

News Release
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Performance for the year ended March 31, 2020

- 42% growth in Individual Protection NBP and 27% growth in Total Protection NBP
- Private market leadership in Individual NBP with 22.4% market share
- 20% growth in New Business Premium (NBP) and 17% growth in Individual NBP
- 17% increase in Value of New Business (VoNB) to ₹ 20.1 billion
- 102 bps increase in VoNB margin to 18.7%
- 100 bps increase in 13th month Persistency and 270 bps increase in 61st month persistency
- Decrease in Operating expense ratio to 5.9% from 6.3%

Key measures of performance

(₹ in billion)			
Particulars	FY 2020	FY 2019	YoY
Revenue Parameters			
New Business Premium (NBP)	165.9	137.9	20%
Renewal Premium (RP)	240.4	192.0	25%
Gross Written Premium (GWP)	406.3	329.9	23%
Individual New Business Premium	112.4	96.4	17%
Individual Rated Premium (IRP)	97.7	89.5	9%
Annualized Premium Equivalent (APE)	107.4	97.0	11%
Total Protection NBP (Individual + Group)	20.8	16.4	27%
Total Protection NBP Share	12.5%	11.9%	-
Private Market Share based on IRP ¹	23.2%	22.3%	-
NBP Product mix (%) (Par/Non Par/ULIP)	7/44/49	13/34/53	-
NBP Channel mix (%) (Banca/Agency/others)	60/20/20	64/21/15	-
Financial Parameters			
Profit after Tax (PAT)	14.2	13.3	7%
Net Worth	87.4	75.8	15%
Assets under Management (AuM)	1,603.6	1410.2	14%
IEV, VoNB and VoNB Margin²			
Indian Embedded Value (IEV) ²	262.9	224.0	17%
Value of New Business (VoNB) ²	20.1	17.2	17%
New Business Margin (VoNB Margin) ²	18.7%	17.7%	-

Particulars	FY 2020	FY 2019	YoY
IEV, VoNB and VoNB Margin using effective tax rate⁷			
Indian Embedded Value (IEV)	276.4	237.3	16%
Value of New Business (VoNB)	22.2	19.2	16%
New Business Margin (VoNB Margin)	20.7%	19.8%	-
Key Financial Ratios			
Operating expense ratio ³	5.9%	6.3%	-
Commission ratio ⁴	4.0%	4.2%	-
Total cost ratio ⁵	9.9%	10.5%	-
Persistency Ratios (based on premium) ⁶			
13 th month persistency	86.14%	85.07%	-
25 th month persistency	78.53%	76.65%	-
37 th month persistency	71.56%	71.39%	-
49 th month persistency	67.30%	66.43%	-
61 st month persistency	59.90%	57.23%	-
Solvency Ratio	1.95	2.13	-
Return on Equity (RoE)	17.4%	18.8%	-

1. Source: Life insurance council

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

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

4. Commission ratio = Commission (including rewards) / Gross Written Premium (GWP)

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

6. 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 year ended March 31, 2020 and March 31, 2019 are 'Up to the Quarter' Persistency Ratios are calculated using policies issued in March to February period of the relevant years

7. 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 year ended March 31, 2020, following its meeting on Tuesday, May 05, 2020 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 steady growth of 20%. NBP has increased from ₹ 137.9 billion in FY 2019 to ₹ 165.9 billion in FY 2020.
- Individual New Business Premium has increased by 17% from ₹ 96.4 billion in FY 2019 to ₹ 112.4 billion in FY 2020.
- Individual Rated Premium (IRP) has increased by 9% from ₹ 89.5 billion in FY 2019 to ₹ 97.7 billion in FY 2020.
- The Company has achieved market leadership based on Individual New Business Premium and Individual Rated Premium in FY 2020.
- The Company has increased its private market share based on New Business Premium (NBP) from 19.0% in FY 2019 to 20.5% in FY 2020.
- The Company has registered growth in savings and protection business reflecting balanced product mix. Total protection new business premium has increased by 27% from ₹ 16.4 billion in FY 2019 to ₹ 20.8 billion in FY 2020.
- APE has increased by 11% from ₹97.0 billion in FY 2019 to ₹ 107.4 billion in FY 2020.
- Increase in GWP by 23% to ₹ 406.3 billion in FY 2020 mainly due to increase in NBP by 20% from ₹ 137.9 billion in FY 2019 to ₹ 165.9 billion FY 2020.

Cost Efficiency

- Total Cost ratio has decreased to 9.9% in FY 2020, from 10.5% in FY 2019.
 - Commission ratio has decreased to 4.0% in FY 2020, from 4.2% in FY 2019.
 - Operating Expense has decreased to 5.9% in FY 2020, from 6.3% in FY 2019.

Profitability

- Value of New Business (VoNB) increased by 17% to ₹ 20.1 billion in FY 2020.
- VoNB margin increased by 100 bps from 17.7% in FY2019 to 18.7% in FY 2020.
- VoNB increased by 16% to ₹ 22.2 billion for FY 2020 (with effective tax rate).
- VoNB margin increased from 19.8% in FY 2019 to 20.7% in FY 2020 (with effective tax rate).
- Profit after Tax (PAT) grew by 7% to ₹ 14.2 billion in FY 2020.
- During the year ended March 31, 2020, the Company has classified its investment in Dewan Housing Finance Ltd. (DHFL) bonds as NPA on account of default in interest and principal repayment of non-convertible debenture (NCDs). The Company has made 100% NPA provision of ₹ 0.53 billion on the said bonds in unit linked portfolio.

Persistency

- Strong 13th month persistency of 86.14% in FY 2020 as compared to 85.07% in FY 2019.
- 61st month persistency has improved to 59.90% in FY 2020 as compared 57.23% in FY 2019.

Assets under Management

AuM has grown by 14% from ₹ 1,410.2 billion as on March 31, 2019 to ₹ 1,603.6 billion as on March 31, 2020 with debt-equity mix of 79:21. Approx. 93% of the debt investments are in AAA and Sovereign instruments.

Financial position

- The Company's net worth increased by 15% from ₹ 75.8 billion as on March 31, 2019 to ₹ 87.4 billion as on March 31, 2020.
- The solvency ratio as on March 31, 2020 was at 1.95 as against the regulatory requirement of 1.50.

Distribution network

- The Company has strong distribution network of 186,495 trained insurance professional and widespread operations with 937 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 FY 2020 is bancassurance channel 60%, agency channel 20%, and other channels 20%.

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
- **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
- **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 (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”), incorporated in the year 2000, established as 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 130,418 agents, as on March 31, 2020. The Company’s other distribution channels include direct sales and sales through corporate agents, brokers, insurance marketing firms and other intermediaries. As on March 31, 2020, the Company has a widespread network of 937 offices across the Country to address customer needs effectively and efficiently. The Company had an AuM of ₹ 1,603.6 billion as of March 31, 2020.

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)