

January 15, 2025

Ref. No: HDFC Life/CA/2024-25/122

**Listing Department**  
**National Stock Exchange of India Limited**  
Exchange Plaza, Plot No C/1, Block G,  
Bandra-Kurla Complex,  
Bandra (East),  
Mumbai- 400 051

**Listing Department**  
**BSE Limited**  
Sir PJ Towers,  
Dalal Street,  
Fort,  
Mumbai – 400 001

NSE Symbol: HDFCLIFE

BSE Security Code: 540777

Dear Sir/ Madam,

**Sub: Press Release and Investor Presentation – Financial Results 9M FY25**

Please find enclosed herewith a copy of press release along with investor presentation on financial results for the quarter and nine-months ended December 31, 2024.

This is for your information and appropriate dissemination.

Thanking you,

**For HDFC Life Insurance Company Limited**

**Narendra Gangan**  
**General Counsel, Chief Compliance Officer &**  
**Company Secretary**

Encl.: As above

**PRESS RELEASE - PERFORMANCE FOR NINE MONTHS ENDED DECEMBER 31, 2024**

**BSE Code: 540777**

**NSE Code: HDFCLIFE**

**HDFC Life records strong individual APE growth of 24%; New Business Margin of 25.1%, delivers value of new business growth of 14%**

**Mumbai, 15<sup>th</sup> Jan, 2025:** The Board of Directors of HDFC Life approved and adopted the reviewed standalone and consolidated financial results for nine months ended December 31, 2024. The Company continued its positive trajectory, delivering healthy and consistent performance across all metrics.

**Performance Highlights:**

- **Topline Growth:** Delivered strong individual APE growth of 24%, supported by a 15% increase in number of policies sold and a balanced product mix
- **Market Share:** Overall market share (individual WRP) increased by 70 bps to 10.8%. Private sector market share stood at 15.3%
- **Value of New Business (VNB)** grew by 14% to ₹2,586 crore, reflecting strong growth in profitable business
- **Assets under Management (AUM):** AUM stood at ₹3.3 lakh crore as on 31<sup>st</sup> December 2024, an increase of 18% YoY
- **Persistency:** 13th and 61st month persistency stood at 87% and 61%, an increase of 110 and 780 bps respectively, demonstrating the company's strong customer engagement and retention
- **Embedded Value (EV)** grew by 18% and stood at ₹ 53,246 crore, with 16.0% operating return on EV, showcasing sustained long-term value creation for both policyholders and shareholders
- **Profit After Tax (PAT)** of ₹ 1,326 crore was achieved in 9M FY25, clocking a steady growth of 15% year-on-year, helped by an 18% increase in profit emergence from our back book.
- **Solvency Ratio** stood at 188%, comfortably above the regulatory threshold of 150%
- **Employee Focus:** Recognised as India's Top 50 Best Workplaces for Women by Great Place to Work. Also featured in Business Today's BT500 list of India's Most Valuable Companies

**CEO's Statement:**

**Vibha Padalkar, Managing Director and CEO** of HDFC Life, commented: "We have registered a healthy growth of 22%, based on individual WRP for 9MFY25, outpacing overall industry growth of 14%. We have witnessed both ticket size and volume expansion during this period. The number of policies has

grown by 15%, outperforming the private sector's growth of 9%. Retail protection continues to grow well. Retail protection APE for nine months saw a growth of 28%.

We are committed to adapting to the evolving market landscape with agility and resilience. This includes continued investment in distribution, tech and customer-centric product innovations to deliver long-term value for our stakeholders."

### Key Financial Summary

| Rs Crore                                   | 9M FY25  | 9M FY24  | YoY |
|--|----------|----------|-----|
| <b>Key Financial and Actuarial Metrics</b> |          |          |     |
| Individual APE                             | 8,986    | 7,271    | 24% |
| Total APE                                  | 10,293   | 8,564    | 20% |
| New Business Premium (Indl + Group)        | 22,396   | 20,100   | 11% |
| Renewal Premium (Indl + Group)             | 24,617   | 22,039   | 12% |
| Total Premium                              | 47,013   | 42,139   | 12% |
| Assets Under Management                    | 3,28,684 | 2,79,707 | 18% |
| Profit After Tax                           | 1,326    | 1,157    | 15% |
| Indian Embedded Value                      | 53,246   | 45,173   | 18% |
| Value of new business                      | 2,586    | 2,267    | 14% |

|  | 9M FY25      | 9M FY24      |
|--|--------------|--------------|
| <b>Key Financial Ratios</b>  |              |              |
| New Business Margins   | 25.1%        | 26.5%        |
| Operating Return on EV   | 16.0%        | 16.5%        |
| Total Expenses / Total Premium   | 20.8%        | 19.6%        |
| Solvency Ratio   | 188%         | 190%         |
| 13M / 61M Persistency  | 87%/61%      | 86%/54%      |
| Individual WRP market share (Overall)                                      | 10.8%        | 10.1%        |
| Product mix by Indl APE (UL / Non par savings / Annuity/ Protection / Par) | 37/35/5/6/18 | 32/28/7/6/28 |
| Distribution mix by Indl APE (Corp Agents/ Agency/ Broker/ Direct)         | 64/17/7/11   | 64/18/6/11   |

Note: Percentages may not add up due to rounding off effect

### Definitions and abbreviations

- **Annualized Premium Equivalent (APE)** - The sum of annualized first year regular premiums and 10% weighted single premiums and single premium top-ups

- **Assets under Management (AUM)** - The total value of Shareholders' & Policyholders' investments managed by the insurance company
- **Embedded Value Operating Profit (EVOP)** - Embedded Value Operating Profit ("EVOP") is a measure of the increase in the EV during any given period, excluding the impact on EV due to external factors like changes in economic variables and shareholder-related actions like capital injection or dividend pay-outs
- **First year premium** - Premiums due in the first policy year of regular premiums received during the financial year. For example, for a monthly mode policy sold in March 2024, the first monthly instalment received would be reflected as First year premiums for 2023-24 and the remaining 11 instalments due in the first policy year would be reflected as first year premiums in 2024-25, when received
- **New business received premium** - The sum of first year premium and single premium, reflecting the total premiums received from the new business written
- **Operating expense** - It includes all expenses that are incurred for the purposes of sourcing new business and expenses incurred for policy servicing (which are known as maintenance costs) including shareholders' expenses. It does not include commission
- **Operating expense ratio** - Ratio of operating expense (including shareholders' expenses) to total premium
- **Operating return on EV** - Operating Return on EV is the ratio of EVOP (Embedded Value Operating Profit) for any given period to the EV at the beginning of that period
- **Persistence** - The proportion of business renewed from the business underwritten. The ratio is measured in terms of number of policies and premiums underwritten
- **Premium less benefits payouts** - The difference between total premium received and benefits paid (gross of reinsurance)
- **Renewal premium** - Regular recurring premiums received after the first policy year
- **Solvency ratio** - Ratio of available solvency margin to required solvency margin
- **Total premium** - Total received premiums during the year including first year, single and renewal premiums for individual and group business
- **Weighted received premium (WRP)** - The sum of first year premium received during the year and 10% of single premiums including top-up premiums

#### **About HDFC Life**

Established in 2000, HDFC Life is a leading, listed, long-term life insurance solutions provider in India, offering a range of individual and group insurance solutions that meet various customer needs such as Protection, Pension, Savings, Investment, Annuity and Health. The Company has 70 products (including individual and group products) and optional riders in its portfolio, catering to a diverse range of customer needs.

HDFC Life continues to benefit from its increased presence across the country, having a wide reach with branches and additional distribution touch-points through several new tie-ups and partnerships. The count of distribution partnerships is over 300, comprising banks, NBFCs, MFIs, SFBs, brokers, new ecosystem partners amongst others. The Company has a strong base of financial consultants.



*Sar utha ke jayo!*

For more information, please visit [www.hdfclife.com](http://www.hdfclife.com). You may also connect with us on Facebook, Twitter, YouTube and LinkedIn.

#### **Disclaimer**

*Except for the historical information contained herein, statements in this release which contain words or phrases such as 'will', 'would', 'indicating', 'expected to' etc., and similar expressions or variations of such expressions may constitute 'forward-looking statements'. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion in business, the impact of any acquisitions, technological implementation and changes, the actual growth in demand for insurance products and services, investment income, cashflow projections, our exposure to market risks, policies and actions of regulatory authorities; impact of competition; experience with regard to mortality and morbidity trends, lapse rates and policy renewal rates; the impact of changes in capital, solvency or accounting standards, tax and other legislations and regulations in the jurisdictions. HDFC Life undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.*

*None of Company or any of its directors, officers, employees, agents or advisers, or any of their respective affiliates, advisers or representatives, undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise and none of them shall have any liability (in negligence or otherwise) for any loss howsoever arising from any use of this press release or its contents or otherwise arising in connection. Further, nothing in this press release should be construed as constituting legal, business, tax or financial advice or a recommendation regarding the securities. Although Company believes that such forward-looking statements are based on reasonable assumptions, it can give no assurance that such expectations will be met. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of Company's management on future events. Forecasts and hypothetical examples are subject to uncertainty and contingencies outside Company's control. Past performance is not a reliable indication of future performance.*


*Before acting on any information you should consider the appropriateness of the information having regard to these matters, and in particular, you should seek independent financial advice.*

# Investor Presentation – 9M FY25



# Executive summary: 9M FY25

## Revenue & Scale



|                |        |             |
|----------------|--------|-------------|
| Individual APE | Rs. Bn | <b>89.9</b> |
|                | Growth | <b>24%</b>  |



|                 |          |              |
|-----------------|----------|--------------|
| Renewal premium | Rs (Bn.) | <b>246.2</b> |
|                 | Growth   | <b>12%</b>   |



|     |          |                |
|-----|----------|----------------|
| AUM | Rs (Bn.) | <b>3,286.8</b> |
|     | Growth   | <b>18%</b>     |



|     |          |              |
|-----|----------|--------------|
| IEV | Rs (Bn.) | <b>532.5</b> |
|     | EVOP     | <b>16.0%</b> |


## Profitability & Cost



|                             |          |             |
|-----------------------------|----------|-------------|
| Value of New Business (VNB) | Rs (Bn.) | <b>25.9</b> |
|                             | Growth   | <b>14%</b>  |



|                           |    |              |
|---------------------------|----|--------------|
| New Business Margin (NBM) | CY | <b>25.1%</b> |
|                           | PY | <b>26.5%</b> |



|                        |          |             |
|------------------------|----------|-------------|
| Profit After Tax (PAT) | Rs (Bn.) | <b>13.3</b> |
|                        | Growth   | <b>15%</b>  |



|                               |    |              |
|-------------------------------|----|--------------|
| Total exp. ratio <sup>1</sup> | CY | <b>20.8%</b> |
|                               | PY | <b>19.6%</b> |

## Customer & Capital



|                                    |    |            |
|------------------------------------|----|------------|
| 13 <sup>th</sup> month persistency | CY | <b>87%</b> |
|                                    | PY | <b>86%</b> |



|                               |            |              |
|-------------------------------|------------|--------------|
| Claim settlement ratio (FY24) | Overall    | <b>99.7%</b> |
|                               | Individual | <b>99.5%</b> |



|  |      |           |
|--|------|-----------|
| Complaints per 10K policies <sup>2</sup> | FY24 | <b>29</b> |
|  | FY23 | <b>31</b> |



|          |         |             |
|----------|---------|-------------|
| Solvency | Dec '24 | <b>188%</b> |
|          | Sep '24 | <b>181%</b> |

# Agenda

1

Performance Snapshot

2

Business Overview

3

Other Business Highlights

4

Life insurance in India



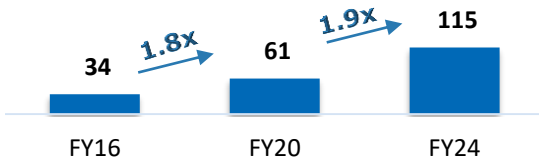


# Consistent, predictable, sustained performance

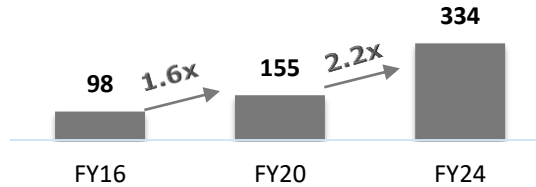
Rs bn

## Holistic growth

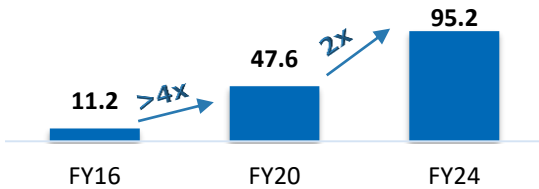
### Individual APE



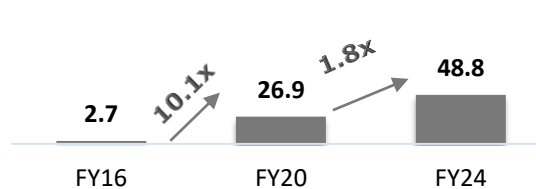
### Renewal Premium



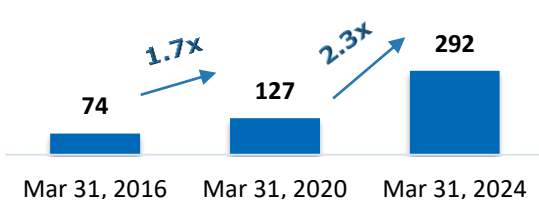
### Protection new business<sup>1</sup>



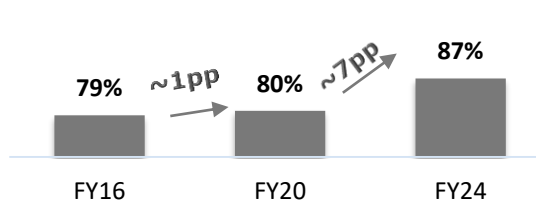
### Annuity New Business



### Assets under management

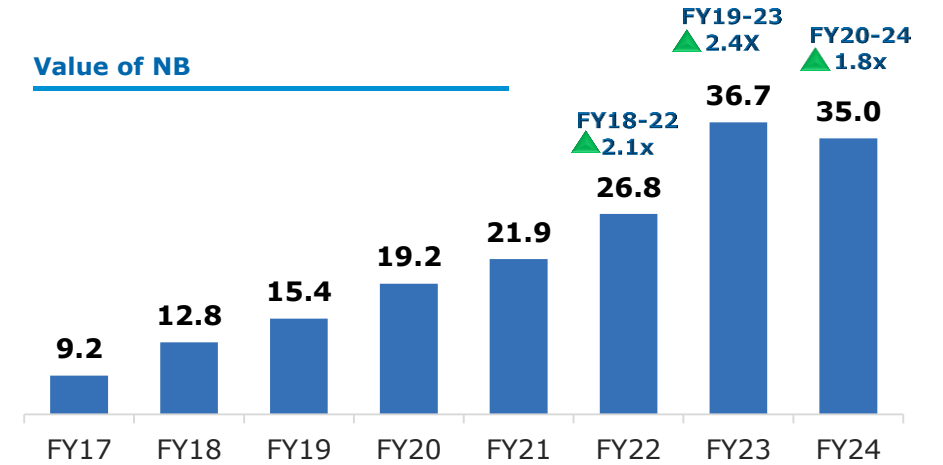


### 13 M Persistency<sup>2</sup>

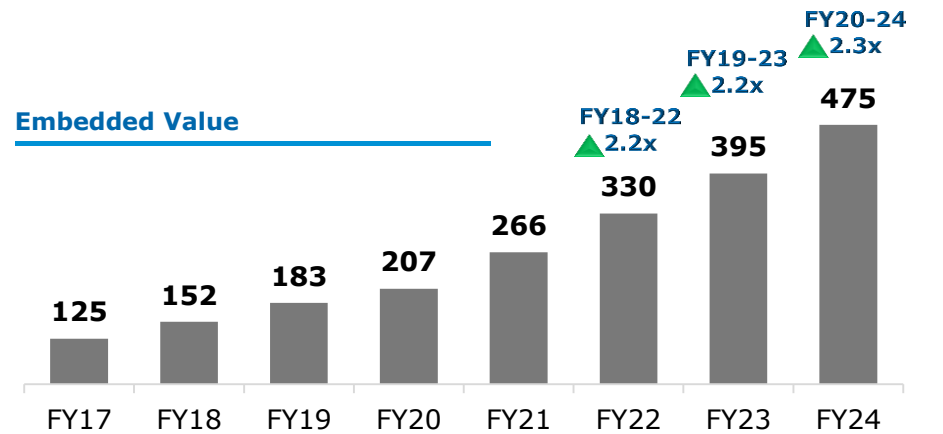


## Consistent track record over multiple periods

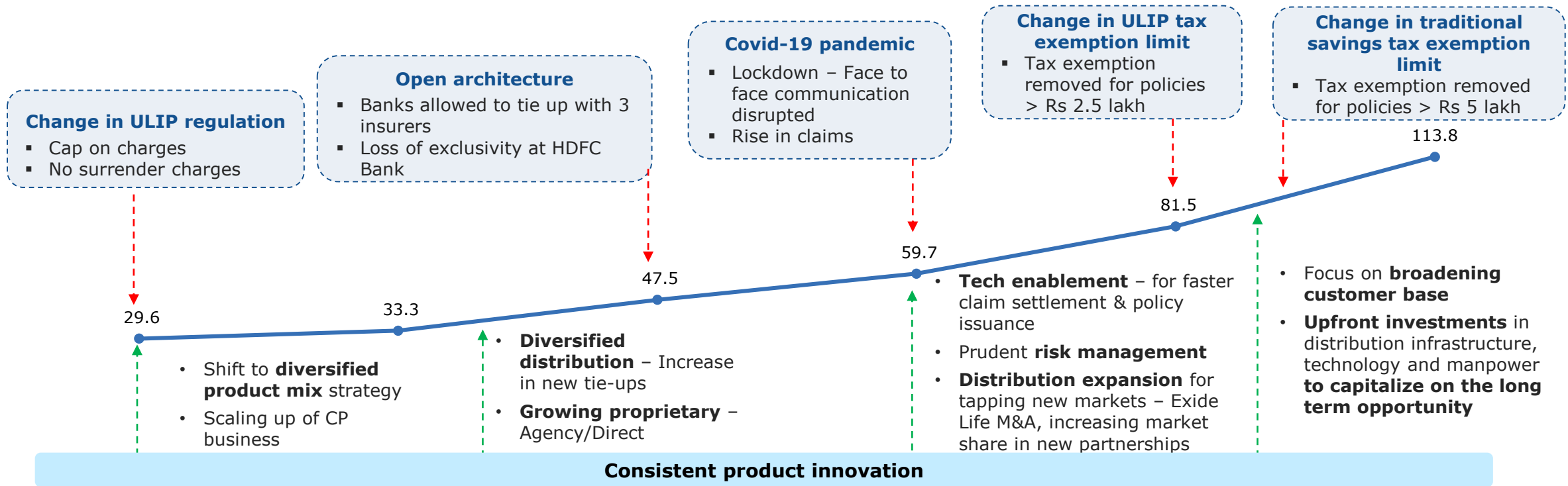
### Value of NB



### Embedded Value



# Consistent performance across business cycles



|                                    | FY11  | FY16  | FY18  | FY20  | FY22  | FY24  |
|------------------------------------|-------|-------|-------|-------|-------|-------|
| <b>NBM<sup>1</sup></b>             | 10.0% | 19.9% | 23.2% | 25.9% | 27.4% | 26.3% |
| <b>Indl WRP<sup>2</sup> growth</b> | 18%   | 12%   | 31%   | 19%   | 16%   | 1%    |
| <b>Overall industry growth</b>     | -8%   | 8%    | 19%   | 6%    | 16%   | 5%    |

**Grew ~1.5 times industry between FY11-FY24 while sustaining profitability**

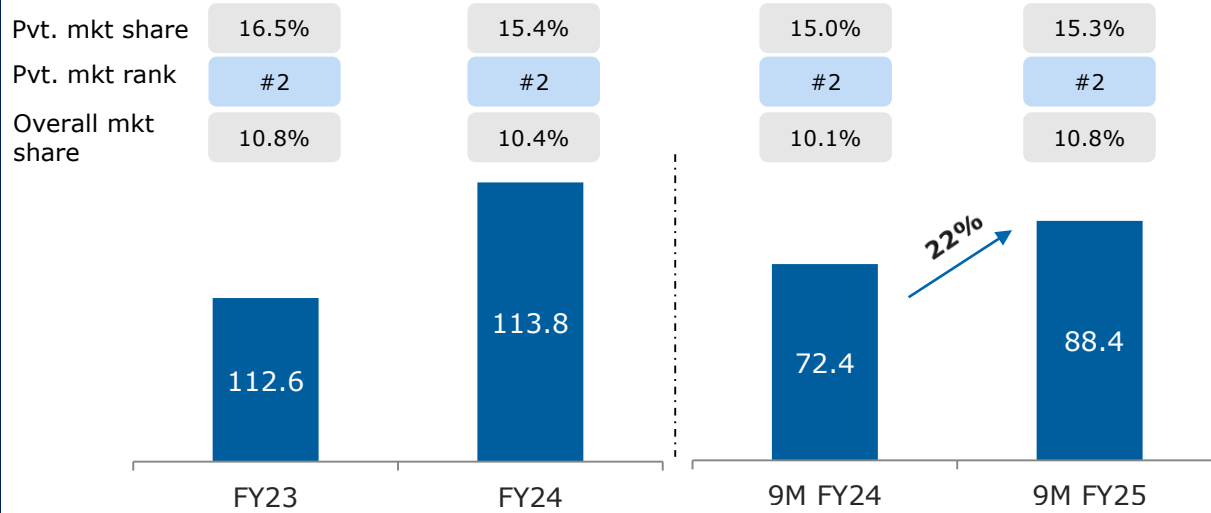
Note: Indl WRP in Rs bn  
 1. New Business Margin  
 2. WRP: Weighted Received Premium



# Robust delivery across key metrics (1/2)

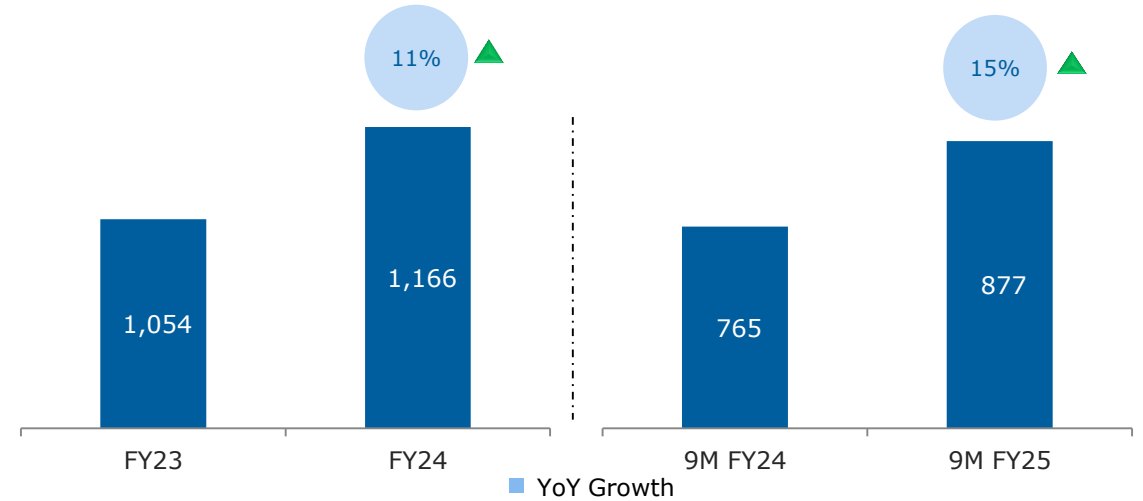
## Strong individual WRP growth

Rs bn



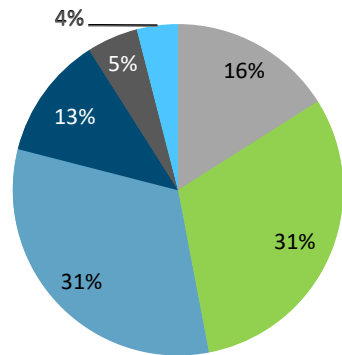
## Focus on increasing customer base

(NOPs in 000's)

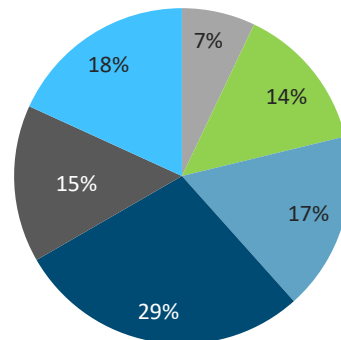


## Balanced product mix

### Total APE



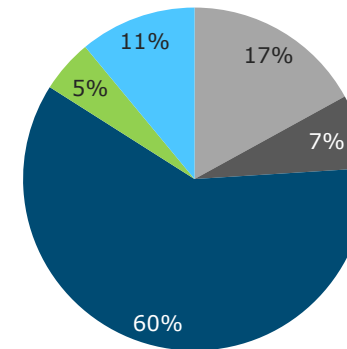
### Total NBP



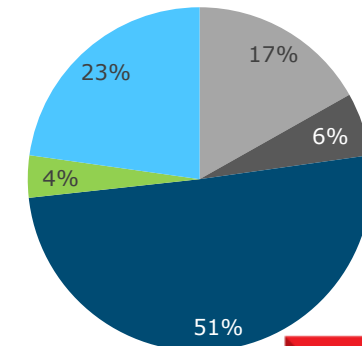
■ Par ■ Non Par Savings ■ ULIP ■ Protection ■ Annuity ■ Group Retirals

## Focus on diversified channel mix

### Individual APE



### Individual NBP

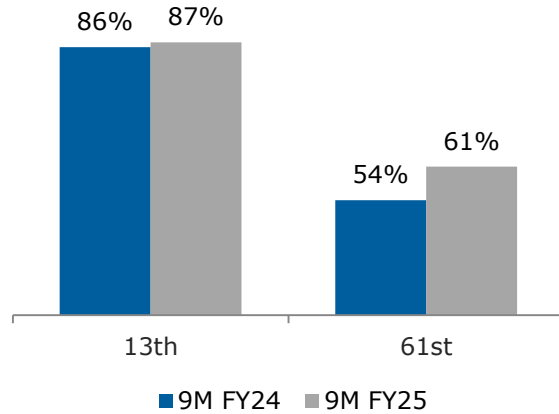


■ Agency ■ Broker ■ Corporate Agent (Bank) ■ Coporate Agent (Others) ■ Direct



# Robust delivery across key metrics (2/2)

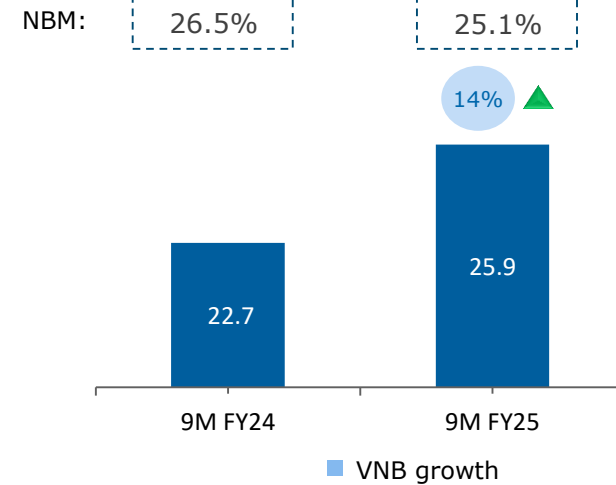
## Significant improvement in 61<sup>st</sup> M Persistency



- Focus on quality of business and providing superior customer experience

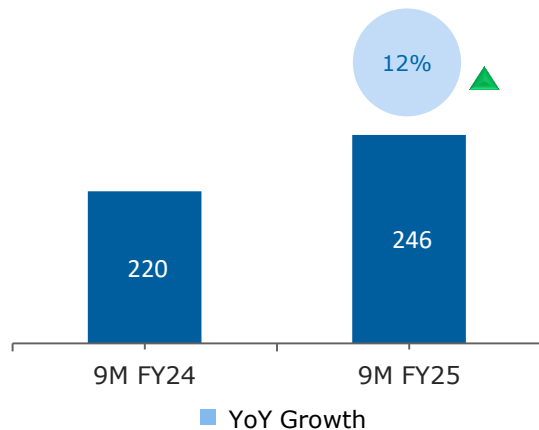
## VNB growth, tiding over change in surrender regulations

Rs bn



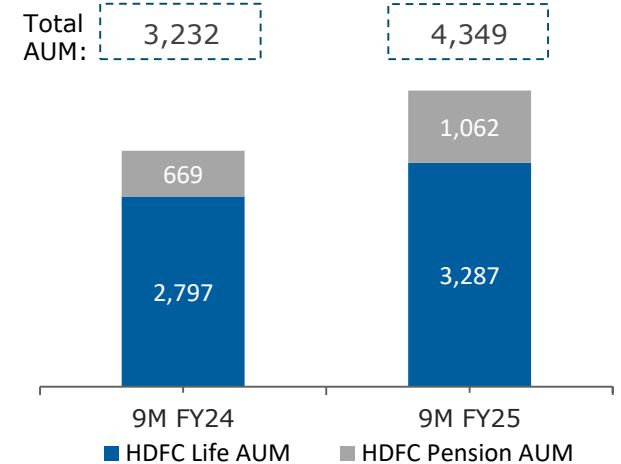
- Multiple pools of profitability contributing to VNB accretion

## Steady growth in renewal premium



- Backed by strong persistency and growing back-book

## Group assets under management > Rs 4.0 tn<sup>1</sup>

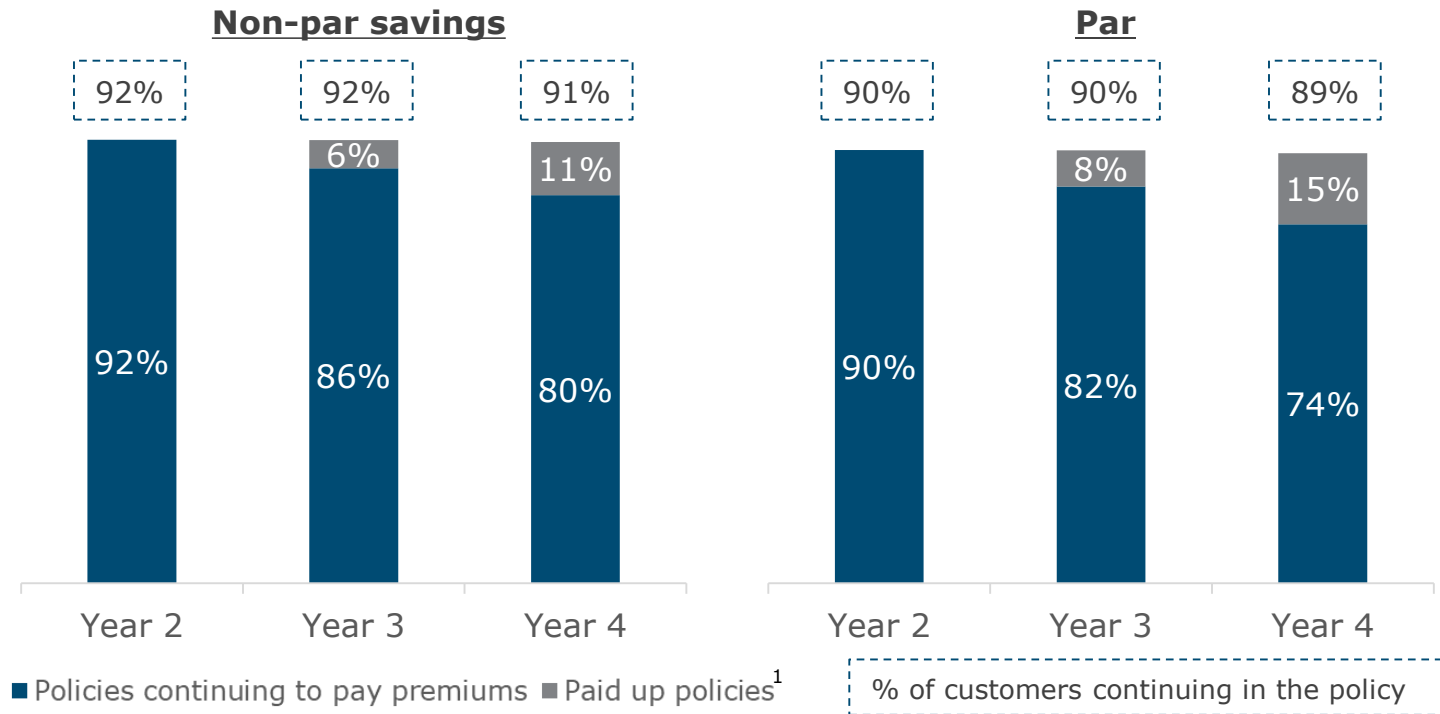


- HDFC Life Debt:Equity mix (9M FY25): 67:33
- HDFC Pension's AUM crossed Rs 1.0 Tn

1. Group assets under management (AUM) includes AUM of HDFC Life and HDFC Pension (wholly owned subsidiary)

# Delivering customer value with a balanced approach

## Negligible surrenders in traditional policies<sup>2</sup>



## Our balanced approach to business



**Calibrated pricing** strategy



**Conservative assumptions** with zero surrenders assumed from Year 2 - in line with our actual experience



**Strong and improving persistency** across cohorts and geographies



Prudent approach to **risk management**

**Restructuring of distributor pay-outs to mitigate NBM impact due to change in surrender regulations**

- Customers prefer to continue their policies in paid-up status rather than surrendering
- Paid-up policies have pro-rated benefits and risk cover ensuring continued protection and value retention

1. Paid-up policies refer to policies wherein the policyholder ceases to pay renewal premiums without actually surrendering the policy

2. Data pertains to policies written in FY21. Similar surrender experience for policies written across different years

# Agenda

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Life insurance in India



# Key elements of our strategy

1



## Profitable growth

Ensuring **sustainable and profitable growth** by identifying and tapping new profit pools

2



## Diversified distribution mix

Developing **multiple channels** of growth to drive need-based selling & **deepening penetration**

3



## Customer first

Creating superior **product** propositions and **customer journeys**, through consistent **innovation**

4



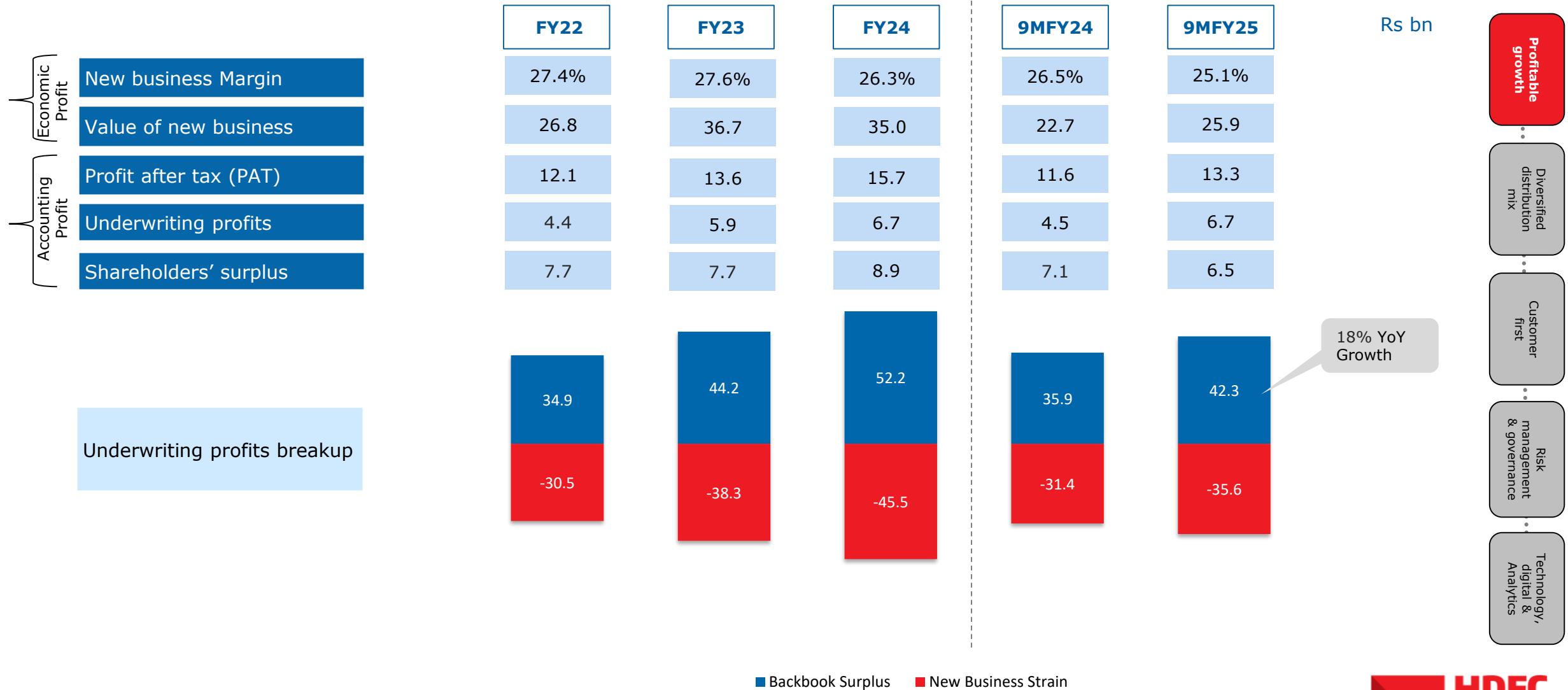
## Risk management & board governance

Maintaining focus on **risk management** guided by an **independent and competent Board**

5

**Future ready** organisation: Leveraging **technology, digital** and **analytics**

# Focus on profitable growth

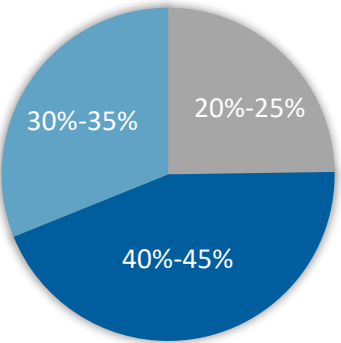




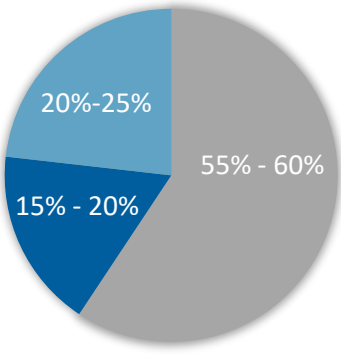
# Emergence of Existing Business (EB) Surplus

## Profit Emergence

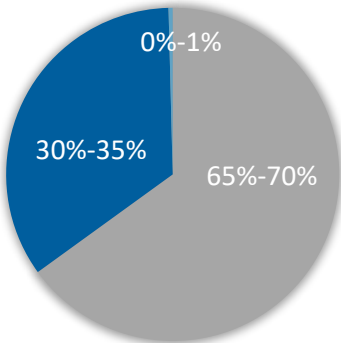
**Traditional Savings (Longer Tenure)**



**Protection (Ind+Grp)**



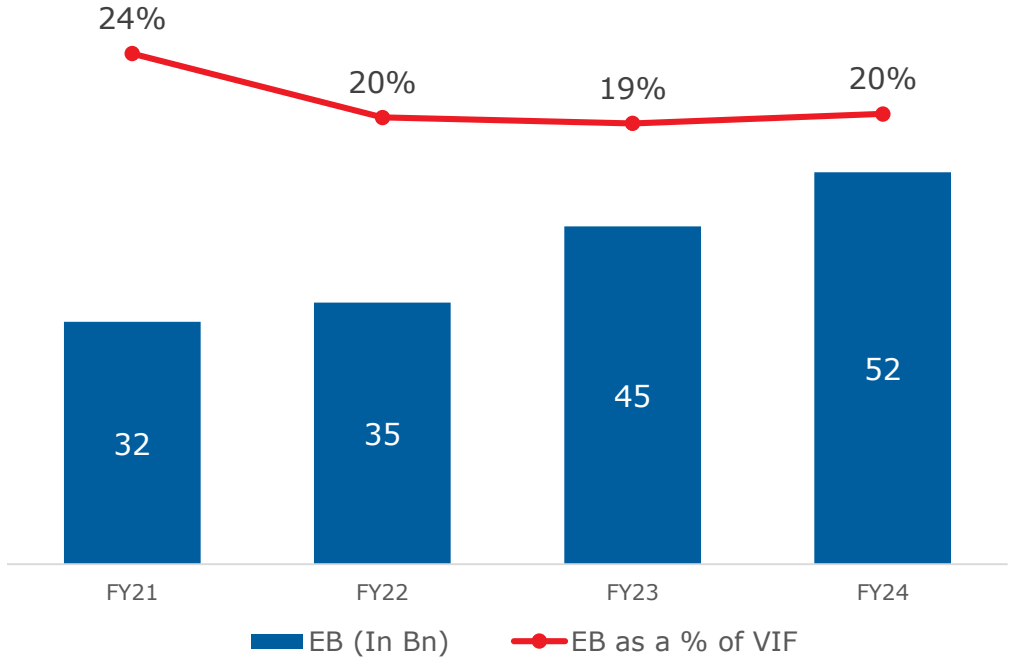
**ULIP**



■ 0 - 5 years ■ 5 - 15 years ■ > 15 years

- Shift in product profile to longer term savings over last 3-4 years
- Profit emergence is higher for longer tenure products, albeit over a longer time frame
  - ~ 3/4<sup>th</sup> of profits emerge after 5 years

## EB Surplus emergence as a % of VIF



- Higher mix of long term profitable products to result in profit emergence over longer time horizon
- Track record of positive operating variance indicates high likelihood of profit emergence as per assumptions

Profitable growth

Diversified distribution mix

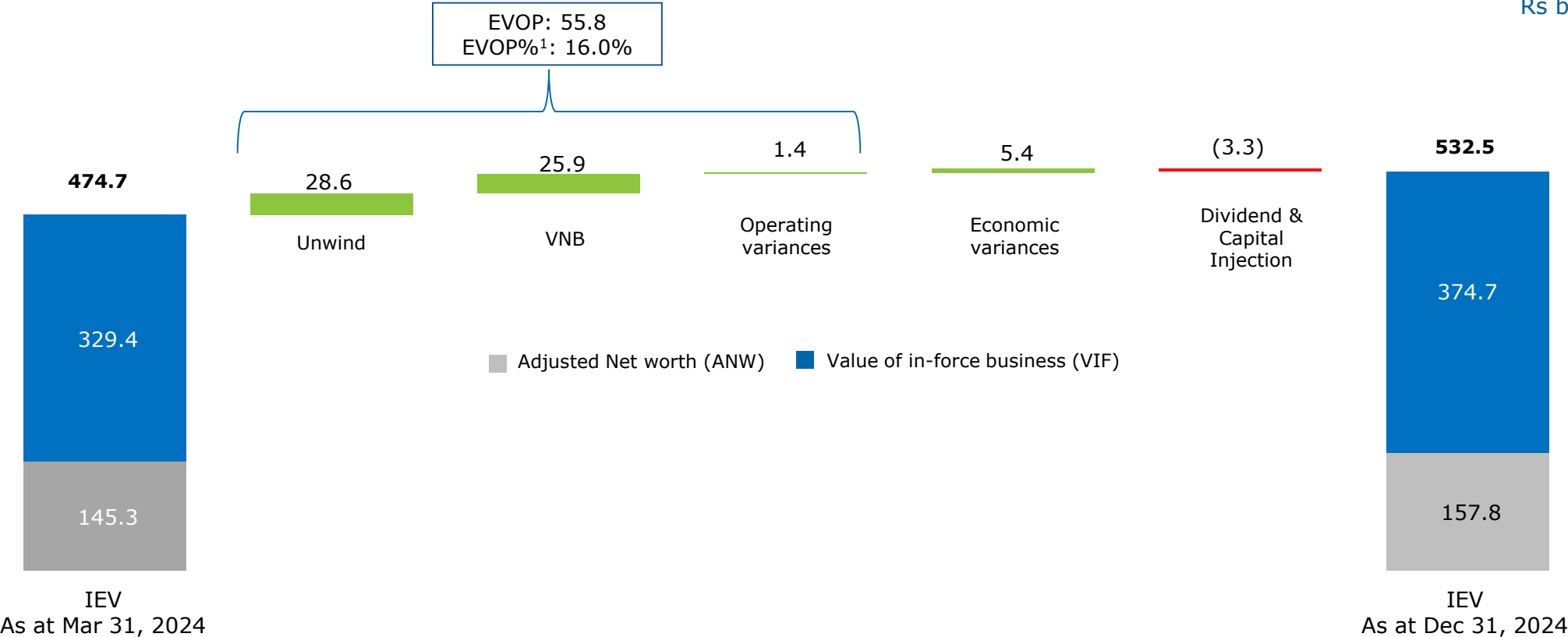
Customer first

Risk management & governance

Technology, digital & Analytics

# Analysis of change in IEV

Rs bn



- Profitable growth
- 
- Diversified distribution mix
- 
- Customer first
- 
- Risk management & governance
- 
- Technology, digital & Analytics

- VIF grew by 20% on a YoY basis (VIF as at Dec 31, 2023: Rs. 312.3 Bn)
- Operating variance continues to be positive and in line with our assumptions



# Diversified distribution mix

## Agency: segmented geographical growth



~2.4 lakh agents - top three agency force amongst private life insurers

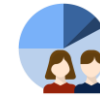


Segregating Focus (tier 1) and Growth (tier 2,3) markets with a micro market strategy



2X company level growth in protection

## HDFC Bank: best in class solutions



Widening outreach across all customer segments



Sharper focus on cross-sell and up-sell to existing customers



Focus on improving profitability with sustainable market share

## Partnerships: bespoke solutions



~90 banca partnerships - Focus on catering solutions addressing relevant customer segments



Partnerships with Banks, NBFCs, SFBs, brokers, aggregators & digital ecosystems allow entry into new market segments



Continue to strengthen partnership network

## Direct/Digital: leveraging analytics



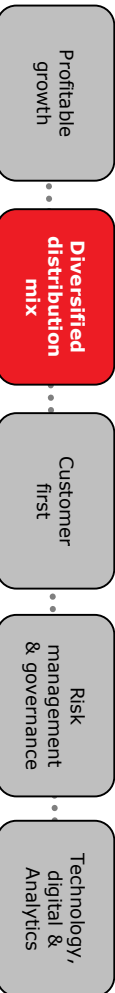
600 physical branches and sales hubs



Leveraging analytics for cross-sell and up-sell



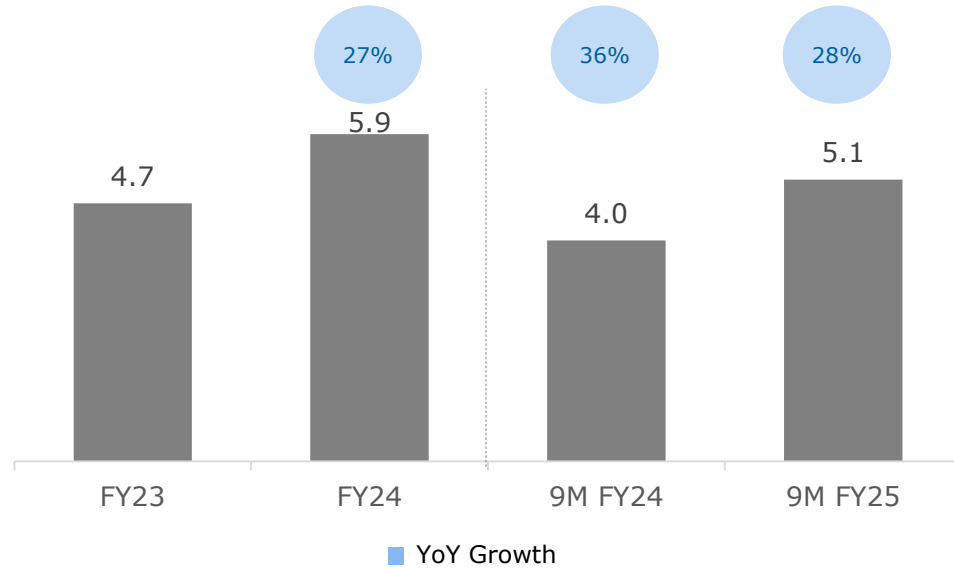
Simplifying and personalizing journeys to offer better customer experience to attract younger customers



# Increasing contribution from mortality and longevity products

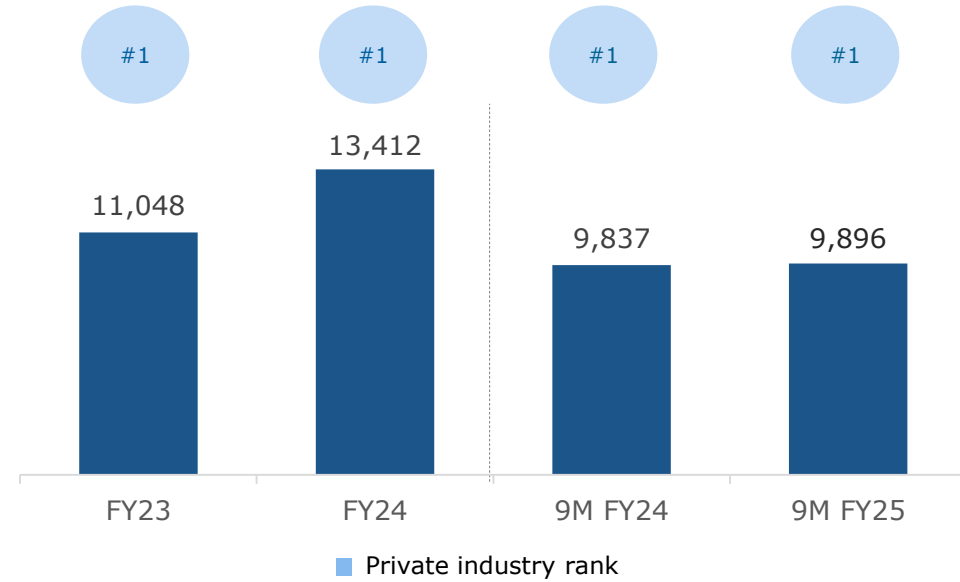
## Robust retail protection growth

Rs Bn.

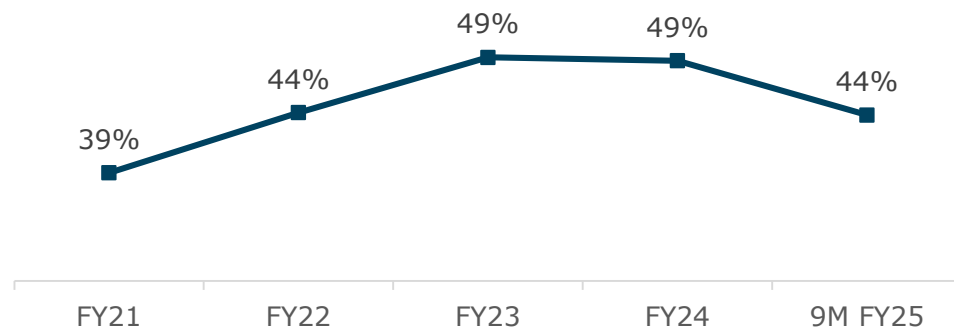


## Continue to maintain leadership in overall sum assured

Rs Bn.



## Protection and Annuity as % of total NBP



- Offering embedded protection solutions based on customer orientation
- Protection and annuity contribute ~44% of new business premium
- Covered ~37 million lives in 9M FY25

Profitable growth

Diversified distribution mix

Customer first

Risk management & governance

Technology, digital & Analytics

# Product mix across key channels<sup>1</sup>

| Banca | Segment         | FY23 | FY24 | 9M FY24 | 9M FY25 |
|-------|-----------------|------|------|---------|---------|
|       | UL              | 24%  | 40%  | 36%     | 40%     |
|       | Par             | 27%  | 22%  | 27%     | 17%     |
|       | Non par savings | 42%  | 30%  | 27%     | 37%     |
|       | Term            | 3%   | 4%   | 4%      | 4%      |
|       | Annuity         | 4%   | 5%   | 6%      | 3%      |

| Agency | Segment         | FY23 | FY24 | 9M FY24 | 9M FY25 |
|--------|-----------------|------|------|---------|---------|
|        | UL              | 10%  | 26%  | 22%     | 26%     |
|        | Par             | 33%  | 29%  | 33%     | 24%     |
|        | Non par savings | 49%  | 33%  | 33%     | 36%     |
|        | Term            | 6%   | 7%   | 8%      | 10%     |
|        | Annuity         | 3%   | 4%   | 4%      | 3%      |

| Direct <sup>2</sup> | Segment         | FY23 | FY24 | 9M FY24 | 9M FY25 |
|---------------------|-----------------|------|------|---------|---------|
|                     | UL              | 27%  | 42%  | 27%     | 28%     |
|                     | Par             | 13%  | 10%  | 14%     | 16%     |
|                     | Non par savings | 35%  | 22%  | 25%     | 22%     |
|                     | Term            | 5%   | 5%   | 3%      | 5%      |
|                     | Annuity         | 20%  | 20%  | 31%     | 29%     |

| Brokers | Segment         | FY23 | FY24 | 9M FY24 | 9M FY25 |
|---------|-----------------|------|------|---------|---------|
|         | UL              | 1%   | 6%   | 4%      | 16%     |
|         | Par             | 31%  | 41%  | 47%     | 27%     |
|         | Non par savings | 62%  | 35%  | 29%     | 42%     |
|         | Term            | 5%   | 14%  | 16%     | 13%     |
|         | Annuity         | 2%   | 3%   | 4%      | 2%      |

| Company | Segment         | FY23 | FY24 | 9M FY24 | 9M FY25 |
|---------|-----------------|------|------|---------|---------|
|         | UL              | 19%  | 35%  | 32%     | 37%     |
|         | Par             | 27%  | 23%  | 28%     | 18%     |
|         | Non par savings | 45%  | 30%  | 28%     | 35%     |
|         | Term            | 4%   | 5%   | 6%      | 6%      |
|         | Annuity         | 5%   | 6%   | 7%      | 5%      |

| Protection |                    | FY23 | FY24 | 9M FY24 | 9M FY25 |
|------------|--------------------|------|------|---------|---------|
|            | Based on Total APE | 13%  | 13%  | 15%     | 13%     |
|            | Based on NBP       | 29%  | 32%  | 34%     | 29%     |

| Annuity |                    | FY23 | FY24 | 9M FY24 | 9M FY25 |
|---------|--------------------|------|------|---------|---------|
|         | Based on Total APE | 6%   | 6%   | 7%      | 5%      |
|         | Based on NBP       | 20%  | 16%  | 18%     | 15%     |

Profitable growth

Diversified distribution mix

Customer first

Risk management & governance

Technology, digital & Analytics

# Key product innovations across categories

**NEW**  
**HDFC Life Click 2 Achieve**  
 A Non-Linked, Non-Participating, Individual, Savings Life Insurance Plan

**NEW**  
**HDFC Life Click 2 Protect Elite**  
 A Non-Linked, Non-Participating, Individual, Pure Risk Premium Life Insurance Plan

**Secure your family's future with the power of enhanced<sup>1</sup> protection and market-linked returns**

**NEW**  
**HDFC Life Smart Protect Plan**  
 A Non-Participating, Individual Life Unit-Linked Insurance Plan

**HDFC Life Sanchay Legacy**  
 A Non-Participating, Non-linked, Pure Risk Premium/Savings Individual Life Insurance Plan

Now available with new & improved additional features

**Get Early RoP<sup>3</sup> benefit & higher accumulation rate for death benefit!**

**Protect your family's future and leave a lasting legacy!**

**Retire smart, with guaranteed\* regular income and manage inflation with increasing pension!**

**NEW**  
**HDFC Life Smart Pension Plus**  
 A Non-Linked, Non-Participating Individual/Group Annuity Savings Plan

**INCREASING PENSION**

**Secure your future and meet today's goals with an immediate income solution.**

**HDFC Life**  
**sampoorna**  
**jeevan**  
 With You, Through Life.

**HDFC Life Sampoorna Jeevan**  
 A Non-Linked Participating Individual Life Insurance Savings Plan.

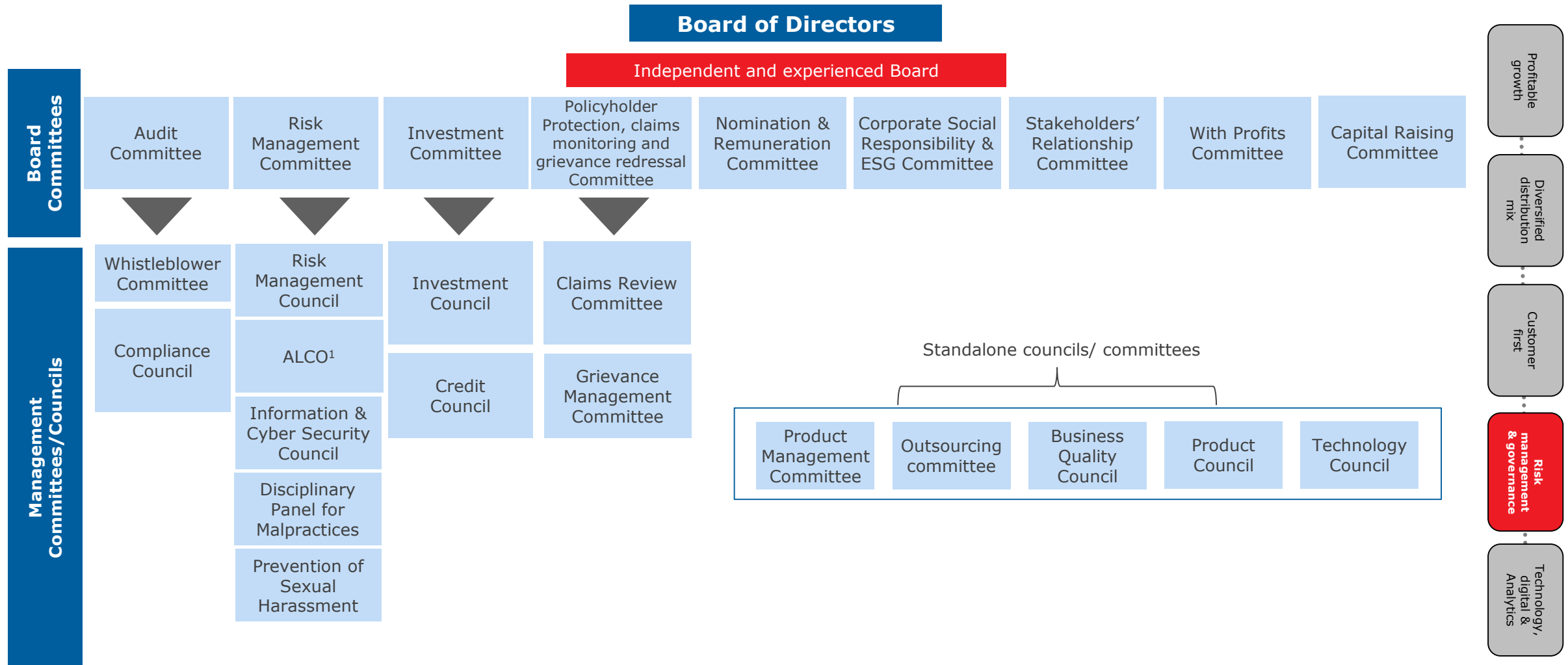
- Profitable growth
- Diversified distribution mix
- Customer first**
- Risk management & governance
- Technology, digital & Analytics



Learn more about HDFC Life products



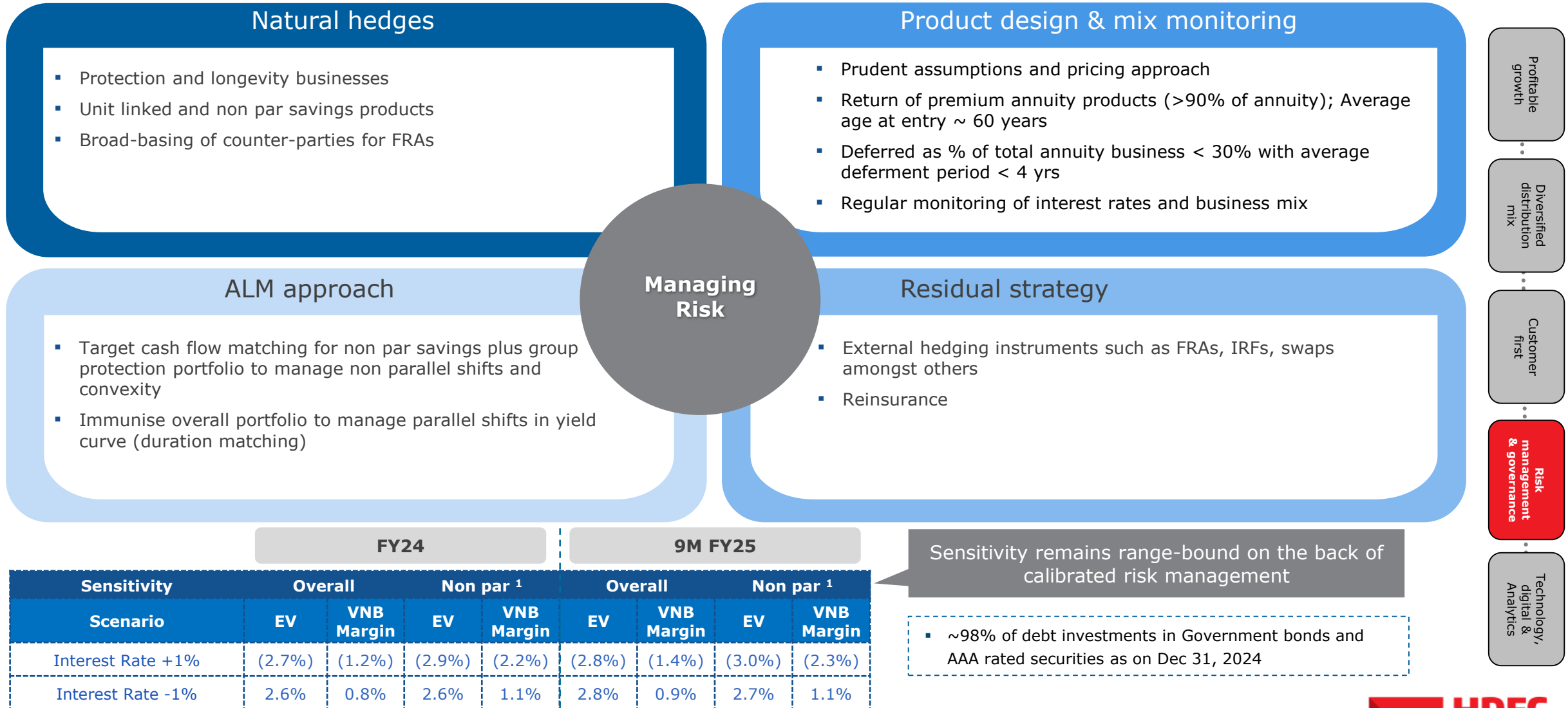
# Risk management & board governance



Additional governance through internal, concurrent and statutory auditors

1. Asset Liability Management Council  
 2. The above list of committees is illustrative and not exhaustive

# Financial risk management framework

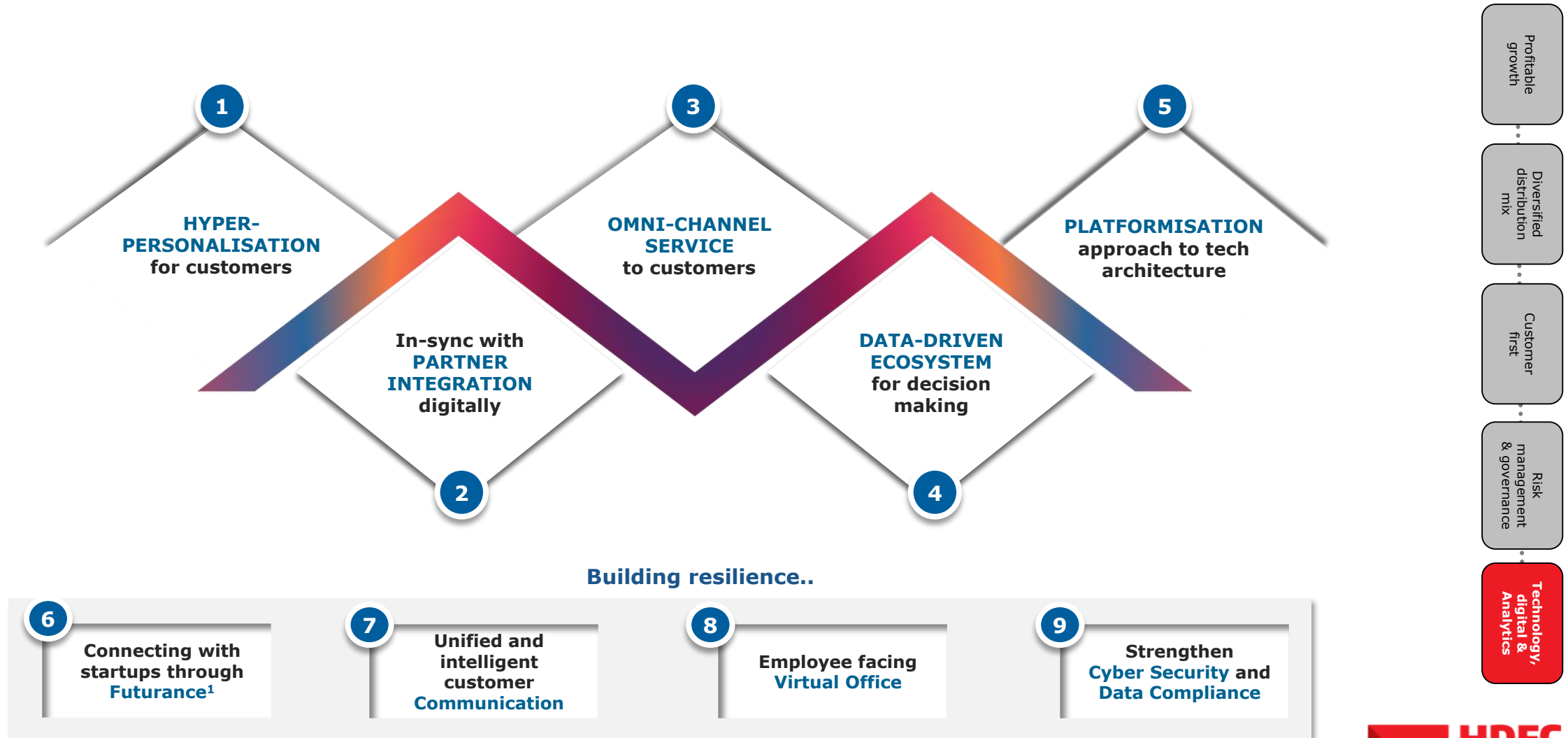


- Profitable growth
- Diversified distribution mix
- Customer first
- Risk management & governance
- Technology, digital & Analytics





# Future ready organization: Leveraging technology, digital and analytics



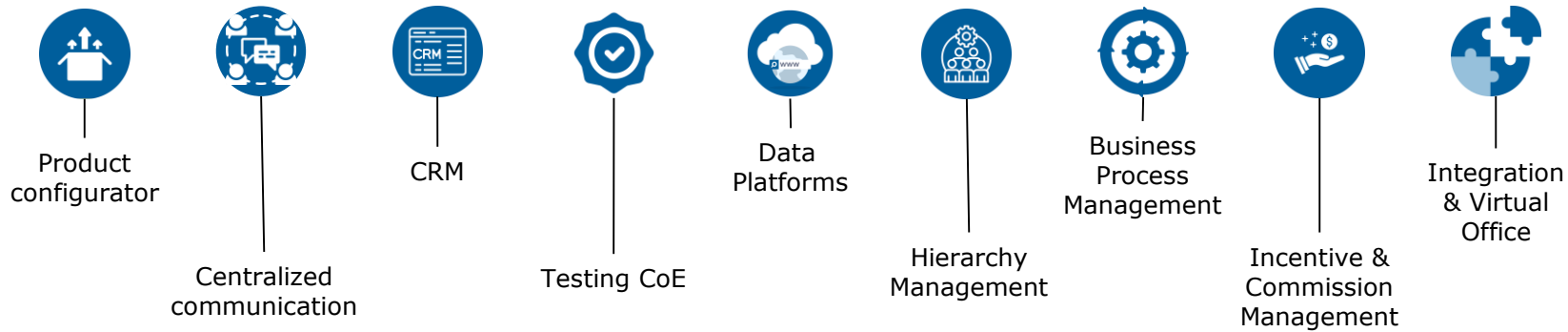
1. Futurance: A program to collaborate with startups for harnessing cutting-edge technology

# Building next-gen of insurance platform: Project Inspire

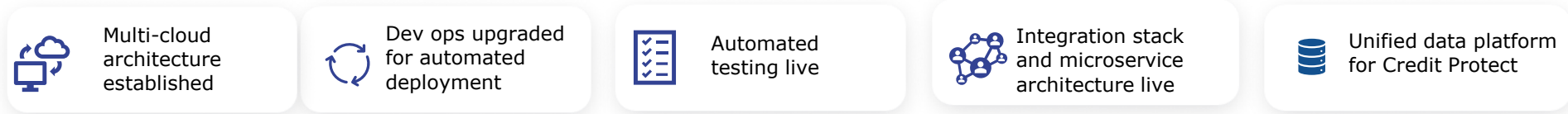
Future-ready digital transformation

Reimagining our systems and processes by investing in new technologies and capabilities

## Envisioned tracks for transformation- moving towards execution



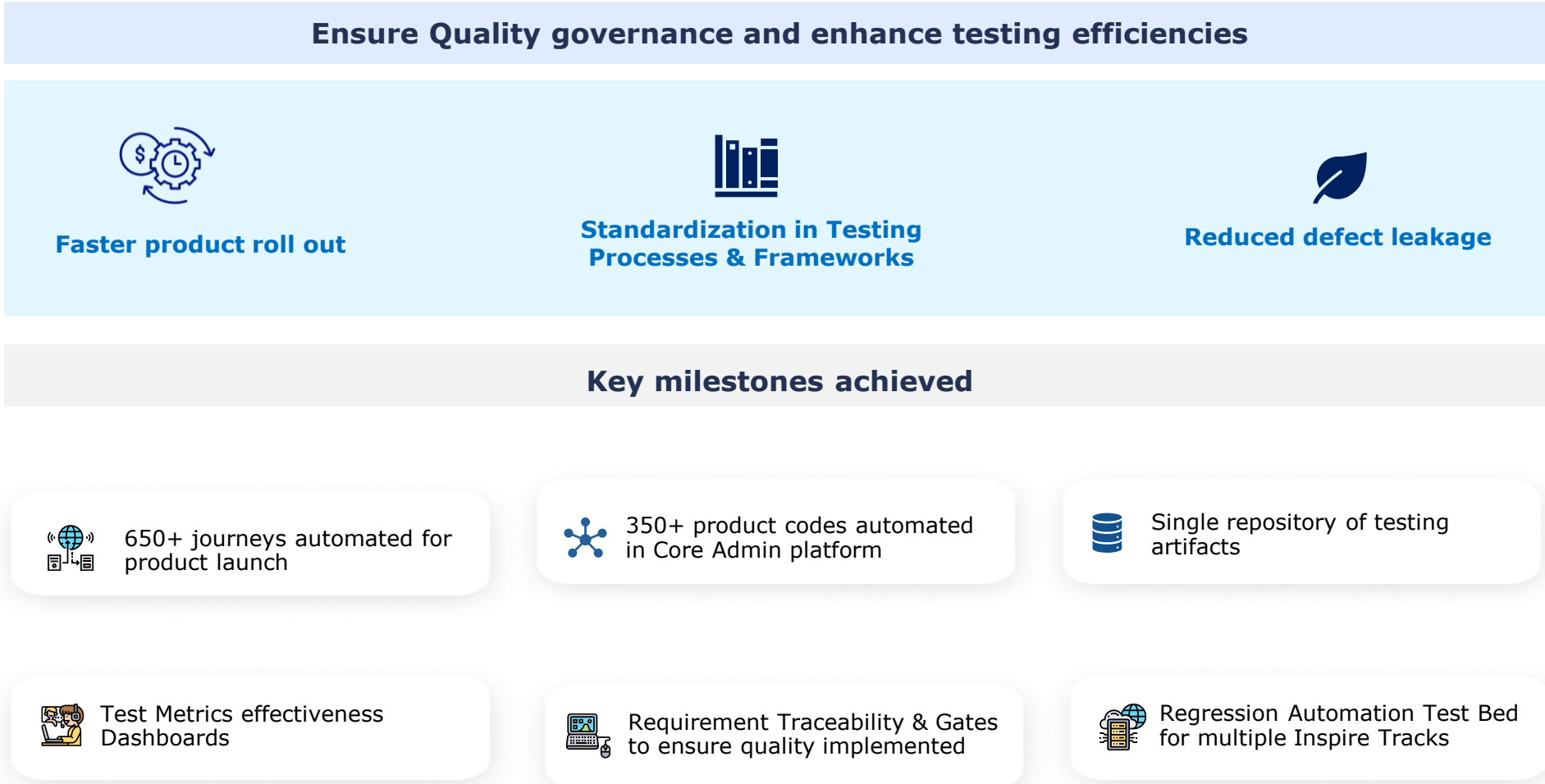
## Key foundational milestones achieved



## Credit Protect processing capabilities live in production



# Project Inspire: Testing Center of Excellence



- Profitable growth
- Diversified distribution mix
- Customer first
- Risk management & governance
- Technology, digital & Analytics

# Agenda

1

Performance Snapshot

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Other Business Highlights

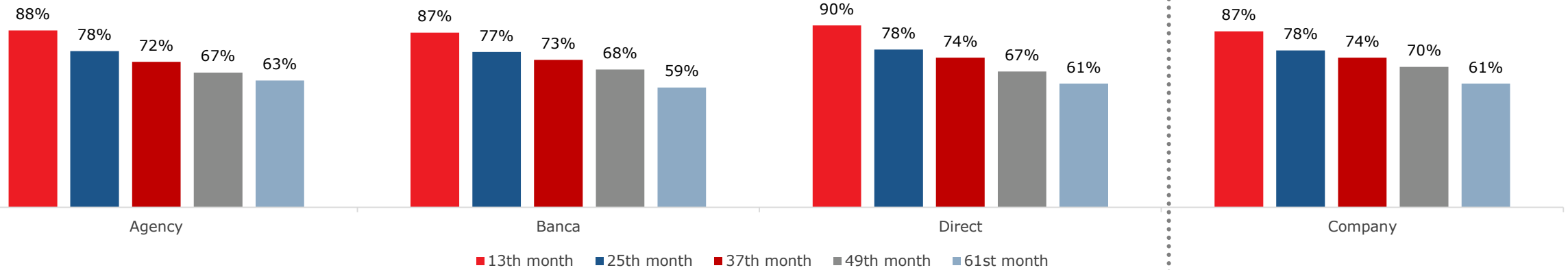
4

Life insurance in India

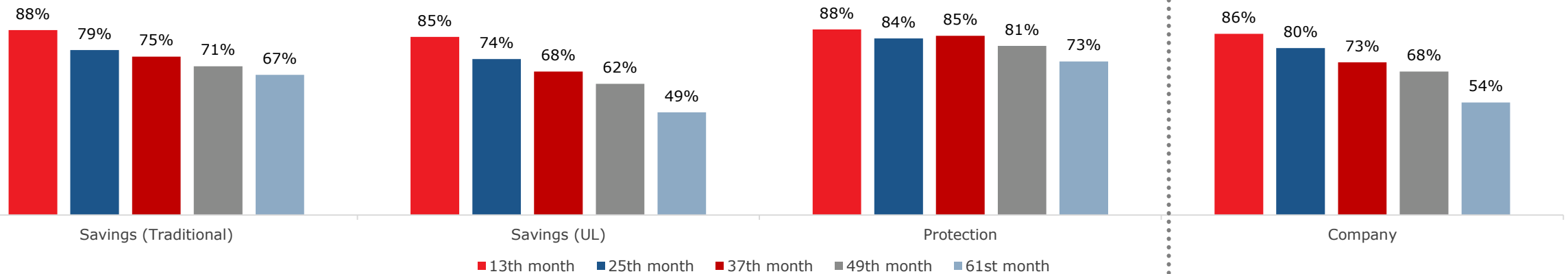


# Persistency trends

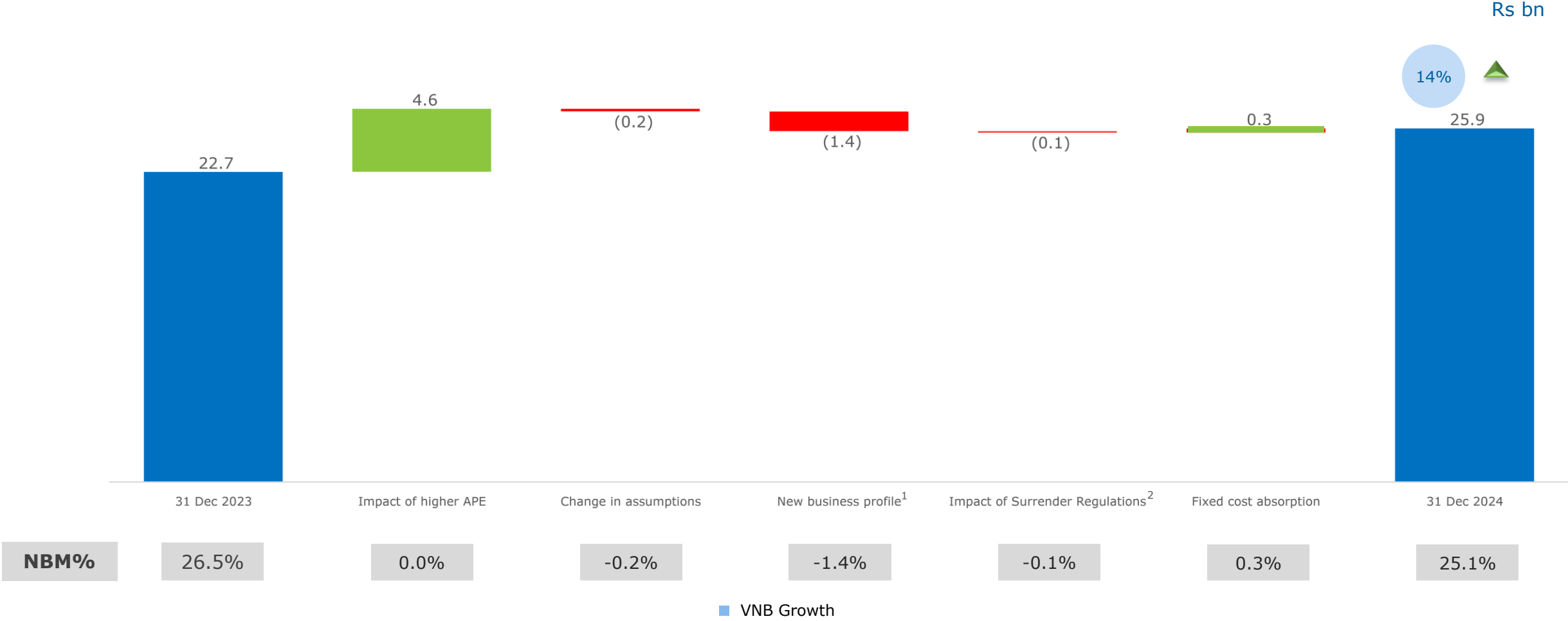
## Across key channels



## Across key segments



# Steady VNB trajectory



Note: Numbers may not add up due to rounding off

- 1. Reflects the impact of difference in mix of segment/distribution channel/tenure/age/sum assured multiple, amongst others
- 2. Effective October 1, 2024



# Sensitivity analysis – H1 FY25

| Analysis based on key metrics    | Scenario         | Change in VNB Margin <sup>1</sup> | % Change in EV |
|----------------------------------|------------------|-----------------------------------|----------------|
| <b>Change in</b>                 |                  |                                   |                |
| <b>Reference rate</b>            | Increase by 1%   | -1.6%                             | -2.7%          |
|                                  | Decrease by 1%   | 0.8%                              | 2.6%           |
| <b>Equity Market movement</b>    | Decrease by 10%  | -0.1%                             | -1.5%          |
| <b>Persistency (Lapse rates)</b> | Increase by 10%  | -0.9%                             | -0.1%          |
|                                  | Decrease by 10%  | 0.9%                              | 0.1%           |
| <b>Maintenance expenses</b>      | Increase by 10%  | -0.7%                             | -0.9%          |
|                                  | Decrease by 10%  | 0.7%                              | 0.9%           |
| <b>Acquisition Expenses</b>      | Increase by 10%  | -2.8%                             | NA             |
|                                  | Decrease by 10%  | 2.8%                              | NA             |
| <b>Mortality / Morbidity</b>     | Increase by 5%   | -1.3%                             | -1.1%          |
|                                  | Decrease by 5%   | 1.3%                              | 1.1%           |
| <b>Tax rate<sup>2</sup></b>      | Increased to 25% | -4.9%                             | -9.5%          |

1. Post overrun total VNB for Individual and Group business

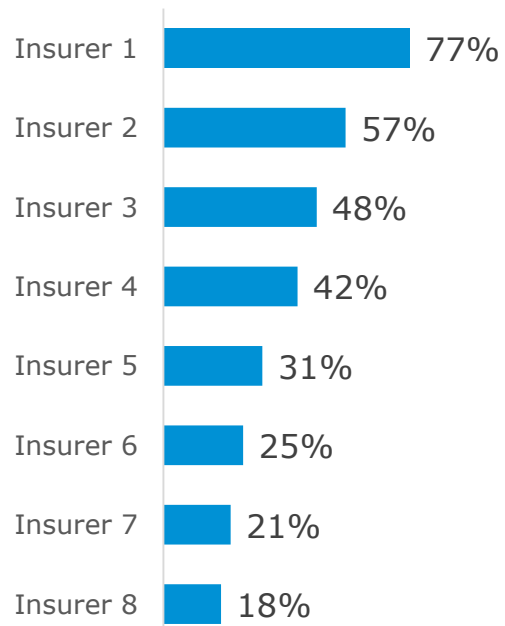
2. The tax rate is assumed to increase from 14.56% to 25% and hence all the currently taxed profits in policyholder/shareholder segments are taxed at a higher rate. It does not allow for the benefit of policyholder surplus being tax-exempt as was envisaged in the DTC Bill.

# Focus on increasing awareness across tier 2/3 markets

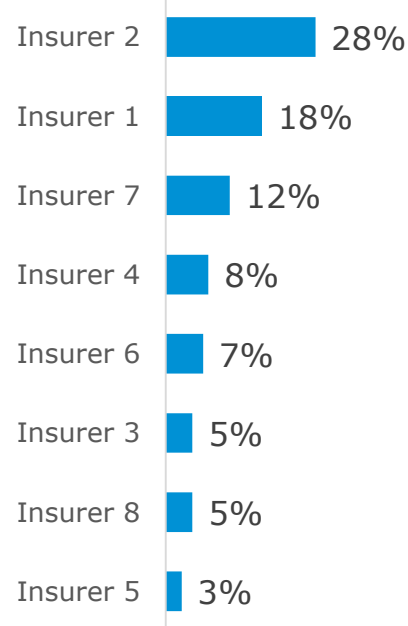
## Spontaneous awareness (Private insurers)



Tier 1



Tier 2/3



**Focus on category creation and deeper regional connect, supported by large campaigns:**

*Evident that insurance awareness is far lower in tier 2/3 markets*



**New branch launch - Modular approach**

- Announcements, hoardings, regional PR, vernacular collaterals



**Hyper-localization**

- Regional and local festivals, PR
- Promotion through: schools, RWAs<sup>1</sup>, traffic barricades



**Educating the audience on category/product/brand**

- Customer/Investor connect programs through training institutes, local media



**Content amplified through local influencers**

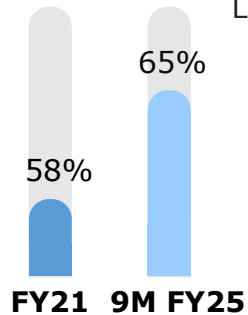
- Tapping the potential of 'social media influencers', to micro-target the audience



# The tier 2/3 growth opportunity

## Our focus is to deepen our presence in tier 2/3 markets

Contribution of tier 2/3 markets in HDFC Life's APE



On NOP basis, tier 2/3 markets contributed to 3/4<sup>th</sup> of the business in 9M FY25



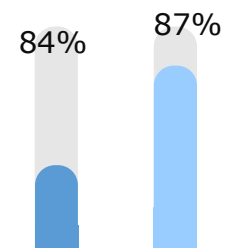
Amongst top 3 brands<sup>1</sup> for tier 2/3 customers



Higher focus on micro markets and increase penetration in tier 2/3 markets

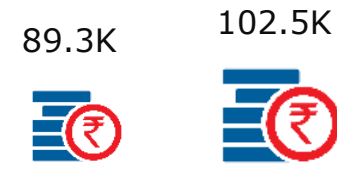
## While ensuring that quality of business is maintained

13M persistency closer to org



Tier 2/3 Org

Tier 2/3 markets' ATS closer to org ATS



Tier 2/3 Org



APE growth in tier 2/3 markets has outpaced company level growth



NOP growth at par with company growth in 9M FY25

## And building capacity for future growth



**40K+**

Partner branches

**600**

HDFC Life branches

**300+**

Partners comprising banks, NBFCs, MFIs, SFBs, brokers, new ecosystem partners



71% of new agent addition in tier 2/3 markets



Expansion strategy complementary to banca partners' SURU expansion

# ESG at a glance



**76 percentile** in 2024  
S&P Global Corporate  
Sustainability Assessment



**Ethical Conduct & Governance**



**Responsible Investment**



**Diversity, Equity and Inclusion**



**Holistic Living**



**Sustainable Operations**

## ENVIRONMENT

- Board approved **Environment and Climate Change Policy**
- Climate-related performance disclosed in accordance with the **TCFD**
- Total Renewable Energy Consumption: **472 MWh**
- Total Water Consumption: **4,62,793 K**
- Recycled / disposed **5.3 T** of E-waste, **6.5 T** of paper waste and **0.1 T** of plastic waste
- GHG emissions (Scope I, II & III): **17,495 T CO2e**
- New policies issued in DEMAT format: **30%**
- **Reasonable Assurance** conducted for BRSR Core Indicators



## SOCIAL

- Insurance **awareness campaigns**; communication in vernacular languages
- **Micro insurance products** for financial inclusion
- Launched **ESG Awareness Campaign** for a culture of sustainability
- Developed **ESG Training module** for employees
- Average hours of training per FTE: **71.74**
- Employee Satisfaction Score: **85**
- CSR contribution: **Rs. 232 Mn**
- No. of beneficiaries: **1.63 Mn**
- UN SDGs covered: **14 of 17**
- Customer Satisfaction (CSAT) Score: **90.9%**

## GOVERNANCE

- ESG governed by the Board **CSR & ESG Committee** and driven by the **ESG Management Committee**
- **ESG Governance Committee** under the Investment team oversees the integration of ESG factors in the fund management process and engagement with the investee companies
- **Responsible Investment (RI) & Stewardship Policy** for integrating ESG issues into investment decisions
- Prepared and submitted 1<sup>st</sup> mandatory **UN-PRI Report** for FY24
- Information Security systems and processes are **ISO 27001** certified
- Business Continuity Practices, guided by the principles of **ISO 22301**

# Financial and operational snapshot (1/2)

Rs bn.

|   | 9M FY25 | 9M FY24 | Growth | FY24    | FY23    | FY22*   |
|---|---------|---------|--------|---------|---------|---------|
| <i>New Business Premium (Indl. + Group)</i>           | 223.9   | 201.0   | 11%    | 296.3   | 290.9   | 241.5   |
| <i>Renewal Premium (Indl. + Group)</i>                | 246.2   | 220.4   | 12%    | 334.5   | 284.5   | 218.1   |
| Total Premium   | 470.1   | 421.4   | 12%    | 630.8   | 575.3   | 459.6   |
| Individual APE  | 89.9    | 72.7    | 24%    | 115.1   | 114.0   | 81.7    |
| Overall APE   | 102.9   | 85.6    | 20%    | 132.9   | 133.4   | 97.6    |
| Profit after Tax                                      | 13.3    | 11.6    | 15%    | 15.7    | 13.6    | 12.1    |
| - <i>Policyholder Surplus</i>                         | 6.7     | 4.5     | 51%    | 6.7     | 5.9     | 4.4     |
| - <i>Shareholder Surplus</i>                          | 6.5     | 7.1     | -8%    | 8.9     | 7.7     | 7.7     |
| Dividend Paid   | 4.3     | 4.1     | 5%     | 4.1     | 3.6     | 4.1     |
| Assets Under Management                               | 3,286.8 | 2,797.1 | 18%    | 2,922.2 | 2,387.8 | 2,041.7 |
| Indian Embedded Value                                 | 532.5   | 451.7   | 18%    | 474.7   | 395.3   | 300.5   |
| Net Worth <sup>(1)</sup>                              | 151.9   | 137.8   | 10%    | 142.0   | 129.7   | 154.0   |
| NB (Individual and Group segment) lives insured (Mn.) | 36.6    | 49.6    | -26%   | 66.0    | 68.5    | 54.1    |
| No. of Individual Policies (NB) sold (In '000s)       | 876.6   | 764.5   | 15%    | 1,166.0 | 1,054.1 | 915.1   |

1. Comprises share capital, share premium and accumulated profits/(losses)

\*Numbers exclude Exide Life

Note: Numbers may not add up due to rounding off

# Financial and operational snapshot (2/2)

|   | 9M FY25                     | 9M FY24      | FY24         | FY23         | FY22*        |
|---|-----------------------------|--------------|--------------|--------------|--------------|
| Overall New Business Margins (post overrun)                   | 25.1%                       | 26.5%        | 26.3%        | 27.6%        | 27.4%        |
| Operating Return on EV  | 16.0%                       | 16.5%        | 17.5%        | 19.7%        | 16.6%        |
| Total Expenses (OpEx + Commission) / Total Premium            | 20.8%                       | 19.6%        | 19.4%        | 19.8%        | 16.5%        |
| Return on Equity  | <sup>(1)</sup> 12.0%        | 11.5%        | 11.5%        | 11.9%        | 10.1%        |
| Solvency Ratio  | 188%                        | 190%         | 187%         | 203%         | 176%         |
| Persistency (13M / 61M)                                       | 87%/61%                     | 86%/54%      | 87%/53%      | 87%/52%      | 87%/54%      |
| Individual WRP Market Share (%)                               | 15.3%                       | 15.0%        | 15.4%        | 16.5%        | 14.8%        |
| Business Mix (%)  |                             |              |              |              |              |
| - Product (UL/Non par savings/Annuity/Non par protection/Par) | <sup>(2)</sup> 37/35/5/6/18 | 32/28/7/6/28 | 35/30/6/5/23 | 19/45/5/4/27 | 26/33/5/6/30 |
| - Indl Distribution (CA/Agency/Broker/Direct)                 | <sup>(2)</sup> 64/17/7/11   | 64/18/6/11   | 65/18/6/11   | 56/20/11/13  | 60/14/6/19   |
| - Total Distribution (CA/Agency/Broker/Direct/Group)          | <sup>(3)</sup> 27/8/3/12/50 | 25/8/2/12/53 | 27/8/3/12/50 | 25/9/4/13/49 | 24/6/2/16/52 |
| - Share of protection business (Based on Indl APE)            | 5.7%                        | 5.5%         | 5.1%         | 4.1%         | 5.6%         |
| - Share of protection business (Based on Overall APE)         | 12.5%                       | 15.0%        | 13.3%        | 13.3%        | 13.6%        |
| - Share of protection business (Based on Overall NBP)         | 28.5%                       | 34.3%        | 32.1%        | 29.0%        | 24.0%        |

1. Calculated using net profit and average net worth for the period (Net worth comprises Share capital, Share premium and Accumulated profits). Opening net worth for FY23 has been adjusted in line with the scheme of merger approved by the court

2. Based on individual APE. UL: Unit Linked, Trad: Traditional, Par: Participating & CA: Corporate Agents. Percentages are rounded off

3. Based on total new business premium including group

\*Numbers exclude Exide Life



# Consistent track record of maximising shareholder value

Rs bn

|                             | FY24  | FY23  | FY22               | FY21  | FY20  | FY19  | FY18  | FY17  | FY16  | FY 20-24 CAGR | FY 16-24 CAGR |
|-----------------------------|-------|-------|--------------------|-------|-------|-------|-------|-------|-------|---------------|---------------|
| Value of new business (VNB) | 35.0  | 36.7  | 26.8               | 21.9  | 19.2  | 15.4  | 12.8  | 9.2   | 7.4   | 16%           | 21%           |
| Operating variances         | 1.5   | 1.6   | -4.9 <sup>1</sup>  | 0.8   | 1.5   | 1.4   | 2.0   | 2.1   | 3.1   |               |               |
| Embedded Value <sup>2</sup> | 474.7 | 395.3 | 300.5              | 266.2 | 206.5 | 183.0 | 152.2 | 124.7 | 102.3 | 23%           | 21%           |
| Value in-force (VIF)        | 329.4 | 267.5 | 211.9              | 176.3 | 134.6 | 124.3 | 103.6 | 83.3  | 69.5  | 25%           | 21%           |
| Operating ROEV <sup>3</sup> | 17.5% | 19.7% | 16.6% <sup>1</sup> | 18.5% | 18.1% | 20.1% | 21.5% | 21.7% | 20.7% |               |               |



**Healthy VNB accretion** driven by strong top-line growth and margin expansion



**Predictable outcomes** over longer time frames



**Steady ROEV** across multiple time periods, reflecting sustainable performance



**Significant value creation** through consistent compounding of EV and VIF across multiple time periods



**Experience in-line with assumptions**, resulting in negligible operating variances



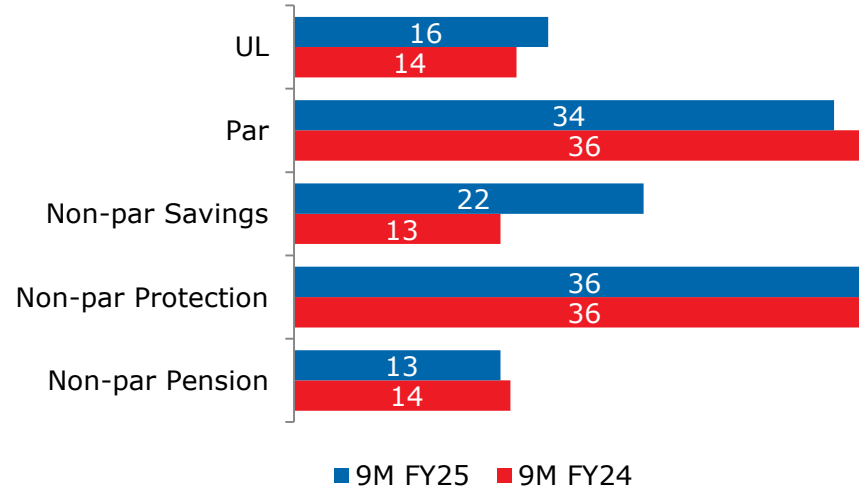
Strong focus on **balancing profitability and risk management**

1. FY22 operating variance includes excess mortality impact due to Covid-19
2. Closing EV for the respective fiscal year
3. Operating ROEV is calculated as annual EVOP (Embedded Value Operating Profit) to Opening EV

# Segment wise average term and age<sup>1</sup>

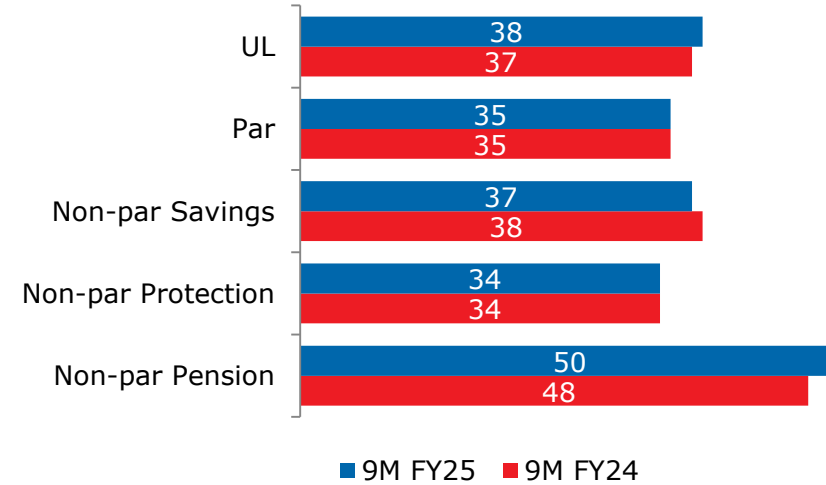
## Average Policy Term (Yrs)

9M FY25: 24.3 (9M FY24: 23.4)



## Average Customer Age (Yrs)

9M FY25: 36.5 (9M FY24: 36.0)



- Focus on long term insurance solutions, reflected in longer policy tenures
- Extensive product solutions catering customer needs across life cycles from young age to relatively older population

# Agenda

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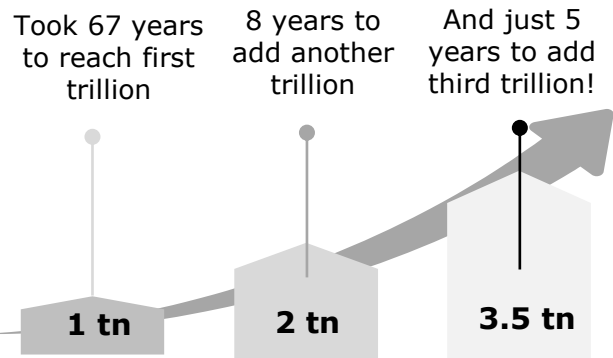
Life insurance in India



# India – poised for sustainable growth

## Fifth largest and fastest growing economy

### India's GDP (in USD)<sup>1</sup>



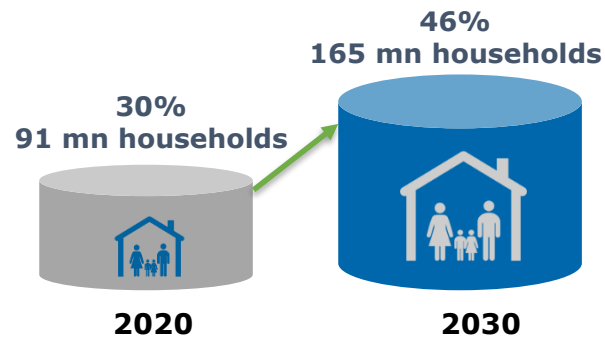
## Demographic dividend- youngest economy<sup>1</sup>



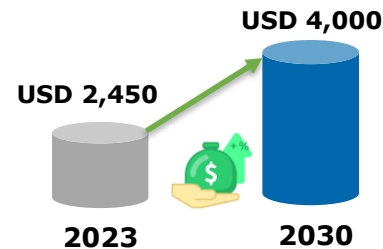
“At average age of 29 years, India to remain the youngest economy till 2070”

## Rising affluence

### India's middle income segment as % of all households<sup>3</sup>



### India's per capita income



## Investment in physical and digital building blocks to further drive growth



**1.45 lakh kms**

- Total length of National Highways, an increase of 59% in past 9 years<sup>4</sup>
- 2<sup>nd</sup> largest road network after USA



**134 bn**

- Transactions worth Rs ~2 trn processed via UPI in FY24, relatively growth in tier 2 and 3



- Total PLI outlay of >\$26bn
- Capex distributed evenly across sectors and geographies<sup>5</sup>



- GFCF<sup>6</sup> to be >30% over the next 5 years<sup>5</sup>
- Bank credit to be 60% of GDP by FY30 from 50% currently<sup>5</sup>

**India surpassed FY24 growth expectations, growing by 8.2%. Expected to be third largest economy by 2030<sup>2</sup>**

**India's per capita income is likely to grow by nearly 70% by 2030<sup>4</sup>**

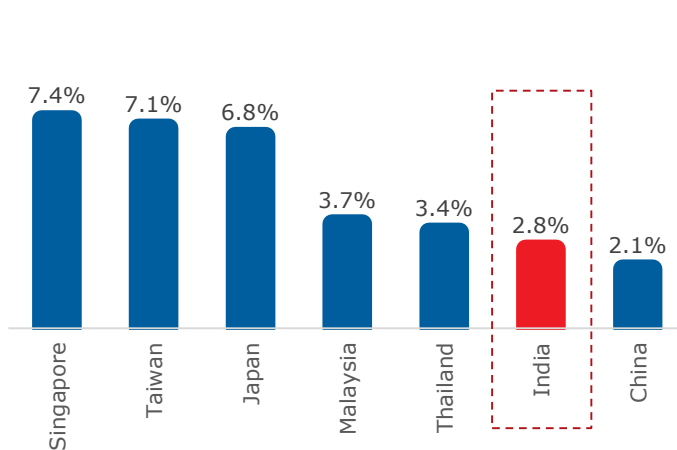
**The government will boost capital investment outlay by 33% to \$120bn in FY24**

1. Invest India
2. MoSPI; S&P Global Market Intelligence
3. People Research on India's Consumer Economy (PRICE); average size of an household is 4.4 as in 2021
4. Standard Chartered Bank
5. CLSA, NDTV Profit
6. Gross Fixed Capital Formation

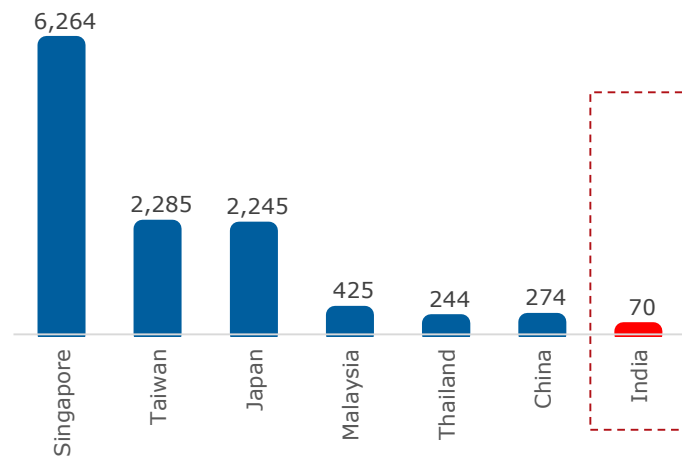


# Growth opportunity: Under-penetration and favorable demographics

**Life Insurance penetration<sup>1</sup> (CY 2023)**

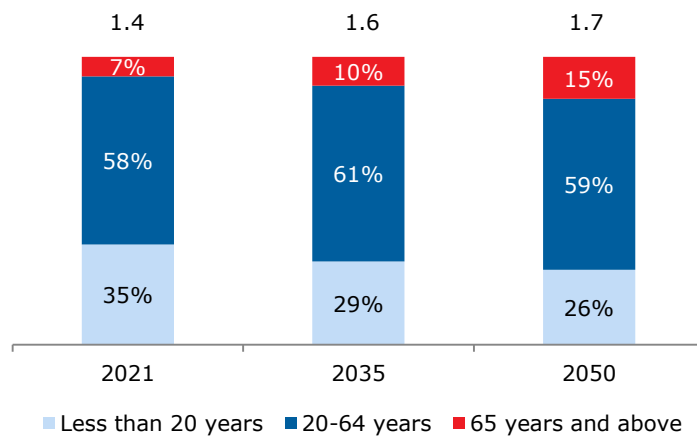


**Life Insurance density US\$<sup>2</sup> (CY 2023)**

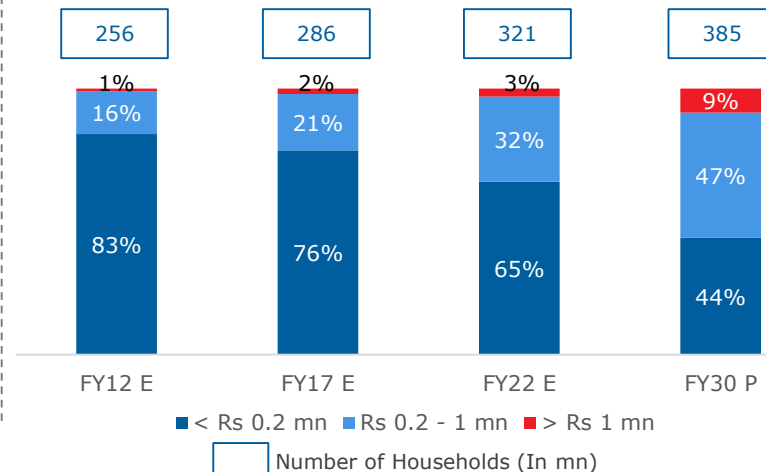


- India remains vastly under-insured, both in terms of penetration and density
- Huge opportunity to penetrate the underserved segments, with evolution of the life insurance distribution model

**Population composition (bn)**



**Household distribution by income**



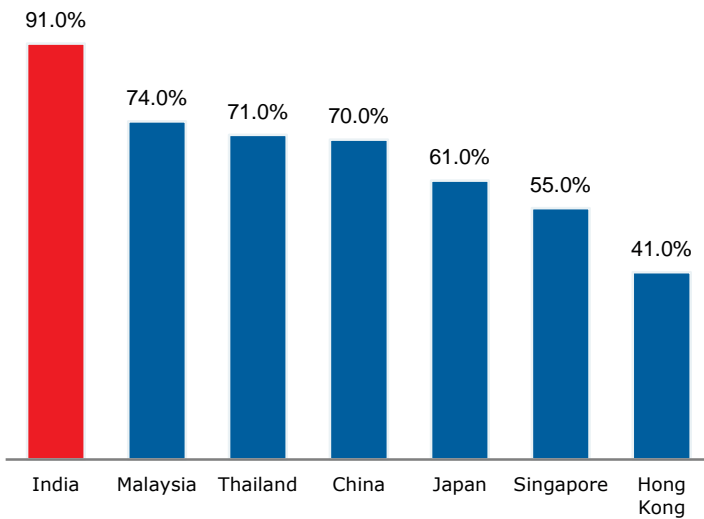
- India's insurable population estimated to be at ~1 bn by 2035
- Number of middle income households is expected to almost double to 181 mn between FY22 and FY30
  - High proportion of this increase is expected to come from semi-urban and rural areas

1. Penetration as measured by premiums as % of GDP,  
2. Density defined as the ratio of premium underwritten in a given year to the total population

Source: Swiss Re, MOSPI, United Nations World Populations Prospects Report (2022), CRISIL "The big shift in financialization" report 2022

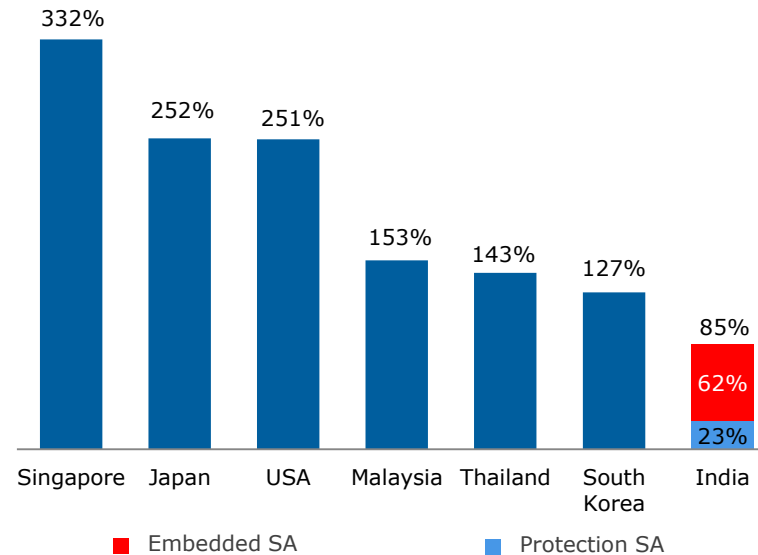
# Low levels of penetration: Life protection

Protection gap (2019)<sup>1</sup>



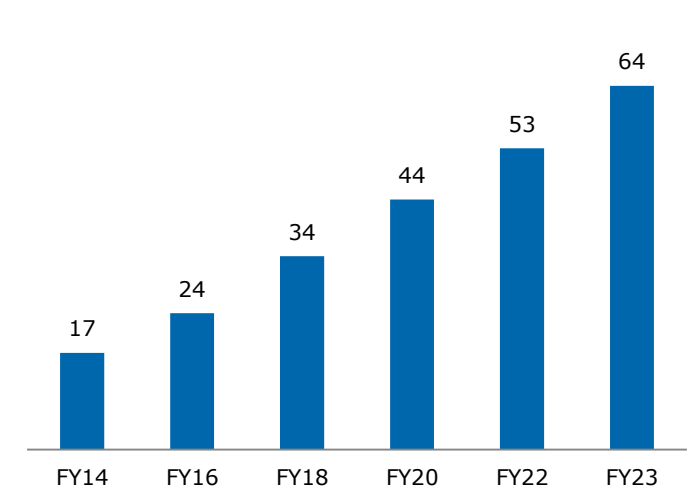
- India has the highest protection gap in the region
- Savings and life insurance coverage growth lagged economic and wage growth
- Protection gap growth rate to grow at ~4% per annum

Sum Assured as a % of GDP<sup>2</sup>



- India has the lowest sum assured (SA) as a % of GDP amongst its peers
- opportunity for protection growth in life insurance due to:
  - Rising middle income,
  - Increasing financial literacy
  - Limited life cover represents

Trend of retail loans<sup>3</sup> (Rs Tn.)

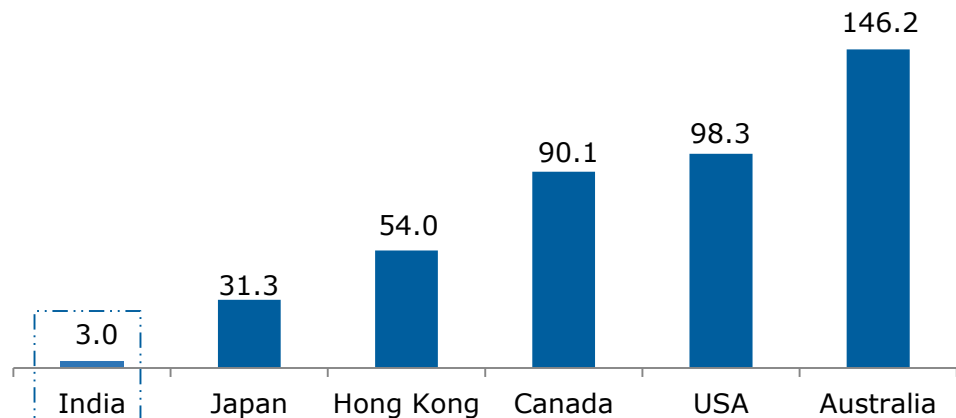


- Retail credit has grown at a CAGR of 16% over last 10 years
- Credit life need would be spurred by:
  - increasing retail indebtedness
  - Increasing attachment rates
  - Increasing value penetration,
  - Growing lines of business

1. Swiss Re. India's protection gap is as of CY22  
 2. Jefferies "Composite Insurance License in India: Taking a Leaf from Global Experience" report 2022  
 3. Kotak institutional equities

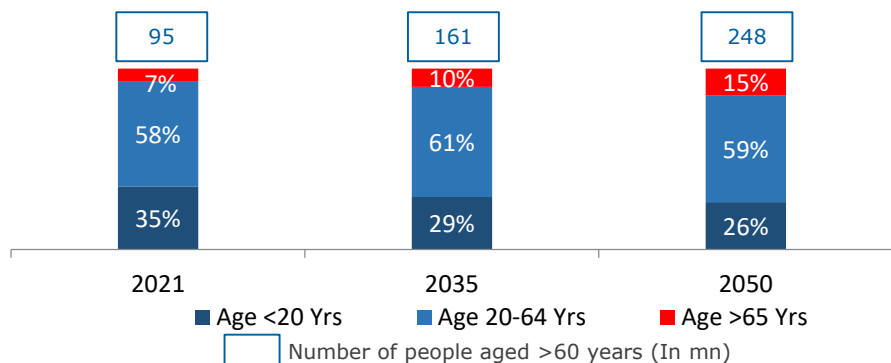
# Macro opportunity: Retiral solutions

India's pension market is under-penetrated at 3%<sup>1</sup> of GDP

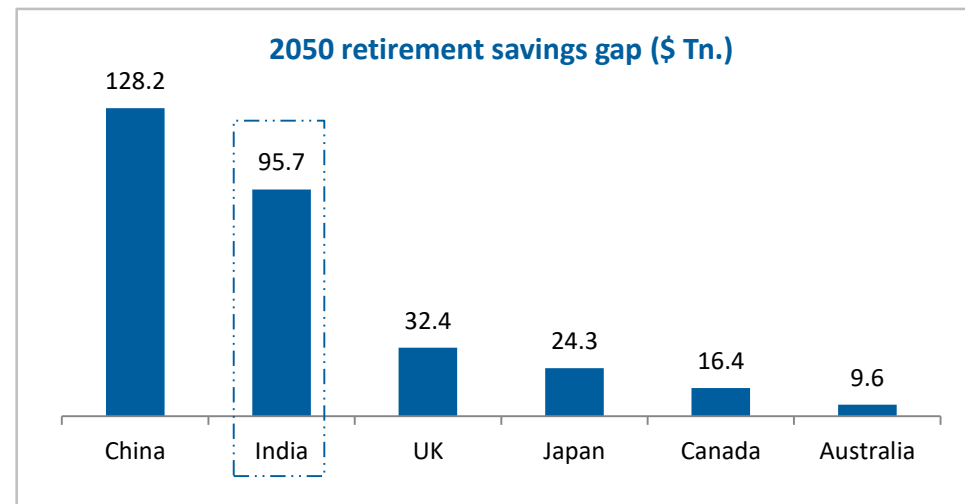


Elderly population is expected to increase 2.5x by 2050

## Ageing population



India's retirement savings gap<sup>2</sup> to grow annually by 10% to reach ~\$96Tn in 2050

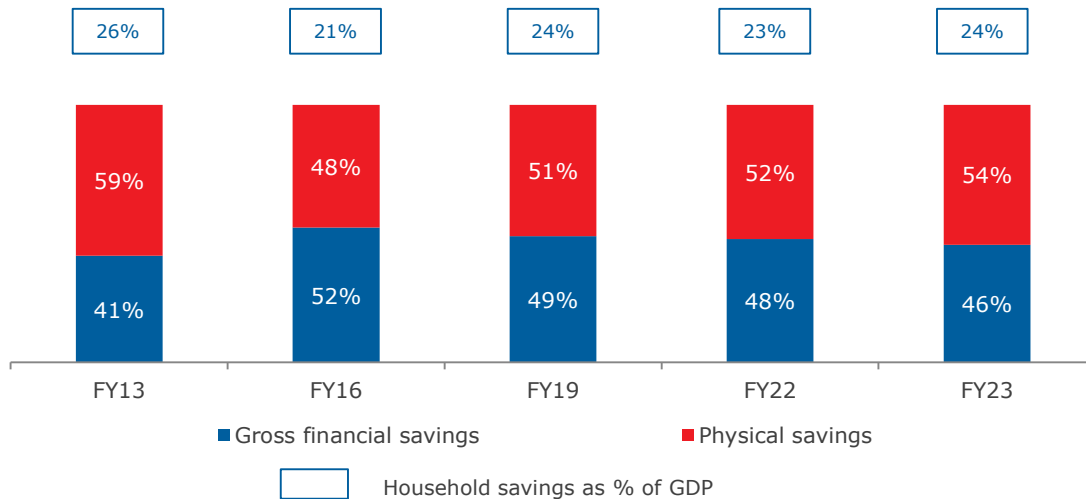


- Improvements in life expectancy will lead to an average post-retirement period of 20 years
- Average household size has decreased from 4.6 in 2001 to 3.9 in 2018
- Total Pension AUM is expected to grow to Rs 118 Tn by 2030 (about 1/4th accounted by NPS)
- Mandatory schemes to increase coverage for both unorganized and organized sectors

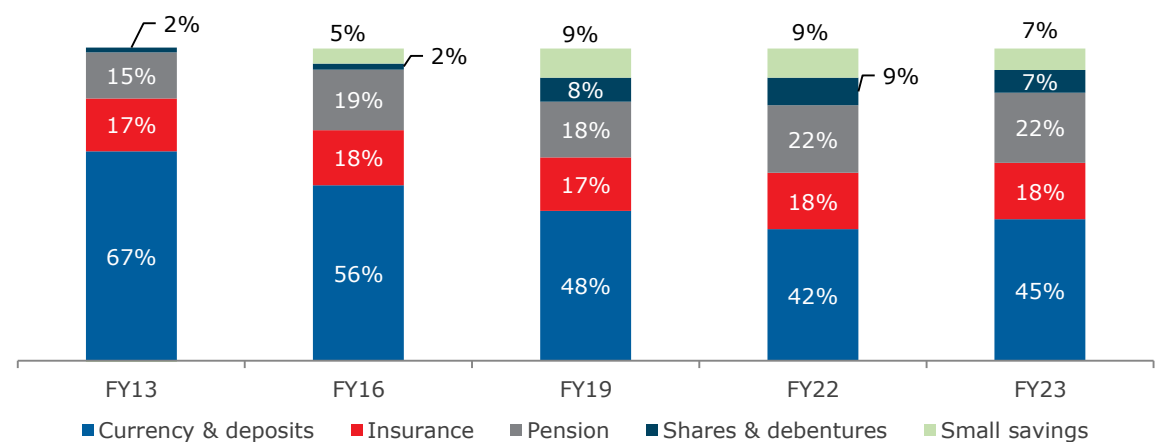
Source: Swiss Re: A Retirement lifeline (2023), OECD (2021), Milliman Asia Retirement Report 2017, Survey by NSSO, MoSPI, United Nations World Populations Prospects Report (2022)  
 1. Comprising pension assets / funds  
 2. Retirement savings gap = Desired retirement income (i.e. 70% of pre-retirement annual income) - Actual income (i.e. social security benefits + employer benefits + personal savings)

# Life Insurance: A preferred savings instrument

## Household savings composition



## Financial savings mix

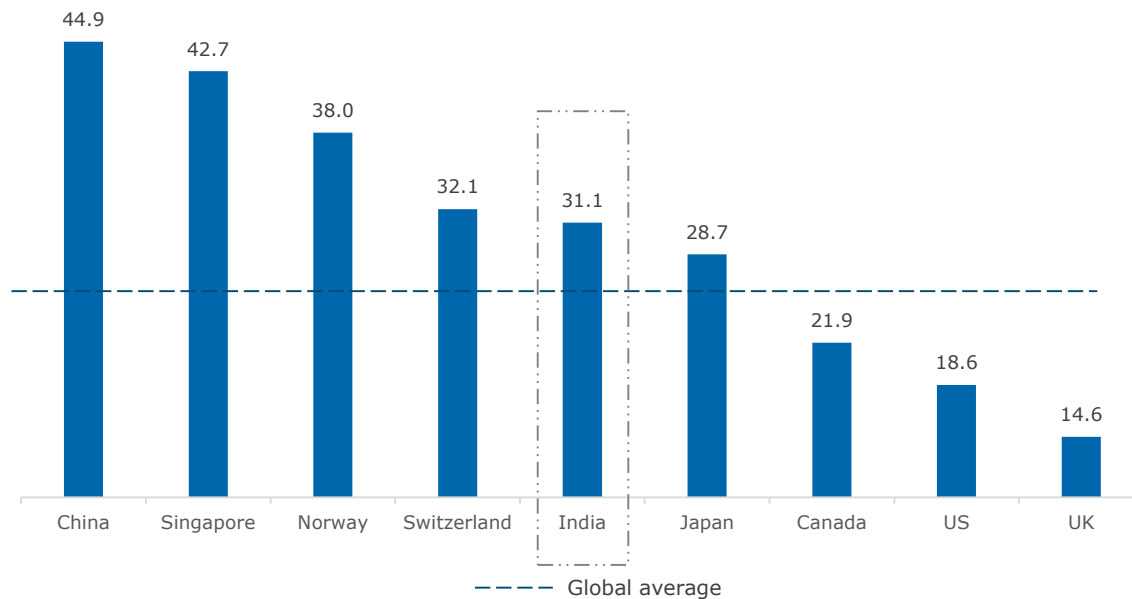


- Increasing preference towards financial savings with increasing financial literacy within the population
  - Within financial savings, allocations have shifted towards non-banks from banks
  - Pension & insurance have witnessed steady AUM growth over the last decade
- Various government initiatives to promote financial inclusion:
  - Implementation of JAM trinity. Deposits in PMJDY accounts nearly doubled in 4 years from INR 0.96 Tn to INR 1.95 Tn
  - Nearly 90% of people in the country have a bank account, without any sharp urban-rural divide
- Launch of affordable PMJJBY and PMSBY social insurance schemes
- Atal Pension Yojana promoting pension in unorganized sector

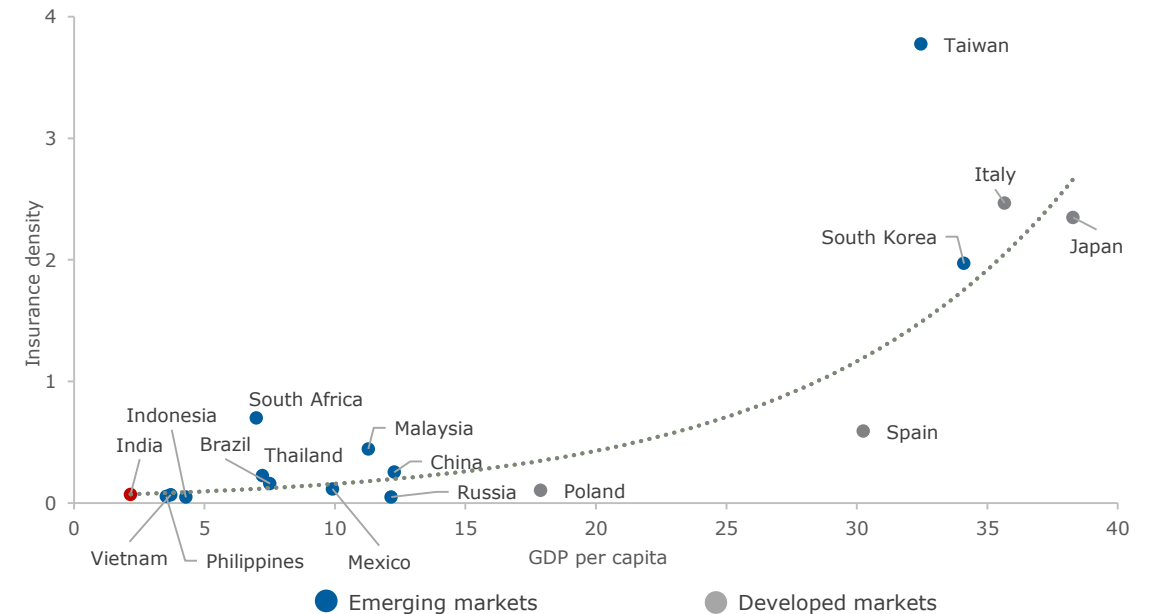
Source: Goldman Sachs: Changing contours of Indian household savings (May '24), Motilal Oswal Financial Savings Update Sep '23, RBI Annual Report, Invest India

# Indian savings in the global context

## India's gross savings is higher than global average<sup>1</sup>



## Insurance density is likely to rise with income levels<sup>2</sup>

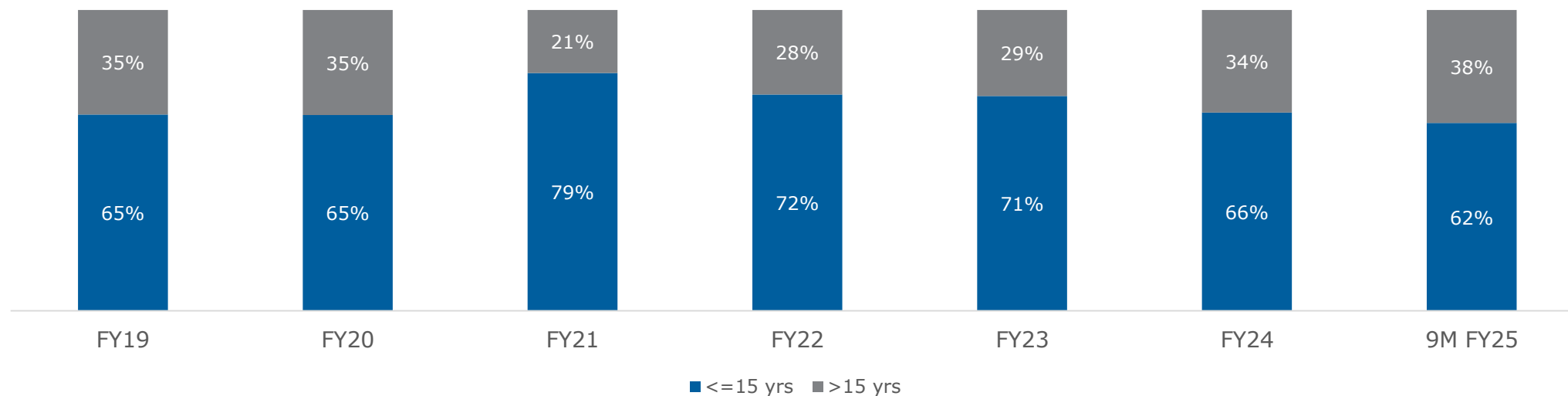


- Increase in financial literacy, financial inclusion and increase in digital infrastructure has accelerated financialization of Indian household savings
- As a result, allocations have shifted into retirement savings, capital markets and insurance
- Yet, there is scope for higher allocation of household savings towards insurance, given rising income levels

# Government bond auctions

## Government Bonds – Tenorwise Issuance

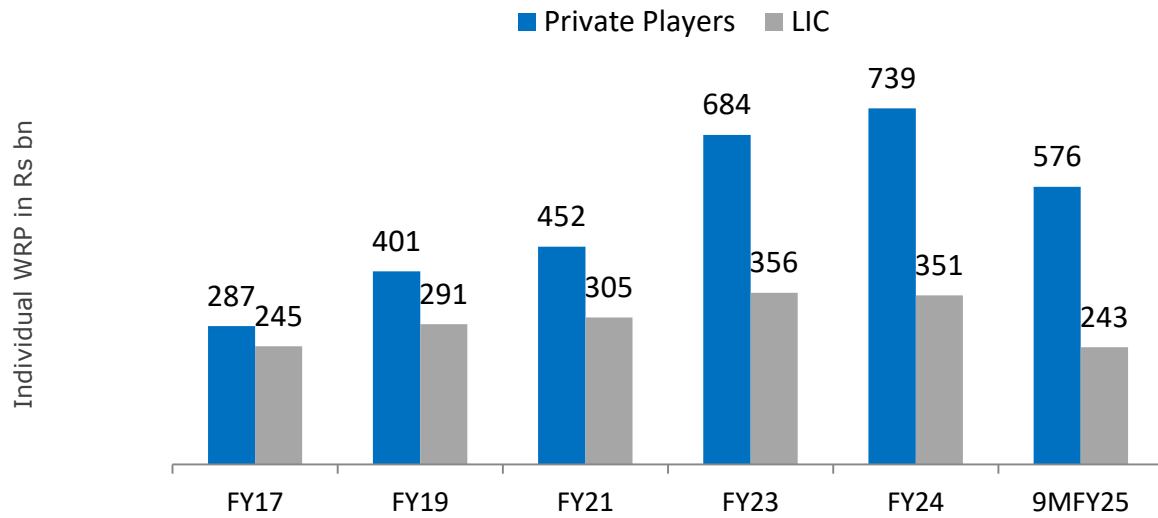
Rs cr



|          | FY19     | FY20     | FY21      | FY22      | FY23      | FY24      | 9M FY25   |
|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|
| <=15 yrs | 3,82,941 | 4,44,000 | 10,01,835 | 8,48,000  | 10,04,000 | 9,28,000  | 7,07,000  |
| >15 yrs  | 2,04,000 | 2,38,000 | 2,65,575  | 3,31,000  | 4,01,000  | 4,80,000  | 4,25,000  |
| Total    | 5,86,941 | 6,82,000 | 12,67,410 | 11,79,000 | 14,05,000 | 14,08,000 | 11,32,000 |

- Auction of >15 year maturity bonds has been ~25-30% on an average which facilitates writing annuity business at scale
- Budget estimate of gross government borrowing for FY25 is at Rs 14.1 trillion

# Industry new business trends

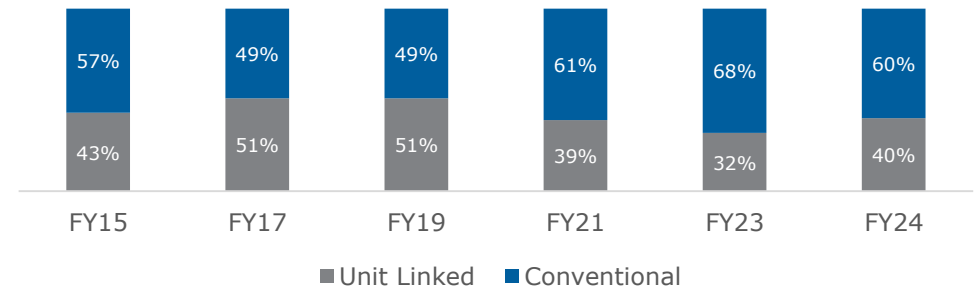


## Private players Market share

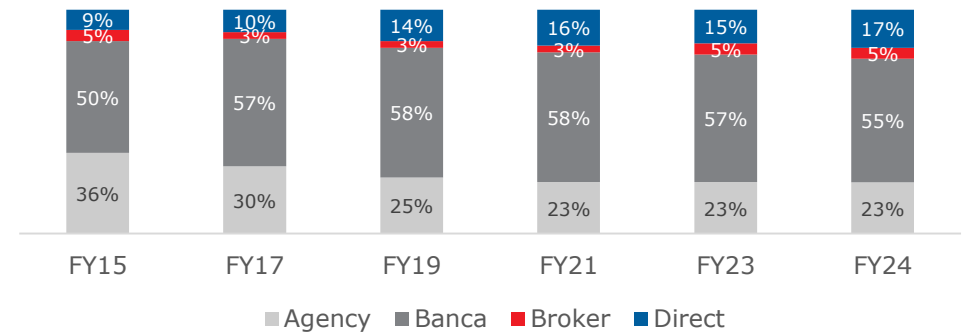
|              | FY17 | FY19 | FY21 | FY23 | FY24 | 9MFY25 |
|--------------|------|------|------|------|------|--------|
| Market share | 54%  | 58%  | 60%  | 66%  | 68%  | 70%    |
| Growth %     |      |      |      |      |      |        |
| Private      | 26%  | 12%  | 8%   | 24%  | 8%   | 19%    |
| LIC          | 15%  | 5%   | -3%  | 9%   | -1%  | 4%     |
| Overall      | 21%  | 9%   | 3%   | 19%  | 5%   | 14%    |

- Private sector remained at higher market share than LIC FY16 onwards
- Amongst private insurers, insurers with a strong bancassurance platform continue to gain market share

## Product mix <sup>1</sup>



## Distribution mix <sup>2</sup>



- Product mix has recently moved towards conventional business for the private players with high focus on non-par savings, protection
- Banca sourced business continues to dominate the channel mix on the back of increasing reach of banks along with increase in share of direct channel

Source: IRDAI and Life Insurance Council;

1. Based on Overall WRP (Individual and Group) for all private players

2. Based on Individual New business premia for all private players

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# Thank You



FY24 Annual Report



FY24 ESG Report



9M FY25 ESG Deck



Sustainability Factsheet

