan, Germany, South Korea and others as of FY2017
2. Source: McKinsey estimates.
3. Protection gap (%): Ratio of protection lacking/protection needed
4. Source: Swiss Re, Economic Research and Consulting 2015

# Protection opportunity: Liability cover



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



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

# Protection opportunity

Gross direct premium (₹ billion)	FY2009	FY2019	CAGR
Health	66.23	454.89	21.3%
Motor	138.21	644.55	16.6%
- Motor Own Damage (OD)	87.56	264.73	11.7%
- Motor Third Party (TP)	50.65	379.82	22.3%

- Protection premium ~ ₹ 200 billion for life insurance industry in FY2020

# Agenda

- Company strategy and performance
- Opportunity
- Industry overview



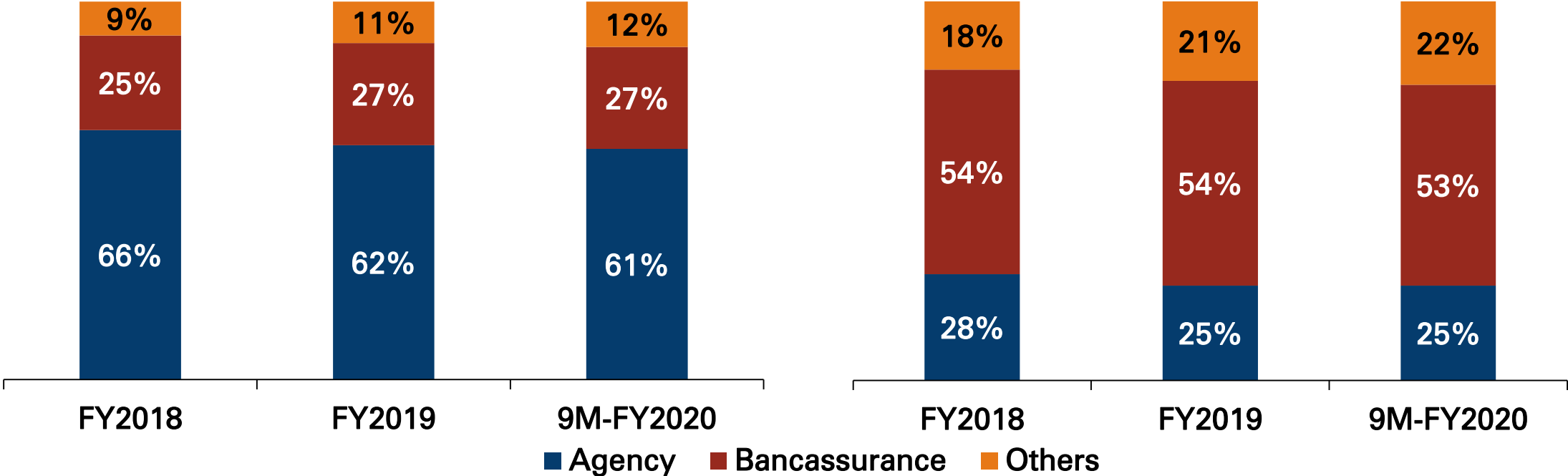
# Evolution of life insurance industry in India

	FY2002		FY2010		FY2015		FY2019
New business premium <sup>1</sup> (₹ bn)	116	21.5%	550	-5.8%	408	14.1%	692
Total premium (₹ bn)	501	3.2%	2,654	4.3%	3,281	11.6%	5,089
Penetration (as a % to GDP)	2.1%		4.1%		2.6%		2.7%
Assets under management (₹ bn)	2,304	24.0%	12,899	12.6%	23,361	11.9%	36,657
In-force sum assured <sup>2</sup> (₹ bn)	11,812*	15.5%	37,505	15.8%	78,091	17.2%	147,501
In-force sum assured (as % to GDP)	50.1%		57.9%		62.7%		77.6%

# Channel mix<sup>1</sup>

Industry

Private players



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

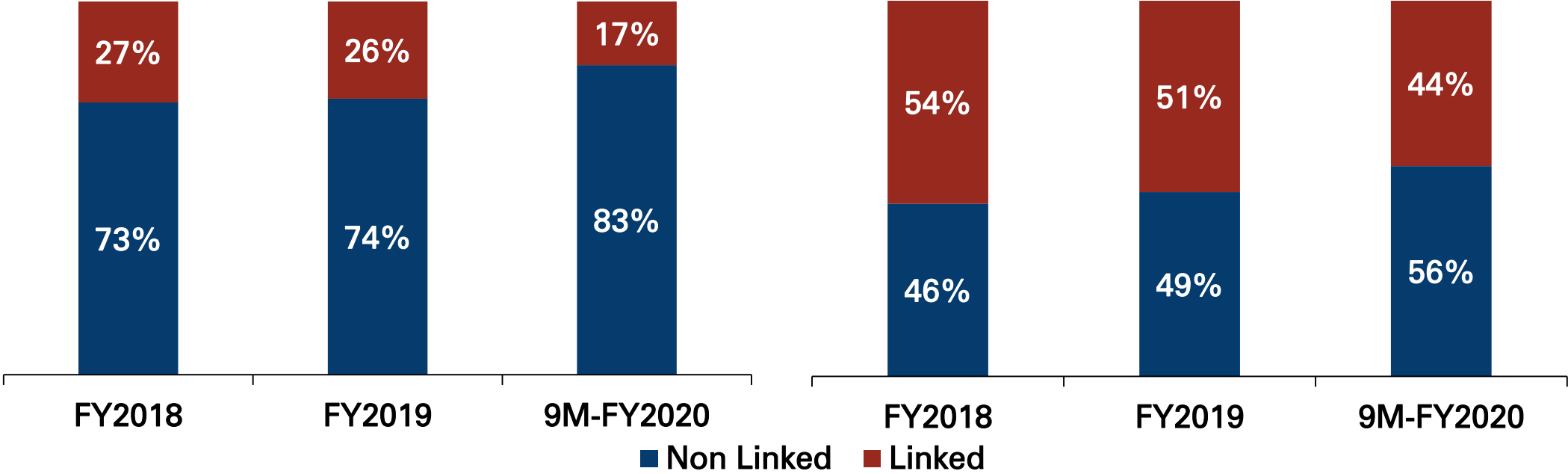


1. Individual new business premium basis  
Source: Life Insurance Council

# Product mix<sup>1</sup>

## Industry

## Private players



1. New business weighted premium basis;  
Source: IRDAI, Life Insurance Council

# Technology initiatives



# Objectives

## To be the most admired digitally enabled insurer

- Empower customers and distributors with simplified journeys and choice of platforms
- Decongest processes by leveraging ecosystems and emerging technologies
- Enable servicing anytime, anywhere
- Drive adoption through superior experience
- Establish industry leading benchmarks

Strengthening the  
core

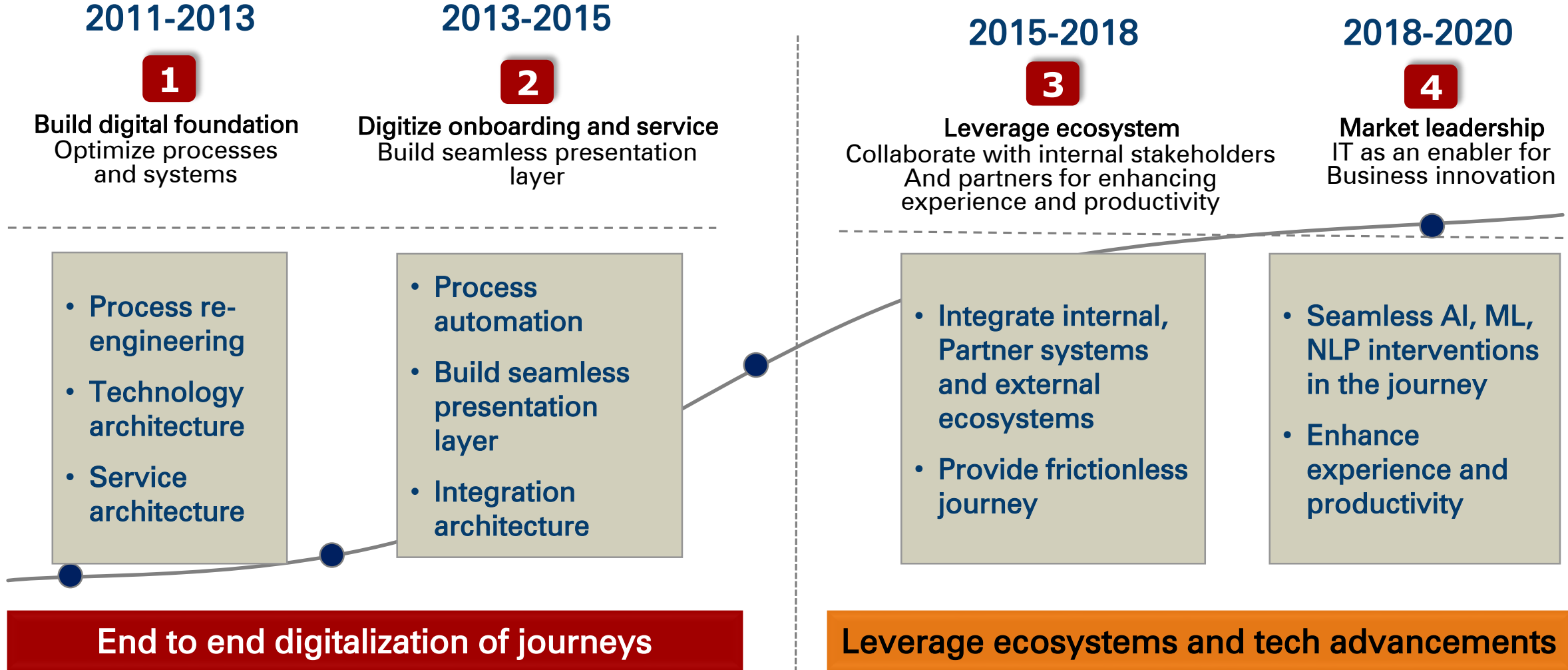


Be future ready



Support new  
growth engines

# Digital evolution path to maturity



AI : Artificial Intelligence | ML : Machine Learning  
NLP : Natural Language Processing

# Pre sales



## Suitability analysis

Product recommendation based on customer's life stage, goal, risk appetite



## Lead Management System

Enhanced with voice capability and geo tagging



## Customer Profiler

Know customer better through social platforms



## Nudge engines

Prompt for appropriate action



## Cognitive BOTs

24x7 query resolution using chat bots



## Learners Box

On-the-go e-learning modules and video based sales pitches



## My Coach

AI platform for video based library creation for sales pitches

# Onboarding and issuance



**Flexible/paperless on-boarding**

Platform agnostic and paperless journey available for all channels



**PASA**

No medical or income document requirement for smoother onboarding



**Instant document verification (OCR)**

Real time identification and verification of documents



**Robotic enabled issuance**

Robotic processing for faster issuance



**Tele/video underwriting**

Improves efficiency and reduces issuance TAT



**AI assisted underwriting**

Empowers underwriters with comprehensive insights

# Customer servicing and claims (1/2)



Anytime..  
..Anywhere

87% transactions self serviced, omni channel experience



Premium  
premium payment

74% renewal premium through electronic modes



Intuitive/visual  
IVR

Helps customers avoid IVR queues. Saves 50% navigation time



Service bot  
LiGo

1.96 mn queries resolved by Chatbot LiGo with 91% accuracy



WhatsApp

First life insurer to get business verified account  
1.39 mn transactions



AI based  
Claims Processing

AI based pre-claim assessment & claim processing

# Customer servicing and claims (2/2)



## Annuity service

Simplifying journey for Annuity customers with digital life verification



## Digilocker integration

View or download policy document from DigiLocker app



## Customer app

Customer service native app with in-app nudges/notifications



## Bot orchestration layer

Universal Bot with voice capability to cater to all touch-points



## WhatsApp bot

Available for all customers with same functionalities as LiGo



## Humanoid

AI based conversational tool deployed for renewal premium reminder calling

# Marketing and lead generation



**Rank high on  
online searches**

Machine learning used to  
rank us higher when  
customers search



**Segmented  
targeting**

Reaching the customer by  
mapping their interests  
and affinities



**Hyper  
personalisation**

Personalized messaging  
to engage customers  
throughout journey



**Selfie  
quote**

AI backed quote based on  
facial recognition



**Truecaller  
integration**

Facilitate auto form fill



**Co-browsing**

Instant screen share  
available for assistance in  
form fill

# Partner integration



**Process simplification**

**Superior customer experience**



**Flexible integration**

**Modular integration as per the choice of partners**



**Web portal**

**Self service module for Group business**



**Easy UI**

**Pre-coded pages for quicker integration**



**Customer service**

**Enabling customer service on partner portals**



# Analytics



**Actionable insights**

Accelerate sales, enhance customer experience & personalization



**Data modelling**

Customer interaction based segmentation, propensity, nudges



**Smart solutions**

Pre approved life cover; provide best offer to customer



**Google Big Query, Hadoop, Python**

Using best technology available to process the data



**Data lake solution**

Use of AI & ML to analyse structured & unstructured data

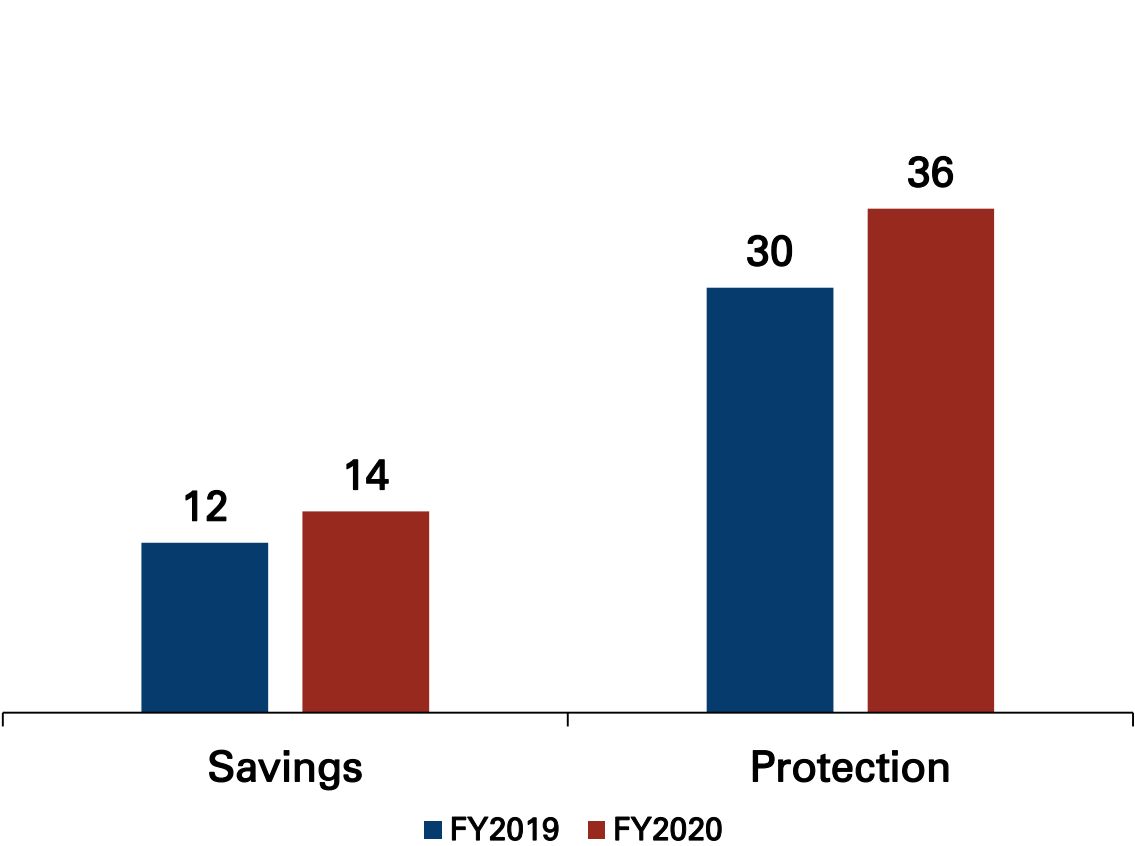
# Annexures

# Average APE by product categories

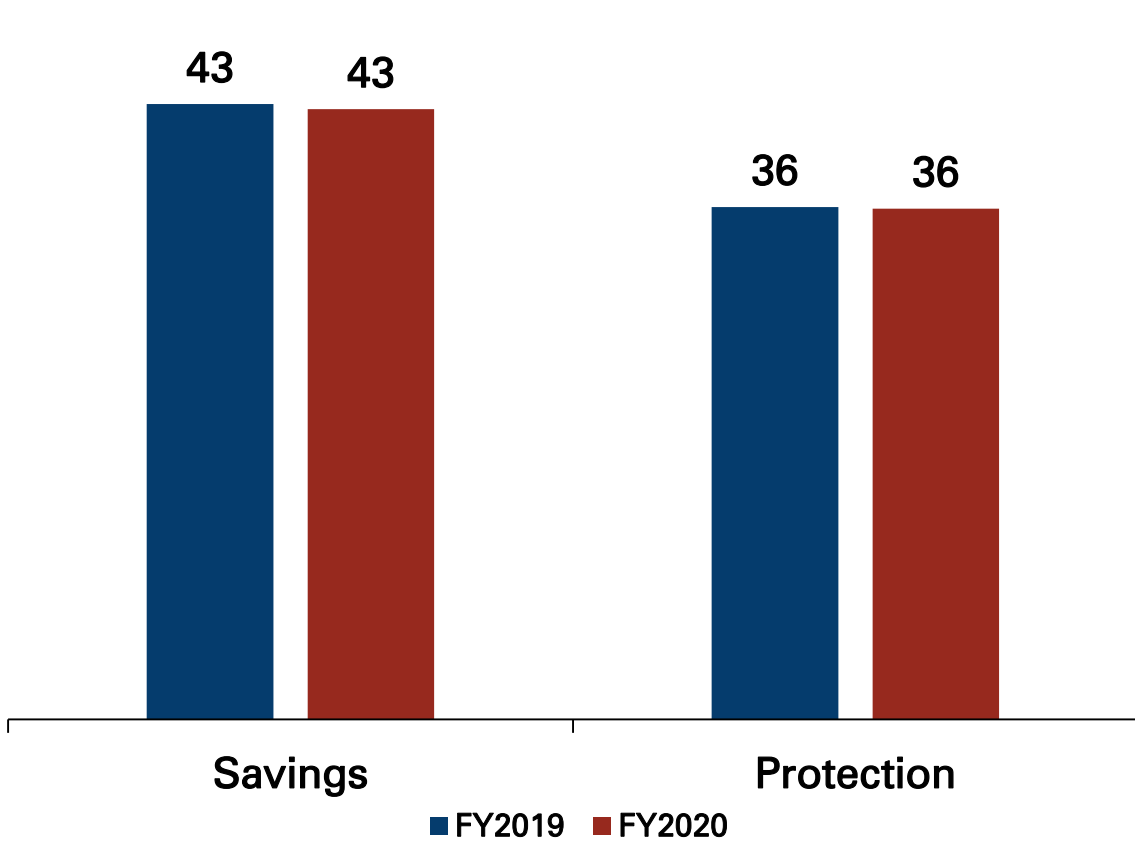
Average retail APE per policy (₹)	FY2018	FY2019	FY2020
ULIP	180,746	159,329	183,109
Par	62,379	60,308	64,285
Non Par	54,187	76,468	109,410
Protection	9,123	12,048	23,115
<b>Total</b>	<b>90,620</b>	<b>83,309</b>	<b>88,648</b>

# Policy term and customer age\*

Average policy term (years)



Average customer age (years)



\* For FY2020; protection excludes credit life

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

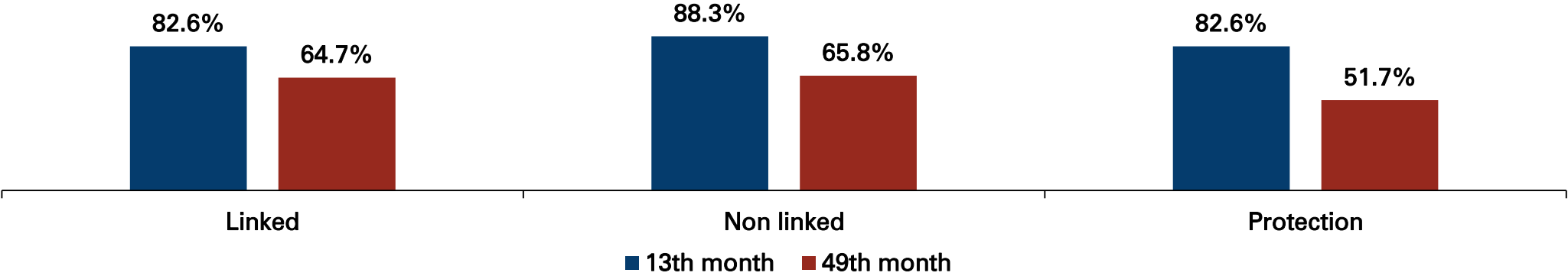
Channel category	Product category	FY2018	FY2019	FY2020
Bancassurance	ULIP	89.8%	93.4%	86.8%
	Par	7.3%	2.1%	2.2%
	Non par	0.1%	0.6%	1.8%
	Protection	2.7%	3.9%	9.3%
	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Agency	ULIP	81.8%	75.3%	49.9%
	Par	13.5%	18.1%	32.5%
	Non par	0.4%	0.5%	7.3%
	Protection	4.3%	6.1%	10.3%
	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Direct	ULIP	88.0%	79.3%	66.7%
	Par	4.3%	5.3%	10.7%
	Non par	2.4%	6.4%	11.0%
	Protection	5.3%	9.1%	11.6%
	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Partnership distribution	ULIP	36.8%	28.2%	21.8%
	Par	49.9%	49.5%	39.9%
	Non par	0.5%	0.6%	10.4%
	Protection	12.8%	21.8%	27.8%
	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

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

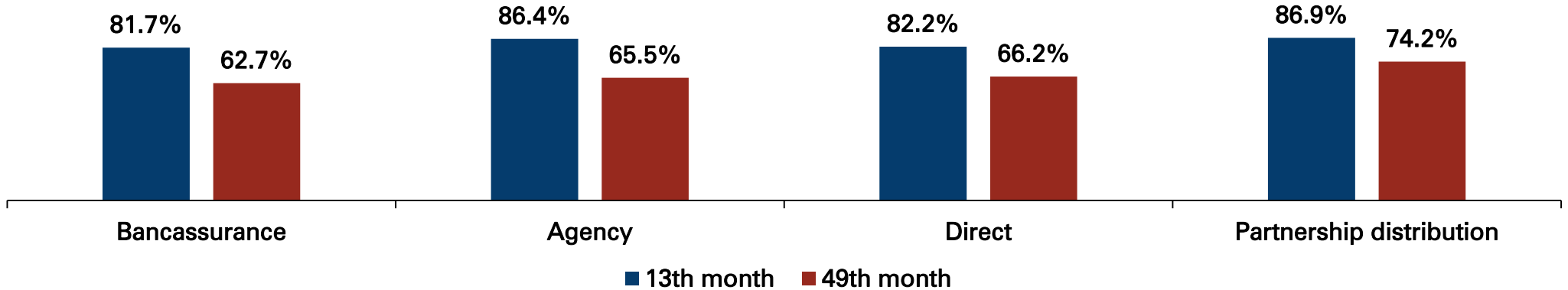
Product category	Channel category	FY2018	FY2019	FY2020
ULIP	Bancassurance	57.4%	65.5%	68.2%
	Agency	25.4%	20.5%	16.3%
	Direct	14.5%	12.0%	13.0%
	Partnership distribution	2.7%	2.1%	2.5%
	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Par	Bancassurance	35.4%	13.8%	9.0%
	Agency	31.5%	45.4%	56.0%
	Direct	5.3%	7.4%	11.0%
	Partnership distribution	27.7%	33.3%	24.0%
	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Non par	Bancassurance	15.9%	27.4%	19.4%
	Agency	24.5%	8.0%	33.7%
	Direct	52.8%	62.0%	30.1%
	Partnership distribution	6.8%	2.6%	16.8%
	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Protection	Bancassurance	35.2%	36.9%	45.2%
	Agency	27.6%	22.8%	20.9%
	Direct	17.9%	18.7%	14.0%
	Partnership distribution	19.3%	21.7%	19.8%
	<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-FY2020 persistency  
As per IRDA circular dated January 23,2014; excluding group and single premium policies

# Embedded value



# Embedded value

₹ billion	FY2018	FY2019	FY2020
Value of In force (VIF)	117.64	142.69	151.87
Adjusted Net worth	70.24	73.54	78.43
<b>Embedded value<sup>1</sup></b>	<b>187.88</b>	<b>216.23</b>	<b>230.30</b>
Return on Embedded Value (ROEV)	22.7%	20.2%	15.2%
EV growth-pre dividend	23.4%	19.6%	8.4%
EV growth-post dividend	16.1%	15.1%	6.5%
VNB as % of opening EV	7.9%	7.1%	7.4%
Operating assumption changes as % of opening EV	4.7%	2.2%	(1.0%)
Operating variance as % of opening EV	1.6%	2.5%	0.8%

# 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

# 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 FY2020 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 subject to maximum of dividend declared and distributed<sup>1</sup>

# Economic assumptions underlying VNB and EV

Tenor (years)	References Rates	
	March 31, 2019	March 31, 2020
1	6.66%	4.83%
5	7.83%	7.43%
10	8.35%	7.32%
15	8.35%	7.17%
20	8.22%	7.14%
25	8.11%	7.14%
30	8.05%	7.14%

# 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**