

News Release

January 30, 2018

BSE Code: 540719

NSE Code: SBILIFE

## Performance for the nine months ended December 31, 2017

- New business Annualized Premium Equivalent (APE) increased by 39.3%
- New business Individual rated premium increased by 43.7%
- Profit after tax increased by 20.9% and 24.3% for quarter and nine months ended December 31, 2017 respectively

### Key measures of performance

Particulars	(₹ in billion)				
	9M FY 2018	9M FY 2017	Growth Y-o-Y	H1 FY 2018	FY 2017
New Business Annualized Premium Equivalent (APE)	58.5	42.0	39.3%	33.8	67.3
New Business Individual Rated Premium (IRP)	53.5	37.2	43.7%	30.6	59.4
Renewal Premium	88.6	66.8	32.7%	49.6	108.7
Private Market Share based on IRP <sup>1</sup>	23.0%	21.3%	-	21.8%	20.7%
Persistency Ratios (based on premium) <sup>2</sup>					
13 <sup>th</sup> month persistency	81.51%	79.81%	-	81.33%	81.07%
37 <sup>th</sup> month persistency	68.81%	67.48%	-	67.79%	67.36%
61 <sup>st</sup> month persistency	59.48%	69.59%	-	62.08%	67.18%
Total cost ratio <sup>3</sup>	12.3%	12.6%	-	13.3%	11.6%
Operating expense ratio <sup>4</sup>	7.7%	8.9%	-	8.6%	7.8%
Value of New business (VNB) <sup>5,6</sup>	9.3	NA <sup>6</sup>	-	5.3	10.4
VNB Margin (%) <sup>5,6</sup>	16.0%	NA <sup>6</sup>	-	15.6%	15.4%
Indian embedded value (IEV) <sup>7</sup>	NA	NA	-	180.8	165.4
Profit after Tax (PAT)	7.7	6.2	24.3%	5.4	9.5
Assets under Management (AuM)	1,116.3	907.2	23.0%	1,050.7	977.4
Net Worth	64.4	53.4	20.6%	61.8	55.5
Solvency Ratio	2.06	2.09	-	2.09	2.04

1. Source : Life insurance council

2. The persistency ratios are calculated as per IRDA/ACT/CIR/MISC/035/01/2014 circular dated 23rd January 2014.

*Single Premium & Fully Paid-Up policies are considered, Group Business where persistency is measurable is included.*

3. *Total cost ratio = (Operating expenses + Commission + Provision for doubtful debt and bad debt written off) / Gross Written Premium*
4. *Operating expense ratio = Operating expenses / Gross Written Premium*
5. *VNB/VNB Margin has been reviewed by Independent Actuary for FY2017. The VNB/VNB Margin for 9MFY2018 are based on Management estimates*
6. *VNB/VNB Margin for 9M FY 2017 is not available as computation started from H1 FY 2018.*
7. *IEV for FY 2017 has been reviewed by Independent Actuary. The IEV is calculated on half yearly basis.*

*N.B: Refer the section on definitions, abbreviations and explanatory notes*

**The Board of Directors of SBI Life Insurance Company Limited approved its unaudited financial results for the quarter and nine months ended December 31, 2017, following its meeting on Tuesday, January 30, 2018 in Mumbai. The disclosure of financial results submitted to exchanges is annexed to this release.**

### **New business growth and market share**

- New Business APE increased by 39.3% in 9M FY 2018 to ₹ 58.5 billion from ₹ 42.0 billion for the same period last year
- New Business Individual Rated Premium (IRP) has increased by 43.7% in 9M FY 2018 to ₹ 53.5 billion from ₹ 37.2 billion for the same period last year
- Private market share based on IRP increased from 21.3% in 9M FY 2017 to 23.0 % in 9M FY 2018. While the overall market share based on IRP has increased from 11.3% in 9M FY 2017 to 13.0% in 9M FY 2018

### **Quality of business**

- 13<sup>th</sup> month persistency stood at 81.51% for 9M FY2018 as compared to 79.81% for 9M FY 2017
- Renewal premium grew at 32.7% to ₹ 88.6 billion in 9M FY 2018

### **Cost Efficiency**

- Operating Expense ratio has decreased to 7.7% in 9M FY 2018, from 8.9% in 9M FY 2017

### **Profitability**

- Value of New Business (VNB) stood at ₹ 9.3 billion for 9M FY2018
- VNB margin of 16.0% for 9M FY2018 as compared to 15.4% for FY2017
- PAT increased by 24.3% from ₹ 6.2 billion in 9M FY 2017 to ₹ 7.7 billion in 9M FY 2018

### **Assets under Management**

- AuM has grown by 23.0% to ₹ 1,116.3 billion as of December 31, 2017, from ₹ 907.2 billion as of December 31, 2016

### **Net worth and capital position**

- The Company's net worth increased by 20.6% from ₹ 53.4 billion as at December 31, 2016 to ₹ 64.4 billion as at December 31, 2017. The solvency ratio was at 2.06 as against the regulatory requirement of 1.50.

### **Performance for quarter ended December 31, 2017**

- New business APE grew by 41.9% in Q3 FY 2018
- Individual Rated Premium grew by 38.2% in Q3 FY 2018
- Renewal Premium grew by 31.6% in Q3 FY 2018
- Total Premium (GWP) increased by 29.5% in Q3 FY 2018
- For Q3 FY 2018, Private market share and total market share in terms of Individual Rated Premium was 24.8% and 14.3%
- Profit after tax grew by 20.9% from ₹ 1.9 billion in Q3 FY 2017 to ₹ 2.3 billion in Q3 FY 2018.
- Operating Expense to Gross Written Premium at 6.5% in Q3 FY 2018

### **Definitions, abbreviations and explanatory notes**

- **New Business Premium (NBP):** Insurance premium that is due in the first policy year of a life insurance contract or a single lump sum payment from the policyholder
- **New Business Annualized Premium Equivalent (APE):** The sum of annualized first year premiums on regular premium policies, and 10% of single premiums, written by the Company during the fiscal year from both retail and group customers
- **Individual Rated Premium (IRP):** New business premiums written by the Company under individual products and weighted at the rate of 10% for single premiums
- **Renewal Premium:** Life insurance premiums falling due in the years subsequent to the first year of the policy
- **Embedded Value:** The measure of the consolidated value of shareholders' interest in the covered life insurance business, which is all life insurance business written by the Company since inception and in-force as on the valuation date (including lapsed business which have the potential of getting revived). The

Embedded Value of the Company has been determined on the basis of the Indian Embedded Value (IEV) Methodology calculated as per APS 10 set forth by the Institute of Actuaries of India (IAI)

- **Value of New Business (VNB):** VNB is the present value of expected future earnings from new policies written during a specified period and it reflects the additional value to shareholders expected to be generated through the activity of writing new policies during a specified period.
- **Value of New Business Margin / VNB Margin:** VNB Margin is the ratio of VNB to New Business Annualized Premium Equivalent for a specified period and is a measure of the expected profitability of new business
- **Solvency Ratio:** Solvency ratio means ratio of the amount of Available Solvency Margin to the amount of Required Solvency Margin as specified in form-KT-3 of IRDAI Actuarial Report and Abstracts for Life Insurance Business Regulations
- **Net worth:** Net worth represents the shareholders' funds and is computed as sum of share capital and reserves including share premium share application money and fair value change account net of debit balance in profit and loss account

### **About SBI Life Insurance**

SBI Life Insurance Company Limited ("SBI Life"/ "the Company"), established in 2001, is a joint venture between State Bank of India and BNP Paribas Cardif S.A. and is one of the leading life Insurance companies in India. SBI Life has an authorized capital of ₹ 20.0 billion and a paid up capital of ₹ 10.0 billion.

SBI Life offers a comprehensive range of life insurance and pension products at competitive prices, ensuring high standards of customer service and world class operating efficiency. The Company offers individual and group products which include savings and protection plans to address the insurance needs of diverse customer segments.

SBI Life has a multi-channel distribution network comprising of an expansive Bancassurance channel with SBI, which has an unrivalled strength of over 24,000 branches across the country. SBI Life also has a large and productive agent network comprising of 98,647 agents, as on December 31, 2017. The Company's other distribution channels include direct sales and sales through corporate agents, brokers, insurance marketing firms and other intermediaries. As on December 31, 2017, the Company has a widespread network of 814 branches across the Country to address customer needs effectively and efficiently. The Company had an AuM of ₹ 1,116.3 billion as of December 31, 2017.

The Company is listed on National Stock Exchange ("NSE") and The Bombay Stock Exchange ("BSE").

## Disclaimer

Except for the historical information contained herein, statements in this release which contain words or phrases such as 'will', 'expected to', etc., and similar expressions or variations of such expressions may constitute 'forward-looking statements'. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results, opportunities and growth potential to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to, the actual growth in demand for insurance and other financial products and services in the countries that we operate or where a material number of our customers reside, our ability to successfully implement our strategy, including our use of the Internet and other technology our exploration of merger and acquisition opportunities, our ability to integrate mergers or acquisitions into our operations and manage the risks associated with such acquisitions to achieve our strategic and financial objectives, our growth and expansion in domestic and overseas markets, technological changes, our ability to market new products, the outcome of any legal, tax or regulatory proceedings in India and in other jurisdictions we are or become a party to, the future impact of new accounting standards, our ability to implement our dividend policy, the impact of changes in insurance regulations and other regulatory changes in India and other jurisdictions on us. SBI Life Insurance Company Limited undertakes no obligation to update forward looking statements to reflect events or circumstances after the date thereof.

This release does not constitute an offer of securities.

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(₹1 billion = ₹ 100 crore)