

9M2020

Performance Review

Agenda

- Company Strategy
- Financial Performance
- Industry Overview



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- **Company Strategy**
- Financial Performance
- Industry Overview



Strategy: Market leadership + Profitable growth

Leverage and Enhance market leadership

- Leverage our strong brand, competitive advantage and broad network of distribution partners
- Expand customer base and offerings

Enhance product offerings and distribution channels

- Focus on agency channel, retail health segment, SME insurance market and cross sell opportunities
- Continuous innovation to introduce new products and value added services

Capturing new market opportunities

- Expand footprint in small towns, rural areas
- Increase penetration in the digital Eco system
- Monitor emerging risk segments

Improve operating and financial performance through investments in technology

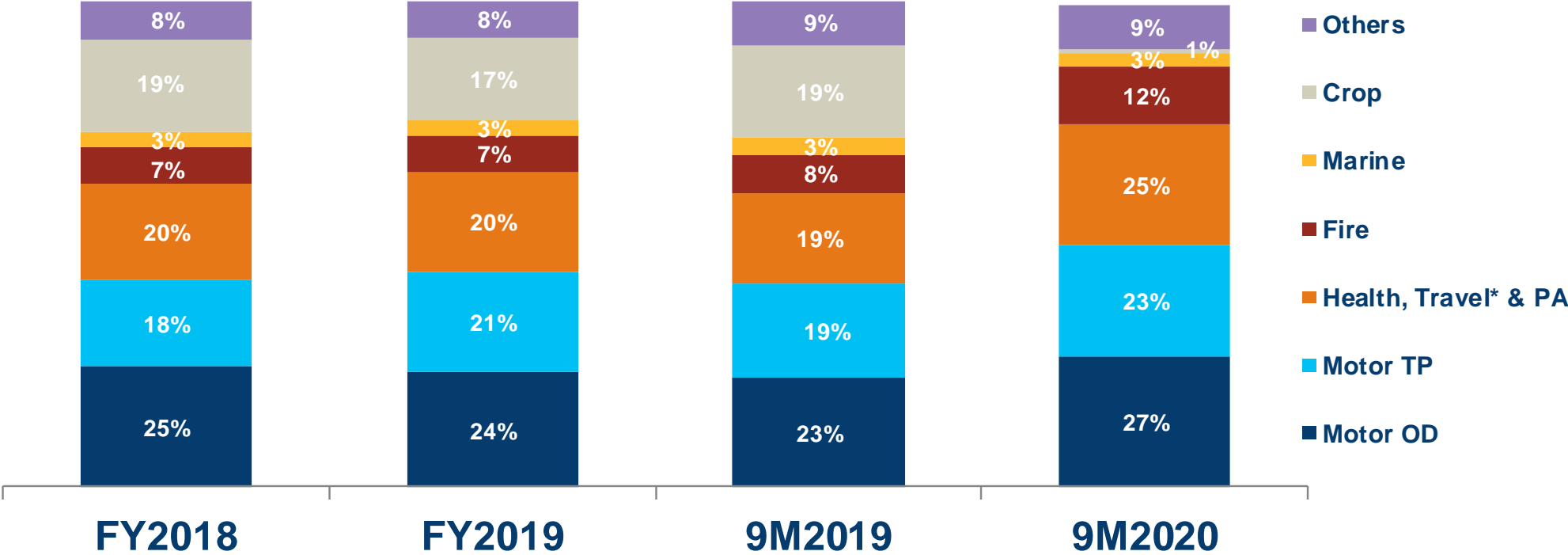
- Maintain Combined ratio using risk selection and data analytics
- Maintain robust reserves
- Increasing distribution and servicing capabilities without human intervention
- Increase operational efficiency using artificial intelligence and machine learning techniques

Key Highlights

Particulars (₹ billion)	FY2018 Actual	FY2019 Actual	9M2019 Actual	9M2020 Actual
Gross Written Premium	126.00	147.89	112.61	103.61
Gross Direct Premium Income (GDPI)	123.57	144.88	110.03	101.32
GDPI Growth	15.2%	17.2%	16.7%	-7.9%
GDPI Growth (excluding crop)	16.5%	20.5%	17.7%	13.2%
Combined Ratio	100.2%	98.5%	98.7%	100.5%
Profit after Tax	8.62	10.49	8.22	9.12
Return on Average Equity	20.8%	21.3%	22.7%	21.8%
Solvency Ratio	2.05x	2.24x	2.12x	2.18x
Book Value per Share	100.04	117.11	112.10	128.76
Basic Earnings per Share	19.01	23.11	18.09	20.07

Comprehensive Product Portfolio

Product Mix



- Diversified product mix– motor, health, travel* & personal accident, fire, marine and others
- SME business growth was 29.5% for 9M2020



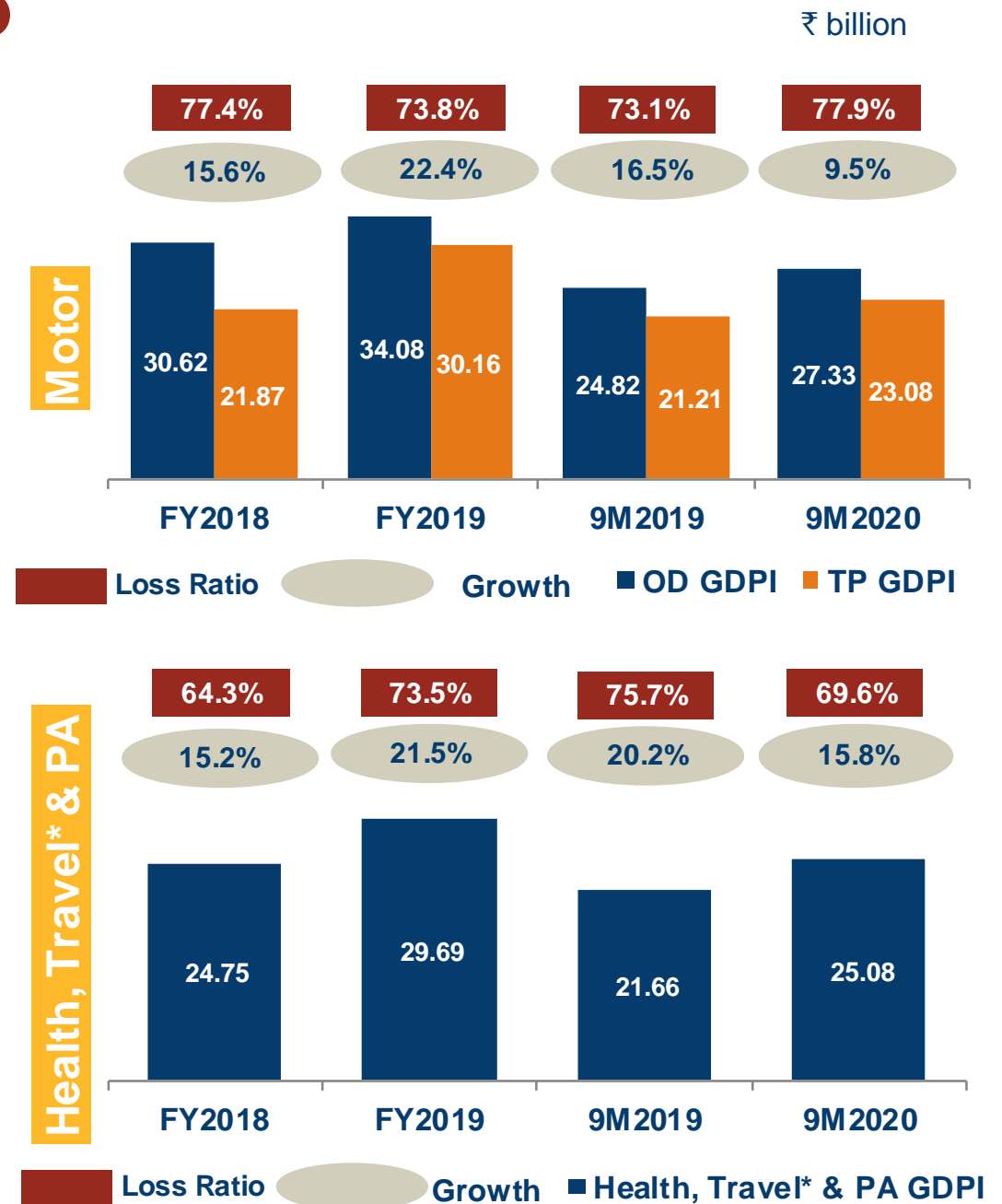
*basis IRDAI circular dated May 20, 2019

Comprehensive Product Portfolio

- Private car, Two wheeler and Commercial Vehicle contributed 55.9%, 29.5% and 14.6% respectively of overall Motor GDPI for 9M2020 and 50.1%, 28.9% and 21.0% respectively of overall Motor GDPI for 9M2019
- Loss cost driven micro-segmentation resulting in focus on relatively profitable segment
- Individual, Group – Employer-Employee, Group – others and mass contributed to 24.1%, 37.6%, 38.1% and 0.2% respectively of Health, Travel* & PA GDPI for 9M2020 and 27.6%, 39.2%, 32.1% and 1.1% respectively for 9M2019
- Individual indemnity new business grew by 92.8% for 9M2020



*basis IRDAI circular dated May 20, 2019

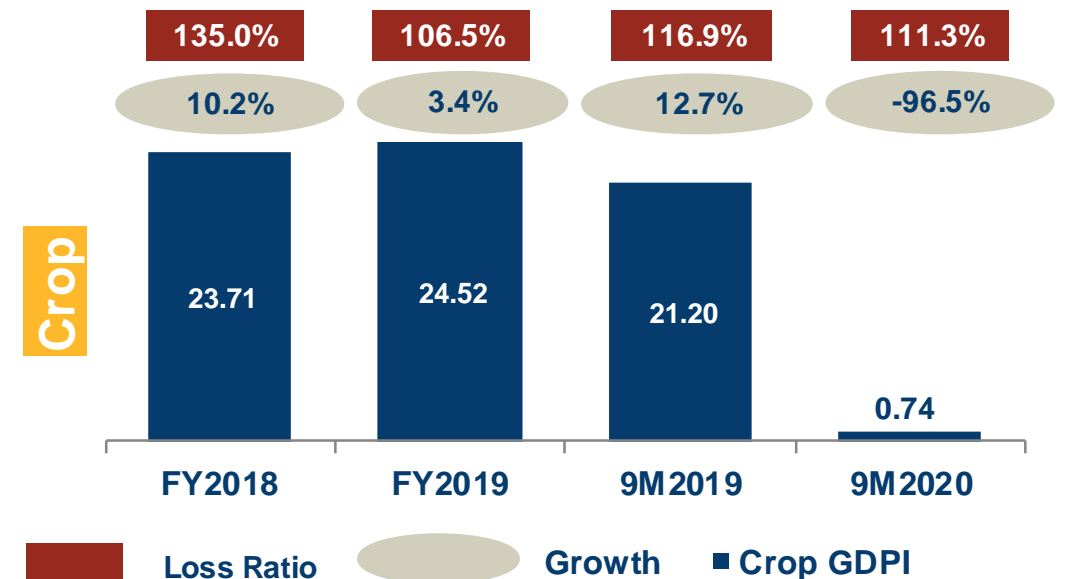
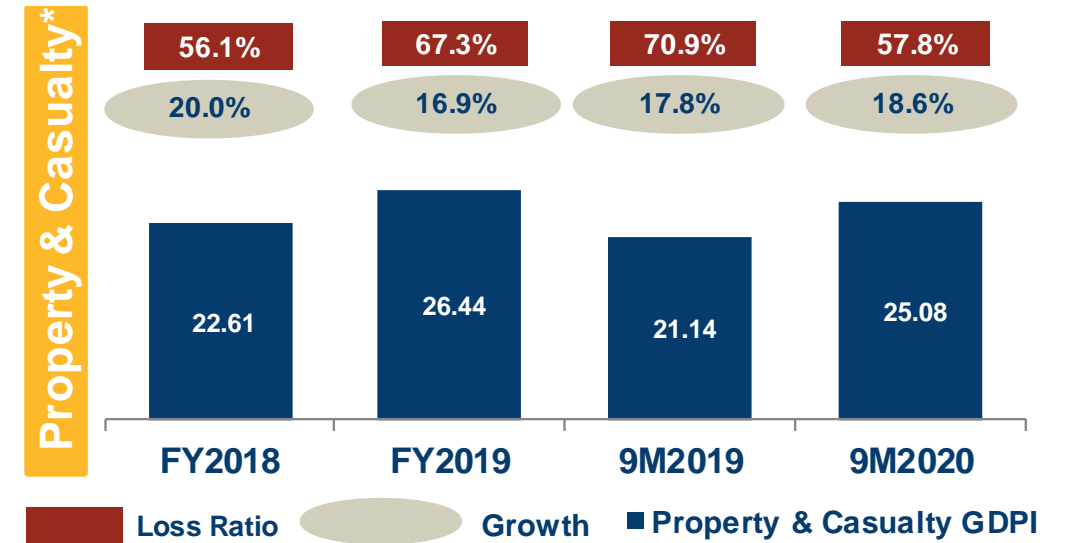


Comprehensive Product Portfolio

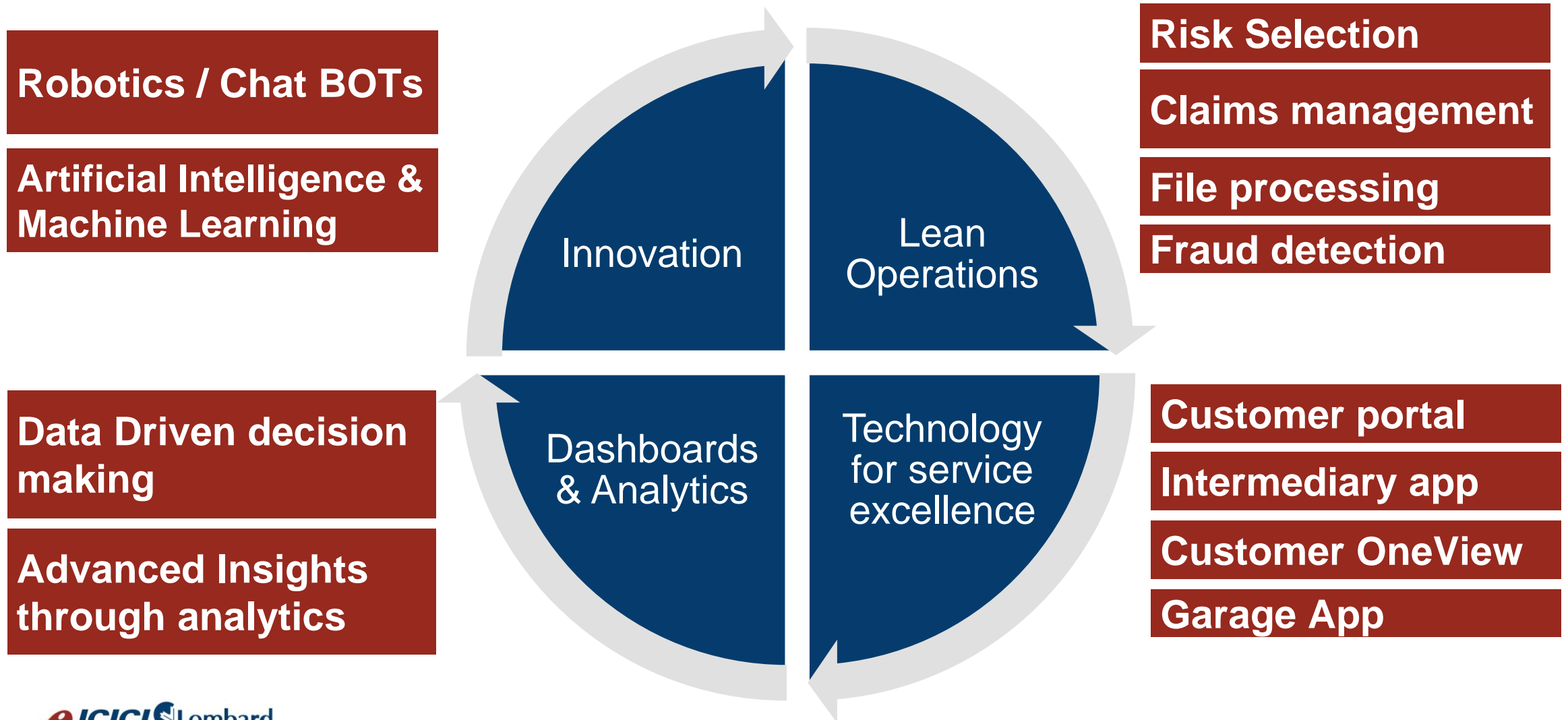
₹ billion

- Increase in reinsurance rates for other occupancies (rates for 8 occupancies increased w.e.f. March 2019) under fire segment w.e.f. January 1, 2020
 - Higher retention on account of increase in rates
- Underwriting of small risks for portfolio diversification and pricing

- Covered farmers in 4 states and 30 districts in Kharif season 9M2019 and 2 states and 14 districts in Rabi 9M2019
- No new tender won in the crop segment in 9M2020



Digital Drive: Enabling business transformation



Strategy: Market leadership + Profitable growth

Underwriting

- Predictive ultimate loss model to improve risk selection
- Diversified exposure across geographies and products
- Historically lower proportion of losses from catastrophic events than overall market share

Reinsurance

- Spread of risk across panel of quality re-insurers
 - Current panel of reinsurers* rated 'A-' or above**
- Conservative level of catastrophe (CAT) protection

Investments

- Tighter internal exposure norms as against regulatory limits
- Invest high proportion of Debt portfolio (80.0%) in sovereign or AAA rated securities***

Reserving

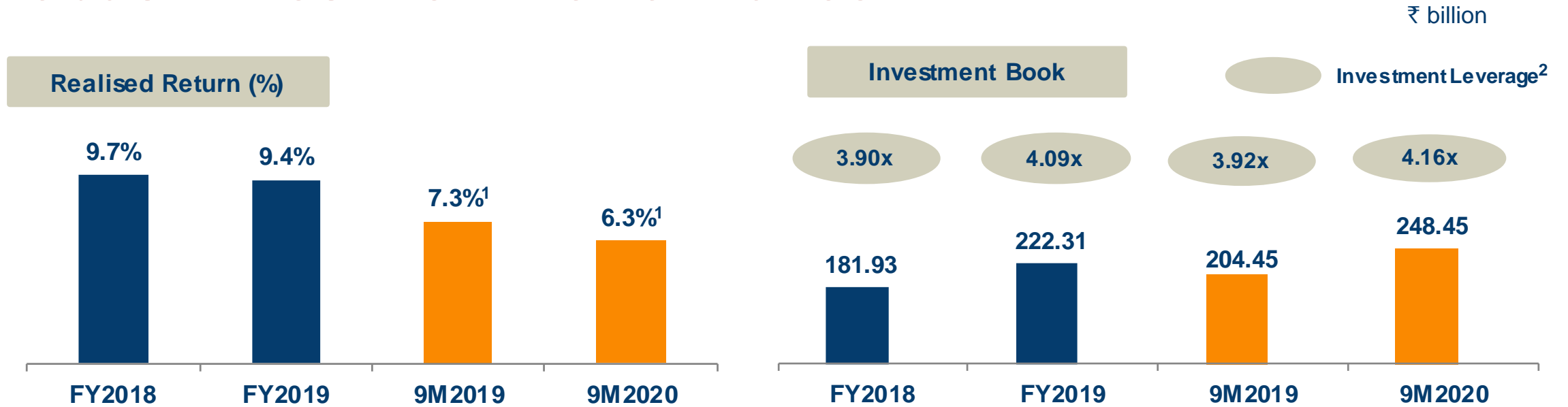
- IBNR utilization improving trend indicates robustness of reserves
- Disclosing reserving triangles in Annual report since FY2016

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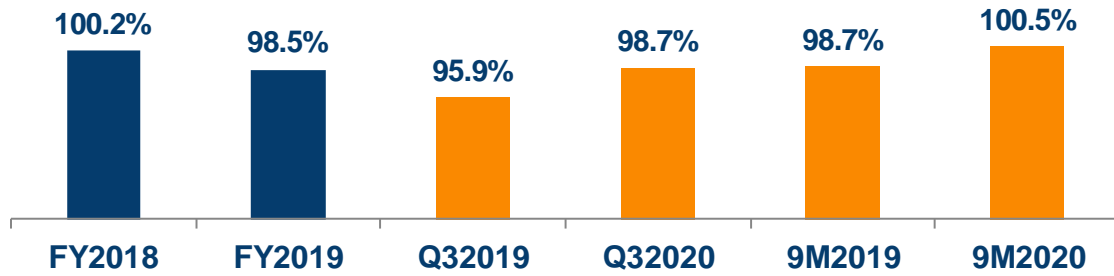
Robust Investment Performance



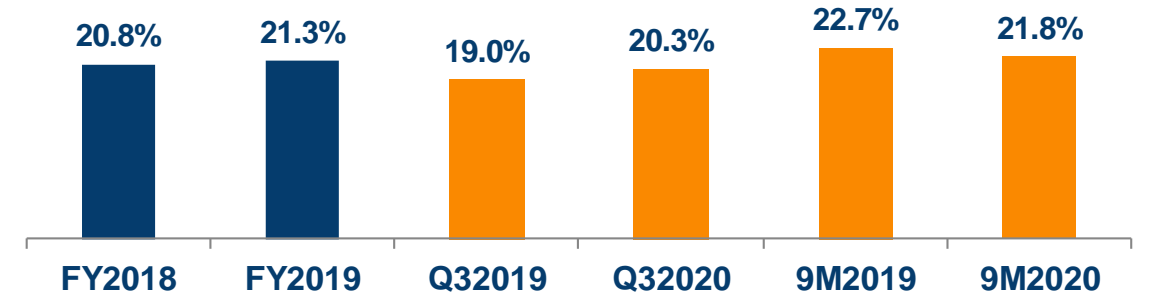
- Investment portfolio mix³ for 9M2020 : Corporate bonds 50.3%, G-Sec 31.1% and equity 11.0%
- Strong investment leverage
- Unrealised gain of ₹ 5.07 billion as on December 31, 2019
 - Unrealised gain on equity⁴ portfolio at ₹ 1.93 billion
 - Unrealised gain on other than equity portfolio at ₹ 3.14 billion

Financial performance

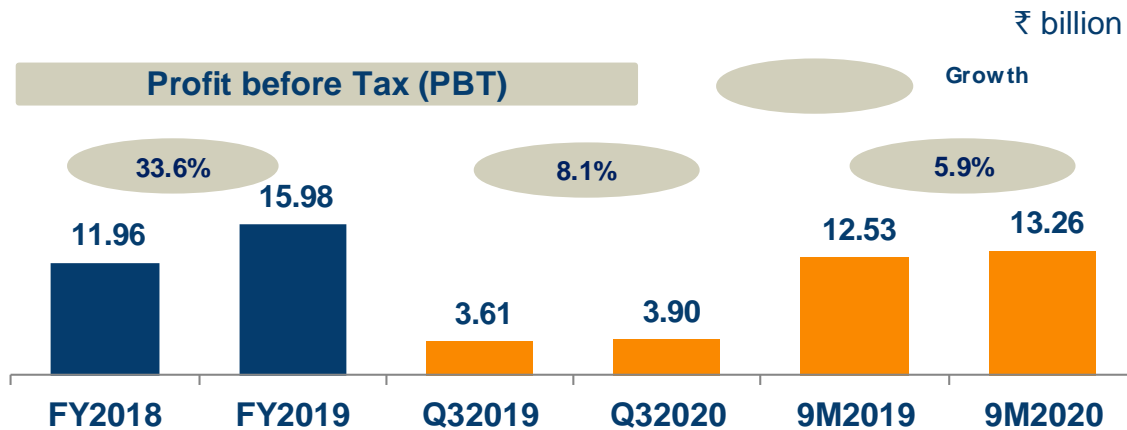
Combined ratio (%)



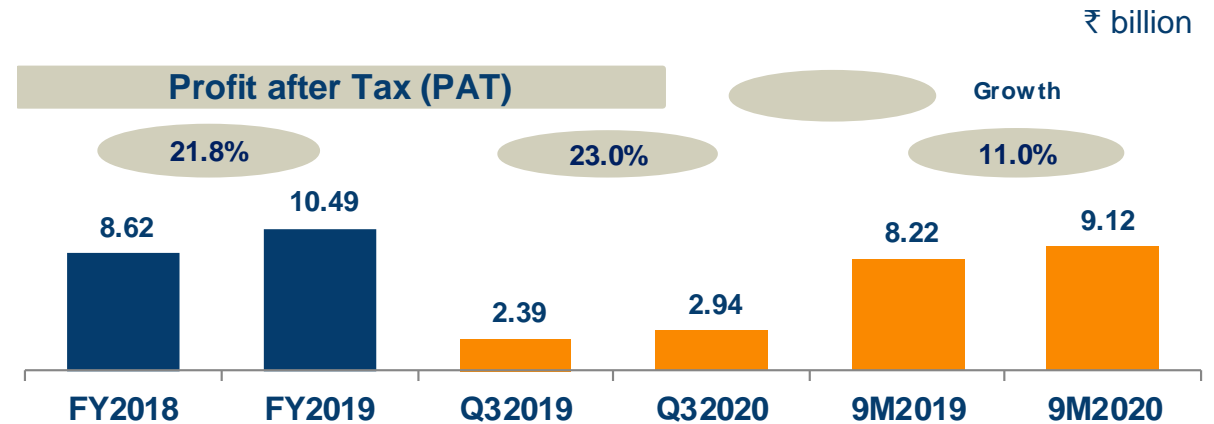
Return on average Equity (ROAE) (%)



Profit before Tax (PBT)



Profit after Tax (PAT)



- PAT for Q32020 and 9M2020 includes effect of lower effective tax rate
 - Effective tax rate for Q32020 and 9M2020 is 24.6% and 31.2% respectively

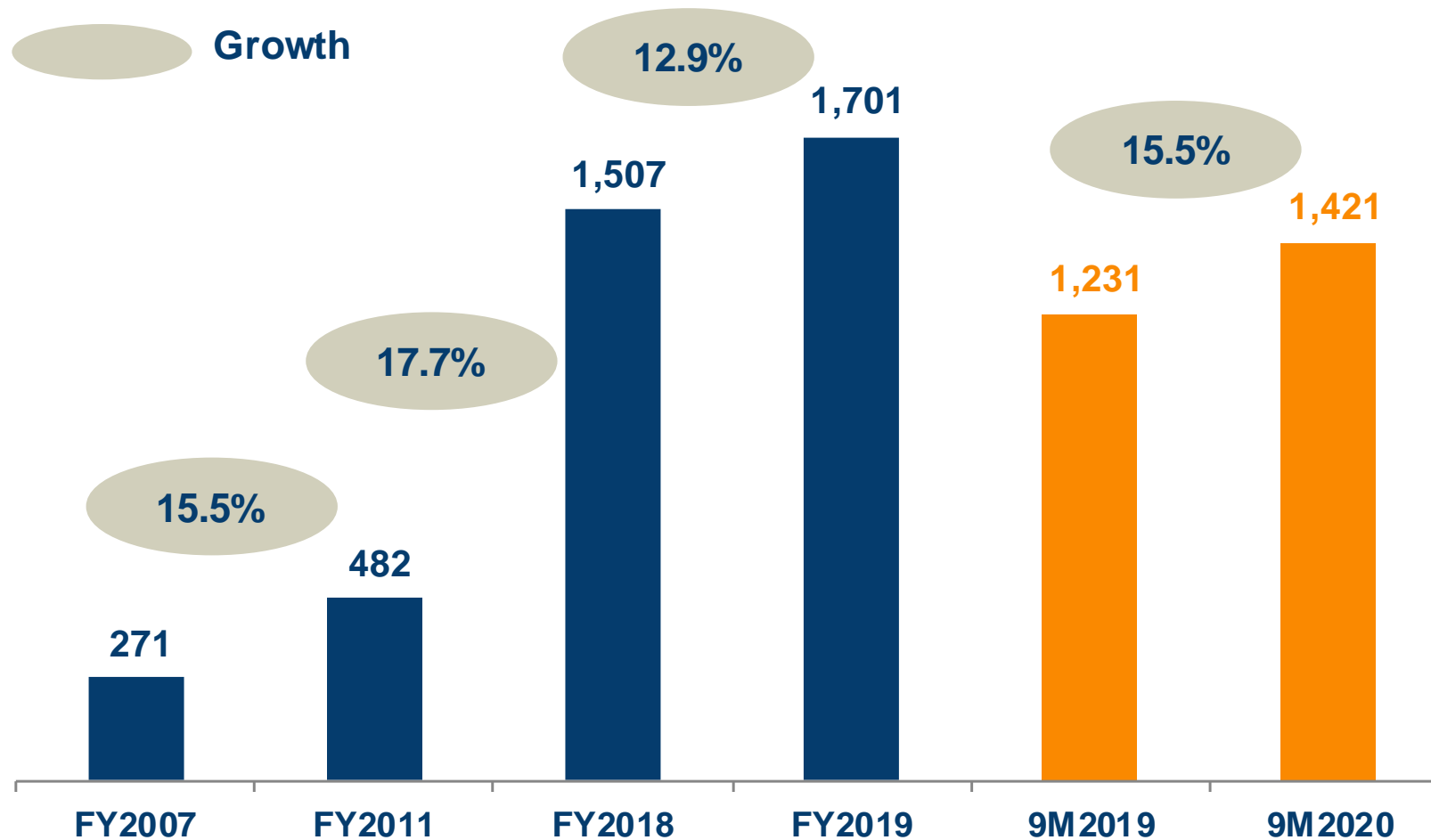
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- **Industry Overview**



Industry has witnessed steady growth

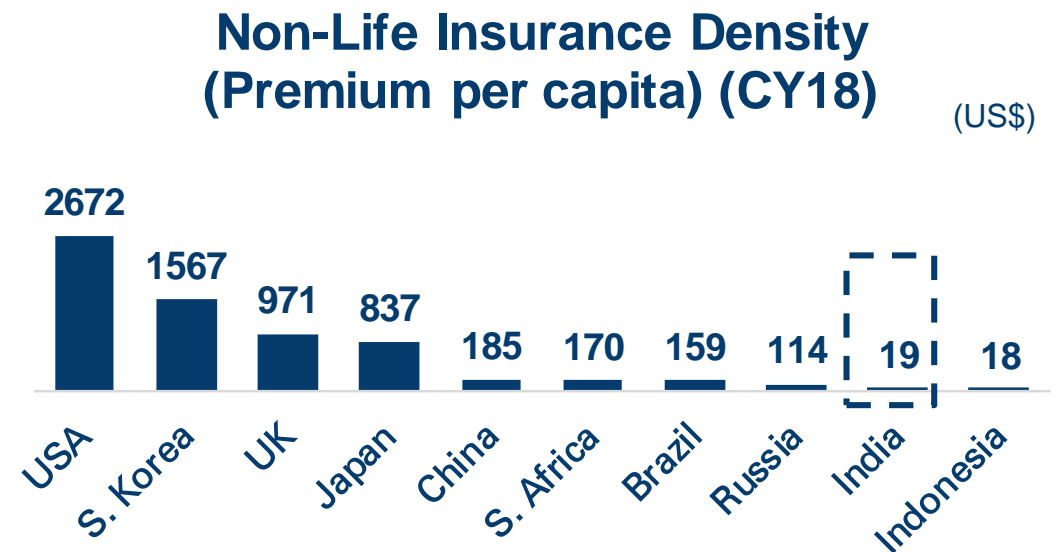
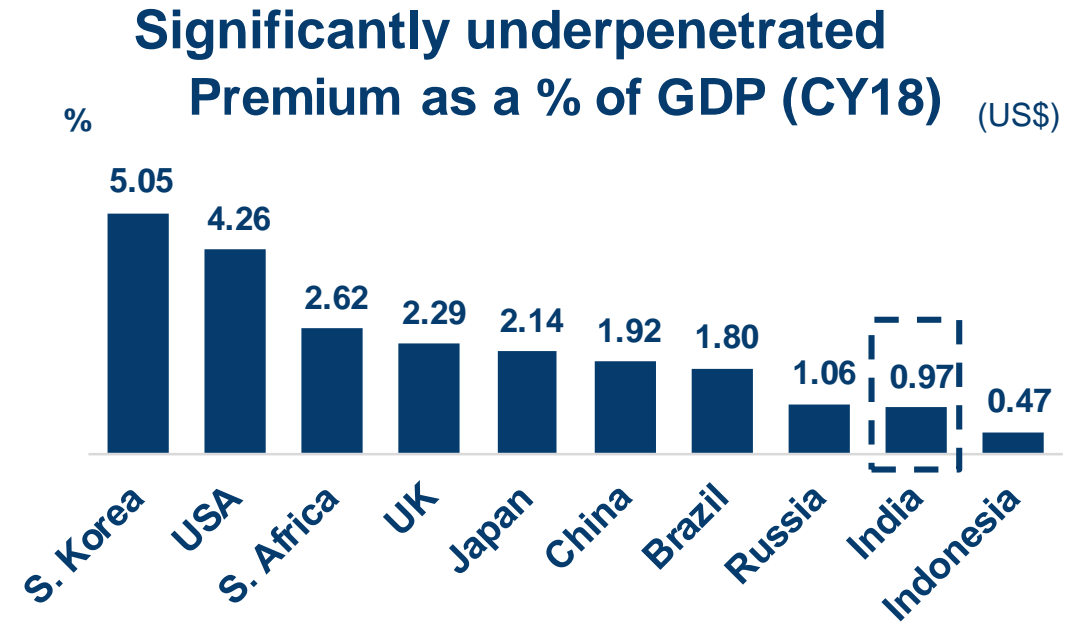
₹ billion



Industry has grown at CAGR of 17.0% in the last 18 years

India Non - life Insurance Market - Large Addressable Market

- 4th largest non-life insurance market in Asia and 15th largest globally
- Non-life Insurance penetration in India was around 1/3rd of Global Average in 2018
- Operates under a “cash before cover” model





Thank you

Annexure



Loss Ratio

Particulars	FY2018	FY2019	Q32019	Q32020	9M2019	9M2020
Motor OD	53.7%	59.2%	53.0%	68.8%	58.4%	69.6%
Motor TP	107.1%	90.8%	91.7%	81.8%	90.9%	86.3%
Health, Travel* & PA	64.3%	73.5%	74.3%	69.6%	75.7%	69.6%
Crop	135.0%	106.5%	116.3%	110.4%	116.9%	111.3%
Fire	43.1%	83.2%	58.5%	50.1%	83.2%	67.8%
Marine	54.2%	84.0%	65.1%	68.2%	87.2%	64.3%
Engineering	24.0%	37.1%	34.1%	34.5%	41.4%	38.4%
Other	50.9%	51.1%	51.5%	55.6%	60.5%	52.1%
Total	76.9%	75.3%	72.4%	71.7%	76.6%	73.8%

Impact of catastrophic events : Historical snapshot

(₹ billion)

Catastrophic Event	Year	Economic Losses	Insured losses *	Our Share of Insured losses [#]
Maharashtra, Gujarat, Karnataka, Kerala & other states Floods	2019	709.70**	20.00	4.10%
Cyclone Fani	2019	120.00	12.25	2.69%
Kerala floods	2018	300.00	30.00	2.37%
Chennai floods	2015	150.00	49.40	6.22%
Cyclone Hudhud	2014	715.00	41.60	2.34%
J&K floods	2014	388.05	15.60	2.61%
North-east floods	2014	393.30	15.60	***
Cyclone Phailin	2013	292.50	6.50	3.00%
Uttarakhand floods	2013	73.45	33.80	1.18%

*Source: Market sources, Google search & estimates

**AON Global Catastrophe Report

***There was no separate reporting of losses resulting from these floods since this did not rise to the level of a catastrophic event for us

[#]on gross basis

Reserving Triangle Disclosure – Total¹

₹ billion

Incurring Losses and Allocated Expenses (Ultimate Movement)

As at March 31, 2019	Prior	AY 10	AY 11	AY 12	AY 13	AY 14	AY 15	AY 16	AY 17	AY 18	AY 19
End of First Year	39.01	15.13	20.66	22.53	27.97	35.96	34.16	39.13	49.49	52.41	65.27
One year later	39.86	15.23	20.44	21.97	27.02	34.63	33.95	38.58	49.20	51.10	
Two years later	39.88	15.39	20.41	21.74	26.52	34.37	33.53	38.07	48.84		
Three years later	40.49	15.52	20.36	21.85	26.40	34.29	32.91	37.78			
Four years later	41.18	15.55	20.47	21.83	26.46	33.85	32.73				
Five years later	41.30	15.66	20.48	21.81	26.21	33.73					
Six years later	41.88	15.91	20.53	21.83	26.18						
Seven Years later	42.11	15.96	20.67	21.83							
Eight Years later	42.23	16.02	20.67								
Nine Years later	42.38	16.05									
Ten Years later	42.42										
Deficiency/ (Redundancy) (%)	8.8%	6.1%	0.1%	-3.1%	-6.4%	-6.2%	-4.2%	-3.5%	-1.3%	-2.5%	

Unpaid Losses and Loss Adjusted Expenses

As at March 31, 2019	Prior	AY 10	AY 11	AY 12	AY 13	AY 14	AY 15	AY 16	AY 17	AY 18	AY 19
End of First Year	7.74	5.31	7.18	7.98	12.01	17.32	17.10	20.44	26.84	32.58	37.37
One year later	3.85	1.83	2.67	3.33	6.11	9.70	11.58	14.06	16.86	18.03	
Two years later	2.67	1.34	2.00	2.46	4.72	7.92	9.61	11.46	13.04		
Three years later	2.40	1.15	1.58	2.12	3.84	6.73	7.80	9.69			
Four years later	2.44	0.96	1.39	1.76	3.39	5.58	6.77				
Five years later	2.06	0.90	1.13	1.47	2.77	4.82					
Six years later	2.22	0.83	1.00	1.28	2.42						
Seven Years later	2.08	0.76	0.97	1.08							
Eight Years later	1.89	0.69	0.84								
Nine Years later	1.74	0.63									
Ten Years later	1.53										

Reserving Triangle Disclosure – IMTPIP

₹ billion

Incurring Losses and Allocated Expenses (Ultimate Movement)

As at March 31, 2019	AY 08	AY 09	AY 10	AY 11	AY 12	AY 13
End of First Year						2.71
One year later					3.85	2.72
Two years later				4.49	3.85	2.73
Three years later			5.81	4.49	3.98	2.73
Four years later		6.16	5.81	4.63	4.12	2.74
Five years later	2.61	6.16	5.85	4.67	4.41	3.16
Six years later	2.61	6.46	5.96	4.99	5.12	3.17
Seven Years later	2.86	6.55	6.05	5.45	5.12	
Eight Years later	2.95	6.69	6.55	5.45		
Nine Years later	3.00	6.98	6.55			
Ten Years later	3.09	6.98				
Eleven Years later	3.09					
Deficiency/ (Redundancy) (%)	18.4%	13.2%	12.9%	21.3%	32.8%	16.7%

Unpaid Losses and Loss Adjusted Expenses

As at March 31, 2019	AY 08	AY 09	AY 10	AY 11	AY 12	AY 13
End of First Year						2.67
One year later					3.41	2.30
Two years later				3.14	2.57	1.87
Three years later			3.17	2.38	1.98	1.37
Four years later		2.67	2.51	1.84	1.51	0.98
Five years later	0.86	2.05	2.03	1.32	1.22	1.13
Six years later	0.63	1.89	1.56	1.19	1.63	0.91
Seven Years later	0.72	1.50	1.26	1.31	1.29	
Eight Years later	0.65	1.23	1.39	1.03		
Nine Years later	0.55	1.19	1.07			
Ten Years later	0.52	0.89				
Eleven Years later	0.43					

As of March 31, 2019 - IMTPIP: Indian Motor Third Party Insurance Pool AY: Accident Year Source – Company data