

January 22, 2021

Ref. No.: HDFC Life/CA/2020-21/55

**Listing Department**  
**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

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

BSE Security Code: 540777

Dear Sir/ Madam,

**Subject: Impact of the Covid-19 pandemic on the business of the Company - (9M FY'21 update)**

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020, please find enclosed herewith a note on the impact of the Covid-19 pandemic on the business of the Company during 9M FY'21.

This is for your information and appropriate dissemination.

Thanking you,

**For HDFC Life Insurance Company Limited**



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

**Encl.:** As above

### **Note on Impact of COVID-19 (9M FY21 update)**

*(Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020)*

#### **1) Impact of the COVID-19 pandemic on the business**

We are witnessing a lift in customer confidence, which is also reflected in the new business premium trends for both the individual as well as the group credit protect business. We continue to see a pickup in the savings business on a sequential basis on account of increase in both the average ticket size as well as number of policies.

We have recorded a growth of 8% in terms of Individual WRP during 9M FY21. This is on a base of 31% growth last year. Our performance compares well against the private industry, which de-grew by 6% on a base of 16% growth in 9M last year. We sold about 6.8 lakh policies registering a YoY growth of 6%. Our market share in terms of Individual WRP has increased by 214 basis points from 14.3% in 9M FY20 to 16.4% in 9M FY21. Our market share for the group and overall new business segments amongst the private sector players is at 27.3% and 22.3% respectively.

Our existing suite of digital assets, which have been detailed in our investor presentations, is available across channels, partners and employees. This has enabled us to continue providing a seamless experience to the end customer from a new business and servicing perspective.

#### **2) Ability to maintain operations including the factories/units/office spaces functioning and closed down**

Our digital footprint allows us to service our customers remotely. Regular branch operations have started across the country. Measures are in place to track employee, partner and customer safety.

#### **3) Schedule, if any, for restarting the operations**

We will continue to follow guidelines issued by the Government and regulatory authorities when it comes to increasing operations at our physical locations. In the meanwhile, all our operations are functional within the current limitations and we continue to provide end to end digital servicing to all our customers.

#### **4) Steps taken to ensure smooth functioning of operations**

As indicated earlier, we have adopted a multi-dimensional approach to manage the smooth functioning of operations in the current scenario. Accelerated digital selling and servicing, effective employee engagement, cost control measures and responsive strategy remain the key elements of our approach.

We continue to invest in digital assets, with a view of simplifying the buying and servicing experience for the customer. These include LifeEasy – an end to end term plan buying platform, POSP – a simplified lean journey for sale of Point of Sale products, InstaSIP – a simplified buying journey akin to the SIP way, LifeNext – a comprehensive 360 degree platform for group business,

providing capabilities from issuance to claims. These assets also give us an edge in a competitive multi-tie environment, by enabling us to integrate with partners quicker and issue policies and service faster.

We have seen increasing trends in online payments by customers whereby about 95% of the policies are being renewed digitally accounting for 87% of renewal premium being done via digital modes. Additional details are outlined in our latest investor presentation (9M FY21).

#### **5) Estimation of the future impact of COVID-19 on its operations**

We will be keeping a close eye on the evolving situation and proceed as necessary. As outlined earlier, the strength of our digital assets has enabled us to minimize the impact of the pandemic on our business operations.

#### **6) Details of impact of COVID-19 on listed entity's (capital and financial resources, profitability, liquidity position, ability to service debt and other financing arrangements, assets, internal financial reporting and controls, supply chains and demand for its products/services)**

The company has carried out assessment of COVID-19 impact on its financial position as at December 31, 2020, relating to profitability, investments, policy liability and solvency.

- a. Profit after tax grew by 6% to Rs 1,042 Cr.
- b. New business margins in this quarter have seen an improvement on sequential as well as YoY basis on the back of return to growth, favourable product mix and costs being kept under control. The NBM for 9MFY21 stands at 25.6%.
- c. The Company has assessed the investment position as at December 31, 2020 and made adequate impairment provisions to the extent necessary.
- d. We settled 1,271 individual and 542 group Covid related claims as of December 2020. The frequency of claim intimations has been higher in Q3. While our actual overall experience remains within our estimates, we continue to monitor the claims trends closely and will keep re-evaluating the adequacy of the Covid reserve through the course of the next quarter.
- e. The Company has assessed its solvency position as at the quarter ended December 31, 2020. Our solvency position remains healthy at 202% as on December 31, 2020.

While the situation, including the government and public response to the challenges, continue to progress and rapidly evolve, the Company will continue to closely monitor any material changes in future economic conditions.

#### **7) Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business**

*Other than policyholders:* There has been no material impact on business due to non-fulfilment of any obligations by any party to existing contracts/ agreements. Further, at this juncture, the company does not anticipate any material impact on the business of the company due to this factor.

*Policyholder related:* The persistency trends for existing policies have been disclosed in our latest investor presentation (9MFY21). We continue to track the same and any material updates will be disclosed appropriately.

The management will attempt to take all steps in its control to monitor the situation and mitigate any potential impact on its business as may be needed.

**8) Other relevant material updates about the listed entity's business**

All relevant updates about the same can be found in our latest investor presentation (9MFY21) and the FY20 annual report uploaded on our website. The Company will keep all its stakeholders, including its shareholders updated on any material updates pertaining to the impact of COVID-19 on business in future health related and economic conditions.