



**Bajaj Allianz Life Insurance Co. Ltd.**

**Nine months ended December 07**

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# Key Highlights

INR Mln

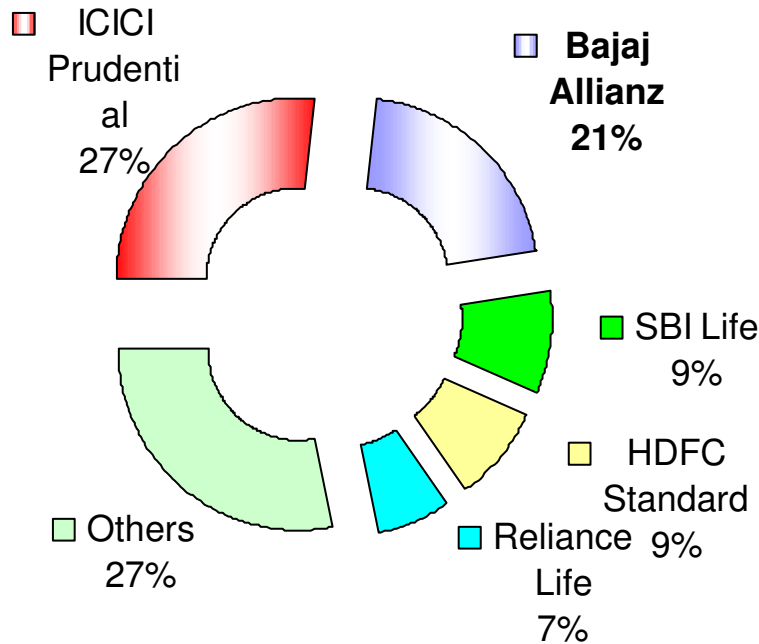
Parameters	YTD Dec '07	YTD Dec '06	Growth
Shareholder & Policyholder Surplus/Deficit	500	(402)	224%
Gross Written Premium	52,350	27,088	93%
New Business Premium	37,798	21,841	73%
Annualised Premium* (APE)	33,895	14,614	132%
No. of Policies	2,362,496	926,562	155%

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

# Indian Private Life Insurance Market – Annualised Premium & NB Policy

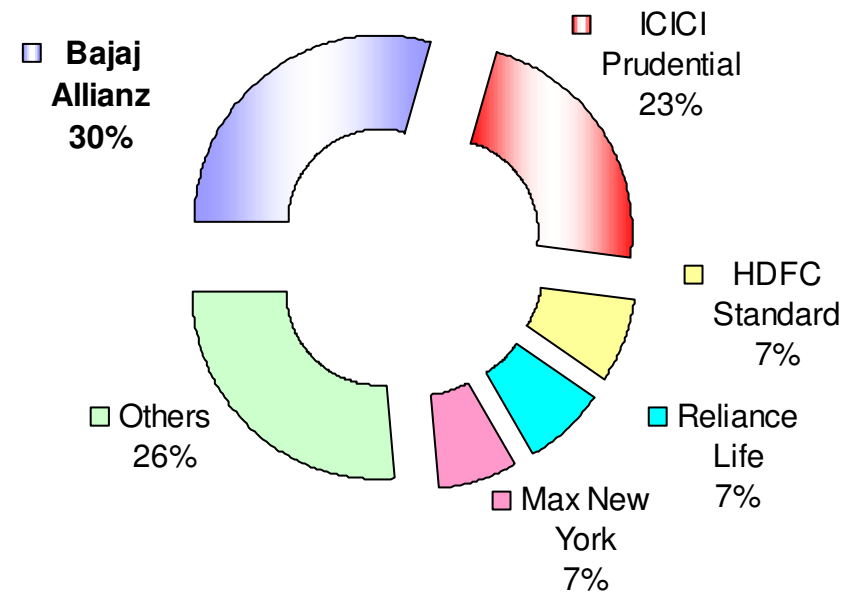
## YTD Dec '07

**Annualised Premium**



BALIC's share has improved to 21% from 17% at end of YTD December 06

**New Business Policy**



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

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

Source : IRDA New Business Report

# Investments Overview – December 2007

	INR Mln	
<b>Asset Under Management</b>	<b>31st Dec 07</b>	<b>31st Mar 07</b>
Shareholders	9,850	6,537
Trad Policyholders	14,017	9,051
Unit Link	101,925	51,868
<b>Total</b>	<b>125,792</b>	<b>67,456</b>
<b>Shareholder &amp; Policyholder</b>	<b>31st Dec 07</b>	<b>31st Mar 07</b>
Current yield (annualised)	8%	7%

**86% growth in Asset Under Management in Dec '07 as compared to Mar '07**

# New Business Achieved

## Profit (NBAP) Nine months ended December 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 incentives.
- To decide the sales payouts of the sales teams.
- 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 7,454 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 Achieved

## Profit (NBAP) (contd ....)

### Sensitivity

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

Particulars	Base Value	INR MIn	
		+1%	-1%
Investment Income	7,454	8,068	6,788
Risk Discount Rate	7,454	6,641	8,373

### Further Consideration

- Any value addition from riders has been ignored. The proportion of riders with base policies is insignificant.
- Comparison with companies could be misleading as actuarial assumptions and methodology used are likely to vary from Company to Company, in the absence of any common agreed process

# 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**