

Bajaj Allianz Life Insurance Company Ltd.

February 14, 2017

Ratings

Facilities / Instruments	Rating ¹	Rating Action
Claims Paying Ability / Financial Strength	CARE AAA (In); Outlook: Stable [Triple A (Insurance); Outlook: Stable]	Reaffirmed

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.

Applicable Criteria

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Rating Methodology: Factoring Linkages in Ratings](#)

[Rating Methodology - Insurance Claim Paying Ability](#)

[Financial ratios – Financial Sector](#)

About the Company

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 641 branches across India as on September 30, 2016.

BALIC reported solvency ratio of 793% as on March 31, 2016 (761% as on March 31, 2015). The company reported Profit After Tax (PAT) of Rs.879 crore on Gross Written Premium (GWP) of Rs.5,897 crore during FY16 (refers to period from April 01, 2015 to March 31, 2016) as compared to PAT of Rs.876 crore on GWP of Rs.6,017 crore during FY15. During H1FY17, the company reported PAT of Rs.446 crore on GWP of Rs.2,451 crore. Its solvency ratio stood at 784% as on September 30, 2016.

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's CPA/FS rating does not apply to non-policy obligations of the insurer, such as debt, nor does it address the suitability of terms of any individual policy or contracts. The rating does not take into account any limitation that the insurer might face in settling its foreign claims due to exchange control/sovereign restrictions that might be placed on foreign currency payments by the Government of India. CARE's CPA/FS rating is not a recommendation to buy, hold or terminate any insurance policy.

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