

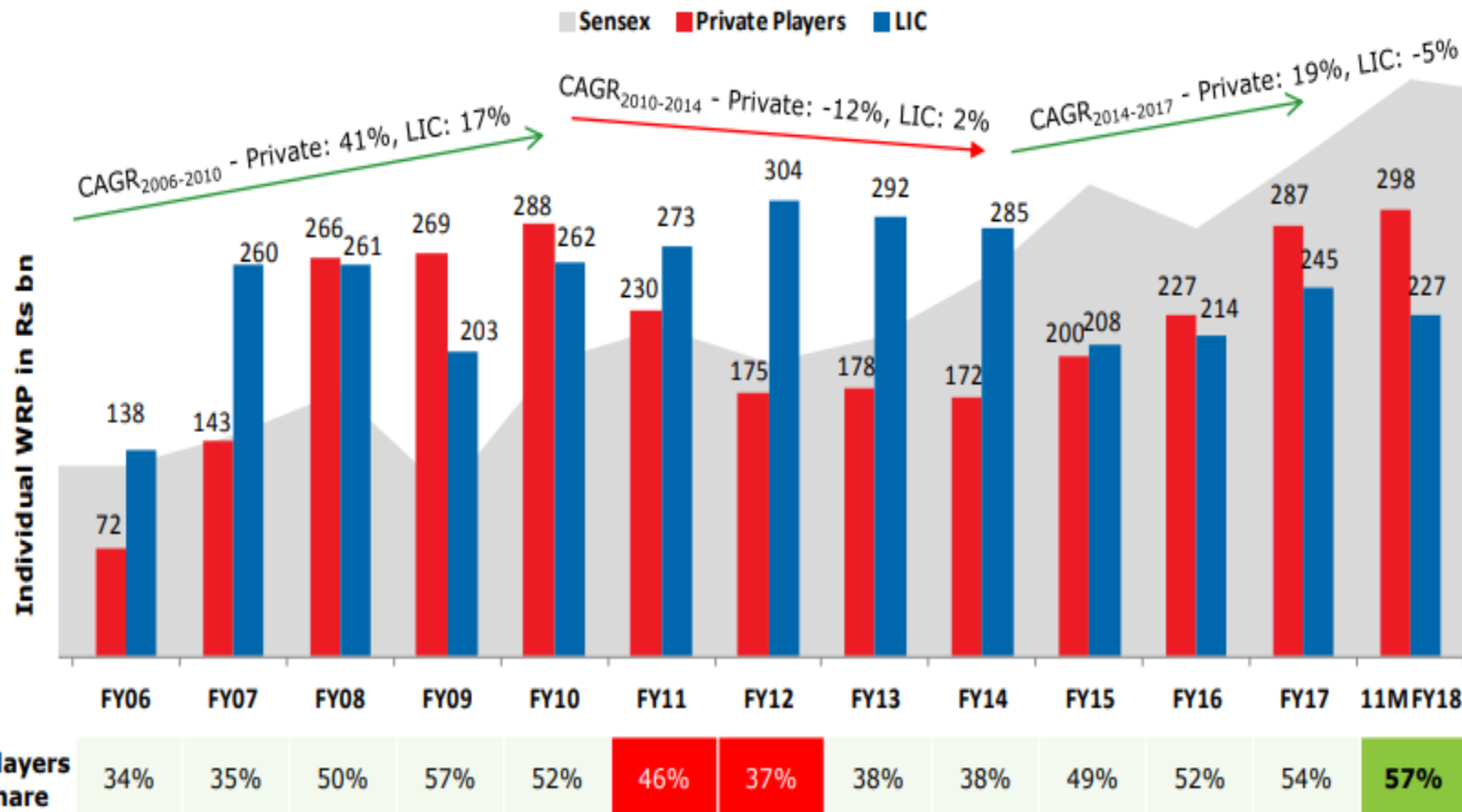
HDFC Standard Life Insurance Company

Ashwin

Chennai Investors Club

Why Invest in life insurers?

- Capital Intensive Business with good ROE - over 25% (HDFC Life ROE for 1QFY19 – 31%)
- Good growth visibility
- Gaining market share from LIC
- Huge opportunity - Barely even scratched the surface
- Financialization of savings
- Newer products, POS sales, Web aggregators, etc.
- Investment income
 - LIC
 - Berkshire Hathaway



Growth Drivers



Under-
penetration of
Life Insurance



Increase in Affluent
Class with rise in
Savings



Protection
Gap



Rising
Healthcare
Spending



Driving
Digitisation

1

Leverage insurance industry growth through deeper penetration

- Number of lives covered ~ 23 millions
- Individual New Business Sum Assured increased by 24% to ₹ 169 billion
- Geographical spread – Individual new business premium well distributed across geographies
- Data Analytics for Cross-Sell and Up-Sell

2

Diversified product offerings

- Diversified product portfolio to suit customer segments like HNI, affluent, mass, millennial etc.
- Rising share of high-margin protection products – Individual Protection policies increased by 36% and Sum Assured by 96%

3

Expansive distribution network

- Strong distribution network of 165,540 trained insurance professional
- Widespread operation with 837 offices across country
- Digital platforms for increasing customer reach–50% increase in policies through Web Aggregators and Web Sales

4

Customer satisfaction and engagement

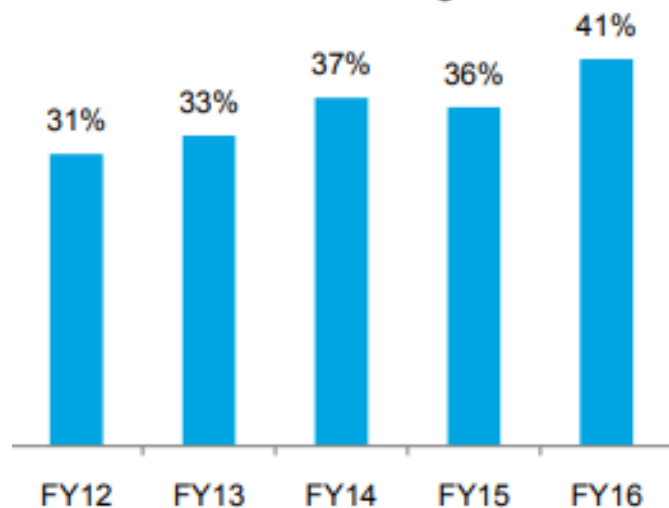
- Grievances under 61 policies per 10,000 policies
- Average TAT for mortality claim settlement of 4.5 days
- 63% of premium collection through online mode

5

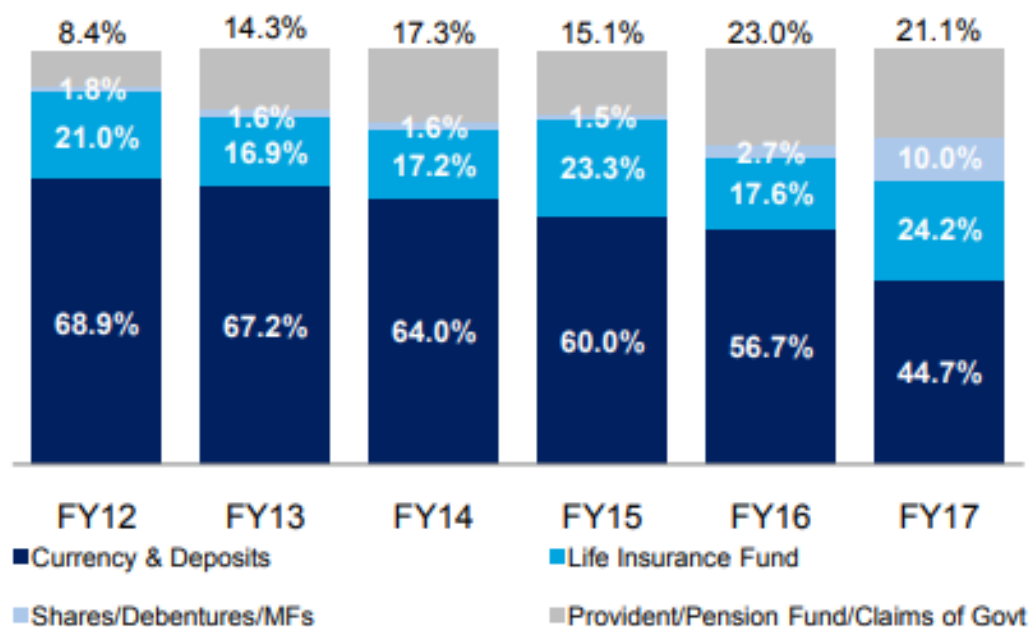
Profitable growth

- Maintain cost leadership – Decrease in Opex ratio to 9.7%
- Rising share of protection products
- Risk score based underwriting model using predictive analytics
- Improving persistency ratio

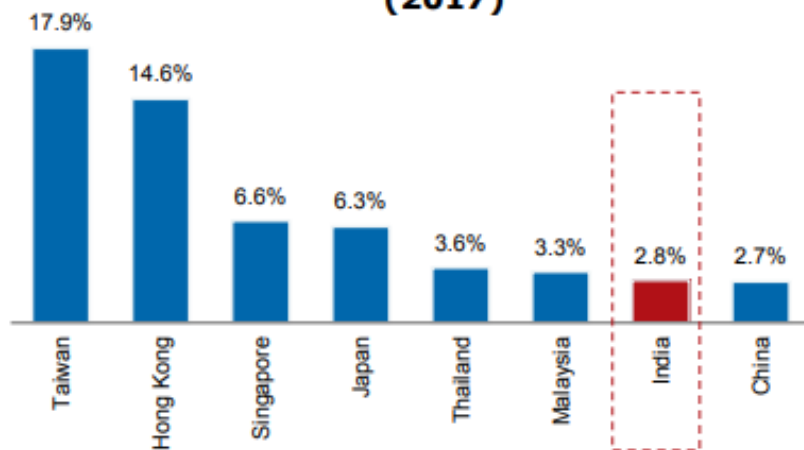
Financial Savings as a % of Household Savings



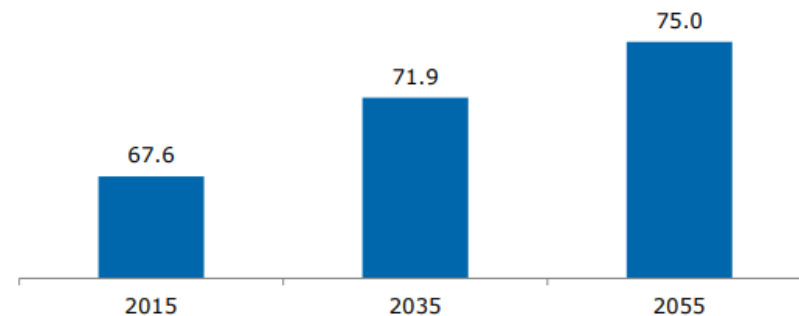
Rising share of Insurance in Financial Savings



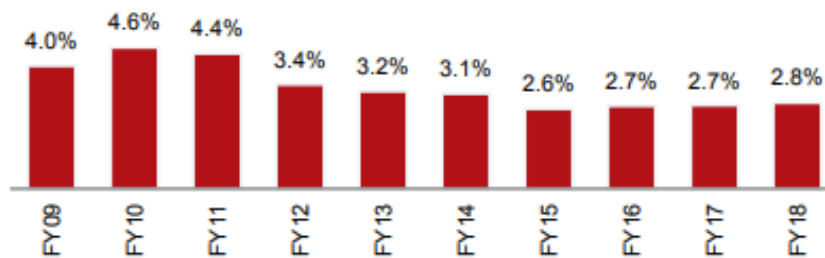
**Life insurance penetration
(2017)**



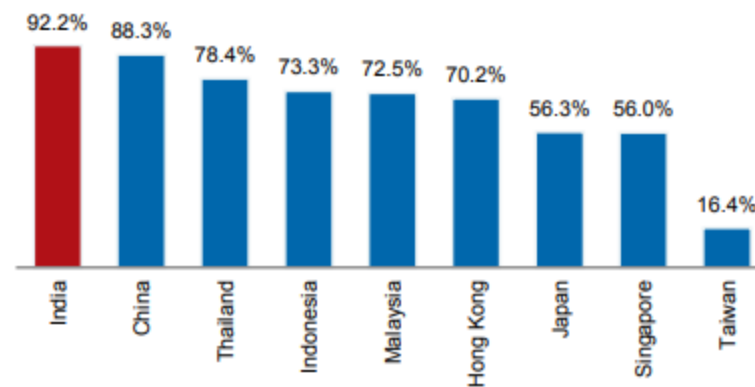
Life expectancy (Years)¹



**India life insurance
penetration (FY09-18)**

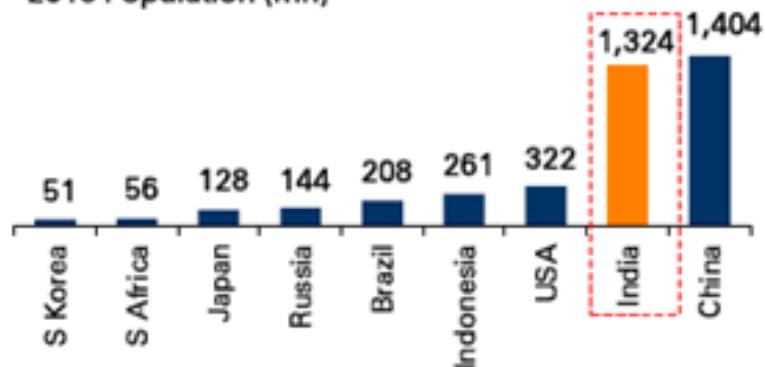


Protection gap (2014)



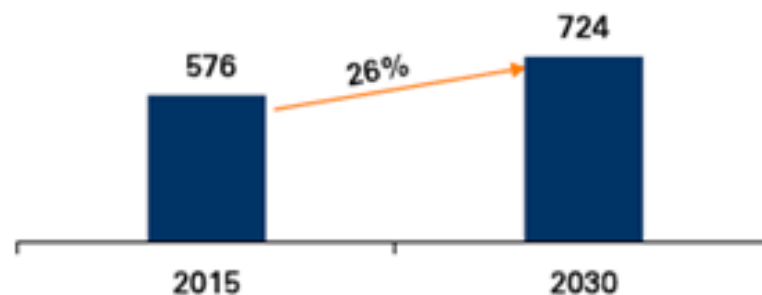
Large and Growing Population Base¹

2016 Population (mn)



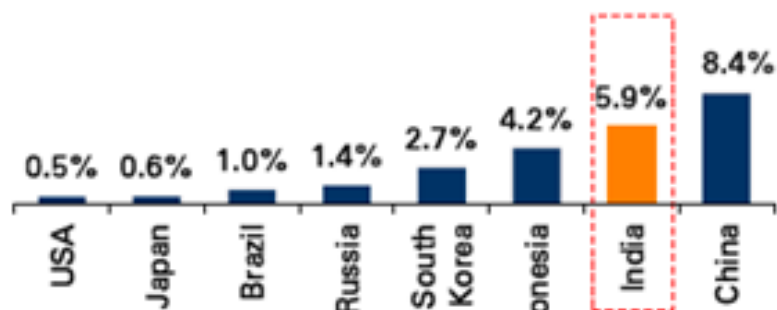
High Share of Working Population¹

Population of age 25-59 years (mn)



Rising Affluence²

GDP per capita CAGR
(FY2007-FY2017)



Driving GDP Growth²



Retirement/Pension

- Retirement Policies
- National Pension Scheme (NPS)
 - HDFC Pension Management Company Ltd is a wholly owned subsidiary of HDFC Life
 - ICICI Prudential Pension Funds Management Company Limited is a wholly owned subsidiary of ICICI Pru Life

	HDFC Pension	ICICI Prudential Pension
Total AUM	Rs 3405 Cr	Rs 2703 Cr
Growth	113% YoY growth	

NPS

- Compulsory for Govt. service employees, PSUs, etc.
- Tax Benefit
 - Rs 1.5 Lac – 80 C
 - Rs 0.5 Lac – Additional exclusively on NPS
 - Employer's Contribution up to 10% of salary (Basic + DA) can be deducted as 'Business Expense'
 - Employer's NPS contribution up to 10% of salary, is deductible from taxable income, without limit.

NPS

- 60% of Corpus (not capital gains) is taxable!
- Mandatory 40% allocation towards purchase of Annuities
- HDFC Pension gets almost 50 percent of the corporate NPS subscribers and has been increasing their market share.
- Life Insurers get revenues from
 - 0.01% management fee/Expense ratio
 - 40-100% of corpus which is used to buy annuities

Shanti Guaranteed



LIC's JEEVAN SHANTI

PLAN NO. 850

UIN 512N328V01



**IMMEDIATE & DEFERRED
ANNUITY OPTIONS
with Death Benefit
also available**



**LIFE LONG
regular Income**



- **GUARANTEED ANNUITY
RATES** From inception
of Policy
- **GUARANTEED ADDITIONS**
during deferment period

Non linked, Non Participating, Single Premium Annuity Plan

Plan Can be taken for Self Joint Lives Divyangjan lives

Plan Can be taken from age 30 years upwards*

For details, contact your Agent/Nearest LIC Branch OR
SMS YOUR CITY NAME to 56767474 OR Visit www.licindia.in
Plan is also available online

Beware of Spurious / Fraud Phone Calls!
LIC is not involved in activities like selling insurance policies, announcing bonus or
investment of premiums. Public receiving such phone calls are requested to lodge a police complaint

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* For more details on risk factors, terms and conditions,
please read the sales brochure carefully before concluding a sale.

IRDAI Regn. No. 512

Zindagi ke saath bhi, Zindagi ke baad bhi.

Health Insurance

- Morbidity / Fixed Benefit
- Indemnity
- Combi!

Health Insurance



Opportunity

- Health insurance offers a sizeable opportunity in the Indian market as penetration is low
- Size of Indian healthcare industry is estimated at Rs 4.8 trillion in FY 17

Current product suite

- A series of health products have been launched to cater to comprehensive health needs of customers such as:
 - Cardiac Care
 - Cancer Care
 - Click2Protect Health
 - Group Health



HDFC Life Cardiac Care >

NEW

Click 2 Protect Health >

COMBI PLAN

HDFC Life Cancer Care >

TOP SELLING

[View All Plans](#)



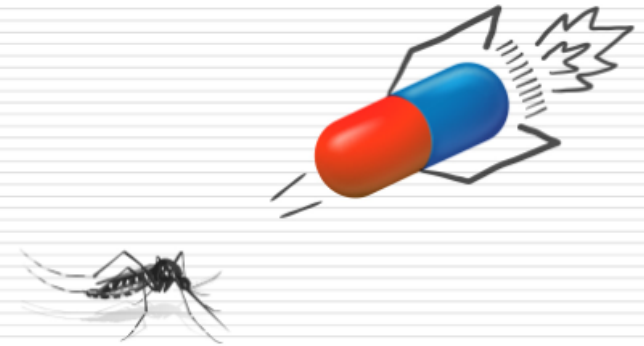
Lifelong Coverage



Cashless Cancer Treatment

BEAT DENGUE EXPENSES

WITH DENGUE + GROUP SHIELD



EXCLUSIVE PLAN

YOU PAY
₹ **196** yearly

WE PAY
₹ **15,000** for your Dengue treatment expenses.



No Documents
Required



No Health Check
Required



Easy Claims
Process



100% Digital
Purchase

Breast Cancer Insurance

Insurance in the event of Breast Cancer.

₹517

ANNUAL PREMIUM

1 Year

POLICY DURATION

Unwrapping Soon



What's covered?

Minor Stage Cancer

Upto ₹2,50,000

Major Stage Cancer

Upto ₹10,00,000

All Cancers

Are covered

1 more

Protection Plans

- Maybe the bread & butter product of life insurers going forward
- Credit Life, Individual and Group Life
- High Margins
- Increasing awareness
- For FY17, the protection policies share is 21.6% of new business for HDFC Life

Return of the ULIPs

- Lesser charges (some of equity ULIPs charge 1.25 per cent, Debt ULIPs charge 0.9%)
- More tax efficient
- But still relatively complex products

New Age ULIPs

- Return on Mortality Charge
- Free of charge rebalancing without tax liability
- “Returns Enhancer” / “fund booster”
- Online ULIPs
- Low allocation charges or done away with

Returns of Ulips, MFs are almost similar

CATEGORY	3-YR RETURNS (%)		5-YR RETURNS (%)	
	ULIP FUNDS	MUTUAL FUNDS	ULIP FUNDS	MUTUAL FUNDS
Large-cap equity	9.57	9.58	15.18	15.31
Small- and mid-cap equity	16.81	15.89	24.43	26.93
Conservative allocation	7.37	7.75	9.21	9.74
Short-term bond	6.6	7.30	NA	NA
Ultra-short bond	6.59	7.38	NA	NA

ULIPs vs MFs

Unit Linked Insurance Plans (ULIPs) provide the dual benefit of insurance and investment. With recent changes in the Budget, ULIPs score over mutual funds. Here are the top 10 performing funds across different categories. The funds listed here have outperformed their respective benchmarks across almost all timeframes



Top 10 Equity - Large-cap ULIP Funds

Scheme name	CAGR (%)		
	1 year	3 years	5 years
Tata AIA Super Select Equity Fund - Life	15.4	14.7	21.2
Tata AIA Future Select Equity Fund - Life	15.6	14.8	20.9
Bharti AXA Growth Opportunities Plus Fund	16.5	13.6	18.2
Bharti AXA Growth Opportunities Fund	16.2	13.5	18.1
Bajaj Allianz Equity Growth Fund II	17.4	12.0	17.3
Bajaj Allianz Pure Stock Fund	14.6	11.4	20.5
Birla Sun Life Individual Life Pure Equity Fund	13.2	13.3	19.7
Bharti AXA Grow Money Fund	16.3	13.1	16.6
Bajaj Allianz UnitGain Plus Equity Plus Fund	16.8	12.0	16.8
Bharti AXA Build India Fund	15.0	13.5	17.0
Average	15.7	13.2	18.6
Average of top 10 MF Equity Large-cap Funds	8.7	8.8	14.2

Top 10 Equity - Mid-cap ULIP Funds

Scheme name	CAGR (%)		
	1 year	3 years	5 years
Birla Sun Life Individual Life Multiplier	18.2	18.6	24.8
Bajaj Allianz Accelerator Mid-Cap Fund II	16.5	19.0	24.9
Bajaj Allianz Accelerator Mid Cap Fund	15.8	18.6	24.5
Reliance Life Midcap Fund I	11.9	18.2	21.7
Bajaj Allianz UnitGain Equity Mid Cap Fund	15.0	16.1	20.0
Reliance Health Midcap Fund I	9.8	17.1	22.0
Tata AIA Whole Life Midcap Equity Fund - Life	8.7	14.5	24.7
HDFC Standard - Mid-Cap Fund - Niche	7.4	15.2	21.0
HDFC Standard - Opportunities Wealth Builder Fund	7.6	14.8	20.2
IDBI Federal Midcap Fund	5.0	10.1	23.4
Average	11.8	16.2	22.7
Average of top 10 MF Equity Mid-cap Funds	9.0	13.9	22.8

Top 10 Balanced - Equity Oriented ULIP Funds

Scheme name	CAGR (%)		
	1 year	3 years	5 years
Tata AIA Whole Life Aggressive Growth	12.8	12.3	14.6
Tata AIA Aggressive Growth	11.5	11.2	13.2
SBI Life Top 300 Fund	12.6	10.5	12.4
Canara HSBC Growth Fund II	11.2	11.0	12.8
Canara HSBC Growth Plus Fund	11.4	10.9	12.7
Bajaj Allianz Asset Allocation Fund	10.7	8.8	13.2
SBI Life Growth Fund	9.8	9.9	12.3
Kotak Dynamic Growth Fund	7.7	10.2	13.2
ICICI Pru Health Saver Flexi Balanced Fund	8.4	9.7	12.7
LIC Wealth Plus Fund	11.8	9.0	9.7
Average	10.8	10.4	12.7
Average of top 10 MF Balanced - Equity Funds	8.2	8.2	14.9

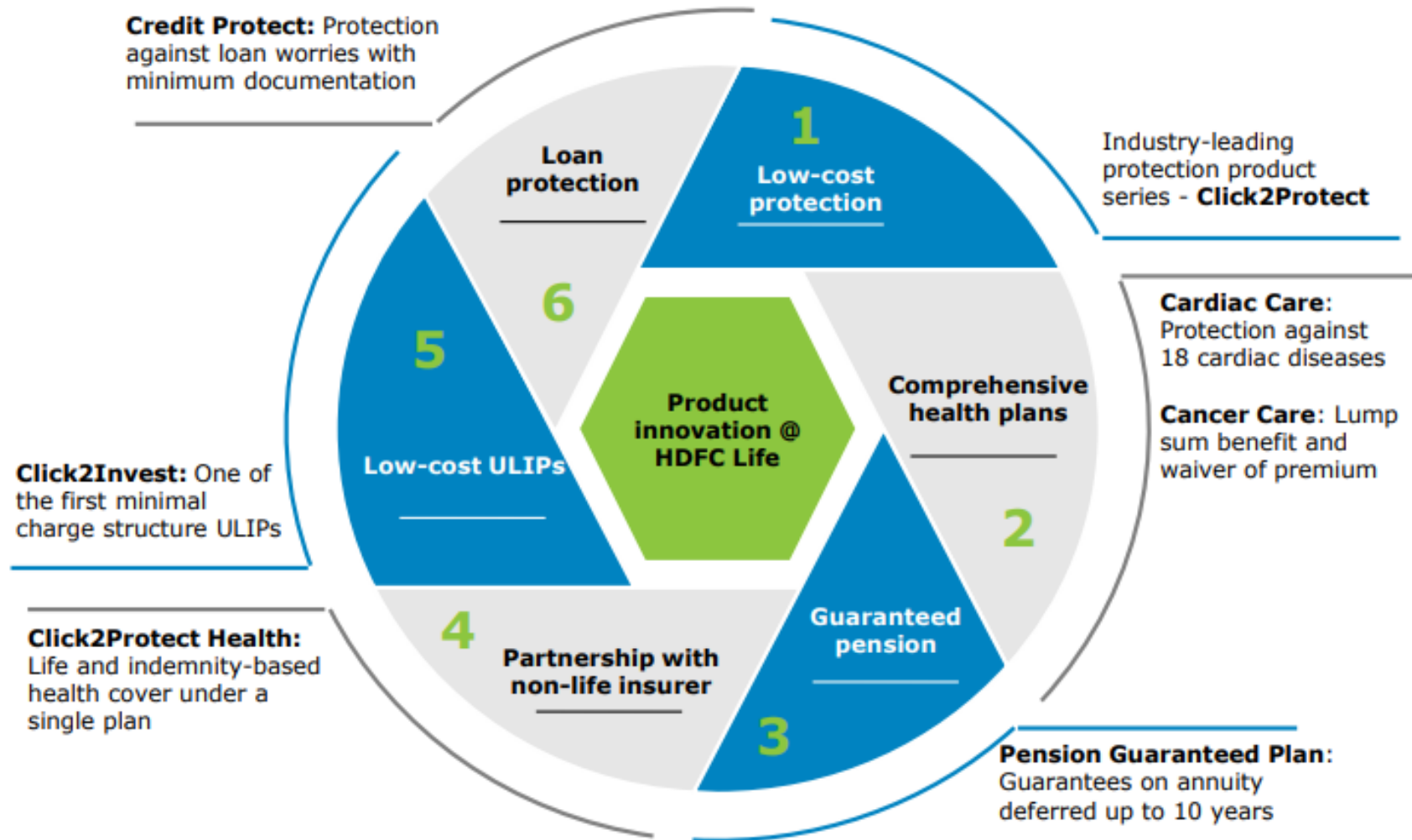
Top 10 Bond ULIP Funds

Scheme name	CAGR (%)		
	1 year	3 years	5 years
LIC Market Plus I - Bond Fund	5.4	7.8	7.9
LIC Market Plus - Bond Fund	3.3	8.7	8.9
ICICI Pru Protector Fund II	4.1	8.4	8.4
Birla Sun Life Individual Life Assure	5.5	7.1	7.7
ICICI Pru Health Saver Protector Fund	3.6	8.0	8.1
LIC Profit Plus - Bond Fund	3.2	7.6	8.3
LIC Money Plus - Bond Fund	3.3	7.5	8.3
Bajaj Allianz Debt Plus Pension Fund	2.6	7.7	7.5
ICICI Pru Investisfield Cash - Cash Plus Fund II	3.1	7.4	7.2
LIC Child Fortune Plus - Bond Fund	2.4	7.1	7.9
Average	3.6	7.7	8.1
Average of top 10 MF Long Term Bond Funds	2.1	6.4	6.8

Why HDFC Life?

- Agile and Innovative (and high margin?) Products
- Better growth; EV 5 year CAGR over 20%
- HDFC Parentage and business ethics
- Balanced product as well as distribution mix
- High Group business Premium

At HDFC Life, product innovation acts as a key differentiator



25
Banks



111
NBFCs

BAJAJ FINANCE LIMITED



Chola



18
MFIs



9
SFBs



163

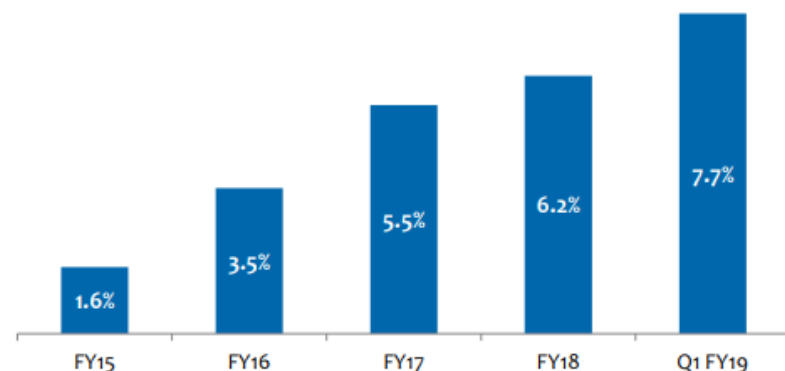
Bancassurance
partners



26

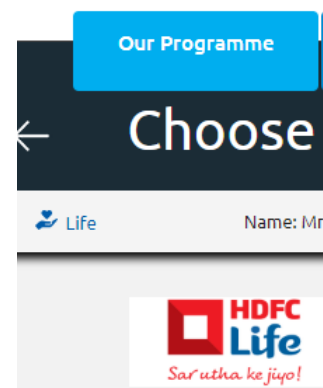
Non-traditional
distribution partners

Increasing customer base provides unique opportunity to cross-sell¹



- Wide access through our 163 bancassurance and 26 non-traditional ecosystem partnerships provides us with increased opportunity to cross-sell

JetPrivilege+



Risks

- Regulatory risk
 - NPS rules changing
 - Regulation of fee & charges structure
- Heavy Competition (23 players)
- Asset Liability Management
- Actuarial Assumptions
- High Valuation (?)
- Natural Calamity and Disaster

Thank You!