April 25, 2019

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

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

Dear Sir/Madam,

Subject: Earnings call

This is in furtherance to our Letter dated April 18, 2019 on the captioned subject.

Please find enclosed the business presentation and opening remarks for the earnings call held on April 24, 2019 to discuss the performance of the Company for FY2019.

The same has also been uploaded on the Company's website and can be accessed at https://www.iciciprulife.com/about-us/investor-relations.html

Thanking you.

Yours sincerely,

For ICICI Prudential Life Insurance Company Limited

Vmanek

Vyoma Manek
Company Secretary
ACS 20384

Encl.: As above

ICICI Prudential Life Insurance Company Limited
1st Floor, Cnergy IT Park, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400025.
Regd. Office : ICICI PruLife Towers, 1089, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400025. India. Visit us at www.iciciprulife.com
Phone: 022-5039 1600, Fax: +91 22 2422 4484, Email: corporate@iciciprulife.com
CIN : L66010MH2000PLC127837

Performance update: FY2019

April 24, 2019

Agenda

- Company strategy and performance
- Opportunity
- Industry overview

Agenda

- **Company strategy and performance**
- Opportunity
- Industry overview

Immediate priorities we had set for ourselves (1/2)

Premium Growth

₹ billion	9MFY-2019	Q4-FY2019	FY2019
APE[1]	53.43	24.57	77.99
YoY growth	(4.2%)[2]	11.0%[2]	0.1%

Beginning of journey to broaden customer base
- Retail savings new business policies grew by 18.6% YoY for Q4-FY2019

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1. Annualized premium equivalent
2. Growth rates adjusted for impact of APE definition change in base period- 9M-FY2019: (5.2%) and Q4-FY2019: 14.0%

Immediate priorities we had set for ourselves (2/2)

Persistency improvement

Persistency[1]	8M-FY2019	11M-FY2019
13th month	84.1%	86.1%
49th month	63.2%	63.9%

Improvement over 8M-FY2019

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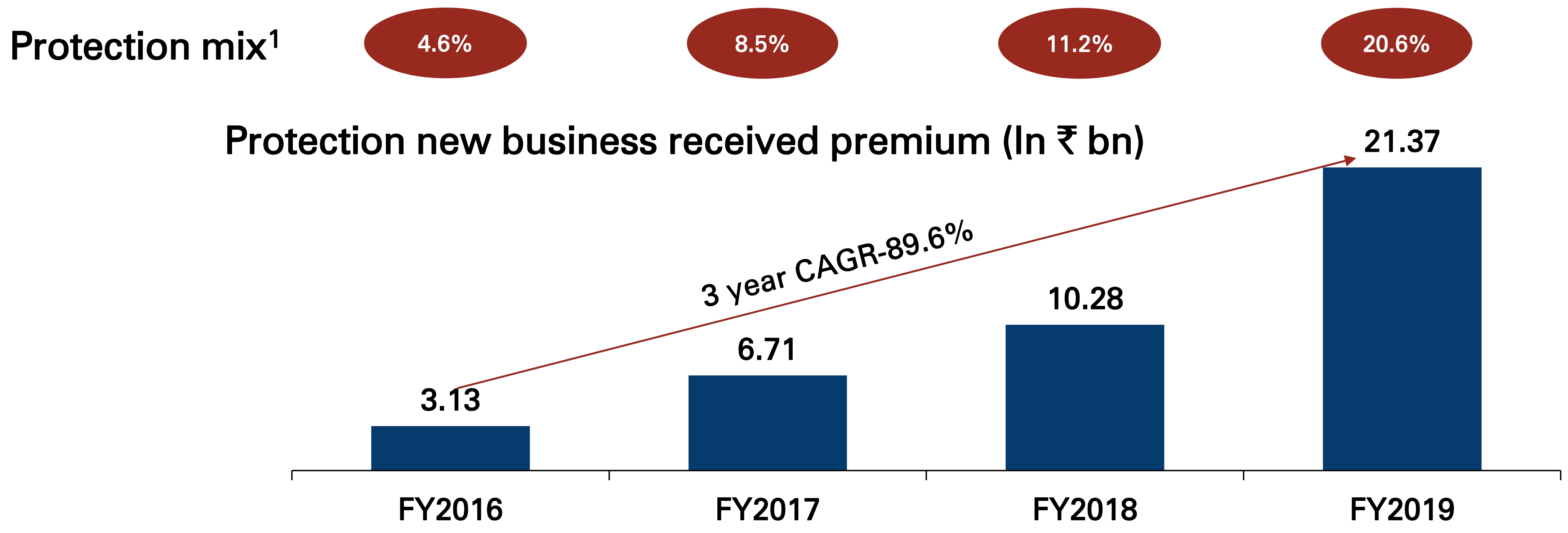
1. Retail excluding SP computed as per IRDA circular dated January 23, 2014

Continued focus on protection

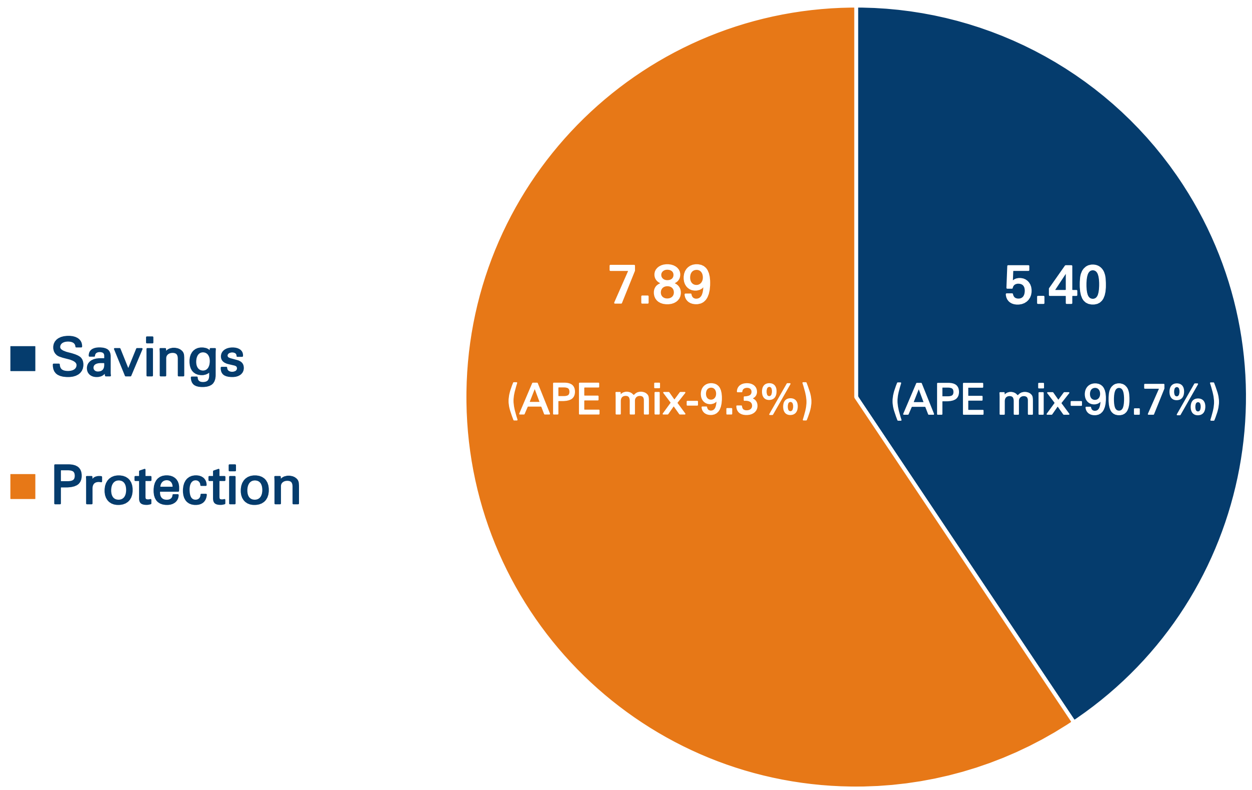


Protection >20% of new business received premium
- Leading to…

1. As a % of total new business received premium

Value of new business

₹ billion



…protection business contributing ~60% of VNB

Delivering value…

₹ billion	FY2018	FY2019	YoY growth
Value of new business	12.86	13.28	3.3%
VNB margin	16.5%	17.0%	NA
Embedded value	187.88	216.23	15.1%
Return on Embedded value	22.7%	20.2%	NA

…through the 4P approach

	FY2018	FY2019	YoY growth
Premium	77.92	77.99	0.1%
Protection	4.46	7.22	61.9%
Persistency[1] (13th month)	85.8%	86.1%	NA
Productivity[2]	13.7%	15.0%	NA

1. Retail excluding SP computed as per IRDA circular dated January 23, 2014
2. Savings LOB: FY2018- 11.8%, FY2019- 11.5%

Way forward

Premium Growth	• Deepen penetration in under-served customer segments • Enhance current distribution • Create new distribution • Augment capability in Health and Protection • Increase focus on Pension and Annuity
Protection	• Continue to grow both retail and group lines of business
Persistency	• Improve persistency across all cohorts
Productivity	• Continue to leverage technology for process re-engineering and to drive productivity

Aspiration to double VNB in 3 - 4 years

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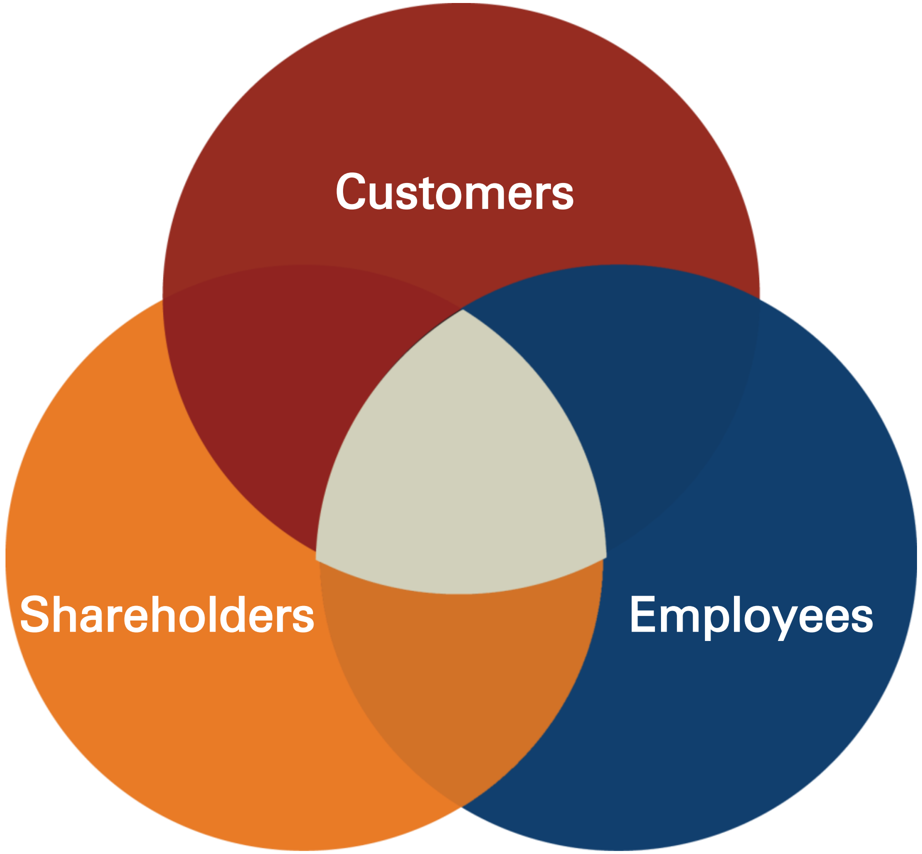
Strategy

To create value for all key stakeholders



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Customers

Metrics	FY2018	FY2019
Claims settlement ratio[1]	97.9%	98.6%
Average no. of days for settlement[2]	2.99	2.34
Grievance count	7,698	6,387
Grievance ratio[3] (volume)	92	72

1. Individual death claims
2. Average turn around time for non-investigated claims from receipt of last requirement
3. Grievances per 10,000 retail policies issued

Employees

Leadership depth & breadth	• 91% of senior management have served for more than 10 years • 86% senior management vacancies filled internally in the last 5 years • 70% of senior management team have done at least 3 job rotations
Productive & engaged workforce	• Amongst best in industry on employee cost to revenue ratios • Employee advocacy score of 90%

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Shareholders: Performance snapshot

₹ billion	FY2018	FY2019	Growth
Value of New Business (VNB)	12.86	13.28	3.3%
Embedded Value	187.88	216.23	15.1%
APE	77.92	77.99	0.1%
-Savings	73.45	70.77	(3.6%)
-Protection	4.46	7.22	61.9%
Persistency (13th month)[1]	85.8%	86.1%	
Persistency (49th month)[1]	62.8%	63.9%	
Productivity (Cost/TWRP)[2]	13.7%	15.0%	

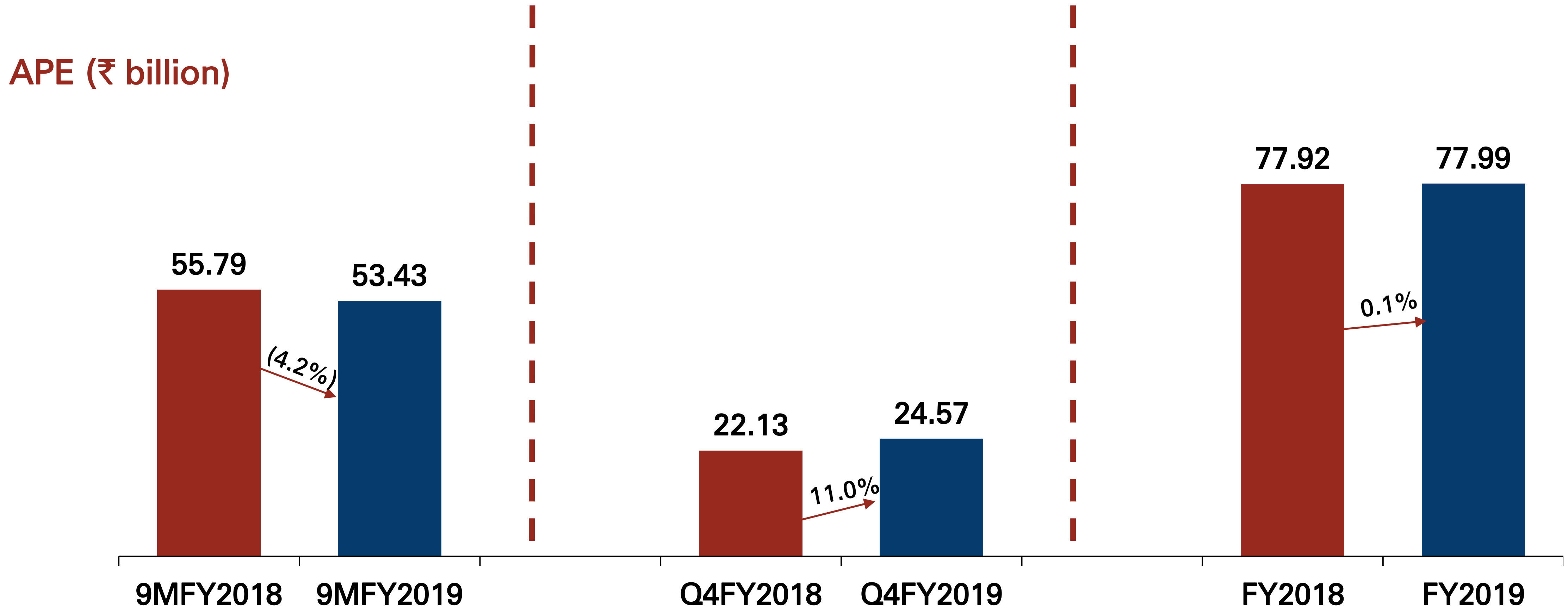
1. Retail excluding SP computed as per IRDA circular dated January 23, 2014
2. Total Cost including commission / (Total premium – 90% of single premium)
Components may not add up to the totals due to rounding off

Shareholders: 4P strategy

Customer centricity continues to be at the core

4P: Premium

Premium growth



Retail continues to constitute more than 95% of new business

Premium growth: Product segments

APE (₹ billion)

Segments	Q4-FY2018	Q4-FY2019	FY2018	FY2019	Q4-FY2019 Mix	FY2019 mix
Savings	**19.96**	**21.96**	**73.45**	**70.77**	**89.4%**	**90.7%**
ULIP	17.56	18.85	63.81	62.10	76.7%	79.6%
Par	2.03	2.29	8.46	6.72	9.3%	8.6%
Annuity	0.17	0.31	0.31	0.69	1.3%	0.9%
Others	0.20	0.50	0.87	1.27	2.0%	1.6%
Protection[1]	**2.16**	**2.61**	**4.46**	**7.22**	**10.6%**	**9.3%**
Total APE	**22.12**	**24.57**	**77.92**	**77.99**	**100.0%**	**100.0%**

1. Protection includes retail and group protection products

Premium growth: Channels

APE (₹ billion)

Channels	Q4-FY2018	Q4-FY2019	FY2018	FY2019	Q4-FY2019 mix	FY2019 mix
Bancassurance	11.68	13.33	40.75	43.53	54.3%	55.8%
Agency	5.09	5.41	19.79	16.89	22.0%	21.7%
Direct	2.46	3.14	10.54	9.34	12.8%	12.0%
Corporate agents and brokers	1.61	1.58	4.70	4.59	6.4%	5.9%
Group	1.28	1.11	2.13	3.65	4.5%	4.7%
Total APE	**22.12**	**24.57**	**77.92**	**77.99**	**100.0%**	**100.0%**

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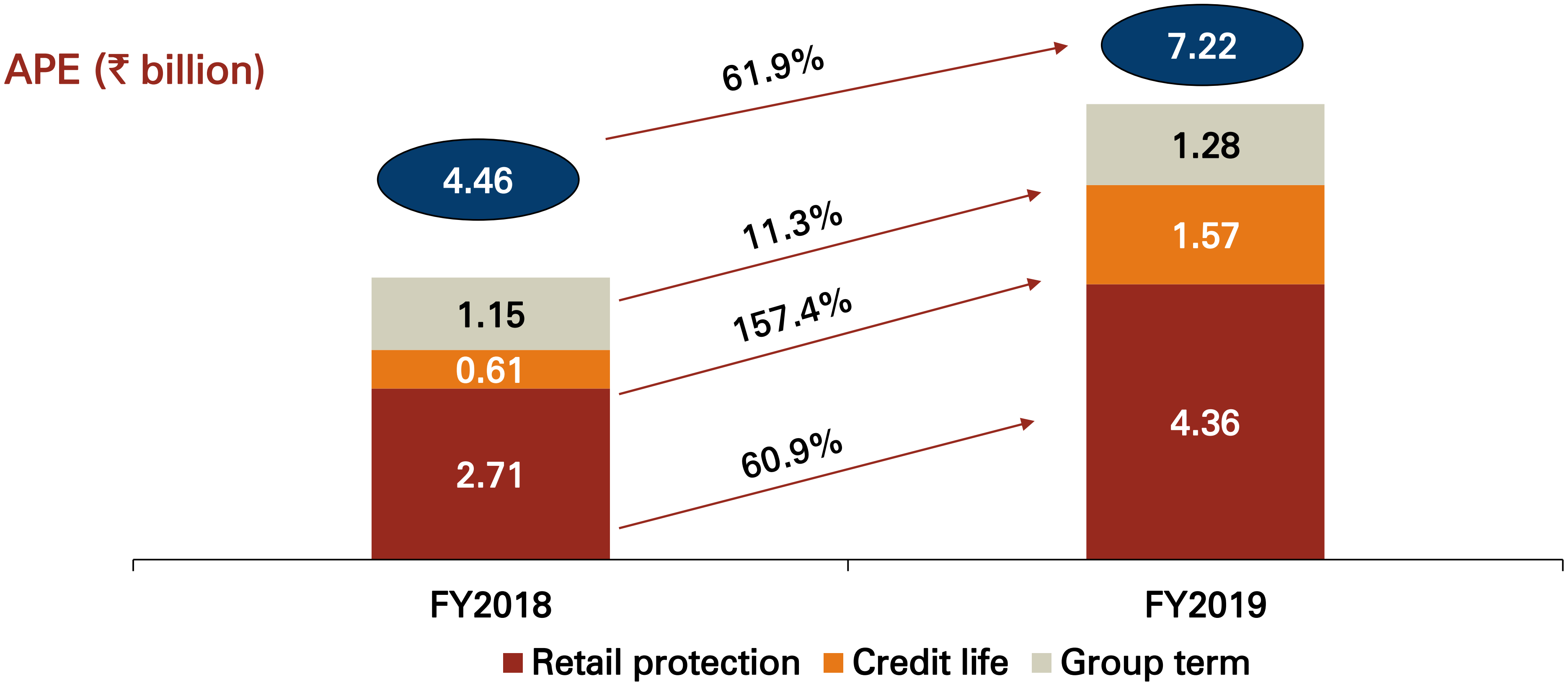
4P: Protection

Protection: Components



Retail protection is more than 60% of protection APE

Components may not add up to the totals due to rounding off

Protection: Increasing share

APE (₹ billion)

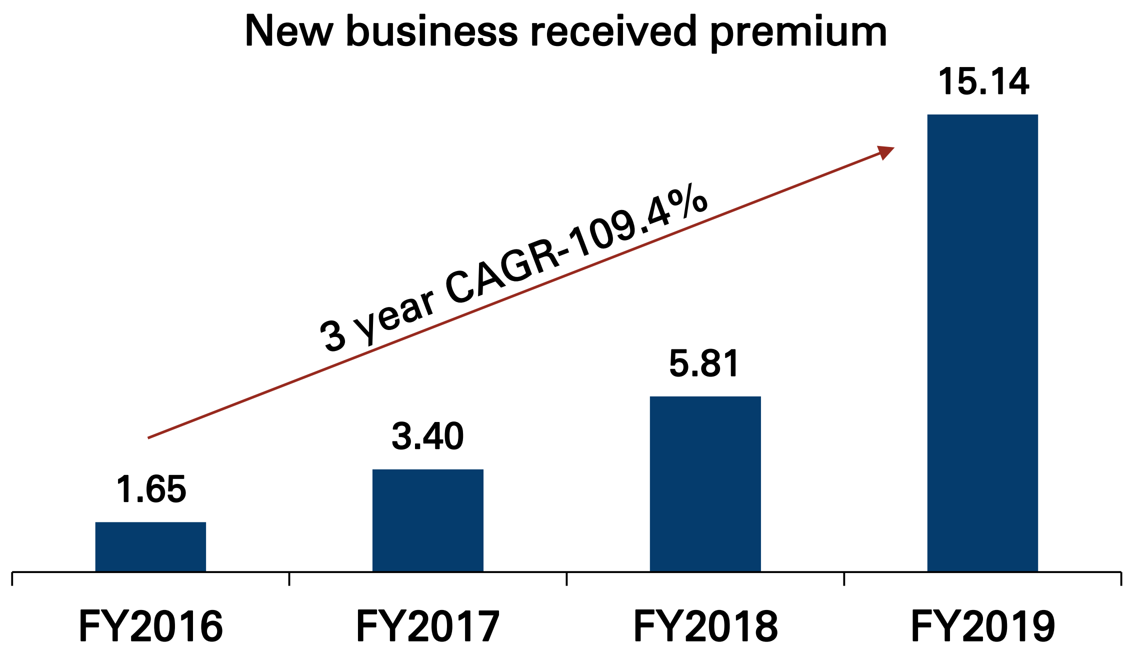
Segment	H1-FY2019	Q3-FY2019	Q4-FY2019	FY2019
Savings	31.14	17.68	21.96	70.77
Protection	2.66	1.95	2.61	7.22
Total	**33.81**	**19.62**	**24.57**	**77.99**
Protection mix	**7.9%**	**9.9%**	**10.6%**	**9.3%**

Protection mix ~10% for two quarters in a row

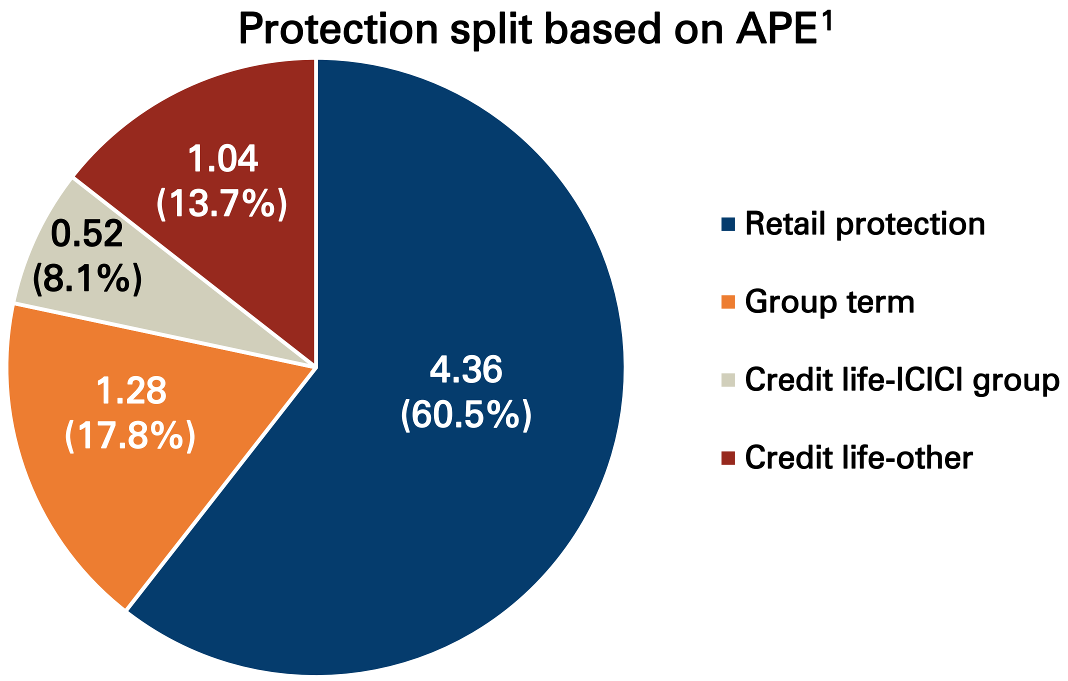
Components may not add up to the totals due to rounding off

Protection: Credit life

₹ billion



Premium over 9x in three years



Credit life through third party contributes ~14% of Protection APE

1. Figures in brackets represent mix of protection APE

4P: Persistency

Persistency[1] (retail excluding single premium)

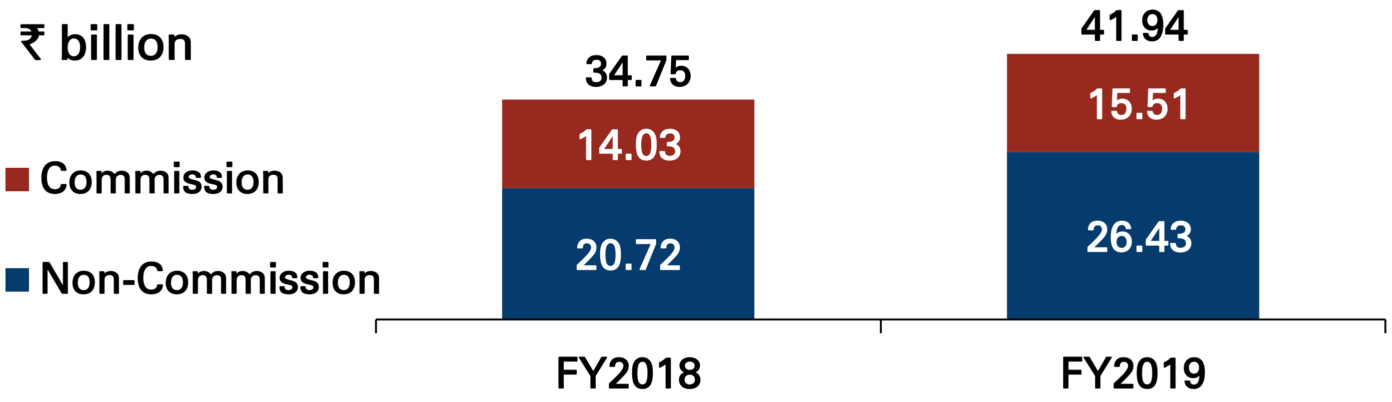
Month	FY2018	11M-FY2019
13th month	85.8%	86.1%
25th month	77.0%	76.3%
37th month	67.6%	69.8%
49th month	62.8%	63.9%
61st month	53.7%	56.4%
₹ billion	**FY2018**	**FY2019**
Retail renewal premium	174.97	202.25
Retail surrender (linked)	116.86	91.91
Assets under management	1,395.32	1,604.10[2]

1. As per IRDA circular dated January 23, 2014;
2. As at March 31, 2019

4P: Productivity

Productivity: Cost efficiency

	FY2018	FY2019
Expense ratio (excl. commission)[1]	8.2%	9.5%
Commission ratio[2]	5.5%	5.6%
Cost/TWRP[3]	13.7%	15.0%
Cost/Average AUM[4]	2.6%	2.8%
Cost/TWRP (Savings LOB)	11.8%	11.5%



- 67% of new business policies issued within 2 days
- 94% of new business applications initiated via digital platform

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

Technology driving the industry leading benchmark

1st in industry

Customer profiler

Personalized info., upfront requirements, Video streaming and best suited options

Nudge

Real time analytics providing appropriate trigger to customers and distribution

1st in industry

Instant reader

Instant feedback on KYC documents

~0.15 mn assessments

AI[1] led underwriting

Reduction in TAT; improved underwriting experience

Voice based LMS[2]

Empowering sales and driving ease of adoption

1st in industry

WhatsApp interface

Verified business account on WhatsApp

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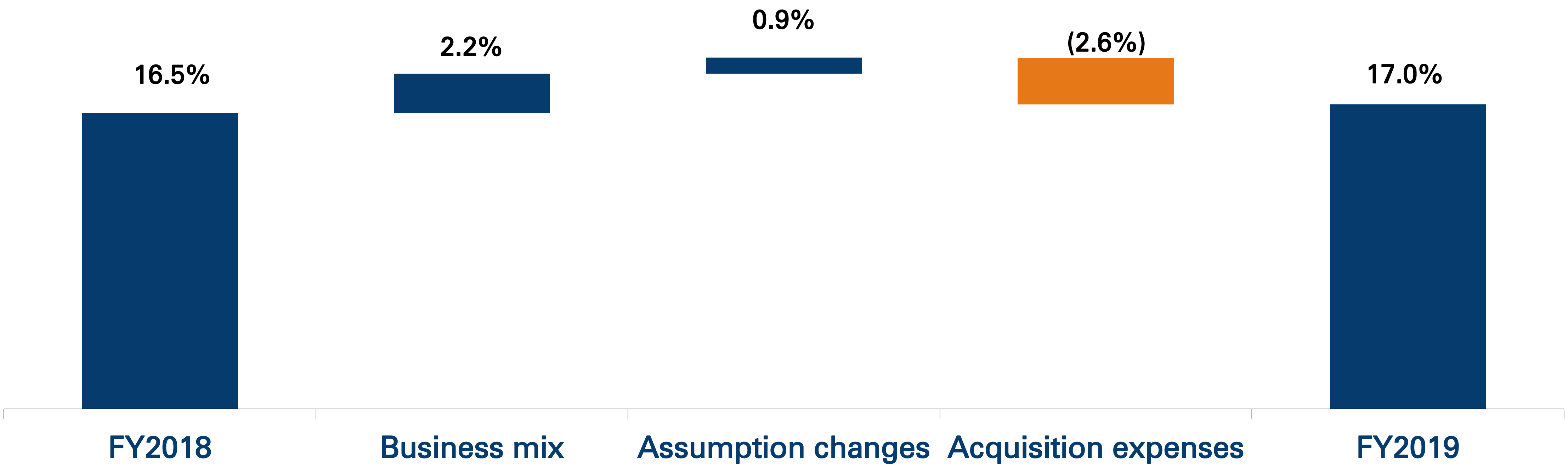
1. Artificial intelligence
2. Lead management system

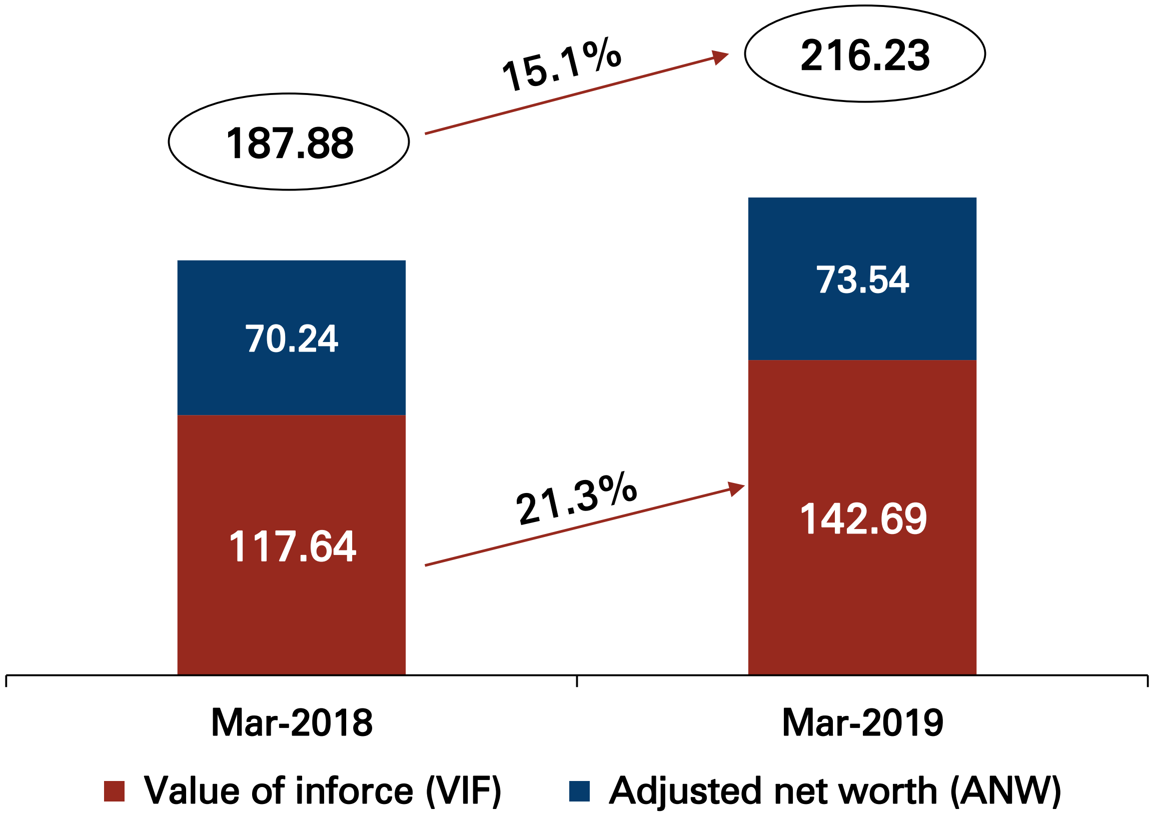
Value of New Business (VNB)

₹ billion	FY2018	FY2019
VNB	12.86	13.28
VNB margin	16.5%	17.0%



Embedded Value (EV)[1]

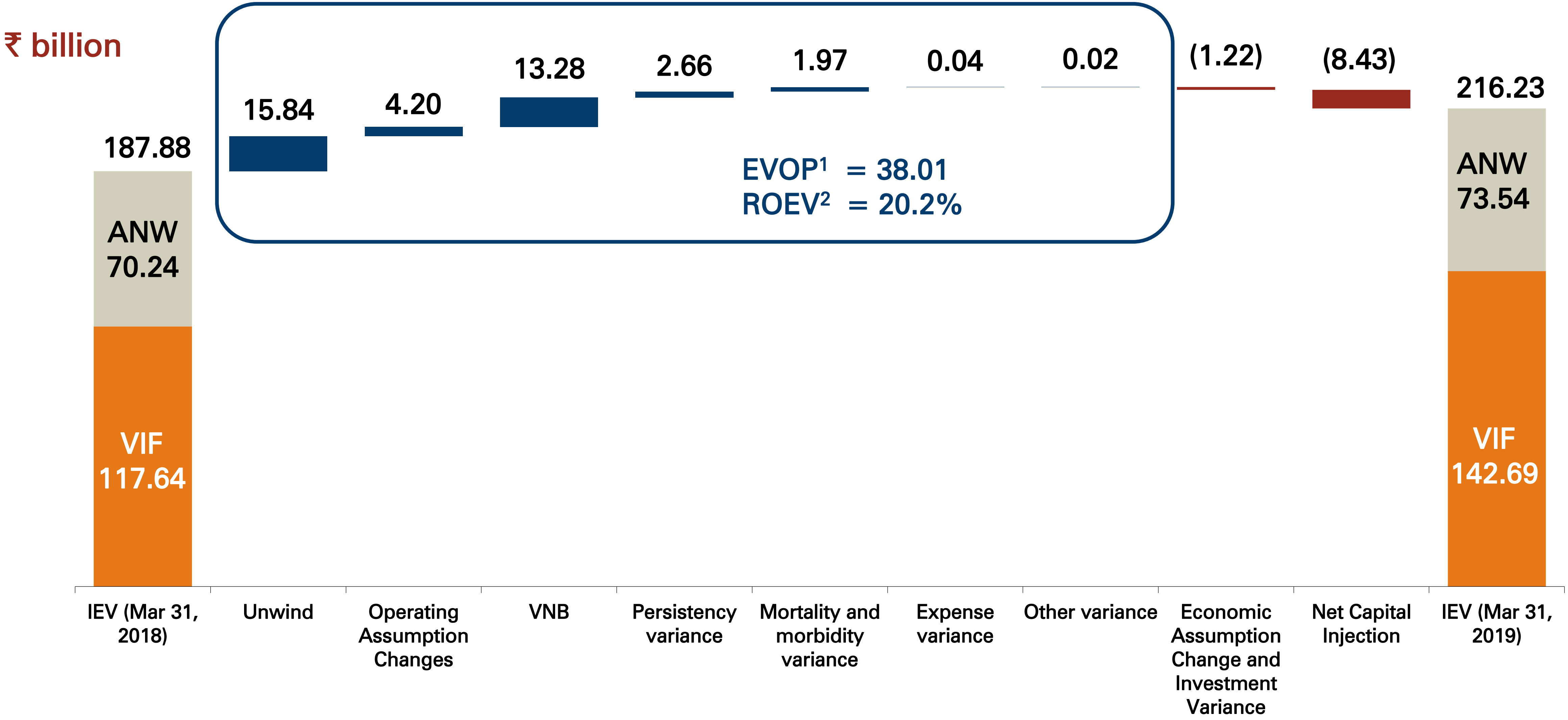
₹ billion



Pre dividend EV growth of 19.6%

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

Analysis of movement in EV



1: EVOP is the embedded value operating profit net of tax
2: ROEV is the return on embedded value net of tax
EV results prepared as per APS 10 and reviewed by Milliman Advisors LLP
Components may not add up to the total due to rounding off

Analysis of movement in EV[1]

₹ billion	FY2017	FY2018	FY2019
Opening EV	**139.39**	**161.84**	**187.88**
Unwind	12.21	13.72	15.84
Value of New Business (VNB)	6.66	12.86	13.28
Operating assumption changes	1.00	7.64	4.20
Persistency variance	0.99	1.53	2.66
Mortality and morbidity variance	0.98	0.78	1.97
Expense variance	0.35	0.27	0.04
Other variance	0.76	0.00	0.02
EVOP	**22.95**	**36.80**	**38.01**
Return on embedded value (ROEV)	**16.5%**	**22.7%**	**20.2%**
Economic assumption change and investment variance	5.82	1.13	(1.22)
Net capital injection	(6.32)	(11.88)	(8.43)
Closing EV	**161.84**	**187.88**	**216.23**

1. As per Indian Embedded Value (IEV) method

Sensitivity analysis

Scenario	% change in VNB		% change in EV	
	FY2018	FY2019	FY2018	FY2019
Increase in 100 bps in the reference rates	(4.9)	(4.3)	(2.1)	(2.0)
Decrease in 100 bps in the reference rates	5.2	4.4	2.2	2.0
10% increase in the discontinuance rates	(8.6)	(8.5)	(1.3)	(1.3)
10% decrease in the discontinuance rates	9.1	8.9	1.4	1.4
10% increase in mortality/morbidity rates	(5.4)	(9.4)	(1.0)	(1.4)
10% decrease in mortality/morbidity rates	5.5	9.4	1.0	1.4
10% increase in acquisition expenses	(9.2)	(13.0)	Nil	Nil
10% decrease in acquisition expenses	9.2	13.0	Nil	Nil
10% increase in maintenance expenses	(3.5)	(3.6)	(1.0)	(0.9)
10% decrease in maintenance expenses	3.5	3.6	1.0	0.9
Tax rates increased to 25%	(7.9)	(7.5)	(4.6)	(4.0)

Dividend

Dividend

₹ billion	FY2018	FY2019
Profit after Tax	16.20	11.41
Solvency ratio[1]	252%	215%
Dividend declared[2]	9.62	4.52
Dividend payout ratio	59.4%	39.6%

Dividend payout ratio of ~40% for FY2019

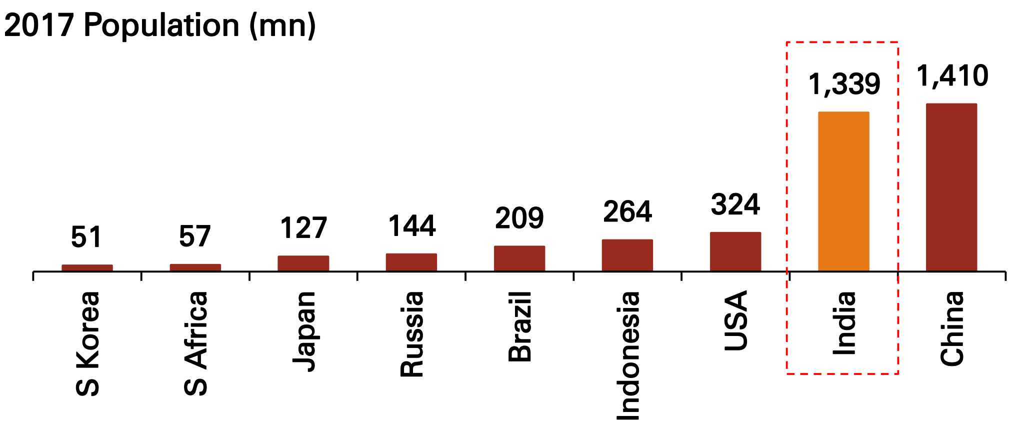
1. At March 31 of respective years
2. Excluding DDT

Agenda

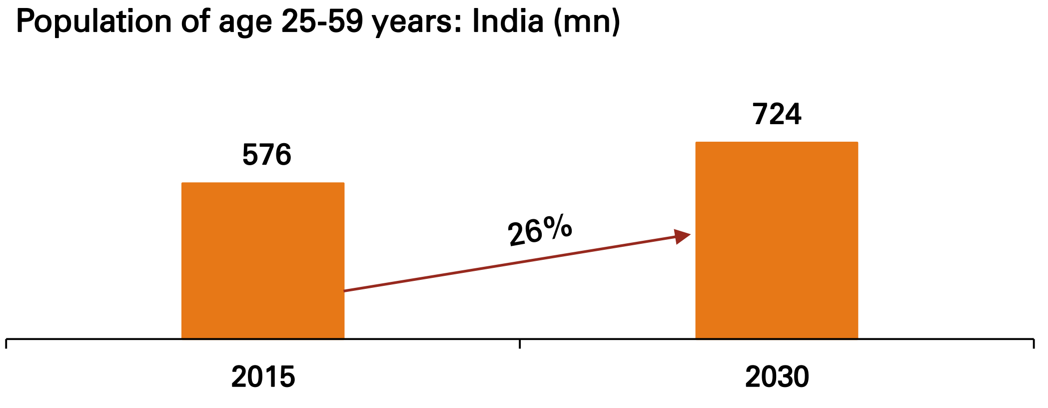
- Company strategy and performance
- **Opportunity**
- Industry overview

Favorable demography

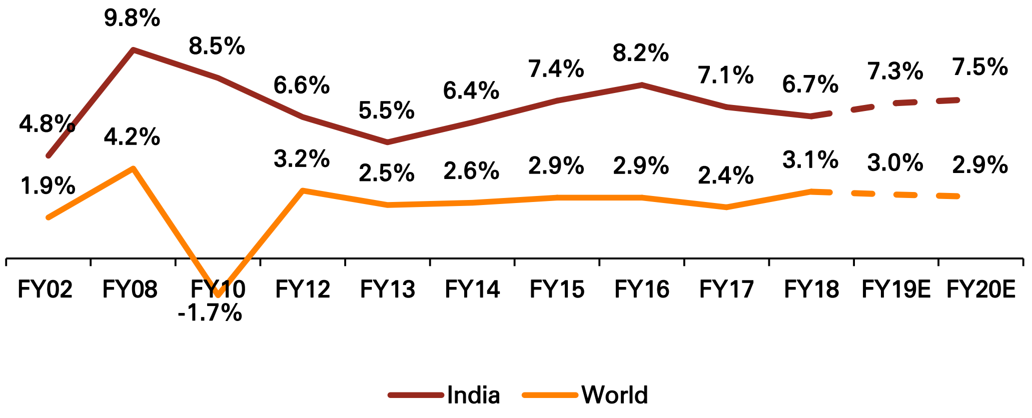
Large and growing population base[1]



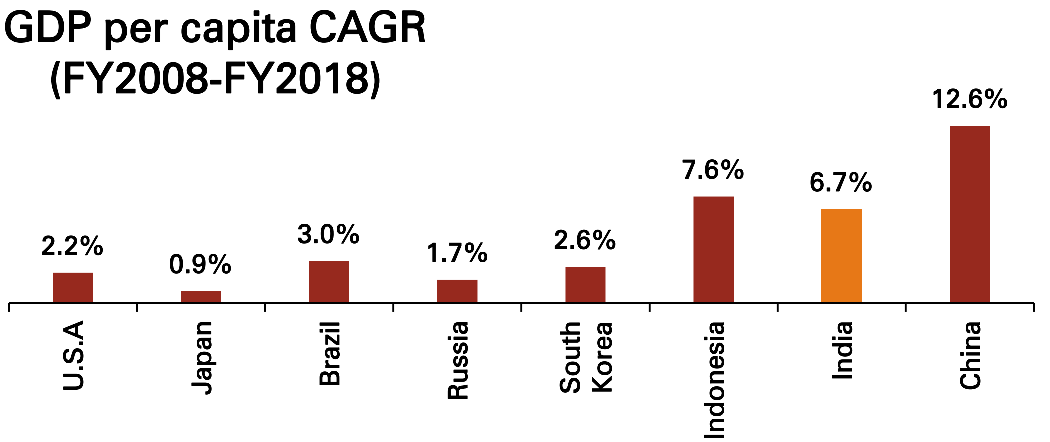
High share of working population[1]



Driving GDP growth [2]



Rising affluence[2]



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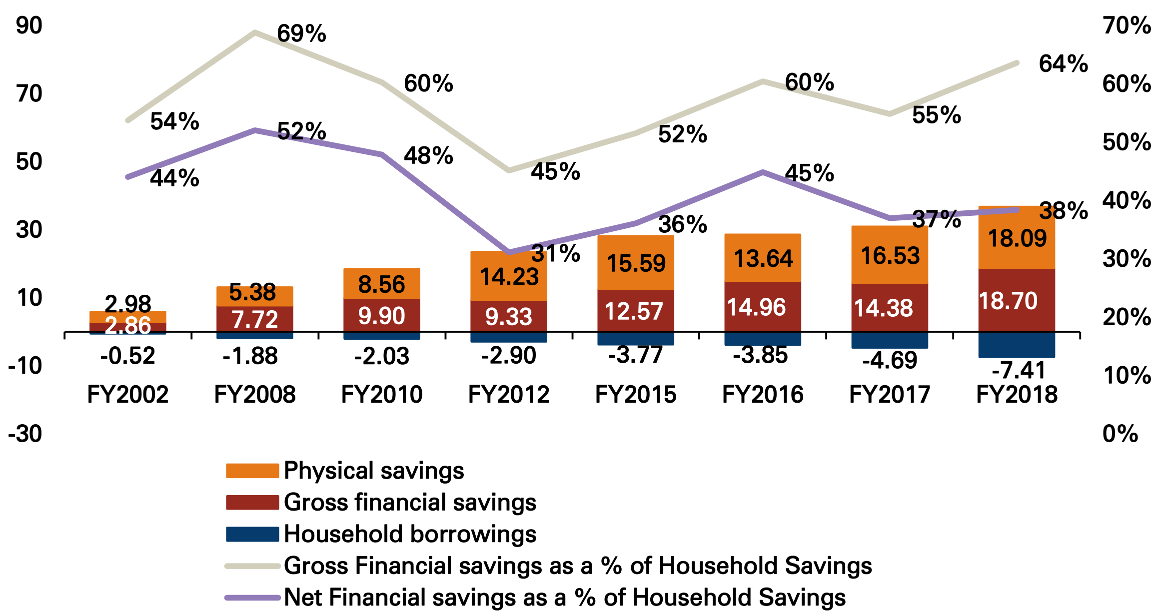
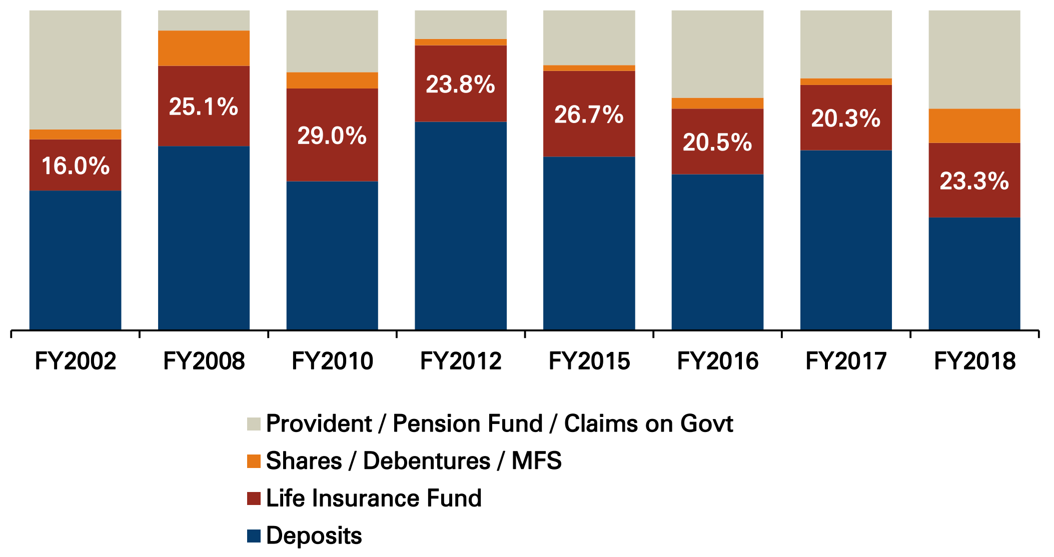
1. Source: UN population division
2. Source: World bank

Financialisation of savings: Opportunity for insurance

Household savings[1]



Distribution of financial savings(excluding currency)[2]



₹ billion	FY2002	FY2008	FY2010	FY2012	FY2014	FY2015	FY2017	FY2018
Life insurance premium[3] as % of GDP	2.1%	4.0%	4.1%	3.3%	2.8%	2.6%	2.7%	2.8%

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

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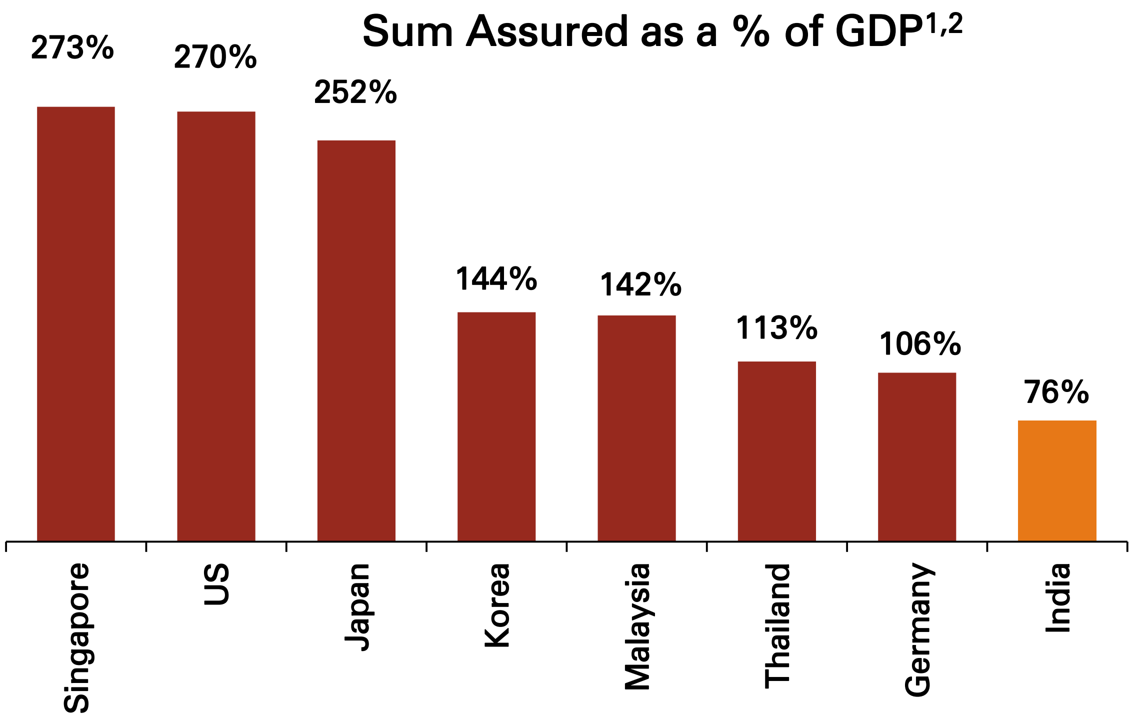
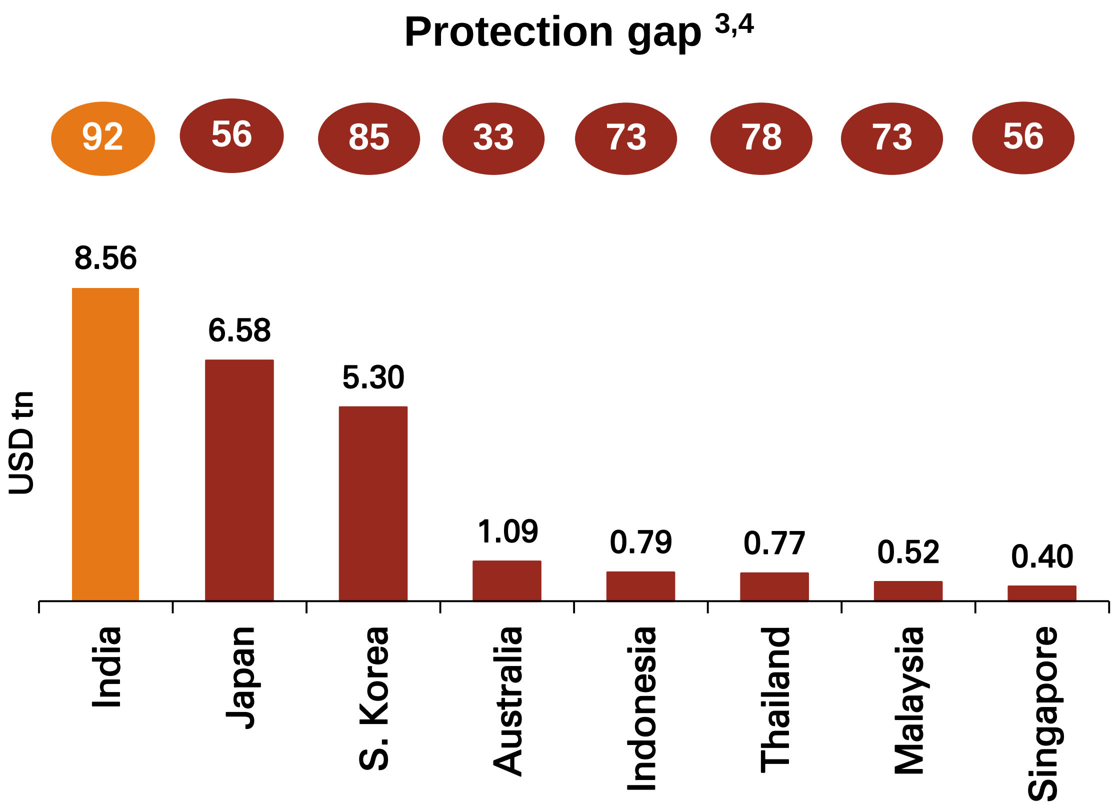
1. Source: RBI and CSO
2. Source: RBI
3. Total life insurance industry premium including renewal; Source: IRDAI

Protection opportunity: Income replacement





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

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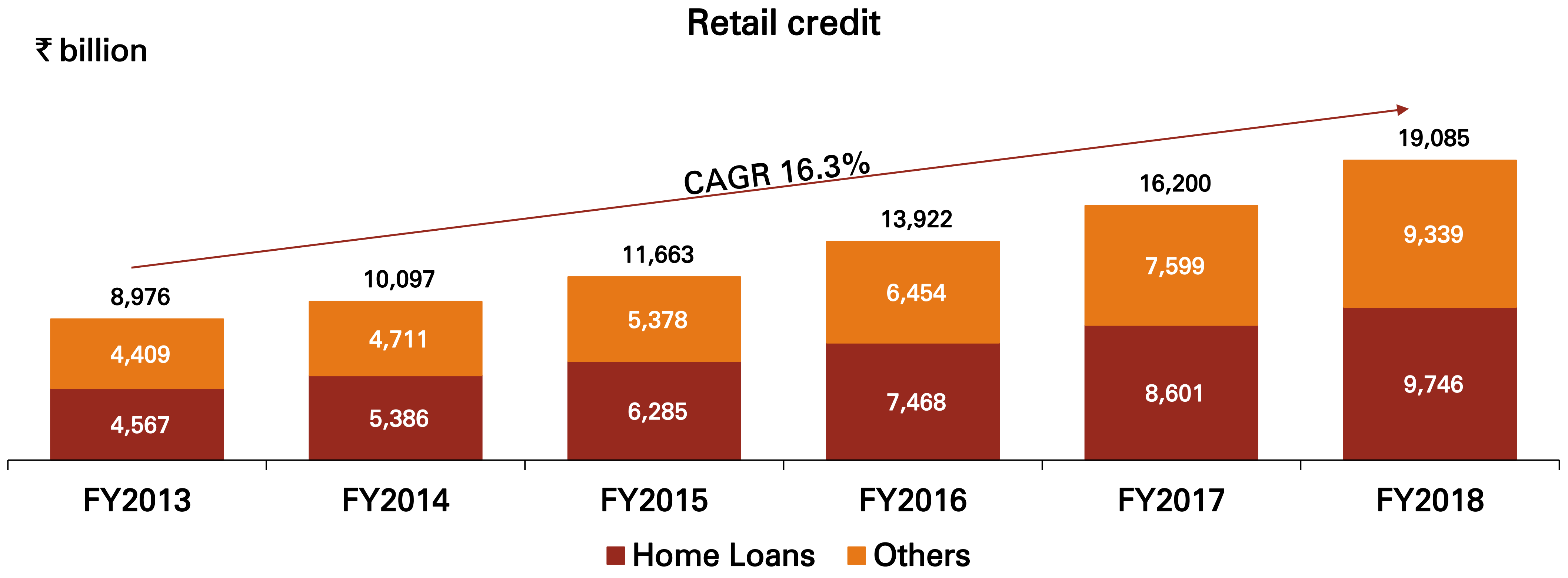
1. As of FY2018 for India; As of FY2015 for US, Germany and others as of FY2017
2. Source: McKinsey estimates.
3. Protection gap (%): Ratio of protection lacking/protection needed
4. Source: Swiss Re, Economic Research and Consulting 2015

Protection opportunity: Liability cover



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

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

Protection opportunity

Gross direct premium (₹ billion)	FY2008	FY2018	CAGR
Health	**50.45**	**378.97**	**22.3%**
Motor	**130.63**	**593.14**	**16.3%**
- Motor Own Damage (OD)	84.19	263.59	12.1%
- Motor Third Party (TP)	46.44	329.55	21.6%

- **Protection premium ~ ₹ 125 billion for life insurance industry in FY2018**

Source: General Insurance Council and company estimate

Agenda

- Company strategy and performance
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Evolution of life insurance industry in India

	FY2002		FY2010		FY2015		FY2018
New business premium[1] (₹ bn)	116	21.5% →	550	-5.8% →	408	15.9% →	635
Total premium (₹ bn)	501	23.2% →	2,654	4.3% →	3,281	11.8% →	4,583
Penetration (as a % to GDP)	2.1%		4.1%		2.6%		2.8%
Assets under management (₹ bn)	2,304	24.0% →	12,899	12.6% →	23,361	12.4% →	33,130
In-force sum assured[2] (₹ bn)	11,812*	15.5% →	37,505	15.8% →	78,091	17.6% →	126,989
In-force sum assured (as % to GDP)	50.1%		57.9%		62.7%		75.7%

Industry is back to growth trajectory

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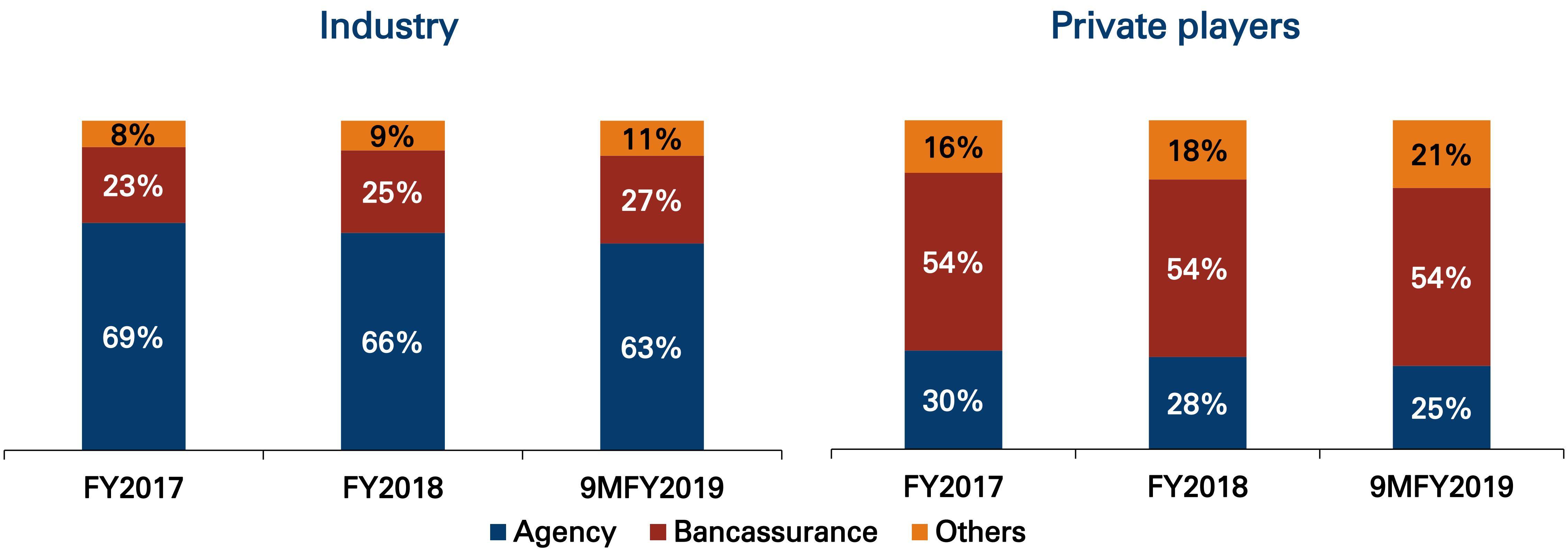
1. Retail weighted received premium (RWRP)
2. Individual and Group in-force sum assured

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

Channel mix[1]

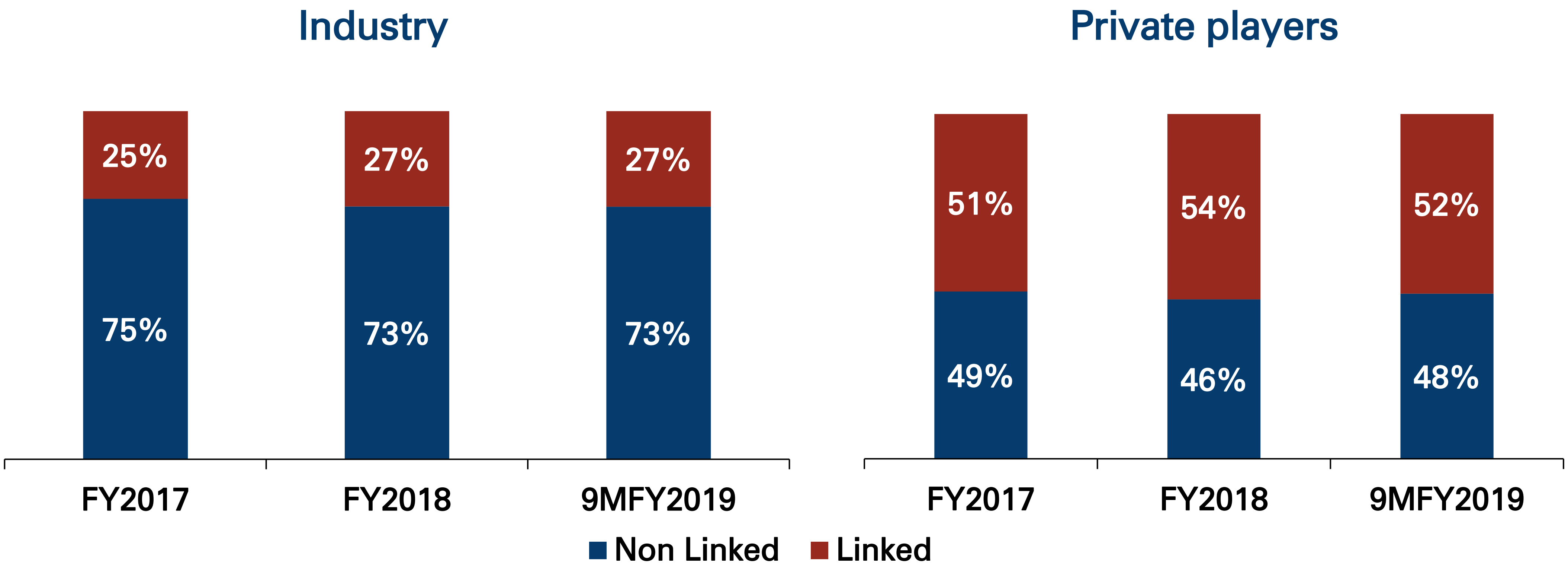


Given a well developed banking sector, bancassurance continues to be the largest channel for private players

1. Individual new business premium basis

Source: Life Insurance Council

Product mix[1]



- Strong customer value proposition of ULIPs
  - Transparent and low charges
  - Lower discontinuance charges compared to other savings products
  - Choice and flexibility of asset allocation

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

Annexures

Average APE by product categories

Average retail APE per policy (₹)	FY2017	FY2018	FY2019
ULIP	169,701	180,746	159,329
Par	56,325	62,379	60,308
Non Par	39,153	54,187	76,468
Protection	9,815	9,123	12,048
Total	**92,735**	**90,620**	**83,309**

Average retail APE per policy (₹)	Q1FY2019	Q2FY2019	Q3FY2019	Q4FY2019
ULIP	171,337	173,516	134,442	165,707
Par	57,273	58,833	60,712	62,902
Non Par	54,014	54,529	68,659	95,350
Protection	10,257	8,762	12,575	15,841
Total	**82,749**	**84,263**	**77,779**	**87,771**

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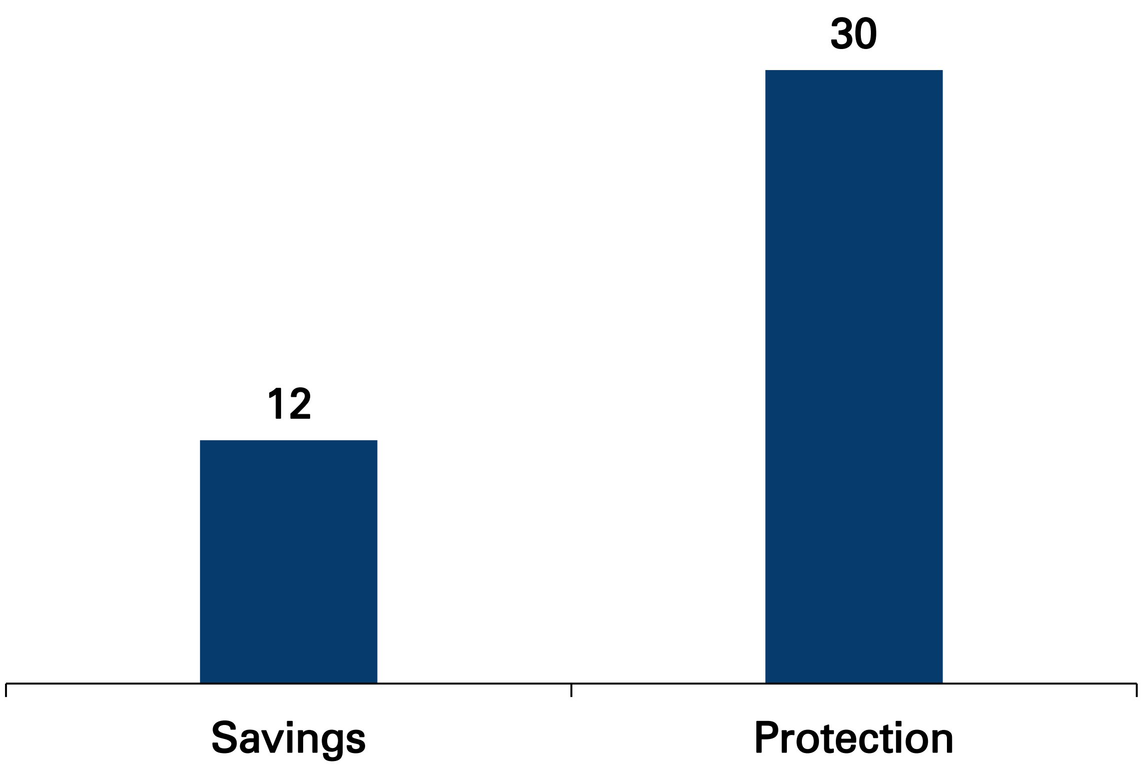
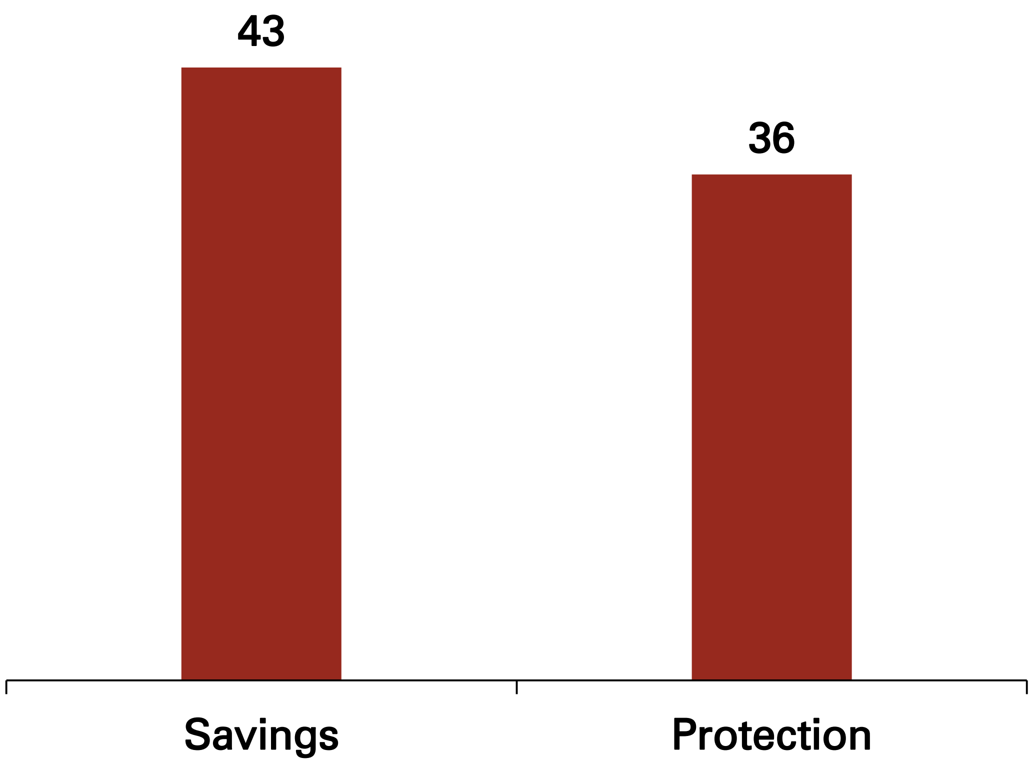
Policy term and customer age[1]

Average policy term (years)



Average customer age (years)



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1. For FY2019; protection excludes credit life

Channel wise product mix[1]

Channel category	Product category	FY2017	FY2018	FY2019
Bancassurance	ULIP	92.1%	89.8%	93.4%
	Par	5.3%	7.3%	2.1%
	Non par	0.4%	0.1%	0.6%
	Protection	2.2%	2.7%	3.9%
	Total	**100.0%**	**100.0%**	**100.0%**
Agency	ULIP	79.5%	81.8%	75.3%
	Par	14.2%	13.5%	18.1%
	Non par	2.0%	0.4%	0.5%
	Protection	4.3%	4.3%	6.1%
	Total	**100.0%**	**100.0%**	**100.0%**
Direct	ULIP	85.3%	88.0%	79.3%
	Par	5.0%	4.3%	5.3%
	Non par	3.1%	2.4%	6.4%
	Protection	6.5%	5.3%	9.1%
	Total	**100.0%**	**100.0%**	**100.0%**
Corporate agents and brokers	ULIP	46.5%	36.8%	28.2%
	Par	44.1%	49.9%	49.5%
	Non par	0.4%	0.5%	0.6%
	Protection	9.0%	12.8%	21.8%
	Total	**100.0%**	**100.0%**	**100.0%**

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

Product wise channel mix[1]

Channel category	Product category	FY2017	FY2018	FY2019
ULIP	Bancassurance	62.4%	57.4%	65.5%
	Agency	22.0%	25.4%	20.5%
	Direct	12.2%	14.5%	12.0%
	Corporate agents and brokers	3.4%	2.7%	2.1%
	Total	**100.0%**	**100.0%**	**100.0%**
Par	Bancassurance	31.3%	35.4%	13.8%
	Agency	34.3%	31.5%	45.4%
	Direct	6.3%	5.3%	7.4%
	Corporate agents and brokers	28.1%	27.7%	33.3%
	Total	**100.0%**	**100.0%**	**100.0%**
Non par	Bancassurance	22.8%	15.9%	27.4%
	Agency	49.0%	24.5%	8.0%
	Direct	25.6%	52.8%	62.0%
	Corporate agents and brokers	2.6%	6.8%	2.6%
	Total	**100.0%**	**100.0%**	**100.0%**
Protection	Bancassurance	35.2%	35.2%	36.9%
	Agency	27.9%	27.6%	22.8%
	Direct	21.6%	17.9%	18.7%
	Corporate agents and brokers	15.3%	19.3%	21.7%
	Total	**100.0%**	**100.0%**	**100.0%**

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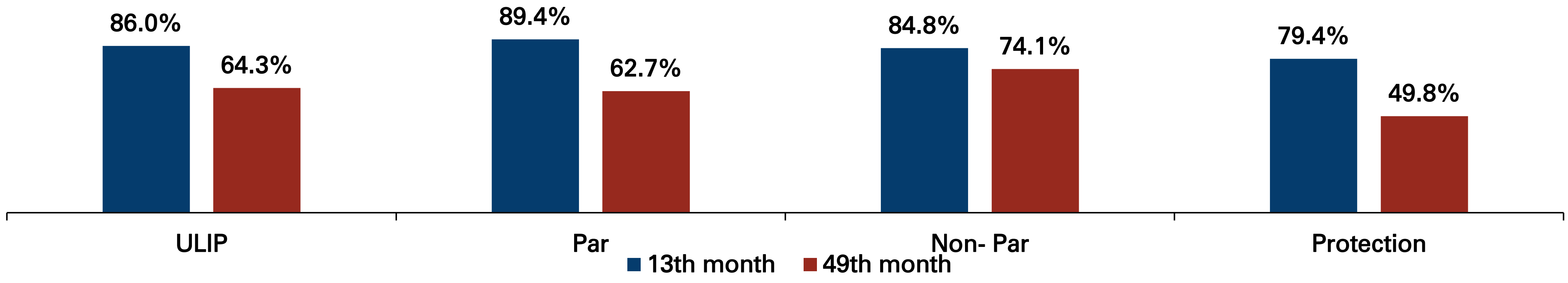
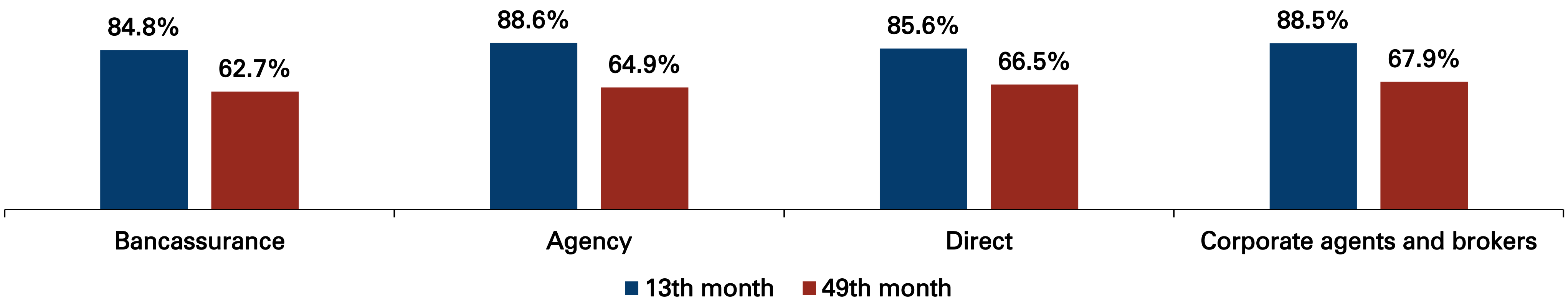
1. Retail Annualized Premium Equivalent (APE) basis
Components may not add up to the totals due to rounding off

Retail persistency excluding single premium[1]

Persistency across product categories



Persistency across channel categories



1. 11M-FY2019 persistency
As per IRDA circular dated January 23,2014; excluding group and single premium policies

Retail persistency

Including single premium

Month	FY2017	FY2018	11M-FY2019
13th month	85.7%	86.8%	87.4%
25th month	73.9%	78.3%	78.0%
37th month	66.8%	68.8%	71.3%
49th month	59.3%	64.2%	65.2%
61st month	56.2%	54.5%	57.6%

Excluding single premium

Month	FY2017	FY2018	11M-FY2019
13th month	84.7%	85.8%	86.1%
25th month	73.0%	77.0%	76.3%
37th month	65.5%	67.6%	69.8%
49th month	58.3%	62.8%	63.9%
61st month	53.8%	53.7%	56.4%

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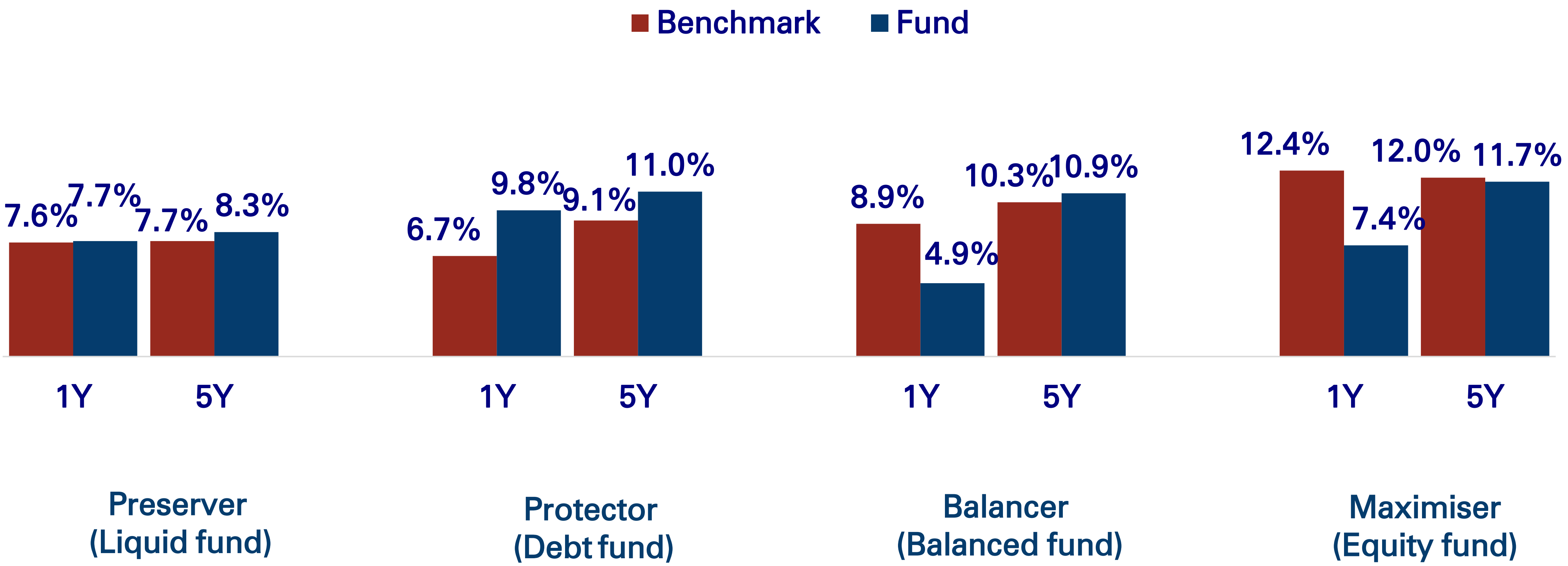
As per IRDA circular dated January 23, 2014

Fund performance



82.7% of linked portfolio out performed benchmark indices since inception

At March 31, 2019

Embedded value

Analysis of movement in EV[1]

₹ billion	FY2015	FY2016	FY2017	FY2018	FY2019
Opening EV	**117.75**	**137.21**[2]	**139.39**	**161.84**	**187.88**
Unwind	11.70	12.58	12.21	13.72	15.84
Value of New Business (VNB)	2.70	4.12	6.66	12.86	13.28
Operating assumption changes	1.60	1.04[2]	1.00	7.64	4.20
Persistency variance	2.12[3]	2.01	0.99	1.53	2.66
Mortality and morbidity variance		0.79	0.98	0.78	1.97
Expense variance		0.59	0.35	0.27	0.04
Other variance		1.09	0.76	0.00	0.02
EVOP	**18.12**	**22.23**	**22.95**	**36.80**	**38.01**
Return on embedded value (ROEV)	**15.4%**	**16.2%**	**16.5%**	**22.7%**	**20.2%**
Economic assumption change and investment variance	11.11	(5.64)	5.82	1.13	(1.22)
Net capital injection	(9.77)	(14.41)	(6.32)	(11.88)	(8.43)
Closing EV	**137.21**	**139.39**	**161.84**	**187.88**	**216.23**

1. As per Indian Embedded Value (IEV) method
2. Difference of FY2015 closing EV and FY2016 opening EV shown as operating assumption changes in FY2016;Components may not add up to the totals due to rounding off
3. Includes persistency, mortality and morbidity, expense and other variance

Embedded value

₹ billion	FY2017	FY2018	FY2019
Value of In force (VIF)	94.28	117.64	142.69
Adjusted Net worth	67.56	70.24	73.54
Embedded value[1]	**161.84**	**187.88**	**216.23**
Return on Embedded Value (ROEV)	16.5%	22.7%	20.2%
EV growth-pre dividend	20.6%	23.4%	19.6%
EV growth-post dividend	16.1%	16.1%	15.1%
VNB as % of opening EV	4.8%	7.9%	7.1%
Operating assumption changes and variance as % of opening EV	2.9%	6.3%	4.7%

1. As per Indian Embedded Value (IEV) method

Components may not add up to the totals due to rounding off

EV methodology

- EV results prepared based on the Indian Embedded Value (IEV) methodology and principles as set out in Actuarial Practice Standard 10 (APS10) issued by the Institute of Actuaries of India (IAI)
- EV consists of Adjusted Net Worth (ANW) and Value of in-force covered business (VIF)
  - ANW is market value of assets attributable to shareholders, consisting of
    - Required capital
    - Free surplus
  - Value of in-force covered business (VIF) is
    - Present value of future profits; adjusted for
    - Time value of financial options and guarantees;
    - Frictional costs of required capital; and
    - Cost of residual non-hedgeable risks

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Components of ANW

- Required capital (RC)
  - The level of required capital is set equal to the amount required to be held to meet supervisory requirements.
  - It is net of the funds for future appropriation (FFAs)
- Free surplus (FS)
  - Market value of any assets allocated to, but not required to support, the in-force covered business

Components of VIF (1/2)

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

Components of VIF (2/2)

- Time value of financial options and guarantees (TVFOG)
  - Represents additional cost to shareholders that may arise from the embedded financial options and guarantees
  - Stochastic approach is adopted with methods and assumptions consistent with the underlying embedded value
- Cost of residual non-hedgeable risk (CRNHR)
  - An allowance for risks to shareholder value to the extent not already allowed for in the TVFOG or the PVFP
  - Allowance for asymmetric risks of operational, catastrophe mortality/morbidity and mass lapsation risk
  - Determined using a cost-of-capital approach
  - Allowance for diversification benefits among the non-hedgeable risks, other than the operational risk
  - 4% annual charge applied to capital required

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Components of EV movement (1/2)

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

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Components of EV movement (2/2)

- Operating experience variance
  - Captures impact of any deviation of actual experience from assumed in the opening EV during the inter-valuation period
- Economic assumption changes and Investment variance
  - Impact of the update of the reference rate yield curve, inflation and valuation economic assumptions from opening EV to closing EV
  - Captures the difference between the actual investment return and the expected 'real world' assumed return
- Net capital injection
  - Reflects any capital injected less any dividends paid out

Key assumptions underlying EV (1/2)

- Discount rate and Fund earning rates
  - Set equal to reference rates which is proxy for risk free rates
  - Reference rates derived on the basis of zero coupon yield curve published by the Clearing Corporation of India Limited
- Expenses and commission
  - Based on the Company’s actual expenses during FY2019 with no anticipation for productivity gains or cost efficiencies
  - Commission rates are based on the actual commission payable to the distributors

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Key assumptions underlying EV (2/2)

- Mortality and morbidity
  - Based on company’s experience with an allowance for future improvements in respect of annuities
- Persistency
  - Based on company’s experience
- Taxation
  - Taxation costs reflect the reduction in costs due to dividend income being tax exempt

Economic assumptions underlying EV

Tenor (years)	References Rates	
	March 31, 2018	March 31, 2019
1	6.57%	6.66%
5	8.21%	7.83%
10	8.31%	8.35%
15	8.11%	8.35%
20	7.97%	8.22%
25	7.91%	8.11%
30	7.88%	8.05%

Glossary

- **Annualized Premium Equivalent (APE) –** Annualized Premium Equivalent (APE) is the sum of the annualized first year premiums on regular premium policies, and ten percent of single premiums, from both individual and group customers
- **Assets under management (AUM)** - AUM refers to the carrying value of investments managed by the company and includes loans against policies and net current assets pertaining to investments
- **Embedded Value (EV)** - Embedded Value (EV) represents the present value of shareholders' interests in the earnings distributable from the assets allocated to the business after sufficient allowance for the aggregate risks in the business
- **Embedded Value Operating Profit (EVOP)** - Embedded Value Operating Profit (EVOP) is a measure of the increase in the EV during any given period due to matters that can be influenced by management
- **Retail Weighted Received Premium (RWRP)** - Premiums actually received by the insurers under individual products and weighted at the rate of ten percent for single premiums
- **Total weighted received premium (TWRP)** - Measure of premiums received on both retail and group products and is the sum of first year and renewal premiums on regular premium policies and ten percent of single premiums received during any given period
- **Persistency Ratio** - Persistency ratio is the percentage of policies that have not lapsed and is expressed as 13th month, 49th month persistency etc. depicting the persistency level at 13th month (2nd year) and 49th month (5th year) respectively, after issuance of contract

Safe harbor

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

Thank you

ICICI Prudential Life Insurance Company

Earnings conference call

Year ended March 31, 2019 (FY2019)

April 24, 2019

N S Kannan:

Good evening and welcome to the results call of ICICI Prudential Life Insurance Company for the financial year 2019. I have with me here, my colleagues Puneet Nanda our Deputy Managing Director and Satyan Jambunathan our Chief Financial Officer.

To begin with, I would like to highlight that, as required by the SEBI (Listing Obligations and Disclosure Requirements) Regulations read with Securities Contracts (Regulation) Rules, the Company has met the minimum public shareholding requirements of twenty five per cent during the quarter ended March 2019. During the last quarter, Prudential Corporation Holdings Limited divested 3.71% shareholding in the company as Offer for Sale (OFS), through exchange mechanism.

I would also like to inform you that the Board has recommended a final dividend of ₹ 1.55 per share which translates to about 40% of PAT (excluding DDT) for H2-FY2019. This dividend proposal is subject to shareholders' approval.

I will now talk about key highlights of our performance for fiscal 2019 along with our key strategic imperatives. We have put up the results presentation on our website. You can refer to it as we walk you through our performance. After my remarks, Satyan will discuss the performance in greater detail. At the end, Puneet, Satyan and I will be happy to take any questions that you may have.

As I mentioned in the previous calls, we had set ourselves the objective of growing the absolute value of new business i.e. VNB through the 4P strategy of Premium growth, Protection business growth, Persistency improvement and Productivity improvement targeted at improving cost ratios. We believe that this 4P strategy is appropriate in the context of the huge insurance opportunity in the country, coupled with our objective to grow the VNB. If you recall, at 9M-FY2019, we had spoken specifically regarding the two immediate priorities i.e. premium growth and persistency improvement. We had undertaken some initiatives to address these two priorities, even as we stayed course on our medium term strategy to take advantage of the huge insurance opportunity presented by our country.

So, the first priority we had set was to bring back the growth momentum. You would recall that our APE had declined 4.2% during 9M-FY2019. We had put in place various initiatives such as engagement with key distributors serving affluent customers; and distribution and product initiatives to widen our customer base. We believe that these initiatives are required to make our business model more resilient in the medium term, and not just to address the immediate priorities. You would have already seen some of the results of these initiatives reflect in the monthly new business trends that we reported over this quarter. I am happy to report that new business APE for Q4-FY2019 grew by 11% year on year. With this, the APE for FY2019 was ₹ 77.99 billion. During Q4 last year, we had aligned the definition of group term APE with other industry players. Adjusted for impact of change in APE definition for base period, the growth rate was 14% for Q4-FY2019 and 15% for March 2019. While we ended the year flat on APE, we step into new financial year with a positive quarterly growth momentum.

As I mentioned, in order to set up a platform for long term resilient and sustainable growth, we had embarked on a journey of broadening our customer base. Our number of savings new business policies grew at ~19% year on year for Q4-FY2019.

Our second immediate priority was to improve persistency, which continues to be a key focus area. We had seen some decline in the 13th month persistency at December 2018. If you recall, we had mentioned that persistency of high average premium segment had been particularly impacted, given the difficult market environment. We intensified our communication to both our distributors and our customers to address any concerns about the environment that they may have had. Some of this worked well during the quarter with our 13th month persistency improving to 86.1% FROM 84.1% at December end 2018. We also saw our 49th month persistency improving further to ~64% at the end of March 2019.

Now, even as these immediate priorities were getting addressed, we continued to make significant progress on our protection journey. As you are aware, our country's demographics, coupled with the low insurance coverage, provide a large untapped opportunity for protection business. With our focus on retail business and building partnerships, our protection new business received premium has multiplied seven fold within a span of three years. During FY2019, it more than doubled to ₹ 21.4 billion. Protection business now constitutes more than ~20% of our new business received premium, compared to ~11% in FY2018. On an APE basis, protection accounts for 9.3% of our overall APE.

As we have discussed in the past, the protection business, if managed well, can be more profitable than the savings business. Our focus on this customer need, along with our strong risk management practices to ensure sustained profitability, has resulted in a robust growth in our Value of New Business (VNB) over the last few years. This has also resulted in the share of VNB from our protection business in the total VNB growing steadily. With great satisfaction we see the VNB from Protection business now accounting for more than half our overall VNB.

We believe that we are now well on our way to diversify our sources of profits. With protection VNB constituting 60% of our VNB and with the growth in the protection business being robust, we now see our VNB growth being less susceptible to just the growth of our savings business. Along with our efforts to further broaden our customer franchise, we believe that we are well positioned for the future in this regard.

I would like to summarise the performance review for the quarter by saying that we returned to the growth path, made significant strides in protection business in terms of both topline & value and maintained the quality of overall business of the Company.

To briefly talk about our performance for the year, we have ended the year with a slightly positive growth of APE, fuelled by a 62% growth in protection APE. The 13th month persistency stands at 86.1%.

Consequently, our margin for the year stands at 17% with the VNB at ₹ 13.28 billion.

We have made annual disclosures on Embedded Value. Our embedded value increased to ₹ 216.23 billion as on March 2019, a growth of 15.1% over the fiscal year. Pre dividend Embedded value has grown by ~20%. Embedded value operating profit for FY2019 was ₹ 38.01 billion, with the Return on Embedded Value of 20.2%.

I would now like to conclude by articulating our agenda for FY2020.

As we begin the fiscal year, we continue on the path that we had set for ourselves. We seek to grow VNB through the 4P strategy of Premium growth, Protection business growth, Persistency improvement and Productivity improvement targeted at improving expense ratios.

On the first P of Premium growth, we have discussed our strength in the affluent customer base, which we will seek to defend. We have also discussed our desire to broaden the customer base so that we can increase penetration in under-served customer segments. We will pursue this through a variety of initiatives spanning across both distribution channels and products.

Our focus across channels will be to enhance our current distribution. We intend to do this through a closer mapping of distribution segments with customer segments and products.

We will also work at expanding our distribution network through acquisition of new partners as well investing in creation of new sourcing channels.

We believe that annuity business is a very significant opportunity as more people seek to provide for incomes post retirement. The key consideration for this business is to ensure that we do not take disproportionate investment risks. We will continue to provide solutions to customers to meet this need while ensuring that we manage Balance Sheet risk appropriately.

On the second P of protection Business growth, I spoke earlier of the progress we made on this journey over the years and that it now accounts for 60% of our VNB. We will endeavour to continue on this path during the coming year across both retail and group lines of business.

On the third P of persistency improvement, we have seen marked improvement in the early persistency buckets across the years. As we go forward, we seek to drive similar improvements across all cohorts.

On the fourth P of productivity improvement, we will continue to leverage technology to improve cost ratios. We have been an early adopter in this area and will continue to raise the bar. I believe that enhanced use of emerging areas such as Artificial Intelligence, Data Lake, and Cloud Hosting of applications will improve customer and distributor experience and bring greater risk control and efficiency to our business, as well as efficiency and productivity improvement to our distributors.

Given the opportunity that we see in the market and our 4P strategy to leverage this opportunity, we have set ourselves an aspiration to double our VNB over the next three to four years.

I thank you for your attention and now hand over to Satyan to discuss the results in greater detail.

Satyan Jambunathan: Thank you Kannan. Good evening.

Our strategy continues to be to create value for our stakeholders namely Customers, Employees and Shareholders. With our customer centric approach, we have seen improvement across the service parameters. Our Claim settlement ratio has increased from 97.9% in FY2018 to 98.6% for FY2019. Average time taken for settlement of claim was ~2.3 days in FY2019. Our Grievance ratio as well has improved to 72 per 10,000 policies sold during the year.

On the people side, we are currently a 14,000+ strong organisation. Over 90% of our top managers have been with us for more than 10 years. Our approach of building a talent pool has led to about 70% of our top managers having varied job experience within our organisation.

For our Shareholders, our primary focus continues to be to grow the absolute Value of New Business (VNB) through the 4P strategy of Premium growth, Protection business growth, Persistency improvement and Productivity improvement targeted at improving cost ratios.

On Premium growth, as Kannan mentioned, our immediate priority was to grow in Q4. For Q4-FY2019, we have registered a growth of ~11%, resulting in the overall numbers for FY2019 being flat . Also as had mentioned earlier, we had aligned the method of measurement of Group term APE with rest of the industry during Q4-FY2018. Adjusted for this, the growth rate for Q4-FY2019 was 14% year on year. Our endeavour is to continue this Q4 growth momentum into the next year as well. We continue with our focus on retail business which contributed more than 95% of our APE.

When we look at our growth across product categories, we find that all segments have grown in Q4. For the year, unit linked products continued to be our mainstay with a mix of ~80%.

Non-participating savings segment has seen significant growth during the year, on the back of our continued focus on immediate annuity business. Our annuity business has doubled during the year from ₹ 3.11 billion to ₹ 6.85 billion of single premium. This translates into an APE of ₹ 0.69 billion for FY2019.

Protection continued to register a significant growth with an APE OF ₹ 7.22 billion for FY2019. Protection mix stood at 9.3% of APE.

On the distribution channels, we have continued to invest across channels such as agency, bancassurance partnerships, proprietary sales force, corporate agents and brokers including web aggregators. It is encouraging to note that all key channels have grown in Q4-FY2019. For FY2019, Bancassurance had the strongest growth at 7%. We have a well diversified distribution mix with non-promoter channels contributing around half of our FY2019 APE. The growth in group business APE has been driven by protection.

Our second strategic element of protection. As Kannan mentioned, we increased our focus on protection since FY2016. Various initiatives have been undertaken resulting in the growth of the segment at a multiple of savings growth over the past few years. We are pleased to see the momentum continue during the year with a protection APE growth rate of ~62%.

Within protection business, retail contributes more than 60% of our protection APE. It is important to note that, with longer tenure and greater granularity, retail protection products tend to be more profitable.

During the year we have seen APE growth being volatile across the months. However protection APE growth was robust and consistent. Overall for 2 quarters in a row we have seen protection business contributing about 10% of our new business APE.Within the protection business, credit life is an area where we have been building partnerships over the past few years. While we gained a lot of traction in retail protection, on credit life we primarily operated with ICICI Bank. Over the past few years we have been building partnerships which has now resulted in premium received from credit life multiplied more than ~9 times within a span of three years. Infact in the last year it has more than doubled to ₹ 15.14 billion.

Even after this growth in the credit life business, the third party segment contributes under 14% of our protection APE.

In partnership with ICICI Bank, we have worked on delivering a competitive product proposition to its customers which has helped us deepen penetration in their portfolio as well.

The third element of persistency. We believe, customer retention is probably the most effective indicator of the quality of sale and is a barometer of customer experience. At December 2018, we had seen some decline in the 13th month persistency. With focus on building the confidence of our policyholders and encouraging them to pay the renewal premiums, 13th month persistency improved during Q4-FY2019 and was stable at 86.1% at March 2019.

The 25th month persistency is marginally lower compared to last year. While it is still better than our profitability assumption, we continue to work on improving this.

All other cohorts have seen meaningful improvement in persistency. Consequent to our focus on persistency, our retail renewal premium grew by ~16% to ₹ 202 billion in FY2019. Beyond the 49th month, surrenders is a key and our focus on ensuring that the customer gets the full intended benefit, which also feeds into the improved profitability to the Company has resulted in decline of surrenders by 21% year on year. From a profitability perspective, our persistency and surrender experience continues to be better than our assumptions factored in the VNB and EV calculation.

The fourth element of cost ratios. Improving productivity within all parts of the organisation from sales to service has resulted in our cost ratios coming down over the years. As we redouble our focus on protection, we are also conscious that we will have to invest in this segment resulting in some potential increase in cost ratios. The decline of 4% in savings business against what we started the year as a planned growth, further affected our cost ratio adversely. Our overall cost to TWRP ratio moved from 13.7% in FY2018 to 15.0% for Fy2019.

Within our cost initiatives, on the technology front, multiple initiatives across the product life cycle are undertaken regularly. Some of the industry leading initiatives namely customer profiler, instant reader, WhatsApp interface have been implemented during the year.

The outcome of our focus on these 4Ps has resulted in our Value of New Business of ₹ 13.28 billion for FY2019 compared to ₹ 12.86 billion for FY2018. The VNB margin is 17.0% for FY2019 as compared to 16.5% for FY2018.

The change in margin from 16.5% to 17% is contributed through the following.. Favourable business mix primarily on account of protection growth led to an increase in margin by 2.2%. Assumption changes led to an increase in margins by 0.9%. However, higher acquisition cost as we just discussed resulted in a deterioration of 2.6% in the margin.

Overall Embedded value increased by 15.1% to ₹ 216.23 billion at March 2019. Pre Dividend EV grew by ~20% over last year. Within in the Value of inforce grew by ~21% to ₹ 142.69 billion at March 2019. The growth in VIF is primarily led by VNB as well as positive operating variances.

Embedded Value of Operating Profit (EVOP) for the year was ₹ 38.01 billion. VNB continues to be a significant share of EVOP. Operating variances namely persistency, mortality/morbidity and expense variance continued to be positive for the year. Our Return on Embedded Value (ROEV) stands at 20.2% for FY2019.

The operating assumption change described in the margin is predominantly due to true up impact of effective tax rate, reduction in maintenance expenses and reduction in surrender rates beyond 5 years for unit-linked business some of which we have reflected in assumptions.

Next Slide presents Embedded Value development for three years. We continue to maintain the positive variances seen across the operating parameters; which gives us a confidence on our assumptions built into VNB and EV computation.

If we look at sensitivity table rates in comparison with last year. Given the increased contribution of protection business VNB & EV sensitivity to mortality rates has increased significantly.. Other sensitivity continue to be fairly stable. Also VNB & EV sensitivity to acquisition expenses has increased during the yearon account of higher cost ratio wwhich I mentioned.

The profit after tax for FY2019 was ₹ 11.41 billion as compared to ₹ 16.20 billion for FY2018. The drop in profit is explained by an increase in new business strain resulting from strong growth in protection and annuity segment, which have been and continues to be our focus areas. The new business strain of protection and annuity is significantly higher than saving products while it is margin accretive.

Solvency ratio continues to be strong at 215%. The Board has recommended a final dividend of ₹ 1.55 per share which translates to about 40% of PAT (excluding DDT) for H2-FY2019.

To summarize, we continue to monitor ourselves on the 4P framework of "Premium growth", "Protection business growth", "Persistency improvement" and "Productivity improvement to improve expense ratios". Our performance on these dimensions is what we expect to feed into our VNB growth over time. Thank you and we are now happy to take any questions that you may have.