Twitter Thread by Investdunia

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HDFC Life Annual Report 2020-21 Summary

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First time seeing an AR with interactive PDF. Directly go to the section you want to read by one click.

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Value Framework

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Some Kay Stats

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Customer First approach

At the core of the Company's growth strategy is its Customer First approach, which enabled it to consolidate its industry position amid the challenging environment of FY 2020-21. Driven by its strong digital edge, this approach is centred around solving for customers' needs, while building technology resilience for the organisation.

99.4% overall Claim Settlement Ratio

35 complaints per **10k** policies

<4 hours policy issuance turnaround time*

>99% policy issuance journeys fulfilled digitally

95% renewals done electronically

89% interactions via self-serve mode

95% chats closed via self-serve chatbot

Multiple digital touchpoints catering to customer queries **24*7**

*Policy issuance turnaround time calculation begins post submission of all required documents

Digital Initiatives
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Technology at the core

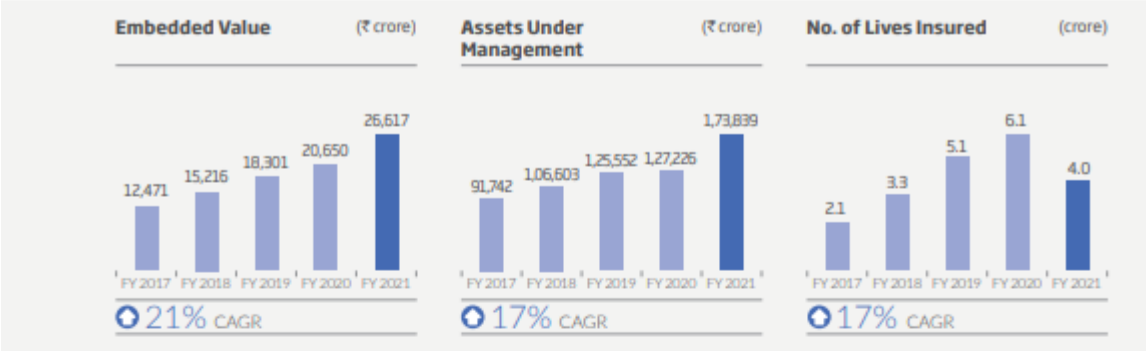
During the lockdown, 'digital first' became the norm. Digital is no longer a good to have - it's now a necessity. Our ethos of leveraging technology and investing in digital assets, with a focus on customer-centricity, paid off handsomely during the pandemic - we were able to seamlessly transition to the digital mode of doing business. A few initiatives which provided impetus to our digital agenda:

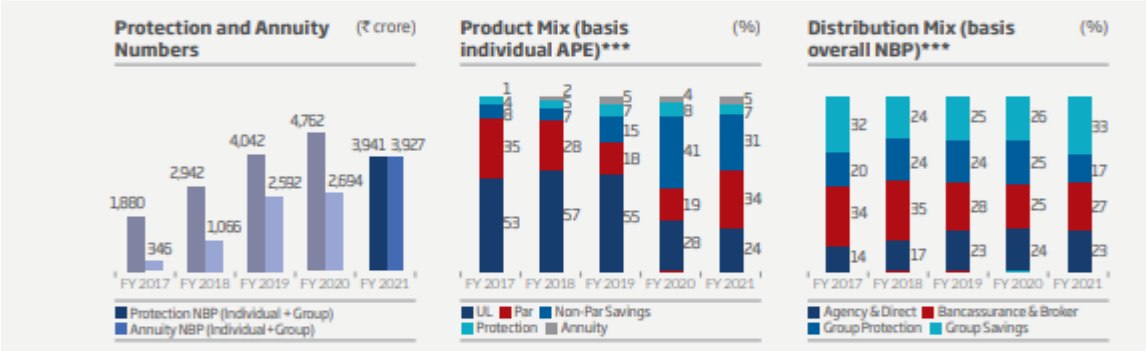
- **VVISE:** virtual frontline sales model enables sales representatives to connect with customers via video calling and complete the sales process. VVISE also helps create efficiency by offering tele-medicals and having a face2face call with a doctor for better underwriting decisions.
- **VServ:** Industry's first video-based phygital mode of service, facilitates a web-based video conferencing service that allows our branch operations staff to service customers and sales channels remotely. It is a secured interface that allows customers and sales teams to easily connect with our branch team anywhere and get their queries and requests managed through a virtual interaction. Through VServ, we on-boarded 2,000+ customers. For our customers who could not travel to branches due to the ongoing situation, we enabled the virtual surrender functionality that allowed 1,200+ people to get serviced for their surrender-related requests. Through VServ we also collected 200+ life certificates from our senior citizen customers thus ensuring their timely annuity payout, and avoiding a risk to their lives due to COVID.
- **Pre-conversion verification chat (PCVC):** chat-based identification tool allows customers to self-authenticate - during FY 2020-21, 51% of the verifications were done through chat PCVC
- **SVAR** (voice bot for renewal calling) and Cloud telephony for renewal collections: 95% of policies were renewed digitally
- **Avatar:** bot capable of answering 500+ general queries and 40+ policy specific queries
- Alexa-based smart service voice assistant, **Elsa bot**, capable of answering 200+ queries
- **Insta PRL:** enables digital onboarding of agents - 98,000+ applicants since launch in March 2020
- **Partner & Corporate Portals** to ensure smooth partner integration

Our technological improvements and advancements are keeping in mind the changing customer expectations of a simple and transparent interface. We will continue to reach out to our existing and prospective customers through new-age technologies.

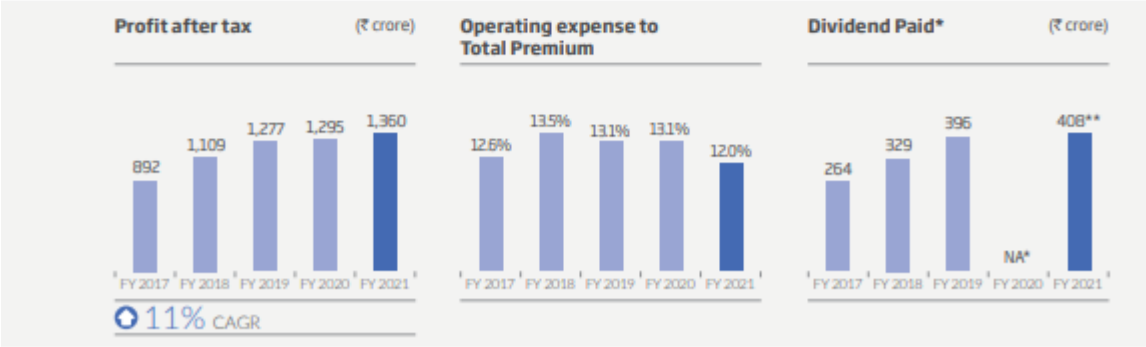
Various Key Performance Indicators for last 5 years.

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***Percentage may not add up due to rounding off effect*



**No dividend declared for FY 2019-20, in line with IRDAI circular to conserve capital*
***Proposed final dividend of ₹ 2.02 per share recommended by the Board in its meeting held on April 26, 2021, will be paid post receipt of the Members approval in the ensuing annual general meeting*

Pandemic has led to higher awareness around the need for protection and inadequacy of current insurance coverage. Insurance remains a multi decade opportunity in the Indian context and insurers are well poised to maximise the long-term growth potential of the industry.

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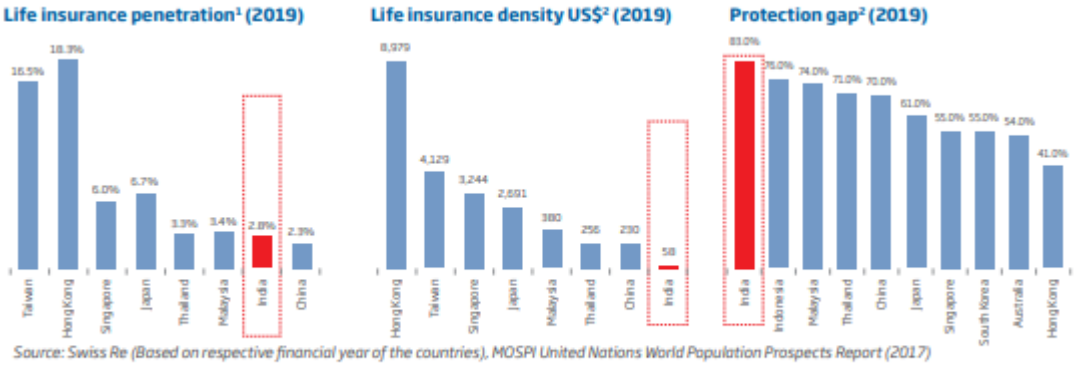
The proportion of insurable population (people between the ages of 20 and 64) is expected to touch almost 1 billion by 2035, thus outlining the need for long-term savings and protection plans.

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The emergence of nuclear families and advancement in healthcare facilities has led to increase in life expectancy, leading to a higher need for pension and protection based products.

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II. Low insurance penetration



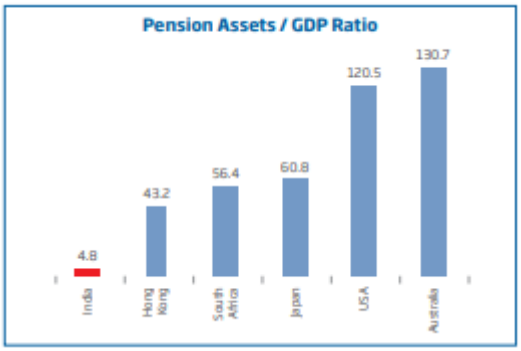
Source: Swiss Re (Based on respective financial year of the countries), MOSPI United Nations World Population Prospects Report (2017)

Note: 1. Penetration is measured by premiums as % of GDP

2. Density defined as the ratio of premium underwritten in a given year to the total population

The retirement space is an equally large opportunity. Improving life expectancy has increased the post retirement life span to around 20 years. In comparison to global benchmarks, India's pension market is under-penetrated at 4.8% of the GDP.

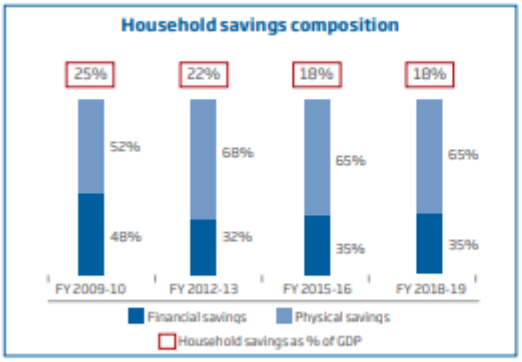
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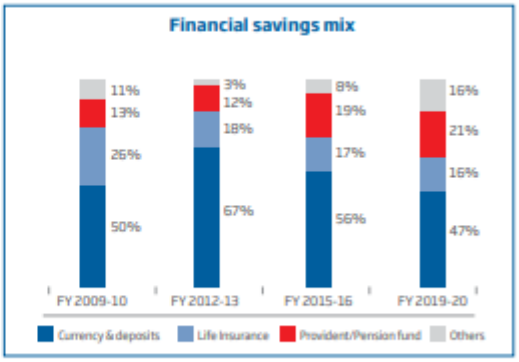


Savings in Financial Products. Big opportunity.

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III. Financialisation of savings





Source: DBIE-RBI Statistics, RBI Annual Report, Economic Survey, CSO, www.pmjdy.gov.in

Individual new business premium 19% ■■, Group new business premium 14% ■■. Renewal premium 19% ■■. 9.82 Lakh new policies addition in Individual portfolio.

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Commission to agencies/brokers increasing. Advertisement cost increased significantly (32%). IT expenses increased (16%). Some expenses decreased due to volume. Overall operating expenses wrt total premium decreased 1%.

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vi. Operating expenses:

The following table sets forth, for the periods indicated, summary of operating expenses:

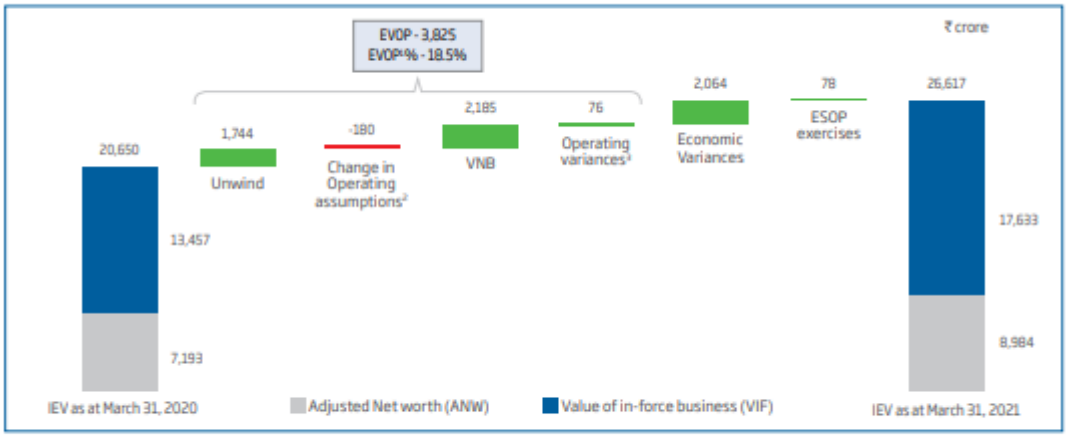
(₹ crore)

Particulars	FY 2020-21	FY 2019-20	Growth %
Employees' remuneration & welfare benefits	1,676	1,677	0%
Advertisement and publicity	1,410	1,070	32%
Business development expenses	666	612	9%
Information technology expenses	139	120	16%
Others:			
Volume based expenses	119	154	-23%
Other expenses	576	634	-9%
Operating Expenses Policyholders (A)	**4,586**	**4,267**	**7%**
Operating Expenses Shareholders (B)	**37**	**33**	**10%**
Operating Expenses (A+B)	**4,623**	**4,300**	**7%**

Change in Embedded Value

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iv. Analysis of change in Embedded Value (EV):



Notes:

1. *EVOP% calculated as annualised EVOP (Embedded Value Operating Profit) to Opening EV; COVID reserve included as part of assumption changes*
2. *Creation of COVID reserve of ₹ 165 crore for FY 2021-22, in anticipation of elevated COVID related mortality*
3. *Mortality variance: ₹ -48 crore, Persistency variance: ₹ 29 crore, Expenses and Others: ₹ 95 crore*

Read Full AR: https://t.co/OBfwEll99b

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