

# Max Life Insurance Corporate Presentation

**LEAD**  
**iAMTHE**  
**DIFFERENCE**

India Ke  
Bharose Ka  
Number  
**99.51%**  
Death-Claims Paid Ratio

**₹ 1 LAKH**  
**CRORE**  
ASSETS UNDER  
MANAGEMENT  
WINNING TRUST  
EVERYDAY

Ranked  
**18<sup>th</sup>**  
in India

Great  
Place  
To  
Work.  
Certified  
FEB 2020-JAN 2021  
GPTW



## SECTION I

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- ▶ Indian Life Insurance Industry so far & Looking ahead
- 

# Life insurance industry has seen multiple cycles since 2001. Structural changes in the economy have resulted in positive flow towards financial assets aiding the insurance industry

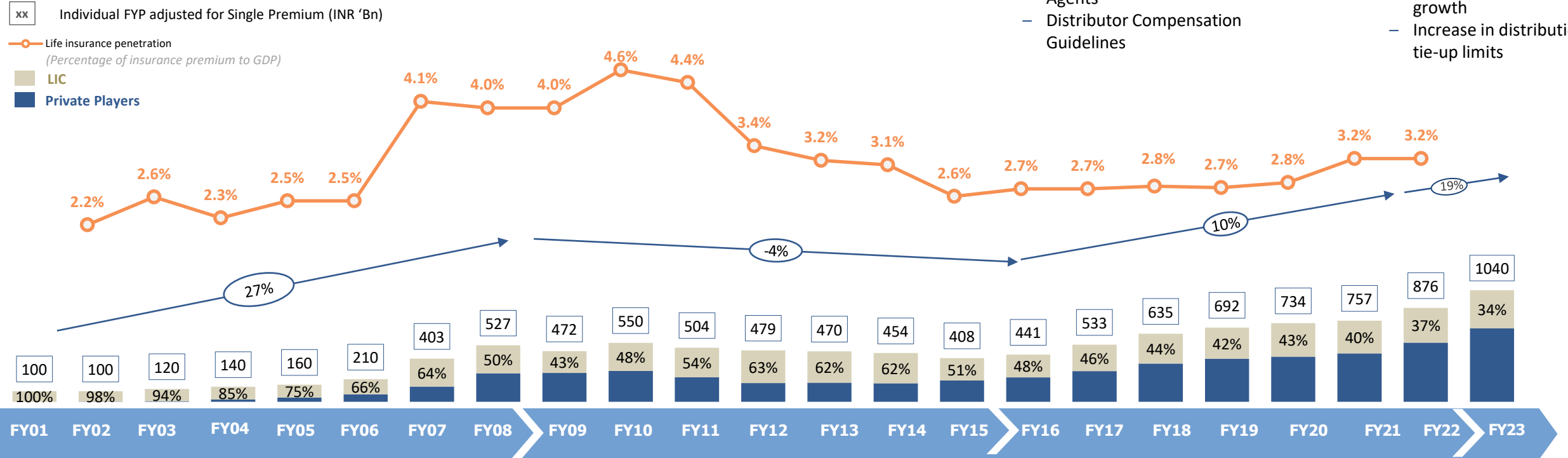


- Entry of Private Players
- Equity Bull Run
- ULIP introduced by private players

- Global Financial crisis/ Bearish Indian Stock Market
- Frequent regulatory interventions
  - New ULIP guidelines
  - New product guidelines

- Stock Market Revival
- De-monetization
- GST Implementation
- Regulations:
  - Expense of Management Guidelines
  - Open Architecture for Corporate Agents
  - Distributor Compensation Guidelines

- Regulatory sandbox
- Improved ease of doing business:
  - Use and file norms
  - Revised Expenses of Management & Commission guidelines
  - New Capital Avenues for growth
  - Increase in distribution tie-up limits



Source: IRDAI Annual Reports, League tables, Life insurance penetration is basis CY,

Life Insurance is a business of Risk Management; plays available for Life Insurers include Disciplined savings, Mortality & Morbidity and Longevity



**A**

**Disciplined savings**



**B**

**Mortality & Morbidity**

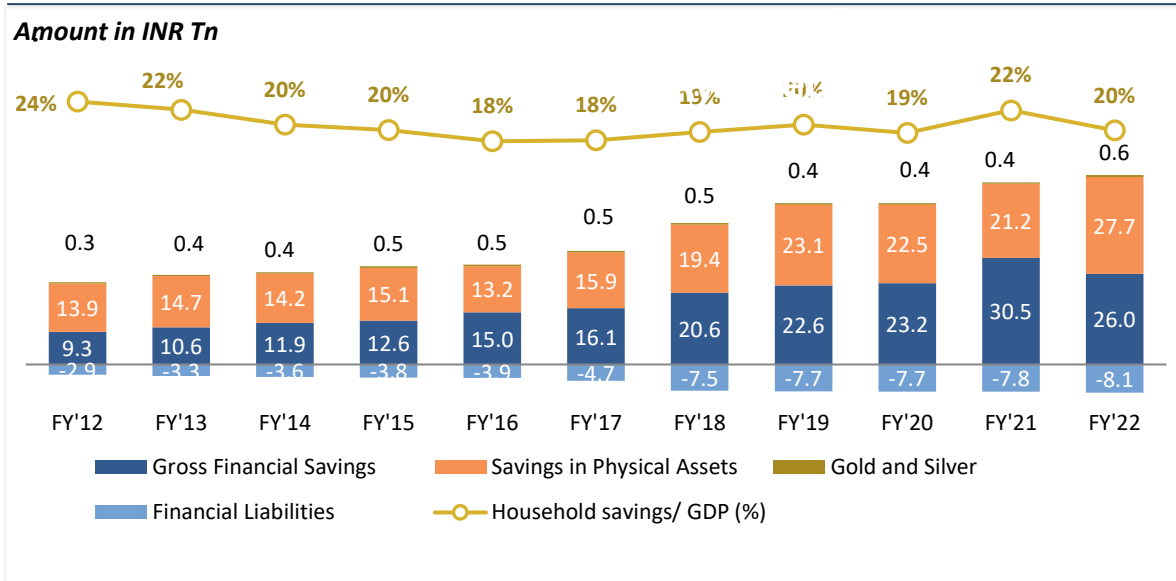


**C**

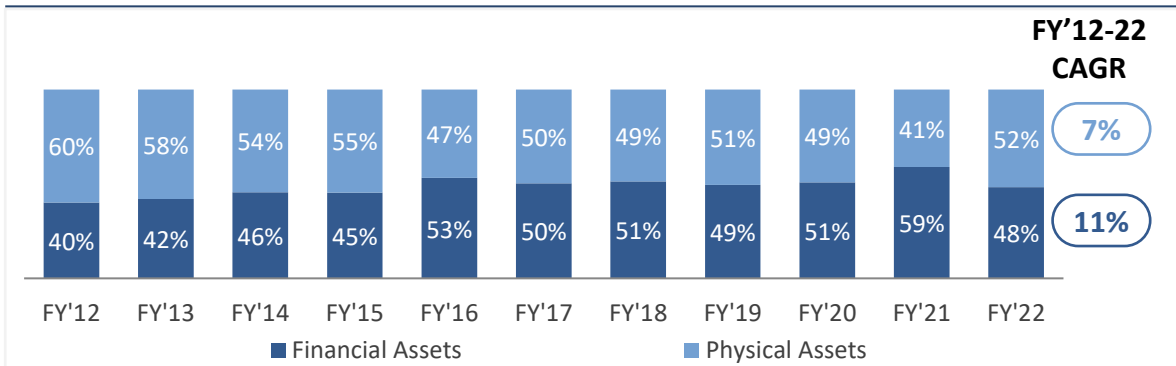
**Longevity**

# Disciplined Savings (1/3): India continues to maintain high savings culture; higher savings proportion dedicated towards financial assets. Life Insurance among the preferred asset class

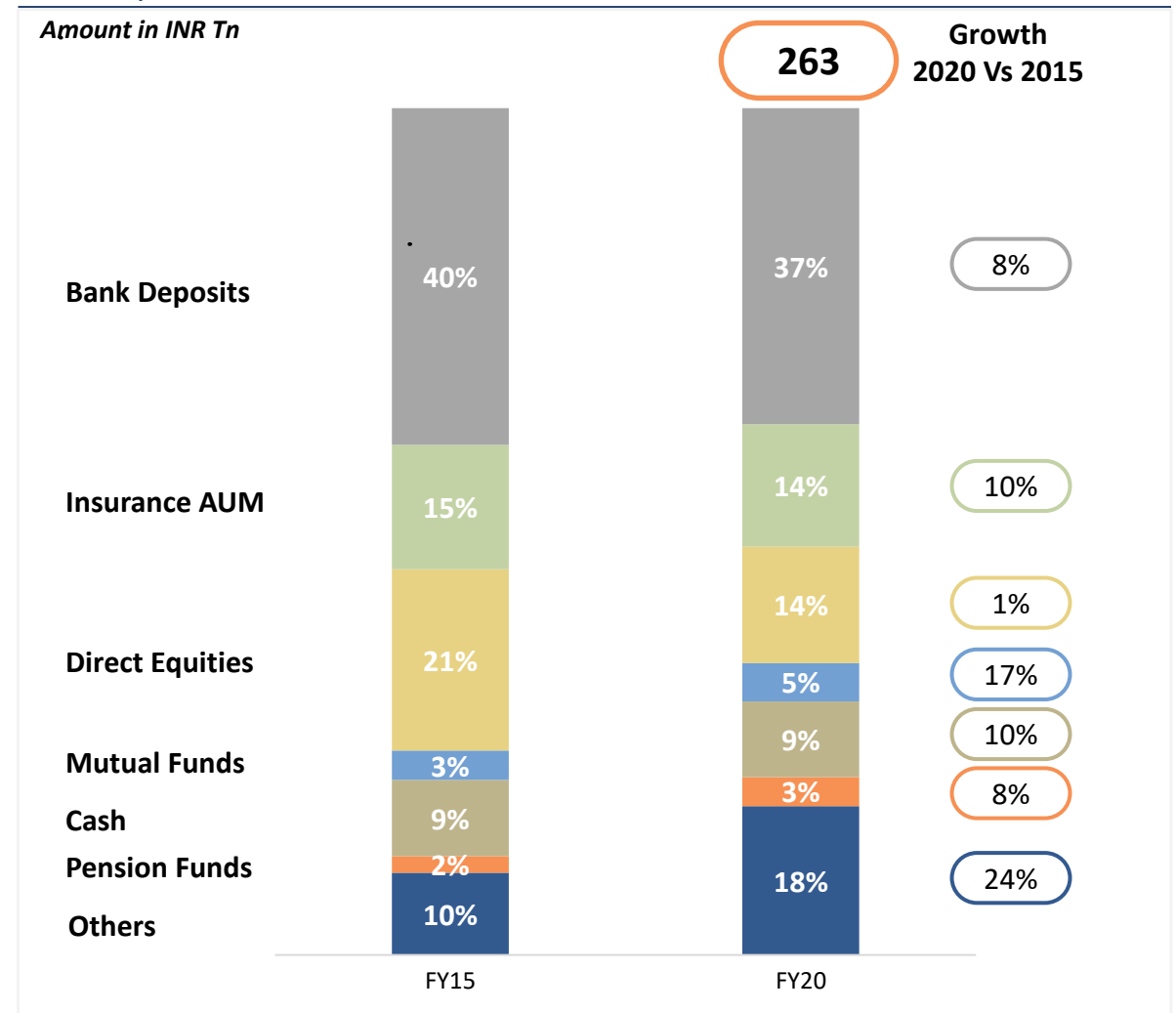
## High Savings Culture



## Household Savings flow - Growth in financial assets flow higher than physical assets flow



## Retail wealth in India - Increasing preference for avenues other than cash and bank deposits



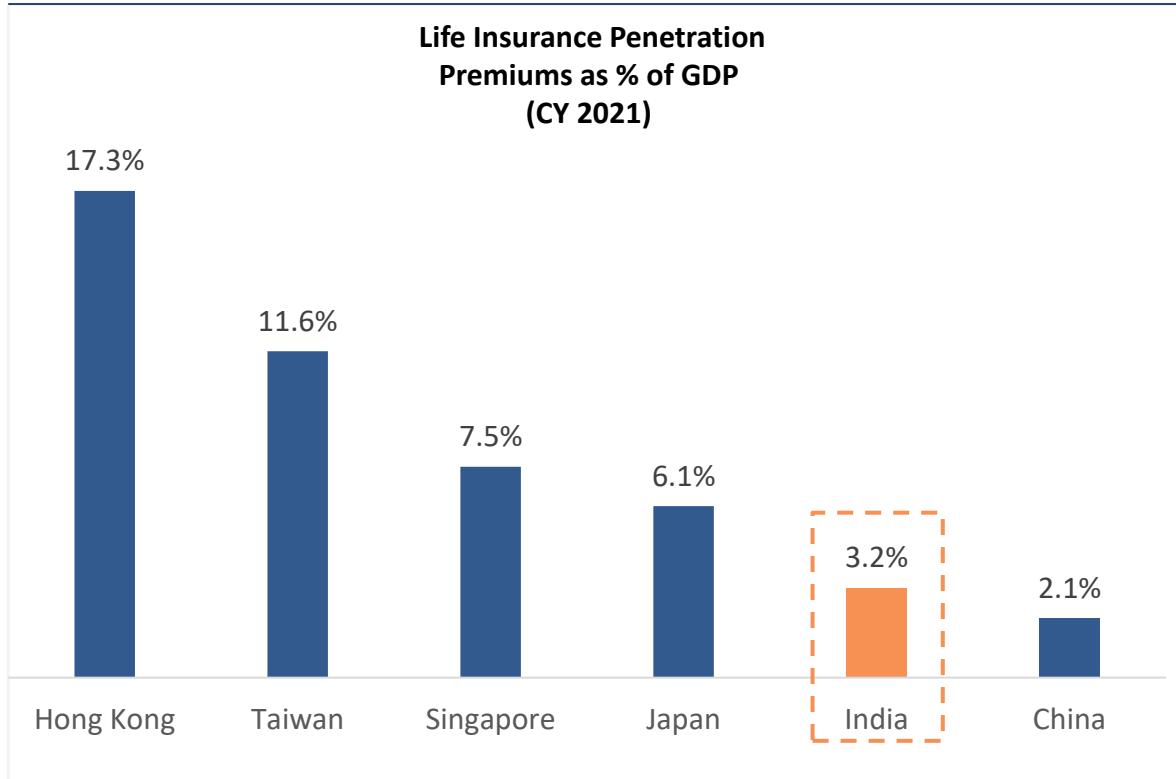
Source: Karvy India Wealth Report 2015/2016/2017/2018/2019/2020  
 Bank Deposits include FD, CA deposits, SA deposits, NRI deposits; Others primarily include unlisted equity

A

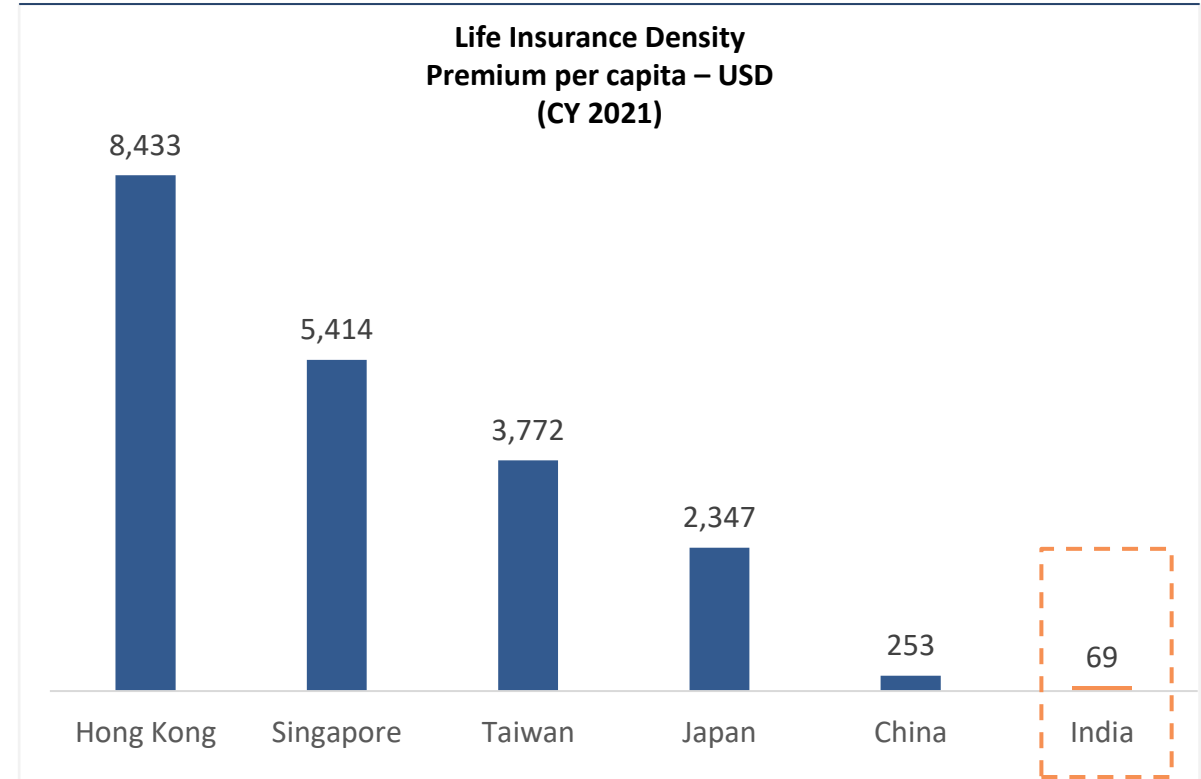
# Disciplined Savings (2/3): Significant opportunity for Life Insurance to grow in India on plank of ensuring disciplined savings over a long term – Only asset class effective in addressing the gap



India lags behind other developed countries on Life Insurance penetration



Gap between other countries and India is significant for Life Insurance density

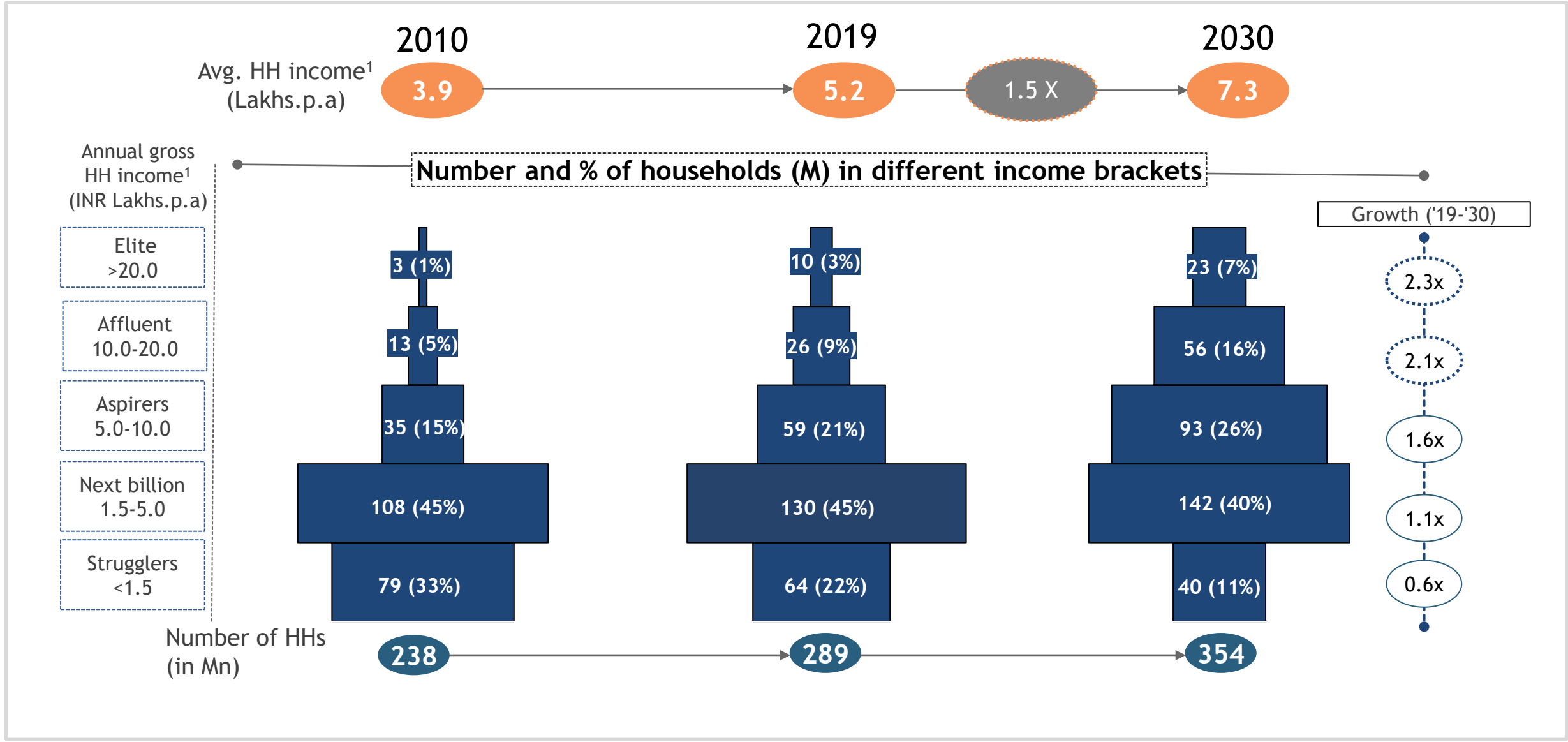


## Long Term Nature of Savings

- Life Insurance inculcates disciplined savings mind-set which help retain AUM for longer
  - For better Asset Liability management, Banks’ preference remains for shorter tenure deposits
  - Stock market volatility impacts investment in direct equities and does not ensure discipline

A

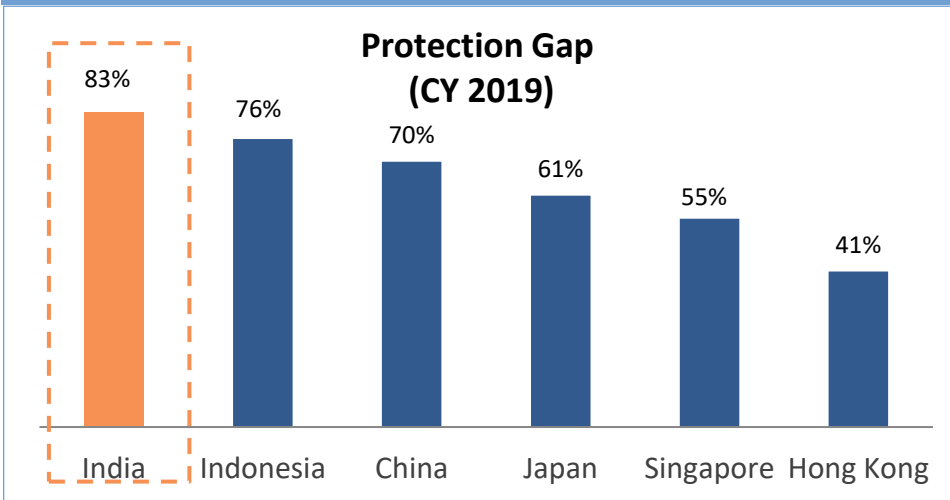
# Disciplined Savings (3/3): Improving affluence, Household income increase will continue providing impetus to the Life Insurance industry



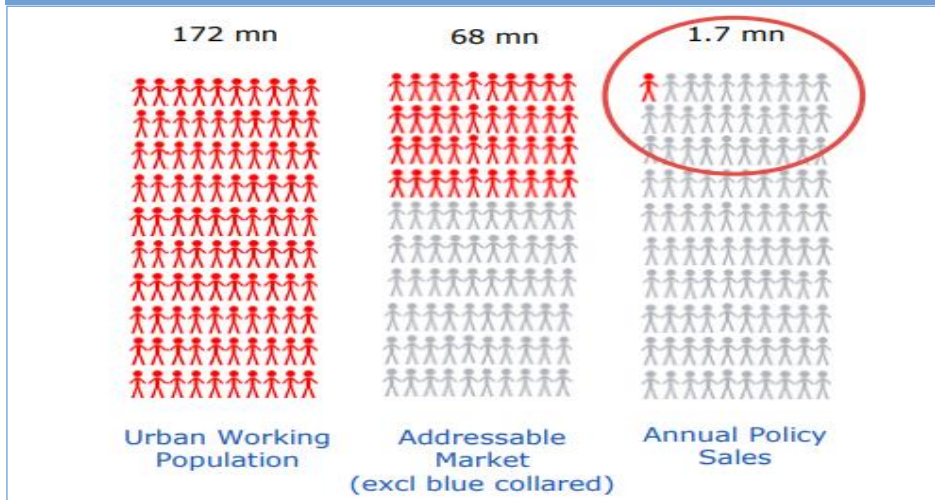
Note : 1. Annual household gross income are based on 2019 prices  
Source: BCG Analysis

# B Protection Landscape: India has the highest protection gap in Asia with low protection penetration levels; long term protection and health opportunity attractive

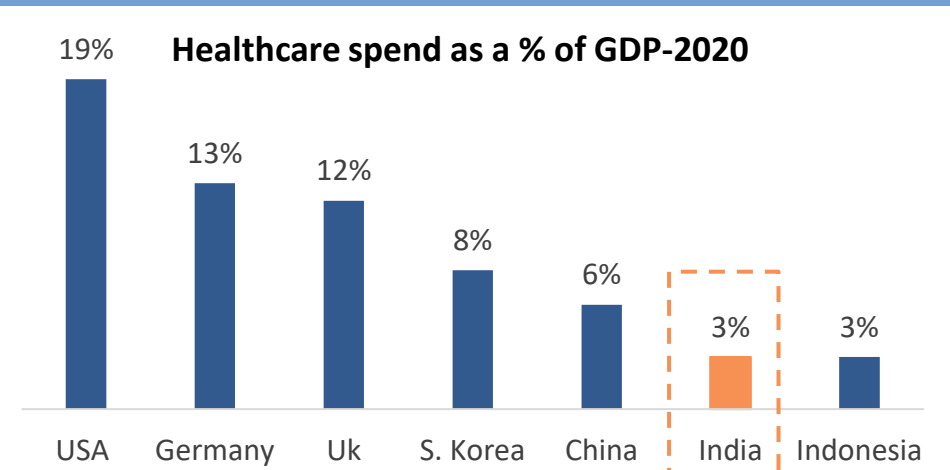
## Protection gap for India is significant



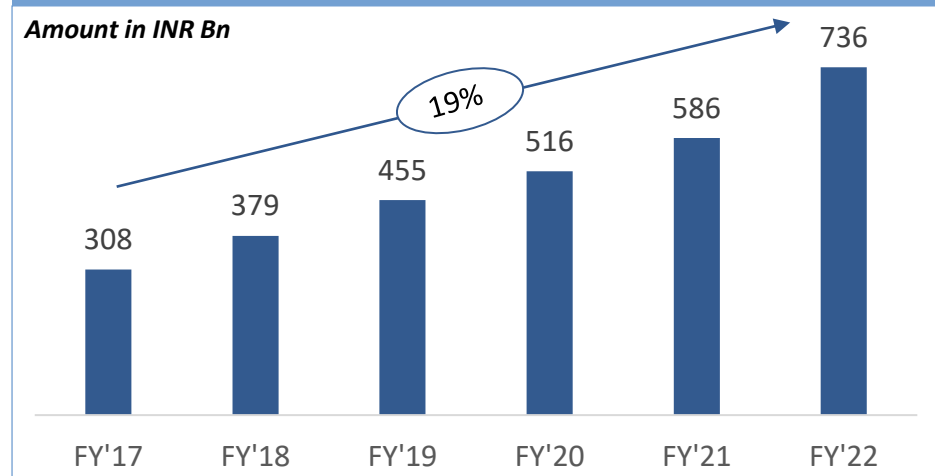
## Protection penetration levels quite low



## Health insurance penetration relatively low in India



## India health GDPi grew at a CAGR ~19%



- Only 1 out of 40 people (2.5%) who can afford it, is buying a term policy every year
- India has **highest protection gap** vis-à-vis other major Asian economies.
- Opportunity for Life insurers under health portfolio: **Health Combi** (Life + health), **Fixed benefit health riders**, **Fixed benefit long term products**



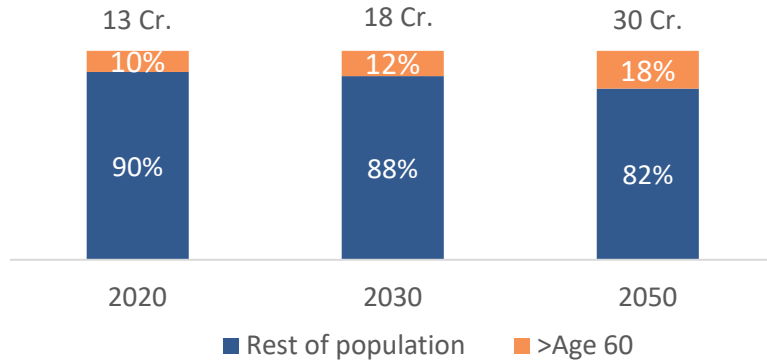


# Retirement Landscape: India undergoing a rapid demographic & economic transition – moving towards an aging society, majority of them facing the risk of living too long



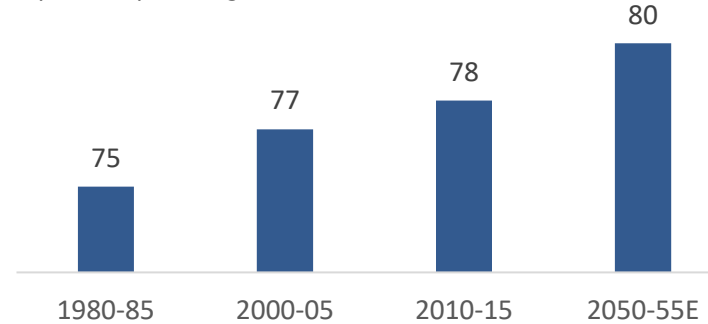
## Rising Elderly Population

The growth of the elderly population in India is outpacing the growth of the overall population by a stunning margin



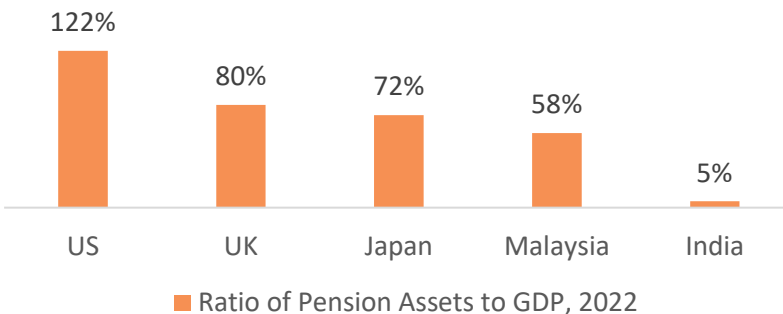
## Increased Life Expectancy

Decline in birth & death rates along with rising life expectancy will trigger population aging & lengthen post-retirement life, requiring better pension planning



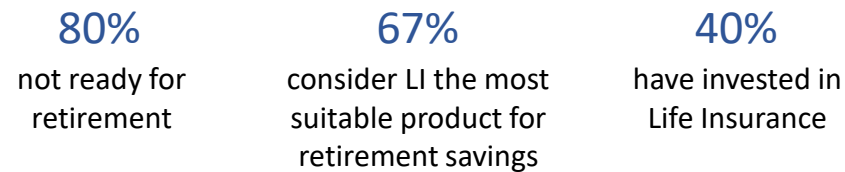
## Pension Assets to GDP

Very low GDP invested in retirement funds as compared to other global economies, leaving a vast population exposed to the risk of living long



## Limited Retirement Planning

Per India's Retirement Index Study (Max Life initiative), limited urban Indian population does informed financial planning incl. determination of their post-retirement health expenses



## Retirement Opportunity

- Structural Shift in India's Demographic Profile
- India's current pension structures are highly fragmented
- Dependence of elderly parents on their children for retirement income continues

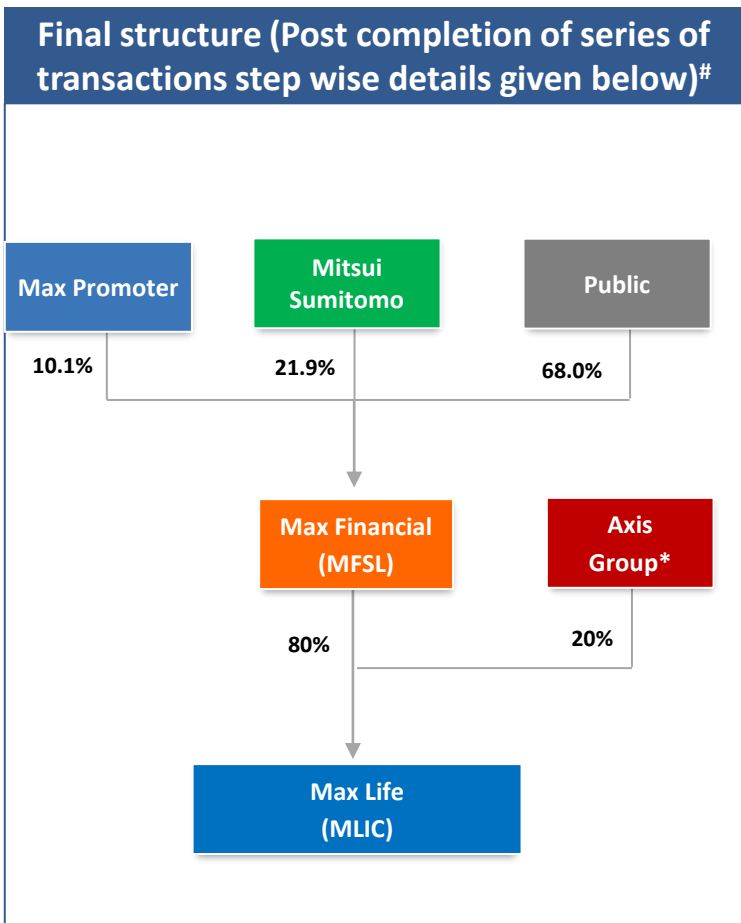
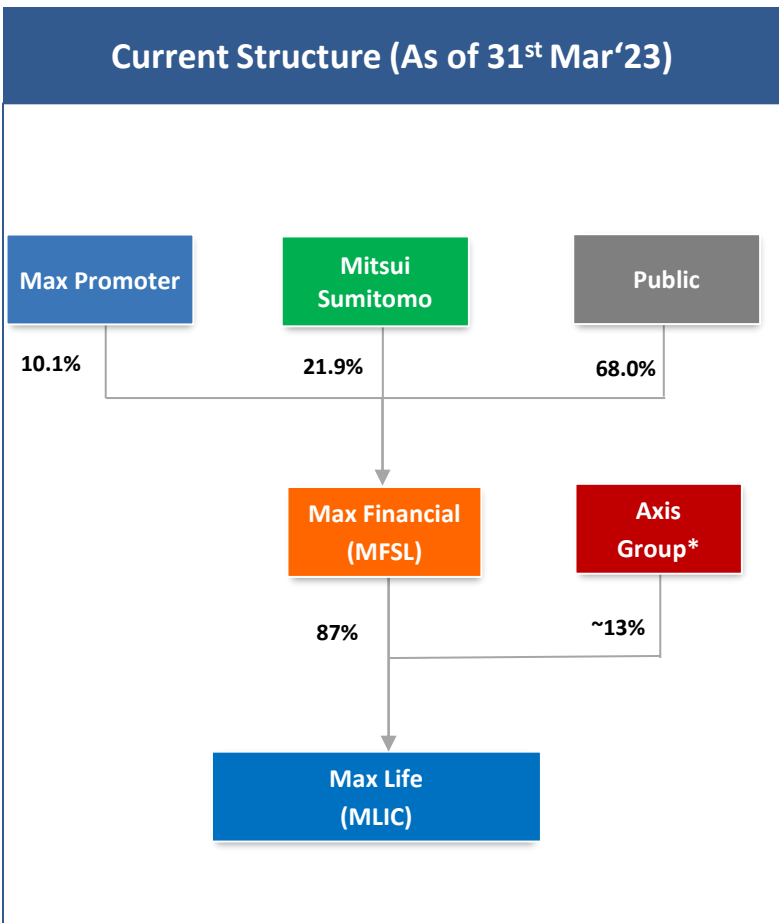


## SECTION II

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- ▶ Max Life Insurance- Business Overview
- 

# Transaction Structure



## KEY INVESTORS of Max Financial Services

	Mitsui Sumitomo Insurance
	Mirae Asset Global
	Capital Group
	Ward Ferry
	New York Life Insurance
	Baron Emerging Markets Fund
	GIC
	Vanguard
	Kotak Mutual Fund
	HDFC Mutual Fund
	ICICI Prudential Mutual Fund
	Nippon India Mutual Fund
	Motilal Oswal Mutual Fund



**Chairman and Founder**  
Mr. Analjit Singh

Founder and Chairman of Max Group. Awarded with highest civilian honor, the Padma Bhushan



**Independent Director**  
Ms. Gauri Padmanabhan

Global partner, leads Consumer Market Practices for Heidrick & Struggles in India. Key person in establishing Heidrick & Struggles' India business



**Independent Director**  
Mr. Aman Mehta

Former CEO of HSBC Asia Pacific with 35 yrs of experience. Serving on the Board of Vedanta, TCS, Tata Steel, Wockhardt & Godrej Consumer



**Independent Director**  
Sir Charles Richard  
Vernon Stagg

Currently the Chairman of Rothschild and Co, India. He is a Director of the JP Morgan Asian Investment Trust



**Director**  
Mr. Sahil Vachani

CEO & Managing Director of Max Ventures and Industries Limited. Responsible for the overall strategic vision and direction of the company



**Independent Director**  
Mr. Jai Arya

Seasoned professional with 37 years experience with Bank of New York Mellon and Bank of America



**Director**  
Mr. Hideaki Nomura

Seasoned professional with 29 years experience in financial industries



**Independent Director**  
Mr. D. K. Mittal

Former IAS officer of 1977 batch and has served the government of India in various capacities



**Director**  
Mr. Mitsuru Yasuda

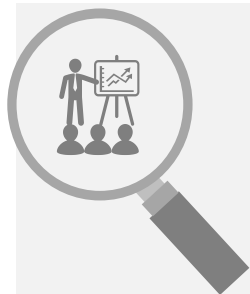
Seasoned professional with more than 20 years of experience in insurance industry



**Independent Director**  
Mr. K. Narasimha  
Murthy

An experienced Cost Accountant and Chartered Accountant and serves on the board of various other companies

# Max Life has an extensive presence across India through its own offices and distribution partners



**~9%** Private market share<sup>^</sup>

**#1** Claims Paid ratio in industry



**397** Own Branch Units

**8100+** Partner Branches

**~70K** Agents

**~70** Distribution Partners



**~1.2 Tn** Assets Under Management

**4<sup>th</sup>** Largest AUM

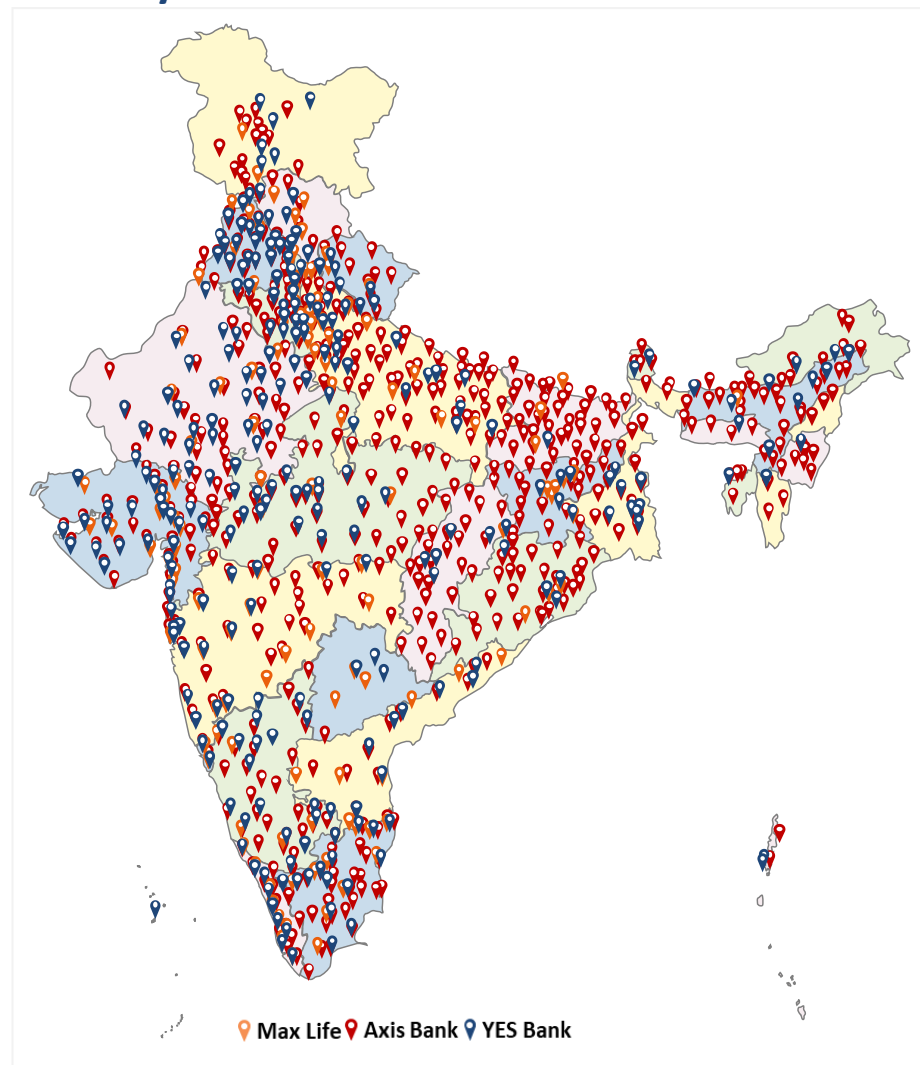


**~14 Tn** Sum Assured

**10 Mn+** Lives Insured<sup>\*\*</sup>

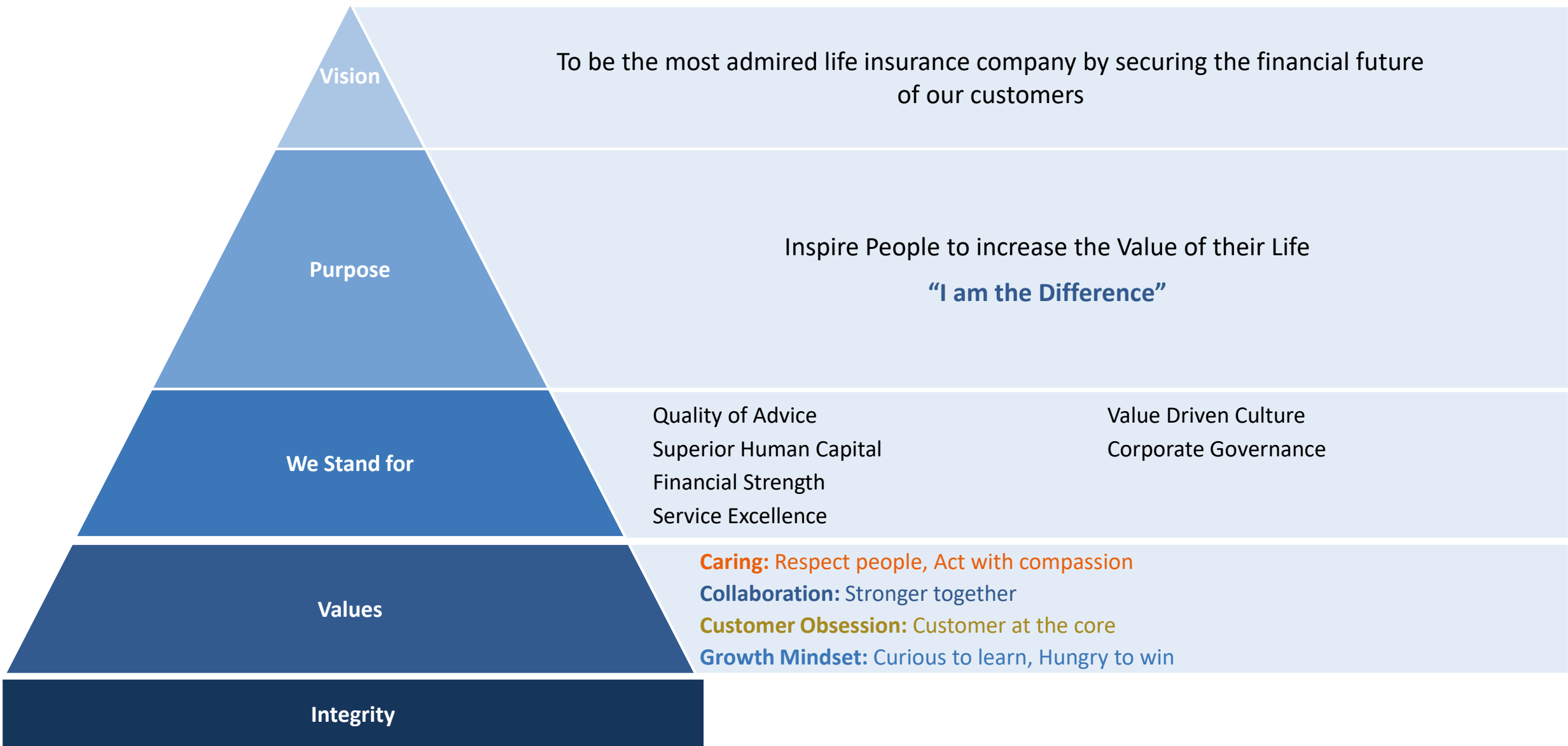
**41 Mn+** Active Customers<sup>\*\*</sup>

Max Life has ~8500 Point of Sales across the country




<sup>^</sup>By Individual New Sales <sup>\*\*</sup>Individual Insured client, Amounts in INR Tn

# Max Life Insurance's road map to becoming India's most admired life insurance company




# Max Life has a highly experienced and versatile Board of Directors providing strong and secure foundation


**Chairman and Founder**  
Mr. Analjit Singh

Founder and Chairman of Max Group. Awarded with highest civilian honor, the Padma Bhushan




**Managing Director and CEO**  
Mr. Prashant Tripathy

A seasoned professional with over two decades of experience. Appointed as Managing Director and CEO in January 2019




**Deputy Managing Director**  
Mr. V Viswanand

An industry veteran with a dynamic presence in the financial services sector.



**Director**  
Mr. Girish S. Paranjpe

Served as the Co-CEO of Wipro's IT Business from 2008-2011 and was a member of the BoD of Wipro Ltd.



**Director**  
Mr. K. Narasimha Murthy

An experienced Cost Accountant and Chartered Accountant and serves on the board of various other companies




**Director**  
Mr. Rajesh Khanna

Founder & CEO of Arka Capital Advisors Pvt. Ltd. and is an investor in various companies.



**Director**  
Mr. Pradeep Pant

Seasoned business leader with experience in leading FMCG companies like Mondelez, Gillette and Nestle




**Director**  
Mr. Mohit Talwar

Seasoned professional with 25 years of experience in Corporate Finance and Investment Banking




**Director**  
Mr. Rajesh Kumar Dahiya

Seasoned professional with over 30 years of experience. Has served on Boards of various Axis and TATA group entities.




**Director**  
Ms. Marielle Theron

Fellow of the Society of Actuary (FSA). She is a Principal of Erlen Street Corporation, Switzerland




**Director**  
Mr. Rajiv Anand

Executive Director of Axis Bank. He has also served as the MD & CEO of Axis Asset Management Co. Ltd.




**Director**  
Mr. Subrat Mohanty

Group Executive – Banking Operations & Transformation at Axis Bank. He has more than 20 years of experience, spanning different industries and functions



**Director**  
Mr. Mitsuru Yasuda

Seasoned professional with more than 20 years of experience in insurance industry



**Director**  
Mr. Sahil Vachani

A Seasoned professional with experience across various sectors including consumer durables and real estate

# Executive Management Team has rich insurance experience and spent ~100 years at Max Life combined

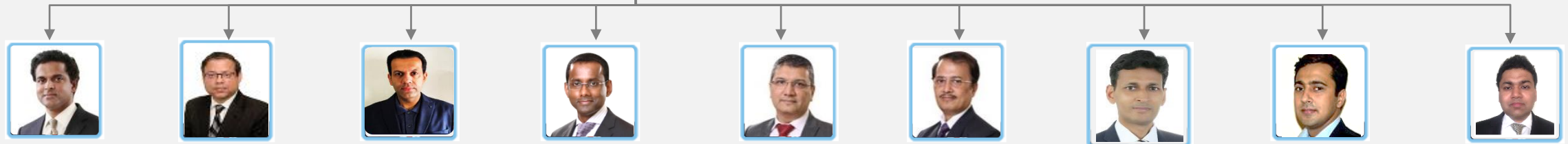


## Max Life Management Team



**Prashant Tripathy**  
Managing Director & CEO

- Stint in Max : 16+ years
- Total Experience: 27+ years
- Previous Organizations: Tata Steel, GE



<b>V Viswanand</b> Deputy Managing Director	<b>Manu Lavanya</b> Director & Chief Operations Officer	<b>Rahul Talwar</b> Chief Marketing Officer	<b>Jose John</b> Senior Director & Appointed Actuary	<b>Mihir Vora</b> Senior Director & Chief Investment Officer	<b>Shailesh Singh</b> Senior Director & Chief People Officer	<b>Anurag Chauhan</b> Executive Vice President Head Legal & Company Secretary	<b>Amrit Singh</b> Chief Financial Officer	<b>Sachin Saxena</b> EVP & Chief Risk Officer

<b>Stint in Max</b>	22+ years	3+ year	4+ years	14+ years	8+ years	11+ years	10+ years	10+ years	16+ years
<b>Total Exp.</b>	30+ years	25+ years	17+ years	23+ years	28+ years	30+ years	22+ years	20+ years	20+ years
<b>Previous Org.</b>	ANZ Grindlays Bank	ITC, Cognizant, Brillio Technologies- Incendo Technologies	Pepsico, Aditya Birla Group, United Biscuits, pladis Global	Prudential UK Metlife UK	HSBC Global Asset Management, ICICI Prudential, Birla Sun Life AMC	GE, SRF Finance, Eicher Tractors	Escorts finance LTD, Bharti Airtel, Deutsche Bank AG	PwC, Infosys, Religare Enterprises	Accenture, Cognizant, ICICI Prudential



## Key Highlights for Max Life FY18-23 (1/2)



**5-Yr CAGR<sup>1</sup> of 13%** on Individual new business  
vs  
**10% for life insurance industry**



**Asset Under Management at Rs 1.23 Tn**, CAGR of **19%** over last 5 years



Consistent **leadership** position in **online protection**



**5-Yr CAGR of 21%** in Prop channels



**5-Yr CAGR of 11%** in Banca Channel



**Retail Protection tripled** in 5 years



**VNB CAGR of 24%** in 5 years



**New Business Margin** expansion from 20.2% in FY18 to **31.2%** in FY23



**5-Yr EV<sup>#</sup> CAGR of 20%**

Consistent growth

Value generation

# Key Highlights for Max Life FY18-23 (2/2)

## Employee metrics



**Great Places to Work rank #18** in FY21



**Rank #55** among **Great Places to Work in Asia** in FY21<sup>7</sup>



**Experienced leadership<sup>1</sup>** with almost half the leadership's **tenure with Max Life of more than a decade**



**Employee engagement<sup>2</sup>** score of **>95%** for last 4 years

## Customer metrics



**#2 rank in customer loyalty<sup>3</sup>** in FY23



**Company NPS at 52– 17 points improvement in 4 years<sup>4</sup>**



**Claims paid ratio at 99.51%** in FY23

## Brand metrics



**Strategic partnership with Axis Bank**



**Highest Share of Voice** in the industry in FY23 at **40% share<sup>6</sup>**

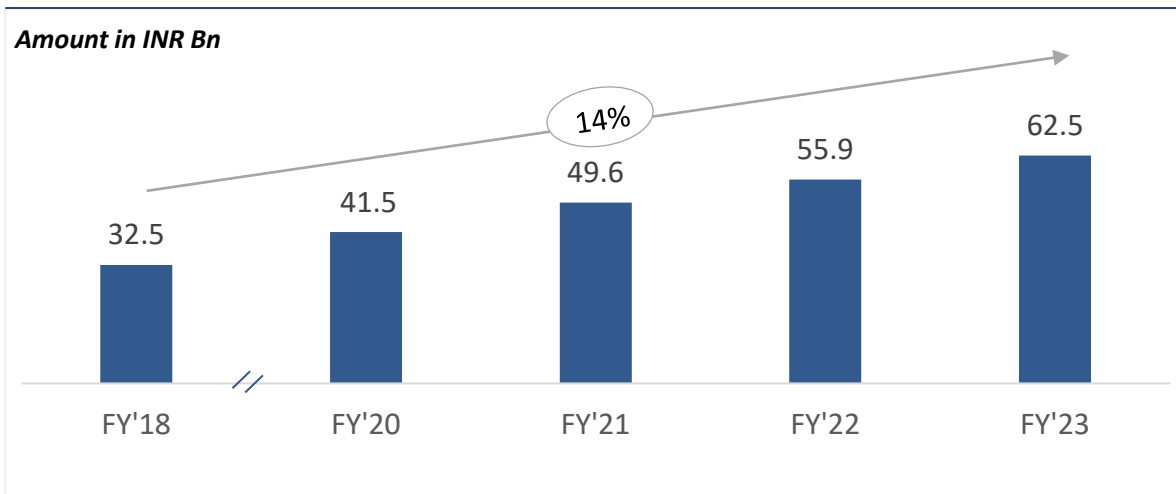


**Brand Consideration score<sup>5</sup>** improved by **8%** in FY23 Vs FY22

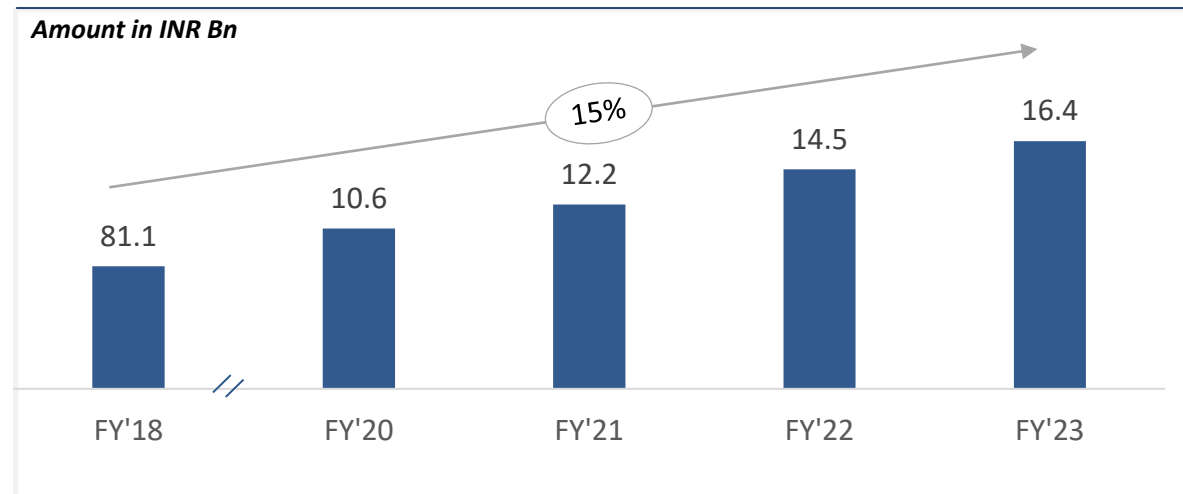
1. Includes CVP & above 2. Conducted by Willis Tower Watson; 3 As per independent research done by Hansa research 4. NPS as a measure of customer experience was adopted by Max Life in FY19, done by Kantar; 5 As per syndicated Life Insurance brand track study by Nielsen, 6. Brand PR, 7. GPTW ranking as of 2021, post 2021 company has not participated

# Max Life has delivered consistent performance on new business

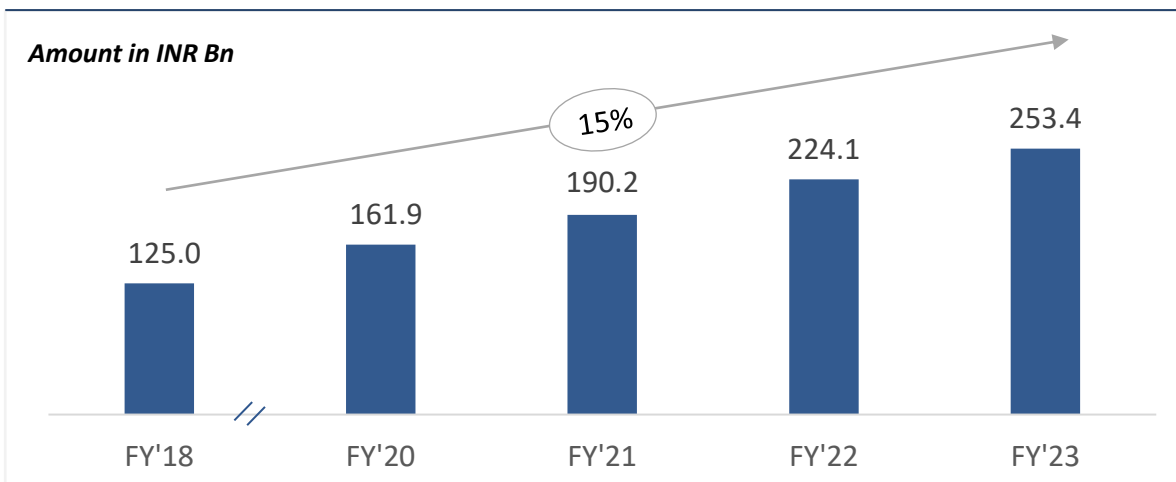
## New Business Premiums (on APE basis)



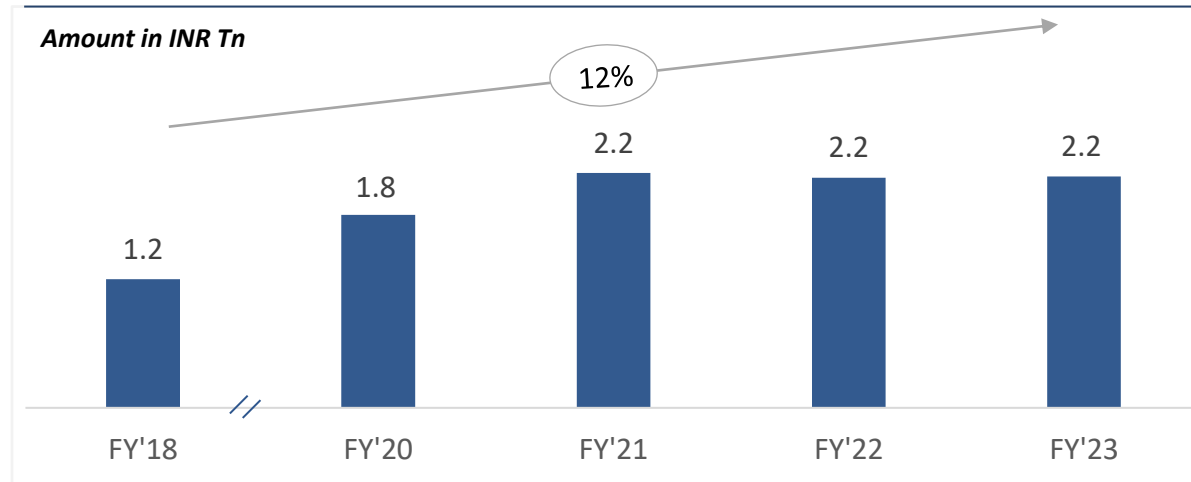
## Renewal Income



## Gross Written Premium

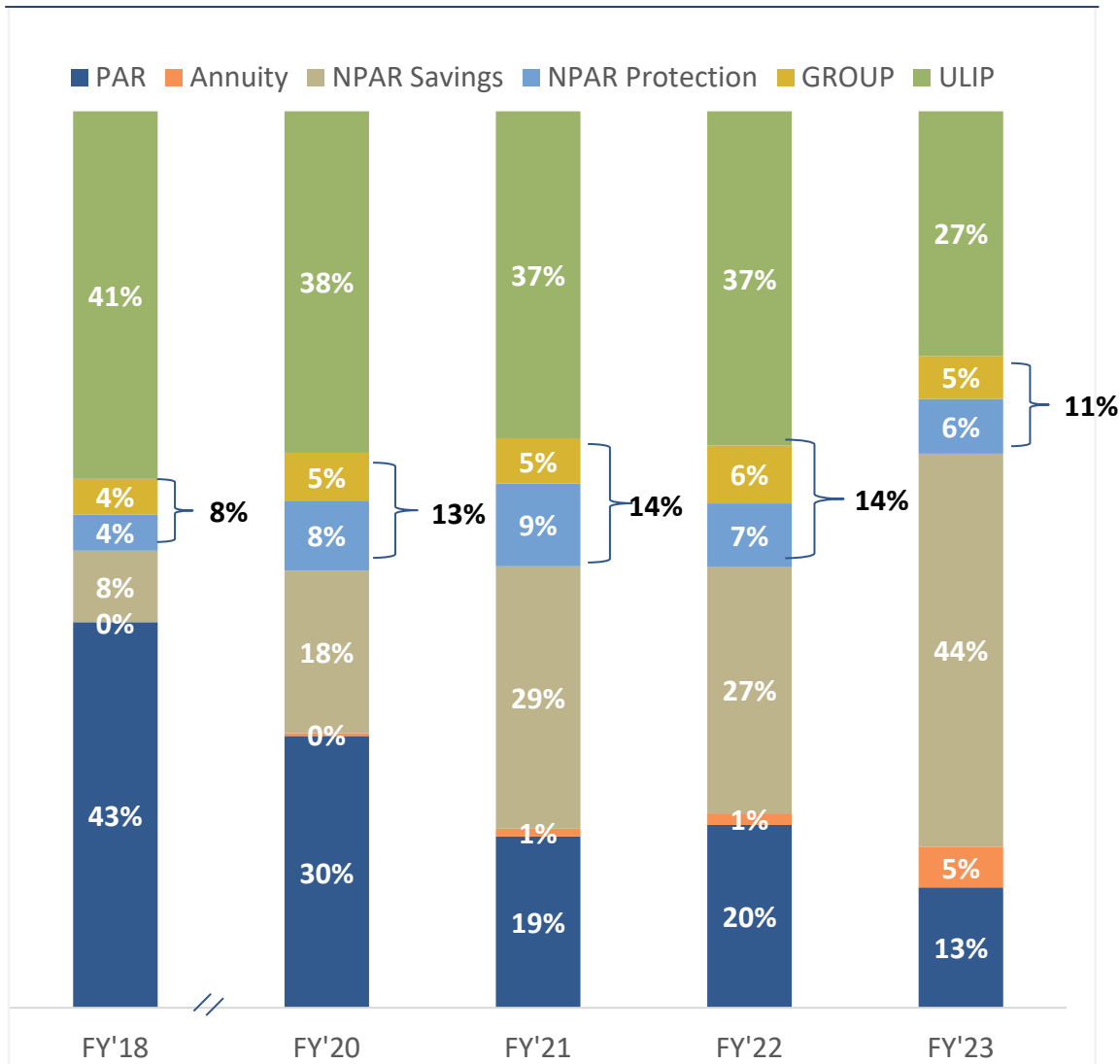


## Individual Sum Assured of New business

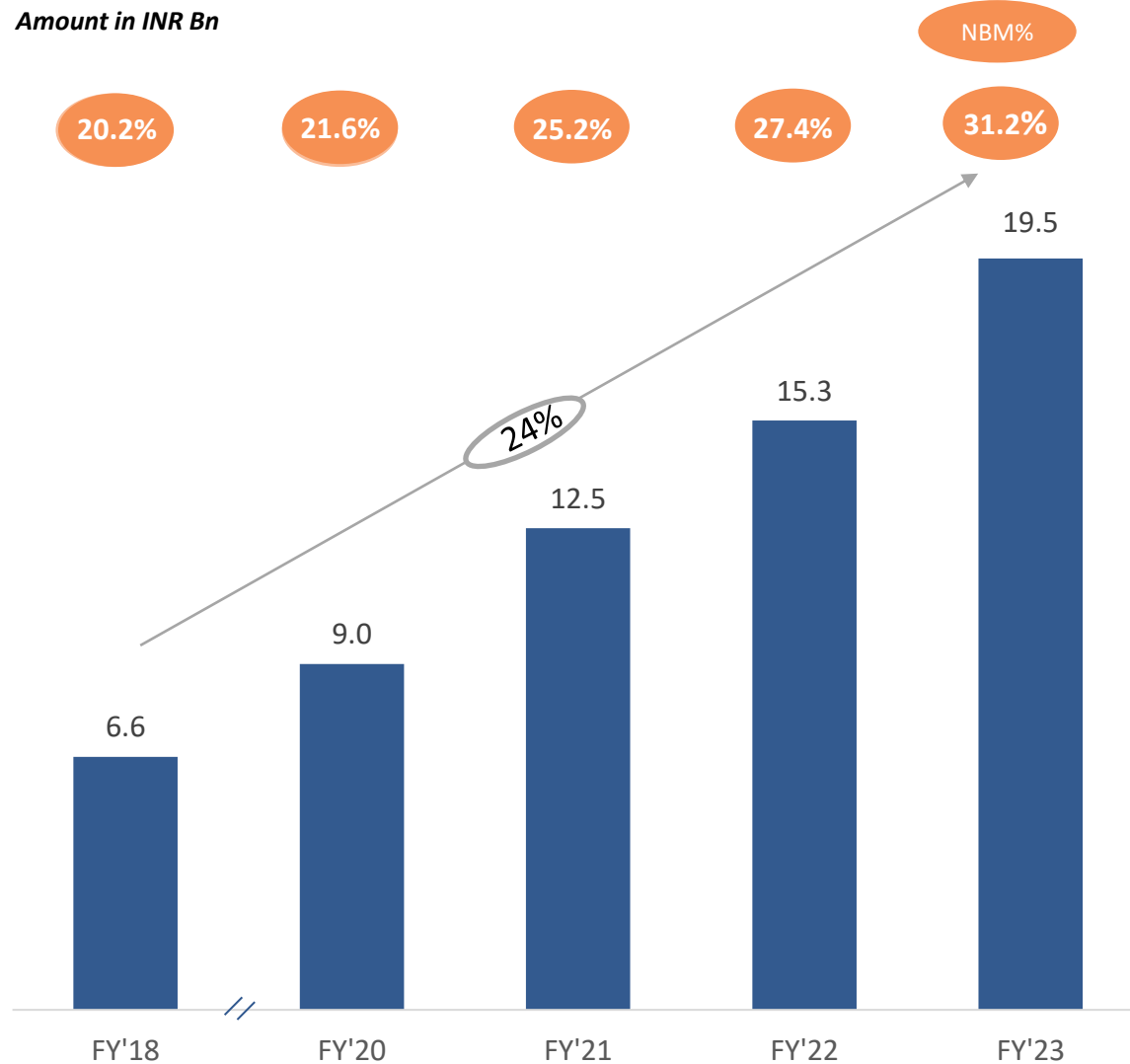


# VNB tripled in 5 years aided by strong product mix, profitable products and APE growth

## Product Mix

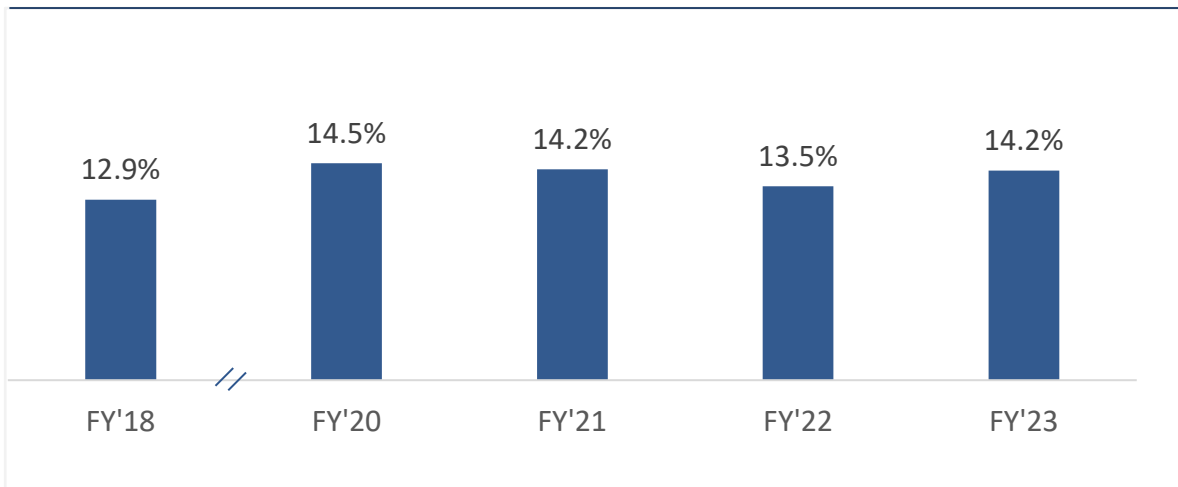


Value of New Business- 24% CAGR growth in VNB for a 5 year period, 3 year CAGR 30%

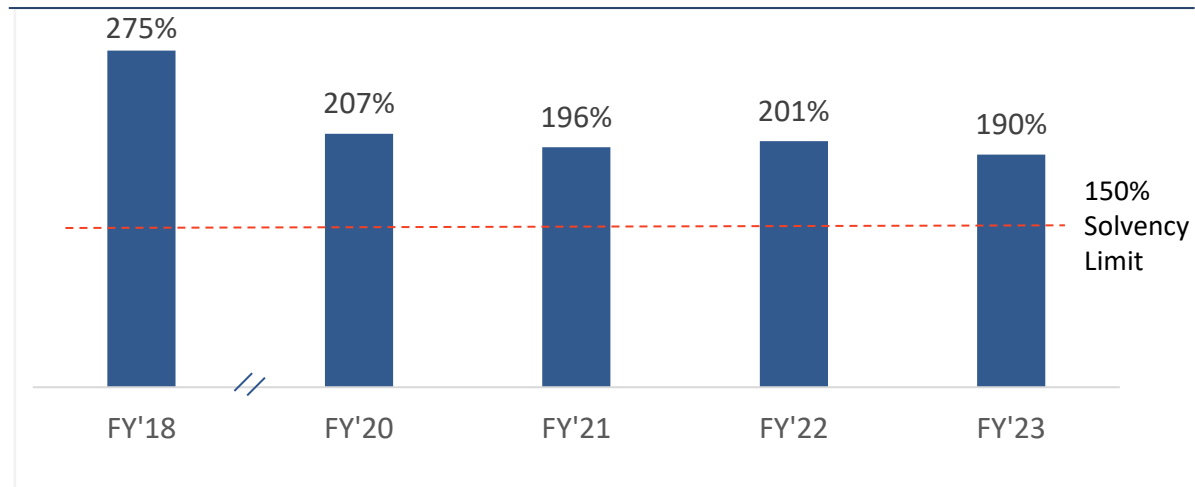


# Efficient capital management with profitable growth (1/2)

**Opex to GWP: Increased investments towards building distribution**

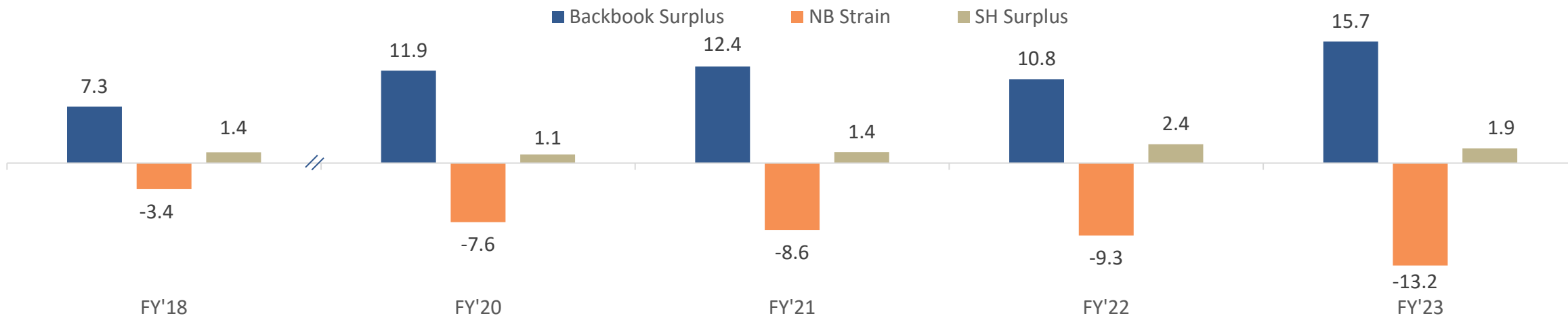


**Solvency Ratio (pre dividend)**



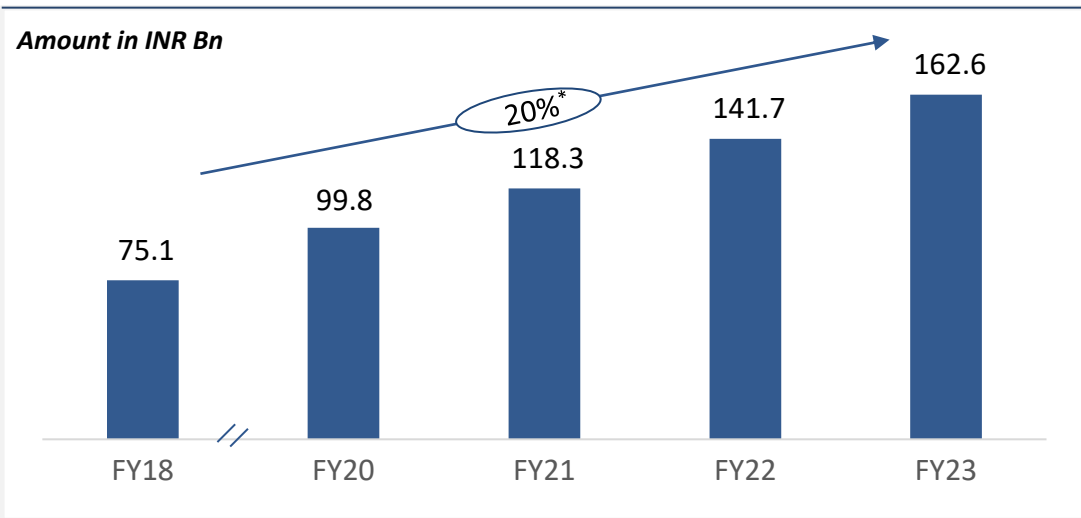
## Underwriting Profits

Amount in INR Bn

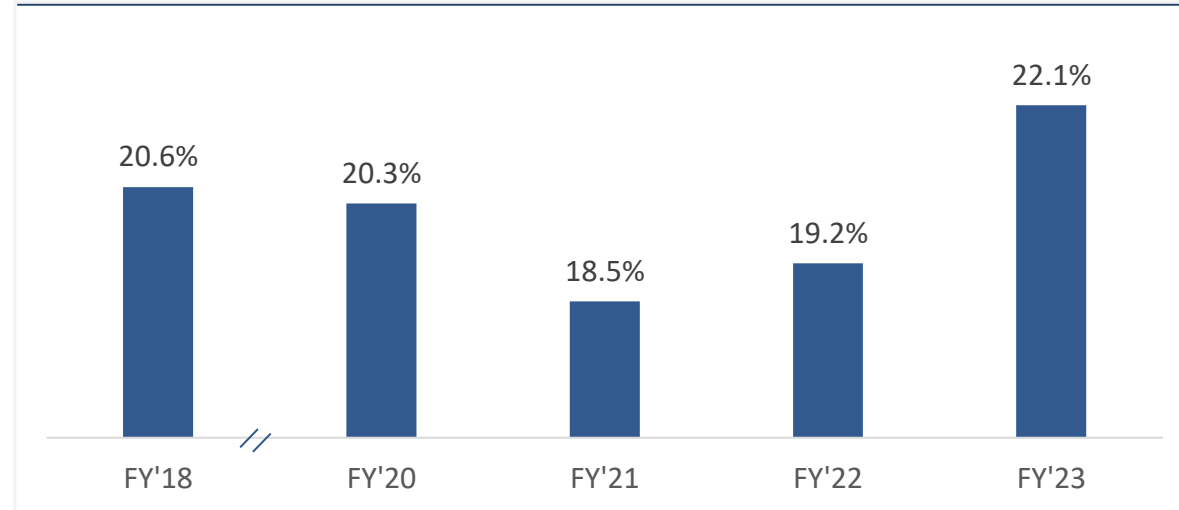


# Efficient capital management with profitable growth (2/2)

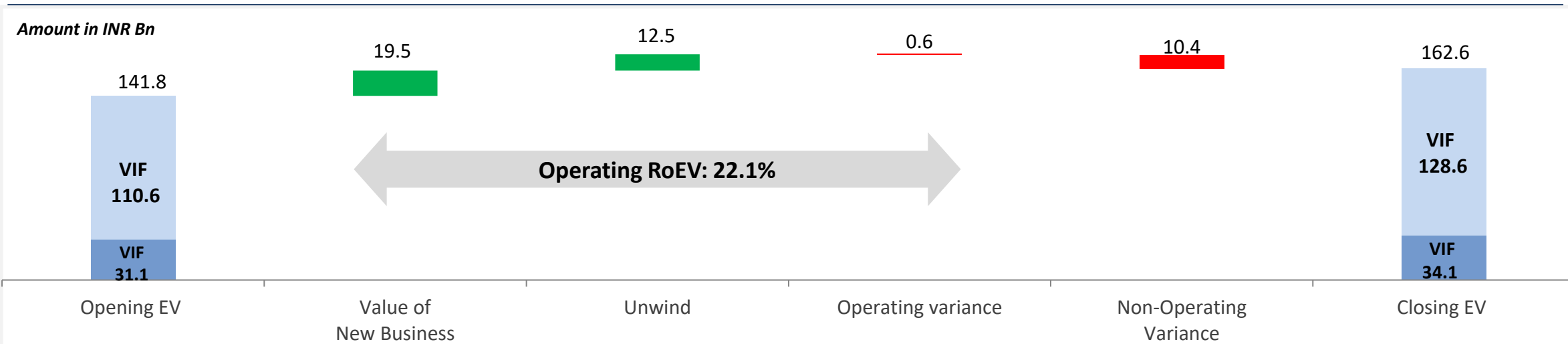
**EV progression:** Grew at a CAGR of\*~20%



**Operating Return on EV (RoEV) – Delivering consistent healthy returns**



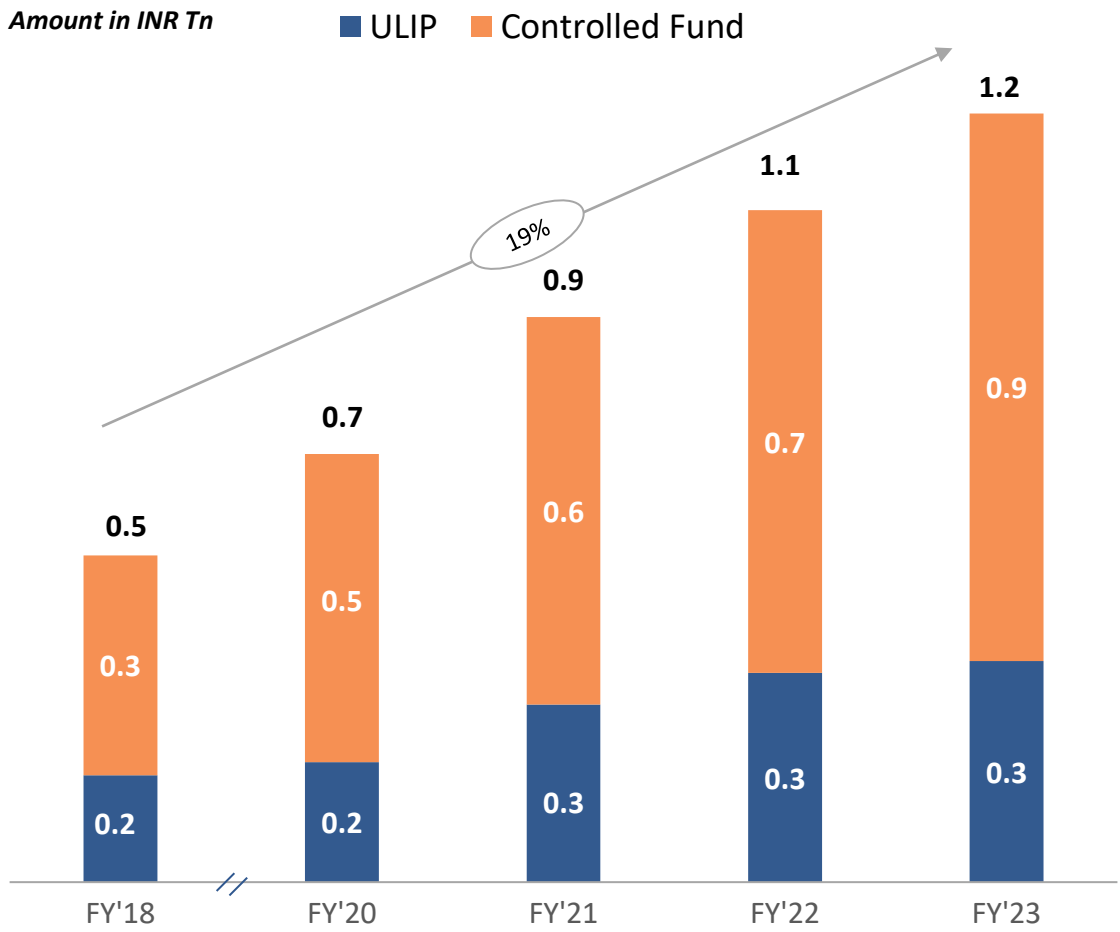
**EV Movement:** March 2022 to March 2023



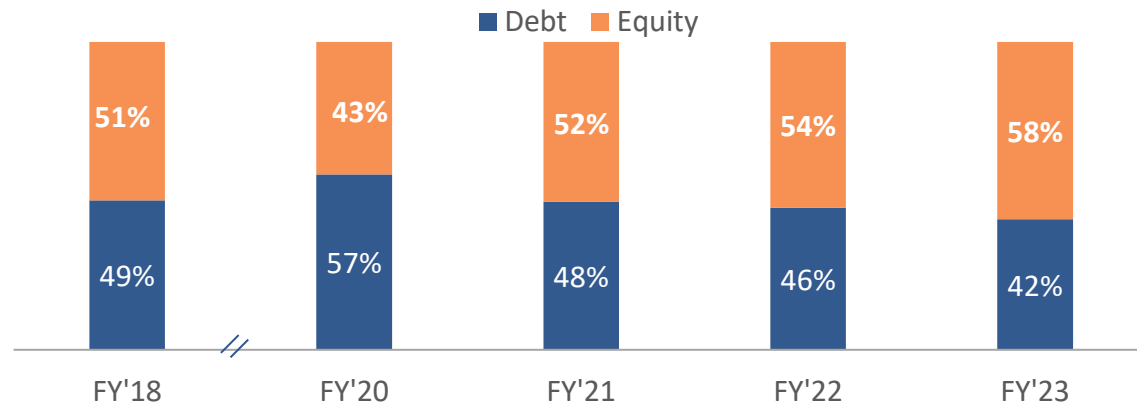
Note: Figures in INR Bn and may not add up due to rounding \*Represents cumulative annualized operating ROEV

# Max Life has consistently grown its Asset Under Management

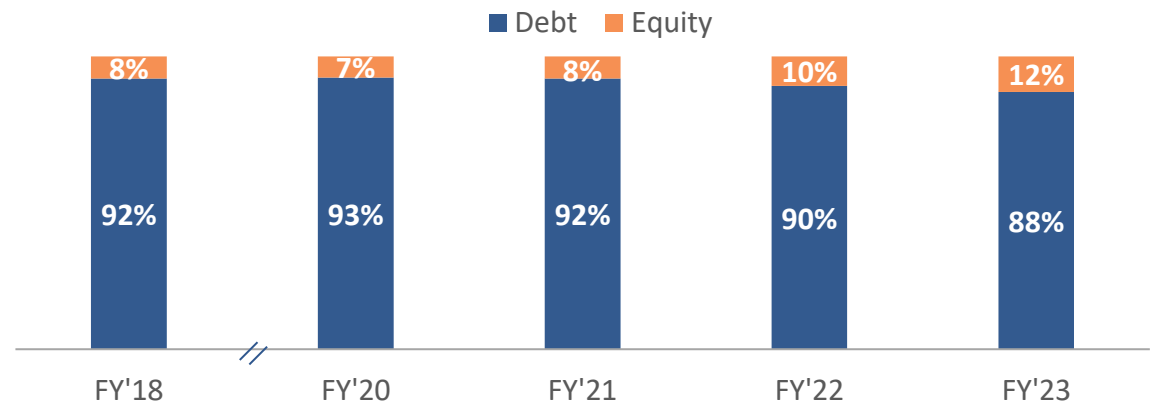
**Assets Under Management** - MLI is the 4th largest manager of private LI AUMs, Par fund size ~590 Bn



## ULIP: Healthy mix of Debt and Equity



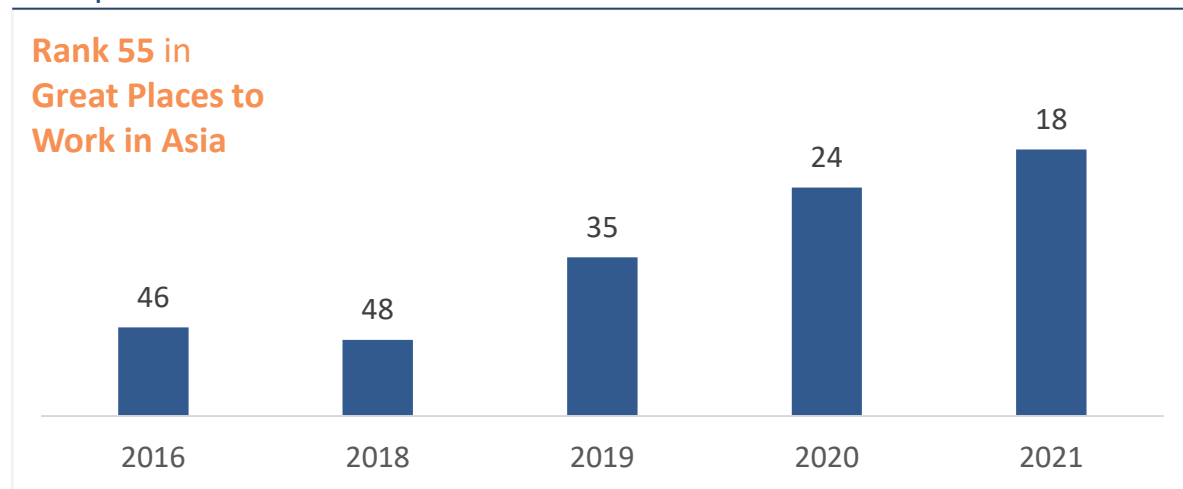
## Controlled: Consistent mix of Debt and Equity



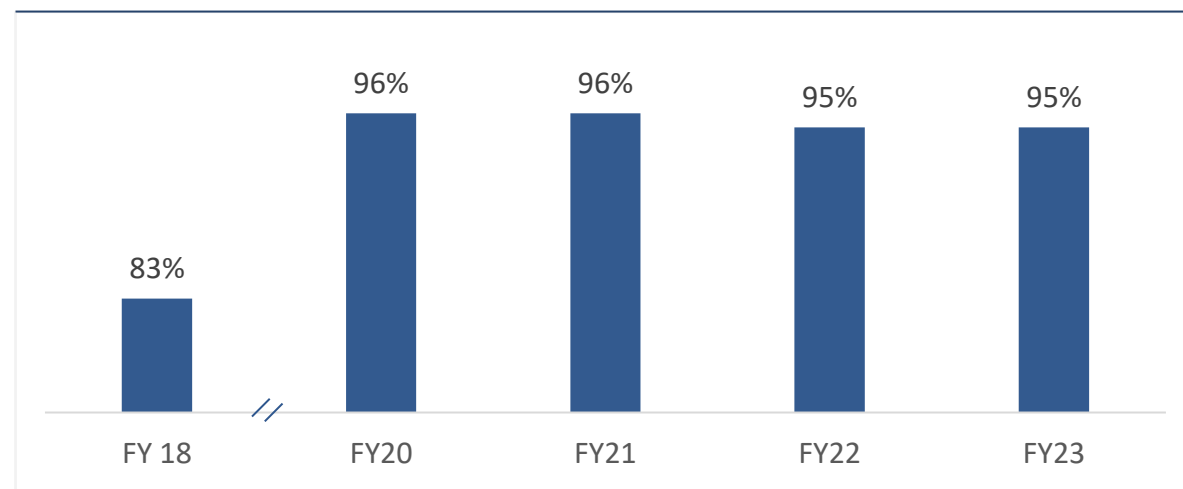
More than 95% of debt investments is in sovereign papers and AAA rated securities

# Unwavering focus on leadership strength and has a vintage employee pool, both of which are critical for success in long term businesses such as Life Insurance

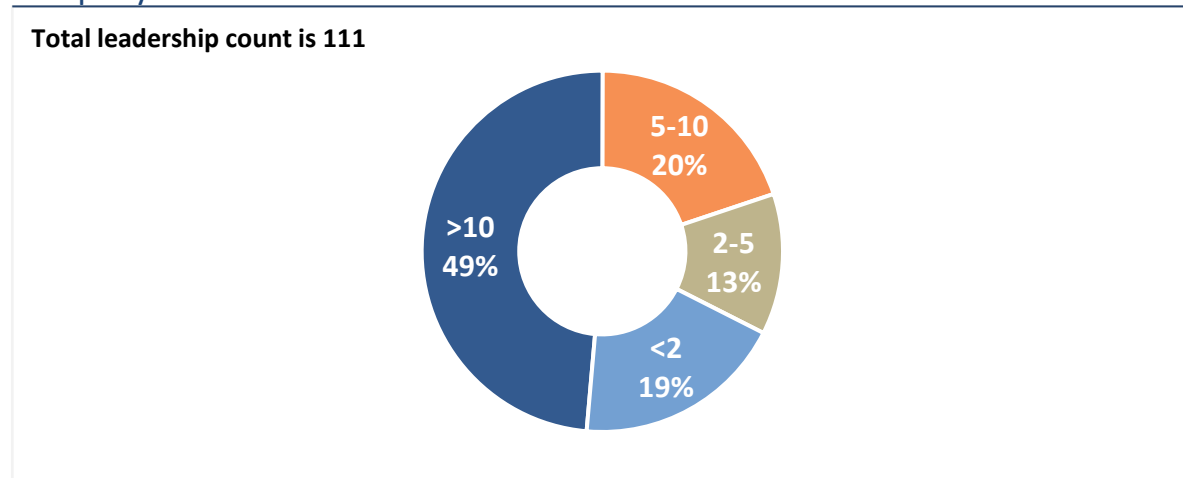
**Great Place to Work Survey<sup>#</sup> - Max Life improved its ranking in India's Best Workplaces in BFSI 2021.**



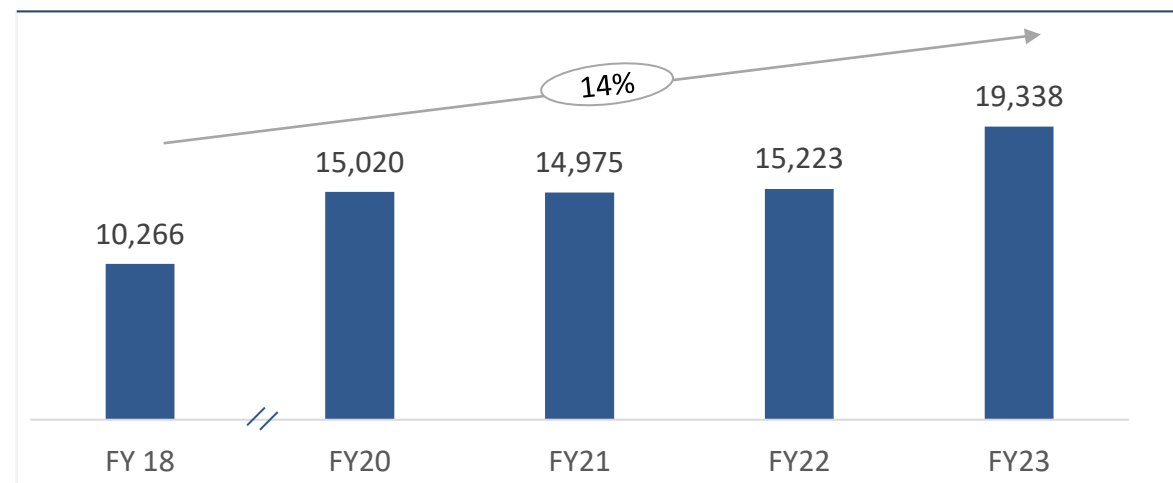
**Employee Engagement<sup>^</sup> - Consistently amongst top decile**



**Leadership Experience - Almost half of the leadership has been with the company for more than a decade\***



**Headcount - Strengthening distribution**



\*Leadership defined as band CVP and above, data as of Mar 31<sup>st</sup>, 2023, # GPTW ranking as of 2021, company has not participated post 2021

<sup>^</sup> Conducted by IBM Kenexa till 2018 and Willis Tower Watson from 2019 onwards. 2019 score is adjusted for methodology change done in 2020



# Max Life has been recognised by a number of Indian and foreign business bodies for its excellence in business, customer service and focus on people

## Business Excellence

- Selected as India's most Trusted Brand 2022 at the Ideafest by WCRCINT
- Recognized by The Economic Times among the Best BFSI Brands 2022
- Awarded at **The Economic Times Insurance Summit and Awards 2022** under the Swift and Prompt insurer category for Life Insurance (Large)
- Awarded Excellence in driving distribution through Digital at the FICCI Insurance industry awards 2022
- Recognized by ICAI for **excellence in financial reporting** for FY 21-22
- Awarded Gold for Lead Generation campaign under BFSI services at Adgully Digixx Awards 2022
- Max Life bagged the Advisors Initiative of the Year for India at the Insurance Asia Awards 2022
- Gold for e-scv under the best brand loyalty program at the **ACEF Awards for Brand, Marketing & CSR 2022**
- Max Life awarded at Cypher 2022 as **top domestic firm using AI / ML**
- Gold in lead generation, Bronze in most effective search campaign and Gold in Data/insights** at the E4M Maddies 2022
- Awarded Best Performance Marketing Campaign (Gold) and Best SEO/SEM Campaign (Silver) at Afaqs Digies 2023
- Awarded Legal department of the year at **Biz Asia legal award 2022**



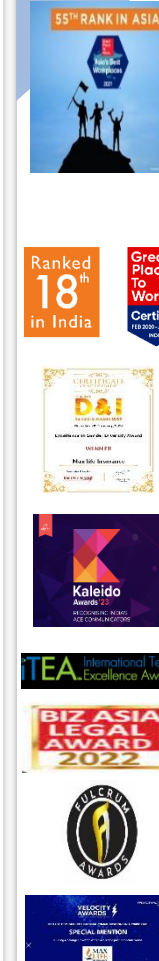
## Leaders in Quality

- No. 2 in Customer Loyalty survey by Hansa Research
- Recognized with the **Celent Model Insurer Award**
- Adjudged the Best fraud prevention company at the **Fraud Risk Management Summit and Awards 2023**
- Winner of IMC Ramkrishna Bajaj National Quality Award
- Winner of CII Industry Innovation Award
- Asia Pacific Quality Organization (APQO) award for global performance excellence
- Silver Award in the 12<sup>th</sup> QCI-DL Shah Quality Awards for Enhancing S2R Conversion% Select 60 offices in Agency
- Awarded **making quality happen trophy in the service category at the MQH best practices competition** at Chamber of Commerce and Industry
- Awarded Excellence in Claims service and **Best product innovation for SFRD at World BFSI Congress and awards**
- Max Life bagged Best Customer Initiative and Best use of Relationship marketing at the Customer Fest Awards 2022
- Max Life awarded Gold and Platinum at the CII (Institute of Quality)16th National level Competition on Six Sigma
- Awarded **Finance Transformation Award** at the 10<sup>th</sup> Finance Transformation India Summit & Awards 2022
- Awarded under **Best Claims Settlement** at the **InsureNext Conference and Awards 2023**
- Recognized at **e4m Pride of India Brands – North conference and awards 2023**



## Focus on People

- Ranked **55<sup>th</sup> amongst '2021 Best Workplaces in Asia'** by Great Place to Work®
- Ranked **18<sup>th</sup> amongst 'India's Great Places to Work For'** in 2021
- Max Life recognized in India's **Best Workplaces in BFSI 2021**
- Max Life has been awarded **"Excellence in Gender Diversity"** at the **4<sup>th</sup> D&I Summit and Awards by Transformance Forums**
- Awarded Gold for Internal Communications campaign and Best Corporate Communications Team of the Year
- Awarded Gold an Silver at the ASQ International Team Excellence Awards 2022
- Max Life awarded Silver for Best use of Internal Communications at Fulcrum Awards 2022
- Special mention for Internal Communications at the Velocity Awards 2022
- Awarded Legal department of the year at **Biz Asia legal award 2022**





## SECTION III

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- ▶ Max Life Insurance: Business Strategy
- 

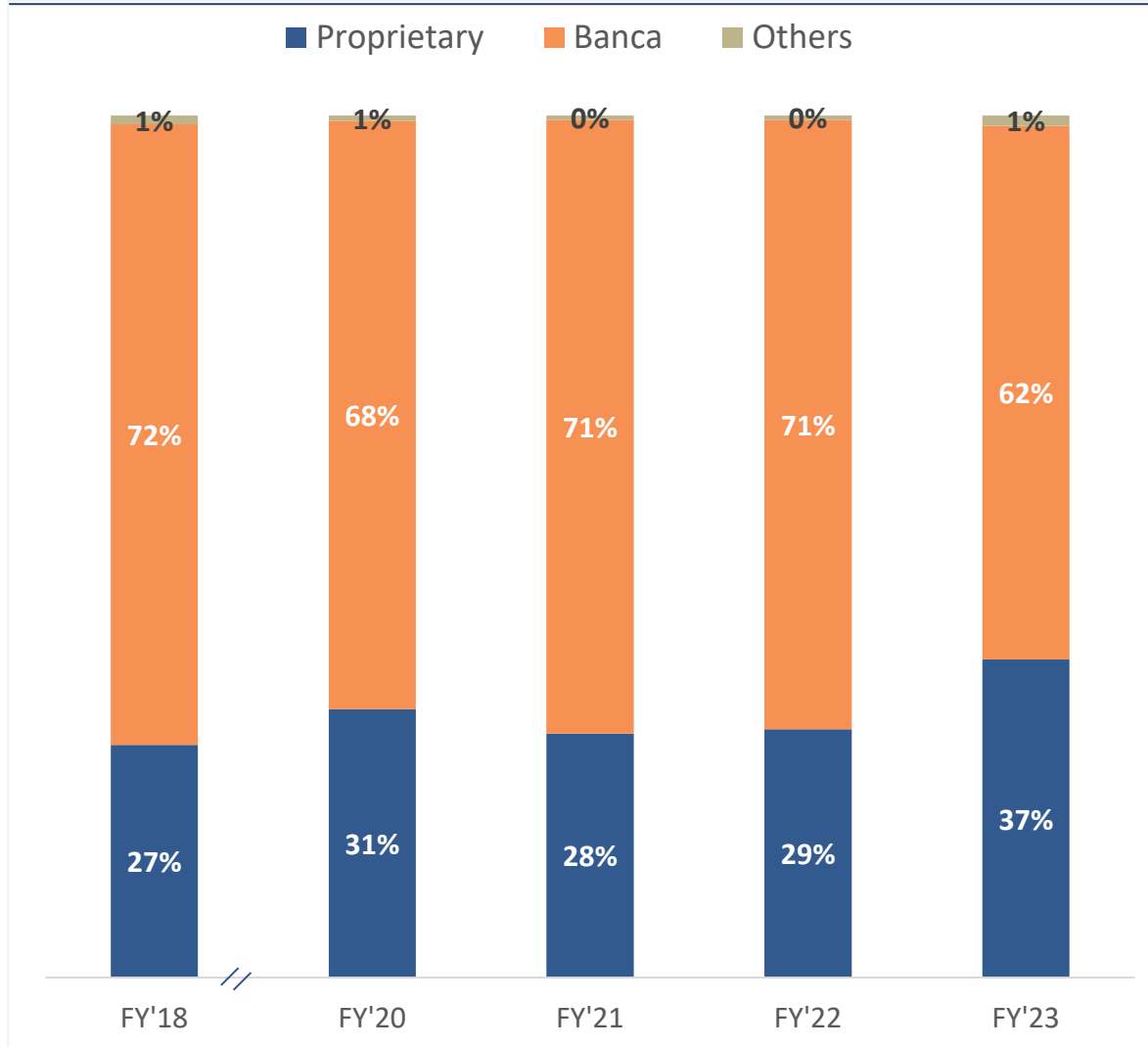
# Max Life will continue to focus on its chosen strategic pillars with emphasis on long term imperatives

A Predictable and sustainable growth	B Product innovation to drive margins	C Customer centricity across the value chain	D Digitization for efficiency and intelligence	E Augment human capital
<ul style="list-style-type: none"> <li>▪ <b>Fastest</b> growing <u>profitable proprietary</u> distribution</li> <li>▪ <b>Leader in Online Acquisition</b></li> <li>▪ Leverage <u>synergy potential with Axis Bank</u></li> <li>▪ Win in <u>open architecture</u> at Axis Bank and YES Bank</li> <li>▪ Inorganic Expansion</li> </ul>	<ul style="list-style-type: none"> <li>▪ Leader in <u>Protection + Health &amp; Wellness</u> proposition</li> <li>▪ Leader in <u>Retirement</u></li> <li>▪ <u>Differentiate on underwriting and onboarding capabilities</u> for winning in protection</li> <li>▪ <u>Drive Non Par Savings</u></li> <li>▪ <u>Enhanced investment and mortality risk management</u></li> </ul>	<ul style="list-style-type: none"> <li>▪ Improvement on <u>comprehensive customer measures</u></li> <li>▪ Aspiration to be <u>industry leaders across all key customer metrics</u></li> <li>▪ Continuous <u>improvement in Net Promoter Score (NPS)</u></li> </ul>	<ul style="list-style-type: none"> <li>▪ Continue with <u>digitization agenda</u> across the organisation</li> <li>▪ <b>Build intelligence (AI) in all digital assets</b></li> <li>▪ Offer best in class customer experiences enabled by <u>frictionless onboarding, seamless customer service, omni-channel customer experience</u></li> <li>▪ <u>Cloud enabled</u> legacy modernization and <u>enterprise data hub</u></li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Build organizational capabilities</b> to prepare for the future</li> <li>▪ Maintain <u>top 25 GPTW rank</u></li> </ul>

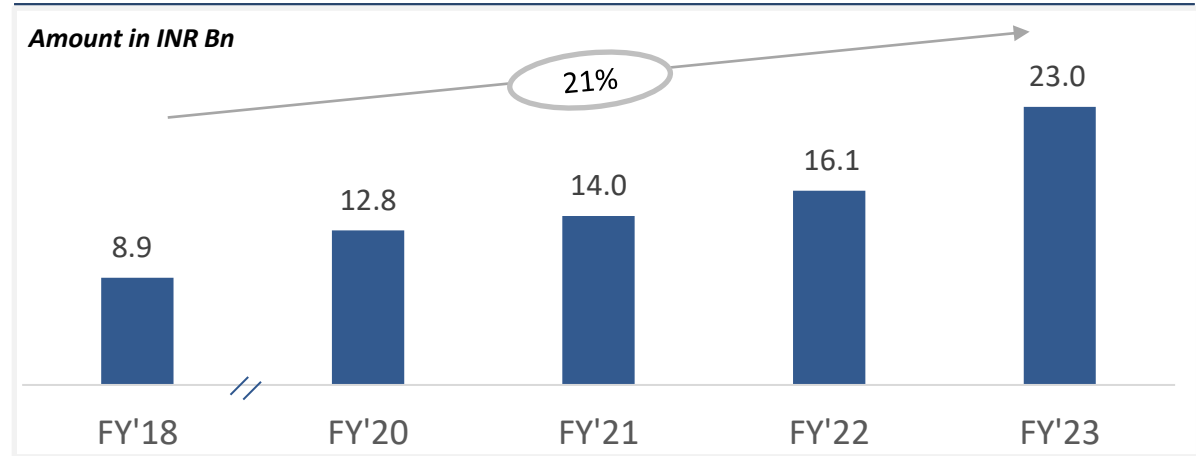
Long term key focus areas

# Max Life has focused on ensuring growth in both its Proprietary and Bancassurance channels

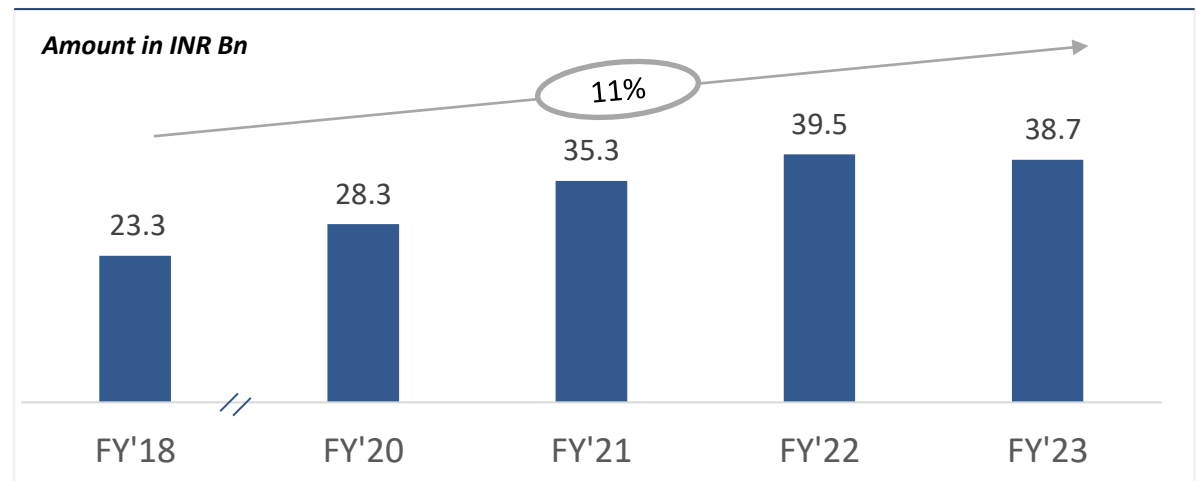
**Channel Mix -** Max Life has focused on maintaining a balanced distribution mix.



## Proprietary Channels New Business (APE)

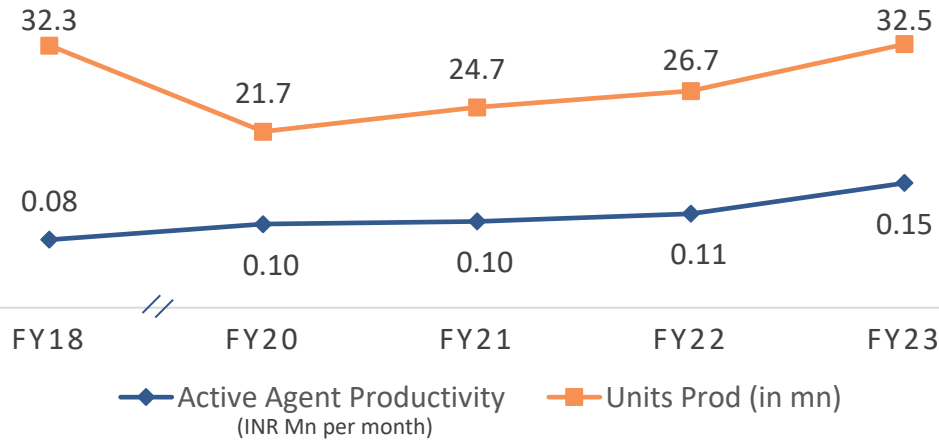


## Bancassurance Channel (APE)



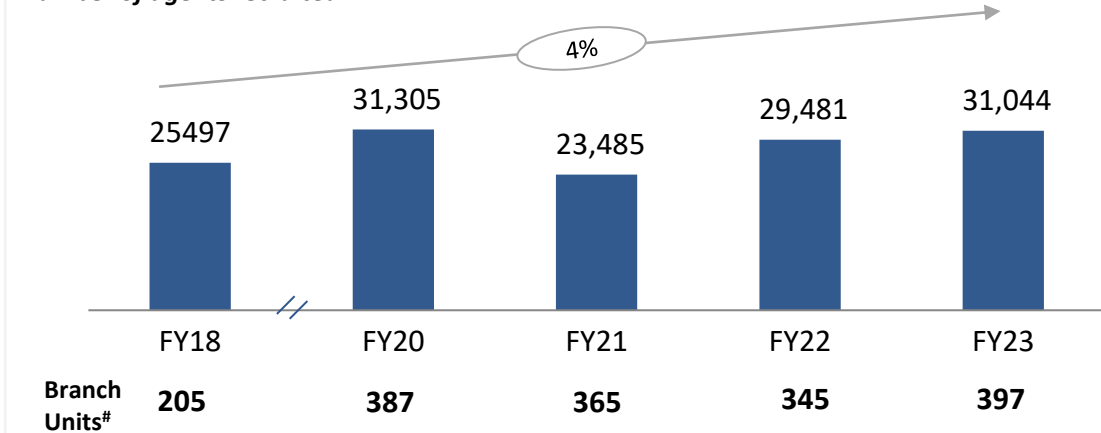
Active agent and branch units productivity increased over the last 5 years

Agent and Branch Productivity#



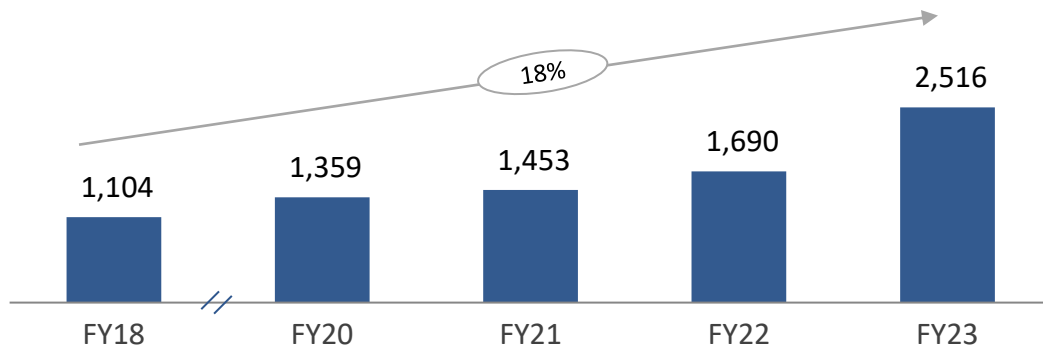
Recruitment growth over last year owing to a slew of initiatives across all recruitment sources

Number of agents recruited



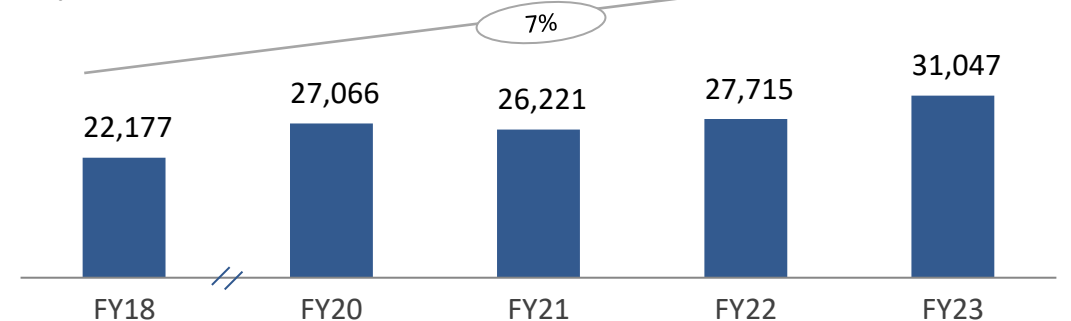
Consistent focus on increasing the number of agents doing business of more than INR 1 mn per annum

Number of agents with >INR 1 Mn annual business\*



Focus has also been on ensuring that agents contribute atleast INR 50K per annum

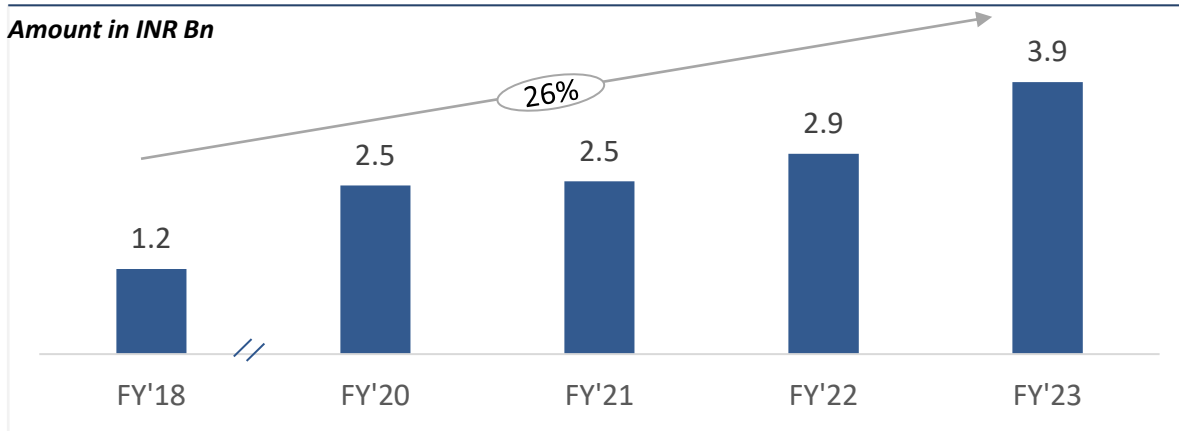
Number of agents doing business of more than INR 50K per annum\*



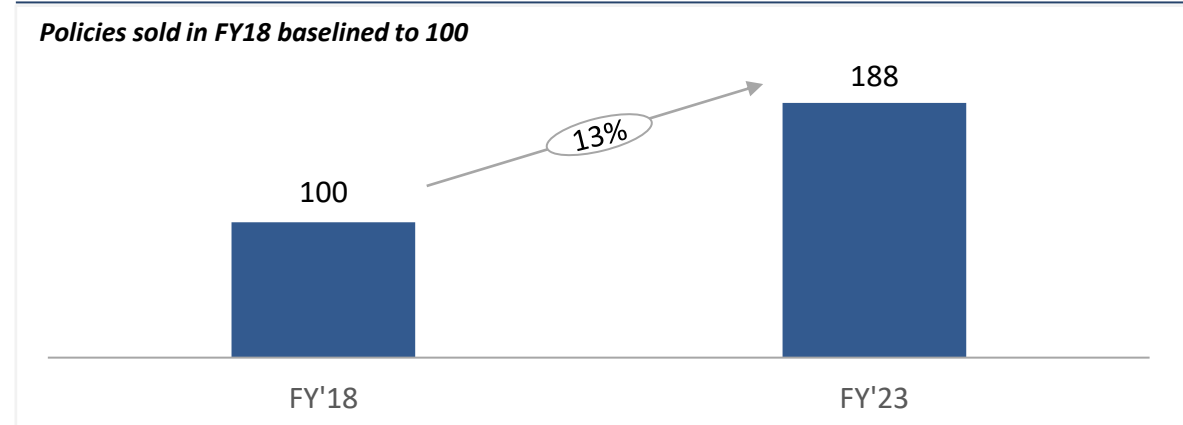
\* Total Adj. MFYP by an agent, including new initiatives data since FY20#Branch productivity calculated basis branch units defined as per our operational methodology

# A Cross-selling Direct Channels: Max Life has set up a channel focused exclusively on cross-selling. Cross-sell engine is powered by strong analytics and robust on-ground execution

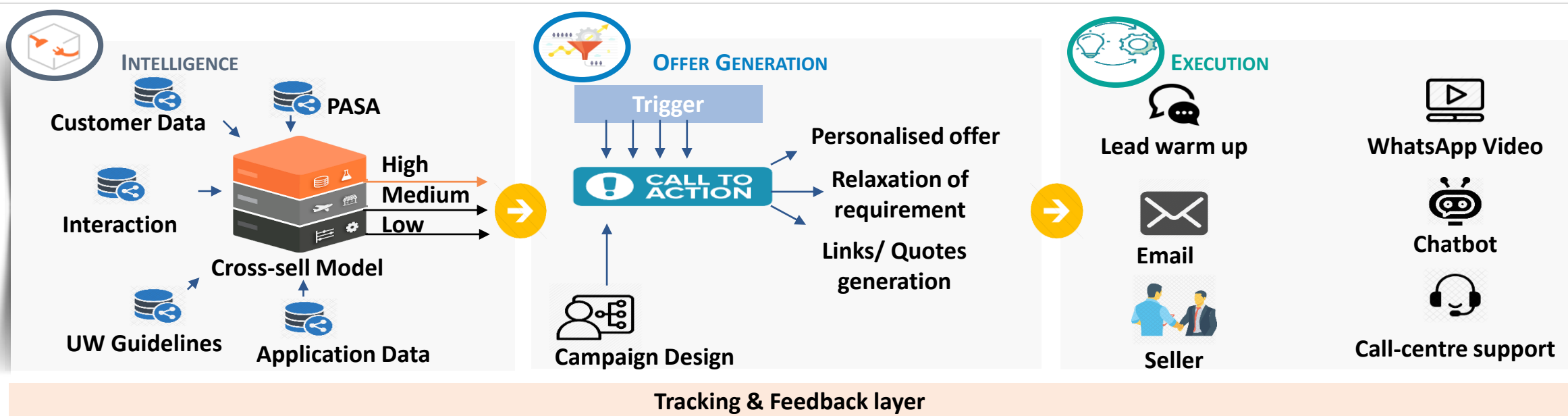
New Business Premium from direct channels



Cross-sell Policies - Strong growth in number of cross-sell policies



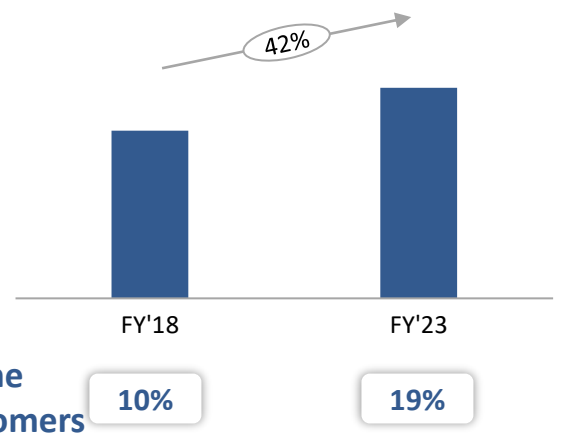
Cross sell engine



**A**

# Continued leadership in online acquisition

## APE grew 6X in 5 years



Online Customers

Leadership position in protection in Direct & Partnership

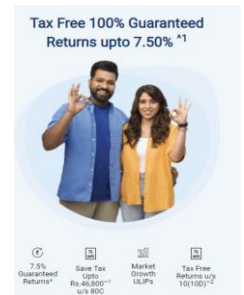
### Key Partners



## FY23 Highlights

New product launch – FD/RD like category created; Best in class returns

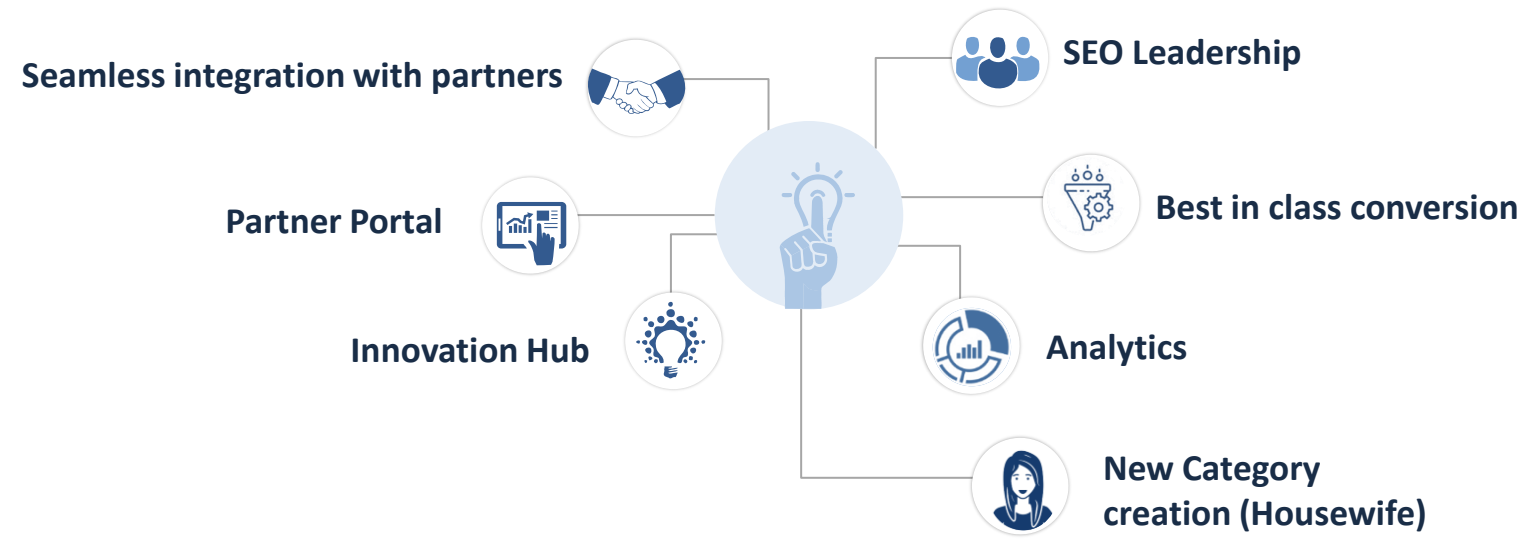
Savings grew 5X in FY23



Penetrated into new segments – contribute to ~20% in Term on run rate basis

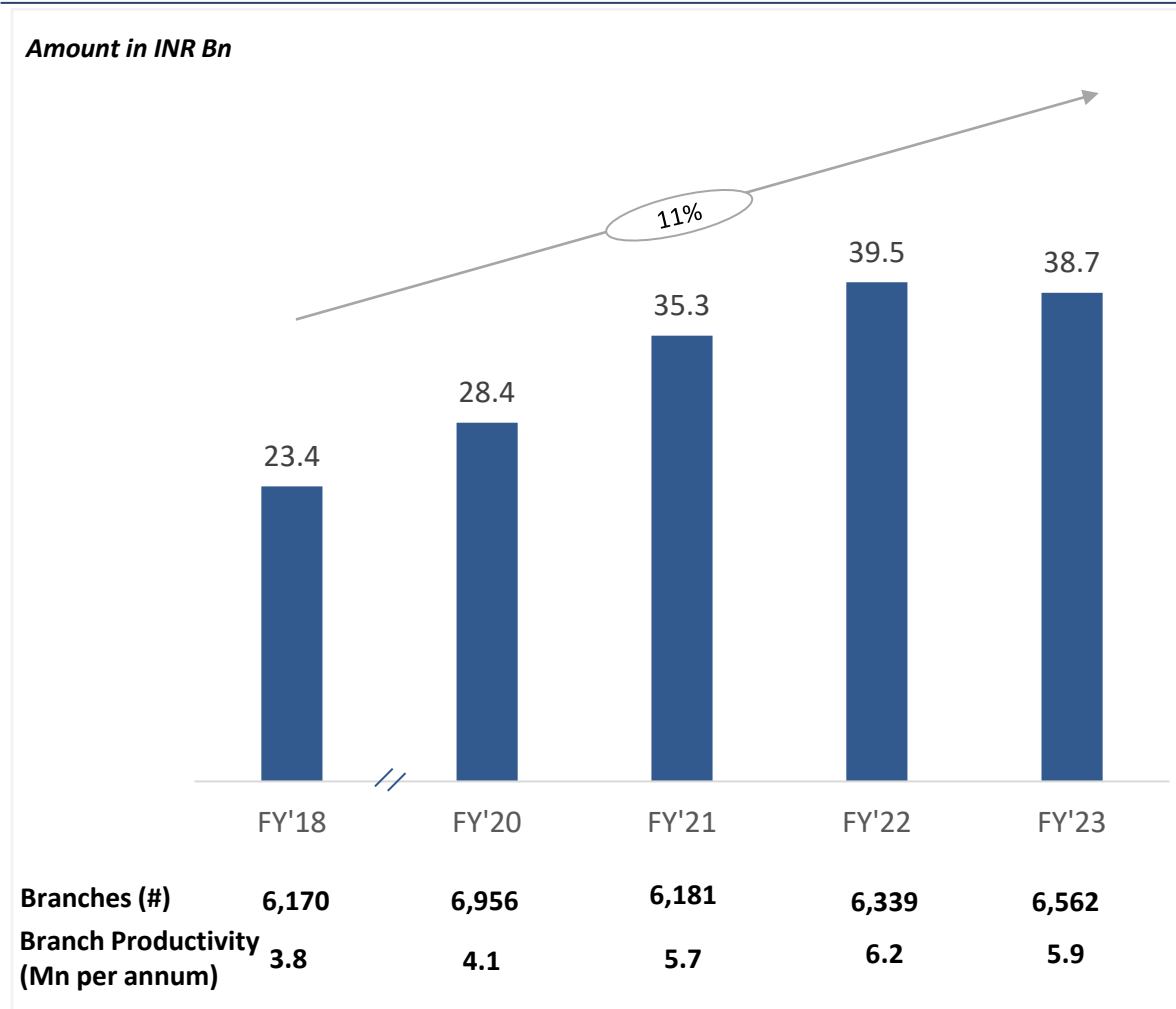


## Key Success Factors

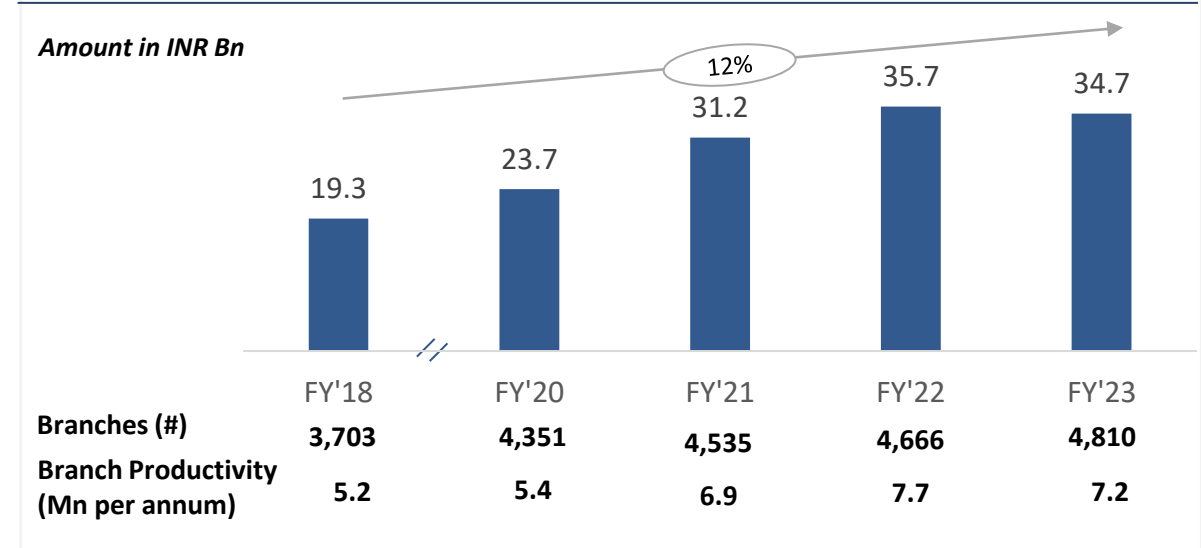


# Bancassurance partners continue to contribute strongly

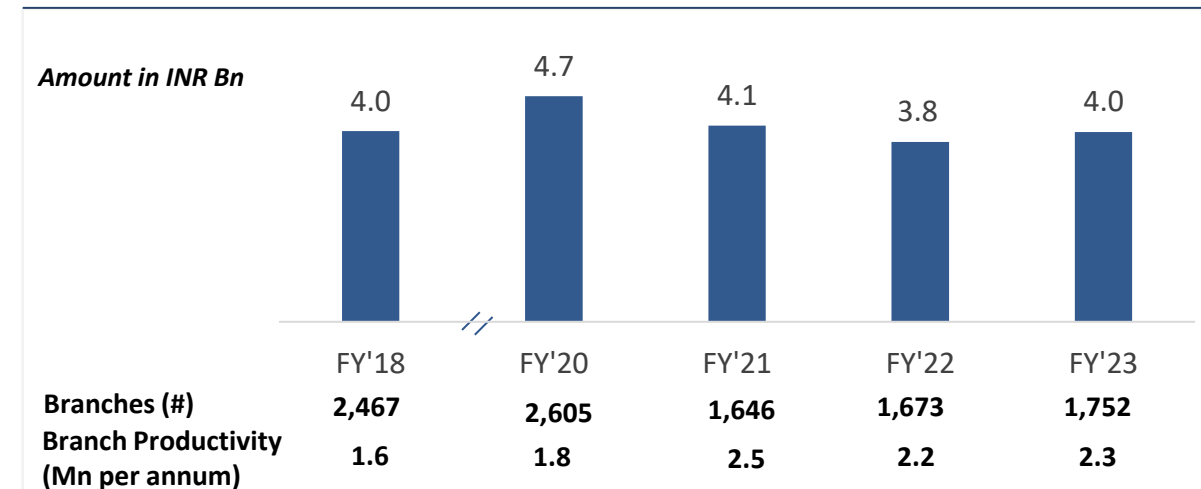
Banca channels have grown at CAGR of 11%



Axis Bank: Axis bank grew by CAGR of 12% over last five years



Other Bancassurance Partnerships





A

# Max Life has been augmenting distribution capability by expanding both traditional and emerging ecosystems

## Ecosystems

## Key partners signed by Max Life in FY23

### Bancassurance



### Offline Brokers

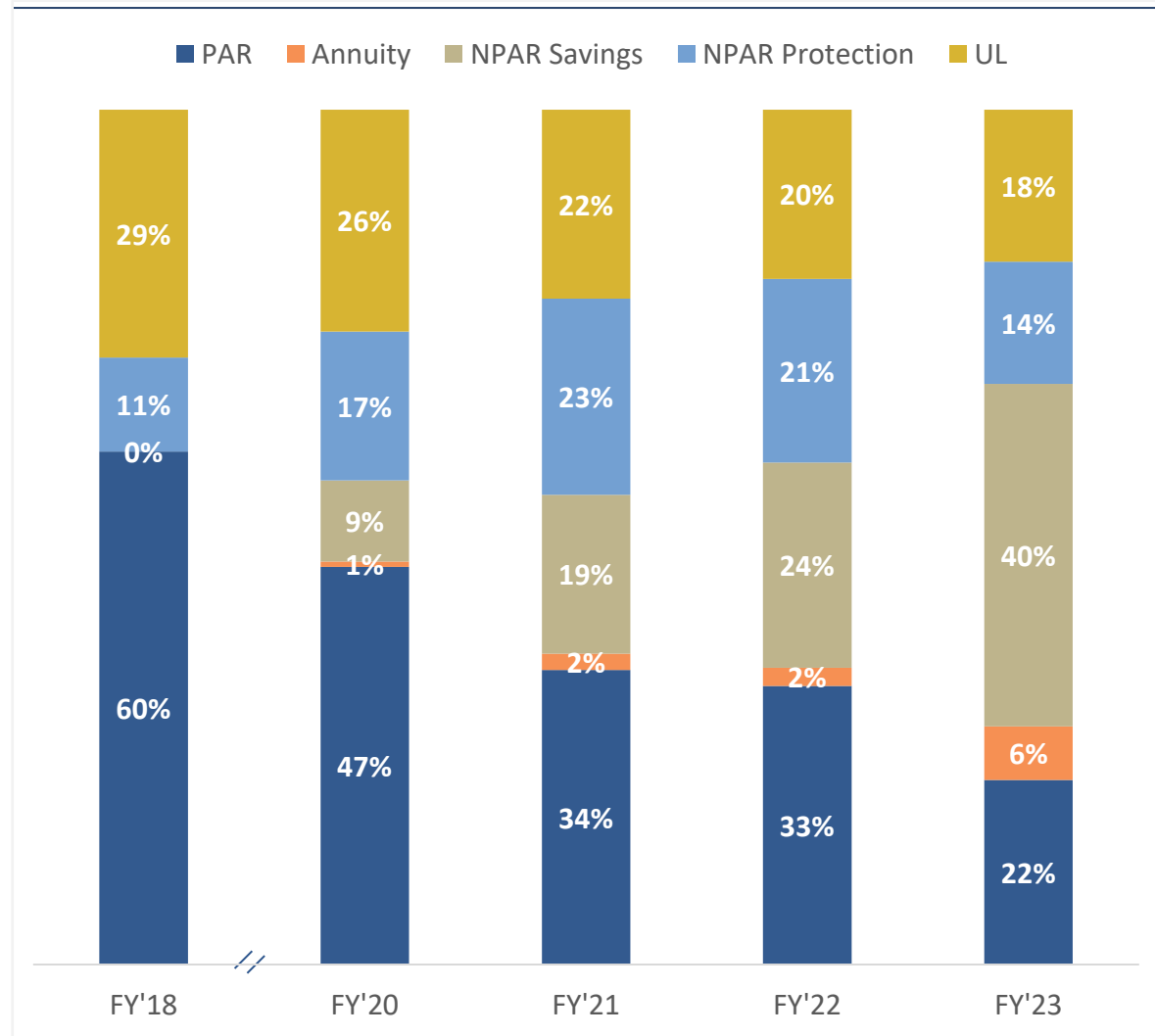


### Online Brokers

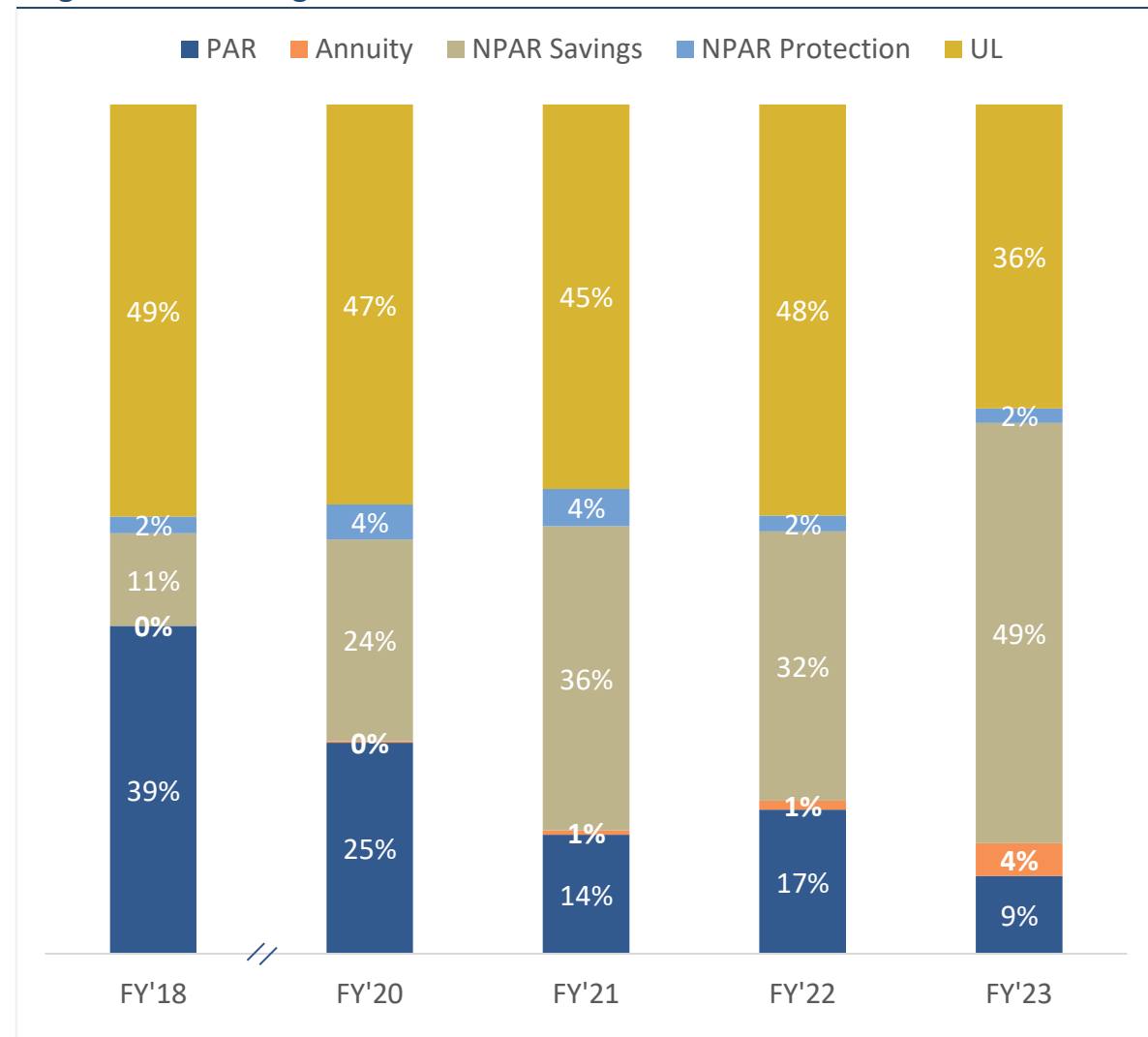


# Product mix in proprietary and Bancassurance channels aligned to customer needs;

**Proprietary Channels Product mix\*** - biased towards traditional products and protection for driving margins



**Bancassurance Product Mix\*** - has been biased towards ULIPs to cater to target customer segments



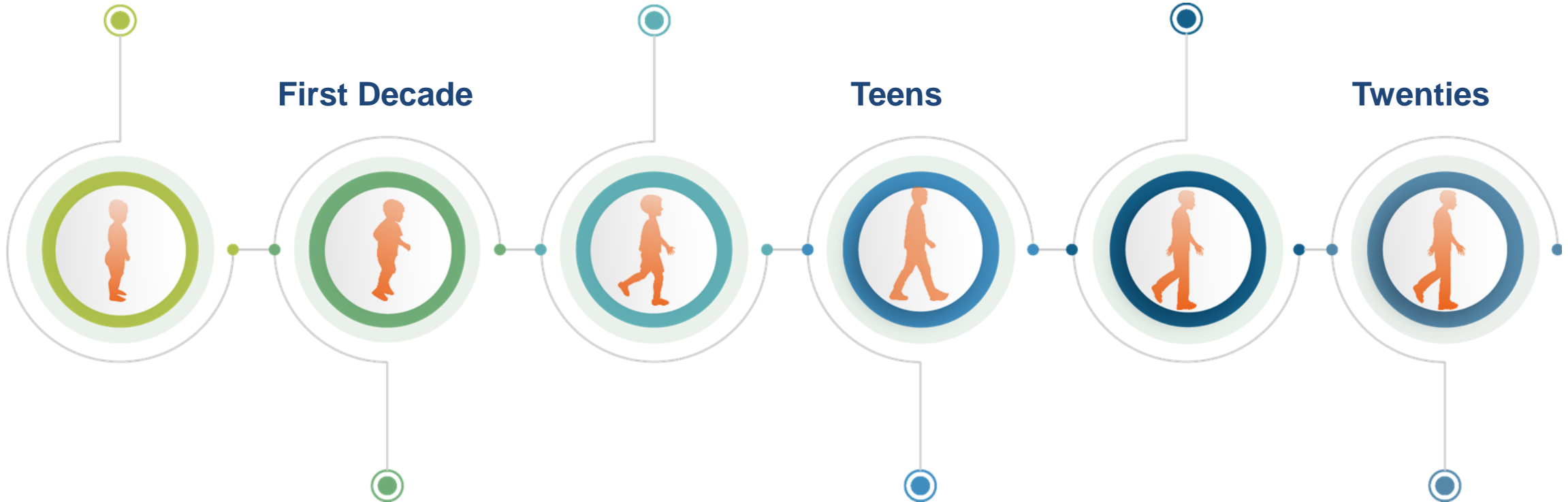
\*Numbers for few years will not sum to 100% due to rounding off effect

# Max Life has been at the forefront of driving Products Innovation by creating first-in-industry propositions

- 1. Break the endowments category clutter with Industry **First Whole Life plan**
- 2. Provide **liquidity & flexibility through First Cash & Premium Offset Bonus** options
- 3. **First PAR Top Up** option

6. Enabled transparent customer participation in Bonds with **First Index-Linked Non PAR plan**

- 10. **Hedged Guarantees with Derivatives**
- 11. Launched industry **First COVID-19 Rider** (diagnosis & death benefit)



- 4. Enable Customer Obsession **through First “Freelook Period”**, became Regulation later
- 5. **Created Universal Life product** – Enable transparent customer participation in Debt market

7. **Scaled “Monthly Income” category** first on Non PAR and then on PAR platforms

- 12. **Differentiated Term plan** with industry firsts (Special exit value, Premium holiday option)
- 13. **Strengthened PAR proposition** (guarantees under early income variant)
- 14. Launched new savings proposition **Smart Fixed-return Digital Plan**

B

# Max Life offers product suite at affordable premiums to cater to all customer segments across various life-stage needs



	Life stages	Young Adults / Single <25 years	Married 25 to 35 years	Married with newly born kid/kids 30 to 40 years	Married with older Kid/ kids 40 to 55 years	Retirement 45+ years
<i>Dream home, Dream Car, Dream Trip, Dream Gift for a special one, Savings for exigencies</i>	<b>Savings</b>	Savings Advantage Plan, Monthly Income Advantage Plan, SFRD				
		Assured Wealth Plan				
		Smart Wealth Plan, Smart Wealth Income Plan, Smart Wealth Advantage Guarantee				
<i>Regular Secondary Income, Regular Money Back</i>	<b>Retirement</b>				Guaranteed Lifetime Income Plan, Saral Pension Plan	
					Forever Young Pension Plan	
		Monthly Income Advantage Plan. Life Perfect Partner Super				
Smart Wealth Plan, Smart Wealth Income Plan, Smart Wealth Advantage Guarantee						
<i>Legacy for next generation, Grandchildren marriage</i>	<b>Legacy Creation</b>	Not Applicable	Whole Life Super			
			Smart Wealth Income Plan*			
<i>Children Education, Children Wedding, Milestone Gifts for Children</i>	<b>Child</b>	Not Applicable	Future Genius Education Plan, Shiksha Plus Super, Monthly Income Advantage Plan			
			Smart Wealth Income Plan			
<i>Shield from uncertainties</i>	<b>Protection</b>	Smart Secure Plus Plan, Cancer Insurance Plan				
<i>Corpus/legacy creation Retirement planning</i>	<b>Investment</b>	Fast Track Super				
		Platinum Wealth Plan				
		Flexi Wealth Plus. Flexi Wealth Advantage Plan				

# B Accelerating product innovation agenda through experiments and creating new customer segments

Millennials preferring FD/RD like deposits



New ULIP Product



ULIP product for self employed



Limited and Regular Pay Deferred Annuity for near retiree segment



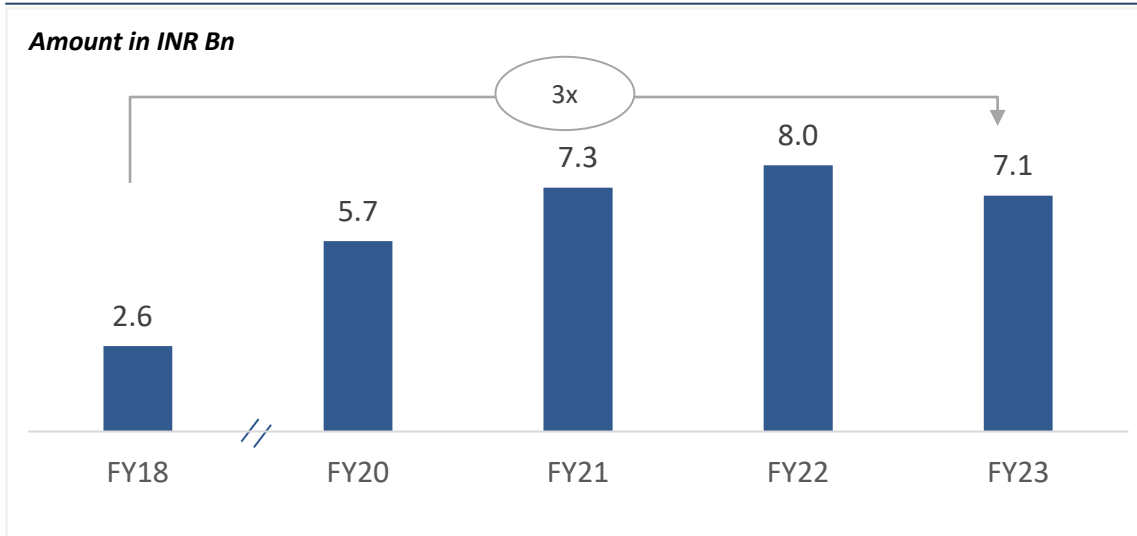
Solution for self employed /homemakers



Guaranteed savings with enhanced flexibility, liquidity and protection



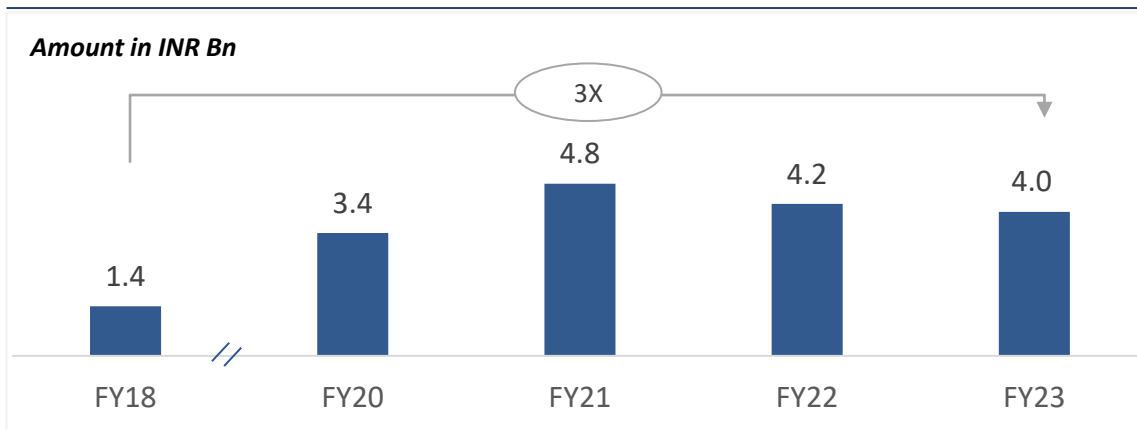
## Total Protection APE\* - Tripled over a 5 year period



## Key focus areas to win in protection

- **Underwriting:** Superior underwriting **augmented by Artificial intelligence and data analytics**
- **Reinsurance:** **Strategic alignment** with re-insurance partners
- **Product and Pricing:** Product innovation to drive strategic shifts towards **under-penetrated customer segments**
- **Control:** Strengthen **claim diligence capabilities** through technology and superior process control

## Total Retail Protection APE- 5 year CAGR of 24%



## Key Focus areas and enablers in health portfolio

- **Innovative health offerings** combined with life to provide holistic solutions
- **Leverage digital tools** to enable touchpoints and nudges for rider purchase
- Augmented value creation through **wellness combos**
- **Exploration and launch of Rider Suites** based on customer demographic and life stage needs

# B Focus on retirement leading to 3x growth in Annuity business in FY23

## Life stage & Objective

Age: 25-45 yrs  
Accumulate funds

Age: 45-60 yrs  
Plan for retirement

Age: 60+ yrs  
Cover the risk of living too long

## Needs

- Tax Saving
- Savings for future

- Tax Saving
- Lumpsum req. for big events (child's education, buy home, child's marriage)
- Savings for retirement

- Regular income stream until death
- Legacy planning

## Max Life's solutions

- NPS account (Pension Fund Management - PFM)
- Pension plan

- Long Term Income (Smart Wealth Plan)
- NPS account (PFM)
- Pension plan
- Annuity

- Annuity

### Max Life Pension Fund Management

- Business commenced from 12th September**
- Launched social media campaigns and PFM website**
- Garnered INR ~1.4 Bn AUM**
- Distribution across Corporate, retail and government base**
- PoP license received**

### Smart Guaranteed Pension Plan

- Guaranteed Income** to cater to your needs as long as you live
- Advance Annuity Amount** option to take in advance, your next 5 years annuities
- Option for Life-long income:** option to choose a single life or a joint life annuity
- Available for Group members who want to purchase annuities**
- Available for National Pension System(NPS) customers**

### Guaranteed Life Time Income Plan

- Guaranteed Lifelong income** with Single Life & Joint Life Option
- Option to choose between Immediate & Deferred Annuity**
- Flexibility to choose how long you want to pay premiums - Single Pay and Limited Pay Options**
- Easier on-boarding with Zero Medical Underwriting**
- Option to get Return of Premium as minimum Death Benefit<sup>3</sup>**

- April'22 PFM license obtained
- Aug'22 PFM company launched
- Oct'22 POP license obtained
- Nov'22 POP operations launched
- Feb'23 Max Innings (retirement ecosystem) launched

## Product design & mix monitoring

- 1 Prudent pricing assumptions (interest rates, risk margins)
- 2 Regular monitoring & repricing
- 3 Product designs optimization (shorter pay designs) to minimize exposure to future interest rate movement
- 4 Large part of annuity portfolio (>95%) is Return of Premium, which has negligible exposure to longevity risks

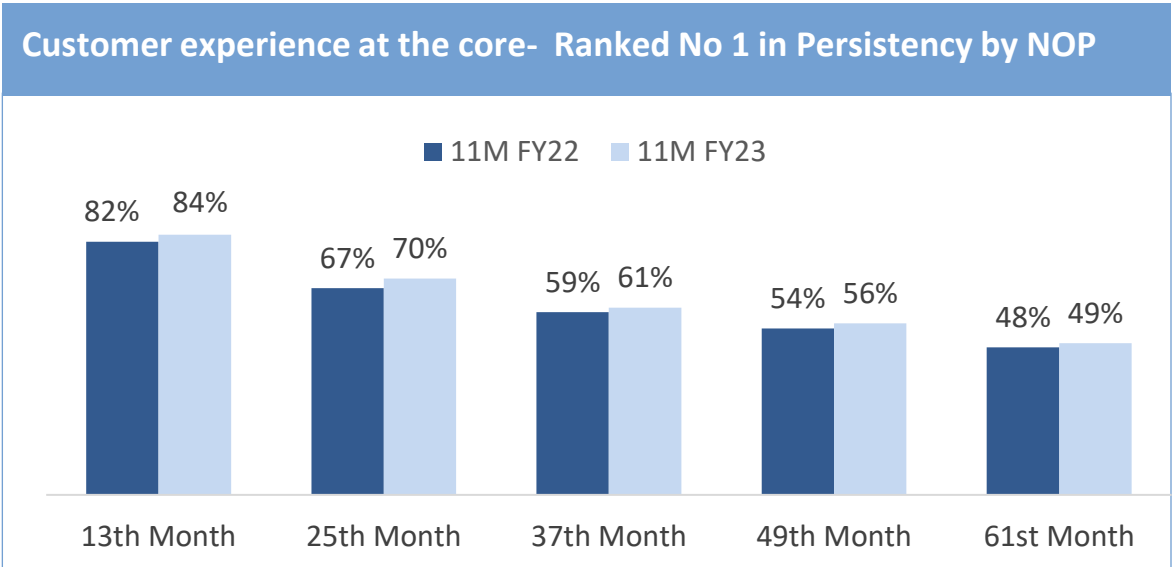
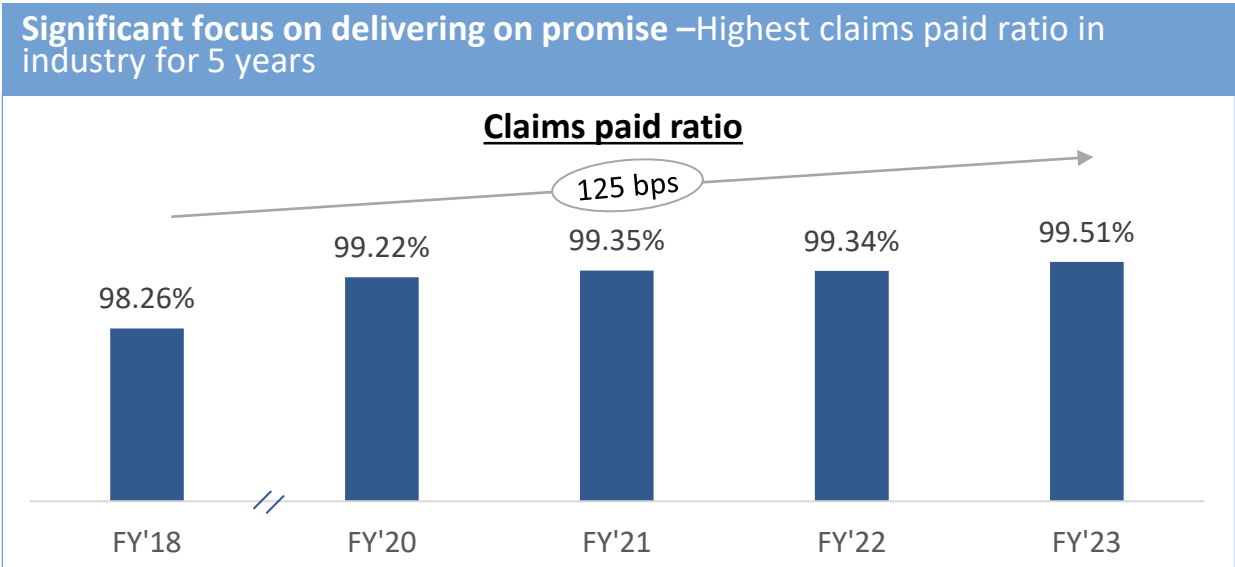
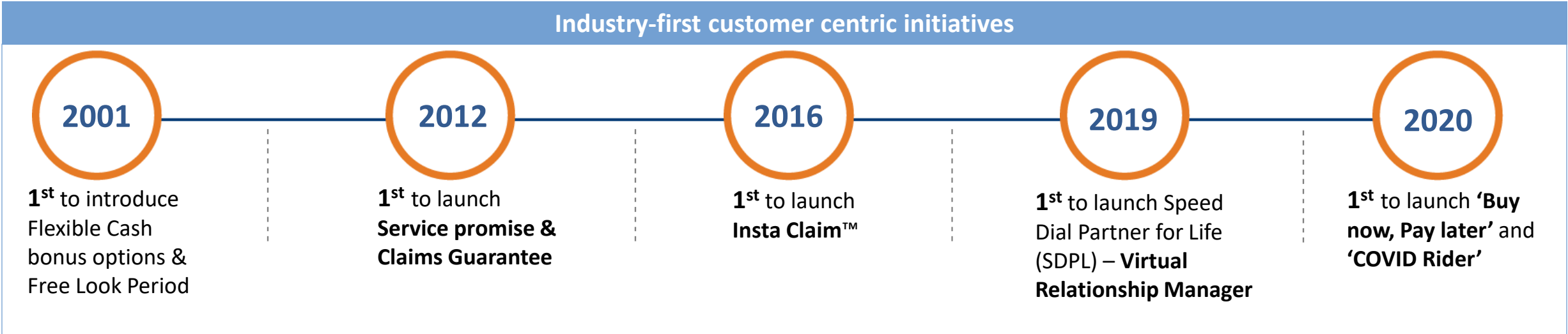
## Prudent ALM approach

- 1 Cash flow matching of assets and liabilities (for non-par savings + group protection portfolio)
- 2 Duration matching to manage parallel shifts in yield curve
- 3 Enabled by a deep and liquid long sovereign bond market

## Hedging

- 1 Managing the asset liability cashflow profile of entire non-par fund to derive synergies of natural cash flow hedge
- 2 External hedging (using FRAs, IRFs, Swaps etc.)



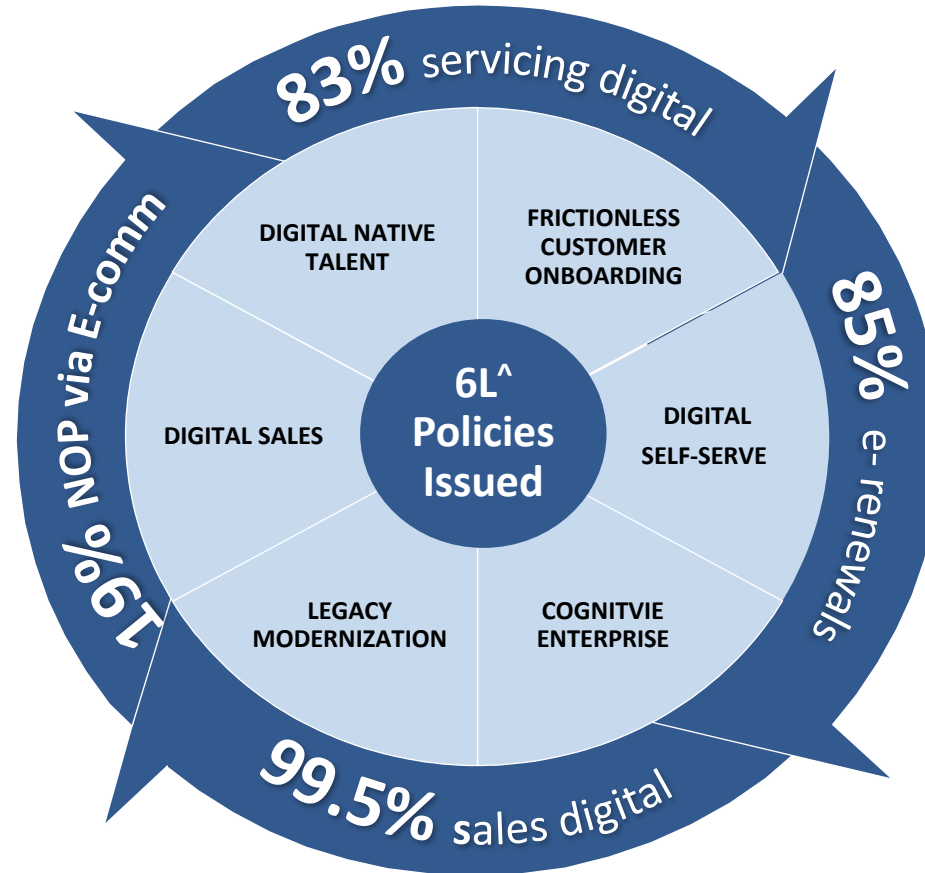


**72.8%**  
Automated Underwriting (Retail)

**~58**  
Claims paid everyday

**<3 seconds**  
Page load time

**99.51%**  
Claims settlement ratio



**50+**  
Partners

**56%**  
Infra on Cloud

**44%**  
Insta COI (Axis)

**676K+**  
Bot queries per month

### Scale eCommerce Business

1

- Digital Marketing Muscle (**Sharper prospecting**)
- **Mobile first** purchase journey
- **Personalized** experience
- **WhatsApp** chase journeys

### Digital Sales

2

- Intelligent & Integrated **LEAD management**
- Integrated **Recruitment Funnel**
- Digital **Native Training & Content Mgt** solution
- **Smart Assistant** for seller productivity
- Digital standardized **sales governance**

### Onboarding / Issuance

3

- Digital Native Onboarding platform – **SEO**
- **Frictionless Onboarding** experience leveraging eco system partnerships
- **Smart U/W** - embedded AI Models
- **Legacy Modernization** – Insta Issuance

### Customer Service

4

- **Omni Channel** customer experience (Customer 360)
- Help Center / conversational BOTS for **self service**
- **Continuous customer engagement** by Leveraging Ecosystem
- Digital **Agent Servicing**
- Integration with **Social platforms**

### Enterprise

5

- **Mobile First Employee Experience** – HR Self Service
- **Digital Engagement & Collaboration**
- **Back-office transformation** – Treasury, AML
- **Enhanced Security** – cloud, threat monitoring, vulnerability Mgt
- **Intelligent Automation**

### Pervasive Intelligence

6

(AI /ML, Analytics embedded in all key processes)

### Cloud Enabled Legacy Modernization & Enterprise Data Hub

7

Workloads on Cloud

### Employer of Choice for Top Digital Talent

8

300+ Engineers

### Digital Culture

9

InsureTech ecosystem

Combine Landing page for Online Products



- Combined landing page for protection and savings
- Improved S2L for online channel
- Term S2L improvement – by 20%
- Savings S2L improved by 9%

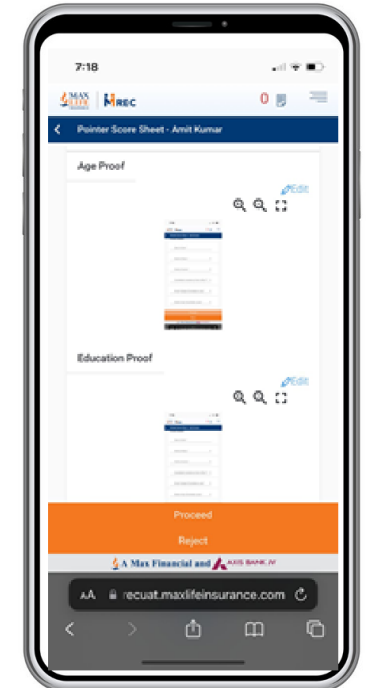
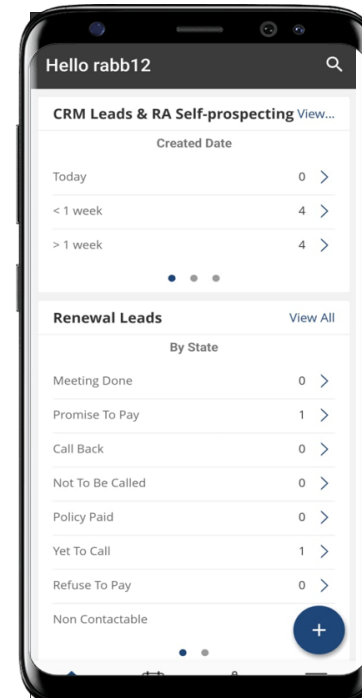
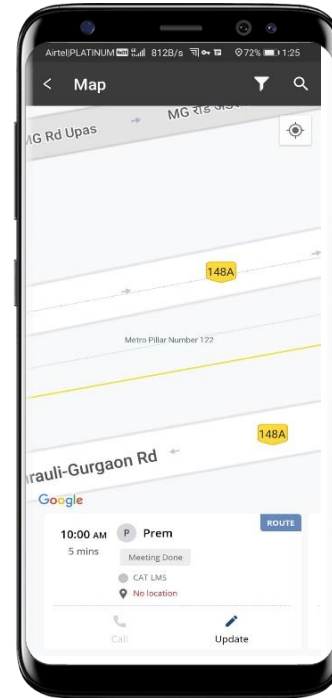
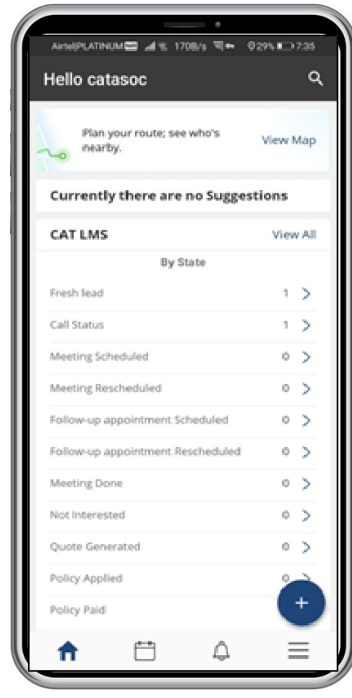
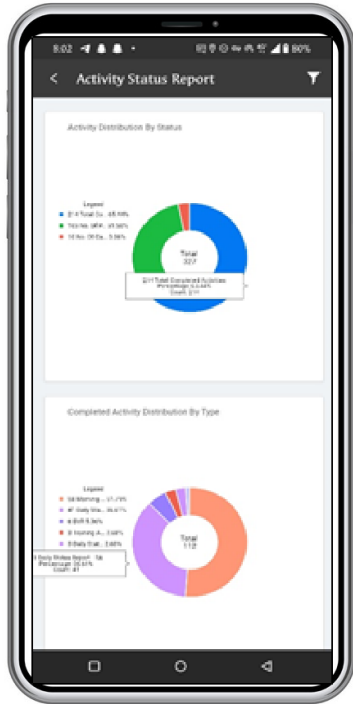
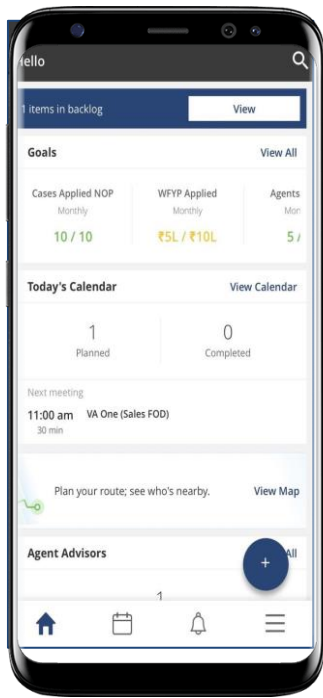
Home Page Store front launch



Home page revamp

- New age home page revamp with store front
- Reduced bounce rate by 19%
- Improved S2L<sup>1</sup> by 15%

## mSMART – Activity & lead Management ; RMS - Renewal Lead Management System



## mREC

Enables ADM/RA's to track and create activities, goals and PRP

Smart Dashboards

Lead Management bucket wise view

GeoAnalytics enabled

RA dispositions & funnel view

Leader hiring for APC/Agency enabled



3.80 Lac+ activities in a month



~1 Lac+ Sales FODs & ~80K+ Recruitment FODs in a month



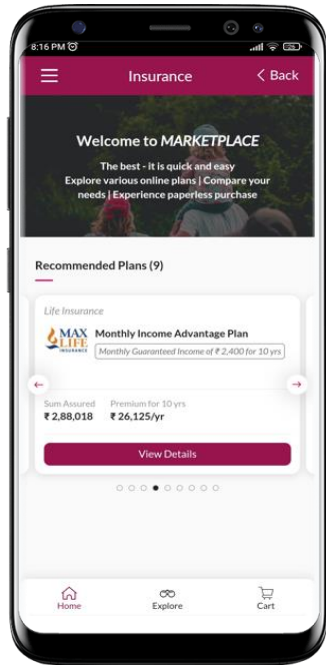
~95%+ adoption in Proprietary channel ~80% adoption in Banca

New lead and Renewal Management with intelligent features

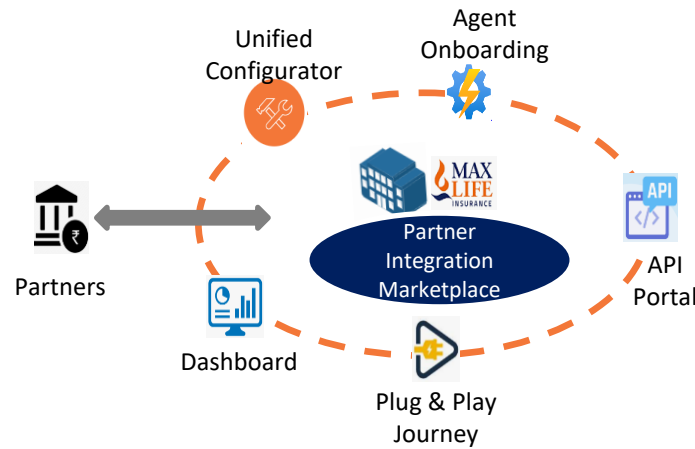
All the new leaders hiring is being done through automated tool only

# D Enabled end to end Integration with Axis Bank marketplace- from lead generation to policy issuance, Partner Integration marketplace & eco-system integration

## Integration with Market Places & creating Max Life Partner Integration



End to end integration from lead generation to policy issuance – Single pane view for Axis Bank & MLI seller



### Max life –Partner Integration Market place

**Plug & play APIs framework** basis different possible journeys & Single Sign-on  
**Integration with Insutech** ( Zopper, turtlemint and One silver bullet) To have presence on all marketplaces

## Eco-system Integration

**For KYC details and document waivers**

**Waiver of Financial Document**

**Integration with TPA for Medical scheduling and digital report**



6 new brokers on-boarded within 2 weeks.



2 New Banks on-boarded within 3 weeks



Clear Case – 72.8% (Retail)

**D** Leveraging the ecosystems built on the India Stack to simplify the customer journey. We have integrated with the AA Ecosystem for sharing financial documents with customer consent

4



### Eco-system Integration

**For KYC details and document waivers**

**Waiver of Financial Document**

**Integration with TPA for Medical scheduling and digital report**



### Sharing of Bank Statement using the Account Aggregator for Financial U/W

Customer registers on AA with Phone Number & OTP

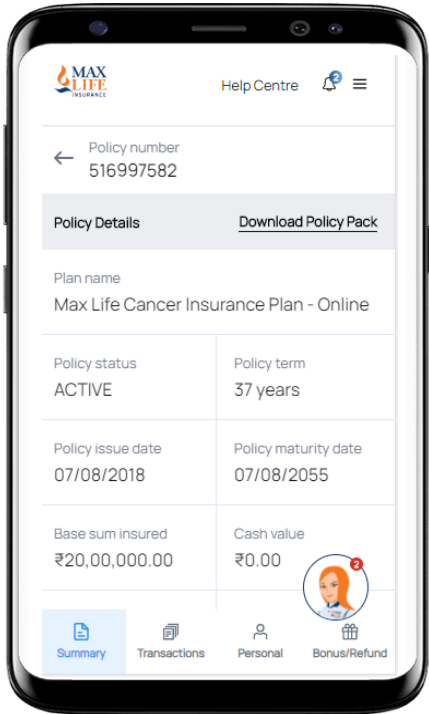
Connects a/c with AA ecosystem and discovery of linked a/c

Provides consent for Data Sharing

6 months Bank A/c Statement shared with MLI

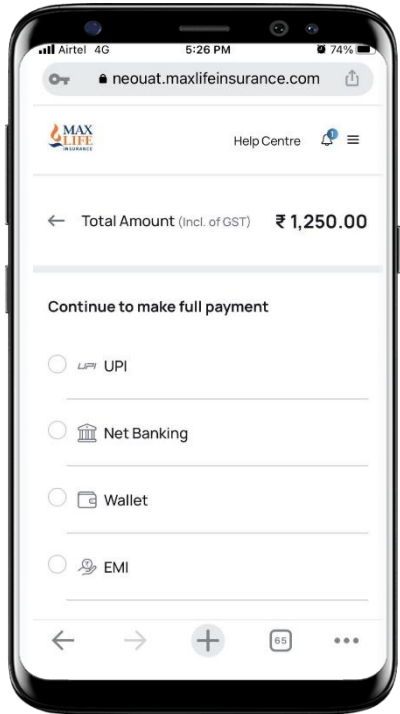
The ecosystem is being leveraged for predictive modelling & scoring, automation and cross sell. Pilot using AA showed a 10% adoption rate of AA

## Revamped Website



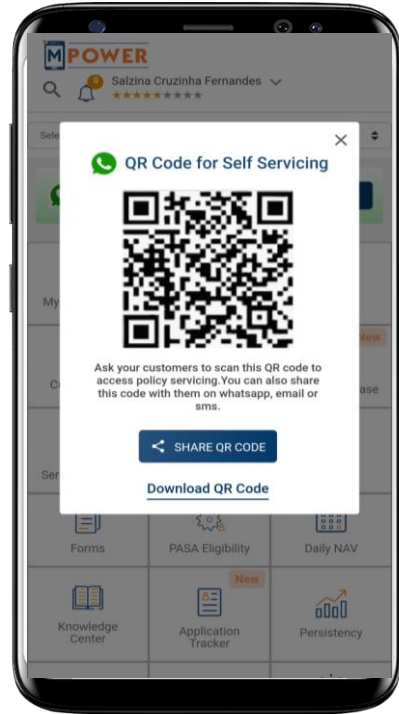
Improved Customer Experience  
NPS up by 10pts

## Unified Payment Platform



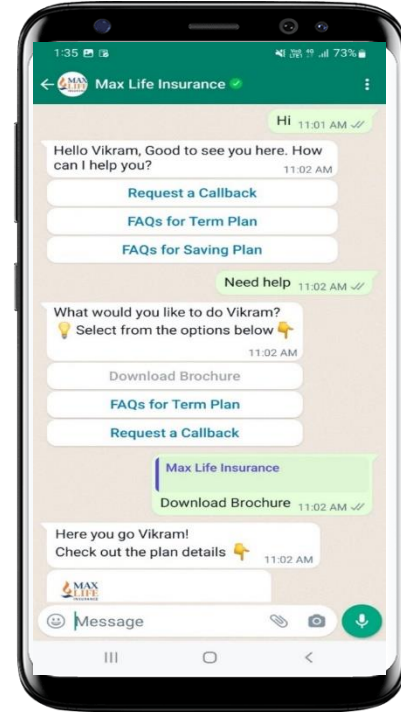
Robust & scalable payment platform  
Paytm router - Multi Switch PG capability

## Launched QR Code



Soft launch across channels  
Seller enablement, Website

## Revamped - WhatsApp Bot (May'23)



New Help center approach with Live Agent chat, native journeys and vernacular capability



83% Self-service Penetration



6% improvement in success rate,  
20% reduction in detractor VOC



25% Increased traffic on  
Whatsapp Bot QoQ

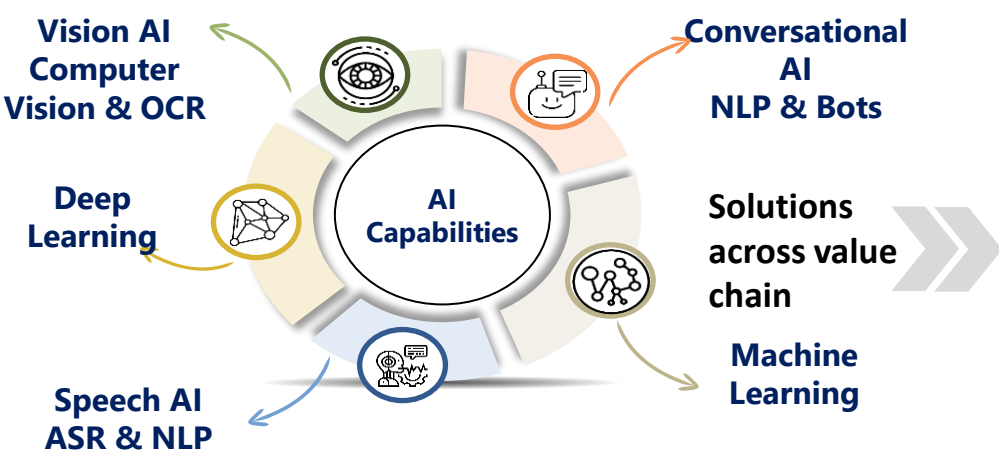


13% Higher user engagement +  
67% Improved query resolution  
On Haptik platform



# D Implemented cutting edge AI application at scale enabling superior business outcomes across the customer touchpoints

6



## AI Industry Recognition

**CYPHER – Top Domestic Firms using AI/ML**

**Nasscom AI Game Changers Award**

**ETBFSI AI excellence Awards**

**Top 40 Under 40 data scientists Award**

**Best Data Science Project Award**

26-28 SEP, BENGALURU  
greatlearning  
GREAT LEARNING DATA SCIENCE AWARDS - 2018

**AI Case Study Books & Publications**

New Business	
	Speech Analytics suite for Customer insights, call sentiment, effectiveness & Agent performance analysis
	Customized customer offers with propensity prediction & Product recommendation engine
	Upfront Rural-Urban sector classification engine
	Machine Learning based Sales Leakage prediction
	Personalized performance scorecards to the field-force to boost adherence to input activities and propel higher outcomes

Purchase & Issuance	
	Shield Early Claim & Fraud risk prediction Engine
	13M & 25M Upfront Persistency Risk Prediction and Engagement recommendation
	Computer Vision based Photo and liveness verification in PoSV
	Diagnostic center analytics and fraud prediction & monitoring
	UW decision anomaly identification suite to enhance decisional accuracy
	Computer vision based Aadhaar Masking Suite
	Mortality Insights & Analytics hub

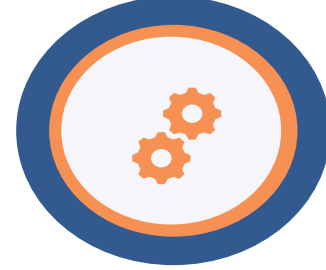
Servicing, Retention & Others	
	Deep Learning Customer Engagement, Retention & Persistency Prediction
	Upfront Query Resolution with unified intent prediction and auto response bot
	Machine Learning based Renewal Income & Persistency Forecasting & monitoring
	Machine Learning based Detractor & NPS prediction model
	Machine Learning based Surrender prediction and Surrender retention
	Investment Risk Identification by flagging probable dealer broker collusion

<b>100%</b> Real time Risk prediction	<b>400+</b> Diagnostic Centers delisted basis Medichcek	<b>6000</b> Daily personalized input performance being triggered for Axis RA & supervisors	<b>12 Cr</b> Historical documents processed in 3 months for Aadhaar masking
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NLP: Natural Language Processing  
ASR: Automatic Speech Recognition

# D Investments in cloud and system modernization is helping us scale business in an agile way...

7



## Cloud Data & Analytics Platform

- Data Lake Foundation, Customer 360 & MVP 32 Requirements.
- Data stores (CDC, ETL, SIC, Portal DB) consolidation on Datalake.
- Real-time reporting. Eagle Eye Go, CXO Dashboard (Go live-15<sup>th</sup> June)
- AI/ML – Speech to Text, Claims Risk Insight Engine.

## Compliance & Security

- Industry best Tools & process to monitor & mitigate vulnerabilities.
- 24/7 Matured SOC & Next Gen Ransomware detection & prevention Tool in place
- Compliance rating increase from 70% to 86%.

## Cloud Foundation

- Agility in operations support for 4X volume on peak days with response time <1sec
- Infra Footprint increase from 18% to ~56%. 50+ Apps on Cloud

## Legacy Modernization

- Modernized Treasury, HR, Contact Center, Communications, AML, Agent customer servicing & Illustration platforms
- Centralized product setup by implementing Product Configurator as a single source of truth for all applications



Google Cloud



~100% Resiliency for Cloud & Critical Apps



BitSight Security Maturity Score- 810 (Best in Industry)



Auto Scaling Design to support peak volume



Provisioning from 8 weeks to 1-2 Days

**Key Focus areas to drive superior Org outcomes**

 **Innovation**

 **Speed & Simplicity**

 **Values focus**

 **Agile Cross Functional teams**

 **Extensively leverage Digital**

# Max Life's 5-Year Aspirations

	1	2	3	4	5
<b>FY21</b>	 <b>Leader in online acquisition</b> Leader in online protection	 <b>Fastest growing profitable proprietary distribution</b> #5 player in offline proprietary distribution	 <b>Leader in Protection + Health &amp; Wellness proposition</b> #5 player in Protection and health	 <b>Leader in Retirement</b> #4 Annuity player	 <b>Inorganic expansion</b> No addition of a material partner / inorganic
<b>Aspiration (FY26)</b>	Leader in online Protection + Savings 7-9x sales in 5 years	Among top 3 in offline proprietary distribution ~2.5x sales in 5 years	Among top 3 players in protection and health 3-4x sales in 5 years	Among Top 3 providers of holistic retirement offering ~8-9x annuity sales in 5 years	Augment partnership distribution with M&A / addition of large Bank account
<b>FY23</b>	Continued leadership in protection and savings grew 17x 2x sales since FY21 <span style="float: right;">●</span>	~1.5x sales since FY21 <span style="float: right;">●</span>	Continuous innovation to cater to various segments to bolster growth <span style="float: right;">●</span>	~3x YoY growth on APE 6x annuity sales since FY21 on APE <span style="float: right;">●</span>	Added 4 New Bank partners <span style="float: right;">●</span>



## SECTION IV

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- ▶ ESG
- 

## Four pillars of our sustainability framework



## Four pillars of our sustainability framework (contd...)



### Work Ethically & Sustainably

-  Corporate Governance
-  Ethics & Compliance
-  Digital Initiatives
-  Ethical usage of Data
-  Operational Risk Management






### Care for People

-  Diversity & Inclusion
-  Employee Development
-  Health & Wellness programs
-  CSR (with Financial Empowerment)







### Financial Responsibility

-  Sustainable Investing
-  Product responsibility
-  Customer feedback integration



### Green Operations

-  Waste Management
-  Water Management
-  Energy efficiency
-  Emissions control



## Governance

- 🔥 Dedicated **ESG Management Committee**
- 🔥 **ESG Head** to oversee ESG initiatives/ Dedicated resources for ESG, DE&I, CSR
- 🔥 **Diverse Board composition Independent Directors** (~50%-MFSL; ~30%- Max Life Insurance)
- 🔥 Average Board experience > **30 years**



## Data Privacy & Security

- 🔥 MLI received the **DSCI Excellence Award** for Best Security Practices in India in 2021
- 🔥 BitSight rating of 810, which is best in financial services
- 🔥 Certified on International standards **ISO 27001 and ISO 22301**
- 🔥 Data privacy policy and practices in place
- 🔥 Board approved Information security policy in line with **Aadhar Act, I-T Act** and other regulatory guidelines
- 🔥 Dedicated CISO reporting to CRO for independence and better governance



## Risk Management

- 🔥 Max Life has a **robust governance framework with Board risk committee (REALMC)** supported by domain expertise committees (MRC, ALCO, DMC, ORG, IS BCM etc.)
- 🔥 **Risk Appetite and Risk Management framework** in place
- 🔥 Robust derivative program as well as an ALM framework
- 🔥 Detailed review process of Business Plan in place by CRO with focus on solvency risk and capital management



## Compliance & Policies

- 🔥 **Platforms, mechanisms, channels** in place for grievance addresses, incident investigations and corrective actions and policies
- 🔥 Dedicated **whistle-blower platform** managed by independent external partner
- 🔥 Approved **Business Code of Conduct, Anti Bribery, Gifts and Meals policies**
- 🔥 Max Life won an award for the best in-house legal team in Insurance Industry across Asia from Biz Asia





## Diversity & Inclusion

- Gender diversity ratio at 26% at Max Life
- Capability building program for women's leadership – 'She Leads'
- Allyship Signature Campaign launched to promote inclusion at workplace.
- An exclusive Max Sync open house session with CEO organized for all women employees on International Women's Day.
- 55 women participated in the Kudos Allyship Recognition Campaign.



## Well-being of Employees

- Launched the Visit Health app as part of the holistic employee wellness campaign, (free - doctor consultations, counselling sessions, financial advisory, water intake tracking, daily step goals, etc.)
- Launched the Health and wellness campaign #MaxThrive (Yoga sessions, health camps, counsellor visits, eye and dental check up camps, breast cancer awareness, Dietician visits)
- Hobby Clubs launched to promote Intergenerational inclusion : Bikers, Yoga, Poetry, Music and Cricket



## Employee Development & Policies

- High **employee engagement** - 2023 sustainable engagement score of 95% in the Annual Engagement Survey through Willis Towers Watson
- Launch of **Visit Health App** to provide for free doctor's consultation & discounted in-clinic visits along with the host of other health & wellness benefits



## CSR Initiatives

- Joy of Giving: 42,500+ beneficiaries positively impacted** through virtual and physical volunteering initiatives by employees.
- Financial literacy and insurance awareness:** 54,700+ applications submitted and **46,700+ unique beneficiaries (~50% female)** serviced for availing benefits of various Govt. schemes from Haridwar and Purbi Singhbhum serviced.
- Education:** 24,694 children were benefited through the education initiatives in partnership with Max India Foundation.
- Environment preservation:** Monthly maintenance and preservation work continued at the MG Road plantation site and Wazirabad lake in partnership with GMDA. 98,796 saplings planted across Gurugram, Bangalore, Chennai and Kolkata at the Wazirabad lake

# Financial Responsibility



## Committed to responsible investments

- 100% ESG integration** will be ensured in all equity investment research and decision making
- 75%** of equity portfolio to be ESG compliant
- 100%** compliance for equity portions of shareholders fund to be adhered to



### Responsible Investments

- Comprehensive stewardship policy** in place and a detailed summary of MLI's voting actions are disclosed on a quarterly basis.
- Max Life evaluates detailed governance reports of all its investee companies in detail
- Launched new ESG Fund



### Product Responsibility

- Benefits for females/transgenders for financial inclusion :
  - Under Smart Wealth Insurance Plan, we provide a preferential discount for women
  - Under Smart Wealth Advantage Guarantee Plan, higher returns for female lives and discount is available for transgenders
  - Annuity plan improved to increase female rates
- Max Life annuity plans, Smart Wealth Advantage Guarantee Plan and Smart Wealth Plan offer senior customers guaranteed income throughout their life
- Additional health protection through our Rider Suite. Critical Illness and Disability Rider can be attached to almost the entire product portfolio; offers protection against 64 critical illnesses and disabilities.
- Launched Ethical Fund where the investment excludes in sectors such as alcohol, gambling, contest, entertainment etc.



### Integrating Customer Feedback

- Consistent focus on integrating feedback from policyholders in our services, reflected in our NPS ratings, as per Kantar Studies. NPS improved from 35 in FY19 to 52 in FY23

# Green Operations



## Holistic approach

- Conducted a **carbon footprint assessment** of our pan-India offices.
- Striving to be carbon neutral by FY28



## Energy Management

- Home Office (HO) building is a LEED Platinum certified building with “5 star rating”** in health and safety by British safety council
- Replacement of CFL with LED lights ongoing in all offices to reduce energy consumption : Replacement concluded in **30% offices in last 3 yrs. ~3%** of energy reduction achieved
- Replacement of old air-conditioners ongoing: Plan to replace **500 ton of AC in FY23**



## Water Conservation

- Water is recycled with the help of **STP: 30 kilo litres of water recycled** in FY23
- 100% tap sensors** and water aerators in place in HO. **~70%** water consumption is reduced



## Waste Management

- MLI has pledged to completely ban **single-use plastic** in the next few years with emphasis on recycled plastic at tuck shop and pantries
- Implementing **dry and wet waste segregation process**
- Used **10000 kg of plastic, 3000** being single use and **7000** being recycled plastic
- Working on Sanitary Pad disposal at HO for sustainable menstrual hygiene management

# Accomplishments in our key strategic shifts identified in our ESG journey

Indicators	Key Metric for ESG Indicators	Key Targets	Current Status
Digital Operations	Digital enablement (Self Servicing) in Business transactions	90% of all self- servicing operations to be digital by FY25	95% self-service enablement by March'23
Diversity & Inclusion	Overall Gender Diversity Ratio	Achieve 30% gender diversity ratio by FY25 (23% in FY21)	26% gender diversity ratio in March'23
Workforce Training	Number of Learning hours to upskill and reskill employees*	Improve total training hours by ~3X by FY25	28,468 training hours till March'23
Responsible Investments	ESG integration* & Compliance^ in Investment Decision Making	100% ESG integration in equity investment research and decision making   75% of equity portfolio to be ESG compliant at all times	External Consultant on-boarded for ESG integration process   Tracking ongoing for ESG compliance
Carbon Neutrality	Reduce carbon footprint and achieve Carbon Neutrality	To achieve 80% carbon neutrality by FY28	Measurement of greenhouse gas is on-going

\*ESG Integration refers to evaluation of ESG risks and opportunities for each company in the portfolio

^ESG compliance refers to all ESG rating categories excluding severe risk category, as per rating agency scores

\*Includes MDP learning hours



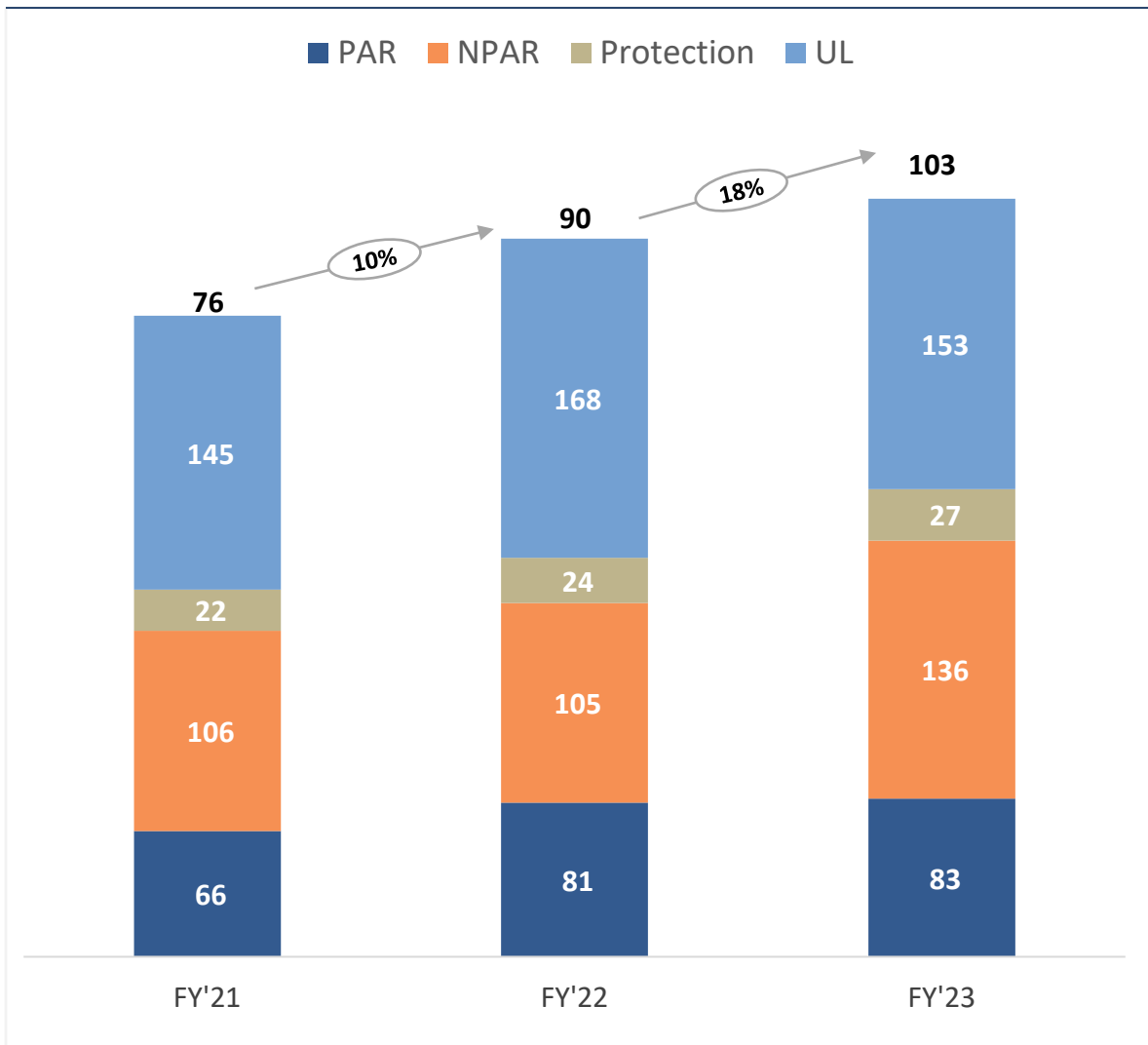
# ANNEXURES

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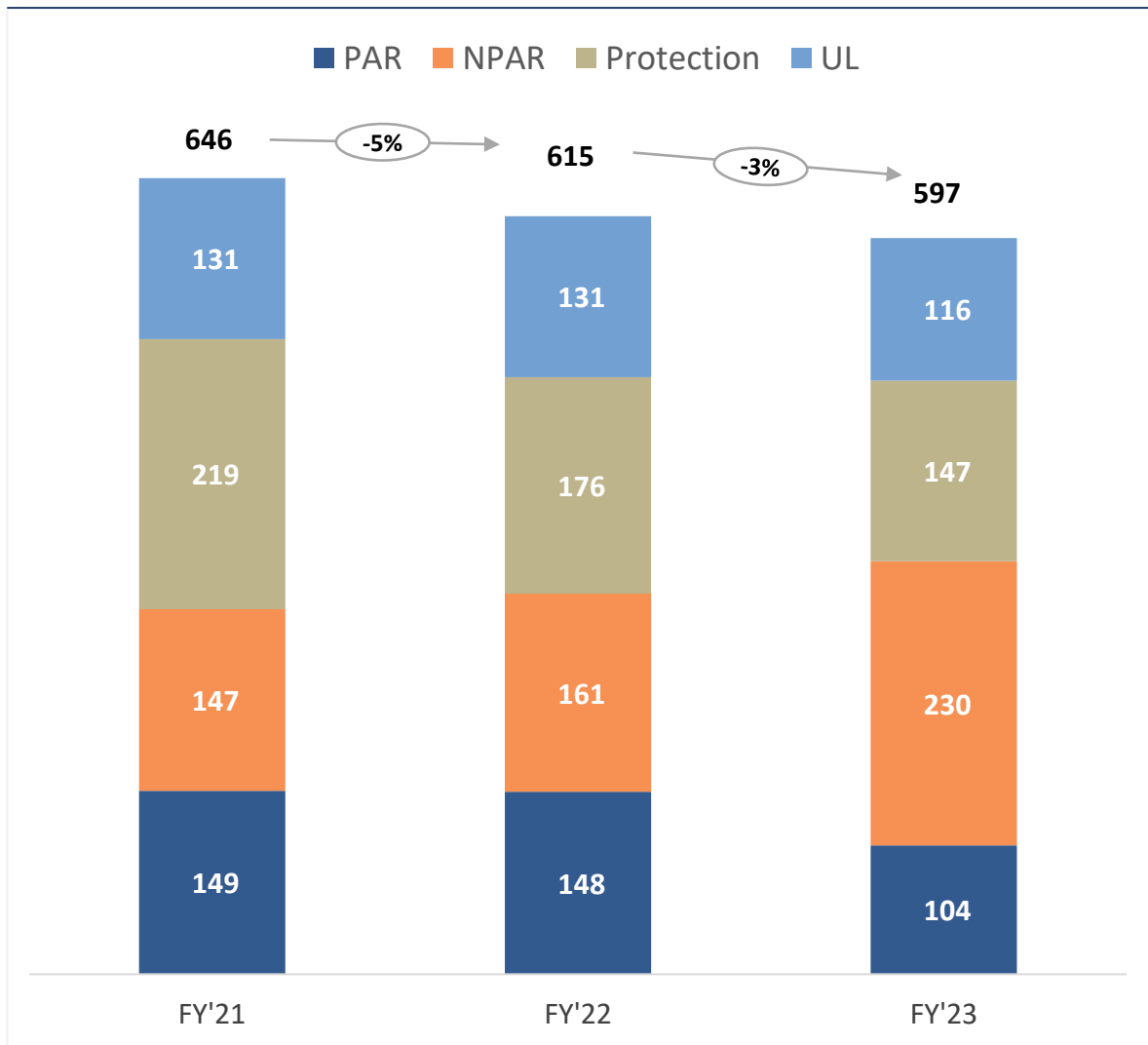


# Expansion in case size across all products

Case Size (INR'000)



NoPs (INR'000)



## Sensitivity analysis as at 31<sup>st</sup> March 2023

Sensitivity	EV		New business	
	Value (Rs Bn)	% change	VNB (Rs Bn)   NBM	% change
<b>Base Case</b>	<b>162.6</b>	-	<b>19.5   31.2%</b>	-
Lapse/Surrender - 10% increase	162.8	0.1%	19.5   31.2%	0.1%
Lapse/Surrender - 10% decrease	162.3	(0.2%)	19.4   31.1%	(0.4%)
Mortality - 10% increase	159.1	(2.2%)	18.7   29.9%	(4.3%)
Mortality - 10% decrease	166.2	2.2%	20.3   32.5%	4.3%
Expenses - 10% increase	161.1	(0.9%)	18.1   28.9%	(7.2%)
Expenses - 10% decrease	164.1	0.9%	20.9   33.4%	7.2%
Risk free rates - 1% increase	161.3	(0.8%)	20.5   32.8%	5.2%
Risk free rates - 1% reduction	162.9	0.2%	18.0   28.9%	(7.4%)
Equity values - 10% immediate rise	164.6	1.2%	19.5   31.2%	Negligible
Equity values - 10% immediate fall	160.7	(1.2%)	19.5   31.2%	Negligible
Corporate tax Rate - 2% increase	159.0	(2.3%)	19.1   30.5%	(2.3%)
Corporate tax Rate - 2% decrease	166.3	2.3%	19.9   31.9%	2.3%
Corporate tax rate increased to 25%	139.6	(14.2%)	15.4   24.7%	(20.8%)

## Definitions of the EV and VNB

### Market consistent methodology

- The EV and VNB have been determined using a market consistent methodology which differs from the traditional EV approach in respect of the way in which allowance for the risks in the business is made.
- For the market consistent methodology, an explicit allowance for the risks is made through the estimation of the Time Value of Financial Options and Guarantees (TVFOG), Cost of Residual Non-Hedgeable Risks (CRNHR) and Frictional Cost (FC) whereas for the traditional EV approach, the allowance for the risk is made through the Risk Discount Rate (RDR).

### Components of EV

The EV is calculated to be the sum of:

- Net Asset value (NAV) or Net Worth: It represents the market value of assets attributable to shareholders and is calculated as the adjusted net worth of the company (being the net shareholders' funds as shown in the audited financial statements adjusted to allow for all shareholder assets on a market value basis, net of tax).
- Value of In-force (VIF): This component represents the Present Value of Future expected post-tax Profits (PVFP) attributable to shareholders from the in-force business as at the valuation date, after deducting allowances for TVFOG, CRNHR and FC. Thus,  $VIF = PVFP - TVFOG - CRNHR - FC$ .

### Covered Business

- All business of Max Life is covered in the assessment except one-year renewable group term business and group fund business which are excluded due to their immateriality to the overall EV.



## Components of VIF (1/2)

### Present Value of Future Profits (PVFP)

- Best estimate cash flows are projected and discounted at risk free investment returns.
- PVFP for all lines of business except participating business is derived as the present value of post-tax shareholder profits from the in-force covered business.
- PVFP for participating business is derived as the present value of shareholder transfers arising from the policyholder bonuses *plus* one-tenth of the present value of future transfers to the participating fund estate and one-tenth of the participating fund estate as at the valuation date.
- Appropriate allowance for mark-to-market adjustments to policyholders' assets (net of tax) have been made in PVFP calculations to ensure that the market value of assets is taken into account.
- PVFP is also adjusted for the cost of derivative arrangements in place as at the valuation date.

### Cost of Residual Non-Hedgeable Risks (CRNHR)

- The CRNHR is calculated based on a cost of capital approach as the discounted value of an annual charge applied to the projected risk bearing capital for all non-hedgeable risks.
- The risk bearing capital has been calculated based on 99.5 percentile stress events for all non-hedgeable risks over a one-year time horizon. The cost of capital charge applied is 4% per annum. The approach adopted is approximate.
- The stress factors applied in calculating the projected risk capital in the future are based on the latest EU Solvency II directives recalibrated for Indian and Company specific conditions.

## Components of VIF (2/2)

### Time Value Of Options and Guarantees (TVFOG)

- The TVFOG for participating business is calculated using stochastic simulations which are based on 5,000 stochastic scenarios.
- Given that the shareholder payout is likely to be symmetrical for guaranteed non-participating products in both positive and negative scenarios, the TVFOG for these products is taken as zero.
- The cost associated with investment guarantees in the interest sensitive life non-participating products are allowed for in the PVFP calculation and hence an explicit TVFOG allowance has not been calculated.
- For all unit-linked products with investment guarantees, extra statutory reserves have been kept for which no release has been taken in PVFP and hence an explicit TVFOG allowance has not been calculated.

### Frictional Cost (FC)

- The FC is calculated as the discounted value of tax on investment returns and dealing costs on assets backing the required capital over the lifetime of the in-force business. Required capital has been set at 180% of the Required Solvency Margin (RSM) which is the internal target level of capital, which is higher than the regulatory minimum requirement of 150%.
- While calculating the FC, the required capital for non-participating products is funded from the shareholders' fund and is not lowered by other sources of funding available such as the excess capital in the participating business (i.e. participating fund estate).

## Key Assumptions for the EV and VNB (1/2)

### Economic Assumptions

- The EV is calculated using risk free (government bond) spot rate yield curve taken from FBIL<sup>1</sup> as at 31<sup>st</sup> March 2023. The VNB is calculated using the beginning of respective quarter's risk free yield curve (i.e. 31<sup>st</sup> March 2022, 30<sup>th</sup> June 2022, 30<sup>th</sup> September 2022 and 31<sup>st</sup> December 2022).
- No allowance has been made for liquidity premium because of lack of credible information on liquidity spreads in the Indian market.
- Samples from 31<sup>st</sup> March 2023 and 31<sup>st</sup> March 2022 spot rate (semi annualized) yield curves used are:

Year	1	2	3	4	5	10	15	20	25	30	40
<b>Mar-23</b>	7.16%	7.07%	7.17%	7.19%	7.17%	7.34%	7.38%	7.40%	7.45%	7.45%	7.45%
<b>Mar-22</b>	4.51%	5.10%	5.63%	6.08%	6.42%	7.02%	7.37%	7.51%	7.34%	7.52%	7.40%
<b>Change</b>	2.65%	1.97%	1.54%	1.11%	0.75%	0.32%	0.01%	-0.11%	0.11%	-0.07%	0.05%

### Demographic Assumptions

The lapse and mortality assumptions are approved by Board committee and are set by product line and distribution channel on a best estimate basis, based on the following principles:

- Demographic assumptions are set to reflect the expected long term experience.
- Assumptions are based on last one year experience and expectations of future experience given the likely impact of current and proposed management actions on such assumptions.
- Aims to avoid arbitrary changes, discontinuities and volatility where it can be justified.
- Aims to exclude the impacts of non-recurring factors.

## Key Assumptions for the EV and VNB (2/2)

### Expense and Inflation

- Maintenance expenses are based on the recent expense studies performed internally by the Company.
- Future CSR related expenses have been taken to be 2% of post tax (risk adjusted) profits emerging each year.
- The commission rates are based on the actual commission payable, if any.

### Tax

- The Corporate tax rate is the effective tax rate, post allowing for exemption available on dividend income. Tax rate is nil for pension business.
- For participating business, the transfers to shareholders resulting from surplus distribution are not taxed as tax is assumed to be deducted before surplus is distributed to policyholders and shareholders.
- Goods and Service tax is assumed to be 18%.
- The mark to market adjustments are also adjusted for tax.

# Thank You

