

Bajaj Allianz Life Insurance Co. Ltd.

FY 2006-07

Index

Private Life Insurance Market

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BALIC – Growth in New Business

Key Financial Highlights

Growth in Assets

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Financial Results 2006-07 – Top Private Sector Life Insurance Companies

	New Business (INR Mn)	Profit /(Loss) * (INR Mn)
ICICI Prudential	52,547	(5,475)
BAJAJ Allianz Life	42,698	630 **
SBI Life	25,661	38
HDFC Standard Life	16,242	(1,222)

Source : IRDA New Business Report / Company Website / Newspaper announcements

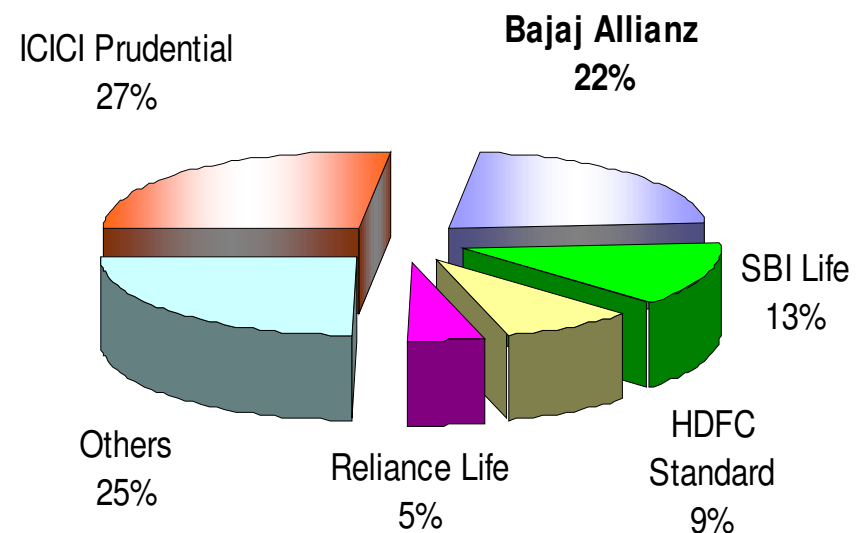
* Policyholders' surplus / (deficit) + Shareholder's profit / (loss)

** Excludes transfer of INR 30 Mn. of Policyholders' surplus to Shareholder's

Indian Private Life Insurance Market New Business (NB) Premium (Apr 06 to Mar 07)

INR Bn

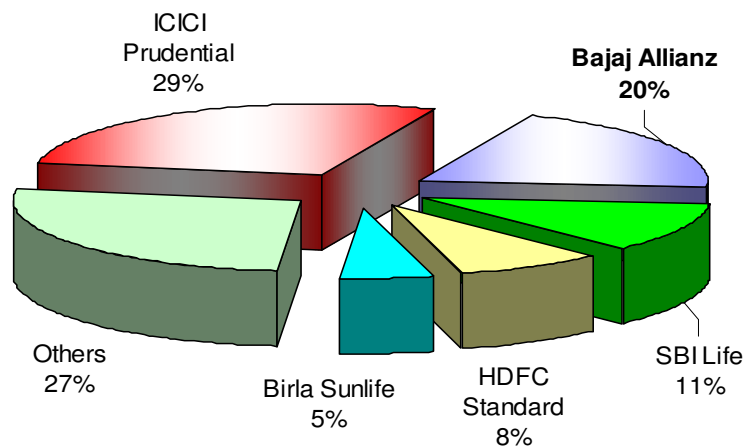
Private Life Insurers	NB Premium
ICICI Prudential	52.6
Bajaj Allianz	42.7
SBI Life	25.7
HDFC Standard	16.2
Reliance Life	9.3
Others	48.2
	194.7



**Source – IRDA New Business Report*

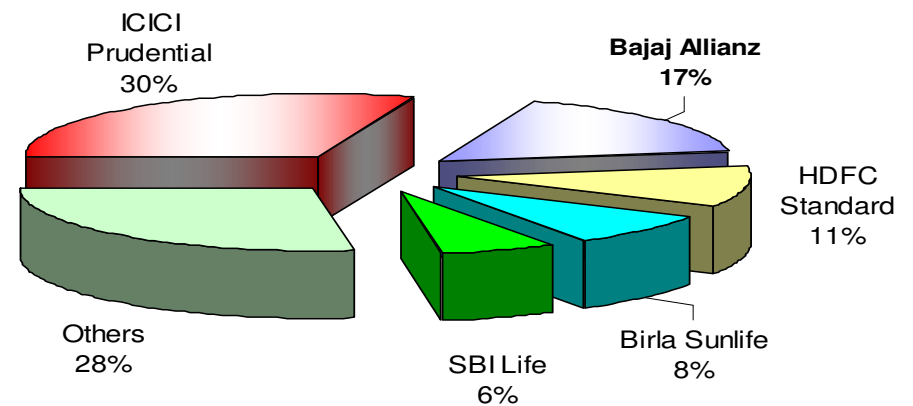
Indian Private Life Insurance Market – Annualised Premium (APE)

FY '07



Market share of BALIC has gone up from 17% in FY '06 to 20% in FY '07

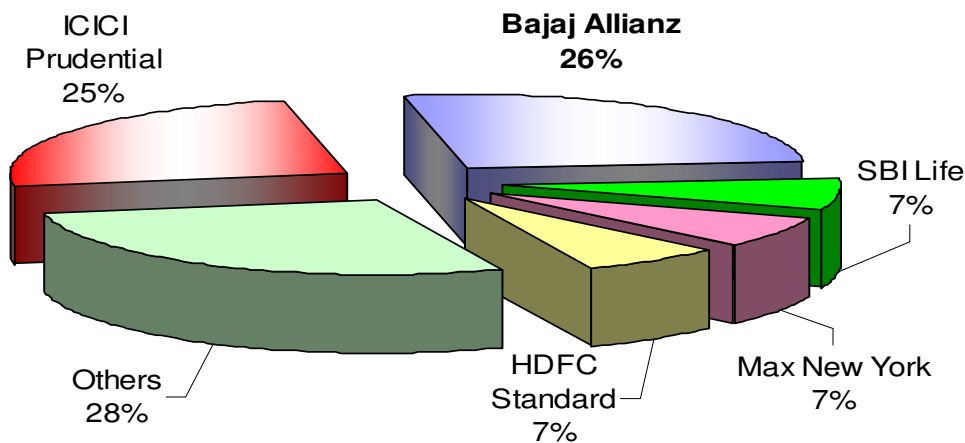
FY '06



• APE = 100% Regular + 10% Single Premium

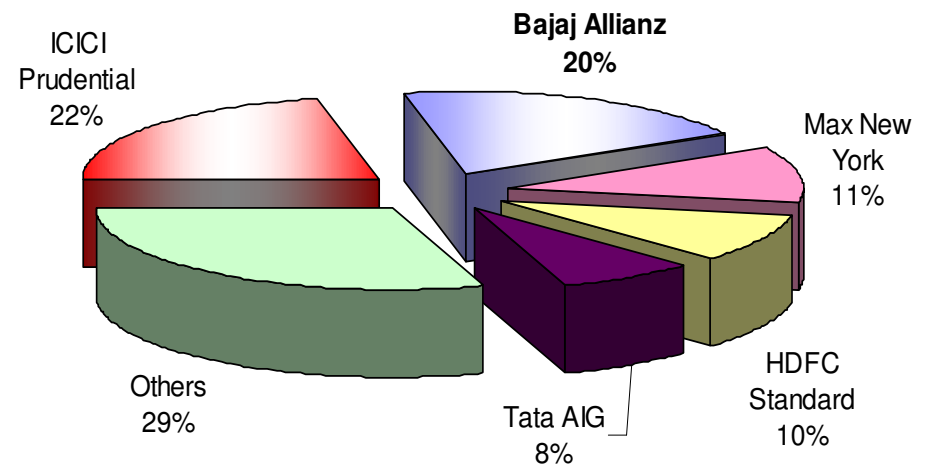
Indian Private Life Insurance Market – New Business Policies Issued

FY '07



BALIC is at No. 1 position in FY '07 in terms of New Business Policy issuance. More than 2 million policies issued in 06-07

FY '06



BALIC share in New Business Policies issued has gone up from 20% in FY '06 to 26% in FY '07

Key Highlights : FY 2006 - 2007

- **Highest Profit making Private sector Life Insurance Company - The Company has recorded a profit * of Rs 630** million during the financial year**
- **2nd Highest GWP and New Business in Private Sector—**

The Company Recorded GWP of Rs 53,100 Million and New Business Premium of Rs 42,698 million in FY 2006 – 07

* Policyholders' surplus / (deficit) + Shareholder's profit / (loss)

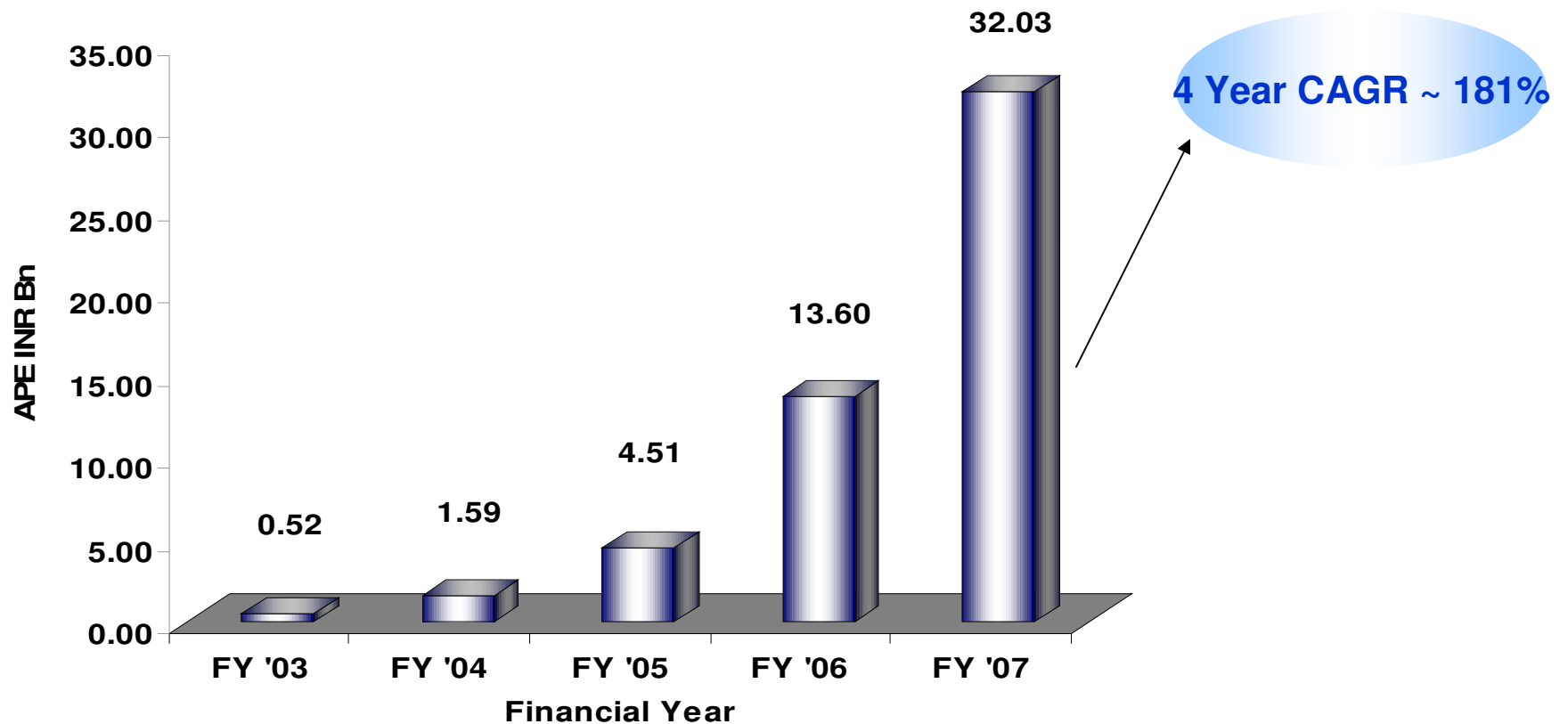
** Excludes transfer of INR 30 Mn. of Policyholders' surplus to Shareholder's

Key Highlights : FY 2006 – 2007 (contd...)

- **No1 Company In terms of No. of New Business Policies issued, amongst Private Sector.**

- **Distribution expansion – Highest Number of Offices in Private Sector**
 - **Office locations increased from 569 in 2005-06 to 876 2006-07**
 - **No of Agents increased from 109,000 in 2006-07 to 213,000 in 2006-07**

Growth in New Business - FY 2006 - 2007



136% growth in Annualized Premium in FY '07

- APE- Annualized Premium = 100% Regular +10% Single Premium

Key Financial Highlights

Key Figures	FY 2007 (In INR Mn)	FY 2006 (In INR Mn)
Premium Income		
New Business Premium	42,698	27,168
Renewal Business Premium	10,402	4,168
Investment & Other Income	3,686	656
Total Revenue	56,786	31,992
Commission	9,467	3,419
Operating Expenses	10,857	4,916
Claims and Benefits	6,987	6,536
Reserves	28,845	17,488
Total Expenses	56,156	32,359
Profit and Loss *	630	(367)

* Policyholders' surplus / (deficit) + Shareholder's profit / (loss)

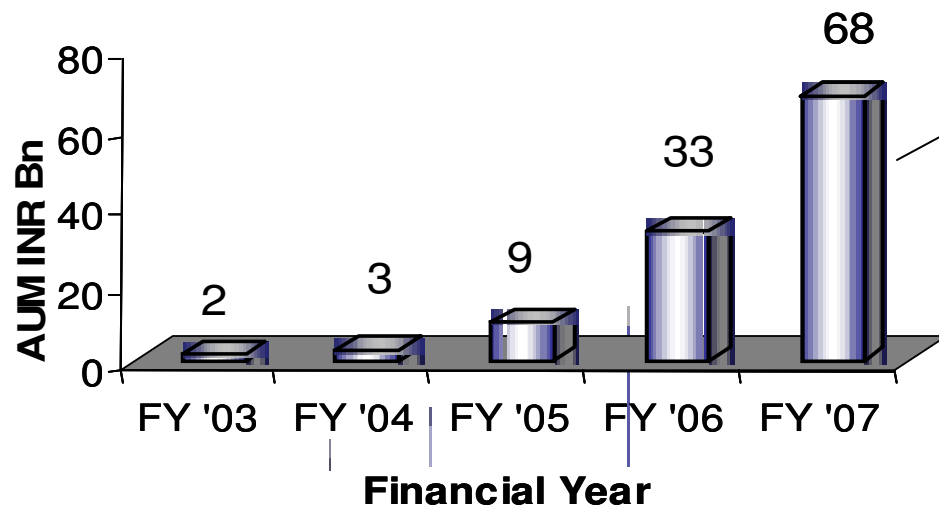
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Investments Overview – March 2007

INR Bn

Asset Under Management	March-07
Shareholders	7
Trad Policyholders	9
Unit Link	52
Total	68
Shareholder & Policyholder	Apr'06 - Mar'07
Current yield (annualised)	7.0%

4 Year CAGR ~ 153%



106% growth in Asset Under Management in FY '07

New Business Achieved Profit (NBAP) FY 2006-07

Introduction: -

As Life Insurance contract is a long-term contract, the profit or loss at policy level takes many years to emerge. Keeping in view the requirement to estimate the expected profit from an insurance policy, the discounted value of all future profit is calculated using actuarial projections.

Objective:

- To place value on Company.
- To appraise the management performance and determine their incentive.
- To decide the sales payouts of the sales team.
- To review the profitability of the products and take internal action.

Definition

The New Business Achieved Profit is the present value (using Risk Discount Rate) of all future profits (net of tax) arising from sale of new contracts during the reporting period, for the shareholders, on best estimate assumptions, after allowing for the cost of capital.

Risk discount rate = Risk free rate + risk margin. Risk margin varies from company to company depending on the risk margin required over and above the risk free rate.

New Business Achieved

Profit (NBAP) (contd)

New Business Value INR 7,036 million

Economic Assumptions

Particulars	Assumptions
Cash/Money Market/TB	5.00%
G Secs	8.00%
Corporate Bond	8.50%
Equities	12.00%
Inflation	5.00%
Risk Discount Rate	13.25%
Tax rate	12.5% (plus 10% surcharge +3% education cess)

Operating Assumptions

- Operating assumptions like mortality, morbidity and lapses are based on industry / reinsures experience and validated against our own experience so far.
- Expense assumptions are based on our own expense projection model.

New Business Value (NBV) (contd)

Sensitivity

The sensitivity of the New Business Value to Economic assumptions is given below:

Particulars	Base Value	INR Mn	
		+1%	-1%
Investment Income	7,036	7,617	6,412
Risk Discount Rate	7,036	6,275	7,906

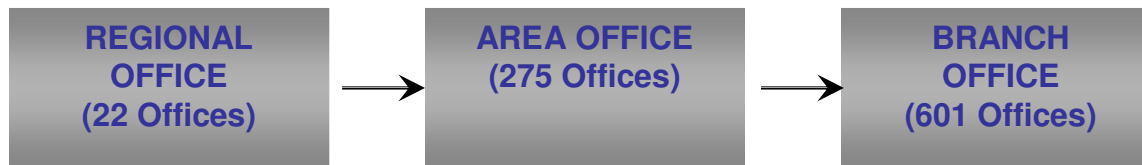
Further Consideration

- Company is experiencing acquisition expenses under run and this has not been built in the above calculations and the same will result in higher New Business Value.
- Any value addition from riders has been ignored. The proportion of riders with base policies is insignificant.
- Comparison with other Life Companies might not be very relevant as actuarial assumptions and methodology used are likely to vary from Company to Company, in the absence of any common agreed process

BALIC - Multi-Distribution Channels

AGENCY

- The company follows a hub & spoke model



BALIC has a large network in the market with over 213,000 Licensed agents

BANCASSURANCE

- Tie-up with 2 major scheduled banks around 170 Co-operative banks and Regional Rural banks
-

ALTERNATE CHANNELS

- The company has tie-ups with more than 300 Corporate Agents, 150 brokers & 3,100 Franchisees

BALIC – Key Strategic Drivers

Distribution Channel

Increasing Advisor base and building competent distribution channels for rural and semi rural India, enhanced focus on Direct Marketing and Group Sales

Diversified product range

Wide range of Risk, Investment, Saving products and Pension plans

Customer Solutions

Improve customer service at all levels – improve turn around time, reduce error rate, interact with customers regularly, improve IT systems

Product Focus

Increased focus on new verticals Health, Women and Children, Rural and Pension

Unleash Full Potential and Robust Growth

Cautionary Statements

Except for the historical information contained herein, certain statements & values are forward –looking statements & values including, but not limited to, statements & values that are predictions of or indicate future events, trends, plans or objective. Undue reliance should not be placed on such statements & values because by their nature, they are subject to known and unknown risks and uncertainties and can be affected by numerous factors that could cause actual results to differ materially.

Thank You