

August 06, 2020

Ref. No. : HDFC Life/CA/2020-21/30

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

Sir / Madam,

Subject : Disclosure of material impact of Covid-19 pandemic under SEBI (Listing Obligations and Disclosure Requirements) Regulations

This is with reference to Circular No. SEBI/HO/CFD/CMDI/CIR/P/2020/84 dated May 20, 2020 issued by Securities and Exchange Board of India.

Please find enclosed herewith a separate disclosure of material impact of Covid-19 pandemic on the Company. (Copy of Announcement dated July 21, 2020 is attached herewith)

Kindly note that the said disclosure was already submitted to the Stock Exchanges on July 21, 2020 along with June, 2020 quarter results. A copy of the same is re-produced for the benefit of investors at large.

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 (Q1FY21 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

As the economy is coming to terms with the effects of the pandemic, we are increasingly witnessing encouraging on-ground trends. Business has started to pick up on a month-on-month basis and we are seeing higher traction, especially in the individual protection business. As the situation begins to normalise, we expect life insurance to emerge as an important avenue for both protection as well as long term savings, and consequently help attract a higher quantum of inflows from Indian households. Given our wide bouquet of product offerings across segments and continued focus on a balanced product mix, we believe that we are well positioned to serve the anticipated demand uptick.

Our Individual WRP market share increased by 100 basis points from 17.5% in Q1 FY20 to 18.5% in Q1 FY21. We de-grew by 19% during Q1 FY21 on a high base of 63% growth same quarter last year and delivered better than the private industry which de-grew by 23% on a base of 24% growth same quarter last year. In the month of June, our de-growth was 3% on a base of 87% growth in the same month last year, thereby showing improving business momentum.

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 75% 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 limitations provided and we continue to provide end to end digital servicing to all our customers.

4) Steps taken to ensure smooth functioning of operations

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 are the key

elements of our approach. We have seen an increase in the adoption of assets such as our chat based identification tool and pre conversion verification chat, which allows customers to self authenticate their details. Our virtual front line sales model, VVISE enables our sales representatives to connect with customers via video calling and complete the sales process. Almost 50% of the medicals are being done through tele-medicals. On the servicing front, query resolution through our bots across Whatsapp, webchat and email have seen an increase of 90%, 36% and 110% respectively. Almost 89% of renewal collections are done online now. We also conduct regular training sessions for our partners via digital collaboration tools in addition to VC based skill building sessions with our digital partners. We have equipped our employees with work from home capability, to be able to provide uninterrupted customer assistance.

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 June 30, 2020, relating to profitability, investments, policy liability and solvency.

- a. Profit after tax grew by 6% to Rs 451 Cr.
- b. Despite the expected drop in business volumes, we delivered a healthy new business margin of 24.3% on the back of a favourable product mix and cost control measures.
- c. The Company has assessed the investment position as at June 30, 2020 and made adequate impairment provisions to the extent necessary.
- d. The Company had made a provision approx 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 quarter, 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 June 30, 2020. Our solvency position remains healthy at 190% compared to 184% as on March 31, 2020 and the regulatory 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

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. 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 (Q1FY21) 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

Our Initiatives

HDFC Life understands the criticality to support the nation amidst the COVID 19 pandemic that has had distressing impacts on its citizens, health infrastructure as well as the economy at large. As part of the HDFC Group, we collectively contributed Rs 150 crore towards this cause to the PM CARES fund and the Company's contribution was Rs 7.5 crore.

The Company also encouraged employees, as part of the 'ready to bounce back' campaign to contribute in their individual capacities and do their part.

In this hour of need with the support of an NGO, 5 hospitals in Maharashtra are provided with medical equipment/ supplies to assist COVID 19 patients and nutritional meals to support front-line health care workers.