

# H12018 Performance Review

October 17, 2017

# Agenda

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Company Strategy

Financial Performance

Industry Overview

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# 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 and 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

- Reduce 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)	FY2016	FY2017	H1-2017	H1-2018
Gross Written Premium(GWP)	82.96	109.60	57.07	66.29
Gross Direct Premium Income (GDPI)	80.91	107.25	55.65	64.94
GDPI Growth	21.2%	32.6%	39.2%	16.7%
Combined ratio	106.9%	103.9%	106.0%	102.7%
Profit After Tax (PAT)	5.07	7.02	3.02	4.18
Return on average Equity	16.9%	20.3%	17.9%*	20.6%*
Investment leverage#	3.64x	3.88x	3.84x	3.93x
Solvency ratio	1.82x	2.10x	2.03x	2.18x

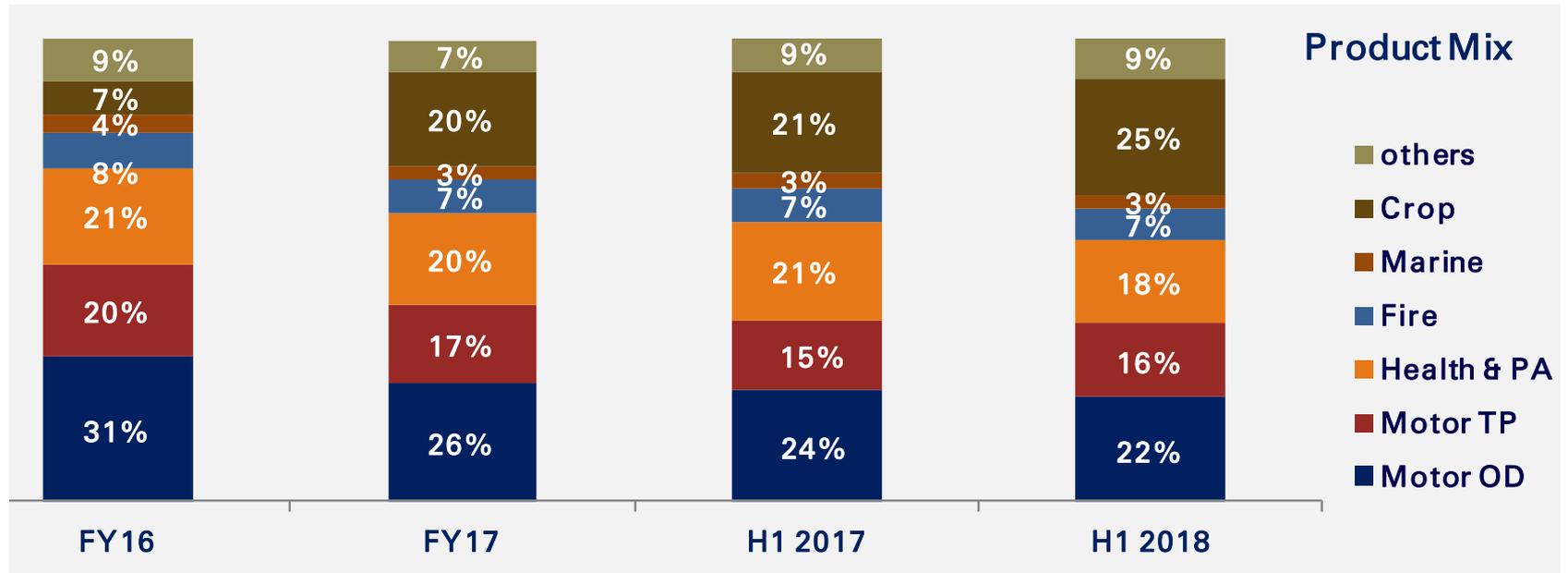
- Market leadership amongst private sector general insurance companies since FY2004

# Investment leverage is net of borrowings

\*Annualised

Source: IRDAI

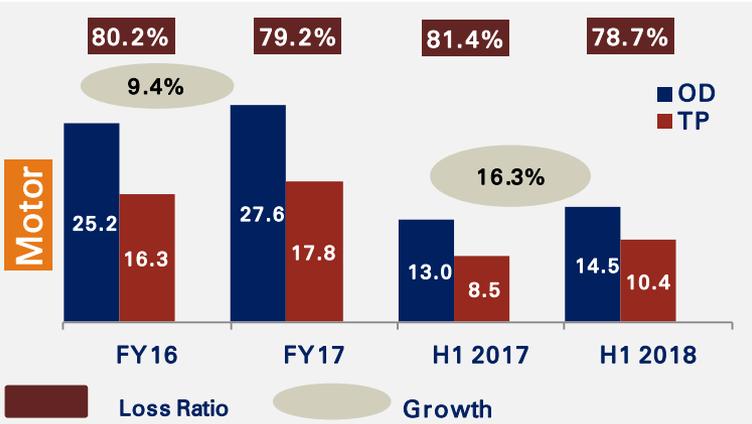
# Comprehensive Product Portfolio



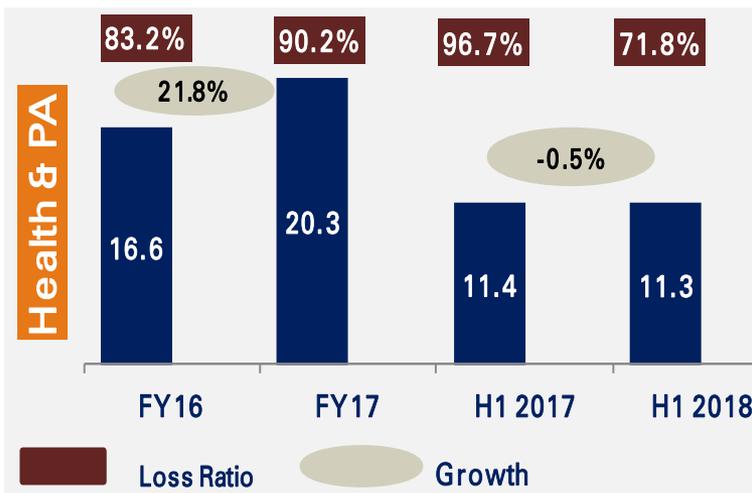
- Diversified product mix– motor, health & personal accident, crop, fire, marine, engineering insurance
- Policy count increased to 10.6 million in H1 2018 from 7.9 million in H1 2017
  - Catering to customers in 618 out of 716 districts across India in FY2017
- Growing the SME portfolio through digitization and focus on specialized products

# Comprehensive Product Portfolio

₹ billion

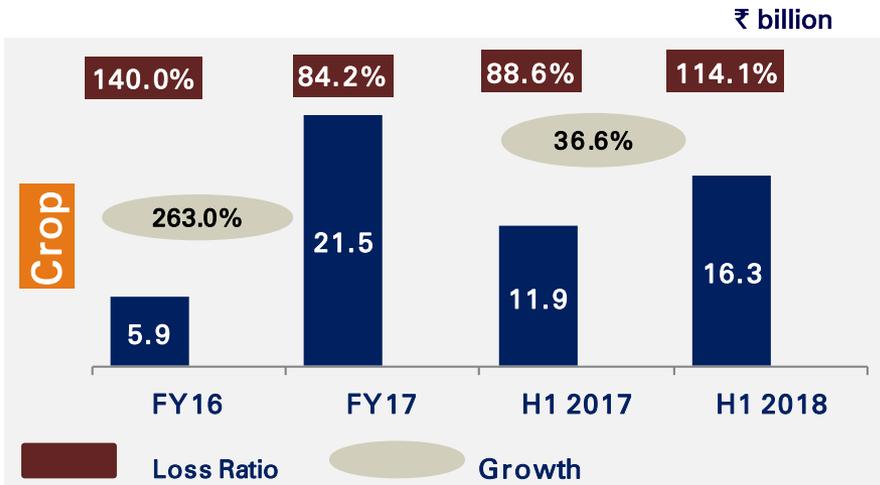


- Increasing focus on relatively profitable segments
- Continued growth from Long Term Two Wheeler (LTTW)

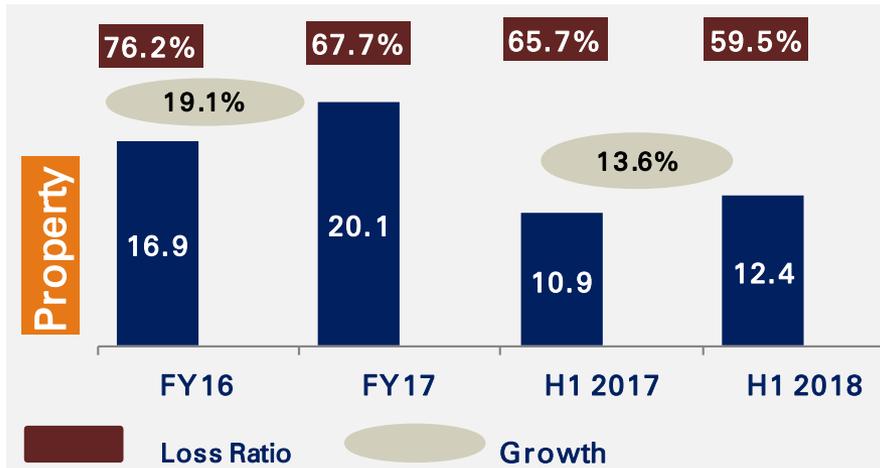


- Retail, corporate and mass health contributed 54.3%, 43.2% and 2.4% respectively of health GDPI in H12018 and 44.3%, 34.4% and 21.3% respectively of health GDPI in H12017
- Focus on retail health
  - Growth of 17.5% in H12018

# Comprehensive Product Portfolio

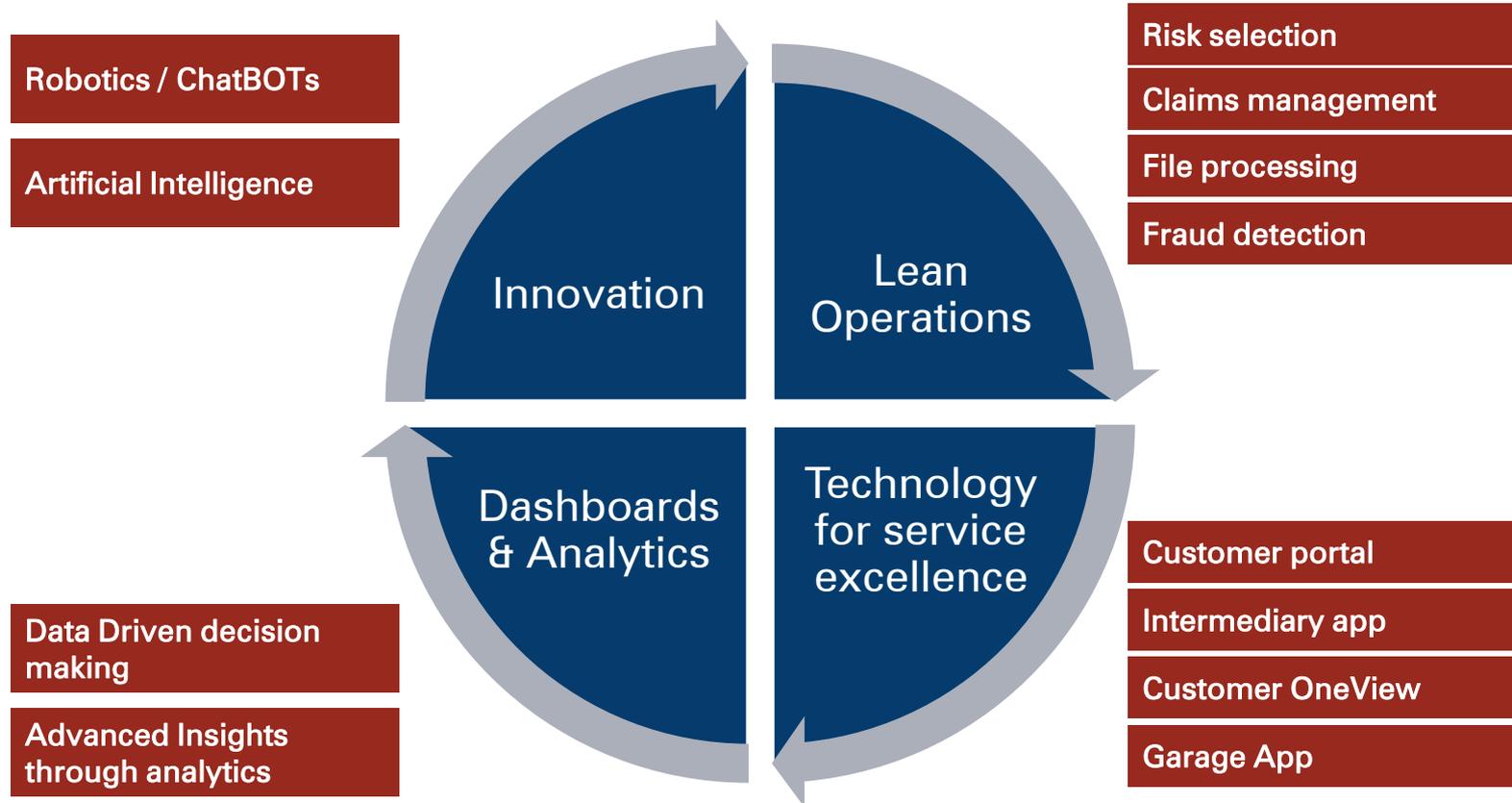


- Diversification through strategic risk selection to mitigate region specific concentration
- Covered farmers in 7 states and 56 districts in Kharif season under PMFBY in FY18.



- 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

# 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
  - Recent flood claims (net) of ₹ 0.18 bn

## 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 (79.4%) 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

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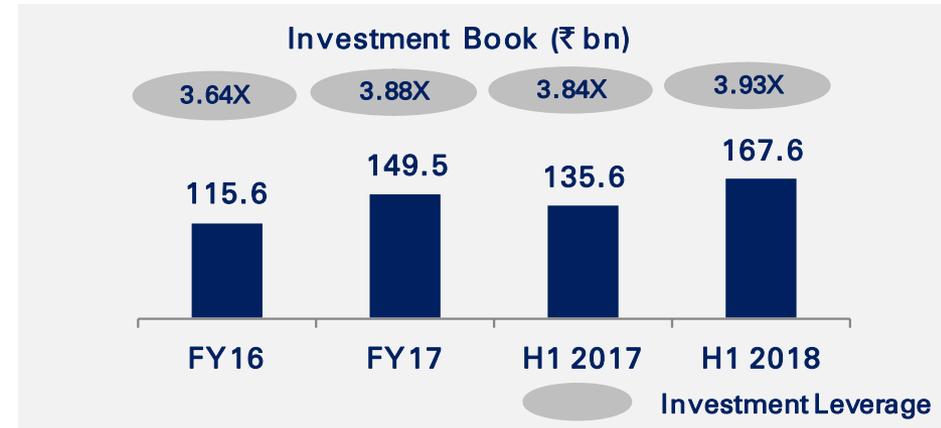
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# Robust Investment Performance



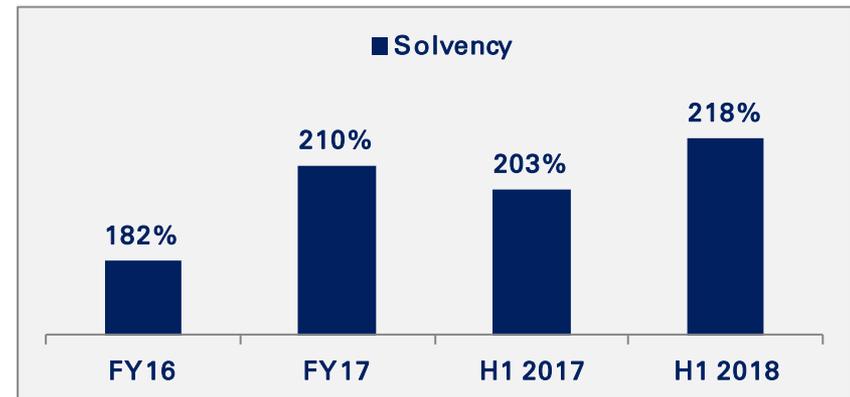
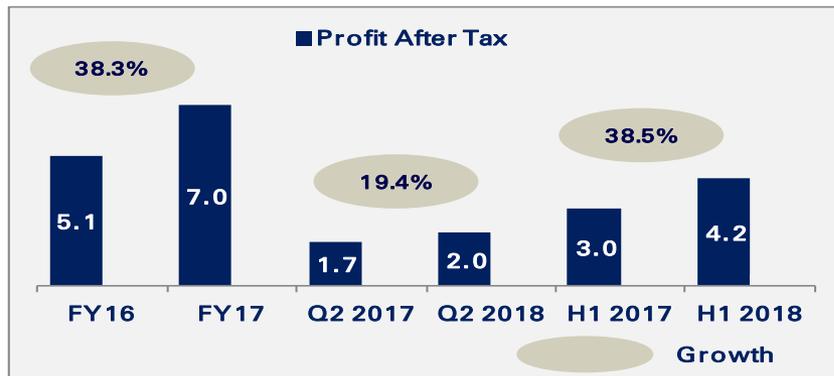
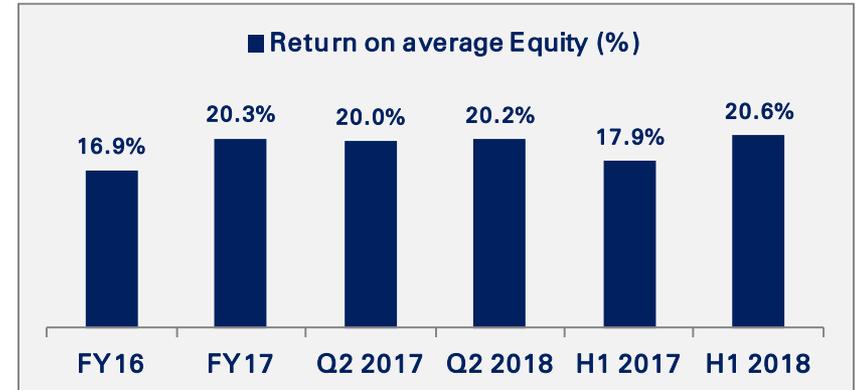
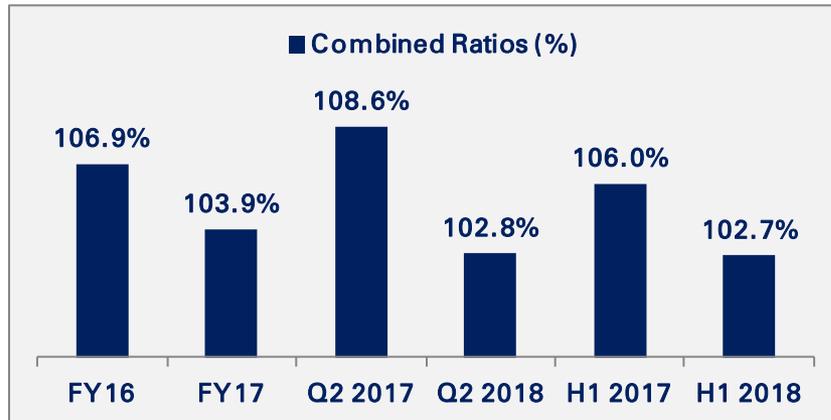
- Largest investment book among private non-life Insurer
- Investment portfolio mix at H1-2018- Corporate bonds (45.1%), G-Sec (32.5%) and equity (15.8%)
- Strong investment leverage
- Unrealised Gains in H1 2018 were ₹ 10.3 bn

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

Source: GI council

\* Annualised returns

# Financial performance



- Combined ratio for H12018 impacted on account of flood at various states
  - Combined ratio without flood at various states :102.1%
  - Flood Impact (net) of ₹ 0.18 bn

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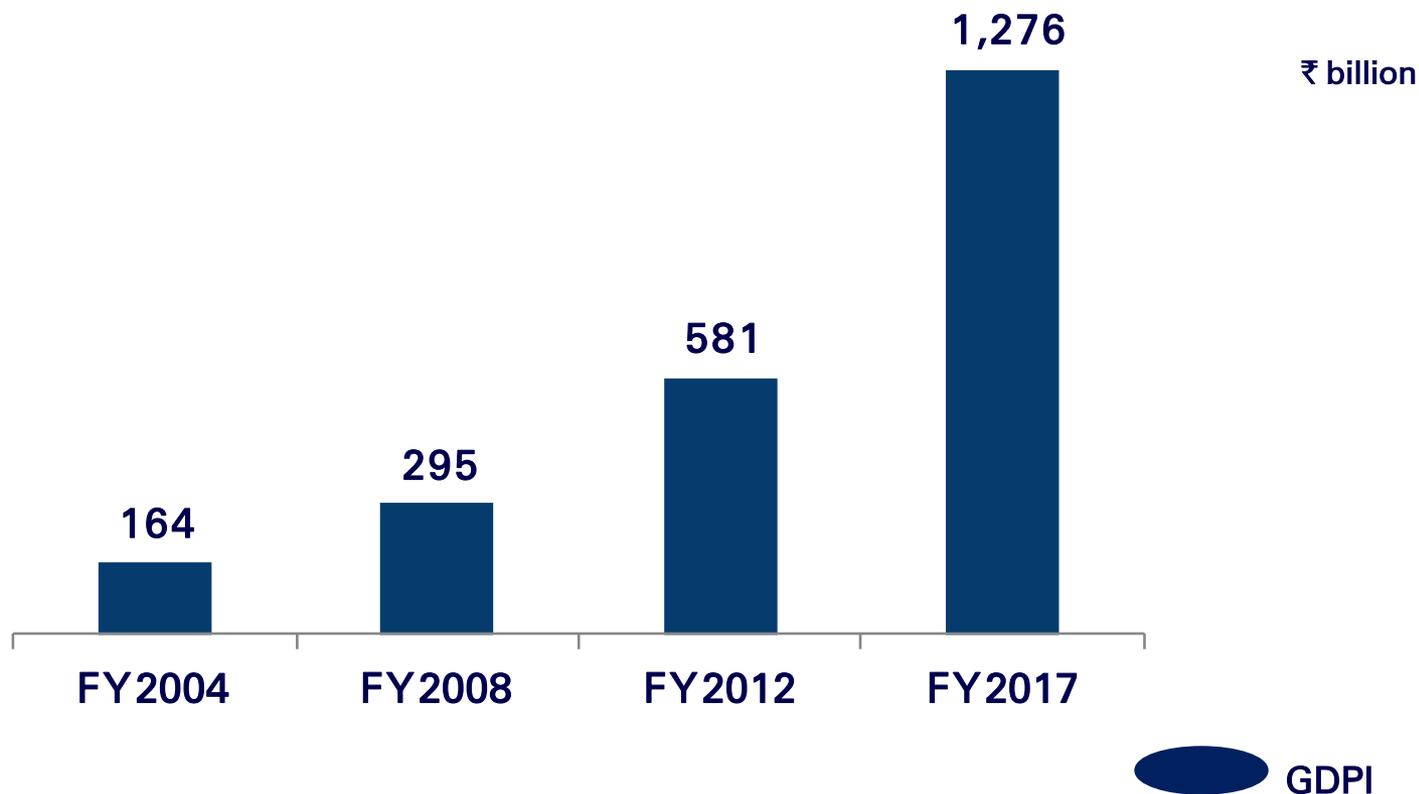
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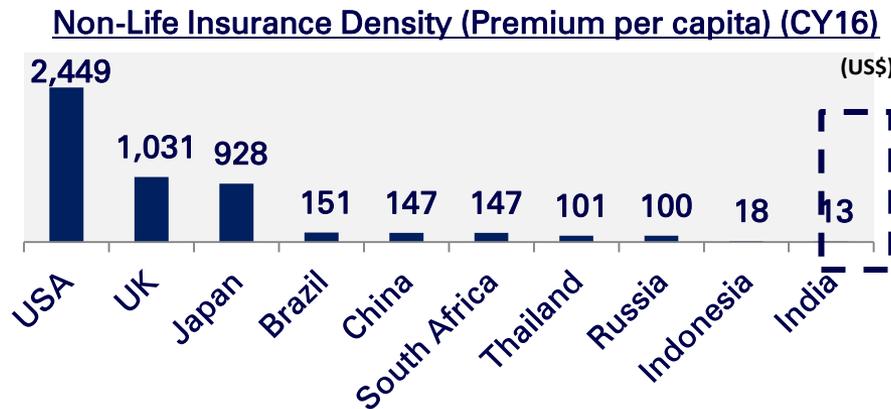
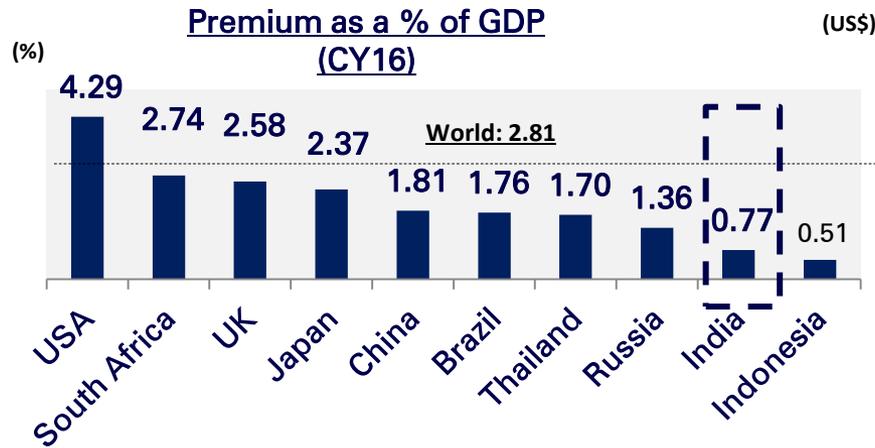
# Industry has witnessed steady growth



- Industry has grown at CAGR of 17% in the last 15 years
- Industry growth @ 32.4% for FY2017 & 19.5% for H1-2018

# 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 FY 2001 to FY 2017
- Non-life Insurance penetration in India was around 1/4th of Global Average in 2016

● <sup>16</sup> Source: Sigma 2016 Swiss Re

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**Thank you**

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# Annexure

# Loss ratio

Particular	FY2016	FY2017	Q2 2017	Q2 2018	H1 2017	H1 2018
Motor OD	65.6%	64.2%	71.0%	54.0%	71.2%	58.0%
Motor TP	97.7%	97.4%	92.9%	111.4%	94.2%	104.7%
Health	84.7%	97.9%	102.6%	75.3%	103.0%	80.4%
PA	64.3%	41.3%	55.4%	19.9%	54.0%	31.3%
Crop	140.0%	84.2%	90.1%	106.3%	88.6%	114.1%
Fire	63.6%	68.4%	87.6%	61.0%	68.1%	60.8%
Marine	97.5%	83.9%	76.2%	68.3%	79.6%	71.5%
Engineering	69.4%	53.3%	58.4%	35.1%	58.5%	43.5%
Other	69.3%	62.1%	61.8%	64.6%	59.3%	57.0%
<b>Total</b>	<b>81.5%</b>	<b>80.4%</b>	<b>83.8%</b>	<b>78.5%</b>	<b>83.3%</b>	<b>78.3%</b>

# 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.