Investor Presentation – Q1 FY22

HDFC Life

Sar utha ke jiyo!

Executive summary: Q1 FY22

Revenue trends

Individual WRP growth%	HDFC Life	22%
	Industry	16%
Individual WRP	Rank	2
	Market share	17.8%
Renewal premium	growth	20%
13M Persistency	Q1 FY22	90%
	Q1 FY21	87%

Profitability

New Business Margin (%)	Q1 FY22	26.2%
	Q1 FY21	24.3%
	FY21	26.1%
VNB	Rs bn	4.1
	growth	40%
PAT	Rs bn	3.0
	growth	-33%
Solvency[1] (2021)	Jun 30	203%
	Mar 31	201%

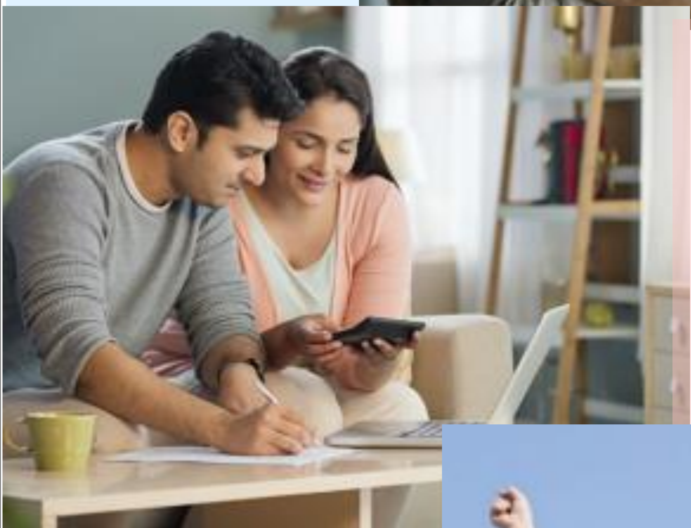
Claims

- Settled over 70,000 claims in Q1. Gross and net claims provided for amounted to Rs 16 bn and Rs 10 bn respectively
- Peak claims in Wave 2 (Q1 FY22) at 3-4X of the peak claim volumes in Wave 1 (Q3 FY21)
- Reserves as on Mar 31, 2021 were sufficient to cover claims received in Q1
- Excess mortality reserve (EMR) of Rs 7 bn created based on current expectation of extra claims to be received in future

Protection/Annuity

Annuity growth%	HDFC Life	61%
	Industry	22%
Credit protect growth%	Q1 FY22	204%
	Q1 FY21	-74%

1. *Excludes impact of proposed final dividend of Rs 4.1 bn, to be paid in Q2 FY22 (subject to shareholders' approval)*



Agenda

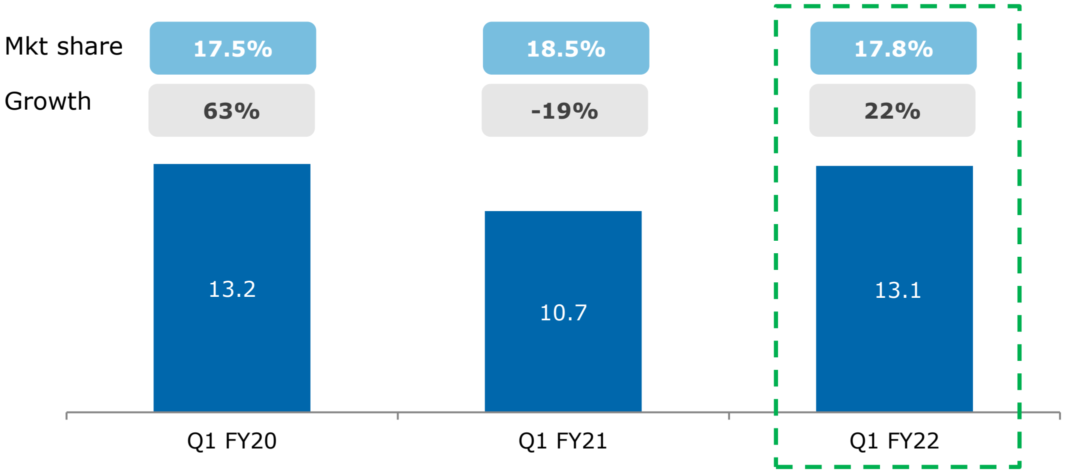
1. Performance Snapshot
2. Our Strategy
3. Managing Covid-19
4. Customer Centricity
5. Annexures
6. India Life Insurance

1 Performance Snapshot

Demonstrating resilience in the current environment (1/2)

Rs bn

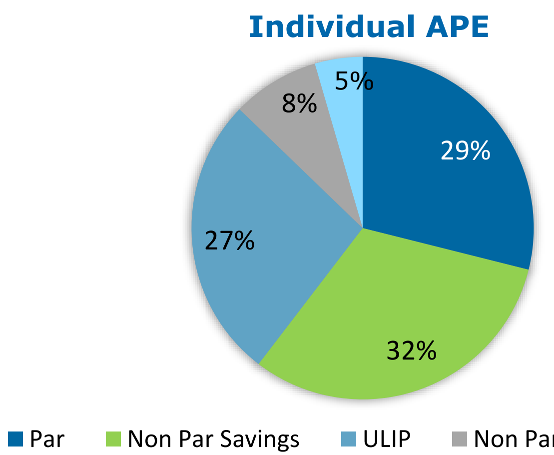
Steady Individual WRP trends



Strong, sustainable growth[1]

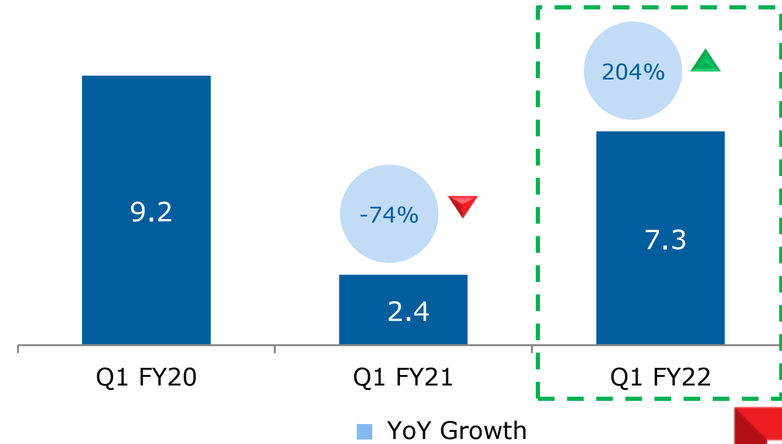
Growth	HDFC Life	Pvt sector	Industry
Q1 FY22	22%	26%	16%
2 yr CAGR	-1%	-1%	-2%
3 yr CAGR	17%	6%	3%

Balanced product mix



- Continue to maintain balanced product portfolio
- 61% growth in annuity (individual + group)

Improvement in CP[2] volumes on the back of higher disbursements

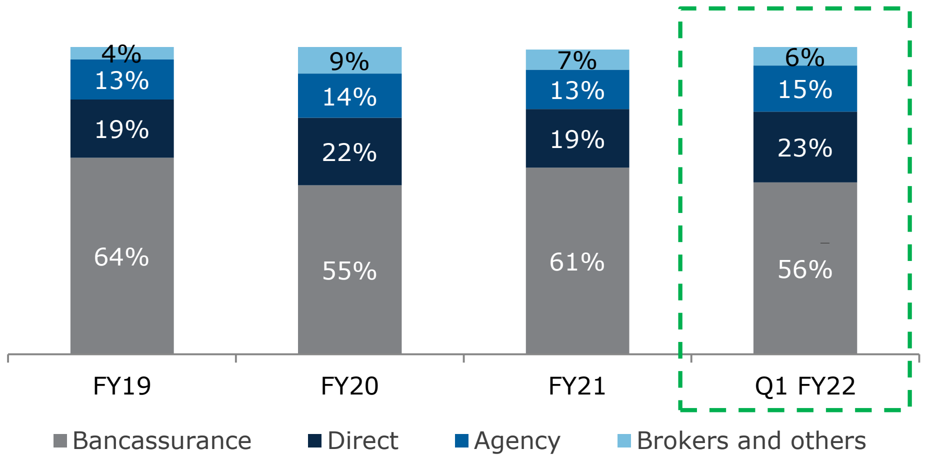


1. Based on Individual WRP; 2. Based on Credit Protect NBP

Demonstrating resilience in the current environment (2/2)

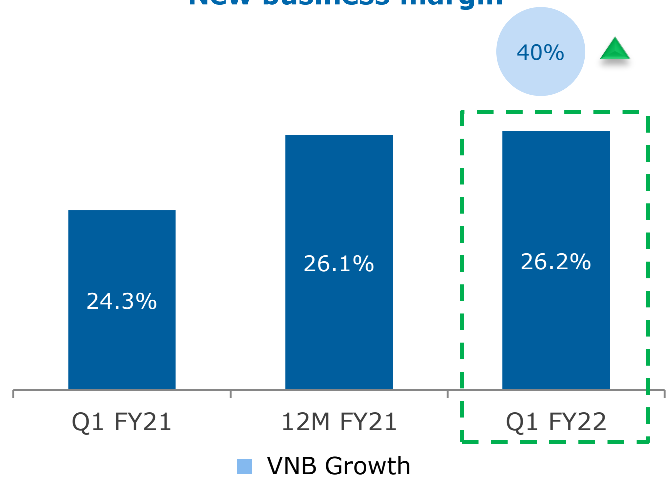
Rs bn

Focus on diversified channel mix[1]



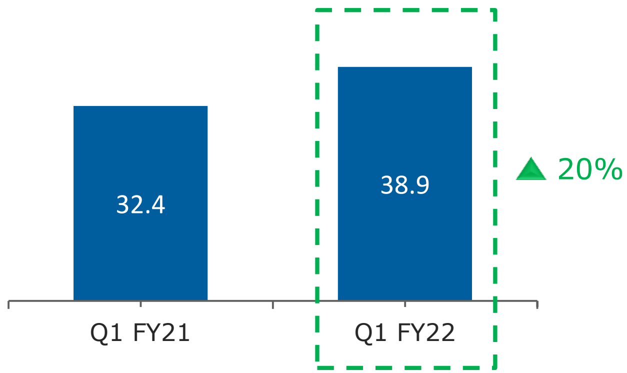
Profitable growth

New business margin



- VNB growth of 40% on the back of higher volumes and balanced product mix

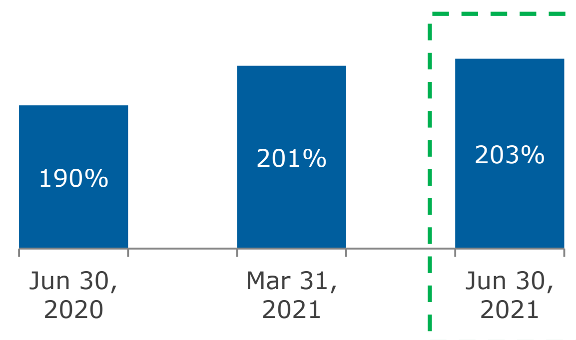
Strong growth in renewal premium



- Improvement in overall persistency

Healthy solvency position

Solvency margin[2]



- Maintained stable solvency ratio

1. *Basis Individual APE*
2. *Excludes impact of proposed final dividend of Rs 4.1 bn, to be paid in Q2 FY22 (subject to shareholders' approval)*

2 Our Strategy

Key elements of our strategy

1

Focus on 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

3

Market-leading innovation

Creating **new product propositions** to cater to the **changing customer behaviour** and needs

4

Reimagining insurance

Market-leading **digital capabilities** that put the customer first, shaping the insurance operating model of tomorrow

5

Quality of Board and management

Seasoned leadership guided by an **independent and competent Board**; No secondees from group companies

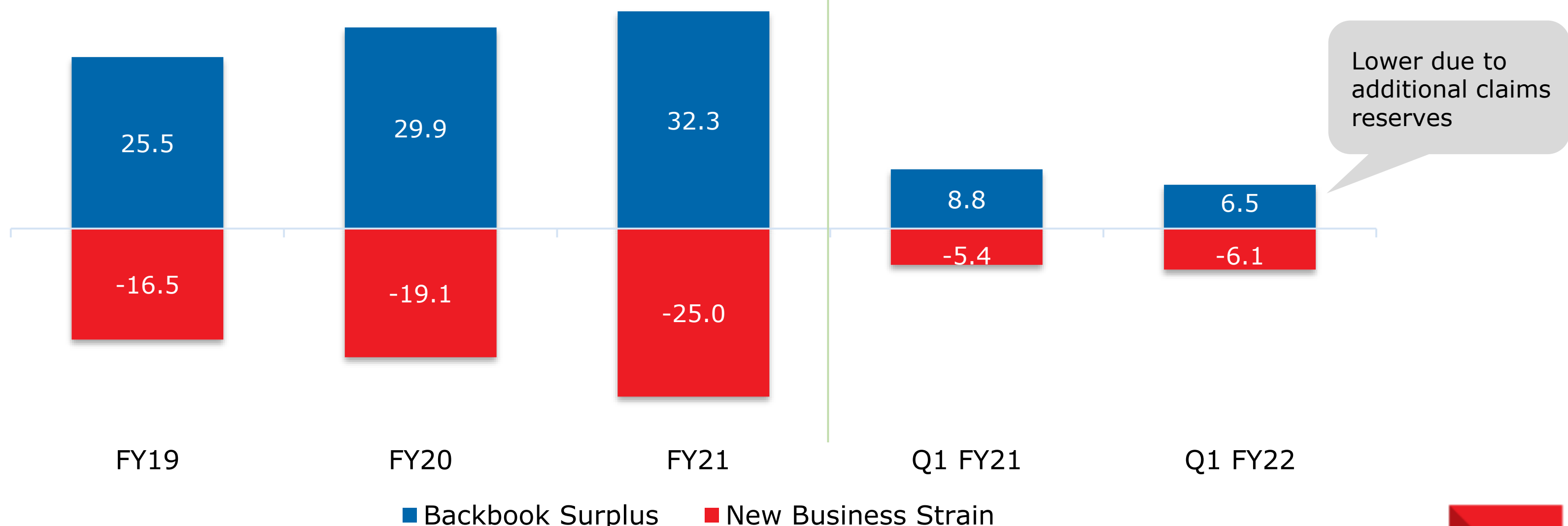
"Our continuous focus on technology and customer-centricity has enabled us to maintain business continuity even through the second wave of Covid-19"

Focus on profitable growth

Rs bn

		FY19	FY20	FY21	Q1 FY21	Q1 FY22
Economic Profit	New business Margin	24.6%	25.9%	26.1%	24.3%	26.2%
	Value of new business	15.4	19.2	21.9	2.9	4.1
Accounting Profit	Profit after tax (PAT)	12.8	13.0	13.6	4.5	3.0
	Underwriting profits	9.0	10.9	7.3	3.5	0.4[2]
	Shareholders' surplus	3.8	2.1[1]	6.3	1.0	2.6

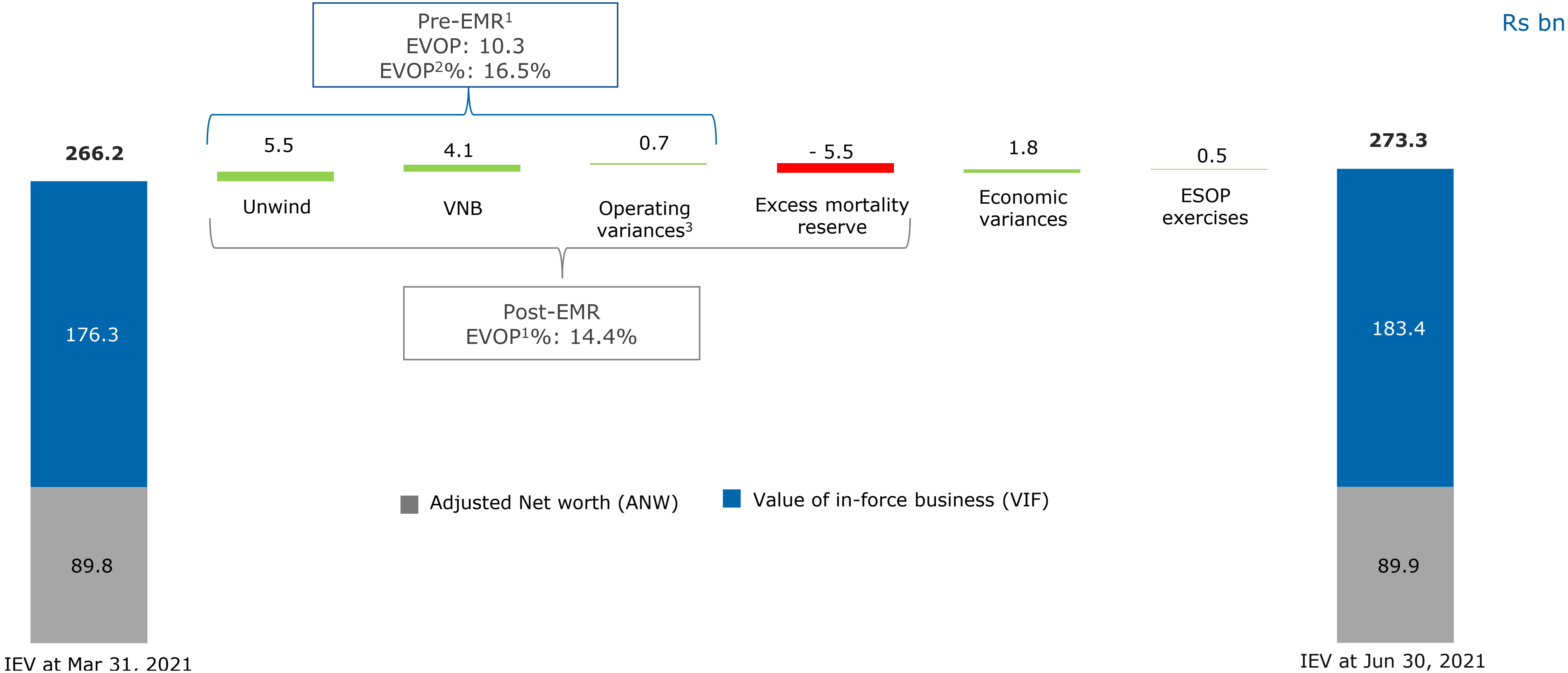
Underwriting profits breakup



Profitable growth
Diversified distribution mix
Market-leading innovation
Reimagining insurance
Quality of Board and management

1. *FY20 shareholder surplus: Post accounting for impact of Yes Bank AT1 bonds write-off*
2. *Q1 FY22 underwriting profits: Post accounting for impact of excess mortality reserve (EMR) of Rs 7 bn*

Analysis of change in IEV[1]



- Excess claims received in Q1 FY22 absorbed by the reserve created at the start of the financial year
- Additional reserve of Rs 7 bn created for expected claims intimation

1. *EMR: Excess mortality reserve*
2. *EVOP% calculated as annualised EVOP (Embedded Value Operating Profit) to Opening EV*
3. *Mortality variance: 0.03, Persistency variance: 0.5, Expenses and Others: 0.2*

Diversified distribution mix enabled by multiple levers

Enhancing and expanding proprietary[1] channels
share increased from 32% in FY21 to 38% in Q1 FY22

Tapping new generation of customers through Online channel

Expanding geographical reach via Online channel

Engage-Enable-Earn

Agency Life

Focus on building a skilled and structurally solid Agency channel along with increasing agent productivity

Leveraging analytics for upsell and cross-sell via Direct channel

Emerging ecosystem

Apollo Health and Lifestyle Ltd
HOME CREDIT
InsuranceDekho
fisdom
realme paysa
Paytm
Clix Capital
LENDINGKART
MARUTI SUZUKI
Justdial
AXIS ASSET MANAGEMENT

Strong partnerships

HDFC BANK We understand your world
Saraswat Bank
Bandhan Bank
YES BANK
RBL BANK
TATA CAPITAL
pnb Housing Finance Limited
AXIS BANK
equitas Small Finance Bank
Chola
Utkarsh Small Finance Bank Aapki Ummeed Ka Khaata
HDB FINANCIAL SERVICES
HDFC securities
BAJAJ FINANCE LIMITED
SURYODAY A BANK OF SMILES
IDFC FIRST Bank
ujjivan Small Finance Bank
BLUECHIP Expert advice. Easy investing.
Capital Small Finance Bank
Integrated
Robinhood Insurance Broker
BajajCapital
NJ WEALTH
Probus Insurance
TVS CREDIT
ICICI Securities
GEOJIT

250+ traditional partners

New Partnerships: ICICI Securities and TVS Credit

1. *Proprietary channels include Agency, Direct and Online*

HDFC Life

Bancassurance powered by technology, partner engagement and people

Tech enablement

- Insta mobility enabling front-line to generate leads and close sales from any location
- Document elimination for low-risk segments
- Analytics driven upsell, cross-sell and need-based selling
- Cloud based customer calling solution for sales
- One stop solution for generating illustration

Partner engagement

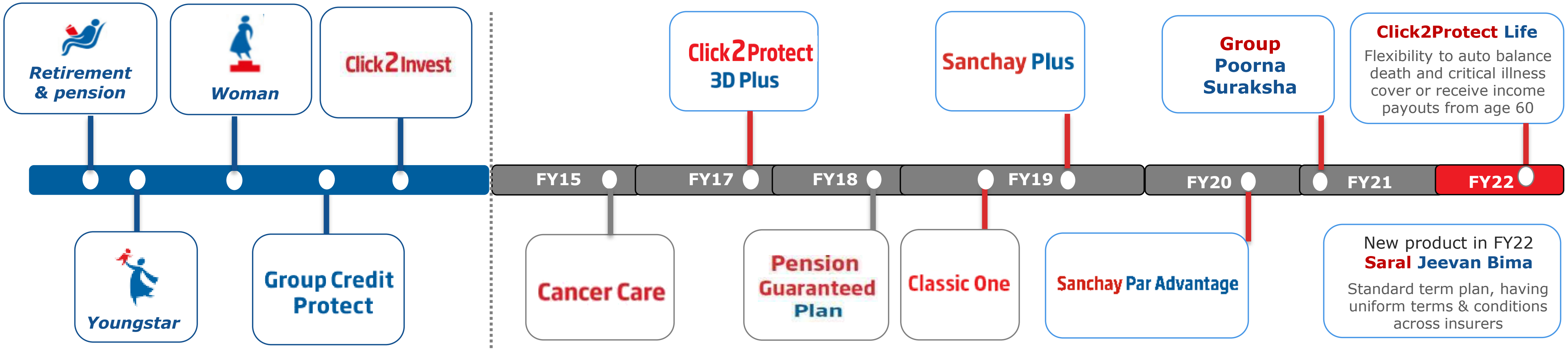
- Platform to engage across bank's hierarchy
- Joint CSR initiatives that strengthen relationships
- Life insurance education and awareness campaigns
- InsurExpert - product and process knowledge series

Upskilling workforce

- Learning on the go: mobile nuggets for skill enhancement
- Virtual assistant for answering customer/sales queries
- Comprehensive engagement and training programs for sales teams

Geared to tap growing potential of Indian banking ecosystem

Expanding market through consistent product innovation



Profitable growth

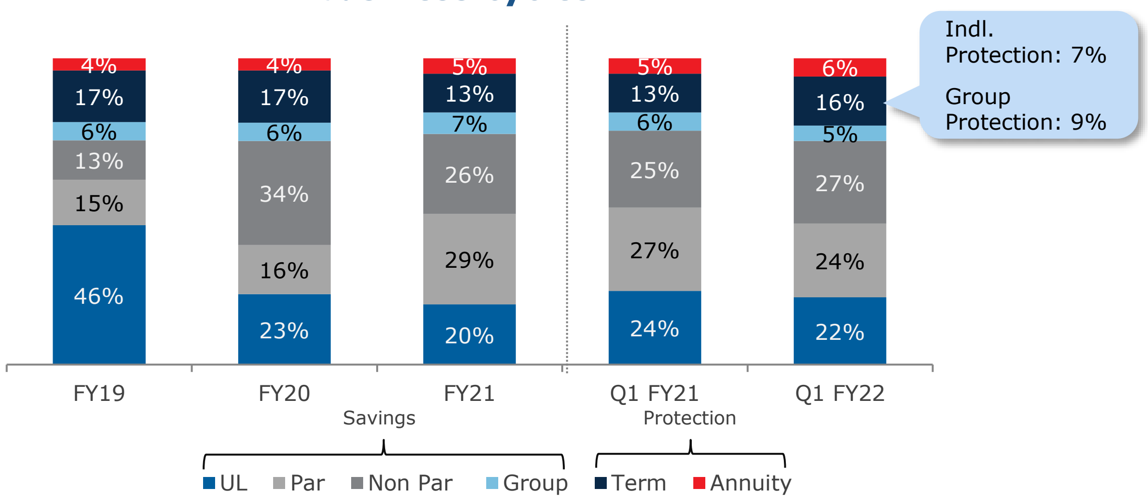
Diversified distribution mix

Market-leading innovation

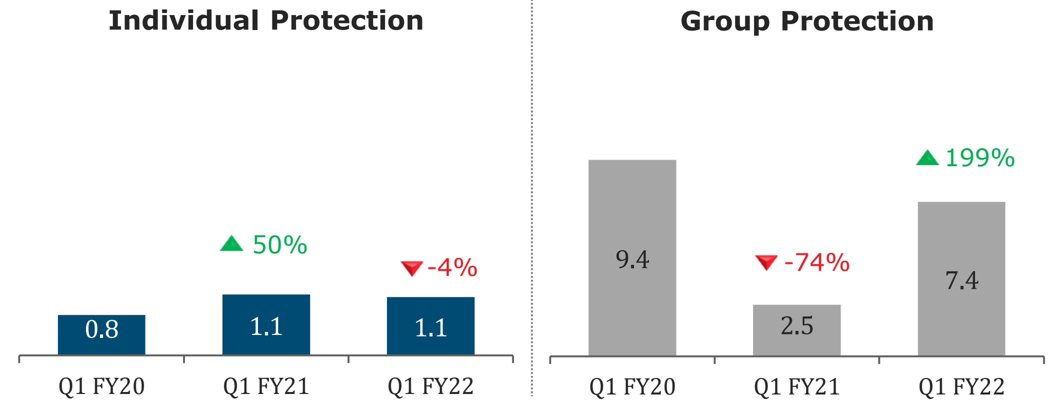
Reimagining insurance

Quality of Board and management

Balanced product suite helps in managing business cycles [1]



Calibrated growth in protection [2] (Rs bn)



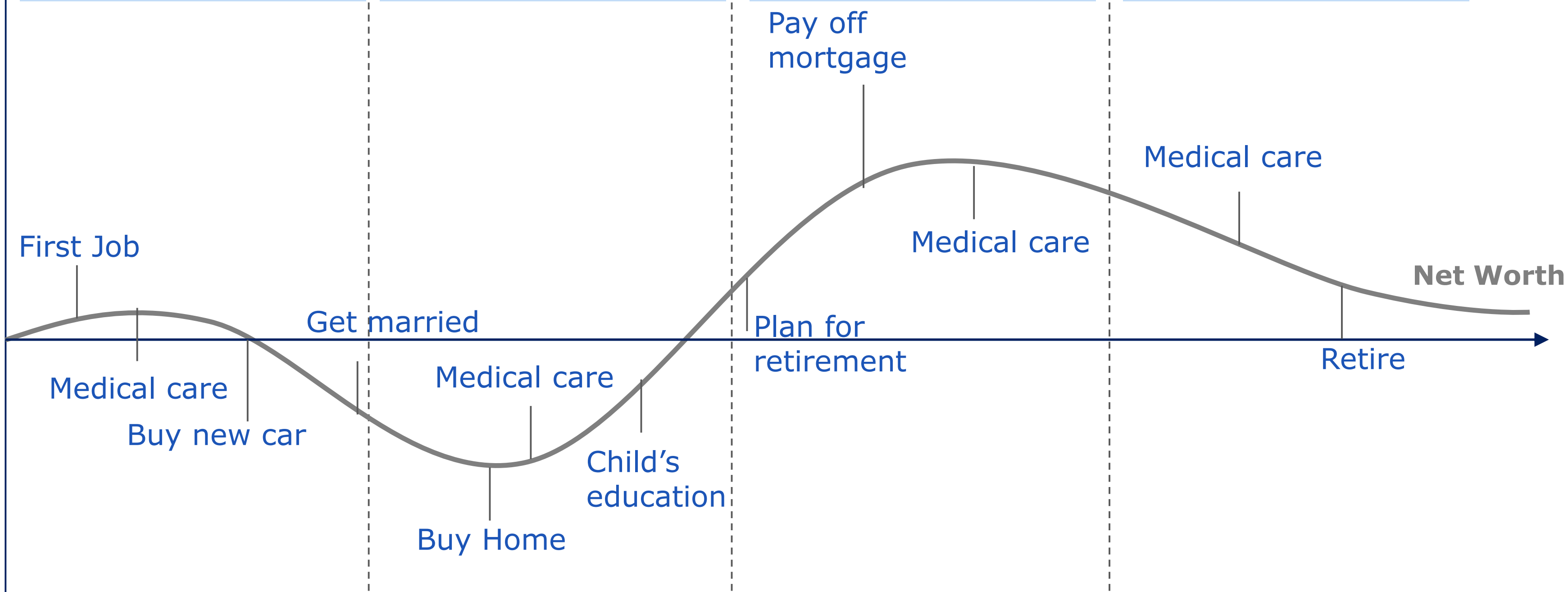
1. *As a % of Total APE*
2. *Individual protection numbers are based on APE and group protection numbers based on NBP. Group protection includes Credit protect, GTI, GPS and Group Health*

HDFC Life

Addressing customer needs at every stage of life

	<25 years	25-35 years	36 – 50 years	50+ years
Objective	Simple Savings	Borrowing	Investments	Asset Drawdown

Needs



Product Offerings

Product mix across age categories[1]

	<25 years	25-35 years	36 – 50 years	50+ years
UL	38%	31%	27%	20%
Par	31%	26%	26%	35%
Non par savings	25%	27%	36%	30%
Protection	6%	15%	9%	1%
Annuity	0%	0%	1%	13%

Risks Addressed

- Mortality
- Morbidity
- Longevity
- Interest Rate

Profitable growth
Diversified distribution mix
Market-leading innovation
Reimagining insurance
Quality of Board and management

1. *Based on Individual WRP for Q1 FY22; Percentages may not add up to rounding off effect*

Our approach to retiral solutions

Opportunity to grow the retiral corpus[1] by 3x between FY21-25
Retiral corpus as a % of total AUM[2] has increased from 19% in FY17 to 30% in Q1 FY22

1. NPS

- Ranked #1 in Retail and Corporate NPS segment, with AUM of Rs 186.7 bn
- Registered strong AUM growth of 87% in Q1 FY22

2. Individual income plans [3]

- Providing long term retiral solutions
- Catering across age brackets & premium frequencies

3. Immediate / deferred annuity

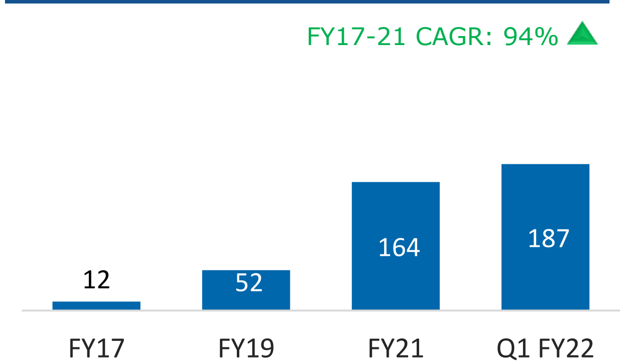
- Largest player in the private sector
- Servicing 130+ corporates and >5,000 lives covered in Q1 FY22

4. Group superannuation fund

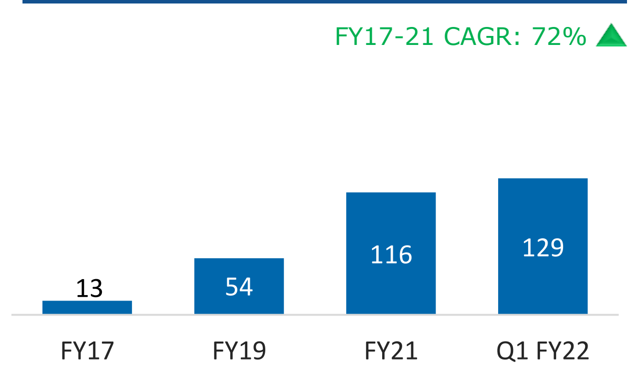
- Managing funds for 150+ corporates under superannuation scheme

Rs bn

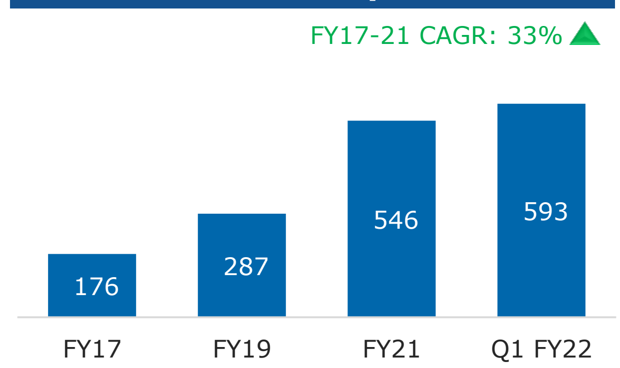
NPS AUM



Annuity portfolio



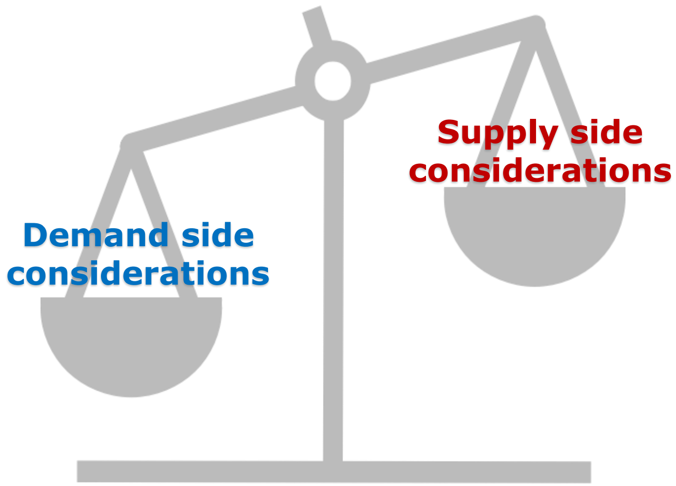
Retiral corpus[1]



1. *Includes NPS, Annuity, Group superannuation fund and long term variant of Sanchay Plus and Sanchay Par Advantage*
2. *AUM includes HDFC Life and HDFC Pension AUM*
3. *Comprises long term income and life long tenure options offered in Sanchay Plus and Sanchay Par Advantage*

Our protection philosophy

Protection is a multi-decade opportunity that we plan to address prudently with continued innovation



- ✓ Huge protection gap and under-penetration
- ✓ Customers valuing brand, onboarding experience and track record, apart from the price

- ✓ Adverse mortality experience
- ✓ Recalibration by reinsurers
- ✓ Need for calibrated underwriting
- ✓ Sustaining robust claim settlement ratio
- ✓ Insurers moving beyond top 10 cities and salaried segment

Our Focus Areas

- Strengthening underwriting practices and use of deep learning underwriting models
- Continue to address protection opportunity through group platform (Credit Life) apart from retail business
- Product innovation catering to varying customer needs
- Leveraging available market & industry platforms e.g., central medical repository for faster turnaround and greater underwriting precision

HDFC Life

Multi-pronged risk management approach for protection

1 Reducing incidence of fraud & early claims

Analytics and Data Enrichment

Risk+

AI-ML based risk models, rule engines, credit bureaus etc.

No 'one size fits all' underwriting

Dynamic classification depending on profile, detailed medical & financial underwriting

Regular portfolio review

To identify emerging trends, outliers and take corrective actions

2 Limiting impact on profitability & solvency

Reinsurance

Optimized reinsurance strategies for risk transfer

Catastrophe agreement

To protect excess loss

Prudent reserving

Well provisioned to prevent sudden shocks from current pandemic

3 Balancing pricing & underwriting

Active re-pricing

Ongoing wherever required (mostly applies for Group schemes)

Product boundary conditions

Gate criteria depending upon sourcing channel

4 Strong governance & audits @Partners

TPAs & medical centers

Ensure process & quality adherence

Distribution partners

Adherence to best practices and continuous monitoring of risk

HDFC Life

Product mix across key channels[1]

Banca [2]

Segment	FY19	FY20	FY21	Q1 FY22
UL	64%	32%	27%	30%
Par	13%	18%	37%	34%
Non par savings	17%	44%	30%	29%
Term	4%	4%	4%	5%
Annuity	3%	2%	2%	2%

Direct

Segment	FY19	FY20	FY21	Q1 FY22
UL	50%	33%	29%	27%
Par	8%	14%	17%	13%
Non par savings	12%	20%	16%	22%
Term	6%	4%	3%	4%
Annuity	24%	29%	35%	34%

Agency

Segment	FY19	FY20	FY21	Q1 FY22
UL	26%	12%	10%	13%
Par	40%	34%	37%	29%
Non par savings	17%	40%	39%	41%
Term	12%	12%	11%	13%
Annuity	5%	3%	3%	3%

Online[3]

Segment	FY19	FY20	FY21	Q1 FY22
UL	62%	44%	39%	39%
Par	2%	1%	1%	1%
Non par savings	1%	18%	29%	29%
Term	35%	37%	30%	29%
Annuity	1%	1%	2%	2%

Company

Segment	FY19	FY20	FY21	Q1 FY22
UL	55%	28%	24%	27%
Par	18%	19%	34%	29%
Non par savings	15%	41%	31%	32%
Term	7%	8%	7%	8%
Annuity	5%	4%	5%	5%

Protection

	FY19	FY20	FY21	Q1 FY22
Basis APE	17%	17%	13%	16%
Basis NBP	27%	27%	20%	22%

Annuity

	FY19	FY20	FY21	Q1 FY22
Basis APE	4%	4%	5%	6%
Basis NBP	17%	16%	20%	26%

1. Basis Individual APE, Term includes health business. Percentages are rounded off
2. Includes banks, other corporate agents and online business sourced through banks / corporate agents
3. Includes business sourced through own website and web aggregators

HDFC Life

Aligned to make life simpler for the customers in a turbulent environment

1. Accelerate **JOURNEY SIMPLIFICATION** across channels
2. Fast track **PARTNER INTEGRATION**
3. **SERVICE SIMPLIFICATION** for connect and personalization
4. **DATA LABS ECOSYSTEM** for decision making
5. **PLATFORMS** independent buying / servicing

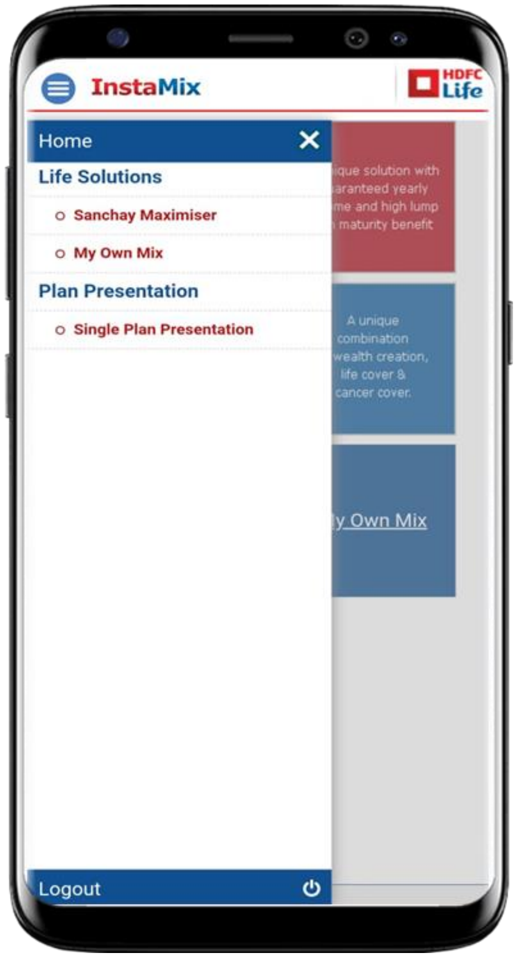
Building resilience..

6. Connecting with startups through **Futurance**[1]
7. Create a digital scalable efficient **Architecture**
8. Enable a hybrid **Work From Home** environment
9. Strengthen **Cyber Security** for post-Covid world

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

HDFC Life

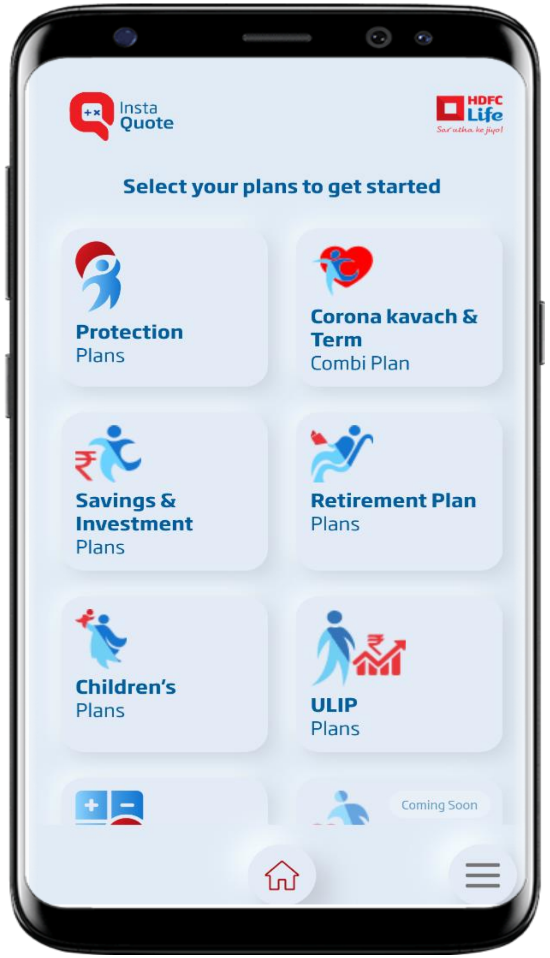
Journey Simplification – Enabling pre and post sales efficiency



InstaMix

Integrated seamless journey

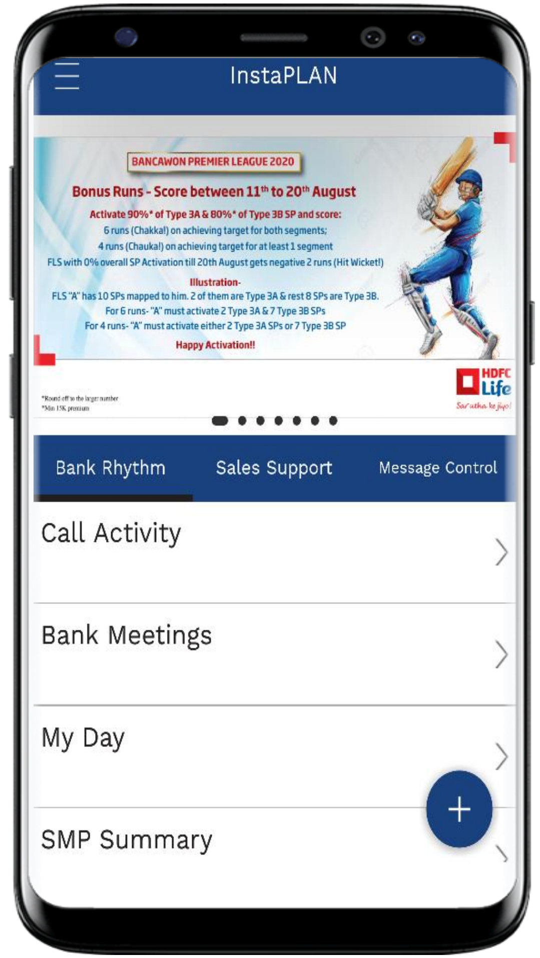
Pre approved popular plan combos



InstaQuote

Offline quote calculator for sales

15,000+ daily quote generation



InstaPlan

Digital tool for sales activity management

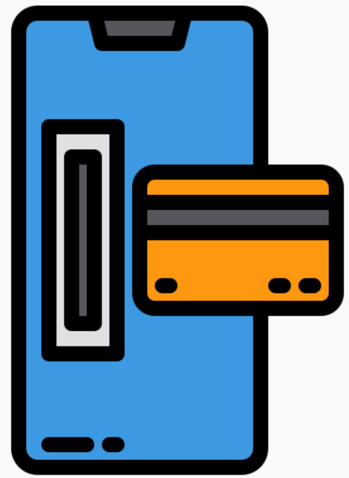
5,000+ active users

Creating a scalable and efficient digital architecture

InteGreat

Publish and test APIs for partner integration

18 new business APIs rolled out



Payment Middleware

Unified API middleware for payment gateways

2 payment gateways on-boarded

CloudLife

Flexible & agile infrastructure services

~65% reduction in downtime

HDFC Life

Governance framework

Board of Directors

Independent and experienced Board

Board Committees

- Audit Committee
- Risk Management Committee
- Investment Committee
- Policyholder Protection Committee
- Nomination & Remuneration Committee
- Corporate Social Responsibility Committee
- Stakeholders' Relationship Committee
- With Profits Committee
- Capital Raising Committee

Management Committees/Councils

- Whistleblower Committee
- Compliance Council
- Risk Management Council
- ALCO
- Information & Cyber Security Council
- Disciplinary Panel for Malpractices
- Prevention of Sexual Harassment
- Investment Council
- Credit Council
- Claims Review Committee
- Grievance Management Committee

Standalone councils

Business and Innovation

- Product Council
- Technology Council
- Persistency Council

Additional governance through Internal, Concurrent and Statutory auditors

The above list of committees is illustrative and not exhaustive

Financial risk management framework

Natural hedges

- Protection and longevity businesses
- Unit linked and non par savings products

Product design & mix monitoring

- Prudent assumptions and pricing approach
- Return of premium annuity products (>95% of annuity); Average age at entry ~59 years
- Deferred as % of total annuity business < 30%, with average deferment period <4 yrs
- Regular monitoring of interest rates and business mix

Managing Risk

ALM approach

- Target cash flow matching for non par savings plus group protection portfolio to manage non parallel shifts and convexity
- Immunise overall portfolio to manage parallel shifts in yield curve (duration matching)

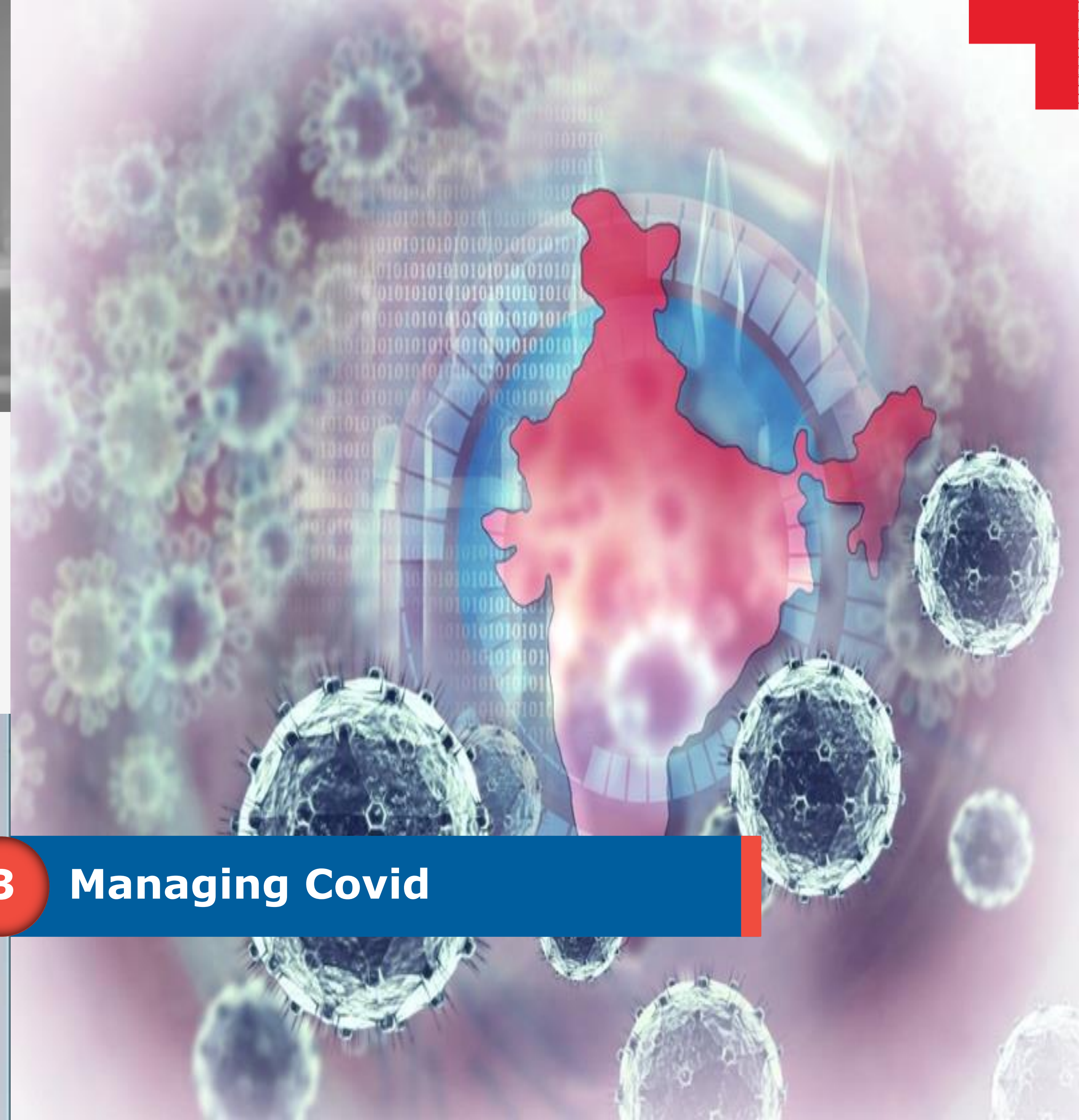
Residual strategy

- External hedging instruments such as FRAs, IRFs, swaps amongst others
- Reinsurance

Sensitivity	FY21 Overall		FY21 Non par [1]		Q1 FY22 Overall		Q1 FY22 Non par [1]	
Scenario	EV	VNB Margin	EV	VNB Margin	EV	VNB Margin	EV	VNB Margin
Interest Rate +1%	(2.2%)	(1.5%)	(2.3%)	(2.9%)	(2.2%)	(1.6%)	(2.5%)	(2.9%)
Interest Rate -1%	1.6%	0.9%	1.2%	1.8%	1.9%	1.1%	2.0%	2.1%

Sensitivity remains range-bound on the back of calibrated risk management

1. Comprises Non par savings (incl Annuity) plus Protection



3 Managing Covid

Dynamic approach to manage impact of the COVID-19 outbreak

Accelerated digital selling

- Focus on selling products with end to end digital customer journeys

Digital Servicing

- Communication to customers about digital touch-points for claims, renewal collection and customer queries

Prioritizing areas of focus

- Dynamic review and assessment, strengthening operating assumptions, heightened focus on cost

Responsive operating measures

- Regular branch operations being sustained with daily tracking of employee and agent safety

Employee Engagement/ Facilitation

- **Vaccination drive**
- **Work from home**
- **Emotional & mental wellbeing program**
- **Doctor on call service**
- **ICU at home**
- **Walkathon**

Emphasis on digital across customer touch-points

New business / purchase

- **Digital sales journey -** End-to-end digital sales, from prospecting till conversion, including customer interactions
- **Chat PCV and eCCD -** No dependence on salesperson or call center. ~45% digital pre-conversion verification (through chat and eCCD) ★
- **Telemedicals –** 64% of the medicals done through tele-medicals
- **Uninterrupted customer assistance -** Work from home enabled across the organization; Access to Microsoft Teams, Citrix ★
- **InstaInsure -** Simplified insurance buying through a 3-click journey

Policy servicing

- **Digital Renewal collections -** 87% based on renewal premiums and 96% based on no. of policies; SVAR (voice bot for renewal calling) and use of Cloud telephony
- **Maturity payouts -** Email, Whatsapp and customer portal 'My Account' enabled to upload necessary docs
- **LifeEasy** - Simple '3 click claim' process, 100%[1] eligible claims settled in 1 day. Claims initiation process also enabled through Whatsapp
- **RPA –**Robotic Process automation handled ~300 processes remotely
- **Contact centres -** Branch staff replacing call centre agents

Customer interactions

- **Seamless support experience -** ~1.8 mn monthly queries handled by instA (virtual assistant)
- **Use of mobile app –** Over 41% increase in mobile app usage
- **InstaServe -** OTP based policy servicing tool to handle customer queries ★
- **24*7 self-service options -** ~97% of chats are self-serve via chat-bot
- **Branches -** Daily tracking of employee and agent safety

Employee / Partner engagement

- **e-learning platform –** 7,000+ agents attending training programs daily through Agency Life Platform ★
- **Gamified contests -** Launched to drive adoption of digital engagement initiatives ★
- **Agent on-boarding -** Insta PRL enabling digital on-boarding of agents – 20,000+ applications logged in Q1 FY22
- **Employee engagement -** VC based skill building sessions with digital partners (Twitter, Google, Facebook) ★
- **Partner trainings -** Conducted via digital collaboration tools

★ New initiatives launched to manage volatile business environment due to the Covid-19 outbreak

1. Claim settlement ratio through LifeEasy (online) platform, as on 31st March 2021

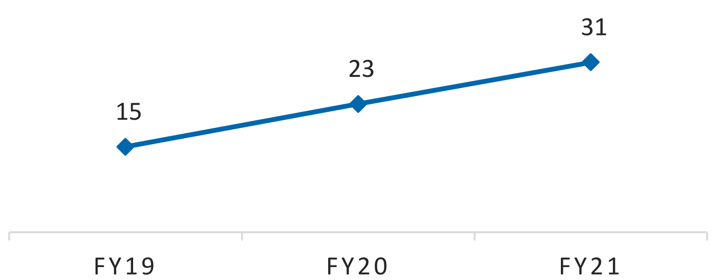
4 Customer Centricity

Delivering significant customer benefits at scale

Rs bn

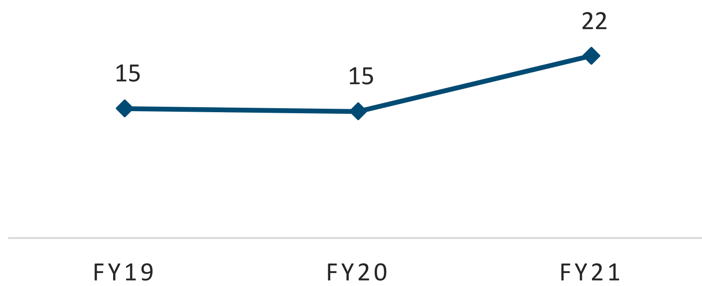
Death claims payout

176	278	291



Par bonus

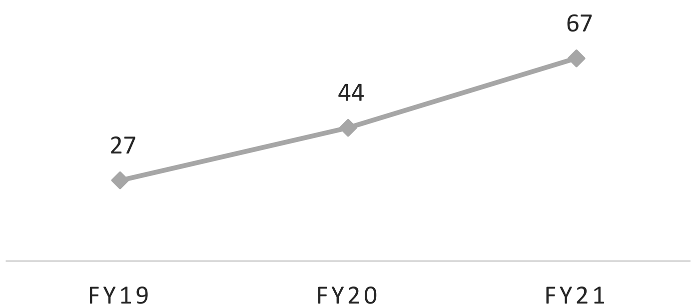
1,469	1,445	1,549



No. of lives benefitted (in '000s)

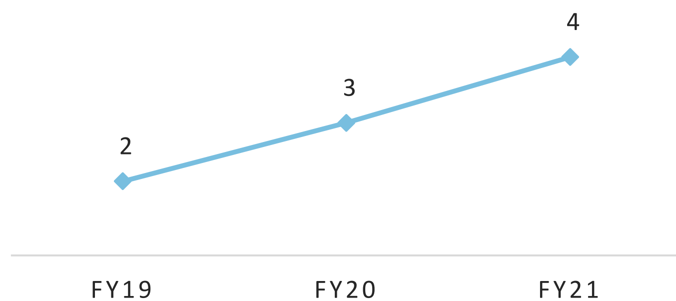
Maturity payout

291	303	359



Annuity payout

184	354	535



Key metrics

Covering ~75 mn lives and managing ~5 mn inforce policies as on March 31, 2021

Settled death claims amounting to ~ Rs 69 bn over last 3 years

Paid maturity benefits amounting to ~ Rs 137 bn over last 3 years

Highest participating bonus of Rs 22 bn declared in FY21, benefitting more than 1.5 mn customers

Overall claim settlement ratio at 99.4% in FY21 (including ~100% for PMJJBY scheme)

HDFC Life

Performance Snapshot

Our Strategy

Managing Covid-19

Customer Centricity

Annexures

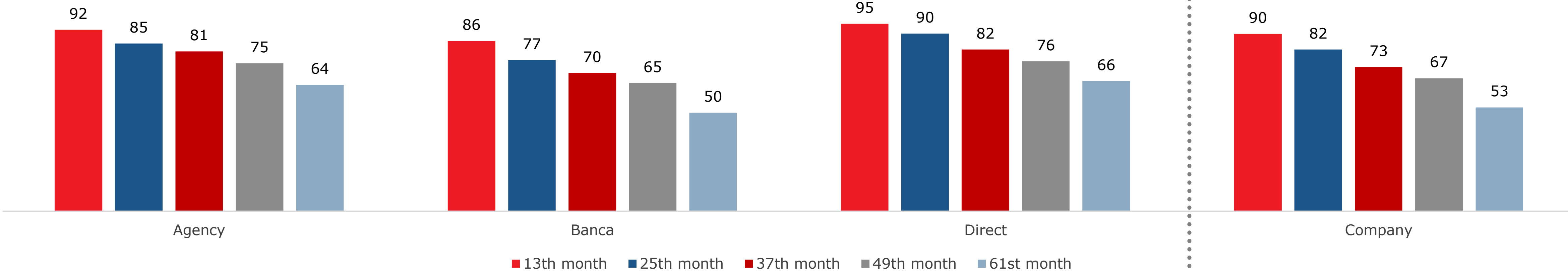
India Life Insurance

5 Annexures

Individual persistency for key channels and segments[1]

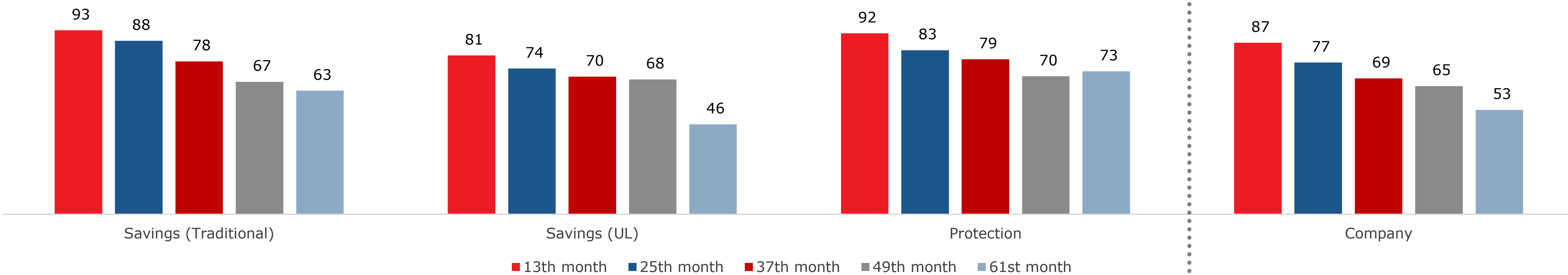
Across key channels (%)

CY (Q1 FY22)



Across key segments (%)

PY (Q1 FY21)



1. Calculated as per IRDAI circular (based on original premium) for individual business

Improving VNB trajectory

Rs bn

	Q1 FY21	Impact of higher APE	Change in assumptions	New Business Profile	Fixed cost absorption	Q1 FY22
NBM%	24.3%	0.0%	-0.7%	2.0%	0.6%	**26.2%**

Actuarial
Financial
ESG

1. Reflects the impact of difference in mix of segment/distribution channel/tenure/age/sum assured multiple etc

VNB – Value of New Business; NBM – New Business Margin

Sensitivity analysis – FY21

Analysis based on key metrics	Scenario	Change in VNB Margin [1]	% Change in EV
Change in			
Reference rate	Increase by 1%	-1.5%	-2.2%
	Decrease by 1%	0.9%	1.6%
Equity Market movement	Decrease by 10%	-0.1%	-1.5%
Persistency (Lapse rates)	Increase by 10%	-0.3%	-0.6%
	Decrease by 10%	0.3%	0.5%
Maintenance expenses	Increase by 10%	-0.5%	-0.8%
	Decrease by 10%	0.5%	0.7%
Acquisition Expenses	Increase by 10%	-3.1%	NA
	Decrease by 10%	3.1%	NA
Mortality / Morbidity	Increase by 5%	-1.0%	-0.8%
	Decrease by 5%	1.0%	0.8%
Tax rate[2]	Increased to 25%	-4.8%	-8.3%

Actuarial

Financial

ESG

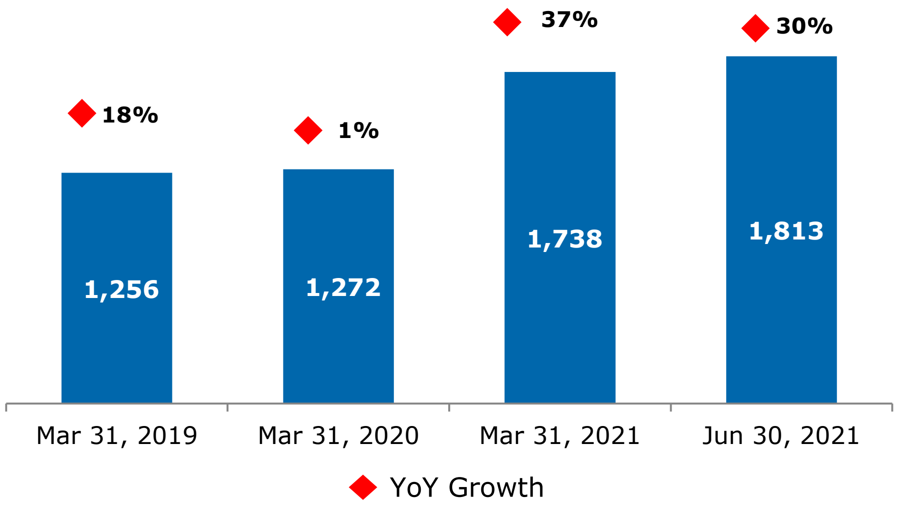
1. Post overrun total VNB for Individual and Group business

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.

Assets under management

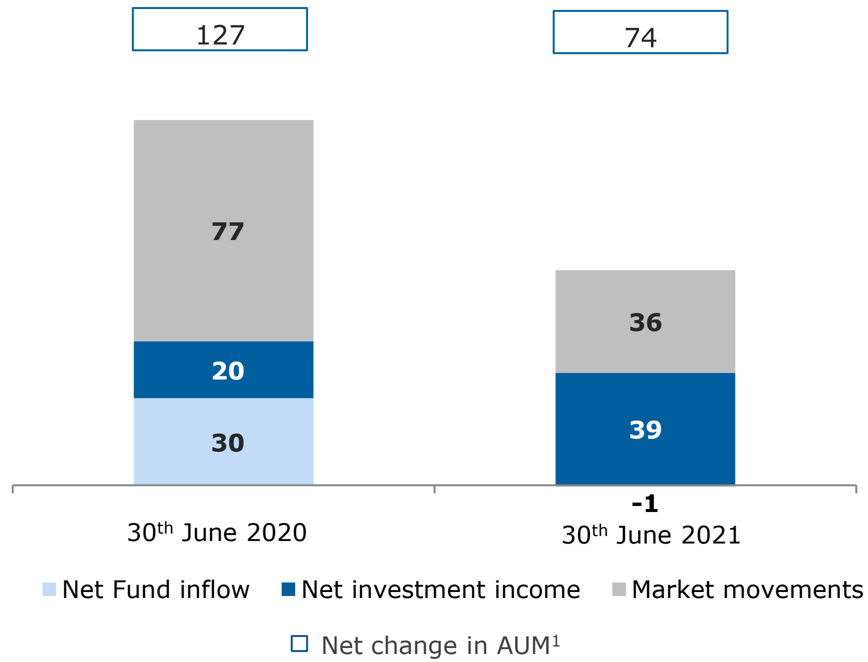
Assets Under Management

Debt: Equity	62:38	71:29	64:36	63:37
UL:Traditional	50:50	43:57	43:57	43.57



Change in AUM [1]

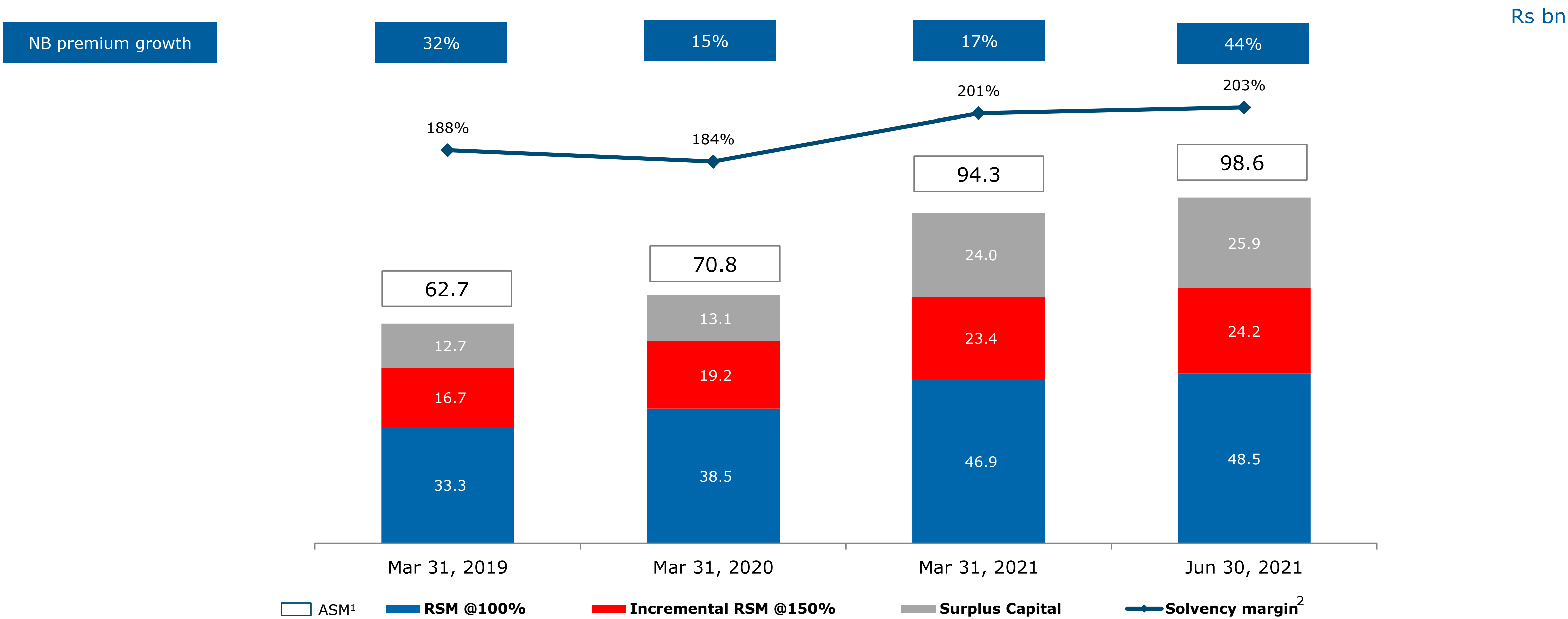
Rs bn



- Over 98% of debt investments in Government bonds and AAA rated securities as on June 30, 2021

1. Calculated as difference from April to June

Stable capital position



- Stable solvency ratio, augmented by steady accretion to backbook

1. *ASM represents Available solvency margin and RSM represents Required solvency margin*
2. *Investment in subsidiaries not considered in solvency margin; Excludes impact of proposed final dividend of Rs 4.1 bn, to be paid in Q2 FY22 (subject to shareholders' approval)*

Focus on sustainability

Our ESG strategy focusses on five pillars, each of which aims to address ESG related risks and create long term value for all stakeholders

Reflecting on our ESG Tenets

Our ESG strategy is based on following tenets:

- Ethical Conduct
- Responsible Investment
- Diversity, Equity and Inclusion
- Holistic Living
- Sustainable Operations

- Active engagement with external agencies including MSCI, S&P Global (DJSI)

- MSCI rating improved from 'BB' in October 2019 to 'BBB' in August 2020
- S&P Global (DJSI) rating improved significantly in FY 2021

- First Integrated report published (FY 2021)

- ESG report published in July 2021

Environment • Social • Governance

5 pillars of ESG

- **Ethical Conduct**
- **Responsible Investment**
- **Diversity, Equity & Inclusion**
- **Holistic Living**
- **Sustainable Operations**

Governance structure

Corporate governance policy
- Commitment to ethical business practices
- Includes Corporate structure and stakeholder management

Board evaluation & independence
- Six independent directors
- 'Fit and Proper' as per regulation

Board Diversity policy
- 27% women as on 30th June, 2021

Compensation framework

Remuneration policy
Seeks to balance the fixed and incentive pay

Performance Management System
based on the principles of balanced scorecard

Disclosure of managerial remuneration
in the annual report

Business ethics and compliances

- Code of Conduct
- Whistle blower Policy
- PRSH[1]
- BRR[2] & Stewardship Code
- Human Rights
- Anti Bribery & Corruption Policy
- AML[3]
- Privacy Policy

Risk management and BCM

Risk management policy
- Enterprise risk management (ERM) framework
  - 'Three Lines of Defense approach'
  - Reviewed and approved by the Board
- Risk oversight by Board of Directors
- Review in multiple management forums

Mitigating & Managing Risk
- Modes of Risk awareness
  - Trainings, E-mailers, Seminars, Conferences, Quizzes and Special awareness Drives
- Sensitivity analysis and stress testing
- Business Continuity Management (BCM)- Creation of a recovery plan for critical business activities

Information/Cyber Security

- ISO 27001:2013 and ISMS assessment program
- Data Privacy Policy

Responsible Investment (RI)

- Generate optimal risk adjusted returns over the long term
- RI framework
  - applicable to all major asset classes including equity and bonds
  - integrated into investment analysis

HDFC Life

1. PRSH: Prevention of Sexual Harassment
2. BRR: Business Responsibility Report
3. AML: Anti Money Laundering

Environment • Social • Governance

5 pillars of ESG

Ethical Conduct

Responsible Investment

Diversity, Equity & Inclusion

Holistic Living

Sustainable Operations

Attracting talent

- **Virtual hiring and on-boarding** process without compromising on quality
- Robust **employee referral schemes** (>50% of the hiring through referrals)
- **Flexi job program** and flexi hours to promote WFH, attract gig workers
- **Hire–train-deploy** model through tie-up with reputed learning institutions

Employee engagement

- Online yoga, meditation sessions, fitness challenges (Walkathon, Fit by Bit), Click2Wellness app
- Emotional and well being assistance program for employees
- Engagement programs for employees and their families
- **Talk to Doctor** for unlimited free consultation
- Strong **Reward and Recognition framework**

Talent management/retention

- **Fast track growth** path for special categories of employees - Management Trainees & Graduate Trainees, etc.
- **Potential review and talent development** interventions for leadership
- Robust, transparent and objective **performance management system**
- **Career microsite, job portal** to educate employees on career opportunities within the company
- Higher increments, bonuses for those exceeding expectations
- Long term incentive plans in the form of **ESOPs** and cash to attract, retain and motivate good talent
- Elaborate **succession planning** for Key Managerial Personnel, critical senior roles

Training & development

- Mandatory and optional **learning programs** for employees, contractors, channel partners
- **Mobile learning app** for self-paced learning
- **Virtual training** of employees during Covid
- Access to **curated online training** programs from reputed universities
- **Career coaching** and development interventions

Employee diversity

- Actively promoting **diversity and inclusion**
- 25% women employees (maternity transition program, mentoring program for women, Economic Times Femina Best Workplaces for women)
- Promoting **diverse talent pool** (work profiles for second career women, specially-abled)
- LGBTQ+ friendly organisation
- Promoting diverse talent pool - #MyJobMyRules

HDFC Life

Environment • Social • Governance

5 pillars of ESG

- Ethical Conduct
- Responsible Investment
- Diversity, Equity & Inclusion
- Holistic Living
- Sustainable Operations

Inclusive growth

swabhimaan

- The Corporate Social Responsibility wing is aligned with the UN Sustainable Development Goals (SDGs) with focus on Education, Health, Environment, Livelihood & Disaster Relief
  - FY21: 22 CSR projects across 24 states and 3 Union Territories impacting >233K beneficiaries in India
  - Support 10 out of the 17 UN Sustainable Development Goals

Financial Inclusion

- In line with the Government's social scheme 'Pradhan Mantri Jeevan Jyoti Bima Yojana', HDFC Life offers HDFC Life Pradhan Mantri Jeevan Jyoti Bima Yojana Plan, which is a pure group term insurance product
- Group Jeevan Suraksha and Group Term Insurance are micro insurance products that have been designed for the members of micro finance institutions, co-operatives, self-help groups, etc.
- Under these plans, the Company covered a total of 2.1 cr lives till March 31, 2021

COVID-19 Response in FY21

- Contribution to PM Cares Fund
- Medical supplies, nutritional meals for frontline healthcare workers
- Distribution of Happiness Box consisting of immunity boosting supplements, hygiene support material and educational workbooks for underprivileged school children

Customer centricity

Leveraging technology

- To simplify life insurance for customers through their journey across issuance, claims, servicing, or any other engagement
  - Artificial Intelligence (AI) for text and speech recognition;
  - Machine Learning (ML) to improve persistency;
  - Cognitive bots (software robots) for 24x7 customer service; and
  - Alternate data to enhance underwriting

Customer Satisfaction

- Grievance Redressal Policy
- Complaints per 10K reduced from 47 in FY20 to 35 in FY21
- 13th month persistency improved to 90%
- Improvement in overall Customer Satisfaction (CSAT) Scores

HDFC Life

Environment • Social • Governance

5 pillars of ESG

- Ethical Conduct
- Responsible Investment
- Diversity, Equity & Inclusion
- Holistic Living
- **Sustainable Operations**

Energy and water

Energy efficiency and water conservation initiatives

- Use of 3/5 star rated appliances with regular maintenance
- 69% of branches use LED based lighting system
- Use of sensor based urinals and water taps
- 12 water dispensing units installed in villages to provide clean drinking water
- Implementation of switch rooms across 384 branches resulting in reduced air-conditioning usage (both in running hours and temperature settings), leading to decrease in electricity bill units by 14% in FY21
- Replacement of Uninterruptible Power Supply UPS with new energy efficient devices; reduction of UPS capacity by 50% (equivalent to 750 KVA)
- Replacement of bottled drinking water with water purifiers
- Installation of sensor-based taps at corporate office and other select office locations

Business travel

- **40+ video conferencing rooms** setup to reduce travel

Digitization

Reduction of Paper Usage

- Online /e-forms for customers
- Annual report FY21 digitally communicated to all stakeholders
- Printers configured with default double side printing

CSR initiatives

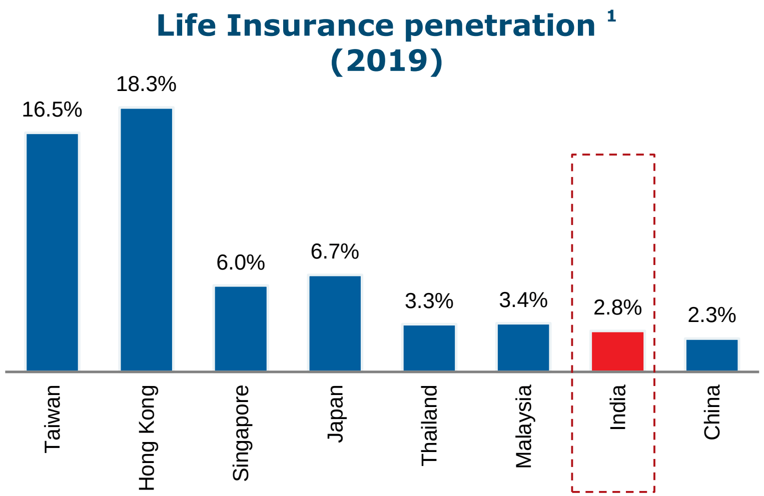
- 17 city forests in over 45,000 sq.ft. area using the Miyawaki method. Over 50 different native species used
- Over last three years, 41,695 trees have been planted
- Plans to expand to support solar on schools and water rejuvenation projects

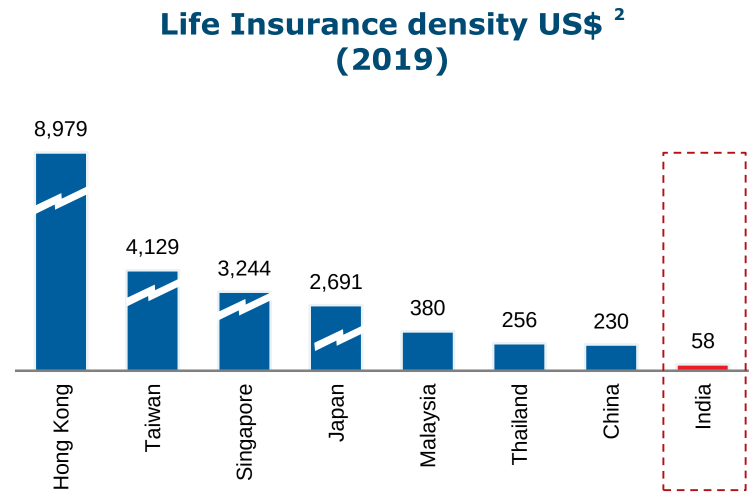
Waste management

- 310 Kgs of e-waste was recycled/ refurbished/disposed in an environmentally controlled manner, conforming to the guidelines of E-Waste (Management) Rules, 2016
- Donated old IT assets to recycling agencies for helping under-privileged sections of the society
- Segregation and proper disposal of waste - dry and wet
- **No single-use plastics**
  - Use of bio-degradable garbage bags
  - Cafeteria with reusable plates, cutlery, wooden stirrers etc.
  - Conference / meetings rooms with glass bottles and cups
  - Employees encouraged to bring their own mugs/glass

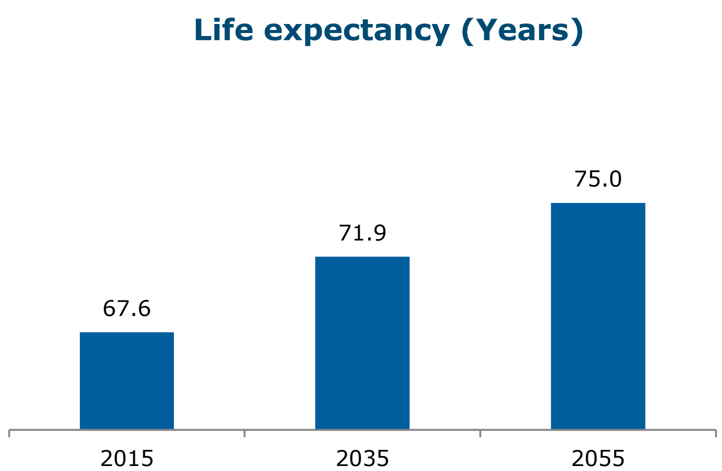
6 India Life Insurance

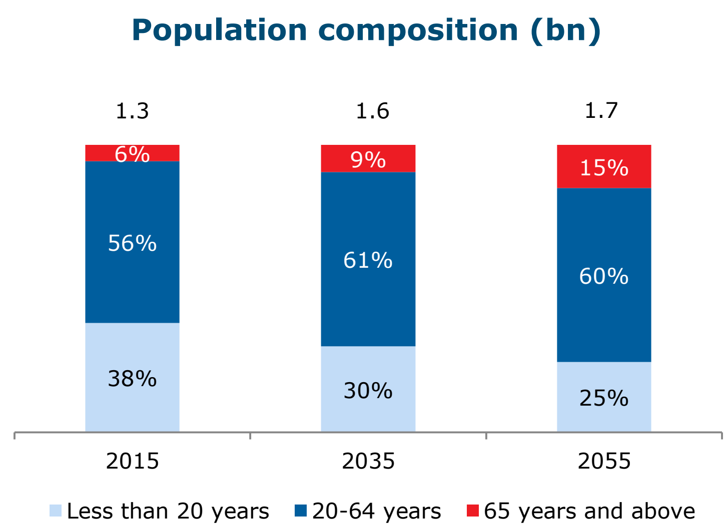
Growth opportunity: Under-penetration and favorable demographics





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





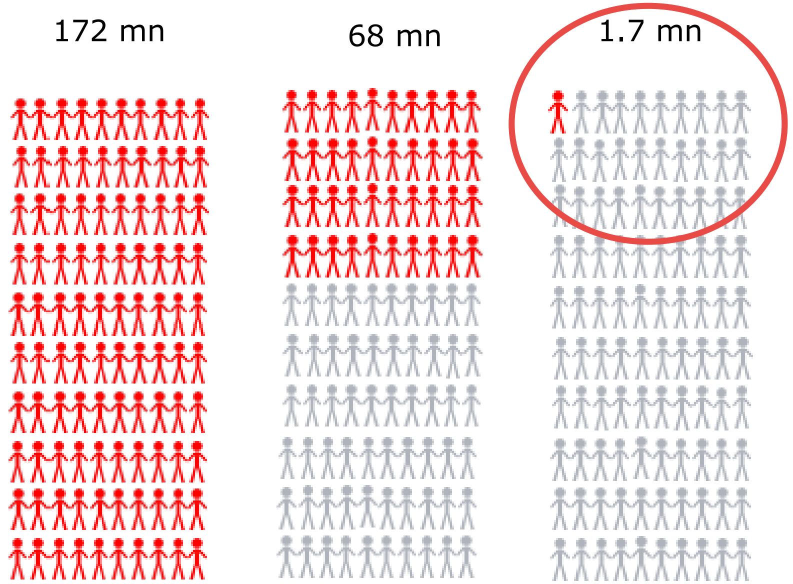
- India's insurable population estimated to be at ~1 bn by 2035
- Emergence of nuclear families and advancement in healthcare facilities lead to increase in life expectancy thus facilitating need for pension and protection based products

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 (Based on respective financial year of the countries), MOSPI, United Nations World Populations Prospects Report (2017)

Low levels of penetration – Life protection



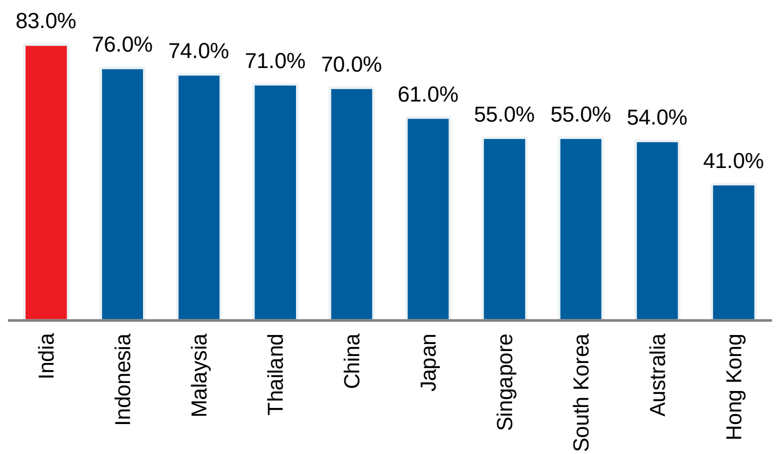
Urban Working Population

Addressable Market (excl blue collared)

Annual Policy Sales

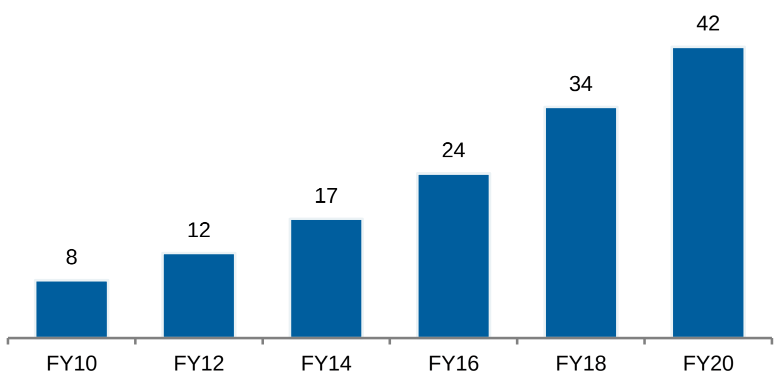
- Only 1 out of 40 people (2.5%) who can afford it, is buying a policy every year 1
- Even within the current set, Sum Assured as a multiple of Income is <1x

Protection gap [2] (2019)



- 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 growth rate is predicted to grow at 4% per annum

Trend of retail loans [3] (Rs Tn.)

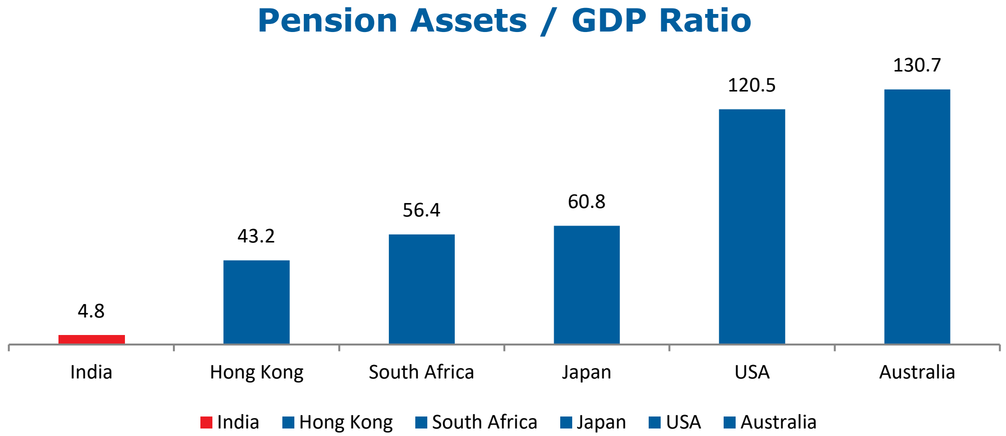


- Retail credit has grown at a CAGR of 18% over last 10 years
- Increasing retail indebtedness to spur need for credit life products
- Immense opportunity given:
  - Increasing adoption of credit
  - Enhancement of attachment rates
  - Improvement in value penetration
  - Widening lines of businesses

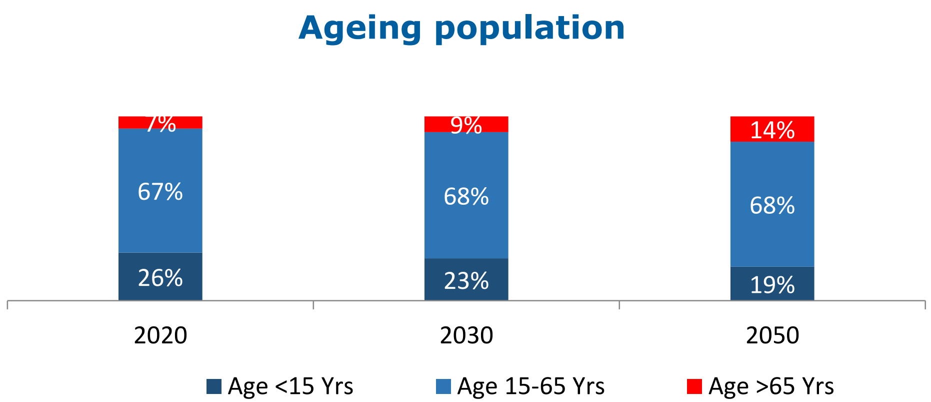
1. Goldman Sachs Report, March 2019
2. Swiss Re (Based on respective financial year of the countries)
3. Kotak institutional equities

Macro opportunity – Retiral solutions

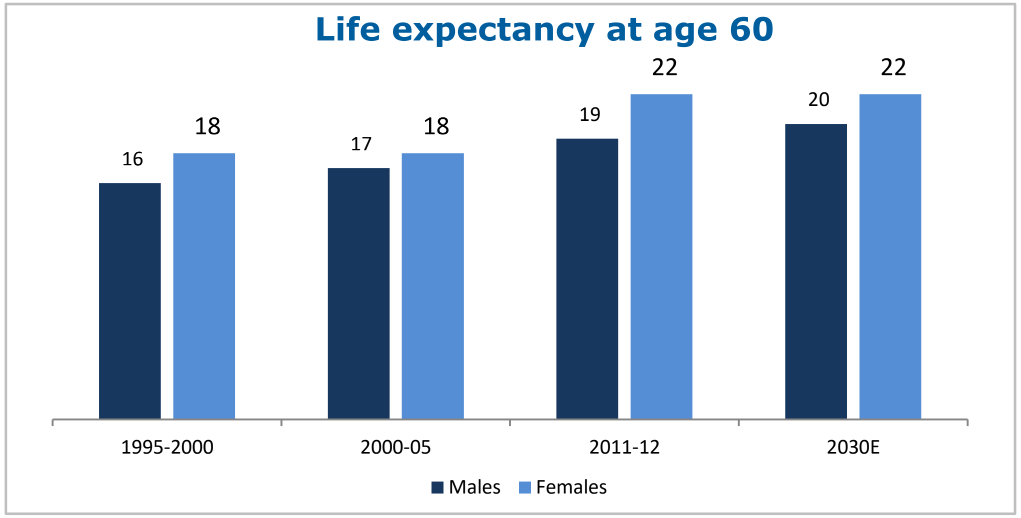
India's pension market is under-penetrated at 4.8% of GDP



Elderly population is expected to almost triple by 2050



Improvements in life expectancy will lead to an average post retirement period of 20 years



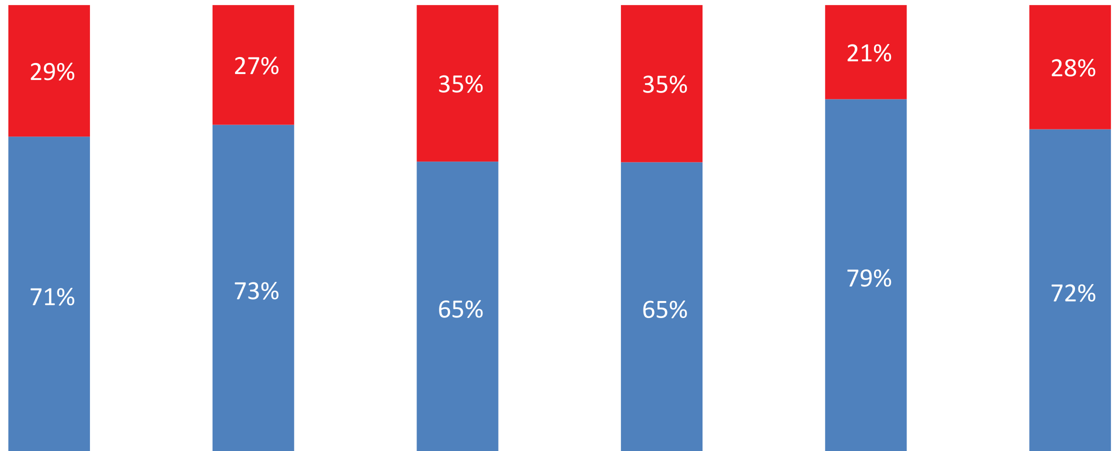
- Average household size has decreased from 4.6 in 2001 to 3.9 in 2018
- Total Pension AUM is expected to grow to Rs 118 Tn by 2030 (about 1/4th accounted by NPS)
- Mandatory schemes to increase coverage for both unorganized and organized sectors

Source: Milliman Asia Retirement Report 2017; Survey by NSSO, Ministry of statistics and Programme implementation Crisil PFRDA, Census of India, UN Population Estimates

Government bond auctions

Government Bonds – Tenorwise Issuance

Rs cr

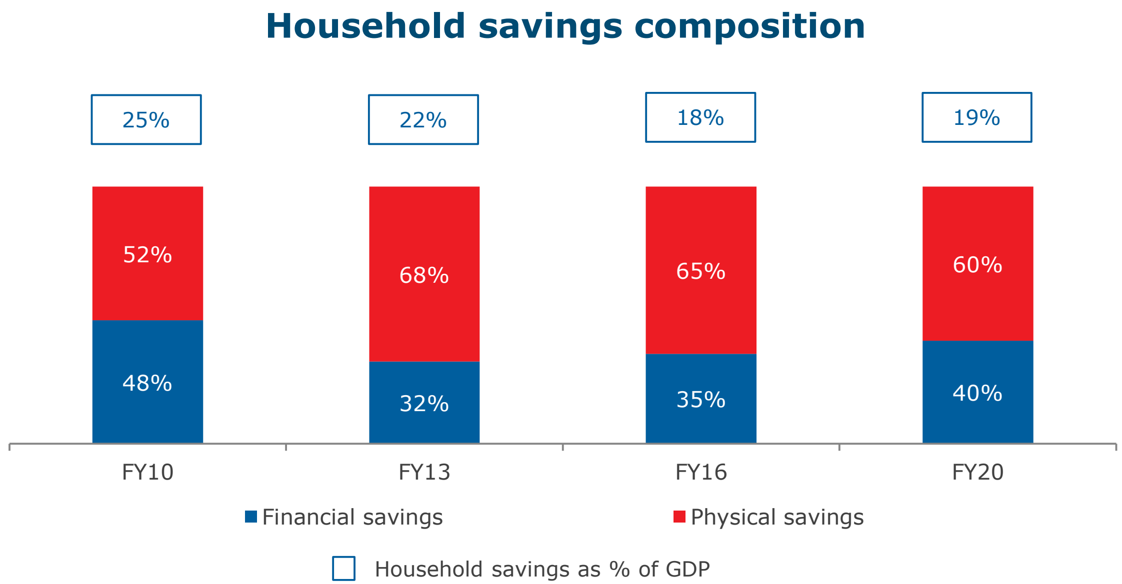


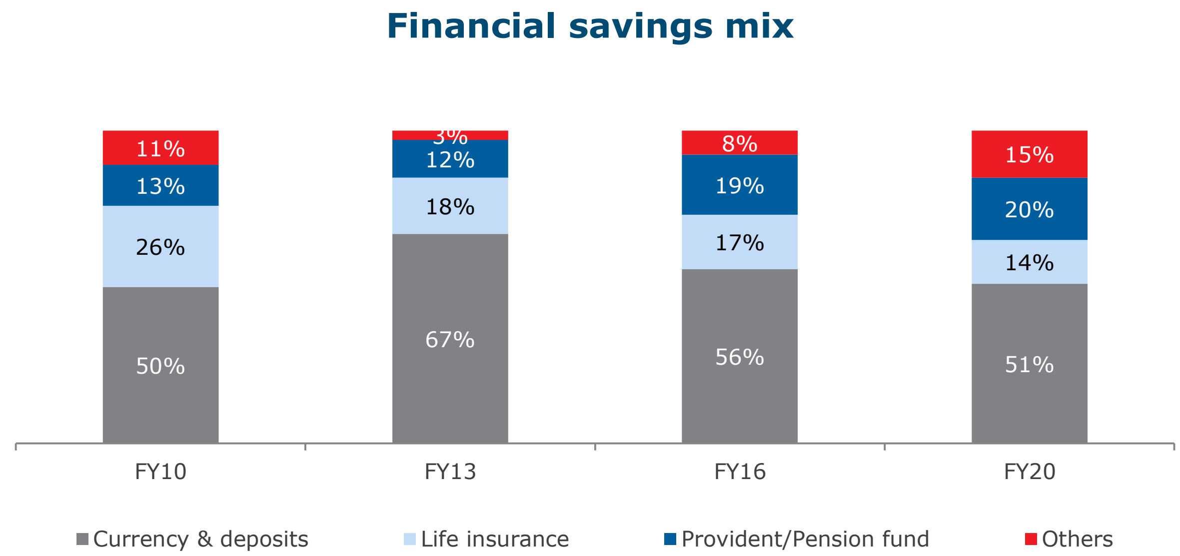
	FY17	FY18	FY19	FY20	FY21	Q1FY22
>15yrs	1,54,520	1,80,529	2,04,000	2,38,000	2,65,575	96,000
<=15yrs	3,73,525	4,97,579	3,82,941	4,44,000	10,01,835	2,52,000
Total	5,28,045	6,78,109	5,86,941	6,82,000	12,67,410	3,48,000

- Auction of >15 year maturity bonds has been ~25-30% on an average facilitates writing annuity business at scale
- The central govt. borrowing calendar for H1 FY22 is Rs 7,24,000 cr , ~60% of the full-year target of Rs 12,05,000 cr

Source: CCIL & National Statistics Office, Union Budget, RBI

Life Insurance: A preferred savings instrument

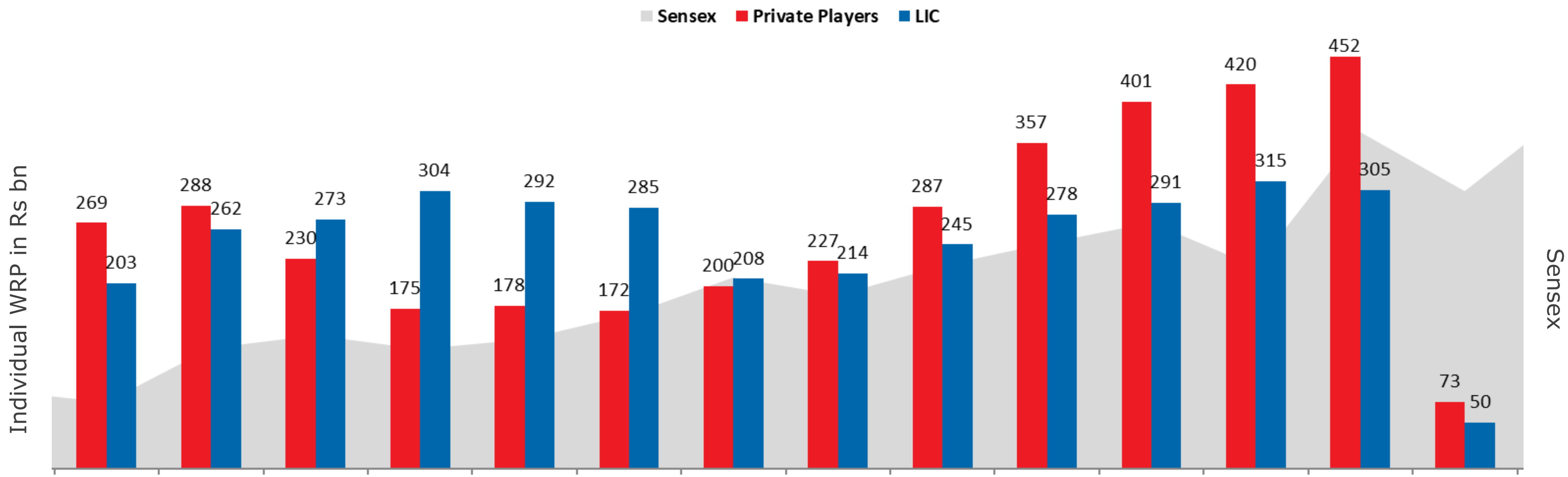




- Increasing preference towards financial savings with increasing financial literacy within the population
- Various government initiatives to promote financial inclusion:
  - Implementation of JAM trinity
  - Launch of affordable PMJJBY and PMSBY social insurance schemes
  - Atal Pension Yojana promoting pension in unorganized sector

Source: DBIE-RBI Statistics, RBI Annual Report, Economic Survey, CSO, www.pmjdy.gov.in

Industry new business[1] trends



		FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	Q1 FY22
Private players Market share		57%	52%	46%	37%	38%	38%	49%	52%	54%	56%	58%	57%	60%	59%
Growth %	**Private**	*1%*	*7%*	*-20%*	*-24%*	*2%*	*-3%*	*16%*	*14%*	*26%*	*24%*	*12%*	*5%*	*8%*	*26%*
	LIC	*-22%*	*29%*	*4%*	*11%*	*-4%*	*-2%*	*-27%*	*3%*	*15%*	*13%*	*5%*	*8%*	*-3%*	*4%*
	Overall	*-10%*	*17%*	*-9%*	*-5%*	*-2%*	*-3%*	*-11%*	*8%*	*21%*	*19%*	*9%*	*6%*	*3%*	*16%*

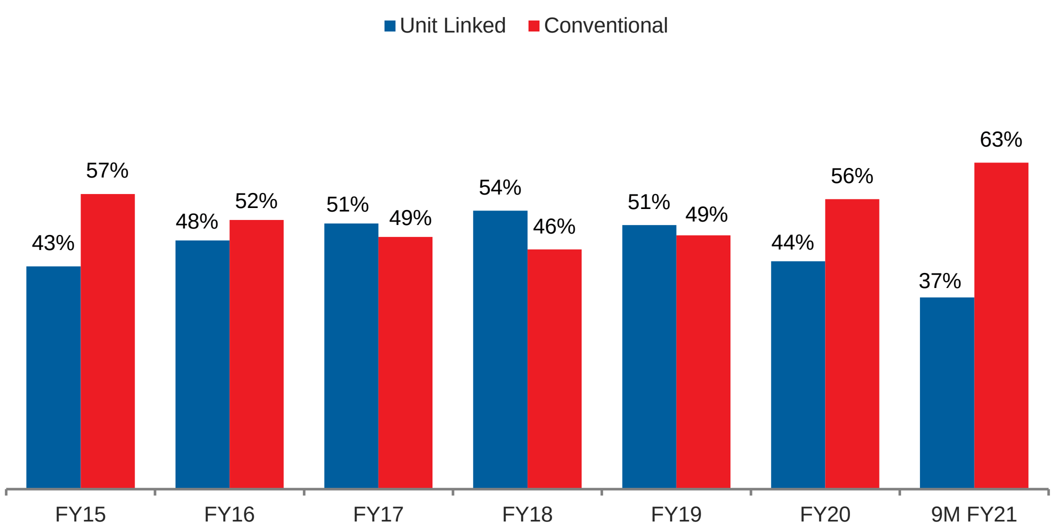
- Private sector gained higher Market share than LIC for the first time in FY16, post FY11 regulatory changes
- Amongst private insurers, insurers with a strong bancassurance platform continue to gain market share

1.Basis Individual Weighted Received Premium (WRP)

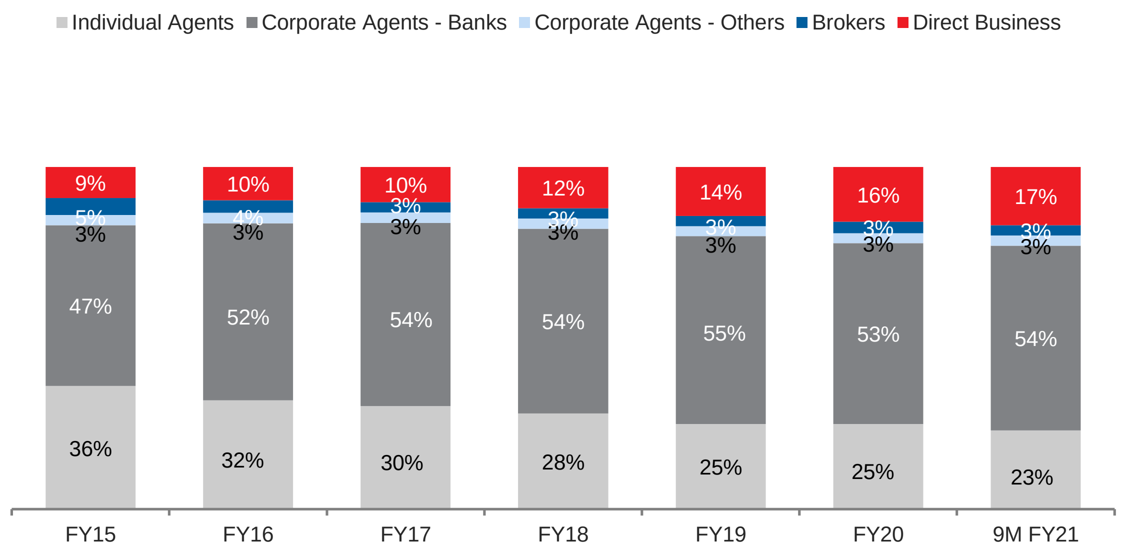
Source: IRDAI and Life Insurance Council

Private industry: Product and distribution mix

Product mix [1]



Distribution mix [2]



- 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, while share of Agency has been constant in the last few years

1. Basis Overall WRP (Individual and Group);

2. Basis Individual New business premia for all private players

Source: IRDAI and Life Insurance Council

Appendix

Financial and operational snapshot (1/2)

Rs bn.

	Q1 FY22	Q1 FY21	Growth	FY21	FY20	FY19	CAGR
New Business Premium (Indl. + Group)	*37.7*	*26.2*	*44%*	*201.1*	*172.4*	*149.7*	*16%*
Renewal Premium (Indl. +Group)	*38.9*	*32.4*	*20%*	*184.8*	*154.7*	*142.1*	14%
Total Premium	76.6	58.6	31%	385.8	327.1	291.9	*15%*
Individual APE	13.1	10.7	22%	71.2	61.4	52.0	17%
Overall APE	15.6	12.0	30%	83.7	74.1	62.6	16%
Group Premium (NB)	19.0	10.6	78%	100.3	87.8	73.3	17%
Profit after Tax	3.0	4.5	-33%	13.6	13.0	12.8	3%
- Policyholder Surplus	*0.4*	*3.5*	-87%	*7.3*	*10.9*	*9.0*	*-10%*
- Shareholder Surplus	*2.6*	*1.0*	148%	*6.3*	*2.1*	*3.8*	*29%*
Dividend Paid (1)	-	-	NA	-	-	4.0	NA
Assets Under Management	1,812.7	1,399.7	30%	1,738.4	1,272.3	1,255.5	18%
Indian Embedded Value	273.3	225.8	21%	266.2	206.5	183.0	21%
Net Worth (2)	87.8	74.5	18%	84.3	69.9	56.6	22%
NB (Individual and Group segment) lives insured (Mn.)	7.4	2.7	173%	39.8	61.3	51.4	-12%
No. of Individual Policies (NB) sold (In 000s)	170.5	194.5	-12%	982.0	896.3	995.0	-1%

1. Proposed final dividend of Rs 4.1 bn, to be paid in Q2 FY22 (subject to shareholders' approval)
2. Comprises share capital, share premium and accumulated profits/(losses)

HDFC Life

Financial and operational snapshot (2/2)

		Q1 FY22	Q1 FY21	FY21	FY20	FY19
Overall New Business Margins (post overrun)		26.2%	24.3%	26.1%	25.9%	24.6%
Operating Return on EV	(1)	16.5%	15.8%	18.5%	18.1%	20.1%
Operating Expenses / Total Premium		12.5%	11.5%	12.0%	13.1%	13.1%
Total Expenses (OpEx + Commission) / Total Premium		16.4%	15.6%	16.4%	17.7%	17.0%
Return on Equity	(2)	14.1%	25.0%	17.6%	20.5%	24.6%
Solvency Ratio		203%	190%	201%	184%	188%
Persistency (13M / 61M)	(3)	90%/53%	87%/53%	90%/53%	88%/54%	84%/51%
Market Share (%)						
- Individual WRP		17.8%	18.5%	15.5%	14.2%	12.5%
- Group New Business		25.9%	20.7%	27.6%	29.0%	28.4%
- Total New Business		22.3%	20.7%	21.5%	21.5%	20.7%
Business Mix (%)						
- Product (UL/Non par savings/Annuity/Non par protection/Par)	(4)	27/32/5/8/29	27/28/5/11/30	24/31/5/7/34	28/41/4/8/19	55/15/5/7/18
- Indl Distribution (CA/Agency/Broker/Direct)	(4)	56/15/6/23	59/12/5/24	61/13/7/19	55/14/9/22	64/13/4/19
- Total Distribution (CA/Agency/Broker/Direct/Group)	(5)	22/7/3/18/50	27/7/2/23/41	25/6/2/17/50	23/7/3/17/51	26/7/2/16/49
- Share of protection business (Basis Indl APE)		8.3%	10.5%	6.8%	7.6%	6.7%
- Share of protection business (Basis Overall APE)		15.7%	13.1%	12.8%	17.2%	16.7%
- Share of protection business (Basis NBP)		22.4%	13.6%	19.6%	27.6%	27.0%

1. *Pre excess mortality reserve (EMR) EVOP% is 16.5%; Post accounting for EMR, EVOP% stands at 14.4%*
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)*
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*

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Revenue and Profit & Loss A/c

Rs bn

Revenue A/c[1]

	Q1 FY22	Q1 FY21
Premium earned	76.6	58.6
Reinsurance ceded	(1.2)	(1.4)
Income from Investments	69.6	87.5
Other Income	0.2	0.3
Transfer from Shareholders' Account	-	-
Total Income	**146.0**	**145.0**
Commissions	3.0	2.4
Expenses	9.5	6.7
GST on UL charges	0.9	0.8
Provision for taxation	(0.0)	0.3
Provision for diminution in value of investments	(2.0)	(0.6)
Benefits paid	55.5	26.4
Change in valuation reserve	76.1	104.9
Bonuses Paid	2.6	1.5
Total Outgoings	**145.4**	**142.5**
Surplus	**0.6**	**2.5**
Transfer to Shareholders' Account	1.3	3.5
Funds for future appropriation - Par	(0.7)	(1.0)
Total Appropriations	**0.6**	**2.5**

Profit and Loss A/c[1]

	Q1 FY22	Q1 FY21
Income		
Interest and dividend income	1.2	0.9
Net profit/(loss) on sale	1.3	0.0
Transfer from Policyholders' Account	1.2	3.5
Other Income	-	-
Total	**3.8**	**4.4**
Outgoings		
Transfer to Policyholders' Account	0.8	-
Expenses	0.0	0.1
Interest on convertible debentures	0.1	-
Provision for diminution in value of investments	(0.2)	(0.1)
Provision for Taxation	0.0	0.0
Total	**0.8**	**(0.1)**
Profit for the year as per P&L Statement	**3.0**	**4.5**
Interim Dividend paid (including tax)	-	-
Profit carried forward to Balance Sheet	**3.0**	**4.5**

1. Numbers may not add up due to rounding off effect

HDFC Life

Balance sheet

Rs bn

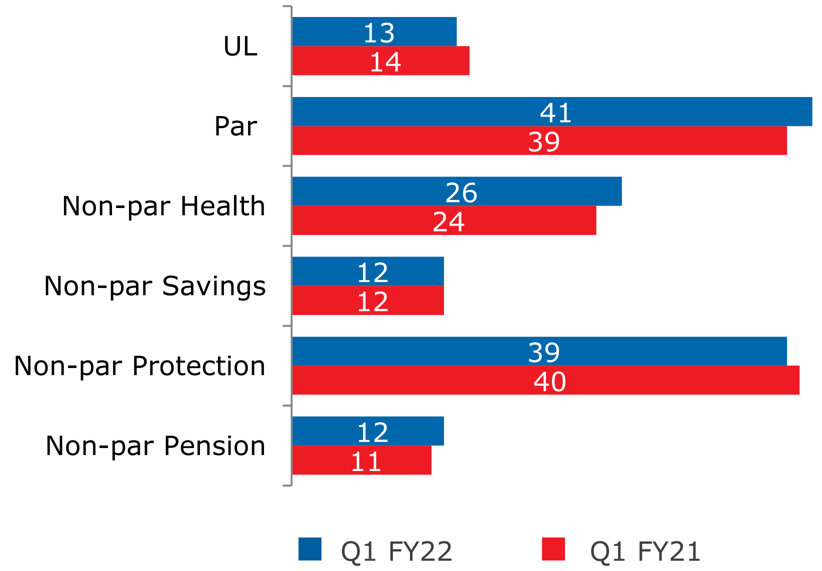
	Jun 30, 2021[1]	Jun 30, 2020	Mar 31, 2021
Shareholders' funds			
Share capital (including Share premium)	25.4	24.3	25.0
Accumulated profits	62.3	50.2	59.3
Fair value change	1.8	(0.6)	2.1
Sub total	**89.7**	**73.9**	**86.4**
Borrowings	**6.0**	**-**	**6.0**
Policyholders' funds			
Fair value change	23.4	8.1	25.6
Policy Liabilities	897.2	684.2	855.2
Provision for Linked Liabilities	740.2	581.1	709.6
Funds for discontinued policies	41.5	34.2	38.0
Sub total	**1,702.3**	**1,307.6**	**1628.4**
Funds for future appropriation (Par)	9.2	7.9	9.9
Total Source of funds	**1,807.1**	**1,389.4**	**1,730.7**
Shareholders' investment	89.7	63.0	85.4
Policyholders' investments: Non-linked	941.3	721.5	905.4
Policyholders' investments: Linked	781.8	615.3	747.6
Loans	4.8	3.0	4.2
Fixed assets	3.4	3.3	3.4
Net current assets	(13.8)	(16.7)	(15.4)
Total Application of funds	**1,807.1**	**1,389.4**	**1,730.7**

1. Numbers may not add up due to rounding off effect

Segment wise average term and age[1]

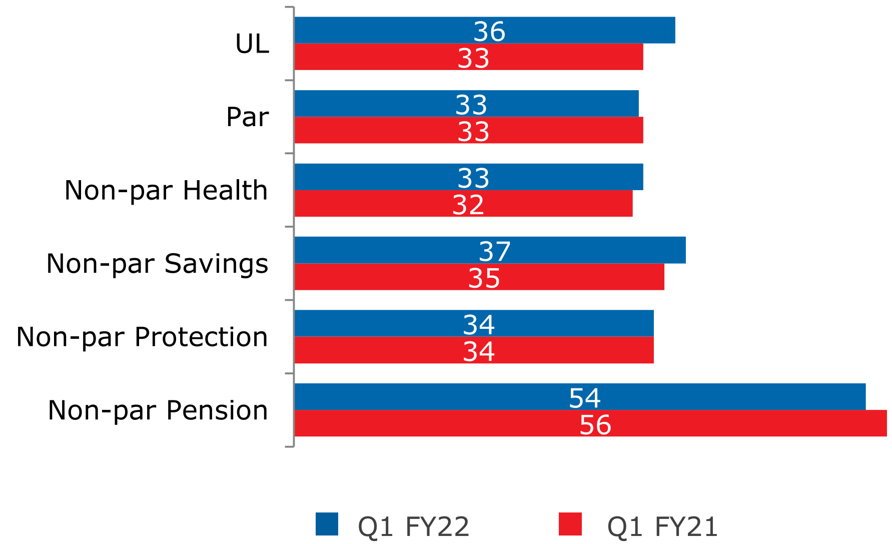
Average Policy Term excluding annuity (Yrs)

Q1 FY22: 24.0 (Q1 FY21: 25.7)



Average Customer Age excluding annuity (Yrs)

Q1 FY22: 36.0 (Q1 FY21: 34.2)



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

1. Basis individual new business policies (excluding annuity)

Summary of Milliman report on our ALM approach – FY20

Scope of review	Portfolios reviewed
• Assess appropriateness of ALM strategy to manage interest rate risk in non-par savings business • Review sensitivity of value of assets and liabilities to changes in assumptions	▪ Portfolio 1: Savings and Protection – All non-single premium non-par savings contracts and group protection products ▪ Portfolio 2: All immediate and deferred annuities

Description	Stress scenarios tested	Net asset liability position
Interest rate scenarios	Parallel shifts/ shape changes in yield curve within +- 150 bps of March 31st 2020 Gsec yield curve	Changes by < 4.5%
Interest rate + Demographic scenarios	Interest rate variation + changes in future persistency/ mortality experience	Changes by < 7%
100% persistency and low interest rates	100% persistency with interest rates falling to 4% p.a. for next 5 years, 2% p.a for years 6 -10 and 0% thereafter	Still remains positive

Opinion and conclusion

ALM strategy adopted for Portfolios 1 and 2 is appropriate to:

- **meet policyholder liability cash flows**
- **protect net asset-liability position thereby limiting impact on shareholder value**

1. Opinion issued by Milliman Advisors LLP on ALM strategy (for non par business) basis FY20 disclosures

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.

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

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. Intrinsic value of such options and guarantees is reflected in 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.

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Embedded Value: Economic assumptions[1]

Years	Forward rates %		Spot rates %	
	As at Jun 30, 2020	As at Jun 30, 2021	As at Jun 30, 2020	As at Jun 30, 2021
1	3.57	3.87	3.51	3.80
2	4.74	5.40	4.07	4.53
3	5.78	6.39	4.59	5.08
4	6.50	7.01	5.01	5.51
5	6.98	7.43	5.36	5.84
10	7.60	7.99	6.30	6.72
15	7.33	7.72	6.59	7.00
20	7.07	7.43	6.68	7.07
25	6.92	7.25	6.69	7.07
30	6.85	7.15	6.68	7.04

1. Forward rates are annualised and Spot rates are continuous

Glossary (Part 1)

- **APE (Annualized Premium Equivalent)** - The sum of annualized first year regular premiums and 10% weighted single premiums and single premium top-ups
- **Backbook surplus –** Surplus accumulated from historical business written
- **Conservation ratio -** Ratio of current year renewal premiums to previous year's renewal premium and first year premium
- **Embedded Value Operating Profit ("EVOP")** – 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 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 2021, the first instalment would fall into first year premiums for 2020-21 and the remaining 11 instalments in the first year would be first year premiums in 2021-22
- **New business received premium** - The sum of first year premium and single premium.
- **New business strain** – Strain on the business created due to revenues received in the first policy year not being able to cover for expenses incurred

Glossary (Part 2)

- **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
- **Proprietary channels** – Proprietary channels include agency and direct
- **Protection Share** - Share of protection includes annuity and health
- **Persistency** – The proportion of business retained from the business underwritten. The ratio is measured in terms of number of policies and premiums underwritten.
- **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

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