

# **BAJAJ ALLIANZ LIFE INSURANCE CO**

# Industry

- Favorable economic environment ...
  - ✓ GDP growth fastest amongst the world
  - ✓ Asia's 4<sup>th</sup> largest emerging market with fastest growth
  - ✓ Strong manufacturing base and growing service industry
  - ✓ Untapped potential in urban, semi-urban & rural towns
  - ✓ Large base of young population
  - ✓ Rising aspirations and income levels
  - ✓ Increasing awareness on financial security

## Industry contd ...

As a result ...

- Industry growth rate : Overall – 23%  
Private players – 74%
- Market penetration – just 4.8%
- High concentration in metros and large cities
- New business premium – **↑** 23% to Rs. 930 billion
- Market share of private insurers – **↑** to 36% (P.Yr – 26%)

- Amongst private insurers ...
  - ✓ **Second** largest in new business premium
  - ✓ In **first** position on number of policies issues
- Gross Written Premium – **↑** 82%  
Rs. 97 billion **v/s** Rs. 53 billion in P. Yr
- Market share **↑** – 10.3% **v/s** 7.4% in P. Yr
- Number of policies – 3.7 million **v/s** 2.1 million in P. Yr
- Unit linked funds increased by 111%
- 12 new products launched during the current year
- Currently 32 individual products & 9 product groups on offer

# Performance Summary

<b>Rs. In billion</b>	<b>Apr-Mar 08</b>	<b>Apr-Mar 07</b>
<b>Gross written premium</b>	<b>97.2</b>	<b>53.4</b>
New business premium	67.0	43.0
Net earned premium	97.1	53.3
<b>Total income</b>	<b>107.1</b>	<b>57.4</b>
<b>Annualized premium equivalent</b>	<b>60.0</b>	<b>32.3</b>
Profit / ( Loss )	(2.1)	(0.7)
Net contribution to policy holders account	2.9	0.9

# Shareholders funds

<b>Rs. in million</b>	<b>2007-08</b>	<b>2006-07</b>
Share Capital	1,507	1,504
Share premium	10,600	5,502
Sub-total	<b>12,107</b>	<b>7,006</b>
Balance in P & L account	(4,899)	(2,760)
<b>Total</b>	<b>7,208</b>	<b>4,246</b>

**Total capital infused during the year – Rs. 5,101 million**  
**Share capital – Rs. 3 million**  
**Share premium – Rs. 5,098 million**

## New Business Achieved Profit – FY08

**New Business Achieved Profit Rs. 12,029 million**

### Economic Assumptions

Particulars	Assumptions
Cash / Money Market / TB	5.0%
G Secs	8.0%
Corporate bond	8.5%
Equities	12.0%
Inflation	5.0%
Risk discount rate	13.25%
Tax rate	12.5% ( plus 10% surcharge + 3% education cess )

### Operating Assumptions

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

## New Business Achieved Profit ( contd.)

### Sensitivity

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

Rs. in million

Particulars	Base Value	+1%	-1%
Investment Income	12,029	13,020	10,954
Risk Discount rate	12,029	10,717	13,512

### Further Consideration

- Any value addition from riders has been ignored. The proportion of riders with base policies is not very significant
- Comparison with other Life Companies might not be very relevant as actuarial assumptions & methodology used are likely to vary from Company to Company, in the absence of any common agreed process

Bajaj Allianz Life Insurance Co Ltd  
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# Thank you

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