

Investor Day

Company Participants

- Amit Palta, CDO
- Deepak Kinger, Chief Risk & Compliance Officer
- Judhajit Das, CHR
- Manish Kumar, CIO
- N.S. Kannan, MD & CEO
- Satyan Jambunathan, CFO
- Unidentified Speaker, Unknown

Presentation

N.S. Kannan

India has always been known for its rich heritage, culture, and art. Today, India is also known for its most [ph] young, and upwardly mobile population.

90% of Indians are under the age of 60 and about half of this population is of working age. This young, digitally savvy and aspirational India has new age goals and lifestyle ambitions while still being conscious of saving for the future and acquiring financial protection.

The next decade we'll see India emerge as the third largest economy in the world. In a nutshell, India is a country with a captivating demography and enormous opportunities unfolding. Hello, I'm N.S. Kannan, part of a 20-year-old legacy, which we call ICICI Prudential Life Insurance.

We are a young Company with the mindset of an Indian millionaire. Along with my team, I will narrate our story, a journey that describes our foundation of technology, the distinguishing things that have made us what we are today, some of our achievements, and a glimpse of the opportunity that defines our next frontiers.

We are India's largest private insurer by new business (inaudible). We have insured 3.6 million individual retail customers and have covered 52 million Indian citizens through group coverage, underwriting \$278 billion of (inaudible).

We're managing (inaudible) \$29 billion of assets, which are mostly policyholder funds. Within Prudential group in Asia, we have the highest number of customers. We ranked second in terms of new business AP [ph] and third in total premium as well as our (inaudible) management.

This scale has been built through a strong distribution network of 180,000 agents, 600 partners, including 23 bank partners, and a team of 14,000 of my colleagues enabling us to have a pan-India presence, covering more than 95% of India's GDP.

We are proud of the fact that we are the first Indian insurer to be listed and traded on Indian stock exchanges. Our vision is to build an enduring institution that serves the protection and long-term saving needs of customers with sensitivity. And our cutting-edge technology infrastructure is what supports this vision. Let's start with my colleague Jit as he takes us through our technology enablers.

Judhajit Das {BIO 19849109 <GO>}

In keeping with our customer-first orientation, we have used technology to offer personalized services anytime, anywhere to our customers in the language of their preference. Essentially, we go everywhere our customers are.

Video, voice, and vernacular are the three pillars of personalization on which we build our customer engagement framework. A device-agnostic platform is accessible through multiple servicing channels, such as the Web site and mobile app, WhatsApp, voice bots, and AI-powered chat bots.

This enables us to deliver service at scale. For instance, a humanoid calling app can make 50,000 calls to our customers in an hour to remind them that their payments are due. These tools have enabled our customers to execute 90% of their service requests to central teams at their time, place, and convenience. Above all, as a life insurer, a moment of truth is when we settle a claim.

With our machine learning-enabled processes, you brought down the average settling [ph] settlement time of non-investigated claims to less than 1.4 days. In addition, 100% of the claims which qualify for claims insure [ph] program was settled in one day as well as service promise [ph].

Our claim settlement ratio standard is 98% in FY2021. We are committed to proactively servicing the needs of our customers and through technology enablement, we shall endeavor to make our customer experience simple, intuitive, personalized, and satisfying.

The same applies to our partners in distribution teams as well. Amit will now take you through some of our technology enablers and our distribution processes.

Amit Palta {BIO 19182798 <GO>}

Over the past two decades, we have developed meaningful partner and consumer insights. Our modular technology platform augments this understanding and helps us onboard partners in just a matter of days. These trends are seen as ramped up our share of business in new multi-insurer partnerships.

Unidentified Speaker

What ICICI Prudential has done in the last two years has been incredible. We had a partner who was here for six years, and to come in and one year capture close to 40% is quite a feat.

We've seen them working on the ground and I think that work ethic is called attitude with gratitude. And that is because we see sharing [ph] humility and ability to work on the ground. I think that has been something of taking charge, of taking accountability and not just leaving it to the bank assurance guys to sell on their own. I'm sure the Pru word will use this case study in many of their other countries. Congratulations and thank you, we're very proud of this partnership.

Another technology enablement we crafted for our distributors is our collaboration partners. This platform allows multiple stakeholders to interact, problem-solve, sell and service remotely. They also have a nudge engine that reminds the salesperson to take actions that are timely and contextual.

My journey of 19 years as an adviser with ICICI Prudential has been truly incredible. Today, I serve over 400 customers, and this scale wouldn't have been possible without the digital platforms offered by IPRU [ph].

I'm fully equipped to cater to all the service needs of my customers digitally. The e-learning modules help me to sharpen my knowledge and I also get pre-qualified upsell leads, which has increased my productivity immensely.

I am truly thankful to my company for investing in digitization, especially in these trying times. This has not only improved my efficiency but also delivered a higher customer satisfaction. Three cheers to ICICI Pru.

We have developed a range of digital tools such as smart dock module, video verification and many others that have proved extremely useful, especially in the current pandemic times. With all these solutions, today, we received over 95% of our business applications digitally.

Keeping in mind the demands of young India, we have also partnered with digital-first companies such as e-commerce platform, payment providers, and fintech companies to create bite-size offers within the distributors' app. Our backend systems are scalable enough to issue millions of these bite-size coverage in a day. We have also extensively deployed analytics to make prequalified insurance offers requiring minimal documents.

ICICI Bank has a philosophy of being fair to the customer and fair to the bank. We have therefore identified protection and retirement needs of our customers as the core areas of focus.

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Bloomberg Transcript

Along with ICICI Prudential Life Insurance Company, we offer to our customers comprehensive protection plans along with critical illness and annuity products. We work jointly on analytics to design a frictionless process by identifying the right profile of the customer, a risk-calibrated approach and an onboarding experience that's seamless.

In the current times of pandemic, life Insurance has been incorporated in the bank's digital stack, ensuring there are absolutely no challenges on a face-to-face onboarding experience. With single-digit penetration of protection (inaudible), we believe that we have a strong runway ahead.

We believe the best way to win in the marketplace is by empowering our distribution team with technology, be it an individual agent, an employee, or a partner. While we have spoken about our technological enablers so far, we also lay great emphasis on our comprehensive product suite that is constantly upgraded, keeping our customers in mind.

It is a great delight and optimism that we entered the seventh year of our partnership with ICICI Pru Life Insurance for the sole life insurance providers and partners to Standard Chartered Bank in India.

The life insurance products offered by our organization complement and complete our value offerings. Over the past seven years, we have worked very closely with their teams to co-create segment-specific product and delivery propositions, all of which have been well-appreciated by our customers.

I would credit the ICICI Prudential teams for developing a diversified product mix appropriately aligned to the needs and risk appetite of our customers in India. Today, we have one of the largest foreign bank life insurance franchise in India, and I'm confident that going forward, we will continue building on our significant combined strength.

We stay ahead of the curve while identifying latent needs and developing suitable products for protection and long-term savings without compromising on risk management.

My colleagues, Manish and Deepak, will walk you through our investment performance and risk overview that has reinforced our customers' faith in us.

Manish Kumar {BIO 20547013 <GO>}

Today, we are one of the largest fund managers in India. Our in-house asset management team manages USD29 billion of bonds. With more than 99% of the fixed income portfolio in bonds rated AA and above, we continue to maintain a track record of not having a single default in the 20 years since our inception. Over three quarters of (inaudible) funds have outperformed benchmark indices since inception.

Deepak Kinger {BIO 18655265 <GO>}

Offered total liabilities, the non-participating guaranteed return products comprised just 1%. With a solvency ratio of more than 217%, the Company is well-positioned to deal with volatile economic environments.

The strength of our balance sheet is also illustrated by the fact that on an economic capital framework, our solvency ratio is in excess of 400%. There are other crucial elements of our business that make it more sustainable, efficient, and robust. My colleagues, Sonali, Asha, Jit and (inaudible) will tell us more about it.

Unidentified Speaker

An effective independent board and the separation of the board supervisory role from the executive management is the basis of our corporate governance philosophy. Independent directors comprise more than half of our board, including the board chairman.

To safeguard the interests of policyholders, the insurance regulator has prescribed and appointed actuary system whereby the actuary while being on the roles of the Company has an additional responsibility towards policyholders and the regulator.

We are a gender-neutral, equal opportunity employer, with driven employees comprising around 26% of the global workforce. We have created leadership depth and breadth to structure, talent management and leadership development initiatives.

Candidates from within the Company filled more than 90% of the vacancies at the senior management level. In terms of leadership stability, 85% of the senior management team have been with a company for more than 10 years.

Beyond business, we are committed to inclusive growth and social advancement. We promote skill development, sustainable livelihood, health and education for the underprivileged.

In FY21, more than 14,000 families have benefited from our social initiatives. We also offer micro insurance products that cater to social and rural sector, and more than 21 million lives have been covered in FY21.

A sustainable business adds value to all its stakeholders, including investors who believe in it. Satyan will share some of these financial achievements with you.

Satyan Jambunathan {BIO 18903550 <GO>}

Since we listed five years ago, our value of new business has grown at a CAGR of 32% to \$222 million, and the value of new business margin has increased from 8% to 25%.

We have achieved this by building a balanced product and distribution mix, increasing the share of protection business and improving business quality parameters, resulting in

industry-leading persistency and cost ratios.

This has also led to a significant diversification in our sources of profit, positioning us well to enhance value for our stakeholders as we go into the future. Our market capitalization is currently at \$11 billion.

We now reached an inflection point in our story. Looking ahead, we see vast opportunities in the areas of savings, health and protection and retirement. Let me start with savings. In India, the life insurance premium to GDP ratio stands at 2.8% compared to the global average of 3.4%. With an increase in financial savings and the share of life insurance at just 17%, there is a steady growth opportunity.

Similarly, with an estimated prediction gap of over \$16 trillion, protection is a significant untapped market in India. We estimated only about 10% of the addressable population is currently covered, putting India at least a decade behind other developed Asian economies.

We see protection as a multi decade, double-digit growth opportunity. The retirement segment could well be the next big horizon of growth. With the increasing life expectancy, there is a crucial need for both accumulation and annuity solutions. The question that arises is, how do we plan to capture these opportunities?

N.S. Kannan

In order to address the insurance opportunity ahead of us, we have articulated a 4P framework that seeks to grow the value of new business while keeping the customer centricity at the core.

Our 4P framework comprises premium growth, protection business growth, persistency improvement, and productivity enhancement. Speaking of premium growth, our focus is on deeper penetration in the underserved customer segments, further enhancing our distribution footprint by acquiring new partners and investing in the creation of non-conventional sourcing channels.

For the second P of protection business growth, we focus on offering products across channels, penetrating the online term insurance market and partnering with the loan providers to offer coverage against loans. As and when the regulatory environment gets further liberalized, we expect to add new propositions on health as well as wellness.

Coming to our third P, which is persistency, we aim to drive further improvements, encouraging long-term customer behavior which is good for the customers as well as good for the shareholders.

The fourth P of productivity touched across all the functions and processes. As an organization, we will return our focus on cost efficiency and leverage our scale and digital platform to enhance customer experience and the efficiency of service operations.

Looking from an opportunity perspective, we believe that long-term sustainable growth in value of new business will be driven by, one, the opportunity for the industry to grow its savings business broadly in line with the nominal GDP growth of the country; two, leveraging the industry's multi-decade growth opportunity in the heavily underpenetrated protection business; and three, optimizing product mix further along with productivity levers to enhance margins. That in summary is our vision and strategy.

FINAL Along with team ICICI Prudential Life, comprising over 14,000 dedicated and capable colleagues, who I believe are some of the best in the industry, I have the full confidence in our ability to deliver on this vision. Thank you.

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