

ICICI Prudential Life Insurance Company Limited

CMP : Rs 385.75

July 24, 2018

Mixed performance

ICICI Prudential Life Insurance Company has posted 31% decline in the net profit to Rs 281.64 crore in the quarter ended June 2018 (Q1FY2019) compared with Rs 405.93 crore in Q1FY2018. The Company registered a moderate premium income growth of 13%, while the commission expenses surged 29 and operating expenses 44% in Q1FY2019. The profitability was also hit on account of higher new business strain resulting from the new business growth of protection business.

The Annualized Premium Equivalent (APE) of new business written during the year declined 18% to Rs 1396 crore in Q1FY2019. Protection APE jumped 48% to Rs 114 crore, but saving APE dipped 21% to Rs 1282 crore in Q1FY2019. The quality of business as measured by 13th month persistency was flat at 85.8%.

The Retail Weighted Received Premium (RWRP) of the Company declined 22% to Rs 1282 crore in Q1FY2019. The Company's market share stood at 11.3% amongst life insurance companies, on a Retail Weighted Received Premium (RWRP) basis for Q1FY2019. Total premium witnessed a growth of 13.0% to Rs 55.18 billion in Q1FY2019 from Rs 48.85 billion in Q1FY2018.

The profitability of new business written, as measured in the Value of New Business (VNB), increased 34.1% to Rs 244 crore in Q1FY2019 from Rs 182 crore in Q1FY2018. The VNB margin increased from 16.5% in FY2018 to 17.5% in Q1FY2019 primarily on account of increase in protection mix.

The 13th month persistency was steady at 85.8% for Q1FY2019. The 49th month persistency improved to 63.7% in Q1FY2019 as compared to 59.2% in Q1FY2018. Retail renewal premium registered a growth of 29.1% and stood at Rs 36.25 billion for Q1FY2019 compared to Rs 28.08 billion for Q1FY2018.

The Cost/TWRP was 17.5% for Q1FY2019 as compared to 14.2% in Q1FY2018 on the back of increased investments in growing the protection business.

Net premium earned (gross premium less reinsurance premium) increased by 12.8% from Rs 4820 crore in Q1FY2018 to Rs 5438 crore in Q1FY2019. Retail renewal premium increased by 29.1% from Rs 2808 crore in Q1FY2018 to Rs 3625 crore in Q1FY2019. Retail new business premium decreased by 18.1% from Rs 1822 crore in Q1FY2018 to Rs 1492 crore in Q1FY2019. Group premium increased from Rs 255 crore in Q1FY2018 to Rs 401 crore in Q1FY2019.

The total assets under management of the Company were Rs 142663 crore end June 2018 which makes it one of the largest fund managers in India. The Company had a debt-equity mix of 53%:47% end June 2018. Over 90% of the debt investments are in AAA rated and government bonds.

Total investment income includes an income of Rs 1643 crore under the unit-linked portfolio and Rs 819 crore under the non-unit funds for Q1FY2019. Non unit investment income increased 36% to Rs 819 crore in Q1FY2019, primarily on account of increase in interest income corresponding to an increase in interest earning assets and increase in net realized gains.

Total expenses (including commission) increased 38% to Rs 1030 crore in Q1FY2019. Commission expense increased 29.3% to Rs 280 crore in Q1FY2019, driven by the change in product mix and growth in premium. Operating expenses increased by 41% to Rs 750 crore on account of increased advertisement cost, employee cost and goods and service tax expenses.

Claims and benefit payouts declined 26% to Rs 2940 crore in Q1FY2019 due to decrease in surrender claims by Rs 1093 crore in Q1FY2019.

Change in actuarial liability, including funds for future appropriation, increased from Rs 3285 crore in Q1FY2018 to Rs 3635 crore in Q1FY2019. Fund reserve, which represents liability carried on account of units held by unit linked policyholders, increased from

INDEX DETAILS

SENSEX	36825.10
NIFTY (S&P CNX)	11134.30

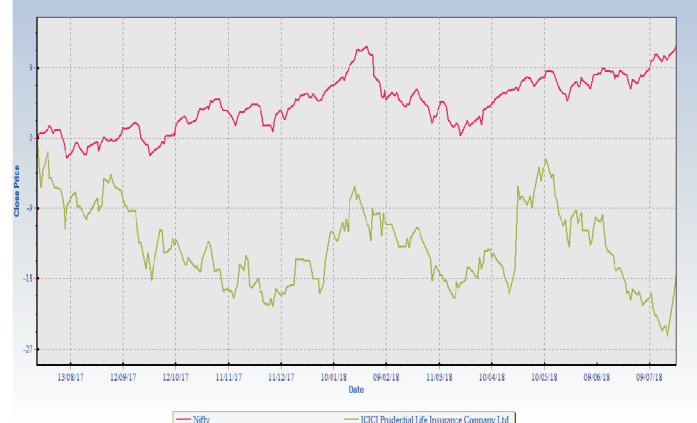
SCRIP DETAILS

Industry	Life Insurance
Mkt Cap (Rs in Crore)	55312.34
Book Value (Rs)	47.87
Free Float (%)	21.29
Avg Vol Weekly (NSE)	1746946
52 Week H/L (NSE)	474.00 / 347.25
Dividend Yield (%)	1.74
BSE Code	540133
NSE Code	ICICIPRULI

SHAREHOLDING PATTERN(%)

PARTICULARS	LATEST QUARTER	PREVIOUS QUARTER
Promoters	78.71	80.71
FIIIs	10.87	13.69
DIIIs	4.42	3.70
Others	6.00	1.90
Totals	100	100

Price Comparison with Sensex



Rs 2214 crore in Q1FY2018 to Rs 2232 crore in Q1FY2019. The increase in fund reserves is primarily due a direct offset of lower claims, an increase in premium received, offset by lower investment income in the unit-linked portfolio. Non-unit reserve increased from Rs 1008 crore in Q1FY2018 to Rs 1348 crore in Q1FY2019 reflecting broadly the increase in premium net of benefit outgo.

The net worth of the company stood at Rs 6618 crore end June 2018. The solvency ratio was 235% against regulatory requirement of 150%.

The embedded value per share stood at Rs 132.8 per share end June 2018.

Annual Financial Performance:

The company has recorded profit after tax of Rs 1620 crore in FY2018 compared to Rs 1682 crore for FY2017, primarily on account of higher new business strain resulting from the new business growth.

The investment income for FY2018 comprised Rs 8730 crore showing decline from Rs 12968 crore in FY2017 under the unit-linked portfolio, which is directly offset by a change in valuation of policyholder liabilities. Investment income moved up to Rs 3266 crore from Rs 2667 crore in FY2017 under the non-unit funds. Non-unit investment income increased 23% to Rs 3266 crore in FY2018 from Rs 2667 crore in FY2017, primarily on account of increase in interest income corresponding to an increase in interest earning assets and increase in net realized gains.

Other income declined from Rs 88 crore in FY2017 to Rs 75 crore in FY2018.

Total expenses (including commission) increased 13% to Rs 4040 crore in FY2018 from Rs 3576 crore in FY2017. Commission expense jumped 85% to Rs 1403 crore in FY2018 from Rs 759 crore in FY2017. New Business Commission has jumped to Rs 1059 crore in FY2018 from Rs 469 crore in FY2017. Renewal Commission has increased to Rs 344 crore in FY2018 from Rs 290 crore in FY2017. The increase in commission expense is on account of the change in product mix and growth in premium. Operating expenses declined 6% to Rs 2637 crore in FY2018 from Rs 2817 crore in FY2017 on account of lower sales and marketing expenses in the period partly offset by increased employee cost and service tax expenses.

Claims and benefit payouts increased by 15% to Rs 17281 crore in FY2018 from Rs 14998 crore in FY2017 primarily on account of increase in surrender claims by Rs 967 crore in FY2018 and increase in maturity claims to Rs 3358 crore in FY2018 from Rs 2283 crore in FY2017.

Change in actuarial liability, including funds for future appropriation, declined to Rs 15721 crore in FY2018 from Rs 17440 crore in FY2017. Fund reserve, which represents liability carried on account of units held by unit linked policyholders, fell to Rs 9624 crore in FY2018 from Rs 12583 crore in FY2017. The decrease in fund reserves is primarily due a direct offset of lower investment income, an increase in claims net of premium received in the unit-linked portfolio. Non-unit reserve increased to Rs 5824 crore in FY2018 from Rs 4915 crore in FY2017 reflecting broadly the increase in premium net of benefit outgo.

ICICI Prudential Life Insurance: Policyholders Account

Particulars	Q1FY19	Q1FY18	Var %	FY18	FY17	Var %
Premium earned (net)	5437.82	4820.23	13	26810.68	22155.25	21
Income from Investments	2321.2	3517.71	-34	11261.46	14976.94	-25
Other income	19.67	16.37	20	70.01	59.05	19
Contribution from the						
Shareholders' account	92.5	0.16	99	75.28	1.8	-
Total Income	7871.19	8354.47	-6	38217.43	37193.04	3
Commission	279.56	216.18	29	1403.27	758.92	85
Op. expenses related to						
Insurance business	595.2	411.99	44	2029.93	2357.19	-14
Others	145.35	112.6	29	572.68	428.85	34
Benefits paid (Net)	2939.53	3969.03	-26	17280.79	14997.88	15
Change in valuation of						
policy liabilities	3580.09	3221.99	11	15447.5	17497.56	-12
Provision for taxation	30.57	26.16	17	120.07	78.82	52
Total Expense	7570.3	7957.95	-5	36854.24	36119.22	2
PAT	300.89	396.52	-24	1363.19	1073.82	27
Transfer to Shareholders' account	246.43	333.37	-26	1089.21	1131.54	-4

ICICI Prudential Life Insurance: Shareholders Account

Particulars	Q1FY19	Q1FY18	Var %	FY18	FY17	Var %
Amounts transferred from						
Policyholders' account	246.43	333.37	-26	1089.21	1131.54	-4
Income from investments	139.97	103.97	35	744.39	693.23	7
Total	386.4	437.34	-12	1833.6	1824.77	0
Expenses (apart from Insurance)	9.91	9.11	9	38.76	37.96	2
Contribution to policyholders						
account	92.5	0.16	99	75.28	1.8	99
Others	0	0	-	0	0	-
Total	102.41	9.27	99	114.04	39.76	99
PBT	283.99	428.07	-34	1719.56	1785.01	-4
Tax	2.35	22.14	-89	99.73	102.78	-3
PAT	281.64	405.93	-31	1619.83	1682.23	-4
EPS (Rs)*	7.85	11.31	-31	11.28	11.72	-4

NOTES

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