

**Protecting Responsibilities.**  
**Multiplying Happiness.**



## **Performance Update – Q1 FY20**

# Agenda

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## **Performance update**

## Focus areas and initiatives

## Industry overview

## Annexure

# Result Highlights

Consistent growth across all key metrics

₹ in billion

## Scale and Growth

### New Business Premium

Q1 FY19 **52%** Q1 FY20  
20.8 → 31.5

CAGR 32%

### New Business APE

Q1 FY19 **41%** Q1 FY20  
13.1 → 18.6

CAGR 20%

### Renewal Premium

Q1 FY19 **32%** Q1 FY20  
26.8 → 35.4

CAGR 33%

### Gross Written Premium

Q1 FY19 **41%** Q1 FY20  
47.6 → 66.9

CAGR 33%

### Individual Rated Premium

Q1 FY19 **35%** Q1 FY20  
12.1 → 16.2

CAGR 21%

### Share of Protection in NBP

Q1 FY19 **400 bps** Q1 FY20  
10% → 14%

## Profitability & VONB<sup>1</sup>

### Profit after Tax

Q1 FY19 **5%** Q1 FY20  
3.5 → 3.7

CAGR 9%

### Value of New Business

Q1 FY19 **49%** Q1 FY20  
2.5 → 3.7

### New Business Margin

Q1 FY19 **90 bps** Q1 FY20  
19.0% → 19.9%

## Delivering on Key Priorities

1. VoNB and VoNB margin figures are on effective tax rate basis. 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.

VoNB and VoNB margin on actual tax rate basis is ₹ 3.3 billion and 17.9% respectively for Q1 FY 20 and ₹ 2.2 billion and 17.0% for Q1 FY 19 respectively.

The CAGR numbers are calculated for a period of 3 years from Q1 FY 18 to Q1 FY 20

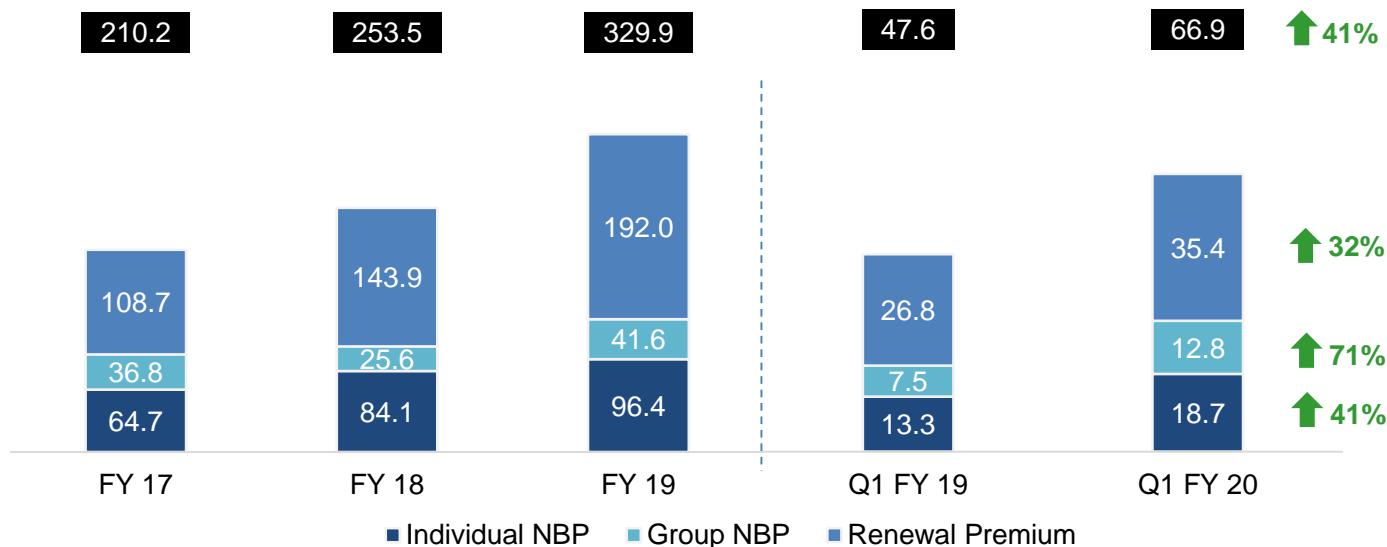
Numbers are rounded off to nearest one decimal

# Premium and market share

Continued growth in new business premium backed by strong growth in Renewal Premium

₹ in billion

**GWP**



Market Share – IRP  
Private /Industry<sup>1</sup>

20.7 / 11.2

21.8 / 12.3

22.3 / 12.9

19.7 / 10.6

21.5 / 12.5



Market Share - NBP  
Private /Industry<sup>1</sup>

20.0 / 5.8

18.5 / 5.7

19.0 / 6.4

17.3 / 5.6

19.9 / 5.2



Focus on individual premium - regular premium grew by 34% & renewal premium by 35%

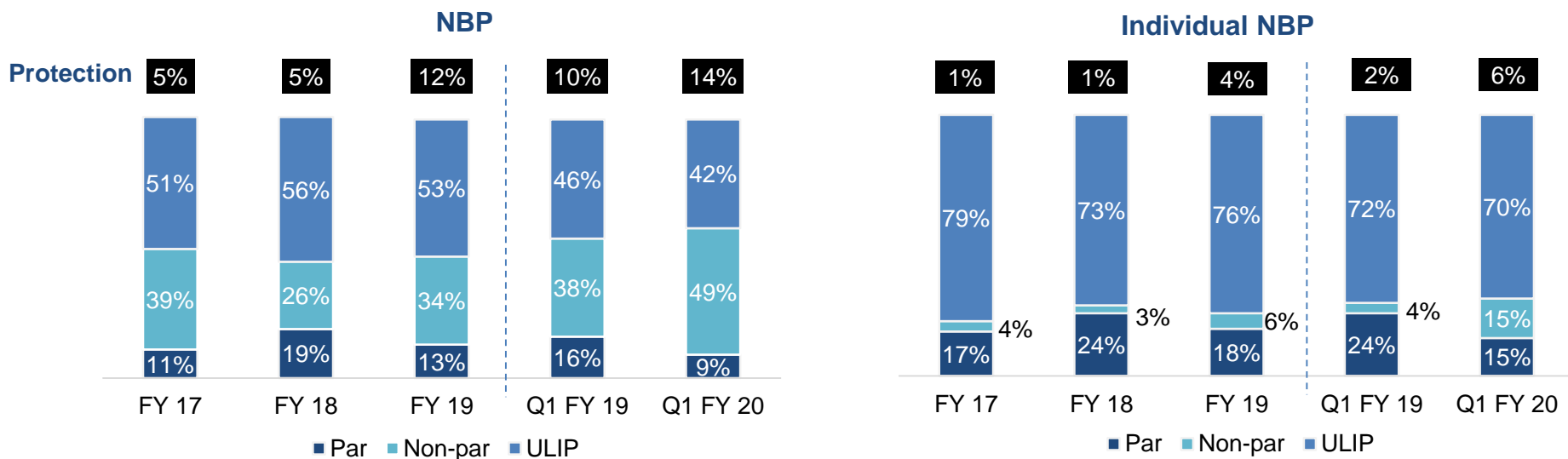


Growth in IRP by 35% while private industry has grown by 24% and industry has grown by 14%

1. Based on Life Insurance Council data for life insurers  
Components may not add up to total due to rounding-off

# Product portfolio

Diversified product portfolio – well positioned across key segments



Share of protection increases to 14%



Share of annuity in individual NBP increases to 8%

Product Mix <sup>1</sup>					₹ in billion	
	FY17	FY18	FY 19	Q1 FY 19	Q1 FY 20	Mix (Q1 FY 20)
<b>Individual Savings</b>	<b>63.7</b>	<b>83.5</b>	<b>92.7</b>	<b>13.1</b>	<b>17.6</b>	<b>35%</b>
- Par	10.9	20.3	17.6	3.2	2.7	(16%)
- Non Par	1.7	2.1	2.2	0.3	1.7	411%
- ULIP	51.1	61.0	72.8	9.5	13.2	39%
<b>Group Savings</b>	<b>32.8</b>	<b>20.2</b>	<b>28.8</b>	<b>5.6</b>	<b>9.6</b>	<b>71%</b>
<b>Protection</b>	<b>4.9</b>	<b>6.0</b>	<b>16.4</b>	<b>2.1</b>	<b>4.4</b>	<b>106%</b>
- Individual Protection	1.0	0.6	3.7	0.2	1.1	447%
- Group Protection	3.9	5.4	12.7	1.9	3.2	69%
<b>Total NBP</b>	<b>101.4</b>	<b>109.7</b>	<b>137.9</b>	<b>20.8</b>	<b>31.5</b>	<b>52%</b>

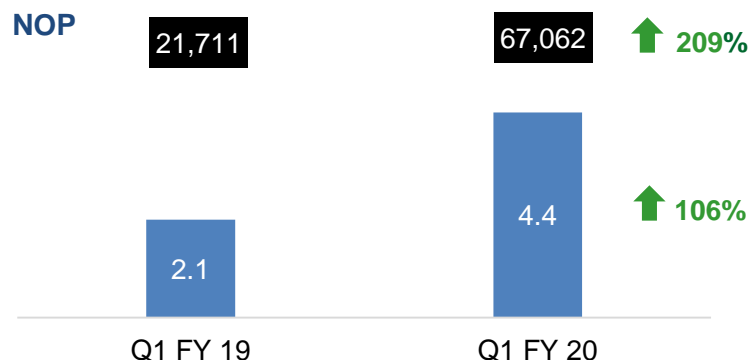
1. New business premium basis  
Components may not add up to total due to rounding-off

# Tapping profitable opportunities

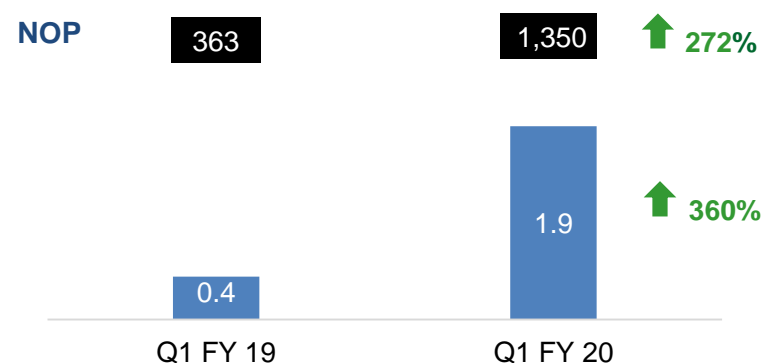
Demographic trends to contribute in growth

₹ in billion

## Protection Business



## Annuity Business



### Agency

- Growth in Individual protection NBP by 105%
- 12,085 individual protection policies - growth of 70%



### Bancassurance

- Credit Loan portfolio - 70% Home Loan, 23% Personal Loan, 7% Educational Loan & 1% Vehicle Loan
- Individual protection policies increased by 316%



### Others

- 30% increase in Individual policies - Online channel (incl. web aggregators) – 76% growth in NBP



### Products

- Annuity Plus – Individual Immediate Annuity
- Swarna Jeevan – Group Immediate Annuity



### Corpus

- One of the highest pension corpus amongst private insurers - ₹ 128 Bn AUM under pension and annuity funds

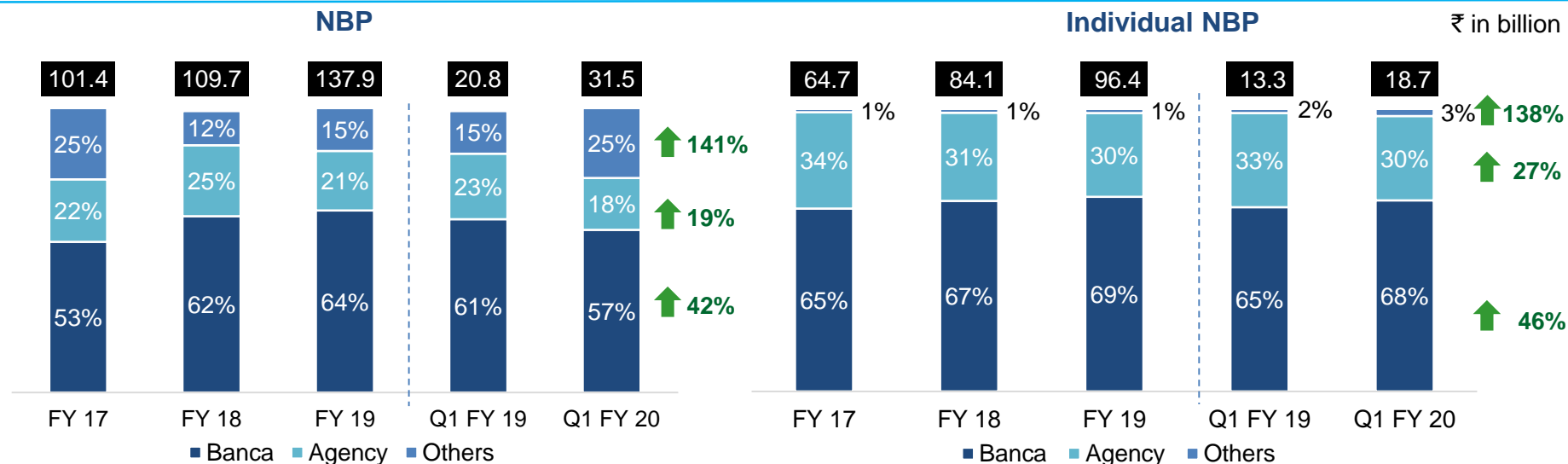


### NPS Advantage

- Mandatory annuitisation of 40% of the corpus under NPS provides opportunities

# Distribution strength

Strong network with distinct competitive advantage



## Bancassurance

Share of Protection in Total NBP **21%**  
(15%)

Share of Annuity in Total NBP **5%**  
(1%)

Ticket Size<sup>1</sup> **70K**  
(62K)

Productivity<sup>2</sup> per branch **23 lacs**  
(15 lacs)



## Agency

Share of Protection in Total NBP **2%**  
(1%)

Share of Annuity in Total NBP **4%**  
(2%)

Salesforce **+10,779 agents<sup>3</sup>**

Productivity per agent<sup>2</sup> **1.8 lacs**  
(1.6 lacs)



## Other Channels

Share of Protection in Total NBP **6%**  
(4%)

Share of Annuity in Total NBP **10%**  
(7%)

Corporate Agents **61**

Brokers **95**

- Individual ticket size is calculated as the Individual NBP of Channel divided by the number of individual policies
- Banca branch productivity is calculated as the Individual NBP of Banca channel divided by the average number of banca branches  
Agent Productivity is calculated as the Individual NBP of Agency Channel divided by the average number of agents
- Gross additions in Q1 FY 20

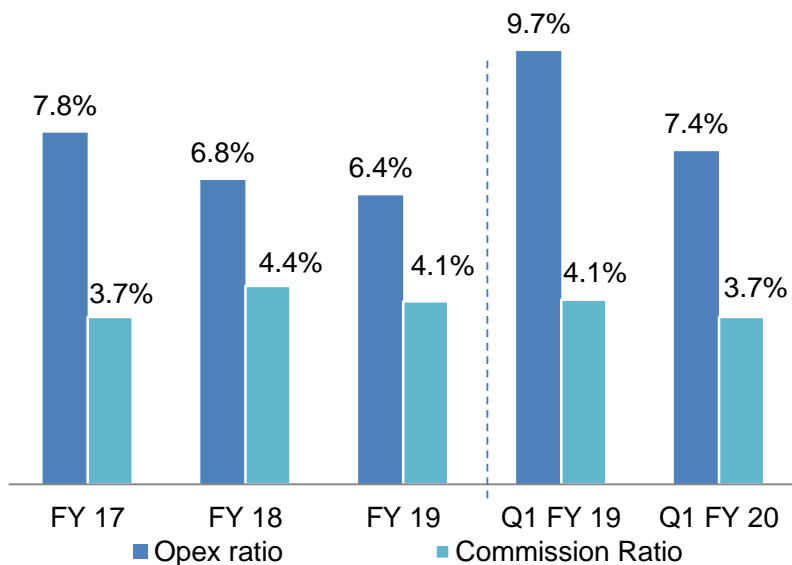
Figures in bracket represent Q1 FY 19 numbers. All growth/drop numbers are with respect to Q1 FY 20 over Q1 FY 19. Components may not add up to total due to rounding-off

# Cost efficiency and profitability

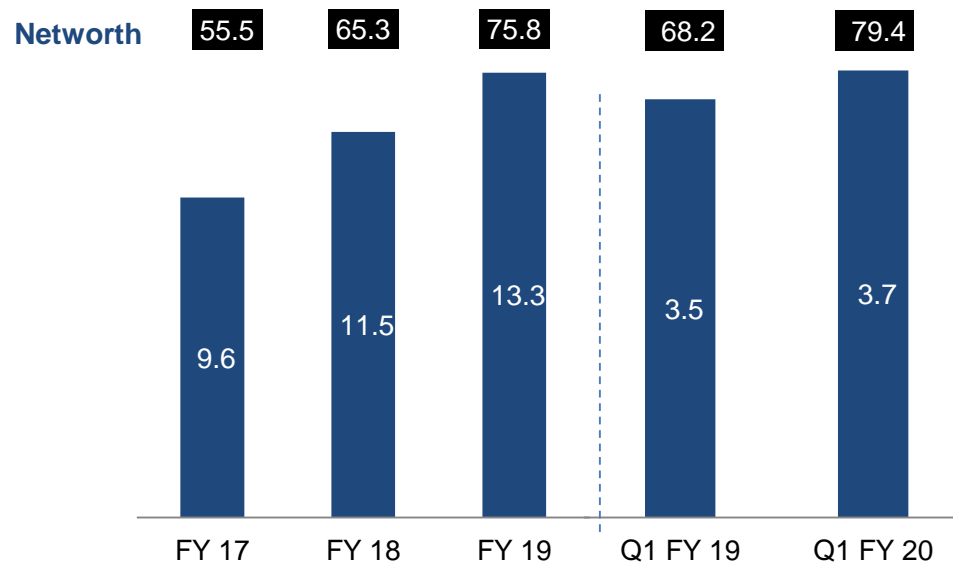
*Low cost ratios and growing profitability*

₹ in billion

## Cost ratios<sup>1</sup>



## Profit after Tax



Total Cost Ratio  
11.2%

ROE  
19.2%

Solvency  
2.17

**Profitable growth underpinned by focus and discipline**

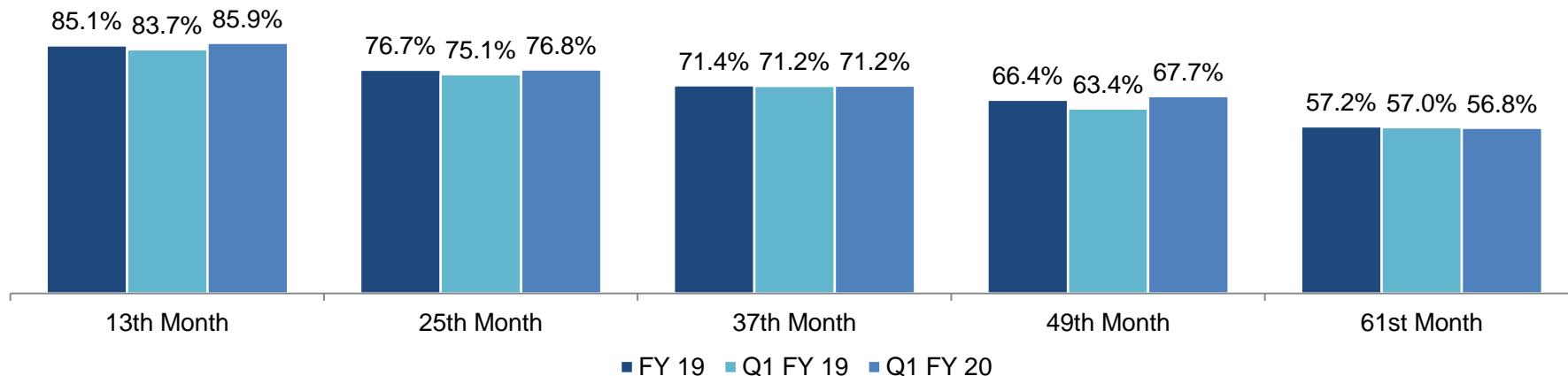
1. Opex ratio is operating expenses (excluding commission) divided by Gross Written Premium  
Commission ratio is commission expenses divided by Gross Written Premium  
Total cost ratio is operating expenses including commission, provision for doubtful debts and bad debts written off divided by Gross Written Premium  
Components may not add up to total due to rounding-off



# Customer retention and satisfaction

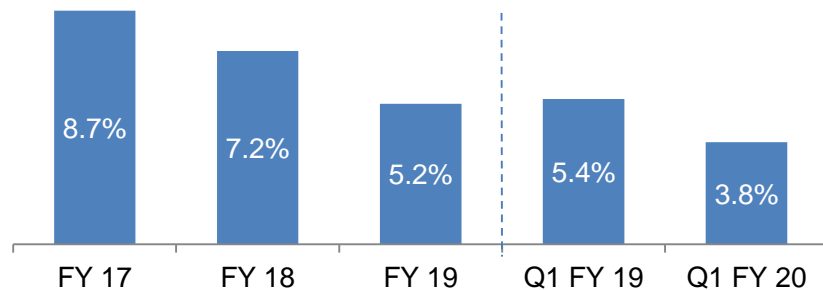
*Customer retention through quality underwriting*

## Persistency<sup>1</sup>

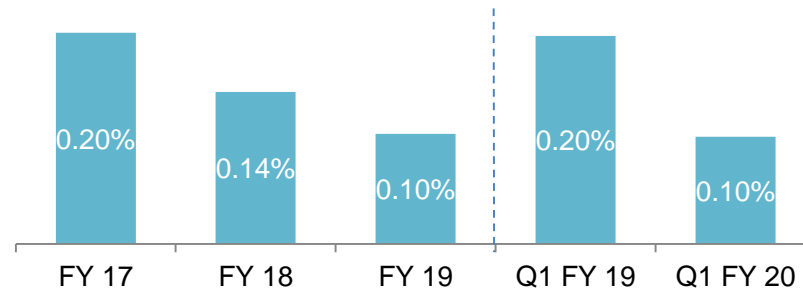


## Customer satisfaction metrics

### Surrender Ratio<sup>2</sup>



### Unfair Business Practice<sup>3</sup>



**Strong customer engagement and service ethos**

1. The persistency ratios are calculated as per IRDAI circular dated 23rd January 2014. Single premium and fully paid-up policies are considered. Group Business where persistency is measurable, is included. Ratios are calculated based on premium.

The Persistency Ratios are calculated using policies issued in June to May period of the relevant years.

2. Surrender ratio-individual linked products (Surrender/average AuM).

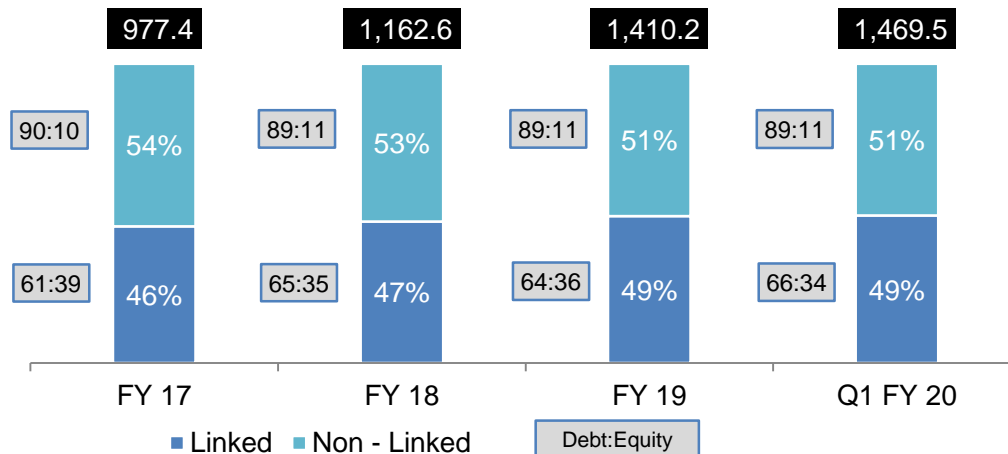
3. Number of grievances with respect to unfair business practice that are reported to the Company divided by policies issued by the Company in the same period.

# Asset under Management

Growing Assets under Management

₹ in billion

AuM – Linked | Non Linked



Growth of 22% in AUM vis-à-vis Q1 FY 19

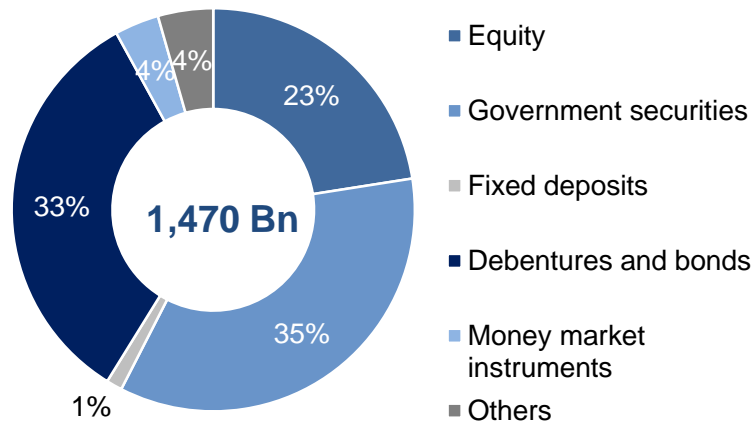


91% of the debt investments are in AAA and Sovereign instrument

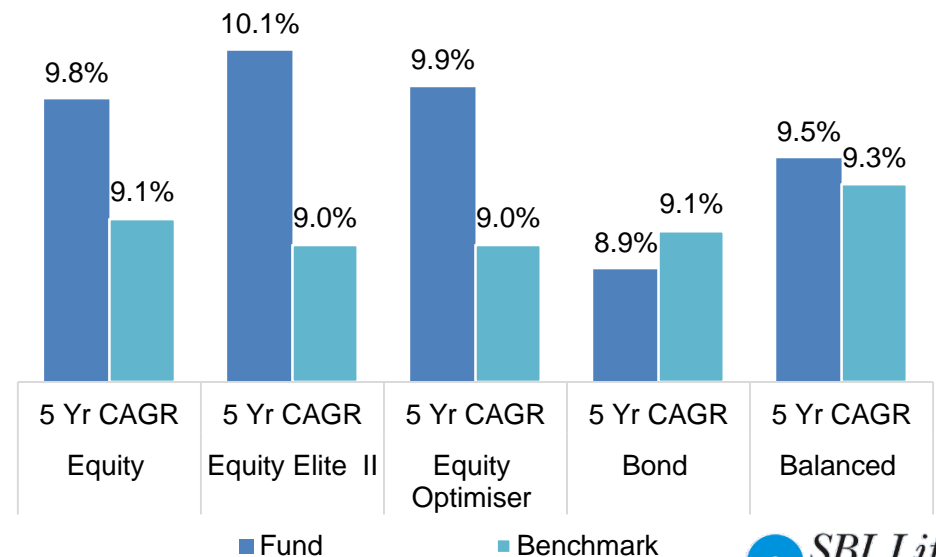


Debt Equity Ratio of 77:23

## Composition of Asset under Management



## Investment performance<sup>1</sup>



1. 5 year CAGR as on June 30, 2019  
Components may not add up to total due to rounding-off

# Agenda

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- I ► Performance update
- II ► Focus areas and initiatives**
- III ► Industry overview
- IV ► Annexure

# Key Focus Areas

## Widespread Sales and Distribution



**174,753**  
Trained Insurance Professionals

**10%**  
Increase in Web Sales

**922**  
Offices spread throughout

Tie-up with **Syndicate Bank** expanded to **6,000** branches

Tie-up with **Indian Bank**

## Product Innovation and better underwriting



New Product launched  
**Smart Platina Assure**

Provides financial protection and pays maturity amount on survival with accrued guaranteed additions

Automated underwriting done for **33%** individual proposals

## Excellent after sales service and customer satisfaction



**292,583**  
Insta Pre-issuance welcome calls

**64%** of  
Renewal Premium collected through Digital Mode

Reduction in grievances from 61 to 30 per 10,000 policies issued from Q1 FY19 to Q1 FY20

**12K+**  
Death Claims Settled

**2.99**  
Mortality TAT

## Ensuring Profitable Growth

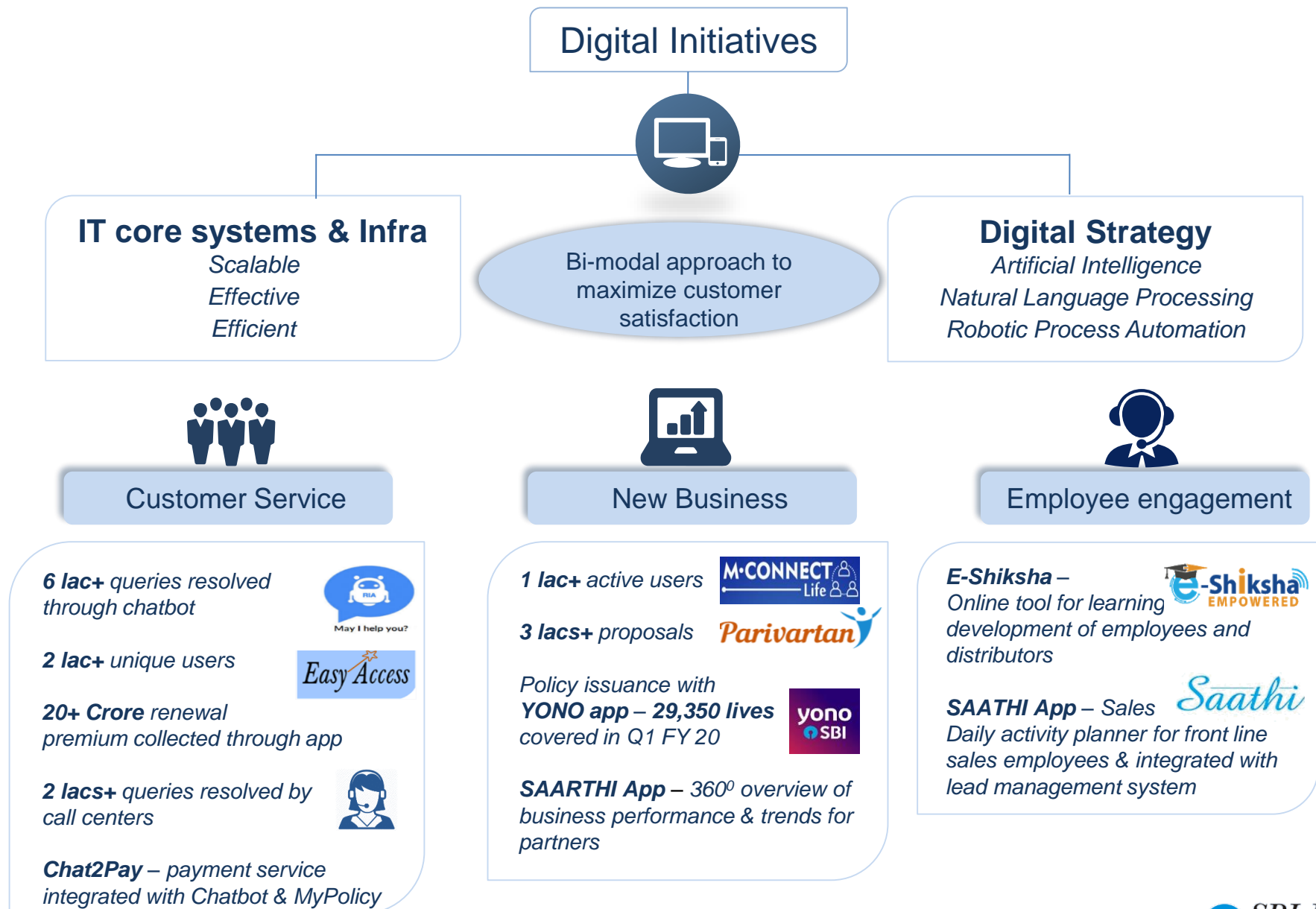


**7.4%**  
Opex Ratio (Cost Leadership)

**55%**  
Increase in Individual New Business Sum Assured

**24 Mn**  
Lives covered as of June 30, 2019

# Digital Initiatives – Transforming customer experience



# Agenda

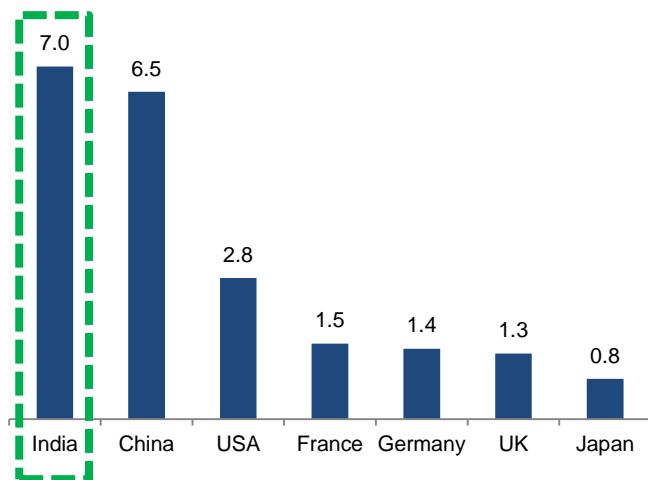
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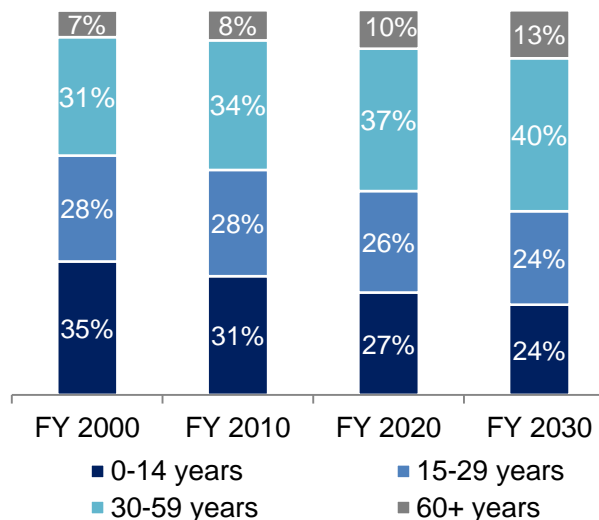
# India Life Insurance - Structural Growth Drivers in Place

*Strong Demographic Tailwinds Supporting India Growth Story*

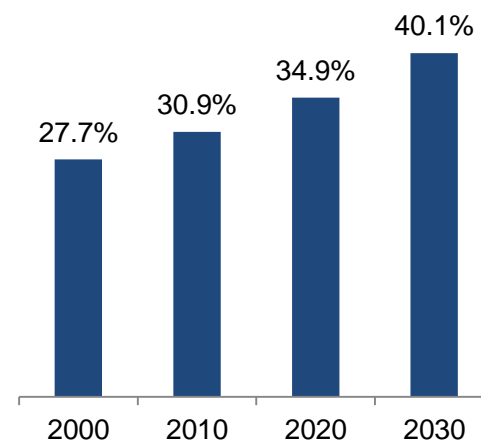
World GDP Growth<sup>1</sup> (2018 %)



Composition of Population<sup>2</sup>



Share of urban population<sup>3</sup>



## Advantage India

- 7<sup>th</sup> largest economy in the world in terms of GDP
- One of the highest young population nations with median age of 28 years
- Rising share of urbanisation – Growth in urban population at 2.4% CAGR between FY 15 and FY 20

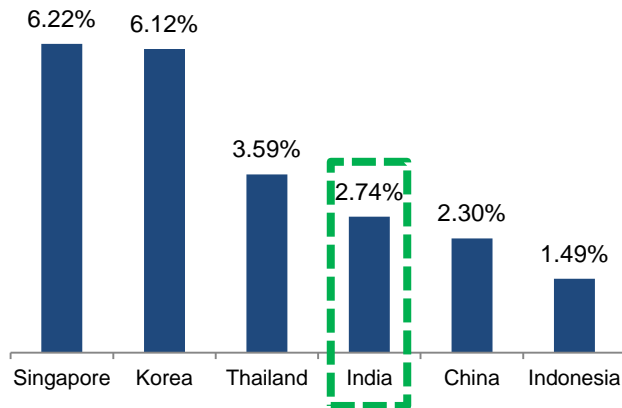
Combination of a high share of working population, rapid urbanization, rising affluence and focus on financial inclusion to propel the growth of Indian life insurance sector.

# Life Insurance – Significant Under Penetration versus other Markets

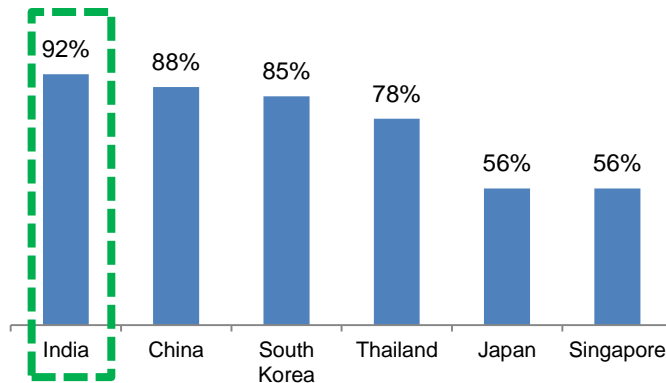
*Share of Life Insurance in Savings expected to Rise*

## Underpenetrated Insurance Market

Premium as % of GDP – 2018<sup>1</sup>



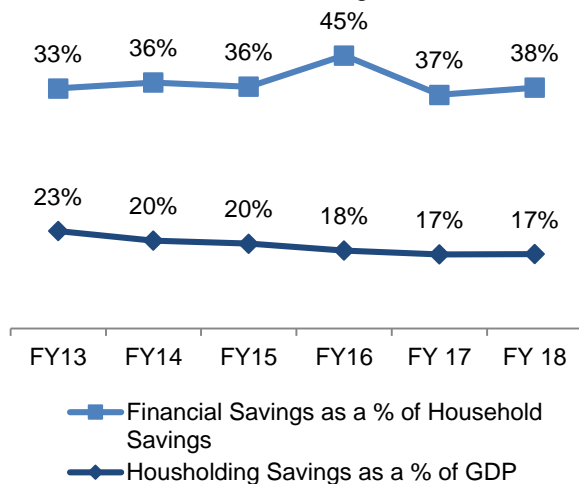
Protection margin highest amongst peers<sup>2</sup>



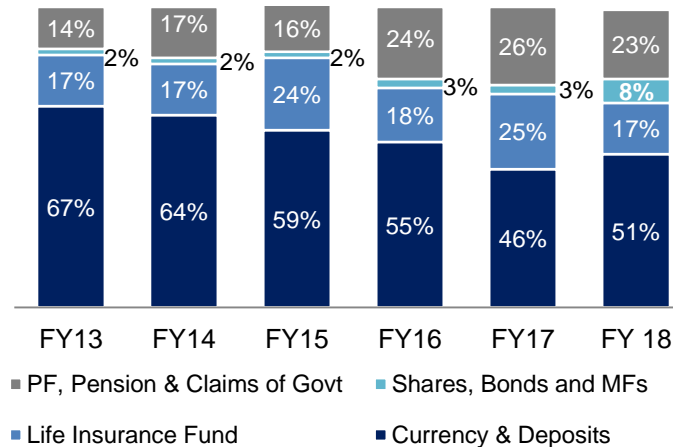
- 10<sup>th</sup> largest life insurance market worldwide and 5<sup>th</sup> largest in Asia with ₹4.6 trillion in total premium business
- Total premium grew at CAGR of 17% between FY01– FY18
- India continues to be under penetrated as compared to countries like Japan, Thailand and Korea

## Financial Savings – Headed towards a Rebound<sup>3</sup>

Household Savings as a % of GDP



Rising share of Insurance in Financial Savings



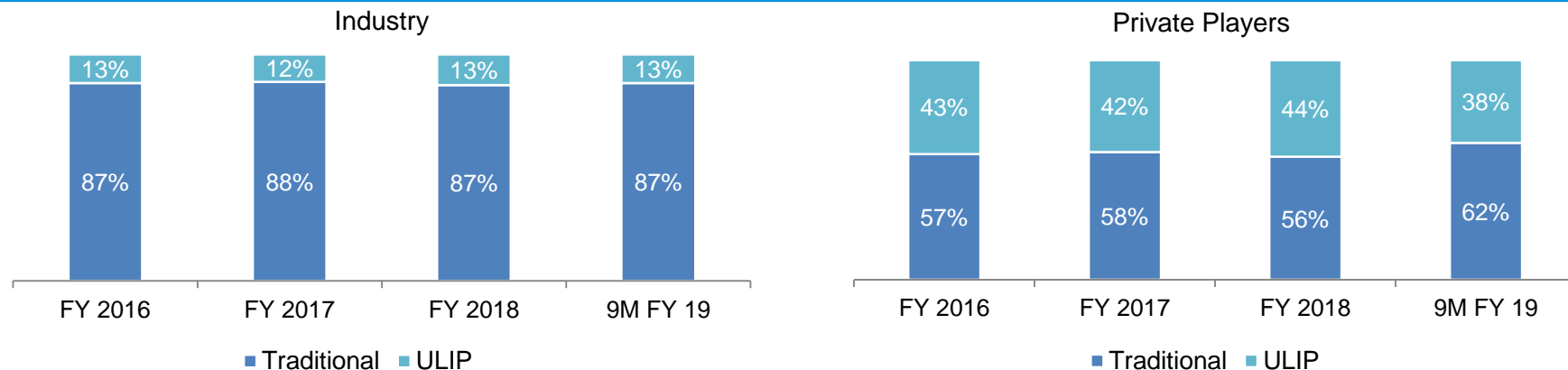
Increase in Financial Savings as a percentage of Household Savings coupled with increase in share of insurance as a percentage of Financial Savings are expected to drive growth in life insurance sector



# Industry Composition

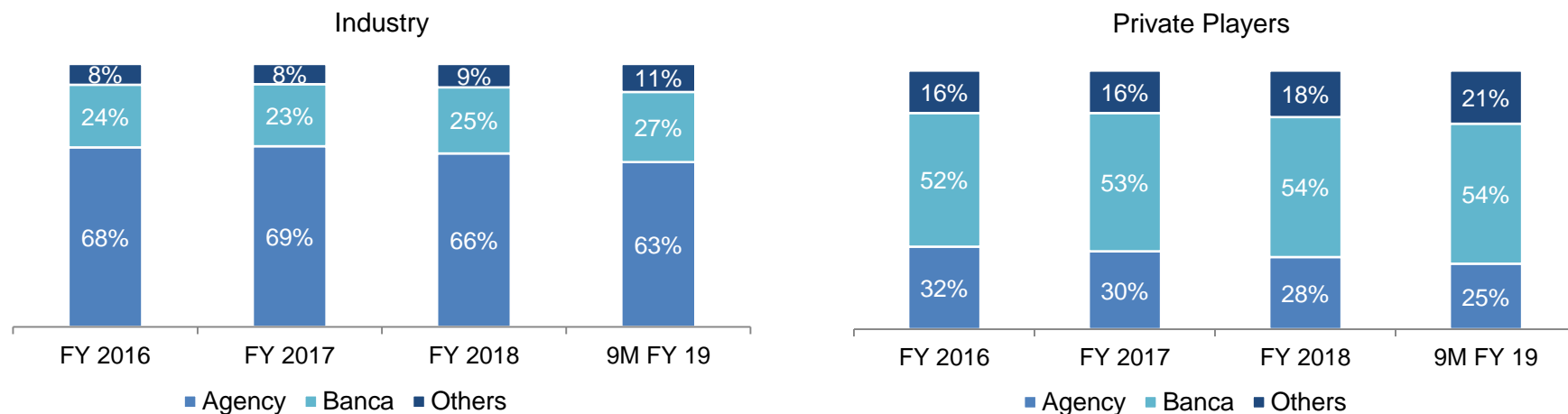
## Product mix and Channel mix

### Product portfolio<sup>1</sup>



Higher ULIP contribution among private players, though traditional products forms the major share of new business

### Channel mix<sup>2</sup>



Banca channel has continued to be the largest channel for private players year on year

1. New business premium basis

2. Individual new business premium basis

Source: Life Insurance Council, Public disclosures

Components may not add up to total due to rounding-off

# Agenda

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Performance update



Focus areas and initiatives



Industry overview



**Annexure**

# Annualised Premium Equivalent (APE)

*APE Product mix and Channel mix*

## Product portfolio

₹ in billion

Segment	FY17	FY18	FY 19	Q1 FY 19	Q1 FY 20	Y-o-Y Growth	Mix (Q1 FY 20)
Individual Savings	59.4	78.5	87.2	12.0	15.5	30%	84%
- Par	11.2	20.9	18.1	3.3	2.7	-18%	14%
- Non Par	0.5	0.7	0.4	0.1	0.5	453%	2%
- ULIP	47.7	56.9	68.6	8.6	12.4	44%	67%
Individual Protection	0.8	0.6	3.7	0.2	1.1	446%	6%
Group Protection	3.4	4.0	2.9	0.4	1.0	164%	5%
Group Savings	3.7	2.4	3.2	0.6	1.0	69%	5%
Total APE	67.3	85.4	97.0	13.1	18.6	41%	100%

## Channel mix

₹ in billion

Channel	FY17	FY18	FY 19	Q1 FY 19	Q1 FY 20	Y-o-Y Growth	Mix (Q1 FY 20)
Banca	40.4	55.9	64.8	8.4	11.8	41%	64%
Agency	20.9	25.6	27.7	4.1	5.2	25%	28%
Others	6.0	3.9	4.5	0.6	1.6	164%	8%
Total APE	67.3	85.4	97.0	13.1	18.6	41%	100%

# Individual Annualised Premium Equivalent (APE)

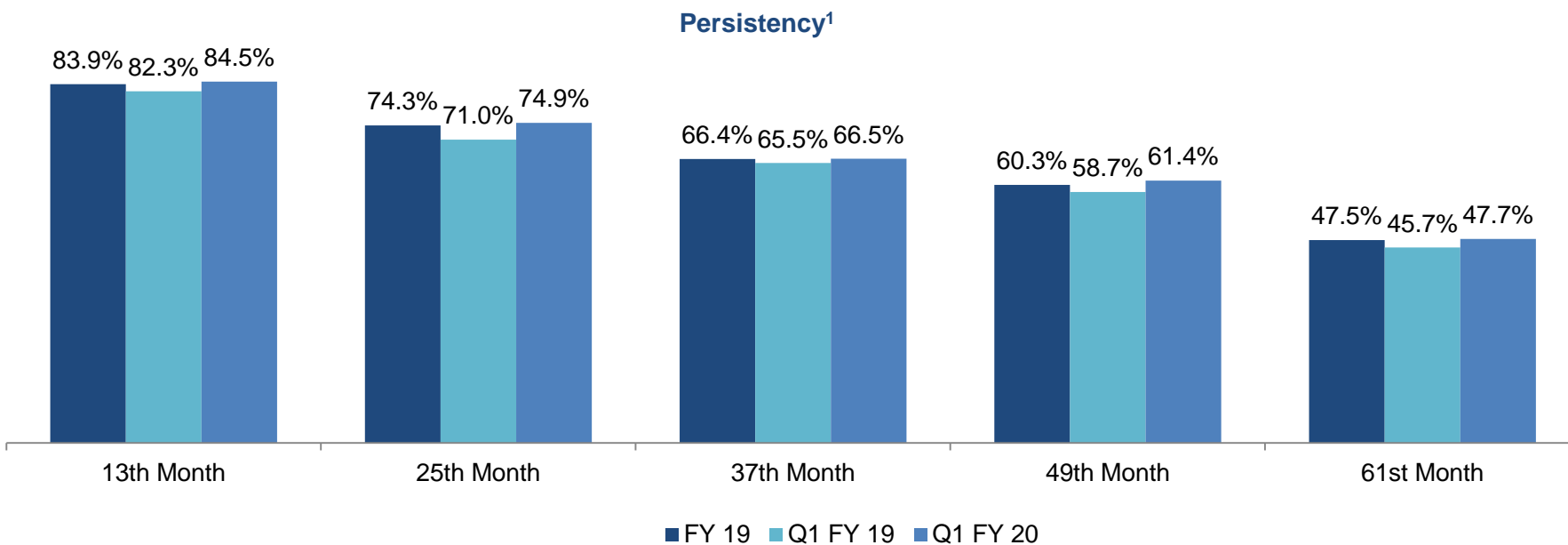
Individual APE – Channel Mix Segment wise

₹ in billion

Channel	Segment	FY17	FY18	FY 19	Q1 FY 19	Q1 FY 20	Y-o-Y Growth	Mix (FY 19)
Bancassurance	Participating	5.3	13.2	9.9	1.9	1.3	-31%	8%
	Non Participating	1.0	0.9	3.5	0.2	1.3	577%	8%
	Unit Linked	32.4	38.9	49.0	5.9	8.7	47%	52%
	<b>Total</b>	<b>38.7</b>	<b>53.0</b>	<b>62.4</b>	<b>8.0</b>	<b>11.3</b>	<b>41%</b>	<b>68%</b>
Agency	Participating	5.5	7.5	7.8	1.4	1.3	-5%	8%
	Non Participating	0.2	0.2	0.5	0.1	0.2	203%	1%
	Unit Linked	14.6	17.7	19.3	2.7	3.7	37%	22
	<b>Total</b>	<b>20.3</b>	<b>25.4</b>	<b>27.6</b>	<b>4.1</b>	<b>5.1</b>	<b>25%</b>	<b>31%</b>
Others	Participating	0.2	0.3	0.4	0.0	0.1	109%	1%
	Non Participating	0.1	0.1	0.2	0.0	0.1	116%	0%
	Unit Linked	0.1	0.3	0.3	0.1	0.1	34%	0%
	<b>Total</b>	<b>0.4</b>	<b>0.7</b>	<b>0.9</b>	<b>0.1</b>	<b>0.2</b>	<b>81%</b>	<b>1%</b>

# Persistency - Regular Premium

*Quality Underwriting and Customer Retention*



1. The persistency ratios are calculated as per IRDAI circular dated 23rd January 2014.  
Ratios are calculated based on regular premium

# Sensitivity Analysis

Scenario	Change in VoNB% Q1 FY20	Change in VoNB% FY19
Reference Rate +100 bps	3%	3%
Reference Rate -100 bps	(3%)	(3%)
Decrease in Equity Value 10%	-	-
Proportionate change in lapse rate +10%	(6%)	(6%)
Proportionate change in lapse rate -10%	6%	6%
Mortality / Morbidity +10%	(8%)	(7%)
Mortality / Morbidity -10%	8%	7%
Maintenance Expense +10%	(2%)	(2%)
Maintenance Expense -10%	2%	2%
Mass Lapse for ULIPs in the year after the surrender penalty period of 25% <sup>1</sup>	(8%)	(8%)
Mass Lapse for ULIPs in the year after the surrender penalty period of 50% <sup>1</sup>	(19%)	(18%)
Tax Rate Change to 25%	(15%)	(15%)



**VoNB on actual tax rate basis increased by 49% from 2.2 billion to 3.3 billion in Q1 FY 20**



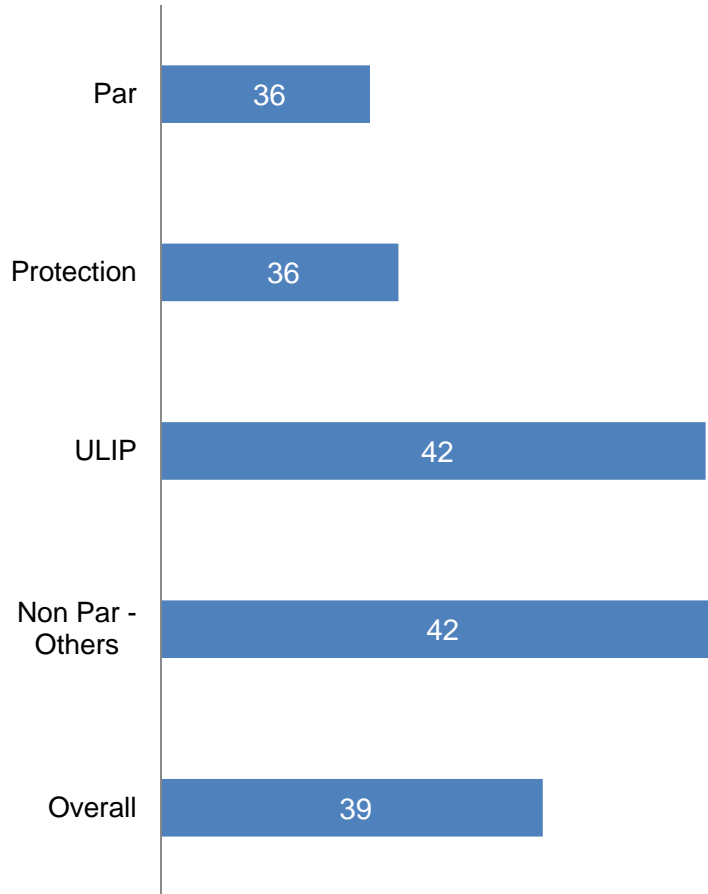
**VoNB margin on actual tax rate basis increased from 17% to 17.9% in Q1 FY 20**

1. Mass lapse sensitivity (of 25% or 50%) for ULIP business is applied at the end of surrender penalty period as defined by APS 10, which is taken to be the beginning of 5th policy year for current generation of our ULIP products.

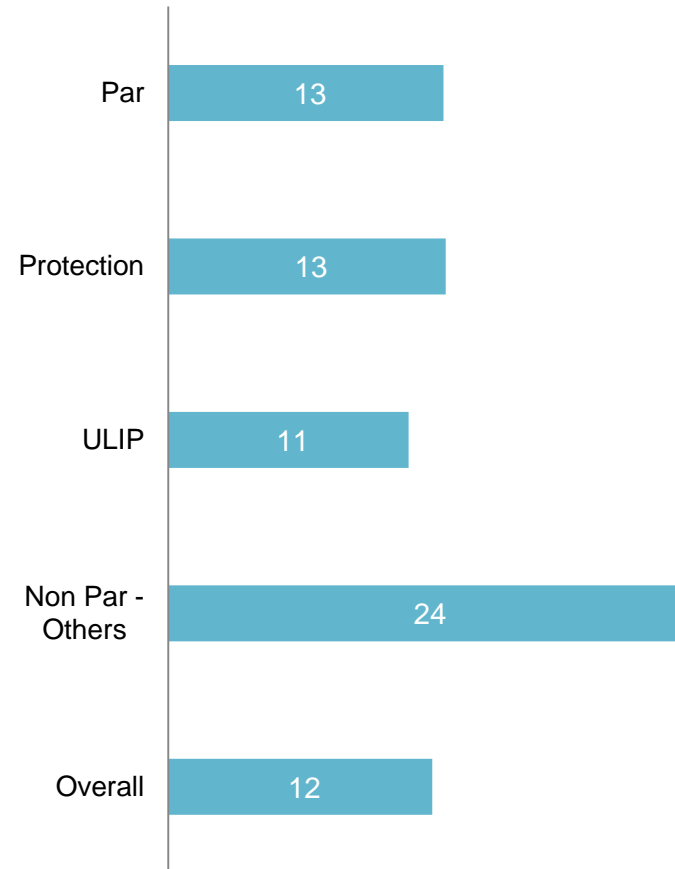
# Customer Age and Policy Term<sup>1</sup>

## Customer Profile

### Average customer age in years



### Average policy term in years



1. Age and term for individual products for Q1 FY 20

# Revenue and Profit & Loss A/c

₹ in billion

Particulars	FY 18	FY 19	Q1 FY 19	Q1 FY 20
Premium earned	253.5	329.9	47.6	66.9
Premium on reinsurance ceded	(1.9)	(1.0)	(0.0)	(0.4)
<b>Net premium earned</b>	<b>251.6</b>	<b>328.9</b>	<b>47.5</b>	<b>66.6</b>
Investment income <sup>1</sup>	89.0	116.0	22.2	31.3
Other income	0.8	0.8	0.2	0.1
<b>Total income (A)</b>	<b>341.4</b>	<b>445.7</b>	<b>70.0</b>	<b>98.0</b>
Commission paid	11.2	13.5	2.0	2.5
Operating and other expenses <sup>2</sup>	21.0	26.1	5.5	6.2
Provision for tax – policyholders <sup>3</sup>	2.4	2.7	1.5	1.8
Claims/benefits paid (net) <sup>3</sup>	117.1	152.9	21.6	28.6
Change in actuarial liability <sup>4</sup>	177.9	236.8	35.7	55.1
<b>Total expenses (B)</b>	<b>329.6</b>	<b>432.0</b>	<b>66.3</b>	<b>94.2</b>
<b>Profit before tax (A-B)</b>	<b>11.8</b>	<b>13.7</b>	<b>3.6</b>	<b>3.8</b>
Provision for tax – shareholders <sup>3</sup>	0.3	0.5	0.1	0.1
<b>Profit after tax</b>	<b>11.5</b>	<b>13.3</b>	<b>3.5</b>	<b>3.7</b>

1. Net of Provision for diminution in the value of investment and provision for standard assets

2. Includes provision for doubtful debts (including write off) and service tax/GST on charges

3. Inclusive of interim bonus and terminal bonus

4. Includes movement in fund for future appropriation

Components may not add up to total due to rounding-off



# Balance Sheet

₹ in billion

Particulars	FY18	FY 19	Q1 FY 20
<b>SOURCES OF FUNDS</b>			
Share Capital	10.0	10.0	10.0
Reserves and Surplus	53.7	64.6	68.3
Credit/(Debit) Fair Value Change Account	1.5	1.2	1.1
<b>Sub-Total</b>	<b>65.3</b>	<b>75.8</b>	<b>79.4</b>
Credit/(Debit) Fair Value Change Account	9.4	10.6	9.5
Policy Liabilities	555.6	649.5	672.2
Provision for Linked Liabilities	495.6	605.9	630.7
Fair Value Change Account (Linked)	31.1	51.6	51.2
Funds for Discontinued Policies	22.7	33.8	41.1
Funds for Future Appropriation	1.9	2.8	3.4
<b>Total Liabilities</b>	<b>1,181.6</b>	<b>1,430.0</b>	<b>1,487.7</b>
<b>APPLICATION OF FUNDS</b>			
Investments			
-Shareholders	50.1	57.2	69.0
-Policyholders	544.9	644.7	660.9
-Assets held to cover Linked Liabilities	549.4	691.3	723.1
Loans	1.7	1.7	1.8
Fixed assets	5.8	6.0	6.0
Net Current Assets	29.7	29.1	26.9
<b>Total Assets</b>	<b>1,181.6</b>	<b>1,430.0</b>	<b>1,487.7</b>

Components may not add up to total due to rounding-off

# Abbreviations

Term	Description
<b>GWP</b>	Gross Written Premium
<b>NBP</b>	New Business Premium
<b>NOP</b>	Number of Policies
<b>APE</b>	Annualized Premium Equivalent
<b>IRP</b>	Individual Rated Premium
<b>AuM</b>	Assets Under Management
<b>Banca</b>	Bancassurance
<b>ULIP</b>	Unit Linked Insurance Plan
<b>PAR</b>	Participating

Term	Description
<b>NON PAR</b>	Non-Participating
<b>Opex</b>	Operating Expenses (excluding commission)
<b>CAGR</b>	Compounded Annual Growth Rate
<b>GDP</b>	Gross Domestic Product
<b>INR (₹)</b>	Indian Rupees
<b>USD (\$)</b>	United States' Currency
<b>TAT</b>	Turn Around Time
<b>Traditional</b>	Other than Unit Linked Insurance Plan
<b>ROE</b>	Return on Equity

- **New Business APE:** The sum of annualized first year premiums on regular premium policies, and 10.00% of single premiums, written by the Company during the fiscal year from both retail and group customers
- **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
- **Individual Rated Premium (IRP):** New business premiums written by the Company under individual products and weighted at the rate of 10.00% for single premiums
- **Renewal Premium:** Life insurance premiums falling due in the years subsequent to the first year of the policy
- **Gross Written Premium (GWP):** The total premium written by the Company before deductions for reinsurance ceded
- **Value of New Business (VoNB):** Value of New Business 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
- **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

# Disclaimer

*Except for the historical information contained herein, statements in this presentation which contain words or phrases such as 'will', 'would', 'indicating', '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 to differ materially from those suggested by the forward-looking statements.*

*These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion in business, the impact of any acquisitions, technological implementation and changes, the actual growth in demand for insurance products and services, investment income, cash flow projections, our exposure to market risks, policies and actions of regulatory authorities; impact of competition; experience with regard to mortality and morbidity trends, lapse rates and policy renewal rates; the impact of changes in capital, solvency or accounting standards, tax and other legislations and regulations in the jurisdictions as well as other risks detailed in the reports filed by State Bank of India, our holding company. We undertake no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.*

*The assumptions, estimates and judgments used in the calculations are evaluated internally where applicable and have been externally reviewed. They represent the best estimate based on the company's experience and knowledge of relevant facts and circumstances. While the management believes that such assumptions, estimates and judgments to be reasonable; the actual experience could differ from those assumed whereby the results may be materially different from those shown herein.*

**Thank you**

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