



 **ICICI Lombard**
Aapka Plan B

Annual Report 2011-12

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Forward looking statement

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward looking statement, whether as a result of new information, future events or otherwise.

Celebrating 10 YEARS of Success

At ICICI Lombard General Insurance Company Limited, as we complete the 10th year of operations, we are re-imagining performance by focusing on growth and zealously striving for underwriting profits, which would be achieved by keeping customer-centricity as its core value.

To embody this philosophy in the organisation, we have redefined and reinvented processes and practices to deliver on the customer's expectations, with a resolute focus on value creation.

Our journey for value creation begins with becoming a deeply customer-centric organisation by identifying the three pillars of customer-centricity. We aim to keep the customer at the core, define and deliver on our promises and implement reliable levels across all customer-facing processes. This will strengthen the foundation for sustainable growth and realisation of the long-term vision of our organisation.

Empowering the Customer

Keeping the spirit of customer-centricity in focus, we have simplified our processes and made them more customer-friendly. While we made insurance purchase an effortless task, we also provided customers the power to intimate and track their claims through a wide array of touch points.

Superior Customer Experience

We have kept the customer in focus and have continuously improved the quality of the experience through assessment of the various customer interaction points. This has helped us achieve high levels of efficiency and consistency of servicedelivery. In line with the spirit of superior customer experience, we constantly solicit feedback from customers to continuously improve the experience.

Delivering the Promise

The moment of truth for any customer is at the time of a claim. As a vital element of the tangible customer-centricity initiative, ICICI Lombard has built up a robust in-house claim settlement mechanism which ensures customer ownership, enabling timely and hassle free processing of claims while ensuring superior customer experience.

Value Creation for over a Decade...

ICICI Lombard General Insurance Company Limited is a 74:26 joint-venture between ICICI Bank, India's second largest bank with an asset base of USD 93 billion and Fairfax Financial Holdings, Canada based USD 30 billion financial services company. Over the years, we have emerged as the market leader amongst private players in the Indian General Insurance industry.

To address customer requirements, we offer a wide range of services across diverse segments. The focus has been to introduce innovative products which match the exact customer needs. We pioneered the concept of Weather Insurance in India. We have also worked closely with the Government of India to implement innovative Mass Health schemes. Our main products across the retail and corporate space include:


- ▶ Motor Insurance
- ▶ Health Insurance
- ▶ Personal Accident Insurance
- ▶ Travel Insurance
- ▶ Home Insurance
- ▶ Liability Insurance
- ▶ Fire Insurance
- ▶ Engineering Insurance
- ▶ Marine Insurance
- ▶ Aviation Insurance

We have been assigned rating of **iAAA** by **ICRA** for a fundamentally strong position and the highest claim paying ability for the fifth consecutive year.


Worldwide Recognitions

- ▶ Frost & Sullivans' 2011 Voice of Customer Choice Award for Overall Best Vehicle Insurance Company
- ▶ The Customer and Brand Loyalty Award at the 5th Loyalty Summit, 2012
- ▶ ASTD BEST 2011 Award by the American Society for Training & Development (ASTD) for ICICI Lombard's efforts and approach towards learning and development
- ▶ Golden Peacock Innovation Award 2011 for Rashtriya Swasthya Bima Yojana
- ▶ Skoch Financial Inclusion Award 2011 in the micro finance category

Quick Facts

 **₹ 53,583 million**
Gross Written Premium (GWP) as on FY 2012

 **7,574,172**
Policies issued in FY 2012

 **4,339,459**
Claims settled in FY 2012

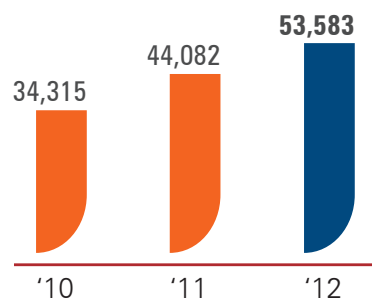
 **7,208**
Head count

 **311**
Pan-India branches as on FY 2012

Financial Highlights

Revenue Growth

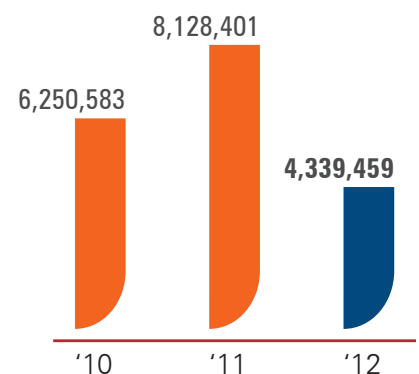
(Gross Written Premium ₹ in million*)



* Excluding Motor TP inward

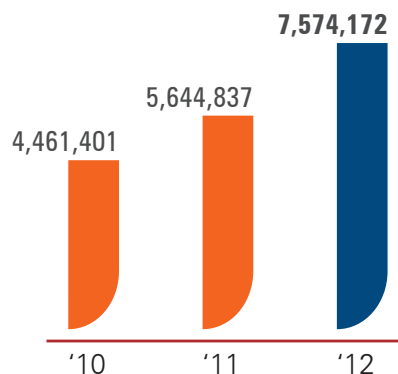
Claims Settled

(Number of Claims Settled)



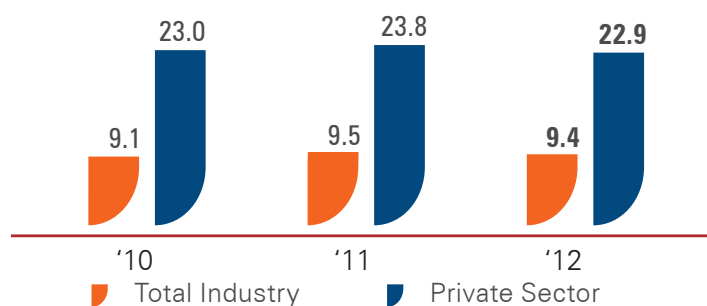
Policy Growth

(Number of Policies Sold)



Market Share

(%)





▶ OUR BEGINNING

Our journey commenced in FY 2001, following the entry of private players in the Indian General Insurance sector in FY 2000. Since then, we have scripted a success story and adapted proactively to the prevailing market conditions.

2001 - 2002



PRODUCT INNOVATION

To encompass the uncertainties faced by the Indian farmers, we pioneered an index based insurance product - Weather Based Crop Insurance Scheme (WBCIS). This scheme has been successfully adopted in 11 states, covering as many as three million farmers till date.

2002 - 2003



Chairperson's Message

➤ The General Insurance industry globally is expected to grow at a CAGR of 4.3% from FY 2010-2015, compared to a CAGR of 3.7% for FY 2006-2010.



Dear Shareholders,

The global economic scenario continues to be uncertain and volatile. While the United States is showing signs of recovery, other developed markets continue to face significant challenges as they try to balance growth and fiscal sustainability. Emerging markets are becoming increasingly important as drivers of global growth. The Indian economy witnessed a moderation in growth in FY 2012, but continues to be among the fastest growing economies globally. While global and domestic

factors have created some challenges and volatility, India's strong domestic fundamentals driven by its demographic advantage, consumption growth and investment potential would support sustained growth over the medium to long-term.

The General Insurance industry globally is expected to grow at a CAGR of 4.3% from FY 2010-2015, compared to a CAGR of 3.7% for FY 2006-2010. Although there has been a growth in premium income for the industry, it has not reflected in


The Company's gross written premium for FY 2012 was ₹ 53.58 billion, a growth of 22% over the previous year.

enhanced profitability. Investment returns are a significant proportion of global general insurers' profits, and growing this profit stream has been challenging in a sustained low interest rate environment and amid significant volatility in fixed income and equity markets. In addition, natural catastrophes have impacted the performance of the General Insurance sector.

India presents a compelling story of optimism in the General Insurance sector, demonstrating significant growth potential. The current penetration is low, at 0.7% of GDP, compared to 1.3-2.3% in emerging markets and 3-5% in developed markets. Given India's economic growth potential, driven by growing household incomes as well as the need for investment in capacity creation across several sectors, the demand for both retail and corporate products is likely to increase. With the growing focus on financial inclusion and the emphasis on the need to expand access to health insurance and micro-insurance in the semi-urban and rural areas, a large bottom of the pyramid opportunity is also emerging.

Against this backdrop, ICICI Lombard has achieved robust growth and sustained its market leadership in a competitive environment. The Company's gross written premium for FY 2012 was ₹ 53.58 billion, a growth of 22% over the previous year. The Company continues to capitalise on the growth opportunities in the insurance sector, with a focus on transparency and process efficiency to deliver value to customers. The Company leverages technology extensively to enhance efficiency and service quality. The

Company has made significant progress in financial inclusion, providing access to insurance to the disadvantaged sections of the population.

The profitability of the General Insurance industry in India has been significantly impacted by the increase in the mandated loss rates on the motor third party pool by the Insurance Regulatory and Development Authority. The impact of the above on ICICI Lombard was ₹ 6.85 billion. Going forward, the dismantling of the existing pool and the shift to a declined risk pool would enable individual insurers to leverage their own risk management capabilities to undertake this segment of business in a profitable manner.

We have completed a decade-long journey of innovation and entrepreneurship in the General Insurance industry. Our focus has always been to cater to the evolving needs of our customers with diverse products and high quality services. This approach has helped us achieve sustained industry leadership in the private sector. We will continue to invest in robust underwriting, cost-effective distribution and scalable service architecture to further strengthen our franchise. Our vision is to emerge as a globally admired risk solutions organisation, creating sustainable value for all stakeholders.

Chanda Kochhar

Chairperson
ICICI Lombard GIC Limited



Message from the Chairman, Fairfax Asia

Dear Shareholders,

It is my pleasure to convey very best wishes on behalf of Fairfax Financial Holdings Limited and Fairfax Asia Limited to all the members of ICICI Lombard on successful completion of eventful 10 years of operations in the Indian General Insurance industry. In the preceding 10 years, we have been witness to the many challenges faced by the Company and also great opportunities that have arisen which strengthened our partnership with ICICI Lombard and encouraged us to continue the journey together. Let me take this opportunity to share a few perspectives on the Company's operations and the way we see the future unfolding before us.

Emerging economies of the world spearheaded by BRICS countries (Brazil, Russia, India, China and South Africa) are now driving the global economic growth, as the developed economies of the West are seeking new paradigms of economic stability amid a recessionary environment. During FY 2011-12, the developing countries remained the engines of growth and significant economic activity worldwide. The reasons are not difficult to comprehend: considerable sections of the

population (the so-called middle classes) in these countries are now finding opportunities to elevate their quality of life and aspire for products and services, which remained outside their reach even a few years ago.

The Indian economy, in particular, has made rapid strides of economic growth and social well-being by virtue of robust socio-economic policies. Growth in India is becoming more inclusive, more participatory, enhancing business opportunities across multiple sectors, including the insurance industry. Operating in a very competitive business environment, ICICI Lombard has once again been able to maintain its leadership in the private General Insurance sector in India, reaffirming our faith in the organisation.

India's General Insurance industry grew at an impressive rate of 23%, against Emerging Markets as a whole growth rate of about 8.9% and the global average growth rate of about 1.8%. This information reflects one fundamental reality: that the Indian non-life insurance market has considerable vibrancy and potential to grow, and being

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