



5 Years of Leadership

June 16, 2006

Agenda

Life Insurance industry overview

Organizational Overview

Performance highlights 05-06

Going Forward

India Life Insurance : Overview

Country

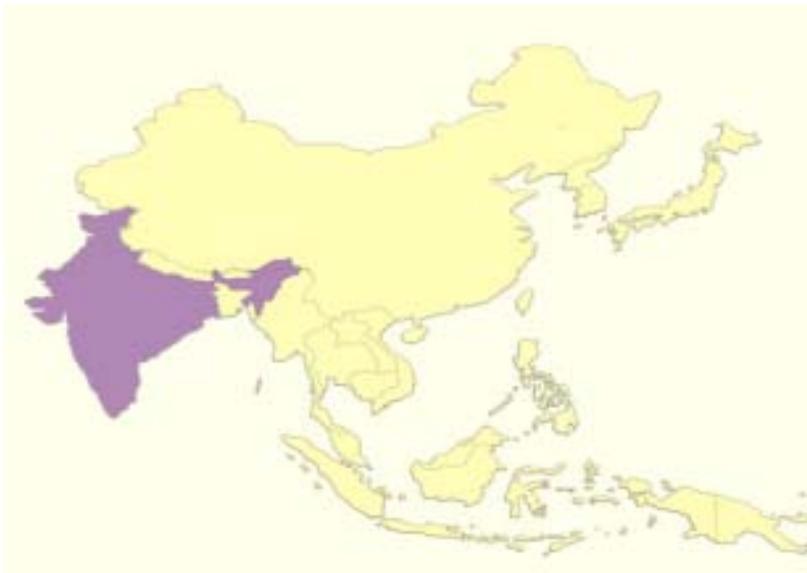
Population	1,080m
Insurance penetration *	~3%

Industry Characteristics

Pre-2000 : Public monopoly

Market deregulated in 2000

Prudential entered in 2000 through joint venture with ICICI



Top 5 players

Life Insurance Corporation

ICICI Prudential

Bajaj Allianz

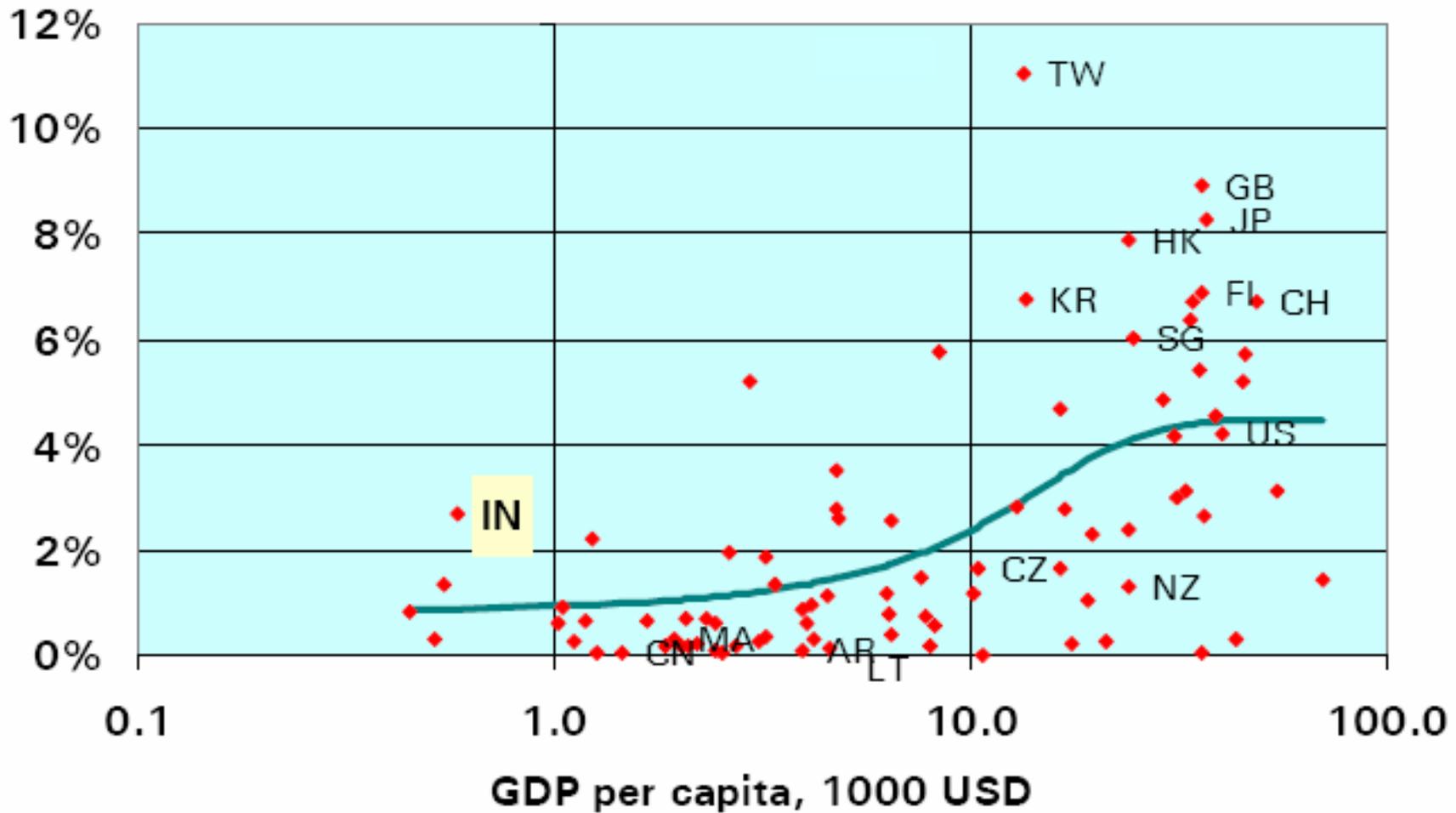
HDFC Standard Life

Birla Sun Life

* Insurance Premiums as % of GDP (estimated)

At the threshold of an interesting journey

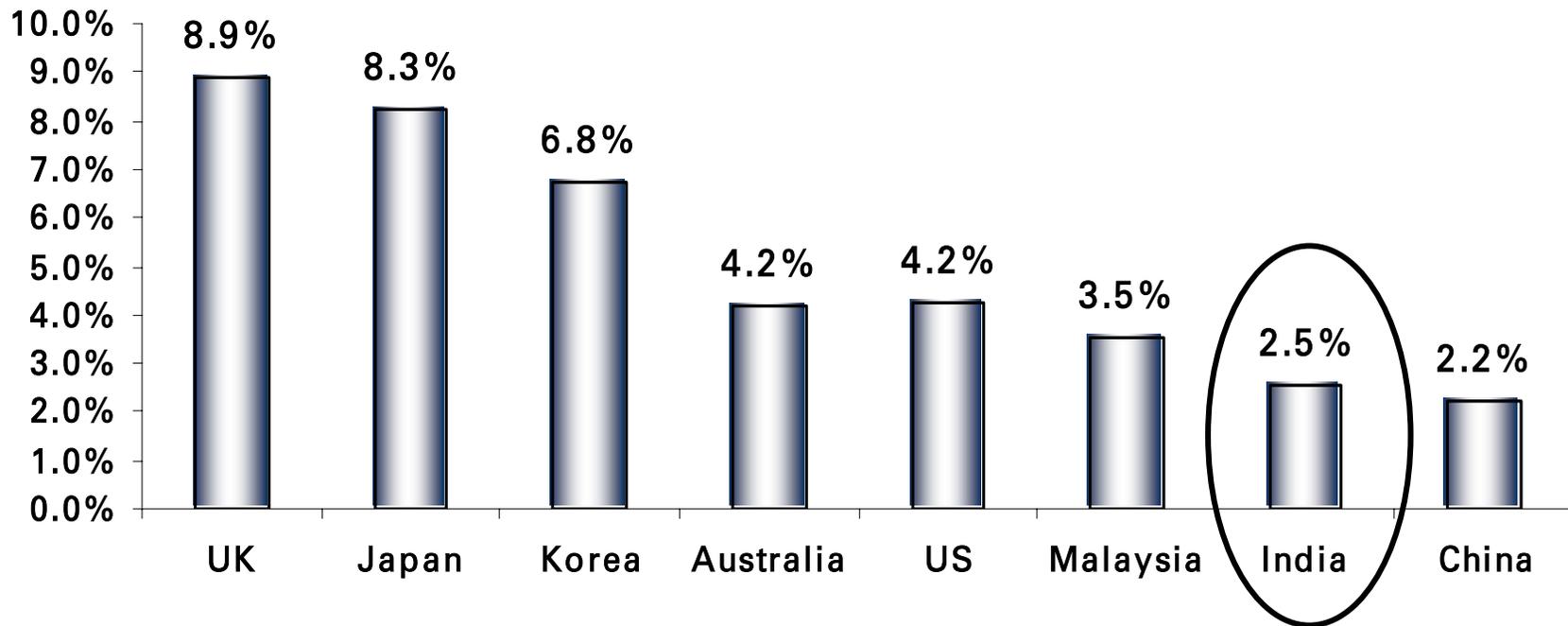
Life Insurance Penetration (2004)



Life Insurance opportunity

Robust growth opportunity, given a fast growing economy, rising income/saving levels and a favorable demographic profile

Life insurance penetration a % of GDP (2004)

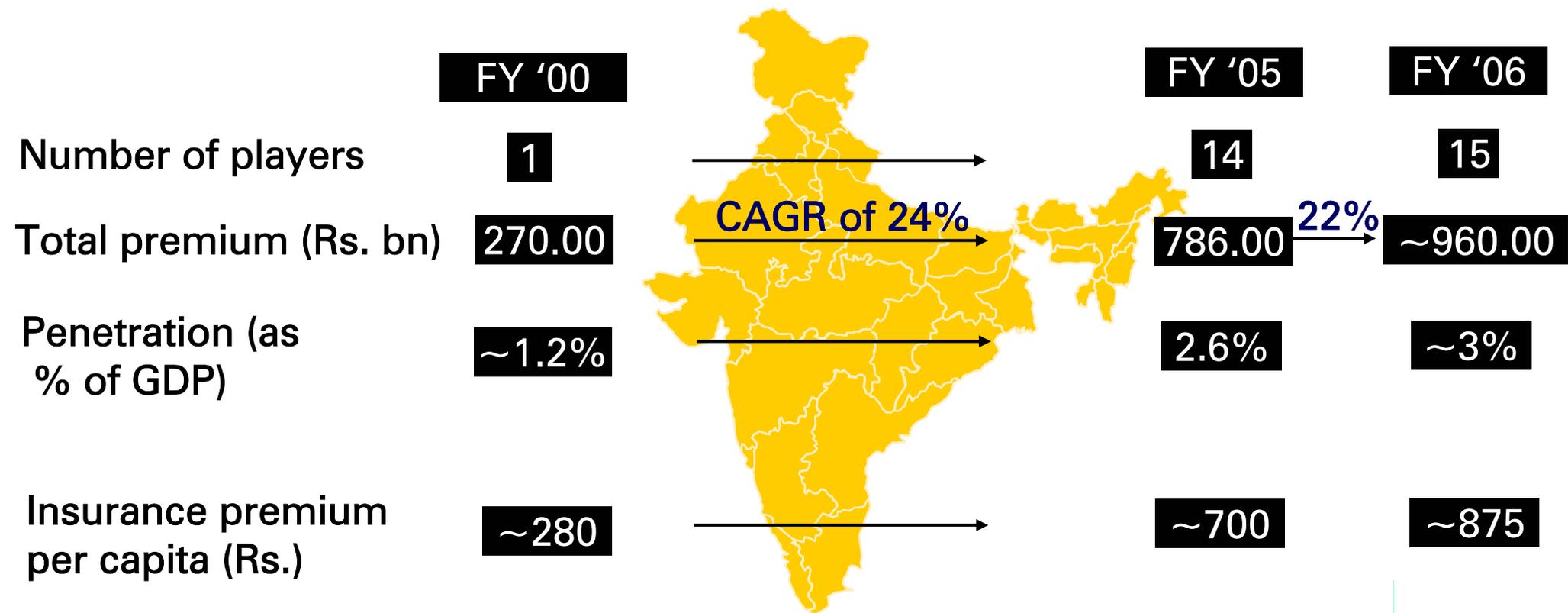


FY06 penetration still low at ~3% and promises sustainable annual growth rate of 20% over the next 5 years

Key drivers

- Low Penetration
- Optimistic macro economic outlook with GDP growing at 8%+ for the next few years
- Changing demographics leading to higher demand generation for life insurance

The Indian Life Insurance industry



Source: IRDA, Swiss Re

Changing Industry landscape

Traditional Insurance Products

Market Linked Plans ~ 33% of the overall market – cafeteria approach

Life Insurance

Emergence of Health & Pensions ~7% of overall market

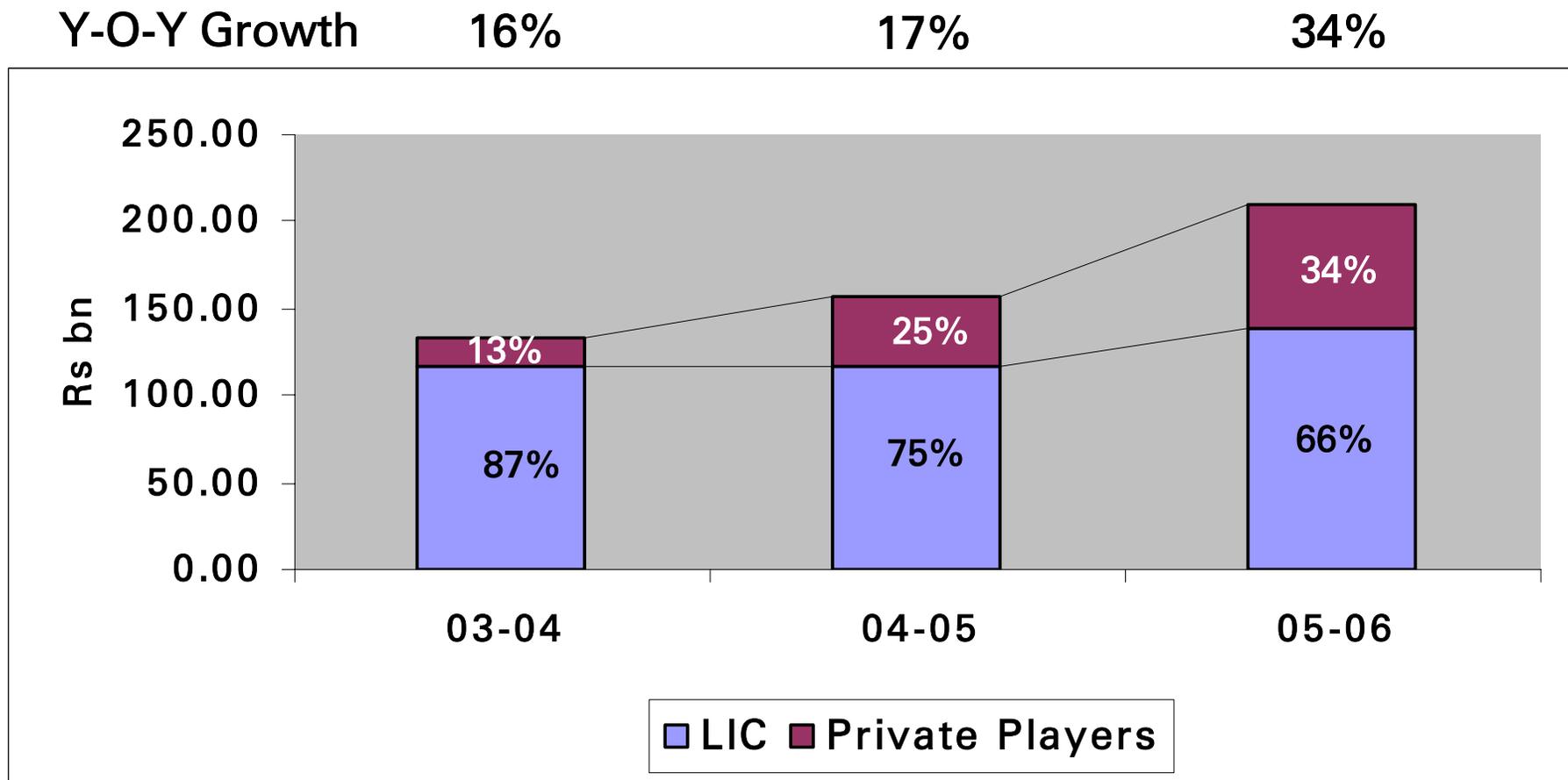
Agency Channel

Multi channel distribution (20% Banca), direct marketing, white labeling & online

Branches for service delivery

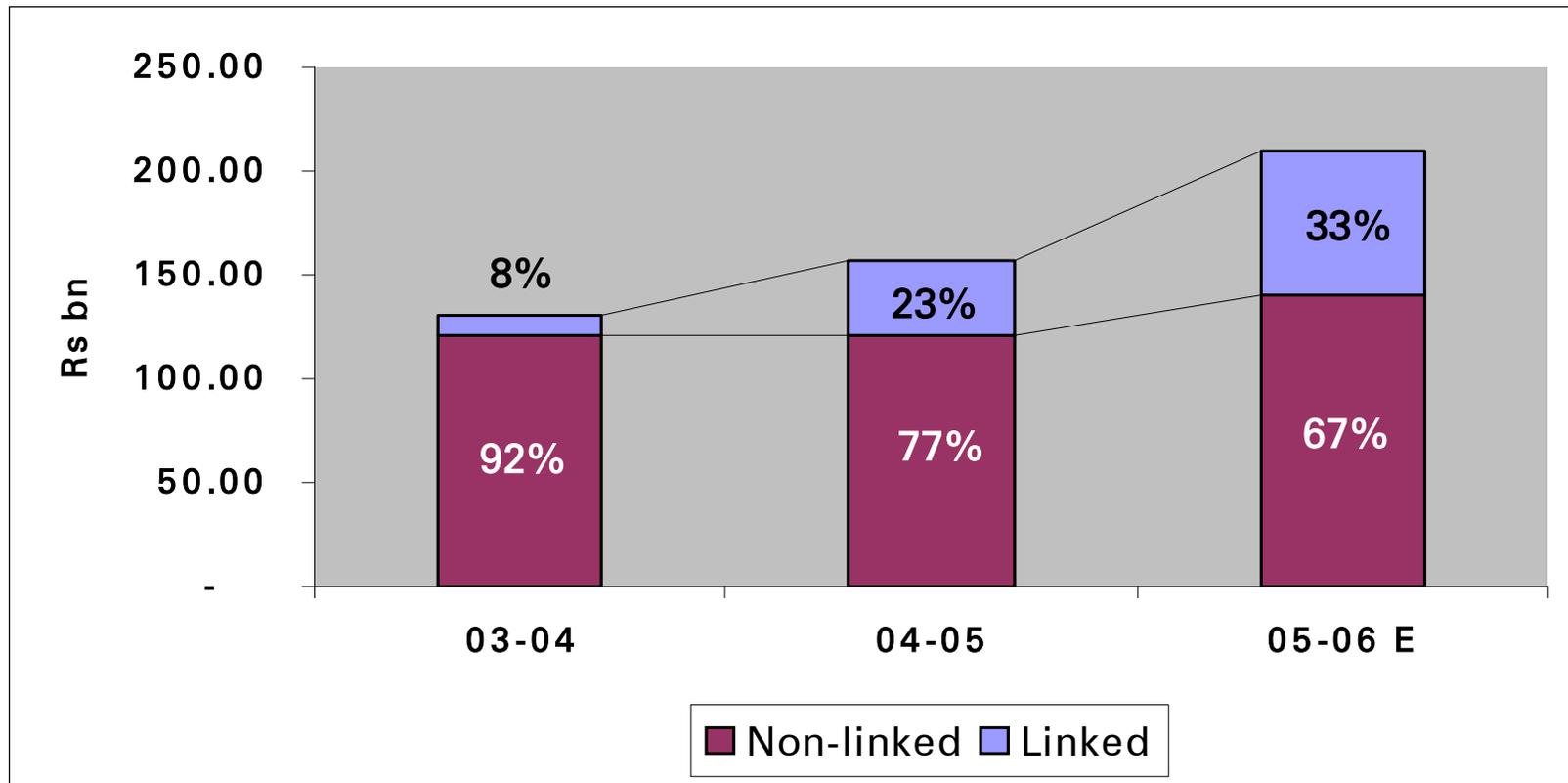
Technology driven service delivery – Call centers, E-mail, Kiosks

Liberalisation helping market expansion



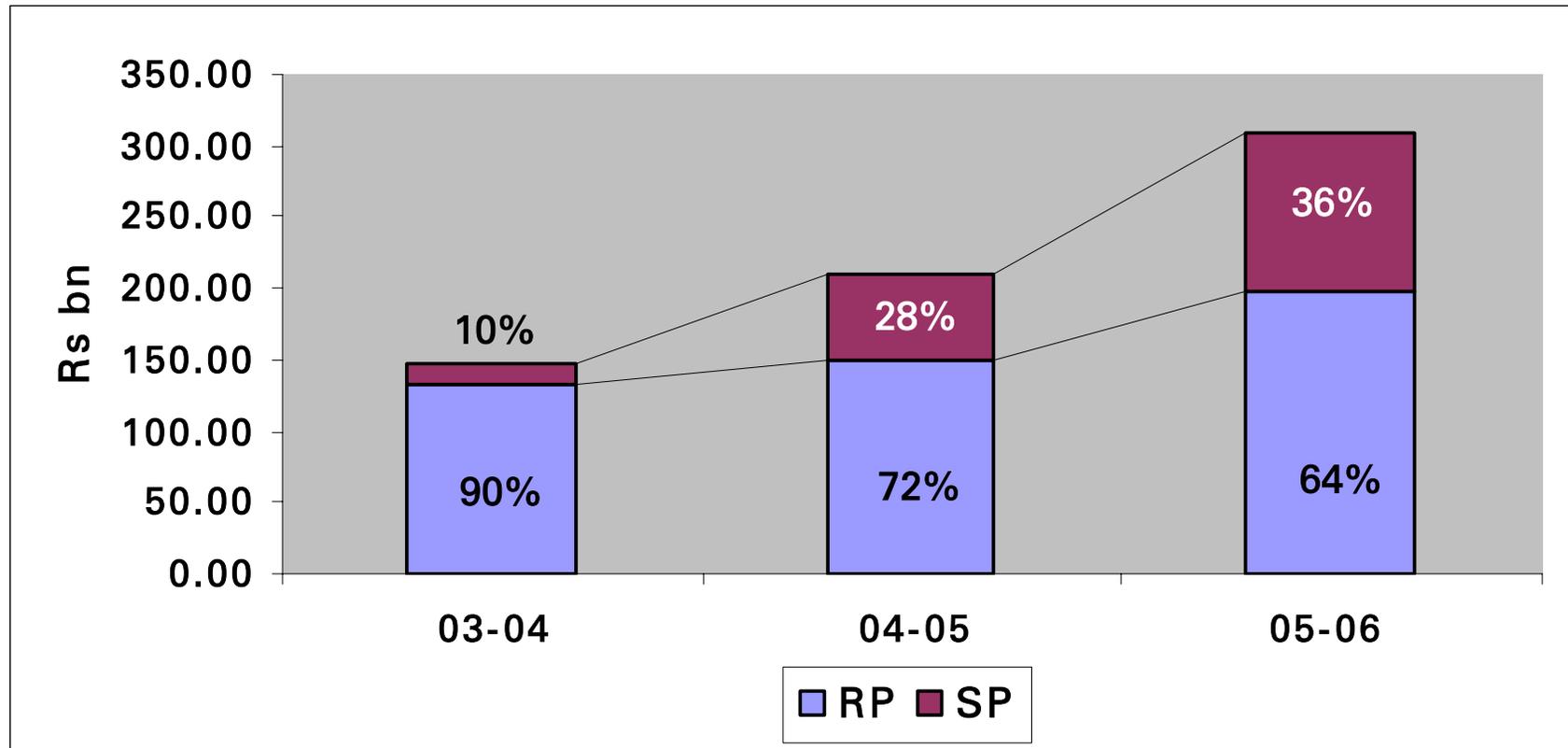
Growth primarily driven by private insurers, increasing their share from 13% to 34%

Shift towards linked products



Share of market linked products has grown from 8% to 33%, also partially led by a buoyant capital market

Emergence of single premium



Despite a restrictive tax regime, single premium market has grown from 10% to 36%, demonstrating a strong customer proposition

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Strengths of our shareholders

Brand strength

Infrastructure

Customer base

Market innovators

Local knowledge



Launched operations in Dec 2000

Reputation

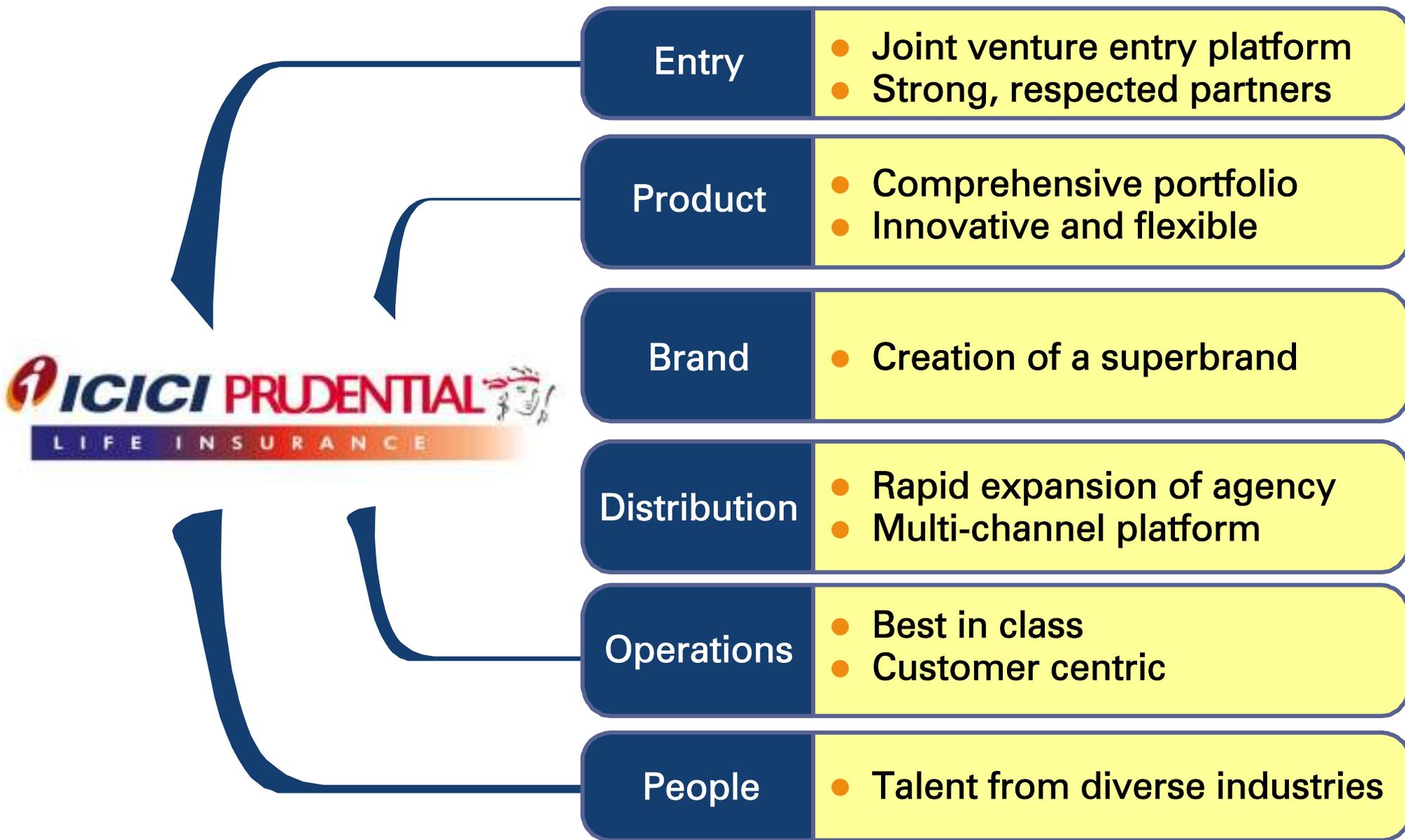
Insurance expertise

Product

Distribution

Operation

A new life insurance model for India



Distribution growth

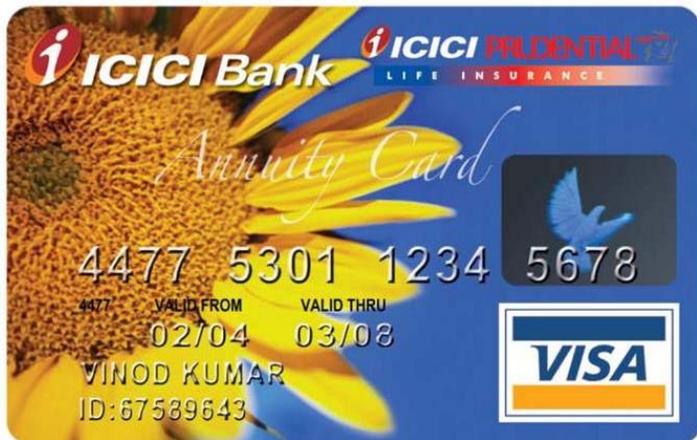
We continue to create a large-scale, nationwide agency network, complemented by increasing focus on non-agency distribution

	March 2003	March 2004	March 2005	March 2006
Locations	25	54	74	132
Branches	29	70	107	177
Advisors	18,000	33,000	57,000	72,000
Non-agency Share %	27%	28%	30%	37%

Product Offerings

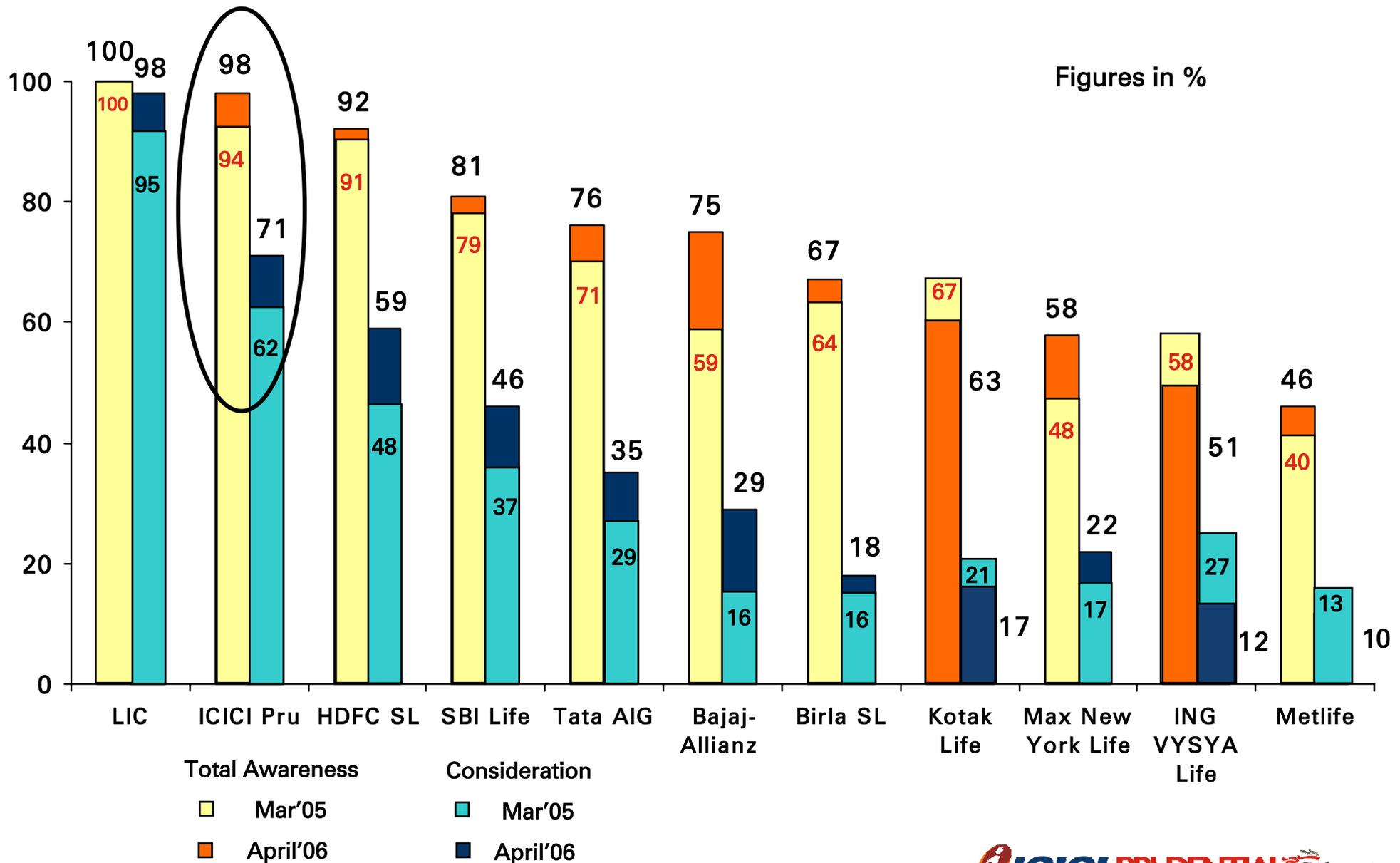
We have a comprehensive and innovative product portfolio, covering savings, protection and wellness needs of the customer

Cancer
care



- Customer centric product positioning based on customer life stage and income needs
 - Retirement Solutions
 - Child Plans
- Innovative and flexible product solutions
 - Unbundling of benefits / riders options
 - Unit linked platform for different risk-return customer profiles
- Capitalizing on the new opportunities emerging from distinctive customer needs and services
 - Health products – Critical Illness, Cancer Care
 - Annuity card for Pension holders

Building brand saliency & enhancing purchase consideration



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Achievements for 05-06

Largest Private sector Life Insurer

FUM of more than Rs. 88.00 bn

More than 2 Million policies sold

NBAP of more than Rs. 5.20 bn

10% overall market share (30% private)

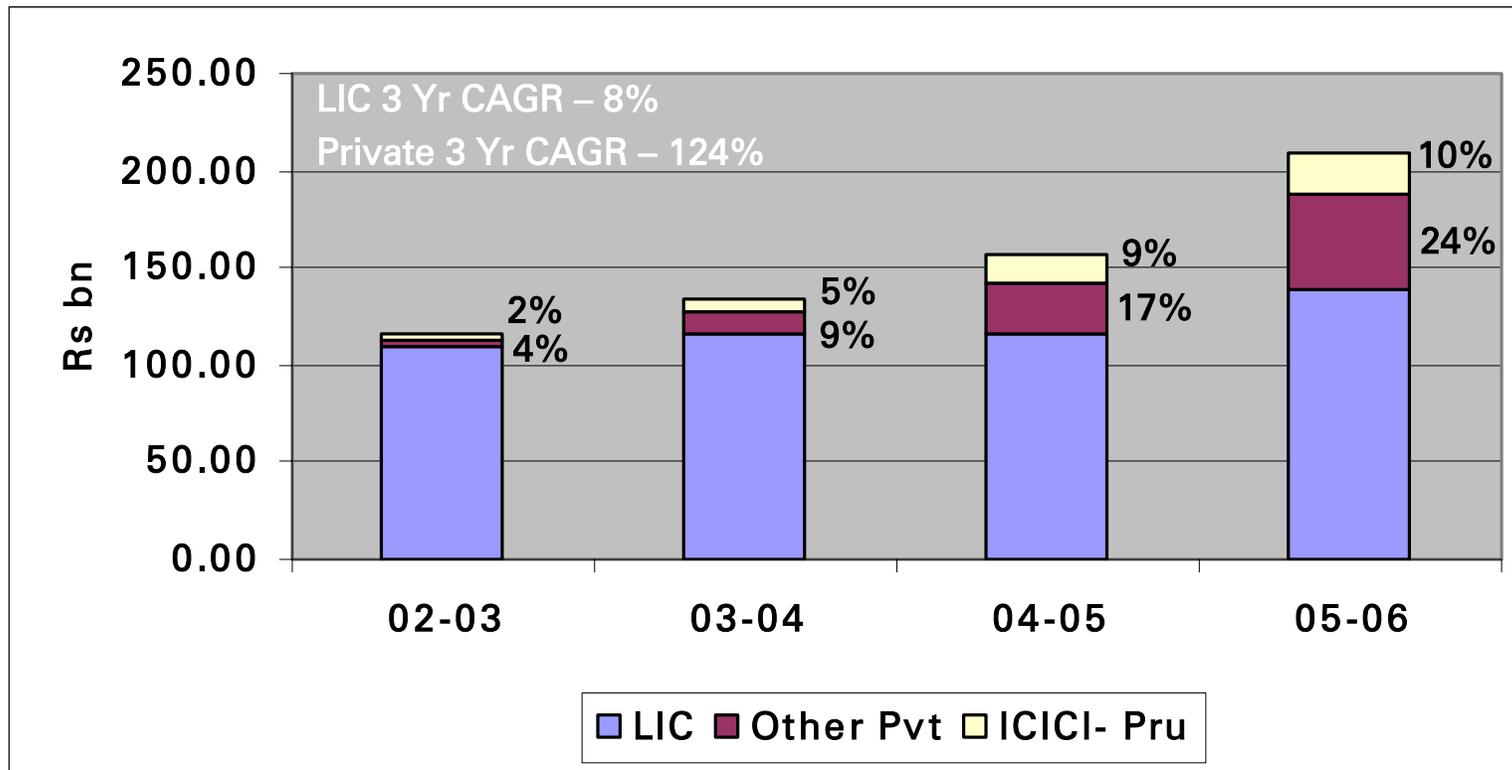
Fitch rating of 'AAA (Ind)'

Most trusted Private Life Insurer – 3 years in a row

Avaya Global Customer Responsiveness Award

Industry growth

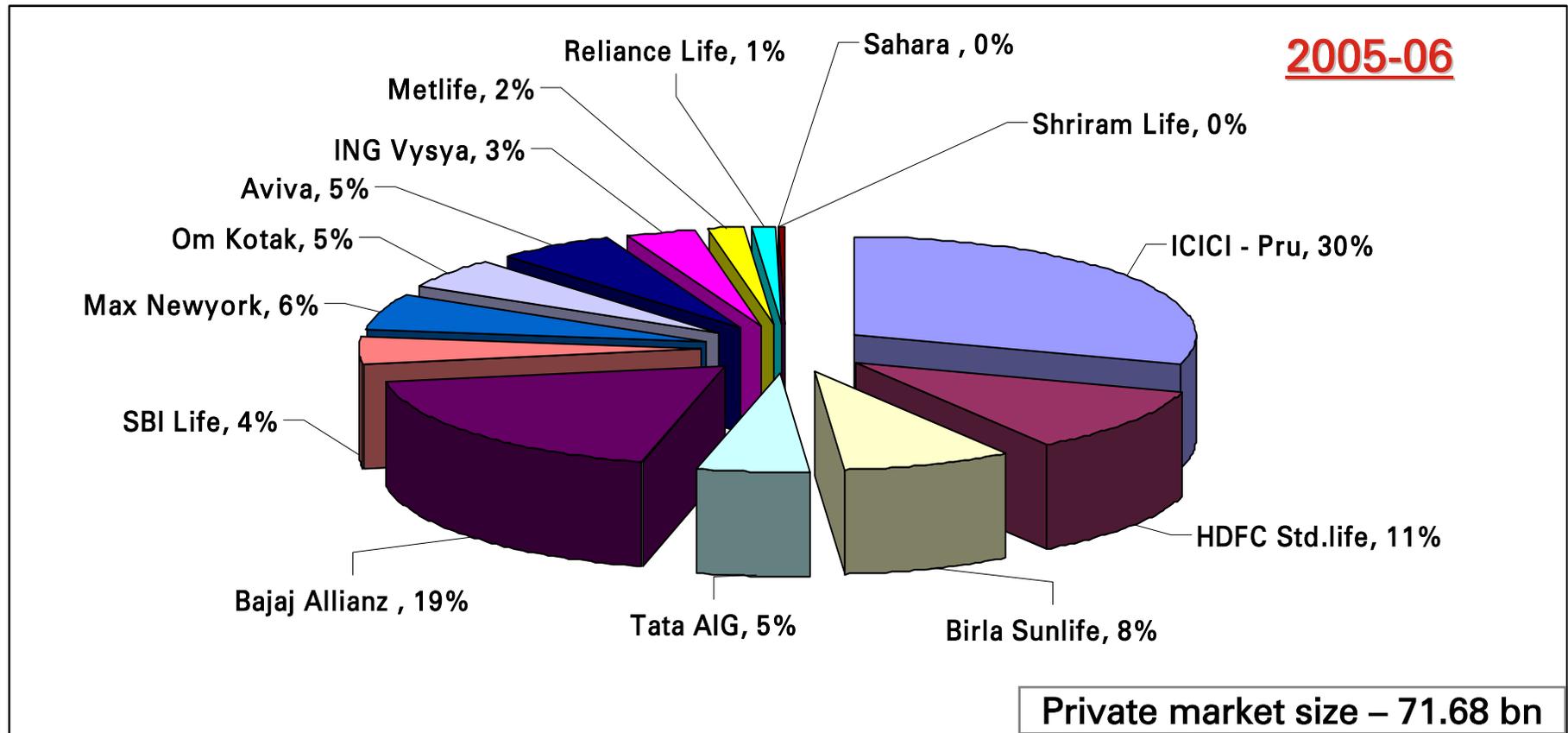
Life Industry growth driven predominantly by Private Insurers



ICICI Pru Life has garnered an overall market share of 10% in FY 06 of the total market size of Rs. 209.89 bn

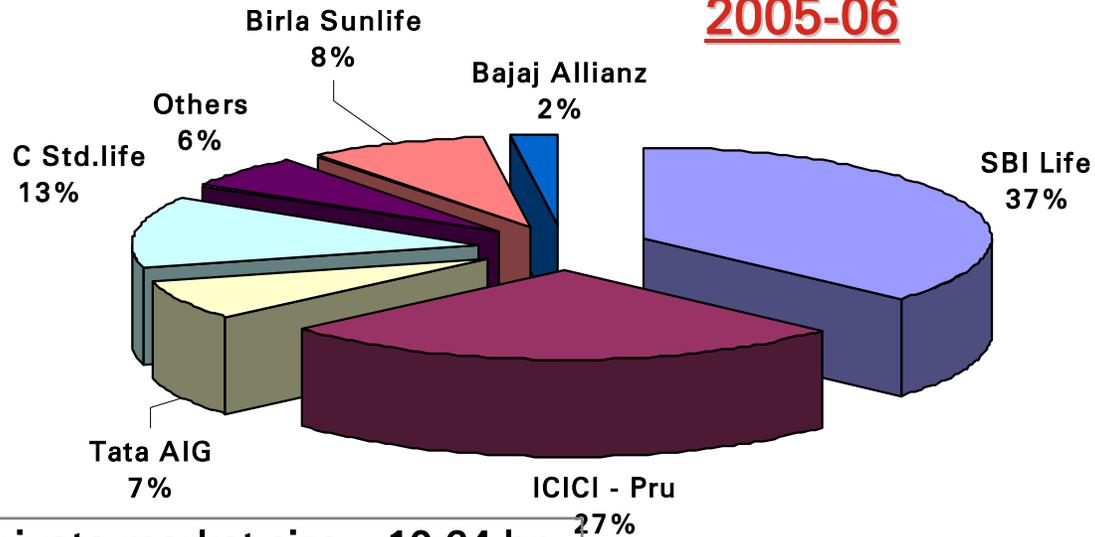
Market Update – *Private Retail Market*

ICICI Prudential continues to be No. 1 amongst the private insurers



Market Update – *Private Group Market*

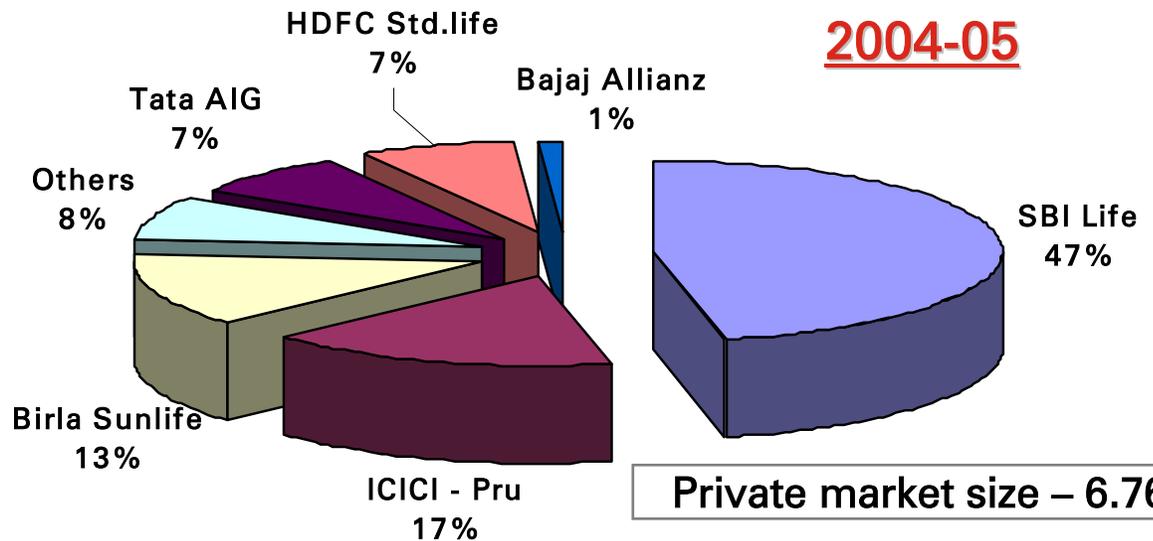
2005-06



Private market size – 10.64 bn

From # 6 to # 2 in the private market, despite delayed entry

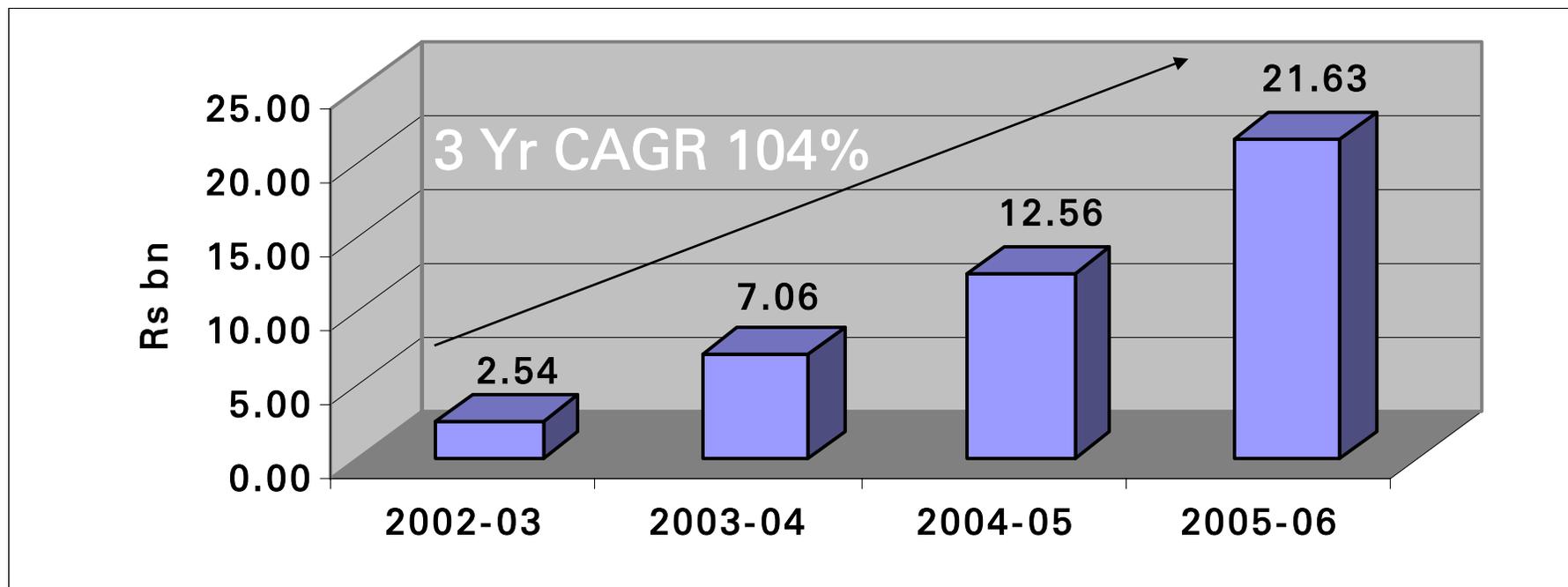
2004-05



Private market size – 6.76 bn

Robust growth in New Business over the last 4 years

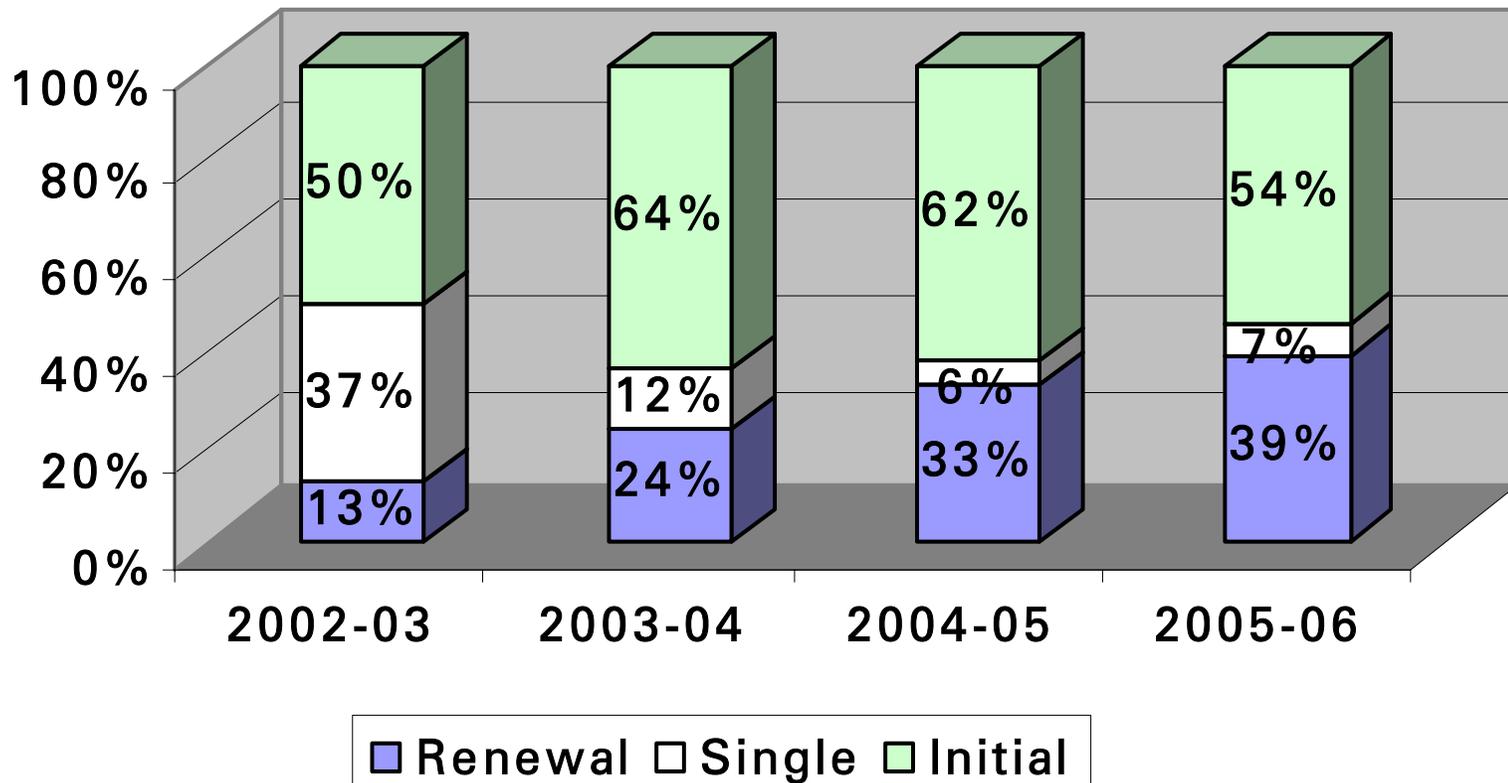
72% Y-O-Y growth in New Business APE *



* Annualised Premium Equivalent

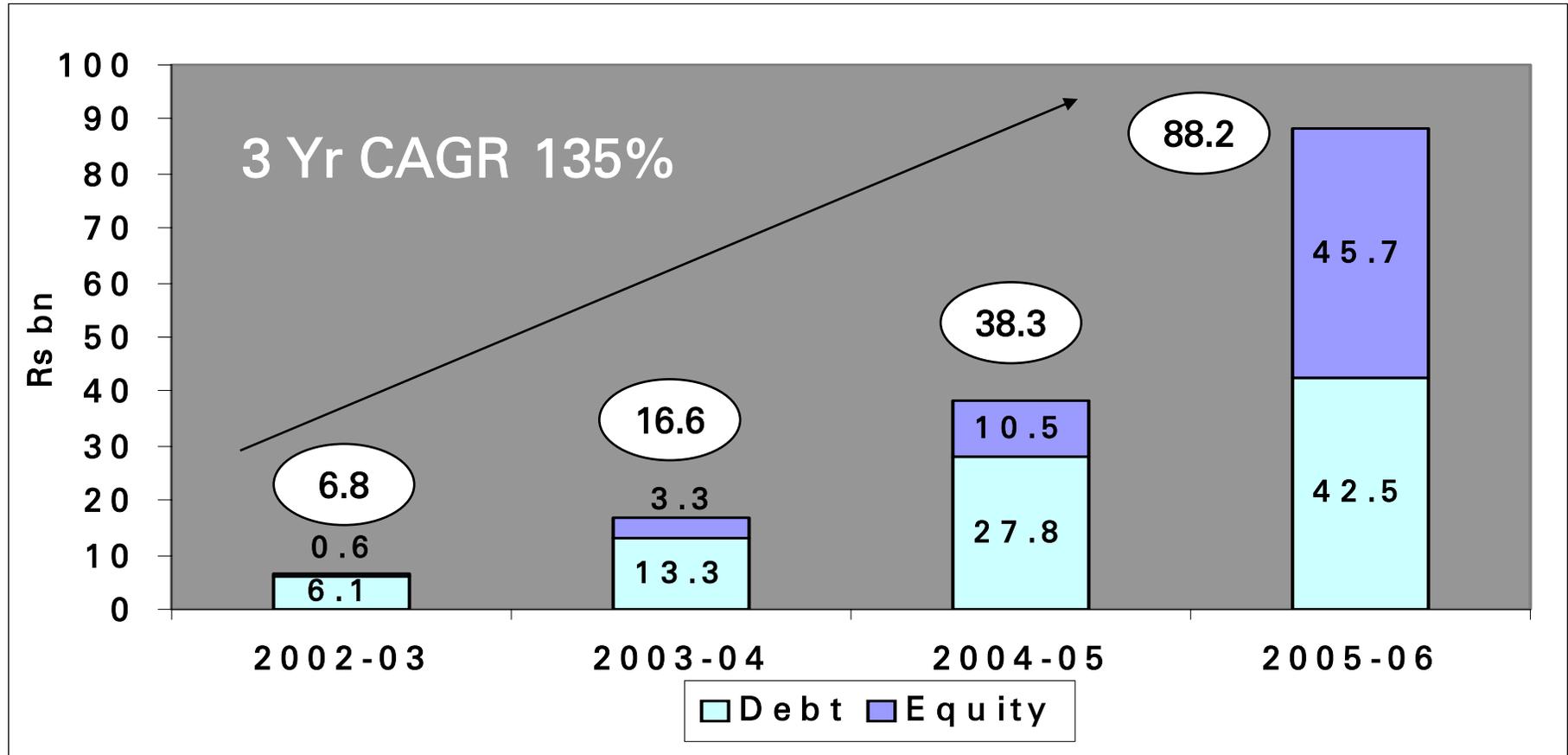
Building strong renewal stream...

Increasing proportion of renewal premiums creating long term value

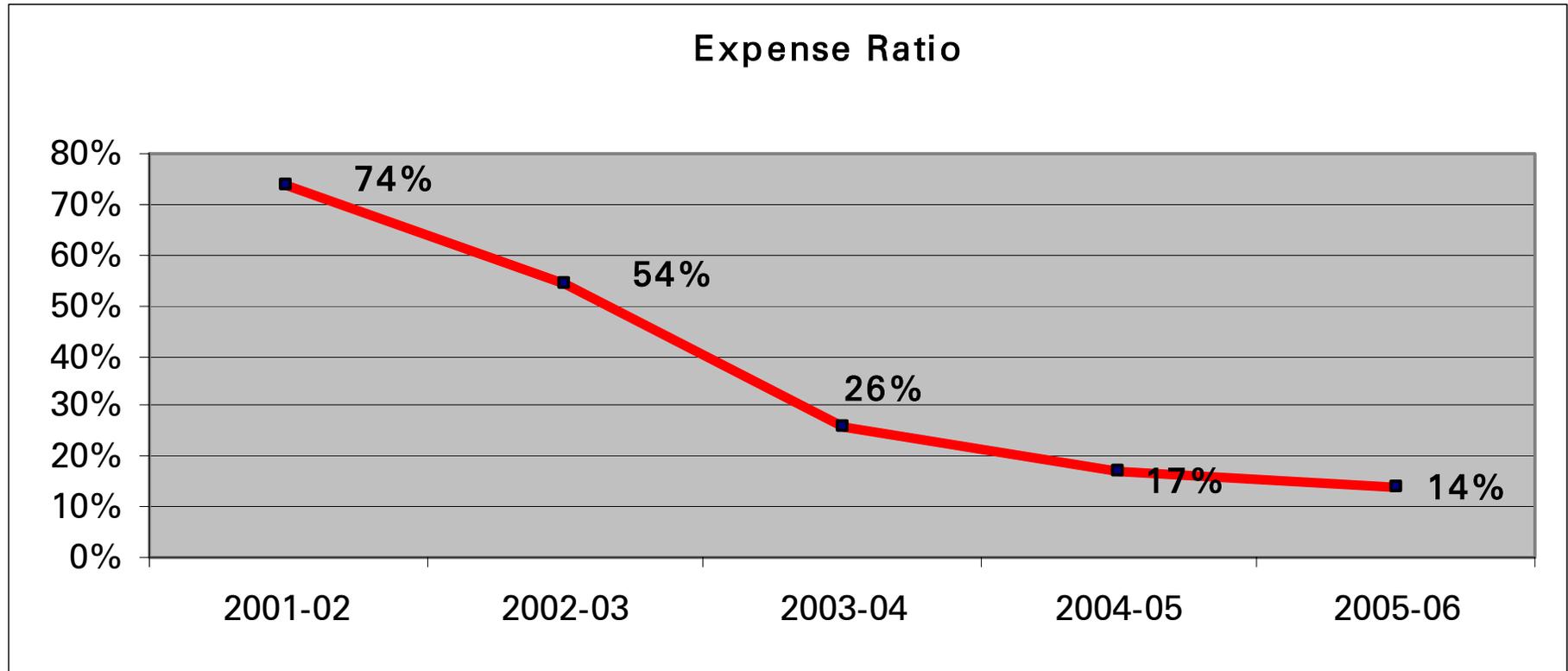


Robust growth in Funds under Management

Largest Fund operations in the Private Life Insurance Industry



Volumes driving down expense ratios



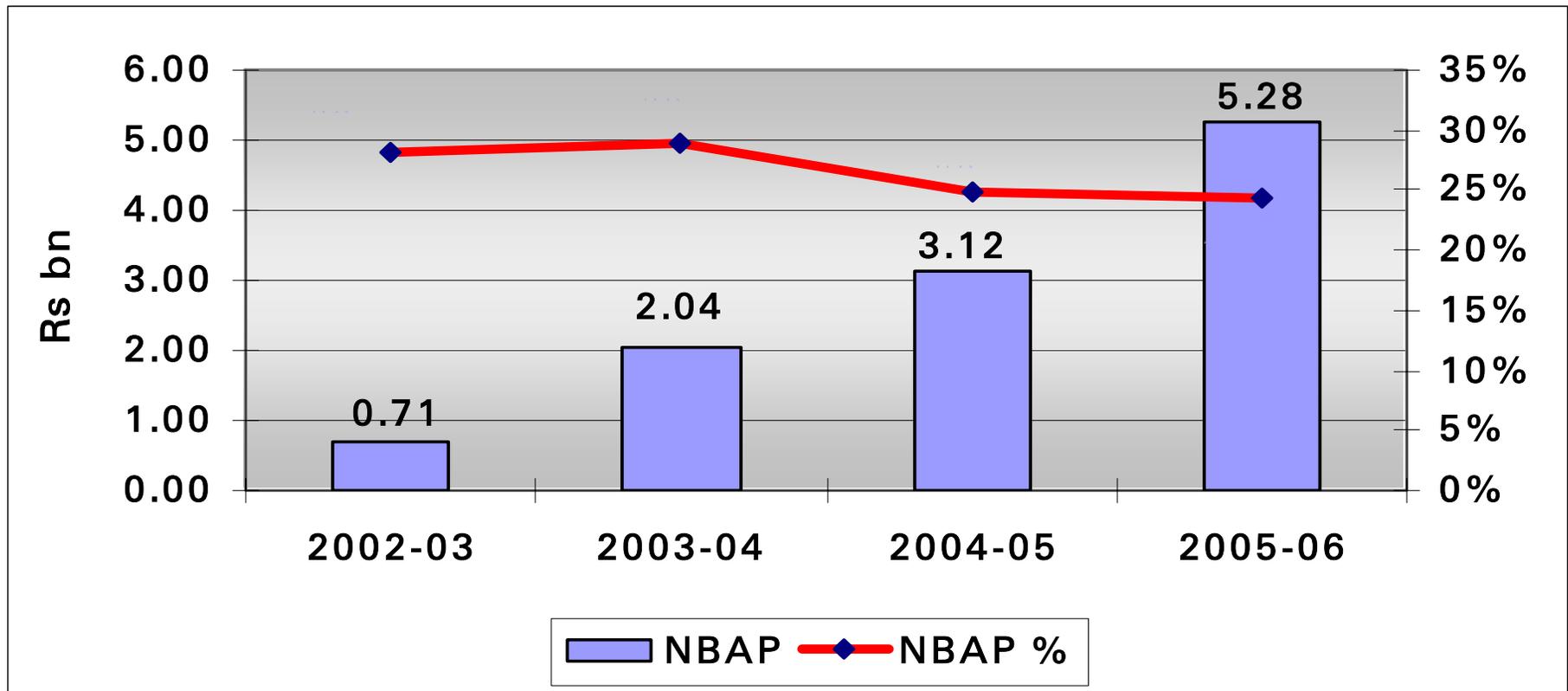
Expense ratio = Operating Expenses / (Total Premiums less 90% of Single Premium & 50% of Limited Pay products)

Financial Summary 05-06

Particulars (INR bn)	FY 2005 Actual	FY 2006 Actual	Y-o-Y Growth
Premium Income	23.63	42.60	80%
- New Business Premium	15.84	26.02	64%
- Renewal Business Premium	7.79	16.57	113%
Linked Charges Income	0.48	1.24	158%
Investment Income	0.67	0.85	27%
Commission & Acquisition Cost	(2.85)	(4.96)	74%
Operating Expenses	(3.54)	(5.04)	43%
Claims/Benefits	(0.18)	(0.38)	117%
Fringe Benefit Tax		(0.06)	
Transfer to Reserves	(20.42)	(36.28)	78%
Surplus/(Deficit)	(2.19)	(2.03)	
Deferred Tax Credit	0.11	0.16	
Statutory Profit / (Loss)	(2.08)	(1.87)	

Value creation – 69% NBAP growth in 05-06

NBAP=NPV of all future streams of profit generated from new business based on set of assumptions as to future experience



We have been consistently disclosing NBAP and its assumptions

Multiple variables impact NBAP

- **Point of Sale factors**
 - Product Mix
 - Age / Term / Sum Assured combinations of policies sold
- **Economic Assumptions – not in management control**
 - Inflation
 - Investment Income
 - Risk Discount Rate
- **Non-economic assumptions – in management control**
 - Expenses
 - Lapses
 - Mortality and Morbidity

NBAP Assumptions & Sensitivity

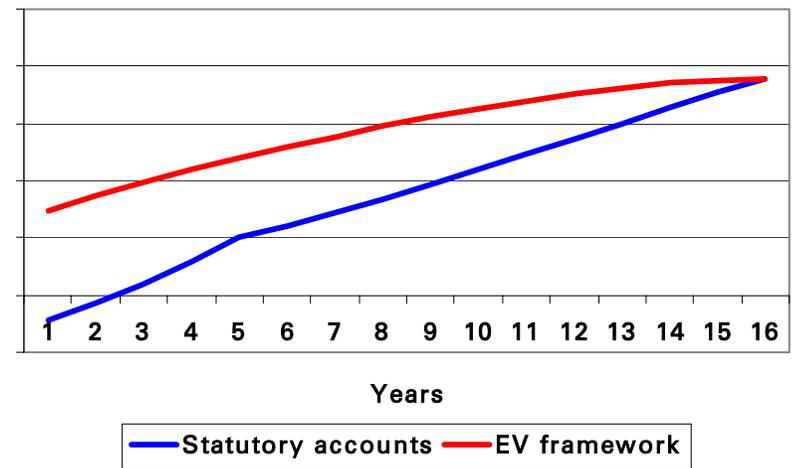
Key Economic Assumptions	2004 - 2005	2005-2006
Investment returns by asset class		
G-Sec(MT)	6.60%	7.45%
G-Sec(LT)	7.15%	7.75%
Corp Bond	7.00%	7.45%
Equities	13.00%	13.00%
Cash	4.75%	6.25%
Inflation	5.00%	5.00%
Tax rate	14.025%	14.025%
Risk Discount Rate	13.00%	13.00%

(Rs Million)	Base Case	+1%	-1%
Investment Income	24.4%	26.2%	22.7%
Risk Discount Rate	24.4%	22.1%	26.9%

Embedded Value framework - an assuring barometer

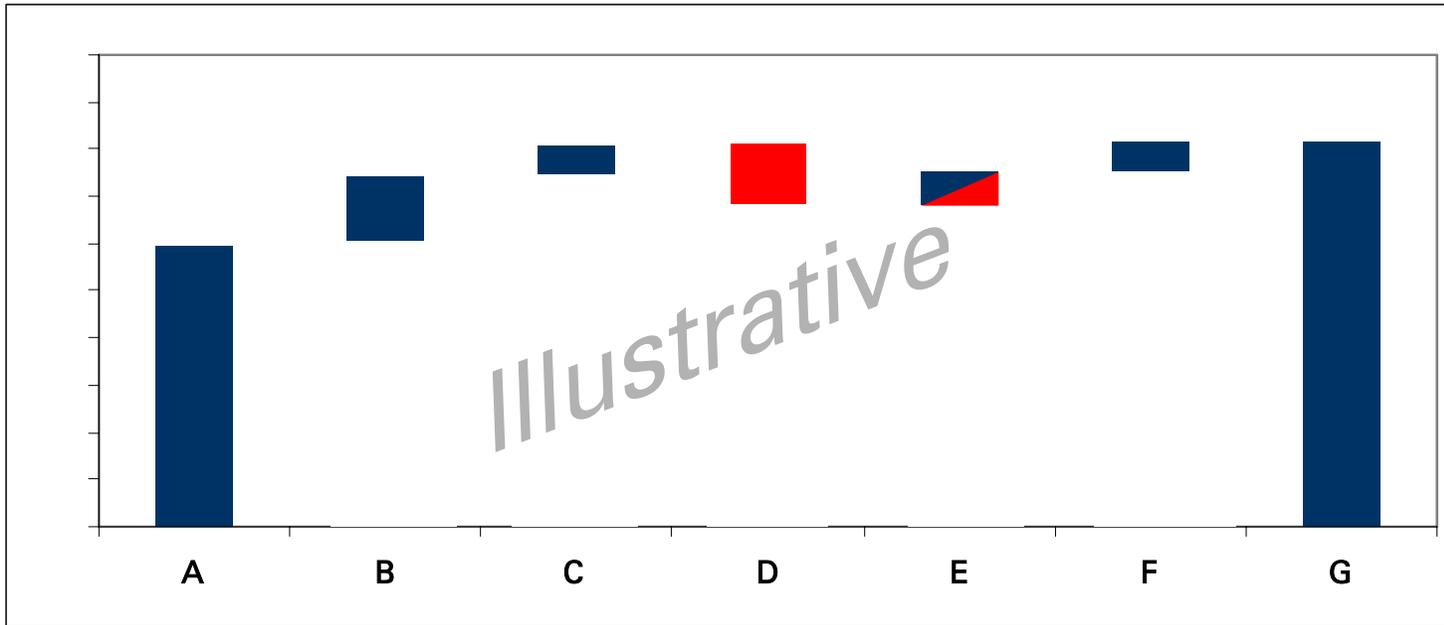
- Embedded value = Value of in force business + Net worth
 - Computed on present value of future profits from in-force policies on best long term assumptions for experience
 - Experience variances indicate the extent to which management is managing the business effectively
 - Factors a mix of economic and non-economic assumptions on best estimate basis

- Over the life of the policy profit recognized under statutory reporting will be the same



Change in Shareholder Value

EV along with the statutory accounts will set the highest disclosure standards in the life industry addressing various stakeholders



	Change in Shareholder Value
A	Opening Embedded Value
B	New business profit
C	Unwind of discount
D	Experience variance & changes in assumptions
E	Short-term fluctuations in investment return
F	Net shareholders fund movement
G	Closing Embedded Value

Components of the year's additional Profit (New business + in-force)

Building insights - From assumptions to experience

The Embedded Value (EV) framework captures and analyses actual experience on NBAP assumptions

Rs bn	FY 2006
New business achieved profit	5.28 (A)
Add : Operating profit from business in-force	
Unwind of discount	x
Experience variances, including change in assumptions	(x)
Operating in-force profit	(B)
Short term fluctuations in investment returns	(C)
Profit (change in embedded value excl. S/H fund movement)	A+B+C

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Our strategy

Scale

- Focus on network expansion – double the reach

Distribution

- Segmented approach to improve Sales force productivity
- Strong relationships in partnership distribution

Customer

- Focus on needs based selling
- Product Offerings for pensions and health

People

- Leadership and capability development
- Top talent management

Disclosures

- Enhanced business understanding and reporting

Key challenges

Scale

- Communication
- Productivity management

Operations / Processes

- Cash Management and Banking facilities
- Point of presence service delivery
- Compliance – Eg. AML guidelines, effective Aug 1

Customer

- Mis-selling – Multi lingual communication

Profitability

- Increased no. of players and competitiveness
- Disclosures on financial and business parameters



Thank You
