Janashakthi Insurance PLC
Annual Earnings Presentation FY2018
Edited Transcript

29th March 2019 – 4:30PM

Corporate Participants

Mr. Prakash Schaffter – Executive Chairman

Mr. Jude Fernando – Director/Chief Executive Officer

Mr. Ramesh Schaffter – Non Executive Director

Forward Looking Statements

This document has been prepared by Janashakthi Insurance PLC ("JINS" or the "Company") solely for use at its bi-annual earnings presentation to potential and current investors.

The information contained in this document should be considered in the context of the circumstances prevailing at the time and has not been, and will not be, updated to reflect material developments which may occur after the date of the presentation. Neither the Company nor any of its respective affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document.

Any statements included in this Transcript that are not statements of historical fact constitute "Forward Looking Statements". These can be identified by the use of forward looking terms such as "expect", "anticipate", "intend", "may", "plan to", "believe", "could" and similar terms or variations of such terms. However, these words are not the exclusive means of identifying Forward Looking Statements. As such, all or any statements pertaining to expected financial position, business strategy, plans and prospects of the Company are classified as Forward Looking Statements.

This presentation and the subsequent discussion may contain certain Forward Looking Statements with respect to the financial condition, results of operations, Gross Written Premium (GWP), investment income, capital position and business of the Company. These Forward Looking Statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

Table of Contents

Opening Remarks

Mr. Ramesh Schaffter:

A warm welcome to each and every one of you and on behalf of Janashakthi Insurance PLC, I thank you for your presence. Firstly, let me invite the members of the head table to take their seats. Please welcome Mr. Prakash Schaffter, Chairman of Janashakthi Insurance PLC. He will be followed by Mr. Jude Fernando, Chief Executive Officer of Janashakthi Insurance PLC and they will be joined by Mr. Vishnu Balachandran, representing Capital Alliance Partners Limited who has very kindly driven this investor's relation.

Before I proceed I would like to answer the first question you would have on your minds. No, Janashakthi Insurance PLC is not for sale. For the last 12 months I have been hearing this question constantly. If it was for sale, we would have sold it. We have just passed one year since we sold the non-life business. A lot have happened during the last 12 months and we have waited to have this because we were not ready. Twelve months down the line we had a sort of divorce with Janashakthi General, we have moved out of their branches which we were sharing for so many years and in some ways we have done a full circle. In 1994, 25 years ago we started as a dedicated life company. A year later we started our non-life company. 5 years down the line we amalgamated the two. Then we acquired National Insurance and acquired AIA's general business and then last year we divested the non-life business. 25 years later we are back where we started. Except that now we have a 25-year-old brand, we have a Rupees 20 billion asset base, we have a network of branches which is already established and now we are enhancing that and upgrading that.

You will hear most of those things later. Janashakthi Insurance PLC is now settling down, finding its place as a pure life insurance player. I can tell you formally with motor insurance and such things somebody hits the wind miller, they would say the claim is coming to Rupees 8,000, Janashakthi is only paying Rupees 7,000, can you get me the extra Rupees 1,000. I can tell you now with the life insurance business, customer claims are minimal. But we had a really good ride, there is a lot more to happen, a lot has happened. I don't know to get in to detail in terms of figures, what our ratios are like, what our profitability is like, all of that there are other speakers after me who would expand on those things.

But I want to thank all of you for coming; I want to thank you for spending this afternoon and evening with us, to learn about the exciting things that are happening within Janashakthi. We believe there is value. We had a share buy-back at Rupees 36.70. We are somewhat off that price now. But we ourselves as a company was willing to buy those shares based on certain valuations. Those valuations were based on facts. We want to enlighten you on some of those facts so that you know the direction that we are going in. To continue this discussion, let me invite Mr. Prakash Schaffter, who will trace the journey Janashakthi has been through.

Investor Presentation

Company Overview: Slide 2-4

Mr. Prakash Schaffter:

A very good evening to you ladies and gentlemen! I just want to take you through our company's history very briefly. We started as a specialist life insurance company in 1994, the first at that time. The only specialist life insurance company. The group started the general insurance business a year later. We merged. I just want to take you through some of our significant achievements. We were a company who thrived in innovation. We introduced many new, I would say unique products. Some of which were copied by the industry so that they can stay ahead and some of which yet have not been able to imitate.

One of the significant achievements of Janashakthi at that time was the acquisition of National Insurance Corporation in 2001. It was one of the larger privatizations and the fact that we who were a relatively small entity was successful, made the headlines and took us to shall I say the big leagues. We became the third largest insurer with that acquisition and continued to hold that position for many years. During the period we won many awards. We were recognized in multiple fields, both in Sri Lanka and abroad. Our next acquisition was the acquisition of AIA in 2015. Again, if I am not mistaken, that was the second acquisition buying an insurance company by another. So we were possibly at that time, the only insurer to have been involved in acquisitions and mergers in the insurance sectors. We also segregated the life business from non-life business in 2015 in keeping with the regulatory requirements which were implemented a couple of years earlier.

This in a sense made us rethink what we were doing. It also enabled us to see more clearly into the two businesses. Where the potential for future growth lay, where the needs for capital lay. And then most of you would know, we disposed of Janashakthi General Insurance in 2018 February. It was one of the largest transactions in the financial services sector and it also brought in a considerable amount of foreign exchange to the country. Allianz was one of the leading world players and they did see value in Janashakthi. They did see value in the business we had built up over the years.

Now I will not dwell too much on why we sold out and what our plans were at that time. But what I would say is, with the divestment we came back to our roots. We came back to being a standalone life insurer. And where did that leave us? We would be able to then focus on the life insurance industry. In the past our energies have been more I would say on the general insurance side. 70% of our turnover was through general and to the far more competitive capital intensive business. So the entire leadership of Janashakthi was able to say to itself that here now we have a single line of business and we are going to focus on this business and become better in it than we were.

2018 was in the sense a year of settling down. We sold general insurance. We were in hundreds of branches, both general and life put together. We had to remove ourselves in most of the branches. Set up a brand new branch network and we had to infuse confidence in our staff that we were committed to the life business. At the head office also we had to move out of the head office building, 75,000 sq.ft building that we had recently moved into. We had to first find a building, refurbish it and then move into our very own building.

So 2018 was a year of transition. We had to recover from the sale and the physical separation of the two entities. And what have we done? We have positioned ourselves as a sales centric organization. We realized that the lifeblood of life insurance lies in its success in the sales ability. So we have clearly articulated within the company that we are a sales centric organization and that all our efforts needs to be focused on promoting sales. The culture change of this nature cannot be turned over night. It takes time. All I can say is we have started off this journey and we are sure it will deliver in years to come.

We have also invested heavily on the digital infrastructure. We realized that technology is the way forward. Life insurance has very much relied on the foot soldiers, the agency force. And we are not saying that is not the way for the next few years. We are not going away with our agents. We are making great efforts to increase our agency force, ensure that they are well trained. But we are also well aware that the future, maybe 3 years away, maybe 5 years away or maybe 10 years away, lies in technology and digitalization. And we have invested heavily on this area. We have also spent a considerable amount of financial resources in improving and upgrading our branch network. We have approximately 75 branches and we have invested in making those branches a place where we could be proud of, a place where our agents could be proud of and work and a place where our customers would find appealing to them.

We also intend to continue differentiating our sales from others. I mentioned to you earlier right from the outset we innovated and maybe at some point in time as the organization became larger and larger, we lost some of our initial drive. The desire to innovate, the desire to be on the forefront. And what we are doing is ensuring that we go back to our roots. We want to set the industry benchmark for customer services. As I said, we have invested heavily in the digital area, some of it has been launched and we see that it is paying dividends. We are confident during the year 2019 and certainly in year 2020, we would see the dividends.

We are committed to become the leader in the life insurance industry. Even when we were a composite insurance company with general and life, our dream was to be a leader. Now with a renewed focus in life arena, we want to ensure we become a leader in the life insurance industry in shortest possible space of time. We want to stay true to our company's purpose which is *uplifting lives and empowering your dreams.* And we want to spread this message to every Sri Lankan who becomes an insurance policyholder. We want to tap all the insurance potential in Sri Lanka. You most probably have heard that Sri Lanka in terms of insurance is concerned, the insurance premium as a percentage of GDP is lower than most countries in the region. This is a sure indicator that there is a potential for life insurance in this country and want to ensure that Janashakthi touch the potential in years to come.

I will now hand you over to Jude Fernando who will take you through the rest of our presentation. Thank you!

Industry Overview: Slide 6

Mr. Jude Fernando

Good afternoon everyone and welcome to first ever Janashakthi Investor Forum. Your presence is appreciated and valued. My presentation will have mainly 2 sections. One is I will briefly take you through the insurance industry and then move on to the performance of the company for the last financial year 2018.

Looking at the industry, we are a Rupees 164.6 billion industry. Now, if you look at the contribution to GDP is pretty small. It is about 1.24% out of which 43% is only life which means out of the total insurance industry the largest business comes from the general insurance business which is about 57%. So I think our industry is pretty much over crowded industry with 15 players in life insurance business and 14 players in general insurance business. So this market is shared between quite a number of players which shares own share of disadvantages as well. In terms of life insurance penetration is about 14% compared to the entire population. But if you look at as a percentage of the working labour force it shows something a different picture. It is about 35%. But still penetration compared to the region, compared to other countries it is very low. That also shows the potential the life insurance industry has in the future.

Company Performance: Slide 8

Look into the performance of the company in 2018; we recorded a GWP of Rupees 3 billion with a 4% growth. I will come back to the details of what exactly happened on that. Then our net income was about Rupees 4.6 billion with a 12% growth.

We recorded a profit after tax of Rupees 1.8 billion which includes a Rupees 1.3 billion deferred tax write-back. See, what happened was when you look at the life insurance business we had a different tax regime until last year. Most of the insurance companies in life insurance including us recorded a tax loss. The change happened last year, where most of us are now taxable entities and that resulted in most of the life insurance companies writing back the deferred tax cost. In our case we had about Rupees 4.7 billion tax loss resulting about Rupees 1.3 billion deferred tax being written back into the books in 2018. So if you look at without that we had a PAT of Rupees 552 million compared to last year figures. Again, last year also made a very big one off surplus in the books because of the changes in regimes.

Looking at the capital to asset ratio which we have 45%, which means we have quite adequate, actually more than enough capital to fund our expansion and we have a return on equity about 20% which is similar to most of the peers in the industry except for one or two who have higher return than that.

Gross Written Premium and Net Income: Slide 9

Looking into the GWP, as Prakash said, 2018 year was a year of transformation. Although we had two legal entities of life and general businesses, we actually functioned as an individual firm which had lot of synergies. General being the biggest entity among the two there were lot of synergies life derived from the general business. So when that was disposed at the beginning of the year, the entire focus of management of the life insurance was to ensure that we lay the foundation to future. We mention most of it, I do not wish to go into detail. We had to remove our branch network. It was acquired by Allianz so we had to set up our own branch network; we had to move out of our head office. So while ensuring these infrastructure being laid for the future, we also started looking at other aspects to be looked into. To run as an efficient standalone life insurance company. So we focused more on a digital journey, we looked at our strategic plans and we restructured our sales force. That pretty much took the attention and the focus of the management in 2018. So we had end up with a 4% growth.

Net income growth increased from Rupees 4.1 billion to Rupees 4.6 billion. One of the key reasons for this is also coming from investment income. The investment income significantly increased by 13% and also some of the assets that came to us due to the divestment gave us a rental income of approximately Rupees 100 million. Both of these aspects combined together the net income grew by Rupees 500 million.

New Business and Persistency: Slide 10

Moving on to the new business aspect and the customer retention, the persistency ratio has been historically around 71%. The persistency is the number of policies that retained with the business. One of the biggest challenge in life insurance business is the persistency. The moment the disposable income is being challenged we get the biggest beating because customers have to take care of their priorities, their children education and the last thing they want to do is pay the insurance premium. Maintaining that premium is a challenge for us, a challenge for the industry. We have managed to managed to maintain this around 71% and saw an increase in the latter part of 2018 due to the quality of products we introduce and our level of service standard. Challenge is to ensure that this 72% is maintained and to increase this ratio as we move along.

New business as I said before, the focus was to stabilize the business and as a result the new business growth was only 8%. However, in the later part of 2018 the new business growth has recorded a 10% growth compared to the later part of 2017. We want to continue growing our new business portfolio and in the future we will be definitely focusing more on driving new business.

Profitability: Slide 11

Moving on to profitability, our ROE is improving continuously with a profit after tax reaching Rupees 1.9 billion compared to last year Rupees 1.7 billion. Although we had the advantage of the one-off surplus coming in 2017 and the tax reversal coming in 2018, actually the profitability in 2018 had an impact due to two main reasons. One was the increase in administrative expenses and the other was increase in net claims. What happened was we lost the synergies due to the divestment we enjoyed as a composite organization and a considerable amount of overheads were added back to the cost base. One off expenses directly incurred for the transaction also increased the administrative expenses. If you exclude these expenses the increase in administrative expenses by 84% would actually come down to 47%.

Claims also had an impact last year. Mainly because of the maturities and the surrenders. Maturities are a part of the game. Some of the products had reached their maturities and that year the maturities were higher, but that is fine. We also had customers surrendering policies, which is one of the challenges we need to tackle and manage and that had a negative impact in our claims and overall profitability.

Investment portfolio and income: Slide 12

The investment income and the yield from insurance industry perspective is a key thing. All of us earn a significant amount of income from this. So our investment portfolio including investment in property increased significantly from Rupees 12.4 billion to Rupees 17.6 billion in 2018. Now that was also partly to do with the transaction. As a part of the transaction the equity shares of the general insurance business was transferred to the life insurance business along with the investment property about Rupees 2 billion. So that had an impact on the yield coming down from 11% to 10.52%. We also had a quite a buffer built on government securities and we have reduced that buffer by investing in unit trust and corporate bonds which would bring our yields much higher. In fact, if you exclude the investments in equity shares, our yield is about 12.7%.

Claims Settlement: Slide 13

Claims, I am not going into details but the important thing is the claims settlement time, as you can see has significantly dropped. There are two main reasons. One is the digital journey that we have embarked and the second is the internal efficiency improvements. So this is something which towards the end of this year, we will see a further deduction in out settlement days due to the digitalization. This is also an indication of our customer service which we plan to enhance to differentiate us from the competition.

Product Mix: Slide 14

Looking into the product mix, you can see a significant change in the mix of the organization. Endowment products which had about 34% contribution in 2016, as you see, now has come down to 19%. Then the investment products have gone up from 18% to 43% over the years. Now why is that? That is mainly because of the demand and need of the consumers. See, we today people do not necessarily buy life insurance products. So we as insurers, not only compete with each other, but also have to compete with banks and other financial institutions. So our portfolio has also seen a change. Investment is taking quite a synergy with the performance of our portfolio.

Group business, although has not seen much of a significant growth in last 3 years which remains at 11% in terms of contribution. This is one area we are clearly focusing to grow through restructuring and creating of partnership channels focusing on B2B business and focusing on large accounts. We are having our plans to ensure these partnership channels would bring a chunk of business in future and we have already seen positive results from the channel we have already set up.

There are certain changes, improvements, we have launched cashless products, we have got riders into that. And most importantly there are two other initiatives that we have taken. One is actually coming into the platform of wellness. Especially to the corporates we are going with a wellness plan. Idea here is to say, we are not here to give you money during an unfortunate incident, but be together and work towards the wellness of an individual. If something happens we will come forward as an insurer and will help you out financially, but the core idea is to say how can we work together to ensure the wellness of people. So that has taken quite a positive turn, especially with the corporates. Some of the largest corporates in the country have already joined with us on this platform.

Looking at the market, main thing, the way of doing things and how the millennials work, we are also looking at digital products catering to the segment that will reach the market in this financial year. And there is a big segment in the country who do things differently and obviously they need something different to what we have in offer at the moment. That is another development we are looking at the moment with digital products that are coming mainly focused on millennials.

Ratios: Slide 15

Looking at the ratios, as I mentioned, the expense ratio has been quite high due to the reasons which we mentioned. During the year and years to come, we need to bring it down quite heavily. And acquisition cost has also gone up from 24% to 31% due to many reasons, including the change in the composition of products portfolio, the restructuring of sales force and the restructuring of incentives provided and different schemes to increase the product distribution.

Investment income as a percentage of GWP is something we want to bring down from 50% and of course the investment income as a percentage of financial investments remains the same.

Capital adequacy ratio is quite healthy. Regulatory requirement is 120%. We are well above that as our CAR is 332%. As I said before, we have a capital to asset ratio of 45% which indicates we can certainly manage our future expansions.

2018- A Year of Transformation: Slide 17

Moving out from the performance, as I said 2018 was a year of transformation. Janashakthi became a standalone life insurance organization from the beginning of 2018. So the entire team, we have now one entity to manage. That was the core focus and to ensure that we are capable of standing as a life insurer. We also have a game plan to take the organization forward.

The first thing that we did was we started out with a strategic plan. A strategic plan looking into the business as an entity on its own, as it does not have the synergies it used to have as a large organization. A strategic plan that has a futuristic view to take the business forward and achieve an exponential growth, because life business is much smaller relative to general business. So that is what we are going to do.

The second, we realize if you want to be a significant player from where we are starting now, you cannot be a just another player in the industry. You got to do something different. So we need to come up with something different compared to other players. We started off by moving out from the vision, mission based organization to a purpose driven organization. We came up with the statement *uplifting lives and empowering your dreams.* We started this internally and rolled out it externally. The idea is to say, we empower people, all of us have dreams, all of us have a purpose of living and we can make all of this come true with an effort, we can make somebody else's life better and their dreams also can come true. So the whole idea is to ensure internally we energize the team, we look at why we come to work, what we do has a different purpose and soon once we get our internal staff aligned to this purpose, we want to move out to the outside world as well.

Janashakthi was a brand for both life and general. The next thing we did was coming up with a brand identity for the life business. So with that we brought in that very strong life element to Janashakthi. Our brand is a very strong brand which is accepted and respected among all across the society.

I not going to go into details about setting up our branch network. We had to move out of our branches and head office building but I must say something about the design of our branches. We designed the branch in such a way that it caters to the need of the future. Our branches are mainly designed in line with the digital journey that we are going to embrace. Everything is technology driven. Even the seating arrangement is pretty much in line with moving to a digital organization. We moved into our new head office and again, it is not just moving from one place to another. It also gave us lot of synergies which helped us to work as one team.

We are committed ourselves for sure to go ahead with our digital journey. We have already seen a positive impact of what we have done now. Our sales force who is with handheld devices conclude that the accuracy of information is now far greater, speed of service is far greater, changes can be done easily, customer can be educated far greater. It also acts as a kind of a PA which helps the customers and helps the organization to grow.

As I said, we had to restructure the sales force to ensure that we grow faster. We realigned the incentive structures in line with the organizational goals. We also created the partnership channel which focuses purely on B2B business, large corporates.

So that is what we pretty much focused on 2018 and obviously 2019 will be the year all of these come into force. So actually I would say this is the first year of real operations of Janashakthi Life as a standalone company.

Ladies and gentlemen, that brings pretty much to the end of my presentation. And I guess the floor is now open to any questions you may have. Thank you very much.

Q&A Session

Ramesh Schaffter: Questions anyone, or was it such a nice presentation that you understood everything?

Q1: What is the composition of your customer portfolio in terms of age groups?

Ramesh Schaffter: I do not think I can share, even if I have, I can share with you the exact demographics. Let's be very honest. In Sri Lanka, unlike in more developed countries where people are more financially aware, it is the older people who tend to purchase life insurance for two reasons. It is sold to them at a point where they do have young children and you can actually talk to them about being worried about their children's future. So there are huge products which are sold as endowment products and that is usually linked and designed as education policy and such things. The second is when you take a housing loan, again when you establish as a family and such things you go for a housing loan you take a single premium product which is forced on you by a bank or a financial institution.

Very rarely will somebody think very sensibly at a young age, let me start an insurance policy now because then it is so much easier to climb that hill that start in later in life. The rates are better, your state of health is better, your rating even for what we call a level premium is far lower. But it is not so in Sri Lanka. Below 30 I would imagine hardly anyone here. Correct me if I am wrong. I would imagine it is skewed towards 40 and above.

In terms market positioning though, Janashakthi has been making positive steps to move further up in socio economic demography. Why? Because we were very broad based. We had 110 branches. We were having policies that catered to all sections of society, but, we unconsciously or otherwise ended up focusing or looking in line with our vision when we started which was *to light the lamp of insurance in every home,* we focused a lot on low end policies which reached people almost like a micro-insurance. So what we found later on is, that we were not reaching the higher end customers. We were not reaching the customers we would like to. It was finally it was not that one has money and the other does not. But what contributes to the numbers in terms of average policy size and such things. So two parameters we have been focusing on as a company is the average sum insured, which gives an indication of size of risk and the average premium per policy. And we have been deliberately focusing on that and in the last two, three years we have been able to consciously take that up quite substantially. We are still a long way from where we want to be but we have been moving in that direction. So more than the demographics, we focus on the socio-economic classes as well as the average premiums being paid on a monthly basis or on an annual basis.

Q2: Ramesh now say like in 2030 or 2035 or somewhere around that time, Sri Lanka's population is supposedly estimated to be around 25 million. So how does that affect your view with lot of young people coming in but your focus being more towards older generation? Wouldn't you be losing out on it?

Ramesh Schaffter: Absolutely not. Our focus is not skewed towards older generation. The interest in life insurance of the demography we have is skewed towards older generation being more conscious. But we would imagine is with more financial awareness happening, industry itself is doing campaigns regularly to educate the consumer about the need for insurance. We have a very low insurance penetration which beats life over general. If I survey the people in this room, I can almost guarantee that, half of you would not have household insurance. In fact, I might put my money on it. That is a fact. We do not want to think about unfortunate events. We do not want to think about what if a burglar comes and steal all my stuff. We do not want to think about it. What if our house catches fire? We do not want to think about it. It is the same with life insurance segment. In fact, nobody wants to talk about that. You know if a person comes and ask about what if and you will go on and say, no do not start talking about those scenes as if it would fulfill itself if you say I will die, so do not talk about that. So we think we live forever.

But the reality is different. So what will happen is, people specially with these nuclear families, you will have more and more people being more and more conscious of savings products, conscious insurance. Insurance is also a more tax efficient compulsory saving mechanism. But you will also have people who are more aware about investment products. I am sure those who are in the investment industry sure have seen, the number of young people getting in to the stock brokering not the industry but into the market. Of course the markets are doing a bit sad these days, but wanting to get into the market, wanting to be aware of these things is increasing. There is lot of financial education with you learn about risk. Life insurance is primarily a risk mitigation mechanism. It is combined with investments. So someway it fits. Both aspects, investments as well as a way to mitigate risk. People do not want to even consider risk adequately even. With the changing trends they will. And if we are to be anything close to our regional peers we will have exponential growth in life insurance.

Q3: When u launch a product u need approval from regulators if I am right. How long does it take usually to get the approval for a product?

Jude Fernando: First you need to submit the proposal which I would say take about 2 months and one week before the launch you need to submit all other requirements also. If you ask me roughly a time period to market a product, I would say about 2-3 months. But that is if it is a totally new product. If you repackage it actually the certificates are the same. Then it is a just a matter of informing the regulators.

Ramesh Schaffter: That is itself has not been a pain point at all. There are lots of pain points, but that is not one of them. It is just a routine thing. Because it goes with an actuarial certification of the rates to say that these rates are reasonable to be charged to fulfill our obligations and also to make a profit. It is like a product costing that is endorsed by an actuary. If the actuarial endorsement is there and it has to be there, it is a process. It is not usually long and certainly not a point of great delay that you would see.

Q4: Sir, you spoke about the average age of an investor basically becoming younger, mainly millennials entering the market and such. How do you feel digitalization or a platform or a product that is based on a digital strategy would cater to a generation of millennials? And if you also agree to the fact that your direct sales are the key to sell products to older generation, how do you balance the two variables?

Ramesh Schaffter: See as with most products, the amount of digital purchases has increased. And I do not know what stock broking, how it is progressing because the markets have been bit dull. But I know stock brokering also enables digital purchasing remotely from your home. But with every little product today, if you see the number of bikes on the road delivering food when you order food via mobile apps, the turnover of such products are happening entirely on a digital platform. It is almost like a blue ocean strategy because you never order breakfast from a restaurant but now you feel like having a cappuccino, let me order it. So the whole landscape has changed and it is going to change very rapidly. We recognized that. We are one of the first to come out with this AVO thing. We are coming out with stuff that you can log in and see everything about your policies and purchase online. There are already 2 insurance portals which have come out. We ourselves wanted to launch a portal 15 years ago. We did all the development work. The time was not right. So we just shut the project. Today, people are ready for that. 15 years later even basic things like credit card payment was not available online before. Today everything is available. Today you save your credit card details on your phone and you can buy the world with it. That is how it has changed. My kids use it. My kids buy all the stuff online.

That is the way the world is going. Whether you like it or not, that is how it is. If not, you will be left behind. And personal touch is there for credibility. But there is no certain that the new generation is no longer going to appreciate that personal touch. They are happy to order stuff on a digital platform where no interactions. It cuts their transaction time to nothing. Transaction cost come down to nothing. We realize that. Today we are using agents to go and convince someone but tomorrow we know through banks and other databases and other sources people will be buying online. We already have products that are sold online. I remember with non-life business, if you are travelling overseas you just send an SMS and got your travel insurance when you leaving. That will come. And this new generation is more aware of these things. They have no resistance to these things. Because they grow up with it. Worldwide we can see it is happening. You can either make it happen or you can stand back and watch it and wonder what happen. You will be buried.

Q5: I have seen some insurers advertise using social media. They pop up in my feed. So how do you see yourself competing with others in future in this digital space?

Jude Fernando: See the way we look at this is how you package it and how we sell it because whether you like it or not, insurance is not one of the most positive things. You rather perceive it as a negative thing. If you start selling millennials insurance, how you package it, how you sell it, how you communicate it is more important that the real product. So what we are developing now is in that line of thinking. It is presented differently, packaged differently, so it is in line with how millennials look at things and prefer to transact with. I am not going in that traditional line. We dig a little deeper to understand how they behave, what they are thinking and what their requirements are. So we can get something in line with that segment's need. Because they real do not need insurance so it need to be packaged and presented well.

Ramesh Schaffter: Just to ask you a question. Do you like the pop up? Because sometimes when you try to do something and these ads do pop up, it is on your face. Whatever the product, most of the time that is an irritation. There are targeted advertising on Facebook which can pick the demographics, geographies sorted out into a very niche marketing strategy. Yet we will fancy you to think and go rather than being in your face which can be really irritating. So I am not trying to endorse the strategy used by others but we will also will come up with our own strategies going forward.

End of Q&A, Closing Remarks

Ramesh Schaffter: Any other questions? Nothing at all?

I want to leave you with couple of thoughts. Our net asset value is Rupees 9.1 billion. Our market capitalization is Rupees 6 billion which is two third of our book. Our asset quality you check. As I told you we did a share buyback valuing the share at Rupees 36.70 we have not wanted to buy because we were accused of all sorts of things, otherwise we would have bought more perhaps. You need to look at our company with a comparison of the peer groups. Which are life insurers, because now we are no longer a composite company. We are a specialist life insurance company. And I would strongly advice those who are from the research teams here to examine that in the context of the peer group of life insurance companies. You will find various things and we wat you to work out what those findings are and act accordingly based on those findings. I think we need to relook at Janashakthi as a life insurance player. Look at the peer group, look at the sector for life, how the price earnings multiples are, how the price to book value multiples are. We are a very actively traded stock unlike some insurance companies which has a 1.5%, 2% free float. we have a 20% free float which is trading almost, I would say daily. It is a stock you can get into with a reasonable quantity. It is a stock you can get out from with reasonable quantities.

If you have any other questions, we would be happy to chat with you informally. Thank you once again for being here and enjoy the rest of the evening.