



January 22, 2019

Ref. No: HDFC Life/CA/2018-19/54

**National Stock Exchange of India Limited**

Exchange Plaza, Plot No C/1, Block G,  
Bandra-Kurla Complex, Bandra-East,  
Mumbai- 400 051

NSE Symbol: HDFCLIFE

Kind Attn.: Head - Listing

**BSE Limited,**

Sir PJ Towers,  
Dalal Street,  
Mumbai – 400 001

BSE Security Code: 540777

Kind Attn.: Sr. General Manager – DCS  
Listing Department

**Subject : Outcome of Board Meeting held on January 22, 2019**

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform that the Board of Directors of the Company at their meeting held today i.e. January 22, 2019, have approved the following:

1. The Audited Standalone Financial Results for the quarter and nine months ended December 31, 2018. A copy of the aforementioned results along with copies of Auditor's Report issued by the Joint Statutory Auditors' thereon, and the press release issued in this regard are enclosed herewith.
2. Appointment of Mr. Niraj Ashwin Shah as Chief Financial Officer ("CFO") of the Company with effect from March 1, 2019.

The details required under Regulation 30 of the Listing Regulations read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015 are provided in the Annexure enclosed with his letter.

Please note that the meeting commenced at 2.30 pm and concluded at 4.15 pm.

Please also note that the window for trading in equity shares of the Company by its Directors and employees shall open from January 25, 2019.

You are requested to take note of the above and arrange to bring it to the notice of all concerned

Thanking You,

**For HDFC Life Insurance Company Limited  
(Formerly HDFC Standard Life Insurance Company Limited)**

  
**Narendra Gangan**  
EVP, Company Secretary &  
Head- Compliance & Legal

Encl: a/a

HDFC Life Insurance Company Limited (Formerly HDFC Standard Life Insurance Company Limited)

**Corporate & Registered Office:**

13<sup>th</sup> Floor, Lodha Excelus, Apollo Mills Compound,  
N. M. Joshi Marg, Mahalaxmi, Mumbai – 400011

CIN: L65110MH2000PLC128245

+91 22 6751 6666

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**ANNEXURE**

**Appointment of Mr Niraj Ashwin Shah as Chief Financial Officer (CFO)**

Sr. No.	Details of events that need to be provided	Information of such events
1	Reason for change viz. appointment, resignation, removal, death or otherwise	Appointment
2	Date of appointment /cessation (as applicable)  Term of appointment	March 1, 2019  As per Company policies.
3	Brief profile (in case of appointment)	<p>Mr Niraj Ashwin Shah has 20 years of experience in financial services, primarily in life insurance and corporate finance advisory. He has been in roles including Finance, Strategy, Products, Business analytics, M&amp;A, Sell side private equity and Audit.</p> <p>Mr Shah holds a post graduate diploma in management from Indian Institute of Management, Bangalore and is a Chartered Accountant, registered with the Institute of Chartered Accountants of India.</p> <p>Currently, in his capacity as a CFO at PNB MetLife he leads Finance, Strategy, Investor Relations and works as a strategic enabler to the business with governance responsibility to their board. Prior to PNB Metlife he has been associated with companies like ICICI Prudential, EY and BNP Paribas.</p>
4	Disclosure of relationship between directors (in case of appointment of a director)	Not Applicable

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**Price Waterhouse Chartered Accountants LLP**

Chartered Accountants  
252, Veer Savarkar Marg,  
Opp Shivaji Park,  
Dadar (W), Mumbai 400028

**G. M. Kapadia & Co.**

Chartered Accountants  
1007, Raheja Chambers,  
213 Nariman Point,  
Mumbai – 400021

**Auditor's Report on Financial Results for the quarter and nine months ended December 31, 2018 of HDFC Life Insurance Company Limited (formerly known as HDFC Standard Life Insurance Company Limited)**

To The Board of Directors of  
HDFC Life Insurance Company Limited  
(formerly known as HDFC Standard Life Insurance Company Limited)

1. We have audited the accompanying financial results of HDFC Life Insurance Company Limited (formerly known as HDFC Standard Life Insurance Company Limited) as at and for the quarter and nine months ended December 31, 2018 being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and IRDA Circular reference: IRDAI/F&I/ REG/CIR/208/10/2016 dated 25th October 2016. ("Standalone financial results") which have been approved by the Board of Directors on January 22, 2019.
2. These financial results have been prepared on the basis of the interim condensed financial statements prepared in accordance with the measurement and recognition principles specified in paragraph 3 below, which is the responsibility of the Company's management. The management's responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation of the standalone financial results that is free from material misstatement, whether due to fraud or error.
3. Our responsibility is to express an opinion on these quarterly financial results and year to date financial results based on our audit of such interim condensed financial statements, which have been prepared by the Company's Management in accordance with the recognition and measurement principles laid down in Accounting Standard ('AS') 25, "Interim Financial Reporting", specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 issued thereunder, including the relevant provisions of the Insurance Act, 1938 (the "Insurance Act"), the Insurance Regulatory and Development Authority Act, 1999 (the "IRDA Act") and other accounting principles generally accepted in India, to the extent considered relevant and appropriate for the purpose of quarterly financial results and year to date financial results and which are not inconsistent with the accounting principles as prescribed in the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002 (the "Regulations") and orders/directions/circulars issued by the Insurance Regulatory and Development Authority of India ("IRDAI") to the extent applicable.

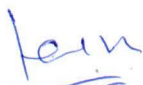


4. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
5. In our opinion and to the best of our information and according to the explanations given to us these quarterly financial results as well as year to date financial results:
  - I) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and IRDAI IRDA Circular reference: IRDAI/F&I/REG/CIR/208/10/2016 dated 25<sup>th</sup> October 2016 in this regard; and
  - II) give a true and fair view of the net profit and other financial information for the quarter and nine months ended December 31, 2018.

**Other Matter**


6. The actuarial valuation of liabilities for life policies in force is the responsibility of the Company's Appointed Actuary (the "Appointed Actuary"). The actuarial valuation of these liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at December 31, 2018 has been duly certified by the Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India ("IRDAI") and the Institute of Actuaries of India in concurrence with the Authority. We have relied upon the Appointed Actuary's certificate in this regard for forming our opinion on the valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists, as contained in the interim condensed financial statements of the Company.

**For Price Waterhouse Chartered Accountants LLP**  
Chartered Accountants  
Firm Registration No.012754N/N500016

  
\_\_\_\_\_  
**Sharmila A. Karve**

Partner  
Membership No. 043229  
**Place:** Mumbai  
**Date:** January 22, 2019

**For G.M.Kapadia & Co.**  
Chartered Accountants  
Firm Registration No.104767W

  
\_\_\_\_\_  
**Rajen Ashar**  
Partner  
Membership No. 048243



**HDFC Life Insurance Company Limited**  
(Formerly HDFC Standard Life Insurance Company Limited)  
**Statement of Standalone Audited Results for the Quarter and Nine months ended December 31, 2018**

(₹ in Lakhs)

Sr. No.	Particulars	Three Months ended / As at			Nine Months ended/ As at		Year ended / As at
		December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
		(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
<b>POLICYHOLDERS' A/C</b>							
1	Gross premium income						
	(a) First Year Premium	125,234	120,644	120,236	327,120	300,285	473,846
	(b) Renewal Premium	330,898	323,083	280,524	891,987	754,263	1,221,480
	(c) Single Premium	240,003	240,325	146,007	666,849	406,249	661,115
2	Net premium income <sup>1</sup>	696,135	677,755	546,767	1,885,956	1,462,797	2,356,441
3	Income from investments (Net) <sup>2</sup>	238,485	109,024	425,314	527,184	953,142	859,463
4	Other income	2,734	2,850	1,818	10,176	9,452	11,182
5	Transfer of funds from Shareholders' A/c	(678)	410	(485)	1,084	257	15,965
6	<b>Total (2 to 5)</b>	<b>930,309</b>	<b>790,039</b>	<b>968,446</b>	<b>2,406,095</b>	<b>2,409,946</b>	<b>3,223,406</b>
7	Commission on						
	(a) First Year Premium	17,784	18,736	21,257	50,702	54,489	87,023
	(b) Renewal Premium	5,553	4,437	3,813	13,302	9,615	15,497
	(c) Single Premium	2,892	3,193	1,383	8,320	2,522	4,973
8	<b>Net Commission<sup>1</sup></b>	<b>26,229</b>	<b>26,366</b>	<b>26,253</b>	<b>72,414</b>	<b>66,626</b>	<b>107,493</b>
9	Operating Expenses related to insurance business (a+b)						
	(a) Employees remuneration and welfare expenses	33,950	36,614	32,999	103,058	89,326	129,177
	(b) Other operating expenses <sup>3</sup>	58,484	57,962	44,087	156,411	116,622	186,753
10	<b>Expenses of Management (8+9)</b>	<b>118,663</b>	<b>120,942</b>	<b>103,939</b>	<b>331,883</b>	<b>272,574</b>	<b>423,423</b>
11	Provisions for doubtful debts (including bad debts written off)	-	-	-	-	-	-
12	Provisions for diminution in value of investments	(26)	6,335	(1,476)	7,324	(2,121)	(93)
13	Goods & Services Tax/Service Tax charge on linked charges	8,432	8,331	7,842	24,655	21,015	29,692
14	Provision for taxes	1,725	(361)	1,437	3,709	3,673	17,555
15	Benefits Paid <sup>3</sup> (Net)	299,398	336,254	312,003	929,897	870,038	1,311,142
16	Change in actuarial liability	479,951	299,080	526,729	1,033,118	1,174,980	1,332,225
17	<b>Total (10+11+12+13+14+15+16)</b>	<b>908,143</b>	<b>770,581</b>	<b>950,474</b>	<b>2,330,586</b>	<b>2,340,159</b>	<b>3,113,944</b>
18	<b>Surplus/Deficit (6-17)</b>	<b>22,166</b>	<b>19,458</b>	<b>17,972</b>	<b>75,509</b>	<b>69,787</b>	<b>109,462</b>
19	Appropriations						
	(a) Transferred to Shareholders A/c	17,692	23,407	14,988	73,096	60,569	100,220
	(b) Funds for Future Appropriations	4,474	(3,949)	2,984	2,413	9,218	9,242
20	Details of Surplus / Deficit						
	(a) Interim bonus paid	1,018	629	380	2,312	1,148	2,313
	(b) Terminal bonus paid	13,402	10,019	3,954	28,290	12,660	19,341
	(c) Allocation of bonus to policyholders	-	-	-	-	-	70,835
	(d) Surplus shown in the Revenue Account	22,166	19,458	17,972	75,509	69,787	109,462
	<b>Total Surplus</b>	<b>36,586</b>	<b>30,106</b>	<b>22,306</b>	<b>106,111</b>	<b>83,595</b>	<b>201,951</b>
<b>SHAREHOLDERS' A/C</b>							
21	Transfer from Policyholders' Account	17,692	23,407	14,988	73,096	60,569	100,220
22	Total income under Shareholders' Account						
	(a) Investment Income	8,348	7,331	6,177	23,559	18,291	28,026
	(b) Other income	-	-	-	932	1,302	1,302
23	Expenses other than those related to insurance business	202	535	72	990	1,192	1,254
24	Transfer of funds to Policyholders' Account	(678)	410	(485)	1,084	257	15,665
25	Provisions for doubtful debts (including write off)	-	-	-	-	-	-
26	Provisions for diminution in value of investments <sup>4</sup>	888	161	(40)	1,062	(66)	(45)
27	<b>Profit before tax</b>	<b>25,648</b>	<b>29,632</b>	<b>21,618</b>	<b>94,461</b>	<b>78,779</b>	<b>112,674</b>
28	Provisions for tax	1,085	934	866	3,182	2,563	1,774
29	<b>Profit after tax and before Extraordinary items</b>	<b>24,563</b>	<b>28,698</b>	<b>20,732</b>	<b>91,279</b>	<b>76,216</b>	<b>110,900</b>
30	<b>Profit after tax and Extraordinary items</b>	<b>24,563</b>	<b>28,698</b>	<b>20,732</b>	<b>91,279</b>	<b>76,216</b>	<b>110,900</b>
31	Dividend per share (₹) (Nominal value ₹ 10 per share)						
	(a) Interim Dividend	-	-	1.36	-	1.36	1.36
	(b) Final Dividend	-	-	-	-	-	-
32	Profit carried to Balance Sheet <sup>5</sup>	330,644	306,081	204,681	330,644	204,681	239,365
33	Paid up equity share capital	201,726	201,391	200,897	201,726	200,897	201,174
34	Reserve & Surplus (excluding Revaluation Reserve)	367,207	339,103	233,725	367,207	233,725	270,640
35	Fair Value Change Account and Revaluation Reserve (Shareholders)	176	(146)	11,345	176	11,345	3,016
36	Total Assets:						
	(a) Investments:						
	- Shareholders'	480,194	443,749	362,484	480,194	362,484	407,033
	- Policyholders Fund excluding Linked Assets	5,319,398	5,105,258	4,184,988	5,319,398	4,184,988	4,534,714
	- Assets held to cover Linked Liabilities (Linked Assets)	5,970,496	5,774,283	5,895,290	5,970,496	5,895,290	5,718,539
	(b) Other Assets (Net of current liabilities and provisions)	(34,810)	(103,232)	(22,709)	(34,810)	(22,709)	(76,779)

<sup>1</sup>Details of Expenses contributing more than 10% of the expense of management are as below -

Advertisement and publicity	23,243	24,745	17,941	52,834	45,862	71,598
Business development expenses	15,692	13,651	10,467	37,706	25,951	49,140

Foot notes:

- 1 Net of reinsurance
- 2 Net of amortisation and losses (including capital gains)
- 3 Inclusive of interim and terminal bonus
- 4 Inclusive of provision for standard and non-standard assets
- 5 Represents accumulated surplus



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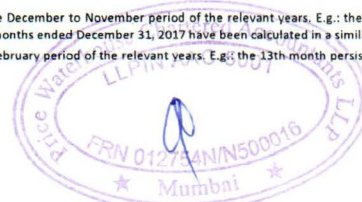
**HDFC Life Insurance Company Limited**  
(Formerly HDFC Standard Life Insurance Company Limited)  
**Statement of Standalone Audited Results for the Quarter and Nine months ended December 31, 2018**

(₹ in Lakhs)

Particulars	Three Months ended / As at			Nine Months ended/ As at		Year ended / As at
	December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
<b>Analytical Ratios:</b>						
(i) Solvency Ratio	191%	193%	191%	191%	191%	192%
(ii) Expenses of Management Ratio	17%	18%	19%	18%	19%	18%
(iii) Policyholder's liabilities to shareholders' fund	1947.1%	1959.6%	2211.0%	1947.1%	2211.0%	2115.4%
(iv) Earnings per share (in ₹):						
a) Basic EPS before and after extraordinary items (net of tax expense) for the period (not annualized for three/nine months)	1.22	1.43	1.04	4.53	3.81	5.53
b) Diluted EPS before and after extraordinary items (net of tax expense) for the period (not annualized for three/nine months)	1.22	1.42	1.03	4.52	3.78	5.50
(v) NPA ratios: (for Policyholders' fund)						
a) Gross NPAs						
- Non Linked						
Par	Nil	Nil	Nil	Nil	Nil	Nil
Non Par	Nil	Nil	Nil	Nil	Nil	Nil
- Linked						
Non Par	Nil	Nil	Nil	Nil	Nil	Nil
Net NPAs						
- Non Linked						
Par	Nil	Nil	Nil	Nil	Nil	Nil
Non Par	Nil	Nil	Nil	Nil	Nil	Nil
- Linked						
Non Par	Nil	Nil	Nil	Nil	Nil	Nil
b) % of Gross NPAs						
- Non Linked						
Par	Nil	Nil	Nil	Nil	Nil	Nil
Non Par	Nil	Nil	Nil	Nil	Nil	Nil
- Linked						
Non Par	Nil	Nil	Nil	Nil	Nil	Nil
% of Net NPA						
- Non Linked						
Par	Nil	Nil	Nil	Nil	Nil	Nil
Non Par	Nil	Nil	Nil	Nil	Nil	Nil
- Linked						
Non Par	Nil	Nil	Nil	Nil	Nil	Nil
(vi) Yield on Investments (on Policyholders' fund)						
A. Without unrealised gains						
- Non Linked						
Par	1.9%	1.7%	2.0%	5.3%	7.1%	8.9%
Non Par	2.1%	2.0%	2.2%	6.2%	6.4%	8.4%
- Linked						
Non Par	1.4%	1.8%	2.1%	5.4%	7.0%	9.4%
B. With unrealised gains						
- Non Linked						
Par	5.4%	0.9%	0.8%	6.3%	5.4%	5.7%
Non Par	6.3%	0.9%	-0.8%	6.6%	4.0%	5.8%
- Linked						
Non Par	2.0%	0.0%	5.8%	3.3%	12.1%	8.5%
(vii) NPA ratios: (for Shareholders' fund)						
a) Gross NPAs	Nil	Nil	Nil	Nil	Nil	Nil
Net NPAs	Nil	Nil	Nil	Nil	Nil	Nil
b) % of Gross NPAs	Nil	Nil	Nil	Nil	Nil	Nil
% of Net NPAs	Nil	Nil	Nil	Nil	Nil	Nil
(viii) Yield on Investments (on Shareholders' fund)						
A. Without unrealised gains	1.7%	1.7%	1.7%	5.4%	5.4%	8.2%
B. With unrealised gains	4.1%	0.8%	1.6%	4.5%	5.9%	5.8%
(ix) Persistency Ratio						
13th month	84.2%	84.8%	85.7%	86.4%	86.4%	87.1%
25th month	78.6%	80.6%	74.5%	79.8%	76.9%	77.4%
37th month	68.5%	69.8%	68.4%	71.9%	68.9%	70.9%
49th month	65.2%	65.4%	57.9%	65.7%	60.4%	62.2%
61st month	49.1%	52.4%	49.1%	50.1%	53.5%	51.0%
(x) Conservation Ratio						
Participating life - Individual & group	82.9%	88.1%	90.3%	86.6%	89.5%	90.0%
Participating pension - Individual & group	96.2%	84.9%	94.4%	88.5%	97.2%	93.2%
Non Participating life - Individual & group	85.5%	93.6%	84.0%	87.7%	85.4%	85.1%
Non Participating pension - Individual & Group	75.4%	83.9%	92.6%	82.3%	94.5%	92.3%
Non Participating - Life Group Variable	NA	NA	NA	NA	NA	NA
Non Participating - Pension group variable	NA	NA	NA	NA	NA	NA
Non Participating fund - Annuity	NA	NA	NA	NA	NA	NA
Non Participating fund - Individual & Group Health	70.4%	48.9%	64.4%	56.9%	78.0%	74.8%
Unit Linked - Individual life	82.1%	82.7%	79.2%	83.2%	79.2%	79.5%
Unit Linked - Individual pension	80.7%	84.7%	86.7%	82.3%	88.5%	86.3%
Unit Linked - Group life	NA	NA	NA	NA	NA	NA
Unit Linked - Group pension	NA	NA	NA	NA	NA	NA

**Notes:**

- Analytical ratios have been calculated as per definition given in IRDAI Analytical ratios disclosure.
- The investment made in Tata Sons, prior to its conversion into Private Ltd, continues to be considered as 'Admissible' for solvency.
- The persistency ratios are calculated in accordance with the IRDAI circular no. IRDA/ACT/CIR/MISC/035/01/2014 dated January 23, 2014 and hence are with a lag of one month.
- Group business, where persistency is measurable, has been included in the calculations. Product exclusively sold in the Rural area, are excluded on the grounds of materiality.
- The persistency ratios for the quarter ended December 31, 2018 have been calculated for the policies issued in the September to November period of the relevant years. E.g.: the 13th month persistency for the current quarter is calculated for the policies issued from September 2017 to November 2017. The persistency ratio for quarter ended December 31, 2018 and December 31, 2017 have been calculated in a similar manner.
- The persistency ratios for the nine months ended December 31, 2018 have been calculated for the policies issued in the December to November period of the relevant years. E.g.: the 13th month persistency for current year is calculated for the policies issued from December 2016 to November 2017. The persistency ratio for nine months ended December 31, 2017 have been calculated in a similar manner.
- The persistency ratios for the year ended March 31, 2018 have been calculated for the policies issued in the March to February period of the relevant years. E.g.: the 13th month persistency for the current year is calculated for the policies issued from March 2016 to February 2017.



Handwritten initials.

**HDFC Life Insurance Company Limited**  
(Formerly HDFC Standard Life Insurance Company Limited)  
**Segment Reporting (Standalone) for the Quarter and Nine months ended December 31, 2018**

(₹ in Lakhs)

Sr. No.	Particulars	Three Months ended / As at			Nine Months ended/ As at		Year ended / As at
		December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
		(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
1	<b>Segment Income</b>						
A)	<b>Policyholders :</b>						
	<b>Segment A - Participating - Individual &amp; Group Life :</b>						
	Net Premium	125,635	133,903	130,231	363,378	347,764	563,505
	Income from Investments <sup>2</sup>	50,607	37,130	46,600	128,524	154,114	194,231
	Transfer of Funds from shareholders' account	-	-	-	-	-	-
	Other Income	880	1,249	364	3,402	1,885	2,362
	<b>Segment B - Participating - Individual &amp; Group Pension :</b>						
	Net Premium	5,730	4,975	5,712	14,191	15,006	23,117
	Income from Investments <sup>2</sup>	4,066	3,680	3,617	11,511	10,625	13,941
	Transfer of Funds from shareholders' account	-	-	-	-	-	352
	Other Income	35	28	15	90	61	74
	<b>Segment C - Non Participating - Individual &amp; Group Life :</b>						
	Net Premium	144,821	143,258	108,464	406,247	275,390	425,930
	Income from Investments <sup>2</sup>	20,193	17,830	13,859	54,426	38,089	52,970
	Transfer of Funds from shareholders' account	-	-	-	-	-	13,500
	Other Income	142	116	62	385	264	325
	<b>Segment D - Non Participating - Life Group Variable :</b>						
	Net Premium	22,021	28,007	4,084	73,115	23,117	51,197
	Income from Investments <sup>2</sup>	4,353	3,724	2,598	11,486	7,407	10,206
	Transfer of Funds from shareholders' account	(370)	284	(95)	-	-	101
	Other Income	-	-	-	-	-	-
	<b>Segment E - Non Participating - Individual &amp; Group Pension :</b>						
	Net Premium	15,575	20,948	18,917	51,662	43,310	65,678
	Income from Investments <sup>2</sup>	6,231	5,376	4,944	16,542	13,891	19,215
	Transfer of Funds from shareholders' account	-	-	-	-	-	-
	Other Income	6	10	20	24	49	63
	<b>Segment F - Non Participating - Pension Group Variable :</b>						
	Net Premium	30,919	19,194	11,756	60,088	45,208	67,018
	Income from Investments <sup>2</sup>	4,143	3,991	2,950	11,791	8,072	11,345
	Transfer of Funds from shareholders' account	(308)	449	(390)	1,084	257	457
	Other Income	-	-	-	-	-	-
	<b>Segment G - Non Participating - Annuity :</b>						
	Net Premium	63,933	62,667	19,814	167,496	41,710	106,554
	Income from Investments <sup>2</sup>	9,444	6,901	6,400	21,817	13,835	17,990
	Transfer of Funds from shareholders' account	-	-	-	-	-	-
	Other Income	23	30	20	78	46	70
	<b>Segment H - Non Participating - Individual &amp; Group Health :</b>						
	Net Premium	3,103	2,245	1,792	8,423	5,705	9,150
	Income from Investments <sup>2</sup>	137	114	83	353	229	305
	Transfer of Funds from shareholders' account	-	(324)	-	-	-	1,255
	Other Income	7	8	8	25	20	30
	<b>Segment I - Unit Linked - Individual Life :</b>						
	Net Premium	240,002	228,470	201,038	626,154	512,519	829,478
	Income from Investments <sup>2</sup>	107,194	5,795	283,754	182,451	561,837	415,720
	Transfer of Funds from shareholders' account	-	-	-	-	-	-
	Other Income	1,637	1,404	1,110	6,159	7,053	8,172
	<b>Segment J - Unit Linked - Individual Pension :</b>						
	Net Premium	21,143	22,909	23,569	61,182	68,165	103,191
	Income from Investments <sup>2</sup>	11,270	12,324	53,011	52,570	112,909	89,506
	Transfer of Funds from shareholders' account	-	-	-	-	-	-
	Other Income	3	6	20	13	75	87
	<b>Segment K - Unit Linked - Group Life :</b>						
	Net Premium	15,151	9,702	13,832	29,788	60,287	81,200
	Income from Investments <sup>2</sup>	17,599	4,812	7,099	23,615	26,778	26,797
	Transfer of Funds from shareholders' account	-	-	-	-	-	-
	Other Income	-	-	-	-	-	-
	<b>Segment L - Unit Linked - Group Pension :</b>						
	Net Premium	1,734	1,477	2,789	5,928	8,912	11,079
	Income from Investments <sup>2</sup>	3,283	1,010	1,876	4,781	6,883	6,746
	Transfer of Funds from shareholders' account	-	-	-	-	-	-
	Other Income	-	-	-	-	-	-
B)	<b>Shareholders :</b>						
	Income from Investments <sup>2</sup>	7,479	7,170	6,217	22,497	18,358	28,067
	Other Income	-	-	-	932	1,302	1,302



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**HDFC Life Insurance Company Limited**  
(Formerly HDFC Standard Life Insurance Company Limited)

**Segment Reporting (Standalone) for the Quarter and Nine months ended December 31, 2018**

(₹ in Lakhs)

Sr No.	Particulars	Three Months ended / As at			Nine Months ended/ As at		Year ended / As at
		December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
		(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
<b>2</b>	<b>Segment Surplus/ Deficit (net of transfer from Shareholders' A/c) :</b>						
	Segment A - Participating - Individual & Group Life	3,235	(5,333)	1,864	(1,758)	6,428	11,187
	Segment B - Participating - Individual & Group Pension	1,239	1,385	1,120	4,171	2,790	7,979
	Segment C - Non Participating - Individual & Group Life	14,059	17,849	13,248	46,014	38,744	46,315
	Segment D - Non Participating - Life Group Variable	586	(284)	235	215	140	(101)
	Segment E - Non Participating - Individual & Group Pension	669	50	1,013	1,832	2,707	4,949
	Segment F - Non Participating - Pension Group Variable	308	(450)	390	(1,084)	(257)	(457)
	Segment G - Non Participating - Annuity	(191)	1,057	(502)	2,838	1,396	2,012
	Segment H - Non Participating - Individual & Group Health	1,028	885	71	1,590	1,051	1,427
	Segment I - Unit Linked - Individual Life	(2,417)	(1,222)	(3,114)	6,739	3,677	3,589
	Segment J - Unit Linked - Individual Pension	3,542	4,320	3,496	11,331	10,505	14,195
	Segment K - Unit Linked - Group Life	638	629	515	2,103	1,614	1,870
	Segment L - Unit Linked - Group Pension	148	163	121	435	735	831
	<b>Total</b>	<b>22,844</b>	<b>19,049</b>	<b>18,457</b>	<b>74,426</b>	<b>69,530</b>	<b>93,796</b>
	Shareholders	6,193	5,702	5,258	19,266	15,904	26,345
	<b>Grand Total</b>	<b>29,037</b>	<b>24,751</b>	<b>23,715</b>	<b>93,692</b>	<b>85,434</b>	<b>120,141</b>
<b>3</b>	<b>Segment Assets:</b>						
	Segment A - Participating - Individual & Group Life	2,741,605	2,670,069	2,354,450	2,741,605	2,354,450	2,490,433
	Segment B - Participating - Individual & Group Pension	252,642	247,143	232,168	252,642	232,168	233,775
	Segment C - Non Participating - Individual & Group Life	979,120	907,344	699,022	979,120	699,022	785,863
	Segment D - Non Participating - Life Group Variable	223,538	199,110	134,574	223,538	134,574	162,244
	Segment E - Non Participating - Individual & Group Pension	314,455	294,243	266,416	314,455	266,416	255,865
	Segment F - Non Participating - Pension Group Variable	224,881	199,999	162,453	224,881	162,453	183,605
	Segment G - Non Participating - Annuity	402,637	335,829	172,659	402,637	172,659	235,493
	Segment H - Non Participating - Individual & Group Health	4,831	5,187	3,412	4,831	3,412	4,329
	Segment I - Unit Linked - Individual Life	4,605,739	4,414,383	4,444,418	4,605,739	4,444,418	4,325,623
	Segment J - Unit Linked - Individual Pension	845,050	858,002	948,531	845,050	948,531	878,830
	Segment K - Unit Linked - Group Life	450,700	430,313	424,849	450,700	424,849	436,988
	Segment L - Unit Linked - Group Pension	92,543	89,688	96,882	92,543	96,882	92,807
	<b>Total</b>	<b>11,137,741</b>	<b>10,651,310</b>	<b>9,939,834</b>	<b>11,137,741</b>	<b>9,939,834</b>	<b>10,085,855</b>
	Shareholder	553,940	529,178	442,206	553,940	442,206	467,177
	Unallocated <sup>3</sup>	43,597	39,569	38,013	43,597	38,013	30,475
	<b>Grand Total</b>	<b>11,735,278</b>	<b>11,220,057</b>	<b>10,420,053</b>	<b>11,735,278</b>	<b>10,420,053</b>	<b>10,583,507</b>
<b>4</b>	<b>Segment Policy Liabilities<sup>4</sup> :</b>						
	Segment A - Participating - Individual & Group Life	2,672,445	2,603,081	2,302,667	2,672,445	2,302,667	2,448,310
	Segment B - Participating - Individual & Group Pension	238,099	232,544	219,214	238,099	219,214	222,961
	Segment C - Non Participating - Individual & Group Life	992,933	912,777	696,640	992,933	696,640	783,273
	Segment D - Non Participating - Life Group Variable	223,203	200,605	133,636	223,203	133,636	161,136
	Segment E - Non Participating - Individual & Group Pension	314,441	294,496	266,256	314,441	266,256	255,675
	Segment F - Non Participating - Pension Group Variable	224,844	201,413	161,952	224,844	161,952	182,479
	Segment G - Non Participating - Annuity	404,524	337,949	173,101	404,524	173,101	236,287
	Segment H - Non Participating - Individual & Group Health	5,300	5,284	3,198	5,300	3,198	4,294
	Segment I - Unit Linked - Individual Life	4,617,503	4,431,242	4,462,418	4,617,503	4,462,418	4,343,422
	Segment J - Unit Linked - Individual Pension	845,050	858,002	948,531	845,050	948,531	878,826
	Segment K - Unit Linked - Group Life	451,033	430,412	424,623	451,033	424,623	436,915
	Segment L - Unit Linked - Group Pension	92,543	89,688	96,882	92,543	96,882	92,807
	<b>Total</b>	<b>11,081,918</b>	<b>10,597,493</b>	<b>9,889,118</b>	<b>11,081,918</b>	<b>9,889,118</b>	<b>10,046,386</b>
	Shareholders	569,137	540,799	447,274	569,137	447,274	474,919
	Unallocated	-	-	-	-	-	-
	<b>Grand Total</b>	<b>11,651,055</b>	<b>11,138,292</b>	<b>10,336,392</b>	<b>11,651,055</b>	<b>10,336,392</b>	<b>10,521,305</b>

Note:

1. Segments include:

a. Linked Policies: (i) Life (ii) General Annuity and Pension (iii) Health (iv) Variable

b. Non-Linked

1. Non-Participating Policies: (i) Life (ii) General Annuity and Pension (iii) Health (iv) Variable

2. Participating Policies: (i) Life (ii) General Annuity and Pension (iii) Health (iv) Variable

c. Variable insurance shall be further segregated into Life and Pension

2. Net of provisions for diminution in value of investment

3. Unallocated row in the segmental assets above includes income tax deposited with tax authorities which is contested by the company and Advance Tax (net of provision for taxation). As per Accounting Standard 17, tax asset cannot be allocated across reporting segments.

4. Segment policy liabilities includes fund for future appropriations



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**HDFC Life Insurance Company Limited**  
(Formerly HDFC Standard Life Insurance Company Limited)

**Other disclosures :**

**Status of Shareholders Complaints as on December 31, 2018**

Sr No.	Particulars	Number of Complaints
1	Investor complaints pending at the beginning of the quarter	Nil
2	Investor complaints received during the quarter ended December 31, 2018	Nil
3	Investor complaints disposed of during the quarter ended December 31, 2018	Nil
4	Investor complaints remaining unresolved as on December 31, 2018	Nil



408.

**Notes:**

1. The above results of the company for the quarter and nine months ended December 31, 2018 were reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on January 22, 2019.
2. These financial results have been prepared in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable, and IRDAI Circular IRDA/F&I/REG/CIR/208/10/2016 dated October 25, 2016 on publication of financial results for Life Insurance companies.
3. The figures for the quarter ended December 31, 2018 are the balancing figures between audited figures in respect of nine months ended December 31, 2018 and the published year-to-date figures for the half year of the current financial year, i.e. the half year ended September 30, 2018.
4. In view of seasonality of industry, the results of interim period are not necessarily indicative of the results that may be expected of any other interim periods or for the full year.
5. The name of the Company has been changed from "HDFC Standard Life Insurance Company Limited" to "HDFC Life Insurance Company Limited" with effect from January 17, 2019, pursuant to the approval received from the Ministry of Corporate Affairs.
6. Ms Vibha Padalkar was appointed as Managing Director & Chief Executive Officer (MD & CEO) of the Company with effect from September 12, 2018. She will continue as Chief Financial Officer (CFO) of the Company for interim period till the appointment of new CFO. Hence, the Standalone Audited Financial Results are signed in her capacity as MD, CEO & CFO of the Company.
7. The income from investments decreased from Rs. 9,53,142 lakhs for the period nine months ended December, 2017 to Rs. 5,27,184 lakhs for the period nine months ended December 31, 2018, primarily due to lower mark to market gains in the unit linked segment compared to previous period due to market movements. The investment return in the unit linked segment is directly passed on to the policyholders with corresponding changes in the reserves; with no direct impact to the surplus/profits for the relevant period.
8. During the quarter ended December 31, 2018, the Company has allotted 33,48,735 equity shares of face value of ₹10 each pursuant to exercise of employee stock options.
9. Figures of the previous period have been regrouped wherever necessary, in order to make them comparable.
10. In accordance with the requirements of IRDAI Master Circular on "Preparation of Financial Statements and Filing Returns of Life Insurance Business" dated December 11, 2013, the Company will publish the financials on the company's website not later than February 14, 2019.
11. The above standalone financial results have been audited by joint statutory auditors of the Company.

For and on behalf of the Board of Directors

  
Vibha Padalkar  
Managing Director, CEO & CFO  
(DIN: 01682810)

Mumbai  
January 22, 2019





**PRESS RELEASE**

**BSE Code: 540777**

**NSE Code: HDFCLIFE**

**Performance for the nine months ended December 31, 2018**

**Stellar NB premium growth of 41%**  
**Protection APE growth of 66% to Rs 673 Crs**  
**Robust PAT growth of 20% to Rs 913 Crs**  
**Industry leading NBM of 24.0%**  
**Strong Operating return on EV of 19.7%**

**Mumbai, January 22, 2019: The Board of Directors of HDFC Life approved and adopted today its consolidated and standalone audited financial results for the period ended December 31, 2018. Below is the summary of our standalone results:**

Commenting on the quarter's solid performance, Ms. Vibha Padalkar, MD & CEO said "We continue to grow faster than the industry and sustain our leadership position on profitability. Our commitment towards diversification, both in terms of product mix and distribution, has helped us withstand macro as well as regulatory headwinds. We believe that our focus on the three tenets of protection viz. mortality, morbidity and longevity, coupled with our aspiration of being the leading digital life insurer in India, will enable us to make the most of the long term growth potential of the life insurance industry. We will continue to focus on profitable growth and providing the best value proposition to our partners, customers and shareholders."

**Key Financial Summary**

Rs Crs	9M FY19	9M FY18	YoY	FY18
<b>Key Financial and Actuarial Metrics</b>				
New Business Premium (Indl + Group)	9,940	7,065	41%	11,350
Renewal Premium (Indl + Group)	8,920	7,543	18%	12,215
<b>Total Premium</b>	<b>18,860</b>	<b>14,608</b>	<b>29%</b>	<b>23,564</b>
Total APE	4,050	3,506	16%	5,532
Group Premium (New Business)	4,962	3,575	39%	5,406
Profit After Tax	913	762	20%	1,109
Assets Under Management (AUM)	1,17,701	1,04,428	13%	1,06,603
Value of new business (VNB)	971	777	25%	1,282
Indian Embedded Value (IEV)	17,397	14,469	20%	15,216
Networth (1)	5,690	4,359	31%	4,719

	9M FY19	9M FY18	FY18
<b>Key Financial Ratios</b>			
Overall New Business Margins (post overrun)	24.0%	22.2%	23.2%
Operating Return on EV (2)	19.7%	20.4%	21.5%
Operating Expenses / Total Premium	13.8%	14.2%	13.5%
Return on Equity (3)	23.4%	24.9%	26.0%
Solvency Ratio	191%	191%	192%
13M / 61M Persistency (4)	86%/50%	86%/53%	87%/51%
Conservation Ratio (5)	85%	85%	85%
<b>Business Mix (%)</b>			
Product (UL / Non par savings / Non par protection / Par) (6)	59/14/7/20	59/8/5/27	57/9/5/28
Protection business share (basis APE) (7)	16.6%	11.6%	11.3%
Protection business share (basis NBP) (7)	28.1%	27.3%	25.9%
Indl Distribution (CA/Agency/Broker/Direct) (6)	67/11/4/17	70/11/5/14	71/11/5/14
Total Distribution (CA/Agency/Broker/Direct/Group) (8)	27/6/2/15/50	32/6/2/9/51	33/7/2/10/48

Notes:

1. Networth comprises Share capital, Share premium and Accumulated profits
  2. During 9M FY18, there was a one time operating assumption change of positive Rs 1.4 bn based on review by an external actuary as part of the IPO process. Excluding this one time adjustment, Operating return on EV would have been 18.7% for 9M FY18
  3. Calculated using net profit and average networth for the respective period
  4. Persistency ratios (based on original premium) as per methodology specified in IRDA circular no. IRDA/ACT/CIR/MISC/035/01/2014 dated January 23, 2014. Group business, where persistency is measurable, has been included in the calculations
  5. Conservation ratio is based on individual business
  6. Based on individual APE. UL: Unit Linked, Trad: Traditional, Par: Participating & CA: Corporate Agents
  7. Previous year group numbers for FY17 have not been reclassified based on current year numbers
  8. On total new business premium, including business under group segment
- PS. Numbers may not add up due to rounding off

**Other key highlights for the nine months ending December 31, 2018:**

- **Private Market Share:** We maintained our leadership position in terms of total new business received premium with a market share of 21.0% in the private sector compared to 18.4% in the same period last year. Consistently ranked amongst the top 3 private players in individual and group segments with market share of 12.6% based on Individual WRP and 28.2% based on Group business (*on received premium*) during 9M FY19.

- **New Business Lives and Sum Assured:** Total number of lives insured grew by 71% to 3.48 Crs during 9M FY19. Overall new business sum assured also saw an increase of 27% to Rs 4,06,943 Crs during the same period.
- **Product Portfolio:** In line with our stated strategy, we continue to maintain a balanced product mix with focus on protection business. Protection APE has increased from Rs 407 Crs for 9M FY18 to Rs 673 Crs for 9M FY19, recording a robust increase of 66%. Protection business comprises a healthy 28.1% of total new business premium.
- **Distribution Mix:** The Company has a diversified distribution mix, backed by strong presence across the country through 413 HDFC Life offices, along with wide access to the branches of our 209 bancassurance and 37 non-traditional ecosystem partnerships as on December 31, 2018. Cross-selling to group customers formed 8.4% of the individual new business policies sold during 9M FY19.
- **Assets Under Management:** Amongst the leading fund managers in India with an AUM of more than Rs. 1,17,701 Cr; the debt:equity mix as on December 31, 2018 is 62:38. Over 96% of debt investments are in AAA rated and Government bonds as on December 31, 2018.

#### 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. AUM includes investments disclosed in the Balance sheet under Schedule 8, 8A, 8B & loans in the nature of investments included in Schedule 9
- **Conservation ratio** - Ratio of current year renewal premiums to previous year's renewal premium and first year premium
- **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 2019, the first monthly instalment received would be reflected as First year premiums for 2018-19 and the remaining 11 instalments due in the first policy year would be reflected as first year premiums in 2019-20, 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
- **Persistency** - 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**

HDFC Life Insurance Company Limited (formerly HDFC Standard Life Insurance Company Limited) ('HDFC Life' / 'Company') is a joint venture between HDFC Ltd., India's leading housing finance institution and Standard Life Aberdeen, a global investment company.

Established in 2000, HDFC Life is a leading 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, and Health. As on December 31, 2018, the Company had 36 individual and 11 group products in its portfolio, along with 8 optional rider benefits, 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 413 branches and additional distribution touch-points through several new tie-ups and partnerships comprising 209 bancassurance partners including NBFCs, MFIs, SFBs, etc and 37 partnerships within non-traditional ecosystems. The Company has a strong base of financial consultants.

For more information, please visit our website, [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, cash flow 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 as well as other risks detailed in the reports filed by HDFC Limited, our holding company, with the United States Securities and Exchange Commission. 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.*

# HDFC Life Insurance

Investor presentation – 9M FY19





A

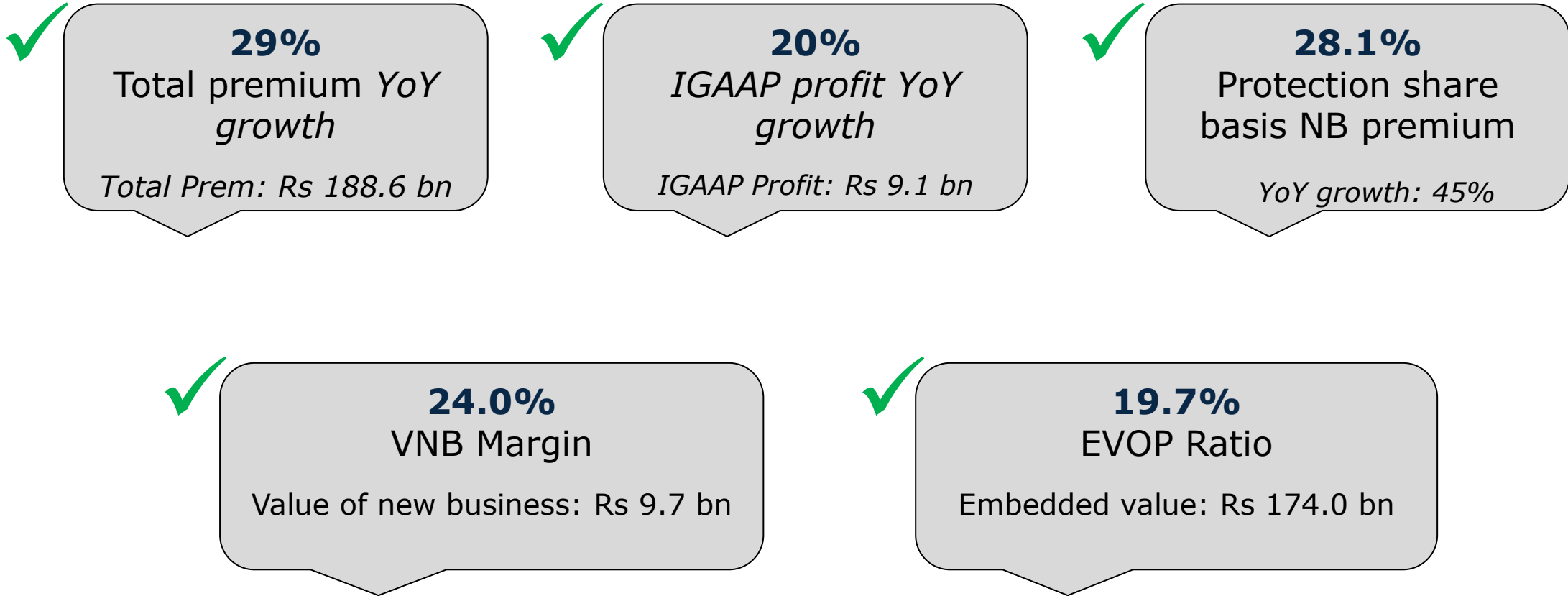
## Performance Snapshot

Key Differentiators

Annexures

India Life Insurance

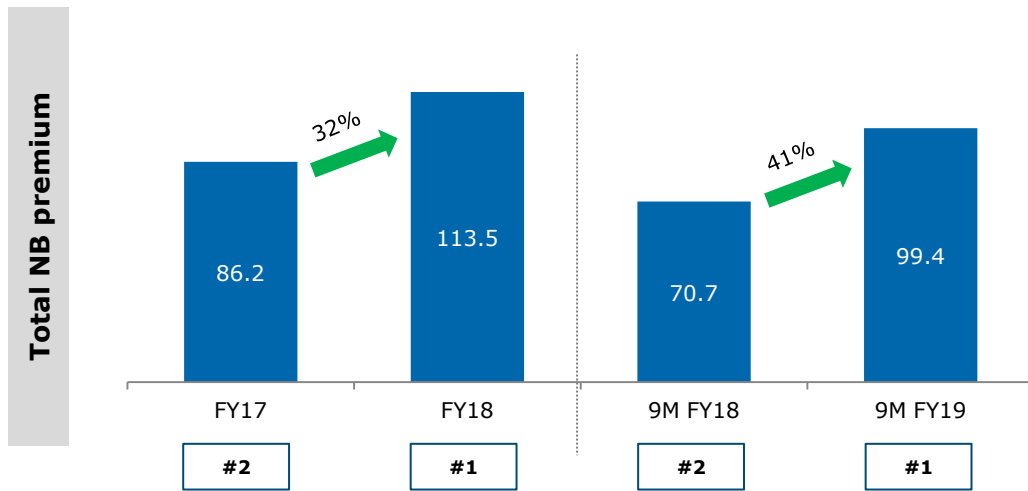
# Executive summary: 9M FY19



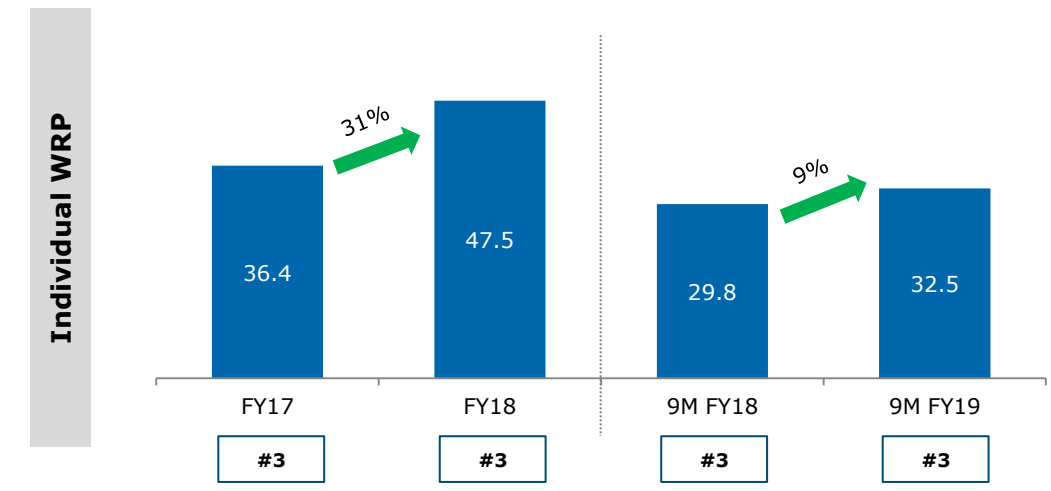
# Performance snapshot: 9M FY19 (1/2)

Rs bn

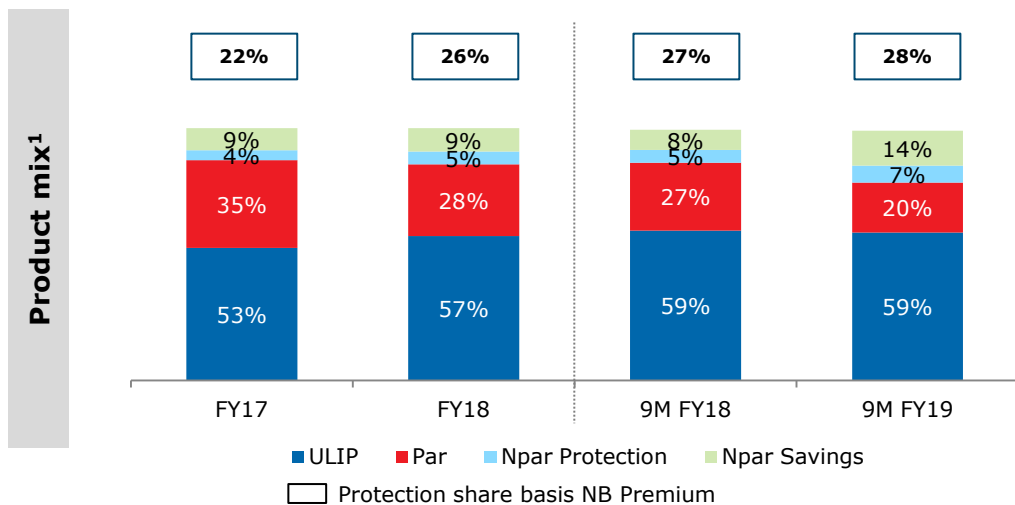
## Leadership in new business premium



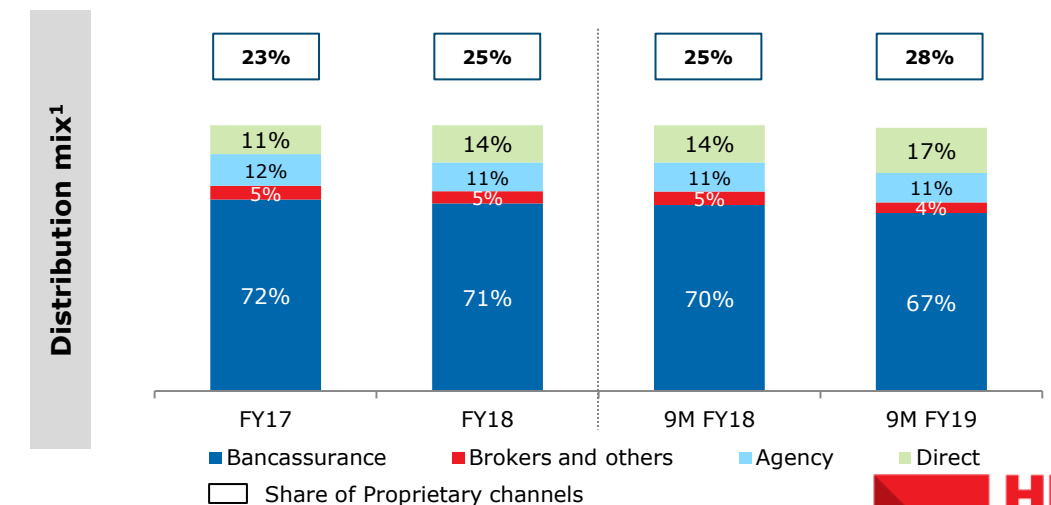
## Sustained higher growth vs industry



## Maintaining a balanced product mix across business cycles



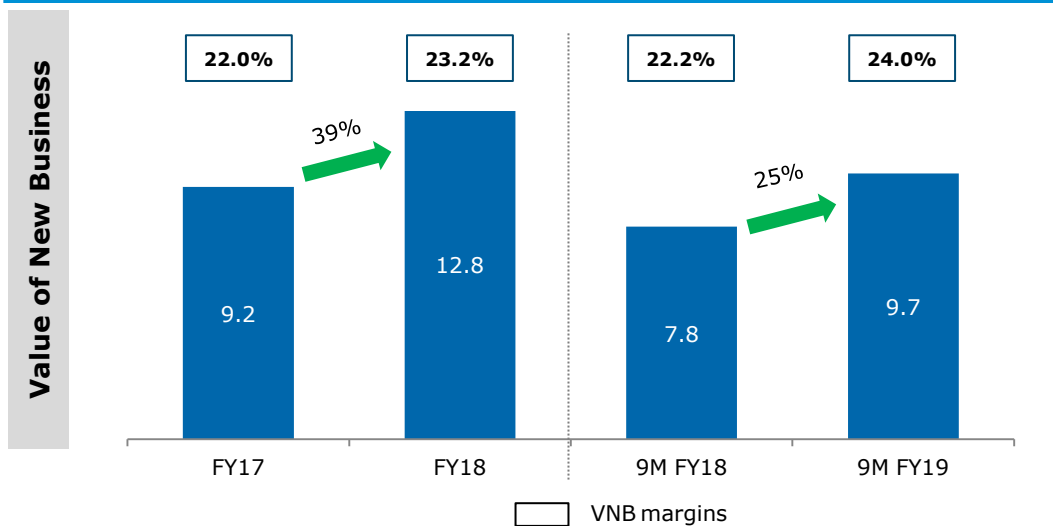
## Focus on scaling proprietary channels



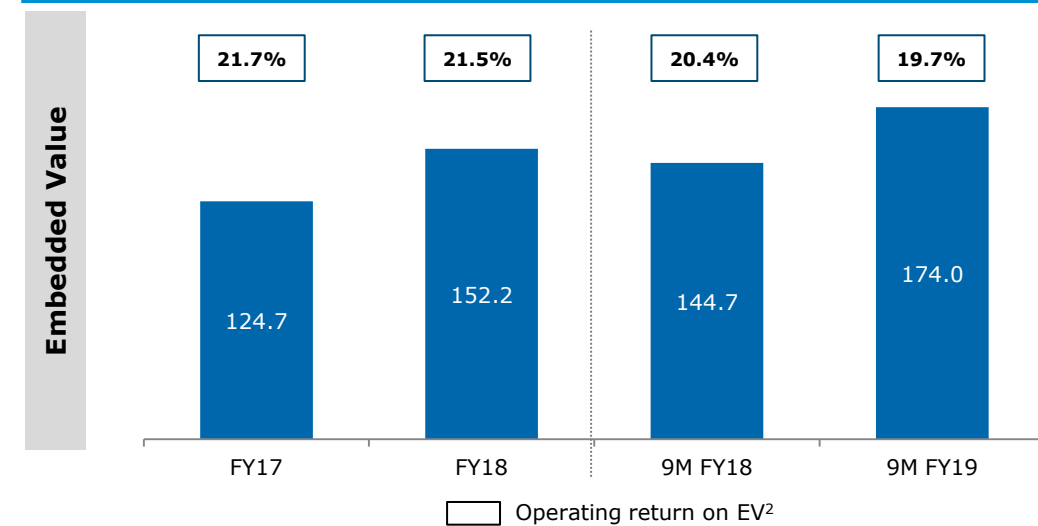
# Performance snapshot: 9M FY19 (2/2)

Rs bn

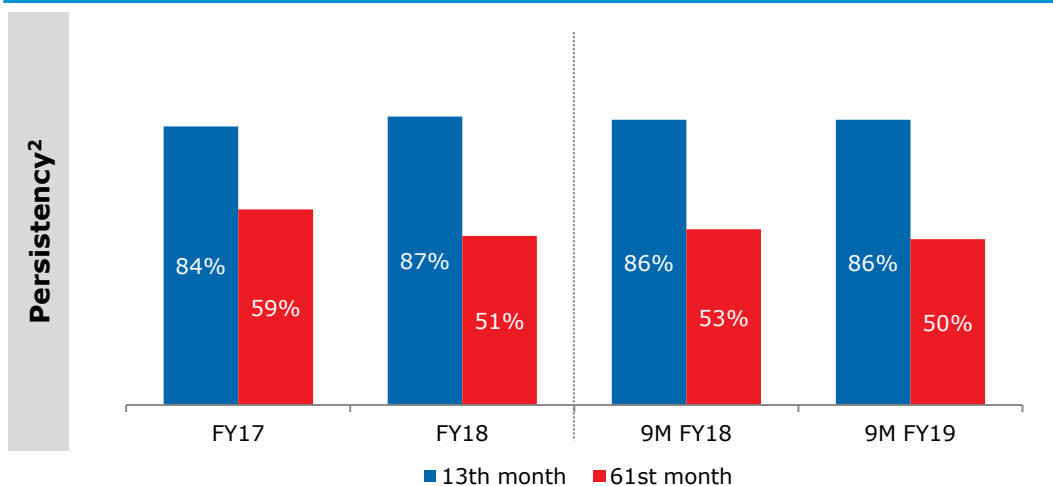
## Industry leading VNB margins



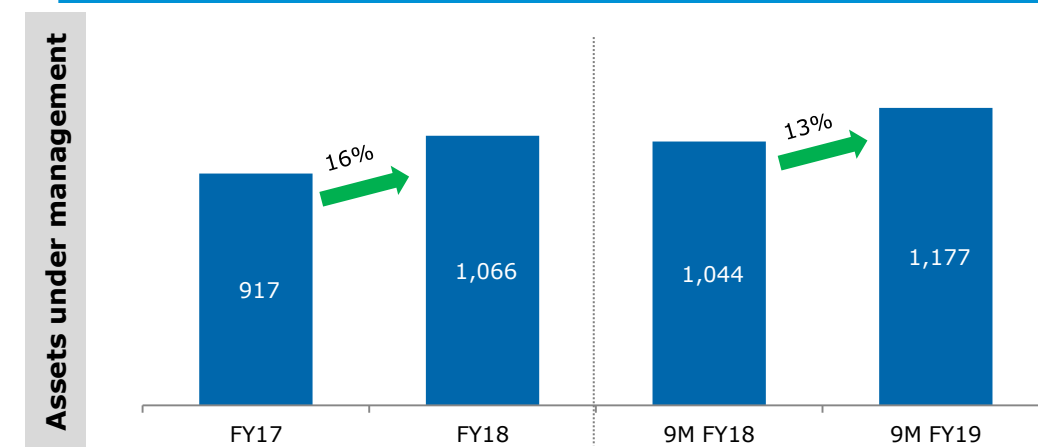
## Healthy growth in Embedded Value<sup>1</sup>



## Stable persistency ratios



## Showcased consistent growth in AUM



Notes: <sup>1</sup> During 9M FY18, there was a one time operating assumption change of positive Rs 1.4 bn based on review by an external actuary as part of the IPO process. Excluding this one time adjustment, Operating return on EV would have been 18.7% for 9M FY18; <sup>2</sup> Persistency ratios (based on original premium) as per methodology specified in IRDA circular no. IRDA/ACT/CIR/MISC/035/01/2014 dated January 23, 2014. Group business, where persistency is measurable, has been included in the calculations  
PS: The numbers throughout the presentation are based on standalone financial results of the Company

# Financial and operational snapshot (1/2)

	FY16	FY17	FY18	CAGR	9M FY18	9M FY19	Growth
<b>Key Metrics (Rs bn)</b>							
<i>New Business Premium (Indl+Group)</i>	64.9	86.2	113.5	32%	70.7	99.4	41%
<i>Renewal Premium (Indl+Group)</i>	98.3	108.2	122.1	11%	75.4	89.2	18%
Total Premium	163.1	194.5	235.6	20%	146.1	188.6	29%
Overall APE	37.1	41.9	55.3	22%	35.1	40.5	16%
Group Premium (NB)	28.3	44.2	54.1	38%	35.8	49.6	39%
Profit after Tax	8.2	8.9	11.1	16%	7.6	9.1	20%
- Policyholder Surplus	6.8	7.5	8.5	11%	6.0	7.2	19%
- Shareholder Surplus	1.4	1.4	2.6	38%	1.6	1.9	21%
Dividend Paid <sup>(1)</sup>	2.2	2.6	3.3	23%	3.3	-	NA
Assets Under Management	742.5	917.4	1,066.0	20%	1,044.3	1,177.0	13%
Indian Embedded Value <sup>(2)</sup>	102.3	124.7	152.2	22%	144.7	174.0	20%
Networth <sup>(3)</sup>	31.5	38.1	47.2	22%	43.6	56.9	31%
NB (Individual and Group segment) lives insured (Mn)	15.4	20.9	33.2	47%	20.4	34.8	71%
New Business Sum Assured <sup>(4)</sup>	2,714.9	3,887.6	4,734.5	32%	3,196.8	4,069.4	27%
No. of Individual Policies (NB) sold (In 000s) <sup>(5)</sup>	1,150.3	1,082.3	1,049.6	-4%	689.9	664.6	-4%

Notes:

1. Including dividend distribution tax (DDT)
  2. 9M FY18 / 9MFY19 based on internal company analysis. IEV excluding investment variance has grown at 19% CAGR between FY16-18 and by 24% for the trailing 12m period
  3. Comprises share capital, share premium and accumulated profits/(losses)
  4. Comprises individual and group business
  5. Including rural policies
- PS Previous year group numbers have not been reclassified based on current year numbers for FY16 and FY17

# Financial and operational snapshot (2/2)

	FY16	FY17	FY18	9M FY18	9M FY19
<b>Key Ratios</b>					
Overall New Business Margins (post overrun)	19.9%	22.0%	23.2%	22.2%	24.0%
Operating Return on EV <sup>(1)</sup>	20.7%	21.7%	21.5%	20.4%	19.7%
Operating Expenses / Total Premium	11.6%	12.6%	13.5%	14.2%	13.8%
Total Expenses (Opex + Commission) / Total Premium	15.9%	16.7%	18.0%	18.7%	17.6%
Return on Equity <sup>(2)</sup>	28.7%	25.7%	26.0%	24.9%	23.4%
Solvency Ratio	198%	192%	192%	191%	191%
Persistency (13M / 61M) <sup>(3)</sup>	81%/50%	84%/59%	87%/51%	86%/53%	86%/50%
Market Share (%)					
- Individual WRP	14.7%	12.7%	13.3%	12.8%	12.6%
- Group New Business	18.3%	24.3%	28.5%	28.6%	28.2%
- Total New Business	15.8%	17.2%	19.1%	18.4%	21.0%
Business Mix (%)					
- Product (UL/Non par savings/Non par protection/Par) <sup>(4)</sup>	56/9/5/30	52/9/4/35	57/9/5/28	59/8/5/27	59/14/7/20
- Indl Distribution (CA/Agency/Broker/Direct) <sup>(4)</sup>	75/12/4/9	72/12/5/11	71/11/5/14	70/11/5/14	67/11/4/17
- Total Distribution (CA/Agency/Broker/Direct/Group) <sup>(5)</sup>	40/8/2/7/43	32/7/2/7/52	33/7/2/10/48	32/6/2/9/51	27/6/2/15/50
- Share of protection business (Basis Indl APE)	5.2%	4.0%	5.1%	5.2%	6.7%
- Share of protection business (Basis Overall APE)	7.3%	7.8%	11.3%	11.6%	16.6%
- Share of protection business (Basis NBP)	17.2%	21.8%	25.9%	27.3%	28.1%

**Notes:**

1. During 9M FY18, there was a one time operating assumption change of positive Rs 1.4 bn based on review by an external actuary as part of the IPO process. Excluding this one time adjustment, Operating return on EV would have been 18.7% for 9M FY18
  2. Calculated using net profit and average net worth for the period (Net worth comprises of Share capital, Share premium and Accumulated profits)
  3. Persistency ratios (based on original premium). Group business, where persistency is measurable, has been included in the calculations.
  4. Based on individual APE. UL: Unit Linked, Trad: Traditional, Par: Participating & CA: Corporate Agents. Percentages are rounded off
  5. Based on total new business premium including group. Percentages are rounded off
- PS Previous year group numbers have not been reclassified based on current year numbers for FY16 and FY17

Performance Snapshot

B

Key Differentiators

Annexures

India Life Insurance

# Key Differentiators

1

## Balanced distribution mix

Developing multiple channels of growth to drive contextual, need-based product distribution

2

## Market-leading product innovation

Effective risk management driving product designs that cater to innate and latent customer needs, setting benchmarks in the life insurance industry

3

## Focus on profitable growth

Leveraging emerging profit pools to achieve the fine balance between sales growth and profitability

4

## Reimagining insurance

Market-leading digital capabilities to shape the insurance operating model of tomorrow

5

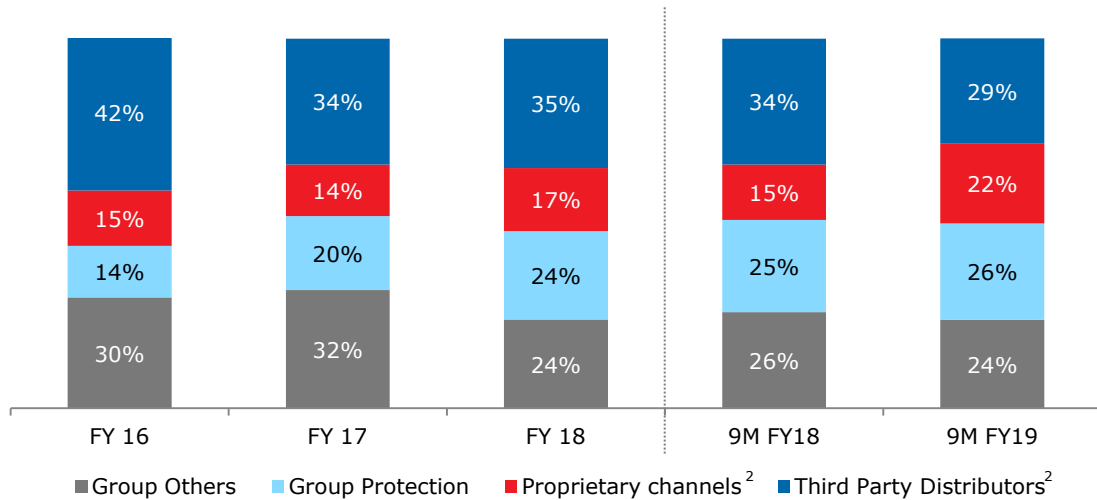
## Quality of Board and management

Seasoned leadership guided by an independent and competent Board

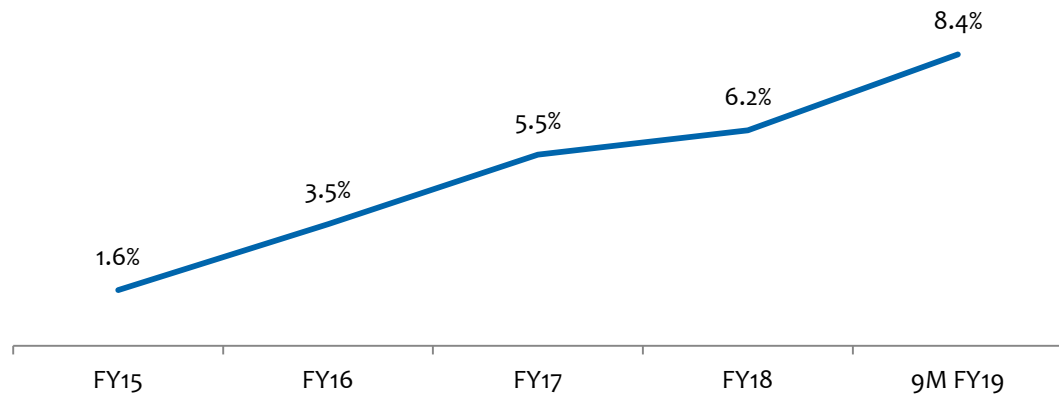


# Constant endeavour to diversify distribution mix

## Stable distribution mix (based on total NBP)



## Optimizing cross-sell opportunities<sup>1</sup>



## Strong diversified network of 246 partners incl. new ecosystems

<b>49 Banks</b>	HDFC BANK We understand your world	RBL BANK	Saraswat Bank The Financed On Operator Bank Ltd. (A Government Bank)	IDFC BANK IDFC BANK	देना बैंक DENA BANK (A Government of India Enterprise)
<b>129 NBFCs</b>	BAJAJ FINANCE LIMITED	pnb Housing Finance Limited	HDFC SALES	Indiabulls HOUSING FINANCE	Fullerton India
<b>22 MFIs</b>	Muthoot Finance	Chola	HDFC securities		
<b>9 SFBs</b>	equitas Small Finance Bank	SURYODAY A BANK OF SMILES	Capital Small Finance Bank		

## Developing alternate channels of distribution – foraying into multiple eco-systems through newer partnerships



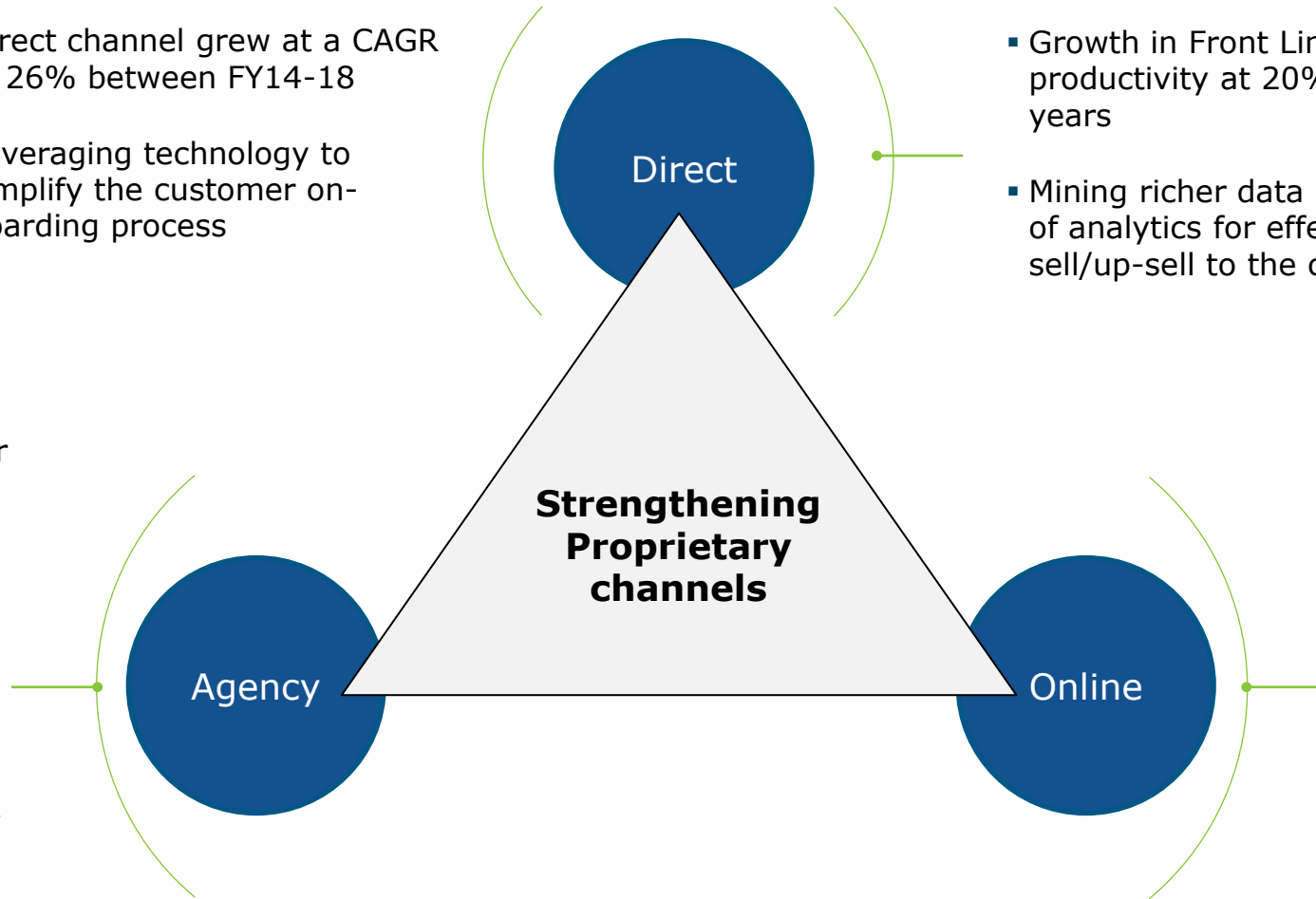
# Focus on developing proprietary channels

- Direct channel grew at a CAGR of 26% between FY14-18
- Leveraging technology to simplify the customer onboarding process

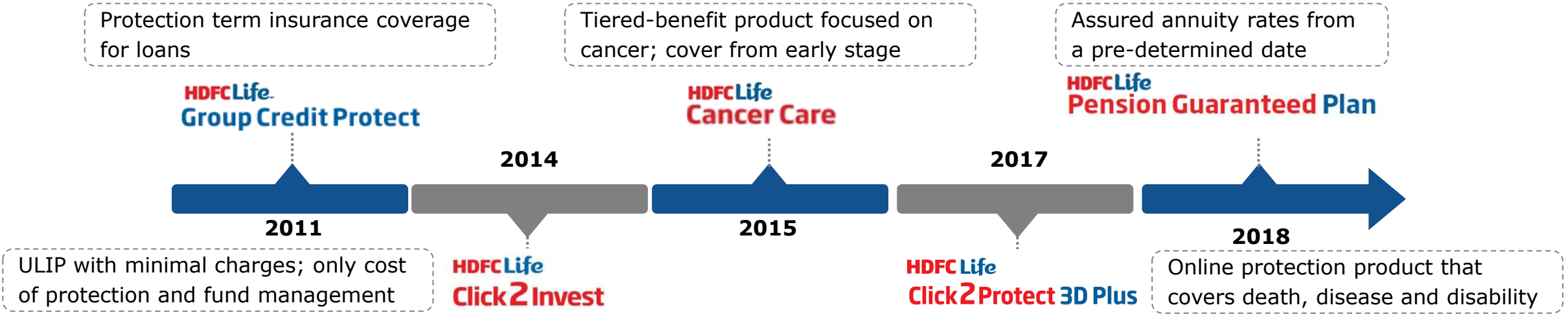
- Growth in Front Line Sales (FLS) productivity at 20% over last 3 years
- Mining richer data on the back of analytics for effective cross-sell/up-sell to the customers

- Net addition of 20K agents is the highest in the industry for 9M FY19; total agent count exceeding 97K
- “Agency LIFE” program with focus on recruiting quality agents is underway; 75% of branches, 90% of agents covered under the program
- Agent activation increased by 17% in 9M FY19 and the FLS productivity has improved by 9%

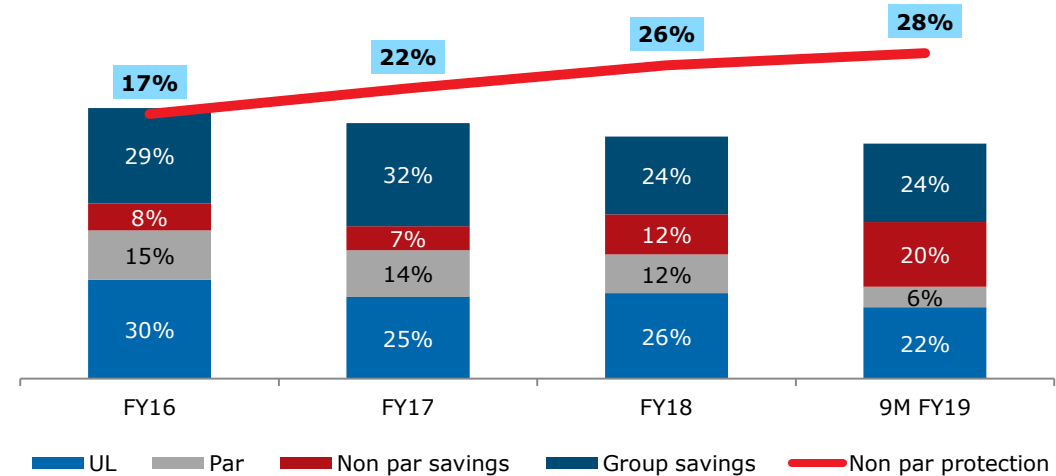
- Online channel grew at a CAGR of 68% between FY14-18
- Healthy mix of self-sourced and aggregator-driven business
- Longer term protection cover in term /combo policy purchase plan
- As innovative products get replicated faster, focusing on creating differentiated buying journeys to tap potential of existing online customers



# Expanding market through constant product innovation



Increasing share of protection (Basis NBP)



**HDFC Life Guaranteed Savings Plan**

New launch

Guaranteed returns plan for sale through POS channel



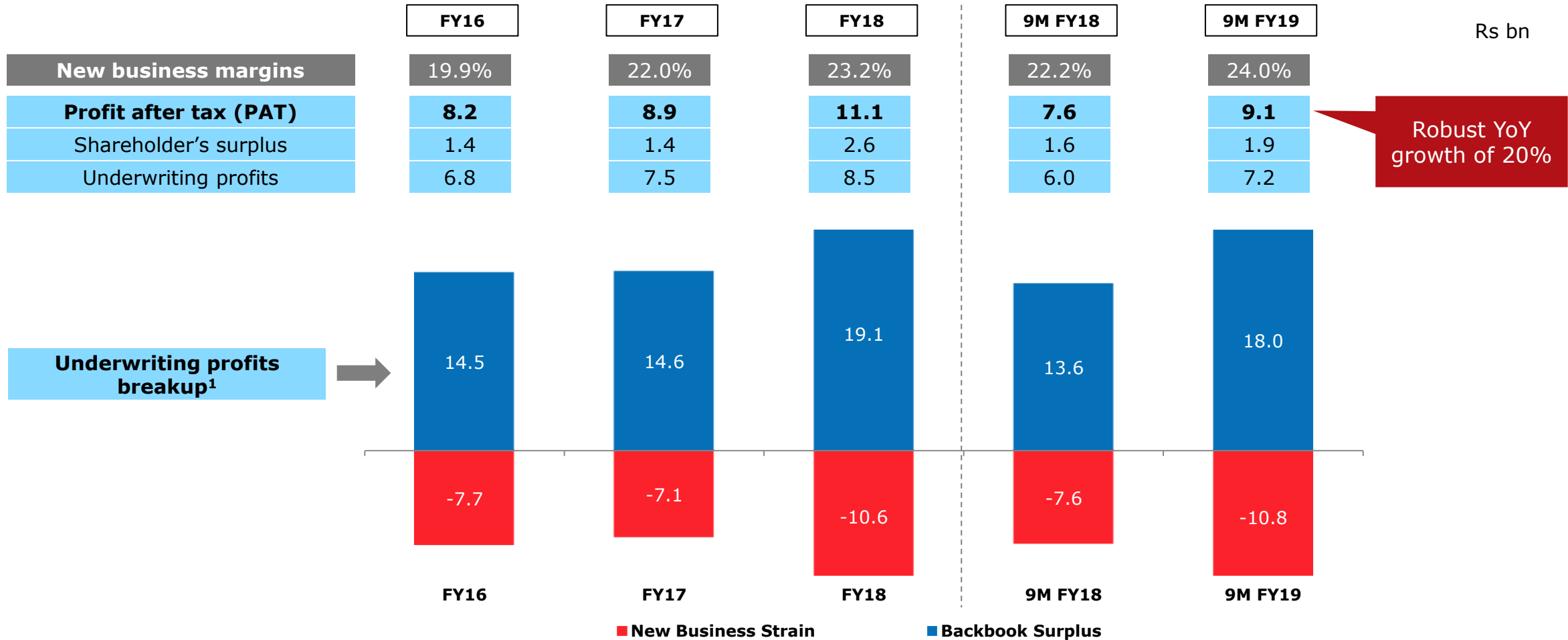
# Product mix across key channels

Channel summary <sup>1</sup>	Segment	FY16	FY17	FY18	9M FY18	9M FY19
<b>Banca<sup>2</sup></b>	UL	66%	61%	64%	67%	71%
	Par	24%	30%	26%	24%	15%
	Non par protection	2%	1%	1%	1%	2%
	Non par others	9%	8%	9%	8%	12%
<b>Agency</b>	UL	25%	26%	33%	35%	26%
	Par	56%	57%	48%	47%	49%
	Non par protection	13%	11%	11%	11%	13%
	Non par others	6%	7%	8%	7%	13%
<b>Direct</b>	UL	45%	48%	54%	58%	49%
	Par	24%	22%	12%	11%	6%
	Non par protection	23%	18%	21%	21%	21%
	Non par others	8%	13%	13%	9%	23%
<b>Company</b>	UL	56%	52%	57%	59%	59%
	Par	30%	35%	28%	28%	20%
	Non par protection	5%	4%	5%	5%	7%
	Non par others	9%	9%	9%	8%	14%
<b>Protection mix (Basis Indl APE)</b>		5%	4%	5%	5%	7%
<b>Protection mix (Basis Indl + Group APE)</b>		7%	8%	11%	12%	17%
<b>Protection mix (Basis Indl + Group NBP)<sup>3</sup></b>		17%	22%	26%	27%	28%

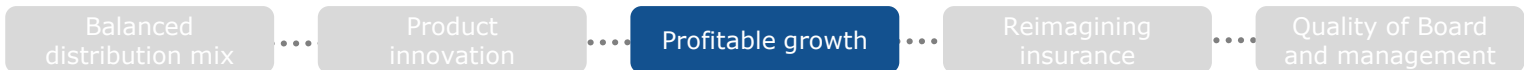
Notes:

1. Basis Individual APE
2. Includes banks and other corporate agents
3. Previous year group numbers have not been reclassified based on current year numbers

# Focus on profitable growth



- Steady unwind of profits from the back book significantly higher than the new business strain caused by growth in business, resulting in healthy underwriting profits

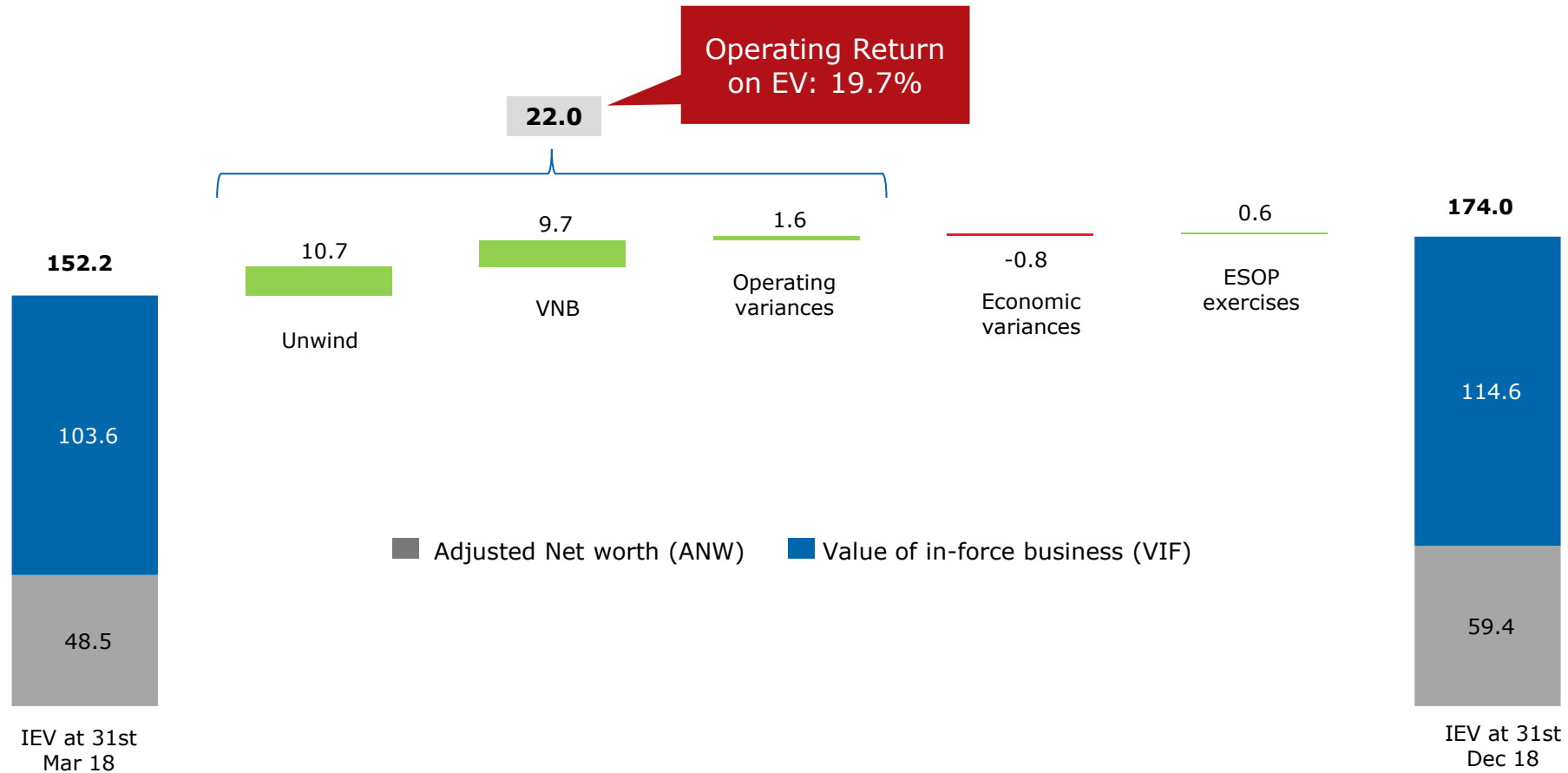


Note:

1. Based on internal Company analysis, numbers may not add up due to rounding off

# Analysis of change in IEV

Rs bn



- Consistently delivered healthy operating returns on EV
- Continue to showcase positive operating variances over the last four years



# Reimagining insurance



## Real-time fulfillment

- Faster processing through instant data flow, e-KYC integration
- Robotics-led optimization has led to efficient processes



- 41% policies issued on the same day
- 96% of documents uploaded digitally
- 97% servicing requests<sup>1</sup> fulfilled in 8 hours



## Ensuring suitability

- Video-enabled confirmation of customer understanding (pre-issuance)
- Automated suitability matrix to mitigate mis-selling



- 63% of verification via app
- Complaint reduction from 81 to 71 per 10K policies
- Facilitate distributor/customer engagement



## Capability to customize

- Pre-approved sum assured on partner website/ mobile apps
- Customized new business and renewal collection process



- 45% apps sourced on mobile devices
- 83% of policy renewal via online & debit modes

Balanced distribution mix

Product innovation

Profitable growth

Reimagining insurance

Quality of Board and management

# Quality of Board and Management

## Experienced senior management

Seasoned senior management team with rich experience in financial services

Track record of delivering consistent results across business cycles

## Independent and illustrious Board

Active, well-informed and independent Board oversees how the management serves and protects the interests of all stakeholders

Encouragement from Board to calibrate business strategies to harness new pools of profitability

## Key Governance forums

More than 25 governance forums run within the company

Risk management

Disciplinary Panel for Malpractices

POSH

Whistle-blower Committee

Compliance Council

Policyholder protection

Claims Review

Information and Cyber Security Council

Product Council

Balanced distribution mix

Product innovation

Profitable growth

Reimagining insurance

Quality of Board and management



# Performance of wholly-owned subsidiary<sup>1</sup> companies



## HDFC Pension

- Market share grew from 21.4% in Mar'18 to 25.0% in Dec'18 amongst all Pension Fund Managers (PFM)
- Saw a YoY growth of 93% in AUM to Rs 39.7 bn as on Dec 31, 2018
- Company ranks #1 in Corporate subscribers base, #2 amongst all PFMs in Net Fund Flow, Retail subscriber base and AUM
- Total subscriber base is around 2.9 lakhs as on Dec 31, 2018



## HDFC International Life and Re

- Our Dubai based subsidiary continues to work with reputable cedants
- Revenue lines consist of reinsurance of individual life products and group life & credit schemes from GCC / MENA based ceding insurers
- Registered growth of 107% in revenue and continues to be profitable for 9M FY19
- S&P Global Ratings has assigned its 'BBB' long-term insurer financial strength rating to the company

Performance Snapshot

Key Differentiators

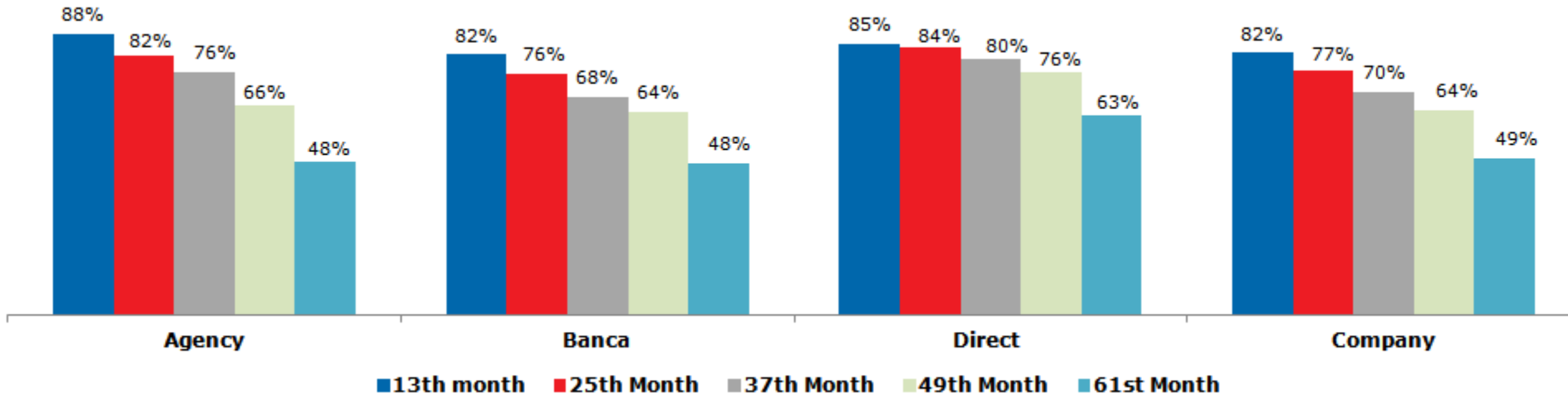
C

Annexures

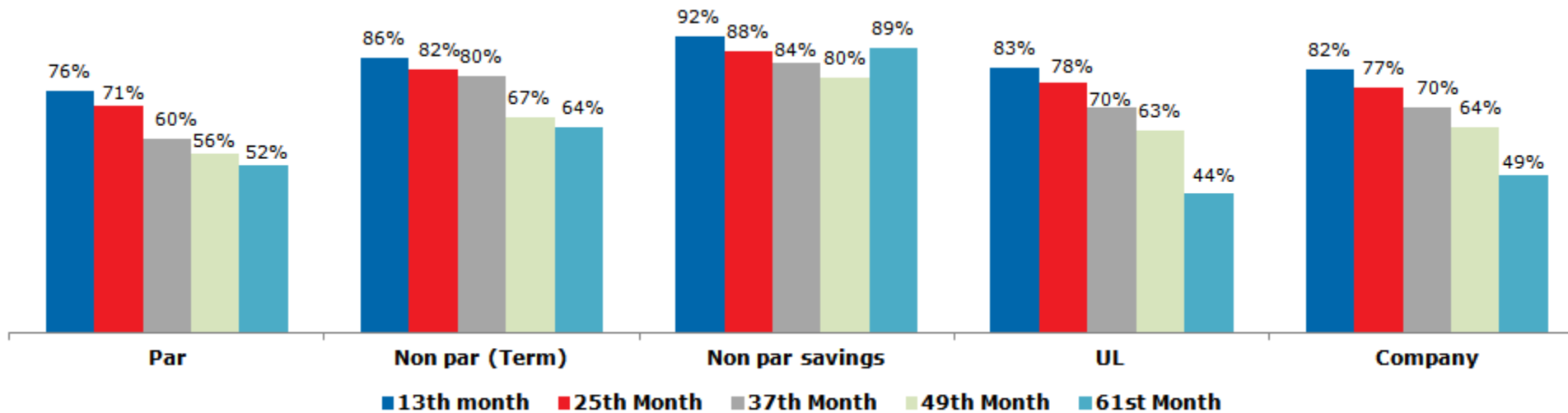
India Life Insurance

# Individual persistency for key channels and segments

## Across key channels

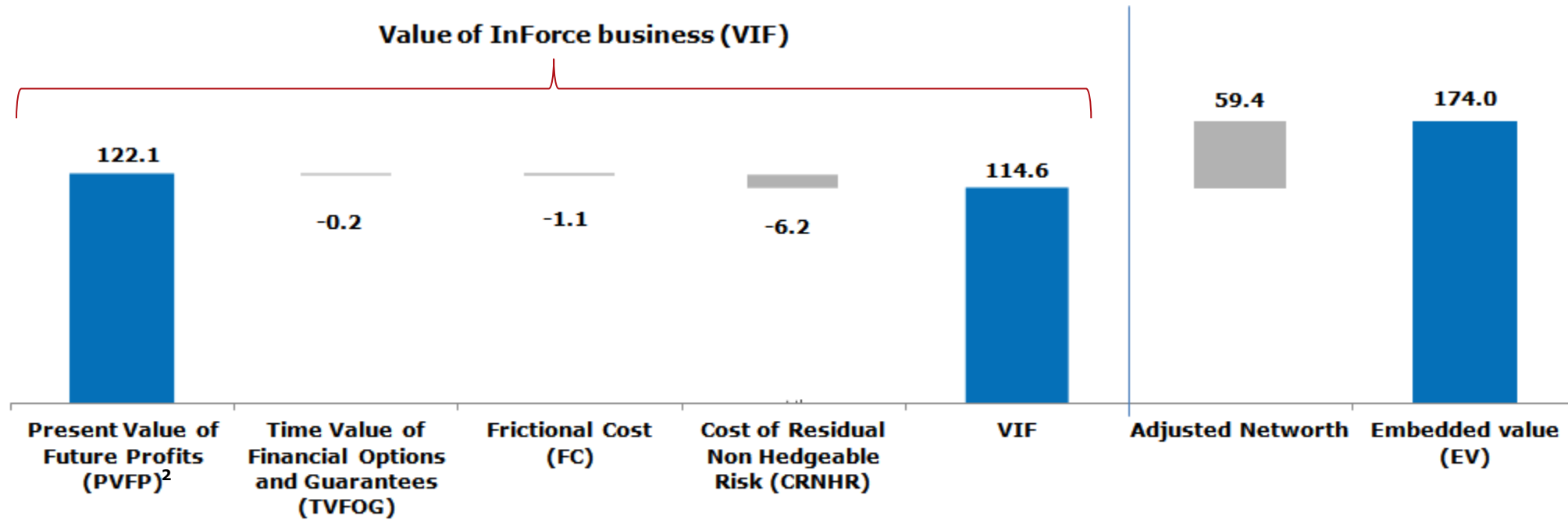


## Across key segments



# Indian Embedded Value (IEV)<sup>1</sup>

Rs bn



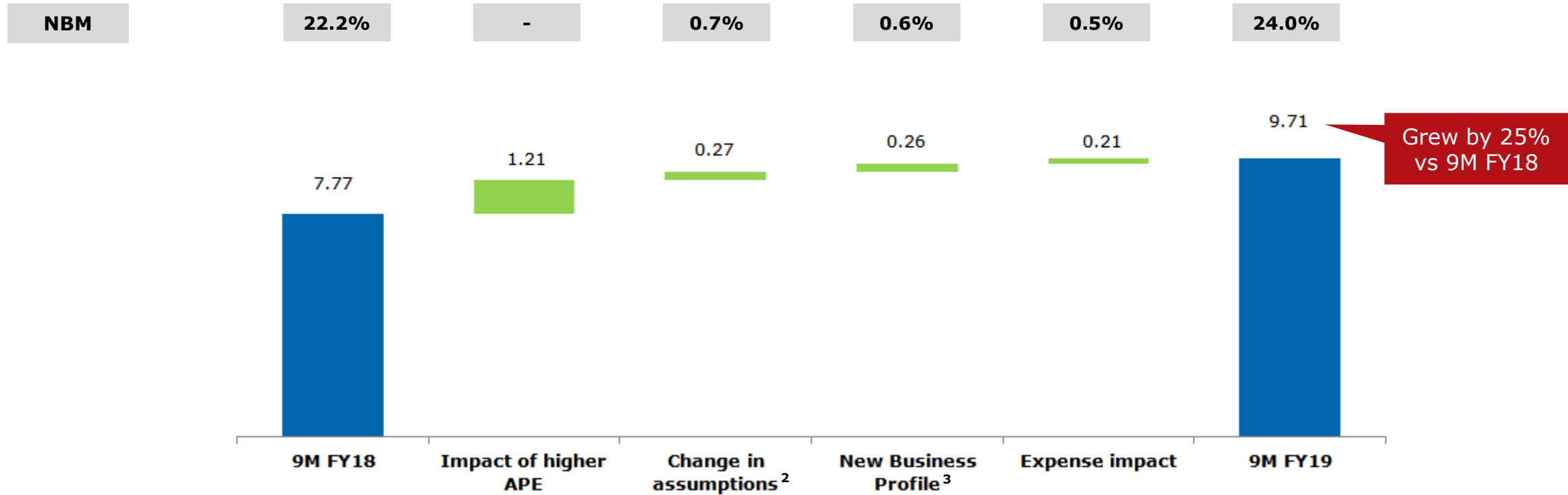
- Significant proportion of VIF at 2/3<sup>rd</sup> of the total Embedded value
- TVFOG includes cost of guarantees for conventional participating and unit linked products

*Notes:*

1. Based on internal analysis, detailed explanation of components provided in the Appendix to the presentation
2. PVFP pertains to Overall (Individual + Group) business

# Value of new business (VNB) and NBM walkthrough<sup>1</sup>

Rs bn



Note:

1. Based on internal Company analysis
2. Impact of change in mainly persistency and mortality assumptions revised during annual review in March'18
3. Reflects the impact of difference in mix of segment/distribution channel/tenure/age/sum assured multiple etc

# Sensitivity analysis: H1 FY19

Analysis based on key metrics	Scenario	% Change in VNB <sup>1</sup>	Change in VNB Margin <sup>1</sup>	% Change in EV
<b>Change in</b>				
<b>Reference rate</b>	Increase by 1%	0.85%	0.21%	-2.00%
	Decrease by 1%	-2.30%	-0.56%	2.10%
<b>Equity market movement</b>	Decrease by 10%	-1.03%	-0.25%	-1.60%
<b>Persistency (Lapse rates)</b>	Increase by 10%	-3.47%	-0.84%	-1.60%
	Decrease by 10%	3.67%	0.89%	1.70%
<b>Maintenance expenses</b>	Increase by 10%	-2.19%	-0.53%	-0.60%
	Decrease by 10%	2.19%	0.53%	0.60%
<b>Acquisition Expenses</b>	Increase by 10%	-15.27%	-3.71%	NA
	Decrease by 10%	15.27%	3.71%	NA
<b>Mortality / Morbidity</b>	Increase by 5%	-5.99%	-1.46%	-0.90%
	Decrease by 5%	5.99%	1.46%	0.90%
<b>Tax rate<sup>2</sup></b>	Increased to 25%	-13.96%	-3.39%	-6.40%

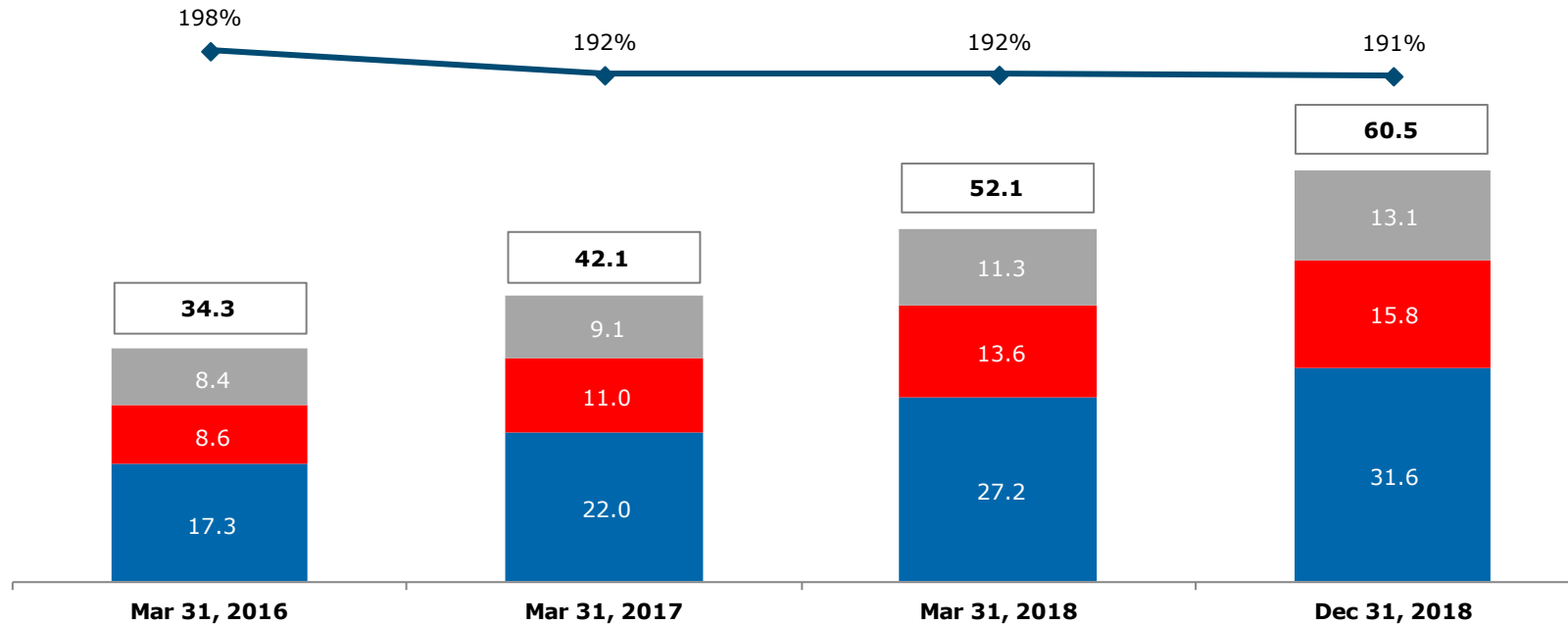
**Notes:**

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.

# Stable capital position

Rs bn

Dividend paid	2.2	2.6	3.3	-
New business growth	18%	33%	32%	41%



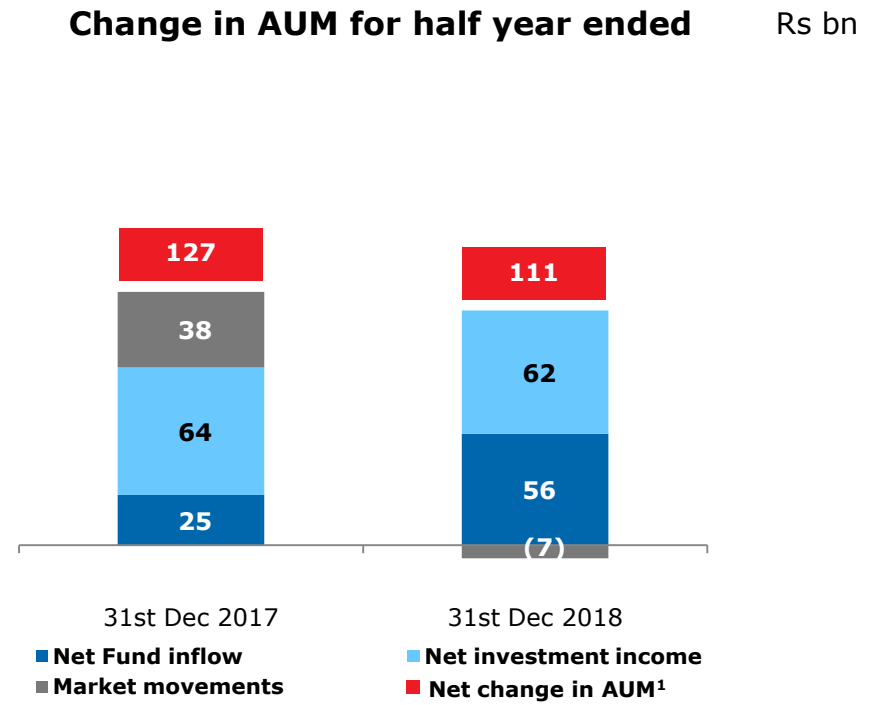
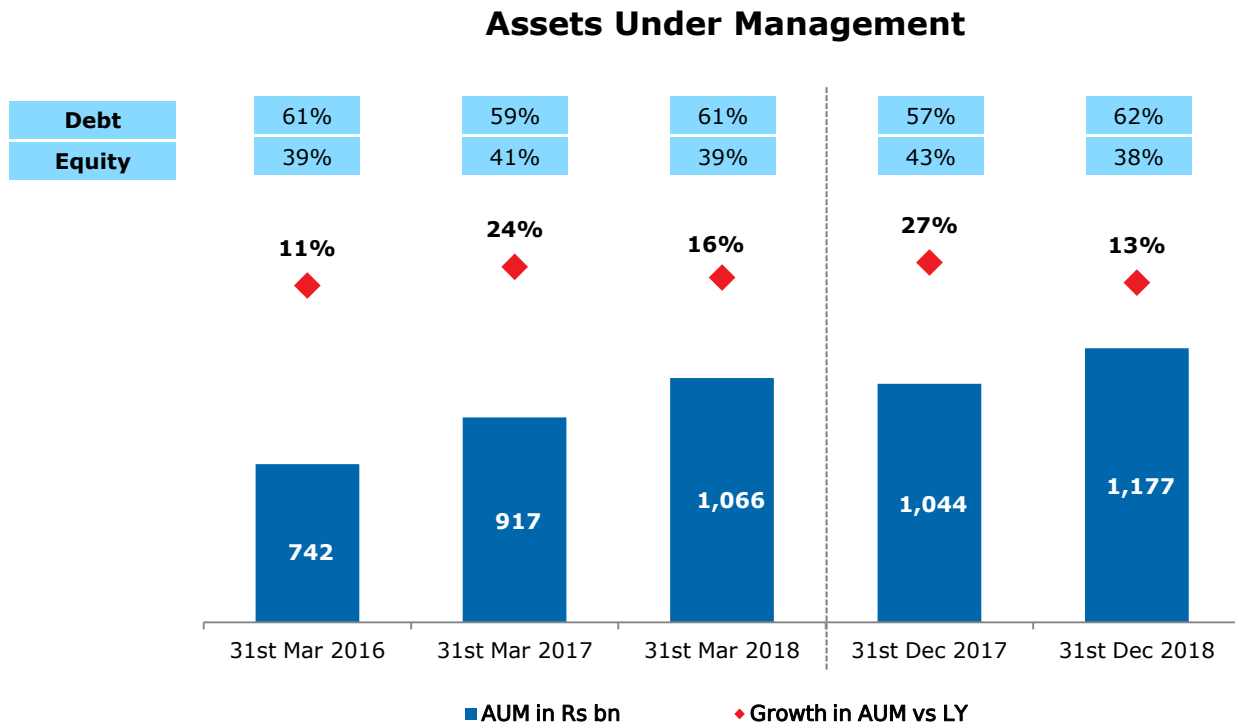
ASM<sup>1</sup>
 RSM @ 100%<sup>1</sup>
 Incremental RSM @ 150%
  Surplus Capital
  Solvency margin<sup>2,3</sup>

- Internal accrual of surplus from backbook has supported the capital requirement for robust new business growth
- Track record of healthy dividend payouts
- No capital infused in last seven years (except through issuance of ESOPs)

Notes:

1. ASM represents Available solvency margin and RSM represents Required solvency margin
2. Investment in subsidiaries not considered in solvency margin.
3. No capital infusion required even if NB APE grows at CAGR of 50% in the next 3 years

# Assets under management



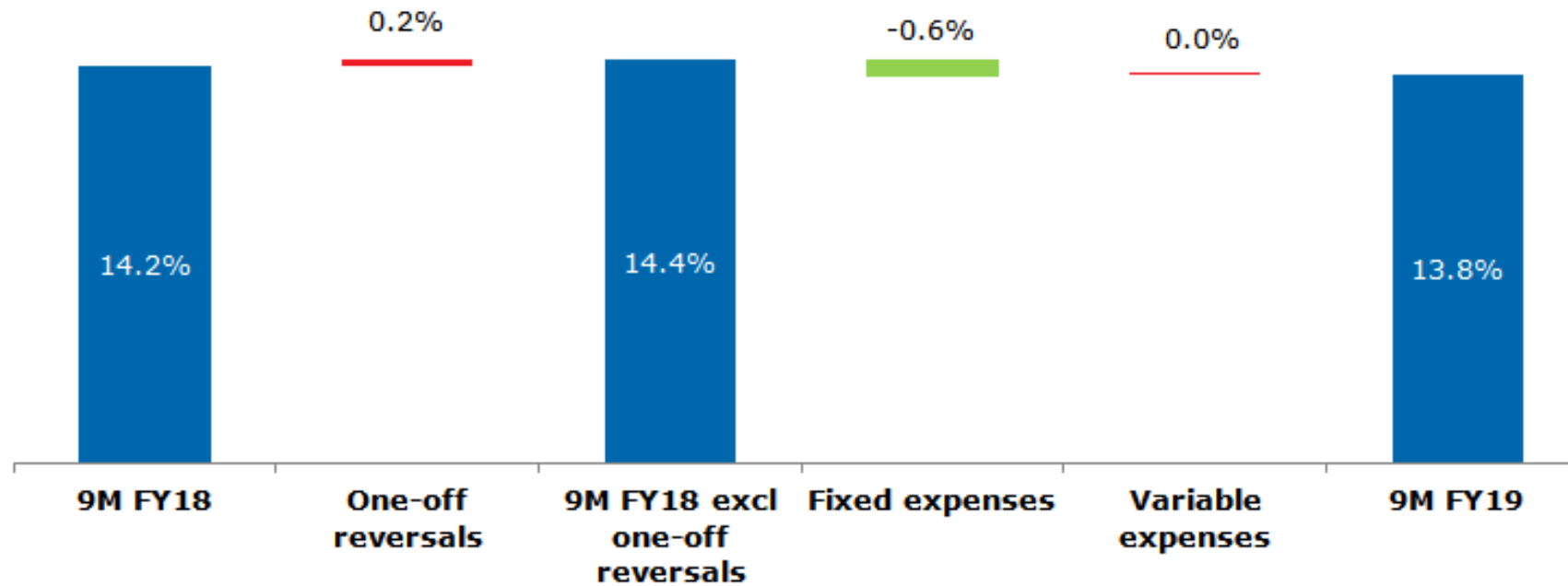
- Continue to rank amongst top 3 private players, in terms of assets under management<sup>2</sup>
- Over 96% of debt investments in AAA rated and Government bonds as on Dec 31, 2018
- Accretion to the AUM has been marginally impacted by the decline in the value of the investments due to volatile debt and equity markets

Notes:

1. Calculated as difference from April to December
2. Based on Asset under Management as on Sep 30, 2018



# Operating expense trend



- Continue to focus our efforts in improving efficiency and rationalising costs through our various internal initiatives

**Notes:**

- One-off reversals comprise of reversal of previous year provisions relating to merger costs
- Fixed costs include employee, infrastructure, information technology costs and any other costs which are fixed in nature
- Variable costs include stamp duty, medical fees, sales incentives, brand awareness, operations support and any other costs which are linked to business

Performance Snapshot

Key Differentiators

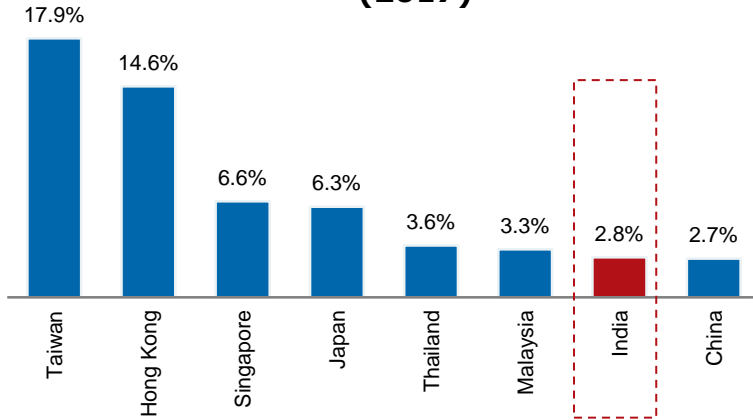
Annexures

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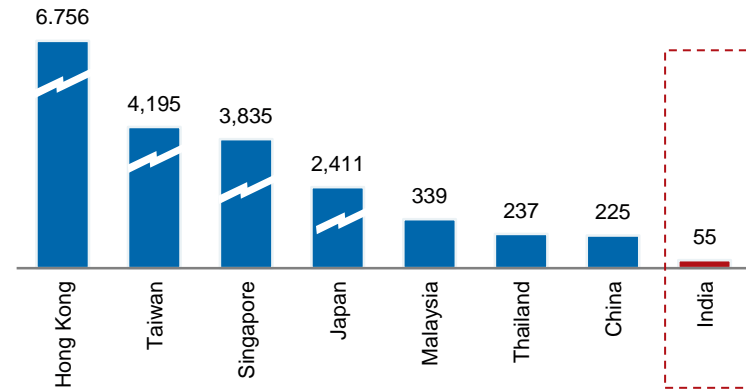
India Life Insurance

# Growth opportunity: Under-penetration vs global benchmarks

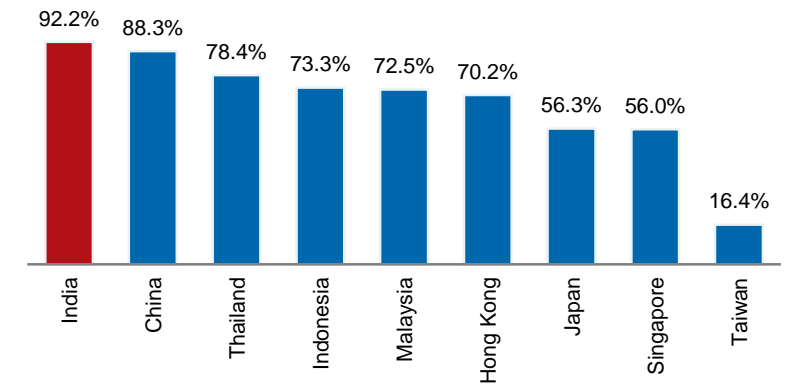
**Life insurance penetration (2017)**



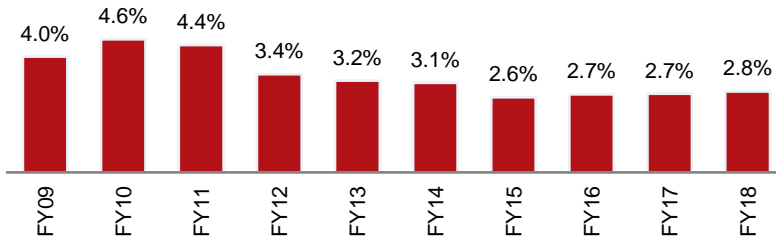
**Life insurance density US\$ (2017)**



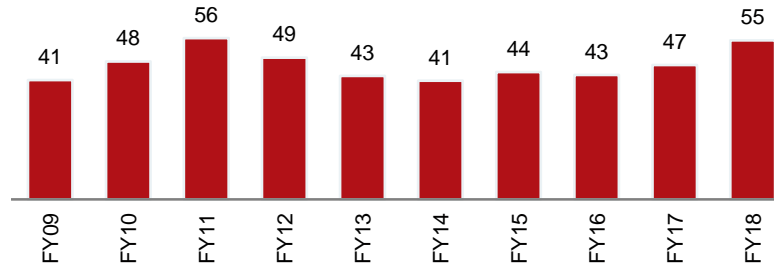
**Protection gap (2014)**



**India life insurance penetration (FY09-18)**



**India life insurance density US\$ (FY09-18)**



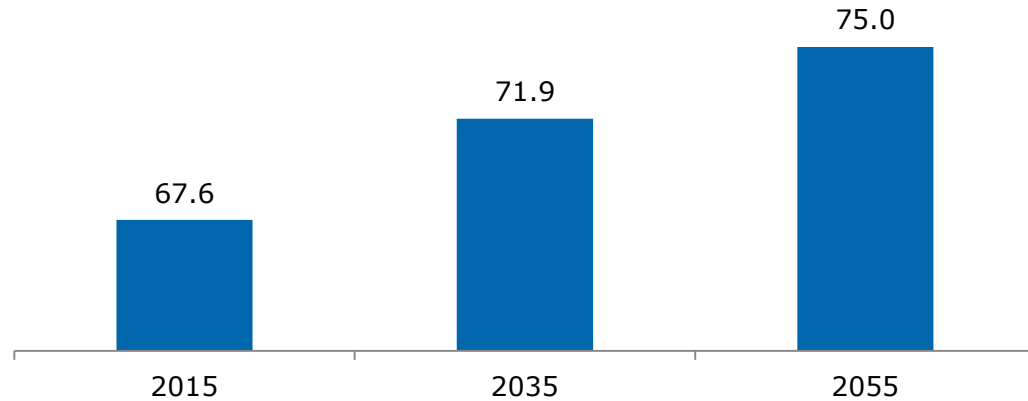
- India has the highest protection gap in the region, as growth in savings and life insurance coverage has lagged behind economic and wage growth
- Protection gap has increased over 4x in last 15 years with significantly low insurance penetration and density

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

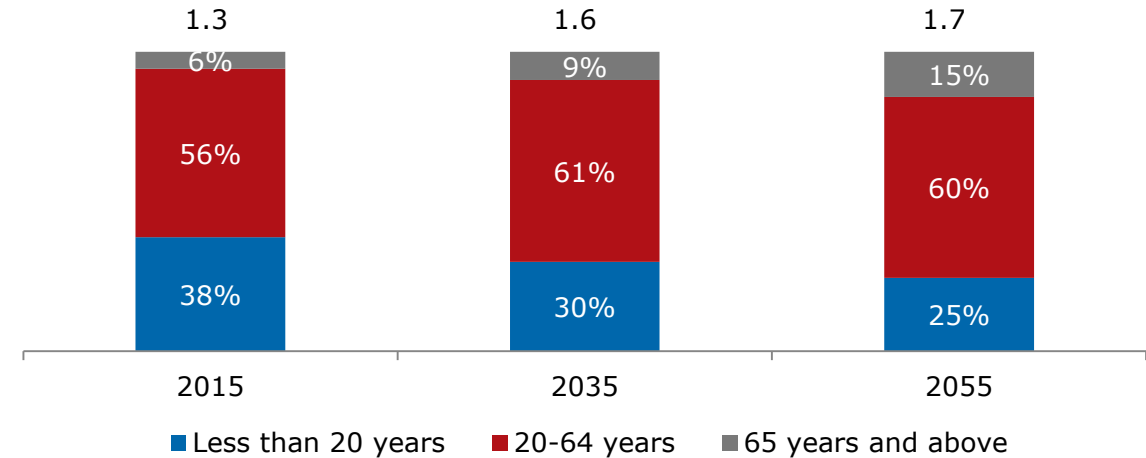
Source: Swiss Re (Based on respective financial year of the countries), MOSPI

# Growth opportunity: Favourable demographics

**Life expectancy (Years)<sup>1</sup>**



**Population composition (bn)<sup>1</sup>**



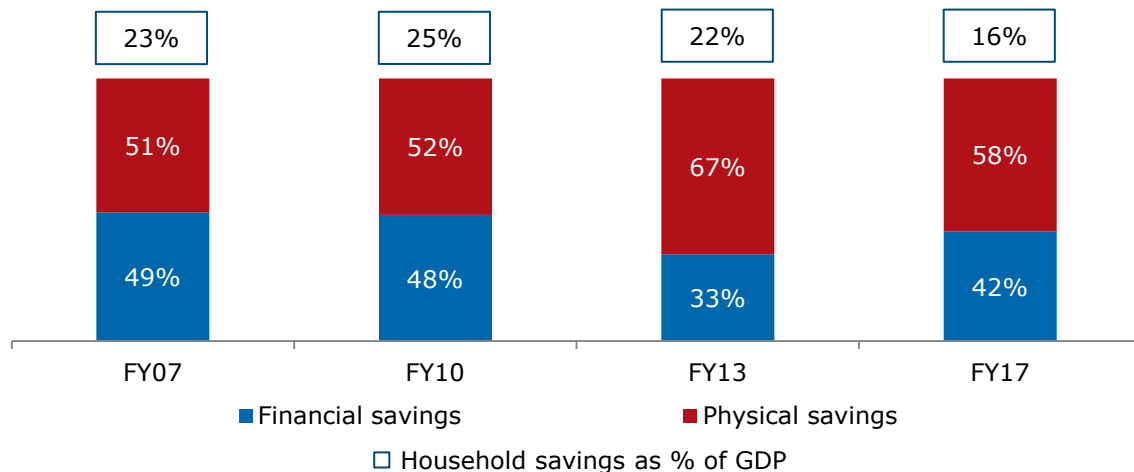
- India's insurable population is anticipated to touch 750 million by 2020
- India is currently one of the world's youngest nation, offering great opportunity for long term savings and investment plans
- Demand for retirement policies to rise with increasing life expectancy, declining birth-rates and proportion of India's elderly population expected to increase by almost 100% by 2035 (as compared to 2015)
- Emergence of nuclear families and increasing life expectancy to facilitate need for pension and protection based products

Source:

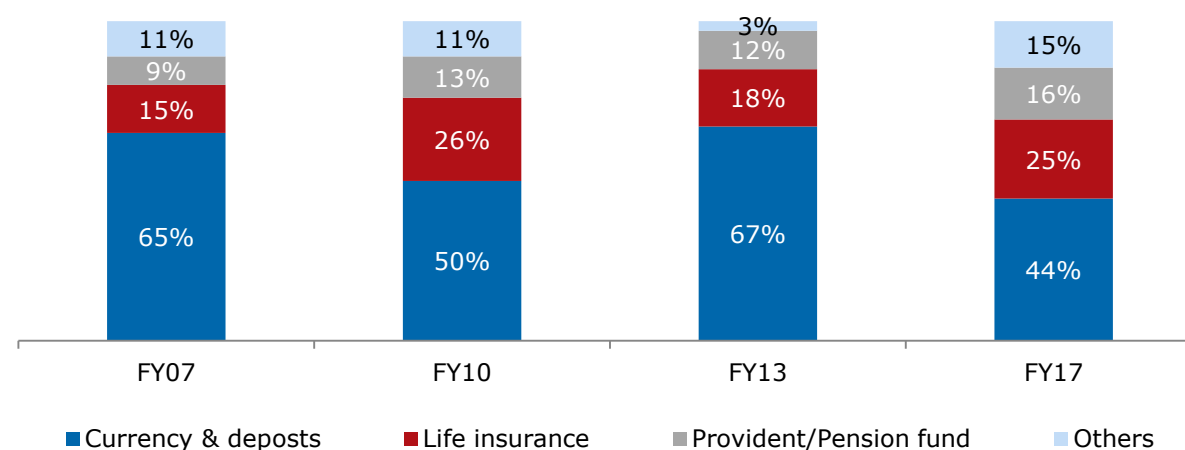
29 1. United Nations World Populations Prospects Report (2017)

# Life insurance: A preferred savings instrument

## Household savings composition

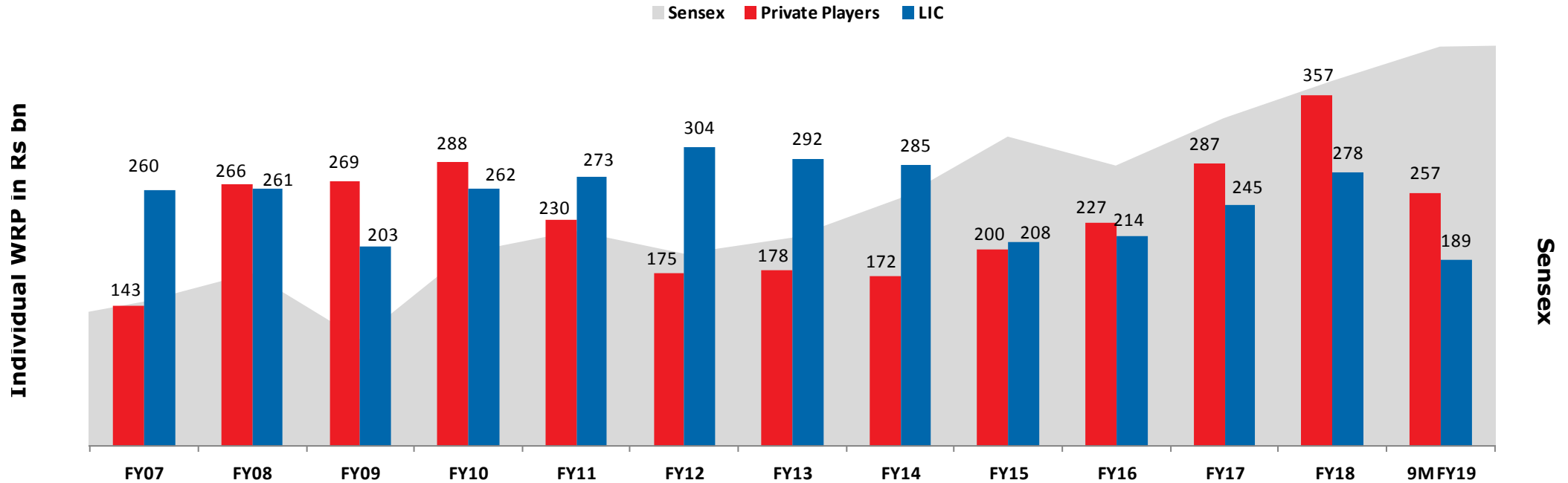


## Financial savings mix



- Increasing preference towards financial savings with buoyant equity market returns, along with impact of demonetisation on physical assets return profile
- Increasing share of life insurance within financial assets, as it caters to long-term saving and protection needs
- Various government initiatives to promote financial inclusion:
  - Implementation of JAM trinity – around 338 mn new savings bank accounts opened till date
  - Launch of affordable PMJJBY and PMSBY social insurance schemes
  - Atal Pension Yojana promoting pension in unorganized sector
  - Set up of Small Finance Banks and Payment Banks to increase financial inclusion

# Industry new business<sup>1</sup> trends



## Private players market share

FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	9MFY19
35%	50%	57%	52%	46%	37%	38%	38%	49%	52%	54%	56%	58%

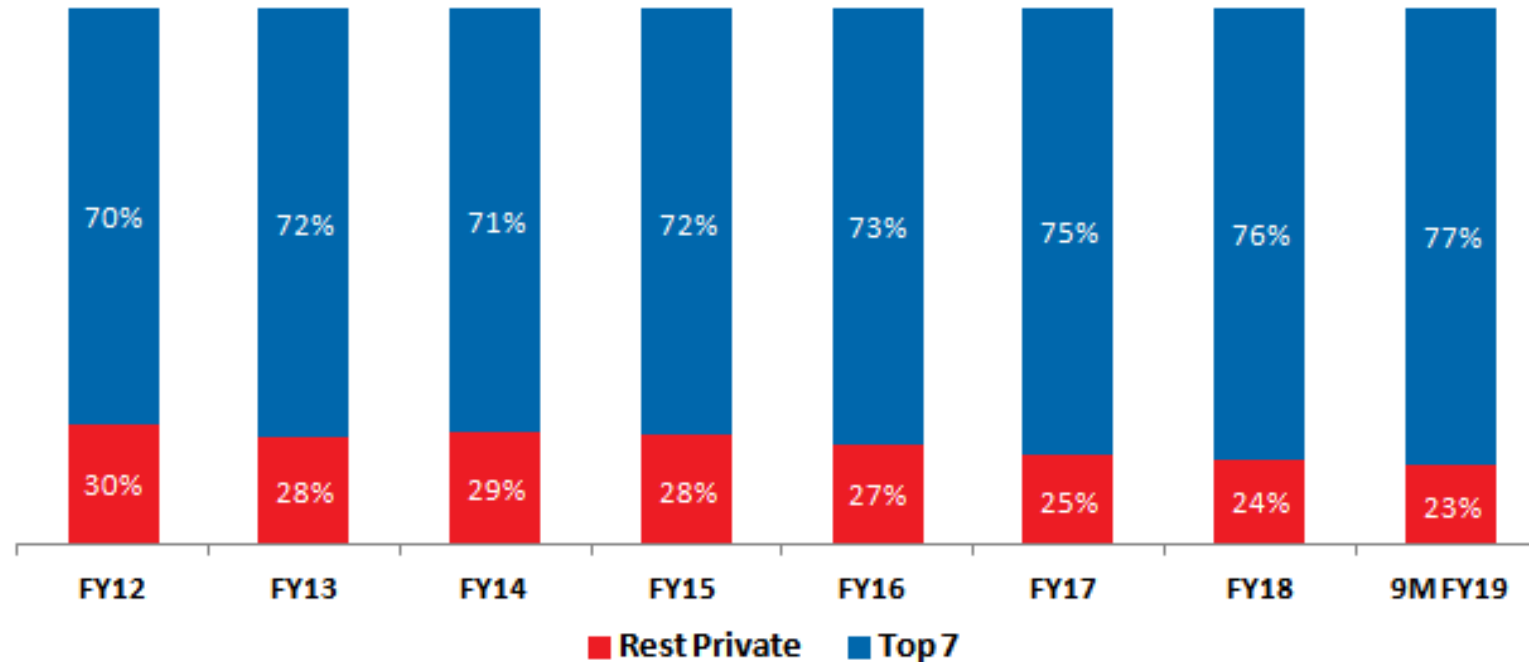
## Growth %

Private	99%	86%	1%	7%	-20%	-24%	2%	-3%	16%	14%	26%	24%	11%
LIC	88%	0%	-22%	29%	4%	11%	-4%	-2%	-27%	3%	15%	13%	5%
Overall	92%	31%	-10%	17%	-9%	-5%	-2%	-3%	-11%	8%	21%	19%	8%

- Private sector gained higher market share than LIC for the first time in FY16, post FY11 regulatory changes
- Based on individual WRP private sector has outpaced LIC in last 3 years (FY16-18)

# Private industry: Market share trends

## Top 7 private players vs other players



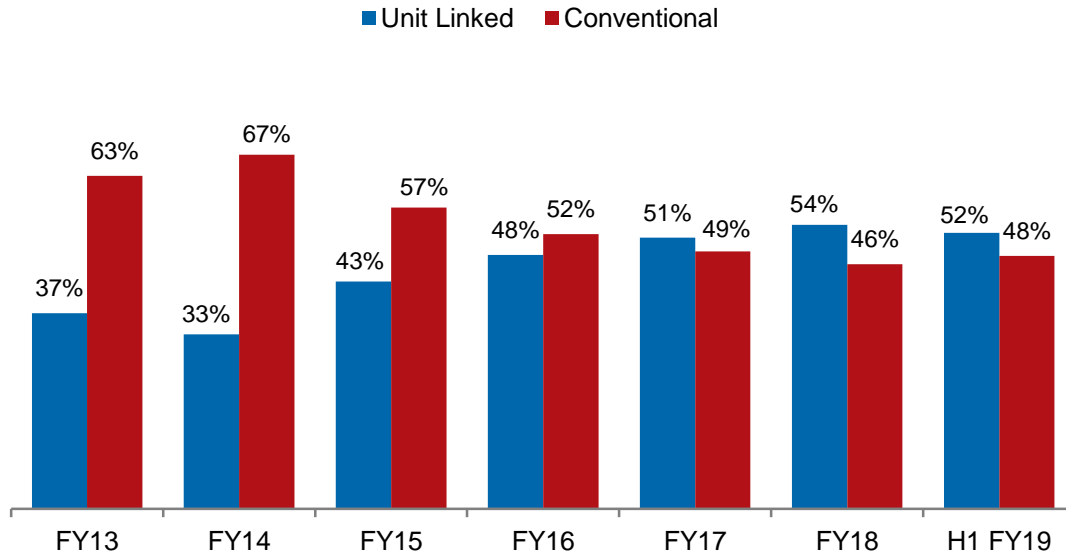
- Amongst private insurers, insurers with a strong bancassurance platform continue to dominate with increasing market share of the total private individual new business

Notes:

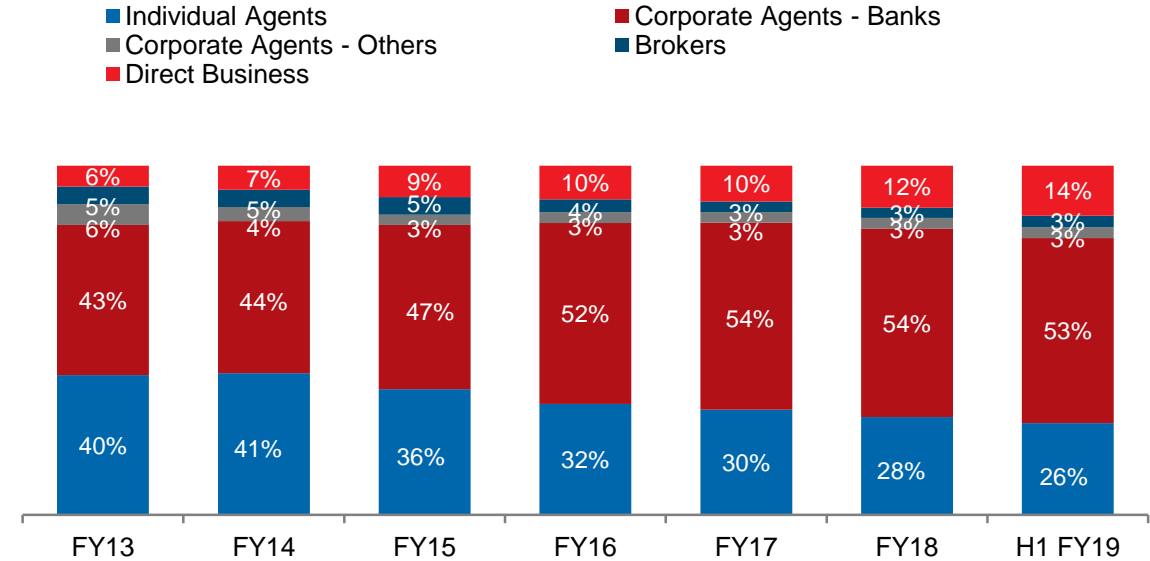
- Basis Individual Weighted Received Premium (WRP) as disclosed by IRDAI, Life Insurance Council
- Top 7 players based on 9M FY19 business numbers, comprising of ICICI Pru, SBI Life, HDFC Life, Max Life, Tata AIA, Bajaj Allianz and Birla Sun Life

# Private industry: Product and distribution mix

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



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



- Reduced distributors' payout and high expense structure led many players to move to traditional products over last few years, however the focus is changing towards linked products with improved equity market performance and increase in share of Banca
- Increasing thrust on protection business to help improve the new business margins
- Banca sourced business has consistently increased on the back of increasing reach of banks while share of Agency has declined post regulatory changes in FY11

Notes:

1. Basis Overall WRP (Individual and Group);

2. Basis Individual New business premia

Source: IRDAI and Life Insurance Council



# Appendix

# Revenue and Profit & Loss A/c

Particulars	FY17	FY18	9M FY18	9M FY19
Gross Premium Income	194.4	235.6	146.1	188.6
Reinsurance (net)	(1.7)	(1.9)	(1.4)	(1.8)
<b>Net Premium Income (A)</b>	<b>192.7</b>	<b>233.7</b>	<b>144.7</b>	<b>186.8</b>
<b>Income from Investments</b>				
Policyholders	111.4	86.0	95.3	52.7
Shareholders	2.3	2.8	1.8	2.4
<b>Total Income from Investments (B)</b>	<b>113.7</b>	<b>88.8</b>	<b>97.1</b>	<b>55.1</b>
Other Income (C)	1.0	1.2	1.1	1.1
<b>Total Income (D=A+B+C)</b>	<b>307.4</b>	<b>323.7</b>	<b>242.9</b>	<b>243.0</b>
<b>Expenses and Outflow</b>				
Commission	7.9	10.8	6.7	7.2
Operating expenses	24.5	31.7	20.7	26.0
GST / Service tax on UL charges	2.2	3.0	2.1	2.5
Benefits Paid <sup>1</sup>	100.0	131.1	87.0	93.0
Provision for diminution in value of investments	0.0	(0.0)	(0.2)	0.8
Change in Valuation Reserves (net)	160.5	133.2	117.5	103.3
Change in funds for future appropriations	1.6	0.9	0.9	0.2
Provision for tax	1.7	1.9	0.6	0.7
<b>Total Expenses and Outflow (E)</b>	<b>298.5</b>	<b>312.6</b>	<b>235.3</b>	<b>233.8</b>
<b>Profit after tax (D-E)</b>	<b>8.9</b>	<b>11.1</b>	<b>7.6</b>	<b>9.1</b>

Rs bn

# Balance Sheet

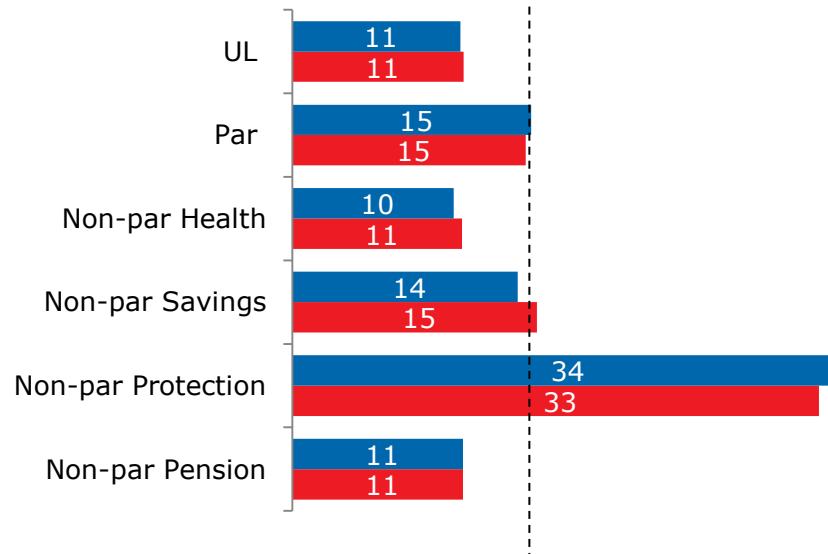
Rs bn

Particulars	31st Mar 2017	31st Mar 2018	31st Dec 2018
<b>SOURCES OF FUNDS</b>			
Capital invested (Share capital + Premium)	21.9	23.3	23.8
Reserves and Surplus	16.2	23.9	33.1
Credit / (Debit) Fair Value Change Account	0.3	0.3	0.0
<b>Sub-Total</b>	<b>38.4</b>	<b>47.5</b>	<b>56.9</b>
Policy Liabilities	323.8	423.2	501.3
Provision for Linked Liabilities	508.1	546.0	568.0
Funds for discontinued policies	29.9	25.9	29.1
Funds for Future Appropriations	8.7	9.6	9.8
Change in fair value account	4.0	6.2	8.4
Current Liabilities & Provisions	38.2	46.4	39.9
<b>Total Liabilities</b>	<b>951.1</b>	<b>1,104.8</b>	<b>1,213.4</b>
<b>APPLICATION OF FUNDS</b>			
Investments			
Shareholders	32.5	40.7	48.0
Policyholders' assets	346.9	453.5	531.9
Assets held to cover linked liabilities	538.0	571.8	597.0
Loans	0.5	0.2	0.5
Fixed Assets	3.5	3.4	3.4
Cash & Bank Balances	8.0	11.1	5.2
Advances & Other Assets	21.7	24.1	27.4
Debit Balance in Profit and Loss Account	-	-	-
<b>Total Assets</b>	<b>951.1</b>	<b>1,104.8</b>	<b>1,213.4</b>

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

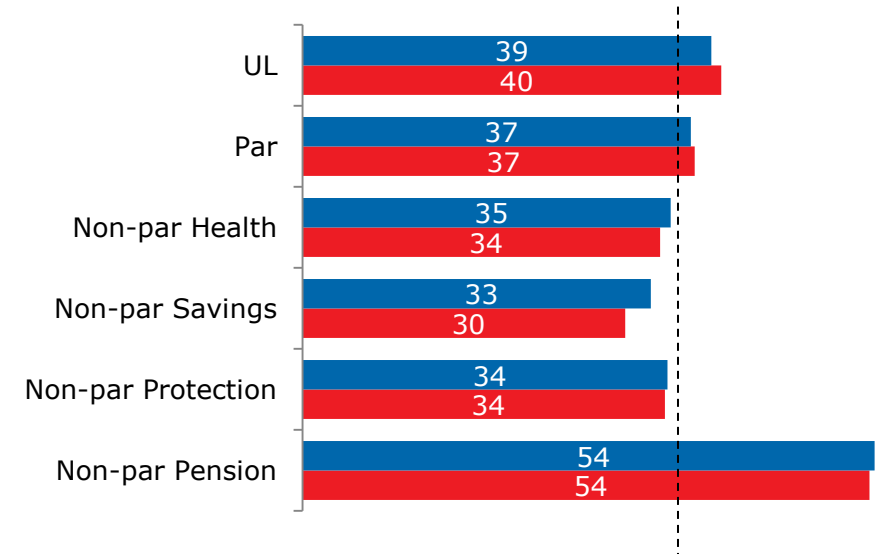
## Average Policy Term (Yrs)

9M FY19: 15.0 (9M FY18: 14.4)



## Average Customer Age (Yrs)

9M FY19: 36.7 (9M FY18: 37.2)



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

# Indian Embedded value: Methodology and Approach (1/2)

## Overview

**Indian Embedded Value (IEV)** consists of:

- **Adjusted Net Worth (ANW)**, consisting of:
  - Free surplus (FS);
  - Required capital (RC); and
- **Value of in-force covered business (VIF)**: Present value of the shareholders' interest in the earnings distributable from assets allocated to the covered business, after making sufficient allowance for the aggregate risks in the covered business.

## Components of Adjusted Net Worth (ANW)

- **Free surplus (FS)**: FS is the market value of any assets allocated to, but not required to support, the in-force covered business as at the valuation date. The FS has been determined as the adjusted net worth of the Company (being the net shareholders' funds adjusted to revalue assets to market value), less the RC as defined below.
- **Required capital (RC)**: RC is the amount of assets attributed to the covered business over and above that required to back liabilities for the covered business. The distribution of this to shareholders is restricted. RC is set equal to the internal target level of capital equal to 170% of the factor-based regulatory solvency requirements, less the funds for future appropriations ("FFA") in the participating funds.

## Components of Value in-force covered business (VIF)

- **Present value of future profits (PVFP):** PVFP is the present value of projected distributable profits to shareholders arising from the in-force covered business determined by projecting the shareholder cash flows from the in-force covered business and the assets backing the associated liabilities.
- **Time Value of Financial Options and Guarantees (TVFOG):** TVFOG reflects the value of the additional cost to shareholders that may arise from the embedded financial options and guarantees attaching to the covered business in the event of future adverse market movements. The intrinsic value of such options and guarantees is reflected in the PVFP.
- **Frictional costs of required capital (FC):** FC represents the investment management expenses and taxation costs associated with holding the RC. VIF includes an allowance for FC of holding RC for the covered business. VIF also includes an allowance for FC in respect of the encumbered capital in the Company's holdings in its subsidiaries.
- **Cost of residual non-hedgeable risks (CRNHR):** CRNHR is an allowance for risks to shareholder value to the extent that these are not already allowed for in the TVFOG or the PVFP. In particular, the CRNHR makes allowance for:
  - asymmetries in the impact of the risks on shareholder value; and
  - risks that are not allowed for in the TVFOG or the PVFP.

CRNHR has been determined using a cost of capital approach. CRNHR is the present value of the cost of capital charge levied on the projected capital in respect of the material risks identified.

# Embedded Value: Economic assumptions<sup>1</sup>

Years	Forward rates %		Spot rates %	
	As at Dec 31, 2018	As at Dec 31, 2017	As at Dec 31, 2018	As at Dec 31, 2017
<b>1</b>	7.00	6.55	6.77	6.34
<b>2</b>	7.39	7.12	6.95	6.61
<b>3</b>	7.65	7.55	7.09	6.83
<b>4</b>	7.82	7.85	7.20	7.01
<b>5</b>	7.93	8.07	7.28	7.16
<b>10</b>	8.02	8.42	7.50	7.59
<b>15</b>	7.95	8.38	7.56	7.75
<b>20</b>	7.94	8.32	7.58	7.82
<b>25</b>	7.98	8.30	7.60	7.85
<b>30+</b>	8.04	8.29	7.62	7.87

- **APE (Annualized Premium Equivalent)** - The sum of annualized first year regular premiums and 10% weighted single premiums and single premium top-ups
- **Conservation ratio** - Ratio of current year renewal premiums to previous year's renewal premium and first year premium
- **First year premiums** - Regular premiums received during the year for all modes of payments chosen by the customer which are still in the first year. For example, for a monthly mode policy sold in March 2019, the first instalment would fall into first year premiums for 2018-19 and the remaining 11 instalments in the first year would be first year premiums in 2019-20
- **New business received premium** - The sum of first year premium and single premium.
- **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
- **Renewal premiums** - Regular recurring premiums received after the first year
- **Solvency ratio** - Ratio of available solvency margin to required solvency margins
- **Total premiums** - 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 and 10% weighted single premiums and single premium top-ups
- **13th month persistency** - Percentage of contracts measured by premium, still in force, 13 months after they have been issued, based on reducing balance approach



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