

H12019 Performance Review

October 20, 2018



Agenda

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

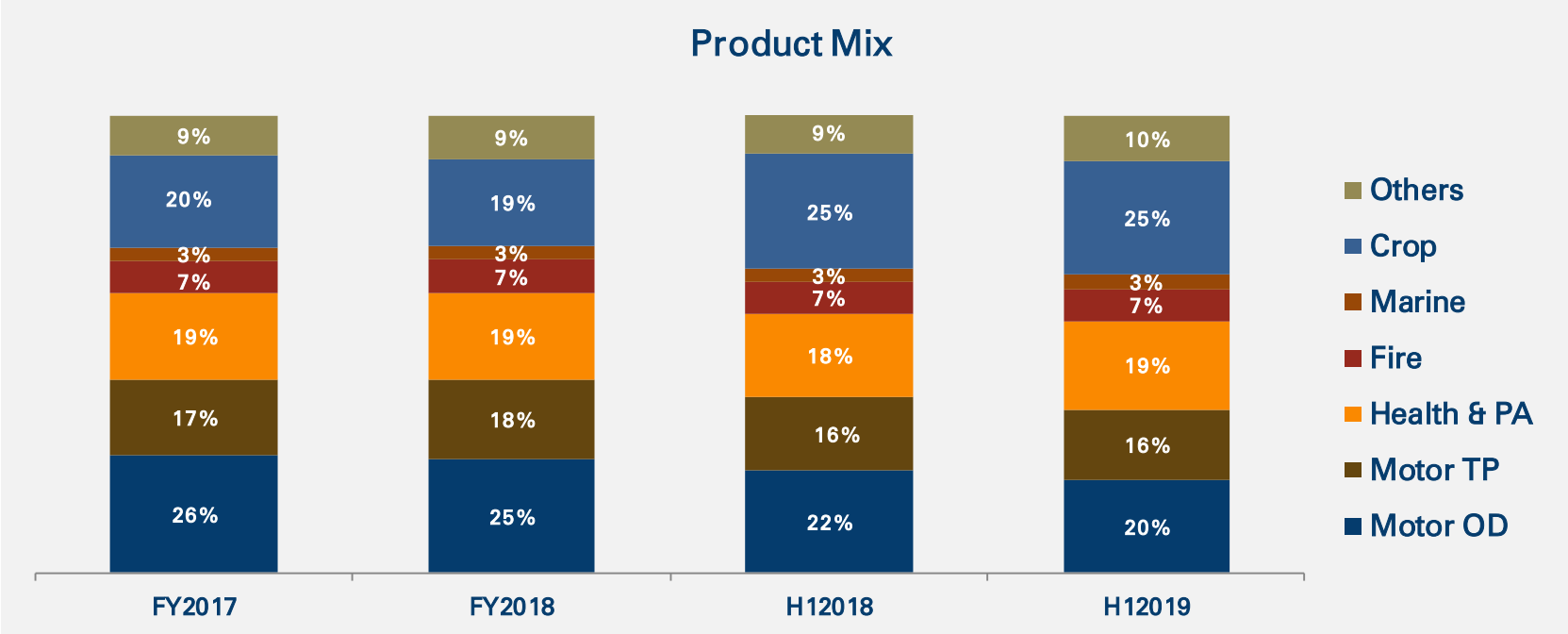
- Reduce Combined ratio using risk selection and data analytics
- Maintain robust reserves
- Increasing distribution and servicing capabilities without human intervention
- Increase operational efficiency using artificial intelligence and machine learning techniques

Key Highlights

Particulars (₹ billion)	FY2017 Actual	FY2018 Actual	H12018 Actual	H12019 Actual
Gross Written Premium	109.60	126.00	66.29	74.92
Gross Direct Premium Income (GDPI)	107.25	123.57	64.94	73.05
GDPI Growth	32.6%	15.2%	16.7%	12.5%
Combined Ratio	103.9%	100.2%	102.7%	100.1%
Profit after Tax	7.02	8.62	4.18	5.82
Return on Average Equity	20.3%	20.8%	21.3%	24.4%
Solvency Ratio	2.10x	2.05x	2.18x	2.10x
Book Value per Share	82.57	100.04	91.17	109.85
Basic Earnings per Share	15.66	19.01	9.24	12.83

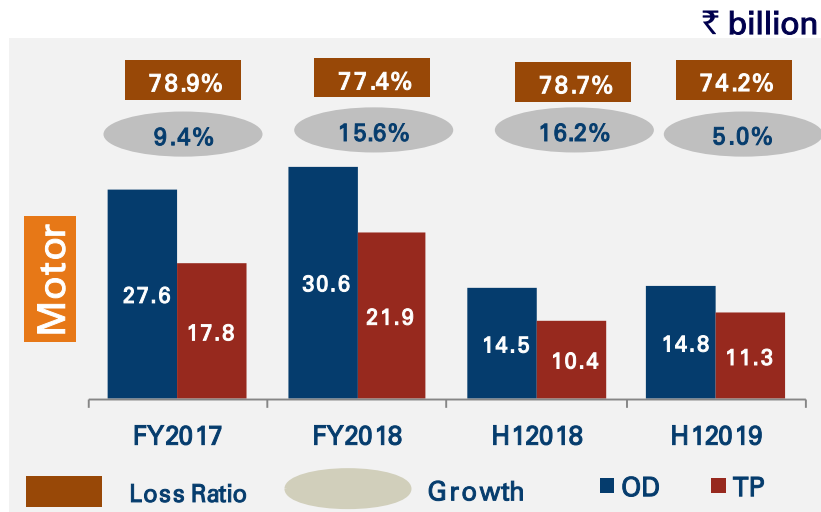
- Market leadership amongst private sector general insurance companies since FY2004

Comprehensive Product Portfolio

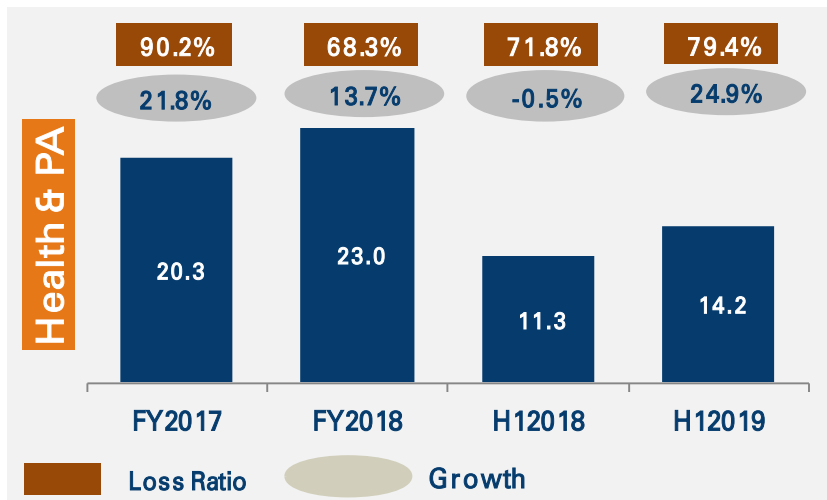


- Diversified product mix– motor, health & personal accident, crop, fire, marine insurance
- SME business growth was 35.0% for H12019

Comprehensive Product Portfolio

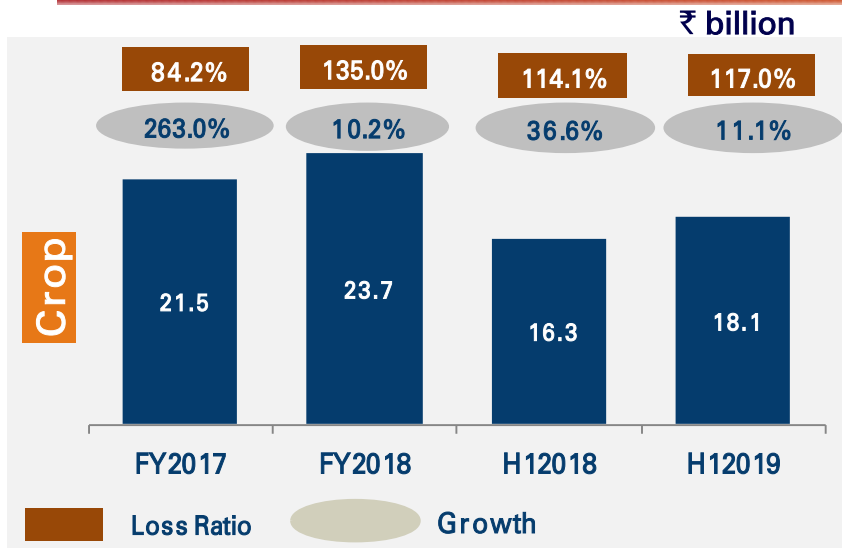


- Private car, Two wheeler and Commercial Vehicle contributed 50.0%, 30.1% and 19.9% respectively of Motor GDPI for H12019 and 50.8%, 30.8% and 18.4% respectively of Motor GDPI for H12018
- Loss cost driven micro-segmentation resulting in focus on relatively profitable segment

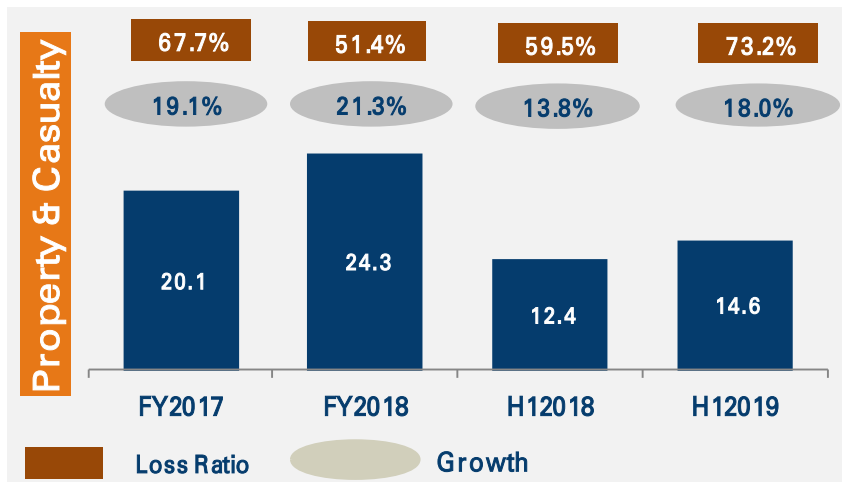


- Retail, Corporate and mass contributed to 54.1%, 44.3% and 1.6% respectively of Health & PA GDPI for H12019 and 48.5%, 49.3% and 2.2% respectively for H12018
- Retail indemnity new business grew by 70% for H12019

Comprehensive Product Portfolio

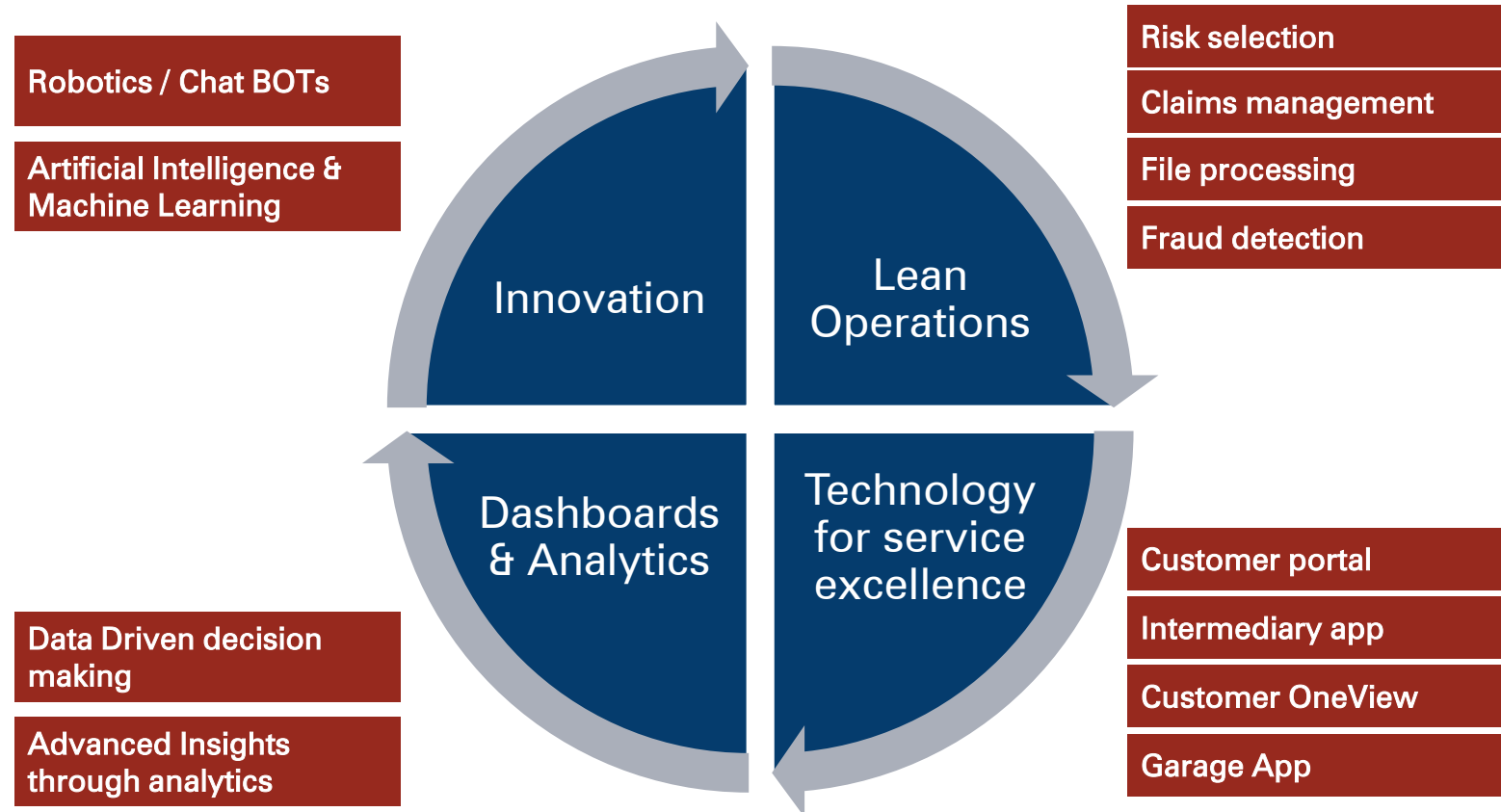


- Covered farmers in 4 states and 30 districts in Kharif season H12019 compared to 7 states and 56 districts in Kharif H12018



- Underwriting of small risks for portfolio diversification and pricing
- Focus on risk mitigation through value added services

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
 - Current panel of reinsurers* rated 'A-' or above**
- Conservative level of catastrophe (CAT) protection
 - Net impact of Kerala floods estimated to be at ₹ 0.25 bn

Investments

- Tighter internal exposure norms as against regulatory limits
- Invest high proportion of Debt portfolio (78.0%) 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 & select coinsurance follower reinsurance placement

**S&P or equivalent international rating

10 *** domestic credit rating

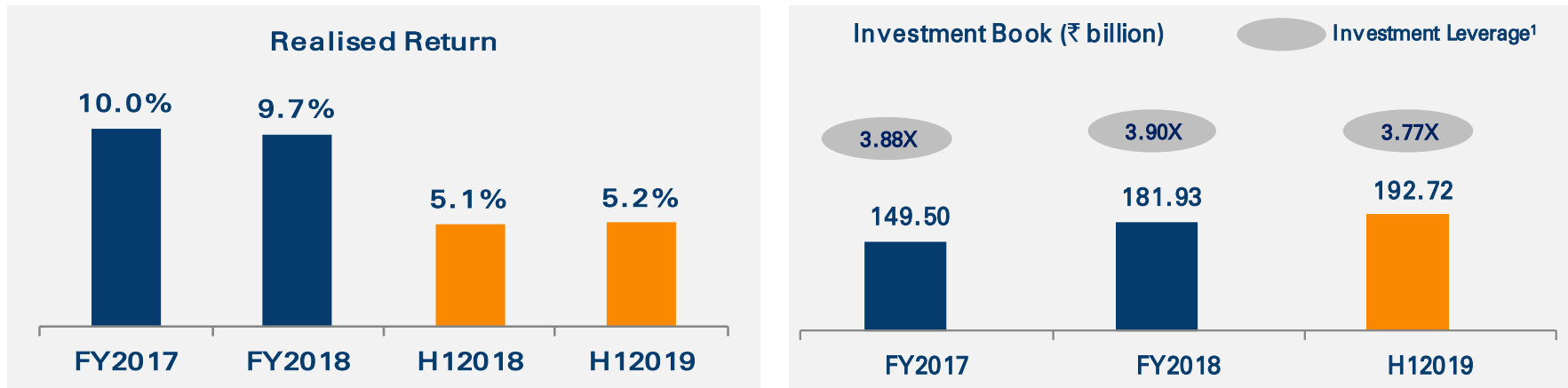
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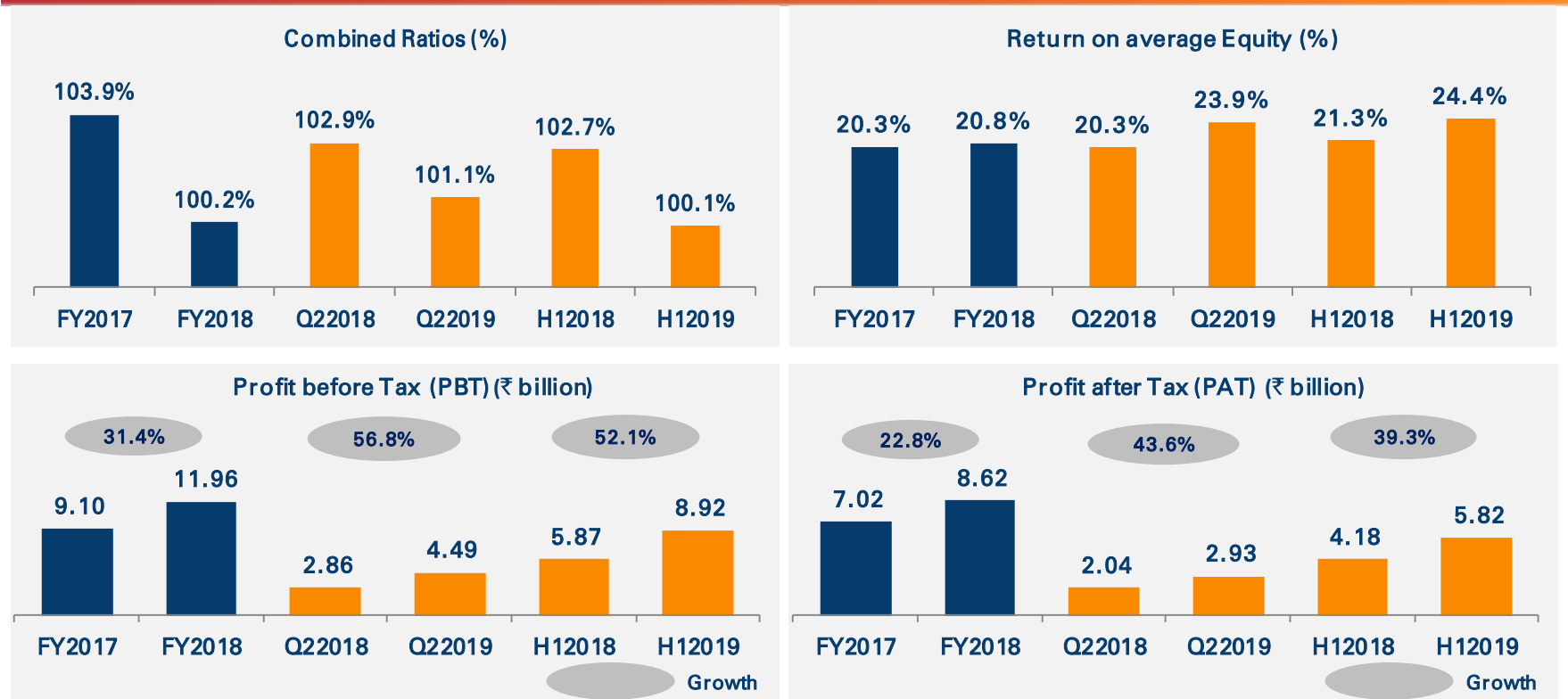
Robust Investment Performance



- Investment portfolio mix² at H1 FY2019 : Corporate bonds (49.0%), G-Sec (31.2%) and equity (14.0%)
- Strong investment leverage
- Unrealised loss (net) at ₹ 2.35 billion as on September 30, 2018
 - Unrealised gain on equity³ portfolio at ₹ 3.86 billion
 - Unrealised loss⁴ on debt portfolio at ₹ 6.21 billion

1 Total investment assets (net of borrowings) / net worth
 2 Investment portfolio mix includes Equity & mutual funds at market value
 3 Equity includes mutual funds
 4 Impacted by rising yield on fixed income securities

Financial performance



- Solvency ratio at September 30, 2018 : 2.10x as against regulatory minimum solvency requirement of 1.5x
- Combined ratio for Q22019 & H12019 includes losses from Kerala floods (estimated at ₹ 0.25 billion)
 - Combined ratio excluding flood losses : 99.9% in Q22019 & 99.5% in H12019
- PBT & PAT includes the one off impact of ₹ 0.58 billion recovered on account of doubtful reinsurance recoverable already provided in earlier years

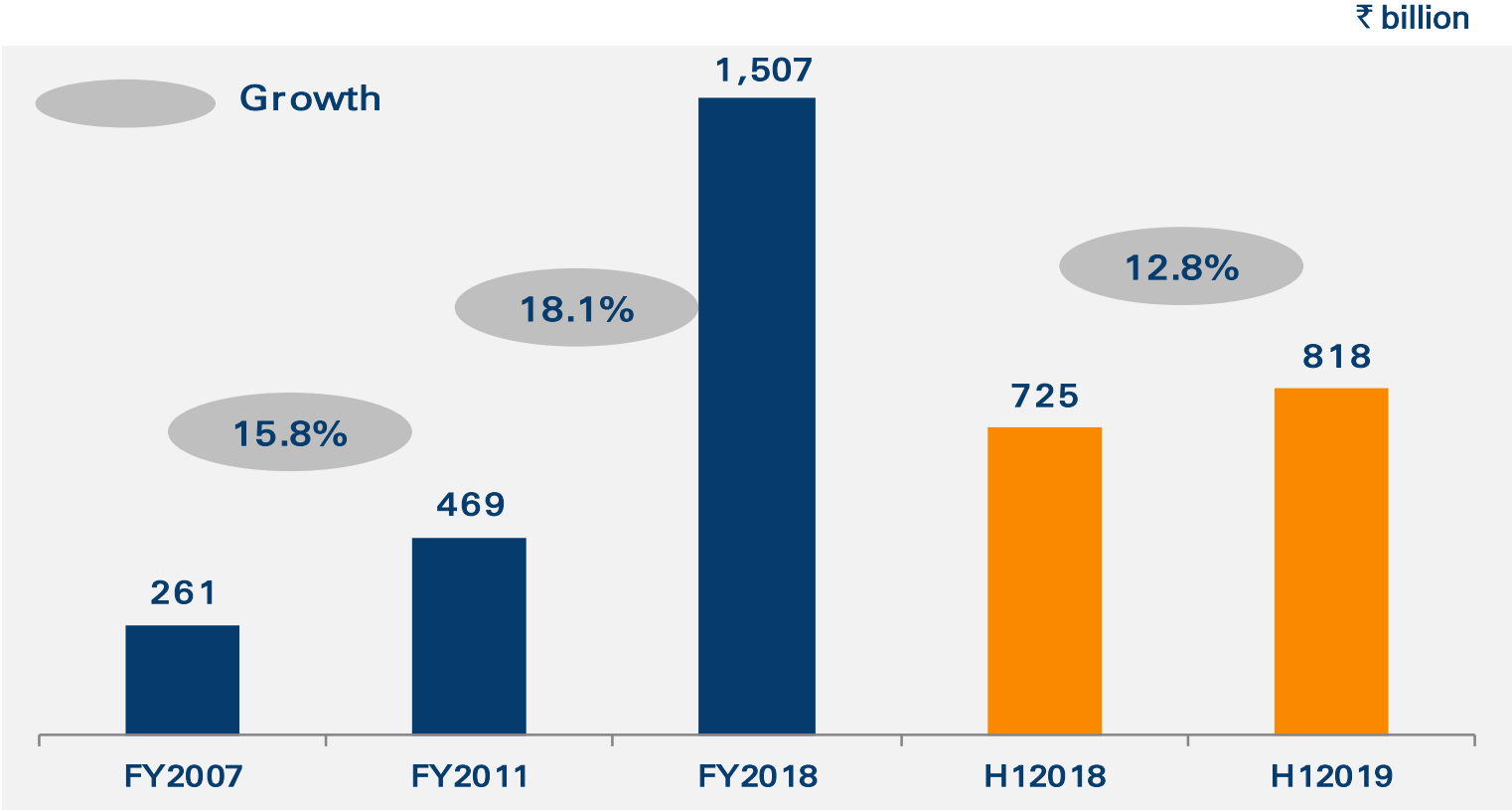
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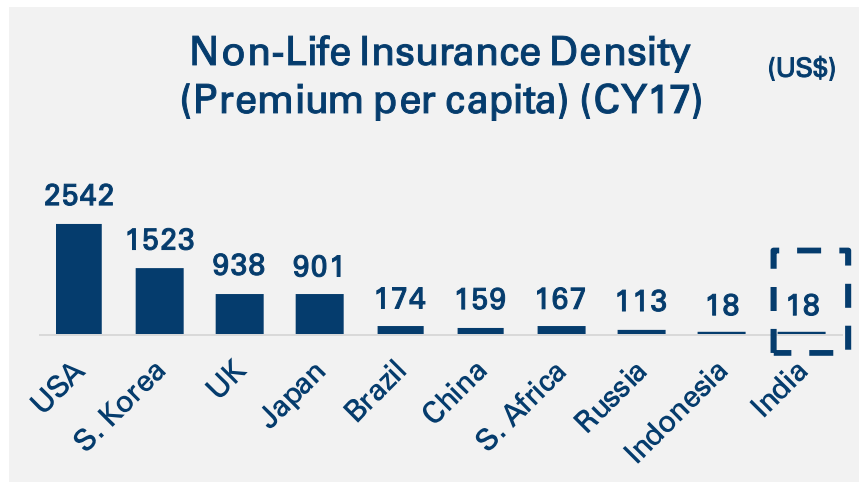
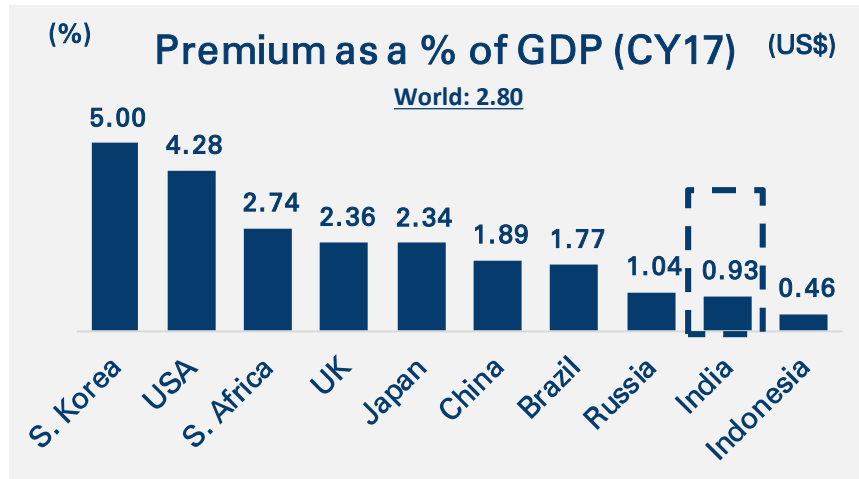
Industry has witnessed steady growth



- Industry has grown at CAGR of 17% in the last 17 years

India Non - life Insurance Market - Large Addressable Market

Significantly underpenetrated



- 4th largest non-life insurance market in Asia
- Non-life Insurance penetration in India was around 1/3rd of Global Average in 2017
- Operates under a “cash before cover” model

Thank you

Annexure

Loss ratio

Particulars	FY2017	FY2018	Q22018	Q22019	H12018	H12019
Motor OD	64.2%	53.7%	54.0%	59.7%	58.0%	61.3%
Motor TP	97.4%	107.1%	111.4%	90.5%	104.7%	90.5%
Health	97.9%	77.6%	75.3%	84.9%	80.4%	85.2%
PA	41.3%	23.9%	19.9%	46.3%	31.3%	51.2%
Crop	84.2%	135.0%	106.3%	117.1%	114.1%	117.0%
Fire	68.4%	43.1%	61.0%	84.6%	60.8%	96.3%
Marine	83.9%	54.2%	68.3%	117.8%	71.5%	100.8%
Engineering	53.3%	24.0%	35.1%	45.4%	43.5%	45.2%
Other	62.1%	57.3%	64.6%	56.2%	57.0%	58.5%
Total	80.4%	76.9%	78.5%	80.4%	78.3%	78.8%

Reserving Triangle Disclosure – Total¹

Incurring Losses and Allocated Expenses (Ultimate Movement) ₹ billion

As at March 31, 2018	Prior	AY 09	AY 10	AY 11	AY 12	AY 13	AY 14	AY 15	AY 16	AY 17	AY 18
End of First Year	25.23	12.85	15.13	20.66	22.53	27.97	35.96	34.16	39.13	49.49	52.41
One year later	26.15	13.24	15.23	20.44	21.97	27.02	34.63	33.95	38.58	49.20	
Two years later	26.62	13.03	15.39	20.41	21.74	26.52	34.37	33.53	38.07		
Three years later	26.84	13.21	15.52	20.36	21.85	26.40	34.29	32.91			
Four years later	27.28	13.35	15.55	20.47	21.83	26.46	33.85				
Five years later	27.84	13.39	15.66	20.48	21.81	26.21					
Six years later	27.92	13.46	15.91	20.53	21.83						
Seven Years later	28.42	13.53	15.96	20.67							
Eight Years later	28.58	13.50	16.02								
Nine Years later	28.74	13.62									
Ten Years later	28.76										
Deficiency/ Redundancy (%)	14.0%	6.0%	5.9%	0.1%	-3.1%	-6.3%	-5.9%	-3.7%	-2.7%	-0.6%	

Unpaid Losses and Loss Adjusted Expenses

As at March 31, 2018	Prior	AY 09	AY 10	AY 11	AY 12	AY 13	AY 14	AY 15	AY 16	AY 17	AY 18
End of First Year	5.43	4.81	5.31	7.18	7.98	12.01	17.32	17.10	20.44	26.84	32.58
One year later	2.93	1.61	1.83	2.67	3.33	6.11	9.70	11.58	14.06	16.86	
Two years later	2.24	0.85	1.34	2.00	2.46	4.72	7.92	9.61	11.46		
Three years later	1.82	0.73	1.15	1.58	2.12	3.84	6.73	7.80			
Four years later	1.67	0.71	0.96	1.39	1.76	3.39	5.58				
Five years later	1.73	0.62	0.90	1.13	1.47	2.77					
Six years later	1.44	0.59	0.83	1.00	1.28						
Seven Years later	1.63	0.59	0.76	0.97							
Eight Years later	1.49	0.50	0.69								
Nine Years later	1.39	0.52									
Ten Years later	1.22										

¹As of March 31, 2018; Losses and expenses in the above tables do not include the erstwhile Indian Motor Third Party Insurance Pool (IMTPIP)

²⁰ AY: Accident Year Source – Company data

Reserving Triangle Disclosure – IMTPIP

Incurring Losses and Allocated Expenses (Ultimate Movement) ₹ billion

As at March 31, 2018	AY 08	AY 09	AY 10	AY 11	AY 12	AY 13
End of First Year						2.71
One year later					3.85	2.72
Two years later				4.49	3.85	2.73
Three years later			5.81	4.49	3.98	2.73
Four years later		6.16	5.81	4.63	4.12	2.74
Five years later	2.61	6.16	5.85	4.67	4.41	3.16
Six years later	2.61	6.46	5.96	4.99	5.12	
Seven Years later	2.86	6.55	6.05	5.45		
Eight Years later	2.95	6.69	6.55			
Nine Years later	3.00	6.98				
Ten Years later	3.09					
Deficiency/ Redundancy (%)	18.4%	13.2%	12.9%	21.3%	32.8%	16.6%

Unpaid Losses and Loss Adjusted Expenses

As at March 31, 2018	AY 08	AY 09	AY 10	AY 11	AY 12	AY 13
End of First Year						2.67
One year later					3.41	2.30
Two years later				3.14	2.57	1.87
Three years later			3.17	2.38	1.98	1.37
Four years later		2.67	2.51	1.84	1.51	0.98
Five years later	0.86	2.05	2.03	1.32	1.22	1.13
Six years later	0.63	1.89	1.56	1.19	1.63	
Seven Years later	0.72	1.50	1.26	1.31		
Eight Years later	0.65	1.23	1.39			
Nine Years later	0.55	1.19				
Ten Years later	0.52					

As of March 31, 2018

IMTPIP: Indian Motor Third Party Insurance Pool

21 AY: Accident Year Source – Company data