MANAGEMENT DISCUSSION AND ANALYSIS

A. Economic and Industry Overview

(a) Indian economy

Economic activity across the world recovered in FY2022 as countries relatively eased the Covid-19 led restrictions and continued fiscal and monetary support to revive growth. Indian economy also recovered, despite the impact of the second wave, with GDP growing by 10.6% during April – December 2021. Initially, pent-up demand led to strong demand for goods and hence recovery was led mainly by the manufacturing/ mining and construction sectors. Service segment revival started from Q2 FY2022 onwards as the second wave led restrictions were lifted.

The central government maintained the spending momentum with a focus on capital expenditure to spur economic growth and job creation. Budget FY2022-23 continued with the previous year's trend of higher focus towards capex vis-a-vis revenue expenditure, along with a gradual reduction of fiscal deficit. The central government is targeting a fiscal deficit of 6.4% for FY2023 against a revised fiscal deficit estimate of 6.9% for FY2022. The government aims to revive the private sector capex and has announced a slew of measures to promote domestic manufacturing capability in a few high growth sectors.

The central bank (RBI) also supported the market through easy monetary policy and an accommodative stance. RBI continued with high liquidity levels and regularly conducted open-market-operations under the Government Securities Acquisition Programme (G-SAP) to stabilize market volatility and ensure an orderly evolution of the interest rate environment.

Inflation pressures have been elevated throughout the year due to supply-side issues and a rise in commodity prices. Adverse geopolitical events (in particular, the Russia-Ukraine war) during the last quarter of the fiscal year further exacerbated the commodity inflation risk as sanctions and supply disruptions led to sharp movement in prices of key metals and energy commodities. India, being a large importer of crude, is adversely impacted by the high energy prices. It is difficult to predict the probable impact of these; but it is likely that global supply chain disruptions will have a longer life than the other challenges.

The global interest rate cycle is turning and rates are starting to rise as central banks pull back the easy monetary and liquidity policies amid the inflationary pressures. Domestic rates have also risen in the current fiscal mirroring the global trend.

GDP is expected to grow at 7.2% in FY2023, however, risks may arise out of rising inflation and widening current account deficit. India's healthy forex reserves are likely to ensure that global factors' impact on currency is cushioned.

(b) Insurance industry overview

The insurance industry of India comprises of 59 insurance companies, of which 24 are in the life insurance business, while 33 are non-life and one is a re-insurer as per the list mentioned on the Insurance Regulatory and Development Authority of India (IRDAI) website as at 30th April 2022.

The last two years have been difficult for the world economy on account of the Covid-19 pandemic. Repeated waves of infection, supply-chain disruptions and, more recently, inflation have been largely disruptive in terms of economic activity as well as loss of human lives. The pandemic brought about a major shift in the perception of life insurance among consumers. The life insurance industry observed a change in customers' preference to guaranteed return plans (due to market volatility and increased perception of risk). However, penetration of the life insurance business in India has also witnessed improvement post Covid-19.

The Life Insurance industry recorded a gross written premium income (including renewal premium) of ₹ 6.29 lakh crore during FY2021 as against ₹ 5.73 lakh crore during FY2020, registering a growth of 9.7 %. While private sector insurers posted 16.5% growth in their gross written premium income in FY2021, LIC recorded 6.3% growth in FY2021.

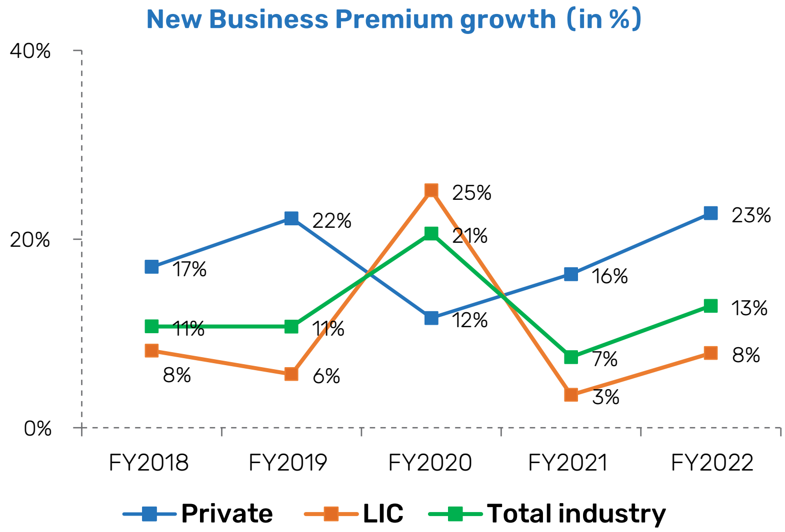
New Business Premium growth for the overall industry has been healthy (at 12.9%) with ₹ 3.14 lakh crore, while the growth registered by private players has accelerated to 22.7% in FY2022 (v/s 16.3% in FY2021).

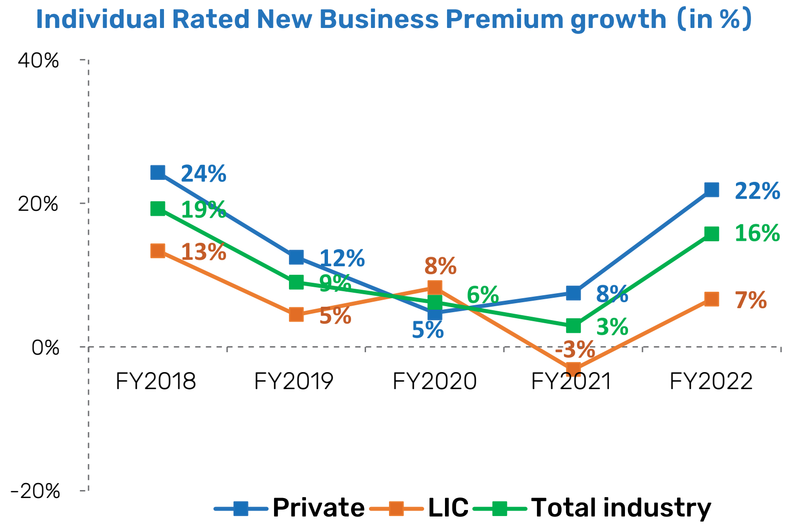
Apart from this, Covid-19 related disruptions continue to drive the insurance industry to redesign processes with enhanced use of digital techniques. This is expected to drive operating efficiencies for the insurers as well as improve the customer journey of buying and servicing insurance products. The vaccination programme has covered the bulk of the population, economic momentum building back and the likely long-term benefits of supply-side reforms are in the pipeline, India settles to live with the 'new normal' of the Covid-19 situation and the Indian economy is in a good position to witness.

The private sector has a larger share in the non-single sub-segment (mainly individual premiums), while LIC continues to dominate the single premium sub-segment. Further, Insurance behemoth Life Insurance Corporation (LIC), came up with the biggest Indian initial public offering (IPO) ever, wherein the government raised around ~₹ 20,560 crore by diluting 3.5% stake.

(Source: IRDA website, Union Budget documents, National Statistical Office)

New business trends and relative performance of insurers





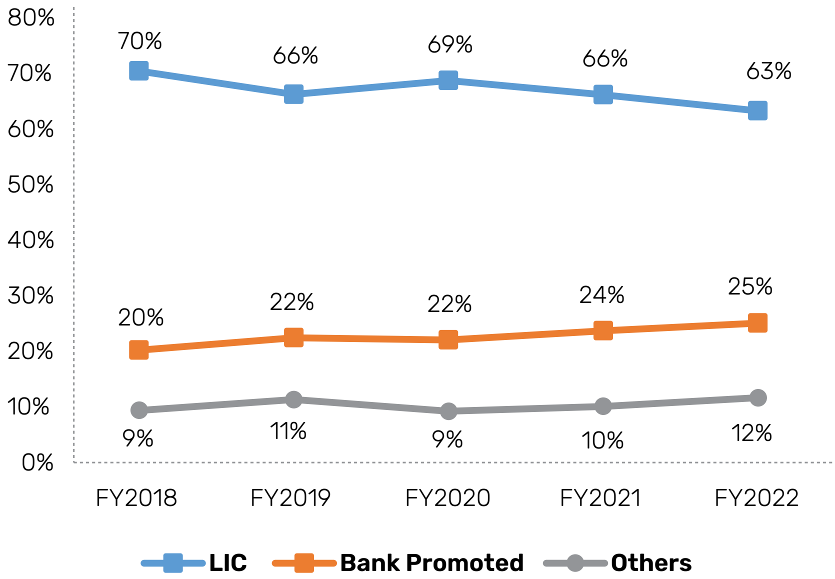
Based on total New Business Premium and Individual Rated New Business
Source: IRDAI and Life Insurance Council statistics
Note: Individual Rated NB = 100% of first year premium & 10% of single premium

As seen above:

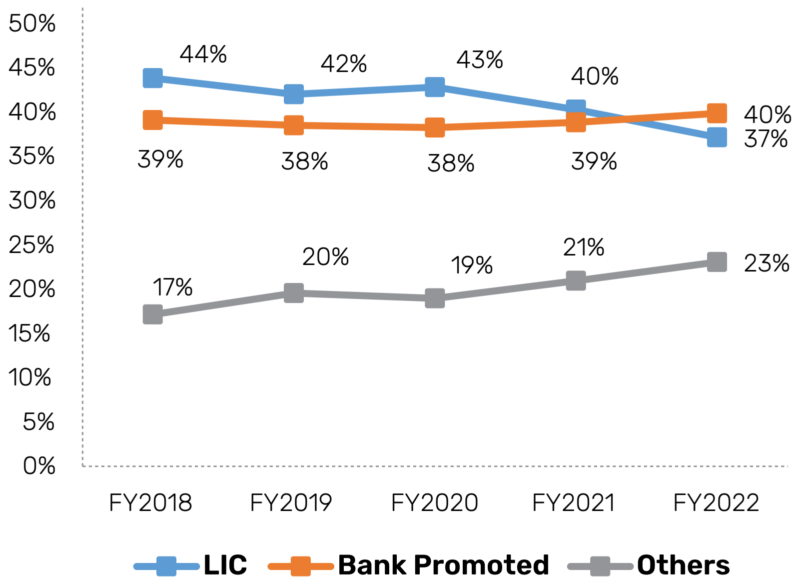
- Over the period of FY2018 to FY2022, the new business premium for the industry registered a growth of 13% (CAGR), as against the private insurers' growth of 18% (CAGR)
- On new business premium, the industry grew by 13% in FY2022 v/s 7% growth in FY2021. LIC grew by 8% in FY2022 as against the private market growth of 23%

On an Individual rated new business (IRNB) premium basis, the industry grew by 16% in FY2022 v/s 3% growth in FY2021. LIC's IRNB grew by 7% in FY2022.

New Business Market Share (In%)



Individual Rated NB Market Share (In%)



Based on total New Business Premium & Individual Rated New Business premium.

Source: IRDAI and Life Insurance Council statistics

Note: SBI Life, HDFC Life, ICICI Prudential Life, Max Life and Kotak Life are considered in Bank Promoted LI insurers

As seen above:

- LIC's market share reduced from 66% in FY2021 to 63% in FY2022 on a new business premium basis and from 40% in FY2021 to 37% in FY2022 on an IRNB basis. Despite losing market share over the years, LIC continues to dominate the life insurance sector

i. Shift in business mix

Individual business vis-à-vis group for the industry

New Business Mix	FY2018	FY2019	FY2020	FY2021	FY2022
Individual	48%	46%	39%	41%	40%
Group	52%	54%	61%	59%	60%

New Business Growth	FY2018	FY2019	FY2020	FY2021	FY2022
Individual	19%	6%	4%	12%	10%
Group	4%	15%	35%	4%	15%
Total Industry	11%	11%	21%	7%	13%

Based on total new business premium. Source: IRDAI and Life Insurance Council statistics

As seen above:

- The share of group business has marginally increased over the previous year
- The FY2022 industry growth was largely driven by group business. Against the total industry new business growth of ~13% in FY2022, the individual business grew by ~10% while the group business grew by ~15%

Individual new business regular premium business vis-à-vis single premium for the industry:

Individual business mix	FY2018	FY2019	FY2020	FY2021	FY2022
Regular	65%	68%	69%	63%	67%
Single	35%	32%	31%	37%	33%

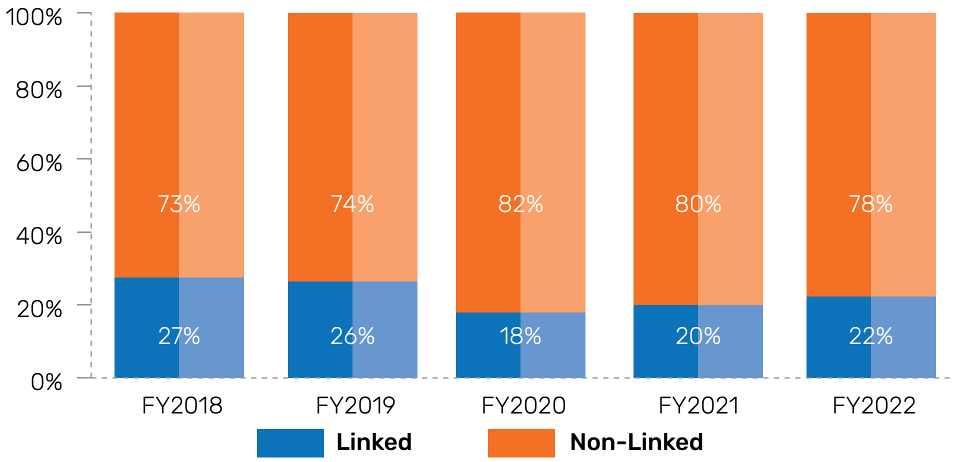
Ind. business growth %	FY2018	FY2019	FY2020	FY2021	FY2022
Regular	19%	10%	7%	1%	17%
Single	17%	0%	-2%	36%	-1%
Total industry	19%	6%	4%	12%	10%

Based on individual new business premium. Source: IRDAI and Life Insurance Council statistics

As seen above, Individual regular premium business has registered a growth of 17% in FY2022 (with an increase in the mix by 4%). Although there has been a significant focus on the single premium products including single premium annuity products, the share of the single premium business mix has reduced and it witnessed a de-growth of 1% in FY2022, majorly due to LIC.

ii. Shift in NB product mix

New business product mix for Industry players

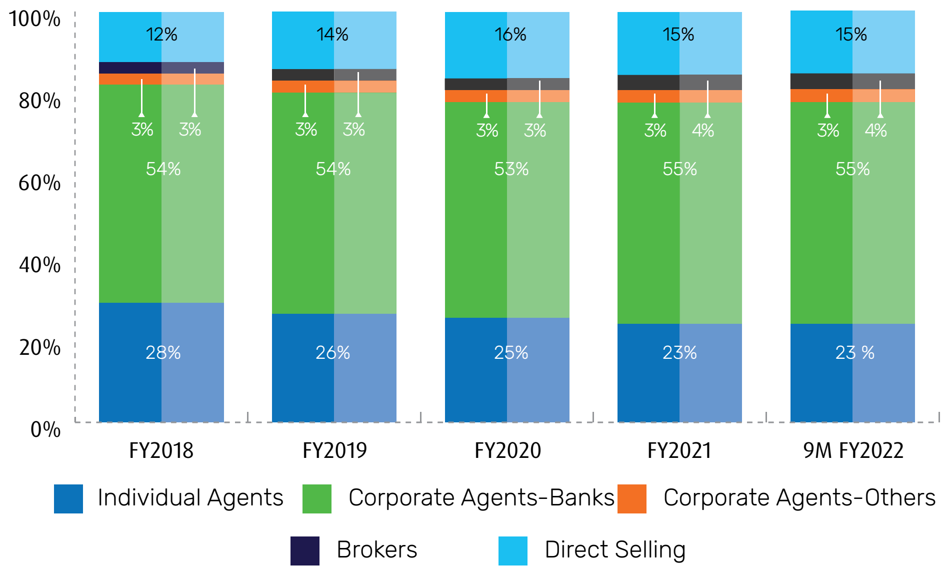


Based on total Rated New Business Premium
Source: IRDAI Annual report and Life Insurance Council statistics

In the past few years, after the global economic slowdown coupled with increased financial awareness, volatile capital markets and falling interest rates, consumers gave preference to guaranteed, protection & other traditional life insurance solutions with an objective to conserve wealth; resulting in increased contribution from non-linked products to 78% for FY2022 from 73% in FY2018. ULIPs however still hold a significant share of the business mix at 22%, although their share has lowered from the earlier highs of 27% in FY2018.

iii. Distribution mix

Individual New business channel mix



Based on Individual New Business Premium for private Industry. Source: Public disclosures

Guaranteed[1] income for up to 30 years[7]

Tax benefit u/s 80C[2]

Life Cover

BAJAJ ALLIANZ LIFE GUARANTEED[1] RETURN PLANS

SCAN TO BUY

: 1800 209 4040

CONTACT YOUR INSURANCE CONSULTANT

YE BHI SAHI HAI

[4]Above illustration considering male | Aged 30 years | Variant - Second Income | Policy Term 44 years | Deferment Period - 2 years | Existing customer | Online channel | Income Period 30 years starting from 15th policy year | Auto Pay opted | Return of premium opted payable at the end of the income period | Death benefit at 1st policy year will be ₹25,00,000. | The premium mentioned above are exclusive of any extra premium loading and Goods & Service Tax/any other applicable tax levied, subject to changes in tax laws. | The Income payouts will be paid in arrears as per chosen payout frequency.

Bajaj Allianz Life Insurance Co. Ltd. **Risk Factors and Warning Statements:** Bajaj Allianz Life Insurance Company Limited and Bajaj Allianz Life Assured Wealth Goal are the names of the company and the product respectively and do not in any way indicate the quality of the product and its future prospects or returns. For more details on risk factors, terms and conditions, please read sales brochure & policy document (available on www.bajajallianzlife.com) carefully before concluding a sale. Bajaj Allianz Life Assured Wealth Goal is A Non linked, Non Participating, Individual, Life Insurance Savings Plan. Regd. Office Address: Bajaj Allianz House, Airport Road, Yerawada, Pune-411006, Reg. No.: 116, CIN: U66010PN2001PLC015959, Call us on toll free No.: 1800 209 7272, Mail us: customercare@bajajallianz.co.in, Fax No: 02066026789, Bajaj Allianz Life Assured Wealth Goal (UIN: 116N170V03), The Logo of Bajaj Allianz Life Insurance Co. Ltd. is provided on the basis of license given by Bajaj Finserv Ltd. to use its "Bajaj" Logo and Allianz SE to use its "Allianz" logo. All charges/taxes, as applicable, will be borne by the Policyholder.
[1]Conditions Apply – The Guaranteed benefits are dependent on policy term, premium payment term availed along with other variable factors. For more details please refer to sales brochure. [5]Amount = ₹2,95,500 starting from 15th policy year |[6]Total = ₹1,12,65,000, Assuming the policy holder survived till end of policy term | [7]Product features mentioned above are dependent on variant chosen
[2]Tax benefits as per prevailing Income tax laws shall apply. Please check with your tax consultant for eligibility.

BEWARE OF SPURIOUS PHONE CALLS AND FICTITIOUS / FRAUDULENT OFFERS - IRDAI is not involved in activities like selling insurance policies, announcing bonus or investment of premiums. Public receiving such phone calls are requested to lodge a police complaint.

BJAZ-PR-EC-03304/22

As seen above, traditionally the Agency channel was one of the primary channels in the Indian Insurance distribution network mainly driven by LIC. However, in the last couple of years, a reducing trend has been observed in the Agency channel's share (from 28% of new business premiums in FY2018 to 23% in 9M FY2022). This is mainly driven by the private players, as companies are focusing on selling through bancassurance partnership, brokers, web-aggregators and direct selling channels. The focus has also enhanced towards investing in upselling and cross selling opportunities to the existing customer base along with propelling innovations on the process and technology front.

iv. Regulatory changes and implications thereof

Some of the key regulatory initiatives taken by IRDAI during the year are summarised below:

(a) IRDAI (Insurance Advertisements and Disclosure) Regulations, 2021

These Regulations have superseded IRDAI (Insurance Advertisements and Disclosure) Regulations, 2000, and have become effective from 9th April, 2021. These Regulations apply to all insurers, and insurance intermediaries. Key highlights include the introduction of new definitions like an advertisement, Invitation to inquire, Invitation to contract, Joint Sale advertisement; provisions for communication on or through the internet or other electronic media, content posted on social media platforms etc.

(b) Investment in AIF/ Debt Securities of InvITs and REITs:

i. Investment in Alternative Investment Fund (AIFs)

The Authority vide this circular has permitted investment in Fund of Fund (FoF), subject to conditions. This was earlier prohibited as per Investments - Master Circular, 2017.

ii. Investments in Debt Securities of InvITs and REITs

The circular contains conditions basis which Insurers can invest in Debt instruments of Infrastructure Investment Trust (InvITs) and Real Estate Investment Trust (REITs).

(c) IRDAI (Manner of Assessment of Compensation to Shareholders or Members on Amalgamation) Regulations, 2021

The Regulations provide for the manner of assessment of compensation for the shareholders or members whose interests in, or rights against, the transferee insurer resulting from amalgamation are less than their interest in, or rights against the original insurer and are effective from 22nd April, 2021.

(d) Exercise of Employee Stock Options (ESOPs) - Applicability of provision of Section 6A (4) (b) of the Insurance Act, 1938

The circular states that all ESOPs shall be reported to the Authority at the time of grant as a part of the application filed under IRDAI (Remuneration of Chief Executive Officer/Whole-time Director/Managing Director of Insurers) Guidelines, 2016 and where the exercise of ESOP by one or more KMPs whether singly or jointly, is beyond the threshold limit, prior approval of the Authority shall be sought.

(e) Indian Insurance Companies (Foreign Investment) Amendment Rules, 2021

These rules have been made effective from 15th April, 2021 to coincide with Foreign Direct Investment in the Insurance sector is increased from 49% to 74%. Total Foreign Investment in an Indian Insurance company shall be calculated in accordance with applicable IRDAI regulations. Indian Insurance Company having foreign investment shall have specified positions (a majority of its directors, Key Management Persons and at least one among the chairperson or its MD & CEO) held by Resident Indian Citizens. Additional compliances were introduced for insurance companies in which foreign investment exceeds 49%.

(f) IRDAI (Registration of Indian Insurance Companies) (Amendment) Regulations, 2021

The amendment Regulations, 2021, have come into force with effect from 8th July, 2021 which substitutes 49% with 74% in line with Indian Insurance Companies (Foreign Investment) Amendment Rules, 2021. Further, new sub-regulation 5A namely "Requirement of Resident Indian citizenship for Directors, Key Management Persons etc." and Sub-regulation 5B for "Requirements for foreign investment exceeding forty-nine percent" have been added. Also, existing insurers having any foreign investment are required to comply with the requirements of sub-regulation 5A within a period of 1 year.

(g) Withdrawal of Guidelines on Indian owned and controlled

Consequent to the changes brought in by Insurance (Amendment) Act, 2021 and Indian Insurance Companies (Foreign Investment) (Amendment) Rules, 2021, the Authority has withdrawn the Guidelines on "Indian owned and controlled", dated 19th October 2015 with effect from 30th July 2021.

(h) Implementation of provisions of the Mental Health Care Act (MHCA)-2017 in Health Insurance Policies

This circular directs Insurers to ensure that the terms & conditions of their policy contracts are in line with the provisions of the MHCA Act and re-file existing products, in case of any deviations. For policies already issued, claims settlement shall be in line with MHCA, irrespective of policy provisions. Further, the Underwriting Policy shall contain provisions for the evaluation of proposals of persons with Mental Illness.

(i) Pradhan Mantri Suraksha Bima Yojana and Pradhan Mantri Jeevan Jyoti Bima Yojana – Revision of terms and conditions

The Finance Ministry through this circular revised terms and conditions of Pradhan Mantri Suraksha Bima Yojana and Pradhan Mantri Jeevan Jyoti Bima Yojana. Insurance Marketing Firms have been added to the list of intermediaries and expenses saved through voluntary enrolment via electronic mode, to be transmitted to policyholders by way of reduced premium.

(j) Circular on Disclosure of underwriting philosophy of offering Health Insurance Coverage to Transgender persons

The Authority vide this circular has instructed all Insurers to publish the aspects of underwriting philosophy and approach with regard to offering health insurance coverage to transgender persons on their respective websites, to ensure that the targeted population has access to complete information on the philosophy that insurers adopt in this regard.

v. Opportunities

Shifting focus on targeted health management:

In the upcoming decade, insurers shall play a leading role in the health of their customers as life expectancy increases and health trends change. By 2030, the number of individuals aged 60 and older will grow by over 50%, from ~900 million in 2015 to ~1.4 billion. Further, non-communicable disease, those more closely linked to lifestyle and behaviour, such as diabetes, heart disease and cancers, will account for ~71 percent of all annual deaths globally and represent an increasing proportion of mortality risk, as per McKinsey's report. It is believed that these factors will motivate lives and annuities players to engage customers within the shared-value economics of healthy living to extend the policyholder's longevity.

Under-penetration and high protection gap:

The country's low penetration vis-à-vis advanced economies and relatively low share of financial savings as part of household savings provide ample opportunities to the insurers. The insurance industry's penetration increased to 4.20% in FY 2021 from 3.76% FY 2020 as per IRDAI Annual report 2020-21, which is significantly lower than the global average of 7.4%. Also, India has a higher protection gap considering the population density, than many other economies on the same base. There is an enormous opportunity to penetrate the underserviced segments, with the evolution of life insurance distribution.

Technology as a key enabler:

Technology has proved to be a game changer in almost all industries and the insurance industry is no exception. Increasing internet penetration (with the number of active Internet users in India is expected to increase by ~45% in the next five years and touch ~900 million by 2025 from around ~622 million in 2020, as per the I-CUBE 2020 report of Internet and Mobile Association of India) will continue to influence various industries, insurance being one of the top amongst them. Insurers need to invest in the digitization of their businesses and better leverage technology in order to offer their customers innovative and relevant products at a reasonable cost and in an efficient manner. The future shall also witness insurers leveraging data and analytics to generate better risk insights that can help them optimize the underwriting and pricing. Similarly, opportunities lie in revamping core processes through robotics and artificial intelligence for better and faster decision-making.

Focus on guaranteed and protection products:

Covid-19 pandemic has brought about a significant shift in the perception of insurance among consumers with increased awareness about life covers, changing preferences and wish for the certainty of returns on the investment. The customer identifies a need for adequate life assurance and being covered with appropriate products. The fear of uncertain global events shall further provide a push to remain protected with life assurance solutions with a focus on prudent financial planning. Turbulent markets and the uncertain job market might further encourage individuals to secure their savings with long-term guaranteed return plans.

Annuity and pension opportunity:

The National Pension Scheme (NPS) provisions make it mandatory for the contribution of 40% of its total corpus towards annuity schemes offered by life insurers, which provide a large customer base opportunity to insurers. LIC has been the largest player in the industry but the top four private players started focusing on annuities from FY2018 and have registered ~7-8x growth from FY2018 to FY2022. The overall retirement fund corpus in India in various funds like NPS, Life Insurance, Employee Provident Fund (EPF), Public Provident Fund (PPF) etc. as of FY2022 is around ₹ 42 lakh crore which presents a large business opportunity for Life Insurers.

(Source: LIC's DRHP, CRISIL Research, investor presentations / website of respective players and organizations)

Enabling ease at every touchpoint:

Consumers today expect every service to be available at their fingertips wherever they are. Hence, there is a need for an easily accessible platform where the consumer can check and apply for the policy in minimum time and without any hassle or 'panic-buying'. Speed will be a major differentiator in the coming years and to achieve a faster turnaround time, insurer companies will be focusing on the alternate data for better consumer insights using technological advancements and artificial intelligence.

Customer's need based products

After the Covid-19 pandemic, consumers are looking for better need-based life insurance products, combined with personalized offerings. The need for flexibility in payments, innovative products, online modes of transactions (contactless purchase and renewal) & added benefits of Covid-19 insurance in existing plans are some of the primary expectations from the post-pandemic insurance sector.

vi. Risks and threats

Low awareness amongst customers:

The insurance industry still faces challenges of low awareness and the need for insurance, resulting in low insurance penetration. Although the situation has improved marginally post Covid-19, however, penetration still remains low in comparison to population density.

Evolution of underwriting process to adapt with evolved risks:

To remain competitive, insurers should accelerate underwriting transformation. Moving from transactional and episodic customer engagement to personalized and continuous engagement. As the life insurance industry adapts to new market conditions, roles will likely need to be transformed. Insurers will have to demonstrate that they are at compelling risk and have to proactively manage the risk. Furthermore, at the industry level reinsurer's witnessed rate hike, consequently at insurers' end, risk of retention in the books needs to be strengthened. Underwriting will have to be a process, leveraging a convergence of data, technology and human capital.

Challenge of prediction and counteractions against risks:

Risk factors are more complicated today and less predictable overall. Insurers must accurately assess macro-level risks like economic and political tumult alongside detailed personal data. The insurance industry needs to invest more and more in the machine learning and artificial intelligence (AI) that can predict the risk more accurately. More comprehensive risk assessments can lead to broader offerings, including risk counselling and risk mitigation services. Insurers must also monitor the emerging threats and protect their IT environments from cyber-attacks.

Develop flexible products for challenging regulatory environment:

With the standardized products trend, it has become possible for insurers now to come up with new propositions to create simpler ways to package complex life insurance products. Some factors that consider long-term changes (such as the effects of "long Covid-19" on Health) are shaping not only the products but also the prevention and assistance services for new innovative technologies.

Disruption of business models by Insurtech companies:

The new digital trends in insurance have given rise to a tide of technology-driven insurance companies, also known as Insurtech. World over, large scale distribution models, insurance being one among them, is facing disruption from data driven entities. While the disruptions were initially focused on transforming how business services are delivered, it now aims to transform how the entire business model will work. Therefore, insurance companies must be on top of upcoming digital trends in insurance and absorb them in their business to meet the future needs of their customers.

B. Business overview

i. Company strategy

(a) Continue to focus on long term living benefits & enhance the existing product portfolio

Post pandemic, the financial goals of customers have undergone some recalibration with the need for protection and savings becoming more evident. Guarantees with long term benefits are taking centre stage for life insurance. This coupled with the fact that life expectancy in India is increasing has made us more focused on fulfilling customers' goals for the longer term. The growing need for income and retirement planning has created a demand for secure investment options as well.

In each segment of products, Bajaj Allianz Life Insurance Company Limited (BALIC) offers superior benefits with long term planning options. The Company offers guaranteed returns or market-linked returns depending on customers' needs.

The Company will continue to invest and innovate in products to address the 'long term' needs of the customers while continuing to maintain a balanced product mix which provides maximum value to the three key stakeholders i.e. Customers, Distributors and Shareholders.

At BALIC, 'Customer Obsession' is an organization wide program, that unifies all customer initiatives across the business to strengthen BALIC's differentiation in the industry with the aim to make customer experience an integral part of the business. The focus is to drive customer first approach across the organization and inculcate the culture of first time right, creating a WOW experience, digitization, and simplified customer journeys.

The program is divided into 4 components, namely, VOC (Voice of Customer), VOIC (Voice of Internal Customer), Culture Building and Priority Initiatives:

- VOC – Customer Experience Indicators is the Customer First Tool across all customer facing channels to drive Zero Detractor Way of working and First Time Fix culture. Under this initiative, the Company is closely monitoring the Transactional Net Promoter Score (TNPS) and Relationship Net Promoter Score (RNPS)

- VOIC is being measured to understand 'how can the Company enhance employee experience'. Under KPI (Key Performance Indicators) alignment approach, the organization is promoting customer first culture by adding TNPS and RNPS as a measure of success in the employee goal sheet
- Culture Building primarily focuses on driving the customer centric mindset and rewarding those who go extra mile for the customers
- Under Priority Initiatives, the Company has identified 11 priority tracks across the organization and aligned critical LRP (Long range Plans) and Non-LRP projects under these tracks. In each project the Company has defined business and customer impacting metrics and included TNPS as a measure of success. BALIC is also driving cross functional collaboration to keep these projects aligned around shared business goals & objectives

With an aspiration to provide customers with the 'Best in Class' product suite, the Company launched the Assured Wealth Goal product which is one of the most comprehensive and competitive guaranteed income plans in the industry.

Other key product offerings are:

- Guaranteed Pension Goal (Industry first – option to pay regularly and retire with a lifelong guaranteed annuity)
- Flexi Income Goal (participating income/endowment plan)
- Future Wealth Gain (market-linked product with loyalty additions and fund boosters)
- Smart Wealth Goal (market-linked product with the return of allocation and mortality charges)
- Guaranteed Income Goal & POS Goal Suraksha (non-participating guaranteed product)
- Smart Protect Goal (term plan with coverage up to 99 years of age and comprehensive add-on options)

These products have helped us cater to different customers' segments and their needs at various stages of life. The Company will maintain the focus to innovate and launch feature-rich customer-centric products.

(b) Continue with centricity in the Mass affluent

In continuation to the endeavour to be the brand of choice for higher income retail customer segments, the Company has aligned themselves towards gaining mind share of mass affluent and above category of customers.

The strategic orientation has started showing positive results, with a share of mass affluent and above customer's mix moving up from 54% in FY2021 to 60% in FY2022. In terms of regular premium average ticket size, at the overall level BALIC is at ~78K in FY2022 v/s ~58K in FY2021. The distribution set up has enabled us to cater to various customer segments, for instance, variabalisation and verticalization of agency, new white spaces for BALIC Direct, and a diverse range of partners like new age partner Banks, SFBs, Brokers and Web Aggregators, all catering to specific target segments of customers.

Analytics serves as an important backbone behind all the initiatives which are driven by data to target the right set of customers with the right offering depending on the life stage and various life goals.

Along with it, the focus has been on offering the best in class products for all ticket sizes to cater to the different needs of the customers. The Company has embarked on a customer obsession journey, where all processes & projects are being evaluated through customers' lens with customer-facing metrics.

(c) Continue to Invest in new retail engines of growth

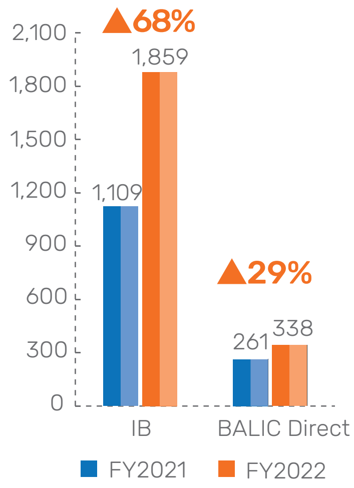
Traditionally, the Company has been an Agency dominated company with limited retail business contribution from non-agency channels. The Company embarked on a journey to scale up the alternate channels by focusing on:

(a) creating a robust Proprietary Sales Force (BALIC Direct) to invest in upselling and cross selling opportunities to the existing customers

(b) strengthen Institutional Business (IB) with various corporate distributors (Banks, brokers, web-aggregators)

The Company has tied up with several partners as Corporate Agents in the recent past. The key recent partnerships include Axis Bank, IDFC First Bank, Ratnakar Bank Limited (RBL Bank), India Post Payment Bank, and Karur Vysya Bank. alternate retail channels (non-agency) now comprise Institutional Business and BALIC Direct channels which contribute ~60% of the retail business.

Individual Rated New Business Premium (₹ In Crore)



(d) Improved quality of business which includes improvement in persistency and reduced surrenders, early claims and customer grievance

There has been a significant focus and rigorous efforts, to build a sustainable and good quality renewal book, arrest the surrenders and improve customer experience. Below are the few key initiatives undertaken for each category:

i. Persistency: The following key initiatives are undertaken to improve persistency:

- Promoting auto-payment registrations via various digital enablement to ensure renewal premium collection
- Leveraging the latest technologies to offer self-servicing and digital payments thereby creating a seamless payment experience through various new-age avenues e.g. Online payment, Wallets, UPI (Unified Payments Interface) & Cards
- Use of analytical Due and Lapse propensity models to drive renewal collections with optimum efforts
- Driving distribution ownership and accountability on persistency by linking 13th & 25th month persistency rates with the sales KPIs (Key Performance Indicators)
- Pre due renewal reminder calling for specific IB sub-channels to drive renewal collections
- Contextual nudges around renewal & Auto-pay in customer service journeys
- Enhanced coverage of customers located in remote areas via branch operations service executives to offer doorstep service
- Making auto-payment registrations mandatory for policies on non-annual modes
- Focused communication campaign drives for renewal & persistency e.g. Traditional Bonus, LTCG benefit on ULIPs, Season specific communication, etc.
- Leveraging voice BOT calling to maximize coverage for renewal reminders

ii. Surrender retention

- Regular training intervention on objection handling for branch operations team for effective retention
- Surrender Retention room is instituted in eligible offices to facilitate customer's discussion, which includes emphasis on policy benefits and staying invested

- LAIP (Loan Against Insurance Policies) option (as per product conditions) is offered to customers as a retention tool to fulfil their temporary financial needs – ₹ 156 cr of LAIP for FY2022 as compared to ₹ 112 cr in FY2021
- Central Surrender Retention desk is managed by a specialized team equipped with product knowledge, which communicates the benefits to retain customers
- Relationship Model team (Virtual Account Management) proactively connects with a focused base to enhance customer experience and hence drive surrender retention
- Customer engagement in the form of Life Goals based communications carrying policy benefits are triggered to customers to arrest surrender

iii. Early claims

- Use of predictive analytics at pre-issuance (Early Death Claims Model EDC 2.0) and post-issuance by the FPU (Fraud Prevention Unit) team
- Created in-house Early Warning Signals to identify high-risk policies at T+1
- Conduct field verification on suspicious cases pre and post-issuance and at the claims stage too
- Created strong ground intelligence and monitoring and surveillance unit keeping a constant watch on the business
- Strong collaboration with Insurance Information Bureau (IIB) for identifying Fraudulent customers proactively who have been identified as fraudulent with peer insurance companies
- Leveraging technologies like Face Recognition to identify Impersonation cases proactively
- Creating awareness among distributors on types of frauds and Do's and Don'ts through Classroom trainings, Anti-Fraud Communications, and Anti-Fraud Sessions at the onboarding stage
- Continue to conduct police training sessions and file FIRs and police complaints against the fraud entities creating a fraud deterrence on the field

iv. Customer Grievances

- With Robust RCA (Root Cause Analysis) driven process put in place to identify and route service related opportunities through re-engineering and continuous improvement, customer complaints have minimized year on year and BALIC has been able to control grievance ratio at one of the industry best levels
- Action oriented governance matrix has helped drive proactive due diligence, management and redressal of customer escalations related to unfair business practices at an organization level

Above listed efforts have led to improvement in the persistency, growth in renewals and reduction in grievances.

(e) Digital by default

At BALIC, the technology team in collaboration with various internal and external teams successfully implemented several projects in order to strengthen the digital mode of sales and servicing and ensuring smooth collaboration among various stakeholders during the time of social distancing and "Work from Home" (WFH). This has prompted BALIC to offer digitally enabled omni-channel systems and better online functionalities.

Major digital initiatives rolled out during the year are:

- **CCM (Customer Communication Management)** – 800+ communication templates made live for customers and other stakeholders. Integration with OPUS (policy admin system) for faster and reliable communication

- **LMS-INSTab Journey Integration:** Sales team can directly switch to INSTab from the Lead Management system (LMS) to continue the NB login journey without any discontinuity
- **BOTs –** WhatsApp bots have been rolled out to empower Sales managers from Direct business and Insurance Managers from Agency –Insurance Manager (IM) vertical
- **Claims Risk Model:** An analytical module integrated with OPUS that helps in identifying the risk of fraud on notified early claims
- **Revamped Digital Applications:** 7 existing critical Digital applications are revamped to modern micro service based architecture
- **Geo tagging in Lead Management system(LMS):** Now LMS is upgraded to capture the Latitude-longitude (co-ordinates) of the user based on his/her location. This would enable sales to carry out multiple activities with much more accuracy and efficiency
- **Self-Lead journey 'Swayam'** – New initiative enabling BALIC's regional accountants (RAs) to get self-generated leads to be pushed via the Bank's Branch Head, Branch Operations Head & Branch Sales Manager(BSM) using 'Swayam' tagging
- **INSTab replica:** A clone of INSTab (new business app) that is now used for hands-on training of new joinees across all Sales verticals

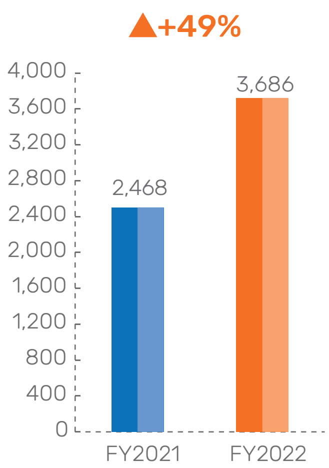
Technological adoption of micro services and containerization is now getting widely used to create a unified service catalogue and allows agents and banca partners & other alternate channels to issue policies via direct or integrated channels seamlessly and securely.

ii. Performance overview: FY2022

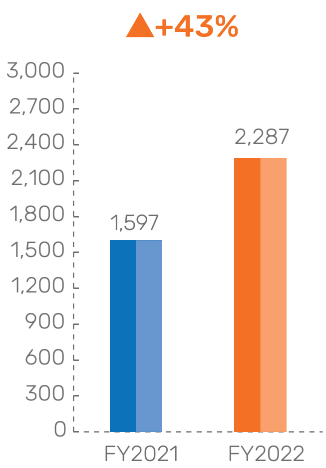
(a) New business growth and market ranking

In terms of Individual Rated New Business (IRNB) premium, BALIC witnessed strong growth of 49% vs. industry growth of 16% and private industry growth of 22%. BALIC registered the fastest growth among the top 10 private insurers during FY2022 and maintained its 6th rank for FY2022. In terms of new business premiums, BALIC registered a new business growth of 45% for FY2022 vs. industry growth of 13% and private industry growth of 23 %. In terms of new business premium, the Company improved it's rank to 4th position.

Individual Rated New Business premium (₹ In crore)

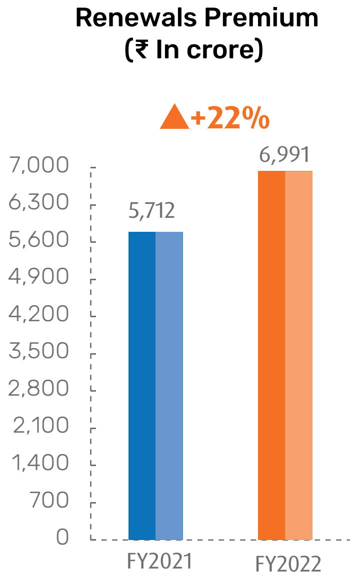


Group Protection Premium (₹ In crore)



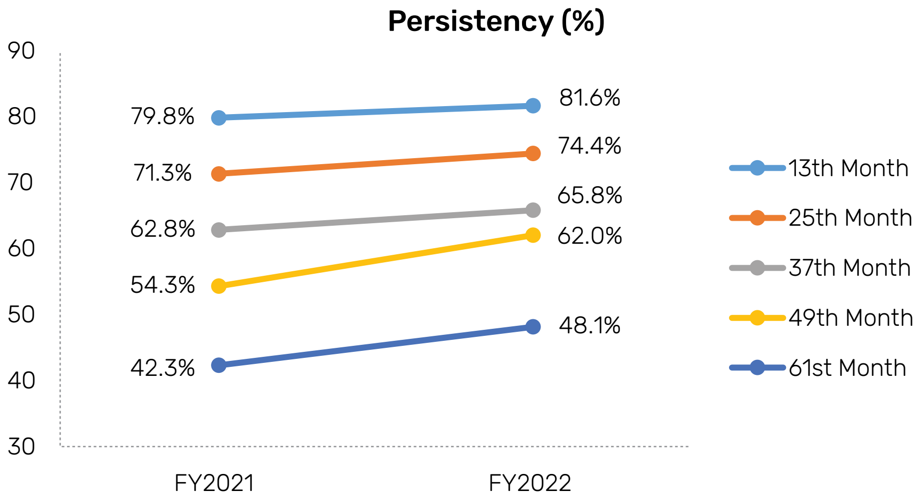
(b) Renewal premium

With continued focus and various initiatives; the Company registered for FY2022 renewal premium of ₹ 6,991 crore as compared to ₹ 5,712 crore for FY2021; growth of 22%.



(c) Persistency

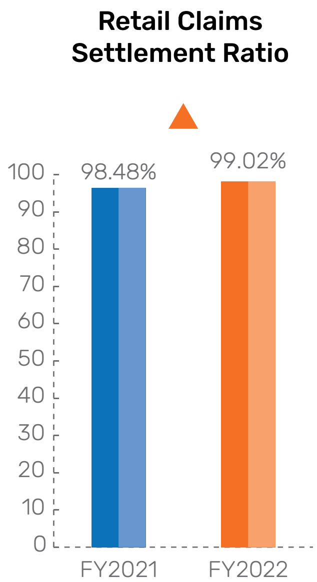
Continued focus on renewal collections supported by various initiatives to improve persistency such as driving auto-payment registrations, promoting digital payments, greater distribution ownership and various other initiatives have led to 22% growth compared to the previous year period.

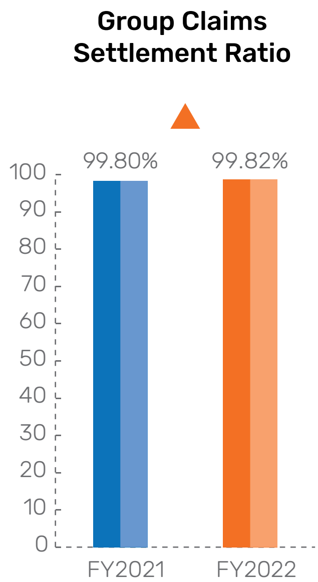


Note: The persistency ratios for the year ended March 31, 2022 have been calculated for the policies issued in the March to February period of the relevant years. e.g.: the 13th month persistency for the current year is calculated for the policies issued from March 2020 to February 2021

(d) Claim Settlement Ratio

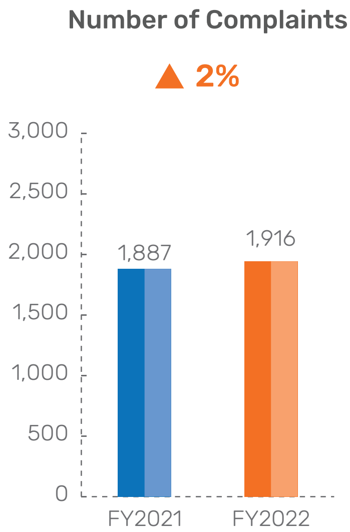
Continues to focus on improving the claim settlement ratio year on year. BALIC registered improvement in retail claims settlement ratio from 98.48% in FY2021 to 99.02% in FY2022 and improvement in group claims settlement ratio from 99.80% in FY2021 to 99.82% in FY2022.

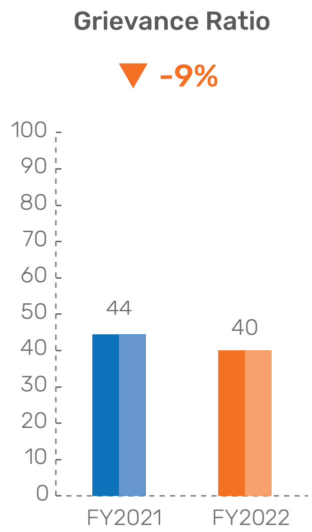




(e) Continual efforts in reducing grievances

Though complaints have been increased marginally by 2% from 1,887 in FY2021 to 1,916 in FY2022; the grievance ratio (grievances per 10,000 new policies issued) reduced from 44 in FY2021 to 40 in FY2022 (reduced by 9%).





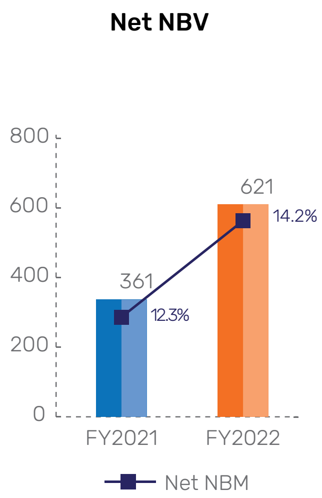
(f) Profitability – Profit after Tax and New Business Value/Margin

The Company earned a profit after tax of ₹ 324 crore during FY2022 as compared to the profit of ₹ 580 crore for FY2021 primarily due to higher Covid-19 related claims and new business strain basis higher business growth. The segmental performance for the Company is summarized below:

(₹ in crore)

Surplus/(Deficit)	Participating	Non-participating	Shareholder	PAT
FY2021	80	-149	649	580
FY2022	75	-430	679	324

The New Business Value/Margin (NBV/NBM), which is the net present value of future profits for the Shareholders' from the new business written during the year. NBV/NBM reflects the management's view of the profitability of a product over its life measured at the point of sale. The Company's net NBV was at ₹ 621 crore in FY2022 as against ₹ 361 crore for FY2021, a growth of 72% and Net NBM improved to 14.2% from 12.3%.



(g) Market Consistent Embedded value

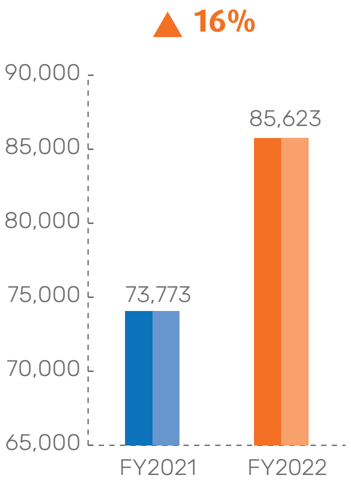
The Company has also been disclosing the Market Consistent Embedded Value (MCEV), which is a measure of the present value of Shareholders' interests in the earnings distributable from the assets allocated to the business after sufficient allowance for the aggregate risks in the business. MCEV reflects the value of in-force business along with the Shareholders' net-worth. MCEV is not a reflection of the market value of the Company. MCEV is computed in line with the Actuarial Practice Standard 10 issued by the Institute of Actuaries of India. The MCEV of the Company as at 31 March 2022 stood at ₹ 17,249 crore, up from ₹ 15,534 crore as at 31 March 2021.

(h) Strong Solvency and Assets Under Management (AUM)

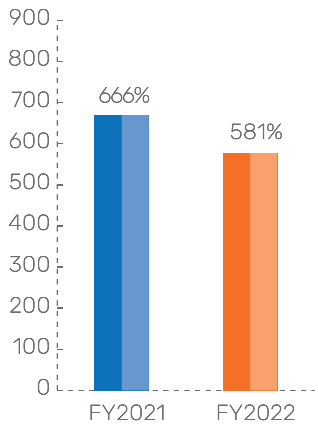
The Company remains well capitalized and maintained very high levels of solvency throughout the year. The solvency ratio as at March 31, 2022 stood at 581% (March 31, 2021: 666%) which is significantly in excess of the regulatory required limit of 150%.

The AUM for the Company (including unclaimed funds) grew by 16% to end at ₹ 85,623 crore at March 31, 2022, increased from ₹ 73,773 crore at March 31, 2021.

AUM (₹ in crore)



Solvency (%)



(i) Brand performance

A few key initiatives are as under:

- Launched a multi-media (TV, Print and Outdoor) campaign "Yeh Bhi Sahi Hai" aimed at promoting Guaranteed return plans highlighting the need to diversify one's portfolio with guaranteed return products and invest for key Life Goals like child education in Guaranteed return plans from Bajaj Allianz Life
- Launched a unique campaign - Superstar After Retirement - to engage with customers over the age of 45 years who has the passion and skill to be part of a music video under the guidance of key Bollywood stars. 5,500+ entries were received
- Launched "ULIP EK, Fayde Anek" campaign to promote the various unique advantages of investing in ULIPs like long term growth, flexibilities and life cover
- Got associated with "ThinkStartup" for the Youth Ideathon - India's largest festival of ideas with an aim to develop a spirit of innovation and entrepreneurship amongst school students
- Bajaj Allianz Life celebrated Compliance Awareness Week to re-iterate the needs and importance of compliance and strengthening the compliance culture in the Company

Awards Won

- BALIC was certified by Great Place to Work® India and also won Kincentric Best Employer Award 2021 during the year
- 'Highest Growth' award at the ASSOCHAM 13th Global Insurance E-Summit & Awards for the overall growth trajectory of the company
- 'Domestic Life Insurer of the Year- India' at Insurance Asia Awards 2021
- Revolutionary platform Smart Assist won various accolades during the year. These include:
  - Digital Technology Senate Award 2021, under the 'Enterprise Mobility' category
  - Insurance Asia Awards 2021 under 'Insurance Initiative of the Year-India'

- Tech Leadership Awards 2021 under 'Business Innovation – Best Covid-19 Response' and 'Best in Future of Digital Innovation'
- IDC Future Enterprise Awards for India under 'Best in Future of Customers and Consumers'
- ET BFSI.com Excellence Awards 2021 under 'Best Digital Customer Experience Initiative [Insurance]'

- Also won the following awards for its overall digital infrastructure
    - Tech Leadership Awards 2021 under 'Best in Future for customers and consumers'
    - IDC Future Enterprise Awards under 'Special Award for Digital Resiliency'
- 'Data initiative of the year' and 'Anti-fraud team of the year' at the Economic Times 4th BFSI Innovation Tribe Awards & Summit and 3rd Annual Anti-fraud Conclave and Awards 2021 respectively for fraud prevention / mitigation initiatives
- BALIC's Plank Challenge won 'Marketing Initiative of the Year - India' at Insurance Asia Awards 2021
- BALIC's #savingstolifegoals campaign won GOLD under the 'Marketing Campaign during Covid-19 category at ET Brand Equity Shark Awards 2021
- Gold #SAMMIE for the 'Best Social Media Brand' in BFSI (Insurance category) at the Best Social Media Brands Award 2020-21

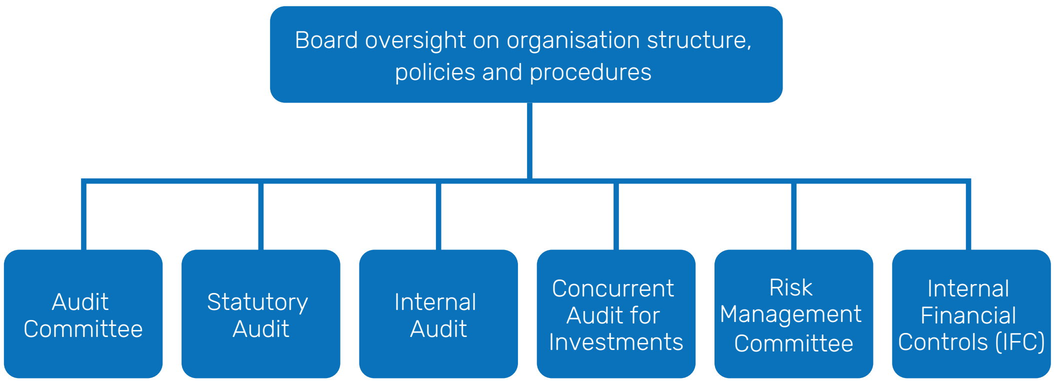
Webinars & Ranking

- The leadership team participated in 13 virtual events organized by industry bodies and media houses such as CII, The Economic Times, Business Standard, Mint, etc. The topics ranged from Current Scenario & Way Forward for Insurance Industry, Investing in Markets, Digital Adoption in Life Insurance, Fraud Prevention / Mitigation etc.

- BALIC ranked #1 amongst private life insurers in PR Share of Voice in FY2021-22; this ranking is done by Eikona TAM Media, an independent ranking agency for PR (Public Relations)

(j) Internal control and its adequacy

The Company has in place adequate systems of internal control commensurate with its size and nature of business. This Internal Control architecture has been summarized below:



Board oversees the internal control governance structure. Head of Departments (HOD) ensures control activities are performed at all levels within their functions, at various stages within business processes, and over the technology environment.

Observations of statutory, internal and concurrent auditors are presented before the audit committee for corrective and preventive actions. A pre audit committee is in place to go through, in great detail, each aspect impacting the control environment. The Audit Committee deliberates upon auditors' views on the adequacy of internal control systems and monitors the progress of open items through the action taken report. The risk management process identifies risks surrounding the Company's activities. Risk management is integrated into the Company's culture by way of an effective policy and a program led by the most senior management.

Departmental policies and procedures are an effective way to maintain a strong system of internal controls. All the departments have documented policies and procedures of critical processes in their respective functions and ensure operating level controls through clear delegation of authority and segregation of duties.

Further, the financial reporting control framework reasonably assures that the Company's financial statements are reliable and prepared in compliance with the accounting standards as prescribed in the Companies Act, 2013, in accordance with the provisions of the Insurance Act, 1938 and the practices prevailing in the insurance industry in India.

Investment operations are subject to daily concurrent audit certification and an Investment Risk Management Systems (IRMS) audit once in two years. Any significant findings in the concurrent audit or IRMS audit are presented to the Audit Committee. The financials prepared are audited by joint statutory auditors and are reviewed by Audit Committee. They are also submitted to the Insurance Regulatory Development Authority of India (IRDAI). The Company has a Board approved fraud risk management policy.

The Board Audit Committee oversees the compliance framework of the Company. The Company has formulated various internal policies/ procedures and an employee code of conduct, which govern the day-to-day activities to ensure compliance. The compliance function disseminates the information regarding the relevant laws, regulations and circulars related to insurance and anti-money laundering to various functions. It also serves as a reference point for the staff of various functions for seeking clarifications on applicable laws, regulations and circulars issued by the regulatory authorities.

As required under the Companies Act 2013, Company has implemented Internal Financial Control (IFC) considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Various other policies and committees support a robust internal control structure which includes the Whistle Blower policy, Ethics Committee and Claims Review Committee.

(k) Risk exposure due to Covid-19 and mitigating strategies adopted

For employee's safety and perspective, several measures continue in practice in Company premises since March 2020.

- **Covid-19 Advisory and SOP** for re-opening of offices, rostering guidelines, safety measures, Pan India Covid-19 hospitals information etc. (Digital Awareness), agile QR based online rostering, as per state government protocols
- **Employee awareness** on Covid-19 and safety measures in employee connect sessions through several leadership connect sessions – CEO Webinar in Managing Omicron Wave, E-Townhall by Top Management, decentralised E-Townhalls by GMs & leaders, Regional Business Councils by Top Management etc.
- **Exclusive Leadership Connect with Pan India employees** with CHRO (Chief Human Resources Officer), Head Legal & Compliance and FPU (Fraud Prevention Unit) addressing employee queries
- **Strict adherence** to safety measures at the workplace including wearing a mask, checking of Aarogya Setu status, maintaining social distance, sanitization supply while entering the office. Facilities like canteen, crèche, indoor sports arena remained closed. Entry to BALIC offices is allowed only if vaccinated with both the doses
- **Daily monitoring** and reporting of employee wellbeing, checking the status of Covid-19 positive cases within the Company, regular fumigation of offices, sensitize employees & their colleagues & updating them regularly on the nearby cases

- Continue to provide **Covid-19 Care benefits** to employees and their families. Roll out Family **Assistance programme for family members** of unfortunate colleagues the Company lost due to Covid-19 and support with financial aid, children education till graduation level and extended Mediclaim support for family members
- Provide **Flexibility to employees** (stress buster policy, WFH for working mothers, wellbeing solutions on physical, mental & emotional wellbeing, conducted webinars on Covid-19 and how to handle the pandemic) and **launch of Customised wellness program – ENERGISE** through online health assessment and further customised wellness interventions as per specific health zones
- Vaccination drives through vaccination centres at BALIC offices or hospital tie-ups or reimbursement facilities for employees, staff and family. **Presently 99.60%** of employees are vaccinated with both the doses

For more details, pertaining to risk, please refer to Management Report Section 8 for "Overall risk exposure and strategy adopted to mitigate the same".

(I) Material developments in Human Resources

As the future of work is being continuously redefined and Human Resources department in the Company continues to be positioned as a culture and change catalyst. The various roles as part of the culture and change anchor, the Company HR plays the role of a digital partner, talent driver and strategic advisor contributing to the overall business agenda.

A few of the key interventions are listed below:

- Internal Talent Mobility – Launch of UDAAN, for providing career opportunities to grow
- Continuous employee listening – Launch of quarterly employee survey VIBES for real time, frequent employee listening and actions, agile Covid-19 interventions for employees etc.
- Engaging leadership connects – E-Town halls, Regional Business Councils convened by Top Management towards driving Company focus areas as set in the long-range plans and new innovations within the Company
- LEAD R&R (Rewards and Recognition) architecture – launch of R&R, integrated with LEAD mindsets and behaviours, quarterly customised R&R by Top Management, regular conduct of UTSAV R&R celebrations as one team at a functional level
- Green Onboarding – Digital employee Onboarding through HR tech enablement for a seamless experience
- Employee Wellness – Launched Digital Wellbeing Coach towards holistic wellbeing of employees and their family through solutions related to physical, mental and emotional wellbeing. Including consultation with an external health coach and external certified counsellors
- Peer Learning – Continue Peer Learning & sharing through Knowledge Cafe
- Predict Index assessment – launched towards interview & selection of quality talent focus
- Conducted Talent Councils towards identification and development of leadership pipeline as per the robust Talent management framework and Succession Planning
- Customized Learning and development related to the Sales process, products, skills and behavioural training, including specialized training for first time managers, induction for new joiners etc.
- Mega virtual celebrations Pan India as one team to enhance employee motivation, morale and camaraderie. For example, Foundation Day Celebration, Annual Business Conventions and Annual Awards felicitations etc.
- On time and seamless Performance management and Rewards through quarterly bonus to incentives transition and annual rewards pay-outs

C. Financial Statements

The new business premium grew by 45% from ₹ 6,313 crore in FY2021 to ₹ 9,136 crore in FY2022. As the Company continues to focus on expanding the distribution network, individual rated new business (IRNB) grew by 49% in FY2022 to ₹ 3,686 crore as compared to ₹ 2,468 crore in FY2021. Individual Annuity new business increased from ₹ 71 crore in FY2021 to ₹ 630 crore in FY2022 on account of retirement focused life product introduced in last quarter of the previous year. Group Protection business increased from ₹ 1,597 crore in FY2021 to ₹ 2,287 crore in FY2022.

With strong focus on improving persistency, the renewal premium grew by 22% to ₹ 6,991 crore in FY2022 as compared to ₹ 5,712 crore in previous year. The total gross written premium for FY2022 (all time high) ended at ₹ 16,127 crore as compared to ₹ 12,025 crore in FY2021 witnessing a strong growth of 34%.

Investment income for FY2022 on the Policyholders' investments (excluding unit linked funds) is ₹ 2,747 crore (including income on unclaimed fund) as compared to ₹ 2,929 crore in the previous year; de-growth of 6%. The decrease in income was primarily on account of lower realised gains which were at ₹ 453 crore in FY 2022 as compared to ₹ 936 crore in FY 2021. Increase in interest, amortisation and dividend is on account of the increase in average Policyholders' (non-linked) AUM and change in asset mix.

Shareholders' investment income de-grew by 5% from ₹ 773 crore in FY2021 to ₹ 735 crore in FY2022. The decrease was primarily on account of lower realised gains which were at ₹ 198 crore in FY2022 as compared to ₹ 282 crore in FY2021. Interest, amortisation and other income has increased to ₹ 538 crore in FY2022 as compared to ₹ 491 crore in FY2021 primarily on account of increase in average AUM and asset mix.

In accordance with the impairment policy of the Company, diminution in the value of investments has been evaluated on the Balance Sheet date. Accordingly, total impairment loss of ₹ 34 crore recognised during the FY2022 as against reversal of impairment charge of ₹ 111 crore in FY 2021 due to sale of already impaired securities.

The total expenses (including commission but excluding GST on linked charges) of the Company were at ₹ 3,756 crore for FY2022 compared to ₹ 2,562 crore for FY2021. Increase in total expenses is mainly attributable to higher business and is in line with the Company strategy to invest in people, investment in new distribution partnerships, technology and branding.

Benefits paid (including interim and terminal bonus) increased to ₹ 9,040 crore in FY2022 from ₹ 6,257 crore in FY2021 on account of higher surrender in unit-linked segment and higher mortality claims due to Covid-19.

The Company ended FY2022 with a profit after tax of ₹ 324 crore as against ₹ 580 crore for FY2021. The Board of Directors approved at the Board Meeting held on October 20, 2021 an interim dividend of ₹ 9.10 (Previous year: ₹ 11.00) per equity share of face value of ₹ 10 for FY2022. The dividend amounts to ₹ 137 crore (Previous year: ₹ 166 crore).

The net-worth of the Company as at 31 March 2022 was ₹ 10,939 crore as compared to ₹ 10,735 crore as at 31 March 2021. The accumulated profits of the Company stood at ₹ 9,264 crore as at 31 March 2022 as compared to ₹ 9,076 crore as at 31 March 2021. The Company has maintained one of the highest solvency margins in the industry at 581% as compared to 666% in the previous year, as against the regulatory mandated minimum level of 150%.

The Assets Under Management (including unclaimed funds) for the Company as at 31 March 2022 were ₹ 85,623 crore as compared to ₹ 73,773 crore at 31 March 2021; growth of 16%

a. Results from operations: Analysis of Profit and Loss and Revenue Account

The statement below summarises the Company's Revenue and Profit and Loss accounts:

(₹ in crore)

Particulars	FY2022	FY2021
Net premium income	15,925	11,926
Income from investments (net)	8,178	12,265
Other income	73	65
Total income	**24,176**	**24,256**
Commissions (net) (including Rewards)	834	580
Operating expenses (including GST on linked charges)	3,069	2,105
Total expenses	**3,903**	**2,685**
Provision for diminution in the value of investments (net of investment write-off)	34	(111)
Benefits paid (including interim and terminal bonus)	9,040	6,257
Change in valuation of liability in respect of life policies	10,927	14,666
Taxes	(139)	91
Amount transferred to Funds for Future Appropriation (undistributed PAR surplus)	**87**	**88**
Profit after tax	**324**	**580**

The Company's results from operations have been analysed below:

i. Premium income

(₹ in crore)

	FY2022			FY2021			Growth		
	Retail	Group	Total	Retail	Group	Total	Retail	Group	Total
New business premium	3,961	5,175	9,136	2,531	3,783	6,313	57%	37%	45%
Renewal premium	6,968	23	6,991	5,683	29	5,712	23%	(21%)	22%
Total gross premium	**10,929**	**5,198**	**16,127**	**8,214**	**3,811**	**12,025**	**33%**	**36%**	**34%**
Reinsurance premium	65	137	202	38	61	99	71%	125%	105%
Net total premium	**10,864**	**5,061**	**15,925**	**8,175**	**3,751**	**11,926**	**33%**	**35%**	**34%**

Total new business premium for FY2022 is ₹ 9,136 crore as compared to ₹ 6,313 crore in the previous year; growth of 45%. Retail rated new business premium is ₹ 3,686 crore as compared to ₹ 2,468 crore in the previous year; growth of 49%. Group New Business premium for FY2022 grew by 37% registering a premium of ₹ 5,175 crore as against ₹ 3,783 crore for FY2021.

Continued focus on renewal collections supported by various initiatives to improve persistency such as driving auto-payment registrations, promoting digital payments, greater distribution ownership, leveraging analytical lapse module and various other initiatives have led to 22% growth compared to previous year.

Reinsurance premium ceded increased by 105% from ₹ 99 crore in FY2021 to ₹ 202 crore in FY2022 is attributable to increase in protection business and reinsurance premium rates.

ii. Investment income

Details of income from investments are given in the table below:

(₹ in crore)

Particulars	FY2022			FY2021		
	Unit	Non-unit	Total	Unit	Non-unit	Total
Interest, dividend and rent (net)*	812	2,855	3,667	744	2,483	3,227
Profit /(loss) on sale of investments (net)	2,767	651	3,418	1,325	1,218	2,543
Unrealised gain/(loss)	1,127	(34)	1,093	6,511	(16)	6,495
Total income from Investments (net)	**4,706**	**3,472**	**8,178**	**8,580**	**3,685**	**12,265**

* includes accretion of discount/amortisation of premium

As per the requirement of the IRDAI Regulations on preparation of financial statements, income earned from the investments of both unit linked and non-unit linked businesses are required to be disclosed under the income from investments in the Revenue Account even though the unit investment income is neutral to the net results of the segment as the income earned on unit linked investments is correspondingly adjusted with the unit linked fund liabilities in the Revenue Account.

The total income from investments (including the unit linked business) is analysed as follows:

Interest, dividend and rent

During FY2022, interest income, dividend and rent increased by 14% from ₹ 3,227 crore in FY2021 to ₹ 3,667 crore in FY2022. Of this, the split is as follows:

(₹ in crore)

Particulars	FY2022	FY2021
Interest (including accretion of discount/amortisation of premium) (net)	3,300	2,918
Dividend	360	303
Rent	7	6
Total	**3,667**	**3,227**

As can be seen above, interest income and dividend has increased by 13% and 19% respectively. Increase in interest income is mainly due to increase debt assets under management partly offset by lower yields during the year. The table below indicates average debt investments and average yield earned in the respective year.

(₹ in crore)

Particulars	FY2022	FY2021
Average interest earning assets	50,966	44,747
Average yield	6.5%	6.6%

Profit and loss on sale on investments

Profits and losses on sale of investments represents the amount by which the proceeds from the sale of investments exceeds the carrying amount of the investments that were sold. Profits and losses are booked considering the overall market condition and available investment opportunities.

Unrealised gain/loss

The unrealised gain/ (loss) in non-unit pertains to mark to market losses in non-par segment on assets which are valued at fair value. Unrealised gain/(loss) represents the net change in unrealised gains on underlying investments pertaining to the Unit Linked portfolio which is reflected under the head "Transfer/Gain on revaluation/change in fair value" in the Revenue Account with the contra effect in the head "Fund Reserve" in the Revenue Account. Unrealised gains/ (losses) in the linked portfolio are in line with the market's performance evidenced from below indicators:

Particulars	FY2022	FY2021
Nifty 50 Index	18.9%	70.8%
CRISIL Composite Bond Fund Index (COMPBEX)*	4.5%	7.7%
CRISIL Liquid Fund Index (LIQUIFEX)^	3.7%	4.1%

*CRISIL COMPBEX is a benchmark for debt portfolio
^ CRISL LIQUIFEX is a benchmark for money market and liquid portfolio

iii. Other income

Other income includes interest on policy reinstatement, income from stale cheques (other than customer dues and statutory payouts), income on unclaimed amount of policyholders, fund management charges earned on unclaimed fund within the permitted limits and interest earned on loans given to policyholders. The increase in other income is largely attributable to the growing book and resulting increase in interest earned on loans given to policyholders. During the year, the Company has also received refund of service tax deposit which includes interest of ₹ 8 crore recognised in other income.

iv. Expenses (including commission)

(₹ in crore)

Particulars	FY2022	FY2021
Commissions (net) (including Rewards)	834	580
Operating expenses	3,069	2,105
Total expenses	**3,903**	**2,685**

The total expenses are further analysed below:

Commission and rewards expenses

(₹ in crore)

Particulars	FY2022	FY2021
New business	665	441
Renewal business	124	102
Rewards	45	37
Total	**834**	**580**

The increase in new business commission by 51% for FY2022 is broadly in line with the change in product mix from ULIP to traditional products where commissions are much higher, increase in retail new business by 57%, sales of longer premium paying terms which have higher commissions.

Operating expenses

The total operating expenses of the Company are analysed as follows:

(₹ in crore)

Particulars	FY2022	FY2021
Employee's remuneration and welfare benefits	1,924	1,203
Printing, Stationary and Communication expenses	58	66
Office running expenses	64	71
Advertisement and publicity	356	210
Information technology cost	92	76
Marketing expenses & business development expenses	73	57
Training expenses	17	6
Policy stamps and Medical costs	82	54
Travel, conveyance and vehicle running expenses	23	8
Depreciation	41	39
CSR expenses	12	13
Legal and professional charges and Audit fees	98	98
Interest and Bank charges	9	8
Others	73	72
Total	**2,922**	**1,981**

Notes:

- Also includes shareholder expenses
- Does not include GST charge on linked charges of ₹ 147 crore (previous year ₹ 123 crore) which though routed through Revenue Account has no impact on the surplus as this is set off against a contra entry in fund reserves in the Revenue Account and provision on policy loans in cases where the surrender value of the policy became lower than the outstanding loan amount inclusive of interest
- Also includes provisions for doubtful debts and bad debts written off

The total operating expenses of the company were at ₹ 2,922 crore for FY2022 as compared to ₹ 1,981 crore for FY2021. Increase in total expenses is mainly attributable to higher business and is in line with the Company strategy to invest in people, investment in new distribution partnerships, technology and branding.

v. Benefits paid

A summary of benefits paid is provided below:

(₹ in crore)

Particulars	FY2022	FY2021
Surrenders (incl. withdrawals and foreclosures)	4,329	2,865
Mortality (Death) claims	2,328	1,374
Maturity and annuity claims	1,983	1,522
Survival and other benefits	477	436
Interim and terminal bonus	230	149
Interest on unclaimed amount	12	17
Amount recovered from reinsurer	(319)	(105)
Total claims	**9,040**	**6,257**

Benefits paid represent amounts paid to Policyholders or their legal heirs, on occurrence of an insured event as per the contractual terms of insurance contract.

Retail surrender including withdrawals and foreclosures increased by 54% in FY2022. Surrenders including withdrawals and foreclosures in retail unit linked increased by 57% from ₹ 1,833 crore to ₹ 2,879 crore due to volatility in the equity markets during the year and higher fund base.

Individual and group mortality (net of reinsurance recovery) increased by 76% and 51% respectively in FY2022 mainly due to Covid-19 related claims.

Maturities in the retail unit linked and participating segment increased from ₹ 1,393 crore in FY2021 to ₹ 1,779 crore in FY2022. Maturities are as per contractual cash flows agreed with customers in each contract sold in the past.

Interest on unclaimed amount represents the additional amount paid to the policyholder from unclaimed fund which was earned by the fund and credited to the amount due to policyholders as per the IRDAI Regulations.

vi. Change in valuation of liability in respect of life policies in force

(₹ in crore)

Particulars	FY2022	FY2021
Change in non-unit reserves		
- Participating	1,625	2,246
- Non participating (Non-par)(Net of RI)	4,684	3,131
- Linked (Non-unit)	(41)	(8)
- Appreciation in unclaimed balances	(3)	(2)
Change in unit reserves	4,663	9,299
Total	**10,927**	**14,666**

Change in valuation of liability represents the change in actuarial liability set up in respect of policies in force and for policies in respect of which premium has been discontinued but liability still exists. Change in reserves charged to the Revenue Account is the difference between policy liabilities as on two Balance Sheet dates.

Reserves on both participating and non-participating policies are calculated using the gross premium valuation method and unearned premium reserve method, wherever applicable, using assumptions for interest, mortality, lapses/surrender, expense, inflation and, in the case of participating policies, future bonuses together with allowance for taxation and allocation of profits to shareholders. These assumptions are derived from analysis of actual experience, with allowance for prudent margins for adverse deviation.

Increase in non-par and non-unit reserves is on account of the introduction of the new non-par retail product and enhanced focus on non-par saving products.

Change in unit reserve in respect of linked business pertains to net amount contributed / withdrawn to / from the fund by the policyholder on payment of premium or when policy becomes out of force and also the change in value of the units standing to the credit of policyholders' basis the movement in the Net Asset Value (NAV) over the period.

vii. Taxes

The current tax for FY2022 includes reversal of tax provision of ₹ 163 crore pertaining to previous periods which are no longer required and basis favourable order from CIT Appeals

b. Financial condition

The following table sets forth, on the dates indicated, the summarised Balance Sheet.

(₹ in crore)

Particulars	FY2022	FY2021
Sources of funds		
Equity capital and reserves (Shareholders' funds)	10,939	10,735
Policyholders' funds	73,815	62,624
Funds for future appropriations	1,159	1,071
Current liabilities and provisions	2,894	2,026
Total	**88,807**	**76,456**
Application of funds		
Investments		
- Shareholders'	11,001	10,057
- Policyholders'	41,195	34,860
Asset held to cover linked liabilities	33,223	28,561
Fixed assets	395	365
Current assets, loans and advances	2,993	2,613
Total	**88,807**	**76,456**

Sources of funds

i. Equity capital and reserves (Shareholders' funds)

Equity capital

Shareholding pattern and transfer of shares

The shareholding pattern of the Company is as follows:

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of shares	Percentage of holding	No. of shares	Percentage of holding
Bajaj Finserv Limited	111,524,660	74%	111,524,660	74%
Allianz SE	39,184,340	26%	39,184,340	26%
Total	**150,709,000**	**100%**	**150,709,000**	**100%**

There has been no transfer of shares during the year and the shareholding pattern is in accordance with the statutory and regulatory requirements. The share capital stood at ₹ 151 crore.

The Company is required to maintain minimum solvency margin at 150% as prescribed by IRDAI. The solvency margin was 581% at 31 March 2022 as against 666% at 31 March 2021.

Reserves and surplus

A summary of reserves and surplus is provided in the table below:

(₹ in crore)

Particulars	FY2022	FY2021
Share premium	1,060	1,060
Revaluation reserve	53	54
Balance of profit in Profit and Loss account	9,264	9,076
Total	**10,376**	**10,190**

The decrease in revaluation reserve is due to reclassification of portions of Land & Buildings from Investment Property back to Fixed Asset compensated by revaluation gain during the year. Revaluation of investment properties is in accordance with the IRDAI (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002. The value of investment property is required to be disclosed at the revalued amount in the Balance Sheet and the change in carrying amount is classified under revaluation reserve. The value of the property is based on valuation performed by an independent valuer.

The increase in Profit and Loss Account balance represents the profit generated during the year (net of dividend paid).

Fair value changes

The Shareholders' fund includes fair value changes of ₹ 412 crore as at 31 March 2022 as compared to ₹ 394 crore as at 31 March 2021. Fair value change account represents unrealised gain/ (loss) (net) as on the Balance Sheet date on equity and mutual fund securities pertaining to Shareholders' investments. Such mark to market treatment of equity and mutual fund securities as on the reporting date is in line with requirements of IRDAI (Preparation of Financial Statements and Auditor's report of Insurance Companies) Regulations, 2002 which require equity and mutual fund assets to be reflected at their current fair value in the Balance

Sheet and the mark to market adjustment being reflected under "Fair value change account" under the Sources of Funds in the Balance Sheet. Movement in fair value change account is a function of performance of the equity markets and the mix of equity and mutual funds in the portfolio.

The net-worth of the Company grew by 2% to ₹ 10,939 crore at 31 March 2022 up from ₹ 10,735 crore at 31 March 2021.

ii. Policyholders' funds

A summary of Policyholders' funds is provided in the table below:

(₹ in crore)

Particulars	FY2022	FY2021
Fair value change account	2,061	1,798
Policy liabilities	38,532	32,264
Provision for linked liabilities	31,483	26,873
Funds for discontinued polices	1,740	1,688
Total	**73,815**	**62,624**

Fair value change account represents unrealised gain/(loss) (net) as on the Balance Sheet date on equity and mutual fund securities pertaining to Policyholders' non-linked investments. Such mark to market treatment of equity and mutual fund securities as on the reporting date is in line with requirements of IRDAI (Preparation of Financial Statements and Auditor's report of Insurance Companies) Regulations, 2002 which require equity and mutual fund assets to be reflected at their current fair value in the Balance Sheet and the mark to market adjustment being reflected under "Fair value change account" on the liability side of the Balance Sheet. Movement in fair value change account is a function of performance of the equity markets and the mix of equity and mutual funds in the portfolio. Fair value change account also includes portion of fair value gain/(loss) on the 'Interest Rate Derivative' that is determined to be an effective hedge, i.e. 'Hedge Fluctuation Reserve'.

The movement in policy liabilities is a consequence of various factors such as receipt of premium (both new business and renewal), surrenders & other claims, various actuarial assumptions and other factors varying on a product to product basis. The reserves on traditional policies are estimated by using prospective gross premium valuation method. Mathematical reserves are calculated based on future assumptions having regard to current and future experience e.g. interest rates, mortality, morbidity and expense. For movement in policy liabilities and provisions for linked liabilities refer the explanation furnished under point a. vi above on "Change in valuation of liability in respect of life policies in force".

Funds for discontinued polices represent funds pertaining to lapsed or surrendered linked policies which have not completed the minimum lock in period and hence parked in a separate fund as per the guidelines issued by IRDAI in this respect.

iii. Funds for Future Appropriations (FFA)

FFA for the Participating segment indicates the amount of unappropriated profits held in the Balance Sheet based on the recommendation of the Appointed Actuary. During the year, a sum of ₹ 87 crore has been transferred to FFA.

iv. Current liabilities and Provisions

Current liabilities

A summary of current liabilities is provided in the table below:

(₹ in crore)

Particulars	FY2022	FY2021
Amount pertaining to Policyholders'		
- Unclaimed amount of Policyholders'	205	294
- Policyholders' claims payable	270	213
- Unallocated premium	292	162
- Premium received in advance	20	19
Sundry creditors and payables for expenses	751	402
Pending unitisation	208	129
Payables for unsettled investment contracts	295	147
Payable to agents (Agents balances)	113	81
Taxes payable	83	22
Derivative Liability	80	18
Other liabilities (including GST payable)	358	132
Total	**2,675**	**1,619**

(a) The unclaimed amount to policyholder is ₹ 205 crore as at 31 March 2022 as compared to ₹ 294 crore as at 31 March 2021. The break-up of the said amount is summarised below:

- Claims settled but not paid due to reasons other than litigation: ₹ 18 crore was outstanding at 31 March 2022. Of this ₹ 11 crore is pending due to unclear title which is in dispute between the nominees

- Sums due to the insured/policyholders on maturity or otherwise: ₹ 44 crore was outstanding at 31 March 2022. Of this ₹37 crore is pending from customer to submit annuity option on vesting of a pension contract and from existing annuitants to submit annuities certificate of existence

- Cheques issued but not encashed by the policyholder/insured: ₹ 130 crore was outstanding at 31 March 2022 – these pertain to cases where cheques have been sent to customer but are lying uncashed

- Appreciation in unclaimed balances: ₹ 14 crore represents the increase in value of the unclaimed balances basis the income earned by the segregated fund formed for unclaimed balances starting FY2017 as per IRDAI circular reference IRDA/F&A/CIR/MISC/282/11/2020 dated 17 November 2020

(b) Policyholders' claims payable represent amounts payable to the policyholders that are intimated to the Company and are outstanding as a part of the normal claims process or pending due to incomplete documentation from the policyholders or pending investigations or may be under litigation.

(c) Unallocated premium mainly includes amount received toward proposed insurance contract that will be recognised as premium post underwriting or fulfilment of requirements by the customer. This also includes monies kept with the Company by Group policyholders to take care of ongoing additions to the Group policy.

(d) Premium received in advance is held in accordance with the IRDAI guidelines and as per file and use and will be recognised as premium income on the due date of the policy.

(e) Sundry creditors and payables for expenses represent amounts payable to various service providers towards goods and services availed by the Company along with the provision for the services availed/ goods received but bills not received.

(f) Pending unitization represents sums received towards unit linked contracts on the last day which are transferred to the unit fund subsequently and hence held as a current liability on date of the Balance Sheet.

(g) Payable for unsettled investment contracts represents amount outstanding towards investment trades of last few days that are not due for settlement.

(h) Agents' balances represent amount payable to agents towards commission as on the Balance Sheet date. This also includes commission on new business though accrued in the books will be paid only subject to the prescribed persistency criteria being met.

(i) Taxes payable represent tax deducted and payable under various tax rules and regulations, such taxes will be paid in due course within their due dates.

(j) Derivative Liability represent Mark to Market loss on the interest rate derivative on reporting date.

(k) Other liabilities primarily include bank overdraft as per the books of accounts of ₹ 163 crore (31 March 2021: ₹ 13 crore); this overdraft is merely a book overdraft backed by sufficient bank balance. The balance amount includes GST payable of ₹ 91 crore (31 March 2021: ₹72 crore) which was not due for payment to the government as on the date of the Balance Sheet.

Provisions

A summary of provisions is provided in the table below:

(₹ in crore)

Particulars	**FY2022**	**FY2021**
Income tax (less payments and taxes deducted at source)	195	371
Provision for leave encashment, long term incentive plan and gratuity	24	37
Total	**219**	**407**

Income tax provision (net of advance tax) has decreased from ₹ 371 crore in FY2021 to ₹ 195 crore in FY2022 mainly due to reversal of tax provision pertaining to previous periods which are no longer required.

Company's liability towards leave encashment, long term incentive plan and gratuity is actuarially valued and is as per the requirements of revised Accounting Standard 15 (Revised) on Employee Benefits.

Application of funds

i. Investments

Statement of total investments made by the Company is given below:

(₹ in crore)

Particulars	FY2022	FY2021
Investments		
- Shareholders'	11,001	10,057
- Policyholders'	41,195	34,860
Asset held to cover linked liabilities	33,223	28,561
Total	**85,419**	**73,478**

Total investments grew by 16% from ₹ 73,478 crore as at 31 March 2021 to ₹ 85,419 crore as at 31 March 2022. The Shareholders' investments grew by 9% from ₹ 10,057 crore as at 31 March 2021 to ₹ 11,001 crore as at 31 March 2022. The Policyholders' non linked funds grew by 18% from ₹ 34,860 crore as at 31 March 2021 to ₹ 41,195 crore as at 31 March 2022 which is largely attributable to net inflows into the fund. Linked funds grew by 16% from ₹ 28,561 crore as at 31 March 2021 to ₹ 33,223 crore as at 31 March 2022.

ii. Fixed Assets

A statement of movement of fixed assets is given below

(₹ in crore)

Particulars	FY2022	FY2021
Gross block	583	537
Less: Accumulated depreciation	254	220
Net block	**329**	**317**
Add: Capital work in progress (CWIP)	65	48
Net fixed assets	**395**	**365**

Net block of fixed assets has increased from ₹ 365 crore as at 31 March 2021 to ₹ 395 crore as at 31 March 2022. Increase in fixed assets (including CWIP) is mainly due to payment towards purchase of land amounting to ₹11 crore and payments towards new Policy Admin System amounting to ₹ 19 crore.

iii. Current assets, loans and advances

A summary of current assets, loans and advances is provided in the table below:

(₹ in crore)

Particulars	FY2022	FY2021
Income accrued on investments	938	865
Assets held to cover unclaimed funds	205	294
Cash and bank balances	301	395
Policyholders' loans	515	466
Outstanding premium	318	253
Pending unitisation	91	31
Unsettled investment contract receivable	82	7
GST unutilized credit	189	129
Deposits	40	59
Prepayments	50	22
Derivative Assets	15	4
Other advances and receivables	249	88
Total	**2,993**	**2,613**

(a) Income accrued on investments represents interest income accrued but not due as at 31 March 2022. This largely pertains to interest on fixed deposits, Government securities and debentures. The increase is attributable to the increase in the debt investments of the Company.

(b) Assets held to cover unclaimed funds are assets segregated for unclaimed policyholders and invested in money market instruments in line with the IRDAI regulations.

(c) Cash and bank balances represent amounts collected during last few days of the financial year and also includes cheques on hand and cheques deposited but not cleared.

(d) Policyholders' loan represents the loans to policyholders' as per the terms of the insurance contract. The amount outstanding includes the principal and accumulated interest thereon. The amount has primarily increased on account of additional disbursals during the financial year.

(e) Outstanding premium represents premium income (primarily renewal) accrued on traditional products which are due within the grace period.

(f) Pending unitization represents amount of unit receivable from the linked fund for de-unitisation of the last day which became recoverable from the unit fund on the date of the Balance Sheet and hence held as a current asset.

(g) Unsettled investment contract receivable represents amount receivable from counter-parties for investment trades done on the last few days of the year where settlement is not due.

(h) GST unutilized credits represents the input tax credit of GST available with the Company which can be used to offset the GST liability of the Company.

(i) Deposits represent deposits placed for premises taken on lease as well as for leased accommodations for employees. It also includes deposits to service providers for electricity, telephone and other utilities services and paid to the tax / other Authorities with regard to appeals filed.

(j) Prepayments includes amounts paid in advance as per contractual terms with vendors for services to be utilised in the future.

(k) Derivative assets represent Mark to Market gain on the interest rate derivative on reporting date.

Other advances and receivables primarily include margin money receivable of ₹ 123 crore (31 March 21: ₹ 23 crore), advances made in the ordinary course of business for services to be availed in the future and recoverable from reinsurers of ₹ 128 crore (31 March 21: ₹ 65 crore).