

**H12020**

**Performance Review**

# Agenda

- Company Strategy
- Financial Performance
- Industry Overview



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- **Company Strategy**
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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, 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

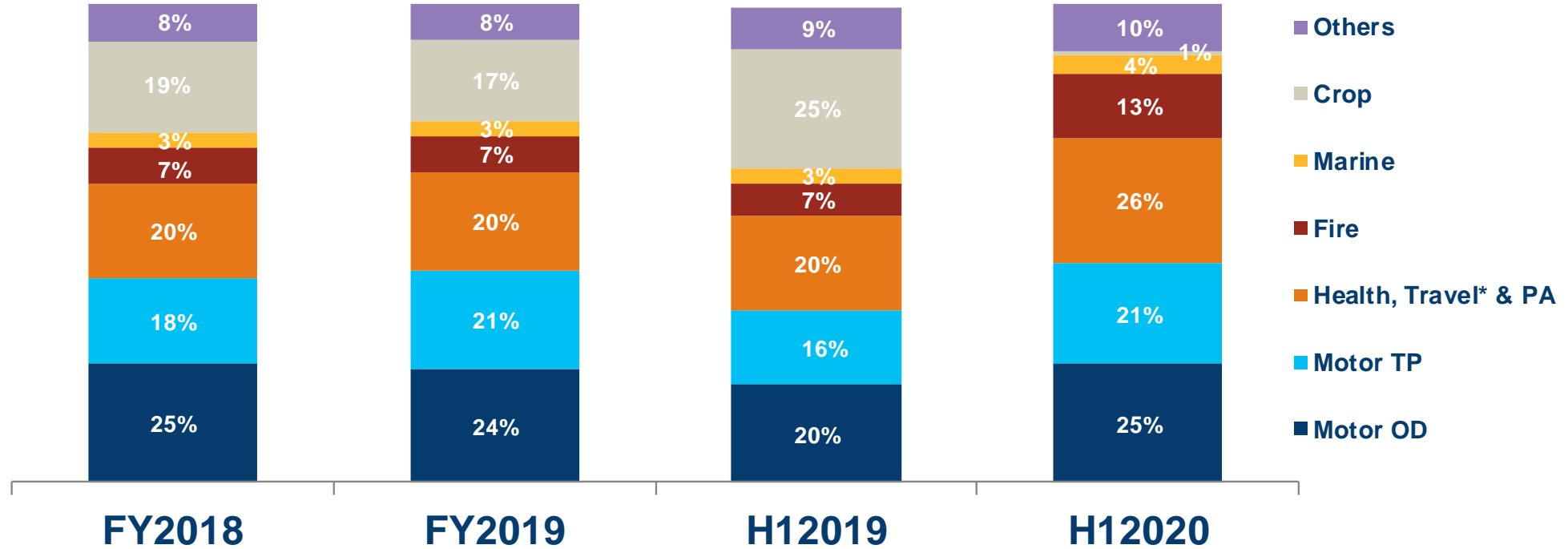
- Maintain Combined ratio using risk selection and data analytics
- Maintain robust reserves
- Increasing distribution and servicing capabilities without human intervention
- Increase operational efficiency using artificial intelligence and machine learning techniques

# Key Highlights

Particulars (₹ billion)	FY2018 Actual	FY2019 Actual	H12019 Actual	H12020 Actual
Gross Written Premium	126.00	147.89	74.92	65.91
Gross Direct Premium Income (GDPI)	123.57	144.88	73.05	64.40
GDPI Growth	15.2%	17.2%	12.5%	-11.8%
GDPI Growth (excluding crop)	16.5%	20.5%	12.9%	16.2%
Combined Ratio	100.2%	98.5%	100.1%	101.5%
Profit after Tax	8.62	10.49	5.82	6.18
Return on Average Equity	20.8%	21.3%	24.4%	22.3%
Solvency Ratio	2.05x	2.24x	2.10x	2.26x
Book Value per Share	100.04	117.11	109.84	126.50
Basic Earnings per Share	19.01	23.11	12.83	13.59

# Comprehensive Product Portfolio

## Product Mix



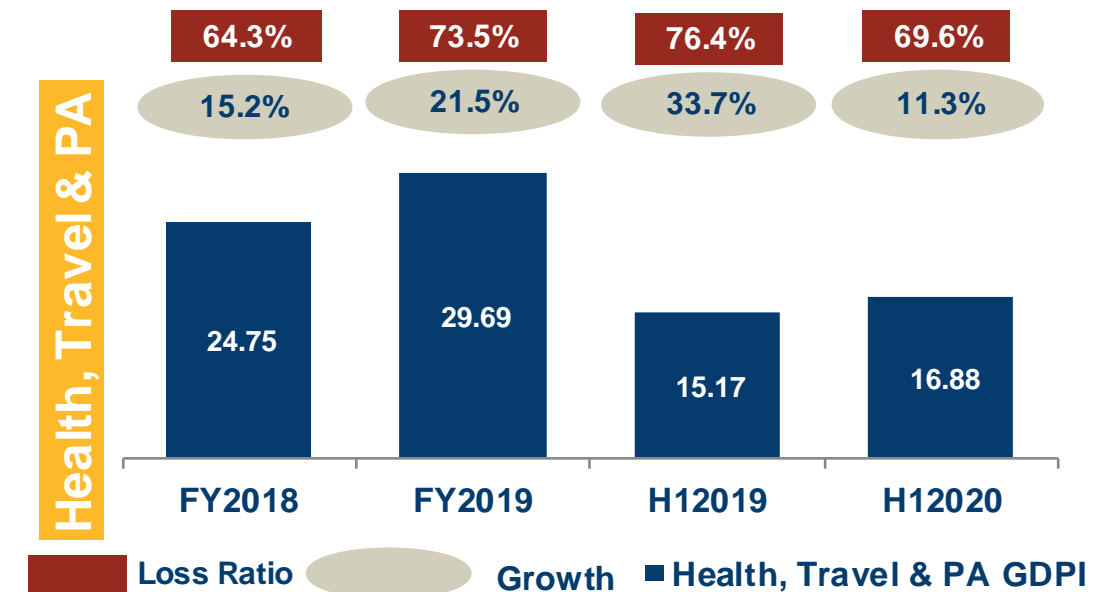
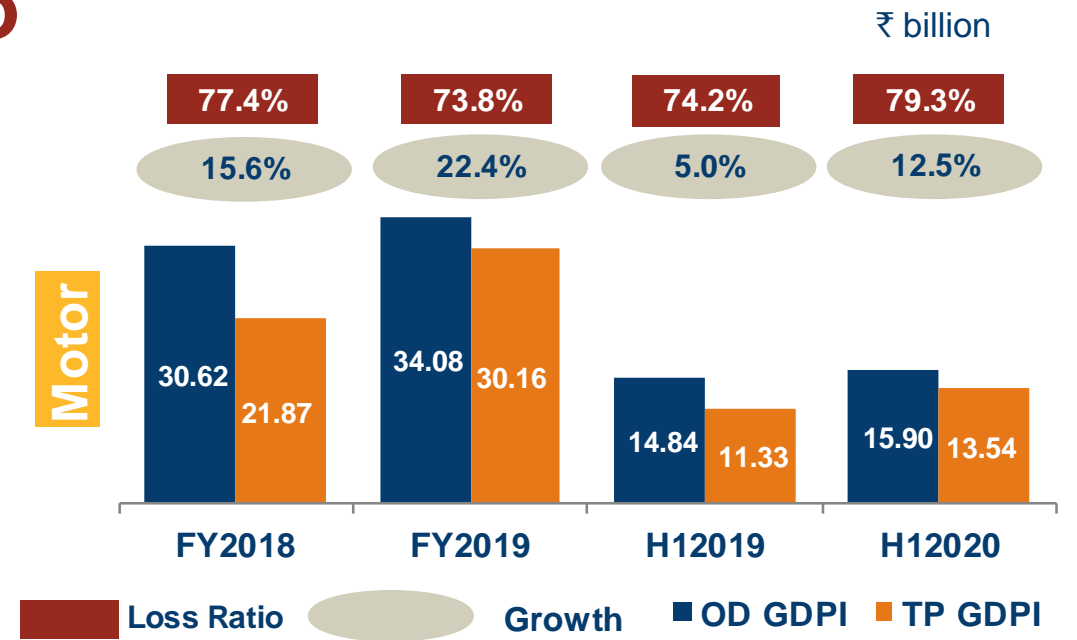
- Diversified product mix– motor, health, travel\* & personal accident, fire, marine and others
- SME business growth was 27.4% for H12020

# Comprehensive Product Portfolio

- Private car, Two wheeler and Commercial Vehicle contributed 55.0%, 29.3% and 15.7% respectively of overall Motor GDPI for H12020 and 50.0%, 30.1% and 19.9% respectively of overall Motor GDPI for H12019
- Loss cost driven micro-segmentation resulting in focus on relatively profitable segment
- Individual, Group – Employer-Employee, Group – others and mass contributed to 22.0%, 40.9%, 37.0% and 0.1% respectively of Health, Travel\* & PA GDPI for H12020 and 22.3%, 41.6%, 34.5% and 1.6% respectively for H12019
- Individual indemnity new business grew by 67.4% for H12020



\*basis IRDAI circular dated May 20, 2019  
Source: Company data

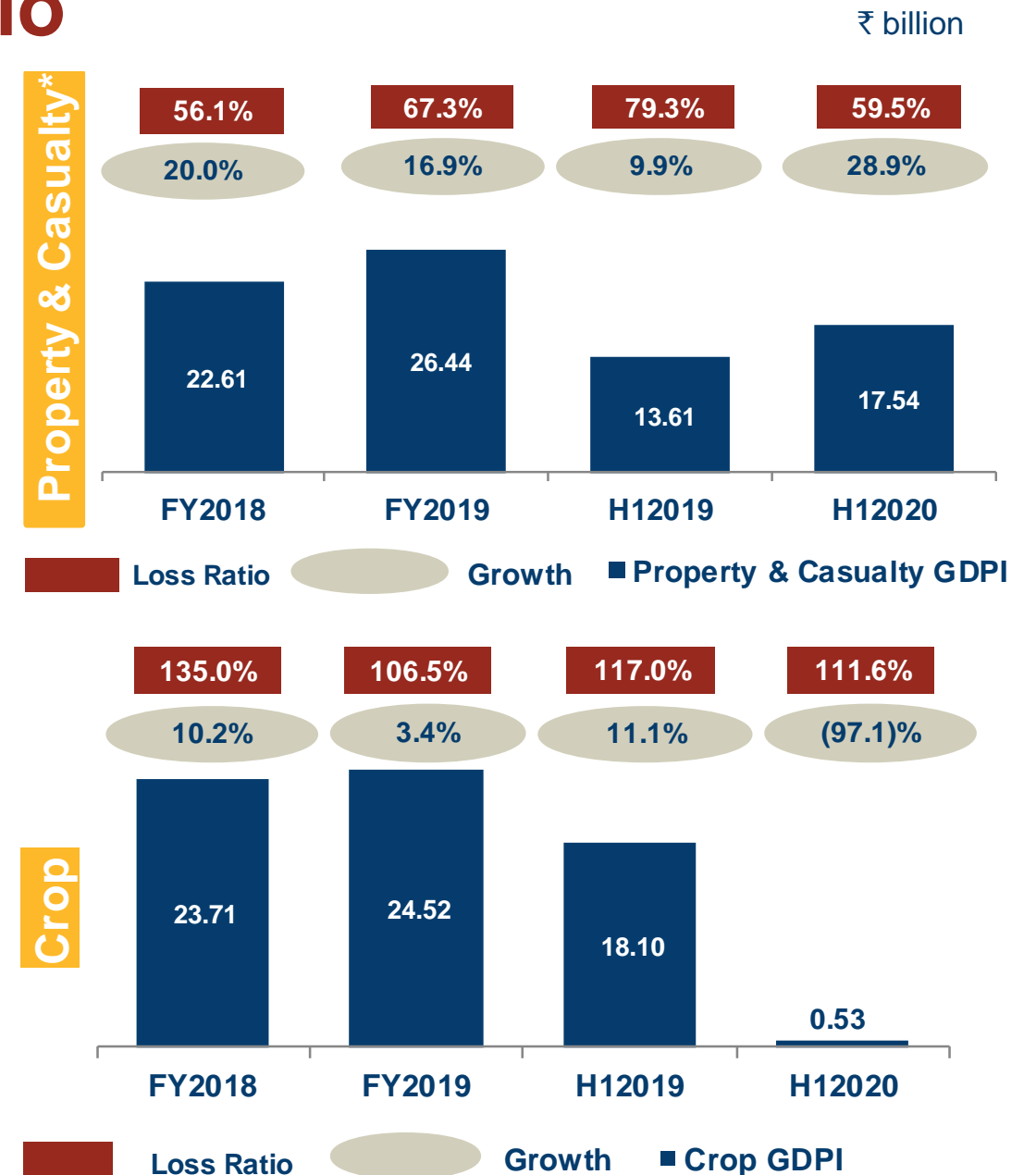


# Comprehensive Product Portfolio

- Increase in reinsurance rates by GIC Re for 8 occupancies under fire segment
  - Higher retention on account of increase in rates
- Underwriting of small risks for portfolio diversification and pricing
  
- Covered farmers in 4 states and 30 districts in Kharif season H12019 and 2 states and 14 districts in Rabi H1 2019
- No new tender won in the crop segment in H12020

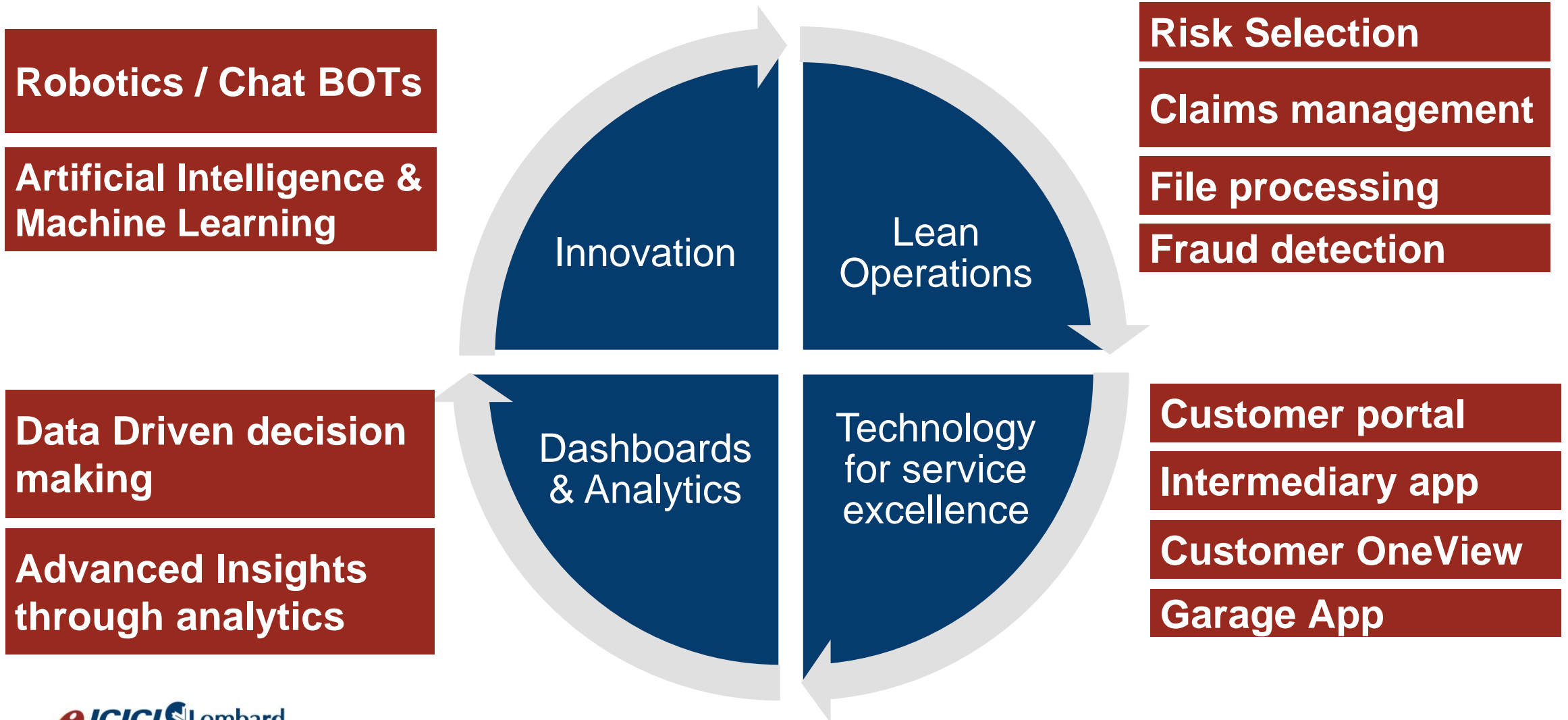


\*excludes Travel basis IRDAI circular dated May 20, 2019  
Source: Company data





# Digital Drive: Enabling business transformation



# Strategy: Market leadership + Profitable growth

## 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 catastrophic losses estimated to be ₹ 0.61 billion for H12020

## Investments

- Tighter internal exposure norms as against regulatory limits
- Invest high proportion of Debt portfolio 82.8% in sovereign or AAA rated securities\*\*\*

## Reserving

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

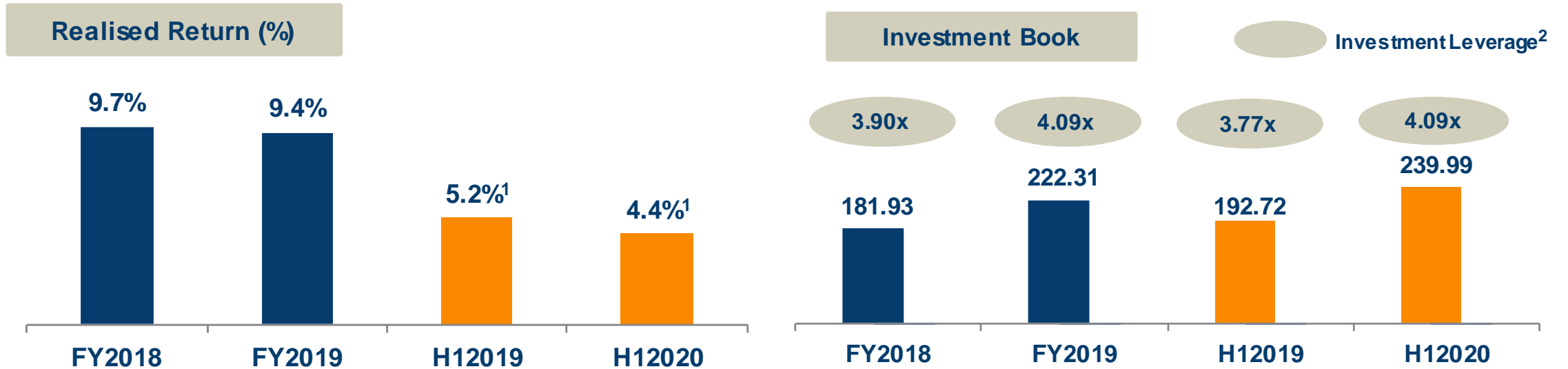
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# Robust Investment Performance

₹ billion



- Investment portfolio mix³ for H12020 : Corporate bonds 51.7%, G-Sec 32.1% and equity 11.2%
- Strong investment leverage
- Unrealised gain of ₹ 3.65 billion as on September 30, 2019
  - Unrealised gain on equity⁴ portfolio at ₹ 1.01 billion
  - Unrealised gain on other than equity portfolio at ₹ 2.64 billion

¹Absolute Returns

²Total investment assets (net of borrowings) / net worth

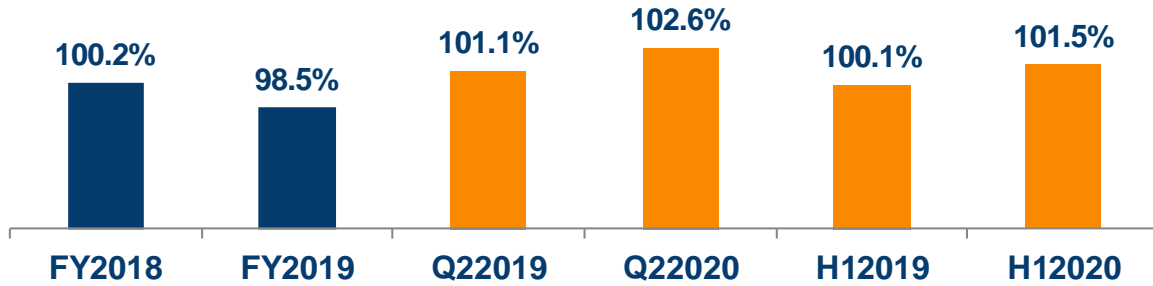
³Investment portfolio mix arrived at considering Equity & mutual funds at market value

⁴Equity includes mutual funds

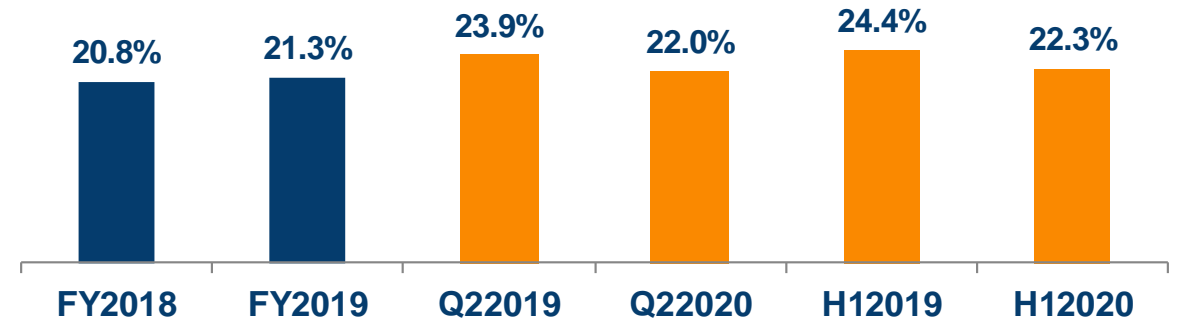
Source: Company data

# Financial performance

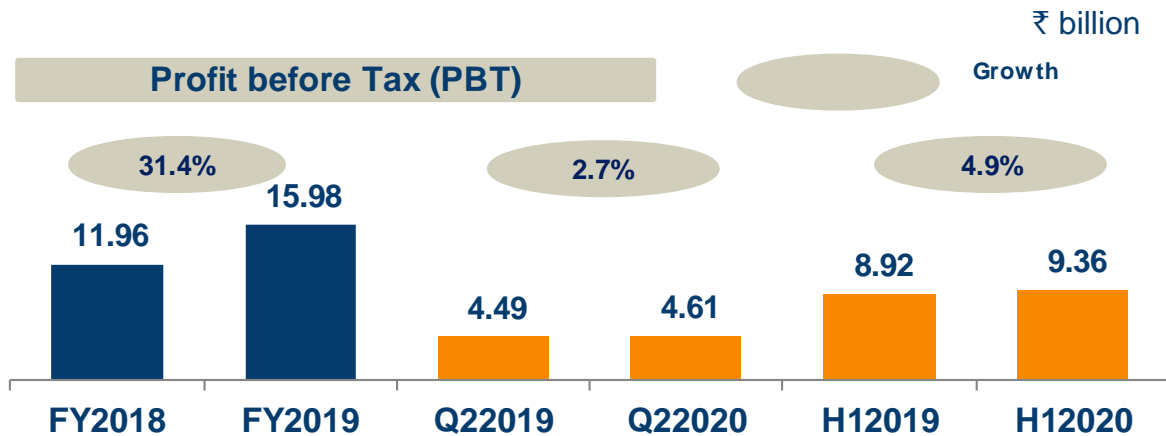
Combined ratio (%)



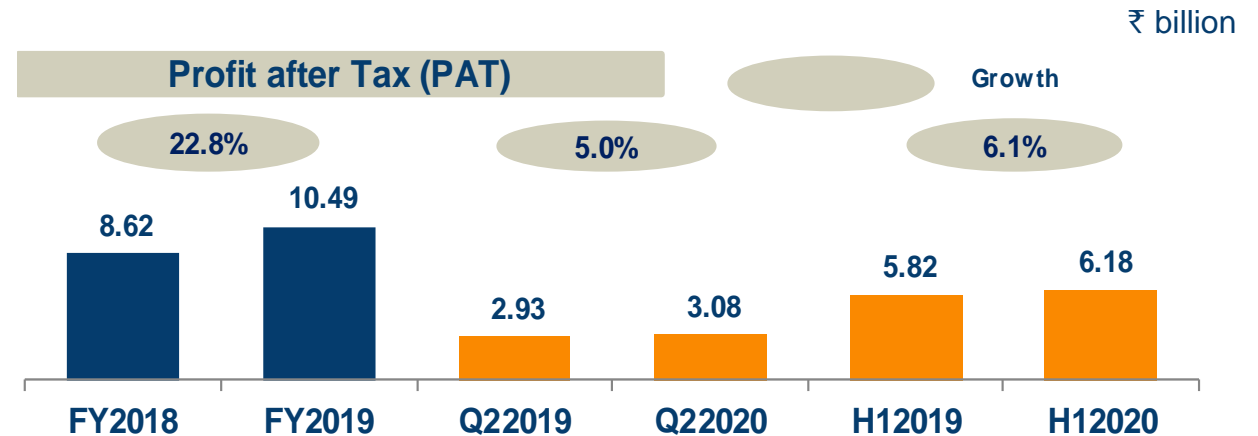
Return on average Equity (ROAE) (%)



Profit before Tax (PBT)



Profit after Tax (PAT)



- Excluding the impact of catastrophes, combined ratio for Q22020 & H12020 was 100.6% & 100.1% respectively whereas for Q22019 & H12019 was 99.9% & 99.5% respectively
- PBT & PAT in Q22019 & H12019 had the benefit of one off reinsurance recovery of ₹ 0.58 billion
  - Excluding the one off impact:
    - PBT in Q22020 & H12020 grew by 17.9% and 12.2% respectively
    - PAT in Q22020 & H12020 grew by 20.6% and 13.4% respectively

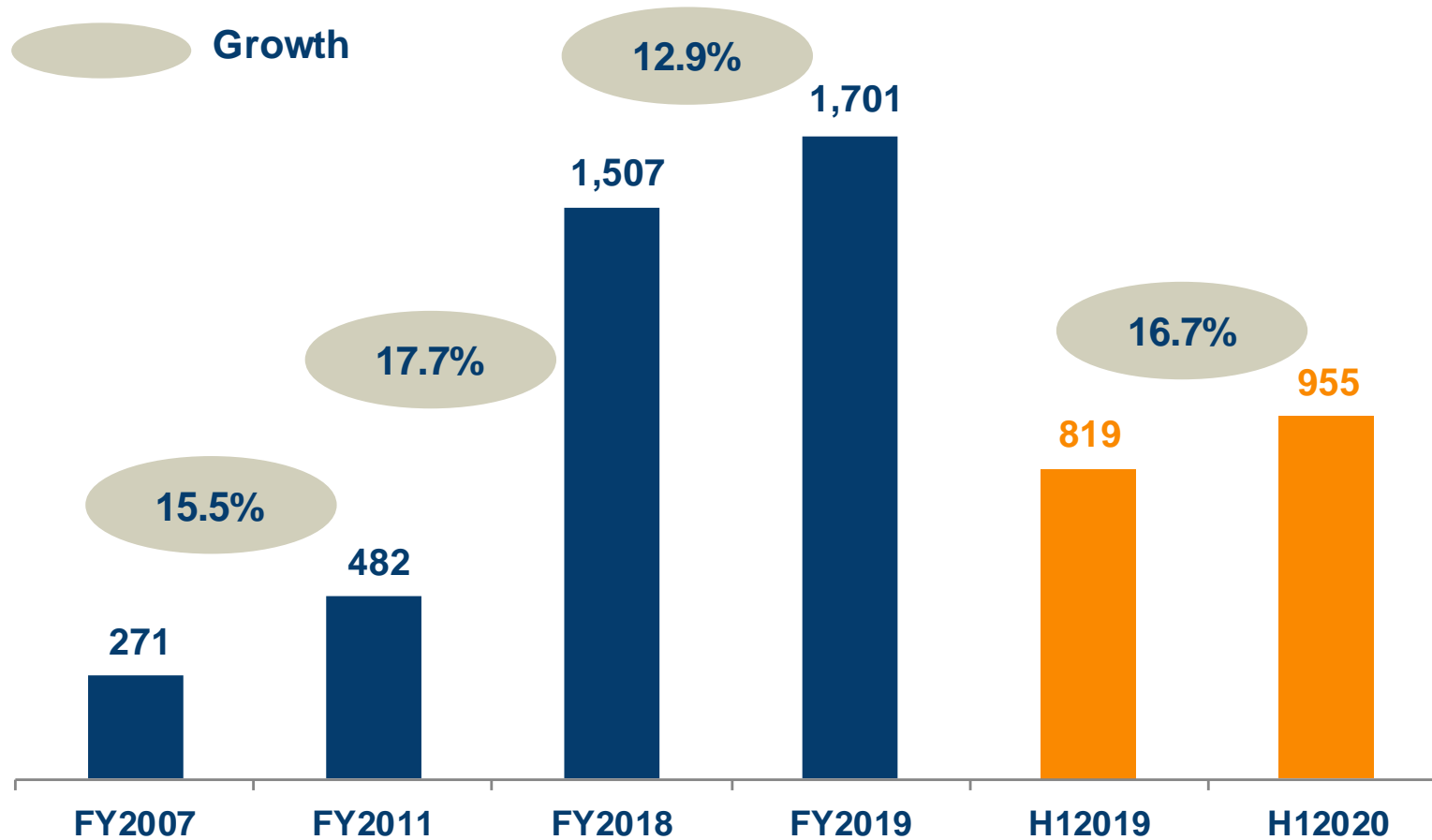
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# Industry has witnessed steady growth

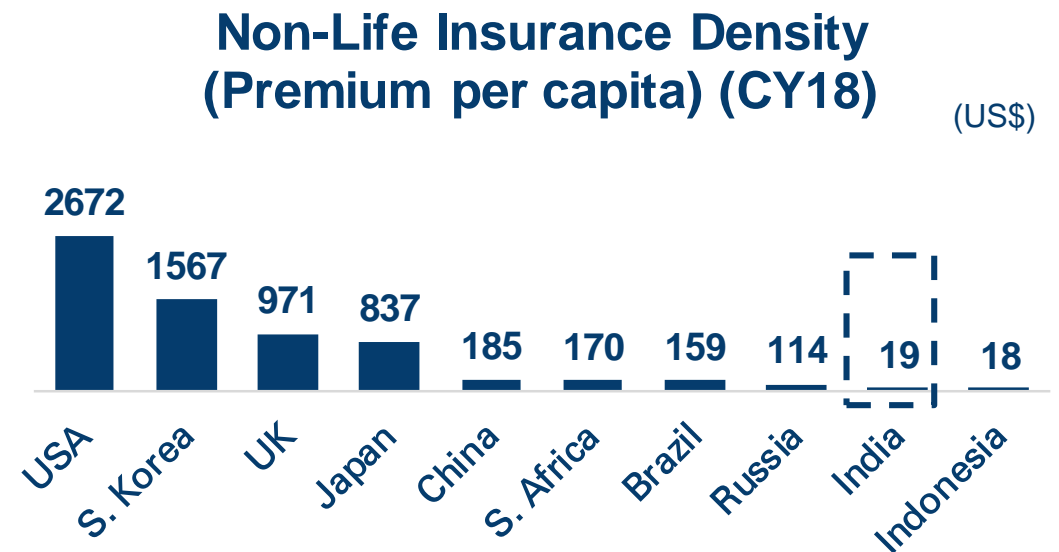
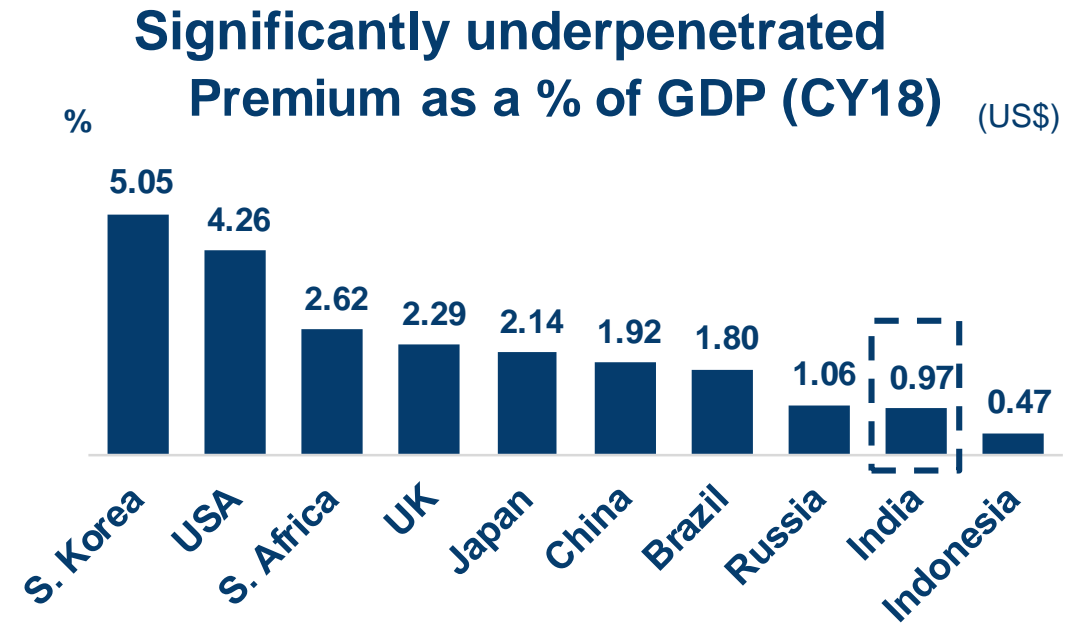
₹ billion



Industry has grown at CAGR of 17.0% in the last 18 years

# India Non - life Insurance Market - Large Addressable Market

- 4th largest non-life insurance market in Asia and 15th largest globally
- Non-life Insurance penetration in India was around 1/3rd of Global Average in 2018
- Operates under a “cash before cover” model







**Thank you**

# Annexure



# Loss Ratio

Particulars	FY2018	FY2019	Q22019	Q22020	H12019	H12020
Motor OD	53.7%	59.2%	59.7%	71.8%	61.3%	70.0%
Motor TP	107.1%	90.8%	90.5%	86.4%	90.5%	88.6%
Health, Travel* & PA	64.3%	73.5%	76.4%	71.0%	76.4%	69.6%
Crop	135.0%	106.5%	117.1%	111.6%	117.0%	111.6%
Fire	43.1%	83.2%	84.6%	75.6%	96.3%	80.8%
Marine	54.2%	84.0%	117.8%	65.5%	100.8%	62.3%
Engineering	24.0%	37.1%	45.4%	26.0%	45.2%	40.7%
Other	50.9%	51.1%	58.4%	38.1%	65.0%	50.4%
<b>Total</b>	<b>76.9%</b>	<b>75.3%</b>	<b>80.4%</b>	<b>74.6%</b>	<b>78.8%</b>	<b>75.0%</b>

# Impact of catastrophic events : Historical snapshot

(₹ billion)

Catastrophic Event	Year	Economic Losses	Insured losses	Our Share of Insured losses
Maharashtra, Gujarat, Karnataka, Kerala Floods	2019	280.00	20.00	3.70%
Cyclone Fani	2019	120.00	12.25	2.69%
Kerala floods	2018	300.00	30.00	2.37%
Chennai floods	2015	150.00	49.40	6.22%
Cyclone Hudhud	2014	715.00	41.60	2.34%
J&K floods	2014	388.05	15.60	2.61%
North-east floods	2014	393.30	15.60	*
Cyclone Phailin	2013	292.50	6.50	3.00%
Uttarakhand floods	2013	73.45	33.80	1.18%



\*There was no separate reporting of losses resulting from these floods since this did not rise to the level of a catastrophic event for us

Source : Google search & estimates

# Reserving Triangle Disclosure – Total<sup>1</sup>

₹ billion

## Incurred Losses and Allocated Expenses (Ultimate Movement)

As at March 31, 2019	Prior	AY 10	AY 11	AY 12	AY 13	AY 14	AY 15	AY 16	AY 17	AY 18	AY 19
End of First Year	39.01	15.13	20.66	22.53	27.97	35.96	34.16	39.13	49.49	52.41	65.27
One year later	39.86	15.23	20.44	21.97	27.02	34.63	33.95	38.58	49.20	51.10	
Two years later	39.88	15.39	20.41	21.74	26.52	34.37	33.53	38.07	48.84		
Three years later	40.49	15.52	20.36	21.85	26.40	34.29	32.91	37.78			
Four years later	41.18	15.55	20.47	21.83	26.46	33.85	32.73				
Five years later	41.30	15.66	20.48	21.81	26.21	33.73					
Six years later	41.88	15.91	20.53	21.83	26.18						
Seven Years later	42.11	15.96	20.67	21.83							
Eight Years later	42.23	16.02	20.67								
Nine Years later	42.38	16.05									
Ten Years later	42.42										
Deficiency/ (Redundancy) (%)	8.8%	6.1%	0.1%	-3.1%	-6.4%	-6.2%	-4.2%	-3.5%	-1.3%	-2.5%	

## Unpaid Losses and Loss Adjusted Expenses

As at March 31, 2019	Prior	AY 10	AY 11	AY 12	AY 13	AY 14	AY 15	AY 16	AY 17	AY 18	AY 19
End of First Year	7.74	5.31	7.18	7.98	12.01	17.32	17.10	20.44	26.84	32.58	37.37
One year later	3.85	1.83	2.67	3.33	6.11	9.70	11.58	14.06	16.86	18.03	
Two years later	2.67	1.34	2.00	2.46	4.72	7.92	9.61	11.46	13.04		
Three years later	2.40	1.15	1.58	2.12	3.84	6.73	7.80	9.69			
Four years later	2.44	0.96	1.39	1.76	3.39	5.58	6.77				
Five years later	2.06	0.90	1.13	1.47	2.77	4.82					
Six years later	2.22	0.83	1.00	1.28	2.42						
Seven Years later	2.08	0.76	0.97	1.08							
Eight Years later	1.89	0.69	0.84								
Nine Years later	1.74	0.63									
Ten Years later	1.53										



<sup>1</sup>As of March 31, 2019; Losses and expenses in the above tables do not include the erstwhile Indian Motor Third Party Insurance Pool (IMTPIP)

AY: Accident Year Source – Company data

# Reserving Triangle Disclosure – IMTPIP

₹ billion

## Incurring Losses and Allocated Expenses (Ultimate Movement)

As at March 31, 2019	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	3.17
Seven Years later	2.86	6.55	6.05	5.45	5.12	
Eight Years later	2.95	6.69	6.55	5.45		
Nine Years later	3.00	6.98	6.55			
Ten Years later	3.09	6.98				
Eleven Years later	3.09					
Deficiency/ (Redundancy) (%)	18.4%	13.2%	12.9%	21.3%	32.8%	16.7%

## Unpaid Losses and Loss Adjusted Expenses

As at March 31, 2019	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	0.91
Seven Years later	0.72	1.50	1.26	1.31	1.29	
Eight Years later	0.65	1.23	1.39	1.03		
Nine Years later	0.55	1.19	1.07			
Ten Years later	0.52	0.89				
Eleven Years later	0.43					

As of March 31, 2019 - IMTPIP: Indian Motor Third Party Insurance Pool AY: Accident Year Source – Company data