



Ananya Research Investment Advisors

Committed For Your Financial Freedom

ICICI Lombard General Insurance Company Ltd

CMP	1537	P/E	58
Market Cap (cr)	75,396	EV/ EBITDA	43.4
Promoter holding	48.1%	Div Yld	0.52%

About the company:

ICICIL is a publicly listed general insurance company. ICICI Bank is a promoter and holds 51.88% of the outstanding shares. ICICIL offers a comprehensive and well-diversified range of products, including motor, health, crop/weather, fire, personal accident, marine, engineering and liability insurance, through multiple distribution channels. ICICIL is a leading private sector general insurance company with a market share² of 7.5% in FY2021.

Organisational Structure and Solutions

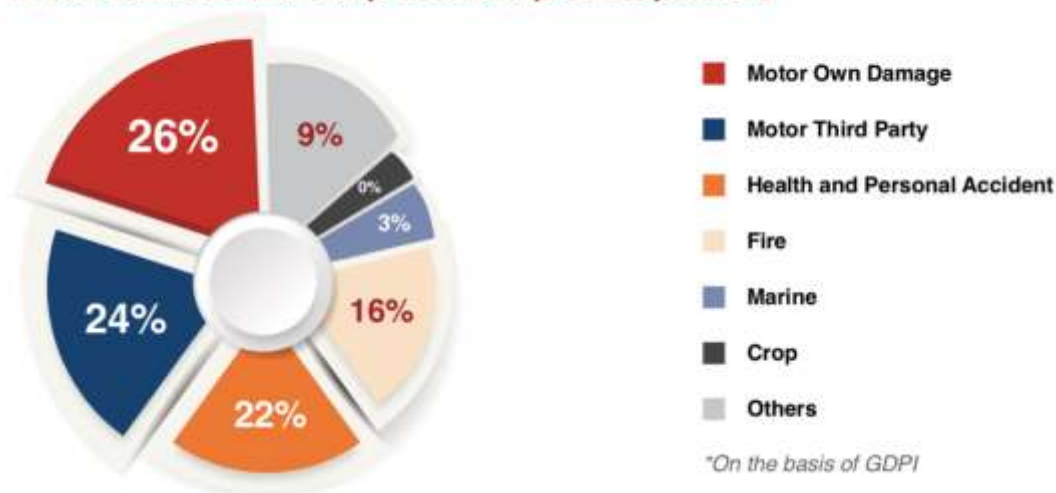
Corporate Solutions Group	Government & Rural Business Group	Retail Group	Shared Services
<p>What we do: Provide integrated solutions to body corporates, small, micro and medium enterprises</p> <p>Our solutions:</p> <ul style="list-style-type: none"> • Fire • Marine • Engineering • Liability solutions • Employee group insurance • Cyber insurance • Health and personal accident 	<p>What we do: Provide insurance solutions to State and Central governments or government-owned enterprises and rural customers</p> <p>Our solutions:</p> <ul style="list-style-type: none"> • Cattle • Weather • Mass Health • Personal Accident • Motor 	<p>What we do: Provide insurance solutions to individuals and small enterprises through multiple channels such as Agents, Brokers, Bancassurance, Tele-Sales, Direct Alliances, Motor Insurance Service Providers (MISPs) and Online Platforms</p> <p>Our solutions:</p> <ul style="list-style-type: none"> • Health • Home • Motor • Travel • Cyber • Personal Accident 	<p>What we do: Leverage support functions across the organisation to improve customer service and drive business efficiency</p> <p>Our services:</p> <ul style="list-style-type: none"> • Underwriting and Claims • Customer Relationship • Technology • Operations • Reinsurance • Finance and Accounts • Human Resources • Legal and Compliance • Actuarial • Marketing • Business Analytics • Administration • Fraud Control

Company Strength:

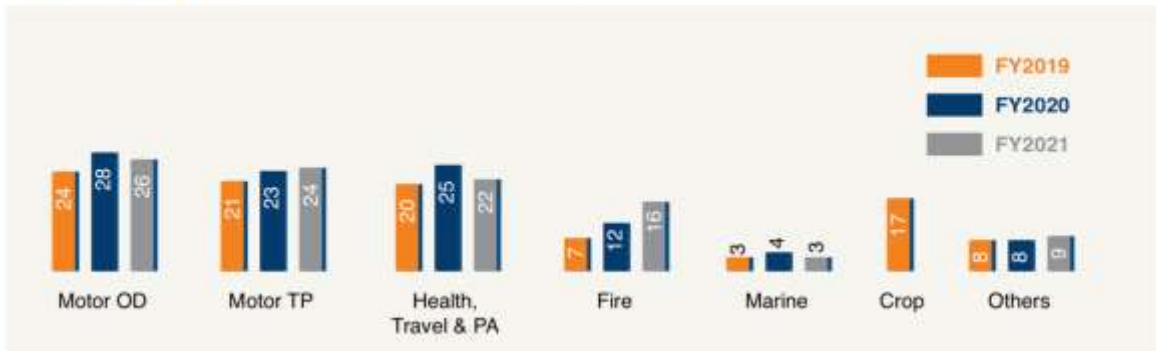
- Consistent Market Leadership and Growth:
 - Leading private sector non-life insurer in India since FY2004 (GDPI basis)
 - 13 years GDPI CAGR of IL : 11.7%
 - Market share H12022 (GDPI basis) : 7.9%
- Diverse products and multi-channel distribution
 - Comprehensive and diverse product portfolio
 - Individual Agents 78,035
 - Expanding distribution network to increase penetration in Tier 3 and Tier 4 cities
 - Number of Virtual offices : 852
- Excellence in Customer service and Technology :
 - Leveraging on Artificial Intelligence, Machine Learning, IoT etc. throughout the customer life cycle.
 - Dedicated “digital arm” to improve speed of delivery for D2C business
- Risk Management :
 - Profitable growth using risk selection and data analytics
 - Maintain robust reserves
 - Prudent investment management
- Capital Conservation :
 - Maintain high level of Solvency against regulatory minimum requirement of 1.50x
 - Solvency 2.49x as at September 30, 2021.
- Strong financial strength of parent company :
 - The majority shareholder, ICICI Bank, is one of the largest private sector banks in India with a network of 5,268 branches spread across the country as on June 30, 2021. ICICI Bank also has a strong brand and standing in the capital market. This is leveraged by ICICIL in terms of a shared brand name. In addition, ICICIL benefits from a strong and experienced management team as well as board representation by senior executives of the parent company.

Segment wise Revenue:

A well-balanced and comprehensive product portfolio*



Product Mix (%)

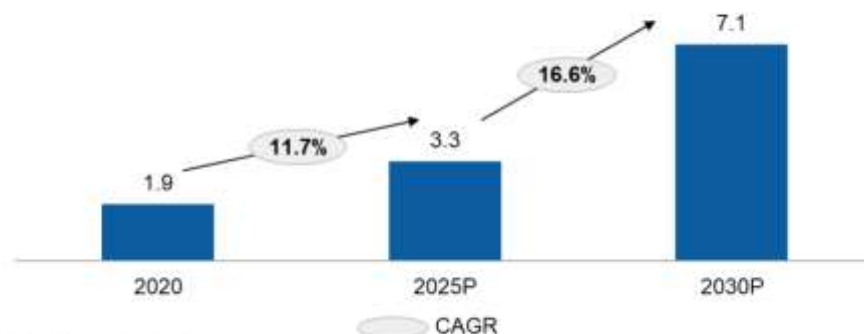


1. Is the market opportunity huge enough to provide long runway to growth?

The Indian economy is the fourth largest economy in the world in terms of GDP at purchasing power parity (“PPP”) exchange rates, with an estimated GDP, in PPP terms, India currently has one of the youngest populations in the world, with a median age of 29 years, according to CRISIL Research. A high share of working population, coupled with rapid urbanisation, nuclearization of families, labour mobility and rising affluence, is expected to propel the growth of the Indian non-life insurance sector.

Gross Direct Premium in Non-life Insurance – India

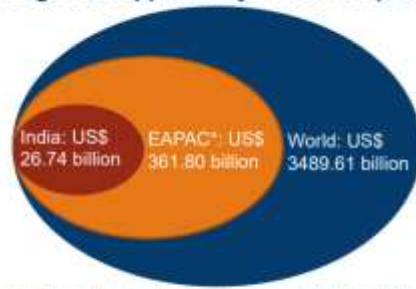
₹ trillion (FY2020, FY2025P, FY2030P)



Source: Frost & Sullivan Analysis

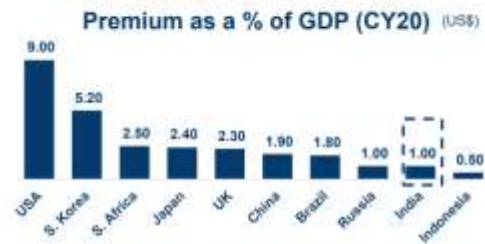
India Non - life Insurance Market - Large Addressable Market

Massive growth opportunity in non-life premiums



- 4th largest non-life insurance market in Asia and 14th largest globally
- Non-life Insurance penetration in India was around 1/4th of Global Average in 2020
- Operates under a "cash before cover" model

Significantly underpenetrated



Non-Life Insurance Density (Premium per capita) (CY20)



The non-life insurance market in India is expected to grow at 14.3% p.a. to reach ₹ 7.1 trillion (US\$ 95 billion) size (gross direct premium) in FY2030, driven by a burgeoning middle-class, rising awareness about insurance protection, innovative products, growth in associated industries, and favourable regulatory landscape.

With consistent growth of disposable income in recent years, Indian households tend to diversify their consumption and purchase more financial products and insurance products. Risk awareness regarding the need for protection for any contingency are improving in India due to increasing financial literacy, urbanization and advance education system.

The lack of public health infrastructure, insufficient coverage of health insurance by government and expensive private healthcare facilities has brought insurance into limelight particularly during impending COVID-19 pandemic. In the future, with rising medical inflation and ~15% of the population in India turning 40 years old in the next ten years, India's health expenditure is expected to grow manifold.

As a result, health insurance segment will become one of the most significant contributors to the growth of overall non-life insurance in India. Rise in affordability of motor vehicles is expected drive demand for motor insurance. Rapid rise in the urban middle-class households is expected to drive demand for housing and consequently more demand for property insurance.

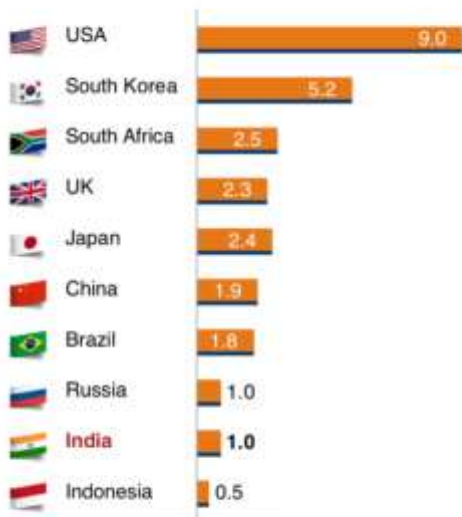
The role that the pandemic has played in accelerating digitization across sectors has been spoken at length. When it comes to the insurance industry, this journey began a while ago. It continues to accelerate given the developments in the InsurTech space. Further, the regulatory authority, IRDAI has been encouraging technology adoption as it works towards creating a conducive environment for introduction of innovative InsurTech solutions. As we look ahead, innovative technology-enabled solutions will find increasing usage in the insurance sector.

In 2020, IRDAI allowed the issuance of health policies digitally, without physical documents and wet signatures. In addition, recent technological advancements on the distribution side,

such as online insurance has led to a wider reach of non-life insurance in India and improving consumer experience. Regulations around withdrawal of bundled own damage / 3rd party insurance policies (2020) and allowance of point-of-sale (PoS) agents to sell insurance products (2017) are also expected to enable higher penetration for 2-wheelers 3rd party insurance. After the Reserve Bank of India (RBI) allowed lenders to act as insurance brokers in 2015, the number of tie-ups of banks with insurers have increased with deeper product level collaborations. Special income tax benefits under section 80D of the Indian Income Tax Act, 1960 are also expected to encourage middle-class consumers to buy medical insurance policies for themselves and their family.

Non-life insurance - Large addressable market

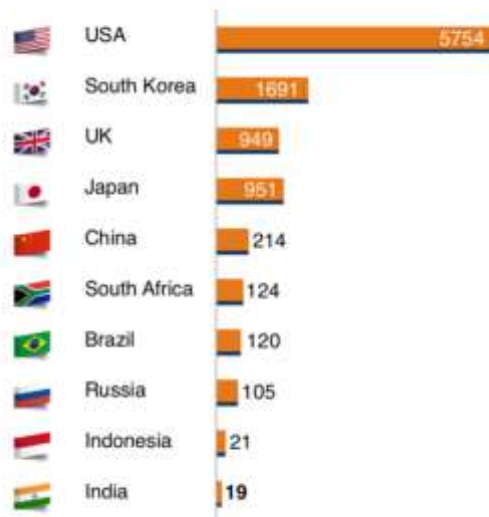
Premium in US\$ - As a % of GDP (CY2020)



Source: Sigma 3/2021 Swiss Re

Non-life insurance - Density

Premium per capita in US\$ (CY2020)



Source: Sigma 3/2021 Swiss Re

India is the 5th largest insurance market in Asia and the 14th largest globally, as per the Sigma 3/2021 Swiss Re report. India is a significantly under-penetrated market with the premium as a percentage to the GDP being a meagre 1.0%. From a non-life insurance density perspective, the per capita premium is a meagre US\$ 19, as compared with US\$ 5,754 in United States.

India's non-life insurance

5th

largest
non-life insurance
market in Asia

14th

largest
non-life insurance
market globally

1/4th

of global average
Non-life insurance
penetration in India in 2020

Growth opportunity in non-life premiums



There is tremendous opportunities to grow, capitalise on improved market conditions and make non-life insurance a preferred product segment for end-consumers. Demographic factors such as growing Indian middle class, young insurable population and growing awareness with respect to the need for protection through non-life insurance is likely to support growth of India's general insurance industry.

Long term growth potential of the industry is expected to be 2.0x to 2.5x of real GDP growth rate. Thus a 15% or above growth rate for the industry is possible when the country grows at 7% or more.

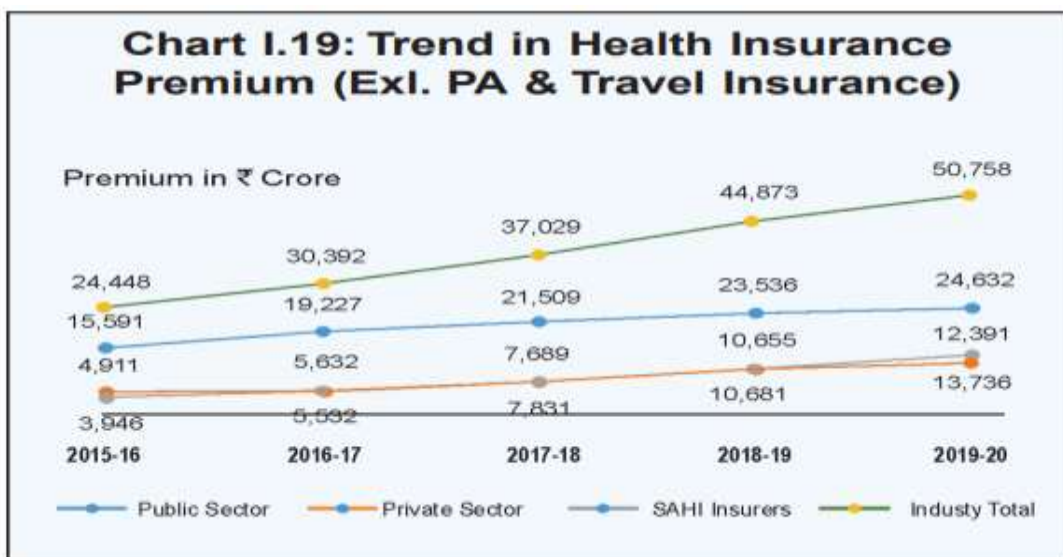
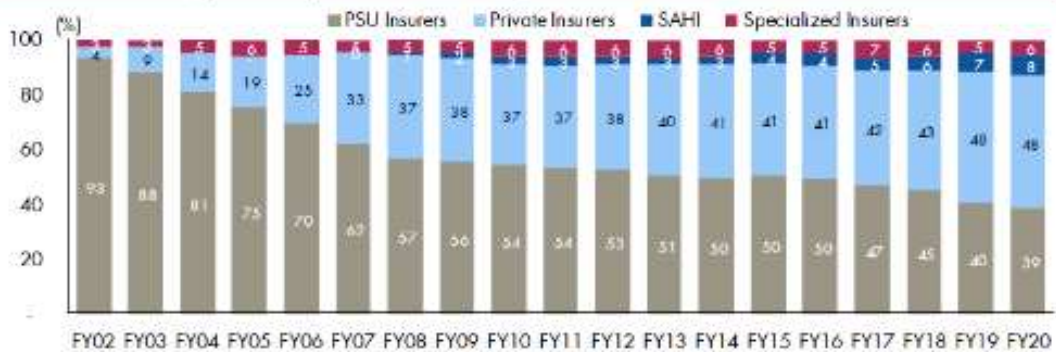
Non-life insurers have been able to post a modest growth despite the last financial year being a challenging year on account of the pandemic, the gross direct premiums for the segment grew at 5.19% with a total Gross Direct Premium Income (GDPI) of INR 1.98 tn (\$27 bn) in FY21. The non-life insurance premiums are expected to bounce back with an estimated 14% growth in FY22 and 11% in FY23, led by private insurers and standalone health insurers.

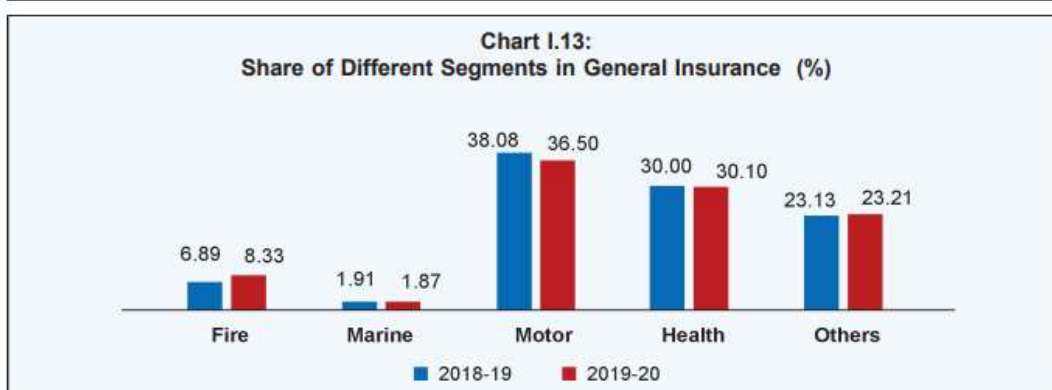
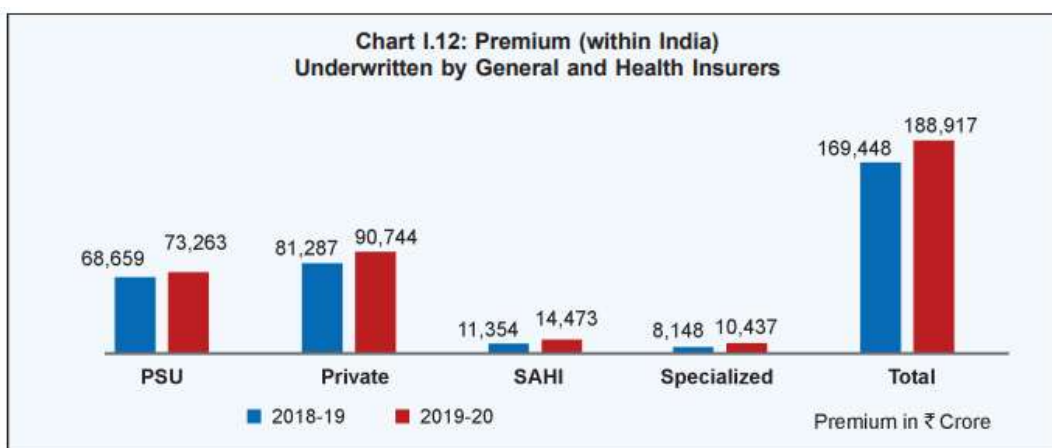
The increase in the FDI in Insurance from 49% to 74% announced in the Union Budget (Feb'21) shall further help in driving increased penetration and coverage by enabling additional avenues for capital support required for the expansion of the insurance industry in India.

Table I.7: Insurance Penetration and Density in India						
Year	Life		Non-Life		Industry	
	Density (USD)	Penetration (%)	Density (USD)	Penetration (%)	Density (USD)	Penetration (%)
2001	9.10	2.15	2.40	0.56	11.50	2.71
2002	11.70	2.59	3.00	0.67	14.70	3.26
2003	12.90	2.26	3.50	0.62	16.40	2.88
2004	15.70	2.53	4.00	0.64	19.70	3.17
2005	18.30	2.53	4.40	0.61	22.70	3.14
2006	33.20	4.10	5.20	0.60	38.40	4.80
2007	40.40	4.00	6.20	0.60	46.60	4.70
2008	41.20	4.00	6.20	0.60	47.40	4.60
2009	47.70	4.60	6.70	0.60	54.30	5.20
2010	55.70	4.40	8.70	0.71	64.40	5.10
2011	49.00	3.40	10.00	0.70	59.00	4.10
2012	42.70	3.17	10.50	0.78	53.20	3.96
2013	41.00	3.10	11.00	0.80	52.00	3.90
2014	44.00	2.60	11.00	0.70	55.00	3.30
2015	43.20	2.72	11.50	0.72	54.70	3.44
2016	46.50	2.72	13.20	0.77	59.70	3.49
2017	55.00	2.76	18.00	0.93	73.00	3.69
2018	55.00	2.74	19.00	0.97	74.00	3.70
2019	58.00	2.82	19.00	0.94	78.00*	3.76

Source: Swiss Re, Sigma, Various Issues.

Market share comparison – private sector taking the lead





**Table I.31:
Profit After Tax of General and Health Insurers
(₹ crore)**

Insurer	2018-19	2019-20
Public Sector Insurers	-3,287.90	-5,700.55
Private Sector Insurers	3,584.40	4,036.69
Standalone Health Insurers	-298.00	-331.07
Specialised Insurers	684.71	500.54
Total	683.21	-1,494.39

(Table Data & Chart Source: IRDA)

Non-life premium growth trends are expected to revert to normal this year, against the backdrop of a strong but uneven bounce-back in the global economy and differing growth dynamics for the major lines of business, as per the latest Sigma Report for 2020. Advanced markets will revert to trend growth rates this year, with non-life premium growth expected at 2.2% in 2021 and 2.8% in 2022. Emerging markets, on the other hand, are expected to outstrip advanced markets with premium growth of 5.8% in 2021 and 8.2% in 2022.

Industry performance in FY2021:

The industry grew by a CAGR of 17% over the last two decades and is expected to continue its commendable growth trajectory in the future years. The market share of private sector companies in the non-life insurance market rose from 15.0% in FY2004 to 49.3% in FY2021. The gross direct premium underwritten by general insurance industry witnessed a growth of 5.2% to ₹ 1,987.35 billion, as against ₹ 1,889.17 billion at the end of FY2020. Segments like health, fire and crop insurance performed well (Source: IRDAI).

Pandemic-related shift in demand patterns:

The onset of the Coronavirus pandemic changed the landscape of the Indian non-life insurance industry. Besides increasing the insurance penetration rate, the ongoing changes due to the pandemic have brought about a conscious shift in the insurance product mix. It has triggered awareness on insurance and demand for protection products, especially health insurance. It has changed the way people look at insurance and has pushed companies to tweak their product strategies.

Rise in emerging technologies:

From selling new policies to settling claims, the pandemic pushed insurance players to depend heavily on digital architecture. While digitization was already on the rise, the onset of COVID-19 accelerated the transition process, leading customers towards better choices and smoother delivery systems. Digitization became the key pillar that accelerated the growth of the entire ecosystem, including marketing, digital policy issuance and claim submission. Increased usage of AI and ML will help address the needs across policy purchases, customer service, operations and claims optimization. Utilization of cloud platforms and services will increase, driven by increased emphasis on big data, AI and ML.

2. Is ICICI Lombard capable to capture the market opportunity?

They are India's leading private non-life insurer since 2004, with a 7.0% market share. They offer a comprehensive and well-diversified range of products, including motor, health, crop/weather, fire, personal accident, marine, engineering and liability insurance, through multiple distribution channels.

- They have 2 decades of experience and knowledge base which they can keep on developing new and appropriate insurance products
- They have brand name which helps them in widespread distribution on both online and offline platforms. They have 59,545 individual agents and 840 virtual offices.
- In 2021 97% complaints were resolved, which speaks volume about their customer service.
- A key measure of an insurer's ability to settle claims as quickly as possible. Last year they have settled 99.7% health claims and 94.3% motor claims.
- They follow best practices in prudent underwriting and reinsurance.
- They are leveraging on technology and undertaking virtual risk inspections (VRA) wherein customer site inspections are being undertaken via video streaming. The Company has also prepared detailed risk questionnaires (in cases where virtual inspection is difficult), wherein responses are being sought from customers and accordingly underwriting decisions are being taken, based on information furnished by the customers.
- In fiscal 2021, they have maintained a strong capital position with the solvency ratio well above the minimum regulatory requirement.
- Apart from its healthy internal accruals generated over the years, ICICI Lombard's capital position is also supported by timely capital infusion from ICICI Bank, in times of need, as demonstrated in the past.
- In August, 2020, the Boards of ICICI Lombard and Bharti AXA General Insurance Company (Bharti AXA) had announced their approval for demerger of non-life insurance business of Bharti AXA into ICICI Lombard. This scheme of arrangement (scheme) was underway for a year and was finally approved by Insurance Regulatory and Development Authority of India (IRADI) on September 3, 2021.

- Delivering excellence in customer-centricity :
 - i. Digitalization/Paperless Process: The entire insurance process is digitalized in ICICI Lombard from purchase to policy servicing, claims and renewal – in a contactless and safe manner. About 97 per cent of the policies either directly issued or through channel partners are done without the use of paper.
 - ii. For motor claims settlement, used video-based solution, InstaSpect, to provide contactless, real-time motor claims approval. During the lockdown, 100 per cent of the motor own damage cases were assessed remotely using InstaSpect. Company's real-time video-based vehicle damage assessment tool, InstaSpect crossed the milestone of one million vehicle inspections recently. This resulted in over 60% motor insurance claims in FY2021 being serviced by InstaSpect compared to 24.5% such cases the year before. Company's AI-powered claim settlement engine approved over 60% group health claims within minutes. This figure was 31% in March 2020.
 - iii. On the health insurance front, 31 per cent of all health cashless claims were authorized using an AI-powered authorization model.
 - iv. In risk management, ICICI Lombard further harnessed technology prowess by embracing Internet of Things (IoT) technology in applications such as fire hydrant systems.
 - v. As part of mobile app 'IL Take Care', a onestop shop for all motor and health insurance and wellness needs of their customers, introduced a tele-consult feature, which helped customers to obtain expert medical advice during lockdown from the safe environment of their homes.
- Enhancing product offerings and distribution channels:

ICICIGI is constantly looking to add new products and offerings to further diversify its product mix. Company always looks for opportunities to cross-sell its products to the existing customers. Company continues to reinforce its multi-channel distribution strategy by adding new channel partners and increasing its distribution reach. Company also continues to strengthen the Agency and SME channels and supply them with right tools to help them conduct business efficiently and effectively.

 - Individual Agents – 59,545
 - Number of Virtual Offices – 840
 - SME Policies issued digitally - ~90%
- Capturing new market opportunities :

ICICIGI is constantly aiming to target new opportunities in the market by augmenting its presence, penetrating further in small towns, rural areas and Tier three and four cities and cross-selling its diverse portfolio of products to the existing customers. Company continually plan to launch new products which cater to emerging market risks, with the aim of enabling its customers to mitigate these risks.
- Ensuring robust risk selection and management :

ICICIGI follows best practices in prudent underwriting and reinsurance. They target healthy selection of risks driven by data analytics to achieve profitable growth. They also continually monitor new and emerging risks and strategizing effective methods of risk mitigation.

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
- Conservative level of catastrophe (CAT) protection

Investments

- Tighter internal exposure norms as against regulatory limits
- Invest high proportion of debt portfolio 86.1% in sovereign or AAA rated securities*
- Zero instance of default in debt portfolio

Reserving

- IBNR utilisation improving trend indicates robustness of reserves
- Disclosing reserving triangles in Annual Report since FY2016

- **Emergency Ambulance Service :**
Company provides ambulance services to its clients, in collaboration with a global leader operating in 46 countries and having 5,000+ ambulances in its fleet. This service provides with 24*7 access to MBBS doctors trained to provide emergency care and based on the requirement ALS/BLS supported ambulance is facilitated. It also coordinates with healthcare facilities at the time of an emergency and ensure that all concerned members are apprised of the situation. The emergency ambulance services are available in 65 cities.
- Company is leveraging the technology to build solutions for remotely monitoring critical parameters of safety and security at the plant location. A contactless performance dashboard, providing real-time usage and efficient data, becomes more important in the current pandemic scenario. It has been successful in delivering this solution to some of the corporate customers.
- Company has added a key service to its offerings this year – that of real-time monitoring of temperature in temperature sensitive cargo, especially for the pharmaceutical industry. There are huge challenges associated with maintaining sub-zero temperatures in the range of -20 degrees Celsius during the vaccine movements. In addition to this, it is also trying to minimize the risk by monitoring the temperature and escalating triggers on a real-time basis.
- Renewable energy assessments using drone: Company offers advanced drone-based technology for inspecting wind turbines and solar PV modules. Drones are utilized in the insurance renewal process for solar plants and windmills. This ensures faster (within hours compared to days in traditional ways) and more accurate inspection to identify defects, especially in case of solar plants which is spread across vast area. It also helps in determining appropriate solutions which if unaddressed might affect the output of these plants and may eventually lead to bigger losses. Drones are flown above the panels of solar plants and windmills to detect defects/cracks, thereby helping customers take necessary actions.
- Minimizing natural calamity losses over the past few years, we have seen multiple catastrophes arising out of cyclones and floods, leading to multiple claims in different parts of the country. Both the severity and frequency of such events have been increasing by the day. Advances in satellite imagery allows us to anticipate these events in further detail and to identify locations and intensity of these events. In order to mitigate these risks, company alerts its customers through various communications and share the risk management practices in order to minimize the losses. It has also enhanced the efforts to locate customers who could have been impacted by the calamity. Once identified, company actively engages with them to affect changes on the ground.
- The Company also received approval for three experimental products in motor insurance under the regulatory sandbox in January 2020. Two of the approvals were for telematics device-based insurance products (“Pay As You Use” and “Pay How You Use”), while the third

product was a Floater cover for multiple vehicles owned by the insured. While initially launched for a six-month period, the Sandbox products later received a six-month extension due to the pandemic situation. All the three products witnessed excellent uptake in the market and a premium of approx. ₹ 50 lakhs was collected in each product during the experiment period. In particular, the Floater product was appreciated by the customer due to the convenience of providing a single policy to cover all the vehicles owned by the insured. Overall, the experience from the regulatory Sandbox provided valuable insights that would be of great value towards launching more customer-centric motor insurance products.

- During the year, company launched an exclusive website for the SME business (www.sme.icicilombard.com). With this, it emerged as the first insurance company in India to issue SME policies through the Website. In phase 1 of the website project, Marine Single Transit and WC products are being made available. In the case of Retail Cyber product, company also launched a microsite to penetrate in the small retail segments. It is also the first in the industry to have launched Group Health Insurance on the partner platform for its channel partners.
- SME Digital for Young Entrepreneurs Launched in December 2020, SME Digital allows start-ups and MSMEs to understand commercial insurance products, buy policies and intimate claims digitally. MyRA-BOT for SME Policy and Endorsement Through AI-based chatbot platform MyRA, customers and partners can instantly get answers, quotes or easily complete various transactions without manual intervention. For example, buying 2-wheeler insurance or renewing health and motor policies.
~90% of SME policies were issued digitally in FY2021 & 40.3% of SME policies were endorsed digitally in FY2021
- App-based Diabetes management program:
With this offering, customers with diabetes were offered an app-based disease management program to reduce their HBA1C levels. The program included nutritionist counselling and coaching to help customers lead a healthier lifestyle in terms of diet and exercise. At the end of the experiment, customers exhibiting positive behavior were rewarded with points that can be redeemed as a discount on the health insurance policy.
- App-based cholesterol management programs:
This concept is like the diabetes management program and was tested for customers to help reduce their cholesterol levels.
- One key investment in this is through the IL TakeCare app launched a year ago. Today, it has eight lakh + downloads, as of March 2021. Company has engaged with partners like WatchYourHealth and 1mg.com to provide tele-consulting, clinical and pharmaceutical services to its clients. This has been helpful to the customers during the lockdown to get advice from practicing doctors without leaving the safety of their homes
- Instant servicing through WhatsApp:
Artificial Intelligence-driven WhatsApp service is an additional medium for policyholders to avail assistance for query solving, viewing existing policy details, downloading policy soft copy, locating nearest network hospitals / garage, and request claim status on the go.
- AI-powered website Bot With continued customer-centric focus, Company has added advanced features to its website Bot platform. The conversational website Bot provides enhanced customer experience and supports customer interactions across lifecycle stages, e.g., policy issuance, renewal, claims processing, and policy servicing, among others.
- Integration with Bharti AXA GI :
With all approvals in place, September 8th 2021 was effective date of integration wherein both the organizations came together to form a single larger entity. The progress so far:

- After including the effect of this scheme with Bharti Axa General Insurance Company Ltd (Bharti Axa), the resultant entity had a pro-forma market share of 8.6% which makes it the second largest general insurer in the industry based on gross direct premiums written during fiscal 2021.
 - transitioned over 16,000 distribution partners with minimal disruption,
 - On boarded 3,700 hospital network and garages
 - Smoothly transitioned over 60 newer technology applications including the connectivity, access, security and data aspects
 - On boarded over 3,400 employees and staff members, transitioned and rebranded over 140 plus branches of Bharti AXA.
 - Over 30.5 million communications were sent on the merger to customers and partners to ensure uninterrupted business continuity and operational efficiency
- Company expects to realize synergy benefits over the next 24 months.

3 Is there growth in the business?

Market Share (%)

Segment	FY16	FY17	FY18	FY19	FY20	FY21
Health	6.0	5.8	5.4	5.4	5.5	4.6
Motor OD	11.8	11.6	11.6	12.9	13.9	14.2
Motor TP	7.7	6.7	6.6	7.9	7.3	8.0
Fire	7.3	7.8	8.5	9.2	9.9	10.7
Others	8.9	9.8	9.7	9.4	4.1	4.1
Total	8.4	8.4	8.2	8.5	7.1	7.1

Source: IRDAI

- They have lost market share in Health side due to lack of support from ICICI bank.
- They will continue to remain no 1 in motor segment with the acquisition of Bharati Axa.

Health insurance

	FY18	FY19	FY20	FY21
Health (Rs mn)	37,712	45,489	51,674	58,572
YoY (%)	-	21	14	13

Source: Non-Life Insurance Council

DIGITAL SOLUTIONS

- One million claims were honored and 79.4% Motor OD claims were through InstaSpect in September, 2021.
- 11.5 million policies were sourced and 96.9% were issued electronically.
- Its holistic insurance and wellness app IL Take Care surpassed ~8,80,000 downloads enabling it to get closer to its customers by providing a unique platform for continuous engagement.

Key Highlights

Particulars (₹ billion)	FY2019 Actual	FY2020 Actual	FY2021 Actual
Gross Written Premium	147.89	135.92	143.20
Gross Direct Premium Income (GDPI)	144.88	133.13	140.03
GDPI Growth	17.2%	-8.1%	5.2%
Combined Ratio*	98.8%	100.4%	99.8%
Profit after Tax	10.49	11.94	14.73
Return on Average Equity	21.3%	20.8%	21.7%
Solvency Ratio	2.24x	2.17x	2.90x
Book Value per Share	117.11	134.97	163.56
Basic Earnings per Share	23.11	26.27	32.41

- Premium growth has decreased in FY 2020 due to Covid 19. In FY 2021 it has not reached pre covid level but has improved

Comprehensive Product Portfolio - Motor

Motor GDPI Mix		
Type	H12021	H12022
Private car	57.9%	56.5%
Two Wheeler	26.4%	26.5%
Commercial Vehicle	15.7%	17.0%



- Loss cost driven micro-segmentation resulting in focus on relatively profitable segment
- Advance premium at September 30, 2021 : ₹ 36.86 billion (₹ 32.06 billion at March 31, 2021)
- No revision by the Authority on prevailing Motor TP rates
- Lower drop in frequency owing to Covid-19 related lockdown in certain states unlike a complete lockdown during same period last year

Comprehensive Product Portfolio – Health, Travel & PA

Health, Travel & PA GDPI Mix		
Type	H12021	H12022
Individual	23.4%	21.6%
Group – Others	19.6%	19.1%
Group Employer-Employee	57.0%	59.1%
Mass	0.0%	0.2%



- Reduction in sourcing from Corporate Agent - Banks led to lower growth in Group – Others business for H12022
- IL Take Care for customer engagement & servicing of health, motor and travel customers
 - More than 880K+ users downloaded till H12022 (180K+ users downloaded in Q22022)
- Launched Complete health insurance product, for wider coverage and price revision launched in November 2020 for new customers and from January 2021 onwards for renewals
- Rate hike in GHI – Employer Employee product effecting increase in average premium per life in range of 15%-20% since Q12022
- Impact of Covid related health claims at ₹ 5.61 billion for H12022 (₹ 1.15 billion for H12021)

Comprehensive Product Portfolio – P&C and Crop

- Market share across all commercial lines

Property & Casualty (P&C) Market Share		
Product	H12021	H12022
Fire	10.9%	13.2%
Engineering	12.9%	15.7%
Marine Cargo	16.5%	18.4%
Liability	16.0%	17.5%

- Net impact of cyclone losses of ₹ 0.82 billion for H12022 (₹ 1.07 billion for H12021)

Crop

- Post merger, Crop constitutes 7% of the product mix for H12022
- Covered farmers in 2 states and 9 districts in Kharif season in H12022
- Conservative reserving philosophy



Digital Opportunities



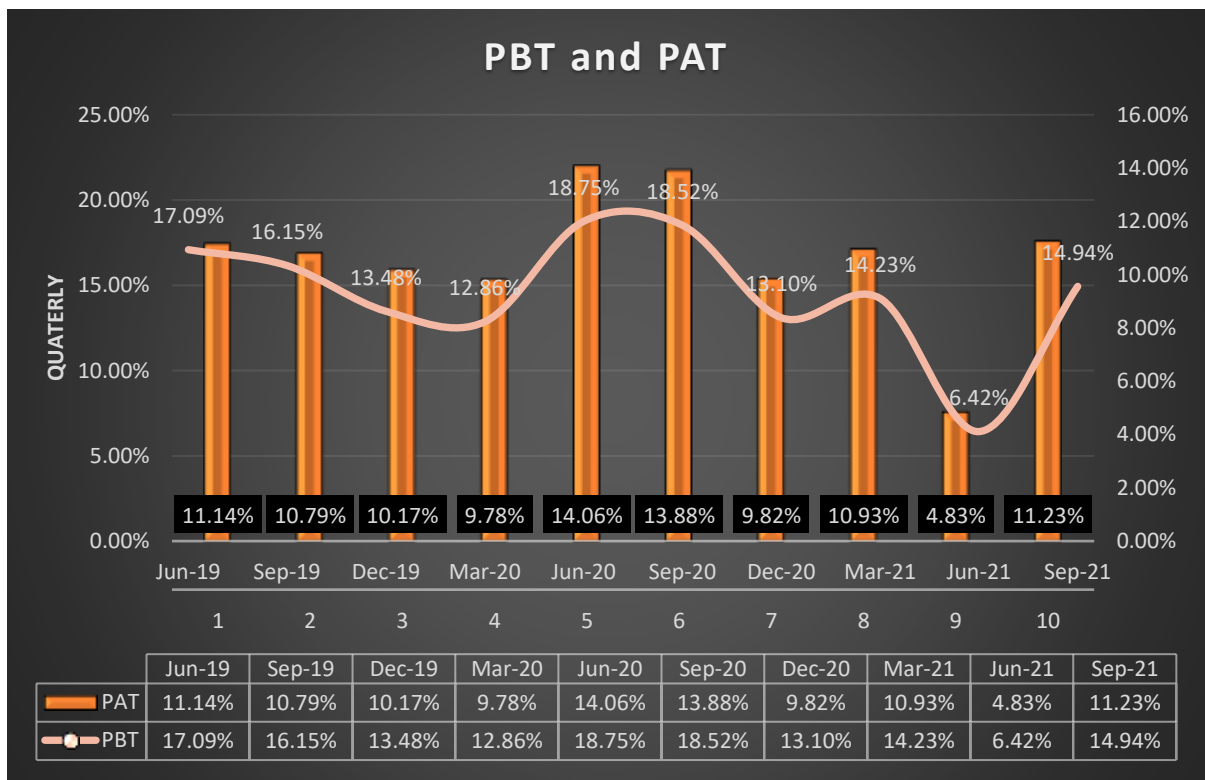
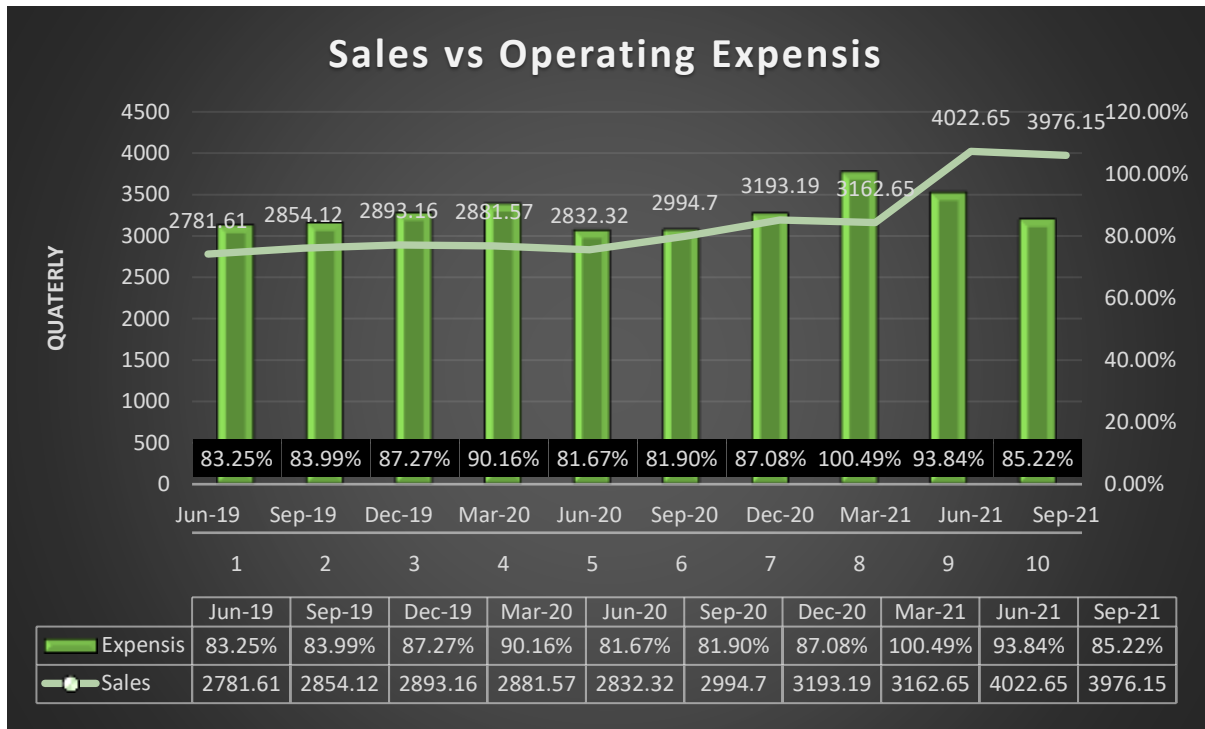
Industry has witnessed steady growth

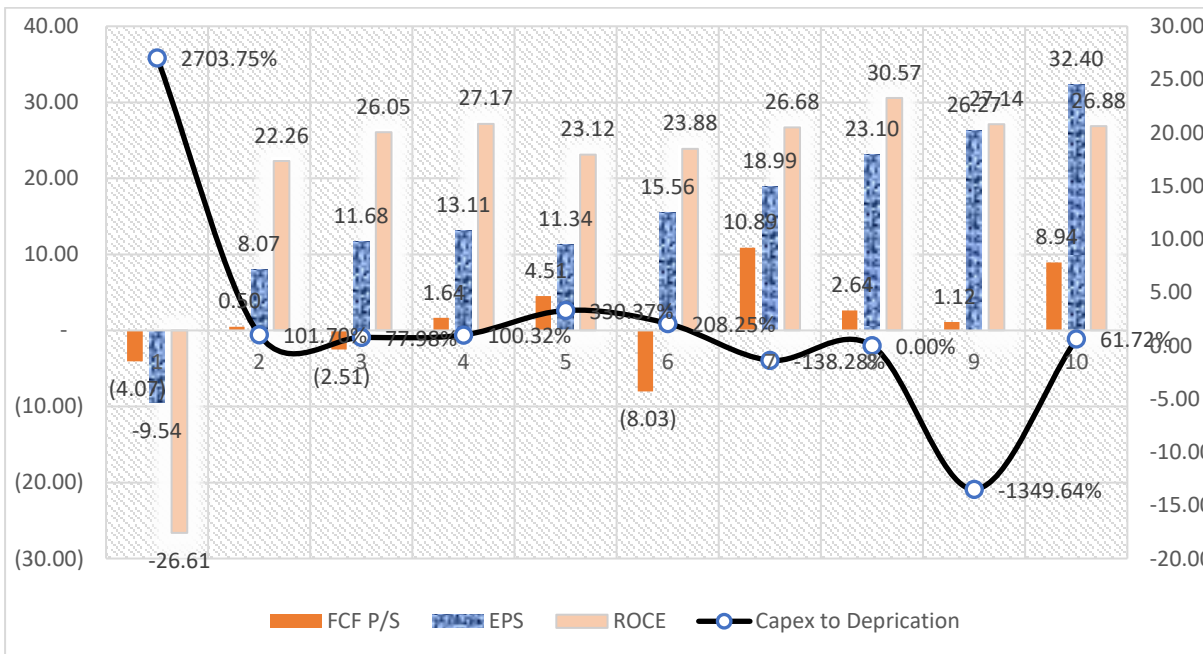
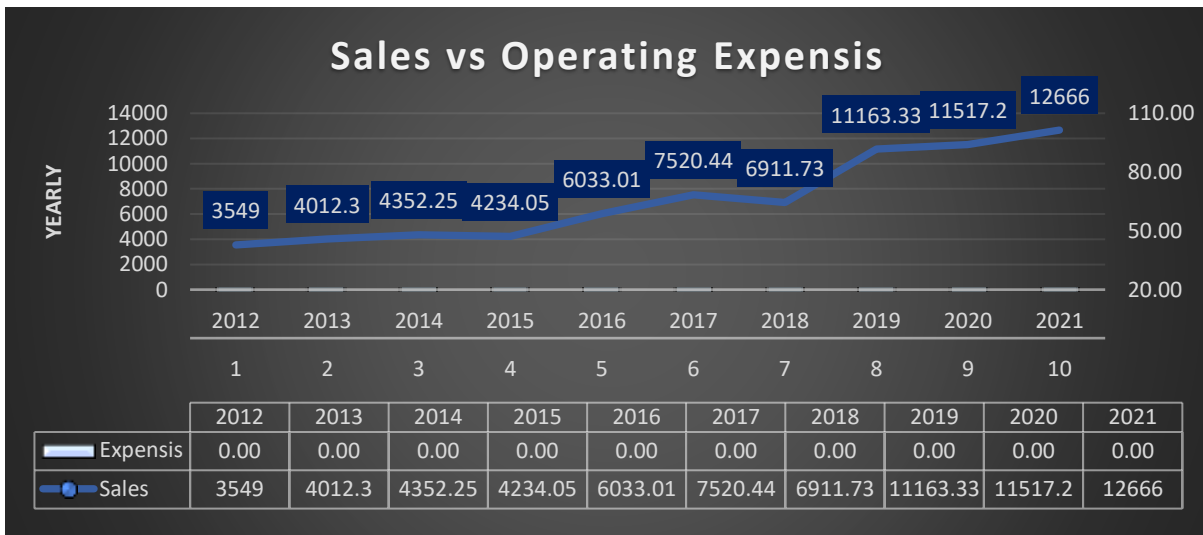
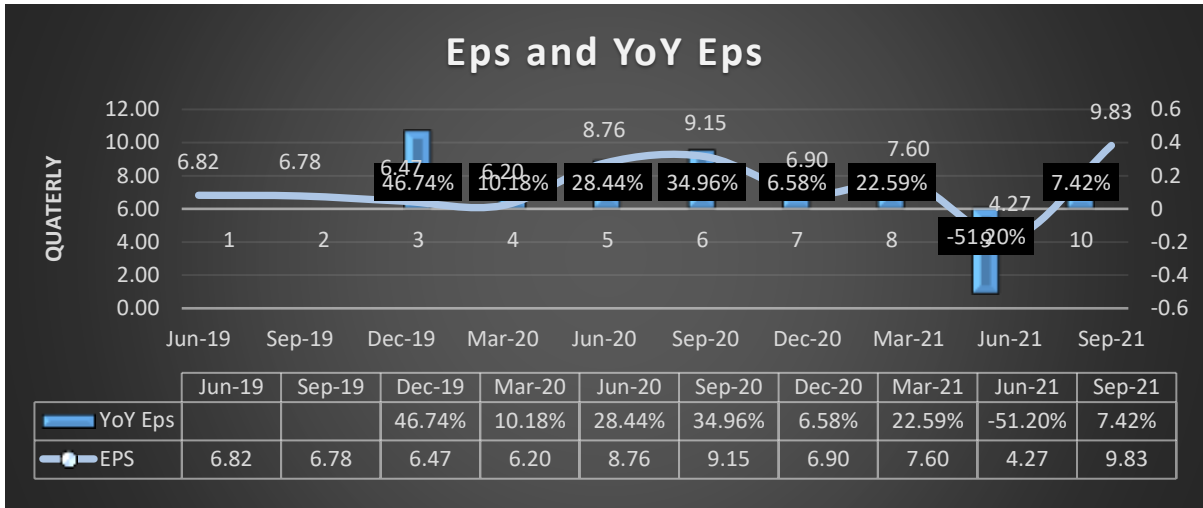


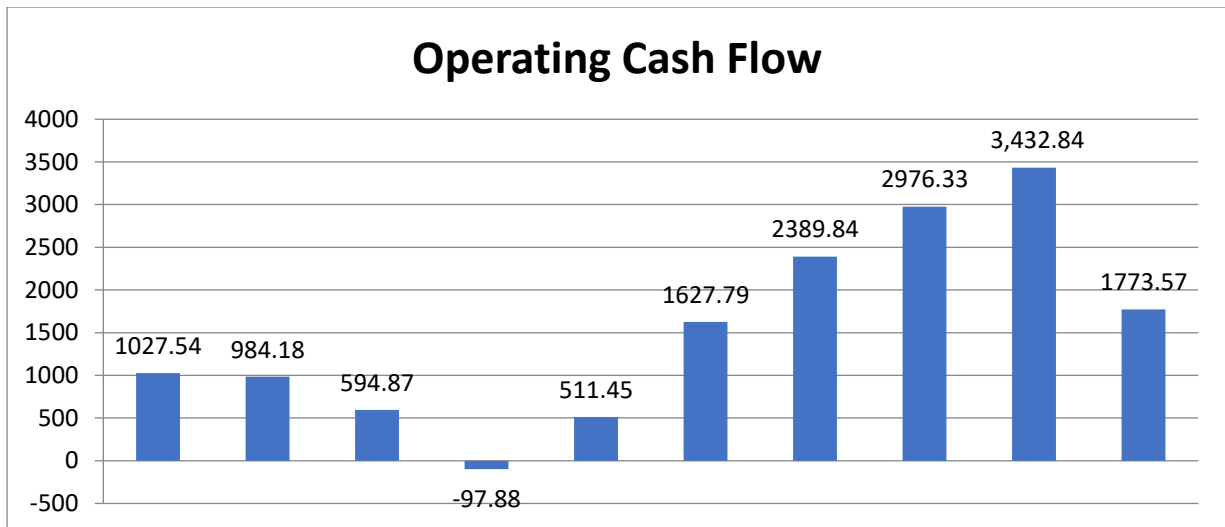
Going forward, general insurance companies will be key beneficiaries of the opening-up of economies, especially with improved trade activity increasing demand for motor and health insurance. Strong growth in the automotive industry over the next decade is expected to boost the motor insurance market.

Clear focus on health as a priority segment can potentially re-rate the stock in long run. Higher agent addition (1,000 in Q1FY22) in health, ~9,400-strong hospital network, and the initiative to establish direct connectivity with customers through ILTakeCare app are steps towards strengthening the health franchise. While inorganic acquisition of a health player could be a lost opportunity (already acquired Bharti Axa), organic initiatives are expected to bear fruit given the track record of ICICI GI.

Financial Highlights:







4. Management Pedigree:

➤ **Mr. Bhargav Dasgupta** is the Managing Director and CEO of the Company since May, 2009, the largest private sector general insurance company in India. Mr. Bhargav Dasgupta began his career with the erstwhile ICICI Limited in 1992 and he has held key leadership positions in diverse business areas in the ICICI Group including Project Finance, Corporate Banking, E-commerce & Technology Management, International Banking and Life Insurance.

➤ **Ms. Vishakha Mulye** is an Executive Director on the Board of ICICI Bank since January 2016. She is responsible for domestic and international Wholesale Banking Group, Proprietary Trading Group, Markets Group and Transaction Banking Group at the Bank.

Ms. Mulye, a Chartered Accountant, has been with the ICICI Group since 1993. In her career, she has handled several responsibilities in the areas of strategy, treasury & markets, proprietary equity investing and management of long-term equity investments, structured finance, management of special assets and corporate & project finance.

Ms. Mulye led the team that planned and executed the merger of ICICI and ICICI Bank in 2002. She also led the team which negotiated and concluded the merger of erstwhile Sangli Bank with ICICI Bank. From 2002 to 2005, she was responsible for the Bank's structured finance and global markets businesses, and its financial institutions' relationships. In 2005, she took over as the Group Chief Financial Officer. In 2007, she was elevated to the Board of ICICI Lombard General Insurance Company Limited and in 2009, she assumed leadership of ICICI Venture Funds Management Company as its Managing Director & CEO. Currently, apart from ICICI Bank, Ms. Mulye is also on the Board of ICICI Lombard General Insurance Company Limited and chairs the Board of ICICI Bank Canada.

➤ **Mrs. Lalita D. Gupte** is a Non-executive, Independent Director of the Company since October 18, 2016. She holds a Bachelor's degree in Economics from the University of Delhi and a Master's degree in Management studies from Jamnalal Bajaj Institute of Management Studies. Currently, she is a Chairperson of ICICI Lombard General Insurance Company Limited and India Infradebt Limited.

She retired as Chairperson of ICICI Venture Funds Management Company Limited in October 2016. Mrs. Lalita D. Gupte was responsible for setting up the international business of ICICI Bank Limited since 2001. Previously, she worked with ICICI Limited from June 15, 1971.

She retired at the end of October 2006 as the Joint Managing Director and Member of the Board of ICICI Bank Limited.

She is on several company's Boards and has been on the Boards of educational institutions.

- **Mr. Alok Kumar Agarwal**, is an Executive Director-Wholesale since January 19, 2011 of the Company, India's largest private sector General Insurance Company.

Mr. Agarwal started his career in 1989 with Reliance Industries Ltd. as an Engineer, Subsequently, he worked with ICICI Ltd for 9 years in project finance department before shifting to ICICI Lombard General Insurance Company Limited.

Mr. Agarwal heads the Wholesale Group of the Company which includes the corporate and financial inclusion business. Mr. Agarwal has completed Bachelor of Engineering course from Jadavpur University. He has also Post Graduation in Management from the Indian Institute of Management, Kolkata.

- **Mr. Sanjeev Mantri** had held key leadership positions with BNP Paribas and ICICI Bank Limited ("Bank") during a career spanning more than 20 years. Mr. Sanjeev Mantri joined the Bank in 2003, where he led various businesses including Bank's Small & Medium Enterprises Group. He was a Senior General Manager at the Bank and led Bank's Rural and Inclusive Banking Group. Under his leadership, the Bank was awarded the Asian Banker Award for the Best SME Bank-Asia Pacific in 2010.

Mr. Sanjeev Mantri joined the Company on May 2, 2015, one of the leading player in the general insurance sector in India. He spearheads the retail division of the Company and is responsible for distribution of products across agencies, bank assurances and digital & alternate channels along with retail strategy. He is also in charge of marketing and corporate communication verticals at the Company.

5. Key Risks:

The Company faces stiff competition from private as well as public sector general insurance companies in India. The industry has witnessed price wars across business segments, resulting in high loss ratios and underwriting losses for most of the companies. ICICI Lombard's ability to maintain its market share amid rising competition is to be seen. ICICI Lombard had a market share of 7.5%³ and will gain additional share of 1.4% as reported by BAXA-GI as on August 31, 2021.

The company also has a well-diversified distribution channel and is expected to benefit from BAXA-GI's bancassurance partners, namely Axis Bank and HDFC Bank. In FY2021 ICICI Bank stopped selling credit linked health insurance policies, which had a negative impact on the health segment's growth.

- **Credit Risk:**
Credit Risk refers to the risk the Company is exposed on account of its re-insurance placements and investment asset classes. The risk of default is assessed through tracking solvency margin numbers, re-insurer downgrades and investment asset classes downgrade, below the defined threshold.
- **Market Risk:**
Market Risk refers to exposure the Company faces on its assets, liabilities, income and expenditure on account of market movements. The market risks for the Company broadly lie

majorly in the investment portfolio of the Company. The investment portfolio is managed by the investment function and monitored by the investment committee at the Board level. The Company has an internal committee for Market Risk Management to evaluate and identify key market risks with appropriate mitigation plans.

- **Underwriting Risk:**
Underwriting Risk refers to the risk faced by the Company in terms of selection and retention of risks on its books & products offered by the Company.
- **Operational Risk:**
Operational Risk refers to the risk of loss on account of inadequate or failed internal processes, systems and people or from external events.
- **Regulatory Risk :**
Any Regulatory guideline impacting profitability of company in short term or long term.
- **Natural Calamity Risk :**
Natural calamities are though low occurrence events but end up having major impact. For example floods, earthquake, Tsunami etc.
- **Disruption Risk :**
Self-driving vehicles, any other major technological changes in health care system etc.

Conclusion:

ICICI Lombard is India's leading private non-life insurer since 2004, with a 7.0% market share and will sustain their leadership position among the private general insurers with strong support from the Parent company.

CRISIL Ratings has assigned its 'CRISIL AAA/Stable' rating to the subordinated debt issue (also called a hybrid instrument) of ICICI Lombard General Insurance Company Ltd (ICICI Lombard).

The quality of ICICI Lombard's investment portfolio is expected to remain strong supported by its prudent investment policy in addition to stringent regulatory guidelines.

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