

Prudential Investor Day Video
ICICI Prudential Life Insurance
Insuring the Aspirations of Young India

N S Kannan
MD & CEO, ICICI Prudential Life

India has always been known for its rich heritage, culture and art. Today, India is also known for its vast, young, and upwardly mobile population. 90% of Indians are under the age of 60 and about half of the 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 will see India emerge as the third-largest economy in the world. In a nutshell, India is a country with captivating demography and enormous opportunities unfolding.

Hello, I am NS 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 millennial. Along with my team, I will narrate our story, a journey that describes our foundation of technology, the distinguishing strengths 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 sum assured. We have insured 3.6 million individual retail customers and have covered 52 million Indian citizens through group covers, underwriting USD 278 billion of sum assured. We manage in-house, USD 29 billion of assets, which are mostly policyholder funds. Within Prudential Group in Asia, we have the highest number of customers, we rank second in term of new business APE, and third in total premium as well as assets under management.

Ranking within Prudential Asia



Note 1) Denotes ranking within PCA at 100% share for CY2020; 2) Ranking assumes Malaysia as one entity
Source: Company data

This scale has been built through our strong distribution network of >180k agents, c.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.

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ICICI Prudential Life – Size and Scale



Note 1) Data as at financial year ended March 2021 2) Assets Under Management of US\$28bn (previous chart) as at 31 December 2020

Source: Company data

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 savings needs of customers, with sensitivity. 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

Chief Human Resources & Operations, ICICI Prudential Life

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 wherever our customers are. Video, voice and vernacular are the three pillars of personalisation on which we have built our customer engagement framework.

Our device-agnostic platform is accessible through multiple servicing channels such as the website, mobile app, WhatsApp, voice bots and AI-powered chatbot. This enables us to deliver service at scale.

For instance, our humanoid calling app can make 50,000 calls to our customers in an hour to remind them that their premiums are due. These tools have enabled our customers to execute 90% of their service requests through self-help means, at their time, place and convenience.

Above all, as a life insurer, our moment of truth is when we settle a claim. With our machine learning enabled processes, we have brought down the average death claim settlement time of non-investigated claims to less than 1.4 days. In addition, 100% of the claims which qualified for our "Claims for Sure" program were settled in one day as per our service promise. Our claim settlement ratio stands at 98% in FY21.

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Empowering Customers



Note: *LiGo is an artificial intelligence powered chatbot, designed to learn with every customer interaction

We are committed to proactively servicing the needs of our customers, and through technology enablement, we shall endeavour to make our customer experiences simple, intuitive, personalised and satisfying. The same applies to our partners and distribution teams as well.

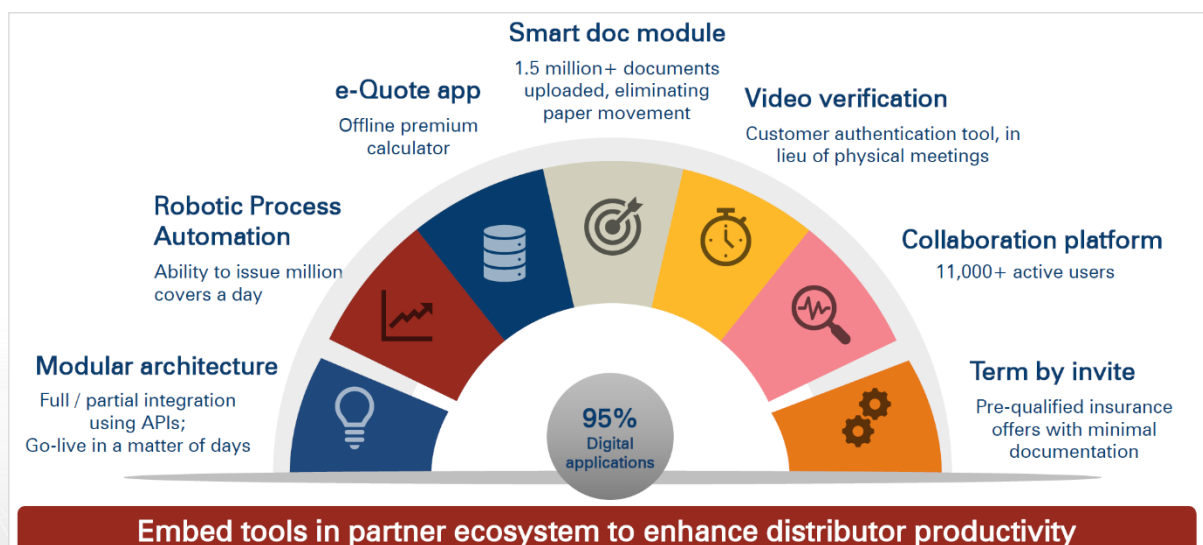
Amit will now take you through some of our technology enablers in our distribution processes.

Amit Palta
Chief Distribution Officer, ICICI Prudential Life

Over the past two decades, we have developed meaningful partner and consumer insights.

Our modular technology platform augments this understanding and helps us on-board partners in just a matter of days. These strengths have seen us ramp up our share of business in new multi-insurer partnerships.

Enabling Distributors



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Anish Behl

Country Head, Wealth & Para Banking, IndusInd Bank

What ICICI Prudential Life has done in the last year has been incredible. We had another partner who was here for 6 years and for ICICI Prudential Life to come in, and in one year, capture close to 40% is quite a feat.

We have seen them working on the ground and I think that work ethic is called “attitude with gratitude”. And that is because we see sheer humility and the 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 Bancassurance guys to sell on their own. I am sure the Pru world will use this case study in many of their other countries. Congratulations and thank you. We are very proud of this partnership.

Amit Palta

Chief Distribution Officer, ICICI Prudential Life

Another technology enablement we crafted for our distributors is our collaboration platform. This platform allows multiple stakeholders to interact, problem solve, sell and service remotely.

We also have a nudge engine that reminds the salesperson to take actions that are timely and contextual.

Nivedita Roy

Advisor, ICICI Prudential Life

My journey of 19 years as an advisor with ICICI Prudential Life has been truly incredible. Today, I serve over 400 customers, and this scale wouldn't have been possible without the digital platform offered by the company. I am 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 for investing in digitization, especially in these trying times. It has not only improved my efficiency, but also delivered a higher customer satisfaction. Three cheers to ICICI Prudential Life.

Amit Palta

Chief Distribution Officer, ICICI Prudential Life

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

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

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Shaivi Khanna

Product Head, Third Party Products, ICICI Bank

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. Along with ICICI Prudential Life, we offer to our customers, comprehensive protections 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 on-boarding experience that's seamless. In the current times of the pandemic, Life insurance has been incorporated in the Bank's Digital Stack, ensuring there is absolutely no challenge on a face-to-face onboarding experience. With single digit penetration of protection and annuity, we believe that we have a strong runway ahead.

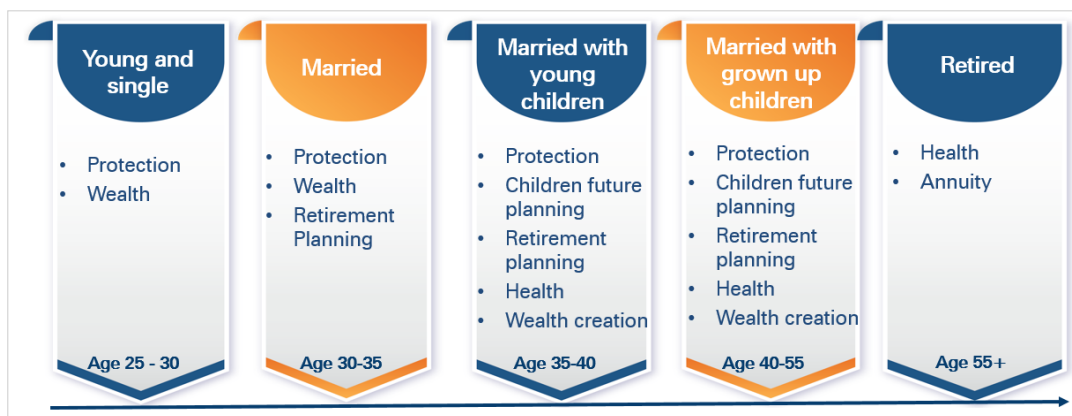
Amit Palta

Chief Distribution Officer, ICICI Prudential Life

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.

Propositions To Meet Evolving Customer Needs



Zarin Daruwala

Chief Executive Officer, India & South Asia Clusters, Standard Chartered Bank

It is with great delight and optimism that we enter the 7th year of our partnership with ICICI Prudential Life, who are the sole life insurance providers and partners to Standard Chartered Bank in India. The life insurance products offered by your organization compliments and completes our wealth offerings.

Over the past 7 years, we've worked very closely with your 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 team with 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 am confident that going forward, we will continue building on our significant combined strengths.

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Amit Palta

Chief Distribution Officer, ICICI Prudential Life

We stay ahead of the curve by 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

Chief Investment Officer, ICICI Prudential Life

Today we are one of the largest fund managers in India. Our in-house asset management team manages USD 29 billion of funds. 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 twenty years since our inception. Over three-quarters of our unit linked funds have outperformed benchmark indices since inception.

Deepak Kinger

Chief of Risk and Compliance, ICICI Prudential Life

Of our total liabilities, the non-participating guaranteed return products comprise 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 sustainable, efficient and robust. My colleagues Sonali, Asha, Jit and Urvi will tell us more about it.

Robust Risk Management

High quality assets

- 99.5% of fixed income in above AA
- Zero defaults since inception

Liability profile

- Non par guaranteed return book: 1.1% of liabilities

Strong solvency ratio

- Solvency ratio of 217% against regulatory requirement of 150%
- More than 400% based on economic capital framework

Note: Figures at March 2021

Sonali Chandak

Company Secretary, ICICI Prudential Life

An effective Independent Board and the separation of the Board's supervisory role from the executive management is the basis of our corporate governance philosophy. Independent directors comprise more than half our Board, including the Board Chairman.

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Asha Murali
Appointed Actuary, ICICI Prudential Life

To safeguard the interest of policyholders, the insurance Regulator has prescribed an Appointed Actuary system whereby the Actuary, while being on the rolls of the Company, has an additional responsibility towards policyholders and the Regulator.

Judhajit Das
Chief Human Resources & Operations, ICICI Prudential Life

We are a gender-neutral, equal opportunity employer, with women employees comprising around 26% of the total workforce. We have created leadership depth and breadth through structured talent management and leadership development initiatives. Candidates from within the company filled more than 90% of vacancies at the senior management level. In terms of leadership stability, 85% of the senior management team has been with the Company for more than ten years.

High Quality Human Capital



*Note: *Includes employees, agents and licenced employees of distribution partners*

Urvi Chhaya
Head of CSR, ICICI Prudential Life

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

In FY2021, more than 14,000 families have benefited from our social initiatives. We also offer micro-insurance products that cater to the rural and social sector and more than 21 million lives have been covered in FY2021. A sustainable business adds value to all its stakeholders, including investors who believe in it.

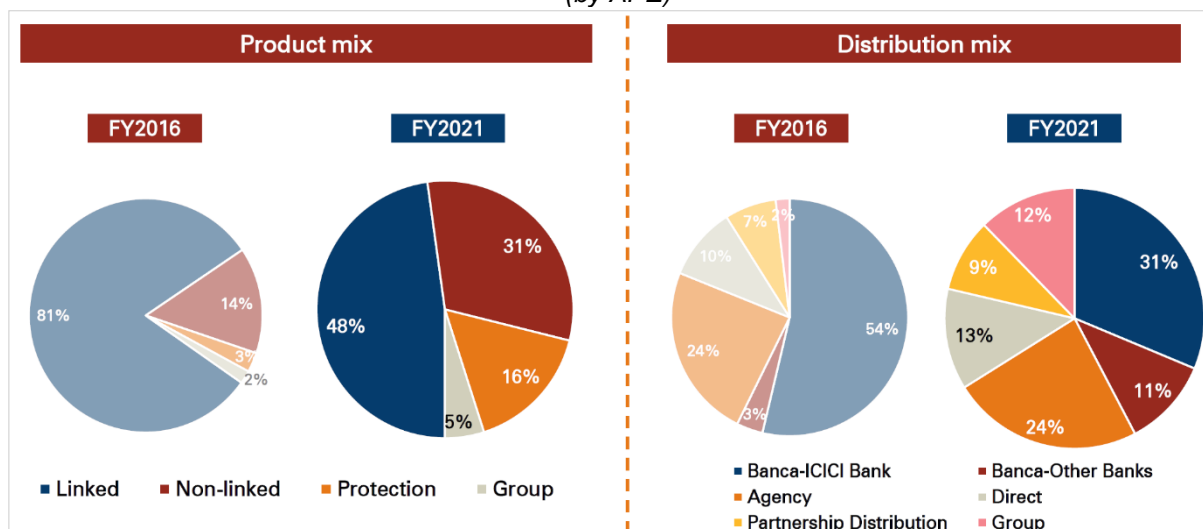
Satyan will share some of these financial achievements with you.

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Satyan Jambunathan
Chief Financial Officer, ICICI Prudential Life

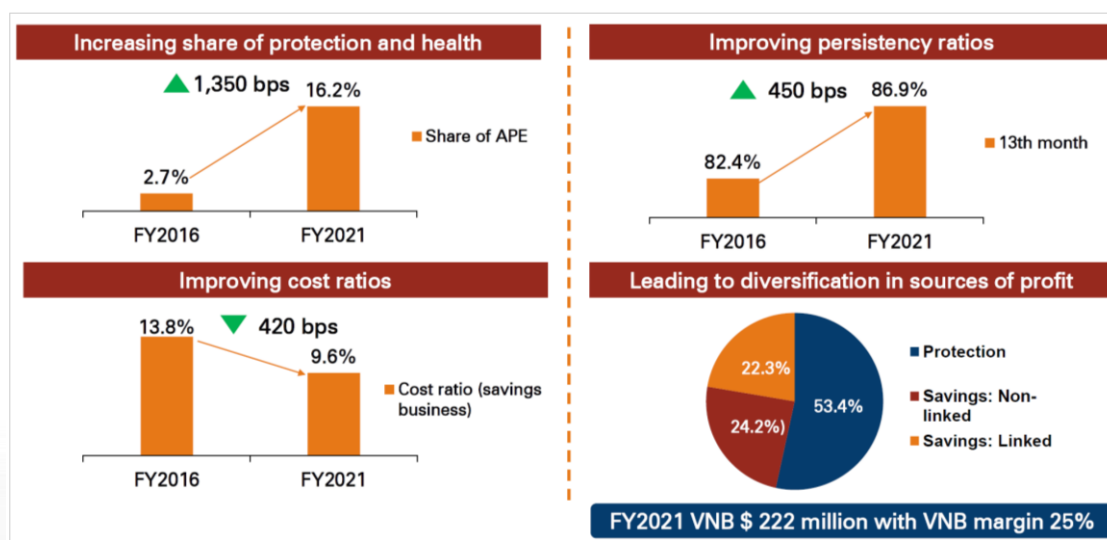
Since we listed five years ago, our Value of New Business has grown at a CAGR of 32% to USD 222 million, and the Value of New Business margin has increased from 8% to 25%. We have achieved this by building a balanced product and distribution mix.

ICICI Prudential Life – Product and Distribution Mix
(by APE)



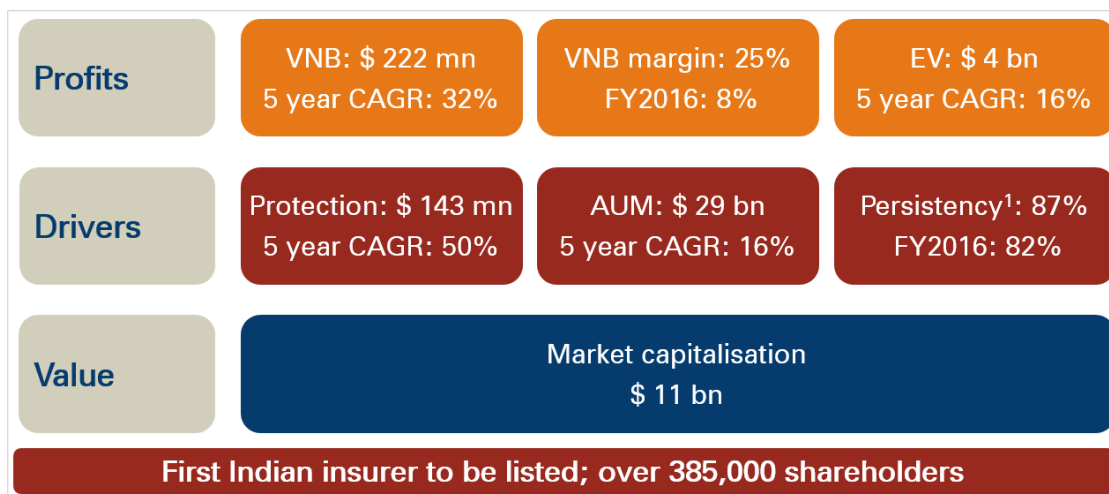
... increasing the share of protection business and improving business quality parameters, resulting in industry-leading persistency and cost ratios. This has also led to a significant diversification in our sources of profit positioning us well to enhance value for our stakeholders as we go into the future. Our market capitalisation is currently at USD 11 billion.

ICICI Prudential Life – Improving Business Quality



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ICICI Prudential Life – Creating Value



Note: 1) 13th month persistency; 2) Figures for the financial year ended March 2021 and values based on constant exchange rates 3) VNB: Value of New Business; 4) EV: Embedded Value

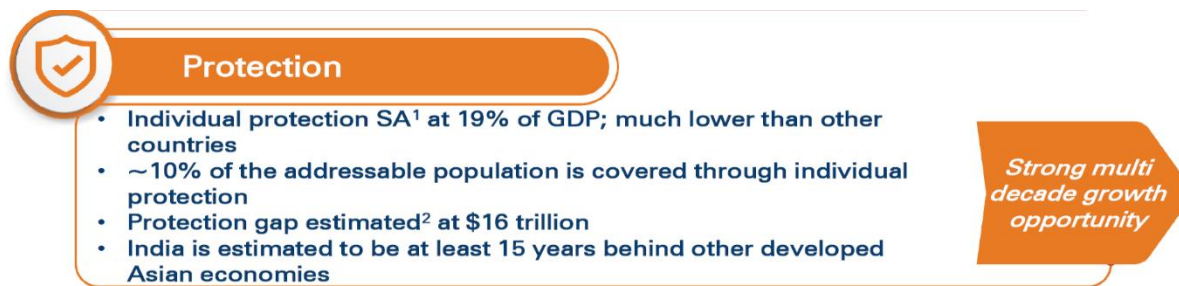
We now reach an inflection point in our story. Looking ahead, we see vast opportunities in the areas of Savings, Health and Protection and Retirement. Let me start with Savings. In India, the life insurance premium to GDP ratio stands at 2.8%, compared to the global average of 3.4%. With an increase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

Savings Opportunity



Similarly, with an estimated protection gap of over USD 16 trillion, protection is a significant untapped market in India. We estimate that 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.

Protection Opportunity



Note 1) SA is Sum Assured; Note 2) Swiss Re, Closing Asia's mortality protection gap, 2020

The retirement segment could well be the next big horizon of growth. With increasing life expectancy, there is a crucial need for both accumulation and annuity solutions.

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Retirement Opportunity



Retirement

- Under 10% of Indian working population covered under any pension program
- Pension assets at 6% of GDP (HK:50%, US:136%, Australia: 151%)
- Annuity product is exclusive to life insurers
- Deferred annuity opportunity for individuals nearing retirement

*Next big
horizon of
growth*

The question that arises is, how do we plan to capture these opportunities?

N S Kannan

MD & CEO, ICICI Prudential Life

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 customer centricity at the core.

Key Elements to Grow VNB



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 under-served customer segments, further enhancing our distribution footprint by acquiring new partners, and investing in the creation of non-conventional sourcing channels.

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

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

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

Drivers of VNB Growth

Premium Growth	<ul style="list-style-type: none">• Deepen penetration in under-served customer segments• Enhance distribution footprint through acquisition of new partners and invest in emerging channels• Increase focus on Pension and Annuity
Protection	<ul style="list-style-type: none">• Expand the market by offering across channels, penetrating the online term market and partnering with loan providers• Augment with new propositions on health and wellness
Persistency	<ul style="list-style-type: none">• Improve persistency across all cohorts by encouraging long term behaviour
Productivity	<ul style="list-style-type: none">• Leverage scale and digital platform to improve customer experience and efficiency of service operations

Looking from an opportunity perspective, we believe the long-term sustainable growth in Value of New Business will be driven by:

1. The opportunity for industry to grow the savings business, broadly in line with the nominal GDP growth of the country.
2. Leveraging the industry's multi-decade growth opportunity in the heavily under penetrated protection business.
3. Optimizing product mix further, along with productivity levers to enhance margins.

That in summary is our vision and strategy.

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