Ref. No.: MUM/SEC/69-07/2023

July 22, 2022

To,

The Manager	The Manager
Listing Department	Listing Department
BSE Limited	National Stock Exchange of India Limited
Phiroze Jeejeebhoy Towers	Exchange Plaza, 5th Floor, Plot C/1
Dalal Street	G Block, Bandra Kurla Complex,
Mumbai – 400 001	Mumbai – 400 051

Scrip code: Equity (BSE: 540716/ NSE: ICICIGI); Debt (NSE: ILGI29)

Dear Sir/Madam,

Disclosure under Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Subject: Transcript of earnings conference call for quarter ended June 30, 2022

This is further to our letter dated July 5, 2022 and July 19, 2022, please note that the Company had hosted an earnings conference call with investor(s) and analyst(s) on Tuesday, July 19, 2022 to discuss the financial performance of the Company for the quarter ended June 30, 2022.

In this regard, please find attached the transcript of the earnings conference call for the quarter ended June 30, 2022

The same will also be made available on the Company's website at www.icicilombard.com

You are requested to kindly take the same on your records.

Thanking you.

Yours faithfully,

For ICICI Lombard General Insurance Company Limited

Vikas Mehra
Company Secretary

Encl. As above

ICICI Lombard General Insurance Company Limited

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ICICI Lombard General Insurance Company Limited
Q1FY2023 Earnings Conference Call
July 19, 2022

Management:

MR. BHARGAV DASGUPTA – MD & CEO

MR. GOPAL BALACHANDRAN – CFO & CRO

MR. SANJEEV MANTRI – EXECUTIVE DIRECTOR

MR. ALOK AGARWAL – EXECUTIVE DIRECTOR

Moderator: Good evening ladies and gentleman, and a very warm welcome to ICICI Lombard General Insurance Company Limited Q1 FY2023 Conference Call. From the senior management, we have with us today Mr. Bhargav Dasgupta - MD and CEO of the Company; Mr. Gopal Balachandran - CFO and CRO; Mr. Sanjeev Mantri - Executive Director; and Mr. Alok Agarwal – Executive Director. Please note that any statements, comments are made in today's call that may look like forward-looking statements are based on information presently available to the management and do not constitute an indication of any future performance as future involved risks and uncertainties which could cause results to differ materially from the current views being expressed.

As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Bhargav Dasgupta - MD and CEO, ICICI Lombard General Insurance Limited. Thank you and over to you, sir.

Bhargav Dasgupta: Thank you Neerav, and Good evening to each one of you. Thank you for joining the earnings conference call of ICICI Lombard General Insurance Company Limited for Q1 FY2023.

I will give you a brief overview of the industry trends and developments that we have witnessed in the last few months. Post this, our CFO, Mr. Gopal Balachandran will share the 'Financial Performance of the Company' for the quarter ended June 30, 2022.

During the quarter, the Indian economy continued to steadily grow towards the pre pandemic level with broad based improvement across consumption, investment, credit growth of banking sector etc. In spite of the headwinds of inflation, geopolitical tension and supply chain disruption, with improved rural and strong urban demand, the optimism towards India's economic recovery remains intact. Amid this, the GI industry performed reasonably well primarily driven by segments such as Health insurance and Motor insurance.

As per data published by SIAM the new vehicle sales witnessed moderate growth for private car segment amidst continued supply chain constraints, the Commercial vehicle segment grew robustly supported by underlying demand, while the two wheeler segment continued to remain slow compared to pre pandemic levels. Health insurance, in line with expectations contributed to the overall industry growth. The commercial lines witnessed growth in sync with the current market environment.

Resultantly the GI industry delivered a Gross Direct Premium Income (GDPI) growth of 23.0% for Q1 FY2023. As per public disclosures the combined ratio of the industry was 118.1% in FY2022 (excluding one Company which is yet to disclose their Q4 results) as compared to 112.2% in FY2021. We use this data with a one quarter lag because that's when we get the full information.

Moving to Regulatory updates, the Government of India via Ministry of Road Transport and Highways in consultation with the Authority on May 25, 2022 published revision in base premium for Motor third party insurance for various classes of vehicles effective from June 1, 2022. The rate hike is expected to be marginally positive, however the rise is not commensurate with the loss experience and inflation that the industry has envisaged in this segment.

Amid the current need to increase insurance penetration in the country, the Authority has recently announced several measures for the benefit of policy holders and towards ensuring ease of doing business for insurers. This includes reducing compliance burden on regulated entities by rationalizing regulatory framework, forming working committees towards distribution reforms, finance and solvency related provisions, product governance, regulatory and statutory reforms and review of data and technology framework and organising bimonthly interactive sessions with insurers for their suggestions for increasing insurance penetration.

Subsequently, on June 1, 2022, the Authority prescribed the 'Use and File' procedure for all the Health Insurance products and almost all the General Insurance products by moving from the current regime requiring prior approval for launching retail products to a regime where products could be launched without any prior approval. On July 14, 2022 "Use & File" was also extended to agricultural and allied activities.

On July 5, 2022 the Authority permitted general insurance companies to introduce the following tech-enabled concepts for the Motor Own Damage (OD) as an "add on" to basic policy:

1. Pay as You Drive
2. Pay How You Drive
3. Floater policy for vehicles belonging to the same individual owner for two wheelers and private cars.

The Company had launched similar products under the regulatory Sandbox initiative in FY 2020 wherein there was a limitation of ₹ 50 lacs of premium or 10,000 policies, whichever is achieved earlier. In line with the above regulatory change, the Company has launched its Motor Floater "add on" cover recently. It provides convenience to customer of having one Policy document, one renewal date and one premium at lower cost.

Moving to business impact for us in Q12023 –

The Company grew by 24.9% as compared to the industry growth of 21.7% (excluding crop and mass health). Coming to the growth for key segments during the quarter –

- For Motor, the Company grew in line with the industry and has maintained its leadership with a market share of 11.3%. The Company increased its proportion of CV mix to 24.6%
- The Electric Vehicle segment continues to be a focus area for the Company. The Company continues to maintain its leadership position in this segment as well with an estimated market share of 14% in private cars and 64% in two-wheelers.
- Our investment in retail health has resulted in our agency channel premium growing by 18.3%. As indicated in our previous calls, we continued with our investment in adding managers to grow our retail health agency business and our current headcount stands (including new hires) at 1,101. We expect the growth to accelerate in the next few quarters as the agency managers start getting productive. I would also like to share that our one stop solution for all insurance and wellness needs, "IL TakeCare" app, has surpassed ~1.7 million user downloads till date. The incremental download for the quarter was 0.4 million.
- Our Bancassurance and Key Relationship Groups grew at 49.4% this quarter. Within this ICICI Bank distribution grew by 30.5% and non-ICICI Bank distribution grew by 65.1%. Post pandemic, the recovery in credit

growth along with increase in wallet share in distribution partners acquired through the demerger has been the key growth driver for us.

- Our Business sourced through our Digital One team grew by 30.7%, within that, the business on our website grew by 21.1%. Business sourced through Strategic alliance partners in the digital ecosystem grew by 170.8%. Overall, our digital focus has enabled us to increase our digital revenues to ₹ 2.10 billion which accounts for 3.9% of our overall GDPI for the quarter.
- As far as the commercial lines are concerned, we experienced robust growth, driven by 18.7% growth in the SME segment.

We are optimistic with the recent positive regulatory developments would enable us to grow faster with emerging market needs. We remain on track and are focused on growth levers such as strengthening our distribution engine, digital advancements, realising synergy, rationalising cost while scaling up our preferred lines of business.

I will now request Gopal to take you through the financial numbers for the recently concluded quarter.

Gopal Balachandran: Thanks, Bhargav and good evening to each one of you. I will now give you a brief overview of the financial performance of the Company for Q1 FY2023. We have put up the 'Results Presentation' on our website. You can access it as we walk you through the performance numbers.

Gross Direct Premium Income (GDPI) of the Company was at ₹ 53.70 billion in Q1 FY2023 as against ₹ 41.88 billion in Q1 FY2022, a growth of 28.2%. This growth was higher than the industry growth of 23.0%. Our GDPI growth was primarily driven by growth in preferred segments, given that our approach has always been growing business sustainably. The fire segment, GDPI grew by 10.3% at ₹ 11.43 billion in Q1 FY2023 as against ₹ 10.36 billion in Q1 FY2022. As indicated in our results presentation, the overall GDPI of our property and casualty segment grew by 14.3% at ₹ 19.54 billion in Q1 FY2023 as against ₹ 17.09 billion in Q1 FY2022.

On the retail side of business, GDPI of the Motor segment was at ₹ 17.82 billion in Q1 FY2023 as against ₹ 14.01 billion in Q1 FY2022, registering a growth of 27.2%

Our agents (including Point of sale or POS) increased to 94,559 as on June 30, 2022, from 88,545 as on March 31, 2022.

The advance premium was ₹ 34.71 billion as at June 30, 2022, as against ₹ 33.68 billion as at March 31, 2022

Resultantly, combined ratio was 104.1% in Q1 FY2023 as against 123.5% in Q1 FY2022

Our investment assets rose to ₹ 398.34 billion as at June 30, 2022, from ₹ 387.86 billion as at March 31, 2022. Our investment leverage (net of borrowings) was 4.18x as at June 30, 2022, compared to 4.23x as at March 31, 2022. Investment income was at ₹ 6.55 billion in Q1 FY2023 as against ₹ 8.89 billion in Q1 FY2022. Our Capital gains was lower at ₹ 0.32 billion in Q1 FY2023 as against ₹ 3.27 billion in Q1 FY2022.

Our Profit before tax (PBT), grew by 80.1% at ₹ 4.65 billion in Q1 FY2023 as against ₹ 2.58 billion in Q1 FY2022.

Consequently, Profit after tax (PAT), grew by 79.6% at ₹ 3.49 billion in Q1 FY2023 as against ₹ 1.94 billion in Q1 FY2022.

Return on Average Equity i.e., ROAE was 15.0% in Q1 FY2023 as against 9.4% in Q1 FY2022.

Solvency ratio was at 2.61x as at June 30, 2022, as against 2.46x as at March 31, 2022, continued to be higher than the minimum regulatory requirement of 1.50x.

On the ESG front, we have voluntarily adopted the Business Responsibility and Sustainability Reporting for FY2022 thereby strengthening our commitment to transparency in disclosures and also to promote a culture that embraces sustainability practices within our business processes. The company for the first time disclosed its GHG emission. An independent external assurance provider has also provided limited assurance on the GHG Emissions accounting.

As I conclude, I would like to reiterate we continue to stay focused on profitable growth, sustainable value creation and safeguarding interest of policyholders at all times.

I would like to thank you for attending our earnings conference call & we would be happy to take questions that you may have.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Deepika Mundra from JP Morgan. Please go ahead.

Deepika Mundra: On the Motor insurance space, what are you seeing on claim inflation versus the pricing trend both on OD and TP? On TP you clearly mentioned you're running below the inflationary trends. And overall, how do you expect this to impact the combined ratio this year, given the fact that the volumes are on the uptick?

Bhargav Dasgupta: So, if I look at the OD side, we are seeing a slightly higher claims frequency than what we had last year. Some of it was anticipated as utilization of vehicles has increased. But overall, even beyond that, we are seeing slightly higher frequency numbers. Normally, if you look at the ACS it is flat, we are not seeing any significant increase in the average claim size. Overall in terms of the pricing, the industry has also corrected the pricing a little bit on the OD side in line with what we discussed last time. But on the OD, the pressure on loss ratio remains in line with what we've been saying over the last few quarters. On the TP side, yes, while the rate increase is not in line with the inflation. One thing that we are hoping to see come through is now that the motor vehicle rules have been framed, we will see how the courts begin to adopt these six-month limit in the intimation process. If that comes through that will be a positive. So, that is, in a sense something that we will watch very closely for the next two quarters to get a sense of whether it's getting implemented. If it gets implemented that will be a positive on the TP side.

Deepika Mundra: Understood sir. And all the new products which are data driven, won't it be largely disinflationary in nature. Would it cap premium growth to a certain extent or do you see the penetration benefits, outweighing that significantly?

Bhargav Dasgupta: So, it could be a mix of both, you're absolutely right. So, if you price the exposure on people who drive less, and those are the customers who end up buying the telematics driven product, that could be disinflationary, but what it does is basically price the risk better, and logically for the rest of the book the pricing should go up. If that doesn't happen, then what you're saying may happen, we will have to see how big the penetration of this piece is because it's early days. Our sense is it will take fair amount of time for this to become a

large part of the motor business. The second opportunity that we believe exists is, there is a large amount of business which is people who buy only TP which potentially can buy OD also. So, if we can increase this penetration that will help.

Deepika Mundra: In terms of the quarterly numbers, despite the scale up in volume there seems to be no operating leverage, could you elaborate on the investments that you're making on distribution or anything else that is contributing to that?

Gopal Balachandran: Yes, so Deepika what we have spoken about is continuing to make those investments in health agency, digital, and claim service. So, that's something that is continuing, which is why if you recollect, while we had announced to add almost close to 1,000 health agency managers which we had spoken about last year, effectively by end of March 31, 2022, we had on boarded about 750 of them. That number, including the new hires as of June 30, 2022, stands at ~ 1,100. So, we are continuing to make those investments in health agency distribution. Even digital as a matter of fact, when you look at the numbers i.e. growth delivered to both our contributions coming in from website, as well as the alliance partner's tie up that we have, that number again has done quite well. We just put out even as a part of our opening remarks, that growth for us has been almost about 30%. So, that's an area where we are continuing to make investments in increasing this sourcing to the digital channel as well. The third area which will always continue to stay focused on with respect to excellence in claim service. So, those areas we are continuing to stay invested, which is why when you look at the aggregate growth in the management expense numbers, the overall growth for the Q1FY2023 has been roughly at about 28% while on a gross written premium basis it will be close to about 30%. vis-à-vis that growth in management expenses has been about 28%. So, in some sense there is some element of operating leverage. But at the same time obviously there are those continuing investments that we're making which will obviously play through as we speak over the next several quarters.

Moderator: Thank you. Next question is from the line of Hitesh Gulati from Haitong. Please go ahead.

Hitesh Gulati: Firstly on the Health segment, we are seeing some slowdown for the industry in the Retail Health. What are your thoughts on that? And also, if you could comment on what we are doing in the Health segment exactly, for instance, in the ICICI Bank channel we had highlighted that they have started selling some of the indemnity products so what is the progress there? Also, what is the

progress in the other HFC & NBFCs, as we wanted to do more general indemnity benefit products there?

Bhargav Dasgupta: Yes, so in terms of what we're doing in Health. There is a bit of slowdown, there is a bit of base effect for the industry. Last year, Q1 was very strong so for the industry, the Retail Health growth has got a bit muted, but for us the growth is beginning to pick up. As we explained, the agency driven business has grown by about 18% for us this quarter. Even as the full distribution that we are ramping up is getting productive. So, we believe that this growth for us will actually increase going ahead. So, from our perspective, that is positive. On the Bancassurance side if you look at the point that I made in my opening remarks that last year was a bit of a headwind because the benefit business that was sold as an attachment by the bank (ICICI Bank) had gone away. But the bank had started selling indemnity products in a group format as an attachment to the mortgage loans. And that's driving the 30% growth in that channel that we're seeing.

The other partners which are basically the existing relationship that we've had over the years, (like the NBFC, HFCs, other banks, and also the new Bancassurance tie ups that we've got through the merger with Bharti AXA), has grown really well and that growth is roughly about 65%. So, overall, the Bancassurance business has grown by roughly around 50% split into 30% at the bank level, and 65% at the other Bancassurance partners. And within that the Benefit numbers have also grown very well, a lot of the attachments products that we have sold via the HFCs and some of the other banks is benefit product.

Hitesh Gulati: So, that's what is going in the "Group Other segment" within Health, Right?

Bhargav Dasgupta: Yes absolutely right.

Hitesh Gulati: On the crop segment, we have won a few tenders here in addition to what we got from Bharti AXA, are we again looking to grow crop? Because our Reinsurance rates also look higher this quarter.

Bhargav Dasgupta: No, that is not correct. So, if you look at what we got from Bharti AXA they had two states one was Karnataka, the other one was Maharashtra. Maharashtra changed the scheme from the original insurance scheme as per PMFBY to a scheme where the loss range is capped. So, it's a 80:110 scheme, where if the loss ratio is below 80 as an insurance company we will refund that premium to

the state. At the same time if the loss ratio is more than 110 the state will pay for that claim. So, it's a fixed range product which is a replacement of the traditional **PMFBY**. So, what we've done is in Maharashtra under the new scheme we've taken two clusters. So, aggregate crop numbers for us will not be very different from what it was last year, maybe marginally a little bit here and there, but aggregate numbers very similar to last year. The reason why we bid for Maharashtra is because we have indicated that we will observe how the scheme evolves and accordingly take a call with 80:110 model, reinsurance cost for the stop loss that we used to buy goes away. If you remember, we used to talk about the reinsurance cost being very high for a scheme of this nature. And that's one of the reasons why we stopped writing this. now the reinsurance cost goes away because the loss is capped at 110. And, overall we don't want to increase the crop exposure beyond a certain level. So, we are staying in line with what we did last year in aggregate as a company. Now there's been some booking difference. This year, some of that got booked in the first quarter. Last year, a lot of them got booked in the second quarter. So, there may be some timing differences, but aggregate for the year we don't see too much of a difference in aggregate crop business that we would like.

Hitesh Gulati: Right sir. On Motor OD some increase in claim ratio is due to higher CV business right and this combined will still be lower is my understanding correct?

Gopal Balachandran: So, Hitesh what we are indicated even if you recollect in our earlier calls we had said particularly on motor we would look at certain segments which could be relatively high on Loss Ratio, and relatively lower insofar as our cost of distribution is concerned because from an ROE perspective, those business selections makes viable sense. So, that's one reason why you also see maybe an increase in the OD loss ratios. And even if you recollect when we had announced numbers for the FY2022, at that point of time we did indicate particularly for OD, Q4 FY2022 will be more representative of what one could experience in OD loss ratios insofar as trend line is concerned. But having said that, the way to look at OD segment will be to obviously look at both the Loss ratios plus the cost of distribution put together and on that basis is how we are looking at risk seletion in portfolio. You could see some periods where you would see possibly an increase in the OD loss ratios given the fact that we would want to select certain segments which could be high on loss ratios in which case you may see periods of increase in loss ratios, at the same time possibly we will see a moderation in the overall cost of distribution. On an aggregate basis, we would want to stay disciplined in terms of the risk selection that we do.

Moderator: Thank you. Next question is from the line of Prayesh Jain from Motilal Oswal Financial Service. Please go ahead.

Prayesh Jain: Firstly, you didn't explain in the previous question the reason for lesser retention in this quarter, if crop was not the reason then what was the reason for lesser retention in this quarter?

Gopal Balachandran: So, Prayesh if you're comparing the net retention ratio vis-à-vis the FY2022 and the Q1 FY2023, then obviously it will not be a like to like comparison because a large part of Q1 FY2023 business is largely driven by the commercial line of businesses. So, particularly bulk of the corporates they will have their renewals coming through in Q1 where relatively because the size of the risk is bigger, you tend to have an element of reinsurance. It's more towards, I would say quarter three and quarter four, where bulk of the retail business particularly motor and health will largely get driven and booked as far as business growth is concerned, where as we have explained earlier, both on Motor and Health, leave aside the obligatory minimum which now for the current year is about 4%, by and large we tend to retain rest of the risk on the net account. So, hence whatever retention that you're seeing is 65% number for Q1 FY2023 vis-à-vis maybe may be a 70% or 72% for the full year, may not be a like to like comparison as I said because of the corporate renewals that happened in the first quarter.

Prayesh Jain: Okay, got that. Secondly the investment yield have dropped sequentially, materially quite a bit, any reason for that?

Bhargav Dasgupta: Largely driven by capital gains loss, if you look at the Q1 FY2022, we had almost ₹ 300 crores of capital gains. This quarter the capital gain number is down to about ₹ 32 crores.

Prayesh Jain: Comparing Q-on-Q with Q4 FY2022?

Bhargav Dasgupta: I am comparing Q1 FY 2022 with Q1 FY 2023, in Q1 FY2022 we had about ₹ 327 crore of capital gains that we had on the investment book. In Q1 FY2023, it's about ₹ 32 crore, if you compare sequentially then in Q4 FY2022 we had about ₹ 136 crore of capital gains, this quarter we have capital gains worth ₹ 32 crore. So, even sequentially dropped a lot, it's largely due to the market context and as a long-term investors we see these markets as opportunities to invest rather than worry about the fact that for this quarter we had a capital gain loss.

Prayesh Jain: Okay, got that. And lastly could you give an explanation on the NEP to NWP ratio. I would assume that in this quarter there should be an unwind that would happen from Q4 FY2022 and that NEP to NWP ratio should be a positive number and should be a greater than 1, but can you guide and help me understand that?

Gopal Balachandran : So, nothing specific Prayesh, at least so far as recognition of earnings is concerned, pretty much it remains the same which is earnings get earned over the policy contract. What you see as the gap between growth in premiums or NWP and NEP is largely a function of the growth coming back in this quarter, which will possibly start seeing unwinding happening towards the next two or three quarters. So, it's more of a catch up of the growth that we see coming back in this quarter. For example, if you would have looked at Q1 FY2022, the growth was low single digit numbers in terms of aggregate growth revenues vis-à-vis that you see for Q1 FY2023 we had a growth in GDPI of almost about 28%. This unwinding of earnings or maybe the gap that you will see between NEP and NWP will start taking to comfort maybe over the next several quarters, of course subject to what we get to experience in so far as growth in revenues are concerned.

Moderator: Thank you. The next question is from the line of Madhukar Ladha from Elara Capital. Please go ahead.

Madhukar Ladha: Most of my questions have been answered but, what's happening on the commission line, I see a drop in the commission ratio. I'm guessing it's something on reinsurance that you would have earned some commission. That's one thing and again, the management expenses have also gone up a lot, I'm talking not on the insurance related expenses, but the expenses of management has gone up to about ₹ 19.8 crore. So, why is that happening?

Gopal Balachandran: As far as commissions are concerned, yes you're absolutely right, when you look at the net commission ratio, it's a function of both what commission that we pay for the cost of doing business. And obviously the other element of reinsurance commission that we earn as a part of reinsurance ceding that we do to the reinsurers. As we have been explaining, particularly on the reinsurance side, given the outcome that we have exhibited to the reinsurers we talked about even in the last quarter to say that the reinsurance program that we have been able to renew for FY2023 has got two positive changes.

One is we have been able to strengthen the panel of reinsurers which we have been able to operate with, that's positive from a credit risk standpoint, given that we are working with high quality reinsurers.

The second aspect that we exhibited also was given the fact that as I said, we have been able to exhibit a positive outcome to the reinsurers, the terms of commissions that we have been able to get from the reinsurers have also been relatively better than what we had seen for FY2022. And as I said, quarter one typically forms the bulk of the corporate policy renewal cycle, and hence to that extent you will always find in quarter one the extent of reinsurance commission coming to you at the time businesses are booked. And that's the reason why you see possibly the commission ratios reflecting a relatively lower numbers than what we've seen in the earlier period. So, that's in response to the commission ratio point that you made.

On the management expenses as I explained, if you compare with the growth in revenues that, either on GDPI basis or even if you look at it from a GWP standpoint, we have seen a growth in revenues of almost about 28% or 30%, whichever way you look at it. Vis-à-vis that if you look at the growth in management expenses which includes both commission's that we incur for cost of distribution, plus the operating expenses that we incur, both of them put together has grown at above 27.8%. Hence, whatever increase in the numbers that you're seeing is relative to the growth in revenues that one has seen. At the same time, as what we have been explaining, we continue to see, relative competitive intensity continuing in the market. And hence to that extent, that's also a factor that is playing in respect to the management expense numbers.

Madhukar Ladha: Got it. So, that's commission ratio part of it, is it more like a quarter one phenomena or do you think it will normalise during the year, I'm guessing there should be some further reduction in the balance, I don't mean on a Q-o-Q basis. I don't mean from the 2.2% that we're seeing right now. But on a year-over-year basis there should be some deductions because of what you mentioned right now

Gopal Balachandran: That's right. So, again, it's a function of how do we see growth coming back, while Q1 FY2023 has been good even from a retail standpoint, so that obviously involves an element of commissions expenses that we'll have to incur for doing the business. So, over the next three quarters, we'll have to see how that growth momentum plays out, which will also have a factor in terms of the commission ratio numbers. Over the next three quarters definitely you will

see the extent of reinsurance commission's that we would have earned in quarter one, that number we'll definitely see a relatively declining number as we move towards quarter two, quarter three and quarter four and maybe Q4 to some extent the cycle comes back in terms of reinsurance commissions because some of the companies which follow a January to December cycle they will have the renewal period starting from 1st January. So, there again you will see an element of reinsurance commission that will play out. So, there are multiple factors that get attached to this number. So, obviously, we'll have to wait and see how the growth plays out on the retail side. And equally as I said, in terms of the renewal cycle that will happen in Q4 will also be a factor that will drive the reinsurance commission numbers.

Moderator: Thank you. The next question is from line of Avinash Singh from Emkay Global. Please go ahead.

Avinash Singh: First question is more from strategy perspective. You are well capitalized or either over capitalized and commercial lines typically, you have strength as well. So, how is the pricing environment because I see in commercial lines you are more or less maintaining your market share to slightly ceding in some lines. So, why not sort of because you have advantage on the regional side as well, you have sort of your capital strength. So, why not sort of go a bit aggressive on commercial line, especially in the backdrop when the retail line are seeing heightened competition for ongoing. So, that's one, then I will come up with the follow up question.

Bhargav Dasgupta: That's a great question Avinash. And if you see the last three or four years, we've consistently gained on the commercial segment, our expectation is that even this year we will gain, it is just that in the month of April we always find that because it is a big month for commercial business, most companies renew, there is a lot of pricing aggression that happens just in that month. And we are usually a bit more cautious in that month, compared to the rest of the year. So, our anticipation is that even this year, like in the last three, four years we will gain on the commercial lines of business. Also, one of the point that we made is the SME business for us has been growing, we are even sustaining that effort in the emerging and distributed markets of the country, and we hope to see some traction there. So, your point is absolutely right and that's what our plan is, we hope to increase our commercial lines market share even this year like the last few years.

Avinash Singh: Yes, I'm saying if the capital continue to chase the growth in this sector then the pricing discipline is already not coming back. How long this adverse pricing cycle, particularly in the Motor OD continue, although regulator has given you a benign hike. But regulator was not giving a hike in the TP line when the players are not exhibiting discipline in the OD line, so just I want your sense that, when you expect some sanity to come back in the Motor OD pricing environment?

Bhargav Dasgupta: That's again a good question Avinash and you're absolutely right, we cannot seek too much of an increase in TP if we don't see discipline in the OD beyond a point, though honestly speaking when you look at each segment of risk, each risk should be appropriately priced that's the ultimate principle. But having said that, this quarter we've seen some discipline coming in terms of some rationalisation by a few players not all, but the larger issue is that if more capital comes into a sector, there will always be aggressive behavior by some players. And unfortunately, a lot of investors mistakenly believe that the valuation of a company is a price to GWP multiple, which actually makes no sense. Hopefully, given the change in the overall macro environment, for more sensible investment valuations we will see some of those changes. But, till that happens there will be some that pressure. So, we've always been saying that motor OD normally rationalises within about a year and a half so we expect it to happen this year, but we'll have to watch for it. And the first quarter was showing signs in that direction. At the same time, as I said unfortunately the claims frequency was a bit more than what I guess the industry anticipated. So, on balanced that canceled each other out, but we'll have to see how that goes ahead for the next three quarters.

Moderator: Thank you. The next question is from the line of Rishi Jhunjhunwala from IIFL Institutional Equities. Please go ahead.

Rishi Jhunjhunwala: On Motor TP I guess has the rate hike been effective from 1st June. And if that were to be the case, then in the quarterly Motor TP Loss ratio, given the price hike will come through fully in quarter 2, if everything else remains similar we should expect improvement there going forward?

Bhargav Dasgupta: TP loss ratios must be looked on annual basis and not on quarterly basis, because there could be quarters based on the actuarial model, there could be releases for this quarter, and in another quarter they may not be any releases. So, our recommendation has always been to look at TP loss ratio at an annual basis rather than a quarterly basis.

Rishi Jhunjhunwala: Okay. And the other thing is, can you give us some sense of how much of your motor book currently would be coming from new vehicle sales and how much would be on the Motor TP side from long term TP?

Gopal Balachandran: So, Rishi for the first quarter, the business mix in terms of new and renewal is about 40:60, 40% of the business is new, 60% of the business is renewal. And this number if you look at for Q1 FY2022 that number was about 35% was new and the 65% was renewal. For the full year pretty much it was similar we had almost about 1/3 roughly about 33% which was new and the rest was renewals.

Rishi Jhunjhunwala: And within motor TP the long term TP portion would be?

Gopal Balachandran: We don't have that number separately. But, the advance premium numbers is what we put out. If you look at that number for Q1 FY2023, roughly at about ₹ 34.7 billion. This number was almost about ₹ 100 crore higher than what we had towards the end of last year.

Moderator: Thank you. The next question is from the line of Nidhesh from Investec. Please go ahead.

Nidhesh Jain: Two questions, firstly on the retail health insurance the data which comes in general insurance and council, there we have not been able to make any impact despite hiring so many people in last 12 months, our market share has not changed. So, any comment on that? Secondly, if I look at claims, experience data of FY2022 our claim reputation as percentage of claims intimated in retail health insurance is around 20%. Which is similar to other companies, so how do we think about customer experience on the health insurance? I think last year lot of customers had a pretty bad experience with respect to health insurance settlement across the sector. So, in that scenario, how are we differentiating ourselves with respect to customer experience on claim settlements?

Bhargav Dasgupta: Nidhesh on the first one, as we indicated, our retail health numbers have businesses that we are sourcing from Retail Agency channels as also some businesses that were selling through banks as a Retail Health business. So, if you look at the agency channel, we grew at about 18% this quarter. Given that, agency managers are getting more used to our systems processes and getting more productive, this quarter we should be able to deliver higher growth. The aggregate number for retail health was a bit lower because one of the banks which was selling in a retail policy has converted that business to a group

format. So, it shifted from retail health to a group health but unlike businesses, it is a B2C customer base. But as I said, the Retail Health channels that we are investing in, grew at about 18%. We expect the number to go higher in this quarter.

Coming back to your question on, the claims experience, you're right. For some companies, this was an issue last year and I believe the regulator actually asked them to reopen their claims and pay more subsequently, that happened for a few companies but not for us. We had paid whatever we believed was relevant and that was fine within that sense. The approach that we've taken is that, the entire journey of claims has to be as much as possible on our ILTakeCare app to increase engagement and service experience. What we're seeing is cashless is always, directly done through us, but even 50% of reimbursement claims with the corporates, are coming through the app now. We believe here service experience is significantly superior and that's been the approach that we've taken in terms of the claims experience. What we also watch is the number of complaints of customers and we track all complaints on whether in case of repudiated claims, do the customer goes for Ombudsman. And when it goes to an Ombudsman or a court, what is the winning ratio. So, we track all, claims which we deny for what we believe are valid reasons. We track all losses in the court till that end and our experience in all of this has been quite positive, our win loss ratio in the legal court and Ombudsman is very high.

Nidhesh Jain: Sure, sir. There is one follow up on motor insurance. In motor OD, is it right to expect that we are losing market share in the new vehicle, while probably we have been gaining market share on the renewal book, given the change in strategy which we articulated last quarter?

Bhargav Dasgupta: To some extent, yes. If you look at our new market share is lower than what we were last year. While Gopal gave you the mix because overall new vehicle sales has been higher. Given the strategy that we articulated and the overall cost of borrowings in some of these channels we are calibrating the book, and hence our share of new has come down a little bit, in Private Car. But in CV we have gained, in Two-wheeler, it's largely held up. This was in line with what we talked about in April.

Moderator: Thank you. The next question is from the line of Dipanjan Ghosh from Citi. Please go ahead.

Dipanjan Ghosh: Sir, just one question from my side, under group Employer Employee Health insurance policies. Historically we have seen for Lombard and the industry purchases are on the higher side and probably the pricing on the large corporate are significantly higher than the SME side. So, just wanted to get some sense of how things are turning out in that sector, how the pricing is and how our SME mix has been, change within that overall pan out.

Bhargav Dasgupta: One of the changes that we are seeing on the group health side is that a bit more discipline is coming in. Obviously, last year's losses have hurt the industry, we are seeing some discipline coming in. One of the things that we talked about last year from the July quarter onwards is that we had been increasing premium per life by about 15%. But we are seeing continued, retention of our customers, given our service proportion that we had, that story continues. Even this year we are seeing ~15% per life premium increase, which should help in terms of the loss ratio. The other point to keep in mind is even in group health the cost of distribution is very minimal, particularly for us because we do a lot of business directly. So, overall even if the loss ratio is in the low 90s the combined works out well for us.

Dipanjan Ghosh: Sure. And just a follow up on that, is there a metric that you track on how much of those customers have you been able to cross sell or is that even our focus area?

Bhargav Dasgupta: It is a focus area. So, if you look at the approach to cross sell was largely triggered by the ILTakeCare app that we talked about two years back. What we have observed is that almost 50% of the corporate employees are downloading the app. And that number is increasing Q-o-Q. We are seeing them using the app and the data about them filing reimbursement claims through the app. And our thought process is as you get more engagement you will then look at cross selling and it's only last year that we started the sales process on the app, these sales numbers on a month-on-month basis is going quite well. If you look at the growth in the ILTakeCare app download, I'll give you the numbers from Q2 FY2022 to Q1 FY2023, on the group segment. In Q2 FY2022, about 38% of our employees of the group that we had insured would have taken the ILTakeCare app download that numbers moved to over 48% and I have given the number in terms of the usage of the apps. The sales in the quarter numbers are picking up month-on-month as we speak for this month. The total sales on that app for this quarter is ~ ₹ 10 crore, which one year back wasn't there.

Moderator: Thank you. The next question is from the line of Shreya Shivani from CLSA India. Please go ahead.

Shreya Shivani: Sir, I have two questions. First, I missed your explanation on why the Loss ratios in Crop are surprisingly better like 63% versus historically, we've always seen 100% plus ratio. First is that, and second, it's a bit more technical, but I just wanted to get a clarity on the Unexpired Risk Reserve (URR). For FY2022, the URR also includes an adjustment for the merger, the impact of the merger round and ₹ 10 billion on that ₹ 80 billion of URRs that you have. But in the P&L, that adjustment doesn't flow between the net earned premium and net written premium, there the change in URR doesn't include that impact. Just wanted to understand in Bharti AXA, how is the reserving methodology? Is it different from ICICI Lombard and when I build my future numbers how should I take the reserving going ahead? Right now your URRs is at around 59% to 60% of your net gross premium, how will it be going ahead, will it largely be the same. Anyway Bharti AXA is not a very big chunk of the Gross Premiums, but just some clarity on that?

Gopal Balachandran: So, Shreya, I will take the second question first, as I explained as far as Unexpired Risk Reserve is concerned, it's purely a function of earning the premiums over the policy contract. So, that is pretty much similar, whether it is for ICICI Lombard or whether it is for the incoming company (Bharti AXA), hence to that extent there is no difference in methodology or approaches in which earnings were done by both the companies. Second, in terms of your model, what is it that URR could be as a percentage of net premium, honestly very difficult for me to give you a number. for the simple reason as I said, for example if you look at this particular quarter which was in response to one of the other questions, the growth in revenues for us was almost close to about 28% - 29%, but change in earned premium was only about 10%. That primarily was because, Q1 FY2022 growth was relatively muted, growth has come back in Q1 FY2023. So, obviously, you will see relative lower contribution of earned premium coming in from the policies that we have written in the last year. And the ones that we have written on an incremental growth in Q1 FY2023 will start to play over the next 3-4 quarters. So, that's one, second also over the next 3 quarters for the year, it depends on what growth we are able to exhibit in terms of businesses from different segment, that will also be a function of how the URR as a percentage of net premium could play out. Hence, very difficult to give a point number, but as I said it's nothing but just earning of the premiums over the contract period. Predominantly, I would say a large part of our contracts are annual in nature, barring some of the long term policies that we

may issue, which is not a very large proportion of our overall numbers. But given the fact that a large majority of the policies that we're writing our annual contracts, that actually depends on at what point of time we see growth getting exhibited and earnings will happen corresponding to this. A better thing to look for will be more maybe which is what we keep saying, look at it more from an absolute and final underwriting outcome in terms of the combined ratios, or maybe the loss ratio, which factors in both the element of earnings that has been done for the risk that has been underwritten and corresponding to that particular risk which has been earned what has been the claim experience therefore. That could be a better measure to kind of look for across different segments rather than just looking at only unexpected risk on an independent basis. That's in response to your URR question.

On the first question of yours in terms of why Crop portfolio has exhibited relatively lower loss ratio's, as we keep saying generally quarter will always have aberrations in different lines of businesses in terms of loss experiences. And in the past, if you recollect the approach that we have followed, particularly on crop given the fact that we don't have complete information on the claims position, we tend to reserve conservatively on a no profit, no loss basis however factoring for the cost of reinsurance protection that we take. As and when maybe you have evidences of claim getting factored in appropriately in terms of loss experience we tend to actualize those numbers. Hence to that extent, you will always find in some quarters when the claim experiences are getting actualized you will possibly see a loss ratio which is relatively lower than what you would have seen at the time when we estimated the loss experience. Which is why in Q1 you see the loss ratio's on crop at maybe about 65%. But, secondly when you look at the Crop earned Premium for this quarter is just about ₹ 8-9 crore. So, hence, from an absolute numbers standpoint, it does not have a material impact to the overall numbers for the quarter.

Bhargav Dasgupta: So, principally the crop book that Bharti AXA had written while we had provided higher earlier in reality it is looking like a better book than what we had provided for, but the impact into the aggregate P&L is not material.

Moderator: Thank you. The next question is from line of Prakhar Sharma from Jefferies India. Please go ahead.

Prakhar Sharma: You had identified some areas where you can have some cost efficiencies with the acquisition of Bharti AXA. So, over the next two years or so, what in your view will be the direction of combined ratio and return on equity, and what could

be the critical assumption that you are building in towards improving return on equity from about 15% which used to be plus 20%. And within that, the combined ratio which FY2021 was a good year and 99%-100% but now we are at 104%. So, if you could just give some direction over the next two years, where should we be expecting.

Bhargav Dasgupta: So, Prakhar it is in line with what we said, simply because of the merger, we would have ended up with 104%-105%, we saw the synergy benefits of roughly ₹ 200 crores that we anticipate annually , we said we will reinvest that back. And hence, we had said in the beginning of this year that our combined ratio will be elevated above our normal 100%-101% number that we had over the last few years. Elevated means it will be in this ballpark that you are seeing now, and over the next two years, we hope to bring it down gradually. We don't expect the number to go below 100% in two year period, but the trend line would be gradual reduction. At the same time, the focus for us as we've been saying is that, we want to continue to grow some of these businesses where we are investing, particularly in health and digital and some of the other areas in the technology side that we are investing that is something that we want to continue to focus on. Because health business is relatively lower ROE than corporate business, it translates to ROE number which is in the high teens. That's what we think we will be able to deliver, over next two years.

Moderator: Thank you. The next question is from line of Sanketh Godha from Spark Capital Advisors. Please go ahead.

Sanketh Godha: I have two questions, one if you can give the break-up of health loss ratio which you have broken down into group health, retail health **indemnity**. So, just wanted to understand which segments drove the improvement in the loss ratio's compared to the previous quarter. And second question was with respect to the commercial vehicles, we had a year-end target to achieve at around 25% total book to be commercial vehicle, which we seems to have achieved in the first quarter itself. So, how do we see this CV as a book with become a meaningful part whether it will go beyond 25% by the end of the year, and whether it is new led or renewal led is a point which I wanted to understand

Gopal Balachandran: So, the first one Sanketh insofar as the health split on the loss ratios are concerned between corporate and retail indemnity book, the corporate loss ratios for this quarter stands at about 91% and on the retail indemnity book the loss ratio is at about 78%. This if you look at vis-à-vis last year honestly it will

not be a relative comparison, because that was a year where we had those impact of COVID losses, both on the corporate book as well as on the retail indemnity book, but the numbers what I gave you is for the current quarter one of this year.

Sanketh Godha: Sorry, Gopal the retail health ratio at 78% looks a little higher, we even have newer contribution to the entire pie, so just wanted to understand what clicked to that retail increase in Q4 FY2022, we had loss ratio of ~60%.

Gopal Balachandran: Yes, so Sanketh as we keep saying that again, quarterly loss ratios has got many elements attached to it. And therefore, to that extent it may not necessarily be representative of what loss experience is for the book that we're underwriting. So, hence to that extent, comparing a Q4 number with to Q1 of this year, may not be a like-to-like comparison, a better thing will be to start looking at loss experiences over annual cycle, which will be far more better reflection of the portfolio that one is underwriting. The second and more important thing is, if you recollect even what we had spoken during our annual earnings call in April, we did indicate that, particularly in Q1 FY2023, one could possibly see some still increase in non-COVID health intimations. That's something we are continuing to see in this quarter, we did exhibit a relatively heightened number of claim intimations which has happened on the non-COVID health front. The question for us is whether is it again just a bunch of cases, which has happened in quarter one, or is this trend line likely to be more structural in terms of intimations to continue in the next few quarters. So, we'll observe Q2 FY2023, on how the intimations are happening so far as non-COVID health claims are concerned. And, even on the ACS front we have seen slight increase in the average claim sizes relative to what we had seen in the earlier period, we are keeping a watch on that too, to see whether it is more structural or is there reduction as we look at the subsequent quarters. So, these are things that we will have to watch out for and maybe we'll be able to come back with a better estimate of what directions the loss ratios could take. But insofar as the portfolio that we're underwriting, as we explained, we are looking at writing a book on the retail indemnity side, which from a steady state standpoint both new plus renewal put together, we would want to see the portfolio running with a loss issue in the range of 65% to 70%

Sanketh Godha: Got it. On the CV question?

Bhargav Dasgupta: Yes, on the CV, we believe our range will remain in the 20s, we reach about 24% in this quarter, but the range will remain in the 20's. That's the plan.

Sanketh Godha: It will be new business led or renewal business led?

Bhargav Dasgupta: It's a both, we've gained in the new share also in the CV side, but larger focus is on the agency channel. So, it'll be majorly old

Sanketh Godha: Got it. And the last one on the OPEX side the sales and promotion expenditure which almost doubled year-on-year which maybe have declined quarter-on-quarter, so exactly what is this nature of this expenditure because I just wanted to understand it is more business expenditure than to get the higher business or how do we read this number it should be linked to the top line incrementally every time?

Gopal Balachandran: Every expense that we incur is in connection with sourcing of businesses, and to that extent which is why when we look at the numbers, we always look at it more from a management expense ratio standpoint which includes both the commission's that were required to pay for the cost of doing business and at the same time, some of the other operating expenses, which we incur in order to kind of run the business on a sustainable basis. Which is why I gave out that management expense change on variance between the quarter one last year and Q1 FY2023. That vis-à-vis the growth in revenues if you see our top line has grown by about 28%-29%. The management expense growth has been at about 27.8%. So, that's the way we look at the numbers because end of the day, whether it is commission's or whether it is operating expenses, all of them go into cost of doing the business. This will also include maybe some of the investments that we are doing particularly let say on the digital side for example, where we are required to do a lot of marketing, and other related promotional efforts those also gets into the sales promotion related costs. So, hence, the better way to look at it is more the expense ratio numbers, which is the management expense ratio number rather than looking at the line item on a standalone basis.

Moderator: Thank you very much. Ladies and gentlemen we will take that as a last question. I will now hand the conference over to the management for closing comments.

Bhargav Dasgupta: Thank you guys for joining in and it's pretty late in the day. And we are very happy to take any questions that you may have subsequently, look forward to meeting you during the course. Thank you, bye.

Gopal Balachandran: Thank you so much.

Moderator: Thank you very much. On behalf of ICICI Lombard General Insurance Limited that concludes this conference. Thank you for joining us, you may now disconnect your lines. Thank you.

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; 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 Promoter 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 there