


# Investor Presentation – H1 FY25



# Executive summary: H1 FY25

## Revenue & Scale

	Individual APE	Rs. Bn	<b>58.6</b>
		Growth	<b>31%</b>

	Renewal premium	Rs (Bn.)	<b>152</b>
		Growth	<b>12%</b>

	AUM	Rs (Bn.)	<b>3,249.4</b>
		Growth	<b>23%</b>

	IEV	Rs (Bn.)	<b>521.1</b>
		EVOP	<b>16.0%</b>

## Profitability & Cost

	Value of New Business (VNB)	Rs (Bn.)	<b>16.6</b>
		Growth	<b>17%</b>

	New Business Margin (NBM)	CY	<b>24.6%</b>
		PY	<b>26.2%</b>

	Profit After Tax (PAT)	Rs (Bn.)	<b>9.1</b>
		Growth	<b>15%</b>

	Total exp. ratio <sup>1</sup>	CY	<b>21.1%</b>
		PY	<b>19.7%</b>

## Customer & Capital

	13 <sup>th</sup> month persistency	CY	<b>88%</b>
		PY	<b>86%</b>

	Claim settlement ratio (FY24)	Overall	<b>99.7%</b>
		Individual	<b>99.5%</b>

	Complaints per 10K policies <sup>2</sup>	FY24	<b>28</b>
		FY23	<b>35</b>

	Solvency	Sep '24 <sup>3</sup>	<b>181%</b>
		Jun '24	<b>186%</b>

1. Total Expense Ratio is calculated as total expenses (including commission) divided by total premium

2. Complaints data (excluding survival and death claims)

3. Solvency would be ~ 192% after factoring sub-debt of Rs 10 bn raised in Oct'24

# Agenda

1

**Performance Snapshot**

2

**Business Overview**

3

**Other Business Highlights**

4

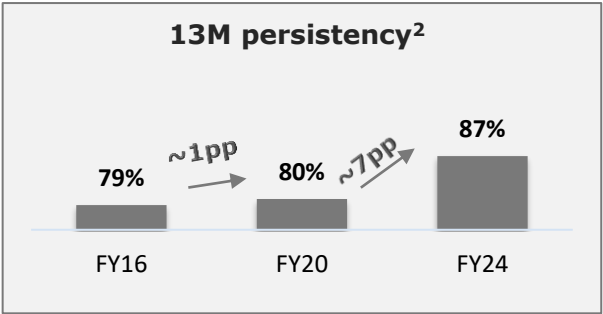
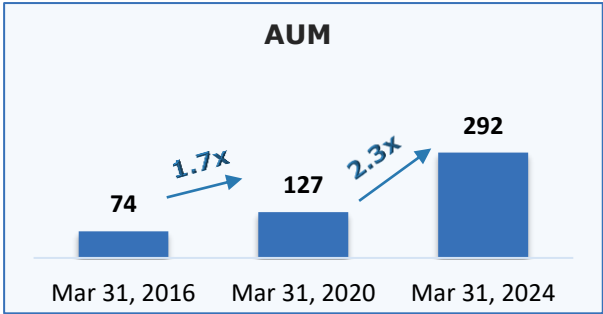
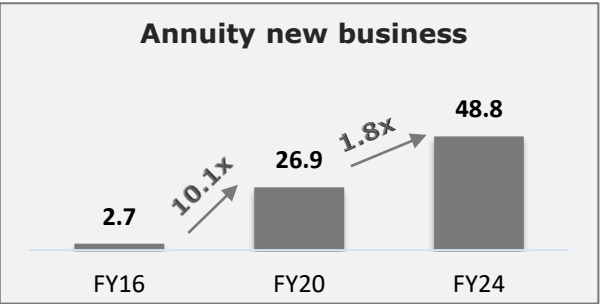
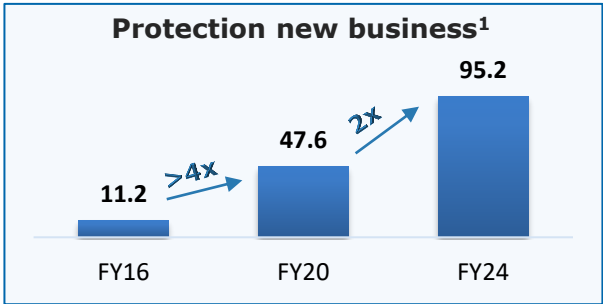
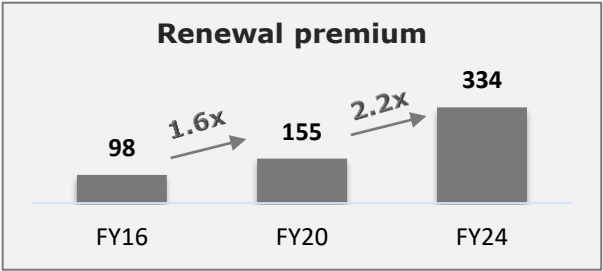
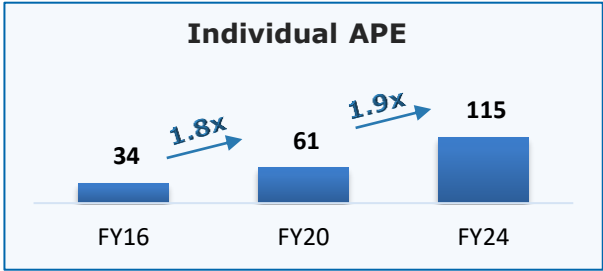
**Life insurance in India**



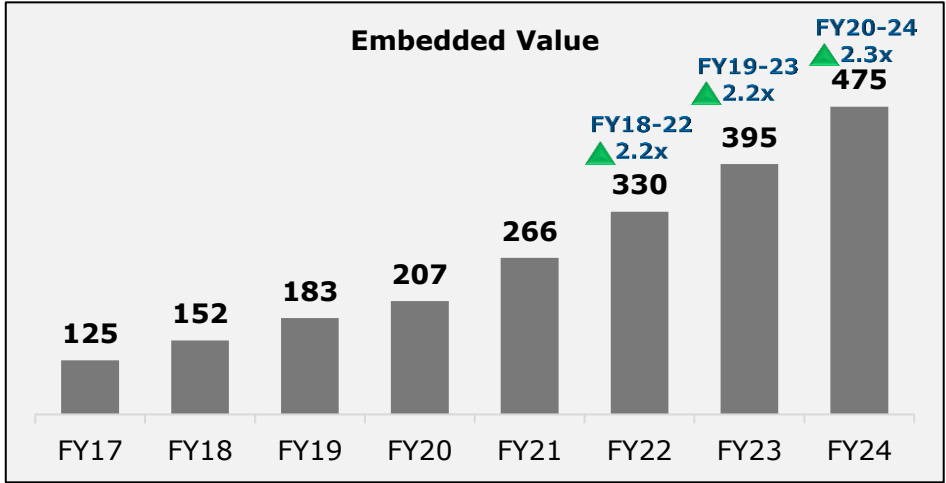
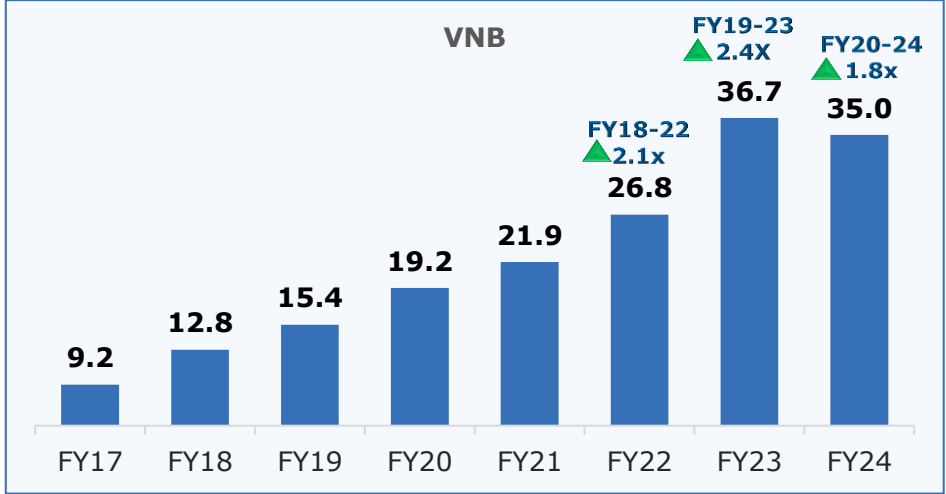
# Consistent, predictable, sustained performance

Rs bn

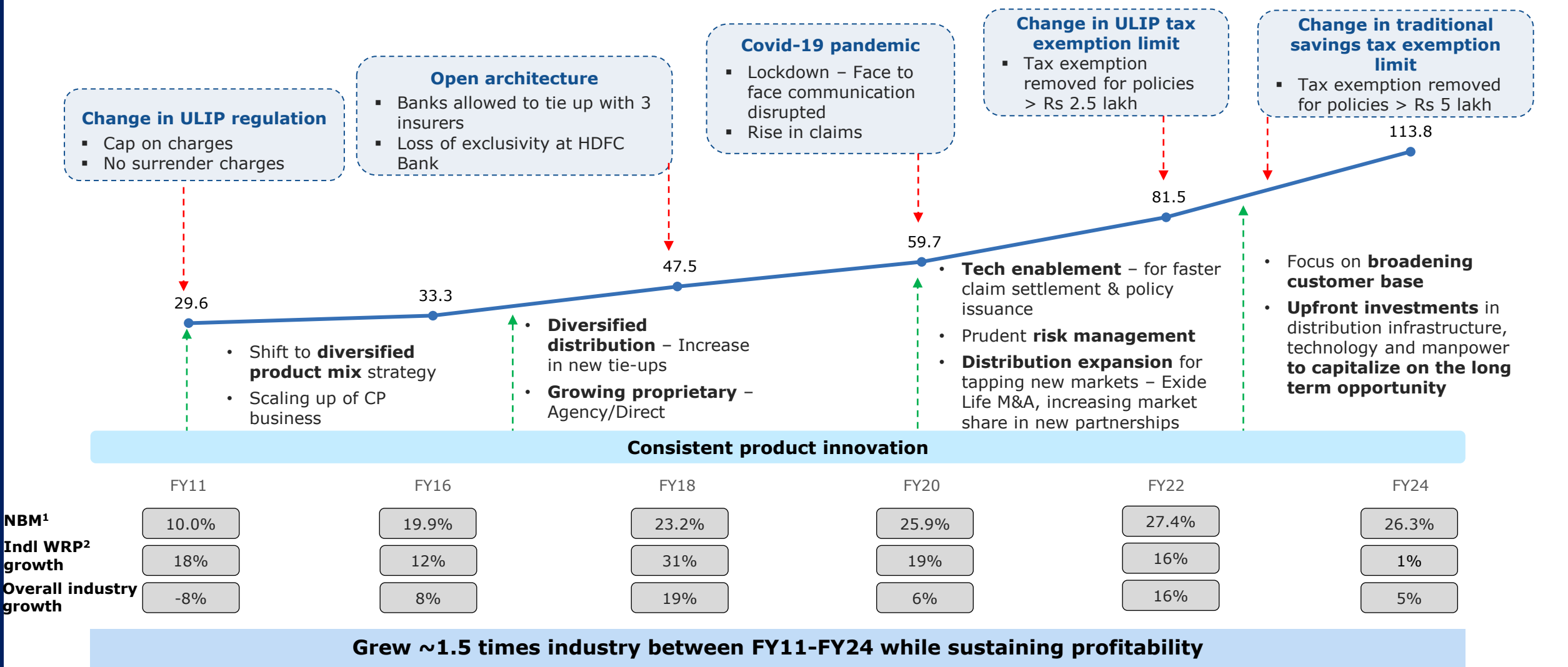
## Holistic growth



## Consistent track record over multiple periods



# Consistent performance across business cycles

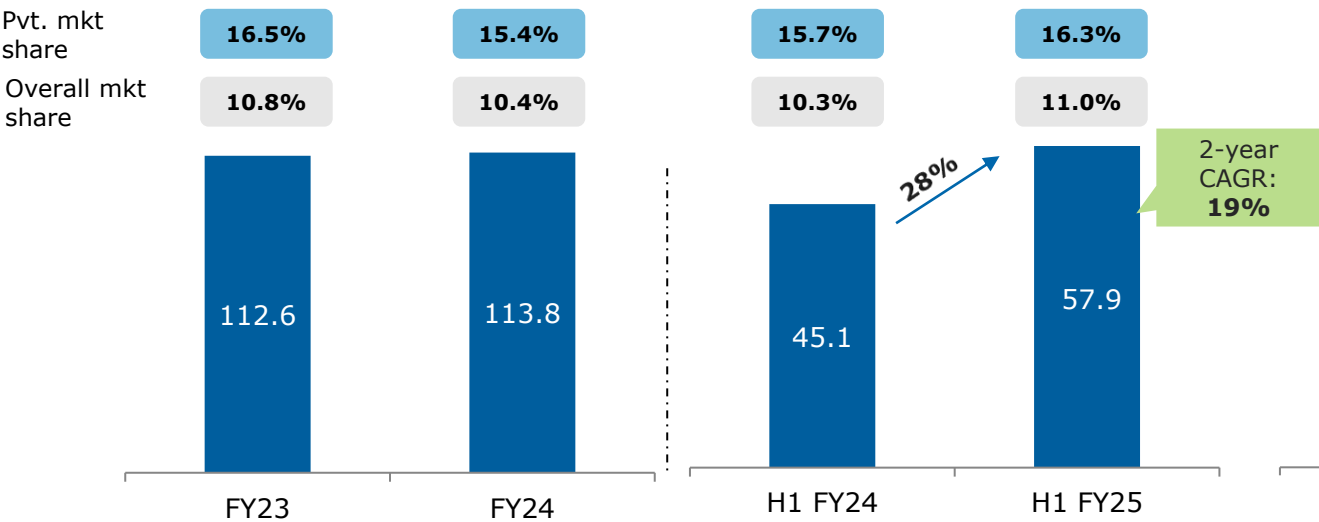


Note: Indl WRP in Rs bn  
1. New Business Margin  
2. WRP: Weighted Received Premium

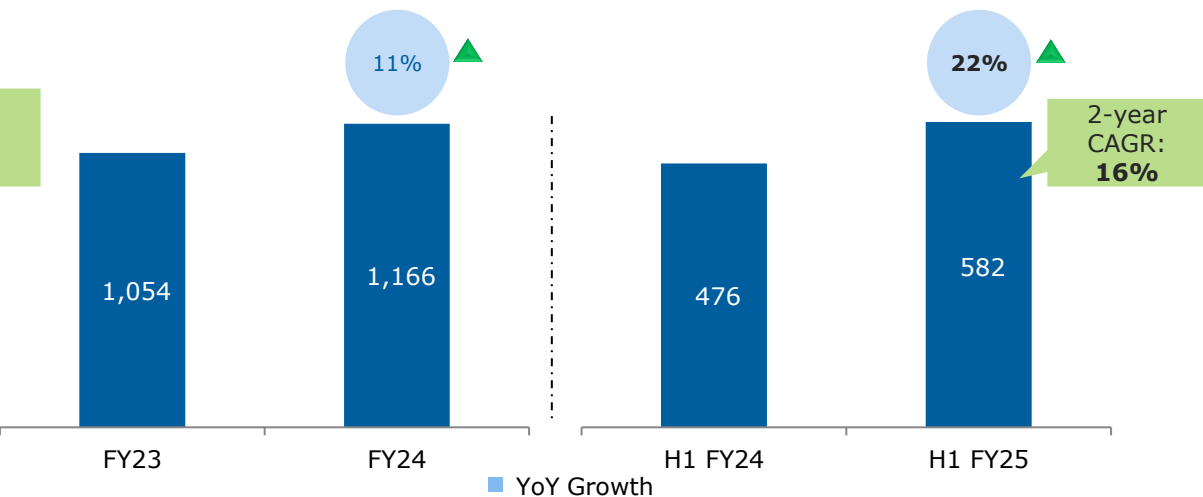


# Robust delivery across key metrics (1/2)

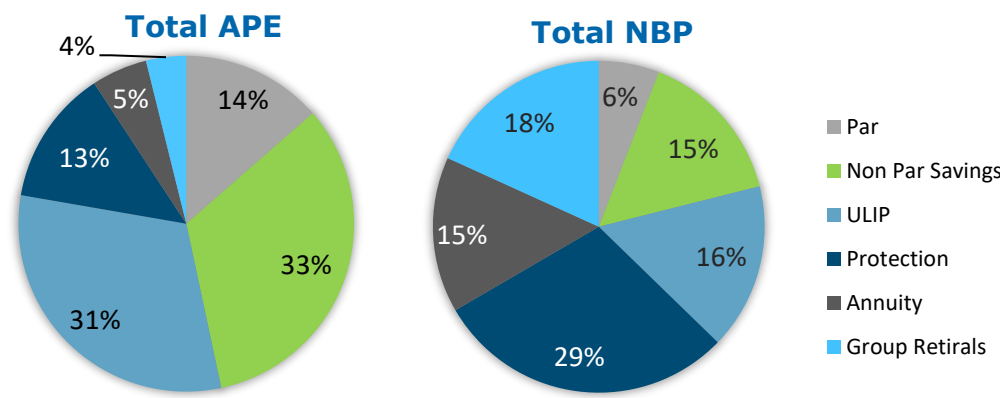
## Strong individual WRP growth



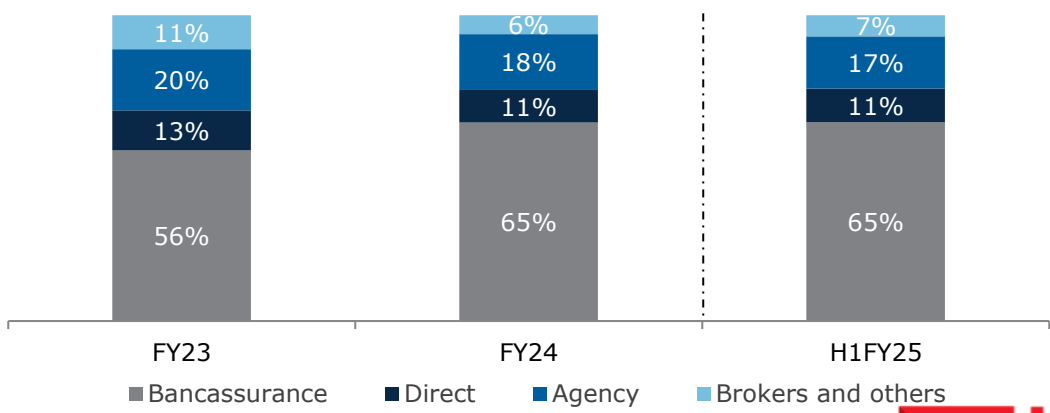
## Focus on increasing customer base (NOPs in 000's)



## Balanced product mix



## Focus on diversified channel mix<sup>1</sup>

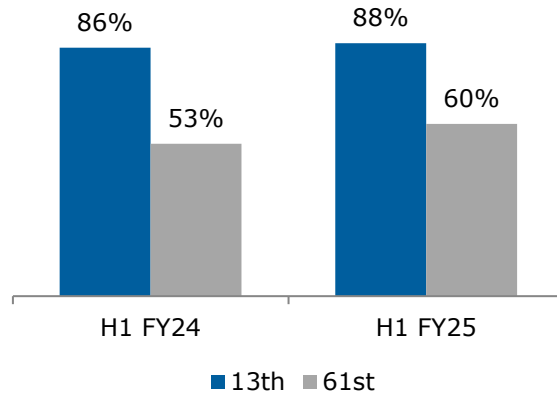


1. Based on Individual APE



# Robust delivery across key metrics (2/2)

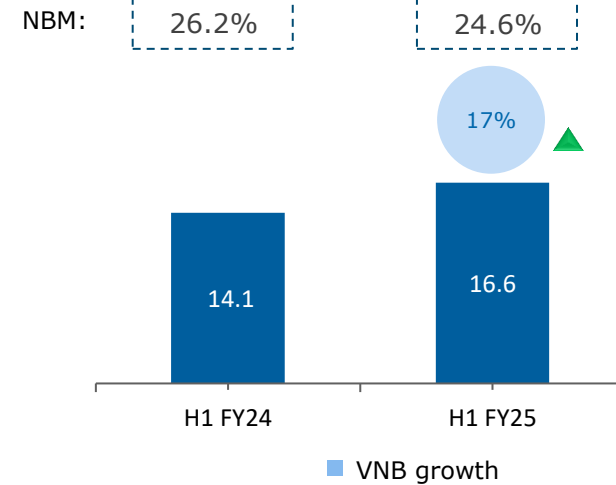
## Stable Persistency



- Focus on quality of business and providing superior customer experience

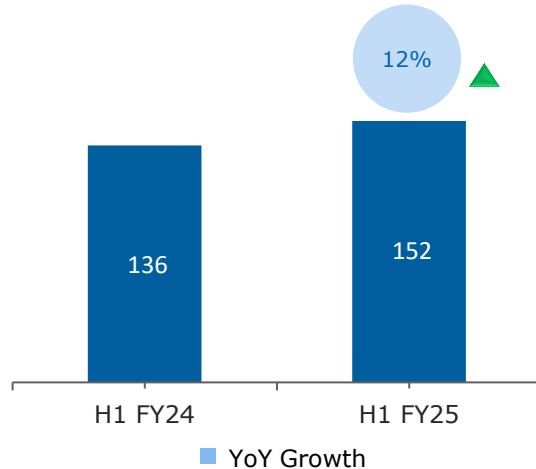
## Healthy VNB growth

Rs bn



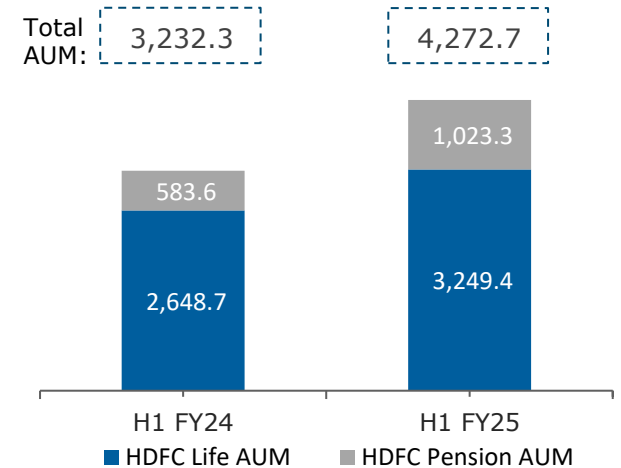
- Multiple pools of profitability contributing to VNB accretion
- 2-year CAGR: 13%

## Steady growth in renewal premium



- Backed by strong persistency and growing backbook

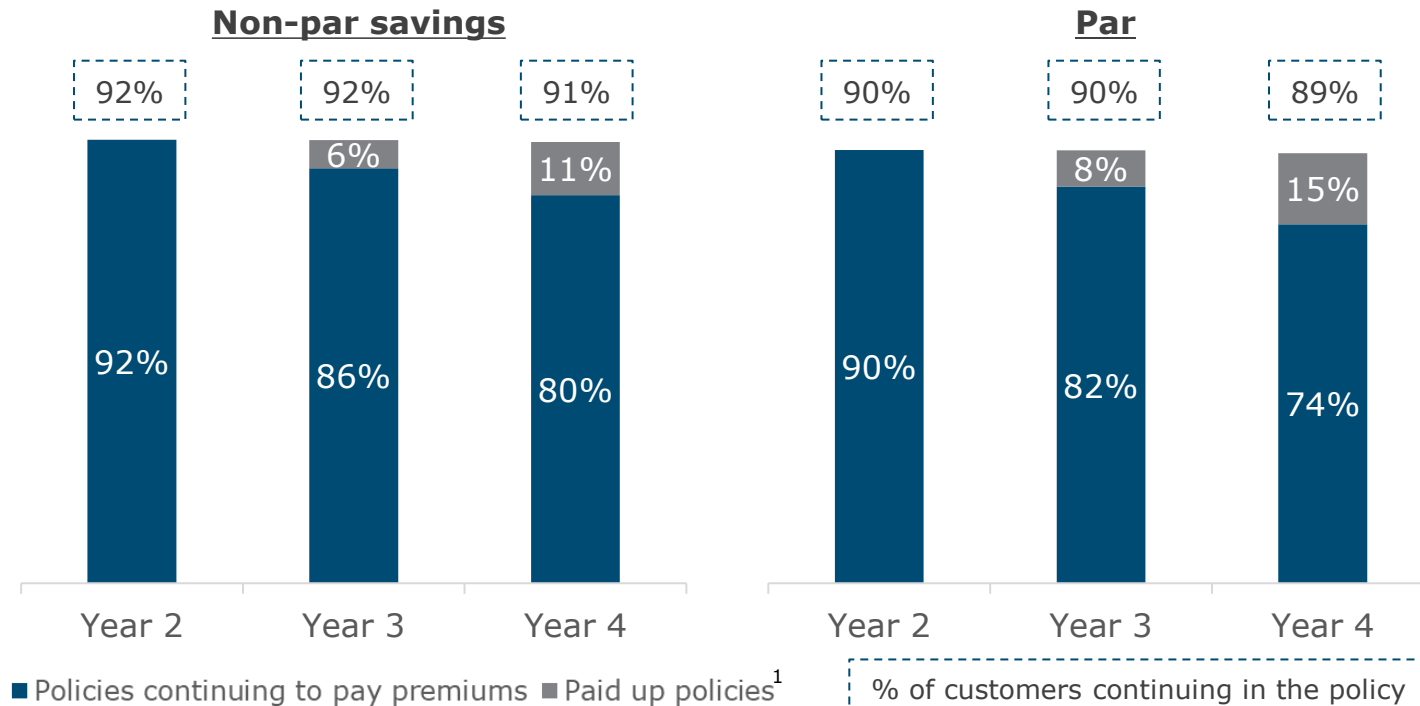
## Group assets under management > Rs 4.0 tn<sup>1</sup>



- HDFC Life Debt:Equity mix (H1 FY25): 65:35
- HDFC Pension's AUM crossed Rs 1.0 tn

# Delivering customer value with a balanced approach

## Negligible surrenders in traditional policies<sup>2</sup>



- Customers prefer to continue their policies in paid-up status rather than surrendering
- Paid-up policies have pro-rated benefits and risk cover ensuring continued protection and value retention

1. Paid-up policies refer to policies wherein the policyholder ceases to pay renewal premiums without actually surrendering the policy  
2. Data pertains to policies written in FY21. Similar surrender experience for policies written across different years

## Our balanced approach to business



**Calibrated pricing** strategy



**Conservative assumptions** with zero surrenders assumed from Year 2 - in line with our actual experience



**Strong and improving persistency** across cohorts and geographies



Prudent approach to **risk management**

**Restructuring of distributor pay-outs to mitigate NBM impact due to change in surrender regulations**

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**Other Business Highlights**

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**Life insurance in India**



# Key elements of our strategy

1



## 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 & **deepening penetration**

3



## Customer first

Creating superior **product** propositions and **customer journeys**, through consistent **innovation**

4



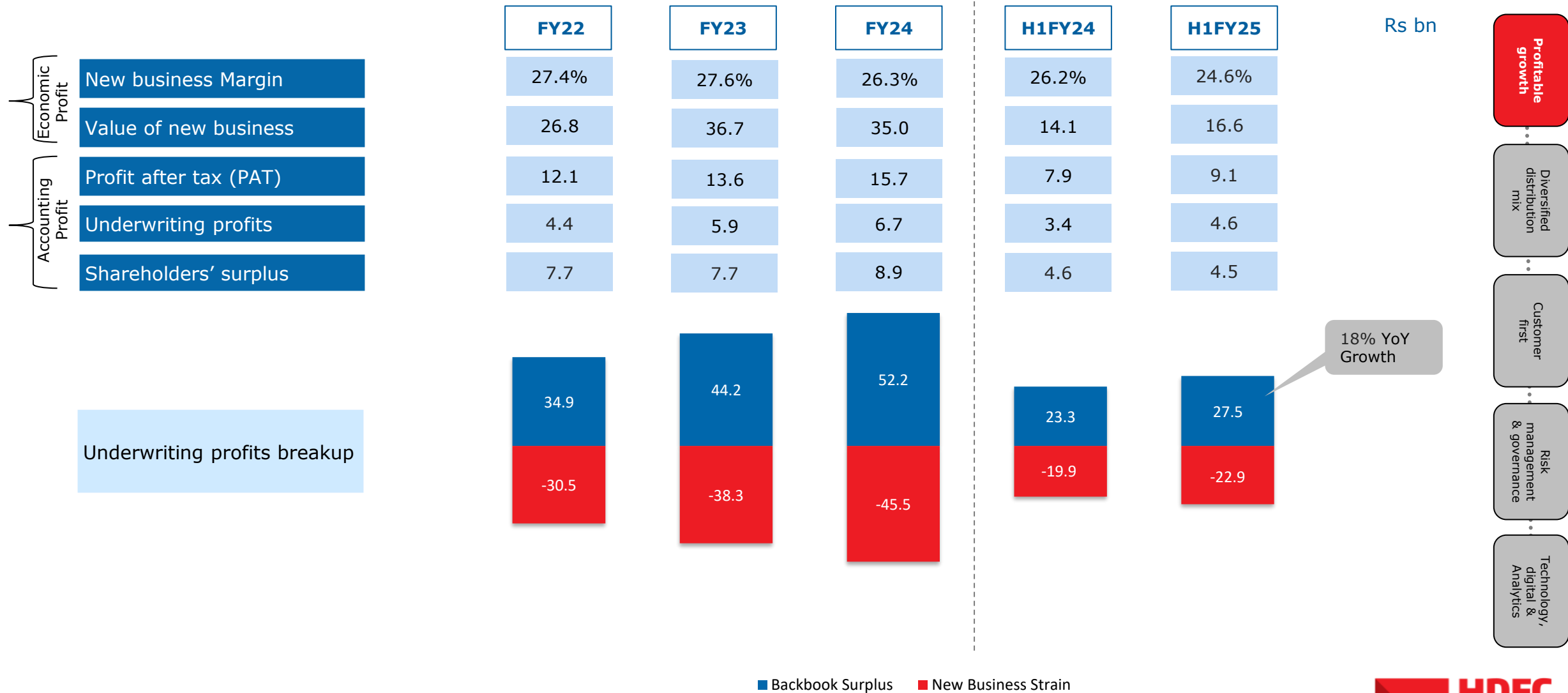
## Risk management & board governance

Maintaining focus on **risk management** guided by an **independent and competent Board**

5

**Future ready** organisation: Leveraging **technology, digital** and **analytics**

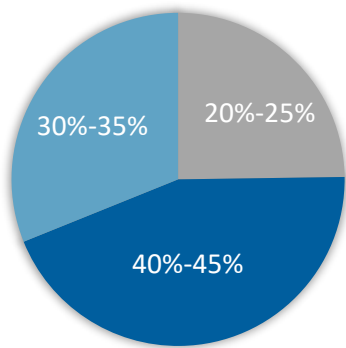
# Focus on profitable growth



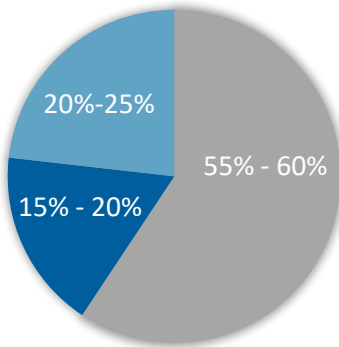
# Emergence of Existing Business (EB) Surplus

## Profit Emergence

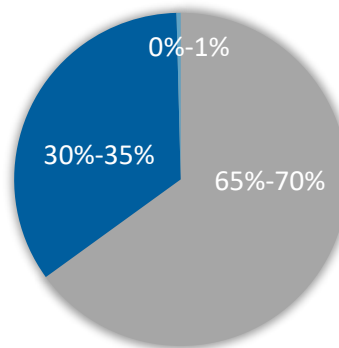
Traditional Savings  
(Longer Tenure)



Protection  
(Ind+Grp)



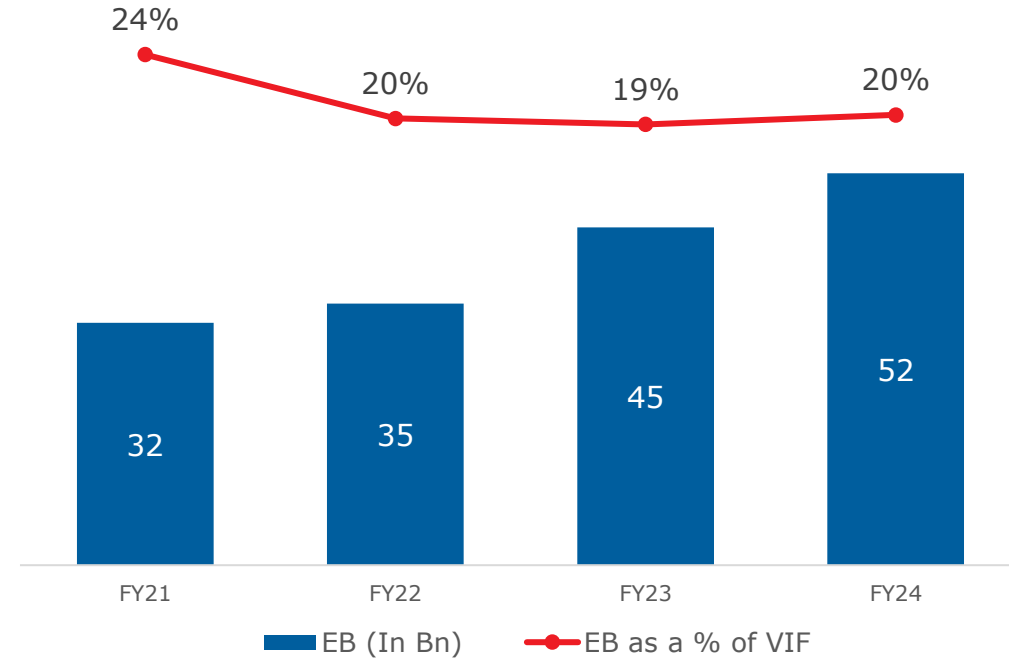
ULIP



■ 0 - 5 years ■ 5 - 15 years ■ > 15 years

- Shift in product profile to longer term savings over last 3-4 years
- Profit emergence is higher for longer tenure products, albeit over a longer time frame
  - ~ 3/4<sup>th</sup> of profits emerge after 5 years

## EB Surplus emergence as a % of VIF

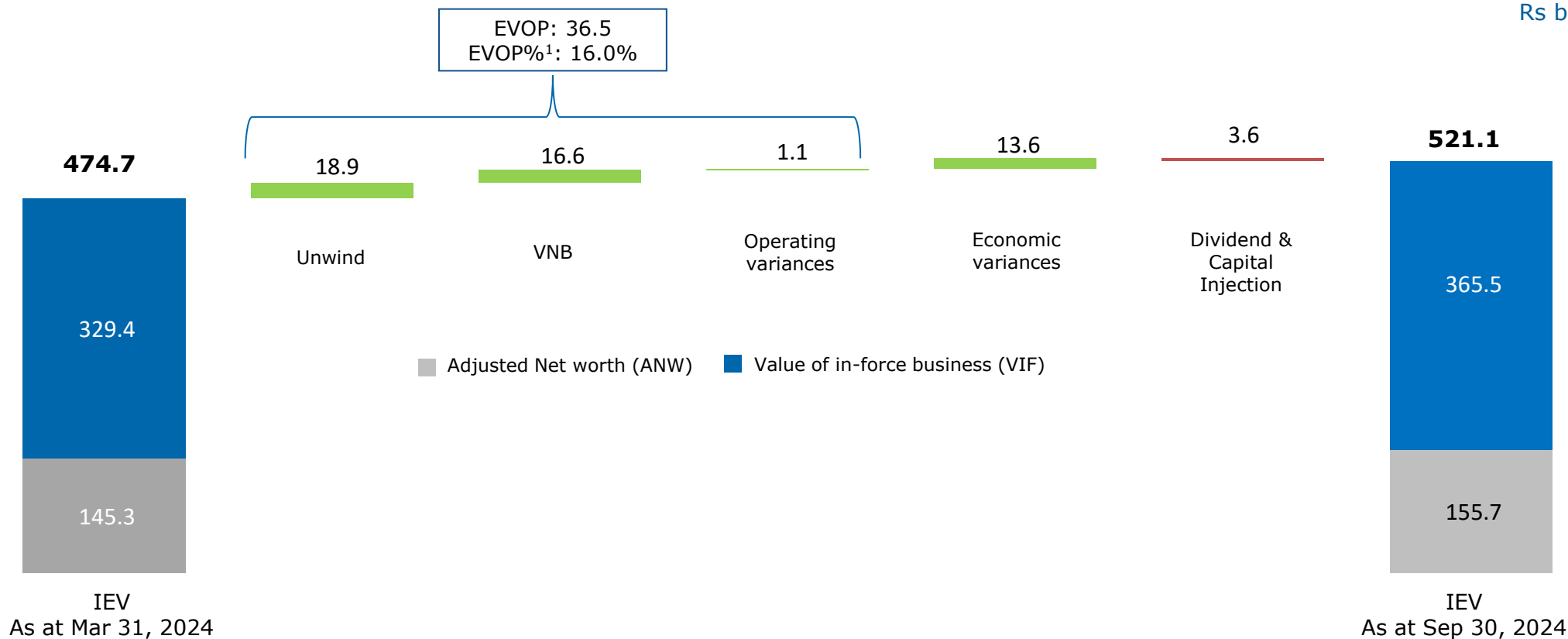


- Higher mix of long term profitable products to result in profit emergence over longer time horizon
- Track record of positive operating variance indicates high likelihood of profit emergence as per assumptions



# Analysis of change in IEV

Rs bn



- VIF grew by 24% on a YoY basis
- Operating variance continues to be positive and in line with our assumptions



1. EVOP% calculated as annualised EVOP (Embedded Value Operating Profit) to Opening EV

# Diversified distribution mix

## Agency: segmented geographical growth



~2.5 lakh agents - top three agency force amongst private life insurers

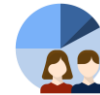


Segregating Focus (tier 1) and Growth (tier 2,3) markets with a micro market strategy



Leveraging machine learning tech for partner engagement and increasing productivity

## HDFC Bank: best in class solutions



Widening outreach across all customer segments



Sharper focus on cross-sell and up-sell to existing customers



Increasing coverage across all HDFC Bank branches by increasing market share

## Partnerships: bespoke solutions



~90 banca partnerships - Focus on catering solutions addressing relevant customer segments



Partnerships with Banks, NBFCs, SFBs, brokers, aggregators & digital ecosystems allow entry into new market segments



Continue to strengthen partnership network

## Direct/Digital: leveraging analytics



600 physical branches and sales hubs



Leveraging analytics for cross-sell and up-sell



Simplifying and personalizing journeys to offer better customer experience to attract younger customers

Profitable growth

Diversified distribution mix

Customer first

Risk management & governance

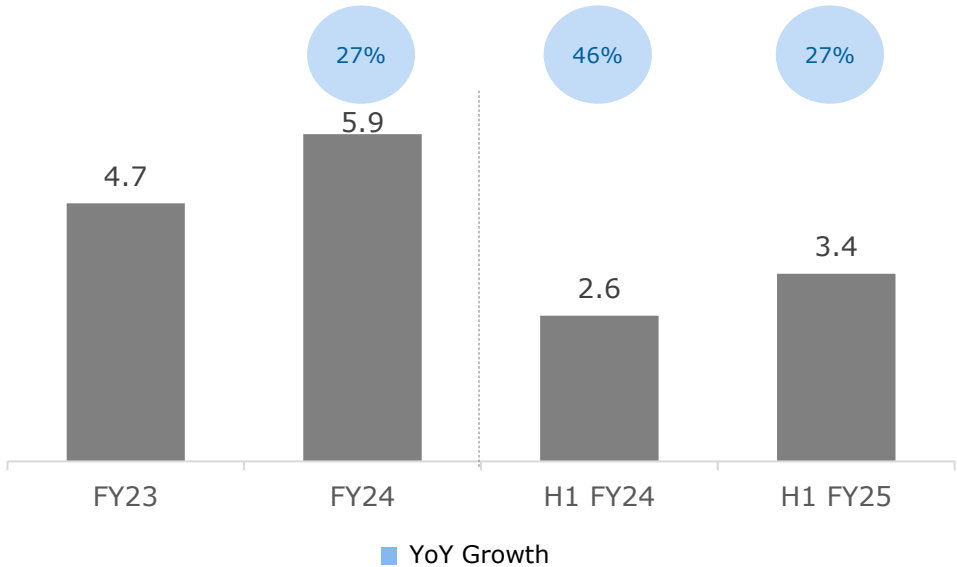
Technology, digital & Analytics



# Increasing contribution from mortality and longevity products

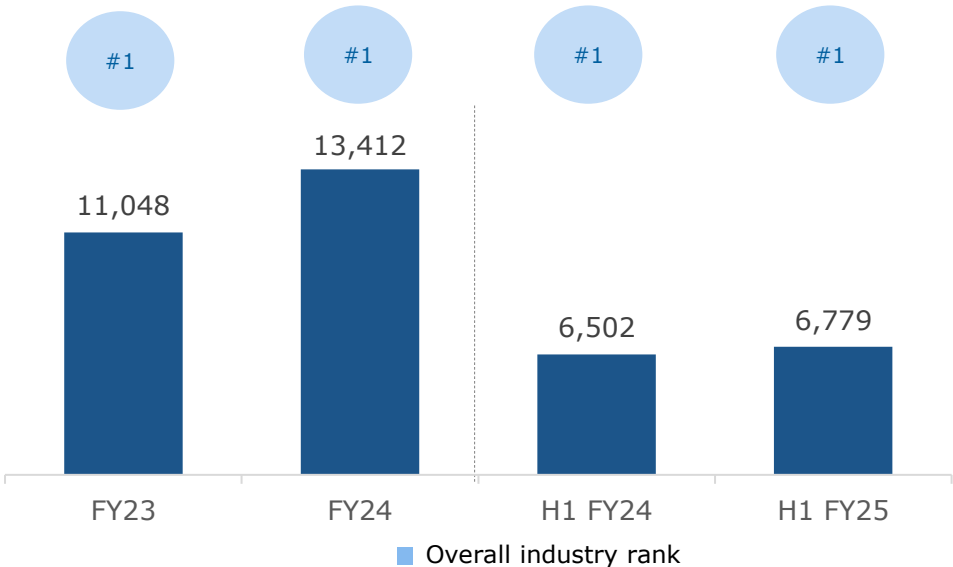
## Robust retail protection growth

Rs Bn.

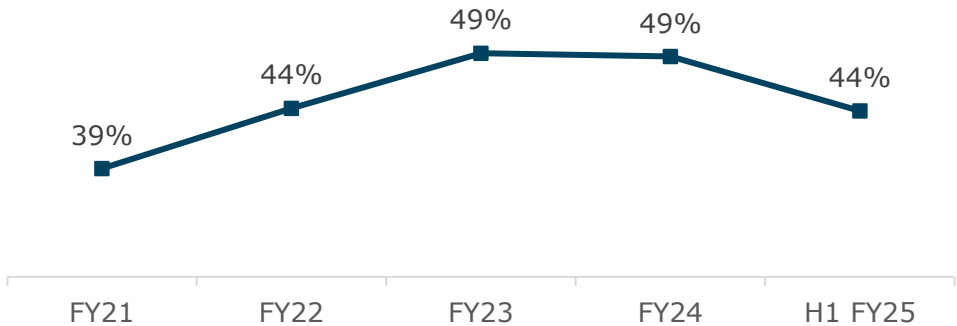


## Continue to maintain leadership in overall sum assured

Rs Bn.



## Protection and Annuity as % of total NBP



- Offering embedded protection solutions based on customer orientation
- Protection and annuity contribute 44% of new business premium
- Maintained #1 in overall sum assured
- Covered ~26 million lives in H1 FY25



# Product mix across key channels<sup>1</sup>

Banca	Segment	FY23	FY24	H1 FY24	H1 FY25
	UL	24%	40%	33%	40%
	Par	27%	22%	29%	13%
	Non par savings	42%	30%	27%	41%
	Term	3%	4%	4%	4%
	Annuity	4%	5%	6%	3%

Direct <sup>2</sup>	Segment	FY23	FY24	H1 FY24	H1 FY25
	UL	27%	42%	34%	26%
	Par	13%	10%	12%	16%
	Non par savings	35%	22%	23%	23%
	Term	5%	5%	6%	5%
	Annuity	20%	20%	26%	30%

Company	Segment	FY23	FY24	H1 FY24	H1 FY25
	UL	19%	35%	28%	36%
	Par	27%	23%	30%	15%
	Non par savings	45%	30%	28%	38%
	Term	4%	5%	6%	6%
	Annuity	5%	6%	8%	5%

Agency	Segment	FY23	FY24	H1 FY24	H1 FY25
	UL	10%	26%	17%	25%
	Par	33%	29%	34%	22%
	Non par savings	49%	33%	36%	40%
	Term	6%	7%	8%	10%
	Annuity	3%	4%	5%	4%

Brokers	Segment	FY23	FY24	H1 FY24	H1 FY25
	UL	1%	6%	3%	12%
	Par	31%	41%	46%	30%
	Non par savings	62%	35%	31%	42%
	Term	5%	14%	16%	14%
	Annuity	2%	3%	4%	2%

Protection		FY23	FY24	H1 FY24	H1 FY25
	Based on Total APE	13%	13%	17%	13%
	Based on NBP	29%	32%	35%	29%

Annuity		FY23	FY24	H1 FY24	H1 FY25
	Based on Total APE	6%	6%	8%	5%
	Based on NBP	20%	16%	18%	15%



# Key product innovations across categories

**NEW**  
**HDFC Life Click 2 Achieve**  
A Non-Linked, Non-Participating, Individual, Savings Life Insurance Plan



**NEW**  
**HDFC Life Click 2 Protect Elite**  
A Non-Linked, Non-Participating, Individual, Pure Risk Premium Life Insurance Plan



**Secure your family's future with the power of enhanced<sup>1</sup> protection and market-linked returns**

**NEW**  
**HDFC Life Smart Protect Plan**  
A Non-Participating, Individual Life Unit-Linked Insurance Plan



**HDFC Life Sanchay Legacy**  
A Non-Participating, Non-linked, Pure Risk Premium/Savings Individual Life Insurance Plan

**Now available with new & improved additional features**

**Get Early RoP<sup>3</sup> benefit & higher accumulation rate for death benefit!**

**Protect your family's future and leave a lasting legacy!**



**Retire smart, with guaranteed\* regular income and manage inflation with increasing pension!**

**NEW**  
**HDFC Life Smart Pension Plus**  
A Non-Linked, Non-Participating Individual/Group Annuity Savings Plan

**INCREASING PENSION**



**Secure your future and meet today's goals with an immediate income solution.**

**HDFC Life**  
**sampoorna jeevan**  
With You, Through Life.

**HDFC Life Sampoorna Jeevan**  
A Non-Linked Participating Individual Life Insurance Savings Plan



Learn more about HDFC Life products



Profitable growth

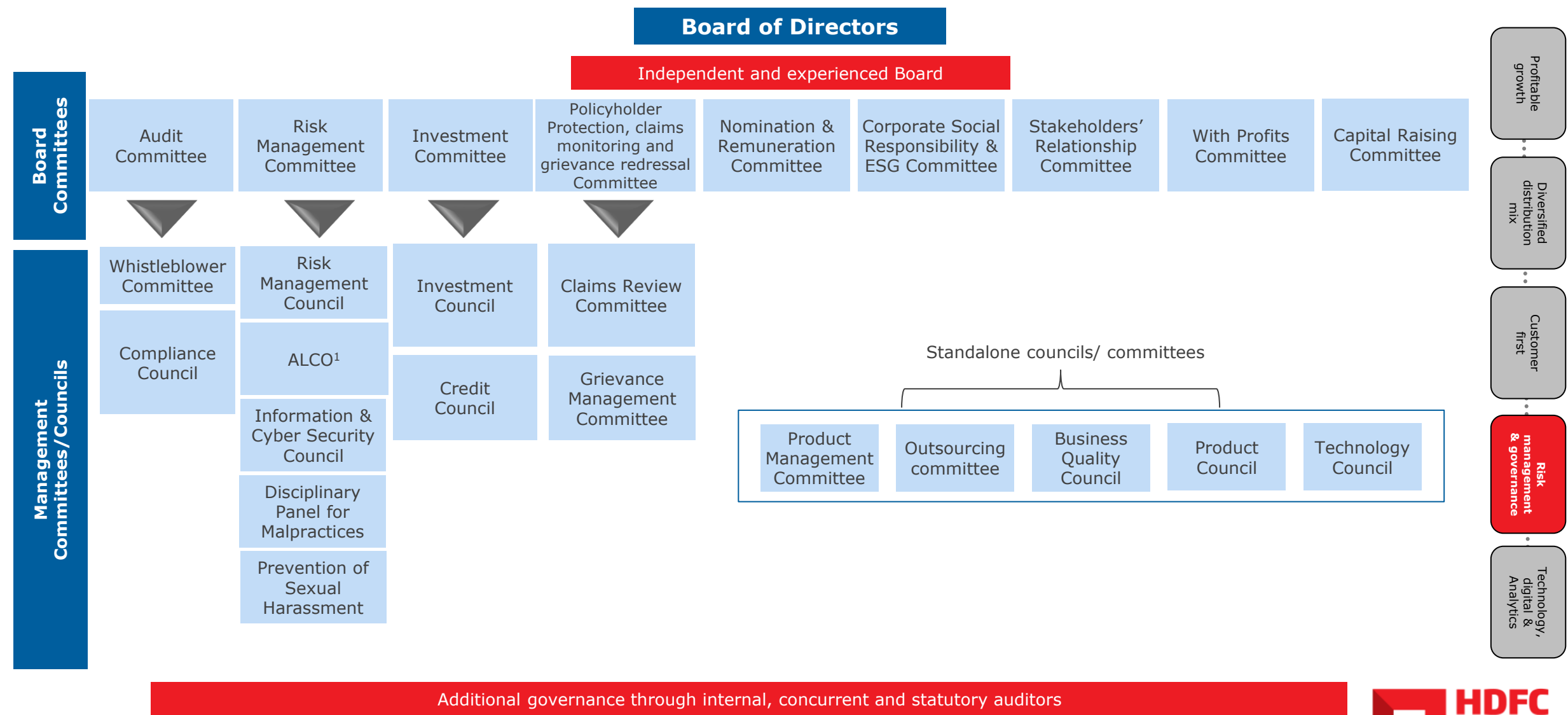
Diversified distribution mix

Customer first

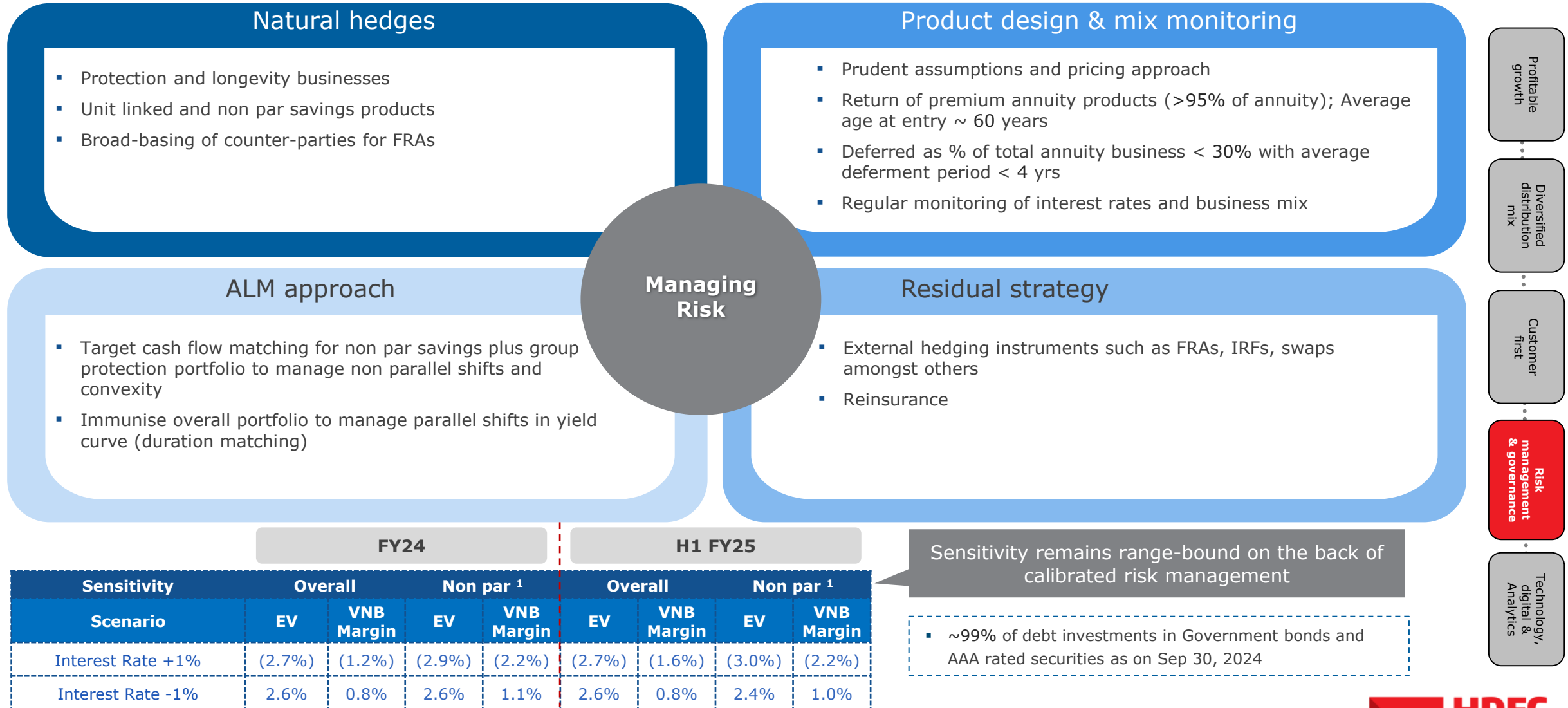
Risk management & governance

Technology, digital & Analytics

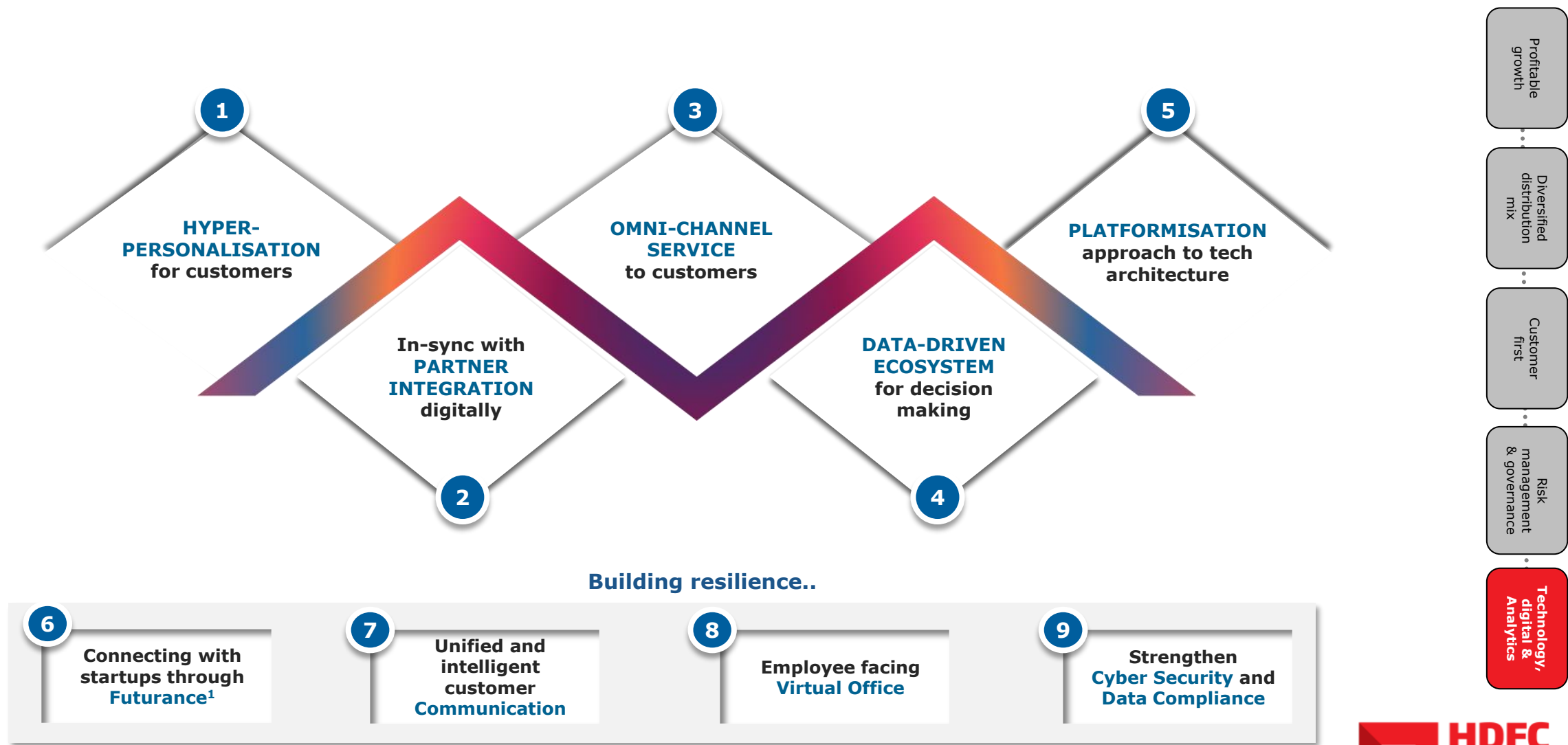
# Risk management & board governance



# Financial risk management framework



# Future ready organization: Leveraging technology, digital and analytics



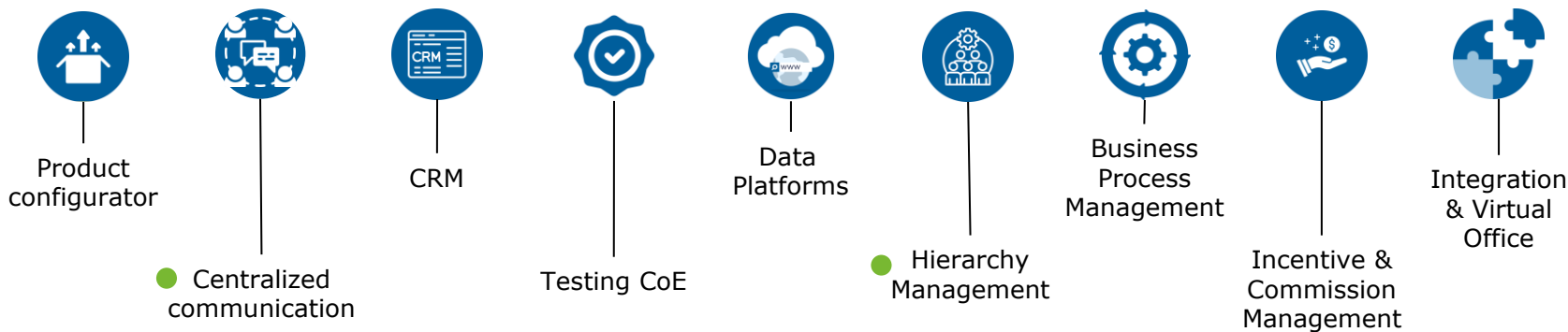
1. Futurance: A program to collaborate with startups for harnessing cutting-edge technology

# Building next-gen of insurance platform: Project Inspire

Future-ready digital transformation

Reimagining our systems and processes by investing in new technologies and capabilities

## Envisioned tracks for transformation- moving towards execution



## Key milestones achieved



- Details shared in subsequent slides
- ✓ Key milestones completed and deployed
- ✓ Key milestones ready to be deployed



# Project Inspire: Centralized Communication & Hierarchy Management

## Centralized Communication

### Integrated architecture to drive efficiencies and reduce time to market

#### Pre-INSPIRE



**Longer time to market** from template creation to data integration

**Manual process, and multiple disjointed** communication systems

**Lack of a single source** to store and trigger communication, coupled with the absence of configurable **business rules**

**No personalization, intelligent analytics** due to lack of integration

#### Post INSPIRE



**Reduced time to market**

**Cost and process efficiencies** improvement by ~35% due to error free trigger and automated business rules

**Template rationalization** through reusable components by 20%

**Single platform** to ingest and trigger communication

Pre defined rules of engagement **to restrict duplicate communications** in a day

## Hierarchy Management

### Hierarchy mapping from single source

#### Pre-INSPIRE



**Hierarchy update** with a lag

Manual intervention required for preparing **distributor summary** and escalation module

**Multiple portals for transactions** - Channel credits, Commissions and Servicing

**Multiple systems for hierarchy** i.e. Life Asia, Seibel CRM, EDW & Excel files for MIS

#### Post INSPIRE



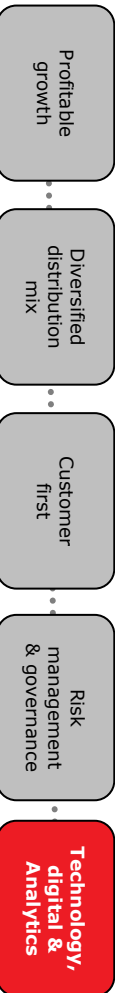
**Real time hierarchy update** resulting in higher accuracy in MIS

**Defined distributor workflows**

All hierarchy transactions from **a single portal**

**Manage all complex hierarchies** and provide audit trail

**Single source of truth** for all functions hierarchy and mapping to HDFC Life employees



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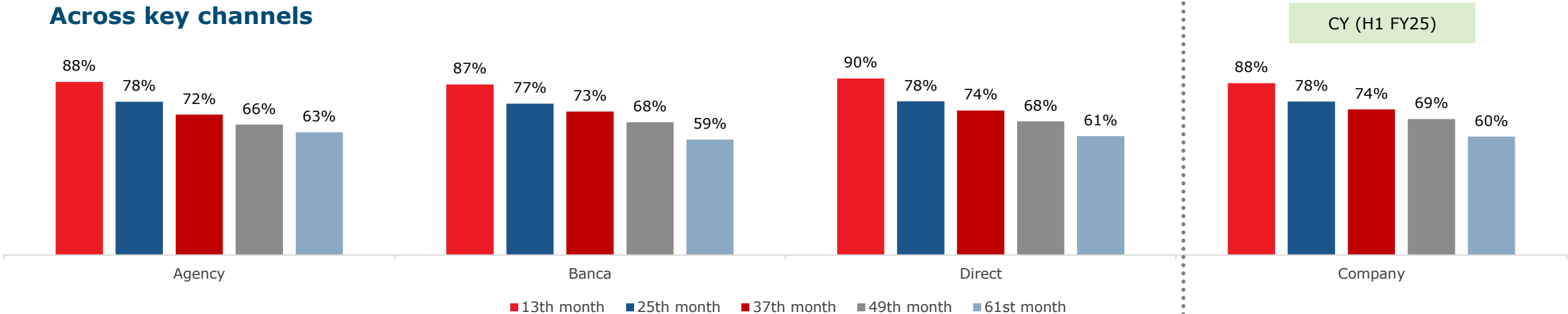
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**Life insurance in India**

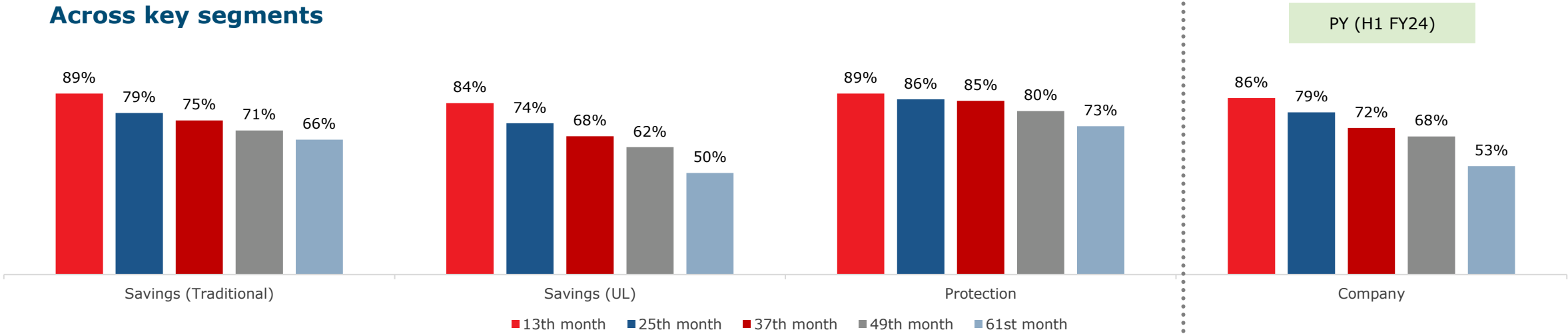


# Persistency trends for HDFC Life

## Across key channels

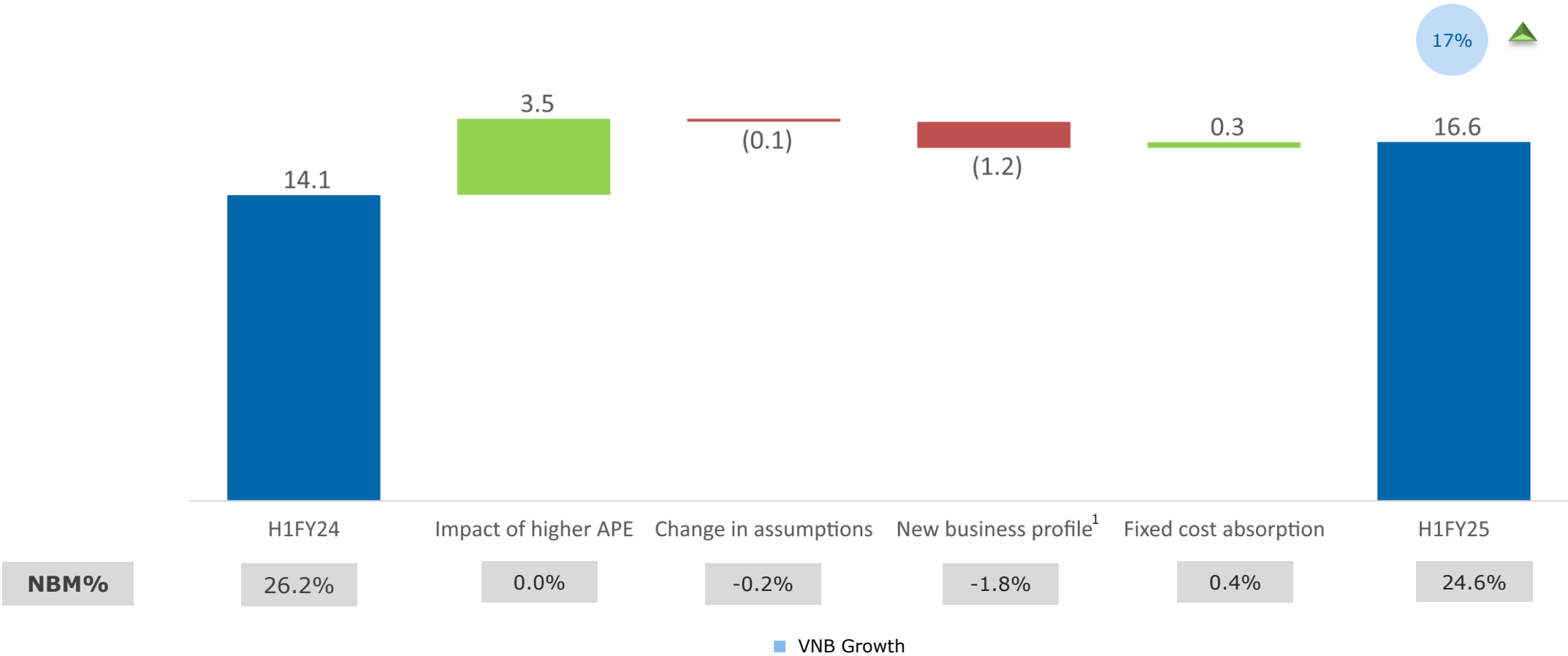


## Across key segments



# Steady VNB trajectory

Rs bn



Note: Numbers may not add up due to rounding off  
1. Reflects the impact of difference in mix of segment/distribution channel/tenure/age/sum assured multiple, amongst others

# Sensitivity analysis – H1 FY25

Analysis based on key metrics	Scenario	Change in VNB Margin <sup>1</sup>	% Change in EV
<b>Change in</b>			
<b>Reference rate</b>	Increase by 1%	-1.6%	-2.7%
	Decrease by 1%	0.8%	2.6%
<b>Equity Market movement</b>	Decrease by 10%	-0.1%	-1.5%
<b>Persistency (Lapse rates)</b>	Increase by 10%	-0.9%	-0.1%
	Decrease by 10%	0.9%	0.1%
<b>Maintenance expenses</b>	Increase by 10%	-0.7%	-0.9%
	Decrease by 10%	0.7%	0.9%
<b>Acquisition Expenses</b>	Increase by 10%	-2.8%	NA
	Decrease by 10%	2.8%	NA
<b>Mortality / Morbidity</b>	Increase by 5%	-1.3%	-1.1%
	Decrease by 5%	1.3%	1.1%
<b>Tax rate<sup>2</sup></b>	Increased to 25%	-4.9%	-9.5%

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.

# Summary of Milliman report on our ALM approach – FY23

Scope of review	Portfolios reviewed
<ul style="list-style-type: none"> <li>Assess appropriateness of ALM strategy to manage interest rate risk in non-par savings business</li> <li>Review sensitivity of value of assets and liabilities to changes in assumptions</li> </ul>	<ul style="list-style-type: none"> <li>Portfolio 1: Savings and Protection – All non-single premium non-par savings contracts and group protection products</li> <li>Portfolio 2: All immediate and deferred annuities</li> </ul>

Description	Stress scenarios tested	Net asset liability position
Interest rate scenarios	Parallel shifts/ shape changes in yield curve within +- 150 bps of March 31 <sup>st</sup> 2023 Gsec yield curve	Changes by < 5.5%
Interest rate + Demographic scenarios	Interest rate variation + changes in future persistency/ mortality experience	Changes by < 9%
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:**

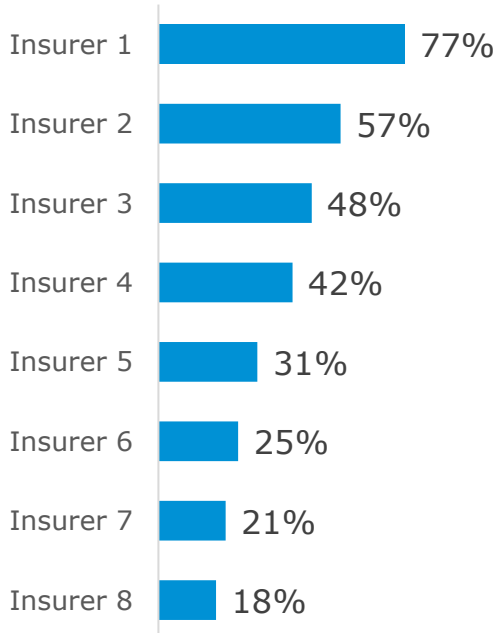
- **meet policyholder liability cash flows**
- **protect net asset-liability position thereby limiting impact on shareholder value**

# Focus on increasing awareness across tier 2/3 markets

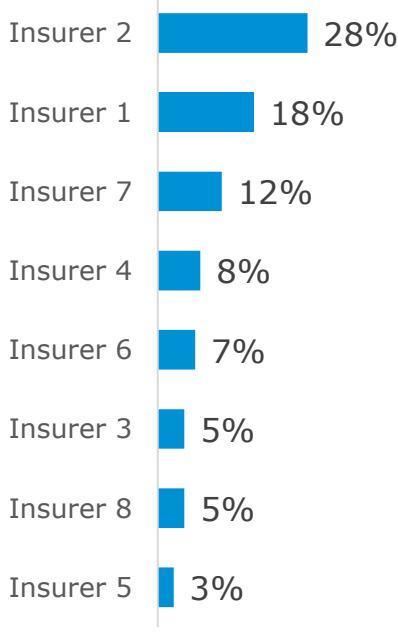
## Spontaneous awareness (Private insurers)



Tier 1



Tier 2/3



Focus on category creation and deeper regional connect, supported by large campaigns:



**New branch launch - Modular approach**

- Announcements, hoardings, regional PR, vernacular collaterals



**Educating the audience on category/product/brand**

- Customer/Investor connect programs through training institutes, local media



**Hyper-localization**

- Regional and local festivals, PR
- Promotion through: schools, RWAs<sup>1</sup>, traffic barricades



**Content amplified through local influencers**

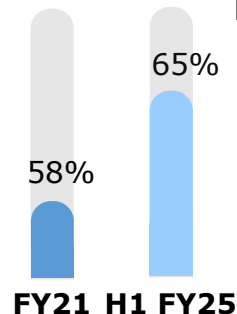
- Tapping the potential of 'social media influencers', to micro-target the audience

Clearly evident that insurance awareness is far lower in tier 2/3 markets

# The tier 2/3 growth opportunity

## Our focus is to deepen our presence in tier 2/3 markets

Contribution of tier 2/3 markets in HDFC Life's APE



On NOP basis, tier 2/3 markets contributed to 3/4<sup>th</sup> of the business in H1 FY25



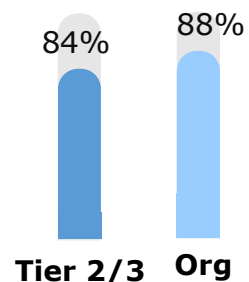
Amongst top 3 brands<sup>1</sup> for tier 2/3 customers



Higher focus on micro markets and increase penetration in tier 2/3 markets

## While ensuring that quality of business is maintained

13M persistency closer to org



Tier 2/3 markets' ATS closer to org ATS



APE growth in tier 2/3 markets has outpaced company level growth



Faster NOP growth in tier 2/3 markets in H1 FY25

## And building capacity for future growth



**40K+**

Partner branches

**600**

HDFC Life branches

**300+**

Partners comprising banks, NBFCs, MFIs, SFBs, brokers, new ecosystem partners



~80% of new agent addition in tier 2/3 markets



Expansion strategy complementary to banca partners' SURU expansion

# ESG at a glance

The 5 Pillars of ESG	Environment	Social	Governance
<ol style="list-style-type: none"> <li><b>Ethical Conduct &amp; Governance</b></li> <li><b>Responsible Investment</b></li> <li><b>Diversity, Equity and Inclusion (DE&amp;I)</b></li> <li><b>Holistic Living</b></li> <li><b>Sustainable Operations</b></li> </ol>	<ul style="list-style-type: none"> <li>Board approved <b>Environment and Climate Change Policy</b></li> <li>Climate-related performance disclosed in accordance with the <b>TCFD</b> (Taskforce on Climate-related Financial Disclosures) recommendation</li> <li>Total Renewable Energy Consumption – <b>471.9 MWh</b></li> <li>Total Water Consumption – <b>4,62,793.28 kL</b></li> <li>Recycled / disposed <b>5.3</b> tonnes of E-waste, <b>6.5</b> tonnes of paper waste and <b>0.1</b> tonnes of plastic waste</li> <li>GHG emissions (Scope I, II &amp; III): <b>17,495.38 tCO2e</b></li> <li>New policies issued in DEMAT format – <b>30%</b></li> <li><b>Reasonable Assurance</b> conducted for BRSR Core Indicators</li> </ul>	<ul style="list-style-type: none"> <li><b>Insurance awareness campaigns</b>; customer communication in vernacular languages</li> <li><b>Micro insurance products</b> for financial inclusion</li> <li>Women in workforce: <b>26.9%</b></li> <li>Average hours of training per FTE: <b>71.74</b></li> <li>Employee Satisfaction Score: <b>85%</b></li> <li>CSR contribution: <b>23.22 crore</b></li> <li>No. of beneficiaries: <b>16.32 lakh</b></li> <li>UN SDGs covered: <b>14 of 17</b></li> <li>Customer Satisfaction (CSAT) Score: <b>90.9%</b></li> </ul>	<ul style="list-style-type: none"> <li>ESG governed by the Board <b>CSR &amp; ESG Committee</b> and driven by the <b>ESG Management Committee</b> and cross functional teams</li> <li><b>ESG Governance Committee</b> constituted under the investment team for integration of ESG factors in the fund management process and engagement with the investee companies</li> <li><b>Responsible Investment (RI) &amp; Stewardship Policy</b> for integrating ESG issues into investment decisions and engaging with the investee companies respectively</li> <li>Prepared and submitted 1<sup>st</sup> mandatory <b>UN-PRI Report</b> for FY24</li> <li>Information Security systems and processes are <b>ISO 27001</b> certified</li> <li>Business Continuity Practices, guided by the principles of <b>ISO 22301</b></li> </ul>

Our MSCI ESG Rating was upgraded from '**BBB**' to '**A**' highlighting our strong ESG focus and commitment

India's **Best Workplaces for Women 2024** by Great Place to Work

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[HDFC Life ESG Report](#)

[HDFC Life Sustainability Factsheet](#)

[HDFC Life Integrated Annual Report](#)



# Financial and operational snapshot (1/2)

Rs bn.

	H1 FY25	H1 FY24	Growth	FY24	FY23	FY22*
<i>New Business Premium (Indl. + Group)</i>	145.0	129.7	12%	296.3	290.9	241.5
<i>Renewal Premium (Indl. + Group)</i>	152.4	136.4	12%	334.5	284.5	218.1
Total Premium	297.4	266.1	12%	630.8	575.3	459.6
Individual APE	58.6	44.8	31%	115.1	114.0	81.7
Overall APE	67.2	53.7	25%	132.9	133.4	97.6
Profit after Tax	9.1	7.9	15%	15.7	13.6	12.1
- Policyholder Surplus	4.6	3.4	36%	6.7	5.9	4.4
- Shareholder Surplus	4.5	4.6	-1%	8.9	7.7	7.7
Dividend Paid	4.3	4.1	5%	4.1	3.6	4.1
Assets Under Management	3,249.4	2,648.7	23%	2,922.2	2,387.8	2,041.7
Indian Embedded Value	521.1	429.1	21%	474.7	395.3	300.5
Net Worth <sup>(1)</sup>	147.5	133.8	10%	142.0	129.7	154.0
NB (Individual and Group segment) lives insured (Mn.)	25.9	33.2	-22%	66.0	68.5	54.1
No. of Individual Policies (NB) sold (In '000s)	582.3	476.2	22%	1,166.0	1,054.1	915.1

1. Comprises share capital, share premium and accumulated profits/(losses)

\*Numbers exclude Exide Life

Note: Numbers may not add up due to rounding off

# Financial and operational snapshot (2/2)

	H1 FY25	H1 FY24	FY24	FY23	FY22*
Overall New Business Margins (post overrun)	24.6%	26.2%	26.3%	27.6%	27.4%
Operating Return on EV	16.0%	16.4%	17.5%	19.7%	16.6%
Total Expenses (OpEx + Commission) / Total Premium	21.1%	19.7%	19.4%	19.8%	16.5%
Return on Equity <sup>(1)</sup>	12.6%	12.0%	11.5%	11.9%	10.1%
Solvency Ratio	181%	194%	187%	203%	176%
Persistency (13M / 61M)	88%/60%	86%/53%	87%/53%	87%/52%	87%/54%
Individual WRP Market Share (%)	16.3%	15.7%	15.4%	16.5%	14.8%
Business Mix (%)					
- Product (UL/Non par savings/Annuity/Non par protection/Par)	<sup>(2)</sup> 36/38/5/6/15	28/28/8/6/30	35/30/6/5/23	19/45/5/4/27	26/33/5/6/30
- Indl Distribution (CA/Agency/Broker/Direct)	<sup>(2)</sup> 65/17/7/11	65/18/7/11	65/18/6/11	56/20/11/13	60/14/6/19
- Total Distribution (CA/Agency/Broker/Direct/Group)	<sup>(3)</sup> 28/8/3/12/49	25/8/3/11/54	27/8/3/12/50	25/9/4/13/49	24/6/2/16/52
- Share of protection business (Based on Indl APE)	5.7%	5.9%	5.1%	4.1%	5.6%
- Share of protection business (Based on Overall APE)	12.9%	16.6%	13.3%	13.3%	13.6%
- Share of protection business (Based on Overall NBP)	29.2%	35.3%	32.1%	29.0%	24.0%

1. Calculated using net profit and average net worth for the period (Net worth comprises Share capital, Share premium and Accumulated profits). Opening net worth for FY23 has been adjusted in line with the scheme of merger approved by the court

2. Based on individual APE. UL: Unit Linked, Trad: Traditional, Par: Participating & CA: Corporate Agents. Percentages are rounded off

3. Based on total new business premium including group

\*Numbers exclude Exide Life



# Consistent track record of maximising shareholder value

Rs bn

	FY24	FY23	FY22	FY21	FY20	FY19	FY18	FY17	FY16	FY 20-24 CAGR	FY 16-24 CAGR
Value of new business (VNB)	35.0	36.7	26.8	21.9	19.2	15.4	12.8	9.2	7.4	16%	21%
Operating variances	1.5	1.6	-4.9 <sup>1</sup>	0.8	1.5	1.4	2.0	2.1	3.1		
Embedded Value <sup>2</sup>	474.7	395.3	300.5	266.2	206.5	183.0	152.2	124.7	102.3	23%	21%
Value in-force (VIF)	329.4	267.5	211.9	176.3	134.6	124.3	103.6	83.3	69.5	25%	21%
Operating ROEV <sup>3</sup>	17.5%	19.7%	16.6% <sup>1</sup>	18.5%	18.1%	20.1%	21.5%	21.7%	20.7%		



**Healthy VNB accretion** driven by strong top-line growth and margin expansion



**Predictable outcomes** over longer time frames



**Steady ROEV** across multiple time periods, reflecting sustainable performance



**Significant value creation** through consistent compounding of EV and VIF across multiple time periods



**Experience in-line with assumptions**, resulting in negligible operating variances



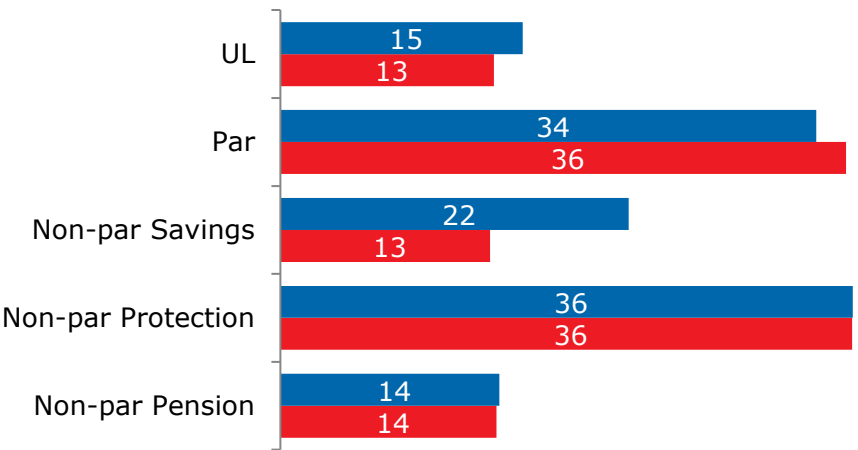
Strong focus on **balancing profitability and risk management**

1. FY22 operating variance includes excess mortality impact due to Covid-19
2. Closing EV for the respective fiscal year
3. Operating ROEV is calculated as annual EVOP (Embedded Value Operating Profit) to Opening EV

# Segment wise average term and age<sup>1</sup>

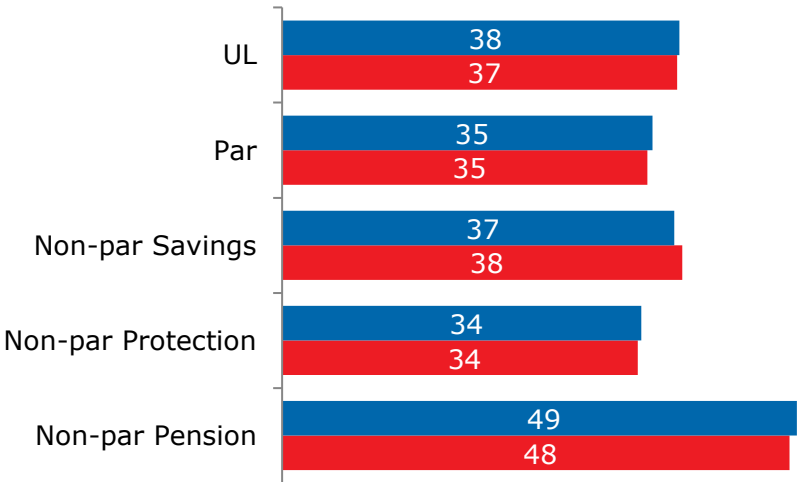
## Average Policy Term (Yrs)

H1 FY25: 24.0 (H1 FY24: 23.4)



## Average Customer Age (Yrs)

H1 FY25: 36.4 (H1 FY24: 36.1)



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

# Agenda

1

**Performance Snapshot**

2

**Business Overview**

3

**Other Business Highlights**

4

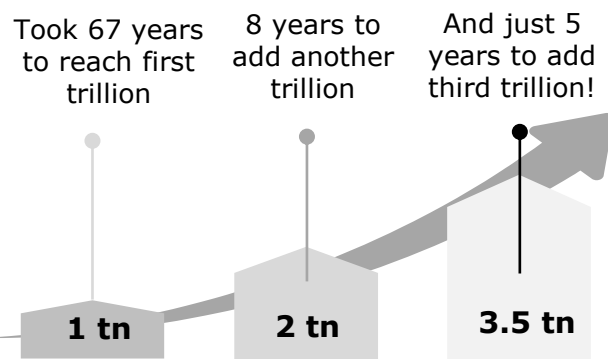
**Life insurance in India**



# India – poised for sustainable growth

## Fifth largest and fastest growing economy

### India's GDP (in USD)<sup>1</sup>



## Demographic dividend- youngest economy<sup>1</sup>

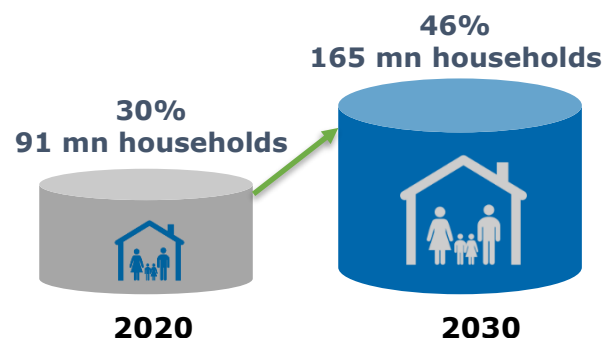


"At average age of 29 years, India to remain the youngest economy till 2070"

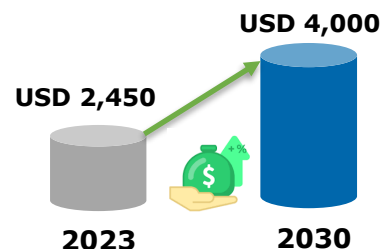
**India surpassed FY24 growth expectations, growing by 8.2%. Expected to be third largest economy by 2030<sup>2</sup>**

## Rising affluence

### India's middle income segment as % of all households<sup>3</sup>



### India's per capita income



**India's per capita income is likely to grow by nearly 70% by 2030<sup>4</sup>**

## Investment in physical and digital building blocks to further drive growth



**1.45 lakh kms**

- Total length of National Highways, an increase of 59% in past 9 years<sup>4</sup>
- 2<sup>nd</sup> largest road network after USA



**134 bn**

- Transactions worth Rs ~2 trn processed via UPI in FY24, relatively growth in tier 2 and 3



- Total PLI outlay of >\$26bn
- Capex distributed evenly across sectors and geographies<sup>5</sup>



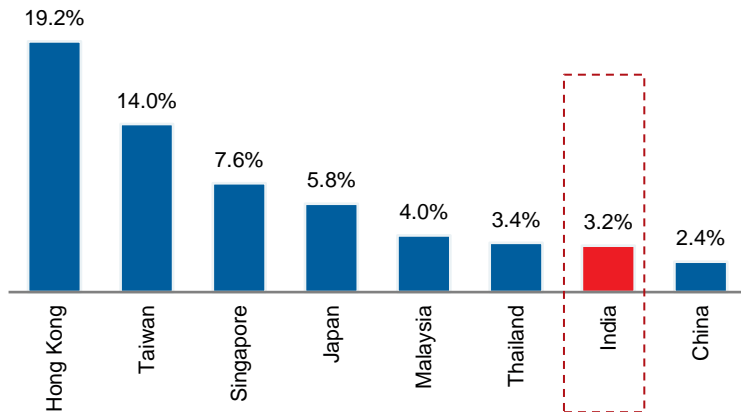
- GFCF<sup>6</sup> to be >30% over the next 5 years<sup>5</sup>
- Bank credit to be 60% of GDP by FY30 from 50% currently<sup>5</sup>

**The government will boost capital investment outlay by 33% to \$120bn in FY24**

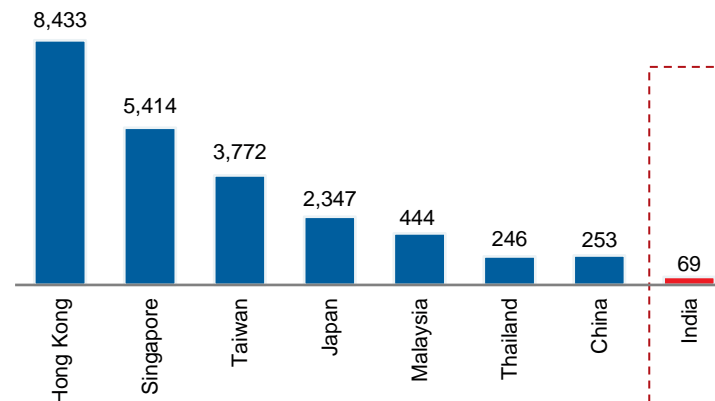
1. Invest India  
 2. MoSPI; S&P Global Market Intelligence  
 3. People Research on India's Consumer Economy (PRICE); average size of an household is 4.4 as in 2021  
 4. Standard Chartered Bank  
 5. CLSA, NDTV Profit  
 6. Gross Fixed Capital Formation

# Growth opportunity: Under-penetration and favorable demographics

**Life Insurance penetration<sup>1</sup> (CY 2022)**

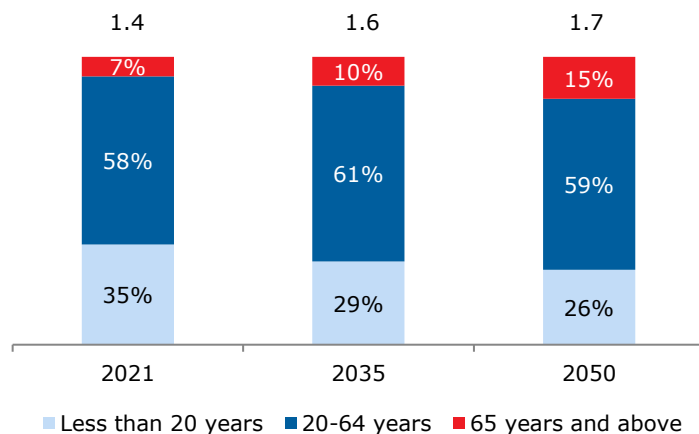


**Life Insurance density US\$<sup>2</sup> (CY 2022)**

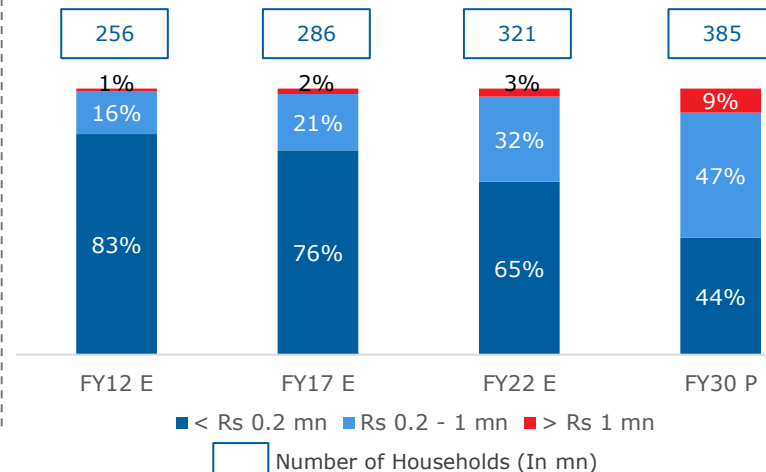


- India remains vastly under-insured, both in terms of penetration and density
- Huge opportunity to penetrate the underserved segments, with evolution of the life insurance distribution model

**Population composition (bn)**



**Household distribution by income**



- India's insurable population estimated to be at ~1 bn by 2035
- Number of middle income households is expected to almost double to 181 mn between FY22 and FY30
  - High proportion of this increase is expected to come from semi-urban and rural areas

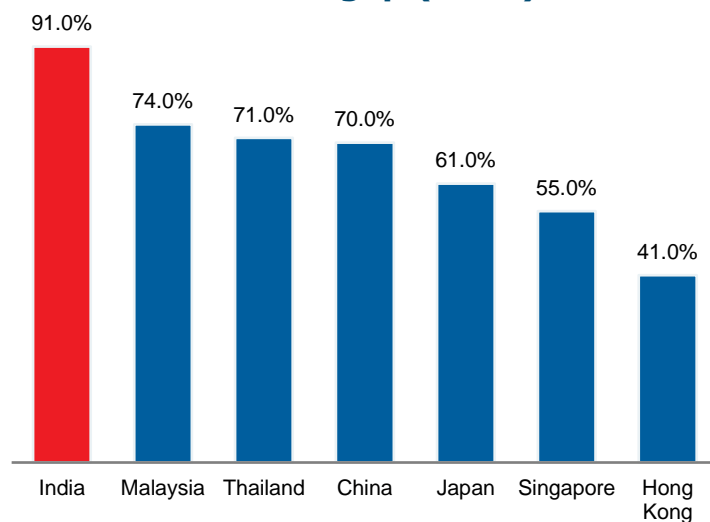
1. Penetration as measured by premiums as % of GDP,

2. Density defined as the ratio of premium underwritten in a given year to the total population

Source: Swiss Re, MOSPI, United Nations World Populations Prospects Report (2022), CRISIL "The big shift in financialization" report 2022

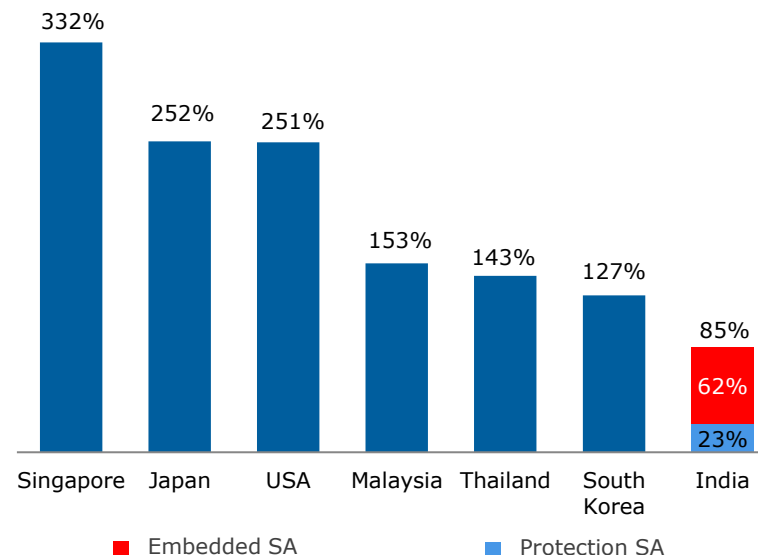
# Low levels of penetration: Life protection

**Protection gap (2019)<sup>1</sup>**



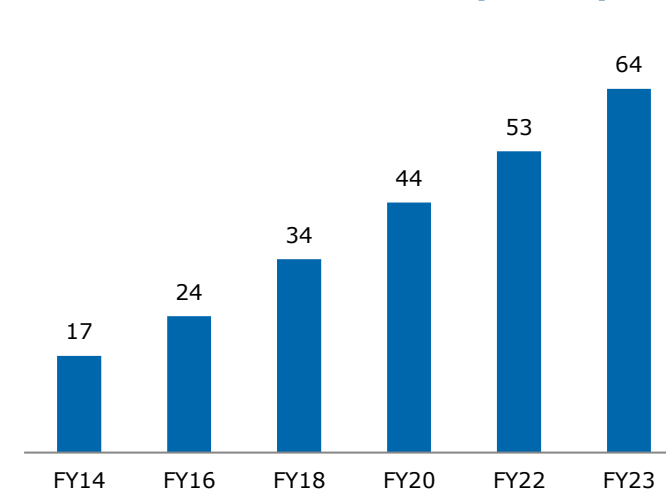
- India has the highest protection gap in the region
- Savings and life insurance coverage growth lagged economic and wage growth
- Protection gap growth rate to grow at ~4% per annum

**Sum Assured as a % of GDP <sup>2</sup>**



- India has the lowest sum assured (SA) as a % of GDP amongst its peers
- opportunity for protection growth in life insurance due to:
  - Rising middle income,
  - Increasing financial literacy
  - Limited life cover represents

**Trend of retail loans<sup>3</sup> (Rs Tn.)**



- Retail credit has grown at a CAGR of 16% over last 10 years
- Credit life need would be spurred by:
  - increasing retail indebtedness
  - Increasing attachment rates
  - Increasing value penetration,
  - Growing lines of business

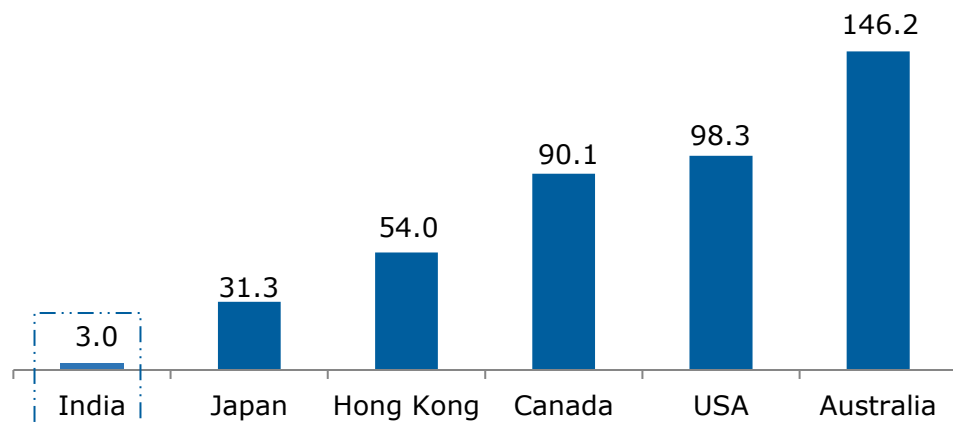
1. Swiss Re. India's protection gap is as of CY22

2. Jefferies "Composite Insurance License in India: Taking a Leaf from Global Experience" report 2022

3. Kotak institutional equities

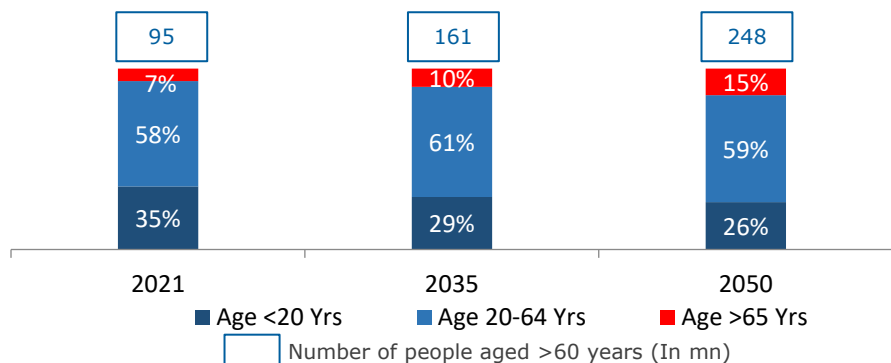
# Macro opportunity: Retiral solutions

India's pension market is under-penetrated at 3%<sup>1</sup> of GDP

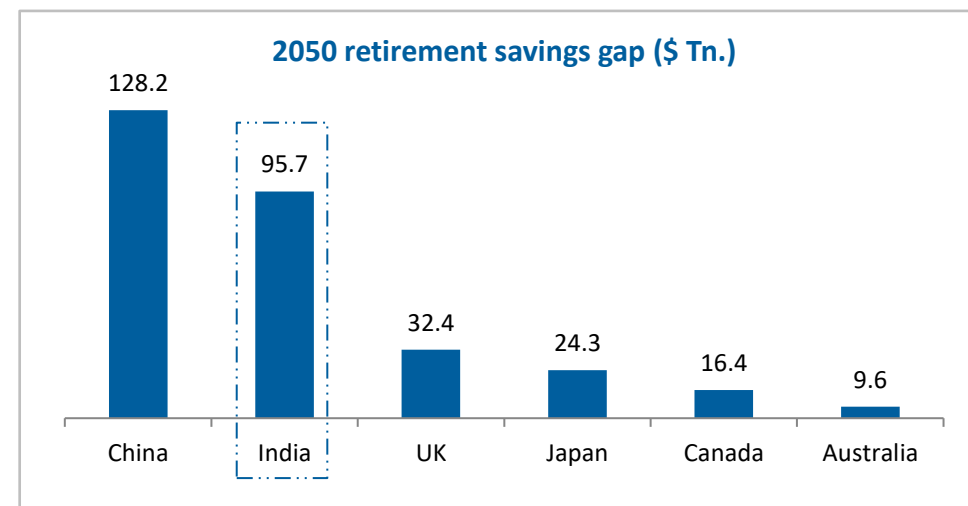


Elderly population is expected to increase 2.5x by 2050

## Ageing population



India's retirement savings gap<sup>2</sup> to grow annually by 10% to reach ~\$96Tn in 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 1/4<sup>th</sup> accounted by NPS)
- Mandatory schemes to increase coverage for both unorganized and organized sectors

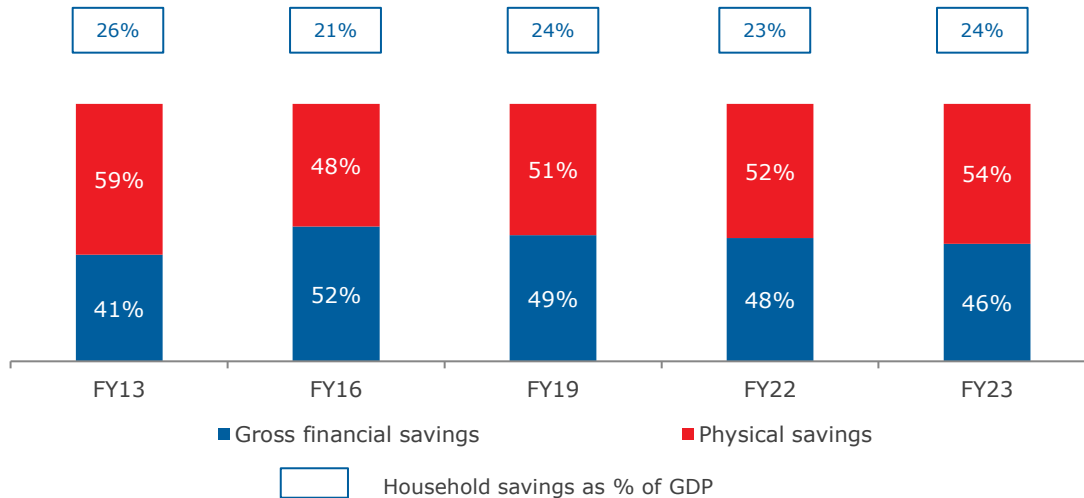
Source: Swiss Re: A Retirement lifeline (2023), OECD (2021), Milliman Asia Retirement Report 2017, Survey by NSSO, MoSPI, United Nations World Populations Prospects Report (2022)

1. Comprising pension assets / funds

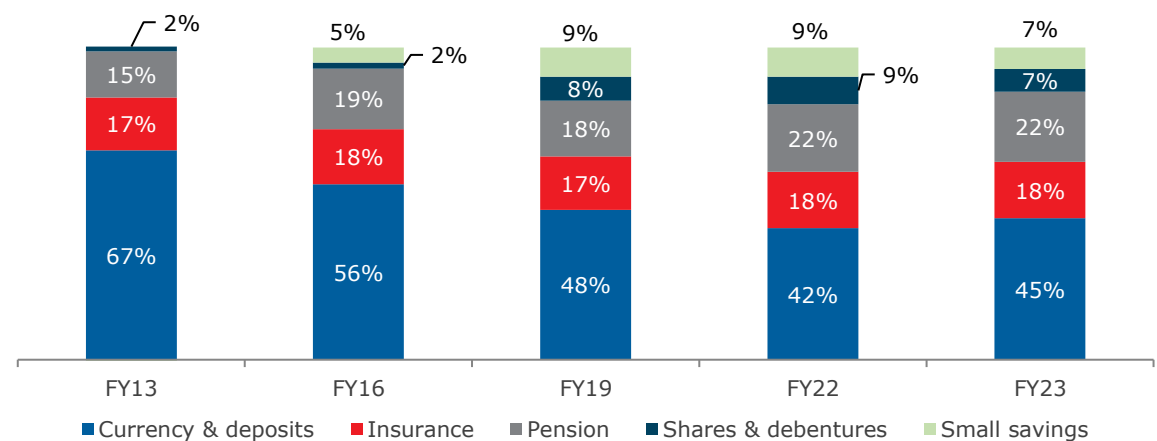
2. Retirement savings gap = Desired retirement income (i.e. 70% of pre-retirement annual income) - Actual income (i.e. social security benefits + employer benefits + personal savings)

# Life Insurance: A preferred savings instrument

## Household savings composition



## Financial savings mix

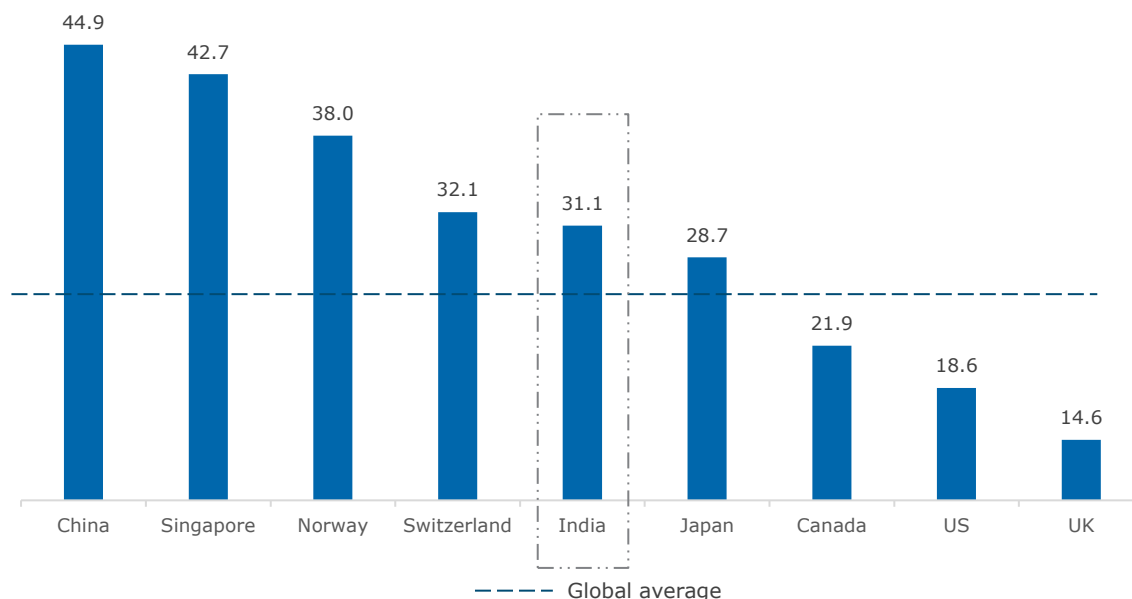


- Increasing preference towards financial savings with increasing financial literacy within the population
  - Within financial savings, allocations have shifted towards non-banks from banks
  - Pension & insurance have witnessed steady AUM growth over the last decade
- Various government initiatives to promote financial inclusion:
  - Implementation of JAM trinity. Deposits in PMJDY accounts nearly doubled in 4 years from INR 0.96 Tn to INR 1.95 Tn
  - Nearly 90% of people in the country have a bank account, without any sharp urban-rural divide
- Launch of affordable PMJJBY and PMSBY social insurance schemes
- Atal Pension Yojana promoting pension in unorganized sector

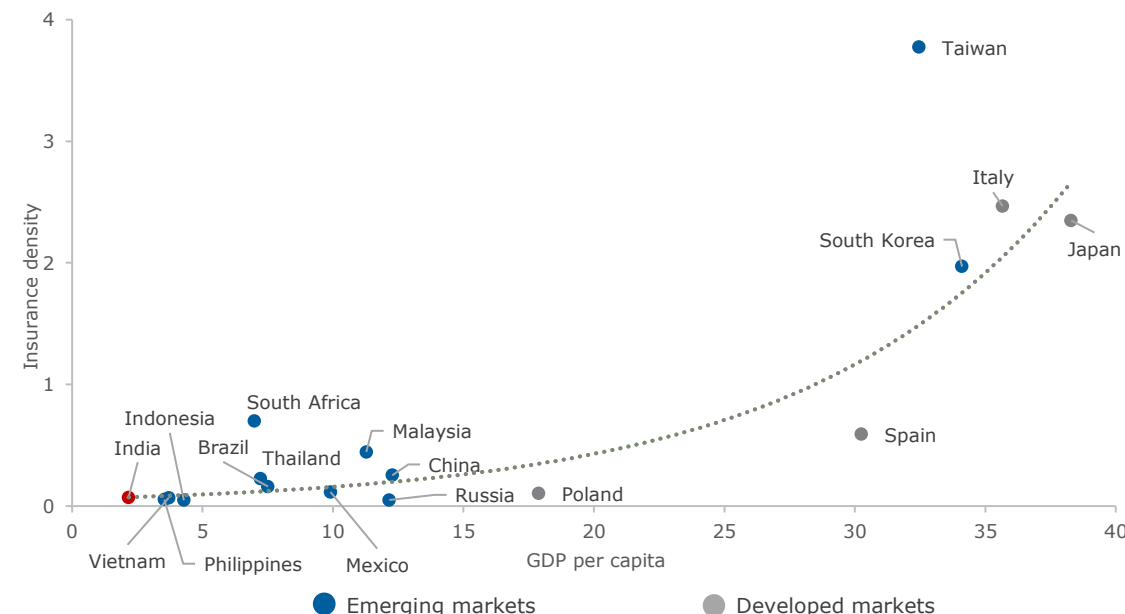
Source: Goldman Sachs: Changing contours of Indian household savings (May '24), Motilal Oswal Financial Savings Update Sep '23, RBI Annual Report, Invest India

# Indian savings in the global context

## India's gross savings is higher than global average<sup>1</sup>



## Insurance density is likely to rise with income levels<sup>2</sup>

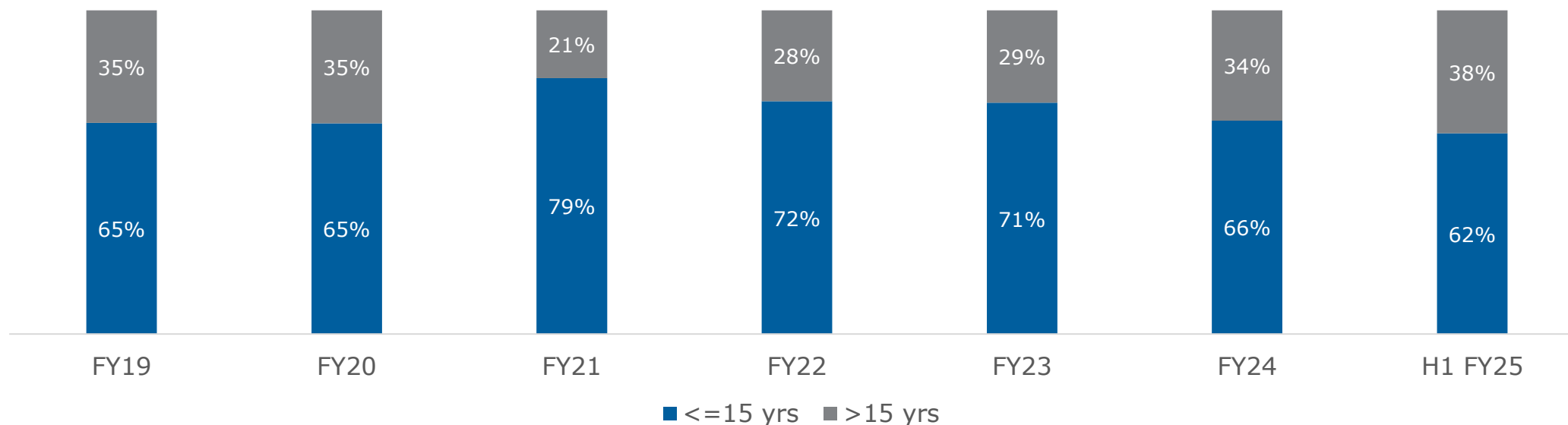


- Increase in financial literacy, financial inclusion and increase in digital infrastructure has accelerated financialization of Indian household savings
- As a result, allocations have shifted into retirement savings, capital markets and insurance
- Yet, there is scope for higher allocation of household savings towards insurance, given rising income levels

# Government bond auctions

## Government Bonds – Tenorwise Issuance

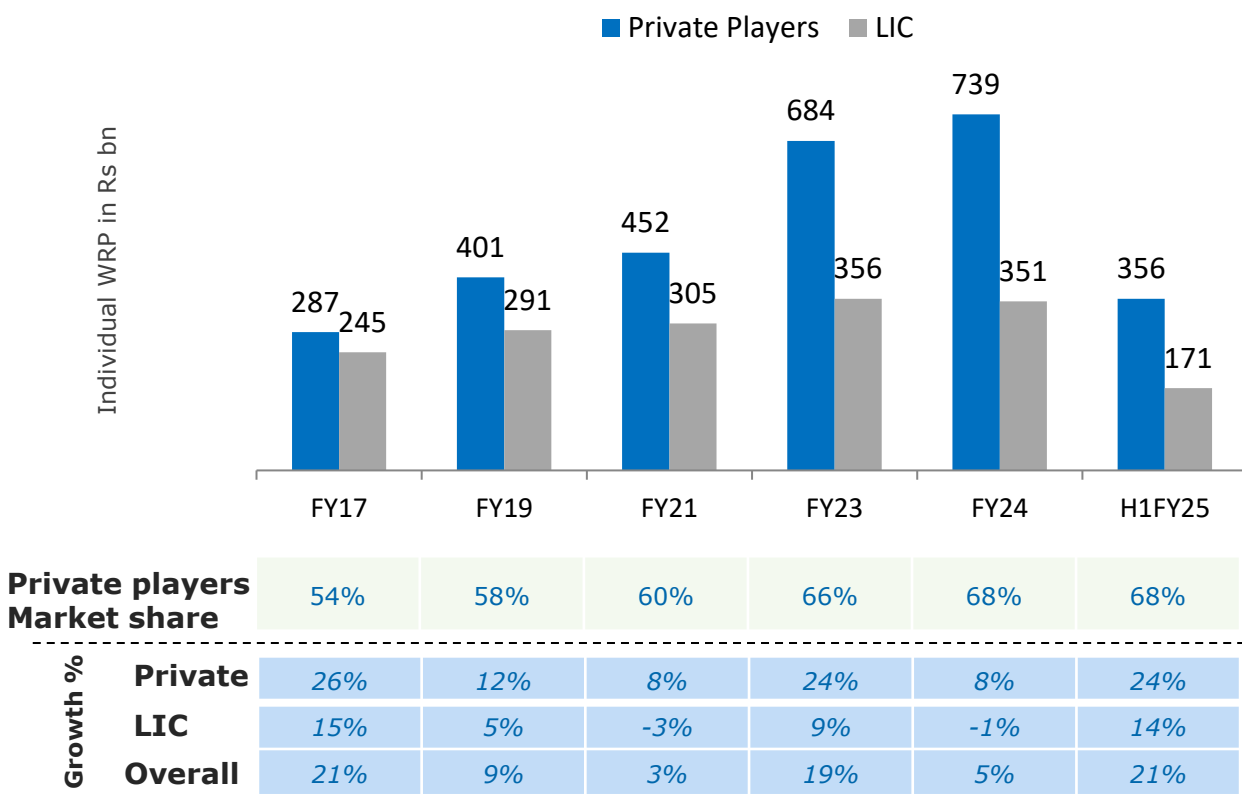
Rs cr



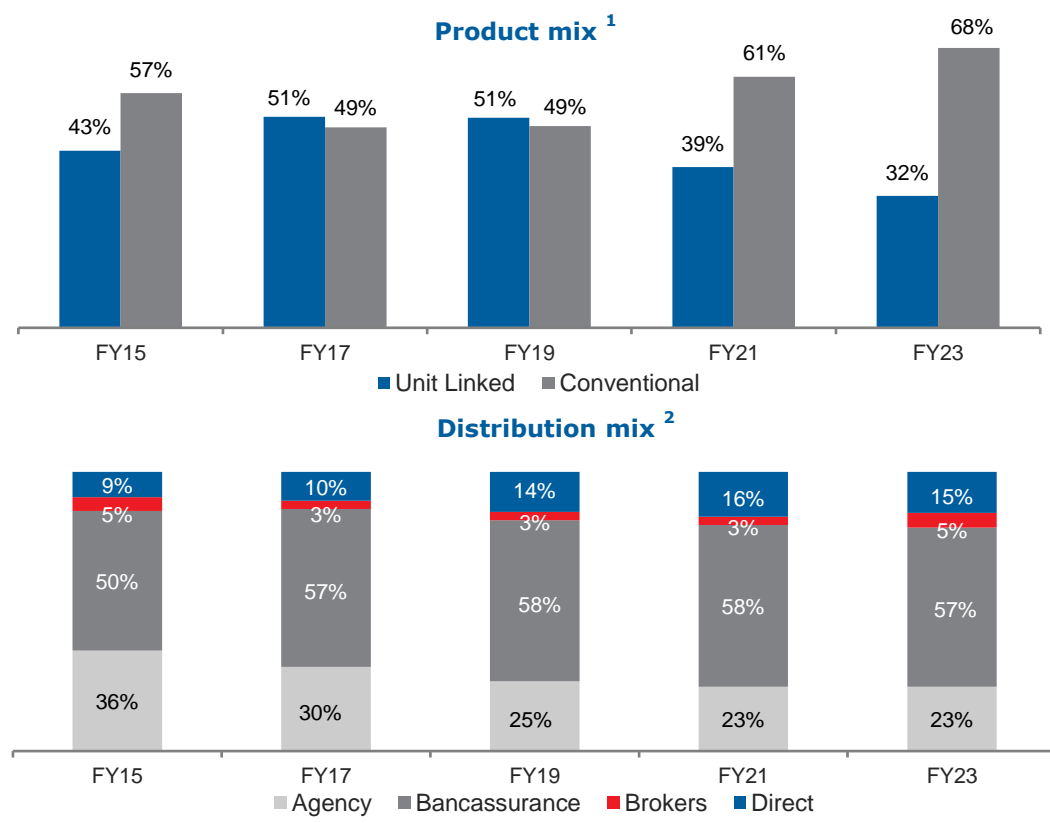
	FY19	FY20	FY21	FY22	FY23	FY24	H1 FY25
<=15 yrs	3,82,941	4,44,000	10,01,835	8,48,000	10,04,000	9,28,000	5,88,000
>15 yrs	2,04,000	2,38,000	2,65,575	3,31,000	4,01,000	4,80,000	3,56,000
Total	5,86,941	6,82,000	12,67,410	11,79,000	14,05,000	14,08,000	9,44,000

- Auction of >15 year maturity bonds has been ~25-30% on an average which facilitates writing annuity business at scale
- Budget estimate of gross government borrowing for FY25 is at Rs 14.1 trillion

# Industry new business trends



- Private sector remained at higher market share than LIC FY16 onwards
- Amongst private insurers, insurers with a strong bancassurance platform continue to gain market share



- 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

Source: IRDAI and Life Insurance Council;  
1. Based on Overall WRP (Individual and Group) for all private players  
2. Based on Individual New business premia for all private players



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# Thank You



FY24 Annual Report



FY24 ESG Report



H1 FY25 ESG Deck



Sustainability Factsheet

