

Insurance

INSURANCE

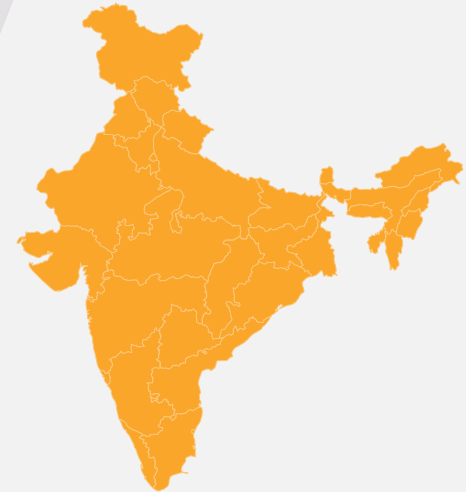
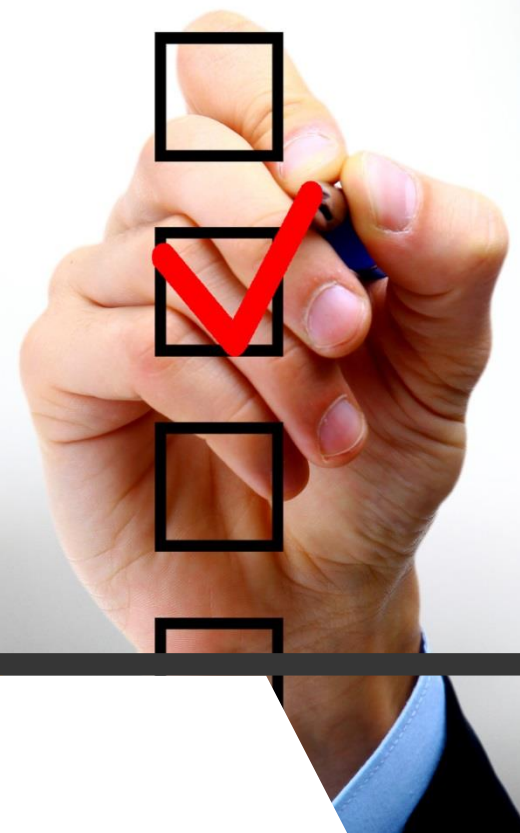


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Rapidly growing insurance segments

- The domestic life insurance industry registered 22.55 per cent growth for new business premium in financial year 2015-16, generating a revenue of US\$ 20.34 billion largely due to the high growth in the group single premium policy. During June 2016 to May 2017 period, the life insurance industry recorded a new premium income of Rs 1.87 trillion (US\$ 29.03 billion), indicating a growth rate of 1.11 per cent.
- The non-life insurance premium market grew at a CAGR of 12.1 per cent over FY04-16¹, from US\$ 3.4 billion in FY04 to US\$ 13.35 billion in FY16¹.

Increasing private sector contribution

- The market share of private sector companies in the non-life insurance premium market rose from 13.12 per cent in FY03 to 45.4 per cent in FY16¹.

Crop, health and motor insurance to drive growth

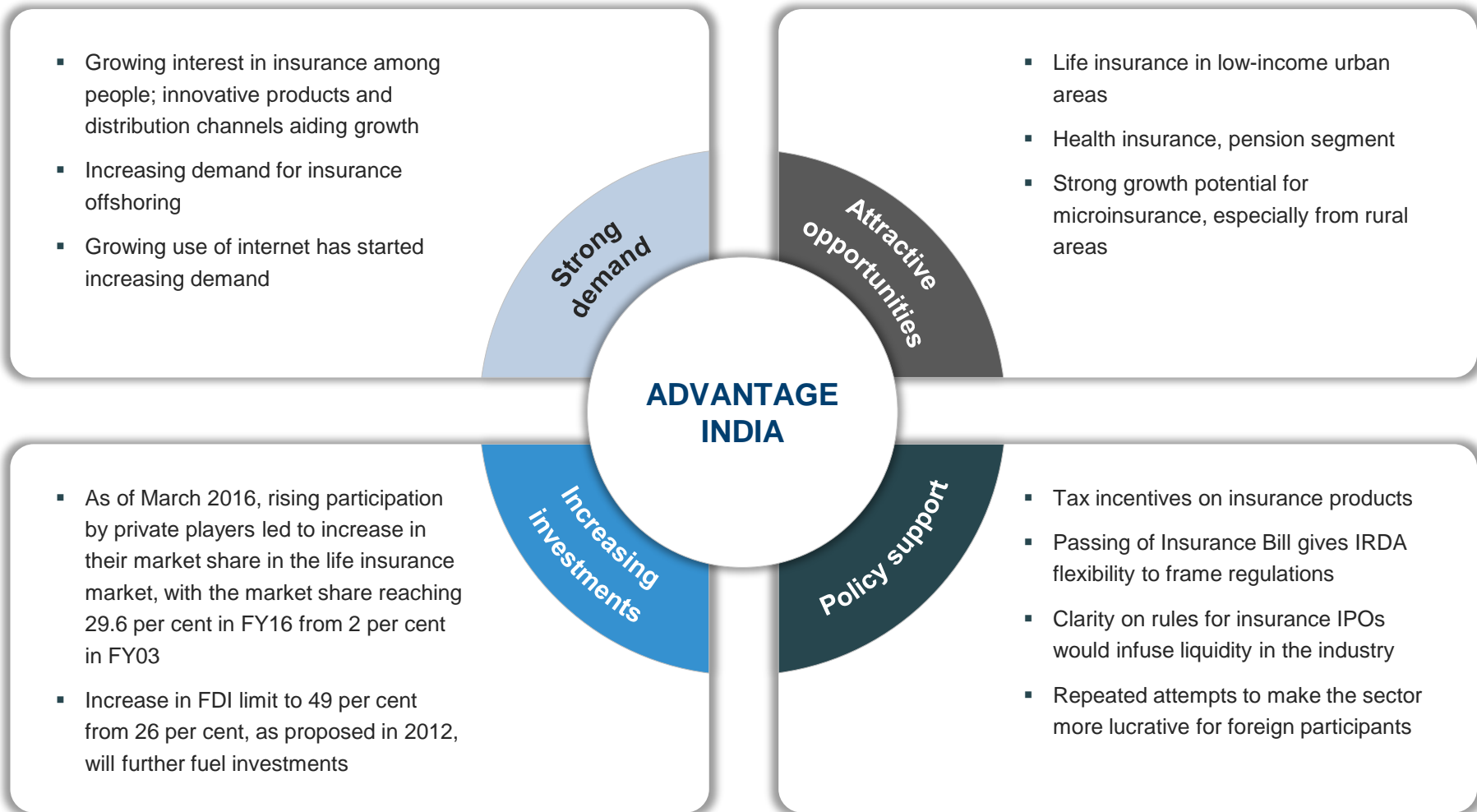
- In 2015, crop insurance market in India is the largest in the world and covers around 32 million farmers; which accounted for nearly 19 per cent of the total farmers in the country.
- Strong growth in the automotive industry over the next decade to be a key driver of motor insurance.

Notes: CAGR - Compound Annual Growth Rate, 1: Upto March 2016, Provisional; Figures are as per latest data available

Source: Swiss-Re, IRDA Annual Report, Mckinsey estimates

ADVANTAGE INDIA





*Notes: 2020E - Expected value for 2020; Estimate according to BCG, IRDA - Insurance Regulatory and Development Authority, IPO - Initial Public Offering, FDI - Foreign Direct Investment
Source: IRDA*

MARKET OVERVIEW AND TRENDS



EVOLUTION OF THE INDIAN INSURANCE SECTOR

- All life insurance companies were nationalised to form LIC in 1956 to increase penetration and protect policy holders from mismanagement
- The non-life insurance business was nationalised to form GIC in 1972
- Post liberalisation, the insurance industry recorded significant growth; the number of private players increased to 44 in 2012(1)
- The industry has been spurred by product innovation, vibrant distribution channels, coupled with targeted publicity and promotional campaigns by the insurers
- In December 2014, Government approved the ordinance increasing FDI limit in Insurance sector from 26 per cent to 49 per cent. This would likely to attract investment of US\$ 7-8 billion
- As per Union Budget 2016-17, new health insurance scheme under the National Health Protection Scheme has been introduced
- In Union Budget 2017, government increased the coverage from 30 per cent to 40 per cent under Pradhan Mantri Fasal Bima Yojna

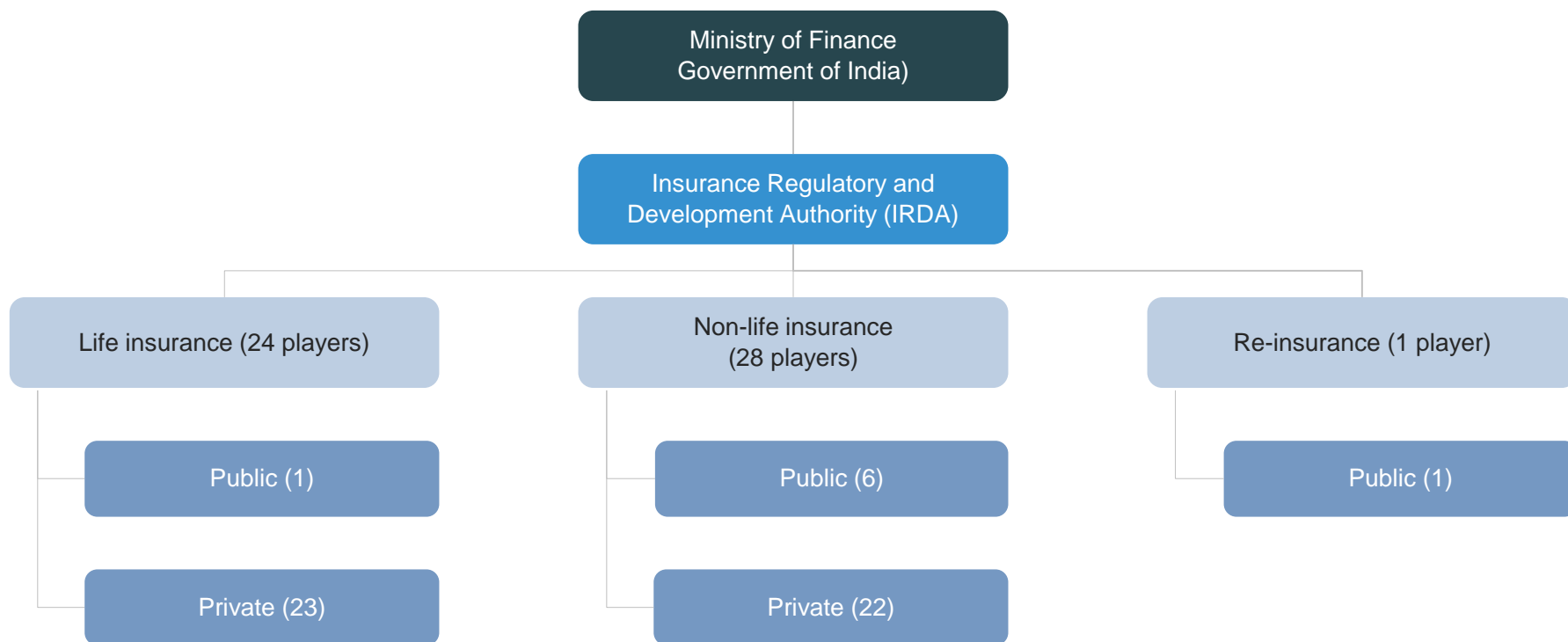


- Malhotra Committee recommended opening up the insurance sector to private players
- IRDA, LIC and GIC Acts were passed in 1999, making IRDA the statutory regulatory body for insurance and ending the monopoly of LIC and GIC
- In 2015, Government introduced Pradhan Mantri Suraksha Bima Yojna and Pradhan Mantri Jeevan Jyoti Bima Yojana
- Government introduced Atal Pension Yojana and Health insurance in 2015

Notes(1): As of September 2012, LIC - Life Insurance Corporation of India, GIC - General Insurance Corporation of India, IRDA - Insurance Regulatory and Development Authority
Source: IRDA

IRDA GOVERNS THE INDIAN INSURANCE SECTOR

- Insurance Regulatory and Development Authority (IRDA)
 - Established in 1999 under the IRDA Act
 - Responsible for regulating, promoting and ensuring orderly growth of the insurance and re-insurance business in India



Source: IRDA, Aranca Research

INDIA'S INSURANCE MARKET CONTINUES TO BE STRONG

- The insurance industry is expected to reach US\$ 280 billion by 2020. In 2016, around 46 private players were operating in the industry, while Life Insurance Corporation accounted for 72.61 per cent of the country's insurance market.
- Individual single premiums received increased from US\$ 0.16 billion in 2015 to around US\$ 1.02 billion in 2016.
- Indian Government announced its plans to divest US\$ 1.63 billion worth of stakes in PSU general insurance companies to execute the steep disinvestment target of US\$ 10.78 billion in FY17¹.
- IRDAI has allowed insurers to invest up to 10 per cent in additional tier 1 (AT1) bonds, that are issued by banks to augment their tier 1 capital, in order to expand the pool of eligible investors for the banks.

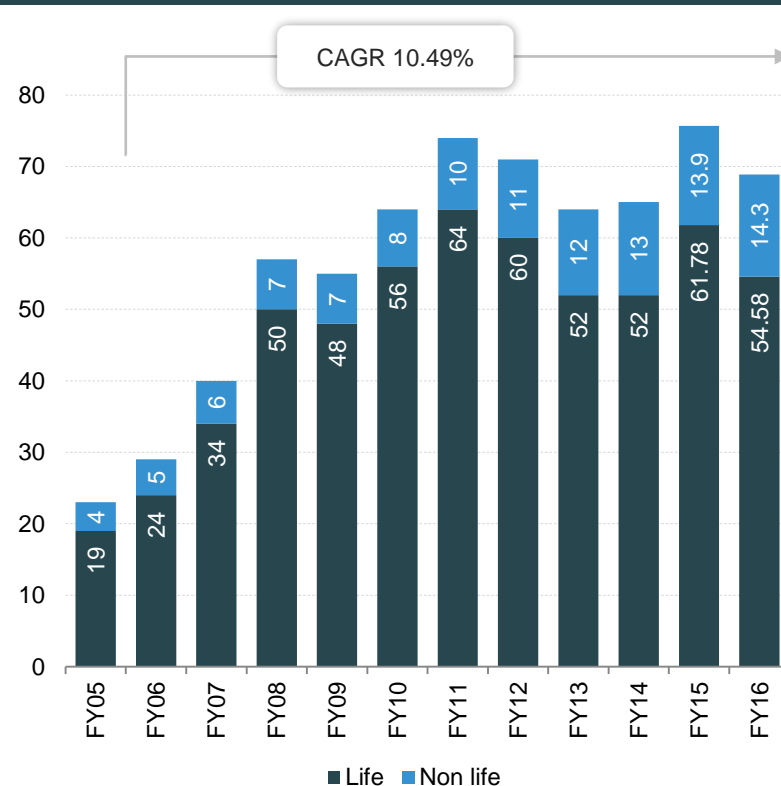
Note: CAGR - Compounded Annual Growth Rate, FY17¹ - Till December 29, 2016

Source: Reserve Bank of India (RBI), Aranca Research;

PREMIUMS GROWING AT A BRISK PACE

- The total insurance market expanded from US\$ 23 billion in FY05 to US\$ 68.88 billion in FY16.
- Over FY05–FY16, total gross written premiums increased at a CAGR of 10.49 per cent .
- Gross premium written in India for non life insurance sector for FY16 is US\$ 14.33 billion and in FY16, the gross premium written in India for life insurance sector stood at US\$ 54.58 billion.
- In November 2016, the total growth in life insurance premium was around US\$ 2.38 billion as compared to US\$ 1.12 billion in November 2015, witnessing a growth of 113 per cent. Similarly during the same period, the individual single premium grew by US\$ 995 million as compared to US\$ 164.06 million in 2015, recorded a growth of more than 500 per cent.

Gross premiums written in India (US\$ billion)



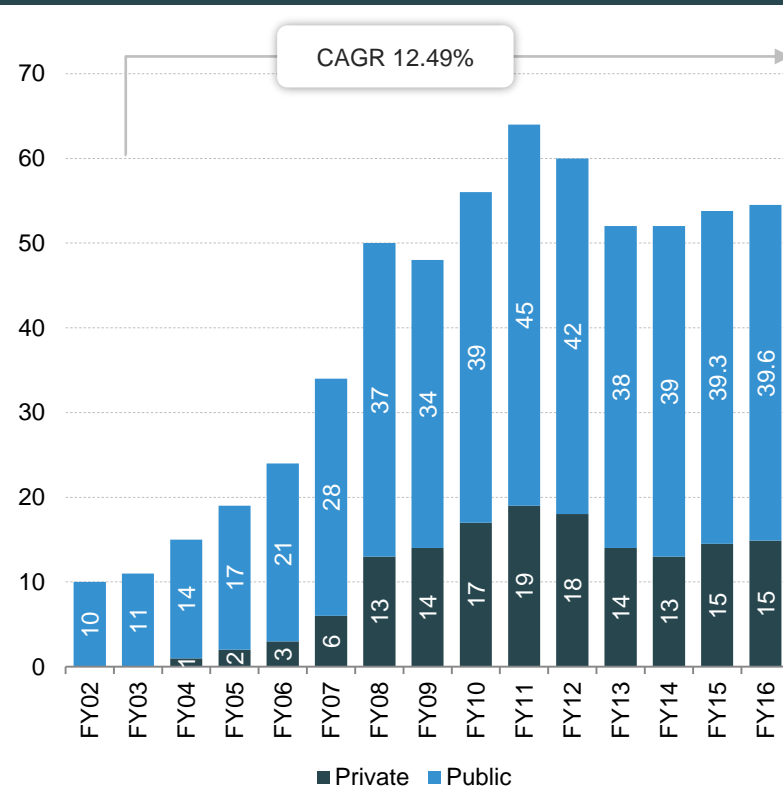
Note: CAGR - Compound Annual Growth Rate

Source: Insurance Regulatory and Development Authority, Aranca Research;

LIFE INSURANCE MARKET APPEARS VIBRANT

- The life insurance market grew from US\$ 10.5 billion in FY02 to US\$ 54.58 billion in FY16.
- Over FY02–FY16, life insurance premiums expanded at a CAGR of 12.49 per cent.
- The life insurance industry has the potential to grow 2-2.5 times by 2020 in spite of multiple challenges supported by long-term trends and fundamentals underlying household savings.
- The life insurance premium market expanded at a CAGR of 11.93 per cent, from US\$ 14.5 billion in FY04 to US\$ 56.05 billion in FY16.
- During the first half of financial year 2016-17, life insurance industry reported a 20 per cent growth in overall Annual Premium Equivalent (APE).

Growth in life insurance premiums (US\$ billion)

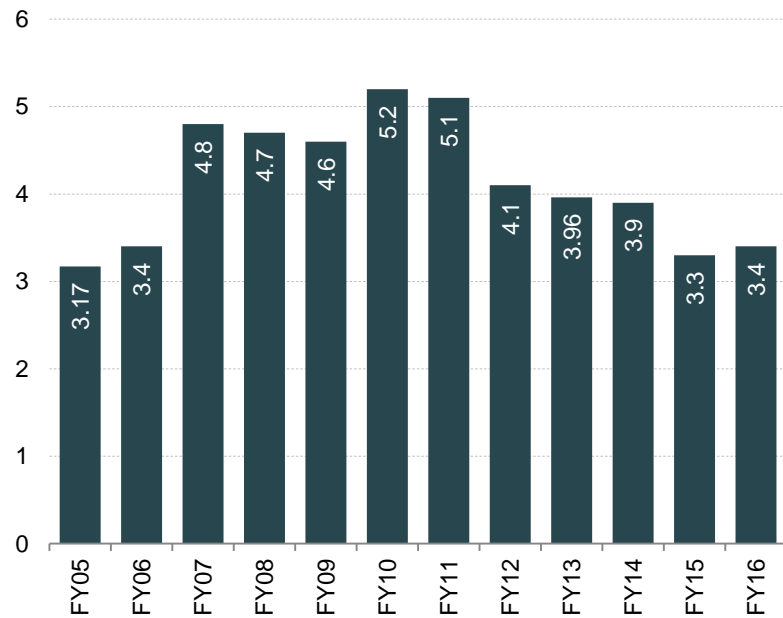


Note: CAGR - Compounded Annual Growth Rate, Figures are as per latest data available

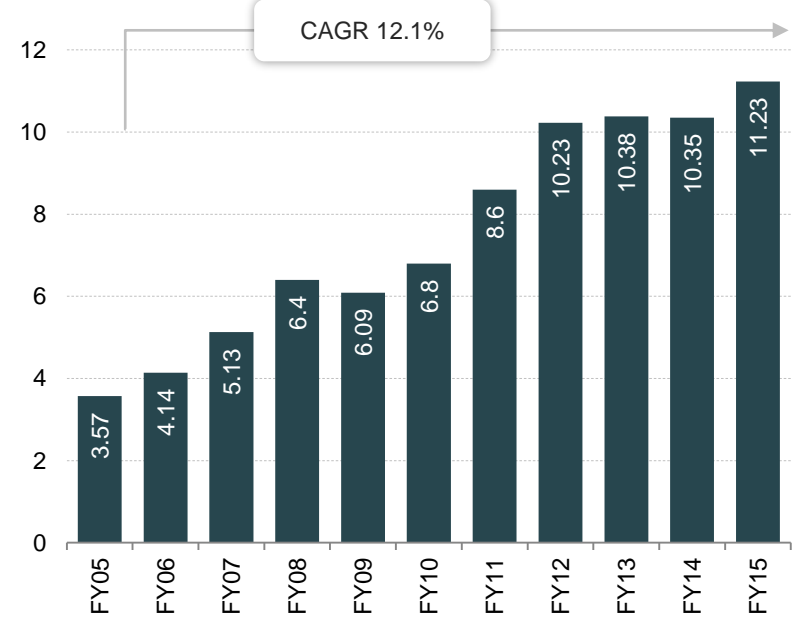
Source: Swiss Re, BCG, Insurance Regulatory and Development Authority, Aranca Research;

INCREASING PENETRATION AND DENSITY OF LIFE INSURANCE OVER THE YEARS

Insurance penetration (%)



Insurance density (US\$)



- Insurance density in India increased from 3.57 in FY05 to 11.23 in FY15 at a CAGR of 12.1 per cent
- Insurance penetration reached 3.4 per cent in FY16 and is expected to cross 4 per cent in FY17.

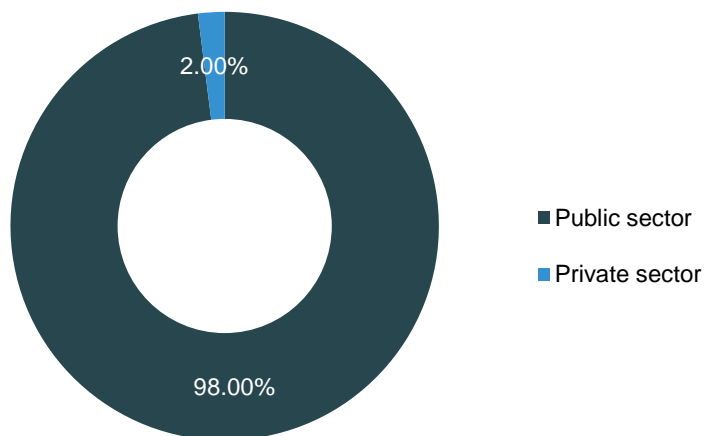
Note: Life insurance density* is defined as the ratio of premium underwritten to the total population in a given year, CAGR - Compound Annual Growth Rate

Source: Insurance Regulatory and Development Authority (IRDA), Aranca Research

INCREASING PRIVATE SECTOR ACTIVITY IN LIFE INSURANCE SEGMENT

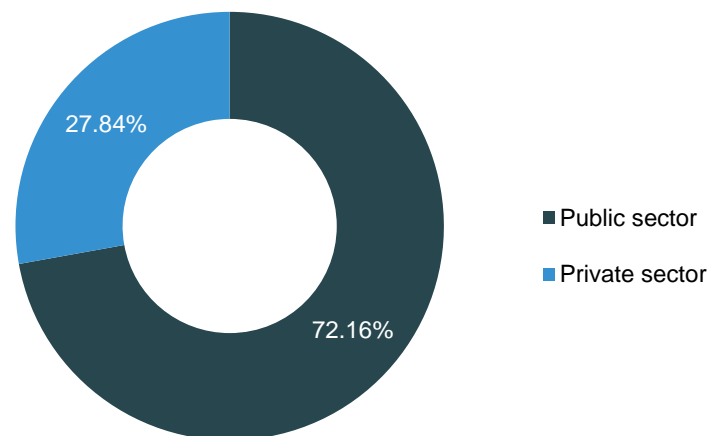
Share of public and private sector in life insurance segment (%)

FY03



Share of public and private sector in life insurance segment (%)

FY16



- Over the years, share of private sector in life insurance segment has grown from around 2 per cent in FY03 to 29.6 per cent in FY16

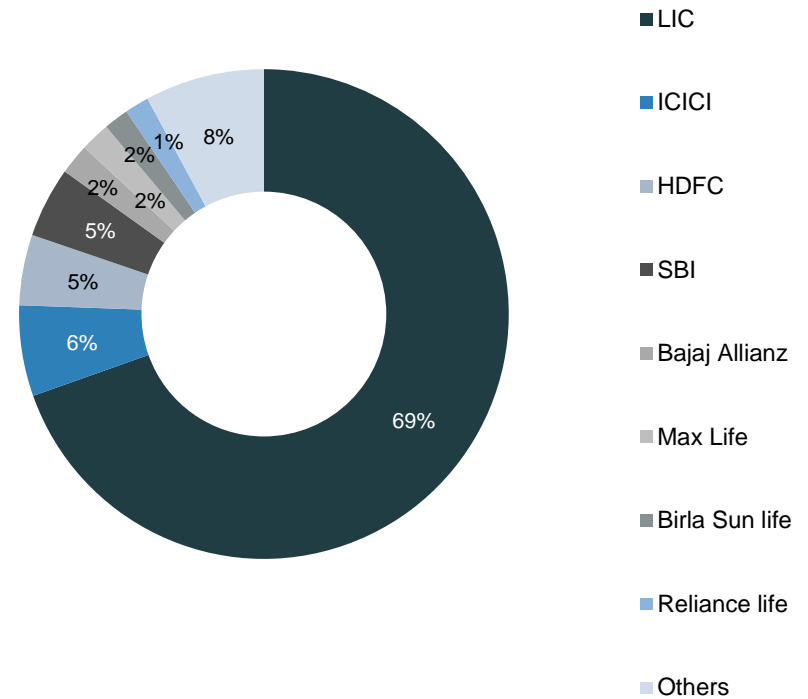
Note: Figures are as per latest data available

Source: IRDA, Aranca Research

LIC CONTINUES TO DOMINATE LIFE INSURANCE SEGMENT

- As of 2016, life insurance sector has 46 private players in comparison to only 4 in FY02
- With 72.16 per cent share market share in FY16, LIC continues to be the market leader, followed by ICICI Prudential.

Market share of major companies in terms of total life insurance premium collected (FY16)

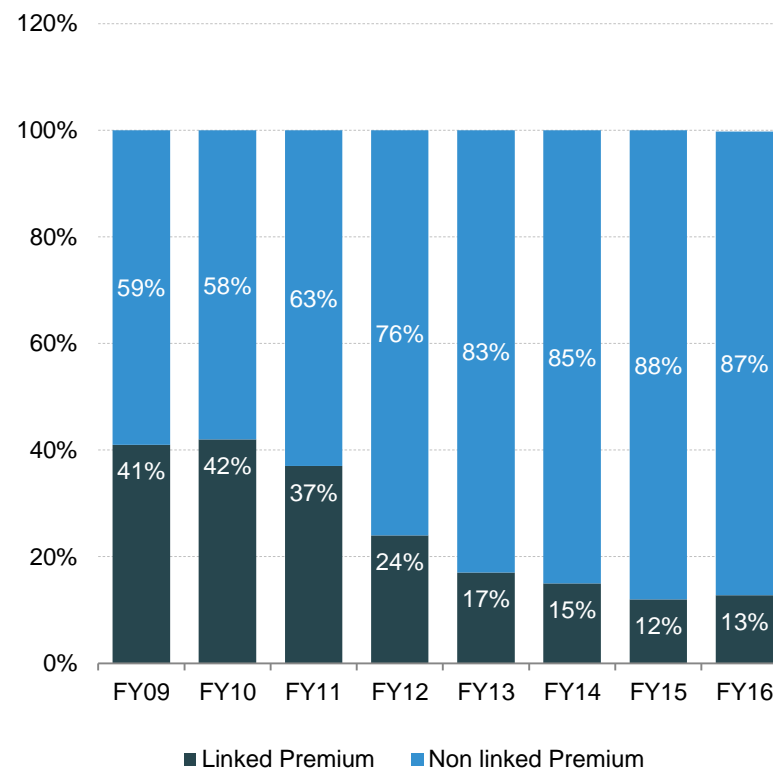


Source: LIC, Aranca Research

SHIFT TOWARDS NON-LINKED INSURANCE PLANS

- The industry is witnessing a shift towards the traditional non-linked insurance plans
- The share of non-linked insurance increased from 59.1 per cent in FY09 to 87 per cent in FY16

Share of linked and non-linked insurance premium



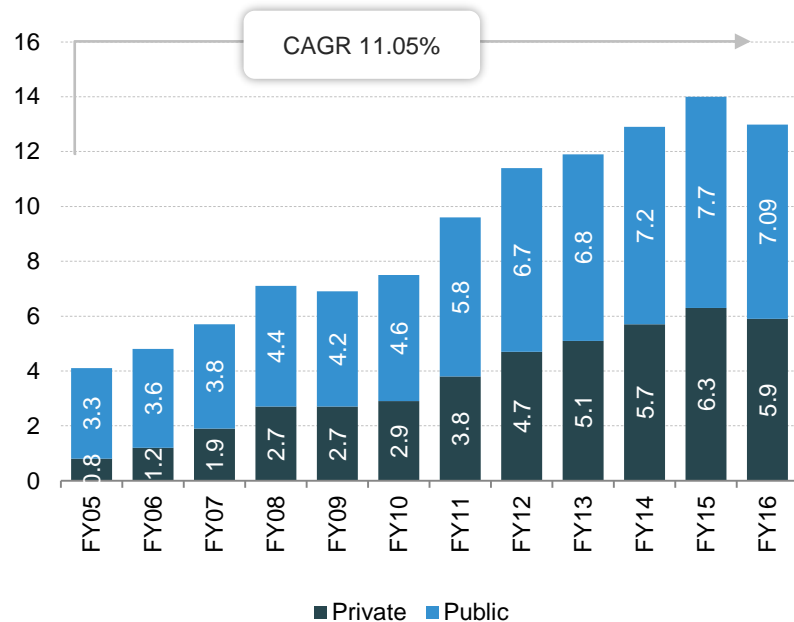
Notes: *Growth rate in INR terms, Linked Plans - In linked plans, a part of the investment goes towards providing you life cover while the residual portion is invested in a fund which in turn invests in stocks or bonds; the value of investments alters with the performance of the underlying fund,

In Non-Linked plans, a major chunk of investible funds are in debt instruments, giving steady and almost assured returns over the long term

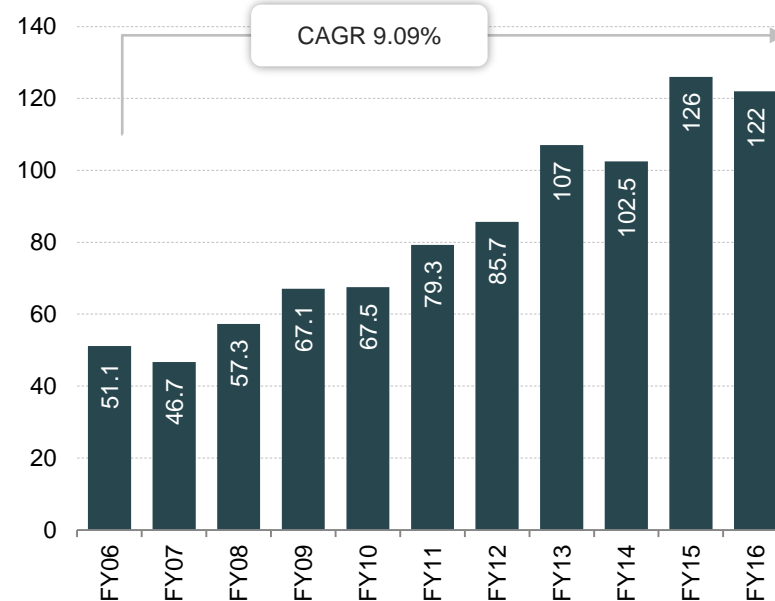
Source: IRDA Annual Report, KPMG Analysis

STRONG GROWTH IN NON-LIFE INSURANCE MARKET

Growth in non-life insurance premium (US\$ billion)



Number of non-life insurance policies (million)



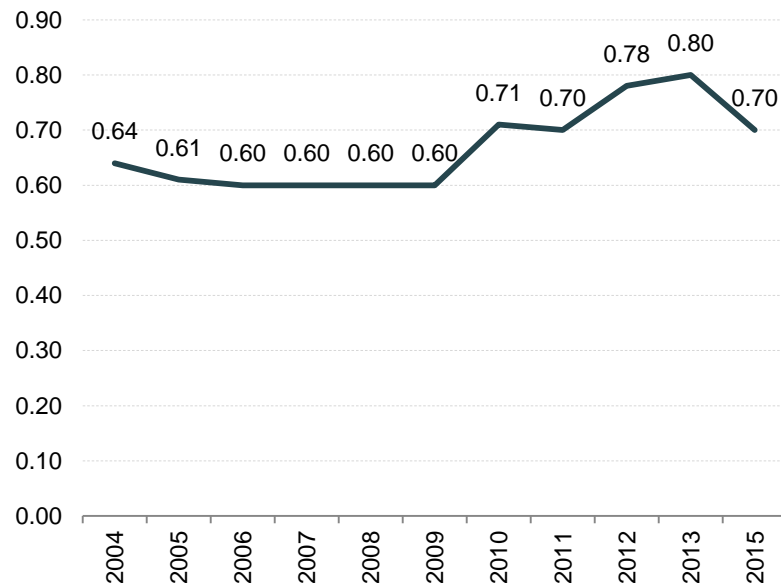
- The non-life insurance market grew from US\$ 2.6 billion in FY02 to US\$ 14.3 billion in FY16
- Over FY06–16, non-life insurance premiums increased at a CAGR of 11.05 per cent
- The number of policies issued increased from 51.1 million in FY06 to 122 million in FY16, at a CAGR of 9.09 per cent

Note: CAGR - Compound Annual Growth Rate FY16: Till November 2015

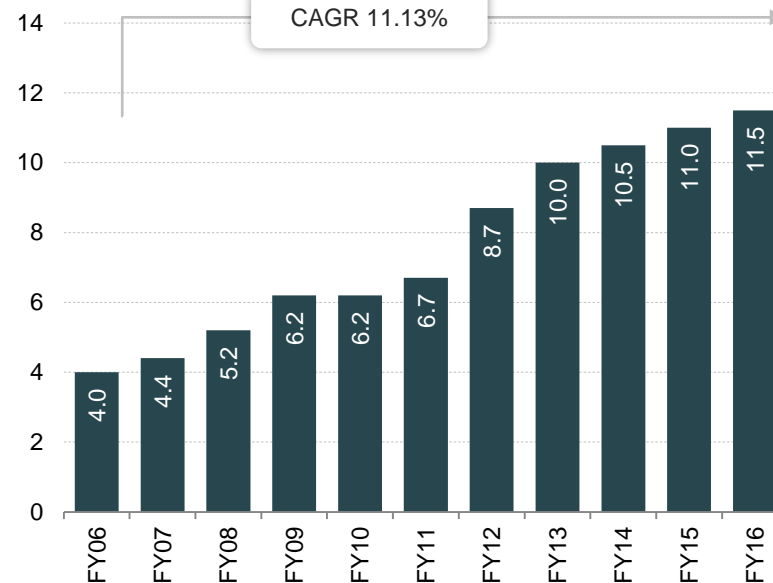
Source: IRDA, Aranca Research

PENETRATION AND DENSITY LOWER, INDICATING ROOM FOR GROWTH

Non-life insurance penetration (per cent)



Non-life insurance density (US\$)



- The non-life insurance market grew from US\$ 2.6 billion in FY02 to US\$ 14.3 billion in FY16
- Non life insurance density increased from USD4.0 in FY04 to USD11.5 in FY16 at a CAGR of 11.13 per cent
- As per IRDA, in order to increase the market penetration in health insurance people are needed to be educated about the benefits of health insurance along with providing incentives and free check-ups

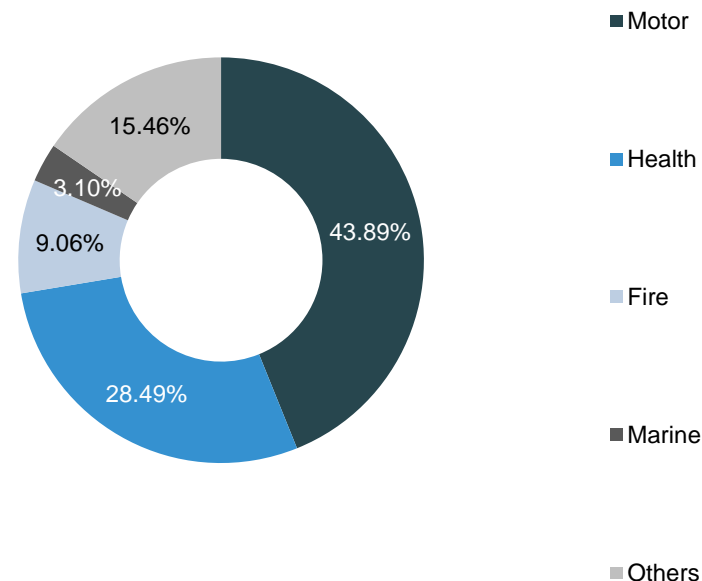
Note: CAGR - Compound Annual Growth Rate; IRDA Chairman, Mr. T S Vijayan

Source: IRDA Annual Report, Swiss Re, Aranca Research

SHARES IN NON-LIFE INSURANCE MARKET: MOTOR INSURANCE LEADS

- In FY16, motor insurance accounted for 43.89 per cent of non-life insurance premiums earned in India (down from 41 per cent in FY06), and was valued at US\$ 6.29 billion in FY16
- At US\$ 4.08 billion in FY16, the health segment seized 28.49 per cent share in gross direct premiums earned in the country
- Private players accounted for a share of around 45.4 per cent in the overall revenue generated in non-life insurance sector while public companies garnering around 54.6 per cent share by March 2016
- Major private players are ICICI Lombard, Bajaj Allianz, IFFCO Tokio, HDFC Ergo, Tata-AIG, Reliance, Cholamandalam, Royal Sundaram and other regional insurers

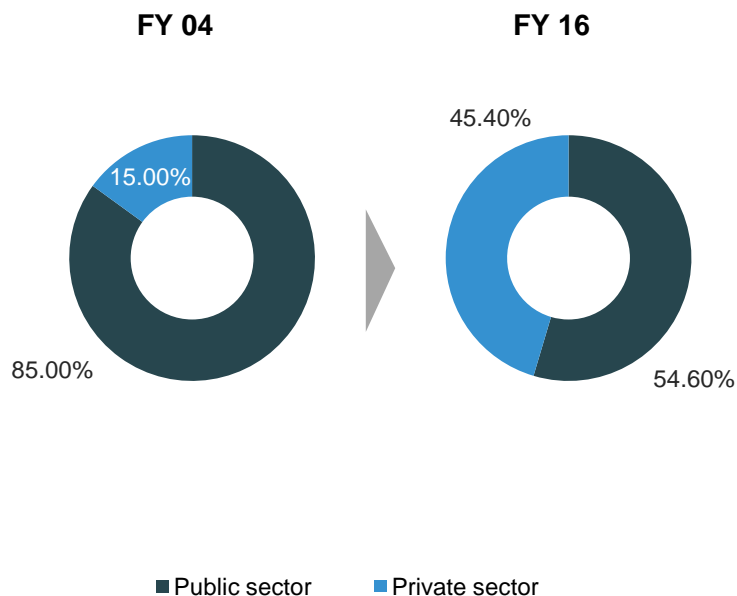
Break-up of non-life insurance market in India (FY16)



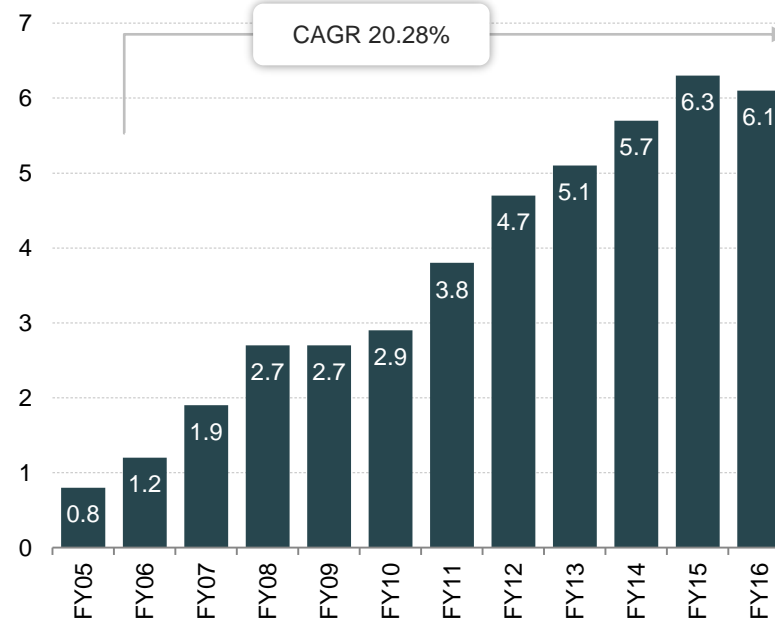
Source: IRDA Annual Report, Aranca Research

HIGHER PRIVATE SECTOR PARTICIPATION IN NON-LIFE SEGMENT

Growing share of private sector



Non-life insurance premium of private sector (US\$ billion)



- The market share of private sector companies in non-life insurance segment rose from 15 per cent in FY04 to 45.4 per cent in FY16
- The Gross Direct Premium of private companies increased from US\$ 0.8 billion in FY05 to US\$ 6.1 billion in FY16, witnessing growth at a CAGR of 20.28 per cent during FY02-16

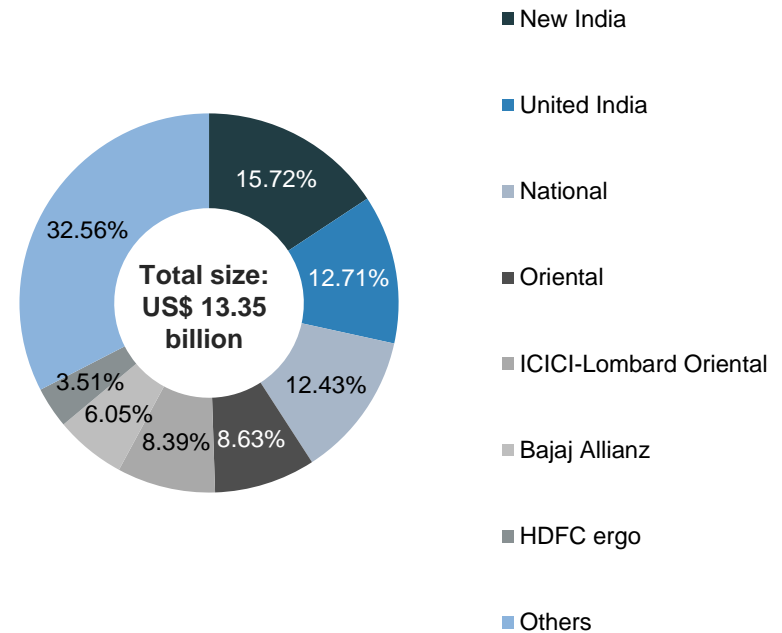
Note: CAGR - Compound Annual Growth Rate

Source: IRDA, Aranca Research

KEY PLAYERS IN THE NON-LIFE INSURANCE SEGMENT

- The number of companies increased from 15 in FY04 to 28 in FY16; 6 of these companies are in the public sector
- The public sector companies accounted for a cumulative share of about 54.6 per cent of the total Gross Direct Premium in the non-life insurance segment in March 2016
- New India leads the market with almost 16 per cent share
- Private players are not far behind and compete better in the non-life insurance segment

Market share of major companies in terms of Gross Direct Premium collected (FY16)



Source: IRDA Business Report, Aranca Research

NOTABLE TRENDS IN THE INSURANCE SECTOR

Emergence of new distribution channels

- New distribution channels like bancassurance, online distribution and NBFCs have widened the reach and reduced costs
- Firms have tied up with local NGOs to target lucrative rural markets
- In April 2017, IRDAI started a web portal – isnp.irda.gov.in – that will allow the insurers to sell and register policies online. This portal is open to intermediaries in insurance business as well.
- India Post Payments Bank (IPPB) plans to start selling insurance products and mutual funds of other companies by early 2018, and is to be open only to "non- exclusive" tie-ups. Nearly 100 firms, domestic as well as foreign, have showed keen interest in partnering with the bank

Growing market share of private players

- In the life insurance segment, share of private sector in the total premium increased to 29.6 per cent in FY16 from 2.0 per cent in FY03
- In the non-life insurance segment, share of private sector increased to 41.2 per cent in FY16 from 14.5 per cent in FY04

Launch of innovative products

- The life insurance sector has witnessed the launch of innovative products such as Unit Linked Insurance Plans (ULIPs)
- Other traditional products have also been customised to meet specific needs of Indian consumers

Mounting focus on EV over profitability

- Large insurers continue to expand, focusing on cost rationalisation and aligning business models to realise reported Embedded Value (EV), and generate value from future business rather than focus on present profits

Notes: NBFC - Non Banking Financial Company, NGO - Non-Governmental Organisation, EV - Embedded Value

PORTERS FIVE FORCE ANALYSIS



Porter's Five Forces Framework Analysis

Threat of Substitutes

- Similarity in services makes switchover a potent threat
- Investment oriented customers have switched to other avenues

Bargaining Power of Suppliers

- Supplier being the distributor or agent have high bargaining power because they have customer database and can influence customers in making choices

Competitive Rivalry

- Insurance industry is becoming highly competitive with 52 players operating in the industry
- Companies are competing on price and also using low price and high returns strategy for customers to lure them

Bargaining Power of Buyers

- Bargaining power of customers especially corporate is very high because they pay huge amount of premium

Threat of New Entrants

- Other financial companies can enter the industry
- Overall threat is medium given that entry is subject to license and regulations

- Positive Impact
- Neutral Impact
- Negative Impact

Source: Aranca Research

STRATEGIES ADOPTED



Emergence of new distribution channels

- Players in industry are investing in Information Technology to automate various processes and cut costs without affecting service delivery. It is estimated that digitisation will reduce 15-20 per cent of total cost for life insurance and 20-30 per cent for non-life insurance
- From October 2016, IRDAI has mandated having an E-insurance (electronic insurance) account to purchase insurance policies

Growing market share of private players

- Companies are trying to differentiate themselves by providing wide range of products with unique features. For example, New India Assurance launched Farmers' Package Insurance to covering farmer's house, assets, cattle etc. United India launched Workmen Medicare Policy to cover hospitalisation expenses arising out of accidents during and in the course of employment
- In March 2017, HDFC Life in collaboration with Haptik, has announced the launch of the country's 1st life insurance chatbot which will help the customer as a financial guide to aid them to choose the most suitable plans befitting their needs.

Focus

- Focus on providing one kind of service help insurance companies in differentiation. For example, SBI is concentrating on individual regular premium products as against single premium and group products

Insurance (Amendment) Law 2015

- The Insurance Law (Amendment) Bill, was passed in 2015 raises the foreign investment cap in the sector from 26 per cent to 49 per cent

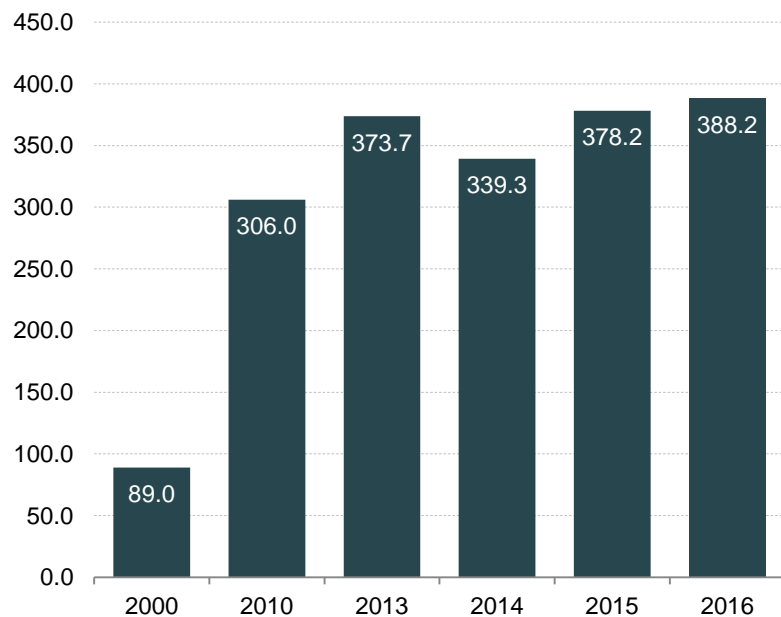
Source: Aranca Research

GROWTH DRIVERS

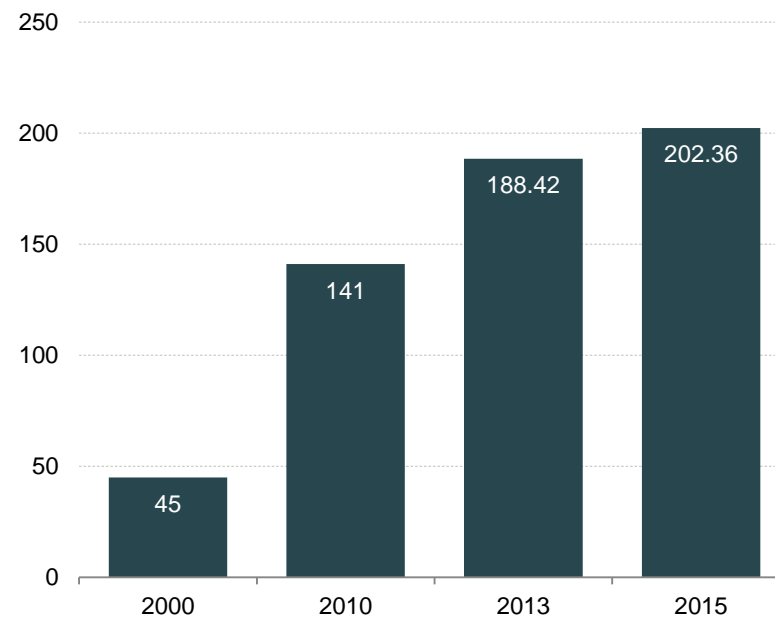


DEMAND GROWTH FOR INSURANCE PRODUCTS SET TO ACCELERATE ... (1/2)

Household savings



Financial savings



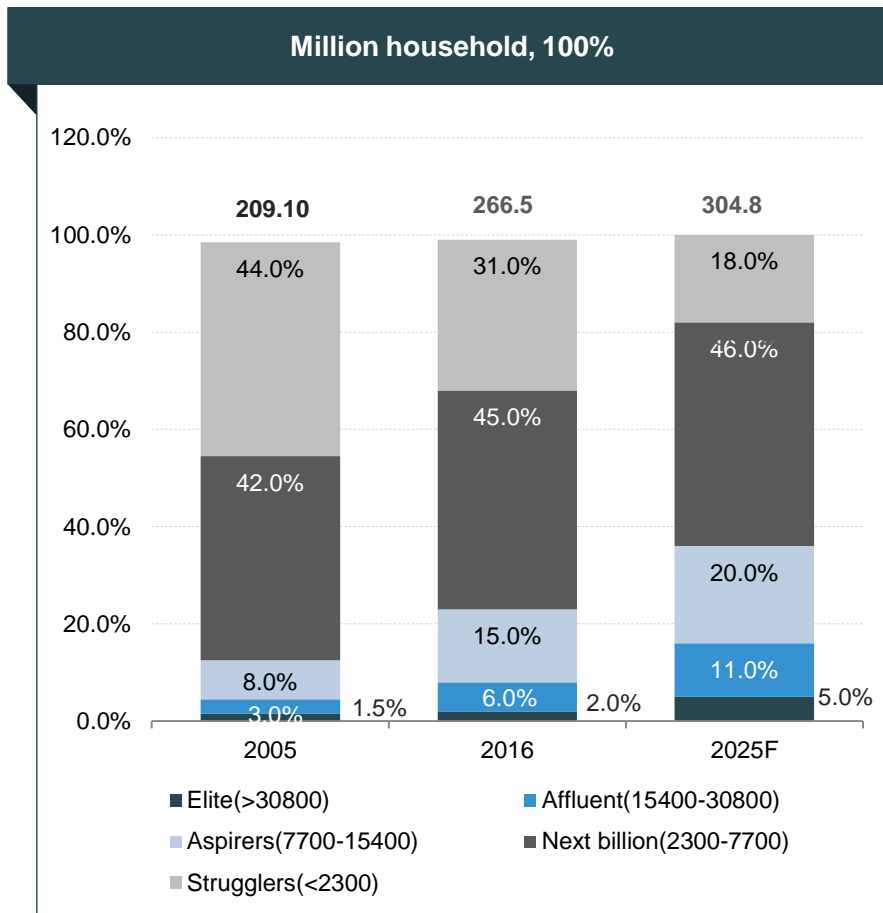
- India's robust economy is expected to sustain the growth in insurance premiums written
- Higher personal disposable incomes would result in higher household savings that will be channelled into different financial savings instruments like insurance and pension policies
- Household savings reached US\$ 388.20 billion in 2016 from US\$ 89 billion in 2000
- Financial savings have reached US\$ 202.36 billion by 2015 from US\$ 45 billion in 2000
- In comparison with its position in October 2016, till February 2017, insurance sector witnessed growth at about 23 per cent

Notes: Financial savings denote investment in equity and debt instruments, E - Estimates

Source: ICICI, RBI Annual Report, Aranca Research

DEMAND GROWTH FOR INSURANCE PRODUCTS SET TO ACCELERATE ... (2/2)

- Per capita income and rural income are increasing
- The number of middle class households (earning between US\$ 2,300 and US\$ 30,800 per annum) is estimated to increase more than fourfold to 234 million by 2025 from 113 million in 2005
- Rising per capita income leads to increased spending on medical and healthcare services
- Lifestyle diseases are set to account for a greater part of the healthcare market
- Lifestyle diseases such as cardiac diseases, cancer and diabetes are treated with the help of biotechnology products, thereby boosting revenues of biotech companies
- The growing GNI per capita, PPP of US\$ 6,020 in FY15 resulted in improved lifestyle due to increased purchasing power of customers for healthcare



Notes: Income distribution is calculated in constant 2015 dollars; \$1=65. Because of rounding, not all percentages add up to 100. F - Forecast

Source: Fortis Healthcare Limited 2008-09, McKinsey Quarterly, NCAER, Aranca Research

FAVOURABLE POLICY MEASURES AID THE SECTOR

Tax incentives

- Insurance products are covered under the exempt, exempt, exempt (EEE) method of taxation. This translates to an effective tax benefit of approximately 30 per cent on select investments (including life insurance premiums) every financial year
- In 2015, Tax deduction under Health Insurance Scheme has been increased to US\$409.43 from US\$245.66 and for senior citizens tax deduction has been increased to US\$491.32

Union Budget 2017-18

- The government has also extended Rashtriya Swasthya Bima Yojana (RSBY) to cover unorganised sector workers in hazardous mining and associated industries
- In Union Budget 2017-18, the government introduced an insurance pension scheme that gives an assured return of 8 per cent for senior citizens through LIC to concentrate on social security.

Life insurance companies allowed to go public

- IRDA recently allowed life insurance companies that have completed 10 years of operations to raise capital through Initial Public Offerings (IPOs). Companies will be able to raise capital if they have embedded value of twice the paid up equity capital
- In May 2017, ICICI Lombard began the process for its initial public offering (IPO). As the first private general insurer to go public, the company plans to hit the market in the 2nd half of FY17. The issue is expected to be somewhere between US\$446.23 million to US\$669.34 million.

Approval of increase in FDI limit and revival package

- Revival package by government will help companies get faster product clearances, tax incentives and ease in investment norms. FDI limit for insurance company has been raised from 26 per cent to 49 per cent, providing safeguard and ownership control to Indian owners

Notes: RSBY - Rashtriya Swasthya Bima Yojana, FDI - Foreign Direct Investment

RISING PRIVATE SECTOR INVESTMENT IN INSURANCE

- Most of the existing players are tying up with banks to expand their distribution network
- Few players like HDFC Life are planning to go public; others are selling stakes to generate funds
- In 2015, Insurance Bill was passed that will raise the stake of foreign investors in the insurance sector to 49 per cent, fuelling the participation of private sector investment in the insurance sector in the country
- In February 2017, Bank of Maharashtra partnered with insurance company Cigna TTK Health, to market their insurance products in the bank's branches, across the country.
- Dena Bank and Apollo Munich Health Insurance announced a corporate agency tie up in March 2017. As per the tie-up, Dena Bank would be distributing Apollo's health insurance products.

Investments from the private sector are increasing, as they see a huge opportunity in the growing insurance sector of the country

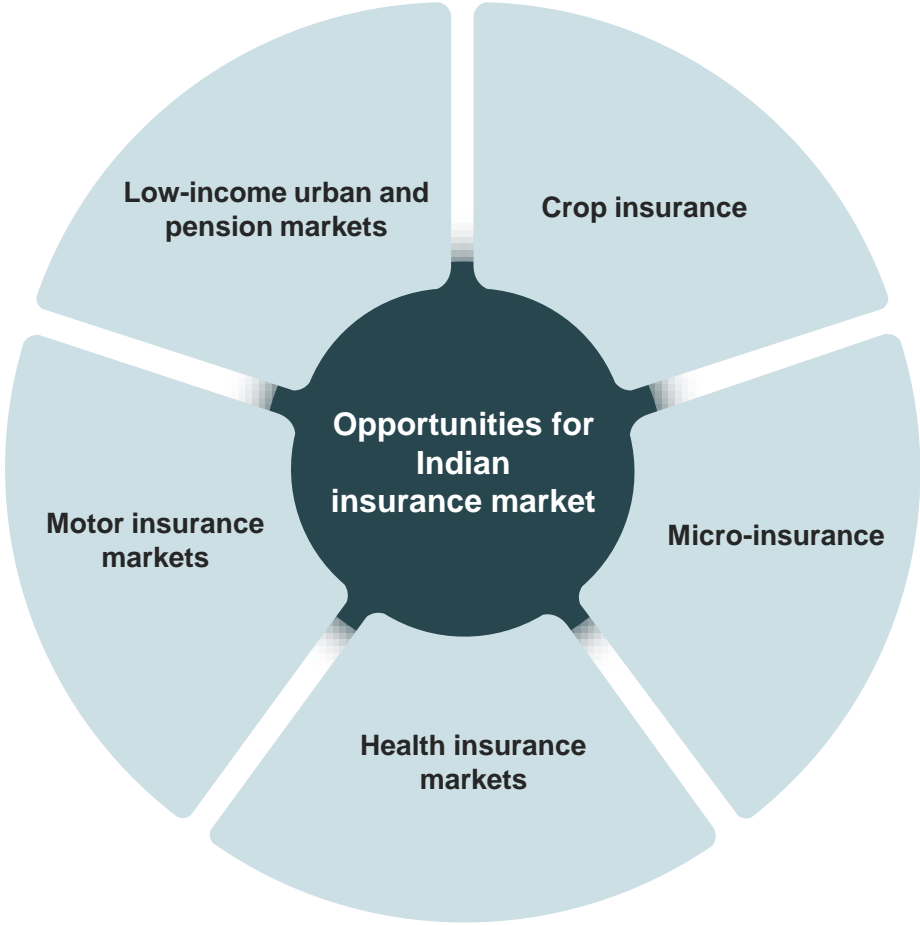
Religare Health Insurance	<ul style="list-style-type: none"> ▪ US\$ 110.4 million by 2016
AEGON Religare Life	<ul style="list-style-type: none"> ▪ US\$ 71 million in 2010; plans to invest ▪ US\$ 445 million through 2016
HDFC Life	<ul style="list-style-type: none"> ▪ Planning to raise US\$ 3.9 billion with 10 per cent stake sale. Through IPO which is expected in September 2015 ▪ HDFC Life has enter the micro-insurance segment by launching two schemes named Jeevan Suraksha and Credit Suraksha

Source: Towers Watson; Assorted news articles, Aranca Research

OPPORTUNITIES



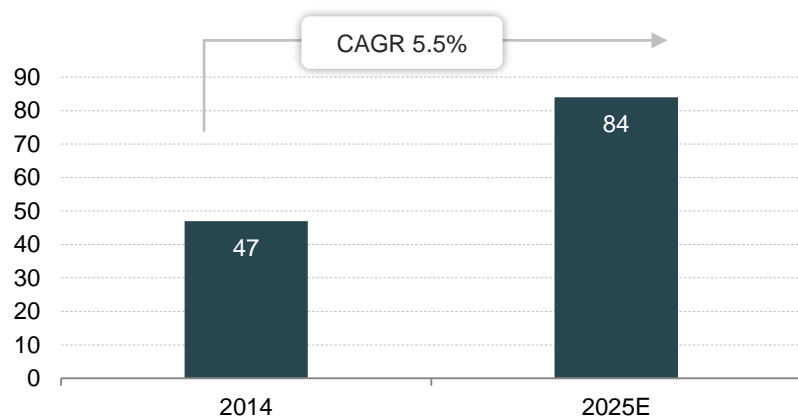
INDIA'S INSURANCE MARKET OFFERS A HOST OF OPPORTUNITIES ACROSS BUSINESS LINES



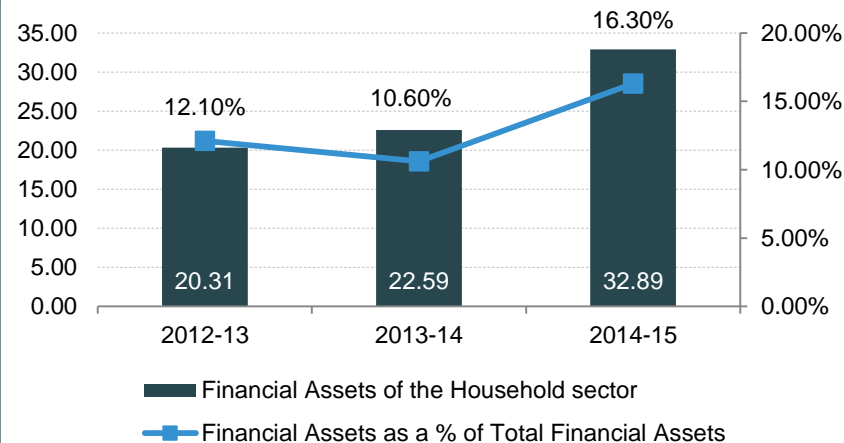
Source: Aranca Research

LIFE INSURERS: LOW-INCOME URBAN AND PENSION MARKETS

Indian Retirement Market



Financial Assets in terms of Provident & Pension Funds

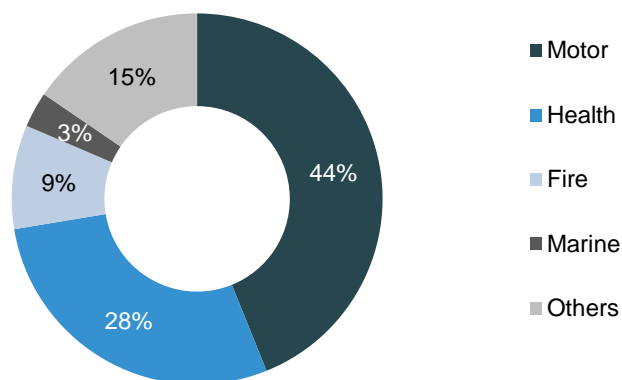


- Increasing life expectancy, favourable savings and greater employment in the private sector will fuel demand for pension plans
- Proposed new pension bill by government will further provide new opportunities to insurers
- By 2030, India will have around 180 million people in the age bracket of 60+ years
- In 2015, three schemes related to insurance and pension, Pradhan Mantri Suraksha Bima Yojana, Pradhan Mantri Jeevan Jyoti Bima Yojana and Atal Pension Yojana were launched. The number of policies in the Pradhan Mantri Suraksha Bima Yojana, a part of the Jan Suraksha scheme, reached 98 million on November 24, 2016.
- In May 2017, the subscribers base of Atal Pension Yojana reached 5.3 million. Currently, 235 banks and Department of Post are involved in the scheme's implementation process. The scheme earned a return of 13.91 per cent during 2016-17.

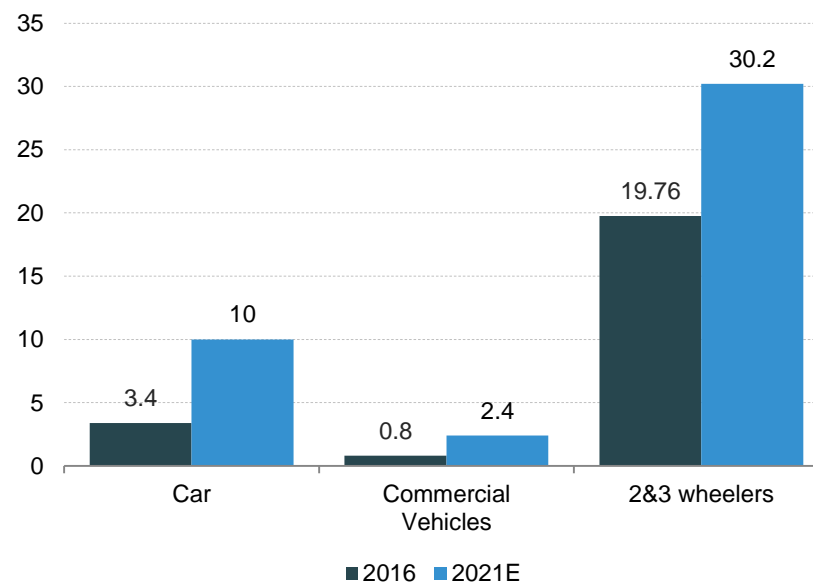
Notes: PFRDA - Pension Fund Regulatory and Development Authority, (1) Expected value, at 2009-10 rates, CAGR - Compound Annual Growth Rate

Source: McKinsey Quarterly, IRDA, Aranca Research, Indian Banks Association;

Breakup of non-life insurance market in India FY16



Vehicle production in India (million units)



- Strong growth in the automotive industry over the next decade will be a key driver of motor insurance
- Proposed IRDA draft envisages a 10–80 per cent rise in premium rates for the erstwhile loss-making 3rd party motor insurance
- In FY16, number of commercial vehicles and passenger vehicles sold in the country were recorded at 0.8 million and 3.4 million respectively, while the number of 2and3 wheelers sold were 19.76 million
- In FY16, Motor and Health sector constituted 72.38 per cent of the non-life insurance market

Note: E in the axis for the figures above refer to estimates, GDP - Gross Domestic Product, CAGR - Compound Annual Growth Rate, ACMA - Automotive Component Manufacturers Association of India(1)– Data upto June 2016

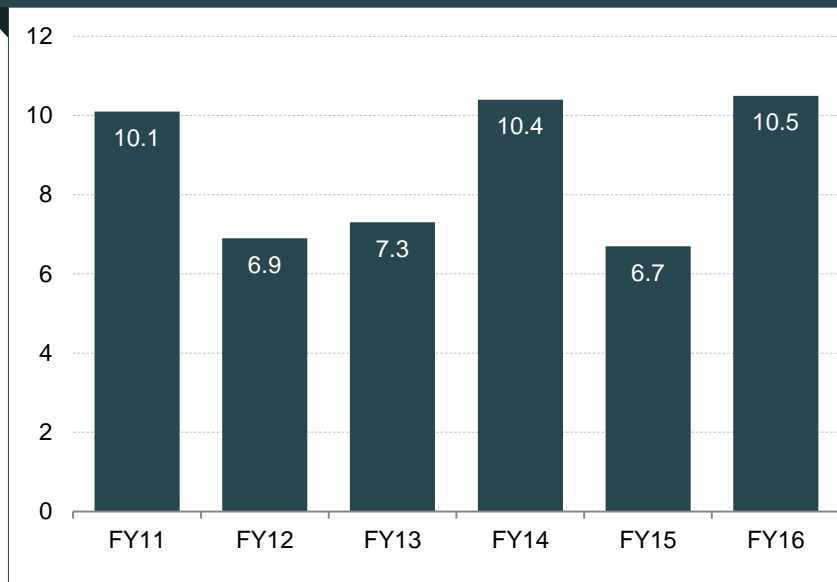
Source: IRDA, ACMA, SIAM, Aranca Research

- Only 1.5–2 per cent of total healthcare expenditure in India is currently covered by insurance providers.
- As of May 2016, only 18 per cent of people in urban areas are covered under any kind of health insurance scheme
- Total health insurance premiums increased from US\$ 733.1 million in FY07 to US\$ 4,084.03 million in FY16, witnessing growth at a CAGR of 21.03 per cent
- In FY16 gross direct premium income underwritten under health insurance is US\$ 4.08 billion
- Absence of a government-funded health insurance makes the market attractive for private players
- Introduction of health insurance portability expected to boost the orderly growth of the health insurance sector
- In July 2016, IRDA issued Health Insurance Regulations, 2016. These regulations replace the Health Insurance Regulations, 2013. As per these new norms, companies will provide better data disclosure, pilot products, coverage in younger years, etc.
- Private insurance coverage is estimated to grow by nearly 15per cent annually till 2020
- Government-sponsored programmes expected to provide coverage to nearly 380 million people by 2020, driven by initiatives such as RSBY and ESIC
- RSBY is a centrally sponsored scheme to provide health insurance to Below Poverty Line (BPL) families and eleven other defined categories of unorganised workers, namely building and other construction workers, licensed railway porters, street vendors, MGNREGA workers, etc.

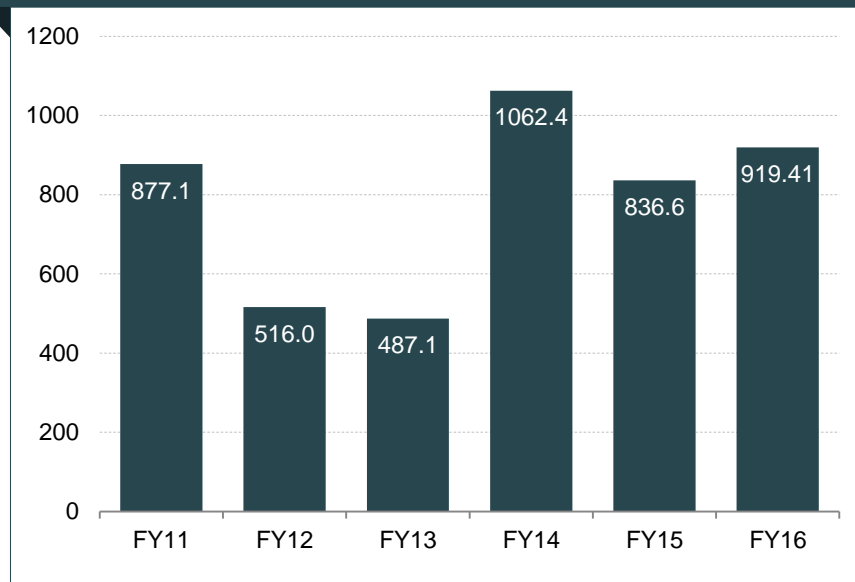
Note: RSBY - Rashtriya Swasthya Bima Yojana, ESIC – Employees' State Insurance Corporation, MREGA – Mahatma Gandhi National Rural Employment Guarantee Act.

STRONG POTENTIAL IN CROP INSURANCE

Number of farmers covered under insurance scheme (million)



Sum Insured (US\$ million)



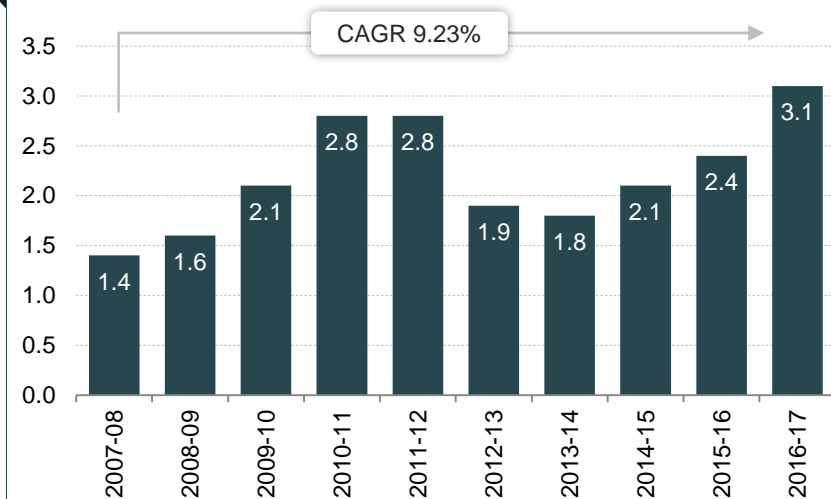
- Crop insurance market in India is the largest in the world, covering around 30 million farmers
- To provide crop insurance to farmers, Government has launched various schemes like National Agriculture Insurance Scheme (NAIS), Modified National Agriculture Insurance Scheme (MNAIS) and Weather-based Crop Insurance Scheme (WBCIS)
- Total sum insured under crop insurance is US\$ 919.41 million in FY16
- Government of India plans to increase the coverage to 50 million during the 12th Five-Year Plan
- As of February 2017, the Central Government aims at enhancing crop insurance cover from 22 per cent of farmers to 50 per cent in the forthcoming 2 years.

Source: Agricultural Insurance Company of India Annual Report, Department of Agriculture and Cooperation, IRDA, Aranca Research

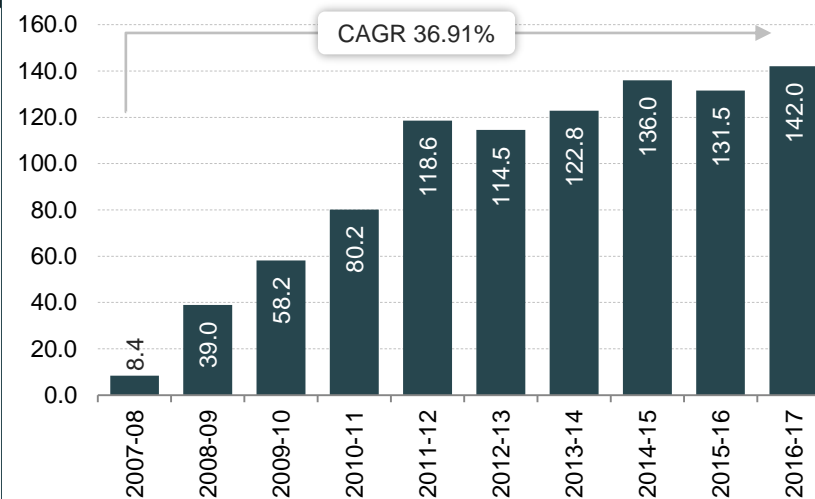
CASE STUDIES



Total premium collected (US\$ billion)



Net profit (US\$ million)

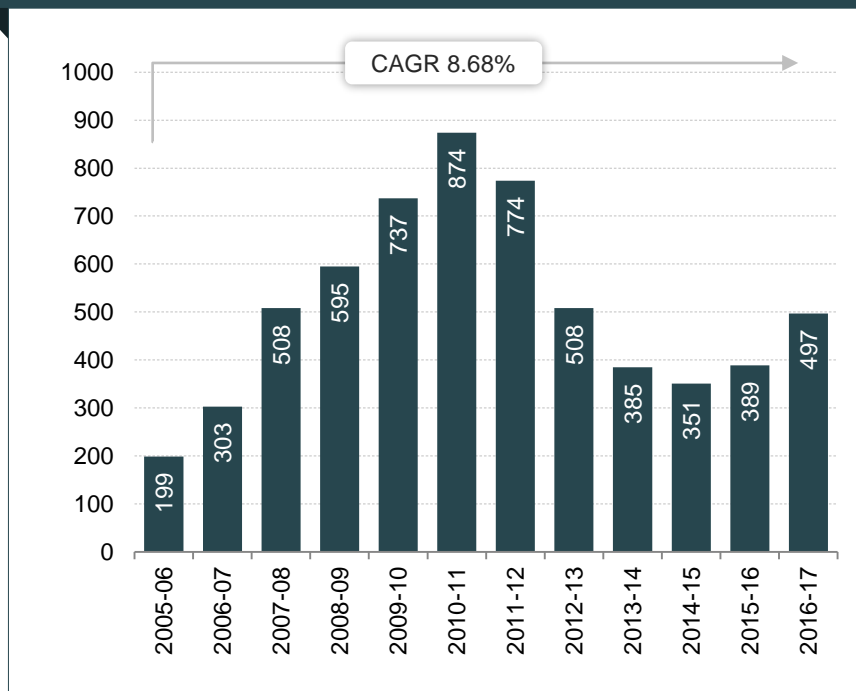


- SBI Life Insurance is a joint venture between Indian banking giant State Bank of India (74 per cent) and France headquartered BNP Paribas Assurance (26 per cent)
- The company primarily deals in life insurance and pension plans with 758 offices across India. In FY16, it issued around 1.274 million insurance policies
- Between FY08 and FY17, SBI Life's profits increased at a CAGR of 36.91 per cent with its annual profits increasing to US\$ 141.99 million by FY17. In FY16, it accounted for a market share of 17.2 per cent among all life insurance companies.
- The company reported growth of 4.94 per cent Profit After Tax (PAT) standing at US\$ 63.95 million, during the first half of the current financial year, ending on September 30.

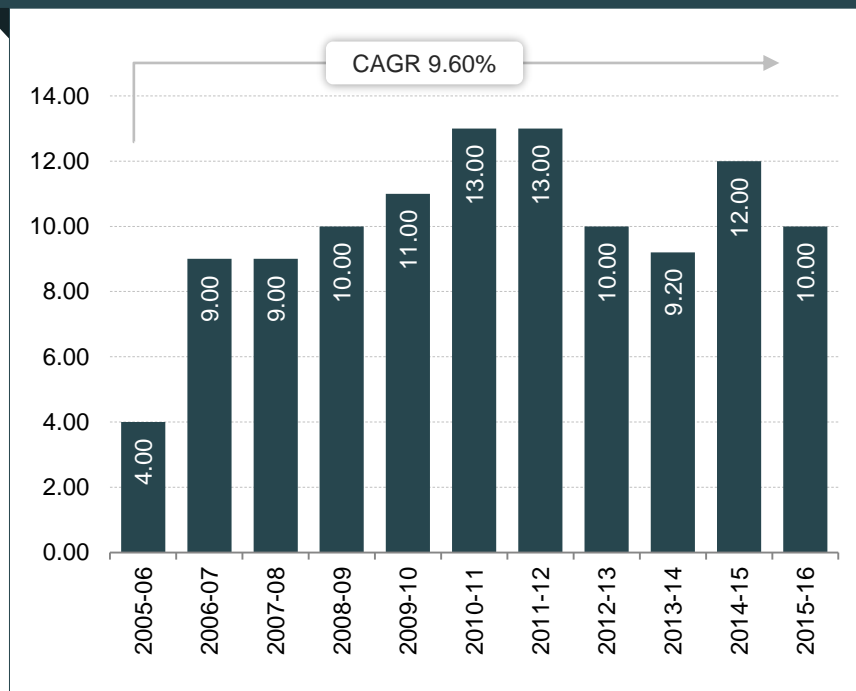
Notes: CAGR - Compound Annual Growth Rate

Source: SBI Life Annual Report, IRDA, Company website, Aranca Research

Total life insurance premium (US\$ million)



Total sum assured (US\$ billion)



- Tata AIA Life Insurance Company Limited (Tata AIA Life) is a joint venture between Tata Sons (74 per cent) and AIA Group Limited (26 per cent).
- Overall life insurance premium increased from US\$ 198.8 million in FY06 to US\$ 497 million in FY 17, witnessing growth at a CAGR of 8.68 per cent over FY06-17.
- The sum assured increased from US\$ 4 billion in FY06 to US\$ 10 billion in FY16, rising at a CAGR of 9.60 per cent.

Notes: CAGR - Compound Annual Growth Rate, (1): As on September 30, 2016

Source: Company website, IRDA, Aranca Research

Objective for establishing micro insurance

- Fulfilment of corporate social responsibility
- Increase brand recognition to boost market entry –today's micro clients maybe tomorrow's high-premium clients
- To target untapped markets and income groups of rural India

Key strategic decisions

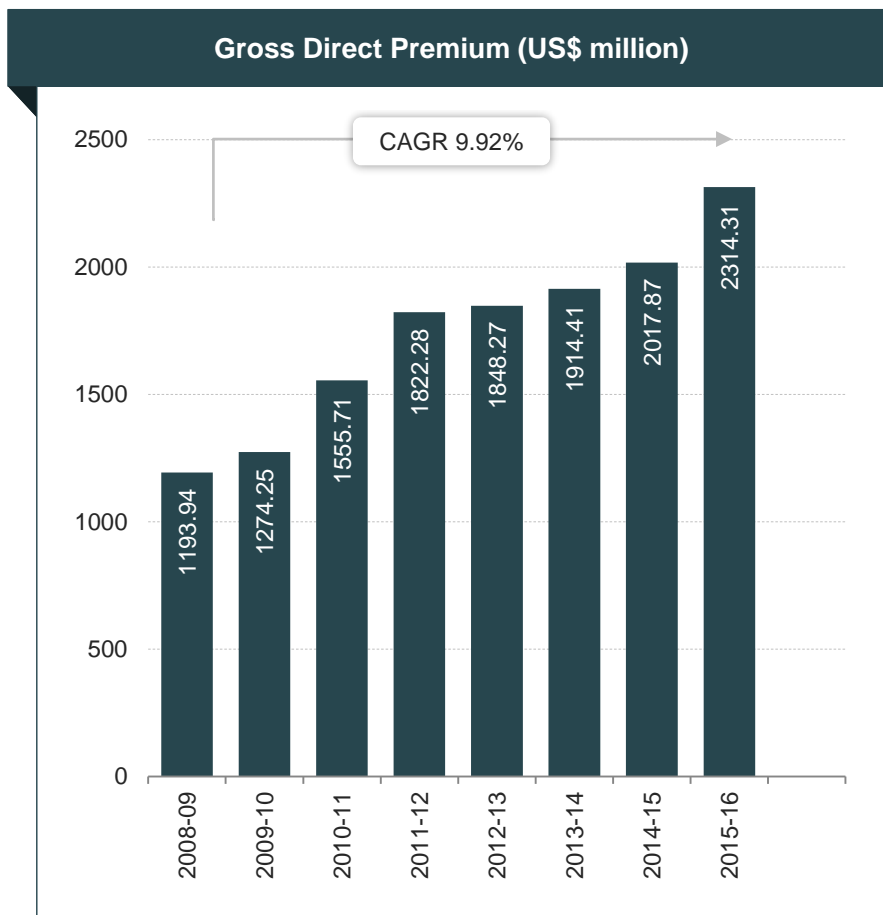
- The micro insurance business model must be separated from business model
- Selling micro insurance would require new, alternative distribution mechanisms

The micro insurance business model



Source: Company website, Aranca Research

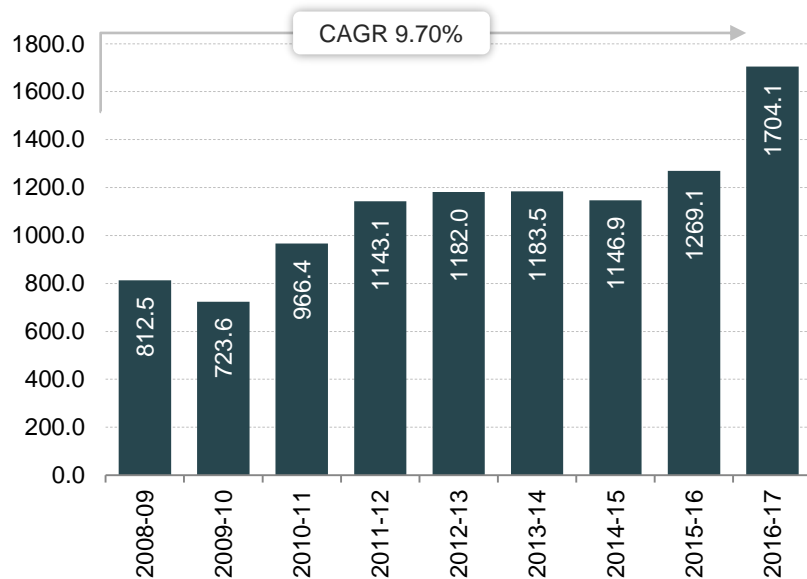
- New India Assurance, a wholly owned subsidiary of Government of India, is the largest non-life insurance company in India with a market share of 15.74 per cent in FY16 in the non-life insurance segment
- It is the largest non-life insurer in Afro-Asia, excluding Japan
- New India Assurance has been selected as the Best General Insurance Company by IBN Lokmat Channel in association with Maharashtra Chamber of Commerce, Industry and Agriculture (MACCIA)
- The company has overseas presence in 22 countries: Japan, UK, Middle East, Fiji and Australia
- It has been rated as "A-" (Excellent) for six consecutive years, indicating its excellent risk-adjusted capitalisation, prospective improvement in underwriting performance and leading business profile in the direct insurance market in India
- Gross Direct Premium in the country increased from US\$ 1,193.94 million in FY09 to US\$ 2,314.31 million in FY16, growing at a CAGR of 9.92 per cent over FY09-16.



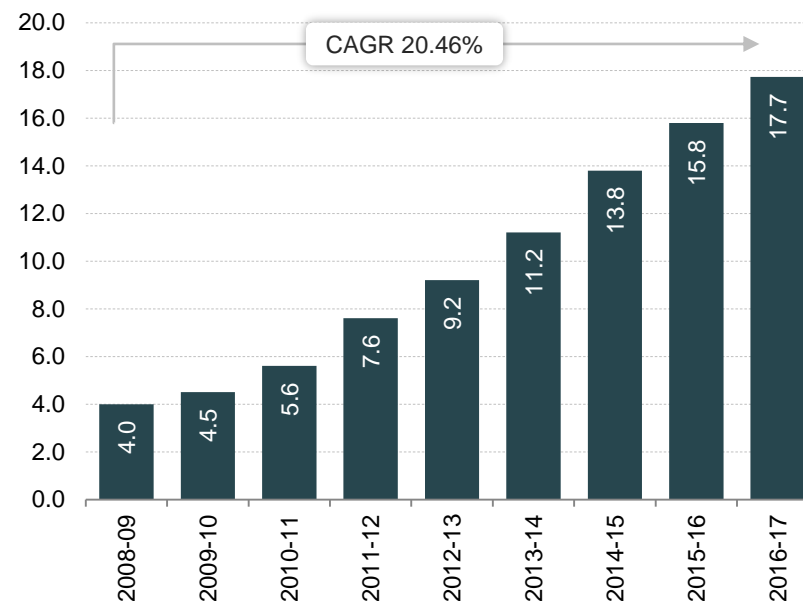
Notes: CAGR - Compound Annual Growth Rate

Source: IRDA, Company website, New India Assurance Annual Report, A.M. Best Europe Ltd, Alfred Magilton Best Company Limited

Gross Written Premium (US\$ million)



Number of policies issued (million)



- ICICI Lombard GIC Ltd is a 74:26 joint venture between ICICI Bank Limited, India's second largest bank, and Fairfax Financial Holdings Limited, a Canada-based diversified financial services company
- It has a market share of 8.39 per cent in the non-life insurance sector in FY16
- As of FY16, ICICI Lombard GIC had 257 pan India branches with an employee strength of 7,954
- Company's Gross Direct Premium increased from US\$ 812.5 million in FY09 to US\$ 1704.1 million in FY17 at a CAGR of 9.7 per cent over FY09-17

Notes: CAGR - Compound Annual Growth Rate

Source: ICICI Lombard Annual Report, IRDA, Company website, Aranca Research

USEFUL INFORMATION



Insurance Regulatory and Development Authority (IRDA)

3rd Floor, Parisrama Bhavan, Basheer Bagh, Hyderabad-500 004

Phone: 91-040-23381100

Fax: 91-040-66823334

E-mail: irda@irda.gov.in

General Insurance Council

5th Floor, Royal Insurance Building, 14, Jamshedji TATA Road, Churchgate, Mumbai-400020

Phone: 91-22-22817511, 22817512

Fax: 91-22-22817515

E-mail: gicouncil@gicouncil.in

Life Insurance Council

4th Floor, Jeevan Seva Annexe Bldg. S. V. Road, Santacruz (W),

Mumbai-400054

Phone: 91-22-26103303, 26103306

E-mail: ninad.narwilkar@lifeinscouncil.org

- CAGR: Compound Annual Growth Rate
- IRDA: Insurance Regulatory and Development Authority
- IPO: Initial Public Offering
- FDI: Foreign Direct Investment
- LIC: Life Insurance Corporation of India
- GIC: General Insurance Corporation of India
- NBFC: Non-Banking Financial Company
- NGO: Non-Governmental Organisation
- RSBY: Rashtriya Swasthya Bima Yojana
- PFRDA: Pension Fund Regulatory and Development Authority
- GDP: Gross Domestic Product
- ESIC: Employees State Insurance Corporation
- FY: Indian Financial Year (April to March)
- So, FY12 implies April 2011 to March 2012
- GOI: Government of India
- INR: Indian Rupee
- US\$: US Dollar
- Where applicable, numbers have been rounded off to the nearest whole number

EXCHANGE RATES

Exchange Rates (Fiscal Year)

Year	INR Equivalent of one US\$
2004–05	44.81
2005–06	44.14
2006–07	45.14
2007–08	40.27
2008–09	46.14
2009–10	47.42
2010–11	45.62
2011–12	46.88
2012–13	54.31
2013–14	60.28
2014-15	61.06
2015-16	65.46
2016-17	67.09

Exchange Rates (Calendar Year)

Year	INR Equivalent of one US\$
2005	43.98
2006	45.18
2007	41.34
2008	43.62
2009	48.42
2010	45.72
2011	46.85
2012	53.46
2013	58.44
2014	61.03
2015	64.15
2016	67.21

Source: Reserve bank of India, Average for the year

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