



February 6, 2024

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: **Investor Release– Q3 FY 24**

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing Investor Release – Q3 FY24 being issued by the Company on the outcome of its Board meeting held on February 6, 2024.

You are requested to kindly take the aforesaid on record.

Thanking you,

Yours faithfully

for **Max Financial Services Limited**

**Piyush Soni**  
**Company Secretary & Compliance Officer**

Encl: As above

MAX FINANCIAL SERVICES LIMITED

CIN: L24223PB1988PLC008031

Corporate Office: L20M, Max Towers, Plot No. C-001/A/1, Sector 16B, Noida 201301 | P 0120 4696000 | [www.maxfinancialservices.com](http://www.maxfinancialservices.com)  
Regd. Office: 419, Bhai Mohan Singh Nagar, Village Railmajra, Tehsil Balachaur, Dist. Nawanshahr, Punjab - 144 533, India

# Max Financial Performance Update

Investor Release 9M FY24

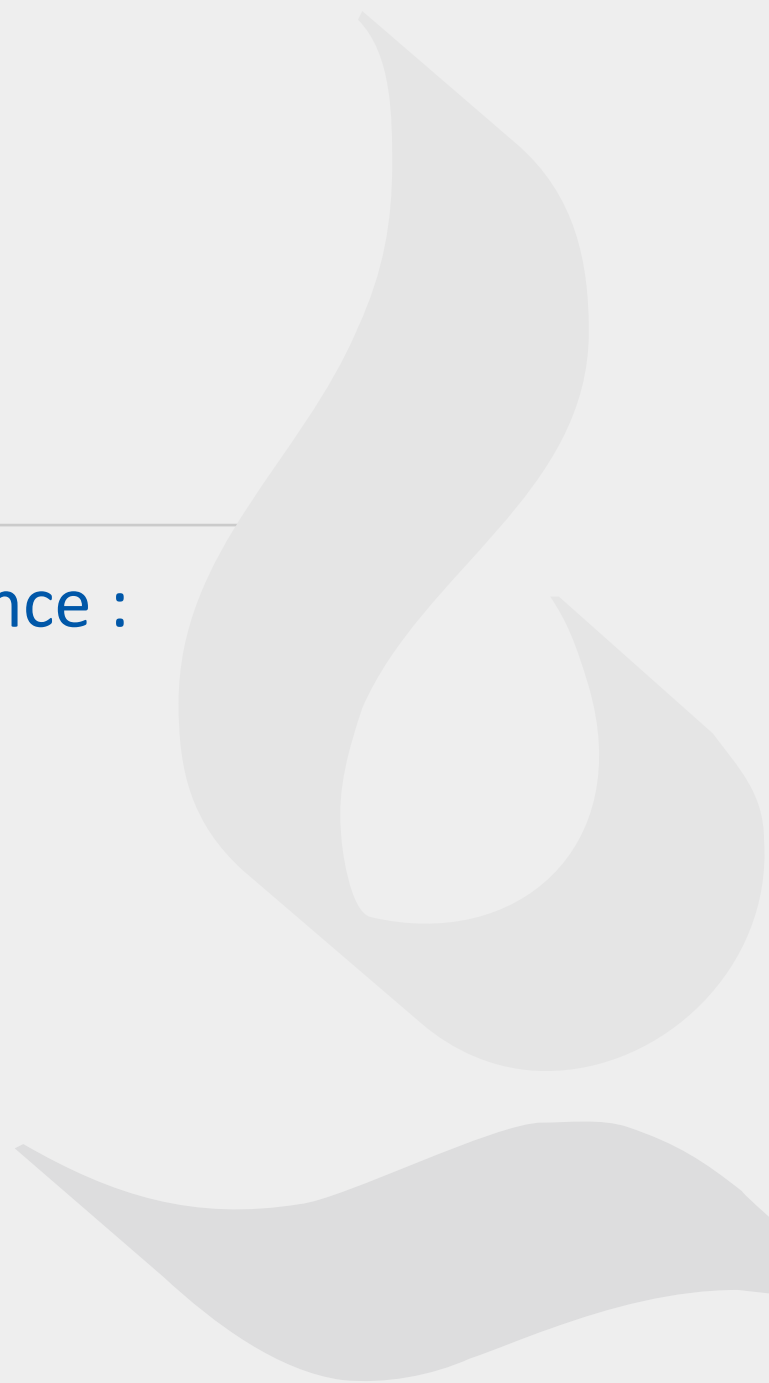
February 6, 2024



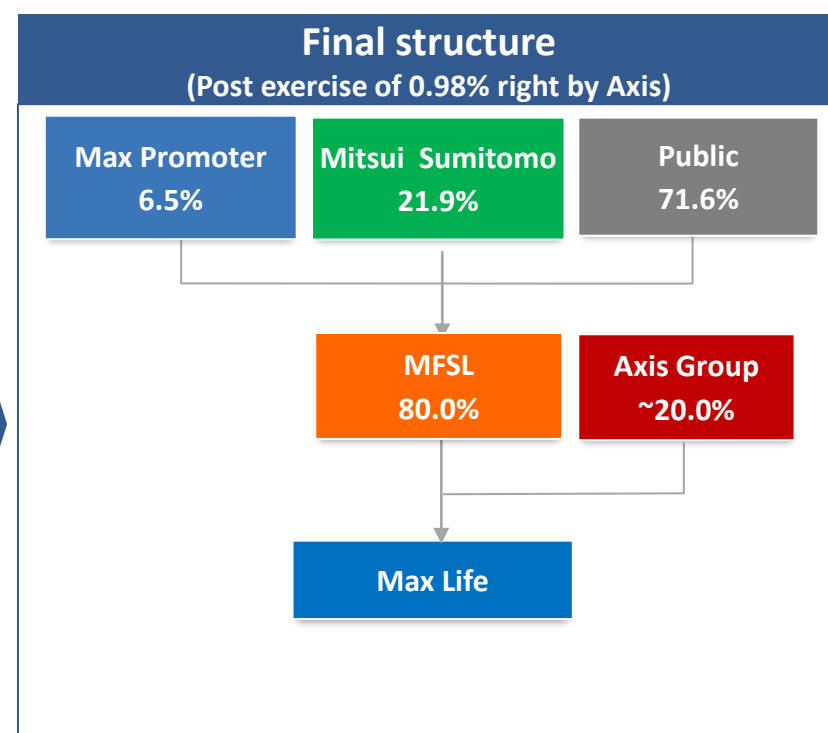
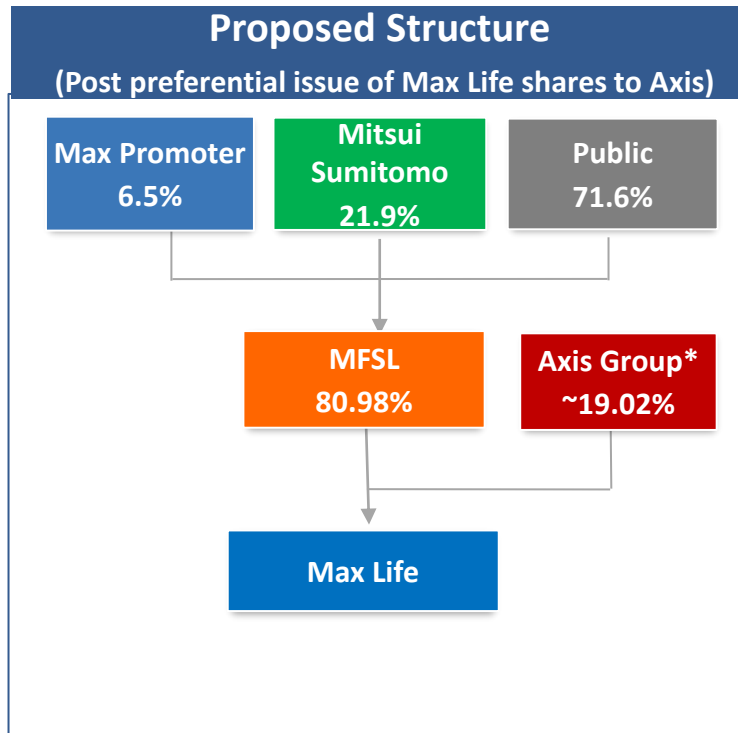
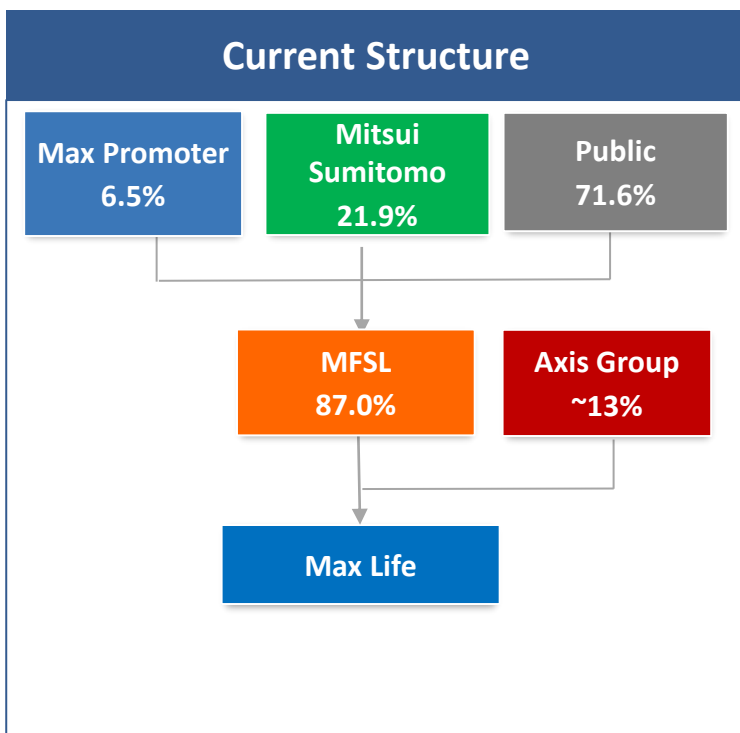


## SECTION I

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- ▶ Max Financial Services and Max Life Insurance :  
9M FY'24 Key Highlights
- 

# Transaction Update



- Pursuant to the approval of the MFSL and Max Life Boards and subject to regulatory approvals, Axis Bank will be infusing **Rs 1,612 Cr** by subscribing to **14.26 Cr** equity shares of Max Life, at **fair market value ~ Rs 113.06 per share** (determined basis DCF methodology). Upon completion of the Proposed Infusion, Axis entities will collectively hold **19.02%** of the equity share capital of Max Life
- This capital infusion will help Max Life to support its future growth ambitions, to augment its capital position and to improve solvency margins
- Additionally, Axis Entities would have right to purchase shares of Max Life equivalent to **0.98%** from MFSL.
- Shareholder’s approval for the proposed transaction has been received and applications have been filed for regulatory approvals. **PFRDA** Approval received

## Max Financial Services: 9M FY'24 Key Highlights

<b>Revenue</b>	<p>Consolidated Revenue excluding investment income at <b>Rs 18,398 Cr</b>, grows <b>16%</b> in 9M FY'24. Consolidated PAT at <b>Rs 443 Cr</b>, Up <b>11% y-o-y</b>.</p> <p><b>Individual Adjusted first year Premium grew by 19%</b> to Rs 4,285 Cr and Total APE grew by <b>23%</b> driven by <b>robust NOP growth of 20%</b>. Secured <b>Rank 4</b> in the private industry</p>
<b>Profitability</b>	<p>Max Life Insurance's <b>Profit After Tax</b> grew by 9% in 9M FY'24 at <b>411 Cr</b> vs in 9M FY'23 at 376 cr.</p> <p><b>VNB</b> for 9M FY'24 is at Rs <b>1,152 Cr</b>. New Business Margin at <b>25.3%</b> for 9M FY'24 and at <b>27.2%</b> for Q3 FY'24 . 9M FY'24 operating RoEV is at <b>18.6%</b> and <b>MCEV</b> as at Dec'23 end at <b>Rs 18,709 Cr</b></p>
<b>Distribution Strength</b>	<p>Proprietary channels grew by <b>47%</b> in Q3 and <b>44%</b> in 9M FY'24 on YoY basis driven by both online and offline channels <b>E-commerce</b> maintained <b>leadership position</b> in online protection sales.</p> <p><b>Highest agent recruitment growth at 66% on YTD basis</b> among private listed players and successfully on-boarded <b>8</b> new partners in Q3 FY'24.</p>
<b>Product Innovation</b>	<p>Launched <b>Smart Total Elite Protection (STEP)</b> launched <b>exclusively for affluent segment</b> with an <b>Inbuilt Terminal Illness Cover</b> and <b>option to get back all premiums paid</b> back at no cost.</p>
<b>Focus on Protection, Health &amp; Retirement</b>	<p><b>Consistent growth momentum in Annuity</b> business; Successfully posted YoY growth of <b>~52% in Annuity business</b> on APE basis; Max Life PFM Asset Under Management (AUM) stand at Rs <b>~507 cr</b></p> <p>Retail Protection and Health grew by <b>82%</b> in Q3 &amp; <b>65%</b> in 9M for FY'24. Group Credit Life (GCL) grew by <b>120%</b> in Q3 &amp; <b>59%</b> in 9M for FY24.</p> <p>Maintained <b>Rank 3</b> in Individual Sum Assured with a growth of <b>40%</b> in 9M FY'24.</p>
<b>Industry Recognition</b>	<ul style="list-style-type: none"> <li>▪ Awarded <b>Swift and Prompt Insurer</b> at The Economic Times Insurance Awards 2023</li> <li>▪ Awarded <b>Gold for the SEWA project</b>, and a Platinum for presenting our 'Peer to Peer Investment Opportunity (P2P)' at the 18th Six Sigma National Competition by CII</li> <li>▪ Awarded as <b>Leaders in Cloud Transformation</b> at Elets Newgen Insurance Innovation Awards 2023</li> <li>▪ Awarded <b>Excellence in Financial Reporting</b> by ICAI for its Annual Report</li> </ul>



## 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 & Health**



**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 **99.51%** in FY23

## 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 9M FY24

<p><b>Total APE#</b></p> <p>Rs 4,561Cr [Rs 3,710 Cr] <span style="float: right;">23% ↑</span></p>	<p><b>Gross Written Premium</b></p> <p>Rs 18,793 Cr [Rs 16,188 Cr] <span style="float: right;">16% ↑</span></p>	<p><b>Renewal Premium</b></p> <p>Rs 11,823 Cr [Rs 10,548 Cr] <span style="float: right;">12% ↑</span></p>	<p><b>AUM</b></p> <p>Rs 1,42,621 Cr [Rs 1,18,400 Cr] <span style="float: right;">20% ↑</span></p>									
<p><b>Profit After tax</b></p> <p>Rs 411 Cr [Rs 376 Cr] <span style="float: right;">9% ↑</span></p>	<p><b>Net Worth</b></p> <p>Rs 4,033 Cr [Rs 3,521 Cr] <span style="float: right;">15% ↑</span></p>	<p><b>Policyholder Cost to GWP Ratio</b></p> <p>22.6% [20.4%] <span style="float: right;">219 bps ↑</span></p>	<p><b>Policyholder Expense to GWP Ratio</b></p> <p>14.8% [14.3%] <span style="float: right;">50 bps ↑</span></p>									
<p><b>New business margin (9M/Q3)</b></p> <p>25.3%/27.2%</p>	<p><b>Operating RoEV</b></p> <p>18.6% [19.5%] <span style="float: right;">-90 bps ↓</span></p>	<p><b>Embedded Value</b></p> <p>18,709 [15,547] <span style="float: right;">20% ↑</span></p>	<p><b>Solvency</b></p> <p>179% [200%] <span style="float: right;">-21% ↓</span></p>									
<p><b>VNB</b></p> <p>1,152Cr [1,179Cr] <span style="float: right;">2% ↓</span></p>	<p><b>Policies Sold ('000)</b></p> <p>454 [383] <span style="float: right;">19% ↑</span></p>	<p><b>Ind. New business Sum assured</b></p> <p>1,94,000 [1,38,217] <span style="float: right;">40% ↑</span></p>	<p><b>Protection &amp; Health Mix**</b></p> <table border="1"> <thead> <tr> <th>Individual</th> <th>Group</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>9%</td> <td>7%</td> <td>16%</td> </tr> <tr> <td>[7%]</td> <td>[6%]</td> <td>[13%]</td> </tr> </tbody> </table>	Individual	Group	Total	9%	7%	16%	[7%]	[6%]	[13%]
Individual	Group	Total										
9%	7%	16%										
[7%]	[6%]	[13%]										

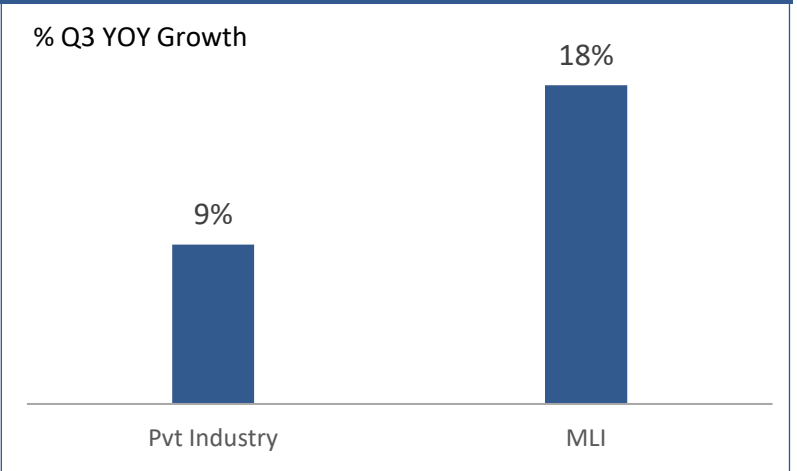
Figures in [brackets] are for previous year numbers. Totals may not match due to rounding

\*\*Group protection (incl. Group credit life adjusted for 10% for single premium and term business) # Excluding Group Term Life;

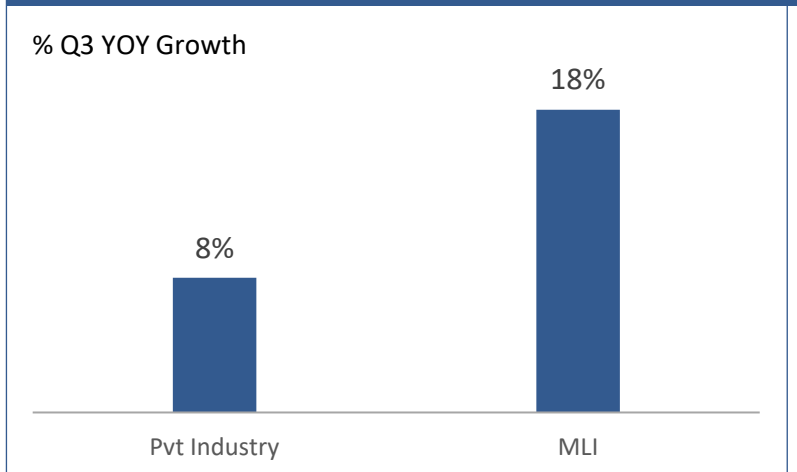
# Q3 Update: Continue to post industry leading growth fueled by disproportionate growth in proprietary channels & segments of choice

## Industry leading outcomes

### Individual Adj. FYP

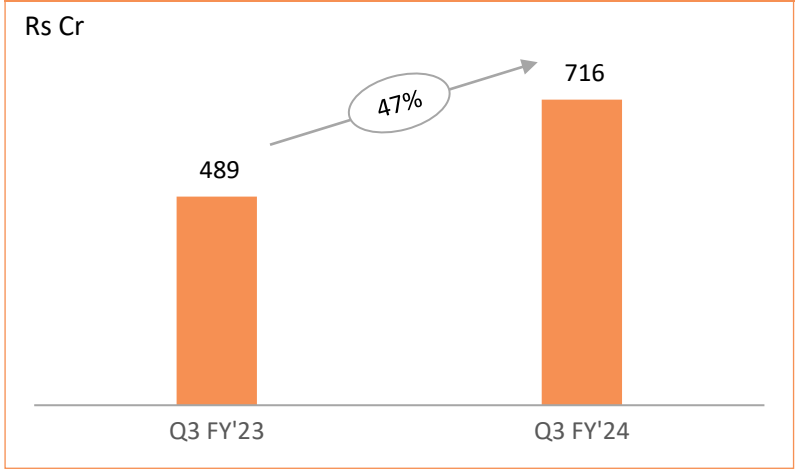


### Number of Policies

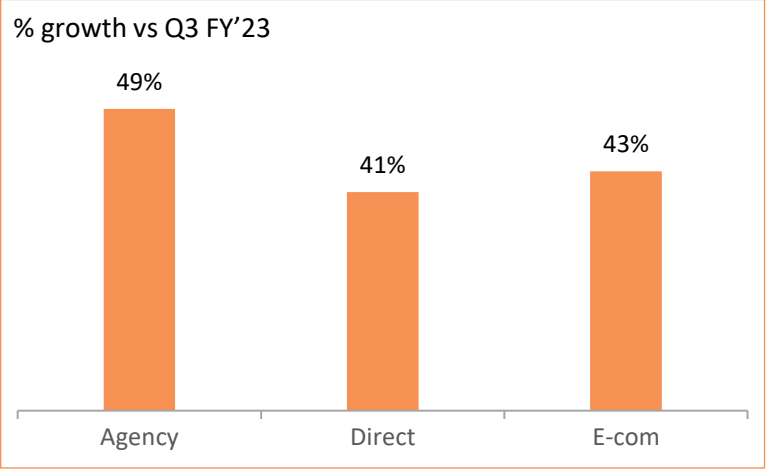


## Growth in proprietary channels & segments of choice

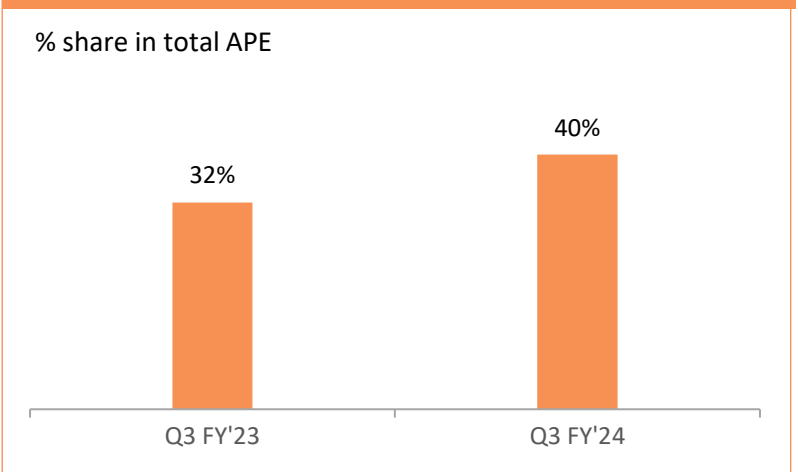
### Proprietary growth (APE)



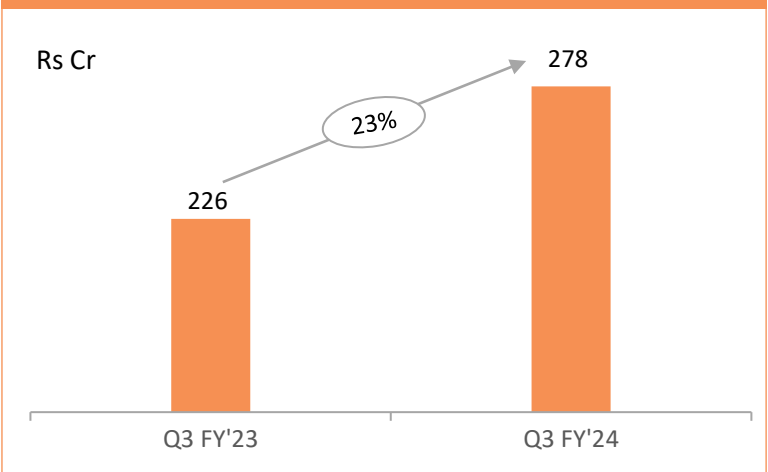
### Secular growth within proprietary



### Proprietary share

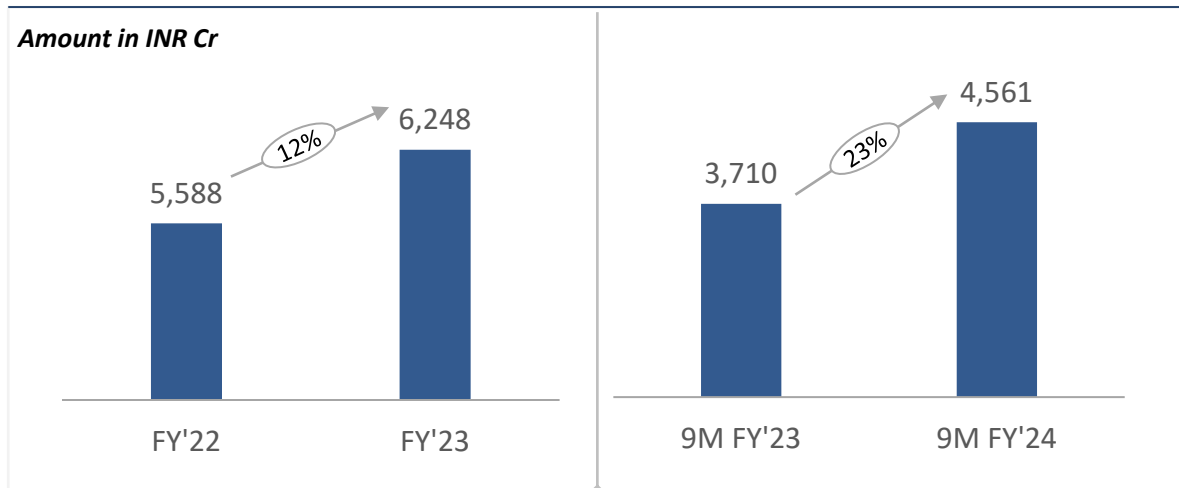


### Protection, Health & Annuity (APE)

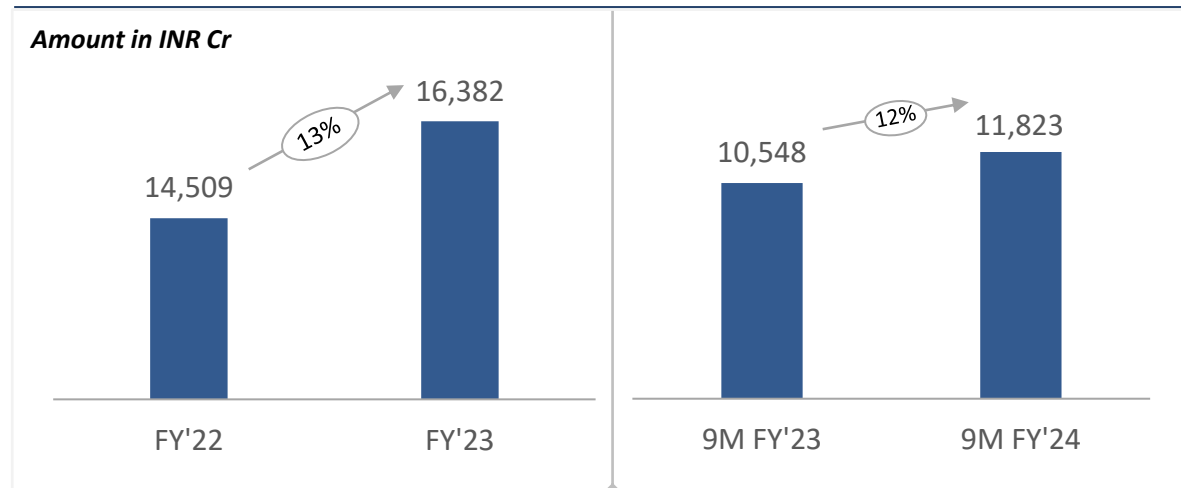


# Max Life has delivered strong performance on new business

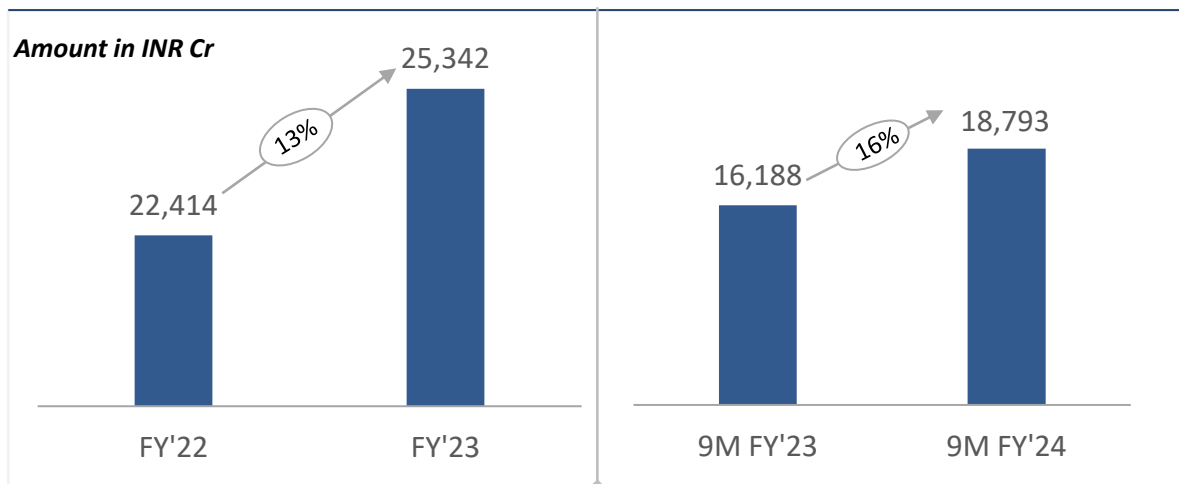
**New Business Premiums (on APE basis) –Driven by strong growth in across channels**



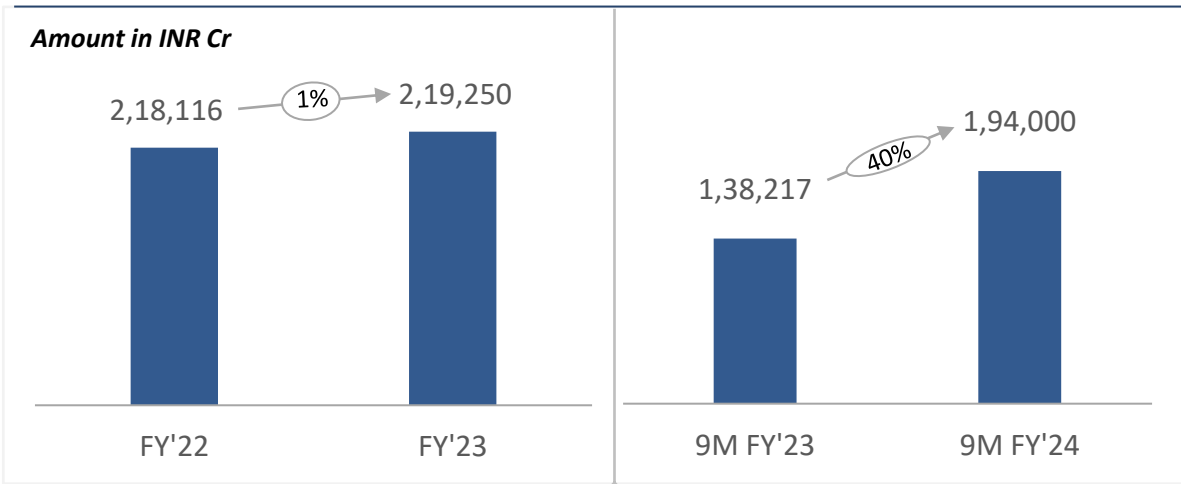
**Renewal Income – Delivering consistent growth**



**Gross Written Premium – 16% growth in 9M FY'24**

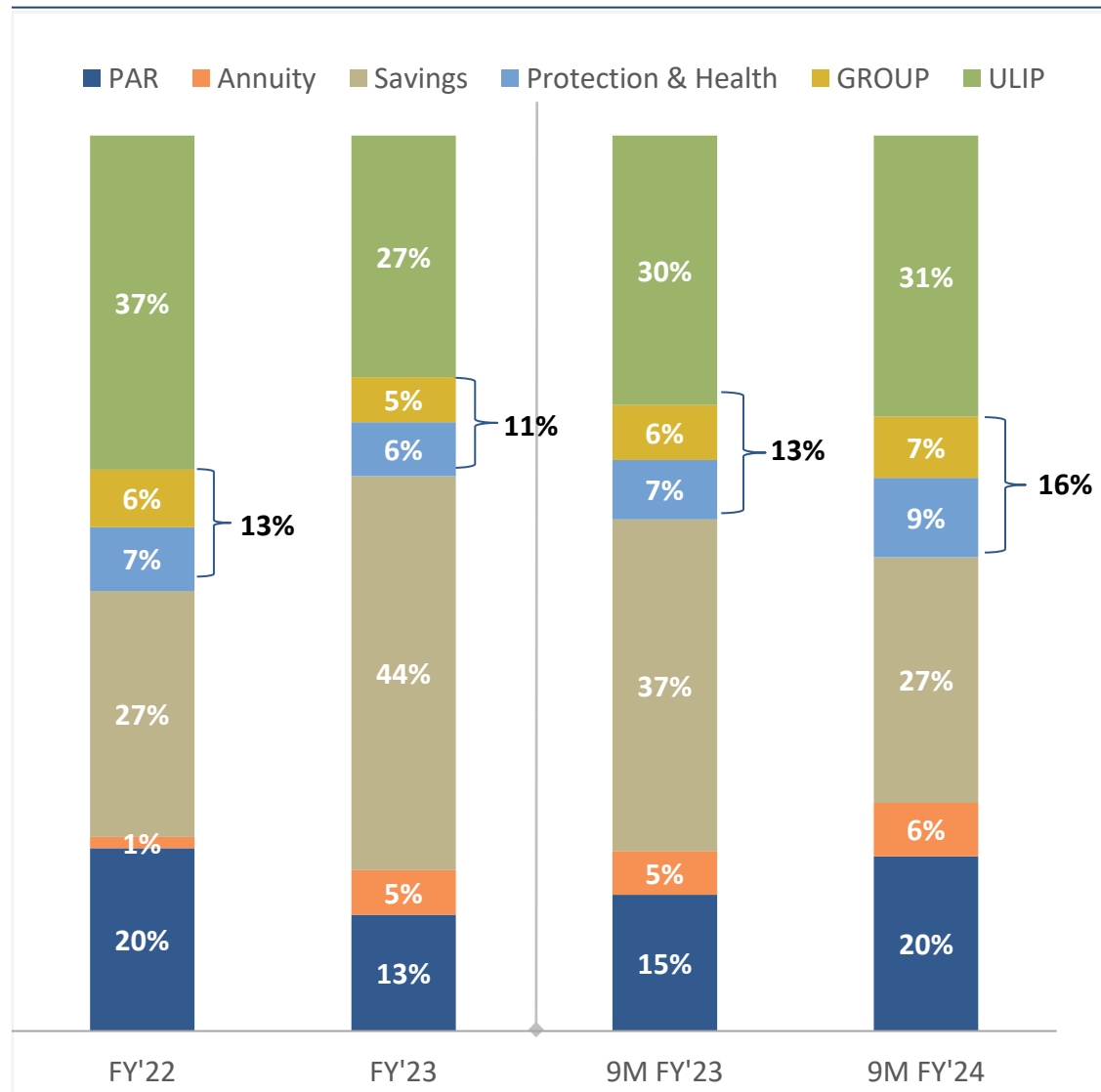


**Individual Sum Assured of New business- Rank 3 in individual sum assured in 9M FY'24**



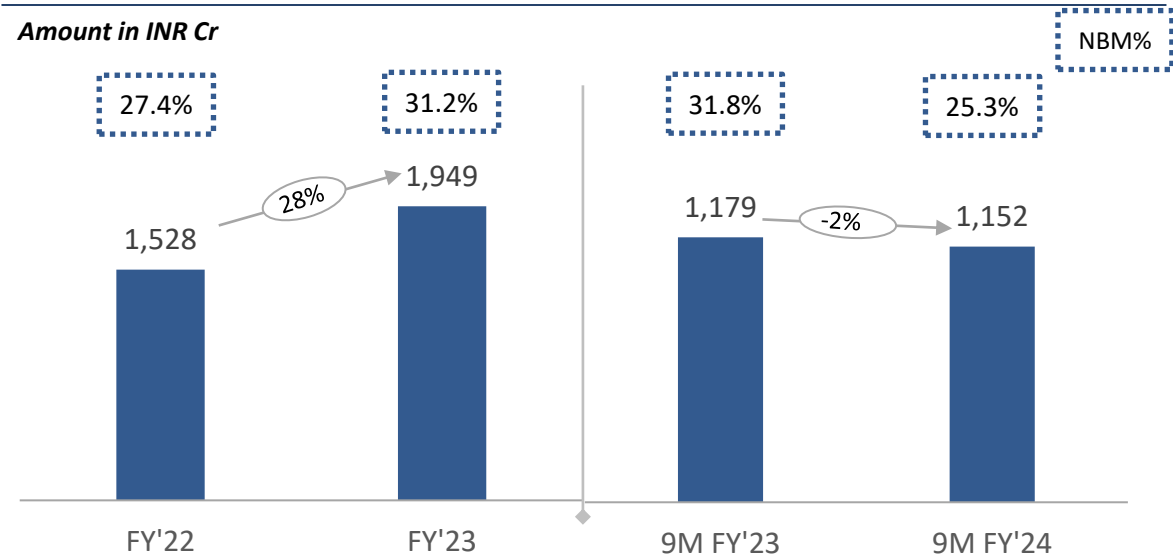
# Margin outcomes consistent with strategy of sales growth and increasing sequentially

## Product Mix: Focus on Annuity and Protection & Health

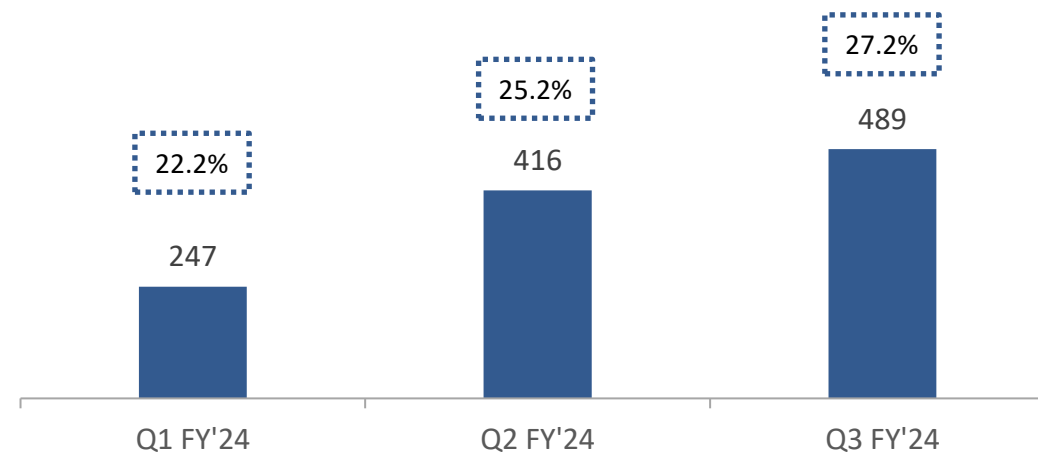


## Value of New Business: Due to lower Non-Par mix & higher investments in distribution

Amount in INR Cr

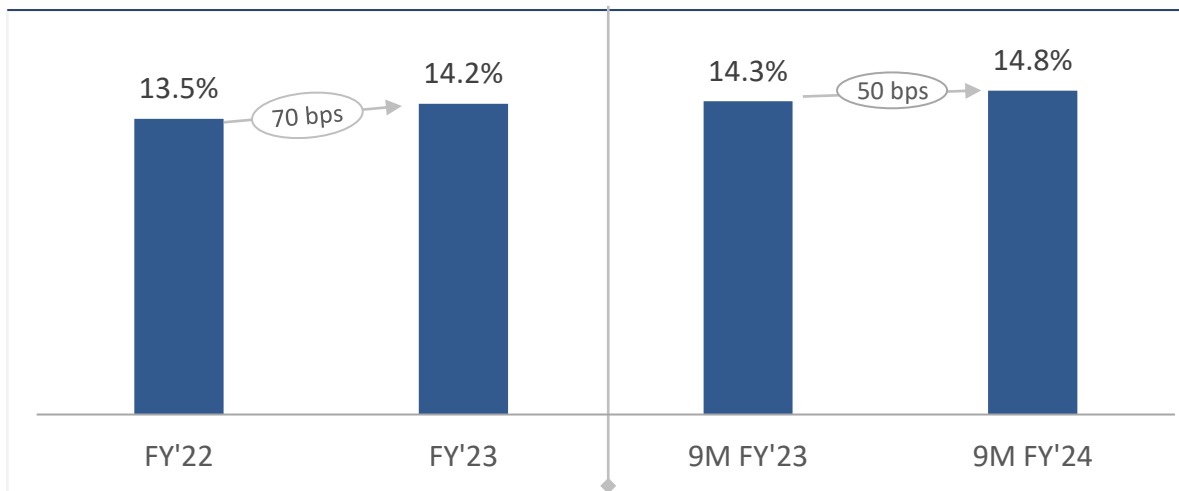


## Sequentially Increasing Margins

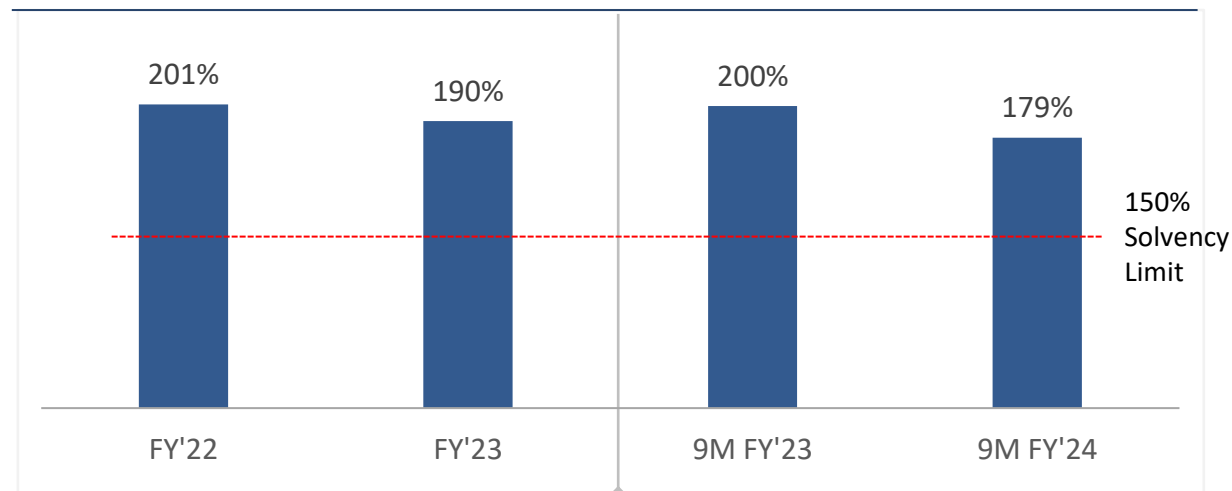


# Efficient capital management with profitable growth

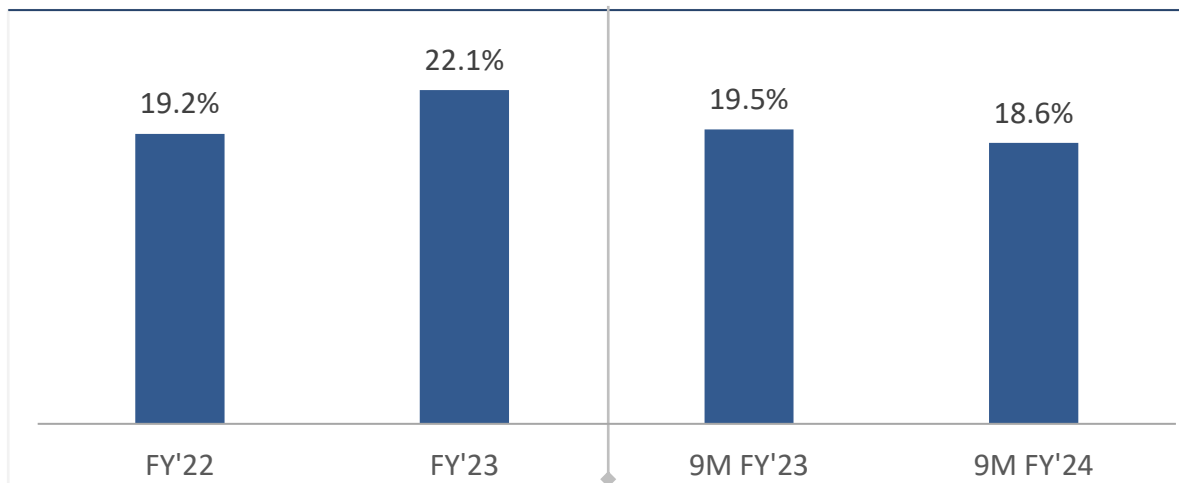
**Opex to GWP: Investing towards building distribution**



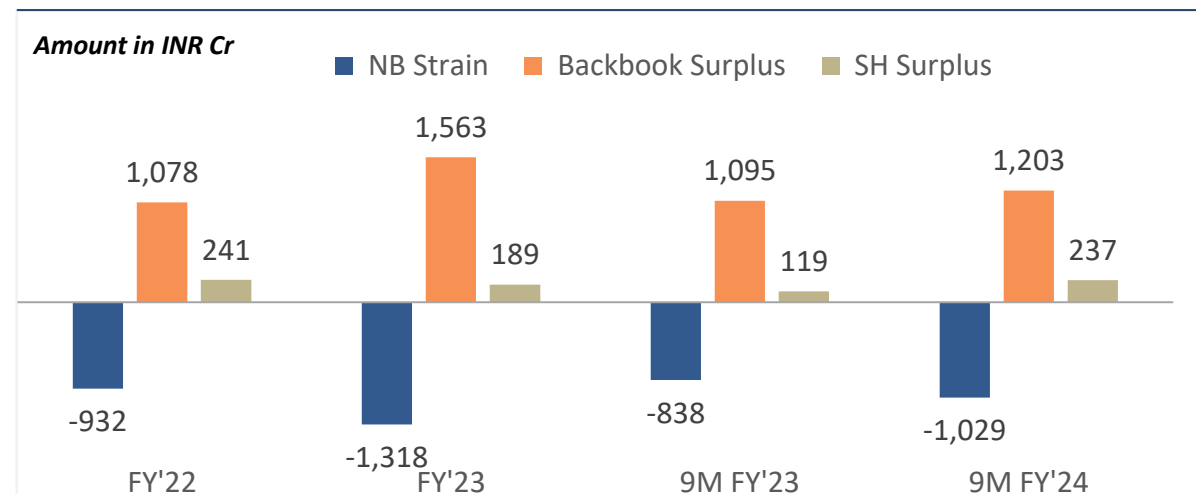
**Solvency Ratio (pre dividend)**



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

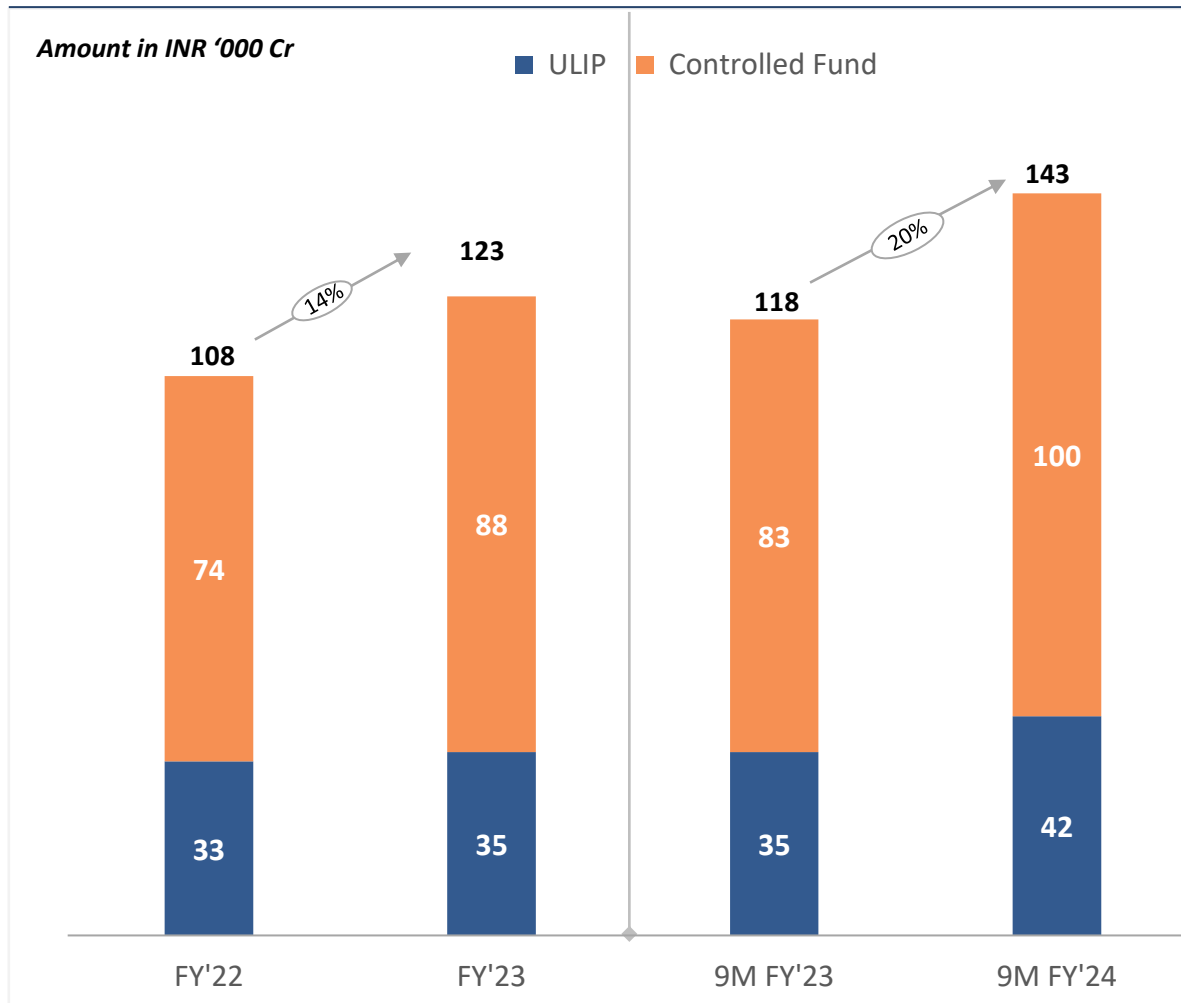


**Underwriting Profits**

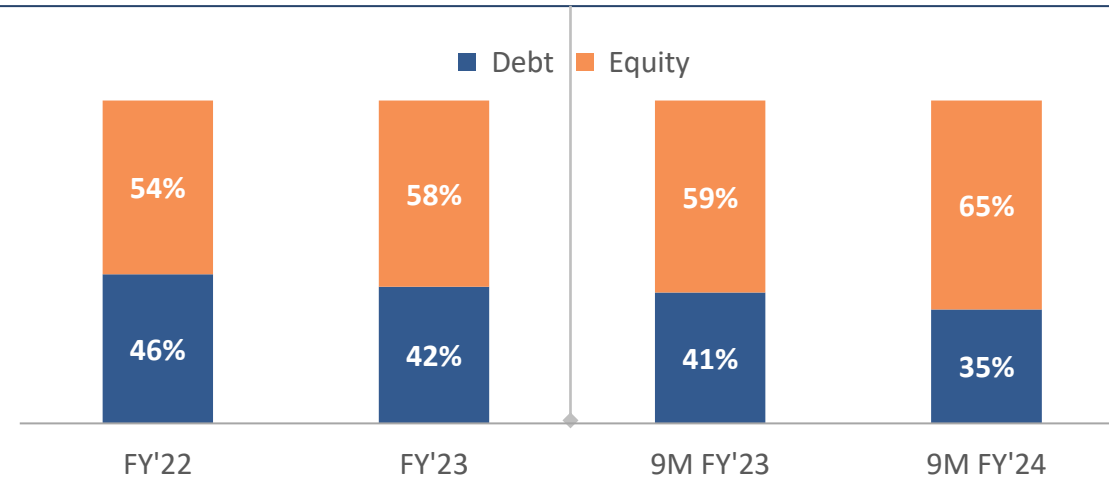


# Max Life has consistently grown its Asset Under Management

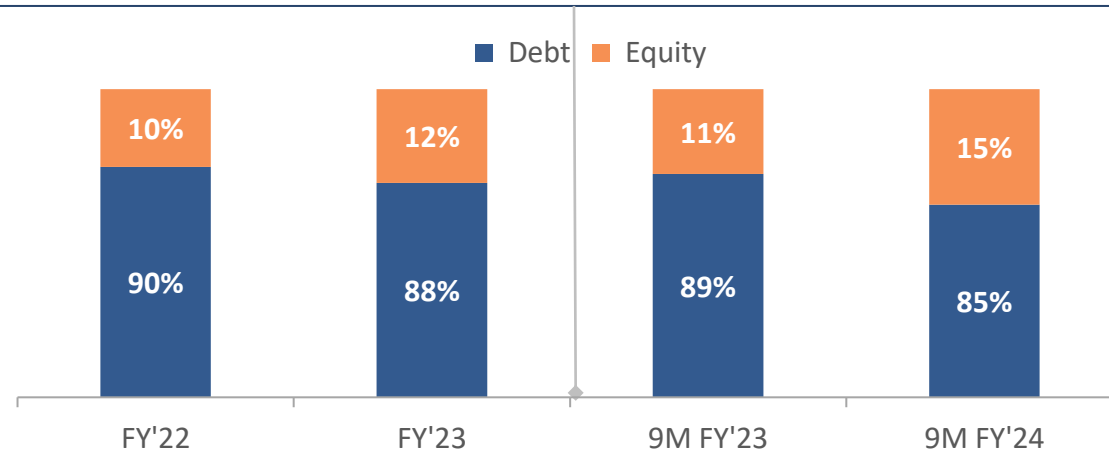
**Assets Under Management** - MLI is the 4th largest\* manager of private LI AUMs, Par fund size ~66K Cr



## 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

-  Awarded Excellence in driving distribution through Digital at the FICCI Insurance industry awards 2022
-  Recognized by ICAI for **excellence in financial reporting**
-  Max Life awarded at Cypher 2022 as **top domestic firm using AI / ML**
-  Awarded Best Performance Marketing Campaign (Gold) and Best SEO/SEM Campaign (Silver) at Afaqs Digies 2023
-  1<sup>st</sup> Indian firm to win **Celent Global Model Insurer award**
-  SWAG voted as 'Product of the Year 2023' in the Life Insurance Guaranteed Savings Plan category
-  Winner for our 'Peer to Peer Investment Opportunity (P2P) under Diverse Products and Services category at ET BFSI Exceller Awards 2023
-  Awarded Swift and Prompt Insurer at The Economic Times Insurance Awards 2023
-  Awarded for Digital First Approach for Digital Technology Platforms at Business Transformation Summit 2023 organized by TechCircle
-  Awarded Silver for Use of Paid Search Marketing at ET Brand Equity DigiPlus Awards 2023
-  Awarded as Leaders in Cloud Transformation at Elets Newgen Insurance Innovation Awards 2023

## Leaders in Quality

-  No. 2 in Customer Loyalty survey by Hansa Research
-  Adjudged the Best fraud prevention company at the **Fraud Risk Management Summit and Awards 2023**
-  **Platinum Award for P2P investment project** and for Project SEWA (Reducing Customer Grievance) at CII Annual Quality Awards
-  Awarded under **Best Claims Settlement** at the **InsureNext Conference and Awards 2023**
-  Recognized at **e4m Pride of India Brands – North conference and awards 2023**
-  Awarded in Excellence for **Claims Service and Best Product Innovation (SFRD)** at World BFSI Congress
-  Awarded Silver for **Super Customer Week** at Indian Marketing Awards 2023
-  Awarded Gold In Effective use of Market Research, Best Use of Celebrity Endorsement, Innovation, Innovative Loyalty Program and Silver in effectiveness at the 12th ACEF Global Customer Engagement Awards
-  Awarded Silver for project 'Quest', a Gold for the SEWA project, and a Platinum for presenting our 'Peer to Peer Investment Opportunity (P2P)' at the 18th Six Sigma National Competition by CII
-  Awarded Best Eco-friendly Business Award by the MSME Chamber of Commerce and Industry of India
-  Awarded Gold and Platinum spotlight awards for excellence in Annual and Sustainability report 2023 by League of American Communications Professionals

## 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**
-  Awarded Legal department of the year at **Biz Asia legal award 2022**
-  **Best Corporate Communications Team of the Year** at Economic Times Kaleido awards
-  **Winners Award for IPQ 5.0 at DMA Trailblazer Awards 2023**
-  **Best Banking and Financial Services Communications Campaign for IRIS (India Retirement Index Study) 2.0 at Fulcrum Award**



## SECTION III

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- ▶ Max Life Insurance – Strategy
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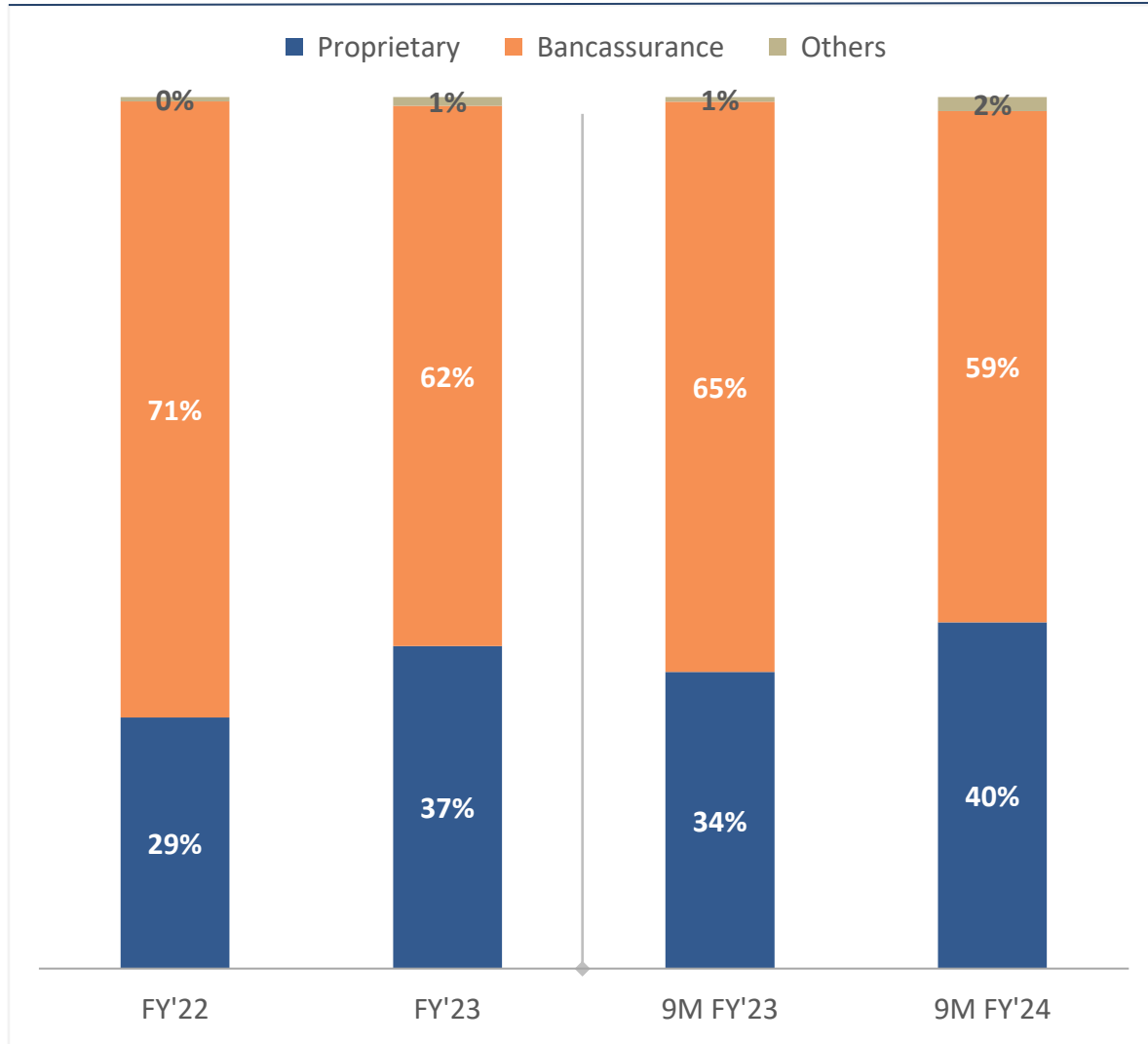
# Max Life's Strategic Thrust Areas and progress made

	 <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>Proprietary channels APE grew by robust <b>47%</b> in Q3 FY'24 driven by secular growth in Agency, E-comm &amp; Direct sales force.</li> <li>Continued <b>leadership</b> in online protection &amp; <b>rank 2</b> in online savings in 9M FY'24.</li> <li>Successfully on-boarded <b>8 New</b> - 1 Online, 2 Corporate Agents &amp; 5 GCL - <b>partners</b> in Q3 FY'24</li> </ul>	<ul style="list-style-type: none"> <li>Individual Protection &amp; Health APE grew by <b>65%</b>, GCL grew by <b>59%</b> in 9M FY'24. Annuity grew by <b>52%</b> in 9M FY'24;</li> <li><b>Smart Total Elite Protection (STEP)</b> launched exclusively for affluent segment;</li> <li>Launched Industry first <b>all in one product Max Life Secure Earnings and Wellness Advantage Plan, "SEWA"</b> for Health, Wellness, Life &amp; Savings;</li> <li>Individual Sum assured rank <b>#3</b> in 9M FY'24;</li> <li>Introduced <b>Industry first Small cap NFO</b> tied to NIFTY 250 quality 50 Index;</li> </ul>	<ul style="list-style-type: none"> <li>Claim paid ratio at <b>99.51%</b> at the end of FY23, best in the industry</li> <li>Improved persistency* across all cohorts and maintained leadership# position in <b>13 Month</b> Based NOP Persistency.</li> <li><b>NPS</b> score Improved by 4 points from <b>52</b> in Mar23 to <b>56</b> in Dec'23</li> <li><b>Brand Consideration</b>^ of 76 in Dec'23.</li> </ul>	<ul style="list-style-type: none"> <li>Ranked <b>13th best place for data scientists</b> to work for within India by Analytics India Magazine</li> <li><b>Core system on Cloud OCI live</b> – only 2nd company in the world to do so (provides resilience &amp; scalability)</li> <li><b>Gen AI based SEWA</b> BoT pilot launched for customer service team query resolution</li> <li><b>New Vernacular WhatsApp bot launched</b> with native payment journeys and customer servicing in <b>6 languages</b>.</li> <li><b>PASA launch</b> expansion in Axis bank</li> </ul>

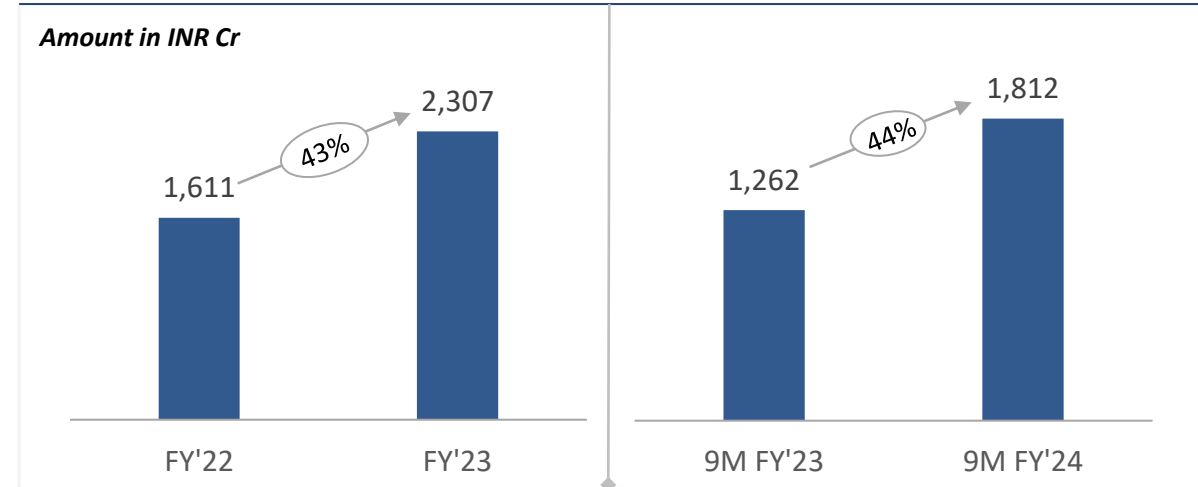
Note: Growth numbers are on APE basis; ^as per Nielsen Brand Track Study \*Persistency for Regular/Limited pay policies #Rank based on Q2 NOP based Persistency numbers,

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

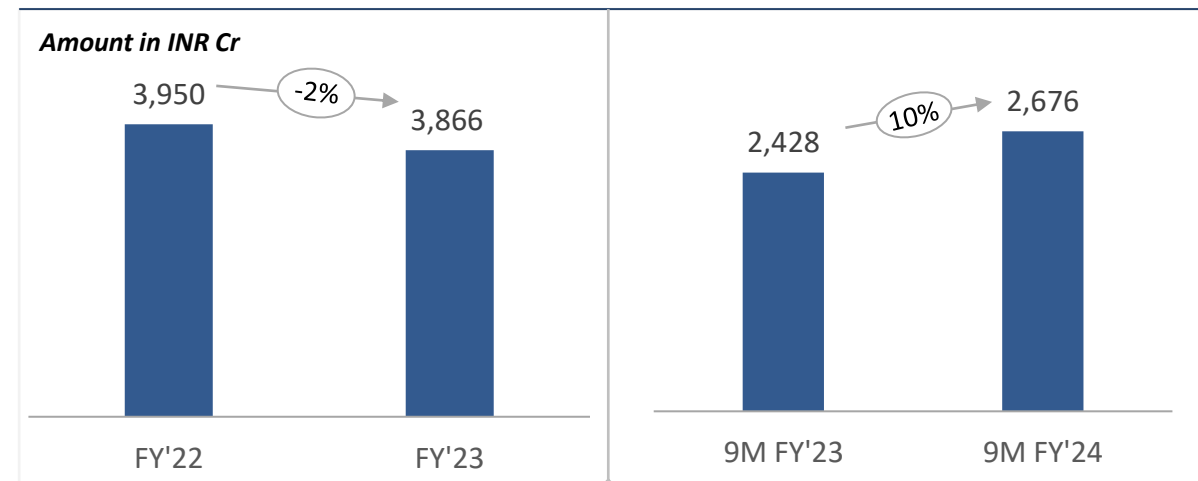
**Channel Mix - Focused on maintaining a balanced distribution mix**



**Proprietary Channels New Business (APE)\***



**Bancassurance Channel (APE)**








\*Proprietary channel sales include individual and group premium sold by direct team

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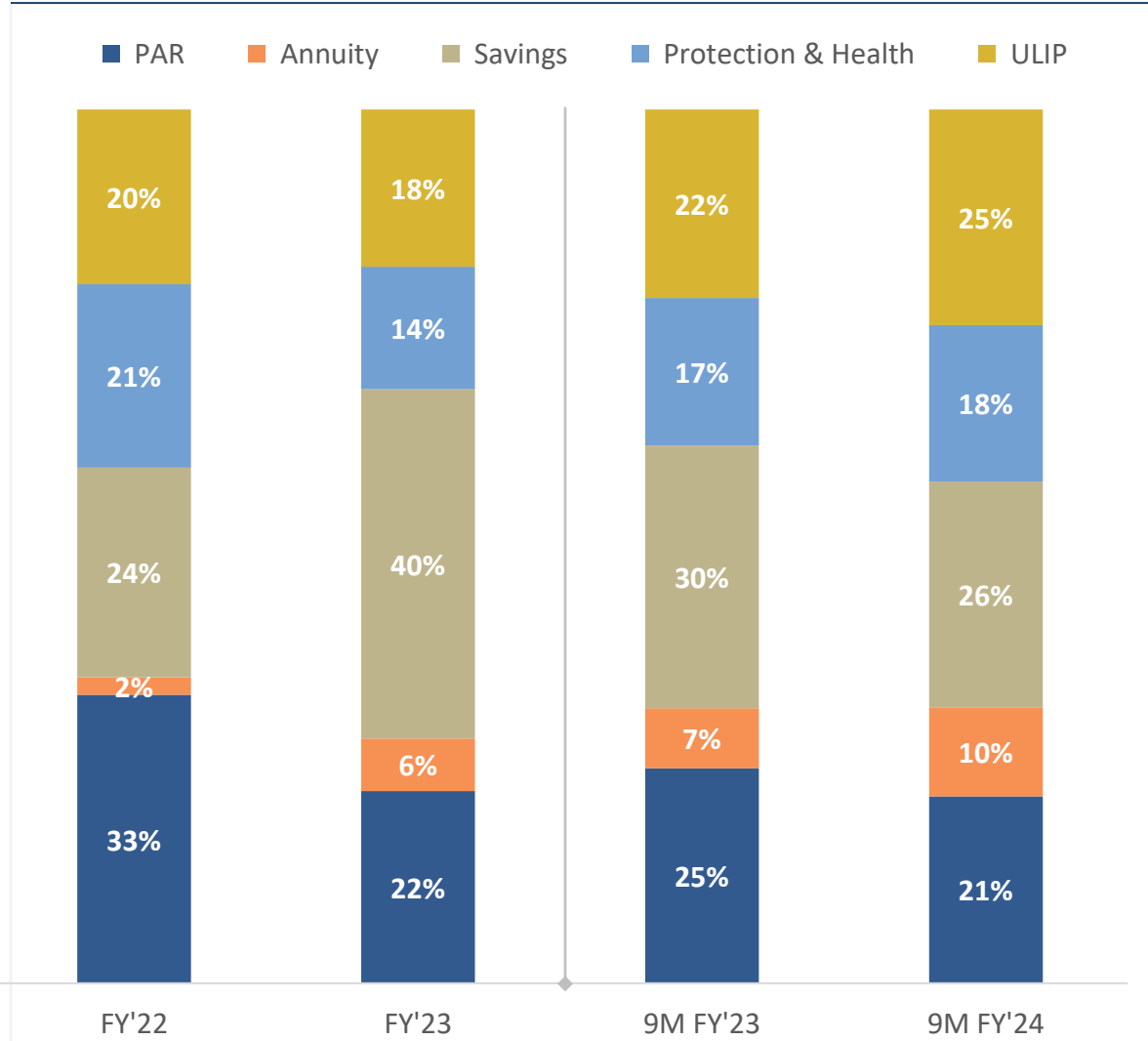
# Max Life has been augmenting distribution capability by expanding both traditional and emerging ecosystems



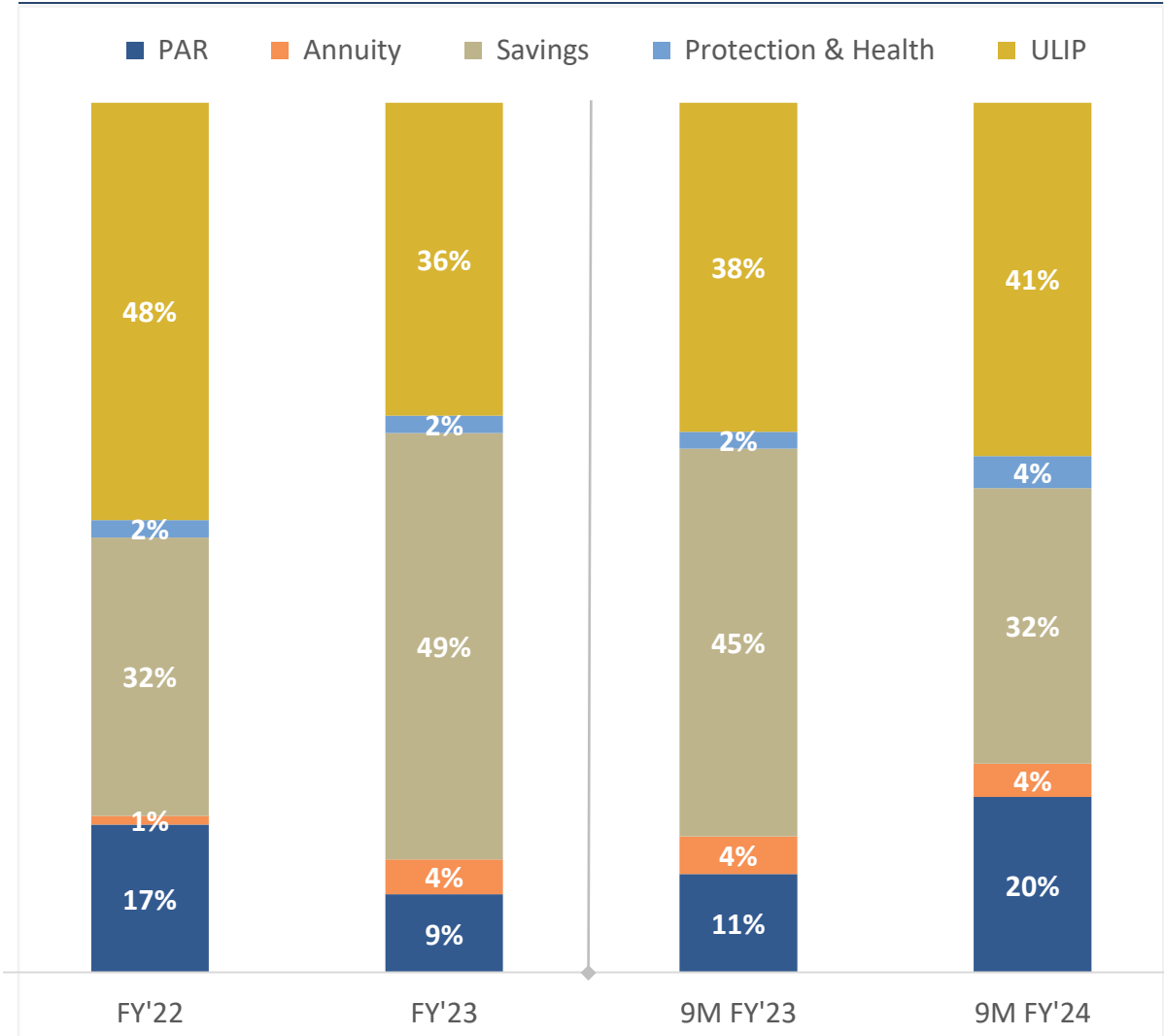
Ecosystems	Key partners signed by Max Life		
	Partners added in Q1 FY24	Partners added in Q2 FY24	Partners added in Q3 FY24
Bancassurance	  		
Corporate Agents	 		 
Online/Offline Brokers	  	 	
GCL		    	   

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

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



**Bancassurance Product Mix** - has been biased towards Savings & ULIP to cater to target customer segments

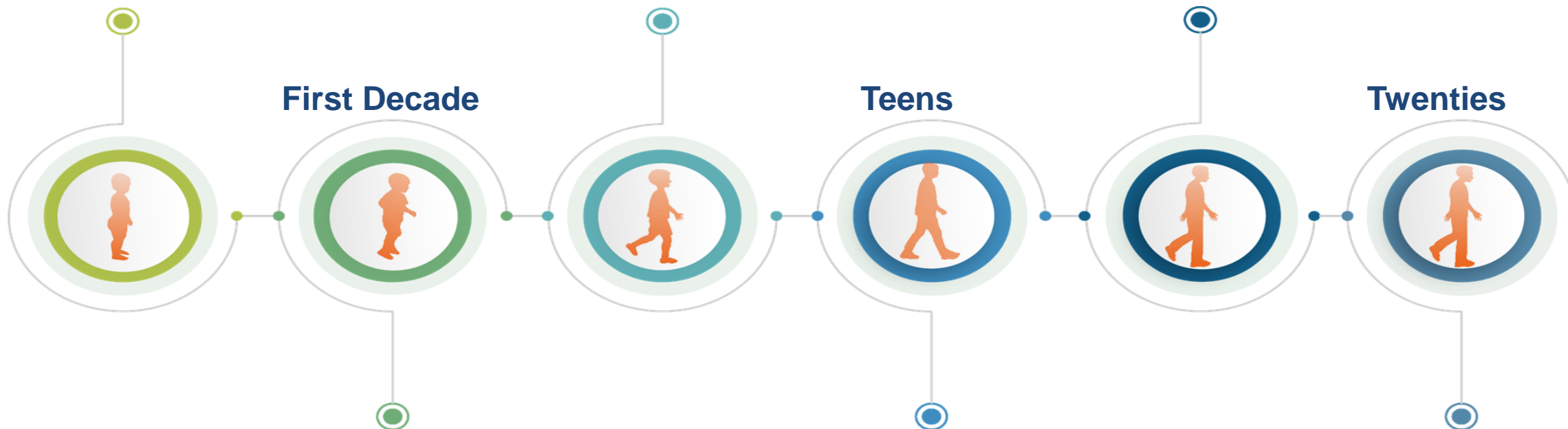


## Max Life has been at the forefront of driving Products Innovation by creating first-in-industry propositions

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**
15. Ventured into **health segment** with **Secure Earnings and Wellness**

B

# Accelerating product innovation agenda through experiments and creating new customer segments



Benefits to cater to need of death, Health & Savings

**Secure Earnings & Wellness Advantage Plan**

HEALTH KARO SECURE, WEALTH KARO ASSURE, FOR A SMARTER YOU!

Presenting **SEWA**

Industry 1<sup>st</sup> Index fund focusing on Small cap segment

**NIFTY Small Cap Quality Index Fund**

SMALL is the new BIG

Presenting **MAX LIFE**

Option to get back all premiums paid back at no cost.

**Smart Total Elite Protection Term Plan**

Your family. Your lifestyle. **STEP UP** to protect both.

Presenting **MAX LIFE**

Income streams (Cash Bonus + Guaranteed).

**Smart Wealth Advantage Growth Par Plan**

LIVE SMART LIVE A LIFE OF MORE

Presenting **SWAG PAR+**

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.

Presenting **MAX LIFE**

Guaranteed savings with enhanced flexibility, liquidity and protection

**Smart Wealth Advantage Guarantee**

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

Presenting **MAX LIFE**



## AN INDUSTRY FIRST: "ALL IN ONE PRODUCT"

## Max Fit App: Customized Wellness Offering



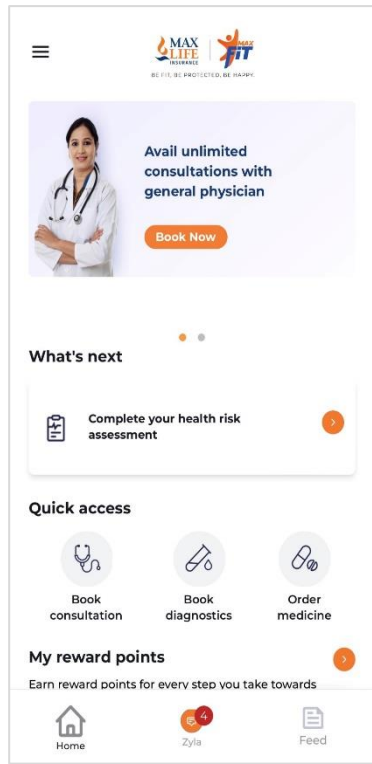
### Industry First Features

100% ROP Guarantee even if any claim is availed

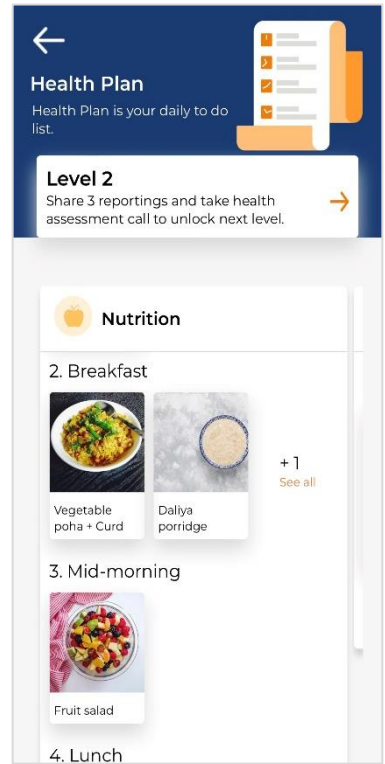
Partial Withdrawals allowed (Elite Variant)

Fixed Benefit Pay-out (For Hospitalization & Surgery)

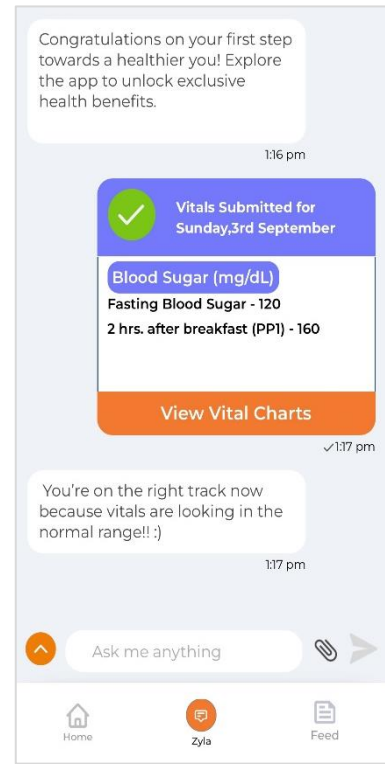
Health & Wellness Booster (To increase savings)



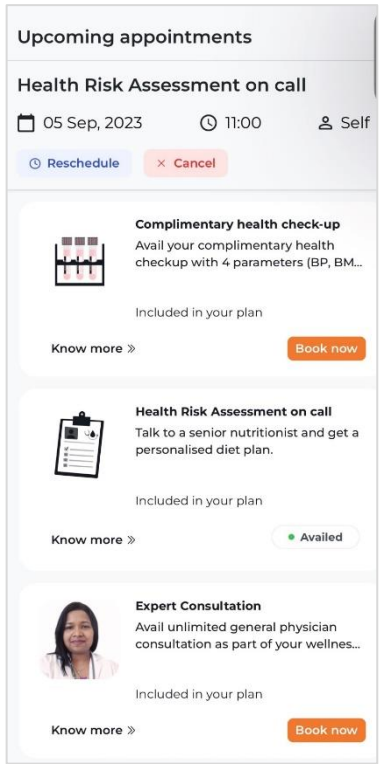
App experience customized basis your health needs



Diet Plan post Health Risk Assessment with Nutritionist



24\*7 chat care support



Avail Health services for customers & their family

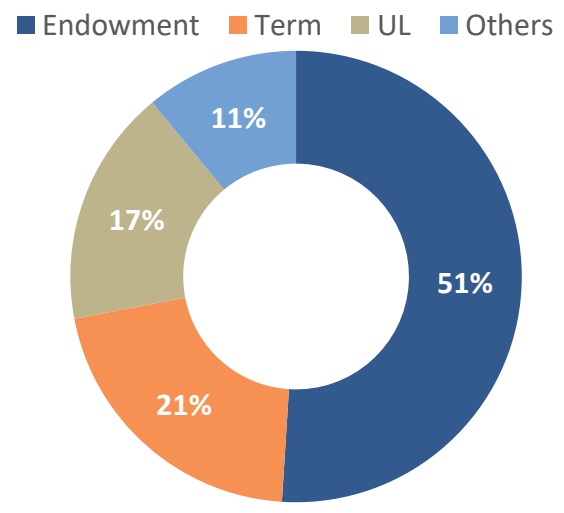
**B** Max Life has a complete suite of products and focus is on selling longer term products along with improving penetration of pure protection & Health offerings



Max Life has products across all categories

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

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



Product Type	Average Policyholder Age (Years)	Average Policy Term (Years)	Average PPT (Years)
Endowment	35	22	10
ULIP	38	15	8
Whole Life	36	36	52
Money back	26	17	17
Pure Term	34	38	31
Guaranteed products	43	19	9
Health	38	23	23
Cancer Insurance	38	30	30
Pension	31	25	25
Annuity	62	58	3

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



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



# Focus on retirement leading to >1.5x growth in Annuity business in 9M FY'24

## 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
- Lump-sum 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

- New corporates on-boarded
- Launched industry first servicing AI enabled WhatsApp bot
- Garnered INR ~507 Cr^ AUM
- Improvement in investment returns ranking due to prudent investment practices

### 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>



^ As on Dec'23

# 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

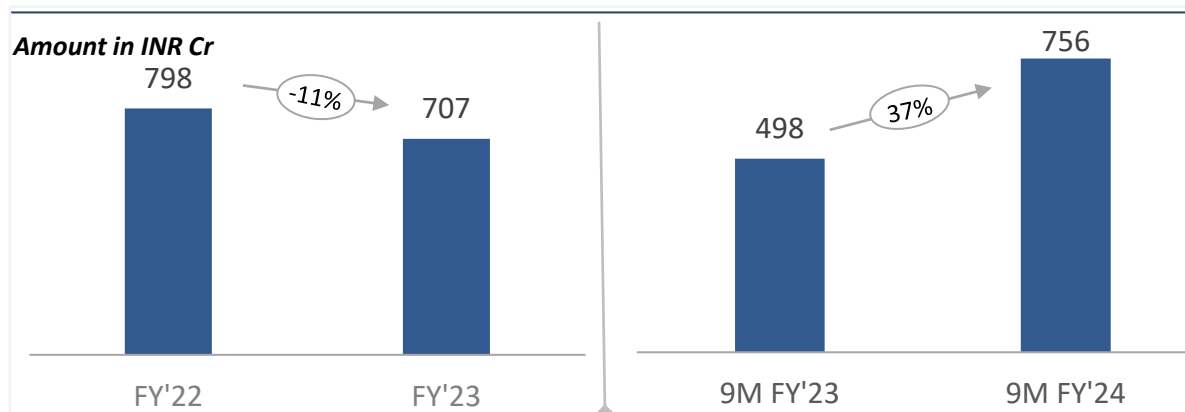
## Experience monitoring

- 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

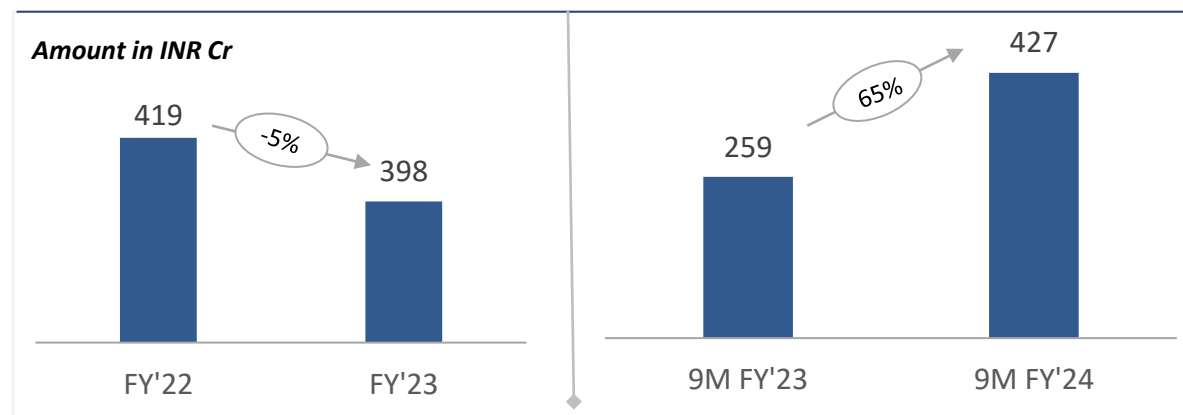
## Profitability & Risk Management

- 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 and Health APE



### Retail Protection and Health APE



## 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 CFO:

- 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:

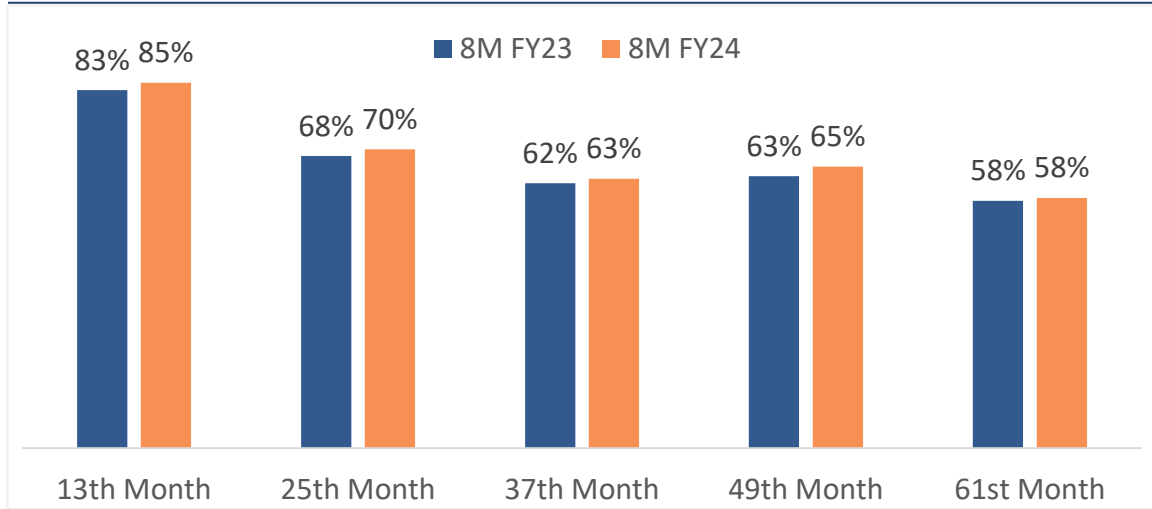
- Revenue Assurance model for concurrent checks
- Cross functional forum for system gaps



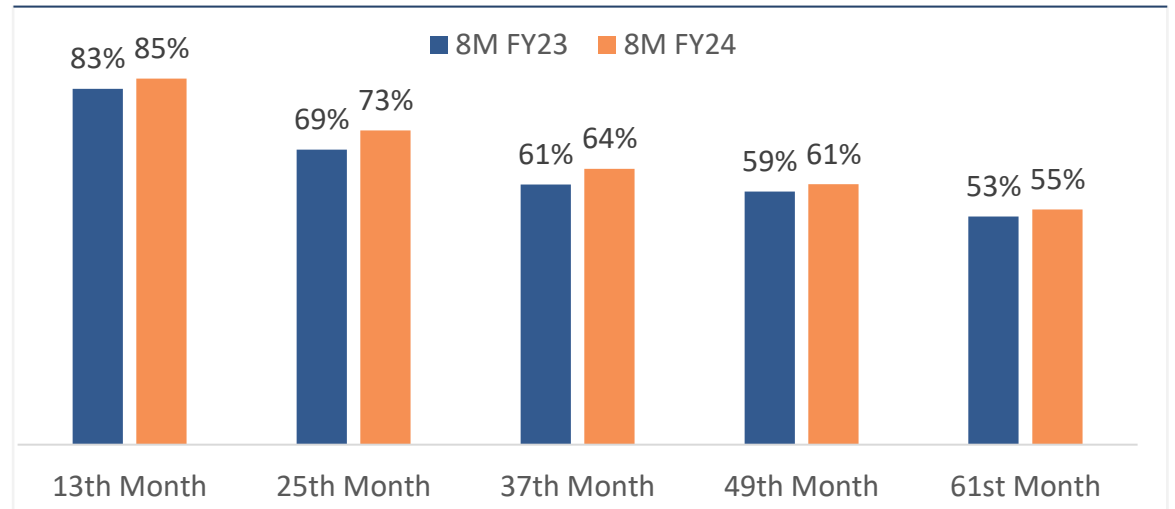
# Strong focus towards customer measures has helped deliver superior performance across health parameters and will continue to remain an important priority



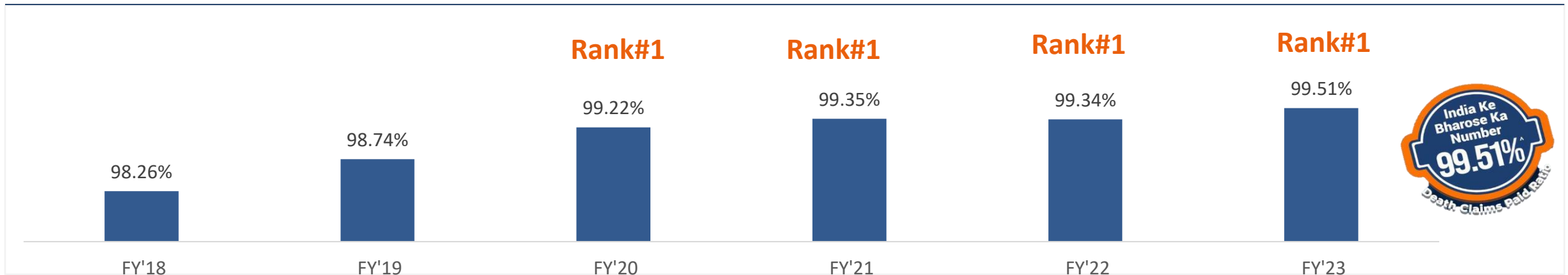
**Persistency# (Premium)-** Improvement across the cohort



**Persistency#(NOP)-** Market leader on 13th month NOP persistency



## Claims Paid Ratio



Note: The persistency ratios are calculated in accordance with IRDA/ACT/CIR/GEN/21/02/2010 dated February 11, 2010 and IRDAI circular no. IRDAI/F&A/CIR/MISC/256/09/2021 dated September 30, 2021

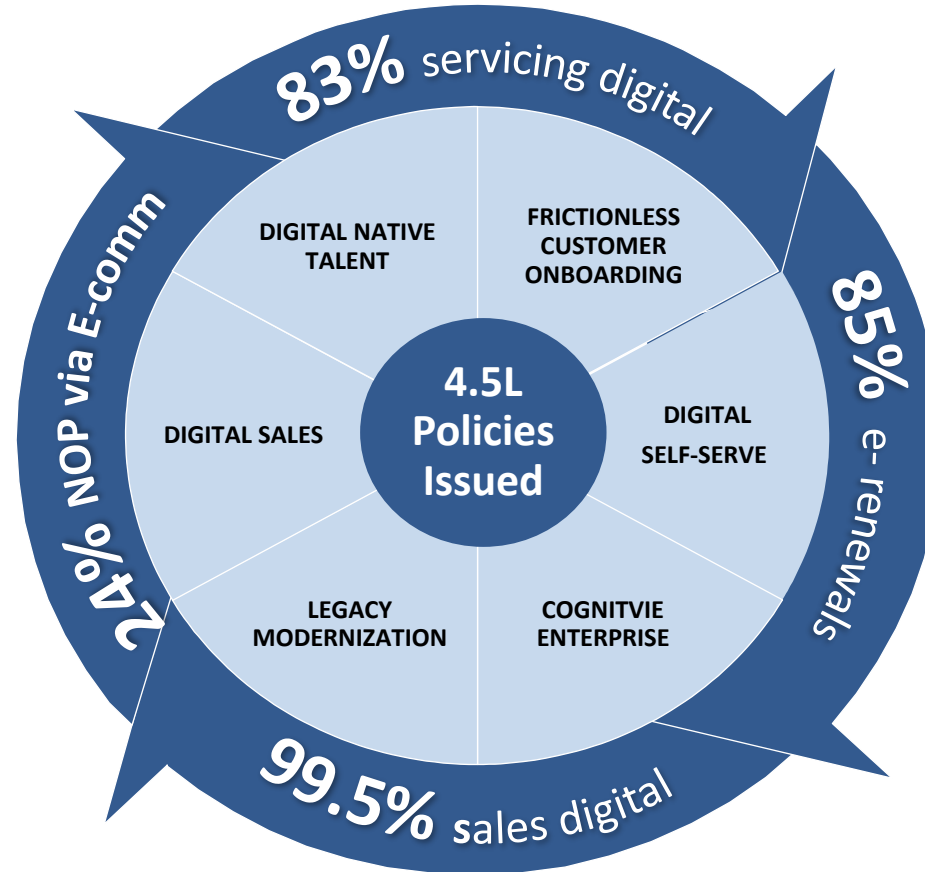
# We had made significant progress on our Digital Journey

**76.0%**  
Automated Underwriting (Retail)

**64**  
Website NPS

**<3 seconds**  
Page load time

**99.51%**  
Claims settlement %



**80+**  
Partners

**69%**  
Infra on Cloud

**90%**  
Self Service Pénétration

**70K+**  
WhatsApp 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

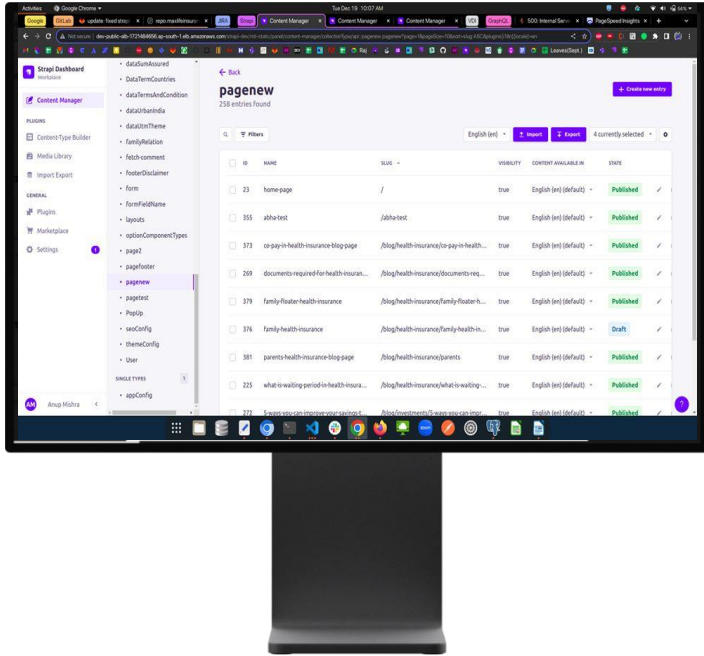
### Digital Culture

9

InsureTech ecosystem

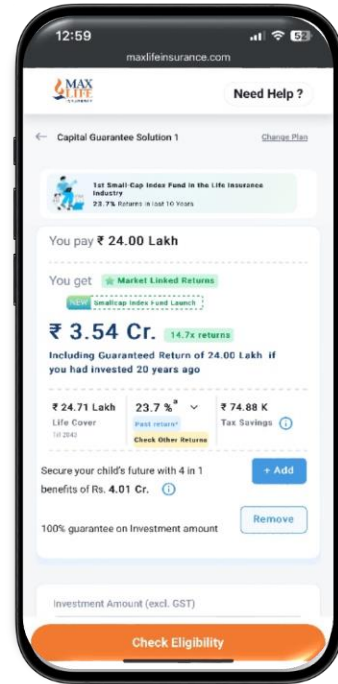


## SEO real-time authoring enablement



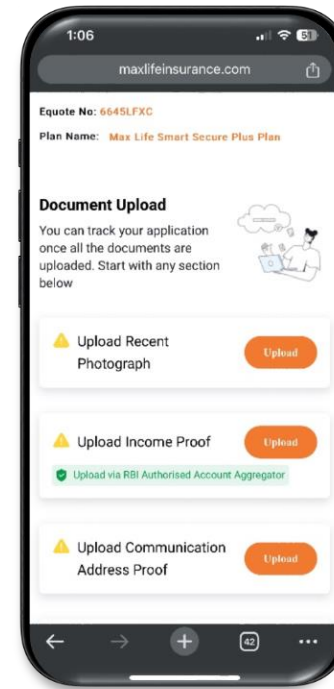
- Major enabler for SEO rankings
- Real time page and content updates in line with mission UDAY
- Reduce development effort by ~50%

## One Capital Guarantee launch



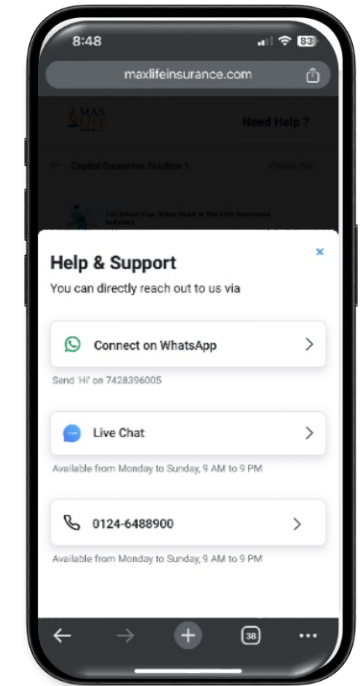
- Single journey for both policies of Capital Guarantee

## New Document collection Page



- Account Aggregator adoption increased by 50 Percent
- Improved document upload experience NPS improved to 61 for purchase Ecomm

## Dedicated Digital Help and Support Section

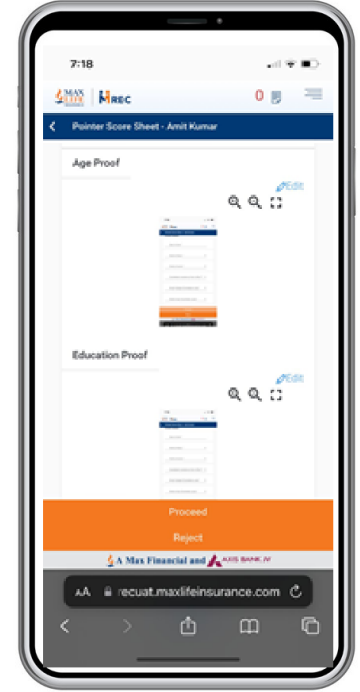
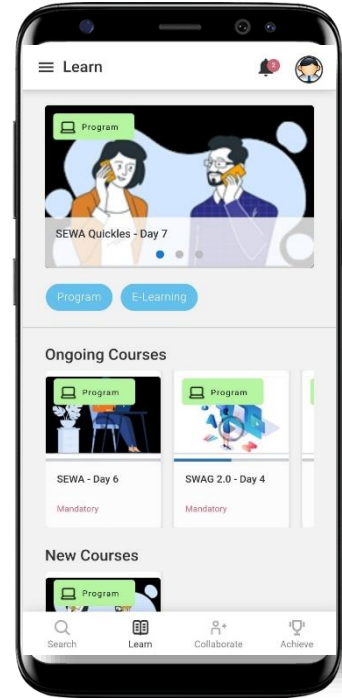
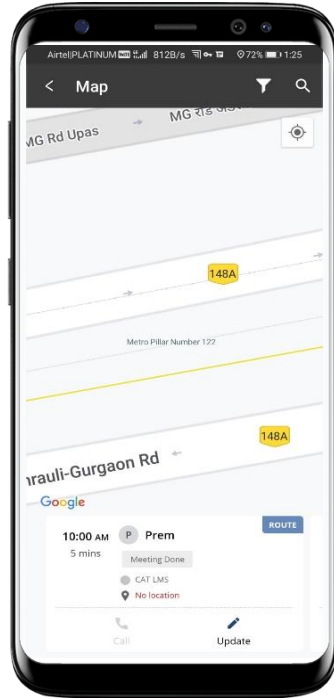
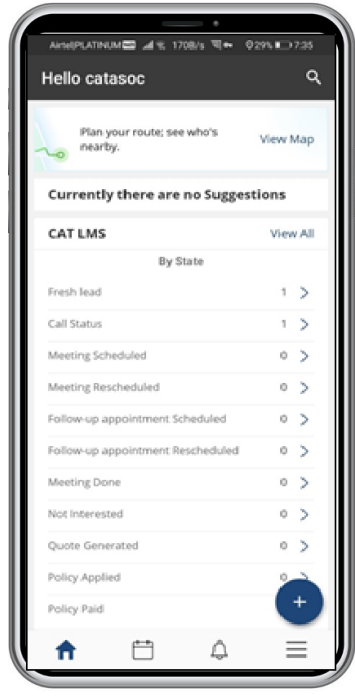
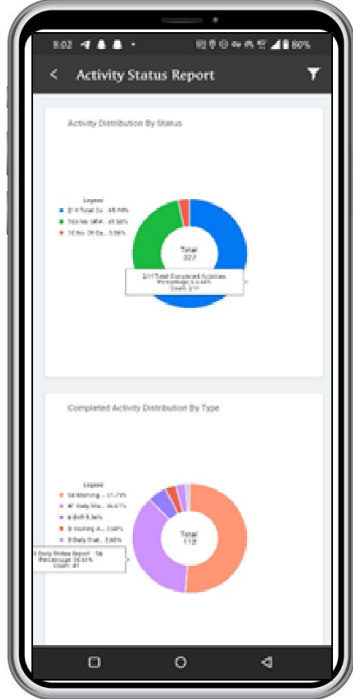
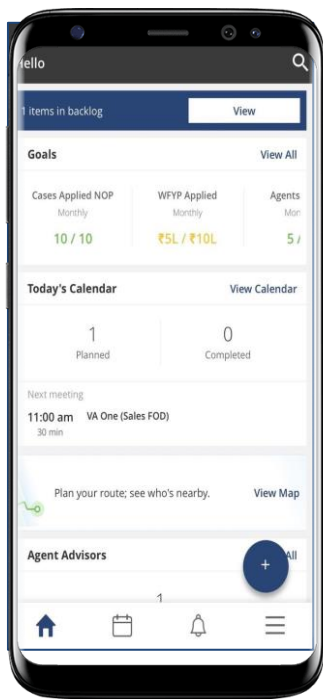


- Dedicated section for support across journey with option of Whatsapp, webchat, and call

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

**mSaarathi – New Learning Management System**

**mREC**



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

Smart Dashboards

Lead Management and Renewal Management bucket wise view

Geo Fencing enabled

mSaarathi App View

Automation of Leader hiring for APC/Agency

**|||||**  
4.45 Lac+ activities in a month  
**👤👤👤**  
~1.15lac Sales FMDs & ~94K+ Recruitment FODs in a month

**👤👤👤**  
~93%+ adoption in Agency, 100% in CAT/IMF  
~80% adoption in Banca LMS  
90% RMS Adoption in Banca

~96% FLS Login adoption and 85% 1<sup>st</sup> Module completion. Enabled for all the Advisors

100% Adoption using automated tool. TAT reduction from 3 days to 6 hours



# D Max Life Market integration place with plug and play API integration capability for onboarding new partner

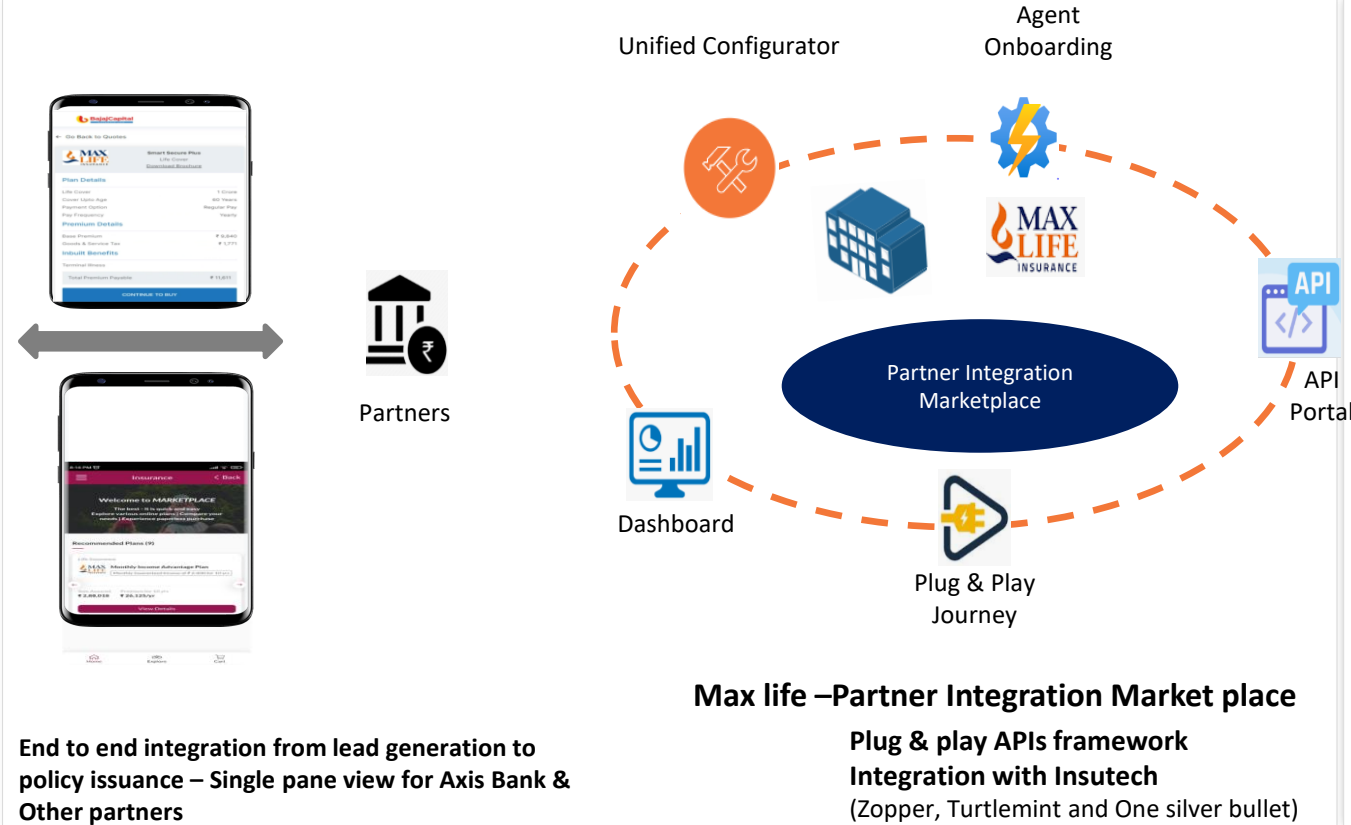
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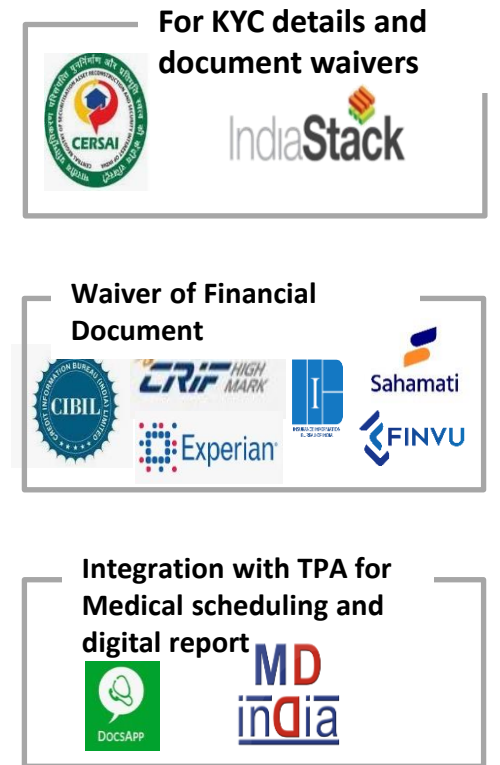
## New partner Onboarding



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



## Eco-system Integration



12 new Brokers on-boarded



7 new Banks on-boarded



Clear Case – 76% (Retail)

We are 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 NHA -ABDM**

- 9% adoption
- 90% fetch rate of financial data
- 91% Accuracy

**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

**FIU Integrations\***



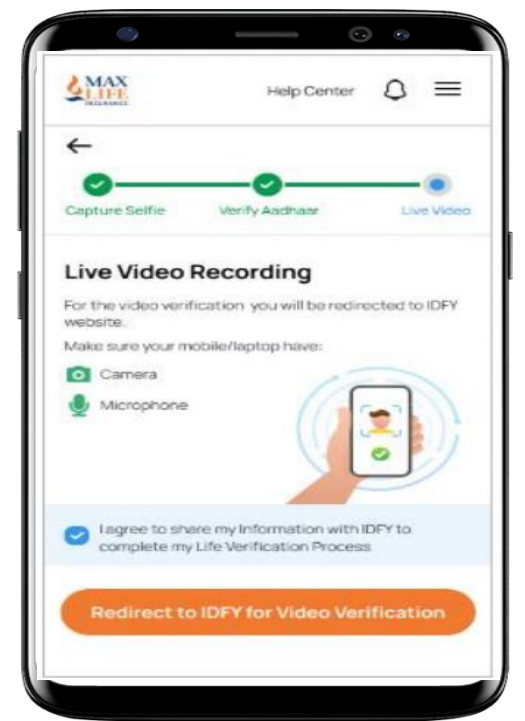
**FIP Integrations\***



The ecosystem is being leveraged for predictive modelling & scoring, automation and cross sell. Current adoption rate on e-commerce journey is ~18%

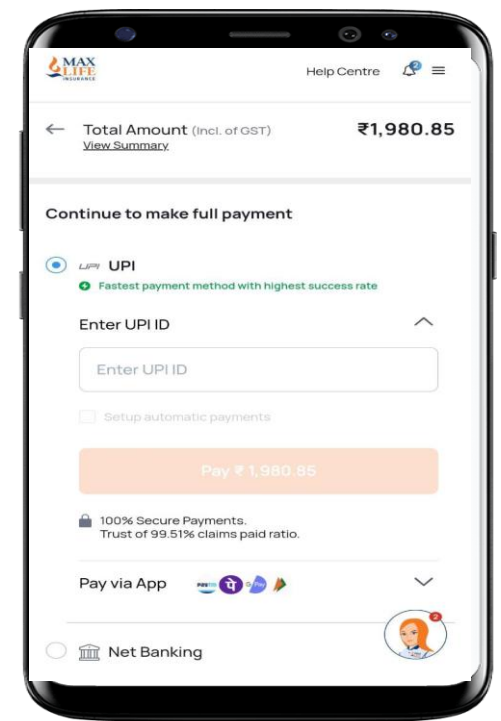
\* Includes live and in discussions

Website



Digital Living Certificate – Annuity customers can digitally submit proof of living via eKYC

Unified Payment Platform



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


Revamped - WhatsApp Bot



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

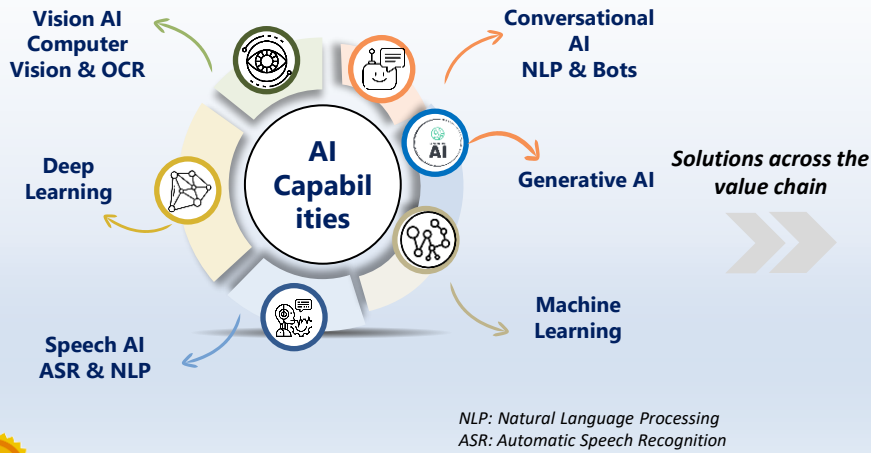
  
90% Self-service Penetration  
NPS Q3 – All time high

  
Success rate for online renewal payment all time high

  
13% Higher user engagement  
CSAT -86%

# Max Life has implemented cutting edge AI application at scale enabling superior business outcomes across the customer touchpoints

## AI Works In-house Capabilities



## AI Industry Recognition

<b>AWS AI Conclave- Generative AI Excellence</b>	<b>ETBFSI – Exceller AI in Fraud Prevention</b>	<b>AIM AI Innovation award</b>	<b>Celent Global Model Insurer (Data Analytics &amp; AI)</b>	<b>CYPHER – Top Domestic Firms using AI/ML</b>	<b>Nasscom AI Game Changers Award</b>
<b>Top 40 Under 40 data scientists Award</b>	<b>Ranked 13 in Top 50 firms for Data Scientists to work for 2023</b>	<b>ETBFSI AI excellence Awards</b>	<b>Best Data Science Project Award</b>	<b>Books &amp; Publications</b>	

## New Business

	Personalized actionability scorecards on WhatsApp for field-force to enable higher sales productivity
<b>Sales Catalyst</b>	AI driven sales nudge engine for on ground sales force effectiveness
<b>Engage360</b>	RA Attrition Early Warning Prediction Model
	Customized customer offers with propensity prediction
<b>SalesGenie</b>	Generative AI driven virtual sales trainer bot
	Speech Analytics suite for Customer insights & Agent performance analysis
<b>ISA 2.0</b>	Machine Learning based Sales Leakage prediction

## 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 Aadhaar 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
<b>IMPACTMax</b>	Machine Learning based Renewal ECS hit prediction model
<b>Surrender Prediction</b>	Machine Learning based Surrender prediction and Surrender retention
	Investment Risk Identification by flagging probable dealer misconduct
<b>VNB Insights</b>	Profitability (VNB) Insights & Projections

<b>100%</b> Real time Risk prediction	<b>400+</b> Diagnostic Centers delisted basis Medichcek	<b>10K</b> Daily personalized input performance being triggered for Axis RA & supervisors	<b>22 Cr</b> Historical documents processed for Aadhar masking
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# D Our investments in cloud and system modernization is helping us scale business in an agile way...

7



## Cloud Data & Analytics Platform

- Data Lake Foundation build with data availability @ 60% & accessibility from 3hrs. to real-time, agent servicing asset migrated to lake
- Data stores (CDC, ETL,SIC, EDW) consolidation on Datalake in-flight
- Real-time reporting. Eagle Eye Go, CXO Dashboard
- 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
- Tool to continuous monitor Cloud Security controls and Optimization score. Continuous Improvement in Progress



## Cloud Foundation

- Agility in operations support for 4X volume on peak days with response time <1sec
- Multi Cloud Adoption to achieve best of breed cloud native services, Cost optimization & avoid vendor locking.
- Infra Footprint increase from 18% to ~69%.



## Legacy Modernization

- Modernized Treasury, HR, Contact Center, Communications, AML, Agent customer servicing & Illustration platforms
- Centralized Product Configurator as a single source of truth for all applications
- Transformation of Core “Policy System Administration” on Oracle Cloud to meet Resiliency, On demand capacity, enhanced performance & BCP Posture.



~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



## Four pillars of our sustainability framework (contd...)



### 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**
- 🔥 **Diverse Board composition with optimum no. of Independent Directors** (>50% - MFSL; ~30% - Max Life Insurance)
- 🔥 Average Board experience > **30 years**
- 🔥 **Charters of Board and Committees** in place which define roles and responsibilities of the Board and respective Committees
- 🔥 Framework for evaluation of the performance of the Board, Committees of the Board and Individual Directors adopted by the Company



## 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 and anti corruption, Gifts and Meals policies, POSH, Anti-fraud.**



## Diversity & Inclusion

- Gender diversity ratio at 26.5% at Max Life
- Capability building program for women's leadership – 'She Leads' culminated successfully
- Capability building program for women at certain bands
- Max WIN (Women in Network) circles launched for all women in leadership with 5 regional circles.
- Creche Assistance Program Launched for all working parents at Max Life
- Same sex partner coverage introduced in medical insurance for all employees
- Conducted DEI week from 8<sup>th</sup> to 12<sup>th</sup> Jan 2024



## Well-being of Employees

- Introduced employee discounts up to 25% with select hospitals
- Launched discounted employee health check-up packages via Visit app for employees and dependants
- Launched gym membership for employees with unlimited access to 7500+ fitness centres Pan - India. Coverage extended to spouse, children and parents, in-laws



## Employee Development & Policies

- Introduced 40 hours Learning for each employee** in the organization – Identified 50 Dronacharyas org-wide to drive culture of Learning by driving completion of 40 hrs in their patch. Average 28 hrs of learning against the target of 17 (Aug-Dec)
- With **43% adoption** and **3126** core value appreciations being received org-wide – Empuls continues to provide a seamless digital experience for appreciating and acknowledging
- Retirement age for employees has been revised from **58 to 60 yrs** encouraging institutional expertise and fostering a more age-diverse workforce






## CSR Initiatives

- Joy of Giving: 45000 direct beneficiaries positively impacted** through virtual and physical volunteering initiatives by employees
- Financial literacy and insurance awareness:** project continues in partnership with United Way Chennai and Haqdarshak in Haridwar and Purbi Singhbhum. Varanasi added as a new location in partnership with Saaras Foundation
- Education: 23,168** children directly benefited through the education initiatives in partnership with Max India Foundation. ~86 lacs children were indirectly reached through NGO partners
- Environment preservation:** 10,000 trees planted in Bhondsi village on the outskirts of Gurugram in partnership with GMDA. We continue to maintain the 4.5km green stretch in heart of Gurugram

# Financial Responsibility





## 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 at all times
-  **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 looks at governance closely for its investee companies.





## Product Responsibility

-  Benefits for females/transgenders for financial inclusion :
  -  Under Smart Wealth Income Plan, we provide a preferential discount for women
  -  Under SWAG and SWAG Par 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 Pure Growth Fund for ULIPs, where the investment exclude sectors such as alcohol, gambling, contest, entertainment.






## Integrating Customer Feedback

-  Consistent focus on integrating feedback from policyholders in our services, reflected in our NPS ratings, as per Kantar Studies.
-  NPS in Q3 FY 23-24 : **56**

# Green Operations






## Holistic approach

-  Conducted a **carbon footprint assessment** of our pan-India offices
-  Measurement of **GHG emissions** of DLF Square and 90C for FY 2022-23
-  To reduce carbon emissions by 80% by 2028






## Energy Management

-  Home Office HO-DLF building is a LEED Platinum certified building with “5 star rating” in health and safety by British safety council & HO - 90C is Platinum certified by Indian Green Building Council
-  Replacement of CFL with LED lights ongoing in all offices to reduce energy consumption : Replacement concluded at 21 locations in first three quarters of FY 2023-24
-  Replacement of old ACs ongoing: Plan to replace 500 ton of AC in FY23 – ~484 Ton AC replaced in 3 Quarters (Q1 to Q3) of FY’24





## Water Conservation






-  Water is recycled with the help of STP: ~2394 KL of STP water recycled in 3 quarter (Q1 to Q3) of FY’24
-  100% tap sensors and water aerators in place in HO. ~70% water consumption is reduced
-  10,000 Tree plantation. Plantation drive has been successfully completed in Jul’23



## Waste Management

-  Dry and wet waste segregation process is being followed at HO
-  Installed sanitary pad disposal at HO for sustainable menstrual hygiene management ~**237** kg carbon equivalent conserved in first three quarters of FY 2023-24

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

Indicators	Key Metric for ESG Indicators	Key Targets	Current Status
 Digital Operations	Digital penetration	95% of digital penetration by FY26	89% for Dec'23
 Diversity & Inclusion	Overall Gender Diversity Ratio	Achieve 28% gender diversity ratio by FY25	26.5% gender diversity ratio in Dec'23
 Workforce Training	Number of learning hours to upskill and reskill employees	40 learning hrs per employee	22,539 employees achieved 10,21,602 learning hours = 45 hrs till Dec'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	Search going on for having another external consultant for ESG integration. To be finalised in Q4.
 Carbon Neutrality	Reduce carbon footprint and achieve Carbon Neutrality	To achieve 80% carbon neutrality by FY28	Initiatives to save energy and computation on carbon emission saved are in process. To be reported in BRSR

\*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 and functional learning hours and excludes induction. In Aug 2023: Dronacharya was launched which encourages the employees to enrol themselves for learning



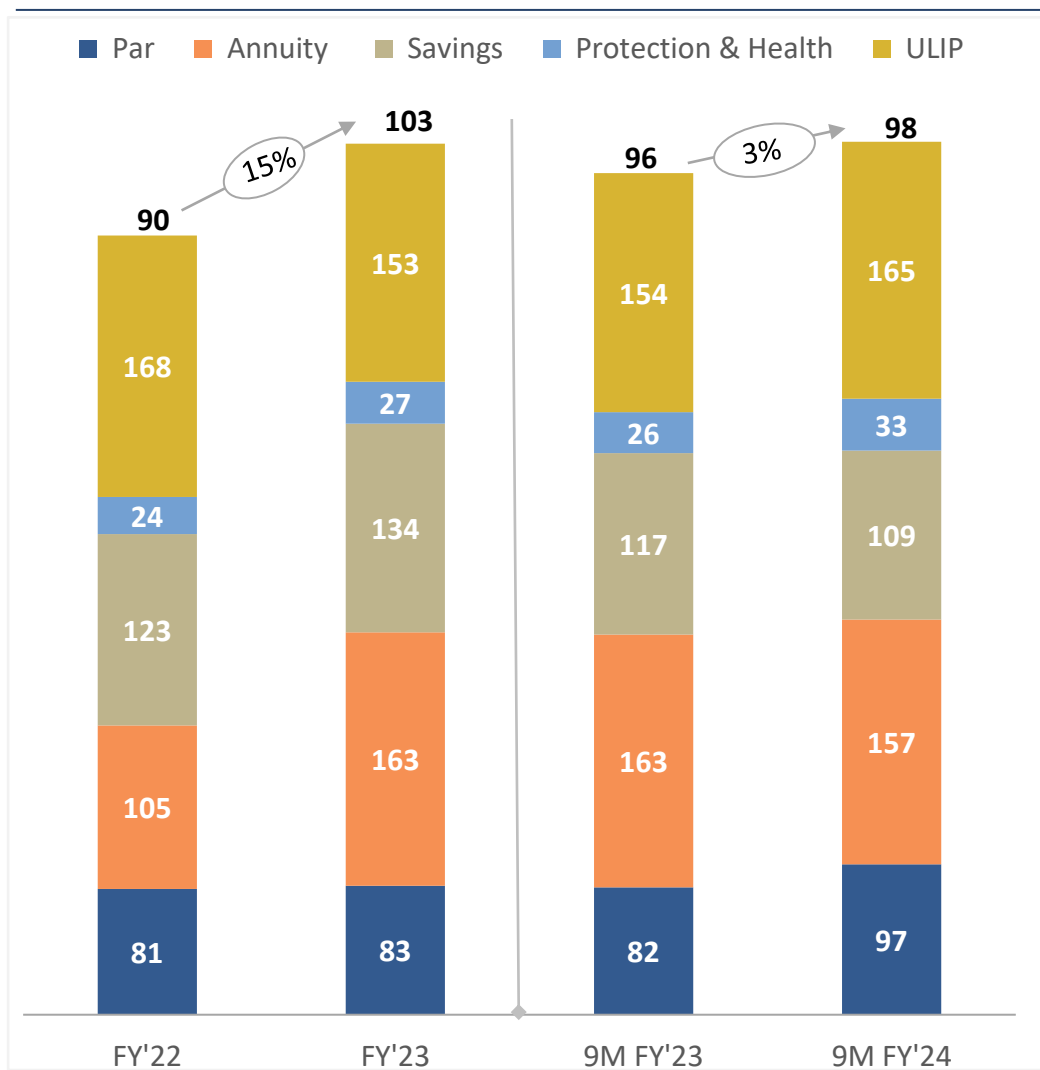
# ANNEXURES

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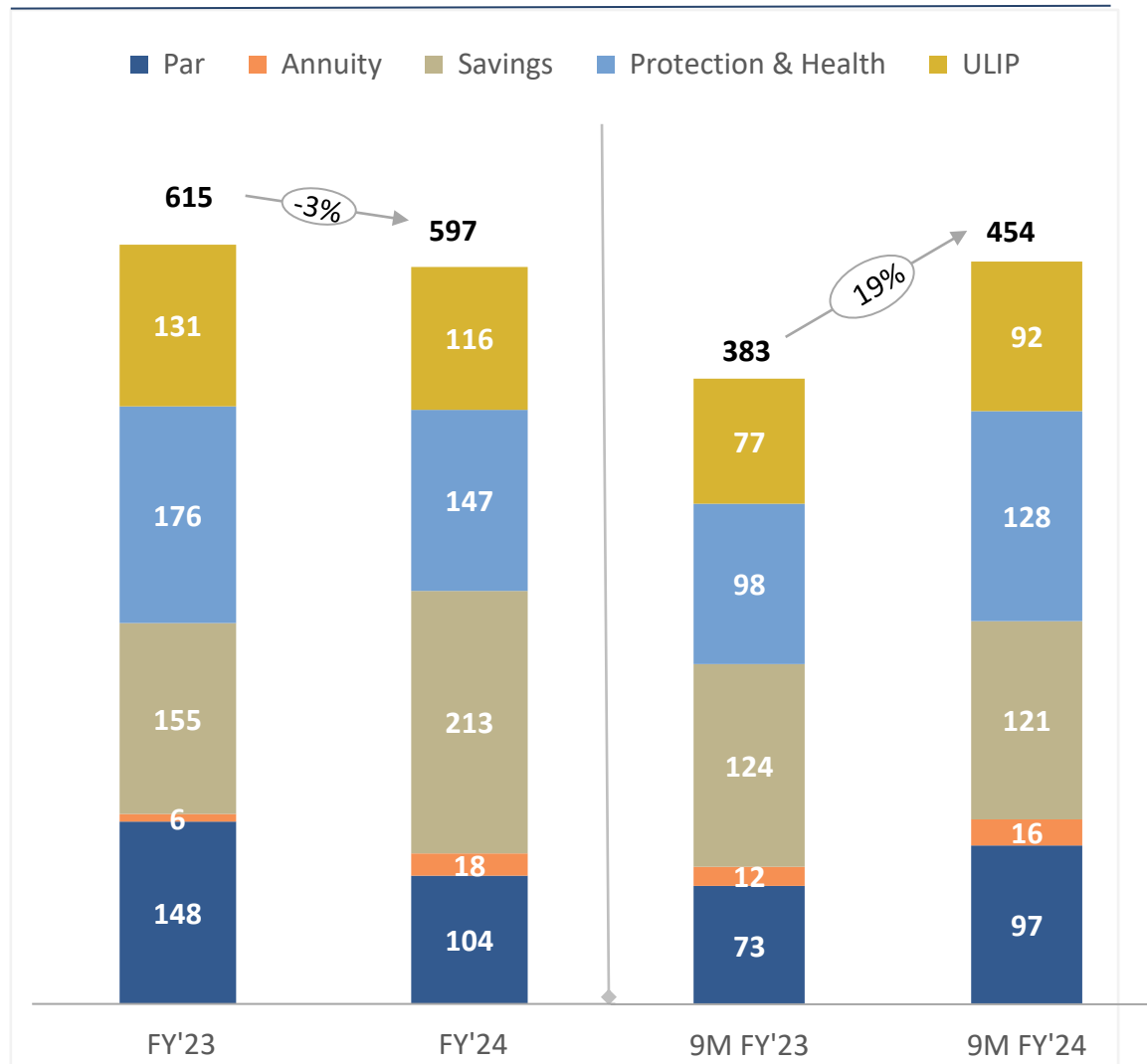


# Expansion in both case size and number of policies sold in 9M FY24

### Case Size\* (INR'000)



### NoP's (000's)



\*Based on Individual APE

## Sensitivity analysis as at 30<sup>th</sup> September 2023

Sensitivity	EV		New business	
	Value (Rs Cr)	% change	VNB (Rs Cr)   NBM	% change
<b>Base Case</b>	17,911	-	<b>663   24.0%</b>	-
Lapse/Surrender - 10% increase	17,960	0.3%	665   24.1%	0.3%
Lapse/Surrender - 10% decrease	17,845	(0.4%)	659   23.8%	(0.6%)
Mortality - 10% increase	17,520	(2.2%)	620   22.4%	(6.5%)
Mortality - 10% decrease	18,306	2.2%	706   25.5%	6.5%
Expenses - 10% increase	17,752	(0.9%)	604   21.9%	(8.9%)
Expenses - 10% decrease	18,071	0.9%	722   26.1%	8.9%
Risk free rates - 1% increase	17,700	(1.2%)	696   25.2%	4.9%
Risk free rates - 1% reduction	18,027	0.6%	608   22.0%	(8.3%)
Equity values - 10% immediate rise	18,149	1.3%	663   24.0%	Negligible
Equity values - 10% immediate fall	17,674	(1.3%)	663   24.0%	Negligible
Corporate tax Rate - 2% increase	17,506	(2.3%)	640   23.2%	(3.5%)
Corporate tax Rate - 2% decrease	18,316	2.3%	686   24.8%	3.5%
Corporate tax rate increased to 25%	16,133	(9.9%)	563   20.3%	(15.2%)

1. Reduction in interest rate curve leads to an increase in the value of assets which offsets the loss in the value of future profits.
2. Risk free rate sensitivities under new business allow for the change in the value of assets as at the date of valuation.



## 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)

- 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 December 2023. The VNB is calculated using the beginning of respective quarter's risk free yield curve (i.e. 31<sup>st</sup> March 2023, 30<sup>th</sup> June 2023 and 30<sup>th</sup> September 2023).
- 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>th</sup> December 2023 and 31<sup>st</sup> March 2023 spot rate (semi annualized) yield curves used are:

Year	1	2	3	4	5	10	15	20	25	30	40	50
<b>Dec-23</b>	7.09%	7.08%	7.09%	7.09%	7.09%	7.23%	7.39%	7.48%	7.45%	7.53%	7.51%	7.33%
<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%	NA <sup>2</sup>
<b>Change</b>	-0.07%	0.01%	-0.08%	-0.10%	-0.08%	-0.11%	0.01%	0.08%	0.00%	0.08%	0.06%	NA

### 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.

<sup>1</sup> Financial Benchmark India Pvt. Ltd.

<sup>1</sup> The 50 year term spot rate was not available as at Mar'23

## 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.