

ANNUAL REPORT
2013-14

ZINDAGI EK DIN BADLEGI

INSURANCE AAJ BADAL
RAHA HAI



INSURANCE AAJ BADAL RAHA HAI

ICICI Prudential Life has taken up the mantle to convey the positive changes in the industry to the citizens of the country through our campaign of "Insurance Aaj Badal Raha Hai - We are changing too".

The life insurance landscape in India has been constantly evolving since opening up in 2000 and is at an exciting juncture today. This journey has seen the sector transform significantly in almost all aspects be it the customer proposition, distribution approach, regulatory framework, competitive intensity or scale of the industry.

The customer proposition comprising the product offering, the buying experience and after the sales service has seen significant transformation. Life insurance products have evolved from being tax saving tools to serving life cycle financial needs of customers. Unit linked products, introduced in the last decade, became popular owing to the advantages of transparency, flexibility and enhanced control to customers compared to the conventional products category. The buying experience for the customer too has migrated towards a simpler, hassle-free process that involves customers in the needs analysis process followed by a financial plan and product advisory based on long-term goals. Use of technology has enabled faster issuances, lesser documentation and a

superior experience. The customer servicing approach has transformed from the traditional agent-branch based model to 24x7 multi-mode model using various mediums such as call centres, email, SMS etc. The distributor is also now more effective as access to information is on a real-time basis using technology.

Distribution approach for the industry has evolved to incorporate more avenues of reaching out to customers, viz. bancassurance, internet and direct channels. This is relevant considering customer preferences have themselves evolved. On the regulatory front, the focus of the regulator has been on ensuring protection of customer interests and enhancing accountability of the life insurer and distributor.

The competitive intensity has increased as the number of players increased to 24 by the end of FY2014. Insurance products today compete with other financial saving instruments such as fixed deposit and asset classes like real estate, gold etc. The scale of operations and consequently growth for the industry has witnessed two

distinct phases since opening up of the sector. In the initial few years till 2008, the focus was to expand distribution and geographical presence, increase penetration and capture market share, in this phase the industry registered a growth of 28%, life insurance penetration increased from 2.2% in 2002 to 4.4% in 2008. From 2009-2014, in the backdrop of a tough macro-economic and an evolving regulatory environment, the industry growth moderated and penetration dipped to 2.8% as of FY2014. Today life insurers are focused on efficiency and offering significantly improved product propositions. This has provided the industry an edge to compete with other financial services instruments.

Against this backdrop, ICICI Prudential Life has taken up the mantle to convey the positive changes in the life insurance industry to the citizens of the country through its campaign of "Insurance Aaj Badal Raha Hai - We are changing too". We continue to offer a superior value proposition to customer's through our comprehensive product suite, transparent approach, superior investment returns and convenient service delivery. We aim to leverage technology as a change agent to adapt to the emerging environment, become more efficient and ensure delivery of a superior proposition to our customers.

In summary, the changes in the industry have ensured that customers' interests remain the focal point which therefore augurs well for the future. Ultimately, what is good for the customer is good for the industry and for us.

CONTENTS

CORPORATE OVERVIEW

02-13

Message from the Chairperson	02
Message from the Chief Executive, Prudential Corporation Asia	03
Message from the Managing Director & CEO	04
Board of Directors and Board Committees	06
ICICI Prudential Life at a Glance	08
Offering a Superior Value Proposition	10
Enhancing the Customer Experience	12

STATUTORY REPORTS & MANAGEMENT REVIEW

14-42

Directors' Report	14
Corporate Governance	24
Management Discussion and Analysis	26
Enterprise Risk Management	38
Fostering a Winning Workplace	41
Making a Difference to our Communities	42

FINANCIAL STATEMENTS

43-338

Management Report	44
Standalone	
Independent Auditors' Report and Certificates	50
Financial Statements	54
Consolidated	
Independent Auditors' Report	302
Financial Statements	303

OTHER INFORMATION

339-343

New Business Profit Reporting	339
Glossary of Terms	340
Additional Information	343

MESSAGE FROM THE CHAIRPERSON



Chanda Kochhar
Chairperson

DEAR SHAREHOLDERS,

The Indian economy has experienced challenges in recent years due to both global and domestic headwinds. However, the intrinsic strengths of the economy as well as policy measures taken to stabilise the fiscal and current account deficits have helped to sustain optimism and confidence regarding our long-term growth potential. The decisive mandate in the recent general elections has created the space for proactive policy and administrative action to harness our growth drivers. In the coming years, India's dynamism and the existing under-penetration of financial services will provide the basis for sustained growth in the financial sector.

With extensive use of technology and a committed team of employees, we strive to be the preferred choice of customers for their protection and savings needs.

The Indian life insurance sector has evolved rapidly over the last decade. A competitive market and regulatory initiatives focused on high quality products that meet the needs of the customer have laid the foundation for future growth. In this scenario, the ICICI Prudential Life Insurance franchise continues to make excellent progress. We have built a business model based on a competitive product proposition, quality customer service and a strong distribution network. With extensive use of technology and a committed team of employees, we strive to be the preferred choice of customers for their protection and savings needs. We accord the highest importance to honouring the trust that our customers have reposed in us, not only for themselves but also for their families. We are therefore committed to ensuring that we are responsive to customer needs.

The Company achieved robust performance in fiscal 2014 due to its consistent customer-centric strategy, strong leadership and dedication & hard work of its employees. Going forward, I am confident that ICICI Prudential Life Insurance will lead the way in building a globally benchmarked business in life insurance in India.

MESSAGE FROM THE CHIEF EXECUTIVE, PRUDENTIAL CORPORATION ASIA



Barry Stowe

Chief Executive, Prudential Corporation Asia

DEAR SHAREHOLDERS,

Prudential plc has a number of market leading positions in Asia and I am very pleased that our joint venture, ICICI Prudential Life, continues to be one of these.

I am often asked about the drivers of this success in the region. Our strengths in growing and managing high quality, multi-channel distribution, together with our expertise in providing innovative solutions to our customers' savings and protection needs and delivering service excellence are all vitally important but do not tell the full story.

Our strengths in growing and managing high quality, multi-channel distribution, together with our expertise in providing innovative solutions to our customers' savings and protection needs and delivering service excellence.

What differentiates us is our passion for this business that is driven by our understanding of the unique role we have in our communities. We give families the ability to protect themselves against the financial impacts of a personal tragedy; in their darkest hours we can take at least one worry away from them.

We also take their savings and put these to work much more effectively through giving them unrivalled access to the bond and equity markets leveraging the breadth and depth of our investment management expertise. These long-term investments we make on behalf of our policyholders underpin the growth and development of the local economy which in turn benefits the communities in very positive ways.

It is a very virtuous circle that we term 'doing well by doing good'.

MESSAGE FROM THE MANAGING DIRECTOR & CEO



Sandeep Bakhshi
Managing Director and CEO

ICICI Prudential Life's focus remains on supporting delivery of elements of value to customers. The company's array of products continue to fulfil customer specific financial goals, now in a much more cost effective manner.

DEAR SHAREHOLDERS,

There are several reasons to be optimistic about the path of the Indian life insurance industry. The industry has experienced changes in regulations which we believe will provide the necessary tailwinds. The industry is more stable today and certain enablers like demographics, better product construct & customer service and consistent fund performance bodes well for the industry. Life insurance today encompasses targeted product coverage for every consumer profile and need.

We at ICICI Prudential Life are delighted to have been an integral part of the transformation that has enabled us to offer a better proposition to customers. Our focus on integrating technology in all aspects of our functioning has made it fairly easy for us to adapt to the changed business environment with a sustained focus on service delivery. In fact, the new regulations have provided an opportunity to position life insurance as a tool offering financial protection and facilitating building a savings pool for the future.

Maintaining A Customer Focus

ICICI Prudential Life's focus remains on supporting delivery of elements of value to customers. The company's array of products continue to fulfil customer specific financial goals, now in a much more cost effective manner. The Company has strengthened its customer relationships by embedding technology into all aspects of business and providing customers with a superior value proposition in terms of products, service and a consistently high claims settlement ratio. The Company has established

We have had a fair degree of success in simplifying the life insurance buying experience for customers, our endeavour is to make it as simple as opening a fixed deposit. As awareness about the new customer-friendly product structures widens, we believe that life insurance will attract a significant proportion of financial savings of the customer.

analytics and digital capabilities for a better customer experience besides data analysis and segmentation capability.

The Company recognizes the emerging digital landscape as an opportunity to retain and grow customer value. It has constantly empowered customers to take informed decisions and enhanced their participation in the buying process. It also offers a superior customer onboarding experience by ironing out the legacy challenges. The sales process is completed in a matter of minutes and can be tracked. The digital initiatives have converted every distributor with a tablet into a virtual branch thereby providing convenience to customers.

Highlights of FY 2013-14

ICICI Prudential Life has delivered good results despite a changing business environment. This has been the result of ensuring that all initiatives implemented pivoted around customers and their requirements in an efficient manner. More importantly, the digital initiatives facilitated increased productivity across the organization.

The Road Ahead

The Indian life insurance industry has just begun using technology, the benefits of which are visible. We at ICICI Prudential Life will continue to integrate sales and service channels so as to be able to provide customers with a brand-affirming experience at every touch-point. The sell-online platform has added to the existing capabilities of our distribution network to deliver

long-term value to customers with increased accountability and responsibility. Through the use of appropriate solutions we will endeavour to enrich the customer experience and provide satisfaction at every step.

We have had a fair degree of success in simplifying the life insurance buying experience for customers, our endeavour is to make it as simple as opening a fixed deposit. As awareness about the new customer-friendly product structures widens, we believe that life insurance will attract a significant proportion of financial savings of the customer. Life insurance is a long-term product and we strive to offer holistic and meaningful service to our customers and other stakeholders across the entire life-cycle.

We truly believe that life insurance has changed and this will enable us to bring a larger section of the country's population under the ambit of life insurance. We thank you for your contributions in our journey to deliver value to all stakeholders.

Sandeep Kulkarni

BOARD OF DIRECTORS



Ms. Chanda Kochhar
Chairperson



Mr. N. S. Kannan
Director



Mr. K. Ramkumar
Director



Mr. Rajiv Sabharwal
Director



Mr. Barry Stowe
Director



Mr. Adrian O'Connor
Director



Mr. Keki Dadiseth
Independent Director



Prof. Marti G. Subrahmanyam
Independent Director



Ms. Rama Bijapurkar
Independent Director



Mr. Vinod Kumar Dhall
Independent Director



Mr. V. Sridar
Independent Director



Mr. Sandeep Bakhshi
Managing Director and CEO



Mr. Puneet Nanda
Executive Director



Mr. Sandeep Batra
Executive Director

BOARD COMMITTEES

BOARD AUDIT COMMITTEE

Mr. Keki Dadiseth, Chairman
Mr. K. Ramkumar
Mr. Adrian O'Connor
Mr. V. Sridar

BOARD CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

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

BOARD CUSTOMER SERVICE & POLICYHOLDERS' PROTECTION COMMITTEE

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

BOARD INVESTMENT COMMITTEE

Prof. Marti G. Subrahmanyam, Chairman
Mr. N. S. Kannan
Mr. Adrian O'Connor
Mr. Sandeep Bakhshi
Mr. Sandeep Batra
Mr. Satyan Jambunathan
Mr. Manish Kumar
Mr. Binay Agarwala

BOARD NOMINATION & REMUNERATION COMMITTEE*

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

WITH PROFITS COMMITTEE

Mr. V. Sridar, Chairman
Mr. N. S. Kannan
Mr. Adrian O'Connor
Mr. N. M. Govardhan
Mr. Sandeep Bakhshi
Mr. Satyan Jambunathan

BOARD RISK MANAGEMENT COMMITTEE

Prof. Marti G. Subrahmanyam, Chairman
Ms. Rama Bijapurkar
Mr. N. S. Kannan
Mr. Adrian O'Connor

SHARE TRANSFER COMMITTEE

Mr. Vinod Kumar Dhall, Chairman
Mr. Keki Dadiseth
Mr. Sandeep Bakhshi

* Board Compensation & Nominations Committee renamed as Board Nomination & Remuneration Committee with effect from April 22, 2014.

** Board Corporate Social Responsibility Committee constituted on April 22, 2014

ICICI PRUDENTIAL

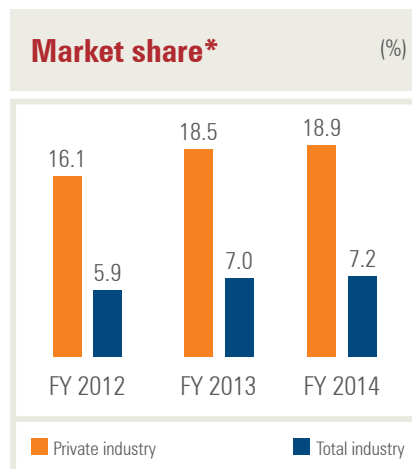
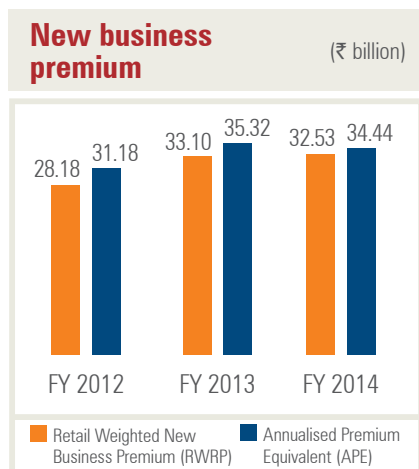
LIFE AT A GLANCE

ICICI Prudential Life Insurance Company Limited (ICICI Prudential Life) is a joint venture between ICICI Bank, India's second largest bank and Prudential plc, a leading international financial services group headquartered in the United Kingdom. ICICI Prudential Life was among the first private sector life insurance companies to enter the life insurance industry in December 2000. ICICI Bank and Prudential plc hold 74% and 26% stakes, respectively, in ICICI Prudential Life.

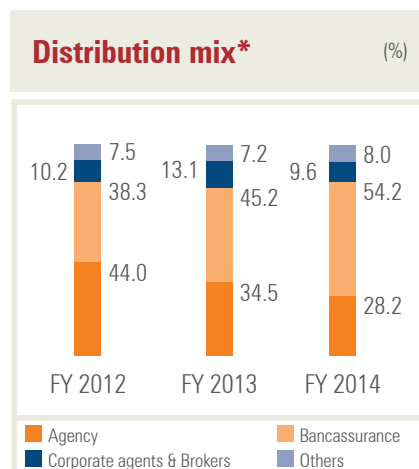
Our commitment revolves around the customer, helping them meet their long-term financial goals. For over a decade, this commitment has only grown from strength to strength.

Our strategic objectives, detailed below, are directed towards reinforcing our customer value proposition while keeping the interest of our stakeholders in mind:

- Enhance market leadership
- Provide superior value proposition to customer's
- Strengthen multichannel architecture
- Continued focus on efficiency of operations
- Superior risk adjusted fund performance
- Customer retention



*Retail weighted received premium basis



Retail weighted received premium basis



Retail weighted received premium basis