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HDFC Standard Life declares results for FY 2004-05

Premium Income grows by 132%

HDFC Standard Life Insurance Company Limited declared its annual results for the financial year ending March 31st, 2005. The company generated New Business Premium Income of Rs. 486 Crore in 2004-05 registering a year-on-year growth of 132%. The growth was primarily driven by the success of the company's initiative on structured sales processes based on customer needs and their assessments. Mr. Deepak Satwalekar, Managing Director & CEO, HDFC Standard Life attributed this growth to the quality of life insurance solutions offered by the company. Speaking on the occasion he said, "We are equipped to offer some of the best solutions to our customers given our wide range of products and the quality of advice offered by our Financial Consultants and Corporate Consultants. Training was one of the biggest initiatives we had undertaken last year. Clearly, this initiative has started giving us good results."

Highlights of Financial Year 2004-05

- New Business Premium Income up by 132% to Rs. 486 Crores. Total Premium Income of Rs.687 Crores as against Rs. 298 Crores in FY 03-04.
- Alternate Channels including bancassurance have recorded an impressive growth of over 400% to contribute 37% to the Effective Premium Income (EPI).
- Group business increased to Rs. 32 Crores on EPI basis.
- The average premium doubled to Rs 17,000
- Company products and services available in 444 locations across the country.
- Over 220% increase in MDRT numbers over the previous year.

HDFC Standard Life tracks its New Business Premium on the basis of Effective Premium Income (EPI). EPI is calculated by giving only a 10% value to a Single Premium policy and is an internationally accepted indicator of an insurance company's performance. While the company recorded New Business Premium Income of Rs. 486 Crores, the EPI figure was lower at Rs. 436 Crores. The total premium income (including renewal premium) grew by 130% to touch a figure of Rs. 687 Crores. High levels of persistency have resulted in a higher level of renewal premiums. High persistency is an important contributor to future profitability. The cumulative sum assured for all policies issued up to March 31, 2005 crossed Rs. 30,000 Crores.

In the first full year of offering unit linked products, the structured sales process adopted by the company has paid rich dividends. HDFC Standard Life offers, both, life insurance policies as well as pension products on a unit linked platform. Unit linked products accounted for over 50% of the new business premium. Given the nature of the unit linked product, the company provided specialized training to a limited number of its Financial Consultants who were then tested for their understanding of the products and separately licensed. HDFC Standard Life is unique in stipulating this requirement for its sales force.

The company's national relationships with HDFC Limited, HDFC Bank, Union Bank of India, Indian Bank and Saraswat Bank have also helped it reach out to a larger number of customers across the country. The alternate channel business grew by over 400% to contribute 37% of the premium income. The company plans to further strengthen these relationships through the introduction of products specially designed for this channel.

HDFC Standard Life continues to have one of the widest reaches among new insurance companies. The company doubled the number of offices to 104 across the country. Through these offices, the company today services customer needs in over 440 towns. The company also increased its depth in existing markets by increasing its Financial Consultant strength from 17,000 as on 31st March 2004 to over 23,000 as on 31st March 2005. There has been a huge jump, of over 220%, in the number of its Financial Consultants who have qualified to become members of the prestigious Million Dollar Round Table (MDRT). From 38 members as on 31st December 2003, the number has increased to 124 members as on 31st December 2004.

During the year, the company expanded its portfolio of products by launching plans to cover Superannuation and Leave Encashment needs, thereby offering a wide range of employee benefit solutions to its corporate clients. Consequently, HDFC Standard Life's Group Business saw a huge growth over the previous financial year. The New Business Premium grew to Rs. 49 Crore to cover over 200,000 lives for a sum assured of over Rs.10,000 Crores.

Given its parentage and its financial expertise, the company is confident of offering good long-term returns to its policyholders. Speaking on this Mr. Satwalekar said, "Our investment philosophy and cost consciousness together will help us in providing good long term growth to policyholders on their investments with us. This is evident in the performance of our equity based unit linked funds which have outperformed most indices over the last one year".