



**Leadership in life insurance**

**August 2015**

# Agenda

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Industry overview

Outlook

Company strategy and performance

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# Evolution of life insurance industry in India

	FY2002		FY2010		FY2015
Number of players	12		23		24
New business premium <sup>1</sup> (Rs bn)	116	→ 21.5%	550	→ -5.8%	408
Total premium (Rs bn)	501	→ 23.2%	2,655	→ 4.3%	3,277
Assets under management (Rs bn)	2,304	→ 24.0%	12,899	→ 12.7%	23,442
In-force sum assured <sup>2</sup> (Rs bn)	11,812*	→ 15.5%	37,505	→ 16.0%	78,786
In-force sum assured (as % to GDP)	50.1%		57.9%		62.8%
Penetration (as a % to GDP)	2.1%		4.1%		2.6%

1. Retail weighted premium

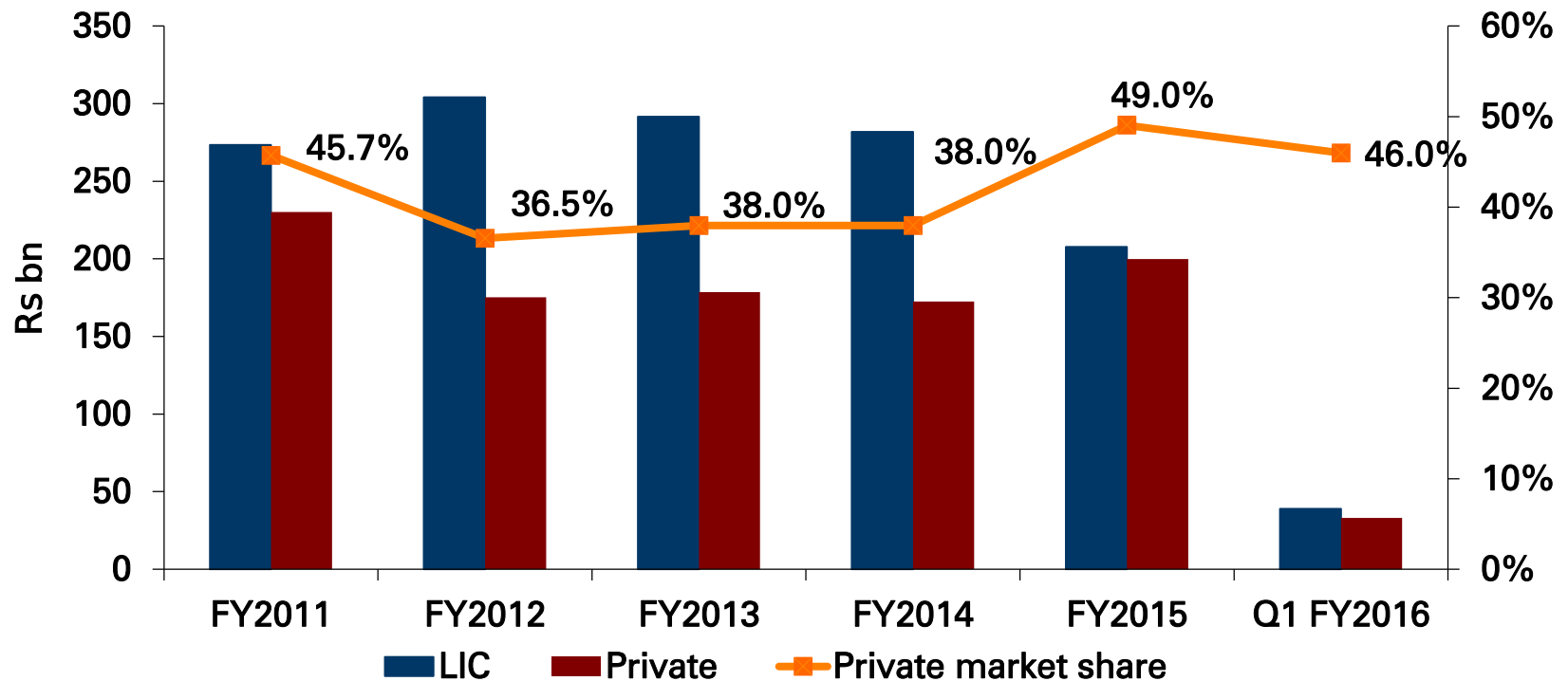
2. Individual and Group in-force sum assured

Source: IRDAI, CSO, Life insurance council

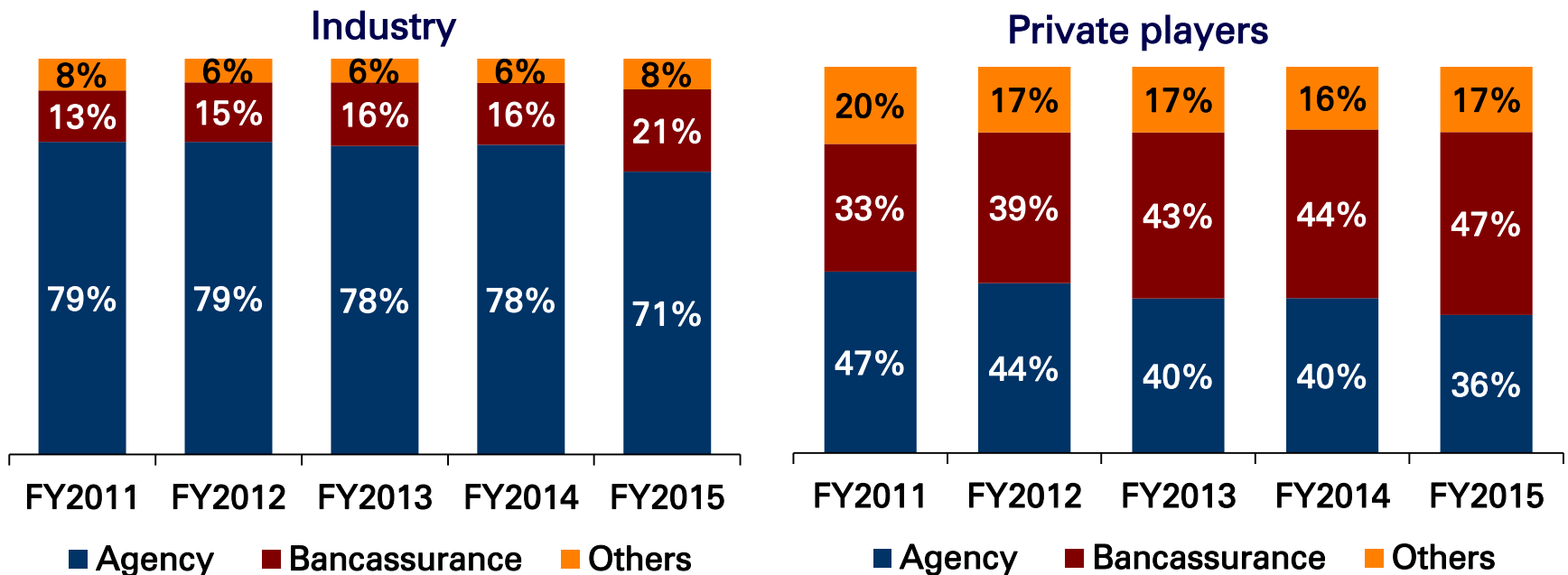
\* Company estimate

# New business<sup>1</sup>: Private players showing strong growth

Growth	FY2012	FY2013	FY2014	FY2015	Q1FY2016
Private	-23.9%	1.9%	-3.4%	15.9%	14.2%
LIC	11.2%	-4.1%	-3.4%	-26.3%	-11.9%
Industry	-4.8%	-1.9%	-3.4%	-10.3%	-1.5%



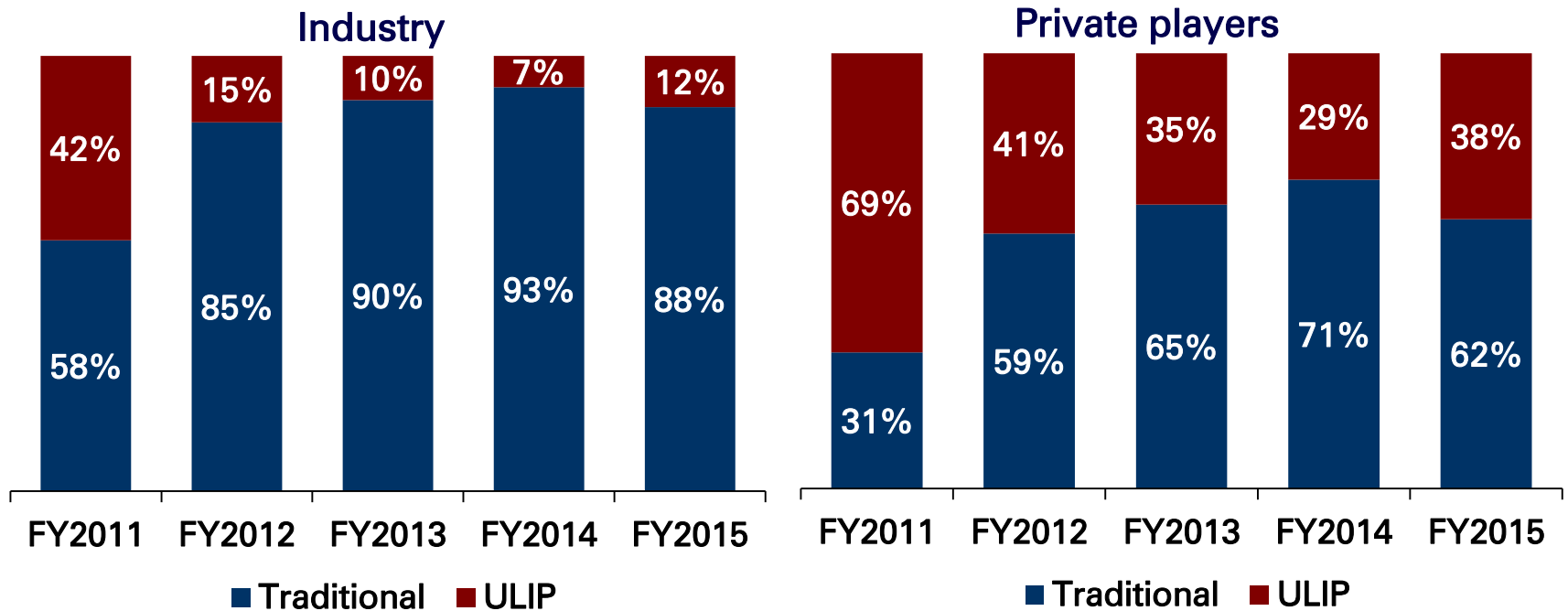
# Bancassurance dominant channel for private players



- Given a well developed banking sector and banks' nationwide presence, bancassurance has gained strategic importance and its share of new business has increased from 33% in FY2011 to 47% in FY2015 among private players
- LIC still remains focused on the agency channel which contributes over 95% of their Individual new business sales

1. Individual new business premium basis  
Source: IRDAI, Public disclosures

# Share of ULIPs on the rise<sup>1</sup>



- **Share of ULIP rising for private players**

- Due to enhanced value proposition
  - Transparent and low charges
  - Lower discontinuous charges upto year 5 and zero surrender penalty after 5 years
  - Choice of asset allocation to match risk appetite of different customer
- Aided by robust macro outlook and strong market performance

1. New business premium basis  
Source: IRDAI, Life insurance council

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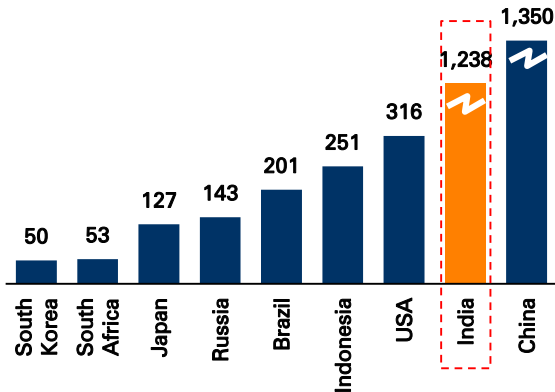
Company strategy and performance



# Favourable demography to drive macro growth

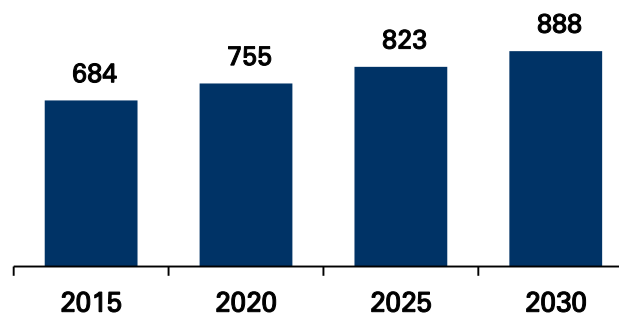
## Large and Growing Population Base<sup>1</sup>

2013 Population (mn)



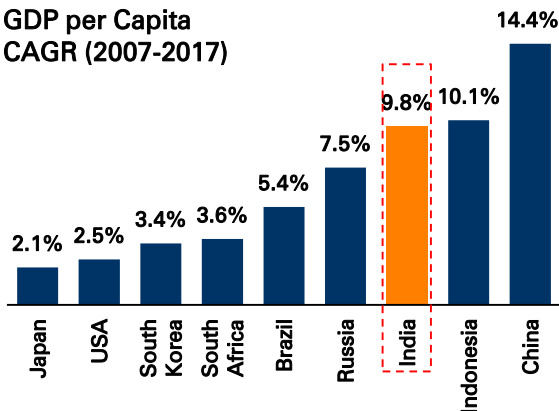
## High Share of Working Population<sup>2</sup>

Population of age > 25 years (in mn)

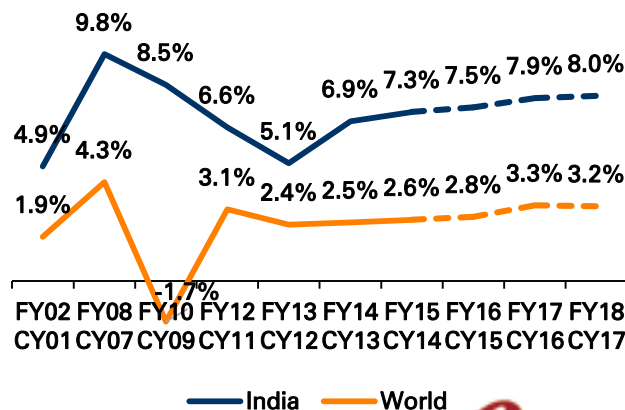


## Rising Affluence<sup>1</sup>

GDP per Capita CAGR (2007-2017)



## Driving GDP Growth<sup>3</sup>



- Indian economy poised to head towards sustained growth fuelled by favourable demographics, rising middle class, and high savings & investment rate
- Total premium written by the insurance industry has outpaced the GDP growth rate over the period of FY2002-FY2014

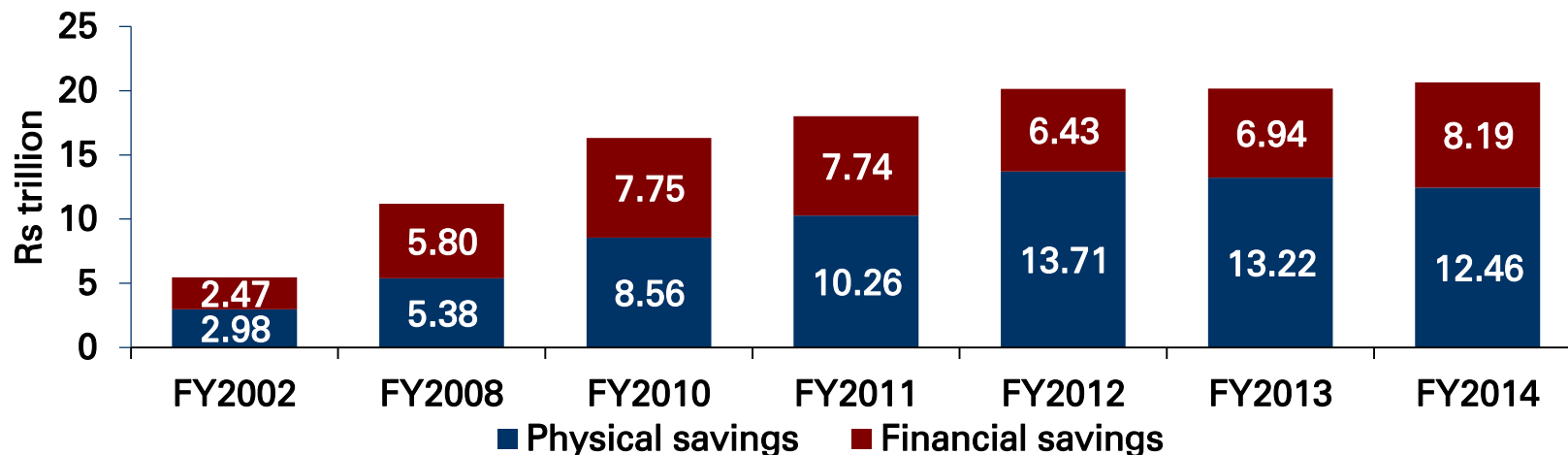
1. Source: EIU

2. Source: UN population division 2013 release

3. Source: World bank database

# Financial savings headed toward a rebound

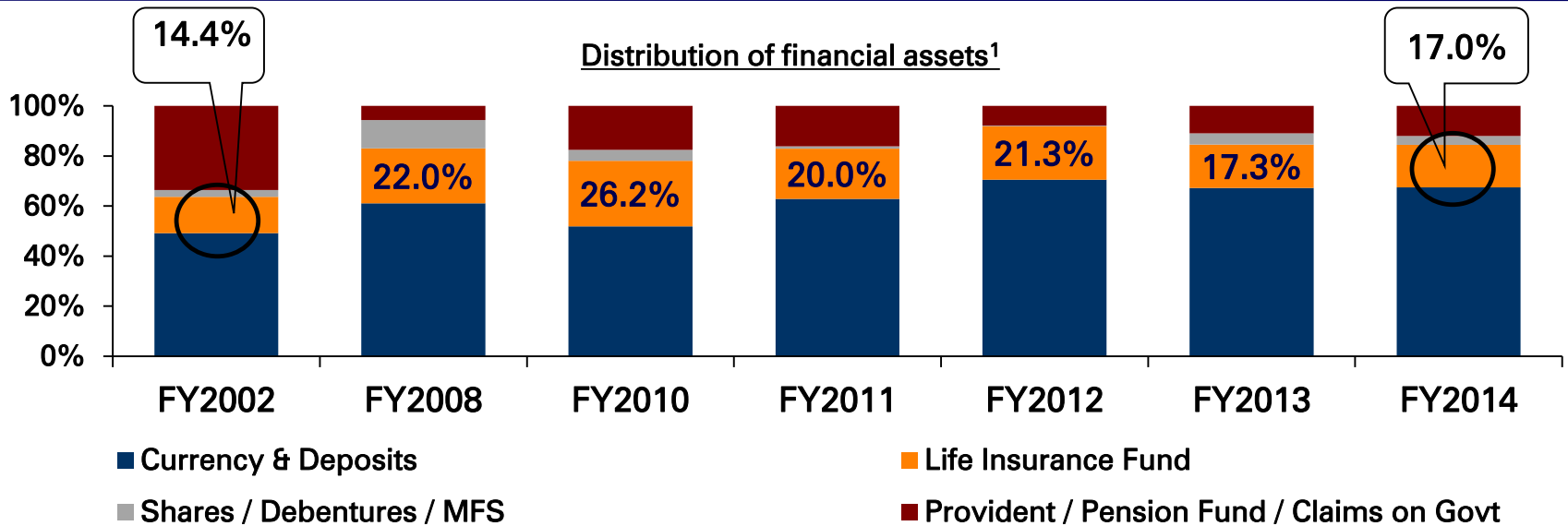
Financial year	2002	2008	2010	2011	2012	2013	2014
Financial savings / GDP	10.5%	11.6%	12.0%	9.9%	7.3%	7.0%	7.2%
Household savings / GDP	23.2%	22.4%	25.2%	23.1%	22.8%	20.2%	18.2%



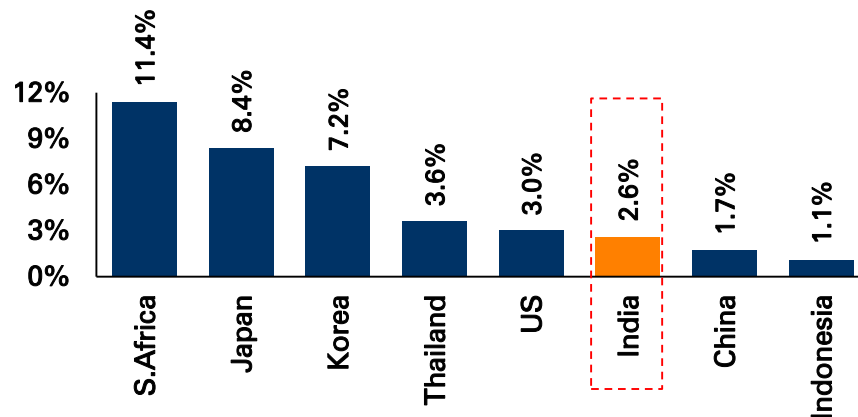
- India has a strong habit of saving and has a high savings rate of 30%<sup>1</sup>
- Part of physical savings shifting to financial savings

1. Gross savings / Gross national disposable income for FY2014  
Source: CSO

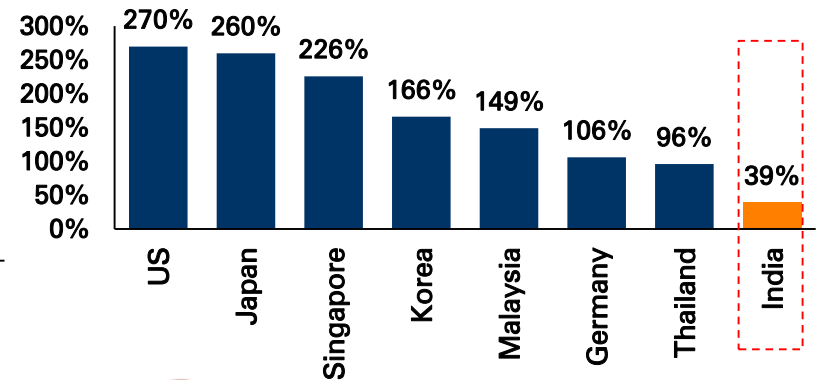
# Share of insurance in financial savings expected to rise



**Penetration (Premium / GDP)<sup>2</sup>**



**Sum Assured as % of GDP<sup>3</sup>**



1. Source: Reserve Bank of India

11 2. Source: Swiss Re - World insurance in 2014

3. Source: McKinsey analysis 2013;

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**Industry overview**

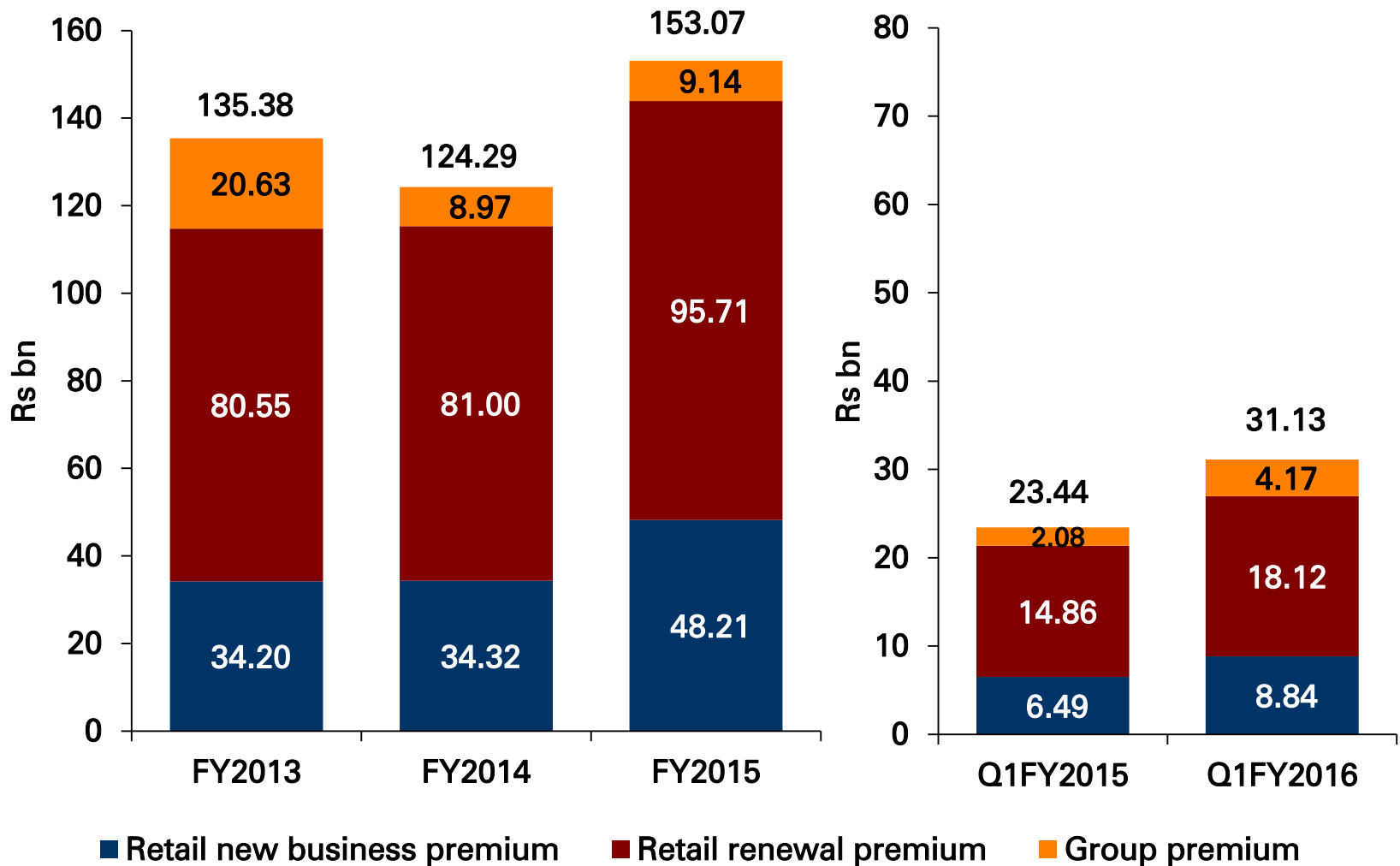
**Outlook**

**Company strategy and performance**

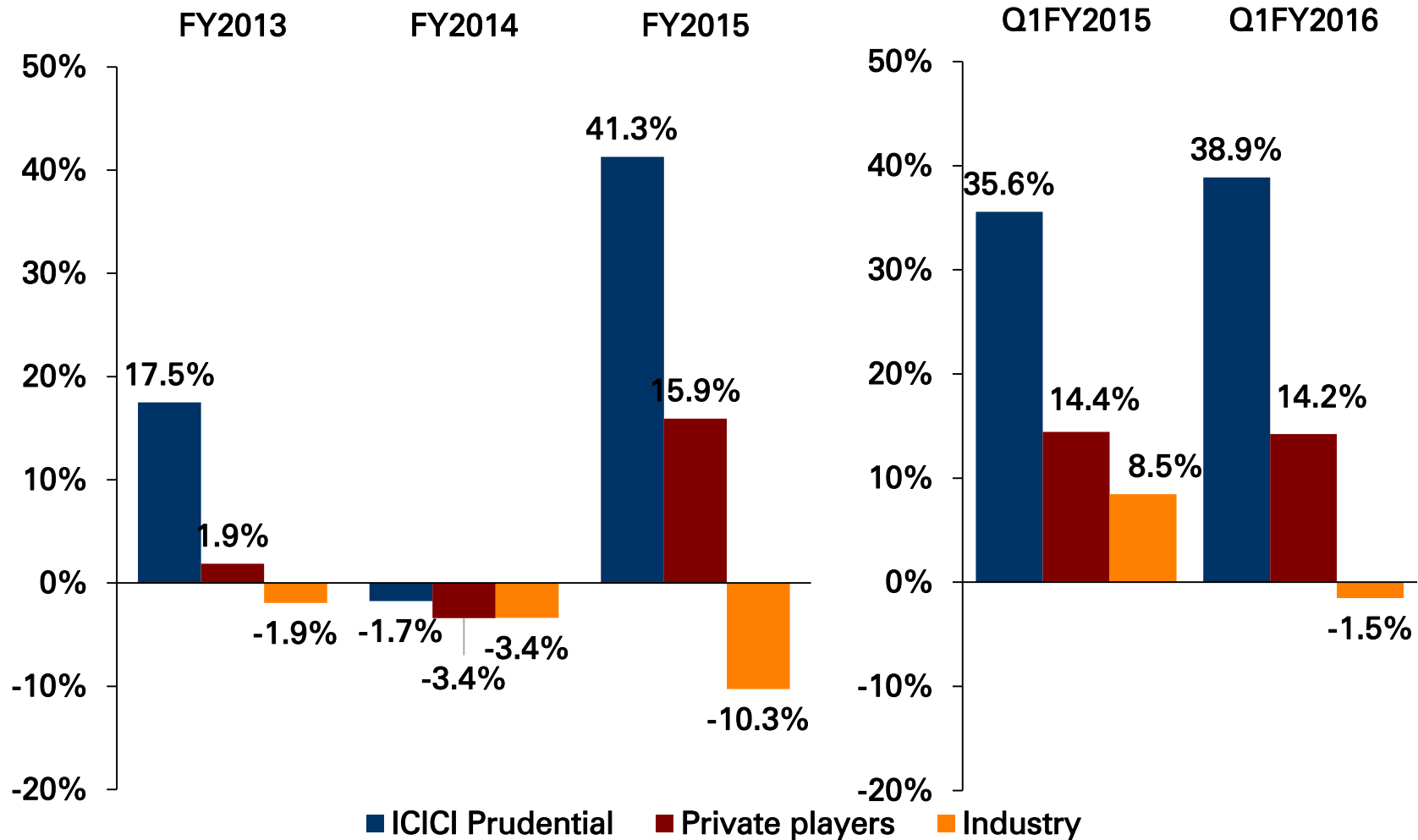
# Strategy: Market leadership + Profitable growth

Customer centricity	Distribution	Sustainability
<ul style="list-style-type: none"><li>● Superior value to customers through better products</li><li>● Superior risk adjusted fund performance</li><li>● Smooth on-boarding and service experience</li></ul>	<ul style="list-style-type: none"><li>● Multi-channel approach</li><li>● Micro market strategies leading to Geographic leadership</li><li>● Digital platform to expand distribution capacity and improve productivity</li></ul>	<ul style="list-style-type: none"><li>● Improve cost efficiency</li><li>● Better persistency and surrender control</li><li>● Robust risk management and control process</li></ul>

# Premium summary



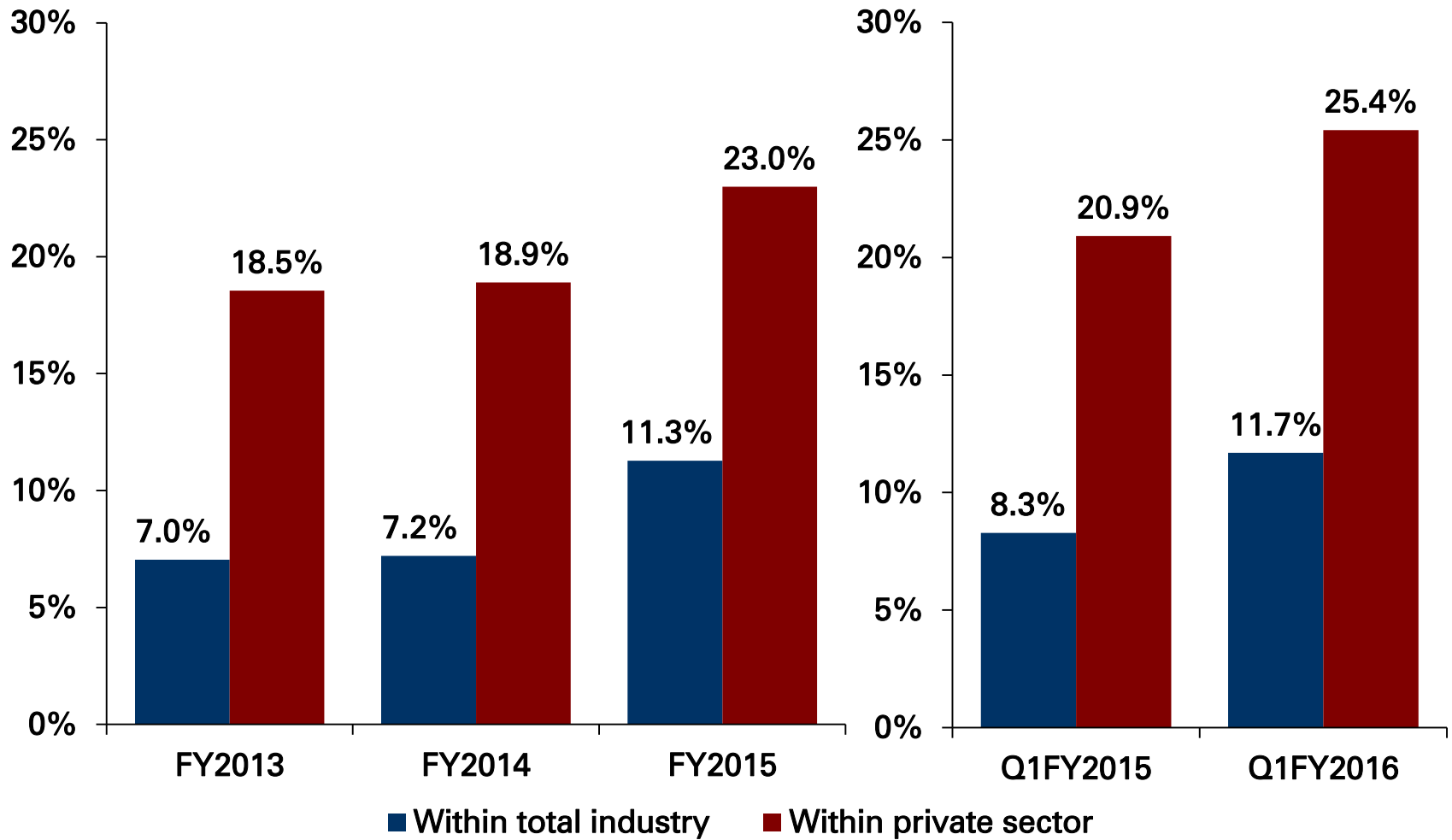
# Consistently outperforming industry growth<sup>1</sup>



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



# Gaining market share<sup>1</sup>



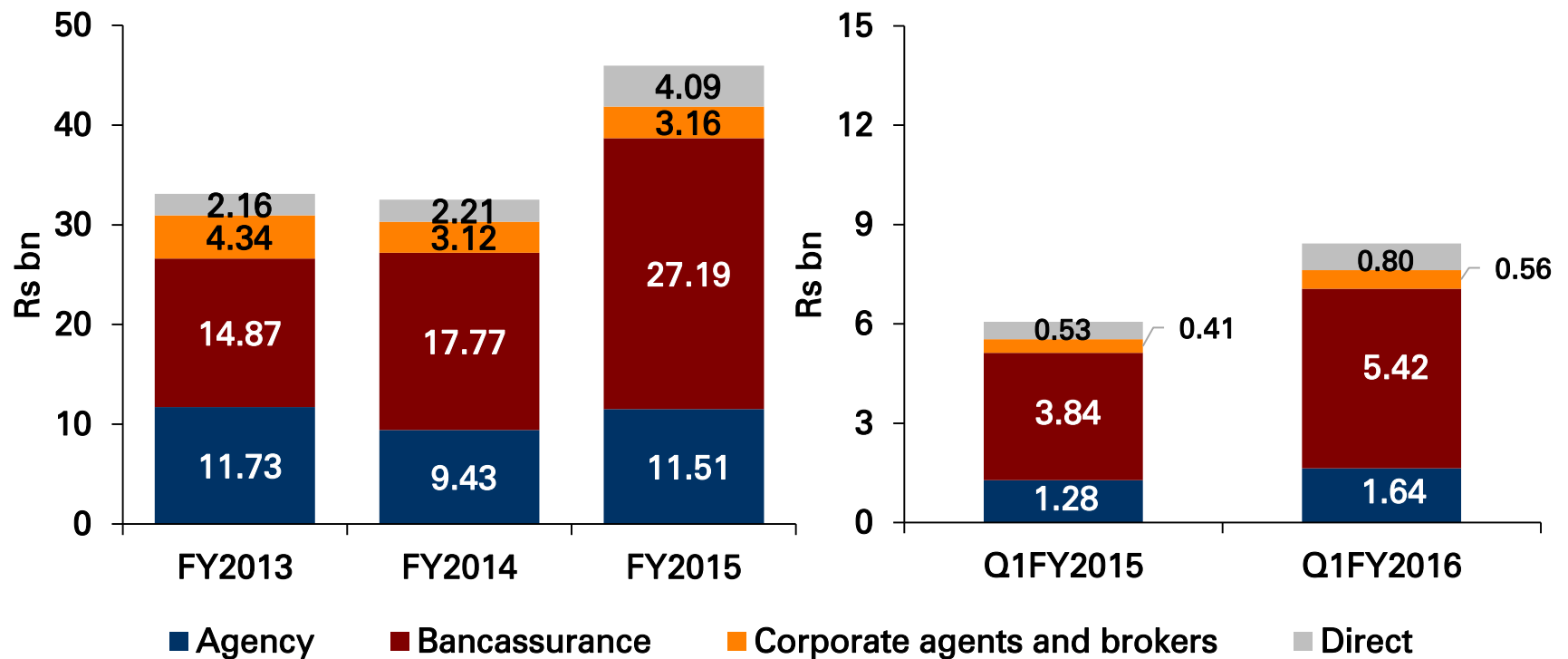


# Consistent leadership<sup>1</sup>

	FY2002	FY2006	FY2010	FY2013	FY2014	FY2015	Q1FY2016
1							
2							
3							
4							
5							
6							

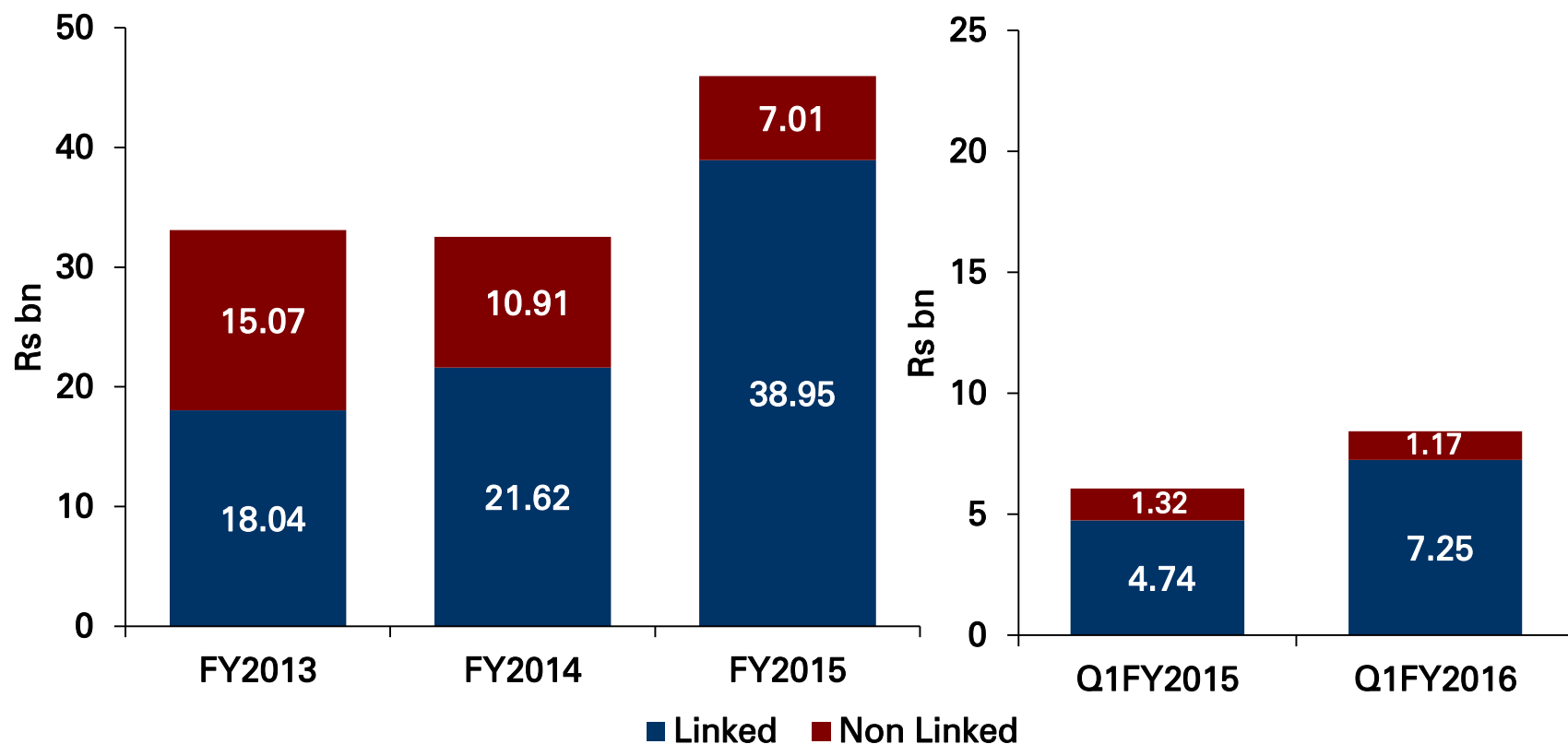
# Channel mix

Channel Mix <sup>1</sup>	FY2013	FY2014	FY2015	Q1FY2015	Q1FY2016
Agency	35.4%	29.0%	25.0%	21.2%	19.5%
Bancassurance	44.9%	54.6%	59.2%	63.3%	64.4%
Corporate agents and brokers	13.1%	9.6%	6.9%	6.8%	6.7%
Direct	6.5%	6.8%	8.9%	8.8%	9.5%



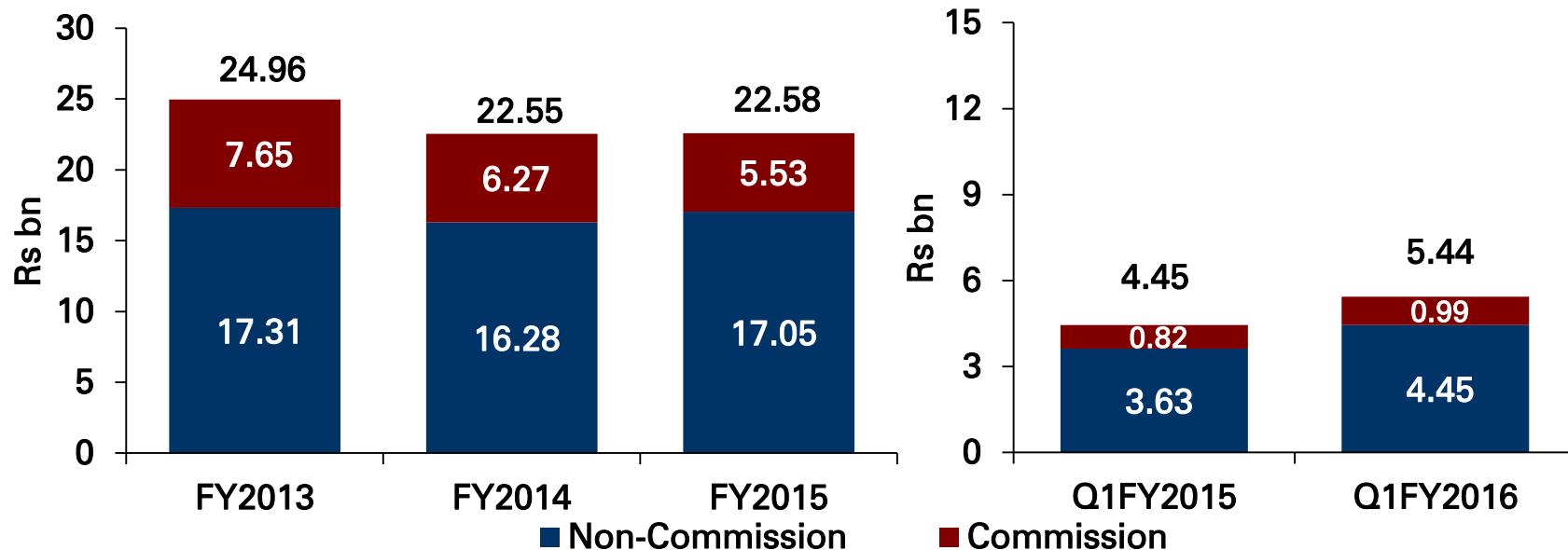
# Product mix

Product mix <sup>1</sup>	FY2013	FY2014	FY2015	Q1FY2015	Q1FY2016
Linked	54.5%	66.5%	84.8%	78.2%	86.1%
Non Linked	45.5%	33.5%	15.2%	21.8%	13.9%



# Cost efficiency

Rs bn	FY2013	FY2014	FY2015	Q1FY2015	Q1FY2016
Cost to RWRP <sup>1</sup>	75.4%	69.3%	49.1%	73.3%	64.5%
Expense ratio (excl. commission) <sup>2</sup>	13.3%	13.6%	11.7%	16.6%	16.1%
Commission ratio <sup>3</sup>	5.9%	5.2%	3.8%	3.8%	3.6%
Total expense ratio <sup>4</sup>	19.2%	18.8%	15.4%	20.4%	19.6%
Cost / Average AUM <sup>5</sup>	3.4%	2.9%	2.5%	2.1%	2.2%



1. All insurance expenses including commission / Retail weighted received premium

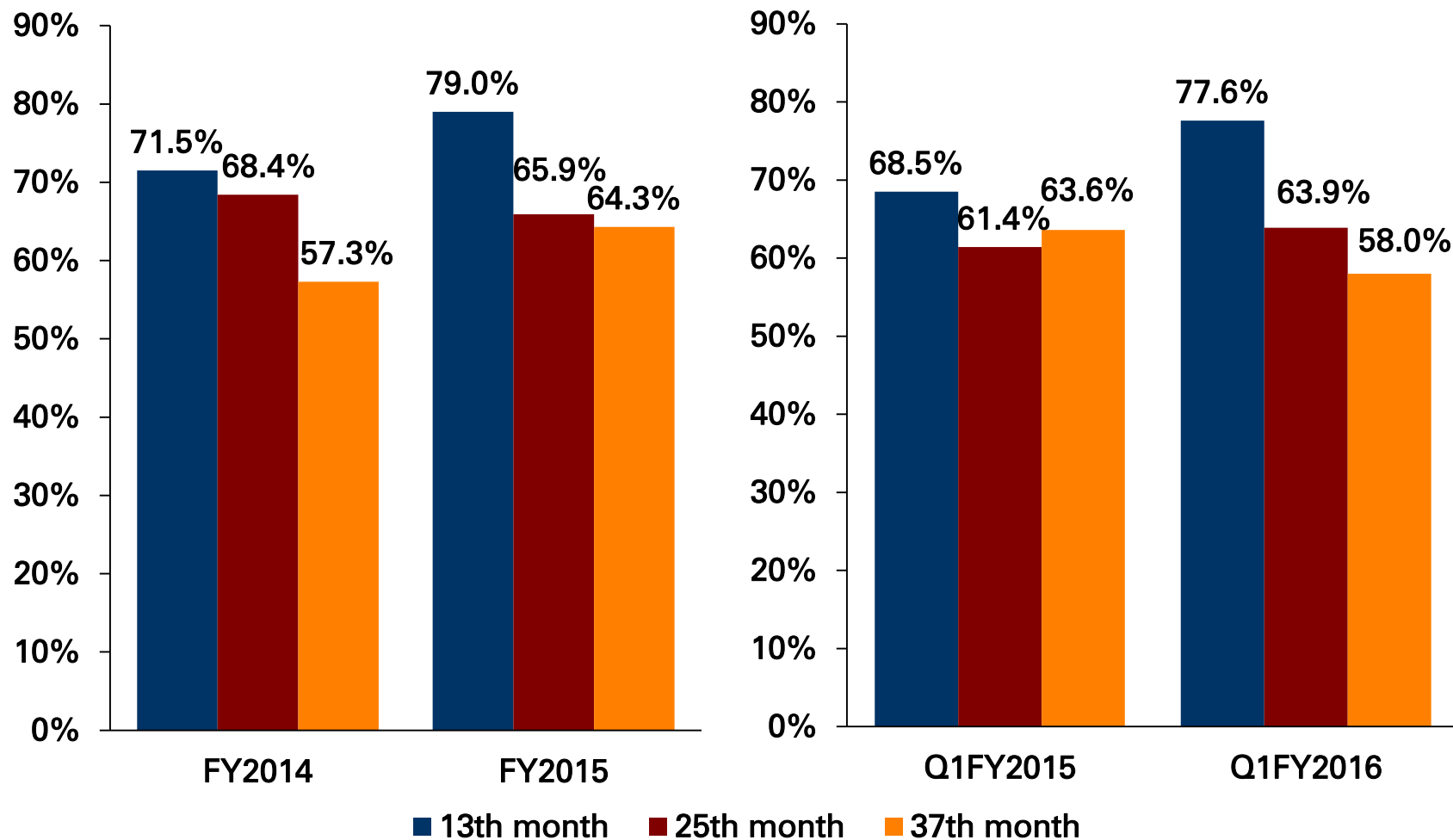
2. Expense ratio: All insurance expenses (excl. commission) / (Total premium – 90% of single premium)

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

4. Total Expense ratio: Cost / (Total premium – 90% of single premium)

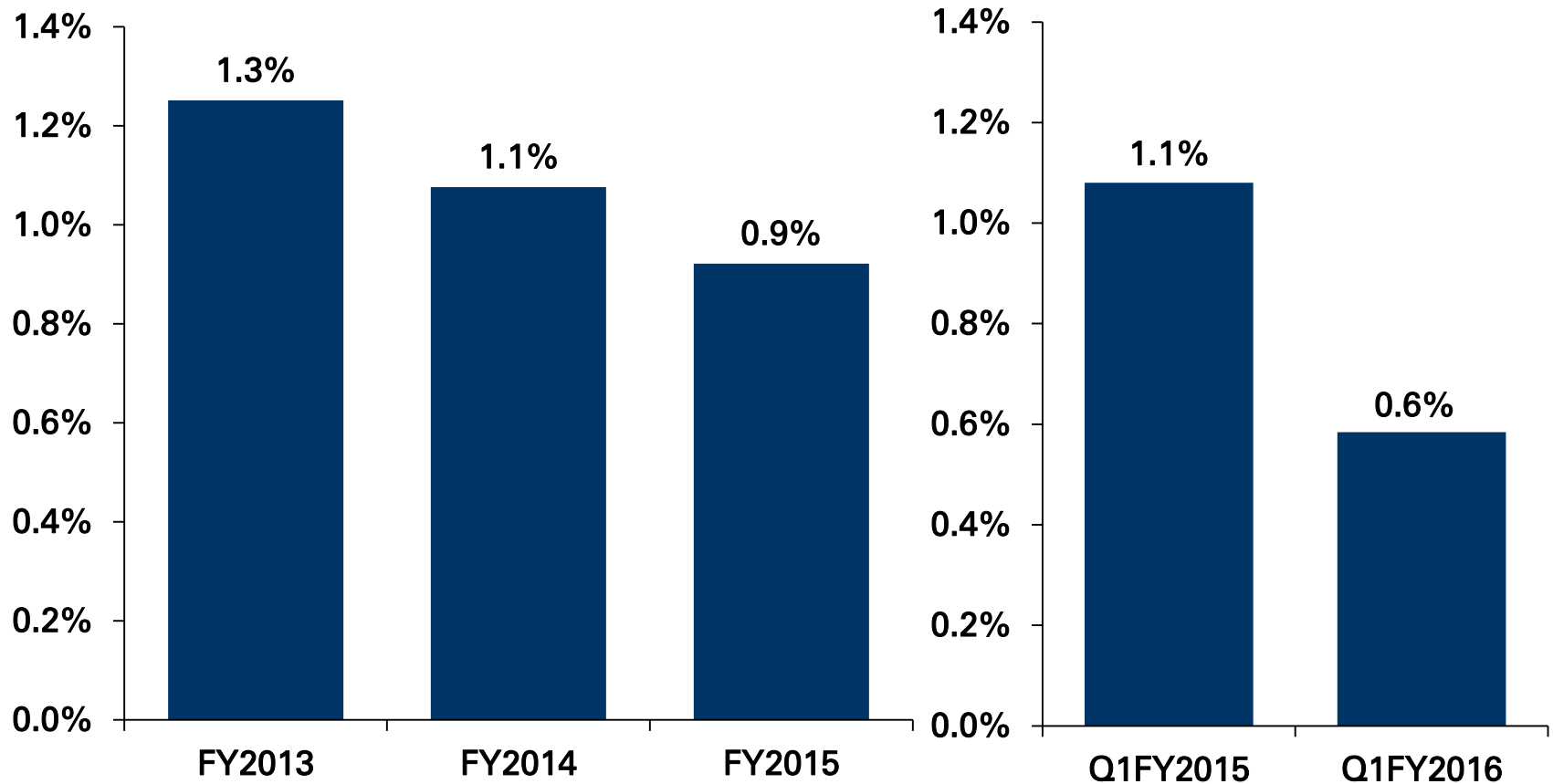
5. Annualized cost / Average assets under management held during the period

# Persistency<sup>1</sup>



# Surrender

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



# Customer service: Q1FY2015

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- 95% of the new business applications initiated using the digital platform<sup>1</sup>
- 55% of renewal premium payment through website and electronic modes<sup>2</sup>
- 67% of the service transactions processed through website, SMS and IVRS
- 92% of payouts through electronic mode
- Grievance ratio<sup>3</sup> stood at 224
- 93.8% claims settlement ratio<sup>4</sup> for FY2015
- 98% of claims settled within 15 days<sup>5</sup> during FY2015

1. Weighted first premium (WFP) basis

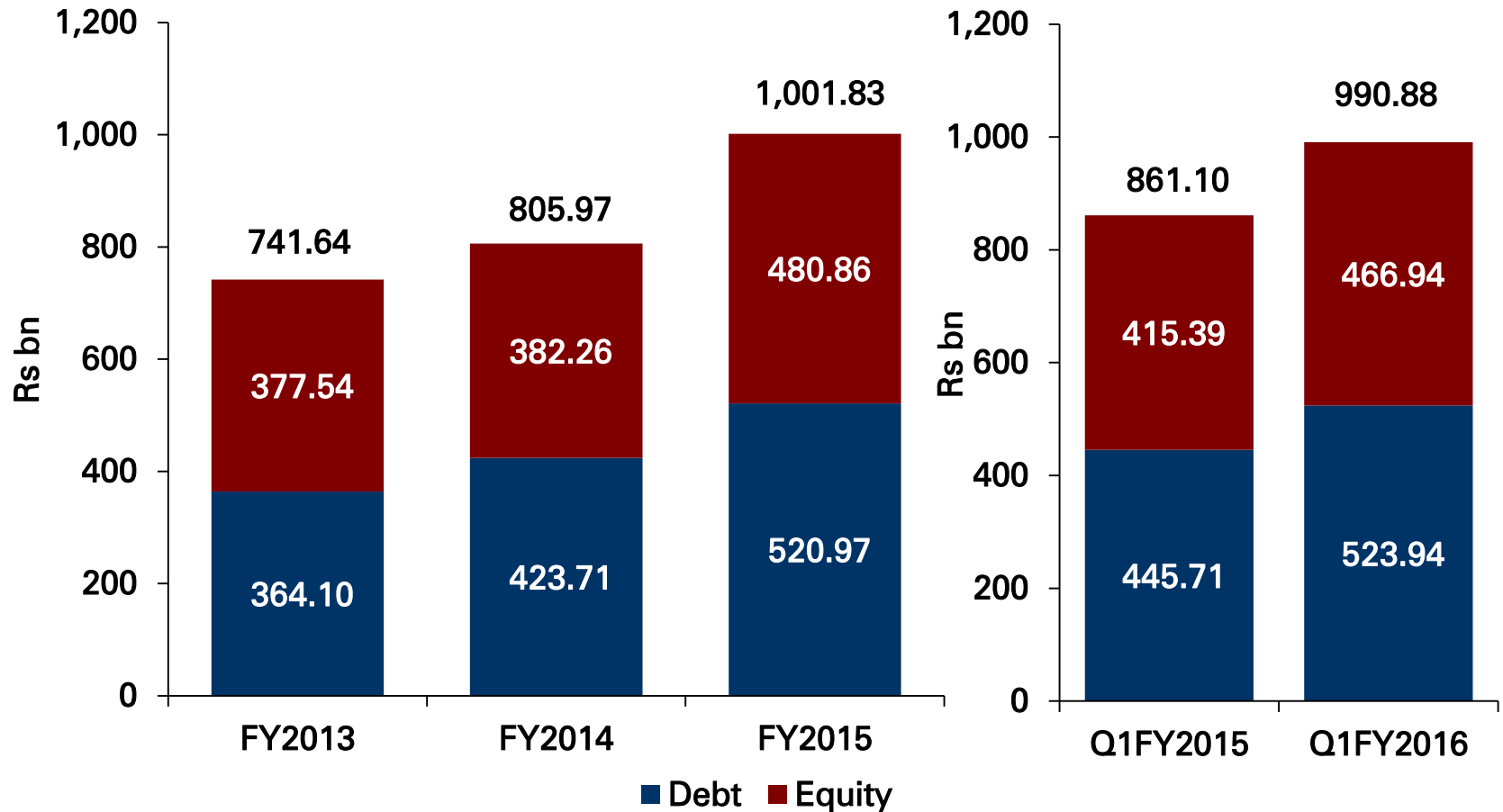
2. Standing instructions and online transactions

3. Number of grievances per 10,000 polices

4. Number of claims settled / (Number of claims intimated + claims outstanding)

5. Non investigative cases; based on calendar days

# Assets under management

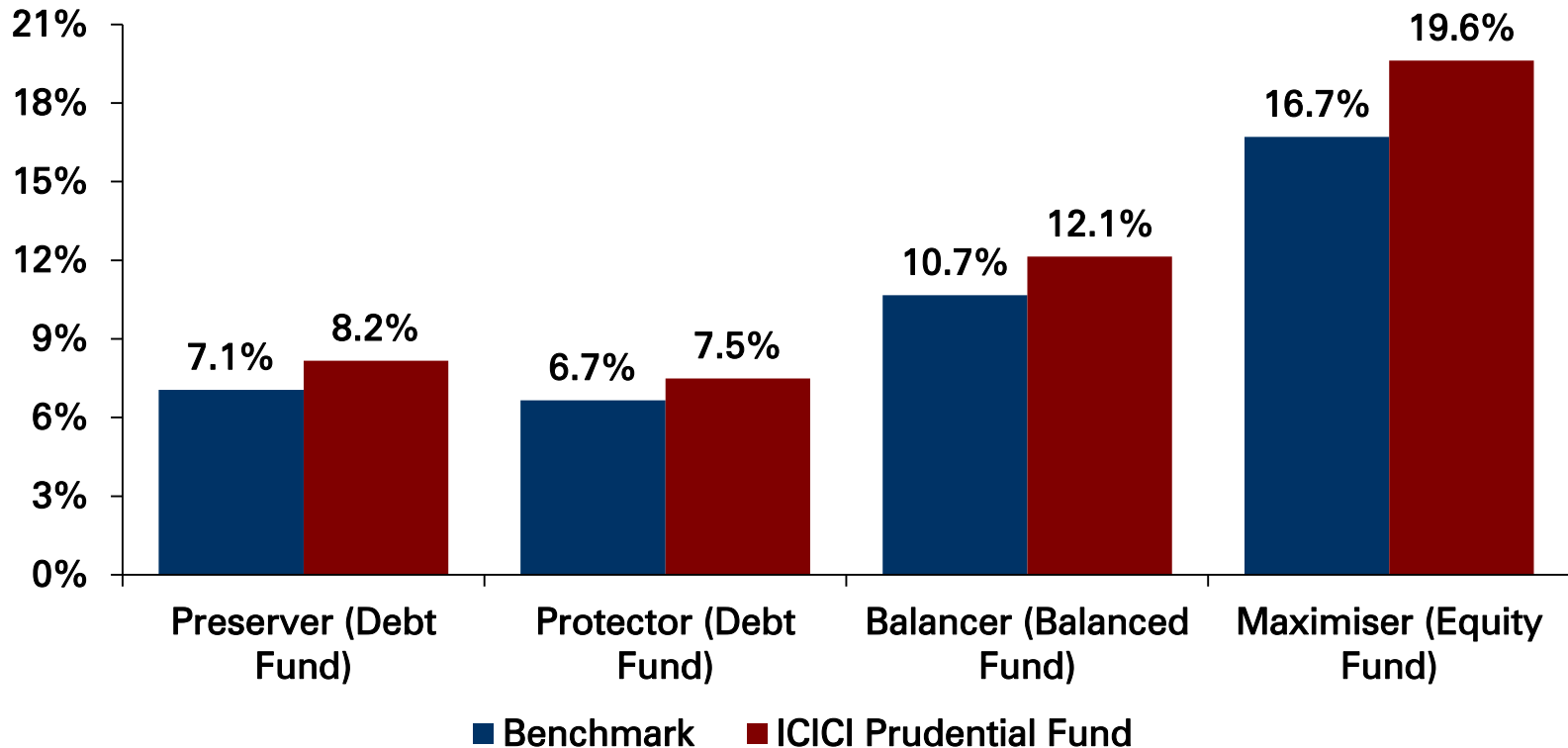


Among the largest fund managers in India



# 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 June 30, 2015

# Summary

Rs bn	FY2013	FY2014	FY2015	Q1FY2015	Q1FY2016
Retail weighted received premium (RWRP)	33.10	32.53	45.96	6.07	8.43
Annualized premium equivalent (APE)	35.32	34.44	47.44	6.59	9.10
New business profit (NBP)	5.29*	4.27*	6.43#	0.72*	1.26#
Profit after tax	14.96	15.67	16.34	3.82	3.97
Return on equity <sup>1</sup>	31.2%	32.7%	33.9%	31.9%	33.0%
Dividend <sup>2</sup>	4.84	10.93	8.37	2.64	3.01
Solvency ratio	396	372	337	384	340
Assets under management	741.64	805.97	1,001.83	861.10	990.88
Cost / RWRP	75.4%	69.3%	49.1%	73.3%	64.5%
13th month persistency <sup>3</sup>	71.4%	71.5%	79.0%	68.5%	77.6%

1. Based on capital invested

2. Excluding dividend distribution tax

3. FY2014, FY2015, Q1FY2015 and Q1FY2016 persistency numbers as per IRDA circular IRDA/ACT/CIR/035/01/2014 dated January 23, 2014

\* On TEV methodology ; on target acquisition cost basis

# On IEV methodology; on target acquisition cost basis

# 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