

16th August 2005

HDFC Standard Life grows faster than the private sector average

Recording a quarter-on-quarter growth of 167 percent for April-June 2005, HDFC Standard Life saw its new business premium income increase from Rs.53.11 crores to Rs. 142.02 crores. The growth achieved by the company was way above the private sector industry average of 73 percent for the first quarter. In terms of effective premium income (EPI), which gives a 10% value to a Single Premium policy and is an internationally accepted indicator of an insurance company's performance, HDFC Standard Life's premium income grew 248% from Rs. 38.77 crores to Rs. 134.91 crores.

Voted the most respected amongst the private life insurance companies, HDFC Standard Life's growth in terms of annualised premiums was 211 percent – from Rs. 53 crores in Apr-Jun 2004 to Rs. 165.08 crores in Apr-Jun 2005. A complete product portfolio offering by HDFC Standard Life on the group business front also led to a robust growth of premium from Rs. 1.18 crores to Rs. 8.91 crores in effective premium income terms and from Rs. 2.68 crores to Rs. 16.94 crores in terms of first year premiums – a 532 percent growth.

Commenting on the high growth rate achieved on the back of a robust growth in 2004-05, Mr. Deepak Satwalekar, MD and CEO, HDFC Standard Life said, "this growth is a clear vindication of the strategy adopted by the company of eschewing rapid growth in favour of establishing a firm foundation in the early years. The decision to establish a geographically dispersed branch network supported by a sales force which has undergone an intensely focused sales training programme to imbibe and practice HDFC Standard Life's customer-centric approach has helped reach out to more customers, helping them find the most suitable insurance solutions." Leveraging the parent brand and the wide distribution network, HDFC Standard Life launched a cross media advertising campaign, which has seen brand recognition almost double to one of the highest amongst all life insurers.

For the individual business, volume, measured by the number of policies sold, witnessed a 91 percent quarter-on-quarter growth from 26,752 in 2004 to 51,066 in 2005. Average effective premium on the other hand more than doubled from Rs. 12,000 to Rs. 25,000.

Contribution to the individual business premium income by the different channels of distribution also changed significantly compared to the first quarter last year. "The strategy to concentrate on activating a limited number of bancassurance partners rather than going in for signing up a large number of banks also paid off." While the alternate channels of distribution including banks, brokers and other corporate agents accounted for 20 percent of the business last year, their share increased to 36 percent in Apr-Jun 2005.

HDFC Standard Life added 33 new offices, enhancing its national footprint and taking the number of offices to 137 by the end of the first quarter as compared to 53 locations at the end of the first quarter last year. "Our decision almost 18 months ago, to spread to B and C class towns has paid off with the non-metro locations already accounting for 53 percent of the individual business". Ongoing training for conventional products and specialized training for unit linked products for around 25,000 financial consultants representing HDFC Standard life has also

helped its customers choose the products best suited for their need for protection, savings, investments and pensions. HDFC Standard life had 18,700 financial consultants in the same period last year.