



Update on Indian Embedded Value(IEV) as at 31st March 2022

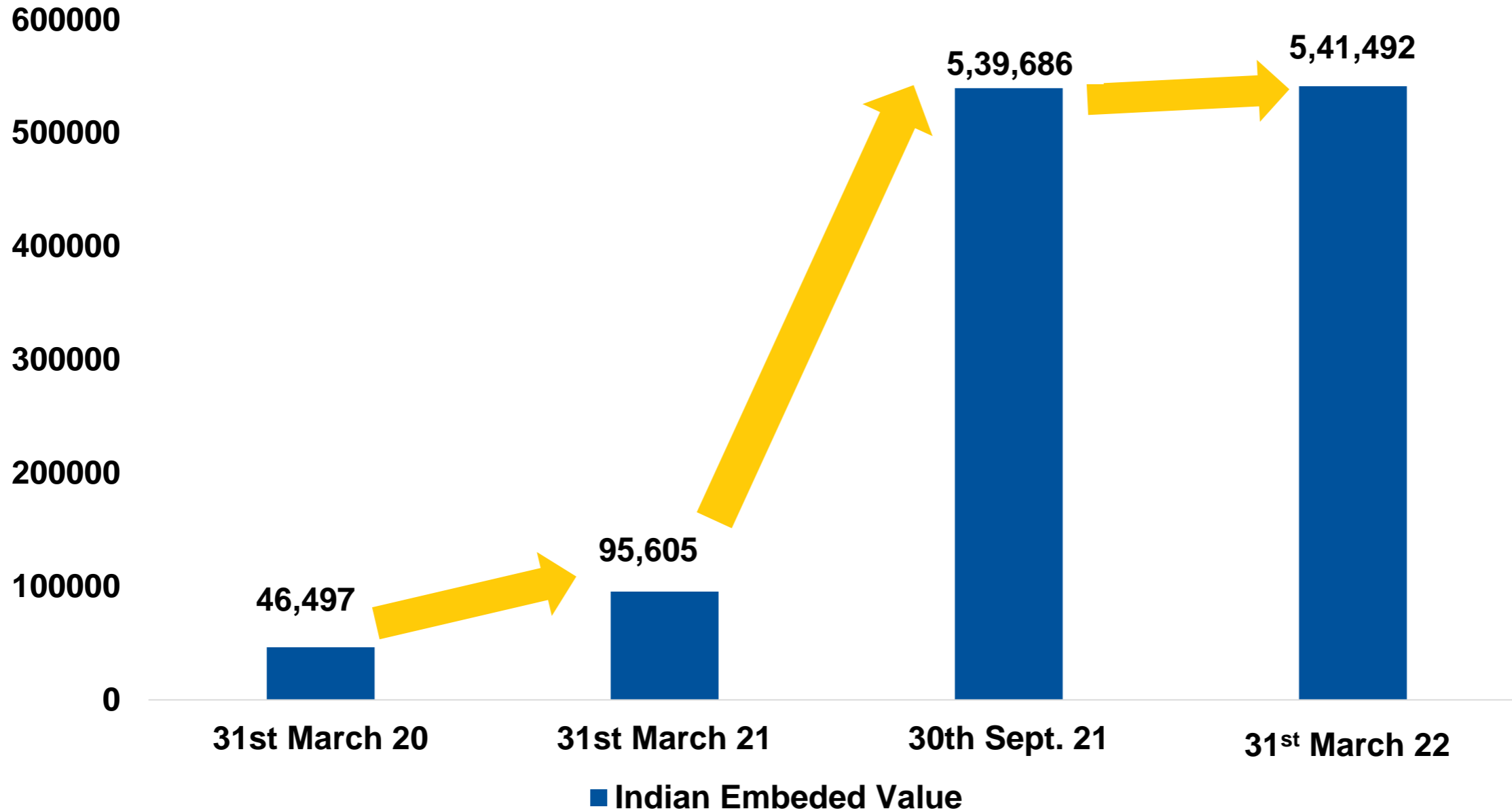
15th July, 2022



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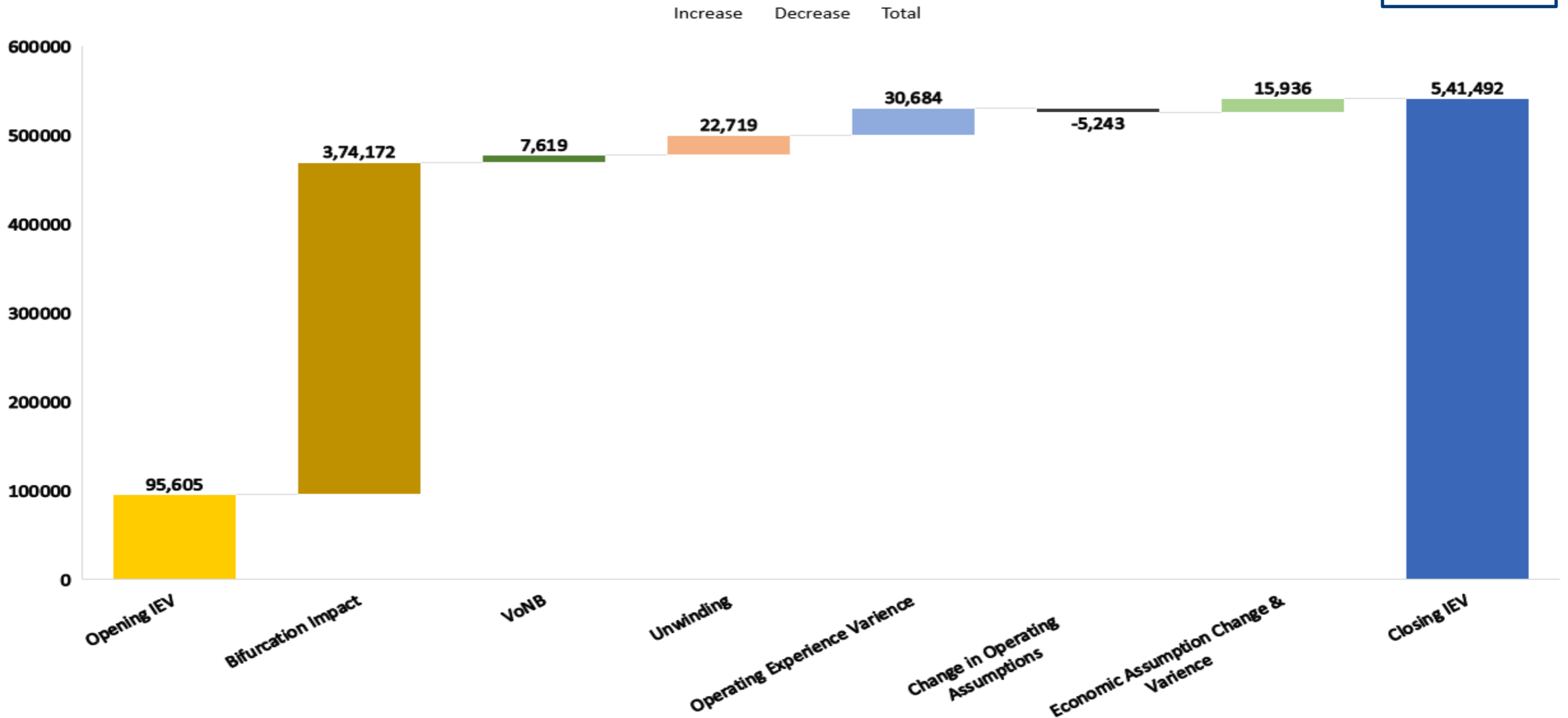
Indian Embedded Value (IEV)

INR in Crore



Indian Embedded Value (IEV) Walk – March 2021 to March 2022

INR in crore



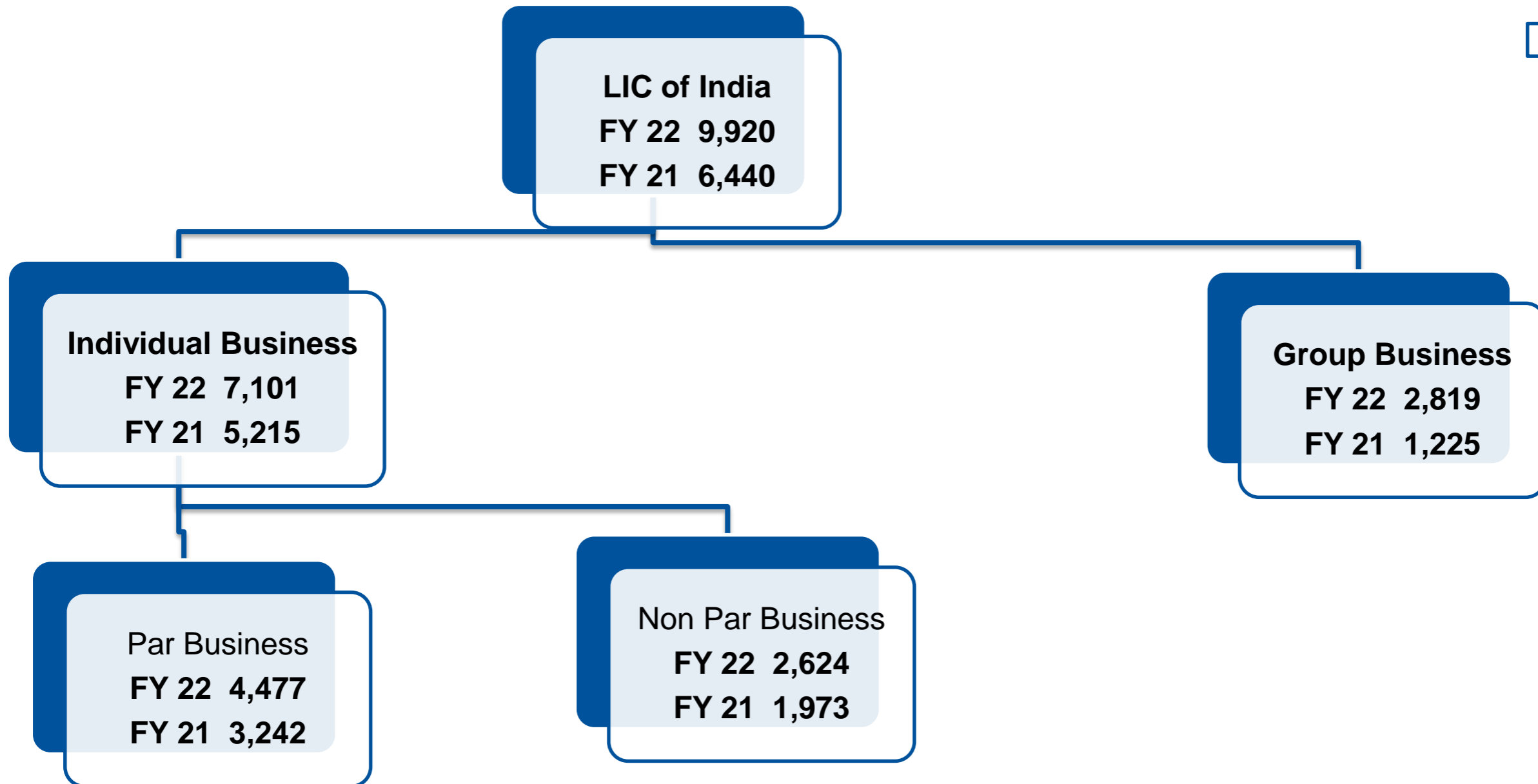
Build up of Embedded Value

INR in Crore

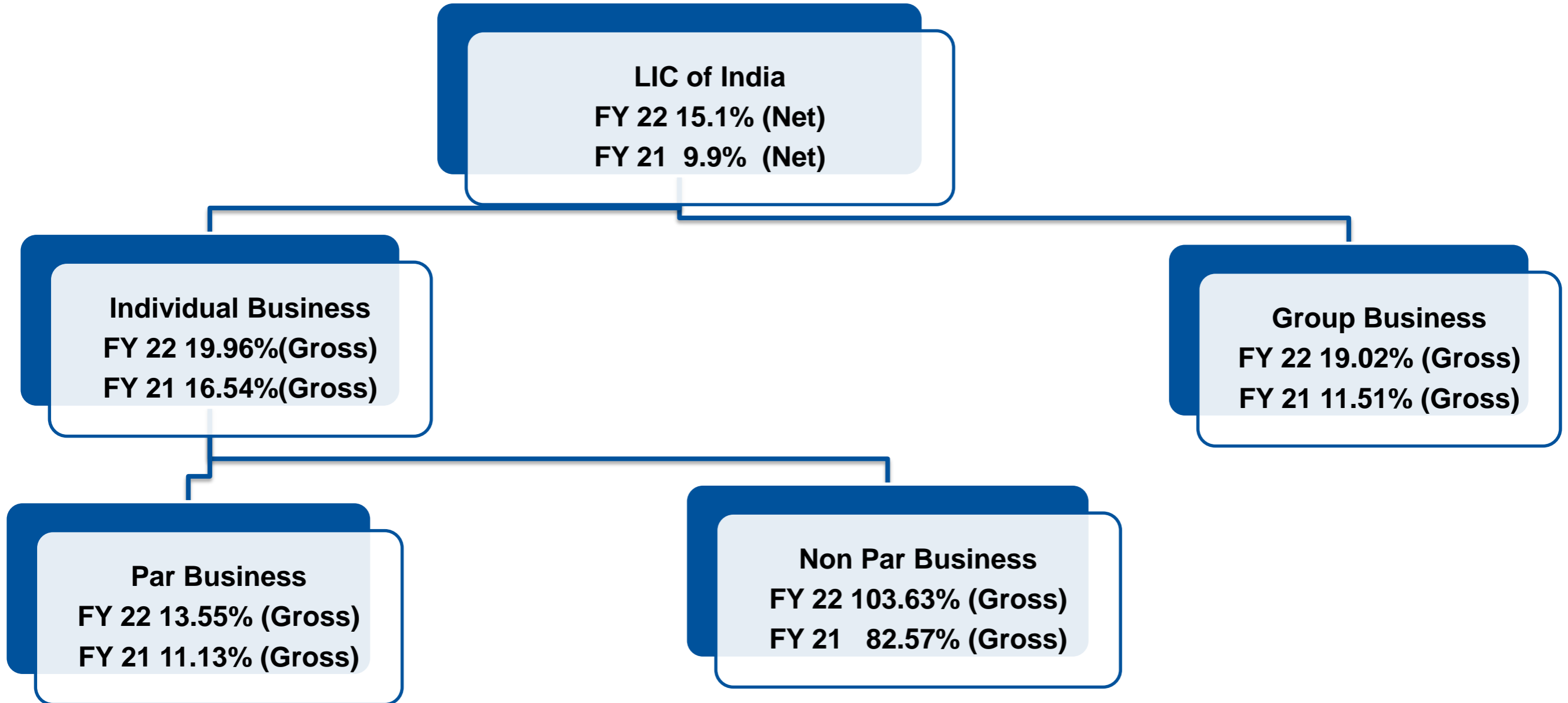
Components	March 2021	March 2022
A. Free surplus (FS)	6,361	10,527
B. Required Capital (RC)	-	-
C. Adjusted Net Worth (ANW) (C=A+B)	6,361	10,527
D. Present value of future profits (PVFP)	1,04,772	5,47,724
E. Time Value of financial options and guarantees (TVFOG)	(1,596)	(2,076)
F. Frictional Cost of required capital (FC)	(149)	-
G. Cost of residual non-hedgeable risks (CRNHR)	(13,782)	(14,682)
H. Value of in-force (VIF) Business (H=D+E+F+G)	89,245	5,30,966
I. Indian embedded value (IEV) (I=C+H)	95,605	5,41,492

Value of New Business (VNB) - Before TVFOG, FC and CRNHR

INR in Crore



Value of New Business (VNB) Margin



Analysis of Movement in IEV

Components	FY 2022 (INR in Crore)
Opening IEV	95,605
Bifurcation Impact	3,74,172
Expected return on Existing Business	
At Reference Rate	4,742
At Expected 'real – world' return in excess of Reference rate	17,977
Operating assumptions change	(5,243)
VoNB added during the period	7,619
Operating Experience Variance- Persistency	146
Operating Experience Variance- Expenses	195
Operating Experience Variance- Mortality and Morbidity	(527)
Newly Modelled Plans	14,299
Operating Experience Variance- Others	16,571
IEV Operating Earnings (EVOP)	55,779
Economic Assumptions Changes and economic variances	15,936
IEV Total Earnings	71,715
Closing IEV	5,41,492

Sensitivity Analysis

Sensitivity – Scenarios		Change in Indian Embedded Value	Change in New Business Margin (Percent)
For the Year End		3/2022	3/2022
Base results (INR in Crore)		5,41,492	15.1%
Reference rates	An increase of 100 bps in the reference rates	(0.4%)	1.8%
	A decrease of 100 bps in the reference rates	(0.3%)	(4.7%)
Acquisition expenses	10% increase in acquisition expenses	Not applicable	(0.3%)
	10% decrease in acquisition expenses	Not applicable	0.3%
Maintenance expenses	10% increase in maintenance expenses	(0.4%)	(0.6%)
	10% decrease in maintenance expenses	0.4%	0.5%
Persistency	10% increase in discontinuance rates	(0.2%)	(0.5%)
	10% decrease in discontinuance rates	0.2%	0.5%
Mortality/ Morbidity	5% increase in the mortality/ morbidity rates	0.0%	(0.1%)
	5% decrease in the mortality/ morbidity rates	0.0%	0.1%
Taxation	Assumed tax rate increased to 34.94%	(24.3%)	(4.8%)
Equity	Equity values decrease by 10%	(6.5%)	(0.4%)

Annualised Premium Equivalent (APE)

APE Product Mix

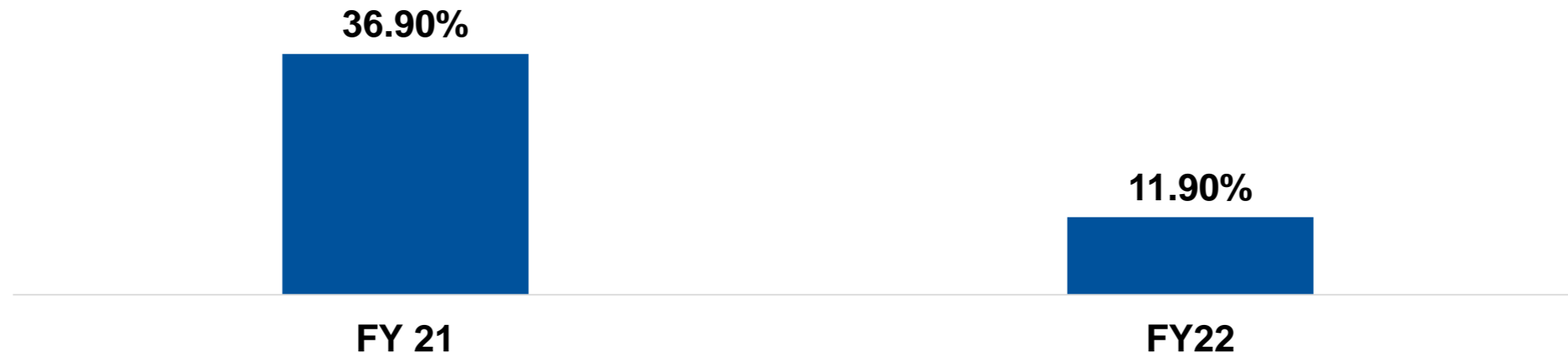
INR in Crore

Segment	FY 2021	FY 2022	Year On Year Growth
Individual Par	29,134	33,040	13.41%
Individual Non Par	2,389	2,532	5.99%
Group	10,647	14,818	39.18%
Total APE	42,170	50,390	19.49%

Return on Embedded Value (ROEV)¹

INR in Crore

	FY 21	FY 22
Opening IEV	46,497	95,605
Bifurcation Impact	-	3,74,172
EV operating earnings (EVOP)	17,151	55,779
Return on Embedded Value (ROEV)	36.9%	11.9%



Thank You

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