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SBI LIFE INSURANCE CO LTD (SBILIFE) Q3 FY22 Earnings Concall Transcript

SBILIFE Earnings Concall - Final Transcript

January 21, 2022

SBI LIFE INSURANCE CO LTD (NSE:SBILIFE) Q3 FY22 Earnings Concall dated Jan. 21, 2022

Corporate Participants:

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Sangramjit Sarangi — *President and Chief Financial Officer*

Prithesh Chaubey — *Appointed Actuary*

Analysts:

Sanketh Godha — *Spark Capital Advisors — Analyst*

Abhishek Saraf — *Jefferies — Analyst*

Nischint Chawathe — *Kotak Securities — Analyst*

Ajox Frederick — *Unifi Capital Pvt Ltd. — Analyst*

Adarsh Parasrampuria — *CLSA — Analyst*

Shyam Srinivasan — *Goldman Sachs — Analyst*

Nidhesh Jain — *Investec India — Analyst*

Swarnabha Mukherjee — *B&K Securities — Analyst*

Avinash Singh — *Emkay Global — Analyst*

Jayant Kharote — *Credit Suisse — Analyst*

Neeraj Toshniwal — *UBS — Analyst*

Jignesh Shial — *InCred Capital — Analyst*

Madhukar Ladha — *Elara Capital — Analyst*

Presentation:

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Good evening, everyone. And we heartily welcome you all to the results update call of SBI Life Insurance for the period ended December 31 2021. We hope you and your families are safe and well. Update on our nine months financial results can be accessed on our website as well and on the websites of both the stock exchanges.

Along with me I have, Sangramjit Sarangi, President and CFO; Ravi Krishnamurthy, President, Operations IT and IB; Abhijit Gulanikar, President – Business Strategy; Subhendu Bal, Chief Actuary and CRO; Prithesh Chaubey, Appointed Actuary; and Smita Verma, SVP Finance and Investor Relations.

We are pleased to inform you that we have successfully maintained the new business trust and have again delivered enduring performance in this quarter as well. This would not have been possible without the efforts of all our employees, distribution partners and business associates for their uninterrupted support, which helped us to satisfactorily service our customers during this challenging environment.

Now let me give you some key highlights for this period ended 31st December 2021. New business premium is at INR187.9 billion with a growth of 30% over the corresponding period last year. Individual new business premium stands at INR116.1 billion with a strong growth of 43%. Gross written premium stands at INR412.5 billion, a growth of 19%. Protection new business premium grew by 26% to INR20.4 billion. Individual protection new business premium grew by 27% over the period ended December 31, 2020 to INR6.2 billion. Annuity business stands at INR26.4 billion, registering a growth of 20% over the corresponding period last year. Profit after tax stands at INR8.3 billion. On effective tax basis, value of new business is INR25.9 billion, registering a strong growth of 66% over the period ended December 31, 2020 and the new business margin is at 25.5% with an improvement of 470 basis points. Assets under management grew by 23% to INR2,569 billion. That is INR2.569 trillion.

Let me update you on each of these elements in detail. I start with the premium. Individual business has always been a focus area of the Company. Individual new business premium has grown INR116.1 billion with a growth of 43%. Single premium contribution is 24% of individual new business premium, which is maintained, mainly attributed to growth in individual annuity products. Individual rated new business premium stands at INR90.7 billion with a strong growth of 38%, which is leading to market — private market leadership with a share of 24.8%, an improvement of 143 basis points over the same period last year. I think in private market leadership position in new business premium we collected INR187.9 billion and marked a private market share of 23.7%. Group new business premium stands at INR71.8 billion with a growth of 14%. Renewal premium grew by 11% to INR224.6 billion, which account for 54% of the gross written premium. Our gross written premium stands at INR412.5 billion, a growth of 19%.

Total APE stands at INR101.7 billion, registering a growth of 36%. Out of this, individual APE stands at INR91.4 billion, growth of 38%. During the period ended 31, December 2021, total 13.1 lakh new policies were issued which registered a growth of 20%. Sum assured under individual products registered growth of 22% over the corresponding period last year as compared to growth of 3% at private industry level.

So let us go to the product mix. Individual protection is at INR6.2 billion, registering a growth of 27%. Group protection stands at INR14.2 billion with a growth of 26%. On APE basis protection contributes 10% of new business and has registered a growth of 27%. Credit life new business premium has grown by 31% and stands at INR11.4 billion. The Company is well positioned to handle the current supply chain constraints and have developed a protection portfolio of pure term protection through group credit life and return of premium book in individual business. We are confident that over a period, we will be able to comfortably maneuver the individual protection basket towards pure protection.

Annuity business is at INR26.4 billion and contributes 14% of the new business premium. Total annuity and pension underwritten by the Company is INR55 billion, registering a growth of 28% over the corresponding period ended 31st, December 2020, that is last year. On account of volume capital market, individual unit business is at INR81.7 billion, which constitutes 70% of individual new business premium and has showed a growth of 50%.

Guaranteed loan per case savings product is contributing 9% of individual new business and on total APE basis this contributes 11%. Non-par guarantee product new business has registered a growth of 30% in Q3 FY22 over Q2 FY22. We believe that by year-end this product will contribute around 12% to 13% of the total APE.

Fund management business is at INR43.2 billion, with growth of 13%. The Company offers comprehensive suite of participating, nor

participating guaranteed annuity, pension and unit linked solutions, which are designed to enable our customers to live their life to the fullest across a wide demographic range and income levels. During the quarter, we launched Arogya Shield in collaboration with SBI General Insurance to combine best of the two individual plans, SBI Life, Saral Jeevan Bima, and SBI General Arogya Plus to provide customers with Arogya Shield, a solution that serves the dual purpose of providing both health and life cover which simplifies the entire journey of the consumer by eliminating the process of searching for two separate policies purchasing and maintaining them. We also offered a deferred option in group annuity product and soon we will be offering deferred option in individual annuity too.

So a look at the distribution partners. With a strength of more than 50,000 CIF, that is specified persons, bancassurance business marks a share of 66% and grew by 40% in the individual new business premium. Bancassurance channel individual APE stands at INR62.4 billion with a growth of 36%. Instant protection policy issuance through YONO app of SBI has covered more than 1.7 lakh lives.

Agency, another very strong channel registered new business premium growth of 46% and contributes 17% in new business premium. Agency channel individual APE stands at INR25.6 billion with a growth of 42%. As on 31st December 2021, the total number of agents stands at 1,35,902. There is a significant improvement in agents' productivity levels as compared to previous period and greater use of technology resulting in better engagement in the entire value chain from recruitment and training through to lead generation, sales and customer service.

During the period, other channels direct, corporate agents, brokers, online and web aggregators grew by 69% in terms of individual new business premium and 50% in individual APE. Protection new business premium through other channel registered a growth of 61%. New partnerships like Indian Bank, UCO Bank, South Indian Bank, Yes Bank, Punjab & Sind Bank registered growth of 48%. These relationships contribute almost 3% of the individual APE as on December '21. We are confident that all these partnerships will start contributing significantly in the coming periods.

Updates on profitability. During the period COVID claims net of reinsurance paid as well as outstanding stands at INR15.3 billion covering various lines of business. The Company has kept additional reserve amounting to INR2.7 billion for COVID-19 pandemic over and above the policy liabilities. Our mortality assumptions are well within our estimates.

The Company's profitable tax for the period December 31, 2021 stands at INR8.3 billion. Our solvency remained strong at 209% as on December 31, 2021. As mentioned in my opening remarks, value of new business is at INR25.9 billion on effective tax rate basis with a growth of 66%. On actual tax rate basis, it is INR22.3 billion with a growth of 54%.

The margin — VoNB margin is at 21.9% on actual tax rate. This is an improvement of 260 basis points. And on effective tax rate basis, which compares with what is announced by our peers, stands at 25.5%, an improvement of 470 basis points.

Cost efficiencies continue to be maintained with total cost ratio at 8.7%, OpEx ratio at 5.1% for the period ended 31st, December 2021. 13-month persistency ratio of all policies that is regular as well as single and limited paid premium stands at 87.2% as compared to 86.2% of the corresponding pre-period last year. In accordance with recent regulatory requirement with respect to to persistency of individua regular premium and limited premium paying policies, 13-month persistency stands at 83.9% versus 83.4% in the corresponding period last year.

As mentioned in the opening remarks, assets under management has crossed INR2.5 trillion as on 31st, December 2021 having a growth of 23% as compared to the last year. The company continues efficient use of technology for simplification of processes, with 99% of the individual process proposals being submitted digitally, 55% of individual proposals are processed through automated underwriting.

Customer satisfaction is a key focus area. Our grievances with respect to unfair trade practice stands at 0.07%, one of the lowest in the industry. In the third quarter, we [Indecipherable] our brand identity as a unique expression of our core belief, independent and thinking. The new brand line "Apne Liye, Apno Ke Liye" reflects the conviction that SBI Life enable the individuals to explore their own wants when securing the needs of their loved ones. Our new brand identity is anchored to our core values of transparency, humility, integrity, innovation and sustainability, at which are being adopted across the ecosystem.

Recently, we also unveiled yet another comprehensive consumer study, the Financial Immunity Survey 2.0 providing deep insights into consumer revolving behavior towards financial preparedness in the post-COVID world. The pandemic has had a profound impact on consumer behavior, the attitude of Indian towards towards financially immunity has seen a considerable positive shift. The final concern after having witness the second wave of the pandemic is to be financially prepared as a new, and a majority of Indians believe that insurance plays a key role in helping them tackle this concern.

Also, the macro drivers for the life insurance sector remained well in place. These included — and expanding and prospering middle-class, significantly higher under penetration of life insurance in India, a favorable regulatory environment rapid digitalization among others.

To conclude, we will continue to maintain sustainable and consistent product mix with increased focus on automation and digitalization for enhancing customer satisfaction. Protection business has been a key focus area along with other lines of profitable business. We are confident in our ability to keep providing great value to all our stakeholders.

Thank you. And we are now happy to take any questions that you may have.

Questions and Answers:

Operator

Thank you very much. Ladies and gentlemen, we will now begin — ladies and gentlemen, we will now begin the question-and-answer session. [Operator Instructions] We have the first question from the line of Sanketh Godha from Spark Capital. Kindly proceed.

Sanketh Godha — *Spark Capital Advisors — Analyst*

Yes. Thank you for the opportunity. Sir my first question is on the protection reinsurance strategy, probably we are largely [Indecipherable]. So anything got change significantly? And the new term insurance plan which we launched in previous quarter, there also are we — I think in the previous quarter you said that the reinsurance rates will not change for that particular product. So I just wanted to understand it is the status quo of product, nothing changes from pricing or recent strategy as such for protection reinsurance? That's my first question.

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Yeah. So to answer you the status quo, as you say, remains on that product and we don't have anything to say on that.

Sanketh Godha — *Spark Capital Advisors — Analyst*

Okay, perfect. And then just if you can break down the annuity business into individual annuity and group annuity that will be useful, sir. And second, again similar — on similar lines, if you can break down a group protection business into into Credit Life and the GTL business will be useful.

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Yeah. Once again, just give me a moment. Yeah. So annuity — individual annuity is INR12.01 billion — yeah INR1,201 crores, that is INR12 billion — INR12.01 billion and group value is INR14.43 billion.

Sanketh Godha — *Spark Capital Advisors — Analyst*

[Indecipherable] right, sir. INR14.43 billion.

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Yeah. Yeah, this is is for the YTD December 21, correct.

Sanketh Godha — *Spark Capital Advisors — Analyst*

Yeah, yeah. Got it, sir. Got it. sir. And if you can give us it for the [Speech Overlap]

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Yeah, one second. Credit Life and — you wanted for Credit Life and — yeah, Group Credit Life is INR11.4 billion and GTI is INR2.8 billion.

Sanketh Godha — *Spark Capital Advisors — Analyst*

INR2.8 billion. Okay, sir. I And finally just on the margin thing, so we have seen a consistent improvement in the margin. So, if I compare with the nine months of FY21 and nine months of FY22, actually products which are margin drivers, like non-par, annuity, individual protection and group protection, contribution has come down from 24 odd percentage to 23.5%, and unique contribution has gone up. Still we see an expansion in the margin. So just wanted to understand what is leading to this expansion, is it largely explained by the improvement in the cost ratios? Or within the product you are now experiencing superior margins than what you have experienced in the last year?

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Yeah. So you have answered your question. Within the products, basically we are having better margins in some of the products, and that is why it is — it can't be exactly laid out and quantified in that kind of way. But then you have hit the nail on the head when you say that — the overall basket is now going towards a side where higher margin products within the groups are selling a little more than the lower margin products in the same groups.

Abhishek Saraf — *Jefferies — Analyst*

Okay. Sir, my question is that the mix — the higher margin products like non-par annuity protection [Speech Overlap]

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Yeah. I am telling you within the products themselves. So in fact — just you look at the ULIP products, the products with higher margins are selling more than the products with lower margin within the ULIP's case. Similarly, for others also.

Sanketh Godha — *Spark Capital Advisors — Analyst*

Okay, sir. Sir last one, the non-Par business we — which is now almost 11% contribution in the APE term. Any limit we have there to grow? And second thing, we are still heading this particular product using fortified [Phonetic] debentures? Or we — how we are doing something more than participate debenture? And finally, is this entire growth is driven by Platina or do you have any other new product launched in this — non-Par business.

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Yeah. So our hedging — basically we have been talking about this since last year. So we have been using FRAs also, FRA also for hedging now apart from our favorite partially paid bonds. So those remain to be an instrument of choice for hedging for us. But we are writing FRAs also to hedge this.

As far as the products are there, yeah, we are focusing on Platina mainly and of course we have the non-par protection and the annuity. So that is also there, but most important driver for us right now will be Platina. We don't have any limits for that. We would be looking at it in a way that we look at all our business, what the customer wants and then we will decide whether we want to sell more of it, less of it. Of course, it will depend a lot on whether we are able to do it to the customer satisfaction and profitably. So that will be one of the major things that we look at. Right now, we are not looking at the limits.

Sanketh Godha — *Spark Capital Advisors — Analyst*

Got it, sir. Sir protection ROP still remains 80% of the total business?

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Yeah. Maybe even slightly more.

Sanketh Godha — *Spark Capital Advisors — Analyst*

Okay. Okay, perfect, sir. This is largely from my side. Thank you.

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Yeah, thank you very much.

Operator

Thank you. We have the next question is from the line of Abhishek Saraf from Jefferies. Kindly proceed.

Abhishek Saraf — *Jefferies — Analyst*

Yeah. Hi. Thanks for the opportunity. Sir, I just had a few questions pertaining to protection. Correct me if I am wrong. So it appears that protection growth while has remained positive, but it has been not tapering out on a Y-o-Y basis and even on an absolute number, if I see on a Q-o-Q also the growth has not been that high. And that's on top of launching the new pure term protect in the last quarter. So could you just take me through this why is that happening in this quarter. Are you seeing that other players are now also starting to focus a bit on protection and they also kind of project some growth? So, are we seeing some — bit of higher intensity of competition there?

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Clearly, it's not a question of competition at all. We are looking at our basket, our customers, our prospects. So basically if you look at Q3 over Q2, we find 14% growth. But if you look at the nine-month period last year, then we have grown at 27% and — which is a very, very decent rate of growth.

I hope I have answered your question.

Abhishek Saraf — *Jefferies — Analyst*

Yes, so that I understand. On a nine-month basis definitely we have grown pretty well. [Indecipherable] that on an absolute number also, it just kind of now [Indecipherable] kind of this could be the run rate going forward of around INR240 crore, INR250 crore per quarter kinds of [Indecipherable] APE.

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

I don't think we look at that kind of thing. We are not looking at any kind of absolute number, which we will be pursuing or anything. Internally we may have some targets and all, but then largely the ecosystem will be driving the business and we find that there is very good offtake for this — for protection, both pure protection and term with return of premium, which I don't know how many people understand these terms. But TROP [Phonetic] is as much protection as without return of premium. And the sum assured that you get for the premium that you pay is a very decent multiple. So it's a very good product for people to choose to get protected. TROP is in no way less than what is called pure protection. There is no cost difference out here. It's only that some people choose this, some people choose that.

Abhishek Saraf — *Jefferies — Analyst*

And after the launch of the third term what has been the trajectory of the mix of a pure term for ROP versus non-ROP in this quarter versus what it was last quarter?

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

We always had the pure term product. We have many other pure term products also. So right now we don't — we have not seen a dramatic shift out there. But going forward, I definitely see a lot of more traction for our pure term product.

Abhishek Saraf — *Jefferies — Analyst*

Thanks. That's helpful.

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

It's only recently launched. Yeah. Thank you very much, Abhishek.

Operator

Thank you. We have the next question from the line of Nischint Chawathe from Kotak Securities Limited. Kindly proceed.

Nischint Chawathe — *Kotak Securities — Analyst*

Yeah. Hi. Am I audible?

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Yeah. Please go ahead.

Nischint Chawathe — *Kotak Securities — Analyst*

I think you reported very impressive expansion in margins this year and the top line growth has also been — premium growth has also been fairly strong. If you could kind of give us maybe a medium term, two, three-year kind of a guidance or where you really see going ahead in terms of market shares or where do we really see margin settling as well?

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

See margins we can only say that in the last three, four years, we have been growing the margins continuously. It's an effort in the sense that we are giving — delivering better products, better services, lowering the costs. So many things going to that. So, basically it's a mix of all that. Some efficiencies have increased a lot because of digitalization. A lot of other changes have also happened which have made us more — sell more efficiently. So that kind of improvement we will keep aiming at and plus the overall — so there is a limit to which your margins can keep increasing.

You can't have a situation where you keep growing up to 100% margin. So there is always going to be the value that you are going to create for the customers and deliver and the value that you create for the business and — for the Company and stakeholders — other stakeholders. So there we find that we are at a very good — we are growing at a very good pace. And I think that if we keep on with the improvements that we are doing and more and more technology use and more analytics, etc., which we are already doing adoption of robotics and then also the operational efficiencies that you already have, which we are fine tuning and ensuring that we remain so. So finally, I think we will deep improving our margins, but I can't put a definite number to it because as I said, I have to look at all the stakeholders, including the customers.

Prithesh Chaubey — *Appointed Actuary*

And to your point on new business, our endeavor is to grow faster than the market. So we do think we will be able to gain market share in next two three, years.

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Yeah. Good.

Nischint Chawathe — *Kotak Securities — Analyst*

Perfect. Thank you very much. Those were my questions.

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Thanks, Nischint.

Operator

[Operator Instructions] We have the next question from the line of Ajox Frederick from Unifi Capital. Kindly proceed.

Ajox Frederick — *Unifi Capital Pvt Ltd. — Analyst*

Thanks for the opportunity, sir. Sir, just a follow up to discussed point. One is a what gives us the confidence in claiming that the pure term will eventually from a bigger portion of the protection mix going forward?

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Yes. So we have a very good product. And I think this is a unique product that we have brought out. We have — the product actually addresses the life stages of a person. So if somebody buys a policy and once he — when he gets married, when he buys a house, when he has children or adopts a child, at all those points of time he can increase the cover and with the same rate and without a new underwriting being done. So this is something which is I think revolutionary. It has not been — I don't think I've seen this product in the market.

So that is something which — a very unique product. I'm sure people will realize the value of this product going forward. As I said, we are not making a splash about it, but then our word of mouth way of selling and our large reach, huge reach of SBI branches, of non-SBI branches of banks and all the partners that we have and also the very, very good agents that we have, I'm sure that this product will be shown to more and more people and it will definitely command a very good market, because I think it is one of the best products that is available today in the protection space.

Ajox Frederick — *Unifi Capital Pvt Ltd. — Analyst*

Understood, sir. Sir, again just on the outlook of growth, because this year has been very good, obviously. Next year, where are the growth drivers going to come from? You can give some color product wise or standard wise, that would be helpful.

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Yeah, I would like to take you to the general statuses we [Indecipherable], India is hugely under penetrated in terms of insurance. So one of the things is, there is huge potential. It is only a question of reaching all the people, explaining to the people that these are the products that are available and selling a suitable product to them. And this is a part of mission building also. But apart from that, it is very profitable business and that is exactly what we have started tapping into this year. So next year also, we will continue to do more of that. We are identifying — so we have all the bank partners that we have had huge number of customers who have these needs and whose needs can be catered to. Then the agency channel that we have — very strong agency channel. We 947 offices across the country in every place in the country. And all these people, we are increasing the number of agents also. So our — one of our strategies is to double the number of regions in the coming couple of years as far as possible. So this would be one of our — one of the ways in which we increased the reach out to the people who don't have insurance. And I'm sure that all this will open up the true potential that we have. I think we have enough potential to grow at this or similar or even the higher rates for another two to three years at least in — as of now when compared to peers in — around the world. So India has got a huge scope and I think we will tap into that.

And if you ask me segment, like I said, protection is going to be very good flavor going forward. And obviously, all the other products that we are selling, we offer some kinds of prediction or the other. For example, even if you look at ULIP products which generally are termed as investment products — we are also Insurance products. So because you buy — you pay a premium, you start getting a life cover on that, and it is a multiple on the premium that you have paid. And so it is as good effective insurance as anything else. So, insurance is a need and we will get into this need. Similarly, our annuity products, they give protection towards the old people from being destitute. Our operating spend, they are life savings. So anybody who puts money in annuities and in the pension scheme, he keeps getting a monthly income or an annual income so that he can continue to live in peace. So whatever it is, it is all a question of insurance and protection. I don't think that's scope we will be able to satisfy very shortly with this kind of growth. So maybe higher growth can also be predicted.

Ajox Frederick — *Unifi Capital Pvt Ltd. — Analyst*

No, sir. I understand the macro story. I was more referring to yours thought process. For example, you mentioned about non-par mix going up and that did happen. You said that it will grew up to 11%, 12% and quarter-on-quarter, it will dwell on that portion. So I was thinking from more internal discussion point which you had or strategic goal post which you have, if you can give us a better clarity. Because right now, yes, you are doing very well. Right now, it's always available. But like the other participant was also asking, the protection [Indecipherable] and we need slightly better color [Speech Overlap]

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

I would like to correct you here. I don't think the protection run rate is dipping or anything. We are growing at 27% if you see over last year. And even quarter-on-quarter, we have grown at 14%.

Ajox Frederick — *Unifi Capital Pvt Ltd. — Analyst*

Right. I was referring to that — but anyway — but if you can give me some direction on the mix side [Speech Overlap]

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

See, I have very clearly said that we have got more than 50,000 bank branches where we are selling these products and they have got adequate number of customers who are not covered. And similarly, our agency channel, we are expanding. We will have more agents selling. And all our products, I mean I am not going to state a particular number you know that saying that we will be selling to a 10,000 Platina or 20,000 protection or something. The product mix we have seen, I am telling you that going forward we would like to have something like, say 12% to 15% protection, maybe go to 15% to 18% or even 20% in non-par Platina or similar products. And then annuities would be something like 10% or something of the business that we do, ULIPs will form the remaining part of it. But then you can never say which of this is businesses is going to grow more next year. So once we do all these things — address all these constituencies who are — who can be take cared to in terms of insurance, that is where my confidence is a growing comes. And I think that in sort of giving a particular segment or an product that we are going to be selling, I am sure that we will be selling all the products, but to more people.

Ajox Frederick — *Unifi Capital Pvt Ltd. — Analyst*

Understood, sir. Just a final question from my end. It is on the margin. Currently, we are doing — even within ULIPs you said that your are doing, higher margin products. And I'm assuming that we are doing the same thing for other categories as well. But eventually will have to move up the ladder in the income stream. So currently probably getting to customers where competitors intensity is lower and eventually will have to get it slightly higher up the ladder where competitive intensity is going to be pretty high. If that scenario plays out, our strategy of selling high margin products even within each category, how does that shape up?

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

I don't get it. Is it Fredrik?

Ajox Frederick — *Unifi Capital Pvt Ltd. — Analyst*

Yes, sir.

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Yeah. So I don't get the question, because we are going to be selling more and more and I am not aiming at any particular number on the margin front like I said. Because what will happen is that, finally the margins can be slightly higher or lower. There are products, which will — which has lower margins, which have higher margin. But if I'm selling more of everything, then my overall earnings and my overall business is going to grow. If you look at our value of new business, you will see what I mean to say. We have grown that 66%. Whatever be the margin that anybody else have, there may be a company which has got very high margin, like 70% margin in the product and sells only that product, but they will be selling a miniscule amount. We are looking at expanding the market, we are creating new markets, and we are selling to more and more people. And I'm sure that that business model is working for us. Our valuation has gone up, our EVs are constantly rising. We have the highest EV, we have the highest value of new business. I think we are going in the right direction.

Ajox Frederick — *Unifi Capital Pvt Ltd. — Analyst*

Got it, sir. That's very helpful. Thank you and all the best.

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Yeah. Thank you very much.

Operator

Thank you. [Operator Instructions] We have the next question from the line of Adarsh Parasrampuria from CLSA. Kindly proceed.

Adarsh Parasrampuria — *CLSA — Analyst*

Yeah. Hi. So congrats on good numbers. Sir, this question of margins, right, so one of the things which takes me is because the majority of the OpEx is usually for new business. Our OpEx growth has been materially lower than fee growth this year, which should — by itself imply that each product everything else equal should be more profitable due to the — last year what we have done in FY21. So is that one of the reasons apart from changes in product, if you could have made some of that next year overall profitability? Better I think your OpEx to individual AP is down by [Indecipherable] 300 basis points. So if you can clarify on that [Speech Overlap]

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Yeah. Loss ratios are always going to be a strength that will contribute to my profits. So that — there is no question about it. And we brought in a lot of operational efficiencies. So that definitely improves that. But having said that, part of it comes from the product mix as well, a substantial in fact I should say. Because whatever you say the reduction in the OpEx — overall OpEx will increase. Because of the huge increase in business, overall OpEx will increase, while percentages will remain somewhere around the same. This year, in fact compared to last year, there was more travel, there were more conferences, there were more meetings and physical stuff like that. So there would be a little more expenditure than we saw in the last year on those items.

Sangramjit Sarangi — *President and Chief Financial Officer*

Other sightings Pritesh would explain. We have not changed our 31st March assumption as of now.

Prithesh Chaubey — *Appointed Actuary*

We will change only in the last quarter.

Adarsh Parasrampuria — *CLSA — Analyst*

Sir, what I'm trying to ask there is, so given the improvement in the large business ideally your experience now will be way better than assumptions, right? So there is a possibility that you have [Indecipherable] assumptions, right? Is that a fair —

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Yeah. That is very hypothetical but then, yes, you are right. Our expectations and assumptions and experience have been like positive for us. And going towards March and if everything improves, then obviously you know that we will take a look at that.

Adarsh Parasrampuria — *CLSA — Analyst*

The second question I had was to do with agency. Apart from the bank firing, the agency also has had very strong growth across products, but also [Indecipherable]. Can you talk a little bit because we have seen the strength and it looks like it's just not the bank, right. So even across channels things have been very strong. So if you can just talk about what you all are driving in agency, it will be really helpful.

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Yeah. So, like I said very clearly our idea is to increase the number of agents and also to increase the productivity of agents. We are one of the most best productive agencies in the private sector. So our agent productivity is 2.67 lakhs per agent. Similarly our agent activation is at 16%. Ideally we should aim at around 20% to 25%. So that is one of the things that we are aiming at. But already we have increased agent productivity by 41%. Part of it, of course, comes from the number of agents, non-performing agents that we have removed. But even after that, if you look at all the other parameters like ticket size has increased 24% and then protection has increased by 41%. So in agency, each and everything, the number of policies saw 16% growth, everything has — we have worked on each and every element in each and every line of business. So not only agency, but also in the other banks business, if you see, we have Indian Bank has grown by 13%, UCO by 105%, South Indian Bank by 81%, Punjab & Sind Bank, 61%. So we are — instead of looking at targeted or budgeted numbers or something, like we would think of some growth of 10%, 20% or something. We are looking at the potential that is available in the ecosystem and trying to tap that and we are trying to build on our strengths there.

Adarsh Parasrampuria — *CLSA — Analyst*

[Indecipherable] Thanks a lot and all the best.

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Thank you.

Operator

Thank you. We have the next question from the line of Shyam Srinivasan [Phonetic] from Goldman Sachs. Kindly proceed.

Shyam Srinivasan — *Goldman Sachs — Analyst*

Yeah. Thank you for taking my question and good afternoon. Just the first one on, again, on distribution. You were a little late to this online game but your presentation now talks about good growth in the online NBP, 50%, even web aggregators. So, sir, what has been the experience? What is the kind of contribution either on APE or NBP? What are the products that we're selling online?

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

See online lends itself to selling pure protection products best and then very simple products. It doesn't — it is not a medium where you can sell complex products or products which need a lot of explanation. So, basically it's protection and if you look at the numbers, even though there is a huge growth some of the numbers are — the base is very small. So that is there. But having said that, we have improved our — so what we are doing is we are improving the website that we have, the experience — user experience on the website, on the app that we have. We have a customer app for customer service. We have easy access, we call it. And then we have got customer service portal. And then on SBI channel, we have got the YONO. On YONO you can buy a protection policy at — on three clicks. So all these things we are doing.

And not only that internally also, we are now working a lot on a lot of technologies that will all come together in the coming period, let's say, one year, one-and-half years and then we will be able to actually get a handle on selling more products online. So that is how we are looking at this business. But as you said, rightly, it has already started showing traction.

Shyam Srinivasan — *Goldman Sachs — Analyst*

And sir, one follow-up here. And if you look at PolicyBazaar, which is the largest web aggregator, so we are not — if you look at some of the numbers, obviously private peers are much higher, other private peers. So is there a conscious strategy or you think this is just one of the channels because we have the products utilized there. Why shouldn't we be getting similar share even online from some of these aggregators?

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

So we are already on the policy. I mean, we own PolicyBazaar, we own the web aggregators, but there are certain challenges there. Sometimes costing doesn't work out for us. So it's a very cost-intensive kind of business. And we have got a — we have developed a parallel channel on our website. And we will shortly be having an even better user experience. Like I said, we are working on the user experience and that — once you have a better UI/UX then obviously you're going to have more business coming in. So if you look at today, my website traffic has gone up by five times. So that is — the number of policies that I have sold has gone up five times. Similarly on the — so in terms of amount, also it has gone up 89%, it's almost double.

So these things are very, what do you call it — I am very optimistic that we'll be able to take this route and still be able to be effective. We will definitely look at all possible partners, including the web aggregators and we are trying to work out something there also and hopefully you'll see more of SBI Life being sold across. But our focus will be on our proprietary channels.

Shyam Srinivasan — *Goldman Sachs — Analyst*

Got it, sir. And last question, just in terms of your renewal premium. It's kind of lagged wherever NBP growth has been. Anything to keep in mind because 11% for the nine months, 14% for this quarter. But should this — shouldn't this be higher?

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Yeah. It will be higher and typically we see in most of the year, except probably last, we saw a steady growth throughout the year in renewal premium. But this year we will see — in the fourth quarter, we will see a jump in the renewal premiums. We have targeted for better growth in renewal premiums. As you can see our persistencies have gone up over the similar period last year. And so if you continue to extrapolate that, by March we should be having better persistency than last year. And if we do that, then we would be having a huge renewal premium growth also.

Shyam Srinivasan — *Goldman Sachs — Analyst*

Got it, sir. Thank you and all the best.

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Yeah. Thank you very much.

Operator

Thank you. [Operator Instructions] The next question is from the line of Nidhesh Jain from Investec. Kindly proceed.

Nidhesh Jain — *Investec India — Analyst*

Thanks for the opportunity, sir. Just two data points. Sir, first is, what is the ULIP/AUM mix internal debt to equity on incremental ba:

well as on the book that we have? And second is what is the moment of COVID provisions — COVID mortality provisions as of March '21 versus December '21?

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

So ULIP, I think it's debt to — I mean debt to equity will be 46%/54% — 46% to 54%. Okay? What were you asking about, the next one?

Nidhesh Jain — *Investec India — Analyst*

The COVID provision is — we have kept the same amoutn.

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Yeah. INR266 crores, which we kept last quarter, we have carried that forward.

Nidhesh Jain — *Investec India — Analyst*

Sure, sir. Sir, on an incremental basis also debt to equity is same, sir? 46% to 54% [Indecipherable]?

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Incremental basis it will change.

Sangramjit Sarangi — *President and Chief Financial Officer*

Incremental it is 60%/40%.

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Yeah.

Sangramjit Sarangi — *President and Chief Financial Officer*

So the incremental, whatever renewal — [Speech Overlap] Yeah. More equity and less debt.

Nidhesh Jain — *Investec India — Analyst*

Sure, sure. Thank you. sir. Thank you. That's it from me.

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Okay.

Operator

Thank you. The next question is from the line of Swarna [Phonetic] Mukherjee from B&K Securities. Kindly proceed.

Swarnabha Mukherjee — *B&K Securities — Analyst*

Yeah. Thank you for the opportunity, sir, and congrats on a good set of numbers. Two quick question, sir. So if I look at your growth on the base of the product side, I think it has been a fairly broad-based growth. Most of the category is growing, only with the exceptional par. While of late in the industry, we have seen them, this product has kind of again started to pick up. So wanted to know what is the experience you're seeing in your case why this category is not growing? And also any kind of new product development plans on this category or in other categories, if you could throw some light on? That would be the first question, sir.

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Yeah. So par, we have some very good products. And it's — par is something which we think that going forward, we will — like I said we would like to have around at least 5% to 7% in par. Today, we have 3%. We would like to have more of par, and we have very good product there. And I'm sure that with the markets being more volatile, there will be a tendency to shift towards par and non-par. And par — we are — we have some very good products. We launched a new product last year called — this year only, Smart Future Choices, which has got again a very, very good element of cash board and et cetera. We have send the end cash every year. So that — those products are there. Then there is a child's — children — child — children's protection plan, which is very, very suited for people who have very sm children and to have an endowment at the age when they would like to go for higher education or something like that. I think going forward, that will also be in focus in our plans.

Swarnabha Mukherjee — *B&K Securities — Analyst*

Okay, sir. Just to understand this a little bit better, I would like to follow up with a question that is, is by any chance your success in the Platina side cannibalizing any kind of sales of the par product?

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Yeah, it's possible actually because both are traditional products. So it is quite possible that when these products [Indecipherable] guaranteed product, which actually shows particular rate of interest, like the par product will be having bonuses. But then that you have to rely on the past performance and then there is only the disclaimer that future performance may not be the same as past. So there could be a tendency to do that, but I think with the good products that we have and by training our sales force to teach for those products with the correct kind of target group, I think we will be able to succeed there.

Swarnabha Mukherjee — *B&K Securities — Analyst*

Sure, that's the real concern. If I can squeeze in one quick question, is there any difference in the retention level for your previous protection products and the new eShield Next product that you have launched after taking input from reinsurer?

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

No, no, it's the same.

Swarnabha Mukherjee — *B&K Securities — Analyst*

Could you please share how much you retain on a — maybe a per policy basis or on the percentage of book?

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

I don't think we would like to comment on that. But I can say that it is the same proportion that we have kept earlier also.

Swarnabha Mukherjee — *B&K Securities — Analyst*

Okay, sir. Yeah. Very helpful. Thank you so much and all the best, sir.

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Thank you.

Operator

Thank you. You have the next question from the line of Avinash Singh from Emkay Global. kindly proceed.

Avinash Singh — *Emkay Global — Analyst*

Yeah, hi. Good evening. Couple of questions. First on, that if we see the reinsurance premiums stated had gone down materially YoY. So is it that something in terms of reinsurance had changed on the — particularly on the GTI or Credit Life side. And related to this, also if we see this year, I mean the credit offtake has been YoY half better and GTI prices have gone up materially. In that context, kind of a 25%, 27% growth in group protection AP, a bit looks muted. So [Technical Issues] question.

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

See group term insurance, it's a question of the kind of marketing that we do and a lot of work goes into that. And sometimes, some things [Technical Issues] and there is a lot of rate competition out there. And we may not be really seriously interested in doing business, which brings us a loss. So that — it would be like the advertising 26%, 27% is a very good growth rate to have in that kind of a product. So I don't think there is any change there. I forgot the first first two question, that first part of...

Prithesh Chaubey — *Appointed Actuary*

Sir, GTI — Avinash, Credit Life has grown 32% on nine month basis, which in line with the group in the credit. So there is no — Credit Life having any...

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Okay. And that we'll be probably growing faster going forward.

Avinash Singh — *Emkay Global — Analyst*

Yeah. And on reinsurance premium, because the premium ceded this year is materially lower, that means have you sort of taken more risk on your own book in terms of GTI and Group Credit Life?

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

[Speech Overlap] the same. Sorry, Prithesh go ahead.

Prithesh Chaubey — *Appointed Actuary*

Yeah. So as I said, no change. Like our MD sir MD have mentioned, that there is no change in our reinsurance strategy as far retention is concerned. So we are sharing similar proportion that [Technical Issues]. If you look at the GTI reinsurance, as I said, on the scheme to scheme basis. So there is a possibility that some of the bigger schemes where your [Indecipherable] much higher [Speech Overlap]

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

I think we booked a lot of business last year in the first quarter. So I think that would be the reason why there is de-growth.

Prithesh Chaubey — *Appointed Actuary*

Yeah. So that's [Technical Issues] some of the scheme that might have been renewed which have been supported by more reinsurance, whereas we get more business where the reinsurance propose even lower. So its a combination of the mix of the scheme and nothing is specific to the [Technical Issues].

Avinash Singh — *Emkay Global — Analyst*

Okay. And just a quick one here. Again, in terms of great improvement in margins. But if you look at the sort of margin improvement on the standard tax rate and effective tax rate, that I watched it quite while. So what sort of product this year you have sold for the [Indecipherable] tax rate is leading to even a higher margin, I mean — because I mean on the standard tax rate, this is sort of a margin improvement, is kind of closer to 90% or something and other basis is like closer to 5% impact on effective tax rate…

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

So I would request Prithesh to finish this thing off and only announcing on effective tax rate basis.

Prithesh Chaubey — *Appointed Actuary*

[Speech Overlap] That will bring us and make our life easier.

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Really speaking, it is very clearly — you will have to probably sit with our people and look at the calculations or something. It doesn't make any kind of sense. But whatever we are doing, the other effective tax rate basis that we have told you, it is basically to bring our sales that's par with what the peer group of companies is showing. And because it is materially different and the numbers look much lower, we had to sort of force to start this as wel.

Avinash Singh — *Emkay Global — Analyst*

Yes. Yes, yes, yes. I want to close on one of the standards, the gap are even widened this year. So I was just understanding that which are all sort of a product that you sold more where sort of more tax base?

Prithesh Chaubey — *Appointed Actuary*

So I thin if you compare with the previous quarter, YTD September to YTD December, the gap between the effective actual tax basis and effective tax basis is not much of a — it is 10 basis point difference. So 10 basis point, I — we don't see that is very greater drivers happening. [Technical Issues] particular LOV [Phonetic], might have some of the [Indecipherable] keeps changing from the quarter to quarter. That's the impact. Otherwise, there is no change in methodology and no other change on that.

Avinash Singh — *Emkay Global — Analyst*

Okay, okay. Thank you.

Operator

Tank you. We have the next question from the line of Jayant Kharote from Credit Suisse. Kindly proceed.

Jayant Kharote — *Credit Suisse — Analyst*

Thank you. So first of all, [Indecipherable] question on what would be the number now, last — till year — till last quarter, we had been INR10 crores?

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Just a second.

Jayant Kharote — *Credit Suisse — Analyst*

Also the number of number of lives?

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Number of lives is 1.74 lakh and amount is INR13 crores.

Jayant Kharote — *Credit Suisse — Analyst*

Okay. And sir, what is the average promotion that we are doing otherwise on protection and then you know, I mean is that two different significantly?

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Right now we are doing up to INR20 lakhs.

Jayant Kharote — *Credit Suisse — Analyst*

And what is our overall average [indecipherable]

Sangramjit Sarangi — *President and Chief Financial Officer*

For protection, it will be around 45 to 50 lakhs.

Jayant Kharote — *Credit Suisse — Analyst*

Okay. And sir, lastly, I'm sorry, I'm bringing this up again, and correct me if I'm speaking the numbers wrong, but in this quarter we did individual protection of INR250 crores. And if I compare that on a quarterly number to 3Q21, which was INR220 crores. The growth is 14%. There is some moderation right from 80 to 20 to 14. So…

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

So what happened is, it is not a question of percentages at all. It is a question of what are the numbers that were sold as protection last year. So last year during the pandemic, there was a sudden surge. So if you look at what the growth was last year over the previous year same quarter, it would be much higher. Okay. On an increased base, we have still grew by 14%. But if you look at like I would like to see a longer term you know, another quarter. So if you look at the 9-months period, we have grown at 26%. I think that is a very fair measure of how we are growing.

So 27%, 26% is what we are growing at, there will be surge in certain times. In fact, during the first quarter, almost no interaction was happening last year into 2020 the April to June. At that time, a lot of protection and a lot of other group products and all, group term insurance and all got sold to the exclusion of the everything else, because nothing else was possible at that point of time immediately after the announcement of the lockdown. So that sort of skews the whole thing.

Jayant Kharote — *Credit Suisse — Analyst*

Sure. So, if I may, put it this way, you feel last year was slightly abnormal base and now this year number should be the correct base number for us on which you are comfortable growing in this 25% plus-minus range?

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Yeah. Not really like that, but it will depend a lot on the circumstances, but having said that 25% to 27% growth in any business line is very good.

Jayant Kharote — *Credit Suisse — Analyst*

Great. Thank you.

Operator

Thank you. There is a next question from the line of Neeraj Toshniwal from UBS. Kindly Proceed.

Neeraj Toshniwal — *UBS — Analyst*

Hi. Just wanted to check on the pricing of the [indecipherable] beginning of the origin there with insurance…

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

I can't hear you clearly, can you repeat?

Neeraj Toshniwal — *UBS — Analyst*

There's been an operation in insurance that was due that happened. Hello?

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

There is no repricing in credit project.

Neeraj Toshniwal — *UBS — Analyst*

But you were under discussion I think…

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

No, I'm not aware of any discussions.

Neeraj Toshniwal — *UBS — Analyst*

Okay. But renewed similar but…

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

That's quite similar to last year. So we are at around 47% or 48% and we would like to take this higher and probably this quarter we can, we will see some improvement.

Prithesh Chaubey — *Appointed Actuary*

There has been no items, last year and this year Credit Protect rates are same.

Neeraj Toshniwal — *UBS — Analyst*

Sorry?

Prithesh Chaubey — *Appointed Actuary*

Last year, and current year Credit Protect rates are same, though I mean premium rates.

Neeraj Toshniwal — *UBS — Analyst*

Got it. Yeah. Other than that, on the short term expenses but now with the competition is the pricing, how do you think the growth of the, we've been achieved over the next few quarters. Now, given it's more competitive. We also begin to submit competition against that. So any strategy over there would be helpful.

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

I couldn't follow. You are asking about the competition.

Neeraj Toshniwal — *UBS — Analyst*

So competition has increased pricing and while your expenses are here, so how do you think about the growth of the key going forward.

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

See like we also will see the same things. So our pricing does not depend on the competition or on — it is clearly a question off, you know, we look at sustainable pricing of our products depending on the factors like the reinsurance the mortality so many things that we see for every product. Our pricing is also on that. So we have been doing that and we've been following that. Now obviously when the competition reprices higher there could be some follow effect but I strongly believe that we have a very, very strong market, so we have not seen any reduction in our market even when competition has reduced the rates. So I don't think that works so quickly, it's more like notional I think.

Sangramjit Sarangi — *President and Chief Financial Officer*

I think so numbers, if I will always happen, it is will engage in the premium our constructive and it will be was completed and then we have, we may expect some off rate coming in our products. So that is really has in fact will have put the consumer, get a better and there we see some operator on the protection side.

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Yeah, but in many, many of the cases. I don't see actually comparing sitting and comparing the prices you know there are people who will do it on the web aggregators sites etc, but really speaking, it is not as you look transparent as that the market.

Neeraj Toshniwal — *UBS — Analyst*

Got it, thank you.

Operator

Thank you. We have the next question from the line of Jignesh Shial from InCred Capital. Kindly proceed.

Jignesh Shial — *InCred Capital — Analyst*

Yeah, hi, thanks so much. Most of my questions have been answered, just the one thing that solvency ratio is somewhere around the 200 plus. Right. So we are not planning bonds or capital or something. Just wanted to be simple.

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

No, no, no, we are adequately capitalized and I think going forward also, our revenues and our income stream will be sufficient to keep us capitalized for some time to come.

Jignesh Shial — *InCred Capital — Analyst*

Got it. Thank you so much.

Operator

Thank you. The next question from the line of Madhukar Ladha from Elara Capital. Kindly proceed.

Madhukar Ladha — *Elara Capital — Analyst*

Hi, congratulations on a great quarter and just a couple of questions from my side. First, so I know that you change assumptions only at the end of the year. But looking at the higher mortality and the creation of extra COVID and what about has gone down in this year, do you think you'll need to tighten your mortality assumptions and that would lead to some sort of downward revision in your margins. That's my first question. Second is on growth. So you've done really very well in 3Q and the way this quarter has shaped up and this year has shaped up. What do you expect for the fourth quarter and probably, what sort of growth from those do you think we should be looking at?

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

So to answer your first question is we we saw last time also when the claims were very high at that time also we found that the changes in assumptions that we've made in last last year were serving us very well and we were very close to our expected values. So this thing we will again look at in March — after March 31 and we will see where it goes because we really don't know what's going to happen to the mortalities in the next quarter. It's all a guess, we are hoping that it will taper off and because the new wave also milder. And probably brings with it less mortalities and we are also, we don't expect too many of the earlier claims to come in, all of a sudden. So having said that, I think we will revisit them in March if as you see things are like this going forward, we will probably be able to slightly reduce the expectation, I mean the mortality assumptions. There is no need for us to tighten it because we are very, very close to the — in the worst period also we were very close to our results.

Madhukar Ladha — *Elara Capital — Analyst*

Understood. And on the growth?

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Yeah, on the growth that I think I already said that we would like to continue. We see a good scope in the — around the country in all the business lines that we do. We see robust demand going forward. It's only that you need to tap into it like you need to reach out to the people and with our distribution, I think we are able to do that now, as we have been successfully, we have started to successfully tap into the existing demand and we will continue to do that. So I think we can expect similar rates of growth for some time to go.

Madhukar Ladha — *Elara Capital — Analyst*

Understood. So just one thing quickly, any thinking on sort of increasing the — or reducing the dependence on unit and using traditional in the mix. Is there any thought process because your competitors have been able to do that and it would probably be better if we have sort of wider range of products or other spreads — or concentration in that...

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Yeah. I would only like to say one thing. We have the TV, we have the highest VoNB. We have very good margins. We have a very good product model. I don't know why I would want to actually commit to doing something what somebody else is doing. Having said that, because there is a very good product demand coming in for guaranteed products and some other traditional products I think we will eventually end up with a higher percentage in those products, and as a result the ULIP percentage will definitely come down slightly, ULIP even in the worst of years, our ULIP performance is over 3 years and 5 years have been fine performances have been excellent and that is because you know the customer can switch from debt to equity, I mean, within the product and we have got very good performance in both debt and equity funds.

So as a result of that our ULIP products are very, very beneficial to our customers and like I said earlier also a person who case of premium for one year or 2 years in ULIP and gets 5 times or whatever as insurer. He is also getting insured as well as a person who is buying protection product or anything. And it is also fulfilling designed for a market-related return on this investment. So I don't think we want to do away with ULIP or to consciously reducing it towards. But yes, looking at the demand that is coming in for more protection products more guaranteed products I'm sure that these products will increase in volume and therefore ULIP percentages may go down slightly.

Madhukar Ladha — *Elara Capital — Analyst*

Got it. Thank you and all the best.

Operator

Thank you. We have the next question from the line of Sanketh Godha from Spark Capital. Kindly proceed.

Sanketh Godha — *Spark Capital Advisors — Analyst*

Thank you for the opportunity again. Sir, you said that I would on the shelf for our term insurance policies is 45 to 50 lakh. Just wanted to know if this 45 to 50 if I compare it with ROP and pure term life what is the difference just wanted to understand that even in the prospect of the credit lines. What is the difference in 3-3 products average matured numbers.

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

So we have products, you know, we will start from our [indecipherable] which would be up to 5 lakh to 20 lakhs something like that. I'll let me —

Sanketh Godha — *Spark Capital Advisors — Analyst*

So we will not want to share, up 11 ROP, sorry, we will be — having said that —

Sangramjit Sarangi — *President and Chief Financial Officer*

I'm talking about the the level the protection. I think the range of the product. So what I'm trying to say is that starting from 5 lakhs to, let's say, going up to more than a crore. We have products in all ranges. Okay. So the average would come to somewhere you know in some maybe 45 to 50 lakhs or something, because the numbers at the higher end will be lesser and the number with the lower end will be more and more, and therefore that one crore, 2 crores cover which we have given those get averaged out to this kind of a number. So that is how we have. So I don't think we will be able to actually generalize the thing you know because this I mean, very, very this…

Sanketh Godha — *Spark Capital Advisors — Analyst*

But is it safe to assume that ROP side even if you are not disclosing the number. And is it safe to assume that ROP on which has a substantially lower compared to pure term and therefore for most of the policy only small portion gets reinsurance gets triggered. So the sale of dependent on the reinsurance is relatively lower. This is actually, that's the reason I was asking the question, sir.

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Yeah. So, no, there we will we see no impact of reinsurance.

Sanketh Godha — *Spark Capital Advisors — Analyst*

But ROP so much are substantially lower than pure term sir.

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Yeah. Definitely.

Sanketh Godha — *Spark Capital Advisors — Analyst*

Okay, sir. And finally, just on branch activation level if you can give a bit of color there. So that will be something…

Sangramjit Sarangi — *President and Chief Financial Officer*

So the branch activation level as of now is yeah, 49%, sorry 61% as of December 21. So this is the revised, and INR25,000 earlier, what we used to declare it will be more than 85%.

Sanketh Godha — *Spark Capital Advisors — Analyst*

Okay. So what is the revised definition?

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Yeah. We have so basically, let me tell you, once again, we've got already. Yeah, it depends of the scale of the — translates up to 3 lakhs, 50,000 to 3 lakhs depending on the size of the brands.

Sanketh Godha — *Spark Capital Advisors — Analyst*

So the brands, which are at least minimum 50,000 the activation level is 61%, want to take it. Right.

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Each level of brands. So there are certain branches. So you know it depends on the size of the branch for smaller is 50,000 and for larger branches 3 lakhs, the largest ones. So that is the definition.

Sanketh Godha — *Spark Capital Advisors — Analyst*

Based on 50,000 to 3 lakhs definition you're saying activation level is a 61% based on the old definition, it's 85% right.

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

Yeah. More than 80, I don't know. We stopped tracking that because this is more relevant to us because we think that you know if there are more customers in there should be more, more business in that front.

Sanketh Godha — *Spark Capital Advisors — Analyst*

Got it, got it. Perfect. Thank you.

Operator

Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to Mr. Mahesh Kumar Sharma for closing comments.

Mahesh Kumar Sharma — *Managing Director and Chief Executive Officer*

So, thank you very much for appreciate the hearing and for all your questions, which gives us alert to the kinds of business that we do and forces us to analyze the way we do our business much better and improve quarter-after-quarter. So thank you very much. I wish you all a very, very safe and healthy future. We hope that the pandemic goes off soon and we will all be back to doing business as usual like before and so thank you. Thank you once again for joining us and giving us this opportunity to present our figures to you. Thanks and have a nice evening.

Operator

[Operator Closing Remarks]

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