



# Leadership in life insurance

April 2008

# Agenda

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**Indian life insurance opportunity**

**Organisational overview**

**Performance highlights**

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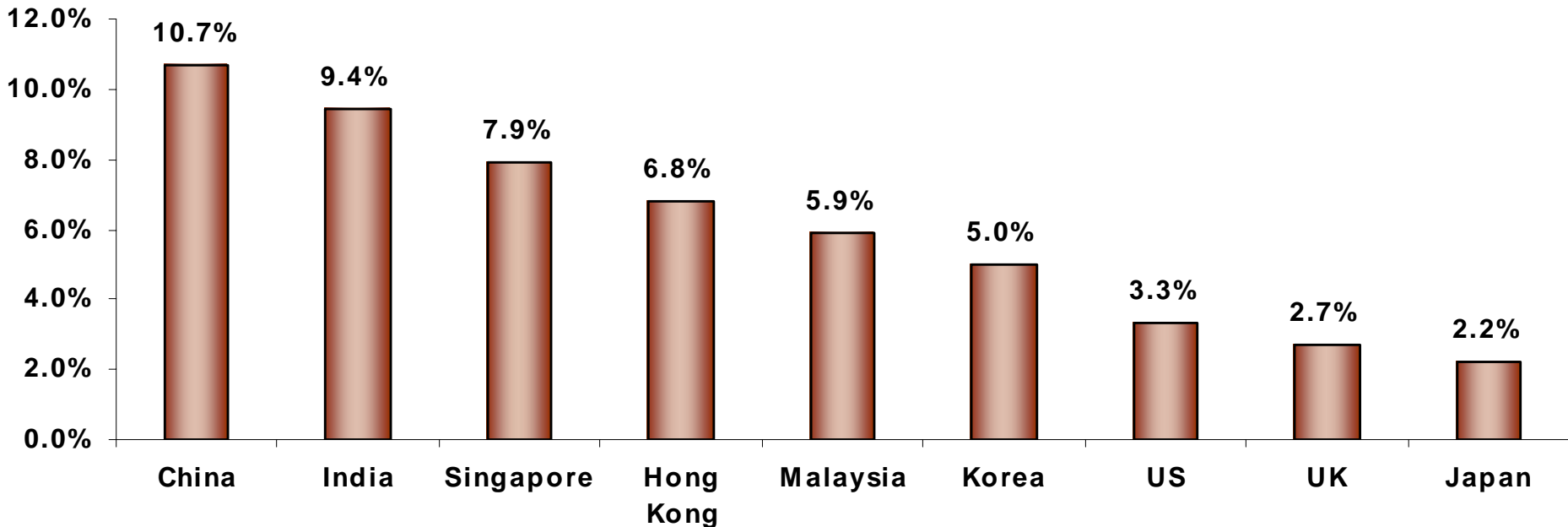
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# One of the fastest growing economies

GDP growth rates (2006)

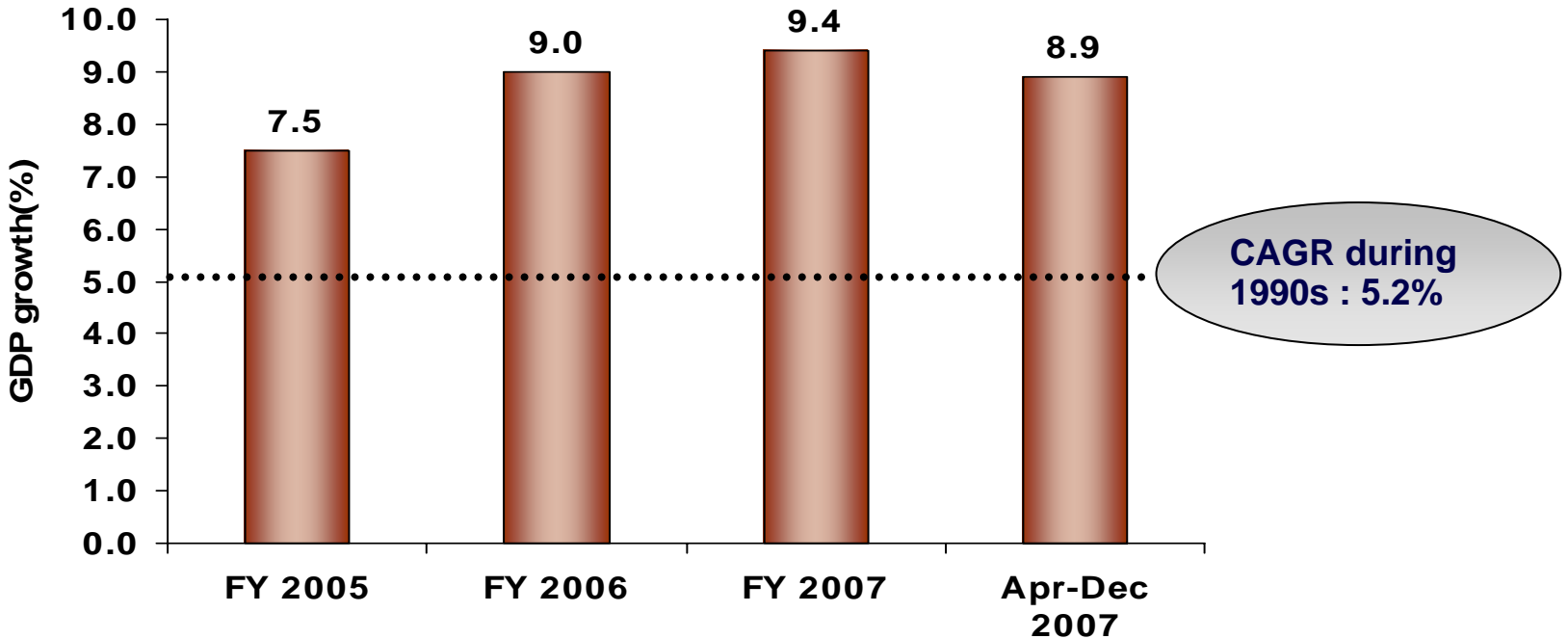


*India: FY 2007 (Financial year ended March 31, 2007),*

*Others: calendar 2006*

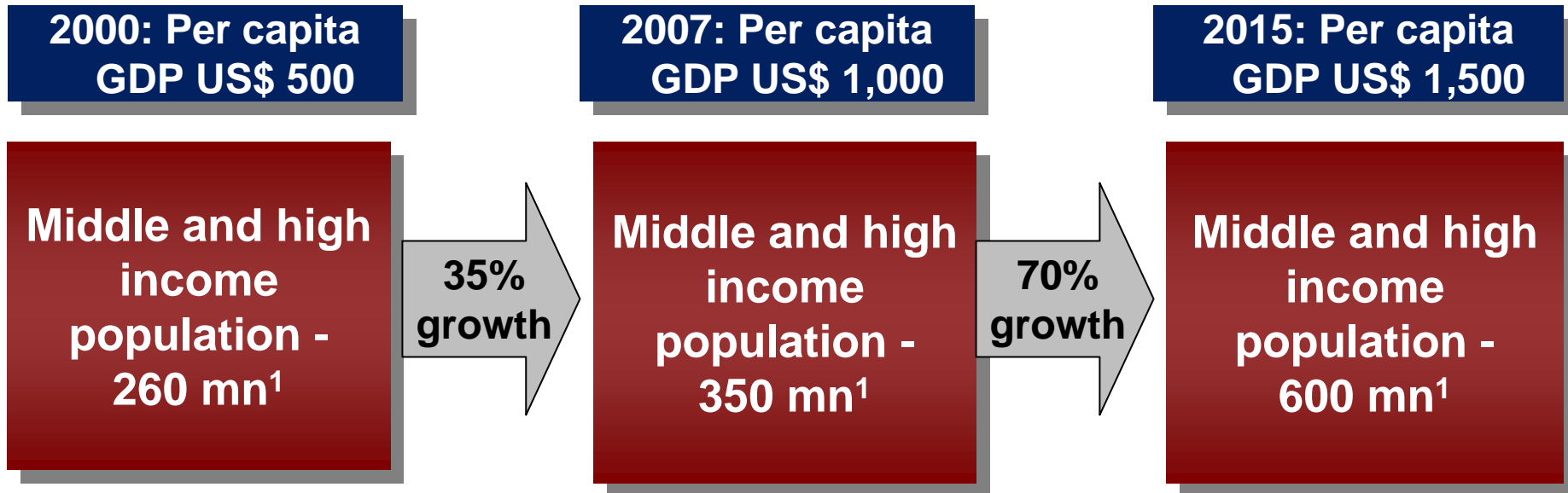
*Source: International Monetary Fund, The Economist and the OECD*

# Indian economy : Key drivers of growth



<b>Services sector growth</b>	<b>Industrial sector momentum</b>	<b>Globalisation</b>
<b>Favourable demographics</b>	<b>Knowledge capital</b>	<b>Rural potential</b>

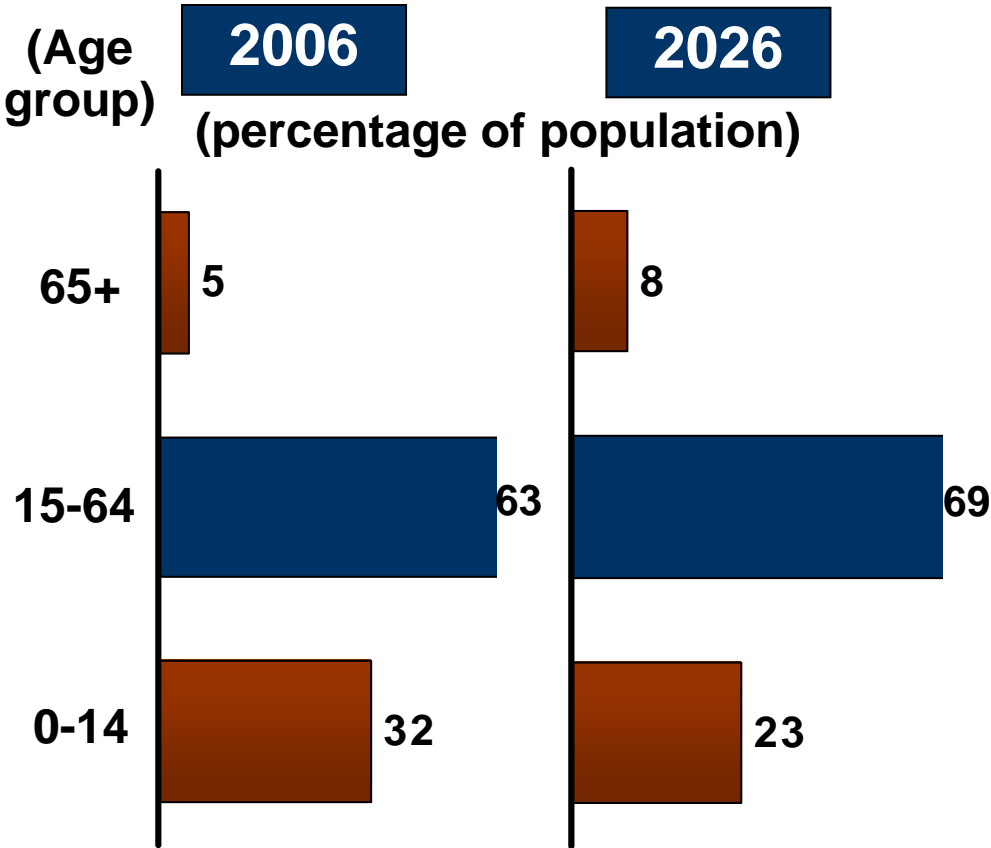
# Income growth



- From per capita GDP of US\$ 1,000 to US\$ 1,500: Rapid growth in consuming population

1. Estimates based on NCAER data.

# Increasing proportion of working population

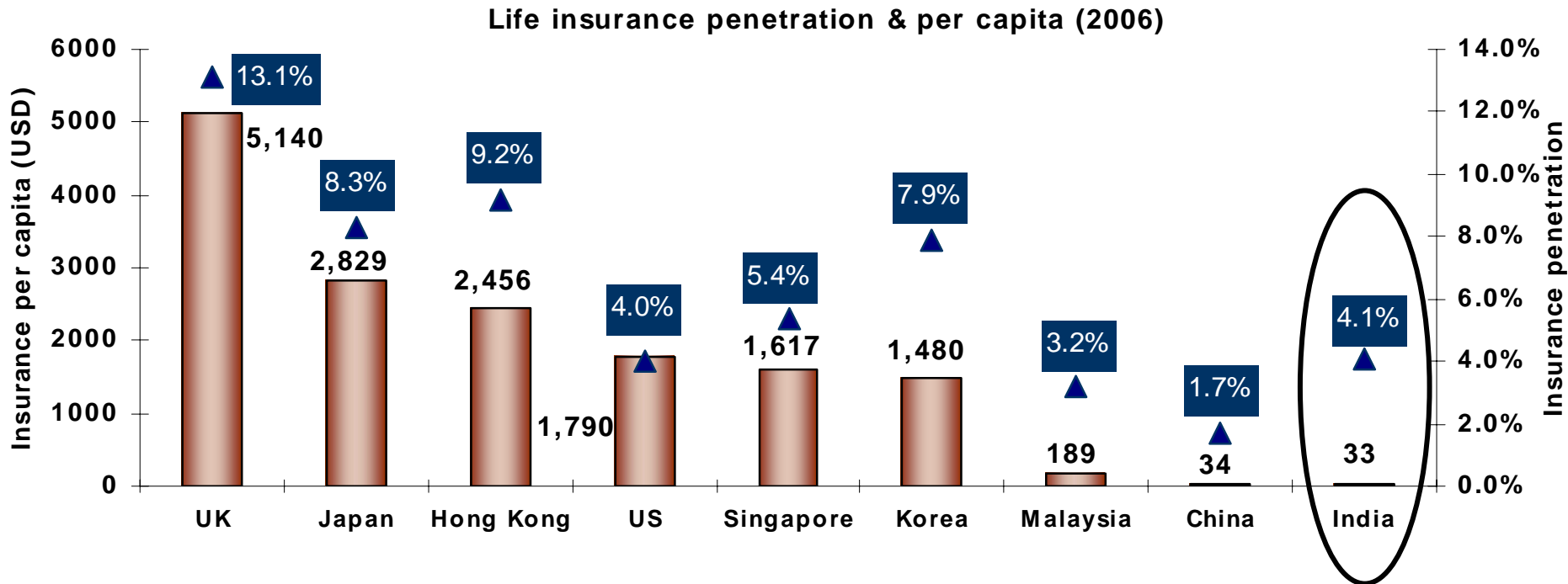


- To further fuel India's growth and rising disposable income levels
- Shift towards nuclear families
  - Increased savings and protection needs

Source: Census of India

# India life insurance opportunity

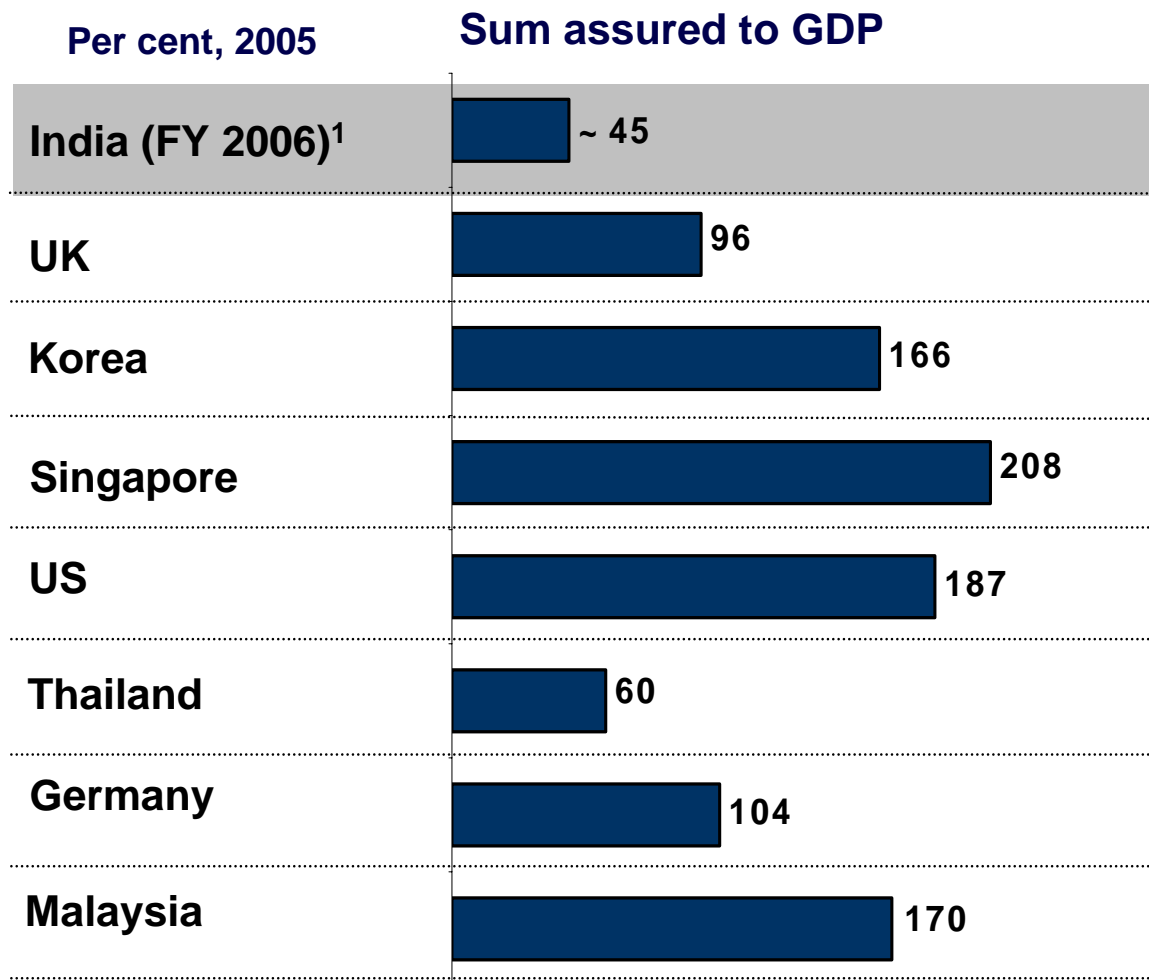
Only a third of the target population is insured



Source: Swiss Re



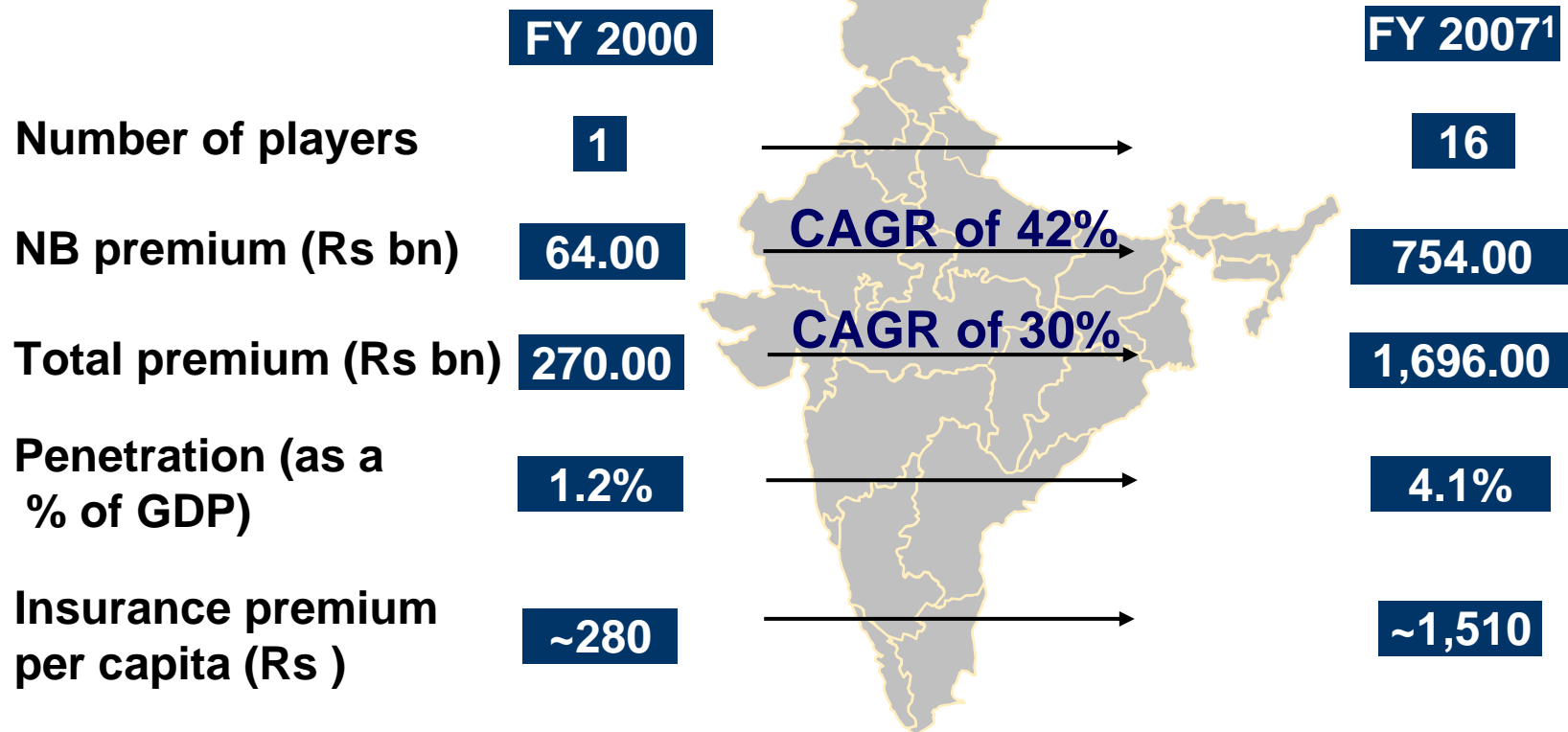
# Protection levels in India are still low



1. FY 2006: Financial year ended March 31, 2006

2. Source: IRDA, Swiss Re, Country Insurance handbook, McKinsey analysis

# Evolution of industry: Growth



1. FY 2007: Financial year ended March 31, 2007

2. Source: IRDA, Swiss Re

# Evolution of industry: Changing landscape

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Traditional products

Linked products: 79% of the overall market

Life products

Emergence of Health & Pensions: 16% of overall market

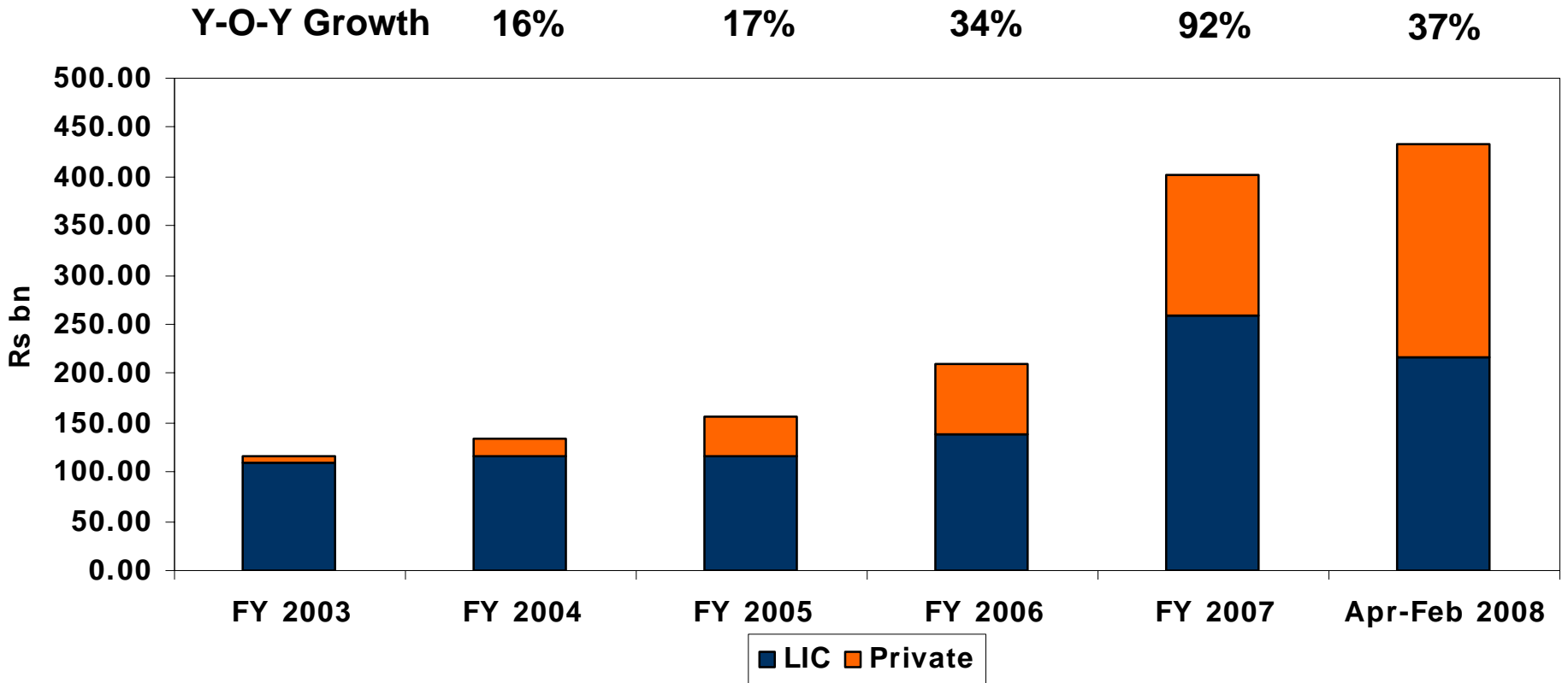
Agency channel

Multi channel distribution

Service delivery through branches only

Technology driven service delivery: Call centres, E-mail

# Industry growth



*FY: Financial year ended March 31*

*Source: IRDA, weighted new business premiums for individual business*



# Agenda

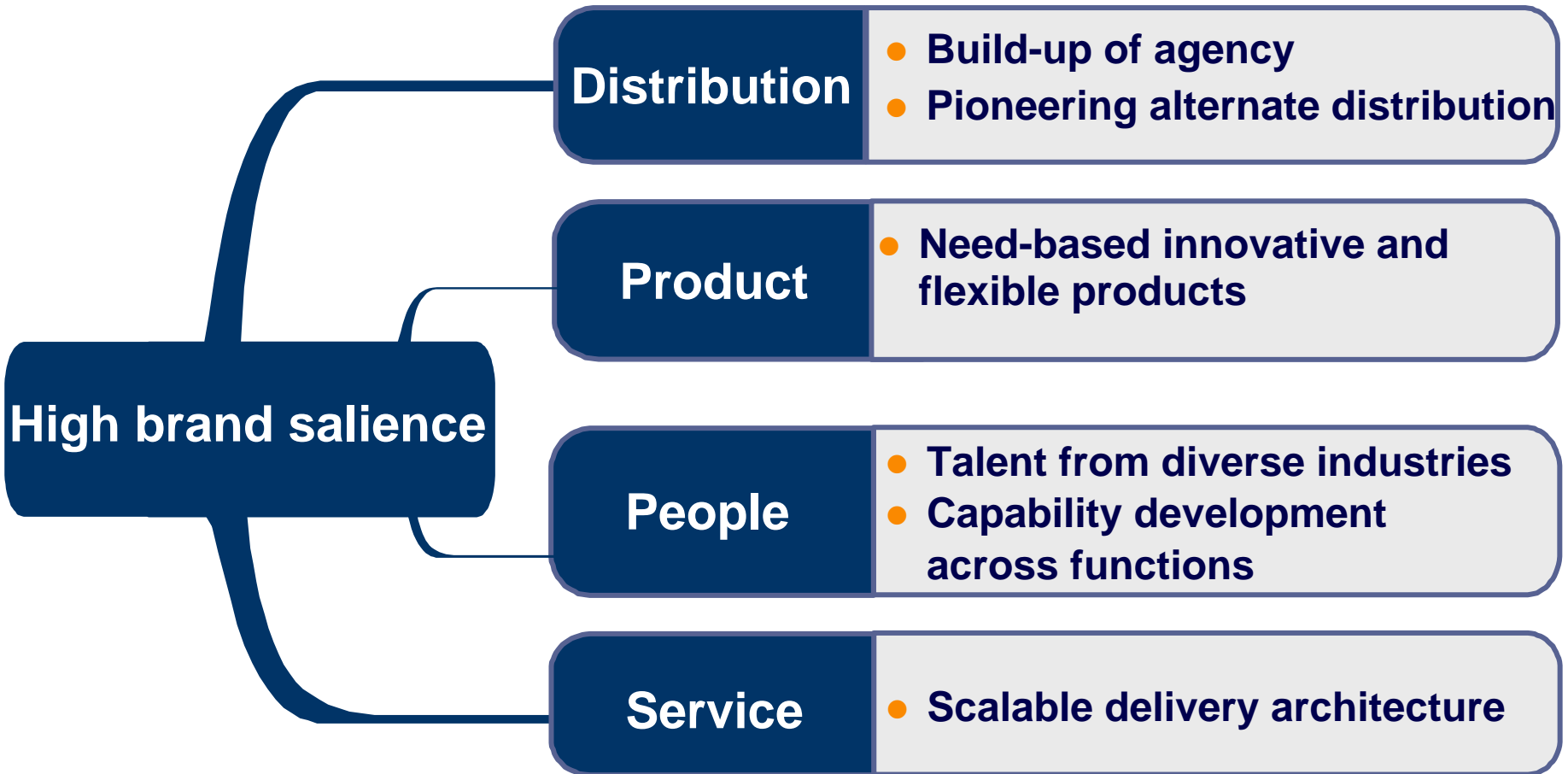
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# Key strategic elements



**Aggregate capital infusion of Rs 37.72 bn (USD 945 mn)**

# Sustained private market leadership

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	Apr-Feb 2008
1						
2						
3						
4						
5						

**FY: Financial year ended March 31**

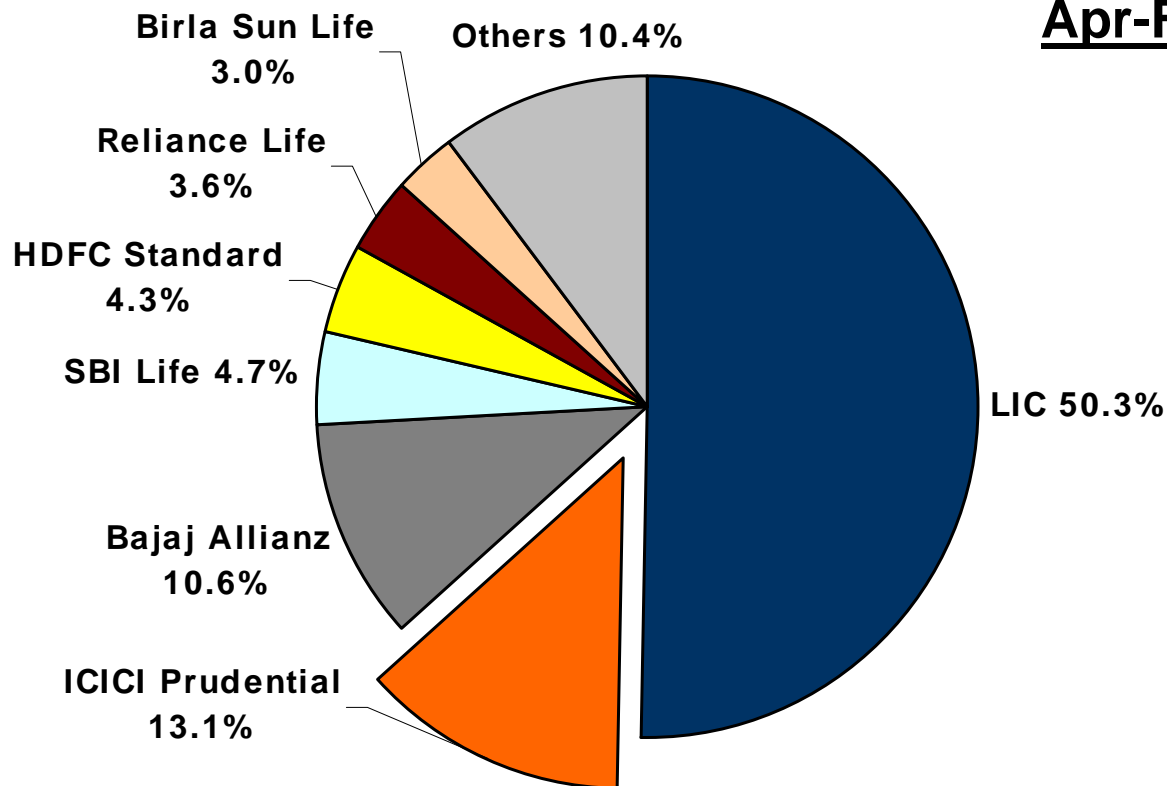
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**Based on weighted new business premiums for individual business**



# Market share: Retail market

Apr-Feb 2008



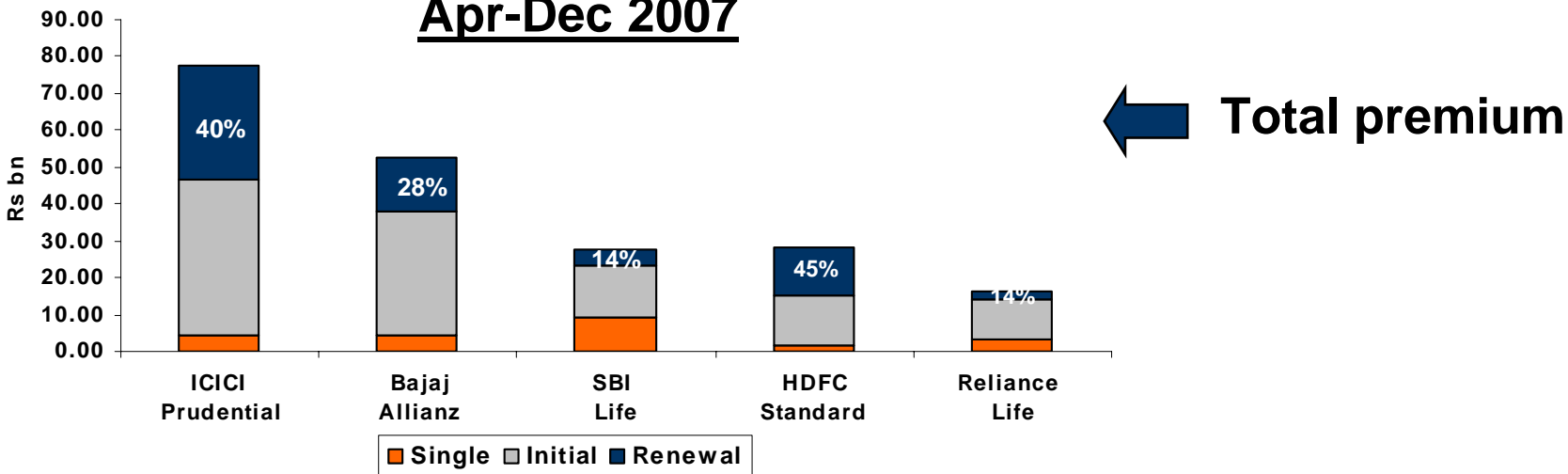
**Total mkt : Rs 432.16 bn (USD 10.8 bn)**

*Source: IRDA, weighted new business premiums for individual business*



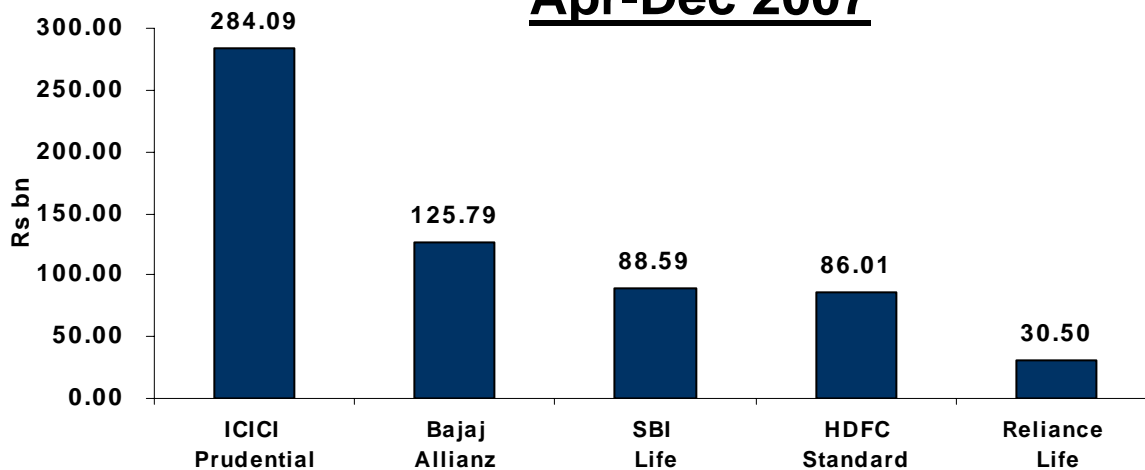
# Leadership on other parameters

Apr-Dec 2007



Apr-Dec 2007

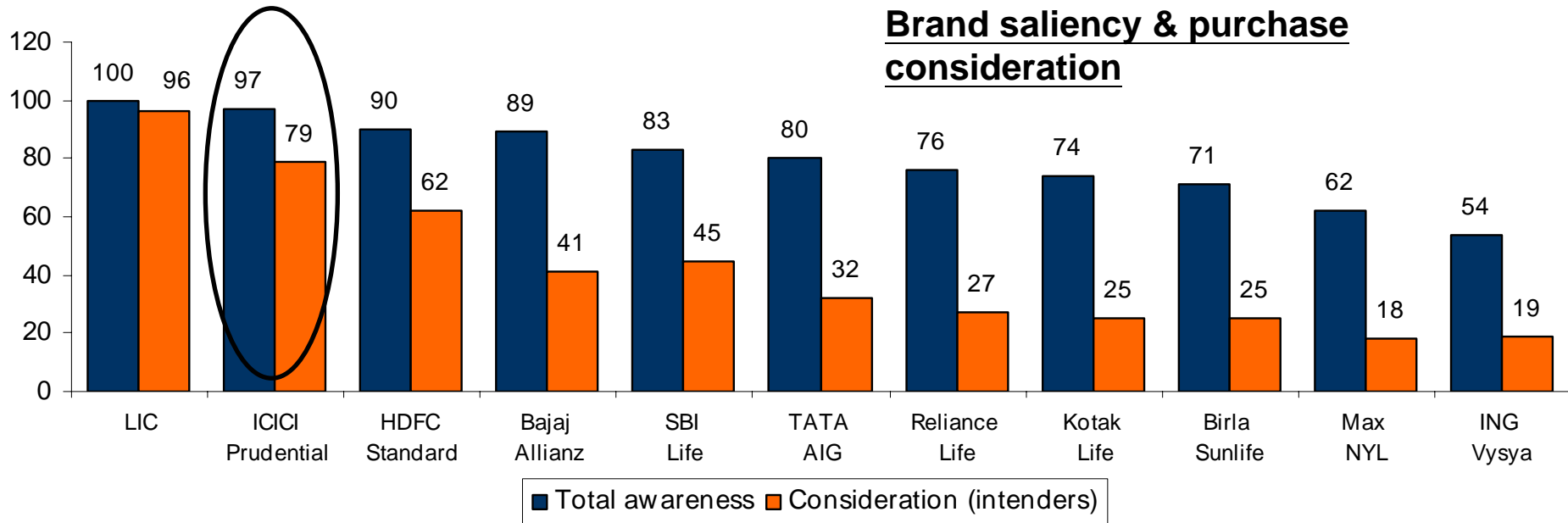
Assets held



Source: Life Insurance Council website

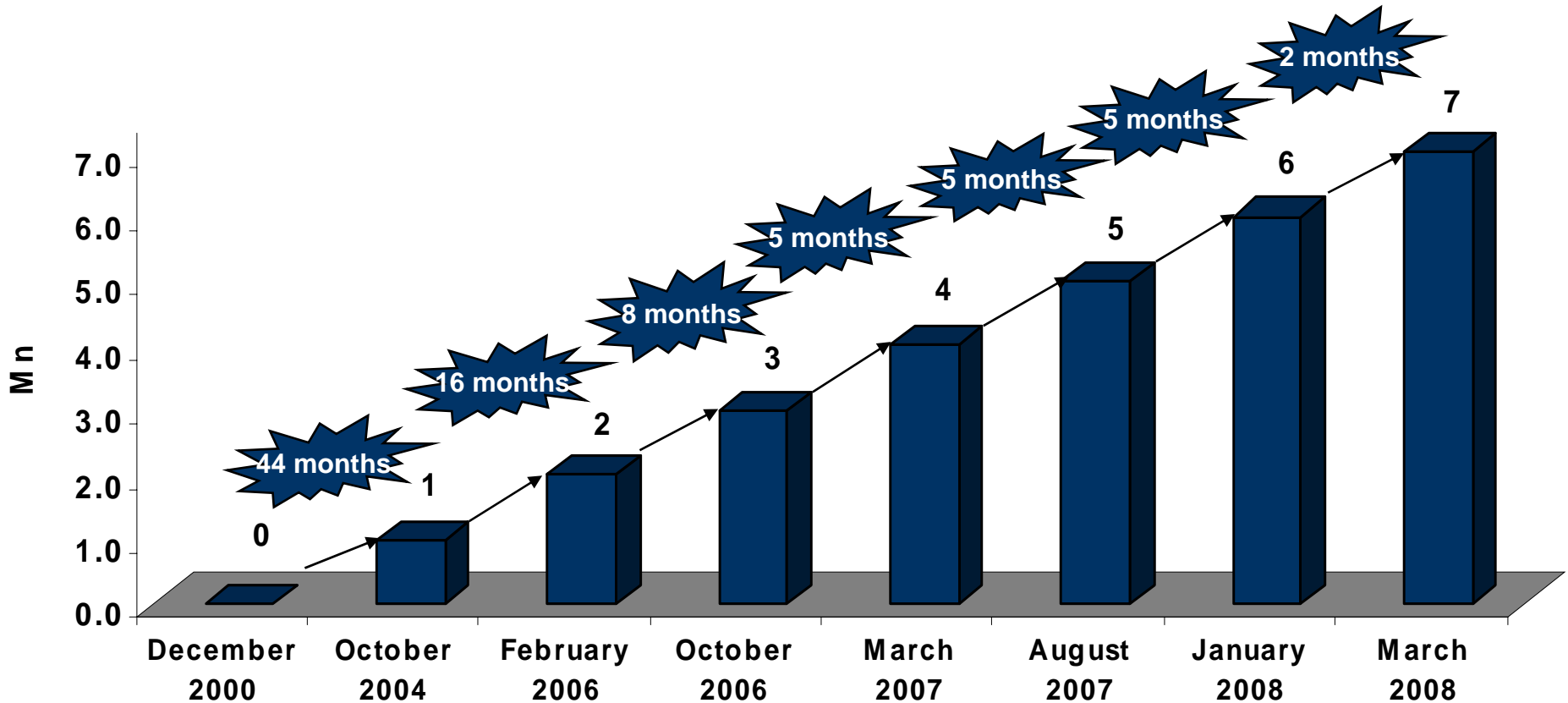


# Consumer mindshare



Source: Life Insured; AC Nielsen Brand Health Monitor as of April 2007

# Rapid expansion in policy base ...



# ... backed by market innovation

## Continued development of the market with new products and services

- **Leading the evolution of unit linked products**
  - **Introduction of LifeStage RP: Automatic asset allocation and increased protection**
- **Focus on emerging segments**
  - **Health: Introduction of 9 health products, including innovative health product for diabetics**
  - **Pensions: Emphasis on retirement planning backed by a comprehensive product suite**

Health Link



Pensions Link



# Health opportunity

**Low health penetration**

- Over 85% of the population without health cover

**High out of pocket expenditure**

- Only 1.6% of private healthcare expenses<sup>1</sup> covered through insurance

**Large informal sector**

- Around 75% of population in informal sector without employer-provided coverage

**Increase in health spends**

- 15.9% CAGR of private health expenses in last five years

1. Estimated at Rs 1400.00 bn

# Health business: Building capabilities

- **Dedicated direct distribution channel extended to 53 cities**
- **Pharmacy channel launched**
- **Innovative products**
  - **Crisis Cover: A comprehensive policy covering 35 critical illnesses, disability & death**
  - **Hospital Care: A fixed benefit hospital plan with cashless facility**



# ... backed by market innovation

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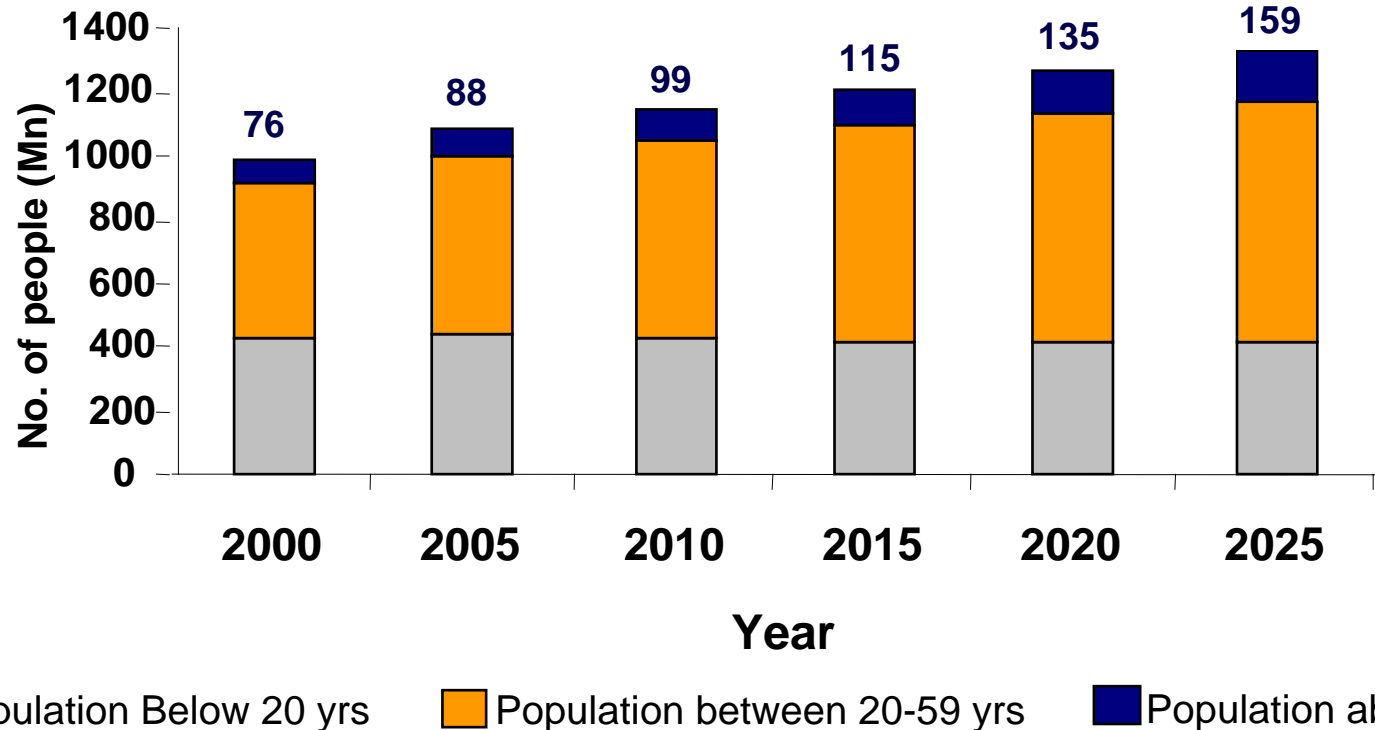
Health Link



Pensions Link



# Retirement opportunity



**Age group of 60+ is the fastest growing and will almost double in the next 20 years**

Source: Oasis Committee Report



# Comprehensive product offering

- **Products for the accumulation phase**
  - Advanced ULIP products with automatic asset allocation
  - Different premium paying options
  - Range of funds offered
- **Products for the payout phase**
  - Range of annuity options
    - Life annuity, joint life annuity, annuity with return of purchase price
    - Annuity guaranteed for 5, 10, 15 years
- **Launch of Annuity Card**
  - First of its kind debit card in Asia for annuitants



**Philosophy: Different customers, different needs**

# Retirement solutions campaign

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- **Retirement solutions: Key focus area of the company in brand communication**
  - **Commenced with ‘Retire from work, not life’ campaign**
  - **Retirement planning weaved into the recent corporate campaign ‘Jeetey Raho’**
- **New campaign: ‘Plan your NUMBER with us’**
  - **To enhance action orientation of consumers in planning for retirement**



# Distribution strategy

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- **Continue to expand to take advantage of market size and increased affluence**
  - **New branch roll out @ ~2 per day in the last 8 quarters**
- **Increase in direct and partnership distribution**
  - **Pan India coverage through 3,300 touch points**
  - **Continued strengthening of partnership distribution**
  - **Dedicated direct distribution channel extended to 53 cities**
  - **Launched pharmacy channel**
- **Widening international reach**
  - **Offices in Dubai & Bahrain**

# Rapid distribution ramp-up...

We continue to create a nation-wide agency network, complemented by increased focus on non-agency distribution

	March 2006	March 2007	March 2008
Locations	132	421	1,669
Branches	177	583	1,956
Advisors ('000)	72	234	291
Non-agency share	37%	39%	39%

Expansion into rural markets through 1,004 micro branches



# Rural initiative

## Rural opportunity

- Rural India expected to constitute 69% of total households and 45% of household income in 2010<sup>1</sup>
- 60% of rural income pool from mass affluent and upwards

## Distribution

- Multi-channel distribution
- Nodal branch + Micro offices
- Catchment area coverage of 44,000<sup>2</sup> villages

## Customer servicing

- Multiple payment and access options
- Multi-lingual communication
- Building localized service delivery capabilities



# ... backed by a robust control architecture

## Functional segregation

- Segregation of operations and sales teams

## Risk management

- Regular MIS and internal audit reviews: Monitoring to ensure right business practices
- Central monitoring system
- State level risk control units with tie ups with professional agencies

## Sales process

- Training architecture to cover advisors and front line managers
- Regional language brochures and proposal form

## Payment process

- Tie ups with various agencies for cash handling
- Smart card solution for payouts piloted

# Our service promise...

## Visic

Life

- Keep custom decisions
- Promise wh end
- Proactively act on it

## Custom

Own the c

- After each experie to feel **confident** ab **choice**
- We will do this b based on the "F./
- The result will for **financial se** us, **buy more** others"

## Customer Ex Statement

- FAIR
- Accurate
- Consistent
- Transparent

## The Promise



# ...delivering consistent results

## Recognition

- Avaya GlobalConnect customer Responsiveness Award 2008
- Web 18 and Frost & Sullivan Genius of the Web Award

## Customer satisfaction

- Tracking of key satisfaction metrics:
  - Satisfaction with sales experience
  - Satisfaction with service experience
  - Complaint ratio
  - Repeat complaint ratio

## Process efficiencies

- Identify key customer facing processes
- Regular monitoring of sigmas

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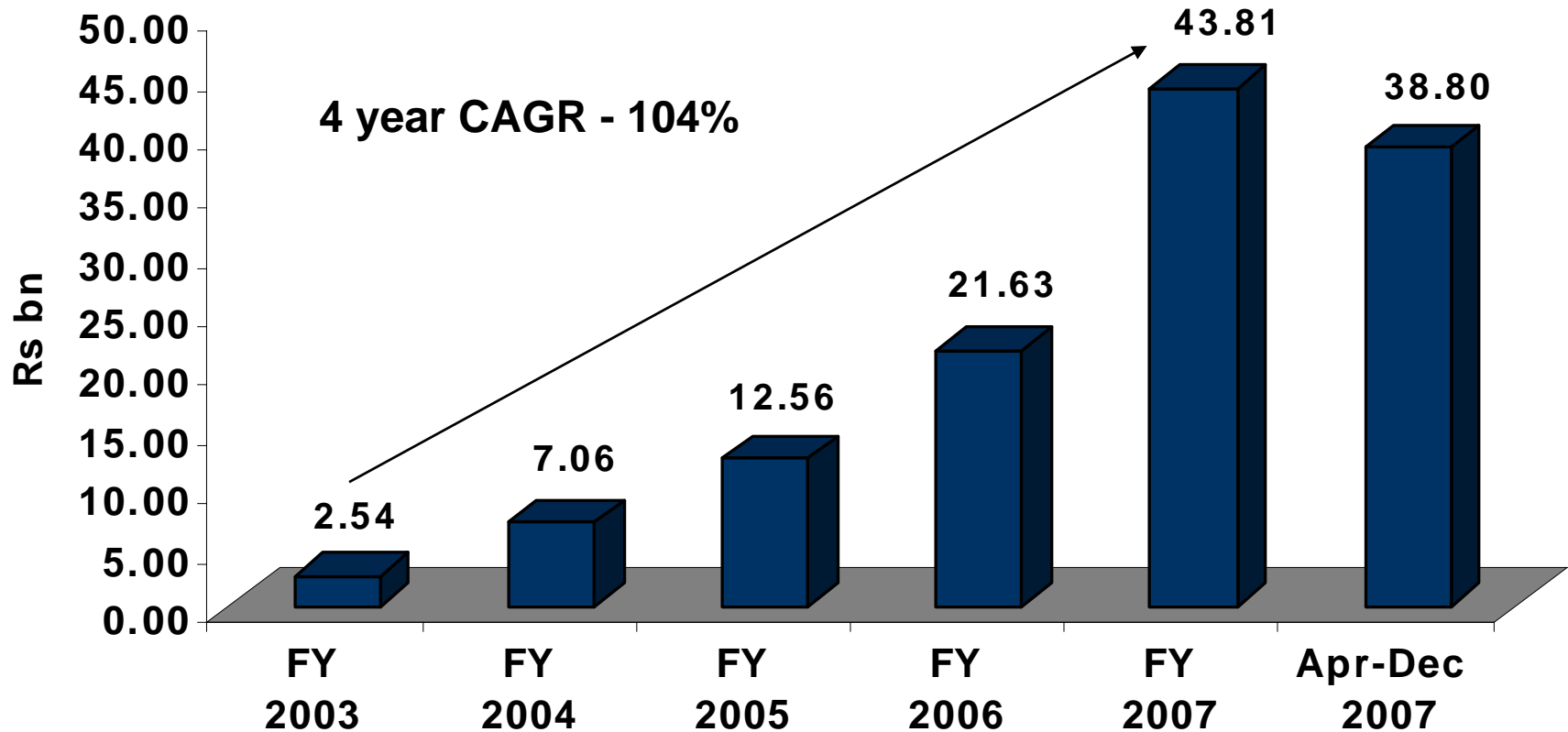
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**Indian life insurance opportunity**

**Organisational overview**

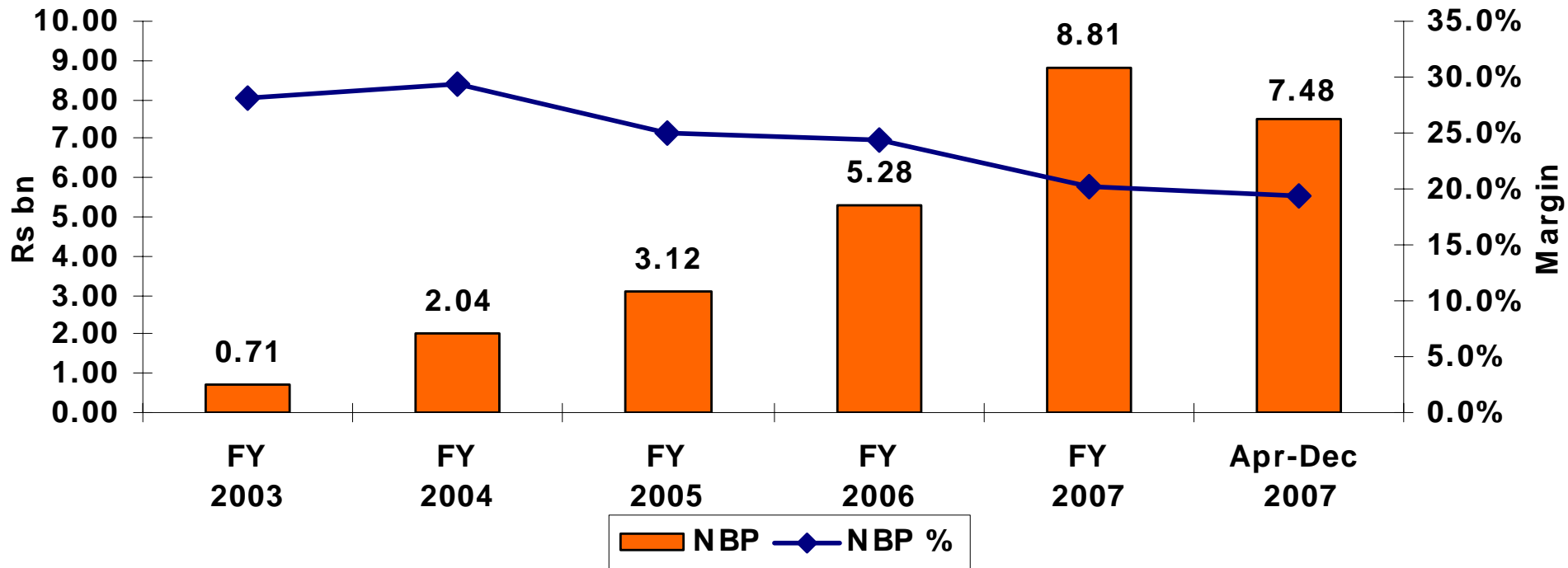
**Performance highlights**

# Growth in new business : APE<sup>1</sup>



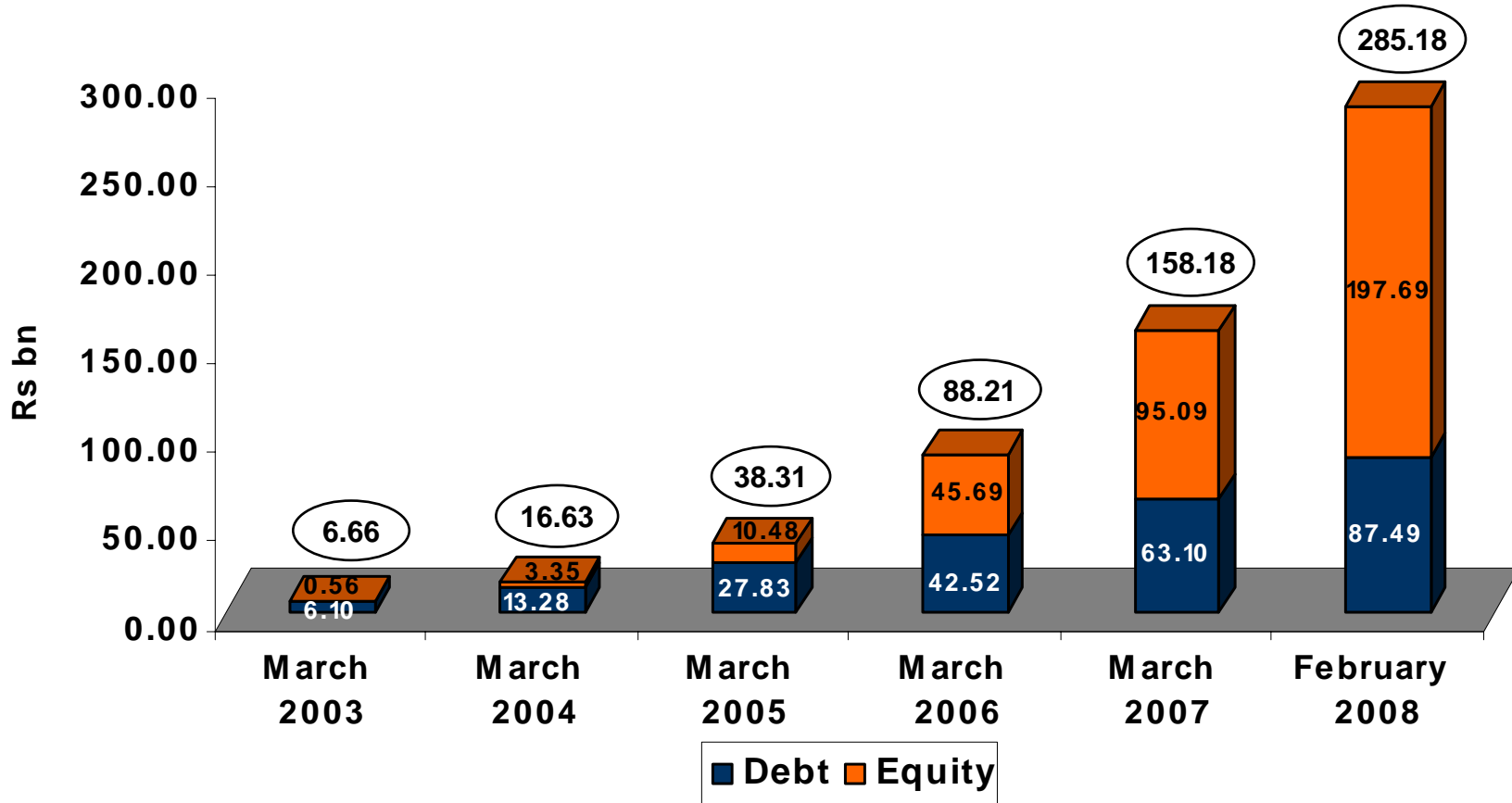
1. Annualized Premium Equivalent
2. FY: Financial year ended March 31

# Value creation: NBP<sup>1</sup>



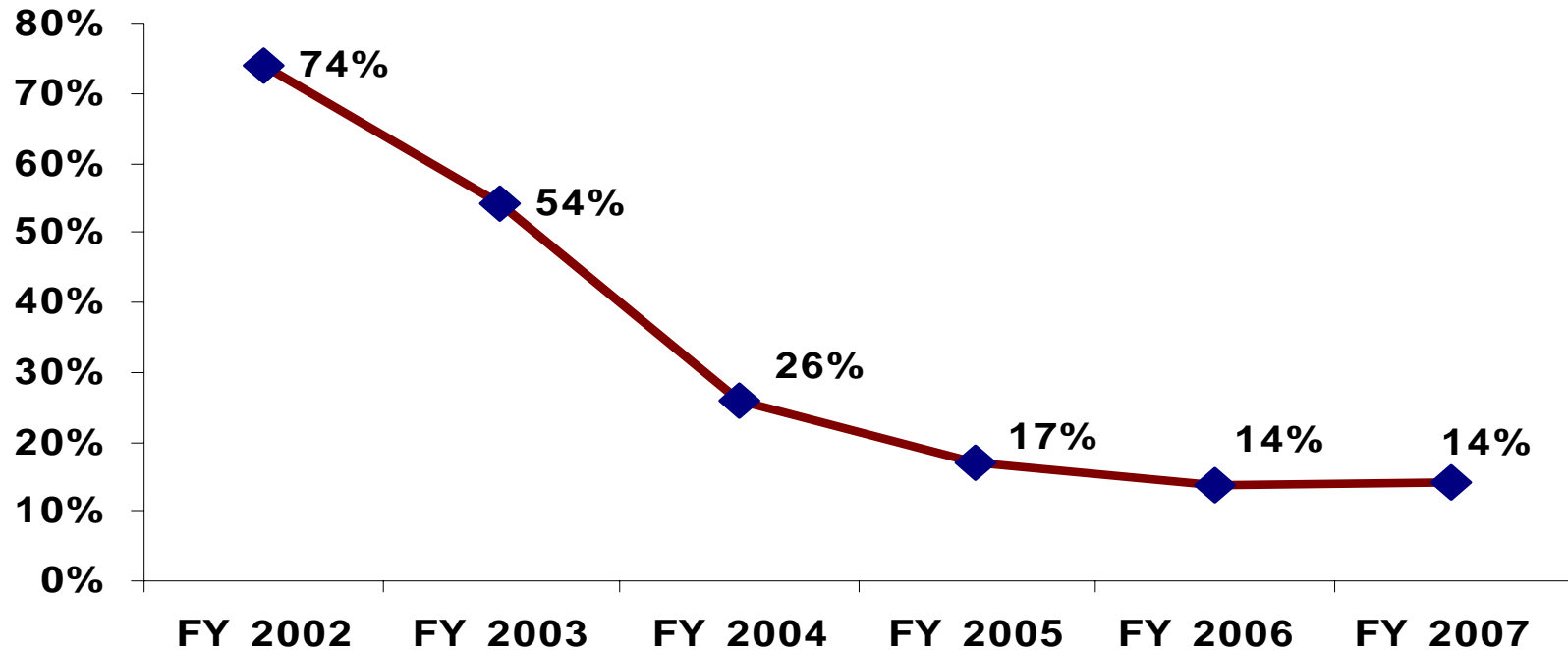
1. *New Business Profit (unaudited)*
2. *FY: Financial year ended March 31*

# Robust growth in assets held



Linked funds constitute 87% of total assets held

# Expense ratio trend



Expense ratio: Operating expenses / (Total premium less 90% of single premium & 50% of limited pay products)

*FY: Financial year ended March 31*

# Summary of key achievements

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**Sustained private market leadership: 7 years in a row**

**Over Rs 280.00 bn (USD 7.0 bn) of assets held**

**More than 7 million policies sold**

**Total premiums of Rs 77.58 bn (USD 2.0 bn) in Apr-Dec 2007**

**NBP of Rs 7.48 bn (USD 189.9 mn) in Apr-Dec 2007**

**Fitch rating of 'AAA (Ind)'**

**Awarded most respected private life insurer**

# Safe harbour

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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; 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 Bank and we undertake no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.