

APRIL 19, 2016

CARE REAFFIRMS 'CARE AAA (IN)' RATING FOR CLAIMS PAYING ABILITY/FINANCIAL STRENGTH OF BAJAJ ALLIANZ LIFE INSURANCE COMPANY LTD.

Ratings

| Facilities | Amount (Rs. crore) | Ratings ¹ | Remarks |
|---|-----------------------|--------------------------------------|------------|
| Claims Paying Ability / Financial Strength | - | CARE AAA (In) (Triple A (Insurance)) | Reaffirmed |

Rating Rationale

The rating factors in strong parentage, strong solvency position, experienced management, good asset quality, strong systems & processes, comfortable liquidity and moderate persistency ratios. Bajaj Allianz Life Insurance Company Limited (BALIC) has high degree of business synergies and brand linkages with the promoter groups viz. Bajaj group and Allianz group. Continued strong parentage and profitability are the key rating sensitivities.

Background

Bajaj Allianz Life Insurance Company Ltd. (BALIC), incorporated on 12th March, 2001 under the Companies Act, 1956, is a joint venture between Bajaj Finserv Limited (holding company for financial services of the Bajaj group) having 74% shareholding and Allianz SE, one of the world's largest insurance company headquartered in Munich, Germany having 26% shareholding. The company obtained a license from the Insurance Regulatory and Development Authority (IRDA) for carrying on the business of life insurance on 3rd August, 2001. The company has a wide range of products in traditional and unit-linked insurance business. The company works on an agency model and has a pan India presence through a network of around 708 branches across India as on December 31, 2015.

BALIC reported solvency ratio of 761% as on March 31, 2015 (734% as on March 31, 2014). The company reported Profit After Tax (PAT) of Rs.876 crore on Gross Written Premium (GWP) of Rs.6,017 crore during FY15 (refers to period from April 01, 2013 to March 31, 2014) as compared to PAT of Rs.1,025 crore on GWP of Rs.5,843 crore during FY14. During 9MFY16, the company reported PAT of Rs.647 crore on GWP of Rs.3,479 crore. Its solvency ratio stood at 797% as on December 31, 2015.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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