

360°

Customer-centric  
Innovation



Annual Report 2016-17

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### Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will

be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.



In a fast-changing environment, organisations need to keep pace with the evolving market and consumer dynamics. Sustained leadership requires redefined business models by embedding the principles of innovation across all aspects of the enterprise – **products, services, technology, infrastructure and people**. Further, in tandem with the emergence of a hyper-connected world, customer expectations have changed considerably. More than ever, their expectations need to be at the forefront of every business decision.

In the insurance sector, the yesteryears were all about developing new products and selling them through a large network of agents and advisors. However, today's customers seek not just a product, but a positive and seamless experience at every touch point. Looking for insurers to provide more than efficient claim settlements, they expect an encompassing suite of value-added offerings across the customer life cycle, going beyond insurance coverage. For achieving this objective, it is critical to embrace and embed innovation that revolves around the customers and their needs.

At ICICI Lombard, our customers are at the heart of our innovation strategy. We are continually seeking creative ways to identify and address their evolving and unmet needs. To us, customer-centric innovation is ultimately about delivering technology, products, services and information that benefits, empowers and enriches the customer. Observing things from a customer's perspective will enable us to win even in a changing world.

**We believe in 360° Customer-Centric Innovation.**

# ICICI Lombard – An Introduction

ICICI Lombard General Insurance Company Limited (ICICI Lombard / Company) is among India’s leading private sector general insurance companies.

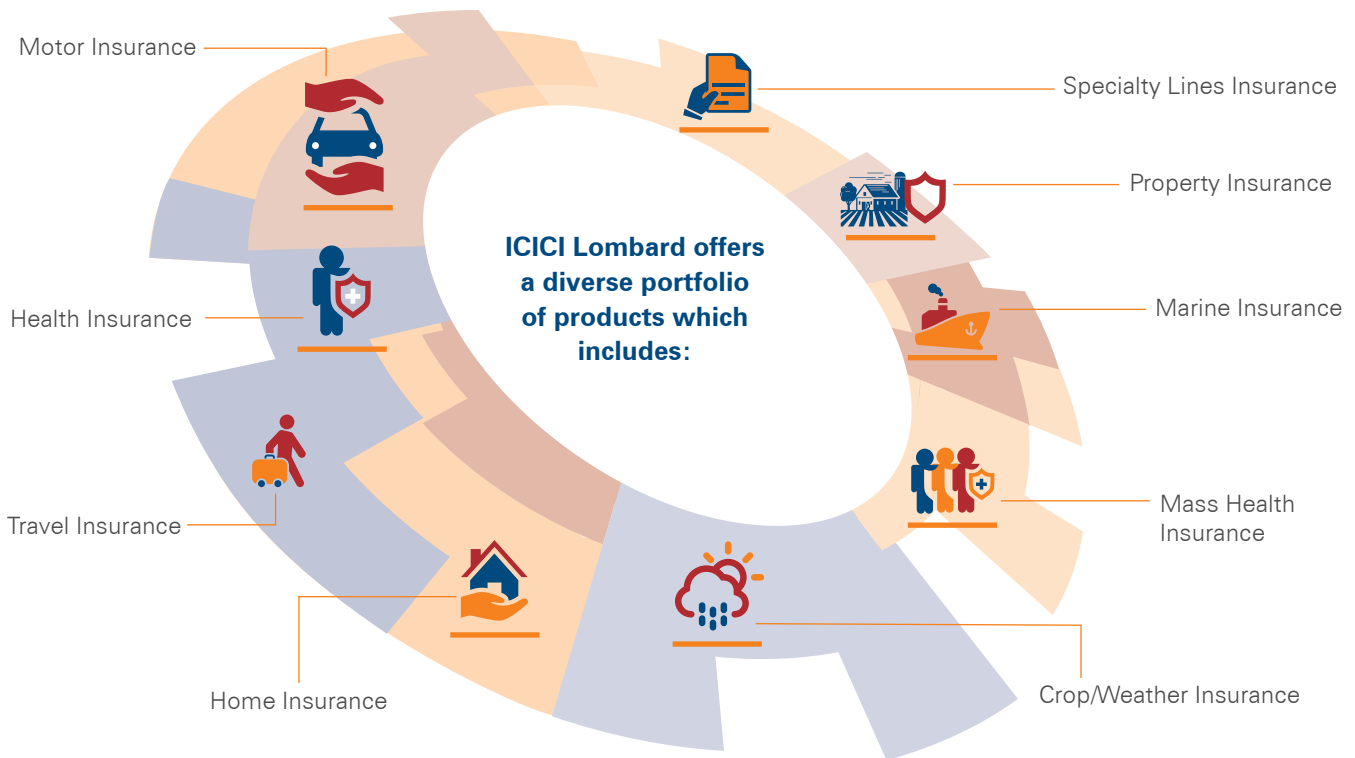
The Company was founded in 2001 through a joint venture between ICICI Bank Limited and Fairfax Financial Holdings Limited, the former being India’s largest private sector bank and the latter being a Canada-based diversified financial services company engaged in general insurance, reinsurance, insurance claims management and investment management.

Steered by its customer-centric approach, the Company provides prudent risk management solutions across a wide range of business lines in a fair, fast and friendly manner. Its relentless focus on meeting customer expectations is also manifested through its disciplined approach to innovation and embedment of internationally benchmarked service quality standards for its offerings. The Company’s excellence

in products and services is bolstered by a robust technology infrastructure which is continually being enhanced to ensure the best in terms of customer experience.

Playing an instrumental role in ensuring that ICICI Lombard is successful in delivering on its goal of customer-centricity is its dedicated team of employees. Putting the needs of customer’s first and ensuring consistency and quality in each interaction, the Company’s talent base has secured their trust and confidence. A holistic approach to customer well-being and being a reliable single-point destination for varied customer requirements has reinforced the Company’s reputation for agility, approachability and accessibility.

Unwavering commitment to the values of integrity and transparency across the entire lifecycle of customer relationship - from the policy advice stage to renewals and claims - underpins all transactions at ICICI Lombard.



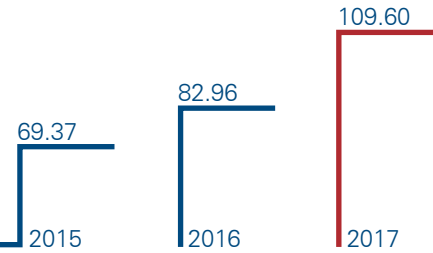
<p><b>₹ 109.60</b> Billion</p> <p>Gross Written Premium (GWP) in FY2017</p>	<p><b>17.73</b> Million</p> <p>Policies Issued in FY2017</p>	<p><b>2.18</b> Million</p> <p>Claims Settled in FY2017</p>	<p><b>7,904</b></p> <p>Headcount as on March 31, 2017</p>	<p><b>249</b></p> <p>Branches as on March 31, 2017</p>
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## Financial Performance FY2017

**109.60**

### Revenue Growth

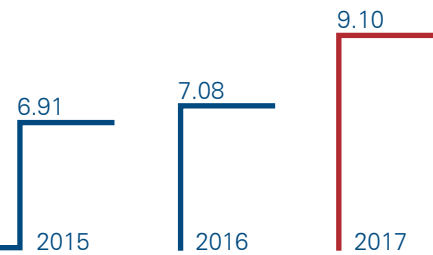
(Gross Written Premium (GWP) in ₹ Billion)



**9.10**

### Profit Before Tax

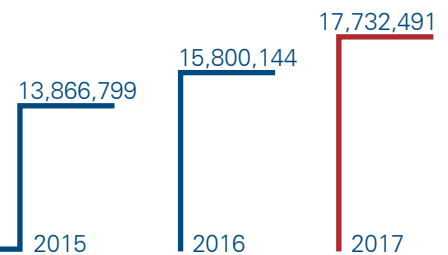
(₹ in Billion)



**17,732,491**

### Policy Growth

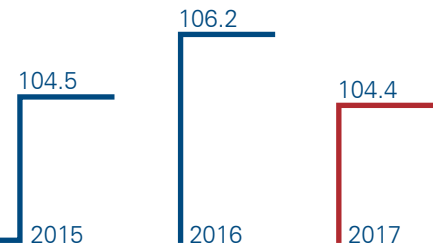
(Number of policies serviced)



**104.4**

### Combined Ratio

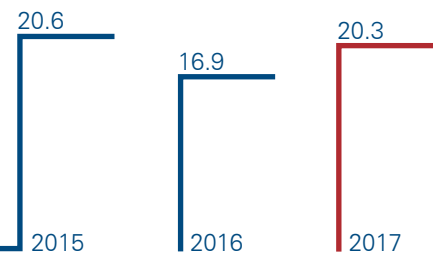
(%)



**20.3**

### ROE (Return on Equity)

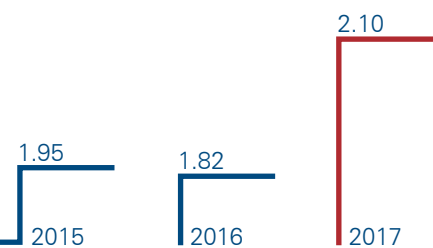
(%)



**2.10**

### Solvency

(times)



## Awards and Accolades



### Indian Insurance Awards, 2016

ICICI Lombard was awarded the 'Claim Service Leader' (General Insurance – Large category) and 'Technology Innovation' Awards at the Indian Insurance Awards, 2016. The 'Claim Service Leader' Award was bestowed on the Company for its excellent track record in claim settlement across product segments, while the 'Technology Innovation' recognition was conferred for its technology driven initiatives.



### Frost and Sullivan India Best Practices Award, 2016

ICICI Lombard was adjudged as the Most Innovative Health Insurance Company of the Year at the Frost & Sullivan India Best Practices Awards, 2016.



### Stevie Award

ICICI Lombard was conferred the Bronze Award for Contact Centre of the Year (over 100 Seats) in the Business Services and Financial Services Industries Segment by Stevie Awards, Inc., a US based firm that stages seven annual Stevie Awards competitions to recognise accomplishments of companies and business people worldwide. Effective usage of customer-centric metrics, multifunctional technology integration and structured processes were the differentiators that led to ICICI Lombard winning this prestigious accolade.



### World Quality Congress - Global Awards, 2016

The Company was declared the winner of the World Quality Congress - Global Awards, 2016 for excellence in Quality Management & Leadership.



### Golden Peacock National Training Award 2017

ICICI Lombard was conferred with the coveted Golden Peacock National Training Award 2017 for demonstrating excellence in training practices. ICICI Lombard is the first general insurance company to receive this award for training since the inception of these awards.



### LACP, USA 'Vision Awards'

ICICI Lombard won the 'Gold' Award in the 'Insurance' category for its Annual Report 2015-16 at the Vision Awards – Annual Report Competition, organised by the 'League of American Communication Professionals, USA' (LACP). The Awards, recognising those who demonstrate exemplary communications capabilities, received entries from companies located across 24 countries.



### India Legal Summit & Legal Awards, 2016

ICICI Lombard's Legal Department was adjudged as the 'Best Legal Department for 2016' at the prestigious India Legal Summit & Legal Awards, 2016, outshining the legal departments of some of the most well-known companies. For the awards, the legal departments were required to share details relating to strategic vision, client satisfaction, efficiency, innovation, technology, etc.



### IPRCCA 2016

At the India PR & Corporate Communications Awards 2016, ICICI Lombard General Insurance Company Limited received an award in the CSR & NOT-FOR-PROFIT category for its initiative, 'Ride to Safety'- Campaign for safer roads for children.

# Corporate Information

## Board of Directors

**Chanda Kochhar**

Chairperson

**R. Athappan**

Director

**Vijay Chandok**

Director

**Ved Prakash Chaturvedi**

Director

(w.e.f. July 13, 2016)

**Uday Chitale**

Director

**Lalita D. Gupte**

Director

(w.e.f. October 18, 2016)

**N. S. Kannan**

Director

**Suresh Kumar**

Director

(w.e.f. June 1, 2016)

**S. Mukherji**

Director

**Ashvin Parekh**

Director

**Chandran Ratnaswami**

Director

**Bhargav Dasgupta**

Managing Director

**Alok Kumar Agarwal**

Executive Director

**Sanjeev Mantri**

Executive Director

## Board Nomination & Remuneration Committee

**Mr. Uday Chitale**

Chairman

**Ms. Chanda Kochhar**

**Mrs. Lalita D. Gupte**

**Mr. Ashvin Parekh**

**Mr. Chandran Ratnaswami**

## Investment Committee

**Mr. Chandran Ratnaswami**

Chairman

**Mr. N. S. Kannan**

**Mr. Bhargav Dasgupta**

**Mr. J. V. Prasad**

**Mr. S. Gopalakrishnan**

**Mr. Gopal Balachandran**

## Audit Committee

**Mr. Ashvin Parekh**

Chairman

**Mr. Uday Chitale**

**Mrs. Lalita D. Gupte**

**Mr. S. Mukherji**

## Risk Management Committee

**Mr. S. Mukherji**

Chairman

**Mr. R. Athappan**

**Mr. Uday Chitale**

**Mr. Suresh Kumar**

**Mr. Ashvin Parekh**

**Mr. Bhargav Dasgupta**

## Policyholder Protection Committee

**Mr. Ashvin Parekh**

Chairman

**Mr. Ved Prakash Chaturvedi**

**Mr. S. Mukherji**

**Mr. Chandran Ratnaswami**

**Mr. Bhargav Dasgupta**

## Corporate Social Responsibility Committee

**Mr. Uday Chitale**

Chairman

**Mr. R. Athappan**

**Mr. Ved Prakash Chaturvedi**

**Mr. S. Mukherji**

**Mr. Bhargav Dasgupta**

## Auditors

**Chaturvedi & Co.**

Chartered Accountants

**PKF Sridhar & Santhanam LLP**

Chartered Accountants

## 360° Customer-centric Innovation

# From pushing products to providing solutions

Launching new products is among the most basic ways for businesses to achieve growth. However, this growth can be short-lived or even elusive if the product falls short on customer expectations. In today's environment, the problem can be even more complex as empowered customers now often make purchases only after discussing product reviews and prices with peers, friends and family. This means that simply pushing products is not an approach that will work anymore. We must increasingly look to our customers to have a deep understanding of their unique needs and then tailor offerings to meet their requirements. At ICICI Lombard, our customer-centric culture of innovation inspires us to do just that. We design products to meet the changing lifestyles and needs of our customers thus shifting us from the path of pushing products towards winning customers.

### KEY INITIATIVES

**Health Booster:** We launched a new product 'Health Booster', a super-top up health insurance cover that takes care of expenses over and above the existing cover. This product is the first of its kind in which the amount of the policy is restored on expiry of the base sum insured.

**Long-Term Two-Wheeler Insurance:** We were among the first in the industry to introduce a policy where two-wheeler owners have the option to renew their policy over a period of 1, 2 or 3 years. Tie-ups with petrol stations to enhance product reach and use of mobile printers at petrol stations for instant printout of the policy were the unique aspects of this product. More than 5,00,000 customers availed of this product within the first year of its launch.







*We were among the first in the industry to introduce a policy where two-wheeler owners have the option to renew their policy over a period of 1, 2 or 3 years.*

## Message from the Chairperson



**Chanda Kochhar**  
*Chairperson*

Dear Shareholders,

Fiscal 2017 was a year that amply demonstrated the uncertain times that we now live in. The US presidential election, the Brexit vote and the demonetisation of ₹ 500 and ₹ 1,000 currency notes were some of the defining events of the year. Global economic growth continued to be moderate. The International Monetary Fund has forecast global growth for FY2017 at 3.5%, up from 3.1% in FY2016. India has continued to be the world's fastest growing major economy. With path-breaking reforms such as Goods & Services Tax, slated to be introduced in FY2018, and the expectation of another year of normal monsoons, we are optimistic that India will continue to grow at a healthy pace.

The general insurance industry in India continues to have high growth potential. Crossing the ₹ 1,000 billion premium milestone, the industry grew by 32.3% in FY2017. More importantly, some of the initiatives introduced by the Government in terms of ensuring risk protection in segments such as crop and railway travel are major steps that will ensure that we as a nation support our robust growth with adequate risk mitigation measures. The fact that crop insurance

“Our robust performance supported a healthy 38.3% growth in profit after tax at ₹ 7.02 billion.”

has become the third largest segment by premium, following the launch of the Pradhan Mantri Fasal Bima Yojana in February 2016, demonstrates the impact that such initiatives can have in a short period of time. Our country stands at an inflection point today of having a young and aspiring population. It is important that we have adequate risk covers in place so that we can ensure protection for all segments of the population, with any unexpected risk events that may occur being well covered by insurance.

For us at ICICI Lombard, FY2017 will be cherished as the year when we crossed a historic milestone. We became the first private sector general insurance company in India to cross the ₹ 100 billion mark in terms of premium income, garnering a Gross Domestic Premium Income of ₹ 107.25 billion. Crossing this milestone was possible entirely due to the trust that our stakeholders have reposed in us. Our robust performance supported a healthy 38.3% growth in profit after tax at ₹ 7.02 billion. The return on equity increased to 20.3% in FY2017 compared to 16.9% in FY2016. The solvency ratio was at a healthy 2.10x compared to 1.82x last year, and was much higher than the minimum regulatory requirement of 1.50x.

Even as we look forward to scaling new heights in terms of business growth, we are committed to offering the best experience on the customer service front. We have been taking significant strides in embracing the latest technology to enhance customer experience with us. We have revamped our online presence and introduced robotic assistance tools in the form of chatbots

across diverse product segments. As we look ahead, we shall continue to introduce best-in-class services driven by new technology.

As an organisation, the ICICI Group gives equal emphasis to fulfilling its role as a responsible corporate citizen. Empowerment of the youth and skill development are some of the key focus areas of a growing economy like India. We have focussed on this area through the skill development initiatives of the ICICI Foundation for Inclusive Growth. Further, ICICI Lombard has undertaken specific initiatives in the areas of wellness and road safety, with special focus on children.

ICICI Lombard continues to be a key part of ICICI Group's franchise across the financial services sector. The Company's multi-segment and multi-channel presence has enabled us to play a critical role in catalysing the progress of a large segment of India's population. We are excited by the strong prospects of our economy, and the general insurance industry in particular. We look forward to setting new benchmarks in serving our customers and meeting the expectations of our shareholders.

With best wishes,

**Chanda Kochhar**

Chairperson

## Message from the Chairman, Fairfax Asia



### **Ramaswamy Athappan**

*Chairman  
Fairfax Asia Limited*

Dear Shareholders,

FY2017 was an eventful year on the global front with outcomes from key events such as US election and Brexit. At the same time, natural disasters continued to unfurl, with more than 300 events being recorded in FY2017. While natural disasters and catastrophic events continue to rise in numbers, there are new age risks that are emerging at a rapid pace. Technology is pervading every aspect of our life. Devices are gaining intelligence and getting interconnected at a pace not fathomed earlier. Even as the society benefits from this high tech avalanche, there are new age risks that are fast emerging. More importantly, the contours of these risks are yet to be defined as technology usage spreads far and wide. It is extremely important that the insurance industry takes the lead in developing risk management - and mitigation solutions that evolve rapidly to be able to address the global technology revolution.

The global insurance industry is rising to this challenge. We are seeing insurers revamp their business models to both leverage technological advancements and also introduce new age solutions to address the emerging risks landscape. Having said this, it is extremely

“We are happy to note that the industry crossed the major milestone of ₹ 1,000 billion in FY2017 and is poised to reach greater heights in the future.”

important that the industry works in a collaborative way as well as aligns its pace with the changing ecosystem. As a global insurance player, we are excited to be part of this journey both internationally and in India.

The Indian non-life insurance industry has come a long way since the entry of private players way back in FY2002. We are happy to note that the industry crossed the major milestone of ₹ 1,000 billion in FY2017 and is poised to reach greater heights in the future. India, as a country offers immense growth opportunities and with the recent thrust on reforms by the Government, the landscape looks even more exciting. The Government has shown intent to walk the talk with the demonetisation drive last year and the announcements in the budgetary session. As India moves forward on the economic growth trajectory and aims to harness its demographic dividend, we are confident that this will open new opportunities for risk management and mitigation for the non-life insurance industry.

Our partnership with ICICI Group has strengthened over the years. We are excited to note that our joint venture, ICICI Lombard General Insurance became the 1<sup>st</sup> Private General Insurance Company to cross the milestone of ₹ 100 billion in Gross Domestic Premium Income in FY2017. Further, the Company registered robust growth in profit after tax at ₹ 7.02 billion in the financial year. Return on Equity recorded at 20.3% in FY2017 compared to 16.9% in FY2016 showcases the Company's ability to deliver significant value to its shareholders. Further, the Company's solvency ratio improving to 2.10x in FY2017

compared to 1.82x in FY2016 puts it in a position of strength to harness the opportunities of risk transfer in the Indian and international domain.

The Company has achieved this robust stature primarily by focussing on its core proposition of customer centricity backed by its commitment to harness the latest technology for an enhanced customer experience. We are happy to note that the Company has adopted the latest technological tools and mobility solutions that will ensure a delightful customer experience as well as benefit from operational and cost efficiencies.

A successful corporate entity also needs to play a meaningful role in developing a self-sustaining society. We have been noting the steps taken by the Company in this area over the years. We are happy to see that the Company continues to scale up its efforts in terms of offering Wellness & Road Safety programmes for underprivileged children through its Corporate Social Responsibility programmes.

As we look ahead, we are sure that the Company will rise to new highs and continue to build on its stature in the Indian general insurance landscape.

Best Regards,

**Ramaswamy Athappan**

Chairman  
Fairfax Asia Limited

## Message from the Managing Director & CEO



“We became the 1<sup>st</sup> Private General Insurance Company to cross the milestone of ₹ 100 billion in terms of premium income.”

**Bhargav Dasgupta**  
*Managing Director & CEO*

Dear Shareholders,

FY2017 was an encouraging one for the Indian non-life insurance industry. Accelerating its growth rate, the sector grew by 32.3% in FY2017. Among the drivers behind this surge was the launch of inclusive insurance focussed schemes such as ‘Pradhan Mantri Fasal Bima Yojana’ and Optional Travel Insurance for e-ticket passengers of IRCTC. As we look ahead, the non-life industry is poised to grow bigger and play a more significant role in India’s economic growth journey. As young India works towards fulfilling its aspirations, the demand for personal, financial assets and hence the need to insure the same will only rise.

At ICICI Lombard, we scaled new highs during FY2017. We became the 1<sup>st</sup> Private General Insurance Company to cross the milestone of ₹ 100 billion in terms of premium income. Our Gross Domestic Premium Income (GDPI) rose to ₹ 107.25 billion

in FY2017, a growth of 32.6% over FY2016. Profit after tax grew at a robust pace of 38.3%, totalling to ₹ 7.02 billion in FY2017 compared to ₹ 5.07 billion in FY2016. Return on Equity (ROE) increased to 20.3% in FY2017 as against 16.9% in FY2016. Solvency Ratio was at a healthy 2.10x as against 1.82x in FY2016 and much higher than the minimum regulatory requirement of 1.5x.

As we registered an impressive business performance, we also raised the bar on our customer service standards. During FY2017, we serviced over 17.73 million policies. Staying true to our philosophy of delivering on promises, we honoured over 2.2 million claims. In terms of claim settlement response time, we anchored our set standards, settling 99.4% health claims and 92.2% motor claims (own damage) within 30 days. These figures are a testimony to our customer-centric approach that we have been pursuing relentlessly over the years.

Over the last few years, we have been working on further enhancing our customer proposition. Our focus is on providing risk management & mitigation solutions

to our customers, going beyond settling claims efficiently. In line with this approach, we introduced new age Wellness solutions in FY2017. These are aimed at helping our customers stay healthy and derive more out of their health insurance policy. Similarly, we launched Telematics solutions for motor insurance customers to empower them to enhance their driving experience and get the best out of their vehicle. On the corporate front, we embellished our portfolio of customised risk management solutions for large corporate and SME/ MSME segments. We introduced a web portal 'Risk Management System' that enables customers to develop and organise their risk management calendar across risk locations, with collaborative approach of all related functions. Today, more than 300 corporate firms are using our risk management solutions to provide critical risk mitigation support to their business operations.

Deploying the latest technology has always been our focus in our quest to offer the best-in-class solutions to our customers. To harness the latest technology trends, we introduced robotic assistance tools in the form of chatbots in segments such as two-wheeler policy renewal, generating quotes for fire insurance purchase as well as employee query resolution. We also introduced solutions such as vehicle self-inspection for motor renewal customers to replace the traditional surveyor led process in case of break-in policies.

We continued to win awards and accolades through the year for our customer-oriented approach. We received the 'Claim Service Leader' award for our excellent track record in claim settlement across product segments. We were also adjudged with the 'Technology Innovation' recognition for our technology driven initiatives especially the 'RiskInspect' App, a mobile application developed to capture risk information of low sum insured property risk. We were also conferred with the award for the 'Most Innovative Health Insurance Company' at the Frost & Sullivan Best Practices Award, 2016. Recognising us for our customer service excellence, we were conferred with the 'Bronze' Award for Contact Centre of the Year (over 100 Seats) in the Business Services and Financial Services Industries segment by Stevie Awards, Inc., a US-based firm that stages annual Stevie Awards competitions for companies across the globe. We also received the ATD Best Award, 2016 for the 4<sup>th</sup> time,

being ranked in the top 10 companies in the world in terms of learning & development initiatives. Among the other recognitions, we also received the SKOCH 'Silver' Award for 'RiskInspect' App.

We successfully completed an upgrade from the earlier ISO 9001:2008 standard to the most recent higher standard of ISO 9001:2015. This certification validates continuing conformity of ICICI Lombard with internationally established standards for quality management systems through alignment of quality with business strategies via enhanced top management involvement, planning and in-depth implementation of risk-based thinking thereby making the whole management system a preventive tool and encouraging continuous improvement.

Even as we performed on the business front, we continued to fulfil our responsibilities as a responsible Corporate Citizen. We spent more than 2% of our average profit of last 3 years thereby going beyond statutory requirements. We scaled up our CSR initiative, 'Ride to Safety' during the last financial year. Since its launch in September 2015, we have contacted 35,000 parents & children to bring about a behavioural change in their outlook towards road safety. We have also distributed 24,000 specially designed ISI marked helmets to the children participating in this initiative. Our employee volunteering programme, 'Caring Hands' continued to spread its wings. As part of the exercise, our employees arranged eye-screening camps for 33,386 children on a single day across 113 locations in the country. In the process, we diagnosed 4,802 children with poor vision and provided spectacles to them. Further, we arranged for treatment for the children with vision complications through our NGO partners.

FY2017 was a momentous year for us. I would like to thank my colleagues and business associates for their contribution. As we look ahead, we are poised to raise the bar further in terms of our business goals and ensure a superior experience for our customers. I thank you for your support and look forward to further strengthening our relationship in the future.

Regards,

**Bhargav Dasgupta**

Managing Director & CEO



*In-house customer support for prompt, accurate and professional response to queries*



## 360° Customer-centric Innovation

# From normal interactions to great experiences

Meaningful engagements and simpler processes that make life easy is what today's customers want. At ICICI Lombard, we understand our customer's evolving demands and are at the forefront of offering services that accommodate these expectations. Be it in enabling our customers to buy policies when and where they want, making our policies as simple as possible and transparent, providing world-class claims service and digital interactions, or offering them value-added services, we are committed to innovation that leads to enhanced customer experience. We are also investing in new systems of engagement with the goal to deliver a seamless, omnichannel customer experience. While customers' needs evolve, our commitment to delivering a leading customer experience remains unchanged.

### KEY INITIATIVES

**Call Centre In-housing:** In a bid to own the customer support process and thereby better engage with customers, we embarked on a trail-blazing initiative wherein we in-housed our call centre operations. This was in sharp contrast to the general trend of outsourcing such activities. We have recorded significant improvement in our customer interaction measures:

- Overall service levels (measured by calls picked up in 10 seconds) have increased from 60% to 95%.
- First call resolution has been at 85% for FY2017.



## General Insurance Sector Overview

“In FY2017, the general insurance industry crossed the ₹ 1,000 billion mark, growing to ₹ 1,275.47 billion in FY2017 compared to ₹ 964.02 billion in FY2016, a growth of 32.3%.”



### 288.2%

Increase in the crop insurance segment in FY2017 over the previous year

### 39.3%

Growth in motor insurance segment in FY2017 over the previous year

### 32.3%

Growth in general insurance industry in FY2017 over the previous year

### 23.8%

Growth in health insurance segment in FY2017 over the previous year

The crop insurance segment was the biggest highlight of the year, registering a massive surge in growth. The business grew at 288.2% to ₹ 206.11 billion in FY2017 from ₹ 53.10 billion in FY2016. In fact, crop insurance became the 3<sup>rd</sup> largest non-life insurance segment in FY2017 for the industry. The motor insurance segment, which accounts for over 39.3% of the industry GDPI, registered a growth of 18.6% in FY2017, as compared to 13.7% in the previous financial year. The business grew to ₹ 502.45 billion in FY2017, against ₹ 423.67 billion in the previous fiscal. The health insurance segment (including specialised health institutions) also witnessed positive movement, recording improved growth as compared to the previous fiscal. The segment registered a growth of 23.8% to ₹ 307.65 billion in FY2017 as compared to ₹ 248.49 billion in FY2016.



## Review of Claims Reserves

“The provisions for IBNR claims are calculated separately for each year of occurrence and are aggregated to arrive at the total amount to be provided, by line of business.”

### Liability of Unpaid Losses and Loss Adjustment Expenses

Insurance companies are required to establish a liability in their accounts for the unpaid portion of ultimate costs (including loss adjustment expenses) of claims that have been reported but not settled and of claims that have been incurred but not reported.

For the determination of this ultimate cost there are several possible methods. The method selected in each case depends on the nature of the business and the claims development pattern. The provisions for IBNR claims are calculated separately for each year of occurrence and are

aggregated to arrive at the total amount to be provided, by line of business. The approach taken by ICICI Lombard is consistent with regulatory guidelines, which doesn't permit discounting of reserves or negative provisions for any particular year of occurrence.

The process of establishing the liability for unpaid losses and loss adjustment expenses is complex and imprecise, as many variables need to be considered that are subject to the outcome of future events. Consequently, informed subjective estimates and judgements about ultimate exposure to losses are a fundamental constituent of the Company's loss reserving process.



## Review of Claims Reserves

A substantial share of the Company's reserves are for motor third party liability lines, which tend to involve longer periods of time for the reporting and settlement of claims. This may increase the inherent risk and uncertainty associated with the loss reserve development.

The effect of inflation on claims is among the critical factors that have a bearing on estimating the future claims liability. When estimating liabilities for unpaid losses and loss adjustment expenses, the anticipated effect of inflation is always considered. Estimates of the ultimate value of all unpaid losses are based in part on the development of average paid losses, which reflects inflation. Inflation is also reflected in the case of estimates established on reported open claims, which, when combined with paid losses, form another basis for the derivation of estimates of reserves for all unpaid losses. Specific factors that may impact losses, such as new developments in medical costs, minimum wages and other economic indicators, and changes in legislation and social attitudes that may affect the decision to file a claim or the magnitude of court awards are also taken into consideration. There is no precise method for subsequently evaluating the adequacy of the consideration given to inflation, since claim settlements are affected by many factors.

### Development of insurance losses, net of reinsurance

The development of insurance liabilities determines the Company's ability to estimate the ultimate value of claims. The loss development table which follows shows the estimate of ultimate losses, including loss adjustment expenses, at the end of each accident (occurrence) year, and each accident year's provision for losses and loss adjustment expenses in subsequent years. ICICI Lombard provides this information from AY 2008-09, the first year after the de-tariffing of the market.

This estimate of losses and their corresponding provision is increased or decreased as more information becomes known about the development of losses for each individual accident year. The increase or decrease is reflected in the operating results during the period in which the estimate is changed. The accident year's outstanding provisions reflect remaining unpaid claims for the Company pertaining to the accident year, but that are yet to be settled. These are a combination of case reserves for reported claims and IBNR provisions.

### Incurred Losses and Allocated Expenses (Ultimates movement)

All figures are in ₹ Million

As at March 31, 2017	AY 08-09	AY 09-10	AY 10-11	AY 11-12	AY 12-13	AY 13-14	AY 14-15	AY 15-16	AY 16-17
End of First Year	12,855	15,128	20,656	22,530	27,974	35,957	34,160	39,131	49,487
One year later	13,240	15,232	20,435	21,967	27,021	34,628	33,949	38,577	
Two years later	13,034	15,390	20,405	21,745	26,517	34,371	33,535		
Three years later	13,206	15,517	20,361	21,846	26,400	34,295			
Four years later	13,345	15,546	20,474	21,831	26,458				
Five years later	13,386	15,656	20,484	21,814					
Six years later	13,458	15,907	20,529						
Seven years later	13,527	15,964							
Eight years later	13,498								
<b>Deficiency/ (Redundancy) (%)</b>	<b>5.0%</b>	<b>5.5%</b>	<b>-0.6%</b>	<b>-3.2%</b>	<b>-5.4%</b>	<b>-4.6%</b>	<b>-1.8%</b>	<b>-1.4%</b>	

AY - Accidental Year

### Unpaid Losses and Loss Adjustment Expenses

All figures are in ₹ Million

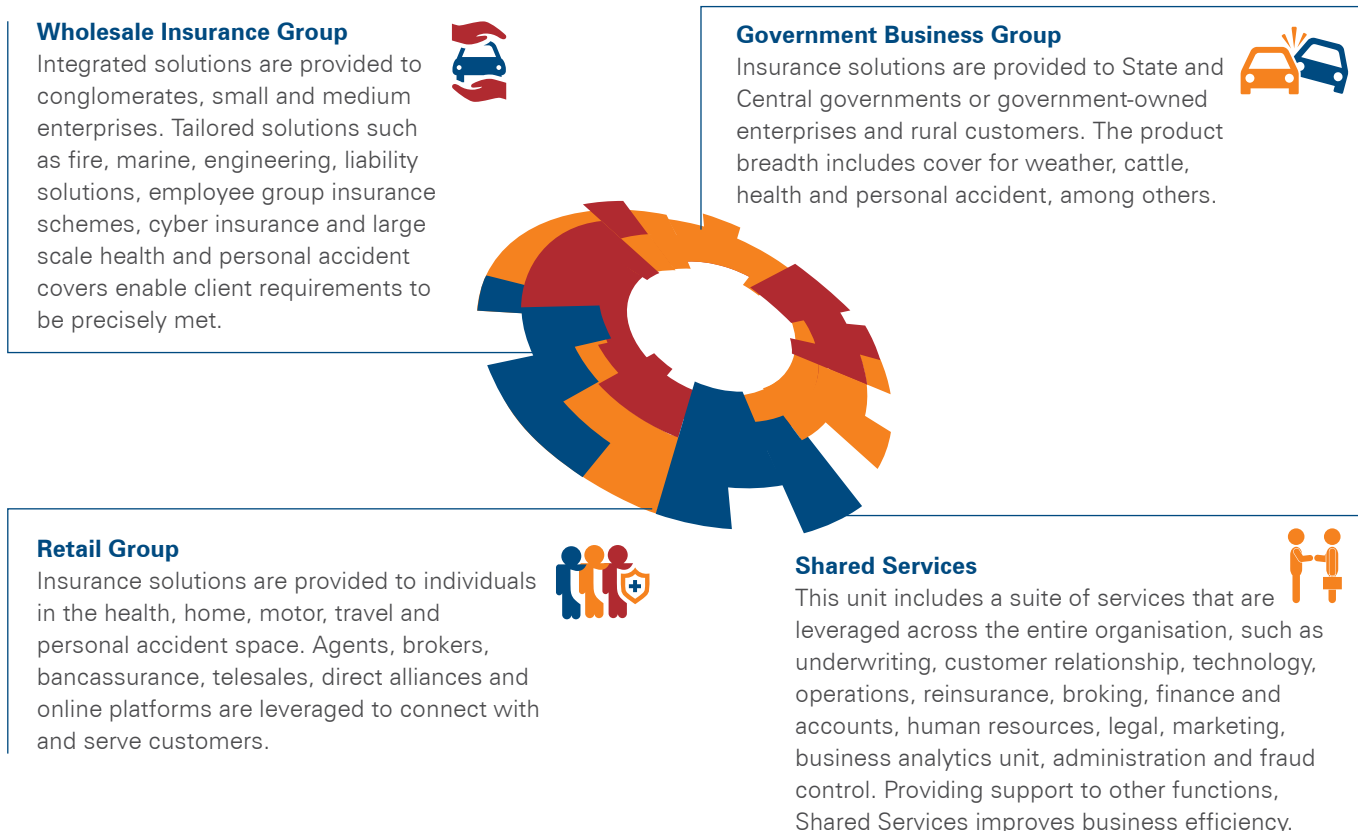
As at March 31, 2017	AY 08-09	AY 09-10	AY 10-11	AY 11-12	AY 12-13	AY 13-14	AY 14-15	AY 15-16	AY 16-17
End of First Year	4,814	5,313	7,176	7,980	12,012	17,323	17,095	20,437	26,841
One year later	1,608	1,826	2,667	3,333	6,110	9,695	11,581	14,062	
Two years later	855	1,344	1,998	2,459	4,724	7,919	9,605		
Three years later	726	1,149	1,581	2,119	3,842	6,729			
Four years later	712	965	1,391	1,760	3,386				
Five years later	617	904	1,130	1,470					
Six years later	586	830	1,004						
Seven years later	585	762							
Eight years later	500								

AY - Accidental Year

The accident year losses and expenses, as well as the reserves outstanding, do not include the erstwhile India Motor Third Party Insurance (Dismantled) Pool or the Commercial Vehicle Declined Risk Pool arrangements as they are in run-off.

# Organisation Structure

**ICICI Lombard caters to its four key stakeholders - customers, employees, channel partners and other stakeholders – through a well-defined operating matrix. The pillars of this matrix are: Wholesale Insurance Group, Government Business Group, Retail Group and Shared Services.**



## WHOLESALE INSURANCE GROUP

**The Wholesale Insurance Group caters to large corporate firms across industries and provides every client with customised solutions. It comprises various sub-divisions that include:**

- Specialised Industry Group that caters to large clients in specialised business segments
- International Business Group to cover international risks of Indian business interests
- Corporate Solutions Group to provide insurance solutions to large corporates across industries

## Organisation Structure

**In FY2017, the Wholesale Insurance Group achieved several key milestones:**

### Increased market share across all product lines



#### Fire

Market share increased to 7.8% in FY2017, compared to 7.2% in FY2016. Increase in market share was led by the Company's strong presence in the large risk segment and increasing penetration in mid-risk segment.



#### Marine

ICICI Lombard increased its market share to 12.6% in FY2017 from 10.9% in FY2016. The Company achieved this by leveraging innovations, such as risk management services including 'loss control' activities of high frequency accounts using Marine Loss Control Engineering (MLCE).



#### Engineering

Market share increased to 9.8% in FY2017 from 8.4% in FY2016. This was attributable to the Company's strong relationship with large contractors in the infrastructure sector, which enabled them to harness new opportunities that surfaced with the increase in infrastructure investment in the Indian economy.



#### Liability

Liability share witnessed an upward movement to 13.0% in FY2017 from 10.9% in FY2016 because of the Company's ability to envisage emerging risks and structure complex solutions.



## 7.8%

The current market share of ICICI Lombard's Fire Insurance segment

## 9.8%

The current market share of ICICI Lombard's Engineering Insurance segment

## 12.6%

The current market share of ICICI Lombard's Marine Insurance segment

## 13.0%

The current market share of ICICI Lombard's Liability Insurance segment

# The Cashless OPD card: An innovative offering has benefited several large corporate customers and is witnessing demand from more firms, given its unique proposition.

## Selective approach in price sensitive health portfolio

The Corporate Health segment contributing 40% to the overall corporate insurance business of the industry grew by 24% in FY2017, compared to 15% in the previous one. However, the segment witnessed increased pricing pressures impacting underwriting profitability. The Company continued to calibrate its growth strategy within this space to focus on select businesses that showcased financial viability from a long-term perspective.

## Strategic initiatives to create market differentiation

The Wholesale Insurance Group focussed on offering customer engagement and customised solutions during the fiscal. It introduced several new offerings which include:



### Health Value Added Services Wellness

This involved offering primary health care and specific disease management programmes to customers and implementing wellness activities across corporate accounts.

### Cashless OPD

The Company continued to focus on its industry-first cashless Out Patient Department (OPD) offering unveiled in the recent past. The offering, available in the form of a cashless OPD card, is aimed at helping corporate enterprises manage the medical cases and expenses of their employees. This innovative offering has benefited several large corporate customers and is witnessing demand from more firms given its unique proposition.

### Emergency services

The Company has launched emergency services in collaboration with a global partner, which has presence in 46 countries across six continents. It is the world's largest ambulance service provider with 2500+ ambulances in its fleet. Besides providing assistance in emergency and accident situations and ground medical transportation by an ambulance, the service also takes care of coordination with hospitals and other healthcare centres and ensures that all concerned members remain informed during the situation.



## Marine Value Added Services

These services are anchored around loss control consulting and providing customised solutions to clients. Offerings extended during the year include anti-hijacking (using GPS tracking) cover and loss minimisation measures for corporate clients. Speedy and hassle-free settlement of complex cargo claims was managed by specialists, who provided tailored solutions for fast recovery while minimising disruption to the business. The Company's integrated insurance and risk engineering solutions for reducing high-frequency losses resulted in significant risk improvement for its clients. Further, with years of experience in logistics planning and execution of Over Dimensional Consignments (ODC) movement for various Indian industries, the Marine segment continues to be one of the Company's more important business drivers. For continued success, the Company leverages the services of its transport engineers, who do a detailed study of the logistics before making any commitment. The comprehensive list of offerings includes agile, strategic solutions for project material handling and multi-modal ODC logistics. Backed by its industry-leading knowledge and expertise, the Company also specialises in providing cover for ODC even on challenging, long distance routes anywhere in India.



## Property Value Added Services

These programmes were centred on property risk visits, management of risk measures and customised solutions, such as anti-fire and anti-theft. ICICI Lombard's fast assistance, fair practices and friendly services were highly lauded. In the last fiscal, the Company provided coverage to multiple corporate clients and introduced risk management solutions such as first notification of loss (FNOL) system and fire mitigation infrastructure.



## Drone Based Inspection

ICICI Lombard introduced advanced Drone-based technology for inspecting wind turbine and solar PV modules to identify defects and improve efficiency.



## Account Level Planning

Sales personnel were continually trained to migrate from a product to a solution selling approach. This has helped the Company to strengthen its relationship with corporates and establish itself as a "Risk engineering" company.

## 360° Customer-centric Innovation From embedding change to integrating transformation

For all industries, insurance included, technology is advancing at a record pace, heightening the need to adapt faster and respond to disruption. While businesses are rising to the challenge and increasingly deploying technology across their functions, at ICICI Lombard, we are specifically driven to embed that technology which will make us more relevant for our customers. We view technology not just as a means to bring about a change but a powerful tool for transformation to take us closer to our customers and provide the next generation of customer experience. It is our firm conviction that the technology we deploy must provide our customers with an experience that is seamless, intuitive and consistently satisfying.

### KEY INITIATIVES

**Mobile Self Inspection:** In case of a lapsed motor insurance policy, this self-inspection feature allows the customer to take the video of his vehicle and then upload it on the Insure App. Once approved, the customer gets the quote in a couple of hours and can instantly buy / renew the motor policy through the App. Circumventing the need for a physical inspection, this feature saves the customer's precious time and also facilitates convenience.

**Chatbots:** We have launched chatbots (a computer program designed to simulate conversation with human users, especially over the internet) for obtaining quotes for motor and fire insurance policies. With customers now spending increasing time online, this new innovation is designed to delight and deliver.







*Simplifying the process for purchase /  
renewal of lapsed motor insurance policy  
with Insure App*

# Organisation Structure

## GOVERNMENT BUSINESS GROUP



₹ 206.11  
billion

premium collection during  
the year under PMFBY scheme

288%

Increase in premium  
collection during FY2017  
over the previous year,  
under PMFBY scheme

ICICI Lombard's Government Business Group caters to rural India and provides insurance solutions through government welfare initiatives. Over the years, ICICI Lombard has introduced various innovative solutions that protect the economically underprivileged sections of the society. In partnership with the government, the Company has delivered bespoke solutions to cater to individual needs. Its affordable products cover risks and shield customers from setbacks like a failed crop or a major illness. Through evolving and scalable models, innovative product design, technology, speedy claim processing and public private collaboration, ICICI Lombard endeavours to deliver confidence and security to rural India.

### Pradhan Mantri Fasal Bima Yojna

India is the land of farmers where the maximum proportion of rural population depends on agriculture. Hon'ble Prime Minister Shri Narendra Modi unveiled the new scheme called Pradhan Mantri Fasal Bima Yojana (PMFBY) on January 13, 2016 for the benefit of the agricultural community.

PMFBY aims to provide financial support to farmers suffering crop loss/damage due to any adverse events, stabilise the income of farmer and encourage farmers to adopt innovative and modern agricultural practices. This scheme is to be implemented in every state of India, in association with respective State Governments. It is administered under the Ministry of Agriculture and Farmers Welfare, Government of India.

The introduction of PMFBY has changed the dynamics of the crop insurance market; premium collection during the year increased from ₹ 53.10 billion in FY2016 to

₹ 206.11 billion in FY2017. This is an increase of 288% in a single year.

25 States and 3 Union Territories have participated in the scheme in FY2017, covering an area of around 57.94 million\* hectares and with a sum insured of around ₹ 2,136.1 billion\*.

### Key highlights of the scheme

- There is a uniform premium of only 2% to be paid by farmers for all Kharif crops and 1.5% for all Rabi crops. In case of annual commercial and horticultural crops, the premium to be paid is only 5%.
- The premium rates to be paid by farmers are very low and balance premium will be paid by the Government to provide full insured amount to the farmers against crop loss in any natural calamities.
- Farmers will get full financial security – there is no capping on the premium rates and no reduction in the sum insured.
- The use of technology is encouraged to a great extent. Satellite image and drone images are being used to develop a model to rationalise the number of crop cutting experiment (CCE). All State Governments have been mandated to use smartphones to capture CCE data on real-time basis to ensure fast and fair claim settlement.

ICICI Lombard has implemented PMFBY in 10 states and 79 districts across India, namely Andhra Pradesh, Madhya Pradesh, Jharkhand, Odisha, Uttar Pradesh, West Bengal, Meghalaya, Himachal Pradesh, Haryana and Tamil Nadu.



## ICICI LOMBARD CROP INSURANCE - KEY STATISTICS

GWP in crop insurance	₹ 21.51 billion in FY2017 as against ₹ 5.93 billion in FY2016, an increase of 263%
Farmers insured pan-India*	4.4 million
Implementation of PMFBY scheme*	10 States and 79 districts across India
Area covered under PMFBY*	5.42 million hectares
Sum insured under PMFBY*	₹ 241.2 billion

\*As on March 31, 2017

### Leveraging technology

To deliver customer satisfaction, it is imperative that services are provided fast and costs are minimised. This can be achieved effectively by leveraging technology and the same has been advocated under the PMFBY guidelines for various processes involved in crop insurance scheme viz. yield estimation, conducting CCEs or claim settlement. ICICI Lombard is driving the increased use of technology across its crop insurance schemes, aligned to the objectives of PMFBY.

ICICI Lombard has partnered with North East Centre for Technology Application and Research (NECTAR), which uses drones and remote sensing technology for village-wise crop-wise yield estimation. The project was undertaken in Rabi

2015-16 season and was implemented in Kharif 2016 season as well. The uses of drones in crop insurance are outlined below:

- For capturing different types of images which are used for crop classification and monitoring crop health using various vegetation indices.
- Provides an excellent way to capture different parameters which impact the ultimate yield of the crops.
- Facilitating a quick solution for the yield estimation process by capturing a vast area for observing the crop. This is very difficult in case of manual ground sampling.



*Empowering channel partners and agents through the iPartner website*

## 360° Customer-centric Innovation From engagement to empowerment

At ICICI Lombard, we are guided by the philosophy of making systems easy for the customers to approach us. This means acting with speed and agility, which in turn means empowering our employees and channel partners as they are the vital link to our customers. Driving a cultural change that accords priority to customer satisfaction and not to products, encouraging new ways of thinking and supporting our employees' and partners' capabilities with the latest offerings in the digital and technology space are just some of the measures that we embrace aligned to our goal of customer-centric innovation. Also, happy employees create happy customers. Thus, ensuring our employees' well-being and enabling them to achieve a good work-life balance is important to us.

### KEY INITIATIVES

**Health Tracking App:** This App was launched to help employees keep a tab on their health and habits thus driving consciousness towards positive well-being. The App also has the feature where employees can get rewarded by collecting points and redeeming them later.

**iPartner website:** An advanced technological platform, iPartner empowers our channel partners and agents by facilitating faster policy issuance as well as renewals. Available for Motor, Health, Travel and SME lines of business, the software accepts customer payments through multiple financial instruments thus enhancing convenience.

**Yaar App:** For the assistance of the employees, Yaar App (Yammer Automated Answer Robot) has been launched. This chatbot, replies to the queries posed by employees instantly. Being rolled out in phases, the App currently addresses queries related to Leave Policy and will soon be extended to cover other employee-specific areas, such as answering queries pertaining to leave policy, salary, income tax, leave travel allowance, group mediclaim, payroll, etc.

**Risk Inspect App:** The 'Risk Inspect' App captures risk information of low sum insured property risks. One can take photos through the app and geocode them to identify risk location considering various risk parameters. Post inspection, the App synchronises data and generates a risk advisory report to be shared with the client. Moreover, it is capable of operating without internet, simply synchronising upon internet availability, making it feasible to inspect remotest of locations without a hiccup.



# Organisation Structure

## RETAIL GROUP



# 11.6%

ICICI Lombard's market share in the Motor Own Damage segment

# ₹ 2.56 billion

GWP from the long-term two-wheeler segment

### Motor Insurance

Motor contributes to 39.3% of the overall general insurance premium, while Motor own damage premium contributes to 18.6% of the industry GDPI. ICICI Lombard holds 11.6% market share in the motor own damage segment.

In the second half of FY2017, sale of new vehicles was subdued across all segments due to demonetisation, thus impacting sales growth for the year. Sales growth of private cars, which was at 11.6% in H1-2017, reduced to 9% for FY2017; two-wheelers growth, which was at 17.5% in H1-2017, reduced to 6.9% for FY2017; and commercial vehicle growth reduced to 0.3% for FY2017 from 9.6% in H1-2017.

Despite the industry challenges, ICICI Lombard recorded a satisfactory performance across private car and two-wheelers, achieving 15% growth in each of the product lines. Selective underwriting approach in comprehensive commercial vehicles led to a 5% growth in the segment.

Technological innovations were the key focus area during FY2017 and several new initiatives were introduced in policy and claim servicing for motor business.

The Company continued to get positive consumer feedback in the long-term two-wheeler segment. It generated a GWP of over ₹ 2.56 billion in FY2017, much higher than ₹ 1.33 billion achieved in FY2016.

## Health

The Company continued to focus on new products by including new features along with value-added services. In FY2017, the Company launched a new product 'Health Booster' in the Top Up and Super Top Up categories to expand the health insurance portfolio. The Company has introduced wellness programmes across all the indemnity products to reward healthy behaviour of its customers and make it an attractive proposition for the youth. During FY2017, health indemnity policies stood at 0.28 million against 0.24 million in FY2016. GWP grew by 22% from ₹ 3.10 billion in FY2016 to ₹ 3.80 billion in FY2017.

The Company has taken an innovative step to offer Claim Service Guarantee wherein the Company assures a defined consequence in the event of variance from its assured standards. This will help instil confidence in the customers as well as increase acceptability of health insurance.

## Travel

The Indian travel insurance industry grew by 10% in FY2017 over the previous year. GWP of the Company increased to ₹ 1.24 billion from ₹ 0.96 billion in FY2016. The Company's market share grew to 21% this year compared to 18% in the previous year with a GWP growth rate of 28%. The Company insured 42.58 million lives in FY2017 as opposed to 2.30 million lives in FY2016 [excluding Optional Travel Insurance for e-ticket passengers of IRCTC scheme customers, the Company has insured 3.99 million lives].

The focus of the Company continued to be on Group domestic business which was in line with the Company's strategy of profitable growth. During FY2017, the government announced the scheme 'Optional Travel Insurance for E-ticket passengers of IRCTC', which was a key driver for the growth in the Group domestic travel business. The scheme provides coverage to the passengers during their train journey right from the time of boarding the train until the arrival of the train at the destination. Apart from accidental death and permanent total and partial disabilities, the scheme also indemnifies the insured for any hospitalisation expenses that he/she may incur on account of injuries sustained as a result of the train accident. The scheme has received a stupendous response and led to growth in lives insured in FY2017.

0.28  
million

No. of health indemnity  
policies

₹ 1.24  
billion

GWP of the Company  
from travel insurance



## Organisation Structure

### RETAIL GROUP

“The SME segment forms one of the key focus areas for the Company. Accordingly, it has introduced a wide range of products to meet the diverse business and personal need of its SME customers.”

The Company believes there is immense potential in this segment with many IT companies sending their skilled workforce on domestic travel for key projects on long-term basis.

For the coming year, the Company shall stay focussed on increasing its market share by gaining long-term corporate accounts and at the same time driving its most profitable segment of Group domestic travel.

#### Home Insurance

The home insurance segment at the industry level grew with increased customer awareness. The Company's home insurance business grew by 24% in FY2017. It continued to make efforts to increase the penetration for Home Insurance in the light of natural disasters in the recent years.

#### SME

Guided by its objective to deliver a leading customer experience, the Company continually enhances its product and service offerings. The SME segment, an important focus area for the Company, has in recent times witnessed introduction of several new products to meet the varied business and personal needs of its SME customers. Additionally, aligned to the customers' preferences for a quick turnaround time, the Company has embedded technology across its business functions and the same has also been made available to its business partners so that they can respond to customer requirements in the most efficient and effective manner. ICICI Lombard's 'Over-the-Counter (OTC) Calculator' is one such technological innovation that has ensured seamless delivery of its promises to customers. Some of the other

leading initiatives undertaken by the Company to boost the SME segment are:

- Deployment of iPartner - a state-of-the-art technology tool that facilitates agents and business partners by enabling real-time policy issuance with multiple payment options
- Agent on view - providing agents with a single point access for all requirements, policy, quote, payout details
- High emphasis on GEO and emerging markets.
- Focus on increasing bandhan initiatives - overall 38% growth from bandhan agents in FY2017

#### Other Segments

The Company continued to provide other insurance solutions like loan protection cover that helps provide financial protection to customers against loan liabilities in case of accident, disability or critical health conditions. Several new small finance banks/Non Banking Financial Companies (NBFCs) contributed in growing the business. Issuance of low ticket size policies surged as business in personal loan and two-wheeler loan segment increased.

#### Customer Lifecycle Management

ICICI Lombard strives to provide the best service to its customers not only the first time, but across the entire customer lifecycle. Aligned to this philosophy, during the year, the Company continued to provide hassle-free renewal experience for customers and proactively connected with them by sending renewal reminders through SMS and emails at periodic intervals. Through these SMS and emails, a link



“In FY2017, the Company increased its focus on customer-connect. This was achieved through enrichment methods like correction of inaccurate records, sending welcome letters to non-contactable customers and by communicating with the maximum number of customers.”

was sent which redirected the customer to the renewal page on its mobile WAP site website, based on the device used.

Additionally, in FY2017, the Company increased its focus on customer-connect. This was achieved through enrichment methods like correction of inaccurate records, sending welcome letters to non-contactable customers and by communicating with the maximum number of customers.

The additional contact details received from these activities were used at the time of renewals of customers’ insurance policies.

### Individual Personal Accident

The Company focussed on deepening its relationship with partners and offered comprehensive individual personal accident solutions. Apart from offerings that cover traditional death and permanent total disability, there is a need for enhanced personal accident coverage. Understanding this requirement, the Company was able to customise its offerings to suit the needs of various customer segments. New opportunities in bancassurance channel were identified and solutions with different premium options were offered. Technological platforms such as iPartner and ILPOS were used for faster policy issuance. The enhanced focus on bancassurance and retail partners helped the individual personal accident segment register a growth of 32% in FY2017. During this period, the Company sold 0.66 million individual personal accident policies amounting to a premium of ₹ 2.95 billion.

24%

Growth in home insurance business over the previous year

32%

Growth in individual personal accident segment over the previous year



## 360° Customer-centric Innovation From results to responsibility

Today's educated and informed customers are increasingly choosing to buy products and services that are offered by socially responsible organisations. Customer-centric innovation thus requires a change in mindset – a shift from viewing success through the lens of results to seeing it through the prism of responsibility. Delivering value to each and every stakeholder – customers, employees, channel partners, investors, community and the planet – is a commitment we seek to fulfil at ICICI Lombard with every step that we take. Steered by the belief that a lifetime of meaningful customer relationships is not just the outcome of developing great products or services, but achieved through a more holistic focus, we are making genuine and honest efforts for driving improvements in the social sphere.

### KEY INITIATIVES

**Wellness Brand Campaign:** While we are always there for our customers, standing by them during the moment of truth and guiding them through the claims process, our commitment and concern does not end there. Going beyond claim settlements, we recently launched a campaign focussed on health and wellness to partner our customers on their journey towards healthier living.

**Ride to Safety:** With the aim to make roads safer for children riding as pillion riders on two-wheelers and develop a sustainable community for long-term impact, this unique campaign focusses on bringing about a behavioural change. To achieve this, we held customised workshops that were attended by both parents as well as children. Further, we also distributed 'ISI' marked helmets to children who ride as pillion riders on two-wheelers. Till date, we have held over 200 workshops, reached out to over 35,000 parents and children and distributed over 24,000 helmets.





*24,000 Child-specific ISI marked helmets distributed since September 2015*

# Organisation Structure

## SHARED SERVICES



# 21.30%

Compounded Annual Growth Rate (CAGR) over the last 5 years in the Company's investment portfolio

# 10.95%

The total annualised return of investment in the last 15 years

### Reinsurance

During FY2017, ICICI Lombard's reinsurance programme continued to be a combination of proportional and non-proportional programmes for both conventional and specialty lines of business. The reinsurance programme is structured keeping in mind the Company's philosophy of buying adequate cover in order to protect value-at-risk at all times. The Company has a well-defined retention limit for each product segment which defines its maximum 'per risk' and 'per event' exposure. To protect the net account against single large losses and natural disasters, it continued to buy appropriate risk and catastrophe reinsurance. The Company also got its net retained exposures, modelled by international agencies to ensure adequacy of limit of catastrophe reinsurance. ICICI Lombard maintained its association with the top global reinsurers for its key reinsurance programme, while General Insurance Corporation (GIC) remained the Company's largest reinsurance partner.

### Underwriting

In FY2017, ICICI Lombard introduced new products and covers in its health insurance portfolio in the Top Up and Super Top Up category. The Company also introduced wellness programmes across indemnity products as a risk management and penetration strategy targeting millennial segment. The Company took an innovative step to offer Claim Service Guarantee in retail health insurance product to assure the commitment on service levels.

The retail health insurance segment grew significantly across all product lines. The focus of the Company this year continued to be on Group domestic travel business, which is in line with the Company's strategy of attaining profitable growth. During the year, the government announced 'Optional Travel Insurance for E-ticket passengers of IRCTC' scheme which was the key driver for growth in the Group domestic travel business.

The Company focussed on deepening its relationship with partners and offered comprehensive Individual Personal Accident solutions through customisations. New opportunities in Bancassurance channel were identified and solutions with different premium options were offered. Technological platforms such as iPartner and ILPOS were used for faster policy issuance. ICICI Lombard launched 'Over-the-Counter (OTC) Calculator' on the technology front to enable quick risk underwriting in home insurance.

In Motor insurance portfolio, Company adopted selective underwriting approach in commercial vehicle which led to a 5% growth in the segment. Overall, the Motor insurance segment in ICICI Lombard continued to grow at 15% across Private car and two wheelers segment despite demonetisation and subdued vehicle sales in H2 due to adverse buying behaviour. Innovations in technology front was key focus area during FY2017 and several new initiatives were introduced in policy and claim servicing for motor business.

## “The Cost Management team constantly endeavours to maximise value and build cost-effective tools to benefit internal and external stakeholders.”

With the advent of new “Pradhan Mantri Fasal Bima Yojana”, the crop insurance market has grown to ₹ 206.11 billion. The segment has become the 3<sup>rd</sup> largest portfolio for general insurance industry with the potential to lead the sector in coming years. For ICICI Lombard, Crop insurance became the 3<sup>rd</sup> largest segment and grew by 263% to record the total GWP of ₹ 21.5 billion. With the opening up of the market, the Company has been able to diversify its risks across geographies.

In Commercial line of Insurance, Industry faced de-growth by 3% in FY2017 in the engineering insurance segment but ICICI Lombard’s market share grew by 13% to arrive at GWP of ₹ 2.25 billion. This was largely due to focus on segment like infrastructure and railway corridor.

The Company continued to increase its focus on risk management exercise across property and marine segments to deliver customised solutions. Large risk such as thermal power plant & steel plants, renewable energy were the major focus and detailed inspection was carried out at multiple client locations to ascertain the right solution. Monitoring through drones, vessel tracking & history and comprehensive warehouse solutions among others were proposed. In FY2017, Property & Marine Loss Control initiatives through in-house competency & the implementation of the proposed solutions was the key driver in retention & managing profitability in the high risk portfolios. This solution-based approach continued to help ICICI Lombard lead in an otherwise competitive market.

On small risks, the mobile-based application “Risk Inspect” continued to drive the SME business by generating a risk advisory report and feeding into underwriting process. The app was nominated and awarded in multiple forums as technological innovation. For growth in the small ticket (low exposure business), ICICI Lombard used distribution to generate scale through pre underwritten segments such as commercial non industrial property and educational institutes on the basis of risk level and location.

### Cost Management

The Cost Management team constantly endeavours to maximise value and build cost-effective tools to benefit internal and external stakeholders. In FY2017, focus was

maintained on cost optimisation through cost planning, co-ordination, control and reporting of cost data.

Additionally, the Company gained cost savings in travel, communication and energy expenses. Spreading awareness among employees and taking basic cost benefit steps through effective tools ushered results in managing cost benefits.

### Investments

In FY2017, the Company achieved superior total return on its investment portfolio, compared to the benchmark. Investments at ICICI Lombard are governed by the core value investing principles of the Company. Its asset mix is determined by two important factors: availability of superior investments at the right price and claim liabilities. The asset allocation strategy of the Company ensures liquidity, security and diversification. To strengthen the existing business, and efficiently manage risks arising out of duration, market, credit, legal and operation, the Company strictly follows commensurate risk management. The Company’s investments amounted to ₹ 136.20 billion in FY2017, an increase of 28.58%. In the last five years, the Company’s investment portfolio has grown at a Compounded Annual Growth Rate (CAGR) of 21.30%. Additionally, the Company’s investment assets of funds representing third party motor pool amounted to ₹ 7.81 billion.

In FY2017, the Company achieved a realised return of 9.93%, while the total return was 14.44%. In a span of past five years, the realised return and the total return have averaged 10.04% and 11.98% respectively.

Over the last 15 years, the total return of investment portfolio experienced an annualized return of 10.95%, compared to 9.21% generated by the benchmark composite. Over the same period, the total return of equity assets experienced an annualised returns of 31.12%, compared to 17.53% generated by the benchmark composite.

As at the end of March 31, 2017, ICICI Lombard’s ratio of year-end investment assets to net worth stood at 3.9 times. Average ratio of investment assets to net worth for the last 5 years is 3.5 times.

# Organisation Structure

## SHARED SERVICES



# 98%

Percentage of policy issuance in "out of office" mode

# 85%

Percentage of First Call Resolutions

### Operations

During FY2017, ICICI Lombard focussed on enhancing the overall quality of service. The Company has created scale and built capability in its operations function to service business growth and diverse business segments across various products in order to enhance the quality of delivery and improve service levels. The Company's operations team has started using multiple real-time policy issuance tools on the digital platform. In FY2017, significant investments were made in implementing robotic solutions to automate repetitive manual tasks and reduce the error levels. The digital platforms also enable the Company's channel partners to process customer requests related to policy issuance, endorsement and cancellations in a speedy manner. This has helped reduce multiple handoffs and improve the overall response time to the customer. During the year, the Company has reached a level of 98% of policy issuance in 'out of office' mode.

The increase in lower ticket size and high volume products like long-term two-wheeler, health combo products and over-the-counter corporate products has brought with it the challenge to manage the volume with low operational costs and minimum turnaround time. This has been managed by seamless integration with the systems of distribution partners, brokers and various lending institutions, leading to increased backend productivity.

A key long-term strategy of ICICI Lombard is to continuously improve services to the agency channel along with ensuring accuracy and faster execution speed. Timely commission payment release to agents has been implemented through the system to ensure hassle-free services for the channel.

# “ICICI Lombard has successfully completed an upgrade from the earlier ISO 9001:2008 standard to the most recent higher standard of ISO 9001:2015.”

## Process Excellence

Evolving customer needs is the driving force for ICICI Lombard to constantly improve its customer experience. This is done by focussing on data analytics, process automation, reducing redundancies and simplifying processes, which in turn helps to drive better operational excellence throughout the organisation.

As an ISO certified organisation, ICICI Lombard successfully completed an upgrade from the earlier ISO 9001:2008 standard to the most recent higher standard of ISO 9001:2015. This certification validates the continuing conformity of the Company with internationally established standards for quality management systems through alignment of quality with business strategies via enhanced top management involvement, planning and in-depth implementation of risk-based thinking, thereby making the whole management system a preventive tool and encouraging continuous improvement.

The certification is a validation of the controls that have been built in place to ensure that the needs and expectations of customers, regulators and other stakeholders are met. It is also an acknowledgement of the standardisation and uniformity of processes being followed across all branches, processing hubs and the corporate office. ISO 9001:2015 certification will help ICICI Lombard in ensuring that its customers consistently receive high quality products and services, which will further enhance customer satisfaction, management focus as well as employee efficiency. It shall also help in addressing organisational risks and opportunities.

The Company was also awarded the 'World Quality Congress, Global Awards for Excellence in Quality Management and Leadership 2016' for Planning, Processes and Systems and for the Best Process Improvement Project in the general insurance segment.

## Customer Relationship Team

With globalisation and internet providing nearly unlimited choices, the power has shifted from the corporations to customers. This shift makes it nearly impossible for companies to sustain differentiation based solely on price or product. ICICI Lombard has instead focussed on creating personal and engaging experiences with customers that develop into relationships and further into lifetime commitments.

To ensure seamless customer experience, ICICI Lombard Customer Relationship Team (CRT) operates from two locations viz., Mumbai and Hyderabad, providing it the flexibility to handle a large number of customers at any given point of time.

First Call Resolution has been at 85% for FY2017 and NPS for the same duration has been at 35. These numbers indicate the Company's strong commitment towards delivering a superior customer experience.

During the year, CRT also initiated the Garage App - a mobile application that would empower garages to register their claims online, with a focus on easing the process for the business partners and also reducing contacts at the call centre. This has gone a long way in reducing overall costs.

The Customer Relationship Team of ICICI Lombard has been chosen as the Contact Centre of the year (over 100 seats) in the Business Services & Financial Services industries category. The prestigious bronze award was conferred by Stevie Awards at the 11<sup>th</sup> annual Stevie Awards for Sales & Customer Service held on February 24, 2017 at Las Vegas, USA.

# Organisation Structure

## SHARED SERVICES



### Information Technology

ICICI Lombard's excellence in products and services is backed by a robust technology infrastructure, user-friendly web and mobile applications backed with a strong customer-centric support structure. After achieving technological advancements, specifically in the field of cloud, mobile and big data space, ICICI Lombard innovated the Robotic Business Process Automation Framework which automates unvarying human resource tasks with routine definite process, methods, rules and validations in the fastest possible time without any working hours' constraints. ICICI Lombard also implemented Chatbot "MyRA" using natural language processing platform that not only responds to customer queries in real time but also enables customer to buy or renew two-wheeler policies over an automated chat without any human intervention. Robotics and Chatbot has helped in faster turn-around time to customers, error-free operations and self-help options for internal and external customers.

ICICI Lombard has advanced in its digital journey and built robust platforms to enable business and meet customer expectations. The technology architecture has been carved to foster the launch of new products and services in an agile way. The Company launched new and improved website portal which is responsive, making it easier to find sustainable information, engage with customers and provide same user experience across devices.

In the case of severe events, historical loss information may be unreliable in assessing future loss potential. ICICI Lombard is developing probabilistic models that will help it prepare for the financial impacts of extreme events much before they occur. Today, the Company is developing models to assess the likelihood and severity of loss from accidents, thefts and catastrophes using GIS-based analytics.



“The Company introduced ‘Mobile Self-Inspection’ feature on Insure mobile app, wherein customers can renew their expired car insurance policy instantly by simply taking a video and uploading it through the app and get approval within a few hours.”

In FY2017, ICICI Lombard launched Telematics-based insurance to help customers get information on their vehicle performance, benefit from road travel safety features, monitor fuel efficiency, etc.

The Company introduced ‘Mobile Self-Inspection’ feature on Insure mobile app, wherein customers can renew their expired car insurance policy instantly by simply taking a video and uploading it through the app and get approval within a few hours, thereby eliminating several steps. This makes policy

issuance quicker and simpler. The Company also introduced ‘Garage Claim for FNOL’ - a new mobile app, where garages can report the claim intimation by quickly filling in minimum required details over a mobile app, supported by voice memo. This helps in quickly reporting the First Notice of Loss (FNOL) and also reducing calls on the call centre.

ICICI Lombard won the prestigious Celent Model Insurer Award, 2017 for Robotics process automation and agency app.





## **Jagmohan Bathija**

Agent using iPartner website

ICICI Lombard is making commendable progress towards helping their agents. They are facilitating faster policy issuance by empowering us with the requisite technology tools and portals. iPartner is one such portal. It was launched by the Company long back. No sooner, they have been regularly updating the portal and now it works on real-time basis. The portal also helps the agents move away from manual cover notes which is very cumbersome and out-dated. Being on real-time is like being on the Company's system. I applaud the Company for doing this. Needless to say, I am a very happy and satisfied agent of ICICI Lombard.





## **Neeraj Kothari**

Agent using RiskInspect Mobile App

It was a great experience conducting a risk inspection by using ICICI Lombard's RiskInspect Mobile App, with the help of their underwriting team. I have learnt the technical as well as the risk parameters through this mobile application. While being extremely user-friendly, the mobile application also provides great speed as with this I can conduct a mid-size risk inspection within 15-20 minutes. For its smart and great features, I prefer this mobile application for any of the referrals as well as the preferred proposals that come to our agency. The application has proved beneficial in helping us materialise the VAS product. This, in turn, helped us improve the risk features and also minimise losses.



Thanks a lot for the tremendous support from ICICI Lombard.

## Human Resources



# 565

No. of employees achieving the intermediate level of certification

# 35

No. of employees qualifying in CII, London examination as a part of Code Maroon Plus certification

Attracting the best talents, continuously upgrading their knowledge and skills and retaining them is imperative in today's business landscape. ICICI Lombard continued its journey towards becoming an employer of choice as part of its overall organisational vision.

At the beginning of the financial year, a new individual employee capability building initiative was launched. Employees in discussion with their respective line managers jointly agreed on their capability goals to equip them to achieve their in-year deliverables. Structured capability plans based on 70:20:10 approach were drawn up to achieve these goals. Additional support in the form of classroom inputs, online guides and courses along with periodic review by line managers, helped employees to implement these plans through the year.

Vishvas, the internal guiding principles for the organisation for all key stakeholders, was further strengthened through a perception survey on its effective deployment. Leader-led sessions were held to connect, share the findings and receive qualitative feedback from employees on various aspects of the workplace and on Vishvas. Based on the feedback and suggestions, themes were prioritised at an organisational level with appropriate action plans being rolled out.

"Saksham" the 90-day onboarding programme was further strengthened and New Bee, a new joinee section was launched on the Company's internal social networking and collaboration platform "HIVE". New employees login to this section before they actually join, helping them to get

familiarised with the organisation, join groups for interactions, share similar interests and join discussions through chat forums.

Employees volunteered enthusiastically to contribute to social causes through 285 medical camps across the country under the Caring Hands initiative in December 2016. Reaching out to more than 33,000 children in a day, these camps identified students with poor vision, distributed free spectacles to them along with relevant interventions to address vision problems.

Learning and development has been playing a pivotal role in achieving the organisation's strategic objectives by building individual and team capability. The learning architecture and interventions which are woven around three levels of certification saw 565 employees achieving the intermediate level of certification, namely Code Maroon and 35 employees qualifying in CII, London examination as a part of Code Maroon Plus certification, the highest ever.

During the year, ICICI Lombard's excellence in learning and development practices was acknowledged through Golden Peacock National Training Award (GPNTA) 2017, thereby becoming the first general insurance company to win this award since its inception in 1998. ICICI Lombard was also conferred with the Association for Talent Development (ATD) Best Award for the fourth time in FY2016. The Company was ranked 7<sup>th</sup> amongst the 35 winning organisations for its talent development initiatives in which 150 companies participated from across the globe.

## Corporate Social Responsibility



285

No. of eye check-up camps across the country under the Caring Hands initiative in December 2016

1,40,000

No. of underprivileged children reached out till date

ICICI Lombard has always believed in the larger ideal of equality and humanity. As responsible corporate citizens, contributing to the alleviation of societies and communities is part of the Company's larger focus to deliver value to all its stakeholders.

Through its CSR initiatives, the Company undertakes regular interventions through multiple steps to meet this objective. The Company specifically works in the areas of Preventive Healthcare, Road Safety and Disaster Support. Since the last six years, the Company has included its employees in its CSR activities. Today, the employees voluntarily and directly contribute, multiplying the Company's CSR efforts manifold.

As part of preventive healthcare initiatives, the Company was involved in the setting up of eye check-up camps for students at municipal schools. The initiative is centred around raising awareness among students, teachers and parents about the importance of cultivating healthy habits at an early age, and how this ensures long-term health.



## Sanjay Singhal

Property Insurance Customer

I am sincerely writing this letter to appreciate ICICI Lombard's calibre, professionalism and the behaviour during the claim transaction. I was highly impressed with the services that you have provided and wish to express my sincerest gratitude for your support. I am writing to particularly express my appreciation for the knowledge that you possess regarding the most favourable insurances, claims and policies. The way in which you interact, communicate and convince your customers is indeed flawless and it was really nice interacting with you. I wish you all the best for your future works and I am sure that a dedicated professional like you will surely prosper.

Thank you ICICI Lombard!





## **Renu Mishra**

Motor Insurance Customer

I had a harrowing experience with my previous insurer, so I moved my car insurance to ICICI Lombard. I decided to purchase ICICI Lombard's motor insurance policy for my XUV500 online and immediately got assistance through their call centre team. ICICI Lombard's executive explained all the details really well and I was able to buy the policy online quickly within few minutes in a hassle-free manner. The overall experience and the customer-friendly approach by the ICICI Lombard representative has truly made me happy.

Thank you ICICI Lombard!



## Corporate Social Responsibility

“In the last six years, employees of ICICI Lombard have touched the lives of over 1,40,000 students from over 300 schools across the country with Caring Hands.”

### Caring Hands

Caring Hands has been working with underprivileged children for over six years, making a difference to the lives of over 1,40,000 children. At ICICI Lombard, the employees voluntarily work on every aspect of the project - from taking permission from schools to conduct eye check-up camps to bringing in ophthalmologists and conducting the camp at the school on a specified day. In addition, they also help distribute free spectacles to the needy children. Caring Hands activity is meticulously planned over two months and culminates on Caring Hands Day in December.

In the last six years, employees of ICICI Lombard have touched the lives of over 1,40,000 students from over 300 schools across the country with Caring Hands. Such is the enthusiasm Caring Hands generates, that more than 50% of its growing employee base has been participating in it, making it the pivotal employee driven CSR initiative of the Company. Starting with 11,000 children in the first year i.e. 2011, the number of children benefiting from the programme touched 33,386 students in FY2017.

In the coming years, the Company's employees remain committed to this unique programme which is poised to make a difference to India's generation next.

### Ride to Safety

Shockingly, more than 5,000 children below the age of 14 lose their lives on Indian roads every year. Of these, two-wheelers are involved in 25%\* of all the road accidents in the country, the highest amongst all vehicles. New Delhi is the Accident Capital of India with as many as 1,622 lives lost in road mishaps in FY2015, as per a report by the Ministry of Road Transport. The two major causes for such a high rate of accidents on roads are i) lack of awareness and ii) non-adherence to the basic rules of road safety i.e. wearing a helmet, putting on seat belts, etc.

ICICI Lombard chose to focus on spreading road awareness amongst children. The Company believes that not only are children most receptive to such initiatives, but in the long-run, this will bring about a sustainable change as these children become adults and become more responsible citizens.



# 35,000

No. of parents reached out to under the Ride to Safety initiative

# 24,000

No. of children provided with ISI marked helmets

\*Source: National Ministry of Road Transport & Highways



“The Company believes that not only are children most receptive to such initiatives, but in the long-run, this will bring about a sustainable change as these children become adults and become more responsible citizens.”

ICICI Lombard started a unique CSR initiative ‘Ride to Safety’ – aimed at making roads safer for children riding as pillion riders on two-wheelers. Under the initiative, two broad interventions were made: i) creating awareness among parents and children with regard to road safety through customised direct contact programmes, and ii) distributing child specific ISI-marked helmets to the participating children. Since the inception of the programme in September 2015, the Company has directly contacted over 35,000 parents and their children. In an important milestone, ICICI Lombard has distributed 24,000 ISI-marked helmets to children.

As part of its continuous engagement and to further gauge the impact of the programme, ICICI Lombard conducted a study by re-connecting with the parents of those children who were provided with helmets. The study reveals interesting insights:



**78%**

of the participants said they found the Ride to Safety workshops to be useful.

**76%**

of respondents had changed their outlook towards road safety post the workshops.

**70%**

of the participants felt the initiative had a positive impact and had encouraged other kids to wear a helmet when riding a bike.

**85%**

Respondents were happy with the quality of the helmet, with 80% particularly liking the helmet colour (bright orange)

**78%**

of the participants (90% in case of Delhi) realised the need for children as pillion riders to wear a helmet.

When it came to usage of helmets, following the workshop, nearly all the participant kids were wearing helmets while riding a two-wheeler. Prior to the workshop, only 1 in 4 children claimed to be wearing a helmet.

**Ravi Goyal**

Property Insurance Customer

We would like to thank you for your prompt services and for the kind and courteous behaviour you demonstrated in handling our claim. We shall recommend ICICI Lombard to all our contacts very strongly and can assure you that we will be delighted to stay with your Company for the foreseeable future.





## **Jayesh Keniya**

Agent using iPartner Mobile App

I would like to share that ICICI Lombard's iPartner Mobile App has several advantages. It is a super tool and very convenient, enabling me to issue a new policy instantly, share health policy quotations with clients and track monthly policy renewals. In addition, the great features make it a time-saving tool. I am using the App extensively since its launch. It helped me achieve my business targets on time.



# Directors' Report

To the Members,

Your Directors have pleasure in presenting the Seventeenth Annual Report of ICICI Lombard General Insurance Company Limited (ICICI Lombard/the Company) along with the audited financial statements for the year ended March 31, 2017.

## Industry Overview

The gross direct premium (GDPI) of the industry grew from ₹ 963.77 billion in FY2016 to ₹ 1,275.75 billion in FY2017\*, a growth of 32.3%. ICICI Lombard's GDPI increased from ₹ 80.91 billion in FY2016 to ₹ 107.25 billion in FY2017, a growth of 32.6%. ICICI Lombard led the private players in the general insurance sector with a market share of 18% and had an overall industry market share of 8.4%. The Government of India had introduced a new flagship scheme namely Pradhan Mantri Fasal Bima Yojana (PMFBY) from Kharif 2016 which resulted in significant growth in crop insurance business.

## Financial Highlights

The financial performance for FY2017 is summarised in the following table:

	(₹ billion)	
	FY 2016	FY 2017
Gross written premium	82.96	109.60
Earned premium	48.22	61.64
Income from Investments	11.57	12.83
Profit before tax	7.08	9.10
Profit after tax	5.07	7.02

## Appropriations

The profit after tax for the year ended March 31, 2017 is ₹ 7.02 billion. The profit available for appropriation is ₹ 18.96 billion after taking into account the balance of profit of ₹ 11.94 billion brought forward from the previous year. The Directors are pleased to recommend aggregate interim dividends declared and paid during the year of ₹ 1.57 billion (₹ 1.89 billion including dividend distribution tax) as final dividend for the year.

## Particulars of Loans, Guarantees or Investments

The provisions of Section 186(4) of the Companies Act, 2013 requiring disclosure in the financial statements of the full particulars of the loans given, investment made or guarantee given or security provided and the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient of the loan or guarantee or security is not applicable to the Company.

\*Source: IRDAI & GI Council

**₹ 7.02  
BILLION**

**The profit after tax for  
the year ended  
March 31, 2017**

### **Significant and Material Orders Passed by the Regulators or Courts or Tribunals Impacting the Going Concern Status of the Company and its Future Operations**

There are no significant and/or material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of future operations of the Company.

### **Directors and Other Key Managerial Personnel**

The Board of Directors of ICICI Lombard at March 31, 2017 consisted of fourteen Directors, out of which five are Independent Directors, six are Non-executive Nominee Directors and three are Wholetime Directors.

#### **Independent Directors**

At the Annual General Meeting (AGM) held on July 1, 2016, the members of the Company had appointed Uday Chitale as a Non-executive Independent Director of the Company for a term of five years effective from April 19, 2016 and Suresh Kumar as a Non-executive Independent Director of the Company for a term of five years effective from June 1, 2016.

At the Extra-Ordinary General Meeting (EGM) held on August 24, 2016 the members of the Company had appointed Ved Prakash Chaturvedi as Non-executive Independent Director of the Company for a term of five years effective July 13, 2016. Further, at the EGM held on November 10, 2016, the members of the Company had appointed Mrs. Lalita D. Gupte as Non-executive Independent Director of the Company for a term of five years effective from October 18, 2016.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and 'fit and proper' declaration as laid down under Corporate Governance Guidelines of IRDAI.

#### **Retirement by Rotation**

In accordance with the provisions of the Companies Act, 2013, and the Articles of Association of the Company, S. Mukherji and Chandran Ratnaswami, being Non-executive Nominee Directors of the Company, would retire by rotation at the forthcoming AGM and are eligible for re-appointment. Both the directors have offered themselves for re-appointment.

### **Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and Guidelines for insurance companies issued by IRDAI, the Board has carried out an annual performance evaluation of its own performance as a whole and that of its statutory committees and that of its individual directors both Executive and Non-executive including Independent Directors and of its Chairperson. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

### **Auditors**

#### **Statutory Auditors**

Insurance Regulatory and Development Authority of India (IRDAI) vide circular dated May 18, 2016, had issued Corporate Governance Guidelines (CG guidelines) wherein criteria for appointment of statutory auditors of insurance companies had been stated. Pursuant to the CG guidelines, the provisions of appointment of auditors are aligned with the provisions of Companies Act, 2013 (CA2013).

The present term of office of the joint statutory auditors of the Company, namely, Chaturvedi & Co., Chartered Accountants and PKF Sridhar & Santhanam LLP, Chartered Accountants expires at the conclusion of the ensuing Annual General Meeting (AGM), however both the audit firms are eligible for re-appointment. Chaturvedi & Co., Chartered Accountants, has completed its term of four (4) years out of their first term of five years and PKF Sridhar & Santhanam LLP, Chartered Accountants, has completed its term of one (1) year out of their first term of five years as on March 31, 2017.

The appointment of Chaturvedi & Co., Chartered Accountants, is proposed for a period of one year i.e. from the conclusion of Seventeenth AGM upto the conclusion of Eighteenth AGM. The appointment of PKF Sridhar & Santhanam LLP, Chartered Accountants is proposed for a period of four years i.e. from the conclusion of Seventeenth AGM till the conclusion of Twenty First AGM subject to ratification by the Members every year.

The Auditors have confirmed their eligibility under Section 141 of the Act and the Rules framed thereunder for the re-appointment of Auditors of the Company.

The appointment is accordingly proposed in the Notice of the forthcoming AGM vide item no. 5.

## Directors' Report (Contd.)

### Secretarial Auditors

Pursuant to provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed Dholakia & Associates LLP, a firm of practising company secretaries, to conduct the secretarial audit of the Company for FY2017. The Secretarial Audit Report confirms that ICICI Lombard has complied with all the applicable provisions of various laws as mentioned in the audit report.

The Secretarial Audit Report is annexed herewith as "Annexure A".

### Particulars of Employees

The statement containing particulars of employees as required under Section 197 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this Report as "Annexure B" to the Directors' Report.

The statement containing particulars of employees as required under Section 197 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in an Annexure and forms part of this report. In terms of the provisions of Section 136 of the Companies Act, 2013 the Directors' Report is being sent to the shareholders of ICICI Lombard excluding the aforesaid Annexure. Any shareholder interested in obtaining a copy of the Annexure may write to the Company Secretary at the registered office of the Company.

### Related Party Transactions

ICICI Lombard undertakes various transactions with related parties in the ordinary course of business. ICICI Lombard has a Board approved Policy on Related Party Transactions.

The transactions between the Company and its related parties, during the year ended March 31, 2017 were in the ordinary course of business and based on the principles of arm's length basis. The details of related party transactions are disclosed under Note No. 5.2.13 of the Notes to Financial Statements for FY2017.

All materially significant related party transactions are placed before the Audit Committee on a quarterly basis.

### Extract of Annual Return

The extract of Annual Return pursuant to the prescribed provisions of Companies Act, 2013, and the rules framed thereunder, is furnished in Form MGT-9, annexed as "Annexure C" to this report.

### Risk Management Framework

A statement indicating development and implementation of risk management policy including identification therein of elements of risk, if any, which may pose significant risk to the Company has been given in the Corporate Governance Report.

### Disclosures as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has a policy against Sexual Harassment and a formal process for dealing with complaints of harassment or discrimination. The said policy is in line with relevant Act passed by Parliament in 2013. The Company through its policy ensures that all such complaints are resolved within defined timelines. During FY2017, 8 cases were reported and were disposed off.

### Rural and Social Responsibility

ICICI Lombard issued more than 565,000 policies in rural areas and covered more than 17,500,000 lives falling within the norms of social responsibility, as prescribed by IRDAI.

### Capital

The total capital invested by shareholders till March 31, 2017 including share premium, was ₹ 19.85 billion. The net worth of ICICI Lombard increased from ₹ 31.76 billion at March 31, 2016 to ₹ 37.25 billion at March 31, 2017. The solvency position of ICICI Lombard at March 31, 2017 was 2.10 times as against minimum of 1.50 times prescribed by IRDAI.

### Credit Rating

During the year, the Company was awarded credit rating of "AAA" by ICRA and "Crisil AAA/Stable" by Crisil for Subordinate Debt raised by the Company. This is the highest rating regarding safety and timely servicing of financial obligations.

Further, the Company maintained its credit rating of "iAAA" awarded by ICRA for Claims paying ability by the Company. This indicates that the Company has highest claims paying ability and has a fundamentally strong position.

## Corporate Governance Report

### I. Philosophy of Corporate Governance

ICICI Lombard is fully committed to follow sound corporate governance practices and uphold the highest business standards in conducting business. The Company continues to focus on building trust with shareholders, policyholders, employees, customers, suppliers and other stakeholders based on the principles of good corporate governance viz. integrity, equity, transparency, fairness, sound disclosure practices, accountability and commitment to values. It also aims to increase and sustain its corporate value through growth and innovation.

The Company's governance framework encompasses not only regulatory and legal requirements but also several voluntary practices aimed at maximising shareholders' value legally, ethically and on a sustainable basis.

#### Whistle Blower Policy

ICICI Lombard has formulated a Whistle Blower Policy (Policy) which is designed to provide its employees, a channel for communicating instances of breach in the code of conduct, legal violation, actual or suspected fraud and on the accounting policies and procedures adopted for any area or item. The framework of the Policy strives to foster responsible and secure whistle blowing. This mechanism has been communicated to the employees and posted on ICICI Lombard's intranet and an extract of the same has been posted on the website of ICICI Lombard.

#### Code of Conduct as prescribed under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

In accordance with the requirements of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, ICICI Lombard has instituted a code of conduct to regulate, monitor and report trading in debt securities by its employees and other connected persons.

#### Management Structure

The Company has a multi-tier management structure, comprising the Board of Directors at the apex followed by employees at the top management, senior management, middle management and junior management positions to ensure that:

- Strategic supervision is provided by the Board;
- Control and implementation of Company's strategy is achieved effectively;
- Operational management remains focused on implementation;
- Information regarding the Company's operations and financial performance is made available to stakeholders;
- Delegation of decision making with accountability is achieved;
- Financial and operating control and integrity are maintained at an optimal level;
- Risk is suitably evaluated and dealt with;
- Compliance with applicable acts and regulations is achieved;
- Corporate culture that recognises and rewards adherence to ethical standards is developed.

This multi-tier management structure, besides ensuring greater management accountability and credibility, facilitates increased autonomy of businesses, performance discipline and development of business leaders, leading to enhanced public confidence.

#### Board of Directors

ICICI Lombard has a broad-based Board of Directors, constituted in compliance with provisions of the Companies Act, 2013, Corporate Governance Guidelines prescribed for insurance companies by IRDAI and in accordance with good governance practices. At March 31, 2017, the Company's Board of Directors consisted of fourteen members. Out of the fourteen members of the Board, four are nominated by ICICI Bank Limited, two are nominated by Fairfax Financial Holdings Limited, five are Independent Directors and three are Wholetime Directors including the Managing Director & CEO. Except the Wholetime Directors, all other Directors, including the Chairperson of the Board, are Non-executive Directors. There is a clear segregation of responsibility and authority between the Chairperson and the Wholetime Directors. The Board functions either as an entity per se, or through various Committees

## Directors' Report (Contd.)

constituted to oversee specific operational areas. There is an appropriate mix of Executive, Non-executive and Independent Directors to maintain the professionalism and independence of the Board. The Independent Directors are eminent personalities with significant expertise in the fields of accountancy, banking, finance,

law, strategy, insurance and economics. None of the Directors are related to any other Director or employee of the Company.

J. V. Prasad, Appointed Actuary of the Company is a permanent invitee to the Board Meeting.

### Composition of the Board of Directors

Name of the Director	Category	Qualification	Field of Specialisation
Chanda Kochhar (DIN: 00043617)	Chairperson, Non- Executive, Nominee of ICICI Bank	B.A, MBA, I.C.W.A., MMS (Finance)	Banking & finance.
R. Athappan (DIN: 00915847)	Non- Executive, Nominee of Fairfax	B.E. (Electrical), A.I.I.I.	Insurance.
Vijay Chandok (DIN: 01545262)	Non- Executive, Nominee of ICICI Bank	MMS, Bachelor in Technology	Banking & finance.
Ved Prakash Chaturvedi (DIN: 00030839) w.e.f July 13, 2016	Non-Executive, Independent	B.E., MBA - IIM Bangalore	Finance & investment.
Uday Chitale (DIN: 00043268) w.e.f. April 19, 2016	Non-Executive, Independent	C.A.	Banking & insurance.
Lalita D. Gupte (DIN: 00043559) w.e.f. October 18, 2016	Non-Executive, Independent	BA (Eco. Hons.), MMS – Master of Management Studies	Banking & insurance.
N. S. Kannan (DIN:00066009)	Non- Executive, Nominee of ICICI Bank	B.E. (Hon), PGDM, IIM, Bangalore, CFA	Banking & finance.
Suresh Kumar (DIN: 00494479) w.e.f June 1, 2016	Non-Executive, Independent	B. Com (Hons.) Post Graduation - Investment Management Programme, Stanford University and London School of Business Advance Management - Columbia Business School	Banking & finance.
S. Mukherji (DIN:00057492)	Non- Executive, Nominee of ICICI Bank	B.A. (Eco.), M.Sc Economics (London School of Economics), MMS	Banking & finance.
Ashvin Parekh (DIN:06559989)	Non- Executive, Independent	F.C.A	Business strategy, Corporate planning, business transformation across various industries.
Chandran Ratnaswami (DIN:00109215)	Non- Executive, Nominee of Fairfax	B.E. (Civil), MBA.	Investment & insurance.
Bhargav Dasgupta (DIN:00047728)	Managing Director & CEO	PGDM, IIM Bangalore, B.E. (Mechanical)	Banking & insurance.
Alok Kumar Agarwal (DIN:03434304)	Executive Director	B.E. (Chemical) PGDM, IIM Calcutta	Banking & insurance.
Sanjeev Mantri (DIN: 07192264)	Executive Director	F.C.A, I.C.W.A.	Banking & insurance.



The Board meets at regular intervals to discuss and decide on business policy and strategy apart from other board businesses. The Board met five times in the year under review on April 19, 2016, July 13, 2016, October 18, 2016, January 19, 2017 and February 20, 2017. The Chairman of respective Committees briefs the Board regarding key matters deliberated during the Committee Meetings. The attendance record of the Directors is set out in the following table:

<b>Name of the Director</b>	<b>Number of Board Meetings attended during the year</b>
Chanda Kochhar	5/5
R. Athappan	2/5
Vijay Chandok	5/5
Ved Prakash Chaturvedi (w.e.f. July 13, 2016)	3/5
Uday Chitale (w.e.f. April 19, 2016)	4/5
Dileep Choksi (upto July 1, 2016)	1/5
Lalita D. Gupte (w.e.f. October 18, 2016)	2/5
Suresh Kumar (w.e.f. June 1, 2016)	4/5
N. S. Kannan	5/5
S. Mukherji	5/5
Ashvin Parekh	5/5
Chandran Ratnaswami	2/5
Bhargav Dasgupta	5/5
Alok Kumar Agarwal	5/5
Sanjeev Mantri	5/5
<b>Name of the Appointed Actuary</b>	<b>Number of Board Meetings attended during the year</b>
J. V. Prasad	5/5

### **Board Committees ('the Committees')**

The Board has constituted following Committees:

- (i) Board Nomination and Remuneration Committee
- (ii) Investment Committee
- (iii) Audit Committee

- (iv) Risk Management Committee
- (v) Policyholder Protection Committee
- (vi) Corporate Social Responsibility Committee

In addition to above, the Board has also constituted Bank Operation Committee, Share Transfer & Investor Grievance Redressal Committee and Debenture Committee comprising Non-executive Director, Wholtime Directors and Executives of the Company. The terms of reference of the Committees of the Board are determined by the Board from time to time. Minutes of the Committee Meetings are placed before the Board for its information. The Chairman of the respective Committees briefs the Board on deliberations taken place at the Committee Meetings in relation to important discussions, notings and approvals. The role and composition of these Committees, alongwith the number of meetings held during FY2017 and the attendance of the members are provided below:

#### **(i) Board Nomination and Remuneration Committee**

##### **Terms of reference**

The functions of this Committee include identification of persons who are qualified to become directors and who may be appointed as senior management, formulation of criteria for determining qualifications, positive attributes, independence, recommendations of their appointments to the Board, framing an evaluation framework for the evaluation of the performance of the wholtime/independent Directors and the Board, its Committees and Chairperson of the Board, formulation of Remuneration Policy to include recommendation of remuneration for directors, key managerial personnel and senior management, approval of the policy for and quantum of bonus/long term performance pay and other benefits payable to the employees and Wholtime Directors of the Company, framing of guidelines for the Employees Stock Options Scheme and recommendation of the grant of stock options to the employees, wholtime Directors, KMPs and senior management of the Company and recommending the re-constitution of Board constituted committee.

##### **Composition**

In terms of the provisions of Companies Act, 2013, the Board Nomination and Remuneration Committee (the Committee) comprises of five Non-executive

## Directors' Report (Contd.)

Directors, three of whom are Independent Directors. The Committee was chaired by Uday Chitale, a Non-executive Independent Director of the Company.

The composition of the Committee is given below along with the attendance of the members. The Committee met four times in the year under review on April 19, 2016, July 13, 2016, October 18, 2016 and January 19, 2017.

### Attendance record of the Members:

Name of Member	Number of Meetings attended
Dileep Choksi, <i>Chairman, Non-executive Independent Director (upto April 19, 2016)</i>	1/4
Uday Chitale, <i>Chairman, Non-executive Independent Director (w.e.f. April 19, 2016)</i>	3/4
Chanda Kochhar, <i>Non-executive Director</i>	4/4
Chandran Ratnaswami, <i>Non-executive Director</i>	1/4
Lalita D. Gupte, <i>Non-executive Independent Director (w.e.f. January 19, 2017)</i>	-
Ashvin Parekh, <i>Non-executive Independent Director</i>	4/4

The Board of Directors at its Meeting held on April 19, 2016 and January 19, 2017 had re-constituted the Board Nomination and Remuneration Committee pursuant to which Uday Chitale was appointed as Chairman and Mrs. Lalita D. Gupte was appointed as Member of the Committee, respectively.

### (ii) Investment Committee

#### Terms of reference

The functions of the Committee include overseeing the implementation of the investment policy approved by the Board from time to time, reviewing the said policy,

periodically updating the Board on investment activities of the Company, reviewing the investment strategies adopted from time to time and giving suitable directions as needed in the best interests of the Company, reviewing the broker policy and making suitable amendments from time to time and reviewing counter party/intermediary exposure norms.

In addition to the above the Committee also supervises the asset allocation strategy to ensure financial liquidity, security and diversification through liquidity contingency plan and asset liability management policy. The Committee also oversees the assessment, measurement and accounting for other than temporary impairment in investments in accordance with the policy adopted by the Company and reviews the broker empanelment/de-empanelment on an annual basis.

### Composition

The Investment Committee (the Committee) comprises of two Non-executive Directors, one Executive Director, the Appointed Actuary of the Company, the Chief-Investments and the Chief Financial Officer. The Committee was chaired by Chandran Ratnaswami, a Non-executive Nominee Director of the Company.

The composition of the Committee is given below along with the attendance of the members. The Committee met four times in the year under review on April 18, 2016, July 13, 2016, October 17, 2016 and January 19, 2017.

### Attendance record of the Members:

Name of Member	Number of Meetings attended
Chandran Ratnaswami, <i>Chairman</i>	1/4
N. S. Kannan, <i>Non-executive Director</i>	4/4
Bhargav Dasgupta, <i>Managing Director &amp; CEO</i>	4/4
J. V. Prasad, <i>Appointed Actuary</i>	4/4
S. Gopalakrishnan, <i>Chief- Investments</i>	4/4
Gopal Balachandran, <i>Chief Financial Officer</i>	3/4

The meetings of the Committee held on April 18, 2016, October 17, 2016 and January 19, 2017, were chaired by N. S. Kannan in absence of Chandran Ratnaswami, Chairman of the Committee.

### (iii) Audit Committee

#### Terms of reference

The functions of the Committee include overseeing the Company's financial reporting process under Indian GAAP/Ind AS, US GAAP and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible, recommending the appointment/removal of external auditor(s), fixation of audit fee and payment for any other services, review of the quarterly and annual financial statements before submission to the Board including management report and solvency margin position, review and monitor the auditor's independence and performance, effectiveness of audit process, reviewing with the management, external auditors and internal auditors, evaluation of internal control systems, discussion with external auditors before the audit commences, the nature and scope of audit as well as post-audit discussion to ascertain any area of concern, reviewing the adequacy of internal audit function, reporting structure coverage and frequency of internal audit, discussion with internal auditors, any significant findings and follow up there on, reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature, review of functioning of Whistle Blower Policy and reporting the matter to the Board, review of compliance, show cause/inspection and audit reports, review the Company's financial and risk management policies and looking into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, approval or any subsequent modification of transactions of the Company with related parties, scrutiny of inter-corporate loans and investments, valuation of undertakings or assets of the Company, wherever it is necessary, monitoring the end use of funds raised through public offers and related matters, review of policy on appointment of Insurance agents, setting up of processes to address all concerns relating to adequacy of checks and control mechanisms, to monitor and report to the Board on any significant compliance

breaches, to recommend appointment and remuneration, performance and oversight of the work of the auditors, recommend appropriate policy to the Board as may be prescribed by IRDAI from time to time and review of Ind-AS implementation.

#### Composition

The Audit Committee (the Committee) comprises of four Non-executive Directors, three of whom are Independent Directors. The Chief Financial Officer and the Chief Risk Officer, Internal Auditor, the Head of Group Internal Audit, Statutory Auditors and their representatives, Compliance Officer and other officials at senior management level are invitees to the Audit Committee. The Committee was chaired by Ashvin Parekh, a non executive Independent Director of the Company.

The composition of the Committee is given below along with the attendance of the members. The Committee met five times in the year under review on April 18, 2016, July 1, 2016, July 12, 2016, October 17, 2016 and January 18, 2017.

#### Attendance record of the Members:

Name of Member	Number of Meetings attended
Dileep Choksi, <i>Chairman, Non-executive Independent Director (upto April 19, 2016)</i>	1/5
Ashvin Parekh, <i>Non-executive Independent Director (Chairman w.e.f. April 19, 2016)</i>	5/5
Uday Chitale, <i>Non-executive Independent Director (w.e.f. April 19, 2016)</i>	4/5
S. Mukherji, <i>Non-executive Director</i>	5/5
Lalita D. Gupte, <i>Non-executive Independent Director (w.e.f. January 19, 2017)</i>	-

## Directors' Report (Contd.)

The Board of Directors at its Meeting held on April 19, 2016 and January 19, 2017, had re-constituted the Audit Committee pursuant to which Ashvin Parekh was appointed as Chairman and Mrs. Lalita D. Gupte was appointed as Member of the Committee, respectively.

### (iv) Risk Management Committee

#### Terms of reference

The functions of the Committee include assisting the Board in effective operation of the risk management programme by performing specialised analysis and quality reviews, maintaining a group-wide and aggregated view on the risk profile of the insurer in addition to the solo and individual risk profile, reporting to the Board details on the risk exposures, the actions taken to manage the exposures and advising the Board with regard to risk management decisions in relation to strategic and operational matters, review of outsourcing guidelines, review of status update on deviation cases under framework on IIB rates, review the Company's risk - reward performance to align with overall policy objectives, periodical review of the solvency position of the Company, review regular updates on business continuity, review the Company's risk management and operational risk related policies/frameworks including fraud monitoring policy & framework and anti-fraud policy & framework, review and recommend appropriate policy to the Board as may be prescribed by IRDAI from time to time.

#### Composition

The Risk Management Committee (the Committee) has been formed in accordance with the Corporate Governance Guidelines issued by the Insurance Regulatory and Development Authority of India (IRDAI). It comprises of six Non-executive Directors out of which three are Independent Directors, two are Nominee Directors and one Executive Director of the Company. The Chief Financial Officer and Chief Risk Officer and other officials at senior management level are invitees to the Committee Meetings. The Committee was chaired by S. Mukherji, a Non-executive Nominee Director.

The composition of the Committee is given below along with the attendance of the members. The Committee met four times in the year under review on April 18, 2016, July 12, 2016, October 18, 2016 and January 18, 2017.

#### Attendance record of the Members:

Name of Member	Number of Meetings attended
S. Mukherji, <i>Chairman</i>	4/4
R. Athappan, <i>Non-executive Director</i>	1/4
Uday Chitale, <i>Non-executive Independent Director (w.e.f. July 13, 2016)</i>	2/4
Suresh Kumar, <i>Non-executive Independent Director (w.e.f. July 13, 2016)</i>	2/4
Ashvin Parekh, <i>Non-executive Independent Director</i>	4/4
Bhargav Dasgupta, <i>Managing Director &amp; CEO</i>	4/4

The Board of Directors at its Meeting held on July 13, 2016, had re-constituted the Risk Management Committee pursuant to which Uday Chitale and Suresh Kumar were appointed as Members of the Committee.

### (v) Policyholder Protection Committee

#### Terms of reference

The functions of the Committee include putting in place proper procedures and effective mechanism to address complaints and grievances of policyholders including mis-selling by intermediaries, ensuring compliance with the statutory requirements as laid down in the regulatory framework, reviewing the mechanism at periodic intervals, ensuring adequacy of "material information" to the policyholders to comply with the requirements laid down by the Authority both at the point of sale and at periodic intervals, providing details of Insurance Ombudsman to the policyholders, monitoring of payment of dues to the policyholders and disclosure of unclaimed amount thereof, reviewing regulatory reports to be submitted to various authorities, reviewing the standard operating procedures for treating the customer fairly, reviewing the framework for awards given by Insurance Ombudsman/ Consumer Forums, customer

complaints, identifying market conduct issues and advising the management appropriately about rectifying systemic issues, if any, reviewing all the awards given by Insurance Ombudsman/ Consumer Forums remaining unimplemented for more than three (3) months with reasons therefore and report the same to the Board for initiating remedial action, where necessary, reviewing claim report including status of outstanding claims with ageing of outstanding claims and reviewing repudiated claims with analysis of reasons.

### Composition

The Policyholder Protection Committee (the Committee) has been formed in accordance with the Corporate Governance Guidelines issued by IRDAI. It comprises of four Non-executive Directors and one Executive Director. The Committee was chaired by Ashvin Parekh, a non executive Independent Director of the Company.

The composition of the Committee is given below along with the attendance of the members. The Committee met four times in the year under review on April 18, 2016, July 12, 2016, October 17, 2016 and January 18, 2017.

### Attendance record of the Members:

Name of Member	Number of Meetings attended
Ashvin Parekh, <i>Chairman, Non-executive Independent Director</i>	4/4
Ved Prakash Chaturvedi, <i>Non-executive Independent Director (w.e.f. July 13, 2016)</i>	2/4
S. Mukherji, <i>Non-executive Director</i>	3/4
Chandran Ratnaswami, <i>Non-executive Director</i>	-
Bhargav Dasgupta, <i>Managing Director &amp; CEO</i>	4/4

The Board of Directors at its Meeting held on July 13, 2016, had re-constituted the Policyholder Protection Committee pursuant to which Ved Prakash Chaturvedi was appointed as Member of the Committee.

### (vi) Corporate Social Responsibility Committee

#### Terms of reference

The functions of the Committee include review of corporate social responsibility (CSR) initiatives undertaken by the ICICI Lombard, formulation and recommendation to the Board of a CSR Policy indicating the activities to be undertaken by the ICICI Lombard and recommendation of the amount of the expenditure to be incurred on such activities, review and recommend the annual CSR plan to the Board, making recommendations to the Board with respect to the CSR initiatives, monitor the CSR activities, implementation and compliance with the CSR Policy and to review and implement, if required, any other matter related to CSR initiatives as recommended/suggested by Companies Act.

#### Composition

The Corporate Social Responsibility Committee (the Committee) has been formed in accordance with the provisions of the Companies Act, 2013. It comprises of four Non-executive Directors and one Executive Director. The Committee was chaired by Uday Chitale w.e.f. April 19, 2016.

The composition of the Committee is given below along with the attendance of the members. The Committee met two times in the year under review on April 19, 2016 and July 12, 2016.

### Attendance record of the Members:

Name of Member	Number of Meetings attended
Dileep Choksi, <i>Chairman, Non-executive Independent Director (upto April 19, 2016)</i>	1/2
Uday Chitale, <i>Chairman, Non-executive Independent Director (w.e.f. April 19, 2016)</i>	1/2
Ved Prakash Chaturvedi, <i>Non-executive Independent Director (w.e.f. July 13, 2016)</i>	-
S. Mukherji, <i>Non-executive Director</i>	2/2
R. Athappan, <i>Non-executive Director</i>	1/2
Bhargav Dasgupta, <i>Managing Director &amp; CEO</i>	2/2

## Directors' Report (Contd.)

The Board of Directors at its Meeting held on April 19, 2016 had re-constituted the Corporate Social Responsibility Committee pursuant to which Uday Chitale was appointed Chairman and Member of the Committee in place of Dileep Choksi and in its meeting held on July 13, 2016, Ved Prakash Chaturvedi was appointed as a Member of the Committee.

### II. Policy on Directors' Appointment and Remuneration

The Company with the approval of its Board Nomination and Remuneration Committee (Committee) has put in place a policy on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director as well as a policy on Board Diversity.

The Board at its Meeting held on January 14, 2010 had approved adoption of Policy on appointment and compensation of employees (including Wholetime Directors, KMPs and senior management). The sitting fee payable to Independent Directors (other than Nominee Directors) as prescribed under the Companies Act, 2013 for attending Board and Committee Meetings was approved by the Board at its Meeting held on April 18, 2014. Further the Company at the Board Meeting held on March 31, 2015 approved the criteria for appointment of a Director, key managerial personnel and senior management. The Compensation Guidelines forming part of the Policy on appointment and compensation of employees was approved by the Board Nomination and Remuneration Committee at its Meeting held on October 18, 2016.

The remuneration payable to independent Directors is governed by the provisions of the Companies Act and related rules to the extent applicable and IRDAI guidelines issued in this regard. The remuneration for the independent directors would be sitting fee for attending each meeting of the Committee/Board as approved by the Board from time to time within the limits as provided under the Companies Act and related rules. IRDAI vide its guidelines dated August 5, 2016 has permitted payment of profit related commission upto ₹ 1,000,000/- per annum for Non executive Directors, effective from October 1, 2016. The Board at its Meeting held on October 18, 2016 approved the

payment of profit related commission upto ₹ 750,000/- per annum to Non executive independent directors of the Company in line with Group framework applicable to subsidiary Companies of ICICI Bank Limited, which was approved by the members in the EGM held on November 10, 2016.

All the non-executive/independent Directors would be entitled to reimbursement of expenses for attending Board/Committee Meetings, official visits and participation in various forums on behalf of the Board.

### III. Independent Director's Meeting

The code of conduct for Independent Directors prescribed vide Schedule IV of the Companies Act, 2013, provides for an evaluation mechanism for the Board/Chairperson/Non-executive Directors/Wholetime Directors which would need to be done at a separate Meeting of Independent Directors, without the attendance of Non-independent Directors and members of management.

Independent Directors of the Company met on April 18, 2017 for FY2018 without the presence of Executive Directors, Non-executive Directors and management personnel to discuss the framework for evaluation of Directors. They also have a separate Meeting every quarter with the Non-executive Chairperson, without any of the Executive Directors being present, to discuss issues and concerns, if any.

### IV. Evaluation Mechanism

Pursuant to the provisions of the Companies Act, 2013, and Guidelines for insurance companies issued by IRDAI, the Board shall carry out evaluation of every Director's performance. The Companies Act, 2013 had also prescribed the code of conduct (the Code) for Independent Directors which provided that the Independent Directors shall meet atleast once in a year to review the performance of Non-independent Directors and the Board as a whole and the Chairperson of the Company. The Code also mentioned that the performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the Director being evaluated.

The Company with the approval of its Board Nomination and Remuneration Committee has put in place an evaluation framework for evaluation of the Board, Directors and Chairperson. The Board also carries out an evaluation of the working of its Audit Committee, Board Nomination & Remuneration Committee, Risk Management Committee, Investment Committee, Policyholder Protection Committee and Corporate Social Responsibility Committee.

The evaluation of the Committees is based on the assessment of the compliance with the terms of reference of the Committees. The evaluations for the Directors and the Board were done through circulation of three questionnaires, one for the Directors, one for chairperson and one for the Board which assessed the performance of the Board on select parameters related to roles, responsibilities and obligations of the Board and functioning of the Committees including assessing the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties. The evaluation criteria for the Directors were based on their participation, contribution and offering guidance to and understanding of the areas which are relevant to them in their capacity as members of the Board.

## V. Details of Managerial Remuneration for FY2017:

### (i) Wholetime Directors:

The Board based on the recommendation of the Board Nomination and Remuneration Committee approved

revision in the remuneration, performance bonus and long term performance pay payable to the Wholetime Directors. In terms of provisions of Insurance Amendment Act, 2015, prior approval of IRDAI is obtained to effect the remuneration of Wholetime Directors.

The details of remuneration of Wholetime Directors' are as under:

Particulars	₹ in 000's)	
	FY2016	FY2017
Salaries and allowances	107,652	117,541
Contribution to provident fund	3,668	4,279
Perquisites including perquisites, tax on ESOP's	608	36,525

Provisions towards gratuity, leave accrued and long term performance pay are determined actuarially on an overall basis and accordingly have not been considered for the above disclosure.

### (ii) Non-executive Independent Directors:

Non-executive Independent Directors are appointed for their professional expertise in their individual capacity as professionals. Non-executive Independent Directors do not have any material pecuniary relationship with the Company other than the sitting fees and profit related commission payable to them.

The details of sitting fees and commission paid to Non-executive Independent Directors during FY2017 are as follows:

Names of the Director	Sitting fees (in ₹)	Commission* (in ₹)
Dileep Choksi	180,000	-
Ved Prakash Chaturvedi	340,000	375,000
Uday Chitale	600,000	375,000
Lalita D. Gupte	200,000	340,726
Suresh Kumar	440,000	375,000
Ashvin Parekh	860,000	375,000

\* Commission for FY2017 will be paid in FY2018.

## Directors' Report (Contd.)

### (iii) Non-executive Nominee Directors:

Non-executive Nominee Directors were not paid any sitting fees and profit related commission during FY2017.

## VI. Compensation Policy and Practices

### (i) Qualitative Disclosures

#### a) Information relating to the design and structure of remuneration processes

##### 1. Key features and objectives of remuneration policy

The Company has under the guidance of the Board and the Board Nomination and Remuneration Committee (BNRC), followed compensation practices intended to drive meritocracy and fairness. The twin pillars of performance management and talent management system are closely intertwined with the compensation, benefits and reward mechanism of the Company. While the Company will strive to ensure internal and external equity that are consistent with emerging market trends, its business model and affordability based on business performance sets the overarching boundary conditions. This approach has been incorporated in the Compensation Policy, the key elements of which are given below:

##### ○ Effective governance of compensation:

The BNRC has oversight over compensation. The Committee defines Key Performance Indicators (KPIs) for Wholetime Directors and the organisational performance norms for bonus based on the financial and strategic plan approved by the Board. The KPIs include both quantitative and qualitative aspects. The BNRC assesses organisational performance as well as the individual performance for WTDs. Based on its assessment, it makes recommendations to the Board regarding compensation for WTDs and bonus for employees, including senior management and key management personnel.

##### ○ Alignment of compensation philosophy with prudent risk taking:

The Company seeks to achieve a prudent mix of fixed and variable pay, with a higher proportion of variable pay at senior levels and no guaranteed

bonus. Compensation is sought to be aligned to both financial and non-financial indicators of performance including aspects like risk management and customer service. In addition, being group company of ICICI Bank, the Company has an employee stock option scheme aimed at aligning compensation to long term performance through stock option grants and deferred cash that vest over a period of time to senior management and WTDs. Compensation to staff in financial and risk control functions is independent of the business areas they oversee and depends on their performance assessment.

##### 2. Whether the Remuneration Committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made

The Company's Remuneration Policy was reviewed by the BNRC and the Board on October 18, 2016. As per Guidelines received from IRDAI, the Board, in consultation with BNRC, formulated and adopted a comprehensive remuneration policy for the non-executive Directors and Managing Director/Chief Executive Officer/Wholetime Directors. Pursuant to the guidelines, the Remuneration Policy was modified by the BNRC and the Board at its Meeting held on October 18, 2016.

##### 3. Discussion of how the Company ensures that risk and compliance employees are remunerated independently of the businesses they oversee

The compensation of staff engaged in control functions like risk and compliance depends on their performance, which is based on achievement of the key results of their respective functions. Their goal sheets do not include any business targets.

#### b) Description of the ways in which current and future risks are taken into account in the remuneration processes

##### 1. Overview of the key risks that the Company takes into account when implementing remuneration measures

The Board approves the risk framework for the Company and the business activities of the Company are undertaken within this framework to achieve



the financial plan. The risk framework includes the Company's risk appetite, limits framework and policies and procedures governing various types of risk. KPIs of WTDs, as well as employees, incorporate relevant risk management related aspects. For example, in addition to performance targets in areas such as growth and profits, performance indicators include aspects such as Combined Ratio. The BNRC takes into consideration all the above aspects while assessing organisational and individual performance and making compensation-related recommendations to the Board.

2. *Overview of the nature and type of key measures used to take account of these risks, including risk difficult to measure*

The annual performance targets and performance evaluation incorporate both qualitative and quantitative aspects including combined ratio, reserving and refinement/improvement of the risk management framework.

3. *Discussion of the ways in which these measures affect remuneration*

Every year, the financial plan/targets are formulated in conjunction with a risk framework with limit structures for various areas of risk/lines of business, within which the Company operates to achieve the financial plan. To ensure effective alignment of compensation with prudent risk taking, the BNRC takes into account adherence to the risk framework in conjunction with which the financial plan/targets have been formulated. KPIs of WTDs, as well as employees, incorporate relevant risk management related aspects. For example, in addition to performance targets in areas such as growth and profits, performance indicators include aspects such as the combined ratio and reserving. The BNRC takes into consideration all the above aspects while assessing organisational and individual performance and making compensation-related recommendations to the Board.

4. *Discussion of how the nature and type of these measures have changed over the past year and reasons for the changes, as well as the impact of changes on remuneration*

The nature and type of these measures have not changed over the past year and hence, there is no impact on remuneration.

**c) Description of the ways in which the Company seeks to link performance during a performance measurement period with levels of remuneration**

1. *Overview of main performance metrics for the Company, top level business lines and individuals*

The main performance metrics include business growth, market share, profits, strategic goals for future, risk metrics (such as combined ratio), compliance with regulatory norms, refinement of risk management processes and customer service. The specific metrics and weightages for various metrics vary with the role and level of the individual.

2. *Discussion of how amounts of individual remuneration are linked to the Company-wide and individual performance*

The BNRC takes into consideration all the above aspects while assessing organisational and individual performance and making compensation-related recommendations to the Board regarding the level of performance bonus for employees and the performance assessment of WTDs. The performance assessment of individual employees is undertaken based on achievements vis-à-vis their goal sheets, which incorporate the various aspects/metrics described earlier.

3. *Discussion of the measures the Company will in general implement to adjust remuneration in the event that performance metrics are weak, including the Company's criteria for determining 'weak' performance metrics*

The Company's Compensation Policy outlines the measures the Company will implement in the event of a reasonable evidence of deterioration in financial performance. Should such an event occur in the manner outlined in the policy, the BNRC may decide to apply malus/clawback on none, part or all of the unvested deferred variable compensation.

## Directors' Report (Contd.)

### (ii) Quantitative Disclosures (WTD, CEO/MD)

The following table sets forth, for the period indicated, the details of quantitative disclosure for remuneration of Wholetime Directors.

Particulars	At March 31, 2017
Number of MD/CEO/WTDs having received a variable remuneration award during the financial year.	3
Number and total amount of sign-on awards made during the financial year	Nil
Details of guaranteed bonus, if any, paid as joining / sign on bonus.	Nil
Breakdown of amount of remuneration awards for the financial year (₹ in million)	
Fixed <sup>1</sup>	78.42
Variable	26.71
Deferred	19.66
Non-deferred	Nil
Share-linked instruments <sup>2</sup>	980,450
<b>Total amount of outstanding deferred remuneration</b>	
Cash (₹ in million)	2.17
Shares (nos.)	-
Shares-linked instruments <sup>2</sup>	34,36,700
Other forms	Nil

1. Fixed pay includes basic salary, supplementary allowances, superannuation, contribution to provident fund and gratuity fund by the Company.
2. Share-linked instruments are options granted by ICICI Bank under ICICI Bank ESOS scheme.

### VII. Internal Control

ICICI Lombard has adopted the following Frameworks in accordance with the requirements laid down under Corporate Governance Guidelines.

#### (i) Internal Audit Framework

ICICI Lombard has established an internal audit framework with a risk based approach. The internal audit covers auditing of processes as well as transactions.

ICICI Lombard has designed its internal control framework to provide reasonable assurance to ensure compliance with internal policies and procedures, regulatory matters and to safeguard reliability of the financial reporting and its disclosures. An annual risk-based internal audit plan is drawn up on the basis of risk profiling of the businesses/departments of the Company which is approved by the Audit Committee. The Board/Committee considers that the internal control framework is appropriate to the business.

Internal Audit Department's key audit findings, recommendations and compliance status of the previous key audit findings are reported to the Audit Committee. The Audit Committee actively monitors the implementation of its recommendations. The Chairman of the Audit Committee briefs the Board on deliberations taken place at the Audit Committee Meeting in relation to the key audit findings.

In accordance with IRDAI directives, the Company carries out a concurrent audit of investment operations through a Chartered Accountant firm and reports the findings to the Audit Committee.

#### (ii) Internal Controls over Financial Reporting

The Company has in place adequate internal financial controls commensurate with size, scale and complexity of its operations. During the year, such controls were tested and no reportable material weakness in the design or operations were observed. The Company has policies

and procedures in place for ensuring proper and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

### (iii) Risk Management Framework

The objective of the Risk Management Framework (the Framework) of the Company is to ensure that various risks are identified, measured, mitigated and that policies, procedures and standards are established to address these risks for systemic response and adherence.

The Company has identified enterprise wide risks, which are categorised under 5 broad groups namely Credit Risk, Market Risk, Underwriting Risk, Operational Risk and Strategic Risk. The broad structure of the Framework is as follows:

- Risk identification, assessment and mitigation process;
- Risk management and oversight structure; and
- Risk monitoring and reporting mechanism.

As part of the Enterprises Risk Management exercise, critical risks along with the detailed mitigation plan are presented to the Risk Management Committee on a quarterly basis. The risk mitigation plans are monitored regularly by the Company to ensure their timely and appropriate execution. The Company further measures each of its risk items against a set of predefined tolerance levels. These levels and the subsequent tolerance scores are classified as high, medium and low risk respectively. The risks are further monitored on a quarterly basis by using a heat map based on probability and severity. A Risk Register is maintained to capture inventory of risks that the Company is exposed to along with mitigation and corrective action plans. The Risk Management Committee is updated on the progress on a quarterly basis.

## VIII. General Information:

### (i) Annual General Meetings

The details of the Annual General Meetings held in the last three years are given below:

Annual General Meeting	Day, Date	Time	Venue
Fourteenth AGM	Friday, June 20, 2014	11.00 a.m.	ICICI Lombard House,
Fifteenth AGM	Thursday, June 25, 2015	11.00 a.m.	414, Veer Savarkar Marg,
Sixteenth AGM	Friday, July 1, 2016	11.00 a.m.	Prabhadevi, Mumbai 400 025

The senior management of the Company is responsible for periodic review of the risk management process to ensure that the process initiatives are aligned to the desired objectives. The Internal Audit Department is responsible for review of risk management process within the Company and for the review of self-assessments of risk management activities. Further, compliance testing is done on a periodic basis and the Risk Management Committee is kept apprised of the outcome of the same.

The Company's Reinsurance Program defines the retention limit for various classes of products. Further, the Company has in place a risk retention reinsurance philosophy, which defines the product-wise retention limits on a per-risk basis as well as a retention limit on a per-event basis. The Underwriting Policy defines product-wise approval limits for various underwriters. The Investment Policy lays down the asset allocation strategy to ensure financial liquidity, security and diversification. The Company also has in place a Capital Adequacy and Liquidity Management Framework and an Asset Liability Management Policy. These policies ensure maintenance of adequate level of capital at all times to meet diverse risk related to market and operations. The Operational Risk Policy defines the tolerance limits and lays down the framework for monitoring, supervision, reporting and management of operational risks of the Company.

Stress testing is conducted to identify and quantify the overall impact of different stress scenarios on the Company's financial position. These tests do not predict what will happen, but are useful for examining what might happen.

The Risks Management Framework of the Company is overseen by the Risk Management Committee of the Board. The Company has a Chief Risk Officer who is responsible for the implementation and monitoring of the framework.

## Directors' Report (Contd.)

### (ii) Extraordinary General Meeting (EGM)

ICICI Lombard had conducted three Extraordinary General Meetings (EGM) on August 24, 2016, November 10, 2016 and February 20, 2017. EGM on August 24, 2016 was conducted to amend the Articles of Association of the Company in order to align the same with the provisions of the Companies Act, 2013 and approve the appointment of Ved Prakash Chaturvedi as a director of the Company in the category of Non-executive Independent.

EGM on November 10, 2016, was conducted to approve the appointment of Mrs. Lalita D. Gupte as a director of the Company in the category of Non-executive Independent, to approve payment of profit related commission to Non-executive Independent Directors of the Company (except nominee directors) and to approve prerequisites to Executive Directors of the Company.

EGM on February 20, 2017, was conducted for issuance of subordinated debt.

In all the above EGMs special resolutions were passed by requisite majority and other ordinary resolutions were passed unanimously.

### (iii) History of Dividends declared during last seven years

Financial year	Dividend type	Percentage
2016-17	Final Dividend	35%
2015-16	Final Dividend	30%
2014-15	Final Dividend	20%
2013-14	-	-
2012-13	-	-
2011-12	-	-
2010-11	Final Dividend	14%

### (iv) Details of the orders passed by the Regulators/ Courts/Tribunals during the year

The Company in its ordinary course of business receives order from Regulators/Courts/Tribunals. There are no significant material orders passed by the Regulators/ Courts/Tribunals which would impact the going concern status of the Company and its future operations.

### (v) Means of Communication

The Company's website [www.icicilombard.com](http://www.icicilombard.com) serves as a key awareness platform for all its stakeholders, allowing them to access information at their convenience. It provides comprehensive information on business segment and financial performance of the Company. The Company periodically publishes its financial performance in print media and also hosts the same on its website.

In accordance with IRDAI circular no. IRDA/F&I/ CIR/F&A/012/01/2010 dated January 28, 2010 and as required under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 half-yearly financial results of the Company were published in two prominent daily newspapers. The quarterly, half-yearly and annual financial information are available on the website of the Company. Additionally, the Annual Reports of the Company are also available on the website.

### (vi) Corporate Identity Number (CIN)

The Corporate Identity Number (CIN), allotted by Ministry of Corporate Affairs, Government of India is U67200MH2000PLC129408, and the Company registration number is 11-129408.

### (vii) Registrar and Transfer Agents

The Registrar and Transfer Agent of the Company is 3i Infotech Limited for Equity Shares & Link Intime India Private Limited for Non-convertible Debentures issued by the Company. Investor services related queries/requests/complaints may be directed at the address as under:

Equity Shares	Non-convertible Debenture
<b>3i Infotech Limited</b> International Infotech Park Tower 5, 3rd Floor Vashi Railway Station Complex Vashi, Navi Mumbai 400 703 Maharashtra, India Tel No. : +91-22-6792 8000 Fax No. : +91-22-6792 8099	<b>Link Intime India Private Limited</b> C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai 400 078 Maharashtra, India Tel No. : +91-22-2596 3838 Fax No. : +91-22-2594 6979

### (viii) Correspondence Address

Correspondence relating to the financial performance of the Company may be addressed to:

Gopal Balachandran/Vikas Mehra

### ICICI Lombard General Insurance Company Limited

414, Veer Savarkar Marg, Prabhadevi  
 Mumbai 400 025  
 Tel No. : +91-22-6196 1100  
 Fax No. : +91-22-6196 1323

Peninsula Business Park, Tower B,  
 15 and 16 Floor, Lower Parel, Mumbai - 400013.  
 Tel No. : +91-22-6196 1100  
 Fax No. : +91-22-6196 1323

### (ix) Listing on Stock Exchanges

The Company had raised ₹ 4,850.0 million by issue of 4,850 listed, unsecured, subordinated, redeemable, non-convertible debentures (NCDs) of face value of ₹ 1,000,000 each, on July 28, 2016, constituting 25% of paid up capital and securities premium.

Currently, the Non-convertible Debentures issued by the Company are listed at:

Stock Exchange	Code for ICICI Lombard
BSE Limited (BSE) Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai-400001.	954492
National Stock Exchange of India Limited (NSE) Exchange Plaza, 5th Floor, Plot C/1 , G Block, Bandra-Kurla Complex, Bandra (East), Mumbai-400051.	ILGI26

The unsecured, subordinated, redeemable, non-convertible debentures of the Company were listed on August 4, 2016, after obtaining all the necessary statutory approvals. The Company is now listed in wholesale Debt market segment, so provisions of SEBI

(LODR) Regulations 2015, applicable to debt listed companies are now applicable to the Company and strict compliance of all the applicable provisions are observed by the Company.

### (x) Debenture Trustees

Axis Trustee Services Limited  
 2nd Floor, Wadia International Center,  
 Pandurang Budhkar Marg,  
 Worli, Mumbai 400 025

### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 relating to conservation of energy and technology absorption do not apply to ICICI Lombard. ICICI Lombard has, however, used information technology extensively in its operations.

During FY2017, expenditures in foreign currencies amounted to ₹ 3.61 billion and earnings in foreign currencies amounted to ₹ 2.05 billion.

### Corporate Social Responsibility (CSR)

The Company has constituted Corporate Social Responsibility (CSR) Committee in accordance with the provisions of the Companies Act, 2013. The CSR Committee was constituted comprising by the Board of Directors of the Company consisting of five directors including Independent Directors. The CSR policy of the Company and the details about the development of the CSR Policy and initiatives taken by the Company on CSR during the year are in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014, in Annexure D to this report provides the requisite details.

### Deposits

During the year under review, ICICI Lombard has not accepted any deposits from the public.

### Employee Stock Option Scheme

In FY2006, ICICI Lombard had instituted an Employee Stock Option Scheme (ESOS) to enable the employees

## Directors' Report (Contd.)

and Directors of ICICI Lombard to participate in its future growth and financial success. As per ESOS, the maximum number of options granted to any employee/Director in a year shall not, except with the approval of the Board, exceed 0.10% of ICICI Lombard's issued equity shares at the time of grant and the aggregate of all such options (net of forfeited/lapsed) is limited to 5% of ICICI Lombard's issued equity shares on the date of the grant.

The Board at its Meeting held on January 14, 2015 and the Members at the Extra-Ordinary General Meeting held on March 4, 2015 had approved the amendment in the Employee Stock Option Scheme, 2005 to extend the exercise period by three more years in respect of options granted in the years 2005, 2006 and 2007. The said extension will provide additional years to the employees to exercise their options and in the event of the Company getting listed during this period, the employees will automatically have the liquidity option. In absence of such extension, the options will start lapsing from April 2015 which will be detrimental to the interests of the employees.

Options granted in the years 2005, 2006, 2007, 2008 and 2010 vest in a graded manner over a four-year period, with 20%, 20%, 30% and 30% of the grants vesting each year, commencing not earlier than 12 months from the date of grant. Options granted for the year 2009 vest in a graded manner over a five year period with no vesting in the first year and 20%, 20%, 30% and 30% of the grant vesting each year in subsequent four years. Options granted for the year 2011 vest in a gradual manner over a two-year period, with 40% and 60% of the grants vesting each year, commencing not earlier than 12 months from the date of grant. Options can be exercised within a period of 13 years in respect of options granted in 2005, 2006 and 2007. Option other than those years can be exercised over a period of 10 years from the date of grant or five years from the date of vesting.

Particulars of options granted by ICICI Lombard up to March 31, 2017 are given below:

Options granted	23,572,260
Options vested	18,204,108
Options exercised	11,499,514
Number of shares allotted pursuant to exercise of options	11,364,830
Options forfeited/lapsed	8,892,422
Extinguishment or modification of options*	Nil
Amount realised by exercise of options (₹)	787,607,120
Total number of options in force	3,180,324

\*The exercise period for stock options granted between 2005 to 2007 has been modified from tenth anniversary to thirteenth anniversary.

### Implementation Strategy on Ind-As

IRDAI vide the circular dated March 1, 2016 had advised all Insurers to follow the Indian Accounting Standards as notified under the Companies (Indian Accounting Standards) Rules, 2015, subject to any guideline or direction issued by the IRDAI. Insurance Companies are required to comply with Ind AS for financial statements for accounting periods beginning from April 1, 2018 onwards, with comparatives for the period ending March 31, 2018.

In compliance with the regulatory requirements, the Company has constituted a Steering Committee headed by Mr. Sanjeev Mantri, Executive Director to oversee the implementation of Ind AS. The scope of the Steering Committee includes evaluating the impact on the following areas:

- Ind AS technical requirements
- Systems and processes
- Business impact
- People
- Project management

The Steering Committee oversees the implementation of Ind AS and the Audit Committee is updated on a quarterly basis. Further, in compliance with the above Circular, the Company has also submitted the proforma Ind AS financial statements for the nine months ended December 31, 2016 to IRDAI.

### Directors' Responsibility Statement

Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
3. they have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the IRDAI (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 and provisions of the Companies Act, 2013 for safeguarding the assets of ICICI Lombard and for preventing and detecting fraud and other irregularities;
4. they have prepared the annual accounts on a going concern basis;
5. they have laid down internal financial controls to be followed by the Company and that such internal financial controls were adequate and were operating effectively and;
6. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Acknowledgements

ICICI Lombard is grateful to the Insurance Regulatory and Development Authority of India, Government of India, Reserve Bank of India, Securities and Exchange Board of India for their continued co-operation, support and guidance. ICICI Lombard wishes to thank its investors, rating agencies and stock exchanges for their support.

ICICI Lombard would like to express its gratitude for the continued support and guidance received from ICICI Bank, Fairfax Financial Holdings Limited and their group companies.

ICICI Lombard would like to take this opportunity to express sincere thanks to its valued clients and customers for their continued patronage. The Directors express their deep sense of appreciation to all the employees, whose outstanding professionalism, commitment and initiative have made the organisation's growth and success possible and continue to drive its progress. Finally, the Directors wish to express their gratitude to the Members for their trust and support.

For and on behalf of the Board

**Chanda Kochhar**  
Chairperson

April 18, 2017

## Certificate for Compliance of the Corporate Governance Guidelines

I, Vikas Mehra, hereby certify that the Company has complied with the corporate governance guidelines for Insurance Companies as amended from time to time and nothing has been concealed or suppressed.

April 18, 2017

**Vikas Mehra**  
Company Secretary

# Annexure A

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**for the financial year ended march 31, 2017**

[Issued in Pursuance to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 with modifications as deemed necessary, without changing the substance of format given in MR-3]

To,  
The Members,  
ICICI Lombard General Insurance Company Limited.  
ICICI Lombard House, 414, Veer Savarkar Marg,  
Near Siddhi Vinayak Temple, Prabhadevi,  
Mumbai - 400025.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ICICI Lombard General Insurance Company Limited (CIN U67200MH2000PLC129408)** (hereinafter called 'the Company') for the financial year ended March 31, 2017. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon. This Company is governed mainly under the provisions of the Insurance Act, 1938 and the Insurance Regulatory and Development Authority Act, 1999 ("Insurance Laws") and under the Companies Act, 2013 and rules framed thereunder where there is no inconsistency with the Insurance Laws.

**A.** In expressing our opinion it must be noted that-

- i. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- ii. We have followed the audit practices and processes as were appropriate to obtain reasonable assurances about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis of our opinion.
- iii. We have not verified correctness and appropriateness of financial records and books of accounts of the Company.
- iv. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
- v. The compliance and provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- vi. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**B.** Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-process (duly evolved) and compliance-mechanism in place to the extent and as applicable to the Company in the manner and subject to the reporting made hereinafter:



- C.** We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:
- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
  - II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
  - III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
    - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not applicable as the equity shares of the Company are not listed)
    - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable as the equity shares of the Company are not listed)
    - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable as the equity shares of the Company are not listed)
    - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (with effect from August 4, 2016);
    - (f) The Securities and Exchange Board of India (Registrar to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
    - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable as the equity shares of the Company are not listed); and
    - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable as the equity shares of the Company are not listed)
  - VI. And the Company being in the business of Insurance other than Life Insurance, the Special Act as applicable to it is the Insurance Act, 1938 and extant Rules & Regulation framed under Insurance Regulatory and Development Authority Act, 1999 (IRDA).

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 to the extent applicable for listing of its non-convertible Debentures.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

**D.** We further report that-

- I. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Companies Act, 2013.
- II. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent well in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- III. Majority decision is carried through and there was no instance of any director expressing any dissenting views.

- E.** We further report that there are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- F.** We further report that during the audit period the Company has undertaken, the following Corporate Actions having the major bearing on the Company's affairs in pursuance of the aforesaid rules and regulations, guidelines, standards, etc:
- I. Issue and allotment of 4,850, 8.25% unsecured, subordinated, redeemable, non-convertible debentures having face value of ₹ 10,00,000 each (Rupees Ten Lakhs only) at par aggregating to ₹ 485 Crores on July 28, 2016 on private placement basis in dematerialised form for cash at par. The said debenture was listed with effect from August 4, 2016 on the Wholesale Debt segment of National Stock Exchange of India Limited and with effect from August 5, 2016 in the list of securities of F Group-Debt Instruments on Bombay Stock Exchange Limited.
  - II. The members of the Company at its Extra-ordinary General Meeting held on February 20, 2017 have passed a Special Resolution for issuance of Subordinated Debt Tranche II (non-convertible debentures) aggregating to ₹ 3,650.0 million (Rupees Three Thousand Six Hundred and Fifty Million only) on private placement basis in one or more series/Tranches on such terms and conditions which may be agreed to by the Board at its discretion.

For **Dholakia & Associates LLP**  
(Company Secretaries)

**CS Bhumitra V. Dholakia**  
Designated Partner  
FCS-977 CP No. 507

Place: Mumbai  
Date: April 18, 2017

# Annexure B

## Disclosures required with respect to Section 197 of the Companies Act, 2013 and Rule 5(1) of the Companies (Appointment and Remuneration) Rules, 2014

The ratio of the remuneration of each Director to the median employee's remuneration and such other details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**(i) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for FY2017:**

Mr. Bhargav Dasgupta, Managing Director & CEO	83:1
Mr. Alok Agarwal, Executive Director	49:1
Mr. Sanjeev Mantri, Executive Director	54:1

**(ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager:**

The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary ranged between 12% and 17%.

**(iii) The percentage increase in the median remuneration of employees in the financial year:**

The percentage increase in the median remuneration of employees in the last financial year was 8%.

**(iv) The number of permanent employees on the rolls of company:**

The number of permanent employees on the rolls of company as on March 31, 2017 is 6,460.

**(v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

The average percentile increase in the salaries of employees other than the Key Managerial Personnel in the last financial year was 9.7%, while the average percentile increase in the salaries the Key Managerial Personnel in the last financial year was in the range of 12% to 17%.

**(vi) Affirmation that the remuneration is as per the remuneration policy of the Company:**

Yes.

April 18, 2017

Chanda Kochhar  
Chairperson

# Annexure C

## EXTRACT OF ANNUAL RETURN

as on the financial year ended March 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### FORM NO. MGT - 9

#### I. Registration and Other Details:

CIN	U67200MH2000PLC129408
Registration Date	October 30, 2000
Name of the Company	ICICI Lombard General Insurance Company Limited
Category / Sub-Category of the Company	Company Having Share Capital/ Indian non-government of the Company
Address of the registered office and contact details	ICICI Lombard House, 414, Veer Savarkar Marg, Near Siddhivinayak Temple, Prabhadevi, Mumbai – 400025
Whether listed company Yes / No	No (Listed only in Debt segment)
Name, Address and Contact details of Registrar and Transfer Agent, if any	1. Equity Shares 3i Infotech Ltd. International Infotech Park, Tower 5, 3rd Floor, Vashi Railway Station Complex, Vashi, Navi Mumbai – 400 073 Tel. : (+91 - 22) 6792 8000 Fax : (+91 - 22) 6792 8098 2. Debentures Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai 400 078 Maharashtra, India Tel No. : +91-22-2596 3838 Fax No. : +91-22-2594 6979

#### II. Principal Business Activities of the Company

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

Name and Description of main products /service	NIC Code of the Product/Service	% to the total turnover of the Company
General Insurance	6512	100%

#### III. Particulars of Holding, Subsidiary and Associate Companies

Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% Of Shares Held	Applicable Section
ICICI Bank Limited ICICI Bank Towers Bandra-Kurla Complex Mumbai - 400051	L65190GJ1994PLC021012	Holding Company	63.31	2(46)

#### IV. Shareholding Pattern (Equity Share Capital Breakup as Percentage of Total Equity)

##### (i) Category-wise Shareholding

Sr. No.	Category of shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A	Promoters									
(1)	Indian									
a)	Individual / HUF	-	-	-	-	-	-	-	-	-
b)	Central Govt	-	-	-	-	-	-	-	-	-
c)	State Govt(s)	-	-	-	-	-	-	-	-	-
d)	Bodies Corp.	-	-	-	-	-	-	-	-	-
e)	Banks/FI	285,605,284	-	285,605,284	63.82	285,605,284	-	285,605,284	63.31	(0.51)
f)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-total (A) (1) :-	285,605,284	-	285,605,284	63.82	285,605,284	-	285,605,284	63.31	(0.51)
(2)	Foreign									
a)	NRIs - Individuals	-	-	-	-	-	-	-	-	-
b)	Other - Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corporates	154,777,462	-	154,777,462	34.58	154,777,462	-	154,777,462	34.31	(0.27)
d)	Banks/FI	-	-	-	-	-	-	-	-	-
e)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-total (A) (2):-	154,777,462	-	154,777,462	34.58	154,777,462	-	154,777,462	34.31	(0.27)
	Total Shareholding of Promoter (A) = (A) (1)+(A)(2)	440,382,746	-	440,382,746	98.40	440,382,746	-	440,382,746	97.62	(0.78)
B	Public Shareholding									
(1)	Institutions									
a)	Mutual Funds / UTI-II	-	-	-	-	-	-	-	-	-
b)	Banks /FI / UTI-I	-	-	-	-	-	-	-	-	-
c)	Central Govt	-	-	-	-	-	-	-	-	-
d)	State Govt(s)	-	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)	Insurance Companies	-	-	-	-	-	-	-	-	-
g)	FIs	-	-	-	-	-	-	-	-	-
h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i)	Other (specify)	-	-	-	-	-	-	-	-	-
	Foreign Banks	-	-	-	-	-	-	-	-	-
	FII - DR	-	-	-	-	-	-	-	-	-
	Sub-total (B) (1) :-	-	-	-	-	-	-	-	-	-
(2)	Non-Institutions									
a)	Bodies Corporates									
i)	Indian	1,424,630	-	1,424,630	0.32	1,607,868	-	1,607,868	0.36	0.04
ii)	Overseas	-	-	-	-	-	-	-	-	-
b)	Individuals	-	-	-	-	-	-	-	-	-
i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh	598,620	88,110	686,730	0.15	907,946	101,190	1,009,136	0.22	0.07

Sr. No.	Category of shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii)	Individual shareholders holding nominal share capital excess of ₹ 1 lakh	4,799,624	12,500	4,812,124	1.08	7,093,142	659,000	7,752,142	1.72	0.64
c)	Others (specify)	-	-	-	-	-	-	-	-	-
	Trust	-	-	-	-	-	-	-	-	-
	Directors & their Relatives (Resident)	-	-	-	-	-	-	-	-	-
	Non-Resident Indian Directors	-	-	-	-	-	-	-	-	-
	Foreign Nationals	-	-	-	-	-	-	-	-	-
	Non-Resident Indians	204,750	-	204,750	0.05	331,850	-	331,850	0.07	0.02
	Clearing Member	-	-	-	-	-	-	-	-	-
	Hindu Undivided Families	27,466	-	27,466	0.01	66,944	-	66,944	0.01	0.00
	Foreign Companies	-	-	-	-	-	-	-	-	-
	Foreign Bodies - DR	-	-	-	-	-	-	-	-	-
	NRI - DR	-	-	-	-	-	-	-	-	-
	Sub-total (B) (2) :-	7,055,090	100,610	7,155,700	1.60	10,007,750	760,190	10,767,940	2.38	(0.78)
	Total Public Shareholding (B) = (B) (1)+(B)(2)	7,055,090	100,610	7,155,700	1.60	10,007,750	760,190	10,767,940	2.38	(0.78)
C	Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
	<b>Grand Total (A+B+C)</b>	<b>447,437,836</b>	<b>100,610</b>	<b>447,538,446</b>	<b>100.00</b>	<b>450,390,496</b>	<b>760,190</b>	<b>451,150,686</b>	<b>100.00</b>	<b>-</b>

**(ii) Shareholding of Promoters**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1	ICICI Bank Limited	285,605,284	63.82	-	285,605,284	63.31	-	(0.51)
2	FAL Corporation	154,777,462	34.58	-	154,777,462	34.31	-	(0.27)
	<b>Total</b>	<b>440,382,746</b>	<b>98.40</b>	<b>-</b>	<b>440,382,746</b>	<b>97.62</b>	<b>-</b>	<b>(0.78)</b>

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	<b>At the beginning of the year</b>				
	ICICI Bank Limited	285,605,284	63.82	-	-
	FAL Corporation	154,777,462	34.58	-	-
	date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
2	<b>At the End of the year</b>				
	ICICI Bank Limited	285,605,284	63.31	-	-
	FAL Corporation	154,777,462	34.31	-	-

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	For Each of the top 10 Shareholders	Shareholding at the beginning of the year		Date wise Increase/ Decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):	Shareholding at the end of the year		Cummulative Shareholding during the year		
		No. of Shares	% of total shares of the Company		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company	
1	IVF Trustee Company Private Limited	1,357,200	0.30	45,000	-	1,402,200	0.31	-	-
2	Sandeep Bakshi	700,000	0.16	241,250	-	941,250	0.21	-	-
3	Rakesh Jain	337,500	0.08	-	-	337,500	0.08	-	-
4	Neelesh Garg	285,000	0.06	-	-	285,000	0.06	-	-
5	Vinit Ashok Prabhu	82,000	0.02	129,200	-	211,200	0.05	-	-
6	Anuj Gulati	190,000	0.04	-	-	190,000	0.04	-	-
7	Amitabh Narendra Jain	10,000	0.00	146,000	-	156,000	0.03	-	-
8	Rajive Kumaraswami	125,000	0.03	-	-	125,000	0.03	-	-
9	Ritesh Kumar	122,500	0.03	-	-	122,500	0.03	-	-
10	Nazeem Shabbir Khan	-	-	107,500	-	107,500	0.02	-	-

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Date wise Increase/Decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):		Shareholding at the end of the year		Cummulative Shareholding during the year	
		"No.of Shares	% of total shares of the Company			No.of Shares	% of total shares of the Company	No.of share	% of total shares of the Company
1	Alok Kumar Agarwal	-	-	105,000	ESOS	105,000	0.02	-	-
2	Gopal Balachandran	54,000	0.01	30,000	ESOS	84,000	0.02	-	-
3	Vikas Mehra	-	-	18,500	ESOS	18,500	0.00	-	-

**V. Indebtness**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-
<b>Change in Indebtedness during the financial year</b>				
- Addition	-	48,500	-	48,500
- Reduction	-	-	-	-
Net Change	-	48,500	-	48,500
<b>Indebtedness at the end of the financial year</b>				
i) Principal amount	-	48,500	-	48,500
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	2,708	-	2,708
<b>Total (i+ii+iii)</b>	-	<b>51,208</b>	-	<b>51,208</b>



## VI. Remuneration of Directors and Key Managerial Personnel

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in lacs)

Sr. No	Particulars of Remuneration	Mr. Bhargav Dasgupta Managing Director & CEO	Mr. Alok Agrawal Executive Director	Mr. Sanjeev Mantri Executive Director
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	586.30	290.79	298.32
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	4.65	0.17	3.08
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	-	-	-
2	Stock Options	-	365.25	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5	Others - Retirals (PF)*	-	10.18	11.47
	<b>Total (A)</b>	<b>612.09</b>	<b>666.39</b>	<b>312.87</b>

\* Provisions towards gratuity leave accrued and long term performance pay are determined actuarially on an overall basis and accordingly have not been considered for the above disclosure.

### B. Remuneration to other Directors :

#### 1. Independent Directors

(₹ in lacs)

Sr. No	Particulars of Remuneration	Name of Director					
		Mr. Dileep Choksi	Mr. Ashvin Parekh	Mr. Uday Chitale	Mr. Suresh Kumar	Mrs. Lalita D. Gupte	Mr. Ved Prakash Chaturvedi
1	Fee for attending Board/Committee Meeting	1.80	8.60	6.00	4.4	2.0	3.4
2	Commission*	-	3.75	3.75	3.75	3.41	3.75
3	Others, please specify	-	-	-	-	-	-
	<b>Total B (1)</b>	<b>1.80</b>	<b>12.35</b>	<b>9.75</b>	<b>8.15</b>	<b>5.41</b>	<b>7.15</b>

\*Commission for FY2017 will be paid in FY2018.

#### 2. Other Non Executive Nominee Directors

(₹ in lacs)

Sr. No	Particulars of Remuneration						
1	Fee for attending Board/Committee Meeting	<b>No attending fees for Board/Committee or Commission is being paid to Non Executive Directors</b>					
2	Commission						
3	Others, please specify						
	Total B (2)						
	<b>Total B = B(1) + B(2)</b>	<b>1.80</b>	<b>12.35</b>	<b>9.75</b>	<b>8.15</b>	<b>5.41</b>	<b>7.15</b>

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

(₹ in lacs)

Sr. No	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount
		Mr. Gopal Balachandran Chief Financial Officer	Mr. Vikas Mehra Company Secretary	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	181.07	60.45	241.52
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00	0.00	0.00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0.00	0.00	0.00
2	Stock Options	103.5	61.33	164.83
3	Sweat Equity	0.00	0.00	0.00
4	Commission	0.00	0.00	0.00
	- as % of profit	0.00	0.00	0.00
	- others, specify...	0.00	0.00	0.00
5	Others, Retirals*	4.87	1.83	6.70
	<b>Total (C)</b>	<b>289.44</b>	<b>123.61</b>	<b>413.05</b>

\* Provisions towards gratuity leave accrued and long term performance pay are determined actuarially on an overall basis and accordingly have not been considered for the above disclosure.

**VII. Penalties/Punishment/Compounding of Offences :**

(₹ in lacs)

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]
			NIL	

April 18, 2017

Chanda Kochhar  
Chairperson

# Annexure D

## Annual Report on Corporate Social Responsibility (CSR) Activities

### 1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes

CSR has been a long standing commitment at ICICI Lombard and forms an integral part of its activities. The Company's objective is to pro-actively support meaningful socio-economic development. It works towards developing an enabling environment that will help citizens realise their aspirations towards leading a meaningful life.

In line with its objectives, the following areas have been shortlisted for the CSR roadmap which includes healthcare, road safety, education, skill development and sustainable livelihoods, support employee volunteering in CSR activities and other areas such as disaster relief.

The CSR policy was approved by the Board of Directors in the Meeting held on October 15, 2014, and subsequently was put up on the ICICI Lombard website. Web-link to the CSR policy:

[https://www.icicilombard.com/content/ilom-en/csr-policy/CSR\\_Policy.pdf](https://www.icicilombard.com/content/ilom-en/csr-policy/CSR_Policy.pdf)

### 2. The Composition of the CSR Committee

The CSR Committee comprises two Non-executive Independent Director, two Non-executive Directors and the Managing Director & CEO of ICICI Lombard, and is chaired by an Independent Director. The composition of the Committee is set out below:

Uday Chitale, Chairman (Non-executive Independent Director)

Ved Prakash Chaturvedi (Non-executive Independent Director)

R. Athappan (Non-executive Director)

S. Mukherji (Non-executive Director)

Bhargav Dasgupta (Managing Director & CEO)

The functions of the Committee include review of corporate social responsibility (CSR) initiatives undertaken by the ICICI Lombard, formulation and recommendation to the Board of a CSR Policy indicating the activities to be undertaken by the ICICI Lombard and recommendation of the amount of the expenditure to be incurred on such activities, review and recommend the annual CSR plan to the Board, making recommendations to the Board with respect to the CSR initiatives, monitor the CSR activities, implementation and compliance with the CSR Policy and to review and implement, if required, any other matter related to CSR initiatives as recommended/suggested by Companies Act.

### 3. Average net profit of the Company for last three financial years

The average net profit of the Company for the last three financial years calculated as specified by the Companies Act 2013 was ₹ 6,199.4 million.

### 4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)

The prescribed CSR expenditure requirement for FY2017 was ₹ 124.0 million.

### 5. Details of CSR spent during the financial year

(a) Total amount to be spent for the financial year;

Total amount spent towards CSR during FY2017 was ₹ 125.2 million.

(b) Amount unspent, if any : Nil

(c) Manner in which the amount spent during the financial year is detailed below:

Sr. No	Projects/Activities	Sector	Location Districts (State)	Amount outlay (budget) project or programme wise (₹ million)	Amount spent on the projects or programmes (₹ million)	Cumulative Expenditure upto the reporting Period (₹ million)	* Amount spent: Direct or through implementing agency
1	Ride to Safety – Unique initiative to spread awareness about road safety. Make Indian Roads safer for children through direct contact programme and distribution of helmets.	Promoting road safety education	Mumbai, Delhi and Pune	24.0	23.6	42.9	Through NGO partners
2	Eye check-up camps for under-privileged school kids led by employees covering 33,386 children. 4,802 Cases of poor vision provided with spectacles.	Promoting healthcare	Conducted at 285 schools across 113 cities	7.0	8.2 (including employee volunteering cost of ₹ 1.4 million)	15.8	Direct
3	The Company conducted awareness programmes on wellness and safe drinking water habits with children and teachers in select schools. Further, water purifiers were installed in these schools, thereby playing a supporting role in ensuring basic facilities aimed at children's wellness.	Promoting wellness and healthcare	Mumbai and Delhi	0.2	0.3	0.3	Through NGO partners
4	Contribution towards water supply through a water train to Latur during the Maharashtra drought.	Disaster relief	Latur	-	0.3	3.5	Through Bombay Chamber of Commerce
5	Projects of ICICI Foundation for Inclusive Growth	Promoting education, employment enhancing vocational skills and livelihood enhancement projects: <ul style="list-style-type: none"> <li>ICICI Academy for Skills: 24 skill training centres located in Bengaluru, Bhubaneswar, Chennai, Coimbatore, Delhi, Durg, Guwahati, Hyderabad, Indore, Jaipur, Kochi, Kolkata, Lucknow, Mohali, Mumbai, Mysore, Nagpur, Narsobawadi, Patna, Pune, Trichy, Vadodara, Vijayawada and Zirakpur.</li> <li>ICICI Academy for Skills – Rural Initiative: Vocational training in locally relevant skills at more than 150 villages across the country.</li> <li>Elementary education projects in Rajasthan and Chhattisgarh.</li> </ul>	Across the country	92.8	92.8	159.1	ICICI Foundation

**6. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.**

The CSR Committee hereby confirms that the implementation and monitoring of CSR activities is in compliance with CSR objectives and the CSR Policy of the Company.

**Bhargav Dasgupta**  
Managing Director & CEO

**Uday Chitale**  
CSR Committee Chairman

# Management Report

In accordance with the provisions of the Insurance Regulatory & Development Authority of India ('IRDAI') (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002 ('Regulation') the following Management Report for the year ended March 31, 2017 is submitted:

1. The Company obtained Regulatory approval to undertake General Insurance business on August 3, 2001 from the Insurance Regulatory and Development Authority of India ('IRDAI') and holds a valid certificate of registration.
2. We certify that all the dues payable to the statutory authorities have been duly paid.
3. We confirm that the shareholding pattern and transfer of shares are in accordance with statutory and regulatory requirements.
4. The management has not invested any funds of holders of policies in India, directly or indirectly as required by IRDAI, outside India.
5. We confirm that the required solvency margin has been maintained.
6. We certify that the values of all the assets have been reviewed on the date of the balance sheet and that in our belief the assets set forth in the balance sheet are shown in aggregate at amounts not exceeding their realisable or market value under several headings - investments, agents balances, outstanding premiums, amount due from other entities carrying on insurance business, interest and dividend accrued, cash and several items specified under other accounts except unlisted equity, venture fund, securitised receipts, debt securities which are stated at cost/amortised cost.
7. The entire gross risk exposure of the portfolio consists of fire, engineering, hull, aviation, motor, casualty, health, travel, energy, personal accident, rural and credit insurance and other lines of business.

The overall exposure is spread over various sectors including but not limited to power, textiles, heavy and light engineering, paper, services, fast moving consumer goods, auto components, etc across urban and rural segments as well as across demography.

The business underwritten pertains to the various products filed by us with IRDAI, as per the file and use procedure; this includes tariff as well as non tariff products.

While in property lines (Fire) the net retention has not exceeded ₹ 2,500.0 million on a PML basis (previous year: ₹ 2,500.0 million) in any single risk, this also gets graded down to between ₹ 30.0 million to ₹ 2,500.0 million (previous year: between ₹ 30.0 million to ₹ 2,500.0 million) on a case-to-case basis, depending on exposure levels and prudent underwriting standards. The excess of loss treaties protect the accumulation of the net retentions.

Further, before underwriting any major property risk, a risk inspection is carried out, and on being satisfied about the acceptability of risk, the same is accepted. In addition, various loss prevention / risk-mitigating measures are also suggested to the clients to help improve the risks.

8. We confirm that there are no operations of the Company outside India.
9.
  - a) For ageing analysis of claims outstanding during the preceding five years, please refer Annexure 1.
  - b) For average claims settlement time during the preceding five years, please refer Annexure 2.
  - c) For details of claims intimated, please refer Annexure 3.
10. We certify that the Investments made in debt securities have been valued at historical cost subject to amortisation of premium/discount. The same is in accordance with the Insurance Regulatory and Development Authority of India ('IRDAI') (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulation, 2002 ('Regulation').

For the purpose of comparison, the fair value of debt securities has been arrived on a Yield to Maturity (YTM) basis by using the appropriate discount rates derived from the yield curve data provided by the Fixed Income and Money Market Dealers Association (FIMMDA) in respect of Government Securities and Crisil's Security Level Valuation (SLV) in respect of other debt instruments.

Listed equity securities and convertible preference shares as at the balance sheet date are stated at fair value being the last quoted closing price on NSE. However, in case of any stock not being traded on NSE, the Company has valued them based on the last quoted closing price on BSE.

Mutual fund investments are stated at fair value, being the closing net asset value as at balance sheet date.

Investment Properties - Real Estate is stated at historical cost less accumulated depreciation.

Investments other than those mentioned above are valued at cost.

In accordance with the Regulation, unrealised gain/loss arising due to changes in fair value of listed equity shares, convertible preference shares and mutual fund investments are taken to the 'fair value change account'. This balance in the fair value change account is not available for distribution, pending realisation.

The Company assesses at each balance sheet date whether any impairment has occurred in respect of investment in equity and units of mutual fund. The impairment loss, if any, is recognised in the profit and loss account and the carrying value of such investment is reduced to its recoverable value. If on the assessment at balance sheet date a previously impaired loss no longer exists, then such loss is reversed to the profit and loss account and the investment is restated to that extent.

Impairment for Investment properties is assessed at each balance sheet date. The impairment loss, if any is recognised in the profit and loss account and the carrying value of such investment is reduced to its recoverable value.

11. Investments as at March 31, 2017 amount to ₹ 150,789.0 million refer Schedule 8 & 8A (previous year: ₹ 115,625.2 million). Income from Investments amounted to ₹ 13,104.6 million (previous year: ₹ 11,574.4 million).

Investments other than deposits with the banks, units of mutual fund, units of venture fund and security receipts are only in regularly traded instruments in the secondary markets. The Company's debt investment comprises largely of government securities, AAA and AA/P1+ rated security.

All are performing investments with no arrears of any payments due. Investments are managed in consonance with the investment policy framed from time to time by the Board and are within the investment regulation and guidelines of IRDAI.

12. We also confirm:

- (a) in the preparation of financial statements, the applicable accounting standards, principles and policies have been followed along with proper explanations relating to material departures, if any;
- (b) the management has adopted accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year ended and of the operating profit and of the profits of the Company for the year ended;
- (c) the management has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act, 1938, Insurance Laws (Amendment) Act, 2015 (to the extent notified), Companies Act, 1956 and Companies Act, 2013 to the extent applicable, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the management has prepared the financial statements on a going concern basis;
- (e) The management has ensured that an internal audit system commensurate with the size and nature of the business exists and is operating effectively.

13. For payments made to individuals, firms, companies and organisations in which Directors are interested, please refer to Annexure 4.

For and on behalf of the Board

**Chanda Kochhar**  
Chairperson

**S.Mukherji**  
Director

**Ashvin Parekh**  
Director

**Bhargav Dasgupta**  
Managing Director & CEO

**Alok Kumar Agarwal**  
Executive Director

**Sanjeev Mantri**  
Executive Director

**Vikas Mehra**  
Company Secretary

**Gopal Balachandran**  
Chief Financial Officer

Mumbai, April 18, 2017

## Management Report (Contd.)

# Details of Claims Outstanding during the Preceding Five Years

## Annexure -1

## As at March 31, 2017

Product	Fire		Marine Cargo		Marine Others		Motor OD		Motor TP		Workmen's Compensation		Public/Product Liability	
	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount
0-30 days	419	32,172.0	2,378	17,961.1	7	6,798.0	38,695	56,567.9	1,968	334,861.8	348	3,691.8	207	745.1
30 days to 6 months	512	26,464.9	1,645	6,266.9	10	6,993.6	10,496	6,825.2	7,438	29,124.1	362	622.9	345	294.2
6 months to 1 year	354	12,405.2	276	2,245.5	13	1,752.9	194	728.8	7,352	31,791.8	270	421.2	104	178.2
1 year to 5 years	1,010	23,798.7	294	2,470.6	48	4,174.7	12	71.7	25,931	104,734.6	3	13.9	18	709.7
More than 5 years	232	2,604.8	47	379.0	69	1,227.2	-	-	18,023	51,422.7	-	-	1	2.1
<b>Grand Total</b>	<b>2,527</b>	<b>97,445.6</b>	<b>4,640</b>	<b>29,323.1</b>	<b>147</b>	<b>20,946.4</b>	<b>49,397</b>	<b>64,193.6</b>	<b>60,712</b>	<b>551,935.0</b>	<b>983</b>	<b>4,749.8</b>	<b>675</b>	<b>1,929.3</b>

## As at March 31, 2016

Product	Fire		Marine Cargo		Marine Others		Motor OD		Motor TP		Workmen's Compensation		Public/Product Liability	
	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount
0-30 days	538	18,832.8	1,116	7,610.3	7	1,275.5	42,298	43,533.5	2,028	279,256.1	208	2,965.0	1	637.6
30 days to 6 months	203	20,200.1	1,528	6,180.6	9	292.5	12,686	8,049.7	8,096	26,923.6	384	642.1	5	4.7
6 months to 1 year	224	5,100.9	579	3,341.8	10	664.5	388	921.5	7,438	25,562.4	170	292.9	4	24.0
1 year to 5 years	886	19,425.8	268	3,727.2	40	2,905.3	80	316.7	27,587	87,496.1	-	-	20	615.3
More than 5 years	219	2,533.5	51	1,205.2	64	924.6	-	-	16,832	38,572.8	-	-	1	1.9
<b>Grand Total</b>	<b>2,070</b>	<b>66,093.1</b>	<b>3,542</b>	<b>22,065.1</b>	<b>130</b>	<b>6,062.4</b>	<b>55,452</b>	<b>52,821.4</b>	<b>61,981</b>	<b>457,811.0</b>	<b>762</b>	<b>3,900.0</b>	<b>31</b>	<b>1,283.5</b>

## As at March 31, 2015

Product	Fire		Marine Cargo		Marine Others		Motor OD		Motor TP		Workmen's Compensation		Public/Product Liability	
	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount
0-30 days	445	16,375.4	1,147	6,216.5	7	1,604.4	30,272	52,827.9	1,701	233,447.2	97	2,463.2	7	429.5
30 days to 6 months	302	11,651.5	1,401	4,084.0	11	2,871.3	9,105	6,145.5	7,702	16,971.0	448	725.6	6	63.6
6 months to 1 year	532	15,732.7	227	1,804.2	9	1,648.2	306	839.8	7,294	16,674.3	210	255.0	6	120.4
1 year to 5 years	931	19,106.1	190	3,378.6	43	2,916.9	47	165.0	32,423	80,044.9	4	5.9	14	94.5
More than 5 years	207	2,523.3	42	154.7	63	947.4	-	-	14,712	28,150.9	-	-	3	4.3
<b>Grand Total</b>	<b>2,417</b>	<b>65,389.0</b>	<b>3,007</b>	<b>15,638.0</b>	<b>133</b>	<b>9,988.2</b>	<b>39,730</b>	<b>59,978.2</b>	<b>63,832</b>	<b>375,288.3</b>	<b>759</b>	<b>3,449.7</b>	<b>36</b>	<b>712.3</b>



(₹ in lacs)

Engineering		Aviation		Personal Accident		Health		Credit Insurance		Crop/Weather Insurance*		Others		Grand Total	
No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount
323	19,882.7	14	8,982.8	3,846	40,586.9	79,238	43,307.7	33	5,641.6	116	208,016.7	2,426	25,794.0	130,018	805,010.1
150	3,871.0	81	2,082.3	599	1,058.4	1,494	2,228.5	5	20.2	83	475.0	991	1,836.4	24,211	88,163.6
77	2,759.6	55	914.8	15	21.9	691	981.6	-	-	179	1,013.2	80	1,244.8	9,660	56,459.5
395	9,449.2	397	5,360.3	-	-	1,129	1,587.7	14	118.7	496	13,798.6	164	2,154.5	29,911	168,442.9
135	2,268.5	28	280.3	-	-	-	-	8	63.7	23	92.0	59	4,090.2	18,625	62,430.5
<b>1,080</b>	<b>38,231.0</b>	<b>575</b>	<b>17,620.5</b>	<b>4,460</b>	<b>41,667.2</b>	<b>82,552</b>	<b>48,105.5</b>	<b>60</b>	<b>5,844.2</b>	<b>897</b>	<b>223,395.5</b>	<b>3,720</b>	<b>35,119.9</b>	<b>212,425</b>	<b>1,180,506.6</b>

(₹ in lacs)

Engineering		Aviation		Personal Accident		Health		Credit Insurance		Crop/Weather Insurance*		Others		Grand Total	
No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount
281	8,831.8	5	3,705.0	3,411	21,520.3	45,606	33,909.2	32	565.0	105	3,459.1	2,059	14,521.7	97,695	440,622.9
182	3,481.3	48	1,865.8	604	1,362.8	1,914	3,688.5	4	50.3	387	2,892.7	1,482	2,436.3	27,532	78,071.0
95	4,292.8	53	672.3	-	-	389	662.6	5	46.9	27	365.4	91	530.9	9,473	42,478.9
325	7,734.7	322	6,097.1	-	-	644	797.7	29	158.4	468	13,580.0	155	4,539.2	30,824	147,393.5
122	1,173.3	18	284.8	-	-	-	-	8	108.2	21	71.0	67	630.7	17,403	45,506.0
<b>1,005</b>	<b>25,513.9</b>	<b>446</b>	<b>12,625.0</b>	<b>4,015</b>	<b>22,883.1</b>	<b>48,553</b>	<b>39,058.0</b>	<b>78</b>	<b>928.8</b>	<b>1,008</b>	<b>20,368.2</b>	<b>3,854</b>	<b>22,658.8</b>	<b>182,927</b>	<b>754,072.3</b>

(₹ in lacs)

Engineering		Aviation		Personal Accident		Health		Credit Insurance		Others		Grand Total	
No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount
373	7,254.7	11	2,038.3	1,094	12,959.0	60,818	31,127.8	27	456.5	2,400	14,488.2	98,399	381,688.6
192	3,091.4	30	514.0	764	2,634.3	4,223	3,971.1	9	61.3	1,334	2,342.0	25,527	55,126.6
93	1,581.4	76	1,578.8	151	520.6	1,100	429.9	7	33.2	251	6,056.5	10,262	47,275.0
309	9,366.9	229	5,406.0	444	1,702.4	411	743.8	32	237.6	781	15,290.9	35,858	138,459.5
166	1,125.9	8	93.8	-	-	-	-	7	99.9	55	581.0	15,263	33,681.2
<b>1,133</b>	<b>22,420.3</b>	<b>354</b>	<b>9,630.9</b>	<b>2,453</b>	<b>17,816.3</b>	<b>66,552</b>	<b>36,272.6</b>	<b>82</b>	<b>888.5</b>	<b>4,821</b>	<b>38,758.6</b>	<b>185,309</b>	<b>656,230.9</b>

## Management Report (Contd.)

### Details of Claims Outstanding during the Preceding Five Years (Contd.)

#### Annexure -1

##### As at March 31, 2014

Product	Fire		Marine Cargo		Marine Others		Motor OD		Motor TP		Workmen's Compensation		Public/Product Liability	
	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount
0-30 days	227	17,116.5	1,496	4,055.4	19	1,695.9	25,447	39,508.2	1,636	324,243.8	265	2,250.0	7	268.0
30 days to 6 months	317	12,236.1	1,264	3,984.2	13	1,914.3	8,018	5,426.2	7,850	14,958.0	514	558.8	2	50.8
6 months to 1 year	297	4,598.9	230	1,001.2	12	376.2	448	932.0	6,876	13,339.2	252	243.2	5	6.5
1 year to 5 years	1,260	11,926.1	347	3,514.4	43	937.5	39	218.5	35,801	84,633.8	7	41.4	7	11.4
More than 5 years	129	1,106.7	84	176.1	62	781.3	-	-	10,062	17,637.2	-	-	3	9.3
<b>Grand Total</b>	<b>2,230</b>	<b>46,984.3</b>	<b>3,421</b>	<b>12,731.3</b>	<b>149</b>	<b>5,705.2</b>	<b>33,952</b>	<b>46,084.9</b>	<b>62,225</b>	<b>454,812.0</b>	<b>1,038</b>	<b>3,093.4</b>	<b>24</b>	<b>346.0</b>

##### As at March 31, 2013

Product	Fire		Marine Cargo		Marine Others		Motor OD		Motor TP		Workmen's Compensation		Public/Product Liability	
	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount
0-30 days	560	7,769.5	831	2,691.9	4	224.7	21,963	25,297.2	1,720	332,790.8	93	1,598.9	372	596.0
30 days to 6 months	249	4,689.9	548	2,459.9	5	139.2	5,712	4,289.8	7,548	14,653.1	611	766.2	638	222.0
6 months to 1 year	231	3,931.9	123	413.9	13	80.8	276	916.5	7,796	18,052.6	193	253.3	90	40.5
1 year to 5 years	1,244	20,056.6	723	5,591.0	109	1,474.8	15	73.1	41,815	91,461.5	11	20.2	51	103.8
More than 5 years	48	628.5	11	23.1	36	2,169.0	-	-	5,013	8,382.5	-	-	1	3.1
<b>Grand Total</b>	<b>2,332</b>	<b>37,076.4</b>	<b>2,236</b>	<b>11,179.8</b>	<b>167</b>	<b>4,088.5</b>	<b>27,966</b>	<b>30,576.6</b>	<b>63,892</b>	<b>465,340.5</b>	<b>908</b>	<b>2,638.6</b>	<b>1,152</b>	<b>965.4</b>

\*During the FY ended March 31, 2017, the Company has reported Crop/Weather Insurance as a separate segment under the miscellaneous line of business in accordance with the segmental reporting requirement of the IRDAI Master Circular on Preparation of Financial Statements of General Insurance Business. Crop/Weather Insurance was reported as 'Others' under the miscellaneous line of business upto year ending March 31, 2016. Accordingly for comparison purpose previous year figures have been regrouped/reclassified.

(₹ in lacs)

Engineering		Aviation		Personal Accident		Health		Credit Insurance		Others		Grand Total	
No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount
157	4,391.6	29	2,108.0	578	8,366.0	504,138	34,263.3	57	566.2	2,327	27,556.7	536,383	466,389.6
240	4,247.6	43	1,691.6	1,193	1,738.0	7,931	3,499.1	34	342.9	1,456	6,686.0	28,875	57,333.6
131	7,620.4	95	457.6	266	626.5	149	198.3	19	100.2	549	11,077.9	9,329	40,578.1
512	6,801.8	123	5,928.4	703	1,555.0	366	1,302.7	10	57.0	327	5,449.4	39,545	122,377.4
82	923.0	4	20.6	-	-	-	-	4	80.4	15	291.4	10,445	21,026.0
<b>1,122</b>	<b>23,984.4</b>	<b>294</b>	<b>10,206.2</b>	<b>2,740</b>	<b>12,285.5</b>	<b>512,584</b>	<b>39,263.4</b>	<b>124</b>	<b>1,146.7</b>	<b>4,674</b>	<b>51,061.4</b>	<b>624,577</b>	<b>707,704.7</b>

(₹ in lacs)

Engineering		Aviation		Personal Accident		Health		Credit Insurance		Others		Grand Total	
No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount	No of Claims	Amount
458	2,592.0	11	1,583.0	975	6,566.4	724,369	32,595.3	2	155.5	1,848	12,552.0	753,206	427,013.2
202	2,132.8	74	4,106.9	1,079	1,788.8	3,378	2,383.5	12	787.9	1,114	7,428.7	21,170	45,848.7
77	2,531.1	71	1,109.0	294	865.5	241	238.9	3	3.4	97	237.0	9,505	28,674.4
397	8,325.5	83	1,527.0	174	681.3	1,698	1,347.7	37	261.4	308	8,006.6	46,665	138,930.5
26	215.4	-	0.5	-	-	-	-	2	83.8	70	351.1	5,207	11,857.0
<b>1,160</b>	<b>15,796.8</b>	<b>239</b>	<b>8,326.4</b>	<b>2,522</b>	<b>9,902.0</b>	<b>729,686</b>	<b>36,565.4</b>	<b>56</b>	<b>1,292.0</b>	<b>3,437</b>	<b>28,575.4</b>	<b>835,753</b>	<b>652,323.8</b>

## Management Report (Contd.)

# Details of Average Claim Settlement Time for the Preceding Five Years

## Annexure -2

Period	For the year ended March 31, 2017		For the year ended March 31, 2016		For the year ended March 31, 2015		For the year ended March 31, 2014		For the year ended March 31, 2013	
	No of claims settled	Average Settlement time (Days)	No of claims settled	Average Settlement time (Days)	No of claims settled	Average Settlement time (Days)	No of claims settled	Average Settlement time (Days)	No of claims settled	Average Settlement time (Days)
Fire	2,625	30	3,499	124	3,187	309	2,587	397	1,837	141
Marine Cargo	38,978	11	31,817	31	26,973	76	26,259	44	24,058	55
Marine Hull	16	479	33	785	44	842	69	1,026	56	894
Motor*	1,029,947	11	911,306	11	763,418	12	658,080	14	544,309	15
Workmen's Compensation	1,446	73	1,275	155	1,689	134	1,434	148	1,149	162
Public/Product Liability	342	110	110	180	212	52	4,125	60	13,413	58
Engineering	1,627	70	2,278	78	1,674	239	2,516	175	1,520	113
Aviation	345	819	199	192	135	246	175	296	105	256
Personal Accident	5,786	35	5,541	52	6,625	46	6,365	58	7,356	92
Health	1,040,618	8	611,066	6	2,584,015	9	5,698,323	13	4,443,879	15
Credit Insurance	84	107	93	122	96	270	45	119	56	598
Crop/Weather Insurance**	2,096	97	2,549	38	-	-	-	-	-	-
Others	25,623	33	20,727	54	24,659	46	16,202	43	12,729	102
<b>Total</b>	<b>2,149,533</b>	<b>10</b>	<b>1,590,493</b>	<b>10</b>	<b>3,412,727</b>	<b>11</b>	<b>6,416,180</b>	<b>14</b>	<b>5,050,467</b>	<b>16</b>

\*The above ageing does not include Motor third party claims which have to be settled through MACT and other judicial bodies

## Details of Claims Intimated

## Annexure - 3

Period	For the year ended March 31, 2017		For the year ended March 31, 2016	
	Claims Intimated	Amount (₹ in lacs)*	Claims Intimated	Amount (₹ in lacs)*
Fire	3,082	54,512.5	3,152	46,333.0
Marine Cargo	40,076	25,032.6	32,352	26,931.8
Marine Hull	33	12,172.4	30	701.8
Motor OD	1,023,892	176,066.0	927,028	169,966.1
Motor TP	25,088	134,849.2	24,625	127,411.5
Workmen's Compensation	1,667	3,223.8	1,278	2,580.4
Public/Product Liability	986	1,924.5	105	508.4
Engineering	1,702	13,430.3	2,150	16,475.3
Aviation	474	12,677.7	291	6,161.8
Personal Accident	6,231	14,242.6	7,103	14,246.4
Health	1,074,617	169,028.3	593,067	115,638.0
Credit Insurance	66	1,818.3	89	835.9
Crop/Weather Insurance**	1,985	49,122.5	2,656	101,734.0
Others	25,489	19,992.0	20,661	25,667.8
<b>Grand Total</b>	<b>2,205,388</b>	<b>688,092.7</b>	<b>1,614,587</b>	<b>655,192.2</b>

\*Amount of claims intimated includes change in reserve

\*\*During the FY ended March 31, 2017, the Company has reported Crop/Weather Insurance as a separate segment under the miscellaneous line of business in accordance with the segmental reporting requirement of the IRDAI Master Circular on Preparation of Financial Statements of General Insurance Business. Crop/Weather Insurance was reported as 'Others' under the miscellaneous line of business upto year ending March 31, 2016. Accordingly for comparison purpose previous year figures have been regrouped/reclassified.

# List of Payments to Parties in which Directors are Interested

## Annexure - 4

(₹ in lacs)

Sl. No.	Entity in which Director is interested	Name of Director	Interested as	For the year ended March 31, 2017	For the year ended March 31, 2016
1	Associated Chambers of Commerce and Industry of India (ASSOCHAM)	Ms. Chanda Kochhar	Member	0.2	2.0
2	Bombay Gymkhana Limited	Ms. Chanda Kochhar	Member	31.2	2.0
		Mr. Dileep Choksi <sup>1</sup>	Member		
3	FAL Corporation	Mr. Chandran Ratnaswami	Director	5,417.2	3,435.0
4	First Capital Insurance Limited	Mr. Chandran Ratnaswami <sup>2</sup>	Director	1,989.7	-
		Mr. Ramaswamy Athappan <sup>2</sup>	Director		
5	ICICI Bank Limited	Ms. Chanda Kochhar	Director	21,023.6	19,267.7
		Mr. N. S. Kannan	Director		
		Mr. Dileep Choksi <sup>1</sup>	Director		
6	ICICI Foundation for Inclusive Growth	Ms. Chanda Kochhar	Trustee	928.0	663.2
		Mr. Bhargav Dasgupta	Trustee		
		Mr. N. S. Kannan	Trustee		
7	ICICI Prudential Life Insurance Company Limited	Ms. Chanda Kochhar	Chairperson	104.5	171.2
		Mr. N. S. Kannan	Director		
8	ICICI Prudential Asset Management Company Limited	Ms. Chanda Kochhar	Chairperson	0.1	1.0
		Mr. N. S. Kannan	Director		
		Mr. Suresh Mathukrishna Kumar <sup>3</sup>	Director		
9	ICICI Securities Limited	Ms. Chanda Kochhar	Chairperson	318.5	354.7
		Mr. Uday Chitale <sup>4</sup>	Director		
10	ICICI Securities Primary Dealership Limited	Mr. N. S. Kannan	Chairman	175.4	15.1
		Mr. Ashvin Parekh <sup>5</sup>	Director		
11	International Insurance Society, New York, USA	Mr. Bhargav Dasgupta	Director Member	-	5.1
12	Janalakshmi Financial Services Private Limited	Mr. Uday Chitale <sup>6</sup>	Director	4.3	0.0
13	Kirloskar Brothers Limited	Mrs. Lalita D. Gupte <sup>7</sup>	Director	5.5	-
14	National Collateral Management Services Limited	Mr. Chandran Ratnaswami <sup>8</sup>	Director	49.5	0.0
15	Thomas Cook (India) Limited	Mr. Chandran Ratnaswami <sup>9</sup>	Director	3,684.3	2,207.5
16	Others <sup>12</sup>	Aster DM Healthcare Private Limited	Mr. Suresh Mathukrishna Kumar <sup>3</sup>	Director	
		Bharat Forge Limited	Mrs. Lalita D. Gupte <sup>11</sup>	Director	
		<b>Total Others</b>			<b>1.0</b>

<sup>1</sup>Mr. Dileep Choksi has ceased to be Director in ICICI Lombard General Insurance Company Limited w.e.f. July 01, 2016

<sup>2</sup>Appointed as Director in First Capital Insurance Limited w.e.f. September 10, 2002

<sup>3</sup>Mr. Suresh Mathukrishna Kumar appointed as Director in ICICI Lombard General Insurance Company Limited w.e.f. June 01, 2016

<sup>4</sup>Uday Chitale has retired as Director in ICICI Securities Limited w.e.f. June 27, 2016

<sup>5</sup>Appointed as Director in ICICI Securities Primary Dealership Limited w.e.f. March 30, 2015

<sup>6</sup>Appointed as Director in ICICI Lombard General Insurance Company Limited w.e.f. April 19, 2016

<sup>7</sup>Appointed as Director in Kirloskar Brothers Limited w.e.f. July 20, 2007

<sup>8</sup>Appointed as Director in National Collateral Management Services Limited w.e.f. August 19, 2015

<sup>9</sup>Appointed as Director in Thomas Cook (India) Limited w.e.f. August 22, 2012

<sup>10</sup>Mrs. Lalita D. Gupte appointed as Director in ICICI Lombard General Insurance Company Limited w.e.f. October 18, 2016

<sup>11</sup>Appointed as Director in Bharat Forge Limited w.e.f. December 05, 2006

<sup>12</sup>Individual payments to parties during the period and aggregate payments during the previous period are less than ₹ 1 lac

<sup>13</sup>Mr. Ved Prakash Chaturvedi appointed as Director in ICICI Lombard General Insurance Company Limited w.e.f. July 13, 2016

# Independent Auditor's Report

## To The Members of ICICI Lombard General Insurance Company Limited

### Report on the Financial Statements

1. We have audited the accompanying financial statements of ICICI LOMBARD GENERAL INSURANCE COMPANY LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Revenue accounts of fire, marine and miscellaneous insurance (collectively known as the 'Revenue account'), the Profit and Loss account and the Receipts and Payments account for the year then ended, the schedules annexed there to, a summary of the significant accounting policies and other explanatory notes thereon.

### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, underwriting results, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, the Insurance Act, 1938, Insurance Laws (Amendment) Act, 2015 (to the extent notified), the Insurance Regulatory and Development Authority Act, 1999, the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies Regulations), 2002 ('the Regulations') and orders / directions prescribed by the Insurance Regulatory and Development Authority of India ('IRDAI') in this behalf and

current practices prevailing within the insurance industry in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the Insurance Act, 1938, Insurance Laws (Amendment) Act, 2015 (to the extent notified), the Insurance Regulatory and Development Authority Act, 1999, the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies Regulations), 2002 ('the Regulations') and orders / directions prescribed by the Insurance Regulatory and Development Authority of India ('IRDAI').
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act, Insurance Act, 1938, Insurance Laws (Amendment) Act, 2015 (to the extent notified), the Insurance Regulatory and Development Act, 1999 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India as applicable to insurance companies:

- a. in the case of Balance Sheet, of the state affairs of the Company as at March 31, 2017;
- b. in the case of Revenue Account, of the operating profit in Fire and Miscellaneous

business and operating loss in Marine business for the year ended on that date;

- c. in the case of Profit and Loss Account, of the Profit for the year ended on that date; and
- d. in case of Receipts and Payments Account, of the Receipts and Payments for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

9. As required by the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies Regulations), 2002, in our opinion and according to the information and explanations give to us, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) As the Company's accounts are centralised and maintained at the corporate office, no returns for the purposes of our audit are prepared at the branches and other offices of the Company.
- (c) Proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (d) The Balance sheet, the Revenue account, the Profit and Loss account and the Receipts and Payments account dealt with by this report are in agreement with the books of account.
- (e) The aforesaid financial statements comply with the applicable Accounting Standards

## Independent Auditor's Report (Contd.)

specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and with the accounting principles prescribed by the Regulations and orders/directions prescribed by IRDAI in this regard.

- (f) Investments have been valued in accordance with the provisions of the Insurance Act, 1938 and Insurance Laws (Amendment) Act, 2015 (to the extent notified), the Regulations and orders/directions issued by IRDAI in this regard.
- (g) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (h) The actuarial valuation of liabilities in respect of Incurred But Not Reported ('IBNR') and Incurred But Not Enough Reported ('IBNER') as at March 31, 2017, other than for reinsurance accepted from Declined Risk Pool ('DR Pool') has been duly certified by the Appointed Actuary of the Company and relied upon by us. The Appointed Actuary has also certified that the assumptions considered by him for such valuation are in accordance with the guidelines and norms prescribed by the IRDAI and the Actuarial Society of India in concurrence with the IRDAI. In respect of reinsurance accepted from DR Pool, IBNR / IBNER has been recognised based on estimates received from DR Pool.
- (i) With respect to the adequacy of the internal financial controls over financial reporting of

the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

- 10. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - a. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note no. 5.2.23 to the financial statements;
  - b. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Company did not have any outstanding long term derivative contracts – Refer Note no. 5.2.24 to the financial statements;
  - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company – Refer Note no. 5.2.25 to the financial statements.
  - d. The disclosure requirement as envisaged in Notification no. GSR 308(E) dated March 30, 2017 is not applicable to the Company – Refer note no. 5.2.26.
- 11. Further, on the basis of examination of books and records of the Company and according to the information and explanations given to us and to the best of our knowledge and belief, we certify that:
  - a) We have reviewed the Management Report attached to the financial statements for the



year ended March 31, 2017 and there are no apparent mistakes or material inconsistencies with the financial statements; and

- b) Based on the information and explanations received during the course of our audit and management representation by officers of the Company charged with compliance, nothing has come to our attention which causes us to believe that the Company has not complied with the terms and conditions of the registration as stipulated by the IRDAI.

For **Chaturvedi & Co.**  
Chartered Accountants  
(Firm Registration No.  
302137E)

**SN Chaturvedi**  
Partner  
Membership No.  
040479

Place: Mumbai  
Date: April 18, 2017

For **PKF Sridhar & Santhanam LLP**  
Chartered Accountants  
(Firm Registration No.  
003990S/S200018)

**R. Suriyanarayanan**  
Partner  
Membership No.  
201402

# Annexure 'A'

## To the Independent Auditor's Report of even date on the Financial Statements of ICICI Lombard General Insurance Company Limited

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of ICICI Lombard General Insurance Company Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the "internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

### **Other Matter**

The Actuarial valuation of liabilities in respect of Incurred But Not Reported ('IBNR') and Incurred But Not Enough

Reported ('IBNER') as at March 31, 2017, other than for reinsurance accepted from Declined Risk Pool ('DR Pool') has been duly certified by the Appointed Actuary of the Company as per the Regulations whereas in respect of reinsurance accepted from DR Pool, IBNR / IBNER has been recognised based on estimates received from DR Pool. The said actuarial valuations have been relied upon by us as mentioned in para 9(h) of our Audit Report on the financial statements for the year ended March 31, 2017. Accordingly, our opinion on the internal financial controls over financial reporting does not include reporting on the adequacy and operating effectiveness of the internal controls over the valuation and accuracy of the aforesaid actuarial liabilities.

For **Chaturvedi & Co.**  
Chartered Accountants  
(Firm Registration No. 302137E)

**SN Chaturvedi**  
Partner  
Membership No. 040479

For **PKF Sridhar & Santhanam LLP**  
Chartered Accountants  
(Firm Registration No. 003990S/S200018)

**R. Suriyanarayanan**  
Partner  
Membership No. 201402

Place: Mumbai  
Date: April 18, 2017

# Independent Auditors' Certificate

To  
The Members of  
ICICI Lombard General Insurance Company Limited

1. This certificate is issued in accordance with the requirements of Schedule C read with Regulation 3 of the Insurance Regulatory and Development Authority of India (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002

## Management's Responsibility

2. The Board of Directors of the Company is responsible for ensuring that the Company complies with the requirements of the Insurance Regulatory and Development Authority of India (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002, ('the Accounting Regulations') including preparation and maintenance of all accounting and other relevant supporting records and documents which form the basis of our certification.

## Auditor's Responsibility

3. Pursuant to the requirement of Schedule C read with Regulation 3 of the Accounting Regulations, our responsibility is to certify that whether:
  - a. we have verified the cash balances and the securities relating to the insurer's loans, and investments;
  - b. to the extent, if any, we have verified the investments and transactions relating to any trusts undertaken by the insurer as trustee; and
  - c. any part of the assets of the policyholders' funds has been directly or indirectly applied in contravention of the provisions of the Insurance Act, 1938 (4 of 1938) relating to the application and investments of the policyholders' funds.
4. We audited the financial statements of ICICI Lombard General Insurance Company Limited for the financial year ended March 31, 2017, on which we issued an unmodified audit opinion vide our report dated April 18, 2017. Our audits of these financial statements were conducted in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India and directions/circulars/orders issued by the Insurance Regulatory and Development Authority of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.
5. We have conducted our examination of the items stated in paragraph 3 above in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Controls (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and other Assurance and Related Service Engagements.

## Opinion

7. Based on our audit of financial statements for the year ended March 31, 2017 and in accordance with the information and explanations given to us and to the best of our knowledge and belief and based on our examination of the books and records maintained by ICICI Lombard General Insurance Company Limited ('the Company') for the year ended March 31, 2017, we certify that:

- We have verified the cash balances maintained by the Company. As regards the securities relating to the Company's investments, the same have been verified with the Deposit receipts, dematerialised statement / confirmations received from the custodian and banks;
- The Company is not the trustee of any trust; and
- No part of the assets of the policyholders' fund has been directly or indirectly applied in contravention to the provisions of the Insurance Act, 1938 and Insurance Laws (Amendment) Act, 2015 (to the extent notified) relating to the application and investment of the policyholders' funds.

## Restrictions on Use

8. This certificate has been issued solely in compliance with the requirements of Schedule C of the Insurance Regulatory and Development Authority (Presentation of Financial Statements and Auditors' Report of Insurance Companies) Regulations 2002, ('the Accounting Regulations'), read with Regulation 3 of the Accounting Regulations and may not be suitable for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing.

For **Chaturvedi & Co.**  
Chartered Accountants  
(Firm Registration No. 302137E)

For **PKF Sridhar & Santhanam LLP**  
Chartered Accountants  
(Firm Registration No. 003990S/S200018)

**SN Chaturvedi**  
Partner  
Membership No. 040479

**R. Suriyanarayanan**  
Partner  
Membership No. 201402

Place: Mumbai  
Date: April 18, 2017

# Balance Sheet

At March 31, 2017

Registration No. 115 dated August 3, 2001

(₹ in 000's)

Particulars	Schedule	At	At
		March 31, 2017	March 31, 2016
<b>Sources of funds</b>			
Share capital	5	4,511,507	4,475,384
Reserves and Surplus	6	32,741,436	27,281,080
Share application money-pending allotment		12,755	-
Fair value change account			
Shareholders funds		1,745,345	605,166
Policyholders funds		5,027,093	2,484,964
Borrowings	7	4,850,000	-
<b>Total</b>		<b>48,888,136</b>	<b>34,846,594</b>
<b>Application of funds</b>			
Investments - Shareholders	8	39,826,416	22,785,902
Investments - Policyholders	8A	110,962,620	92,839,284
Loans	9	-	-
Fixed assets	10	3,826,654	3,831,368
Deferred tax asset (Refer note 5.2.16)		872,289	1,341,914
Current assets			
Cash and bank balances	11	1,940,353	1,948,029
Advances and other assets	12	76,080,423	34,011,547
<b>Sub-Total (A)</b>		<b>78,020,776</b>	<b>35,959,576</b>
Current liabilities	13	149,135,765	90,753,688
Provisions	14	35,484,854	31,157,762
<b>Sub-Total (B)</b>		<b>184,620,619</b>	<b>121,911,450</b>
<b>Net current assets (C) = (A - B)</b>		<b>(106,599,843)</b>	<b>(85,951,874)</b>
Miscellaneous expenditure (to the extent not written off or adjusted)	15	-	-
Debit balance in profit and loss account		-	-
<b>Total</b>		<b>48,888,136</b>	<b>34,846,594</b>
Significant accounting policies and notes to accounts	16		

The schedules referred to above & notes to accounts form an integral part of the Financial Statements

As per our attached report of even date

For and on behalf of the Board

For **Chaturvedi & Co.**  
Chartered Accountants  
Firm Regn No.: 302137E

For **PKF Sridhar & Santhanam LLP**  
Chartered Accountants  
Firm Regn No.: 003990S/200018

**Chanda Kochhar**  
Chairperson

**S. Mukherji**  
Director

**Ashvin Parekh**  
Director

**Bhargav Dasgupta**  
Managing Director & CEO

**Alok Kumar Agarwal**  
Executive Director

**Sanjeev Mantri**  
Executive Director

**Vikas Mehra**  
Company Secretary

**Gopal Balachandran**  
Chief Financial Officer

**SN Chaturvedi**  
Partner  
Membership No: 040479

**R. Suriyanarayanan**  
Partner  
Membership No: 201402

Mumbai, April 18, 2017

# Profit and Loss Account

for the year ended March 31, 2017

Registration No. 115 dated August 3, 2001

(₹ in 000's)

Particulars	Schedule	Year ended March 31, 2017	Year ended March 31, 2016
<b>1. Operating profit/(loss)</b>			
(a) Fire Insurance		996,769	1,114,144
(b) Marine Insurance		(96,735)	(336,076)
(c) Miscellaneous Insurance		6,172,521	4,024,121
<b>2. Income from investments</b>			
(a) Interest, Dividend & Rent – Gross (Refer note 5.2.6)		2,166,738	1,602,584
(b) Profit on sale/redemption of investments		1,024,961	694,553
Less : Loss on sale/redemption of investments		(99,475)	(22,578)
<b>3. Other income</b>			
(a) Interest income on tax refund		17,245	138,869
(b) Profit on sale/discard of fixed assets		2,869	5,277
(c) Recovery of bad debts written off		-	-
<b>Total (A)</b>		<b>10,184,893</b>	<b>7,220,894</b>
<b>4. Provisions (Other than taxation)</b>			
(a) For diminution in the value of investments		-	-
(b) For doubtful debts		133,871	(6,796)
(c) For future recoverable under reinsurance contracts		(39,357)	(35,436)
(d) Others		-	-
<b>5. Other expenses</b>			
(a) Expenses other than those related to Insurance Business			
(i) Employees' remuneration and other expenses		22,536	15,494
(ii) Managerial remuneration		77,610	66,929
(iii) Directors' fees		3,975	1,920
(iv) CSR Expenditure (Refer note 5.2.18)		125,164	97,117
(v) Charges on issuance of Non-convertible Debentures		21,326	-
(vi) Interest on Non-convertible Debentures		270,770	-
(vii) Expense related to Investment property		9,579	-
(viii) Operating expenses borne by shareholders (Refer note 5.1.9)		427,891	-
(b) Bad debts written off		5,313	2,014
(c) Loss on sale/discard of fixed assets		25,201	1,724
(d) Penalty (Refer note 5.1.14)		-	1,000
<b>Total (B)</b>		<b>1,083,879</b>	<b>143,966</b>
<b>Profit before tax</b>		<b>9,101,014</b>	<b>7,076,928</b>
Provision for taxation:			
(a) Current tax		2,017,157	2,264,383
(b) Excess Tax Provision written back of earlier years		(404,607)	-
(c) Deferred tax (Income) / Expense (Refer note 5.2.16)		469,625	(261,922)
<b>Profit after tax</b>		<b>7,018,839</b>	<b>5,074,467</b>
Appropriations			
(a) Interim dividends paid during the period		1,571,008	1,341,696
(b) Proposed final dividend		-	-
(c) Dividend distribution tax		319,820	273,138
(d) Transfer to General Reserves		-	1,614,834
Balance of Profit / (Loss) brought forward from last year		11,944,273	8,484,640
<b>Balance carried forward to Balance sheet</b>		<b>17,072,284</b>	<b>11,944,273</b>
Basic earnings per share of ₹ 10 face value (Refer note 5.2.15)		₹ 15.66	₹ 11.35
Diluted earnings per share of ₹ 10 face value (Refer note 5.2.15)		₹ 15.58	₹ 11.27
Significant accounting policies & notes to accounts	16		

The schedules referred to above & notes to accounts form an integral part of the Financial Statements

As per our attached report of even date

For and on behalf of the Board

For **Chaturvedi & Co.**  
Chartered Accountants  
Firm Regn No.: 302137E

For **PKF Sridhar & Santhanam LLP**  
Chartered Accountants  
Firm Regn No.: 003990S/200018

**Chanda Kochhar**  
Chairperson

**S. Mukherji**  
Director

**Ashvin Parekh**  
Director

**Bhargav Dasgupta**  
Managing Director & CEO

**SN Chaturvedi**  
Partner  
Membership No: 040479

**R. Suriyanarayanan**  
Partner  
Membership No: 201402

**Alok Kumar Agarwal**  
Executive Director

**Sanjeev Mantri**  
Executive Director

**Vikas Mehra**  
Company Secretary

**Gopal Balachandran**  
Chief Financial Officer

Mumbai, April 18, 2017

# Revenue Account

For the year ended March 31, 2017

Registration No. 115 dated August 3, 2001

Particulars	Schedule	Fire	
		2016-17	2015-16
1. Premiums earned (net)	1	1,237,079	995,012
2. Profit on sale/redemption of investments		85,635	84,779
Less : Loss on sale/redemption of investments		(8,379)	(2,815)
3. Others -			
Foreign exchange gain / (loss)		(2,894)	(3,416)
Investment income from pool (Terrorism)		207,096	205,183
Miscellaneous Income		2,013	444
4. Interest, Dividend & Rent – Gross (Refer note 5.2.6)		181,830	199,822
<b>Total (A)</b>		<b>1,702,380</b>	<b>1,479,009</b>
1. Claims Incurred (net)	2	846,510	633,010
2. Commission (net)	3	(495,076)	(490,877)
3. Operating expenses related to insurance business	4	354,177	222,732
4. Premium deficiency		-	-
<b>Total (B)</b>		<b>705,611</b>	<b>364,865</b>
<b>Operating Profit / (Loss) C = (A - B)</b>		<b>996,769</b>	<b>1,114,144</b>
APPROPRIATIONS			
Transfer to Shareholders' Account		996,769	1,114,144
Transfer to Catastrophe Reserve		-	-
Transfer to Other Reserves		-	-
<b>Total (C)</b>		<b>996,769</b>	<b>1,114,144</b>
Significant accounting policies and notes to accounts	16		

We certify that, to the best of our knowledge and according to the information and explanations given to us, and so far as appears from our examination of the Company's books of account, all expenses of management, wherever incurred, whether directly or indirectly, have been recognised in the Revenue Accounts as an expense to extent allowable under Insurance Regulatory and Development Authority of India (Expenses of Management of Insurers transacting General or Health Insurance business) Regulations, 2016.

The schedules referred to above & notes to accounts form an integral part of the Financial Statements

As per our attached report of even date

For **Chaturvedi & Co.**  
Chartered Accountants  
Firm Regn No.: 302137E

For **PKF Sridhar & Santhanam LLP**  
Chartered Accountants  
Firm Regn No.: 003990S/200018

**SN Chaturvedi**  
Partner  
Membership No: 040479

**R. Suriyanarayanan**  
Partner  
Membership No: 201402

Mumbai, April 18, 2017



(₹ in 000's)

Marine		Miscellaneous		Total	
2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
1,920,765	1,849,297	58,478,198	45,371,864	61,636,042	48,216,173
75,419	68,044	3,148,284	2,645,174	3,309,338	2,797,997
(7,379)	(2,259)	(308,031)	(87,835)	(323,789)	(92,909)
(1,167)	(8,523)	(66,481)	(6,633)	(70,542)	(18,572)
-	-	37,820	36,869	244,916	242,052
2,657	785	267,524	175,890	272,194	177,119
160,140	160,379	6,684,810	6,234,580	7,026,780	6,594,781
<b>2,150,435</b>	<b>2,067,723</b>	<b>68,242,124</b>	<b>54,369,909</b>	<b>72,094,939</b>	<b>57,916,641</b>
1,612,373	1,803,253	47,084,432	36,845,879	49,543,315	39,282,142
180,149	210,581	(4,026,376)	(2,999,436)	(4,341,303)	(3,279,732)
454,648	389,965	19,011,547	16,499,345	19,820,372	17,112,042
-	-	-	-	-	-
<b>2,247,170</b>	<b>2,403,799</b>	<b>62,069,603</b>	<b>50,345,788</b>	<b>65,022,384</b>	<b>53,114,452</b>
<b>(96,735)</b>	<b>(336,076)</b>	<b>6,172,521</b>	<b>4,024,121</b>	<b>7,072,555</b>	<b>4,802,189</b>
(96,735)	(336,076)	6,172,521	4,024,121	7,072,555	4,802,189
-	-	-	-	-	-
-	-	-	-	-	-
<b>(96,735)</b>	<b>(336,076)</b>	<b>6,172,521</b>	<b>4,024,121</b>	<b>7,072,555</b>	<b>4,802,189</b>

For and on behalf of the Board

Chanda Kochhar  
Chairperson

Ashvin Parekh  
Director

Alok Kumar Agarwal  
Executive Director

Vikas Mehra  
Company Secretary

S. Mukherji  
Director

Bhargav Dasgupta  
Managing Director & CEO

Sanjeev Mantri  
Executive Director

Gopal Balachandran  
Chief Financial Officer

# Schedules

forming part of the financial statements

## Schedule: 1

### Premium Earned (net)

Particulars	Fire	Marine			Motor-OD	Motor-TP	Motor- Total	Worksmen's Compensation
		Marine-Cargo	Marine-Others	Marine-Total				
	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17
Premium from direct business written-net of service tax	7,446,449	2,664,902	745,635	3,410,537	27,601,590	17,816,466	45,418,056	474,335
Add: Premium on reinsurance accepted	727,167	134,510	31,547	166,057	25,120	24,429	49,549	-
Less: Premium on reinsurance ceded	6,767,959	998,498	722,693	1,721,191	6,784,327	1,024,564	7,808,891	30,571
<b>Net Premium</b>	<b>1,405,657</b>	<b>1,800,914</b>	<b>54,489</b>	<b>1,855,403</b>	<b>20,842,383</b>	<b>16,816,331</b>	<b>37,658,714</b>	<b>443,764</b>
Adjustment for change in reserve for unexpired risks	168,578	(33,510)	(31,852)	(65,362)	1,118,985	1,141,739	2,260,724	21,171
<b>Total Premium earned (net)</b>	<b>1,237,079</b>	<b>1,834,424</b>	<b>86,341</b>	<b>1,920,765</b>	<b>19,723,398</b>	<b>15,674,592</b>	<b>35,397,990</b>	<b>422,593</b>

Particulars	Fire	Marine			Motor-OD	Motor-TP	Motor- Total	Worksmen's Compensation
		Marine-Cargo	Marine-Others	Marine-Total				
	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16
Premium from direct business written-net of service tax	6,327,029	2,304,300	693,726	2,998,026	25,230,855	16,267,246	41,498,101	414,202
Add: Premium on reinsurance accepted	731,608	176,037	71,988	248,025	23,889	(114,737)	(90,848)	-
Less: Premium on reinsurance ceded	6,000,176	694,709	682,580	1,377,289	6,353,608	917,741	7,271,349	30,928
<b>Net Premium</b>	<b>1,058,461</b>	<b>1,785,628</b>	<b>83,134</b>	<b>1,868,762</b>	<b>18,901,136</b>	<b>15,234,768</b>	<b>34,135,904</b>	<b>383,274</b>
Adjustment for change in reserve for unexpired risks	63,449	2,592	16,873	19,465	2,839,469	1,706,235	4,545,704	18,425
<b>Total Premium earned (net)</b>	<b>995,012</b>	<b>1,783,036</b>	<b>66,261</b>	<b>1,849,297</b>	<b>16,061,667</b>	<b>13,528,533</b>	<b>29,590,200</b>	<b>364,849</b>

(₹ in 000's)

Miscellaneous									Total
Public/ Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Credit Insurance	Crop / Weather Insurance	Others	Total - Miscellaneous	
2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17
197,631	2,248,110	578,477	3,578,214	16,675,776	335,733	21,509,317	5,379,325	96,394,974	107,251,960
1,723	284,037	457,206	10,342	495,006	-	2,554	158,955	1,459,372	2,352,596
111,906	1,850,704	580,062	880,501	5,158,415	311,384	16,459,936	1,975,042	35,167,412	43,656,562
<b>87,448</b>	<b>681,443</b>	<b>455,621</b>	<b>2,708,055</b>	<b>12,012,367</b>	<b>24,349</b>	<b>5,051,935</b>	<b>3,563,238</b>	<b>62,686,934</b>	<b>65,947,994</b>
18,133	23,760	5,800	903,808	463,241	257	(11,019)	522,861	4,208,736	4,311,952
<b>69,315</b>	<b>657,683</b>	<b>449,821</b>	<b>1,804,247</b>	<b>11,549,126</b>	<b>24,092</b>	<b>5,062,954</b>	<b>3,040,377</b>	<b>58,478,198</b>	<b>61,636,042</b>

(₹ in 000's)

Miscellaneous									Total
Public/ Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Credit Insurance	Crop / Weather Insurance	Others	Total - Miscellaneous	
2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16
117,129	1,983,358	517,273	2,785,635	13,842,739	324,674	5,925,390	4,173,515	71,582,016	80,907,071
3,200	256,910	487,470	5,715	333,959	-	-	76,812	1,073,218	2,052,851
79,615	1,619,149	561,513	689,560	4,473,910	300,551	4,814,014	1,392,949	21,233,538	28,611,003
<b>40,714</b>	<b>621,119</b>	<b>443,230</b>	<b>2,101,790</b>	<b>9,702,788</b>	<b>24,123</b>	<b>1,111,376</b>	<b>2,857,378</b>	<b>51,421,696</b>	<b>54,348,919</b>
2,519	38,321	(54,918)	705,052	353,569	(79)	6,683	434,556	6,049,832	6,132,746
<b>38,195</b>	<b>582,798</b>	<b>498,148</b>	<b>1,396,738</b>	<b>9,349,219</b>	<b>24,202</b>	<b>1,104,693</b>	<b>2,422,822</b>	<b>45,371,864</b>	<b>48,216,173</b>

# Schedules

forming part of the financial statements

## Schedule: 2

### Claims Incurred (net)

Particulars	Fire	Marine			Motor-OD	Motor-TP	Motor- Total	Worksmen's Compensation
		Marine-Cargo	Marine-Others	Marine-Total				
	2016-17	2016-17	2016-17	2016-17				
Claims paid- Direct	3,101,206	1,898,252	190,678	2,088,930	16,607,017	7,978,492	24,585,509	155,656
Add: Re-insurance accepted	139,834	28,550	10,551	39,101	-	36,644	36,644	-
Less: Re-insurance ceded	2,590,425	656,848	152,185	809,033	4,227,365	3,269,501	7,496,866	8,343
<b>Net Claims paid</b>	<b>650,615</b>	<b>1,269,954</b>	<b>49,044</b>	<b>1,318,998</b>	<b>12,379,652</b>	<b>4,745,635</b>	<b>17,125,287</b>	<b>147,313</b>
Add: Claims outstanding at the end of the year	1,897,763	1,589,498	281,656	1,871,154	4,657,076	46,887,278	51,544,354	444,746
Less: Claims outstanding at the beginning of the year	1,701,868	1,393,897	183,882	1,577,779	4,374,902	36,360,453	40,735,355	382,678
<b>Total Claims incurred</b>	<b>846,510</b>	<b>1,465,555</b>	<b>146,818</b>	<b>1,612,373</b>	<b>12,661,826</b>	<b>15,272,460</b>	<b>27,934,286</b>	<b>209,381</b>

Particulars	Fire	Marine			Motor-OD	Motor-TP	Motor- Total	Worksmen's Compensation
		Marine-Cargo	Marine-Others	Marine-Total				
	2015-16	2015-16	2015-16	2015-16				
Claims paid- Direct	3,231,181	1,820,994	470,042	2,291,036	14,963,195	7,351,567	22,314,762	124,372
Add: Re-insurance accepted	843,784	121,281	(121)	121,160	-	(65,653)	(65,653)	-
Less: Re-insurance ceded	3,362,984	582,474	441,873	1,024,347	4,936,128	3,781,366	8,717,494	7,260
<b>Net Claims paid</b>	<b>711,981</b>	<b>1,359,801</b>	<b>28,048</b>	<b>1,387,849</b>	<b>10,027,067</b>	<b>3,504,548</b>	<b>13,531,615</b>	<b>117,112</b>
Add: Claims outstanding at the end of the year	1,701,868	1,393,897	183,882	1,577,779	4,374,902	36,360,453	40,735,355	382,678
Less: Claims outstanding at the beginning of the year	1,780,839	1,030,435	131,940	1,162,375	3,863,042	26,649,287	30,512,329	338,022
<b>Total Claims incurred</b>	<b>633,010</b>	<b>1,723,263</b>	<b>79,990</b>	<b>1,803,253</b>	<b>10,538,927</b>	<b>13,215,714</b>	<b>23,754,641</b>	<b>161,768</b>

(₹ in 000's)

Miscellaneous									Total
Public/ Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Credit Insurance	Crop / Weather Insurance	Others	Total - Miscellaneous	
2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17
127,213	821,140	443,535	584,055	11,545,559	85,561	5,388,649	1,193,978	44,930,855	50,120,991
-	113,953	595,736	3,729	400,801	-	-	2,912	1,153,775	1,332,710
51,562	660,474	521,934	86,615	1,120,376	79,175	5,219,390	239,532	15,484,267	18,883,725
<b>75,651</b>	<b>274,619</b>	<b>517,337</b>	<b>501,169</b>	<b>10,825,984</b>	<b>6,386</b>	<b>169,259</b>	<b>957,358</b>	<b>30,600,363</b>	<b>32,569,976</b>
141,383	878,630	689,728	2,095,940	3,916,841	47,912	4,568,255	2,206,078	66,533,867	70,302,784
106,769	802,682	596,151	1,851,154	3,441,735	33,779	473,809	1,625,686	50,049,798	53,329,445
<b>110,265</b>	<b>350,567</b>	<b>610,914</b>	<b>745,955</b>	<b>11,301,090</b>	<b>20,519</b>	<b>4,263,705</b>	<b>1,537,750</b>	<b>47,084,432</b>	<b>49,543,315</b>

(₹ in 000's)

Miscellaneous									Total
Public/ Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Credit Insurance	Crop / Weather Insurance	Others	Total - Miscellaneous	
2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16
5,042	1,032,035	40,702	589,878	8,231,334	83,594	9,663,656	1,106,337	43,191,712	48,713,929
-	26,526	431,213	2,643	276,118	-	-	463,790	1,134,637	2,099,581
1,321	814,053	115,022	144,654	822,798	78,836	7,736,318	456,725	18,894,481	23,281,812
<b>3,721</b>	<b>244,508</b>	<b>356,893</b>	<b>447,867</b>	<b>7,684,654</b>	<b>4,758</b>	<b>1,927,338</b>	<b>1,113,402</b>	<b>25,431,868</b>	<b>27,531,698</b>
106,769	802,682	596,151	1,851,154	3,441,735	33,779	473,808	1,625,687	50,049,798	53,329,445
58,977	642,649	372,347	1,400,624	3,203,621	26,409	854,972	1,225,837	38,635,787	41,579,001
<b>51,513</b>	<b>404,541</b>	<b>580,697</b>	<b>898,397</b>	<b>7,922,768</b>	<b>12,128</b>	<b>1,546,174</b>	<b>1,513,252</b>	<b>36,845,879</b>	<b>39,282,142</b>

# Schedules

forming part of the financial statements

## Schedule: 3

### Commission

Particulars	Fire	Marine			Motor-OD	Motor-TP	Motor- Total	Worksmen's Compensation
		Marine-Cargo	Marine-Others	Marine-Total				
	2016-17	2016-17	2016-17	2016-17				
Commission paid - Direct	264,511	213,212	8,182	221,394	1,648,561	-	1,648,561	43,681
Add: Commission on re-insurance accepted	74,075	27,126	6,186	33,312	5	-	5	-
Less: Commission on re-insurance ceded	833,662	58,487	16,070	74,557	1,735,117	44,558	1,779,675	3,558
<b>Net Commission</b>	<b>(495,076)</b>	<b>181,851</b>	<b>(1,702)</b>	<b>180,149</b>	<b>(86,551)</b>	<b>(44,558)</b>	<b>(131,109)</b>	<b>40,123</b>

Particulars	Fire	Marine			Motor-OD	Motor-TP	Motor- Total	Worksmen's Compensation
		Marine-Cargo	Marine-Others	Marine-Total				
	2015-16	2015-16	2015-16	2015-16				
Commission paid - Direct	202,099	188,974	11,089	200,063	1,186,433	-	1,186,433	36,853
Add: Commission on re-insurance Accepted	76,343	28,648	19,883	48,531	24	-	24	-
Less: Commission on re-Insurance Ceded	769,319	25,239	12,774	38,013	1,680,287	88,747	1,769,034	3,107
<b>Net Commission</b>	<b>(490,877)</b>	<b>192,383</b>	<b>18,198</b>	<b>210,581</b>	<b>(493,830)</b>	<b>(88,747)</b>	<b>(582,577)</b>	<b>33,746</b>

## Schedule: 3A

### Commission Paid - Direct

(₹ in 000's)

Particulars	2016-17	2015-16
Agents	919,407	843,917
Brokers	1,875,372	1,615,282
Corporate agency	1,578,484	1,033,577
Referral	-	-
<b>Total</b>	<b>4,373,263</b>	<b>3,492,776</b>

(₹ in 000's)

Miscellaneous									Total
Public/ Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Credit Insurance	Crop / Weather Insurance	Others	Total- Miscellaneous	
2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17
12,043	112,032	15,145	343,393	1,292,206	25,865	2,258	392,174	3,887,358	4,373,263
371	38,865	78,202	289	72,310	-	513	25,828	216,383	323,770
3,871	310,981	11,591	593,897	3,760,775	50,774	1,497,096	117,899	8,130,117	9,038,336
<b>8,543</b>	<b>(160,084)</b>	<b>81,756</b>	<b>(250,215)</b>	<b>(2,396,259)</b>	<b>(24,909)</b>	<b>(1,494,325)</b>	<b>300,103</b>	<b>(4,026,376)</b>	<b>(4,341,303)</b>

(₹ in 000's)

Miscellaneous									Total
Public/ Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Credit Insurance	Crop / Weather Insurance	Others	Total - Miscellaneous	
2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16
11,356	98,925	9,858	289,000	1,134,987	24,548	383	298,271	3,090,614	3,492,776
699	50,589	80,785	57	36,832	-	-	14,393	183,379	308,253
2,526	313,191	8,864	469,981	3,082,658	45,592	481,950	96,526	6,273,429	7,080,761
<b>9,529</b>	<b>(163,677)</b>	<b>81,779</b>	<b>(180,924)</b>	<b>(1,910,839)</b>	<b>(21,044)</b>	<b>(481,567)</b>	<b>216,138</b>	<b>(2,999,436)</b>	<b>(3,279,732)</b>

# Schedules

forming part of the financial statements

## Schedule: 4

### Operating expenses related to insurance business

Particulars	Fire	Marine			Motor-OD	Motor-TP	Motor-Total	Workmen's Compensation
		Marine-Cargo	Marine-Others	Marine-Total				
	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17
Employees' remuneration & welfare benefits	145,051	181,264	5,413	186,677	1,358,312	1,093,342	2,451,654	54,749
Travel, conveyance and vehicle running expenses	13,453	14,432	434	14,866	74,777	60,198	134,975	5,968
Training expenses	1,456	2,382	71	2,453	20,660	16,627	37,287	431
Rents, rates & taxes*	16,771	20,365	595	20,960	256,251	206,203	462,454	5,616
Repairs & maintenance	10,376	10,810	314	11,124	114,185	91,852	206,037	3,897
Printing & stationery	1,561	1,769	52	1,821	26,088	20,997	47,085	595
Communication	8,153	9,946	271	10,217	134,613	108,168	242,781	3,388
Legal & professional charges	13,153	17,394	512	17,906	215,746	173,640	389,386	5,714
Auditors' fees, expenses etc								
(a) as auditor	349	449	14	463	5,029	4,048	9,077	111
(b) as adviser or in any other capacity, in respect of								
(i) Taxation matters	-	-	-	-	-	-	-	-
(ii) Insurance matters	-	-	-	-	-	-	-	-
(iii) Management services; and	-	-	-	-	-	-	-	-
(c) in any other capacity	36	46	2	48	134	112	246	6
Advertisement and publicity	13,518	17,319	371	17,690	429,906	344,976	774,882	7,477
Interest & Bank charges	2,277	2,928	70	2,998	60,400	48,488	108,888	1,116
Others								
(a) Business support services	74,796	95,862	1,639	97,501	2,922,989	2,343,716	5,266,705	50,110
(b) Sales promotion	37,744	48,403	1,031	49,434	1,174,665	942,473	2,117,138	21,072
(c) Miscellaneous expenses	4,274	5,537	212	5,749	(3,933)	(2,802)	(6,735)	427
Depreciation	11,209	14,312	429	14,741	170,182	137,022	307,204	3,630
Service tax on premium account	-	-	-	-	-	-	-	-
<b>Total</b>	<b>354,177</b>	<b>443,218</b>	<b>11,430</b>	<b>454,648</b>	<b>6,960,004</b>	<b>5,589,060</b>	<b>12,549,064</b>	<b>164,307</b>

\*Rent expense is net off rental income of ₹ 27,999 thousand (previous year: ₹ 26,489 thousand)

Particulars	Fire	Marine			Motor-OD	Motor-TP	Motor-Total	Workmen's Compensation
		Marine-Cargo	Marine-Others	Marine-Total				
	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16
Employees' remuneration & welfare benefits	91,374	151,486	7,036	158,522	1,127,001	906,438	2,033,439	43,286
Travel, conveyance and vehicle running expenses	9,362	13,925	647	14,572	77,019	61,808	138,827	5,359
Training expenses	948	1,721	80	1,801	15,018	12,052	27,070	316
Rents, rates & taxes*	11,696	19,309	896	20,205	230,221	184,771	414,992	4,823
Repairs & maintenance	7,322	9,087	420	9,507	100,869	80,917	181,786	3,416
Printing & stationery	1,630	2,365	110	2,475	29,186	23,426	52,612	670
Communication	6,283	10,250	470	10,720	151,659	121,531	273,190	3,364
Legal & professional charges	10,439	16,519	772	17,291	163,366	131,288	294,654	3,391
Auditors' fees, expenses etc								
(a) as auditor	294	496	23	519	5,263	4,226	9,489	107
(b) as adviser or in any other capacity, in respect of								
(i) Taxation matters	-	-	-	-	-	-	-	-
(ii) Insurance matters	-	-	-	-	-	-	-	-
(iii) Management services; and	-	-	-	-	-	-	-	-
(c) in any other capacity	21	28	1	29	305	242	547	7
Advertisement and publicity	7,916	14,049	616	14,665	457,262	365,910	823,172	7,353
Interest & Bank charges	1,206	2,129	95	2,224	59,396	47,544	106,940	973
Others								
(a) Business support services	39,056	70,714	3,053	73,767	2,684,157	2,147,380	4,831,537	42,324
(b) Sales promotion	23,310	41,025	1,819	42,844	1,181,575	945,786	2,127,361	19,156
(c) Miscellaneous expenses	1,272	2,129	102	2,231	685	641	1,326	169
Depreciation	10,603	17,767	826	18,593	199,179	159,923	359,102	3,950
Service tax on premium account	-	-	-	-	-	-	-	-
<b>Total</b>	<b>222,732</b>	<b>372,999</b>	<b>16,966</b>	<b>389,965</b>	<b>6,482,161</b>	<b>5,193,883</b>	<b>11,676,044</b>	<b>138,664</b>

\*Rent expense is net off rental income of ₹ 26,489 thousand (previous year: ₹ 24,421 thousand)



(₹ in 000's)

Miscellaneous									Total
Public/Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Credit Insurance	Crop / Weather Insurance	Others	Total-Miscellaneous	
2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17
10,535	72,381	36,282	207,064	825,325	8,203	161,932	308,725	4,136,850	4,468,578
1,165	6,565	2,597	13,661	67,268	814	41,028	24,922	298,963	327,282
80	718	439	2,799	11,330	22	3,153	3,877	60,136	64,045
1,032	8,340	5,475	32,074	209,099	374	226,707	46,177	997,348	1,035,079
723	5,126	3,157	17,964	72,488	325	23,356	27,448	360,521	382,021
111	772	503	4,679	19,855	49	4,151	4,193	81,993	85,375
562	4,200	2,925	16,613	59,788	225	16,618	23,734	370,834	389,204
1,077	6,519	4,397	30,744	165,633	17,387	280,109	35,403	936,369	967,428
22	170	114	675	2,994	6	1,259	888	15,316	16,128
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
2	16	7	31	215	1	105	56	685	769
929	7,672	7,173	48,888	149,922	171	15,041	54,640	1,066,795	1,098,003
153	1,243	1,084	7,259	22,514	32	748	8,262	151,299	156,574
5,388	45,409	47,273	332,262	926,791	787	3,534	357,291	7,035,550	7,207,847
2,610	21,466	19,962	137,771	420,660	470	36,859	152,580	2,930,588	3,017,766
243	1,773	577	1,681	28,129	93	27,904	5,008	59,100	69,123
701	5,485	3,700	22,403	97,633	201	39,198	29,045	509,200	535,150
-	-	-	-	-	-	-	-	-	-
<b>25,333</b>	<b>187,855</b>	<b>135,665</b>	<b>876,568</b>	<b>3,079,644</b>	<b>29,160</b>	<b>881,702</b>	<b>1,082,249</b>	<b>19,011,547</b>	<b>19,820,372</b>

(₹ in 000's)

Miscellaneous									Total
Public/Product Liability	Engineering	Aviation	Personal Accident	Health Insurance	Credit Insurance	Crop / Weather Insurance	Others	Total-Miscellaneous	
2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16
4,514	54,547	32,258	150,925	684,497	7,861	78,400	259,740	3,349,467	3,599,363
563	5,568	2,875	12,085	64,645	1,285	22,151	26,539	279,897	303,831
32	569	398	1,757	7,630	90	510	2,737	41,109	43,858
496	7,043	5,204	23,848	105,769	325	12,149	34,062	608,711	640,612
350	4,436	2,933	12,287	53,820	431	6,872	21,708	288,039	304,868
69	978	675	4,228	19,085	58	1,678	4,695	84,748	88,853
320	4,103	3,445	13,990	53,909	226	6,358	22,713	381,618	398,621
372	6,002	3,579	19,959	135,194	15,971	73,711	27,332	580,165	607,895
11	173	123	584	2,697	7	309	794	14,294	15,107
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
1	10	7	40	183	-	76	53	924	974
593	6,713	8,345	41,730	139,157	136	6,444	49,925	1,083,568	1,106,149
81	955	1,112	5,496	18,696	20	598	6,660	141,531	144,961
3,318	35,898	48,209	240,038	754,226	500	739	284,246	6,241,035	6,353,858
1,589	18,597	21,715	108,815	368,753	471	9,737	130,700	2,806,894	2,873,048
31	610	177	845	25,561	32	30,550	1,965	61,266	64,769
415	6,273	4,523	21,812	99,407	247	11,017	29,333	536,079	565,275
-	-	-	-	-	-	-	-	-	-
<b>12,755</b>	<b>152,475</b>	<b>135,578</b>	<b>658,439</b>	<b>2,533,229</b>	<b>27,660</b>	<b>261,299</b>	<b>903,202</b>	<b>16,499,345</b>	<b>17,112,042</b>

# Schedules

forming part of the financial statements

## Schedule: 5

### Share Capital

(₹ in 000's)

Particulars	At March 31, 2017	At March 31, 2016
<b>Authorised Capital</b>		
475,000,000 (previous year: 475,000,000) Equity Shares of ₹ 10 each	4,750,000	4,750,000
<b>Issued Capital</b>		
451,150,686 (previous year: 447,538,446) Equity Shares of ₹ 10 each	4,511,507	4,475,384
<b>Subscribed Capital</b>		
451,150,686 (previous year: 447,538,446) Equity Shares of ₹ 10 each	4,511,507	4,475,384
<b>Called up Capital</b>		
451,150,686 (previous year: 447,538,446) Equity Shares of ₹ 10 each	4,511,507	4,475,384
Less : Calls unpaid		
Add : Equity Shares forfeited (Amount originally paid up)	-	-
Less : Par value of Equity Shares bought back	-	-
Less : (i) Preliminary Expenses to the extent not written off	-	-
(ii) Expenses including commission or brokerage on underwriting or subscription of shares	-	-
<b>Total</b>	<b>4,511,507</b>	<b>4,475,384</b>

**Note:** Of the above, 285,605,284 shares are held by the holding company, ICICI Bank Limited (previous year: 285,605,284 shares)

## Schedule: 5A

### Share Capital

#### Pattern of shareholding

[As certified by the management]

Shareholder	At March 31, 2017		At March 31, 2016	
	Number of Shares	% of Holding	Number of Shares	% of Holding
<b>Promoters</b>				
- Indian	285,605,284	63.31%	285,605,284	63.82%
- Foreign	154,777,462	34.31%	154,777,462	34.58%
Others-(Employees/others)	10,767,940	2.38%	7,155,700	1.60%
<b>Total</b>	<b>451,150,686</b>	<b>100.00%</b>	<b>447,538,446</b>	<b>100.00%</b>

**Schedule: 6**
**Reserves and Surplus**

(₹ in 000's)

Particulars	At March 31, 2017	At March 31, 2016
1. Capital Reserve	-	-
2. Capital Redemption Reserve	-	-
3. Share Premium (Refer note 4.17)		
Opening balance	15,003,165	14,949,069
Additions during the period	332,345	54,096
Deductions during the period- share issue expenses	-	-
Closing balance	15,335,510	15,003,165
4. General Reserves		
Opening balance	333,642	333,642
Additions during the period	-	-
Deductions during the period	-	-
Closing balance	333,642	333,642
Less: Debit balance in Profit and Loss Account	-	-
Less: Amount utilised for Buy-back	-	-
5. Catastrophe Reserve	-	-
6. Other Reserves	-	-
7. Balance of Profit in Profit and Loss Account	17,072,284	11,944,273
<b>Total</b>	<b>32,741,436</b>	<b>27,281,080</b>

**Schedule: 7**
**Borrowings**

(₹ in 000's)

Particulars	At March 31, 2017	At March 31, 2016
Debentures/ Bonds (Refer note 5.2.19)	4,850,000	-
Banks	-	-
Financial Institutions	-	-
Others	-	-
<b>Total</b>	<b>4,850,000</b>	<b>-</b>

# Schedules

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## Schedule: 8

### Investments - Shareholders

(₹ in 000's)

Particulars	At March 31, 2017	At March 31, 2016
<b>Long term investments</b>		
1. Government securities and Government guaranteed bonds including Treasury Bills	11,308,734	9,010,918
2. Other Approved Securities (note 3 below)	64,471	-
3. Other Investments		
(a) Shares		
(i) Equity (note 4 below)	5,717,359	2,966,222
(ii) Preference	15,356	11,066
(b) Mutual Funds	-	-
(c) Debentures/ Bonds	6,015,647	2,371,018
(d) Investment Properties-Real Estate (note 5 below)	1,447,046	267,349
(e) Other Securities	1,272,356	277,388
4. Investments in Infrastructure and Housing	9,284,227	5,313,102
<b>Total Long Term Investments</b>	<b>35,125,196</b>	<b>20,217,063</b>
<b>Short term investments</b>		
1. Government securities and Government guaranteed bonds including Treasury Bills	255,705	-
2. Other Approved Securities (note 6 below)	1,773,835	1,391,474
3. Other Investments		
(a) Shares		
(i) Equity	-	-
(ii) Preference	-	-
(b) Mutual Funds	-	-
(c) Debentures/ Bonds	129,152	156,400
(d) Other Securities (note 7 below)	1,592,410	776,920
4. Investments in Infrastructure and Housing	950,118	244,045
<b>Total Short Term Investments</b>	<b>4,701,220</b>	<b>2,568,839</b>
<b>Total investments</b>	<b>39,826,416</b>	<b>22,785,902</b>

#### Notes:

- Aggregate book value of investments (other than listed equities) is ₹ 33,561,109 thousand (previous year: ₹ 19,757,115 thousand).
- Aggregate market value of investments (other than listed equities) is ₹ 34,656,388 thousand (previous year: ₹ 20,060,944 thousand).

3. Long term other approved securities includes fixed deposit amounting to ₹ 64,471 thousand (previous year: Fixed deposits of ₹ NIL).
4. Includes investments qualifying for Infrastructure and Housing investments of ₹ 622,392 thousand (previous year: ₹ 400,899 thousand).
5. Investment Properties-Real Estate is shown at cost less accumulated depreciation of ₹ 57,094 thousand (previous year: ₹ 6,326 thousand). The fair value of Real Estate is ₹ 1,780,692 thousand (previous year: ₹ 1,758,796 thousand) which is based on a valuation report. During the year, Investment in Real Estate properties have been reclassified as Shareholders Investments.
6. Short term other approved securities includes Certificate of Deposits amounting to ₹ 1,114,742 thousand, Fixed deposits amounting to ₹ 290,803 thousand and Commercial Paper amounting to ₹ 368,290 thousand (previous year: Certificate of Deposits amounting to ₹ 828,466 thousand, Fixed deposits amounting to ₹ 287,385 thousand and Commercial Paper amounting to ₹ 275,623 thousand).
7. Includes investment in mutual fund amounting to ₹ 1,592,410 thousand (previous year: ₹ 679,170 thousand).
8. Investment assets have been allocated in the ratio of policyholders and shareholders funds (Refer note 4.8)

# Schedules

forming part of the financial statements

## Schedule: 8A

### Investments - Policyholders

(₹ in 000's)

Particulars	At March 31, 2017	At March 31, 2016
<b>Long term investments</b>		
1. Government securities and Government guaranteed bonds including Treasury Bills	32,543,329	37,080,767
2. Other Approved Securities (note 3 below)	185,529	-
3. Other Investments		
(a) Shares		
(i) Equity (note 4 below)	16,452,935	12,206,278
(ii) Preference	44,192	45,536
(b) Mutual Funds	-	-
(c) Debentures/ Bonds	17,311,326	9,756,962
(d) Investment Properties-Real Estate (note 5 below)	-	1,100,164
(e) Other Securities	3,006,800	946,009
4. Investments in Infrastructure and Housing	26,717,370	21,863,910
<b>Total Long Term Investments</b>	<b>96,261,481</b>	<b>82,999,626</b>
<b>Short term investments</b>		
1. Government securities and Government guaranteed bonds including Treasury Bills	735,845	-
2. Other Approved Securities (note 6 below)	5,104,595	5,726,044
3. Other Investments		
(a) Shares		
(i) Equity	-	-
(ii) Preference	-	-
(b) Mutual Funds	-	-
(c) Debentures/ Bonds	371,661	643,600
(d) Other Securities (note 7 below)	5,754,869	2,465,745
4. Investments in Infrastructure and Housing	2,734,169	1,004,269
<b>Total Short Term Investments</b>	<b>14,701,139</b>	<b>9,839,658</b>
<b>Total investments</b>	<b>110,962,620</b>	<b>92,839,284</b>

#### Notes:

- Aggregate book value of investments (other than listed equities) is ₹92,928,361 thousand (previous year: ₹80,380,897 thousand).
- Aggregate market value of investments (other than listed equities) is ₹95,124,610 thousand (previous year: ₹81,625,831 thousand).
- Long term other approved securities includes fixed deposit amounting to ₹185,529 thousand (previous year: Fixed deposits of ₹NIL).
- Includes investments qualifying for Infrastructure and Housing investments of ₹1,791,069 thousand (previous year: ₹1,649,739 thousand).
- Investment Properties-Real Estate is shown at cost less accumulated depreciation of ₹NIL (previous year: ₹26,032 thousand). The fair value of Real Estate is ₹1,780,692 thousand (previous year: ₹1,758,796 thousand) which is based on a valuation report. During the year, Investment in Real Estate properties have been reclassified as Shareholders Investments.
- Short term other securities includes Certificate of Deposits amounting to ₹3,207,915 thousand, Fixed deposits amounting to ₹836,847 thousand and Commercial Paper amounting to ₹1,059,833 thousand (previous year: Certificate of Deposits amounting to ₹3,409,216 thousand, Fixed deposits amounting to ₹1,182,615 thousand and Commercial Paper amounting to ₹1,134,213 thousand).
- Includes investment in mutual fund amounting to ₹5,754,869 thousand (previous year: ₹2,063,495 thousand). Mutual funds also contains investment pertaining to unclaimed amounts of policyholders.
- Investment assets have been allocated in the ratio of policyholders and shareholders funds (Refer note 4.8)

## Schedule: 9

### Loans

(₹ in 000's)

Particulars	At March 31, 2017	At March 31, 2016
<b>Security wise classification</b>		
Secured		
(a) On mortgage of property		
(aa) In India	-	-
(bb) Outside India	-	-
(b) On Shares, Bonds, Govt. Securities	-	-
(c) Others	-	-
Unsecured	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Borrower wise classification</b>		
(a) Central and State Governments	-	-
(b) Banks and Financial Institutions	-	-
(c) Subsidiaries	-	-
(d) Industrial Undertakings	-	-
(e) Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Performance wise classification</b>		
(a) Loans classified as standard		
(aa) In India	-	-
(bb) Outside India	-	-
(b) Non-performing loans less provisions		
(aa) In India	-	-
(bb) Outside India	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Maturity wise classification</b>		
(a) Short Term	-	-
(b) Long Term	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Note:-** There are no loans subject to restructuring (previous year: ₹ Nil).

# Schedules

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## Schedule: 10

### Fixed Assets

Particulars	Cost/ Gross Block			March 31, 2017
	April 01, 2016	Additions	Deductions	
Goodwill	-	-	-	-
Intangibles-Computer Software	2,860,189	385,426	-	3,245,615
Land-Freehold	2,411,770	-	-	2,411,770
Leasehold Property	-	-	-	-
Buildings	237,611	-	-	237,611
Furniture & Fittings	715,336	36,421	70,464	681,293
Information Technology Equipment	501,964	28,515	55,806	474,673
Vehicles	3,293	18,540	874	20,959
Office Equipment	400,985	56,362	47,775	409,572
Others	-	-	-	-
<b>Total</b>	<b>7,131,148</b>	<b>525,264</b>	<b>174,919</b>	<b>7,481,493</b>
Work in Progress				
<b>Grand total</b>	<b>7,131,148</b>	<b>525,264</b>	<b>174,919</b>	<b>7,481,493</b>
Previous year	6,789,993	464,527	123,372	7,131,148

## Schedule: 11

### Cash and Bank Balances

(₹ in 000's)

Particulars	At March 31, 2017	At March 31, 2016
Cash (including cheques, drafts and stamps)	384,031	236,282
Balances with scheduled banks :		
(a) Deposit Accounts		
(aa) Short-term (due within 12 months)*	322,769	420,242
(bb) Others	-	-
(b) Current Accounts	1,233,553	1,291,505
(c) Others	-	-
Money at Call and Short Notice		
(a) With Banks	-	-
(b) With other institutions	-	-
Others	-	-
<b>Total</b>	<b>1,940,353</b>	<b>1,948,029</b>

\*Other than Fixed Deposits forming part of Investment assets which is reflected under Schedule 8 and Schedule 8A - Investments



(₹ in 000's)

Depreciation				Net Block		
April 01, 2016	For the year ended	On Sales/ Adjustments	March 31, 2017	March 31, 2017	March 31, 2016	
-	-	-	-	-	-	
2,163,481	341,743	-	2,505,224	740,391	696,708	
-	-	-	-	2,411,770	2,411,770	
-	-	-	-	-	-	
22,412	14,861	-	37,273	200,338	215,199	
561,642	56,338	60,997	556,983	124,310	153,694	
397,350	71,021	55,798	412,573	62,100	104,614	
3,293	975	874	3,394	17,565	-	
252,689	37,950	40,100	250,539	159,033	148,296	
-	-	-	-	-	-	
<b>3,400,867</b>	<b>522,888</b>	<b>157,769</b>	<b>3,765,986</b>	<b>3,715,507</b>	<b>3,730,281</b>	
				111,147	101,087	
<b>3,400,867</b>	<b>522,888</b>	<b>157,769</b>	<b>3,765,986</b>	<b>3,826,654</b>	<b>3,831,368</b>	
2,979,978	542,021	121,132	3,400,867	3,831,368		

# Schedules

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## Schedule: 12

### Advances and Other Assets

(₹ in 000's)

Particulars	At March 31, 2017		At March 31, 2016	
<b>Advances</b>				
Reserve deposits with ceding companies		1,472		1,472
Application money for investments		-		-
Prepayments		109,594		86,817
Advances to Directors / Officers		-		-
Advance tax paid and taxes deducted at source (net of provision for tax)		1,760,035		1,670,279
MAT credit entitlement		266,522		-
Others				
- Sundry Advances & Deposits	521,310		350,085	
- Provision for doubtful debts	(6,165)		(6,165)	
- Surplus in Gratuity fund	2,280		3,879	
- Advance for Investment in property	-		-	
- Advance to Employees against expenses	153	517,578	193	347,992
<b>Total (A)</b>		<b>2,655,201</b>		<b>2,106,560</b>
<b>Other Assets</b>				
Income accrued on investments/deposits		3,425,923		2,470,411
Outstanding Premiums	19,935,390		5,330,831	
Less : Provisions for doubtful debts	132,752	19,802,638	69,625	5,261,206
Agents' Balances		-		-
Foreign Agencies' Balances		-		-
Due from other Entities carrying on Insurance business (net) (including reinsurers) (Refer note 5.2.22)	51,156,475		24,936,397	
Less : Provisions for doubtful debts	1,165,955	49,990,520	1,095,211	23,841,186
Due from subsidiaries / holding company		-		-
Others				
- Service Tax unutilised credit	55,993		63,152	
- Service Tax paid in advance	104,341		91,537	
- Unsettled investment contract receivable	-		-	
- Margin deposit	40,100		40,000	
- Salvage stock	5,083		137,112	
- Sundry receivable	624	206,141	383	332,184
<b>Total (B)</b>		<b>73,425,222</b>		<b>31,904,987</b>
<b>Total (A+B)</b>		<b>76,080,423</b>		<b>34,011,547</b>

**Schedule: 13**
**Current Liabilities**

(₹ in 000's)

Particulars	At March 31, 2017		At March 31, 2016	
Agents' Balances		85,059		76,714
Balances due to other insurance companies (net)		8,101,889		2,203,311
Deposits held on re-insurance ceded		6,303,568		2,229,952
Premiums received in advance		882,918		709,536
Unallocated Premium		7,269,087		2,914,249
Sundry Creditors		2,958,050		2,493,465
Due to subsidiaries/ holding company		53,968		53,065
Claims Outstanding (gross) (Refer note 5.2.22)		118,050,618		75,407,234
Due to Officers/ Directors		-		-
Others:				
- Statutory Dues	405,848		261,923	
- Salary Payable	4,716		21,617	
- Collections - Environment Relief fund (Refer note no. 5.2.9)	919		96	
- Unclaimed amount of policyholders (Refer note no. 5.2.14)	1,330,280		1,231,496	
- Book Overdraft	2,565,470		2,510,112	
- Employee rewards	723,892		539,277	
- Deposits	36,810		33,285	
- Interim dividends payable	149		25	
- Dividend distribution tax on interim dividend	91,754		68,331	
- Interest accrued but not due on Borrowings	270,770		-	
- Service Tax Liability	-	5,430,608	-	4,666,162
<b>Total</b>		<b>149,135,765</b>		<b>90,753,688</b>

# Schedules

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## Schedule: 14

### Provisions

(₹ in 000's)

Particulars	At March 31, 2017		At March 31, 2016	
Reserve for unexpired risk	35,047,532		30,735,580	
Less: Unabsorbed enrollment costs - Government Schemes	-	35,047,532	-	30,735,580
Reserve for premium deficiency			-	-
For taxation (less advance tax paid and taxes deducted at source)			-	-
For proposed dividends			-	-
For dividend distribution tax			-	-
Others				
- Gratuity	-		-	
- Long term performance pay	283,449		252,162	
- Accrued leave	105,028		81,818	
- For future recoverable under reinsurance contracts"	48,845	437,322	88,202	422,182
<b>Total</b>		<b>35,484,854</b>		<b>31,157,762</b>

## Schedule: 15

### Miscellaneous expenditure

(To the extent not written off or adjusted)

(₹ in 000's)

Particulars	At March 31, 2017	At March 31, 2016
Discount allowed on issue of shares/ debentures	-	-
Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## Schedule: 16

### Significant accounting policies and notes forming part of the financial statements for the year ended March 31, 2017

#### 1 Background

ICICI Lombard General Insurance Company Limited ('the Company') was incorporated on October 30, 2000 and is a joint venture between ICICI Bank Limited and Fairfax Financial Holdings Limited. The Company obtained Regulatory approval to undertake General Insurance business on August 3, 2001 from the Insurance Regulatory and Development Authority of India ('IRDAI') and holds a valid certificate of registration.

#### 2 Basis of Preparation of Financial Statements

The financial statements have been prepared and presented under the historical cost convention, unless otherwise specifically stated, on the accrual basis of accounting, and comply with the applicable accounting standards referred to in section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, and in accordance with the provisions of the Insurance Act, 1938, Insurance Laws (Amendment) Act, 2015 (to the extent notified), Insurance Regulatory and Development Authority Act, 1999, the Insurance Regulatory and Development Authority of India (Preparation of Financial Statements and Auditor's Report of Insurance Companies Regulations), 2002 ('the Regulations') and orders/directions prescribed by the IRDAI in this behalf, the provisions of the Companies Act, 2013 (to the extent applicable) in the manner so required and current practices prevailing within the insurance industry in India.

#### 3 Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the balance sheet date, reported amounts of revenues and expenses for the year ended and disclosure of contingent liabilities as of the balance sheet date. The estimates and assumptions used in these financial statements are based upon management's evaluation of the relevant facts and circumstances as on the date of the financial statements. Actual results may differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

#### 4 Significant Accounting Policies

##### 4.1 Revenue recognition

###### Premium income

Premium including reinsurance accepted is recorded for the policy period at the commencement of risk and for installment cases, it is recorded on installment due dates. Reinstatement premium is recorded as and when such premiums are recovered. Premium earned including reinstatement premium and re-insurance accepted is recognised as income over the period of risk or the contract period based on 1/365 method, whichever is appropriate on a gross basis net of service tax. Any subsequent revisions to premium as and when they occur are recognised over the remaining period of risk or contract period, as applicable.

Adjustments to premium income arising on cancellation of policies are recognised in the period in which it is cancelled.

###### Income from reinsurance ceded

Commission on reinsurance ceded is recognised as income in the period of ceding the risk.

# Schedules

## forming part of the financial statements

Profit commission under reinsurance treaties, wherever applicable, is recognised as income in the year of final determination of profits as confirmed by reinsurers and combined with commission on reinsurance ceded.

### **Income earned on investments**

Interest and rental income on investments are recognised on an accrual basis. Accretion of discount and amortisation of premium relating to debt securities and non convertible preference shares is recognised over the holding/maturity period on a constant yield basis.

Dividend income is recognised when the right to receive dividend is established. Dividend income in respect of listed equity shares is recognised on ex-dividend date.

Realised gain/loss on securities, which is the difference between the sale consideration and the carrying value in the books of the Company, is recognised on the trade date. In determining the realised gain/loss, cost of securities is arrived at on 'Weighted average cost' basis. Further, in case of listed equity shares and mutual fund units the profit or loss on sale also includes the accumulated changes in the fair value previously recognised in the fair value change account.

Sale consideration for the purpose of realised gain/loss is net of brokerage and taxes, if any, and excludes interest received on sale.

### **4.2 Premium received in advance**

This represents premium received during the period, where the risk commences subsequent to the balance sheet date.

### **4.3 Reinsurance premium**

Insurance premium on ceding of the risk is recognised in the period in which the risk commences in accordance with reinsurance arrangements with the reinsurers. Any subsequent revision to premium ceded is recognised in the period of such revision. Adjustment to reinsurance premium arising on cancellation of policies is recognised in the period in which they are cancelled.

### **4.4 Reserve for unexpired risk**

Reserve for unexpired risk is recognised net of reinsurance ceded and represents premium written that is attributable to, and is to be allocated to succeeding accounting periods. For Fire, Marine Cargo and Miscellaneous business it is calculated on a daily pro-rata basis, except in the case of Marine Hull business it is computed at 100% of net premium written on all unexpired policies on the balance sheet date.

### **4.5 Claims**

Claims incurred comprise claims paid, estimated liability for outstanding claims made following a loss occurrence reported and estimated liability for claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER'). Further, claims incurred also include specific claim settlement costs such as survey/legal fees and other directly attributable costs.

Claims (net of amounts receivable from reinsurers/coinsurers) are recognised on the date of intimation based on internal management estimates or on estimates from surveyors/insured in the respective revenue account(s).

Estimated liability for outstanding claims at balance sheet date is recorded net of claims recoverable from/ payable to co-insurers/reinsurers and salvage to the extent there is certainty of realisation. Salvaged stock is recognised at estimated net realisable value based on independent valuer's report.

Estimated liability for outstanding claims is determined by the management on the basis of ultimate amounts likely to be paid on each claim based on the past experience and in cases where claim payment period exceeds four years based on actuarial valuation. These estimates are progressively revalidated on availability of further information.

IBNR reserves are provisions for claims that may have been incurred during the accounting period but have not been reported or claimed. The IBNR provision also includes provision, for claims that have been incurred but are not enough reported (IBNER). The provision for IBNR and IBNER is based on actuarial estimate duly certified by the Appointed Actuary of the Company. The actuarial estimate is derived in accordance with relevant IRDAI regulations and Guidance Note GN 21 issued by the Institute of Actuaries of India.

#### **4.6 Acquisition costs**

Acquisition costs are those costs that vary with, and are primarily related to the acquisition of new and renewal of insurance contracts viz. commission, policy issue expenses, etc. These costs are expensed in the period in which they are incurred.

#### **4.7 Premium deficiency**

Premium deficiency is recognised at segmental revenue account level when the sum of expected claim costs and related expenses and maintenance costs (related to claims handling) exceed the reserve for unexpired risks. In computing the overall Premium deficiency in Miscellaneous revenue account level, the Premium deficiency arising out of reinsurance acceptances from declined risk pool is not considered as per regulatory guidelines. The premium deficiency is calculated and duly certified by the Appointed Actuary.

#### **4.8 Investments**

Investments are recorded at cost on trade date and include brokerage, transfer charges, stamps etc., if any, and exclude interest accrued up to the date of purchase.

##### **(A) Classification**

- Investments maturing within twelve months from balance sheet date and investments made with the specific intention to dispose off within twelve months are classified as 'short term investments'.
- Investments other than 'short term investments' are classified as 'long term investments'.
- Investments that are earmarked, are allocated separately to policyholder's or shareholder's, as applicable; balance investments are segregated at Shareholder's level and Policyholder's level notionally based on policyholder's funds and shareholder's funds at the end of period.

##### **(B) Valuation**

Investments are valued as follows:

##### **Debt securities and Non – convertible preference shares**

All debt securities including government securities and non-convertible preference shares are considered as 'held to maturity' and accordingly stated at amortised cost determined after

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amortisation of premium or accretion of discount on a constant yield basis over the holding period/maturity.

### **Equity shares and Convertible preference shares**

Listed equities and convertible preference shares at the balance sheet date are stated at fair value, being the last quoted closing price on the National Stock Exchange and in case these are not listed on National Stock Exchange, then based on the last quoted closing price on the Bombay Stock Exchange.

### **Mutual funds (Other than venture capital fund)**

Mutual fund investments are stated at fair value, being the closing net asset value at balance sheet date.

### **Investment Properties – Real Estate**

Investment Properties- Real Estate are stated at historical cost less accumulated depreciation.

### **Investments other than those mentioned above are valued at cost.**

#### **(C) Fair Value Change Account**

In accordance with the Regulations, unrealised gain/loss arising due to changes in fair value of listed equity shares, convertible preference shares and mutual fund investments are taken to the 'fair value change account'. This balance in the fair value change account is not available for distribution, pending realisation.

#### **(D) Impairment of Investments**

The Company assesses at each balance sheet date whether any impairment has occurred in respect of investment in equity, units of mutual fund. The impairment loss, if any, is recognised in the profit and loss account and the carrying value of such investment is reduced to its recoverable value. If on the assessment at balance sheet date a previously impaired loss no longer exists, then such loss is reversed to the profit & loss account and the investment is restated to that extent.

Impairment for Investment properties is assessed at each balance sheet date. The impairment loss, if any is recognised in the profit and loss account and the carrying value of such investment is reduced to its recoverable value.

#### **4.9 Employee Stock Option Scheme ("ESOS")**

The Company follows the intrinsic method for computing the compensation cost, for options granted under the scheme(s). The difference if any, between the intrinsic value and the grant price, being the compensation cost is amortised over the vesting period of the options.

#### **4.10 Fixed assets, Intangibles and Impairments**

##### **Fixed assets and depreciation**

Fixed assets are stated at cost less accumulated depreciation. Cost includes the purchase price and any cost directly attributable to bringing the asset to its working condition for its intended use.

Depreciation on assets purchased/disposed off during the year is provided on pro rata basis with reference to the date of additions/deductions.



Depreciation on fixed assets is provided using the rates based on the economic useful life of assets as estimated by the management/limits specified in Schedule II of the Companies Act, 2013 as below:

<b>Nature of Fixed Assets</b>	<b>Management Estimate of Useful ALife in years</b>	<b>Useful life as per the limits prescribed in Schedule II of the Companies Act, 2013 in Years</b>
Building	60.00	60.00
Information Technology equipment – Servers & Networks	3.00	6.00
Information Technology equipment – Others	3.00	3.00
Furniture & Fittings	6.67	10.00
Office Equipment	10.00	5.00
Vehicles	5.00	8.00

In case of Office Equipment, the management estimate of the useful life is higher and for Information Technology equipment (Servers & Networks), Furniture & Fitting and Vehicles, the management estimate of the useful life is lower than that prescribed in Schedule II of the Companies Act, 2013. This is based on the consistent practices followed, past experience and is duly supported by technical advice.

Depreciation on Furniture & Fittings and Office Equipment in leased premises is recognised on a straight-line basis over the primary period of lease or useful life as determined by management, whichever is lower.

All assets including intangibles individually costing up to ₹ 5,000 are fully depreciated/amortised in the year in which they are acquired.

#### **Intangibles Assets**

Intangible assets comprising computer software are stated at cost less accumulated amortisation. Computer softwares including improvements are amortised over a period of 4 years, being the management's estimate of the useful life of such intangibles.

#### **Impairment of Assets**

The Company assesses at each balance sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such assets is reduced to its recoverable amount and the impairment loss is recognised in the profit and loss account. If at the balance sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that extent.

#### **4.11 Operating Lease**

Payments made towards assets/premises taken on operating lease are recognised as an expense in the revenue account(s) and profit and loss account over the lease term on straight-line basis.

#### **4.12 Employee benefits**

##### **Provident fund**

This is a defined contribution scheme and contributions payable to the Regional Provident Fund Authority are provided on the basis of prescribed percentage of salary and are charged to revenue account(s) and profit and loss account.

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## Gratuity

Gratuity, which is a defined benefit scheme, is provided on the basis of actuarial valuation including actuarial gains/losses at balance sheet date and is recognised in the revenue account(s) and profit and loss account.

## Accrued leave

Compensated absences are provided based on actuarial valuation including actuarial gains/losses at balance sheet date and are recognised in the revenue account(s) and profit and loss account.

## Long Term Performance Pay

Long Term Performance Pay is provided based on actuarial valuation including actuarial gains/losses at balance sheet date and is recognised in the revenue account(s) and profit and loss account.

### 4.13 Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the rates prevailing on the date of the transaction. Foreign exchange denominated monetary assets and liabilities, are restated at the rates prevalent at the date of the balance sheet. The gains/losses on account of restatement and settlement are recognised in the revenue account(s) and profit and loss account.

The premium or discount arising at the inception of a forward exchange contract, not intended for trading or speculation purpose, is amortised as expense or income as the case may be over the life of the contract. Exchange difference on account of change in rates of underlying currency at the expiry of the contract period is recognised in the revenue account(s) and profit and loss account. Any profit or loss arising on cancellation or roll-over of such a forward exchange contract is recognised as income or expense for the contract period.

### 4.14 Borrowings

Borrowing costs are charged to the profit and loss account in the period in which they are incurred.

### 4.15 Grants

The Company recognises grants only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received.

Grants related to assets are presented in the balance sheet by showing the grant as a deduction from the gross value of the assets concerned in arriving at their book value. Grants related to revenue are recognised over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis. Such grants are deducted in reporting the related expense.

Unspent balances of grants are carried forward to the subsequent years under the head "Current Liabilities" for adjustment against expenses in those years.

A grant that becomes refundable is treated as an extraordinary item. The amount of such refundable grant related to revenue is applied first against any unamortised deferred credit remaining in respect of the grant. To the extent that the amount refundable exceeds any such deferred credit, or where no deferred credit exists, the amount is charged immediately to the profit and loss account.

The amount refundable related to a specific fixed asset is recorded by increasing the book value of the asset. Where the book value of the asset is increased, depreciation on the revised book value is provided.

#### **4.16 Taxation**

##### **Current tax**

The Company provides for income tax on the basis of taxable income for the current accounting period in accordance with the provisions of the Income Tax Act, 1961.

In accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, Minimum Alternate Tax ('MAT') credit is recognised as an asset to the extent there is convincing evidence that the Company will pay normal income tax in future by way of a credit to the profit and loss account and shown as MAT credit entitlement.

##### **Deferred tax**

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences between the accounting income as per the Company's financial statements and the taxable income for the year.

Deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets thereon are recognised only if there is virtual certainty of realisation of such assets.

Deferred tax assets are reviewed at each balance sheet date and appropriately adjusted to reflect the amount that is reasonably/virtually certain to be realised.

#### **4.17 Share issue expenses**

Share issue expenses are adjusted against share premium account.

#### **4.18 Earnings per share**

The basic earnings per share is calculated by dividing the net profit after tax by weighted average number of equity shares outstanding during the reporting period.

Number of equity shares used in computing diluted earnings per share comprises the weighted average number of shares considered for basic earnings per share and also weighted average number equity shares which would have been issued on conversion of all dilutive potential shares. In computing diluted earnings per share only potential equity shares that are dilutive are considered.

#### **4.19 Provisions and Contingencies**

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent losses arising from claims other than insurance claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

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A disclosure for a contingent liability other than those under policies is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources.

Show Cause Notices issued by various Government Authorities are not considered as Obligation. When the demand notices are raised against such show cause notices and are disputed by the Company, these are classified as disputed obligations.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

### 4.20 Cash and cash equivalents

Cash & cash equivalent include cash and cheques in hand, bank balances and other investments (fixed deposits) with original maturity of three months or less which are subject to insignificant risk of changes in values.

## 5. Notes to Accounts

### 5.1 Statutory disclosures as required by IRDAI

#### 5.1.1 Contingent liabilities

(₹ in 000's)

Particulars	At March 31, 2017	At March 31, 2016
Partly-paid up investments	-	-
Claims, other than those under policies, not acknowledged as debt	-	-
Underwriting commitments outstanding	NA	NA
Guarantees given by or on behalf of the Company	-	-
Statutory demands/liabilities in dispute, not provided for (see note below)	302,737	100,662
Reinsurance obligations to the extent not provided for in accounts	-	-
Others	90,772	-

**Note:** (1) The Company has disputed the demand raised by Income Tax Authorities of ₹ 230,184 thousand (previous year: ₹ 23,487 thousand) and Service Tax Authorities of ₹ 72,553 thousand (previous year: ₹ 77,175 thousand), the appeals of which are pending before the appropriate Authorities. This excludes Income Tax demand related to Assessment Year 2003-04, 2005-06, 2006-07, 2008-09, 2009-10 & 2010-11 in respect of which the Company has received favorable appellate order, which is pending for effect to be given by the assessing Authority.

(2) The Company has disputed the demands raised by Comprehensive Health Insurance Agency Kerala (CHIAK) of ₹ 90,772 thousand (previous year: ₹ NIL), the appeals of which are pending before National Grievance Redressal Committee (NGRC).

**5.1.2** The assets of the Company are free from all encumbrances.

**5.1.3** Estimated amount of commitment pertaining to contracts remaining to be executed in respect of fixed assets (net of advances) is ₹ 169,917 thousand (previous year: ₹ 238,162 thousand).

**5.1.4** Commitment in respect of loans is ₹ NIL (previous year: ₹ NIL) and investments is ₹ 401,808 thousand (previous year: ₹ 1,808 thousand).

**5.1.5 Claims**

Claims, less reinsurance paid to claimants in/outside India are as under:

(₹ in 000's)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
In India	50,307,124	49,956,723
Outside India	1,146,577	856,787

Ageing of gross claims outstanding is set out in the table below:

(₹ in 000's)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
More than six months	28,733,262	23,537,837
Others	89,317,356	51,869,397

Claims settled and remaining unpaid for more than six months is ₹ NIL (previous year: ₹ NIL).

Claims where the claim payment period exceeds four years:

As per circular F&A/CIR/017/May-04, the claims made in respect of contracts where claims payment period exceeds four years, are required to be recognised on actuarial basis. Accordingly, the Appointed Actuary has certified the fairness of the liability assessment, assuming 'Nil' discount rate.

In this context, the following claims have been valued on the basis of a contractually defined benefit amount payable in monthly installments.

Product Name: Personal protect

(₹ in 000's)

Particulars	For the year ended March 31, 2017		For the year ended March 31, 2016	
	Count	Amount	Count	Amount
Intimated	306	208,335	273	149,907
Paid	497	55,888	459	38,902
Outstanding	370	300,400	184	154,282

**5.1.6 Sector wise details of the policies issued are given below:**

Sector	For the year ended March 31, 2017					For the year ended March 31, 2016				
	GDPI ₹ in 000's	No. of Policies	% of Policy	No. of lives	% of GDPI	GDPI ₹ in 000's	No. of Policies	% of Policy	No. of lives	% of GDPI
Rural	24,032,050	566,999	3.20	-	22.41	7,290,652	693,465	4.39	-	9.01
Social	2,222,984	18	0.00	17,727,686	2.07	25,923	8	0.00	233,707	0.03
Urban	80,996,926	17,165,474	96.80	-	75.52	73,590,496	15,106,671	95.61	-	90.96
<b>Total</b>	<b>107,251,960</b>	<b>17,732,491</b>	<b>100.00</b>		<b>100.00</b>	<b>80,907,071</b>	<b>15,800,144</b>	<b>100.00</b>		<b>100.00</b>

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## 5.1.7 Extent of risks retained and reinsured is set out below (excluding excess of loss and catastrophe reinsurance)

Particulars	Basis	For the year ended March 31, 2017		For the year ended March 31, 2016	
		Retention	Ceded	Retention	Ceded
Fire	Total sum insured	22%	78%	21%	79%
Marine – Cargo	Value at risk	68%	32%	77%	23%
Marine – Hull	Value at risk	9%	91%	19%	81%
Miscellaneous					
- Engineering	Total sum insured	31%	69%	34%	66%
- Motor (Refer note 5.2.4)	Total sum insured	83%	17%	83%	17%
- Workmen's Compensation	Value at risk	95%	5%	95%	5%
- Public Liability	Value at risk	65%	35%	65%	35%
- Personal Accident	Value at risk	76%	24%	76%	24%
- Aviation	Value at risk	55%	45%	60%	40%
- Health	Value at risk	70%	30%	68%	32%
- Credit Insurance	Value at risk	7%	93%	7%	93%
- Crop/Weather Insurance	Value at risk	26%	74%	20%	80%
- Others	Value at risk	70%	30%	74%	26%

## 5.1.8 Investments

Value of contracts in relation to investments for:

- Purchases where deliveries are pending ₹ NIL thousand (previous year: ₹ 600 thousand); and
- Sales where payments are overdue ₹ NIL (previous year: ₹ NIL).

Historical cost of investments that are valued on fair value basis is ₹ 24,860,129 thousand (previous year: ₹ 15,127,283 thousand).

All investments are made in accordance with Insurance Act, 1938 and Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 and are performing investments.

Allocation of investment income

Investment income which is directly identifiable is allocated on actuals to revenue account(s) and profit and loss account as applicable. Investment income which is not directly identifiable has been allocated on the basis of the ratio of average policyholder's investments to average shareholder's investments, average being the balance at the beginning of the year and at the end of the reporting period.

Further, investment income across segments within the revenue account(s) has also been allocated on the basis of segment-wise policyholders funds.

### 5.1.9 Allocation of expenses

During the year, the Company has put in place a Board approved methodology on the allocation and apportionment of expenses as required by IRDAI (Expenses of Management of Insurers transacting General or Health Insurance business) Regulations, 2016 as set out below:

Allocation/apportionment of Operating expenses is based on the Organisational Structure of the Company comprising off Business, Service and Support Groups. Business comprises of Wholesale Business Group, Retail Business Group and Government Business Group. Expenses incurred by Business Group are direct in nature. Service Group comprises of Customer Service Group which consists of Underwriting and Claims Group, created based on product segments. Support Group consists of Investments, Operations, Legal, Finance and Accounts, Reinsurance, Technology etc. Expenses incurred by Service and Support Groups are indirect in nature.

Operating expenses relating to insurance business are allocated to specific classes of business on the following basis:

- Direct expenses pertaining to Business Group that are directly identifiable to a product segment are allocated on actuals and other direct expenses are apportioned in proportion to the net written premium of the product within the Business Group;
- Expenses pertaining to Service Group are apportioned directly to the product to which it pertains. In case of multiple products, expenses are apportioned in proportion to the net written premium of the multiple products;
- Expenses pertaining to Support Group and any other expenses, which are not directly allocable, are apportioned on the basis of net written premium in each business class; and

In accordance with the IRDAI (Expenses of Management of Insurers transacting General or Health Insurance Business) Regulations, 2016, operating expenses of ₹ 427,891 thousand in excess of segmental limits pertaining to Motor segment are reduced proportionately from each expenditure head and are borne by the shareholders.

### 5.1.10 Employee Benefit Plans

(A) Defined contribution plan

(₹ in 000's)

Expenses on defined contribution plan	For the year ended March 31, 2017	For the year ended March 31, 2016
Contribution to staff provident fund	155,493	138,202

(B) Defined benefit plan

Gratuity

The Company has a defined gratuity benefit plan payable to every employee on separation from employment. The Company makes the contribution to an approved gratuity fund which is maintained and managed by ICICI Prudential Life Insurance Company Limited.

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Reconciliation of opening and closing balance of the present value of the defined benefit obligation for gratuity benefits of the Company is given below.

(₹ in 000's)

Reconciliation of Benefit Obligations and Plan Assets	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Change in Defined Benefit Obligation</b>		
Opening Defined Benefit Obligation	417,465	384,444
Current Service Cost	62,550	56,855
Interest Cost	33,910	31,868
Actuarial Losses/(Gain)	66,131	(26,975)
Liabilities assumed on Acquisition	-	14,379
Benefits Paid	(39,666)	(43,106)
Closing Defined Benefit Obligation	540,390	417,465
<b>Change in the Fair Value of Assets</b>		
Opening Fair Value of Plan Assets	421,344	382,942
Expected Return on Plan Assets	31,470	28,502
Actuarial Gains/(Losses)	18,732	(11,373)
Contributions by Employer	110,790	50,000
Assets acquired on acquisition	-	14,379
Benefits paid	(39,666)	(43,106)
Closing Fair Value of Plan Assets	542,670	421,344
Expected Employer's contribution Next Year	70,000	70,000

(₹ in 000's)

Reconciliation of Present Value of the obligation and the Fair Value of the Plan Assets	At March 31, 2017	At March 31, 2016
Fair Value of Plan Assets at the end of the year	(542,670)	(421,344)
Present Value of the defined obligations at the end of the year	540,390	417,465
Liability recognised in the balance sheet	-	-
Asset recognised in the balance sheet	2,280	3,879
<b>Investment details of plan assets</b>		
100% Insurer Managed Funds	542,670	421,344
<b>Assumptions</b>		
Discount Rate	6.90% p.a.	7.65% p.a.
Expected Rate of Return on Plan Assets	7.50% p.a.	7.50% p.a.
Salary Escalation Rate	9.00% p.a.	9.00% p.a.



(₹ in 000's)

<b>Expenses to be recognised in statement of Profit and Loss Account</b>	<b>For the year ended March 31, 2017</b>	<b>For the year ended March 31, 2016</b>
Current Service Cost	62,550	56,855
Interest on Defined Benefit Obligation	33,910	31,868
Expected return on Plan Assets	(31,470)	(28,502)
Net Actuarial Losses/(Gains) recognised in year	47,399	(15,602)
Past Service Cost	-	-
Losses/(Gains) on "Curtailments & Settlements"	-	-
Losses/(Gains) on "Acquisition/ Divestiture"	-	-
Effect of limit in Para 59 (b)	-	-
<b>Total included in Employee Benefit Expense</b>	<b>112,389</b>	<b>44,619</b>

Experience adjustments of five years is given below

(₹ in 000's)

	<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
Defined Benefit Obligation	540,390	417,465	384,444	307,903	272,949
Plan assets	542,670	421,344	382,942	293,845	236,474
Surplus / (Deficit)	2,280	3,879	(1,502)	(14,059)	(36,475)
Exp.Adj on Plan Liabilites	44,699	(32,494)	5,957	25,459	3,634
Exp.Adj on Plan Assets	18,732	(11,373)	26,894	14,860	7,996

#### Accrued Leave

The Company has a scheme for accrual of leave for employees, the liability for which is determined on the basis of Actuarial Valuation carried out at the year end. Assumptions stated above are applicable for accrued leaves also.

(₹ in 000's)

<b>Particulars</b>	<b>For the year ended March 31, 2017</b>	<b>For the year ended March 31, 2016</b>
Opening balance	81,818	71,832
Add: Provision made during the year	23,210	9,986
Closing balance	105,028	81,818

#### Long Term Performance Pay

The Company has schemes for Long Term Performance incentive plan. The plan is discretionary deferred compensation plan with a vesting period of three years. The Company has determined the liability on the basis of Actuarial valuation.

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(₹ in 000's)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening balance	252,162	258,029
Add: Provision made during the year	31,287	(5,867)
Closing balance	283,449	252,162
<b>Assumptions</b>		
Discount Rate	6.35% p.a.	7.35% p.a.

## 5.1.11 Managerial remuneration

(A) The details of remuneration of MD & CEO and two Wholetime Directors' as per the terms of appointment are as under:

(₹ in 000's)

Particulars (see note below)	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries and allowances	117,541	107,652
Contribution to provident and other funds	4,279	3,668
Perquisites	790	608

Managerial remuneration in excess of ₹ 15,000 thousand, for each Managerial personnel has been charged to profit and loss account.

(B) The details of remuneration of Key Management Persons as per guidelines issued by IRDAI vide Ref. no. IRDA/F&A/GDL/CG/100/05/2016 dated May 18, 2016 and as per the terms of appointment of Company are as under:

(₹ in 000's)

Particulars (see note below)	For the year ended March 31, 2017
Salaries and allowances	137,925
Contribution to provident and other funds	4,535
Perquisites	-

**Note:** Provision towards gratuity, leave accrued and Long Term Performance Pay are determined actuarially on an overall basis and accordingly have not been considered for the above disclosures.

## 5.1.12 (A) Share Capital

At March 31, 2017 the Company has allotted 3,612,240 equity shares (previous year: 944,414 shares) under ESOP raising ₹ 368,468 thousand (previous year: ₹ 63,540 thousand).

During the year the Company has not made any preferential allotment (previous year: ₹ NIL).

## (B) Share Application

At March 31, 2017 the Company has received share application money of ₹ 12,755 thousand (previous year: ₹ NIL) against which shares are yet to be allotted.

### 5.1.13 Outsourcing, business development and marketing support expenses

Expenses relating to outsourcing, business development and marketing support are:

(₹ in 000's)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Outsourcing expenses	1,473,291	1,093,345
Business development		
- Sales promotion	3,090,152	2,873,098
- Business support services	7,387,433	6,353,875
Marketing support	1,124,452	1,106,173

### 5.1.14 Details of penal actions taken by various Govt. authorities during year ended March 31, 2017:

(₹ in 000's)

Sl No.	Authority	Non-Compliance/ Violation	Penalty Awarded	Penalty Paid	Penalty Waived/ Reduced
1	Insurance Regulatory and Development Authority	- (1,000)	- (1,000)	- (1,000)	- (-)
2	Service Tax Authorities	- (-)	- (-)	- (-)	- (-)
3	Income Tax Authorities	- (-)	- (-)	- (-)	- (-)
4	Any other Tax Authorities	- (-)	- (-)	- (-)	- (-)
5	Enforcement Directorate/ Adjudicating Authority/ Tribunal or any Authority under FEMA	- (-)	- (-)	- (-)	- (-)
6	Registrar of Companies/ NCLT/ CLB/ Department of Corporate Affairs or any Authority under Companies Act, 1956	- (-)	- (-)	- (-)	- (-)
7	Penalty awarded by any Court/ Tribunal for any matter including claim settlement but excluding compensation	- (-)	- (-)	- (-)	- (-)
8	Securities and Exchange Board of India	NA (NA)	NA (NA)	NA (NA)	NA (NA)
9	Competition Commission of India	- (-)	- (-)	- (-)	- (-)
10	Any other Central/State/Local Govt / Statutory Authority (Tariff Advisory Committee)	- (-)	- (-)	- (-)	- (-)

Figure in brackets pertain to year ended March 31, 2016

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## 5.1.15 Summary of Financial Statements for five years:

(₹ in 000's)

Particulars	FY 2016-17	FY 2015-16	FY 2014-15	FY 2013-14	FY 2012-13
<b>Operating Result</b>					
Gross direct premium	107,251,960	80,907,071	66,777,956	68,561,645	61,339,850
Net premium income <sup>#</sup>	65,947,994	54,348,919	44,276,854	44,979,957	41,454,927
Income from investments (net) <sup>@</sup>	10,012,329	9,299,869	7,641,750	6,593,546	4,634,211
Other income	446,568	400,599	227,116	195,955	132,742
Total income	76,406,891	64,049,387	52,145,720	51,769,458	46,221,880
Commissions (net) (including brokerage)	(4,341,303)	(3,279,732)	(3,738,213)	(2,290,885)	(1,831,182)
Operating expenses	19,820,372	17,112,042	13,870,587	12,145,729	10,180,673
Net incurred claims & other outgoes	49,543,315	39,282,142	34,434,368	36,189,051	33,788,889
Change in unexpired risk reserve	4,311,952	6,132,746	1,923,506	1,450,824	1,362,412
Operating Profit/(Loss)	7,072,555	4,802,189	5,655,472	4,274,739	2,721,088
<b>Non - Operating Result</b>					
Total income under shareholder's account(net of expenses)	2,028,459	2,274,739	1,251,749	927,634	95,676
Profit/(Loss) before tax	9,101,014	7,076,928	6,907,221	5,202,373	2,816,764
Provision for tax	2,082,175	2,002,461	1,551,076	88,814	(240,989)
Profit/(Loss) after tax	7,018,839	5,074,467	5,356,145	5,113,559	3,057,753
<b>Miscellaneous</b>					
Policy holder's account:					
Total funds	107,240,107	88,920,306	70,427,250	73,972,565	66,485,230
Total investments					
Yield on investments					
Shareholder's account:					
Total funds	37,252,943	31,756,464	28,233,291	23,810,921	17,657,566
Total investments					
Yield on investments					
Paid up equity capital	4,511,507	4,475,384	4,465,940	4,450,555	4,370,152
Net worth**	37,252,943	31,756,464	28,233,291	23,810,921	17,657,566
Total assets	233,508,755	156,758,044	136,563,891	135,448,793	118,686,969
Yield on total investments (annualised)	10%	11%	10%	9%	9%
Earnings per share (₹)	15.66	11.35	12.03	11.50	7.00
Book value per share (₹)	82.57	70.96	63.22	53.50	40.40
Total dividend (excluding dividend tax)	1,571,008	1,341,696	891,225	-	-
Dividend per share (₹)	3.50	3.00	2.00	-	-

#Net of Reinsurance

@Net of Losses

\*\*Shareholders funds / Net worth = (Share capital + Reserve & Surplus) – (Miscellaneous Expenditure + Debit balance in profit & loss account)

### 5.1.16 Ratio Analysis:

(A) For ratios at March 31, 2017 refer Annexure 1a and 1b and for March 31, 2016 refer Annexure 2a and 2b

(B) Solvency Margin

(₹ in 000's)

<b>Solvency Margin</b>	<b>At March 31, 2017</b>	<b>At March 31, 2016</b>
Required solvency margin under IRDAI Regulations (A)	18,102,500	14,508,100
Available solvency margin (B)	38,064,400	26,387,600
Solvency ratio actual (times) (B/A)	2.10	1.82
Solvency ratio prescribed by Regulation	1.50	1.50

### 5.1.17 Employee Stock Option Scheme (ESOS)

The Company has granted Stock options to employees in compliance with the Securities and Exchange board of India (Employee stock option scheme and employee stock purchase scheme) guidelines, 1999 based on an independent valuer's report. The salient features of the Scheme which is stated below:

Founder ESOPs:

<b>Scheme</b>	
Date of grant	April 26, 2005
No. of Options granted (in 000's)	917
Grant Price	₹ 35
Graded Vesting Period	
1st Year	50% of option
2nd Year	50% of option
Maximum term of option granted	Later of the thirteenth anniversary of the date of grant of options or fifth anniversary of the date of vesting
Mode of settlement	Equity

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Performance ESOPs (2005, 2006 & 2007):

Scheme		
Date of grant	2005	April 26, 2005
	2006	April 24, 2006
	2007	April 21, 2007
No. of Options granted (in 000's)		13,322
Grant Price		₹ 35 – ₹ 60
Graded Vesting Period		
1st Year		20% of option
2nd Year		20% of option
3rd Year		30% of option
4th Year		30% of option
Maximum term of option granted		Later of the thirteenth anniversary of the date of grant of options or fifth anniversary of the date of vesting
Mode of settlement		Equity

Performance ESOPs (2008):

Scheme		
Date of grant	2008	April 24, 2008
No. of Options granted (in 000's)		5,050
Grant Price		₹ 200
Graded Vesting Period		
1st Year		20% of option
2nd Year		20% of option
3rd Year		30% of option
4th Year		30% of option
Maximum term of option granted		Later of the tenth anniversary of the date of grant of options or fifth anniversary of the date of vesting
Mode of settlement		Equity

Performance ESOPs (2009):

Scheme		
Date of grant	2009	July 21, 2009
No. of Options granted (in 000's)		1,249
Grant Price		₹ 91
Graded Vesting Period		
1st Year		0% of option
2nd Year		20% of option
3rd Year		20% of option
4th Year		30% of option
5th Year		30% of option
Maximum term of option granted		Later of the tenth anniversary of the date of grant of options or fifth anniversary of the date of vesting
Mode of settlement		Equity

Performance ESOPs (2010):

Scheme	
Date of grant	2010 April 19, 2010
No. of Options granted (in 000's)	2,312
Grant Price	₹ 114
Graded Vesting Period	
1st Year	20% of option
2nd Year	20% of option
3rd Year	30% of option
4th Year	30% of option
Maximum term of option granted	Later of the tenth anniversary of the date of grant of options or fifth anniversary of the date of vesting
Mode of settlement	Equity

Performance ESOPs (2011):

Scheme	
Date of grant	2011 April 25, 2011
No. of Options granted (in 000's)	723
Grant Price	₹ 109
Graded Vesting Period	
1st Year	40% of option
2nd Year	60% of option
Maximum term of option granted	Later of the tenth anniversary of the date of grant of options or fifth anniversary of the date of vesting
Mode of settlement	Equity

The estimated fair value is computed on the basis of binomial tree pricing model, of each stock option granted for Founder ESOPs and Performance ESOPs.

The weighted average price of options exercised during the year ended March 31, 2017 is ₹ 101.8 (previous year: ₹ 67.1).

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A summary of status of Company's Employee Stock Option Scheme in terms of option granted, forfeited and exercised by the employees and Wholtime Directors is given below:

(in 000's)

Particulars	Other than Wholtime Directors'		Wholtime Directors'	
	At March 31, 2017	At March 31, 2016	At March 31, 2017	At March 31, 2016
Outstanding at the beginning of the year	5,904	7,021	1,100	1,100
Add: Granted during the year	-	-	-	-
Less: Forfeited / lapsed during the year	(78)	(200)	-	-
Less: Exercised during the year	(3,641)	(917)	(105)	-
Outstanding at the end of the year	2,185	5,904	995	1,100
Exercisable at the end of the year	2,185	5,904	995	1,100

## 5.2 Other disclosures

### 5.2.1 Basis used by the Actuary for determining provision required for IBNR/IBNER

IBNR (including IBNER) liability as at March 31, 2017 for all lines of business, other than reinsurance accepted from declined risk pool has been estimated by the Appointed Actuary in compliance with the guidelines issued by IRDAI from time to time and the applicable provisions of the Guidance Note 21 issued by the Institute of Actuaries of India.

Pursuant to IRDAI notifying the revised Asset, Liabilities, and Solvency margin of General Insurance Business Regulations 2016 (IRDAI/Reg/7/119/2016 dated April 7, 2016); claim reserves are to be determined as the aggregate amount of Outstanding Claim Reserve and Incurred but Not Reported (IBNR) claim reserve for 28 stipulated lines of business. Consequently the method of estimation of IBNR/IBNER liability in respect of Motor Own Damage lines and Health lines has been changed by the Appointed Actuary to Chain Ladder Method from the Bornhuetter-Ferguson Method. Similarly, method for Weather and Crop has been changed to Bornhuetter-Ferguson Method from Chain Ladder Method. There is no financial impact of these changes.

### 5.2.2 Provision for Free Look period

The provision for Free Look period is duly certified by the Appointed Actuary.

### 5.2.3 Contribution to terrorism pool

The Company in accordance with the requirements of IRDAI has participated in contributing to the Terrorism Pool. This pool is managed by the General Insurance Corporation of India ('GIC'). Amounts collected as terrorism premium are ceded at 100% of the terrorism premium collected to the Terrorism Pool, subject to conditions and an overall limit of ₹ 15 billion.

In accordance with the terms of the agreement, GIC retrocedes, to the Company, terrorism premium to the extent of the Company's share in the risk, which is recorded as reinsurance accepted. Such reinsurance accepted is recorded based on intimation/confirmation received from GIC. Accordingly, reinsurance accepted, on account of the terrorism pool has been recorded only up to December 31, 2016 (previous year: December 31, 2015) as per the last confirmation received.



#### 5.2.4 India Nuclear Insurance Pool

In view of the passage of the Civil Liability for Nuclear Damage Act, 2010, GIC Re as Indian Reinsurer initiated the formation of the India Nuclear Insurance Pool (INIP) along with other domestic non-life insurance companies by pooling the capacity to provide insurance covers for nuclear risks. INIP is an unregistered reinsurance arrangement among its members i.e. capacity providers without any legal entity. GIC Re and 11 other non-life insurance companies are Founder Members with their collective capacity of ₹ 15,000,000 thousand. GIC Re is also appointed as the Pool Manager of the INIP. The business underwritten by the INIP will be retroceded to all the Member companies including GIC Re in proportion of their capacity collated. Out of the total capacity of ₹ 15,000,000 thousand of the INIP, the capacity provided by the Company is ₹ 1,000,000 thousand. The Company has booked its share of retrocession from the INIP based on statements received from the INIP Administrator.

#### 5.2.5 Declined Risk Pool

In accordance with the directions of the IRDAI, effective April 1, 2012, the Company, together with other insurance companies has participated in the Declined Risk Pool, a multilateral reinsurance arrangement, administered by the General Insurance Corporation of India ('GIC'). No comprehensive motor insurance policy or part thereof, is to be ceded to the Pool. Every insurer is required to underwrite a minimum percentage of standalone (liability only) commercial vehicle motor third party insurance which shall be in proportion to the sum of 50% of the Company's percentage share in total gross premium and 50% of the Company's percentage share in total motor premium of the industry of the relevant year.

The cessions to the GIC shall be in accordance with the obligatory cession which currently stands at 5%. The ceding insurers shall retain 20% of the individual risk to their net account (after obligatory cessions) and ceded the balance to the Declined Risk Pool. Accordingly, the Company has ceded 75% of the third party premium collected to the Declined Risk Pool in accordance with the IRDAI instructions and guidelines.

IRDAI vide its Order no. IRDA/NL/MTP/DRP/2013-15/04 dated November 3, 2016 declared the ultimate loss ratio (ULR) for the Declined Risk pool for the year 2015-16 at 150% against provisional estimate of 184%.

During the year ended March 31, 2017, the Company has received the final audited statement from Declined Risk Pool for the year ended March 31, 2016. The Company has actualised the provisionally estimated premium and claims for the year ended March 31, 2016, based on the above statement.

The impact of change in ULR from 184% to 150% is ₹ 8,306 thousand pertaining to FY 2015-16 and consequently profit before tax for the year ended March 31, 2017 is higher to that extent.

IRDAI vide Circular IRDA/NL/CIR/MISC/051/03/2016 dated March 15, 2016 directed the dismantling of Declined Risk Pool with effect from April 1, 2016.

#### 5.2.6 Interest, Rent and Dividend income

Interest, Dividend & Rent income is net of interest expense of ₹ 24,262 thousand (previous year: ₹ 3,144 thousand) on account of REPO transactions.

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## 5.2.7 Re-insurance inward

The results of reinsurance inward are accounted as per last available statement of accounts/ confirmation from reinsurers.

## 5.2.8 Contribution to Solatium fund

The Company has been providing for contribution to Solatium fund @0.1% of the total gross motor premium. However, letter no. HO/MTD/Solatium Fund/2010/482 dated July 26, 2010, from The New India Assurance Co. Ltd. (Scheme administrator) recommended that the contribution to be made to the Solatium fund will be at rate of 0.1% of the total TP premium of the Company.

The Company has, however, been conservatively providing for contribution to Solatium fund @0.1% of total motor gross premium till March 31, 2016. Reviewing the industry practices, the Company has decided to provide for the liability only on the motor TP premium retrospectively.

Accordingly, during the year ended March 31, 2017, the Company has reversed the excess liability provided in its books of ₹ 111,973 thousand for the period April 1, 2010 till March 31, 2016, on the motor OD portion of the gross premium due to which profit before tax for the year ended March 31, 2017 is higher to that extent.

## 5.2.9 Environment Relief Fund

An amount of ₹ 919 thousand is outstanding (previous year: ₹ 96 thousand) towards Environment Relief fund (ERF) under Public Liability policies.

## 5.2.10 Leases

In respect of premises taken on operating lease, the lease agreements are generally mutually renewable/cancelable by the lessor/lessee.

Non Cancelable operating lease

The detail of future rentals payable are given below:

(₹ in 000's)

Particulars	At March 31, 2017	At March 31, 2016
a. not later than one year	1,452	1,692
b. later than one year and not later than five years	542	1,444
c. later than five years	-	-

An amount of ₹ 2,588 thousand (previous year: ₹ 2,980 thousand) towards said lease payments has been recognised in the statement of revenue account.

## 5.2.11 Micro and Small scale business entities

There is no Micro, Small & Medium enterprise to which the Company owes dues, which are outstanding for more than 45 days as at March 31, 2017. This information as required to be disclosed under Micro, Small and Medium Enterprises Development Act 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company.

## 5.2.12 Segmental reporting

### Primary reportable segments

The Company's primary reportable segments are business segments, which have been identified in accordance with AS 17 – Segment Reporting read with the Regulations. The income and expenses attributable to the business segments are allocated as mentioned in paragraph 5.1.8 & 5.1.9 above. Segment revenue & results have been disclosed in the Revenue accounts.

During the financial year ended March 31, 2017, pursuant to the IRDAI (Expenses of Management of Insurers transacting General or Health Insurance business) Regulations, 2016, the Company has revised its policy of allocation of expenses compared to that followed until the year ended March 31, 2016. Consequently, the segmental results for the year ended March 31, 2016 and March 31, 2017 are not comparable.

Segmental Assets & Liabilities to the extent identifiable to business segments are given below:

(₹ in 000's)

Segment	Current liabilities		Current Assets
	Year	Claims Outstanding	Outstanding Premium
Fire	FY 2016-17	9,744,568	47,297
	FY 2015-16	6,609,308	8,676
Engineering	FY 2016-17	3,823,094	157,763
	FY 2015-16	2,551,387	13,654
Marine Cargo	FY 2016-17	2,932,304	-
	FY 2015-16	2,206,512	301
Marine Hull	FY 2016-17	2,094,647	-
	FY 2015-16	606,246	-
Motor OD	FY 2016-17	6,419,360	29
	FY 2015-16	5,282,138	-
Motor TP	FY 2016-17	55,193,491	-
	FY 2015-16	45,781,095	-
Workmen's Compensation	FY 2016-17	474,982	-
	FY 2015-16	389,999	-
Public/Product Liability	FY 2016-17	192,936	-
	FY 2015-16	128,355	-
Personal Accident	FY 2016-17	4,166,716	11,654
	FY 2015-16	2,288,315	12,600
Aviation	FY 2016-17	1,762,049	-
	FY 2015-16	1,262,505	-
Health	FY 2016-17	4,810,557	1,609,810
	FY 2015-16	3,905,814	2,130,129
Credit Insurance	FY 2016-17	584,407	-
	FY 2015-16	92,868	-
Crop/Weather Insurance	FY 2016-17	22,339,527	17,967,482
	FY 2015-16	2,124,894	3,087,837
Others	FY 2016-17	3,511,980	8,603
	FY 2015-16	2,177,798	8,009
<b>Total Amount</b>	FY 2016-17	<b>118,050,618</b>	<b>19,802,638</b>
	FY 2015-16	<b>75,407,234</b>	<b>5,261,206</b>

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Secondary reportable segments

There are no reportable geographical segments since the Company provides services only to customers in the Indian market or Indian interests abroad and does not distinguish any reportable regions within India.

### 5.2.13 Related party

#### Party where control exists

ICICI Bank Limited (Holding Company)

Other related parties with whom transactions have taken place during the year:

Fellow Subsidiaries / Associates / Other related entities:

Name of related party	Relationship
ICICI Home Finance Company Limited	Fellow Subsidiary
ICICI Prudential Asset Management Company Limited	Fellow Subsidiary
ICICI Prudential Life Insurance Company Limited	Fellow Subsidiary
ICICI Securities Limited	Fellow Subsidiary
ICICI Securities Primary Dealership Limited	Fellow Subsidiary
ICICI Strategic Investments Fund	Fellow Subsidiary
ICICI Bank UK PLC	Fellow Subsidiary
ICICI Equity Fund	Fellow Subsidiary
ICICI Venture Funds Management Company Limited	Fellow Subsidiary
FAL Corporation (Affiliate of Fairfax Financial Holdings Limited)	Venturer in Joint Venture

Key Management Personnel (KMP):

Bhargav Dasgupta, Managing Director & CEO

Alok Kumar Agarwal, Executive Director

Sanjeev Mantri, Executive Director

Relatives of KMP with whom transactions have taken place during the year:

Ranjana Dasgupta : Spouse of Bhargav Dasgupta

Brij Mohan Gupta: Brother of Alok Kumar Agarwal

Vibha Mantri : Spouse of Sanjeev Mantri

Anoushka Mantri : Daughter of Sanjeev Mantri

Aditya Mantri : Son of Sanjeev Mantri

Nimisha Chandak : Sister of Sanjeev Mantri

Details of transaction with related parties for the year ended March 31, 2017 are given below:

(₹ in 000's)

Particulars	ICICI Bank Ltd	ICICI Home Finance Co Ltd	ICICI Securities Primary Dealership Ltd	ICICI Prudential Life Insurance Co Ltd	ICICI Securities Ltd	Others	FAL Corporation	KMP & their relatives
	Holding Company	Fellow Subsidiary	Fellow Subsidiary	Fellow Subsidiary	Fellow Subsidiary		Venturer in Joint Venture	
Premium income	1,270,942 (1,180,231)	10,303 (9,944)	4,306 (3,722)	153,150 (141,500)	81,169 (80,361)	50,792 (38,465)	- (-)	250 (83)
Income from interest & dividend	16,559 (19,886)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Claim payments net of claims received	31,339 (72,971)	424 (-)	2,994 (1,405)	-2,472 (-212)	25,907 (28,503)	97 (124)	- (-)	5 (-)
Commission/ Brokerage payouts	882,177 (732,215)	22,204 (21,181)	- (-)	- (-)	5,936 (7,542)	- (-)	- (-)	- (-)
Investment								
- Purchases	24,719,367 (22,472,852)	- (-)	1,622,929 (582,729)	3,320,963 (2,351,936)	- (-)	- (-)	- (-)	- (-)
- Sales	23,130,754 (19,700,000)	- (-)	500,821 (2,316,876)	5,711,461 (3,282,935)	- (-)	- (-)	- (-)	- (-)
Premium Paid	- (-)	- (-)	- (-)	8,997 (6,711)	- (-)	- (-)	- (-)	- (-)
Issue of Debentures	- (-)	- (-)	150,000 (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Issue of Share capital	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	1,050 (-)
Share premium on share issued	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	2,850 (-)
Interest on Debentures issued	- (-)	- (-)	2,633 (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Establishment & other expenditure	256,315 (292,507)	-16,713 (-15,687)	- (-)	-2,612 (-3,454)	1,226 (-627)	- (-)	- (-)	122,610 (111,929)
Arranger fees for Debenture issue	- (-)	- (-)	14,550 (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Dividend Paid	999,618 (977,651)	- (-)	- (-)	- (-)	- (-)	- (-)	541,721 (343,497)	105 (-)

Figure in brackets pertain to year ended March 31, 2016

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Balances with related parties at March 31, 2017, are given below:

(₹ in 000's)

Particulars	ICICI Bank Ltd	ICICI Home Finance Co Ltd	ICICI Securities Primary Dealership Ltd	ICICI Prudential Life Insurance Co Ltd	ICICI Securities Ltd	Others	FAL Corporation	KMP & their relatives
	Holding Company	Fellow Subsidiary	Fellow Subsidiary	Fellow Subsidiary	Fellow Subsidiary		Venturer in Joint Venture	
<b>Assets</b>								
Cash, Bank balances & Deposits	-1,345,956 (-908,528)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Income accrued on investments	- (257)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
<b>Liabilities</b>								
Capital	2,856,053 (2,856,053)	- (-)	- (-)	- (-)	- (-)	- (-)	1,547,775 (1,547,775)	- (-)
Share premium	10,872,192 (10,872,192)	- (-)	- (-)	- (-)	- (-)	- (-)	3,819,959 (3,819,959)	- (-)
Premium received in advance / Cash deposits	29,378 (43,824)	3,792 (3,792)	339 (161)	102 (3,070)	520 (743)	3,810 (1,487)	- (-)	- (-)
Others liabilities/ Payables	353,224 (267,959)	-4,762 (-905)	171 (702)	20,176 (18,615)	6,775 (6,430)	17,725 (2,640)	- (-)	- (-)

Figure in brackets pertain to year ended March 31, 2016

#### 5.2.14 Details of age-wise analysis of the unclaimed amount of the policyholders for the year ended March 31, 2017

At March 31, 2017 the Company has not appropriated / written back the unclaimed amount of policyholders. (Reference IRDAI circular no IRDA/F&I/CIR/CMP/174/11/2010 dated November 4, 2010)

(₹ in 000's)

Particulars	Total Amount	4-12 months	13-18 months	19-24 months	25-30 months	31-36 months	Beyond 36 months
Claims settled but not paid to the policyholders/ insured's due to any reasons except under litigation from the insured/ policyholders	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Sum due to the insured/ policyholders on maturity or otherwise	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Any excess collection of the premium/ tax or any other charges which is refundable to the policyholders either as terms of conditions of the policy or as per law or as may be directed by the Authority but not refunded so far	203,861 (192,356)	766 (76)	2,108 (88)	2,575 (5,090)	1,706 (9,108)	7,445 (5,601)	189,261 (172,393)
Cheques issued but not encashed by the policyholder/ insured	810,502 (841,153)	106,289 (74,186)	20,923 (33,394)	28,031 (48,717)	21,280 (48,401)	23,374 (52,116)	610,605 (584,339)
<b>Total</b>	<b>1,014,363</b> <b>(1,033,509)</b>	<b>107,055</b> <b>(74,262)</b>	<b>23,031</b> <b>(33,482)</b>	<b>30,606</b> <b>(53,807)</b>	<b>22,986</b> <b>(57,509)</b>	<b>30,819</b> <b>(57,717)</b>	<b>799,866</b> <b>(756,732)</b>

Figure in brackets pertain to year ended March 31, 2016

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IRDAI circular no. IRDA/F&A/CIR/CLD/114/05/2015 dated May 28, 2015 which came into effect from the current year required disclosure of the following information on unclaimed amount of policy holders.

Particulars	(₹ in 000's)
Opening Balance as at April 1, 2016	1,231,496
Add: Amount transferred to unclaimed amount during the year	842,766
Add: Cheques issued out of the unclaimed amount but not encashed by the policyholders	7,621
Add: Investment income	80,734
Less: Amount paid during the year	832,337
Closing balance as at March 31, 2017	1,330,280

### 5.2.15 Details of earning per share for the year ended March 31, 2017

(in 000's)

Particulars	At March 31, 2017	At March 31, 2016
Profit/(loss) available to equity shareholders ₹	7,018,839	5,074,467
<b>Weighted average number of equity shares</b>		
Number of shares at the beginning of the year	447,538	446,594
Share issued during the year	3,613	944
Total number of equity share outstanding at the end of the year	451,151	447,538
Weighted average number of equity shares outstanding during the year	448,245	447,164
Add : Effect of dilutive issues of options and share application pending allotment	2,141	3,022
Diluted weighted average number of equity shares outstanding during the year	450,386	450,186
Nominal value of equity shares ₹	10.00	10.00
Basic earning per share ₹	15.66	11.35
Diluted earning per share ₹	15.58	11.27



### 5.2.16 Deferred taxes

The major components of deferred tax are as under:

(₹ in 000's)

Particulars	Deferred tax asset at March 31, 2017	Deferred tax asset at March 31, 2016
Timing differences on account of:		
Reserve for Unexpired Risks	336,896	854,171
Provision for escalation in lease rentals	32,655	25,750
Leaves accrued	36,350	28,317
Provision for doubtful debts	466,388	433,676
<b>Total</b>	<b>872,289</b>	<b>1,341,914</b>
Net deferred tax asset/(liability)	872,289	1,341,914
Deferred tax expense/(income) recognised in the Profit and Loss A/c	<b>469,625</b>	<b>(261,922)</b>

### 5.2.17 REPO / Reverse repo transactions

(₹ in 000's)

Particulars	For the year ended March 31, 2017			
	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding at March 31, 2017
<b>Securities sold under repo (At cost)</b>				
Government Securities	57,023 (499,916)	2,516,501 (2,303,106)	1,211,707 (1,422,404)	- (-)
Corporate Debt Securities	- (-)	- (-)	- (-)	- (-)
<b>Securities purchased under reverse repo (At cost)</b>				
Government Securities	1,057,982 (19,917)	1,057,982 (5,559,809)	1,057,982 (2,843,480)	- (-)
Corporate Debt Securities	- (-)	- (-)	- (-)	- (-)

Figure in brackets pertain to year ended March 31, 2016

# Schedules

forming part of the financial statements

## 5.2.18 During the year ended March 31, 2017 the Company has incurred expenditure towards CSR activities which are as below;

- (a) Gross amount required to be spent by the Company during the year was ₹ 123,988 thousand (previous year: ₹ 96,127 thousand).
- (b) Amount spent during the year is ₹ 125,164 thousand (previous year: ₹ 97,117 thousand).

(₹ in 000's)

	Particulars	In cash	Yet to be paid in cash	Total
(i)	Construction/acquisition of any asset	- (-)	- (-)	- (-)
(ii)	On purposes other than (i) above	125,164 (97,117)	- (-)	125,164 (97,117)
	(a) Contribution to ICICI Foundation projects (Skill development & sustainable livelihoods; elementary education & healthcare)	92,800 (66,320)	- (-)	92,800 (66,320)
	(b) Ride to safety (helmet distribution to children)	23,746 (20,661)	- (-)	23,746 (20,661)
	(c) Access to Healthcare: Sanitation and Healthcare (Preventive and Curative)	- (-)	- (-)	- (-)
	(d) Eye check-up camps for under privileged school children led by employees	8,328 (6,918)	- (-)	8,328 (6,918)
	(e) Contribution to Disaster Relief fund	290 (3,218)	- (-)	290 (3,218)

Figure in brackets pertain to year ended March 31, 2016

## 5.2.19 Borrowings

During the year ended March 31, 2017, the Company has raised ₹ 4,850,000 thousand through an issue of listed, unsecured redeemable subordinated Non - Convertible Debentures through private placements in the nature of Subordinated Debt which qualifies as other forms of capital under Insurance Regulatory and Development Authority of India (Other Forms of Capital) Regulations, 2015. Maturity Pattern from the date of issue

(₹ in 000's)

Maturity buckets	Borrowings
1 to 5 years	-
Above 5 years	4,850,000
<b>Total</b>	<b>4,850,000</b>

Gist of the terms of issue are as follows;

Series	1/2016-2017
Type, Nature and Seniority of Instrument	Unsecured, subordinated, fully paid-up, listed, redeemable and non-convertible debentures
Face Value (per security)	₹ 10,00,000
Issue Size	₹ 4,850,000 thousand
Issue Date / Date of Allotment	July 28, 2016
Redemption Date	July 28, 2026
Call option Date	July 28, 2021
Coupon Rate	8.25% per annum
Credit Rating	"AAA" by CRISIL and "AAA" by ICRA
Listing	Listed on WDM segment of NSE and BSE
Frequency of the Interest Payment	Annual

- 5.2.20** During the year ended March 31, 2017, pursuant to the repair work undertaken by the Company, the residual life of its Corporate Office building has been re-determined to 13 years based on the technical report of an external agency. Accordingly, the Company has realigned its estimate of the remaining residual life of the building as above, resulting in additional depreciation charge for the current and subsequent years. Consequently, depreciation for the current year is higher by ₹ 11,216 thousand and the profit before tax for the year is lower to that extent.
- 5.2.21** As at March 31, 2017 there are no outstanding forward exchange contracts.
- 5.2.22** The IRDAI (Assets, Liabilities and Solvency Margin of General Insurance Business) Regulations, 2016 effective April 1, 2016 required that IBNR shall be estimated on both gross of reinsurance and net of reinsurance basis. Accordingly, for the year ended March 31, 2017 the 'Claims Outstanding (gross)' appearing in Schedule 13 comprises of IBNR on gross basis and corresponding impact of the reinsurance recoverable on the same is stated as part of the 'Dues from other entities carrying on insurance business (including reinsurers)' in Schedule 12. However, for the period ended March 31, 2016, IBNR estimates are on net of reinsurance and accordingly the estimates are reflected in 'Claims Outstanding (gross)' appearing in Schedule 13 and 'Dues from other entities carrying on insurance business (including reinsurers)' in Schedule 12. Accordingly, the figures for the two periods are not comparable.
- 5.2.23** The Company's pending litigations comprise of claims against the Company and proceedings pending with Tax Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material impact on its financial position. (Refer Note no. 5.1.1 for details on contingent liabilities)
- 5.2.24** (A) The Company periodically reviews all its long term contracts to assess for any material foreseeable losses. Based on such review, the Company has made adequate provisions for these long term contracts in the books of account as required under any applicable law/accounting standard.
- (B) As at March 31, 2017 the Company did not have any outstanding long term derivative contracts.
- 5.2.25** For the year ended March 31, 2017, the Company is not required to transfer any amount into the Investor Education & Protection Fund.
- 5.2.26** Ministry of Corporate Affairs Notification no. GSR 308(E) dated March 30, 2017, requires a disclosure on holdings as well as dealings of Specified Bank Notes (SBN) under Schedule III of the Companies Act, 2013. By virtue of Proviso (2) of sub-section (1) of Section 129 of the Companies Act, 2013, provisions of Schedule III do not apply to Insurance Companies and hence no disclosure has been made.

# Schedules

forming part of the financial statements

**5.2.27** Previous year/period figures have been regrouped, reclassified in the respective schedule and notes wherever necessary, to conform to current period classifications. The details of changes are as under:

Sr. no.	Regrouped from	Regrouped to	Period	Amount (in ₹ 000's)	Reason
1	Schedule 1 Premium Earned - Miscellaneous (Others)	Schedule 1 Premium Earned - Miscellaneous (Crop/Weather Insurance)	March 2016	1,104,693	As per IRDAI Master Circular on Preparation of Financial Statements (IRDA/F&I/CIR/ F&A/231/10/2012 dated October 5, 2012); sub-segment contributing more than 10% of the total premium shall be shown separately.
2	Schedule 2 Claims Incurred - Miscellaneous (Others)	Schedule 2 Claims Incurred - Miscellaneous (Crop/Weather Insurance)	March 2016	1,546,174	As per IRDAI Master Circular on Preparation of Financial Statements (IRDA/F&I/CIR/ F&A/231/10/2012 dated October 5, 2012); sub-segment contributing more than 10% of the total premium shall be shown separately.
3	Schedule 3 Commission - Miscellaneous (Others)	Schedule 3 Commission - Miscellaneous (Crop/Weather Insurance)	March 2016	(481,567)	As per IRDAI Master Circular on Preparation of Financial Statements (IRDA/F&I/CIR/ F&A/231/10/2012 dated October 5, 2012); sub-segment contributing more than 10% of the total premium shall be shown separately.
4	Schedule 4 Operating expenses - Miscellaneous (Others)	Schedule 4 Operating expenses - Miscellaneous (Crop/Weather Insurance)	March 2016	261,299	As per IRDAI Master Circular on Preparation of Financial Statements (IRDA/F&I/CIR/ F&A/231/10/2012 dated October 5, 2012); sub-segment contributing more than 10% of the total premium shall be shown separately.

Sr. no.	Regrouped from	Regrouped to	Period	Amount (in ₹ 000's)	Reason
5	Schedule 8 Investments	Schedule 8A Investments - Policyholders	March 2016	92,839,284	As per IRDAI Circular nos. IRDA/F&A/CIR/CPM/056/03/2016 dated April 4, 2016 and IRDA/F&A/CIR/CPM/010/01/2017 dated January 12, 2017 on (Preparation of Financial statements and Auditors Report of Insurance Companies) Regulation 2002, Investments made out of policyholder's funds shown separately.
6	Balance Sheet Fair Value Change Account	Balance Sheet Fair Value Change Account - Policyholders	March 2016	2,484,964	As per IRDAI Circular nos. IRDA/F&A/CIR/CPM/056/03/2016 dated April 4, 2016 and IRDA/F&A/CIR/CPM/010/01/2017 dated January 12, 2017 on (Preparation of Financial statements and Auditors Report of Insurance Companies) Regulation 2002, Fair Value Change Account of policyholder's funds shown separately.

For and on behalf of the Board

**Chanda Kochhar**  
Chairperson

**Ashvin Parekh**  
Director

**Alok Kumar Agarwal**  
Executive Director

**Vikas Mehra**  
Company Secretary

Mumbai, April 18, 2017

**S. Mukherji**  
Director

**Bhargav Dasgupta**  
Managing Director & CEO

**Sanjeev Mantri**  
Executive Director

**Gopal Balachandran**  
Chief Financial Officer

# Annexure-1A Analytical Ratios

as at March 31, 2017

Sr. No.	Particular	Total	Fire	Marine Cargo	Marine Others	Marine Total	Motor OD	Motor TP	Motor Total
1	Gross Direct Premium Growth Rate	33%	18%	16%	7%	14%	9%	10%	9%
2	Gross Direct Premium to Net Worth Ratio	2.88							
3	Growth rate of Net Worth	17%							
4	Net Retention Ratio	60%	17%	64%	7%	52%	75%	94%	83%
5	Net Commission Ratio	-7%	-35%	10%	-3%	10%	0%	0%	0%
6	Expense of Management to Gross Direct Premium Ratio	23%							
7	Expense of Management to Net Written Premium Ratio	37%							
8	Net Incurred Claims to Net Earned Premium	80%							
9	Combined Ratio	104%							
10	Technical Reserves to Net Premium Ratio	2.32							
11	Underwriting balance Ratio	(0.05)	0.43			(0.17)			
12	Operating Profit Ratio	11%							
13	Liquid assets to liabilities Ratio	14%							
14	Net earnings Ratio	11%							
15	Return on Net Worth Ratio	19%							
16	Available solvency margin Ratio to Required solvency margin Ratio (times)	2.10							
17	NPA Ratio								
	Gross NPA Ratio	-							
	Net NPA Ratio	-							

## Notes :

Ratios are computed as per definitions laid down by IRDA Master circular dated October 5, 2012 and corrigendum on master circular dated July 3, 2013

- GDPI = Premium from direct business written, NWP = Net written premium
- Shareholders' funds/ Net worth = (Share capital + Reserve & Surplus) - (Miscellaneous expenditure + Debit balance in profit & loss account)
- Expenses of management = Commission paid-direct + Operation expenses related to insurance business
- Liquid asset = Short term investments + Cash and bank balances
- Policyholders liabilities = Claim outstanding (to be discharged in 12 months) + Reserve for unexpired risk + Reserve for premium deficiency
- Underwriting profit/ (loss) = Net premium earned - Net claims incurred - Net commission - Operating expense

Workmen's Compensation	Public/Product Liability	Engineering	Aviation	Personal Accident	Health	Credit	Crop / Weather	Others	Total Miscellaneous	Basis of calculations
15%	69%	13%	12%	28%	20%	3%	263%	29%	35%	(GDPI current year- GDPI previous year)/ GDPI previous year
										GDPI/ Net worth
										(Net worth current year- Net worth previous year) / Net worth previous year
94%	44%	27%	44%	75%	70%	7%	23%	64%	64%	NWP / (GDPI + RI accepted)
9%	10%	-23%	18%	-9%	-20%	-102%	-30%	8%	-6%	Net commission / NWP
										Expenses of management/ GDPI
										Expenses of management/ NWP
										Net Incurred Claims / Net Earned Premium
										((Net Incurred Claims / Net Earned Premium) + ((Net Commission + Operating Expenses) /NWP))
										(Reserve for Unexpired Risk + Reserve for premium deficiency + Reserve for outstanding claims including IBNR and IBNER)/ NWP
									(0.06)	(Underwriting profit/loss) / Net Earned Premium
										(Underwriting profit/loss + Investment income) / Net Earned Premium
										Liquid Assets/ Policyholders liabilities
										Profit after tax/ Net Earned Premium
										Profit after tax/ Net Worth

## Annexure-1B Equity Holding Pattern

as at March 31, 2017

1	(a) No. of shares	451,150,686
2	(b) Percentage of shareholding (Indian / Foreign)	65.7%/ 34.3%
3	(c) %of Government holding (in case of public sector insurance companies)	-
4	(a) Basic and diluted EPS before extraordinary items (net of tax expense) for the year	₹ 15.66 and ₹ 15.58
5	(b) Basic and diluted EPS after extraordinary items (net of tax expense) for the year	₹ 15.66 and ₹ 15.58
6	(iv) Book value per share (₹)	82.57

# Annexure-2A Analytical Ratios

as at March 31, 2016

Sr. No.	Particular	Total	Fire	Marine Cargo	Marine Others	Marine Total	Motor OD	Motor TP	Motor Total
1	Gross Direct Premium Growth Rate	21%	16%	19%	33%	22%	18%	27%	21%
2	Gross Direct Premium to Net Worth Ratio	2.55							
3	Growth rate of Net Worth	12%							
4	Net Retention Ratio	66%	15%	72%	11%	58%	75%	94%	82%
5	Net Commission Ratio	-6%	-46%	11%	22%	11%	-3%	-1%	-2%
6	Expense of Management to Gross Direct Premium Ratio	25%							
7	Expense of Management to Net Written Premium Ratio	38%							
8	Net Incurred Claims to Net Earned Premium	81%							
9	Combined Ratio	107%							
10	Technical Reserves to Net Premium Ratio	1.95							
11	Underwriting balance Ratio	(0.10)	0.63			(0.30)			
12	Operating Profit Ratio	10%							
13	Liquid assets to liabilities Ratio	14%							
14	Net earnings Ratio	11%							
15	Return on Net Worth Ratio	16%							
16	Available solvency margin Ratio to Required solvency margin Ratio (times)	1.82							
17	NPA Ratio								
	Gross NPA Ratio	-							
	Net NPA Ratio	-							

## Notes :

Ratios are computed as per definitions laid down by IRDA Master circular dated October 5, 2012 and corrigendum on master circular dated July 3, 2013

- GDPI = Premium from direct business written, NWP = Net written premium
- Shareholders' funds/ Net worth = (Share capital + Reserve & Surplus) - (Miscellaneous expenditure + Debit balance in profit & loss account)
- Expenses of management = Commission paid-direct + Operation expenses related to insurance business
- Liquid asset = Short term investments + Cash and bank balances
- Policyholders liabilities = Claim outstanding (to be discharged in 12 months) + Reserve for unexpired risk + Reserve for premium deficiency
- Underwriting profit/ (loss) = Net premium earned - Net claims incurred - Net commission - Operating expense



Workmen's Compensation	Public/ Product Liability	Engineering	Aviation	Personal Accident	Health	Credit	Crop / Weather	Others	Total Miscellaneous	Basis of calculations
12%	-15%	16%	5%	20%	5%	19%	115%	21%	22%	(GDPI current year- GDPI previous year)/ GDPI previous year GDPI/ Net worth
										(Net worth current year- Net worth previous year) / Net worth previous year
93%	34%	28%	44%	75%	68%	7%	19%	67%	71%	NWP / (GDPI + RI accepted)
9%	23%	-26%	18%	-9%	-20%	-87%	-43%	8%	-6%	Net commission / NWP
										Expenses of management/ GDPI
										Expenses of management/ NWP
										Net Incurred Claims / Net Earned Premium
										((Net Incurred Claims / Net Earned Premium) + ((Net Commission + Operating Expenses) /NWP))
										(Reserve for Unexpired Risk + Reserve for premium deficiency + Reserve for outstanding claims including IBNR and IBNER)/ NWP
									(0.11)	(Underwriting profit/loss) / Net Earned Premium
										(Underwriting profit/loss + Investment income) / Net Earned Premium
										Liquid Assets/ Policyholders liabilities
										Profit after tax/ Net Earned Premium
										Profit after tax/ Net Worth

## Annexure-2B Equity Holding Pattern

as at March 31, 2016

1	(a) No. of shares	447,538,446
2	(b) Percentage of shareholding (Indian / Foreign)	65.4%/ 34.6%
3	(c) %of Government holding (in case of public sector insurance companies)	-
4	(a) Basic and diluted EPS before extraordinary items (net of tax expense) for the year	₹ 11.35 and ₹ 11.27
5	(b) Basic and diluted EPS after extraordinary items (net of tax expense) for the year	₹ 11.35 and ₹ 11.27
6	(iv) Book value per share (₹)	70.96

# Receipts & Payment Account (Direct basis)

for the year ended March 31, 2017

(₹ in 000's)

Particular	Year ended March 31, 2017		Year ended March 31, 2016	
<b>A Cash flow from operating activities</b>				
1 - Premium received from policyholders, including advance receipt	103,976,106		88,077,170	
2 - Other receipts (including-environment relief fund & Motor TP Pool and Terrorism Pool)	536,839		559,883	
3 - Receipt / (payment) from / to re-insurer net of commissions & claims recovery	(5,645,382)		(5,834,833)	
4 - Receipt / (payment) from / to co-insurer net of claims recovery	2,940,420		1,878,093	
5 - Payments of claims (net of salvage)	(49,937,862)		(49,416,129)	
6 - Payments of commission and brokerage	(5,200,964)		(4,206,933)	
7 - Payments of other operating expenses* <sup>2</sup>	(20,925,615)		(17,664,662)	
8 - Preliminary and preoperative expenses	-		-	
9 - Deposits, advances & staff loans (net)	(167,646)		61,338	
10 - Income tax paid (net)	(1,968,829)		(1,811,683)	
11 - Service taxes paid	(7,329,184)		(6,527,585)	
12 - Cash flows before extraordinary items		16,277,883		5,114,659
13 - Cash flows from extraordinary operations		-		-
14 <b>Net cash from operating activities</b>		<b>16,277,883</b>		<b>5,114,659</b>
<b>B Cash flow from investing activities</b>				
1 - Purchase of fixed assets (including capital advances)	(538,300)		(528,366)	
2 - Proceeds from sale of fixed assets	3,586	(534,714)	5,793	(522,573)
3 - Purchase of investments	(138,142,997)		(80,314,137)	
4 - Loans disbursed	-		-	
5 - Sale of investments	116,769,117		69,269,886	
6 - Repayments received	-		-	
7 - Rent / interest / dividends received	7,793,364		7,200,305	
8 - Investments in money market instruments and liquid mutual fund (net)	(5,761,179)		1,283,482	
9 - Other payments (Interest on IMTPIP)	-		-	
10 - Other payments (Advance payment for purchase of real estate)	-		-	
11 - Expenses related to investments	(22,536)		(15,494)	
12 - Other (Deposit received on leasing of premises)	-	(19,364,231)	-	(2,575,958)
13 <b>Net cash from investing activities</b>		<b>(19,898,945)</b>		<b>(3,098,531)</b>

(₹ in 000's)

Particular	Year ended March 31, 2017	Year ended March 31, 2016
<b>C Cash flow from financing activities</b>		
1 - Proceeds from issuance of share capital / application money (including share premium & net of share issue expenses)	381,224	61,554
2 - Proceeds from borrowing	4,850,000	-
3 - Repayments of borrowing	-	-
4 - Brokerage and other expenses on borrowings	(21,326)	-
5 - Interest / Dividends paid	(1,596,512)	(1,546,514)
6 <b>Net cash from financing activities</b>	<b>3,613,386</b>	<b>(1,484,960)</b>
<b>D Effect of foreign exchange rates on cash and cash equivalents, net</b>	-	-
<b>E Net increase / (decrease) in cash and cash equivalents</b>	<b>(7,676)</b>	<b>531,168</b>
1 Cash and cash equivalents at the beginning of the year	<b>1,948,029</b>	<b>1,416,861</b>
2 Cash and cash equivalents at end of the year* <sup>1</sup>	<b>1,940,353</b>	<b>1,948,029</b>

\*1 Cash and cash equivalent at the end of the year includes short term deposits of ₹ 322,769 thousand (previous year: ₹ 420,242 thousand), balances with banks in current accounts ₹ 1,233,553 thousand (previous year: ₹ 1,291,505 thousand) and cash including cheques and stamps in hand amounting to ₹ 384,031 thousand (previous year: ₹ 236,282 thousand)

\*2 Includes payments towards Corporate Social Responsibility of ₹ 125,164 thousand (previous year: ₹ 97,117 thousand)

As per our attached report of even date

For **Chaturvedi & Co.**  
 Chartered Accountants  
 Firm Regn No.: 302137E

For **PKF Sridhar & Santhanam LLP**  
 Chartered Accountants  
 Firm Regn No.: 003990S/200018

**SN Chaturvedi**  
 Partner  
 Membership No: 040479

**R. Suriyanarayanan**  
 Partner  
 Membership No: 201402

Mumbai, April 18, 2017

For and on behalf of the Board

**Chanda Kochhar**  
 Chairperson

**S. Mukherji**  
 Director

**Ashvin Parekh**  
 Director

**Bhargav Dasgupta**  
 Managing Director & CEO

**Alok Kumar Agarwal**  
 Executive Director

**Sanjeev Mantri**  
 Executive Director

**Vikas Mehra**  
 Company Secretary

**Gopal Balachandran**  
 Chief Financial Officer









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