

**Max Financial Services reports Consolidated Revenues of Rs. 17,538 Cr. in FY2019, grows 17%;  
Max Life Embedded Value at Rs 8,938 Cr., Operating RoEV 22%**

Max Life Results Highlights (FY2019):

*Value of New Business: Rs. 856 Cr, grew 30%; New Business Margin: 22%*

*New Business Premium: Rs. 3,950 Cr., grew 22%*

*Assets Under Management crossed Rs 60,000 Cr.; grew 20% to Rs. 62,798 Cr.*

**28th May 2019, New Delhi**

Max Financial Services Limited (MFS) today announced financial results for the year 2018-19 (FY2019). MFS, which manages a majority stake in Max Life Insurance, India's largest non-bank, private life insurance company, reported consolidated revenues of Rs. 17,538 Cr., growing 17% over the previous year. The Company reported a consolidated Net Profit of Rs. 391 Cr., 30% lower compared to the previous year, largely due to one-time expenses for pursuing an inorganic opportunity for Max Life and reversible fair valuation impact as per the recently adopted accounting methodology, IndAS.

MFS' sole operating subsidiary Max Life Insurance demonstrated broad-based growth across channels with Gross Written Premium in FY2019 at Rs. 14,575 Cr., growing 17% over the previous year. New Business Premium (on APE basis) stood at Rs. 3,950 Cr., achieving a growth of 22% over the previous year. Max Life's Renewal Premium was Rs. 9,415 Cr., growing 15% over the previous year. This was primarily driven by the growth in proprietary channel of 30% during the year, increasing its share in the Adjusted Individual First Year Premium from 27% in FY2018 to 30% in FY2019. In addition to this, overall growth was also spurred by increase of 18% in the Bancassurance channel.

Max Life also reported Market-Consistent Embedded Value (MCEV) of Rs. 8,938 Cr., with an Operating Return on EV (RoEV) of 22%. The Value of New Business (VNB) written during FY2019 was Rs. 856 Cr., growing 30% over the previous year, and the New Business Margin (NBM) stood at 22%, 150 bps higher compared to the previous year. This was primarily driven by higher sales of Protection products, an increase in Non-participating (Non-PAR) business and higher proportion of the Assured Wealth Plan.

Max Life achieved an important milestone this year with its Assets Under Management (AUM) crossing the Rs. 60,000 Cr. mark for the first time. The AUM as at 31st March 2019 stood at Rs. 62,798 Cr, growing 20% over the previous year.

Max Life also set a benchmark as its Claims Settlement Ratio further improved by 48 bps to 98.7% in FY19 from 98.3% in FY 18, as per the Insurance Regulatory and Development Authority of India (IRDAI) Annual Report.

#### **Q4 FY2019 Performance**

In Q4 FY2019, Max Life reported Individual new business premium of Rs.1,634 Cr., growing 22% over the same quarter last year. Max Life reported revenues of Rs. 6,236 Cr. in Q4 FY2019, showcasing a growth of 18% over Q4FY2018.

Mr. Mohit Talwar, Vice Chairman, Max Group & Managing Director, Max Financial Services, said, “With an increase of 65 bps compared to last year, Max Life now commands ~10% of the private market share in the life insurance sector. This is a testimony to the company’s strong and consistent performance trajectory over the years. I am happy to report that in FY19 Max Life has clocked a 22-22-22 growth in Value of New Business, Margin and Return on Embedded Value, which sets it well on way to achieve 25-25-25 growth in these parameters by 2022.

#### *Note to the Editor*

The EV of a life insurance company comprises two key elements — a) Net Asset Value or the Net Worth of the company, which represents the market value of the company’s assets attributable to the shareholders, and b) the Present Value of the company’s future expected profits from its existing business portfolio as at the date of valuation.

Max Life had transitioned its EV calculation to a Market Consistent methodology from the earlier traditional approach (Traditional Embedded Value – TEV) in FY2015. This follows market practice in developed markets, where life insurers have moved to adopt market consistent methodologies.

A market consistent methodology approach better reflects the embedded value of an insurance company by explicitly and specifically allowing for insurance and economic risks rather than using an implicit overall allowance for risks through a Risk Discount Rate (RDR) in the traditional approach. In addition, the market-consistent approach is more objective where asset and liability cash flows are valued using assumptions consistent with those applied to similar cash flows in the capital markets, thus more accurately reflecting the health of the business.

### **About Max Financial Services Limited**

Max Financial Services Limited (MFS), a part of the US\$ 3 billion Max Group, is the parent company of Max Life, India's largest non-bank, private life insurance company. MFS actively manages a majority stake in Max Life Insurance Company Limited, making it India's first listed company focused exclusively on life insurance. Max Life is a joint venture with Mitsui Sumitomo Insurance (MSI), a Japan headquartered global leader in life insurance.

### **About Max Life Insurance**

Max Life Insurance offers comprehensive long-term savings, protection and retirement solutions through its high-quality agency distribution and multi-channel distribution partners. A financially stable company with a strong track record over the last 17 years, Max Life Insurance offers superior investment expertise. Max Life Insurance has the vision 'To be the most admired life insurance company by securing the financial future of our customers'. The company has a strong customer-centric approach focused on advice-based sales and quality service delivered through its superior human capital.

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