ICICI Lombard
GENERAL INSURANCE

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January 20, 2023

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 and nine-months ended December 31, 2022

This is further to our letter dated January 6, 2023 and January 17, 2023, please note that the Company had hosted an earnings conference call with investor(s) and analyst(s) on Tuesday, January 17, 2023 to discuss the financial performance of the Company for the quarter and nine-months ended December 31, 2022.

In this regard, please find attached the transcript of the 'earnings conference call' for the quarter and nine-months ended December 31, 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
Q3 & 9MFY2023 Earnings Conference Call
January 17, 2023

Management:

MR. BHARGAV DASGUPTA – MD & CEO

MR. GOPAL BALACHANDRAN – CFO & CRO

MR. SANJEEV MANTRI – EXECUTIVE DIRECTOR

MR. ALOK AGARWAL – EXECUTIVE DIRECTOR

ICICI Lombard General Insurance Company Limited
Q3 & 9MFY23 Earnings Conference Call
January 17, 2023

Moderator: Good evening ladies and gentlemen. A very warm welcome to ICICI Lombard General Insurance Company Limited Q3 & 9MFY2023 Earnings Conference Call. From the Senior Management, we have with us today Mr. Bhargav Dasgupta - MD & CEO of the Company; Mr. Gopal Balachandran – CFO & CRO; Mr. Sanjeev Mantri – Executive Director; and Mr. Alok Agarwal – Executive Director.

Please note that any statements or 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 risk, 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. I now hand the conference over to Mr. Bhargav Dasgupta, MD & CEO, ICICI Lombard General Insurance Limited. Thank you and over to you, sir.

Bhargav Dasgupta: Thank you Faizan. Good evening to each one of you. Thank you for joining the earnings conference call of ICICI Lombard General Insurance Company Limited for Q3 and 9MFY2023. As always I will give you a brief overview of the industry trends and developments that we have witnessed in the past 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.

During the quarter, the Indian economy was largely driven by domestic consumption, with activity across the industry and services sectors in expansion mode. Credit growth has been showing double digit growth since April 2022 supported by both retail and wholesale lending. However, the synchronized tightening of policy rates by global central banks, has been slowing down global demand and international trade. Global slowdown, has been putting pressure on the current account and can adversely impact domestic growth going forward.

For the quarter, as per data published by SIAM the new vehicle sales continued to deliver strong growth year-on-year for the private car segment, with continued momentum in the underlying insurance demand. The commercial vehicle segment growth was supported by robust growth in end user industries (such as infrastructure and e-commerce), while the two-wheeler segment grew on a smaller base, however in volume terms, the segment continues to remain below pre-pandemic levels. Health insurance, continued to drive the overall industry growth. The commercial lines witnessed growth in line with the current market environment. We remain optimistic that the insurance industry will continue to grow given the low penetration, favorable regulatory changes and positive consumer sentiment.

Speaking of the performance, the GI industry delivered a Gross Direct Premium Income (GDPI) growth of 16.2% for 9MFY2023. Excluding crop, the growth was 17.5% for the same period. At the same time, the underwriting performance remained poor, with the combined ratio of the industry at 116.6% in H1FY2023. For Motor business, combined ratio for the industry was 123.5% in H1FY2023 as compared to 110.4% in H1FY2022 as per public disclosures.

The Authority in the current financial year, has introduced various reforms seeking to expand the market and increase the penetration of insurance products towards its mission of “Insurance for all by 2047”. During the quarter the Authority –

1. Mandated KYC requirements w.e.f January 1, 2023
2. Notified the increase in number of tie-ups from 3 to 9 in case of corporate agents for each category of insurer
3. Notified Regulatory Sandbox Regulations eliminating the time limit to facilitate innovation in products or solutions and to increase the experimental period up to 36 months.
4. Constituted working committee to put in place effective regulatory framework, post de-notification of existing tariff wordings under Fire, Engineering and Motor OD.
5. Further, exposure drafts have been issued for 'Long term Motor insurance products' covering Motor OD and Motor TP and 'Long term Fire Insurance products'.
6. The authorities also Issued registration of insurance company regulations, simplifying the process of registration for insurance companies and to promote ease of doing business.

We believe that these changes will be disruptive in the short-term, but we will have a positive effect on the insurance penetration over the long term.

Moving to business impact for us during the quarter, the Company grew by 16.9% as compared to the industry growth of 18.1%. Excluding crop, the company grew by 17.1%.

Coming to the growth for key segments during the quarter:

- In Motor, the growth remained muted at 4.7%. The competitive intensity continued on the motor OD side especially on the Private car segment. We continued to focus on profitable sub segments using historical granular data and rebalanced our portfolio resulting in our CV mix at 22.2% for 9MFY2023.
- Similar to the previous year, Health segment continued to be the fastest growing segment for the industry. During the quarter, we grew at 47.9%, which was significantly higher than the industry growth of 24.9%.

- As a result of our continued investments in Retail Health distribution, we have outgrown the industry and standalone players with a growth of 24.2%. This was driven by business sourced through retail health agency vertical which grew at 40.1%.
- I would also like to share that our one stop solution for all insurance and wellness needs, "IL TakeCare" app, has surpassed 3.7 million user downloads till date. The incremental download for the quarter was 0.9 million. ILTakeCare app contributed Rs. 347.9 million to the GDPI of Q3FY23.
- Our Bancassurance and Key Relationship Groups grew at 39.3% this quarter. Within this ICICI Bank distribution grew by 30.9% and non-ICICI Bank distribution grew by 44.2%. Post pandemic, the recovery in credit growth along with increase in wallet share and distribution partners acquired through the demerger has been the key growth driver.
- Our business sourced through our Digital One team grew by 28.3%.
    - Overall, our digital focus has enabled us to increase our digital revenues to Rs. 2.62 billion which accounts for 4.8% of our overall GDPI for this quarter. This excludes revenues from ILTakeCare app mentioned earlier.
- As far as the commercial lines are concerned, we experience robust growth driven by growth of 25.2% in the SME segment.

We remain on track and are focused on growth levers such as innovation, digital advancements, new products, strengthening our distribution engine, rationalizing 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 Q3 & 9MFY2023. We have uploaded 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 Rs. 160.48 billion in 9MFY2023 as against Rs. 133.11 billion in 9MFY2022, a growth of 20.6% which was higher than the industry growth of 16.2%. Excluding crop, GDPI growth of the company was at 19.9% which was higher than the industry growth of 17.5% in 9MFY2023.

GDPI was at Rs. 54.93 billion in Q3FY2023 as against Rs. 46.99 billion in Q3FY2022, a growth of 16.9% as against industry growth of 18.1%. Excluding crop, GDPI growth of the company was at 17.1% which was higher than the industry growth of 16.6% in Q3FY2023.

Our GDPI growth was primarily driven by growth in the preferred segments. The overall GDPI of our property and casualty segment grew by 17.8% at Rs. 46.35 billion in 9M FY2023 as against Rs. 39.34 billion in 9MFY2022.

On the retail side of business, GDPI of the Motor segment was at Rs. 64.00 billion in 9MFY2023 as against Rs.58.15 billion in 9MFY2022, registering a growth of 10.1%.

Our agents (including point of sale or POS) count, was at 106,119 as on December 31, 2022, up from 100,636 as on September 30, 2022.

The advance premium was Rs. 32.79 billion as at December 31, 2022, as against Rs. 34.34 billion as at September 30, 2022.

Resultantly, the combined ratio was 104.6% in 9MFY2023 as against 111.0% in 9MFY2022. The combined ratio was 104.4% in Q3FY2023 as against 104.5% in Q3FY2022.

Our investment assets rose to Rs. 414.51 billion as at December 31, 2022, up from Rs. 400.96 billion as at September 30, 2022. Our investment leverage (net of borrowings) was 4.16 times as at December 31, 2022, as against 4.08 times as at September 30, 2022.

Investment income was at Rs. 21.60 billion in 9MFY2023 as against Rs. 22.95 billion in 9MFY2022. On a quarterly basis, investment income increased to Rs. 7.66 billion in Q3FY2023 as against Rs.6.90 billion in Q3FY2022. Our capital gains (net of impairment on equity investment assets) stood at Rs. 2.94 billion in 9MFY2023 as compared to Rs. 6.01 billion in 9MFY2022. Capital gains in Q3FY2023 was at Rs.1.52 billion as compared to Rs.1.31 billion in Q3FY2022.

Our Profit before tax (PBT), grew by 21.0% at Rs. 15.40 billion in 9MFY2023 as against Rs. 12.73 billion in 9MFY2022, whereas PBT grew by 10.5% at Rs. 4.65 billion in Q3FY2023 as against Rs. 4.21 billion in Q3FY2022.

Consequently, Profit after tax (PAT) grew by 34.8% at Rs. 12.92 billion in 9MFY2023 as against Rs. 9.59 billion in 9MFY2022, whereas PAT grew by 11.0% at Rs. 3.53 billion in Q3FY2023 from Rs. 3.18 billion in Q3FY2022. PAT includes reversal of tax provision of Rs. 1.28 billion in Q2FY2023. Excluding this, growth in PAT was 21.4% for 9MFY2023.

Return on average equity i.e., ROAE was 18.1% in 9M FY2023 as against 15.1% in 9MFY2022. The ROAE for Q3FY2023 was 14.3% as against 14.6% in Q3FY2022.

The Solvency ratio was at 2.45x as at December 31, 2022, as against 2.47x as at September 30, 2022, continued to be higher than the minimum regulatory requirement of 1.50x.

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

I would like to thank you for attending this earnings call and we would be happy to take any questions that you still 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.

Swarnabha Mukherjee: Good Evening Sir, thank you for the opportunity and congrats for the numbers. As your Retail Health segment numbers seem to be coming out very nicely. So, just wanted to understand that segment in a little bit more detail. On the Retail Health agency side, what would be the share in the mix and how do you anticipate this to be growing going ahead, because the growth of 40% must have come on a slightly smaller base, so, will that growth rate sustain or how will it pan out, this is my first question. Second is on the Motor TP loss ratio, so, this quarter the number is very strong. How should we think about that, as this quarter particularly, I'm seeing that there has been some amount of change in the GDPI mix between two-wheeler and CV, is that also a quarterly kind of a thing, which would reverse, because I thought that you wanted to keep CV at around 24- 25%. Broadly, these are my questions.

Bhargav Dasgupta: So, maybe specifically the TP loss ratio, I will ask Gopal to answer but to answer your first question on the Retail Health business, as we've been saying, when you invest at the scale that we're doing, relative to our current size, it takes time for people to come in, stabilize, hire agents, for the agents to become active and then productive, it takes some time, so we've been saying that, for it to start building up it may take three to six months from the time that we started talking about it. So, this quarter is the first quarter where we are beginning to see real impact of the investment that we are making, but this is still early days. We are very confident that this growth numbers for the Retail Health agency channel will sustain going ahead.

Overall health growth will be driven by multiple other factors, you will have to look at what happens on the bancassurance side, because if

you look at our group health number, that's also growing quite fast compared to the industry. That's driven by two reasons - One, the bancassurance channels that we are talking about, both in terms of what came through the acquisition and also in terms of our existing partners, they are growing really well. ICICI Bank has been growing well, in this quarter. Those other channels are largely driven by slight share of wallet increase, but however largely driven by credit growth. So, that will be the dynamic for that segment of the group health business, and corporate group which is a B2B2C for employees, GMC or GHI, whatever you call it, that segment is largely driven by pricing. So, right now we are increasing pricing, we are still winning accounts, because the market is finally stabilizing in terms of pricing. That growth will come through as long as the pricing is to our satisfaction. So, that's to give you an overall perspective on health. But if your specific question is on retail health agency growth, can we sustain 40%, we believe we can.

Swarnabha Mukherjee: Okay. Sir any color on the mix, how much would be Retail Health agency now, in your overall retail health, some ballpark number would be fine sir?

Gopal Balachandran: So, relatively it's doing well, if you look at our overall Retail Health indemnity, that number for the quarter would have kind of grown by almost about 25%, 26%, within that the agency vertical has kind of grown at about 40%. So, hence , as Bhargav mentioned, one of the other things that we have been talking to the market whether on retail health indemnity can we sustain the growth numbers which is faster than not just the industry but even the standalone health companies. But at least for the last four months in September onwards, we have been able to demonstrate that, the key will be to sustain it, as we look forward. But really we are optimistic and we're continuing to make those investments in the Retail Health distribution franchise.

To your second point on the TP loss ratios, and let's say relative and corresponding to that, the CV mix. In so far as the thought process is concerned, at least on the selection of business mix within motor, there is no change in thought process which is to say that while the market continues to remain competitive, at least on certain segments of private car and therefore we continue to take a calibrated position. Wherever we see opportunities, whether it's on two-wheeler or CV, obviously we have been writing those profitable segments, as what we indicated as a part of our opening remarks, in the process is what we've indicated that possibly our mix of commercial vehicles could stay range bound within, let's say, around 24-25% threshold, in a quarter that number going down to let's say 22% mix, obviously it's a function of the business mix that one is able to source in a particular quarter. And given the fact that Q3 generally is a seasonal quarter when it comes to let's say writing of risks between private car two-wheelers and commercial vehicles. So as far as the thought process is concerned, and year end mix is concerned, we should get to see the CV around that range of 23- 24% level is what one would say. So, this is a quarter where there is lot of festive demand for private car and two-wheelers and so those numbers get elevated in this quarter. That's the reason why the mix is relatively smaller for CV its nothing else.

And the other point on the TP loss ratios, you have to look at loss ratios again not between quarters, but over longer periods, ideally year end is the best way to look at the TP loss ratios, because in some quarters, you will see the effect of some of the positions that we would have taken from a reserving perspective, that we would start to see getting played out, so far as actual loss development experiences are concerned. So, in that particular quarter you may possibly see some release of reserves that would have been given effect to. And corresponding to that is what you get to see the outcome in so far as the TP loss ratio numbers are concerned. But otherwise, so far as the reserving philosophy is concerned, I don't think there is any change in the reserving philosophy, it pretty much remains the same. And hence, you

should look at the TP loss ratios over not just on a quarter-on-quarter basis but look at it more over longer periods of development.

Swarnabha Mukherjee: Sure, sir got it, very helpful. Also, if you could throw some light on how to think about the expense ratio in terms of how to think about CAPEX and OPEX. And, how will it pan out going ahead for the next three-four quarters, as it continues to remain elevated close to around 30% mark?

Gopal Balachandran: Which is what we had indicated Swarnabha, that's what we have been talking through. What essentially happens is, particularly when you're continuing with your investments in various areas of opportunities that we have spoken about in terms of long term growth potential, whether it is with respect to the opportunity that we see on the digital side, or even for the matter of fact the continued investment that we're making on building the Retail Health distribution franchise, where it's not just a one off addition to manpower that we did last year, that's a continuing one even as we speak in the current period. Now, all of this is something as what we were explaining in our earlier calls will entail in up fronting of expenses. The benefit of revenues is obviously something that we get paid out over a period of time. Now, as I mentioned, in response to the earlier one, clearly, we are seeing early signs of some of those investments getting played out in terms of our growth percentages reflecting those investments. And hence, given the fact that this is a continuing one, we will obviously get to see the expense ratio stay at the current levels at where we are largely operating at. Having said that, we will obviously monitor and come back to the market and give an update in terms of how those investments are playing out in each of the areas. So, that's something that will be a continuing one. Obviously, revenue will catch up.

Your other point on let's say some of the investments between CAPEX and OPEX, that's something that is an ongoing one, as we have been talking through, we do undertake various transformational projects,

which will keep the organization future ready in terms of our ability to deliver products and services to the market. And hence, to that extent you will obviously see continuing investments whether it is on CAPEX or whether it is for any operating expenses. The only aspect that I will add is from Q4 onwards in line with what we have been again talking about, we have been able to successfully complete the technology migration, which we had indicated that we will complete by Q3 of this year, that's pretty much done. And hence to that extent the benefit of whatever amount of synergies that we were expecting to realize out of those technology expense is something that we will start to see from Q4 onwards.

Bhargav Dasgupta: Just one more comment to add to what Gopal said, last year we shared with you that we moved our entire technology stack to the cloud, so all our applications are on cloud. That's a call we've taken, not from our CAPEX versus OPEX perspective because all of that part of the CAPEX in future will be converted into OPEX, but it has been taken in the interest of business from a longer-term perspective, it gives us more agility, more elasticity and more scalability. So, all of that factors go in our decision, from a longer-term perspective rather than looking at whether you want to keep that expense and amortize cost over period and look at CAPEX versus OPEX to manage the financials.

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

Avinash Singh: Couple of questions. And both looking at 9M data just to sort of clear out the noise of quarter-to-quarter. Firstly, now the combined ratio at around say 104-105% that is where you have indicated, now because of this investment side volatility, and if I were to remove the tax refund, on this 104-105% combined ratio is leading to a more of a 16% ROE. Now are you comfortable with this, assuming the investment yields will continue to be at this level. You can argue that vis-à-vis where industry is, you are much better and that I admit, but of course you don't have

the advantage of not being listed, you are listed company so of course you're monitoring all the return parameters. So, that question on sort of you are balancing your combined ratio growth and profitability that's number one. And number two, again if I look at Motor as a combined portfolio, on a year-on-year basis your loss ratio are more or less fine, this 100 basis points movement. But, if I drill down to the underwriting results, it suggests that there is a material increase on the OPEX side in motor. So, if you can just help us understand what is the OPEX cost that is driving higher underwriting losses on a 9M basis for our Motor portfolio? So, these are my questions. Thank you.

Bhargav Dasgupta: So, Avinash let me take the first one, and I will ask Gopal to give you a breakdown of where that is coming from in terms of motor underwriting. On the first, as we've articulated since the time that we executed these transactions we have said that there were certain synergy benefits that we had assumed, but in reality we are seeing higher synergy benefits, we felt that it was appropriate from a longer-term perspective to invest that for growth. And that is what we did, it was really a capital allocation call of looking at the longer-term versus some short-term efficiency. We also said that in the first couple of years, maybe the combined ratio will be elevated, while our endeavor will always be to reduce it and bring it closer to maybe 102 in a couple of years. So, to that extent our view or our outlook has not changed. If that happens obviously, our ROEs as we have indicated in the past will be in the high teens. Now you can calculate the ROE for yourself it will probably be higher than 16% if we achieve the objective that we set for ourselves. It is also a fact that, during this period we probably did not anticipate the pricing around the motor OD side to the extent that we have experienced in the last six months that has had some impact on us this year. But what we are seeing is some calibration, some moderation, we are seeing some early signs of improvement. And if that happens, that will help us in achieving the objectives that we have talked about. So, hopefully, just to answer your question. It is not about being comfortable at where we are, this is really a short-term journey to achieve something which is more value

creating for the longer-term objective and continues to be improving combined ratio and improving ROEs.

Gopal Balachandran: And to your second point on the motor underwriting experience, Avinash. It's a function of two things, one is obviously you will have to look at it in the context of what growth are we exhibiting. So, relative to let's say the market as you would have seen clearly on motor in the aggregate we have underperformed, which is a conscious call that we're taking in order to kind of stay focused on the selective portfolios which is from a profitability perspective. And to that extent obviously there is a denominator effect that tends to get played out when it comes to the expense ratio. And two, given the fact that end of the day there is obviously a set of expenses that you can identify with a particular segment but equally there are expenses which are of a fixed nature, which typically gets allocated between various product lines. And therefore to that extent, that will also be a function of what outcome that you see insofar as the overall expense ratios for a particular segment is concerned, which is why instead of maybe specifically looking at individual lines of businesses from an expense ratio standpoint, it is rather better to look at the overall expense ratios for the company as a whole, which if you look at it at least on a whether you look at it on a nine-month to nine-month basis, or let's say even for that matter of fact when you look at those numbers on a quarter-on-quarter basis, the expense ratios have largely stayed around the threshold of around 29.5% to around 30% thereabout. So hence, as growth gets revived, particularly in the context of motor and the fact that we are seeing the market at this point of time is obviously competitive, which is why as a part of the opening remarks we also specifically put out for motor the industry combined ratios continue to stay elevated at almost 124%. And hence, once we start to see as what Bhargav also mentioned, some bit of easing is what we have seen, but once we start seeing the cycle completely turning back, we will be obviously able to get the growth back. And therefore to that extent, you will also see maybe the expense ratios getting allocated to that segment reflecting better numbers.

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

Shreya Shivani: I have three questions. My first question is on the realized investment yield, that came in at about 1.88 for this quarter and if we sort of plot your yields versus the 5 year GSEC yield performance, your yield have sort of ranged between 1.7% to 2%, on quarterly basis since even during FY20-21 when the GSEC yields were at its lowest in the recent past. So, I'm trying to understand where we are missing on the yields bit, if you can help me understand that because my main question is that we were expecting this to be higher than what it has turned out to be first is on that. Second is on the crop book, so for the 9M period, the loss ratio sort of inched up to 90%. Now last time, you had mentioned that you've written a big chunk of this business with Maharashtra government, which has some cap loss program at 80-110, or something like that. So, how is the performance of that book and whether this inching up of the loss ratio is from the Bharti AXA book, so just trying to understand where the higher loss ratio is coming from. And third is on retail health, last time you had mentioned that you guys have hired 1000 retail health sales managers and each one of them will go out and onboard more agents, etc. So, if you can give us an update on whether all those 1, 000 onboarding is finished, are we hiring more sales managers and how is that process going. Thank you.

Bhargav Dasgupta: So, let me respond in the same sequence. So, if you look at the realized yield, it's an annualized number. So, on an annualized basis that reflects roughly about 7.52%, which given the current interest rate, we would think it's pretty good in terms of realizing yield on the portfolio. On the second one, in terms of the crop, our entire crop book is Bharti AXA book, everything that we have is with Bharti AXA book. There is no change in terms of what we're seeing with the book performance. In Q2 which is last quarter, based on actual realization of the experience we had some releases, till we get the complete results we tend to reserve conservatively. And then once we actually get the final data,

then we release if at all there is a scope for release. So, this quarter we have reserved as a practice in a conservative manner. Our belief is on the underlying voices what we get to see the Kharif, Rabi process are well within our comfort level and Kharif has been well within our comfort level. Rabi crop production also should be good given the bountiful rainfall that we have had. So, crop looks comfortable for us at this point in time. But again, these are uncertain businesses, we'll see what happens in Rabi. The Rabi proportion of our business is also very small, so we don't think we will have a material impact, even if it goes against our anticipated losses.

Gopal Balachandran: So, on the Retail Health Shreya just to answer yes, we have on boarded all the 1, 000 Retail Health agency sales managers that we had spoken of, to be hired. That's pretty much done. And as I said, this is a continuing one, it's not that it's a one-off investment that we wanted to do in terms of what we spoke of it since quarter two of last year. So, that's a continuing one, and as I had indicated obviously early signs of it getting played out is what I had spoken about since September onwards we are getting to see month-on-month traction for us clearly exhibiting also for months relative to even the standalone health companies. The key will be for us to sustain this momentum as we kind of build up this distribution. At the end of the day as we have also indicated in the past, the market share of retail health for us is still at sub 3%, it's a bit of 2.9% to 3% in that range. So, there's clearly an opportunity for us to stay invested and possibly try and increase our market share on this.

Shreya Shivani: Sure. Just one clarification, so the Maharashtra crop book was also a part of the Bharti AXA book or I thought that was a new contract that you guys have entered into?

Bhargav Dasgupta: So, in that sense yes, but this is basically Bharti AXA had a Maharashtra business. We've kind of renewed it this year based on the 80-110, you are right. But the crop business came with Bharti AXA.

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

Hitesh Gulati: Sir firstly, I wanted to understand on agency in Retail Health, how many agents would have been added so for instance if we have 1, 000 new sales force, how many agents would be active in health. So, in the past we had about 6, 000 agents selling health so what would that number be right now?

Management: We will give you a number Hitesh, we'll come back to you with the number.

Hitesh Gulati: Sure, sir. And the second question I had was, so these benefit policies, I assume other than the ICICI Bank, the other partnerships that we have we are doing attachment products with them and these policies generally tend to be quite profitable. So, is that the scenario and should we expect that combined ratio in this segment will be good with all these distribution partnerships that we're working on?

Bhargav Dasgupta: So, absolutely Hitesh, if you recollect while the mix currently on health products is skewed more in terms of indemnity as compared to benefit. But if you look at it historically, the mix was actually the opposite, where we had a relatively large proportion of health premium contributed more by the benefit product and relatively at that point of time, we were building up the indemnity franchise. For the last couple of years for the benefit segment because of market constraints, in terms of credit disbursals being significantly lower, and also what we have explained in terms of the decision that one of our bank distribution partner had taken, so all of that is behind us, which is why now as we speak the credit disbursals are back. And this segment is obviously a profitable one and yes, you are right it is something that will contribute to our underwriting outcomes and in general, the product segment is positive.

Hitesh Gulati: Sure, sir. And just one last thing sir, our investment income on a Q-on-Q basis is lower, but on capital gains, it's not materially different can you just guide on that sir?

Gopal Balachandran: So, there is no specific consideration behind that Hitesh, because between quarters, so far as capital gain numbers are concerned that could also vary between periods-to-periods. But otherwise, it is as we have always indicated, in general when you look at the breakup of our overall investment income, roughly about 3/4th of that investment income tends to be through interest accruals, and roughly about 1/4th happens through capital gains. Now it's quite possible that in some quarter you have a capital gain number which is slightly higher in mix. But otherwise, between quarters there is no specific change in the underlying investment thought process. In general, obviously we are facing this opportunity of higher interest rates, which obviously augurs well as higher accruals are concerned. And hence to that extent is what you get to see the income between quarters more as an outcome, as compared to anything that is specifically contributing to it.

Moderator: Thank you, Mr. Gulati. The next question is from the line of Prayesh Jain from Motilal Oswal. Please go ahead.

Prayesh Jain: Just a couple of questions from my side, firstly Gopal, if you could mention how do we think about the unexpired risk reserve for the full year of FY2023 now that you've gone into nine months and I understand that it depends on what growth we see in fourth quarter, but assuming a ballpark growth of around, what we have seen around 15%, do we see the NEP growth to be better going ahead, that is one. Secondly, so in the motor segment, I would like to view that when do we really see growth coming strongly for you, what would be the point or what are the factors that can really drive this growth back to high, in line with the industry or even better than the industry. And in the past, you have been alluding to the fact that past few quarters that the motor OD pricing has become more or less it's getting some cognizance and it's getting

better, but we don't see that in the numbers yet. So, any further thoughts that would be helpful.

Gopal Balachandran: So, on the first one honestly, what you said is what it is, when it comes to unexpired risk reserve, it's purely a function of what business mix that you write. And the earnings is purely a function of the contract term for which let us say the policies were issued. And hence to that extent, like for example if large part of our policies are predominantly of a one-year duration, hence to that extent the earnings will typically get earned over the contract period. So hence to that extent and given the fact say for example this particular year we have seen the growth being relatively better than what we had seen in the past two periods, which is why you get to see in whichever period you are writing the higher quantum of business, to that extent for the period at which you're ending up reporting numbers, you end up carrying a higher amount of unexpired risk reserve, which will obviously get released in the future periods. The outcome will be to look at more, because corresponding to that you would also have let say the loss experience getting paid out as well, so rather it is better to look at more either the loss ratio numbers for the company as a whole, or more importantly combined ratios will be far more a better reflection, rather than just looking at NEP on a standalone basis, because it has got multiple factors as you rightly mentioned in terms of mix of business, at what point of time are you writing those risks, and so on and so forth. So, hence, a better way to look at is more let's say the loss ratios and the combined ratios. So, that's in response to the first one.

To your second point on when do we see, let's say us changing stance. Obviously, this is not the first time that we have been taking a calibrated call with respect to going a little slow in writing certain segments of business. Now that is a reason why just to repeat, what we had put out as a part of the introductory opening remarks, is what you get to see as an outcome for the overall market with respect to the motor combined ratios. So, mainly you see this is public information, which is why the

industry as a whole is operating at a combined rate of 124%. Obviously, that does not make viable sense for us to significantly go after that segment, which is going to exhibit a very adverse underwriting outcome. That's the reason why we have been taking calibrated calls, in the segments where we think the competitive intensity is far more elevated. But our sense is given that now we are seeing maybe continued quarters of combined ratio staying elevated for the market, we don't think this can continue to sustain for maybe a further longer period of time. Already we are seeing which is what Bhargav also mentioned, signs of some of the players in the market starting to become far more rationale when it comes to underwriting this particular segment. So, our sense is, we will obviously watch out for the development over the next couple of quarters. Atleast but so far as for our investment is concerned, we are pretty much staying on course in the sense that we are expanding investments in expanding distribution even on the motor side, whether it comes to working with OEM in terms of the number of dealers whom we have access to, or for that matter of fact even with the number of agents that we are working with which is what you would have seen for the company as a whole again the aggregate number of agency count has gone up. So, we're continuing to make those investments in writing those businesses. As and when we see the opportunity turn up, we will be in a better place to write this particular segment of business.

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

Sanket Godha: Thank you for the opportunity. Can you give me the loss ratio breakdown for Retail Health benefit, indemnity Health and Group Health and PA if possible. Just to understand how it is panning out given the large part of the business is new in nature, just wanted to understand whether it is substantially below 60 or 65 especially in the case of retail indemnity?

Gopal Balachandran: Sanket, I am giving you right now Q3 numbers. Q3 loss ratios for the corporate health book, which is a GHI portfolio, that number is 98.9%. And insofar as the retail indemnity book is concerned that number is about 68%.

Sanket Godha: Okay. 68%, means it might be a 12-13% ROE product. You are creating a product which will drag down the entire ROE of the company. Just wanted to understand is 68% a sustainable number when you look at the kind of growth you're delivering, or it could come down in your view?

Bhargav Dasgupta: So, Sanket there are couple of factors. One is the mix of new versus old. So, our new mix is increasing as the fresh business is increasing. But the NEP of that book hasn't flow in as much. So, as that happens the loss ratio is expected to come down a bit. Second is we are also looking at re-pricing the renewal book, which is something that we will do in this quarter itself. So, overall, we expect the loss ratio to further come down going ahead.

Sanket Godha: Okay. And in health, it has been a phenomenal year for us at least for nine months. So, out of the entire health if I look at the PA, benefit-based health and Group health are driven by some kind of a factors which are not repeatable in nature, like credit growth being very strong and group health pricing being better. So, I just wanted to check whether the group health pricing, you have already seen a correction. And if on higher base the credit growth slows down, then the highly profitable products like benefit based and PA might contribute lower in the next year. So, just wanted to know, retail indemnity as you highlighted might do well, because of the investments you have made. But the growth what you have reported 40% plus in overall for nine months, what likely number you expect it to leverage in Q4?

Bhargav Dasgupta: So, you can just go back , before the NBFC crisis, we used to have roughly 75% of our business in the health coming from the bancassurance, the retail benefit structure. So, this year, it looks like suddenly it's increased because of the low base of the last two years.

Going ahead, do we expect credit growth for retail products, to come down significantly, that's a call if it comes down significantly due to some others macroeconomic reasons of course it will come down. In terms of what we believe that, we are one gaining market share in most of the bancassurance partners that we are working with, we are looking at opening up other streams of businesses from each one of these partners, which we believe there's an opportunity, so we are reasonably confident of growing the bancassurance business, may not be the same rate given that we have a very high growth this year on that base maybe it will not be the same rate of growth, but we remain confident of growing that channel.

The second question that you had in terms of group health pricing, look at the end of the day, of course it is driven with pricing and someone could come in and get very aggressive that is a possibility, but if you go back to the reason why the group health pricing was the level where it was, because largely a few large companies who were doing it in an aggressive level. Most of them today have some solvency challenges, and we really don't anticipate them coming back and doing the same thing right now, there is still a capital constraint. So, we believe that the market for group health structurally is getting better. And we believe that this growth should sustain for some more time. In terms of price increase, we took a price increase as we discussed last year we have talked about post COVID we had taken 15-20% price increase on that base we are able to get further price increases not at the same pace, but we are still able to get small price increases and hold on to the business. The other thing that is happening in health is that in Q2, we had talked about the fact that the claims, the frequency had got elevated, we are seeing that rationalize and come down to normal levels. So, from all of those perspectives we remain reasonably confident about the health business as of now.

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

Nidhesh: In your opening comments you mentioned that there has been multiple regulatory drafts and proposed changes and that could have a disruptive impact on the company, on the sector in the short-term. So, can you elaborate what sort of disruption you are expecting because of those changes?

Bhargav Dasgupta: When there are changes, there will be some consequent impact on the ground. And what we're seeing is a plethora of changes happening at the same time. So, it's just that, let's look at a couple of things that could create the amount of disruption, one is fresh licensing, it may not come in by next year. But if that comes in, there's a lot more capital coming into the sector that could create some competitive pressure, that's a possibility. I'm not saying it will happen, but these are things that you need to be conscious of and aware of. Secondly, for example commercial line, there is a talk of complete de-tariffication if that happens, there could be a round of competition. We don't believe that it will have dramatic changes because, if you look at the overall combined ratio of the sector, and some of the players who were very aggressive last time when this happened, they may not have the capability of the capital to continue with that upwards this time, but since there is always a probability of amount of disruption that's the point I want to make. But the larger point is that these are all in our opinion, very positive changes from a longer-term perspective, and we believe should help discipline underwriters, players like us who have capital, brand and presence across multiple lines of business at scale, it should benefit us. But, we just wanted to tell you that there is also a probability of some amount of destabilization given the amount of changes that are happening that's always a possibility.

Nidhesh: Sure. And there's a follow up on that, there is also talk of deregulating the commission rate across all lines of business, while expense of management will be capped at a particular level. So, do you see as a multi-line insurance company, we will have an advantage in the retail health insurance segment because of that regulation?

Bhargav Dasgupta: The advantage for us is, if you look at the proposed expense of management limit that is being talked about, we are within that number as a company, so we are comfortably placed. Some of the companies which have been aggressively growing, spending a lot of money, they may have to calibrate, to that extent yes there could be an advantage.

Moderator: Thank you. We'll take the next question from the line of Madhukar Ladha from Nuvama Wealth Management. Please go ahead.

Madhukar Ladha: Most of my questions have been answered just a couple of them. One on the motor TP segment, we're seeing a lot of improvement in the loss ratio, I am not sure if you have clarified this before but has there been some improvement taken from the six months restriction on the period of reporting of any accident so, what have been the developments on that. And, if you could give us some guidance in terms of how the courts are ruling and better there can be any benefit flowing through more and better we have accounted for any sort of reserves releases because of that. And second, on the group 'others business' which is excluding the employer employee business, what is the source of that I believe we are not doing that business more with ICICI Bank. So, what are our other partners, broadly if you can help us with banks, NBFC, some sort of classification and against what products are these attachments?

Bhargav Dasgupta: On the first one Madhukar, the first answer is no, we have not taken benefits of the shortening of the tail as yet. What we've seen happen is there's been a recent Madras High Court judgment, which is reaffirming this point that you have to file claims within six months. So, now we have case law supporting the change in the regulation or law of the land, which is a positive. What we're beginning to see some signs for first six - seven months we didn't seem to see a big change in terms of frequency or acceleration of claims. But as we speak early signs of some acceleration happening in some states, we will have to study this for some more time to tell you that it's happening at a national level, but early signs are positive. And if that happens, then it could be a positive

for the sector. But as of now, we've not taken any benefit of that in our numbers, because it's too early to take a benefit.

In terms of your second question, this was always our strength working with multiple bancassurance companies, NBFCs, agencies, we work with digital lending companies, we work with a whole host of entities which provide retail credit with whom we sell some of these group other category of health products, which is what has come by which is the point that you were making the last couple of years that was low but we had a relatively higher share of that business. So, to that extent, it was negative for us but that has now come back this year and that's where this is going from. ICICI Bank business on that account, last year they stopped selling, they haven't restarted that. However, what they've done is, they have target selling retail indemnity products, both through the branches as also as attachment for their mortgage customers. So, that's why the number from the bank side is also positive. If you look at the percentages, we gave in the opening remarks, ICICI Bank distribution grew by about 30.9% and non-ICICI Bank distribution which includes multiple other banks, so, most of the large private sector banks, we are their partners, most of the large NBFCs, HFCs we are their partners and that segment that is non ICICI Bank distribution grew at 44.2%.

Moderator: Thank you. We'll take the next question from the line of Rishi Jhunjhunwala from IIFL Institutional Equities. Please go ahead.

Rishi Jhunjhunwala: Sir, I just wanted some color on how we look at the expense ratio trajectory. So, there are two parts to it over the past 15 months since the acquisition of Bharti AXA, there was one trajectory which suggested that the gap between the expense ratios between Bharti AXA and us should converge over a two, two and a half year period and that is something that will drive the overall combined ratio down. On the other hand, we had intended to basically invest in retail health and digital in order to gain some of those market share there. Now, if I look at, both

these aspects it would be great to just understand one, on the Bharti AXA rationalization has the progress being slower than expected. And two, we've seen like even on a 9M basis significant growth in sales, or even overall OPEX excluding commissions. But it doesn't seem to reflect that it is going into retail health, looking at the combined ratio of retail health, since it seems to be going into motor. So, just wanted to understand on the second part how the expenses are getting allocated to and as a result, what should be the trajectory going forward?

Gopal Balachandran: Rishi, your second part of the question with respect to the progress of the Bharti AXA integration in line with what we have been communicating, that is pretty much realized whatever synergies that we spoke about, the only last synergy which we had said is something that we will realize in this financial year, is the technology synergy consequent to once we get the applications integrated or merged, we should start realizing the benefit of the synergy play out from Q4 of the current year onwards. Happy to note that even that particular aspect in respect of integration between the two companies have been done. And hence you may start to see the synergy of the technology cost play out from Q4 onwards.

To your first part with respect to what could be the trajectory that the expense ratios could take, yes you're right there are multiple aspects that goes as far as the determination of the expense ratio trajectory is concerned. One is a function of what revenue growth opportunity that one sees, which is what I had explained for certain lines of businesses, while there are costs that we continue to incur. However, the revenue is something that we have not been able to completely realize to its fullest potential. As a segment in reference is motor for example, clearly we have not been able to realize the complete potential of what we would like to see that segment operate at. As and when, the growth comes back, that itself will be a function of let's say, some form of efficiencies, or maybe some form of improvement that you will get to see so far as the expense ratio trajectory is concerned.

The second is obviously, as I mentioned the investments in retail health, to your other point, was not just a one-off investment, it's a continuing one. We continue to hire, the number of retail health agency managers whom as we explained will obviously go and add more number of agency distribution. Those cost again comes today in our P&L, because it's the actual number of employees who are getting on-boarded insofar as retail health distribution is concerned. So, which is why you will continue, and till the time let's say the benefits in the form of incremental revenue play out which is what we have explained in the past, it roughly takes about 12 to 18 months for the cycle to completely get efficient, it is when you will start seeing incremental revenues being contributed. But so far as early signs are concerned, the investment seems to be playing out in line with our expectations. And hence to that extent we are quite happy with the way things are playing out. But finally, in terms of what number the expense ratio trajectory could take, rather we would look at it more from a combined ratio perspective which is a combination of both expense and loss ratios, because different segments exhibit different outcomes in terms of the way businesses will get sourced. There clearly, what we had indicated was over a two year period, we would want to see a declining slope on the combined ratio front. And we are pretty much staying on course, with respect to that particular thought process of ours, already in line with what we have spoken about for FY2023, we had said the combined will stay range bound in the 104% levels. And in FY2024, you will start seeing a declining slope. We are pretty much on course in order to getting that reflected. And hence that's the trajectory that one would see insofar as the combined ratios is concerned.

Moderator: Thank you. Ladies and gentlemen, we'll take that as the last question. I now hand the conference over to Mr. Bhargav Dasgupta for closing comments.

Bhargav Dasgupta: There was one question which Hitesh had asked in the context of how many agents did we add consequent to the 1,000 health agency

managers, that number is at about 10,000 agents is what we have been able to add by these agency managers that we have onboarded.

So, thank you everyone for joining the call. It's pretty late for all of you, I look forward to our interaction during the quarter. Thank you, thank you so much.

Moderator: Thank you. Ladies and gentlemen, on behalf of ICICI Lombard General Insurance Company Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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