ICICI Lombard

Ref. No.: MUM/SEC/176-10/2025

October 24, 2024

To,

The Manager	The Manager
Listing Department	Listing Department
BSE Limited	**National Stock Exchange of India Limited**
Phiroze Jeejeebhoy Towers	Exchange Plaza, 5th Floor, Plot C/1
Dalal Street	G Block, Bandra Kurla Complex,
Mumbai – 400 001	Mumbai – 400 051

Scrip code: Equity (BSE: 540716/ NSE: ICICIGI)

Dear Sir/Madam,

Subject: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Transcript of earnings conference call for the quarter and half-year ended September 30, 2024

This is further to our letter dated October 11, 2024 and October 18, 2024, please note that the Company had hosted earnings conference call with investor(s) and analyst(s) on Friday, October 18, 2024 to discuss the financial performance of the Company for the quarter and half-year ended September 30, 2024.

In this regard, please find attached transcript of the earnings conference call with investor(s) and analyst(s) for the quarter and half-year ended September 30, 2024.

The above information will also be made available on the Company's website at www.icicilombard.com.

You are requested to kindly take the same on your records.

Thanking you.

Yours Sincerely,

For ICICI Lombard General Insurance Company Limited

Vikas Mehra
Company Secretary

Encl. As above

ICICI Lombard General Insurance Company Limited

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ICICI Lombard General Insurance Company Limited

Q2 & H1 FY2025 Earnings Conference Call

October 18, 2024

Management:

MR. SANJEEV MANTRI – MD & CEO

MR. GOPAL BALACHANDRAN – CFO

MR. ANAND SINGHI – CHIEF RETAIL AND GOVT BUSINESS GROUP

MR. SANDEEP GORADIA – CHIEF CORPORATE SOLUTIONS GROUP, INTERNATIONAL & BANCA (ICICI GROUP)

MR. GIRISH NAYAK – CHIEF TECHNOLOGY & HEALTH (UW & CLAIMS)

ICICI Lombard

ICICI Lombard General Insurance Company Limited
Q2 & H1 FY2025 Earnings Conference Call
October 18, 2024

Moderator: Good evening, ladies and gentlemen. A very warm welcome to ICICI Lombard General Insurance Company Limited's Q2 & H1 FY2025 Earnings Conference Call.

From the Senior Management Team, we have with us today, Mr. Sanjeev Mantri – MD and CEO of the Company, Mr. Gopal Balachandran – CFO, Mr. Girish Nayak – Chief Technology and Health Underwriting and Claims, Mr. Sandeep Goradia – Chief Corporate Solutions Group, Mr. Anand Singhi – Chief Retail and Government Business.

Please note that any statements or comments made in today's call that may look like forward-looking statements are based on information presently available to the management and do not constitute an indication of any future performance as future involves risks and uncertainties which could cause results to differ materially from the current views being expressed.

As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, please signal the operator by pressing "*" and then "0" on your touchtone phone.

I now hand the conference over to Mr. Sanjeev Mantri – MD and CEO – ICICI Lombard General Insurance Limited. Thank you, and over to you, sir.

Sanjeev Mantri: Thank you. Good evening to each one of you. Thank you for joining the Earnings Conference Call of ICICI Lombard General Insurance Company Limited for Q2 and H1 FY2025.

Let me give you a brief overview of the industry trends and developments that we have witnessed in the ensuing months. Post this, our CFO – Mr. Gopal Balachandran will share the financial Performance of the Company for the quarter and the half year ended September 30, 2024.

During the Q1 FY2025, India's real GDP grew by 6.7%, primarily driven by private consumption. Moving into Q2 FY2025, the government expenditure started witnessing an uptick. GST collections continue to remain steady for Q2 and the direct tax collections are growing at a decent pace. This may provide much needed support to retail spending in the upcoming festive season. Further, a normal monsoon may help drive rural demand in coming months. Nevertheless, the current situation in the West Asia region and any substantial increase in crude prices remains a major risk for the overall economic growth.

Speaking of General Insurance (GI) performance:

The industry delivered a Gross Direct Premium Income (GDPI) growth of 7.0% for H1 FY2025 over H1 FY2024, impacted by Q2 FY2025 growth of 2.0%. However, excluding crop and mass health segments, the industry registered growth at 10.9% for H1 FY2025 and 6.9% for Q2 FY2025.

Now talking about the auto industry, growth for the quarter was muted as reported by SIAM. Private cars with higher base de-grew at 1.8% (Q1 FY2025: 3.0%), two-wheeler grew at 12.6% (Q1 FY2025: 20.4%) and CV de-grew at 3.2% (Q1 FY2025: 7.8%). This entails approximately 2.1 million private cars; 10.2 million two-wheeler and 0.8 million CVs being sold in H1 FY2025. Further, the retail numbers as reported by FADA has also seen de-growth for private car at 5.1%, two-wheeler growth at 4.7% and CV growth remained muted at 1.1% for Q2 FY2025.

The Health segment during the quarter continued to deliver double-digit growth, largely driven by Retail business registering growth of 17.7%. The growth in the group business was moderated due to pricing pressure and the health business was impacted due to relatively muted disbursement by financial institutions.

The Commercial Lines segment during the quarter was a mixed bag, with industry growth at 2%. While Fire segment de-grew at 10.7% on account of pricing pressure. However, government spends on infrastructure development and acceleration in private sector investments has spurred positive growth especially in segments such as Engineering, Liability and Marine.

The regulatory environment continues to focus on policyholder's interest while fostering innovation, competition and sustainable growth for the industry, thereby reinforcing the authority's vision of 'Insurance for All by 2047'.

Overall, for the medium to long term, we remain positive that the General Insurance industry will continue to grow, given the favorable regulatory changes, low penetration and rising disposable income.

Now speaking of the underwriting performance of the industry, the Combined ratio for the industry remains at 113.9% for Q1 FY2025 as against 113.5% for Q1 FY2024.

For the Motor business, the industry's Combined ratio worsened to 125.6% in Q1 FY2025 from 121% in Q1 FY2024 which can be largely attributed to the increase in the loss ratios.

Now let me update you on the performance of Key Business Segments for us:

The Company's GDPI for Q2 FY2025 grew by 10.4% as compared to the industry growth of 2.0%. Excluding crop and mass health, the Company grew by 9.4% as compared to the industry growth of 6.9%.

- In the Commercial Lines segment, we grew at 1.2% as against industry growth of 2.0%. We continue to maintain leadership position in Engineering, Liability and Marine Cargo segments. However, in the Fire segment, we remained vigilant in terms of risk selection while maintaining our market share.
- In the Motor segment during the quarter, we registered a growth of 16.1% as against the industry growth of 6.2%. The overall growth in the Motor Segment during the quarter was aided by growth in old business. We continue to maintain our market leadership with robust capabilities across distribution, underwriting, claims servicing and actuarial practices.

  During the quarter, we sustained a balanced portfolio with a mix of private car, two-wheeler and CV at 54.4%, 24.6% and 21.0% respectively. Our Preferred Partner Network (PPN) enabled us to

service 72.8% of our Non-OEM claims in Q2 FY2025, up from 63.4% in Q2 FY2024.

- The Health segment grew at 12.3% in Q2 FY2025 led by Retail Health. We registered growth of 41.4% in Q2 FY2025 as against industry growth of 17.7% in the Retail Health segment. Our growth in Q2 was supported by our recently launched product 'Elevate'. Our market share for Retail Health segment has now reached 3.5% in Q2 FY2025.

  In the Group Health- Employer Employee segment, we took a cautious approach due to increased competitive intensity. Consequently, we grew by 1.0% in Q2 FY2025 as compared to growth of 34.6% in Q1 FY2025.

  During the quarter, our Banca business de-grew by 2.6% due to lower credit disbursement growth in our Key Relationship Partners. Within this, ICICI Group distribution grew by 19.6% for Q2 FY2025 due to our continued strategic focus on branch banking business.
- We continue to strengthen our Digital business. During the quarter, our customer facing digital business grew by 14.7% constituting 6.3% of our overall GDPI. Our investments in new customer acquisition strategy through website led to growth in fresh business of Motor and Health segment by 45.9% in Q2 FY2025.
- Our one-stop solution for all insurance and wellness needs, the 'IL TakeCare' app has surpassed 11.6 million user downloads till date registering a premium of ₹ 556.8 Mn for the quarter.

As discussed in our previous call, we continue to harness energies through the 'One IL One Team'. Under this, one of our initiatives- 'One IL

One Call Center', we have consolidated multiple call centers into three specialized teams: fresh acquisitions, renewals and servicing to drive improvement in operational efficiencies and the overall customer experience. Additionally, our investments in CRM technology and AI tools have further increased productivity by high teens and improved customer service, particularly in Retail Health and Motor segments.

In conclusion, we continue to strengthen our multi-product, multi-distribution strategy, led by our focus on product innovation, data analytics, and digital enhancements. These initiatives, coupled with the spirit of 'One IL One Team' position us well to capitalize on future opportunities and drive profitable growth.

I will now request Gopal to take you through the financial numbers for the recently concluded quarter and half year.

Gopal Balachandran: Thanks, Sanjeev, and good evening to each one of you. I will now give you a brief overview of the financial performance of the recently concluded quarter and a half year. We have uploaded the results presentation on our website. You can access it as we walk you through the performance numbers.

Gross direct premium income (GDPI) of the Company was at ₹ 144.09 Bn in H1 FY2025 as against ₹ 124.72 Bn in H1 FY2024, a growth of 15.5% against the industry growth of 7.0%. Excluding Crop and Mass health, GDPI growth of the Company was at 15.0%, which was higher than the industry growth of 10.9% in H1 FY2025.

- GDPI was at ₹ 67.21 Bn in Q2 FY2025 as against ₹ 60.86 Bn in Q2 FY2024, a growth of 10.4%. This growth was higher than the industry growth of 2.0%. Excluding Crop and Mass health, GDPI

growth of the Company was at 9.4%, which was higher than the industry growth of 6.9% in Q2 FY2025.

Our GDPI growth during the quarter was mainly driven by preferred lines of businesses.

On the retail side of the business, GDPI of the Motor segment was at ₹ 24.82 Bn in Q2 FY2025 as against ₹ 21.38 Bn in Q2 FY2024, registering a growth of 16.1%.

- The advance premium number was ₹ 35.13 Bn as at September 30, 2024, as against ₹ 34.56 Bn as at June 30, 2024.

GDPI of the Health segment was at ₹ 15.29 Bn in Q2 FY2025 as against ₹ 13.62 Bn in Q2 FY2024, registering a growth of 12.3%.

- Our agents, which includes the Point-of-Sale or POS distribution, count was 1,33,683 as on September 30, 2024, up from 1,31,021 as at June 30, 2024.

The overall GDPI of our Commercial Lines segment grew by 1.2% at ₹ 14.93 Bn in Q2 FY2025 as against ₹ 14.76 Bn in Q2 FY2024.

During the quarter, the industry witnessed multiple catastrophic (CAT) events, namely floods in Andhra Pradesh, Telangana, North India, Gujarat, etc. impacting our combined ratio, which was 103.2% for H1 FY2025 as against 103.8% for H1 FY2024. Excluding the impact of CAT losses, of ₹ 0.94 Bn in H1 FY2025 and ₹ 0.83 Bn in H1 FY2024, the combined ratios were 102.2% and 102.7% respectively.

- Combined ratio was 104.5% in Q2 FY2025 as against 103.9% in Q2 FY2024. Excluding the impact of CAT losses of ₹ 0.94 Bn in

Q2 FY2025 and ₹ 0.48 Bn in Q2 FY2024, the combined ratio was 102.6% and 102.8% respectively.

Our investment assets during the quarter rose to ₹ 515.57 Bn as at September 30, 2024, up from ₹ 510.04 Bn as at June 30, 2024. Our investment leverage (net of borrowings) was 3.91x as at September 30, 2024, as against 4.14x as at June 30, 2024.

Investment income was at ₹ 22.52 Bn in H1 FY2025 as against ₹ 18.00 Bn in H1 FY2024. On a quarterly basis, investment income was at ₹ 11.24 Bn in Q2 FY2025 as against ₹ 9.56 Bn in Q2 FY2024.

Our capital gains (net of impairment on investment assets) stood at ₹ 5.21 Bn in H1 FY2025 as against ₹ 2.82 Bn in H1 FY2024. Capital gains (net of impairment on investment assets) for the Q2 FY2025 stood at ₹ 2.37 Bn as compared to ₹ 1.65 Bn in Q2 FY2024.

Our Profit before tax (PBT) grew by 31.9% at ₹ 16.93 billion in H1 FY2025 as against ₹ 12.84 Bn in H1 FY2024, whereas PBT grew by 20.3% at ₹ 9.19 Bn in Q2 FY2025 as against ₹ 7.64 Bn in Q2 FY2024.

Consequently, Profit after tax (PAT) grew by 31.7% at ₹ 12.74 Bn in H1 FY2025 as against ₹ 9.68 Bn in H1 FY2024. PAT grew by 20.2% for this Q2 FY2025 at ₹ 6.94 Bn, up from ₹ 5.77 billion in Q2 FY2024.

Return on average equity (ROAE) was 20.3% in H1 FY2025 as against 18.0% in H1 FY2024. The return on average equity for Q2 FY2025 was 21.8% as against 21.1% in Q2 FY2024.

Solvency ratio was healthy at 2.65x as at September 30, 2024, as against 2.56x as at June 30, 2024, continued to be higher than the minimum regulatory requirement of 1.50x.

The Board of Directors of the Company has declared an interim dividend of ₹ 5.50 per share for H1 FY2025 as against ₹ 5.00 per share for H1 FY2024.

As I conclude, I would like to reaffirm that we continue to stay focused on driving sustainable value creation and profitable growth while protecting the interest of policyholders at all times.

I would like to thank you all for attending this earnings call and we will now be happy to take any questions that you many have. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Shreya Shivani from CLSA. Please go ahead.

Shreya Shivani: I have two questions. First is on the net commission rate for the quarter. It seems like it's slightly elevated when I compare it to the second quarter of last year. Could it be because of higher sales in the Retail Health segment? Have we changed our commission structure in that product or is it just because the product mix has shifted more towards that segment? That's the first question.

Second, sir, majority of the rise in the combined ratio in this quarter has been because of the catastrophic losses. So, will we still hold on to our guidance of being able to touch 101.5% as a closing combined ratio in Q4 FY25? Given that the majority is from catastrophe and in case we don't see any more surge in claims, so just the guidance around that.

Sanjeev Mantri: Yeah, I think Gopal will answer the first one and I will talk about the guidance part.

Gopal Balachandran: Yeah, Shreya, I think you are absolutely right, so far as the net commission ratio numbers are considered, it's obviously a function of the mix of business that you underwrite. And as you would have seen, our approach to writing risk as what we put out also as a part of the opening transcript was to drive profitable growth. Therefore, in that context, when you look at the mix of business, largely what we have been able to drive is profitable businesses in Motor and the Retail Health segment in specific and relative to that, our growth in, let's say, the Group Health/Commercial Lines have been relatively muted and that is clearly a factor that has contributed to the change in the net commission ratio. Also given the fact that we have also been a bit cautious on the Commercial Lines, there is also some bit of impact, so far as reinsurance commissions are concerned because the ratio is on a net commission basis. Therefore, it is a factor of both change in the business mix as well as let's say our approach to being a bit cautious on the Commercial Lines side, which is what has contributed to the net commission numbers.

To your point on have we changed anything on commission structures, the short answer is No, we keep looking for market opportunities in terms of how we want to write businesses, but at an aggregate level I think what we stand committed is to make sure that from an Expense of Management standpoint, which includes both commission plus operating expenses, both of t hat put together, as a Company we stand committed to make sure that we are well within the limit of 30% at an aggregate level.

Sanjeev Mantri: So, overall, you are right. The CAT event in Q2 has impacted the loss ratio by 1.9% and thereabouts. Otherwise, overall the combined ratio of the Company, if net of CAT event is looked at, has shown an

improvement. In terms of the guidance, as things stand, we have no reason to change the guidance at this point of time. We very keenly will look at the industry numbers also as they come out on the Q2 and the H1 P&L. I spoke about in my own script which I said that the Q1 number for the industry has come out relatively status quo while we used to have a year on year improvement last year and that also has come on account of elevated loss ratio and little bit of impact on account of expenses. We stay committed. At this point of time, we have no reason to deviate from it. We do look at the intensity in the landscape that you see in the commentary overall as to what is happening on the commercial end of business. We grew GHI business at almost 31% and thereabouts and the Q2 again you look at the numbers, we have gone down and we clearly do understand that these are all changes. The fire business has gone through a bit of a concern in terms of where the discounting has increased again. We have abstained from any wild participation and still we have been able to maintain the market share on each of these business lines. So, yes, we stay committed to that, but we continue to watch the market scenario.

Gopal Balachandran: Just to only add to that, Shreya, what we would say is, in fact, we will start seeing this impact felt from an overall market as well and if you would have seen in general given our ability to risk select- portfolios, our exposure from some of these CAT events have been relatively lower compared to the natural market share that we have had as a Company. Hence, a large part of this change consequent to the CAT losses will be reflected from a market perspective at the time of the reinsurance renewal that will start happening from the next year. So, in fact, the real impact is something that you will start seeing from an industry standpoint at the time of the reinsurance renewals which will kick in for next year.

Shreya Shivani: So, you are saying your catastrophe reinsurance will be priced worse off for us for the industry going ahead, right, because of the numbers?

Gopal Balachandran: No, I think these are events that are playing out, right? So, honestly, if you ask us, could we have anticipated, let's say, about four events coming and hitting us at an industry level in one quarter, the short answer is no. With wavering weather patterns that you are seeing across periods, honestly one will have to wait and see how this develops and then maybe as things move forward, we will be able to start giving you better insights.

Moderator: We have the next question from the line of Prayesh Jain from Motilal Oswal. Please go ahead.

Prayesh Jain: This question is on the Motor segment. So, in the last quarter, you had mentioned about the growth in new versus old. So, it would be great if you could share a similar trajectory for H1 and just an extension to that, whether, if the growth in the renewal or the older business of the new vehicle has been stronger, what are the drivers for the same that you have been able to get more growth there?

And second question would be on the motor outlook again. You mentioned in the opening remarks that the growth has been slowing down in terms of number of vehicles and whatever the outlook that we are hearing, is that its outlook is also going to be muted in the second half. Even for festival season, the demand outlook is not expected to be great. So, what kind of growth trajectory should we anticipate for the Motor segment, especially in the H2? Those would be my questions.

Gopal Balachandran: So, Prayesh, on the first one, if you recollect what we had said in Q1, when the aggregate growth in motor for us was about 26%, at that

point of time we had said the growth in new was about 16% and the growth in renewal was roughly about 33%. Given what we had talked about as a part of this opening transcript in terms of as you rightly indicated new being relatively muted, pretty much on similar lines, if you ask us for Q2, the growth in new has been flattish and a large part of the growth of that 16% that we spoke about has been significantly aided by growth in the renewal book or let's say the old book which has grown at almost about 26%. So, that's the split. This is specifically in the context of Q2 vis-a-vis what we had seen in Q1.

To your point on what's driving some of this growth, as a Company we have always been looking at, which we have spoken about even in earlier calls, while we stay invested in obviously leveraging our relative strength on OEMs/dealerships- partnerships. But at the same time, we have also been significantly investing on our agency/ other distributions as well. In that context our strength on distribution, service, use of technology, all of that is what is significantly aiding the growth in the renewal book. Plus equally if you recollect what we also talked about was to significantly move into 'One IL One Call Center' initiative, which is also what we put out as a part of the opening transcript, under which we wanted to have a significant focus as one of the streams where retentions are concerned and that is also in a big way, aiding the growth in the old book.

Sanjeev Mantri: So, on the second point on the motor outlook, you are right. The overall numbers that have come out for the industry has been muted, and there is nothing new that we are talking about. It's all over, every possible channel as to where the industry is. But I must also highlight one fact that on private car in particular, which contributes more than 50% of our portfolio as far as motor is concerned, it's on a very high base. We have

had a very secular run on private car as an industry, almost when COVID was still there and then it kind of continued for a while. So, on a very high base, if it is flattish also, it does not overtly concern us. Yes, two-wheeler has shown better numbers, but two-wheeler also had recovered only 80%-85% of pre-COVID levels while private car has moved in the zone of 130% to 140% of what it was pre-COVID peak. Commercial vehicles, mixed bag, but which can be a proxy in many ways to the industrial activity, which takes place. We do believe it can pick up in end of Q3 or maybe by Q4. So overall, yes, we are expecting single-digit growth in H2, but that itself should suffice. This also is the backdrop that as an industry we have not had much of a TP hike for almost the last three years, if I may say. It's a combined factor, but we stay committed to harness what works for us. We are excited with H2 also and the festive season has just got started. Footfalls have been high, the sales numbers are still building up, probably we will have a much better sense how the festive season goes by November mid and thereabout once the Diwali part is over.

Prayesh Jain: Just a clarification on this. You mentioned the single-digit growth that you expect in H2, is for vehicle sales or is it for the premium growth of the Motor Segment for General Insurance industry?

Sanjeev Mantri: I am talking about the vehicle sale, is what I am referring to.

Prayesh Jain: The vehicle sales?

Sanjeev Mantri: Yeah.

Moderator: The next question is from the line of Madhukar Ladha from Nuvama Wealth Management Limited. Please go ahead.

Madhukar Ladha: So, first I think in your opening remarks you mentioned that on the Motor Segment industry, combined ratios have worsened. Now, in this backdrop, I think in H1, your performance has been very good. Do you think that this will be sustainable given industry loss ratios have worsened and so how do you think this can pan out? Do you think the competitive intensity has got higher, so that's question number one.

Second sir, last year we were discussing that a lot of your competition is above the 30% expense and commission ratios and is not in compliance of the EOM norms. So, is IRDAI looking to do something about it? What is the thought process of this, that may help in getting industry combined ratios under check and we can benefit in that scenario?

Sanjeev Mantri: I will answer both of them. On the combined ratio side, when we spoke about motor, the combined ratio for the industry has moved from 121% to 125.6%, so clearly it's worsened. When you look at the loss ratio on that, the industry had in quarter one last year loss ratio of 84.5%, it's gone to 87.6% and there is an increase on the expense side also which has taken it from 36.5% to 38%.

Interesting place when you split this in PSU and private sector, clearly PSU has worsened from 134- 141%, driven by significant increase in loss ratio. Private from 115%- 118%, so that has been a movement that you have seen in loss ratios for PSU. For private sector in particular, it also in a way answers as to what ICICI Lombard can look at. It has remained in the zone of 74.2% to 75%, and there is a marginal increase in the private sector as far as expense ratio is concerned, where it has moved from 41.1% to 43.5%.

So, from the balance perspective and where IL journey can be, we stay committed and we do back ourselves on two counts. One is in terms of the selection that we are able to do as an entity, and secondly the manner in which we are able to service our customer, which is at speed and in a far more efficient manner. So, all of that in combined, we would love to probably put this across that we stay committed to where we are.

Yes, at an industry level, finally we are part of the overall operations of the business. As things stand, we would love to see improvement at the industry level also, because if that happens, it can create further niche for us and improve our combined ratio. So, that's my take, and we stay committed to take care of our motor practice. We would be agile enough to make movements between private car, two-wheeler and commercial vehicle, as it warrants in a dynamic manner at any point of time.

On the second question, in terms of what we mentioned on expense of management, yes, the data is out. It's there with the regulator. We are in no position to put a comment. We continue to pursue with them as to what strictures they will put at some point of time. There are multiple nodes and there is a lot of proactive work being done by the regulator on multiple counts, including the master circular which has come for each of the product categories. So, we do believe something is in the offing, but we are in no position to comment as to when and how this would get transpired.

Madhukar Ladha: But you definitely expect some action to bring the industry in line.

Sanjeev Mantri: From our position, we definitely will expect, but we are not the right set of people to comment as to how and when they will do it. That decision

fairly and squarely stays with them. But yes, we do expect that some action will be taken by them at some point of time.

Madhukar Ladha: And one more question, finally on the Health segment. Health segment loss ratios have worsened in the first half and Q2, I know seasonally is a little bit of a weaker quarter in that respect, but is there any structural problem in the industry? Is pricing adequate? What is your sense?

Sanjeev Mantri: If we continue to monitor closely this structural problem, my answer is no. Are there challenges, which comes on account of some bit of seasonality, which leads to increase in frequency? Answer is yes. There is an element of that, that does come in. Nevertheless, the way the process works and the way the regulators care in the environment, if there are challenges, each one of us is well within the rights to seek a repricing of the portfolio. So, in an agile mode, all this can be addressed over a period of time.

Moderator: We have the next question from the line of Sanketh Godha from Avendus Spark. Please go ahead.

Sanketh Godha: Gopal, can you split the motor growth for the quarter and for the half into new and old and in this old, can you give a bit of color that this old is driven by the existing customers, that is, they are renewing what they bought last year with you? Or is it the business which is coming from other companies? Because compared to industry, we seem to be gaining significant share of market in this business. So, if you can give a color bit there and how sustainable it is, it will be useful to understand the future of outlook too.

The second question related to that is, that if you are doing more old in OD, then ideally the loss ratio should deteriorate in OD, but we are

seeing an improvement in H1 or quarter compared to the last year. So, just wanted to understand what is playing in our favor to see that better loss ratio in motor OD?

Lastly, on TP, I believe you guys said last time that loss ratio of 65% - 70% is the number what you need to watch out for. That's the guidance you have given and that was last year. And now it is tad below 65% for first half. Just wondering, given there is no TP price hike, whether you believe this number is still sustainable, because I am asking this question from the perspective that in last three years loss triangles, that is FY2023, FY2022, FY2021, you did not choose to take any reserve release from motor TP, so, just wondering whether this number is sustainable or not?

Also lastly, if you can give a data point, health loss ratio broken down into retail and group. That's it.

Gopal Balachandran: Thanks, Sanketh. So, I will take it in the sequence, I will start with last and go to the first. So, on the breakup of the health loss ratio, in Q2 FY2024, on the employer-employee side, was 102%, vis-a-vis that Q2 FY2025, was about 98%. On the retail indemnity, again Q2 FY2024 numbers were roughly about 66.6% and Q2 FY2025 was about 70.3%.

But again, the point that we have always maintained is, if you look at on the employer-employee side, largely we have said, the portfolio should possibly end the year in that range of about 94%-95%. This is I am referring to corporate health. And on the retail side, broadly we have talked about trying to run the portfolio at a loss ratio around that 70% threshold. So, that is what we are largely working towards, at least so far as the portfolio build-up is concerned.

Your third question on the TP loss ratio range that we spoke about, I think when I talked about at an aggregate Motor Segment level, we had said broadly the range that we are comfortable operating at is between 65%-67% and within that, we had said OD, possibly you are looking at running between 60%-65% and third party, as you rightly mentioned, was between the range of 65%- 70%. What we also keep saying is, honestly you should keep looking at numbers more on ideally multiple annual cycles, because these are third-party books which typically runs over multiple long-term periods in terms of development. Hence, to that extent, at this point of time, we stay within that range of what we spoke about, which is motor at an aggregate level of 65%- 67%. And within that third party, we believe should broadly kind of run at a range of about 65% - 70%. That also kind of resonates with one of the other points that you rightly mentioned, which is what we are also seeing is obviously no TP price increases and therefore, to that extent, that is another factor that we will be equally mindful of in terms of how we kind of risk select the portfolios. So, that is in response to question 3.

To your point on question 2 on the OD loss ratios, I largely answered as a part of question 3, which is, the range that you see even on a half yearly basis or even within that, if you look at on Q2, broadly that loss ratio range on own damage has been running between in that range of about 60%-65%.

But having said that, one of the things that we have been speaking about even in our earlier earnings call is, there is a lot of thrust and focus on us to make sure that we are able to significantly leverage on the service parameters, particularly on trying to see how we can manage the overall cost of claims in the context of motor specifically. Also if you remember, one of the initiatives that we spoke about driving in that front

was to leverage on our PPN network. And there again, if you would have seen, what we have tried to do is to, the proportion of claims that has got settled through the PPN network, the numbers have clearly increased.

So, all in all, pretty much comfortable with the range at which we are operating at in the context of own damage, to your point on the second one. And to your first point, I did give out the numbers of the growth between new and old. Just to reiterate, Q1 FY2025, new grew at about 16%, old book had grown at about 33%. Q2 FY2025 as I said, the growth in the new has been largely flattish, and the growth in the renewal book has been about 26%. On a half yearly basis, the growth in new has roughly been about 7% - 8%, and the growth in the renewal book has been close to about 29% -30%. So that's been the break up.

Now in terms of where is that growth largely coming in on the old side, I think, as I said, there is a significant thrust on us in terms of making sure that we are able to retain as many customers of ours and so far as the initiative that I also spoke about. But equally what we have also been able to see is some expanded market as well, which is why if you see, for example, on motor as a category where we used to possibly actually see us running at a market share of slightly less than 10%. Right now, we are at a market share of close to 11%. So obviously, we have also been accreting some of the businesses from the market as well. It's been a combination of both. But as I said, the endeavor is to try and see how we can maximize retention, particularly at times when you see some slowdown from a market perspective, then we leverage our strengths on distribution, service and technology to increase customer retention.

Sanketh Godha: Gopal, just a follow-up. Can you give a trend last year on how was our retention and what is today in motor, just to give a colour, whether it is driven by our own book?

Gopal Balachandran: So, on an average, what I would say, Sanketh, is if you look at it from a motor standpoint in general, and I am largely just confining to private car and two-wheeler as categories. On an average, I would say we would have seen an increase in retentions ranging between 2%-4%. That's the increase in retentions that one has seen. And the same trend line while you are talking in the context of motor, just to possibly expect a follow-on on the health side as well.

I think even there, what we have seen is obviously a slight uptick, where retention numbers are concerned, pretty much around similar ranges. So, as a Company, we believe there is a lot that we can do so far as retaining the customers are concerned and to that extent is where we are driving a lot of our initiatives now.

Moderator: The next question is from the line of Aditi Joshi from J.P. Morgan. Please go ahead.

Aditi Joshi: Just two questions from my side. Firstly, on the investment leverage side, I see that the first half investment leverage was slightly downward. So, can you please help explain the reason behind that? And going forward, what do you think of investment leverage trend?

Secondly, on the retention side, premium retention, it was slightly on the higher side. So, I just want to understand your strategy going forward. Will you plan to retain more on your books or how are you thinking about it? That's all.

Gopal Balachandran: Again, I will go in the reverse sequence. So, if you look at the premium retention, as I said, it's largely a function of the change in the business mix. As I outlined at the beginning, in Q2, our sourcing on the Commercial Lines have been relatively muted, where we typically have a slightly higher reinsurance and therefore to that extent retentions are lower. And given that we were cautious, that book has grown at a relatively slower pace. Compared to that, we have seen a significant uptick on both the retail lines, which is both retail health as well as our motor lines of businesses. Both of which predominantly we end up retaining pretty much everything on the net account. So hence, to that extent is where you would have possibly seen a slight uptick as far as the premium retentions are concerned.

To your point on what can we expect going ahead, purely very difficult to comment on a number because it all depends on how we see the momentum play out in terms of different lines of businesses. But if you ask us, is there any change in the thought process in terms of retention versus reinsurance? At this point of time, obviously there is no change in stance. But obviously, we will take it as we play through once the discussions for the reinsurance programs happen at the beginning of Q4 of maybe the next calendar year beginning. So, that is where we are on premium retention.

To your point on investment leverage, we have put that in the opening transcript, in the context of the market being a little slow, particularly in Q2. If you would have seen, as I said, industry grew at about 13%, we grew at 20% in Q1 vis-a-vis that market grew at about 2%, or thereabout in Q2, and we grew at roughly at about 10%. So, to that extent, the fact that there has seen a relative slowdown in growth, that obviously acts as a factor where investment leverage is concerned.

Secondly, in general, if you would have seen the trend line, Q2 over Q1, generally the investment leverage seems to show a declining trend. And this trend starts to reverse as we head into the festive season or maybe Q3 where you will start seeing a lot more collections play through. Hence, to that extent is where we are. On a normal trajectory, I think broadly what we should say is, we have talked about trying to maintain investment leverage around 4x. That's broadly the trend line that one should expect. But in a particular quarter, you can always see some of these aberrations.

Sanjeev Mantri: And then also one more thing just to add is, mathematically speaking, if your growth of profit is higher than the growth of investment, there can be a bit of a denominator that will come out, it should get moderated with cash flows over time.

Moderator: The next question comes from the line of Nidhesh from Investec. Please go ahead.

Nidhesh: Sir, my question is on Motor TP. In Motor TP, last three years, there is no price hike and because of which, the loss ratio in the segment should ideally be going up. Also some of the companies, I think, are also going slow in Motor TP. So, what is giving us confidence that the business that we are underwriting is of appropriate quality in terms of profitability?

Sanjeev Mantri: So, Nidhesh, yes, there has been no hike and I spoke about that just some time back. The configuration in terms of how our book is placed, the contribution of commercial vehicle is around 21%, and we always say it will remain in the range of 18% - 19% to 23% - 24% is what we expect the commercial vehicle is, which is the bare minimum. We are more driven by private car and two-wheelers. So, there is a mix and selection that comes into play. Clearly yes, industry would love to see

certain categories increase on the third-party premium and we continue to be in discussion with the regulator and all the other authorities who are involved in that. But we stay committed to our process of selection. The rigor which we go through, even in times when industry was doing extremely well in certain categories, we had let go and had shown a declining trend. So, we have stuck to our course and the reason to believe that we should be able to play it out the way we have been giving our numbers. That's all I can say at this point of time.

Nidhesh: The 60% loss ratio that we are showing on Motor TP, is it a function of decline in accident incidents? So, this number looks pretty good, so what has led to that? How we are able to deliver this number? Is it our underwriting or it is a structural decline in incidents of the accidents? Or it is the benefit of Motor Vehicle Act that we are setting now?

Gopal Balachandran: Again, Nidhesh, we have reiterated this even in our Q1 earnings call. Particularly in the last piece in terms of are we factoring in any element of a benefit in the context of the likely implementation of the six month rule, the short answer is no. So, at this point of time, we are not necessarily factoring in anything in the context of reserving at least so far as the law of limitation is concerned. But if you ask us, insofar as the third party is concerned, as I keep saying, you should ideally start looking at this number over longer cycles because of the inherent nature of the business in terms of how the loss development takes place and that's the reason why we said generally at an aggregate level, the range that we are comfortable operating at is between that 65% to 70% threshold. Even the point that Sanjeev made in terms of our mix of business, there if you would have seen a large part of our third party is significantly also contributed by the relatively higher mix that we have on private car and two-wheelers relative to let's say the exposures that

one has so far as the commercial vehicle segment is concerned. So, hence that's also a factor that plays out.

Also, in general, I think what we have also been able to do not just now, over periods, we have been able to significantly work on making sure that we are able to identify pockets, which we believe are viable from an underwriting standpoint and to that extent, that aids in risk selection. Also, if you also remember even within CV, while I said we have been underweight, the call that we took if you remember almost about 4-5 years back, is to stay invested in the segment where we think there is an opportunity, we would possibly take those calls in possibly earmarking some capital on doing the right risk selection. And in the hindsight, we have actually seen some of these calls play out to our advantage.

So, all in all, multiple factors that are aiding, but as I keep saying, we just want to reiterate, the range that we are comfortable operating is between 65% to 70%.

Nidhesh: Last question on two-wheeler. In two-wheeler, the sector growth has been reasonably strong, but our share of two-wheeler business on a year on year basis has declined from 28% to 25%. So, what is happening there?

Gopal Balachandran: So, that is primarily the mix, Nidhesh. Again, as we keep saying, it is all a function of how you see the market play out. Let's say, for example, Q3 typically the cycle could again undergo a change once you see some of the demand picking up. So automatically, you will see the mix of business within motor undergoing a change. So, all in all for us, there is no specific change in thought processes.

Sanjeev Mantri: No, I will just add to this. So, the decline of 28% to 25% which you are referring to Nidhesh is more the configuration. We haven't lost market share in two-wheeler, but we have gained more in private car at a faster pace. So, that changes the percentage distribution of our business. Otherwise, motor overall, if you look at it, and which is a bigger number to see, we move from a 9.8% kind of a market share to almost 11%, which is 10.9%. So, there is an overall gain. And in that journey, whichever way the configuration comes out, it's more driven by output of percentages of portfolio distribution, not that we have lost anything in two-wheeler.

Moderator: The next question is from the line of Jayant K from Jefferies. Please go ahead.

Jayant K: Just a bit on the renewal book, can you help us understand how the renewal rates across the segments within motor have been trending, and how much has improved over the last, say, one or two years, and maybe even the last two quarters, is that contributing to the renewal growth?

Gopal Balachandran: So, Jayant, I think I already answered that. I don't think we are talking specifically in the context of specific sub segment within motor. All that we can talk about is to say that at an aggregate level, motor as a category, we have seen an improvement in retention broadly increasing between 2% to 4% and that's what I also referred to helping us relatively grow our proportion of the old business, the breakup of which I had given in response to one of the questions.

Jayant K: And do you expect this to continue improving from here, I mean, basis the efforts that you guys are taking on improving the renewals?

Gopal Balachandran: The short answer is yes, Jayant, because I think one of the other points that I spoke about is our increased thrust that we are putting on customer service. Also, if you see one of the other things that we keep talking a lot about, which is also there in our annual report and even in multiple of our disclosures that we have made is clearly at least as far as customer satisfaction score/ NPS scores are concerned, it is only seeing an uptick, and that automatically in some sense aids customers to stay hooked, as far as retentions are concerned. So, hence, to that extent, that's definitely a factor and the fact that we are also able to divert maybe a lot of our customers where the Preferred Provider Network is concerned, where also the customer is concerned, they are assured of clearly two things - One, it helps in the managing the overall average cost of claims, and two and more importantly what we are able assure the customer there, is the quality of repair, and the relative turnaround time that we are able to exhibit, so far as servicing those claims are concerned. So, that is exactly what a customer looks for, when he or she gets a claim, the earliest possible time within which a vehicle can be repaired and given back, that possibly results into a delightful experience, and there we have seen a significant uptick on the PPN network, which, again, is translating it to an improved retention for us.

Jayant K: One last follow-up on this. In terms of channels, is some channel sort of helping over others in terms of improving the retention rates over here?

Sanjeev Mantri: Channel-wise, when it comes to retaining our own customers, we have our own direct channel reach out to them. To some extent, its channel agnostic, but yes, certain categories may end up having better retention than other channels. Website has a good retention. Agency business has a much better retention. OEM, relatively, at times, gets distributed,

may have a lower one, but when we approach our customers through call center in terms of retaining it, it's more a process improvement and a consistent reach out that we have created, which is helping us retain.

Jayant K: Is digital slightly better over agency for you?

Sanjeev Mantri: Historically, it has been better.

Moderator: We have the next question from the line of Prithvish Uppal from Elara Securities. Please go ahead.

Prithvish Uppal: Just wanted to understand the context of the rising CAT losses. Can you put some color in terms of how the pricing is on the reinsurance side, specifically on the CAT events, how do you see that possibly moving the next year or in the medium term? And in case there is some kind of reinsurance price hike, what strategy do you think would be viable at an industry level, the passing on of the cost or the absorption?

Second, I wanted to understand in the Health segment, what is the mix between the old and the new book? And if possibly you could give some color on the loss ratio split between the renewal book and the new book?

Gopal Balachandran: So, on the first one, as far as rising CAT losses are concerned, I think your point is absolutely right and that is exactly what we keep looking for. Now, again if you have to slightly go back to history, if you remember almost about four or five years back when the market had seen stress, particularly in fire line of business, at that point of time, clearly reinsurers had stepped in and they had said, in case if companies want to avail appropriate reinsurance capacity, the market has to be more disciplined where pricing is concerned.

To that extent is where they had calibrated pricing terms and the extent of possibly reinsurance commission that they would be ascribing to individual companies. And in that context, if you would have seen from an ICICI Lombard standpoint, given that we were largely exhibiting a profitable book in terms of our ability to risk select better quality book. We were actually able to keep improving our panel of reinsurers and relatively our terms on reinsurance were also better. Therefore, now when you look at in that context if the market further improve pricing, that is very positive because that in some sense aids the market to get far more disciplined because if reinsurers were to define an increase in price, then there is a call that companies will have to take in terms of their ability to pass on to, let's say, what they are able to do so far as keeping it on the net. So, any increase in pricing, but all this will start getting reflected once we do our reinsurance conversations, which will happen towards Q4 of this year. So, we will see how that plays out.

To your point on the health side, for us the growth is aided by both contribution by, as I said even on the motor while I spoke about on retention, even at that point of time I had said even on health, there is a significant focus for us and therefore to that extent, we have also seen an improvement in the retention ratios of customers on health as well. So far as the growth numbers are concerned, it is a growth that is aided by both retention of customers and more importantly, if you see the newly launched solution 'Elevate' particularly that we launched in Q2 of this year, that has been received very well across multiple stakeholders. That's why when you look at retail health as a category, the market share which was largely hovering around 2.9% or there about, for Q2 that number stands at about 3.5%. While it's an outcome of just one quarter as we launch this solution, but obviously we are quite excited

and happy with the way how this has played out and honestly, we will have to keep this momentum going as we kind of look forward.

To your point on what could be the split where the loss ratio of new and the renewal book is concerned, honestly, to my mind, that's purely a function of what kind of a mix of business that we write and our objective will be to write a combination of both new and renewal. And that's why I kind of talked about in the context of the overall loss ratio that we are comfortable on the retail health side which is roughly at around 70%. The mix there on is the split between new and renewal will be purely a function of what mix of business that we write.

Prithvish Uppal: So just one follow up, in terms of the industry loss ratios that we are seeing across the board have been rising. So, is that driven more by frequency of claims or is it just purely claim size that has been increased?

Sanjeev Mantri: Such frequency numbers at the industry levels are not available so very difficult to comment, but if the loss ratio is the one which is contributing more, it can be a contribution of nothing but frequency and the average claim size that comes into play is what our understanding is.

Moderator: Thank you. Ladies and gentlemen, we will take that as our last question for today. I would now like to hand the conference over to Mr. Sanjeev Mantri for closing comments. Over to you, sir.

Sanjeev Mantri: Thank you so much for joining in. I think we are in the midst of the festive season. Wishing you all a great Happy Diwali to you and your family members. Stay good, stay fit, stay happy. And we are excited in terms of what Q3 entails for us and I hope it brings us all good luck. I look

forward to interacting with you one to one as and when your time permits. Thank you.

Gopal Balachandran: Thank you so much.

Moderator: Thank you. On behalf of ICICI Lombard General Insurance Company Limited, that conclude this conference. Thank you all for joining us. You may now disconnect your lines.

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