

April 26, 2021

Ref. No.: HDFC Life/CA/2021-22/08

**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 Sir/ Madam,

**Subject: Impact of the Covid-19 pandemic on the business of the Company - (FY 2020-21 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 for the financial year 2020-21.

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 (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**

In terms of the current situation, the second wave does appear to be steeper than the first one. We are hopeful that its impact on public health and the economy would be curtailed by a speedy vaccination drive and discipline observed by our fellow citizens. Once the second wave subsides and significant parts of our country are vaccinated, we believe that pent-up demand would lift economic and commercial activity.

We are working closely with our partners and re-insurers to ensure prompt service and claim resolution. Over the course of the year, we have settled over 2.9 lakh death claims resulting in payouts in excess Rs. 3,000 cr. Despite logistical challenges through the year, we insured close to 40 million lives in FY21.

We continued on our trajectory of delivering consistent and predictable performance in FY21, while outpacing industry growth. We have recorded a growth of 17% in terms of Individual WRP during FY21 on a base of 19% growth in FY20. The private industry grew by 8% on a base of 5% growth in FY20. We sold about 9.8 lakh new individual policies registering a YoY growth of 10%. Our market share in terms of Individual WRP increased by 130 basis points from 14.2% in FY20 to 15.5% in FY21.

Our existing suite of digital assets, which have been detailed in our investor presentation, 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. Regular branch operations sustained during the course of the year 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 regarding operations at our physical locations. In the meanwhile, all our operations are functional within the current local guidelines 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.

Digital is the backbone of our growth story and we continue to invest in technology, with a view to simplify the buying journey and servicing experience for customers whilst creating new product propositions. We have seen increasing trends in online payments by customers whereby about 95% of the policies are being renewed digitally accounting for 87% of renewal premium being done via digital modes. We have included a fairly detailed view on our digital approach in our investor deck for your reference.

#### **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 March 31, 2021, relating to profitability, investments, policy liability and solvency.

- a. 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 FY21 stands at 26.1%. Profit after tax grew by 5% to Rs 1,360 Cr. The Board has approved final dividend of Rs. 2.02 per share, subject to approval by shareholders in upcoming annual general meeting.
- b. While we have had an overall positive operating variance during the year, we experienced a negative mortality variance, primarily on the back of higher than expected Covid claims. This was partially absorbed by the Covid reserve created by us at the start of FY21. Based on our actual experience in FY21 and after factoring in aspects such as latest mortality trends across business and customer segments and geographic spread of Covid 2.0, we have provided for a Covid reserve of Rs. 165 cr. for FY22. We will continue to review the adequacy of this reserve through the course of FY22.
- c. The Company has assessed the investment position as at March 31, 2021 and made adequate impairment provisions to the extent necessary.

- d. The Company has assessed its solvency position as at March 31, 2021. Our solvency position remains healthy at 201% as on March 31, 2021 against statutory minimum requirement of 150%.

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 (FY21). 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 (FY21) 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.