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January 24, 2022

To,

The Manager
Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001

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

Scrip code: Equity (BSE: 540716/ NSE: ICICIGI)

Dear Sir/Madam,

Subject: Transcript of earnings conference call for quarter and nine months ended December 31, 2021

This is further to our letter dated January 6, 2022 and January 19, 2022. The Company had hosted an earnings conference call with investor(s) and analyst(s) on Wednesday, January 19, 2022 to discuss the financial performance of the Company for the quarter and nine months ended December 31, 2021.

In this regard, please find attached the transcript of the earnings conference call.

The same is also 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
Q3 & 9M FY2022 Earnings Conference Call
January 19, 2022**

Management:

MR. BHARGAV DASGUPTA – MANAGING DIRECTOR & CEO
MR. GOPAL BALACHANDRAN – CHIEF FINANCIAL OFFICER & CHIEF RISK OFFICER
MR. SANJEEV MANTRI – EXECUTIVE DIRECTOR – RETAIL
MR. ALOK AGARWAL – EXECUTIVE DIRECTOR - WHOLESALE

Moderator:

Good evening ladies and gentlemen, a very warm welcome to the ICICI Lombard General Insurance Company Limited Q3 and 9MFY22 Earnings 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 Retail, and Mr. Alok Agarwal – Executive Director Wholesale.

Please note that any statements comments made in today’s call that may look like forward looking statements are based on information presently available to the management and did not constitute an indication of any future performance as future involves risks and uncertainties which could cause results to differ materially from the current view being expressed.

As a reminder, to all participant line 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. I now hand the conference over to Mr. Bhargav Dasgupta – MD and CEO, ICICI Lombard General Insurance Limited. Thank you and over to you.

Bhargav Dasgupta:

Thank you Rutuja. Good evening to each one of you. Thank you for joining the earnings conference call of ICICI Lombard General Insurance Company for Q3 and 9M FY2022. I hope you, your colleagues and family members are all safe and healthy. I will give you a brief overview of the industry trends and developments that we’ve witnessed in the last few months. Post this our CFO Mr. Gopal Balachandran will share the financial performance of the company for the quarter and nine months ended December 31, 2022. The data for Q3 FY2022 indicates that the momentum in economic activity has gained further traction aided by expanding vaccination coverage and release of pent up demand. Contact intensive services and urban demand recouped on improving consumer optimism. Amidst this, the resurgence of COVID-19 infections by way of new Omicron variant has created some sense of uncertainty especially for

service industry. While this may have some impact on the near term growth given the ramp up in the vaccination program, its overall impact on the economy is expected to be lower than the first and the second wave.

Moving to the GI industry, the industry during Q3 FY2022 delivered mixed performance. Segments such as motor insurance witnessed continued headwinds due to heightened competitive intensity, chip shortages in the four wheeler segment and weak customer demand in the two wheeler segment. Health insurance on the other hand continue to show robust growth primarily driven by group health, while growth in retail health has moderated since Q2 of this fiscal due to base effect. As far as commercial lines are concerned, segments such as fire, marine and engineering lines witnessed strong growth in sync with the current market environment. Overall, the industry registered a growth of 11.2% in 9MFY22 and a growth of 8.0% in Q3FY2022 as per disclosures on the website of IRDAI.

The combined ratio of the industry was 119.3% in H1 FY2022 as compared 105.6% in H1FY2021 based on available information from public disclosures, excluding three companies. Further the overall combined ratio of private multiline general insurers was 112.4% in H1FY2022 as compared to 103.2% in H1FY2021 excluding one company.

Moving to business impacts this quarter. As you know, we have been making investments to benefit from the opportunities that the current environment has to offer, especially in the retail health segment. These investments are gradually steering growth for us, thereby enabling us to gain market share in our preferred line of business.

- In that backdrop of the 1000 incremental headcount to be added in our retail healthy agency salesforce, we have rolled out offers for 800 and have successfully on-boarded close to 400 of them during this quarter. As a result, we are seeing month-on-month improvement in growth and we expect the growth to this channel to accelerate in the next few quarters, as the sales force starts getting productive.

- As indicated during our earlier call there was a base effect on the health benefits segment for the first three quarters of FY2022. From the middle of the current quarter, the base effect started to fade as a result of which health business from our Banca channels grew by 15% in December, 2021. Going ahead, we expect this channel to continue to deliver robust growth.
- Our one stop solution for all insurance and wellness needs, ILTakeCare App has surpassed 1.1 million downloads, with successful submission of over 95,000 claims and over 55,000 tele-consultation requests. Our objective is to get closer to our customers by providing a unique digital platform for continuous engagement to help them take better care of their health, motor and other risks anytime, anywhere.

As indicated in our previous earnings calls in group health segment our continuous direct engagement with large corporates enabled us to retain over 90% of our customers at a higher price, thereby improving in premium per life since June 2021. The underlying environment suggests that the consumers are willing to pay a higher premium for better coverage and adopt technology for better customer service, thus creating an opportunity for us to grow in this segment.

In motor we continue to combat challenges from the lack of motor TP rate hike for over two consecutive years, heightened competitive intensity in the motor OD segment, chip shortages in the new private car sales, etc. However, our expectation is that these are short term challenges. When we take a closer look on ground on the private car side, the consumer sentiment remains strong. During the quarter we've continued to focus on growing our market share in certain key profitable sub segments.

As far as the commercial lines are concerned we have seen strong growth and believe we are in that environment now where the growth will continue.

In current times the major trend has been the significant increase in online buying by consumers. At ICICI Lombard we've been continuously investing on

this front. Our DigitalOne team is set up like a full-stack insure-tech firm consisting experts across functions operating together like a fully functional entity within the overall organizational framework.

- Business source through our website increased by 20.3% in Q3 FY2022. Within this our health business grew by 22.9%, travel business grew by 156.9%, and motor business grew by 11.9%.
- Business source by this team through strategic alliance partners in the digital ecosystem grew by 70.2% in Q3 FY22.

Our DigitalOne business is fully empowered to deep mind customer data, fine tune customer outreach efforts, service customers to claim systems that enable real time communication and thereby optimize cost of acquisition. We are excited on the progress of this channel and believe it is all set to drive benefit and benefit from the longer term opportunity to the current environment is offering us.

Overall, our focus on sustainable market leadership continued through the third quarter as we prioritize underwriting discipline, portfolio optimization and growing in segments that are favorable and fall within our risk appetite. We remain on track and are focused on growth levers such as strengthening our distribution engine aided by lowered based effect, realizing synergies, rationalizing cost while scaling up our preferred lines of business, servicing customers with excellence, digital advancements that will enable us to sustain the return on equity objective over longer term.

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 Q3 and 9MFY2022. We have put up the results presentation on our website, you can access it as we walk you through the performance numbers. The effect of the demerger in the financials has been incorporated in the form of opening net

worth as on April 1, 2021. Further the financials for the current year represent numbers of the merged entity and the comparative numbers to the previous year in the financials pertains to standalone ICICI Lombard and hence, they are not comparable.

Gross direct premium income of the company was at ₹ 133.11 billion in 9MFY2022 as against ₹ 105.25 billion in 9MFY2021. The industry reported a double digit growth 11.2% on a lower base for a similar period. 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 was ₹ 22.00 billion in 9MFY2022 as against ₹ 17.48 billion in 9MFY2021. As indicated in our results presentation the overall GDPI of our property and casualty segment was ₹ 39.34 billion in 9MFY2022 as against ₹ 30.61 billion in 9MFY2021. On the retail side of the business GDPI of the motor segment was ₹ 58.15 billion in 9MFY2022 as against ₹ 51.48 billion in 9MFY2021. To harness the potential of these segments we have been expanding our distribution network to increase penetration in Tier 3 and Tier 4 cities. Our agent including the point of sale distribution increased to 81,969 as on December 31, 2021 up from 78,035 as on September 30, 2021. The advance premium was ₹ 34.59 billion as at December 31, 2021 as against ₹ 36.86 billion as at September 30, 2021. Resultantly combined ratio was 111.0% in 9MFY2022 as against 99.1% in 9MFY2021 and 114.3% in H1 FY2022.

Combined ratio was 104.5% in Q3FY2022 as against 97.9% in Q3FY2021 and 105.3% in Q2FY2022. Our investment assets rose to 374.54 billion at December 31, 2021, up from ₹ 371.95 billion at September 30, 2021. Our investment leverage net of borings was 4.23x at December 31, 2021 compared to 4.27x at September 30, 2021. Investment income was at ₹ 22.95 billion in 9MFY22, as against ₹ 16.59 billion in 9MFY2021. On a quarterly basis, investment income was at ₹ 6.9 billion in Q3FY2022 as against ₹ 5.68 billion in Q3FY2021. Our capital gains was at ₹ 6.01 billion in 9MFY2022 as against ₹ 2.92 billion in 9MFY21. Capital gains in Q3FY2022 was at ₹ 1.31 billion as against ₹ 1.08 billion in Q3FY2021.

The expenses incurred of approximately ₹ 0.16 billion on account of the demerger has been absorbed in the P&L during 9MFY2022. As indicated in our previous earnings call during the integration process, we were able to smoothly transition and onboard our partners to seamlessly operate with minimal disruption. Our branch network as of December 31, 2021 stood at 285 as against 431 as at September 30, 2021. Apart from the immediate benefit, this transaction entails an opportunity to unlock significant operational and revenue synergies in times to come. We are on the right path on our roadmap of realizing the synergy benefits by the H2 of FY2023. Our profit before tax was ₹ 12.73 billion in 9MFY2022 as against ₹ 15.04 billion 9MFY21. Whereas profit before tax was ₹ 4.21 billion in Q3FY22 as against ₹ 4.18 billion in Q3 last year.

Consequently, profit after tax was ₹ 9.59 billion in 9MFY2022 as against ₹ 11.27 billion in 9MFY21 whereas profit after tax for Q3FY2022 stood at ₹ 3.18 billion as compared to ₹ 3.14 billion in Q3FY2021. Return on average equity was 15.1% in 9MFY2022 as against 22.4% in 9MFY2021. The return on average equity for Q3FY2022 was 14.6% as against 17.6% in Q3FY2021. Solvency ratio was at 2.45x at December 31, 2021, as against 2.49x at September 30, 2021. It continued to be higher than the minimum regulatory requirement of 1.5x. 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 all for attending our earnings conference call and we would be happy to take any questions that you may have. Thank you.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Swarnabha Mukherjee from B&K Securities. Please go ahead.

Swarnabh Mukherjee: So, I have couple of questions. First, on the motor side, if you could throw some light on the reason for the underwriting loss for this business, is this because of any kind of exchange or amalgamation with Bharti AXA or any other driver on the same?

Bhargav Dasgupta: Swarnabha on the motor side, as we've been saying, the underlying challenge is more in terms of the distribution aggression that we are seeing on the ground, it's not to do with the merger. On the merger front, actually we are quite happy with the way things are progressing. Except for three or four OEM dealership, we've actually got complete synergy in terms of benefiting from that distribution channel. We are also seeing growth across most of the agency and the other distribution channels that we've acquired through the Bharti AXA integration. The real challenge on the ground has been, whenever the growth slows down in the market, because of various pressures and right now we have challenges in the market because of chip shortage for private car, because of demand for two wheelers etc. So, overall the motor industry is not growing as fast as it is used to.. And wherever such situations happen we find that the market as in our industry gets very aggressive on sourcing. That's the real reason why the motor book is underperforming. If you look from the cost side, on the loss ratio side, it's also because of the fact that the claims frequency is now gone back to normal. First two quarters, we had some benefits because of relatively slower utilization or lower utilization, because there's some lockdowns across the country, that went away in Q3. So the loss ratios have climbed back up to what we believe is more normal. So those are the real reasons that we are seeing, so it's more underlying industry issues and within that our experience rather than the merger.

Swarnabha Mukherjee: Okay. Sir, so then if I look ahead on the motor side, which you have commented that you had seen some green shoots in certain segments, in previous call you had mentioned that. So what would be the trends now, because these kind of challenges are continuing for quite some time, especially competitive intensity? So, are you seeing situations improving and what is the status in terms of you had talked about price increases also in certain segment earlier?

Bhargav Dasgupta: What we have been saying is that we don't expect that to happen, or at least our experience tells that, that should happen from next year. We don't expect anything this year, as we've been saying. There are two components on the price increase. One is a Third Party price increase that is more direct and regulatory driven. Again, we believe that the industry needs a price increase.

But that is, as I said driven by the regulator, we don't control that. But two years, we've not seen a price increase. We are hopeful that next year we'll see one, on the OD side is where we have greater control as an industry. And as I said, the industry benefited a bit from Q1 because of lower usage. And that's a benefit that people probably have factored in, in terms of the aggression. So we've been saying is that we don't expect the price correction this year, but we are hoping that we should see that from next year onwards. Historically, we've never seen two to three years of price aggression. In these two years, we've seen two COVID lockdowns that has probably been the reason why this is sustained for this long period. From our perspective, I believe we've kind of done most of the corrections that we wanted to, and on this base, we are reasonably confident that we'll start growing from the coming quarter onwards.

Moderator: Thank you. The next question is from the line of Abhishek Saraf from Jefferies. Please go ahead.

Abhishek Saraf: So, I had a question on with regard to our retention. So it appears that this quarter we have had the higher retention at around 76% versus what was there in the previous two quarters of this year around 66%, 68%. So what explains this stance, which category have we seen higher retention and is it driven by the reinsurer or we are doing it on our own, that's the first question. Second, I noticed that our investment yield both on the policyholder investments or the shareholder investments has actually come down QoQ while the yield curves what the rates have generally been on an upward trajectory. So if you can just help me understand what just happened there also it will be very helpful. Thanks a lot.

Bhargav Dasgupta: So, I'll ask Gopal to take the first one is largely due to the mix of business, there is no change in retention. With regard to the second one, in terms of the investment yield the aggregate yield could be driven a little bit by the mix of capital gains that we have. Overall, the book is earning roughly about 7% and when interest rates go up our mark to market benefit that we are sitting on the bond book that goes away, but equally the new flow that we get into the investment portfolio that earns a higher return. Now, given the overall mix of the new flow versus the old stock, the new flow impact is very little because it takes

some time, related to the overall size of the book which is ₹ 38,000 crores the new flow will be much, much smaller. So you don't see that impact too soon, while you see the impact of the mark to market benefit of the bond book going away. But anyways, bond book for us more or less has been kind of a more of an HTM strategy. So we don't see a problem with that. But as the mix of the book changes with a greater flow coming in, the increased yield starts benefiting us. On the reinsurance I'll ask Gopal to answer the question.

Gopal Balachandran: Yes, Abhishek Happy New Year to you as well. On the retention side, as Bhargav said there is no specific change in the retention philosophy that pretty much remains the same. It's just that what you see in Q1, typically you end up seeing a lot of corporate renewals happening where relatively the proportion of reinsurance is higher and retention is to that extent, slightly lower. And whereas in Q2, if you recollect what we have been saying consequent to the demerger, we have also inherited the crop book that Bharti AXA had already committed to. And that book is something that got booked in Q2 and which is why you see a relatively lower retention for Q2. Q3 is typically the period where you actually see a large part of the business being underwritten on the retail franchise, predominantly motor and health where in line with what we have mentioned no change in the retention philosophy. Typically these are small ticket policies wherever our retentions are relatively higher, but otherwise on an aggregate basis no change in our retention philosophy as such, it is purely a function of what mix of business that we have underwritten in Q1 and Q2.

Abhishek Saraf: So, basically, one thing is probably going forward build in that these kinds of retention of reinsurance percentages would be broadly in line with the mix of that particular quarter. Just one thing, if I can ask on COVID-19 claims for this quarter, if you can share Gopal that data how was the net COVID-19 claims for us this quarter and I believe that in last quarter we mentioned that we could see some reserves release also. So, what has been the trend there on COVID-19 claims in this quarter, you can just throw some light on that?

Gopal Balachandran: So, Abhishek if you recollect what we had talked about was for the H1FY22, we had indicated COVID-19 claims were roughly about ₹ 5.61 billion. Now that number if you look at on a 9M basis stands revised at about ₹ 5.29 billion. So,

hence to that extent while in line with what we are seeing as let's say declining trend on the wave two related COVID-19 cases, obviously in relative to the approach of reserving that we are kind of built in Q1 as I said 9M number stands at about ₹ 5.29 billion. Having said that, what will be important for us to kind of watch for which is what we will do in Q4 is this wave three impact that has started to play out. Obviously early trends in terms of the number of cashless intimations that we are seeing, tends to be maybe lower than the peak what we had seen in wave two. But having said that, obviously we will monitor the development of intimations in our cashless request. Honestly, we'll have to wait for in case if there are any reimbursement claims that gets intimated which typically happens at a lag, but on the wave two related COVID-19 impact, as I said 9M number stands at about ₹ 5.29 billion.

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

Nidhesh Jain: Sir, how should we think about combined ratio and ROE going forward, given that this was a pretty normal quarter from a claims ratio perspective and our combined ratio is around 105% for the quarter. So how should we think about combined ratio over next coming year also we expect some major benefits to play out on the operating cost so, should we expect this number to trend towards 100% over next couple of years?

Bhargav Dasgupta: Nidhesh as you are saying, we believe that, the consolidation effectively happened just in the last month of the last quarter. So we started taking most of the calls that we need to take in terms of the synergy benefit on the cost side. On the revenue side, as I explained, we are quite happy with the way things are playing out in terms of the synergy with the existing distribution that Bharti team had already built and we are seeing growth coming through in some of those partnerships as well. But the entire benefit for this, will take some time. And our sense is that we will start to see the benefit play out by FY2024, but we think it will probably be a bit earlier than that, so, the second half of next year (H2FY23) we'll start seeing that benefit. Now, if you look at the combined numbers on a pro forma basis, BAGI pre deal announcement and ICICI Lombard pre deal announcement we did a proforma integration, that would have been about 104%

combined. So the question is, how soon we can bring that down. Now today, what the situation is that the core business of ICICI Lombard is also not at sub 100 number that we used to experience because of all the pressures that we've talked about. So, it may be challenging to bring it under 100% that we have seen in the past, but directionally it will start coming down. And in terms of the synergies Gopal can explain some of his work that has already happened.

Gopal Balachandran: Yes, so Nidhesh we have been talking about broadly three areas of synergy, just to refresh, tax synergies is something that as we file, we will be filing the returns of 2021 by January 31st. So, we will be in line with what we have said earlier, we will be able to absorb the full benefit of the carry forward losses. On the cost front, as a part of our opening remarks, which is what we put out, we have looked at the overall office infrastructure. And clearly we have been able to keep in mind the policyholder interest, we have been able to look at what kind of existence do we need to have in so far as physical offices are concerned. And clearly the numbers as at 31st December the number of office networks stands at around 285. So, again given the fact that this rationalization of the office infrastructure has happened in quarter three and more towards the latter part of the quarter, so you will start to see some benefit of synergies in the form of costs playing through from Q4 onwards. Equally, we have been looking at various areas of productivity improvements and efficiencies, which is what we had indicated in earlier call to play out over the next 6 to 9 months. So, there again we are on course, in order to be able to realize better improvement in productivity when we look at the other cost elements. The final cost element in terms of technology related spends, where again we will be able to see benefits on synergy playing out that will take some time because over the next 9 to 12 months is when we will be able to significantly migrate even let's say historical data and other related information. So, the impact of technology related expense on the synergy front will start to play through most probably towards the H2 of the next financial year. But otherwise on course, to realize most of the cost elements that we have talked about and the revenue synergies as Bhargav explained is something that we will again start to realize towards the second half of the next financial period.

Nidhesh Jain: Sure. And secondly, across financial service segments we keep on hearing noises around disruption. We have seen significant disruption in some of the segments like broking. In our industry also a lot of new age companies are coming up in terms of distribution there is the new age company coming up, then new age model which are coming up in the entire manufacturing side on the general insurance. Some of these business models have also succeeded outside India. So how do we think about from a long term perspective with respect to these possibility of disruption to our business?

Bhargav Dasgupta: So we've been discussing this pretty regularly, if you look at the scope for disruption, there are both in terms of insure-tech, the way people source policies, the way people service policies, the way we service claims, there is a tremendous scope for disruption again using digital tools that are now available. Similarly there is also some amount of disruption that is possible in the distribution side now, if you look at what we've been doing is that on the first in terms of the sourcing policies or servicing policies through modern day technology that's been an area that we've been investing heavily. Our approach on the business side has been, as we mentioned in the opening statement, was to create a carve out team, which focuses on the digital disruption on the customer acquisition side, and we call it our DigitalOne team, where we've created a team which is self-contained with all key capabilities and with separate location, separate philosophies in terms of even people processes. And that team has been ramping up and we are quite happy with the way the team is growing business both in terms of tying up with digital ecosystem partners. And as I explained in this quarter we have seen a 70% growth in that business, as also in terms of the business that gets written on our website, we've seen about 20% growth in this quarter on business written on our website.

Now, the other thing that we have to study is honestly speaking the fact that some of these players are willing to loose a lot of money for growth, we have to be a bit more calibrated than some of them. Obviously, our philosophy has always been to build a sustainable model. And we may not want to go to the level of losses that some of them incurred. But even without that, we are reasonably confident that we will be able to grow the segment quite fast.

Towards this end of this quarter, we've taken a fair amount of calls and we believe that, that will reflect in even faster growth in this channel going ahead. On the claim side, we've been giving out some numbers in terms of digital claim settlement that we have seen both from motor and health using AI, ML, etc.. Those numbers are increasing by the quarter, even this quarter we have seen significant increase in the claims that we process through our Instaspect service as also the cashless authorization that we give using our ML feature. And similarly for us, in terms of the initiative on the IL Take Care side, that's a way we believe we will be able to engage with customers even better on a web based platform or a mobile app rather and build greater connect while providing the usual Insurance Services. And there the focus is not just in terms of the usual things that insurance companies provide, but a lot more services and features which increase engagement and potentially reduces risk for our customers. So this is a big thrust area for us though in terms of the digital disruption.

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

Shreya Shivani: Wanted to ask you a question if I see the Q3 growth numbers for Lombard and including Bharti AXA in the base. So, there has been a 4% contraction for this quarter for the combined entity, while the industry or the private players were at around 5% to 8%. Now motor we can see has de-grown much more 12%, 13% for the combined entity while the private players have still grown around 6%. On the health side again, Lombard consolidated because around 3% growth for third quarter while the industry and the time plays are significantly higher. So Sir if you can give us some understanding of how do you plan, what is your growth target, if not target but how do you plan your growth across these two segments because these are your largest segments basically, and what should we expect for the coming year or for the coming quarters on the growth side?

Bhargav Dasgupta: Yes, so let me take the two segments separately, let me start with motor. So, if you look at some of the commentary that we have given on the motor side, if you look at the three sub segments, private car, two wheeler and commercial

vehicles. We are a bigger player in terms of the private car sub segment and even a bigger player when you look at the share of new, our share of new is much higher than our normal share of business as a company. And at a time when the new sales have been muted for reasons that all of us are aware largely with the chip shortage issues rather than demand issue that has had a higher impact on us than maybe the overall industry. Similarly, if you look at our mix of business two wheelers for us is a much higher mix of business we have roughly about 26%- 27% of our motor mix coming from two wheelers, industry mix would be about roughly about 15%. Now, two wheelers slowdown has hence affected us a bit more from a Market share perspective we are fine within that segment. But from a mix perspective, our growth gets affected when two wheelers slow down. On the commercial vehicle side, there has been a growth again while for the industry commercial vehicle is roughly about 40%- 45%, for us, it's about 17% now, so when that segment goes faster than the other than relatively we underperform. Having said that, there is also the pricing aggression point that we've been making. And our sense is that most of the calls that we want to take in terms of correcting the portfolio has happened. And we remain optimistic about growing or outgrowing the market from the coming quarters on wards on the motor segment.

On the health, again this is the unfortunate bit of a base effect, one because we were traditionally more of a Banca player, and there was a base effect in terms of ICICI Bank stopping to distribute our benefit products, that had some amount of impact on our overall business. But separate from that now we are seeing that growth come back. So, as I explained, if you look at even during the quarter while overall number is you're rightly identifies that the health business has under grown for the quarter. But if you look at just the month of December, we've outgrown the market on the health indemnity business as we are adding more agents and distribution that we've talked about. And similarly with the bank, that base effect has largely played out, and our overall Banca distribution in the month of December has grown by about 15%, because the base it has got played out and we are optimistic that this will start growing from this quarter onwards. Even the bank has restarted selling, not benefit but our indemnity product as an attachment just started. So we'll have to wait to see the impact it

may take a bit of time. But overall, the base effect headwinds are behind us. And on top of it, we are investing in terms of the retail agency distribution that we've talked about. So all in all, we are quite optimistic about growth from going forward.

Shreya Shivani: Got it sir. And also wanted to ask you, particularly on your health business, one group business is a bigger portion of your health portfolio. So is there any target you're putting on what kind of mix you want to maintain between retail and group in the health portfolio?

Bhargav Dasgupta: We don't, we take calls based on pure risk selection, if let's say group health business is performing poor, we will cut down on group health business. What we are very happy with is what we've been saying for some time from June onwards after the wave two, we went back to our corporate clients for price correction. And we said we will look at 15% to 20% price increase, we are very happy to say that for large corporates, we have got even higher price increase on an overall portfolio basis. We factored in some potential third wave also in the price. And we are quite happy that we've retained more than 90% of our large corporate accounts, in spite of this kind of a price increase. So with this, we are reasonably confident about the group health book right now. We'll have to watch for the impact of COVID-19 wave three and the system pricing. So we don't put a target of mix. We put a target of profitability for each of the segments.

Moderator: Thank you. The next question is from the line of Rahul Jha from BAY Capital. Please go ahead.(37.30)

Rahul Jha: My question is, you said that there were around 400 agents added into the retail health side. But when I look at the numbers, it is up from 78,000 it has gone to 82,000. So this is how come only 400 in retail health. So, only 10% is going to retail health?

Bhargav Dasgupta: What the 400 number is our own sales force that we hire on our rolls, the number that you're talking about is the agent count. So what we do is, these people join our company and then they recruit agents, who are not on our roles these are commission agents, tied agents or point of sale agents. So these are two different numbers, now when we get these 400 odd people as we mention

in the second earnings conference call, we wanted to recruit about 1000, you want to add about 1000 sales force in the retail agency channel, these are people that will take on roles, each of them will then go out and hire agents to do the distribution. But 400 of them have joined this quarter, then they will now hire more agents, and those agents will then produce business on the job.

Moderator:

Thank you. The next question is from the line of Prayesh Jain from Motilal Oswal. Please go ahead.

Prayesh Jain:

What was the health loss ratio in the quarter and in the previous quarter we had some ₹ 67 crores of reserve release under health book. So like-to-like comparison, what would have been the claims ratio. And given the motor TP price hike, where are we in the sense is IRDA talking about it or what are the processes that are needed for the price hike and has anything been started from IRDA side?

Gopal Balachandran:

Let me take the first part first. On the first one, on the health loss ratios, when you look at the investor deck we have put out the numbers which includes health and personal accident put together just on the health side, if you were to look at Q2 loss ratios for the overall health book was 77.7%. Q3, that number stands at about 82.7%. And if you look at Q3 last year which is for ICICI Lombard on a standalone basis, the overall health loss ratio stands at about 88.1%. So those are three numbers, Q2 at 77.7%, Q3 of current year at 82.7% and Q3 of last year IL on a standalone basis at 88.1%. So those are three numbers, that's in response to the first question of yours. Your second point on the release of reserves that we had seen in Q2, which is what I talked about, for the H1, we had a net COVID-19 impact of over ₹ 5.61 billion that's for the first half of the year. That number if you look at on a 9M basis, now stands revised at ₹ 5.29 billion. So hence to that extent, relative to the trend line, what we are seeing on account of wave two COVID-19 cases, the number stands revised at about ₹ 5.29 billion. As I mentioned, obviously what we'll have to wait for is this new wave three that has come through; what impact does it have both in terms of count of intimations and in terms of average claim size. As we move forward in this quarter, we will be able to share better insights subsequently. The initial trends seems to suggest when we look at the cashless count in terms

of intimations on wave three, relative to the peak that we had seen in wave two, the number of intimations under wave three seems to be far lower. So that's one trend line, but early trends we will have to wait as I said for more data to come through, even on the claim size as we speak, maybe it looks like things, there are cases that are getting intimated are relatively milder, and hence to that extent maybe a 10% to 15% lower average claim size than what you would have normally seen in relative portions that's what early trends are.. So that's one, to your second point on motor third party we have been talking about the price increase. Unfortunately, we have not seen a price change happening over the last couple of years. Having said that, we have also been talking about let's say increase in fact the average claim payouts consequent to various court judgments that we have seen over the last couple of years. The expectation that we have is maybe as we head into let say maybe FY23. Hopefully, we should be able to see some form of a draft guideline getting put out in terms of increase in motor third party pricing.

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

Sanketh Godha: Gopal we have seen a significant increase in the expenses on QoQ basis, if you see the sales promotion advertisement spend has been increased almost by 28% QoQ. With this I was just wanting to understand why it has gone up given it's a combined entity, we thought this number will come down compared to QoQ what you have done in Q2. And also just wanted to understand this cost will be paused itself. So, if there are low hanging fruits like branch rationalization and the employee rationalization, then what is the likely absolute cost you could be saving during FY2023 and FY2024 so that your OPEX ratios from Bharti AXA could substantially improve in FY2023 and FY2024 compared to what we have seen right now. Around 30% is what we have seen right now for the combined entity except commission?

Gopal Balachandran: So, Sanketh your first question on the sales promotion front maybe you have to always look at the overall expense ratios number in the context of the mix of business that we have. As I kind of mentioned in one of the responses to the earlier question, Q3 typically happens to the period where we see typically bulk

of the retail business getting sourced. For example, the mix of motor within let's say, whatever volumes of business that we would have done in let's say Q2 and Q3, you will find motor contributing to a relatively larger proportion of Gross written premiums. And hence to that extent, correspondingly it's where you will get to see the cost of sourcing getting reflected insofar as expense numbers are concerned. Having said that, when you look at the aggregate expense ratio numbers for Q2, that number was at about 35.4%. This I am talking about both operating expenses plus commissions put together. For Q2, that number was about 35.4%. That number is actually slightly come off. And that number stands at about 34.9%. So hence to that extent, we have actually seen a maybe a 0.5% improvement in the overall management expense ratios in Q3 compared to Q2. So that's the trend line that one would obviously want to see as we get into the subsequent quarters.

Your point was let's say some of the cost synergy is getting played out which is what we explained, your point is absolutely right. On the office infrastructure space is what I again responded to one of the earlier questions, if you look at December 31, our office number stands divide at about 285 as compared to almost more than 400+ offices which we had towards the end of September. So we have clearly been able to kind of get benefits of rationalization on the office front, a large part of it happened towards the second half of Q3 and hence to that extent, the impact in the form of benefits or costs is something that you will start to see it playing through in the Q4 number onwards.

The same thing is what we would obviously also want to see implemented efficiencies and productivity playing out even when it comes to on the people front. Again, the impact of which is something that we will see over the next I would say 6 to 12 months kind of time period. The trajectory that one would take is what Bhargav also responded in so far as the combined ratio is concerned. Again, when you look at Q2 combined, we were at about 105.3%, Q3 number have come to 104.5%. And over the period, we would obviously want to try and see if you can start seeing improvement in combined as we head into this subsequent quarters. That's how the cost synergies would play out, every cost element is being looked at and some of the immediate benefit is something that we already started to see. And certain elements of cost

particularly as we said on the technology side will play through towards the H2 of FY2023.

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

Avinash Singh: Two questions, one firstly on your retail health claims ratio seems to be higher side in Q3 despite some ₹ 30 odd crores COVID-19 reserve release adjustments. So while they are sort of in between previous frequency of non COVID-19 or delayed procedures or was there some sort of change on their severity side, so that's on the retail health part, and secondly on motor side. Now, we have talked a lot about competition, what and Bhargav told that okay, rarely it has happened that two, three years of intense competition, but one thing that's different in this time of competition is that there are a lot of new players like they have been funded or being funded on the patterns of the futuristic insure-tech business where sort of the gestation period or willingness to take losses is pretty high for longer period. And on the other hand, you have that the large incumbents struggling to just maintain the top line of course, they have been recapitalized. So their ability again to drag pricing is higher. So these are the two questions. So, how do you see that motor OD competition reaching out?

Bhargav Dasgupta: Avinash great questions. On the first one, it was largely because elevated frequency of non COVID-19 claims that we see, we've been talking about it and in Q3, we had both medical acute cases, which is basically the Dengue, Malaria cases which kind of continued from Q2, usually it's been to the monsoon season it continued in the early part of Q3 and definitely on top of that, the elective surgery numbers have been quite high for Q3. Early signs in Q4 both those medical acute cases came down in the second half of Q3, and even elective surgery right now, it's again trending down, but we'll have to watch this trend for a period.

In terms of ACS, very similar to the number that we gave in the last earnings call, over a two year period we've seen roughly about 20% increase. So about 9% to 10% annualized increase in average claim size is what we are seeing

which is largely a medical inflation that we are seeing, we will have to again wait to see if this is structural, we explained the reason why we think this is happening in terms of additional tests, PPE suits, etc. But till COVID-19 plays through this will remain and thereafter we'll have to wait to see if this is structural. So that's on the health side.

On the motor side, your point is absolutely valid. In the past we've not seen PE-funded entity which is just going for growth. We've had disciplined insurers who've come into the market. So that risk is there. Having said that, we believe that from our perspective, we've taken the necessary calls that we wanted to this year, and we are reasonably confident that on this base we will continue to grow on the motor book. I'm hoping that there'll be some price correction next year because of TP, etc. But even otherwise, we have geared up to handle this sector. We've done a lot of granular analysis during this year to prepare ourselves for a situation where this market continues to remain aggressive and we will still be able to compete with ourselves.

Moderator: Thank you. The next question is from the line of Prakash Kapadia from Anived Portfolio Management. Please go ahead.

Prakash Kapadia: Bhargav, you mentioned about the app downloads, 1.1 million. So, are we happy with this number and can you share some customer experiences because, the app has certain very good feature, like a consultation or a diet planning. So, how is the customer experience been, because some of these things, once they're appreciated and kick in automatically stickiness and cross sell can improve for us and in dental insurance there was some tie ups, or is it under the same policy, are some of these initiatives for creating a more differentiation at our retail level kind of focus?

Bhargav Dasgupta: You are absolutely correct this is exactly our thought process on the benefit of the app from a longer-term perspective. If you look at the number, 1.1 million is just scratching the surface. We launched this app about two years back, largely focused on the business to employee segment which is basically the group health segment for employees of corporates. At that point in time our thought process was, this was a segment with whom we had hardly any engagement,

individuals in corporates wouldn't even realize that the insurance was from ICICI Lombard unless they had a claim. And a small percentage of people actually claimed. So the whole thought process was to build engagement and then very rapidly, we realized that we needed to pivot and provide a comprehensive solution across product lines to these customers because the same customer was an employee of a corporate is also a retail insurance customer of ours through maybe a motor or some other policy. So we have been consistently pivoting, we pivoted and we've been consistently building features on agile mode every 15 days we launch new features on the app. And the number of downloads that we are seeing is really a two year story. Right now we are adding almost 100,000 new app users every month.

On the service and engagement, we are watching it like a hawk. You are absolutely right, we believe this will create stickiness and improve process. We launched the renewal and the cross sell, upsell module in the middle of this year, around July or August if I recollect, and MoM we are seeing good traction in terms of people using the app for upselling or cross selling. But on a very small base so the numbers are not meaningful in the overall scheme of things, but the growth numbers are quite phenomenal. We'll wait for some time before the numbers become meaningful to talk about some of these is my guess. But overall, we are very clear that this is going to be a tool to build a strong engagement with our customers which will in the long term help us with cross sell upsell and we believe even loss issue.

Moderator: Thank you. Ladies and gentlemen, this was the last question for today. I would now like to hand the conference over to Mr. Bhargav Dasgupta for closing comments.

Bhargav Dasgupta: Thank you, Rutuja. Again, thank you everyone for joining this call. We are available for answering any other call separately, feel free to reach out in case you have questions and time didn't permit us to answer those them and look forward to engaging you during the quarter and thereafter. Thank you and take care.

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

Safe harbor:

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