April 25, 2020

General Manager
Listing Department
BSE Limited,
Phiroze Jeejeebhoy Tower,
Dalal Street,
Mumbai 400 001

Vice President
Listing Department
National Stock Exchange of India Limited
‘Exchange Plaza’,
Bandra-Kurla Complex,
Bandra (East), Mumbai 400 051

Dear Sir/Madam,

Subject: Investor presentation

This is in furtherance to our letter dated April 24, 2020 with reference to the earnings call to be host by the Company.

Please find enclosed the business presentation for earnings conference call scheduled to be held on Saturday, April 25, 2020 to discuss the performance of the Company for FY2020.

The same has also been uploaded on the Company's website and can be accessed at www.iciciprulife.com

Thanking you.

Yours sincerely,

For ICICI Prudential Life Insurance Company Limited

Vyoma Manek
Company Secretary
ACS 20384
Performance update: FY2020

April 25, 2020
Agenda

• Company strategy and performance
• Opportunity
• Industry overview
Response to COVID-19 lockdown (1/2)

**Governance**
- Regular updates to the Board on the ongoing situation
- Daily top management meetings to monitor emerging situation
- Central and regional COVID councils to track developments
- BCP activated for all functions

**Employees**
- Work from home enabled across the organisation
- Continuous health tracking of Company & outsourced employees
- Free tele-consultation with empaneled doctors
- Employee centric policy support: conveyance and mobile / data reimbursements
- Regular communication on health advisories, COVID-19 awareness & Company updates
- COVID-19 testing facilitated for any employee as needed
- Leveraging existing virtual learning platforms
Response to COVID-19 lockdown (2/2)

**Customers**
- Email communication and press release on digital options available for:
  - Customer service transactions
  - Premium payment
  - Claim registration and status

**Regulator & Government**
- Insurance classified as essential service
- Regulatory relaxations provided by IRDAI

**Distribution**
- Encourage digital closure of pending requirements
- Engagement with sales team on further transition from physical to digital connect with customer

**Community**
- Contribution towards purchase of ventilators, sanitizers and other consumables
- Proposed contribution towards ‘PM Cares Fund’ in FY2021 by the Company and employees
Risk management

Market risk

Sharp fall in equity prices & lower bond yields
• Linked & Par (81% of liabilities) largely pass on the market performance to customers
• Non par guaranteed return book: 0.4% of liabilities; minimal ALM mismatch
• 94% of fixed income in sovereign or AAA; 1.0% of fixed income below AA
• Zero NPA since inception

Mortality risk

Mortality experience and COVID-19 claims
• Mortality experience continues to be better than assumptions
• Proposed pricing of protection fully absorbs the increase in reinsurance rates
• Insignificant claims from COVID-19 so far
• Additional reserve held for potential COVID-19 claims

Solvency ratio of 194.1% at March 31, 2020

Comfortable on solvency even with stress test scenarios (shocks for equity, bond yields & claims)
Agenda

- **Company strategy and performance**
- Opportunity
- Industry overview
Key strategic elements

- Customer centricity continues to be at the core
- Aspiration to double the FY2019 VNB in 3 - 4 years

VNB Growth

- Protection
- Premium Growth
- Persistency
- Productivity
Strong performance on customer metrics...

- **Claim settlement ratio**: 97.8%
- **Average claims settlement time**: 1.6 days
- **One of the best 13th month persistency ratio**: 83.2%
- **Number of grievances per 10,000 new business policies (retail)**: 48

1. Individual death claims
2. Average turnaround time for non-investigated claims from receipt of last requirement
3. Retail excluding single premium computed as per IRDA circular dated January 23, 2014
...with strong growth in VNB

VNB Margin(%): 17.0% to 21.7%

VNB growth range to achieve our aspiration: 19% to 25%

FY2019: 13.28 billion
FY2020: 16.05 billion

VNB growth of 21%; margin 21.7%

74% VNB from protection & non-linked savings

*Figures in brackets represent share of VNB
Total may not add up due to rounding off
Premium growth

NBP\(^1\)

<table>
<thead>
<tr>
<th>₹ billion</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>102.52</td>
<td>123.48</td>
</tr>
</tbody>
</table>

20.4% growth

APE\(^2\)

<table>
<thead>
<tr>
<th>₹ billion</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>77.99</td>
<td>62.10</td>
<td>73.81</td>
</tr>
<tr>
<td>0.99</td>
<td>7.68</td>
<td>2.47</td>
</tr>
<tr>
<td>7.22</td>
<td>12.46</td>
<td>11.16</td>
</tr>
</tbody>
</table>

Strong growth in protection & non-linked savings; APE share increased from 19% to 32%

1. New business premium (As per IRDAI reporting)
2. Annualized premium equivalent
Total may not add up due to rounding off
Continued growth in Protection and Annuity

Protection mix\(^1\):
- FY2017: 8.5%
- FY2018: 11.2%
- FY2019: 20.6%
- FY2020: 25.2%

Annuity mix\(^1\):
- FY2017: 2.6%
- FY2018: 3.4%
- FY2019: 6.6%
- FY2020: 8.4%

Protection new business received premium (₹ billion):
- FY2017: 6.71
- FY2018: 10.28
- FY2019: 21.37
- FY2020: 31.44

3 year CAGR: 6.73%

Annuity new business received premium (₹ billion):
- FY2017: 2.06
- FY2018: 3.11
- FY2019: 6.85
- FY2020: 10.43

3 year CAGR: 7.18%

Protection and Annuity contributed over 1/3\(^{rd}\) of new business premium

1. % of new business received premium as per financials
Stable persistency

Persistency continued to be one of the best in the industry

As per IRDAI circular dated January 23, 2014
Productivity improvements

<table>
<thead>
<tr>
<th>₹ billion</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost/TWRP¹</td>
<td>15.0%</td>
<td>15.9%</td>
</tr>
<tr>
<td>Cost/TWRP (savings LOB)</td>
<td>11.5%</td>
<td>10.4%</td>
</tr>
</tbody>
</table>

Cost ratios improved further; continued to be one of the best in the industry

1. Cost/(Total premium- 90% of single premium)
   Total may not add up due to rounding off
Way forward: Our approach for Q1-FY2021 (1/2)

- **Enablers for Q1**
  - Contactless conversations through video conferencing
  - Encourage higher levels of digital adoption across channels

- **Channel strategy**
  - Agency: Traditional and protection
  - ICICI Bank: Protection sales through app and website
  - Partnership distribution: Higher focus on distributors who can operate digitally
  - Direct: Digital campaigns & direct lead assignment

- **Expected shift in product mix**
  - Protection: Growth over last year
  - Non-linked savings: Target small growth
  - Unit linked savings: Demand likely to be weak
Way forward: Our approach for Q1-FY2021 (2/2)

**Customer**

- Customer service
  - Leverage new technologies to improve service offerings
  - Uniform policy information across all service touch points
- Multiple digital avenues for renewal premium payment
  - Website, Netbanking, UPI, Bharat Bill Payment System, Wallets etc
- Claim settlement
  - Multiple channels for digital claim intimation/status
    - Self service- Website, SMS, WhatsApp
    - Claim status can be tracked online
    - 24x7 secured electronic payments
- Targeted upsell
  - Digital channels and direct lead assignment

**Cost management**

- Improve span, efficiency and productivity
- Pursue further variabilisation of expenses
Key strategic elements

Customer centricity continues to be at the core

Aspiration to double the FY2019 VNB in 3 - 4 years

VNB Growth

Protection

Persistency

Premium Growth

Productivity
Premium: Product strategy and performance
## Products available across all categories

<table>
<thead>
<tr>
<th>Non-linked</th>
<th>Linked</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participating with equity</td>
<td>ULIP: Suite of funds for Equity and Debt</td>
</tr>
<tr>
<td>Savings with guarantee; Annuity</td>
<td>ULIP: with capital guarantee</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Retail</th>
<th>Protection</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pure term with accident cover</td>
<td>Critical illness, Disease specific</td>
<td>Pure term, Micro insurance, Credit insurance, Critical illness</td>
</tr>
</tbody>
</table>
## Product segments

<table>
<thead>
<tr>
<th>Segments</th>
<th>FY2019 (₹ billion)</th>
<th>FY2020 (₹ billion)</th>
<th>Growth (%)</th>
<th>Mix FY2019</th>
<th>Mix FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings</td>
<td>70.77</td>
<td>62.65</td>
<td>(11.5%)</td>
<td>90.7%</td>
<td>84.9%</td>
</tr>
<tr>
<td>Linked</td>
<td>62.10</td>
<td>47.72</td>
<td>(23.2%)</td>
<td>79.6%</td>
<td>64.7%</td>
</tr>
<tr>
<td>Non-linked</td>
<td>7.68</td>
<td>12.46</td>
<td>62.2%</td>
<td>9.8%</td>
<td>16.9%</td>
</tr>
<tr>
<td>Group</td>
<td>0.99</td>
<td>2.47</td>
<td>149.5%</td>
<td>1.3%</td>
<td>3.3%</td>
</tr>
<tr>
<td>Protection¹</td>
<td>7.22</td>
<td>11.16</td>
<td>54.6%</td>
<td>9.3%</td>
<td>15.1%</td>
</tr>
<tr>
<td><strong>Total APE</strong></td>
<td><strong>77.99</strong></td>
<td><strong>73.81</strong></td>
<td><strong>(5.4%)</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

1. Protection includes retail and group protection products
   Total may not add up due to rounding off

---

62% growth in non-linked savings; 55% growth in protection
Premium: Distribution strategy and performance
Diversified distribution

**Strategy: Build profitability**
- 15 bank partnerships
- Protection and Annuity mix increased from 4.3% in FY2019 to 10.0% in FY2020

**Strategy: Invest and grow**
- 23,200 agents recruited during the year
- Diversified product mix: Savings: linked 50%, savings: non-linked 40% and Protection 10%

**Strategy: Create depth and add width**
- > 500 partnerships
- Protection and non-linked savings: ~80% in FY2020

**Strategy: Digital focused upsell campaigns**
- Analytics driven upsell channel
- Diversified product mix with 12% protection and 22% non-linked savings

**Strategy: Partner with non-traditional distributors**
- Tie-up with small finance banks, wallets, payment banks, aggregators etc.
- Product customization

Broaden distribution network; continued growth in specific channels

* Direct distribution means sales through own website and employees on roll
## Distribution channels

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bancassurance</td>
<td>43.53</td>
<td>37.48</td>
<td>55.8%</td>
<td>50.8%</td>
<td>(20.0%)</td>
<td>72.5%</td>
</tr>
<tr>
<td>Agency</td>
<td>16.89</td>
<td>15.62</td>
<td>21.7%</td>
<td>21.2%</td>
<td>(38.8%)</td>
<td>87.8%</td>
</tr>
<tr>
<td>Direct</td>
<td>9.34</td>
<td>9.31</td>
<td>12.0%</td>
<td>12.6%</td>
<td>(16.6%)</td>
<td>59.0%</td>
</tr>
<tr>
<td>Partnership distribution</td>
<td>4.59</td>
<td>5.46</td>
<td>5.9%</td>
<td>7.4%</td>
<td>(7.0%)</td>
<td>31.4%</td>
</tr>
<tr>
<td>Group</td>
<td>3.65</td>
<td>5.94</td>
<td>4.7%</td>
<td>8.1%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total APE</strong></td>
<td><strong>77.99</strong></td>
<td><strong>73.81</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>(20.8%)</strong></td>
<td><strong>59.6%</strong></td>
</tr>
</tbody>
</table>

60% growth in non-linked segment; growth across channels

Total may not add up due to rounding off
Protection
**Protection: Increasing share**

<table>
<thead>
<tr>
<th>APE (₹ billion)</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protection</td>
<td>7.22</td>
<td>11.16</td>
</tr>
<tr>
<td>YoY growth</td>
<td>61.9%</td>
<td>54.6%</td>
</tr>
<tr>
<td>Protection mix</td>
<td>9.3%</td>
<td>15.1%</td>
</tr>
</tbody>
</table>

**Continued strong growth; mix increased from 9.3% to 15.1%**
Protection: Components

Retail protection is ~70% of protection APE

Credit life through third party contributes ~16% of protection APE

APE (₹ billion)

<table>
<thead>
<tr>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Protection</td>
<td>7.22</td>
</tr>
<tr>
<td>Group Term</td>
<td>1.57</td>
</tr>
<tr>
<td>Credit Life</td>
<td>4.36</td>
</tr>
</tbody>
</table>

Protection split based on APE*

(Rs billion)

- Retail protection: 7.68 (68.8%)
- Group Term: 1.13 (10.1%)
- Credit life - Other: 0.61 (5.5%)
- Credit life – ICICI Bank: 1.74 (15.6%)

* Figures in brackets represent mix of protection APE
Components may not add up to the totals due to rounding off
Persistency
## Persistency

### Retail excluding single premium

<table>
<thead>
<tr>
<th>Month</th>
<th>FY2019</th>
<th>8M-FY2020</th>
<th>11M-FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>13&lt;sup&gt;th&lt;/sup&gt; month</td>
<td>84.6%</td>
<td>83.1%</td>
<td>83.2%</td>
</tr>
<tr>
<td>25&lt;sup&gt;th&lt;/sup&gt; month</td>
<td>75.6%</td>
<td>74.4%</td>
<td>75.1%</td>
</tr>
<tr>
<td>37&lt;sup&gt;th&lt;/sup&gt; month</td>
<td>69.3%</td>
<td>68.3%</td>
<td>66.7%</td>
</tr>
<tr>
<td>49&lt;sup&gt;th&lt;/sup&gt; month</td>
<td>63.8%</td>
<td>64.3%</td>
<td>64.6%</td>
</tr>
<tr>
<td>61&lt;sup&gt;st&lt;/sup&gt; month</td>
<td>56.8%</td>
<td>56.3%</td>
<td>56.0%</td>
</tr>
</tbody>
</table>

### Retail including single premium

<table>
<thead>
<tr>
<th>Month</th>
<th>FY2019</th>
<th>8M-FY2020</th>
<th>11M-FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>13&lt;sup&gt;th&lt;/sup&gt; month</td>
<td>86.2%</td>
<td>85.1%</td>
<td>85.3%</td>
</tr>
<tr>
<td>25&lt;sup&gt;th&lt;/sup&gt; month</td>
<td>77.4%</td>
<td>76.4%</td>
<td>77.4%</td>
</tr>
<tr>
<td>37&lt;sup&gt;th&lt;/sup&gt; month</td>
<td>71.0%</td>
<td>70.5%</td>
<td>69.0%</td>
</tr>
<tr>
<td>49&lt;sup&gt;th&lt;/sup&gt; month</td>
<td>65.0%</td>
<td>65.8%</td>
<td>66.4%</td>
</tr>
<tr>
<td>61&lt;sup&gt;st&lt;/sup&gt; month</td>
<td>58.1%</td>
<td>57.7%</td>
<td>57.4%</td>
</tr>
</tbody>
</table>

### 13<sup>th</sup> month persistency<sup>1</sup> across product categories

- **Linked**
  - FY2019: 84.4%
  - 11M-FY2020: 82.6%
  - Non-Linked: 88.5%
  - Protection: 88.3%

### Stable persistency across cohorts and product segments

---

1. Retail excluding SP computed as per IRDA circular dated January 23, 2014
Productivity
# Productivity: Cost efficiency

<table>
<thead>
<tr>
<th></th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expense ratio (excl. commission)</td>
<td>9.3%</td>
<td>10.3%</td>
</tr>
<tr>
<td>Commission ratio</td>
<td>5.8%</td>
<td>5.7%</td>
</tr>
<tr>
<td>Cost/TWRP</td>
<td>15.0%</td>
<td>15.9%</td>
</tr>
<tr>
<td>Cost/Average AUM</td>
<td>2.8%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Cost/TWRP (Savings LOB)</td>
<td>11.5%</td>
<td>10.4%</td>
</tr>
</tbody>
</table>

1. Expense ratio: All insurance expenses (excl. commission)/(Total premium - 90% of single premium)
2. Commission ratio: Commission/(Total premium - 90% of single premium)
3. Cost/(Total premium - 90% of single premium)
4. Annualized cost/Average assets under management during the period

- 66% of new business policies issued within 2 days
- 94% of new business applications initiated via digital platform

![Graph showing commission and non-commission expenses](image)

*Total may not add up due to rounding off*
Expenses: improving efficiency on the savings business

- Improving savings cost ratio

<table>
<thead>
<tr>
<th>Cost to TWRP</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2019</td>
<td>11.5%</td>
</tr>
<tr>
<td>FY2020</td>
<td>10.4%</td>
</tr>
</tbody>
</table>

- Expense growth in line with APE growth

<table>
<thead>
<tr>
<th>FY2020</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>APE growth</td>
<td>(11.5%)</td>
</tr>
<tr>
<td>Operating expenses growth</td>
<td>(10.4%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY2020 savings business</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed cost</td>
<td>(6.4%)</td>
</tr>
<tr>
<td>Wage cost</td>
<td>(8.4%)</td>
</tr>
<tr>
<td>IT expenses</td>
<td>3.1%</td>
</tr>
<tr>
<td>Others</td>
<td>(2.9%)</td>
</tr>
<tr>
<td>Variable cost</td>
<td>(16.4%)</td>
</tr>
<tr>
<td>Total expenses</td>
<td>(10.4%)</td>
</tr>
</tbody>
</table>

Manage operating expenses while continuing to invest in areas of competitive advantage

Focus on variabilisation into FY2021
## Value of New Business (VNB)

<table>
<thead>
<tr>
<th>₹ billion</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>VNB</td>
<td>13.28</td>
<td>16.05</td>
</tr>
<tr>
<td>VNB margin</td>
<td>17.0%</td>
<td>21.7%</td>
</tr>
</tbody>
</table>

- **Business mix**
  - FY2019: 17.0%
  - FY2020: 21.7%
- **Tax rate**
  - FY2019: 4.7%
  - FY2020: -1.1%
- **Assumption changes**
  - FY2019: 0.1%
  - FY2020: 1.0%
- **Expense**
  - FY2020: 21.7%

*Change in effective tax rate*

*ICICI PRUDENTIAL LIFE INSURANCE*
1. EVOP is the embedded value operating profit net of tax
2. ROEV is the return on embedded value
3. ROEV excluding the assumption change impact of effective tax rate

EV results prepared as per APS 10 and reviewed by Milliman Advisors LLP
Components may not add up to the total due to rounding off
### Analysis of movement in EV\(^1\)

<table>
<thead>
<tr>
<th>₹ billion</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opening EV</strong></td>
<td>137.21(^2)</td>
<td>139.39</td>
<td>161.84</td>
<td>187.88</td>
<td>216.23</td>
</tr>
<tr>
<td>Unwind</td>
<td>12.58</td>
<td>12.21</td>
<td>13.72</td>
<td>15.84</td>
<td>17.25</td>
</tr>
<tr>
<td>Value of New Business (VNB)</td>
<td>4.12</td>
<td>6.66</td>
<td>12.86</td>
<td>13.28</td>
<td>16.05</td>
</tr>
<tr>
<td>Operating assumption changes</td>
<td>1.04(^2)</td>
<td>1.00</td>
<td>7.64</td>
<td>4.20</td>
<td>(2.25)(^3)</td>
</tr>
<tr>
<td>Operating variance</td>
<td>4.48</td>
<td>3.08</td>
<td>2.58</td>
<td>4.69</td>
<td>1.83</td>
</tr>
<tr>
<td>Persistency variance</td>
<td>2.01</td>
<td>0.99</td>
<td>1.53</td>
<td>2.66</td>
<td>0.85</td>
</tr>
<tr>
<td>Mortality and morbidity variance</td>
<td>0.79</td>
<td>0.98</td>
<td>0.78</td>
<td>1.97</td>
<td>0.42</td>
</tr>
<tr>
<td>Expense variance</td>
<td>0.59</td>
<td>0.35</td>
<td>0.27</td>
<td>0.04</td>
<td>0.01</td>
</tr>
<tr>
<td>Other variance</td>
<td>1.09</td>
<td>0.76</td>
<td>0.00</td>
<td>0.02</td>
<td>0.56</td>
</tr>
<tr>
<td><strong>EVOP</strong></td>
<td>22.23</td>
<td>22.95</td>
<td>36.80</td>
<td>38.01</td>
<td>32.88</td>
</tr>
<tr>
<td><strong>Return on embedded value (ROEV)</strong></td>
<td>16.2%</td>
<td>16.5%</td>
<td>22.7%</td>
<td>20.2%</td>
<td>15.2%</td>
</tr>
<tr>
<td>Economic assumption change and investment variance</td>
<td>(5.64)</td>
<td>5.82</td>
<td>1.13</td>
<td>(1.22)</td>
<td>(14.76)</td>
</tr>
<tr>
<td>Net capital injection</td>
<td>(14.41)</td>
<td>(6.32)</td>
<td>(11.88)</td>
<td>(8.43)</td>
<td>(4.05)</td>
</tr>
<tr>
<td><strong>Closing EV</strong></td>
<td>139.39</td>
<td>161.84</td>
<td>187.88</td>
<td>216.23</td>
<td>230.30</td>
</tr>
</tbody>
</table>

1. As per Indian Embedded Value (IEV) method
2. Difference of FY2015 closing EV & FY2016 opening EV shown as operating assumption change
3. Negative impact of ₹ 5.49 billion due to change in effective tax rate

Components may not add up to the totals due to rounding off
## Sensitivity analysis

<table>
<thead>
<tr>
<th>Scenario</th>
<th>% change in VNB</th>
<th>% change in EV</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY2019</td>
<td>FY2020</td>
</tr>
<tr>
<td>Increase in 100 bps in the reference rates</td>
<td>(4.3)</td>
<td>(2.4)</td>
</tr>
<tr>
<td>Decrease in 100 bps in the reference rates</td>
<td>4.4</td>
<td>2.2</td>
</tr>
<tr>
<td>10% increase in the discontinuance rates</td>
<td>(8.5)</td>
<td>(5.0)</td>
</tr>
<tr>
<td>10% decrease in the discontinuance rates</td>
<td>8.9</td>
<td>5.1</td>
</tr>
<tr>
<td>10% increase in mortality/morbidity rates</td>
<td>(9.4)</td>
<td>(9.5)</td>
</tr>
<tr>
<td>10% decrease in mortality/morbidity rates</td>
<td>9.4</td>
<td>9.6</td>
</tr>
<tr>
<td>10% increase in acquisition expenses</td>
<td>(13.0)</td>
<td>(11.6)</td>
</tr>
<tr>
<td>10% decrease in acquisition expenses</td>
<td>13.0</td>
<td>11.6</td>
</tr>
<tr>
<td>10% increase in maintenance expenses</td>
<td>(3.6)</td>
<td>(3.0)</td>
</tr>
<tr>
<td>10% decrease in maintenance expenses</td>
<td>3.6</td>
<td>3.0</td>
</tr>
<tr>
<td>Tax rates increased to 25%</td>
<td>(7.5)</td>
<td>(11.4)</td>
</tr>
<tr>
<td>10% increase in equity values</td>
<td>NA</td>
<td>0.7</td>
</tr>
<tr>
<td>10% decrease in equity values</td>
<td>NA</td>
<td>(0.7)</td>
</tr>
</tbody>
</table>
## Dividend

<table>
<thead>
<tr>
<th>₹ billion</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit after Tax</td>
<td>11.41</td>
<td>10.69</td>
</tr>
<tr>
<td>Solvency ratio&lt;sup&gt;1&lt;/sup&gt;</td>
<td>215%</td>
<td>194.1%</td>
</tr>
<tr>
<td>Dividend declared&lt;sup&gt;2&lt;/sup&gt;</td>
<td>4.52</td>
<td>1.15&lt;sup&gt;3&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

1. At March 31 of respective years
2. Excluding DDT
3. Interim dividend declared in October 2019
Environmental

Social

Governance

ESG
Preserving ‘Mother Earth’ for future generations

**Replace**
- End to end digital solutions for our business activities
- 84% shareholders communicated digitally
- Video conferencing facility at 94 locations
- Live plants to improve air quality: ~31% office space

**Reduce**
- 3/5 star rated ACs in all offices
- VRF AC systems (20% of usage)
- LED technology: 54% of branch lighting, 47% of backlit signage
- Managed print services & stationery tracking
- Food wastage awareness drive
- Sensor based taps & urinals
- Periodic office equipment maintenance

**Reuse & Recycle**
- Sewage treatment plant and wet waste conversion into manure at head office
- No single use plastic
- E-waste disposal through government certified vendors
- Reusable glasses & plates

VRF: Variable Refrigerant Flow
### Social initiatives

#### Building communities and giving back to society

Business itself is social in nature: Serving long term financial and protection needs of the society

### Customer centricity
- Products across life stage needs; multi-channel reach
- Digital enablers provide 24x7 service; 87% self-help usage
- Consistent risk-adjusted returns
- Grievance redressal policy
- 13th month persistency: 85.3%
- COVID-19: Un-interrupted service including claims

### Commitment to employees
- Gender neutrality, equal opportunity, POSH policy
- Supportive policies including women centric, Whistleblower
- Learning & growth programs at all levels
- 85% of SMT served >10 yrs
- Responsible behavior: Privacy, Anti-corruption
- ~100% WFH during COVID19

### Community service
- 3.9 mn lives insured from rural & social sector and PMJJBY
- ICICI Academy for Skills: Trained 25,000 youth (145,400 till date)
- Rural livelihood training: 76,400 youth (275,200 till date)
- Much needed long term capital for infrastructure and housing
- COVID-19: Provision of ventilators and consumables

---

POSH: Prevention of sexual harassment to women at workplace; SMT: Senior management team; WFH: Work from home; PMJJBY: Pradhan Mantri Jeevan Jyoti Beema Yojana
Governance

Transparency in functioning with separation of supervision from execution

Awarded for Corporate Governance; scorecard by IFC, BSE limited and IiAS

01 Supervisory structure
- Diverse Board composition
- 50% IDs including Chairman
- Board committees comprise majority of IDs/ NEDs; and chaired by IDs
- Evaluation framework for Directors, Chairman, Board and its Committees
- Policy on Board diversity & criteria on appointment of Directors; regulatory norms on “Fit and proper”

02 Compliance, Risk & IA
- Quarterly compliance certificate to the Board
- Risk policy: Investment, Insurance & Operational risk
- Risk-based IA framework
- WTDs’ compensation aligned to KPI; includes malus & claw-back
- ISO 22301:2012 certification for the BCM
- Investment policy for governance & operations

03 Ethical practices
- Framework for managing Conflict of Interest
- Guidelines for Acceptance of Gifts, Entertainment and Sponsored travels
- Policies on Anti-Money Laundering, Anti Bribery/Corruption, Privacy policy, Whistleblowing
- Stewardship Code

IDS: Independent Directors, NEDs: Non-executive Directors, WTD: Whole time Directors
IA: Internal Audit; BCM: Business continuity management
IFC: International Finance Corporation, IiAS: Institutional Investor Advisory Services
## Summary

<table>
<thead>
<tr>
<th>₹ billion</th>
<th>FY2019</th>
<th>FY2020</th>
<th>YoY growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of new business</td>
<td>13.28</td>
<td>16.05</td>
<td>20.9%</td>
</tr>
<tr>
<td>VNB margin</td>
<td>17.0%</td>
<td>21.7%</td>
<td>NA</td>
</tr>
<tr>
<td>Embedded value</td>
<td>216.23</td>
<td>230.30</td>
<td>6.5%</td>
</tr>
<tr>
<td>Return on Embedded value</td>
<td>20.2%</td>
<td>15.2%</td>
<td>NA</td>
</tr>
<tr>
<td>AUM¹</td>
<td>1,604.10</td>
<td>1,529.68</td>
<td>(4.6%)</td>
</tr>
</tbody>
</table>

...through the 4P approach

<table>
<thead>
<tr>
<th></th>
<th>FY2019</th>
<th>FY2020</th>
<th>YoY growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium</td>
<td>77.99</td>
<td>73.81</td>
<td>(5.4%)</td>
</tr>
<tr>
<td>Protection</td>
<td>7.22</td>
<td>11.16</td>
<td>54.6%</td>
</tr>
<tr>
<td>Persistency² (13th month)</td>
<td>84.6%</td>
<td>83.2%</td>
<td>NA</td>
</tr>
<tr>
<td>Persistency² (49th month)</td>
<td>63.8%</td>
<td>64.6%</td>
<td>NA</td>
</tr>
<tr>
<td>Productivity³</td>
<td>15.0%</td>
<td>15.9%</td>
<td>NA</td>
</tr>
</tbody>
</table>

---

1. At March 31 of respective years
2. Retail excluding SP computed as per IRDA circular dated January 23, 2014
3. Savings LOB: FY2019- 11.5%; FY2020-10.4%
Awards and accolades

Excellence in Financial Reporting: FY19 annual report

Ranked amongst top 3 companies

One of the most valuable brands six times in a row

Life insurance company of the year

ICAI Award

Indian corporate governance scorecard

‘BrandZ Top 75 Most Valuable Brands 2019’

4th Annual Insurance India Summit & Awards 2019
Agenda

- Company strategy and performance
- Opportunity
- Industry overview
Favorable demography

Large and growing population base

2019 Population (mn)

<table>
<thead>
<tr>
<th>Country</th>
<th>Population (mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>S Korea</td>
<td>51</td>
</tr>
<tr>
<td>S Africa</td>
<td>59</td>
</tr>
<tr>
<td>Japan</td>
<td>127</td>
</tr>
<tr>
<td>Russia</td>
<td>146</td>
</tr>
<tr>
<td>Brazil</td>
<td>211</td>
</tr>
<tr>
<td>Indonesia</td>
<td>271</td>
</tr>
<tr>
<td>USA</td>
<td>329</td>
</tr>
<tr>
<td>India</td>
<td>1366</td>
</tr>
<tr>
<td>China</td>
<td>1434</td>
</tr>
</tbody>
</table>

High share of working population

Population of age 25-59 years (in mn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Population (mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>578</td>
</tr>
<tr>
<td>2030</td>
<td>727</td>
</tr>
</tbody>
</table>

Driving GDP growth

GDP per capita CAGR (FY2009-FY2019)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia</td>
<td>4.8%</td>
<td>4.2%</td>
<td>3.1%</td>
<td>2.5%</td>
<td>2.7%</td>
<td>2.8%</td>
<td>2.9%</td>
<td>2.6%</td>
<td>3.8%</td>
<td>3.6%</td>
<td>2.3%</td>
<td>1.9%</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Japan</td>
<td>7.7%</td>
<td>7.9%</td>
<td>6.2%</td>
<td>5.5%</td>
<td>6.4%</td>
<td>7.4%</td>
<td>8.0%</td>
<td>8.2%</td>
<td>7.2%</td>
<td>6.1%</td>
<td>7.40%</td>
<td>1.9%</td>
<td>5.6%</td>
</tr>
<tr>
<td>Brazil</td>
<td>4.2%</td>
<td>3.1%</td>
<td>2.5%</td>
<td>2.7%</td>
<td>2.8%</td>
<td>2.9%</td>
<td>2.6%</td>
<td>3.8%</td>
<td>3.6%</td>
<td>2.3%</td>
<td>1.9%</td>
<td>-1.7%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>USA</td>
<td>4.4%</td>
<td>4.2%</td>
<td>3.1%</td>
<td>2.5%</td>
<td>2.7%</td>
<td>2.8%</td>
<td>2.6%</td>
<td>3.8%</td>
<td>3.6%</td>
<td>2.3%</td>
<td>1.9%</td>
<td>-0.3%</td>
<td>0.0%</td>
</tr>
<tr>
<td>South Korea</td>
<td>6.0%</td>
<td>5.5%</td>
<td>5.2%</td>
<td>4.4%</td>
<td>4.4%</td>
<td>4.4%</td>
<td>4.4%</td>
<td>4.4%</td>
<td>4.4%</td>
<td>4.4%</td>
<td>4.4%</td>
<td>4.4%</td>
<td>4.4%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>7.3%</td>
<td>6.4%</td>
<td>5.5%</td>
<td>4.4%</td>
<td>4.4%</td>
<td>4.4%</td>
<td>4.4%</td>
<td>4.4%</td>
<td>4.4%</td>
<td>4.4%</td>
<td>4.4%</td>
<td>4.4%</td>
<td>4.4%</td>
</tr>
<tr>
<td>India</td>
<td>10.9%</td>
<td>7.2%</td>
<td>6.1%</td>
<td>4.2%</td>
<td>4.2%</td>
<td>4.2%</td>
<td>4.2%</td>
<td>4.2%</td>
<td>4.2%</td>
<td>4.2%</td>
<td>4.2%</td>
<td>4.2%</td>
<td>4.2%</td>
</tr>
<tr>
<td>China</td>
<td>6.1%</td>
<td>5.8%</td>
<td>5.5%</td>
<td>4.4%</td>
<td>4.4%</td>
<td>4.4%</td>
<td>4.4%</td>
<td>4.4%</td>
<td>4.4%</td>
<td>4.4%</td>
<td>4.4%</td>
<td>4.4%</td>
<td>4.4%</td>
</tr>
</tbody>
</table>

Rising affluence

GDP per capita CAGR (FY2009-FY2019)

1. Source: UN population division
2. Source: WEO Update, April 2020
Financialisation of savings: Opportunity for insurance

1. Financialisation of savings aided by Direct Benefit Transfer, RERA and GST

• Source: RBI and CSO
• Source: RBI
• Total life insurance industry premium including renewal; Source: IRDAI
Protection opportunity: Income replacement

1. FY 2019 data for India; As of FY2018 for US, Japan, Germany, South Korea and others as of FY2017
3. Protection gap (%): Ratio of protection lacking/protection needed

- Sum assured as % of GDP low compared to other countries
- Protection gap for India US $ 8.56 trillion

Sum Assured as a % of GDP\textsuperscript{1,2}

<table>
<thead>
<tr>
<th>Country</th>
<th>Sum Assured as % of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>273%</td>
</tr>
<tr>
<td>Japan</td>
<td>252%</td>
</tr>
<tr>
<td>USA</td>
<td>251%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>142%</td>
</tr>
<tr>
<td>South Korea</td>
<td>131%</td>
</tr>
<tr>
<td>Thailand</td>
<td>113%</td>
</tr>
<tr>
<td>Germany</td>
<td>93%</td>
</tr>
<tr>
<td>India</td>
<td>78%</td>
</tr>
</tbody>
</table>

Protection gap \textsuperscript{3,4}

<table>
<thead>
<tr>
<th>Country</th>
<th>Protection gap ($trillion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>8.56</td>
</tr>
<tr>
<td>Japan</td>
<td>6.58</td>
</tr>
<tr>
<td>South Korea</td>
<td>5.30</td>
</tr>
<tr>
<td>Australia</td>
<td>1.09</td>
</tr>
<tr>
<td>Indonesia</td>
<td>0.79</td>
</tr>
<tr>
<td>Thailand</td>
<td>0.77</td>
</tr>
<tr>
<td>Malaysia</td>
<td>0.52</td>
</tr>
<tr>
<td>Singapore</td>
<td>0.40</td>
</tr>
</tbody>
</table>
Protection opportunity: Liability cover

- Retail credit has been growing at a healthy pace
- Credit life is voluntary

Source: RBI
Components may not add up to the totals due to rounding off
Protection opportunity

<table>
<thead>
<tr>
<th>Gross direct premium (₹ billion)</th>
<th>FY2009</th>
<th>FY2019</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>66.23</td>
<td>454.89</td>
<td>21.3%</td>
</tr>
<tr>
<td>Motor</td>
<td>138.21</td>
<td>644.55</td>
<td>16.6%</td>
</tr>
<tr>
<td>- Motor Own Damage (OD)</td>
<td>87.56</td>
<td>264.73</td>
<td>11.7%</td>
</tr>
<tr>
<td>- Motor Third Party (TP)</td>
<td>50.65</td>
<td>379.82</td>
<td>22.3%</td>
</tr>
</tbody>
</table>

• Protection premium ~ ₹ 200 billion for life insurance industry in FY2020

Source: General Insurance Council and company estimate
Agenda

- Company strategy and performance
- Opportunity
- Industry overview
### Evolution of life insurance industry in India

<table>
<thead>
<tr>
<th></th>
<th>FY2002</th>
<th>FY2010</th>
<th>FY2015</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New business premium</strong> (₹ bn)</td>
<td>116</td>
<td>550</td>
<td>408</td>
<td>692</td>
</tr>
<tr>
<td><strong>Total premium</strong> (₹ bn)</td>
<td>501</td>
<td>2,654</td>
<td>3,281</td>
<td>5,089</td>
</tr>
<tr>
<td><strong>Penetration (as a % to GDP)</strong></td>
<td>2.1%</td>
<td>4.1%</td>
<td>2.6%</td>
<td>2.7%</td>
</tr>
<tr>
<td><strong>Assets under management</strong> (₹ bn)</td>
<td>2,304</td>
<td>12,899</td>
<td>23,361</td>
<td>36,657</td>
</tr>
<tr>
<td><strong>In-force sum assured</strong> (₹ bn)</td>
<td>11,812*</td>
<td>37,505</td>
<td>78,091</td>
<td>147,501</td>
</tr>
<tr>
<td><strong>In-force sum assured (as % to GDP)</strong></td>
<td>50.1%</td>
<td>57.9%</td>
<td>62.7%</td>
<td>77.6%</td>
</tr>
</tbody>
</table>

1. Retail weighted received premium (RWRP)
2. Individual and Group in-force sum assured

Source: IRDAI, CSO, Life Insurance Council, *Company estimate
Channel mix

Industry

- FY2018: 66% Agency, 25% Bancassurance, 9% Others
- FY2019: 62% Agency, 27% Bancassurance, 11% Others
- 9M-FY2020: 61% Agency, 27% Bancassurance, 12% Others

Private players

- FY2018: 28% Agency, 54% Bancassurance, 18% Others
- FY2019: 25% Agency, 54% Bancassurance, 21% Others
- 9M-FY2020: 25% Agency, 53% Bancassurance, 22% Others

• Given a well developed banking sector, bancassurance continues to be the largest channel for private players

1. Individual new business premium basis
Source: Life Insurance Council
### Product mix

**Industry**

<table>
<thead>
<tr>
<th></th>
<th>FY2018</th>
<th>FY2019</th>
<th>9M-FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non Linked</td>
<td>73%</td>
<td>74%</td>
<td>83%</td>
</tr>
<tr>
<td>Linked</td>
<td>27%</td>
<td>26%</td>
<td>17%</td>
</tr>
</tbody>
</table>

**Private players**

<table>
<thead>
<tr>
<th></th>
<th>FY2018</th>
<th>FY2019</th>
<th>9M-FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non Linked</td>
<td>54%</td>
<td>49%</td>
<td>56%</td>
</tr>
<tr>
<td>Linked</td>
<td>46%</td>
<td>4%</td>
<td>44%</td>
</tr>
</tbody>
</table>

1. New business weighted premium basis; Source: IRDAI, Life Insurance Council
Technology initiatives
Objectives

To be the most admired digitally enabled insurer

• Empower customers and distributors with simplified journeys and choice of platforms
• Decongest processes by leveraging ecosystems and emerging technologies
• Enable servicing anytime, anywhere
• Drive adoption through superior experience
• Establish industry leading benchmarks
Digital evolution path to maturity

2011-2013
1
Build digital foundation
Optimize processes and systems

• Process re-engineering
• Technology architecture
• Service architecture

2013-2015
2
Digitize onboarding and service
Build seamless presentation layer

• Process automation
• Build seamless presentation layer
• Integration architecture

2015-2018
3
Leverage ecosystem
Collaborate with internal stakeholders and partners for enhancing experience and productivity

• Integrate internal, Partner systems and external ecosystems
• Provide frictionless journey

2018-2020
4
Market leadership
IT as an enabler for Business innovation

• Seamless AI, ML, NLP interventions in the journey
• Enhance experience and productivity

End to end digitalization of journeys

Leverage ecosystems and tech advancements

AI : Artificial Intelligence | ML : Machine Learning
NLP : Natural Language Processing
Pre sales

**Suitability analysis**
Product recommendation based on customer’s life stage, goal, risk appetite

**Lead Management System**
Enhanced with voice capability and geo tagging

**Customer Profiler**
Know customer better through social platforms

**Nudge engines**
Prompt for appropriate action

**Cognitive BOTs**
24x7 query resolution using chat bots

**Learners Box**
On-the-go e-learning modules and video based sales pitches

**My Coach**
AI platform for video based library creation for sales pitches

AI : Artificial Intelligence
Onboarding and issuance

**Flexible/paperless on-boarding**
Platform agnostic and paperless journey available for all channels

**PASA**
No medical or income document requirement for smoother onboarding

**Instant document verification (OCR)**
Real time identification and verification of documents

**Robotic enabled issuance**
Robotic processing for faster issuance

**Tele/video underwriting**
Improves efficiency and reduces issuance TAT

**AI assisted underwriting**
Empowers underwriters with comprehensive insights

OCR : Optical Character Reader
AI : Artificial Intelligence

56
Customer servicing and claims (1/2)

- **Anytime.. ..Anywhere**
  - 87% transactions self serviced, omni channel experience

- **Service bot LiGo**
  - 1.96 mn queries resolved by Chatbot LiGo with 91% accuracy

- **Intuitive/visual IVR**
  - Helps customers avoid IVR queues. Saves 50% navigation time

- **Premium premium payment**
  - 74% renewal premium through electronic modes

- **WhatsApp**
  - First life insurer to get business verified account
  - 1.39 mn transactions

- **AI based Claims Processing**
  - AI based pre-claim assessment & claim processing

IVR : Interactive Voice Response
Customer servicing and claims (2/2)

- **Annuity service**: Simplifying journey for Annuity customers with digital life verification.
- **Digilocker integration**: View or download policy document from DigiLocker app.
- **Customer app**: Customer service native app with in-app nudges/notifications.
- **Bot orchestration layer**: Universal Bot with voice capability to cater to all touch-points.
- **WhatsApp bot**: Available for all customers with same functionalities as LiGo.
- **Humanoid**: AI based conversational tool deployed for renewal premium reminder calling.

App: Application
AI: Artificial Intelligence
Marketing and lead generation

- Rank high on online searches
  - Machine learning used to rank us higher when customers search
- Segmented targeting
  - Reaching the customer by mapping their interests and affinities
- Hyper personalisation
  - Personalized messaging to engage customers throughout journey
- Selfie quote
  - AI backed quote based on facial recognition
- Truecaller integration
  - Facilitate auto form fill
- Co-browsing
  - Instant screen share available for assistance in form fill
Partner integration

- Process simplification
  - Superior customer experience

- Flexible integration
  - Modular integration as per the choice of partners

- Web portal
  - Self service module for Group business

- Easy UI
  - Pre-coded pages for quicker integration

- Customer service
  - Enabling customer service on partner portals

UI : User Interface
Actionable insights
Accelerate sales, enhance customer experience & personalization

Data modelling
Customer interaction based segmentation, propensity, nudges

Smart solutions
Pre approved life cover; provide best offer to customer

Google Big Query, Hadoop, Python
Using best technology available to process the data

Data lake solution
Use of AI & ML to analyse structured & unstructured data

AI : Artificial Intelligence
ML : Machine Learning
Annexures
### Average APE by product categories

<table>
<thead>
<tr>
<th>Average retail APE per policy (₹)</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>ULIP</td>
<td>180,746</td>
<td>159,329</td>
<td>183,109</td>
</tr>
<tr>
<td>Par</td>
<td>62,379</td>
<td>60,308</td>
<td>64,285</td>
</tr>
<tr>
<td>Non Par</td>
<td>54,187</td>
<td>76,468</td>
<td>109,410</td>
</tr>
<tr>
<td>Protection</td>
<td>9,123</td>
<td>12,048</td>
<td>23,115</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>90,620</td>
<td>83,309</td>
<td>88,648</td>
</tr>
</tbody>
</table>
Policy term and customer age*

Average policy term (years)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2019</td>
<td>12</td>
<td>30</td>
<td>43</td>
<td>43</td>
</tr>
<tr>
<td>FY2020</td>
<td>14</td>
<td>36</td>
<td>36</td>
<td>36</td>
</tr>
</tbody>
</table>

Average customer age (years)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2019</td>
<td>36</td>
<td>36</td>
<td>36</td>
<td>36</td>
</tr>
<tr>
<td>FY2020</td>
<td>36</td>
<td>36</td>
<td>36</td>
<td>36</td>
</tr>
</tbody>
</table>

* For FY2020; protection excludes credit life
### Channel wise product mix

<table>
<thead>
<tr>
<th>Channel category</th>
<th>Product category</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bancassurance</td>
<td>ULIP</td>
<td>89.8%</td>
<td>93.4%</td>
<td>86.8%</td>
</tr>
<tr>
<td></td>
<td>Par</td>
<td>7.3%</td>
<td>2.1%</td>
<td>2.2%</td>
</tr>
<tr>
<td></td>
<td>Non par</td>
<td>0.1%</td>
<td>0.6%</td>
<td>1.8%</td>
</tr>
<tr>
<td></td>
<td>Protection</td>
<td>2.7%</td>
<td>3.9%</td>
<td>9.3%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Agency</td>
<td>ULIP</td>
<td>81.8%</td>
<td>75.3%</td>
<td>49.9%</td>
</tr>
<tr>
<td></td>
<td>Par</td>
<td>13.5%</td>
<td>18.1%</td>
<td>32.5%</td>
</tr>
<tr>
<td></td>
<td>Non par</td>
<td>0.4%</td>
<td>0.5%</td>
<td>7.3%</td>
</tr>
<tr>
<td></td>
<td>Protection</td>
<td>4.3%</td>
<td>6.1%</td>
<td>10.3%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Direct</td>
<td>ULIP</td>
<td>88.0%</td>
<td>79.3%</td>
<td>66.7%</td>
</tr>
<tr>
<td></td>
<td>Par</td>
<td>4.3%</td>
<td>5.3%</td>
<td>10.7%</td>
</tr>
<tr>
<td></td>
<td>Non par</td>
<td>2.4%</td>
<td>6.4%</td>
<td>11.0%</td>
</tr>
<tr>
<td></td>
<td>Protection</td>
<td>5.3%</td>
<td>9.1%</td>
<td>11.6%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Partnership distribution</td>
<td>ULIP</td>
<td>36.8%</td>
<td>28.2%</td>
<td>21.8%</td>
</tr>
<tr>
<td></td>
<td>Par</td>
<td>49.9%</td>
<td>49.5%</td>
<td>39.9%</td>
</tr>
<tr>
<td></td>
<td>Non par</td>
<td>0.5%</td>
<td>0.6%</td>
<td>10.4%</td>
</tr>
<tr>
<td></td>
<td>Protection</td>
<td>12.8%</td>
<td>21.8%</td>
<td>27.8%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

1. Retail Annualized Premium Equivalent (APE)
Components may not add up to the totals due to rounding off.
## Product wise channel mix

<table>
<thead>
<tr>
<th>Product category</th>
<th>Channel category</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>ULIP</td>
<td>Bancassurance</td>
<td>57.4%</td>
<td>65.5%</td>
<td>68.2%</td>
</tr>
<tr>
<td></td>
<td>Agency</td>
<td>25.4%</td>
<td>20.5%</td>
<td>16.3%</td>
</tr>
<tr>
<td></td>
<td>Direct</td>
<td>14.5%</td>
<td>12.0%</td>
<td>13.0%</td>
</tr>
<tr>
<td></td>
<td>Partnership distribution</td>
<td>2.7%</td>
<td>2.1%</td>
<td>2.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Par</td>
<td>Bancassurance</td>
<td>35.4%</td>
<td>13.8%</td>
<td>9.0%</td>
</tr>
<tr>
<td></td>
<td>Agency</td>
<td>31.5%</td>
<td>45.4%</td>
<td>56.0%</td>
</tr>
<tr>
<td></td>
<td>Direct</td>
<td>5.3%</td>
<td>7.4%</td>
<td>11.0%</td>
</tr>
<tr>
<td></td>
<td>Partnership distribution</td>
<td>27.7%</td>
<td>33.3%</td>
<td>24.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Non par</td>
<td>Bancassurance</td>
<td>15.9%</td>
<td>27.4%</td>
<td>19.4%</td>
</tr>
<tr>
<td></td>
<td>Agency</td>
<td>24.5%</td>
<td>8.0%</td>
<td>33.7%</td>
</tr>
<tr>
<td></td>
<td>Direct</td>
<td>52.8%</td>
<td>62.0%</td>
<td>30.1%</td>
</tr>
<tr>
<td></td>
<td>Partnership distribution</td>
<td>6.8%</td>
<td>2.6%</td>
<td>16.8%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Protection</td>
<td>Bancassurance</td>
<td>35.2%</td>
<td>36.9%</td>
<td>45.2%</td>
</tr>
<tr>
<td></td>
<td>Agency</td>
<td>27.6%</td>
<td>22.8%</td>
<td>20.9%</td>
</tr>
<tr>
<td></td>
<td>Direct</td>
<td>17.9%</td>
<td>18.7%</td>
<td>14.0%</td>
</tr>
<tr>
<td></td>
<td>Partnership distribution</td>
<td>19.3%</td>
<td>21.7%</td>
<td>19.8%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

1. Retail Annualized Premium Equivalent (APE)
Components may not add up to the totals due to rounding off
Retail persistency excluding single premium

Persistency across product categories

- Linked: 82.6%, 64.7%
- Non linked: 88.3%, 65.8%
- Protection: 82.6%, 51.7%

Persistency across channel categories

- Bancassurance: 81.7%, 62.7%
- Agency: 86.4%, 65.5%
- Direct: 82.2%, 66.2%
- Partnership distribution: 86.9%, 74.2%

1. 11M-FY2020 persistency
   As per IRDA circular dated January 23, 2014; excluding group and single premium policies
Embedded value
## Embedded value

<table>
<thead>
<tr>
<th>₹ billion</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of In force (VIF)</td>
<td>117.64</td>
<td>142.69</td>
<td>151.87</td>
</tr>
<tr>
<td>Adjusted Net worth</td>
<td>70.24</td>
<td>73.54</td>
<td>78.43</td>
</tr>
<tr>
<td><strong>Embedded value</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
<td>187.88</td>
<td>216.23</td>
<td>230.30</td>
</tr>
<tr>
<td>Return on Embedded Value (ROEV)</td>
<td>22.7%</td>
<td>20.2%</td>
<td>15.2%</td>
</tr>
<tr>
<td>EV growth-pre dividend</td>
<td>23.4%</td>
<td>19.6%</td>
<td>8.4%</td>
</tr>
<tr>
<td>EV growth-post dividend</td>
<td>16.1%</td>
<td>15.1%</td>
<td>6.5%</td>
</tr>
<tr>
<td>VNB as % of opening EV</td>
<td>7.9%</td>
<td>7.1%</td>
<td>7.4%</td>
</tr>
<tr>
<td>Operating assumption changes as % of opening EV</td>
<td>4.7%</td>
<td>2.2%</td>
<td>(1.0%)</td>
</tr>
<tr>
<td>Operating variance as % of opening EV</td>
<td>1.6%</td>
<td>2.5%</td>
<td>0.8%</td>
</tr>
</tbody>
</table>

---

1. As per Indian Embedded Value (IEV) method
Components may not add up to the totals due to rounding off
EV methodology

• EV results prepared based on the Indian Embedded Value (IEV) methodology and principles as set out in Actuarial Practice Standard 10 (APS10) issued by the Institute of Actuaries of India (IAI)

• EV consists of Adjusted Net Worth (ANW) and Value of in-force covered business (VIF)
  • ANW is market value of assets attributable to shareholders, consisting of
    • Required capital
    • Free surplus
  • Value of in-force covered business (VIF) is
    • Present value of future profits; adjusted for
    • Time value of financial options and guarantees;
    • Frictional costs of required capital; and
    • Cost of residual non-hedgeable risks
Components of ANW

- **Required capital (RC)**
  - The level of required capital is set equal to the amount required to be held to meet supervisory requirements.
  - It is net of the funds for future appropriation (FFAs)

- **Free surplus (FS)**
  - Market value of any assets allocated to, but not required to support, the in-force covered business
Components of VIF (1/2)

- Present value of future profits (PVFP)
  - Present value of projected distributable profits to shareholders arising from in-force covered business
  - Projection carried out using ‘best estimate’ non-economic assumptions and market consistent economic assumptions
  - Distributable profits are determined by reference to statutory liabilities
- Frictional Cost of required capital (FC)
  - FCs represent investment management expenses and taxation costs associated with holding the Required capital
  - Investment costs reflected as an explicit reduction to the gross investment return
Components of VIF (2/2)

• Time value of financial options and guarantees (TVFOG)
  • Represents additional cost to shareholders that may arise from the embedded financial options and guarantees
  • Stochastic approach is adopted with methods and assumptions consistent with the underlying embedded value

• Cost of residual non-hedgeable risk (CRNHR)
  • An allowance for risks to shareholder value to the extent not already allowed for in the TVFOG or the PVFP
  • Allowance for asymmetric risks of operational, catastrophe mortality/morbidity and mass lapsation risk
  • Determined using a cost-of-capital approach
  • Allowance for diversification benefits among the non-hedgeable risks, other than the operational risk
Components of EV movement (1/2)

- Expected return on existing business (unwind)
  - Expected investment income at opening reference rate on VIF and ANW
  - Expected excess ‘real world’ investment return over the opening reference rate on VIF and ANW
- Operating assumption changes
  - Impact of the update of non-economic assumptions both on best estimate and statutory bases to those adopted in the closing EV
- Value of new business
  - Additional value to shareholders created through new business during the period
Components of EV movement (2/2)

- Operating experience variance
  - Captures impact of any deviation of actual experience from assumed in the opening EV during the inter-valuation period

- Economic assumption changes and Investment variance
  - Impact of the update of the reference rate yield curve, inflation and valuation economic assumptions from opening EV to closing EV
  - Captures the difference between the actual investment return and the expected ‘real world’ assumed return

- Net capital injection
  - Reflects any capital injected less any dividends paid out
Key assumptions underlying EV (1/2)

- Discount rate and Fund earning rates
  - Set equal to reference rates which is proxy for risk free rates
  - Reference rates derived on the basis of zero coupon yield curve published by the Clearing Corporation of India Limited

- Expenses and commission
  - Based on the Company’s actual expenses during FY2020 with no anticipation for productivity gains or cost efficiencies
  - Commission rates are based on the actual commission payable to the distributors
Key assumptions underlying EV (2/2)

- **Mortality and morbidity**
  - Based on company’s experience with an allowance for future improvements in respect of annuities

- **Persistency**
  - Based on company’s experience

- **Taxation**
  - Taxation costs reflect the reduction in costs due to dividend income being tax exempt subject to maximum of dividend declared and distributed\(^1\)

---

1. Limit of deduction subject to dividend distribution introduced in Finance Act, 2020
## Economic assumptions underlying VNB and EV

<table>
<thead>
<tr>
<th>Tenor (years)</th>
<th>March 31, 2019</th>
<th>March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>6.66%</td>
<td>4.83%</td>
</tr>
<tr>
<td>5</td>
<td>7.83%</td>
<td>7.43%</td>
</tr>
<tr>
<td>10</td>
<td>8.35%</td>
<td>7.32%</td>
</tr>
<tr>
<td>15</td>
<td>8.35%</td>
<td>7.17%</td>
</tr>
<tr>
<td>20</td>
<td>8.22%</td>
<td>7.14%</td>
</tr>
<tr>
<td>25</td>
<td>8.11%</td>
<td>7.14%</td>
</tr>
<tr>
<td>30</td>
<td>8.05%</td>
<td>7.14%</td>
</tr>
</tbody>
</table>
Glossary

- **Annualized Premium Equivalent (APE)** – Annualized Premium Equivalent (APE) is the sum of the annualized first year premiums on regular premium policies, and ten percent of single premiums, from both individual and group customers.

- **Assets under management (AUM)** - AUM refers to the carrying value of investments managed by the company and includes loans against policies and net current assets pertaining to investments.

- **Embedded Value (EV)** - Embedded Value (EV) represents the present value of shareholders’ interests in the earnings distributable from the assets allocated to the business after sufficient allowance for the aggregate risks in the business.

- **Embedded Value Operating Profit (EVOP)** - Embedded Value Operating Profit (EVOP) is a measure of the increase in the EV during any given period due to matters that can be influenced by management.

- **Retail Weighted Received Premium (RWRP)** - Premiums actually received by the insurers under individual products and weighted at the rate of ten percent for single premiums.

- **Total weighted received premium (TWRP)** - Measure of premiums received on both retail and group products and is the sum of first year and renewal premiums on regular premium policies and ten percent of single premiums received during any given period.

- **Persistency Ratio** - Persistency ratio is the percentage of policies that have not lapsed and is expressed as 13th month, 49th month persistency etc. depicting the persistency level at 13th month (2nd year) and 49th month (5th year) respectively, after issuance of contract.
Safe harbor

Except for the historical information contained herein, statements in this release which contain words or phrases such as 'will', 'would', ‘indicating’, ‘expected to’ etc., and similar expressions or variations of such expressions may constitute ‘forward-looking statements'. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion in business, the impact of any acquisitions, technological implementation and changes, the actual growth in demand for insurance products and services, investment income, cash flow projections, our exposure to market risks, policies and actions of regulatory authorities; impact of competition; experience with regard to mortality and morbidity trends, lapse rates and policy renewal rates; the impact of changes in capital, solvency or accounting standards, tax and other legislations and regulations in the jurisdictions as well as other risks detailed in the reports filed by ICICI Bank Limited, our holding company, with the United States Securities and Exchange Commission. ICICI Prudential Life Insurance undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.
Thank You