

India Insurance



1QFY26 Preview: Slow but steadily improving

Growth in 1Q26 was expectedly soft for life insurers on a YoY basis while general insurers performed relatively better, especially with fire segment firing with 16% YoY growth over April-May. On reported basis, we expect premium growth of <5% for both ICICI and Star Health, with COR of ~102% for both. With normalising investment income, we expect muted PAT growth of 3%/-12% YoY for ICICI/Star Health. For life insurers, growth on a two year CAGR was in line at 15%, hence, stocks have done well despite weak YoY numbers. We expect margins to improve in FY26 with a mix shift away from ULIPs, higher product-level margins with a steepening yield curve and retail credit recovery in 2HFY26. At CMP, we prefer private life insurers over general insurers - we like HDFC Life for the steady VNB growth (expect 13% YoY in 1Q), prefer IPRU Life for improving margins (16% lower ticket size and 25%+ Sum Assured growth despite YoY contraction in premiums), with expectation of improving YoY growth trajectory as the year progresses.

- **With surrender norms and growth concerns baked in, expect life insurer stocks to do well:** Private life insurers have grown 5% YoY in individual APE over Apr-May'25 while LIC has seen a 5% contraction. For 1Q, we expect total APE growth of 13%/-5%/7%/3% for HDFC Life/IPRU Life/SBI Life/LIC. We expect margins to improve from 1Q25 levels for all the players. Going into results, we note that IPRU has seen 16% contraction in average ticket size (for regular plans) and 25%+ Sum Assured growth, hence, we expect 120bps QoQ expansion in margins to 24.0%, in line with 1Q25. Since 2 year CAGR in individual APE is >15% and YoY contraction is only due to a strong base, we prefer IPRU going into the results.
- **General insurers to see weak profitability:** While both ICICI and Star Health have delivered under-5% gross direct premium growth in 1Q26, we expect NEP (Net Earned Premiums) to grow 13% and 9% YoY, respectively. We expect Loss Ratio to improve 100bps YoY for ICICI (to 73.0%) and deteriorate 200bps for Star Health (to 69.6%). We expect Combined Ratio (COR) of ~102% for both. FY25 saw strong investment income in 2Q and 3Q before falling in 4Q. We expect normalised investment income in 1Q26, resulting in PAT of INR 6.0bn for ICICI (+3% YoY) and INR 2.8bn for Star Health (-12% YoY).
- **Valuations and view:** General insurance sector has delivered stronger growth -10% for industry in 1Q26, compared to 5% for private life insurance in Apr-May'25. Like-to-like growth would be ~200bps higher. However, both ICICI and Star health have underperformed with 1%/3.5% growth. At CMP, we prefer private life insurers over general insurers - we like HDFC Life for the steady VNB growth (expect 13% YoY in 1Q), prefer IPRU Life for improving margins and expectation of improving YoY growth trajectory as the year progresses.

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Life Insurance

Exhibit 1. May-25: Private players grow 7.2% YoY, LIC continues its struggle: down 6.6% YoY in May'25

(INR mn)	Individual APE				2 year CAGR		Private market share (%)			
	May-25	YoY (%)	YTD	YoY growth	May-25	YTD	May-25	YTD	Apr-25	May-24
Industry	74,386	2.6%	129,420	1.5%	10.3%	10.4%				
Total Private	51,812	7.2%	88,402	5.0%	15.9%	14.6%				
LIC	22,575	-6.6%	41,018	-5.4%	0.1%	2.8%				
SBI Life	11,817	4.2%	20,208	3.4%	14.0%	12.6%	22.8%	22.9%	22.9%	23.5%
HDFC Life	9,250	14.9%	15,566	9.9%	18.9%	17.7%	17.9%	17.6%	17.3%	16.7%
Tata AIA	5,631	12.0%	9,473	5.9%	17.0%	15.2%	10.9%	10.7%	10.5%	10.4%
ICICI Prudential	4,653	-14.2%	8,029	-14.9%	16.0%	17.7%	9.0%	9.1%	9.2%	11.2%
Axis Max Life	5,185	24.7%	8,696	24.2%	27.6%	27.7%	10.0%	9.8%	9.6%	8.6%
Bajaj Allianz	4,202	1.1%	7,456	-0.4%	9.4%	9.4%	8.1%	8.4%	8.9%	8.6%
Birla Sunlife	2,874	32.2%	4,346	20.1%	24.8%	18.5%	5.5%	4.9%	4.0%	4.5%
Kotak Mahindra	1,189	2.3%	2,015	-1.6%	7.3%	6.2%	2.3%	2.3%	2.3%	2.4%
PNB MetLife	1,249	-9.3%	2,396	-1.0%	1.1%	2.0%	2.4%	2.7%	3.1%	2.8%
Star Union Dai-ichi	741	-17.8%	1,241	-12.8%	-0.8%	3.2%	1.4%	1.4%	1.4%	1.9%
IndiaFirst	833	41.6%	1,447	39.9%	-3.8%	-10.1%	1.6%	1.6%	1.7%	1.2%
Reliance Life	530	-13.4%	1,353	-5.4%	-6.6%	-10.2%	1.0%	1.5%	2.2%	1.3%
Shriram Life	689	8.9%	1,085	7.6%	27.1%	28.1%	1.3%	1.2%	1.1%	1.3%
Bharti Axa Life	321	-9.9%	523	-13.2%	-3.7%	-12.5%	0.6%	0.6%	0.6%	0.7%
Ageas Federal Life	468	1.5%	696	-6.7%	31.7%	23.5%	0.9%	0.8%	0.6%	1.0%
Edelweiss Tokio	245	-14.5%	383	-16.5%	8.0%	6.0%	0.5%	0.4%	0.4%	0.6%
Future Generali Life	188	23.8%	316	38.9%	8.2%	20.5%	0.4%	0.4%	0.4%	0.3%
Aviva	70	-23.0%	145	-20.9%	-31.1%	-24.7%	0.1%	0.2%	0.2%	0.2%
DHFL Pramerica	230	39.3%	412	29.1%	47.8%	37.8%	0.4%	0.5%	0.5%	0.3%
Bandhan Life	181	1095.4%	284	885.7%	700.3%	615.9%	0.3%	0.3%	0.3%	0.0%

Source: Industry, JM Financial

Exhibit 2. Average Ticket Sizes continue to grow for the listed players, except for IPRU Life

ATS - ind regular (INR)	FY18	FY24	CAGR FY18-FY24	FY25	FY25, YoY (%)	May-25 YTD	YoY growth
LIC	13,046	17,214	4.7%	19,880	15.5%	22,895	11.1%
SBI Life	54,570	76,221	5.7%	87,866	15.3%	84,559	16.3%
HDFC Life	45,289	97,567	13.6%	105,463	8.1%	107,502	18.2%
ICICI Prudential	89,177	116,530	4.6%	125,873	8.0%	93,564	-16.2%
Max Life	57,265	97,129	9.2%	104,721	7.8%	95,523	25.8%
Bajaj Allianz	45,305	84,720	11.0%	90,700	7.1%	94,167	10.7%
Industry	22,536	37,350	8.8%	44,560	19.3%	46,022	14.9%

Source: Industry, JM Financial

Exhibit 3. Life insurance companies - estimates for 1QFY26

Company	Individual APE (INR mn)				Total APE (INR mn)				VNB (INR mn)				VNB margins (%)			
	1Q25	4Q25	1Q26	YoY (%)	1Q25	4Q25	1Q26	YoY (%)	1Q25	4Q25	1Q26	YoY (%)	1Q25	4Q25	1Q26	YoY (bps)
HDFC Life	24,670	46,330	27,137	10.0%	28,660	51,860	32,125	12.1%	7,180	13,760	8,127	13.2%	25.1%	26.5%	25.3%	25
IPRU Life	16,660	29,520	14,994	-10.0%	19,630	35,020	18,558	-5.5%	4,720	7,950	4,454	-5.6%	24.0%	22.7%	24.0%	-4
SBI Life	33,300	48,600	35,298	6.0%	36,400	54,500	39,018	7.2%	9,700	16,600	10,730	10.6%	26.6%	30.5%	27.5%	85
LIC of India	67,470	136,060	64,771	-4.0%	115,600	188,530	119,639	3.5%	16,100	35,340	16,989	5.5%	13.9%	18.7%	14.2%	27

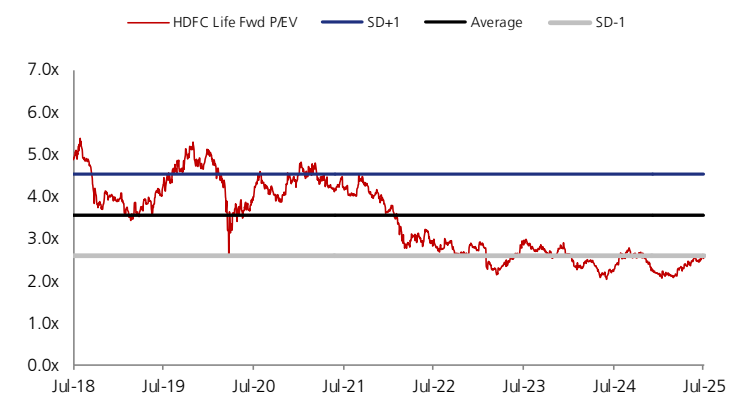
Source: Company, JM Financial

Exhibit 4. Valuation comps for life insurance companies under JMFL coverage

	Mkt cap USD bn	TP	Reco.	VNB margins (%)			P/EVOPx			P/EVx			EV growth (%)		
				FY25A	FY26e	FY27e	FY25A	FY26e	FY27e	FY25A	FY26e	FY27e	FY25A	FY26e	FY27e
HDFC Life	19.7	850	BUY	25.6%	26.3%	26.6%	21.4	18.5	15.9	3.1	2.6	2.3	16.7%	16.5%	16.1%
IPRU Life	11.0	730	BUY	22.8%	23.2%	23.7%	17.3	15.1	12.4	2.0	1.8	1.6	13.3%	12.8%	13.8%
LIC of India	69.3	860	HOLD	17.6%	18.1%	18.8%	6.0	6.4	6.2	0.6	0.6	0.5	6.8%	9.9%	7.7%
SBI Life	21.0	1,777	BUY	27.8%	28.0%	28.2%	15.4	14.2	12.4	2.6	2.2	1.9	20.6%	18.1%	17.3%

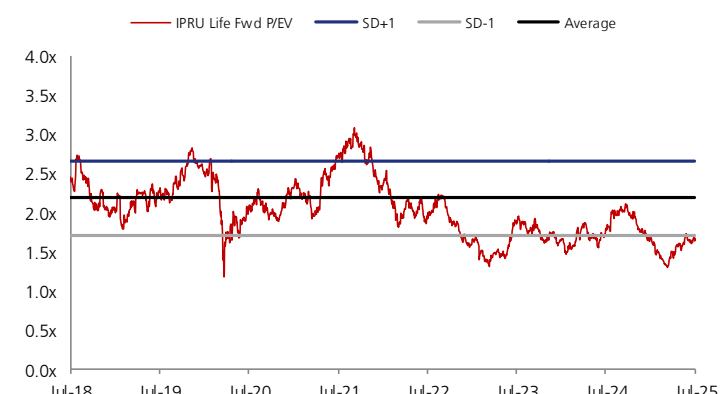
Source: Company, Bloomberg, JM Financial

Exhibit 5. HDFC Life – 1 year forward P/EV valuation chart



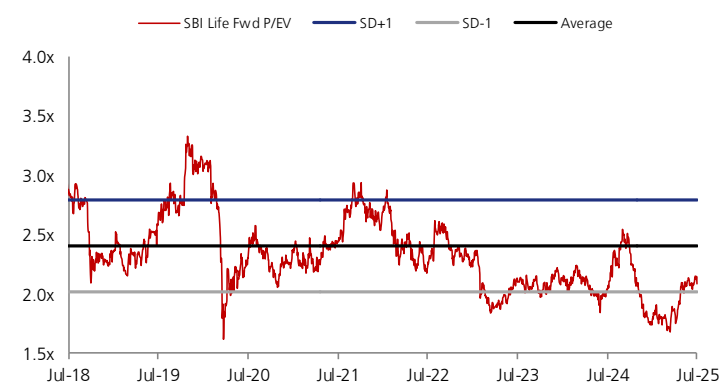
Source: Company, JM Financial

Exhibit 6. IPRU Life – 1 year forward P/EV valuation chart



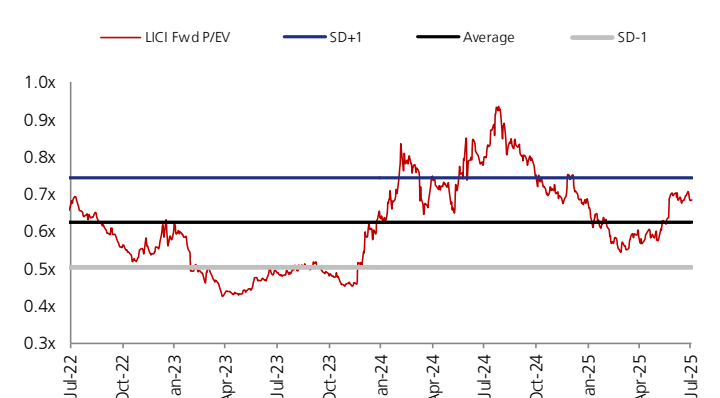
Source: Company, JM Financial

Exhibit 7. SBI Life – 1 year forward P/EV valuation chart



Source: Company, JM Financial

Exhibit 8. LIC of India – 1 year forward P/EV valuation chart



Source: Company, JM Financial

General Insurance

Exhibit 9. YTD growth for industry and listed players

Growth (% YoY) – YTD	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25
Industry													
Fire	10.2%	6.4%	3.2%	2.1%	0.0%	-3.1%	-5.1%	-6.3%	-5.8%	-5.8%	-5.3%	16.0%	16.4%
Health	16.9%	16.4%	11.9%	11.6%	8.9%	13.9%	12.3%	10.9%	10.4%	9.3%	8.9%	10.8%	10.2%
Motor	15.4%	12.0%	11.5%	10.3%	8.9%	9.6%	8.8%	8.4%	8.6%	8.0%	7.9%	11.1%	9.7%
Crop	-38.0%	-14.3%	24.6%	10.0%	-4.5%	2.1%	6.2%	5.8%	5.3%	3.9%	-0.2%	228.8%	33.6%
Others	23.3%	19.1%	16.8%	15.6%	13.6%	16.5%	13.0%	9.7%	9.5%	5.8%	7.1%	15.7%	5.0%
Total	15.5%	13.2%	12.0%	10.5%	7.0%	9.9%	9.0%	7.8%	7.7%	6.6%	6.2%	13.4%	10.4%
ICICI													
Fire	10.5%	5.9%	3.2%	2.9%	0.1%	-4.2%	-7.1%	-7.7%	-7.1%	-6.1%	-6.0%	14.2%	11.2%
Health	28.8%	27.9%	27.0%	23.7%	20.8%	16.6%	14.0%	13.2%	13.5%	12.9%	12.3%	6.3%	3.9%
Motor	30.9%	26.3%	25.8%	24.0%	20.9%	20.9%	18.0%	16.1%	15.1%	13.2%	11.5%	8.6%	5.9%
Crop	141.0%	49.2%	24.0%	19.7%	21.8%	23.1%	23.9%	20.9%	21.5%	22.0%	21.3%	18.2%	88.9%
Others	12.7%	10.9%	10.2%	8.9%	8.4%	10.7%	5.8%	4.4%	4.5%	3.3%	2.7%	-3.9%	-1.2%
Total	22.3%	20.4%	19.1%	17.5%	15.5%	14.3%	11.6%	10.3%	10.0%	9.1%	8.3%	6.7%	5.1%
Bajaj Allianz													
Fire	27.6%	23.3%	18.2%	16.1%	13.4%	12.4%	10.8%	9.5%	7.0%	5.6%	4.8%	12.3%	14.3%
Health	57.9%	48.2%	-23.7%	-20.2%	-16.3%	32.4%	30.8%	26.2%	19.1%	17.8%	16.6%	-9.8%	-5.5%
Motor	13.0%	7.3%	7.2%	6.0%	5.6%	6.7%	5.2%	5.9%	7.2%	7.4%	8.4%	0.6%	13.2%
Crop	NM	NM	-53.0%	-12.7%	-25.9%	-39.4%	-22.4%	-16.9%	-19.2%	-16.5%	-26.1%	-340.7%	-1371.4%
Others	38.6%	27.4%	18.4%	16.8%	16.4%	11.7%	5.8%	0.7%	0.1%	-3.4%	-1.8%	-4.7%	-3.8%
Total	31.7%	24.5%	-5.6%	-3.9%	-4.5%	11.8%	11.8%	10.1%	7.3%	6.4%	4.6%	0.6%	7.0%
Go Digit													
Fire	16.3%	8.6%	12.1%	7.3%	4.8%	1.5%	0.1%	-2.8%	0.0%	0.0%	-0.6%	44.1%	53.0%
Health	-5.7%	-1.6%	-3.1%	0.5%	-2.9%	-1.2%	-2.1%	1.1%	1.6%	-2.3%	-6.1%	-20.9%	-15.7%
Motor	4.6%	7.8%	8.7%	7.0%	6.9%	8.7%	7.6%	7.4%	7.4%	6.6%	7.2%	26.3%	19.7%
Crop	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Others	159.1%	127.9%	96.8%	80.5%	80.7%	57.1%	48.2%	40.3%	37.5%	35.2%	31.6%	-8.3%	-31.5%
Total	19.5%	17.5%	15.2%	12.7%	11.5%	10.9%	9.1%	8.7%	8.6%	7.3%	6.7%	12.4%	5.6%

Source: Industry, JM Financial

Exhibit 10. General insurance companies - estimates for 1QFY26

Earnings Table (INR mn)	ICICI Lombard					Star Health				
	1Q25	4Q25	1Q26e	YoY (%)	QoQ (%)	1Q25	4Q25	1Q26e	YoY (%)	QoQ (%)
Net earned premiums	45,039	52,256	50,754	12.7%	-2.9%	35,203	37,983	38,203	8.5%	0.6%
Net claims incurred	33,344	37,432	37,050	11.1%	-1.0%	23,789	26,301	26,589	11.8%	1.1%
Net commissions	8,045	10,264	8,459	5.1%	-17.6%	4,288	7,598	4,450	3.8%	-41.4%
Opex re. to insurance business	7,116	6,657	6,873	-3.4%	3.2%	5,722	6,836	6,390	11.7%	-6.5%
Underwriting result	-3,466	-2,097	-1,628	53.0%	22.3%	1,404	-2,752	773	-44.9%	128.1%
Investment income	8,446	6,253	7,325	-13.3%	17.2%	1,713	1,859	1,929	12.6%	3.8%
Other income	35	3	0	-100.0%	-100.0%	4	24	4	0.0%	-82.4%
Operating Profit	5,015	4,159	5,697	13.6%	37.0%	3,121	-869	2,707	-13.3%	411.5%
Investment income-Shareholders' A/C	2,529	2,003	2,382	-5.8%	18.9%	1,241	970	1,186	-4.4%	22.2%
Profit before tax	7,740	6,682	8,000	3.4%	19.7%	4,262	-9	3,742	-12.2%	NM
Taxes	1,936	1,586	2,000	3.3%	26.1%	-1,072	14	-942	12.2%	NM
Profit after taxes	5,804	5,096	6,000	3.4%	17.7%	3,189	5	2,800	-12.2%	NM
Loss ratio/Claims ratio	74.0%	71.6%	73.0%	-1.0%	1.4%	67.6%	69.2%	69.6%	2.0%	0.4%
EOM to NWP	28.3%	30.9%	29.0%	0.7%	-1.9%	31.6%	29.9%	32.4%	0.8%	2.5%
Combined ratio	102.3%	102.5%	102.0%	-0.3%	-0.5%	99.2%	99.2%	102.0%	2.8%	2.8%
RoE	19.1%	14.5%	16.4%	-2.7%	1.9%	19.6%	0.0%	16.0%	-3.6%	16.0%

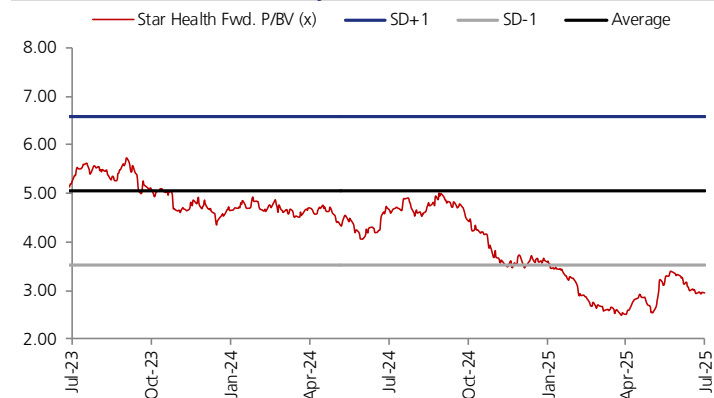
Source: Company, JM Financial

Exhibit 11. Valuation comps for general insurance companies under JMFL coverage

Company	M-cap (USD bn)	M-cap (INR bn)	Reco	TP	Earnings 2 yr CAGR (%)	P/E		P/B	
						FY26e	FY27e	FY26e	FY27e
ICICI Lombard	11.7	1,006	BUY	2,150	14.6	35.8	30.3	6.2	5.4
Star Health	2.9	248	HOLD	400	36.2	26.2	21.5	3.1	2.7

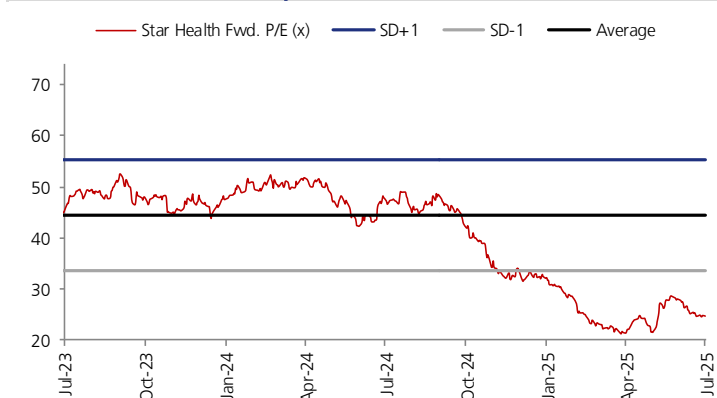
Source: Company, JM Financial

Exhibit 12. ICICI Lombard – 1 year forward P/E valuation chart



Source: Company, JM Financial

Exhibit 13. Star Health – 1 year forward P/E valuation chart



Source: Company, JM Financial

APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

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Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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