



## DIRECTORS' REPORT

To,  
The Members of  
SBI Life Insurance Company Limited

The Directors are pleased to present the 20<sup>th</sup> Annual Report of SBI Life Insurance Company Limited ("SBI Life" or "the Company") along with the audited financial statements for the financial year ended March 31, 2020.

### 1. SUMMARY OF FINANCIAL PERFORMANCE

The summary of the financial performance of the Company for FY 2020 is presented below:

Particulars	₹ billion	
	FY 2020	FY 2019
<b>A. Financial Parameters:</b>		
Gross Written Premium (GWP)	406.35	329.89
- New Business Premium (NBP)	165.92	137.92
- Renewal Premium (RP)	240.42	191.97
Profit / (Loss) before taxation	17.90	16.42
Provision for taxation	3.68	3.15
Profit / (Loss) after taxation	14.22	13.27
Profit at the beginning of the year	64.60	53.74
Total profit available for appropriation	78.82	67.01
Interim/ Final dividend (including dividend distribution tax)	-	2.41
Profit carried to the balance sheet	78.82	64.60
Earnings per equity share (EPS)		
- Basic (in ₹)	14.22	13.27
- Diluted (in ₹)	14.22	13.27
Net worth	87.42	75.76
<b>B. Business Parameters:</b>		
Indian Embedded Value (IEV)	262.91	224.02
Annualized Premium Equivalent (APE)	107.37	97.02
Value of New Business (VoNB)	20.12	17.19
New Business Margin (VoNB Margin)	18.7%	17.7%
Assets under Management (AUM)	1,603.63	1,410.24
Individual Rated Premium (IRP)	97.72	89.55
Total Protection NBP (Individual + Group)	20.82	16.43
Total Protection NBP Share	12.5%	11.9%
NBP Product mix (%) (Par/Non Par/ULIP)	7/44/49	13/34/53
NBP Channel mix (%) (Banca/Agency/others)	60/20/20	64/21/15
Operating expense ratio	5.9%	6.3%
Commission ratio <sup>5</sup>	4.0%	4.2%
Total cost ratio*	9.9%	10.5%
Solvency ratio	1.95	2.13
Persistency ratio (13th month on premium basis)	86.14%	85.07%
Number of new policies issued (in 000's)	1,551.86	1,526.14

<sup>5</sup> Commission ratio = Commission (including rewards) / Gross Written Premium (GWP)

\* Total Cost = Operating expenses + Commission + Provision for doubtful debt + Bad debts written off

### 2. HIGHLIGHTS OF FINANCIAL PERFORMANCE AND STATE OF COMPANY'S AFFAIRS

The Company witnessed a growth and consistent performance in FY 2020. The key financial parameters of the Company are as follows:

- New Business Premium (NBP) has increased by 20% from ₹ 137.92 billion in FY 2019 to ₹ 165.92 billion in FY 2020.
- Individual rated premium (IRP) has increased by 9% from ₹ 89.55 billion in FY 2019 to ₹ 97.72 billion in FY 2020 with Private market share of 23.2%.

- Total protection new business premium has increased by 27% from ₹ 16.43 billion in FY 2019 to ₹ 20.82 billion in FY 2020. The share of total protection NBP (individual and group) has increased from 11.9% in FY 2019 to 12.5% in FY 2020.
- Individual protection business has increased by 42% to ₹ 5.29 billion in FY 2020 from ₹ 3.71 billion in FY 2019.
- APE has increased by 11% to ₹ 107.37 billion over previous year.
- GWP has increased by 23% to ₹ 406.35 billion primarily due to increase in renewal premium by 25% from ₹ 191.97 billion to ₹ 240.42 billion.
- The Company's profit after tax grew by 7% to ₹ 14.22 billion in FY 2020 from ₹ 13.27 billion in FY 2019.
- The operating expense ratio (Operating Expense to GWP) stands at 5.9% in FY 2020 as against 6.3% in FY 2019.
- AUM has grown by 14% from ₹ 1,410.24 billion as of March 31, 2019 to ₹ 1,603.63 billion as of March 31, 2020 with debt-equity mix of 79:21.
- Solvency ratio of the Company stands at 1.95 as against the regulatory requirement of 1.5 indicating the strong & stable financial health of the Company.
- The 13<sup>th</sup> month persistency ratio (based on premium) improved by 107 bps to 86.14% in FY 2020 from 85.07% in FY 2019.
- Indian Embedded Value of the company stands at ₹ 262.91 billion, as on March 31, 2020 as compared to ₹ 224.02 billion as on March 31, 2019.
- Value of New Business grew by 17% from ₹ 17.19 billion to ₹ 20.12 billion in FY 2020 leading to an increase in value of new business margin from 17.7% to 18.7% in FY 2020.
- **Distribution reach**  
The Company, with a view to increase the market share and serving underpenetrated market, continues to emphasise on the expansion of its distribution reach through opening up of new offices, quality recruitments and new business partnerships. As at March 31, 2020, the Company has 937 offices, 130,418 Insurance Advisors (IAs) and 53,096 Certified Insurance Facilitators (CIFs) across the country as against 908 offices, 123,613 IAs and 58,995 CIFs as on March 31, 2019.

The Company has obtained necessary regulatory approvals for opening branch office in Kingdom of Bahrain from IRDAI and Central Bank of Bahrain (CBB) for carrying out life insurance business. However, the Board of Directors in its meeting held on January 22, 2020 have resolved

to surrender the Certificate of Commencement issued by the Central Bank of Bahrain (CBB) and to withdraw all the resources of the Company in accordance to the applicable laws.

#### • Distribution Mix

During the year the Company collected New Business Premium of ₹ 165.92 billion, comprising of ₹ 99.97 billion from 'Bancassurance' which represents company's largest distribution network, ₹ 33.08 billion from Retail Agency, and ₹ 32.87 billion from other distribution channel which includes direct sales, sales by non-bancassurance corporate agents, brokers, micro agents, common service centres (CSC), insurance marketing firms (IMFs) and Web aggregators.

The Company's direct sales primarily comprise sale of group products, as well as standardised individual products sold through online offerings.

### 3. INDUSTRY AND COMPANY OUTLOOK

It was a challenging year for the Indian economy. India saw a decline in its growth rate from 7% in FY 2019 to 4.5% in FY 2020. The slowdown was attributed to weakened investments, slow domestic consumer demand and some turbulence in the non-banking financial institutions. Various international organizations such as World Bank, International Monetary Fund (IMF) and rating agency Moody's have cut down the GDP growth forecast for India. Disinvestment of PSUs, merger of public sector banks, incentivizing start-ups and MSMEs and reduction in corporate tax rate were some of the steps taken by the government to bring India back to growth track.

As the world economy struggles to fight against COVID-19, India is no exception to it. Slowdown in consumption, curbs on travel and other restrictions would hurt businesses and bring down the growth in the current year. One of the rating agencies has slashed India's growth to 2.5% in 2020.

Having said that, the fundamentals of the Indian economy remains strong. If India is able to control the spread of the pandemic, this seems to be a temporary moderation in the GDP growth rate and the economy will be expected to bounce back in the coming quarters. The government has already taken various measures like rate cuts, liquidity infusion, loan moratorium for borrower and many more to revive the economy.

Life insurance business in India is likely to contract in 2020, with growth declining 0.9% in 2020, compared to 8.8% growth recorded in 2019, due to the outbreak of COVID-19 and the subsequent lockdown. Further, India's life insurance market is forecasted to grow at a compound annual growth rate (CAGR) of 5.3% during the forecast period 2019-2023. (Source: data and analytics company GlobalData)



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### Key challenges are listed below:

**Low interest rates and persistent barriers to growth:** Low interest rates, stagnant growth and the growing likelihood of a global recession define the challenging economic reality for insurers around the world. These dynamics place real pressure that insurers feel not only on their bottom lines, but also in their strategic plans, transformation programs and new product.

Low interest rates are the biggest challenge to growth, especially for life insurers. These conditions are the new normal, the latest round of monetary easing is increasing the pressure and negative yields are now appearing in both government bonds and the corporate market. Weakening GDP growth and trade tensions further complicate the macro outlook for insurers. The increasing likelihood of the next financial crisis as investors hunt for yields may push them toward increasingly riskier asset classes.

All of these forces add up to a major challenge for insurers, especially given that insurers derive majority of their profits from investment income. The erosion of investment returns from low interest rates, tightening spreads and inverted yield curves will not only undercut this critical source of profitability, but also potentially put ratings at risk.

**Shifting demographics:** Demographic shifts around the world present insurers with both risks and opportunities. Aging populations and low birthrates are a challenge in many markets. In contrast, growing middle classes in a number of developing countries have been a huge boon to insurers.

In many developing market especially Asia, are experiencing stronger growth and a growing middle class. Market dynamics in many of these countries are favorable to insurers. For instance, demand for insurance policies rises where consumers place a high value on savings and preparing for the future. Similarly, the importance of private insurance is elevated when government-sponsored social programs are relatively weak. Finally, as an economy develops, small to medium enterprises (SMEs) start looking for insurance coverage and larger companies need help in protecting themselves across complex value chains that often span across multiple countries or regions.

**Rising customer expectations:** Customer expectations - largely around digital channels and bespoke experiences - have been rising and will only get higher in the near future. Creating unique and personalized customer experiences has been a priority for many years, indicating that many companies are still playing catch-up and remain vulnerable to non-traditional players. Thus better customer experiences have been a priority for years - and will remain one for the foreseeable future.

### Regulatory update:

FY 2019-20 witnessed the notification of several key orders and circulars by the IRDAI. This includes a

circular on guidelines to be followed in the preparation of financial statements by life insurers. The insurance industry looked poised to experience growth and innovation, with IRDAI inviting applications for Regulatory Sandbox and constituting a committee for the scrutinisation of the applications received.

Additionally, the regulator has issued various regulations/circular for the life insurance sector such as IRDAI (Appointed Actuary) (Amendment) Regulations, 2019, IRDAI (Unit linked insurance products) Regulations, 2019 and IRDAI (Non-linked insurance products) Regulations, 2019, Master Circular on Point of Sales (POS) Products and Persons - Life Insurance, Revised guidelines on Stewardship Code IRDAI circulars in respect of COVID-19 etc.

The Company strategy focuses on the following:

1. Leveraging life insurance industry growth through deeper penetration, increasing share of protection business and increasing market share through a balanced portfolio of protection and savings products.
2. Increasing geographical reach by using our expansive distribution network and strengthening our distribution mix by leveraging relationships with new corporate agents, broker partners and web aggregators.
3. Maximising customer satisfaction by offering comprehensive suite of products of transparent nature at competitive prices and improving customer experience from client on-boarding to claims settlement.
4. Digitisation and automation of sales processes to improve distribution and operational efficiencies.

### 4. COVID 19

The COVID-19 Pandemic has spread with alarming speed, infecting millions and bringing economic activity to a near-standstill. It has pushed businesses across sectors to change the way they operate and the insurance industry is no exception. From selling new policies to settling claims, the extended lockdown in the wake of COVID-19 has pushed companies to depend heavily on their digital architecture through online business. The main concern for the Company is the protection of its employees, its distribution partners' health and safety along with business continuity.

### Business Continuity

This nation-wide lockdown required the Company to activate its Business Continuity Plan (BCP) to enable operations to run with minimal disruptions. The Company had made a quick transition to Work from home (WFH) with the use of portable devices through Company's Virtual Private Network (VPN) to the employees ensuring requisite data security controls. The Company also continued to deliver to its customers by providing 24x7 availability through our

digital platforms. The Company identified immediate significant challenges to alter operations based on advisories issued by government as a part of Business Continuity Plan to ensure compliance as well as effective conduct of operations.

### Information & Cyber-security

Activating remote working comes with its own set of challenges, including managing information security, infrastructure and vulnerability to phishing attacks. Technology infrastructure has made sure that working from home doesn't mean working without security. Continuous monitoring is in place to ensure information security to be of utmost importance along with business continuity. Necessary steps will be taken to mitigate any risks relating to information & cyber security. As the processes of the Company are mostly system driven, there have been no material change in the controls or processes and all the material controls are found to be operating effectively.

### New business

The drive taken by the Company in the recent past to migrate from physical forms to digital onboarding of the customers has helped us in a big way to source the proposals based on the insurance needs and requirements of the customers in this pandemic. The pandemic is having a huge psychological impact on the consumers' behavior, we believe that in short to medium term the protection products along with long term investments products will gain momentum and insurance will be more prioritized for financial immunity and safeguard of family from uncertainty of life and health.

### Risk assessment

The Company has assessed various risk scenario like short term outbreaks to medium term pandemic and to long term pandemic. In such stress scenarios, the Company has reassessed financial risk, operational risk and business continuity measures. The Company has re-evaluated mortality and morbidity assumptions, persistency, growth & projections, reinvestment strategies, duration & asset liability management, etc.

The Company invests in well diversified investment portfolio consisting of Government Securities, bonds & debentures, equity shares, money market instruments, fixed deposits, etc. The Company's major investments are in large cap Nifty 50 Index stocks, sovereign and AAA rated securities with strong group backing which indicate safe and reliable assets quality. The substantial portions of the investments are readily marketable providing sufficient liquidity. The Company do not have major concentration in any major industry, which might have adversely impacted due to COVID-19. The Company has evaluated the recoverability of all its investments and expects to recover the carrying amount of these assets. The Company has considered internal and external sources of information including credit reports, economic forecasts and industry data in

assessing and evaluating the impact of this pandemic COVID-19 on the business operations and financial results of the Company.

The Company has evaluated its liquidity position and of recoverability and carrying value of its current assets majorly consisting of accrued investment income and other receivables. Based on the assessment, the Company expects to recover the carrying amount of all these assets.

Impact of Covid-19 on policy liabilities would be on account of factors like discount rate and mortality assumptions used for valuation. There is reasonable level of prudence provided in the valuation interest rate assumption.

It is expected that due to this pandemic there would be increase in mortality claim since the pandemic has been affecting individual lives. The valuation mortality assumption has reasonable prudence to take care of fluctuations in claim. Also, reinsurance arrangements are in place to reduce the risk exposure.

The customers utilized the grace period in making the renewal payments in early months of FY 21. Renewal trends can be expected to gradually pick up and accordingly persistency should be seen maintained at the current levels.

Based on the Company's current assessment of the business operations over the next year, it expects the solvency ratio to continue to remain above the minimum limit requirement of the IRDAI.

### Future outlook

The impact of COVID-19 has already been significant on the global economy. However, the future impact of COVID-19 on business operations of the Company and the additional requisite mitigation measures that will be required by Company will be based on how long the pandemic lasts and what happens once normality returns. A lot depends on the availability of an approved vaccine as well. The actual impact of COVID-19 may differ from that estimated at present. The Company will continue to closely monitor any future developments relating to COVID-19 which may have any impact on the business and financial statements.

### 5. DIVIDEND AND RESERVES

The Company's profit after tax grew by 7% to ₹14.22 billion in FY 2020 from ₹13.27 billion in FY 2019. The Board of Directors of the Company has not declared any dividend during the year after taking cognizance of the IRDAI circular no. IRDAI/F&A/CIR/MISC/099/04/2020 dated April 24, 2020 on "Prudent management of financial resources of insurers in the context of Covid-19 pandemic".

The Company has carried forward ₹ 14.22 billion to its reserves and surplus, and had accumulated balance of ₹78.8 billion as on March 31, 2020.





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In terms of Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") the Dividend Distribution Policy of the Company is disclosed on the website <https://www.sbilife.co.in/dividend-distribution-policy>

The Company has uploaded the details of unpaid and unclaimed dividend on the Company's website: <https://www.sbilife.co.in/en/about-us/investor-relations>

### 6. CAPITAL AND SHAREHOLDING

During the year there was no fresh capital infusion by the promoters in the Company. The authorized share capital and paid up share capital of the Company stands at ₹ 20.00 billion and ₹ 10.00 billion respectively. The shareholding pattern during the year under review is in compliance with the statutory requirement. The shareholding pattern is provided as a part of Form No. MGT-9 which is annexed to this Report and under Schedule – 5A which forms part of the Financial Statement.

During the year, State Bank of India (Promoter) has sold 4.5% stake i.e. 45,000,000 equity shares of ₹ 10 each at an average price of ₹785.18 per share for a consideration of ₹35.33 billion. BNP Paribas Cardif S.A. (Promoter) has sold 2.5% stake i.e. 25,000,000 equity shares of ₹ 10 each at an average price of ₹ 680.77 per share for a consideration of ₹ 17.02 billion.

During the year ended March 31, 2020, the Company has allotted 26,295 equity shares of ₹ 10 each pursuant to exercise of stock options by the eligible employees. This allotment has resulted in increase in paid-up equity share capital by ₹ 263 thousands and securities premium by ₹ 14,527 thousands.

### 7. INCLUSION IN 'FUTURES & OPTIONS' SEGMENT OF NSE

The National Stock Exchange (NSE) notified on 21 April, 2020, that F&O contracts of SBI Life Insurance Company would be available for trading with effect from 4 May, 2020.

### 8. INCLUSION IN MSCI EMERGING MARKETS INDEX

Morgan Stanley Capital International (MSCI) in its semi-annual review of Global Standard Indexes on November 7, 2019, announced the inclusion of SBI Life in the MSCI Emerging Markets Index from November 26, 2019.

### 9. DEPOSITS

During the year under review, the Company has not accepted any deposits from the public as per Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 (as amended).

### 10. AWARDS & RECOGNITIONS

The Company has received various awards during the year across financial reporting, brand management, technology etc. Brief highlight of some of the major awards are mentioned below:

- Won the 'Gold Shield' for excellence in Financial Reporting by The Institute of Chartered Accountants of India (ICAI) for FY 2018-19.
- Won the Life Insurer of the Year 2019 – by Federation of Indian Chambers of Commerce (FICCI)
- Won the Best Life Insurance Company 2019 - Emerging Asia Insurance Awards by Indian Chamber of Commerce (ICC)
- Won the Gold in Best Content Marketing Launch award by Afaqs Foxglove Awards 2019
- Won the Silver in Best Brand Film BFSI Award by Indian Television Brandvid Awards 2019
- Won Gold and Silver in Best Social Media Brand Cause Marketing and Best BFSI (Insurance) Brand on Social Media respectively at Social Samosa's Sammie2019 Best Social Media brands awards
- Won Gold in the 'Experiential' category at 'Indian Content Marketing Awards 2019' by Exchange4media
- Won the Bronze in the 'Best Campaign for CSR/Social Good' category at the 'DMA ASIA ECHO Awards, 2019'
- Won the Smart Life Insurance Company at ET Insurance Summit 2019 by The Economic Times
- Won the 'Best Use of Integrated Marketing' at the Indian Marketing Awards 2019
- Won 'Silver' for the 'Best Integrated Marketing Campaign' and 'Best Campaign- BFSI at the ET Brand Equity DigiPlus Award
- Won the Financial Services Company of the Year Award 2019-20 at VCCircle Awards 2020
- Won Gold award - Life Insurance Provider of the Year 2019 (Private Sector) at Outlook Money Conclave and Awards 2019
- Won the 'Best Sales Enablement Technology' award at The Customer Fest Awards, 2020
- Received the Company Performance Award, 2019 under the category 'India's Leading Life Insurance Company - Private' at the BFSI Summit & Awards by Dun & Bradstreet

As we work to deliver performance with purpose, we are proud that numerous organisations have recognised our efforts and achievements. These awards demonstrate the Company's commitment to achieve excellence, across all spheres of its activities and operations.

### 11. PRODUCTS

SBI Life has a wide range of products catering to various customer needs in the life, health, pension & micro-insurance segments. These products are customer centric, simple to understand and have competitive features.

To maintain its competitive edge in the market, the Company has reviewed and modified thirty-three existing products & six riders (individual and group) during FY 2020. The products pertaining to various categories such as Protection Plans, Retirement Solutions, Wealth Creation Plans, Savings Plans & Child Plans were modified in line with the IRDAI (Insurance) Product Regulations, 2019.

The following two products were already compliant with the IRDAI (Insurance) Product Regulations, 2019.

- 1) SBI Life - Pradhan Mantri Jeevan Jyoti Bima Yojana (UIN:111G102V01)
- 2) SBI Life - Swarna Jeevan (UIN:111N049V04)

In addition to the two products above, five Group riders are also compliant with the Regulations.

The Company had also launched one new product, SBI Life- Smart Platina Assure (UIN: 111N126V01) and modified four existing products prior to the implementation of the IRDAI (Insurance) Product Regulations, 2019 in view of the changing interest rate scenario and to accommodate market demand.

In view of the changing market demand and Regulations, eight products and three riders (individual and group) were withdrawn from the market during the year.

### 12. CUSTOMER AND PARTNER SERVICE ENABLEMENT

During the year under review, the Company has been in a position to handle a total volume of 15.51 lacs Individual NOP's and total Premiums of ₹ 165.92 billion in New Business, resulting in an increase of 20% in total New Business growth.

Apart from this, the company has also managed to collect Renewal Premium of ₹ 240.42 billion, showing an increase of 25% in Renewal Premium Collection Business.

The company is continuously striving to achieve and scale new heights of performance and raising the bar, by improving its processes, training and reskilling resources and improving the various digital platforms launched for its stake holders- Its Customers, Distributors and Business Partners. We strongly believe, that in the present day digital world, it is extremely necessary to empower the stakeholders digitally, and have been taking several steps towards the same. While working towards raising the bar in "End to End" digital services, the company also understands that customers and partners come from varied demographics and there is never a single "One

Size fits all" solution. Entire endeavours towards continuous improvements is undertaken with this in mind; where aim is to create a balance between the needs of diverse groups of customers and equally diverse distribution partners.

The snapshot of the various activities undertaken by various departments under the overall Operations Business Unit, which are highlighted below:

List of activities that the Company executed which benefitted more than one department in the Operations team.

#### Entering into an arrangement with IIBI for Information Sharing:

Insurance Information Bureau of India (IIBI) maintains a central repository of all\* the policies of participating insurance companies. The information is maintained at individual policy level and includes, personal details of lives insured (LA) as well as Underwriting decisions and Claims related information. The participating companies can get the facility to query on this entire database. It is particularly useful at the time of New Business Underwriting and also during Claims assessment / Settlement as it helps in getting all the information in respect of the insurance policies held by the Life Assured (LA) taken from other insurance companies. Other information, such as whether any of the LA's proposals was ever declined / accepted with extra rating etc., by other companies is also made available. This information proves very vital in detecting various Non disclosures / claim frauds.

SBI Life entered into an agreement with IIBI and started participating in the IIBI data module (Quest) from October 2019. The company is now in a position to mitigate the risks of non-disclosure / wrong disclosure to a large extent. **(\*as agreed upon by the participating companies).**

SBI Life was the first company to have an API Integration with IIBI where in this information is received by us directly on real time basis, as and when we seek the necessary information.

#### Teams benefited - New Business, Underwriting, & Claims management.

#### Making use of WhatsApp for various communications with customers:

Initiated communication through what's app messenger for information on various events starting from the on boarding stage. Currently communication is sent on events like proposal login, requirements raised, policy issuance, Policy Dispatch, Downloading of E-Policy document & intimation on return undelivered. These communications are sent only to those customers who have provided consent for receiving WhatsApp communication. Going ahead, the plan is to take the customer's consent during proposal journey in M-connect app and intimations



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through What's App for all pre and post issuance related matters will be sent.

Customer can now opt to connect over WhatsApp by a missed call on 9029006575. In the year under review, we already have over 16 lakh customers who have opted for WhatsApp services. We have sent renewal premium receipts to over 18 lakh customers. Over 10 lakh premium receipts have been sent in 13 Regional languages also. Once registered, customers can also chat with our Chabot on WhatsApp and get all key policy information and even get a premium quote and payment link.

### Teams benefited - New Business, Underwriting, Policy Servicing & Renewal management.

#### A. New Business

The New Business Department is pivotal in ensuring a smooth on-boarding experience to the customers as well as sourcing partners. The initiatives taken throughout the year are focussed on improving the customer on-boarding experience through improving the processes thereby leading to faster issuance, digitization and better communication.

#### Know Your Customer (KYC) verification through AADHAR on Digital platforms:

KYC verification of the customer through AADHAR has been enhanced by adding QR code scanning that is available in the AADHAR card of the customer.

Subsequently, in addition to QR code scanning second option to do KYC verification has also been introduced by incorporating offline e-KYC method. Through this mode, customer has the benefit of non-submission of any hard copy of AADHAR towards KYC & age proof. Along with it, Offline e-KYC takes care of basic KYC of customer and no additional KYC document is required. This has eased the KYC verification process of customers by enabling them to complete the KYC in one go and made it a seamless journey for customer. Offline e-KYC also works as a Risk mitigation tool as customer credential are authenticated as part of the process and it completely rules out the risk of uploading any invalid / fraudulent document. Offline e-KYC has also helped to increase our Digital FTR percentage, eventually reducing the overall TAT.

#### Optical Character Recognition (OCR) Technology in Digital platforms:

The company achieved a penetration of 98% in Digital adoption under the period of review. The major issue faced in the on-boarding journey was that of upload of correct and valid Images, which has a direct impact on the overall performance parameters of the company. In order to tackle this issue, digital applications

(m-Connect / Parivartan) was enhanced to recognize the correct document that is submitted against the selected Official Valid Document (OVD). This feature has been introduced for five OVD's viz.; AADHAR card, Driving License, Voter ID card, PAN card & Passport. This has increased the receipt of the correct KYC documents at the sourcing stage itself to a large extent. OCR technology has helped in Risk Reduction by making sure that only correct images are uploaded thereby enhancing the Quality index.

#### Automation of Proposal Deposit Refund:

One of the important parameters of PPI (Protection of Policy Holder Interest) guideline is to refund any Proposal Deposit that could not be accounted for issuance within a stipulated TAT. To avoid any deviation, the identification of Proposals for refund under various categories of Proposal Deposit Refund has now been automated. This has not only resulted in adherence to PPI guidelines and other Regulatory provisions but also ensured reduction of manual intervention in the process.

#### Automation of Proposal Deposit Unclaimed Movement:

Proposal Deposit amount that could not be adjusted / policy issued or refunded, for any reason within 180 days have to be mandatorily moved to Unclaimed account, as per IRDAI regulation. Looking at the huge volumes handled, manually identifying such cases is a cumbersome activity and further any delay in movement to unclaimed fund not only creates regulatory violation but due to change in NAV of unclaimed fund, it may also account financial loss to the company based on the profit / loss as per the NAV. Thus, this entire process from identification of the transaction to transfer the same to the Unclaimed Account has now been automated.

#### Policy Document development: Revision in Regulatory Guidelines

Introduction of new product guidelines for all Pension, ULIP & Traditional policies necessitated the development of fresh policy documents templates for all newly launched products. Massive exercise of changing the template of all products was successfully undertaken well within prescribed timelines.

#### Expanding policy dispatch process through private couriers:

The company was looking at addressing the one of the customers' concerns i.e. non-receipt of policy bonds, which constitute on an average 0.13% of total policies dispatches. These policies were being returned undelivered. The company now has tied up with local couriers to deliver the policies in Major metros like Mumbai, Delhi and their surrounding areas like Thane, Navi Mumbai,

and NCR on pilot basis from November 2019. Initial results of utilization of local couriers have been very encouraging in terms of delivery percentage, including the delivery TAT and also procuring the POD's. Accordingly, the Company has drawn out plans to further expand the services to other cities on Pan India basis.

#### Increased Digital Adoption in RiNn Raksha:

Digital adoption is one of the major tool that is now widely used by the customer for all modes i.e. for proposal login, premium payment, servicing requests, etc. For RiNn Raksha proposals (Credit Life plans) it was deeply focused throughout the year 2019-20. We are happy to inform that the Digital adoption of proposal login for RiNn Raksha proposals has increased from earlier 94.70% as in April 2019 to 99.40 % in March 2020.

The percentage of premium received through Electronic Funds Transfer (EFT) has also improved from the earlier 83.31% as in April 2019 to 93.60 % as in March 2020. This achievement is a result of various development and initiatives taken by both IT and Operations of the Bank and SBIL e.g. Real time EFT, making EFT mandatory for SBI proposals & regular communication of digital adoption to region and Credit Life Manager's via auto-mailers.

#### RiNn Raksha Certificate of Insurance. (Col)

On initial dispatch of Col - initiated an SMS in which bitly link of Speed Post and Blue dart website is provided to enable the customer to track the delivery details. Copy of Col is now directly being dispatched to the sourcing Bank branches for their records.

#### Email / SMS Intimation for Proposal Deposit Refund:

Proposal deposit refund happens through electronic mode of payment only (Direct remittance to Bank account). Sometimes it takes time for the physical letter to reach customer and customer is not aware of the reason of this credit into his account. In order to bridge this gap, department initiated an SMS / Email service to the customer that goes on the same day of the crediting of the amount resulting into faster intimation to the customer regarding the nature of Credit received.

#### B. UNDERWRITING

Underwriting is a critically important function that aims at assessing and booking of the correct risk with adequately understanding the same based on the information provided. Underwriting guidelines are subject to change with the introduction of new products / processes / systems or revision in legal and regulatory aspects. In line with the focus on digitalization, various initiatives were undertaken in the year under review to ensure simplified and seamless processing and issuance of proposals.

#### Individual Business:

- Digital Moral Hazard Report (e-MHR)  
Introduction of e-MHR has eased the process of physical paper submission of MHR. The digital format of MHR is now authenticated through the digital credentials of the person submitting the said MHR. It is validated through an OTP sent on registered mobile number of sales intermediary. Digital MHR can also be submitted through Smart Advisor Application developed by the company especially for the sales personnel.

#### Additional measures for Risk mitigation

- Introduction of negative location guidelines in NB Workflow:  
This has been introduced with an aim to curtail adverse selection of lives and also adverse claims. Proposals sourced from negative location (locations where early claim ratio is high) are identified in Workflow system itself. Differential underwriting guidelines are then applied for such proposals for better assessment of the risk.
  - Use of surrogate documents for underwriting of Term insurance proposals:  
Financial underwriting for term plans is an important function and have been extended to offer pure term cover basis surrogate documents for occupations such as Businessman / Self-employed categories / Housewives and Agriculturists (which was not provided earlier) provided they meet certain basic criteria's. SBIL has started offering Term life plans to Retired Defense personnel also.
  - Conducting of required Medical through Videography: Video MER  
A new process has been launched by the company for compliance of mandatory medical reports through video MER. In this process certified technicians conduct the required medical through home visit under the supervision of Doctor sitting at central location of TPA. The process eliminates major risk of impersonation and at the same time ensures accuracy in medical examination without customer requiring to visit the medical center.
- #### Important changes in Underwriting guidelines and processes in Credit portfolio (RiNn Raksha):
- Increase in Auto Underwriting limits:  
Auto Underwriting limits have been revised to ease the processing of cases. The limit has been revised to ₹ 1 crore for SBI Home loan.
  - Revision in financial underwriting requirements:  
The financial underwriting guidelines have been reviewed taking into consideration the





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verification of financial documents by the Bank. The guidelines have been eased for various categories of loans offered by SBI.

- **Revised Medical grid:**  
Based on our past experience the Medical grids have been revised with provision of Tele MER for SBI Master Policy

### C. POLICY SERVICING AND RENEWALS

Renewal is an important function of the company and this also helps us to understand the quality of sales and also what the customer feels about the product and the company. This is also an important parameter in assessing the persistency of the policies and how long the customer is staying with the company and paying their premiums regularly.

The company has taken lot of steps to improve the Renewal and in return the persistency of the policies thereby creating a good value for the customer, company and shareholders. Major initiatives being given below:

- **Revival Mela:**  
During the period under review, a Revival campaign was launched with the motive of reviving lapsed policies and rebuilding the relationship with our policyholders. A total of over 45K policies were revived leading to a renewal collection of over ₹ 1.70 billion. Strategic inputs generated through Revival Analytics were utilized to identify likelihood of revival of any policy. The scope of analytics has been broadened this year and lapse policies are categorized into four different categories i.e. High Likely, Likely, Moderate & Unlikely. This has helped the company to further improve the persistency.
- **Renewal Digiconnect Smart Advisor:**  
In Smart Advisor application comprehensive renewal and persistency related information has now been provided to make it a single platform for policy renewal follow-up. This is now available on Smart Advisor, android application available for Sales hierarchy, and also introduced Smart Advisor Desktop for Operations hierarchy.  
One of the most unique features added to the Smart Advisor app is - facility to **"Click to Call/SMS"** using which sales and operations personnel can contact customer directly from application screen by just clicking on the icons. User can capture calling remarks in Smart Advisor and can also access call centre remarks and dispositions. Smart Advisor also provides end-to-end e-Revival facility including online e-DGH submission and online payment facility allowing customer to revive policy instantly.

- **Personalized payment link:** -  
Personalized bit.ly link that redirects customer directly to payment gateway page has been developed for every policy, making premium payment process simplified for customers. The links are sent to the customers before the due period and also during the grace period of the policy. This functionality was used during Revival Campaign period directing customers to pay only the outstanding premium dues, where there was no need of revival requirements.
- **Centralized Surrender Prevention Calling:** -  
In order to prevent surrender, of the existing policies, in a proactive manner, centralized Surrender Prevention calling has been activated through the outbound call centre. The calling is done by a specially trained team having detailed knowledge about products, processes and the corresponding advantages which help them to convince customers to continue the policies till the end of its term. A total of 1,589 policies have been retained in FY 2020 through Centralized Surrender Prevention Calling activity. This activity is over and above the "face-to-face" counselling activity undertaken in the branches by Operations employees.
- **Customer Self Service Portal (CSSP):**  
In view of changing dynamics and increasing digitization of services across platforms, all new customers are being registered on our My Policy – Customer Self Service Portal, to enable customers to have one view of all their policies and also do various transactions online. In our endeavour to add newer features, we had included new services as frequency change, renewal premium direct debit Hit Date change, Convert Physical policies to Demat policies, generation of loan quotation against policies, Partial Withdrawal quotes, Alternate mode payment status enquiry. CSS portal is now integrated with our core system, and lot of requests from customers gets processed on real-time basis. Keeping customer convenience in mind, CSS Registration has been simplified using mobile and OTP authentication. In the year under review, a total of over 1.40 lakh new customers were on boarded on the customer self-service portal (CSS Portal).
- **Easy Access:**  
Mobile application for customers. The Easy Access mobile application has been developed for SBI Life for customers that allows them to pay renewal premiums, check various insurance plans, submission of eCOE by annuity subscribers, use the

premium calculator, buy online products, check out for useful insurance related links. In the year under review, over 48K new customers were on boarded on the easy access application.

- **Premium collection through Partners including other Banks:**  
In an endeavour to expand our reach to the customer and help them in easily paying of their renewal premiums, the Company has tied up with "City Union Bank" services for renewal premium collection. Now customers can now pay their renewal premium throughout the Bank branches of City Union Bank. Have also applied with NPCI to get on boarded as "Biller" on the Bharat Bill Pay system. This shall provide much wider reach on the online payment platform.
- **E-NACH:**  
Functionality to electronically set auto pay instructions for renewal premium payments has been made available. This functionality will currently enable setting up of electronic standing instructions on bank accounts online through net banking or Debit Card credentials for more than 20 partners as part of the new business journey as well as for already issued policies.
- **E-DGH:**  
E-DGH (Declaration of Good Health on electronic platform) Option for revival of policies was enabled through E-KYC Aadhaar based authentication process, which was subsequently modified to Company OTP based process. This has enabled our customers to revive the policies online eliminating the need for a walk-in.

### D. CLAIMS

Claims Management is the vital part of the insurance business. This is actually the "moment of truth" for the life insurance customer.

At SBI Life, customer focus at claims stage is ensured by providing efficient services, striving to exceed the customer expectations by creating avenues for increasing self-service facilities through various Digital Initiatives.

In the year under review, the claim settlement ratio for individual policies stood at 94.52% and for Group policies at 98.89% thereby giving an Overall Claims Settlement Ratio for the company at 97.04%. (Note – 97.04% is inclusive of 0.11% of settled claims but could not be paid due to open title issues).

#### Customer Centric Process Enhancements:

Electronic Certificate of Existence (e-COE):

- For Senior Citizens, to reduce the pain of travelling to SBI Life Offices, have launched

the e-COE facility through company's mobile based application "Easy Access App" during the year under review.

- Customers are enabled to record a small video and upload their photo in this App from their home. Customers will get an acknowledgement instantly. Excellent response has been received for this facility from the customers across India.
- This facility is provided for customers of both Individual Policies and Group Policies.

Various Digital Touch points:

1. Facility to upload documents through Bit.ly link for Maturity Claims, Unclaimed Amounts.
2. Enabling the customers to submit the documents of both Maturity Claims and Death Claims on the company Website.
3. Customers can submit the documents to our generic mail-ids as well.

### E. GROUP OPERATIONS

- **Digital journey for SBI staff members covered under Old Swarnaganga Scheme for exercising option for cover post retirement:**  
Online platform developed in Group Customers Portal to facilitate State Bank of India (SBI) staff members covered under Old Swarnaganga Scheme to submit their option at the time of retirement.

With this facility SBI staff need to visit SBI Life branch office and can initiate their option viz.

- (a) To opt for risk cover till 65 years of age (or)
- (b) Opt for withdrawing the maturity benefit and discontinue the risk cover (or)
- (c) Opt for getting the accumulated fund value with accrued interest earned on the accumulated fund till 65 years of age for maturity.

- **Automation of Samporn Suraksha Reinsurance activity in RENOVA:**  
Re-insurance activity, that was handled manually has been automated in RENOVA since December 2019.
- **Automation of endorsements of Mid joiner & Mid Leaver and Increasing Sum Assured:**  
Under GTI Samporn Suraksha the endorsements that were handled manually for Mid-Joiners, Mid-Leavers and Increase in Sum Assured was automated in order to enhance productivity and quality.
- **New Enrolments under PMJJBY Scheme –**  
During the period under review, a total 51.38 lakhs fresh members were enrolled against the 14.38 lakhs members enrolled in the



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corresponding period of the last financial year achieving a growth of 257.30% in new enrolments. As on March 31, 2020, there were total 106.47 lakhs active members under PMJJBY Scheme.

- **Settlement of claims under PMJJBY Scheme –**  
During the year under review, the company settled 10,871 claims and thereby achieved the claim settlement ratio of 99.97%.

- **New Enrolments under Samporn Suraksha (YONO) –**  
During the period under review, a total 1.60 lakhs new members were enrolled thus total lives covered under Master Policy reaching to 2.02 lakhs as on March 31, 2020. In this policy group member can avail upto ₹ 20 lakhs sum assured risk coverage just in three clicks, a most seamless process enabling issuance of Certificate of Insurance instantly on completion on-boarding process.

- **Auto SMS for PMJJBY claim intimations/payments and claim requirements:**  
The company has initiated auto SMS process for the PMJJBY claimants that helps the claimants to get the information regarding the settlement of the claims and pending claim requirements on their mobiles.

- **CLIENT RELATIONSHIP & CUSTOMER ENGAGEMENT**  
The Client Relationship department is pivotal in ensuring that customer queries and grievances are resolved swiftly to the full satisfaction of the customer within defined timelines. The Client Relationship includes both the reactive (efforts to solve customer issues) and proactive (measures taken to ensure long term relationship with customers) functions performed by the team. Therefore, company's initiatives in the year under review has been to empower its employees to improve the query / grievance handling mechanisms.

- **Upgradation of Customer Relationship Management (CRM) Module: -**  
CRM Next, is an automated workflow that has been created for handling customer grievances, obtaining sales comments & recommendation from the Regional Leadership group, initiating investigation wherever necessary, and seeking necessary approvals from the Competent Authority.

Under the Customer 360-degree view, the details of all the policies held by customer and his service request history is maintained. Additionally, real time information on the plan details, service history records of the policy life cycle along with the policy status is provided, that helps in resolution of customer grievances.

With the launch of CRM Next, have moved towards a paperless complaints handling process. The enhanced features of CRM Next module (Gold 5.5) has been implemented to bring more simplicity in functionality and strengthening system controls. This has brought in perfectly consistent & coherent workflow with better record maintenance and process efficiency. It has also helped in providing comprehensive resolution and reducing the overall resolution time of complaints.

- **Parivartan: -**  
This is a module designed to empower SBI (Partner Banks) to log in SBI Life customer queries / complaints received at their end for better tracking and faster resolution of queries / complaints. The web based real-time integration of Parivartan module with our CRM Next module has also been established. Now, this module has provision for registration of customer's queries / complaints and to display reverse feed details such as TAT, status and disposition details of queries / complaints along with dashboard report to users.

- **Contact Center :**  
The call center handled around over 18 lac calls during the financial year, 53% of these calls were answered by the call center agents and 47% of the calls were responded by IVR. The connectivity issues noticed and were addressed by changing the service provider and getting in better services. This has help in reducing the complaints of Toll Free number not getting connected and has also brought down the call drop rate to 0.82% which was above 7% in the earlier years.

Initiative to integrate the CRM next has empowered the call center and has seen improvement in providing final resolution to customer queries. This has helped in closing 96% of calls at the first instant itself without transferring the call to the branches for final resolution. The email closure responses from the call center have also seen an improvement in providing resolution to the customer queries that was at 84% compared to earlier 51%.

The overall impact of all the above initiatives and improvement could be noticed in the Turn Around Time (TAT) of complaints and queries received by the company. The overall TAT of complaints of the company had seen an improvement to 4.09 days which got decreased by two days (6.22 days) compared to the previous year. It is also noticed the overall TAT of Queries handled has also improved to 0.62 days compared to 1.2 days in the previous years

Customer Engagement Department has initiated multiple initiatives by bringing in technology

for the benefit of the customers. Some of the Customer Centric initiatives in the FY 2020 are mentioned below:

- **Initiatives that improves Services offered by the company**  
The company has introduced SMS services for Premium Paid Certificate. The customers can call the toll free number and request for Bitly Link to be sent via SMS for paying Renewal Premium using the mobile phone, customer can also request for a Bitly link to download soft copy of policy document and also request for Bitly link to access TDS certificate. The call centre also started promoting WhatsApp registration to every caller on the toll free number and successfully registered a good number of policy holders this year.

### 13. LEVERAGING DATA ANALYTICS:

SBI Life has been leveraging Analytics to help mitigate and control Risks in various business functions like Underwriting, Claims, Persistency etc. The outcomes of the various models are helping the respective functions to take more informed decisions, and helping in creating more efficient business processes.

#### New Business & Underwriting

- **Risk Score Model**  
We provide our Underwriters with a Risk Score for every prospective Customer. This score measures the likelihood of receiving an Early Claim from the customer. This score is utilized by the Underwriters to make prudent decisions. A Proposal that gets rated as 'High Risk' by the Risk Scoring Model, is paid special attention to and additional requirements are called for to verify the insurability of the Customer. Detailed Tele MER along with stringent Underwriting is followed for High Risk proposals. Currently the Model flags certain percentage of incoming proposals in to High Risk Bucket and certain percentage as Medium Risk Bucket. The rest are tagged as Low Risk. The Risk Score is made available in Real Time in the Work Flow Module. We also monitor the scores on a regular basis to ensure that the Model stays in conformity with the Actual Experience. The Risk Score Model was revised in November 2019 to align it with our Organization's recent Early Claim experience.
- **Net Promoter Score Analytics at on-boarding Stage –**  
NPS is currently measured at three Moments of Truth viz. On-boarding, Renewal Payment and Living Benefits. For improving our on-boarding NPS score, the company undertook an NPS Analytics Project. It involved deep dives into the responses received from customers to help us benchmark the complete customer onboarding journey and gave a direction towards change and

improvement. It helped in understanding customer experiences across various demographics and segments and in identifying pockets of concerns along with resolution methodologies, eventually improving our processes to ultimately create a better customer experience.

The company also developed Dashboards for the sales personnel to help them identify areas of improvement and causes of concern. The Dashboards provide customized recommendations at the Regional / Zonal Agency Manager / Divisional Sales Manager level for improving the NPS Scores.

#### Policy Servicing

- **Persistency Model -**  
Persistency Models are in place to help predict the likelihood of renewal premium payments. Separate models for 13<sup>th</sup> & non 13<sup>th</sup> Month persistency for each of the Channels are in place to cater to the varying payment dynamics. Predictions are made at the start of every month for policies due in the upcoming 3 months. Every policy gets flagged as RED, AMBER or GREEN, where RED denotes customers from whom we are least likely to get the renewal premium and GREEN denotes customers most likely to pay the renewals. These models help in channelizing our renewal collection efforts.

During the course of implementation, it was noted that this common approach was not yielding required results for 13<sup>th</sup> month persistency. Hence, a dedicated 13<sup>th</sup> month persistency model was further developed and made live in the year under review. Later, a dedicated model for non-13<sup>th</sup> month persistency was also implemented in the year under review.

All these developments and efforts have helped the company in improving collection efficiency and 13<sup>th</sup> Month Persistency and 61<sup>st</sup> Month persistency. In the year under review, overall collection efficiency is 85.2% and it has improved by 1.3% over last year. Our 13<sup>th</sup> Month and 61<sup>st</sup> month persistency also improved to 86.14% & 59.90% from last year's 85.07% and 57.23% respectively.

- **Lapse Revival Model –**  
We have a Lapse Revival Model in place to predict the revival propensity for policies in Lapsed status. Given the different behaviour of ULIP and non-ULIP portfolios with respect to lapsed status, separate models are in place for each set of policies. The Models are run on a monthly basis and the outcome from the model provides the likelihood of revival within the next six months from the prediction date. All our Revival Campaigns utilize the data generated by this Model to improve the hit ratio.





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### Claims

- **Post Issuance Profile Verification (PIPV) Analytics -** Even with the best of Risk Score Models in place, we must acknowledge that it's not possible to detect all Fraudulent Customers at inception stage. Hence, suspicious policies must be identified immediately post issuance via Post Issuance Profile Verification (PIPV) to prevent fraudulent claims from arising in the future. The PIPV Analytics Model was developed with the aim of identifying the right set of policies that must be sent / selected for PIPV. Identifying the right set for PIPV increases the likelihood of capturing all fraudulent customers. By targeting a focus group of the total policy base, we were able to capture major events that includes Repudiations and PIPV Cancelled cases. By utilizing this Model, we hope to increase the accuracy of the PIPV investigation process and at the same time reduce the PIPV investigation costs.

### 14. PROJECTS OPERATIONS

Few initiatives taken in the year under review are enumerated below:

- The vendor dashboard has been integrated with our CRM module, and every customer feedback is getting registered in the module as a Service Request (SR). This has facilitated us to review all feedbacks in a systematic manner and provide resolutions to the customers
  - NPS is now made available for all front line sales through smart advisor App. It is now at their fingertips and they can view their individual NPS. They can now directly interact with customer; based on feedback received and act upon
  - The NPS on-boarding survey is getting triggered in 10 vernacular languages to help in making a better connect with the customers and act upon their responses. The survey is available in Tamil, Telugu, Kannada, Punjabi, Oriya, Assamese, Marathi, Gujarati, Hindi and Bengali.
  - In On-boarding survey platform, we have introduced one pager on products and product videos for few products to educate and empower our customers about the product purchased in an easy manner.
- **Customer Education Product Videos:** With a view to providing our customers with an in-depth and correct information / knowledge of our products, product videos for the following four products have been made and launched.
    - SBI Life Smart Wealth Builder
    - SBI Life Smart Bachat
    - SBI Life Smart Swadhan Plus
    - SBI Life Smart Money Back Gold

An SMS is sent to the customers immediately after cashiering of a new proposal, with a bit.ly link that redirects to the product video. These videos have also been uploaded on SBI Life Official YouTube channel.

- **Hyper Personalized Communication campaigns:** These campaigns were aimed at establishing a customer connect by taking up awareness campaigns via SMS/emails/videos etc. This is in compliance with IRDAI circular dated April 10, 2019 where Insurers have been advised to send brief messages for the purpose of enhancing insurance awareness.

Various activities undertaken are given below:

Topic	Media
Awareness on importance of registration for Auto deduction of premium	Email & SMS
Awareness on importance of updating contact details	Email & SMS
Diwali Campaign	Email & SMS
Awareness on spurious calls	Email & SMS
Link to update email IDs	SMS
Awareness on the CSS Portal	Email & SMS
Importance of Reviving the Policy (sent to customers whose policy are due for LTR)	Email & SMS

### 15. INFORMATION TECHNOLOGY

FY20 has been a landmark year for SBI Life. We continued our digital journey by implementing innovative solutions for business and customer support, using cutting edge technology. The improved digital tools and intuitive customizations have played a significant role in enhancing the experience of both our internal and external customers. We have progressively improved the capacity and capabilities of our technology infrastructure that has consistently improved the availability of systems and applications for the business. A true test of the quality of support systems was the movement of all critical resources to **"Work From Home"** (WFH) during the COVID 19 pandemic. The teams achieved this in quick time with no disruption in day-to-day working. All business operations and the financial year-end closure activities were completed by the respective stakeholder seamlessly, validating the technology capabilities and versatility of SBI Life, yet again.

Some of the improvements implemented during the year are listed below:

#### A. Infrastructure

- **Data Centre (DC), Disaster Recovery (DR) and Wide Area Network (WAN)** We have been proactively managing our DC/DR/WAN infrastructure to ensure that our Head office, CPC and 900+ branches are adequately supported to handle the

business volumes and to provide quality service to our customers.

During the year under review, the reach of MPLS network increased from 836 branches to 913 branches thereby consuming 1,687 MPLS links from 6 telecommunication companies, thus providing customer services at branches with dual redundant links.

- **Email Security** The company has finalized the plans for upgrading our existing email infrastructure thereby moving all users to a single email domain. This will increase the user experience and significantly enhance the security features including data loss prevention (DLP) capabilities. This will move into implementation stage in the FY 2020-21.
- **VPN solution** During Covid-19 locked down 1,800 plus employees were enabled with VPN to work from home(WFH)to continue critical business processes at Regions and Branches.
- **DDoS (Distributed Denial of Services) Mitigation Services** The company obtained volumetric DDoS attack mitigation services on all central corporate Internet links in Data Centre. This will prevent DDoS attacks initiated globally across the Internet. The solution is also configured to prevent legit based (low & slow) DDoS attacks.
- **Network Access Control (NAC)** The company has implemented NAC security feature of industry leading OEM, on all desktop systems in Corporate Office, CPC & branch offices. This is being effectively utilised to evaluate security policy compliance of desktop systems, before permitting access to corporate network.
- **Security Operation Centre: (SOC)** In the year under review, the company has implemented state of art SOC to monitor 24x7 all critical IT devices, websites, mobile applications and other domains, owned or used by the company. SOC monitors all production applications & related infrastructure devices for security alerts. Technology based on machine learning/artificial intelligence, data analytics, Threat Intelligence, Anticipation and Analytics with Threat Hunting, network behavior and user behavior are deployed. It has Capability to quickly identify and detect cyber threats. Brand protection services for

Internet facing websites, mobile application and social media handles are in operations.

Dark Web are monitored for SBI Life contents with Intelligence Feed and action based on Incident are taken.

- **Adoption of Virtualisation environment** Over 900 Virtual servers created on 37 Host Servers resulting in power and space saving with optimum use of compute and storage. Deployed over 800 Thin Clients in lieu of Desktop using Virtual Desktop Infrastructure (VDI) technology. Helped in data loss prevention, quick rollout and ease of maintenance. During Covid-19 lockdown, 779 employees were enabled to WFH for Head Office and Central Processing Centre (CPC), using VDI technology. This helped the company in successfully carrying out all year-end activities within defined time-lines while working from home while fulfilling the desired security and data protection levels.

#### B. Process Area

Following are the major process improvements done during the FY 2020:

- **New Policy Management System (PMS):** "Ingenium", the new Policy Management system, has been fully implemented in the year under review and currently services both Individual and Group products. This has resulted in improvement of customer service quality and shorter TAT (Turn Around Time) for new Product Launches. The older (Closed products) policies are also getting migrated to New System and 76% of data migration has been completed. This migration is a massive exercise, the biggest project in the insurance industry in India, and has been carried out in a smooth manner without any adverse impact to the end-customer. Going by the experience of the migration exercise that has taken place the company is confident to completed the balance migration in the first quarter of FY-21.
- **New Customer Relationship Management (CRM) system:** "CRM Next" is the core system providing 360-degree view of the customer, leading to better service across all touch-points. It has recently been upgraded to the latest version and further enhancements are planned in the upcoming FY21 which will further enhance the quality of customer engagement.



## DIRECTORS' REPORT (CONTD.)

- **Work Flow System:**

The New Business Work Flow System caters to the on-boarding and Underwriting of new proposals. In Work Flow, all the new products are getting processed (except 1 product which will get implemented shortly). This has greatly improved the efficiency of New Business and Underwriting Processes.

- **New product launches:**

In the year under review, the majority of the existing products had to be relaunched to comply with the new product guidelines from the Regulator. In a short span of time (November 2019 to February 2020) we could launch 20+ individual and group products, covering all systems and touch-points (digital & physical), demonstrating the power of collaboration across all stakeholders.

- **Mobile Solutions:**

Continuing the thrust from the previous year to adopt 'Go Digital', more than 98% of the Individual New Proposals are sourced through our Mobile Application - **mConnect**. We strengthened our stack of mobility solutions for our sales force, internal users and customers. mConnect application is the proposal sourcing application that enables our sales force to procure business anywhere any time. **Smart advisor Plus** is extensively used by our sales intermediaries for providing pre and post-sales support to their customers. This tool provides a bouquet of services to the Sales manager and they can get any policy related information on the fly. This tool reduced the burden on our branch offices by enabling the sales executive (Life Mitra, CIF in the bank or Business Development Manager or Unit Managers) to provide prompt information and services to their customers. **Smart Advisor Plus is like a "mini Office in the pocket" for our sales intermediaries.**

We also provide a dedicated application to our customers known as '**Easy Access**'. Premium due alerts, ability to raise queries, submission of e-COE (Certificate of Existence) for pension products, are some of the key features of this application.

In the year under review, with the focus continuing on "Go Digital", many new initiatives were expedited and we are at the forefront in its adaptation in all areas starting from Customer enrichment, Distributor efficiency and / or Employee empowerment. This journey is here to remain for a long time for us.

- **Digital bouquet for partner on-boarding:**

Your company has developed a ready set of digital platform bouquet including mobility and **API (application program Interface)** and has been made available for quick integration and on-boarding of partners for new business and renewal premiums.

Under the year under review, we have integrated Real time EFT for Allahabad Bank, Indian Bank and RinnRakha apart from already running 60 API's which includes SBI YONO.

### C. Business Intelligence and Reporting

SBI Life has various reporting and analytics platforms for strategic decision making and actionable to a wide range of users, both internal and external. These platforms include reporting tools like AARAM, Crystal SAP BO, Banca Online, Agency Online and Analytics & BI platforms like AASAN. This includes users from Sales and Marketing, Senior Management, Audit, Risk, Business Strategy, Operations as well as Corporate Agents and Brokers. Further, mobile reporting and dashboard application is made available to SBI Controllers and other Bank Partners through SAARATHI. This apart, various trackers, notifications and operational MIS is made available through automated mailer on periodic basis to above users.

## 16. INVESTMENTS

Equity markets could not deliver any positive returns amidst increased volatility and global risk aversion. Nifty gave a negative return of 26% for the year. Uncertainty in equity markets came with global fears after the Covid-19 broke out in late December 2019. US entered a recession officially after 11 years of growth since the Global Financial Crisis. The virus affected Developed Markets initially and then it spread to Emerging Markets as well and that is when India entered a phase of extreme lockdown. India is expected to witness a 5% contraction of Real GDP based on estimates of various international agencies. INR weakened by 9.2% to 75.54 owing to a weakening growth, enlarged fiscal deficits and safe haven buying of the US dollar during the spread of Covid-19.

Yield on 10-year Government of India Bond fell massively as yields moved marginally lower by 122 basis points to end the year at 6.13%. Markets reacted positively with huge monetary support by RBI cutting policy rates by 185 bps. The central bank also provided monetary support of around 1.3 lac crores through OMO purchases. Despite the central governments weakened finances bond yields fell due to lower growth and inflation trajectory

The Assets under Management (AUM) of the Company has increased by 13.7% from ₹ 1410.24

billion as on March 31, 2019 to ₹ 1603.63 billion as at March 31, 2020. The AUM was made up of ₹ 817.98 billion of traditional funds (including shareholders' and unclaimed funds) and ₹ 785.65 billion of Unit Linked Funds. The Unit linked portfolio majorly comprises of Equity funds, Bond funds and NAV guaranteed funds.

## 17. PERSISTENCY

Persistency is a critical indicator of business viability and brand success. During the FY 2020, the Company has witnessed 25% growth in Renewal Premium collection at ₹ 240.42 billion, which contributed to 59% of Gross Written Premium. The Company has continued to focus on renewals and has undertaken initiatives to improve persistency of its existing policies. The independent Renewal Vertical is focusing on collection of renewal premiums and servicing policyholders. We shall continue to accord prime importance to this area.

## 18. PARTICULARS OF EMPLOYEES

SBI Life, one of the most trusted private Life insurance brands is now more than 19 years old. SBI Life family has grown from 14,961 employees as on March 31, 2019 to 16,759 employees as on March 31, 2020 which depicts a growth of 12%. While the average age of employees is 35 years 8 months and the average tenure is 4 years 7 months.

In terms of Section 136(1) of Companies Act, 2013 the Report and the Accounts are sent to the Members excluding the statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The statement containing aforesaid details may be obtained by the Members by writing to the Company Secretary at the Registered Office of the Company.

## 19. EMPLOYEES STOCK OPTION SCHEME

The SBI Life Employee Stock Option Plan 2018 ('ESOP 2018') and SBI Life Employees Stock Option Scheme 2018 ('the Scheme' or 'ESOS 2018') has been approved by the shareholders of the Company in the Annual General Meeting (AGM) held on September 27, 2018 based on the recommendation of the Board Nomination & Remuneration Committee ('NRC') and Board of Directors ('Board') in their meetings held on August 31, 2018.

The maximum number of stock options granted to eligible employees in accordance with ESOP 2018 shall not exceed 30,000,000 shares. During any one year, no Employee shall be granted Options equal to or exceeding 1% of the issued share capital of the Company at the time of Grant of Options unless an approval from the Shareholders is taken by way of special resolution in a General Meeting. Further, the maximum number of Options in aggregate granted

to an employee under this Plan shall not exceed 1,00,00,000 Options. The Exercise Price shall be determined by the Board Nomination & Remuneration Committee in concurrence with the Board of Directors of the Company on the date the Options are granted and provided in the letter of grant.

During the year the NRC in its meeting held on July 23, 2019 has approved the grant of the Employee Stock Options ('Options') under the provisions of ESOS 2018.

No employee was granted options during one year amounting to five percent or more of options granted during that year. Similarly, no employee was granted options during any one year, equal to or exceeding one percent of the issued capital of the company at the time of grant.

During the year FY 2020, the Company has not granted any loan to its employees for purchasing shares of the Company.

The Scheme is in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014, as amended from time to time ('SEBI SBEB Regulations'). Further, there are no changes in the scheme. The below disclosures pursuant to the SEBI SBEB Regulations have been placed on website of the Company at <https://www.sbilife.co.in/en/about-us/investor-relations>.

The disclosures pursuant to SEBI SBEB Regulations, Guidance Note on accounting for employee share based payments, disclosure of diluted EPS in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by ICAI or any other relevant accounting standard have been disclosed in the Notes to Accounts which form part of financial statements in the Annual Report.

## 20. PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE

Your Company has an Internal Committee to investigate and inquire into sexual harassment complaints in line with The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. Your Company has in place a policy on Anti-Sexual Harassment, which reflects the Company's zero-tolerance towards any form of prejudice, gender bias and sexual harassment at the workplace. Your Company has set up an Internal Committee ('IC') to receive and redress complaints of sexual harassment. Your Company undertakes ongoing trainings to create awareness on this policy. During FY 2019-20, all employees were mandated to take online training on the subject with help of specially designed module, 'Prathishta' so that they understand the anti-sexual harassment policy, the complete framework adopted by the Company to report and resolve instances of sexual harassment etc., details of which have been mentioned in the Business Responsibility





## DIRECTORS' REPORT (CONTD.)

Report, which is hosted on the Company's web-link: <https://www.sbilife.co.in/en/about-us/investor-relations>. Further, the Company's Policy on Prevention of Sexual Harassment of Women at the Workplace along with the details of Internal Committee at each Region is accessible to all employees on the Company's intranet, eBandhan. During the year under review, 5 sexual harassment cases were filed excluding three pending from previous year, out of which 6 were resolved as on March 31, 2020 and out of remaining 2, one was resolved during the FY 2020-21 and the other is expected to be resolved shortly, within timelines. During FY 2019-20, classroom training was imparted to all IC members in order to understand the Policy on Prevention of Sexual Harassment and framework for reporting and resolving instances of sexual harassment.

### 21. RISK MANAGEMENT

SBI Life is in the business of covering life, health & longevity risks of its policyholders on the consideration of a premium. The Company as a part of its business, invests the premiums received and provides long term returns to the customers on its savings & investment products. Risk Management therefore becomes an integral part of its business activities. The Company recognises and manages its risks in a proactive, ongoing and positive manner. Risk philosophy of the Company is outlined in the Risk Management Policy. The Risk Management policy specifies the process for identification, measurement and analysis of the Company's risk exposures; develop risk management strategies and its monitoring. The Risk Management Policy is supported by various other policies pertaining to insurance, market, compliance, outsourcing, fraud, information security and business continuity management. Above referred policies are reviewed by the Risk Management Committee of the Board on an annual basis.

The Company has formulated risk appetite statements at the corporate as well as at the functional level, which are reviewed and monitored by the Risk Management Committee of the Board and Internal Risk Management Committee respectively. The Company also carries out an ICAAP (Internal Capital Adequacy Assessment Process) activity, which details the assessment of material risks, estimation of capital requirement and adequacy for maintaining solvency requirements.

The Company has aligned its risk management practices to ISO 31000 standard on Risk Management. This implies that the Company has strong processes for risk identification, management and mitigation. The Company's Business Continuity Management System (BCMS) is ISO 22301 certified and its Information Security Management System (ISMS) is ISO 27001 certified.

More information on the risk practices adopted by the Company is available in the 'Enterprise Risk

Management' section appended to this report and 'Management Report' section of the Annual report.

### 22. INTERNAL AUDIT AND COMPLIANCE FRAMEWORK

#### Internal Audit:

The Company has in place a robust internal audit framework. The Inspection and Audit (I & A) Department undertakes risk based audit approach and it commensurate with the nature of the business and the size of its operations. The internal audit plan covers Information System Audit, different process audit as well as transaction based audits at the Head office, Regional Offices and across various branches of the Company.

The audits are carried out by the internal audit team of the Company and also by the outsourced chartered accountant's firms. The approach of the audit is to verify compliance with the regulatory, operational and system related controls. Key audit observation and recommendations are reported to the Board Audit Committee of the Company. Implementation of the recommendations is actively monitored.

#### Concurrent Audit:

In accordance with Insurance Regulatory and Development Authority of India (Investment) Regulations, the Company has also engaged professional chartered accountants firm to carry out concurrent audit of investment operation as per IRDAI investment regulations / guidelines and guidance note on Internal / Concurrent Audit of Investment functions of Insurance Companies, issued by the Institute of Chartered Accountants of India. Any significant findings in the concurrent audit are presented to the Audit Committee and reviewed by Board Investment Sub Committee and Board Investment Committee.

#### Compliance:

The Board Audit Committee of the Company has laid down governing principles to oversee the compliance framework of the Company. The Committee discusses the level of compliance in the Company and any associated risks. The Compliance function identifies and communicates regulatory requirements to relevant functions in a timely manner and monitors critical compliance risks based on suitable monitoring mechanism. The Compliance function liaisons with the regulators and provides clarifications to various functions on applicable laws, regulations and circulars issued by the regulatory authorities. A compliance certificate signed by the Managing Director & CEO is placed at the Board Audit Committee on a quarterly basis.

The Company has also formulated various internal policies and procedures relating to working of various functions to ensure compliance.

### 23. INTERNAL FINANCIAL CONTROLS

The Companies Act, 2013 requires the Board of Directors, to lay down adequate and effective internal financial controls with reference to the Financial

Statements and include it in the Board report. The Company has aligned its internal financial control system with the requirements of the Companies Act 2013, on lines of globally accepted risk based framework as issued by Committee of Sponsoring Organizations (COSO). The internal control framework is intended to increase transparency and accountability in an organization's process of designing and implementing a system of internal control. The framework requires the Company to identify and analyse risks and manage appropriate responses. The key components of the internal financial control framework include:

#### Entity level controls:

Entity Level Controls (ELCs) operates at an organisation level. The Company has defined a set of entity level policies and controls. The ELCs set up by the Company includes various policies and procedure in place such as Anti Money Laundering and Counter-Financing of Terrorism policy, Business Continuity Management policy, IT and Information Security policy, Risk Management Policy, Whistle blower Policy etc.

#### Process level controls:

The Company has defined a set of process level controls across its business and support functions such as premium, reinsurance, claims management, agency management fixed assets etc. The control type covers key operating controls, financial reporting controls & IT controls have been done to ensure compliance with COSO framework.

#### Review controls:

The Company's internal financial control framework is based on 'three lines of defence model'. The Company has laid down standard operation procedures and policies to guide the business operations. The Company has a well-defined delegation of power with authority limits for approving revenue and capital expenditure. Statutory, Concurrent and Internal Auditors undertake rigorous testing of the control environment of the Company.

The Company has a Chief Audit Officer with a dedicated internal audit team which is commensurate with the size, nature & complexity of operations of the Company.

The Company also undergoes an independent internal/concurrent audit by specialised third party professional consultants to review function specific regulatory compliances as well as internal controls.

The audit committee reviews reports submitted by the Management and audit reports submitted by the internal auditors and statutory auditors. Suggestions for improvements are considered and the Audit Committee follows up on corrective actions. The Audit Committee also meets the Company's statutory auditors to ascertain their views on the adequacy of internal control systems and keeps the board of directors informed of its major observations, if any periodically.

### Auditor's Report

There were no qualifications, reservations, adverse, remarks or disclaimers on Internal Financial Controls made by the Statutory Auditors in their report for the financial year ended March 31, 2020.

### 24. RELATED PARTY TRANSACTIONS

The Company has Policy on materiality of Related Party Transactions and on dealing with Related Party Transactions to regulate the transactions with its related parties. As per the policy, all related party transactions require approval of the Board Audit Committee. As per Rule 6A of the Companies (Meeting of Boards and its Powers) Rules 2014, the Audit Committee may grant omnibus approval for related party transaction proposed to be entered into by the Company subject to terms and conditions mentioned in the said Rule.

All the Related Party Transactions entered during the financial year were on arm's length basis and in ordinary course of business. All related party transactions are placed before the Audit Committee of the Board for its approval. During the year, there were no material contracts or arrangements or transactions with related parties that need to be disclosed as per Section 188(1) of the Companies Act, 2013.

M/s. S.C. Bapna & Associates, Chartered Accountants, reviewed the related party transactions for the year ended March 31, 2020 and their certificate is placed at the meeting of the Board Audit Committee, along with details of such transactions.

All Related Party Transactions as required under Accounting Standards AS-18 are reported in Note 39 of Schedule 16(C) – Notes to Accounts of the Financial Statements of the Company.

The policy on materiality of Related Party Transactions and on dealing with Related Party Transactions, has been hosted on the website of the Company can be viewed at <https://www.sbilife.co.in/policy-on-materiality-and-on-dealing-with-related-party-transact>

### 25. IND AS IMPLEMENTATION

The IRDAI ("Authority") has issued a circular dated June 28, 2017, deferring the implementation of Ind AS in insurance sector in India for a period of two years to be effective from FY 2020-21. The said circular, however requires the submission of proforma Ind AS financial statements on quarterly basis.

The IRDAI ("Authority") subsequently vide its circular dated January 21, 2020 has withdrawn its erstwhile circular dated June 28, 2017 on implementation of Ind AS from FY 2020-21 and dispensed with the requirement of quarterly submission of Proforma Ind AS financial statements on account of proposed amendments in IFRS 17 by International Accounting Standard Board (IASB). Thus, effective date of IND AS implementation shall be decided by the IRDAI post finalization of IFRS 17 by IASB.



## DIRECTORS' REPORT (CONTD.)

On March 17, 2020 the IASB discussed the last amendment to IFRS 17 to defer the effective date of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023.

### 26. BOARD OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

#### Change in Directors and Key Managerial Personnel's (KMPs) during the year

Name of the Director / KMP	Nature of change	With effect from
Mr. P. K. Gupta	Ceased as Nominee Director due to superannuation	March 31, 2020
Mr. Gregory M Zeluck	Ceased as Non-Executive Director due to resignation	March 20, 2020
Mr. Sanjeev Nautiyal	Re-appointed as Managing Director and Chief Executive Officer	March 10, 2020
Mr. Somasekhar Sundaresan	Ceased as Independent Director due to resignation	November 21, 2019
Ms. Joji Sekhon Gill	Re-appointed as Independent Director for second term	September 7, 2019
Mr. Nimesh Maniyar	Ceased as Company Secretary due to resignation	July 23, 2019
Mr. Vinod Koyande	Appointed as a Company Secretary by Board	July 23, 2019
Mr. Pierre De Portier De Villeneuve	Ceased as Nominee Director due to resignation	June 27, 2019
Mr. Julien Hautiere- Rey	Ceased as Deputy Chief Executive Officer due to resignation	May 31, 2019

#### Key Managerial Personnel

Mr. Sanjeev Nautiyal (Managing Director & CEO), Mr. Sangramjit Sarangi (President & Chief Financial Officer) and Mr. Vinod Koyande (Company Secretary) are designated "Key Managerial Personnel" of the Company, under the provisions of Section 203 of the Companies Act 2013. During the year Mr. Nimesh Maniyar (Company Secretary) has resigned and Mr. Vinod Koyande has been appointed as Company Secretary w.e.f. July 23, 2019.

Further, in accordance with Corporate Governance Guidelines ("CG Guidelines") issued by IRDAI the Company has fifteen (15) Key Management Persons including above mentioned KMPs.

#### Declaration by directors

All independent Directors have registered themselves in the Independent Director Databank and have submitted declarations that they meet the criteria of independence as laid down under Section 149 of the Companies Act, 2013 along with rules framed thereunder and Regulation 16 of the Listing Regulations. There has been no change in the circumstances affecting their status as independent directors of the Company.

The Company has also received declarations from all its Directors as per Section 164 of the Companies Act, 2013, confirming they are not disqualified from being appointed as Directors of the Company. The said declarations were noted by the Board of Directors at its Meeting held on May 5, 2020.

#### 'Fit and Proper' criteria

In accordance with Guidelines for Corporate Governance issued by IRDAI, the Directors of insurers have to meet the 'fit and proper' criteria. Accordingly, all the Directors of the Company have confirmed compliance with the 'fit and proper' criteria, prescribed under the Corporate Governance Guidelines issued by the IRDAI.

#### Directors & Officers Liability Insurance

Regulation 25 (10) of the SEBI (Listing Obligations & Disclosures Requirement) Regulations 2015 requires the Companies to take Directors and Officers Liability Insurance (D&O) for all its Independent Directors. The Company has taken D&O Insurance for all its Board of Directors and Members of the Senior Management Team for such quantum and risks as determined by the Board.

#### Common Directorships

Pursuant to Section 48A of the Insurance Act, 1938, the Company has obtained the necessary approval from IRDAI for directors having common directorship with State Bank of India (being corporate agent of the Company).

#### Meetings

During the year, six Board Meetings were convened and held, the details of which are given in the Report on Corporate Governance, which is forming a part of this report. The intervening gap between the said Board Meetings was within the period prescribed under the Companies Act, 2013. The details of the Board and Board Committee meetings, and the attendance of Directors thereat, forms part of the Corporate Governance Report, which is annexed to this Directors' Report.

#### Secretarial Standards

During the FY 2020, the Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India with respect to board and general meetings.

#### Remuneration Policy

Pursuant to the provisions of Section 178 of the Companies Act, 2013, the Board has approved the remuneration policy as recommended by the Board Nomination & Remuneration Committee. The details of the said policy are annexed as **Annexure I** to this Report.

### 27. CORPORATE GOVERNANCE

The Corporate Governance philosophy of the Company is to comply with not only the statutory requirements but also to voluntarily formulate and adhere to a strong set of Corporate Governance practices which includes code of business conduct, corporate ethics, values, risk management, etc. The Company is committed to achieve the highest standard of Corporate Governance. The Report on Corporate Governance is annexed and forms part of this Annual Report.

### 28. CORPORATE SOCIAL RESPONSIBILITY

The Company constituted the Corporate Social Responsibility Committee (CSR) of the Board of Directors in accordance with the provisions of Section 135 of the Companies Act 2013 read with the Companies (Corporate Social Responsibility) Rules 2014, which drives the CSR program of the Company.

The CSR Committee of the Board confirms that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and Policy of the Company.

The brief outline of CSR Policy, including overview of the program proposed to be undertaken, the composition of the CSR Committee, average net profits of the Company for the past three financial years, prescribed CSR expenditure and details of amount spent on CSR activities during the financial year have been disclosed in **Annexure II** to this report, as mandated under the said Rules. Further, the Corporate Social Responsibility Policy of the Company as approved by the Board has been hosted on the Company's website

### 29. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT

In line with the clarification given by the Ministry of Corporate Affairs under the Removal of Difficulty Order dated 13 February 2015, the provisions of Section 186 of the Companies Act 2013 relating to loans, guarantees and investments do not apply to the Company.

### 30. SUBSIDIARY, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint Ventures or Associate Company.

### 31. RURAL AND SOCIAL SECTOR OBLIGATIONS

As per the regulatory requirements, the Company has met its Rural and Social Sector obligations for FY 2020. As against the minimum requirement of 20%, the Company has issued 24.61% policies in the rural sector which affirms the Company's approach towards life insurance inclusion. Further, 313,405 new lives covered (5.83% of total new lives covered in preceding year) by the Company are from the underprivileged social sector as against the regulatory

requirement of at least 5% of total lives covered in preceding year. Consequently, the Company has met the minimum social and rural regulatory norms.

### 32. MANAGEMENT REPORT

Pursuant to the provisions of Regulation 3 of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002, the Management Report is placed separately and forms part of the Annual Report.

### 33. STATUTORY AUDITORS

In view of the applicability of Section 139 of the Companies Act 2013, Comptroller and Auditor General of India (C&AG) appoints Statutory Auditors of the Company. Accordingly, C&AG appointed M/s R. Devendra Kumar & Associates, Chartered Accountants and M/s S.C. Bapna & Associates, Chartered Accountants, as joint statutory auditors of the Company for FY 2019-20.

Due to the COVID-19 pandemic and the lockdown and other restrictions imposed by the Government and local administration, the audit processes were carried out based on the remote access to the extent available/feasible and necessary records made available by the management through digital medium.

Statutory Audit and other Fees paid to Joint Statutory Auditors for FY 2020 are given below:

Particulars	₹ in 000's	
		Amount
Joint Statutory Audit Fees		5,700
Other Certification Fees		1,653

### 34. STATUTORY AUDITORS' REPORT

The Statutory Auditors' Report (including annexure thereof) to the Members does not contain any qualification, reservation, adverse remark, or disclaimer hence do not call for any further comments u/s 134 (3) (f) of the Companies Act 2013. There were no reportable frauds identified by the statutory auditors during the FY2020.

### 35. COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA ON THE ACCOUNTS OF THE COMPANY

The Comptroller & Auditor General of India (C&AG) have conducted a supplementary audit u/s 143 (6) (b) of the Companies Act, 2013 of the accounts of the Company for the year ended March 31, 2020. The C&AG vide their report no. GA/ CA-I /Accounts /SBI Life / 2019-20/ 67 dated August 11, 2020 have stated that there is nothing significant which would give rise to any comment upon or supplement to Statutory Auditors' Report. The Report of C&AG is being placed with the report of Statutory Auditors of the Company.





## DIRECTORS' REPORT (CONTD.)

### 36. SECRETARIAL AUDITORS' REPORT

Pursuant to Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mehta & Mehta, Company Secretaries, Mumbai as the Secretarial Auditor of the Company.

The Auditor has not made any qualification, reservation or adverse remark or disclaimer in his report for FY 2020. The detailed report on Secretarial Audit of the Company for FY 2020 is enclosed as **Annexure III** to the Board report.

### 37. COST RECORDS AND COST AUDIT

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of section 148(1) of the Companies Act, 2013 are not applicable for the business activities carried out by the Company as the Central Government has not prescribed the maintenance of cost records under Section 148 of the Act for the services rendered by the Company.

### 38. ANNUAL RETURN

Pursuant to Section 134(3)(a) and Section 92(3) of the Companies Act 2013 (as amended by the Companies (Amendment) Act, 2017), read with Rule 12 of the Companies (Management and Administration) Rules, 2014 an extract of the Annual Return (in form MGT9) has been annexed as **Annexure IV** to this Report and the same has been hosted on the website of the Company and can be viewed at <https://www.sbilife.co.in/en/about-us/investor-relations>

### 39. MATERIAL EVENTS, CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY

The Outbreak of COVID-19 virus continue to spread across the globe including India, resulting in significant impact on global and India's economic environment including volatility in the capital markets. This outbreak was declared as global pandemic by World Health Organisation (WHO) on March 11, 2020. The Company has assessed the overall impact of this pandemic on its business and financials, including valuation of assets, policy liabilities and solvency for the year ended March 31, 2020. Based on the evaluation, the company has made additional reserve amounting to ₹ 0.60 billion resulting from COVID-19 pandemic over and above the policy level liabilities calculated based on prescribed IRDAI regulations and the same have been provided for as at 31/03/2020 in the actuarial liability. The Company will continue to closely monitor any future developments relating to COVID-19 which may have any impact on its business and financial position.

### 40. SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND OPERATIONS OF THE COMPANY

During FY 2020, no significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.

### 41. OTHER EVENTS

State Bank of India (Promoter) has sold 21,000,000 equity shares of ₹ 10 each in aggregate representing 2.10% of the total issued and paid-up Equity Share capital of the Company. SBI has sold stake through offer for sale (OFS) on June 12, 2020 and June 15, 2020 to achieve the minimum public shareholding (MPS) norms prescribed by the SEBI. This OFS has resulted in dilution of State Bank of India shareholding from 57.6% as on March 31, 2020 to 55.5% as on the date of this report.

### 42. DIRECTOR'S RESPONSIBILITY STATEMENT

In terms of Section 134(3) (c) read with 134(5) of the Companies Act, 2013 and the Corporate Governance Guidelines, your Directors confirm that;

- in the preparation of the annual accounts for the year ended March 31, 2020, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2020 and of the profit of the Company for the year ended on that date;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the accounts for the current financial year ended March 31, 2020 on a going concern basis;
- they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 43. PARTICULARS OF CONVERSATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

#### A. Conservation of Energy

In view of the nature of business activity of the Company, the information relating to the conservation of energy, as required under Section 134 (3) and Rule 8 (3) of Companies (Accounts) Rules, 2014, is not applicable to the Company.

#### B. Technology Absorption

Sr. No.	Particulars	Remarks
<b>Research &amp; Development (R&amp;D)</b>		
1.	Specific areas in which R & D carried out by the Company	<ul style="list-style-type: none"> <li>In the year under review, some of the areas where we have experimented in our Digilab includes Optical Character Recognition (OCR), communication through digital medium, voice processing and IoT</li> </ul>
2.	Benefits derived as a result of the above R&D	<p>In the year under review, we have been able to roll out a number of initiatives based on the R&amp;D done in Digilab. A few noted ones are provided below:-</p> <ul style="list-style-type: none"> <li><b>Web OCR:</b> Web OCR is in-house developed tool to identify the document type. It also performs Aadhaar masking.</li> <li><b>Offline KYC:</b> Customers are able to perform Offline KYC with the help of our mobile app during the proposal journey. The solution makes it convenient for the customers and sales agent in faster closure of cases</li> <li><b>Chatbot Integration:</b> Our Chatbot "RIA" has been integrated in a number of ways, with the website, on the intranet pages, on Whatsapp to answer customer queries, assist in premium payment through chat etc, to name a few.</li> <li><b>e-Certificate of Existence (eCOE):</b> A digital process has been introduced where the CoE can be submitted using mobile app, eliminating the need for a visit to our branch.</li> <li><b>Voice based solutions:</b> These include, integration with Amazon Alexa, voice based search on our website, conversational analytics</li> </ul>
3.	Future plan of action	<ul style="list-style-type: none"> <li>We will continue to work with the new technologies available and find ways to improve the experience for our stakeholders in technology area</li> </ul>
4.	Expenditure on R & D: <ol style="list-style-type: none"> <li>Capital</li> <li>Recurring</li> <li>Total</li> <li>Total R &amp; D expenditure as a percentage of total turnover</li> </ol>	In-house development.
<b>Technology absorption, adaption and innovation</b>		
1.	Efforts, in brief, made towards technology absorption, adaptation and innovation	<ul style="list-style-type: none"> <li><b>Insta PIVC:</b> PIVC application acts as one solution that is now included in customer proposal form filling journey in all channels, where sales intermediary can get the customer verification done digitally by capturing photo / video. A transcript is generated for further processing.</li> <li><b>Travel Kit for Renewal:</b> The Application is a Mobile based Traveller kit (integrated with Smart Advisor) to access Renewal data.</li> <li><b>Let's Huddle:</b> Application for managed conference call through mobile now launched pan-India for various hierarchies.</li> </ul>



## DIRECTORS' REPORT (CONTD.)

Sr. No.	Particulars	Remarks
2.	Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.	Key benefits are faster turnaround for new business completion, improvement in the renewal premium collection and faster communication among the teams in corporate office and Regional offices
3.	In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished: (a) Technology imported (b) Year of import (c) Has technology been fully absorbed? (d) If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action.	Nil

### C. Foreign Exchange Earnings and Outgo

Details of foreign exchange earnings and outgo required under above Rules are as under:

Particulars	₹ in billion)	
	FY 2020	FY 2019
Foreign Exchange Earnings	0.09	0.28
Foreign Exchange Outgo	0.21	0.06

### 44. INVESTOR RELATIONS

The Company has always valued its customer relationships and it is the Company's belief that all stakeholders should have access to complete information regarding its position to enable them to accurately assess its future potential. The Company disseminates information on its operations and initiatives on a regular basis. The Company's website ([www.sbilife.co.in](http://www.sbilife.co.in)) serves as a key awareness facility for all its stakeholders, allowing them to access information at their convenience. It provides comprehensive information on the Company's strategy, financial performance, operational performance and the latest press releases.

The Company publishes financials results on a quarterly basis. The financial results of the Company are prepared and posted on the website of the Company for the current as well as previous years. Further, the quarterly results and earnings update are also posted on the website of the Company. Every quarter, the Managing Director & CEO along with the senior management officials of the Company participate on a call with the analysts / shareholders. The Company's investor relations personnel respond to specific queries and play a proactive role in disseminating information to both analysts and investors. All information which could have a material bearing on the Company's share price is released through as per regulatory requirements.

### 45. BUSINESS RESPONSIBILITY REPORT

Business Responsibility Report as stipulated under Regulation 34 of the Listing Regulations form part of

the Annual Report and has been hosted on the website of the Company <https://www.sbilife.co.in/en/about-us/investor-relations/annual-reports>

### 46. INTEGRATED REPORTING

The Securities Exchange Board of India had recommended top 500 listed entities to voluntarily prepare their Annual Report adopting the principles of Integrated Reporting prescribed by the International Integrated Reporting Council.

In view of the above, the Company has voluntarily adopted the principles of integrated reporting for preparing this Annual Report.

### 47. IRDAI LICENSE

The Insurance Regulatory and Development Authority of India (IRDAI) have renewed the annual license of the Company to continue the Life Insurance Business for the FY 2021.

### 48. OTHER INFORMATION

#### A. Economic Capital:

The annual assessment of economic capital of SBI Life was carried out as on March 31, 2020. As part of this exercise, we have quantified the risk capital requirements relating to various risks such as Insurance Risks (Mortality risk, Lapse Risk, Expense Risk, etc.) and Non-Insurance Risks (Market Risk, Operational Risk, Default Risk etc.). The cost of guarantee for the products wherever applicable, is also calculated. A large part of the Company's portfolio is now monitored

using a stochastic ALM model. The aggregate economic capital requirement for the risks of the Company including the guarantees is well within the statutory capital requirement. The current Solvency coverage ratio (Assets / [Liability + Economic Capital Requirement + Risk Margins, etc.]) on an economic basis is 115%.

#### B. Solvency Margin:

The Directors are pleased to report that the assets of the Company are higher than the liabilities of the Company and the assets are more than sufficient to meet the minimum solvency margin level of 1.50 times, as specified in section 64 VA of the Insurance Act, 1938 read with the IRDAI (Assets, Liabilities, and Solvency Margin of Life Insurance Business) Regulations, 2016. The Company has a strong solvency ratio of 1.95 as on March 31, 2020 (Previous year ended March 31, 2019: 2.13) as against the Regulatory requirement of 1.50.

#### C. IRDAI Directions

IRDAI has issued directions under Section 34 (1) of the Insurance Act, 1938 to distribute the administrative charges paid to master policyholders amounting to ₹ 843,174 thousand (previous year ended March 31, 2019: ₹ 843,174 thousands) vide order no. IRDA/Life/ORD/Misc/228/10/2012 dated October 5, 2012. The Company had filed an appeal against the said order with the Ministry of Finance, Government of India, which remanded the case back to IRDAI on November 4, 2015. Thereafter, IRDAI issued further directions dated January 11, 2017 reiterating the directions issued on October 5, 2012. The Company has filed an appeal against the said directions/ orders with the Securities Appellate Tribunal, which is pending final determination. The said amount is disclosed as contingent liability as at March 31, 2020 in Schedule 16C (1) of the notes to accounts.

IRDAI has issued directions under section 34 (1) of the Insurance Act, 1938 to refund the excess commission paid to corporate agents to the members or the beneficiaries amounting to ₹2,752,948 thousand (previous year ended

March 31, 2019: ₹2,752,948 thousands) vide order no. IRDA/Life/ORD/Misc/083/03/2014 dated March 11, 2014. This has been set aside by order dated January 29, 2020 made by the Securities Appellate Tribunal (SAT). The SAT has remitted the matter to IRDAI to recalculate the interest earned on advance premium collected. The IRDAI recalculation, if any, has not been received by the Company.

#### D. Appointed Actuary's Certificate

The certificate of the Appointed Actuary on valuation and actuarial assumptions is enclosed in the financial statements.

#### E. Certificate from Compliance Officer (under the IRDAI Corporate Governance Guidelines)

A Compliance Certificate, for complying with IRDAI Corporate Governance Guidelines, issued by the Company Secretary, designated as the Compliance officer under the IRDAI Corporate Governance Guidelines, is enclosed and forms part of the Corporate Governance Report.

## 49. ACKNOWLEDGEMENTS

The Directors are grateful to the Insurance Regulatory and Development Authority of India (IRDAI), Reserve Bank of India (RBI), Comptroller and Auditor General of India (C&AG), Securities and Exchange Board of India (SEBI) and Government of India (GOI) for their continued co-operation, support and advice. The Directors would also like to take this opportunity to express their sincere thanks to the valued customers and shareholders' for their trust and patronage.

The Directors also express their gratitude for the advice, guidance and support received from time to time, from the auditors, and statutory authorities. The Directors express their deep sense of appreciation to all the employees, insurance advisors, corporate agents and brokers, distributors, re-insurers, bankers and the Registrars who continue to display outstanding professionalism and commitment, enabling the organization to retain market leadership in its business operations. The Directors also wish to express their gratitude to all stakeholders for their continued support and trust.

#### For and on behalf of the Board of Directors

#### Dinesh Kumar Khara

Director  
DIN: 06737041

#### Mahesh Kumar Sharma

Managing Director & CEO  
DIN: 008740737

Place: Mumbai

Date: August 20, 2020