



Annual Report 2011-2012

Securing Lives, **Simplified**



Overview

about us

ICICI Prudential Life Insurance Company Ltd is a joint venture between ICICI Bank, India's premier financial powerhouse, and Prudential plc, a leading international financial services group headquartered in the United Kingdom. ICICI Prudential Life was amongst the first private sector life insurance companies to commence operations in December 2000 after receiving approval from Insurance Regulatory Development Authority (IRDA). ICICI Prudential Life's capital stands at ₹ 47.91 billion (as of March 31, 2012) with ICICI Bank and Prudential plc holding 74% and 26% stake respectively.

Commitment to customers is at the core of every aspect of the company's initiatives, be it product development, distribution, the sales process or servicing and claims settlement. Product development is undertaken basis thorough research and understanding of the needs of customers'. For over a decade, ICICI Prudential Life Insurance has maintained its focus on offering a wide range of flexible products that meet the needs of the Indian customer at every stage in life. This has ensured that the various products offered by the company strategically fit into the financial plan of the customers and helps them achieve their various long

term financial goals. In addition, ICICI Prudential Life also has a comprehensive multichannel distribution network spanning various geographic and income segments to ensure that its products and services are accessible to customers.

ICICI Prudential Life Insurance has been helping customers meet their long term financial goals by adopting an investment philosophy that aims to achieve risk adjusted returns over the long term. The customer centric approach and focus on innovation has enabled the company to garner the unstinted support of its customers and thereby creating a trusted brand in the Indian life insurance sector.

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Message from the

Chairperson

The Indian economy has strong fundamentals that are expected to support sustained growth over the medium to long term. The key factors supporting our growth are the demographic advantage, domestic consumption demand and the potential for viable investments in infrastructure development.

Fiscal 2012 has seen considerable volatility in the operating environment with both domestic and global factors impacting sentiment. There was a moderation in economic growth in India, mainly on account of a slowdown in industrial growth. However, it is important to note that large parts of the economy like the services sector and consumption demand continue to be relatively healthy. While there are near-term challenges, the economy continues to have the potential for sustaining accelerated rates of growth in the years to come.

The financial sector in India is healthy with strong demand for financial products, a relatively underpenetrated market and a sound regulatory framework. As such, we believe that the financial services sector in India has the potential for sustained growth for several years to come, in line with the prospects of the economy.



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As a diversified financial services group, the ICICI Group seeks to participate in all areas of India's growth. Our endeavor across all companies of the ICICI Group has been to support, and indeed catalyze, India's long-term growth. Strategic and relevant adoption of technological innovations has helped us provide enhanced customer convenience as well as improve our efficiency, and continues to be a core element of our strategy.

ICICI Prudential Life Insurance Company has maintained a consistent focus on growth with profitability. It has effectively provided risk mitigation tools in the form of life insurance solutions that have enabled customers to enhance financial security for themselves and their families. It has provided an avenue to channelise the savings pool towards long term investments. I am confident

that ICICI Prudential Life will continue to build on its growth momentum and utilize technology to enhance its quality of service and engagement with its customers.

The foundation of India's economic development remains strong and we are confident that the favorable demographics of the country will provide opportunities for growth of the life insurance industry. We look forward to ICICI Prudential Life creating new benchmarks of excellence in the life insurance industry and being India's preferred life insurer.



Chanda Kochhar
Chairperson

ICICI Prudential Life Insurance Company

Message from the

Chief Executive, Prudential Corporation Asia

Prudential has been one of the UK's leading life insurance companies since it was formed in 1848 and today our subsidiary, Jackson National Life, is one of the leading providers of variable annuities in the United States and Prudential Corporation Asia is a leader across a number of very diverse markets in the region. This success comes from our ability to take a long term view and invest for the future and also our commitment to looking after our customers through ensuring they have appropriate products and receive top quality service.

I firmly believe that ICICI Prudential Life is continuing this great tradition and as I look back over the last year, I am very encouraged by the progress the business has made in continuing to strengthen and rebuild its operations following the regulatory changes introduced in 2010. Although this is always a never ending journey, I believe we are moving in the right direction helping people to meet their savings and protection needs through the purchase of regular premium life insurance policies.

Although the macro-economic conditions are challenging at the moment, there are tremendous opportunities ahead of us and ICICI Prudential Life has some significant advantages with the backing of two large and well respected shareholders, very sound financials and the vision and the commitment to deliver the best products and services to our customers.



Barry Stowe

Chief Executive, Prudential Corporation Asia



"Prudential Corporation Asia is a leader across a number of very diverse markets in the region. This success comes from our ability to take a long term view and invest for the future and also our commitment to looking after our customers through ensuring they have appropriate products and receive top quality service"

Message from the

Managing Director & CEO

Dear Stakeholders,

The financial year 2012 ended with a strong performance and the company continues to stay focused in its pursuit of 'profitable growth'. This is extremely encouraging. This was the first full year of operations since the regulator introduced positive reforms to reinforce long-term growth and sustainability of the industry. These regulatory reforms have gone a long way in underscoring the importance of life insurance as a quintessential tool to ensure protection and financial security.

We have consistently endeavoured to enhance our various product and service offerings over the years and attempted to simplify the process of providing protection and financial security to our customers. 'Securing Lives: Simplified' is at the core of our various customer-centric initiatives. Working with this motto, we have innovated and implemented several initiatives that have not only simplified the process of offering life insurance solutions to our customers but also augmented operational efficiencies for the company. We debated, defined and structured our organizational processes to 'Secure Lives' of our customers in a 'Simplified' manner. Simplicity not just enhances the quality of customer experience but translates into greater transparency and hence, builds trust. In an industry that has the element of trust as its very foundation; measures that build trust go a long way in enabling us to foster a closer relationship with our customers.



"Securing Lives: Simplified is at the core of our various customer-centric initiatives. Working with this motto, we have innovated and implemented several initiatives that have not only simplified the process of offering insurance solutions to our customers but also augmented operational efficiencies for the company"

In line with our efforts to use technology as a catalyst for increased efficiency, productivity and growth, we have intensified the adoption and effective use of technology across our various systems and processes. This has resulted in easier access and better service delivery to customers while also empowering our distributors. Technology enabled sales tools have resulted in creating capacity for our distributors to provide enhanced services while ensuring faster processing and issuance of policies to customers. Technology has been an undeniably critical element in driving operational efficiencies while enhancing customer interface and most importantly, simplifying the process of securing lives. We firmly believe that technological maturity would be a big competitive differentiation in this decade for the Indian life insurance industry.

This year has seen us intensifying our efforts and enhancing our product offerings through the online channel. Our endeavour has always been to offer our customers a balanced suite of products that cater to the financial requirements of our customers across their various stages of life. Going forward, we will continue to fortify our presence by offering a variety of products through the online medium. Offering products online has enabled us to provide unmatched convenience, service and transparency to our customers.

A critical component of our overall service bouquet is our claims settlement philosophy. Claim settlement is the last and most important service that we offer our customers. Our claims philosophy has always emphasised on helping people during their emotionally trying times by ensuring a quick, efficient and hassle-free claim settlement process. We have focused on the principle of 'First Time Right' that ensures that all relevant processing and documentation is done right the first time so that the

turnaround time for claims payment is optimum. Our endeavour is to ensure that all legitimate claims have a Turn Around Time (TAT), which will be an industry benchmark. We have made notable strides in streamlining our claims processes and will continue to focus on hand-holding and providing support to our customers in their hour of need. Our objective is to create a benchmark for claims acceptance and settlement in the industry. Similarly, our grievance management mechanism has been incorporated with additional layers of technology which ensures quick redressal.

Simplifying our various processes and systems through technological upgradation and innovation has not only enhanced our service delivery and engagement with our customers but also, increased our operational efficiency and contributed to the steady trend of profitability that we have exhibited over the last few years.

We believe in a promising future as we strive to reach the pinnacle of excellence as a customer-centric organization. We need to reaffirm our commitment to upholding the values of trust and integrity as we enter our second decade of growth, leadership and most importantly, securing lives.

We thank you for being an integral part of this growth story and urge you to join us in creating an institution of leadership and excellence.

Sandeep Bakhshi

Sandeep Bakhshi
Managing Director & CEO
ICICI Prudential Life Insurance Company

Board of Directors



Chanda Kochhar
Chairperson



Adrian O'Connor
Director



K. Ramkumar
Director



Keki Dadiseth
Independent Director



Rama Bijapurkar
Independent Director



Sridar Iyengar
Independent Director



Puneet Nanda
Executive Director



Barry Stowe
Director



N. S. Kannan
Director



Rajiv Sabharwal
Director



Marti G. Subrahmanyam
Independent Director



Vinod Kumar Dhall
Independent Director



Sandeep Bakhshi
Managing Director & CEO



Madhivanan Balakrishnan
Executive Director
up to June 30, 2012

Board Committees

Audit Committee

- Keki Dadiseth, Chairman
- K. Ramkumar
- Adrian O'Connor

Compensation & Nomination Committee

- Rama Bijapurkar, Chairperson
- Marti G. Subrahmanyam
- Vinod Kumar Dhall
- K. Ramkumar
- Adrian O'Connor

Customer Service & Policyholders' Protection Committee

- Vinod Kumar Dhall, Chairman
- K. Ramkumar
- Adrian O'Connor

Investment Committee

- Marti G. Subrahmanyam, Chairman
- N. S. Kannan
- Adrian O'Connor
- Sandeep Bakhshi
- Puneet Nanda
- Avijit Chatterjee
- Manish Kumar

Risk Management Committee

- Marti G. Subrahmanyam, Chairman
- Rama Bijapurkar
- N. S. Kannan
- Adrian O'Connor

Share Transfer Committee

- Vinod Kumar Dhall, Chairman
- Keki Dadiseth
- Sandeep Bakhshi

Directors' Report

To the Members

ICICI Prudential Life Insurance Company Limited

Your Directors have pleasure in presenting the Twelfth Annual Report of ICICI Prudential Life Insurance Company Limited (the Company) with the audited statement of accounts for the year ended March 31, 2012.

PERFORMANCE

Fiscal 2012 was the first full year of operations for the life insurance industry since the regulatory changes to product structures that came into effect from September 1, 2010. During the year, the retail new business of the industry (in weighted terms) recorded a negative growth of 4.8%. Within this, the public sector

grew 11.2% and the private sector companies as a whole had a negative growth of 23.9%.

In line with the private sector performance, the Company registered a negative growth of 23.5% during FY2012. The Company had a private sector market share of 16.1% for the year as against 16.0% for fiscal 2011.

The key metrics for year ended March 31, 2012 are summarised below:

(₹ '000)

Particulars	Fiscal 2011	Fiscal 2012
Premium income:	178,806,290	140,215,780
-New business premium	74,389,868	44,410,932
-Renewal premium	104,416,422	95,804,848
Profit/(Loss) before taxation	8,325,037	14,137,226
Provision for taxation (deferred tax)	(248,809)	(295,489)
Profit/(Loss) after taxation	8,076,228	13,841,737
Sum assured in force:		
-Basic policy	1,350,544,690	1,651,229,818
-Total (Basic+Riders)	1,737,644,341	2,082,990,383
Annualised premium equivalent (APE)	39,754,314	31,178,843
Assets held	681,504,252	707,711,056
Expense ratio*	16.0%	17.9%

* Expense ratio = Expenses (including commission and front line sales cost excluding unit expenses)/(Total premium income - 90% of single premium)