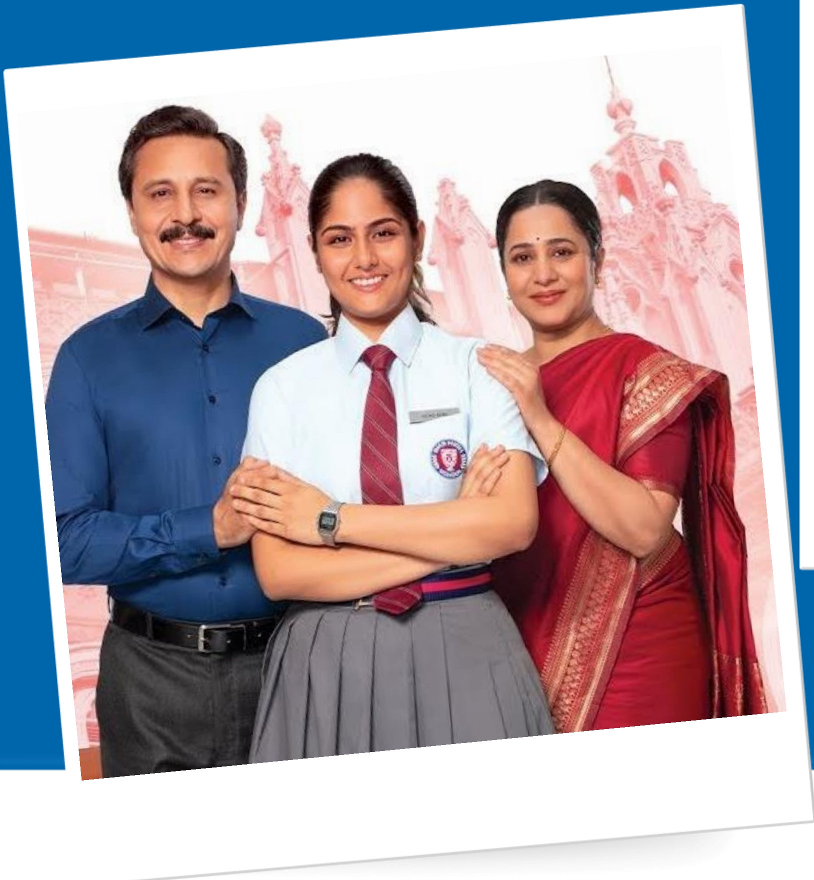
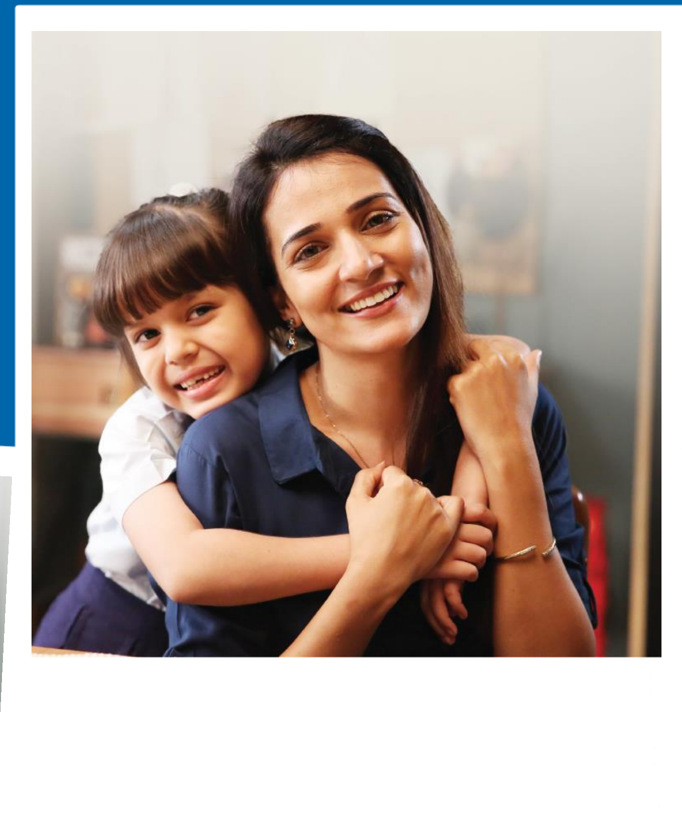
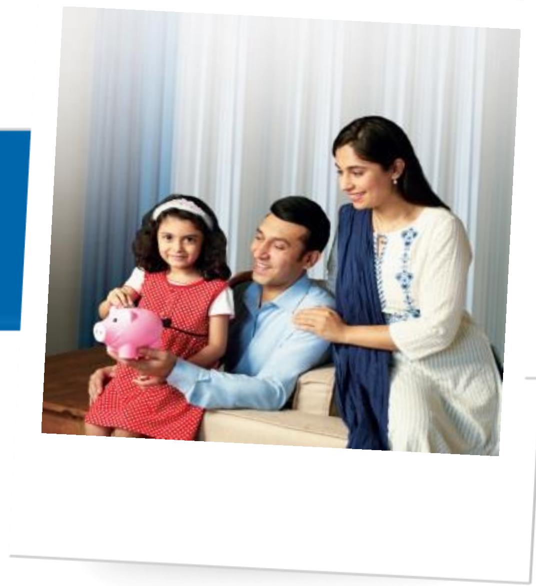
Investor Presentation – H1 FY23




HDFC Life

Sar utha ke jiyo!

Executive summary: H1 FY23

Revenue & Scale

Individual WRP	Rs. bn	37.8	41.1
	Market Share	14.8%	16.1%
Renewal premium	Rs (Bn.)	108.0	120.1
	Growth	21%	NM*
AUM	Rs (Bn.)	2,044	2,249
	Growth	7%	NM*
IEV	Rs (Bn.)	330	360
	EVOP	17.7%	NA

Profitability & Cost

New Business Margin (NBM)	CY	27.6%	26.2%
	PY	26.4%	
VNB	Rs (Bn.)	12.6	12.9
	Growth	16%	NM*
Profit After Tax (PAT)	Rs (Bn.)	6.8	6.9
	Growth	18%	NM*
Operating exp. ratio	CY	14.3%	14.7%
	PY	12.0%	

Customer & Capital

13th month persistency[1]	CY	88%	87%
	PY	86%	
Claim settlement ratio (FY22)	Overall	99.6%	
	Individual	98.7%	
Complaints per 10K policies[2]	CY	25	
	PY	29	
Solvency	Sep'22	210%	210%
	Mar'22	176%	

xx *Pre-Merger Basis#*

xx *Post-Merger basis#*

1. Excludes single premium
2. Complaints data (excluding survival and death claims) for FY22 & FY21
** Not meaningful as previous year numbers are not comparable*
 # Pre-Merger numbers exclude Exide Life; Post-Merger numbers include Exide Life

HDFC Life

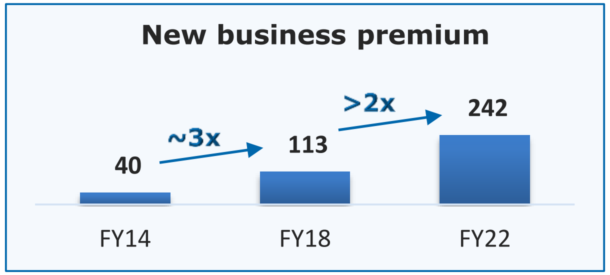
Agenda

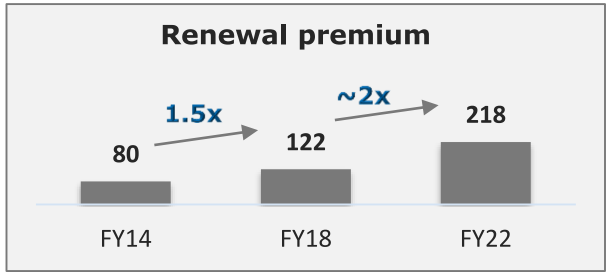
1. Performance Snapshot
2. Our Strategy
3. Exide Life Transaction Update
4. Our approach to ESG
5. Annexures
6. Life insurance in India

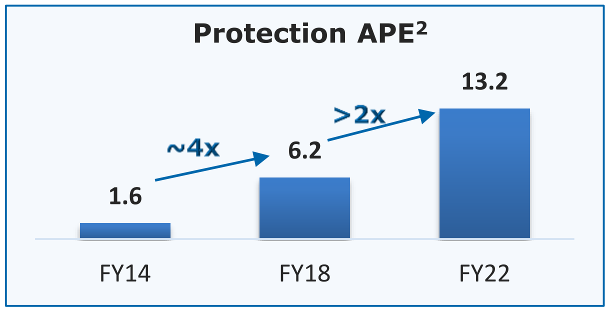
Consistent, predictable, sustained performance

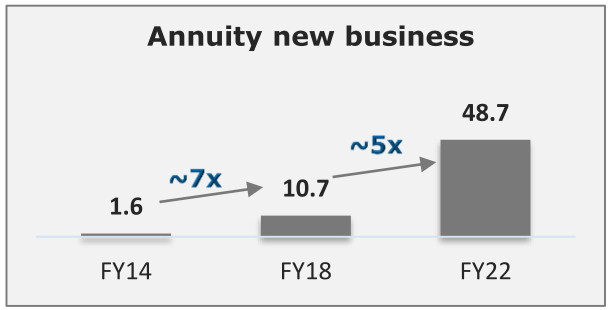
Rs bn

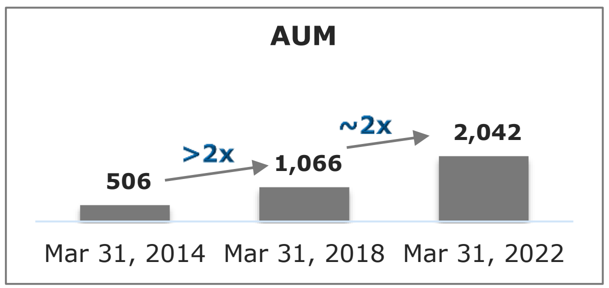
Holistic growth

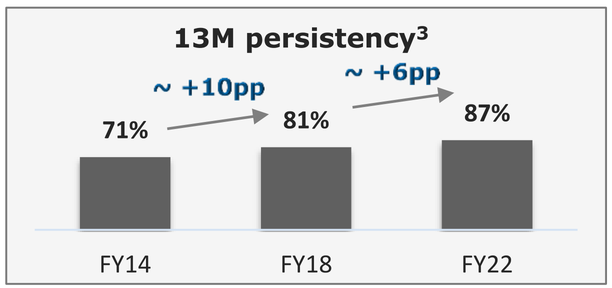




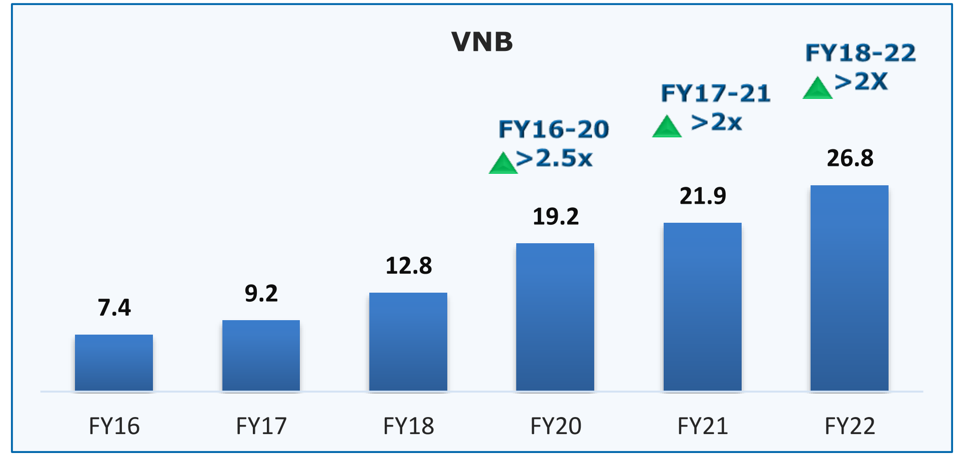


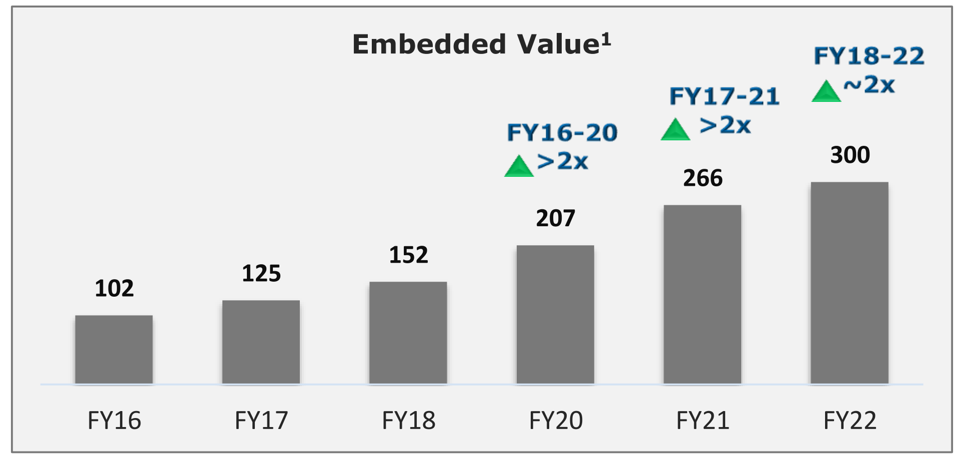






Consistent track record over multiple periods



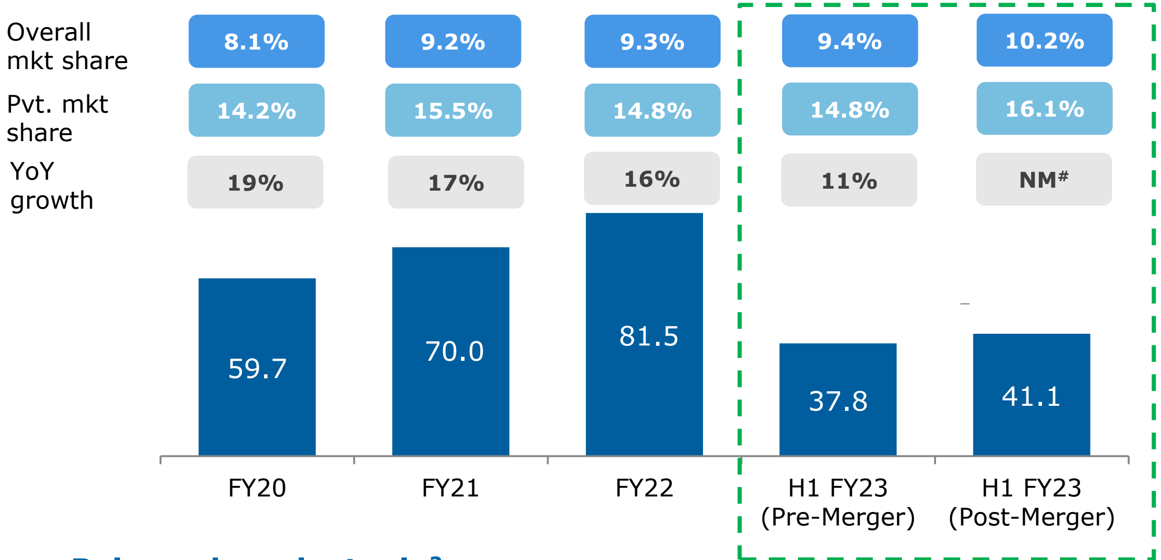


1. Including cash payout of Rs 7.3 bn for acquisition of Exide Life, but excluding Exide Life's EV of Rs 29.1 bn
2. Based on Overall APE
3. Excluding single premium

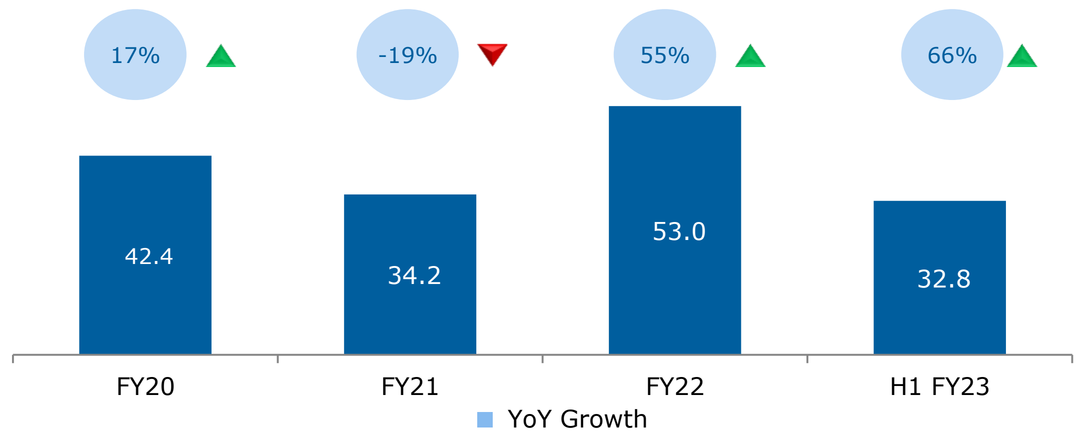
Healthy performance across all key metrics (1/2)*

Rs bn

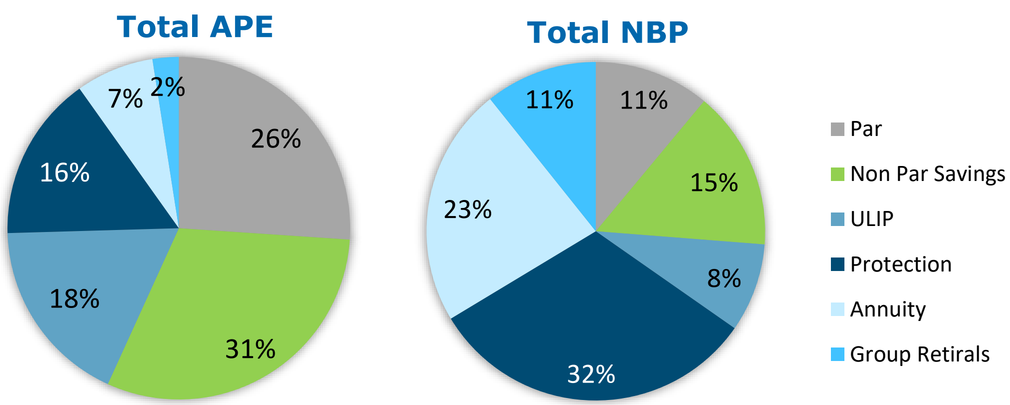
Strong, sustainable growth



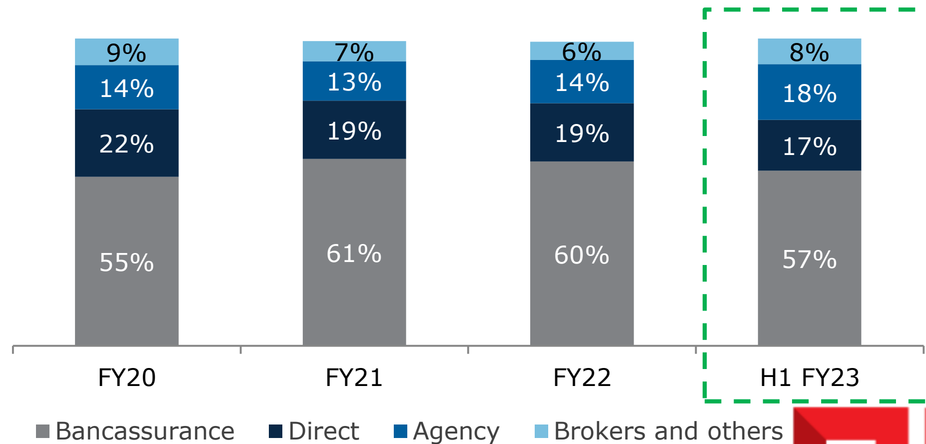
Strong CP volumes on the back of higher disbursements[1]



Balanced product mix[2]



Focus on diversified channel mix[3]



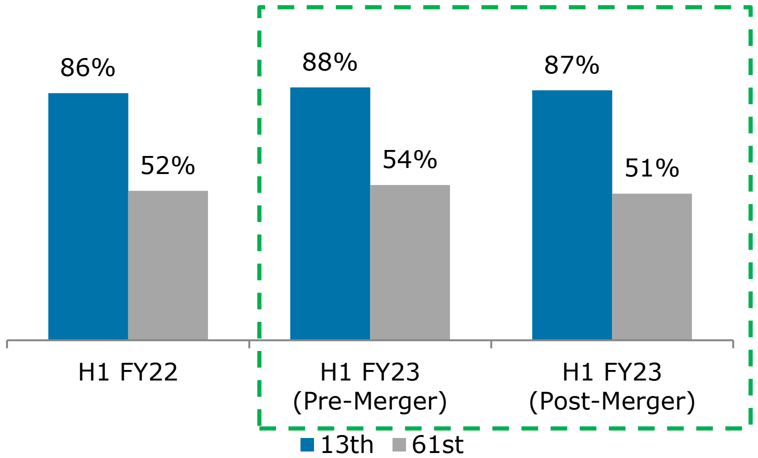
1. *Based on Credit Protect new business premium*
2. *Product Mix is on Post-Merger basis*
3. *Based on Individual APE on Post-Merger basis*

* *Numbers include Exide Life metrics from April 1, 2022 onwards, prior years are not comparable # Not meaningful as previous year numbers are not comparable*

Healthy performance across all key metrics (2/2)

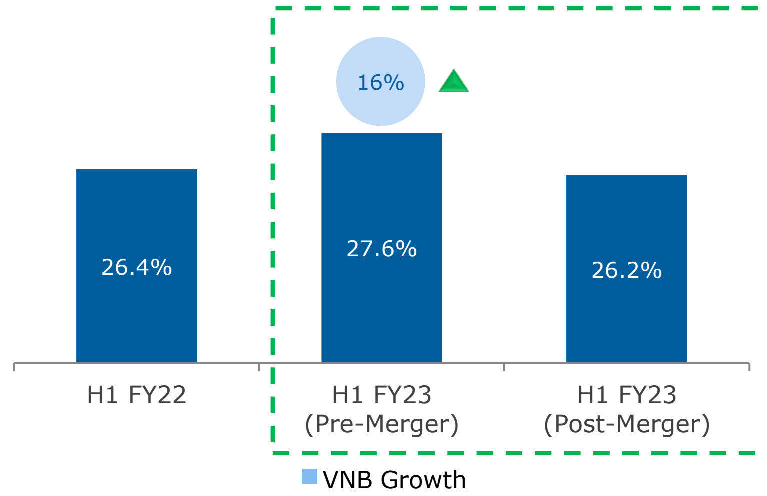
Rs bn

Improving Persistency[1]



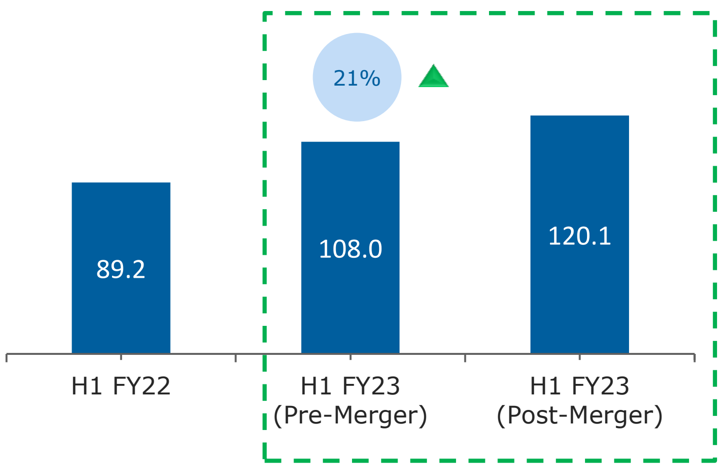
- Improving persistency trends across channel and product cohorts

Steady expansion in New Business Margins



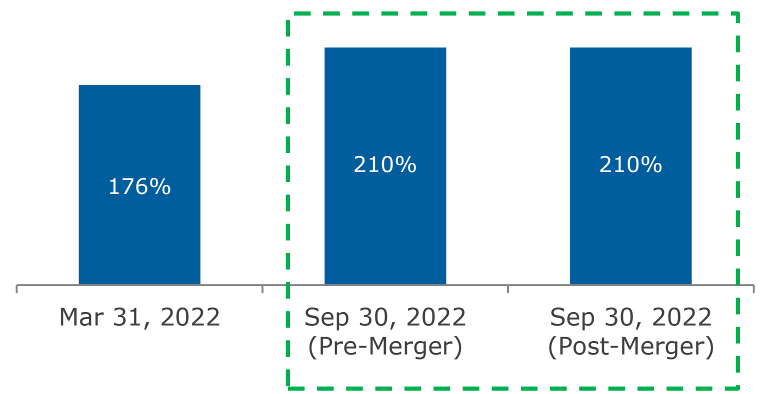
- Margins continue to improve for both existing and acquired businesses

Strong growth in renewal premium



- Growth backed by consistent improvement in overall persistency

Stable solvency position



- Successfully raised Rs 20 billion of equity capital in Q2 FY23

1. *For individual business; Excluding single premium and fully paid up policies*

Agenda

1 Performance Snapshot

2 Our Strategy

3 Exide Life Transaction Update

4 Our approach to ESG

5 Annexures

6 Life insurance in India

Key elements of our strategy

1

Focus on 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

3

Market-leading innovation

Creating **new product propositions** to cater to the **changing customer behaviour** and needs

4

Reimagining insurance

Market-leading **digital capabilities** that put the customer first, shaping the insurance operating model of tomorrow

5

Quality of Board and management

Seasoned leadership guided by an **independent and competent Board**; No secondees from group companies

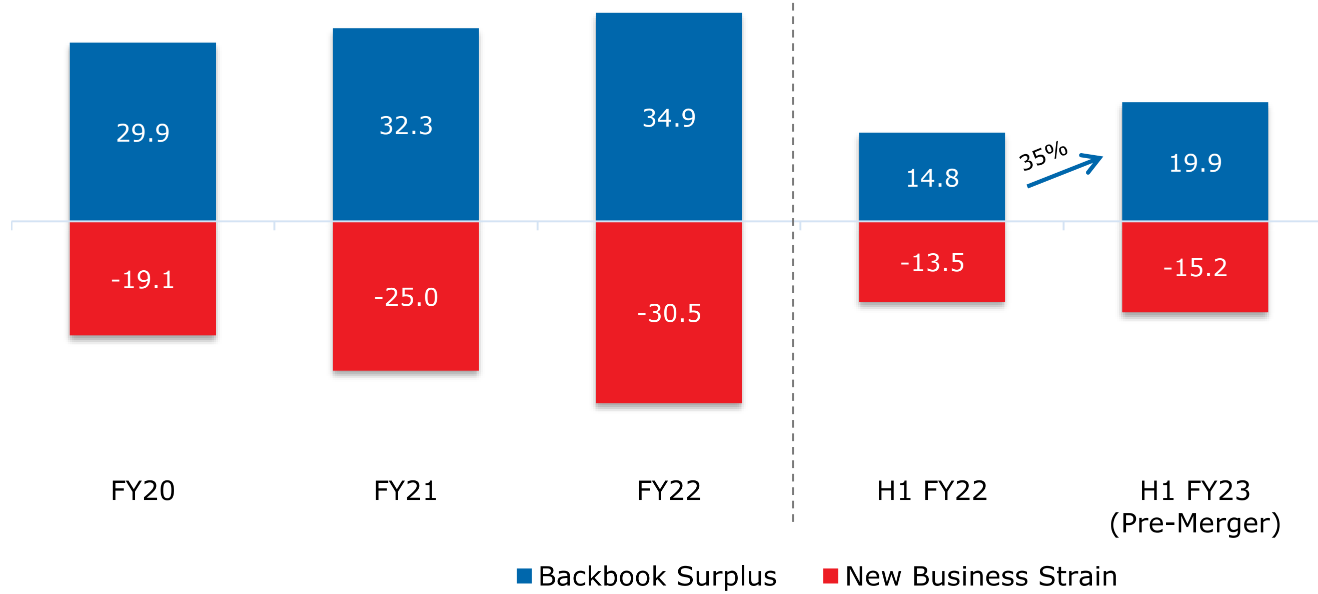
"Our continuous focus on technology, diversification and customer-centricity has enabled us to deliver consistent performance even in the most challenging times"

Focus on profitable growth

Rs bn

		FY20	FY21	FY22	H1 FY22	H1 FY23 (Pre-Merger)	H1 FY23 (Post-Merger)
Economic Profit	New business Margin	25.9%	26.1%	27.4%	26.4%	27.6%	26.2%
	Value of new business	19.2	21.9	26.8	10.9	12.6	12.9
Accounting Profit	Profit after tax (PAT)	13.0	13.6	12.1	5.8	6.8	6.9
	Underwriting profits	10.9	7.3	4.4[1]	1.3	4.7	4.5
	Shareholders' surplus	2.1	6.3	7.7	4.4	2.1	2.4

Underwriting profits breakup

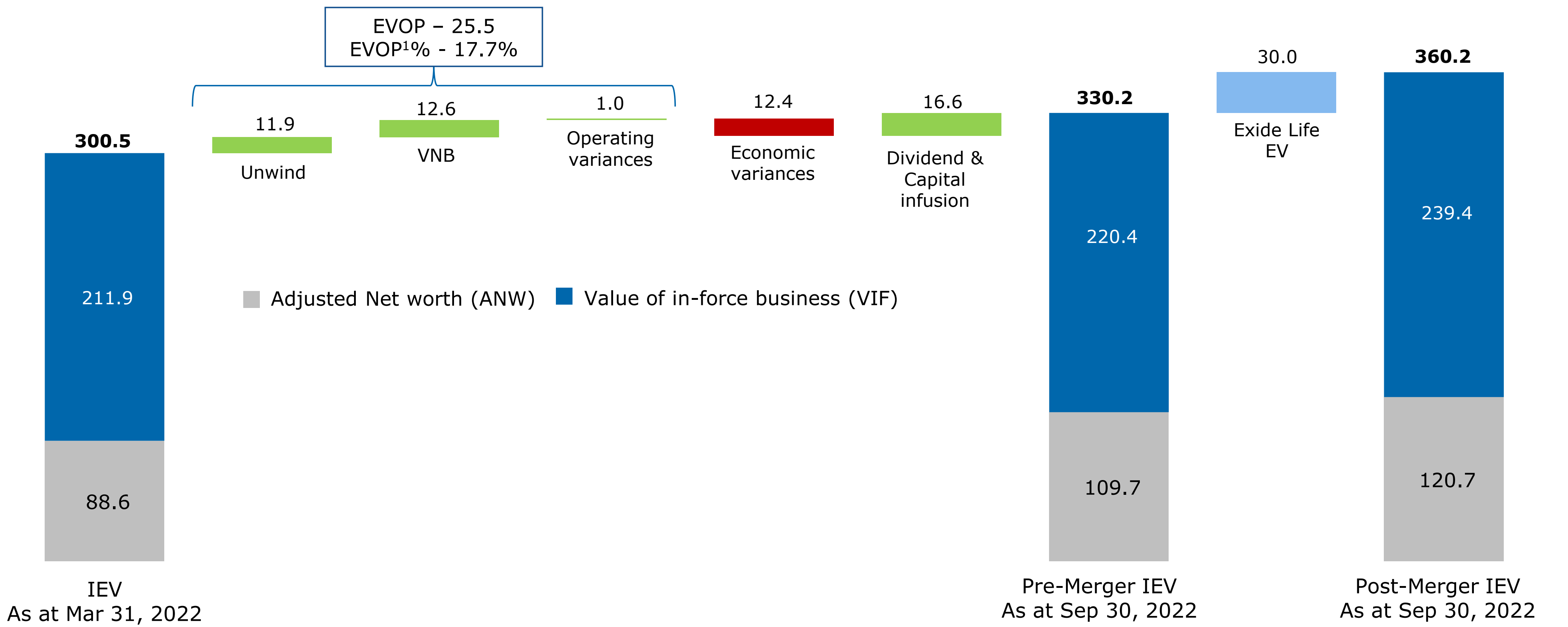


1. *Post accounting for impact of excess mortality reserve (EMR)*

HDFC Life

Analysis of change in IEV

Rs bn



- Operating variance continues to be positive and in line with our assumptions

Profitable growth
Diversified distribution mix
Market-leading innovation
Reimagining insurance
Quality of Board and management

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

Diversified distribution mix enabled by multiple levers

Proprietary[1]

1.5L+ Agents

~450 Branches
48 Digital Branches[2]

www.hdfclife.com
HDFC Life App

Banks , SFBs, Other CAs

HDFC BANK, Utkarsh Small Finance Bank, Saraswat Bank, DhanlaxmiBank, Bandhan Bank, IDFC FIRST Bank, Union Bank of India, AXIS BANK, South Indian Bank, India Post Payments Bank, RBL BANK, AU Small Finance Bank, Suryoday, YES BANK, DCB BANK, Ujjivan Small Finance Bank, Capital Small Finance Bank, TJSB Sahakari Bank Ltd.

NBFCs, MFIs

HDFC SALES, Fullerton India, HDB Financial Services, Chola, TATA CAPITAL, Asirvad, CreditAccess Grameen, pnb Housing Finance Limited, VFS, Muthoot Microfin, IIFL HOME LOAN, HeroFinCorp., BAJAJ FINANCE LIMITED, TATA Motorsfinance, nabfins

Brokers & Aggregators

BLUECHIP, Integrated, policybazaar, Coverfox.com, BajajCapital, NJ Insurance Brokers, Robinhood Insurance Broker, InsuranceDekho, CENTRUM, Probus Insurance

Group, Pension & International Business

NPS Corporates

Group Annuity (MPH/CA)
160+ Superannuation Funds

Rep Office - NRI

Partnerships in emerging eco-systems across Health, E-commerce, Auto, Telecom, Mutual Fund, Fintech

zopper, FinAapp, fisdom, MyLoanCare.in, PhonePe, AXIS ASSET MANAGEMENT, LENDINGKART, realme paysa, mswipe, turtlemint, FUNDSINDIA

Equity Brokers & Wealth

ICICI Securities, HDFC securities, sbi securities, Motilal Oswal, Edelweiss, ZERODHA, GEOJIT, Angel Broking

1. Proprietary channels include Agency, Direct and Online (Post-Merger basis)
2. Digital Branches: Virtual branch for servicing customer requests remotely through dedicated app and webpage

Product innovation across segments

Protection

Offline	Online	Credit Protect	Add ons	Protection with ULIP
Plain vanilla term plans where customer gets life cover	**Cheaper** compared to offline term plan	Term insurance **attached with loan**	**New features** such as spouse cover, smart exit (zero cost insurance), life stage, WOP CI/ TPD[1]	Provides higher **coverage with market linked returns**

Savings

Lumpsum endowment plans	Guaranteed income plans	Immediate income plans
Pay for a defined premium term and **get guaranteed lump sum/ Sum assured+ bonuses**	Offers **tax-efficient structures** with short term and long term income	Life long participating plans which provide **income from 1st month**

Retirement

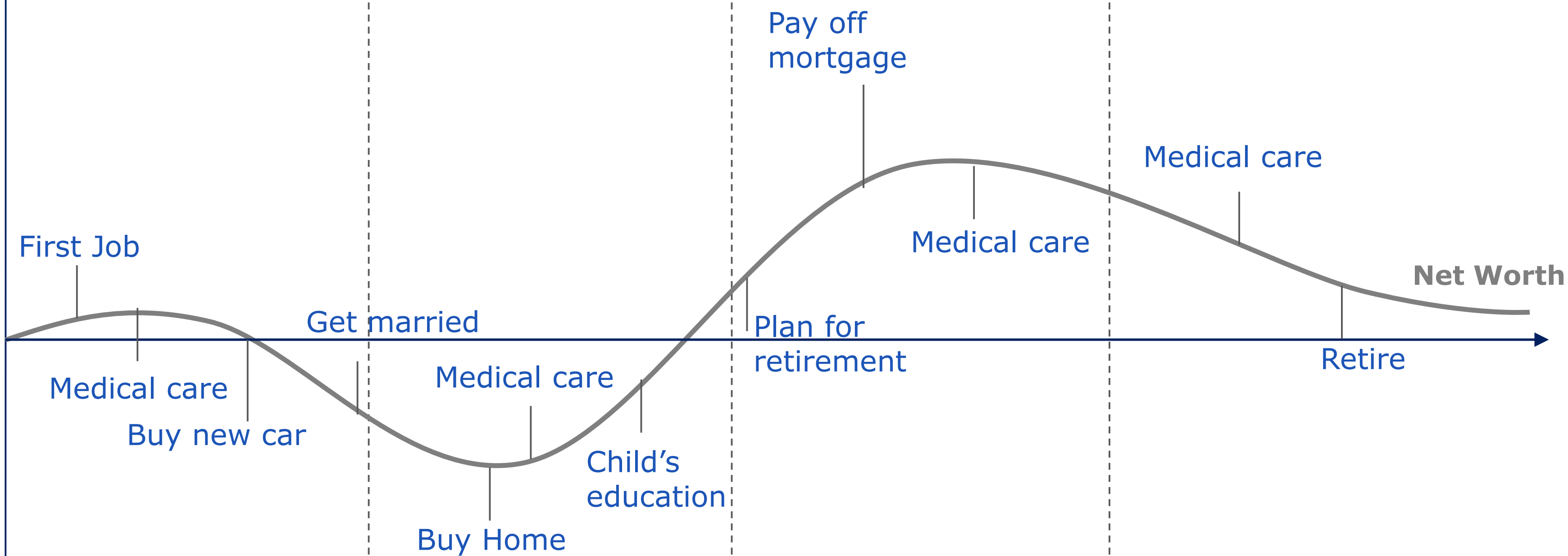
Immediate annuity	Pension accumulation plans	Deferred annuity	Regular pay deferred annuity
Pay one time and get **life time income**	Save systematically and **build retirement corpus** *(used for buying annuity)*	Pay one time, wait for a few years and then receive **life time income**. Annuity rates locked at the start	Pay premiums regularly for 5/7 years and receive **life time income**. Annuity rates locked at the start

1.Wavier of premium on critical illness, Total permanent disability

Addressing customer needs at every stage of life

	<25 years	25-35 years	36 – 50 years	50+ years
Objective	Simple Savings	Borrowing	Investments	Asset Drawdown

Needs



Product Offerings

Product mix across age categories[1]

	<25 years	25-35 years	36 – 50 years	50+ years
UL	32%	26%	22%	15%
Par	32%	29%	26%	29%
Non par savings	32%	37%	44%	35%
Protection	4%	8%	4%	1%
Annuity	0%	0%	3%	20%

Risks Addressed

- Mortality
- Morbidity
- Longevity
- Interest Rate

Profitable growth
Diversified distribution mix
Market-leading innovation
Reimagining insurance
Quality of Board and management

1. *Based on Individual APE for H1 FY23; Percentages may not add up due to rounding off effect. Pre-Merger basis numbers shown*

HDFC Life

Our approach to retiral solutions

1. NPS

- Largest Pension Fund Manager (PFM) in Retail and Corporate NPS segment, with AUM of Rs 351 bn[1]
- Registered strong YoY growth in AUM of 57% during H1 FY23
- Market share grew from 36% in Sep'21 to 39% in Sep'22 amongst all PFMs
- Company has over 1.25 mn customers
- #2 POP[2] in new Corporate and Corporate Subscriber business

2. Immediate / deferred annuity

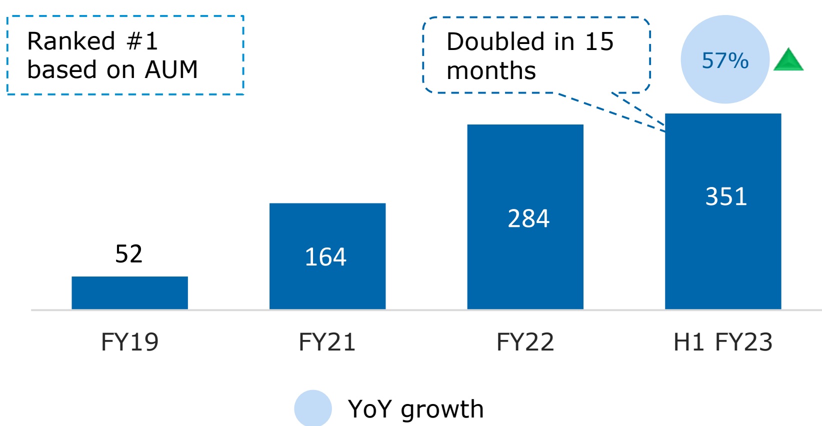
- Largest player in the private sector

3. Group superannuation fund

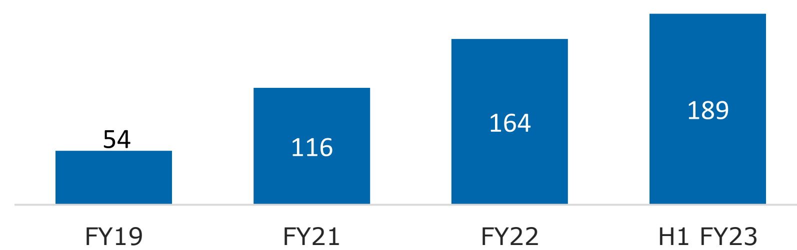
- Managing funds for 160+ corporates under superannuation scheme

Rs bn

NPS AUM



Annuity portfolio



1. *As on Sep 30, 2022*
2. *POP: Point of presence for enabling opening of accounts on a platform*

Product mix across key channels[1] – Post-Merger basis

Banca [2]

Segment	FY20	FY21	FY22	H1 FY23
UL	32%	27%	29%	26%
Par	18%	37%	33%	29%
Non par savings	44%	30%	33%	37%
Term	4%	4%	4%	3%
Annuity	2%	2%	2%	4%

Direct

Segment	FY20	FY21	FY22	H1 FY23
UL	33%	29%	28%	18%
Par	14%	17%	14%	19%
Non par savings	20%	16%	27%	32%
Term	4%	3%	3%	3%
Annuity	29%	35%	28%	28%

Agency

Segment	FY20	FY21	FY22	H1 FY23
UL	12%	10%	16%	11%
Par	34%	37%	33%	39%
Non par savings	40%	39%	39%	39%
Term	12%	11%	10%	7%
Annuity	3%	3%	3%	4%

Online[3]

Segment	FY20	FY21	FY22	H1 FY23
UL	44%	39%	46%	50%
Par	1%	1%	2%	2%
Non par savings	18%	29%	30%	33%
Term	37%	30%	20%	10%
Annuity	1%	2%	2%	4%

Company

Segment	FY20	FY21	FY22	H1 FY23
UL	28%	24%	26%	21%
Par	19%	34%	30%	31%
Non par savings	41%	31%	33%	37%
Term	8%	7%	6%	4%
Annuity	4%	5%	5%	6%

~40% of business with policy term <=10 years; ~17% of received premium in single-pay policies for H1 FY23

Protection

	FY20	FY21	FY22	H1 FY23
Based on Total APE	17%	13%	14%	16%
Based on NBP	27%	20%	24%	32%

Annuity

	FY20	FY21	FY22	H1 FY23
Based on Total APE	4%	5%	5%	7%
Based on NBP	16%	20%	20%	23%

Profitable growth
Diversified distribution mix
Market-leading innovation
Reimagining insurance
Quality of Board and management

1. Based on Individual APE, Term includes health business. Percentages are rounded off
2. Includes banks, other corporate agents and online business sourced through banks / corporate agents
3. Includes business sourced through own website and web aggregators

HDFC Life

Aligned to make life simpler for customers

1. Accelerate **JOURNEY SIMPLIFICATION** across channels
2. Fast track **PARTNER INTEGRATION**
3. **SERVICE SIMPLIFICATION** for connect and personalization
4. **DATA LABS ECOSYSTEM** for decision making
5. **PLATFORMS** independent buying / servicing

Building resilience..

6. Connecting with startups through **Futurance**[1]
7. Create a digital scalable efficient **Architecture**
8. Enable a hybrid **Work From Home** environment
9. Strengthen **Cyber Security** for post-Covid world

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

HDFC Life

New in-house automated underwriting rule engine

Developed inhouse automated rule engine to replace existing externally sourced rule engine

Benefits

Complete control- No dependencies on external rule engine service provider

Highly efficient, scalable & reliable

Integration of APIs and third party services to improve decision making

Substantial cost saving : License fee, amendment fee and maintenance fee

HDFC Life

Journey Simplification

Credit Bureau, ITR & EPFO Integration aiding better throughput

Empowering a seamless customer onboarding journey

Proposal Submission

- Bureau is triggered for the estimated income
- Option for digital authentication available for ITR ping
- Option for EPFO trigger available for the customer

Bureau/ITR/EPFO output fetched through API

- Value received is passed to UW rule engine
- ITR documents for latest 3 financial years fetched
- PF passbook fetch through EPFO

Financial UW by Rule Engine

- Financial viability is verified and for eligible case no additional requirement is raisied
- Aversion of risk related to fraudulent documents

Success metrics

85%	**Bureau score is received for 85% of cases**
25-30%	**ITR document fetch successful in 25-30% of cases shared** **32% overall document fetch observed**
40-45%	**Offline utilization of EPFO**

Benefits

Hassle free customer onboarding experience

Enhanced risk assessment for underwriting

Reduced cancellation due to unavailability of financials with customer

Improvement in overall issuance TAT

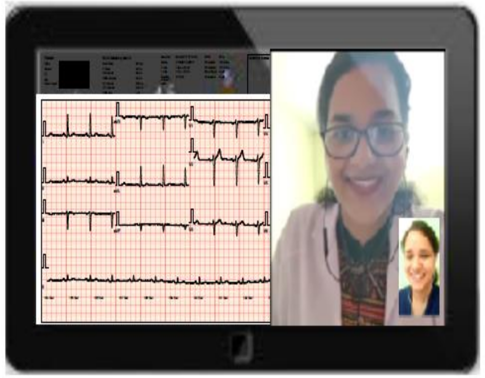
HDFC Life

Strengthening underwriting and simplifying customer journey

Cardiac risk assessment at home for medical underwriting

Cardiac risk assessment service at home promises convenience to individuals who have to undergo medicals while applying for an HDFC Life insurance policy

- Applicants / users step on a stepper with speed & resistance adjustments
- Conventional print based ECG equipment is replaced with a portable, bluetooth and mobile connected ECG equipment for real time data recording and analysis
- Recording is transmitted to the remote physician for review and interpretation



- Instead of an onsite physician, an online consultant physician is available to monitor the progress of the stress test (incl. real-time ECG) over a video call
- The physician can talk to the site technician and the applicant / user for any instructions
- This service is currently live in 19 locations

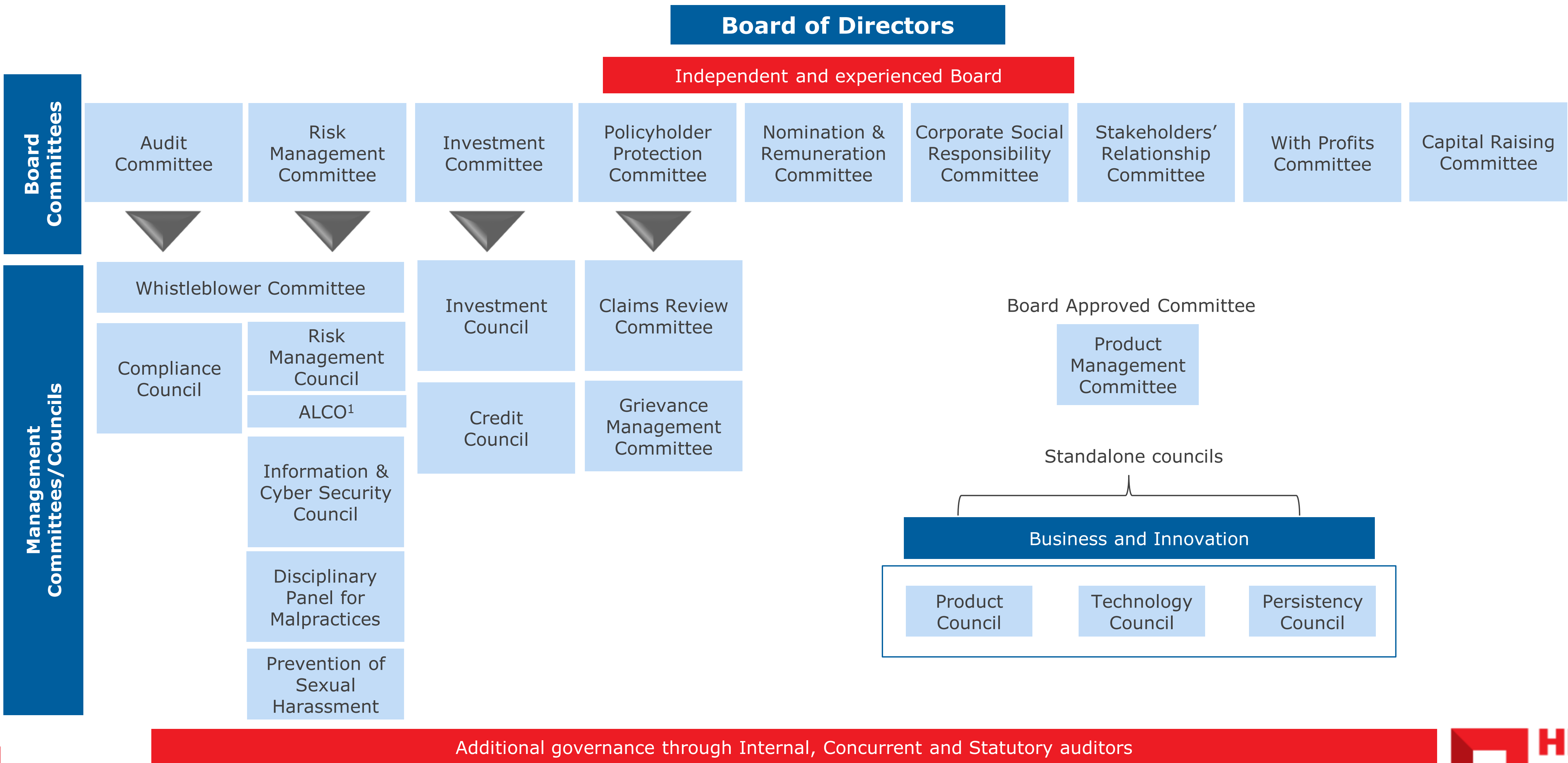
Home medicals for NRI customers

In an industry first initiative, we have now launched home medicals for our customers overseas in 21 countries

Profitable growth
Diversified distribution mix
Market-leading innovation
Reimagining insurance
Quality of Board and management

HDFC Life

Governance framework



HDFC Life

Note:
1. Asset Liability Management Council
2. The above list of committees is illustrative and not exhaustive

Financial risk management framework

Natural hedges

- Protection and longevity businesses
- Unit linked and non par savings products

Product design & mix monitoring

- Prudent assumptions and pricing approach
- Return of premium annuity products (>95% of annuity); Average age at entry ~59 years
- Deferred as % of total annuity business < 30% with average deferment period <4 yrs
- Regular monitoring of interest rates and business mix

Managing Risk

ALM approach

- Target cash flow matching for non par savings plus group protection portfolio to manage non parallel shifts and convexity
- Immunise overall portfolio to manage parallel shifts in yield curve (duration matching)

Residual strategy

- External hedging instruments such as FRAs, IRFs, swaps amongst others
- Reinsurance

	FY22				H1 FY23*			
Sensitivity	**Overall**		**Non par [1]**		**Overall**		**Non par [1]**	
Scenario	**EV**	**VNB Margin**	**EV**	**VNB Margin**	**EV**	**VNB Margin**	**EV**	**VNB Margin**
Interest Rate +1%	(2.0%)	(1.4%)	(2.1%)	(2.5%)	(2.3%)	(1.4%)	(2.0%)	(2.2%)
Interest Rate -1%	1.6%	0.8%	1.4%	1.5%	1.9%	0.7%	1.3%	0.9%

Sensitivity remains range-bound on the back of calibrated risk management

1. *Comprises Non par savings (incl Annuity) plus Protection*

* *Pre-Merger basis sensitivities shown*

Agenda

1 Performance Snapshot

2 Our Strategy

3 Exide Life Transaction Update

4 Our approach to ESG

5 Annexures

6 Life insurance in India

Exide Life Performance Snapshot: H1 FY23

Scale

Individual APE
Rs bn: 3.2
Growth: 15%

AUM
Rs bn: 205
Growth: 9%

Embedded Value
Rs bn: 30
Growth: 8%

Profitability & Cost

Margins
VNB (Rs bn): 0.3
NBM: 8.2%

Opex ratio
H1 FY23: 20.3%
H1 FY22: 20.7%

Renewal Premium(Rs bn)
H1 FY23: 12.1
H1 FY22: 11.5

Customer & Capital

13M Persistency[1]
H1 FY23: 76%
H1 FY22: 73%

Claim Settlement Ratio
FY22: 99.1%
FY21: 98.5%

Solvency
Sep 30, 2022: 216%
Mar 31, 2022: 217%

Others

Channel Mix[2]
Agency: 56%
Banca: 7%
Broker: 25%
Direct: 12%

Product Mix[2]
Par: 58%
Non-par: 29%
Protection: 6%
ULIP: 7%

1. *For individual business; Excluding single premium and fully paid up policies*
2. *Based on Individual APE*

Integration – Focus areas

Accelerating revenues …

Augmenting proprietary growth channels
- *Adoption of best practices and re-aligning key result areas across teams*

Access to wider distribution network with focus on priority micro markets
- *Footprint enhanced to include 90+ new locations*

Access to wider product portfolio for sales force
- *Erstwhile Exide Life channels enabled to access HDFC Life products from date of merger*
- *Multiple Exide Life products to be made available to HDFC Life by end of FY23*

Enhancing customer experience and sales productivity through digital tools
- *Digital servicing suite of HDFC Life extended to cover all erstwhile Exide Life policyholders*

Realizing cost savings …

Optimizing nation-wide geographic presence (offices, branches, hubs)
- *80+ branches to be merged across geographies*

Rationalizing overlapping/ redundant spends

Driving scale benefits for integrated entity

Embedding digital operating model at scale

Aspiration to close NBM gap in FY24

Exide Life transaction timelines

Milestones	Date Completed
Milestone 1: Announcement of transaction	Sep 3, 2021
Milestone 2: Shareholders' approval for issuance of shares	Sep 29, 2021
Milestone 3: Receipt of approvals from IRDAI and CCI for acquisition, ongoing interactions. Exide Life becomes 100% subsidiary of HDFC Life	Jan 1, 2022
Milestone 4: Approval obtained from NCLT for triggering the merger process, including intimations to various regulatory authorities and related NOCs	Jun 27, 2022
Milestone 5: Completion of merger	Oct 13, 2022

Completion of acquisition and merger within 14 months of announcement of transaction

Agenda

1. Performance Snapshot
2. Our Strategy
3. Exide Life Transaction Update
4. **Our approach to ESG**
5. Annexures
6. Life insurance in India

ESG at a Glance

ESG Focus Areas

- Ethical Conduct & Governance
- Responsible Investment
- Diversity, Equity and Inclusion (DE&I)
- Holistic Living
- Sustainable Operations

Ethical Conduct & Governance

Governance structure & Compensation Framework

Corporate governance policy
- Commitment to ethical business practices
- Includes Corporate structure and stakeholder management

Board evaluation & independence
- Five independent directors
- 'Fit and Proper' as per regulation

Board Diversity policy

30% women as on 31st March, 2022

Remuneration policy
- Seeks to balance the fixed and incentive pay
- Disclosed in the annual report

Performance Management System

based on the principles of balanced scorecard

Corporate Governance Award

Best Governed Company in listed segment: Large category at ICSI[1] National Awards for Excellence in Corporate Governance

Risk management and BCM

- Enterprise risk management (ERM) framework
  - 'Three Lines of Defense approach'
  - Reviewed and approved by the Board

- Risk oversight by Board of Directors
- Review in multiple management forums

- Modes of Risk awareness
  - Trainings, E-mailers, Seminars, Conferences, Quizzes and Special awareness Drives
- Sensitivity analysis and stress testing

- Business Continuity Management (BCM)- Creation of a recovery plan for critical business activities

Information/Cyber Security

Information/cyber security
ISO 27001:2013 and ISMS assessment program;
Data Privacy Policy

Fraud risk management
Values program; Disciplinary Panel for Malpractices; Fraud monitoring initiatives

Business ethics and compliances

- Code of Conduct
- Whistle blower Policy
- PRSH[2]
- BRR[3] & Stewardship Code
- Anti Bribery & Corruption Policy
- Human Rights & DEI[4]
- AML[5]
- Privacy Policy

1. ICSI: Institute of Companies Secretaries of India
2. PRSH: Prevention and Redressal of Sexual Harassment
3. BRR: Business Responsibility Report
4. DEI: Diversity, Equity and Inclusion
5. AML: Anti Money Laundering

Responsible Investment

Responsible Investment Policy

Objective

To generate optimal risk adjusted returns over the long term

RI framework

- **RI** and **stewardship policy** in place
- Applicable to all **major asset classes**
- **Head of Research** ensures that ESG is incorporated into overall Research and Investment process
- ESG issues covered **in voting process**

Bolstering commitment towards Responsible Investment

Became signatory to United Nations – supported Principles for Responsible Investment (UN-PRI)

PRI | Principles for Responsible Investment

Responsible Investment Governance

A **ESG Governance Committee** at the investment team level comprises of Chief Investment Officer, Head of Fixed Income, Head of Research, Fund Manager of ESG Fund and dedicated ESG research analyst

Sustainable Equity Fund

What is Sustainable Equity fund & why invest in it?

This fund shall seek to generate returns from investing in companies with high ESG standards and commensurate score, create value for all stakeholders with lower risks & generate sustainable long-term returns.

Exclusion criteria included in the RI Policy

Companies engaged in the business of tobacco, alcohol, controversial weapons and gambling shall be excluded from the Sustainable Equity Fund

Exclusion criteria aligned with the exclusion policy followed by **Nifty 100 ESG Index**

HDFC Life

Employee Engagement & Diversity, Equity and Inclusion (DEI)

Special Recognition

- **Great Places to Work** – 39th amongst top 100 Best Places
- **Best workplaces for Women 2021**– Great Place to Work Institute
- **Avtar top 100 Places**
- **Best Workplaces for Women 2021 – Economic Times**
- Brandon Hall awards - Learning Strategy, Simulation training, & Social Talent Acquisition

Attracting talent

- **Hybrid work model** and flexi hours to attract gig workers
- Robust **employee referral schemes** (>50%)
- **Hire–train-deploy** model through tie-up with reputed learning institutions
- **HR tech**: in-house application tracking system

Training & development

- **Career coaching** and development interventions; woman mentoring
- **Mobile learning** app for self-paced learning
- **Training for all** including employees, contractors, channel partners **/ Virtual product training**
- **Skill Up: Curated online training** programs from reputed universities
- Average hours per FTE of training and development: **86 hours**

Employee engagement

- **Emotional and well being assistance** program for employees and their families
- **Doctor on Call:** Unlimited free consultation
- **E-Sparsh**: Online query & grievance platform
- Family integration programs
- Platform for employee engagement: CEO Speaks, HDFC Life Got Talent, e-appreciation cards
- **In-house fitness and wellness app** - Click2Wellness

Talent management/retention

- **Special programs for campus hires**; **Talent development** interventions for leadership
- **Career microsite, job portal**
- **Internal Career Fair** for employees
- Long term incentive plans in the form of **ESOPs**[1] and cash to attract, retain and motivate good talent
- Elaborate **succession planning** for Key Managerial Personnel, critical senior roles

Employee diversity, equity & inclusion

- Promoting **DEI ally ship**: leadership development, communication, strengthening policies, aligning workforce through **Celebrate YOU** program of the Company

Celebrate YOU

- 26% **women** employees
- Promoting **diverse talent pool** (work profiles for second career women, specially-abled) - #MyJobMyRules
- Launched official DEI page on our website highlighting various initiatives
- **Gender transition surgery** covered under mediclaim policy

Gender neutral

- **Dress code policy**
- **Maternity policy –** Use of terms like primary and secondary caregiver instead of using terms like parents, mother/father, man/woman

1. *ESOPs: Employee Stock Options*

HDFC Life

Holistic Living: Inclusive Growth

FY22

Customer Highlights

Claim settlement ratio (individual & group)
99.6%

Customer Satisfaction Score for March'22
88.9 %

Persistency ratio (13^{th} month) **87%** (excluding single premium and fully paid up policies)

COVID claims (net)
Rs. 818 crore, Count 15,293

CSR Numbers

Number of lives covered
5.4 crore

Rural sector
1,89,147

Social sector
1,00,87,909

MFI lives covered under CP
3,14,55,858

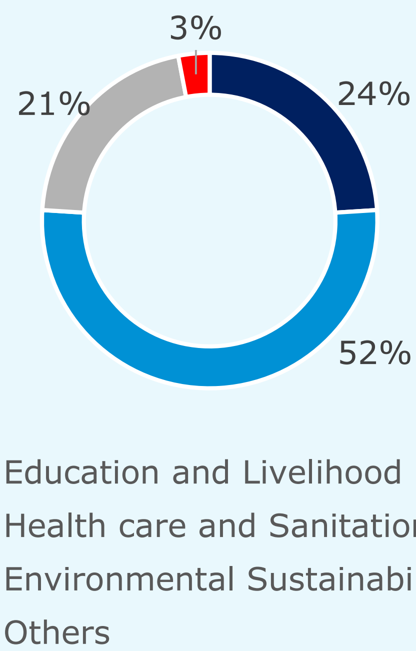
States and UT's covered
23

Sustainable Development Goals covered **12**

CSR Spends
Rs. 17.4 crore

CSR beneficiaries*
4.6 lakh

Sector-wise budget break-up



*CSR beneficiaries include 1.60 lakh beneficiaries impacted in completed projects and 3.07 lakh beneficiaries from on-going projects

Holistic Living: Delivering superior customer experience

Customer Centricity

Journey simplification – frictionless sales and service

Simplifying buying journeys through **platforms** like LifeEasy (online term purchase)

Online claim processing for eligible customers via EasyClaims platform

Document simplification & elimination

OCR: Enabling digital document submission and verification

Straight through processing of maturity payouts for verified accounts

Leveraging advanced technologies for personalization and better customer experience (CX)

Cognitive bots – policy queries answered within 2-3 clicks

Personalization – Pre-approved sum assured for customers based on risk profile

Contactless services- new normal

Digital Life Certificate for collecting survival proof from senior citizens

Contactless branches by leveraging face recognition technology

Customer Satisfaction Score (%) as on 30th September 2022 – **91.1**

1. *OCR: Optical Character Recognition*

Sustainable Operations

Energy and water

- Since 2014 only **3 or 5 star rating** air – conditioners used
- 94% of branches use **LED based lighting** system
- Use of **sensor based** urinals and water taps
- Total purchase of energy from **renewable** sources: **2,39,788 kWh** during FY 2021-22
- **25** new **water purifiers** installed in FY 2021-22 to replace bottled drinking water

De-carbonization roadmap and way forward

Key initiatives & action points for FY23:

- **TCFD** (Task Force on Climate-Related Financial Disclosures)
- **SBTi** (Science Based Targets initiative)
- **Carbon neutrality** strategy & roadmap

Digitization - Reduction of Paper Usage

- Introduction of **E-business cards & ID cards**
- Online /**e-forms** for customers
- Annual report FY20 & FY21 digitally communicated
- **Demat** i.e. digital policy accounts for 38% of our new business

Bio-diversity

- **11 city forests** created using **Miyawaki method**; **69,603** trees planted in total (**27** city forests in total till date)

GHG inventory

- Scope 1 emissions – **63.33** met. ton. CO2e
- Scope 2 emissions – **10,134.62** met. ton. CO2e
- Scope 3 emissions – **746.38** met. ton. CO2e

Waste management

- **25,850 Kgs of e-waste** recycled/ refurbished/disposed in FY22
- **301.5 Kg** of paper cups & paper disposed for recycling FY 2021-22
- **No single-use plastics**
  - Bio-degradable garbage bags
  - Cafeteria with reusable plates, cutlery, wooden stirrers etc.
  - Procurement of plastic water bottles discontinued at Pan-India locations

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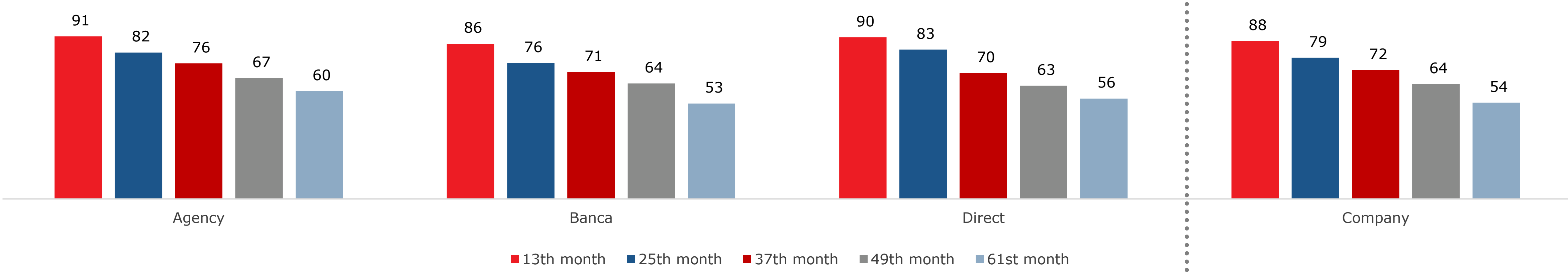
Improvement in overall persistency trends – Pre-Merger basis[1]

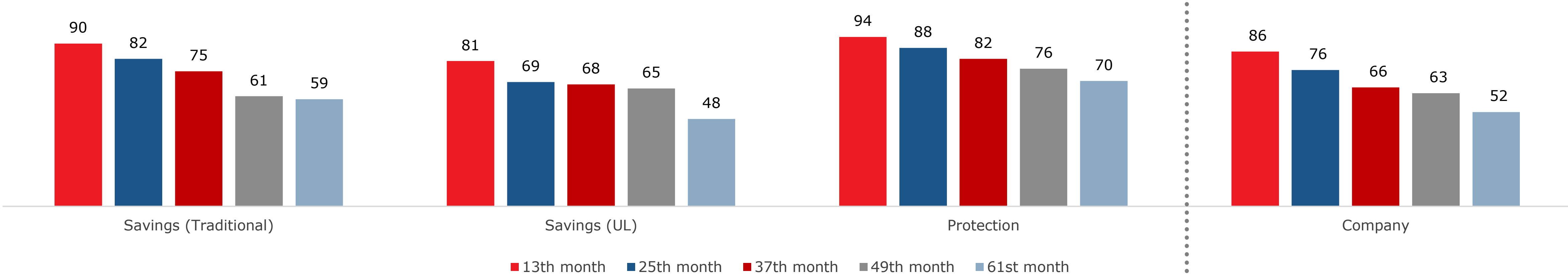
Across key channels (%)

CY (H1 FY23)



Across key segments (%)

PY (H1 FY22)

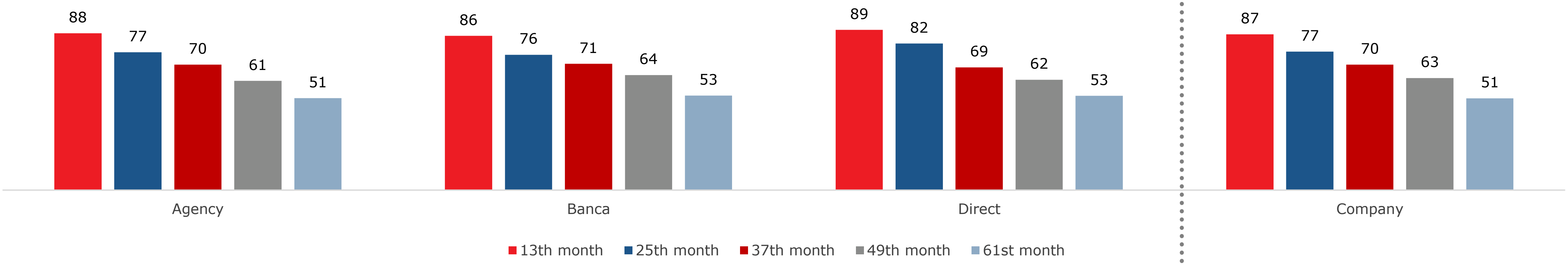


1. For individual business; Excluding single premium and fully paid up policies

Persistency trends for HDFC Life – Post-Merger basis[1]

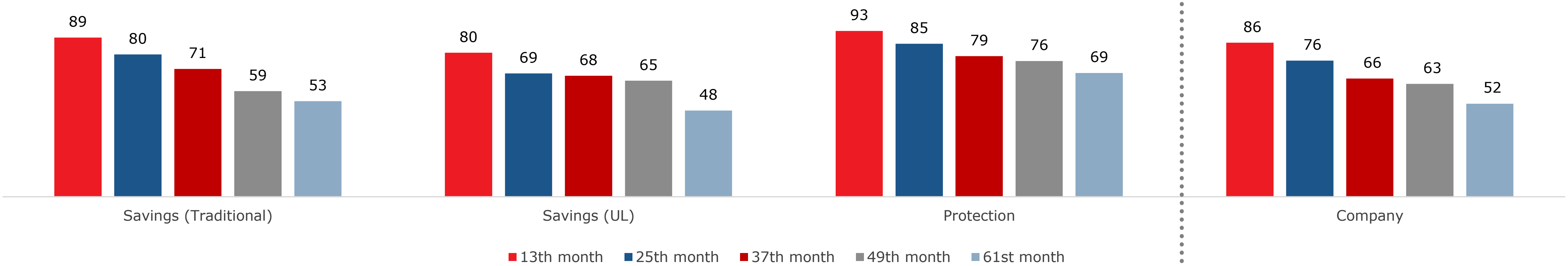
Across key channels (%)

CY (H1 FY23)



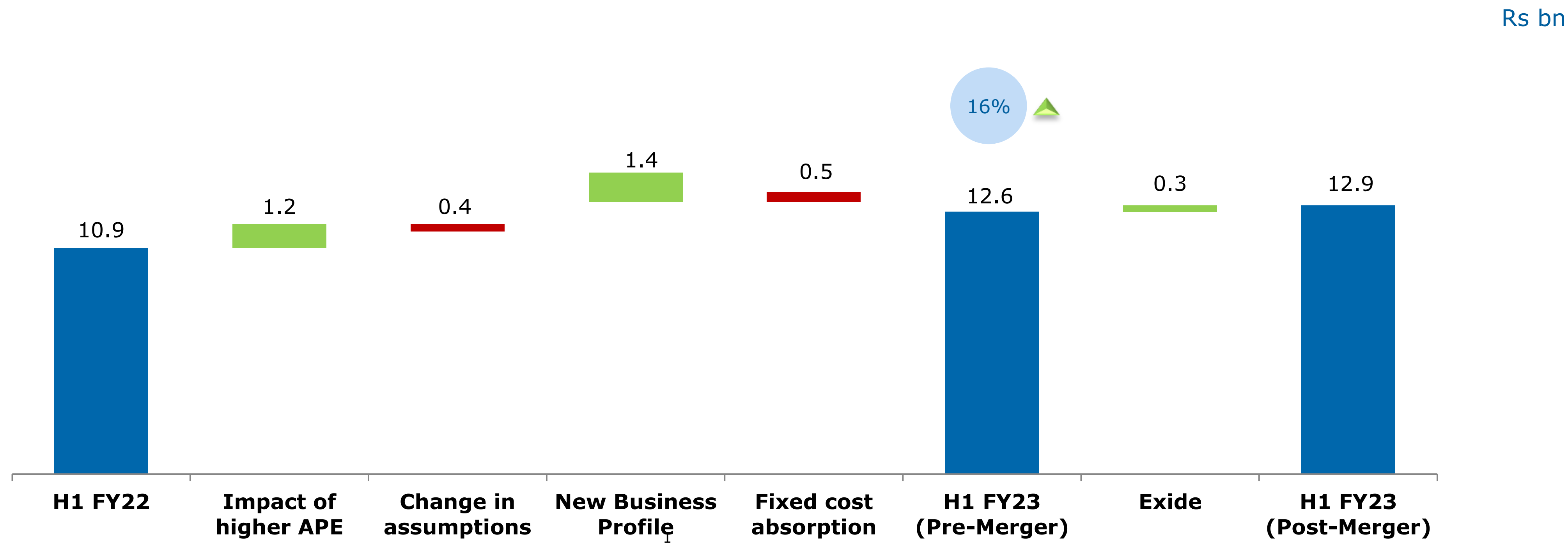
Across key segments (%)

PY (H1 FY22)



1. For individual business; Excluding single premium and fully paid up policies. Previous year numbers without Exide life business, hence numbers are not comparable

Improving VNB trajectory



	H1 FY22	Impact of higher APE	Change in assumptions	New Business Profile	Fixed cost absorption	H1 FY23 (Pre-Merger)	Exide	H1 FY23 (Post-Merger)
NBM%	26.4%	-	-0.8%	3.1%	-1.1%	**27.6%**		**26.2%**

VNB Growth

1. Reflects the impact of difference in mix of segment/distribution channel/tenure/age/sum assured multiple etc

VNB – Value of New Business; NBM – New Business Margin

Sensitivity analysis – H1 FY23 (Pre-Merger basis)

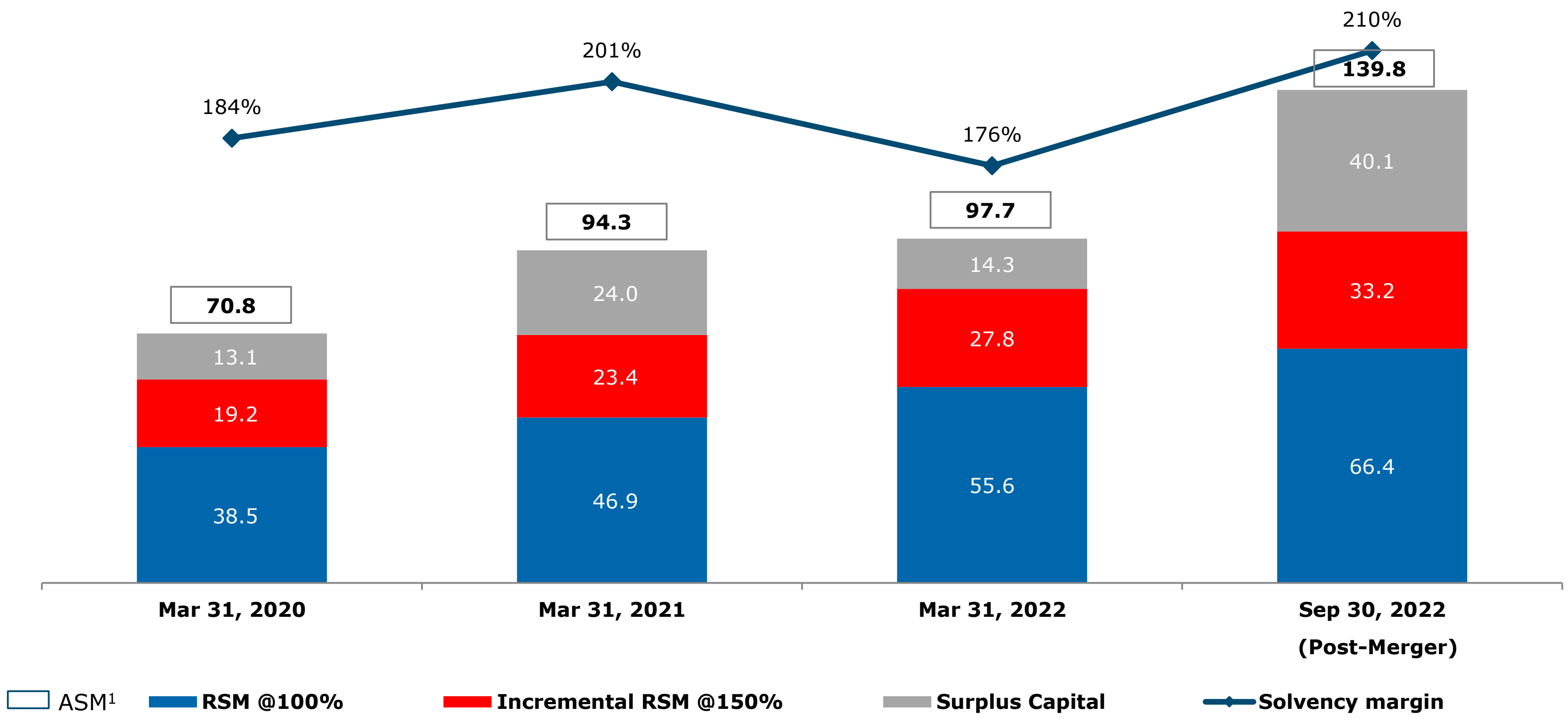
Analysis based on key metrics	Scenario	Change in VNB Margin [1]	% Change in EV
Change in			
Reference rate	Increase by 1%	-1.4%	-2.3%
	Decrease by 1%	0.7%	1.9%
Equity Market movement	Decrease by 10%	-0.2%	-1.4%
Persistency (Lapse rates)	Increase by 10%	-0.5%	-0.4%
	Decrease by 10%	0.5%	0.4%
Maintenance expenses	Increase by 10%	-0.5%	-0.8%
	Decrease by 10%	0.5%	0.8%
Acquisition Expenses	Increase by 10%	-4.2%	NA
	Decrease by 10%	4.2%	NA
Mortality / Morbidity	Increase by 5%	-1.5%	-1.0%
	Decrease by 5%	1.5%	1.0%
Tax rate[2]	Increased to 25%	-5.0%	-8.4%

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.*

HDFC Life

Capital position

Rs bn



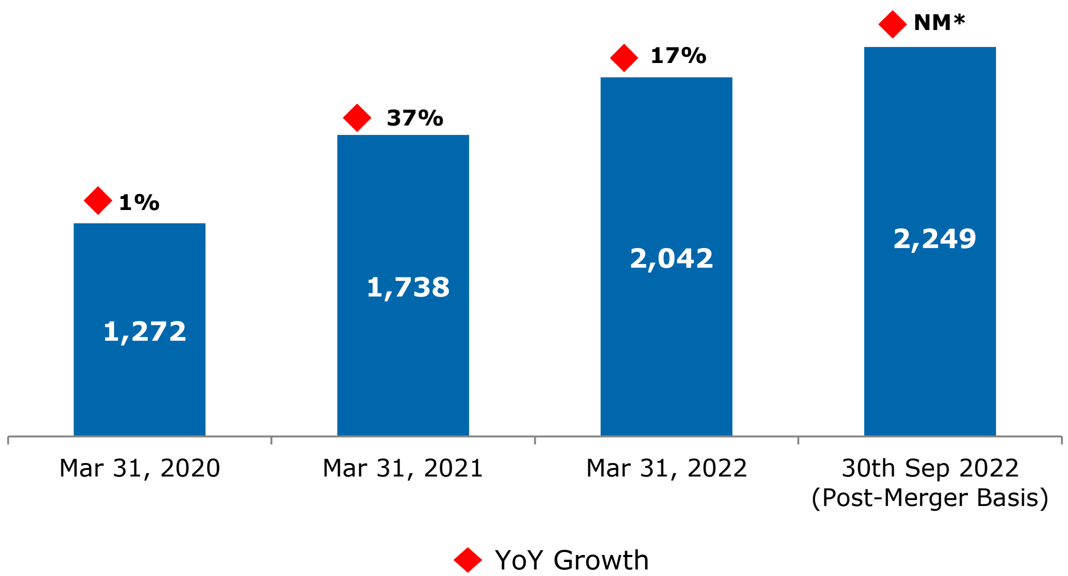
- Successfully raised Rs 20 billion of equity share capital in H1 FY23

1. *ASM represents Available solvency margin and RSM represents Required solvency margin*

Assets under management

Rs bn

	Mar 31, 2020	Mar 31, 2021	Mar 31, 2022	30th Sep 2022 (Post-Merger Basis)
Debt: Equity	62:38	71:29	64:36	68:32
UL:Traditional	50:50	43:57	43:57	36:64



- Over 99% of debt investments in Government bonds and AAA rated securities as on September 30, 2022

** Not meaningful as previous year numbers are not comparable*

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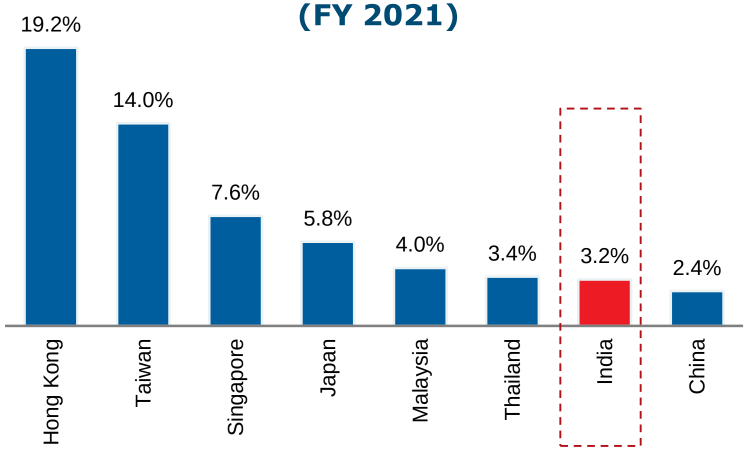
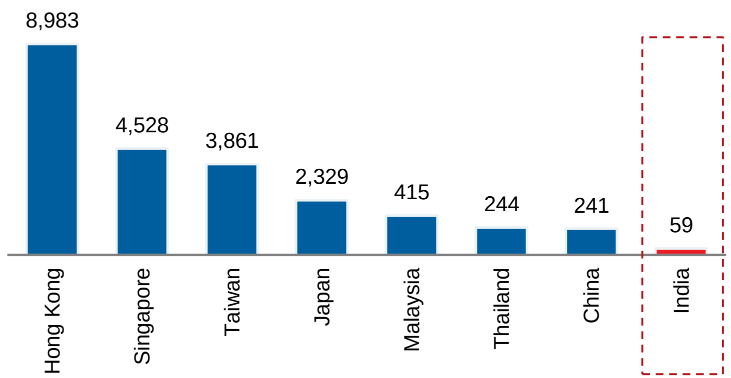
Growth opportunity: Under-penetration and favorable demographics

Life Insurance penetration [1] (FY 2021)

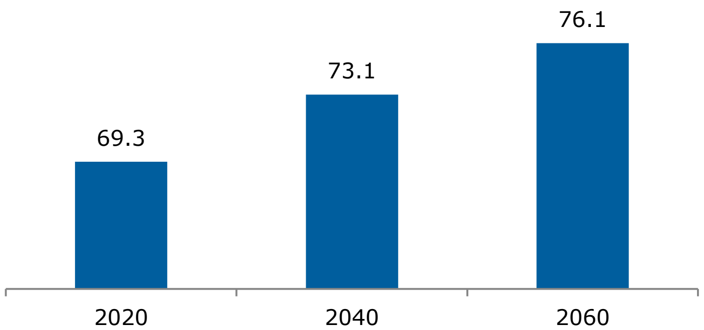


Life Insurance density US$ [2] (FY 2021)

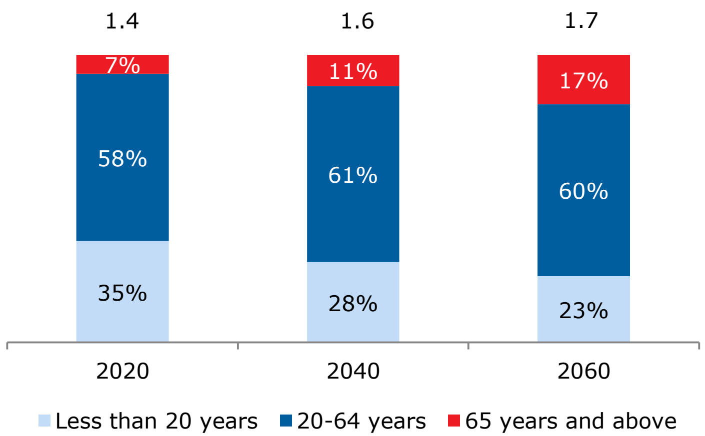


- India remains vastly under-insured, both in terms of penetration and density
- Huge opportunity to penetrate the underserviced segments, with evolution of the life insurance distribution model

Life expectancy (Years)



Population composition (bn)



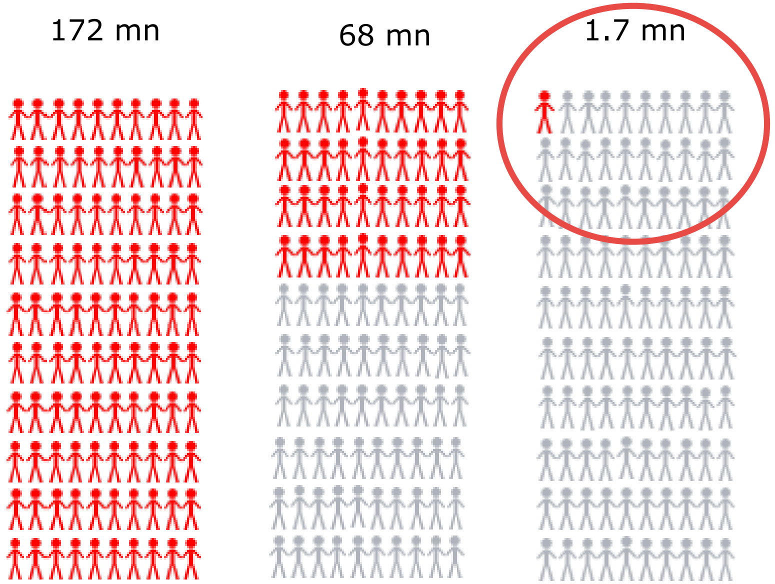
- India's insurable population estimated to be at ~1 bn by 2035
- Emergence of nuclear families and advancement in healthcare facilities lead to increase in life expectancy thus facilitating need for pension and protection based products

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 (Based on respective financial year of the countries), MOSPI, United Nations World Populations Prospects Report (2017)

Low levels of penetration – Life protection



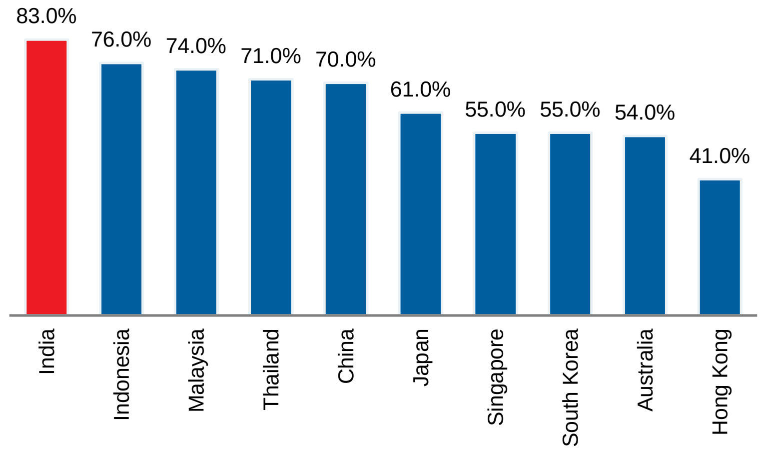
Urban Working Population

Addressable Market (excl blue collared)

Annual Policy Sales

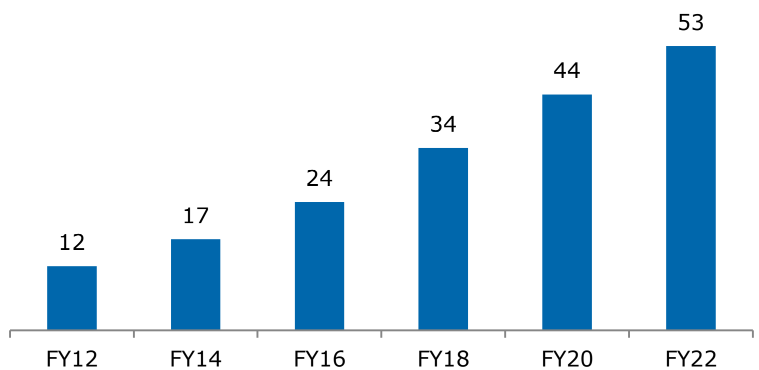
- Only 1 out of 40 people (2.5%) who can afford it, is buying a policy every year[1]
- Even within the current set, Sum Assured as a multiple of Income is <1x

Protection gap [2] (2019)



- India has the highest protection gap in the region, as growth in savings and life insurance coverage has lagged behind economic and wage growth
- Protection gap growth rate is predicted to grow at 4% per annum

Trend of retail loans [3] (Rs Tn.)



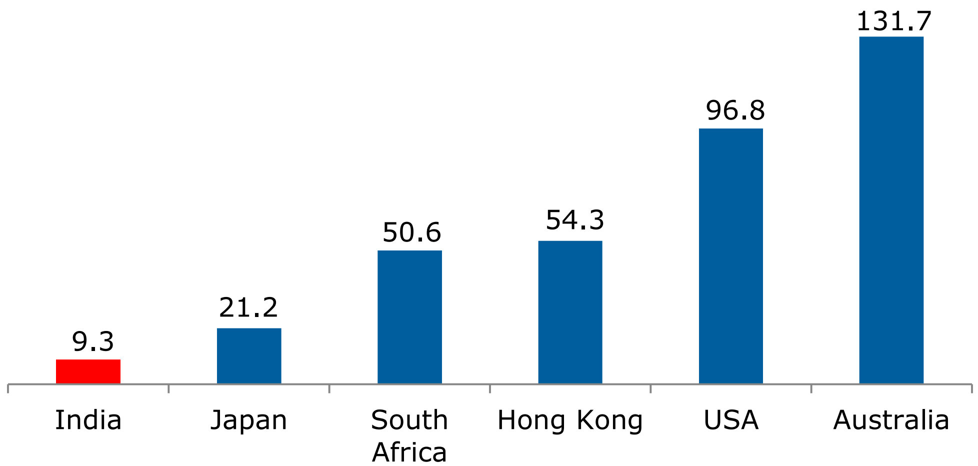
- Retail credit has grown at a CAGR of 16% over last 10 years
- Increasing retail indebtedness to spur need for credit life products
- Immense opportunity given:
  - Increasing adoption of credit
  - Enhancement of attachment rates
  - Improvement in value penetration
  - Widening lines of businesses

1. Goldman Sachs Report, March 2019
2. Swiss Re (Based on respective financial year of the countries)
3. Kotak institutional equities

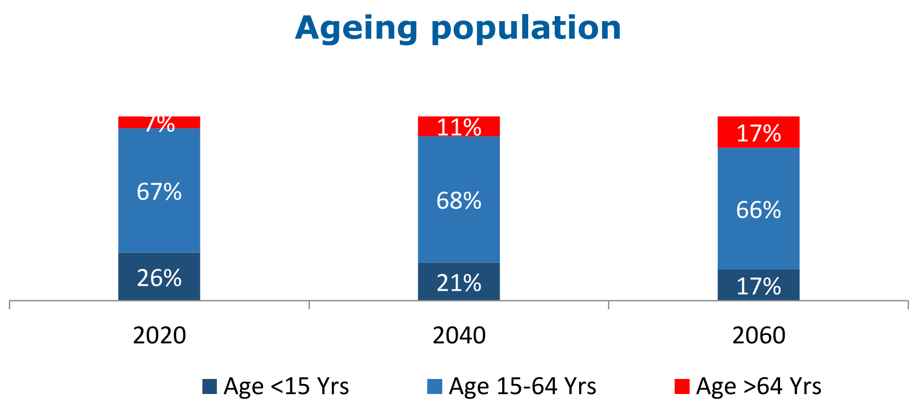
HDFC Life

Macro opportunity – Retiral solutions

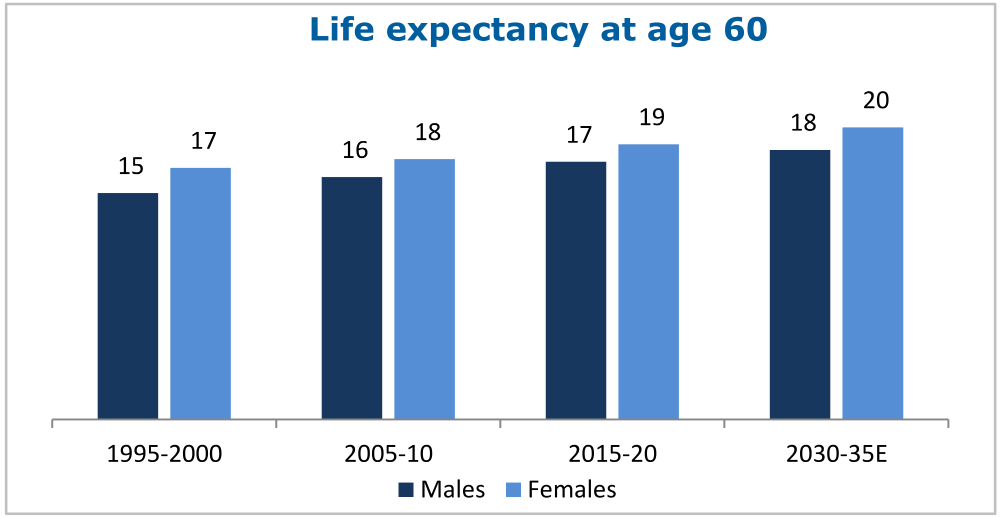
India's pension market is under-penetrated at 9.3% of GDP



Elderly population is expected to almost triple by 2060



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 1/4th accounted by NPS)
- Mandatory schemes to increase coverage for both unorganized and organized sectors

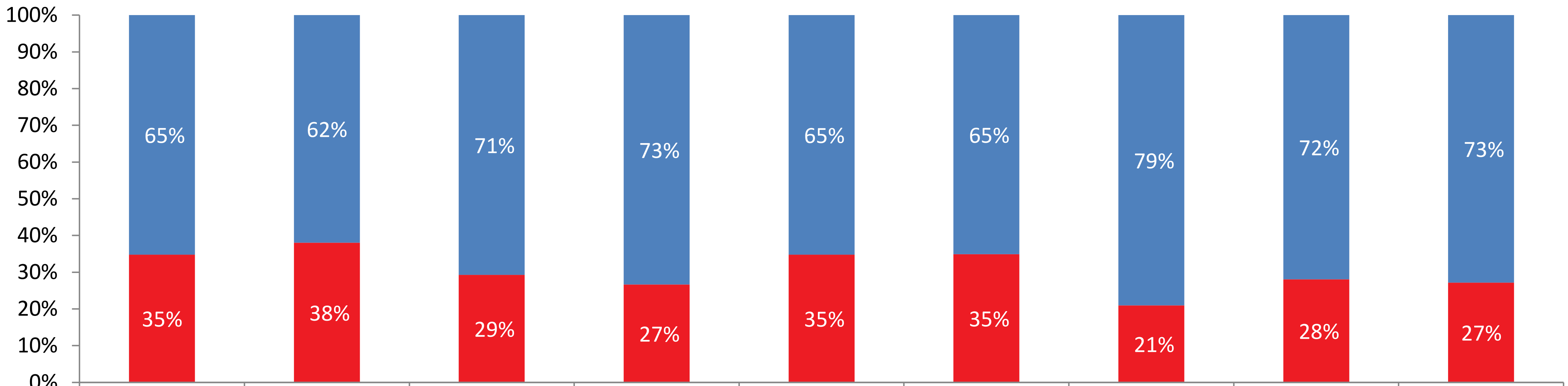
Source: Milliman Asia Retirement Report 2017; Survey by NSSO, Ministry of statistics and Programme implementation Crisil PFRDA, Census of India, UN Population Estimates

HDFC Life

Government bond auctions

Government Bonds – Tenorwise Issuance

Rs cr

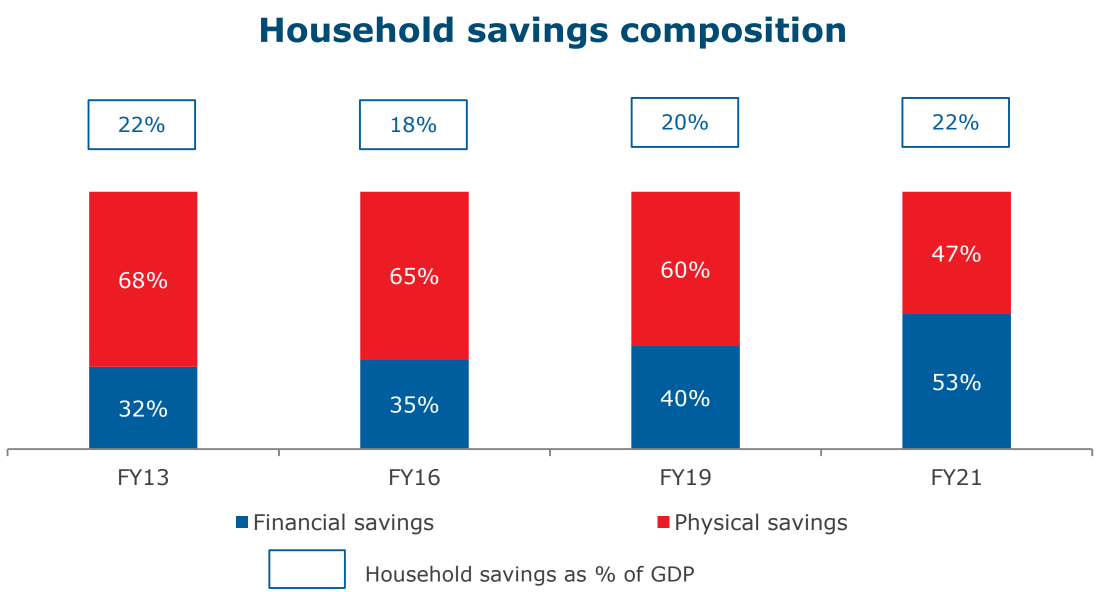


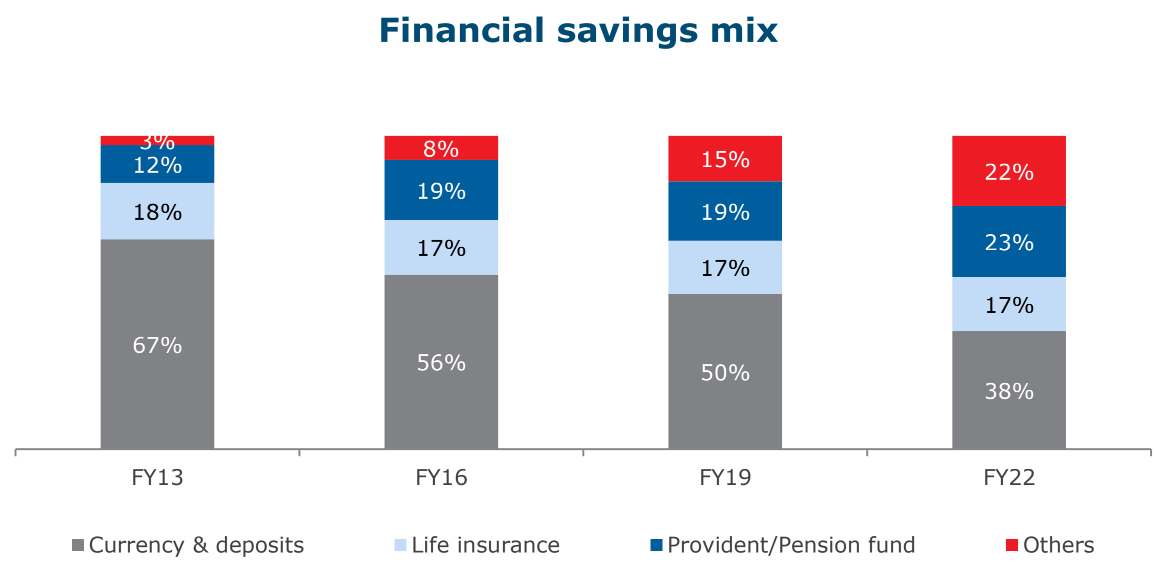
	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	H1FY23
<=15yrs	3,86,000	3,66,500	3,73,525	4,97,579	3,82,941	4,44,000	10,01,835	8,48,000	5,92,000
>15yrs	2,06,000	2,25,000	1,54,520	1,80,529	2,04,000	2,38,000	2,65,575	3,31,000	2,21,000
Total	5,92,000	5,91,500	5,28,045	6,78,109	5,86,941	6,82,000	12,67,410	11,79,000	8,13,000

- Auction of >15 year maturity bonds has been ~25-30% on an average facilitates writing annuity business at scale

Source: CCIL & National Statistics Office, Union Budget, RBI

Life Insurance: A preferred savings instrument

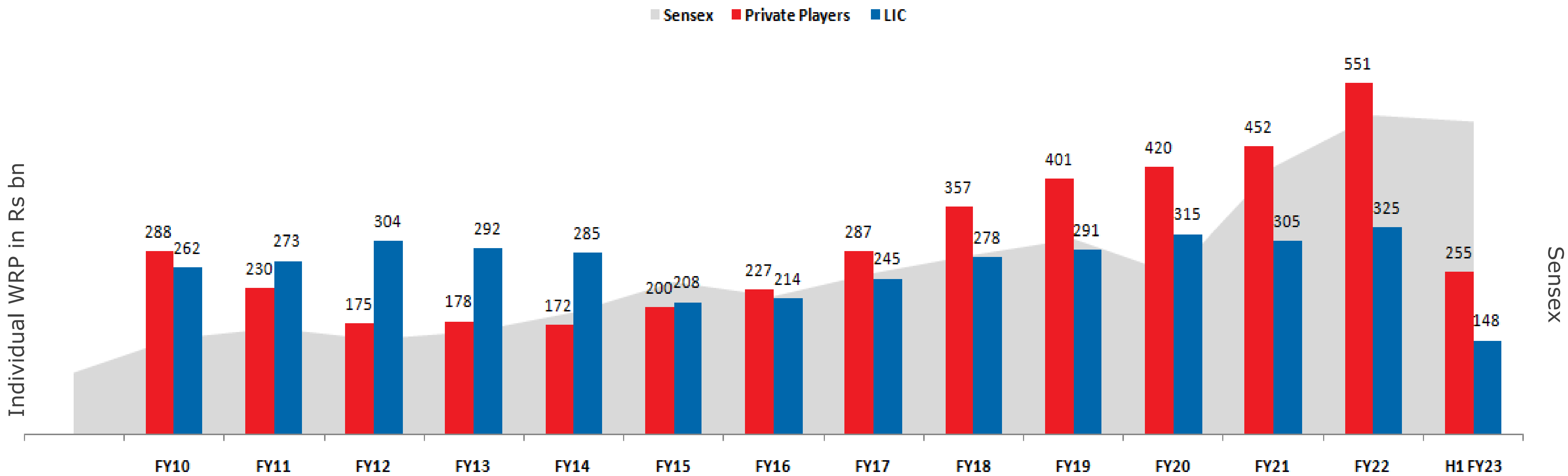




- Increasing preference towards financial savings with increasing financial literacy within the population
- Various government initiatives to promote financial inclusion:
  - Implementation of JAM trinity
  - Launch of affordable PMJJBY and PMSBY social insurance schemes
  - Atal Pension Yojana promoting pension in unorganized sector

Source: DBIE-RBI Statistics, RBI Annual Report, Economic Survey, CSO, www.pmjdy.gov.in

Industry new business trends[1]



		FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	H1 FY23
Private players Market share		52%	46%	37%	38%	38%	49%	52%	54%	56%	58%	57%	60%	63%	63%
Growth %	**Private**	*7%*	*-20%*	*-24%*	*2%*	*-3%*	*16%*	*14%*	*26%*	*24%*	*12%*	*5%*	*8%*	*22%*	*21%*
	LIC	*29%*	*4%*	*11%*	*-4%*	*-2%*	*-27%*	*3%*	*15%*	*13%*	*5%*	*8%*	*-3%*	*7%*	*15%*
	Overall	*17%*	*-9%*	*-5%*	*-2%*	*-3%*	*-11%*	*8%*	*21%*	*19%*	*9%*	*6%*	*3%*	*16%*	*19%*

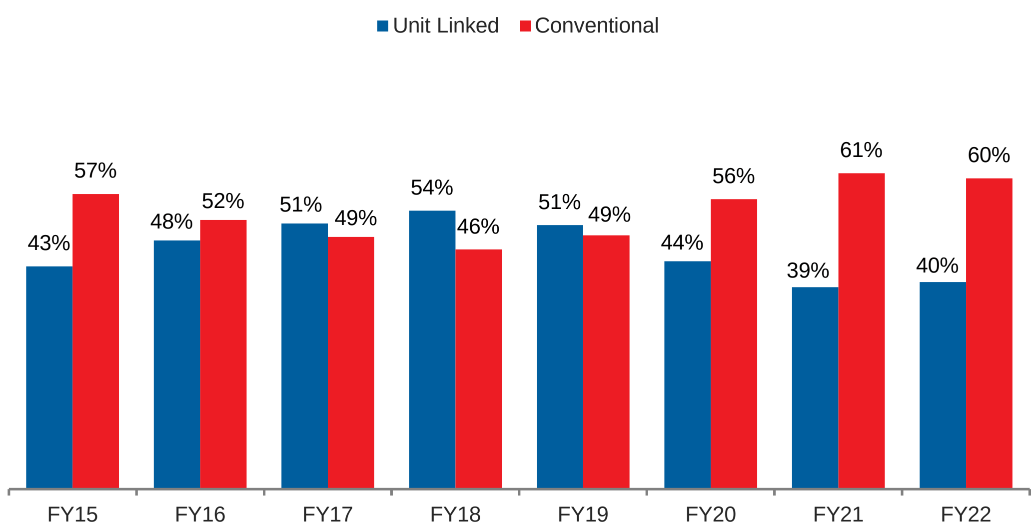
- Private sector remained at higher market share than LIC FY16 onwards
- Amongst private insurers, insurers with a strong bancassurance platform continue to gain market share

1.Based on Individual Weighted Received Premium (WRP)

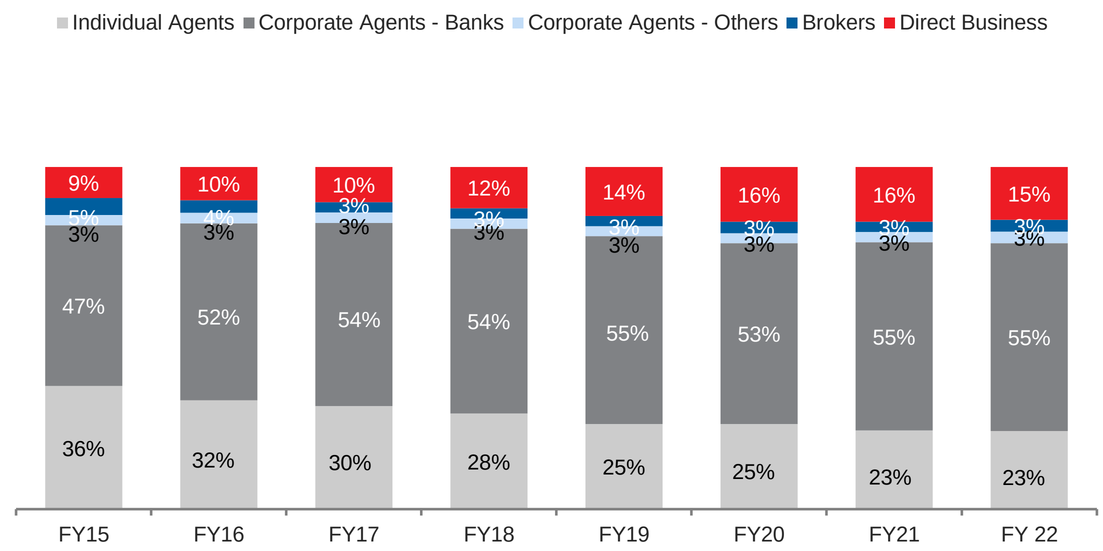
Source: IRDAI and Life Insurance Council

Private industry: Product and distribution mix

Product mix [1]



Distribution mix [2]



- 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

1. Based on Overall WRP (Individual and Group);

2. Based on Individual New business premia for all private players

Source: IRDAI and Life Insurance Council

Appendix

Financial and operational snapshot (1/2)

Rs bn.

	H1 FY23 (Pre-Merger)	H1 FY22	Growth	FY22	FY21	H1 FY23 (Post-Merger)
New Business Premium (Indl. + Group)	*109.2*	*103.6*	*5%*	*241.5*	*201.1*	*113.2*
Renewal Premium (Indl. +Group)	*108.0*	*89.2*	*21%*	*218.1*	*184.8*	*120.1*
Total Premium	217.2	192.9	13%	459.6	385.8	231.9
Individual APE	37.9	34.3	11%	81.7	71.2	41.1
Overall APE	45.5	41.1	11%	97.6	83.7	49.1
Group Premium (NB)	55.1	53.6	3%	125.1	100.3	55.6
Profit after Tax	6.8	5.8	18%	12.1	13.6	6.9
- Policyholder Surplus	*4.7*	*1.3*	257%	*4.4*	*7.3*	*4.5*
- Shareholder Surplus	*2.1*	*4.4*	-13%	*7.7*	*6.3*	*2.4*
Dividend Paid	3.6	4.1	-12%	4.1	-	3.6
Assets Under Management	2,043.9	1,912.1	7%	2,041.7	1,738.4	2249.1
Indian Embedded Value	330.2	287.0	15%	300.5	266.2	360.2
Net Worth [1]	177.5	86.9	104%	154.0	84.3	122.8
NB (Individual and Group segment) lives insured (Mn.)	28.3	20.0	41%	54.1	39.8	28.5
No. of Individual Policies (NB) sold (In 000s)	376.6	409.1	-8%	915.3	982.0	434.7

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

HDFC Life

Financial and operational snapshot (2/2)

		H1 FY23 (Pre-Merger)	H1 FY22	FY22	FY21	H1 FY23 (Post-Merger)
Overall New Business Margins (post overrun)		27.6%	26.4%	27.4%	26.1%	26.2%
Operating Return on EV		17.7%	16.1%	16.6%	18.5%	NA
Operating Expenses / Total Premium		14.3%	12.0%	12.3%	12.0%	14.7%
Total Expenses (OpEx + Commission) / Total Premium		18.5%	16.3%	16.5%	16.4%	19.3%
Return on Equity	(1)	NA	13.5%	10.1%	17.6%	12.4%
Solvency Ratio		210%	190%	176%	201%	210%
Persistency (13M / 61M)	(2)	88%/54%	86%/52%	87%/54%	85%/49%	87%/51%
Market Share (%)						
- Individual WRP		14.8%	16.2%	14.8%	15.5%	16.1%
- Group New Business		22.8%	28.1%	27.9%	27.6%	23.0%
- Total New Business		19.1%	22.3%	21.0%	21.5%	19.8%
Business Mix (%)						
- Product (UL/Non par savings/Annuity/Non par protection/Par)	(3)	23/37/7/4/29	26/32/5/7/30	26/33/5/6/30	24/31/5/7/34	21/37/6/4/31
- Indl Distribution (CA/Agency/Broker/Direct)	(3)	61/15/7/17	60/13/6/21	60/14/6/19	61/13/7/19	57/18/8/17
- Total Distribution (CA/Agency/Broker/Direct/Group)	(4)	24/6/2/16/50	23/6/2/17/52	24/6/2/16/52	25/6/2/17/50	24/8/3/16/49
- Share of protection business (Based on Indl APE)		4.3%	6.6%	5.6%	6.8%	4.4%
- Share of protection business (Based on Overall APE)		15.5%	13.9%	13.6%	12.8%	15.6%
- Share of protection business (Based on NBP)		32.3%	21.4%	24.0%	19.6%	31.7%

1. *Calculated using net profit and average net worth for the period (Net worth comprises Share capital, Share premium and Accumulated profits). Opening networth for FY23 has been adjusted in line with the scheme of merger approved by the court*
2. *For individual business, excluding single premium and fully paid up policies*
3. *Based on individual APE. UL: Unit Linked, Trad: Traditional, Par: Participating & CA: Corporate Agents. Percentages are rounded off*
4. *Based on total new business premium including group. Percentages are rounded off*

Revenue and Profit & Loss A/c

Rs bn

Revenue A/c[1]

	H1 FY23 (Post-Merger)	H1 FY22
Premium earned	233.3	192.9
Reinsurance ceded	(3.7)	(3.0)
Income from Investments	64.8	158.4
Other Income	1.1	0.5
Transfer from Shareholders' Account	0.2	2.0
Total Income	**295.7**	**350.7**
Commissions	10.8	8.1
Expenses	34.0	23.0
GST on UL charges	1.8	1.8
Provision for taxation	0.4	0.1
Provision for diminution in value of investments	0.3	(2.4)
Benefits paid	181.8	134.7
Change in valuation reserve	54.0	176.6
Bonuses Paid	8.1	6.6
Total Outgoings	**291.1**	**348.5**
Surplus	**4.6**	**2.2**
Transfer to Shareholders' Account	4.7	3.3
Funds for future appropriation - Par	(0.1)	(1.0)
Total Appropriations	**4.6**	**2.2**

Profit and Loss A/c[1]

	H1 FY23 (Post-Merger)	H1 FY22
Income		
Interest and dividend income	2.9	2.5
Net profit/(loss) on sale	(0.1)	2.1
Transfer from Policyholders' Account	4.7	3.3
Other Income	-	-
Total	**7.5**	**7.9**
Outgoings		
Transfer to Policyholders' Account	0.2	2.0
Expenses	0.3	0.2
Interest on convertible debentures	0.3	0.2
Provision for diminution in value of investments	(0.2)	(0.3)
Provision for Taxation	0.0	0.1
Total	**0.6**	**2.1**
Profit for the year as per P&L Statement	**6.9**	**5.8**

1. Numbers may not add up due to rounding off effect

HDFC Life

Balance sheet

Rs bn

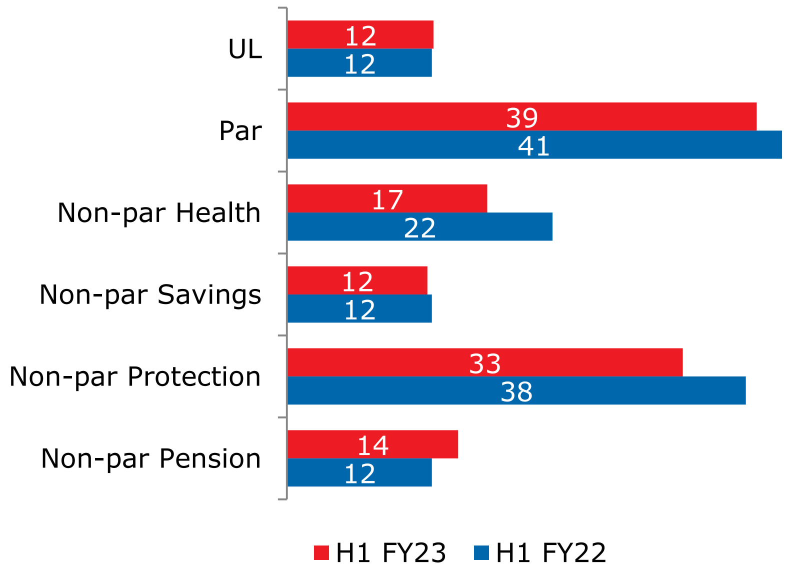
	Sep 30, 2022 (Post-Merger)	Sep 30, 2021	March 31, 2022
Shareholders' funds			
Share capital (including Share premium)	58.6	25.9	86.7
Accumulated profits	64.2	61.0	67.3
Fair value change	0.6	2.3	0.8
Sub total	**123.5**	**89.2**	**154.8**
Borrowings	**9.5**	**6.0**	**6.0**
Policyholders' funds			
Fair value change	19.9	30.0	21.7
Policy Liabilities	1,277.4	947.9	1,043.4
Provision for Linked Liabilities	773.6	789.8	765.2
Funds for discontinued policies	41.8	41.8	41.0
Sub total	**2,112.7**	**1,809.4**	**1,871.3**
Funds for future appropriation (Par)	13.3	8.9	9.4
Total Source of funds	**2259.0**	**1,913.5**	**2,041.6**
Shareholders' investment	124.8	86.3	152.4
Policyholders' investments: Non-linked	1,308.9	994.3	1,083.1
Policyholders' investments: Linked	815.4	831.5	806.2
Loans	14.4	5.4	6.4
Fixed assets	3.6	3.3	3.4
Net current assets	(8.1)	(7.4)	(10.0)
Total Application of funds	**2,259.0**	**1,913.5**	**2,041.6**

Note: Numbers may not add up due to rounding off effect

Segment wise average term and age – Pre-Merger basis[1]

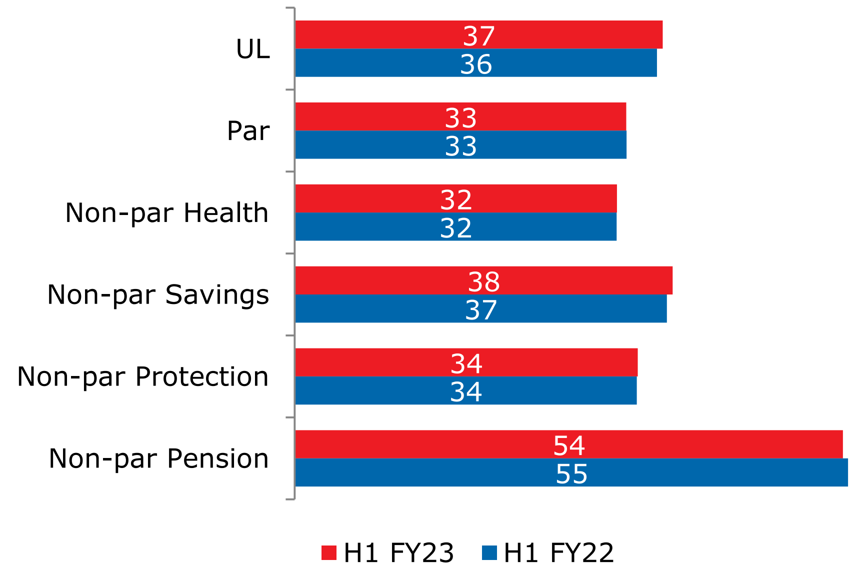
Average Policy Term excluding annuity (Yrs)

H1 FY23: 23 (H1 FY22: 23)



Average Customer Age excluding annuity (Yrs)

H1 FY23: 35 (H1 FY22: 36)



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

1. Basis individual new business policies (excluding annuity)

Summary of Milliman report on our ALM approach – FY20

Scope of review	Portfolios reviewed
• Assess appropriateness of ALM strategy to manage interest rate risk in non-par savings business • Review sensitivity of value of assets and liabilities to changes in assumptions	▪ Portfolio 1: Savings and Protection – All non-single premium non-par savings contracts and group protection products ▪ Portfolio 2: All immediate and deferred annuities

Description	Stress scenarios tested	Net asset liability position
Interest rate scenarios	Parallel shifts/ shape changes in yield curve within +- 150 bps of March 31st 2020 Gsec yield curve	Changes by < 4.5%
Interest rate + Demographic scenarios	Interest rate variation + changes in future persistency/ mortality experience	Changes by < 7%
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**

1. Opinion issued by Milliman Advisors LLP on ALM strategy (for non par business) based on FY20 disclosures

Indian Embedded value: Methodology and Approach (1/2)

Overview

Indian Embedded Value (IEV) consists of:

- **Adjusted Net Worth (ANW),** consisting of:
  - Free surplus (FS);
  - Required capital (RC); and
- **Value of in-force covered business (VIF)**: Present value of the shareholders' interest in the earnings distributable from assets allocated to the covered business, after making sufficient allowance for the aggregate risks in the covered business.

Components of Adjusted Net Worth (ANW)

- **Free surplus (FS):** FS is the Market value of any assets allocated to, but not required to support, the in-force covered business as at the valuation date. The FS has been determined as the adjusted net worth of the Company (being the net shareholders' funds adjusted to revalue assets to Market value), less the RC as defined below.
- **Required capital (RC):** RC is the amount of assets attributed to the covered business over and above that required to back liabilities for the covered business. The distribution of this to shareholders is restricted. RC is set equal to the internal target level of capital equal to 170% of the factor-based regulatory solvency requirements, less the funds for future appropriations ("FFA") in the participating funds.

Indian Embedded value: Methodology and Approach (2/2)

Components of Value in-force covered business (VIF)

- **Present value of future profits (PVFP):** PVFP is the present value of projected distributable profits to shareholders arising from the in-force covered business determined by projecting the shareholder cash flows from the in-force covered business and the assets backing the associated liabilities.

- **Time Value of Financial Options and Guarantees (TVFOG):** TVFOG reflects the value of the additional cost to shareholders that may arise from the embedded financial options and guarantees attaching to the covered business in the event of future adverse market movements. Intrinsic value of such options and guarantees is reflected in PVFP.

- **Frictional costs of required capital (FC):** FC represents the investment management expenses and taxation costs associated with holding the RC. VIF includes an allowance for FC of holding RC for the covered business. VIF also includes an allowance for FC in respect of the encumbered capital in the Company’s holdings in its subsidiaries.

- **Cost of residual non-hedgeable risks (CRNHR):** CRNHR is an allowance for risks to shareholder value to the extent that these are not already allowed for in the TVFOG or the PVFP. In particular, the CRNHR makes allowance for:
  – asymmetries in the impact of the risks on shareholder value; and
  – risks that are not allowed for in the TVFOG or the PVFP.

  CRNHR has been determined using a cost of capital approach. CRNHR is the present value of the cost of capital charge levied on the projected capital in respect of the material risks identified.

Embedded Value: Economic assumptions (Post-Merger Basis)[1]

Years	Forward rates %		Spot rates %	
	As at Sep 30, 2021	As at Sep 30, 2022	As at Sep 30, 2021	As at Sep 30, 2022
1	3.95	6.66	3.87	6.45
2	5.17	7.49	4.45	6.84
3	6.02	7.74	4.92	7.04
4	6.68	7.78	5.31	7.15
5	7.17	7.75	5.63	7.22
10	8.19	7.61	6.63	7.30
15	8.10	7.65	7.04	7.31
20	7.78	7.75	7.18	7.34
25	7.49	7.88	7.21	7.38
30	7.28	7.98	7.19	7.42

1. Forward rates are annualised and Spot rates are continuous

Glossary (Part 1)

- **APE (Annualized Premium Equivalent)** - The sum of annualized first year regular premiums and 10% weighted single premiums and single premium top-ups
- **Backbook surplus –** Surplus accumulated from historical business written
- **Conservation ratio -** Ratio of current year renewal premiums to previous year's renewal premium and first year premium
- **Embedded Value Operating Profit ("EVOP")** – Measure of the increase in the EV during any given period, excluding the impact on EV due to external factors like changes in economic variables and shareholder-related actions like capital injection or dividend pay-outs.
- **First year premiums** - Regular premiums received during the year for all modes of payments chosen by the customer which are still in the first year. For example, for a monthly mode policy sold in March 2021, the first instalment would fall into first year premiums for 2020-21 and the remaining 11 instalments in the first year would be first year premiums in 2021-22
- **New business received premium** - The sum of first year premium and single premium.
- **New business strain** – Strain on the business created due to revenues received in the first policy year not being able to cover for expenses incurred

Glossary (Part 2)

- **Operating expense** - It includes all expenses that are incurred for the purposes of sourcing new business and expenses incurred for policy servicing (which are known as maintenance costs) including shareholders' expenses. It does not include commission.
- **Operating expense ratio** - Ratio of operating expense (including shareholders' expenses) to total premium
- **Proprietary channels** – Proprietary channels include agency and direct
- **Protection Share** - Share of protection includes annuity and health
- **Persistency** – The proportion of business retained from the business underwritten. The ratio is measured in terms of number of policies and premiums underwritten.
- **Renewal premiums** - Regular recurring premiums received after the first year
- **Solvency ratio** - Ratio of available solvency Margin to required solvency Margins
- **Total premiums** - Total received premiums during the year including first year, single and renewal premiums for individual and group business
- **Weighted received premium (WRP)** - The sum of first year premium and 10% weighted single premiums and single premium top-ups

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