

Unlocking Bharat's Potential – The Next Growth Engine

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Agenda



Sizing the opportunity



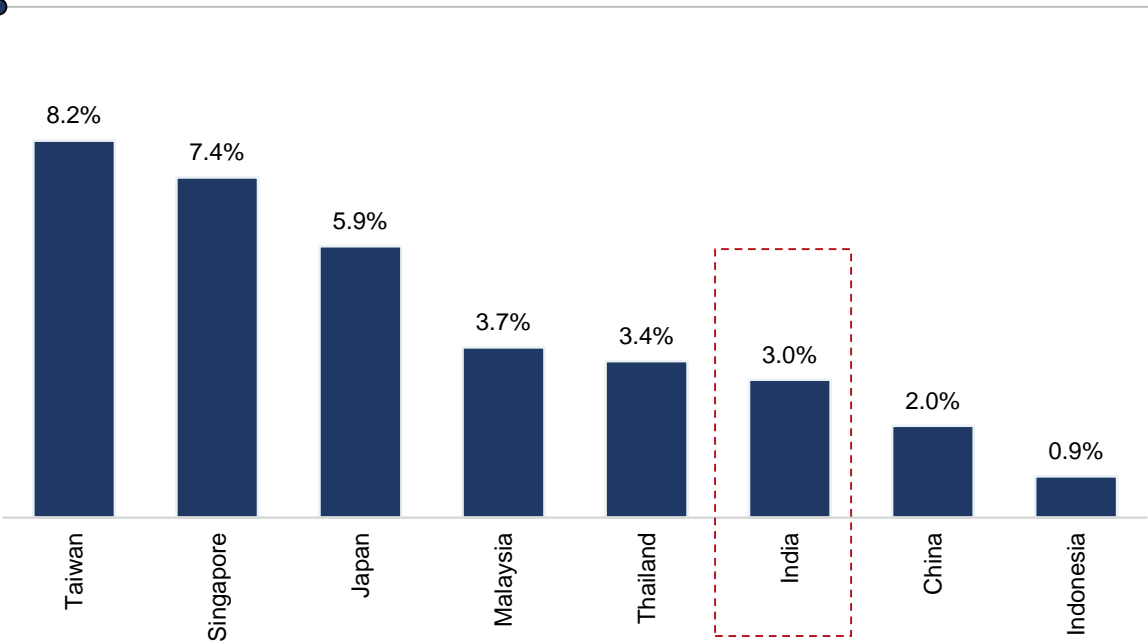
Regulatory enablement



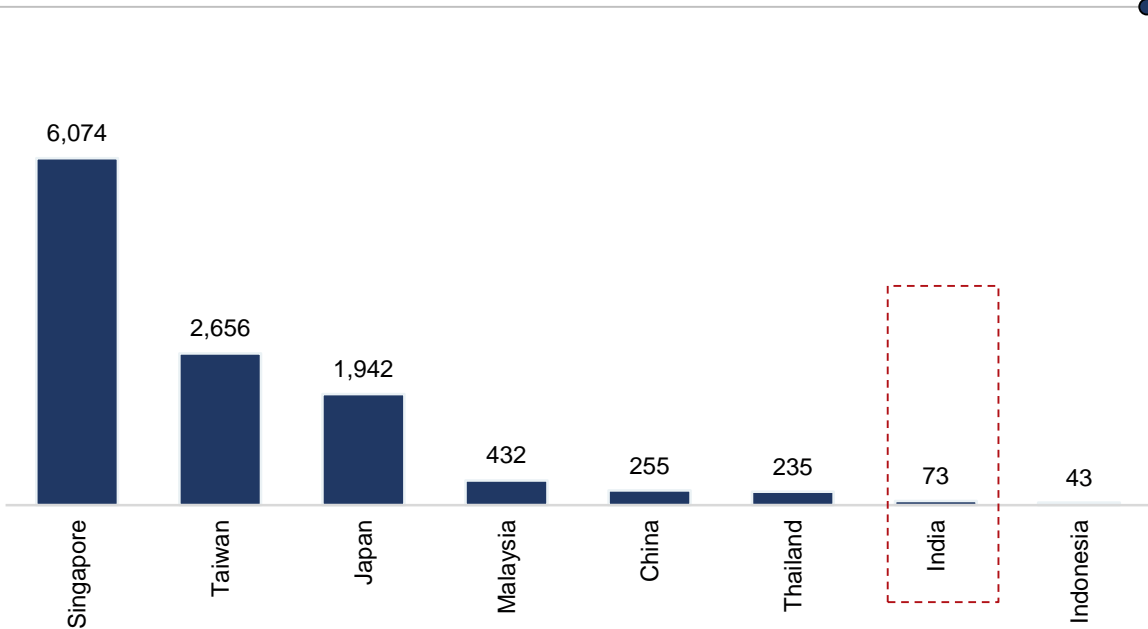
HDFC Life's approach

Multi-decade opportunity for Life insurance in India

Life Insurance penetration ¹ (FY 2023)



Life Insurance density US\$ ² (FY 2023)

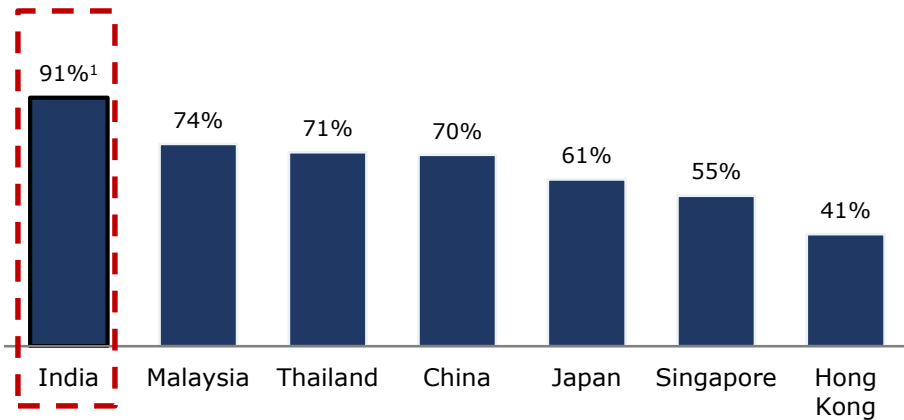


India remains vastly **under-insured**, both in terms of **penetration and density**

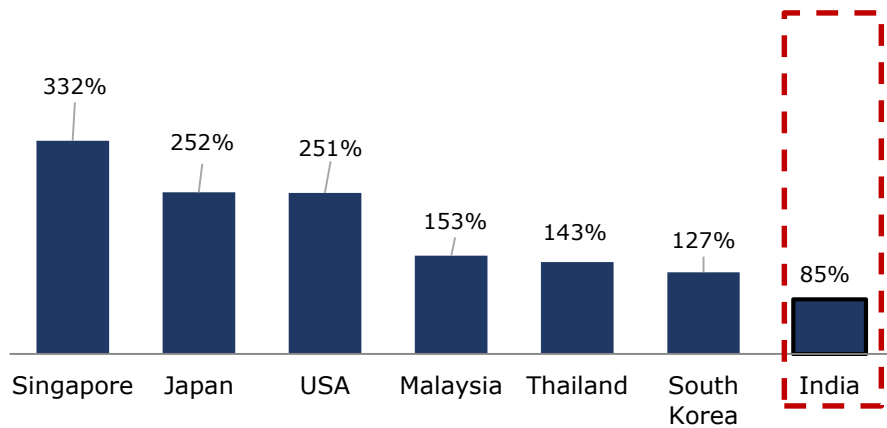
Source: 1. Swiss Re.
2. Jefferies "Composite Insurance License in India: Taking a Leaf from Global Experience" report 2022

Drivers for growth: Protection and retirement gap

Protection gap (2019)

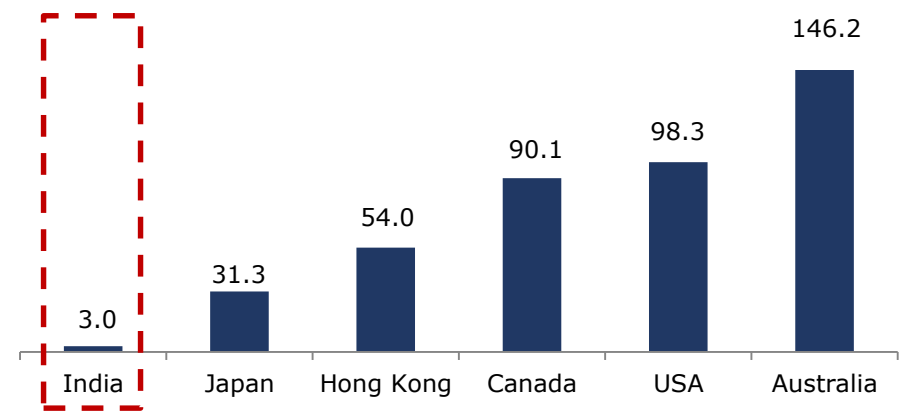


Sum Assured as a % of GDP ²

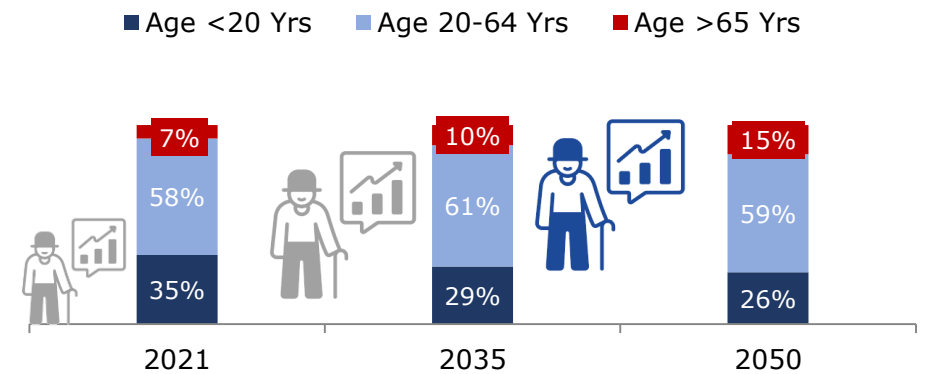


Rising middle income and increasing financial literacy is expected to drive growth in protection segment

India's pension market is under-penetrated at 3% of GDP



Elderly population is expected to increase 2.5x by 2050

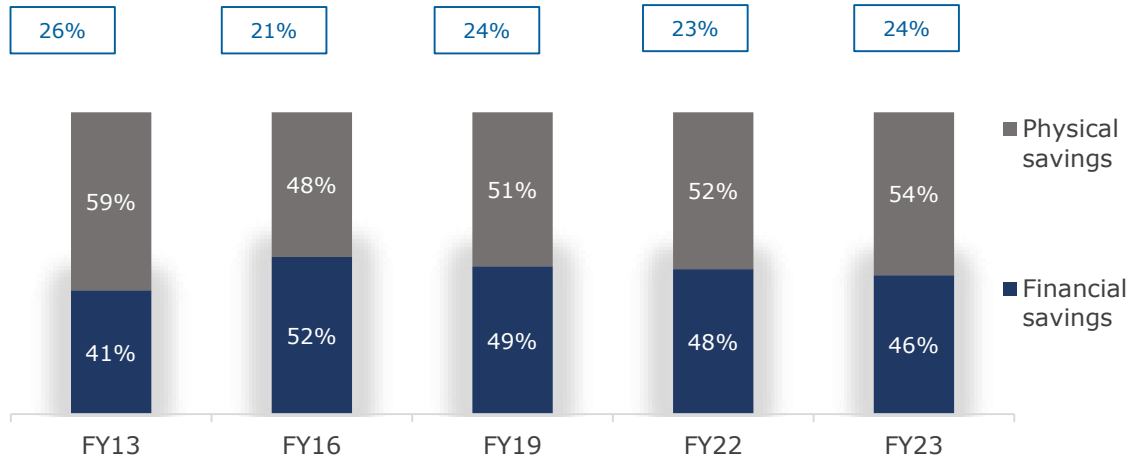


Growing elderly population, there is untapped opportunity in the retirement space

Insurance contribution to financial savings has remained constant



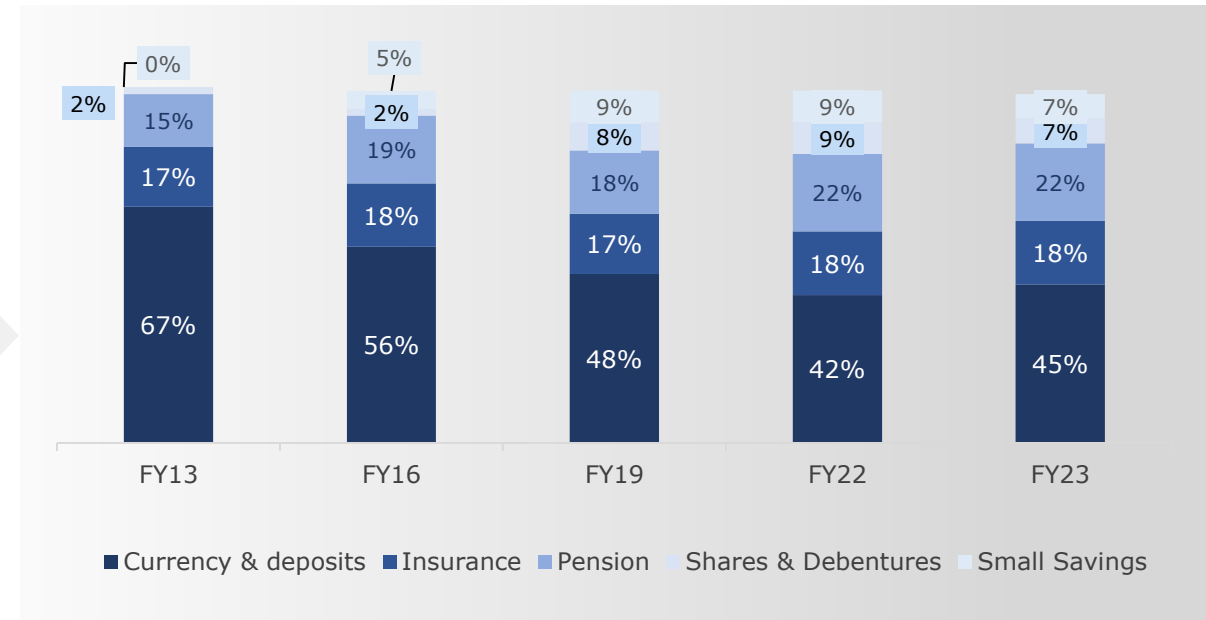
Household savings composition



Household savings as % of GDP



Financial savings mix

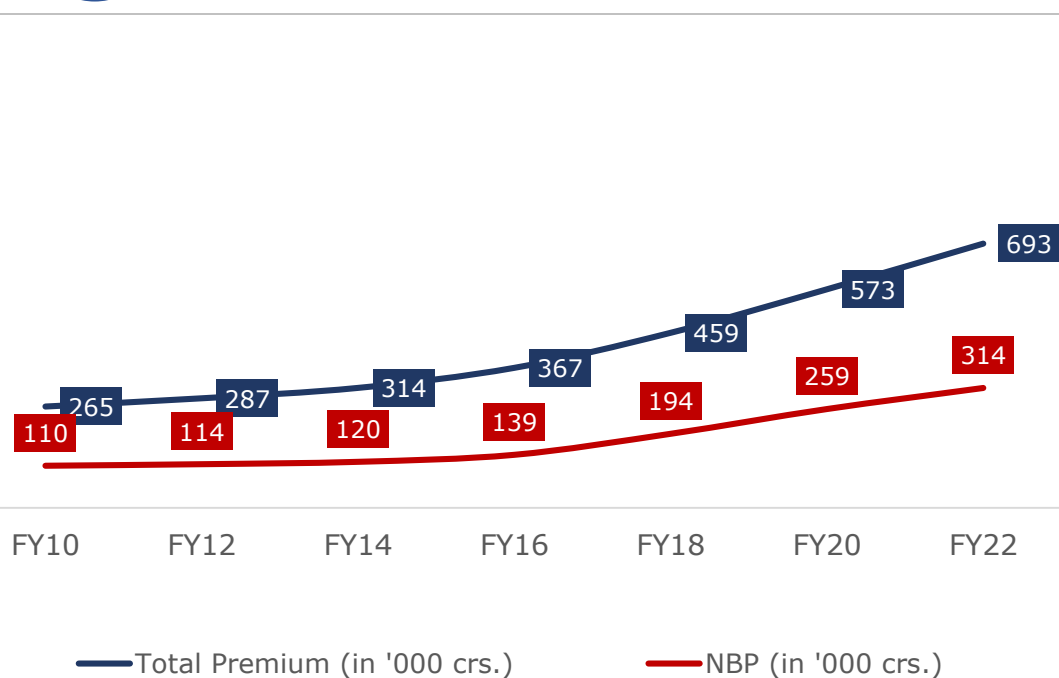


Household savings in India is at a five decade low; however, contribution of **Insurance as a % of financial savings has nearly remained constant.**

Despite the opportunity, while premiums have grown over last 10 years, in-force policy base has remained constant



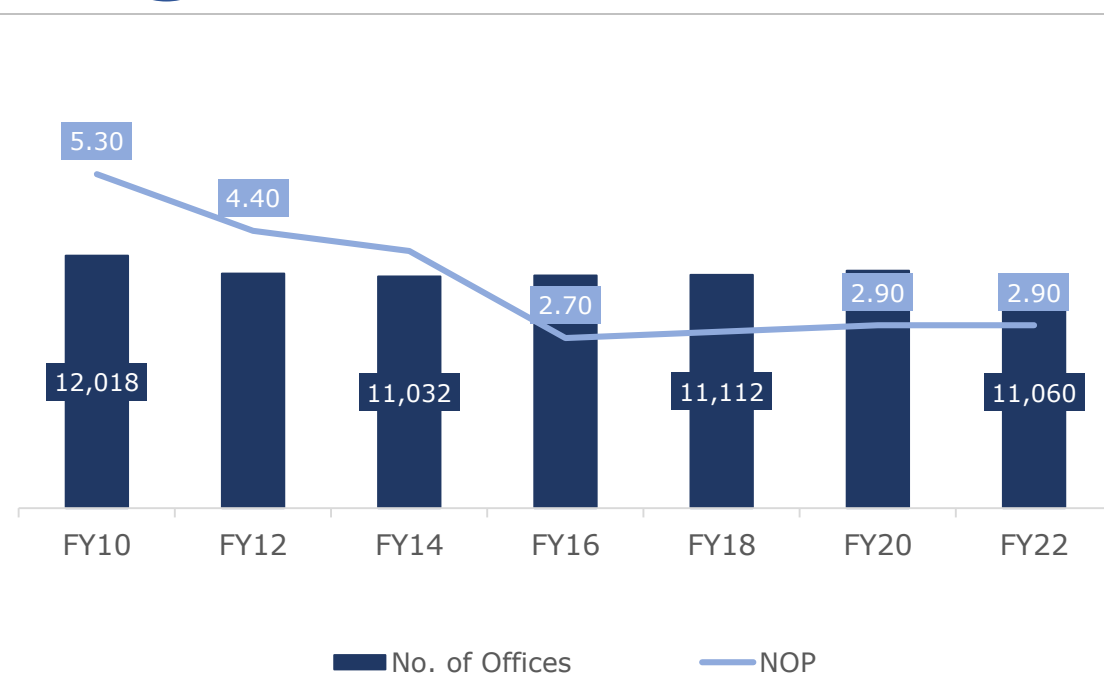
Life Insurance NBP (in '000 crs.)



Insurance premiums have grown at a CAGR of 10% since FY14



No. of life insurance offices and NOP (in crs.)

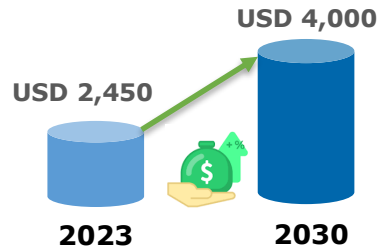


Number of policies issued has reduced over the years, while office presence has remained stagnant

India – poised for sustainable growth

Income growth across cohorts

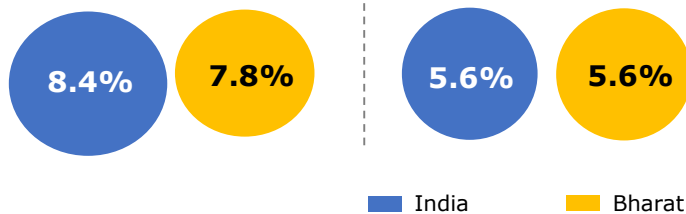
India's per capita income ¹



Merging lines between India and Bharat²

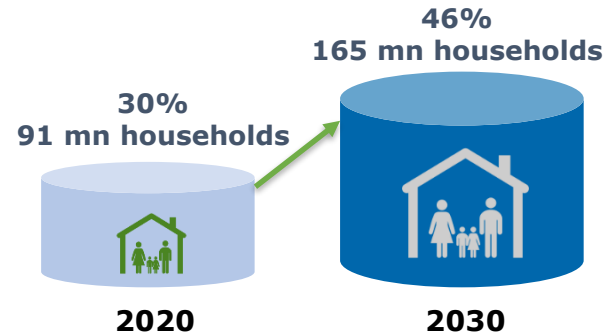
Monthly Household Income³ (FY17-23 CAGR)

Growth in graduates and post graduates³ (FY17-23 CAGR)



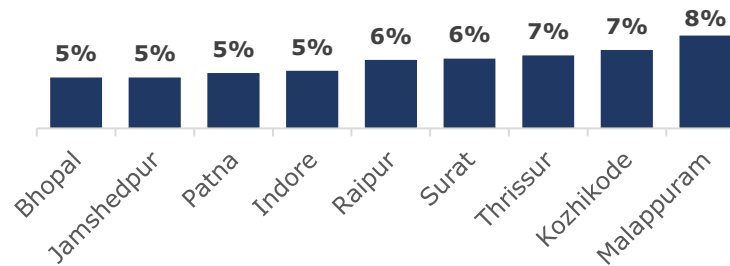
Rising affluence

India's middle income segment as % of all households ⁴



Top 10 cities - Average annual growth in middle-income households ⁵

Bharat cities leading the trend



Investment in physical and digital building blocks to further drive growth



Infrastructure

- **1.45 Lakh kms** of total length of National Highways, an **increase of 59% in past 9 years**
- 2nd largest road network after USA



India Stack

UPI transactions worth **Rs 182 trillion** in 2023, relatively better growth in tier 2,3



Make in India

- Total PLI outlay of **>\$26bn**
- Capex distributed evenly across sectors and geographies



Credit Growth

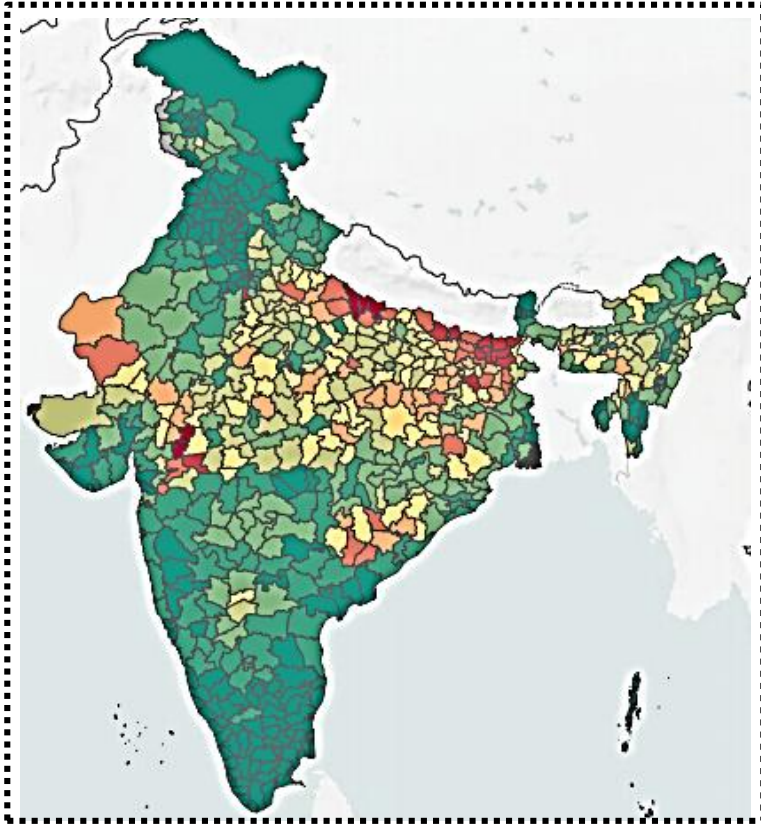
- GFCF⁶ to be **>30%** over the next 5 years⁵
- **Bank credit to be 60%** of GDP by FY30 from 50% currently⁷

1. Report by Standard Chartered Bank
 2. India: Top 8 metro cities (Ahmedabad, Bengaluru, Chennai, Delhi NCR, Hyderabad, Kolkata, Greater Mumbai, Pune) and Bharat*: All other cities
 3. As per Business Today report
 4. Middle Income Households with an annual income between INR 5 lakh and INR 30 lakh, as per People Research on India's Consumer Economy (PRICE);
 5. As per 3one4capital.com report
 6. Business Standard, Gross fixed capital formation
 7. CLSA, NDTV Profit

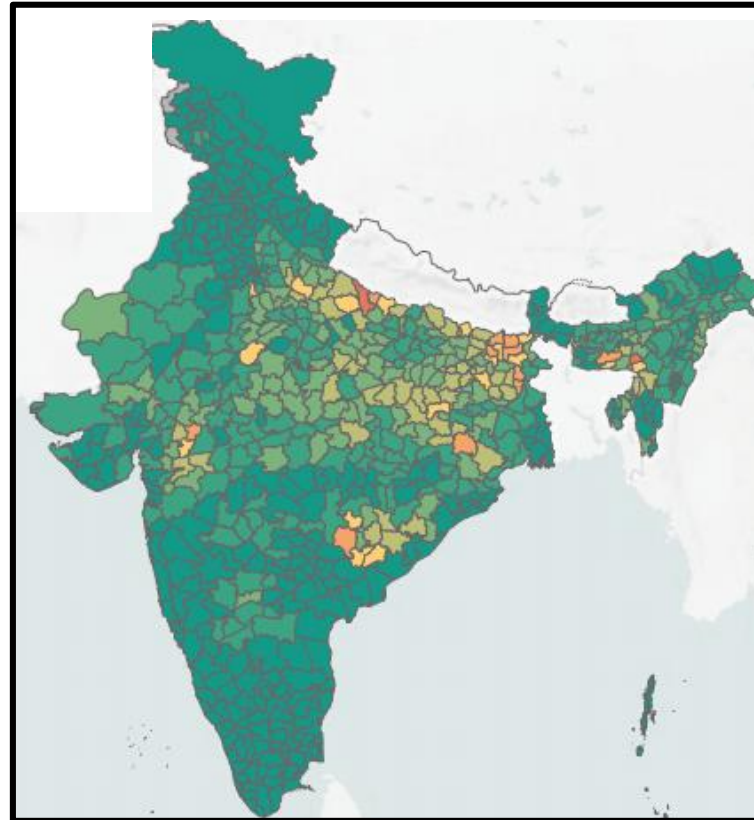
Affluence is now more widespread across “Bharat”

Comparative view of the Multidimensional Poverty Index Score

NFHS 4 (2015-16)



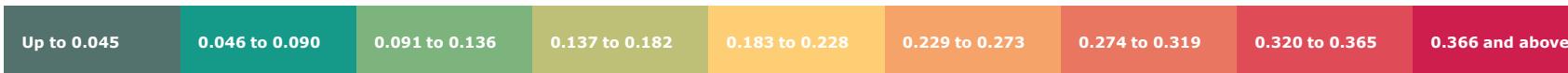
NFHS 5 (2019-21)



Targeted policies, schemes and development **programs rolled out by the government** has significantly improved disposable income pan India



Widespread increase in standard of living has opened up opportunity for deepening **financial inclusion and insurance penetration in smaller cities**



MPI – Multi-dimensional poverty index developed by Niti Aayog takes into account headcount ratio and intensity of poverty across health, education and standard of living metrics
Scale: Green represents areas with lowest MPI scores and Red represents areas with highest MPI scores and indicate relative poverty levels
NFHS – National Family and Health Survey

Regions in India with healthy income levels but low insurance penetration presents an additional ~USD 6 bn.¹ opportunity



State	HDFC Life Premium Share
Maharashtra	23%
Tamil Nadu	21%
Karnataka	20%
Delhi	21%
Uttarakhand	16%
Goa	25%
Chandigarh	19%
Green Total	21%
Gujarat	18%
Haryana	17%
Telangana	19%
Kerala	12%
Himachal Pradesh	20%
Amber Total	17%

8 states and UTs of India that have relatively poor LI penetration but greater than average per capita income represent a significant growth opportunity for the industry

Source: Company Analysis, Census Data 2011

1. Approx. Incremental Annual NB Premium potential from wealthier underpenetrated states = Total State Population * (Quadrant 1 per capita NBP – Quadrant 4 per capita NBP)

Ayodhya – a case study of emerging “Bharat”

Temple construction to lead economic development



Pre 2000:

- Ayodhya was considered among the country's **270-odd backward districts**
- **83% population** engaged in agriculture, 3% in commerce and trade

2024:

- New **Airport and Railway station** modernization plans
- **Industrial units** planned : 12+
- International **luxury hotel** brands under development : 40+ projects
- **FMCG companies and QSRs** will potentially expand

Night lights in the city show the extent of urbanization in the last decade

2012



2023



The growth would lead to:



More employment opportunities: Ram mandir to bring **~20,000 – 25,000 jobs in the city** ²



Higher **disposable income**



Est. increase of **USD 2.4 – 3 Bn** in the state's revenue ³



Improved **standard of living**

Agenda



Sizing the opportunity



Regulatory enablement



HDFC Life's approach

Given the untapped opportunity for insurance in India, IRDAI has introduced various reforms



Availability

Ease of doing business - Allowed other forms of capital, single window registration

Bima Vahak – Creating distributors at gram panchayat

POSP: Light touch onboarding for sales intermediary with product restrictions

Open Architecture – Up to 9 partners

Use and File regulations



Accessibility

State Level Insurance Plan

Bima Sugam – Unified Tech platform

Comprehensive Info Sec Framework

Sandbox Regulation – Enables exploration new ideas and innovation



Affordability

EOM Regulations – EOM compliance at overall segment levels along with compensation flexibility

Bima Vistaar – Low ticket composite insurance solution

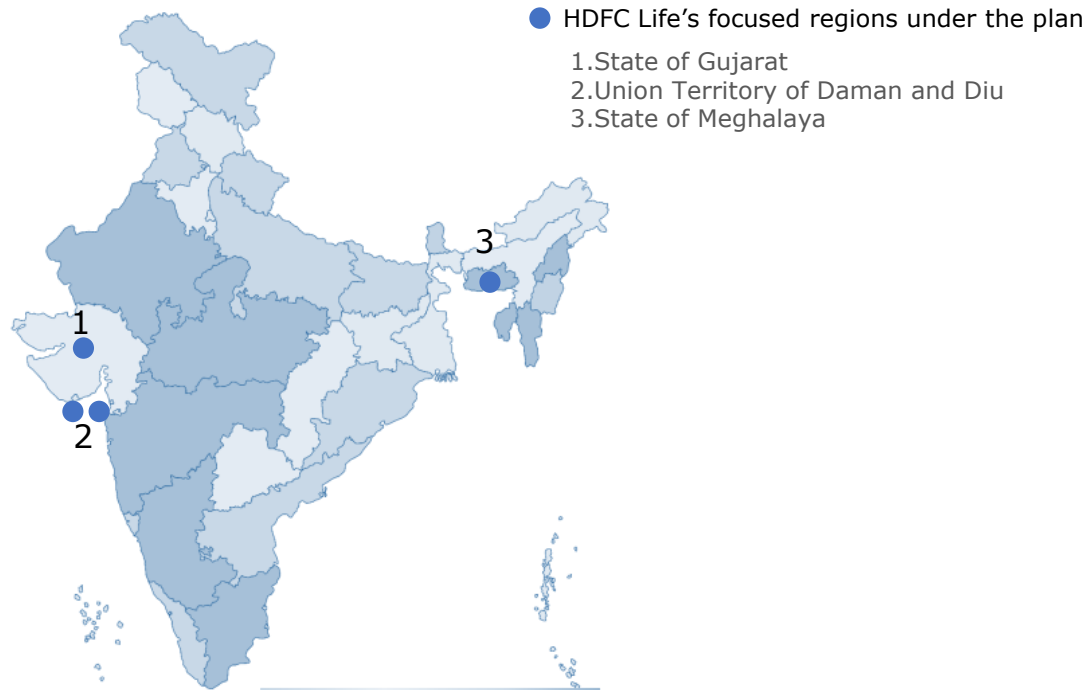
PMJJBY - A one-year term product annually renewable offering a 2L cover.
As of May 23, there were >16 Cr cumulative enrolments under the scheme²

1. Press Release
2. PIB Press Release

Specifically for improving penetration, IRDAI has launched State Insurance Plan under its vision of “Insurance for all by 2047”

Introduced the State Insurance Plan

A focus on each state/ UT, and accelerating last-mile delivery of insurance with state and district level committees



State Level Insurance Committee

District Level Insurance Committee

HDFC Life's Approach

Awareness, Literacy & Outreach Program

- **Customer Campaigns** at district level
- Developing **micro market strategy**
- Reaching out to **untapped geographies**

Distribution Footprint & Penetration

- **Conducting seminar** on importance of Mission LIFE
- **Recruit** VLE & Gram Pradhan's as Agency Mentors
- **Strong growth momentum** across multiple partners




Training & Development

- **Distributor training** for wide spread
- Focus largely on **employee skill building**
- Training programs on **Financial literacy**

Customer Grievances

- **Distributor training** for wide spread growth
- Focus largely on **employee skill building**
- Training programs on **Financial literacy**

Likewise, IRDAI has launched the Bima Trinity - an ecosystem to ensure a comprehensive product offering along with a rooted distribution model

	What is it	Comments/Latest Updates
 Bima Sugam	<ul style="list-style-type: none">✓ Unified platform that combines insurers and distributors to drive ease of purchase/ sale	<ul style="list-style-type: none">✓ Formation of 3 committees - Steering, Operations and Stakeholders Committee✓ Draft guidelines on marketplace: Shareholding structure, Governance, Appointment of Chairperson and Key Managerial Persons. Defined Functions, duties and responsibilities of the insurers✓ BIMA Sugam shall be a 'not for profits' with a self sustainable revenue model where consumers are not charged for availing services on the same
 Bima Vistaar	<ul style="list-style-type: none">✓ Box product with Term Life, Daily Hospital Cash, Personal Accident, and Property insurance	<ul style="list-style-type: none">✓ Plan is to onboard Anganwadi workers, Shiksha Mitras, Asha Workers, Gram Sevaks, Village workers to leverage a wide and deeper base of talent across Bharat
 Bima Vahak	<ul style="list-style-type: none">✓ Women-centric work force operating at the Gram Sabha level	

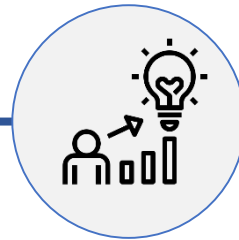
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Regulatory enablement



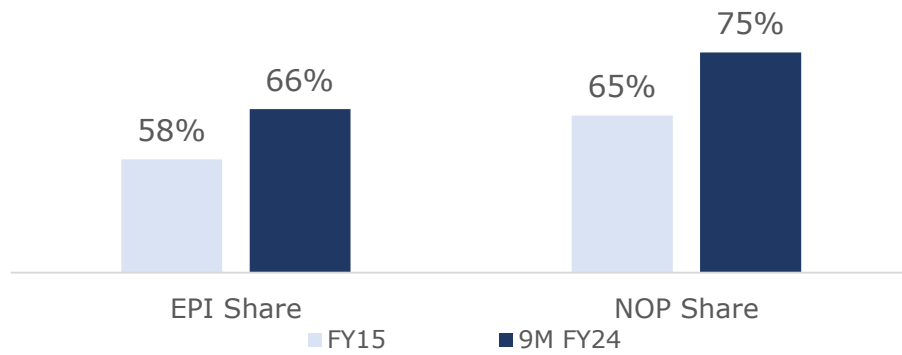
HDFC Life's approach

HDFC Life: Growing presence across Bharat

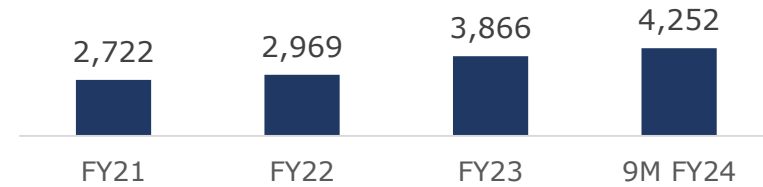
Solidifying ourselves in "Bharat"



Bharat contribution increasing



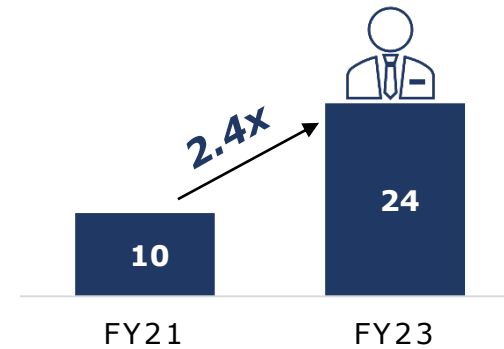
HDFC Bank expansion in SURU Markets



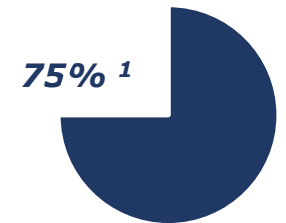
Recent initiatives launched by the Bank: 'Milk-to-Money', Kisan Dhan Vikas Kendras, ~100 new branches in North-east region, etc.



HDFC Life sales employees in Bharat (In 000s)



Strong Agent Base for HDFC Life in Bharat



New branch expansion

> 90% of 75, new branches opened in FY24, are in Bharat

1. Out of total Agents

Our strategy to tap into the "Bharat" opportunity



Building capacity for future growth

36,000+ Partner branches

495+ HDFC Bank branches

345+ Banks, NBFCs, MFIs, SFBs, brokers, new ecosystem partners

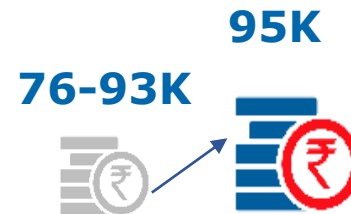


Segregating **focus (tier 1)** and **growth (tier 2,3)** markets



Focus to deepen presence in "Bharat"* cities

Bharat ATS closer to org ATS



4Y FY23 CAGR

23%

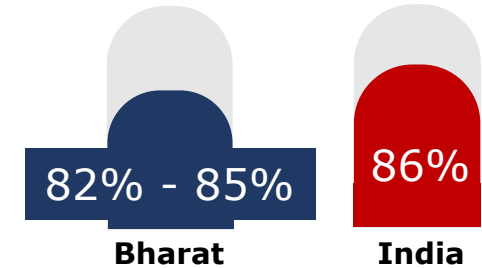
V/s **9%** growth of the industry during the same period

Bharat @ HDFC Life

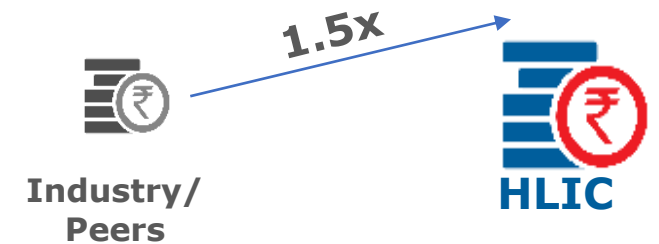


While ensuring that quality of business is maintained

13M persistency closer to org

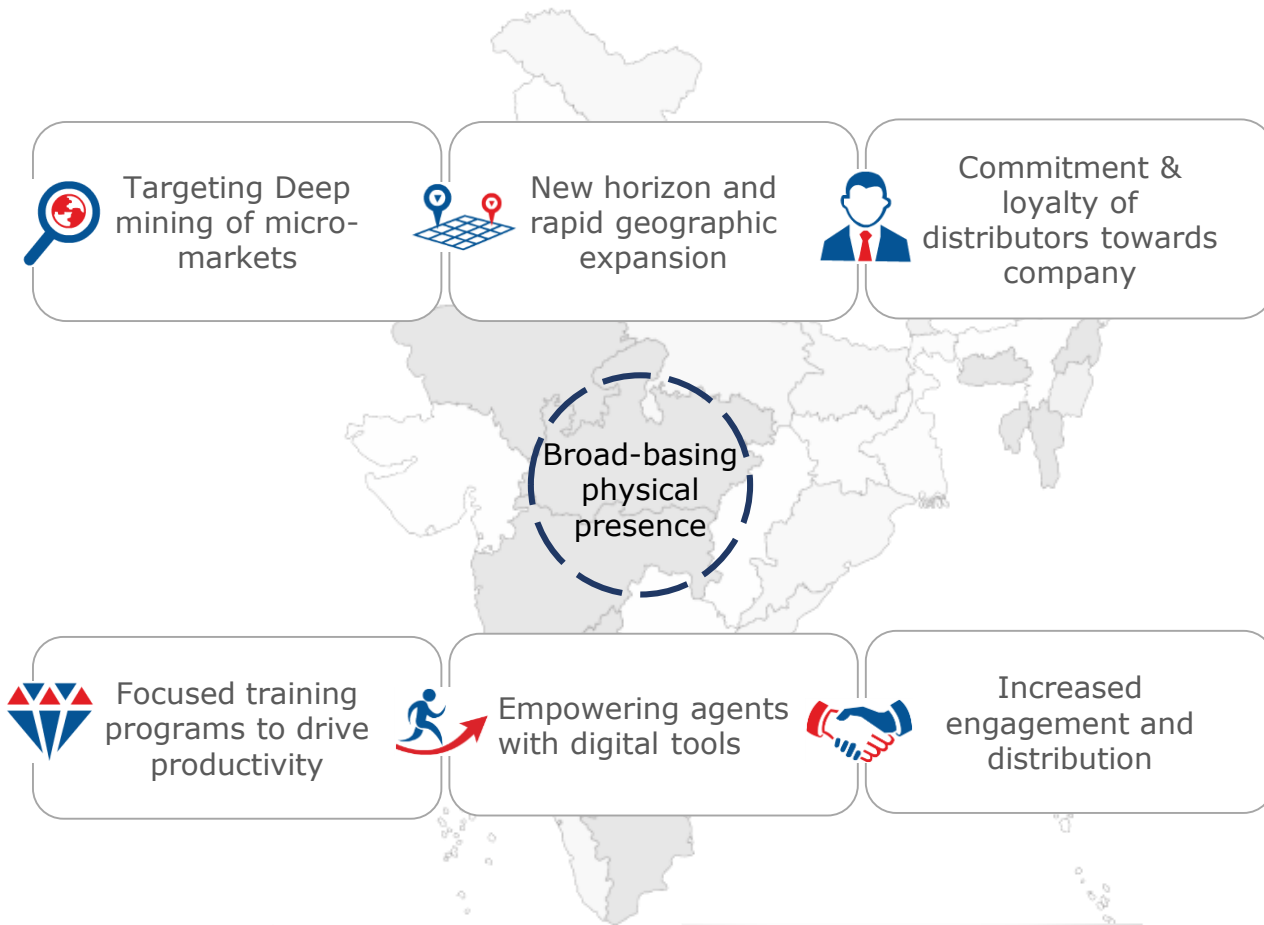


Higher- ticket focus compared to peers



Leverage capital light distribution models to deepen our presence

Deepening our reach



Planning to grow presence in additional ~100 locations by FY25

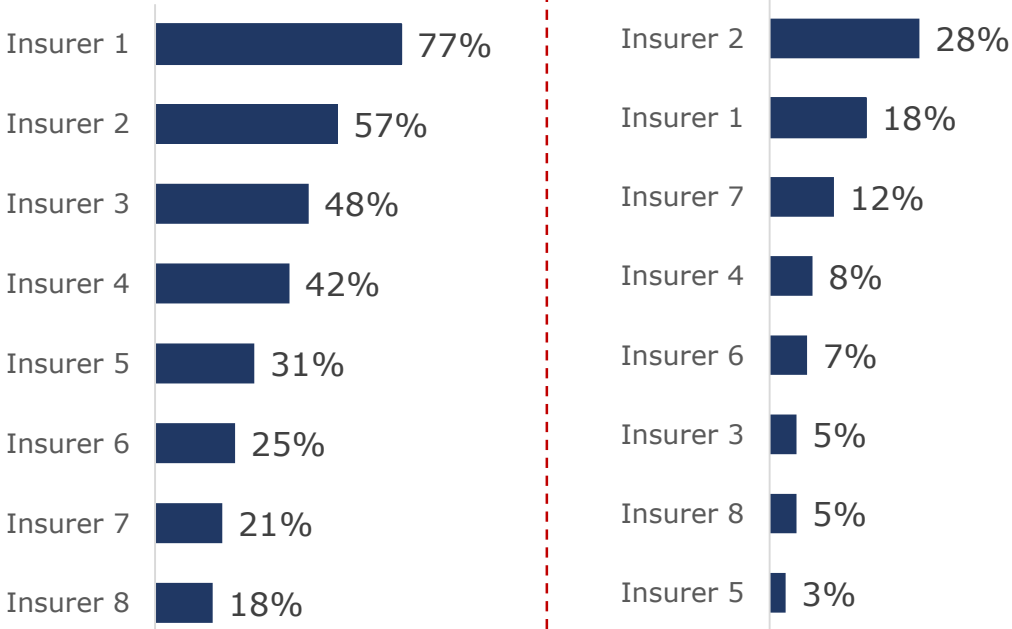
Partnerships

- Focusing on cross-sell and up-sell of insurance solutions to existing customers of our partners
- Riding on HDFC Bank's focus on SURU branch growth
- **>300 Bank, NBFC and MFIs partnerships**
- We have extensively partnered with NBFCs and Regional banks to improve our presence in Bharat cities



We are focusing on increasing awareness in Bharat

Spontaneous awareness (Pvt Insurers)



To target Bharat– Focus on category creation and deeper regional connect, supported by large campaigns:



New Branch Launch – Modular Approach

- Announcements, hoardings, regional PR, vernacular collaterals



Hyper-localization

- Regional and local festivals, PR
- Promotion through: schools, RWAs, traffic barricades



Educating the audience on Category/Product/Brand

- Customer/Investor connect programs through Training institutes, Local Media



Content amplified through local influencers

- Tapping the potential of 'Bharat social media influencers', to micro-target the audience


Clearly evident that insurance awareness is far lower in Bharat

Source:
Kantar Syndicated Brand Track
India- Dec'23 Data, 1200 Sample
Bharat- OND'23, 480 Sample
Insurer 1 – HDFC Life

In summary, we are balancing expansion and business quality in our approach to deepen Bharat presence in a profitable manner through:

 **Capital Light Model for Expansion:** Adopting variable models to deepen penetration

 **Increasing awareness of life insurance in “Bharat”:** Focusing on Regional Marketing and Hyper Localization

 **Differentiated Product Offering:** Bespoke sales stories resonating to the lifestyle of the Bharat audience

 **Underwriting and Risk Management:** Use of income surrogates for underwriting

Thank You

