



August 13, 2024

BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street  
**Mumbai – 400 021**

National Stock Exchange of India Limited  
Exchange Plaza, Bandra Kurla Complex,  
Bandra (East)  
**Mumbai – 400 051**

**Scrip Code: 500271**

**Scrip Code: MFSL**

Dear Sir/Madam,

Sub: **Investor Release– Q1 FY 25**

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing Investor Release – Q1 FY25 being issued by the Company on the outcome of its Board meeting held on August 13, 2024.

You are requested to kindly take the aforesaid on record.

Thanking you,

Yours faithfully

for **Max Financial Services Limited**

**Piyush Soni**  
**Company Secretary & Compliance Officer**

Encl: As above

MAX FINANCIAL SERVICES LIMITED

CIN: L24223PB1988PLC008031

Corporate Office: L20M, Max Towers, Plot No. C-001/A/1, Sector 16B, Noida 201301 | P 0120 4696000 | [www.maxfinancialservices.com](http://www.maxfinancialservices.com)  
Regd. Office: 419, Bhai Mohan Singh Nagar, Village Railmajra, Tehsil Balachaur, Dist. Nawanshahr, Punjab - 144 533, India

# Max Financial Performance Update

Investor Release 3M FY25

August 13, 2024





## SECTION I

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- ▶ Max Financial Services and Max Life Insurance :  
3M FY'25 Key Highlights
- 

## 3M FY'25 Key highlights

<b>Revenue</b>	<ul style="list-style-type: none"> <li>▪ MFSL revenue* excluding investment income at <b>Rs 5,235 Cr</b>, grows <b>11%</b> in 3M FY'25. Consolidated Profit After Tax at <b>Rs 156 Cr</b>.</li> <li>▪ <b>Individual Adjusted first year Premium grew by 27%</b> to <b>Rs 1,260 Cr</b> and <b>Total APE#</b> grew by <b>31%</b> driven by <b>robust NOP growth of 27%</b>.</li> <li>▪ Private Market share at <b>8.8%</b> during 3M FY'25 expanded by <b>22 bps</b> vs at <b>8.6%</b> during 3M FY'24</li> </ul>
<b>Value Creation</b>	<ul style="list-style-type: none"> <li>▪ <b>Max Life Insurance Profit before Tax grew by 46%</b> to <b>151 cr</b> in 3M FY'25</li> <li>▪ <b>VNB</b> grew by <b>3%</b> at <b>Rs 254 Cr</b> during 3M FY'25. <b>New Business Margin</b> by at <b>17.5%</b> for 3M FY'25 due to <b>higher ULIP mix</b>.</li> <li>▪ <b>3M FY'25 operating RoEV is at 14.2%</b> and MCEV as of <b>June'24</b> at <b>Rs 22,043 Cr</b></li> <li>▪ Successfully completion of infusion of <b>Capital of INR 1,612 Cr into Max Life Insurance by Axis Bank</b></li> </ul>
<b>Distribution strength</b>	<ul style="list-style-type: none"> <li>▪ Proprietary channels APE grew by <b>60%</b> in 3M FY'25 on YoY basis driven <b>secular growth</b> within Agency, Cross sell And E-commerce.</li> <li>▪ Maintained <b>leadership position</b> at Overall E-commerce with <b>Rank #1</b> at both in <b>online Protection</b> and in <b>online Savings</b>.</li> <li>▪ Successfully on-boarded <b>7</b> new partners during 3M FY'25, i.e., <b>1 Bank- CSB Bank-, 1 GCL partner, 2 Online &amp; offline Brokers</b> and <b>3 Corporate agents</b>.</li> </ul>
<b>Product Innovation</b>	<ul style="list-style-type: none"> <li>▪ <b>Launched a Flexi Cap Fund predominantly for the E-Commerce and Banca Customers</b> designed to capitalize increasing interest in Index funds.</li> <li>▪ Launched <b>Max Life Smart Wealth Annuity Guaranteed pension Plan - Limited Pay</b> – with feature to personalize retirement Planning , an industry first initiative.</li> </ul>
<b>Retirement and Protection &amp; Health</b>	<ul style="list-style-type: none"> <li>▪ Consistent growth momentum in Annuity business; Successfully posted YoY growth of <b>42%</b> in Retail Annuity business on APE basis; Max Life PFM Asset Under Management (AUM) grew by <b>&gt;180%</b> and now stands at <b>Rs 831 cr</b>.</li> <li>▪ Retail Protection and Health grew by <b>53%</b> to <b>156 cr in 3M FY'25</b> vs 102 cr in 3M FY'24 . Group Credit Life grew by <b>49%</b>.</li> <li>▪ Maintained <b>Rank 3 in Individual Sum Assured</b> with a growth of <b>34%</b> in 3M FY'25.</li> </ul>
<b>People &amp; Customer</b>	<ul style="list-style-type: none"> <li>▪ <b>Great Place to Work: Ranked amongst India's Top 30 Great Places to Work For; 28th rank amongst 1750+ organizations</b></li> <li>▪ <b>NOP based persistency performance continues to improve</b> with leadership position (rank #1) maintained in 13M persistency in 3M FY25 at 85.3% improved by 107 bps</li> </ul>

# Max Life Financial Performance Summary 3M FY'25

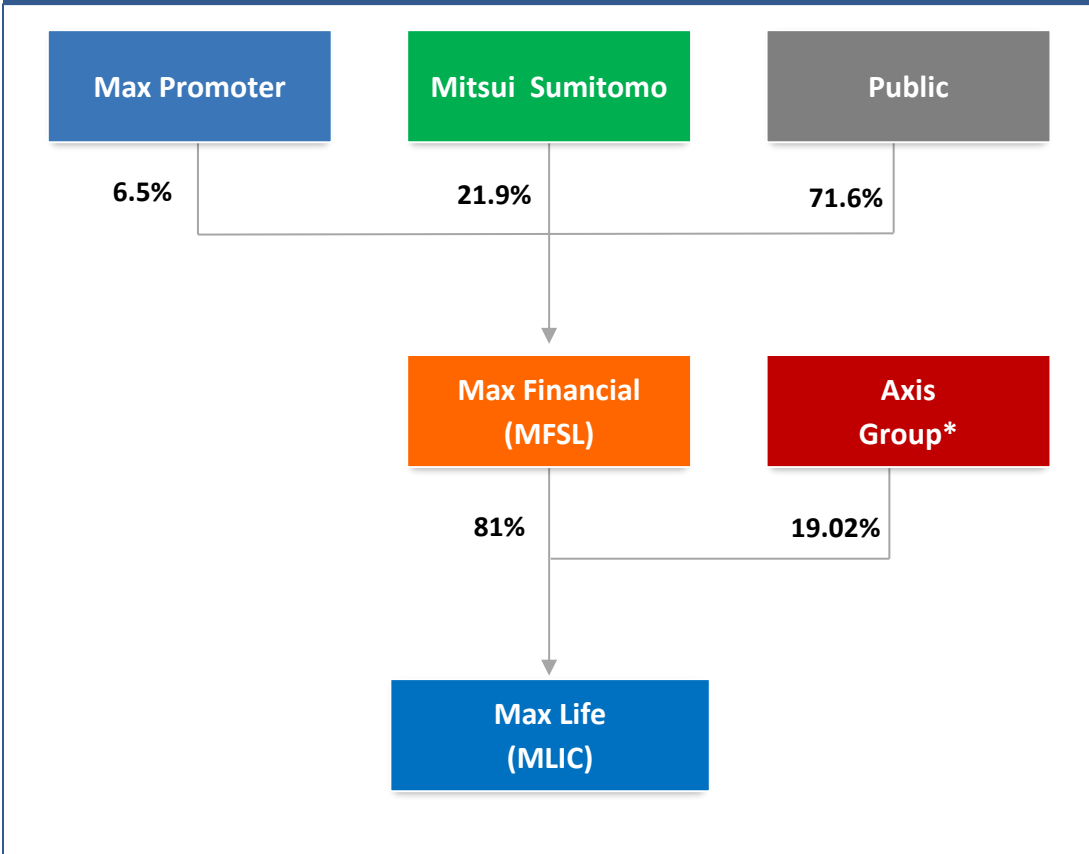
<b>Total APE#</b>  Rs 1,453 Cr [Rs 1,113 Cr] <span style="float: right;">31% ↑</span>	<b>Gross Written Premium</b>  Rs 5,399 Cr [Rs 4,871 Cr] <span style="float: right;">11% ↑</span>	<b>Renewal Premium</b>  Rs 3,323 Cr [Rs 3,014 Cr] <span style="float: right;">10% ↑</span>	<b>AUM</b>  Rs 1,61,153 Cr [Rs 1,29,127 Cr] <span style="float: right;">25% ↑</span>									
<b>Profit Before tax</b>  Rs 151 Cr [Rs 103 Cr] <span style="float: right;">46% ↑</span>	<b>Net Worth</b>  Rs 5,784 Cr [Rs 3,679 Cr] <span style="float: right;">57% ↑</span>	<b>Policyholder Cost to GWP Ratio</b>  26.3% [23.6%] <span style="float: right;">270 bps ↑</span>	<b>Policyholder Expense to GWP Ratio</b>  17.9% [17.4%] <span style="float: right;">50 bps ↑</span>									
<b>New business margin</b>  17.5% [22.2%] <span style="float: right;">472 bps ↓</span>	<b>Operating RoEV</b>  14.2% [14.0%] <span style="float: right;">20 bps ↑</span>	<b>Embedded Value</b>  22,043 cr [16,938 cr] <span style="float: right;">30% ↑</span>	<b>Solvency</b>  203% [188%] <span style="float: right;">15% ↑</span>									
<b>VNB</b>  254 Cr [247 Cr] <span style="float: right;">3% ↑</span>	<b>Policies Sold ('000)</b>  151 [118] <span style="float: right;">27% ↑</span>	<b>Ind. New business Sum assured</b>  70,846 cr [52,807 cr] <span style="float: right;">34% ↑</span>	<b>Protection Mix**</b> <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th>Individual</th> <th>Group</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>10%</td> <td>10%</td> <td>20%</td> </tr> <tr> <td>[8%]</td> <td>[11%]</td> <td>[19%]</td> </tr> </tbody> </table>	Individual	Group	Total	10%	10%	20%	[8%]	[11%]	[19%]
Individual	Group	Total										
10%	10%	20%										
[8%]	[11%]	[19%]										

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

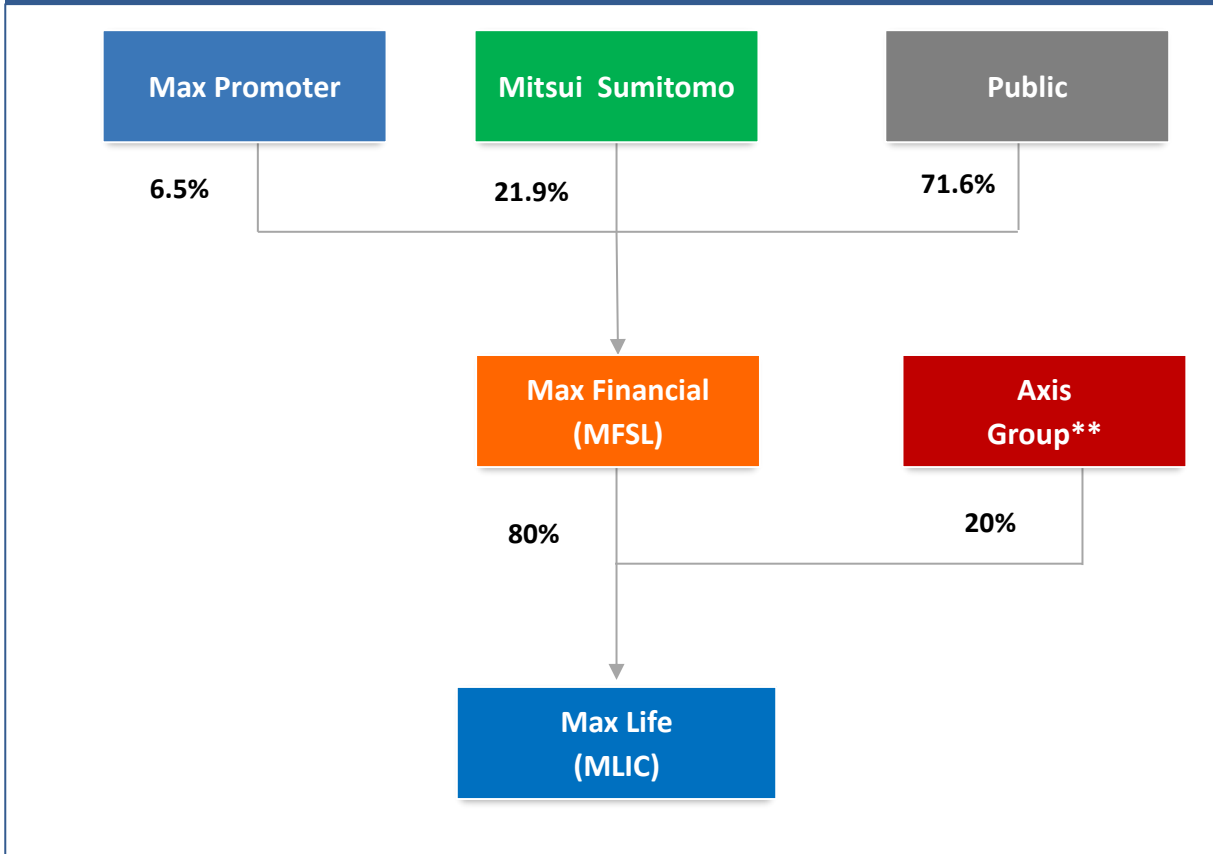
\*\*Group protection (incl. Group credit life adjusted for 10% for single premium and term business) #Excluding Group Term Life

# Transaction Update

## Current Structure (As of June'24)



## Final structure (Post completion of series of transactions step wise details given below)



Apr 2021

**MFSL sold 12% stake** in Max Life to **Axis** and its subsidiaries

Nov 2022

**MFSL acquired balance 5.17% stake** from **MSI**

Apr 2024

**Axis bank acquired additional 6.02% stake** in MLI through primary issuance

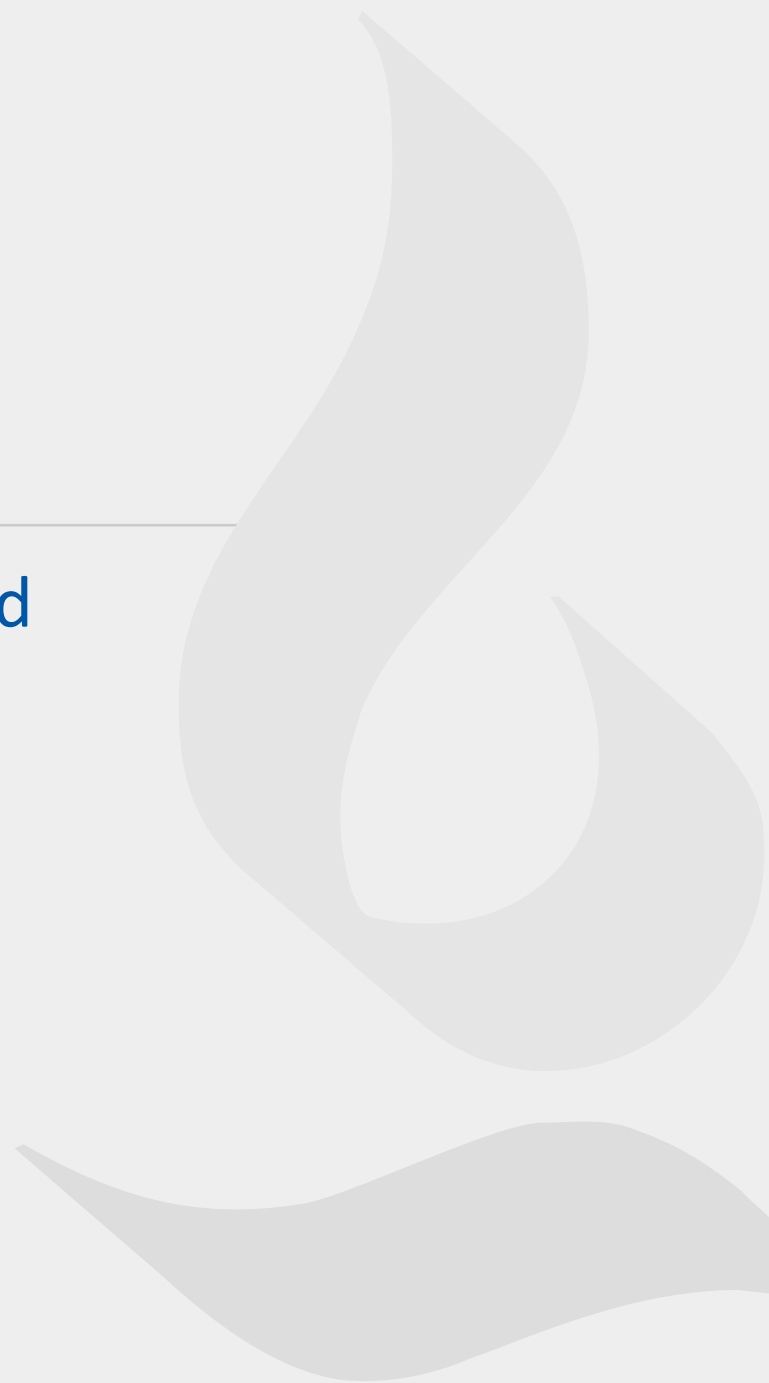
Final Step

**Axis Bank to acquire additional 0.98% stake** in Max Life and has received approval from its Board.



## SECTION II

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- ▶ Max Life Insurance – Business Overview and Financials Update
- 

## Key Highlights for Max Life FY19-24 (1/2)

Consistent Growth



**5-Yr CAGR of 12%** on Individual new business<sup>1</sup>  
vs  
**10% for Total life insurance industry**



**Asset Under Management at Rs 1.5 lac cr, CAGR of 19%** over last 5 years



Consistent **leadership** position in **online protection**



**5-Yr APE CAGR of 21%** in Prop channels



**5-Yr APE CAGR of 9%** in Banca Channel



**Protection APE Tripled in 5 years**

Profitability



**VNB CAGR of 18%** in 5 years












**New Business Margin expansion from 21.7% in FY19 to 26.5% in FY24**



**5-Yr EV<sup>#</sup> CAGR of 20%**



# Key Highlights for Max Life FY19-24 (2/2)

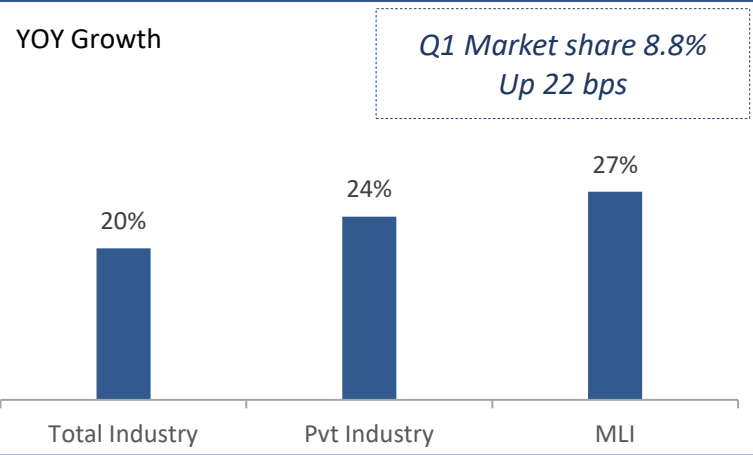
Employee metrics	 <p><b>Great Places to Work rank #28</b> in FY24 <b>Among the Top 25</b> in BFSI organisations</p>	 <p><b>Experienced leadership<sup>1</sup></b> with half of the leadership's <b>tenure with Max Life of more than a decade</b></p>	 <p><b>13th best place for data scientists</b> to work for within India by Analytics India Magazine</p>
Customer metrics	 <p><b>Industry leader in Claims paid ratio at 99.65% in FY24</b></p>	 <p><b>Company NPS<sup>2</sup> at 56 and TNPS at 74</b></p>	 <p>Maintained <b>rank #2 in customer experience for 2<sup>nd</sup> consecutive year</b> as per Hansa research</p>
Brand metrics	 <p><b>Highest Share of Voice</b> in the industry in FY24 at <b>34% share</b></p>	 <p><b>Brand Consideration score<sup>3</sup> improved by 6%</b> in FY24 Vs FY23</p>	 <p>Maintained <b>rank #3 in Brand Search Query</b> in the industry</p>

1. Includes CVP & above ; 2. Net promoter Score (NPS) as a measure of customer experience was adopted by Max Life in FY19 done by Kantar, TNPS: Transaction NPS; 3 As per syndicated Life Insurance brand track study by Nielson,

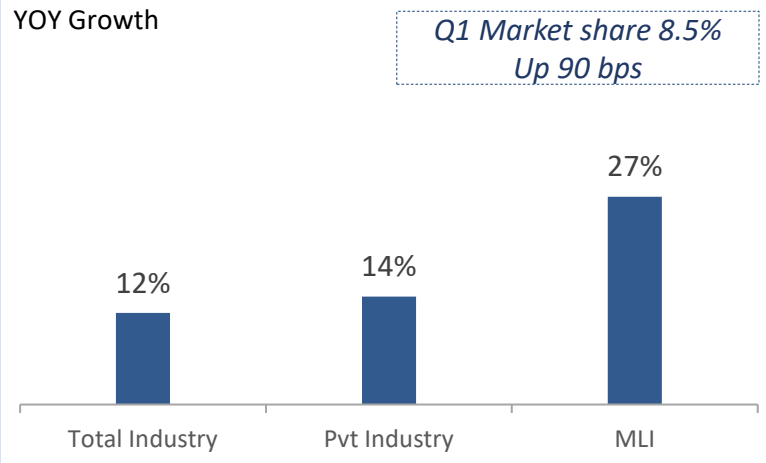
# Continue to post industry leading growth in Q1 FY'25 fueled by disproportionate growth in proprietary channels & segments of choice

## Industry leading outcomes

### Individual Adjusted FYP<sup>1</sup>

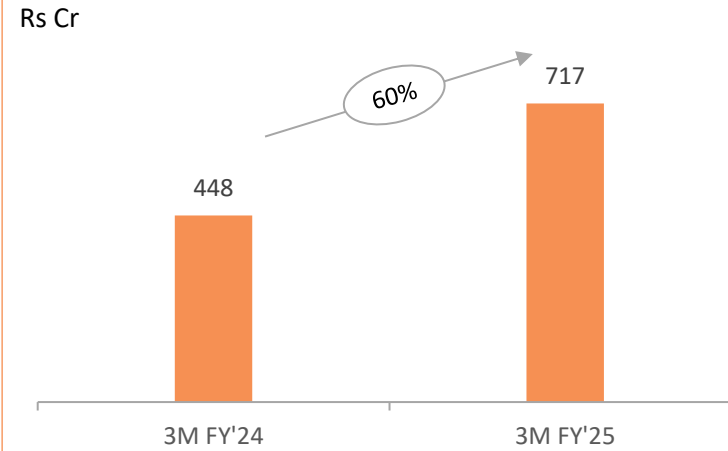


### Number of Policies<sup>1</sup>

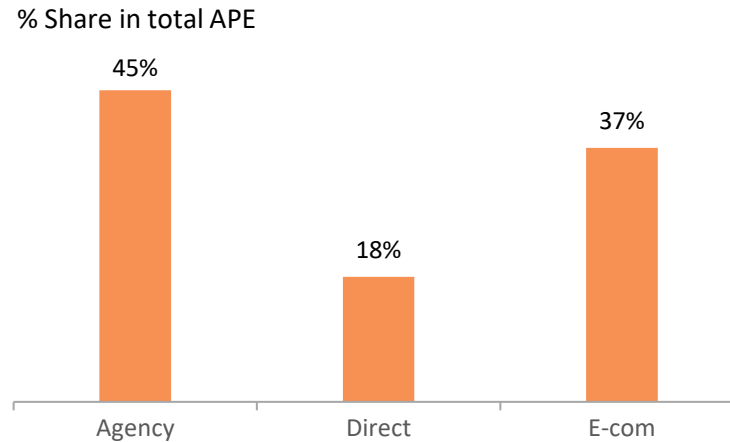


## Growth in proprietary channels

### Proprietary growth (APE)

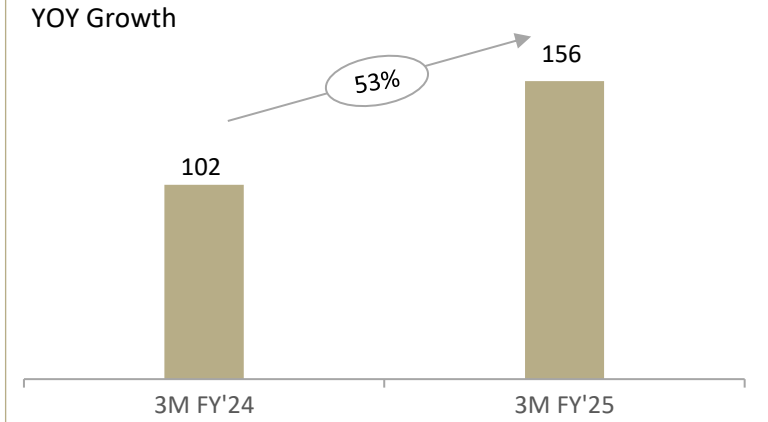


### Share within proprietary

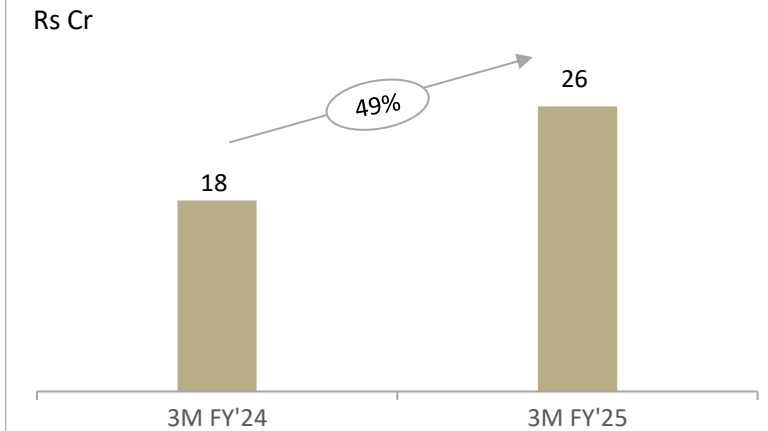


## Growth in Segments of choice

### Retail Protection & Health<sup>2</sup> APE

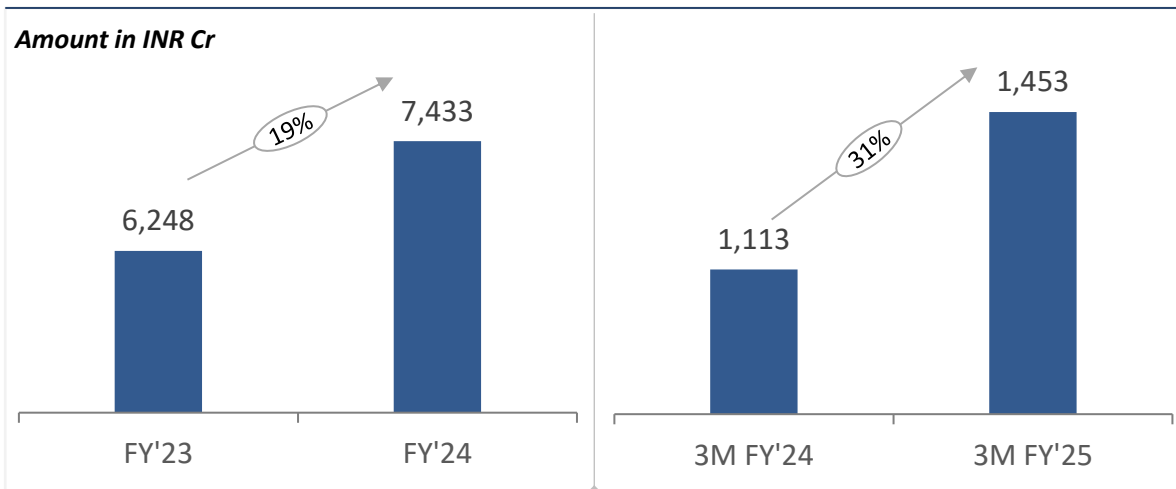


### Group Credit Life

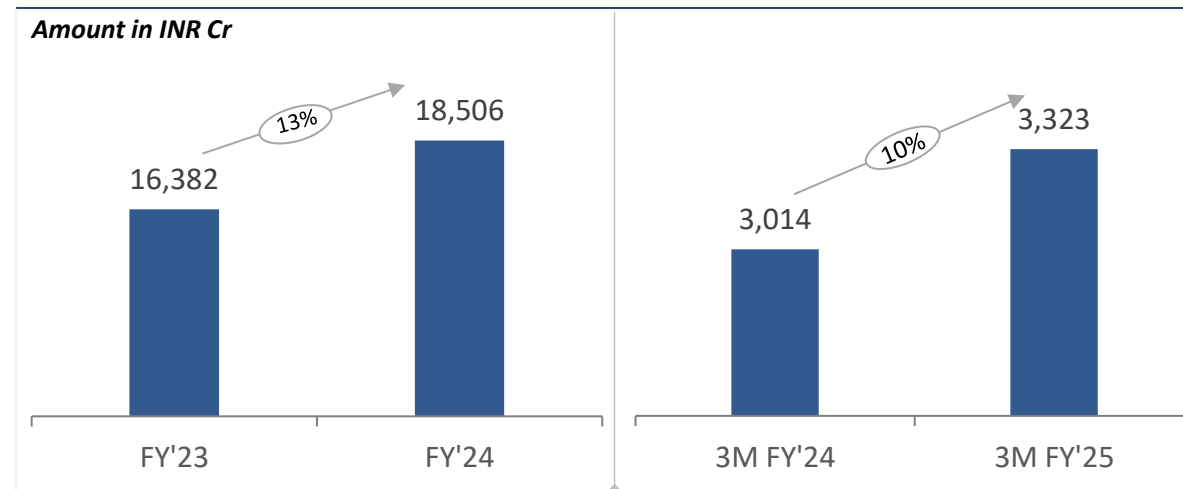


# Max Life has delivered strong performance on new business

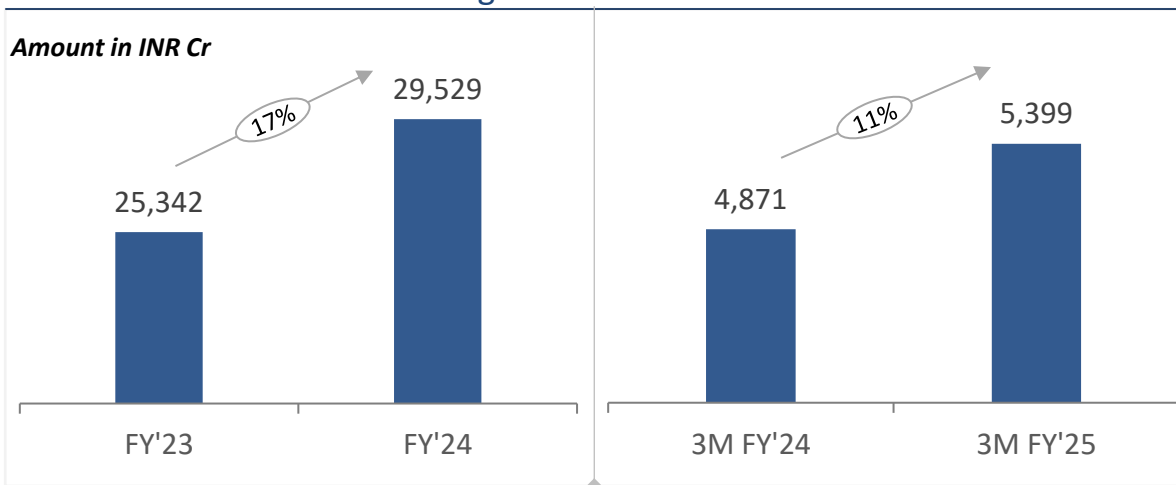
## New Business Premiums (on APE<sup>1</sup> basis) –Driven by secular growth



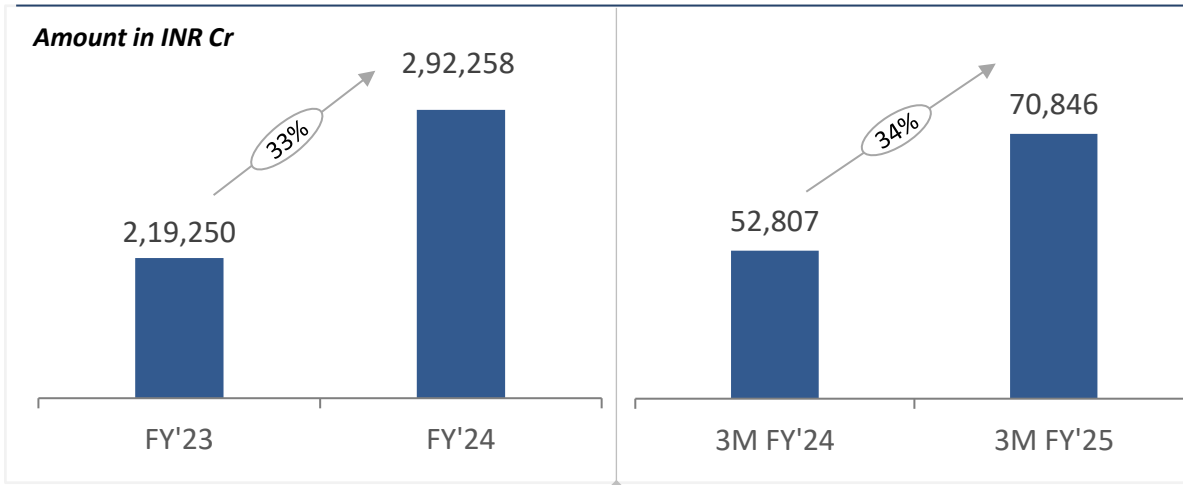
## Renewal Income – Delivering consistent growth



## Gross Written Premium – 11% growth in 3M FY25

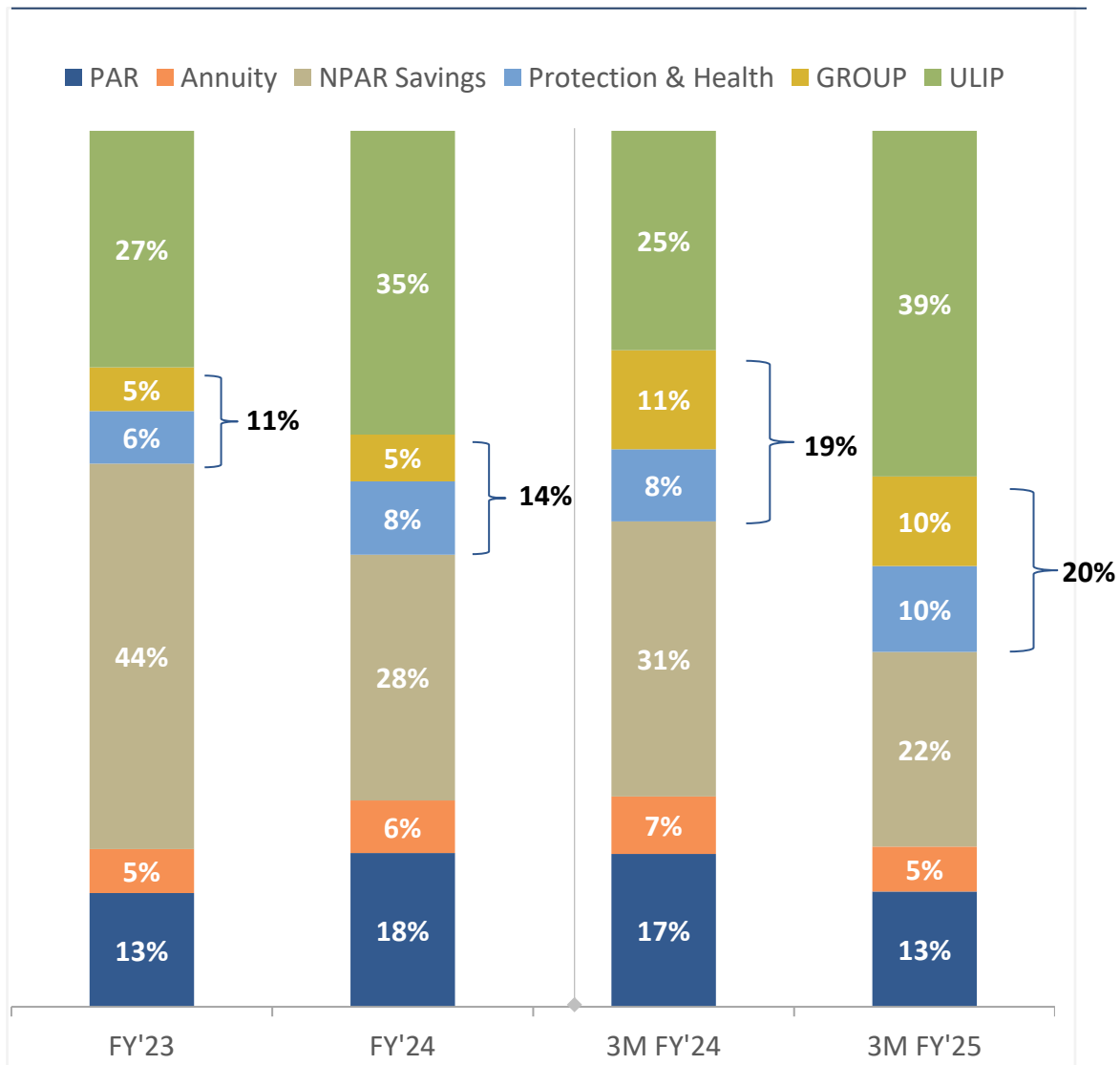


## Individual Sum Assured of New business- Rank<sup>2</sup> 3 in individual sum assured



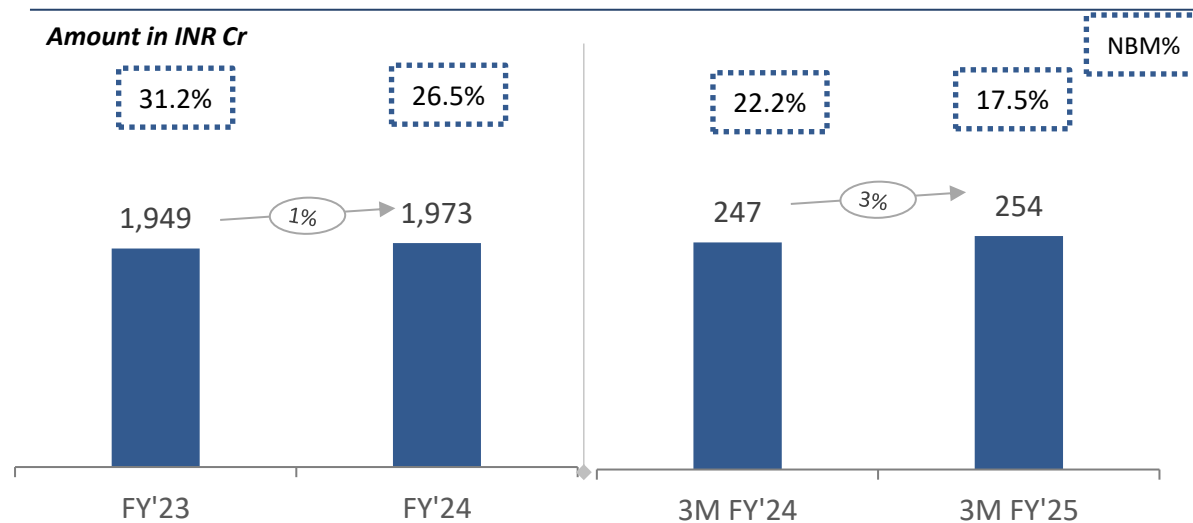
# Best in class outcomes consistent with strategy of sales growth

## Product Mix: Focus on Annuity and Protection & Health



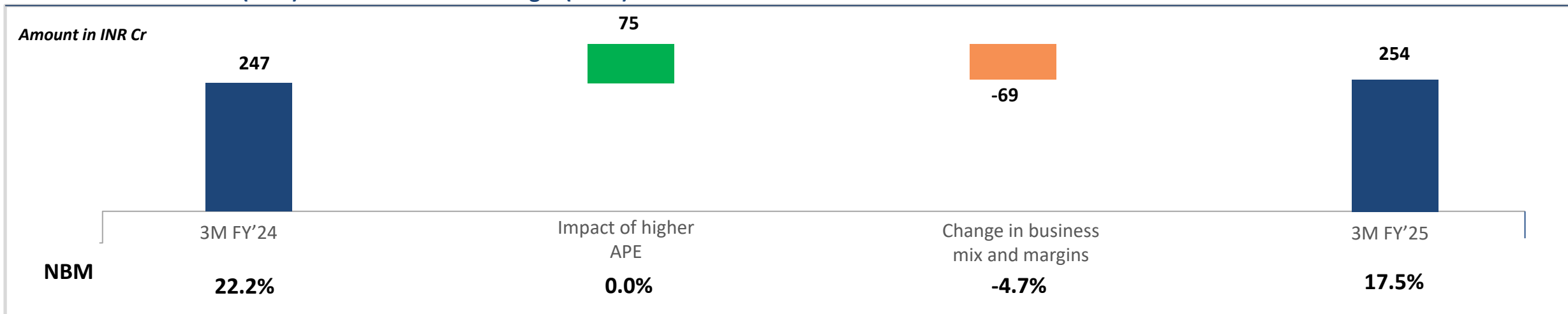
Line of Business <sup>#</sup>	3M FY'24	3M FY'25	Growth
Par	216	209	-3%
Annuity	81	82	1%
NPAR Savings	388	353	-9%
Protection & Health	102	156	53%
Group Credit Life <sup>1</sup>	18	26	49%
Group Term Life <sup>1</sup>	122	136	12%
ULIP	309	627	103%

## Value of New Business: Due to lower Non-Par mix & distribution investments

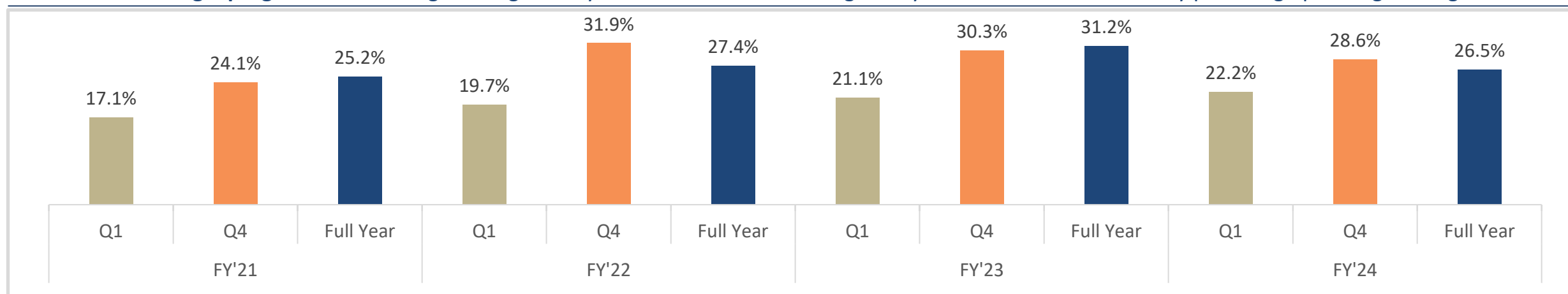


# Value of New Business (VNB) and New Business Margin (NBM)

## Value of New Business (VNB) and New Business Margin (NBM) Walk\*

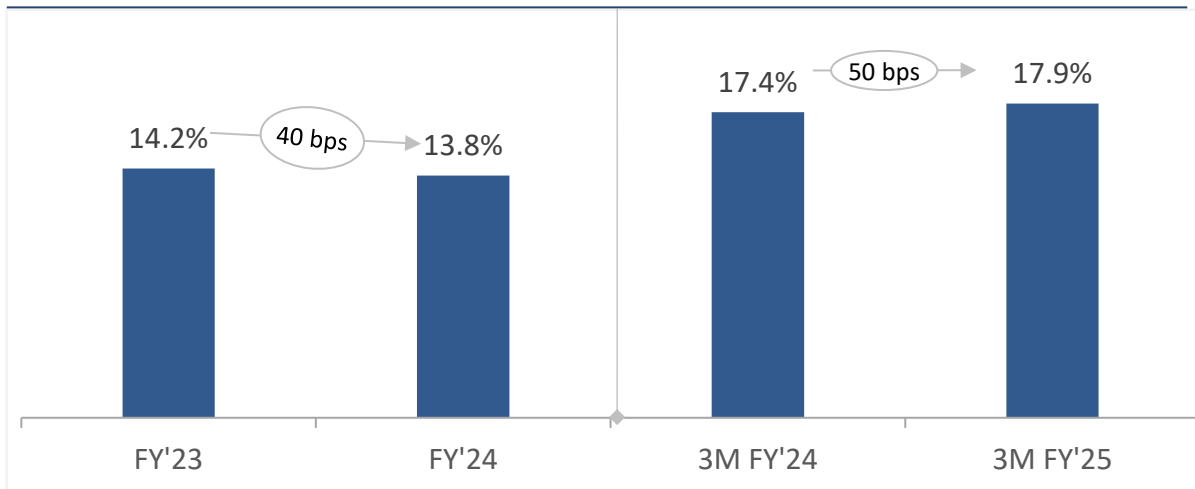


## New Business Margin progression- Q1 margins are generally lower and increase through the year due to sales seasonality providing operating leverage

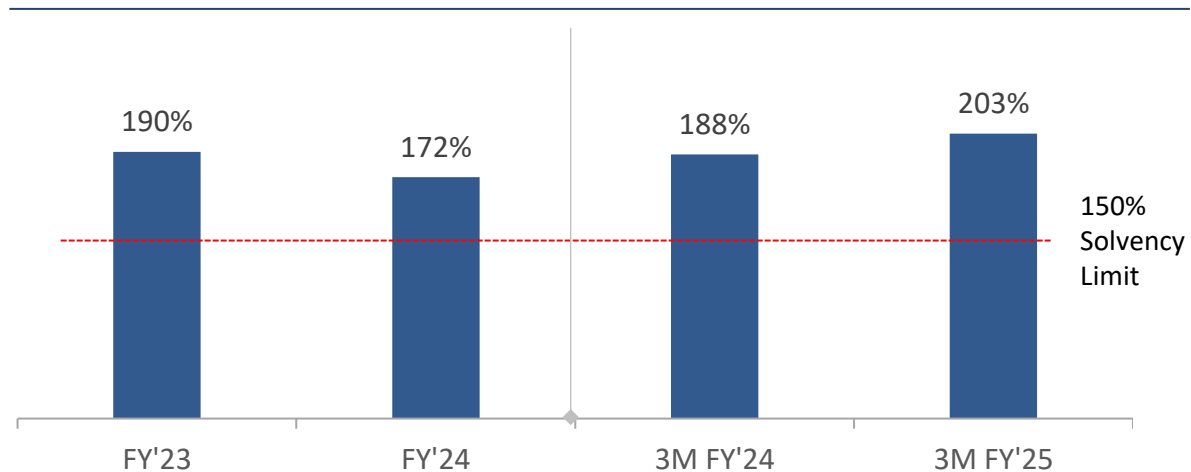


# Efficient capital management with profitable growth

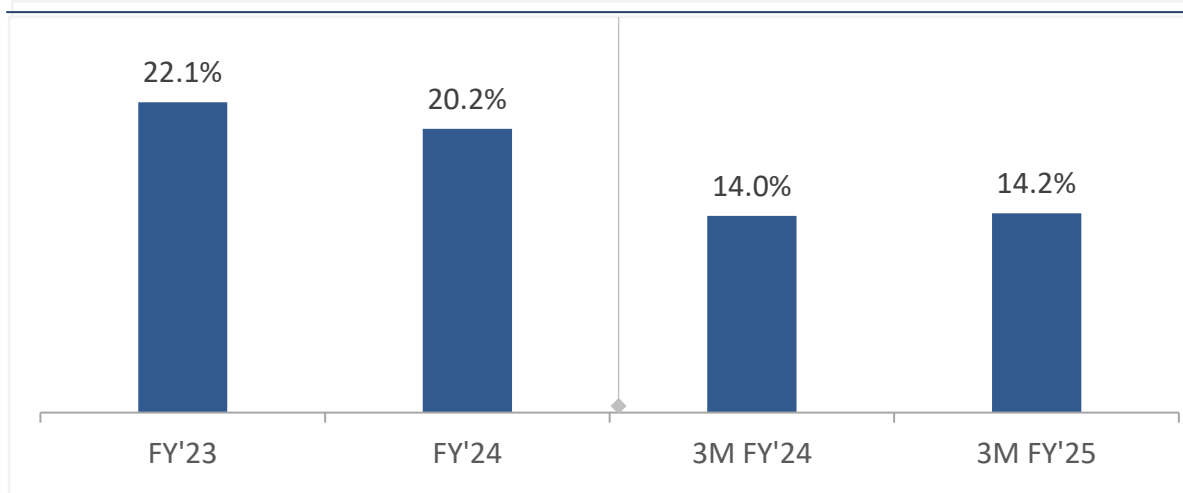
### Opex to GWP: Investing towards building distribution



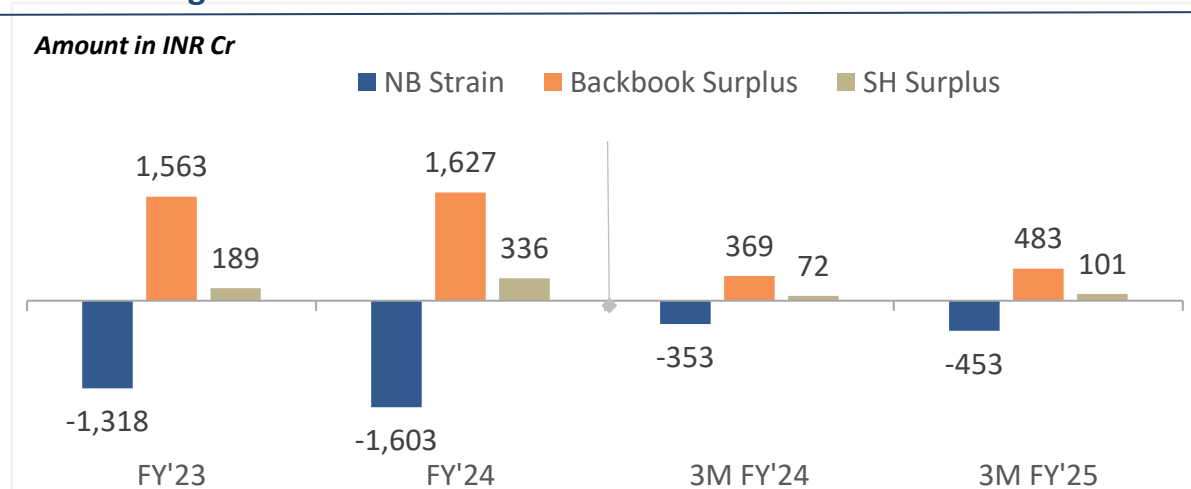
### Solvency Ratio (Pre-dividend)



### Operating RoEV

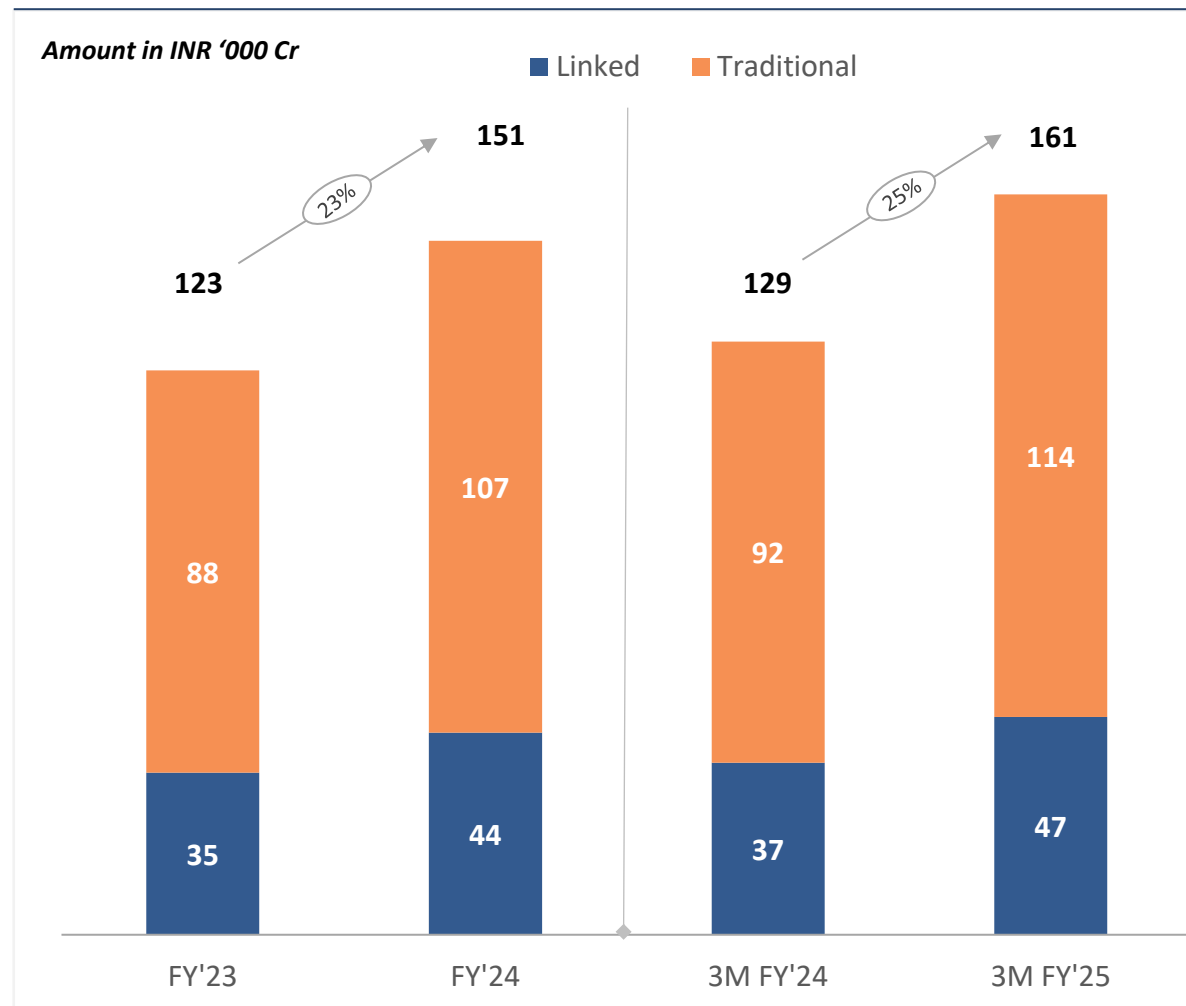


### Underwriting Profits

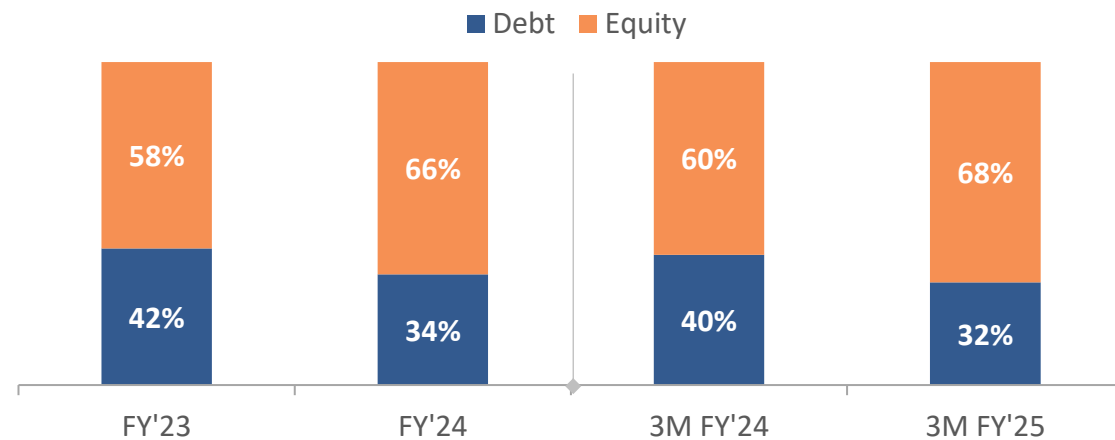


# Max Life has consistently grown its Asset Under Management<sup>1</sup>, reached INR 1.6 lakh crore

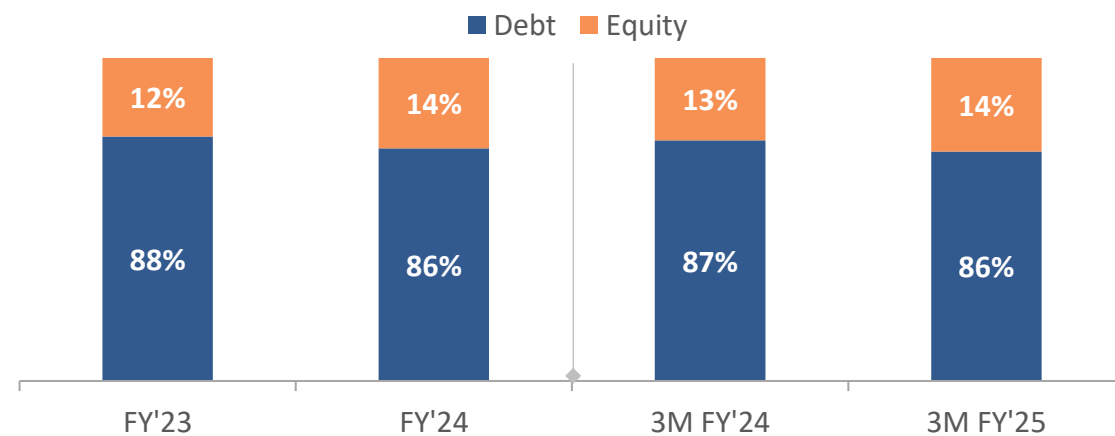
**Assets Under Management** - MLI is the 4th largest\* manager of private LI AUMs and Largest Par fund<sup>2</sup> AUM of ~71K Cr



## Linked: Healthy mix of Debt and Equity



## Traditional: Consistent 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 Excellence in driving distribution through Digital at the FICCI Insurance industry awards 2022
- Awarded Best Performance Marketing Campaign (Gold) and Best SEO/SEM Campaign (Silver) at Afaqs Digies 2023
- 1<sup>st</sup> Indian firm to win **Celent Global Model Insurer** award
- Ranked #2 amongst India's top Insurers in delivering **Best In Class Customer Experience** in the 4<sup>th</sup> edition of Hansa Research's marquee CuES Report
- Awarded for '**Excellence in Financial Reporting** for FY'23' for the second consecutive year at the ICAI
- Awarded in multiple categories at the Elets Insurance Innovation Summit & Awards 2023:
    - 🏆 : Trailblazers in Cloud Technology Award (Under Industry Category)
    - 🏆 : Process Optimization and Efficiency Champion Award (Under Industry Category)
    - 🏆 : Cyber Security Visionary Award (Under Individual Category)
- Awarded in multiple categories at the ACEF Global Customer Engagement Awards 2024:
    - 🏆 : Gold in Grand Prix Category for Customer Engagement Team of the Year
    - 🏆 : Silver in Non Traditional Media Category for SWAG in Axis

## Leaders in Quality

- No. 2 in Customer Loyalty survey by Hansa Research
- Adjudged the Best fraud prevention company at the **Fraud Risk Management Summit and Awards 2023**
- Awarded Gold for Influencer marketing and Customer Engagement Team of Year** and silver for non-traditional Media- innovation for SWAG in Axis at the 13<sup>th</sup> Edition of the ACEF Global Customer Engagement Awards
- Awarded under **Best Claims Settlement** at the **InsureNext Conference and Awards 2023**
- Recognized amongst India's most sustainable companies at 3<sup>rd</sup> Times Now Global Sustainability Alliance Summit!
- Awarded Digital Enterprise of the Year - BFSI at The Economic Times CIO Awards 2024
- Recognized for industry **leadership in Customer Experience** at the prestigious 5<sup>th</sup> ET Now Customer Experience Summit
- Awarded Silver for project 'Quest', a Gold for the SEWA project, and a Platinum for presenting our 'Peer to Peer Investment Opportunity (P2P)' at the 18<sup>th</sup> Six Sigma National Competition by CII
- Accorded the Martech Excellence Award for the **Best Use of Technology to enhance marketing efficiency** in Insurance at by Quantic India
- Awarded Gold and Platinum spotlight awards for excellence in Annual and Sustainability report 2023 by League of American Communications Professionals
- 

## Focus on People

- Accorded the **Laureate honor by Great Places to Work** for featuring as 28<sup>th</sup> best company to work among 1750+ companies
- Ranked 55<sup>th</sup> amongst '2021 Best Workplaces in Asia'** by Great Place to Work®
- Max Life recognized in India's Best Workplaces in BFSI 2021**
- Max Life has been awarded "Excellence in Gender Diversity"** at the 4<sup>th</sup> D&I Summit and Awards by Transformance Forums
- Awarded Gold and Silver at the ASQ International Team Excellence Awards 2022
- Awarded Gold for '**Sharma Ji Ka Beta**' social media campaign at The Economic Times Shark Awards
- Recognised with a Bronze win for **Paid Search Marketing efforts** at the prestigious Abbys 2024
- Best Corporate Communications Team of the Year at Economic Times Kaleido awards
- Winners Award for IPQ 5.0 at DMA Trailblazer Awards 2023
- Best Banking and Financial Services Communications Campaign for IRIS** (India Retirement Index Study) 2.0 at Fulcrum Award





## SECTION III

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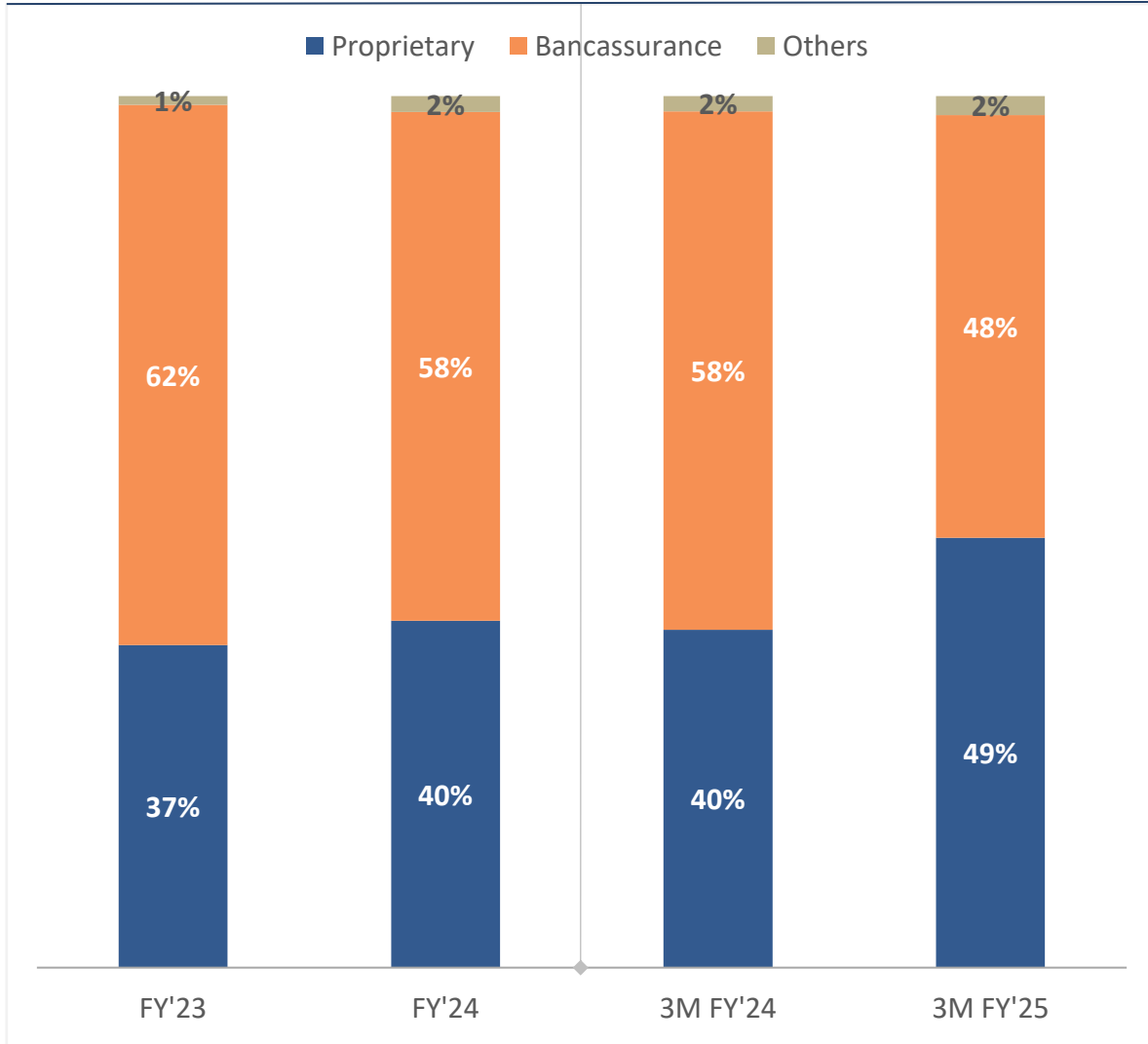
# Max Life's Strategic Thrust Areas and progress made

	 <b>A</b>	 <b>B</b>	 <b>C</b>	 <b>D</b>
	<b>Predictable &amp; Sustainable growth</b>	<b>Product innovation to drive margins</b>	<b>Customer centricity across the value chain</b>	<b>Digitization for efficiency and intelligence</b>
<b>Aspirations</b>	<ul style="list-style-type: none"> <li>Fastest growing profitable proprietary distribution</li> <li>Leader in Online Acquisition</li> <li>Inorganic Expansion</li> <li>Deepen Bancassurance partnerships</li> </ul>	<ul style="list-style-type: none"> <li>Leader in Protection + Health &amp; Wellness proposition</li> <li>Leader in Retirement</li> <li>Drive Non PAR saving</li> <li>Enhanced investment and mortality risk management</li> </ul>	<ul style="list-style-type: none"> <li>Improve position in 13M and 61M persistency ranking</li> <li>Highest Relationship Net Promoter Score (NPS) in the industry</li> </ul>	<ul style="list-style-type: none"> <li>Continue with digitization agenda across the organisation</li> <li>Build intelligence (AI) in all digital assets</li> </ul>
<b>Progress achieved in FY25 Q1</b>	<ul style="list-style-type: none"> <li>Strong growth of <b>60%</b> in <b>Proprietary channels</b>, <b>Ecommerce</b> grew by <b>&gt;200%</b>, <b>Direct channels</b> grew by <b>15%</b> &amp; <b>Agency</b> grew by <b>30%</b>.</li> <li><b>Ranked #1 in overall E-com market; #1 in online protection market, #1 in online savings market</b></li> <li>On-boarded <b>1 Bank &amp; 1 GCL partner</b> along with <b>3 new Corporate Agents</b> and <b>2 Online/offline Broker</b>.</li> </ul>	<ul style="list-style-type: none"> <li><b>Retail Protection &amp; Health</b> grew by <b>53%</b> and <b>Retail Annuity</b> grew by <b>42%</b>; <b>GCL</b> grew by <b>49%</b></li> <li><b>Individual Sum assured rank #3</b> in 3MFY'25</li> <li>Rider attachment at <b>37%</b> for 3M FY25 compared to 30% in 3M FY24, grew by <b>&gt;100%</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Claim paid ratio</b> at <b>99.65%</b> at the end of FY24, best in the industry</li> <li><b>Persistency improved across the cohort</b> especially in <b>13<sup>th</sup> month persistency*</b> at <b>87%</b> improved by 324 bps</li> <li><b>Continued leadership position at 13<sup>th</sup> month NOP based persistency</b> at <b>85% improved by 107 bps</b>.</li> <li>Highest ever <b>overall NPS</b> of 59 in 3M FY25, improved by 5 points vs 3M FY24</li> </ul>	<ul style="list-style-type: none"> <li>Ranked <b>13<sup>th</sup> best place for data scientists</b> to work for within India by Analytics India Magazine</li> <li><b>Core system on Cloud OCI live</b> – only 2nd company in the world to do so</li> <li><b>Sales Genie</b> – Generative AI based sales co-pilot for front line sales CUG completed by DCC team with testing on 13K + queries</li> <li><b>Fincheck</b> - AI based financial evaluation engine integrated in mPRO journey</li> </ul>

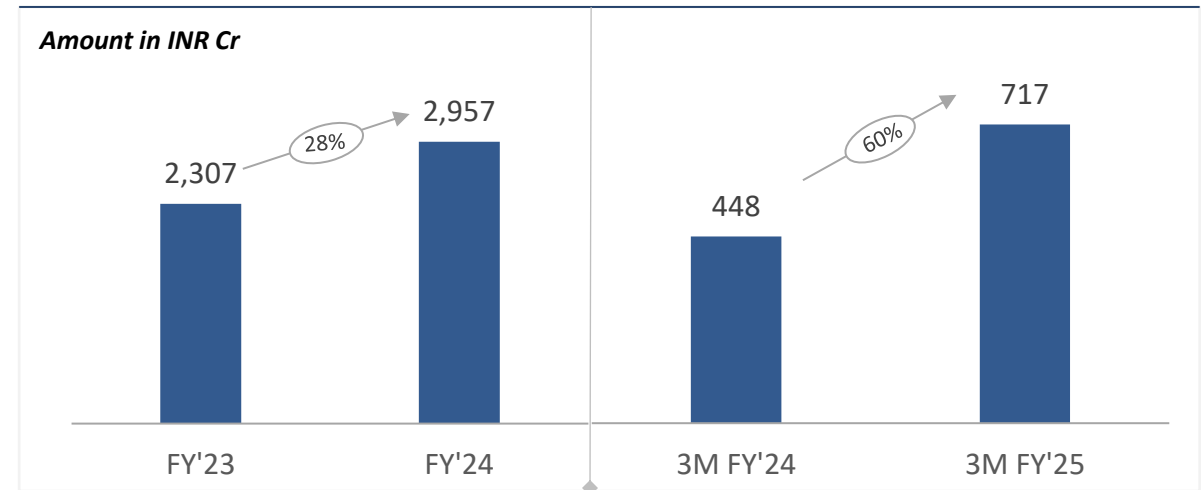
<sup>^</sup>as per Nielsen Brand Track Study \*Persistency for Regular/Limited pay policies

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

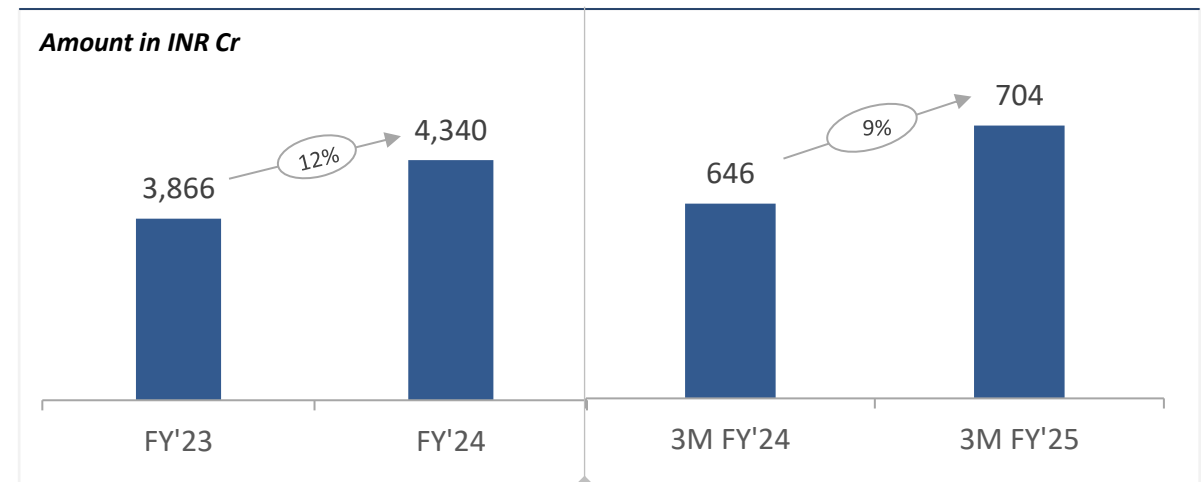
**Channel Mix – Disproportionate focus towards growing proprietary channels**



**Proprietary Channels New Business (APE)\***



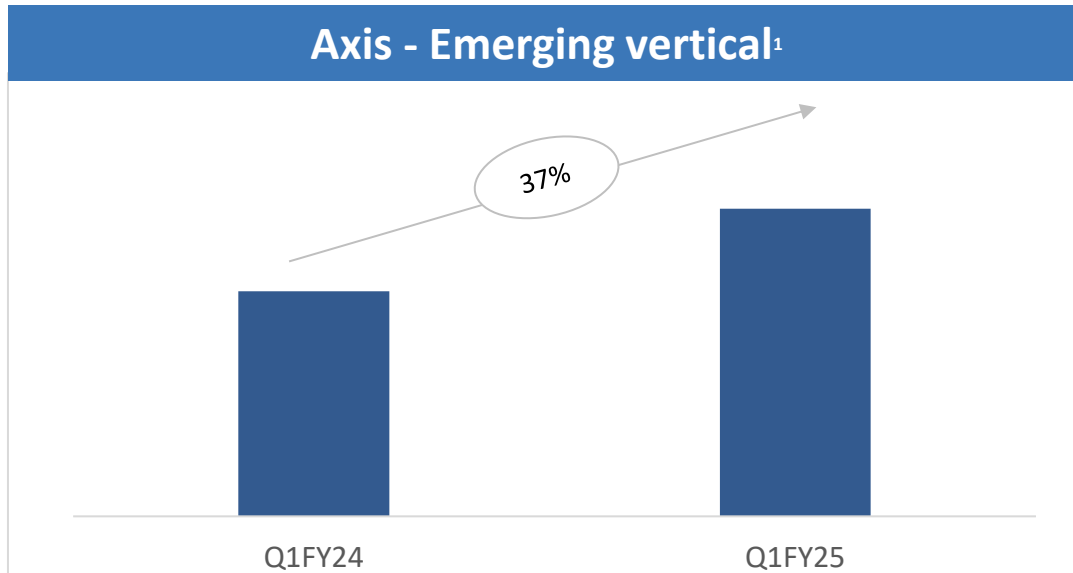
**Bancassurance Channel (APE)**



\*Proprietary channel sales include individual, and Group Annuity sold by direct team

Sales

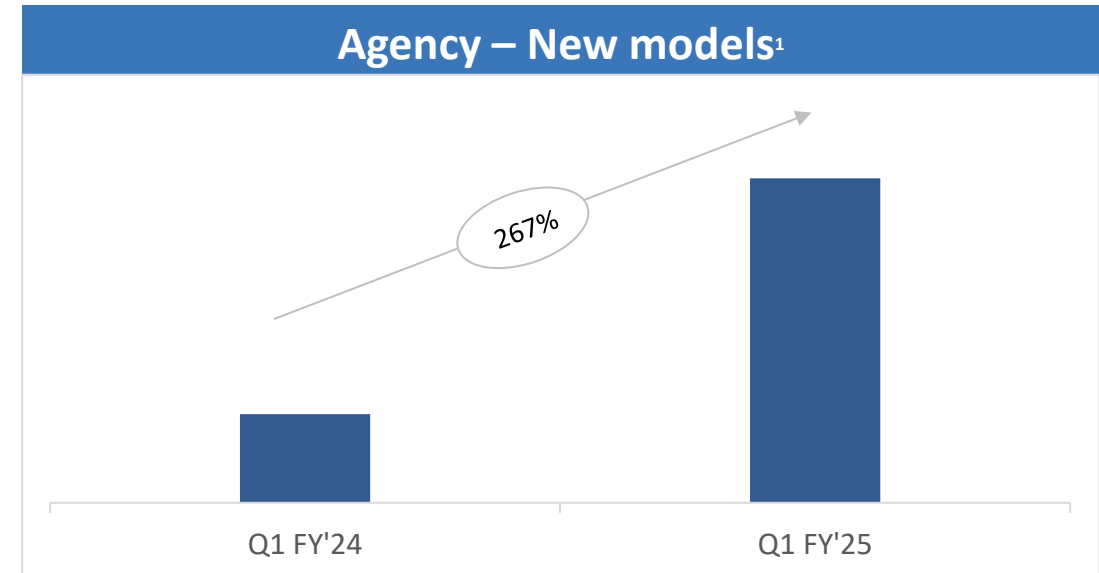
## Axis - Emerging vertical<sup>1</sup>



Key Enablers

- **37% YoY growth in Q1** from new models in Axis Bank
- **Driving Specified Person licensing** across emerging verticals to leverage the distribution width;
- **Dedicated manpower** has been deployed on ground to increase penetration & engagement within emerging verticals;
- **Exploring retail life insurance penetration in the other avenues of business** i.e. credit card, home loan, mortgages.

## Agency – New models<sup>1</sup>



- **New models within agency scaling up rapidly** and contributing >5% of agency sales<sup>1</sup>
- **Expansion to new geographies:** Investment in new branch units as well as in new growth verticals;
- **Increased agent base:** With expansion, there is a significant growth in agent base;
- **Efficiency improvement:** Improved branch productivity despite opening of new branch units.
- **Improved governance:** Continuous grounds-up governance and tracking on all the input and output parameters;

# A Improved productivity & leveraging digital capabilities has led to robust growth in proprietary channels



1

Agency



Agency sales driven by higher mix of **NPAR Savings, Annuity & Protection**



**Agent Activation** improved by **23%** on a yoy basis



Number of agents with **>10 lakh annual business** grew by **34%**



**100%** adoption of **mSarthi** a Unified learning & Training Management App



2

Direct Sales Force



Focus on high margin products resulted in **doubling of Protection sales**



Overall Cross sell productivity improved by **29%**



**Improved rider penetration** by **240 bps** as compared to last year



**300+** cross sell users on-boarded



3

E-commerce



Launched a **Flexi Cap Fund** to for E-commerce channel leading to sales growth of **>200%**



**Industry leader at overall online life insurance sales and Online Protection & Savings sales**



**Industry first Banca D2C Digital Native Model**



**2.1 Million** Brand organic traffic

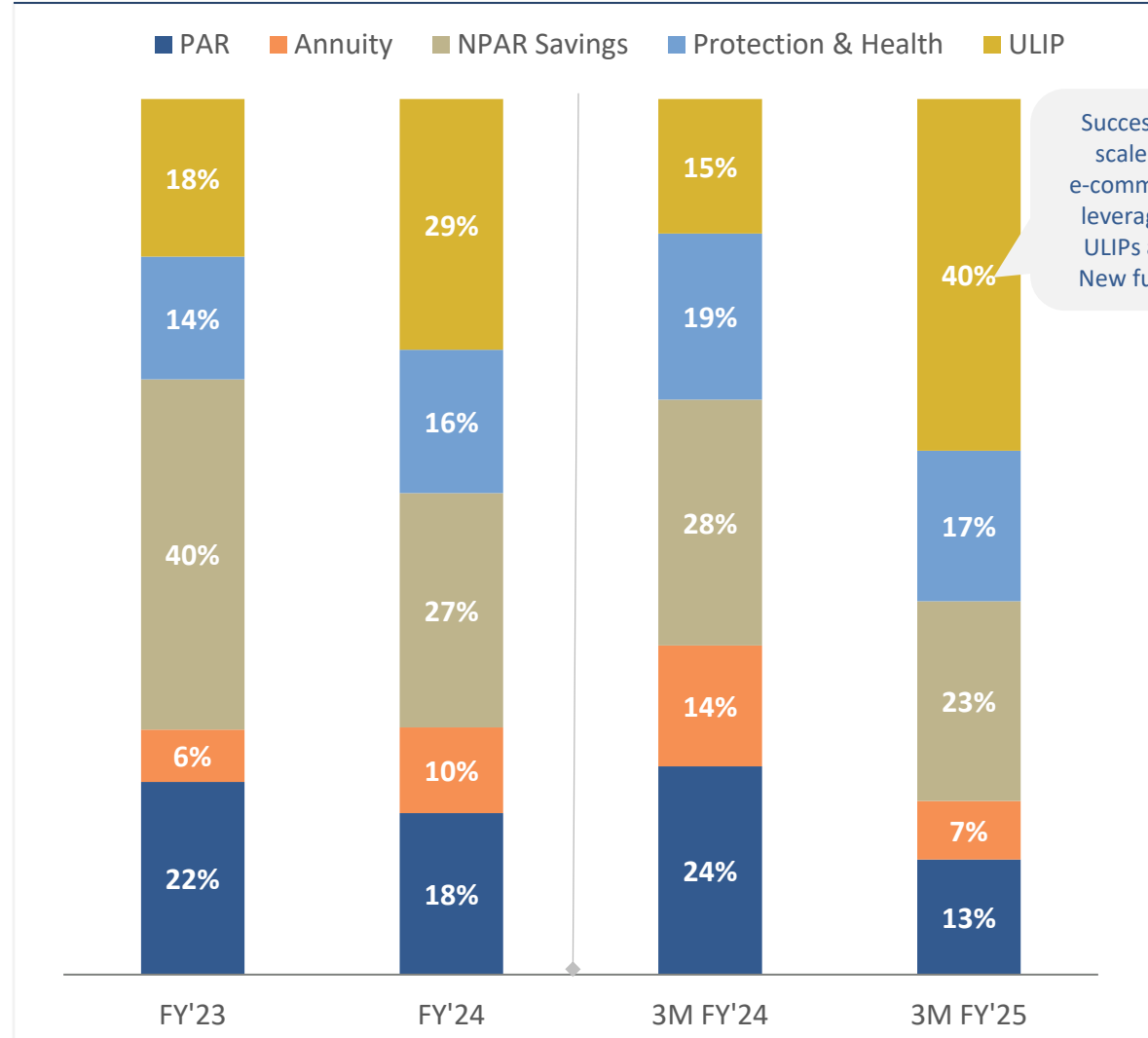
**A** Max Life has been augmenting its distribution capability by expanding both traditional and emerging ecosystems with 7 new partnerships in 3M of FY'25

Ecosystems	Key partners signed by Max Life	
	FY'24	3M FY'25
Bancassurance	 	
Corporate Agents	        	
Online/Offline Brokers & others	               	
Group Credit Life*	                    	

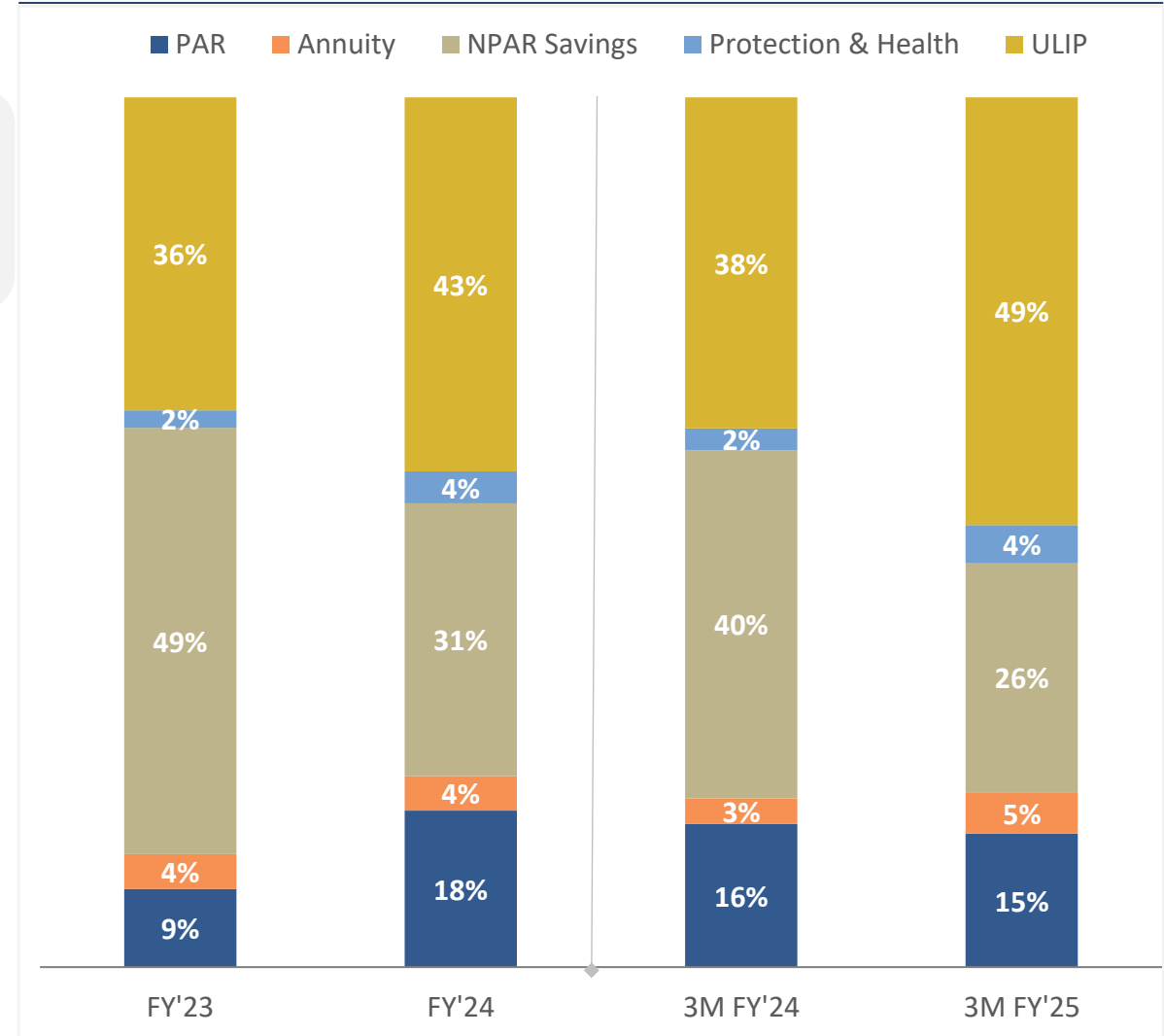
Note: \*AXIS in CL is for Personal Loan segment

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

**Proprietary Channels Product mix – ULIP driven by E-commerce as compared to Agency & Direct with higher NPAR Savings and Annuity in mix**



**Bancassurance Product Mix**

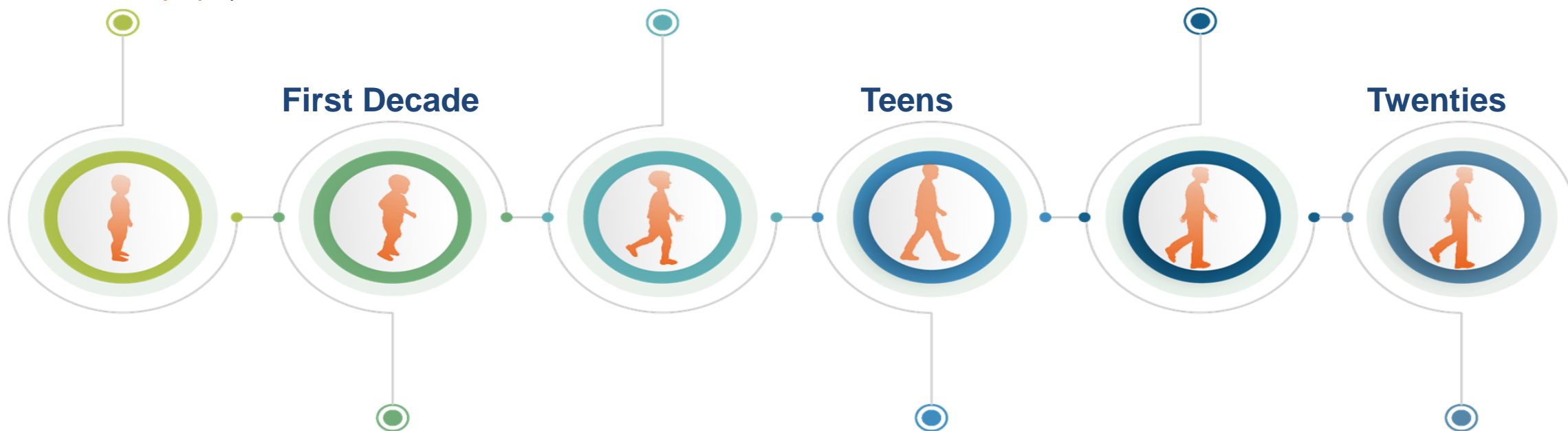


## Max Life has been at the forefront of driving Products Innovation by creating first-in-industry propositions

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)
12. **Differentiated Term plan** with industry firsts (Special exit value, Premium holiday option)



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

13. **Strengthened PAR proposition** (guarantees under early income variant)
14. Launched new savings proposition **Smart Fixed-return Digital Plan**
15. Ventured into **health segment** with **Secure Earnings and Wellness Advantage**
16. Launched **SWAG Elite** segment with industry first design of guaranteed endowment



Benefits to cater to need of death, Health & Savings

## Secure Earnings & Wellness Advantage Plan



Industry first design of guaranteed endowment

## Max Life SWAG Elite Plan



Option to get back all premiums paid back at no cost.

## Smart Total Elite Protection Term Plan



Income streams (Cash Bonus + Guaranteed)

## Smart Wealth Advantage Growth Par Plan



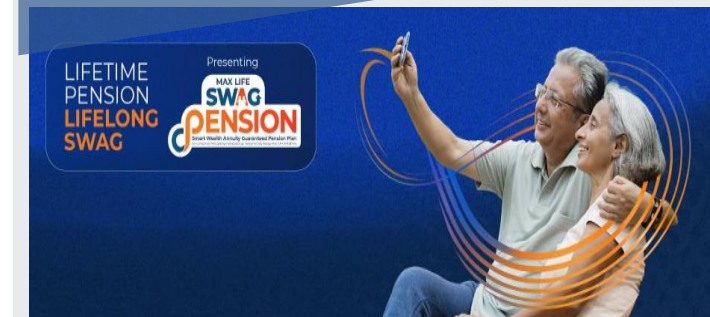
Option to receive return of premium on maturity

## Max Life Smart Ultra Protect Rider



Guaranteed Lifelong income for Customer and their loved ones

## Max Life Smart Wealth Annuity Guaranteed Pension Plan



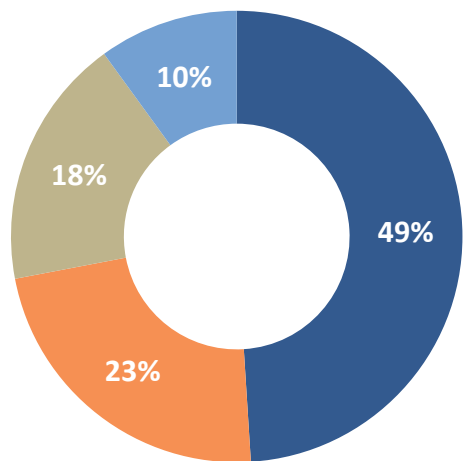
# B Max Life has a complete suite of products and focus is on selling longer term products along with improving penetration of pure protection & Health offerings

## Max Life has products across all categories

4 Protection plans	2 Health plan
6 Income plans	4 Annuity plan
5 Endowment plans	1 Retirement ULIP
5 ULIP plans	2 Whole life
5 Child plans	6 Riders

## Current portfolio<sup>1</sup> biased towards traditional products

■ Endowment ■ Term ■ UL ■ Others



Product Type	Average Policyholder Age (Years)	Average Policy Term (Years)	Average PPT (Years)
Endowment	35	22	10
ULIP	37	15	8
Whole Life	36	64	52
Money back	26	17	17
Pure Term	34	38	31
Guaranteed products	43	19	9
Health	37	23	23
Cancer Insurance	38	29	29
Pension	31	25	25
Annuity	62	58	3

As on 30<sup>th</sup> June 2024

36

Average

27

Average

16

Average

(1) Based on all policies sold till date; (2) Others include Money back, Whole life, Guaranteed products, Health, Cancer Insurance, Pension & Annuity.

# Focus on development and growth of retirement ecosystem

## Life stage & Objective

Age: 25-45 yrs  
Accumulate funds

Age: 45-60 yrs  
Plan for retirement

Age: 60+ yrs  
Cover the risk of living too long

## Needs

- Tax Saving
- Savings for future

- Tax Saving
- Lump-sum req. for big events (child's education, buy home, child's marriage)
- Savings for retirement

- Regular income stream until death
- Legacy planning

## Max Life's solutions

- NPS account (Pension Fund Management - PFM)
- Pension plan

- Long Term Income (Smart Wealth Plan)
- NPS account (PFM)
- Pension plan
- Annuity

- Annuity

### Max Life Pension Fund Management

- 27 corporates on-boarded
- >1530 no. of PoP Subscribers
- Garnered INR ~831 Cr AUM

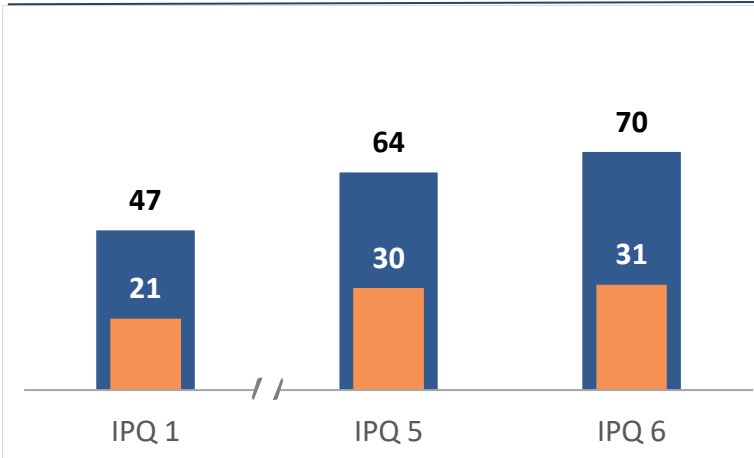
### Smart Guaranteed Pension Plan

- 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**

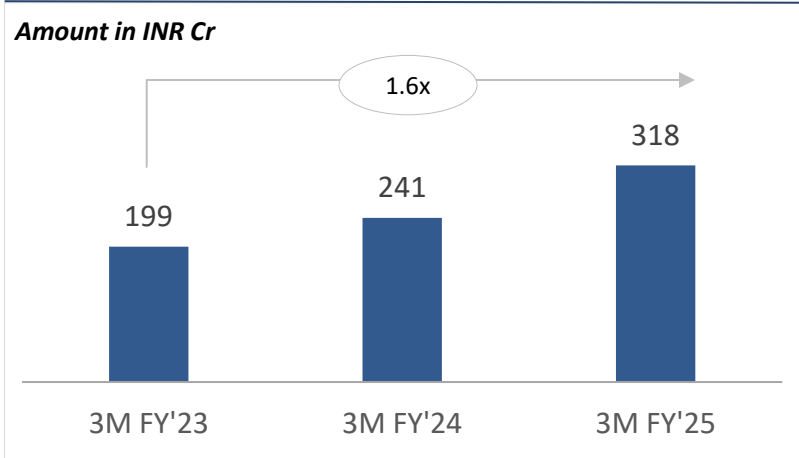
### Smart Wealth Annuity Guaranteed Pension

- Guaranteed Lifelong income** for you and your loved ones
- Industry-first features** enables to personalize retirement planning basis unique needs of each individual
- Boost annual income** by 6% every year with increasing annuity variants
- Widened deferment period** for early retirement planning
- Flexibility to take **Early return** of premium on chosen Milestone Age

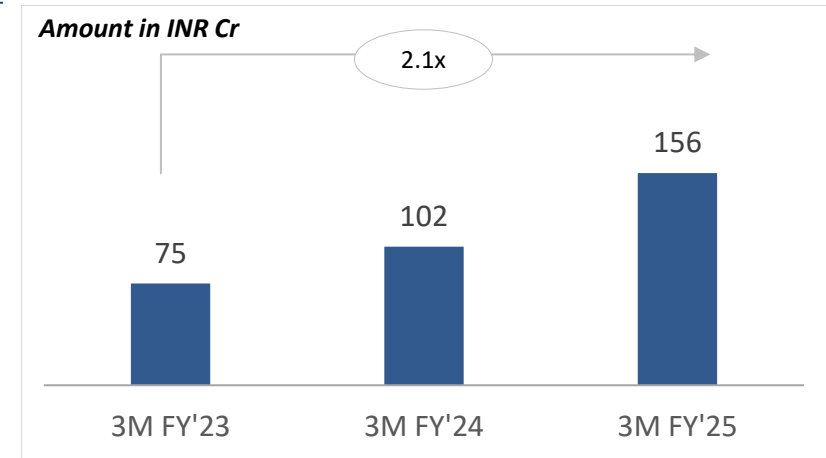


Awareness & Ownership Gap for Term Products<sup>^</sup>

Total Protection and Health APE



Retail Protection and Health APE



## 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
- Adequate reinsurance to protect against claims volatility

## 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

# Robust Asset Liability Management (ALM) framework

## Max Life ALM framework

- **ALM Approach**
  - **Cash Flow Matching and Dollar duration matching**
  - **Natural Hedges** leveraging different segments
- **Financial Stability**
  - **No Reinvestment Risk** in portfolio towards policyholder liabilities
  - **Solvency position stable** at parallel movements in interest rates +/- 100 bps
- **Risk Reduction**
  - More than 15 FRA counterparties
  - >95% rated debt portfolio in AAA rated bond
- **Strategic Decision Making**
  - Agile Product Pricing: Close monitoring of interest rate movements and Repricing action within 15 days

## Resilient EV and VNB sensitivity under parallel shifts

Change	EV		VNB	
	Mar-24	Sept-23	Mar-24	Sept-23
<b>+100 bps</b>	-1.50%	-1.20%	0.30%	0.80%
<b>-100 bps</b>	0.80%	0.60%	-2.30%	-3.70%

## Willis Towers Watson Opinion on Asset Liability Management of Max Life

- Scope covered **non-participating asset and liability portfolio**. WTW tested a range of possible real-world interest rate scenarios<sup>^</sup> as at 30 June 2024
- Max Life's ALM framework and asset and liability positions are **appropriate to meet its stated objectives of protecting shareholder value and fulfilling policyholder obligations**
  - Net residual cash-flows remains positive in 100% of the scenarios under the Company's best estimate demographic assumptions. Even under an extreme 0% new money (re)investment rate scenario, the net residual cash-flow remains positive
  - Decline in net asset value exceeding 5% from the base is observed in less than 4.5% of the scenarios, suggesting more than 95% confidence that the net asset value will not fall by more than 5%, thereby safeguarding shareholder value in such scenarios;
  - Interest rate scenarios were also tested alongside simultaneous changes to demographic assumptions: mortality (+/-10%) and persistency (+/- 20%). Net asset value remains within +/- 10% of the base for more than 90% of all scenarios considered, despite combined economic and operating assumption changes; and even in this scenario net residual cash-flow remains positive in all scenarios

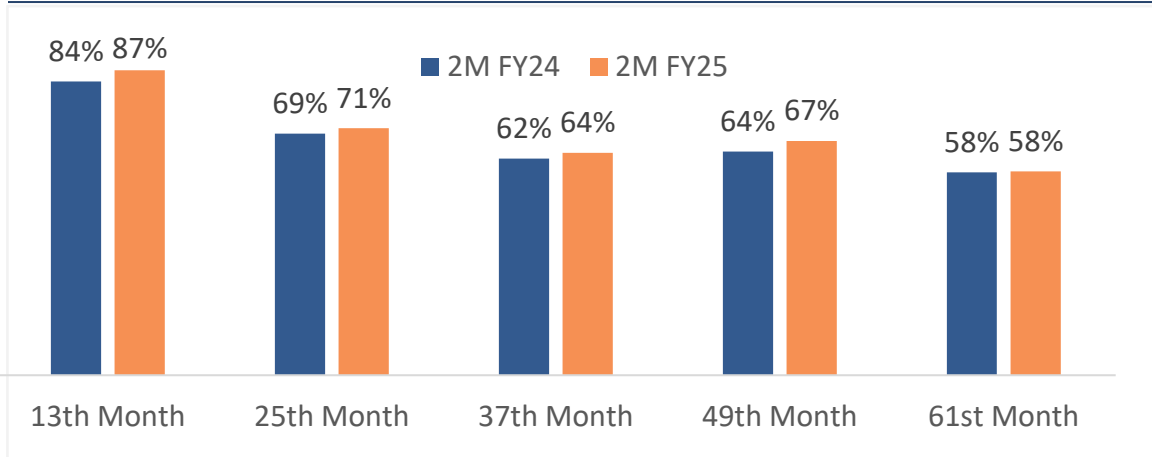
Note <sup>^</sup>5,000 interest rate scenarios by varying the term structure of the nominal yield curve based on WTW's STAR Real World Economic Scenario Generator (RW ESG) calibrations. These scenarios encompass a comprehensive range of real-world possibilities including plausible extreme interest rates from 2% to 12% and various changes in the yield curve's level and shape (including parallel and non-parallel shifts, slope changes and wiggles).



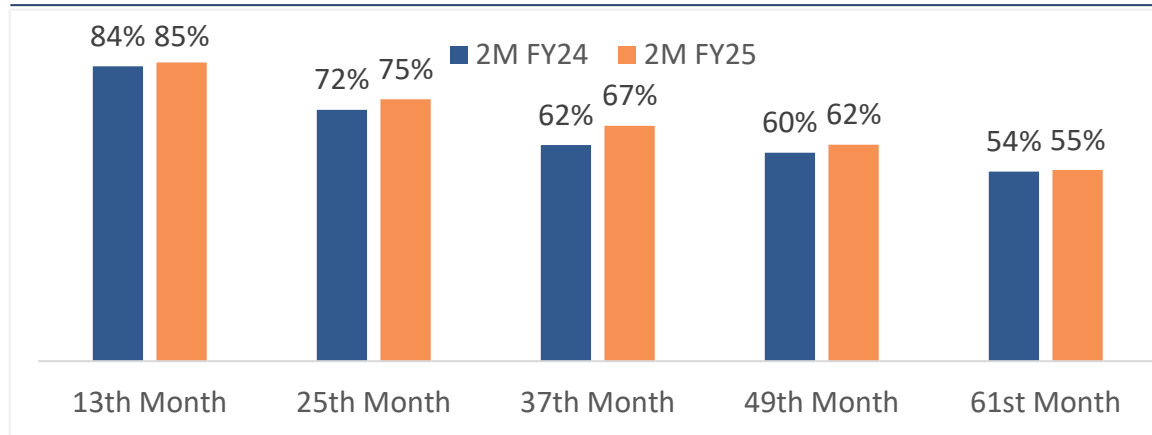
# Strong focus towards customer measures has helped deliver superior performance across health parameters and will continue to remain an important priority



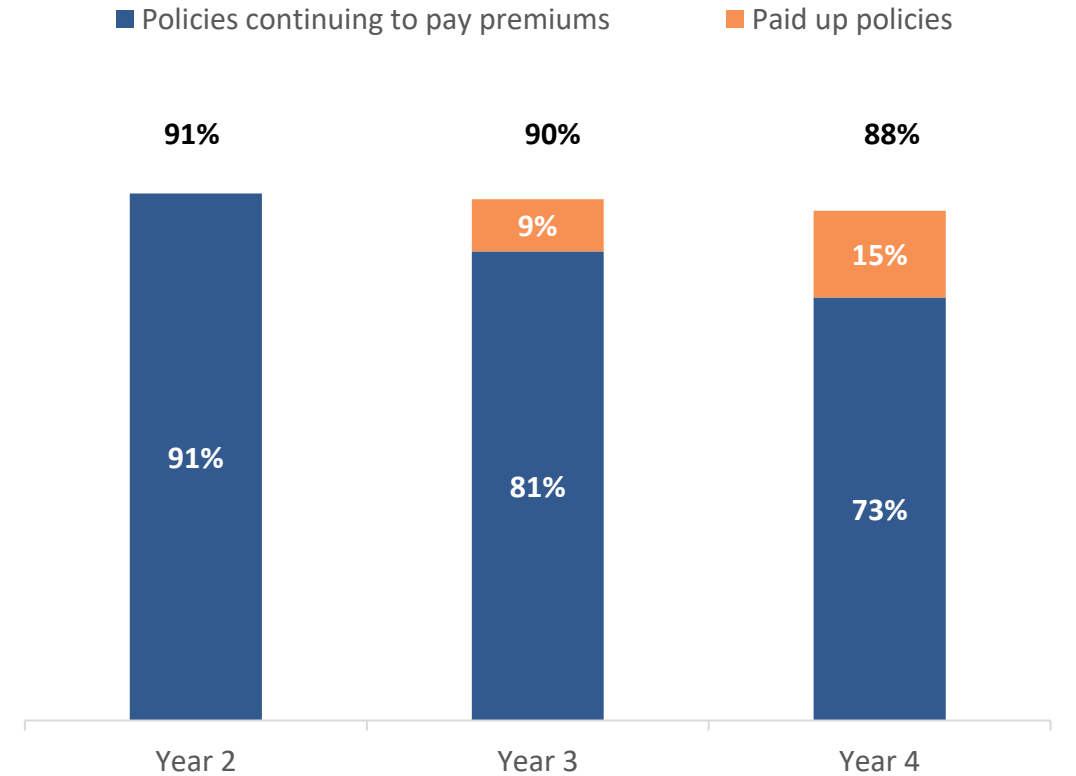
## Persistency# (Premium)- Improvement across the cohort



## Persistency#(NOP)- Market leader on 13th month NOP persistency



## NPAR Customers opting for continuation of their policy<sup>1</sup>



- Assumptions are in line with experience
- Majority of the policyholders who stop paying premium choose to remain in Paid-up state rather than surrender

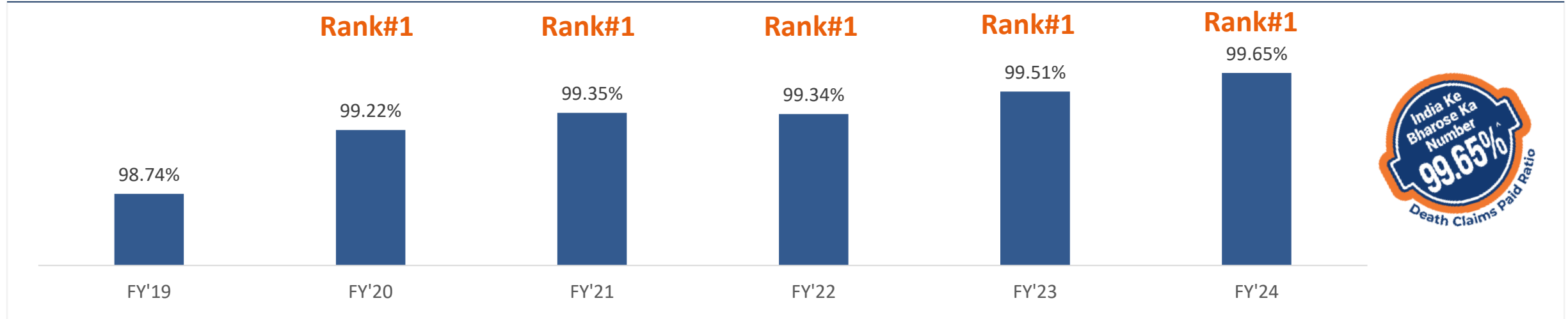
Note: The persistency ratios are calculated in accordance with IRDA/ACT/CIR/GEN/21/02/2010 dated February 11, 2010 and IRDAI circular no. IRDAI/F&A/CIR/MISC/256/09/2021 dated September 30, 2021



# Launched next generation claims system, 'TEJAS', to maintain our best in industry claims settlement



## Claims Paid Ratio



## Next generation Claims System

Functional & System capabilities	Employee & customer experience	Application & integration architecture	Technology Infrastructure & Security and AI/ML
Configurable claim amount & accounting module Real-time validation of claim amount through ACL system (from T+1 interval to real time integration)	E2E System workflow for managing group claims Centralized Communication using CCMS for enhanced coordination	Modular service-based architecture Deployed on Cloud infra	Deployed on modern tech stack on existing infra of ibps In-built OCR engine for reading ID proof documents (PAN & Aadhar)

Note: E2E : End to End Settlement; CCMS: Communication Module System; OCR: optical character recognition



## Our Digital Strategy is Based on 6 Key Pillars

Scale  
E-Commerce  
Business



1

Frictionless  
Onboarding/  
Issuance



2

Digital Sales –  
Bancassurance &  
Partnerships of  
future



3

Digital Customer  
Service



4

Pervasive Intelligence (AI/ML & Analytics embedded in all key processes)

5

Agile, Scalable, Resilient Technology Platforms

6

## SHARPER PROSPECTING

Chase Value not Traffic

Google Marketing Platform

- Display & Video 360
- Analytics 360
- Surveys 360
- Search Ads 360
- Data Studio
- Tag Manager 360
- Optimize 360

Meta Outbrain Taboola

#1

Life Insurer SEO visibility scores

#2

Top 500 Keywords

Best In Class in core web vitals

1.5-2s

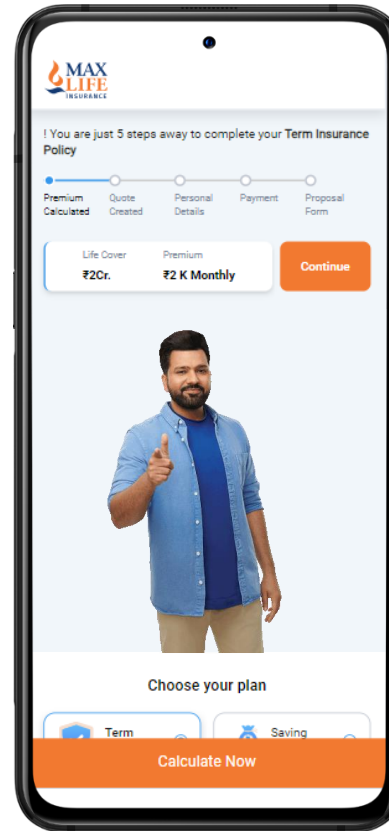
BIC Page load time

66

Digital NPS

## PERSONALIZATION

Never Ask Again

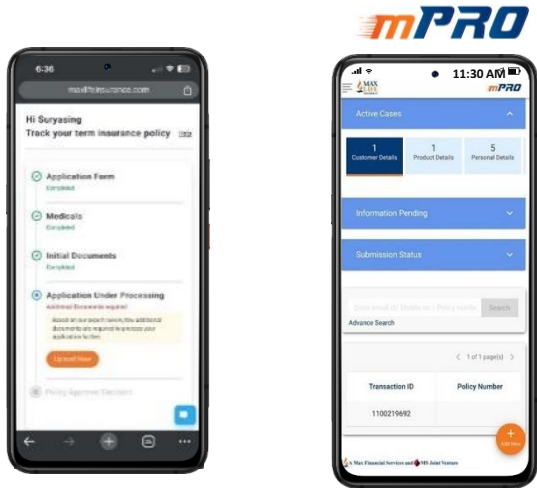


## EMBEDDED INTELLIGENCE

- Automated 100% call quality monitoring and agent effectiveness assessment via Speech AI Engine - VoX
- Near real time customer call insights to drive conversion rates
- Sharper online campaigns with AI driven Market-Mix models optimizing marketing spend

# Enabled by Best-in-Class On-boarding Platform

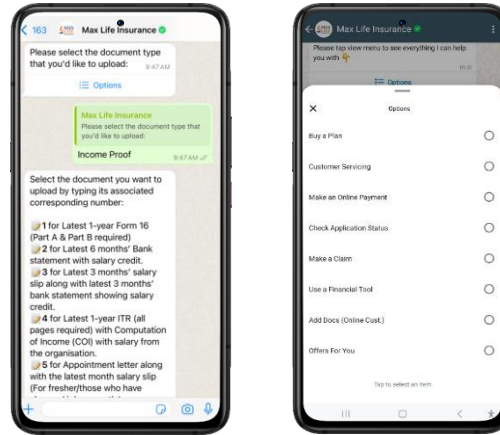
## B2C & B2B ON-BOARDING PLATFORM



- 🌐 Journey Smarts
- 🌐 EKYC, AA & Native Video Medicals
- 🌐 NPS improved 7 points
- 🌐 Issuance TAT reduction by 40 %
- 🌐 Document Collection on WhatsApp

## SMARTER CHASE

Talk to customer the way they like



- 🌐 WhatsApp for Business to chase in-funnel prospects
- 🌐 Increase in Day 0 document collection by 30 percent and NPS score by 5 bps
- 🌐 Leverage cross-sell and up-sell workflows

## FRICTIONLESS ONBOARDING



- 🌐 State of the art Integration stack with third parties like Credit bureaus, AA, IIB ensures
- 🌐 70% of B2C Term customers are on-boarded without any document requirement

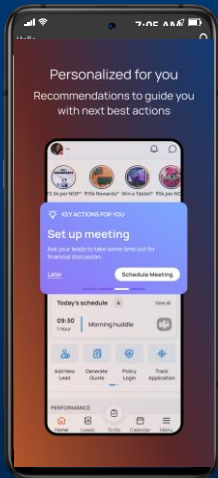
## Digital Agency

Super App for SALES Force



300+ CAT Users onboarded

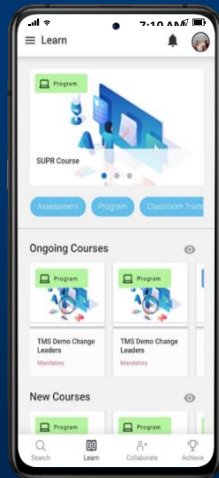
2000 Quotes Generated



UNIFIED LEARNING & TRAINING MANAGEMENT



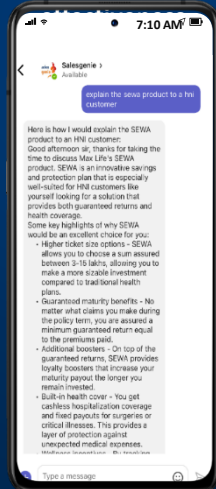
100% adoption with more than 50% utilization



SALES GENIE (SHAPER PROSPECTING)



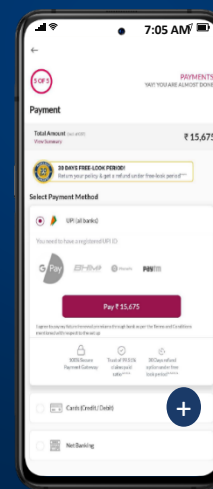
Generative AI Powered sales copilot  
90% user have found it useful in improving sales



## Banca Partnerships

D2C JOURNEY Smart Fixed Return Plan

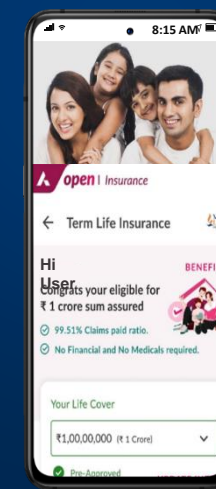
1K DIY customer acquired



ALTERNATE CHANNELS (including CAT Axis)



15% Growth in customer repurchasing new product.



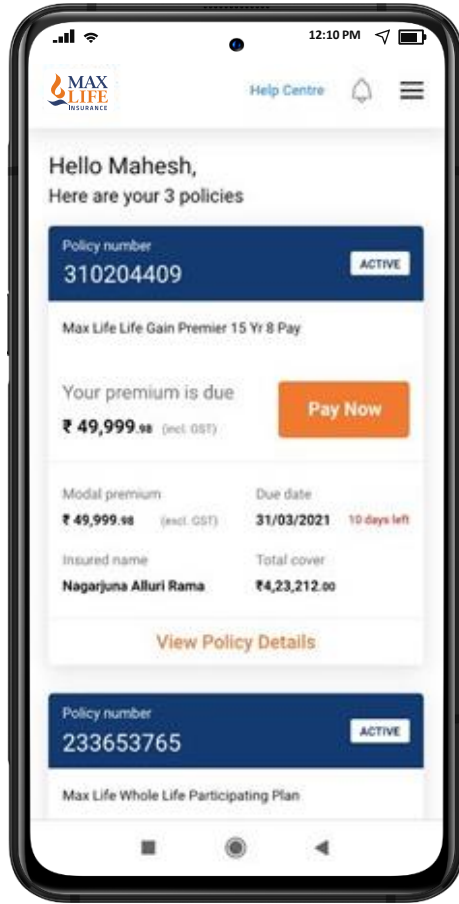
Integration Marketplace >90%

Reusable API

60%

New Partner integration TTM reduced





7 million self-service transactions annually (90% adoption)



2 Lakh + transactions on conversational interfaces monthly

## EMBEDDED INTELLIGENCE

- Impact-Max – ECS hit prediction model to drive 2% incremental ECS collections (250Cr)
- Proactive Surrender retention & customer engagement models (surrender outflow reduction by 1400 Cr)
- 1.5L+ Cross-Sell leads generated through digital channels annually
- Renewal communications & calling prioritization models for optimized collection efforts
- Grievance likelihood prediction and response prioritization platform for targeted resolution

# And leverage Generative AI for competitive advantage

we have identified 4 key areas, and are working on Creating Enterprise solutions and Business Teams enablement

1. Sales Enablement

2. Customer Service

3. Employee Experience

## Enterprise Grade use case development



Generative AI Sales Assistant to enhance seller productivity

### AI Driven RolePlay

AI-Driven roleplay-based assessment for the field teams.



Conversational intelligence to resolve customer queries and emails.

### HRPartner

Generative AI based HRBP co-pilot to improve employee experience

### RiskAssess

Auto URMU decisions basis field verification documentation

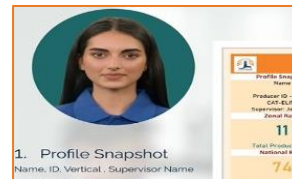
### ConversePro

Contact center virtual assistants for guided servicing

In PoC

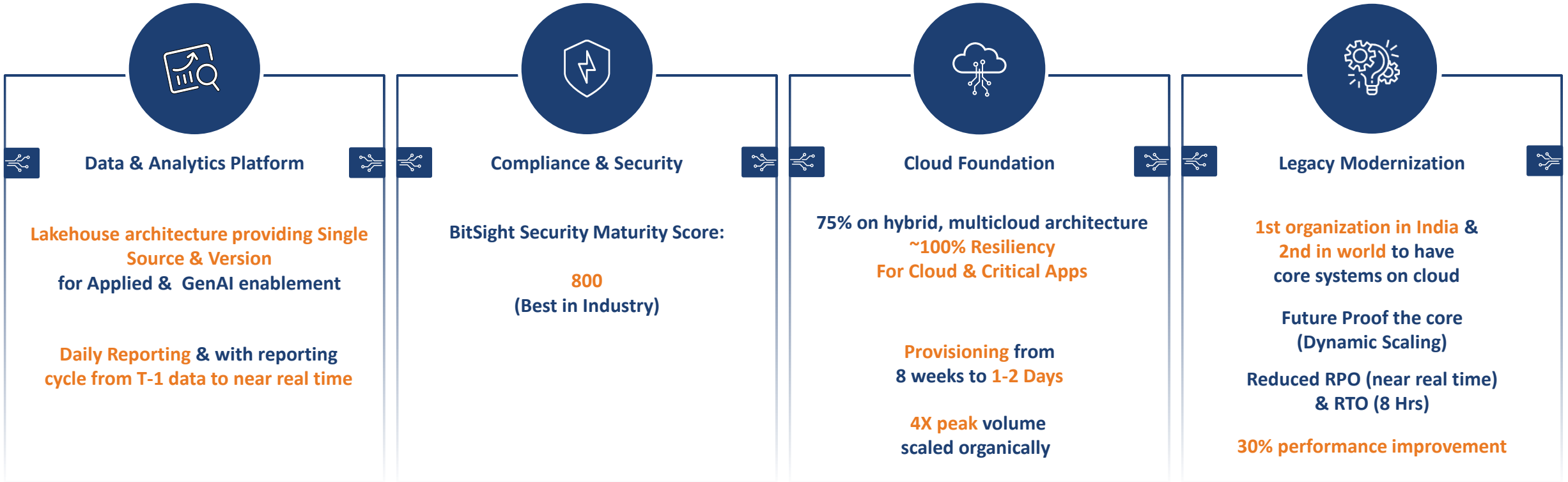
## 4. Marketing & other functions+ : Leveraging GenAI products for enhancing functional productivity

Gen AI tools for campaigns, customer communications personalized interaction videos & training videos in multiple languages



Automated KFDs, articles and vernacular communication

# We are building a Agile, Scalable & Resilient Technology Platform to Digitally power Max Life



Economic Times CIO Award for Enterprise IT Excellence



TechCircle Business Transformation Digital First Award



Elets Insurance Innovation Trailblazers in Cloud Award



Elets Insurance Innovation Cybersecurity Visionary Award



Max Life Gartner Case Study on Digital Transformation



AWS Re-Invent Case Study Cloud Modernization



## SECTION IV

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- ▶ Max Life Insurance – ESG
- 



## Four pillars of our sustainability framework (1/3)





## 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

# Four pillars of our sustainability framework (3/3)

## Work Ethically & Sustainably



### Governance

Diverse Board composition with optimum no. of Independent Directors (>50% - MFSL; ~30% - Max Life Insurance)



### Data Privacy & Security

Received DSCI Excellence Award for Best Security Practices in India in 2021; BitSight rating of 810-Best in financial services



### Risk Management

Max Life has a robust governance framework with Board risk committee (REALMC) supported by domain expertise committees



### Compliance & Policies

Platforms, mechanisms, channels in place for grievance addresses, incident investigations and corrective actions and policies

## Work Ethically & Sustainably



### Diversity & Inclusion

Gender diversity ratio at 27.1% at Max Life; Capability building program for women's leadership – 'Catalyst' culminated successfully



### Well-being of Employees

Industry first, #MaxThrive Employee Store which allows employees to access exclusive discounts up to 30% on Top brands like Apple, Samsung & many more



### Employee Development & Policies

In 3M, our organization averaged 12.5 hours of learning, surpassing our target of 10 hours.



### CSR Initiatives

Education: 106.82 lac children positively impacted; 23,168 children directly benefited through the education initiatives in partnership with Max India Foundation

## Financial Responsibility



### Committed to responsible investments

100% ESG integration will be ensured in all equity investment research and decision making



### Responsible Investments

Comprehensive stewardship policy in place and a detailed summary of MLI's voting actions are disclosed on a quarterly basis.



### Product Responsibility

Benefits for females/transgenders for financial inclusion by way of preferential discounts & Higher returns.



### Integrating Customer Feedback

Ranked #2 in customer experience for the second consecutive year for excellence as per Hansa's syndicate industry report Insurance CuES-2024.

## Green Operations



### Energy Management

Home Office HO-DLF building is a LEED Platinum certified building with "5 star rating" in health and safety by British safety council & HO - 90C is Platinum certified by Indian Green Building Council



### Water Conservation






Water is recycled with the help of STP: ~1100 KL of STP water recycled in quarter (3M) of FY'24-25



### Risk Management

Installed sanitary pad disposal at HO for sustainable menstrual hygiene management ~28 kg carbon equivalent conserved in quarters (3M) of FY 2024-25.

# Accomplishments in our key strategic shifts identified in our ESG journey

Indicators	Key Metric for ESG Indicators	Key Targets	Current Status
 Digital Operations	Digital penetration	95% of digital penetration by FY 2026	90% self-service enablement by June 2024
 Diversity & Inclusion	Overall gender diversity ratio	Achieve 28% gender diversity ratio by FY25	27.1% gender diversity ratio by June 2024
 Workforce Training	Number of Learning hours to upskill and reskill employees	40 learning hours per employee FY 2025	12.5 learning hours per employee against the target of 10 learning hours in 3M
 Responsible Investments	ESG integration* & Compliance^ in Investment Decision Making	ESG evaluation in equity investment research and decision making   75% of equity portfolio to be ESG compliant at all times   100% compliance for equity portions of shareholders fund to be adhered to	CRISIL has been on-boarded for ESG integration. Responsible Investment Policy in place
 Carbon Neutrality	Reduce carbon footprint and achieve Carbon Neutrality	To achieve 80% carbon neutrality by FY28	25,000 tree plantation drive to be carried out in Q2.

\*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



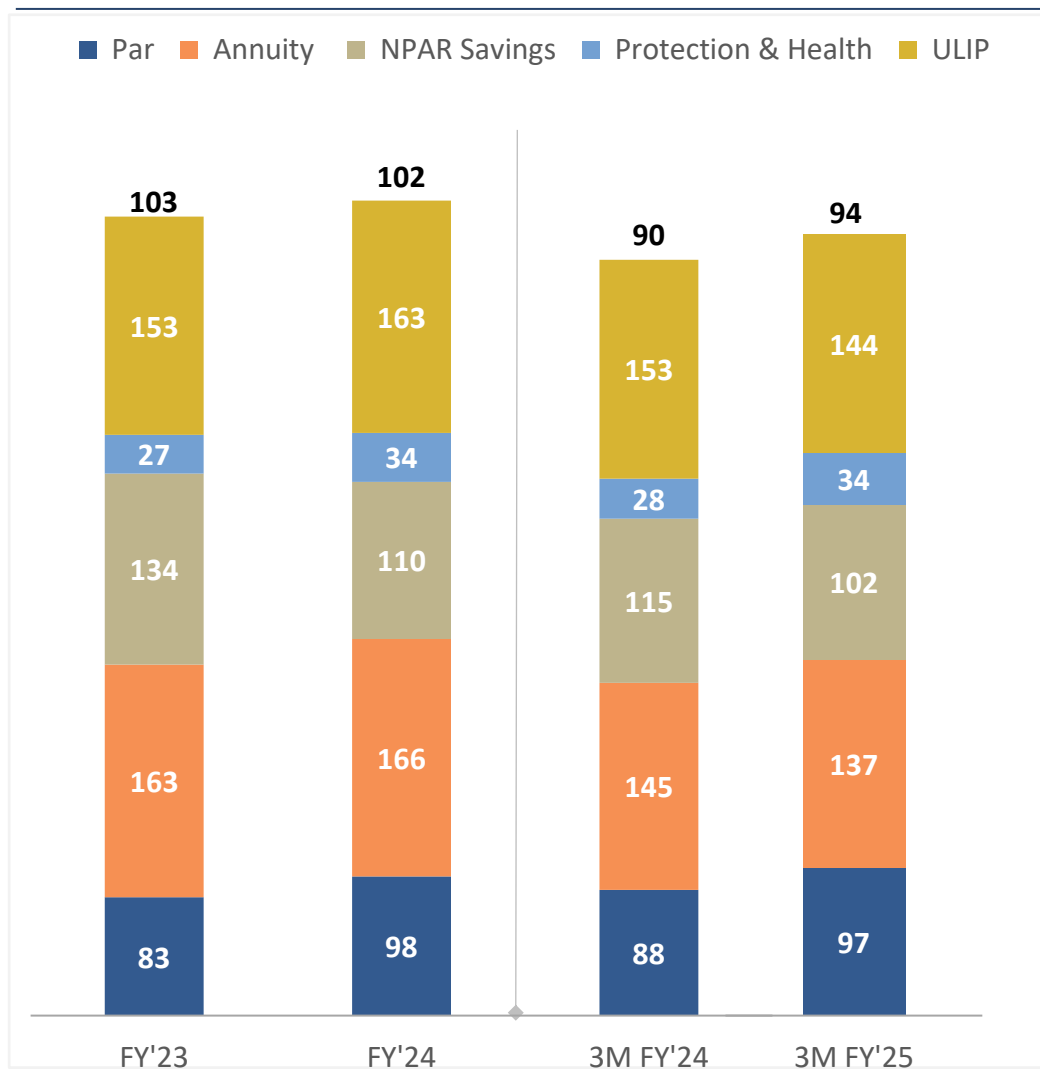
# ANNEXURES

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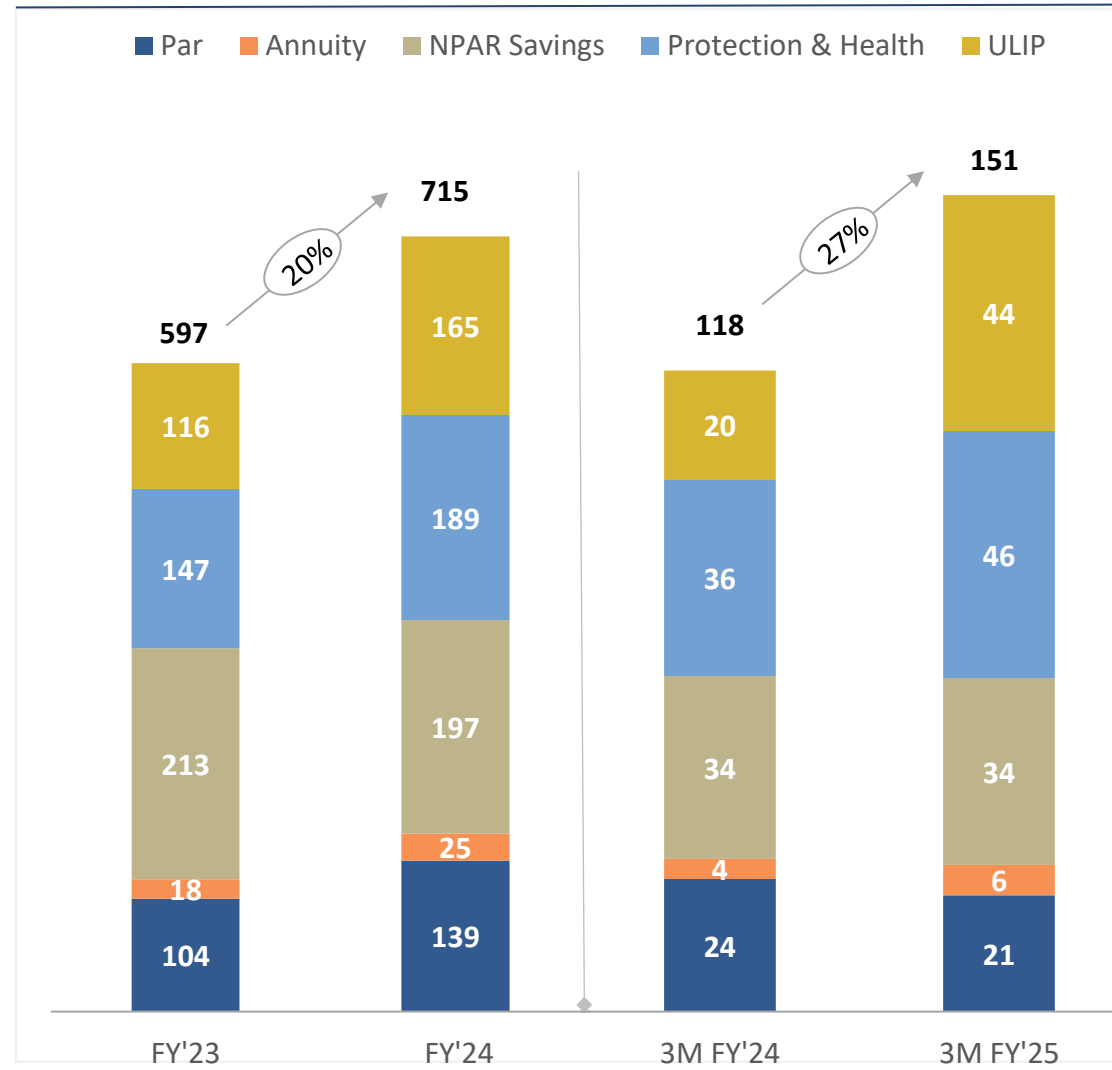


# Expansion in both case size and number of policies sold in 3M FY25

### Case Size (INR'000)



### NoP's (000's)

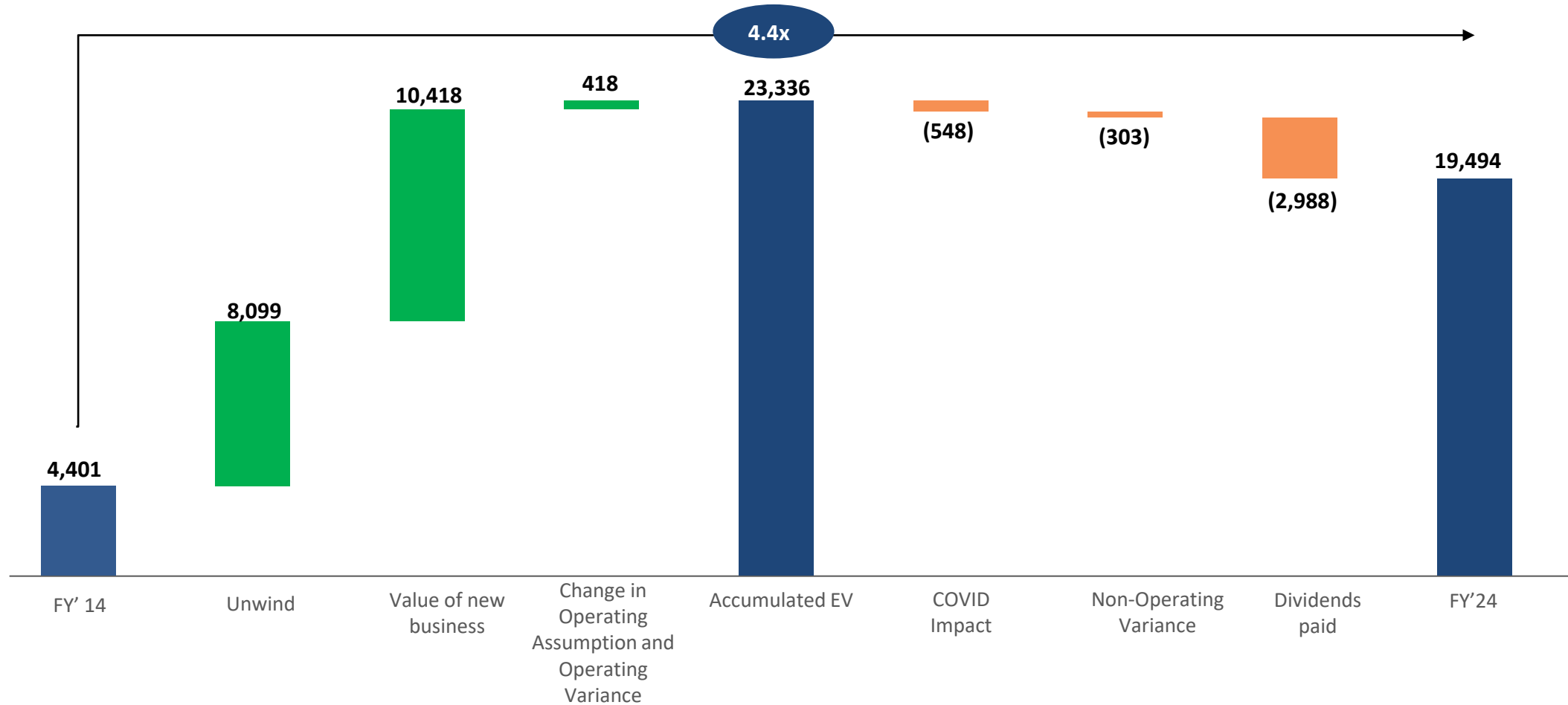


Embedded Value has grown by 4.4x in last decade despite pandemic demonstrating quality of our book and built in prudence



### Compounded growth in Embedded Value

Amount in cr



Note: Numbers may not add up due to Rounding off ;

## Sensitivity analysis as at 31<sup>st</sup> March 2024

Sensitivity	EV		Value of New Business		New Business Margin	
	Value (Rs Cr)	% change	VNB (Rs Cr)	% change	NBM %	% change
<b>Base Case</b>	19,494	-	<b>1,973</b>	-	<b>26.5%</b>	-
Lapse/Surrender - 10% increase	19,644	0.8%	1,961	(0.6%)	26.4%	(0.1%)
Lapse/Surrender - 10% decrease	19,324	(0.9%)	1,980	0.4%	26.6%	0.1%
Mortality - 10% increase	18,994	(2.6%)	1,844	(6.5%)	24.8%	(1.7%)
Mortality - 10% decrease	19,995	2.6%	2,102	6.6%	28.3%	1.8%
Expenses - 10% increase	19,311	(0.9%)	1,817	(7.9%)	24.4%	(2.1%)
Expenses - 10% decrease	19,679	0.9%	2,128	7.9%	28.6%	2.1%
Risk free rates - 1% increase	19,209	(1.5%)	1,979	0.3%	26.6%	0.1%
Risk free rates - 1% reduction	19,647	0.8%	1,928	(2.3%)	25.9%	(0.6%)
Equity values - 10% immediate rise	19,819	1.7%	1,973	Negligible	26.5%	Negligible
Equity values - 10% immediate fall	19,170	(1.7%)	1,973	Negligible	26.5%	Negligible
Corporate tax Rate - 2% increase	19,042	(2.3%)	1,907	(3.3%)	25.7%	(0.8%)
Corporate tax Rate - 2% decrease	19,947	2.3%	2,038	3.3%	27.4%	0.9%
Corporate tax rate increased to 25%	17,482	(10.3%)	1,681	(14.8%)	22.6%	(3.9%)

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.



## 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 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.
- 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 FBIL<sup>1</sup> as at June 2024. The VNB is calculated using the beginning of respective quarter's risk free yield curve (i.e. 31<sup>st</sup> March 2024).
- No allowance has been made for liquidity premium because of lack of credible information on liquidity spreads in the Indian market.
- Samples from 30<sup>th</sup> June 2024 and 31<sup>st</sup> March 2024 spot rate (semi annualized) yield curves used are:

Year	1	2	3	4	5	10	15	20	25	30	40	50
<b>June-24</b>	6.93%	6.97%	6.98%	7.01%	7.04%	7.04%	7.04%	7.08%	7.05%	7.03%	7.26%	7.16%
<b>Mar-24</b>	6.99%	7.02%	7.04%	7.06%	7.05%	7.07%	7.09%	7.10%	7.13%	7.15%	7.22%	7.03%
<b>Change</b>	-0.06%	-0.05%	-0.06%	-0.05%	-0.01%	-0.03%	-0.05%	-0.02%	-0.08%	-0.12%	0.04%	0.13%

### 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.
- Assumptions are based on last one year experience and expectations of future experience given the likely impact of current and proposed management actions on such assumptions.
- Aims to avoid arbitrary changes, discontinuities and volatility where it can be justified.
- Aims to exclude the impacts of non-recurring factors.

<sup>1</sup> Financial Benchmark India Pvt. Ltd.

## 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.
- Future CSR related expenses have been taken to be 2% of post tax (risk adjusted) profits emerging each year.
- 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.