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HDFC Standard Life records impressive growth

Premium Income grows by 112%

HDFC Standard Life has recorded a strong year on year growth of 112% for the period April-March 2005-06, in comparison with the same period 2004-05, with new business first year premium of Rs.1029 crores. The growth achieved by the company was considerably higher than the private sector industry average of 84% for 2005-06. 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, the EPI grew by 103% from Rs.436 Cr. to Rs. 887Cr. HDFC Standard Life's growth in new business is a result of number of lives insured as well as, an increase in the average premium. For the individual business, volume measured by the number of lives insured, witnessed a 32% growth. The average premium also increased by 62% from Rs.17,000 in 2004-05 to Rs. 27,500 in 2005-06.

Commenting on the huge potential that exists in the Indian market today, Mr. Deepak Satwalekar, Managing Director & CEO of HDFC Standard Life emphasised, "The GDP has been growing over 8% per annum and 47% of all savings are now in financial saving forms; 16% of savings is in the form of insurance premiums and another 16% is in Provident Fund and Pensions i.e., 32% of India's financial savings of the household sector are available to be tapped. Therefore, growth for the private life insurance industry is inevitable and HDFC Standard Life is confident of maintaining a steady growth pace."

Highlighting HDFC Standard Life's differentiators, Mr. Deepak Satwalekar said, "Our Company has the most competitive fund management charge, which is the lowest in equity based products. Our fund management charge is as low as 0.8% per annum, the key to enhancing long-term returns. Our other differentiator is that we believe in offering life insurance solutions to customers based clearly on their needs, and 'Disha' is the way it is done."

'Disha' is a Professional Sales Skills Training Program. The delegates in this program are introduced to a 'Need-based' selling approach, which can cater to all our clients opting for life insurance solutions. 'Disha' is aimed at providing a good service to the client and building long-term relationships.

Contribution to the individual business premium income by the different channels of distribution also changed significantly, compared to last year. The Corporate Agency and Bancassurance channel has grown tremendously and currently accounts for 43% of the company's business. Speaking on this, Mr. Satwalekar said, "The strategy to concentrate on activating a limited number of bancassurance partners rather than going in for signing up a large number of banks in the early years, also paid off. Our key to achieving bancassurance success is our belief in a partnership approach, customized product offerings, highly ethical dealings and providing good value to our partners and their customers."

HDFC Standard Life's offerings of Employee Benefit Solutions, to the corporate sector, through Group Business, have met with increased success with year on year growth of 174%. Commenting on the strong growth of HDFC SL's Group Business, Mr. Satwalekar said, "Our

excellent fund performance on retirement products and increase in our client base with 150 clients cutting across a spectrum of industries spanning from multinationals to PSUs to the older business houses, have been the highlights of the year."

Ongoing training for conventional products and specialized training for unit linked products for more than 33,000 of our financial consultants has also helped its customers choose the products best suited for their need for protection, savings, investments and pensions. HDFC Standard Life is the only company requiring its sales force to undergo specific training in ULIPs before they are permitted to sell the same. There has been a huge jump in the number of its Financial Consultants who have qualified to become members of the prestigious Million Dollar Round Table (MDRT). From 124 members as on 31st December 2004, the number has increased to 318 members as on 31st December 2005.

HDFC Standard Life continues to have one of the widest reaches amongst new insurance companies. The Company's geographical presence has also increased and covers 169 offices across the country.