



# Leadership in life insurance

October 2014

# Agenda

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Industry overview and outlook

Performance update

Our strategy

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# India life insurance growth story

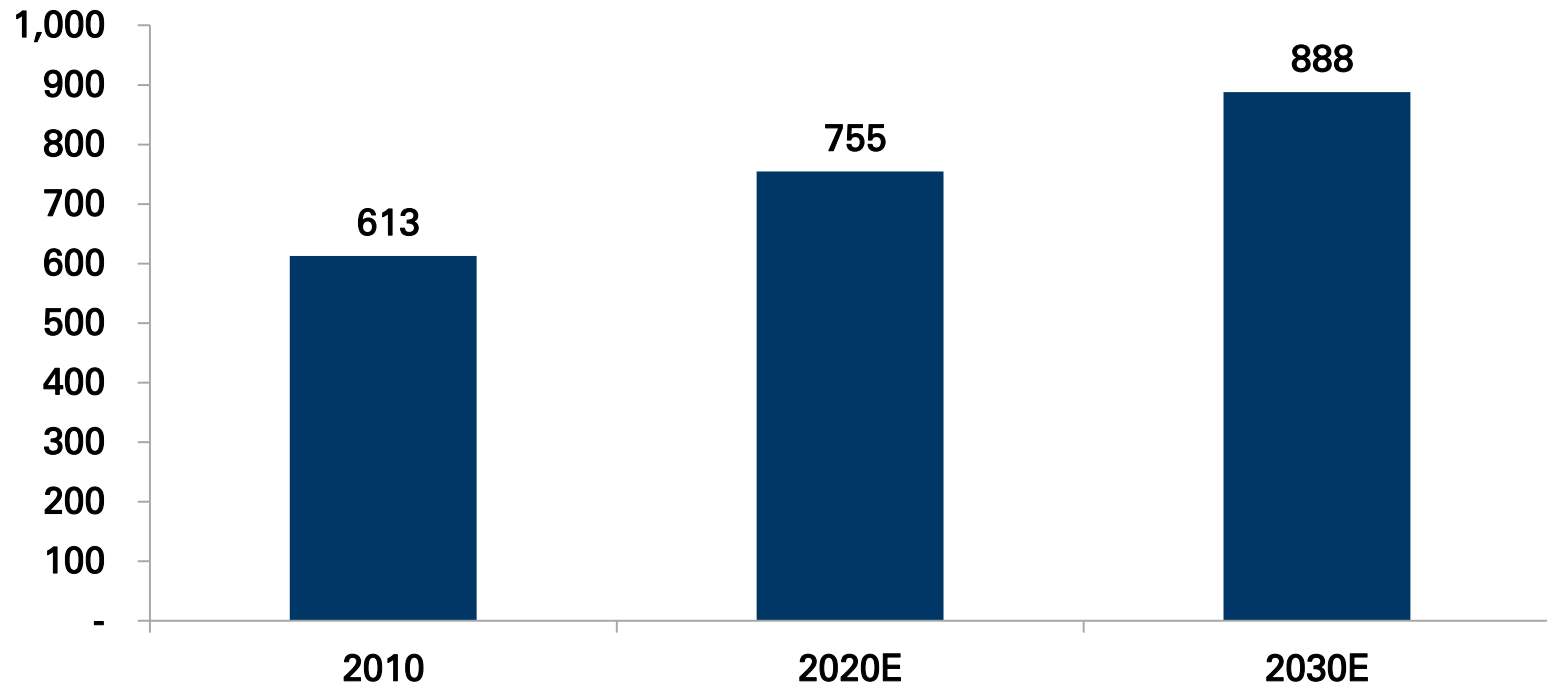
	FY2002		FY2008		FY2014
Number of players	12		18		24
New business premium <sup>1</sup> (₹ bn)	116	→ 28.7%	527	→ -2.4%	454
Total premium (₹ bn)	501	→ 26.1%	2,014	→ 7.7%	3,141
Penetration (as a % to GDP)	2.1%		4.0%		2.8%
Insurance density (₹)	460		1,680		2,479
Asset under management (₹ bn)	2,304	→ 24.3%	8,477	→ 15.4%	20,069

1. Retail weighted premium

Source: IRDA, Public disclosures, Life insurance council, Company estimates

# Fuelled by favourable demographics..

Population of age > 25 years (in mn)

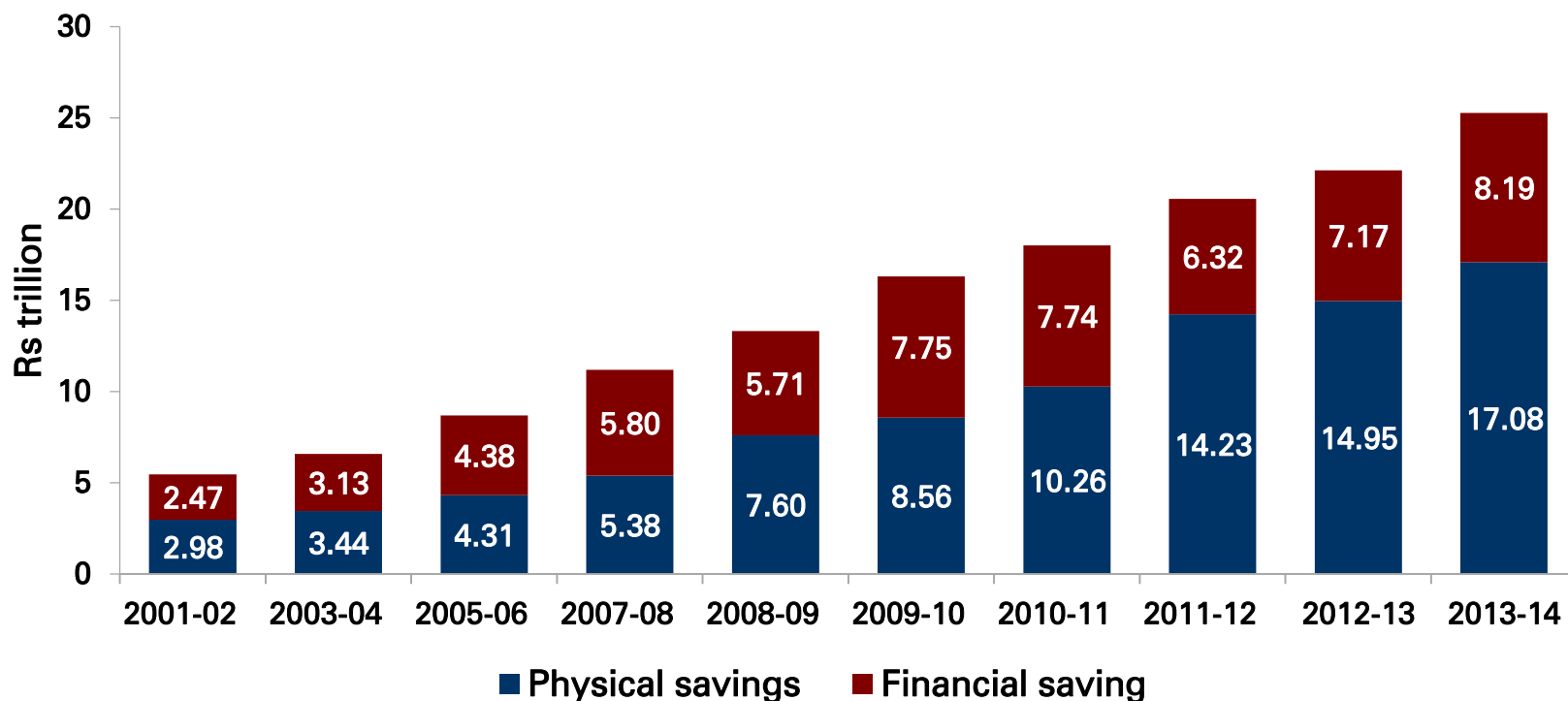


Increase in target population with rising income levels

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

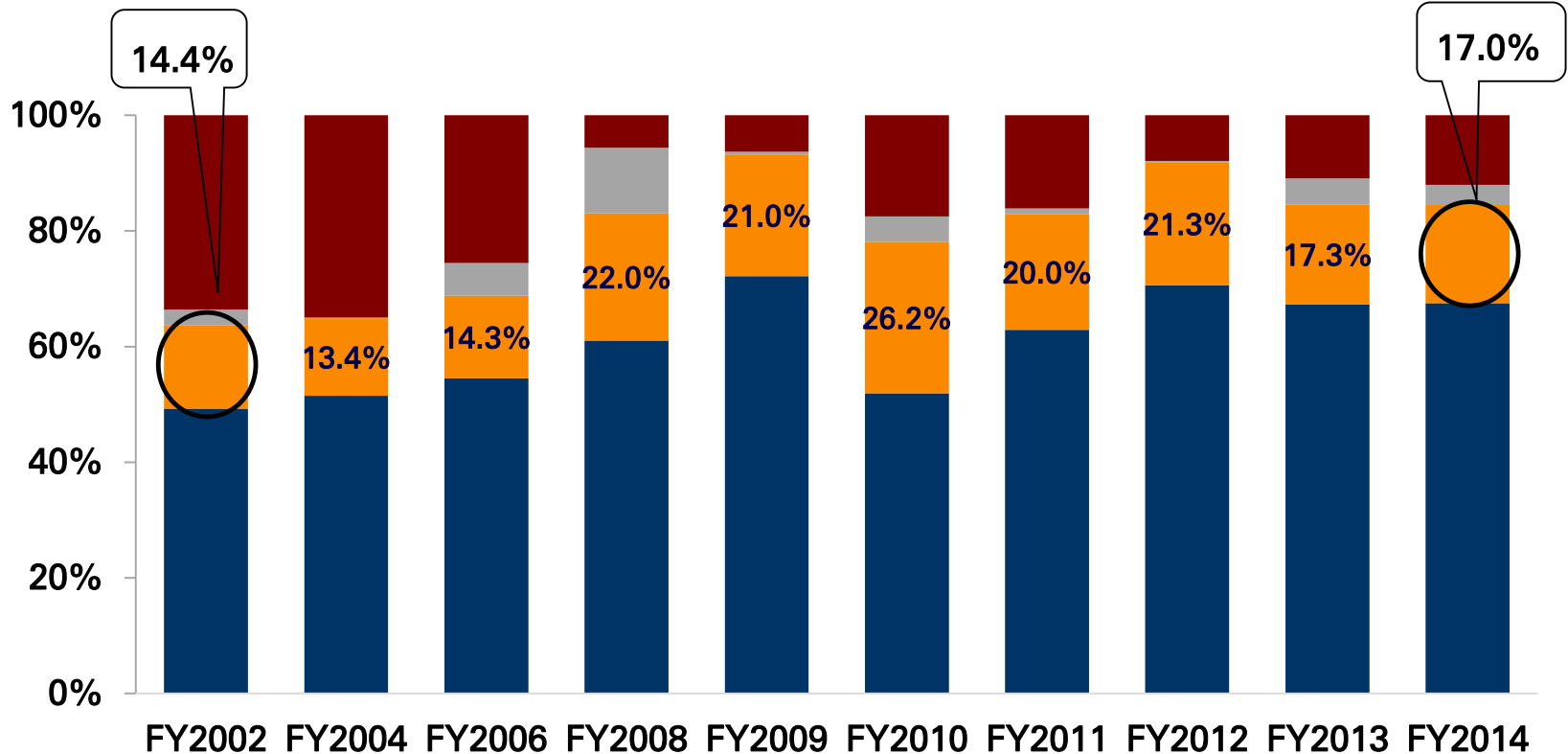
# ..High household savings

Financial year	2002	2004	2006	2008	2009	2010	2011	2012	2013	2014
Financial savings / GDP	10.5%	11.0%	11.9%	11.6%	10.1%	12.0%	9.9%	7.0%	7.1%	7.2%
Household savings / GDP	23.2%	23.2%	23.5%	22.4%	23.6%	25.2%	23.1%	22.8%	21.9%	22.3%*



Source: RBI, CSO  
\*Company estimates

# Share of life insurance in financial savings



Distribution of financial assets

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

Source: RBI



# Insurance market size

Amounts in ₹ trillion	FY 2002		FY 2008		FY 2014		FY 2020E*
<b>Nominal GDP</b>	23.48	13% CAGR →	49.87	15% CAGR →	113.55	15% CAGR →	262.65
<b>Household savings</b>	5.45	13% CAGR →	11.18	15% CAGR →	25.27*	15% CAGR →	58.84
<b>Gross financial savings</b>	2.86	18% CAGR →	7.72	7% CAGR →	11.74	15% CAGR →	27.16
<b>Insurance</b>	0.41	27% CAGR →	1.70	3% CAGR →	2.00	15% CAGR →	4.62

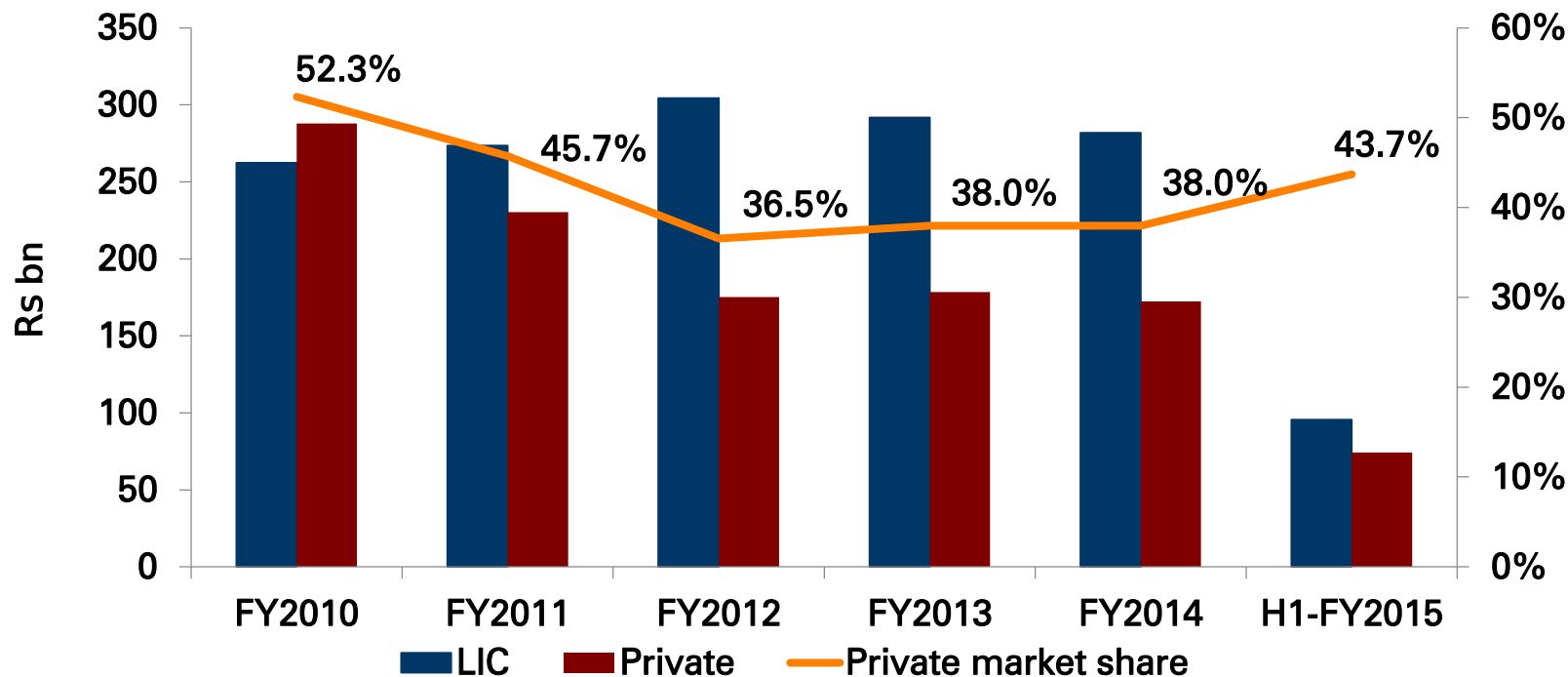
**Significant opportunity at current savings rate**

Source: RBI, CSO  
\*Company estimates



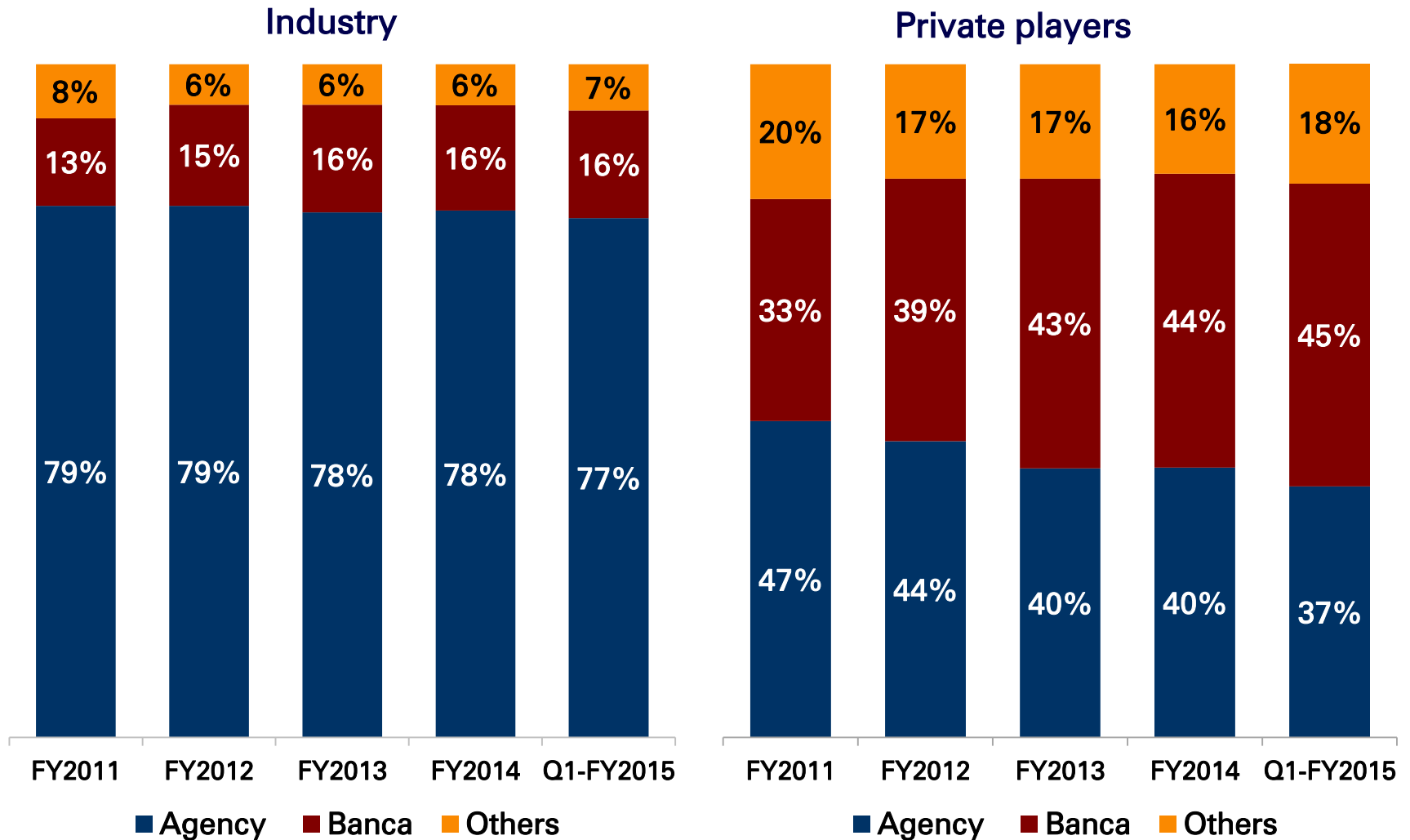
# Industry: New business premium<sup>1</sup>

Growth	FY2010	FY2011	FY2012	FY2013	FY2014	H1-FY2015
Private	7.1%	-20.0%	-23.9%	1.9%	-3.4%	8.8%
LIC	29.3%	4.3%	11.2%	-4.1%	-3.4%	-21.4%
Industry	16.7%	-8.5%	-4.8%	-1.9%	-3.4%	-10.5%



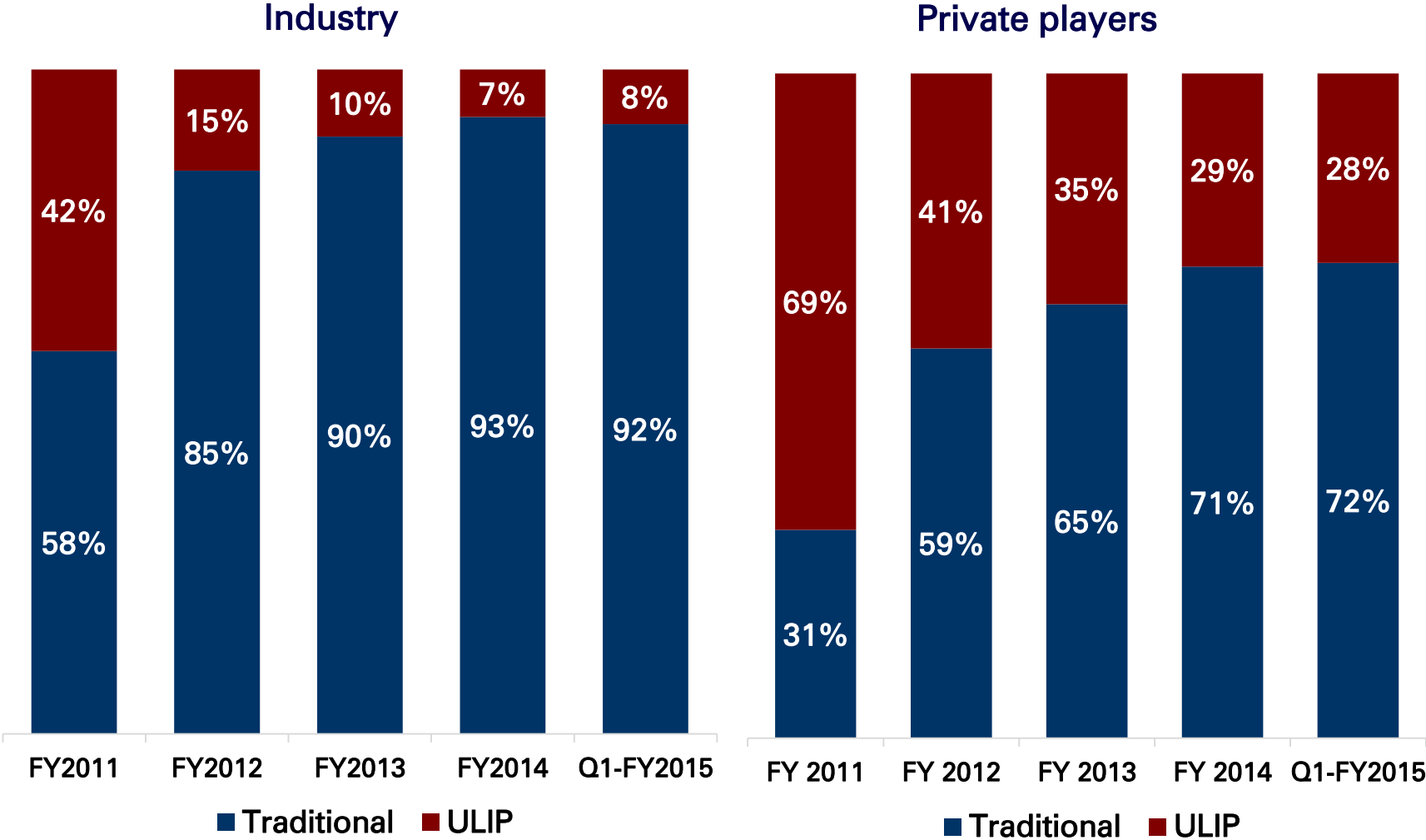
1. Retail weighted new business premium  
Source : IRDA, Life insurance council

# 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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# Premium summary

₹ bn	FY2013	H1-FY2014	FY2014	H1-FY2015
Retail new business premium	34.20	14.35	34.32	18.45
Retail renewal premium	80.55	32.18	81.00	37.34
Group premium	20.63	4.67	8.97	5.55
Total premium	135.38	51.20	124.29	61.34
RWRP	33.10	13.57	32.53	17.48

# Key parameters

₹ bn	FY2013	H1-FY2014	FY2014	H1-FY2015
APE	35.32	14.95	34.44	18.56
New Business Profit (NBP) <sup>1</sup>	5.29	2.15	4.27	2.02
Profit after tax	14.96	7.51	15.67	7.81
Solvency ratio (%)	396	395	372	357
Assets under management	741.64	739.76	805.97	907.26

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

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# Key strategic objective

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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**



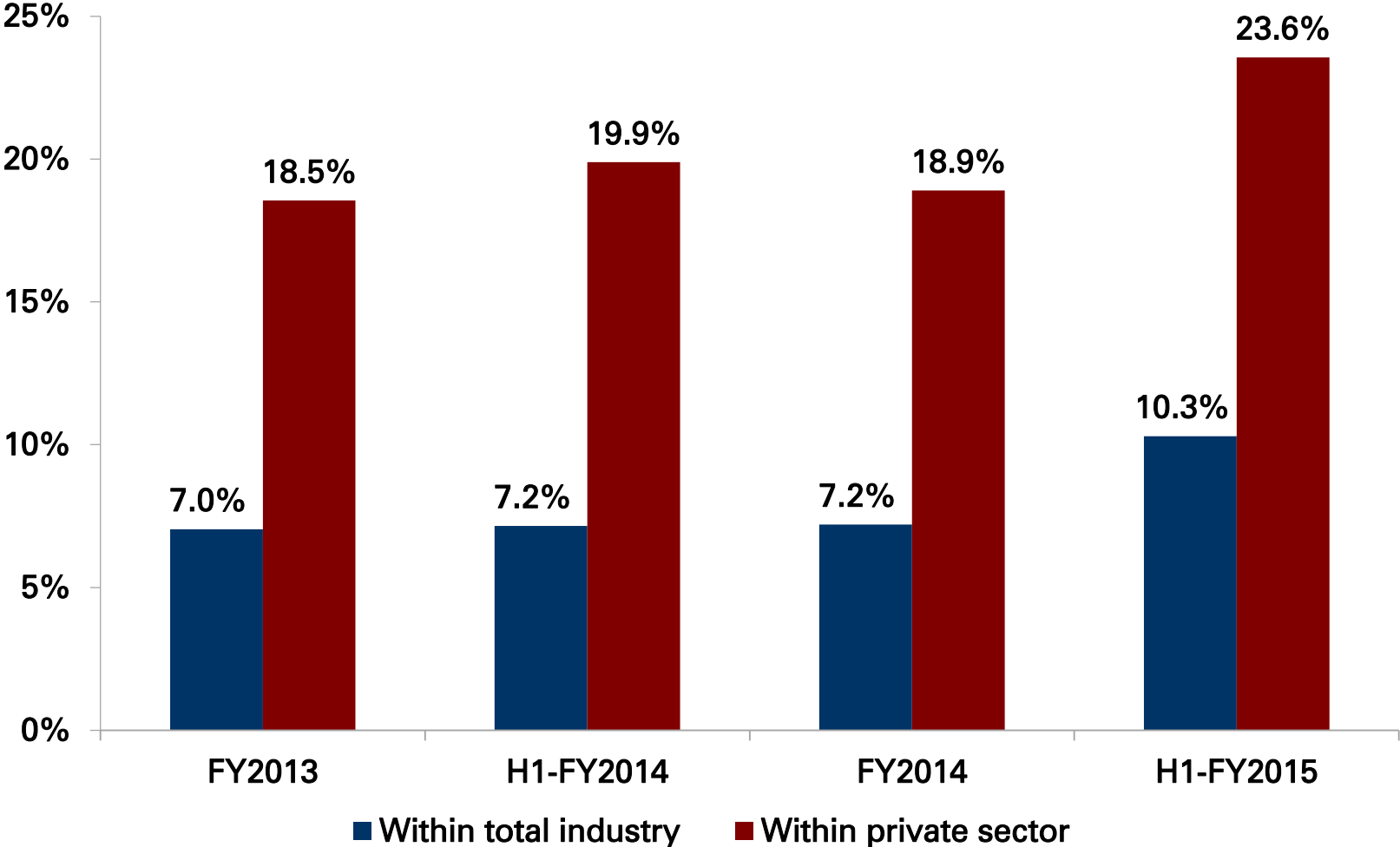
# Consistent leadership<sup>1</sup>

	FY2002	FY2006	FY2010	FY2012	FY2013	FY2014	H1-FY2015
1							
2							
3							
4							
5							
6							

1. Retail weighted received premium (RWRP) basis



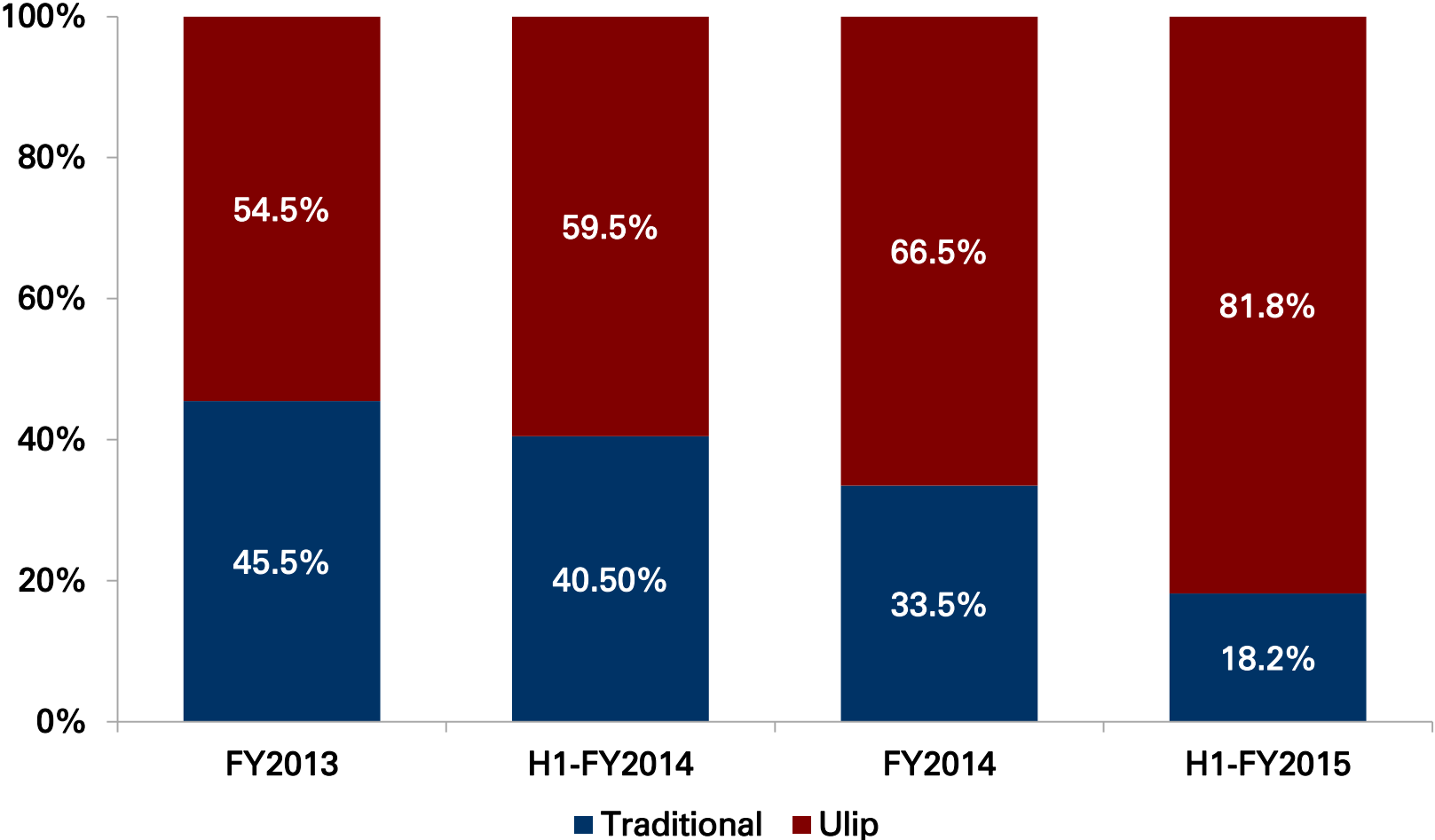
# Market share<sup>1</sup>



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



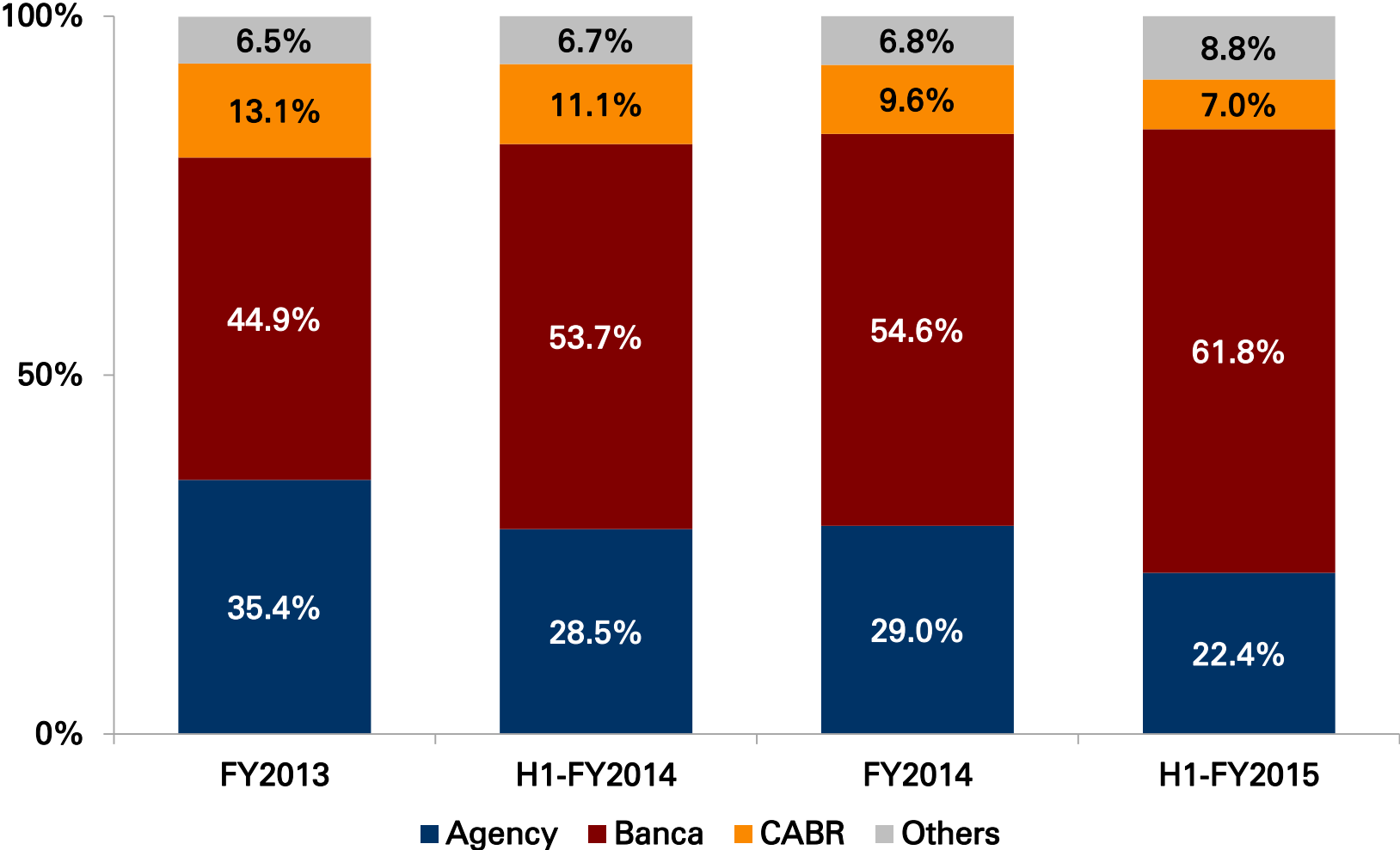
# Product mix<sup>1</sup>



1. Retail weighted received premium (RWRP) basis



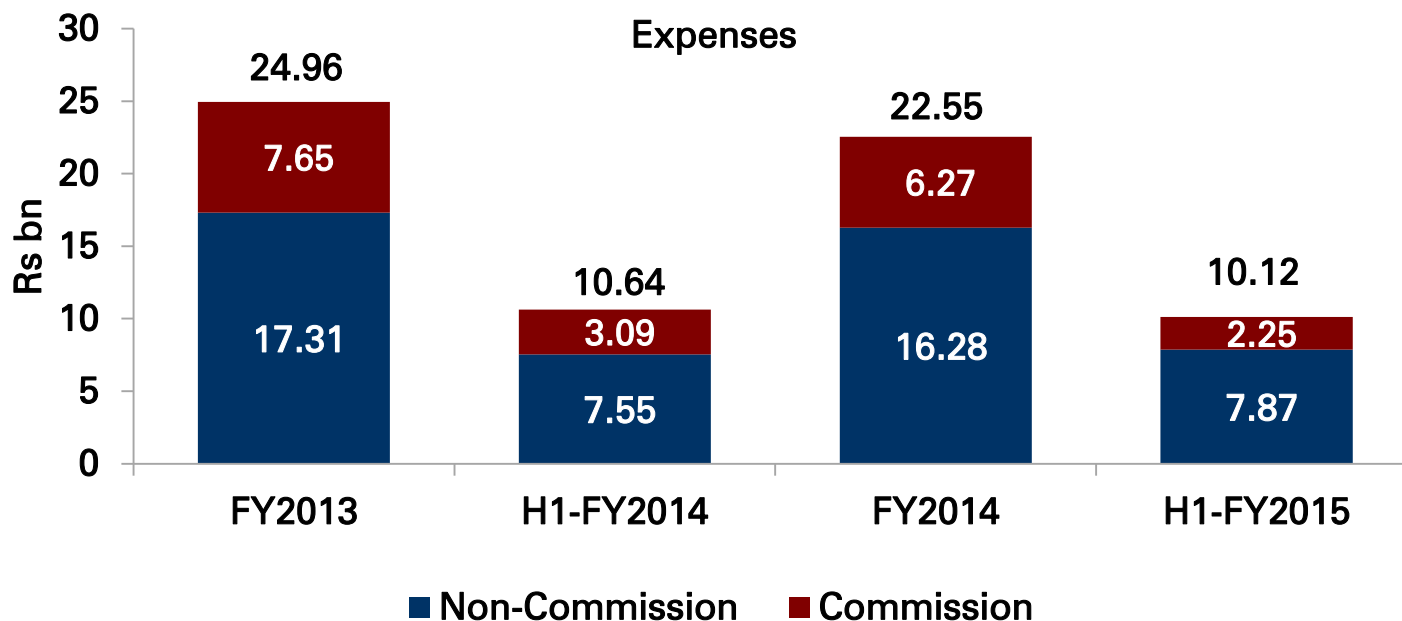
# Distribution mix<sup>1</sup>



1. Retail weighted received premium (RWRP) basis

# Cost efficiency

Ratios	FY2013	H1-FY2014	FY2014	H1-FY2015
Cost to RWRP	75.4%	78.4%	69.3%	57.9%
Expense ratio (excl. commission)	13.3%	15.4%	13.6%	13.8%
Commission ratio	5.9%	6.3%	5.2%	3.9%
Total expense ratio	19.2%	21.7%	18.8%	17.8%



**Cost:** All insurance expenses including commission

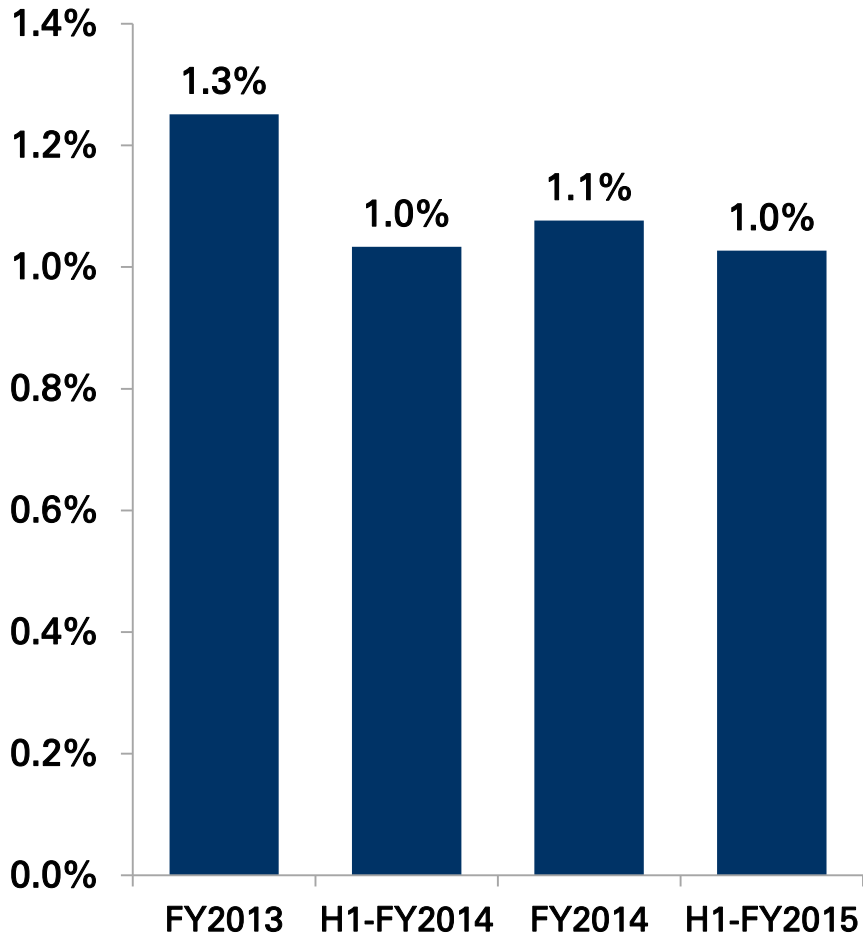
**Expense ratio:** All insurance expenses (excl. commission) / (Total premium – 90% of single premium)

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

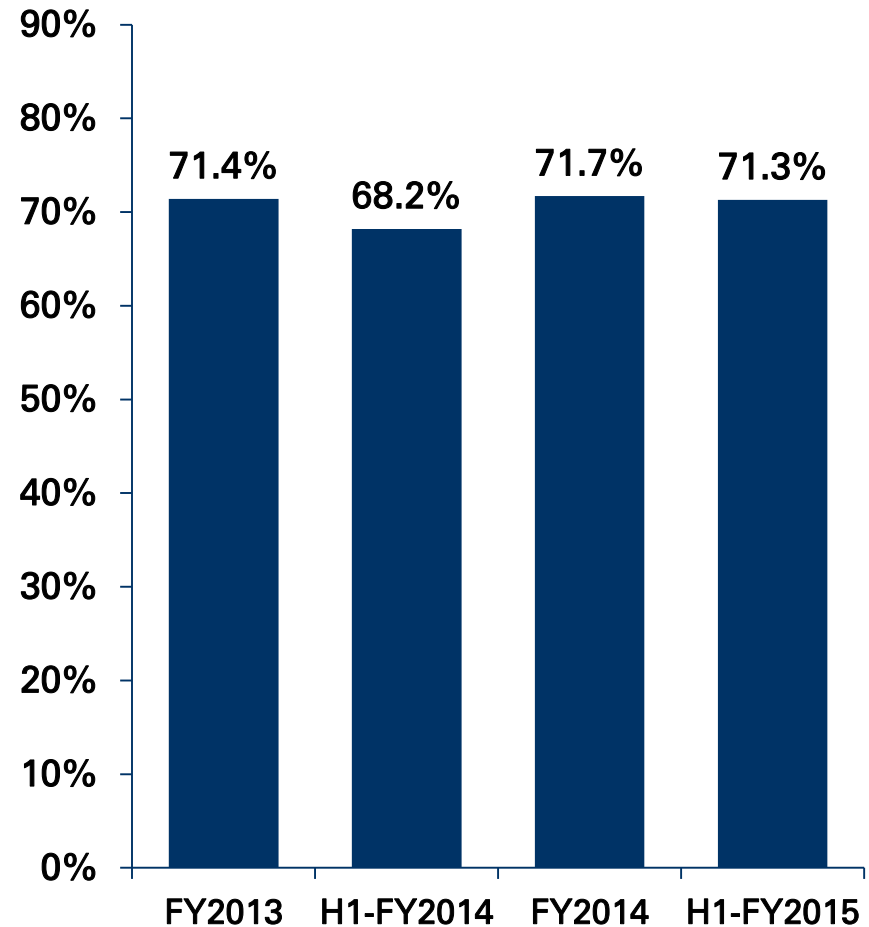
**Total Expense ratio:** All insurance expenses (incl. commission) / (Total premium – 90% of single premium)

# Customer retention

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



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



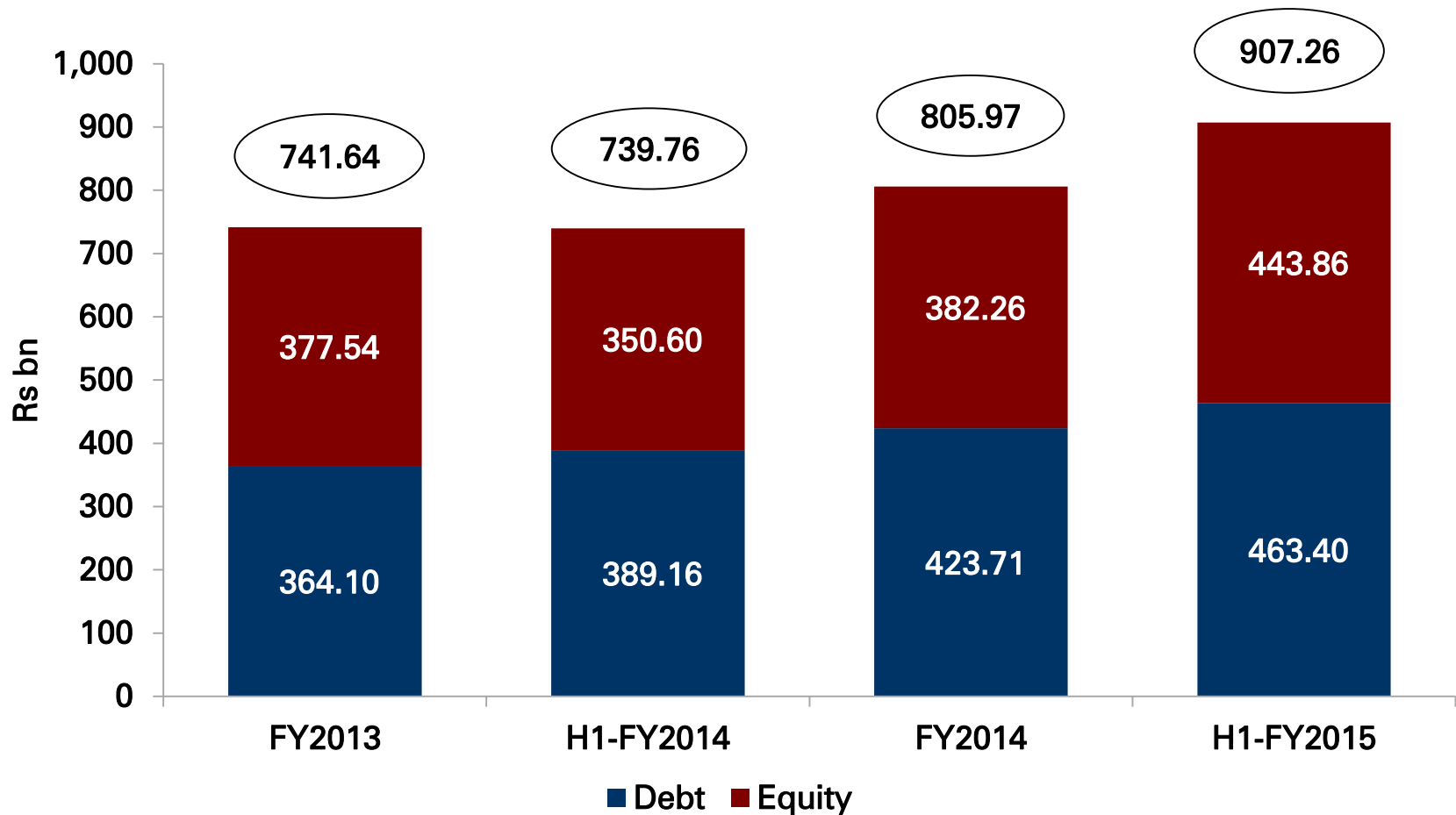
1. Average monthly retail surrenders

# Customer service: H1-FY2015

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- 92% of the new business applications initiated using the digital platform
- 45% of renewal premium payment through electronic modes<sup>1</sup>
- 69% of all service transactions processed through website, SMS and IVRS
- 92% of payouts through electronic mode
- Grievance ratio<sup>2</sup> stood at 193

# Assets under management

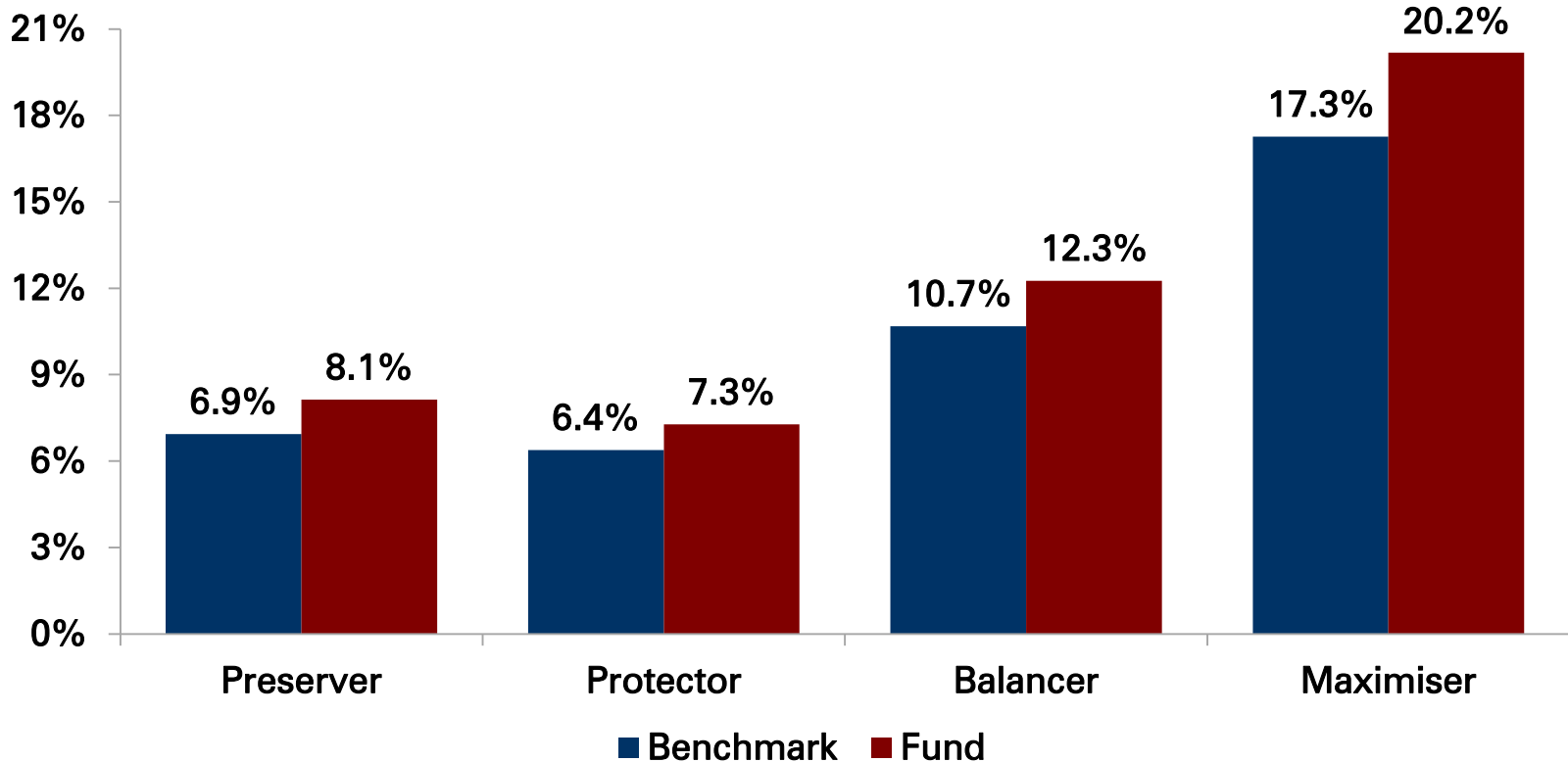


Among the largest domestic fund managers



# Fund performance

Fund performance since inception\*



**97.6% 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 September 30, 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