

Bajaj Allianz Life Insurance Co. Ltd.

Q1 FY 2007-08

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Key Highlights : Q1 FY 2007-08

BALIC – Growth in New Business

Investment Overview

NBAP - Q1 FY 2007-08

Key Highlights

INR Mn

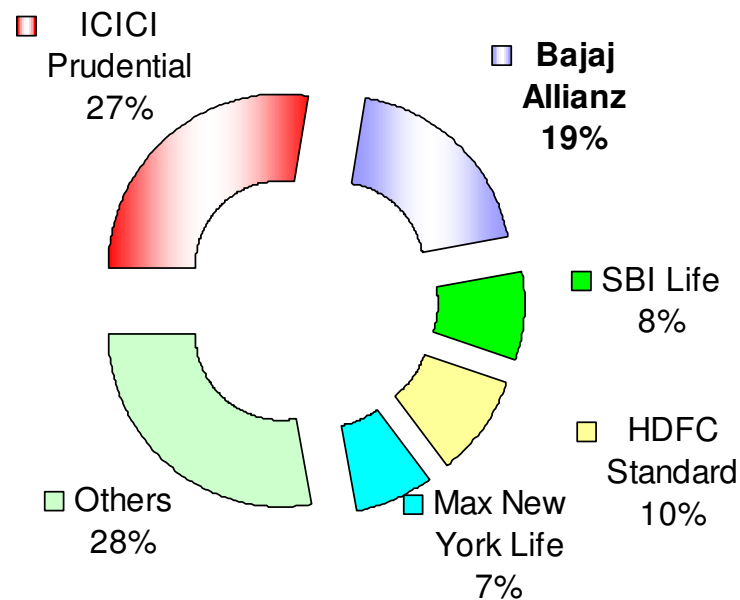
Parameters	YTD June '07	YTD June '06	Growth
Profit and Loss	305	(191)	259%
Gross Written Premium	10,599	7,321	45%
New Business Premium	7,291	6,237	17%
Annualised Premium* (APE)	6,581	3,543	86%
No. of Policies	536,703	201,442	166%

*Annualised Premium = 100% Regular +10% Single Premium

Indian Private Life Insurance Market – New Business Premium & Policy

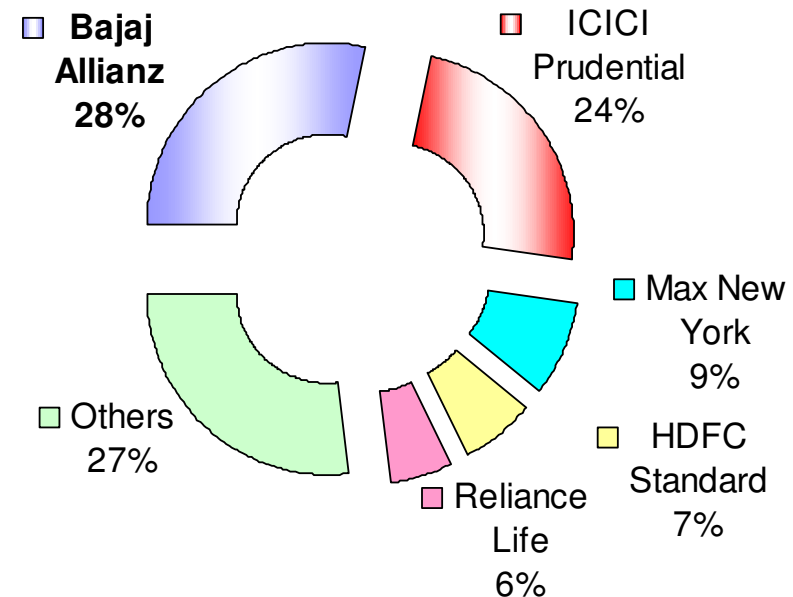
YTD June '07

Annualised Premium



BALIC's share has improved to 19% from 15% at end of YTD June 06

New Business Policy



BALIC is at No. 1 position as at YTD June '07 in terms of New Business Policy issuance

*Annualised Premium = 100% Regular +10% Single Premium

Source : IRDA New Business Report

Investments Overview – June 2007

INR Mn

Asset Under Management	June '07	March '07
Shareholders	7,015	6,537
Trad Policyholders	10,551	9,051
Unit Link	59,918	51,868
Total	77,484	67,456
Shareholder & Policyholder Current yield (annualised)	8%	7%

15 % growth in Asset Under
Management in June '07
as compared to March '07

New Business Achieved Profit (NBAP) Q1- FY 2007-08

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 Achieved Profit INR 1,468 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 / reinsurers experience and validated against our own experience so far.
- Expense assumptions are based on our own expense projection model.

New Business Achieved

Profit (NBAP) (contd)

Sensitivity

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

Particulars	Base Value	INR Mn	
		+1%	-1%
Investment Income	1,468	1,589	1,337
Risk Discount Rate	1,468	1,308	1,649

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 Achieved Profit. *
- 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

* 1 Quarter business is only 10% of the full year business, hence Overrun is noticed at the end of quarter 1

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