

Max Financial Performance Update

Investor Release FY22

May 10, 2022





SECTION I

- ▶ Max Financial Services : 12MFY22 Key Highlights
- 

1	Consolidated Revenue excluding investment income at Rs 22,084 Cr , grows 17% in FY22 . Consolidated PBT at Rs 389 Cr , down 34% in FY22, primarily due to COVID related provision in CY and one-off items in PY
2	VNB grew by 22% YoY driven by expansion in NBM from 25.2% to 27.4% in FY22, 2 year VNB CAGR at 31%
3	FY22 operating RoEV at 19.2% , increases to 20.1% post excluding COVID impact. MCEV as at Mar'22 end at Rs. 14,174 Cr
4	Gross and net death claims for the year were Rs. 3,170 Cr and 1,964 Cr respectively. Pandemic reserves as on 31 st March'22 are at Rs 500 Cr
5	Assets under Management crossed 1 Lac Cr in FY22. AUM as on 31 st March 2022 at ~1.08 Lac Cr , YoY Growth of 19%
6	Integrated ESG in our investments decision making and launched our first ULIP ESG Fund
7	PFM company incorporated as "Max Life Pension Fund Management Limited". Certificate of Registration received from PFRDA on 20 th April, Certificate of Commencement to be provided by PFRDA post physical inspection, agreement evaluation
8	Conducted IPQ 4.0 survey with Kantar , to map the financial protection and preparedness of urban India concluded; IPQ improved by 3 points to 50



SECTION II

- ▶ Max Life Insurance – Business Overview
- 

Key Highlights for Max Life (1/2)



5-Yr CAGR of 16% on
Individual new business
vs
10% for life insurance industry



Improved
market share
from
9.2% to 9.9% in 5 years



Consistently maintained
rank#4
since **last 5 years**



Prop channels growth
of **16% for 5 years**



5 year CAGR of
16% in Banca Channel



Retail protection
penetration doubled to
8% in FY22



VNB CAGR of 25%
in 5 years



New Business Margin
expansion from 18.8% in FY17
to **27.4%** in FY22



5-Yr EV#
CAGR of 20%

Consistent growth

Value generation

Key Highlights for Max Life (2/2)

Employee metrics



Great Places to Work rank #18 in FY21



Rank #55 among **Great Places to Work in Asia** in FY21



Experienced leadership with almost half the leadership's **tenure with Max Life more than a decade**



Employee engagement¹ score of >95% for last 3 years

Customer metrics



#1 rank in customer loyalty² in FY21



Company NPS at 49 – 14 points improvement in 3 years³



Claims paid ratio at 99.35% in FY21

Brand metrics



Strategic partnership with Axis Bank



Highest Share of Voice in the industry in FY21 at **30% share**

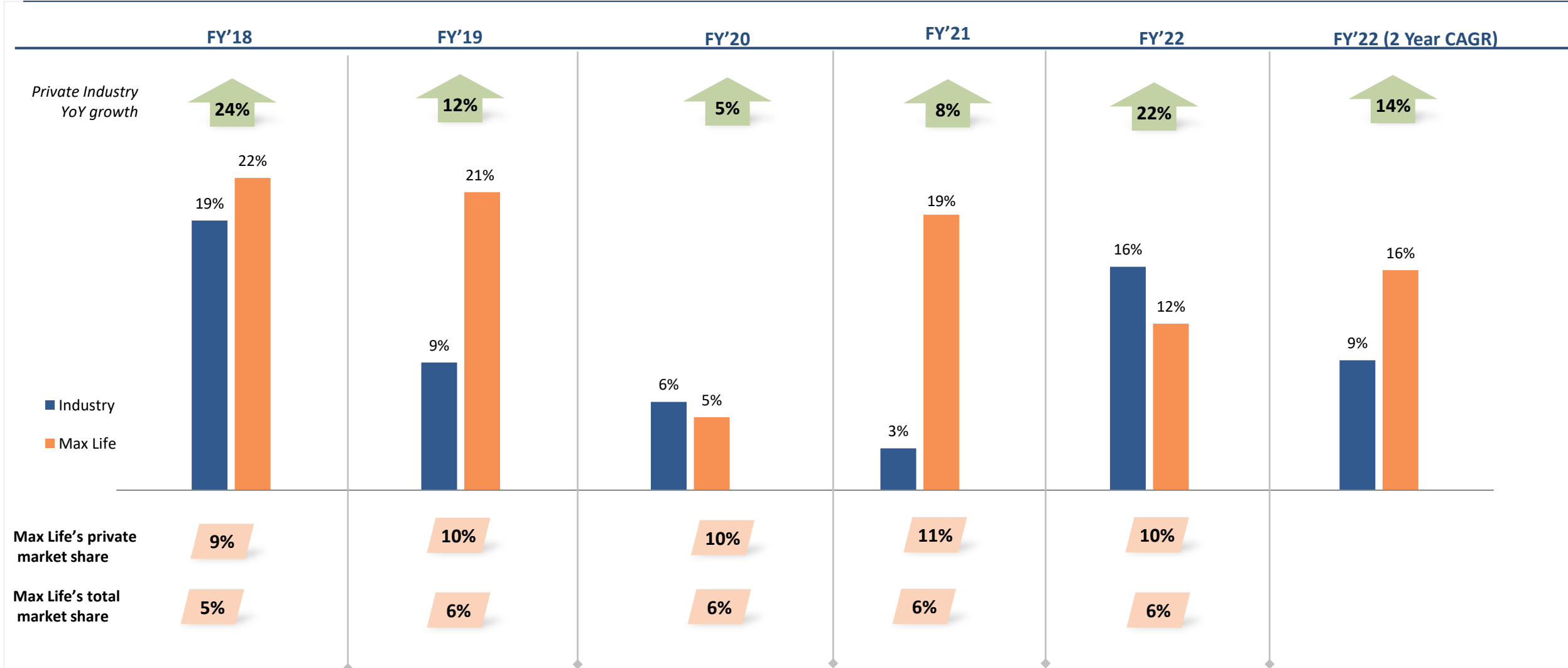


Brand Consideration score⁴ improved by 8% over FY21

Industry Landscape: Max Life grew by CAGR of 16% for 5 year period of FY17-22 while private industry grew by 14%



YoY Growth basis Individual Adjusted FYP



Financial Performance Summary FY22

Individual APE Rs 5,514 Cr [Rs 4,907 Cr] 12% ↑	Gross Written Premium Rs 22,414 Cr [Rs 19,018 Cr] 18% ↑	Renewal Premium Rs 14,509 Cr [Rs 12,192 Cr] 19% ↑	AUM Rs 1,07,510 Cr [Rs 90,407 Cr] 19% ↑												
Profit Before tax* Rs 417 Cr [Rs 510 Cr] -18% ↓	Net Worth Rs 3,196 Cr [Rs 3,008 Cr] 6% ↑	Policyholder Cost to GWP Ratio 19.7% [20.7%] 94 bps ↓	Policyholder Expense to GWP Ratio 13.5% [14.2%] 74 bps ↓												
New business margin 27.4% [25.2%] 220 bps ↑	Operating RoEV# 20.1%/19.2% [18.5%] 70 bps ↑	Embedded Value^ 14,174 [11,834] 19% ↑	Solvency 201% [196%] 5% ↑												
VNB 1,528 Cr [1,249 Cr] 22% ↑	Policies Sold ('000) 615 [646] -5% ↓	New business Sum assured 2,18,116 [2,22,682] -2% ↓	Protection Mix** <table style="width: 100%; text-align: center;"> <tr> <th>Individual</th> <th>Group</th> <th>Total</th> <th></th> </tr> <tr> <td>7%</td> <td>6%</td> <td>14%</td> <td>61 bps</td> </tr> <tr> <td>[9%]</td> <td>[5%]</td> <td>[14%]</td> <td>↓</td> </tr> </table>	Individual	Group	Total		7%	6%	14%	61 bps	[9%]	[5%]	[14%]	↓
Individual	Group	Total													
7%	6%	14%	61 bps												
[9%]	[5%]	[14%]	↓												

Figures in [brackets] are for previous year numbers. Totals may not match due to rounding

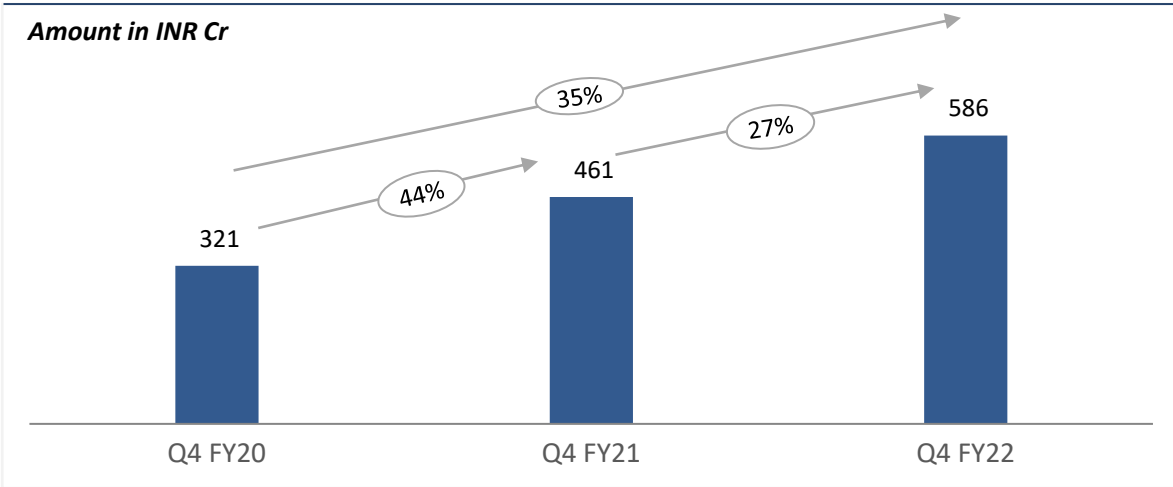
^Growth on Embedded value is operating RoEV, * Profit is lower compared to last year due to covid related provision **Group protection (incl. Group credit life adjusted for 10% for single premium and term business);

#Operating RoEV is without/with COVID impact

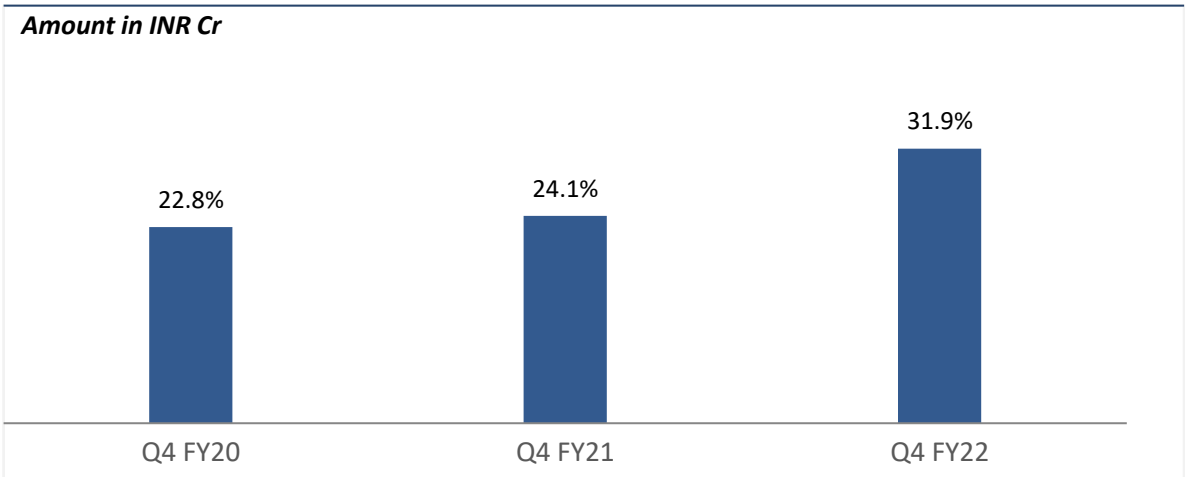
Performance Summary Q4 FY22- Growth in protection and proprietary channels leading to robust outcomes despite muted industry growth



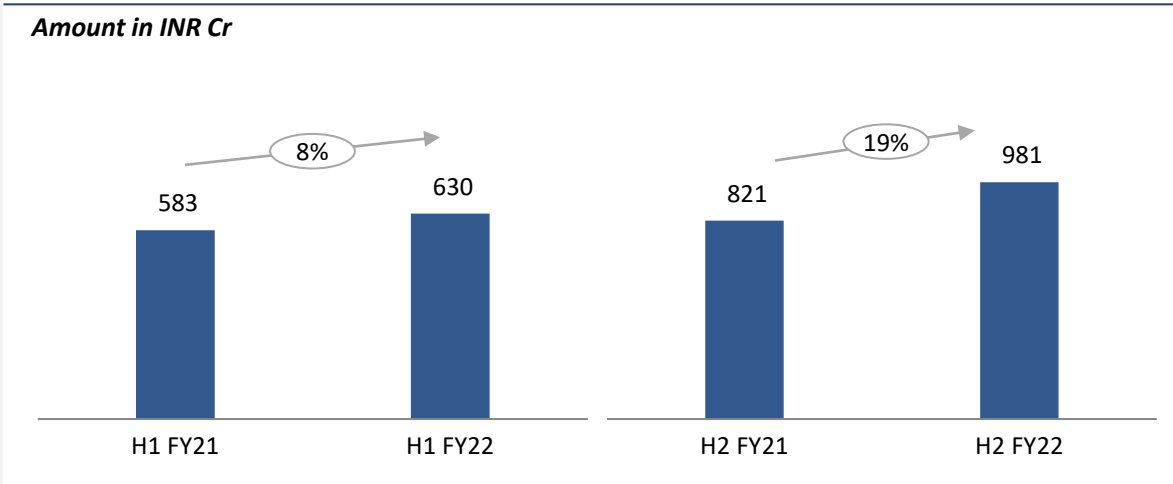
VNB – 27% growth in Q4'FY22



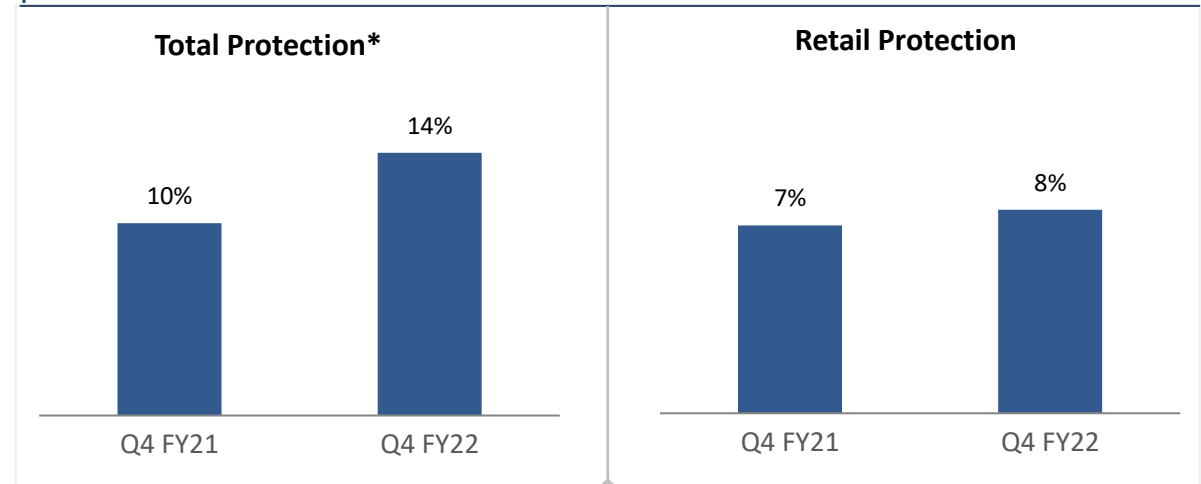
NBM- Expansion in NBMs through driving balance product mix



Proprietary APE- Double digit growth rate in proprietary channels in H2 FY22



Protection Penetration* – Protection grew by 34% leading to higher penetration

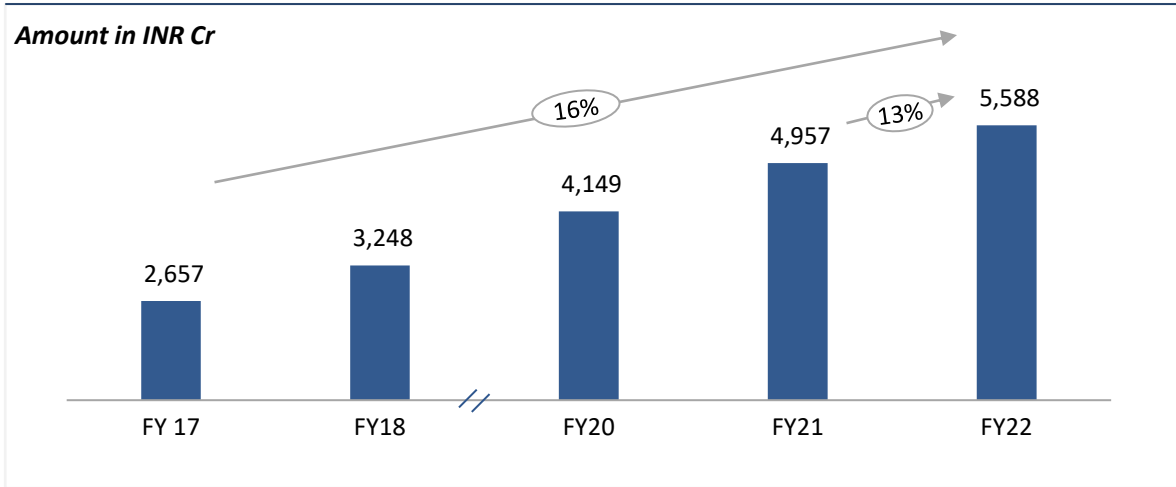


* Includes Retail and Group protection (GCL and GTL)

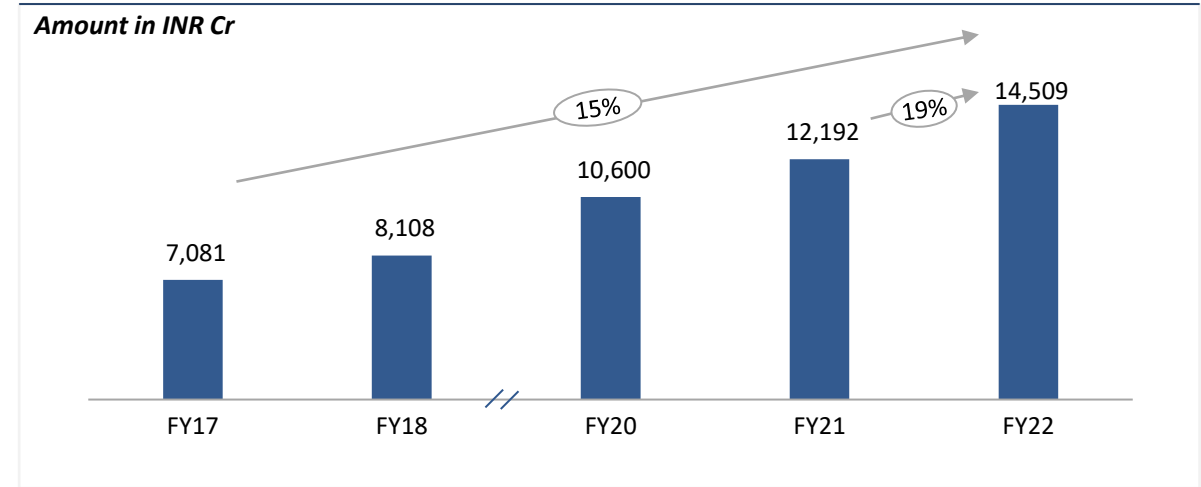
Max Life has delivered strong performance on new business ; Maintained 4th rank in the private industry on APE, 3rd in individual sum assured



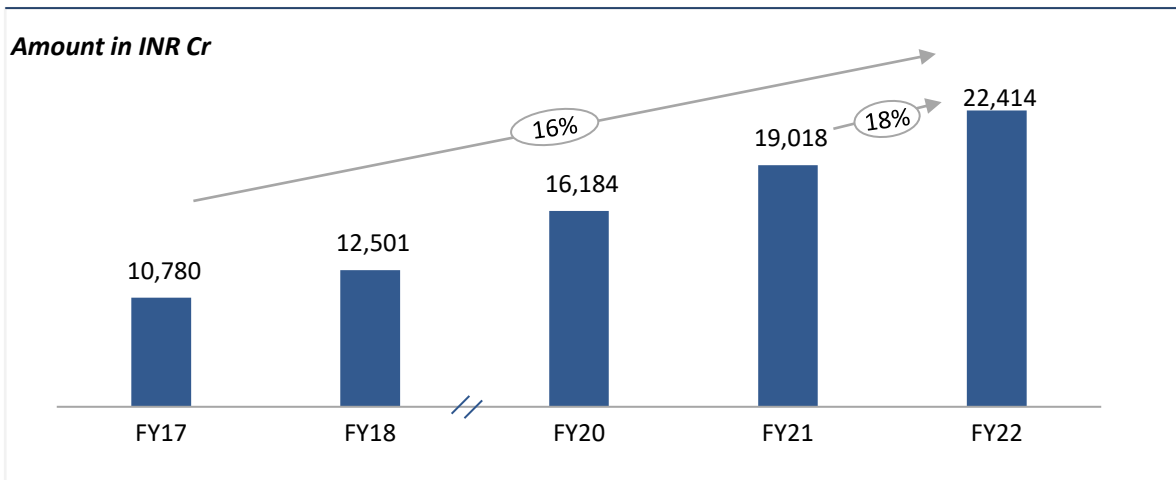
New Business Premiums (on APE basis)



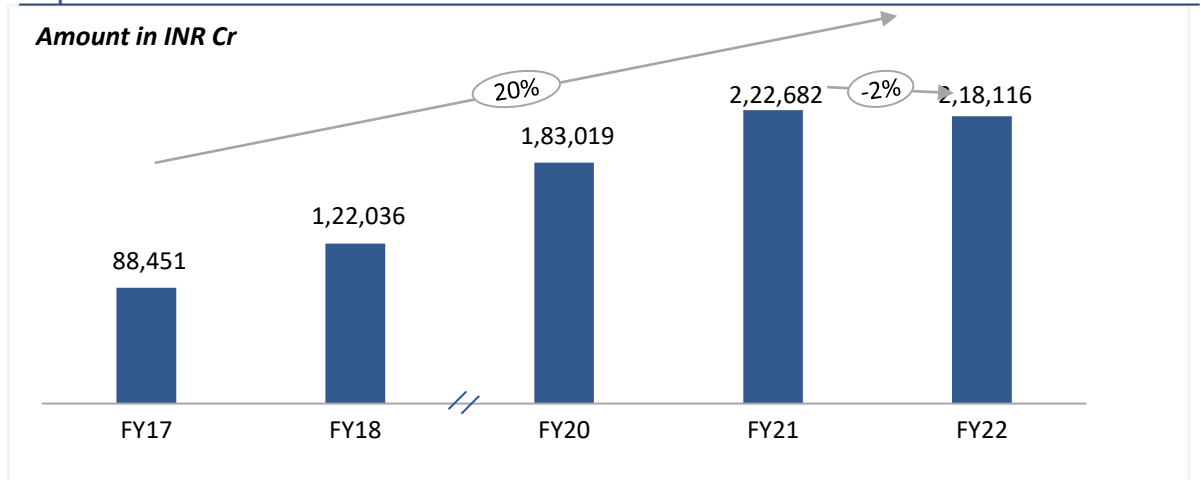
Renewal Income- Growth in persistency led to YoY growth of 19%



Gross Written Premium

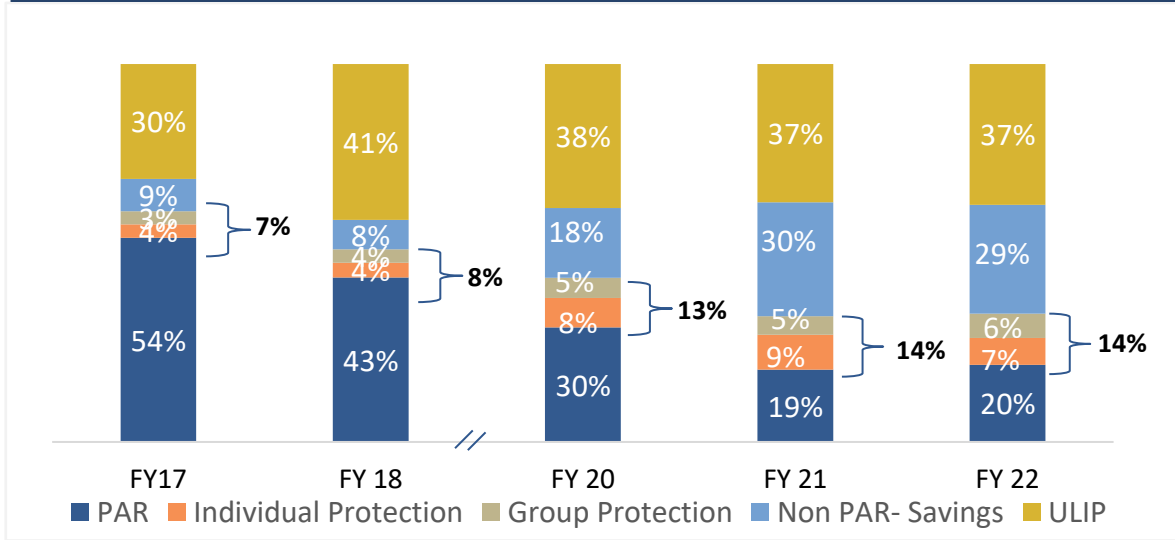


Individual Sum Assured of New business- Strong CAGR of 20% due to growth in protection

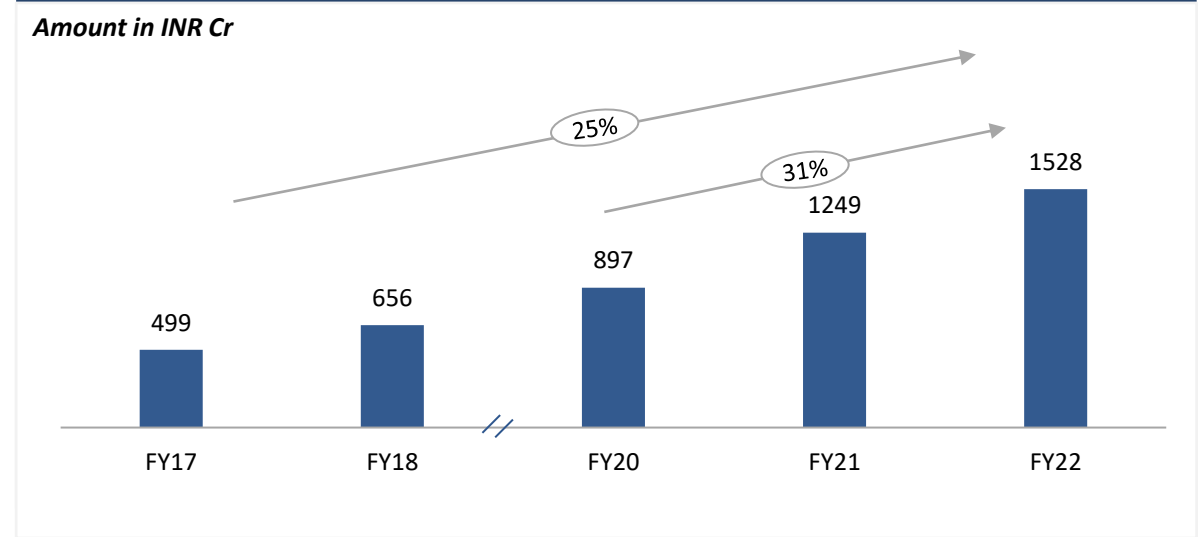


VNB more than tripled in 5 years aided by strong APE growth, balanced product mix and cost optimization

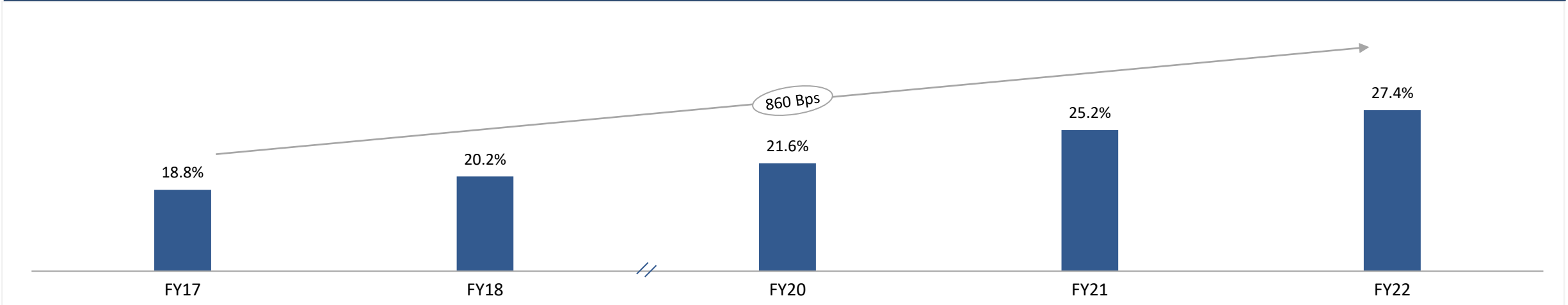
Product Mix – Balanced product mix



Value of New Business- 25% CAGR growth in VNB for a 5 year period, 2 year CAGR 31%

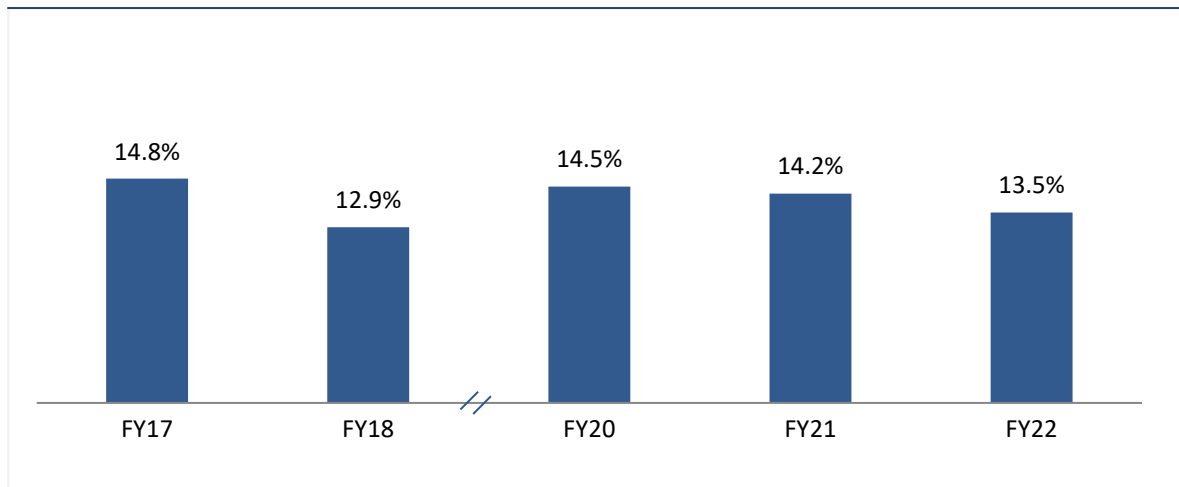


New Business Margin- Continuous improvement in margins owing to calibrated approach on product and distribution mix

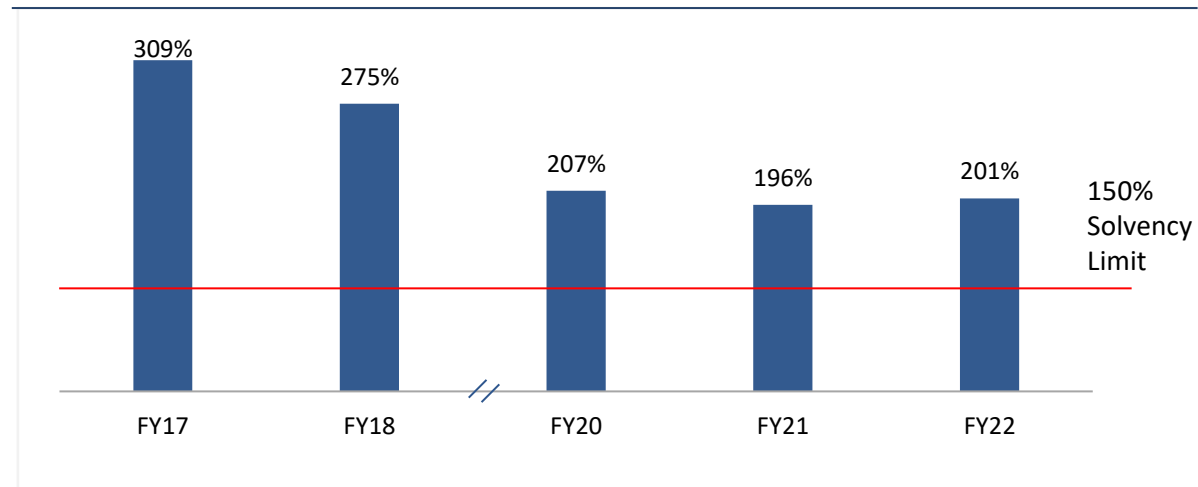


Efficient capital management with profitable growth

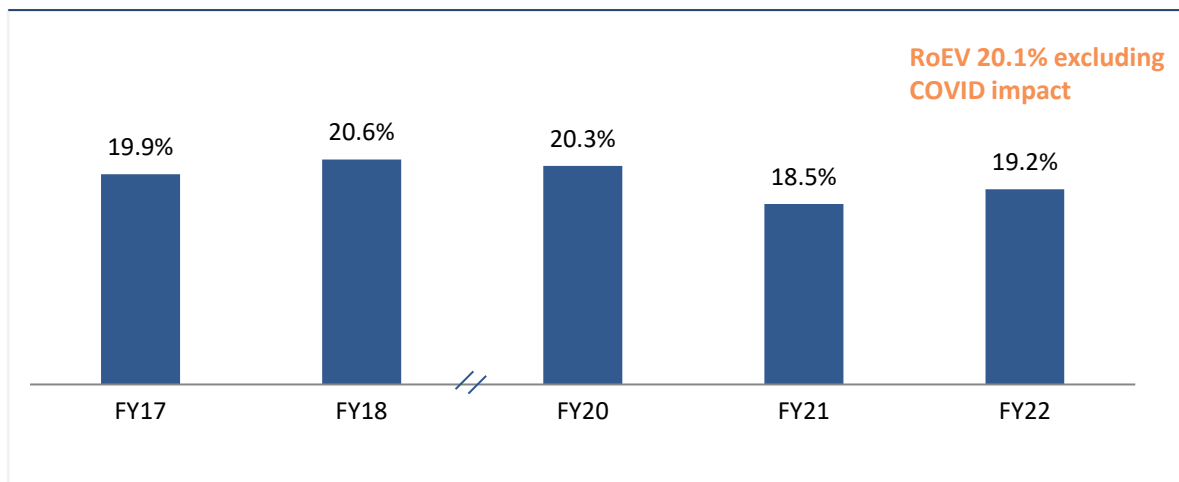
Opex to GWP* - Constant improvement in Opex



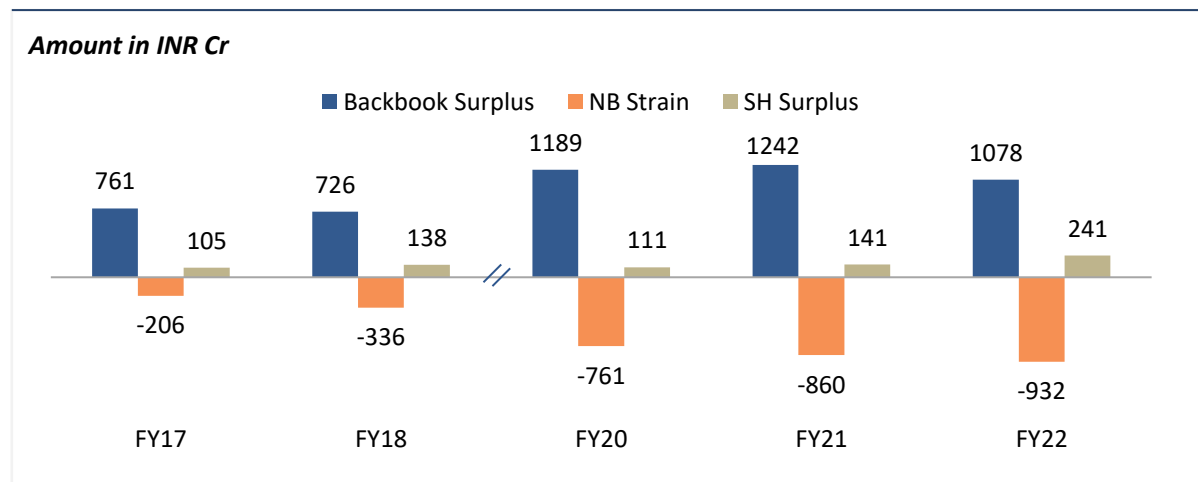
Solvency Ratio (pre dividend)



Operating Return on EV (RoEV) – Delivering consistent healthy returns

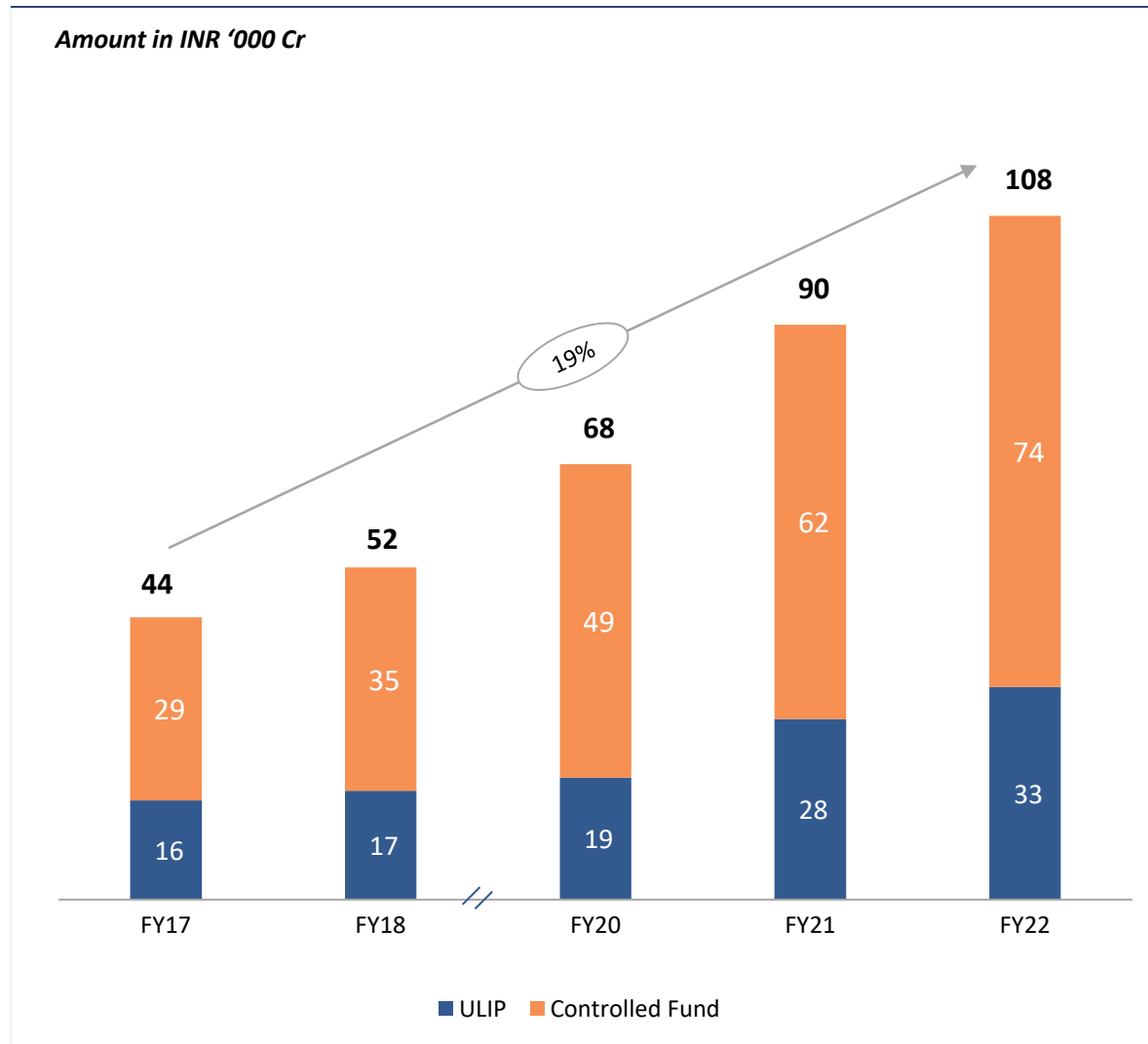


Underwriting Profits

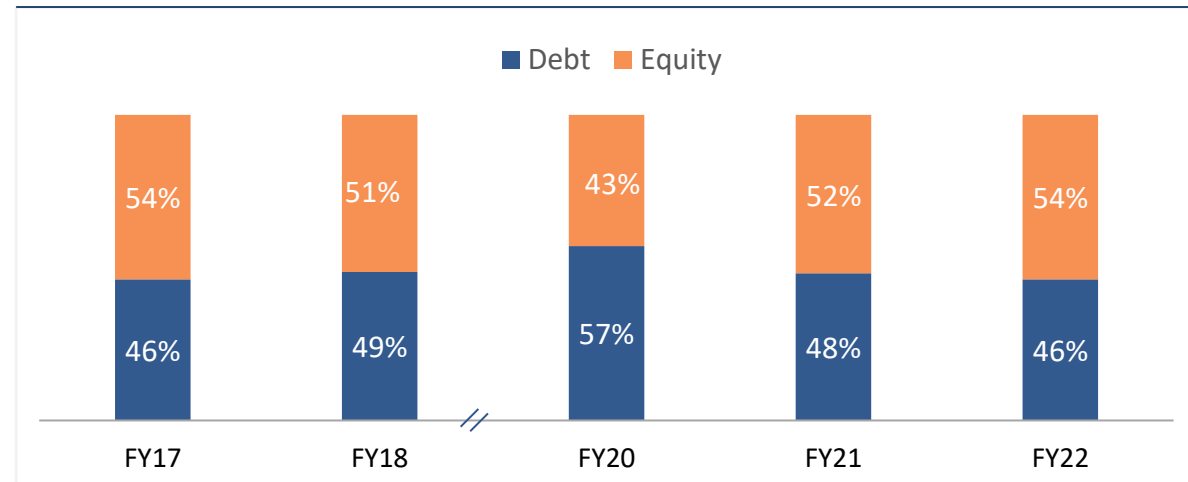


Max Life has consistently grown its Asset Under Management

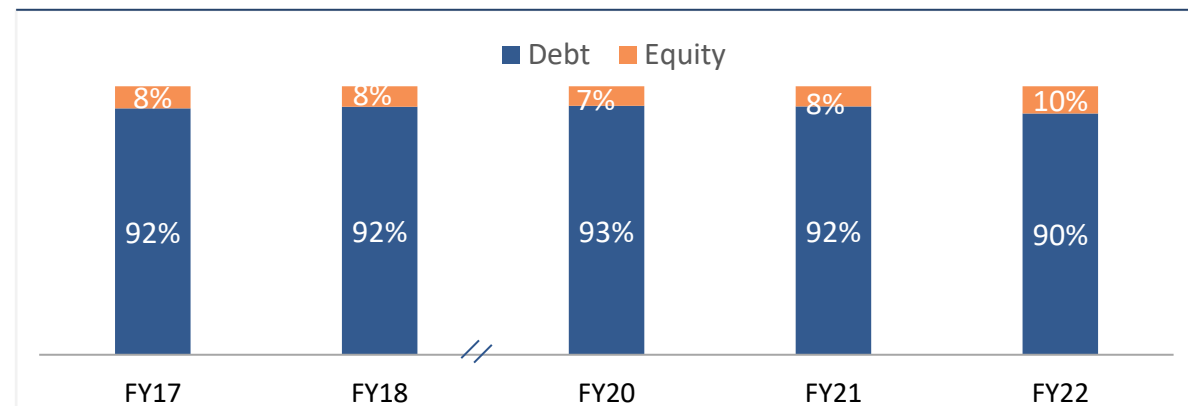
Assets Under Management - MLI is the 4th largest manager of private LI AUMs, Par fund size ~53K Cr



ULIP: Healthy mix of Debt and Equity



Controlled: Healthy mix of Debt and Equity







More than 95% of debt investments is in sovereign papers and AAA rated securities

Max Life has been recognised by a number of Indian and foreign business bodies for its excellence in business, customer service and focus on people








Business Excellence

- 
 Awarded Gold for Lead Generation campaign under BFSI services at Adgully Digixx Awards 2022
- 
 Garnered 5 awards for BTL activity, Customer Service, Email marketing, Mobile Marketing and Digital Marketing at the 11th ACEF Global Customer Engagement Awards
- 
 4 wins including Excellence in Digital Transformation, Customer Experience, Brand Management and Consumer Insights/ Research at ACEF Asian Leaders Forum & Awards for Branding, Marketing and CSR
- 
 Won 'Excellence in Digital Sales and Process Enablement' at FICCI Insurance Industry Awards 2021
- 
 Max Life awarded Best FinTech Partnership/Start-up Alliance Initiative of the Year [Insurance] and Silver for Best Marketing Initiative of the Year [Insurance] at ETBFSI Excellence Awards 2021
- 
 Max Life awarded Best Security Practices in Insurance Sector at NASSCOM DSCI Awards 2021

Leaders in Quality

- 
 No. 1 in Customer Loyalty survey by IMRB
- 
 Gold at ASQ World Conference
- 
 Winner of IMC Ramkrishna Bajaj National Quality Award
- 
 Winner of CII Industry Innovation Award
- Asia Pacific Quality Organization (APQO) award for global performance excellence
- Silver Award in ASQ ITEA 2019 for Sell Right for Customer Delight at Axis Bank
- Silver Award in the 12th QCI-DL Shah Quality Awards for Enhancing S2R Conversion% Select 60 offices in Agency.
- At CMO Asia Awards , won Best Term Plan Company of the Year
- Max Life awarded recognized as 'Challenger' by NASSCOM AI Gamechangers awards 2021

Focus on People

- 
 Ranked 55th amongst '2021 Best Workplaces in Asia' by Great Place to Work®
- 

 Ranked 18th amongst 'India's Great Places to Work For' in 2021
- 
 Max Life recognized in India's Best Workplaces in BFSI 2021
- 
 Max Life has been awarded "Excellence in Gender Diversity" at the 4th D&I Summit and Awards by Transformance Forums
- 
 Max Life won Gold in Best Use of Internal Communications for 'Harnessing the Power of Connect, Conviction and Confidence for Employee well-being' campaign at Fulcrum Awards 2021
- 
 Max Life awarded Gold in Best Internal Communication for employee campaign, Silver in Best SEO campaign at Afaqs Digies 2021
- Max Life awarded Best Financial team at the 5th Annual Edition of BW Best CFO & Finance Strategy Summit & Awards 2021



SECTION III

- ▶ Max Life Insurance – Strategy
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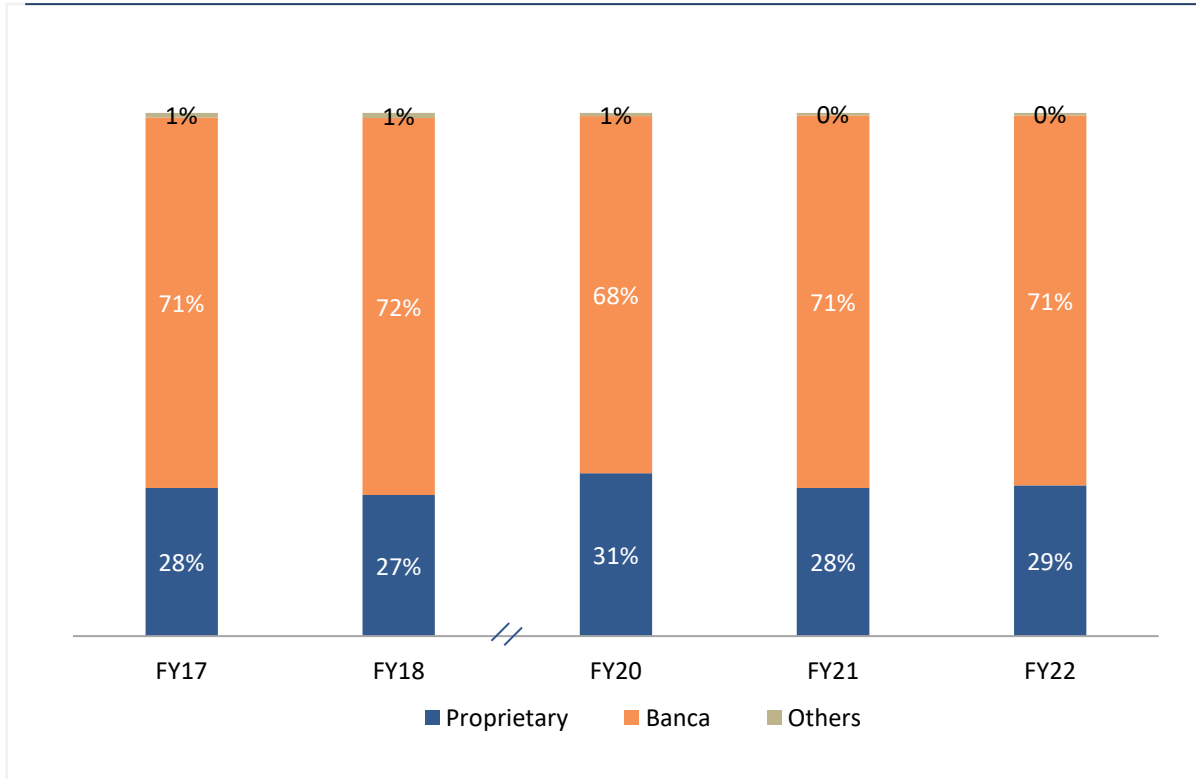
Max Life's Strategic Thrust Areas and progress made

	 A	 B	 C	 D
	Predictable & Sustainable growth	Product innovation to drive margins	Customer centricity across the value chain	Digitization for efficiency and intelligence
Aspirations	<ul style="list-style-type: none"> Fastest growing profitable proprietary distribution Leader in Online Acquisition Inorganic Expansion Deepen Bancassurance partnerships 	<ul style="list-style-type: none"> Leader in Protection + Health & Wellness proposition Leader in Retirement Drive Non PAR saving Enhanced investment and mortality risk management 	<ul style="list-style-type: none"> Improve position in 13M and 61M persistency ranking Highest Relationship Net Promoter Score (NPS) in the industry 	<ul style="list-style-type: none"> Continue with digitization agenda across the organisation Build intelligence (AI) in all digital assets
Progress achieved	<ul style="list-style-type: none"> Strong growth of 15% in Proprietary channels, Banca grew by 12% Continued leadership in protection sales in ecommerce, entered savings market as well. Ecommerce grew by 58% Partnership with new 10 fintech partners during the year such as Phonepe, Scripbox, InsuranceDekho, Ditto Insurance, RenewBuy 	<ul style="list-style-type: none"> Highest ever quarterly margin of 31.9% in Q4FY22, Clocked highest ever FY margin of 27.4% Annuity grew by 65%, NPS ecosystem augmented with retiral offerings across the spectrum Individual Sum assured rank #3 in FY22 Product Launches: Smart Wealth Income Plan, Smart Secure Plus and Smart Guarantee Pension Plan and CIDR in FY22 Rider attachment at 30% for FY22; proprietary channels leading with 48% rider attachment rates. Attachment improved by 64% in Q4 	<ul style="list-style-type: none"> Improvement in 13M and 61M persistency* 84.8% (+120bps) and 50.2% (+90bps) respectively Claim paid ratio at 99.35% at the end of FY21, best in the industry Brand consideration^ improved by 8% from FY21 Improvement of 5 points from 44 in FY21 to 49 in FY22 in the overall Company NPS scores 	<ul style="list-style-type: none"> mSmart – A comprehensive sales governance platform launched in Agency First life insurance partner to go live on Axis Bank marketplace to ensure seamless customer onboarding Adopted a “Cloud First Approach” for all new workloads; Cloud Migration Phase 1 completed with ~46% of entire IT infra now on cloud (18% in FY21) Unified HRMS platform (SAP success factors) launched to support recruitment, onboarding, training, performance management, succession planning, leave, attendance and Payroll

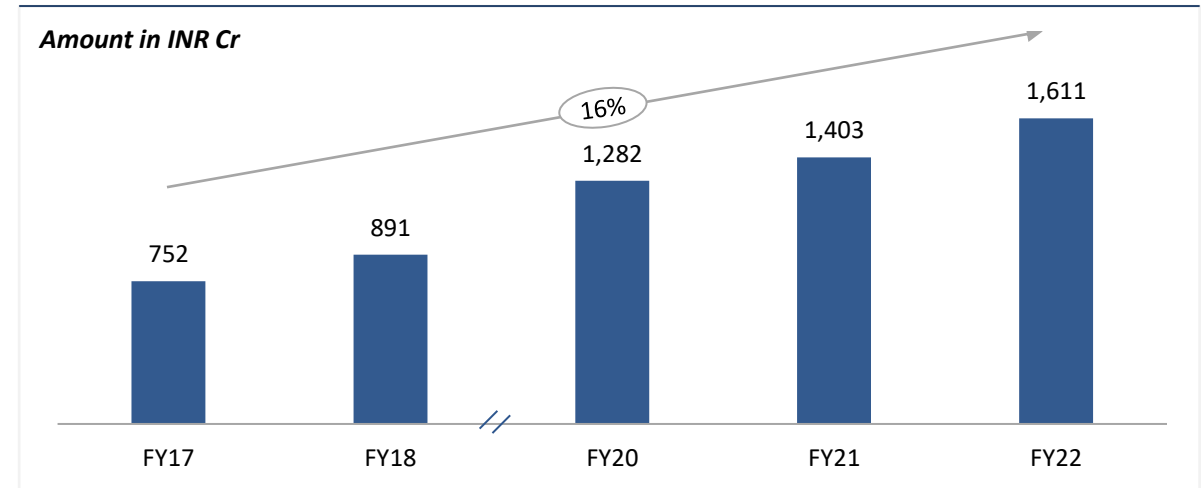
[^]as per Nielsen Brand Track Study *For Regular/Limited pay policies

Max Life has focused on ensuring growth in both its Proprietary and Bancassurance channels

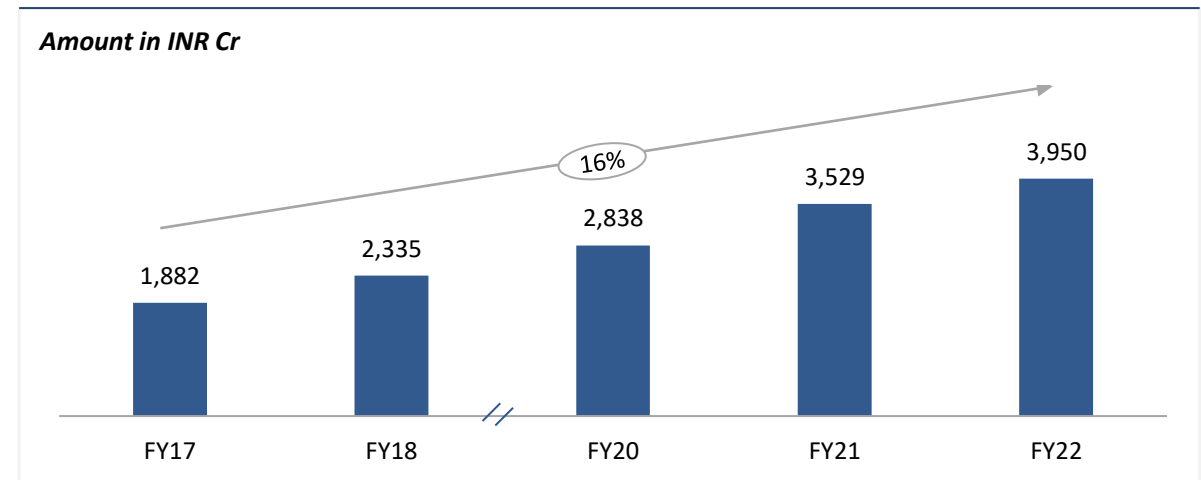
Channel Mix - Max Life has focused on maintaining a balanced distribution mix



Proprietary Channels New Business (APE)

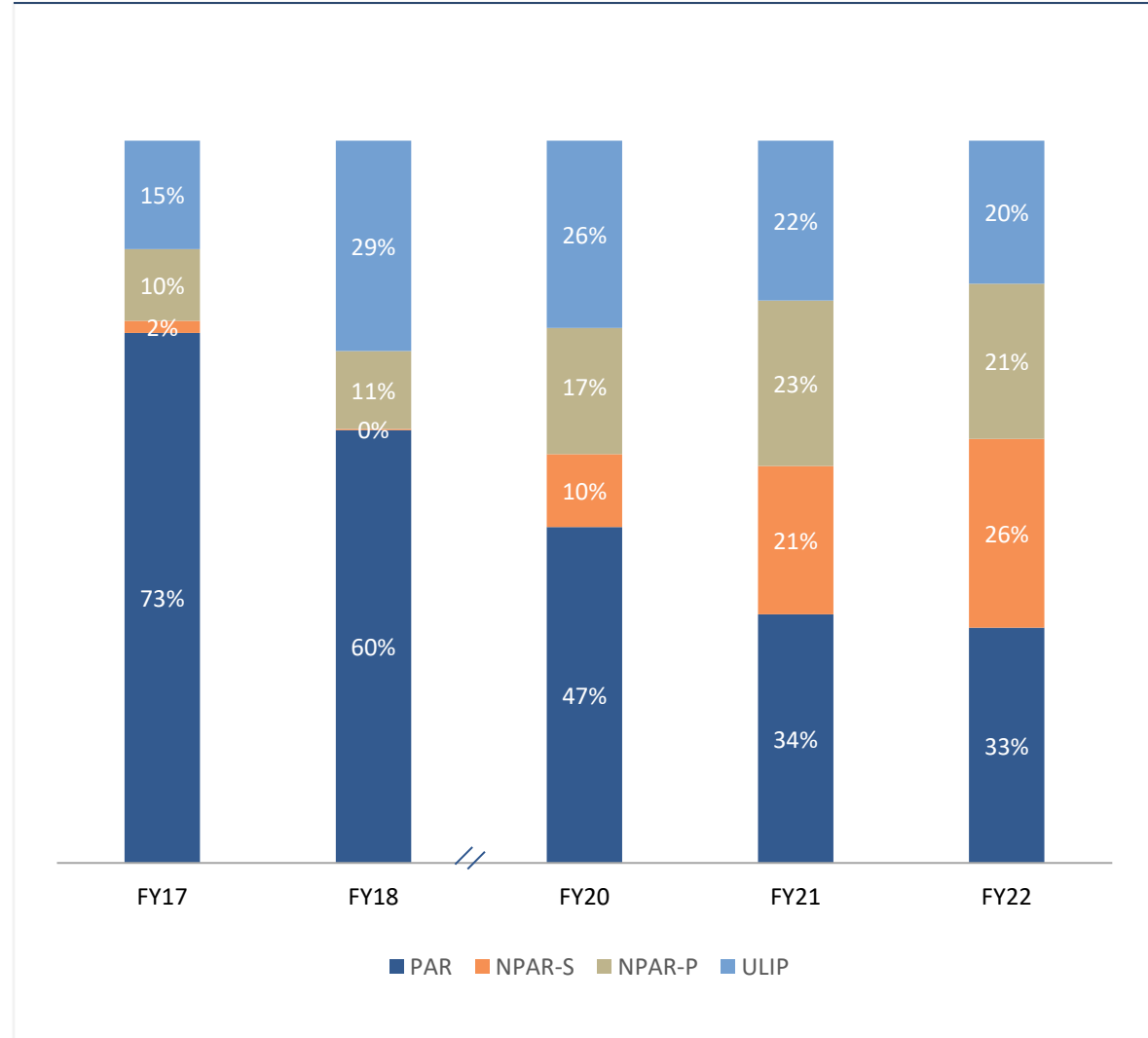


Bancassurance Channel (APE)

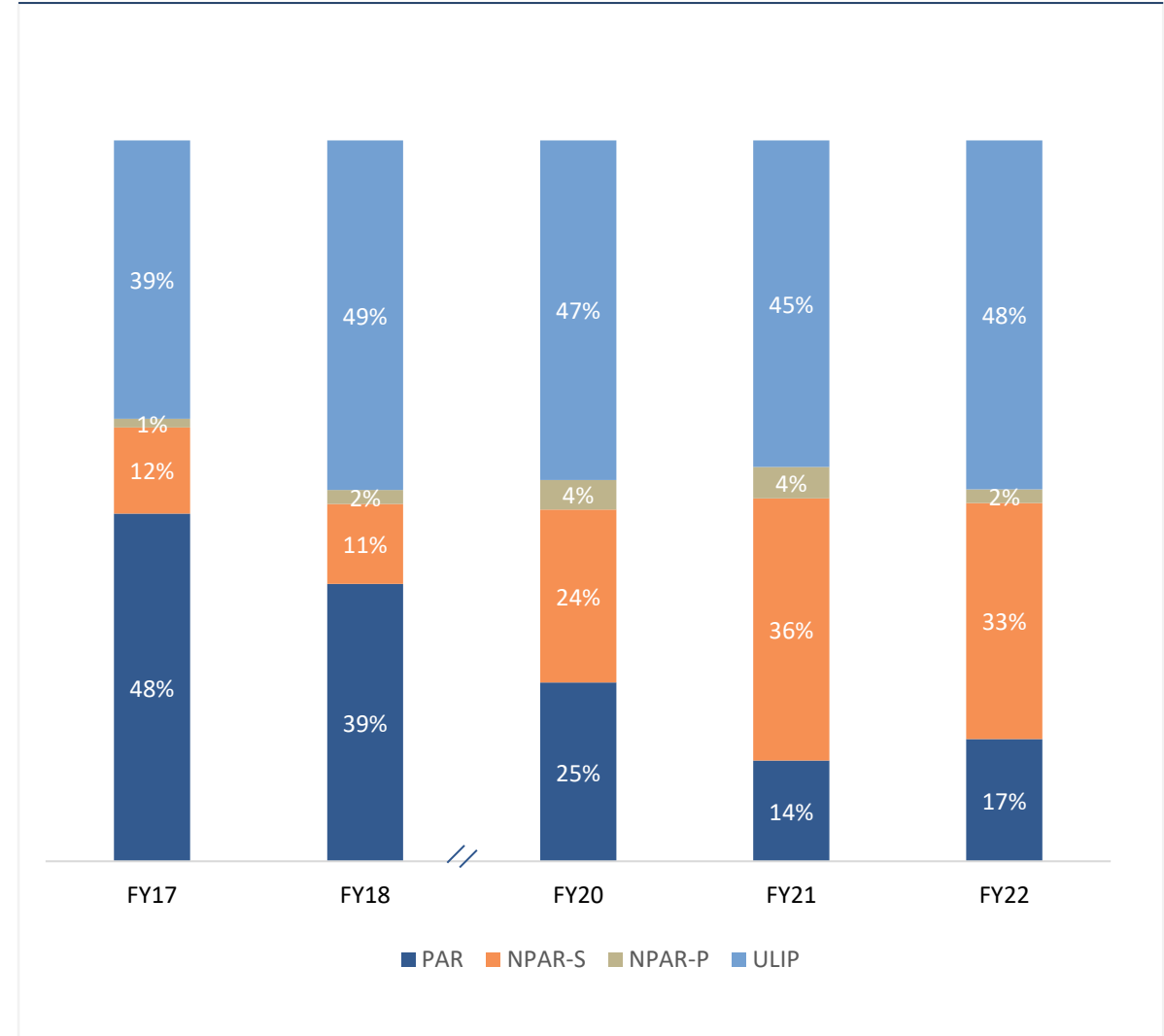


Product mix in proprietary and Bancassurance channels aligned to customer needs;

Proprietary Channels Product mix - biased towards traditional products and protection for driving margins



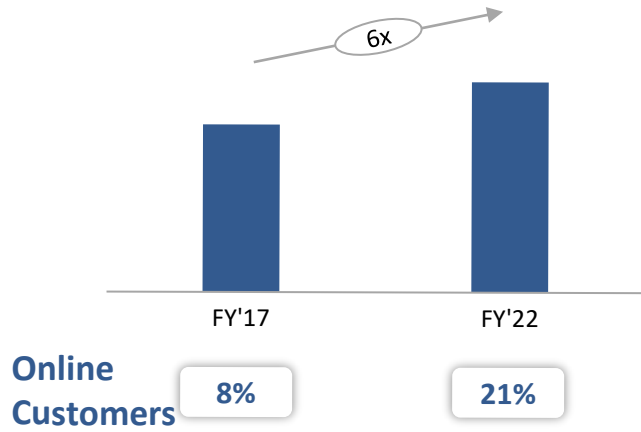
Bancassurance Product Mix - has been biased towards ULIPs to cater to target customer segments



A

Continued leadership in online acquisition

APE grew 6X in 5 years

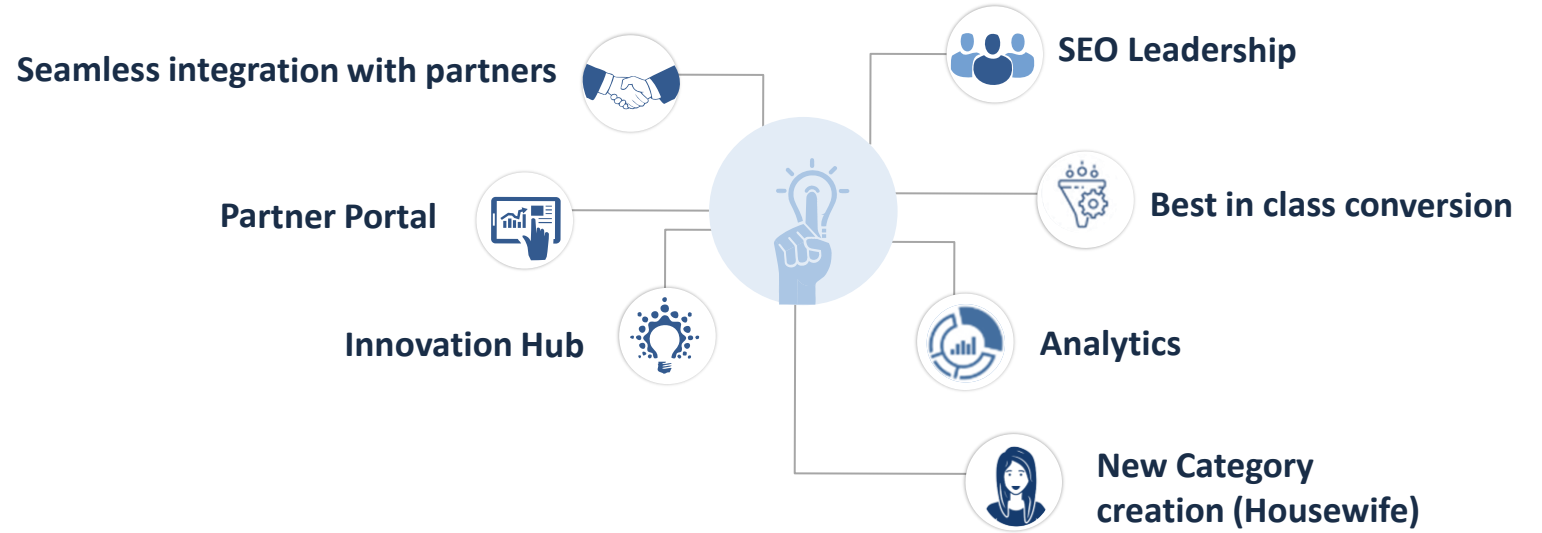


Leadership position in protection in Direct & Partnership

Key Partners



Key Success Factors



Vision to continue dominance in protection & scale up savings

Protection

- Launch of innovative products
- Drive top of the funnel traffic

Savings

- New products
- New funds
- Best in class issuance
- Scale up new segments

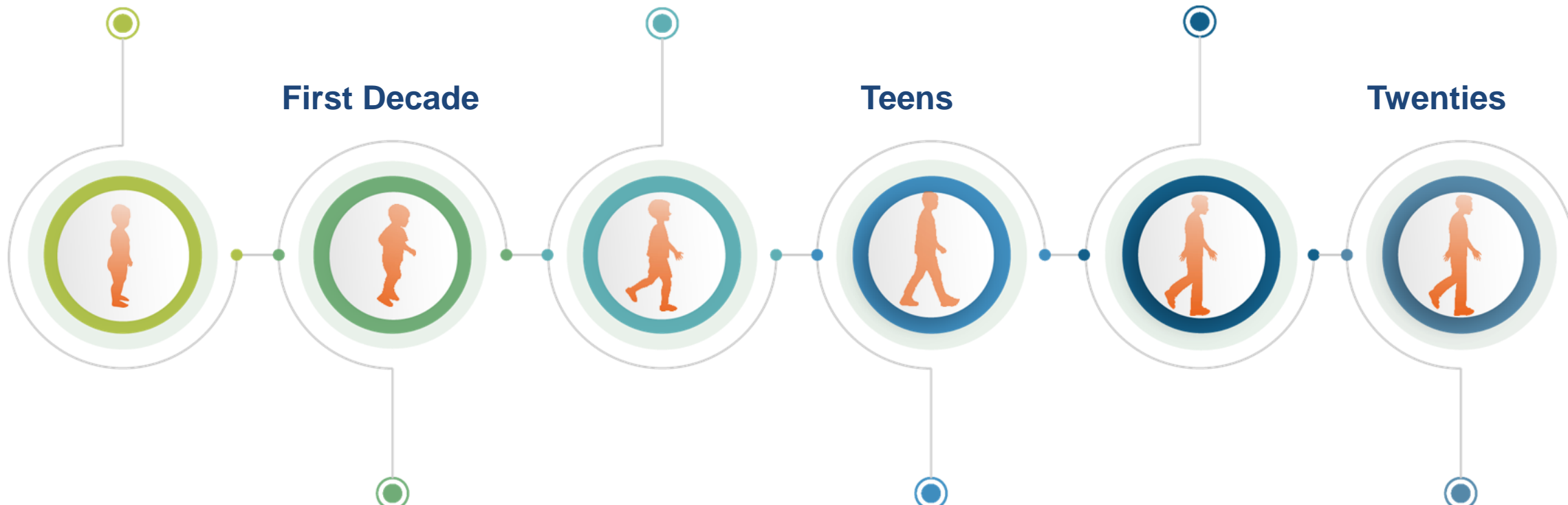
B

Max Life has been at the forefront of driving Products Innovation by creating first-in-industry propositions

1. Break the endowments category clutter with Industry **First Whole Life plan**
2. Provide **liquidity & flexibility through First Cash & Premium Offset Bonus** options
3. **First PAR Top Up** option

6. Enabled transparent customer participation in Bonds with **First Index-Linked Non PAR plan**

10. **Hedged Guarantees with Derivatives**
11. Launched industry **First COVID-19 Rider** (diagnosis & death benefit)



4. Enable Customer Obsession through **First “Freelook Period”**, became Regulation later
5. **Created Universal Life product** – Enable transparent customer participation in Debt market

7. **Scaled “Monthly Income” category** first on Non PAR and then on PAR platforms

12. **Differentiated Term plan** with industry firsts (Special exit value, Premium holiday option)
13. **Strengthened PAR proposition** (guarantees under early income variant)

Smart Guaranteed Pension Plan



Key Features

- Guaranteed Income** to cater to your needs as long as you live
- Advance Annuity Amount** option to take in advance, your next 5 years annuities
- Option for Life-long income:** option to choose a single life or a joint life annuity
- Available for Group members who want to purchase annuities**
- Available for National Pension System(NPS) customers**

Max Life Smart Wealth Income Plan



Key Features

- Policy Continuance Benefit:** in the event of the Life Insured's death
- Multiple Variants Available:** Early Income with Guaranteed~ Money Back
- Deferment of due Survival Benefit**
- Enhanced Liquidity in your hands:**, the customers start getting the survival benefits starting from 2nd policy year

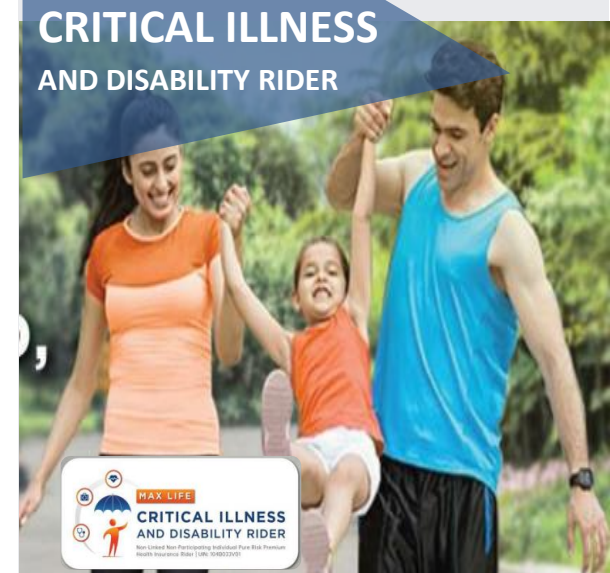
SMART SECURE PLUS



Key Features

- Premium Break:** premium holiday post ten years of policy tenure
- Special Exit Value:** One-time option to exit the policy with an exit benefit of Return of Premiums (Po. term >= 40 yrs)
- Voluntary Sum Assured Top-Up**
- Max Life & Policybazaar** partnered to enhance Homemakers' financial protection with independent Term Insurance Policy¹

CRITICAL ILLNESS AND DISABILITY RIDER



Key Features

- Comprehensive Critical Illness Cover** (covering upto 64 illnesses)
- Total and Permanent Disability Variant**
- Flexible Payment Option** (regular pay or limited pay option)
- Extended Cover**
- Max Fit Program** (wellness benefit)

¹ 'Max Life Smart Secure Plus Plan' offered on Policybazaar will be available to homemakers in the age group of 18 to 50 years and minimum household income of Rs. 5 lakhs per annum. The minimum and maximum sum assured offered will be Rs. 25 lakhs and Rs. 49.99 Lakhs respectively.

B

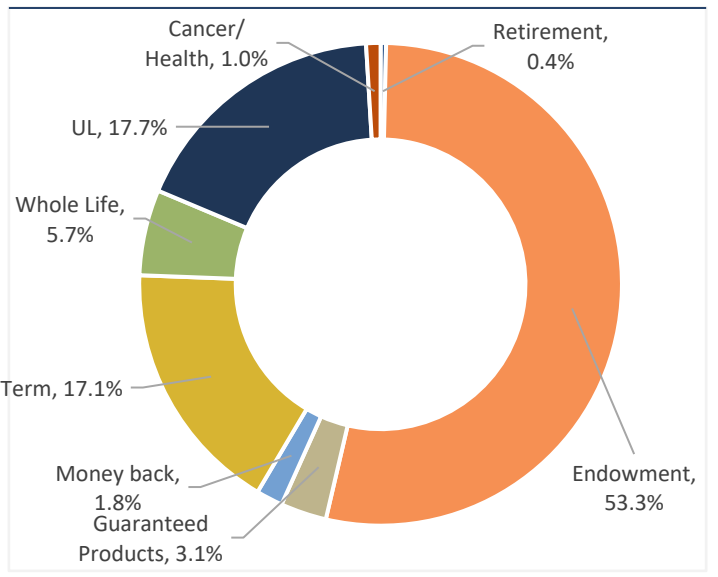
Max Life has a complete suite of products and focus is on selling longer term products along with improving penetration of pure protection offerings



Max Life has products across all categories

- 5** Protection plans
- 5** Income plans
- 4** Endowment plans
- 4** ULIP plans
- 2** Child plans
- 1** Health plan
- 2** Annuity plan
- 1** Retirement ULIP
- 1** Whole life
- 4** Riders

Current portfolio¹ biased towards traditional products



Product Type	Average Policyholder Age (Years)	Average Policy Term (Years)	Average PPT (Years)
Endowment	35	22	10
ULIP	38	14	9
Whole Life	36	64	52
Money back	27	17	17
Pure Term	35	37	32
Guaranteed products	43	19	9
Health	38	21	21
Cancer Insurance	38	29	29
Pension	32	24	24
Annuity	62	58	1

As on 31th Mar 2022

36
Average

26
Average

16
Average

(1) Based on all policies sold till date



I.R.I.S. IN PARTNERSHIP WITH KARVY INSIGHTS

- **Extended insights** to IRIS launch with **V2.0** in Q2'22
- **5000+ respondents** with insights on health, emotional, financial preparedness for tomorrow
- Enhanced media presence with **Television presence & influencer backed campaign**
- India's retirement index stands at 44, health and financial preparedness a key concern amongst Indians

- **PFM company incorporated** as “Max Life Pension Fund Management Limited” and First board meeting on 23rd March
- **Certificate of Registration** received from PFRDA on 20th April
- **Certificate of Commencement** to be provided by PFRDA post physical inspection, agreement evaluation
- Launch in Q2'FY23 (Subject to approvals)



Max Life Insurance
Pension Fund
Management

Focus on protection and its risk management

Customer Profiling and Selection

- AI based risk models, Credit Bureaus, IIB Database deployed in underwriting risk assessments
- Stringent medical and financial underwriting controls deployed

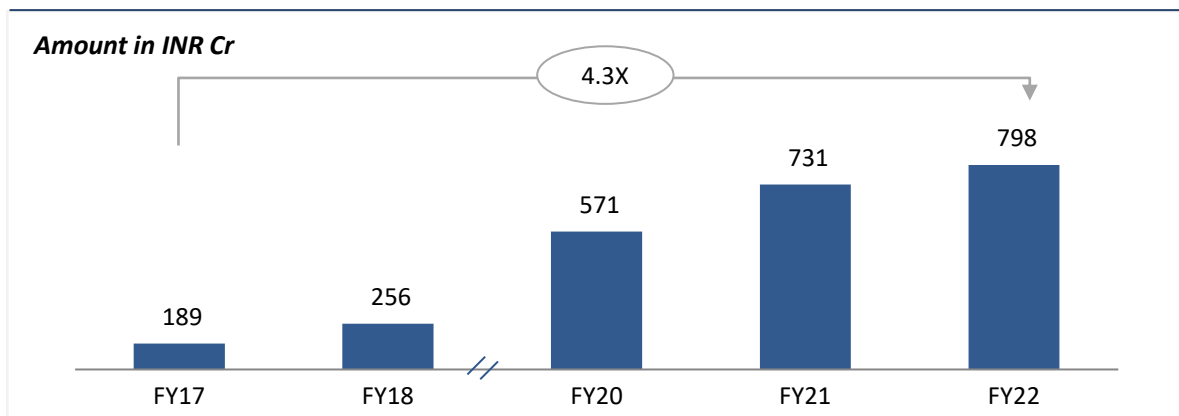
Experience monitoring

- Regular portfolio review/ Post issuance verification
- AI models leveraged to monitor and forecast experience
- Early warning framework for early course correction
- Industry collaboration against organized frauds

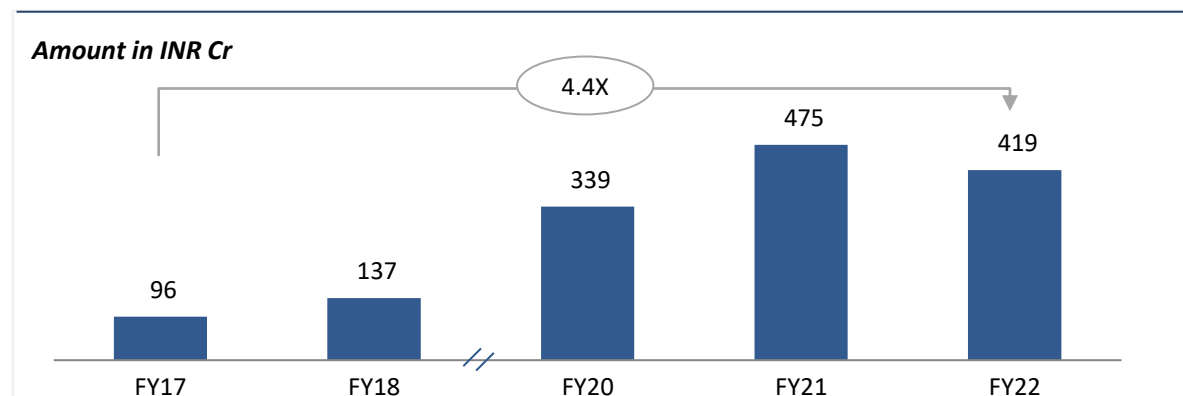
Profitability & Risk Management

- Regular repricing of products
- Product boundaries based on geography, income and channel
- Adequacy of reserve to minimize P&L volatility – Building up provisions for catastrophic events
- Adequate reinsurance (Individual and Catastrophic) to protect against claims volatility

Total Protection APE- More than quadrupled over a 5 year period



Total Retail Protection APE- 5 year CAGR of 34%



Interest Rate Risks

Robust Asset Liability

Management Framework:

- Cash flow and duration matching
- Comprehensive hedging program
- Natural hedge
- Limit on non-par sales
- Active policyholder bonus management for Par business

Focused Product Management:

- Repricing to align benefits with current rates
- Variant and channel level granular monitoring

Resilience and Expert Validation:

- Direct Board oversight
- Stress testing
- Sensitivity tracking
- Peer review of liabilities
- Periodic external review of Derivatives

Investment Risks

Front Office – Led by CIO:

- Differential strategy as per the fund characteristics
- Ensuing diversification and credit quality across portfolio, minimize credit and concentration risks

Middle Office – Led by CRO:

- Independent credit review of portfolio and all new investment proposals
- Derivative risk management
- Early Warning Framework
- Consequence management of stressed assets

Back Office – Led by CFO:

- Ensuring implementation of cash flow matching requirement of ALM
- Valuation, Collateral and Margin management of Derivatives
- Appropriate provisioning for stressed assets

Information Security and Business Continuity Risks

- **Cyber DARE framework for managing security goals:**
- Robust framework based on **ISO 27001**

Internal and External Validation:

- Dedicated CISO, internal security team and external security partner(s)
- Independent external benchmarking (Bit Sight) to keep abreast with emerging security trends

Business Continuity :

- Robust framework based on **ISO 22301**
- Business continuity plans reviewed annually
- Annual BCP drill
- Alternate Disaster Recovery (DR site) and regular data backups with movement to DR site
- Crisis Action Manual

Operational Risks

Preventive Programs:

- Multi-tier governance and automation for highest impact areas
- Quantified risk appetite for
 - Operational errors
 - Product set up errors
- Comprehensive Vendor due diligence

Detective Programs:

- Customized Incident Management program
- Enterprise-wide tool for incident disclosures
- Risk certifications for critical processes

Corrective programs:

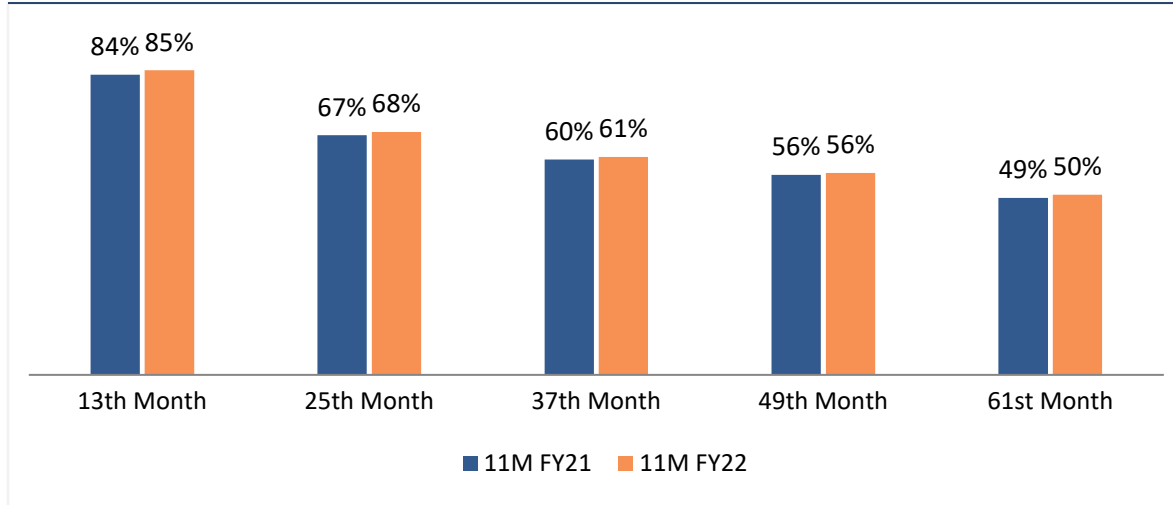
- Revenue Assurance model for concurrent checks
- Cross functional forum for system gaps



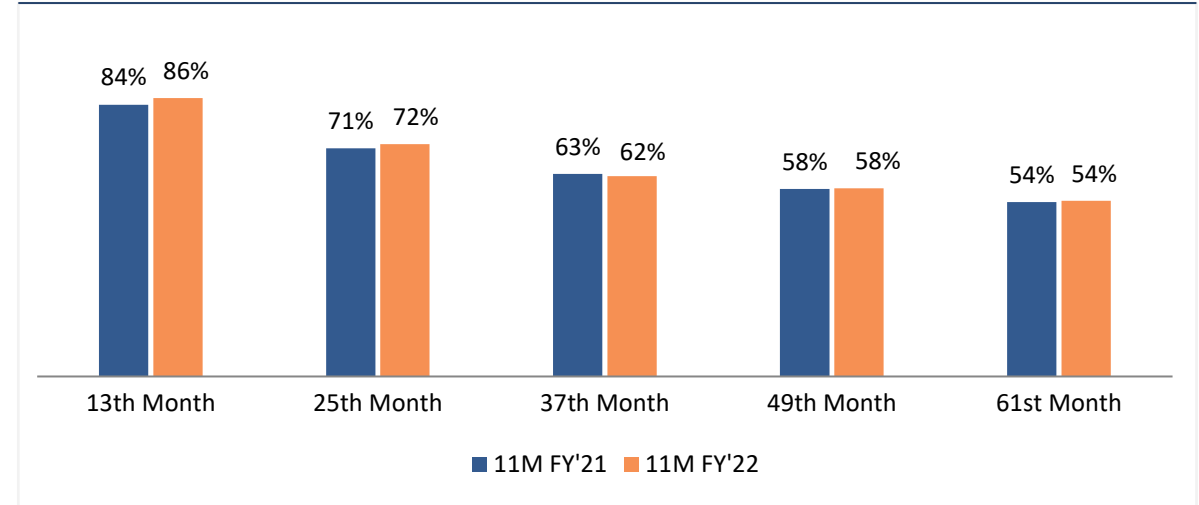
Strong focus towards customer measures has helped deliver superior performance across health parameters and will continue to remain an important priority



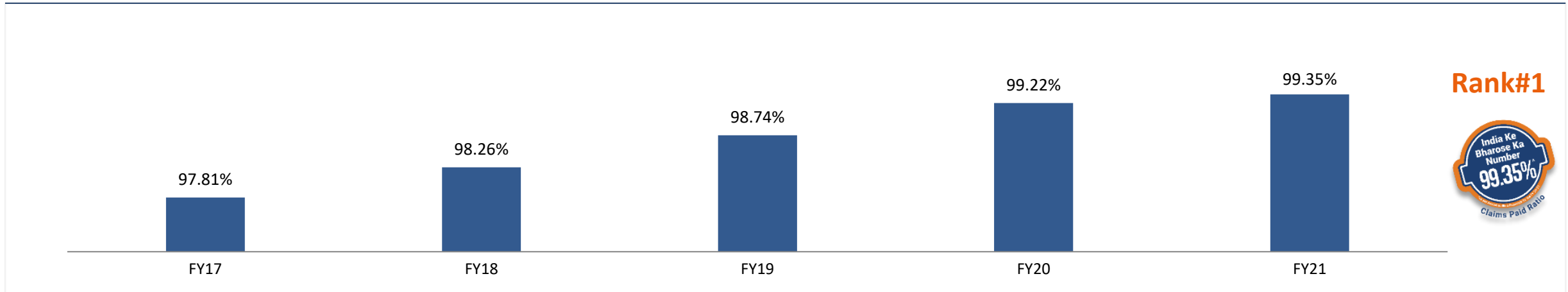
Persistency - Individual policies excluding single pay/fully paid up policies



Persistency - Individual policies including single pay/fully paid up policies



Claims Paid Ratio



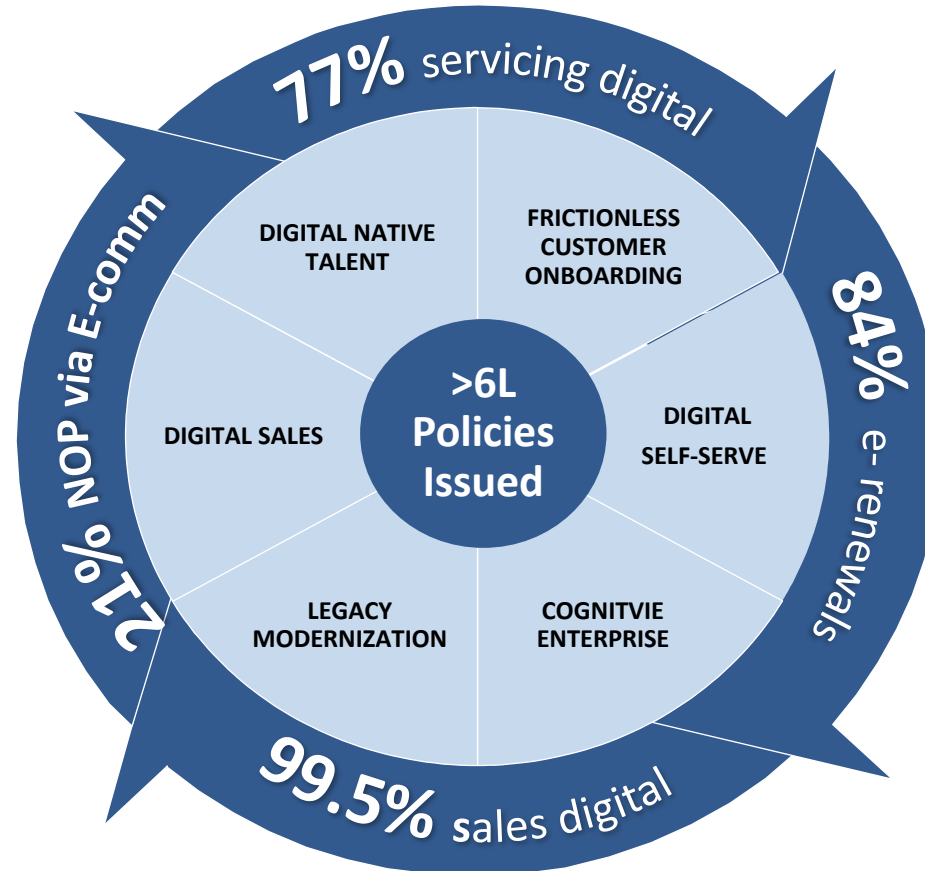
We had made significant progress on our Digital Journey

74%
Automated Underwriting (Retail)

~84
Claims paid everyday

<3 seconds
Page load time

99.35%
Claims settlement ratio



50+
Partners

46%
Infra on Cloud

41%
Insta COI (Axis)

100K
Bot queries per month

Scale eCommerce Business

1

- Digital Marketing Muscle (**Sharper prospecting**)
- **Mobile first** purchase journey
- **Personalized** experience
- **WhatsApp** chase journeys

Digital Sales

2

- Intelligent & Integrated **LEAD management**
- Integrated **Recruitment Funnel**
- Digital **Native Training & Content Mgt** solution
- **Smart Assistant** for seller productivity
- Digital standardized **sales governance**

Onboarding / Issuance

3

- Digital Native Onboarding platform – **SEO**
- **Frictionless Onboarding** experience leveraging eco system partnerships
- **Smart U/W** - embedded AI Models
- **Legacy Modernization** – Insta Issuance

Customer Service

4

- **Omni Channel** customer experience (Customer 360)
- Help Center / conversational BOTS for **self service**
- **Continuous customer engagement** by Leveraging Ecosystem
- Digital **Agent Servicing**
- Integration with **Social platforms**

Enterprise

5

- **Mobile First Employee Experience** – HR Self Service
- **Digital Engagement & Collaboration**
- **Back-office transformation** – Treasury, AML
- **Enhanced Security** – cloud, threat monitoring, vulnerability Mgt
- **Intelligent Automation**

Pervasive Intelligence

6

(AI /ML, Analytics embedded in all key processes)

Cloud Enabled Legacy Modernization & Enterprise Data Hub

7

Workloads on Cloud

Employer of Choice for Top Digital Talent

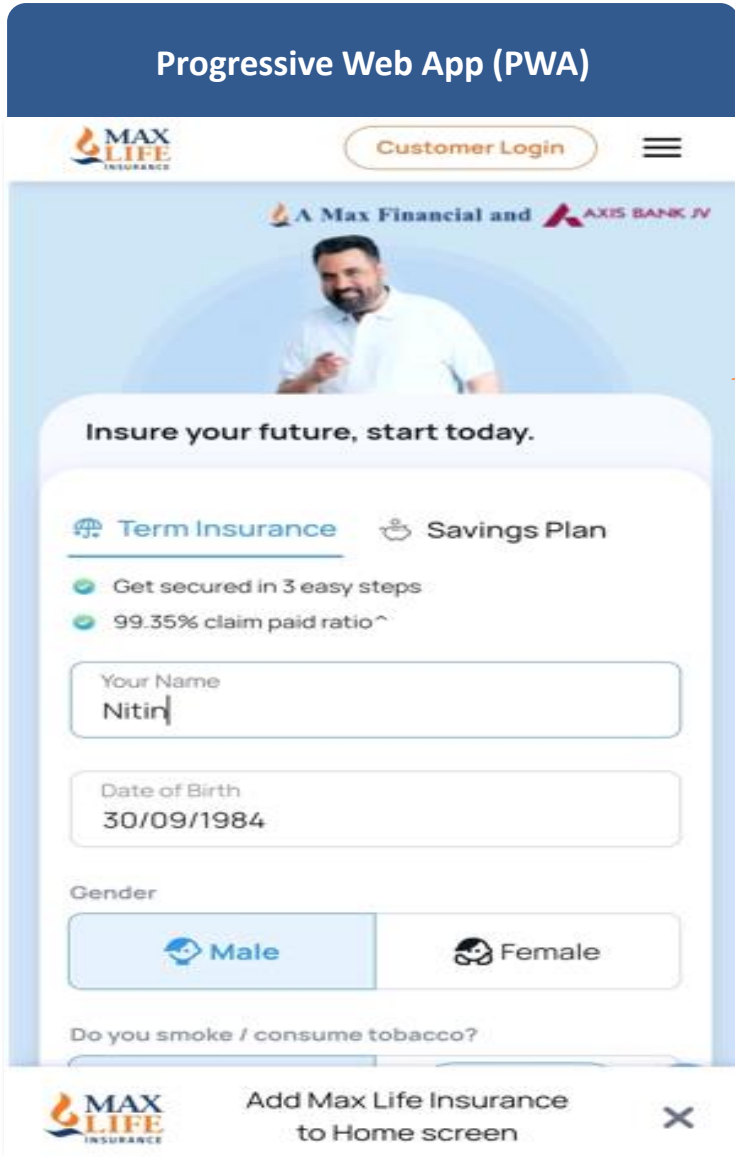
8

300+ engineers

Digital Culture

9

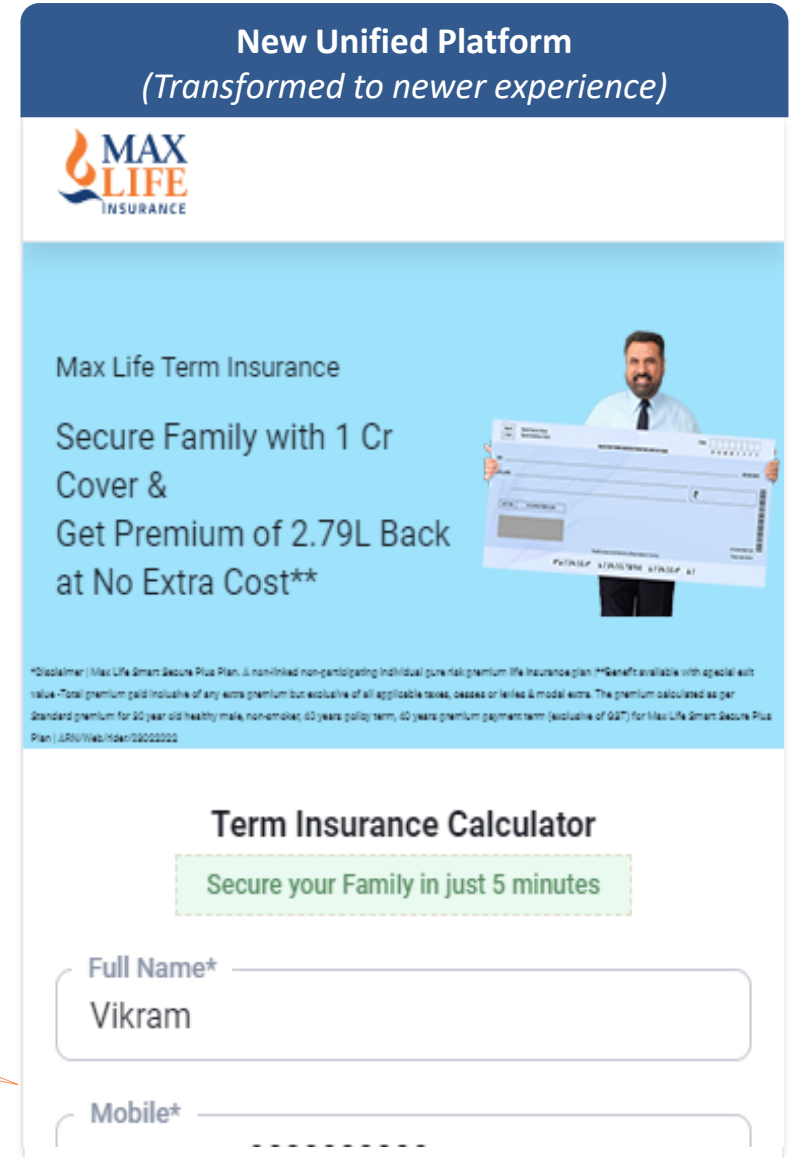
InsureTech ecosystem



- **PWA Launched** with Push Notifications for user engagement and wider reach.
- Early Adoption in Ecom journey and Roadmap for extension to customer service

- **SEO Expertise:**
Visibility Score of top 15 Business Keywords: **53.75%**
Maintaining consistent SEO leadership position in **top 15** and **top 50** Keywords search.
- Home page , PCP-PDP pages migrated to new tech.
- (PCP-PDP) Page Load time: **1.5 Secs** (Best in class)

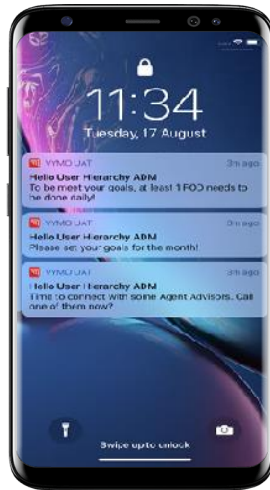
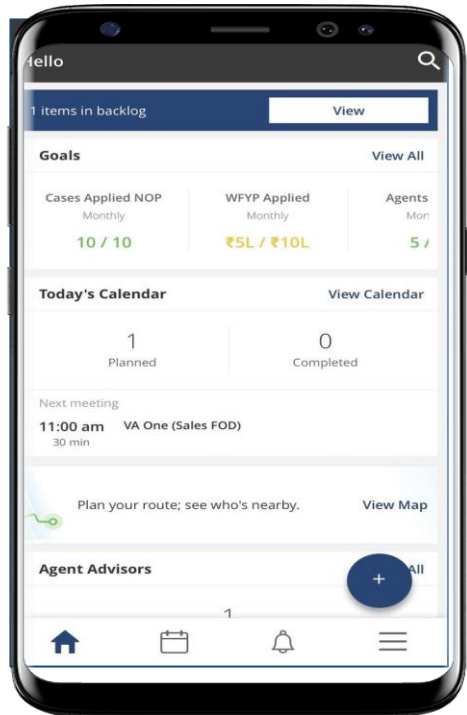
- **New Unified Platform:**
- Page load time- **<3 Secs**
- Best in class session to leads - **27%**



*Disclaimer | Max Life Smart Secure Plus Plan, is non-linked non-participating individual pure risk premium life insurance plan. **Benefits available with special exit value. Total premium paid includes of any extra premium but exclusive of all applicable taxes, cesses or levies & modal extra. The premium calculated as per Standard premium for 30 year old healthy male, non-smoker, 60 years policy term, 60 years premium payment term (exclusive of GST) for Max Life Smart Secure Plus Plan (LRN/VIN/18/0000000)

mSMART

Intelligent nudges on next best action



mSMART

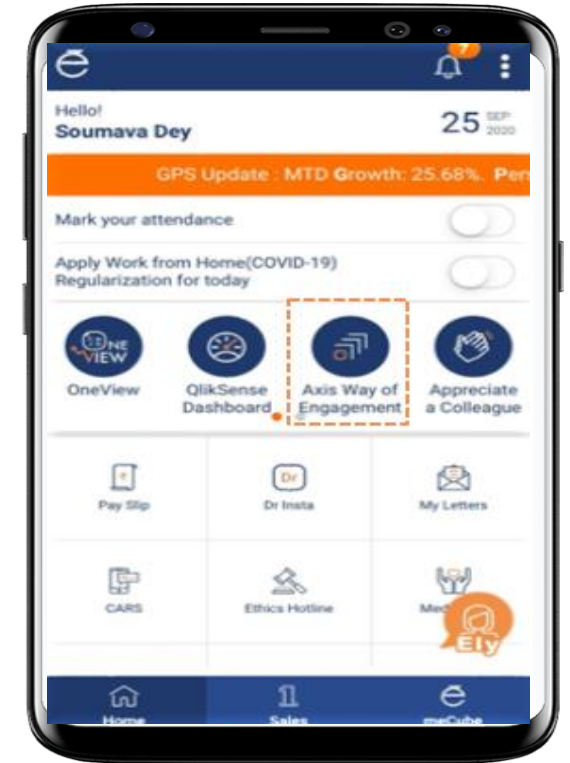
Enables ADM to track and create monthly plan, activities, goals and PRP

Smart Class



Virtual Training for Agents

AWE & Y.E.S



Sales management system for partnership Channels



92k+ activities created with in a month



53k+ FODs done with in a month



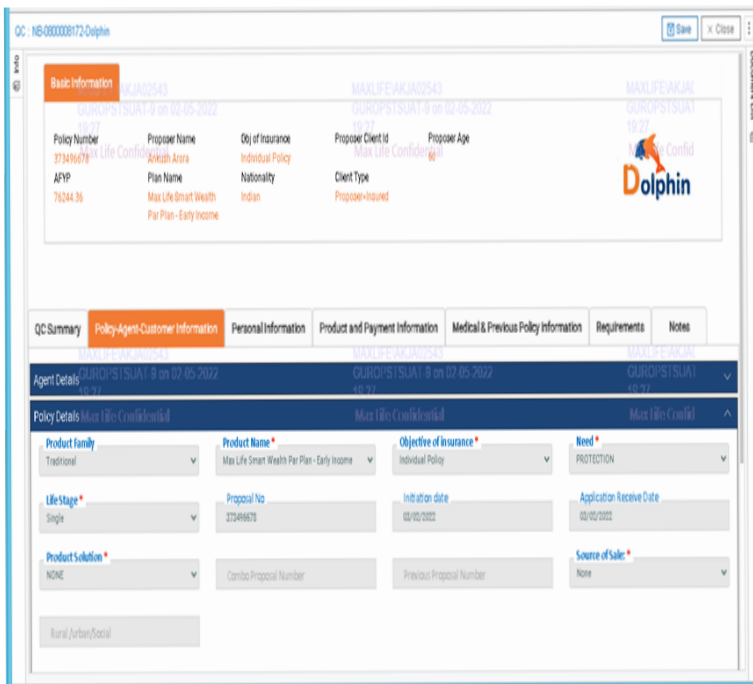
~87%+ Adoption

D ...Enabled by a state-of-the-art cloud Native issuance and underwriting system, Integration with Bank marketplaces & eco-system integration.

3

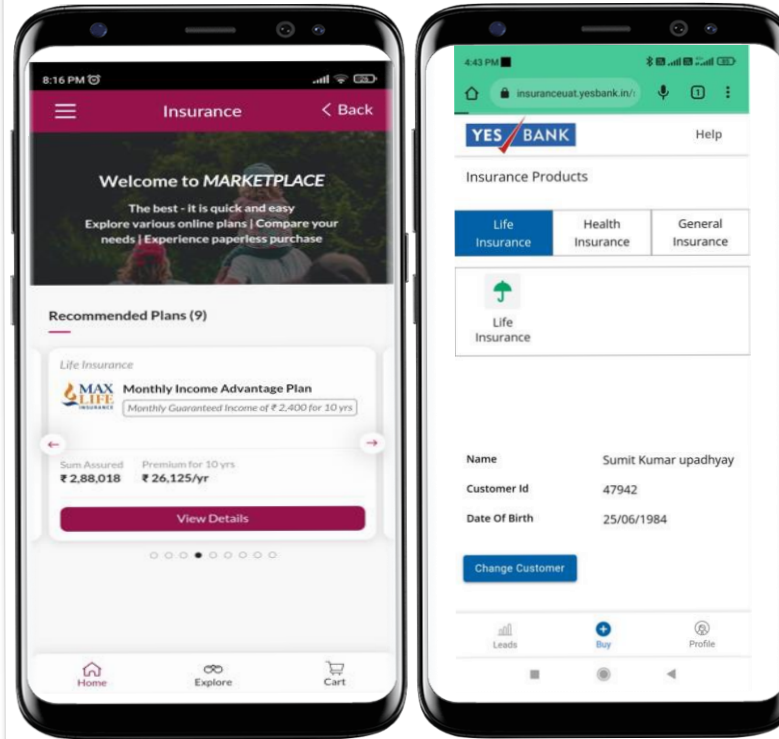


Dolphin Scale-Up



New Age Cloud Native & Intelligent UW System

Integration with Market Places



Banca Partners Market Places

Eco-system Integration

For KYC details and document

Waiver of Financial Document

Integration with TPA for Medical scheduling and digital report



80% reduction in HO hubhold processing time

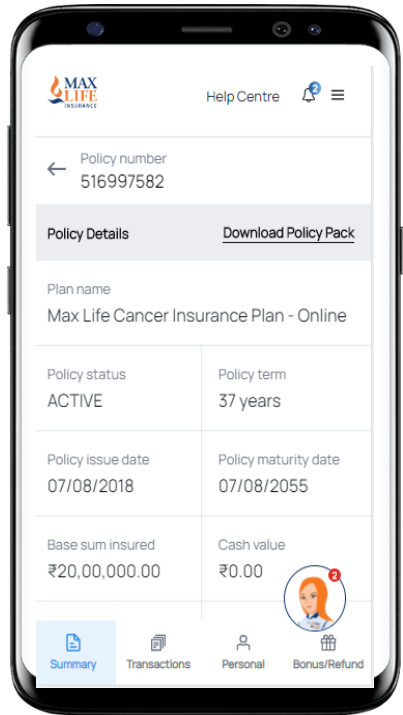


Improvement in First Time Right by 4%

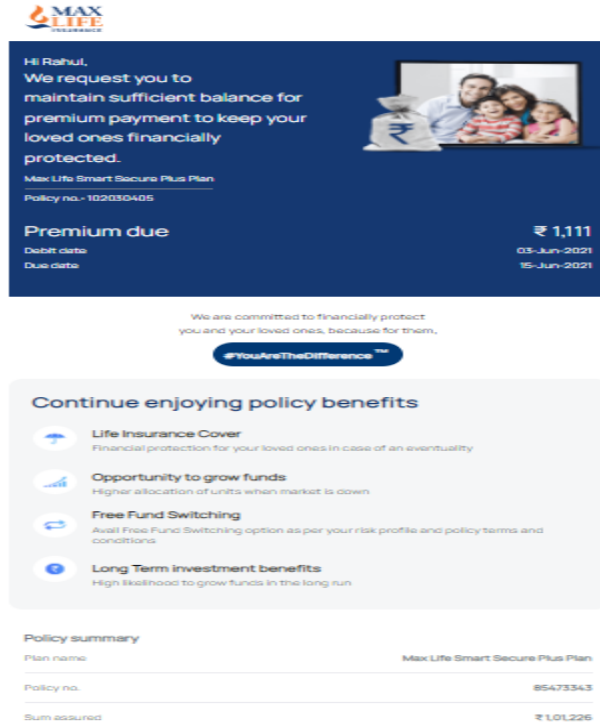


Clear Case – 75% (Retail)

Revamped Website

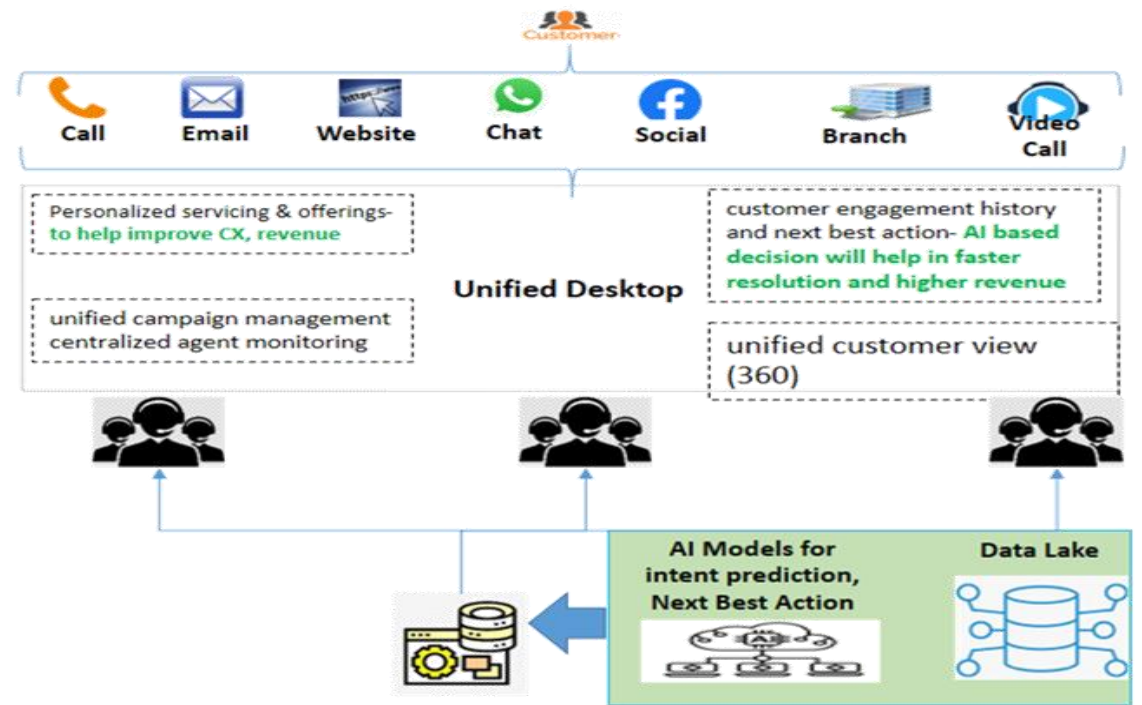


Revamped Customer Communications



Centralized communication Management System

Omni Channel Customer Service



One view for all servicing touch points



50L+ self-service transactions annually 75% Penetration



25% Emails Auto Response through Intelligent BOTS

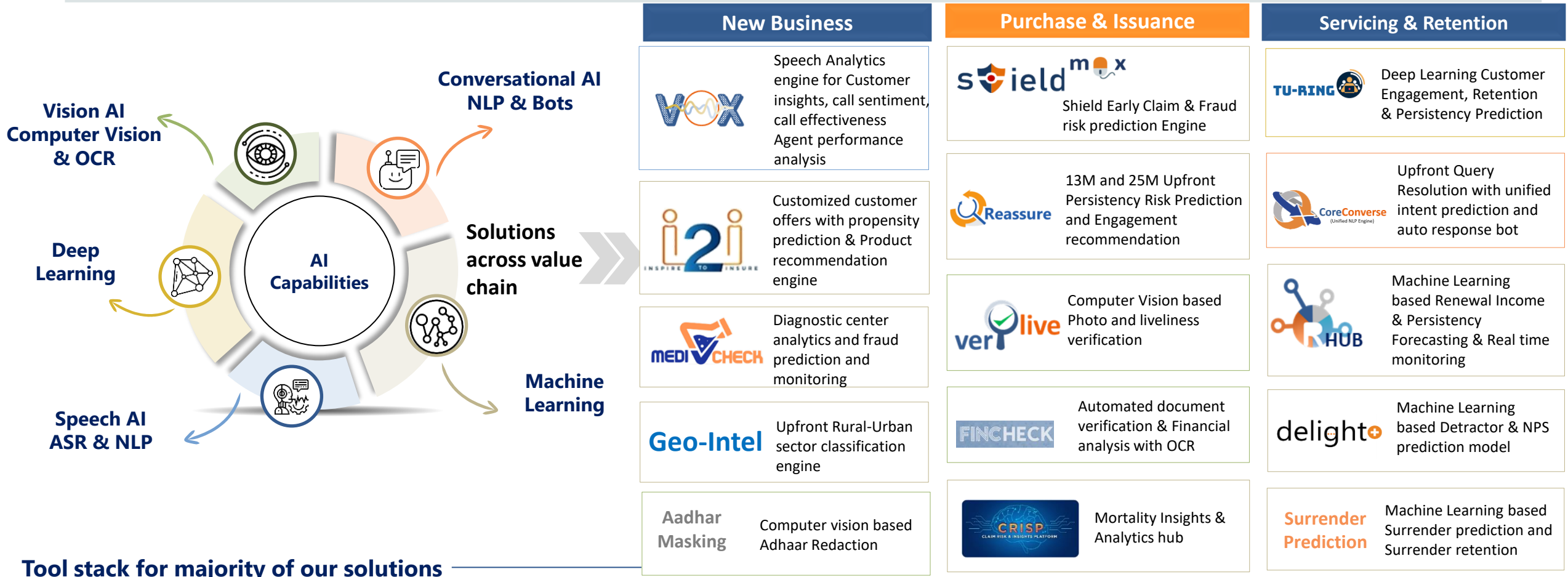


10+ Uplift in Digital NPS for customer Portal



40% + efficiency increased in agent productivity

D Max Life has implemented cutting edge AI application at scale enabling superior business outcomes across the customer touchpoints



Tool stack for majority of our solutions



90% VOX- Transcription & NLP Accuracy (Hindi, English, Hinglish)	3X I2i engine- 3X Conversion Rate in High Propensity Leads	100% Real time Risk prediction	40% Core Converse – monthly email volume automatically handled by Bot
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NLP: Natural Language Processing
 ASR: Automatic Speech Recognition

D Our investments in cloud and system modernization is helping us scale business in an agile way...

7



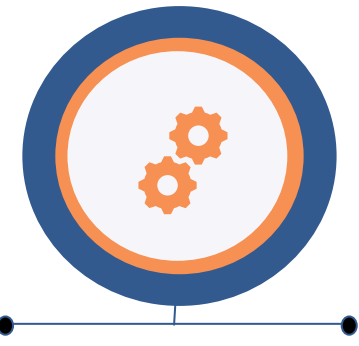
Cloud Data & Analytics Platform

- Data Lake Foundation & Customer 360
- Data stores consolidation and real-time reporting
- AI/ML – Speech to Text, Claims Risk Insight Engine



Cloud Foundation

- Agility in operations support for 4X volume on peak days with response time <1sec
- Footprint increase form 18% to ~46%



Legacy Modernization

- Modernized Treasury, HR, Contact Center, Communications and AML platforms
- Policy Administration Platform migration PoC



<p>DR 100% for application migrated</p>	<p>Real-time Backup</p>	<p>Improved resiliency and peak volume support via auto-scaling</p>	<p>Provisioning from 8 weeks to 2-3 Days</p>
--	--------------------------------	--	---

MAX LIFE INNOVATION LABS

Ecosystem Partners

Use cases Shortlisted for POC

- Speech Recognition
- Smart Underwriting
- Smart hiring / training of Agents / Sales force
- Document Parsing
- Health & Wellness
- Personalized Videos for Customers
- Group Policy Admin Portal
- Non/Minimally Invasive Medical Testing
- Digital Twin
- Online Digital Ecosystem

Digital Partners (>150)

POC Outcome

Selected POCs are in progress and under scale-up phase

>400 Applications received for Innovation Labs 1.0 & 2.0



SECTION IV

- ▶ Max Life Insurance – ESG
- 

The Sustainability Framework at Max Life is built around four pillars with key focus areas

Four Pillars of Approach to Sustainability



Work Ethically & Sustainably

- *Corporate Governance*
- *Ethics & Compliance*
- *Digital Initiatives*
- *Ethical usage of Data*
- *Operational Risk Management*

Care for People

- *Diversity & Inclusion*
- *Employee Development*
- *Health & Wellness programs*
- *CSR (with Financial Empowerment)*

Financial Responsibility

- *Sustainable Investing*
- *Product responsibility*
- *Customer feedback integration*

Green Operations

- *Waste Management*
- *Water Management*
- *Energy efficiency*
- *Emissions control*

Work Sustainably & Ethically



Governance

- Dedicated ESG Management Committee in place from 2021
- Appointed ESG Head to oversee ESG initiatives and actions in the organization
- Diverse Board composition with Independent Directors in Board (~50%-MFSL; ~30%- Max Life Insurance)
- Average board experience > 30 years

Risk Management

- Max Life has a robust governance framework with Board risk committee (REALMC) supported by domain expertise committees (MRC, ALCO, DMC, ORG, IS BCM etc.)
- Risk Appetite and Risk Management framework in place
- Robust derivative program as well as an ALM framework
- Detailed review process of Business Plan in place by CRO with focus on solvency risk and capital management

Data Privacy & Security

- MLI received the DSCI Excellence Award for Best Security Practices in India in 2021
- Recertification of ISO 27001 completed
- Data privacy policy available on the website
- Adherence of data privacy and security policies in line with Aadhar ACT, IT act and other regulatory guidelines

Compliance & Policies

- Platforms, mechanisms, channels in place for grievance addresses, incident investigations and corrective actions and policies
- Dedicated whistle-blower platform managed by independent external partner
- The company has Board/board committee approved Business Code of Conduct, Anti Bribery, Gifts and Meals policies, along with certain other policies to drive the Ethical culture at workplace

Care for People & Community



Diversity & Inclusion

- Current gender diversity ratio at 25% at Max Life
- Launched a career comeback program called Pragati for women on a break
- Extended capability building program for 107 women at early career stage
- Max Life featured in “Rendezvous” by India Diversity Forum on D&I practices
- Max Life has been awarded “Excellence in Gender Diversity” at the 4th D&I Summit & Awards by Transformance Forums

Employee Development & Policies

- Ranked 18th in Great Place to work survey in 2021
- Unlimited sick leave policies for eligible employees
- High employee engagement
- Robust Organization talent review process
- Max Life has built 20 Mentors within the organization
- Launched POSH (Prevention of Sexual Harassment) e-learning and certification on intranet / mobile app

Health & Wellness

- Counselling & Mental Well-Being sessions are conducted to employees & family members through third party health services partnerships
- Max Life has tied up with Healthifyme and conducted health sessions for all employees for their physical and mental wellbeing
- Ongoing employee engagement on health & wellness (Doctors for consultations, mental well being sessions, COVID-19 helpline etc.)

CSR Initiatives

- Joy of Giving : Employees volunteered in our office communities
- Covid Prevention kits distributed to front line workers (Primary health givers and Police)
- Nutritional intervention support for malnourished families in Haridwar through Akshaya Patra
- Partnered with 4 Max India Foundation NGOs: Teach for India, Simple Education, Kshamtalya Foundation and Saajha – to conduct sessions on Financial Literacy
- Green Project with GMDA (Gurgaon Metro) to maintain the green belt from IFFCO Chowk to Sikanderpur metro station – 4.4 km stretch

Financial Responsibility



OUR TOP COMMITMENTS IN RESPONSIBLE INVESTMENTS

Max Life has set some targets in responsible investment decision making

- 100% ESG integration will be ensured in all equity investment research and decision making by FY23
- 75% of equity portfolio to be ESG compliant at all times from FY23
- 100% compliance for equity portion of Shareholders fund to be adhered to from FY23

Responsible Investments

- Comprehensive stewardship policy in place and a detailed summary of MLI's voting actions are disclosed on a quarterly basis.
- Max Life evaluates detailed governance reports of all its investee companies in detail
- Launched new ESG Fund
- There is now a dedicated ESG Update in every Investments Committee Meeting

Product Responsibility

- Special rates for females to precipitate financial inclusion for women - Under Smart Wealth Insurance Plan (SWIP), we provide a preferential discount for Female lives
- Max Life annuity plans, and Smart Wealth Plan offer senior customers guaranteed income throughout their life
- Additional health protection through our Rider Suite. Critical Illness and Disability Rider can be attached to almost the entire product portfolio, and offers protection against 64 critical illness and disability

Integrating Customer Feedback

- We continuously focus on integrating feedback from policyholders in our services. That is reflected in our NPS ratings, as per Kantar studies. Company NPS improved from 35 in FY19 to 49 in FY22

Green Operations



Conducted a carbon footprint assessment of our pan India offices.
Mitigation plan currently in place to achieve the Carbon Neutrality target by FY28

Energy Management

- Home Office (HO) building is a LEED Platinum certified building with “5 star rating” in health and safety by British safety council
- Replacement of CFL with LED lights ongoing in all offices to reduce energy consumption : Replacement concluded in 30% offices in last 3 yrs. ~3% of energy reduction achieved
- Replacement of old air-conditioners ongoing: Plan to replace 500 ton of AC in FY23
- 25 KVA solar panel installation & commissioning ongoing in new Office building in Gurgaon






Water Conservation

- All water is being recycled with the help of STP: 30 kilo litres per day of water recycled in FY22 at Head office
- 100% tap sensors and water aerators in place in HO. With the help of these ~70% water consumption is reduced

Waste Management

- MLI has pledged to completely ban single use plastic in the next few years with emphasis on recycled plastic at tuck shop and Pantries
- Dry and wet waste segregation process is implemented in HO
- Used 10000 kg of plastic, 3000 being single use and 7000 being recycled plastic

Some progress made in our key strategic shifts identified in our ESG journey

	Indicators	Key Metric for ESG Indicators	Key Targets	Current Status
	Digital Operations	Digital enablement (Self Servicing) in Business transactions	90% of all self servicing operations to be digital by FY25	92% self-service enablement by March'22
	Diversity & Inclusion	Overall Gender Diversity Ratio	Achieve 30% gender diversity ratio by FY25 (23% in FY21)	25% gender diversity ratio in FY22 (23% in FY21)
	Workforce Training	Number of Digital Learning hours to upskill and reskill employees	Improve total training hours by ~3X by FY25	21609 training hours in FY22
	Responsible Investments	ESG integration* & Compliance^ in Investment Decision Making	100% ESG integration in all investment research and decision making by FY23 75% of equity portfolio to be ESG compliant at all times from FY23	External Consultant on-boarded for ESG integration process Tracking ongoing for ESG compliance
	Carbon Neutrality	Reduce carbon footprint and achieve Carbon Neutrality	To achieve carbon neutrality by FY28	Carbon Assessment completed. Mitigation plan in progress

*ESG Integration refers to evaluation of ESG risks and opportunities for each company in the portfolio

^ESG compliance refers to all ESG rating categories excluding severe risk category, as per rating agency scores



SECTION IV

- ▶ Max Life Insurance - MCEV Disclosures: FY22
- 

Key Results

The Embedded Value¹ (EV) as at 31st March 2022 is **Rs 14,174 Cr.**

The Operating Return on EV (RoEV) over FY22 is **19.2%**, which increases to **20.1%** after excluding one-off impact of COVID19. Including non-operating variances, the total RoEV is **19.8%**².

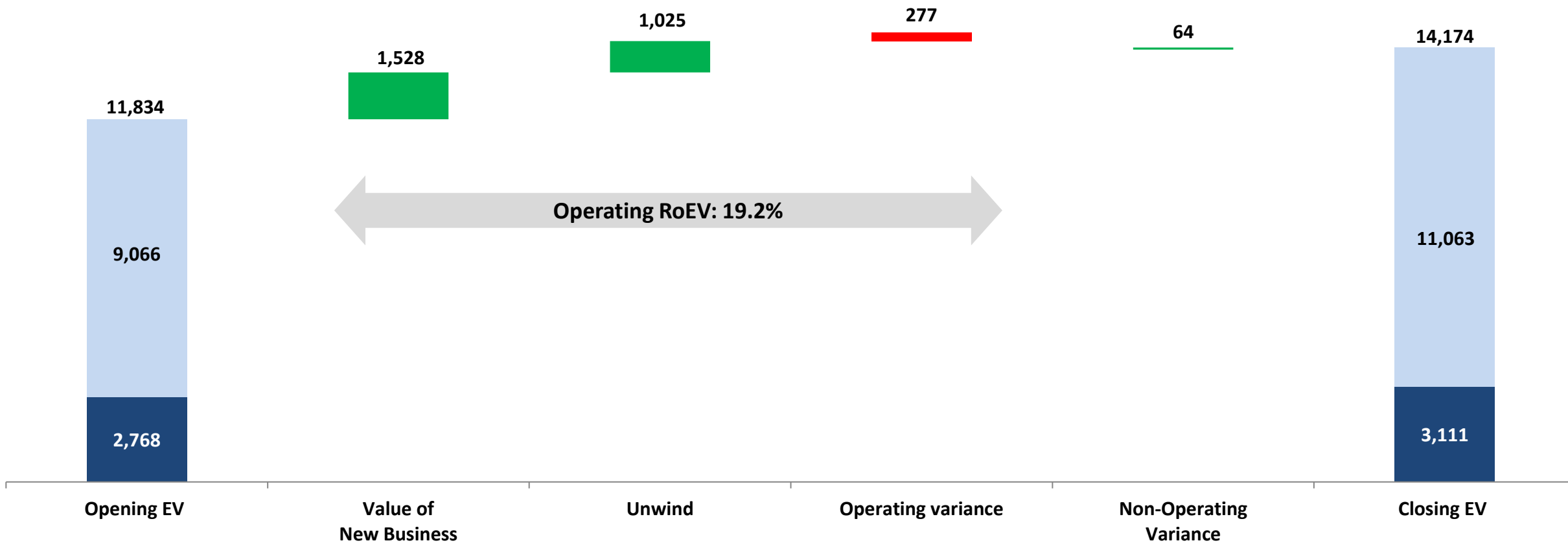
The New Business Margin (NBM) at actual cost for FY22 is **27.4%**, with Value of New Business (VNB) written over the period being **Rs 1,528 Cr.**

Notes:

¹ Max Life's Embedded Value (EV) is based on a market consistent methodology. However, they are not intended to be compliant with the MCEV Principles issued by the Stitching CFO Forum Foundation (CFO Forum) or the Actuarial Practice Standard 10 (APS10) as issued by the Institute of Actuaries of India.

² The Return on EV is calculated before capital movements during the year e.g. dividends.

EV movement analysis: March 2021 to March 2022



- The Operating Return on EV (RoEV) over FY22 is **19.2%**, which increases to **20.1%** after excluding one-off impact of COVID19.
- Operating return on EV is mainly driven by value of new business and unwind.
- Operating variance includes Covid impact and strengthening of assumptions
- Non-operating variances are mainly driven by positive economic variances during the period.

Value of New Business and New Business Margins as at 31st March 2022

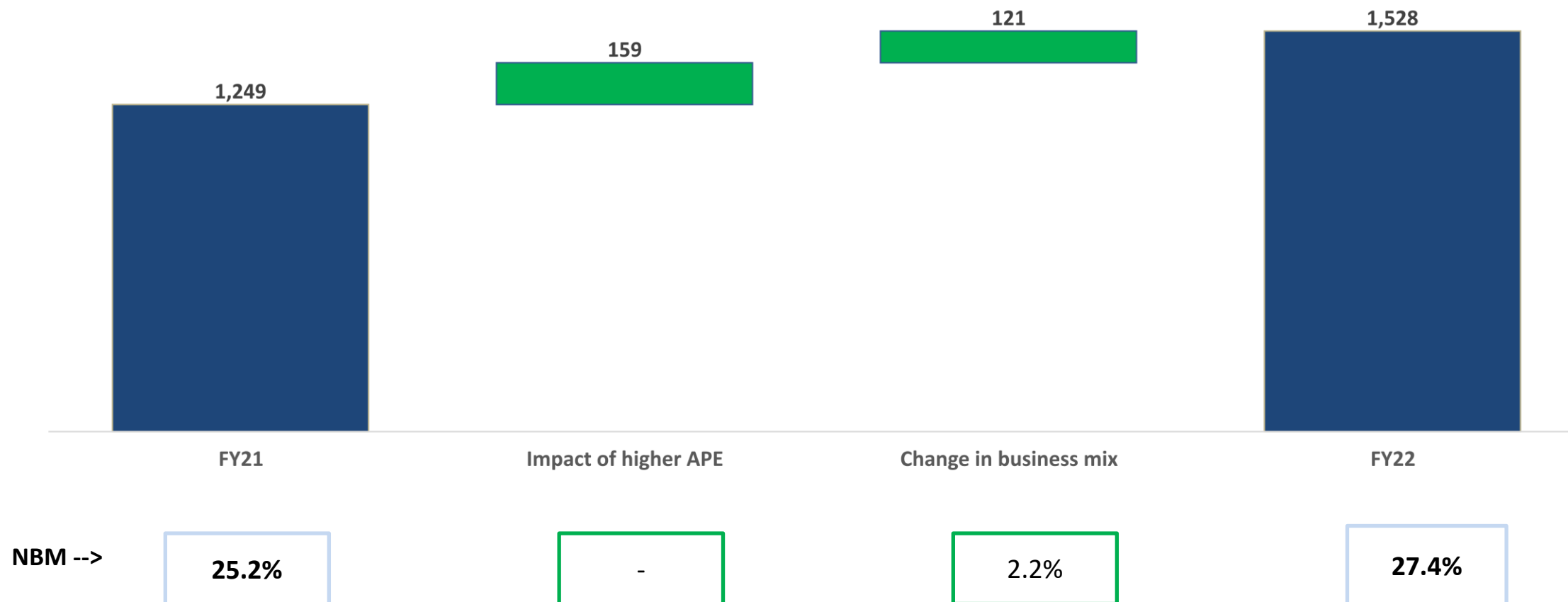
Description	FY21	FY22	Y-o-Y growth
APE ¹	4,957	5,588	13%
New Business Margin (NBM) (post cost overrun)	25.2%	27.4%	+220 bps
Value of New Business (VNB) (post cost overrun)	1,249	1,528	22%

- The New Business Margin (NBM) has increased by circa 220 bps to 27.4% for FY22 as compared to 25.2% for FY21.
- The increase in margins is primarily driven by changes in product and distribution mix

¹ Annual Premium Equivalent (APE) is calculated as 100% of regular premium + 10% of single premium.

² The VNB is accumulated from the point of sale to the end of the reporting period (i.e. 31st March 2022), using the beginning of quarters' risk free yield curve.

Value of New Business (VNB) and New Business Margin (NBM) Walk



Sensitivity analysis as at 31st March 2022

Sensitivity	EV		New business	
	Value (Rs Cr)	% change	VNB (Rs Cr) NBM	% change
Base Case	14,174	-	1,528 27.4%	-
Lapse/Surrender - 10% increase	14,045	(1%)	1,502 26.9%	(2%)
Lapse/Surrender - 10% decrease	14,300	1%	1,553 27.8%	2%
Mortality - 10% increase	13,932	(2%)	1,465 26.2%	(4%)
Mortality - 10% decrease	14,418	2%	1,592 28.5%	4%
Expenses - 10% increase	14,043	(1%)	1,439 25.8%	(6%)
Expenses - 10% decrease	14,305	1%	1,618 28.9%	6%
Risk free rates - 1% increase	13,945	(2%)	1,592 28.5%	4%
Risk free rates - 1% reduction	14,350	1%	1,449 25.9%	(5%)
Equity values - 10% immediate rise	14,310	1%	1,528 27.4%	Negligible
Equity values - 10% immediate fall	14,039	(1%)	1,528 27.4%	Negligible
Corporate tax Rate - 2% increase	13,881	(2%)	1,482 26.5%	(3%)
Corporate tax Rate - 2% decrease	14,467	2%	1,575 28.2%	3%
Corporate tax rate increased to 25%	12,240	(14%)	1,221 21.9%	(20%)

1. Reduction in interest rate curve leads to an increase in the value of assets which offsets the loss in the value of future profits.
2. Risk free rate sensitivities under new business allow for the change in the value of assets as at the date of valuation.



ANNEXURES

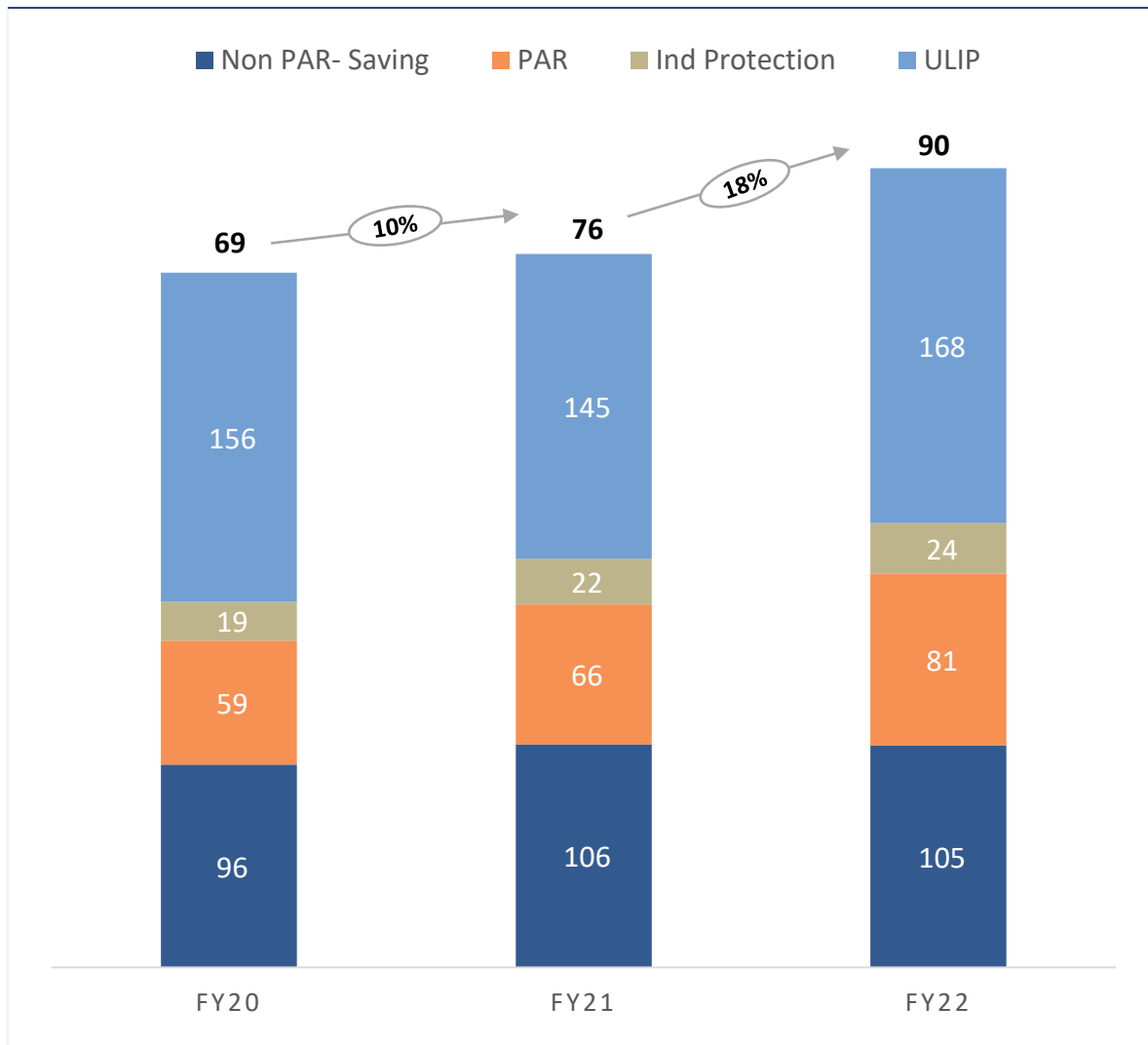


Performance update- 12M'FY22

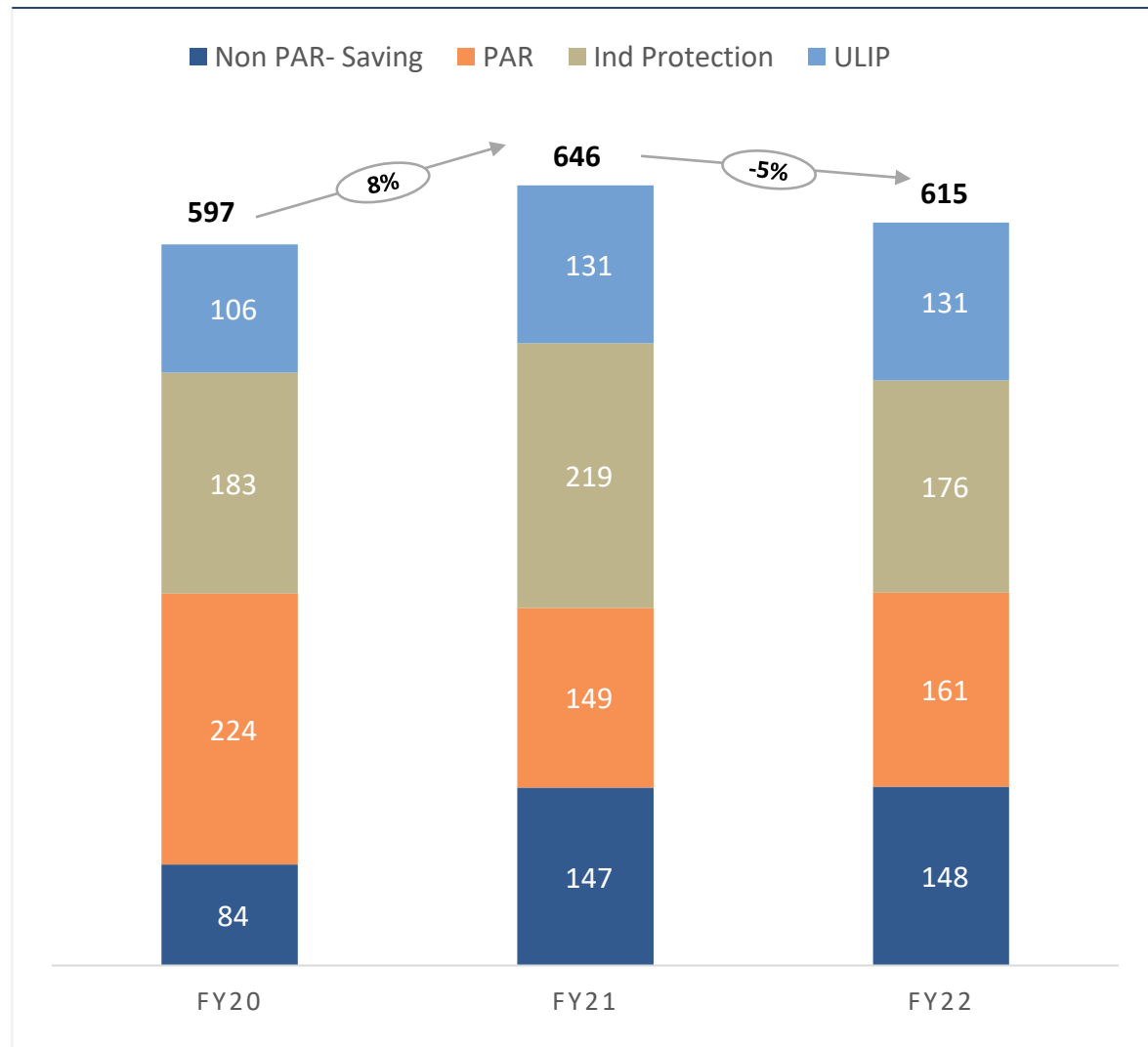
Key Business Drivers	Unit	Quarter Ended		Q-o-Q Growth	Period Ended		Y-o-Y Growth
		Q4 FY'21	Q4 FY'22		12M FY'21	12M FY'22	
a) Individual APE	Rs. Crore	1,893	1,814	-4%	4,907	5,514	12%
b) Gross written premium income	Rs. Crore	7,106	8,000	13%	19,018	22,414	18%
First year premium		1,886	1,743	-8%	4,833	5,317	10%
Renewal premium		4,523	5,381	19%	12,192	14,509	19%
Single premium		697	876	26%	1,993	2,587	30%
c) Shareholder Profit (Pre Tax)	Rs. Crore	74	154	107%	510	417	-18%
d) Policy Holder Expense to Gross Premium	%	12.2%	10.5%	175 bps	14.2%	13.5%	74 bps
e) Share Capital	Rs. Crore				1,919	1,919	0%
f) Individual Policies in force	No. Lacs				45.86	47.74	4%
g) Sum insured in force	Rs. Crore				1,087,987	1,174,515	8%
h) Grievance Ratio	Per '0000 NoPs				31	42	-35%

Expansion in case size across all products

Case Size (INR'000)



NoPs (INR'000)



Definitions of the EV and VNB

Market consistent methodology

- The EV and VNB have been determined using a market consistent methodology which differs from the traditional EV approach in respect of the way in which allowance for the risks in the business is made.
- For the market consistent methodology, an explicit allowance for the risks is made through the estimation of the Time Value of Financial Options and Guarantees (TVFOG), Cost of Residual Non-Hedgeable Risks (CRNHR) and Frictional Cost (FC) whereas for the traditional EV approach, the allowance for the risk is made through the Risk Discount Rate (RDR).

Components of EV

The EV is calculated to be the sum of:

- Net Asset value (NAV) or Net Worth: It represents the market value of assets attributable to shareholders and is calculated as the adjusted net worth of the company (being the net shareholders' funds as shown in the audited financial statements adjusted to allow for all shareholder assets on a market value basis, net of tax).
- Value of In-force (VIF): This component represents the Present Value of Future expected post-tax Profits (PVFP) attributable to shareholders from the in-force business as at the valuation date, after deducting allowances for TVFOG, CRNHR and FC. Thus, $VIF = PVFP - TVFOG - CRNHR - FC$.

Covered Business

- All business of Max Life is covered in the assessment except one-year renewable group term business and group fund business which are excluded due to their immateriality to the overall EV.

Components of VIF (1/2)

Present Value of Future Profits (PVFP)

- Best estimate cash flows are projected and discounted at risk free investment returns.
- PVFP for all lines of business except participating business is derived as the present value of post-tax shareholder profits from the in-force covered business.
- PVFP for participating business is derived as the present value of shareholder transfers arising from the policyholder bonuses *plus* one-tenth of the present value of future transfers to the participating fund estate and one-tenth of the participating fund estate as at the valuation date.
- Appropriate allowance for mark-to-market adjustments to policyholders' assets (net of tax) have been made in PVFP calculations to ensure that the market value of assets is taken into account.
- PVFP is also adjusted for the cost of derivative arrangements in place as at the valuation date.

Cost of Residual Non-Hedgeable Risks (CRNHR)

- The CRNHR is calculated based on a cost of capital approach as the discounted value of an annual charge applied to the projected risk bearing capital for all non-hedgeable risks.
- The risk bearing capital has been calculated based on 99.5 percentile stress events for all non-hedgeable risks over a one-year time horizon. The cost of capital charge applied is 4% per annum. The approach adopted is approximate.
- The stress factors applied in calculating the projected risk capital in the future are based on the latest EU Solvency II directives recalibrated for Indian and Company specific conditions.

Components of VIF (2/2)

Time Value Of Options and Guarantees (TVFOG)

- The TVFOG for participating business is calculated using stochastic simulations which are based on 5,000 stochastic scenarios.
- Given that the shareholder payout is likely to be symmetrical for guaranteed non-participating products in both positive and negative scenarios, the TVFOG for these products is taken as zero.
- The cost associated with investment guarantees in the interest sensitive life non-participating products are allowed for in the PVFP calculation and hence an explicit TVFOG allowance has not been calculated.
- For all unit-linked products with investment guarantees, extra statutory reserves have been kept for which no release has been taken in PVFP and hence an explicit TVFOG allowance has not been calculated.

Frictional Cost (FC)

- The FC is calculated as the discounted value of tax on investment returns and dealing costs on assets backing the required capital over the lifetime of the in-force business. Required capital has been set at 170% of the Required Solvency Margin (RSM) which is the internal target level of capital, which is higher than the regulatory minimum requirement of 150%.
- While calculating the FC, the required capital for non-participating products is funded from the shareholders' fund and is not lowered by other sources of funding available such as the excess capital in the participating business (i.e. participating fund estate).

Key Assumptions for the EV and VNB (1/2)

Economic Assumptions

- The EV is calculated using risk free (government bond) spot rate yield curve taken from FBIL¹ as at 31st March 2022. The VNB is calculated using the beginning of respective quarter's risk free yield curve (i.e. 31st March 2021, 30th June 2021, 30th September 2021 and 31st December 2021 respectively).
- No allowance has been made for liquidity premium because of lack of credible information on liquidity spreads in the Indian market.
- Samples from 31st March 2022 and 31st March 2021 spot rate (semi annualized) yield curves used are:

Year	1	2	3	4	5	10	15	20	25	30	40
Mar-22	4.51%	5.10%	5.63%	6.08%	6.42%	7.02%	7.37%	7.51%	7.34%	7.52%	7.40%
Mar-21	3.83%	4.22%	5.17%	5.58%	6.10%	6.46%	6.99%	7.09%	6.92%	6.93%	6.23%
Change	0.68%	0.88%	0.46%	0.49%	0.31%	0.55%	0.39%	0.42%	0.42%	0.60%	1.17%

Demographic Assumptions

The lapse and mortality assumptions are approved by Board committee and are set by product line and distribution channel on a best estimate basis, based on the following principles:

- Demographic assumptions are set to reflect the expected long term experience.
- Any one-off impacts expected, including those due to COVID19, are allowed through additional provisions/allowances.

Key Assumptions for the EV and VNB (2/2)

Expense and Inflation

- Maintenance expenses are based on the recent expense studies performed internally by the Company. The VIF is reduced for the value of any maintenance expense overrun in the future. The overrun represents the excess maintenance expenses expected to be incurred by the Company over the expense loadings assumed in the calculation of PVFP.
- Future CSR related expenses have been taken to be 2% of post tax (risk adjusted) profits emerging each year.
- Expenses denominated in fixed rupee terms are inflated at 6.0% per annum.
- The commission rates are based on the actual commission payable, if any.

Tax

- The Corporate tax rate is the effective tax rate, post allowing for exemption available on dividend income. Tax rate is nil for pension business.
- For participating business, the transfers to shareholders resulting from surplus distribution are not taxed as tax is assumed to be deducted before surplus is distributed to policyholders and shareholders.
- Goods and Service tax is assumed to be 18%.
- The mark to market adjustments are also adjusted for tax.