



# Leadership in life insurance

August 2013

# Agenda

---

Industry overview and outlook

Performance update

Our strategy

# Agenda

---

Industry overview and outlook

Performance update

Our strategy

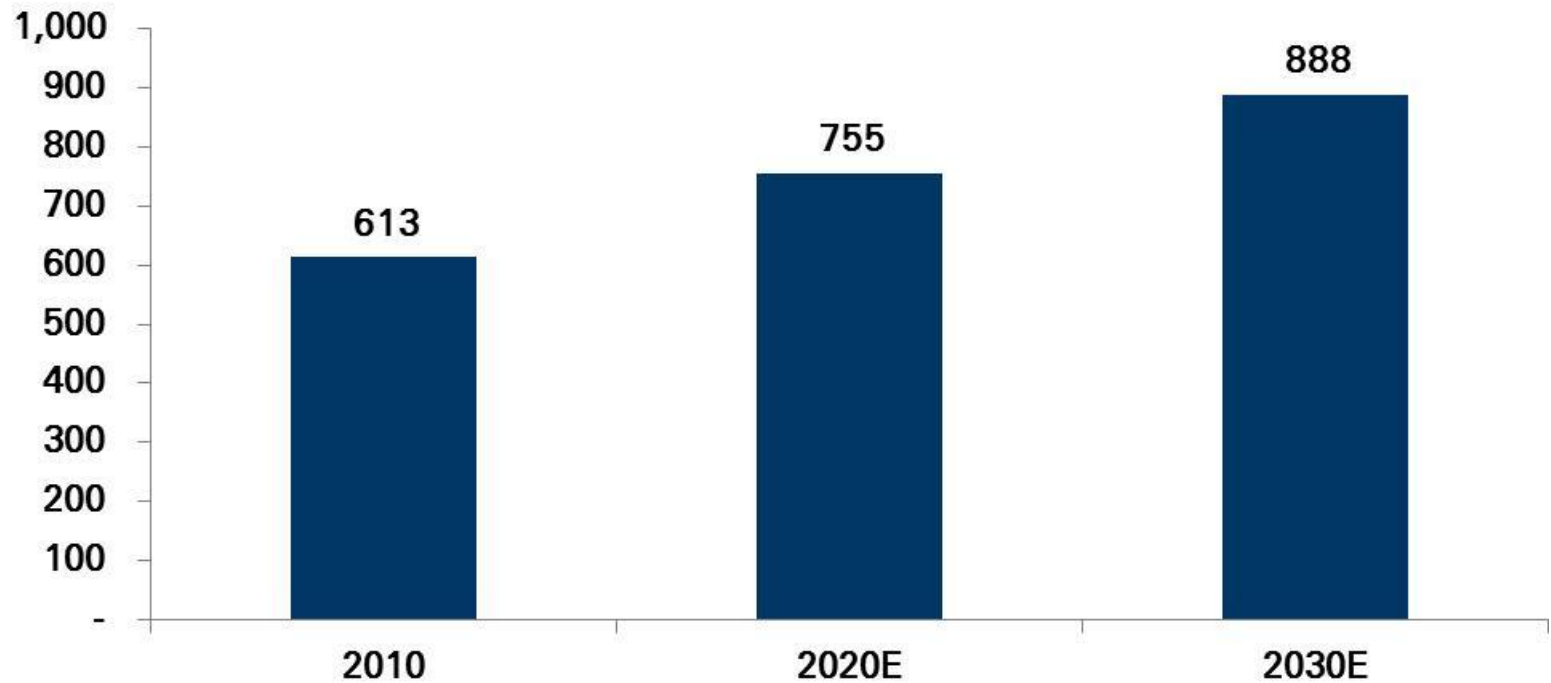
# India life insurance growth story

	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	→ 7.0%	2,872
Penetration (as a % to GDP)	~2.1%		~4.0%		~2.9%
Insurance premium per capita ( ₹)	~460		~1,680		~2,201
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)

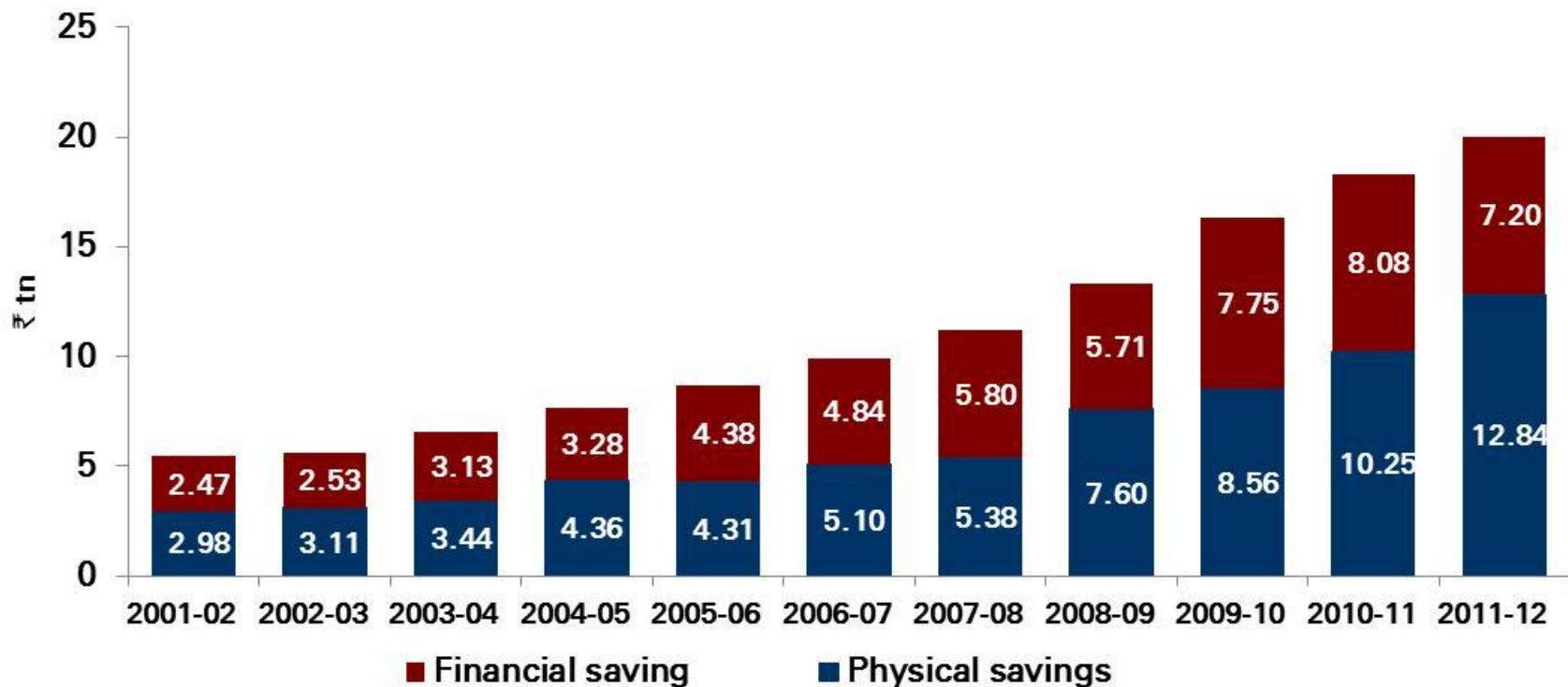


**Increase in target population with rising income levels**

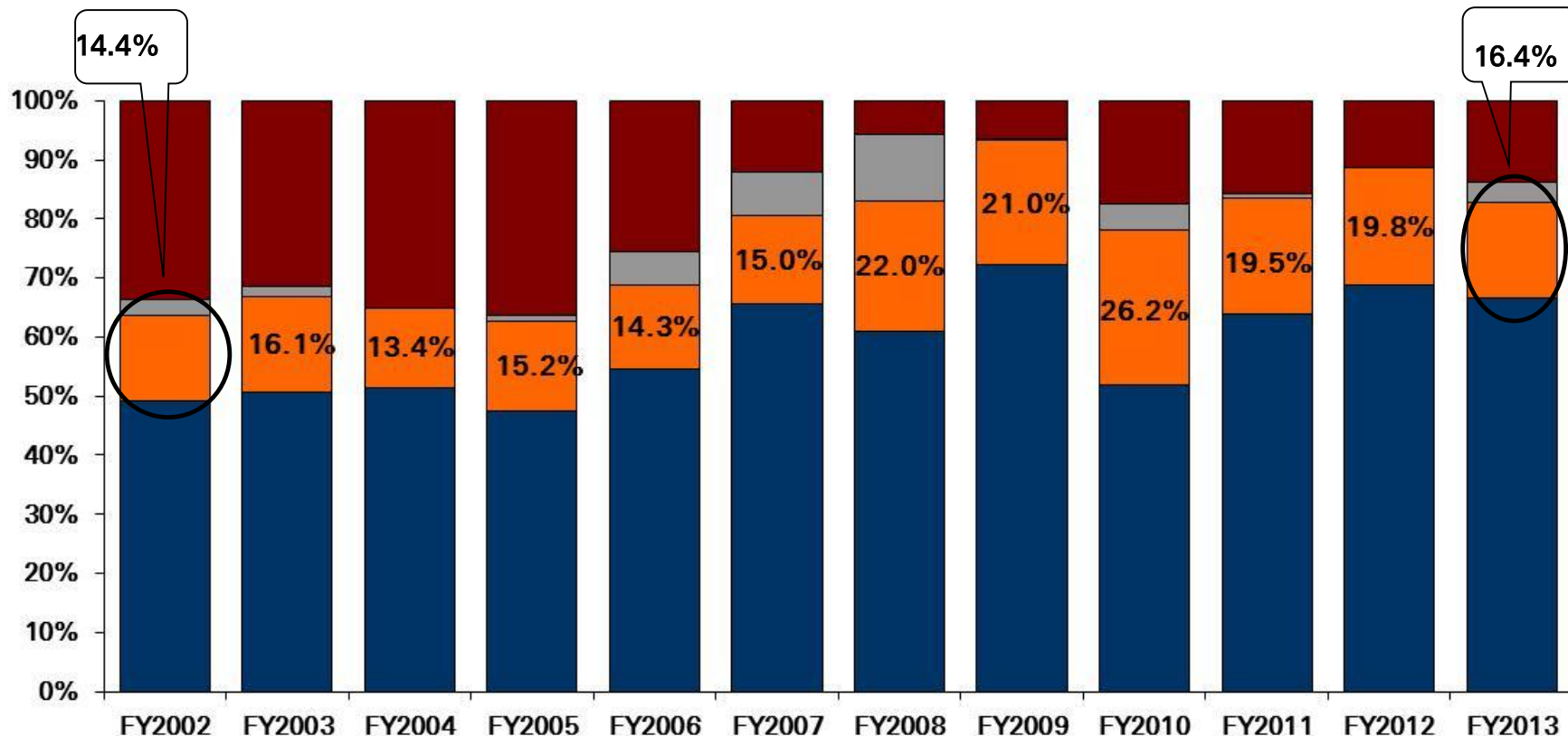
Source: UN Population division 's release: 'World Population Prospects-  
The 2012 Revision'

# ..High household savings

Financial year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Financial savings /GDP	10.5%	10.0%	11.0%	10.1%	11.9%	11.3%	11.6%	10.1%	12.0%	10.4%	8.0%
Household savings / GDP	23.2%	22.3%	23.2%	23.6%	23.5%	23.2%	22.4%	23.6%	25.2%	23.5%	22.3%



# 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 →	100.21	15% CAGR →	266.55
<b>Household savings</b>	5.45	13% CAGR →	11.18	15% CAGR →	22.37*	15% CAGR →	59.51
<b>Gross financial savings</b>	2.86	18% CAGR →	7.72	7% CAGR →	10.97	15% CAGR →	29.17
<b>Insurance</b>	0.41	27% CAGR →	1.70	1% CAGR →	1.80	15% CAGR →	4.78

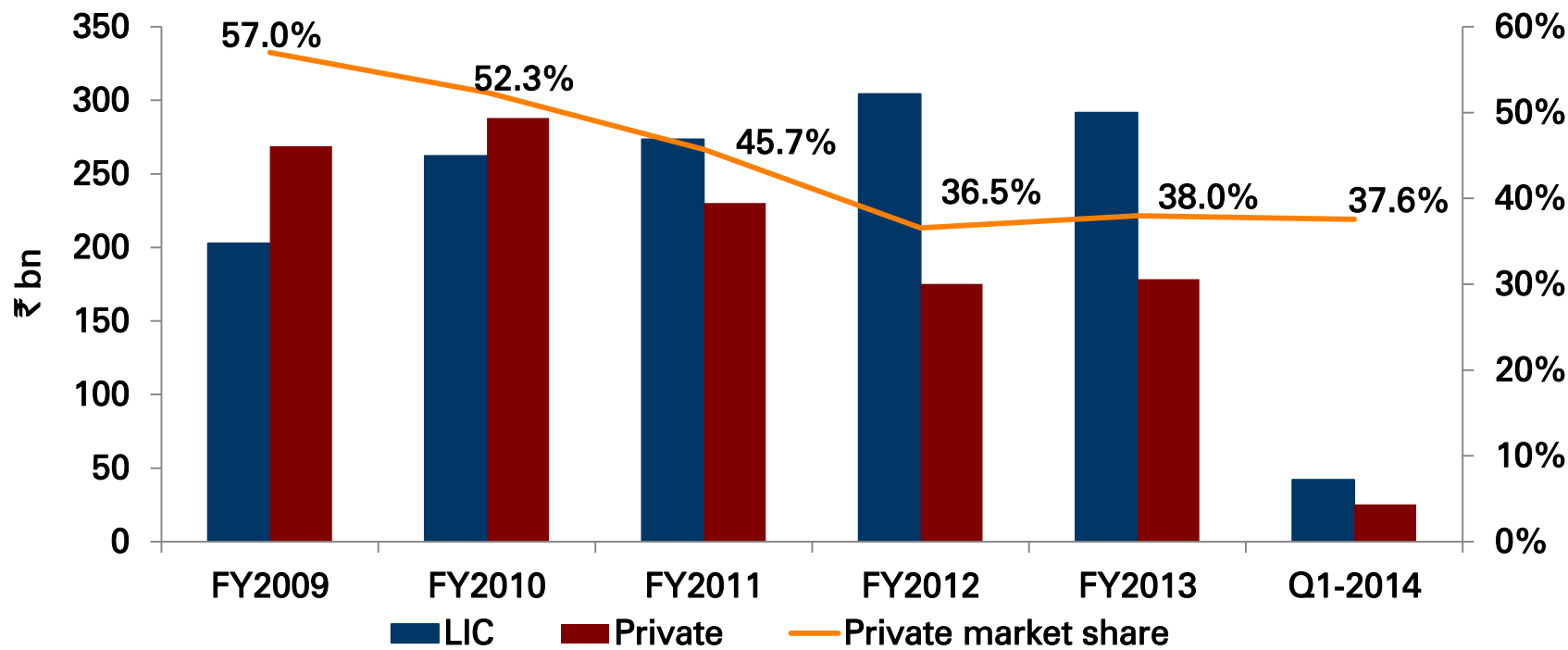
**Significant opportunity at current savings rate**

Source: RBI, CSO  
\*Company estimates



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

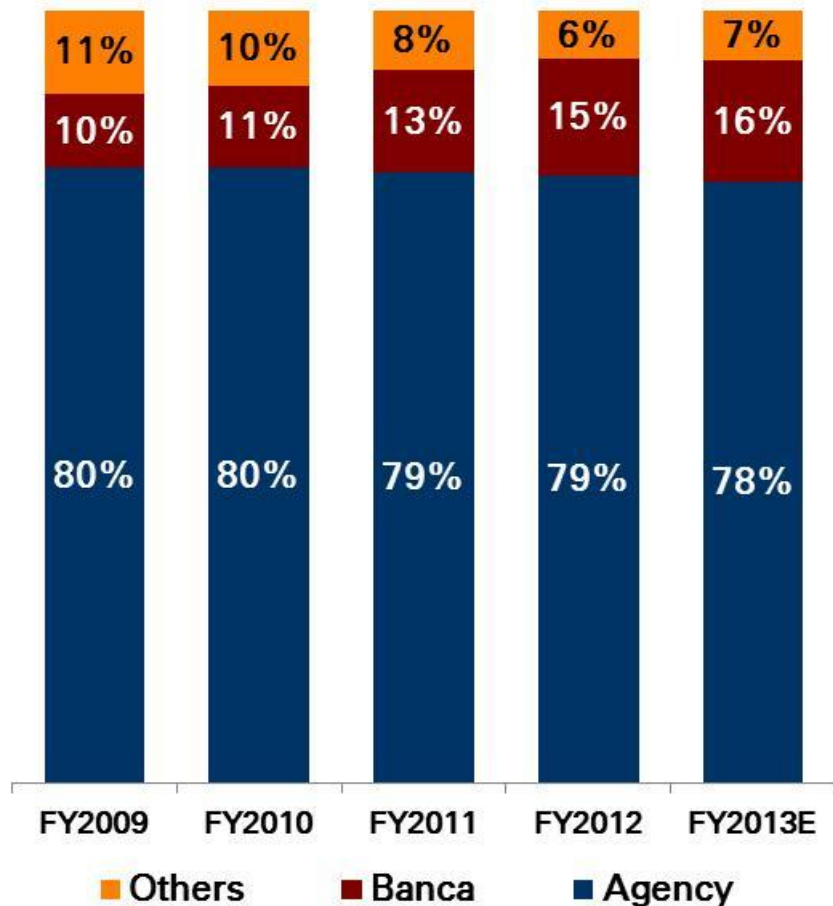
Growth	FY2009	FY2010	FY2011	FY2012	FY2013	Q1-FY2014
Private	1%	7%	-20%	-24%	2%	-6%
LIC	-22%	29%	4%	11%	-4%	-37%
Industry	-10%	17%	-8%	-5%	-2%	-28%



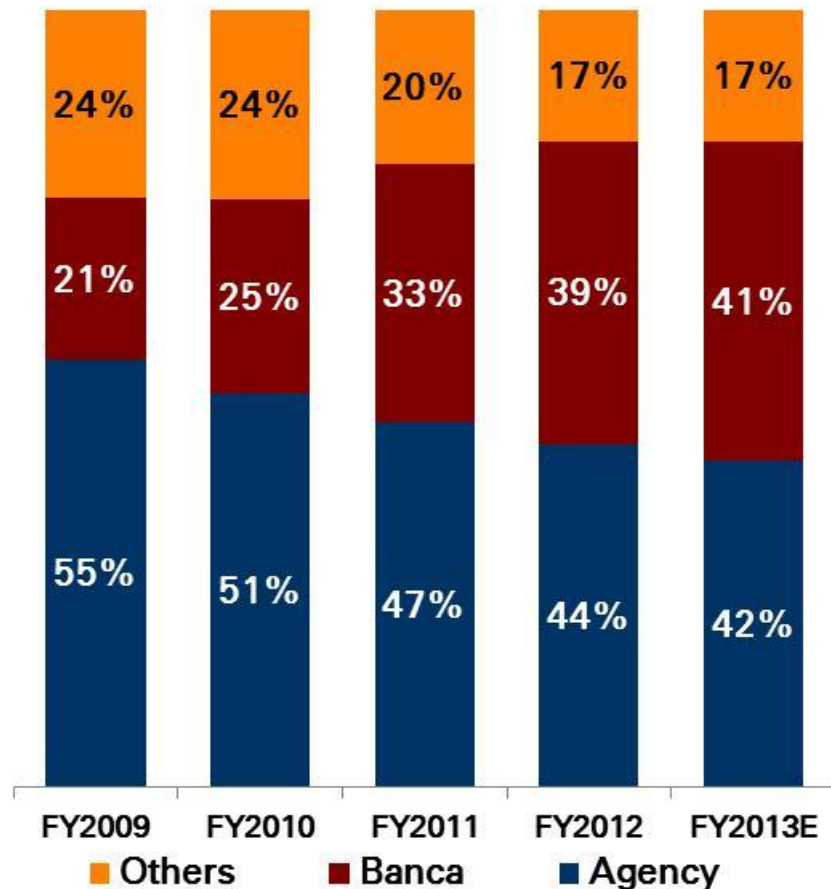
1. Weighted new business premiums for individual business  
Source : IRDA

# Channel mix<sup>1</sup>

## Industry

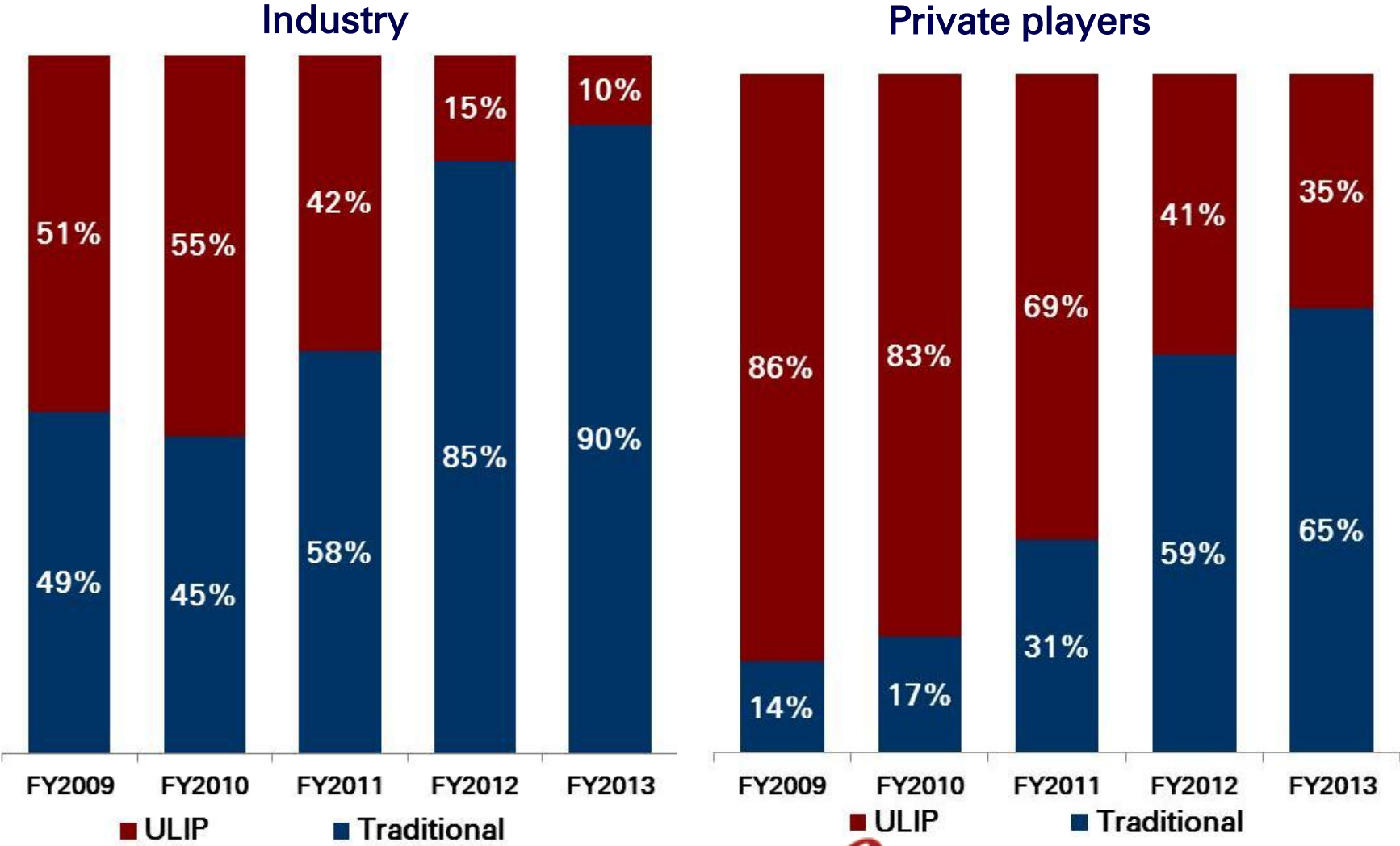


## Private players



<sup>1</sup> Individual new business premium basis  
Source: IRDA, Company estimate

# Product mix<sup>1</sup>



<sup>1</sup> New business premium basis  
Source: IRDA, Life council

# Regulatory context

## Current priorities

- Industry growth, improve penetration
- Policyholder protection
  - Fairness and transparency
  - Grievance and claim focus

## Implications for industry

- Distribution opportunities
- Customer friendly products
- Improved service to customer
- Focus on efficiency

# Agenda

---

**Industry overview and outlook**

**Performance update**

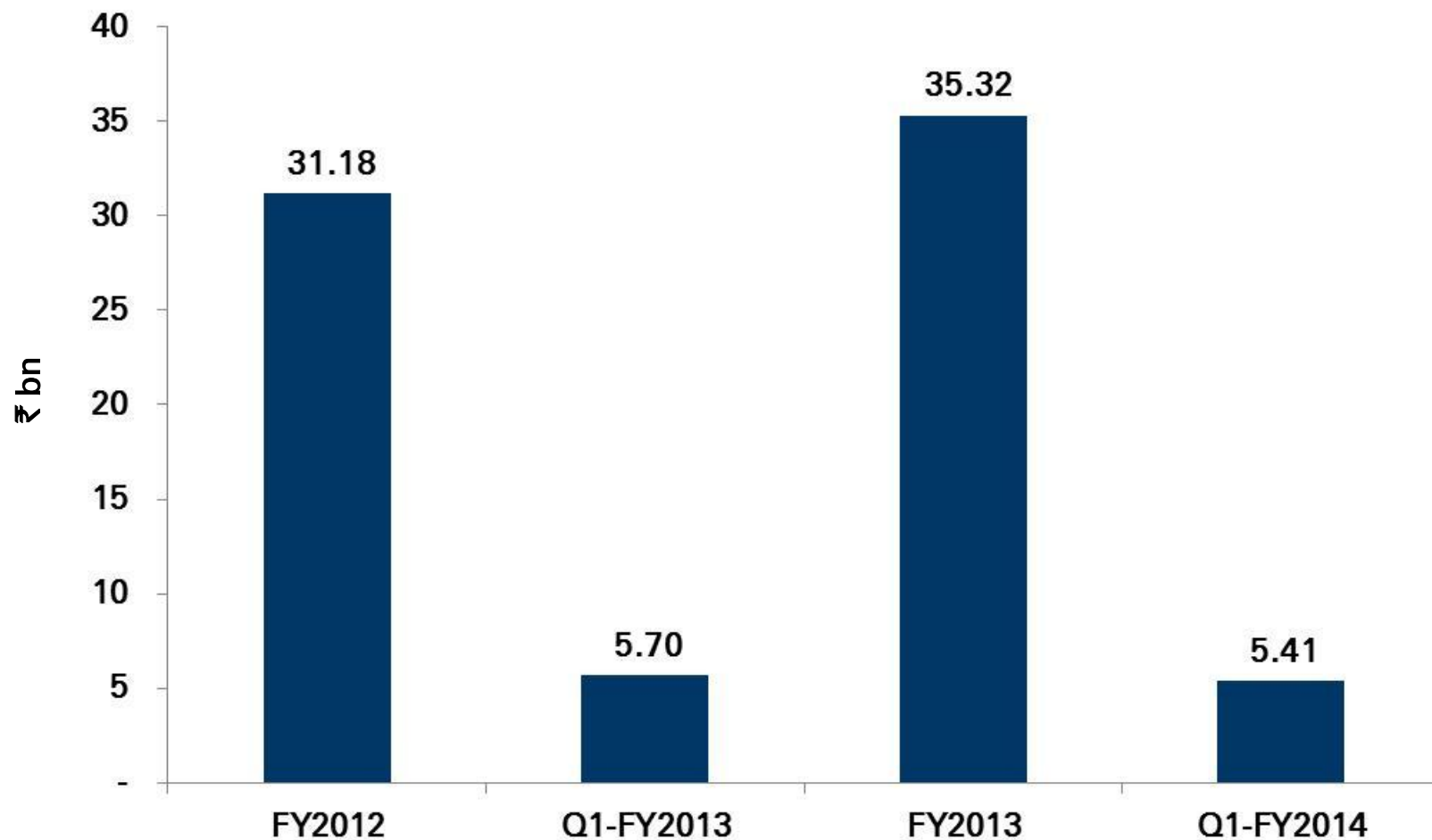
**Our strategy**

# Performance snapshot

₹ bn	FY2012	Q1-FY2013	FY2013	Q1-FY2014
Retail new business premium	30.52	5.17	34.20	4.80
Retail renewal premium	89.41	15.64	80.55	13.47
Group premium	20.29	3.04	20.63	2.67
APE	31.18	5.70	35.32	5.41
New Business Profit (NBP) <sup>1</sup>	5.00	0.85	5.29	0.81
Assets under management	707.71	704.35	741.64	748.40
Profit after tax	13.84	3.49	14.96	3.64
Total expenses (excl. commission)	17.83	3.76	17.31	3.54
Commission	6.05	1.18	7.65	1.06

<sup>1</sup> On post-tax basis

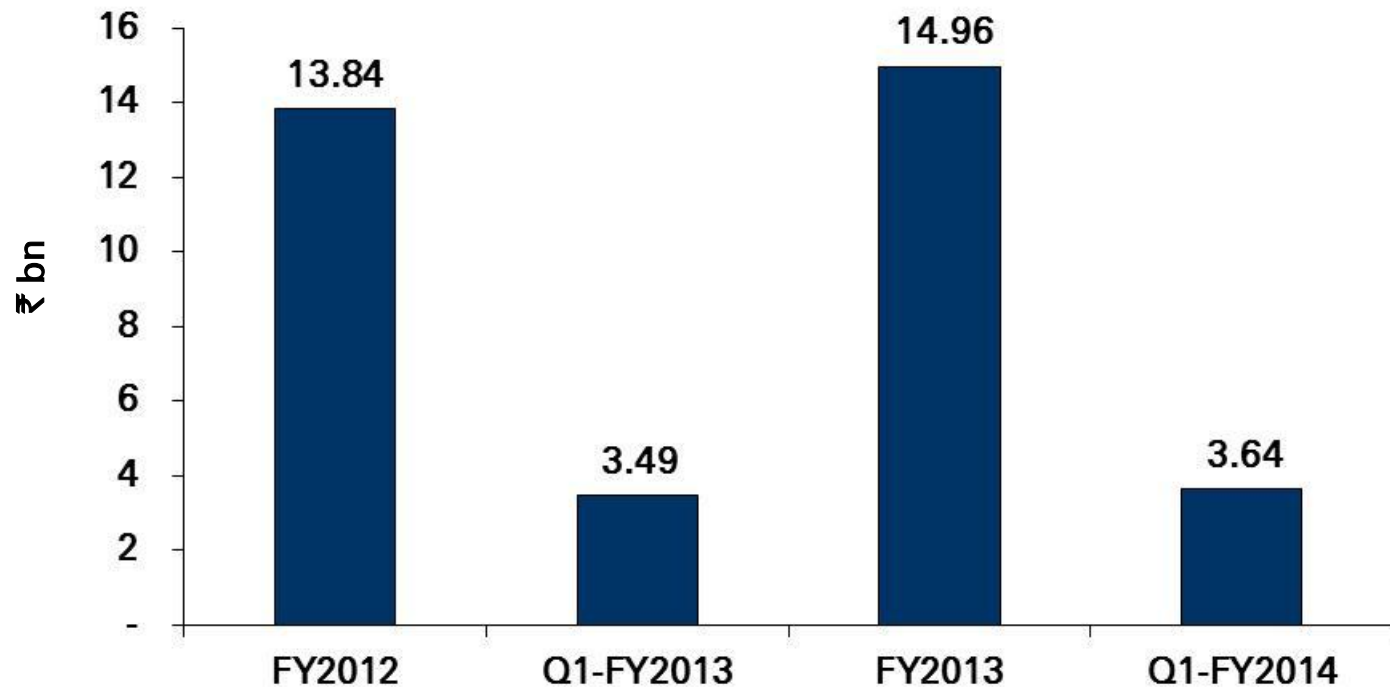
# Annualized premium equivalent (APE)



# Strong financial and capital position

	FY2012	Q1-FY2013	FY2013	Q1-FY2014
Dividend payout (₹ bn)	4.14	1.00	4.84	1.43
Solvency ratio* (%)	371	385	396	404

## Profit after tax

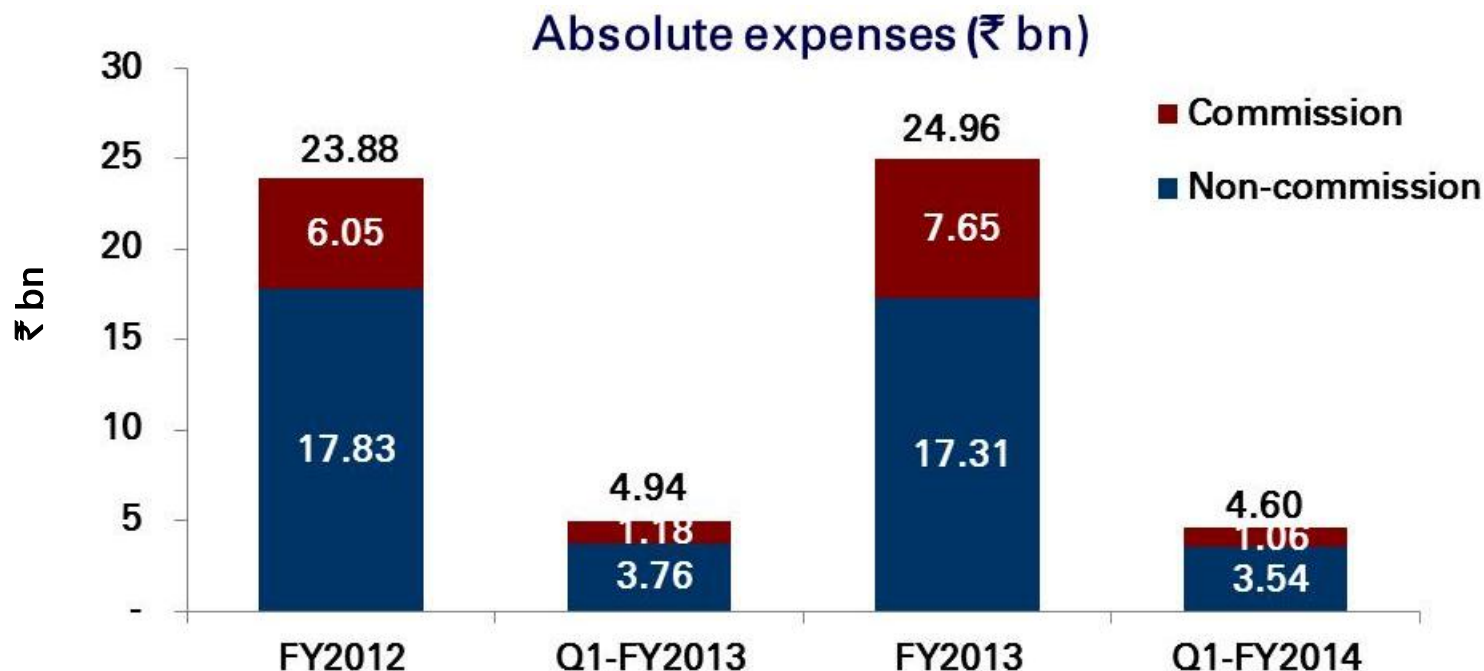


Solvency Ratio =  $\frac{\text{Required Solvency Margin (RSM)}}{\text{Available Solvency Margin (ASM)}}$



# Continued focus on efficiency

Ratios	FY2012	Q1-FY2013	FY2013	Q1-FY2014
Expense ratio (excl. commission)	13.4%	16.6%	13.3%	17.8%
Commission ratio	4.6%	5.2%	5.9%	5.3%
Total expense ratio	17.9%	21.8%	19.2%	23.1%

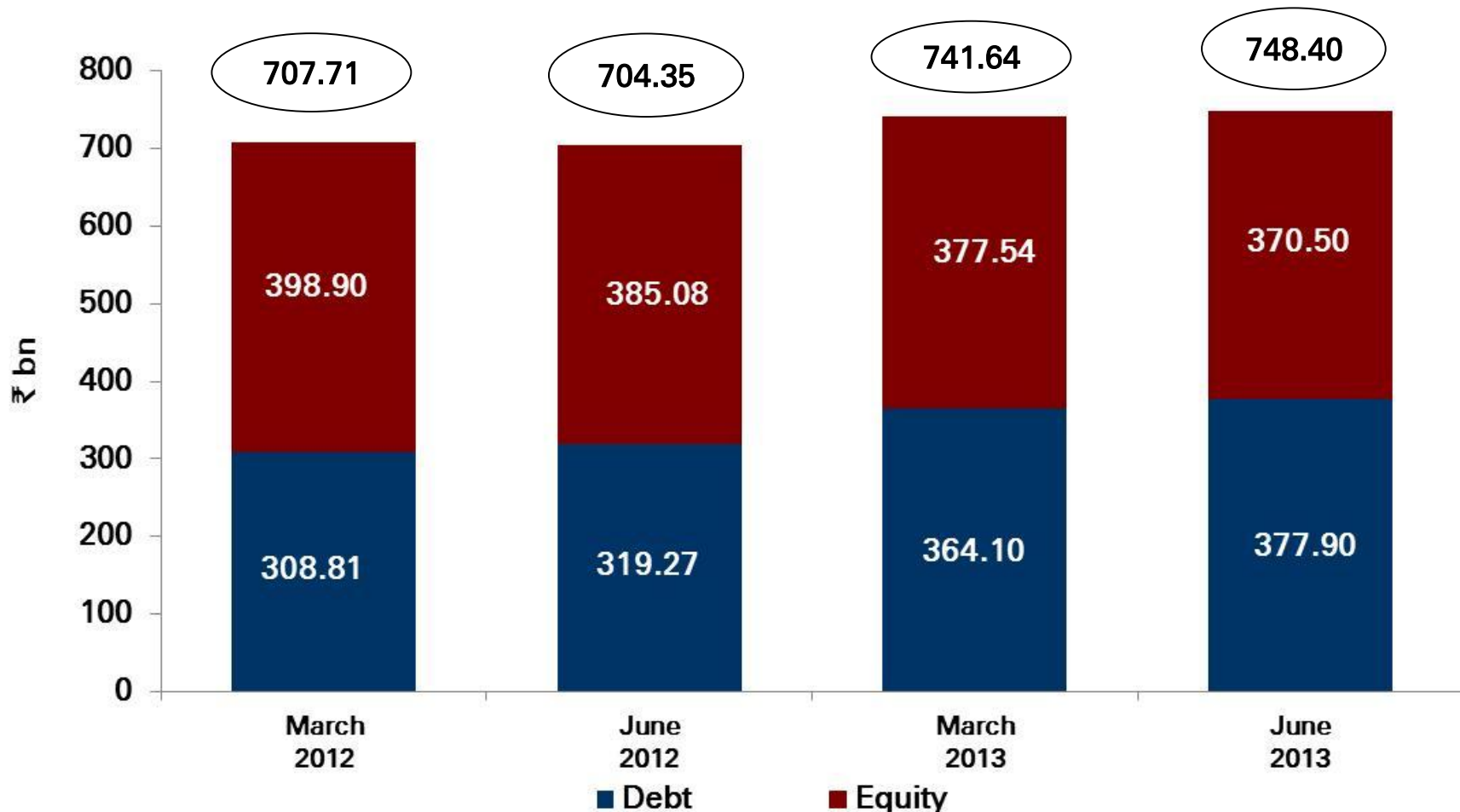


Expense ratio: All insurance expenses (excl. commission) / (Total premium – 90% of single premium)

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

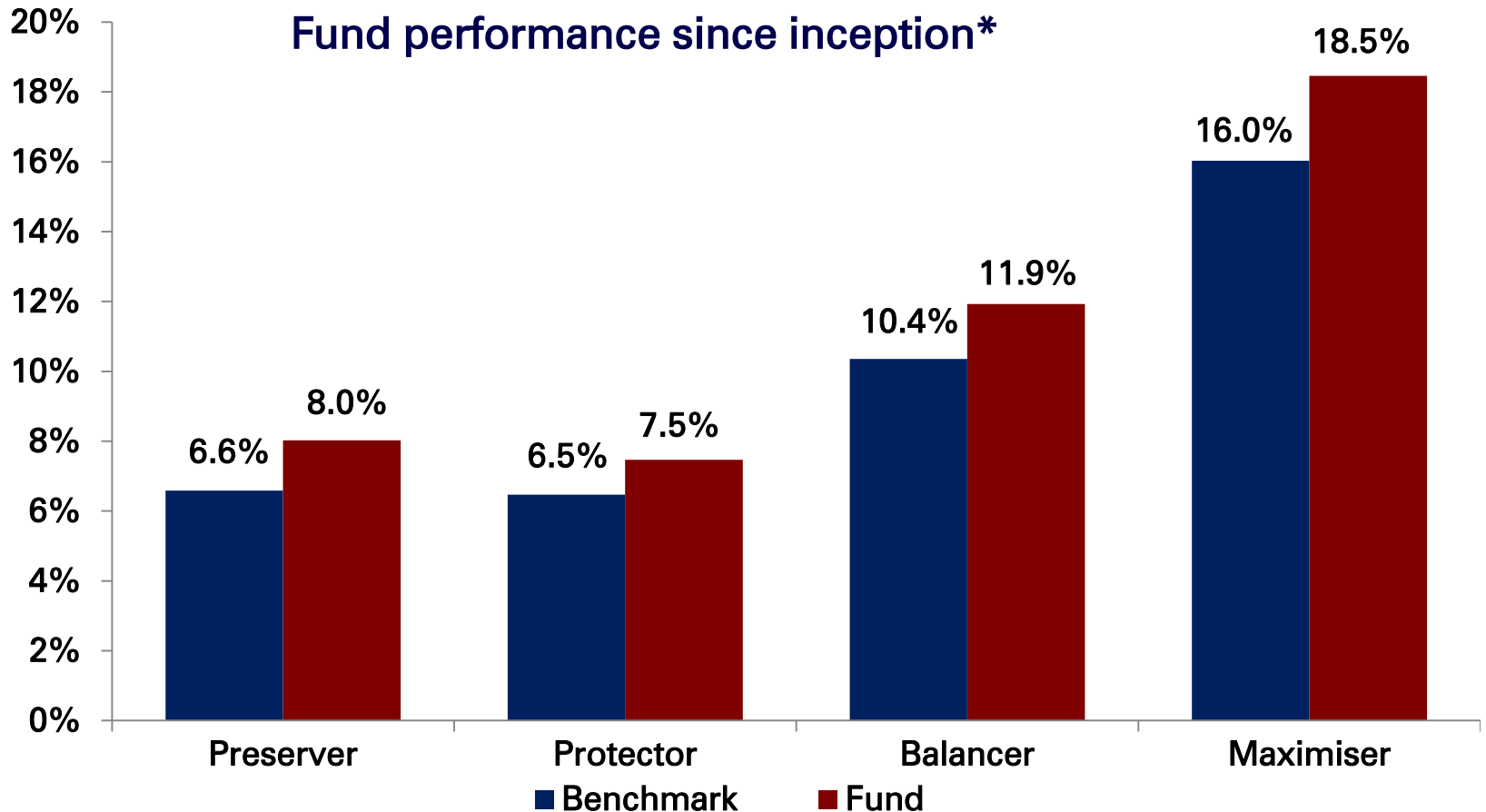
Total Expense ratio: All insurance expenses (incl. commission) / (Total premium – 90% of single premium)

# Robust growth in assets held



Among the largest domestic fund managers

# Superior fund performance



**88 % of the funds have outperformed benchmark since inception\***

Inception Dates:

Preserver Fund: June 28, 2004 Protector Fund: Nov 19, 2001

Balancer Fund : Nov 19, 2001 Maximiser Fund: Nov 19, 2001

\* As on June 30, 2013



# Agenda

---

**Industry overview and outlook**

**Performance update**

**Our strategy**

# Key strategic objective: Profitable growth

---

- 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

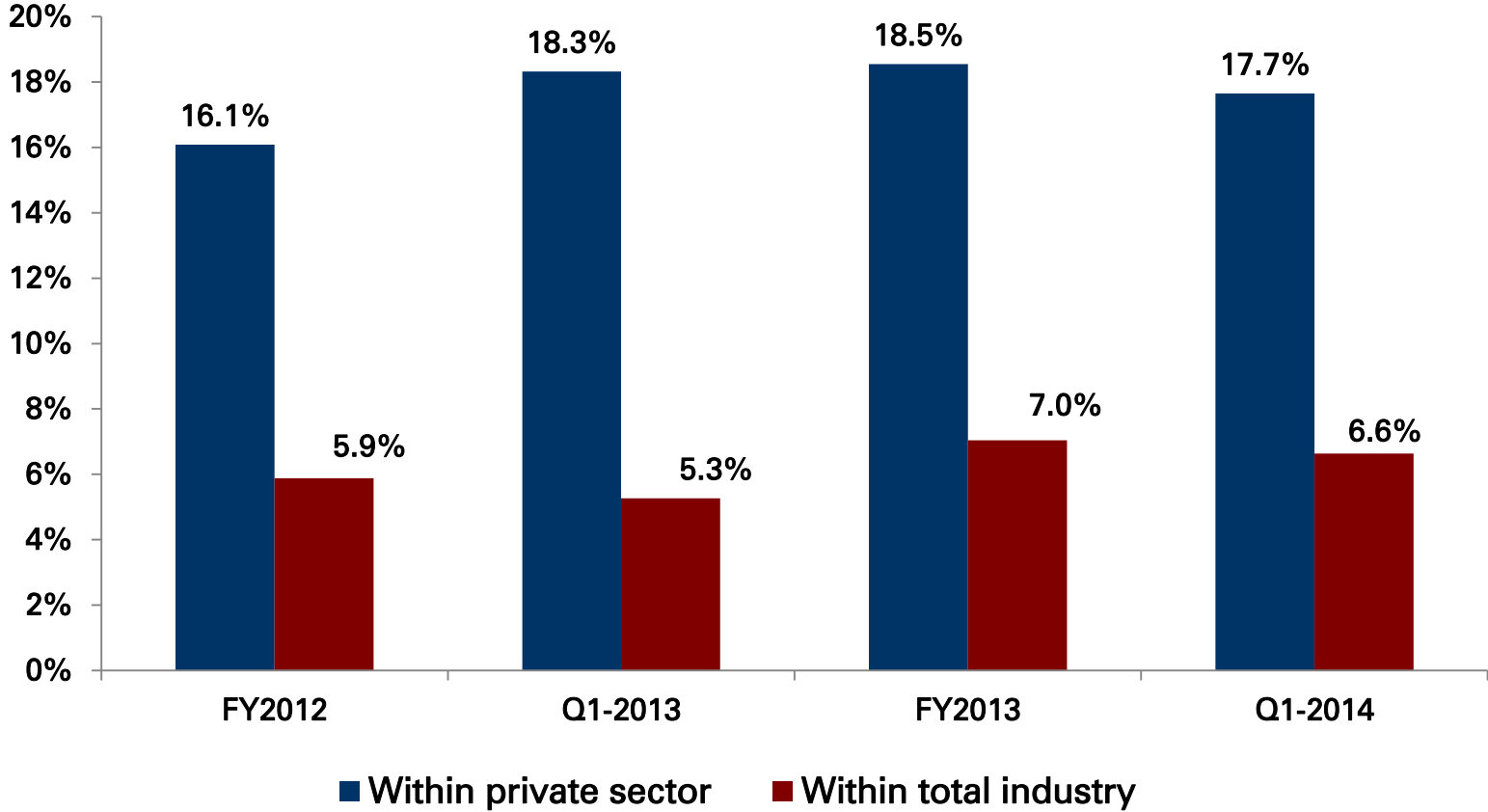
**Robust risk management and control framework**

# Consistent leadership<sup>1</sup>

	FY2002	FY2006	FY2008	FY2010	FY2012	FY2013	Q1-FY2014
1							
2							
3							
4							
5							
6							

<sup>1</sup> On retail weighted received premium basis

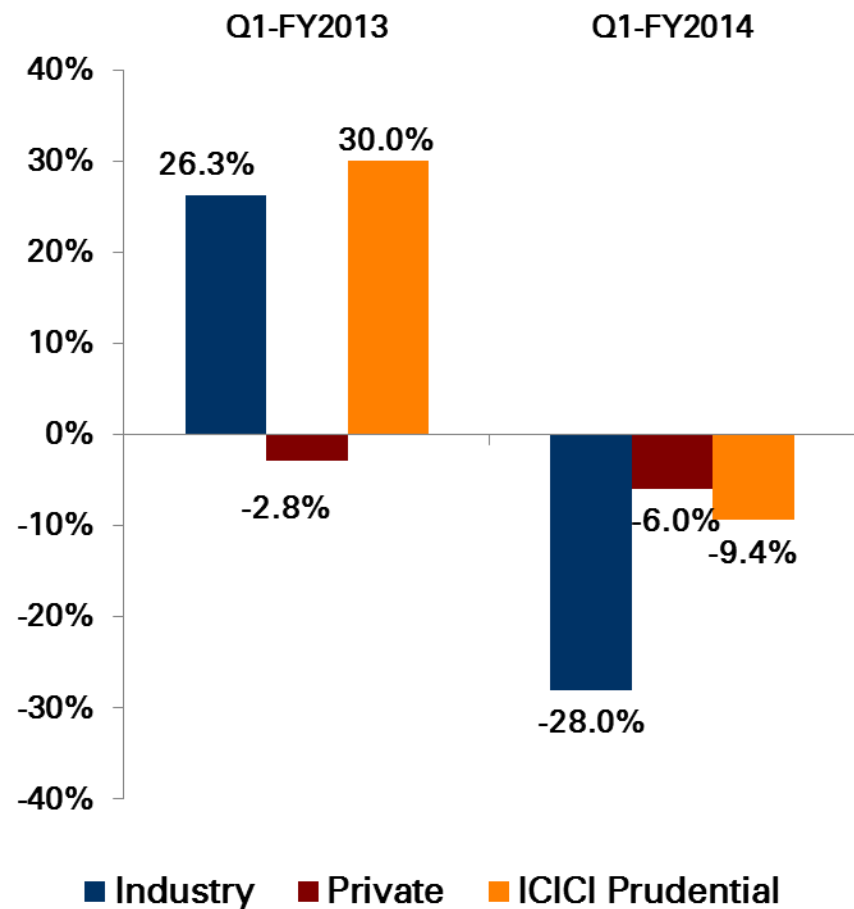
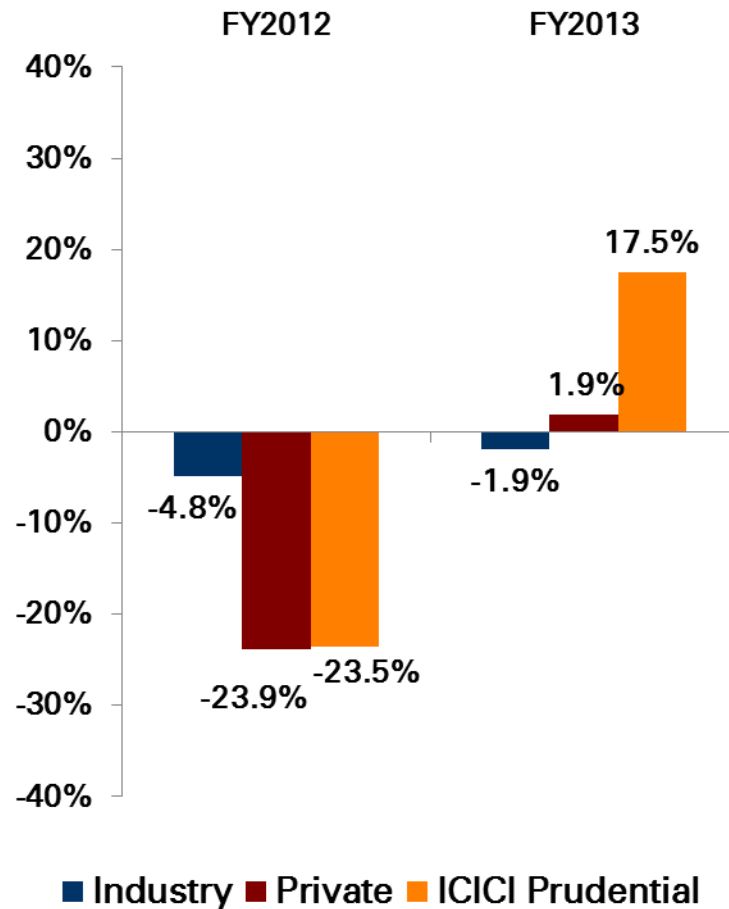
# Market share<sup>1</sup>



<sup>1</sup> Retail weighted received premium basis



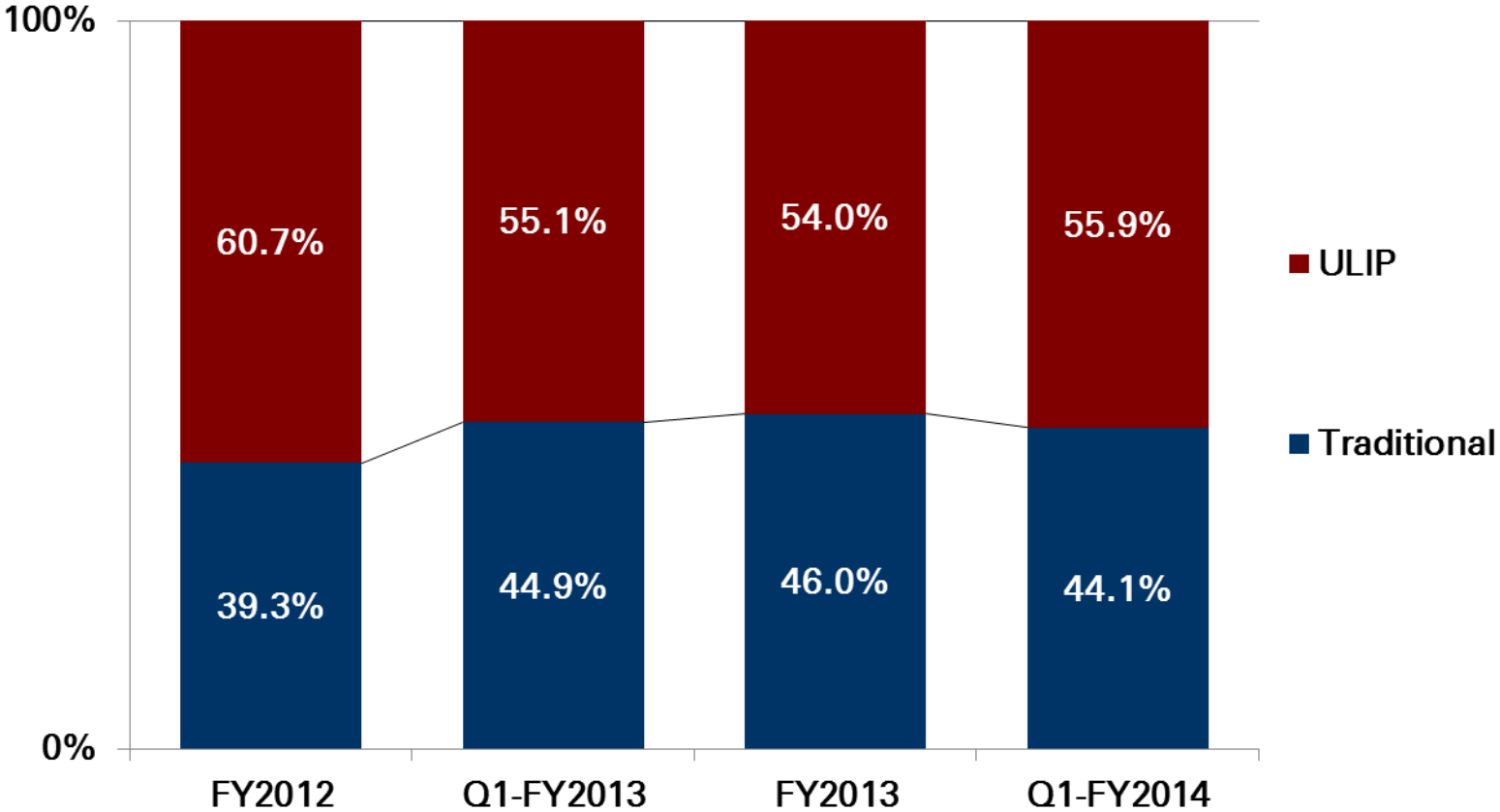
# Growth<sup>1</sup>



<sup>1</sup> Retail weighted received premium basis



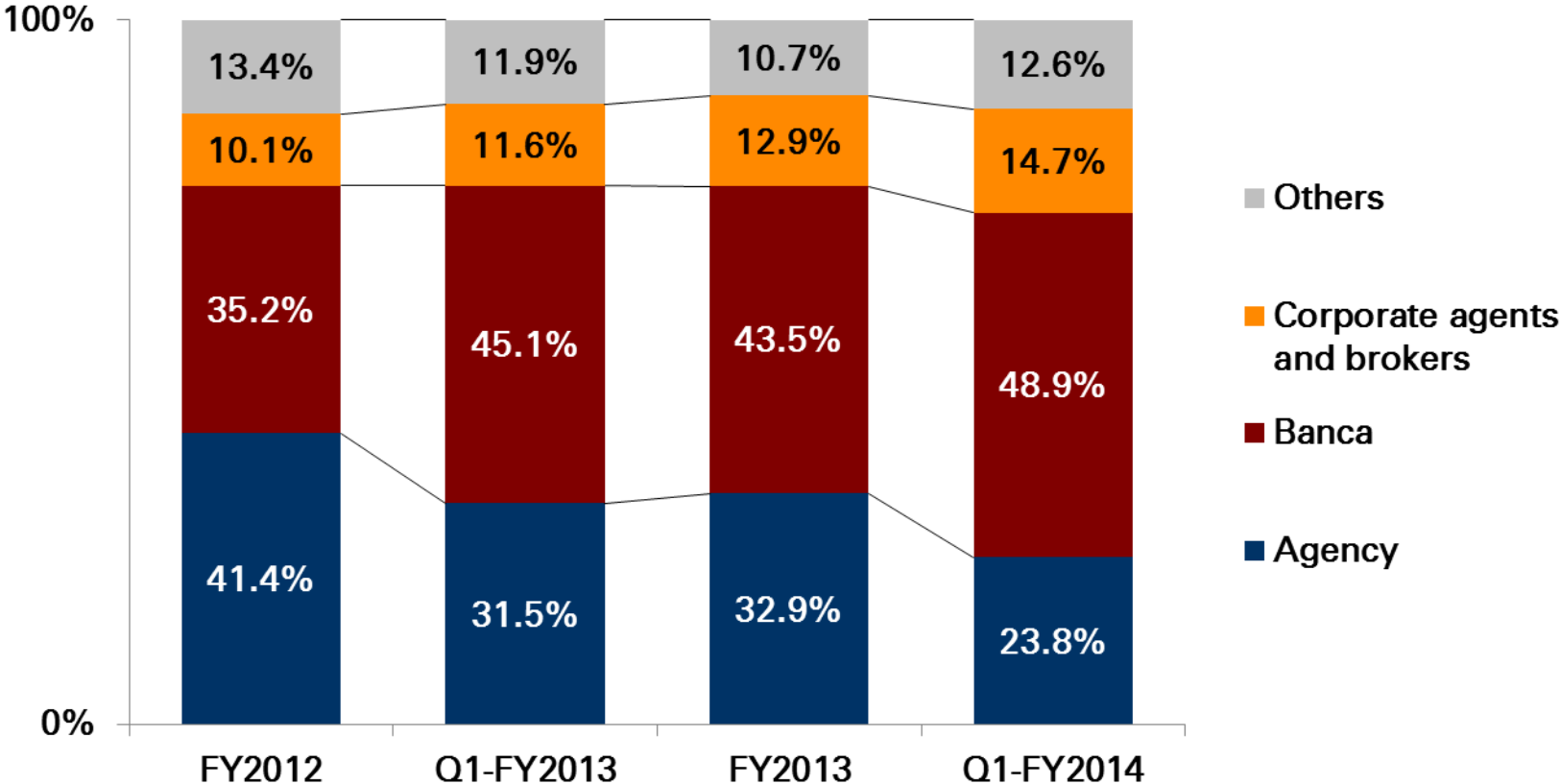
# Balanced product mix<sup>1</sup>



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

<sup>1</sup> Based on Retail APE

# Distribution mix<sup>1</sup>

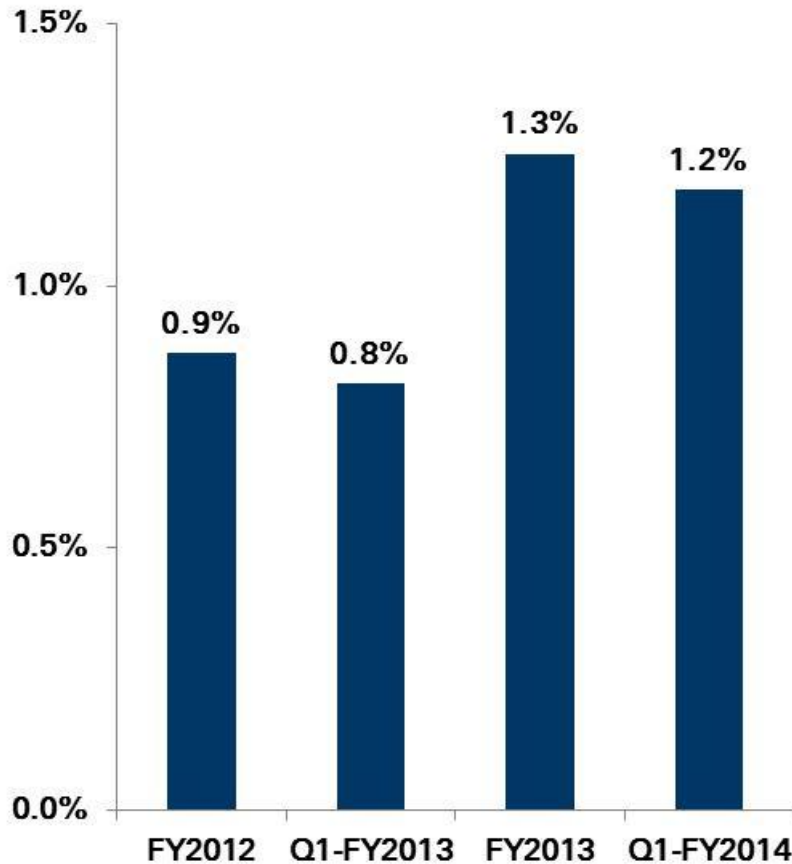


**Multi channel distribution architecture to optimize reach and efficiency**

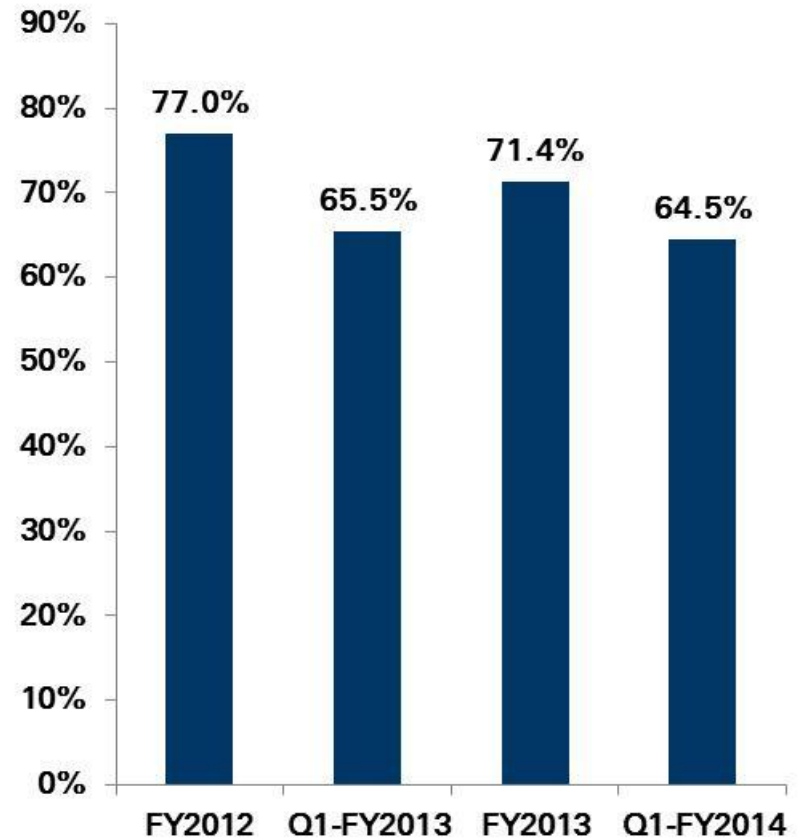
<sup>1</sup> Mix shown on APE basis

# Customer retention

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

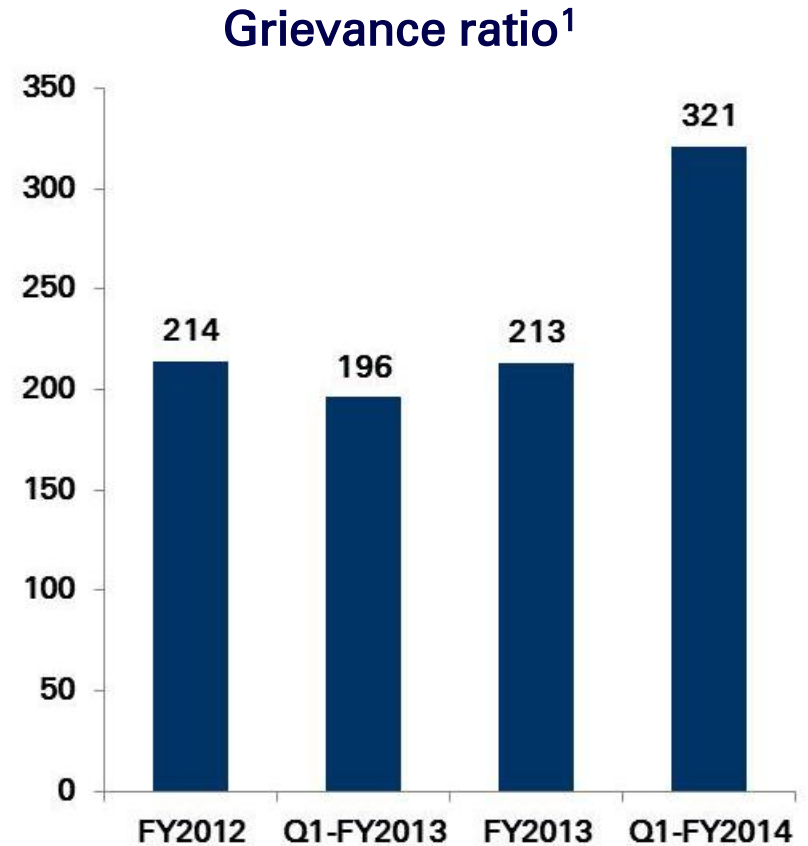
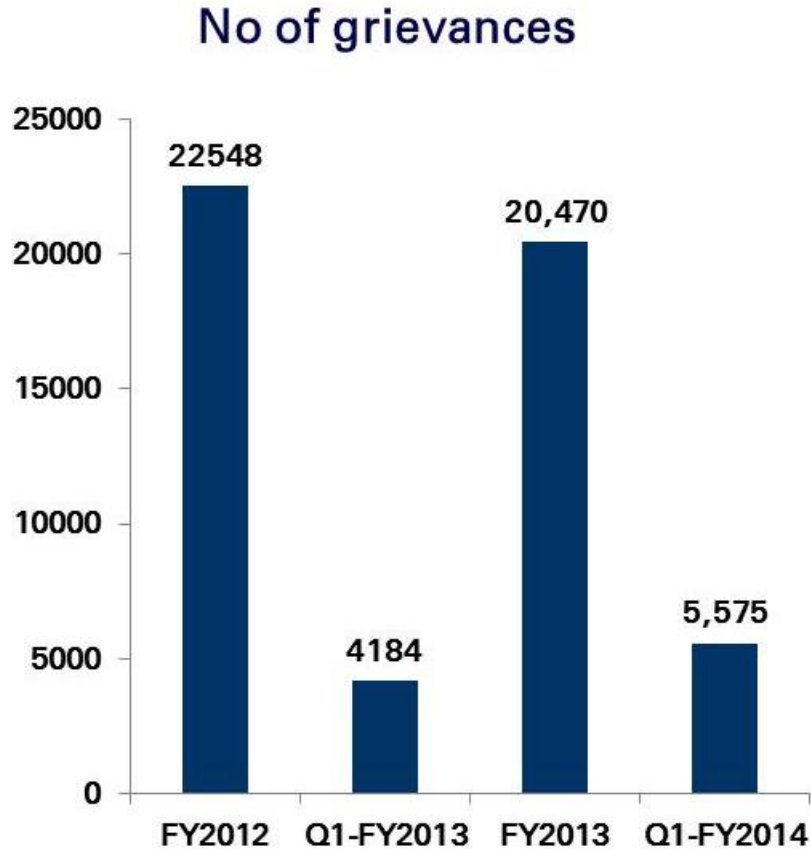


## 13<sup>th</sup> month persistency



1. Average monthly retail surrenders

# Improvement in customer service parameters



**Claims settlement ratio<sup>2</sup> for FY2012: 96.5% - Best in private sector<sup>3</sup>**

1 No of grievances per 10,000 policies issued in the period

2 Claims settled / Total claims volume for the period (ratio is for individual death claims)

3 As per IRDA annual report FY 2012, excluding Edelweiss (100% due to a single claim being settled)

# Digitization initiative

## Context

- Intermediary driven business
- Internet used primarily for research

## Objectives

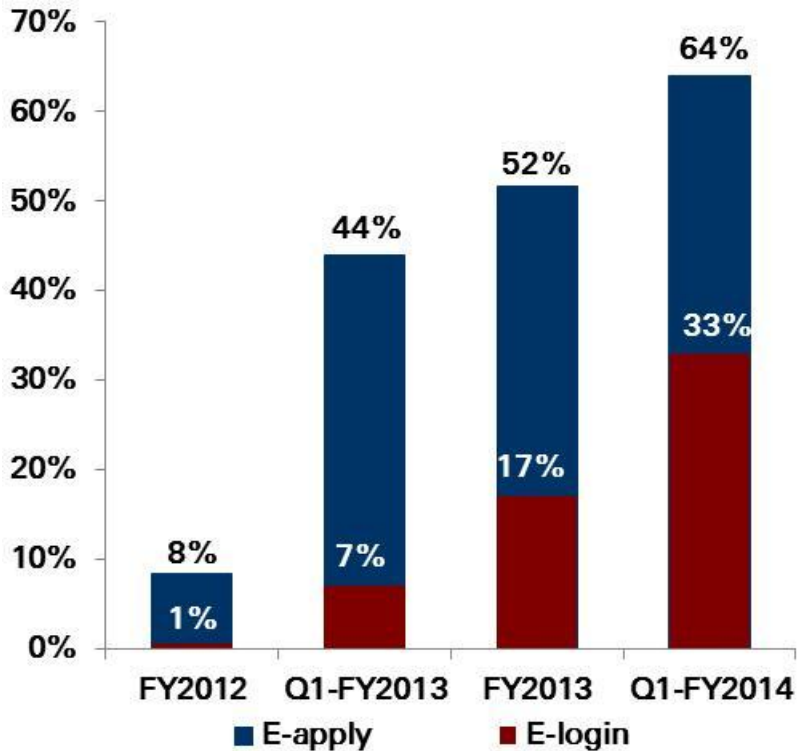
- Structured sales pitch
- Fast and convenient customer onboarding
- Higher sales productivity
- Improved cost efficiency

## Approach

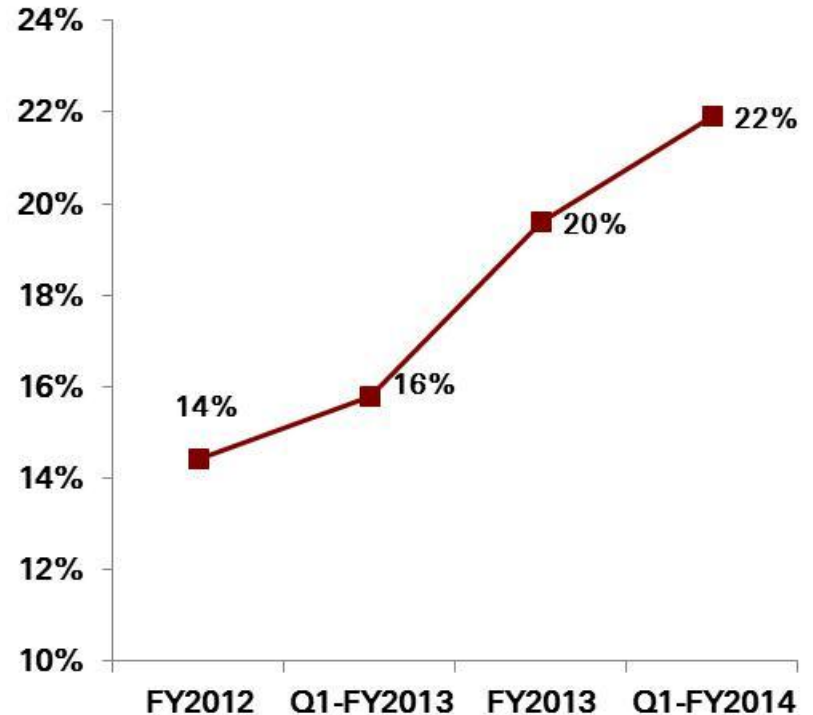
- Device agnostic digital application for distributors
  - Need analysis and product selection
  - Instant decision and OTC issuance
- Smooth paperless buying experience
- Multiple payment options

# Progress in digitization

% Retail APE using digital platform



Share of renewals collected online



**2/3<sup>rds</sup> of all servicing transactions are through self-service modes**

E-apply: New business applications using digital platform  
E-login: New business issuances using digital platform

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

---

Thank you