



# Leadership in life insurance

May 2014

# Agenda

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Industry overview and outlook

Performance update

Our strategy

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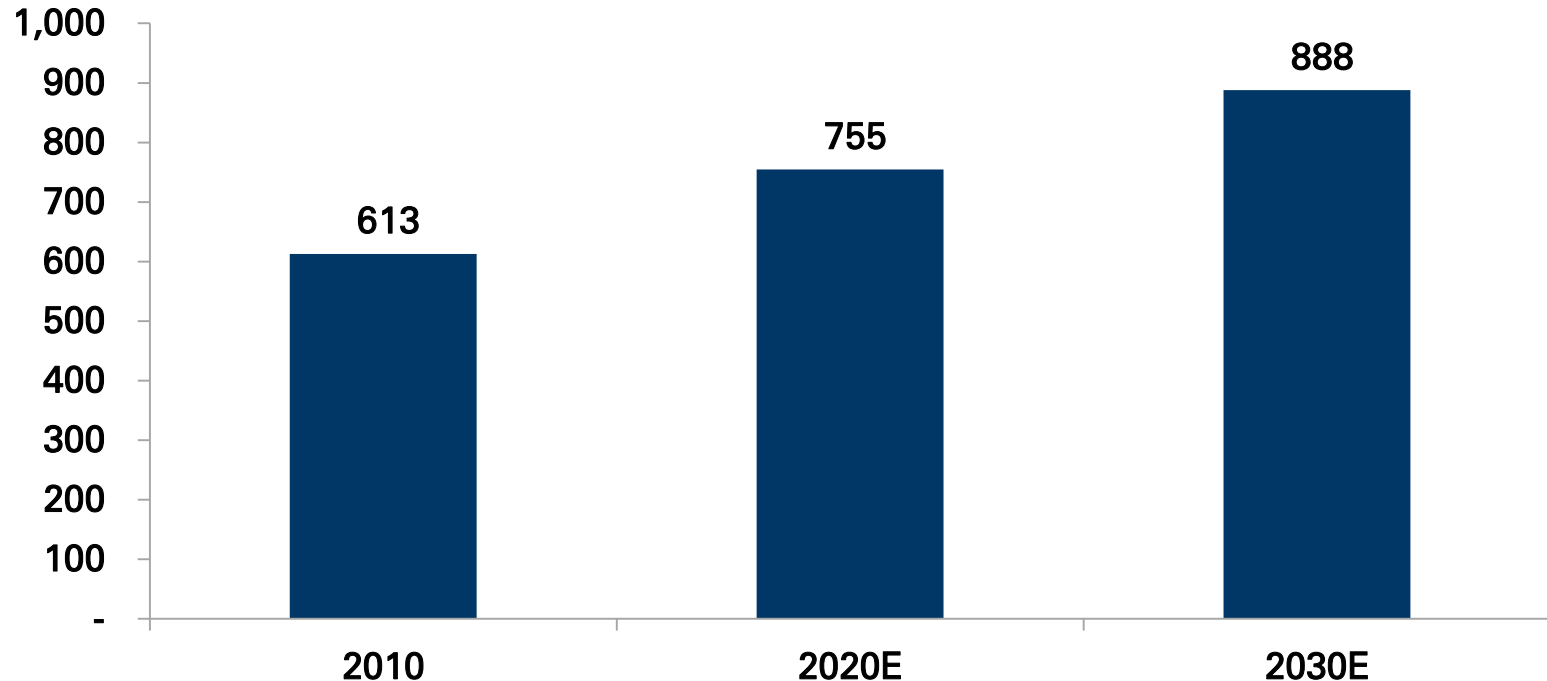
# India life insurance growth story

	FY2002		FY2008		FY2013
Number of players	12		18		24
New business premium <sup>1</sup> (₹ bn)	116	→ 28.7%	527	→ -2.2%	470
Total premium (₹ bn)	501	→ 26.1%	2,014	→ 7.4%	2,872
Penetration (as a % to GDP)	~2.1%		~4.0%		~2.8%
Insurance premium per capita (₹)	~460		~1,680		~2,235
Asset under management (₹ bn)	~2,304	→ 24.3%	~8,477	→ 15.8%	~17,687

1. Retail weighted premium

# Fuelled by favourable demographics..

Population of age > 25 years (in mn)

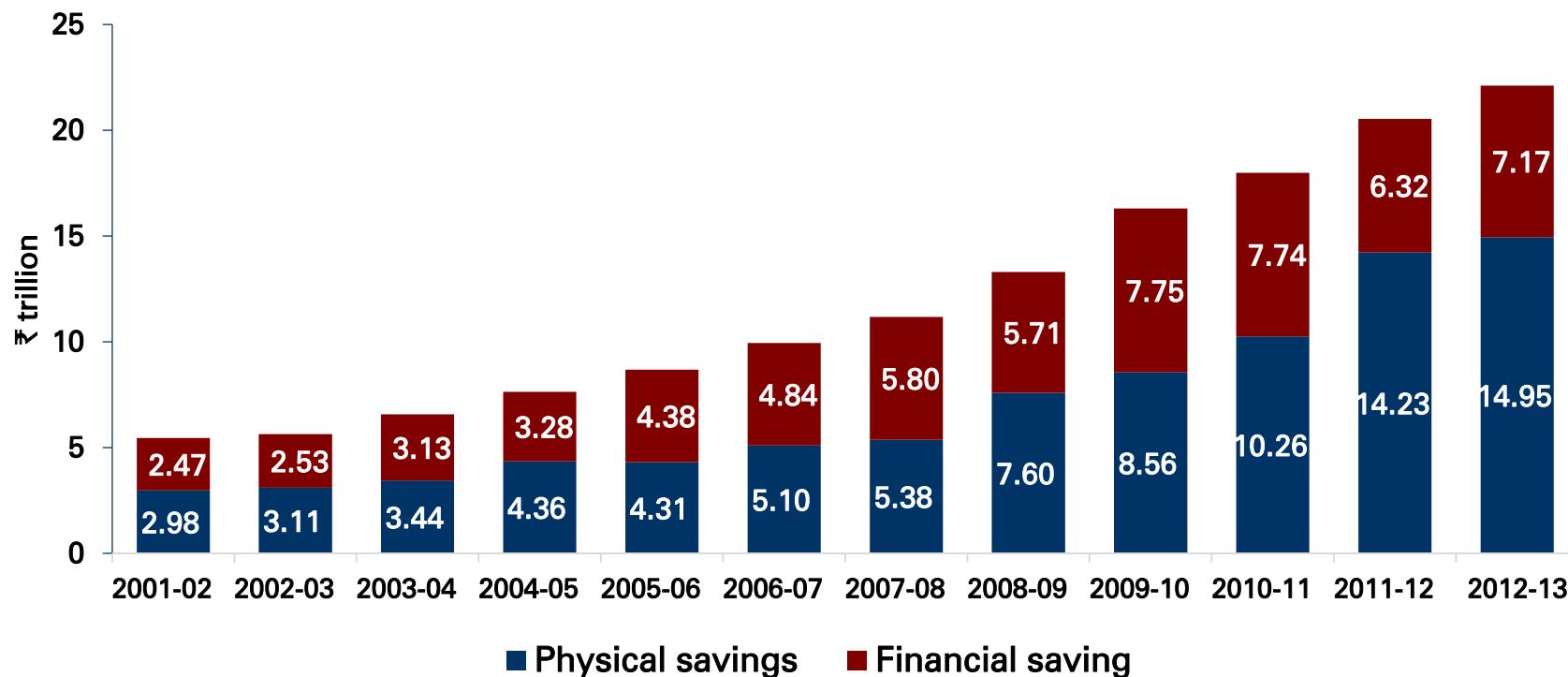


Increase in target population with rising income levels

Source: UN Population division's release: 'World Population Prospects-  
The 2012 Revision'

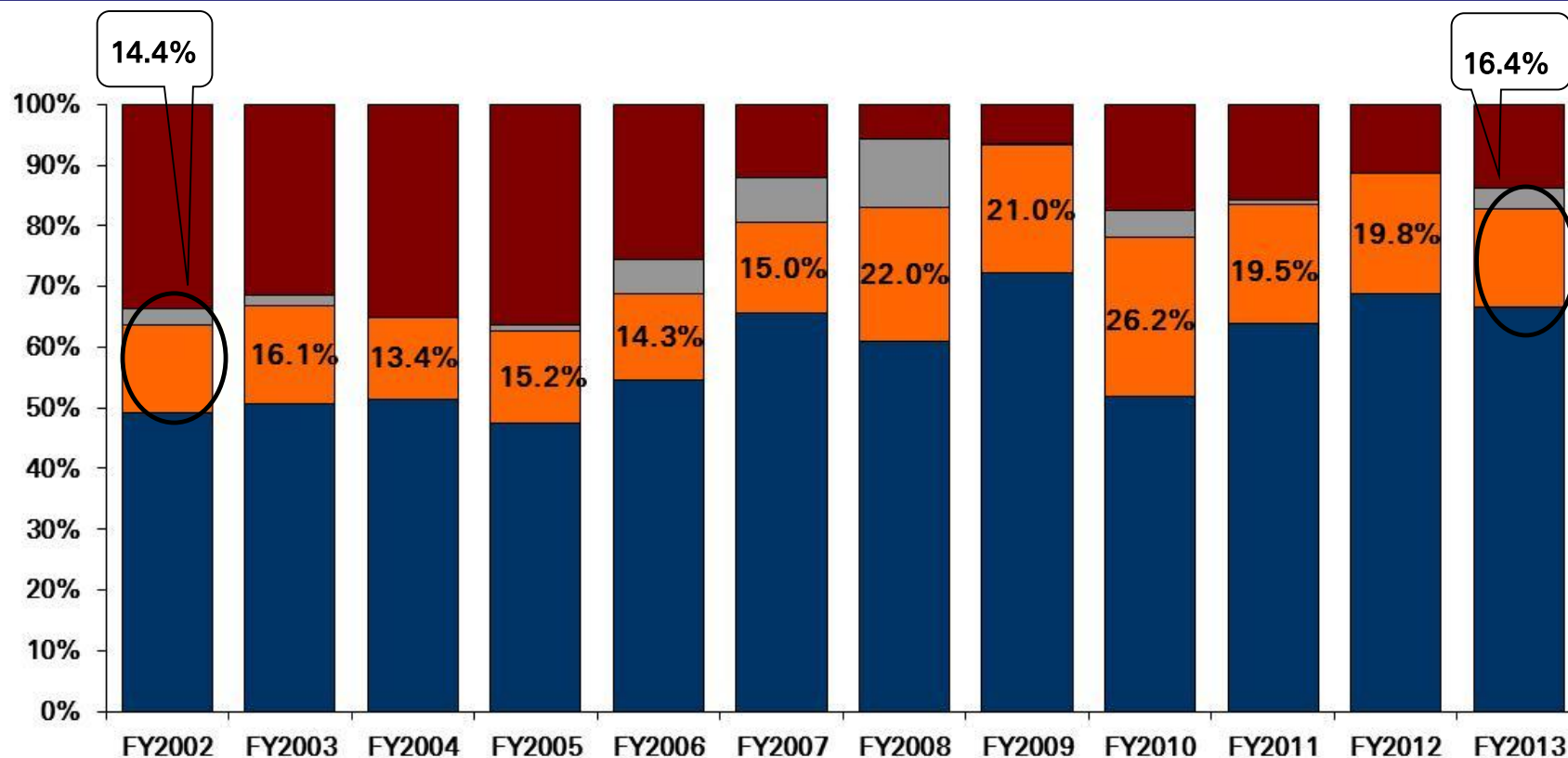
# ..High household savings

Financial year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Financial savings /GDP	10.5%	10.0%	11.0%	10.1%	11.9%	11.3%	11.6%	10.1%	12.0%	9.9%	7.0%	7.1%
Household savings / GDP	23.2%	22.3%	23.2%	23.6%	23.5%	23.2%	22.4%	23.6%	25.2%	23.1%	22.8%	21.9%



Source: RBI, CSO

# Share of life insurance in financial savings



Distribution of financial assets

- Currency & Deposits
- Life Insurance Fund
- Shares/ Debentures / MFS
- Provident/ Pension Fund / Claims on Govt

# Insurance market size

Amounts in ₹ trillion	FY 2002		FY 2008		FY 2013		FY 2020E*
<b>Nominal GDP</b>	23.48	13% CAGR →	49.87	15% CAGR →	101.13	15% CAGR →	269.15
<b>Household savings</b>	5.45	13% CAGR →	11.18	15% CAGR →	22.12	15% CAGR →	59.51
<b>Gross financial savings</b>	2.86	18% CAGR →	7.72	7% CAGR →	10.97	15% CAGR →	29.18
<b>Insurance</b>	0.41	27% CAGR →	1.70	1% CAGR →	1.80	15% CAGR →	4.78

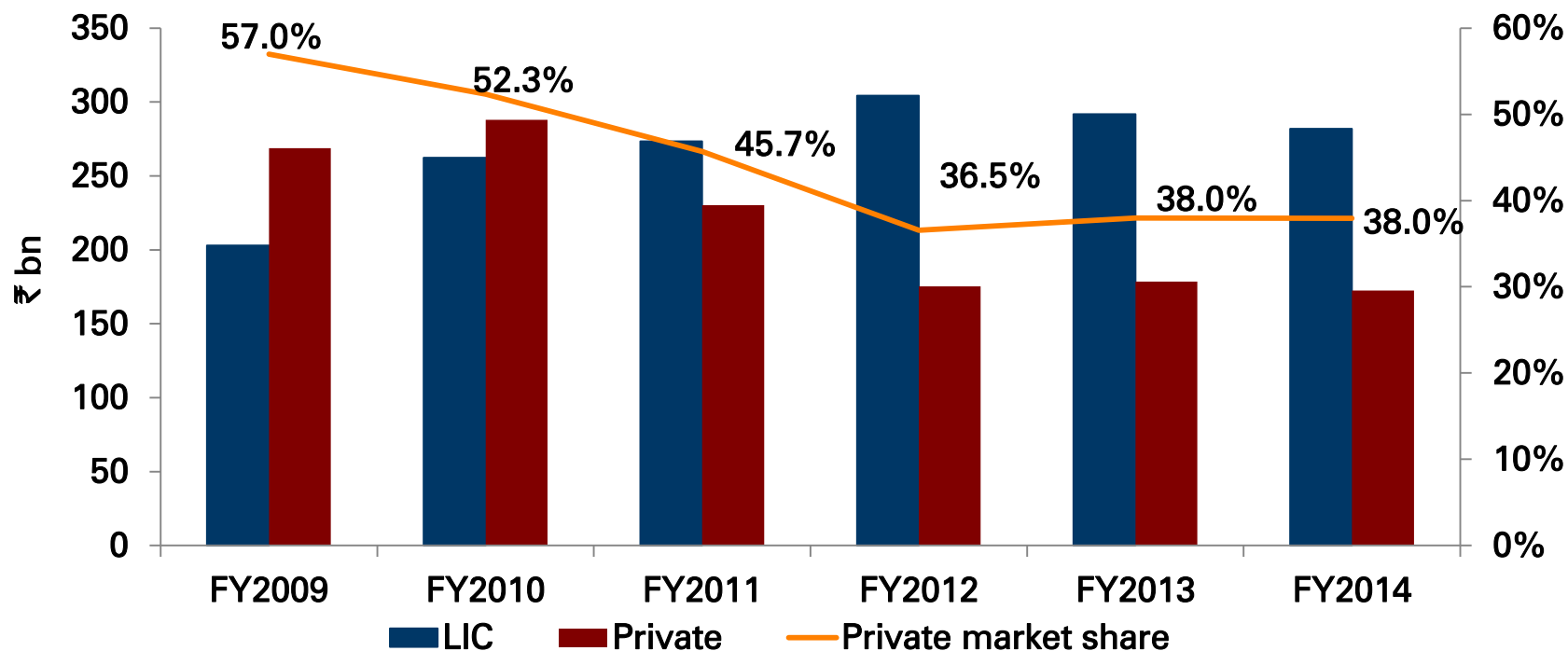
**Significant opportunity at current savings rate**

Source: RBI, CSO  
\*Company estimates



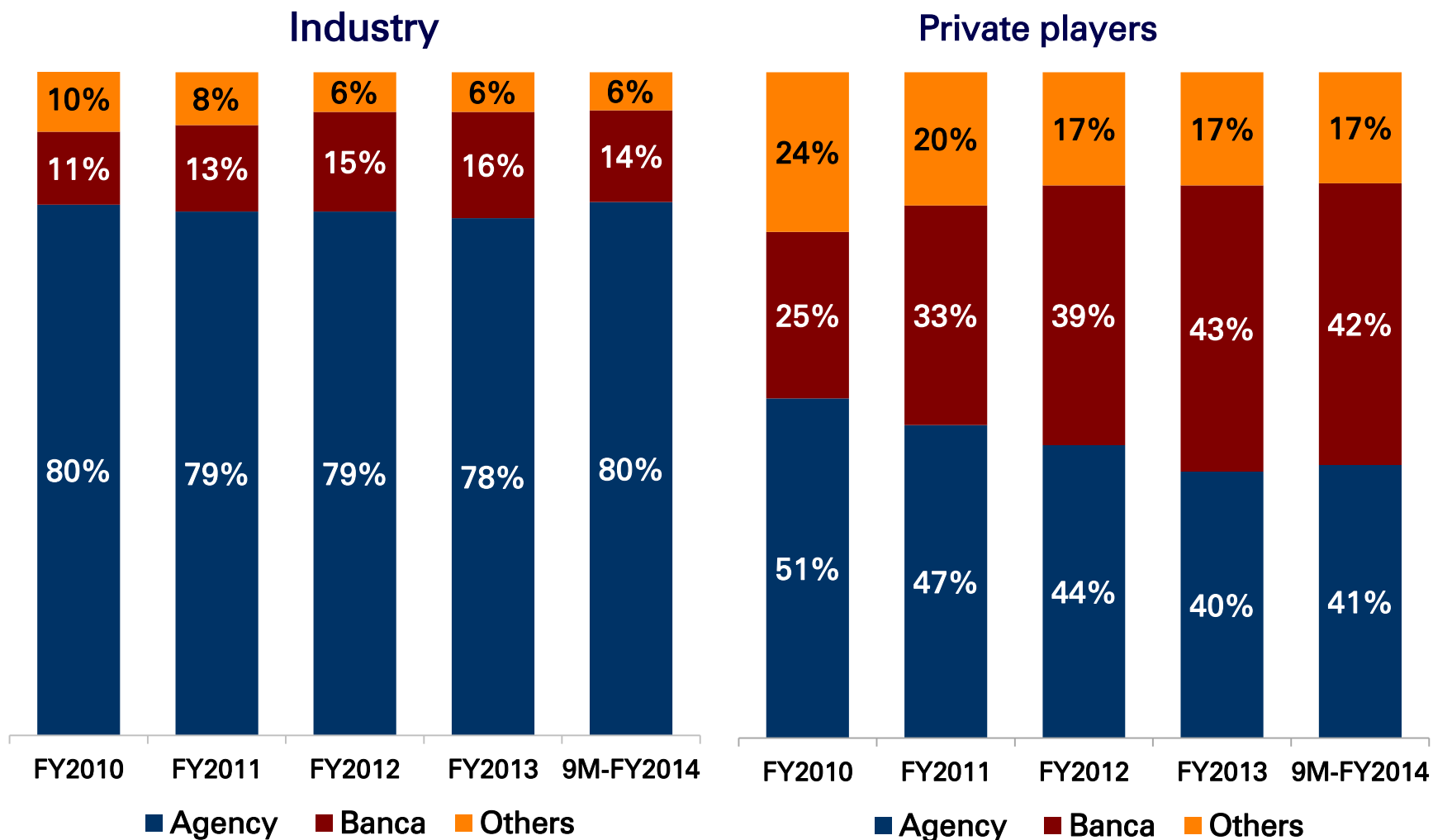
# Industry: New business premium<sup>1</sup>

Growth	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
Private	1.1%	7.1%	-20.0%	-23.9%	1.9%	-3.4%
LIC	-22.2%	29.3%	4.3%	11.2%	-4.1%	-3.4%
Industry	-10.4%	16.7%	-8.5%	-4.8%	-1.9%	-3.4%



1. Retail weighted new business premium  
Source : IRDA

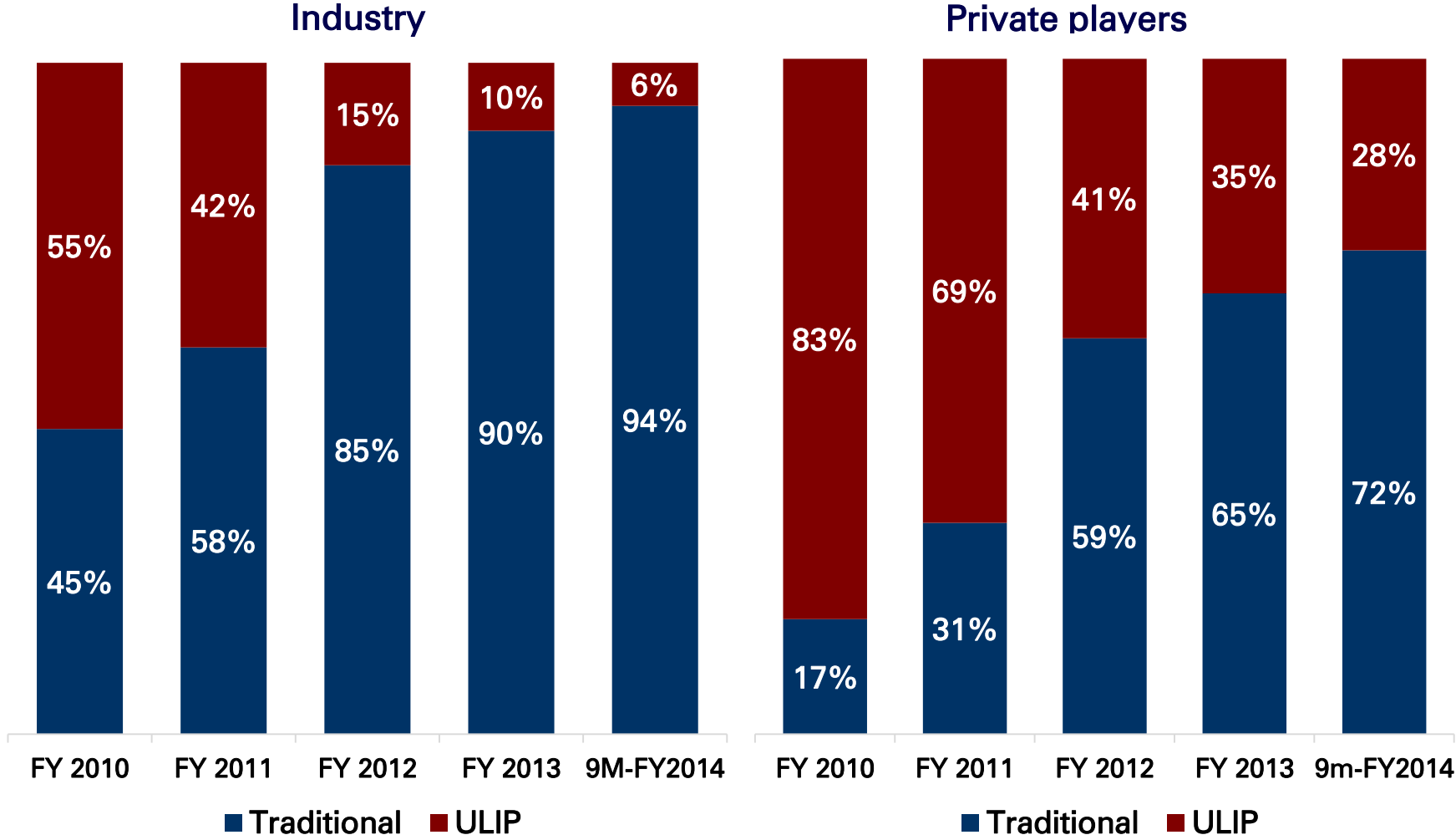
# Channel mix<sup>1</sup>



1. Individual new business premium basis

Source: IRDA, Public disclosures

# Product mix<sup>1</sup>



1. New business premium basis

Source: IRDA, Life insurance council

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# Performance snapshot

₹ bn	FY2013	FY2014
Retail new business premium	34.20	34.32
Retail renewal premium	80.55	81.00
Group premium	20.63	8.97
Total premium	135.38	124.29
Retail weighted received premium	33.10	32.53
APE	35.32	34.44
New Business Profit (NBP) <sup>1</sup>	5.29	4.27
Profit after tax	14.96	15.67
Solvency ratio (%)	396	372
Assets under management	741.64	805.97

1. Traditional Embedded Value basis, on medium term expense targets, post-tax basis

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# Key strategic objective: Profitable growth

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- Enhance market leadership
- Provide superior value proposition to customers
- Strengthen multichannel distribution architecture
- Improve cost efficiency
- Improve persistency and control surrenders
- Target superior risk adjusted fund performance

**Robust risk management and control framework**

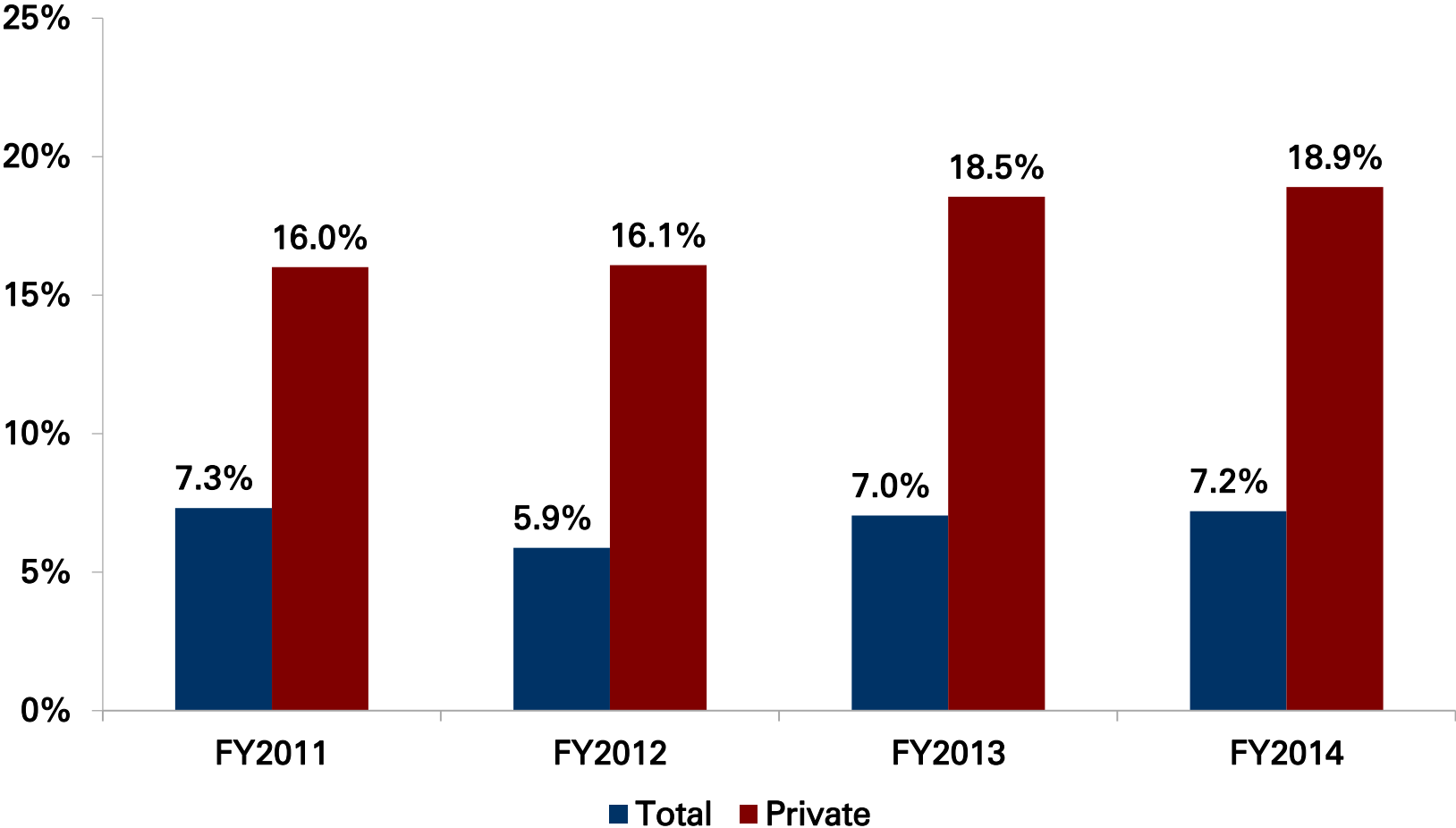
# Consistent leadership<sup>1</sup>

	FY2002	FY2006	FY2008	FY2010	FY2012	FY2013	FY2014
1							
2							
3							
4							
5							
6							

1. Retail weighted received premium (RWRP) basis



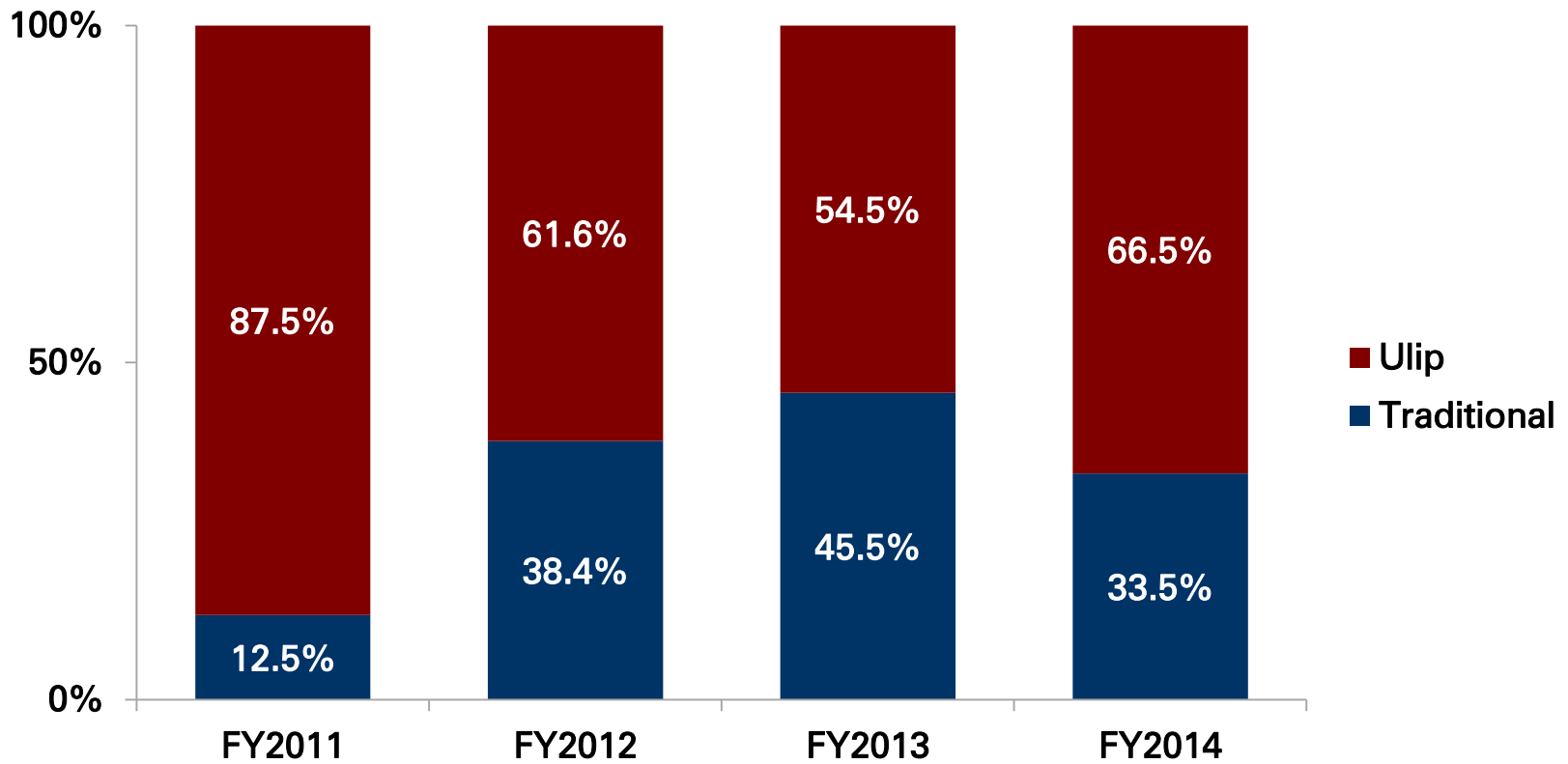
# Market share<sup>1</sup>



1. Retail weighted received premium (RWRP) basis



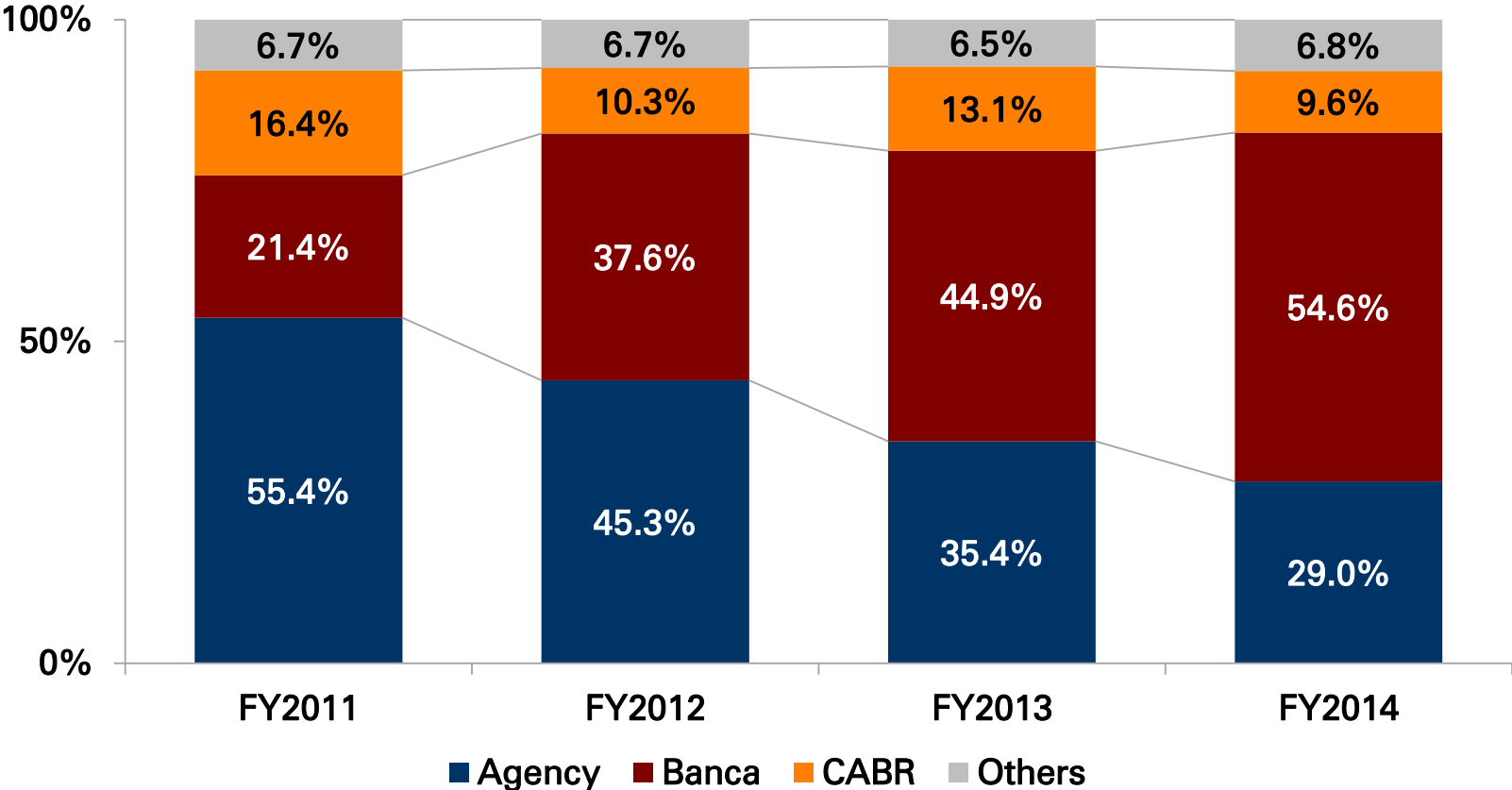
# Product mix<sup>1</sup>



**Balanced mix to cater to all customer segments**

1. Retail weighted received premium (RWRP) basis

# Distribution mix<sup>1</sup>

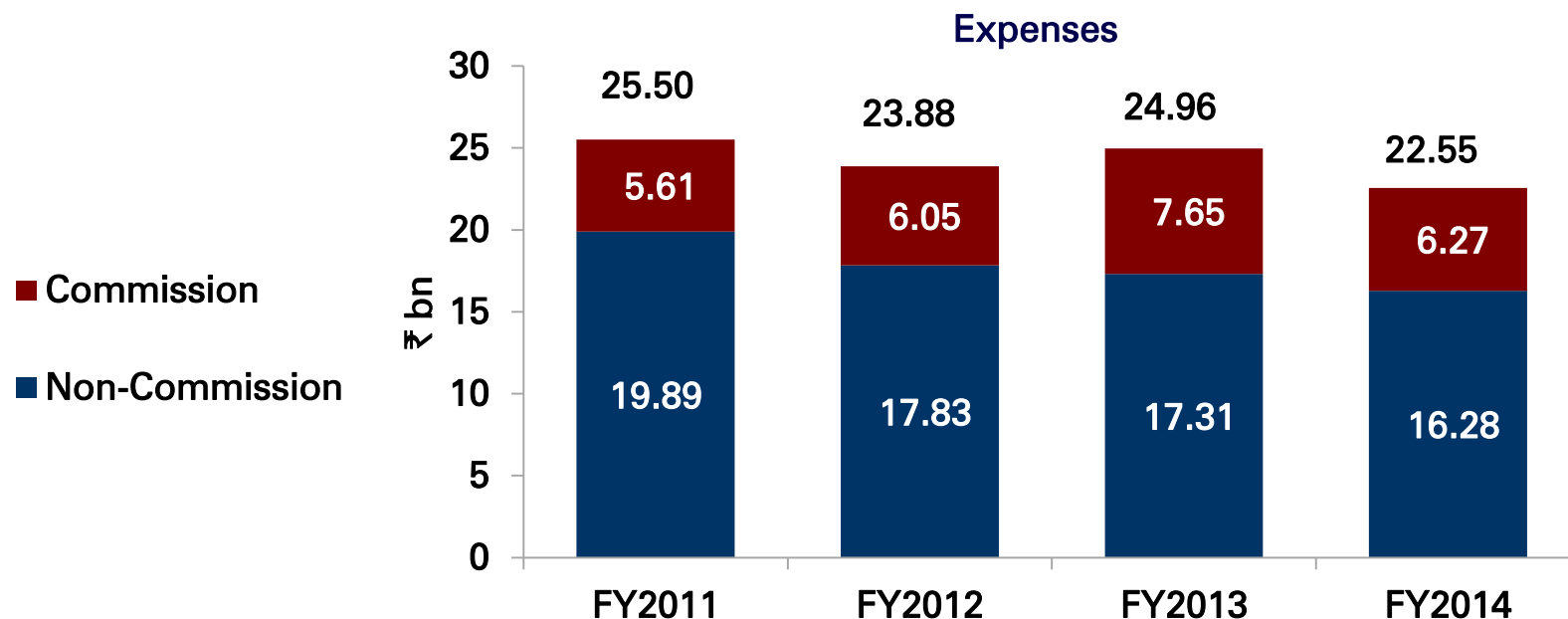


**Multi channel distribution architecture to optimize reach and efficiency**

1. Retail weighted received premium (RWRP) basis

# Cost efficiency

Ratios	FY2011	FY2012	FY2013	FY2014
Cost to RWRP	69.2%	84.8%	75.4%	69.3%
Expense ratio (excl. commission)	12.5%	13.4%	13.3%	13.6%
Commission ratio	3.5%	4.6%	5.9%	5.2%
Total expense ratio	16.0%	17.9%	19.2%	18.8%



**Cost:** All insurance expenses including commission

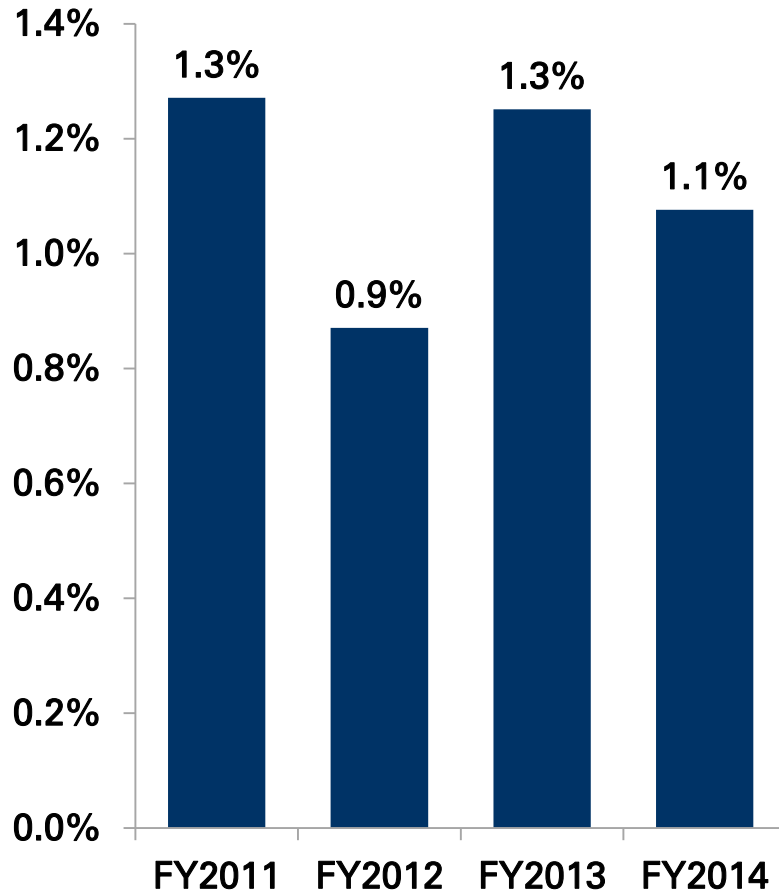
**Expense ratio:** All insurance expenses (excl. commission) / (Total premium – 90% of single premium)

**Commission ratio:** Commissions / (Total premium – 90% of single premium)

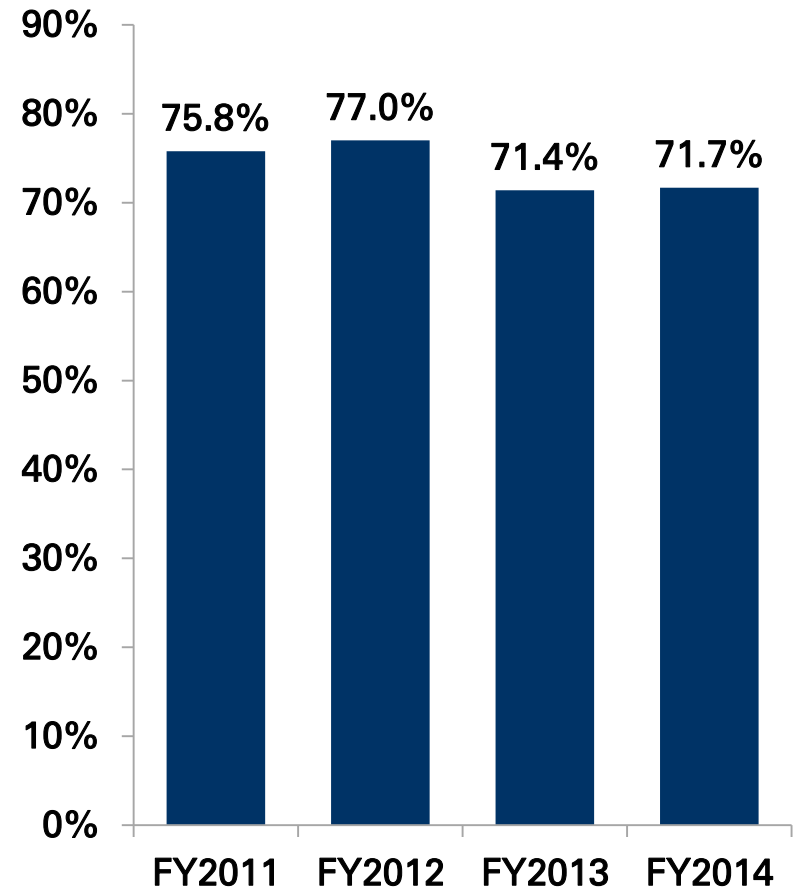
**Total Expense ratio:** All insurance expenses (incl. commission) / (Total premium – 90% of single premium)

# Customer retention

Surrenders<sup>1</sup> as % of average AUM



13<sup>th</sup> month persistency



1. Average monthly retail surrenders

# Customer service

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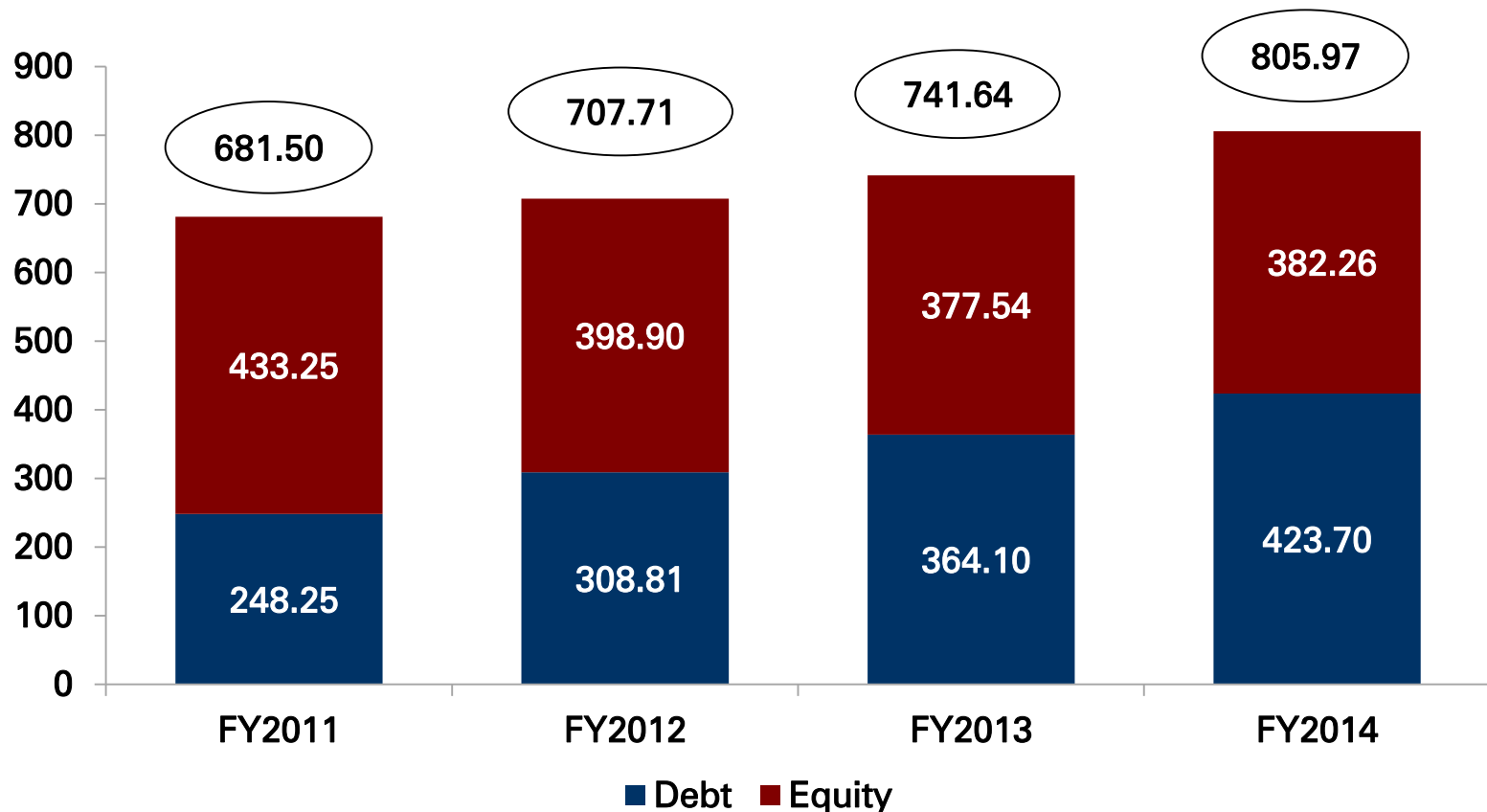
- 80.2% of the new business applications initiated using the digital platform
- 41.6% of renewal premium payment through electronic modes
- 70.0% of all service transactions processed through website and IVRS
- 90.5% of payouts through electronic mode
- Grievance ratio<sup>1</sup> stood at 253
- Claims settlement ratio<sup>2</sup> for FY2014: 94.1%
  - Average claim settlement time<sup>3</sup> was 6 days

1. Grievance ratio: grievances per 10,000 polices

2. Claims ratio: No of claims settled/ no of claims intimated

3. Time for non investigation cases

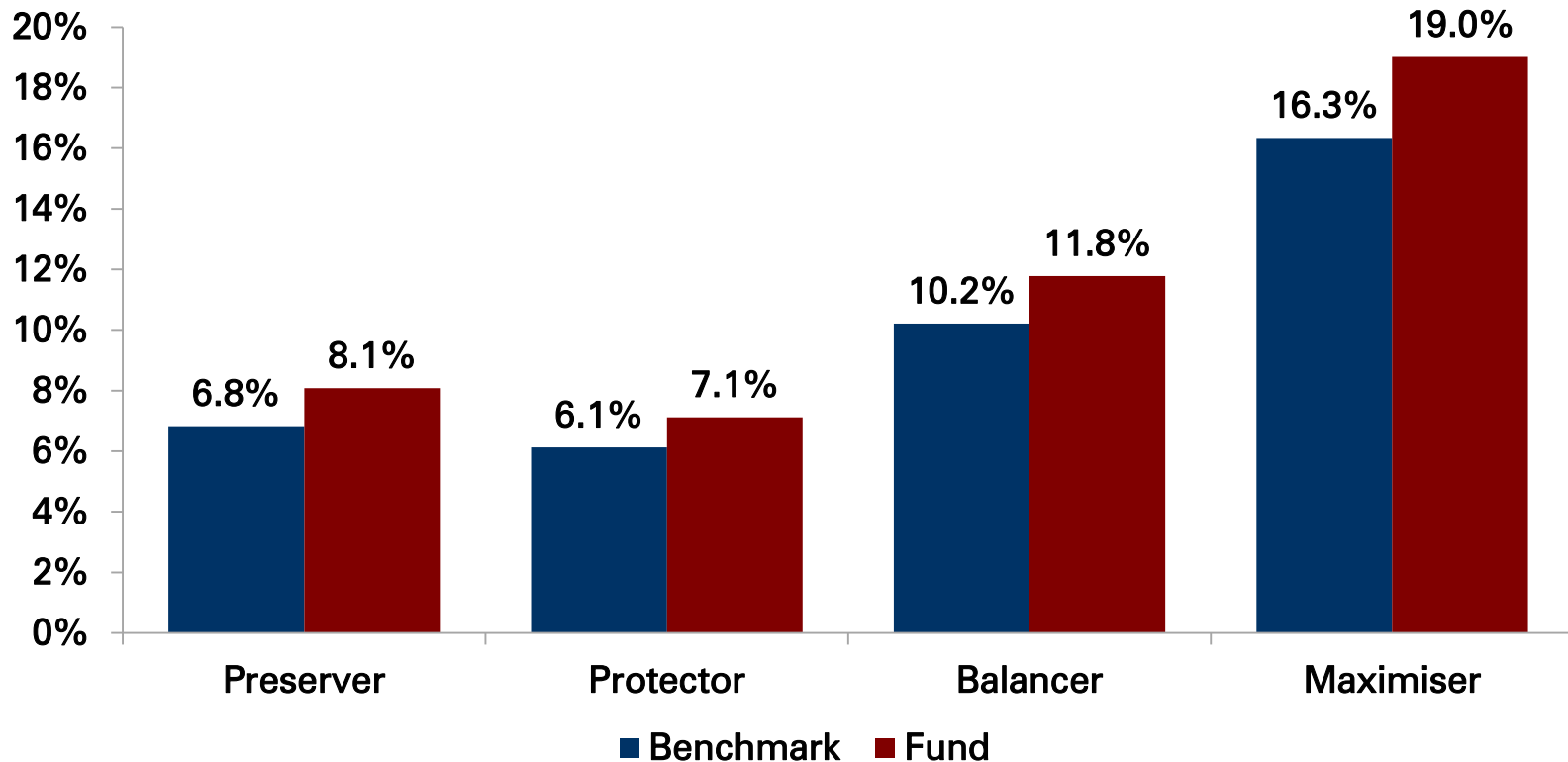
# Assets under management



Among the largest domestic fund managers

# Fund performance

## Fund performance since inception\*



**97% of the funds have outperformed benchmark since inception\***

Inception Dates:

Preserver Fund: June 28, 2004 Protector Fund: April 2, 2002

Balancer Fund : April 2, 2002 Maximiser Fund: Nov 19, 2001

\* As on March 31, 2014



# Safe harbor

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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 Bank and we undertake no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

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Thank you