

October 19, 2020

Ref. No.: HDFC Life/CA/2020-21/42

Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Plot No C/1, Block G,
Bandra-Kurla Complex,
Bandra (East),
Mumbai- 400 051

NSE Symbol: HDFCLIFE

Listing Department
BSE Limited
Sir PJ Towers,
Dalal Street,
Fort,
Mumbai – 400 001

BSE Security Code: 540777

Dear Sirs,

Sub.: Impact of the Covid-19 pandemic on the business of the Company - (H1 FY'21 update)

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020, please find enclosed herewith a note on the impact of the Covid-19 pandemic on the business of the Company during H1 FY'21.

This is for your information and appropriate dissemination.

Thanking you,

For HDFC Life Insurance Company Limited



Narendra Gangan
EVP, Company Secretary &
Head- Compliance & Legal

Encl.: As above

Note on Impact of COVID-19 (H1 FY21 update)

(Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020)

1) Impact of the COVID-19 pandemic on the business

While we remain sensitive about the health impact and loss of lives due to the pandemic and continue to focus on employee, customer and partner safety norms, opening up of the economy has led to a pickup in activity levels on the ground. This has also resulted in a marginal uplift in household income and spends. Insurance as a category has emerged stronger as a vehicle to protect one's family and realise their long term financial goals. Customers are more active in decision making resulting in traction in the individual business.

Our market share in terms of Individual WRP has increased by 235 basis points from 15.2% in H1 FY20 to 17.5% in H1 FY21. We have neutralised the Q1 de-growth and have recorded a growth of 2% during H1 FY21. This is on a base of 35% growth last year. This compares well against the private industry, which de-grew by 11% on a base of 16% growth for H1 last year. Our market share for the group and overall new business segments amongst the private sector players was at 27.4% and 23.3% respectively.

Our existing suite of digital assets, which have been detailed in our investor presentations, is available across channels, partners and employees. This has enabled us to continue providing a seamless experience to the end customer from a new business and servicing perspective.

2) Ability to maintain operations including the factories/units/office spaces functioning and closed down

Our digital footprint allows us to service our customers remotely. More than 90% of our branches are operational across the country. Measures are in place to track employee, partner and customer safety.

3) Schedule, if any, for restarting the operations

We will continue to follow guidelines issued by the Government and regulatory authorities when it comes to increasing operations at our physical locations. In the meanwhile, all our operations are functional within the current limitations and we continue to provide end to end digital servicing to all our customers.

4) Steps taken to ensure smooth functioning of operations

As indicated earlier, we have adopted a multi-dimensional approach to manage the smooth functioning of operations in the current scenario. Accelerated digital selling and servicing, effective employee engagement, cost control measures and responsive strategy remain the key elements of our approach.

Being cognizant of the current environment and the increasing comfort of our customers to connect with virtually, we had launched 'WISE' - our video based sales enablement tool in June. This tool, which creates the closest impression of a face to face interaction at new business stage, has seen good traction in Tier 2 and 3 towns as well. Given the higher adoption of WISE, we have extended the hybrid model of digital + human interaction to servicing via our tool 'VServ'. Vserv is an industry's first video based 'Phy-gital' mode of servicing. It allows our branch staff to service customers remotely and solve their queries and requests via a virtual interaction. Vserv also ties in with our branch 'virtualisation' journey.

We have seen increasing trends in online payments by customers whereby about 95% of the policies are being renewed digitally accounting for 88% of renewal premium being done via digital modes. Additional details are outlined in our latest investor presentation (H1FY21).

5) Estimation of the future impact of COVID-19 on its operations

We will be keeping a close eye on the evolving situation and proceed as necessary. As outlined earlier, the strength of our digital assets has enabled us to minimize the impact of the pandemic on our business operations.

6) Details of impact of COVID-19 on listed entity's (capital and financial resources, profitability, liquidity position, ability to service debt and other financing arrangements, assets, internal financial reporting and controls, supply chains and demand for its products/services)

The company has carried out assessment of COVID-19 impact on its financial position as at September 30, 2020, relating to profitability, investments, policy liability and solvency.

- Profit after tax grew by 6% to Rs 777 Cr.
- New business margins in this quarter have seen an improvement on sequential as well as YoY basis on the back of return to growth, favourable product mix and costs being kept under control. The NBM for H1FY21 stands at 25.1%.
- The Company has assessed the investment position as at September 30, 2020 and made adequate impairment provisions to the extent necessary.

- d. The Company had made a provision of Rs. 41 cr as at March 31, 2020, for potential adverse mortality experience due to COVID. The provision held is in excess of the IRDAI prescribed norms. While this COVID reserve was not utilised in the previous quarters, we believe that it is prudent for us to continue to carry it forward.
- e. The Company has assessed its solvency position as at the quarter ended September 30, 2020. Our solvency position remains healthy at 203% as on September 30, 2020 compared to 190% as of the previous quarter.

While the situation, including the government and public response to the challenges, continue to progress and rapidly evolve, the Company will continue to closely monitor any material changes in future economic conditions.

7) Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business

Other than policyholders: There has been no material impact on business due to non-fulfilment of any obligations by any party to existing contracts/ agreements. Further, at this juncture, the company does not anticipate any material impact on the business of the company due to this factor.

Policyholder related: The persistency trends for existing policies have been disclosed in our latest investor presentation (H1FY21). We continue to track the same and any material updates will be disclosed appropriately.

The management will attempt to take all steps in its control to monitor the situation and mitigate any potential impact on its business as may be needed.

8) Other relevant material updates about the listed entity's business

All relevant updates about the same can be found in our latest investor presentation (H1FY21) and the FY20 annual report uploaded on our website. The Company will keep all its stakeholders, including its shareholders updated on any material updates pertaining to the impact of COVID-19 on business in future health related and economic conditions.