

News Release
 BSE Code: 540719

October 15, 2019
 NSE Code: SBILIFE

Performance for the half year ended September 30, 2019

- New Business Premium (NBP) increased by 40%
- Leadership position in Individual NBP amongst private life insurers; growth of 30% and market share of 22.3%
- Private market leadership in Individual Rated Premium (IRP) with growth of 22%
- Increase in Protection NBP by 59%
- Decrease in Operating expense ratio from 7.8% to 6.5%
- Increase in Persistency ratio: 13th month by 261 bps to 85.81% & 49th month by 358 bps to 67.94%
- Indian Embedded Value (IEV) increased by 24% to ₹ 261.5 billion
- Value of New Business (VoNB) increased by 33% to ₹ 9.4 billion
- VoNB margin increased from 19.2% to 20.2%

Key measures of performance

(₹ in billion)

Particulars	H1 FY 2020	H1 FY 2019	YoY
Revenue Parameters			
New Business Premium (NBP)	78.2	55.7	40%
Renewal Premium (RP)	91.2	68.7	33%
Gross Written Premium (GWP)	169.4	124.4	36%
Individual New Business Premium	48.5	37.2	30%
Individual Rated Premium (IRP)	41.8	34.1	22%
New Business Annualized Premium Equivalent (APE)	46.7	37.0	26%
Total Protection NBP (Individual + Group)	9.3	5.9	59%
Total Protection NBP Share	11.9%	10.5%	-
Private Market Share based on IRP ¹	23.1%	21.9%	-
NBP Product mix (%) (Par/Non Par/ULIP)	7/50/43	14/36/50	-
NBP Channel mix (%) (Banca/Agency/others)	57/18/25	61/21/18	-
Financial Parameters			
Profit after Tax (PAT)	5.0	6.0	(17%)
Net Worth	80.7	70.9	14%
Assets under Management (AuM)	1,547.6	1,261.7	23%

Particulars	H1 FY 2020	H1 FY 2019	YoY
IEV, VoNB and VoNB Margin			
Indian Embedded Value (IEV) ²	246.9	199.1	24%
Value of New Business (VoNB) ²	8.5	6.4	32%
New Business Margin (VoNB Margin) ²	18.1%	17.3%	-
IEV, VoNB and VoNB Margin using effective tax rate⁶			
Indian Embedded Value (IEV) ²	261.5	211.7	24%
Value of New Business (VoNB) ²	9.4	7.1	33%
New Business Margin (VoNB Margin) ²	20.2%	19.2%	-
Key Financial Ratios			
Operating expense ratio ³	6.5%	7.8%	-
Commission ratio	3.9%	4.1%	-
Total cost ratio ⁴	10.4%	12.0%	-
Persistency Ratios (based on premium) ⁵			
13 th month persistency	85.81%	83.20%	-
25 th month persistency	77.36%	74.75%	-
37 th month persistency	71.01%	71.00%	-
49 th month persistency	67.94%	64.36%	-
61 st month persistency	57.48%	57.50%	-
Solvency Ratio	2.20	2.21	-
Return on Equity (RoE)	12.8%	17.8%	-

1. Source: Life insurance council

2. IEV, VoNB and VoNB margin for H1 FY20 and H1 FY19 have been reviewed by Independent Actuary

3. Operating expense ratio = Operating expenses / Gross Written Premium (GWP)

4. Total cost ratio = (Operating expenses + Commission + Provision for doubtful debt and bad debt written off) /GWP

5. The persistency ratios are calculated as per IRDA/ACT/CIR/MISC/035/01/2014 circular dated 23rd January 2014. Single Premium and Fully Paid-Up policies are considered in above calculation. Group Business where persistency is measurable is included. Persistency Ratios for the period ended September 30, 2019 and September 30, 2018 are 'Up to the Quarter' Persistency Ratios are calculated using policies issued in September to August period of the relevant years.

6. Effective tax rate assumes that a proportion of the projected profits are tax exempt on account of tax deductions available on income from dividends and tax free bonds.

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

The Board of Directors of SBI Life Insurance Company Limited approved and adopted its audited financial results for the quarter and half year ended September 30, 2019, following its meeting on Tuesday, October 15, 2019 in Mumbai. The disclosure of financial results submitted to exchanges is annexed to this release.

Business growth and market share

- New Business Premium (NBP) has shown strong growth increased by 40% from ₹ 55.7 billion in H1 FY 2019 to ₹ 78.2 billion in H1 FY 2020.
- Individual rated premium (IRP) has increased by 22% from ₹ 34.1 billion in H1 FY 2019 to ₹ 41.8 billion in H1 FY 2020.
- Individual New Business Premium has increased by 30% from ₹ 37.2 billion in H1 FY 2019 to ₹ 48.5 billion in H1 FY 2020.
- The Company has expanded its private market share based on Individual Rated Premium (IRP) from 21.9% in H1 FY 2019 to 23.1% in H1 FY 2020.
- The Company has registered growth in savings and protection business reflecting balanced product mix. Total protection new business premium has increased by 59% from ₹ 5.9 billion in H1 FY 2019 to ₹ 9.3 billion in H1 FY 2020. The share of total protection NBP (individual and group) has increased from 10.5% in H1 FY 2019 to 11.9% in H1 FY 2020.
- New Business APE increased by 26% from ₹ 37.0 billion in H1 FY 2019 to ₹ 46.7 billion in H1 FY 2020.
- Increase in GWP by 36% to ₹ 169.4 billion in H1 FY 2020 mainly due to strong growth in NBP by 40% from ₹ 55.7 billion in H1 FY 2019 to ₹ 78.2 billion H1 FY 2020.

Cost Efficiency

- Total Cost ratio has decreased to 10.4% in H1 FY 2020, from 12.0% in H1 FY 2019.
 - Commission ratio has decreased to 3.9% in H1 FY 2020, from 4.1% in H1 FY 2019.
 - Operating Expense has decreased to 6.5% in H1 FY 2020, from 7.8% in H1 FY 2019.

Profitability

- Value of New Business (VoNB) increased by 32% to ₹ 8.5 billion in H1 FY 2020.
- VoNB margin increased by 80 bps from 17.3% in H1 FY2019 to 18.1% in H1 FY 2020.

- Value of New Business (VoNB) increased by 33% to ₹ 9.4 billion for H1 FY2020 (with effective tax rate).
- VoNB margin increased from 19.2% for H1 FY 2019 to 20.2% for H1 FY2020 (with effective tax rate).
- Profit after Tax (PAT) stands at ₹5.0 billion in H1 FY 2020.

Persistency

- Strong 13th month persistency of 85.81% in H1 FY 2020 as compared to 83.20% in H1 FY 2019.
- 49th month persistency has improved to 67.94% in H1 FY 2020 as compared to 64.36% in H1 FY 2019.

Assets under Management

AuM has grown by 23% from ₹ 1,261.7 billion as on September 30, 2018 to ₹ 1,547.6 billion as on September 30, 2019 with debt-equity mix of 77:23. 90% of the debt investments are in AAA and Sovereign instruments.

Financial position

- The Company's net worth increased by 14% from ₹ 70.9 billion as on September 30, 2018 to ₹ 80.7 billion as on September 30, 2019.
- Indian Embedded Value (IEV) increased by 24% from ₹ 211.7 billion as on September 30, 2018 to ₹ 261.5 billion as on September 30, 2019.
- The solvency ratio as on September 30, 2019 was at 2.20 as against the regulatory requirement of 1.50.

Distribution network

- The Company has strong distribution network of 178,589 trained insurance professional and widespread operations with 923 offices across country.
- The Company has diversified distribution network comprising of strong bancassurance channel, agency channel and others comprising of corporate agents, brokers, micro agents, common service centers, insurance marketing firms, web aggregators and direct business. NBP channel mix for H1 FY 2020 is bancassurance channel 57%, agency channel 18%, and other channels 25%.

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 New Business Premium:** Insurance premium that is due in the first policy year of an individual life insurance contract
- **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
- **Value of New Business (VoNB):** VoNB 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 / VoNB Margin:** VoNB Margin is the ratio of VoNB 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 22,000 branches across the country. SBI Life also has a large and productive agent network comprising of 121,652 agents, as on September 30, 2019. The Company’s other distribution channels include direct sales and sales through corporate agents, brokers, insurance marketing firms and other intermediaries. As on September 30, 2019, the Company has a widespread network of 923 offices across the Country to address customer needs effectively and efficiently. The Company had an AuM of ₹ 1,547.6 billion as of September 30, 2019.

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)