Ref. No.: MUM/SEC/479-1/2024

January 22, 2024

To,

The Manager	The Manager
Listing Department	Listing Department
BSE Limited	**National Stock Exchange of India Limited**
Phiroze Jeejeebhoy Towers	Exchange Plaza, 5th Floor, Plot C/1
Dalal Street	G Block, Bandra Kurla Complex,
Mumbai – 400 001	Mumbai – 400 051

Scrip code: Equity (BSE: 540716/ NSE: ICICIGI); Debt (NSE: ILGI29)

Dear Sir/Madam,

Subject: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Transcript of earnings conference call for the quarter and nine-months ended December 31, 2023

This is further to our letter dated January 9, 2024 and January 16, 2024, please note that the Company had hosted an earnings conference call with investor(s) and analyst(s) on Tuesday, January 16, 2024 to discuss the financial performance of the Company for the quarter and nine-months ended December 31, 2023.

In this regard, please find attached the transcript of the 'earnings conference call' for the quarter and nine-months ended December 31, 2023.

The above information will also be made available on the Company's website at www.icicilombard.com.

You are requested to kindly take the same on your records.

Thanking you.

Yours Sincerely,

For ICICI Lombard General Insurance Company Limited

Vikas Mehra
Digitally signed by Vikas Mehra
Date: 2024.01.22 19:56:41 +05'30'

Vikas Mehra
Company Secretary

Encl. As above

ICICI Lombard General Insurance Company Limited
Q3 & 9M FY2024 Earnings Conference Call
January 16, 2024

Management:

MR. SANJEEV MANTRI – MD & CEO

MR. GOPAL BALACHANDRAN – CFO & CRO

MR. ALOK AGARWAL – EXECUTIVE DIRECTOR

MR. GIRISH NAYAK – CHIEF TECHNOLOGY & HEALTH UNDERWRITING & CLAIMS

MR. SANDEEP GORADIA – CHIEF - CORPORATE SOLUTION GROUP

ICICI Lombard General Insurance Company Limited
Q3 & 9M FY2024 Earnings Conference Call
January 16, 2024

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

Sanjeev Mantri: Thank you. Good evening to each one of you. Thank you for joining the Earnings Conference Call of ICICI Lombard for Q3 and 9M FY2024.

I would like to wish you and your family a great 2024 ahead. While we had a brief interaction in the last quarter, I'm happy and excited to engage with you all in my new role.

I would like to take the first few minutes to share my vision on the journey ahead for our Company.

I firmly believe we are in the midst of exciting times, both as a country and as an industry. India is expected to be the fastest growing economy globally. The insurance sector in our country continues to provide a multi decadal growth opportunity supported by the regulatory commitment to enable “Insurance for all by 2047”. In my view, this will unleash tremendous positives for the industry in times to come.

As a Company, we will continue to create newer value pools in the industry and maximize our participation in the existing ones and I believe we can achieve this through our vision of ‘One IL One Team’.

Now let me give you a brief perspective on our vision of “One IL One Team”:

Over the years, the Company has created multiple functions/ teams to access various business opportunities available. This was an approach which worked well for us in that phase of our journey. However, the present scenario is fast evolving and dynamic due to which the existing way of functioning inhibits us from leveraging the combined strength of the organization.

Keeping this in mind, we have decided to bring a conscious shift in our core philosophical approach. We aim to transcend functional silos and convert the entire organization into a united team working towards a single organizational purpose. Simply put, it implies ‘When ICICI Lombard wins, Everyone wins’.

This will be our core cultural anchor and every decision that we take, whether strategic or tactical, will be guided by this. I am excited to share that we have already taken early steps to align our organization to this in letter and spirit.

However, as we embark on this journey, we will continue to focus on market opportunities and leverage our existing distribution channels. We have over the years followed a customer centric approach and will continue with our overarching philosophy of balancing growth with profitability.

Let me now give you a brief overview of the industry trends and developments that we have witnessed in the past few months. Post this, our CFO, Mr. Gopal Balachandran will share the ‘Financial Performance’ of the Company for the Quarter and 9 Months ended December 31, 2023.

Domestic GDP grew by 7.6% during quarter ended September 30 2023, indicating strong growth, primarily driven by the government infrastructure push. Healthy balance sheets of banks and corporates, improving business sentiments and rise in public and private capex should boost capex activity going forward. Broader economic activity indicators like GST collections, e-way bills generation, manufacturing PMIs, non-food credit growth indicate global demand in the economy. However, the headwinds for domestic growth can emerge from weak external demand, tight financial conditions and geopolitical tensions.

As we speak, India is globally the fastest growing auto market and is the 3rd largest in terms of sales volume. As per SIAM, in 9M FY2024, new private car sales continued to have robust growth despite the higher base with over 3.1 million vehicles being sold mainly driven by festive demand.

For 9M FY2024, 13.5 million Two-Wheelers were sold, also helped by an uptick in rural demand. For the full year, the sales are expected to cross pre covid levels.

For 9M FY2024, 1.2 million Commercial vehicles were sold. This was driven by growth in infra and other core sectors.

Health insurance continued to deliver robust growth, remaining the largest contributor to overall industry premium.

The commercial lines of business witnessed growth in line with current market environment. Further private and public capex investments have led to robust growth in the engineering line of business. We expect the commercial lines segment to do well in the future on back of overall economic growth and capacity creation.

Now, speaking of the Performance, the General Insurance industry delivered a YoY Gross Direct Premium Income (GDPI) growth of 14.0% for 9M FY2024. Excluding Crop and Mass health, the growth is at 15.2% for the same period.

Overall, the combined ratio of the industry was at 111.9% for H1 FY2024 as against 112.2% for H1 FY2023 excluding the impact of wage arrears for the PSU insurers. Within the industry, the industry Combined Ratio for Motor business was 119.4% for H1 FY2024 as against 123.5% for H1 FY2023. While the improvement in combined ratio is directionally positive, it continues to remain at elevated level.

Further, for 9M FY2024, the industry has witnessed 3 catastrophic events, which is expected to have an impact on FY2024 industry Combined ratio.

Moving to business impact for us in Q3 & 9M FY2024:

The Company grew at 13.4% during Q3 FY2024, which was higher than the industry growth of 12.3%. For 9M FY2024, our growth was 16.5% against the industry growth of 14%.

I will now speak about the performance in key business segments during the quarter and 9M FY2024:

- In the Commercial line of business, we have developed strong capabilities on the back of a unique distribution franchise, duly complemented by our value-added services, risk based underwriting, and large and highly rated reinsurance capacities. As a result, we have consolidated our market position in this business over the last decade. During Q3 FY2024, we grew at 12.5% against an industry growth of 13.3%. For 9M FY2024, we have grown by 15.7% which was higher than the industry growth of 9.7%.

- Motor as a category has always been a focus area for us. As we speak for the first 9 months, we are the 2nd largest Motor insurer and for Q3, we achieved an industry leading position in this segment. We have a robust reserving philosophy which is demonstrated by our reserving triangles and granular data for our portfolio decisions.

  We will continue to leverage our strong multi distribution structure, which enables us to access the market, along with the best-in-class claim servicing teams focusing on superlative customer experience.

  For the motor segment in Q3, we have registered a growth of 5.6% as against industry growth of 10.0%. For 9M FY2024, we grew at 7.1% as against the industry growth of 14.3%.

  The growth in Motor segment was aided by strong growth in the new private car segment, which grew at ~30% for 9 months. Our Two-wheeler growth for 9M FY2024 was ~14%, which was higher than the SIAM volume growth of 9.9%. As the rural demand picks up, we hope to see the trend continue.

  The CV segment as we had mentioned in our earlier calls, had no TP price hike for FY2024 and consequently, we focused on targeted portfolio sourcing among the available value pools.

  For 9M FY2024, our mix of Private car, Two-wheeler and CV stands at 51.4%, 27.8% and 20.8% respectively.

  We also continue to build efficiency in Motor claims. In Q3 FY2024, through our Preferred Partner Network (PPN), we have been able to service 67% of our Agency and Direct claims, up from 51% in Q3 FY2023.

  We are excited about the opportunity in the Motor segment and will leverage all our existing capabilities as One team to carry the momentum in the coming quarters.

- The Health segment continued to be the fastest growing segment for the industry. We grew faster than the industry both in Q3 and 9M, registering a growth of 24.7% and 29.1% respectively.

  Our Retail Health business grew in line with the industry at 19.2% for 9M FY2024. To create a sustainable portfolio, we are focusing on preferred geographies and higher sum insured. Our new business grew at 24.5% during this period. While we would have liked to grow faster, we will continue to invest by focusing on preferred segments and new product launches in the coming quarters.

  On Bancassurance, we have developed an industry leading practice, which continues to be a strong pillar for our Company. Our Bancassurance and Key Relationship Groups grew at 13.6% for the quarter and 21.5% for 9M FY2024. We will continue to deep-mine our existing relationships by creating new value streams, which at the same time, focusing on acquiring new relationships. Within this, ICICI group distribution grew at 19.9% for Q3 and 16.9% for 9M.

  Our one stop solution for all insurance and wellness needs, the ”IL TakeCare” app has surpassed ~8.5 million user downloads till date. We continued our growth momentum with ~1.6 million user downloads for the quarter and during the quarter, sourced premium was over ₹ 1.00 billion through this app, registering a 3.2x increase YoY. Our digital business grew at 39.1% in Q3 and 43.0% in 9M and constitutes 6.6% and 5.8% respectively of overall business numbers. It would continue to be the key growth driver for us.

  As I look ahead, I'm personally very excited with this opportunity and committed to creating long term sustainable value for all our stakeholders.

Now I would request Gopal to take you through the financial numbers for the recently concluded quarter and nine months.

Gopal Balachandran: Thanks, Sanjeev, and good evening to all. I will now give you a brief overview of the financial performance of the recently concluded quarter and nine months. We have uploaded the ‘Results Presentation’ on our website. You can access it as we walk you through the performance numbers.

Gross direct premium income (GDPI) of the Company was at ₹ 187.03 billion in 9M FY2024 as against ₹ 160.48 billion in 9M FY2023. This was the growth of 16.5%, which was higher than the industry growth of 14.0%. Excluding Crop and Mass health, GDPI growth of the Company was at 15.6%. It was higher than the industry growth of 15.2% in 9M FY2024. GDPI was at ₹ 62.30 billion in Q3 FY2024 as against ₹ 54.93 Bn in Q3 FY2023, a growth of 13.4%. This growth was higher than the industry growth of 12.3%. Excluding Crop and Mass health, GDPI growth was at 12.0%, which was again higher than the industry growth of 11.3% in Q3 FY2024.

- Our GDPI growth during the quarter was primarily driven by growth in the preferred segments. The overall GDPI of our property and casualty segment grew by 12.5% at ₹ 16.00 billion in Q3 FY2024 as against ₹ 14.22 billion in Q3 FY2023.

- On the retail side of the business, GDPI of the Motor segment was at ₹ 28.42 billion in Q3 FY2024 as against ₹ 26.91 billion in Q3 FY2023 registering a growth of 5.6%.
    - The advanced premium numbers was at ₹ 33.04 Bn at December 31, 2023 as against ₹ 32.89 billion at September 30, 2023.

- GDPI of the health segment was at ₹ 13.79 billion in Q3 FY2024 as against ₹ 11.05 billion in Q3 FY2023, registering a growth of 24.7%.
    - Our agents, which includes the Point-of-Sale (POS) distribution count was 125,088 as on December 31, 2023, up from 122,461 as on September 30, 2023.
    - GDPI of the Retail Health segment grew by 16.2% during the quarter three.
    - Group Health segment grew by 27.2% during Q3 FY2024

As against last year where we saw no major catastrophic events, during this year we witnessed 3 major catastrophes - cyclone Biparjoy, North India floods and cyclone Michaung. Our share of insured losses in these CAT events have been lower than our natural market share. Resultantly, Combined ratio was 103.7% for 9M FY2024 as against 104.6% for 9M FY2023. Excluding the impact of CAT losses of ₹ 1.37 billion in 9M FY2024, the combined ratio was 102.6%. Combined ratio was 103.6% in Q3 FY2024 as against 104.4% in Q3 FY2023. Again, excluding the impact of CAT losses of ₹ 0.54 billion in Q3 FY2024, the Combined ratio was 102.3%.

Our investment assets rose to ₹ 468.67 billion as at December 31, 2023 from ₹ 453.12 billion as at September 30, 2023. Our investment leverage (net of borrowings) was 4.11x as at December 31, 2023, as against 4.07x as at September 30, 2023. Investment income was at ₹ 25.96 billion in 9M FY2024 as against ₹ 21.60 billion in 9M FY2023.

On a quarterly basis, investment income was at ₹ 8.38 billion in Q3 FY2024 as against ₹ 7.66 billion in Q3 FY2023. Our capital gains (net of impairment of investment assets) stood at ₹ 3.95 billion in 9M

FY2024 as compared to ₹ 2.94 billion in 9M FY2023. Capital gains (net of impairment of investment assets) stood at ₹ 1.08 billion in Q3 FY2024 as against ₹ 1.52 billion in Q3 FY2023.

Our Profit before tax (PBT), grew by 20.6% at ₹ 18.57 billion in 9M FY2024 as against ₹ 15.40 billion in 9M FY2023, whereas PBT grew by 23.3% at ₹ 5.74 billion in Q3 FY2024 as against ₹ 4.65 billion in Q3 FY2023.

Consequently, Profit after tax (PAT), grew by 8.3% at ₹ 13.99 billion in 9M FY2024 as against ₹ 12.92 billion in 9M FY2023. Excluding the impact of reversal of tax provision in Q2 FY2023, PAT grew by 20.2% in 9M FY2024. PAT grew by 22.4% at ₹ 4.31 billion in Q3 FY2024, up from ₹ 3.53 billion in Q3 FY2023.

Return on average equity (ROAE) was 17.1% in 9M FY2024 as against 18.1% in 9M FY2023. The return on average equity for Q3 FY2024 was 15.3% as against 14.3% in Q3 FY2023.

The Solvency ratio was at 2.57x at December 31, 2023, as against 2.59x at September 30, 2023. This continued to be higher than the regulatory minimum of 1.50x.

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

I would like to thank you all for attending this earnings call and we will now be happy to take any questions that you may have.

Moderator: Thank you. We will now begin the question and answer session. The first question is from the line of Shreya Shivani from CLSA, please go ahead.

Shreya Shivani: Thank you for the opportunity. Congratulations on a good set of numbers. I have two questions. Sir, firstly, excluding all the calamities that we have seen in 9 months, your Combined ratio has come at 102.3%, right? And we had earlier given a guidance to reach 102% by FY2025 end. So, clearly a much better growth in new vehicle sales has supported lower loss ratios this year. So, can you help us understand what is your revised guidance for the next year or next 2 years is on the combined ratio side given that we know that you are currently investing in the health portfolio and on the technology front etc. So, that will be the first question. And the second question, sir, can you quantify the loss ratio trend for Retail health and Group health? And there have been some covid cases in the Southern part of the country. How many cases do you have? Is it something that we should be concerned about for the fourth quarter? Just trying to understand if there's yet another thing that hits us in the next quarter?

Sanjeev Mantri: As far as the combined ratio guidance is concerned, Gopal will share with you in detail the loss ratios that you're seeking on the retail as well as the group health side. Clearly, we stick to the guideline of what we had mentioned that we will go to 102 over a period of time. In terms of revision, clearly from an industry standpoint, again we are seeing ourselves doing reasonably well, but does this lead to make us believe that the guidance can go through a change at this point, we would say we hold to this. We want to see this trend holding up over next maybe a quarter or two. And then we'll come back to the market if we believe there is a revision to be done on that. In terms of retail and GHI trending by, we have seen improvement over what we have achieved over the last quarter. Gopal will share the numbers and details.

Gopal Balachandran: Shreya, this is the employer employee or let's say the group health loss ratios, for Q3FY2023, that number was 98.9%. This year Q3, the number stands at about 93.1%. On a 9 month basis, the GHI loss ratios for 9M FY2023 was 95.9% and for 9M FY2024, that number is 95.8%. On retail indemnity, in the same order, Q3 FY2023 was 68%, Q3 FY2024 is at 66%. This is pretty much in line with the range that we have been talking about, which is in the range of between 65% to 70% is the threshold that we are comfortable with on the retail indemnity side. And on the 9 month basis, again retail indemnity loss ratio for 9M FY2023 was at 65.2%, this year in 9M FY2024 we are at about 65.6%. So, that is the breakdown in terms of the loss ratio across different segments.

To your last point on covid claims intimations, too early, at this point of time, we don't see any specific instances or any spikes that we get to see. Obviously, we will watch for the development, but nothing at this point of time for us to call out.

Sanjeev Mantri: As of now, no cause of concern.

Shreya Shivani: And the overall combined ratio guidance, I get it right that you may come back to us after maybe a quarter or two if there is any change in the guidance, for now it's 102% for FY25?

Sanjeev Mantri: Right now, it's 102%. We're not changing it, but as I said, seeing how the Quarter 4 goes, we will come back probably by the year end.

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

Sanketh Godha: Sanjeev, we are seeing a little better trend in motor especially in the month of November and December compared to the industry. So, just wanted to understand that our strategy with respect to motor has changed, probably we are seeing little growth coming back. Is it because of the pricing environment changing or we believe we will be little more aggressive or more confident to do motor than what we were doing in the past, that's my first question. And on similar lines again in the third quarter if I see, you seem to have grown retail health especially at a lower rate compared to the industry. I mean, despite doing investments, we thought that you will grow at least 1.2x to 1.3x of the industry, your growth seems to be broadly lower than the industry, marginally lower than industry. So, I just wanted to understand why the cautious stance being taken with respect to health or is it because of the competition on retail health. That's on growth. And just for Gopal, the question is motor TP loss ratio, see the number seems to be again very good at around 62% in Q3 or 65% in 9 months. So, typically we tend to boost up the reserves in fourth quarter, the historical trends suggest so. So, is it a case that we will see a similar trend or you believe that 65% motor TP loss ratio reported for 9 months will sustain for the entire year and similarly, if you can comment on the motor OD too, whether this is the number what we are looking at 65%?

Sanjeev Mantri: Gopal will cover the TP part. I will cover the motor, what is the trend that we are seeing and the strategy going forward, also on the retail health in terms of the numbers which are relatively subdued which I also said in my initial comment that definitely where we wanted to grow faster than that. First thing on the motor, we continue to be a very competent and relevant player, we saw in the past also and we have given that guidance that whenever we see that kind of market share we shaved off, it was more cautious because the intensity what we thought would get stabilized did not happen, so we had taken a step back and let it flow the way it is. Now, we have seen some of our key competitors who are re-looking at the approach reeling , have started putting lot more method in that madness and that has given us an opportunity. That being said, Q3 typically has a tendency to have lot more new sales in the season and there we do end up with the structure that we have. Having a lot more to achieve as a team on motor, overall on market share, but more importantly the very critical trend which can highlight to all of you is that YoY we have been losing a bit of a market share but for the month of December, we have gained a market share, we are at 10.7% against 10.5% last year December. So that trend is a critical one and we are well placed in terms of what we believe if we see this environment operating on semblance, we will not participate in any crazy hunt if that's what the market leads to. Every reason to believe there will be a bit more of semblance and in that scenario we will see ourselves exerting a lot more in quarter 4 for in time to come. So, that's what we have on motor trend broadly.

On the retail health, subdued number. It's not something which we are very worried, but yes, we would have loved to grow faster. We have taken certain calls in terms of sum insured which category of portfolio to write, because again if you know whatever health book that we write, it is for a lifetime renewability technically and we need to hold on to that customer. We had certain early trends which got us concerned. That being said, our new book has still grown at almost 25% and we do believe that in time to come with the sort of investment that we have done with our human capital as well as the product profile, which will also happen over next couple of quarters from our side, we would be a potent force and the mission that we have shared is formally on track. These are all conscious calls which do not deter us in terms of where we stand. Motor TP, I will ask Gopal to answer in terms of the details that you had sought.

Gopal Balachandran: So, Sanketh, our response will pretty much be on the lines as what I have been talking even in the past few earnings call. So, the range within which motor OD loss ratios will operate, even last quarters we have been talking about in the range of 60% to 65%. we pretty much stay on course in terms of that part of the range on the motor OD side. That's largely because as an organization we are kind of focusing a lot more in so far as the claims initiatives are concerned whether it is in the context of the average claim size etc. And therefore, the range that we are comfortable with on motor OD is in the range of 60 to 65.

On motor TP, as we keep saying again, quarterly numbers may not be the right way to look at. But even on a 9 month basis, the numbers for us stand closer to about 65%. If I recollect, the range that we have talked about has been in the range of 65% to 70%, but that again would be a function of what kind of a risk selection that we do and the point that Sanjeev made, clearly as an organization we are significantly focusing on much more granularization of data, risk selection and so on and so forth. And therefore the range that we would be looking at operating on third party side would be between 65% to 70%, which is why on balance when you look at motor in the aggregate, that number should be in the range of between 65% to 67%, which if you look at the 9-month numbers, the motor at an aggregate basis, the loss ratio stands at about 65% for this year. So, the range that we would be comfortable will be between 65% and 67% on an aggregate basis.

The only point I would say Sanketh is there is no specific trend line for us in Q4 seeing any form of aberration. Possibly what you are referring to is maybe couple of years back this is financial year 2021 if I recollect it correct, I think there was certain Supreme Court judgments that had come through in that particular year and that is the reason why not just for ICICI Lombard, even at an industry level, the companies had to recalibrate their ultimate loss experiences and therefore one had to take some impact of strengthening of losses, but otherwise it is not necessary that we do see any kind of an inch up in third party loss experiences are concerned for Q4 which you are referring to.

Sanketh Godha: No, because I saw a similar trend in Q4 FY2023 too, so that is the reason I was asking the question that 65 number is sustainable, but you answered that you are looking at the broad number of 65 to 70 to play out for the motor TP loss ratio? Sanjeev, just to your comment on motor, just wanted to understand you are saying that in overall market competitive environment in motor OD, the relative madness has come up and therefore market is more conducive than it was in the past that is the conclusion I should make?

Sanjeev Mantri: So, I will tell you, that will be a relatively sharper conclusion, but yes, we do see some bit of semblance overall and the LR of the industry has gone down from 93% to 87% and so if that is the indication, yes, there is an improvement, but still if you are asking from an overall standpoint, the industry is writing the motor portfolio at a reasonable triple digit of combined ratio of 118-119%. So, there is a lot more that has to come and even the private sector is writing at 114-115%. It is a long journey, but what I can tell you Sanketh is that where we stand, the lens through which we are looking at the market we are reasonably confident of our practice and we will be able to drive value for the organization in the current environment that is prevailing, but long-term trends have to manifest. You know that the industry numbers come with a lag. We are awaiting the 9-month numbers for the industry to get a sense post which we will be able to give you closer to when the financial year gets closer for us. At that point of time, we can have a much more evolved discussion on this Sanketh.

Moderator: Thank you. The next question is from the line of Madhukar Ladha from Nuvama Wealth. Please go ahead.

Madhukar Ladha: Congratulations on a good underwriting performance. Clearly, you seem to be achieving your guidance sooner than expected. So, just a couple of questions on the motor side, so I wanted to understand how is the implementation of the entire loss reporting within 6 months' time period, how is that progressing and what is our sort of expectation on that? And related question on this, is the industry believing that this will get implemented and as a result of that the competitive intensity had been high or are they looking because they believe that the ultimate loss ratios will be lower, is that the correct way to think about it or is that the way some industry participants are thinking about it and acting in that way? And second question, on your investment yield that seems to have dropped this quarter, so some understanding of what has actually played out over there, so those two would be my questions?

Gopal Balachandran: So, Madhukar, on the 6-months law of limitation, as we have been indicating that matter still is before the Supreme Court and obviously we will wait for the verdict to come out. What we understand is most of the state seems to be in favor of getting the law of 6 months implemented and therefore, one would obviously wait and see how the final verdict plays through, but the direction that states want to take is clearly to get a law of limitation in place. Having said that, what could happen let us assume for a moment that if it goes in favor of, let us say, in line with the 6-months law of limitation. Again, the impact could vary between players in the market because at an aggregate level for the market, obviously there will be some reduction in frequency as we have been explaining consequent to reduction in possible frauds. So, that is a positive so far as the overall market is concerned. Second, in the context of ICICI Lombard, obviously we have been inflating reserves with an inflation assumption between 12% and 13%. This inflation assumption for the market may not be the same and therefore whenever this will play out, the impact could be slightly more beneficial for companies which have been reasonable in their inflation estimation and for us, as I said, ICICI Lombard has been inflating at 12%-13%. Markets if they have been inflating at a slightly lower number, therefore, the impact could be relatively moderate for those set of players, so hence in that sense, it would obviously translate into an incremental business opportunity for us. Having said that, this law of 6-months limitation will be applicable only on a prospective basis, which is effective from April 1, 2022, so hence it is where we would be able to see as I said, a relative benefit play out for us in the context of the market.

The other thing what could also happen, as the flip side to this is, in case, if finally, this law gets implemented, there is a possibility that next year or maybe in future the regulator and the government will very closely watch for the need for a TP price increase. While last 3-4 years again, we have not necessarily seen any meaningful price change on the third party side, but given the fact that this six month law could lead to a positive development from an overall industry standpoint, we may see periods where we may not able to see further increases on the third party pricing. But obviously that is the development that we will again closely watch for in the third party six months law of limitation dynamics is concerned.

So, on the investment yield again, Madhukar as we have always said our realised return is a function of what do we see as interest accruals and what is it that we see as capital gains. For us given the fact that we have been explaining even in the earlier earnings calls, the high interest rate regime is something that we have obviously taken advantage of and hence, if you would have seen our yield to maturity on the overall book, that currently in fact at December 31 stands at 7.31%. This number, if you recollect, maybe couple of few quarters back this number was less than 7% at about 6.92%. So, hence, we have actually been taking advantage of the higher interest rate regime and that is kind of auguring well so far as interest accruals are concerned, where you may possibly see in some quarters possibly a decline in yield is consequent to let us say maybe relatively lower levels of capital gains. That is purely a function of what we believe our market opportunities for any gains to be realized. We have generally not seen any instance where we have seen uniform levels of capital gains across quarters. So, in fact there again, I would urge similar to the discussions that we have been having on the loss ratio side, the yield on the overall portfolio should be looked at again, ideally over on a financial year basis, ideally over longer years, but definitely not on a quarter-on-quarter basis.

Sanjeev Mantri: So, just to add Madhukar, in terms of the point that you had mentioned on TP, directionally and we all will agree that even on the part of Motor Vehicle Act, the adoption at the state level would have always gone through its course, but if the intent is to make the overall consumer benefit, these things, in spite of the hiccups, I believe over a period of time will get implemented. In a country like ours, it will always be a little more complex, but multiple decisions which have been taken by the body, we remain positively cautious and see that this will flow in that direction over a period of time, but one bigger thing which I want to add Madhukar is, the way IIB has come up the stream and improved the quality of data sharing that can happen at the industry level, that has been transformative and the level of accuracy and the real time manner in which we can think all of the industry will benefit and we with the level of business that we do and that kind of an accuracy, I mean banking got transformed and Bureau came into place and you could really figure out where what stands and this data once it gets created in that form will also end up helping us figuring out fraud and so on and so forth, so the base work has got done. To me, that is also a big positive which can benefit companies like us substantially to drive efficient equation in the market.

Madhukar Ladha: Just one question on the investment book, what is the amount of capital gains this time around, if you could give that versus the last quarter?

Gopal Balachandran: The number of capital gains for the Q3 FY2024 was about ₹ 108 Cr as against ₹ 152 Cr, which was the capital gains that we had Q3 FY2023.

Madhukar Ladha: And last quarter, what was the number?

Gopal Balachandran: Q2 FY2024 number of capital gain, that number was about ₹ 164 Cr.

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

Prayesh Jain: Just a few questions, firstly, Sanjeev sir, could you elaborate on your strategy that you were talking about in your initial opening remarks? Could you just elaborate on that new philosophy that you are talking about? The second question was more on motor business granularity as to we have seen faster premium growth as compared to the vehicle growth and that is possibly because of certain factors like premiumization, share of EV's going higher, CNG share going higher, top models going higher or automated vehicles going higher, any of these cohorts where you think, particularly EVs, where your experience would have been kind of much better than what you have expected earlier and you see some price corrections out there or in with respect to drive as you use or the pilot project that we were working on earlier, how is that mix evolving? Some granularity on the motor business will help us kind of look forward into the future on this business? And last question was on commission ratio, where how do you see the commission ratio kind of panning out this quarter, it was at 17% there abouts and so how do you look at this ratio from a full year perspective in this year as well as years going ahead?

Sanjeev Mantri: Let me give you a quick perspective on 'One IL One Team', as I also mentioned when I spoke earlier in my script the fact that it is core philosophy change, we have been in the business for the last 22 years and obviously as an organization, we had created multiple center of excellences and these departments have gone on to deliver a lot more for the organization than one could have thought at the inception level, but the time has come where we need to add an overarching level, see that we are able to derive value at a multiplier level for the organization. To give you an example, we had value-added services which were being driven by us as a Company, we have our own patents which are registered to manage risk, but these value-added services used to work more on a project basis with the entities. What we have ensured is that we are getting this embedded with the organization and multiple departments on the commercial side to drive the impact. Another part is on the data analytics side, the data engineers, we do have that particular department which was running and quite effectively, but it was not embedded, they used to operate on a project basis. What we have done is that we have gone ahead and got that department working with business teams to direct reporting in terms of making it work. So, there is lot of synergy benefits that can be driven on this at multiple counts, we would be driving and cost leveraging it. Our practice as we have always mentioned on the corporate side has been very extensive, but our ability to harness, to even procure retail business becomes a significant part of our strategy. It is not even cross sell. It is actually all embedded solutions. The bulk of the products that we deal with, are naturally inclined towards static requirement, whether it is SMEs on the commercial side or motor, health is the only discretionary product that corporates indulge in. You will also see product launches in time to come, which would be harnessing this opportunity across the segment. We have got a large presence for the consolidated approach that was required, but the word of caution is it does not mean that the dissecting of the market and ensuring that we leverage on our distribution will get diluted at any point in time for us. So, that is my two bit in terms of discussing 'One IL One Team' as a Company.

Now, coming onto the motor part of the strategy as you see, we have seen a significant transformation. I just covered the EV part of business which you spoke about. From an overall industry penetration level, it has 9 months penetration was 3.5%. It has gone to almost 4.2% for us. We as a Company have a very dominant share on the EV side. On the private car, which is the passenger's car, we are talking about, we have a market share of almost 18% and on two-wheeler, we have a market share of almost 28%. We are obviously bullish and we do believe that over next couple of years we will have the inflection point. So, two points, one infrastructure and other the price point which makes it workable. We would continue to invest and loss ratio, yes we do see that it is relatively better, but I would not rush to conclude that again because these are very early days. This will emanate over a period of time, but we will stay invested because this is the category which can rule the market.

In terms of overall motor, clearly Q3 new sales which you spoke about and you have read those numbers that we have seen a growth in private car of 30%, in two-wheeler by almost 14%, much higher than what the industry has done. Again, multiple things, one, we are well equipped in terms of the new business. As and when that growth comes back, our ability to operate in a decisive manner is pretty much existing and we do believe that this should exhibit over next probably a quarter or so. But we never expected the industry on the private car to grow at the level of almost 7-7.5% because the base for last year itself was high and India has moved on to become the third largest manufacturer of overall motor vehicles which itself speaks about how the volumes are getting driven. Another big change which has happened is the SUV cars have started dominating, for which the average ticket size is high, so you would also see that getting exhibited in a number as we speak about the motor growth that will come in. So, overall we remain positive in terms of driving our motor initiative as a team.

On the commission ratio, I will ask Gopal to just quickly give you an update. We have been pretty much within the regulatory limits as prescribed and since in Q3 new vehicles growth is higher, the expense ratio tends to be elevated historically for the industry and more so for us.

Gopal Balachandran: So, Prayesh, in line with what we have been mentioning even in the earlier earnings call, a better metric to look at as we keep saying is combined ratios because there will always be businesses which could be high on LR and low on cost of acquisition and the vice versa as well. So, hence, one would urge to continue to look more at the combined ratios of the Company as a whole. Having said that, in line with what Sanjeev said, if you look at our expense of management (EOM) numbers at the percentage of GWP this number for the 9M FY2023 was at about 28.6%, for the 9M FY2024 this number stands at about 28.1%. So, there has been some improvement in the overall expense of management numbers, but as I said, a better metric to look at is the combined ratios for the Company as a whole.

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

Nidhesh Jain: Firstly, on the health insurance, we have been investing in that distribution for last almost two years, but still our growth has been broadly in line with the industry, in the month of December, we lagged the industry, so what are the aspirations there and when we think the growth pickup in the retail will be?

Sanjeev Mantri: As I was mentioning, even when I was talking earlier in the call, we also would have preferred growing faster. If you see our growth in Q1 was quite higher than the industry, but we have taken certain calls on the sum insured as well as the nature of new business that we want to procure. These are very finite definite calls. We are very much on track in terms of what we want to achieve. The new business side of this call has grown by almost 25% as a Company. So if you ask me, where will we see a real growth coming in this since these changes have been done over Q1 and Q2, you will see this playing out very clearly over next financial year and what we have spoken with the market and probably three quarters back in terms of the growth, at that point, these calibrations that we have done because we felt health as a portfolio which comes with lifetime renewability requires real time caliberation. So, we chose to take that call at this point of time. So, that the long-term value creation that we want for the organization does not get compromised, but you will see our convergence as a team, not only in terms of growth, but also product launches, which, if you ask us, on a score of 10 on product, our solution stack that we want to create on the health side, we would probably be 6.5 and there about over 10 as a score. So, we have that distance to be covered and that also will get done in the next couple of quarters. So, we are very positive, and we do see good value creation coming from the next financial year onwards.

Nidhesh Jain: Secondly, the motor side sir, our profitability has improved quite well and our loss ratios are tracking one of the best that we have seen, so why don't we push the pedal on the growth and start focusing on market share gains in that segment given the profitability is quite good for us?

Sanjeev Mantri: I think that you have only answered the question in terms of where we stayed focused and we had some loss of market share, but we decided to stick the course and that is what we are doing. At this point of time some of the other partners who were being aggressive also pulled down. So, it is a combination of we sticking to the course and as I was also stating that December was the first month in which we have seen relatively better market share. In our mind, we do believe that quarter 4 should hold good for us as a team.

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

Avinash Singh: Couple of questions, the first one on commercial line, i.e. fire, marine, engineering, if I look on a 9-month basis the movement Y-o-Y in claims ratio is material now, in terms of NATCAT it would have played out maybe a bit higher this year, but not material, so now this question is that is this sort of a claims ratio increase in the commercial lines an outcome of any pricing deterioration at the industrial level or is it largely due to the reinsurance price hike that industry has seen, so I mean some color on what is driving this commercial line loss ratio increase and if the factors, that I just mentioned, the pricing deterioration or reinsurance price hike if they are largely done this year and should improve going forward next year? That is one, second again going on health, overall growth is reasonably good, growth is of course led by the pricing as well as some kind of volume growth, yet the claims ratio at the aggregate level of course, if you go segment by segment, there could be some difference, but at an aggregate level, claims ratio is still inching up, now is this an outcome of just the claims inflation or claims frequency is reflecting some kind of increase year-on-year?

Gopal Balachandran: So, Avinash, on the first one on the commercial lines, pretty much in line with what you mentioned, which is primarily whatever you see as change in the loss ratios whether it is for fire, engineering or some of the key commercial lines, the last part of the change in the loss experience is predominantly driven by the impact that we have seen on account of flood events and this year unfortunately if you would have seen, which is what we put out also as a part of the opening transcript, the aggregate impact that we have seen on account of various catastrophic events last year was about ₹ 28 Cr. This year, if you look at 9 months, we are already that number is about ₹ 137 Cr. A large part of it is of course, some of the commercial lines, but maybe the recent Chennai floods I would also say, we have also got a reasonably large number of claims that is coming on the retail side, which is more on the motor side of the business as well. But to stay within the commercial lines, the large part of the loss ratio change is predominantly driven by the impact that we have seen on account of the various flood events that we have seen and not because of any other reason. In fact, the overall growth in the commercial lines, particularly on fire has pretty much played out in line with what we have been speaking even in the earlier quarters, as if to say that the price drop consequent to the removal of the IIB rates has been broadly in that range of 5% to 7% and which was largely offset I would say by the increase in the reinsurance rates that we had seen at the time of negotiating the program at the beginning of the year. So, hence the growth for the overall market has been largely muted in line with what we spoke even during the April call.

What will happen in the next year's reinsurance renewal program, maybe we will be able to come back with a much better insight when we announce numbers on a full year basis in April because that is the time when we would have largely concluded the reinsurance placements, but otherwise on so far as the attritional losses are concerned, there is nothing other than, let us say, some of the impact on catastrophic losses related numbers.

To your second point on the health loss ratio, it is pretty much which is why in response to one of the earlier questions that I had come through is where we had kind of put out the breakdown of the loss ratios. So, in that sense there, if you clearly see, the loss ratios are pretty much in line with the range that we are comfortable which is just to kind of reiterate group health loss ratios we have generally spoken about it being in the range of 94-95% that is the number at which we have ended even the current 9 month numbers. Retail health indemnity, the range that we have spoken about has been between 65% to 70%. If you have looked at the 9 month numbers, again that is pretty much in line with the range that we have spoken about. Of course, we do see inflation and let us say possibly at times increase in claim frequency, particularly, let us say, during Q2 largely driven by monsoons and other related seasonality, but that is something again like what I mentioned on motor where we actively engage in kind of driving the PPN initiatives on the motor side for example, we would obviously want to drive a large part of the motor accidents to a preferred network of garages. The same thought process is what we have even on the health side, which is to kind of, we have a separate network management team, which significantly looks at focusing on driving a lot more traffic to a preferred network of hospitals, where we are not only able to guarantee so far as the policyholders are concerned, quality of care which is very important for us and more importantly, an outcome which is, let us say, a possible reduction in the average claim side and thereby which is how we are able to kind of manage the possible change that we see on inflation/frequency, but on an overall basis, we are comfortable at the range at with the loss experiences playing out.

Moderator: Thank you. The next question is from the line of Supratim Datta from Ambit Capital. Please go ahead.

Supratim Datta: My first question is on the new strategy of 'One IL One Team', so could you help me understand what would be the impact on the topline from the strategy and would this also have a cost impact in the form of cost savings that is my first question? My second question is on the reinsurance, so globally if we see the reinsurance rates, this year at 1st Jan has gone up somewhere between 30 -50%, what are we expecting here in India given CY23, number of NATCA T events, which were higher than what we had seen in CY22, so that is my second question? And lastly, I would just like to understand, currently that now that the growth has returned on the motor side, what is the market share that you have now within the private car segment or the two-wheeler segment and the commercial vehicle segment if you could help me with that?

Sanjeev Mantri: So, on the 'One IL One Team' part in terms of the topline as well as the cost it will get embedded as Gopal said in the combined ratio and what we are able to deliver as a team, we have taken certain initiations in terms of what we have done structurally. It will be early days for us to quantify anything of that to the market. You will see that getting exhibited in time to come. We believe that we rather do it than announce that this is what we believe will get transpired. But clearly what I can assure you is we do believe there is a kicker available on the topline as well as bottomline on account of what we are pursuing as a team. So, that is where it is. On the reinsurance part, I will ask Gopal to just give an update. We don't expect the premiums to go up significantly (whenever we do have a guideline) maybe say 5 to 7-7.5% and there about is what we expect to come in, but it will all get clearly called out in specific over Q4.

Gopal Balachandran: Supratim, as I said, we are in the midst of the negotiations, in so far as renewing the reinsurance program is concerned and as I mentioned, we will be able to give you a much better insight when we announced numbers for the April call, is when we would have switched in the reinsurance program and the rates for the next year, but the initial indication seems unlike last year where we had seen a significant increase in the cost of reinsurance for protecting the net retention or let us say the XOL cost that we are seeing for protecting catastrophic event related losses, our sense is obviously the hike may not be as much as what we had seen last year. Exact numbers as I said, we will be able to come back and give you much better clarity when we announce numbers in April, that is on the reinsurance side.

To your point on market share within, the new market share for private car and two-wheelers, private car, we have a market share of roughly about 12% around that range and on two-wheelers, the new market share has been currently in the range of about 22%. This, of course is slightly lower than what we would have normally had. I mean, in the past, maybe our market share on the private car side would have been higher by almost about 3-4% and even on two-wheeler, almost at a similar level. I mean would have been, we have always been saying that on new two-wheelers, one in four two-wheeler sales is the policy of ICICI Lombard. So, this is pretty much in line with what we have seen over the last two years where we have lost some market share. But as Sanjeev indicated, the momentum for us as we speak looks to be very strong and positive and which is why, if you look at some of the Q3 or month of December numbers, the headstart that we are getting into in Q4 and thereafter seems to be very positive for us and that is what we are very optimistic and hence even in the earlier earnings call, if you recollect what we had said was, motor we should see on an aggregate basis growth coming back in line with the market. The early trend seems to indicate that in fact for the month of December, just to reiterate, we have actually had an outperformance relative to the industry growth of 8.8%.

Moderator: Thank you. Ladies and gentlemen, due to paucity of time, we will now take the last question from the line of Ashish Sharma from ENAM Asset Management Company. Please go ahead.

Ashish Sharma: Just one question on the combined ratio, given that we are trending better in terms of improvement in combined ratio, so as you mentioned that we will take another quarter, so before you would want to change the guidance, but just wondering now, is there a possibility now that the business can operate at combined ratio of 100% or below?

Sanjeev Mantri: So, fair question Ashish from your perspective, but as things stand, once we will discuss this fairly by next quarter as to where we are seeing because we still want the overall trend coming out in the consolidated, but we don't want to jump the gun while the early signs do look better for us, but this sort of opportunity that we have as a Company, we will continue to invest. So, I would be very honest we can be where we are and the industry combined overall, it is still 112%. So, there are structural changes. My firm belief is which I can share with you, we would love to see industry itself improving in a significant way because today where industry is, we are able to perform well, if the whole industry improves structurally, I don't see any reason why ICICI Lombard can't drive far better benefit out of it. So, we are operating both at industry level as well as the Company level to make an impact, but for a Company like us, every opportunity which I have said in the opening remarks again is significant, so we would definitely use some percentage of what comes our way to reinvest to ensure that we are future ready in terms of the opportunity that comes. Would not jump the gun to call out and say 100 is what it is, it will be a mix of things, health will continue to seek more investment from us because we have reasonable competition as well as opportunities being made available to us. And similarly on the digital space, we will continue to do what is required to harness our own vision of where we want to be. So, with all that in mind, I don't want to close out things as is and what it would be, but let us discuss this when we are there on April in the call.

Moderator: Ladies and gentlemen, due to paucity of time, that would be the last question for today. I now hand the conference over to Mr. Sanjeev Mantri for closing comments. Over to you, sir.

Sanjeev Mantri: Thanks so much. I think the call has gone beyond the distance, but I absolutely enjoyed interacting with each one of you and look forward to catching up with each one of you in time to come. We stay positive and we do believe that we have a great set of colleagues operating in this segment with very extensive experience and we would definitely do what is required to add further value to the Company in terms of the industry, which gives us tremendous opportunity. Thank you so much and have a great 2024 and see you soon.

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