

# Corporate Presentation

# Agenda

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Industry Overview

Operating Performance

Financial Performance

# Agenda

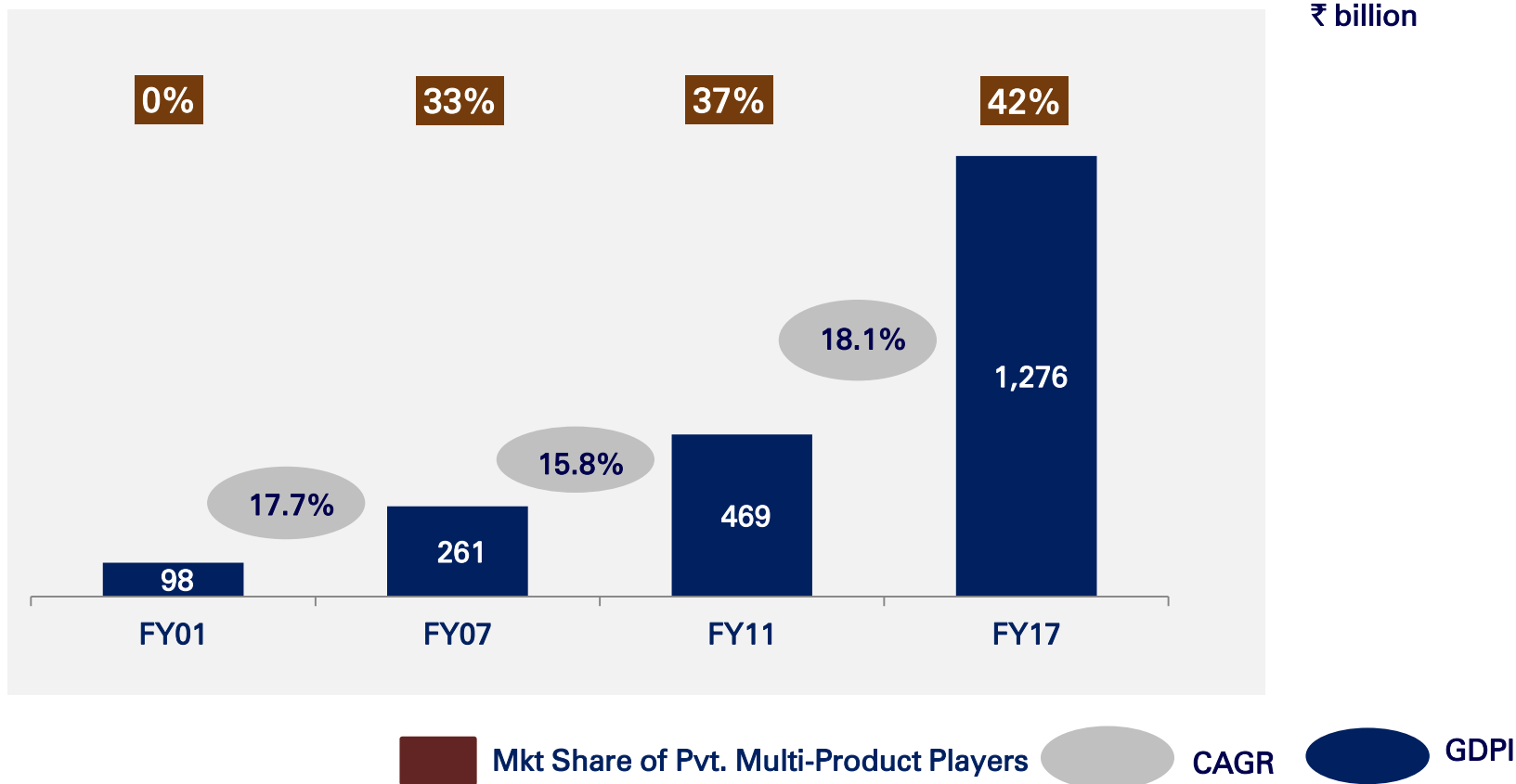
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Industry Overview

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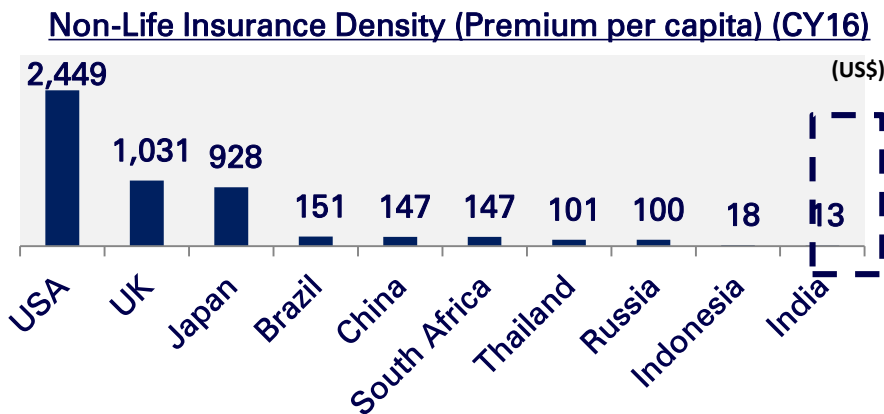
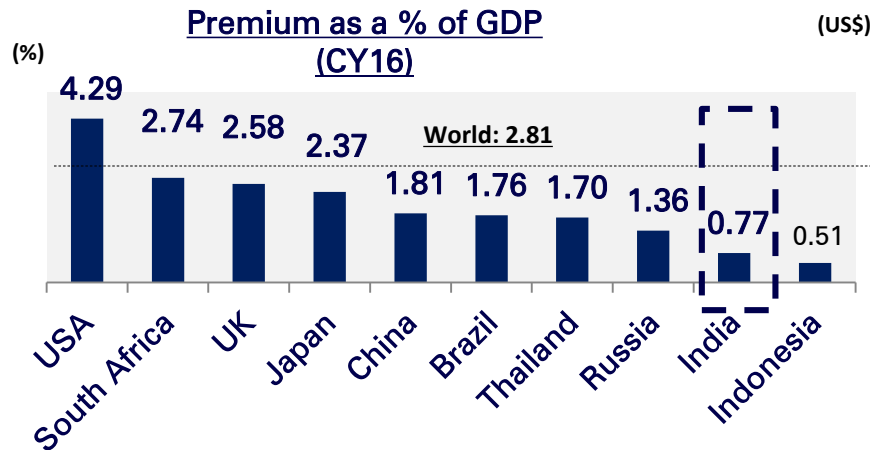
# Industry has witnessed steady growth



- Industry has grown at CAGR of 17% in the last 15 years
- Industry growth @ 32.4% for FY2017 & 18.9% for 9M 2018

# India Non-life Insurance Market- Large Addressable Market

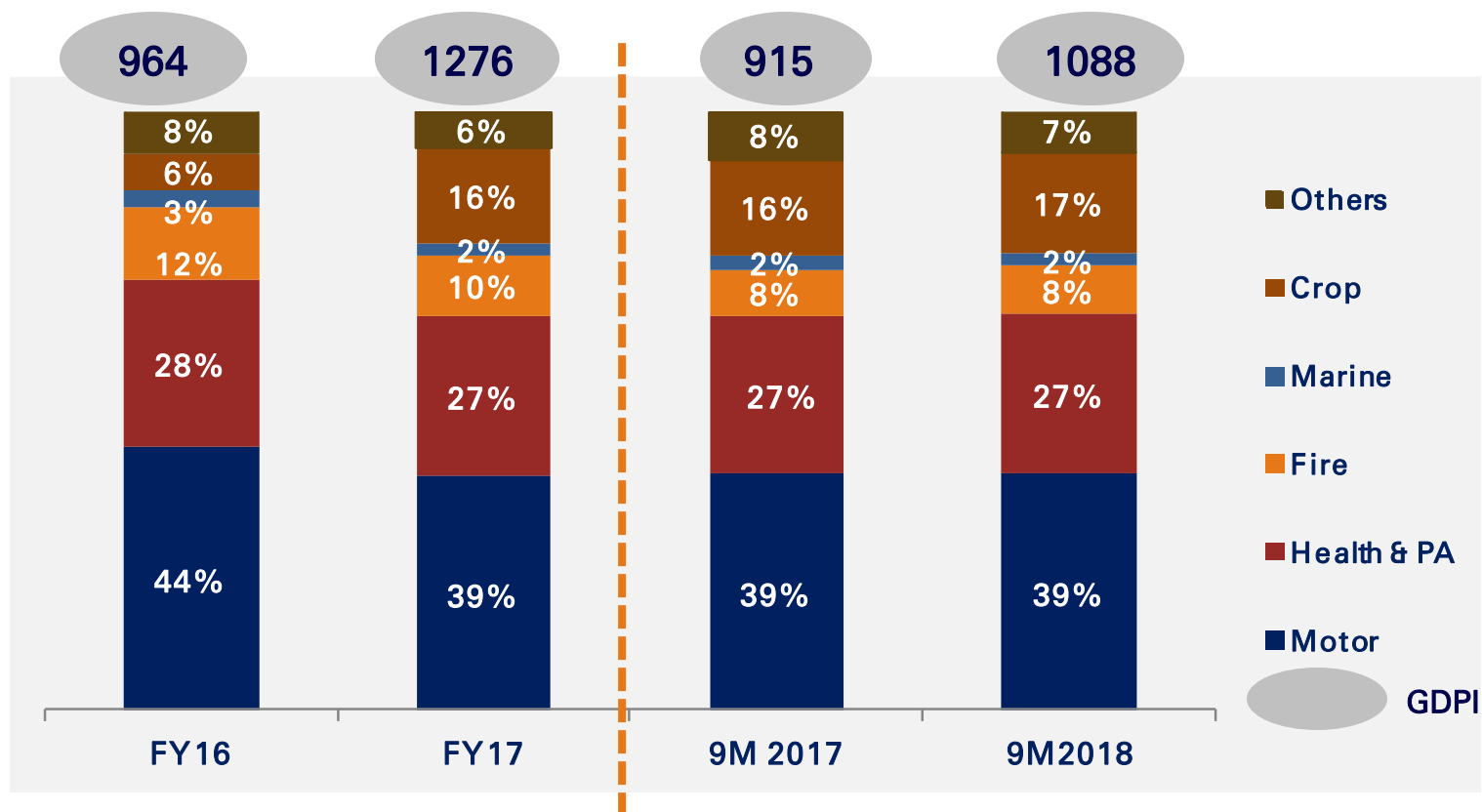
## Significantly underpenetrated



- 4<sup>th</sup> largest non-life insurance market in Asia
- GDP growth at CAGR of 17% from FY01 to FY17
- Non-life Insurance penetration in India was around 1/4th of Global Average in 2016
- Operates under a "cash before cover" model
- No discounting of reserves

# Industry product mix

₹ billion



- Motor, Crop and Health contributing to growth in the industry

# Agenda

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**Industry Overview**

**Operating Performance**

**Financial Performance**

# Market leadership+ Profitable growth

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#1 Private Non-life Insurer across Cycles



Multi-Product Multi-Channel Pan-India Distribution



Focused Digital Drive



Robust Risk Framework



Superior Investment and Financial Performance

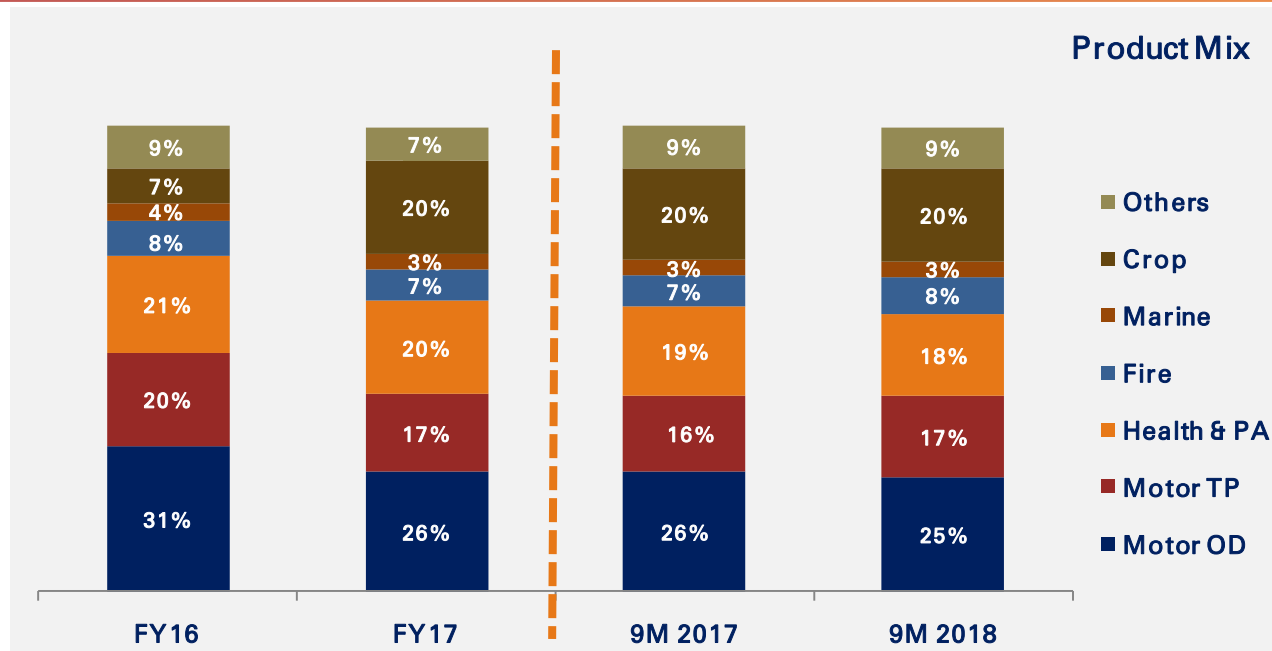


# Leadership position across product segments

| Rank by GDPI among Private Sector Multi- Product insurance | FY2015 | FY2016 | FY2017 | 9M 2018 |
|------------------------------------------------------------|--------|--------|--------|---------|
| Motor OD*                                                  | #1     | #1     | #1     | #1      |
| Motor TP*                                                  | #1     | #1     | #1     | #1      |
| Health and Personal Accident                               | #1     | #1     | #1     | #1      |
| Crop                                                       |        | #1     | #1     | #1      |
| Fire                                                       | #1     | #1     | #1     | #1      |
| Marine                                                     | #2     | #1     | #1     | #1      |
| Engineering                                                | #1     | #1     | #1     | #1      |

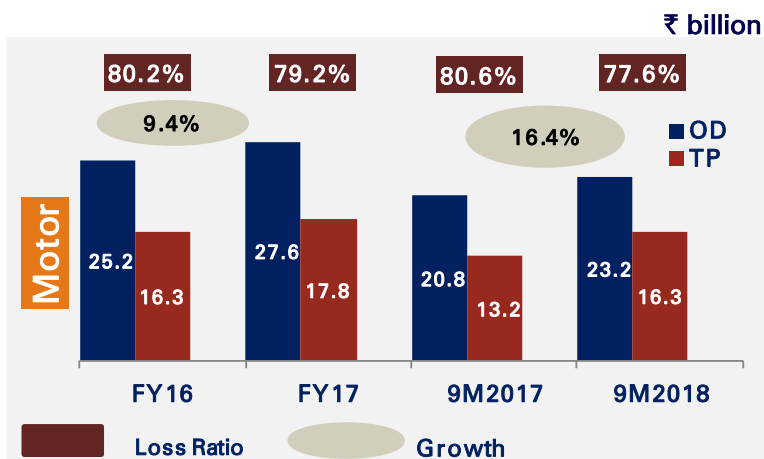
\*Motor OD : Motor Own Damage ; Motor TP : Motor Third Party

# Comprehensive Product Portfolio

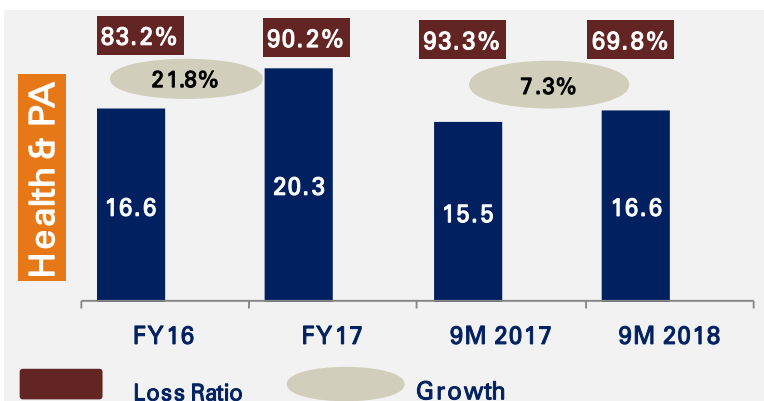


- Diversified product mix– motor, health & personal accident, crop, fire, marine, engineering insurance
- Policy count increased to 17.60 million in 9M2018 from 12.83 million in 9M2017
  - Catering to customers in 618 out of 716 districts across India in FY2017
- Growing the SME portfolio through digitization and focus on specialized products

# Comprehensive Product Portfolio

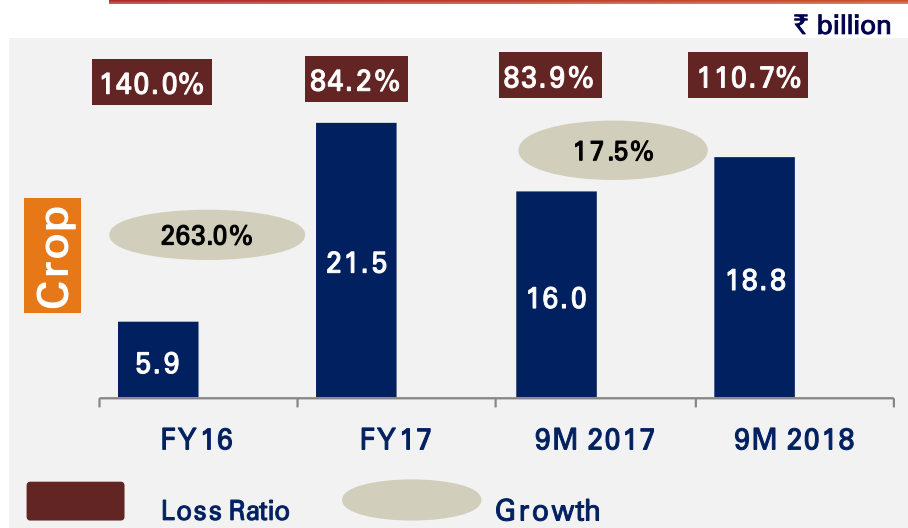


- Increasing focus on relatively profitable segments
- Continued growth from Long Term Two Wheeler (LTTW)

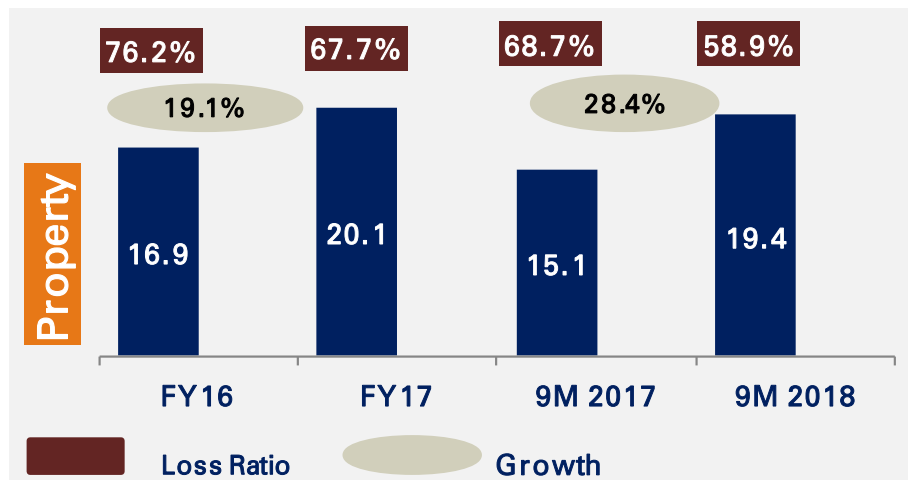


- Retail, corporate and mass health contributed 57.3%, 39.8% and 2.9% respectively of health GDPI in 9M 2018 and 50.8%, 32.0% and 17.2% respectively of health GDPI in 9M 2017
- Focus on retail health
  - Growth of 17.3% in 9M 2018

# Comprehensive Product Portfolio

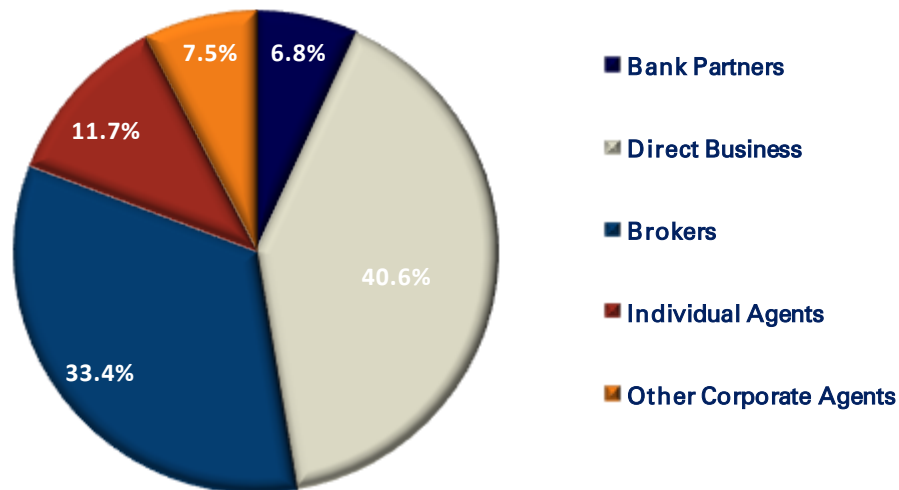


- Diversification through strategic risk selection to mitigate region specific concentration
- Covered farmers in 7 states and 56 districts in Kharif season under PMFBY in FY18.
- Covering farmers in 6 states and 57 districts in Rabi season under PMFBY in FY18.



- Underwriting of small risks for diversification of portfolio and for attractive pricing
- Focus on infrastructure projects as well as emerging sectors such as Solar to drive growth

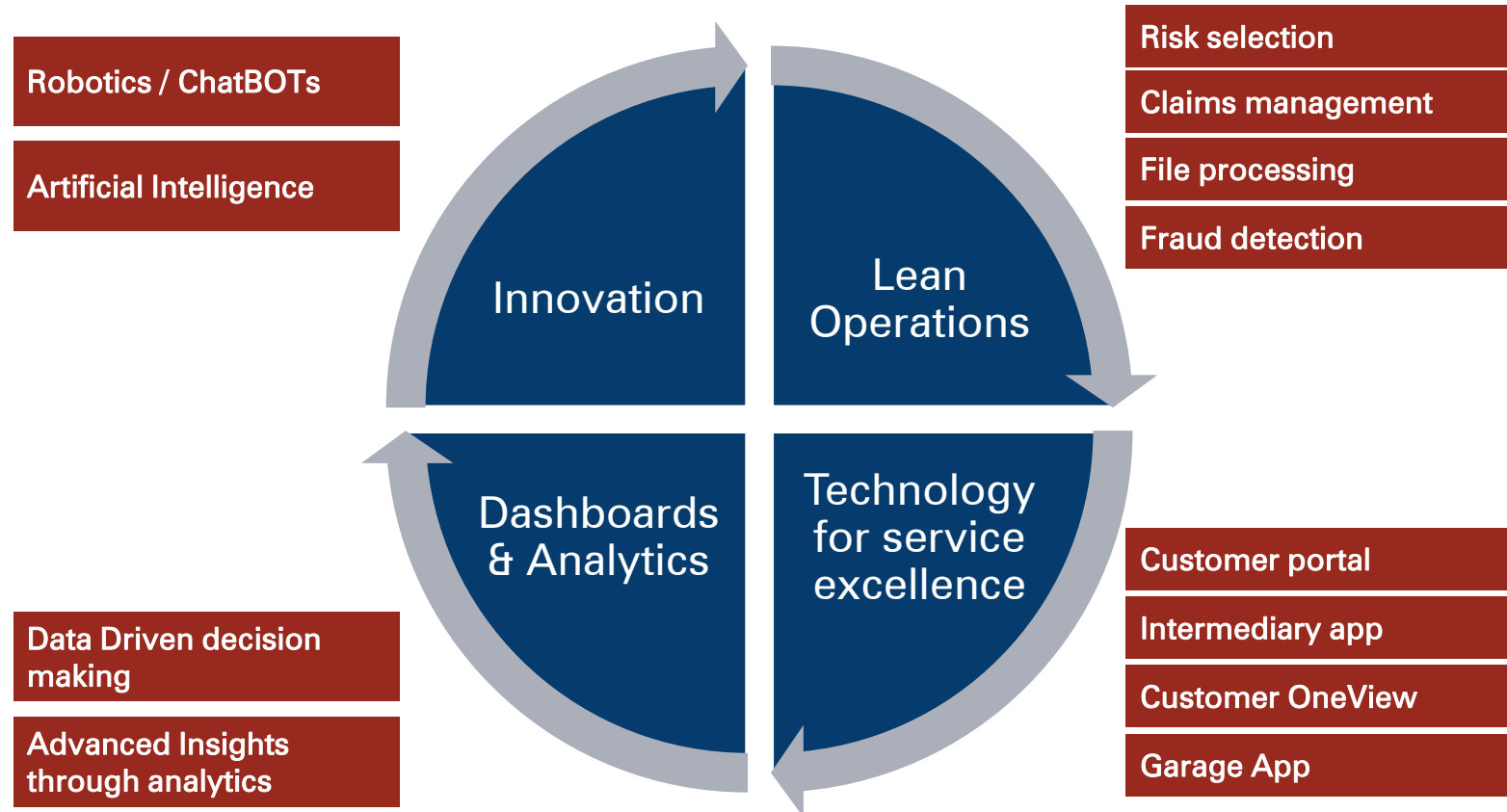
# Multi-Channel Pan India Distribution



- One of the largest direct sales force\*
- Partnerships with 5 scheduled banks and tie-ups with 20 other bank partners as on December 31, 2017
- 39 Other corporate agents as on December 31, 2017
- No of individual agents in 9M 2018 was 22,556
- Catering to customers in 618 out of 716 districts across India

\*For corporate business among non-life insurers

# Digital Drive :Enabling business transformation



# Risk Framework

## 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
  - Entire 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 (80.2%) in sovereign or AAA rated securities\*\*\*

## Reserving

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

\*Except domestic reinsurance placement

\*\*S&P or equivalent international rating

\*\*\* domestic credit rating

# Agenda

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Industry Overview

Company Strategy

Financial Performance



# Key Highlights

| Particulars<br>(₹ billion, except per share) | FY2016<br>Actual | FY2017<br>Actual | 9M2017<br>Actual | 9M2018<br>Actual |
|----------------------------------------------|------------------|------------------|------------------|------------------|
| Gross Written Premium                        | 82.96            | 109.60           | 82.50            | 96.30            |
| Gross Direct Premium Income (GDPI)           | 80.91            | 107.25           | 80.59            | 94.31            |
| GDPI Growth                                  | 21.2%            | 32.6%            | 33.8%            | 17.0%            |
| Combined Ratio                               | 106.9%           | 103.9%           | 106.2%           | 100.4%           |
| Profit after tax                             | 5.07             | 7.02             | 5.22             | 6.50             |
| Return on Average equity*                    | 16.9%            | 20.3%            | 20.3%            | 21.1%            |
| Investment Leverage#                         | 3.64x            | 3.88x            | 3.87x            | 3.89x            |
| Solvency ratio                               | 1.82x            | 2.10x            | 2.01x            | 2.21x            |
| Book Value per share                         | 70.96            | 82.57            | 79.62            | 95.37            |
| Basic earnings per share                     | 11.35            | 15.66            | 11.66            | 14.34            |

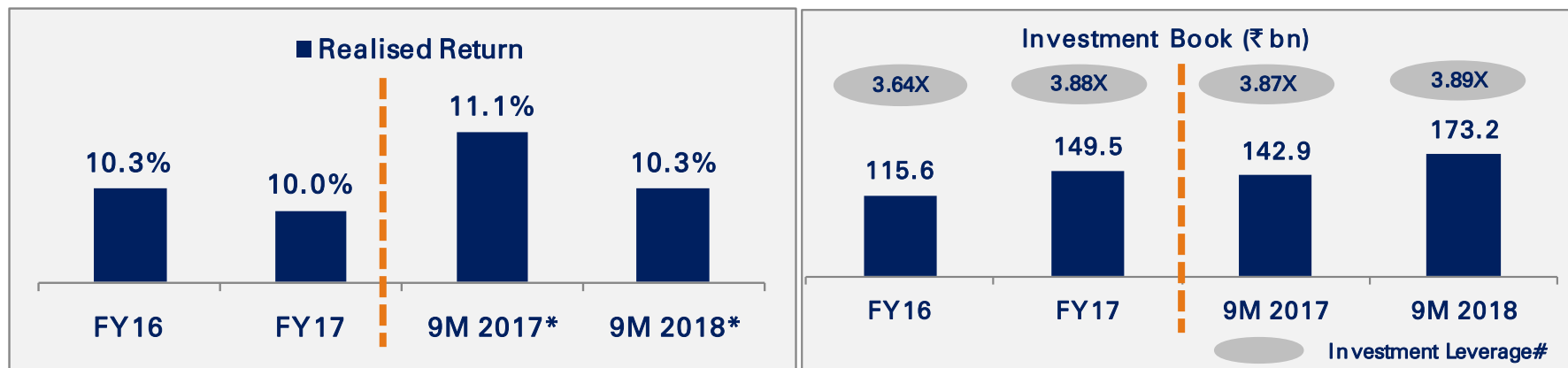
- Market leadership amongst private sector general insurance companies since FY2004

# Investment leverage is net of borrowings

\*Annualised

Source: IRDAI

# Robust Investment Performance



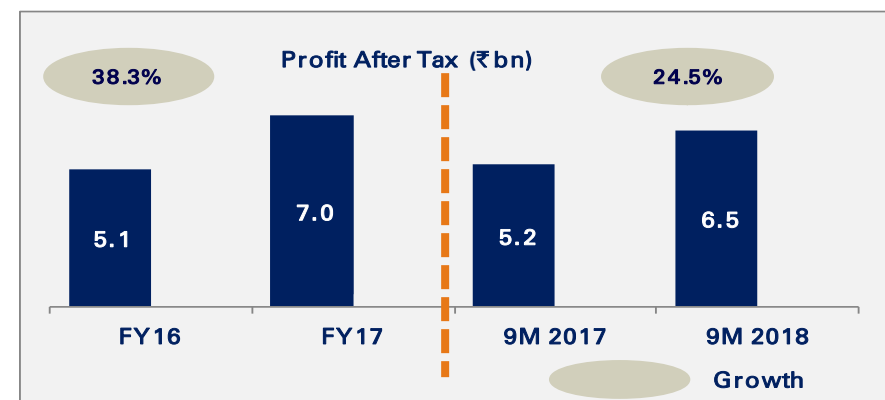
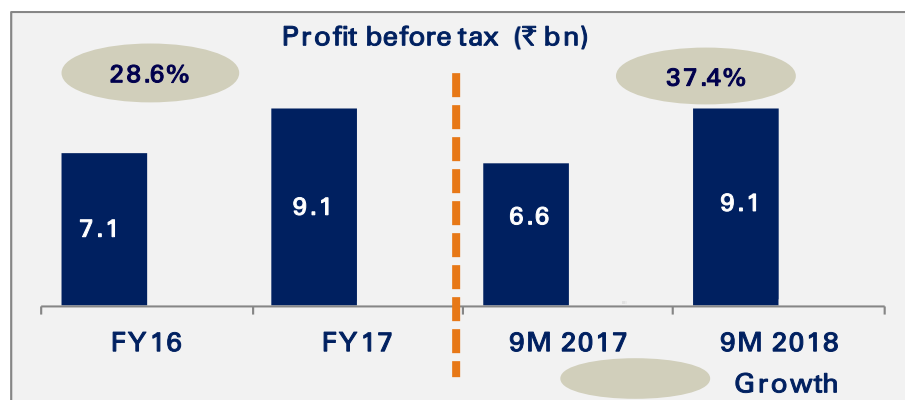
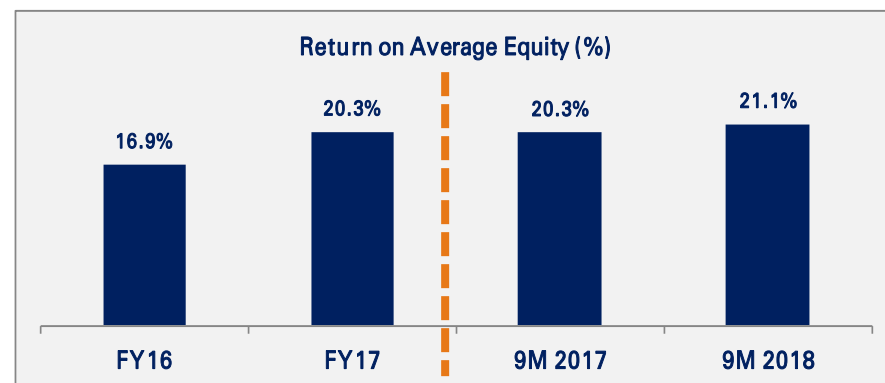
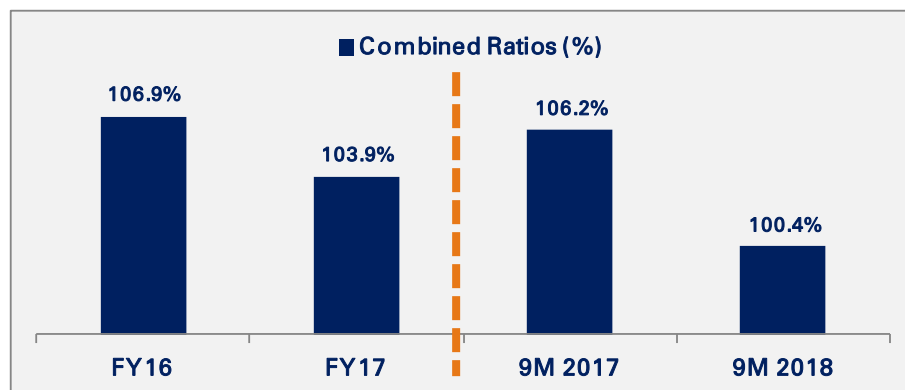
- Investment portfolio mix at 9M 2018 : Corporate bonds (44.49%), G-Sec (32.17%) and equity (18.42%)
- Strong investment leverage
- Unrealised Gains in 9M 2018 were ₹ 9.12 bn

#Total investment assests (net of borrowings) / net worth

Source: GI council

\* Annualised returns

# Financial performance



- Solvency Ratio at December 31, 2017 : 2.21x (Solvency ratio at March 31, 2017 : 2.10x)
- Profit after tax (PAT) of Q3 FY2017 and 9M FY2017 includes effect of excess tax provision written back of earlier years of ₹ 0.40 bn
- The PAT growth for Q3 FY2018 and 9M FY2018 would be 28.9% and 34.9% respectively adjusting for the above tax written back.

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**Thank you**

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# Annexure

# Loss ratio

| FY           | FY2016       | FY2017       | 9M 2017      | 9M 2018      |
|--------------|--------------|--------------|--------------|--------------|
| Motor OD     | 65.6%        | 64.2%        | 69.2%        | 55.5%        |
| Motor TP     | 97.7%        | 97.4%        | 94.9%        | 105.1%       |
| Health       | 84.7%        | 97.9%        | 99.8%        | 77.9%        |
| PA           | 64.3%        | 41.3%        | 50.4%        | 30.9%        |
| Crop         | 140.0%       | 84.2%        | 83.9%        | 110.7%       |
| Fire         | 63.6%        | 68.4%        | 69.4%        | 60.4%        |
| Marine       | 97.5%        | 83.9%        | 84.4%        | 67.9%        |
| Engineering  | 69.4%        | 53.3%        | 59.7%        | 43.1%        |
| Other        | 69.3%        | 62.1%        | 62.3%        | 57.3%        |
| <b>Total</b> | <b>81.5%</b> | <b>80.4%</b> | <b>82.1%</b> | <b>76.3%</b> |

# Conservative Reserving Philosophy

## Incurred Losses and Allocated Expenses (Ultimates Movement)

₹ billion

| As at March 31, 2017          | Prior | AY 08 | AY 09 | AY 10 | AY 11 | AY 12 | AY 13 | AY 14 | AY 15 | AY 16 | AY 17 |
|-------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| End of First Year             | 14.57 | 9.75  | 12.85 | 15.13 | 20.66 | 22.53 | 27.97 | 35.96 | 34.16 | 39.13 | 49.49 |
| One year later                | 15.48 | 10.43 | 13.24 | 15.23 | 20.44 | 21.97 | 27.02 | 34.63 | 33.95 | 38.58 |       |
| Two years later               | 15.72 | 10.73 | 13.03 | 15.39 | 20.41 | 21.74 | 26.52 | 34.37 | 33.53 |       |       |
| Three years later             | 15.89 | 10.88 | 13.21 | 15.52 | 20.36 | 21.85 | 26.40 | 34.29 |       |       |       |
| Four years later              | 15.96 | 11.17 | 13.35 | 15.55 | 20.47 | 21.83 | 26.46 |       |       |       |       |
| Five years later              | 16.12 | 11.41 | 13.39 | 15.66 | 20.48 | 21.81 |       |       |       |       |       |
| Six years later               | 16.42 | 11.43 | 13.46 | 15.91 | 20.53 |       |       |       |       |       |       |
| Seven years later             | 16.49 | 11.71 | 13.53 | 15.96 |       |       |       |       |       |       |       |
| Eight years later             | 16.70 | 11.77 | 13.50 |       |       |       |       |       |       |       |       |
| Nine years later              | 16.82 | 11.87 |       |       |       |       |       |       |       |       |       |
| Ten years later               | 16.87 |       |       |       |       |       |       |       |       |       |       |
| Deficiency/<br>Redundancy (%) | 15.8% | 21.7% | 5.0%  | 5.5%  | -0.6% | -3.2% | -5.4% | -4.6% | -1.8% | -1.4% |       |

## Unpaid Losses and Loss Adjustment Expenses

| As at March 31, 2017 | Prior | AY 08 | AY 09 | AY 10 | AY 11 | AY 12 | AY 13 | AY 14 | AY 15 | AY 16 | AY 17 |
|----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| End of First Year    | 3.24  | 3.65  | 4.81  | 5.31  | 7.18  | 7.98  | 12.01 | 17.32 | 17.10 | 20.44 | 26.84 |
| One year later       | 1.78  | 1.64  | 1.61  | 1.83  | 2.67  | 3.33  | 6.11  | 9.70  | 11.58 | 14.06 |       |
| Two years later      | 1.28  | 1.20  | 0.85  | 1.34  | 2.00  | 2.46  | 4.72  | 7.92  | 9.61  |       |       |
| Three years later    | 1.04  | 0.99  | 0.73  | 1.15  | 1.58  | 2.12  | 3.84  | 6.73  |       |       |       |
| Four years later     | 0.83  | 0.95  | 0.71  | 0.97  | 1.39  | 1.76  | 3.39  |       |       |       |       |
| Five years later     | 0.72  | 0.93  | 0.62  | 0.90  | 1.13  | 1.47  |       |       |       |       |       |
| Six years later      | 0.80  | 0.74  | 0.59  | 0.83  | 1.00  |       |       |       |       |       |       |
| Seven years later    | 0.70  | 0.85  | 0.59  | 0.76  |       |       |       |       |       |       |       |
| Eight years later    | 0.78  | 0.75  | 0.50  |       |       |       |       |       |       |       |       |
| Nine years later     | 0.74  | 0.69  |       |       |       |       |       |       |       |       |       |
| Ten years later      | 0.70  |       |       |       |       |       |       |       |       |       |       |

As of March 31, 2017; Losses and expenses in the above tables do not include the erstwhile Indian Motor Third Party Insurance Pool

23 AY: Accident Year

# Reserving Triangle Disclosures-IMTPIP

## Incurred Losses and Allocated Expenses (Ultimates Movement)

₹ billion

| As at March 31, 2017          | 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  |       |
| Six years later               | 2.61  | 6.46  | 5.96  | 4.99  |       |       |
| Seven years later             | 2.86  | 6.55  | 6.05  |       |       |       |
| Eight years later             | 2.95  | 6.69  |       |       |       |       |
| Nine years later              | 3.00  |       |       |       |       |       |
| Deficiency/<br>Redundancy (%) | 15.2% | 8.5%  | 4.2%  | 11.2% | 14.5% | 0.9%  |

## Unpaid Losses and Loss Adjustment Expenses

| As at March 31, 2017 | 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  |       |
| Six years later      | 0.63  | 1.89  | 1.56  | 1.19  |       |       |
| Seven years later    | 0.72  | 1.50  | 1.26  |       |       |       |
| Eight years later    | 0.65  | 1.23  |       |       |       |       |
| Nine years later     | 0.55  |       |       |       |       |       |



# Safe harbor

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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 holding 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 thereof.