

# Max Financial Performance Update

Investor Release 9M FY22

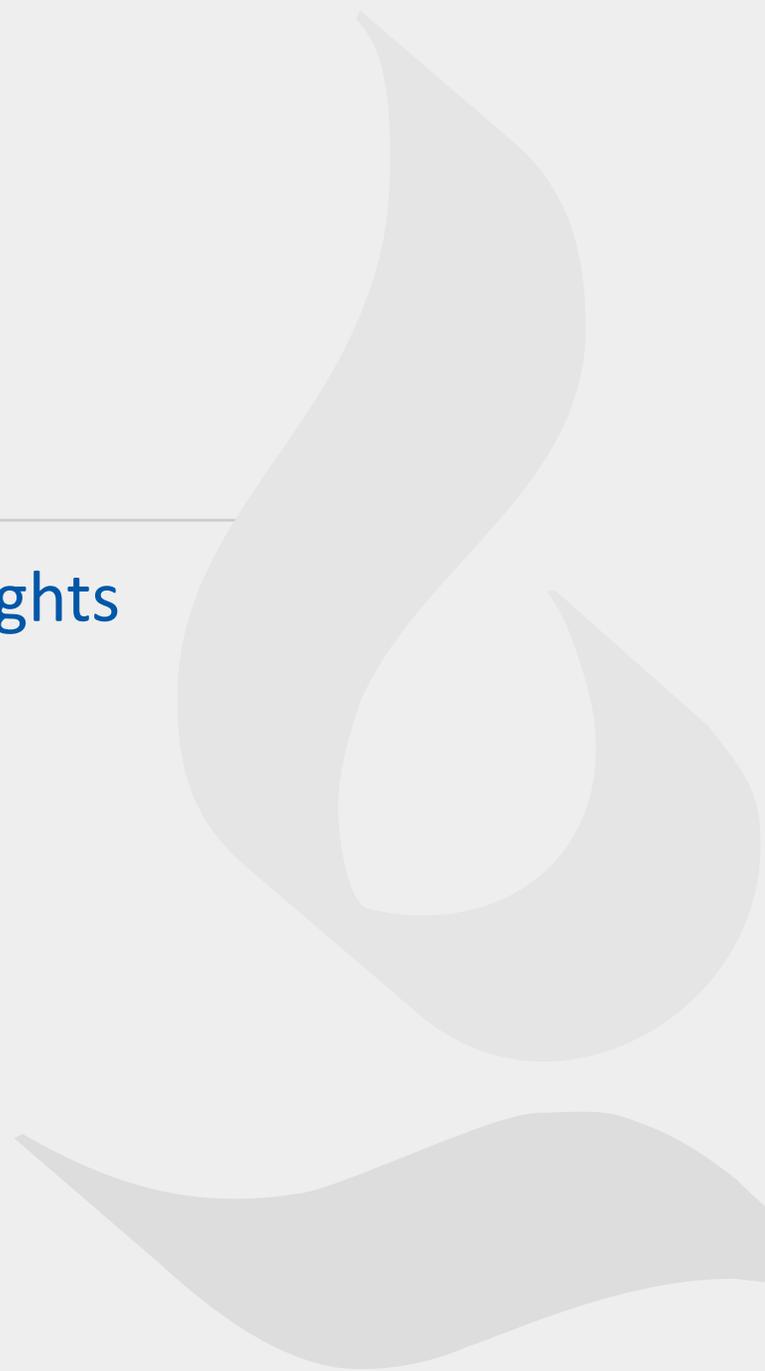
January 28, 2022





# SECTION I

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- ▶ Max Financial Services : 9MFY22 Key Highlights
- 

## Max Financial Services: Q3 & 9MFY22 Key Highlights

1	Consolidated Revenue excluding investment income at <b>Rs 14,160 Cr</b> , grows <b>21%</b> in <b>9MFY22</b> . Consolidated PBT at <b>Rs 236 Cr</b> , lower as against previous year primarily due to COVID related provision in 9MFY22 and one-off items in same period last year
2	<b>9M FY22 NBM</b> at 25.1%, <b>VNB grew by 20% YoY</b> , <b>2 year CAGR of VNB</b> is 28% driven by strong <b>APE growth of 23% YoY</b> <b>MCEV</b> as at Dec'21 end at <b>Rs. 13,412 Cr</b> ; Operating RoEV at (without/with COVID impact) <b>19.2%/ 18.1%</b>
3	<b>Rank #1</b> in claims paid ratio at 99.35% in FY21
4	Max Life has received IRDAI's permission to set up a new company "PFM"; Pension Fund subsidiary formation underway
5	Launched new PAR product <b>Smart Wealth Income plan</b> in Q3 FY22. <b>Most successful PAR product, crossed 100cr sales in shortest time</b>
6	Conducted " <b>India Retirement Index Study</b> " (IRIS) in partnership with Karvy Insights. India's Retirement Index stands at 44 health and financial preparedness a key retirement concern amongst Indians
7	Max Life and Policybazaar come together to enhance Homemakers' financial protection with independent Term Insurance Policy



## SECTION II

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- ▶ Max Life Insurance – Business Overview
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## Key Highlights for Max Life (1/2)

Consistent growth



**5-Yr CAGR of 18%** on Individual new business  
vs  
**13% of Top 3 listed life insurers**



Improved **market share**  
from  
**9.3% to 10.8% in 5 years**



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

Value generation



**VNB CAGR of 27%**  
in 5 years



**New Business Margin**  
expansion from 17.9% in FY16  
to **25.2%** in FY21



**5-Yr EV CAGR of 20%**



**Share price CAGR of 20%** in 5 years



**Consistently high RoE –**  
19% in FY21 (21% in FY16)



**Consistently high RoEV –**  
18.5% in FY21 (17% in FY16)

# 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 engagement<sup>1</sup>** consistently among the **top decile (FY21: 96%)**

## Customer metrics

**#1 rank in customer loyalty<sup>2</sup>** in FY21

**Company NPS at 44 – 9 points improvement in 2 years<sup>3</sup>**

**Rank#1 in claims paid ratio** at **99.35%** in FY21

**#2 rank in grievance incidence rate** in FY21, with decade-low mis-selling count and incidence rate

## Brand metrics

**Strategic partnership with Axis Bank**

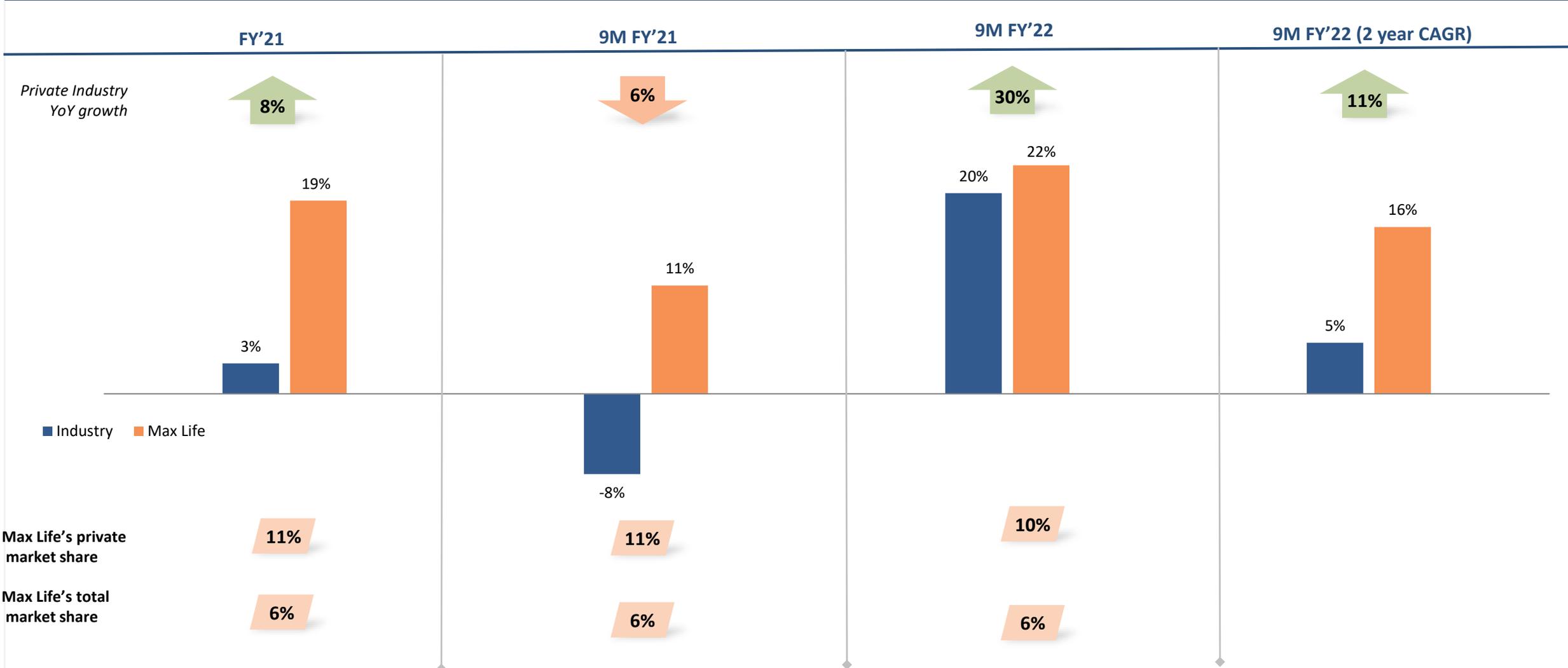
**Highest Share of Voice** in the industry in FY21 at **30% share**

**Rank#3 in Brand consideration index<sup>4</sup>** to competition brands among private Life insurers – rank improved by 3 positions in 5 years

**Industry Landscape (9M FY22): Max Life grew by 22% Y-o-Y in 9M FY22. On 2 Year CAGR, Max Life grew by 16% while private industry grew by 11%. Achieved Q3 growth of 28%**



**YoY Growth basis Individual Adjusted FYP**



# Financial Performance Summary 9MFY22

<b>Individual APE</b>  Rs 3,700 Cr [Rs 3,014 Cr] <span style="float: right;">23% ↑</span>	<b>Gross Written Premium</b>  Rs 14,415 Cr [Rs 11,912 Cr] <span style="float: right;">21% ↑</span>	<b>Renewal Premium</b>  Rs 9,128 Cr [Rs 7,669 Cr] <span style="float: right;">19% ↑</span>	<b>AUM</b>  Rs 1,02,471 Cr [Rs 84,724 Cr] <span style="float: right;">21% ↑</span>
<b>Profit Before tax*</b>  Rs 263 Cr [Rs 436 Cr] <span style="float: right;">-40% ↓</span>	<b>Net Worth</b>  Rs 3,065 Cr [Rs 3,089 Cr] <span style="float: right;">1% ↓</span>	<b>Policyholder Cost to GWP Ratio</b> 21.4% [21.7%] <span style="float: right;">30 bps ↓</span>	<b>Policyholder Expense to GWP Ratio</b> 15.1% [15.4%] <span style="float: right;">27 bps ↓</span>
<b>New business margin</b>  25.1% [25.9%] <span style="float: right;">80 bps ↓</span>	<b>Operating RoEV#</b>  19.2%/18.1% [18.0%] <span style="float: right;">120 bps ↑</span>	<b>Embedded Value^</b>  13,412 [11,723] <span style="float: right;">19% ↑</span>	<b>Solvency</b>  207% [208%] <span style="float: right;">1% ↓</span>
<b>VNB</b>  942 [788] <span style="float: right;">20% ↑</span>	<b>Policies Sold ('000)</b>  411 [432] <span style="float: right;">-5% ↓</span>	<b>New business Sum assured</b>  142,037 [1,56,385] <span style="float: right;">-9% ↓</span>	<b>Protection Mix**</b> Individual    Group    Total 7%            7%            14% <span style="float: right;">310 bps</span> [10%]       [6%]       [17%] <span style="float: right;">↓</span>

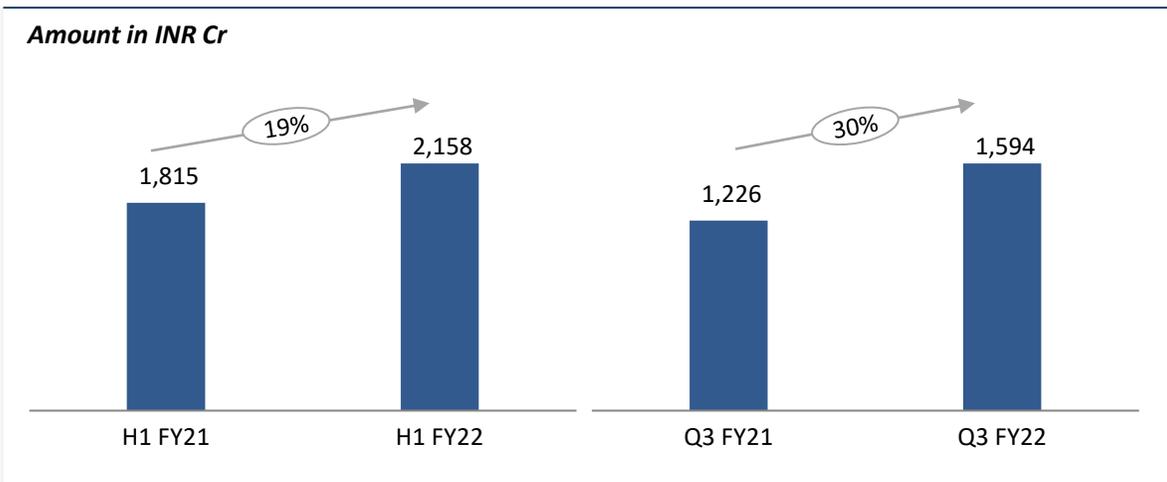
Figures in [brackets] are for previous year numbers.

^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);

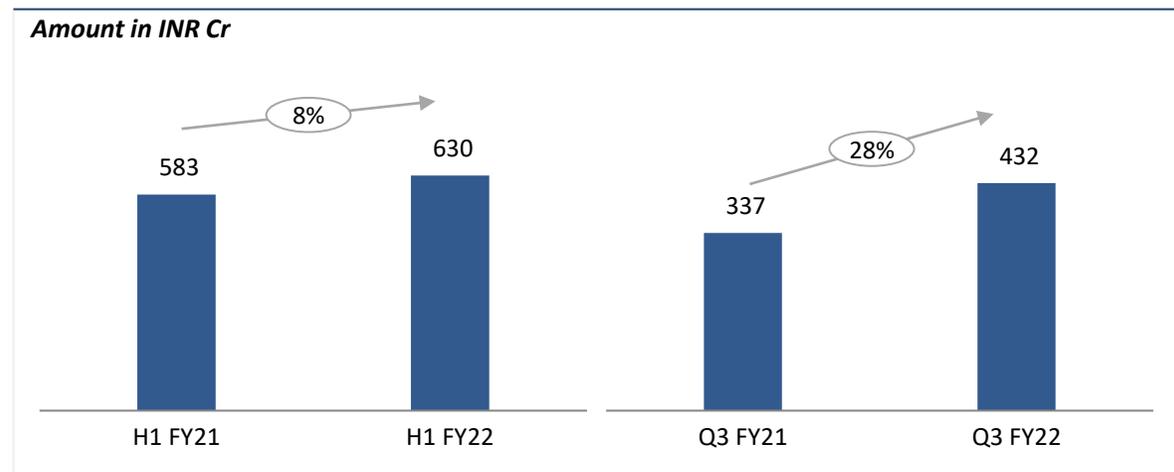
#Operating RoEV is without/with COVID impact

# Performance Summary Q3 FY22- Max Life grew by 30% driven by strong growth across channels

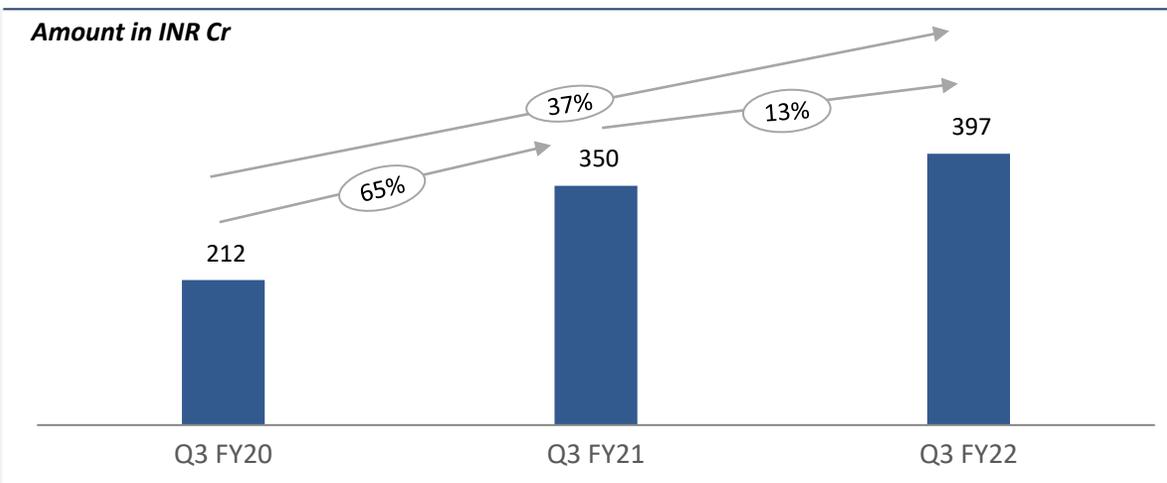
## Total APE- Robust growth across channels



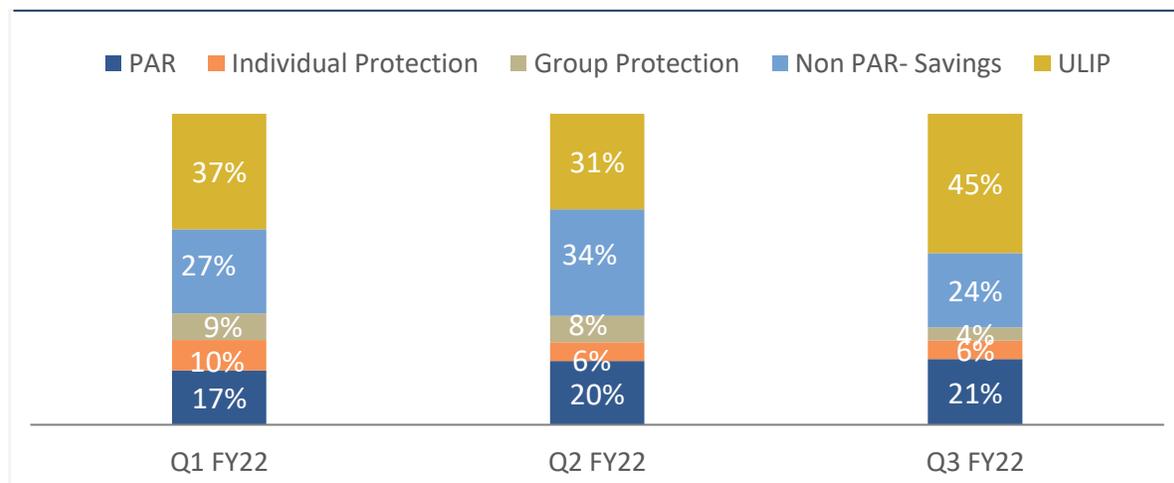
## Proprietary APE- Increasing growth rate in proprietary channels



## VNB – 13% growth in Q3'FY22 at higher base of 65% growth in previous year



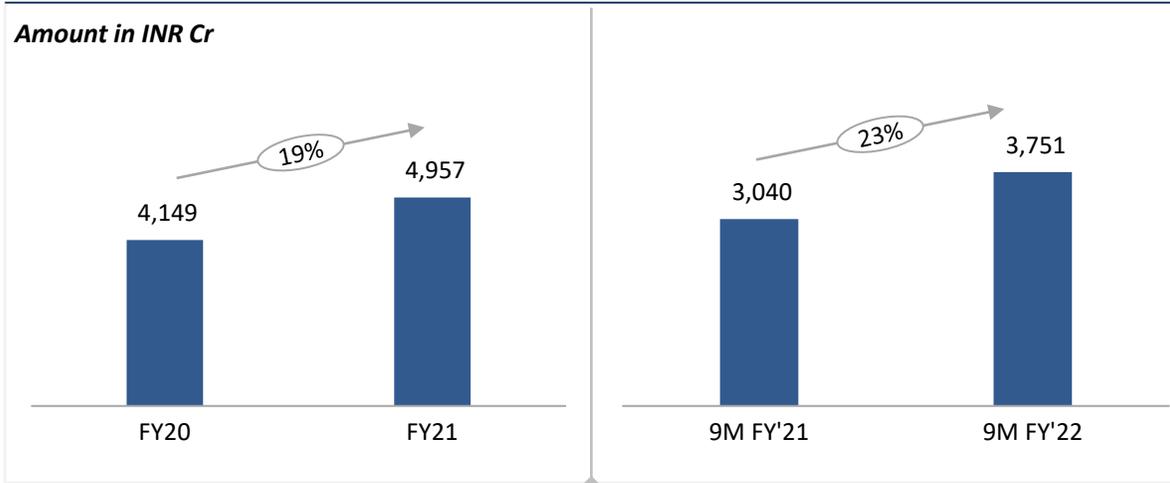
## Product Mix



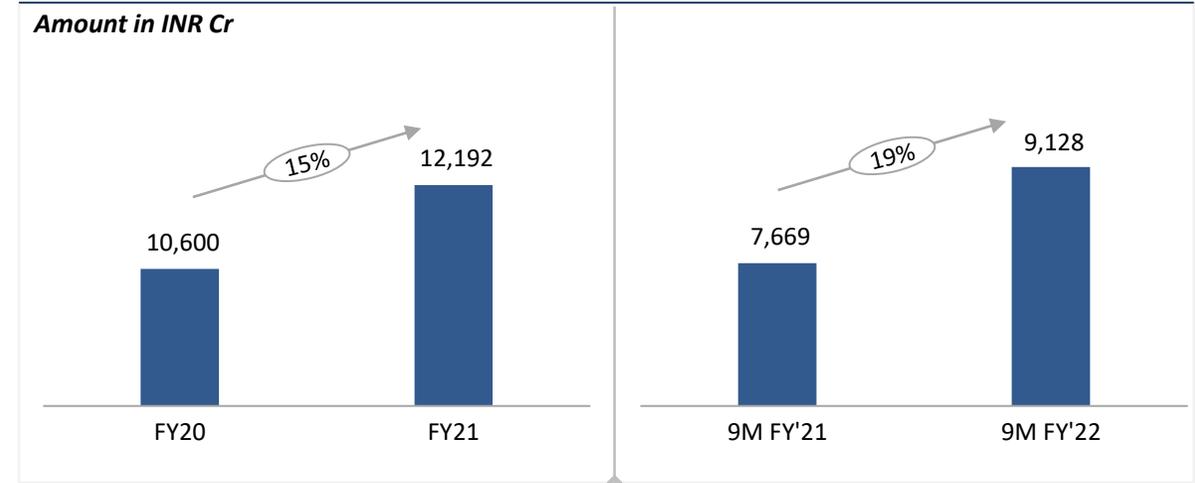
# Max Life has delivered strong performance on new business ; Maintained 4<sup>th</sup> rank in the private industry



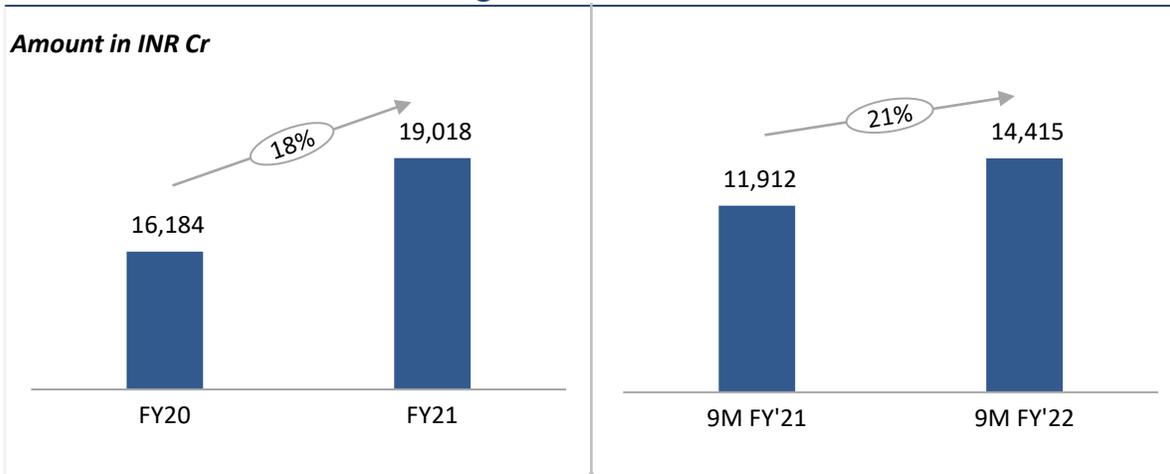
## New Business Premiums (on APE basis)- Outperformed industry growth



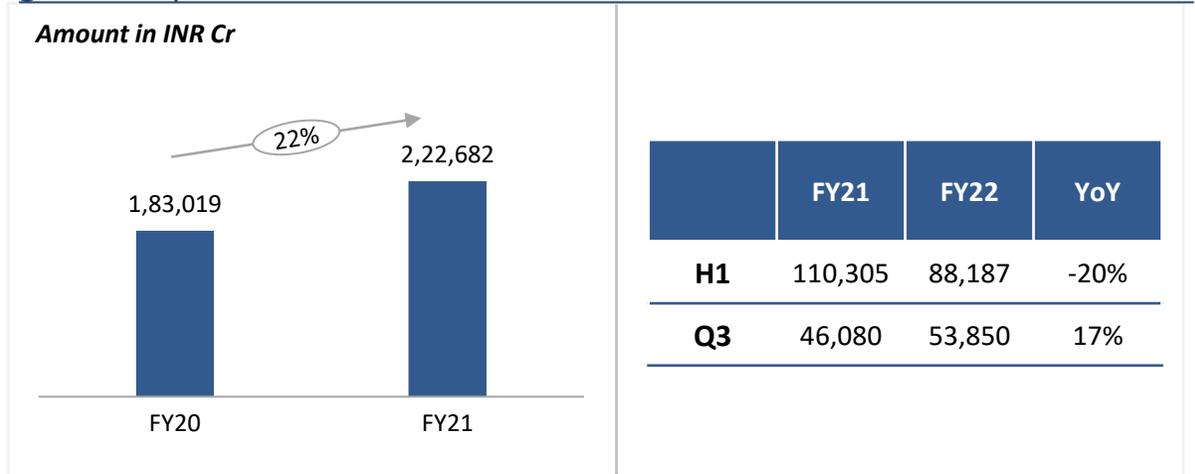
## Renewal Income- Growth in persistency led to 19% growth in 9M FY22



## Gross Written Premium – 21% growth in 9M FY22

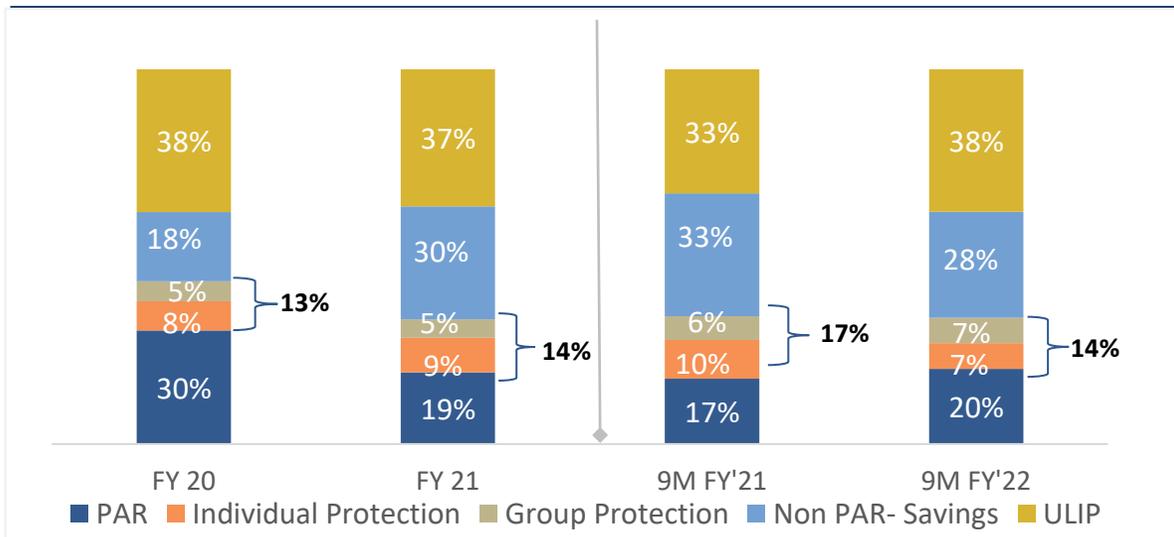


## Individual Sum Assured of New business- 17% growth in Q3 FY22 led by growth in protection

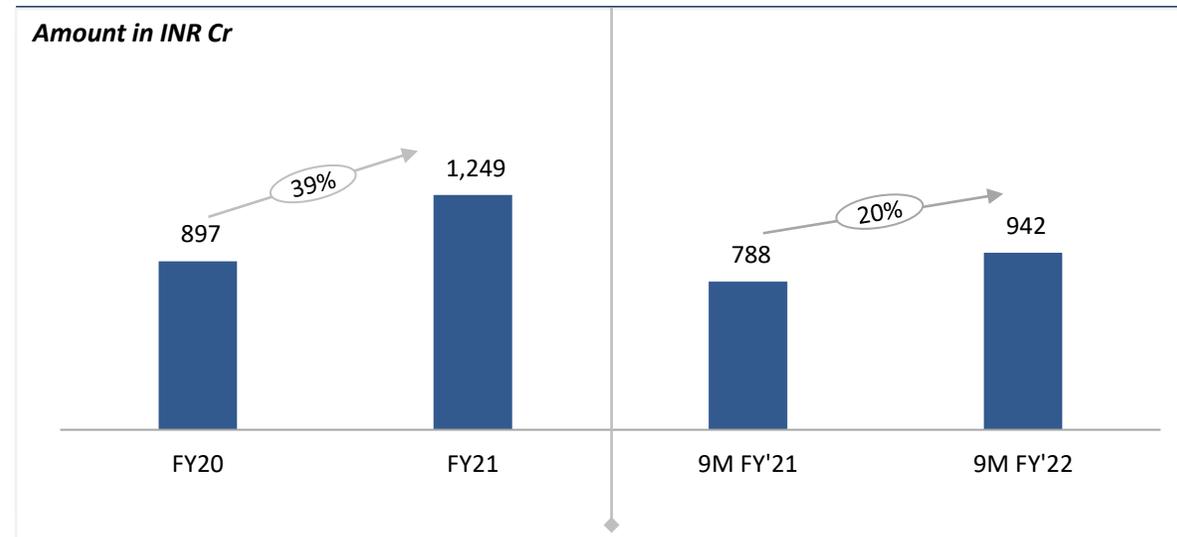


# VNB increased by 20% over last year aided by APE growth of 23%

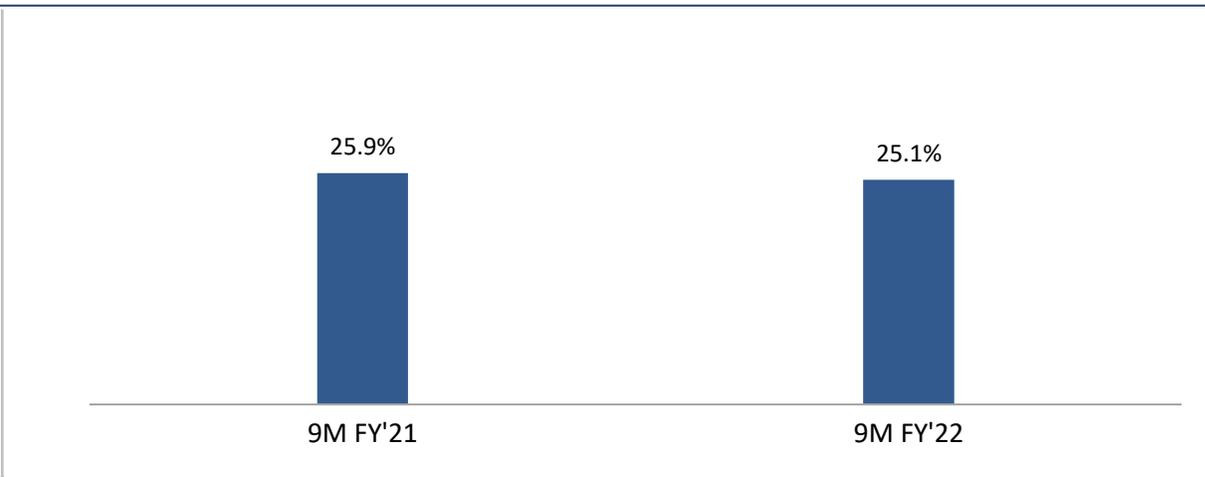
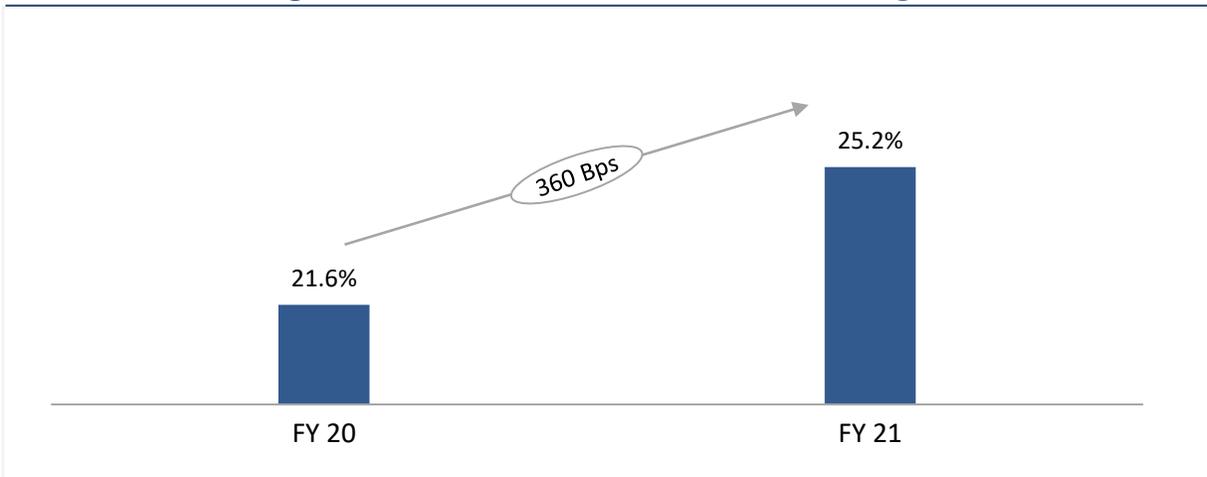
## Product Mix – Balanced product mix



## Value of New Business- 20% growth in VNB on base of 37% growth last year, 2 year CAGR 28%

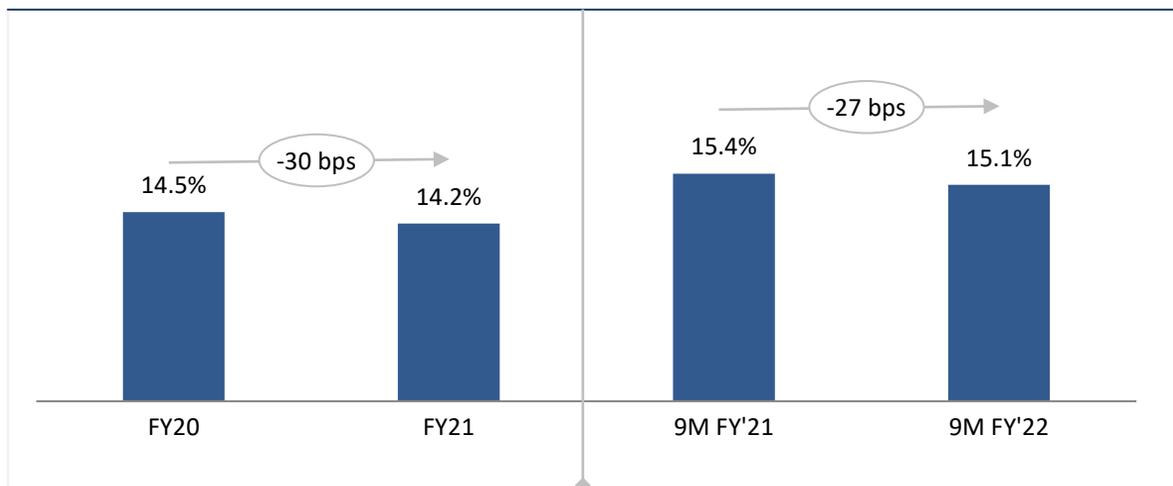


## New Business Margin- 9M FY22 NBM in line with FY21 margin

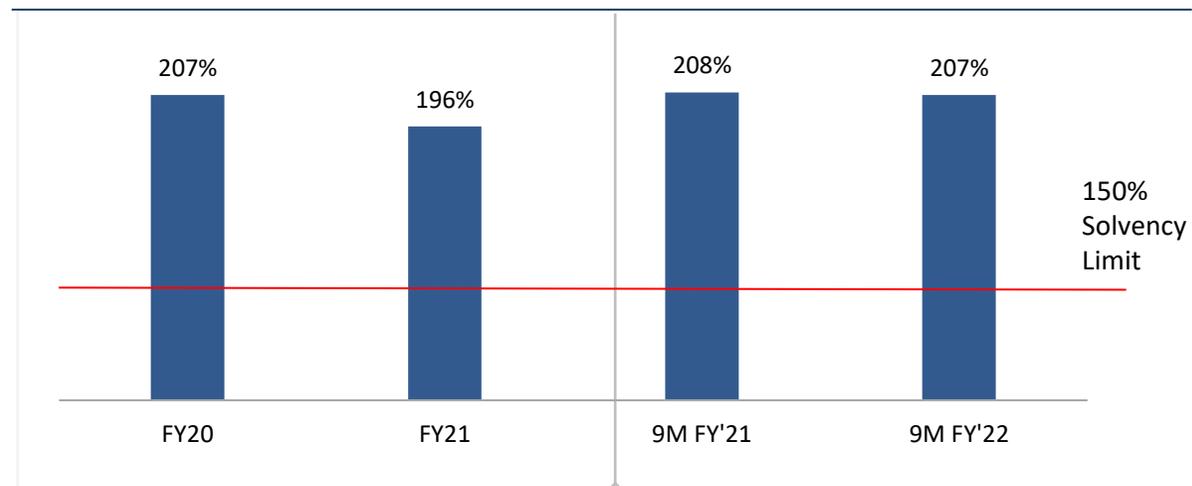


# Efficient capital management with profitable growth

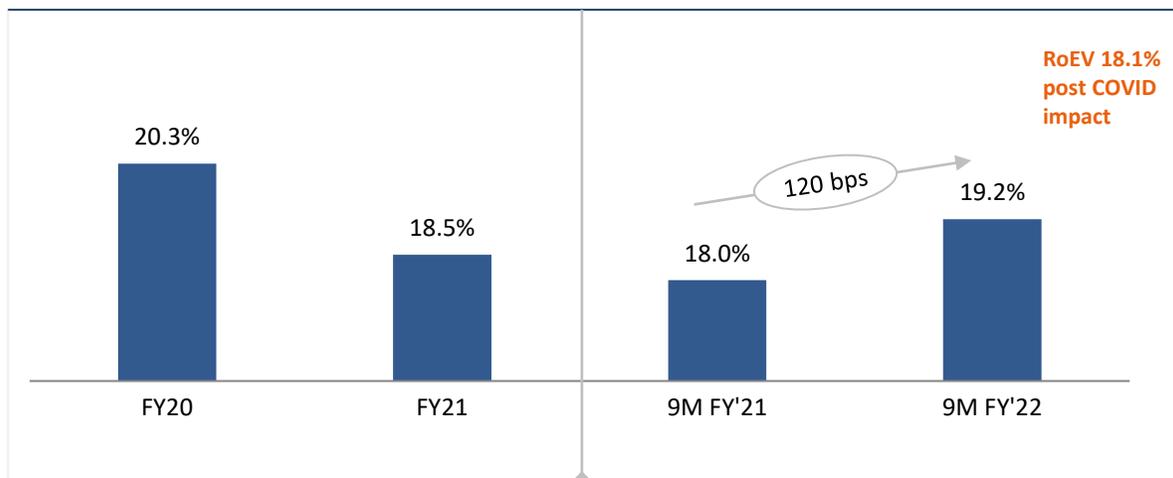
## Opex to GWP\*



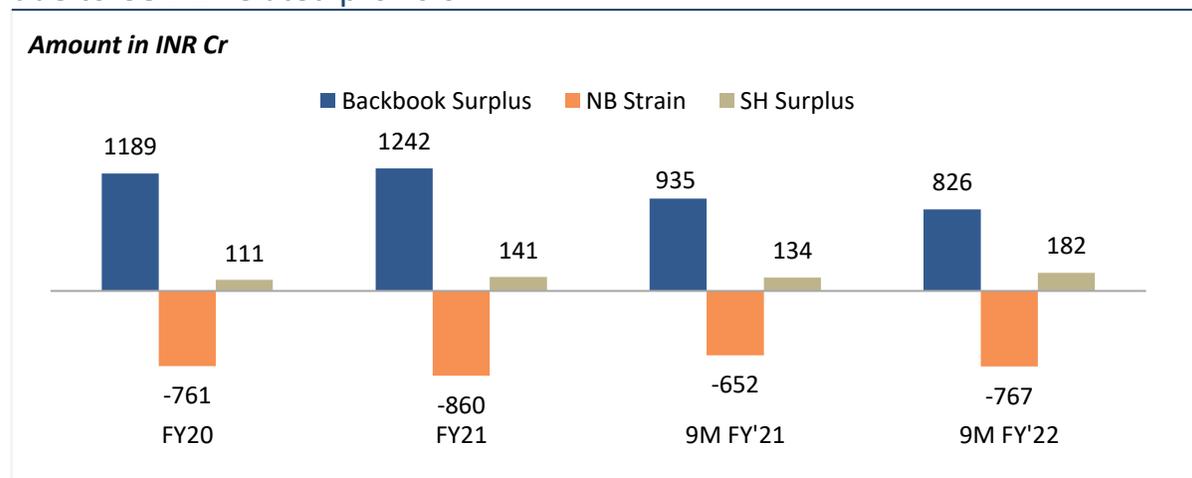
## Solvency Ratio (pre dividend)



## Operating Return on EV (RoEV)

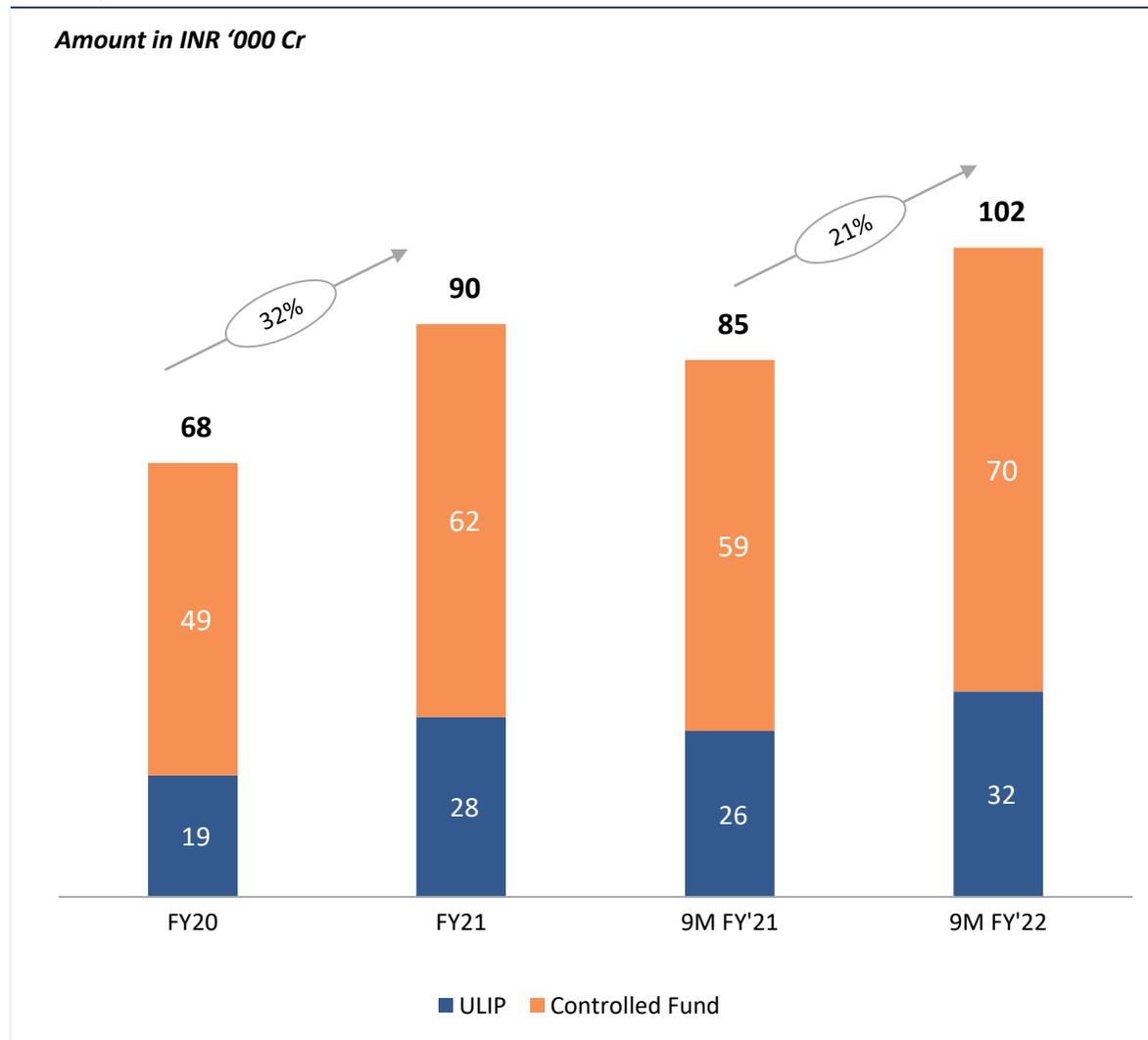


## Underwriting Profits- 9M FY'22 backbook surplus lower than previous year due to COVID related provision

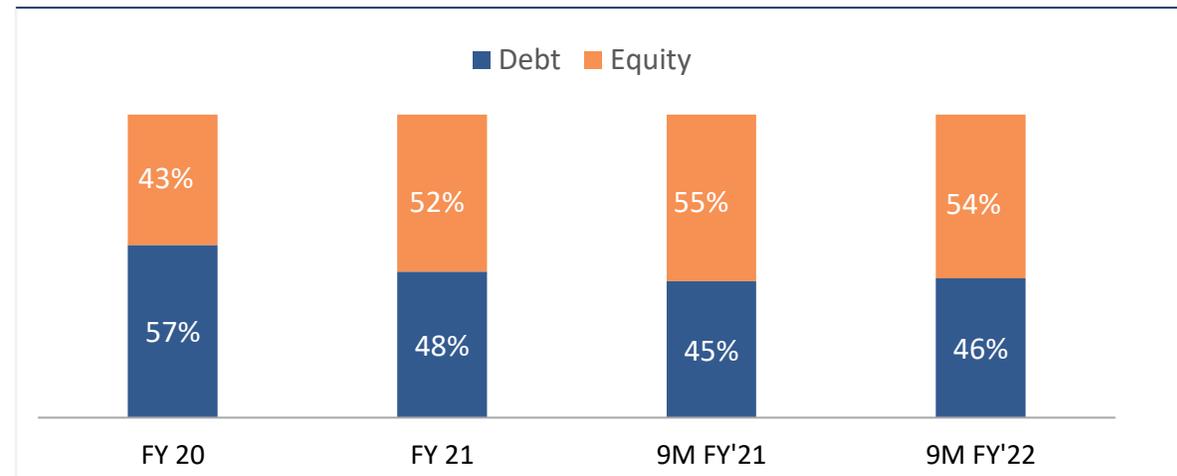


# Max Life has consistently grown its Asset Under Management

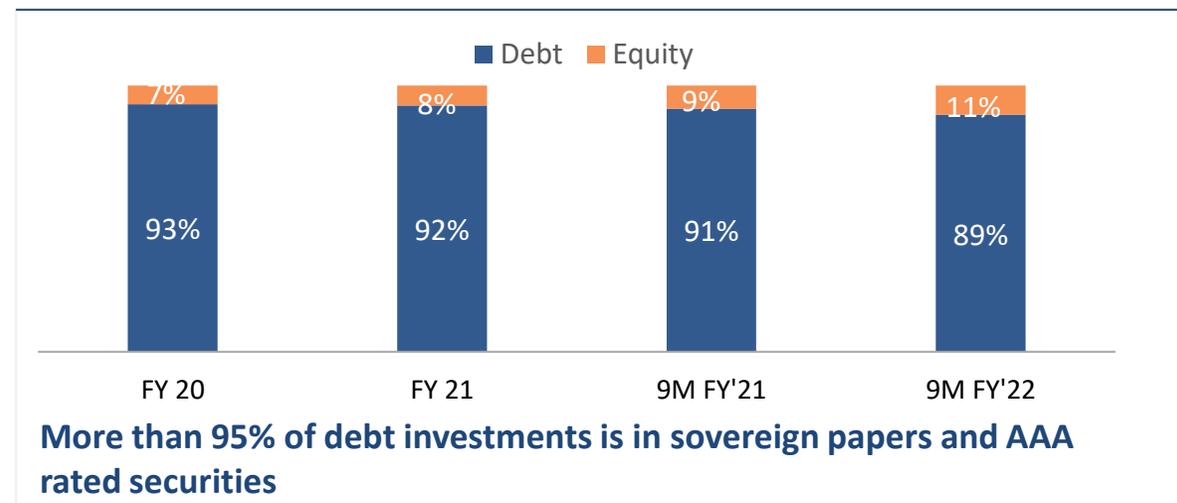
Assets Under Management - MLI is the 4<sup>th</sup> largest manager of private LI AUMs, Par fund size ~52K



## ULIP: Healthy mix of Debt and Equity



## Controlled: Healthy mix of Debt and Equity



# 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 the Bronze for the YT connected TV campaign under the Campaign during Covid-19 lockdown award category at the Adgully Digixx 2021 awards
- Won 3 awards for Best use of use of Relationship Marketing in Loyalty Program, Best use of Gamification to enhance Loyalty and Best Use of Data in Marketing Analytics at the Customer Fest Awards 2021
- 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 12<sup>th</sup> 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 55<sup>th</sup> amongst '2021 Best Workplaces in Asia' by Great Place to Work®
- Ranked 18<sup>th</sup> 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 4<sup>th</sup> 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 5<sup>th</sup> Annual Edition of BW Best CFO & Finance Strategy Summit & Awards 2021





## SECTION III

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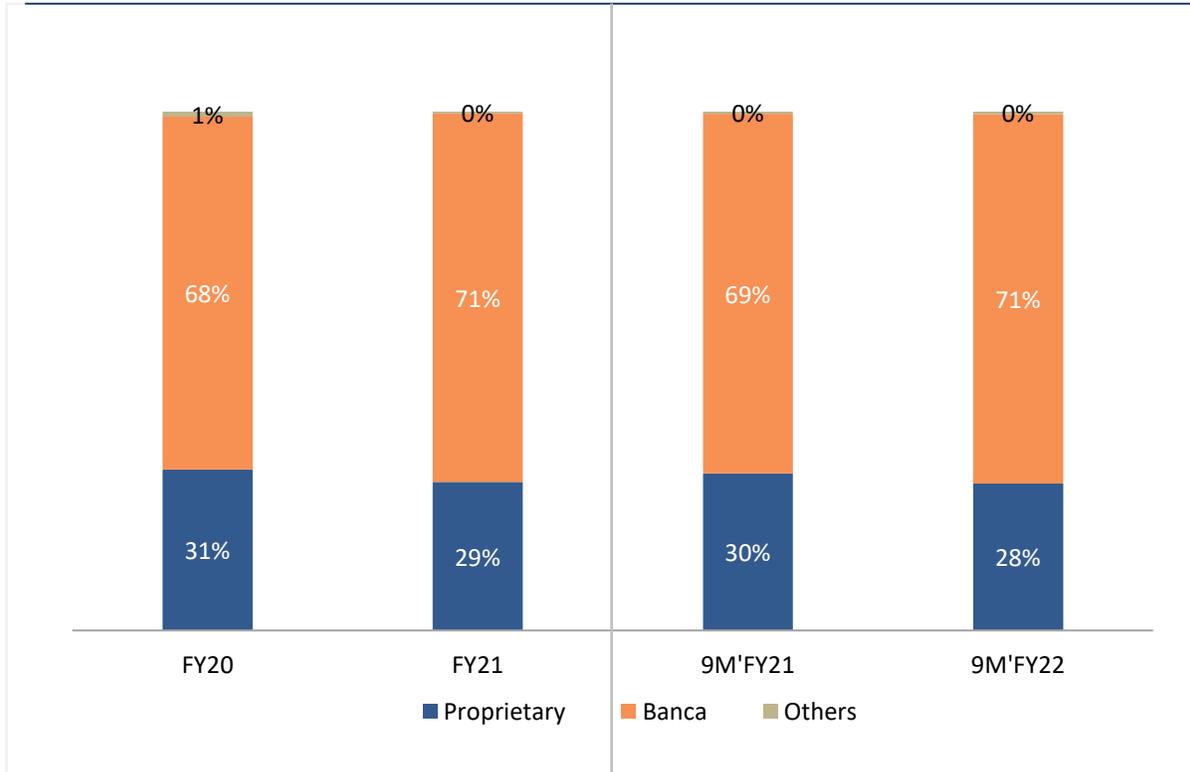
# Max Life's Strategic Thrust Areas and progress made

	 <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>
Aspirations	<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>
Progress achieved	<ul style="list-style-type: none"> <li>Proprietary channels grew by 28% in Q3 and 15% for 9M FY22</li> <li>Strong growth of 27% in Banca channels in 9M FY22</li> <li>Continued leadership in protection sales in ecommerce</li> <li>Key Partnerships: Renewbuy.com, Scriptbox, InsuranceDekho, Ind Wealth, Ditto, Tata Motors Insurance Broking, Policy Bachat</li> </ul>	<ul style="list-style-type: none"> <li>Robust VNB margin of 25.1% in 9M FY22</li> <li>New par product (Smart wealth income) launched in Q3</li> <li>Launched Anniversary Edition of Smart Wealth Plan (NPAR-Savings)</li> <li>Critical Illness &amp; Disability Secure Rider (CIDSr), a comprehensive rider covering up to 64 illnesses, launched with ULIP</li> <li>Rider attachment at 27% for 9M FY22; proprietary channels leading with 44% rider attachment rates, Q3 rider APE growth of &gt;100%</li> </ul>	<ul style="list-style-type: none"> <li>Improvement in 13M and 61M persistency 85.3% (+270bps) and 54.2% (+55bps) respectively</li> <li>Claim paid ratio at 99.35% at the end of FY21, best in the industry</li> <li>Grievance Incidence Rate of MLI ranked 2 within private industry in FY21 (GIR 31)</li> <li>Brand consideration^ at 67 in Q3 (vs 61 at FY21 exit)</li> </ul>	<ul style="list-style-type: none"> <li>mSmart – A comprehensive sales governance platform launched in Agency</li> <li>First life insurance partner to go live on Axis Bank marketplace to ensure seamless customer onboarding</li> <li>Adopted a “Cloud First Approach” for all new workloads; Cloud Migration Phase 1 completed with ~39% of entire IT infra now on cloud (18% in FY21)</li> <li>Max Life Innovations Lab 2.0 – 213 applications received; 4 start-ups were selected to work on different use cases. Currently in POC stage</li> </ul>

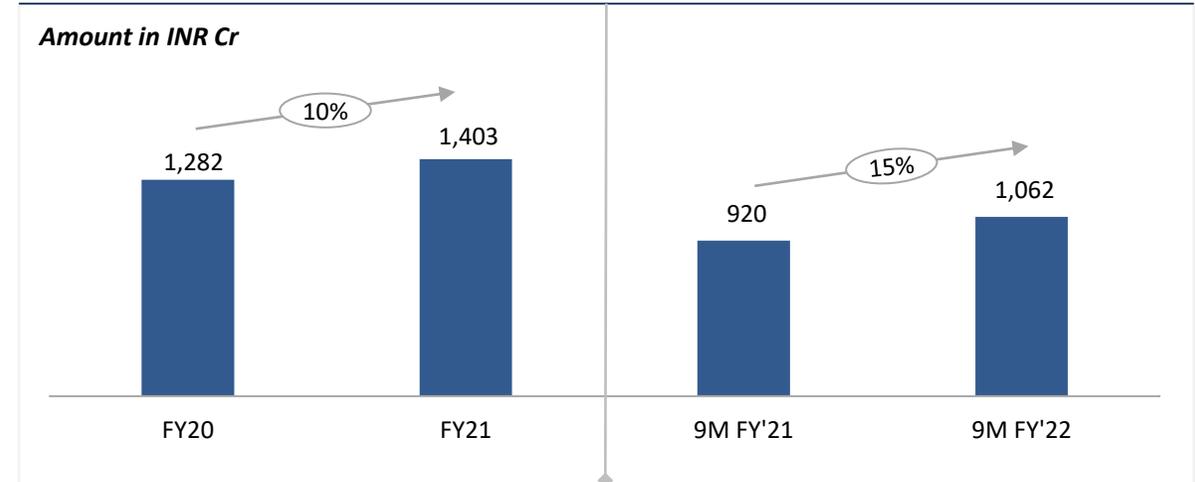
^as per Nielsen Brand Track Study

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

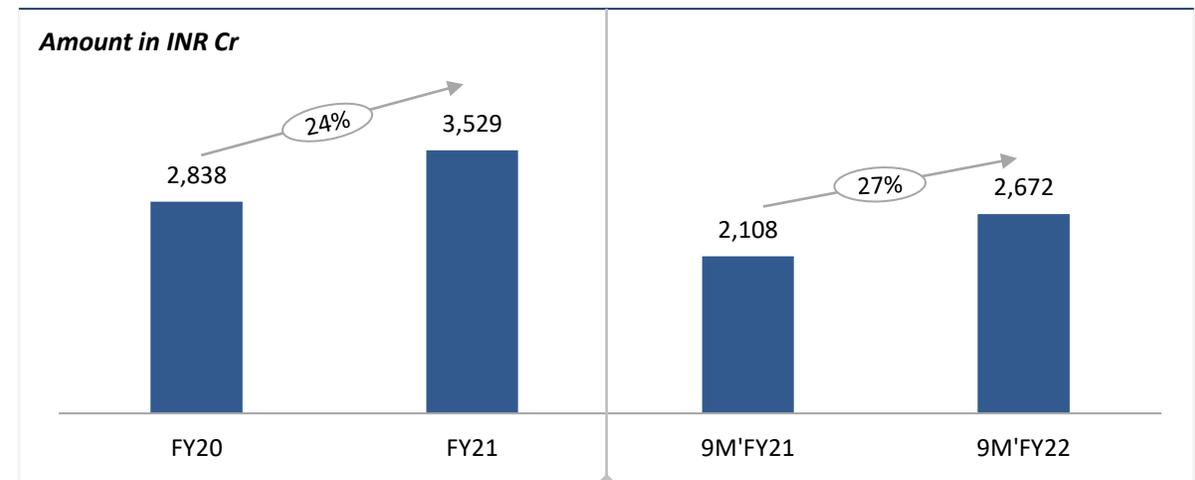
**Channel Mix - Max Life has focused on maintaining a balanced distribution mix**



**Proprietary Channels New Business (APE)**

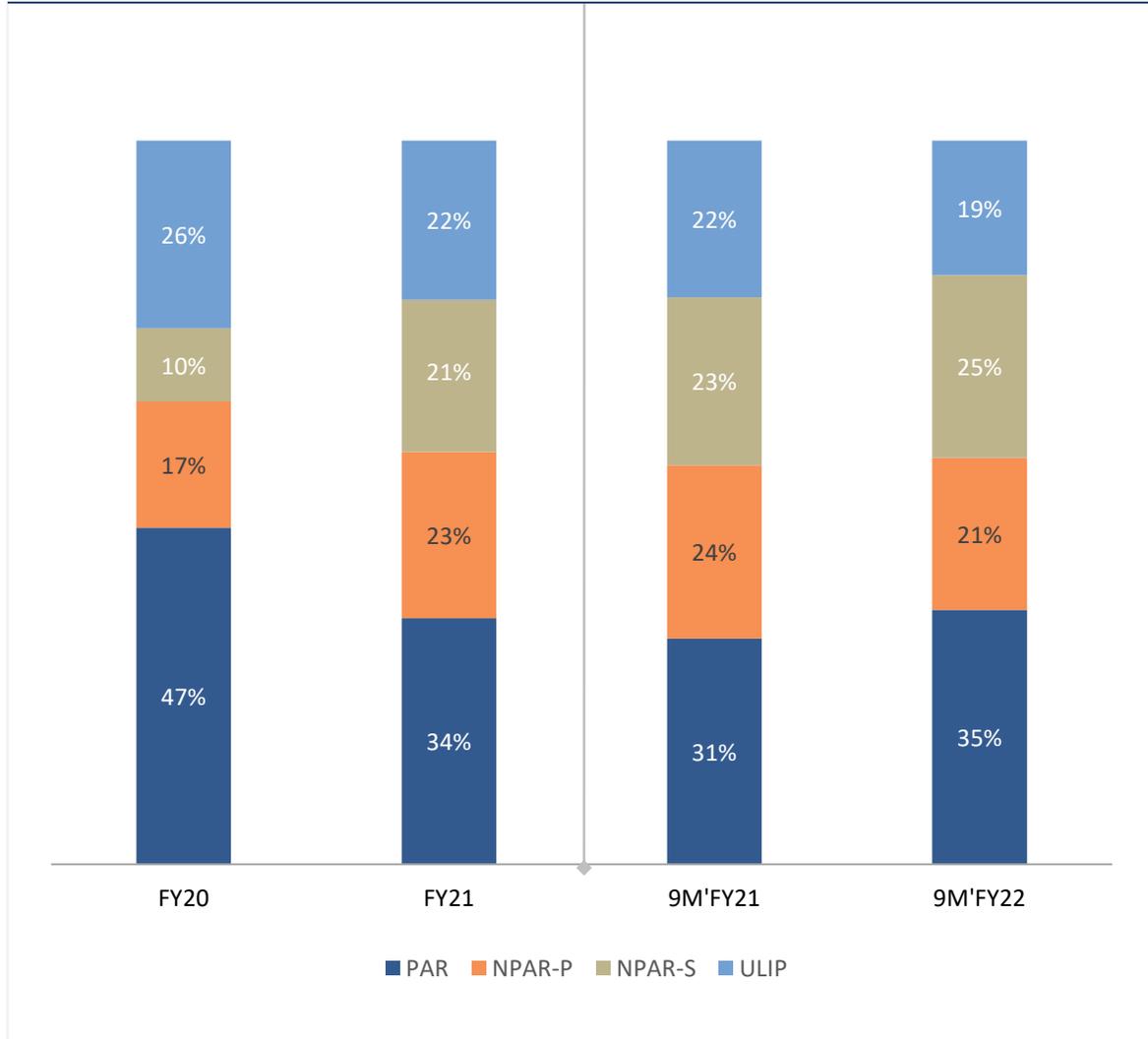


**Bancassurance Channel (APE)**

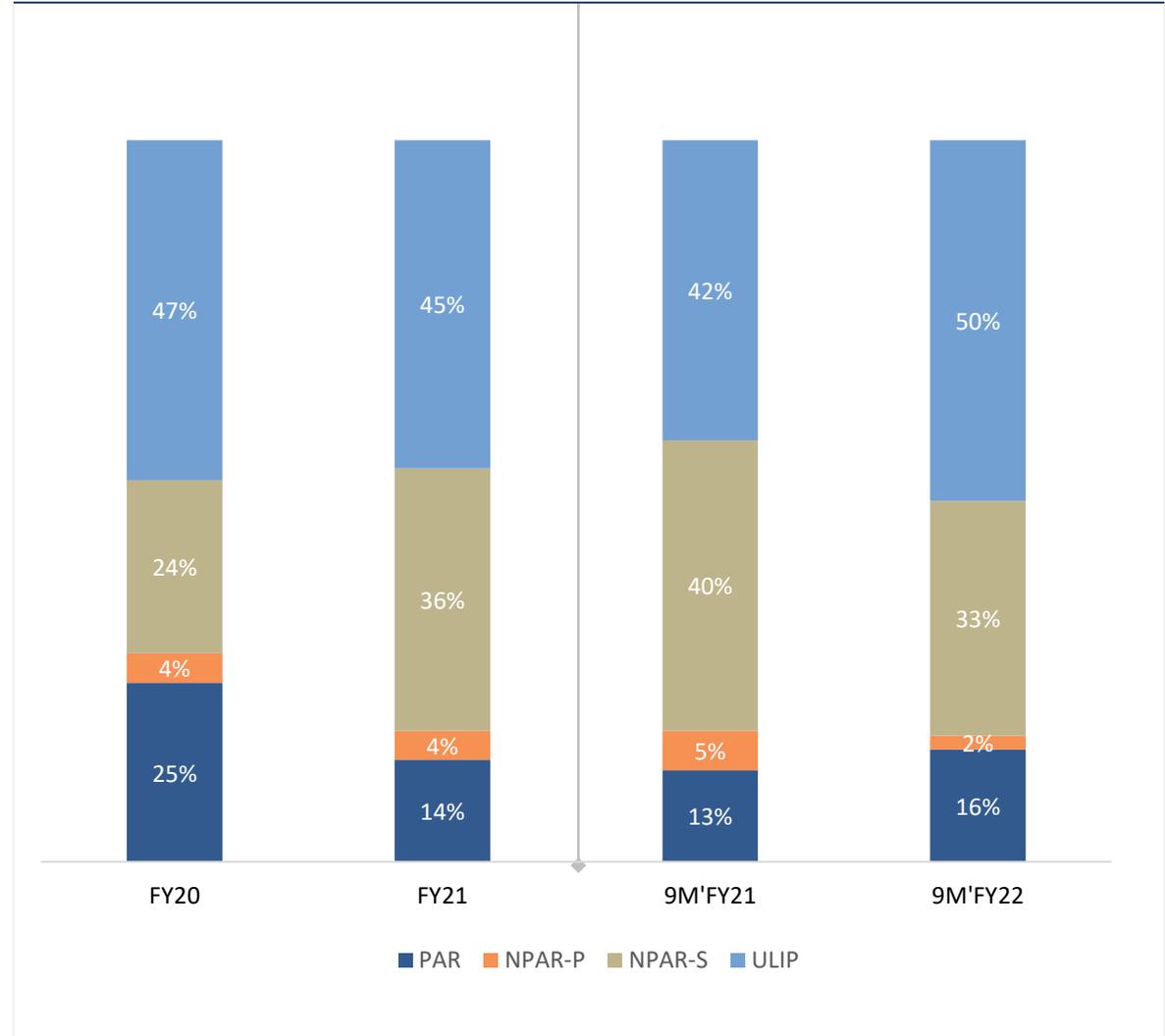


# Product mix in proprietary and Bancassurance channels aligned to customer needs;

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



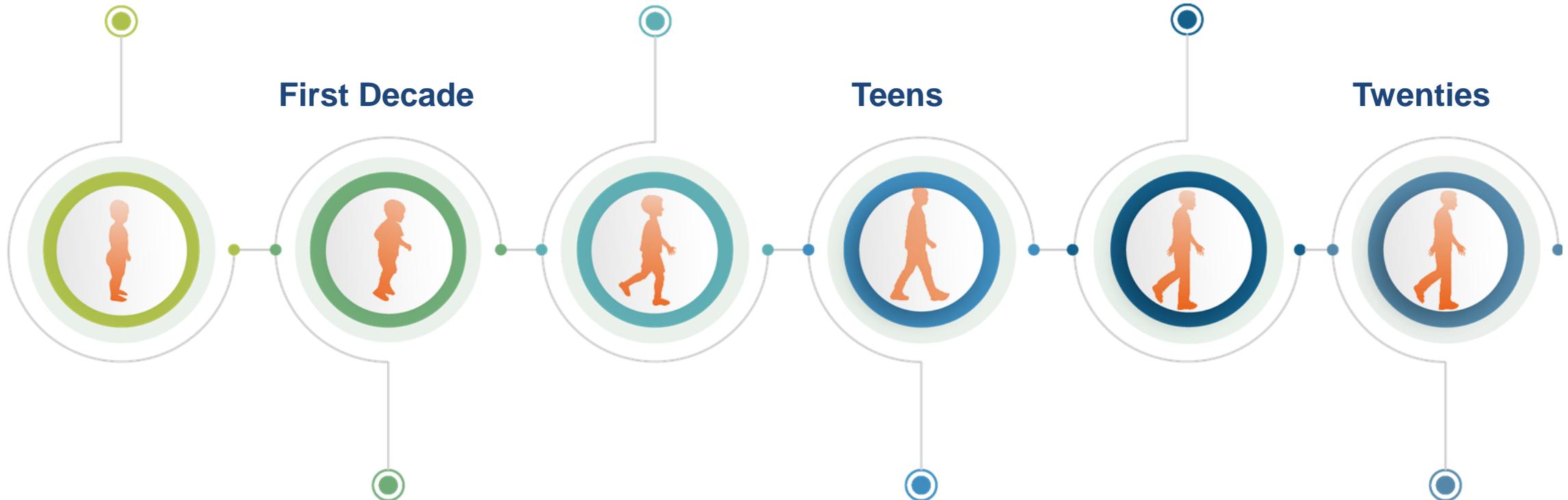
**Bancassurance Product Mix** - has been biased towards ULIPs to cater to target customer segments



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)

## Max Life Smart Wealth Income Plan



**SWIP** 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



MAX LIFE SMART SECURE PLUS

A TERM PLAN that financially protects the dreams of your loved ones, because for them **#YouAreTheDifference**

### 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  $\geq$  40 yrs)
- Voluntary Sum Assured Top-Up**
- Max Life & Policybazaar** partnered to enhance Homemakers' financial protection with independent Term Insurance Policy<sup>1</sup>

## CRITICAL ILLNESS AND DISABILITY RIDER



MAX LIFE 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)

<sup>1</sup> '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.

## 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

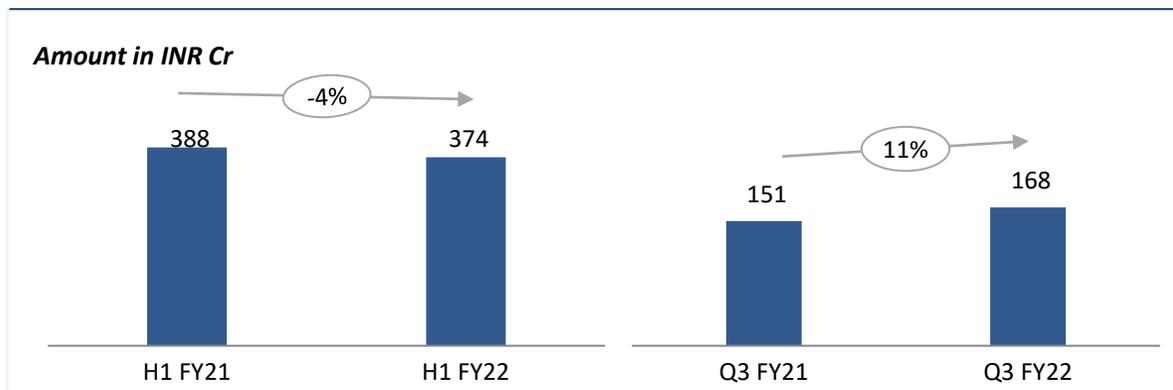
### Experience monitoring

- 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

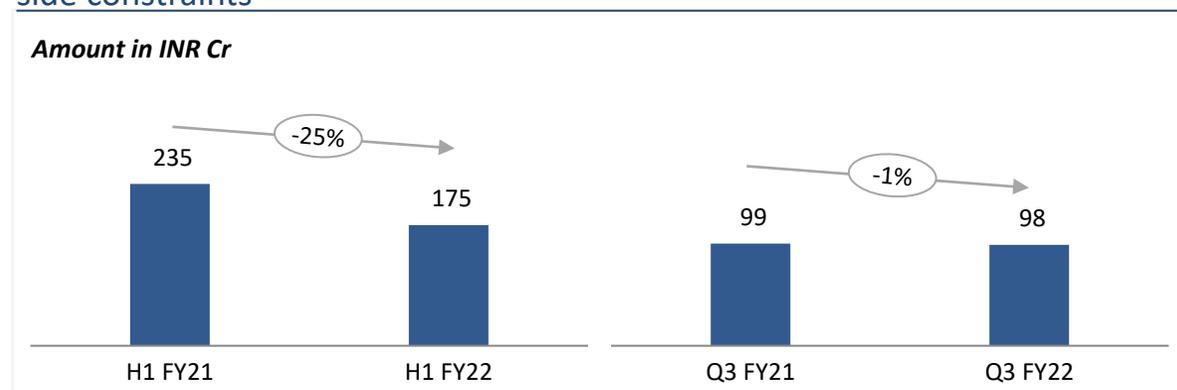
### Profitability & Risk Management

- 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- Back on growth trajectory in Q3 FY22



#### Total Retail Protection APE- Arrested de-growth by partially releasing supply side constraints





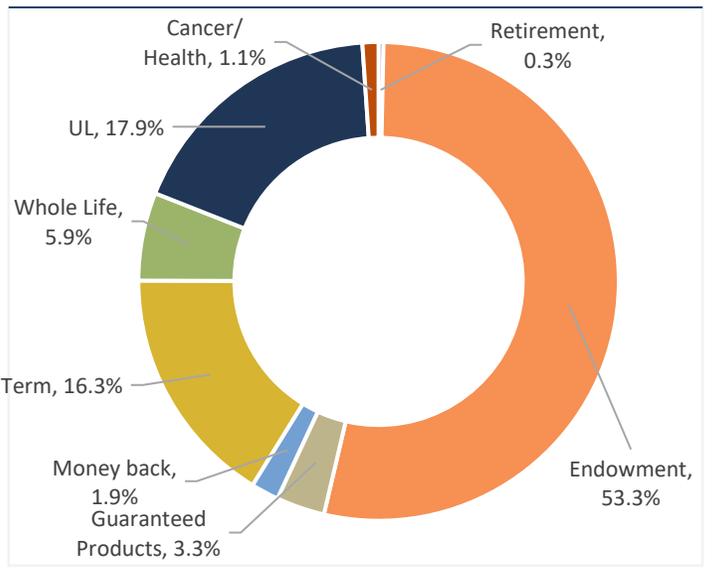
# Max Life has a complete suite of products and focus is on selling longer term products along with improving penetration of pure protection offerings



## 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
- 1** Annuity plan
- 1** Retirement ULIP
- 1** Whole life
- 4** Riders

## Current portfolio<sup>1</sup> 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	33
Guaranteed products	43	19	9
Health	38	20	20
Cancer Insurance	38	29	29
Pension	33	24	23
Annuity	62	58	1

As on 31<sup>th</sup> Dec 2021

36

Average

26

Average

16

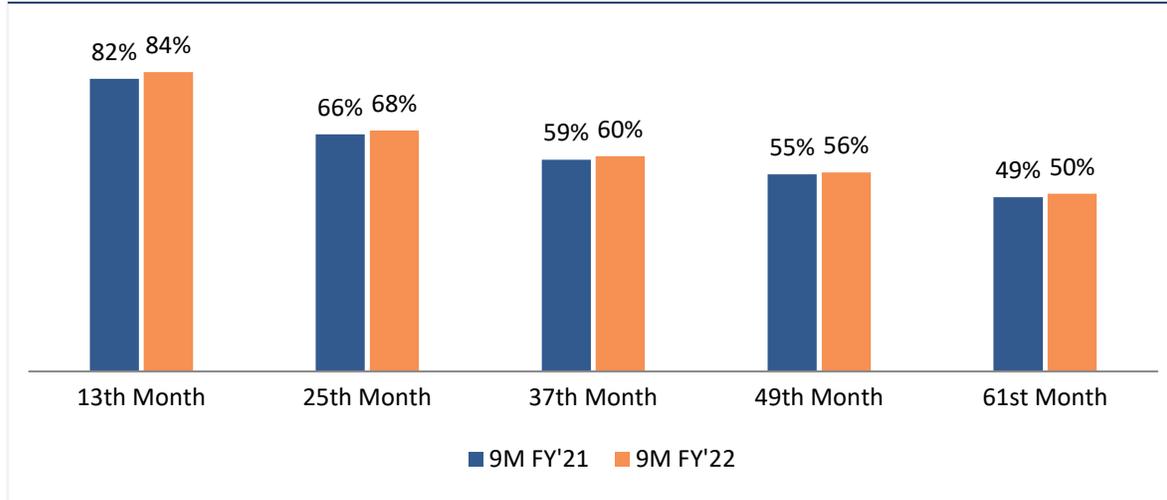
Average

(1) Based on all policies sold till date

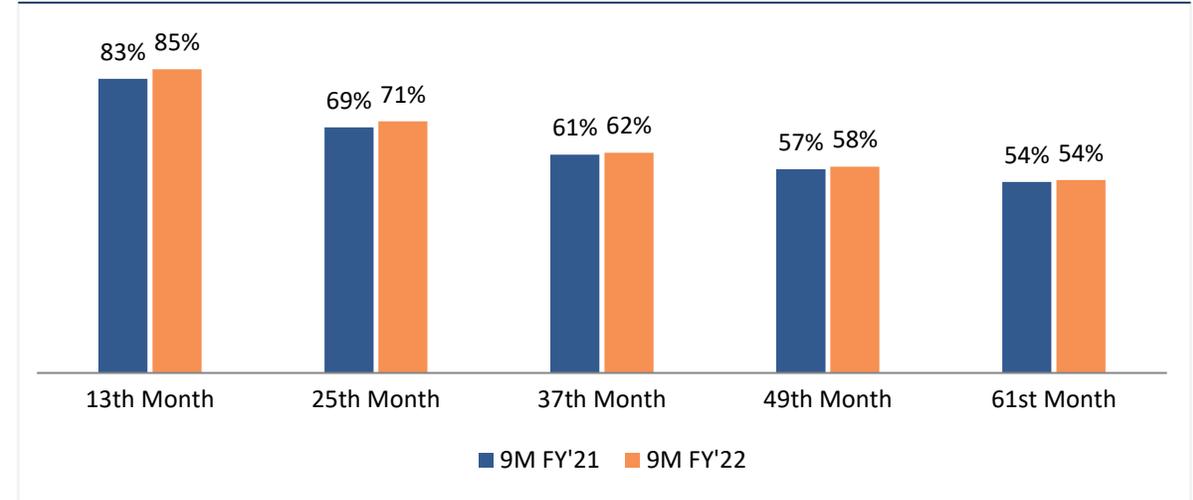


# Strong focus towards customer measures has helped deliver superior performance across health parameters and will continue to remain an important priority

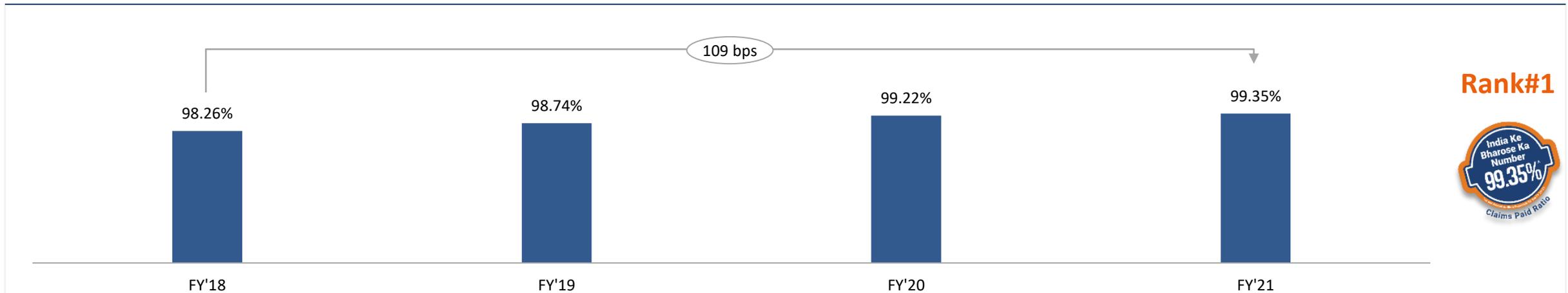
Persistency Individual policies excluding single pay/fully paid up policies



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



Claims Paid Ratio- Rank#1 in claims paid ratio at 99.35% in FY21

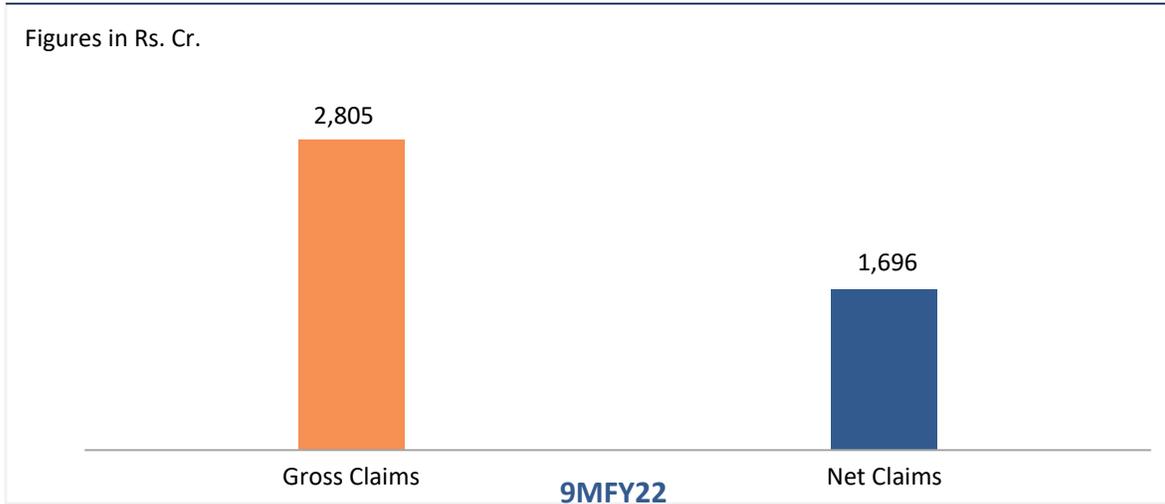




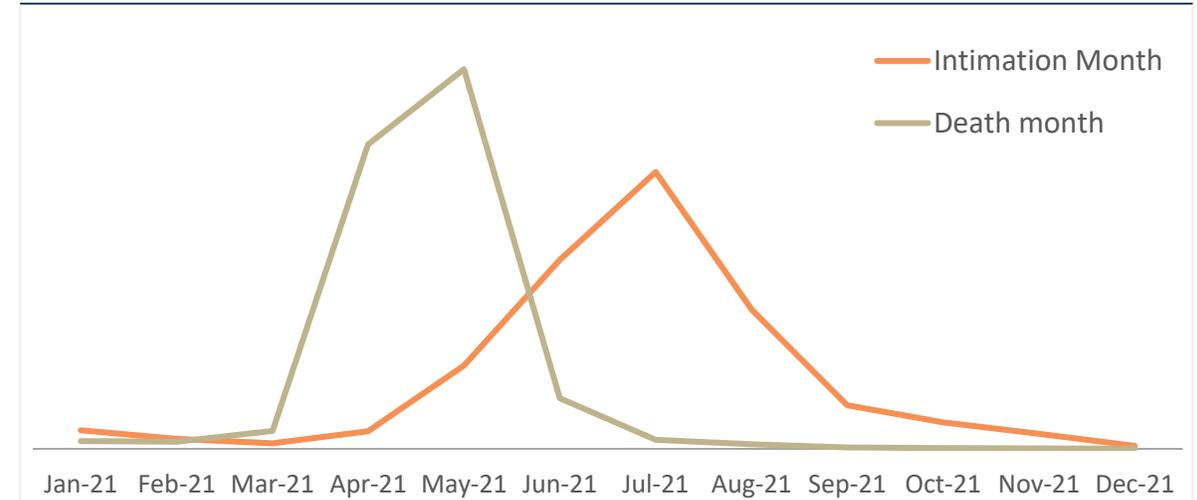
# Claim experience on account of COVID-19. Provisions allowed for probable future claims



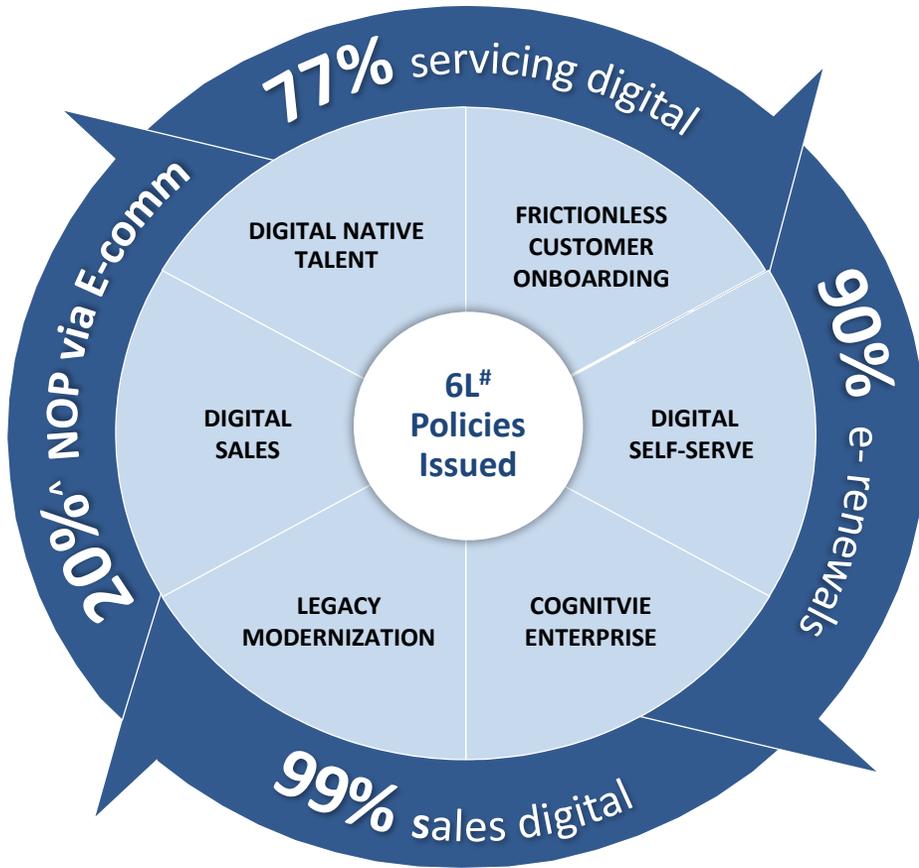
## 9M FY22 – Claims experience



## COVID-19 wave 2 – No. of Deaths and Intimations (Individual + Group)



- Claim intimations peaked in July'21 and have subsequently tapered off since Sept'21, with negligible shareholders' financial strain experienced for Nov and Dec'21
- Omicron: Rapid increase in the number of fresh covid cases in India owing to the Omicron variant. Given the extensive vaccination drive with over 150 Cr vaccine doses already administered, better preparedness by states in general and recent studies indicating Omicron to be less lethal than Delta variant, the claim outages are likely to be relatively lower compared to COVID wave
- Unutilized pandemic reserves of ~Rs 208 cr stands at the end of Q3 FY22
- Underwriting controls implemented during COVID wave 2 will continue to be implemented and situation will get monitored closely



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**BEST IN CLASS**

**99.35%**  
Claims paid

**BEST IN CLASS**

**49%**  
Insta claim settlement

**100%**  
Systems of Engagement On cloud

**BEST IN CLASS**

**67%**  
Automated Underwriting (Retail)

**TOP QUARTILE**

**48%\***  
Insta COI

\* Oct'21

### 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

## Key Digitization Initiatives taken in Q3 FY22



### Prospecting & On-boarding

- Deep integration with Bank partners
  - Enhanced CRM integration
  - Digitized sales planning, governance, on-demand learning modules
  - Onboarding platform enhancements
  - One view to visualize sales dashboards
- Strengthened Sales Governance in Agency
  - Launched mSmart – A comprehensive sales governance platform
  - Smart Class : Installed in 101 offices to enable virtual training
  - Launched Sales Incentive Tab



### Employee & Customer Servicing

- Launch of new HRMS system (SAP success factors) –A Unified Platform to support recruitment, onboarding, training, performance management, succession planning, leave, attendance, Payroll and many other services
- Customer Communication Management System- Phase 1 launched to optimize the customer journey and experience

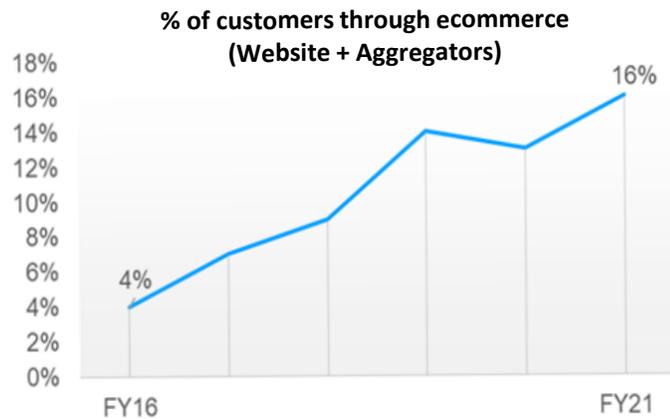


### Technology Efficiency & Security

- Cloud Migration Phase 1 completed with ~39% of our entire IT infra is on cloud (18% in FY21); Cloud Transformation was awarded with Cloud Mavens Award by IDG
- Strategic partnership with TCS to outsource the entire infrastructure management services and operations



## Growth and Awards



- **8x growth** over 4 years
- Won the coveted **FICCI Insurance Industry award 2020** for **Excellence in Digital Sales in Life Category**
- Multiple Case Studies with **Google (3), Facebook (1) and Adobe (1)** across **Digital Advertising and Digital Experience**

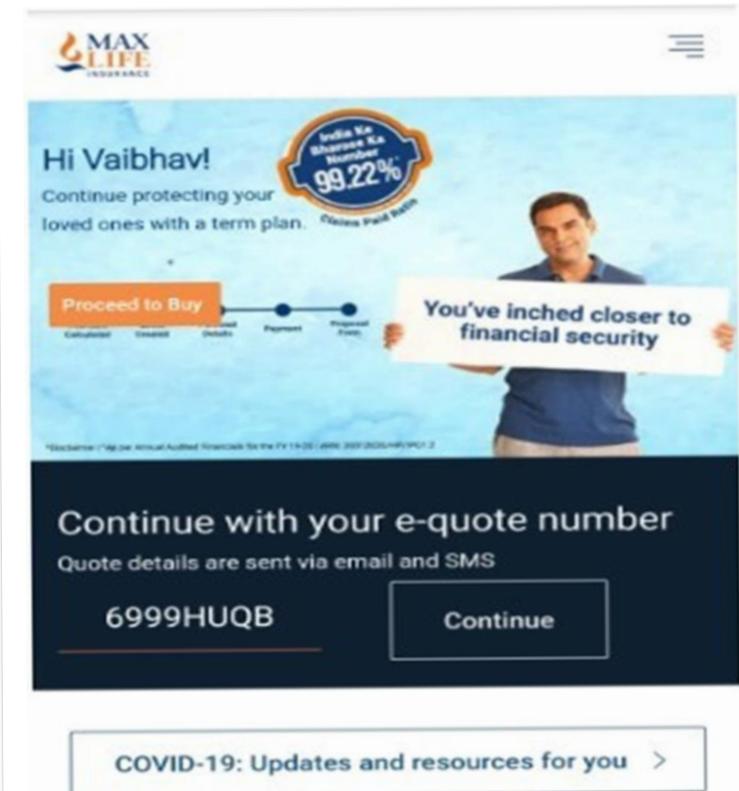
## Sharper Prospecting Chase VALUE not Traffic



- Advertising **Optimization signals** based on **Customer Lifetime Value**
- **SEO expertise:** Share of focus keywords in top3/top5 ranking
  - Top 15 keywords Top 3 Search Results – **53%**
  - Top 100 keywords Top 5 Search Results – **46%**

Source: Webmaster Console

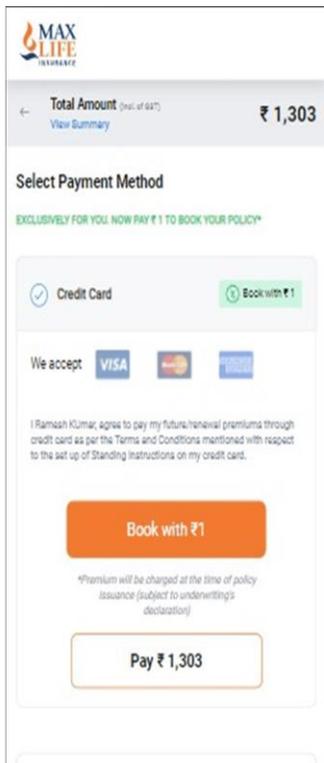
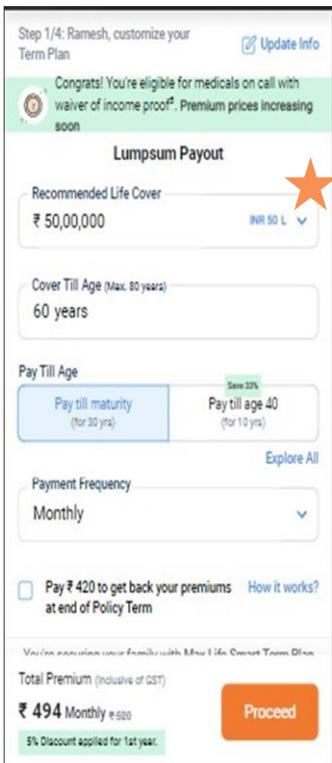
## Personalization Never Ask Again



- Home Page **Personalized** for **every user** basis the **last action** by the user

# D Seamless on-boarding of customers through Best-in-Class On-boarding Platform (mPRO); leveraging integration with Bank partners for customer data

## B2C On-boarding Platform

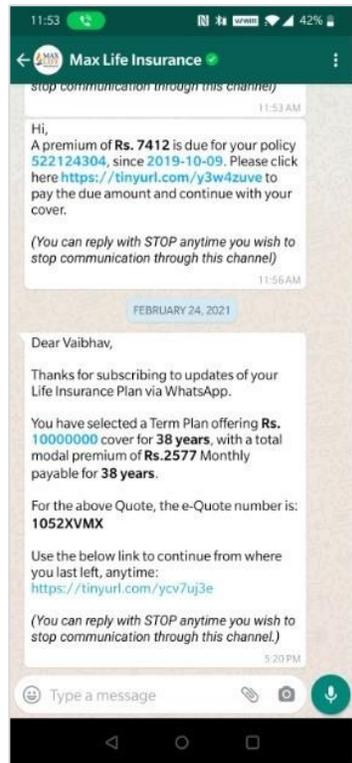
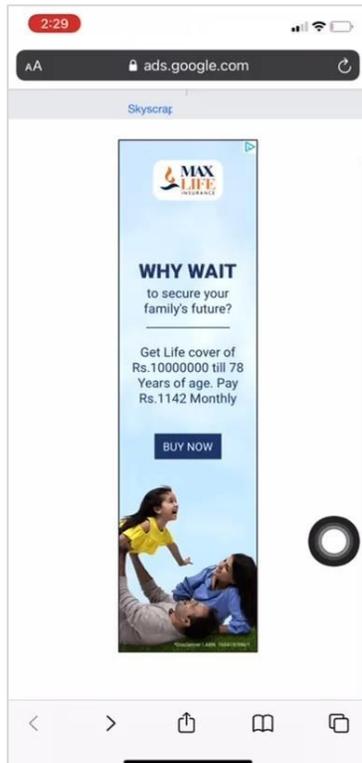


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Page Load Time

Top 3  
SEO Ranking

★ AI enabled Personalized Sales offers

## Smarter Chase Talk to Customer the way they like



- Remarketing to Customers with an Ad Click direct landing on journey (First in Category)
- Leverage Whatsapp for Business to chase in-funnel prospects

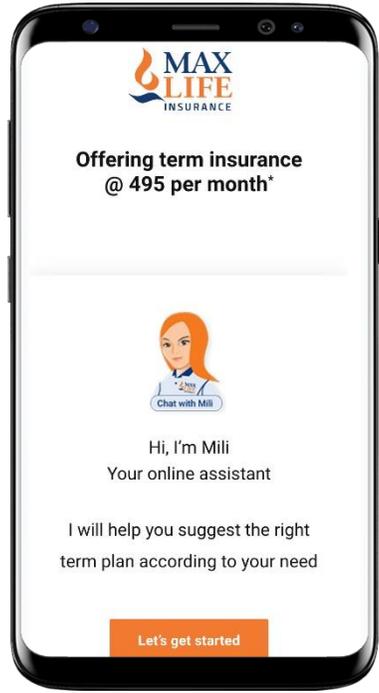
## Frictionless Onboarding



- State of the art Integration stack with third parties ensures ~70% of B2C Term customers are on-boarded without any document requirement

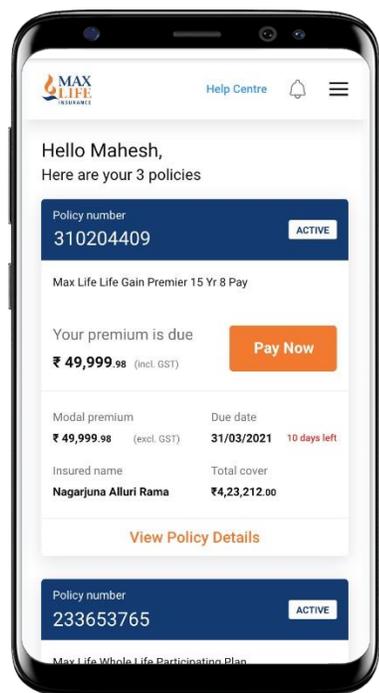
# D Omni-channel Customer Servicing Experience; services simplified through 24\*7 digital offerings

## Chatbot- MILI



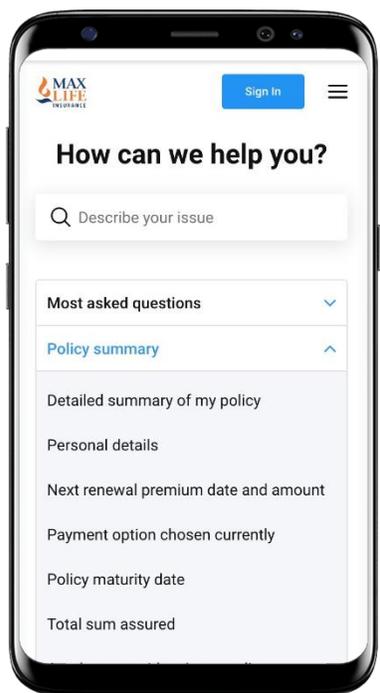
Chatbot for servicing

## Website- Self Servicing



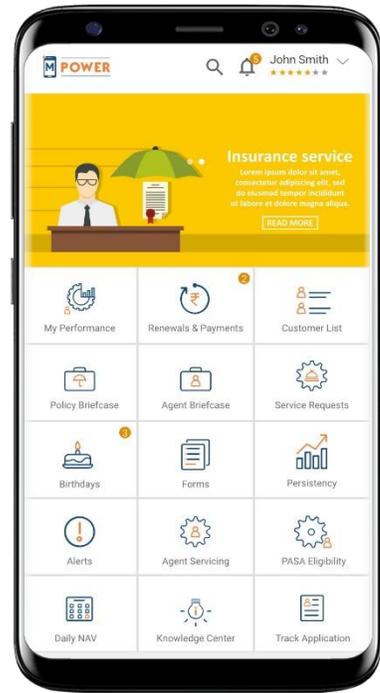
Website allowing customers to self-serve

## Website Help Center



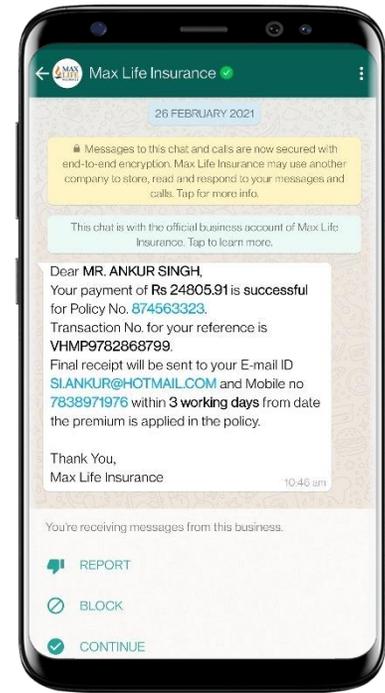
Extensive personalized guide for all queries

## Servicing for Sellers



All servicing options available to sellers

## WhatsApp



Servicing options available on WhatsApp



**57L+ self-service transactions annually**  
**83% adoption**

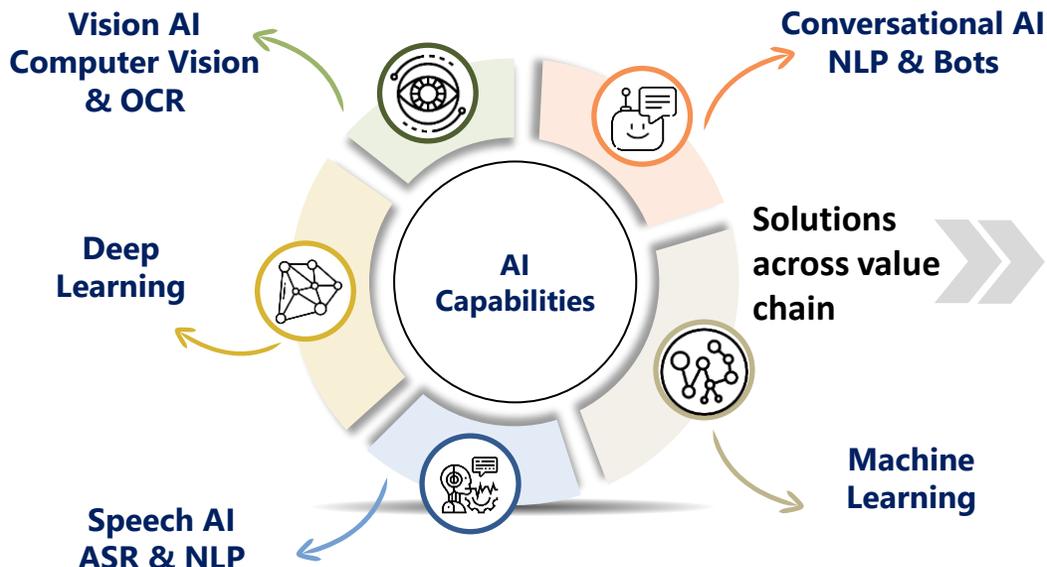


**3X increase in number of work types available digitally in 12 months**



**975k+ transactions on conversational interfaces**

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



New Business	Purchase & Issuance	Servicing & Retention
<p>Speech Analytics engine for Customer insights, call sentiment, call effectiveness Agent performance analysis</p>	<p>Shield Early Claim &amp; Fraud risk prediction Engine</p>	<p>Deep Learning Customer Engagement, Retention &amp; Persistency Prediction</p>
<p>Customized customer offers with propensity prediction &amp; Product recommendation engine</p>	<p>Upfront Persistency Risk Prediction and Engagement recommendation</p>	<p>Upfront Query Resolution with unified intent prediction and auto response bot</p>
<p>Diagnostic center analytics and fraud prediction and monitoring</p>	<p>Computer Vision based Photo and liveness verification</p>	<p>Machine Learning based Renewal Income &amp; Persistency Forecasting &amp; Real time monitoring</p>
	<p>Automated document verification &amp; Financial analysis with OCR</p>	

## Tool stack for majority of our solutions



<p><b>90%</b></p> <p>VOX- Transcription &amp; NLP Accuracy (Hindi, English, Hinglish)</p>	<p><b>3X</b></p> <p>i2i engine- 3X Conversion Rate in High Propensity Leads</p>	<p><b>100%</b></p> <p>Real time Risk prediction</p>	<p><b>21%</b></p> <p>Core Converse – monthly email volume automatically handled by Bot</p>
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NLP: Natural Language Processing  
ASR: Automatic Speech Recognition

## MAX LIFE INNOVATION LABS

### 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

### Partners



SCANBO



### POC Outcome

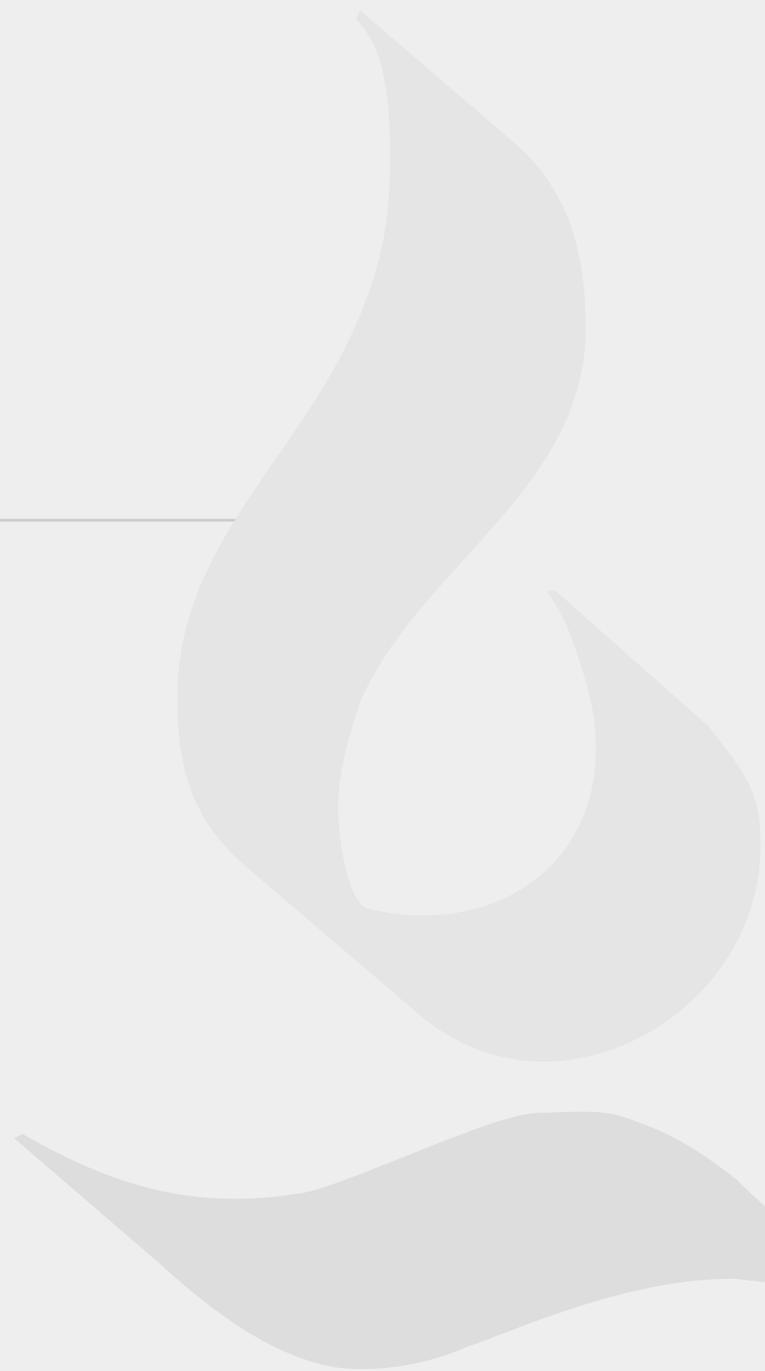
Selected POCs are in progress and under scale-up phase

>400 Applications received for Innovation Labs 1.0 & 2.0



## SECTION IV

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- ▶ Max Life Insurance – ESG
- 

Our Sustainability Strategy revolves around four pillars; aim is to make the organization 100% ESG compliant over the next 4 years

**Four Pillars of Approach to Sustainability**



**Work Ethically & Sustainably**

- Robust Corporate Governance
- Ethics & Compliance
- Digital Initiatives
- Ethical usage of Data

**Care for People & Community**

- Diversity & Inclusion
- Employee Development
- Health & Wellness programs
- CSR Initiatives
- Financial Empowerment

**Financial Responsibility**

- Sustainable Investing
- Product responsibility
- Customer feedback integration

**Green Operations**

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

## Key Areas : Work Sustainably & Ethically | Care for People & Society

### Work Sustainably & Ethically



#### Board Composition

- Diverse Board composition with Independent Directors in Board (~50%-MFSL; ~30%- Max Life Insurance)
- Average board experience > 30 years



#### Data Privacy & Security

- Max Life has a robust data privacy policy – Website Privacy (for people visiting the website) & for all customers
- MLI received the DSCI Excellence Award for Best Security practices in India in Dec'21



#### Legal, Ethics & Compliance policies

- MLI has a Board level committee for oversight on ethical issues
- Platforms, mechanisms, channels in place for grievance addresses, incident investigations and corrective actions and policies
- MLI has separate policies on anti-bribery, anti money laundering, etc
- 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
- Regular programs & sessions are conducted on ethical standards at workplace via agent training, compliance week, etc

### Care for People & Community



#### Diversity Inclusion

- Current gender diversity ratio at 26% 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 4<sup>th</sup> D&I Summit & Awards by Transformance Forums



#### Employee Development

- In FY'21 employees underwent close to ~34000 digital learning hours
- Max life ranked as the 18th Best Company to work by GPTW



#### Health & Well-being

- Counselling & Mental Well-Being sessions are conducted for employees & family members through third party health services partnerships
- Max Life has tied up with Healthifyme and conduct health sessions for all employees for their physical and mental wellbeing



#### Community Programs

- Company has tied up with an NGO to support rural people for availing benefits under Government Schemes. Till date 1.29 Cr has been availed for benefitting people under these various schemes

## Key Areas : Financial Responsibility | Green Operations

### Financial Responsibility



#### Responsible Product Offerings

- Specially designed micro insurance products cater to socially and economically weaker sections. In FY21, we covered ~18 lakh lives
- Lower premiums offered to women policyholders



#### 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

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



#### 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 26 in FY18 to 48 in Q3FY22

### Green Operations



#### Energy Efficiency

- Home Office (HO) building is a LEED Platinum certified building with "5 star rating" in health and safety by British safety council
- Onboarded an agency for current assessment on total carbon foot printing of all branch offices at Max Life. To be concluded by Q1 FY23



#### Waste Management

- Dry and wet waste segregation process is implemented in HO



#### Water Conservation

- 100% water is recycled in HO.



#### Emissions Control

- Ongoing Project with agency to identify hotspots with high emissions
- Engaged with an **NGO partner** for greening and maintenance of the central verge of the 4.5 Km GMDA stretch

## Key strategic shifts in our ESG journey

	Indicators	Key Metric for ESG Indicators	Key Targets
	Digital Operations	Digital enablement (Self Servicing) in Business transactions	90% of all self servicing operations to be digital by FY25
	Diversity & Inclusion	Overall Gender Diversity Ratio	Achieve 30% gender diversity ratio by FY25 (23% in FY21)
	Workforce Training	Number of Digital Learning hours to upskill and reskill employees	Improve total training hours by ~3X by FY25
	CSR activities	Number of beneficiaries due to our CSR activities under Pehal and Max Foundation	Target 5 Lakh+ beneficiaries by FY25 (1 Lakh+ in FY21)
	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
	Carbon Neutrality	Reduce carbon footprint and achieve Carbon Neutrality	To achieve carbon neutrality by FY28

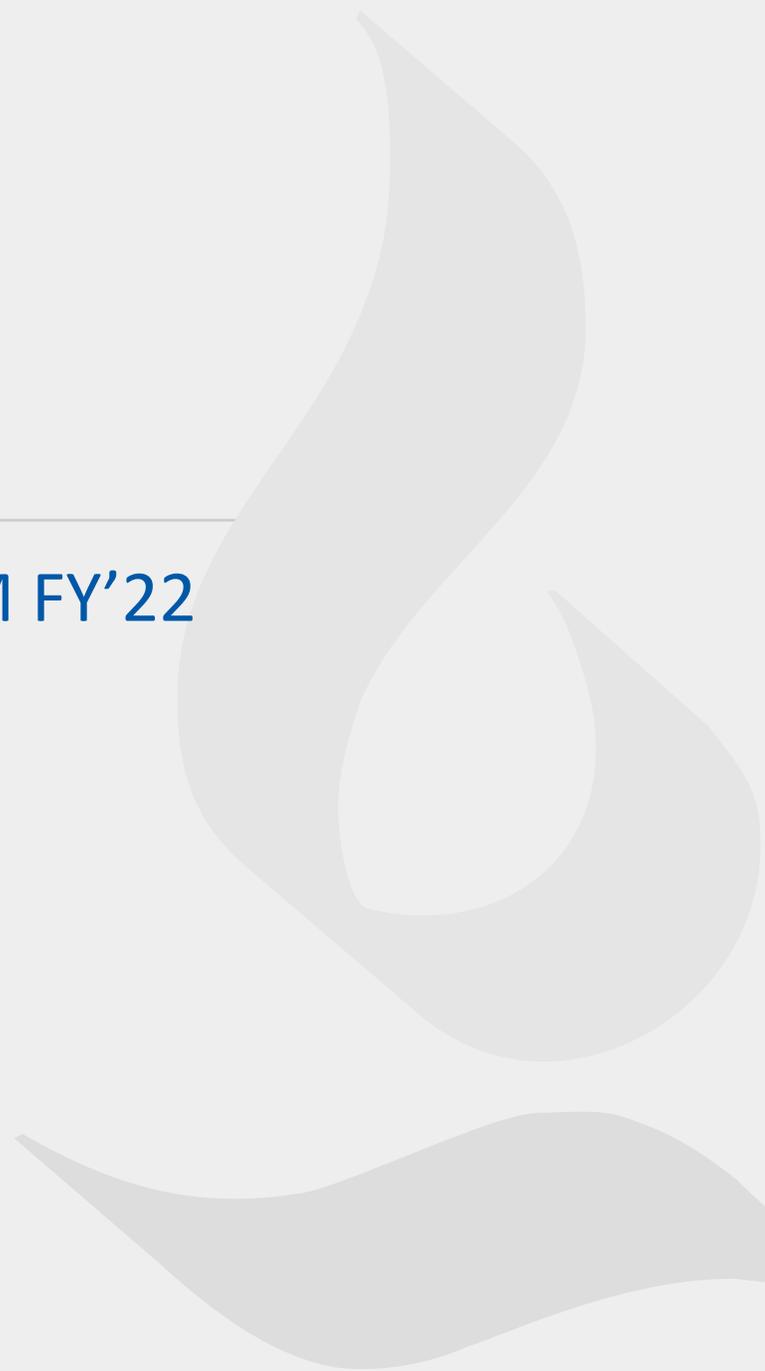
\*ESG Integration refers to evaluation of ESG risks and opportunities for each company in the portfolio

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



## SECTION V

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- ▶ Max Life Insurance – MCEV Disclosures: 9M FY'22
- 

## Key Results

The Embedded Value<sup>1</sup> (EV) as at 31<sup>st</sup> December 2021 is **Rs 13,412 Cr.**

The Operating Return on EV (RoEV) over 9M FY22 is **18.1%**, which increases to **19.2%** after excluding one-off impact of COVID19. Including non-operating variances, the total RoEV is **18.2%**<sup>2</sup>.

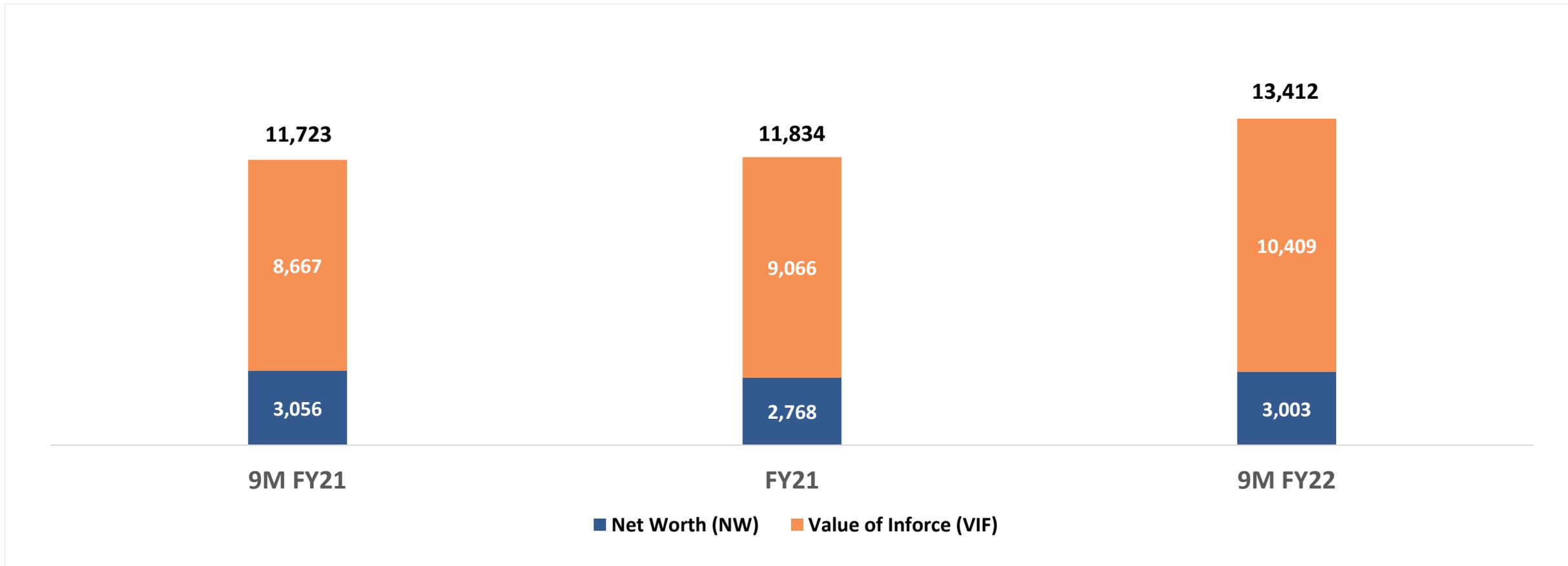
The New Business Margin (NBM) at actual cost for 9M FY22 is **25.1%**, with Value of New Business (VNB) written over the period being **Rs 942 Cr.**

### Notes:

<sup>1</sup> 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.

<sup>2</sup> The return on EV over 9M FY22 is calculated as 13.3% (growth in EV) annualized to 18.2%.

## Progression of Embedded Value



1. EV as at 31<sup>st</sup> December FY22 represents an increase of Rs 1,578 Cr from the EV of Rs 11,834 Cr as at FY21; implying a growth of 13.3% (annualized to 18.2%) over the period.
2. EV as at FY21 is post allowing for final shareholder dividend of Rs 177 Cr for FY21.

## Value of New Business and New Business Margins as at 31<sup>st</sup> December 2021

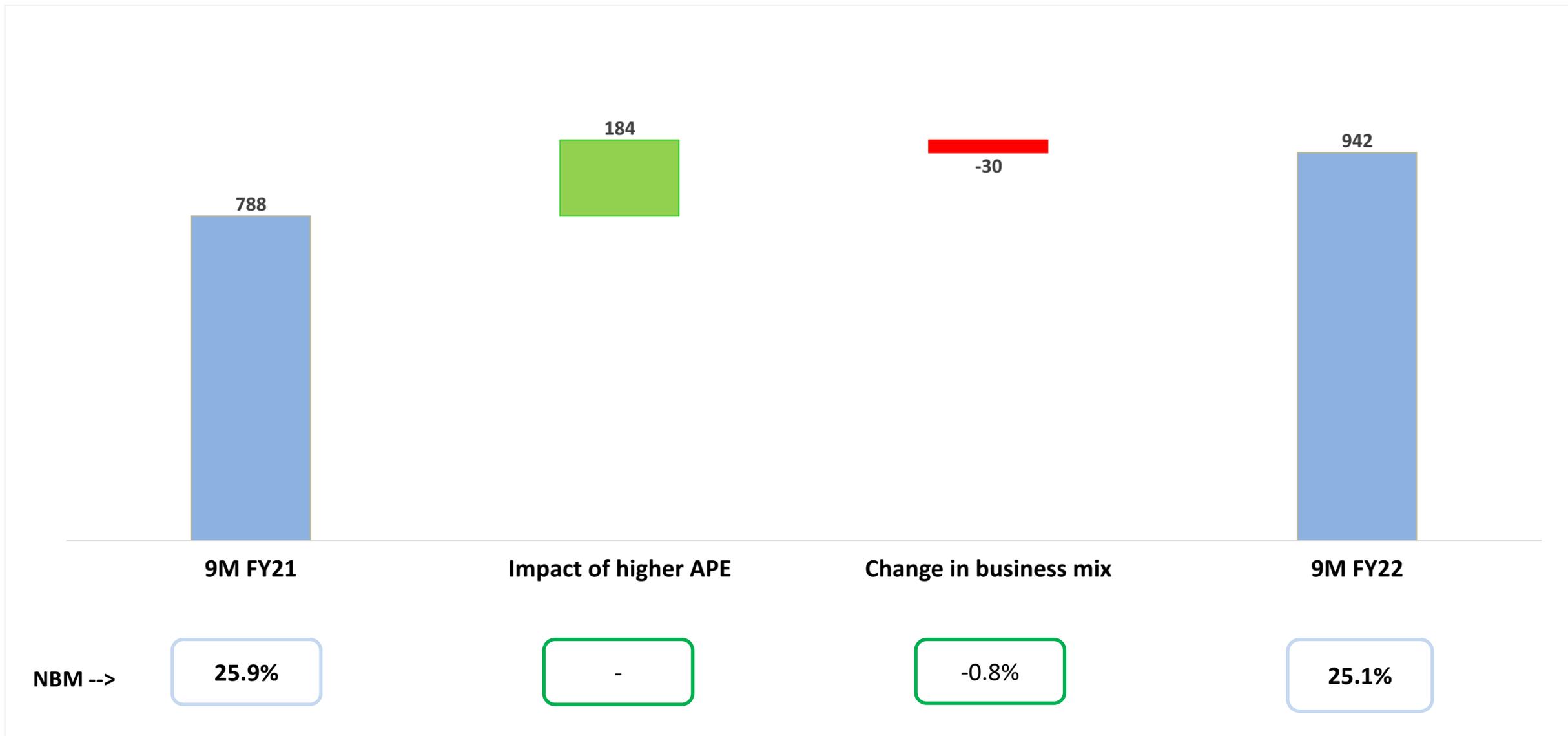
Description	9M FY21	9M FY22	Y-o-Y growth
APE <sup>1</sup>	3,040	3,751	23%
New Business Margin (NBM) (post cost overrun)	25.9%	25.1%	-80 bps
Value of New Business (VNB) (post cost overrun)	788	942	20%

- The New Business Margin (NBM) has decreased by circa 80 bps to 25.1% for 9M FY22 as compared to 25.9% for 9M FY21.
- The decrease in margins is primarily driven by change in business mix.

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

<sup>2</sup> The VNB is accumulated from the point of sale to the end of the reporting period (i.e. 31<sup>st</sup> December 2021), using the beginning of quarters' risk free yield curve.

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



## Sensitivity analysis as at 30<sup>th</sup> September 2021

Sensitivity	EV		New business	
	Value (Rs Cr)	% change	VNB (Rs Cr)   NBM	% change
<b>Base Case</b>	<b>12,988</b>	-	<b>546   25.3%</b>	-
Lapse/Surrender - 10% increase	12,865	(1%)	537   24.9%	(2%)
Lapse/Surrender - 10% decrease	13,125	1%	553   25.6%	1%
Mortality - 10% increase	12,773	(2%)	524   24.3%	(4%)
Mortality - 10% decrease	13,178	1%	567   26.3%	4%
Expenses - 10% increase	12,875	(1%)	512   23.7%	(6%)
Expenses - 10% decrease	13,125	1%	580   26.9%	6%
Risk free rates - 1% increase	12,817	(1%)	568   26.3%	4%
Risk free rates - 1% reduction	13,108	1%	529   24.5%	(3%)
Equity values - 10% immediate rise	13,129	1%	546   25.3%	Negligible
Equity values - 10% immediate fall	12,846	(1%)	546   25.3%	Negligible
Corporate tax Rate - 2% increase	12,730	(2%)	530   24.5%	(3%)
Corporate tax Rate - 2% decrease	13,246	2%	562   26.0%	3%
Corporate tax rate increased to 25%	11,288	(13%)	439   20.4%	(19%)

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

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# Delivering consistent growth in top line and renewals coupled with driving cost efficiencies

## Financial Performance

	FY20		FY21		9M FY'21		9M FY'22
Individual APE	4,116	19% ↑	4,907		3,014	23% ↑	3,700
Renewal Premium	10,600	15% ↑	12,192		7,669	19% ↑	9,128
Gross Premium	16,184	18% ↑	19,018		11,912	21% ↑	14,415
Policyholder expense to GWP Ratio	14.5%	27 bps ↓	14.2%		15.4%	27 bps ↓	15.1%
Policyholder Cost to GWP Ratio	20.8%	15 bps ↓	20.7%		21.7%	30 bps ↓	21.4%
Expense to average AUM (Policyholder)	3.8%	20 bps ↓	3.6%		3.4%	↔	3.4%

# Healthy and consistent profitability creating value to all the stakeholders while maintaining solvency above required levels

## Financial Performance

- Profit(before Tax)
- AUM
- New Business Margin (Post Overrun)
- MCEV (post dividend)^
- Operating RoEV
- Solvency Ratio

	FY20		FY21		9M FY'21		9M FY'22
Profit(before Tax)	598	-15%	510		436	-40%	263
AUM	68,471	32%	90,407		84,724	21%	102,471
New Business Margin (Post Overrun)	21.6%	360 bps	25.2%		25.9%	80 bps	25.1%
MCEV (post dividend)^	9,977	19%	11,834		11,723	19%	13,412
Operating RoEV	20.3%	180 bps	18.5%		18.0%	120 bps	19.2%
Solvency Ratio	207%	11%	196%		208%	1%	207%

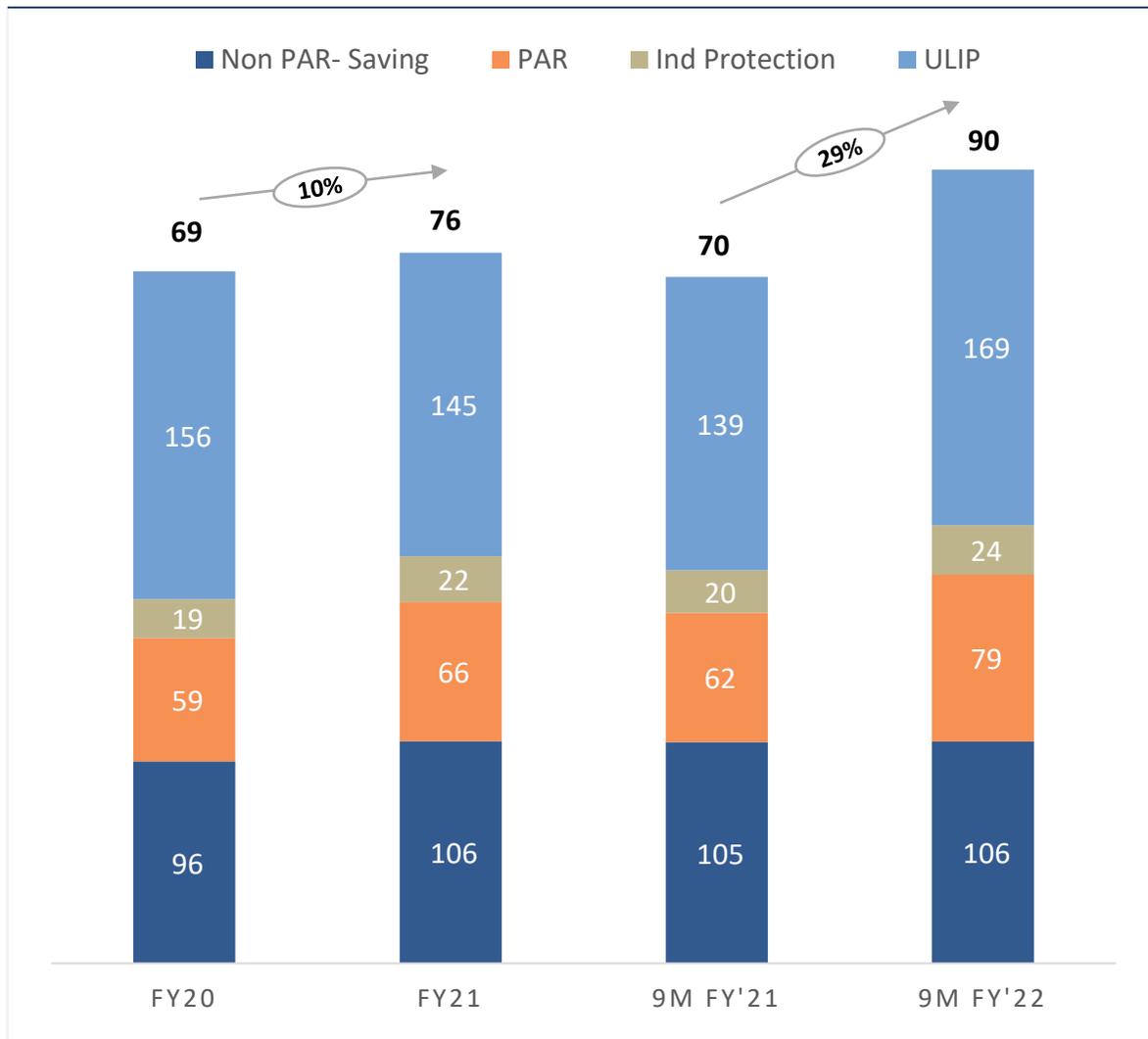
Figures in Rs. Cr.

^Arrow represents growth in Operating RoEV

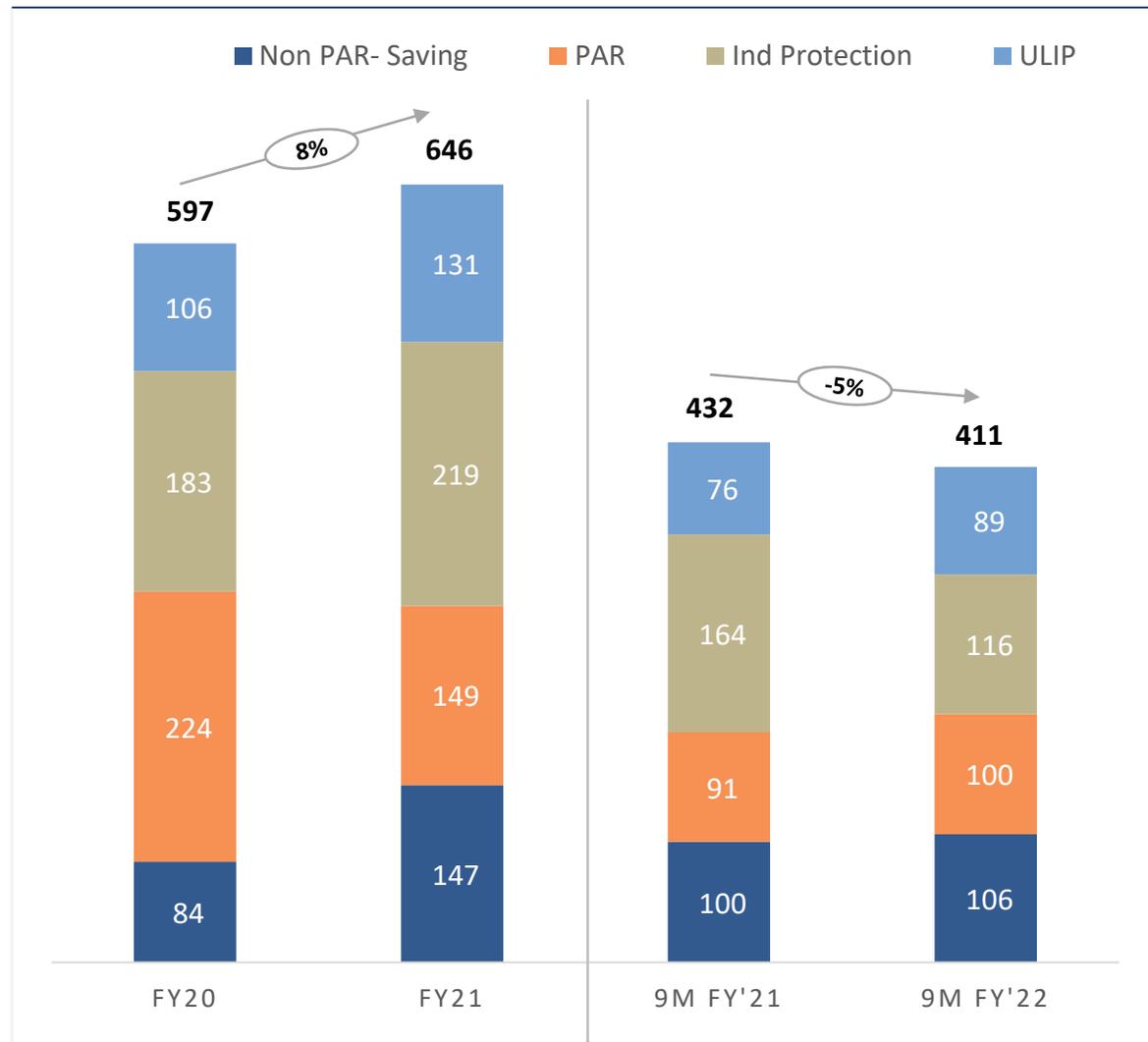
Key Business Drivers	Unit	Quarter Ended		Q-o-Q Growth	Period Ended		Y-o-Y Growth
		Q3 FY'21	Q3 FY'22		9M FY'21	9M FY'22	
a) Individual APE	Rs. Crore	1,210	1,573	30%	3,014	3,700	23%
b) Gross written premium income	Rs. Crore	4,629	5,599	21%	11,912	14,415	21%
First year premium		1,198	1,542	29%	2,947	3,574	21%
Renewal premium		2,880	3,423	19%	7,669	9,128	19%
Single premium		550	634	15%	1,296	1,712	32%
c) Shareholder Profit (Pre Tax)	Rs. Crore	271	116	-57%	436	263	-40%
d) Policy Holder Expense to Gross Premium	%	15.4%	14.5%	87 bps	15.4%	15.1%	-27 bps
e) Share Capital	Rs. Crore				1,919	1,919	0%
f) Individual Policies in force	No. Lacs				44.88	46.70	4%
g) Sum insured in force	Rs. Crore				1,090,347	1,149,009	5%
h) Grievance Ratio	Per '0000 NoPs				32	42	31%

# 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 FBIL<sup>1</sup> as at 31<sup>st</sup> December 2021. The VNB is calculated using the beginning of respective quarter's risk free yield curve (i.e. 31<sup>st</sup> March 2021, 30<sup>th</sup> June 2021 and 30<sup>th</sup> September 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 31<sup>st</sup> December 2021 and 31<sup>st</sup> March 2021 spot rate (semi annualized) yield curves used are:

Year	1	2	3	4	5	10	15	20	25	30	40
<b>Dec-21</b>	4.43%	5.06%	5.41%	5.78%	6.12%	6.57%	7.21%	7.30%	7.34%	7.27%	7.68%
<b>Mar-21</b>	3.83%	4.22%	5.17%	5.58%	6.10%	6.46%	6.99%	7.09%	6.92%	6.93%	6.23%
<b>Change</b>	0.60%	0.84%	0.23%	0.19%	0.01%	0.11%	0.22%	0.21%	0.42%	0.34%	1.45%

### 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.