

Reliance General Insurance

Insurance Day

December 1, 2016



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01

EXECUTIVE SUMMARY

Improving Market Positioning

- Amongst Top 4 private sector players with strong presence across all key verticals
- 9% market share in the private sector provides critical scale required to deliver profitable growth

Demonstrated Financial Performance

- H1 FY17 GWP at Rs. 23.6 billion (+55%) driven primarily by the crop insurance segment
- H1 FY17 PAT at Rs. 696 million (+17%), after impact of Rs. 857 million on account of strengthening of IBNR Reserves

Established tied distribution networks

- Amongst the largest agent network in private sector with >22,500 agents, pan-India footprint of 125 branches across 102 cities and more than 2,100 employees
- Strong Bancassurance tie ups
- Further strengthening of in-house channels and increasing focus on online sales

Tier II Capital / Solvency Ratio

- Second in the Non-life Industry to issue Tier II Capital amounting to over Rs. 2 billion
- Solvency Ratio as on September 2016 is 1.81x (regulatory requirement >1.50x)

Robust Corporate Governance

- More than 50% of the Board comprises of independent directors, assuring strong governance and risk management practices across the organization
- Multiple committees overseeing business functions

02

INDUSTRY OVERVIEW

Low penetration across verticals will drive industry growth at 16%+ CAGR

Health to drive growth within individual segment

Individual	Verticals		GWP ¹ (\$ m)	Penetration	Benchmark
	Vehicle	New ²	1,504	80%	85%
		Cars			
		Old ²	1,029	60%	
		Two Wheelers	448	25%	>90%
	Health	Mass affluent+	876 ³	20%	90%
		Mass Market		Very Low	75%
		Below Mass	410	40% ⁴	65%
	Income	Accident	257	0.02%	0.07%

Corporates to emerge as key segment in non - individual space

SME Corporates	Verticals		GWP ¹ (\$ m)	Penetration	Benchmark
	Vehicle	MCVs and HCVs	952	70%	>85%
		LCVs and PCVs	714	70%	
	Employees	Group health	162	10%	75%
	Asset Protection	Property risks (fire, engineering, marine)	190	0.14%	3%
	Employees	Group health	981	70%	80%
	New projects	Engineering	352		
	Assets protection	Fire	952	0.83%	3.5% ⁵
	Transport	Marine	429		

(1) Gross written Premium; (2) New cars: < 3 years old; Old cars: > 3 years old; (3) c. 95%+ contributed by mass affluent+; (4) 40% of population covered through RSBY and state health initiatives; (5) Mature markets have equally big SME liability covers (~3% of SME industrial GDP) and other covers (Property and liability, up to ~2% of SME industrial GDP); these are non existing in India

Source: McKinsey, FICCI

Proposed draft regulation/ Recent Regulations

- **Motor Vehicles amendment bill 2016 - in process**
- **Corporate Agency Regulations, 2015**
- **Limit on expense of management**
- **Government Business**
- **Discontinuation of Motor Decline Risk pool**

Impact

- **Significant positive impact on motor third party claims**
- **Banks are now allowed to sell insurance policies of more than one insurer**
- **New regulation will help companies to rationalise costs**
- **Government is rebranding all government led insurance viz. Health / Personal Accident / Agriculture**
- **Better risk selection**

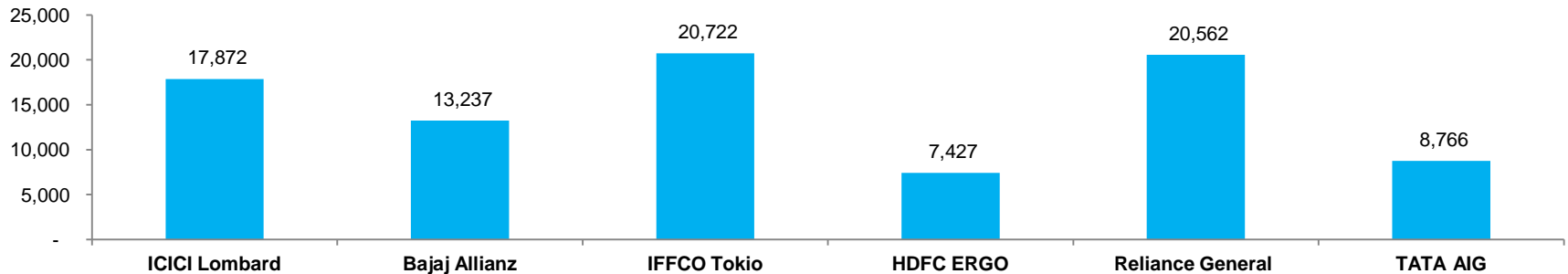
... discontinuation of IMTPIP related provisioning and sustained increase in rates for third party premiums to improve profitability

03

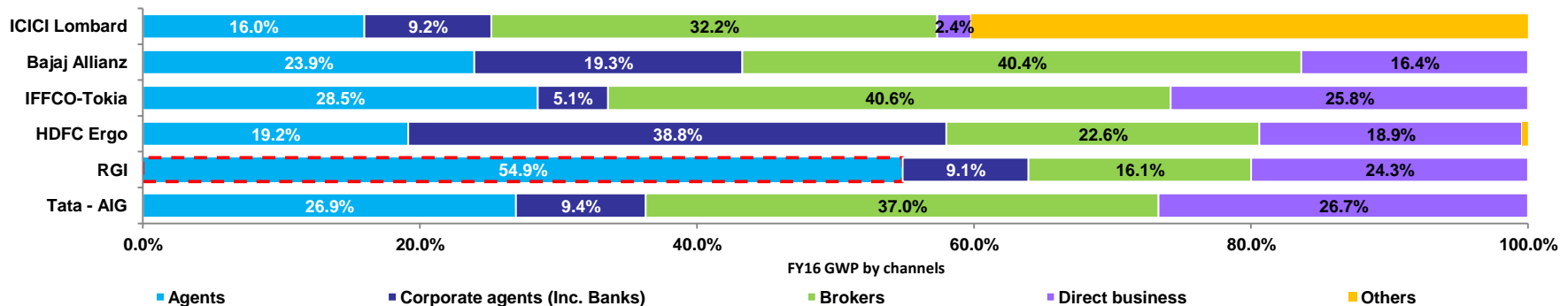
DISTRIBUTION OVERVIEW

Strengthen competitive advantage, offering unique capability of growing with limited dependency on large partners, greater control on business and long term cost advantages

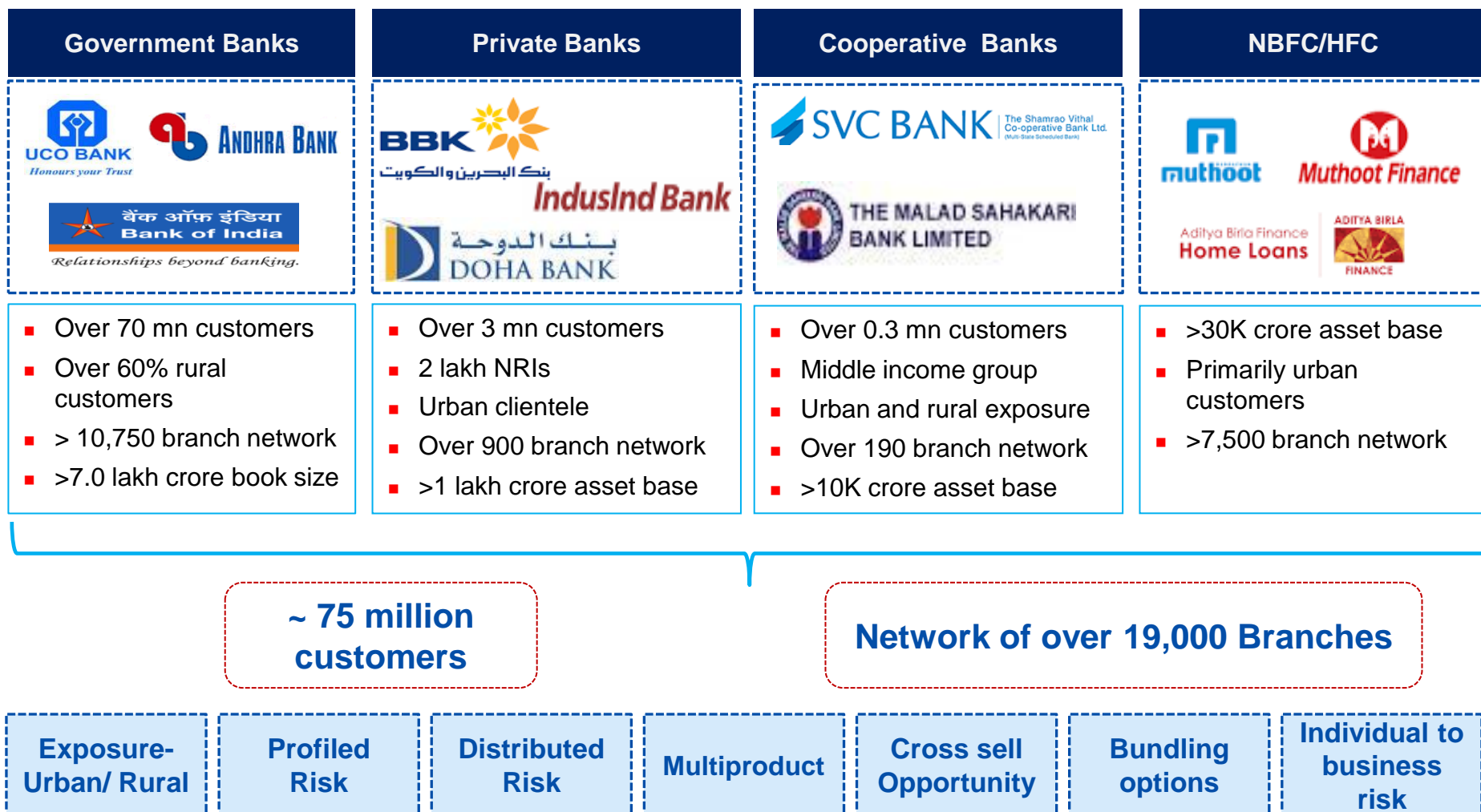
Amongst the largest agency networks in the industry (as on March 31, 2016)



...offering RGI a unique advantage in an agent driven network capable of growing with limited dependency on large partners such as banks and brokers



First GI company to forge alliances in almost all segments of financial institutions under open architecture



Website & Mobile

- Presence across all relevant digital touch points
- Responsive website with end to end transaction capabilities
- Seamless experience on desktop, mobile and tablets

Call Centre

- Fully integrated with website
- Inbound and outbound calls
- Ability to track customer movement on website and initiate chats

Social & ORM

- Presence to engage audience on social Facebook, Twitter, YouTube etc.
- 3 -4 campaigns trended on twitter (all over India as well as globally)
- Active listening & responding to conversations in the social space

Website Exclusive Features



**Responsive
Across Devices**



**Login
Free**



**Fastest Quick
Quote**

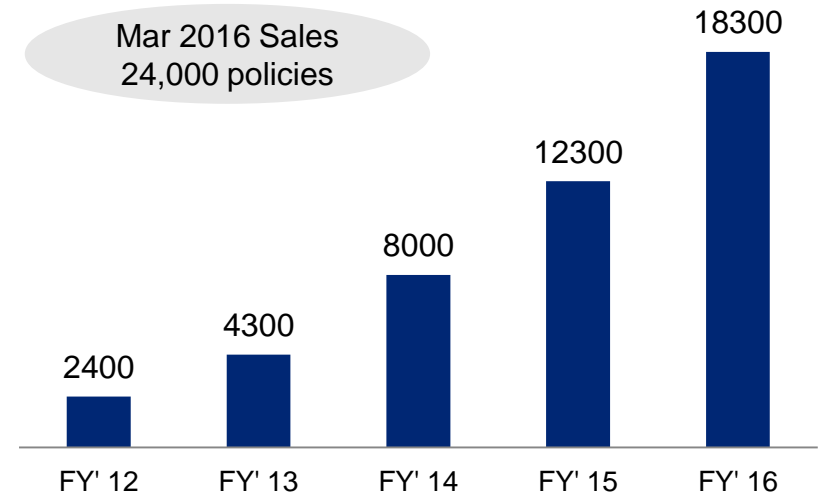


**Second Screen Technology
to Assist Sales**



**Simplified
Content**

Online average sales per month



Website Funnel

- 7% of the retail premium as compared to 2.5-3% for industry



1 Field Quick Quote

1st in industry to give quote with registration no



Quick Quote

Quote with **minimum information** to simplify insurance



Campaigns to Drive Quotes

Online campaigns through mail, Google, SMS, display, affiliates, social etc



Quote on mobile

Login Free & Responsive



Customer Power

- Campaign system Integrated with **LMS & Website**
- Funnel drop outs based emails and SMS for sale closure
- Real time integration with data warehouse
- Campaigns integrated with SAS
- Fully automated feedback loop



2nd screen technology

- **Tracking live** customer movement on site
- **Live chat** with customers to assist in transactions
- **Action based** chat triggers



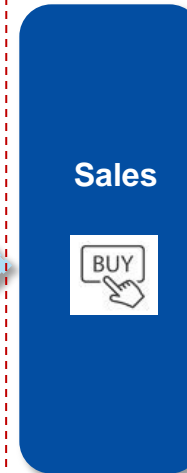
Call Centre

- **Fully integrated** with website
- Call out priority for higher sales
- Action driven by analytics
- Ability to do Inbound & Outbound Calls instantaneous



Tele Marketing

- Based in **3 locations** Mumbai, Cochin, Hyderabad
- Team of **400** calling agents
- Advanced dialling technology



Sales



Social Login



Cross sell



Recommendations

Sales through digital channels

Partner portal

- Over **4.5 mn** policies issued online across product line
- Products - **Motor, Health, Travel, Home**
- **Instant** product & payments
- **Paperless** transactions

E-commerce

- Tie ups with top wallet players - **Paytm** backed by Ant Financial and **Freecharge**
- **Customized** retail products through attachments

paytm

freecharge

Online Aggregators & Brokers

- **Deep engagement** with market leaders to drive business
- **Wide** reach via presence across long tail players

policybazaar.com
Insurance compare kiya?

Coverfox

bankbazaar.com

Travel sites

- Introduced specific **low ticket size** product to attain high attachment rate
- Tie up with high transacting websites and **online travel agent**

spiceJet
flying for everyone

airarabia.com

Air-Asia

Bank tie ups

- Tie up with forward looking and **digital savvy** banks
- Tele marketing and website integration set-ups to drive leads and online transactions

IndusInd Bank

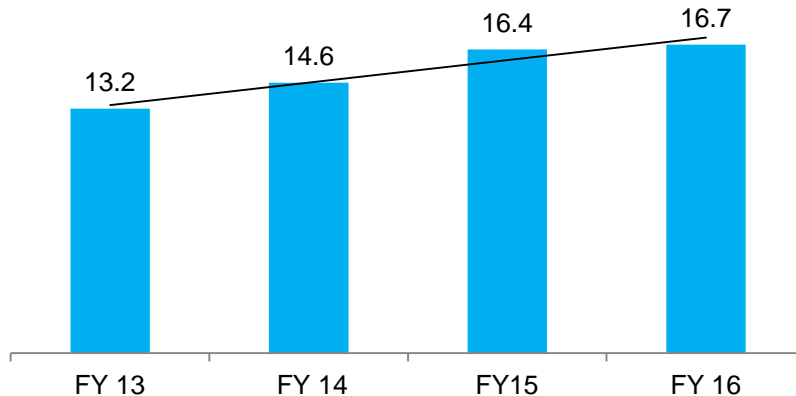
बैंक ऑफ इंडिया
Bank of India

यूको बैंक UCO BANK

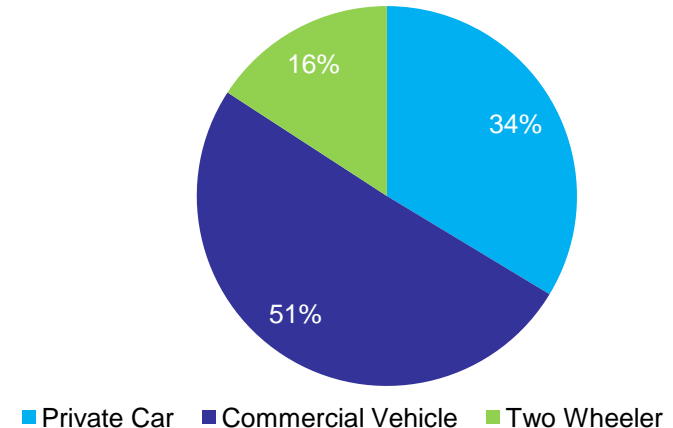
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Product Overview

Gross Premium (Rs. in billion)



Motor Premium Mix



- **Motor portfolio remains a key focus, given its dominant share of overall markets**
- **Expanding strategic alliances with auto manufacturers and distributors to further enhance market share**
- **Offering bundled products including:**
 - **Must have add-ons: nil depreciation, additional towing, extended warranty**
 - **Innovative add-ons: EMI protect, women centric add-ons**
- **Increased usage of price elasticity models to enhance profitability**
- **Increase in CV TP pricing expected to reduce claim losses**
- **Extensive use of web for issuing and processing claims for private vehicle segment to limit opex**

Follow a calibrated approach in CV segment focusing on profitability, and grow market share in private vehicle segments, especially in two wheelers

Commercial Vehicles

- Calibrated approach focusing on profitability
- Emphasis on underwriting adequately priced risks
- Focus on small and light commercial vehicles that have relatively lower claim losses
- Product-specific strategic alliances with auto manufacturers

Private Car

- Multi model channel sourcing points with major business sourced from agency network
- Enhanced focus on penetrating existing manufacturing tie ups
- Continuous initiatives on new manufacturing tie ups
- Reliance renewal program launched with targeted retention of 65%
- Virtual office being encouraged as a model to enhance distribution presence across the country

Two Wheelers

- Focus on manufacturing tie up, advance level discussion with several manufacturers
- Launch new products such 3-year policy to gain market share
- Add on products to increase customers' wallet share
 - Nil depreciation, Total cover, helmet cover
- Exploring alternate channels for last mile connectivity with the customer

Mobility Solution

- Service deliveries with use of TABs
- Online liability confirmation
- Immediate approval mechanism



Garage Portal

- Access to intimate and track claims at a click
- Smart search with locators for partners
- VAS & Special campaign alerts



Video Streaming

- Service deliveries with use of TAB's
- Real time data sink and liability creation
- Immediate approval mechanism



Survey at Door step

- We save customers time, money & effort - A3 Services
 - We Assist customer
 - We Assess the loss
 - We Arrange for faster repair
- Feet on street to do survey at home



e- connect for claimants

- **e - intimation** - Web intimation paperless process
- **Insta Track** - Real time tracking of your claim, live vehicle repairs
- Rate the workshop - an unique feature to gather customer's feedback

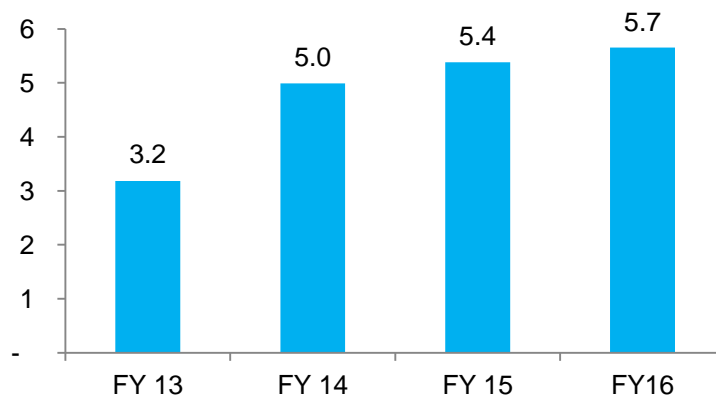


Cost Management

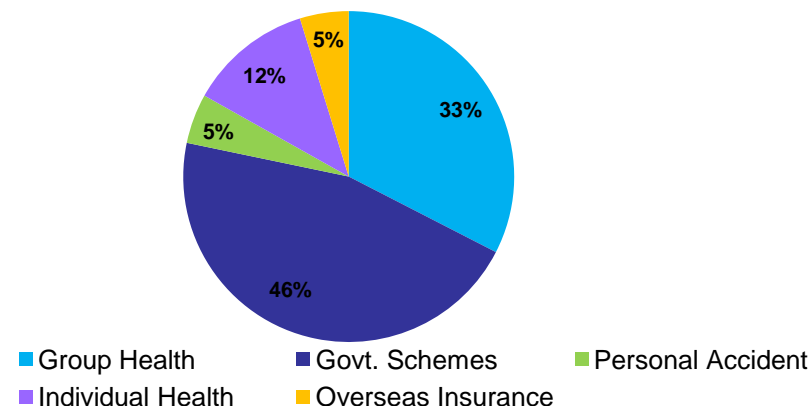
- **E-Auction** for competitive repair quotes and value adds for customers
- Empanelment of reconditioning vendors with special focus on Commercial vehicle and two wheeler category



Gross Premium (Rs. in billion)



Health Premium Mix



- **Growth in GWP driven primarily by mass health segment:**
 - Mass health segment expected to be the key business driver in near term
 - Management channelling efforts on individual health products
- **New health products optimally priced, offer better profit margins:**
 - Focus on 'Care management' and new products (outpatient care, international health) to drive individual health segment further
 - Realignment of product portfolio led to decline in claims ratio
 - Sustained investment in operational infrastructure driving operational expenses lower

GWP growth driven by mass health segment, individual health product alignment and sustained investment in infrastructure, leading to a healthier combined ratio

Pioneering 'Care management' concept in retail health after realigning product portfolio; aiming for strong growth in mass health segment

Individual Medical

- Realigned product portfolio to curtail loss making products
- Emphasis on new products with better margins
- Pioneering 'Care management' concept to gain and retain customers
- Provides value added services such health check-ups, free consultation etc.
- Grow new segments such as outpatient coverage and international health
- Largely agency driven, increasing focus on web and tele sourcing

Group Health

- Large volume business but primarily used as for retaining corporate clientele
- Typically offered at competitive pricing to attract corporate clients for more profitable businesses in Commercial segment

Mass Health / Govt. scheme

- Targeting bottom of the pyramid through low ticket products and tying up with microfinance institutions and co-operative banks
- Focus on streams that have government participation
- Entered agriculture insurance focused on private sector
- Tap personal accident market through partnering with government agencies

Operational Capability

- Lives:
 - Corporate: 500,000+ lives
 - Retail: 240,000+ lives
 - Government business: 15 million
- Claims managed (per year):
 - In-house:
 - Corporate + retail: 40,000+
 - Govt. Business: 600,000+
 - TPA: 25,000

Claims Management

- Managing Cashless and Reimbursement claims via an in-house TPA
- 100% in-house claims servicing - Retail Health, Government Business and Benefit policies
- 150+ member team with qualified professionals incl. Doctors and Paramedics

Network

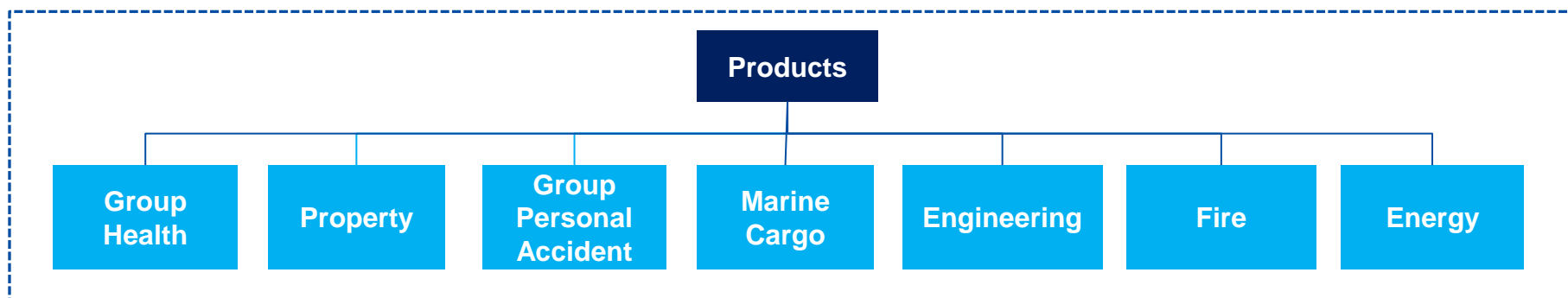
- Provider empanelment and relationship management
- Rate negotiations and contract management
 - 9,000+ Providers: largest overall network
 - 4,300+ Hospitals
 - 1,700+ OP Consultants
 - 3,000+ Wellness Partners

Wellness

- RGICL Wellness Program - The 3E concept:
 - Evaluate: Prophylactic evaluation & analysis of health at individual and group levels
 - Engage: Interactive interventional programs
 - Earn: Rewarding Healthy behaviour

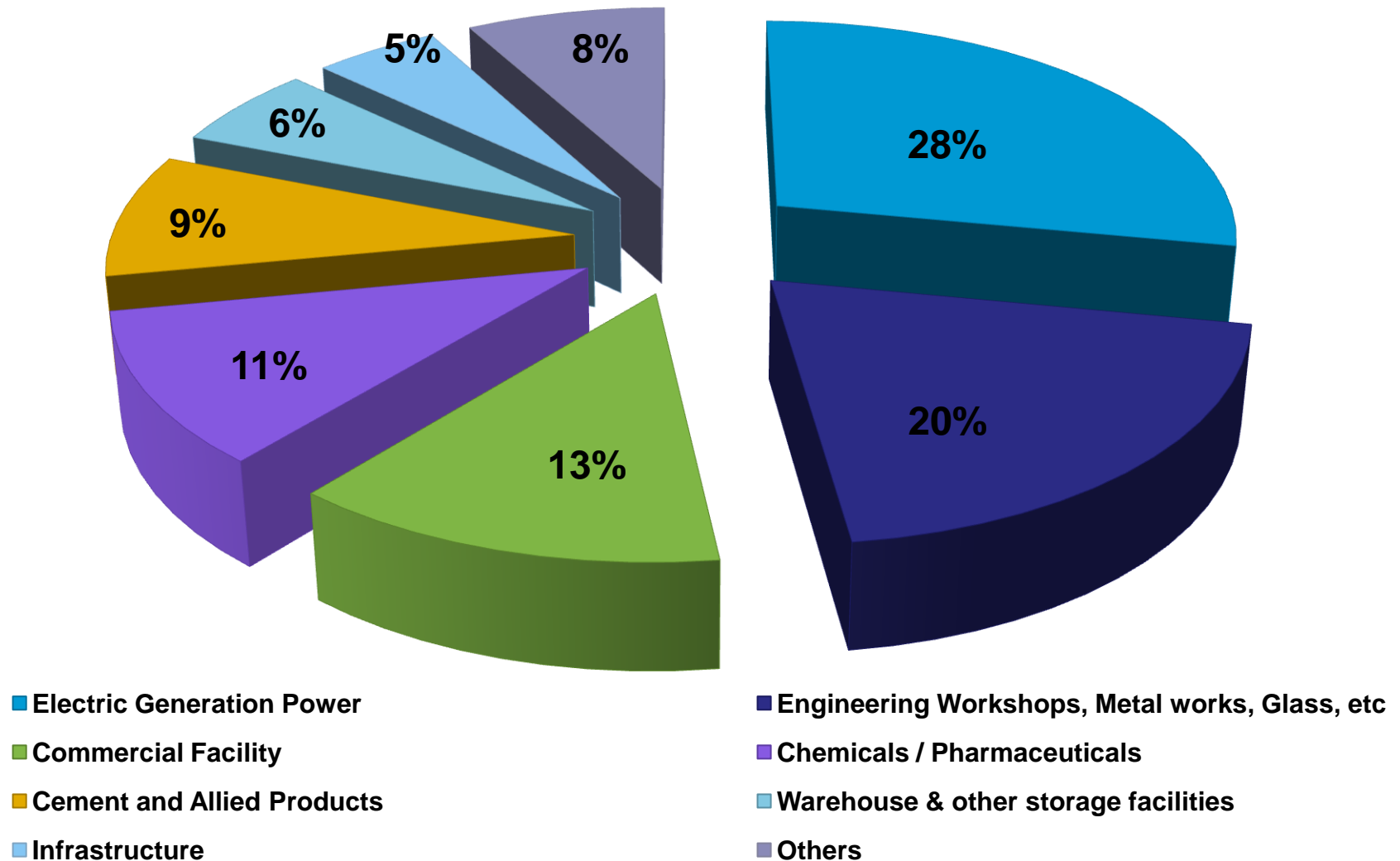
Emphasis on nurturing Top 50 clients by cross selling products across segments and expand corporate client coverage by leveraging other products (such as Group Health)

Diversified product offerings to corporate clients with focus on transiting clients from low margin products such as Group Health to more profitable offerings



Commercial Lines and others: Key metrics

- Emphasis on growing the business by offering comprehensive risk coverage solutions to corporate clients
- Fire and Engineering expected to be two key main drivers
 - Within Engineering, Erection All Risks, Contractors All Risks and Boiler & Pressure Plants are preferred products
- Strong risk evaluation processes integrated into underwriting process to enhance profitability
 - RMSI system integrated with quote system to check natural catastrophic exposure
 - Graded risk retention and treaty cession based on risk quality and hazard grade
 - Team of in-house risk engineers in Risk Management Team with multi disciplinary skills and having average experience of 10 years



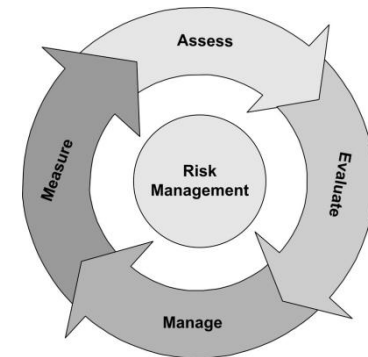
Risk Evaluation & mitigation leading to the most appropriate risk transfer solution



Thermography study of a manufacturing process



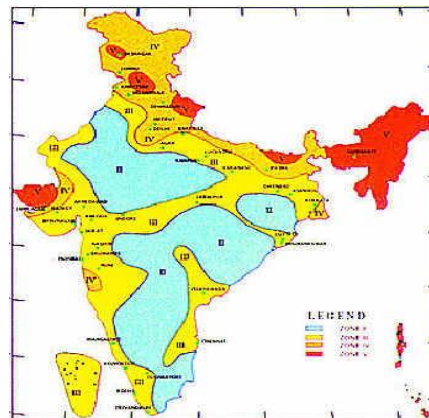
Comprehensive safety audit as per IS - 14489



Risk Mgmt presentation - Specific to the occupancy



Hazard Analysis for one unit or process



NatCat Studies



Business Interruption Exposure

❑ Pradhan Mantri Fasal Bima Yojana (PMFBY)

- Government of India has launched the new crop insurance scheme on 13th January, 2016, administered under the Ministry of Agriculture and Farmer's Welfare
- Implemented in every state of India, with association with respective state Governments
- During H1 FY17, RGI's GWP amounted to Rs. 8.2 billion under the said scheme (FY16 - nil)

❑ Operating Model

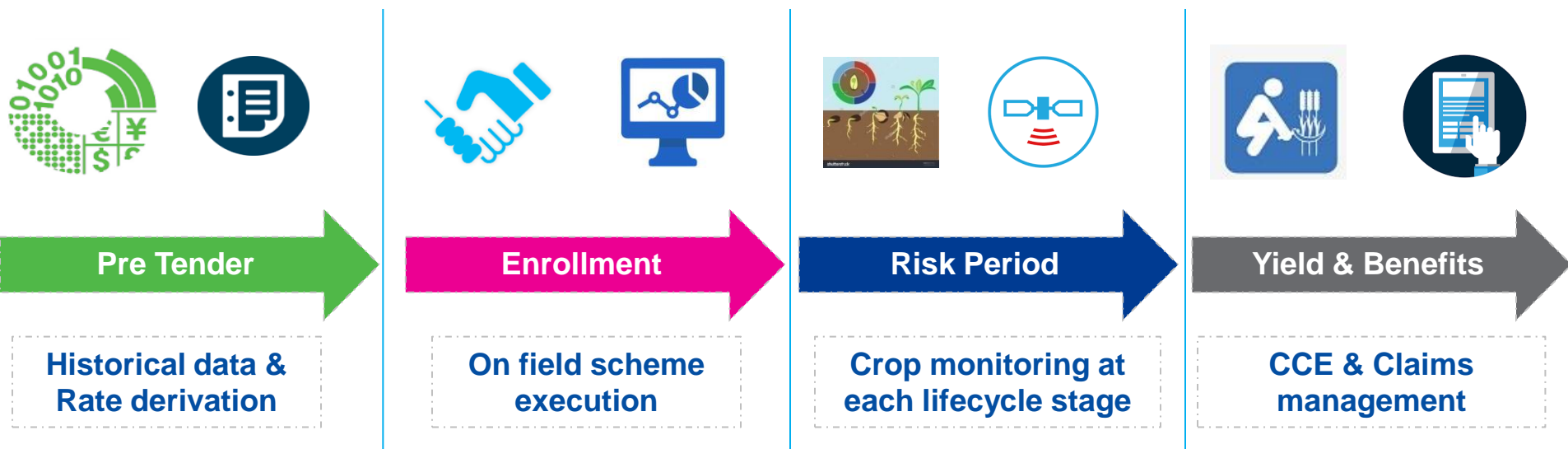
- Specialist approach: Enrolment - GBU , Processing - Operations , Data management - BIU
- Hub-spoke model to manage huge volumes ~ 25 lakh+ farmers enrolled

❑ Technology

- In-house integrated mobile application launched for Crop Health Survey, Mid Term Assessment, Crop Cutting Experiments, Weather Station Audit

❑ Claims management

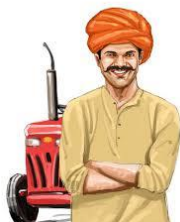
- Crop health survey with use of mobile app and satellite images
- Crop cutting experiments - Participation by risk managers along with government officials ensuring accurate yield calculations



Stakeholders



**Central
Government
State
Government**



**Loanee &
Non Loanee
farmers**



**Banks &
Financial
Institutions**



Intermediaries



**Insurance
Companies**



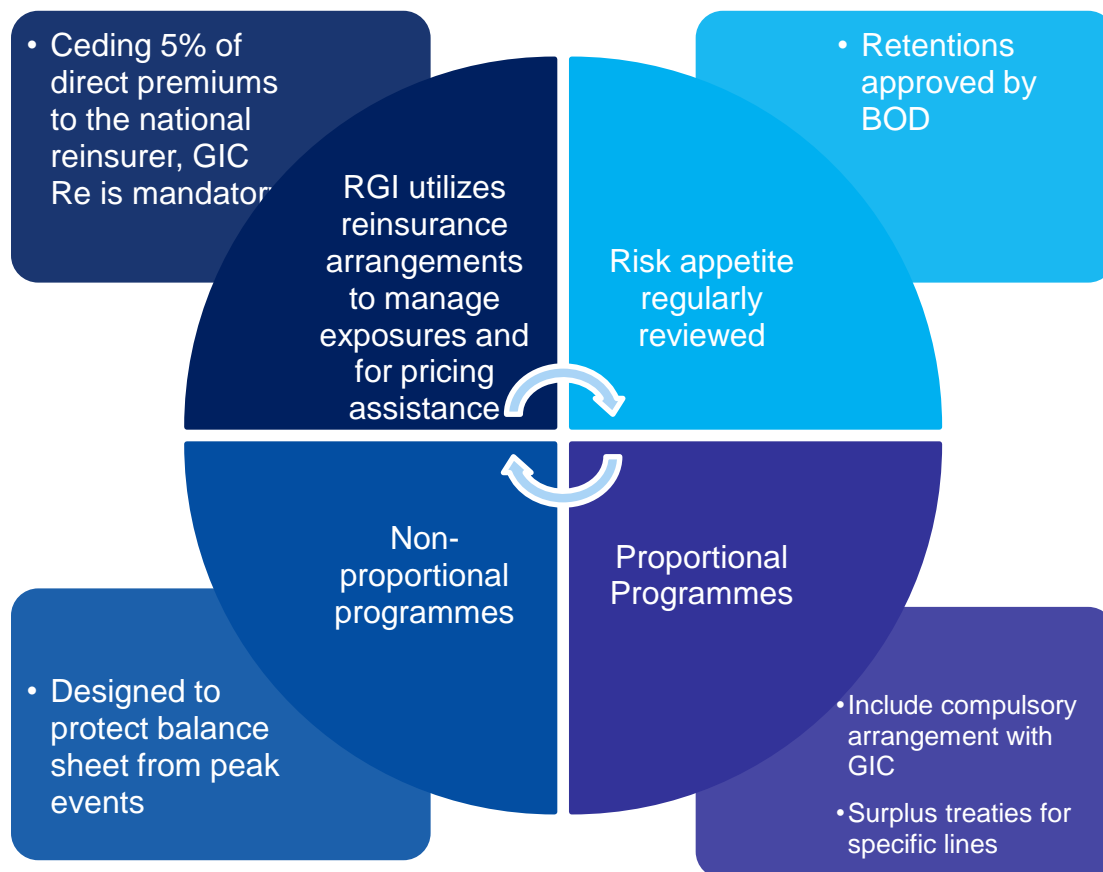
**Surveyors &
Service
Providers**



**Weather /
Agriculture
Advisories**

05

REINSURANCE
INVESTMENT
WAY FORWARD



Key Reinsurance Relationships

Reinsurer	Rating	Agency
GIC Re, Mumbai	A-	AM Best
SCOR, Singapore	A	AM Best
Swiss Re	A+	AM Best
National Indemnity	A++	AM Best
Helvetia Swiss	A	S&P

RGI Reinsurance trends	Reinsurance ⁽¹⁾ (%)
FY12	30.9%
FY13	23.3%
FY14	22.0%
FY 15	29.7%
FY 16	29.5%

(1) Reinsurance indicates ratio of $(1 - \text{NWP/GWP})$

Strategy to leverage large investment book to deliver returns to shareholders with low risk

RGI investment policy

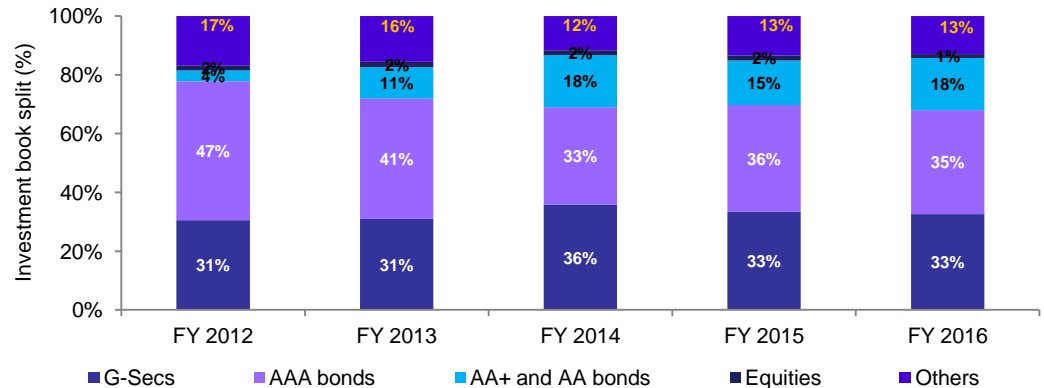
- Focus on risk containment through diversification
- Investment policy directly overseen by Board of Directors
- Well defined procedures to monitor, evaluate and facilitate decision making

Key regulations

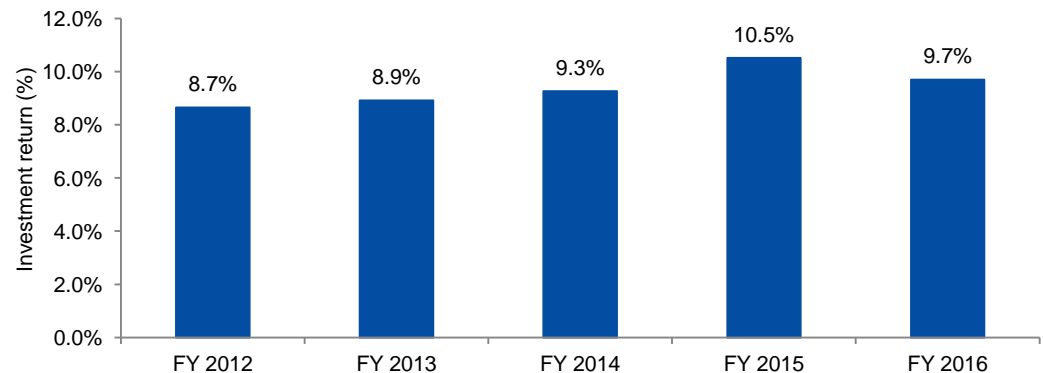
- Asset class restrictions
 - Sovereign securities: $\geq 30.0\%$
 - Housing, Infra sector: $\geq 15.0\%$
 - Other approved investments: $\leq 25.0\%$
- Approved investments
 - Short term debt instrument: AAA
 - Long term debt instrument: AA
 - Equity: dividend yield of 4.0% in three out of four preceding years
- Exposure limits
 - Single company: $\leq 10.0\%$
 - Single corporate group: $\leq 15.0\%$
 - Single sector: $\leq 15.0\%$

**AUM at Rs. 62.8 billion (+18%)
as on Sept 2016**

AUM portfolio composition



Investment returns from AUM



Key strengths

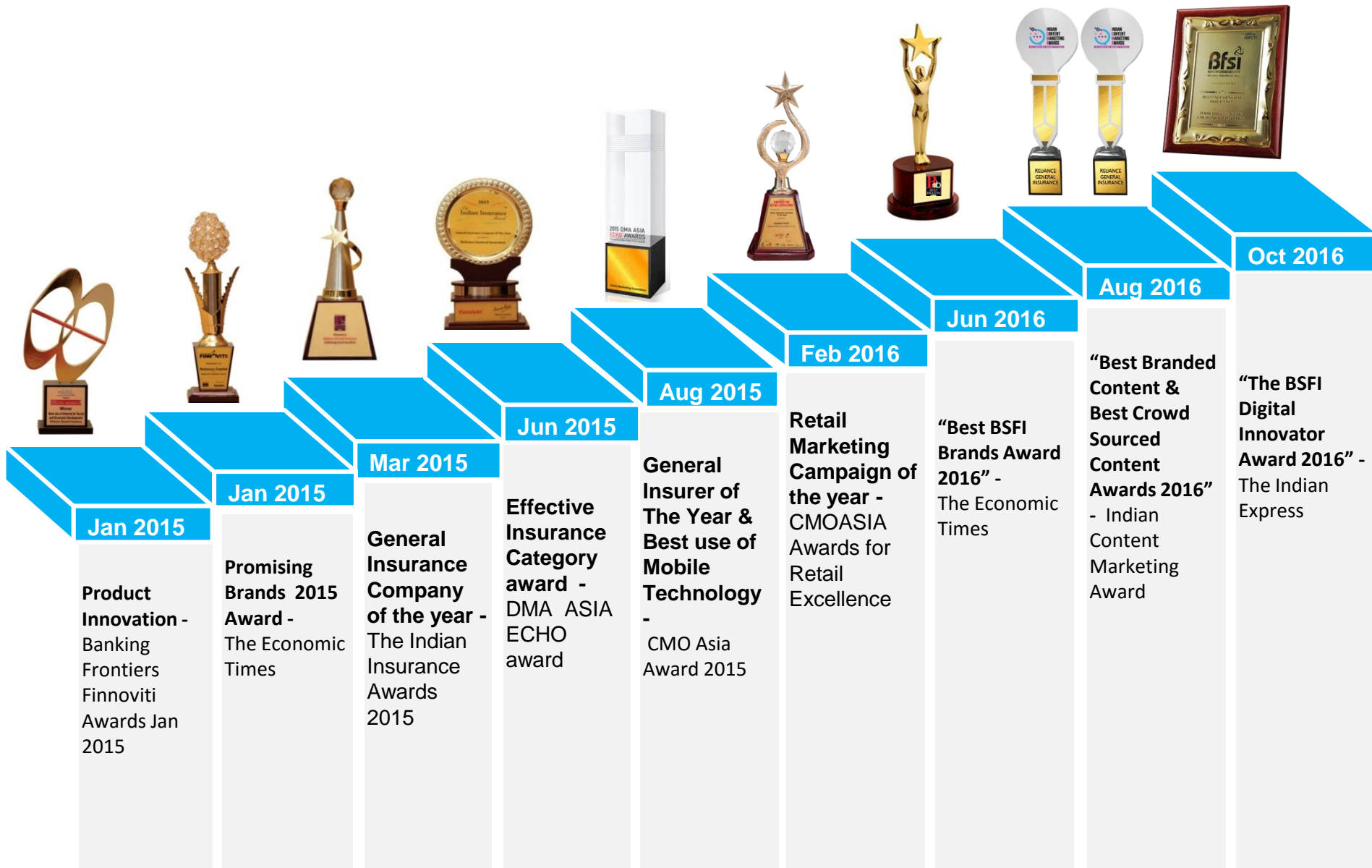
- Strong parentage
- Amongst top 4 private sector player in India
- Established tied distribution network
 - Large Agent base, >22,500 agents
 - Strong bancassurance and OEM tie ups

Demonstrated financial performance

- Became profitable post December 2012
- Steady improvement in market share and profitability
- Strong solvency margin at 1.81x

Continuous improvement

- Improve combined ratio for the long tail business
 - Motor TP pricing improvement
 - Proposed Motor vehicle Act
- Focus on profitable growth and generate greater than 15% ROE in the near term



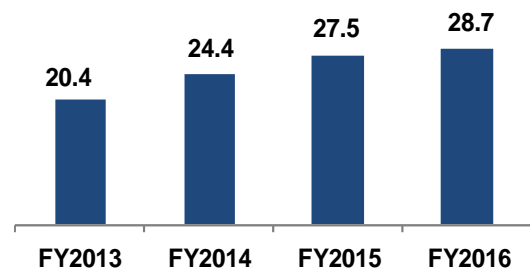
Thank you

06

(a) APPENDIX: Financial Highlights

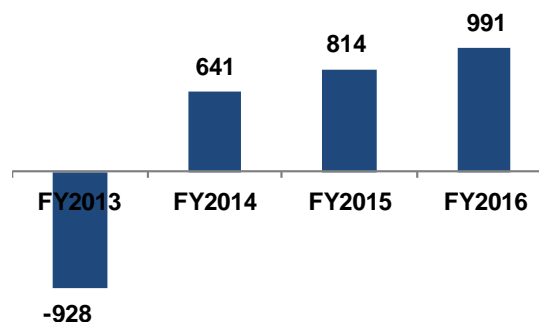
Gross Written Premium

(Rs. Billion)



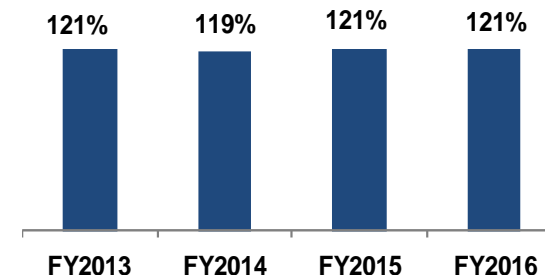
Profit Before Tax

(Rs. Million)

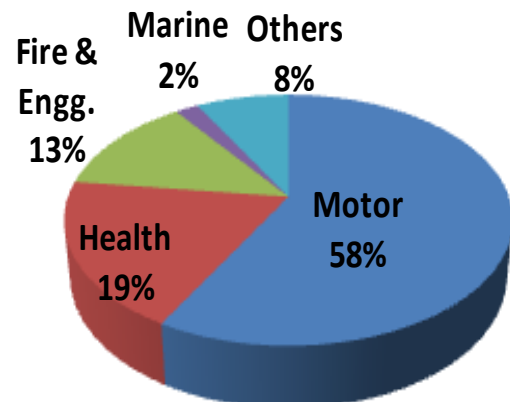


Combined Ratio

(%)

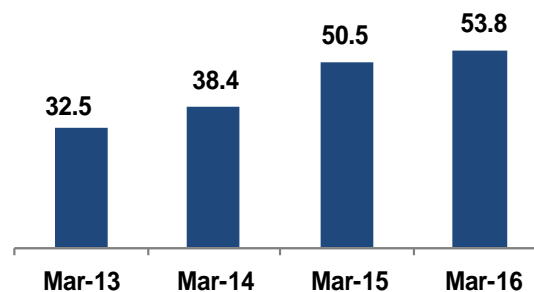


Business mix



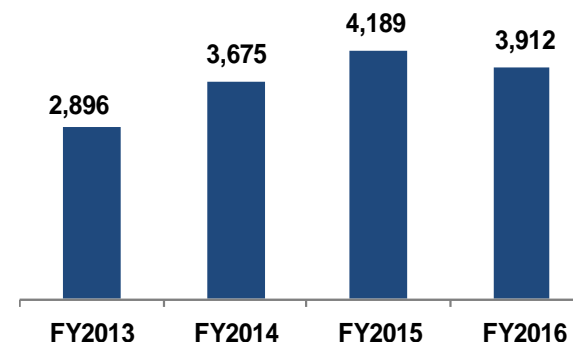
Investment Book

(Rs. Billion)



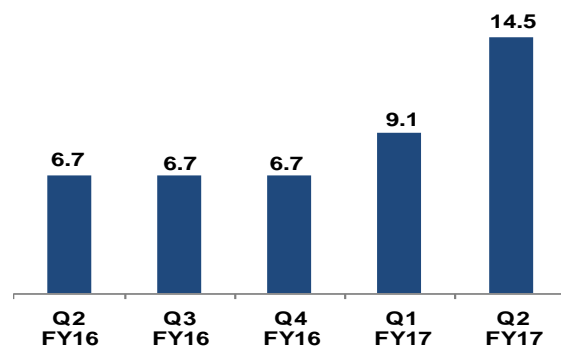
No. of policies issued

(in '000s)



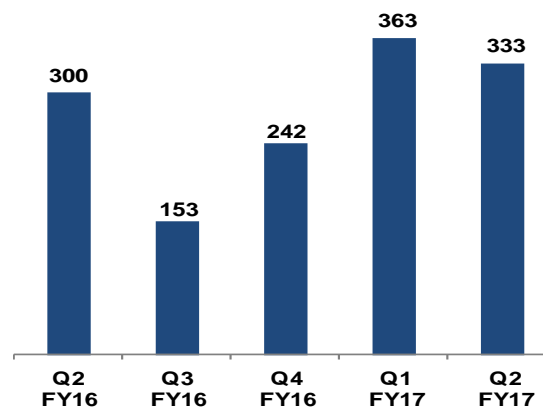
Gross Written Premium

(Rs. Billion)



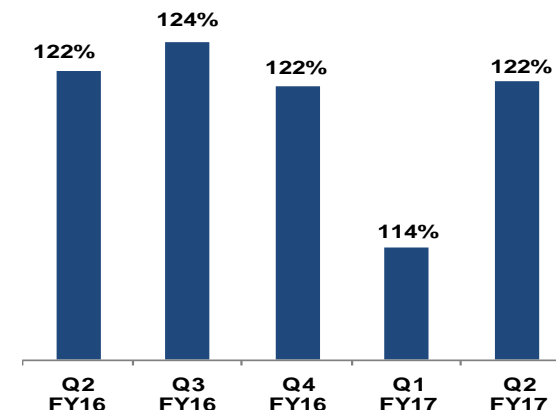
Profit Before Tax

(Rs. Million)

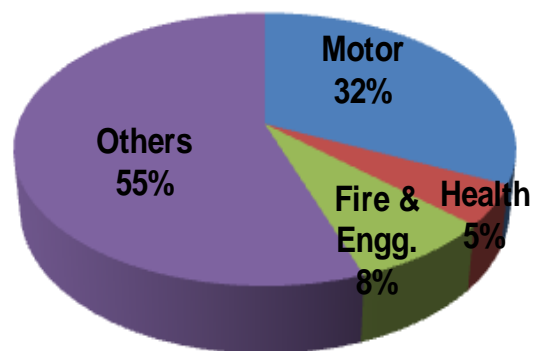


Combined Ratio

(%)

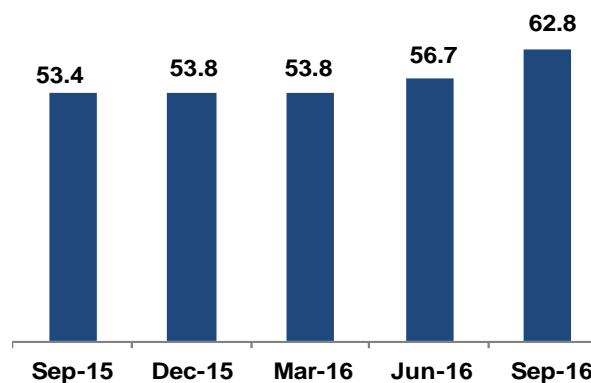


Business mix



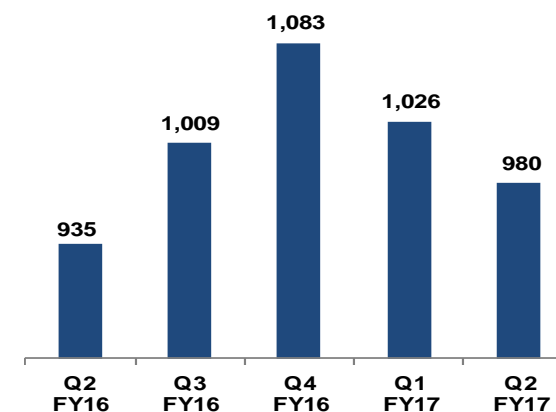
Investment Book

(Rs. Billion)



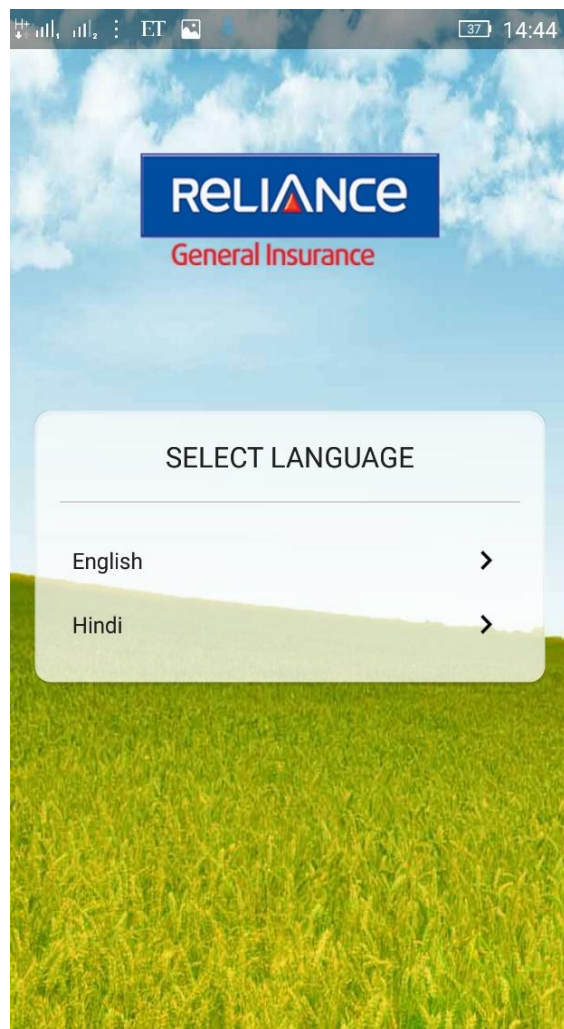
No. of policies issued

(in '000s)



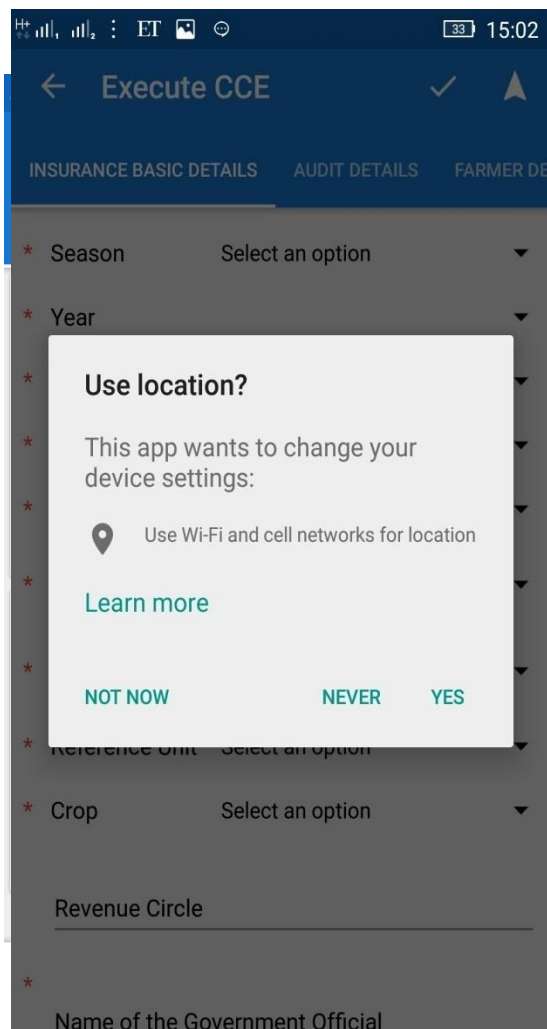
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(b) APPENDIX: Crop & Weather Insurance



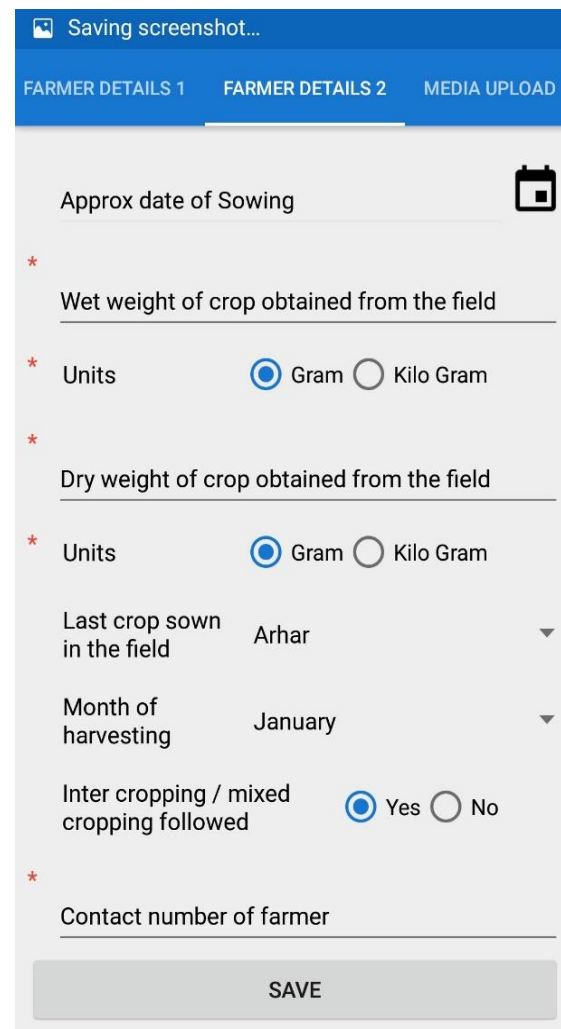
Multilingual Interface

Step wise navigation



CCE Scheduler

Geo Tagging



Real time data entry

Data sync to server

Agri Insurance
Mid Term Assessment

← ✓

BASIC DETAILS INVESTIGATION MEDIA UPLOAD

REQUEST ID MTA0308160000

CROP HEALTH SURVEY

* Type of Seed Hybrid

* Date of Sowing

* Current stage of crop

☒ Germination Stage
☐ Vegetative Stage
☐ Reproductive Stage
☐ Ripening/ Harvesting Stage

* Physical appearance of overall field/crop

☒ Very Good
☐ Good
☐ Average
☐ Poor



14:55

←

Agri Insurance

Mid Term Assessment

▲

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BASIC DETAILS

INVESTIGATION

MEDIA UPLOAD

* Date of Occurrence of Adversity

01/08/2016

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* Date of Intimation to RGICL

01/08/2016

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* Intimated by

chetan

* Short Description

ok with field

* % of area affected/crop affected

☐ Less than 25%

☒ 25-50%

☐ 50-75%

☐ More than 75%

* Condition of the field nearby

ok can be managed

