

ICICI Lombard General Insurance Company Ltd

Issue Snapshot:

Issue Open: Sep 15 – Sep 19 2017

Price Band: Rs. 651 – 661

Issue Size: 86,247,187 Equity Shares
(Entirely Offer for sale by ICICI Bank and
FAL) Including ICICI Bank shareholders
Reservation Portion

*Offer Size: Rs.5614.7 – 5700.9 crs

QIB	upto	40,967,413 eq sh
Retail	atleast	28,677,190 eq sh
Non Institu	atleast	12,290,225 eq sh

Reservation for ICICI Bank Shareholders:
4,312,359 Equity Shares

Face Value: Rs 10

Book value: Rs 86.54 (June 30, 2017)

Bid size: - 22 equity shares and in multiples
thereof

100% Book built Issue

Capital Structure:

Pre Issue Equity:	Rs. 453.95 cr
Post issue Equity:	Rs.453.95 cr

Listing: BSE & NSE

Global Coordinator and Book Running Lead
Manager: DSP Merrill Lynch Ltd, ICICI
Securities Ltd, IIFL Holdings Ltd.

Book Running Lead Manager: CLSA India Pvt
Ltd, Edelweiss Financial Services Ltd, JM
Financial Institutional Securities Ltd.

Registrar to issue: Karvy Computershare Pvt
Ltd

Shareholding Pattern

Shareholding Pattern	Pre issue %	Post issue %
Promoters & Promoter Group	62.92	55.92
Public (incl institutions & employees)	37.08	44.08
Total	100.0	100.0

*= assuming pricing at the higher end of price band
Source of the note : RHP

Background & Operations:

ICICI Lombard General Insurance Company Ltd (ICICI Lombard) was the largest private-sector non-life insurer in India based on gross direct premium income in fiscal 2017, a position it had maintained since fiscal 2004 after being one of the first few private-sector companies to commence operations in the sector in fiscal 2002. It offers its customers a comprehensive and well-diversified range of products, including motor, health, crop/weather, fire, personal accident, marine, engineering and liability insurance, through multiple distribution channels. ICICI Lombard was founded as a joint venture between ICICI Bank Limited, India's largest private-sector bank in terms of consolidated total assets with an asset base of Rs. 9.9 trillion at March 31, 2017, and Fairfax Financial Holdings Limited, a Canadian based holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and investment management with US\$43.38 billion of total assets at December 31, 2016.

In fiscal 2017, ICICI Lombard issued approximately 17.7 million policies and its gross direct premium income was Rs. 107.25 billion, translating into a market share, on a gross direct premium income basis, of 8.4% among all non-life insurers in India and 18.0% among private-sector non-life insurers in India. For the three months ended June 30, 2017, it issued approximately 5.2 million policies and its gross direct premium income was Rs. 33.21 billion, translating into a market share, on a gross direct premium income basis, among all non-life insurers in India of 10.0% and among private-sector non-life insurers in India of 20.2%. Its key distribution channels are direct sales, individual agents, bank partners, other corporate agents, brokers, and online, through which it service its individual, corporate and government customers. Its distribution network enables it to reach customers in 618 out of 716 districts across India.

As of March 31, 2017, it had the largest total investment assets among the private-sector non-life insurers in India. Its investment policy is designed with the objective of capital preservation and achieving superior total returns within identified risk parameters. Its annualised total portfolio return (including unrealised gains) for fiscal 2017 was 13.0%. The company also works with its customers to proactively analyse and mitigate risks, which benefits both its business and its customers by reducing losses and the amount of claims.

ICICI Lombard is at the forefront of leveraging technology in the Indian non-life insurance industry, through which it provides a seamless service experience to its customers and distribution partners across all stages of an insurance policy, and achieve efficiencies in internal operations. In fiscal 2017, 87.5% of its new policies were initiated electronically, either by its distributors or customers. While number of policies grew at a cumulative annual growth rate of 13.1% between fiscal 2015 and fiscal 2017, its employee productivity, measured in terms of gross direct premium income per employee, increased from Rs. 11.4 million in fiscal 2015 to Rs. 16.6 million in fiscal 2017, representing a cumulative annual growth rate of 20.7%.

Objects of Issue:

The objects of the Offer are to achieve the benefits of listing the Equity Shares on the Stock Exchanges and to carry out the sale of up to 86,247,187 Equity Shares by the Selling Shareholder. The listing of the Equity Shares will enhance the "ICICI Lombard" brand name and provide liquidity to the existing shareholders. The listing will also provide a public market for the Equity Shares in India. The Company will not receive any proceeds from the Offer. The Allotment of Equity Shares to the ICICI Bank Shareholders under the ICICI Bank Shareholders Reservation Portion would not result in an increase, directly or indirectly, in the shareholding of the Promoters in the Company

Competitive Strengths:

- Consistent market leadership and demonstrated growth.
- Diverse product line with multi-channel distribution network.
- Delivering excellence in customer value.
- Robust risk selection and management framework.
- Focus on investments in technology and innovation.
- Strong investment returns on a diversified portfolio.
- Superior operating and financial performance.
- Experienced senior management team and enabling work culture.

Business Strategy:

- Leverage and enhance market leadership.
- Enhance product offerings and distribution channels.
- Capture new market opportunities.
- Further improve operating and financial performance.
- Continue to invest in technology and innovation.

Key Concerns:

- Failure to maintain market position, sustain growth, develop new products or target new markets
- Termination of, or any adverse change to, ICICI Lombard's relationships with motor vehicle manufacturers and distributors, bank partners, or their performance
- Termination of, or any adverse change to, ICICI Lombard's ability to attract or retain agents, both corporate and individual, and key sales employees.
- Reliance on a limited number of insurance products for most of its GDPI and profitability;
- Modification and/or change in laws or regulations, governmental, political or other changes may restrict or limit the sale or marketing of insurance products, changes in customer affiliation or preference towards non-life insurance, or failure to maintain the right portfolio mix of profitable products;
- Decline in investment yield;
- Any adverse change in reinsurance arrangements
- Changes in the regulatory environment in which ICICI Lombard operates or change in regulations; and
- Adverse financial market and economic conditions in India.

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