

May 12, 2023

BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street  
**Mumbai – 400 021**

National Stock Exchange of India Limited  
Exchange Plaza, Bandra Kurla Complex,  
Bandra (East)  
**Mumbai – 400 051**

**Scrip Code: 500271**

**Scrip Code: MFSL**

Dear Sir/Madam,

Sub: **Corporate Announcement filed under Regulation 30 of SEBI (LODR)  
Regulations, 2015 – Investor Release – Q4 FY 23**

Refer to the aforesaid subject, we are enclosing Investor Release – Q4 FY 23 being issued by the Company on the outcome of the Board meeting.

You are requested to kindly take the aforesaid on record.

Thanking you,

Yours faithfully

for **Max Financial Services Limited**

**V. Krishnan**  
**Company Secretary & Compliance Officer**

Encl: As above

# Max Financial Performance Update

**Investor Release 12M FY23**

May 12, 2023



**LEAD**  
**I AM THE**  
**DIFFERENCE**



## SECTION I

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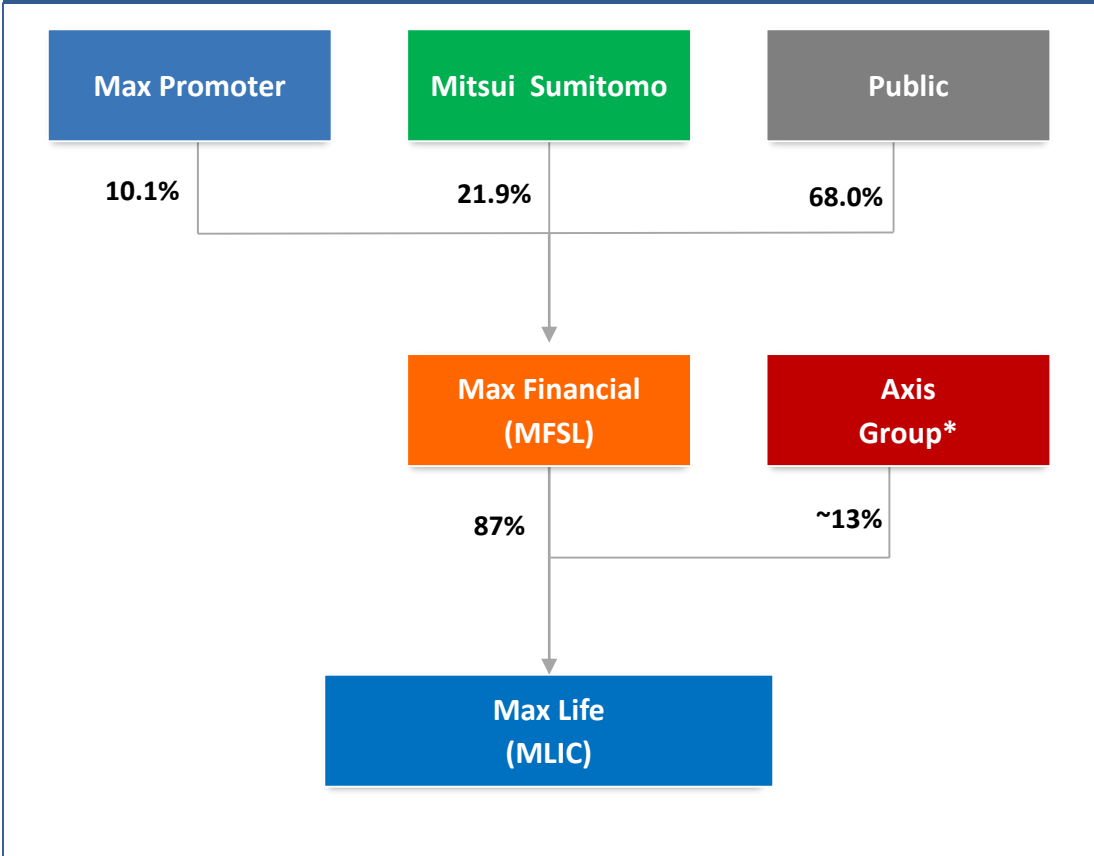
- ▶ Max Financial Services and Max Life Insurance :  
FY23 Key Highlights
- 

## Max Financial Services: FY23 Key Highlights

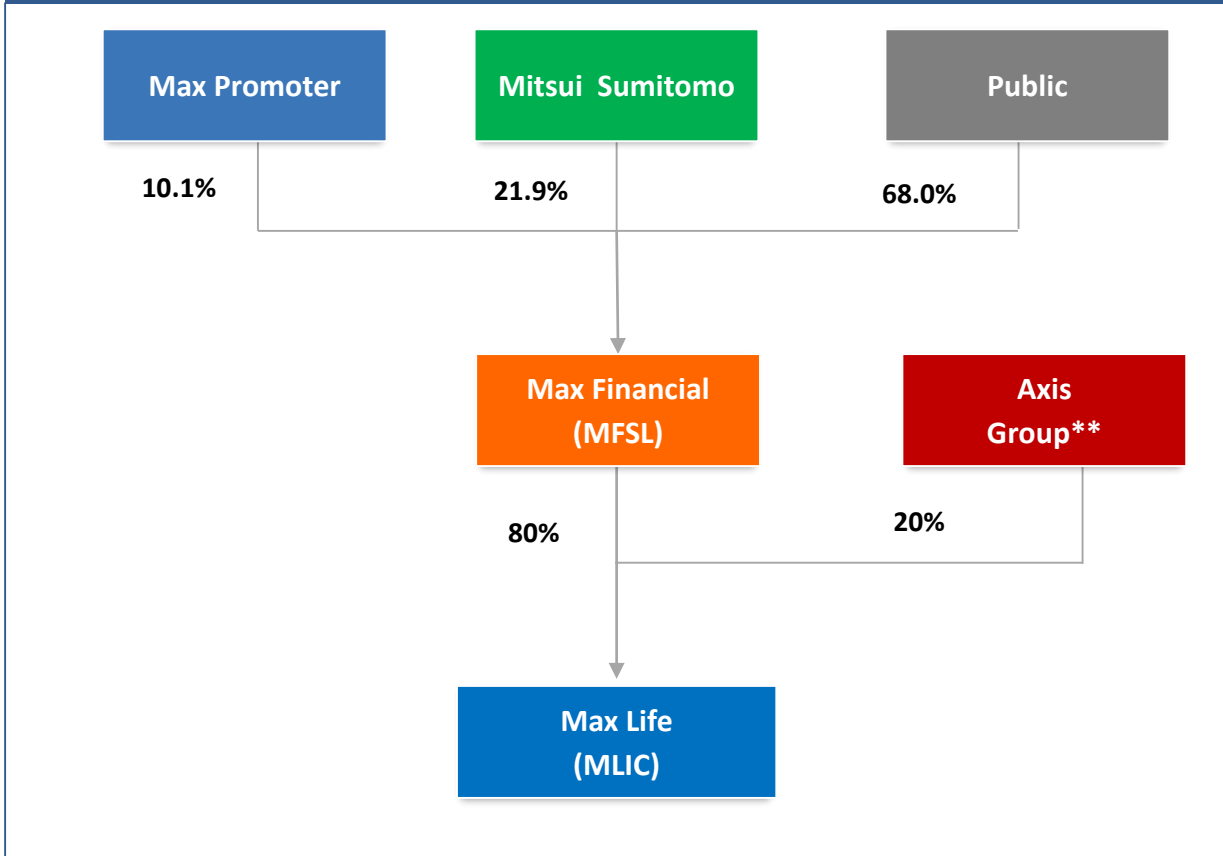
Revenue	Consolidated Revenue excluding investment income at Rs 24,940 Cr, grows 13% in FY23. Consolidated PAT at Rs 452 Cr, Up 42%
	In 12M FY23, New Business Premium grew by <b>13%</b> to Rs 8,960 Cr
Profitability	<b>Max Life Insurance Profit before Tax grew by 21%</b> to 505Cr in FY23
	Margin expanded from <b>27.4%</b> in 12M FY22 to <b>31.2%</b> in FY23, <b>VNB</b> grew by <b>28%</b> YoY to Rs <b>1,949</b> Cr. FY23 operating RoEV at <b>22.1%</b> . <b>MCEV</b> as at Mar'23 end at <b>Rs. 16,263 Cr</b>
Distribution Strength	Proprietary channels grew by 43% on YoY basis, secular growth across all channels
	Signed 10 New partners- Distribution Partnerships with <b>DCB Bank, Tamilnad Mercantile Bank, Ujjivan Small Finance Bank, Capital Small Finance Bank</b> and <b>6 new renowned Brokers</b> in FY23
Product Innovation	Strong sales momentum from new non-par savings product ( <b>Smart Wealth Advantage Guarantee</b> and <b>Smart Fixed Return Digital</b> ), New ULIP Product ( <b>Flexi Wealth Advantage Plan</b> ) Creation of new product categories for Millennial, Self Employed and Homemaker segments
Retirement Focus	Strengthened retirement offering with the launch of <b>regular pay annuity variant</b> ; Successfully posted growth of <b>~300% in Annuity business</b> in FY23 on APE basis
	Max Life Pension fund management (PFM) commenced operations in FY23, AUM at 31 <sup>st</sup> March FY23 at ~Rs 143Cr. Also obtained POP license
Industry Recognition	Recognized with the <b>Celent Model Insurer Award</b> Recognized by ICAI for <b>excellence in financial reporting</b> for FY 21-22 Awarded Excellence in driving distribution through Digital at the <b>FICCI Insurance industry awards 2022</b> Awarded Excellence in <b>Claims service and Best product innovation for SFRD</b> at <b>World BFSI Congress and awards</b>

# Transaction Update

**Current Structure (As of 31<sup>st</sup> Mar'23)**



**Final structure (Post completion of series of transactions step wise details given below)**



Apr 2021

**MFSL sold 12% stake** in Max Life to **Axis** and its subsidiaries

Nov 2022

**MFSL acquired balance 5.17% stake** from MSI

Final Step

**Axis** and its **subsidiaries** have right to acquire additional **7% stake** in Max Life



## SECTION II

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- ▶ Max Life Insurance – Business Overview and Financials Update
- 

## Key Highlights for Max Life FY18-23 (1/2)



**5-Yr CAGR<sup>1</sup> of 13%** on  
Individual new business  
vs  
**10% for life insurance industry**



**Asset Under Management** at  
**Rs 1.23 lac cr**, CAGR of **19%** over  
last 5 years



Consistent **leadership** position in  
**online protection**



**5-Yr CAGR of  
21% in Prop channels**



**5-Yr CAGR of  
11% in Banca Channel**



**Retail Protection  
tripled in 5 years**



**VNB CAGR of 24%**  
in 5 years



**New Business Margin**  
expansion from 20.2% in FY18  
to **31.2%** in FY23



**5-Yr EV<sup>#</sup>  
CAGR of 20%**

Consistent growth

Value generation

# Key Highlights for Max Life FY18-23 (2/2)

## Employee metrics



**Great Places to Work rank #18** in FY21



**Rank #55** among **Great Places to Work in Asia** in FY21



**Experienced leadership<sup>1</sup>** with almost half the leadership's **tenure with Max Life of more than a decade**



**Employee engagement<sup>2</sup>** score of **>95%** for last 4 years

## Customer metrics



**#2 rank in customer loyalty<sup>3</sup>** in FY23



**Company NPS at 52– 17 points improvement in 4 years<sup>4</sup>**



**Claims paid ratio at 99.34%** in FY22

## Brand metrics



**Strategic partnership with Axis Bank**



**Highest Share of Voice** in the industry in FY23 at **40% share<sup>6</sup>**



**Brand Consideration score<sup>5</sup>** improved by **8%** in FY23 Vs FY22



# Financial Performance Summary FY23

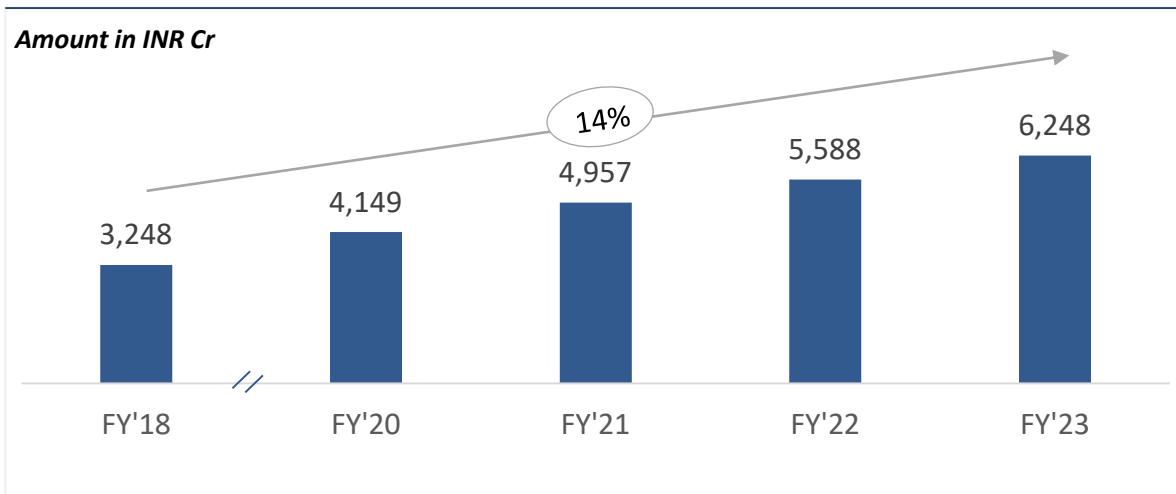
<b>Individual APE</b>  Rs 6,178 Cr [Rs 5,514 Cr] <span style="float: right;">12% ↑</span>	<b>Gross Written Premium</b>  Rs 25,342 Cr [Rs 22,414 Cr] <span style="float: right;">13% ↑</span>	<b>Renewal Premium</b>  Rs 16,382 Cr [Rs 14,509 Cr] <span style="float: right;">13% ↑</span>	<b>AUM</b>  Rs 1,22,857 Cr [Rs 1,07,510 Cr] <span style="float: right;">14% ↑</span>
<b>Profit Before tax</b>  Rs 505 Cr [Rs 417 Cr] <span style="float: right;">21% ↑</span>	<b>Net Worth</b>  Rs 3,547 Cr [Rs 3,196 Cr] <span style="float: right;">11% ↑</span>	<b>Policyholder Cost to GWP Ratio</b>  20.5% [19.7% ] <span style="float: right;">80 bps ↑</span>	<b>Policyholder Expense to GWP Ratio</b>  14.2% [13.5% ] <span style="float: right;">70 bps ↑</span>
<b>New business margin</b>  31.2% [27.4%] <span style="float: right;">380 bps ↑</span>	<b>Operating RoEV</b>  22.1% [19.2%] <span style="float: right;">290 bps ↑</span>	<b>Embedded Value<sup>^</sup></b>  16,263 [14,174] <span style="float: right;">22.1% ↑</span>	<b>Solvency</b>  190% [201%] <span style="float: right;">-11% ↓</span>
<b>VNB</b>  1,949 Cr [1,528 Cr] <span style="float: right;">28% ↑</span>	<b>Policies Sold ('000)</b>  597 [615] <span style="float: right;">-3% ↓</span>	<b>Ind. New business Sum assured</b>  2,19,250 [2,18,116] <span style="float: right;">1% ↑</span>	<b>Protection Mix**</b> Individual    Group    Total 6%            5%            11% [7%]        [6%]        [14%]

Figures in [brackets] are for previous year numbers. Totals may not match due to rounding

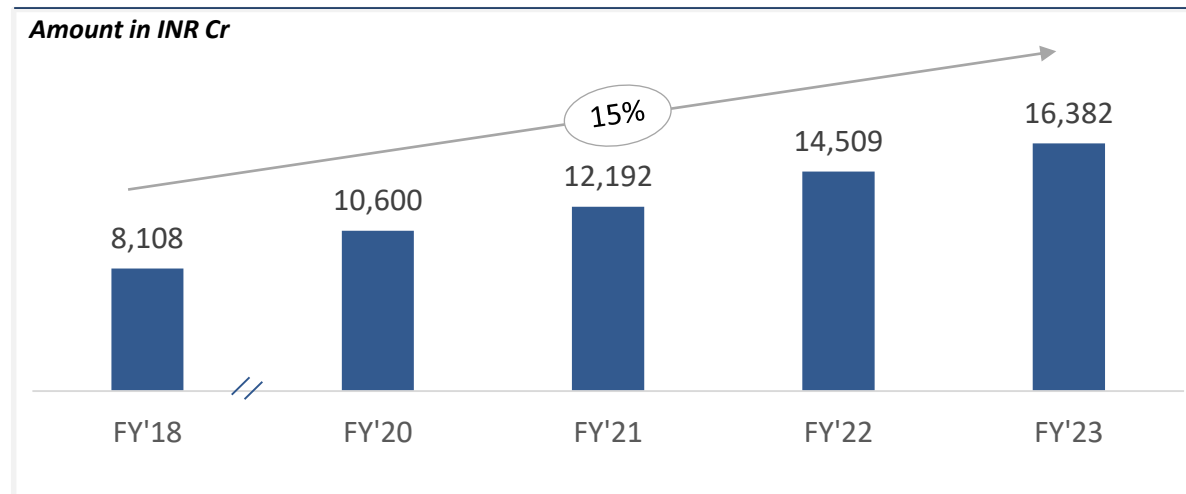
<sup>^</sup>Growth on Embedded value is operating RoEV, <sup>\*\*</sup>Group protection (incl. Group credit life adjusted for 10% for single premium and term business)

# Max Life has delivered consistent performance on new business

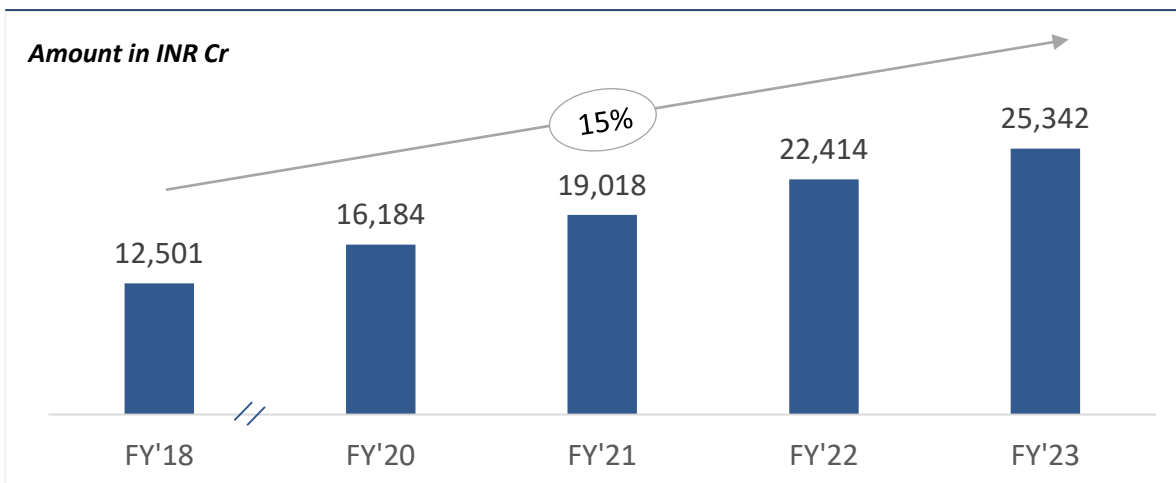
## New Business Premiums (on APE basis)



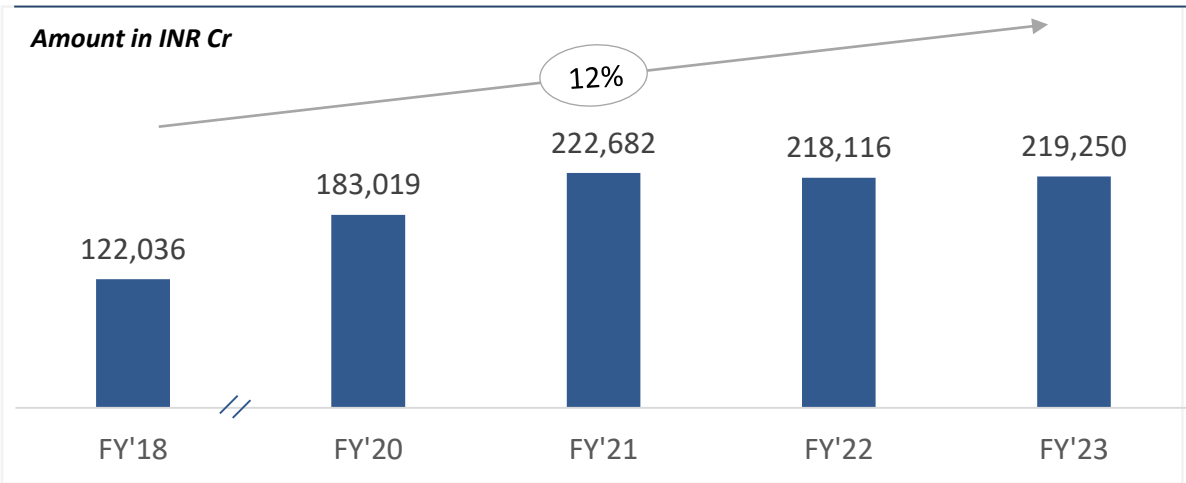
## Renewal Income



## Gross Written Premium

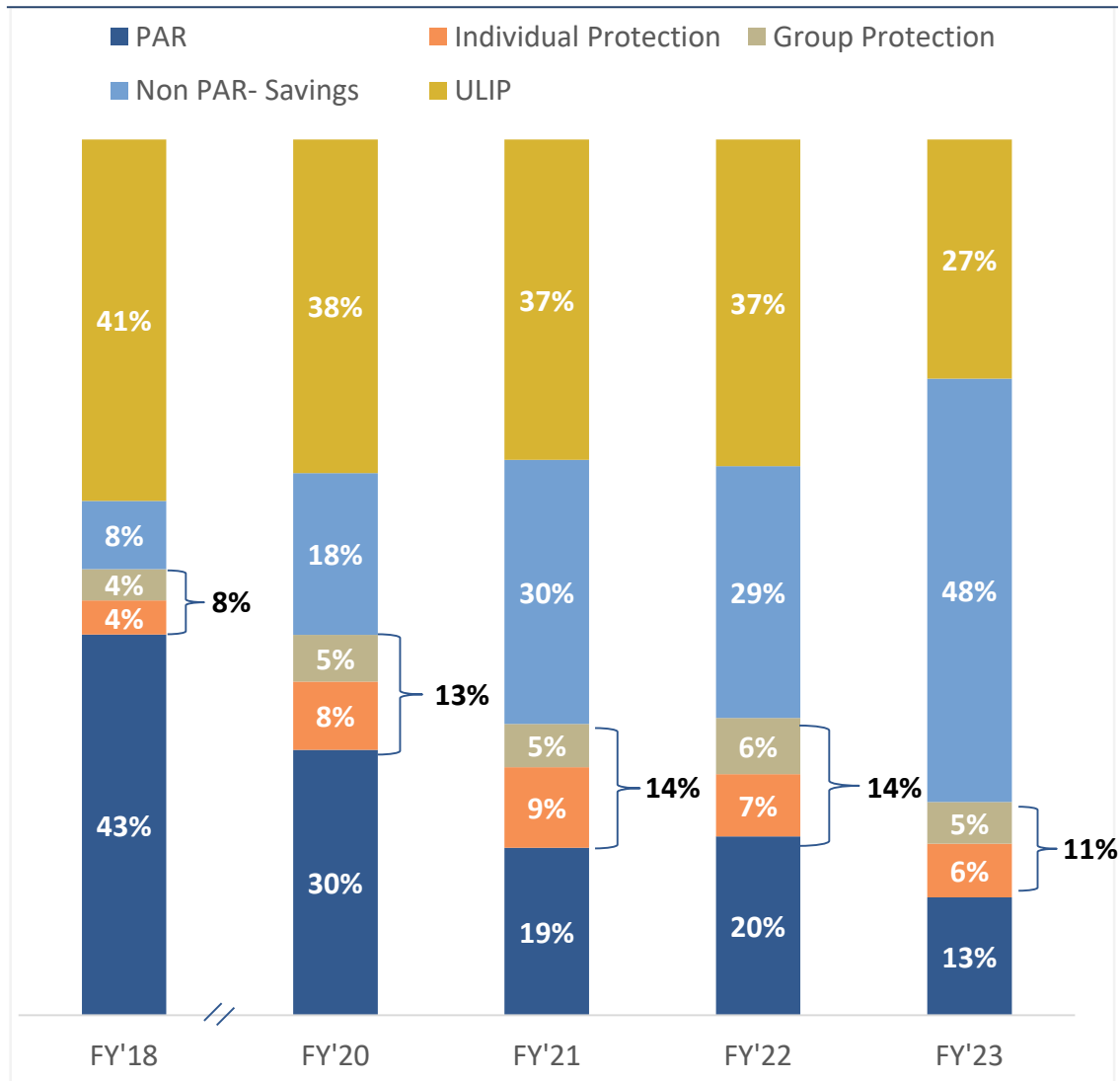


## Individual Sum Assured of New business

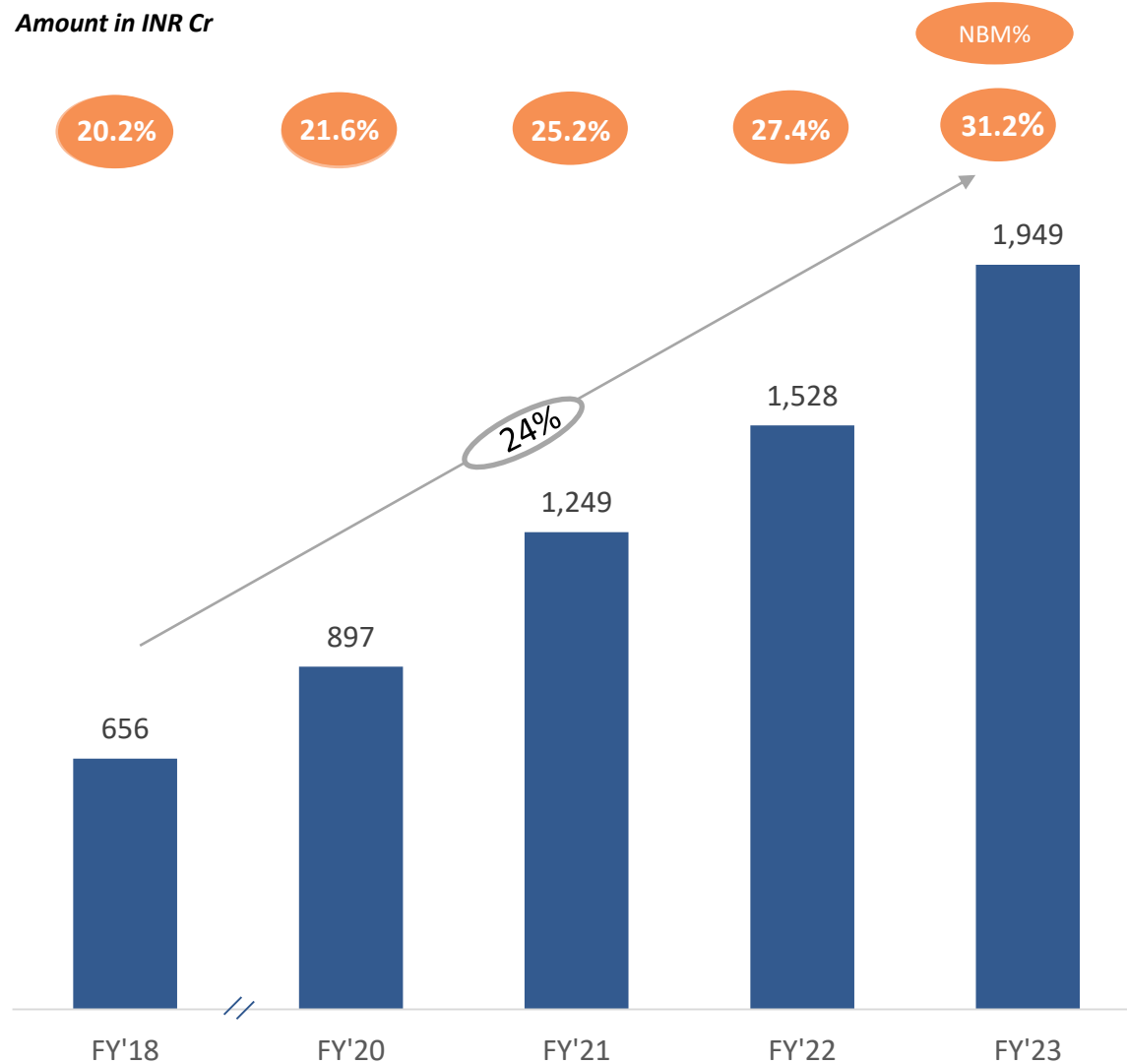


# VNB tripled in 5 years aided by strong product mix, profitable products and APE growth

## Product Mix



Value of New Business- 24% CAGR growth in VNB for a 5 year period, 3 year CAGR 30%

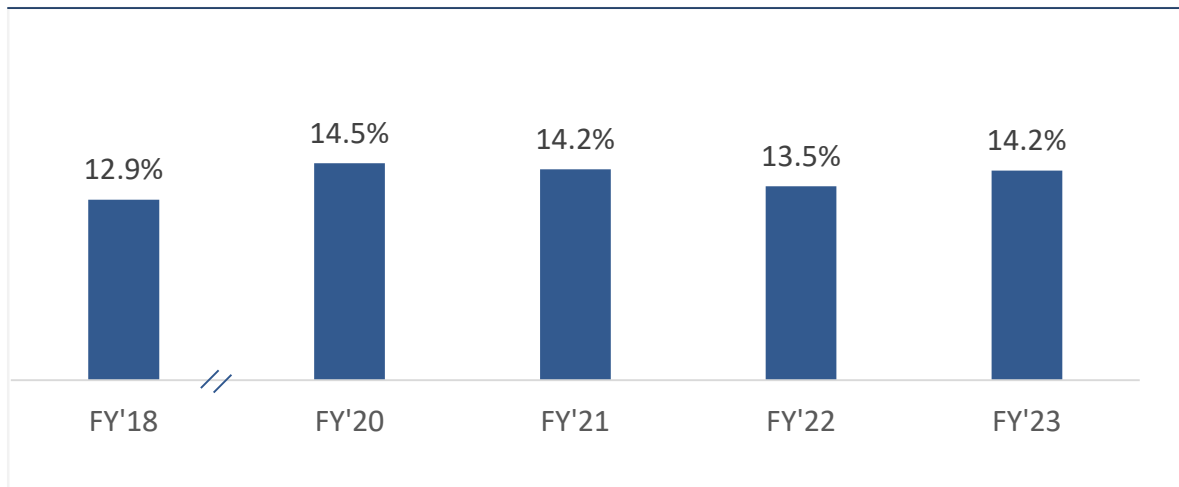


# Value of New Business (VNB) and New Business Margin (NBM) Walk

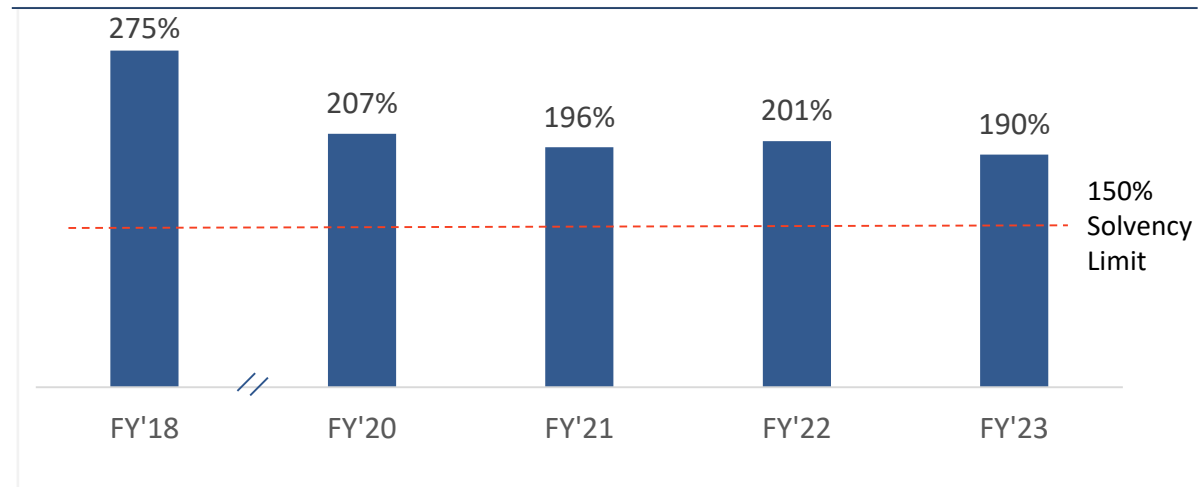


# Efficient capital management with profitable growth

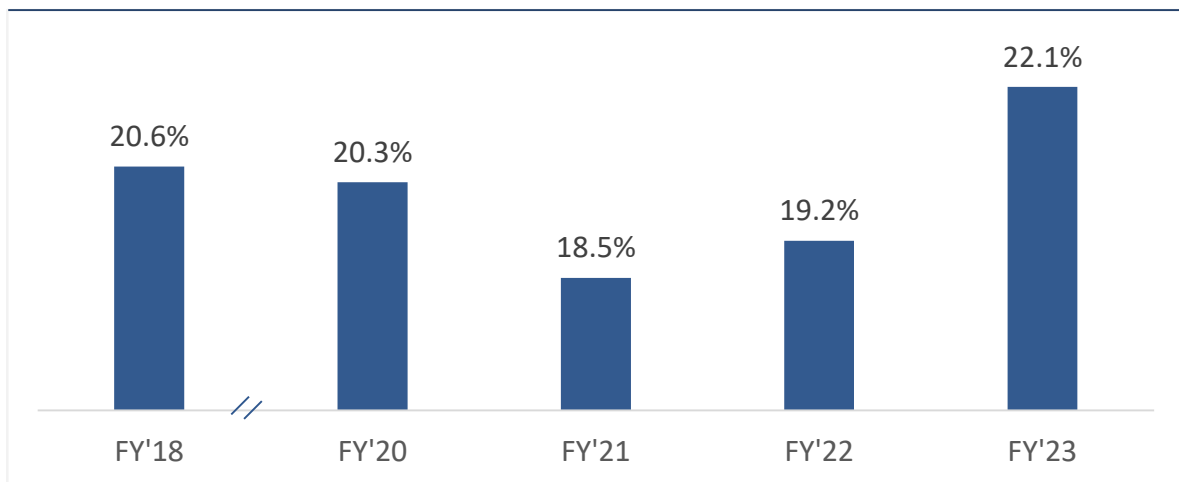
**Opex to GWP:** Increased investments towards building distribution



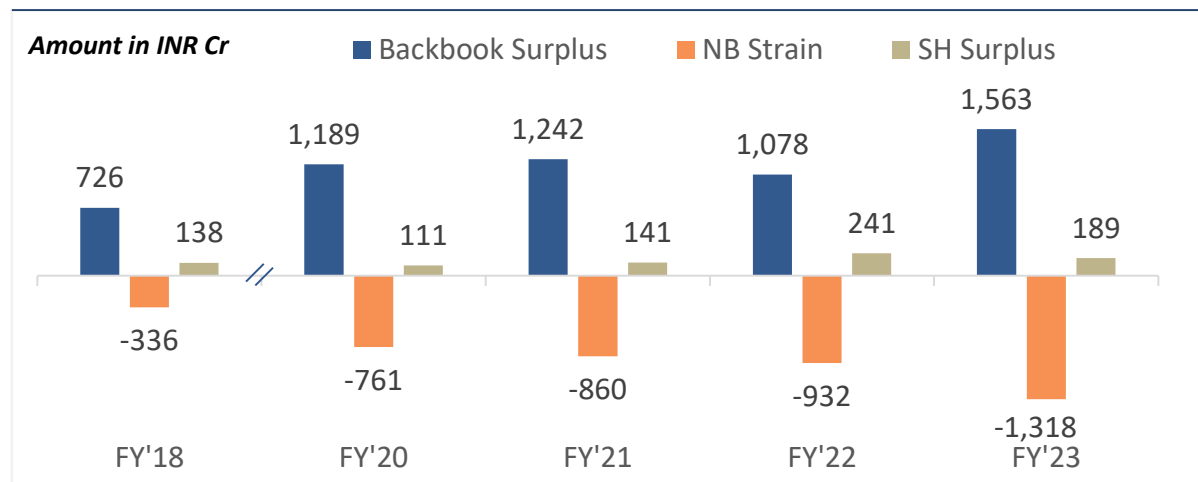
**Solvency Ratio (pre dividend)**



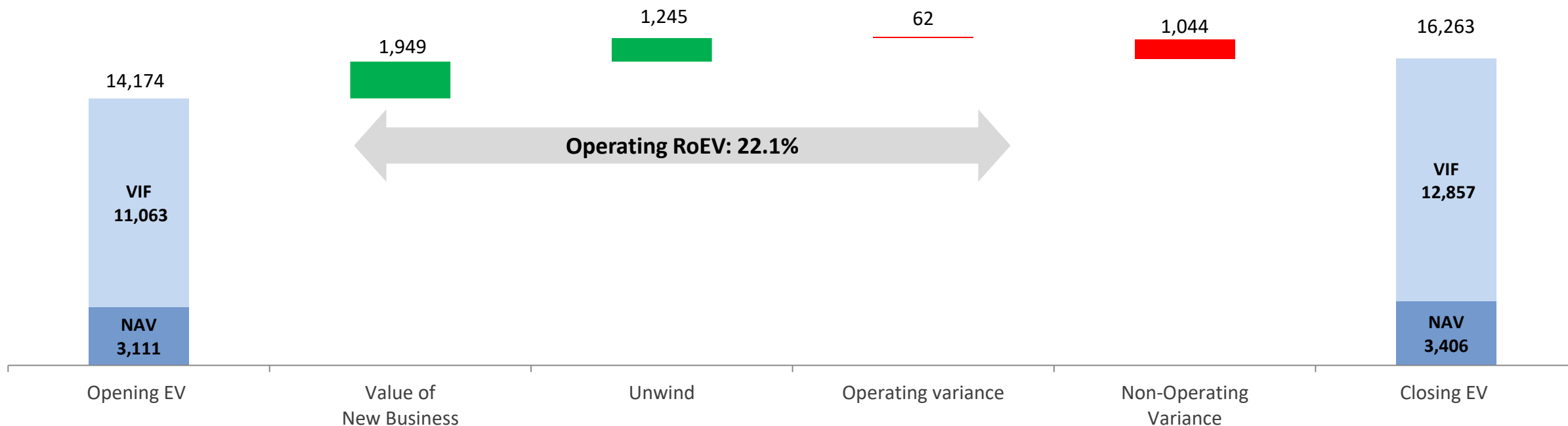
**Operating Return on EV (RoEV) – Delivering consistent healthy returns**



**Underwriting Profits**



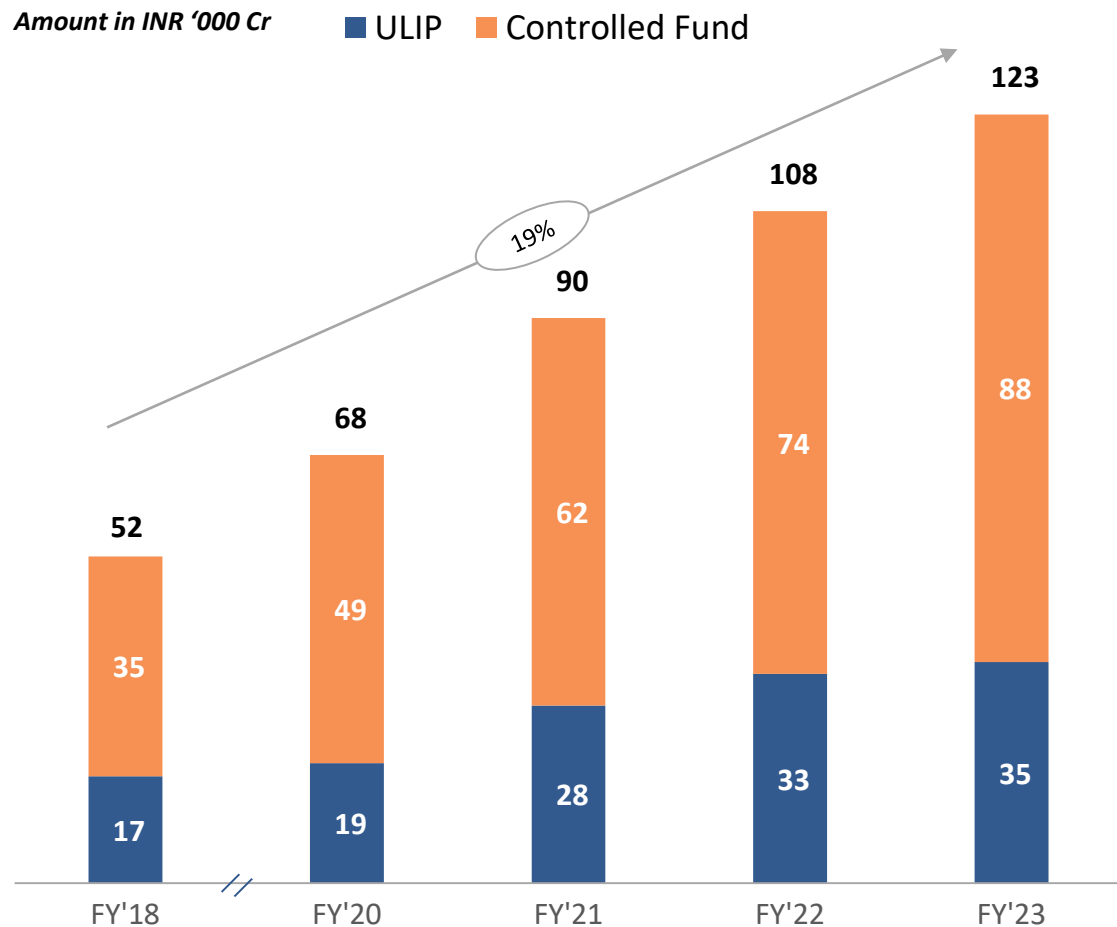
# EV movement analysis: March 2022 to March 2023



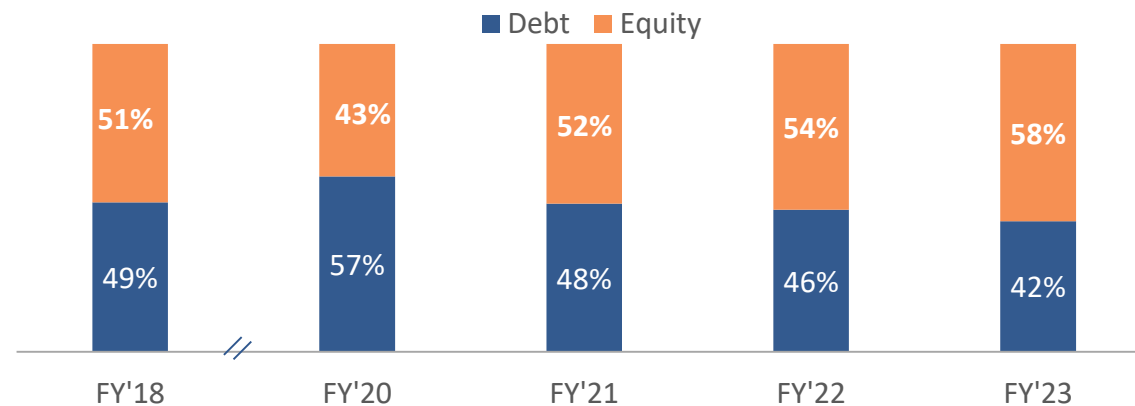
- The Operating Return on EV (RoEV) over FY22 is **22.1%**
- Operating return on EV is mainly driven by new business growth and unwind
- Operating variance is mainly on account of lower than expected renewals in unit linked business
- Non-operating variances are mainly driven by negative economic variances during the period

# Max Life has consistently grown its Asset Under Management

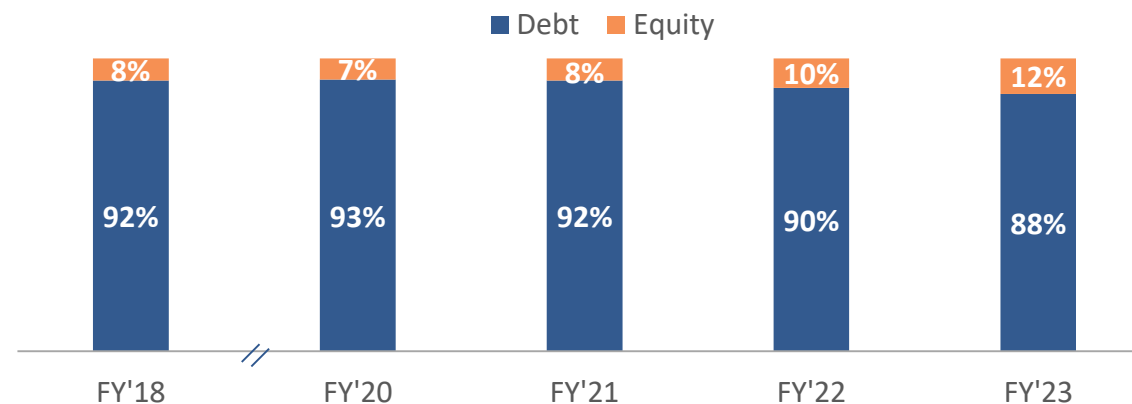
**Assets Under Management** - MLI is the 4th largest manager of private LI AUMs, Par fund size ~59K Cr



## ULIP: Healthy mix of Debt and Equity



## Controlled: Consistent mix of Debt and Equity



More than 95% of debt investments is in sovereign papers and AAA rated securities

# Max Life has been recognised by a number of Indian and foreign business bodies for its excellence in business, customer service and focus on people



## Business Excellence



- Selected as India's most Trusted Brand 2022 at the Ideafest by WCRCINT
- Recognized by The Economic Times among the Best BFSI Brands 2022
- Awarded at **The Economic Times Insurance Summit and Awards 2022** under the Swift and Prompt insurer category for Life Insurance (Large)
- Awarded Excellence in driving distribution through Digital at the FICCI Insurance industry awards 2022
- Recognized by ICAI for **excellence in financial reporting** for FY 21-22
- Awarded Gold for Lead Generation campaign under BFSI services at Adgully Digixx Awards 2022
- Max Life bagged the Advisors Initiative of the Year for India at the Insurance Asia Awards 2022
- Gold for e-scv under the best brand loyalty program at the **ACEF Awards for Brand, Marketing & CSR 2022**
- Max Life awarded at Cypher 2022 as **top domestic firm using AI / ML**
- Gold in lead generation, Bronze in most effective search campaign and Gold in Data/insights** at the E4M Maddies 2022
- Awarded Best Performance Marketing Campaign (Gold) and Best SEO/SEM Campaign (Silver) at Afaqs Digies 2023
- Awarded Legal department of the year at **Biz Asia legal award 2022**

## Leaders in Quality



- No. 2 in Customer Loyalty survey by Hansa Research
- Recognized with the **Celent Model Insurer Award**
- Adjudged the Best fraud prevention company at the **Fraud Risk Management Summit and Awards 2023**
- Winner of IMC Ramkrishna Bajaj National Quality Award
- Winner of CII Industry Innovation Award
- Asia Pacific Quality Organization (APQO) award for global performance excellence
- Silver Award in the 12<sup>th</sup> QCI-DL Shah Quality Awards for Enhancing S2R Conversion% Select 60 offices in Agency
- Awarded **making quality happen trophy in the service category at the MQH best practices competition** at Chamber of Commerce and Industry
- Awarded Excellence in Claims service and **Best product innovation for SFRD at World BFSI Congress and awards**
- Max Life bagged Best Customer Initiative and Best use of Relationship marketing at the Customer Fest Awards 2022
- Max Life awarded Gold and Platinum at the CII (Institute of Quality)16th National level Competition on Six Sigma
- Awarded **Finance Transformation Award** at the 10<sup>th</sup> Finance Transformation India Summit & Awards 2022
- Awarded under **Best Claims Settlement** at the **InsureNext Conference and Awards 2023**
- Recognized at **e4m Pride of India Brands – North conference and awards 2023**

## Focus on People



- Ranked **55<sup>th</sup> amongst '2021 Best Workplaces in Asia'** by Great Place to Work®
- Ranked **18<sup>th</sup> amongst 'India's Great Places to Work For'** in 2021
- Max Life recognized in India's Best Workplaces in BFSI 2021
- Max Life has been awarded "Excellence in Gender Diversity" at the **4<sup>th</sup> D&I Summit and Awards by Transformance Forums**
- Awarded Gold for Internal Communications campaign and Best Corporate Communications Team of the Year
- Awarded Gold and Silver at the ASQ International Team Excellence Awards 2022
- Max Life awarded Silver for Best use of Internal Communications at Fulcrum Awards 2022
- Special mention for Internal Communications at the Velocity Awards 2022
- Awarded Legal department of the year at **Biz Asia legal award 2022**





## SECTION III

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- ▶ Max Life Insurance – Strategy
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# Max Life's 5-Year Aspirations



FY21

**1** Leader in online acquisition

Leader in online protection

**2** Fastest growing profitable proprietary distribution

#5 player in offline proprietary distribution

**3** Leader in Protection + Health & Wellness proposition

#5 player in Protection and health

**4** Leader in Retirement

#4 Annuity player

**5** Inorganic expansion

No addition of a material partner / inorganic

Aspiration (FY26)

Leader in online Protection + Savings

7-9x sales in 5 years

Among top 3 in offline proprietary distribution

~2.5x sales in 5 years

Among top 3 players in protection and health

3-4x sales in 5 years

Among Top 3 providers of holistic retirement offering

~8-9x annuity sales in 5 years

Augment partnership distribution with M&A / addition of large Bank account

FY23

Continued leadership in protection and savings grew 17x 2x sales since FY21

~1.5x sales since FY21

Continuous innovation to cater to various segments to bolster growth

~3x YoY growth on APE

6x annuity sales since FY21 on APE

Added 4 New Bank partners

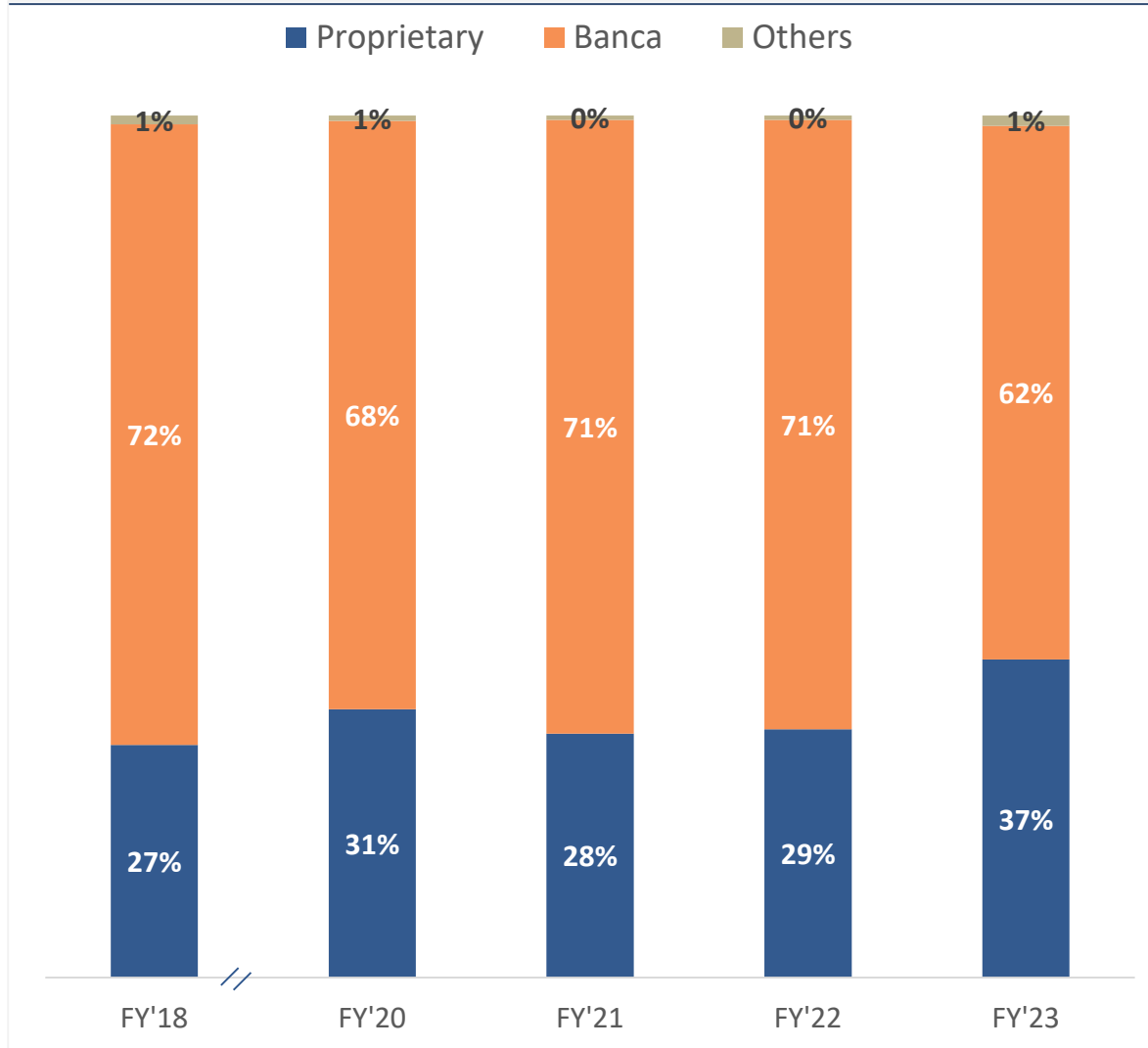
# Max Life's Strategic Thrust Areas and progress made

	 <b>A</b>	 <b>B</b>	 <b>C</b>	 <b>D</b>
	<b>Predictable &amp; Sustainable growth</b>	<b>Product innovation to drive margins</b>	<b>Customer centricity across the value chain</b>	<b>Digitization for efficiency and intelligence</b>
<b>Aspirations</b>	<ul style="list-style-type: none"> <li>Fastest growing profitable proprietary distribution</li> <li>Leader in Online Acquisition</li> <li>Inorganic Expansion</li> <li>Deepen Bancassurance partnerships</li> </ul>	<ul style="list-style-type: none"> <li>Leader in Protection + Health &amp; Wellness proposition</li> <li>Leader in Retirement</li> <li>Drive Non PAR saving</li> <li>Enhanced investment and mortality risk management</li> </ul>	<ul style="list-style-type: none"> <li>Improve position in 13M and 61M persistency ranking</li> <li>Highest Relationship Net Promoter Score (NPS) in the industry</li> </ul>	<ul style="list-style-type: none"> <li>Continue with digitization agenda across the organisation</li> <li>Build intelligence (AI) in all digital assets</li> </ul>
<b>Progress achieved</b>	<ul style="list-style-type: none"> <li>Strong growth of 43% in Proprietary channels in FY23</li> <li>New Distribution Partnerships in FY23- <b>DCB Bank, TamilNad Mercantile Bank and Ujjivan Small Finance Bank</b></li> <li>Continued leadership in protection sales in ecommerce, savings expanded by 5X</li> <li>Partnership ecosystem expanded in FY23. Signed agreements with –Plum, Wealthy.in, Nova Benefits, Finmapp, Turtlemint, BlueChip, Muthoot, Vlover and NJ</li> </ul>	<ul style="list-style-type: none"> <li>FY23 margin of 31.2% improvement of 380 Bps over FY22</li> <li>Annuity grew by over ~300% in FY23, NPS ecosystem augmented with retiral offerings across the spectrum</li> <li>Product Launches: Smart Wealth Advantage Guarantee, Flexi Wealth advantage and GLIP limited Pay</li> </ul>	<ul style="list-style-type: none"> <li>Claim paid ratio at 99.34% at the end of FY22, best in the industry</li> <li>13M persistency* at 84% and 61M persistency at 51%</li> <li><b>MLI rank #1#</b> on NOP based 13M persistency in 9M FY23</li> <li>Improvement of 3 points from 49 in March 22 to 52 in Mar 23 in the overall Company NPS scores</li> </ul>	<ul style="list-style-type: none"> <li>Revamped website leading to improvement in ^S2L for online channel</li> <li>Cloud Migration Phase 2 is in progress. 56% of our entire IT infra is on cloud</li> <li>Agility in rate changes improved to 2 days</li> <li>Underwriting governance AI model implemented</li> <li>Next Gen security solution for cloud AWS enabled to mitigate cyber threats</li> </ul>

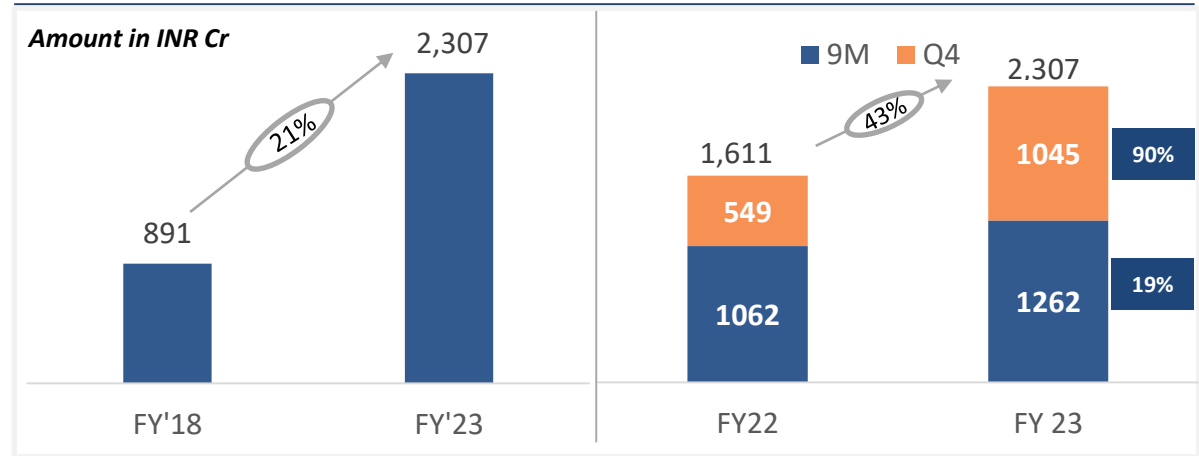
\*For Regular/Limited pay policies, ^Source to lead, # As per Public disclosures

# Max Life has focused on ensuring growth in both its Proprietary and Bancassurance channels

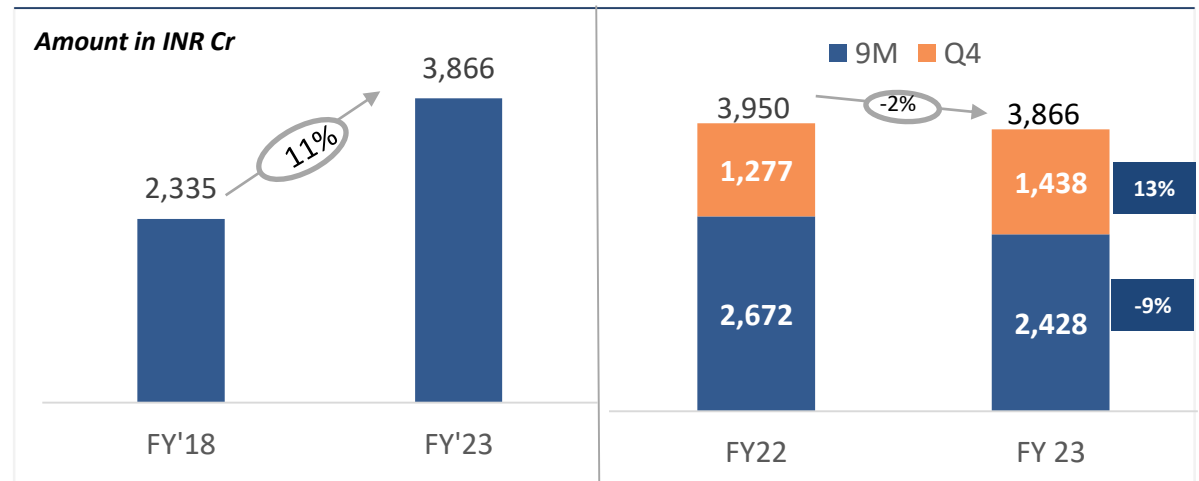
**Channel Mix -** Max Life has focused on maintaining a balanced distribution mix.



## Proprietary Channels New Business (APE)



## Bancassurance Channel (APE)



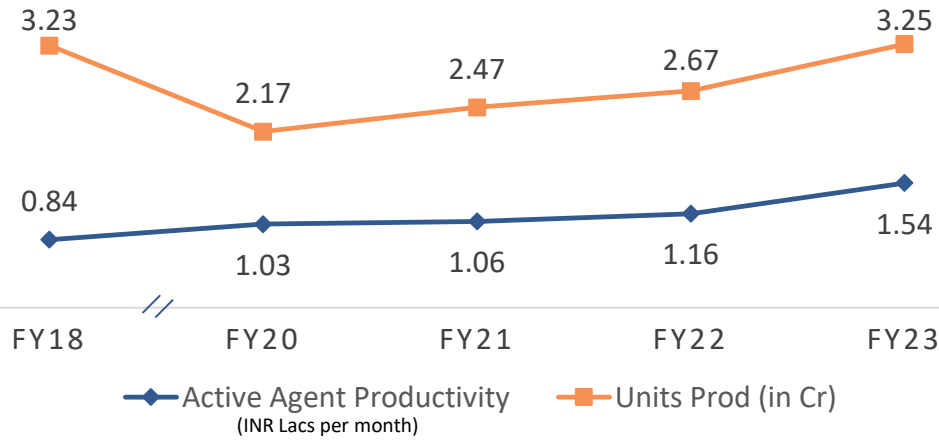


# Agency: Strategic focus on enabling Top agents, variable recruiters; shaping the new business models and overall digital enablement led to the growth in key agency parameters



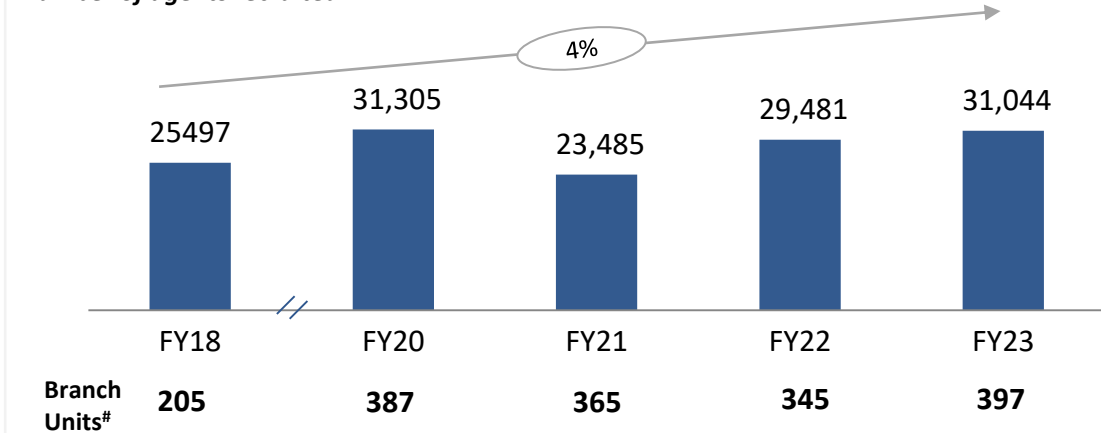
## Active agent and branch units productivity increased over the last 5 years

Agent and Branch Productivity#



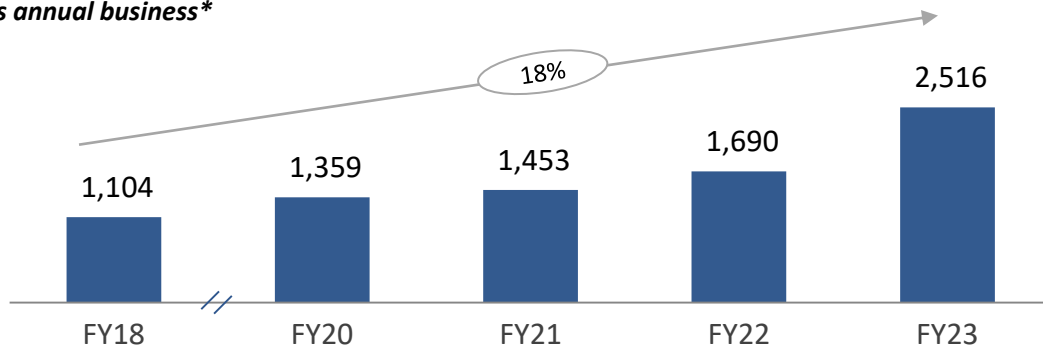
## Recruitment growth over last year owing to a slew of initiatives across all recruitment sources

Number of agents recruited



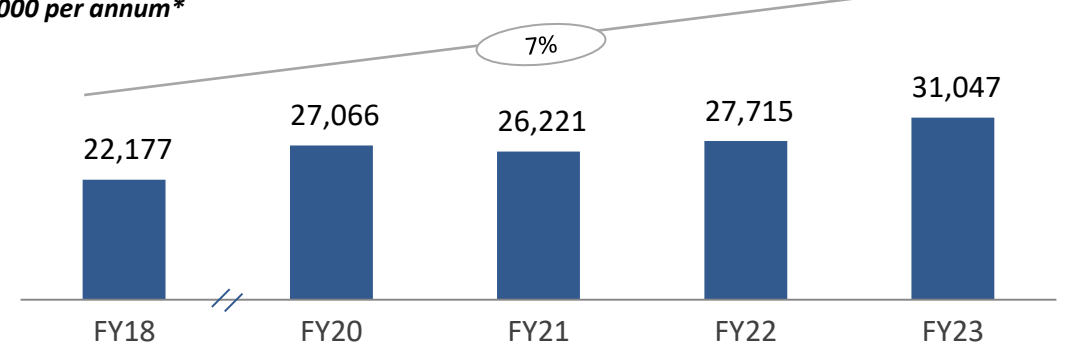
## Consistent focus on increasing the number of agents doing business of more than INR 10 lacs per annum

Number of agents with greater than Rs 10 lacs annual business\*



## Focus has also been on ensuring that agents contribute atleast INR 50K per annum

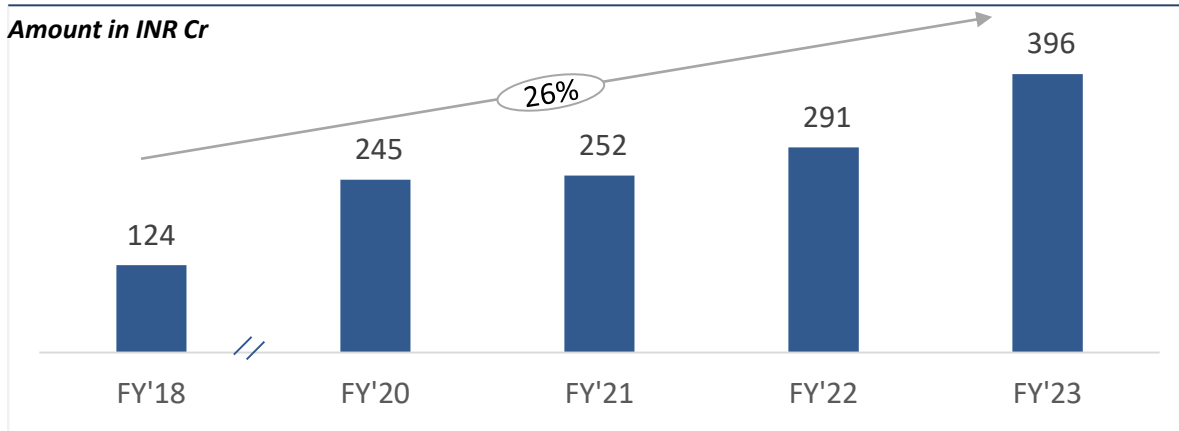
Number of agents doing business of more than Rs 50,000 per annum\*



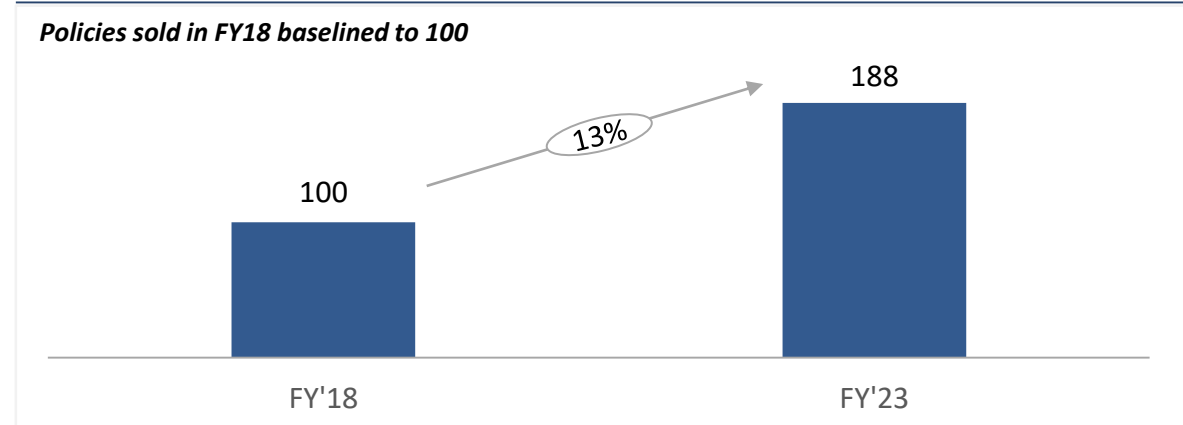
\* Total Adj. MFYP by an agent, including new initiatives data since FY20#Branch productivity calculated basis branch units defined as per our operational methodology

# A Cross-selling Direct Channels: Max Life has set up a channel focused exclusively on cross-selling. Cross-sell engine is powered by strong analytics and robust on-ground execution

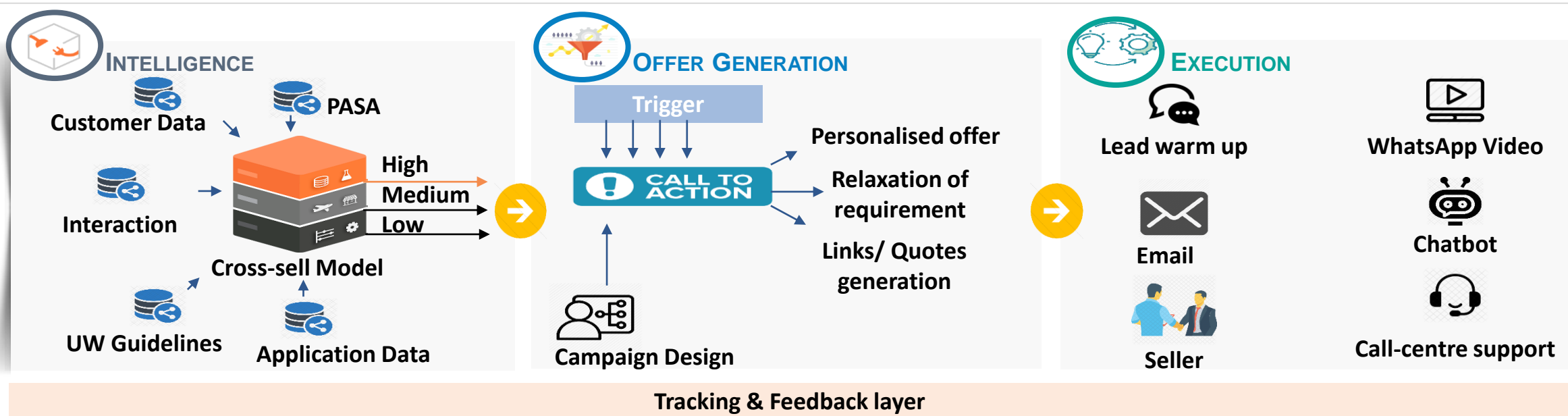
New Business Premium from direct channels



Cross-sell Policies - Strong growth in number of cross-sell policies

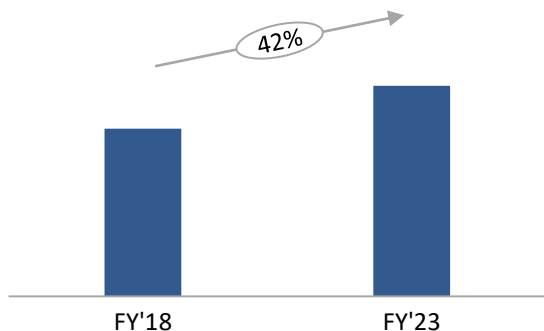


Cross sell engine



# Continued leadership in online acquisition

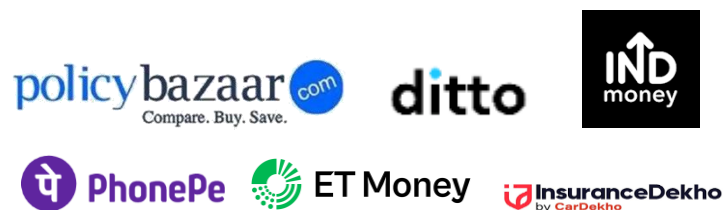
## APE grew 6X in 5 years



Online Customers **10%** (FY'18) **19%** (FY'23)

Leadership position in protection in Direct & Partnership

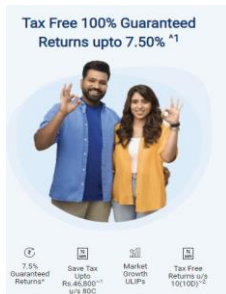
### Key Partners



## FY23 Highlights

New product launch – FD/RD like category created; Best in class returns

Savings grew 5X in FY23



Penetrated into new segments – contribute to ~20% in Term on run rate basis



Homemaker



NRI



Self-employed

## Key Success Factors

Seamless integration with partners



Partner Portal



Innovation Hub



SEO Leadership



Best in class conversion



Analytics



New Category creation (Housewife)

A

# Max Life has been augmenting distribution capability by expanding both traditional and emerging ecosystems



Ecosystems

Key partners signed by Max Life in FY23

Bancassurance



Offline Brokers



Yella

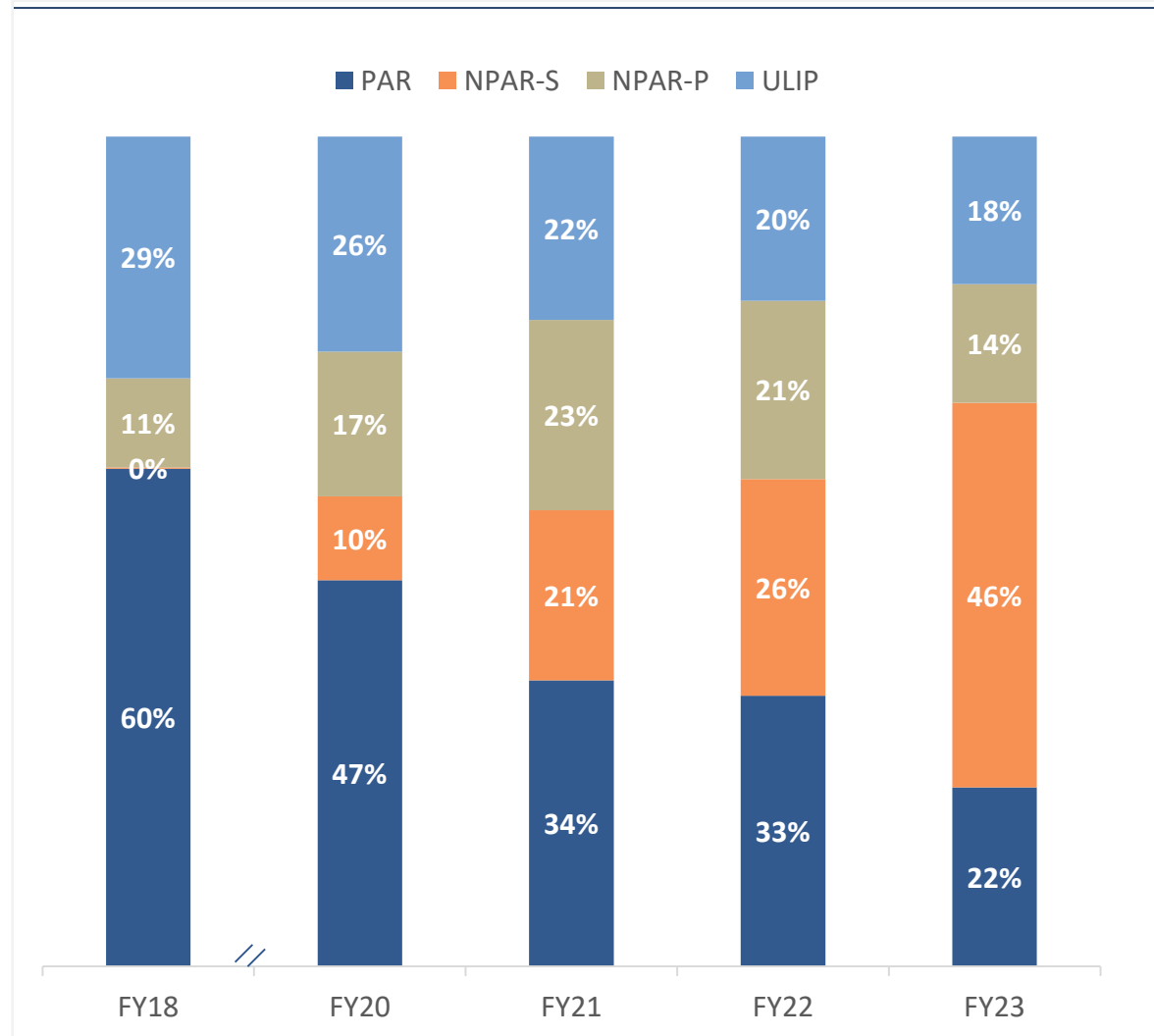
Online Brokers



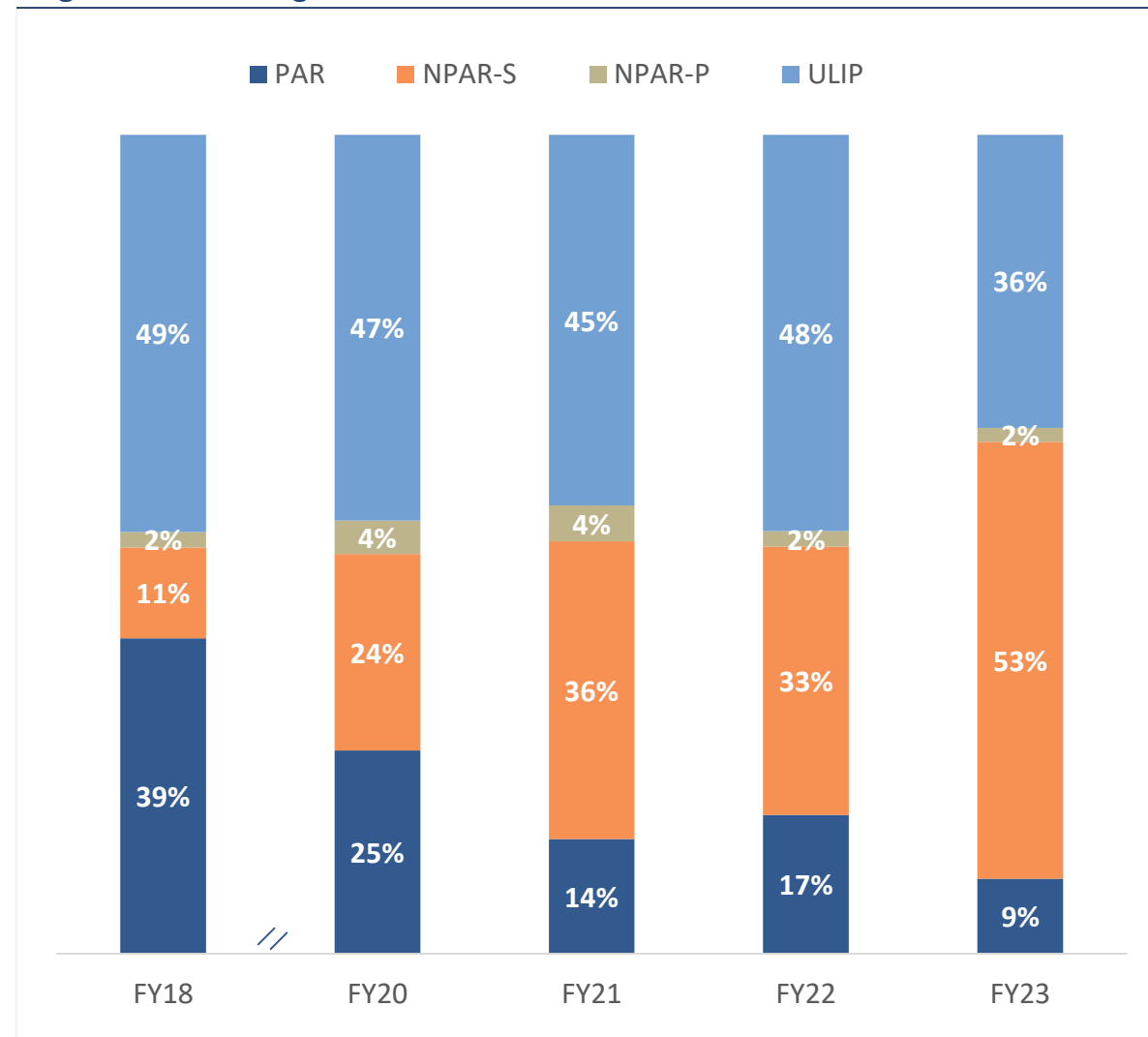


## Product mix in proprietary and Bancassurance channels aligned to customer needs;

**Proprietary Channels Product mix** - biased towards traditional products and protection for driving margins



**Bancassurance Product Mix** - has been biased towards ULIPs to cater to target customer segments

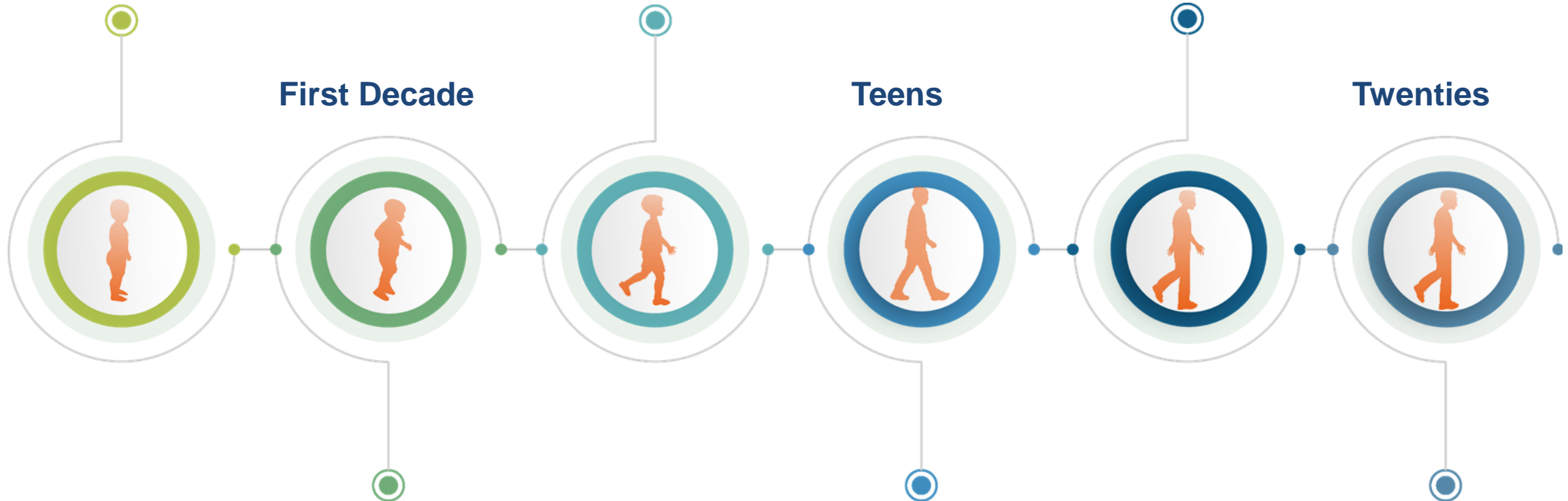


# Max Life has been at the forefront of driving Products Innovation by creating first-in-industry propositions

1. Break the endowments category clutter with Industry **First Whole Life plan**
2. Provide **liquidity & flexibility through First Cash & Premium Offset Bonus** options
3. **First PAR Top Up** option

6. Enabled transparent customer participation in Bonds with **First Index-Linked Non PAR plan**

10. **Hedged Guarantees with Derivatives**
11. Launched industry **First COVID-19 Rider** (diagnosis & death benefit)



4. Enable Customer Obsession **through First "Freelook Period"**, became Regulation later
5. **Created Universal Life product** – Enable transparent customer participation in Debt market

7. **Scaled "Monthly Income" category** first on Non PAR and then on PAR platforms

12. **Differentiated Term plan** with industry firsts (Special exit value, Premium holiday option)
13. **Strengthened PAR proposition** (guarantees under early income variant)
14. Launched new savings proposition **Smart Fixed-return Digital Plan**

## Millennials preferring FD/RD like deposits

### Smart Fixed-return Digital Plan

LIFE INVESTMENTS FOR YOU, *ab Simple hai!*

WITH **MAX LIFE SMART FIXED-RETURN DIGITAL PLAN**

## New ULIP Product

### Flexi Wealth Advantage Plan

**MAX LIFE FLEXI WEALTH ADVANTAGE PLAN**

## ULIP product for self employed

### Smart Flexi Protect Solution

**SMART PROTECTION FOR THE SELF-MADE INDIAN**

PRESENTING **MAX LIFE SMART Flexi PROTECT SOLUTION**

A MARKET LINKED PROTECTION SOLUTION WHICH IS A COMBINATION OF

- FWP FLEXI WEALTH PLUS**
- MAX LIFE CRITICAL ILLNESS AND DISABILITY SECURE RIDER**

## Limited and Regular Pay Deferred Annuity for near retiree segment

### Guaranteed Lifetime Income Plan

**BECAUSE DREAMS NEVER RETIRE.**

LIVE LIMITLESS WITH OUR GUARANTEED LIFETIME INCOME PLAN.

**MAX things**

## Solution for self employed /homemakers

### Smart Secure Easy Solution

**MAX LIFE INSURANCE**

LIVE LIFE **FRONT FOOT PE** WITH THE EASE OF **SMART SECURE Easy SOLUTION**

A COMBINATION OF

- MAX LIFE SMART SECURE PLUS PLAN** (with **CRITICAL ILLNESS AND DISABILITY SECURE RIDER**) WITH ACCIDENT COVER OPTION
- MAX LIFE CRITICAL ILLNESS AND DISABILITY SECURE RIDER** (with **accident cover**)

## Guaranteed savings with enhanced flexibility, liquidity and protection

### Smart Wealth Advantage Guarantee

**Aaj ka SWAG Kal ki happiness guaranteed.**

PRESENTING MAX LIFE **SWAG**

**YOU ARE THE DIFFERENCE**

B

# Max Life has a complete suite of products and focus is on selling longer term products along with improving penetration of pure protection offerings

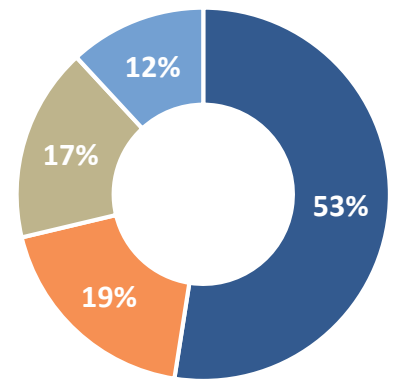


Max Life has products across all categories

- 3** Protection plans
- 5** Income plans
- 5** Endowment plans
- 5** ULIP plans
- 5** Child plans
- 1** Health plan
- 3** Annuity plan
- 1** Retirement ULIP
- 1** Whole life
- 5** Riders

Current portfolio<sup>1</sup> biased towards traditional products

■ Endowment ■ Term ■ UL ■ Others



Product Type	Average Policyholder Age (Years)	Average Policy Term (Years)	Average PPT (Years)
Endowment	35	22	10
ULIP	38	14	8
Whole Life	36	64	52
Money back	27	17	17
Pure Term	34	38	32
Guaranteed products	43	19	9
Health	38	22	22
Cancer Insurance	38	30	30
Pension	32	25	24
Annuity	62	58	2

As on 31<sup>st</sup> Mar 2023



(1) Based on all policies sold till date; (2) Others include Money back, Whole life, Guaranteed products, Health, Cancer Insurance, Pension & Annuity.

# B Focus on retirement leading to 3x growth in Annuity business in FY23

## Life stage & Objective

**Age: 25-45 yrs**  
Accumulate funds

**Age: 45-60 yrs**  
Plan for retirement

**Age: 60+ yrs**  
Cover the risk of living too long

## Needs

- Tax Saving
- Savings for future

- Tax Saving
- Lumpsum req. for big events (child's education, buy home, child's marriage)
- Savings for retirement

- Regular income stream until death
- Legacy planning

## Max Life's solutions

- NPS account (Pension Fund Management - PFM)
- Pension plan

- Long Term Income (Smart Wealth Plan)
- NPS account (PFM)
- Pension plan
- Annuity

- Annuity

### Max Life Pension Fund Management

- Business commenced from 12th September**
- Launched social media campaigns and PFM website**
- Garnered INR ~143 Cr AUM**
- Distribution across Corporate, retail and government base**
- PoP license received**

### Smart Guaranteed Pension Plan

- Guaranteed Income** to cater to your needs as long as you live
- Advance Annuity Amount** option to take in advance, your next 5 years annuities
- Option for Life-long income:** option to choose a single life or a joint life annuity
- Available for Group members who want to purchase annuities**
- Available for National Pension System(NPS) customers**

### Guaranteed Life Time Income Plan

- Guaranteed Lifelong income** with Single Life & Joint Life Option
- Option to choose between Immediate & Deferred Annuity**
- Flexibility to choose how long you want to pay premiums - Single Pay and Limited Pay Options**
- Easier on-boarding with Zero Medical Underwriting**
- Option to get Return of Premium as minimum Death Benefit<sup>3</sup>**

- April'22 PFM license obtained
- Aug'22 PFM company launched
- Oct'22 POP license obtained
- Nov'22 POP operations launched
- Feb'23 Max Innings (retirement ecosystem) launched

## Focus on protection and its risk management

### Customer Profiling and Selection

- AI based risk models, Credit Bureaus, IIB Database deployed in underwriting risk assessments
- Stringent medical and financial underwriting controls deployed

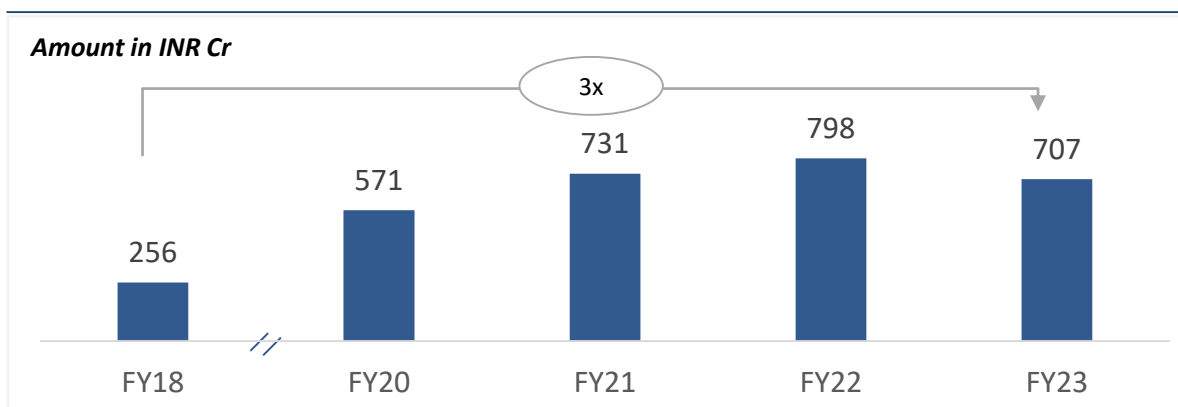
### Experience monitoring

- Regular portfolio review/ Post issuance verification
- AI models leveraged to monitor and forecast experience
- Early warning framework for early course correction
- Industry collaboration against organized frauds

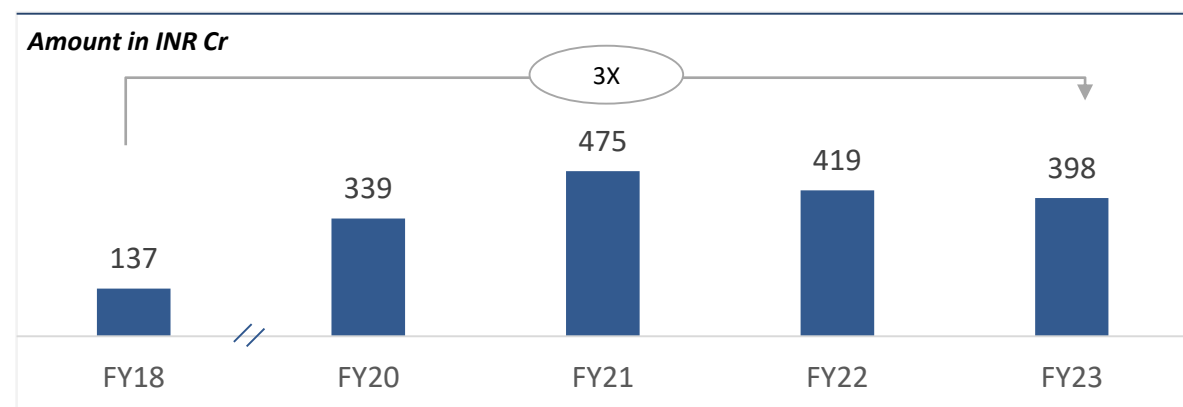
### Profitability & Risk Management

- Regular repricing of products
- Product boundaries based on geography, income and channel
- Adequacy of reserve to minimize P&L volatility – Building up provisions for catastrophic events
- Adequate reinsurance (Individual and Catastrophic) to protect against claims volatility

**Total Protection APE- Tripled over a 5 year period.**



**Total Retail Protection APE- 5 year CAGR of 24%**



## Interest Rate Risks

### Robust Asset Liability

#### Management Framework:

- Cash flow and duration matching
- Comprehensive hedging program
- Natural hedge
- Limit on non-par sales
- Active policyholder bonus management for Par business

### Focused Product

#### Management:

- Repricing to align benefits with current rates
- Variant and channel level granular monitoring

### Resilience and Expert

#### Validation:

- Direct Board oversight
- Stress testing
- Sensitivity tracking
- Peer review of liabilities
- Periodic external review of Derivatives

## Investment Risks

### Front Office – Led by CIO:

- Differential strategy as per the fund characteristics
- Ensuing diversification and credit quality across portfolio, minimize credit and concentration risks

### Middle Office – Led by CRO:

- Independent credit review of portfolio and all new investment proposals
- Derivative risk management
- Early Warning Framework
- Consequence management of stressed assets

### Back Office – Led by CFO:

- Ensuring implementation of cash flow matching requirement of ALM
- Valuation, Collateral and Margin management of Derivatives
- Appropriate provisioning for stressed assets

## Information Security and Business Continuity Risks

- **Cyber DARE framework for managing security goals:**
- Robust framework based on **ISO 27001**

### Internal and External Validation:

- Dedicated CISO, internal security team and external security partner(s)
- Independent external benchmarking (Bit Sight) to keep abreast with emerging security trends

### Business Continuity :

- Robust framework based on **ISO 22301**
- Business continuity plans reviewed annually
- Annual BCP drill
- Alternate Disaster Recovery (DR site) and regular data backups with movement to DR site
- Crisis Action Manual

## Operational Risks

### Preventive Programs:

- Multi-tier governance and automation for highest impact areas
- Quantified risk appetite for
  - Operational errors
  - Product set up errors
- Comprehensive Vendor due diligence

### Detective Programs:

- Customized Incident Management program
- Enterprise-wide tool for incident disclosures
- Risk certifications for critical processes

### Corrective programs:

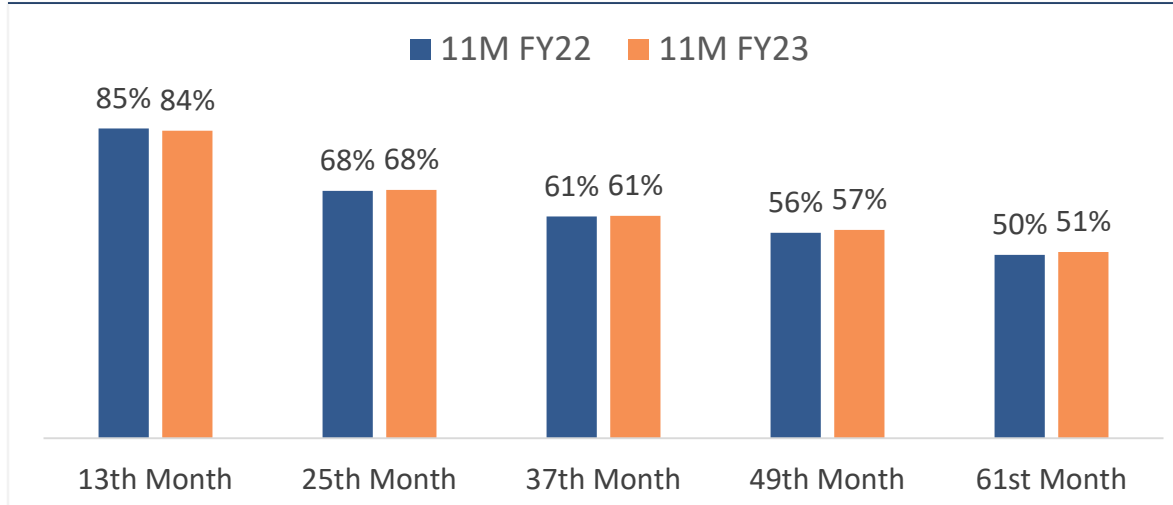
- Revenue Assurance model for concurrent checks
- Cross functional forum for system gaps



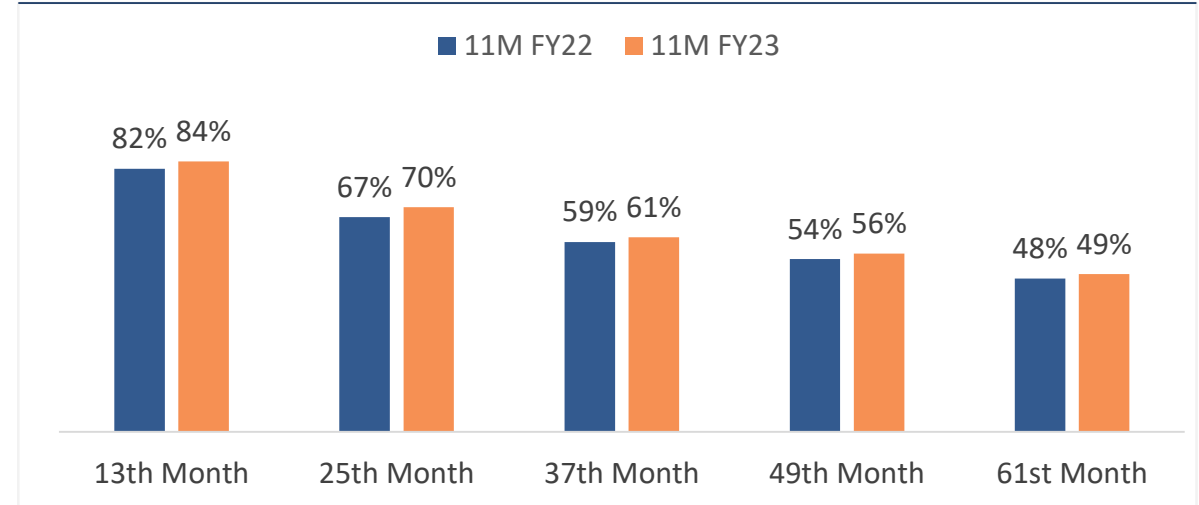
# Strong focus towards customer measures has helped deliver superior performance across health parameters and will continue to remain an important priority



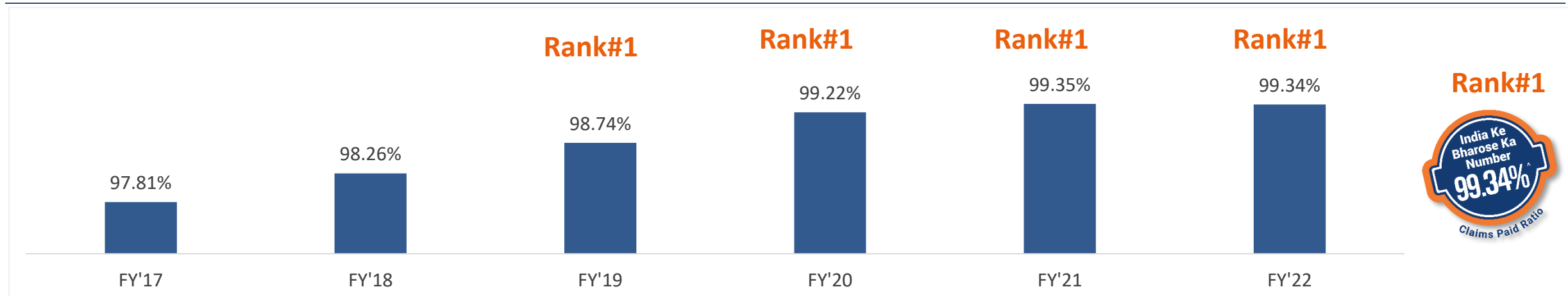
**Persistency (Premium) - Individual policies excluding single pay/fully paid up policies**



**Persistency (Policies)- Individual policies excluding single pay/fully paid up policies**



## Claims Paid Ratio



# Persistency for the period ending 31st Mar 23 for policies renewed from Jan 22 to Feb 23



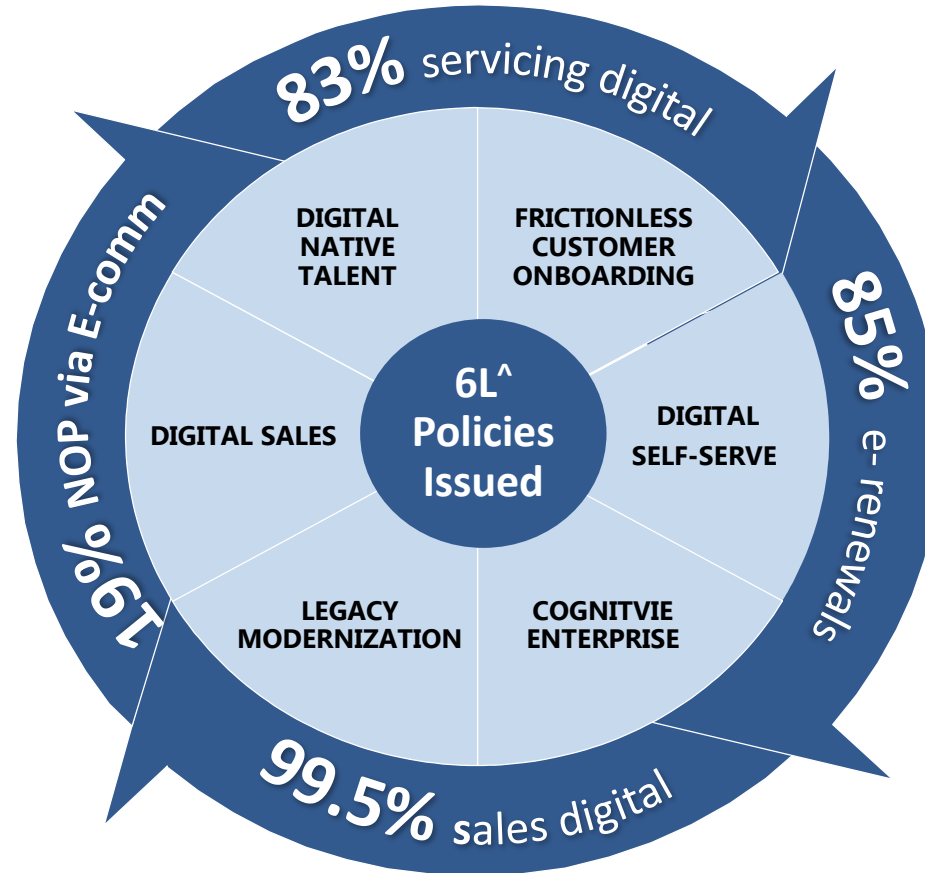
# Significant progress on our Digital Journey

**72.8%**  
Automated Underwriting (Retail)

**~58**  
Claims paid everyday

**<3 seconds**  
Page load time

**99.34%**  
Claims settlement ratio



**50+**  
Partners

**56%**  
Infra on Cloud

**44%**  
Insta COI (Axis)

**676K+**  
Bot queries per month

### Scale eCommerce Business

1

- Digital Marketing Muscle (**Sharper prospecting**)
- **Mobile first** purchase journey
- **Personalized** experience
- **WhatsApp** chase journeys

### Digital Sales

2

- Intelligent & Integrated **LEAD management**
- Integrated **Recruitment Funnel**
- Digital **Native Training & Content Mgt** solution
- **Smart Assistant** for seller productivity
- Digital standardized **sales governance**

### Onboarding / Issuance

3

- Digital Native Onboarding platform – **SEO**
- **Frictionless Onboarding** experience leveraging eco system partnerships
- **Smart U/W** - embedded AI Models
- **Legacy Modernization** – Insta Issuance

### Customer Service

4

- **Omni Channel** customer experience (Customer 360)
- Help Center / conversational BOTS for **self service**
- **Continuous customer engagement** by Leveraging Ecosystem
- Digital **Agent Servicing**
- Integration with **Social platforms**

### Enterprise

5

- **Mobile First Employee Experience** – HR Self Service
- **Digital Engagement & Collaboration**
- **Back-office transformation** – Treasury, AML
- **Enhanced Security** – cloud, threat monitoring, vulnerability Mgt
- **Intelligent Automation**

### Pervasive Intelligence

6

(AI /ML, Analytics embedded in all key processes)

### Cloud Enabled Legacy Modernization & Enterprise Data Hub

7

Workloads on Cloud

### Employer of Choice for Top Digital Talent

8

300+ Engineers

### Digital Culture

9

InsureTech ecosystem

Combine Landing page for Online Products



- Combined landing page for protection and savings
- Improved S2L for online channel
- Term S2L improvement – by 20%
- Savings S2L improved by 9%

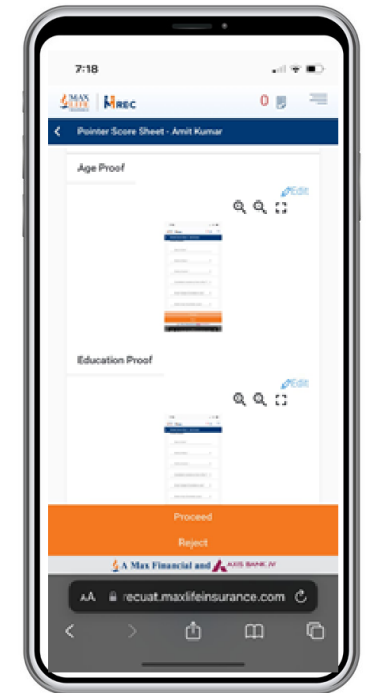
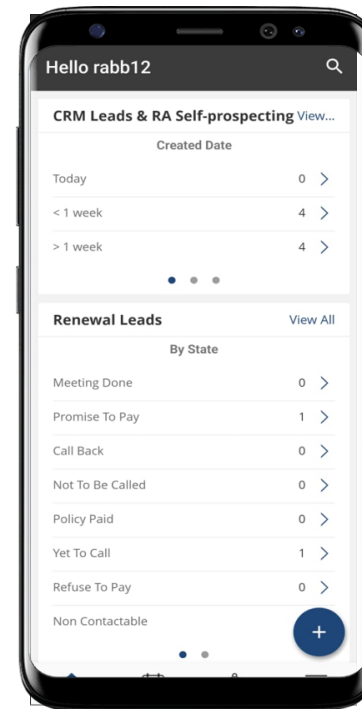
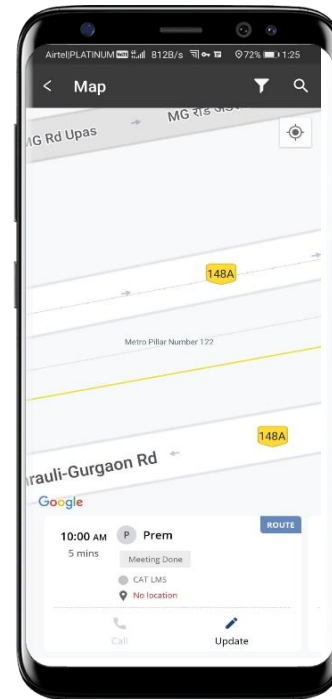
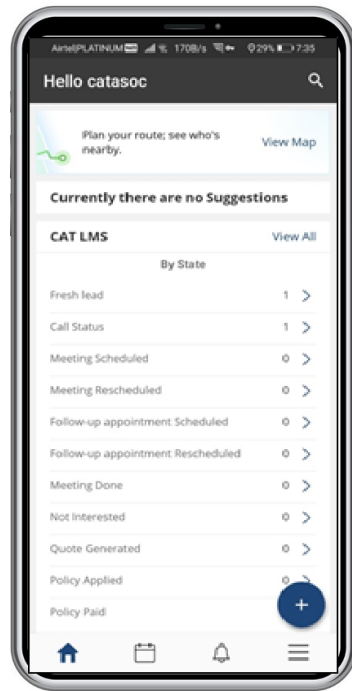
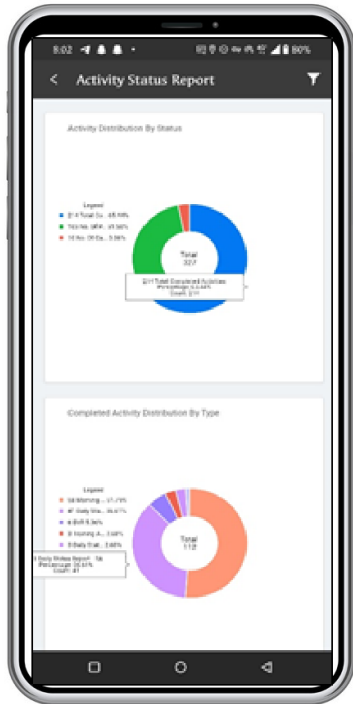
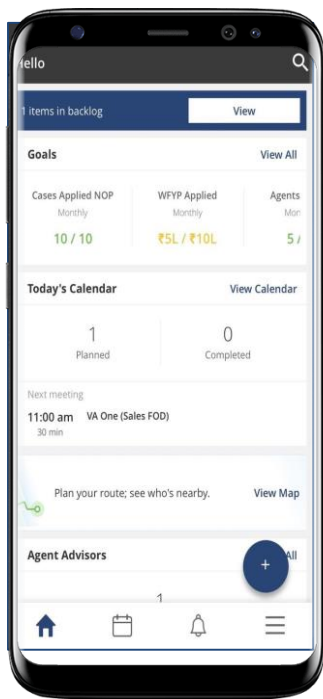
Home page revamp



- New age home page revamp with store front
- Reduced bounce rate by 19%
- Improved S2L<sup>1</sup> by 15%

Home Page Store front launch

## mSMART – Activity & lead Management ; RMS - Renewal Lead Management System



## mREC

Enables ADM/RA's to track and create activities, goals and PRP

Smart Dashboards

Lead Management bucket wise view

GeoAnalytics enabled

RA dispositions & funnel view

Leader hiring for APC/Agency enabled



3.80 Lac+ activities in a month



~1 Lac+ Sales FODs & ~80K+ Recruitment FODs in a month



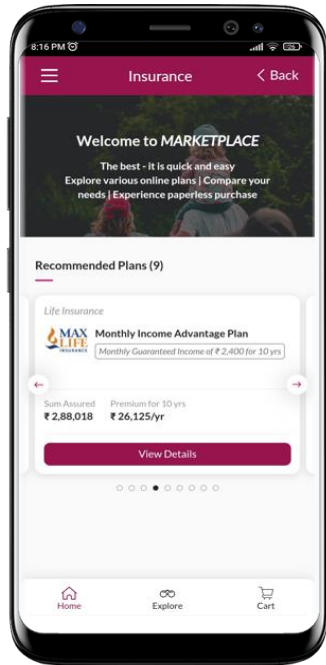
~95%+ adoption in Proprietary channel ~80% adoption in Banca

New lead and Renewal Management with intelligent features

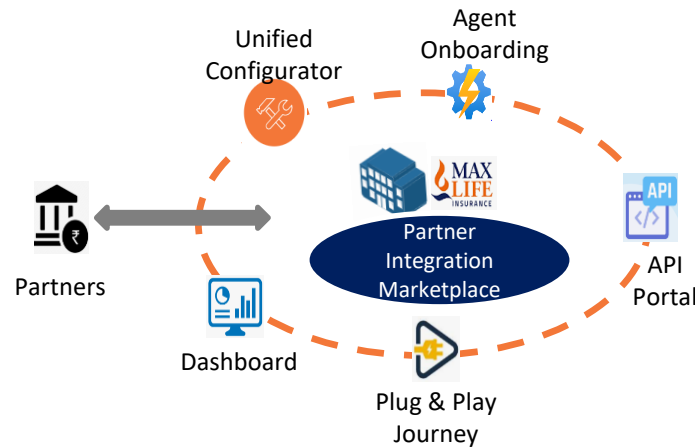
All the new leaders hiring is being done through automated tool only

# D Enabled end to end Integration with Axis Bank marketplace- from lead generation to policy issuance, Partner Integration marketplace & eco-system integration

## Integration with Market Places & creating Max Life Partner Integration



End to end integration from lead generation to policy issuance – Single pane view for Axis Bank & MLI seller



### Max life –Partner Integration Market place

**Plug & play APIs framework** basis different possible journeys & Single Sign-on  
**Integration with Insutech** ( Zopper, turtlemint and One silver bullet) To have presence on all marketplaces

## Eco-system Integration

For KYC details and document waivers

Waiver of Financial Document

Integration with TPA for Medical scheduling and digital report



6 new brokers on-boarded within 2 weeks.



2 New Banks on-boarded within 3 weeks



Clear Case – 72.8% (Retail)

# D Leveraging the ecosystems built on the India Stack to simplify the customer journey. We have integrated with the AA Ecosystem for sharing financial documents with customer consent

4

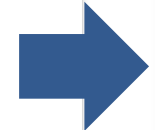


### Eco-system Integration

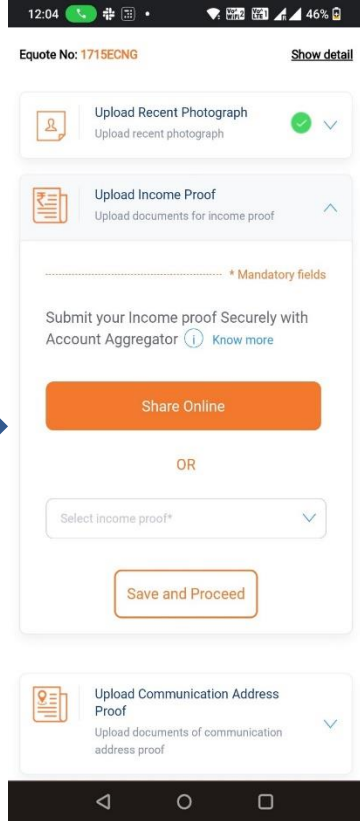
**For KYC details and document waivers**

**Waiver of Financial Document**

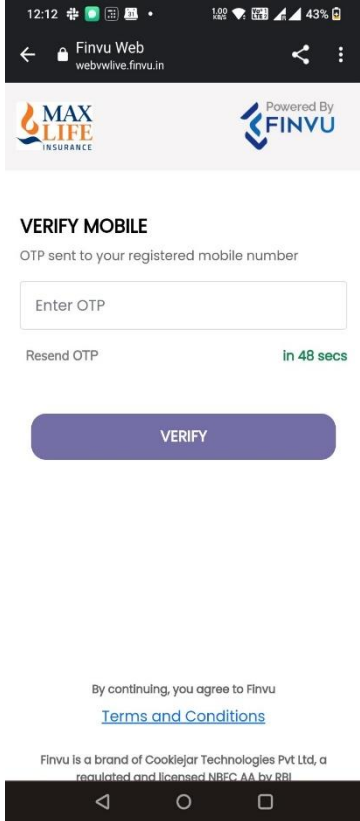
**Integration with TPA for Medical scheduling and digital report**



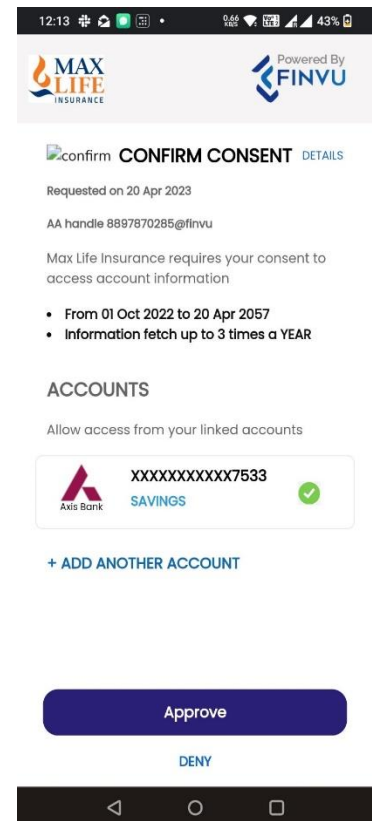
## Sharing of Bank Statement using the Account Aggregator for Financial U/W



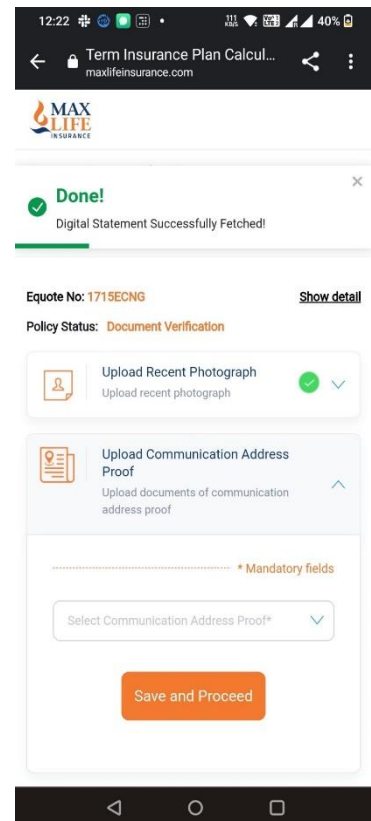
Customer registers on AA with Phone Number & OTP



Connects a/c with AA ecosystem and discovery of linked a/c



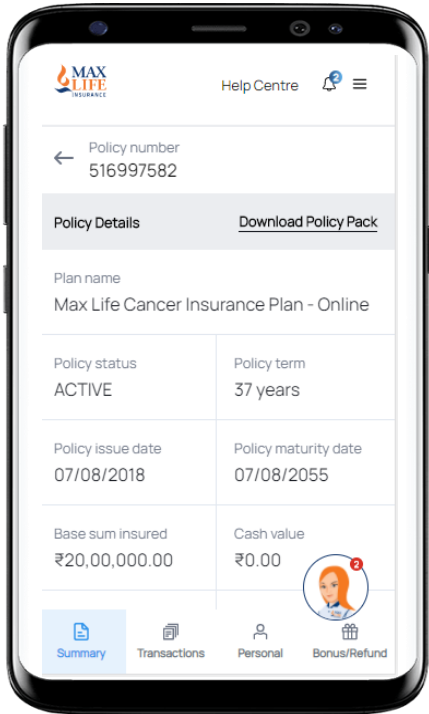
Provides consent for Data Sharing



6 months Bank A/c Statement shared with MLI

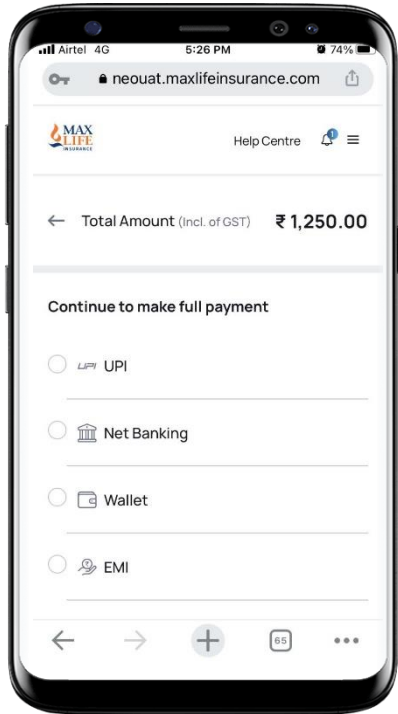
The ecosystem is being leveraged for predictive modelling & scoring, automation and cross sell. Pilot using AA showed a 10% adoption rate of AA

## Revamped Website



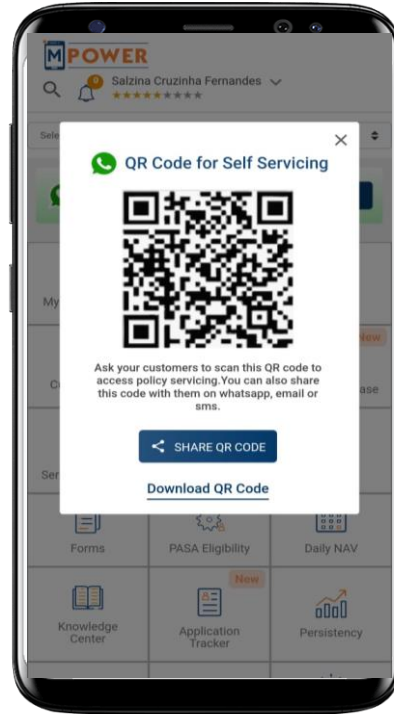
**Improved Customer Experience**  
NPS up by 10pts

## Unified Payment Platform



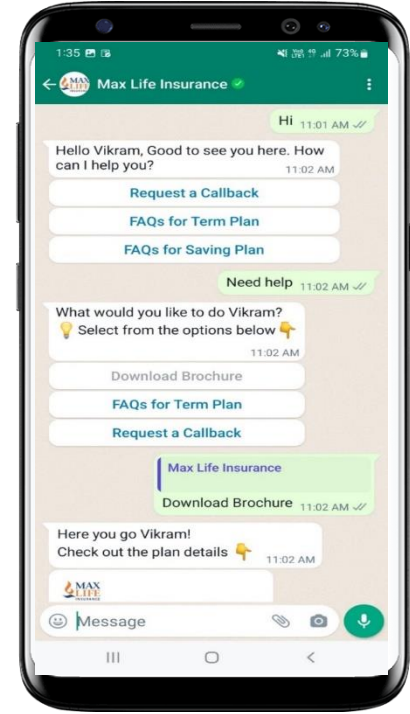
**Robust & scalable payment platform**  
Paytm router - Multi Switch PG capability

## Launched QR Code



**Soft launch across channels**  
Seller enablement, Website

## Revamped - WhatsApp Bot (May'23)



**New Help center approach with Live Agent chat, native journeys and vernacular capability**



**83% Self-service Penetration**



**6% improvement in success rate,  
20% reduction in detractor VOC**

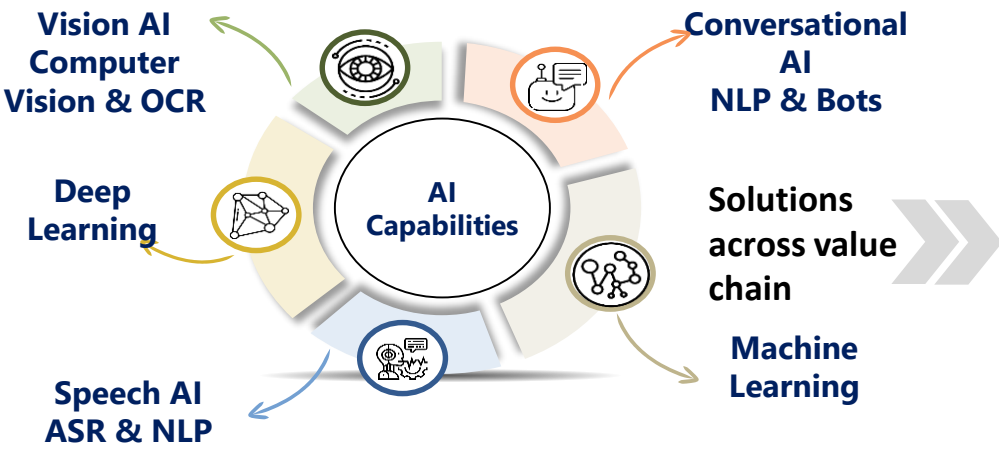


**25% Increased traffic on  
Whatsapp Bot QoQ**



**13% Higher user engagement +  
67% Improved query resolution  
On Haptik platform**

# Implemented cutting edge AI application at scale enabling superior business outcomes across the customer touchpoints



## AI Industry Recognition

**CYPHER – Top Domestic Firms using AI/ML**

**Nasscom AI Game Changers Award**

**ETBFSI AI excellence Awards**

**Top 40 Under 40 data scientists Award**

**Best Data Science Project Award**

**AI Case Study Books & Publications**

New Business	
	Speech Analytics suite for Customer insights, call sentiment, effectiveness & Agent performance analysis
	Customized customer offers with propensity prediction & Product recommendation engine
	Upfront Rural-Urban sector classification engine
	Machine Learning based Sales Leakage prediction
	Personalized performance scorecards to the field-force to boost adherence to input activities and propel higher outcomes

Purchase & Issuance	
	Shield Early Claim & Fraud risk prediction Engine
	13M & 25M Upfront Persistency Risk Prediction and Engagement recommendation
	Computer Vision based Photo and liveness verification in PoSV
	Diagnostic center analytics and fraud prediction & monitoring
	UW decision anomaly identification suite to enhance decisional accuracy
	Computer vision based Adhaar Masking Suite
	Mortality Insights & Analytics hub

Servicing, Retention & Others	
	Deep Learning Customer Engagement, Retention & Persistency Prediction
	Upfront Query Resolution with unified intent prediction and auto response bot
	Machine Learning based Renewal Income & Persistency Forecasting & monitoring
	Machine Learning based Detractor & NPS prediction model
	Machine Learning based Surrender prediction and Surrender retention
	Investment Risk Identification by flagging probable dealer broker collusion

**100%**  
Real time Risk prediction

**400+**  
Diagnostic Centers delisted basis Medichcek

**6000**  
Daily personalized input performance being triggered for Axis RA & supervisors

**12 Cr**  
Historical documents processed in 3 months for Aadhar masking



# D Investments in cloud and system modernization is helping us scale business in an agile way...

7



## Cloud Data & Analytics Platform

- Data Lake Foundation, Customer 360 & MVP 32 Requirements.
- Data stores (CDC, ETL,SIC, Portal DB) consolidation on Datalake.
- Real-time reporting. Eagle Eye Go, CXO Dashboard (Go live-15<sup>th</sup> June)
- AI/ML – Speech to Text, Claims Risk Insight Engine.



## Compliance & Security

- Industry best Tools & process to monitor & mitigate vulnerabilities.
- 24/7 Matured SOC & Next Gen Ransomware detection & prevention Tool in place
- Compliance rating increase from 70% to 86%.



## Cloud Foundation

- Agility in operations support for 4X volume on peak days with response time <1sec
- Infra Footprint increase from 18% to ~56%. 50+ Apps on Cloud



## Legacy Modernization

- Modernized Treasury, HR, Contact Center, Communications, AML, Agent customer servicing & Illustration platforms
- Centralized product setup by implementing Product Configurator as a single source of truth for all applications



~100% Resiliency for Cloud & Critical Apps



BitSight Security Maturity Score- 810 (Best in Industry)



Auto Scaling Design to support peak volume



Provisioning from 8 weeks to 1-2 Days



## SECTION IV

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- ▶ Max Life Insurance – ESG
- 

## Four pillars of our sustainability framework





### Work Ethically & Sustainably

-  Corporate Governance
-  Ethics & Compliance
-  Digital Initiatives
-  Ethical usage of Data
-  Operational Risk Management






### Care for People

-  Diversity & Inclusion
-  Employee Development
-  Health & Wellness programs
-  CSR (with Financial Empowerment)







### Financial Responsibility

-  Sustainable Investing
-  Product responsibility
-  Customer feedback integration



### Green Operations

-  Waste Management
-  Water Management
-  Energy efficiency
-  Emissions control



## Governance

- 🔥 Dedicated **ESG Management Committee**
- 🔥 **ESG Head** to oversee ESG initiatives/ Dedicated resources for ESG, DE&I, CSR
- 🔥 **Diverse Board composition Independent Directors** (~50%-MFSL; ~30%- Max Life Insurance)
- 🔥 Average Board experience > **30 years**



## Data Privacy & Security

- 🔥 MLI received the **DSCI Excellence Award** for Best Security Practices in India in 2021
- 🔥 BitSight rating of 810, which is best in financial services
- 🔥 Certified on International standards **ISO 27001 and ISO 22301**
- 🔥 Data privacy policy and practices in place
- 🔥 Board approved Information security policy in line with **Aadhar Act, I-T Act** and other regulatory guidelines
- 🔥 Dedicated CISO reporting to CRO for independence and better governance



## Risk Management

- 🔥 Max Life has a **robust governance framework with Board risk committee (REALMC)** supported by domain expertise committees (MRC, ALCO, DMC, ORG, IS BCM etc.)
- 🔥 **Risk Appetite and Risk Management framework** in place
- 🔥 Robust derivative program as well as an ALM framework
- 🔥 Detailed review process of Business Plan in place by CRO with focus on solvency risk and capital management



## Compliance & Policies

- 🔥 **Platforms, mechanisms, channels** in place for grievance addresses, incident investigations and corrective actions and policies
- 🔥 Dedicated **whistle-blower platform** managed by independent external partner
- 🔥 Approved **Business Code of Conduct, Anti Bribery, Gifts and Meals policies**
- 🔥 Max Life won an award for the best in-house legal team in Insurance Industry across Asia from Biz Asia



## Diversity & Inclusion

- Gender diversity ratio at 26% at Max Life
- Capability building program for women's leadership – 'She Leads'
- Allyship Signature Campaign launched to promote inclusion at workplace.
- An exclusive Max Sync open house session with CEO organized for all women employees on International Women's Day.
- 55 women participated in the Kudos Allyship Recognition Campaign.



## Well-being of Employees

- Launched the Visit Health app as part of the holistic employee wellness campaign, (free - doctor consultations, counselling sessions, financial advisory, water intake tracking, daily step goals, etc.)
- Launched the Health and wellness campaign #MaxThrive (Yoga sessions, health camps, counsellor visits, eye and dental check up camps, breast cancer awareness, Dietician visits)
- Hobby Clubs launched to promote Intergenerational inclusion : Bikers, Yoga, Poetry, Music and Cricket



## Employee Development & Policies

- High **employee engagement** - 2023 sustainable engagement score of 95% in the Annual Engagement Survey through Willis Towers Watson
- Launch of **Visit Health App** to provide for free doctor's consultation & discounted in-clinic visits along with the host of other health & wellness benefits



## CSR Initiatives

- Joy of Giving: 42,500+ beneficiaries positively impacted** through virtual and physical volunteering initiatives by employees.
- Financial literacy and insurance awareness:** 54,700+ applications submitted and **46,700+ unique beneficiaries (~50% female)** serviced for availing benefits of various Govt. schemes from Haridwar and Purbi Singhbhum serviced.
- Education:** 24,694 children were benefited through the education initiatives in partnership with Max India Foundation.
- Environment preservation:** Monthly maintenance and preservation work continued at the MG Road plantation site and Wazirabad lake in partnership with GMDA. 98,796 saplings planted across Gurugram, Bangalore, Chennai and Kolkata at the Wazirabad lake



## Committed to responsible investments

- 🔥 **100% ESG integration** will be ensured in all equity investment research and decision making
- 🔥 **75%** of equity portfolio to be ESG compliant
- 🔥 **100%** compliance for equity portions of shareholders fund to be adhered to



## Responsible Investments

- 🔥 **Comprehensive stewardship policy** in place and a detailed summary of MLI's voting actions are disclosed on a quarterly basis.
- 🔥 Max Life evaluates detailed governance reports of all its investee companies in detail
- 🔥 Launched new ESG Fund



## Product Responsibility

- 🔥 Benefits for females/transgenders for financial inclusion :
  - 🔥 Under Smart Wealth Insurance Plan, we provide a preferential discount for women
  - 🔥 Under Smart Wealth Advantage Guarantee Plan, higher returns for female lives and discount is available for transgenders
  - 🔥 Annuity plan improved to increase female rates
- 🔥 Max Life annuity plans, Smart Wealth Advantage Guarantee Plan and Smart Wealth Plan offer senior customers guaranteed income throughout their life
- 🔥 Additional health protection through our Rider Suite. Critical Illness and Disability Rider can be attached to almost the entire product portfolio; offers protection against 64 critical illnesses and disabilities.
- 🔥 Launched Ethical Fund where the investment excludes in sectors such as alcohol, gambling, contest, entertainment etc.



## Integrating Customer Feedback

- 🔥 Consistent focus on integrating feedback from policyholders in our services, reflected in our NPS ratings, as per Kantar Studies. NPS improved from 35 in FY19 to 52 in FY23

# Green Operations



## Holistic approach

- Conducted a **carbon footprint assessment** of our pan-India offices.
- Striving to be carbon neutral by FY28



## Energy Management

- Home Office (HO) building is a LEED Platinum certified building with “5 star rating”** in health and safety by British safety council
- Replacement of CFL with LED lights ongoing in all offices to reduce energy consumption : Replacement concluded in **30% offices in last 3 yrs.** ~**3%** of energy reduction achieved
- Replacement of old air-conditioners ongoing: Plan to replace **500 ton of AC in FY23**



## Water Conservation

- Water is recycled with the help of **STP: 30 kilo litres of water recycled** in FY23
- 100% tap sensors** and water aerators in place in HO. ~**70%** water consumption is reduced








## Waste Management

- MLI has pledged to completely ban **single-use plastic** in the next few years with emphasis on recycled plastic at tuck shop and pantries
- Implementing **dry and wet waste segregation process**
- Used **10000 kg of plastic**, **3000** being single use and **7000** being recycled plastic
- Working on Sanitary Pad disposal at HO for sustainable menstrual hygiene management



# Accomplishments in our key strategic shifts identified in our ESG journey

Indicators	Key Metric for ESG Indicators	Key Targets	Current Status
 Digital Operations	Digital enablement (Self Servicing) in Business transactions	90% of all self- servicing operations to be digital by FY25	95% self-service enablement by March'23
 Diversity & Inclusion	Overall Gender Diversity Ratio	Achieve 30% gender diversity ratio by FY25 (23% in FY21)	26% gender diversity ratio in March'23
 Workforce Training	Number of Learning hours to upskill and reskill employees*	Improve total training hours by ~3X by FY25	28,468 training hours till March'23
 Responsible Investments	ESG integration* & Compliance^ in Investment Decision Making	100% ESG integration in equity investment research and decision making   75% of equity portfolio to be ESG compliant at all times	External Consultant on-boarded for ESG integration process   Tracking ongoing for ESG compliance
 Carbon Neutrality	Reduce carbon footprint and achieve Carbon Neutrality	To achieve 80% carbon neutrality by FY28	Measurement of greenhouse gas is on-going

\*ESG Integration refers to evaluation of ESG risks and opportunities for each company in the portfolio

^ESG compliance refers to all ESG rating categories excluding severe risk category, as per rating agency scores

\*Includes MDP learning hours



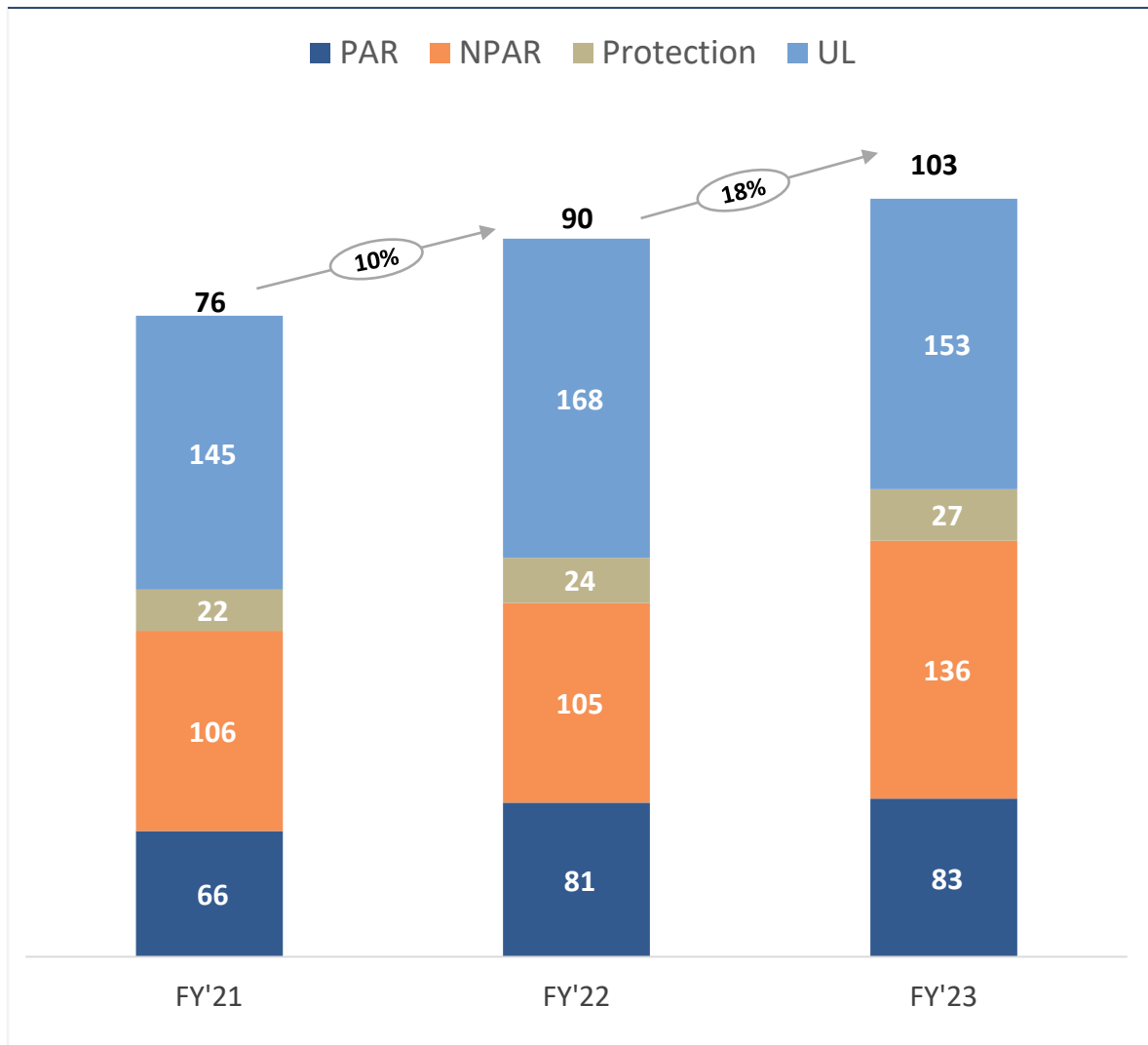
# ANNEXURES

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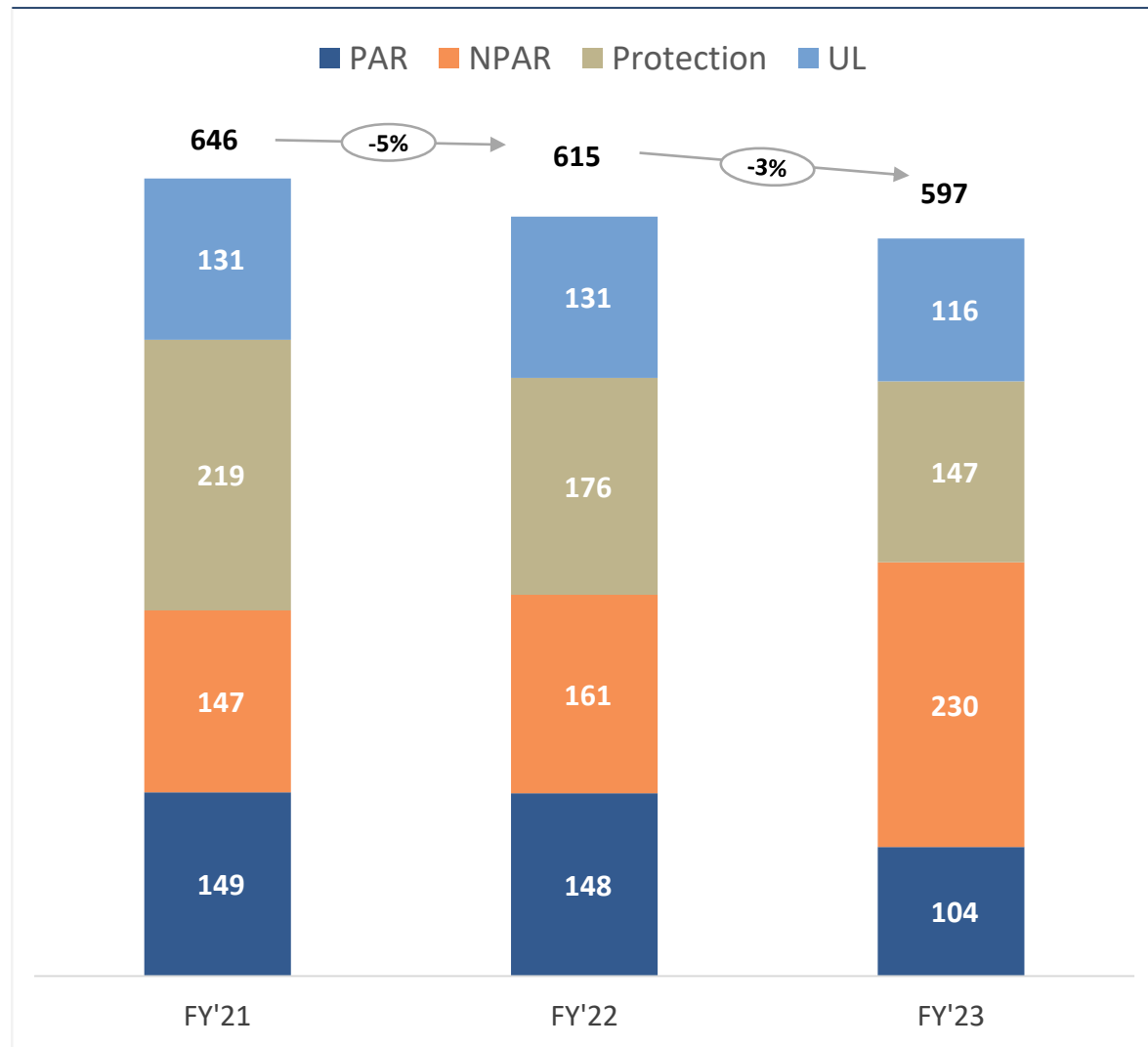


# Expansion in case size across all products

Case Size (INR'000)



NoPs (INR'000)



## Sensitivity analysis as at 31<sup>st</sup> March 2023

Sensitivity	EV		New business	
	Value (Rs Cr)	% change	VNB (Rs Cr)   NBM	% change
<b>Base Case</b>	<b>16,263</b>	-	<b>1,949   31.2%</b>	-
Lapse/Surrender - 10% increase	16,276	0.1%	1,951   31.2%	0.1%
Lapse/Surrender - 10% decrease	16,234	(0.2%)	1,941   31.1%	(0.4%)
Mortality - 10% increase	15,910	(2.2%)	1,866   29.9%	(4.3%)
Mortality - 10% decrease	16,620	2.2%	2,033   32.5%	4.3%
Expenses - 10% increase	16,115	(0.9%)	1,808   28.9%	(7.2%)
Expenses - 10% decrease	16,411	0.9%	2,090   33.4%	7.2%
Risk free rates - 1% increase	16,129	(0.8%)	2,051   32.8%	5.2%
Risk free rates - 1% reduction	16,288	0.2%	1,804   28.9%	(7.4%)
Equity values - 10% immediate rise	16,456	1.2%	1,949   31.2%	Negligible
Equity values - 10% immediate fall	16,070	(1.2%)	1,949   31.2%	Negligible
Corporate tax Rate - 2% increase	15,897	(2.3%)	1,905   30.5%	(2.3%)
Corporate tax Rate - 2% decrease	16,630	2.3%	1,993   31.9%	2.3%
Corporate tax rate increased to 25%	13,958	(14.2%)	1,544   24.7%	(20.8%)

## Definitions of the EV and VNB

### Market consistent methodology

- The EV and VNB have been determined using a market consistent methodology which differs from the traditional EV approach in respect of the way in which allowance for the risks in the business is made.
- For the market consistent methodology, an explicit allowance for the risks is made through the estimation of the Time Value of Financial Options and Guarantees (TVFOG), Cost of Residual Non-Hedgeable Risks (CRNHR) and Frictional Cost (FC) whereas for the traditional EV approach, the allowance for the risk is made through the Risk Discount Rate (RDR).

### Components of EV

The EV is calculated to be the sum of:

- Net Asset value (NAV) or Net Worth: It represents the market value of assets attributable to shareholders and is calculated as the adjusted net worth of the company (being the net shareholders' funds as shown in the audited financial statements adjusted to allow for all shareholder assets on a market value basis, net of tax).
- Value of In-force (VIF): This component represents the Present Value of Future expected post-tax Profits (PVFP) attributable to shareholders from the in-force business as at the valuation date, after deducting allowances for TVFOG, CRNHR and FC. Thus,  $VIF = PVFP - TVFOG - CRNHR - FC$ .

### Covered Business

- All business of Max Life is covered in the assessment except one-year renewable group term business and group fund business which are excluded due to their immateriality to the overall EV.

## Components of VIF (1/2)

### Present Value of Future Profits (PVFP)

- Best estimate cash flows are projected and discounted at risk free investment returns.
- PVFP for all lines of business except participating business is derived as the present value of post-tax shareholder profits from the in-force covered business.
- PVFP for participating business is derived as the present value of shareholder transfers arising from the policyholder bonuses *plus* one-tenth of the present value of future transfers to the participating fund estate and one-tenth of the participating fund estate as at the valuation date.
- Appropriate allowance for mark-to-market adjustments to policyholders' assets (net of tax) have been made in PVFP calculations to ensure that the market value of assets is taken into account.
- PVFP is also adjusted for the cost of derivative arrangements in place as at the valuation date.

### Cost of Residual Non-Hedgeable Risks (CRNHR)

- The CRNHR is calculated based on a cost of capital approach as the discounted value of an annual charge applied to the projected risk bearing capital for all non-hedgeable risks.
- The risk bearing capital has been calculated based on 99.5 percentile stress events for all non-hedgeable risks over a one-year time horizon. The cost of capital charge applied is 4% per annum. The approach adopted is approximate.
- The stress factors applied in calculating the projected risk capital in the future are based on the latest EU Solvency II directives recalibrated for Indian and Company specific conditions.

## Components of VIF (2/2)

### Time Value Of Options and Guarantees (TVFOG)

- The TVFOG for participating business is calculated using stochastic simulations which are based on 5,000 stochastic scenarios.
- Given that the shareholder payout is likely to be symmetrical for guaranteed non-participating products in both positive and negative scenarios, the TVFOG for these products is taken as zero.
- The cost associated with investment guarantees in the interest sensitive life non-participating products are allowed for in the PVFP calculation and hence an explicit TVFOG allowance has not been calculated.
- For all unit-linked products with investment guarantees, extra statutory reserves have been kept for which no release has been taken in PVFP and hence an explicit TVFOG allowance has not been calculated.

### Frictional Cost (FC)

- The FC is calculated as the discounted value of tax on investment returns and dealing costs on assets backing the required capital over the lifetime of the in-force business. Required capital has been set at 180% of the Required Solvency Margin (RSM) which is the internal target level of capital, which is higher than the regulatory minimum requirement of 150%.
- While calculating the FC, the required capital for non-participating products is funded from the shareholders' fund and is not lowered by other sources of funding available such as the excess capital in the participating business (i.e. participating fund estate).

## Key Assumptions for the EV and VNB (1/2)

### Economic Assumptions

- The EV is calculated using risk free (government bond) spot rate yield curve taken from FBIL<sup>1</sup> as at 31<sup>st</sup> March 2023. The VNB is calculated using the beginning of respective quarter's risk free yield curve (i.e. 31<sup>st</sup> March 2022, 30<sup>th</sup> June 2022, 30<sup>th</sup> September 2022 and 31<sup>st</sup> December 2022).
- No allowance has been made for liquidity premium because of lack of credible information on liquidity spreads in the Indian market.
- Samples from 31<sup>st</sup> March 2023 and 31<sup>st</sup> March 2022 spot rate (semi annualized) yield curves used are:

Year	1	2	3	4	5	10	15	20	25	30	40
<b>Mar-23</b>	7.16%	7.07%	7.17%	7.19%	7.17%	7.34%	7.38%	7.40%	7.45%	7.45%	7.45%
<b>Mar-22</b>	4.51%	5.10%	5.63%	6.08%	6.42%	7.02%	7.37%	7.51%	7.34%	7.52%	7.40%
<b>Change</b>	2.65%	1.97%	1.54%	1.11%	0.75%	0.32%	0.01%	-0.11%	0.11%	-0.07%	0.05%

### Demographic Assumptions

The lapse and mortality assumptions are approved by Board committee and are set by product line and distribution channel on a best estimate basis, based on the following principles:

- Demographic assumptions are set to reflect the expected long term experience.
- Assumptions are based on last one year experience and expectations of future experience given the likely impact of current and proposed management actions on such assumptions.
- Aims to avoid arbitrary changes, discontinuities and volatility where it can be justified.
- Aims to exclude the impacts of non-recurring factors.



## Key Assumptions for the EV and VNB (2/2)

### Expense and Inflation

- Maintenance expenses are based on the recent expense studies performed internally by the Company.
- Future CSR related expenses have been taken to be 2% of post tax (risk adjusted) profits emerging each year.
- The commission rates are based on the actual commission payable, if any.

### Tax

- The Corporate tax rate is the effective tax rate, post allowing for exemption available on dividend income. Tax rate is nil for pension business.
- For participating business, the transfers to shareholders resulting from surplus distribution are not taxed as tax is assumed to be deducted before surplus is distributed to policyholders and shareholders.
- Goods and Service tax is assumed to be 18%.
- The mark to market adjustments are also adjusted for tax.