

10 July 2025

INDIA | LIFE INSURANCE |
COVERAGE INITIATION



Max Financial Services

The rerating is structural



Strong channels
to deliver growth

Evolved product mix provides
for cross-cycle growth

Expect margin
improvement from FY25 levels

Max Financial Services

The rerating is structural

We initiate coverage on Max Financial Services with a BUY rating and a target price of INR 1,800, valuing the company at 2.2x FY27e EVPS of INR 1,025 for Axis Max Life Insurance. The company holds 80% economic interest in one of India's leading bank-led insurers, Axis Max Life Insurance Company, rebranded from Max Life Insurance in Dec'24. The insurer delivered individual APE growth of 18% in FY25, 3pps above private sector, and is leading YTD FY26 growth amongst large players.

Axis Max Life has a well-rounded product and distribution presence. It has shown the strength of its products and sales efforts through strong counter shares - 66% in Axis Bank and 54% in Yes Bank - in competitive spaces. With these partnerships strengthening, we expect a growth impulse in the near term, from 8% banca CAGR over FY21-FY25. Over FY21-FY25, the insurer has strongly grown its proprietary channel, delivering 28% CAGR.

Its VNB margins have fluctuated with product mix, falling from a peak of 31.2% in FY23 to 24.0% in FY25, but it delivered 14% VNB CAGR through FY21-FY25. The insurer has gradually managed the impact of surrender norms on its profitability, and we expect margins to improve from 24.0% in FY25 to 26.0% by FY28e as the incremental sales of low-margin, market-linked products normalises.

Over FY25-FY26, the stock has rerated with the overhaul in corporate structure and strong growth. At CMP, it trades at 1.9x FY27e EVPS of INR 1,025. The stock trades 1SD above its mean valuation over FY21-FY25; we believe the underlying justifies the premiums.

Industry has maintained its share of customer wallet: While inflows into stocks and mutual funds (against deposits) have captured headlines, life insurers have maintained Indian customers' wallet share, at 17-18%. Life insurers have stayed relevant with product innovation – return guarantees, protection with return of premiums (RoP), deferred and limited pay annuities, term + ULIPs, early liquidity in participatory products, etc. While LIC has grown at ~10% CAGR on its strong base and deep penetration, private insurers have sustained mid-teens growth.

Rising productivity and prop channels have delivered growth: Banca channel dominates the distribution mix with 55.3% share for FY25. The channel has grown at a steady pace of 11% CAGR over FY20-FY25, with strong presence in Axis Bank and Yes Bank. However, its share in the mix has come down as prop channel growth has outpaced it, with 28% CAGR over FY21-FY25. Share of the prop channel is increasing, led by surge in online sales – where it is the leader in protection segment – and sustained rise in agent productivity.

Product innovation has driven customer demand: Max Life has consistently delivered the right product at the right time to drive growth. From FY21 to FY23, the insurer rapidly grew its non-par and annuity bouquet, launching SWAG in the non-par segment and regular pay variant of annuity. In FY24-FY25, Max introduced SWAG Par and variants of ULIPs for online and offline channels. This led to robust growth of 16% CAGR over FY20-FY25. Going into FY26, we expect growth of 3-4ppts above the private sector.

Margins compromised to meet customer demand, expect improvement in FY26-FY28e: For Max Life, topline growth of 18% in FY25 was driven by ULIP sales (share of ULIPs increased from 35% in FY24 to 42% in FY25). This resulted in slower VNB growth of 7% YoY. In FY25, the management had targeted VNB margins of 23-24%, and achieved 24.0%, at the upper band of its targeted range. It is targeting 24-25% margin for FY26 and 25%+ in steady state thereafter.

Recommendation and Price Target

Current Reco.	BUY
Current Price Target (12M)	1,800
Upside/(Downside)	13.7%

Key Data – MAXF IN

Current Market Price *	INR1,583
Market cap (bn) *	INR546.2/US\$6.4
Free Float	76%
Shares in issue (mn)	60.7
Diluted share (mn)	60.7
3-mon avg daily val (mn)	INR1,861.4/US\$21.7
52-week range	1,669/950
Sensex/Nifty	83,190/25,355
INR/US\$	85.6

Price Performance

%	1M	6M	12M
Absolute	3.9	46.9	52.5
Relative*	3.1	36.6	46.5

*To the BSE Sensex

Financial Summary

INR bn	FY24A	FY25A	FY26E	FY27E	FY28E
NBP	110.2	121.7	141.7	162.5	184.4
Total APE	74.3	87.7	101.7	117.2	135.3
Growth YoY (%)	19.0%	18.0%	15.9%	15.3%	15.4%
Individual APE	73.2	86.5	100.4	115.8	133.6
Growth YoY (%)	18.5%	18.2%	16.1%	15.3%	15.4%
Opex + Commissions	64.8	76.6	89.6	103.4	117.8
VNB	19.7	21.1	25.4	29.9	35.2
Growth YoY (%)	1.2%	6.8%	20.7%	17.5%	17.7%
VNB margin %	26.5%	24.0%	25.0%	25.5%	26.0%
Op ROEV (%)	20.2%	19.1%	18.3%	18.2%	18.2%
P/EVx	3.5x	2.7x	2.3x	1.9x	1.6x

Source: Company data, JM Financial. Note: Valuations as of 10/Jul/2025

JM Financial Research is also available on: Bloomberg - JMFR <GO>, Thomson Publisher & Reuters, S&P Capital IQ, FactSet & Visible Alpha

You can also access our portal: www.jmflresearch.com

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

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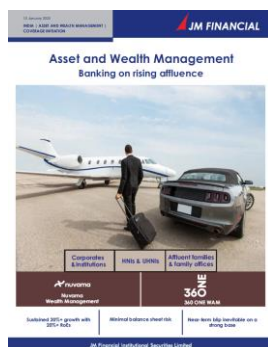
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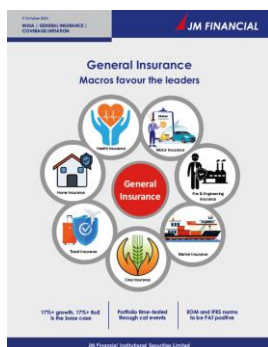


Max Financial Services, holdco of Axis Max Life, has given handsome returns in the last 6 months. We believe the rerating is structural with (i) consistent growth delivery – 3pps above private sector in FY25, leading large players in YTD FY26, (ii) margin improvement with product mix normalising towards non-market linked products, (iii) closer integration with key banca partners Axis Bank and Yes Bank and opening of new doors, (iv) leadership in online protection segment and sustained outperformance of proprietary channels, and (v) better recognition, shareholder value attribution and pricing power with its strengthening Axis Bank partnership.

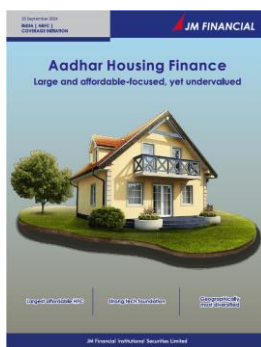
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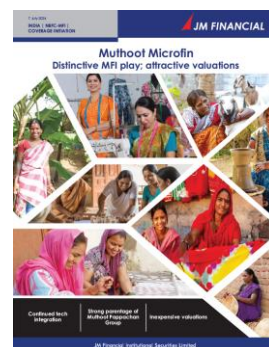
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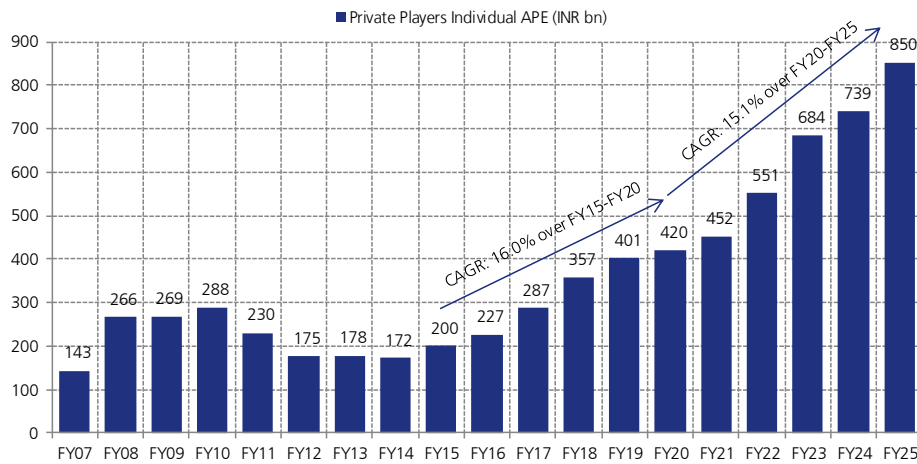


[Life Insurance](#)

Focus Charts

With product innovation, private industry continues to grow at mid-teens

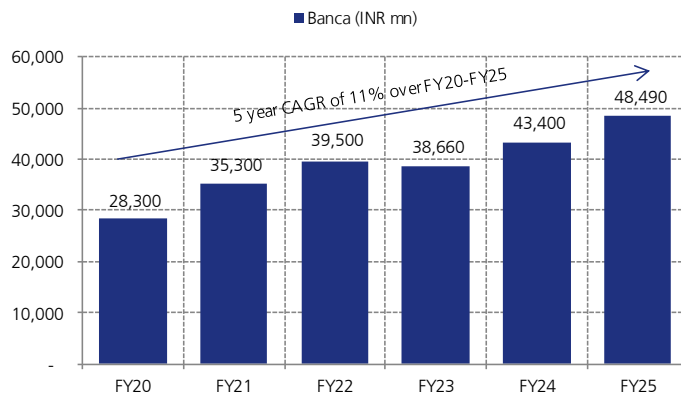
Exhibit 1. With product innovation, private industry continues to grow at mid-teens



Source: Company, JM Financial

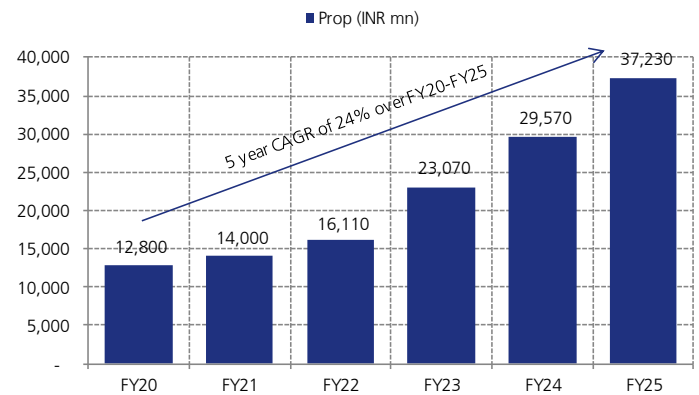
Built strong channels to deliver growth with increasing productivity

Exhibit 2. Banca has grown at 11% CAGR over FY20-FY25



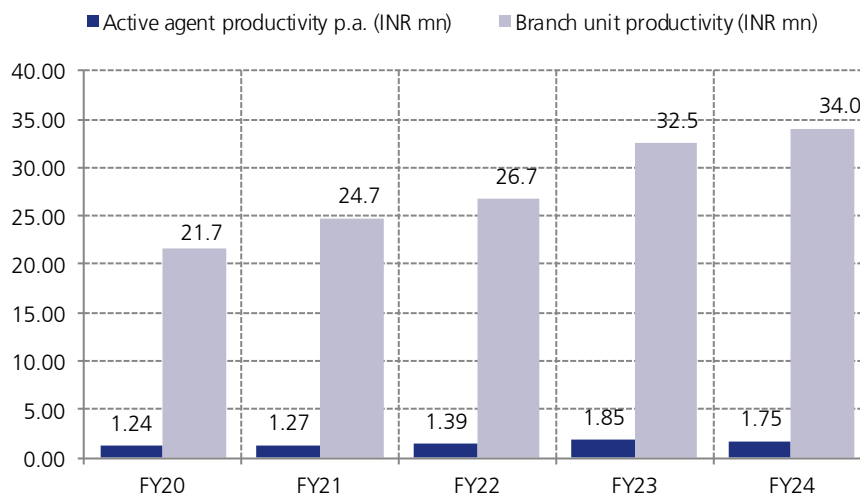
Source: Company, JM Financial

Exhibit 3. Prop channel outpaced Banca with 24% CAGR



Source: Company, JM Financial

Exhibit 4. Increasing branch and agent productivity supported growth



Source: Company, JM Financial

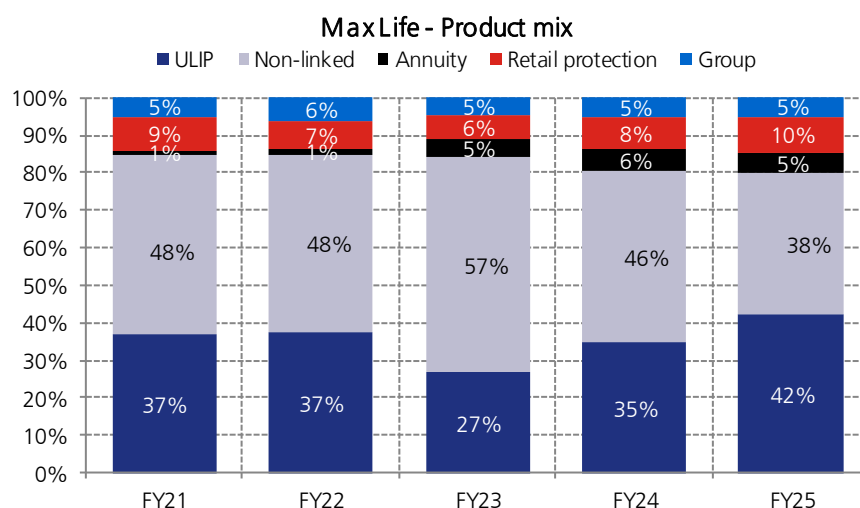
An evolved product mix provides for cross-cycle growth

Exhibit 5. Axis Max Life has grown specific business segments opportunistically

Max Life - Product mix	FY20	FY21	FY22	FY23	FY24	FY25	5 year CAGR
ULIP	16,679	19,103	22,004	17,720	26,810	38,290	18%
YoY %		15%	15%	-19%	51%	43%	
Par	13,201	9,810	11,980	8,720	13,580	13,580	1%
YoY %		-26%	22%	-27%	56%	0%	
Non Par	7,983	14,973	16,106	28,440	21,670	20,760	21%
YoY %		88%	8%	77%	-24%	-4%	
Annuity	196	434	860	2,930	4,650	4,920	91%
YoY %		122%	98%	241%	59%	6%	
Retail protection	3,390	4,750	4,190	3,980	6,490	8,960	21%
YoY %		40%	-12%	-5%	63%	38%	
Group	330	500	740	690	1,120	1,190	29%
YoY %		52%	48%	-7%	62%	6%	
Total APE	41,779	49,570	55,880	62,480	74,320	87,700	16%
YoY %		19%	13%	12%	19%	18%	

Source: Company, JM Financial

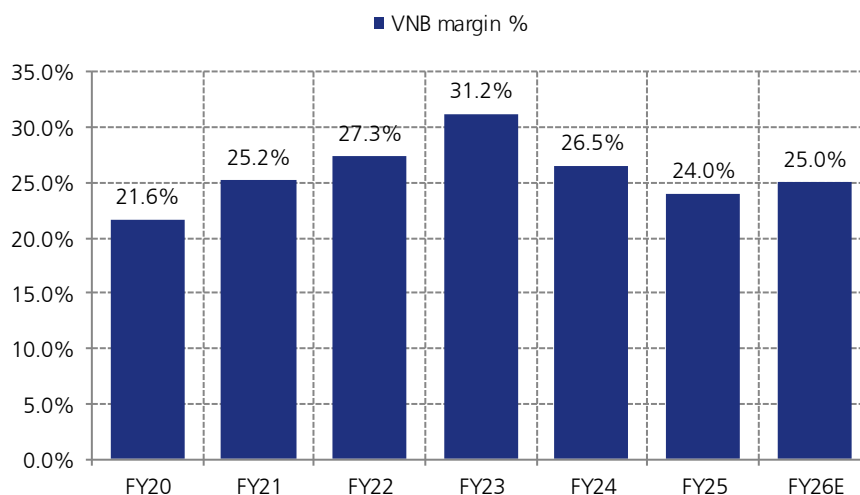
Exhibit 6. Axis Max Life: Agile product mix depending on market requirements



Source: Company, JM Financial

Margins compromised to meet customer demand, expect improvement in FY26

Exhibit 7. Expect VNB margins to improve by about 100bps in FY26



Source: Company, JM Financial

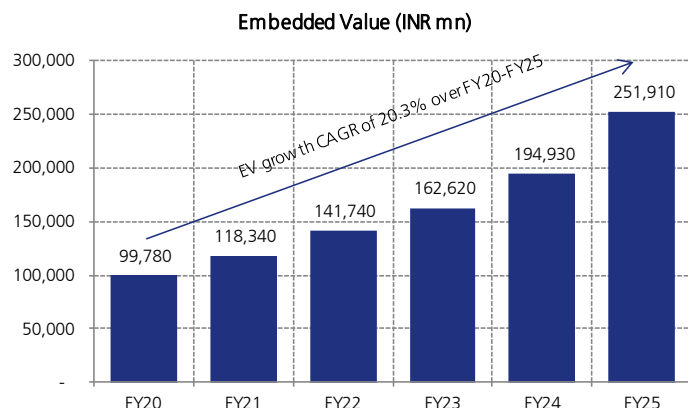
With scale and improving product mix, shareholder value has grown steadily

Exhibit 8. Axis Max life: EV walk demonstrates steady EV growth and consistent operating RoEV

EV Walk	FY20	FY21	FY22	FY23	FY24	FY25
Opening EV	89,380	99,770	118,340	141,740	162,620	194,930
Unwind	8,130	8,620	10,250	12,450	13,690	16,180
VNB	8,970	12,490	15,280	19,490	19,730	21,070
Core EVOP	17,100	21,110	25,530	31,940	33,420	37,250
Operating Variance	1,030	-2,600	-2,770	-620	-570	50
Operating Return on EV	18,130	18,510	22,760	31,320	32,850	37,300
Economic Variance	-3,170	3,820	640	-10,440	-540	3,560
Capital Infusion/(Dividends)	-4,560	-3,760	-	-	-	16,120
Closing EV	99,780	118,340	141,740	162,620	194,930	251,910
Growth YoY (%)		19%	20%	15%	20%	29%
% of Opening EV	FY20	FY21	FY22	FY23	FY24	FY25
Unwind	9.1%	8.6%	8.7%	8.8%	8.4%	8.3%
VNB	10.0%	12.5%	12.9%	13.8%	12.1%	10.8%
Core EVOP	19.1%	21.2%	21.6%	22.5%	20.6%	19.1%
Operating Variance	1.2%	-2.6%	-2.3%	-0.4%	-0.4%	0.0%
Operating Return on EV	20.3%	18.6%	19.2%	22.1%	20.2%	19.1%

Source: Company, JM Financial

Exhibit 9. Embedded value has grown at 20% CAGR over FY20-FY25



Source: Company, JM Financial

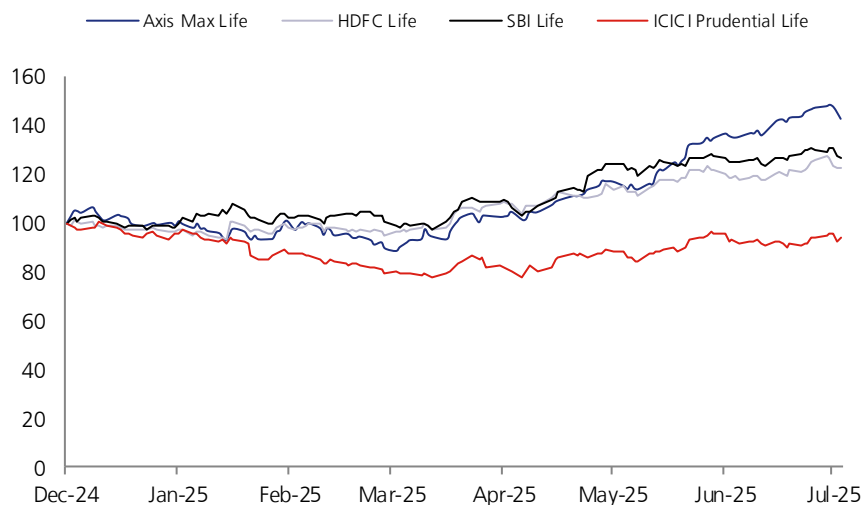
Exhibit 10. Shareholder return of 36% CAGR from FY20



Source: Company, JM Financial

Increasing comfort on corporate structure and brand has delivered rerating

Exhibit 11. "Axis" Max Life has gained the most among peers post rebranding in Dec'24



Source: Company, JM Financial

Investment thesis

With product innovation, industry has maintained its share of customer wallet

While inflows into stocks and mutual funds (against deposits) have captured headlines, life insurers have maintained Indian customers' wallet share, at 17-18%. Life insurers have stayed relevant with product innovation – return guarantees, protection with return of premiums (RoP), deferred and limited pay annuities, term + ULIPs, early liquidity in participatory products, etc. While LIC has grown at ~10% CAGR on its strong base and deep penetration, private insurers have sustained mid-teens growth.

Rising productivity and prop channel has driven growth

The banca channel dominates distribution mix with 55.3% share for FY25. The channel has grown at a steady pace of 11% CAGR over FY20-FY25. However, its share in the mix has come down as prop channel growth has outpaced it, with 28% CAGR over FY21-FY25. The banca channel is dominated by Axis Bank, which contributed 86.5% of banca sales for Max Life and the insurer enjoys 66.0% counter share in FY25. Increasing share of the prop channel is led by acceleration in online sales – where it is the leader in the protection segment – and sustained rise in agent productivity.

Product innovation has driven customer demand through cycles

Max Life has consistently launched new products and product variants in response to customer needs and promoted the right product at the right time to deliver growth. From FY21 to FY23, the insurer rapidly grew its non-par and annuity products bouquet, launching SWAG in the non-par segment and regular pay variant of annuity. In FY24-FY25, with booming markets and people searching for returns, Max introduced SWAG Par and variants of ULIPs for both online and offline channels. This has helped it to deliver robust growth of 16% CAGR over FY20-FY25 vs. private industry CAGR of 15% over the same period. Going into FY26, the management is targeting growth of 3-4ppts above the private sector.

Margins compromised to meet customer demand, expect improvement in FY26

For Max Life, topline growth of 18% in FY25 was driven by ULIP sales (share of ULIPs increased from 35% in FY24 to 42% in FY25). Since ULIPs are comparatively lower-margin products, it resulted in slower VNB growth of 7% YoY. This, in addition to the impact of implementation of surrender norms from Oct'24 led to margin compression in FY25. However, the insurer protected margin using higher sum assured, addition of policy riders and bundling of insurance products in a single policy (e.g., TULIPs – Term + ULIP policy). In FY25, the management had targeted VNB margins of 23-24% and achieved 24.0%, at the upper band of its targeted range. It is targeting 24-25% margin for FY26 and 25%+ in steady state thereafter.

With scale and improving product mix, shareholder value has grown steadily

Axis Max Life has had a consistently strong RoEV profile, reporting a healthy operating RoEV of 20% over FY20-FY25. The company had consistently paid dividends till FY21, hence, ANW as a share of EV was lower – providing for a higher core EVOP, even as its scale widened. It reported a positive INR 50mn operating variance in FY25, after 4 years of negative variance. In FY25, Axis Bank infused primary capital of INR 16.12bn into Axis Max Life, which provided growth capital by improving its solvency. Axis Max Life has consistently maintained one of the best RoEV profile among private players.

Increasing comfort on corporate structure and brand has delivered rerating

Max Life rebranded to Axis Max Life on 13th Dec'24, underscoring the strength of the partnership. Since the rebranding exercise, the Max Financial Services stock has delivered strong shareholder returns, ahead of peer insurers. The rebranding exercise and customer-centric outcomes are expected to result in higher pricing power for Axis Max Life. Further, the management appears convinced of the need to reverse merge Max Financial Services with Axis Max Life. The proposed Insurance (Amendment) Bill is widely expected to provide the enabling provision for the reverse merger [\[link\]](#); hence, the holdco structure can collapse and the entire economic value of Axis Max Life will directly correspond to the listed entity.

Regulatory actions enhance customer value, driving 'Insurance for All' by 2047

In 2022, IRDAI committed to enable 'Insurance for All' by 2047, where every citizen has an appropriate life, health and property insurance cover and every enterprise. Under this umbrella, IRDAI and the Government of India have launched multiple efforts to deepen insurance penetration and enhance customer value – an overhaul of surrender norms on insurance policies, liberalisation of intermediary tie-ups, Bima Trinity and in-the-works IFRS norms for capital requirements and perhaps, composite licences for insurance manufacturers.

While there were fears of disruption with taxation on ULIPs and non-linked products from FY22 and FY24, surrender norms and a potential nudge to restrict bancassurance sales, the listed players have delivered strong returns with brand recall, strong channel presence and continued product innovation – attracting customer wallet despite increasing preference for capital markets.

Valuation

We initiate coverage on Max Financial Services with a BUY rating and a target price of INR 1,800, valuing the company at 2.2x FY27e EVPS of INR 1,025 for Axis Max Life Insurance (80% of the economic value of Axis Max Life corresponds to Max Financial Services). This implies 18x FY27e core EVOP (VNB plus unwind). While the stock delivered strong returns since Dec'24 post the rebranding exercise and strong growth reported in 1QFY26 so far, we expect the company to continue to outperform the private sector and peer insurers in FY26 on the growth front. This, alongside margin expansion to 25% levels should see the stock compound.

At CMP, the stock trades at 1.9x FY27e EVPS of INR 1,025, which is in line with SBI Life, and ahead of IPRU Life – larger peer private life insurers.

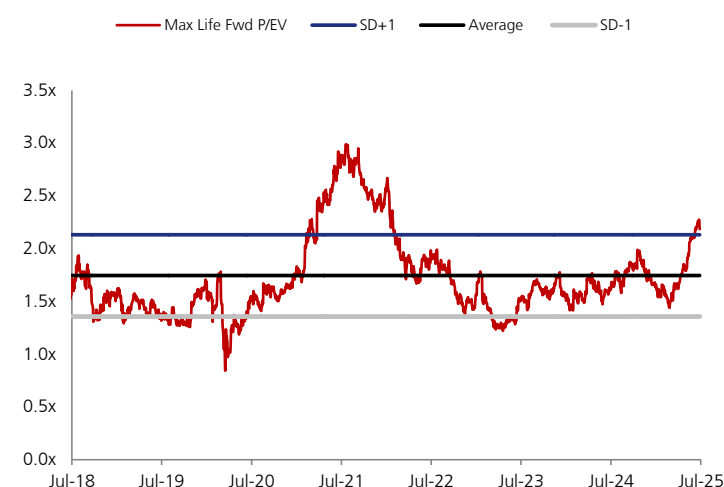
Exhibit 12. Expect Max to outperform on EV growth hereon, trades at 1.9x FY27e EVPS, at a significant discount to HDFC Life

Company	Mkt cap (USD bn)	Reco	VNB Margins (%)			P/EVOPx			P/Evx			EV Growth		
			FY25	FY26e	FY27e	FY25	FY26e	FY27e	FY25	FY26e	FY27e	FY25	FY26e	FY27e
Max Financial Services	6.3	BUY	24.0%	25.0%	25.5%	18.1	14.6	12.4	2.7	2.3	1.9	29.2%	18.3%	18.2%
HDFC Life	19.8	BUY	25.6%	26.3%	26.6%	21.4	18.4	15.9	3.1	2.6	2.3	16.7%	16.5%	16.1%
IPRU Life	11.4	BUY	22.8%	23.2%	23.7%	17.7	15.4	12.7	2.0	1.8	1.6	13.3%	12.8%	13.8%
SBI Life	21.2	BUY	27.8%	28.0%	28.2%	15.4	14.2	12.5	2.6	2.2	1.9	20.6%	18.1%	17.3%
LIC of India	69.9	HOLD	17.6%	18.1%	18.8%	7.2	7.7	7.4	0.8	0.7	0.7	6.8%	9.9%	7.7%

Source: Company, JM Financial

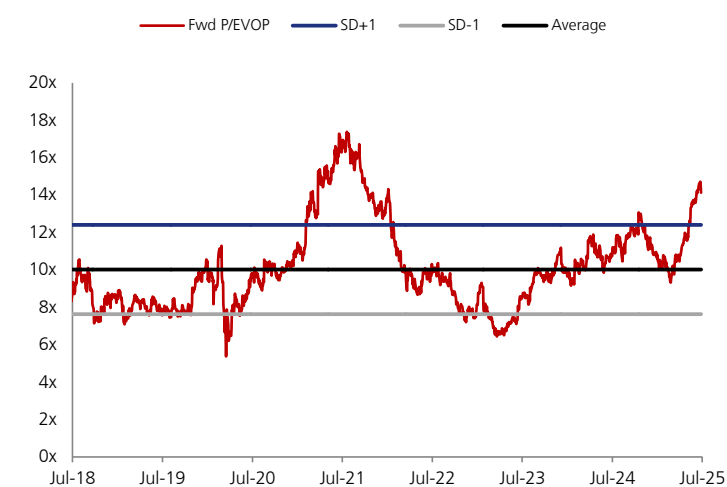
Over FY25-FY26, the stock has rerated with the overhaul in corporate structure and strong growth. We expect the strong performance to continue with above-industry growth and improving margins. The stock trades 1SD above its mean valuation over FY21-FY25; we believe the underlying justifies the premiums – we see the rebranding exercise as a sustained rerating event and expect multiples of ~2x forward EV to be the new normal, before higher pricing and improving VNB margins can further rerate the stock.

Exhibit 13. Stock trades >1 SD above historical fwd P/EV...



Source: Company, JM Financial

Exhibit 14. ...and at premiums to historical P/EVOP



Source: Company, JM Financial

With product innovation, industry has maintained its share of customer wallet

While inflows into stocks and mutual funds (against deposits) have captured headlines, life insurers have maintained Indian customers' wallet share, at ~18%. Life insurers have stayed relevant with product innovation – return guarantees, protection with return of premiums (RoP), deferred and limited pay annuities, term + ULIPs, early liquidity in participatory products, etc. Private insurers have sustained growth of 16% CAGR over FY15-FY25, well above the industry growth of 11% CAGR over the same period.

Exhibit 15. Private players have sustained mid-teens growth over a decade

Individual APE (INR bn)	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	5 year CAGR	10 year CAGR
Max Life	19	21	26	32	39	41	49	54	60	70	83	15%	16%
YoY %		8%	25%	22%	21%	5%	19%	12%	11%	16%	20%		
HDFC Life	30	33	36	48	50	60	70	81	115	114	134	18%	16%
YoY %		12%	9%	31%	5%	19%	17%	16%	41%	-1%	17%		
SBI Life	31	43	59	78	90	98	102	129	152	172	194	15%	20%
YoY %		37%	39%	31%	15%	9%	5%	26%	18%	13%	12%		
ICICI Prudential Life	46	50	64	75	71	66	55	63	67	72	83	5%	6%
YoY %		8%	29%	16%	-5%	-6%	-18%	15%	7%	7%	15%		
Private Industry	200	227	287	357	401	420	452	551	684	739	850	15%	16%
YoY %		14%	26%	24%	12%	5%	8%	22%	24%	8%	15%		
LICI	208	214	246	278	291	315	305	325	356	351	354	2%	5%
YoY %		3%	15%	13%	5%	8%	-3%	7%	9%	-1%	1%		
Total Industry	408	441	533	635	692	735	757	876	1,040	1,090	1,204	10%	11%
YoY %		8%	21%	19%	9%	6%	3%	16%	19%	5%	10%		

Source: Life insurance council, JM Financial

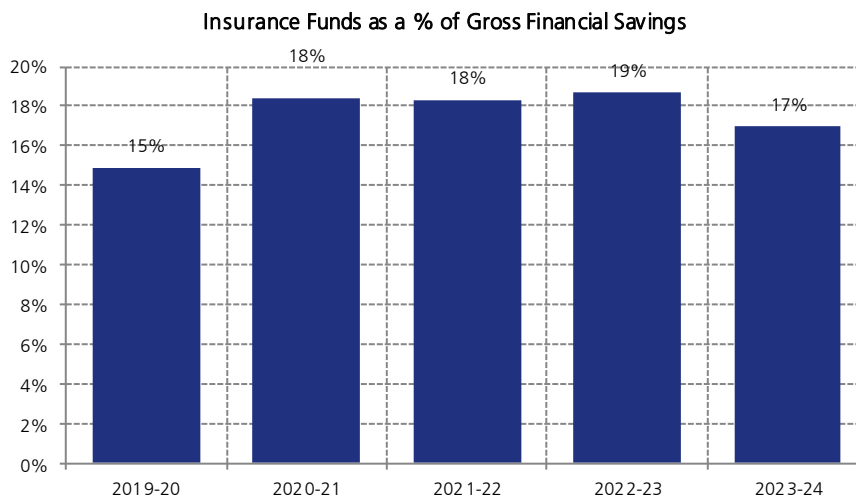
Exhibit 16. LIC has ceded market share to private players over the last decade

Individual APE market share (%)	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	5 year Delta	10 year Delta
Max Life	4.8%	4.8%	5.0%	5.1%	5.6%	5.5%	6.4%	6.2%	5.8%	6.4%	6.9%	1.4%	2.1%
HDFC Life	7.3%	7.6%	6.8%	7.5%	7.2%	8.1%	9.2%	9.3%	11.0%	10.4%	11.1%	3.0%	3.8%
SBI Life	7.7%	9.7%	11.1%	12.3%	12.9%	13.3%	13.5%	14.7%	14.6%	15.8%	16.1%	2.8%	8.4%
ICICI Prudential Life	11.3%	11.3%	12.0%	11.8%	10.3%	9.0%	7.2%	7.2%	6.5%	6.6%	6.9%	-2.1%	-4.4%
Private Industry	49.0%	51.5%	53.9%	56.2%	58.0%	57.2%	59.7%	62.9%	65.8%	67.8%	70.6%	13.4%	21.6%
LIC	51.0%	48.5%	46.1%	43.8%	42.0%	42.8%	40.3%	37.1%	34.2%	32.2%	29.4%	-13.4%	-21.6%

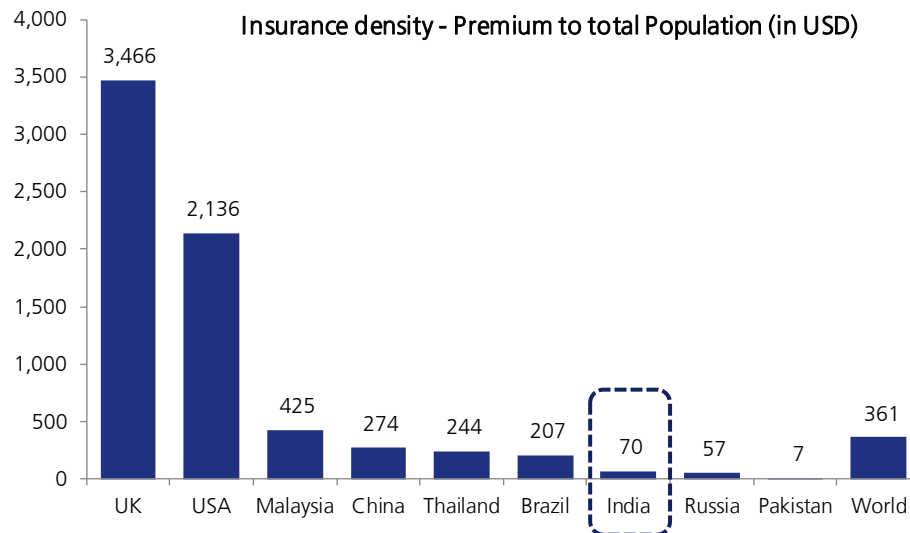
Source: Life insurance council, JM Financial

Increasing wallet share and under penetration to drive growth further

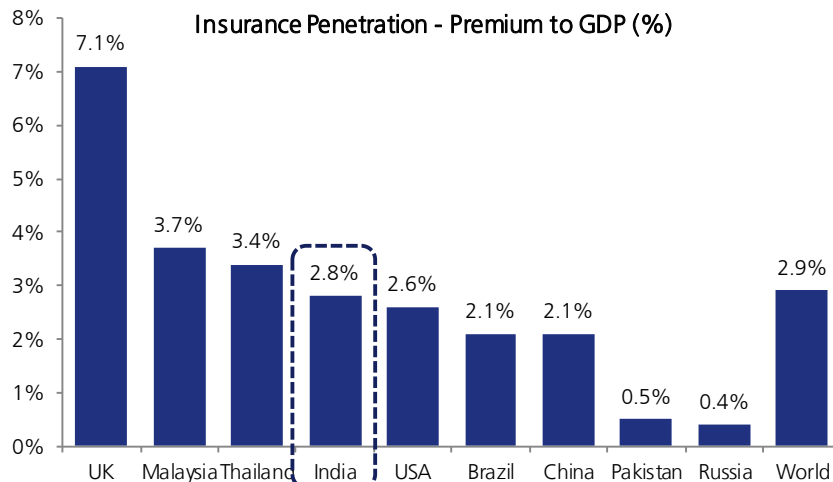
The RBI annual report highlighted that wallet share of insurance funds improved from 15% in 2019-20 to 17% in 2023-24, indicating gradual increase in insurance premiums. Moreover, India's per capita premium density remains lower (at USD 70) vs. developed economies and below the world average of USD 361 as of 2024. India's insurance penetration (premium to GDP ratio) for 2024 was 2.8% vs. the world average of 2.9%. Increasing awareness, geographic penetration into lower-tier cities and government push is expected to drive life insurance growth further.

Exhibit 17. Insurance funds to gross financial savings at 17% in 2023-24

Source: RBI annual report FY25, JM Financial

Exhibit 18. Insurance density: India's per capita premium is a fraction of Brazil and China

Source: Life Insurance Handbook, JM Financial

Exhibit 19. Insurance penetration: Premium share high due to strong life insurance savings

Source: Company, JM Financial

Growth in FY25 was front loaded in 1HFY25 led by ULIP sales

For FY25, given the search for deposits, we had expected the private sector to grow at a subdued 12.6% YoY; however, the private sector delivered 15% growth. Insurers capitalised on strong capital markets in the first half to sell market-linked ULIPs to customers, delivering 24% growth in 1HFY25. Post implementation of surrender norms in Oct'24 and subsequent market weakness impacting ULIPs, growth slowed down for the industry in FY25.

Exhibit 20. Industry grew at a significantly faster pace before slowing down in 2HFY25; Max Life performed better than its private peers

Individual APE (INR bn)	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	FY25
Max Life	3	4	6	6	6	8	5	6	9	7	7	16	83
YoY %	32%	31%	22%	45%	20%	38%	15%	25%	11%	14%	10%	11%	20%
HDFC Life	6	8	10	11	11	12	8	9	13	14	12	20	134
YoY %	30%	23%	34%	58%	10%	25%	21%	3%	12%	25%	1%	6%	17%
SBI Life	8	11	13	17	16	16	14	15	35	19	12	17	194
YoY %	20%	25%	18%	21%	4%	9%	10%	9%	16%	18%	-1%	4%	12%
ICICI Prudential Life	4	5	6	7	7	7	6	6	7	7	7	13	83
YoY %	72%	57%	28%	40%	29%	33%	22%	28%	9%	9%	-13%	-12%	15%
Private Industry	36	48	59	66	68	78	56	63	100	80	69	126	850
YoY %	25%	25%	22%	30%	15%	28%	12%	15%	11%	20%	2%	3%	15%
LICI	19	24	28	30	28	42	22	22	29	31	25	54	354
YoY %	18%	7%	13%	0%	1%	48%	-15%	-12%	-13%	-7%	-17%	0%	1%
Total Industry	55	73	87	96	96	120	78	85	129	110	94	180	1,204
YoY %	22%	19%	19%	19%	10%	34%	3%	7%	5%	11%	-4%	2%	10%

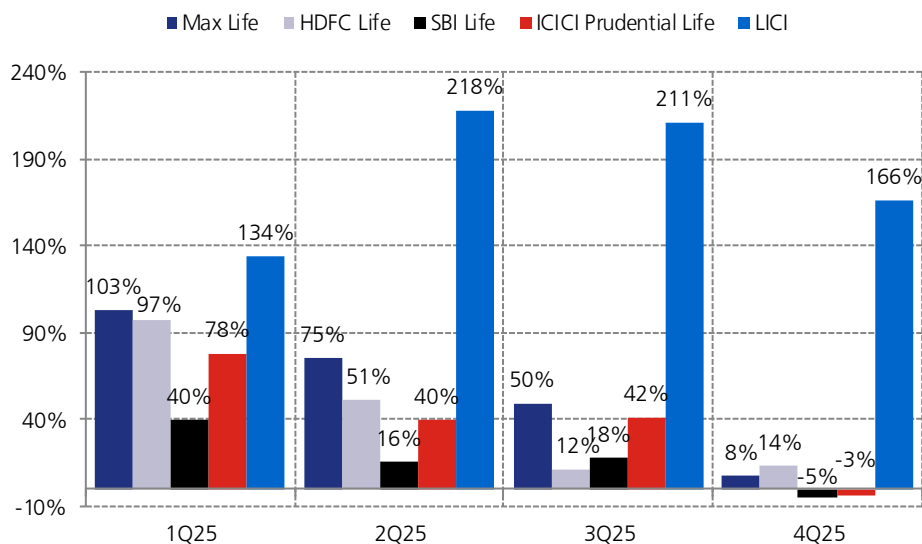
Source: Life insurance council, JM Financial

Exhibit 21. Market share of private players increased over the year with HDFC Life and Max Life gaining the most

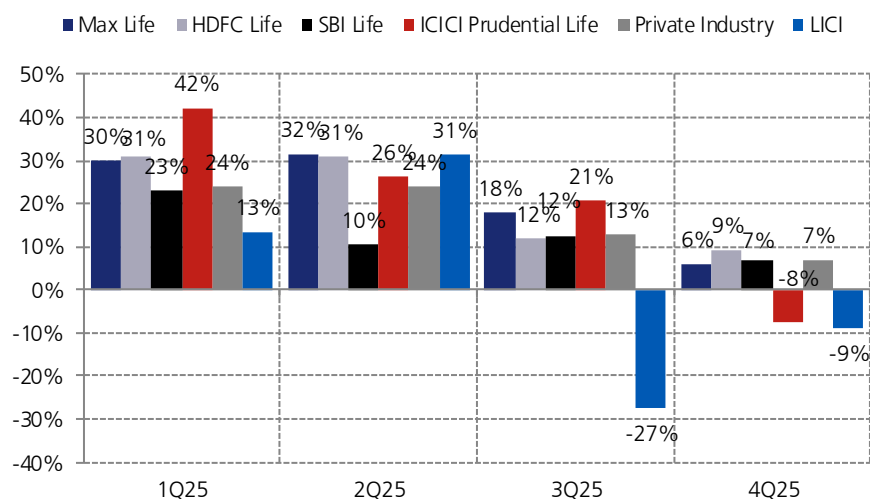
Individual APE market share (%)	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	FY25	FY25 Delta
Max Life	5.2%	5.7%	6.4%	6.4%	6.7%	6.5%	7.0%	7.2%	6.9%	6.2%	7.7%	8.7%	6.9%	0.5%
HDFC Life	11.1%	11.1%	11.9%	11.1%	11.4%	9.7%	10.8%	10.5%	10.2%	12.3%	12.8%	10.9%	11.1%	0.7%
SBI Life	14.9%	15.6%	14.6%	17.1%	16.6%	13.5%	18.3%	17.9%	27.1%	17.5%	12.6%	9.4%	16.1%	0.3%
ICICI Prudential Life	7.3%	7.5%	7.1%	7.1%	7.1%	6.2%	7.5%	6.7%	5.5%	6.5%	7.8%	7.3%	6.9%	0.3%
Private Industry	65.2%	66.7%	68.3%	69.0%	70.6%	65.2%	72.4%	74.0%	77.7%	72.1%	73.4%	69.8%	70.6%	2.8%
LICI	34.8%	33.3%	31.7%	31.0%	29.4%	34.8%	27.6%	26.0%	22.3%	27.9%	26.6%	30.2%	29.4%	-2.8%

Source: Life insurance council, JM Financial

Exhibit 22. ULIP growth for listed players slowed down in 2HFY25 with market weakness

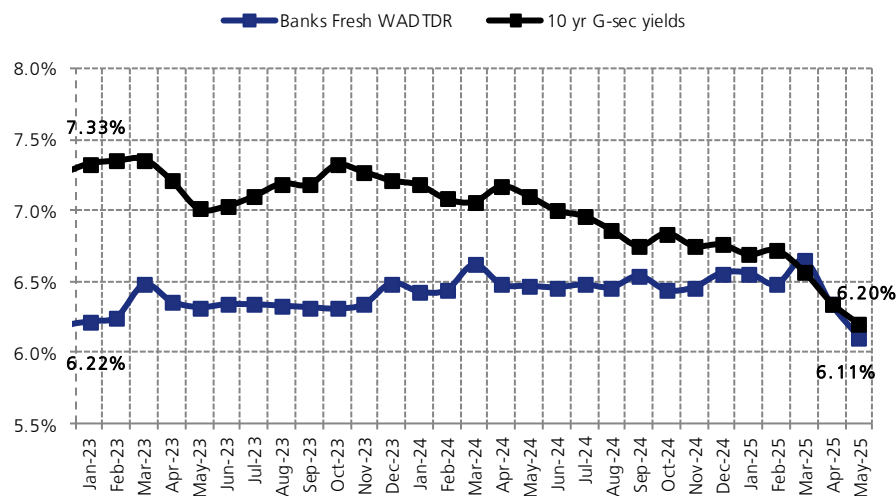


Source: Company, JM Financial

Exhibit 23. Quarterly individual APE growth for listed players, private industry and LICI

Source: Company, Life insurance council, JM Financial

For listed life insurers, savings products consistently account for 80%+ of the new business. In the savings space, insurance products compete with bank deposits, mutual funds (and AIF/PMS products). Seeing the rising propensity to invest in capital markets, we had expected the private industry to grow at 12-13% in individual APE in FY25; however, the industry strongly pitched market-linked ULIP products to grow at 15%+. As FY26 began, we could see demand for ULIPs weaken while the spread between term deposit rates and G-sec yields shrank – both on a strong base of 24% growth in 1HFY25. While the base effect plays out in 1HFY26, we expect the insurers to report stronger growth in 2H to end the year with 12% YoY growth.

Exhibit 24. Spread between fresh term deposits rate and G-sec yields has compressed to 9bps

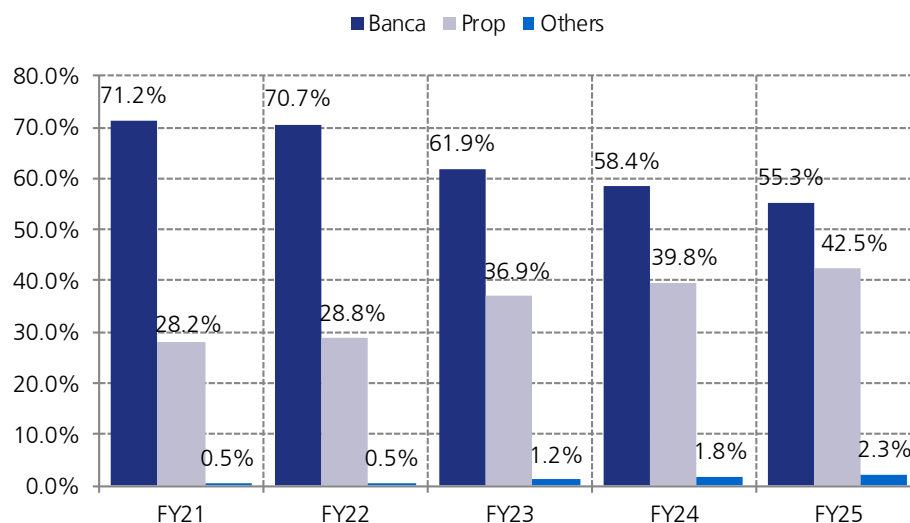
Source: RBI, JM Financial

Rising productivity and prop channels have delivered growth

Banca dominates distribution driven by strategic partnership with Axis Bank and Yes Bank

The banca channel continues to dominate the distribution mix with 55.3% share for FY25. The channel has grown at a steady pace of 11% CAGR over FY20-FY25. However, its share in the mix has come down as prop channel growth outpaced banca growth.

Exhibit 25. Banca channel dominates distribution with prop channel gaining pace



Source: Company, JM Financial

The banca channel is dominated by Axis Bank, which contributed 86.5% of banca sales for Max Life and the insurer enjoys 66.0% counter share in FY25. The partnership with Yes Bank is also crucial for the insurer as it has around 54% counter share in the bank.

Axis Bank and its subsidiaries had picked up 12.99% stake in the insurer in 2021 before increasing it to 19.02% in Aug'23. Subsequently, in Jun'24, this stake was further increased to 19.99%. In addition, the branch productivity of Axis Bank is comparable to that of its larger peer HDFC Bank, which gives confidence on effective execution. Continued strategic investment from Axis bank and change in the brand name to 'Axis Max' in Dec'24 is expected to boost growth in this channel despite headwinds of open architecture.

Exhibit 26. Comparison of branch productivity and contribution of parent banca

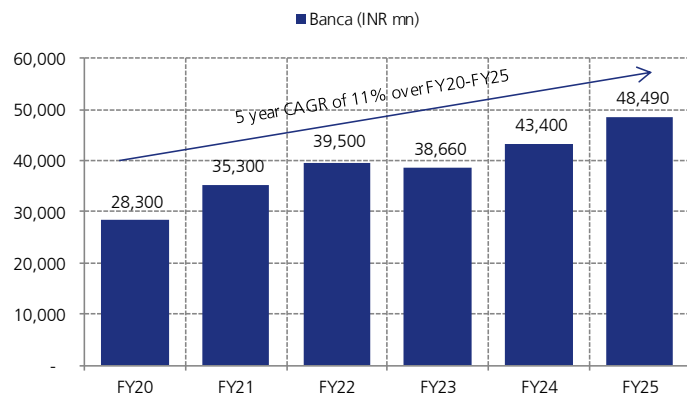
Max Life Parent Channel (INR mn)	FY21	FY22	FY23	FY24	FY25
APE (headline number) for MAXF (A)	49,570	55,880	62,480	74,330	87,700
Axis bank APE for Max Life (INR mn) (B)	31,200	35,730	34,690	38,260	41,950
Axis bank share of APE % (B/A)	62.9%	63.9%	55.5%	51.5%	47.8%
Axis bank total APE garnered (C)	35,126	43,286	49,557	54,657	63,561
Max life counter share (B/C)	88.8%	82.5%	70.0%	70.0%	66.0%
No. of branches (D)	4,594	4,758	4,903	5,377	5,876
Axis bank branch productivity (APE/branch) (C/D)	7.6	9.1	10.1	10.2	10.8
HDFC Life Parent Channel (INR mn)	FY21	FY22	FY23	FY24	FY25
HDFC Life Ind APE (A)	136,190	136,190	136,190	136,190	136,190
HDFC bank Ind APE for HDFC Life (B)	39,166	40,840	52,445	56,394	64,009
Share of Ind APE from HDFC bank % (B/A)	28.8%	30.0%	38.5%	41.4%	47.0%
HDFC bank total Ind APE garnered (C)	60,255	68,067	92,008	86,760	98,476
HDFC life counter share (B/C)	65.0%	60.0%	57.0%	65.0%	65.0%
No. of branches (D)	5,608	6,342	7,821	8,738	9,455
HDFC bank branch productivity (APE/branch) (C/D)	10.7	10.7	11.8	9.9	10.4

Source: Company, JM Financial

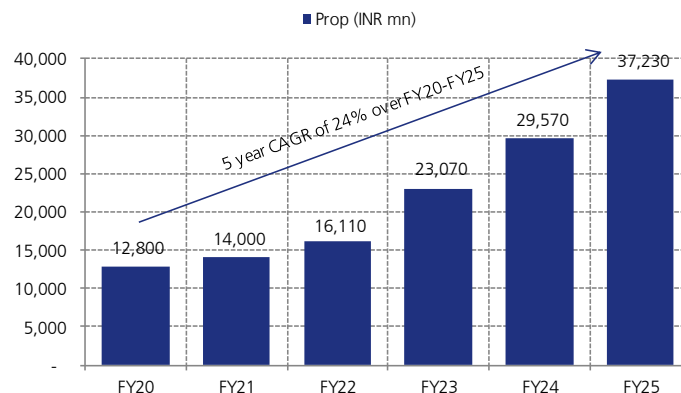
Exhibit 27. SBI branch productivity is lower than peers

SBI Life Parent Channel (INR mn)	FY21	FY22	FY23	FY24	FY25
SBI total APE garnered (A)	69,100	87,400	104,200	117,200	127,400
No. of branches (B)	22,219	22,266	22,405	22,542	22,937
SBI bank branch productivity (APE/branch) (A/B)	3.1	3.9	4.7	5.2	5.6

Source: Company, JM Financial

Exhibit 28. Banca has grown at 11% CAGR over FY20-FY25

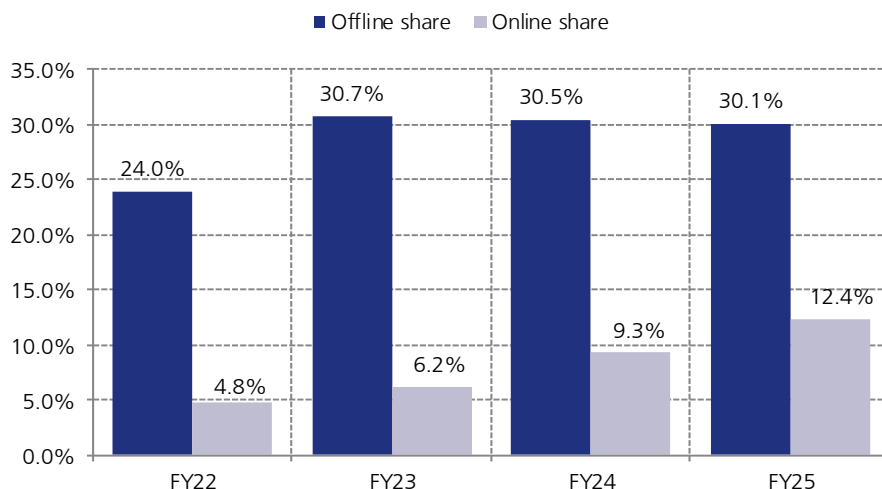
Source: Company, JM Financial

Exhibit 29. Prop channel outpaced banca with 24% CAGR

Source: Company, JM Financial

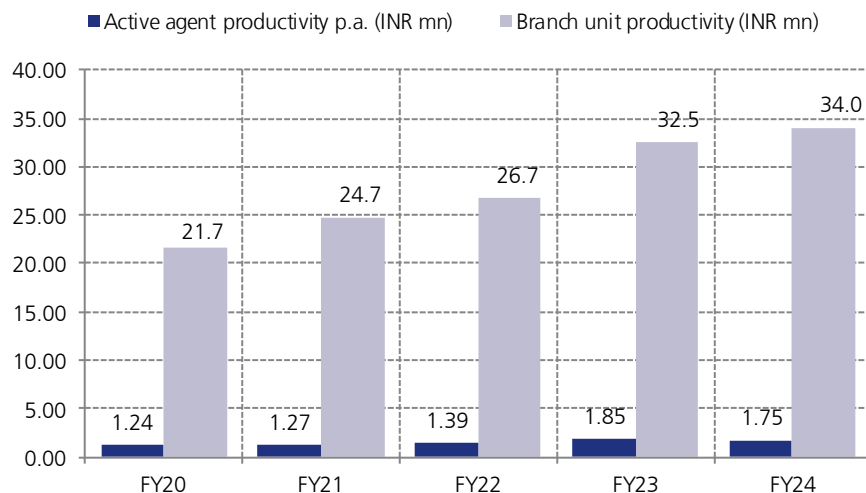
Increasing share of prop channel led by acceleration in online sales

The prop channel for Max Life constitutes online and offline modes of sales. Offline sales comprise offline agents and branch distribution while online mode includes direct website sales and online distributors (PB Fintech). This increase is largely driven by increase in overall agent productivity and has delivered robust growth through cycles.

Exhibit 30. Online share in prop has doubled in headline APE for Axis Max Life in FY23-FY25

Source: Company, JM Financial

Exhibit 31. Increasing branch and agent productivity supported growth



Source: Company, JM Financial

Going forward, we expect banca to grow at 14%/14% over FY26/FY27e and prop channels to grow 18%/16% over FY26/FY27e, while non-banca, non-prop channels compound on a small base.

In the 4QFY25 concall, the company mentioned a targeted growth of 13-14% from Axis Bank, which suggests prolonged room for growth. In comparison, peers like HDFC Life and SBI life are targeting ~10% growth from their key banca channels – HDFC Bank and SBI, respectively, while ICICI Prudential Life has consistently mentioned stagnating volumes from their parent banca – of around INR 1bn per month – levels in line with FY23, last reported separately by the insurer.

Product innovation has driven customer demand

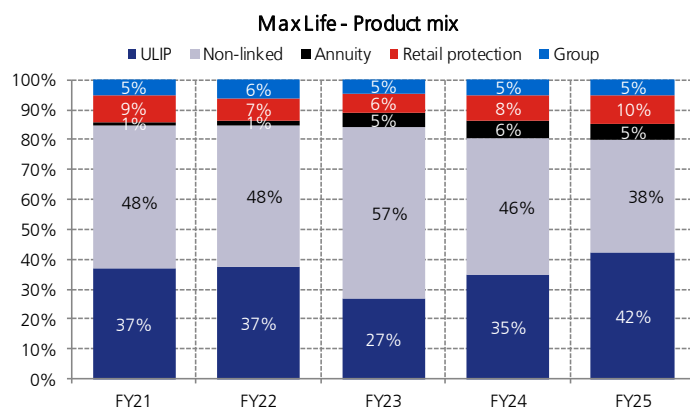
Max Life has consistently launched new products and product variants in response to customer needs, and promoted the right product at the right time to deliver growth. This is evident from the table below: From FY21 to FY23, the insurer rapidly grew its non-par and annuity products bouquet, launching SWAG in the non-par segment and the regular pay variant of annuity. In FY24-FY25, with booming markets and people searching for returns, Max introduced SWAG Par and newer variants of ULIPs were sold through both online and offline channels. This has helped it to deliver robust growth of 16% CAGR over FY20-FY25 vs. industry CAGR of 10% over the same period. We expect Max and HDFC life to perform better on growth than their ULIP-heavy counterparts in FY26.

Exhibit 32. Agile product mix depending on market requirements

Max Life - Product mix	FY20	FY21	FY22	FY23	FY24	FY25	5 year CAGR
ULIP	16,679	19,103	22,004	17,720	26,810	38,290	18%
YoY %		15%	15%	-19%	51%	43%	
Par	13,201	9,810	11,980	8,720	13,580	13,580	1%
YoY %		-26%	22%	-27%	56%	0%	
Non Par	7,983	14,973	16,106	28,440	21,670	20,760	21%
YoY %		88%	8%	77%	-24%	-4%	
Annuity	196	434	860	2,930	4,650	4,920	91%
YoY %		122%	98%	241%	59%	6%	
Retail protection	3,390	4,750	4,190	3,980	6,490	8,960	21%
YoY %		40%	-12%	-5%	63%	38%	
Group	330	500	740	690	1,120	1,190	29%
YoY %		52%	48%	-7%	62%	6%	
Total APE	41,779	49,570	55,880	62,480	74,320	87,700	16%
YoY %		19%	13%	12%	19%	18%	

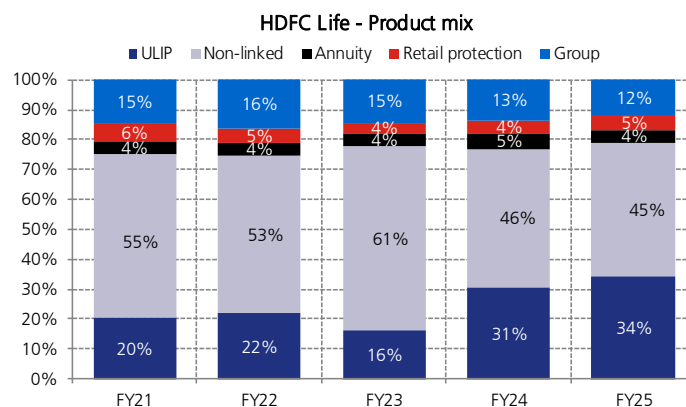
Source: Company, JM Financial

Exhibit 33. Agile product mix of Max Life Insurance



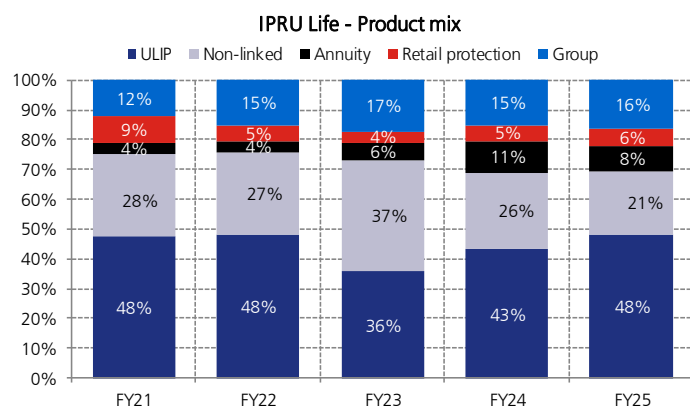
Source: Company, JM Financial, Non-linked includes Par and Non-Par products

Exhibit 34. Balanced product mix of HDFC Life



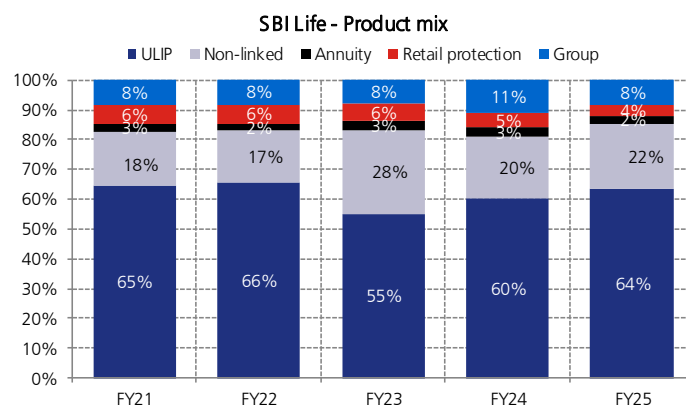
Source: Company, JM Financial, Non-linked includes Par and Non-Par products

Exhibit 35. Product mix tilted towards ULIP



Source: Company, JM Financial, Non-linked includes Par and Non-Par products

Exhibit 36. Product mix dominated by ULIPs for SBI Life



Source: Company, JM Financial, Non-linked includes Par and Non-Par products

Margins compromised to meet customer demand, expect improvement in FY26-FY28e

For Max Life, in FY25, topline growth of 18% YoY was majorly driven by ULIP sales (share of ULIPs increased from 35% in FY24 to 42% in FY25). Since ULIPs are comparatively lower-margin products, it resulted in slower VNB growth of 7% YoY. This, in addition to the impact of implementation of surrender norms from Oct'24, led to margin compression in FY25. However, the insurer protected margin using higher sum assured, addition of policy riders and bundling of insurance products in a single policy (e.g., TULIPs – Term + ULIP policy).

The management expects the impact of surrender norms to be limited to 100bps. Moreover, declining ULIP demand due to stagnated capital markets, new product launches and strategic focus on higher margin protection business (launched Smart Term Plan Plus in 4Q25) is expected to boost margins in FY26. The management has guided for 24-25% margin in FY26. In FY25, it had targeted VNB margins of 23-24% and achieved 24.0%, at the upper band of the targeted range.

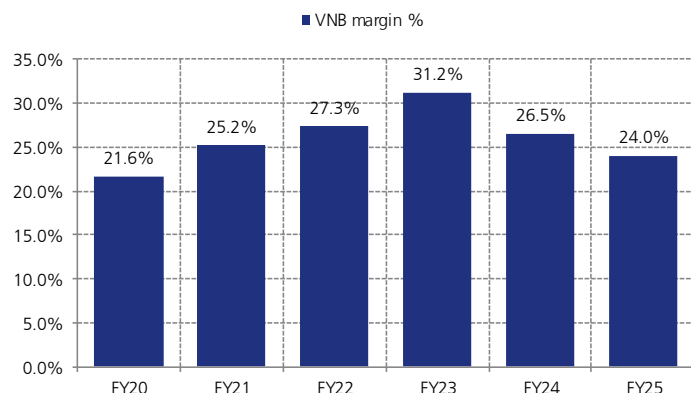
It is worth highlighting that while compiling its VNB, and VNB margins, the company does not consider the VNB of its group term and group funds businesses, which largely comprise single year policies and pass through the P&L annually, without a long-tail, like the individual businesses.

Exhibit 37. As margins declined, VNB growth lagged APE growth in FY24-FY25

Max Life - VNB Margin	FY20	FY21	FY22	FY23	FY24	FY25
APE	41,490	49,570	55,880	62,480	74,330	87,700
YoY %		19%	13%	12%	19%	18%
VNB	8,970	12,490	15,280	19,490	19,730	21,070
YoY %		39%	22%	28%	1%	7%
VNB margin %	21.6%	25.2%	27.3%	31.2%	26.5%	24.0%

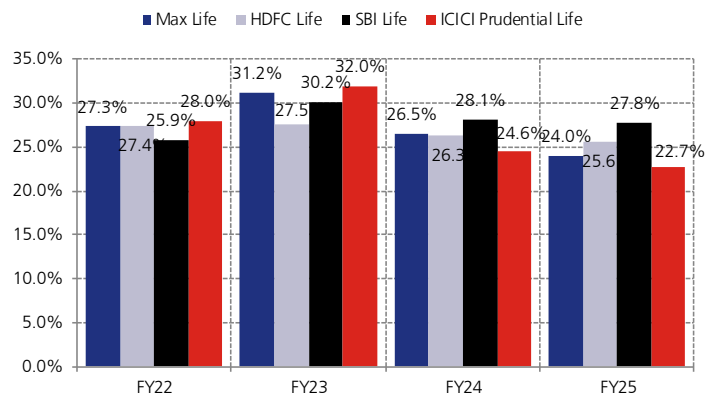
Source: Company, JM Financial

Exhibit 38. Margins peaked in FY23 with lower ULIP mix



Source: Company, JM Financial

Exhibit 39. SBI Life protected margin decline most effectively



Source: Company, JM Financial

Seasonally, VNB margin for the first quarter of the financial year is lower for Max Life compared to its peers as the insurer takes actual costs incurred during the quarter while computing VNB, while other peers build in an expenses assumption for the full year to report VNB and margins. Since the share of 1Q premiums in total premiums garnered during the year is lower, margins look optically lower in the first quarter, which gets adjusted for the full year.

Exhibit 40. VNB Margin for Max is seasonally lower in 1Q vs. private players due to lower share of premiums in first quarter

VNB Margins	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
Max Life	22.2%	25.2%	27.2%	28.6%	17.5%	23.6%	23.2%	28.0%
HDFC Life	26.2%	26.3%	26.8%	26.1%	25.1%	24.3%	26.1%	26.5%
SBI Life	28.7%	28.5%	27.4%	28.3%	26.6%	26.9%	26.9%	30.5%
ICICI Prudential Life	30.0%	28.0%	22.9%	21.5%	24.0%	23.4%	21.2%	22.7%

Source: Company, JM Financial

Exhibit 41. Share of premiums in 1Q is lowest in the year vs. other quarters

APE Share (%)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
Max Life	15%	22%	24%	39%	17%	25%	24%	35%
HDFC Life	18%	23%	24%	36%	19%	25%	23%	34%
SBI Life	15%	27%	31%	27%	17%	25%	32%	25%
ICICI Prudential Life	16%	23%	21%	40%	19%	24%	23%	34%

Source: Company, JM Financial

With scale and improving product mix, shareholder value has compounded

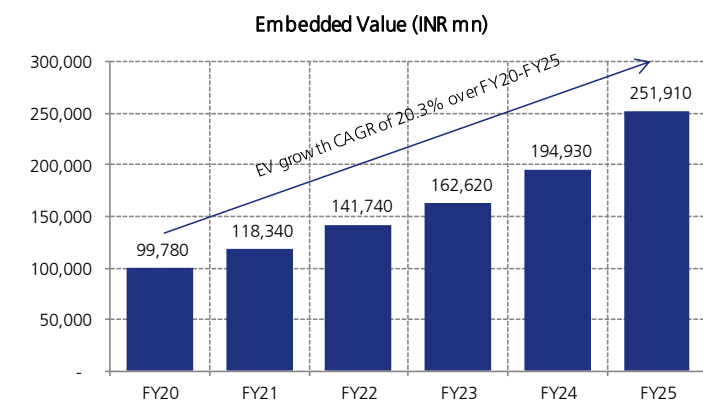
Axis Max Life has had a consistently strong RoEV profile, reporting a healthy operating RoEV of 20% over FY20-FY25.

- The company had consistently paid dividends till FY21, hence, ANW as a share of EV was lower – providing for a higher core EVOP, even as its scale widened.
- The company had a track record of negative operating variance (and assumption change) – over time, its assumptions have been adjusted, and it reported a positive INR 50mn operating variance in FY25, after 4 years of negative variance.
- In FY25, Axis Bank infused primary capital of INR 16.12bn into Axis Max Life, which provided growth capital by improving its solvency.

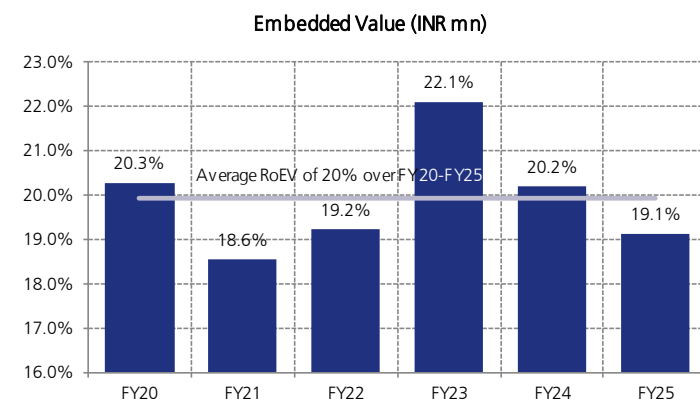
Exhibit 42. Axis Max life: EV walk demonstrates steady EV growth and consistent operating RoEV

EV Walk	FY20	FY21	FY22	FY23	FY24	FY25
Opening EV	89,380	99,770	118,340	141,740	162,620	194,930
Unwind	8,130	8,620	10,250	12,450	13,690	16,180
VNB	8,970	12,490	15,280	19,490	19,730	21,070
Core EVOP	17,100	21,110	25,530	31,940	33,420	37,250
Operating Variance	1,030	-2,600	-2,770	-620	-570	50
Operating Return on EV	18,130	18,510	22,760	31,320	32,850	37,300
Economic Variance	-3,170	3,820	640	-10,440	-540	3,560
Capital Infusion/(Dividends)	-4,560	-3,760	-	-	-	16,120
Closing EV	99,780	118,340	141,740	162,620	194,930	251,910
Growth YoY (%)		19%	20%	15%	20%	29%
% of Opening EV	FY20	FY21	FY22	FY23	FY24	FY25
Unwind	9.1%	8.6%	8.7%	8.8%	8.4%	8.3%
VNB	10.0%	12.5%	12.9%	13.8%	12.1%	10.8%
Core EVOP	19.1%	21.2%	21.6%	22.5%	20.6%	19.1%
Operating Variance	1.2%	-2.6%	-2.3%	-0.4%	-0.4%	0.0%
Operating Return on EV	20.3%	18.6%	19.2%	22.1%	20.2%	19.1%

Source: Company, JM Financial

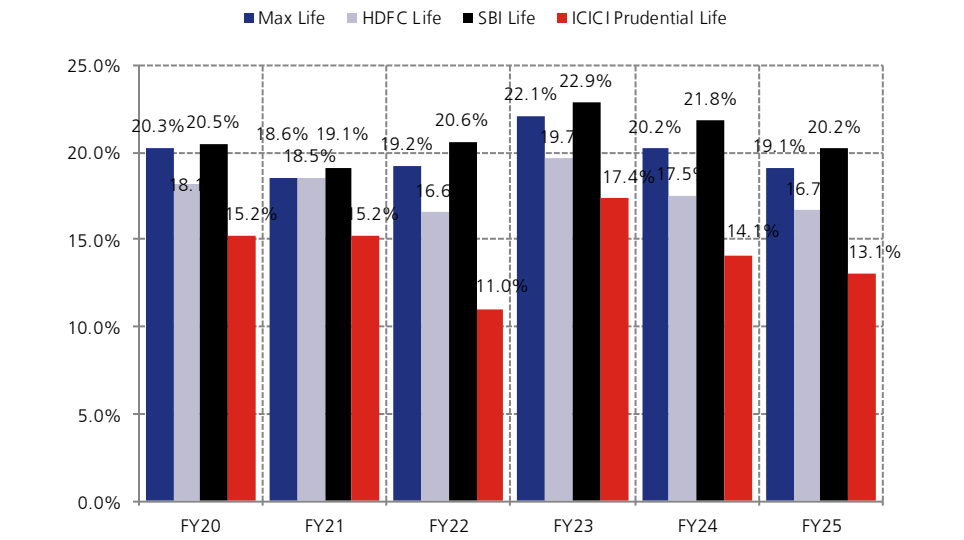
Exhibit 43. EV growth exceeded 20% CAGR over FY20-FY25

Source: Company, JM Financial

Exhibit 44. Max Life clocked average RoEV of 20% over FY20-FY25

Source: Company, JM Financial

Exhibit 45. Max Life has consistently maintained one of the best RoEV profiles



Source: Company, JM Financial

Increasing comfort on corporate structure and brand has delivered rerating

Max Life recently rebranded to Axis Max Life on 13th Dec'24, underscoring the strength of the partnership.

Currently, Axis Bank and its subsidiaries hold 19.99% stake in Axis Max Life, giving it a strong backing.

Axis Bank has a prominent role in the governance of Axis Max Life Insurance,

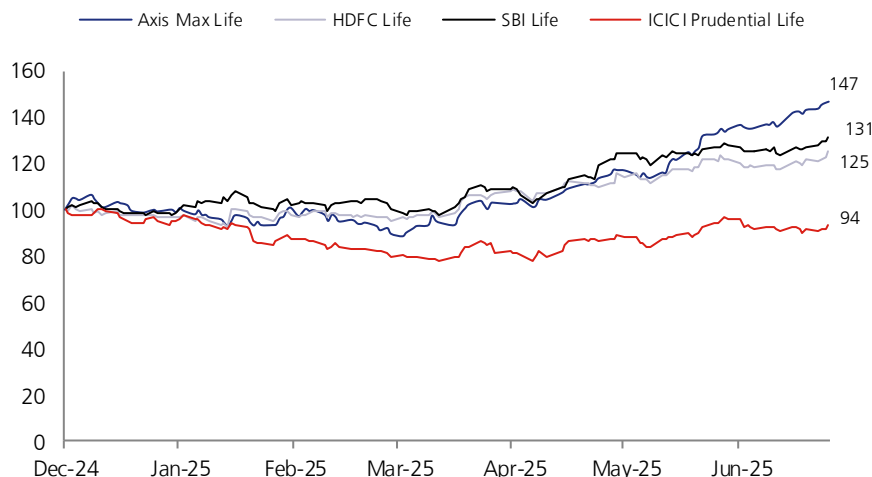
- It has the right to nominate the chairman (- current chairman of the BoD of Axis Max Life Insurance is Mr Rajiv Anand, deputy managing director of Axis Bank);
- The bank nominates 5 of the 9 Board members, giving it a majority in the BoD.

In its rating rationale for Axis Max Life, ICRA mentioned that Axis Max Life's foothold in the insurance business is of strategic importance to the bank. The other promoter, Max Financial Services Limited (Max Financial), is a widely-held listed company with an 80.98% stake in Axis Max Life as on 30th Sep'24. Further, it mentions that its outlook factors in the expectation that the company will continue to receive support from Axis, if required, and will maintain its solvency level above the negative rating trigger of 1.70 times.

[\[Link to the rationale\]](#)

Since the rebranding exercise, Max Financial Services stock has delivered strong shareholder returns, ahead of peer insurers.

Exhibit 46. Axis Max Life has gained the most post Dec'24



Source: Company, JM Financial

The insurer measured its brand awareness and brand considerations scores before the exercise and after the exercise in the month of March - across all vectors of awareness and consideration, the insurer has seen a jump beyond its expectations. Furthermore, the insurer achieved a 6-point increase in its Net Promoter Scores, which rose from 56-62 in Mar'25 vs. Mar'24. This improvement is reflected across both Touchpoint NPS and Relationship NPS.

Additionally, the insurer reached an all-time high in regular pay premium 13th month persistency, which increased by about 100bps from 86.6-87.6%. It also saw a remarkable increase in the 25th month's persistency, which saw an increase of 380 basis points, rising from about 70-74%. Improving persistency implies greater alignment with customer requirements, which bodes well for the insurer. Finally, Axis Max Life has made considerable progress in improving grievance handling with GIR now reducing to 38 in FY25, down from 44 in FY24.

In the medium term, we expect the rebranding and customer-centric outcomes to result in higher pricing power for Axis Max Life.

Exhibit 47. Axis Max Life has one of the lowest prices in individual protection business

Insurer (INR)	1st Year Premium Jul'25
SBI Life	13,682
HDFC Life	13,499
Edelweiss Tokio	11,525
Bandhan Life	11,413
Kotak Life	11,328
Canara HSBC	11,307
ICICI Prudential	11,098
Tata AIA	10,661
Aditya Birla Capital	10,582
Axis Max Life	10,326
Bajaj Allianz	9,639
Customer Profile	
Age	30 years
Cover till age	60 years
Life cover	INR 10mn
Non-smoker	
College grad & above	
25 lac+ income	

Source: Company, JM Financial

Max Financial Services is a holding company, with the only economic value coming from its stake in Max Life. As on date, Max Financial Services holds 80.01% stake in Axis Max Life and Axis Bank (and its subsidiaries) holds the remaining 19.99%.

The management appears convinced of the need to reverse merge Max Financial Services with Axis Max Life. The proposed Insurance (Amendment) Bill is widely expected to provide the enabling provision for the reverse merger [\[link\]](#); hence, the holdco structure can collapse and the entire economic value of Axis Max Life will directly correspond to the listed entity.

Japanese insurer Mitsui Sumitomo holds 21.9% stake in Max Financial Services. As Mitsui's sister entities have acquired 20% stake in Yes Bank, it can result in enhanced cooperation with Yes Bank, a key banca partner of Max Life since FY05.

Regulatory actions enhance customer value, driving 'Insurance for All' by 2047

Insurance for All by 2047: Government's push for insurance sales

In 2022, IRDAI committed to enable 'Insurance for All' by 2047, where every citizen has an appropriate life, health and property insurance cover and every enterprise is supported by appropriate insurance solutions, and also to make the Indian insurance sector globally attractive. It has taken, and is taking, steps to strengthen policyholders, insurers and intermediaries to achieve this vision by,

- Making available the right products to the right customers;
- Creating a robust grievance redressal mechanism;
- Facilitating ease of doing business in the insurance sector;
- Ensuring the regulatory architecture is aligned with the market dynamics;
- Boosting innovation, competition and distribution efficiencies while mainstreaming technology and moving towards principle based regulatory regime.

We examine some key initiatives under the umbrella:

- Product regulations and surrender charges;
- Liberalisation of insurance tie-ups;
- IFRS and capital consumption;
- Expenses of management;
- Composite licences.

Revision in surrender charges – impact on margins

Post implementation of surrender norms in Oct'24, the industry participants have adapted well. This was achieved through a combination of deferrals, reduction in commissions and adjustment in client benefits. As a result, the impact on margins seen in 2HFY25 was lower than that expected when the guidelines were issued in Jun'24. The following table shows the expected vs. actual impact on VNB margins for listed private insurers.

Exhibit 48. Impact of surrender norms on life insurance companies

Company	Impact initially expected	Actual impact in 3Q25
IPRU life	No impact on margins	No impact on margins as commissions were rationalised from front-ended to level commissions
SBI life	Insignificant impact on margins	Negligible impact given higher retentions in first year and existing customer friendly surrender charges
Max Life Insurance	Impact on margins of about 100-200 basis points	100 bps*
HDFC Life Insurance	Impact of approximately 100bps on NBM	30bps of NBM

Source: Company, JM Financial;

*As per the management guidance, the actual impact was around the lower end of 100-200 basis point guidance

Liberalisation of insurance tie-ups - to impact agency more than banca

As part of the Insurance for All initiative by IRDAI, the regulator has liberalised the number of tie-ups an intermediary can have with insurers. For instance, earlier, an individual agent could tie-up with one life insurer, one multi-line general insurer and one SAH; now, they have been allowed to tie up with three insurers in each of the categories. For corporate agents (read, banks, amongst others), the number has been raised to nine from three. Such liberalisation will definitely have an impact on the bancassurance setup.

Insurers suggest that the top 20% of their agents sell 80% of their premiums, and a large majority of them are offering products from multiple insurers, though they remain primarily connected through a better understanding and appreciation of products with the insurer with whom they have tied up.

Amongst listed insurers, LIC has a lion's share of premiums coming from individual agency. While LIC's brand and sovereign guarantee hold it in good stead, liberalisation of tie-ups is likely to impact its business, as agents begin selling products of other insurers in their own name. Considering this risk and given the already the strong base of LIC, we are building contained growth in its flagship participatory products, in line with inflation.

In bancassurance, the dynamics have played out differently even as banks were allowed to tie up with up to 9 insurer partners each.

- SBI Life and ICICI Prudential Life enjoy exclusivity in their parent banca channel. IRDAI, while issuing a cap on number of tie-ups, has refrained from mandating a floor. The parent banks have comfort in selling their subsidiaries' policies since the consumers are hooked onto the parent brand.
- HDFC Life has seen a reversal in fortunes. HDFC Bank had allowed Tata AIA and Aditya Birla Sun Life Insurance into its channels in FY18, and HDFC Life's percentage counter share fell to the mid-50s. After HDFC Bank, by merging HDFC Limited with itself, became a parent of HDFC Life, HDFC Life has seen closer cooperation result in a rise in counter-share to 65%+.
- Post the relaxation in tie-up limits, Axis Bank has added tie-ups with Tata AIA and Aditya Birla Sun Life Insurance, in addition to the previous three partners – Max Life Insurance, Bajaj Allianz Life Insurance and LIC of India. Given that Max Life has strong shareholder alignment with its key banca partners – Axis Bank is now a promoter and Mitsui Sumitomo has acquired a stake in Yes Bank – we expect Axis Max Life to benefit from closer cooperation.

IFRS & Capital consumption – Equity raise unlikely in near term

IRDAI has taken multiple steps to ease capital-raise, the key being,

- Making the SPV structure optional for private equity funds to invest in insurers;
- Allowing subsidiaries to float insurance companies;
- Allowing investors to raise their stake to 50% without being classified as a promoter;
- Allowing promoters to reduce their stake to 26%;
- Blessing investments, mergers and acquisitions in the structure through following deals, including acquisition of stake in Max Life by Axis Bank and Exide Life by HDFC Life.
- Licensing of new insurers with limited focus, for instance, Kshema General Insurance with a focus on crop insurance.
- Reducing capital requirements for unit-linked products.

For existing players, IRDAI doubled the threshold for raising non-equity capital – other forms of capital can be raised up to 50% of the paid-up-capital and premium of the insurer. This is likely to delay capital-raise requirements for insurers.

IRDAI and industry executives say that the insurers are preparing their financial statements as per IFRS and IRDAI has started looking into these, in order to bring in a smooth transition to the framework. However, industry executives opined that rollout of the IFRS standards is likely only by FY28, at the earliest.

The promise of IFRS is a better matching of revenue and cash outflows. Industry values life insurers based on embedded value (EV) and value of new business (VNB) methodology because while the cash inflows, and profits from spreads, are back-ended, the expenses, in the form of commissions and the cost of underwriting is upfront. In an industry growing at mid-teens and average product duration of >15 years, the mismatch in cashflow becomes very prominent, as suggested by the table below.

Exhibit 49. PAT growth has picked up with higher ULIP sales in FY25

Company	Parameter	FY20	FY21	FY22	FY23	FY24	FY25	CAGR (FY20-FY25)
HDFC Life	VNB	19.2	21.9	26.8	36.7	35.0	39.6	15.6%
	Core EVOP	32.9	39.3	49.8	62.9	67.4	78.0	18.8%
	PAT	13.0	13.6	12.1	13.6	15.7	18.0	6.8%
SBI Life	VNB	20.1	23.3	37.0	50.7	55.5	59.5	24.2%
	Core EVOP	39.1	43.9	64.3	84.8	93.6	108.3	22.6%
	PAT	14.2	14.6	15.1	17.2	18.9	24.1	11.2%
ICICI Prudential Life	VNB	16.1	16.2	21.6	27.7	22.3	23.7	8.1%
	Core EVOP	33.3	32.8	42.5	54.7	53.0	57.6	11.6%
	PAT	10.7	9.6	7.5	8.1	8.5	11.9	2.2%
Max Life	VNB	9.0	12.5	15.3	19.5	19.7	21.1	18.6%
	Core EVOP	17.1	21.1	25.5	31.9	33.4	37.3	16.8%
	PAT	5.4	5.2	3.9	4.4	3.6	4.1	-5.5%

Source: Company, JM Financial

Composite licences open up a new, faster-growing, adjacent market

In Jul'16, IRDAI barred life insurers from underwriting indemnity-based health products, i.e., products in which the insurer bears the actual costs of hospitalisation and other health eventualities, not amounting to death. However, they were allowed to continue with benefits based-products, i.e., products that provide a pre-defined sum on any health condition, for instance, a cancer cover of INR 1mn would entail the insurer paying INR 1mn in case the life assured is detected with it.

- In the draft Insurance (Laws) Amendment bill introduced in Dec'22, the government proposed licensing of composite insurers, who can underwrite life and non-life businesses, implication being that life insurers can again start underwriting indemnity-based health policies.
- This is a good value proposition for life insurers and in other Asian markets; these products are widely sold. Further, while today, health products have a maximum tenor of 3 years, life insurers may be permitted to underwrite longer-term health policies. Due to longer tenor, composite insurers, like Ping An, report life and health business together and the same is widely valued by analysts on a multiple of EV. Composite licences open the same opportunity for Indian life insurers.

Exhibit 50. Retail health has outgrown life insurance APE over FY18-FY25

Year (INR bn)	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	CAGR (FY18-FY25)
Retail health	158.3	179.0	205.1	263.4	306.9	354.3	422.0	472.9	16.9%
Ind APE	634.7	691.8	734.9	756.6	875.7	1,039.6	1,089.8	1,203.7	9.6%
Ratio	24.9%	25.9%	27.9%	34.8%	35.0%	34.1%	38.7%	39.3%	

Source: Industry, JM Financial

- Axis Bank does not have a general/health insurer subsidiary; hence, Axis Max Life can get into health segment without any impediment from the bank group.

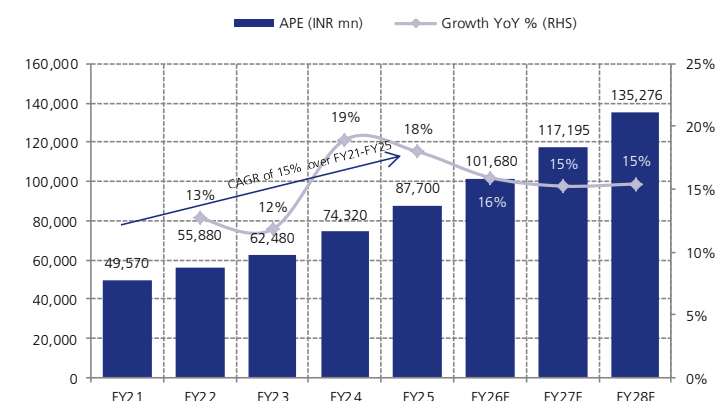
Financial Summary

Axis Max Life has delivered consistent APE growth and steady margins...

Over FY21-FY25, we have seen headline APE growth of 15% for Axis Max Life, led by 8% CAGR in banca and 28% growth in prop channels.

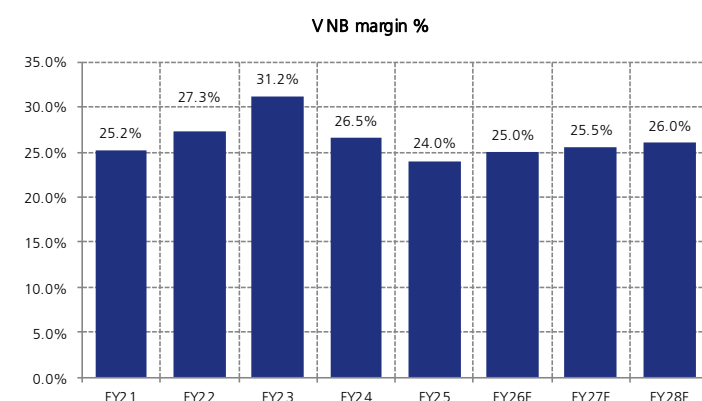
VNB margins have been volatile – from 25.2% levels in FY21, it climbed to 31.2% before moderating to 24.0% levels by FY25. Hereon, we expect margins to improve to 26.0% by FY28e, led by a product mix shift away from ULIPs along with improved product-level margins in ULIPs and annuity.

Exhibit 51. APE has grown at 15% CAGR over FY21-FY25



Source: Company, JM Financial

Exhibit 52. VNB margins are expected to improve

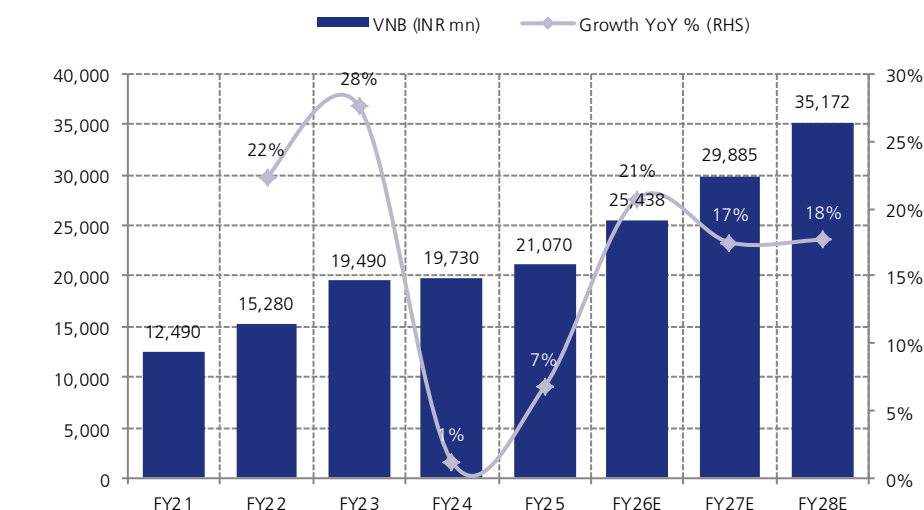


Source: Company, JM Financial

...resulting in steady VNB growth

Over FY21-FY25, Axis Max Life has seen its VNB grow at a CAGR of 14%. As we expect continued growth and a slight pickup in margins, we expect VNB to grow at 18% CAGR over FY25-FY28e.

Exhibit 53. Robust APE growth and improving margins to support VNB growth

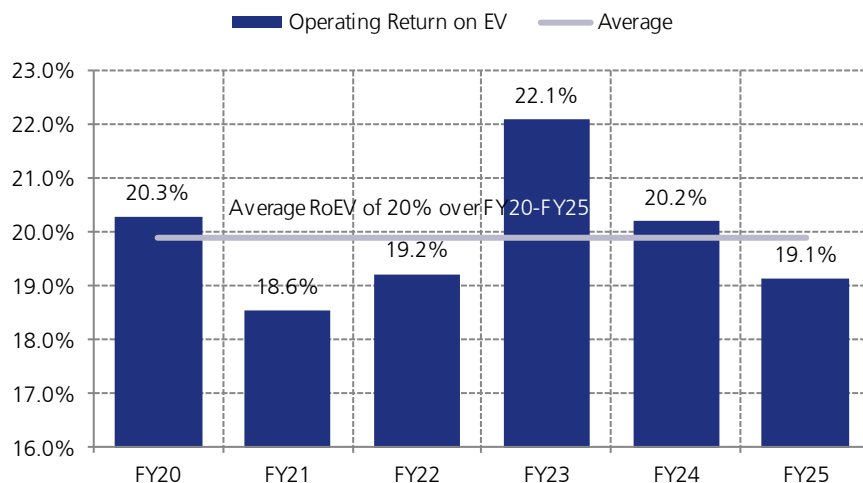


Source: Company, JM Financial

The company has consistently delivered 18%+ returns on EV

Axis Max Life has a very strong track record of EV returns – operating RoEV was 18.6% in FY21 and has been consistently above that figure since.

Exhibit 54. Max Life clocked average RoEV of 20% over FY20-FY25



Source: Company, JM Financial

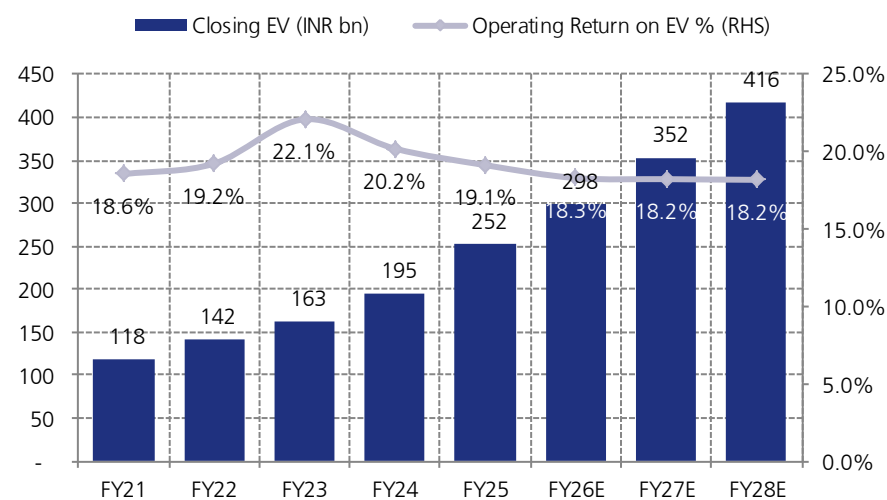
EV walk

With higher profit retention on book, we expect RoEVs to reduce from FY24 peaks – expect operating RoEV of ~18% over FY26-FY28e.

With improving track record on variances, we do not expect a material negative operating variance over FY25-FY28e. However, we remain watchful of negative variances from higher surrenders, followed by assumption changes beyond FY28.

We expect EV to compound at 18.2% over FY25-FY28e.

Exhibit 55. Expect EV to compound at 18.2% CAGR over FY25-FY28E



Source: Company, JM Financial

Exhibit 56. Axis Max Life: EV walk demonstrates steady EV growth and consistent operating RoEV

EV Walk	FY20	FY21	FY22	FY23	FY24	FY25
Opening EV	89,380	99,770	118,340	141,740	162,620	194,930
Unwind	8,130	8,620	10,250	12,450	13,690	16,180
VNB	8,970	12,490	15,280	19,490	19,730	21,070
Core EVOP	17,100	21,110	25,530	31,940	33,420	37,250
Operating Variance	1,030	-2,600	-2,770	-620	-570	50
Operating Return on EV	18,130	18,510	22,760	31,320	32,850	37,300
Economic Variance	-3,170	3,820	640	-10,440	-540	3,560
Capital Infusion/(Dividends)	-4,560	-3,760	-	-	-	16,120
Closing EV	99,780	118,340	141,740	162,620	194,930	251,910
Growth YoY (%)		19%	20%	15%	20%	29%
% of Opening EV	FY20	FY21	FY22	FY23	FY24	FY25
Unwind	9.1%	8.6%	8.7%	8.8%	8.4%	8.3%
VNB	10.0%	12.5%	12.9%	13.8%	12.1%	10.8%
Core EVOP	19.1%	21.2%	21.6%	22.5%	20.6%	19.1%
Operating Variance	1.2%	-2.6%	-2.3%	-0.4%	-0.4%	0.0%
Operating Return on EV	20.3%	18.6%	19.2%	22.1%	20.2%	19.1%

Source: Company, JM Financial

Quarterly Performance

Axis Max Life reported strong results in FY25.

- Growth for FY25 at 18%, even as 4Q growth was weak at 6% YoY – largely in line with private industry, which grew 7% YoY in 4Q.
 - Par and individual protection grew +36% YoY and +40%, respectively, in 4Q.
- Axis Bank grew 10% YoY for FY25 while other banks grew 27%, resulting in banca growth of 12%.
- Proprietary channel grew at 26% YoY in FY25 - offline prop (agency) grew 16% YoY while online grew 58% YoY.
- VNB margins for the year came in at 24.0% - at the upper end of guidance of 23-24%, medium term guidance is 25%+.
- RoEV of 19.1% for FY25 was the 2nd highest in the sector - after SBI Life's 20.2% in FY25)
- EV grew 29% YoY in FY25 also as a result of IN 16.1bn in capital infusion from Axis entities.

Management commentary was strong in the concall.

- **FY26 guidance**
 - Growth 300-400bps above private sector in individual APE
 - Margins of 24-25%
- **Delivery on guidance in FY25**
 - Growth of 18.2% - 310bps above private industry growth of 15.1% in individual APE
 - Margins - guidance of 23-24% - achieved upper end of that range, 24.0%
- **Axis channel growth**
 - Expect growth of 13-14% in FY26 - entering newer segments of Assets, Emerging vertical.
 - In addition to growth, the company expects margins from the Axis Bank channel to also improve in FY26 with a mix shift from ULIPs to traditional products.
 - In 4Q, the channel grew 7% - decline in growth in line with the company and broader market.
- **Margins & impact of surrender norms**
 - The company expected that the impact of surrender norms was limited to 50bps in 4Q25.
 - This indicates that the company has made strong interventions in product and distribution - had mentioned 100-200bps at the time of notification of regulations (July 24) and ~100bps in 3Q concall.
 - Further, the company mentioned that it should be able to mitigate almost the entire impact through other initiatives in FY26, hence, guiding for 24%+ margins, in addition to below interventions:
 - Rider APE up 300% YoY in 4Q25.
 - **2 new products in 4Q**
 - Smart ULIP - term + ULIP, with a focus on higher rider attachment;
 - Smart Term Plan Plus - allows customers to modify term cover over the lifetime of the product.
- **Reverse merger:** The company mentioned that it expects an enabling provision to be passed for the merger of an insurer with a non-insurer in the Insurance (Amendment) Act, which should support merger of Axis Max Life Insurance with Max Financial Services.

■ Variances

- Operating variance - INR 50 mn slight positive in mortality and expenses, negative on persistency
- Economic variance - INR 3,560mn - positive INR 2,190mn from equity, positive INR 1,700mn from debt and negative INR 410mn due to the rebranding exercise.

In 1Q26, the insurer has reported 24% growth in individual APE in April-May'25, ahead of 4% growth for the private sector. We expect the insurer to report headline APE growth of 18% for 1QFY26.

- Since Axis Max reports its margins on an actual cost basis, VNB margins are lowest in 1Q. We expect margins to rise YoY with a product mix shift away from ULIPs and operating leverage, with the strong growth.
- We expect margins of 18.5% in 1Q26 (+98bps YoY)
- As a result, expect VNB growth of 24% YoY for 1Q26.

Exhibit 57. 1QFY26 Preview: Estimates for life insurance companies under JMFL coverage

Life insurance Companies	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)
Axis Max Life	14,240	30,060	16,803	18.0%	14,500	30,380	17,063	17.7%	2,540	8,520	3,157	24.3%	17.5%	28.0%	18.5%	98
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	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

Progression of YTD metrics over FY24-FY25 – margins improve through the year

Exhibit 58. Axis Max Life: YTD metrics improve as the financial year progresses

YTD	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
Total APE	11,140	27,660	45,610	74,320	14,500	36,230	57,320	87,700
Individual Savings	9,130	22,830	37,650	62,060	11,860	29,860	47,470	72,630
- ULIPs	3,090	8,810	15,050	26,810	6,270	16,300	25,630	38,290
- Par	2,160	6,180	9,400	13,580	2,060	4,350	7,880	13,580
- Non-par	3,880	7,840	13,200	21,670	3,530	9,210	13,960	20,760
Annuity	810	1,790	2,880	4,650	820	1,850	3,040	4,920
Individual protection	1,020	2,620	4,340	6,490	1,560	3,960	5,940	8,960
Individual APE	10,960	27,240	44,870	73,200	14,240	35,670	56,450	86,510
Group Protection	1,400	2,430	3,290	4,130	1,620	2,730	3,550	4,480
- Group Credit Life	180	420	740	1,120	260	560	870	1,190
- Group Term Life	1,220	2,010	2,550	3,010	1,360	2,170	2,680	3,290
Total Savings + Annuity	8,720	22,610	37,980	63,700	11,320	29,540	47,830	74,260
Total protection	2,420	5,050	7,630	10,620	3,180	6,690	9,490	13,440
EV	169,380	179,110	187,090	194,940	220,430	233,380	241,290	251,920
VNB	2,470	6,630	11,520	19,730	2,540	7,660	12,550	21,070
VNB margins (%)	22.2%	24.0%	25.3%	26.5%	17.5%	21.1%	21.9%	24.0%

Source: Company, JM Financial, Note: Total APE includes Individual APE and Group credit life as per company disclosures

Key risks

Impact of surrender norms can creep up gradually

With the surrender norms coming into effect from 1st Oct'24, we expect persistency to reduce over the medium term. Life insurers, including Axis Max Life, have baked in these assumptions into their VNB margins. Any rise in surrenders beyond the expectations would result in negative operating variance for insurers. This will then flow through into assumptions, which will, in turn, reduce the customer benefits or VNB margins on a similar product – impacting growth, if customer returns are compromised, or margins, if customer returns (and growth) is protected.

Counter share in Axis banca may reduce hereon

While the insurer enjoys synergies with Axis Bank, the bank has gone ahead and added Tata AIA and ABSLI products into its banca channel. With Axis Bank acquiring 9.9% stake in Go Digit Life Insurance, the entity can also gain a foothold into the channel.

Despite the rebranding exercise in Dec'24, Axis Max's counter share in Axis Bank reduced to 66% from 70% over FY23-FY25.

Axis Bank accounted for xx% of Axis Max Life's APE for FY25; hence, a 2% loss in counter share there will result in 1% lower growth for the insurer.

Margin improvement may be limited if ULIPs return to favour in FY26

We have seen ULIPs grow in strong equity markets, as seen in FY24-FY25. In 2HFY25, with markets jittery, ULIP sales growth reduced for listed private insurers. With markets doing well since Mar'24 and reducing G-sec yields (implying lower returns on guaranteed products), customer preference may flip to ULIPs once again, impacting margins for Axis Max Life and peer insurers.

With higher solvency, RoEVs can structurally come off

Axis Max Life has had a consistently strong RoEV profile, reporting a healthy operating RoEV of 20% over FY20-FY25. The company had consistently paid dividends till FY21, so ANW as a share of EV was lower – providing for a higher core EVOP, even as its scale widened. As the insurer has stopped paying dividends and raised equity capital of INR 16.12bn, RoEVs (and RoEs) can reduce structurally.

Appendix: Company profile

Max Group traces its origin to the company inherited by Analjit Singh in 1985, following the death of his father Bhai Mohan Singh, founder of pharmaceutical company Ranbaxy Laboratories. Then named Max India (same as that of the current publicly listed Max Group company), it started life as a manufacturer of an active drug compound for penicillin. In 1993, the group ventured into telecommunications by forming a joint venture with Hutchison Asia Telecom Group, called Max Telecom. Max Telecom was later sold to Vodafone and became Vodafone India.

There are three publicly listed holding companies that fall under Max Group: Max Financial Services, Max Estates and Max India. The three holding companies have their own separate subsidiaries. The structure is as follows:

Max India: Antara Senior Living (senior living)

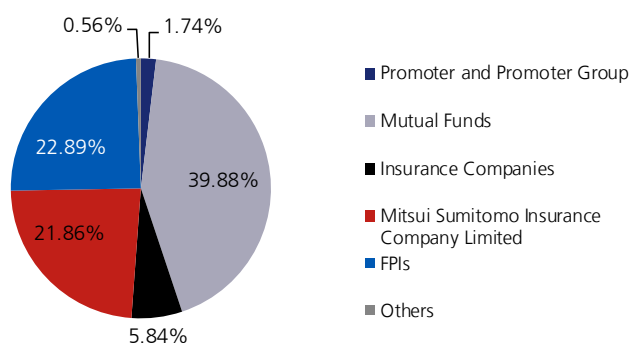
Max Financial Services: Max Life Insurance

Max Estates: I) Max Asset Services (real estate services) II) Max I. Limited (venture capital)

The group shifted its focus from being a B2B to B2C company in 2000, by foraying into the fields of healthcare and life insurance. Axis Max Life Insurance was founded in 2000 as a wholly owned subsidiary of Max Financial Services Limited. Today, it is India's fifth largest private life insurance company.

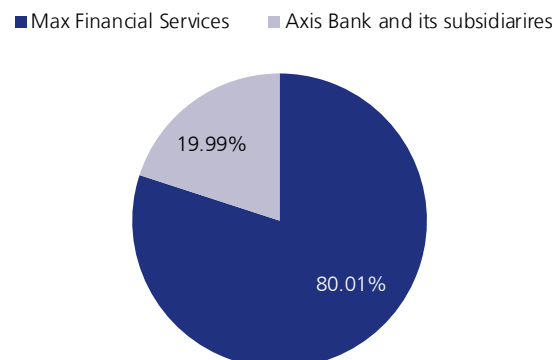
Axis bank and its subsidiaries picked up 12.99% stake in Axis Max Life in 2021 before increasing it to 19.02% in Aug'23. Subsequently, in Jun'24, this stake was further increased to 19.99%. Currently, Axis Max Life operates as joint venture between Axis Bank and Max Financial, which holds 80.01% stake in the insurer.

Exhibit 59. Shareholder pattern as of Mar'25: Max Financial Services



Source: BSE; Note: (Mutual Funds include - HDFC Mutual Fund, NIPPON Life India Trustee, ICICI Prudential Mutual Fund, DSP Mutual Fund, Kotak Mahindra Trustee Co Ltd, Aditya Birla Sun Life Trustee P Ltd and Mirae Asset Mutual Fund)

Exhibit 60. Shareholder pattern as of Mar'25: Axis Max Life Insurance



Source: Company, JM Financial

Exhibit 61. Board of directors

Max Financial Services		Axis Max Life Insurance	
Name	Designation	Name	Designation
Mr. Analjit Singh	Founder & Chairman	Mr. Rajiv Anand	Chairman
Mr. Jai Arya	Independent Director	Mr. Prashant Tripathy	Managing Director & Chief Executive Office
Sir Richard Stagg	Independent Director	Mr. Arjun Chowdhry	Non-executive Director
Mr. Hideaki Nomura	Non-executive Director	Mr. Girish Srikrishna Paranjpe	Independent Director
Mr. Mitsuru Yasuda	Non-executive Director	Mr. Jai Arya	Independent Director
Ms. Malini Thadani	Independent Director	Ms Marielle Theron	Non-executive Director
Mr. K. Narasimha Murthy	Independent Director	Mr. Mitsuru Yasuda	Non-executive Director
Mr. Sahil Vachani	Non-executive Director	Mr. Mohit Talwar	Non-executive Director
		Mr. Munish Sharda	Non-executive Director
		Mr. Pradeep Pant	Independent Director
		Mr. Rajesh Khanna	Independent Director
		Mr. Rajesh Kumar Dahiya	Non-executive Director
		Mr. Sahil Vachani	Non-executive Director
		Mr. Subrat Mohanty	Non-executive Director

Source: Company, JM Financial

Key Managerial Personnel

Exhibit 62. Key management personnel

Axis Max Life Insurance

Name	Designation	Profile
Mr Prashant Tripathy	Managing Director & Chief Executive Officer	Mr Prashant Tripathy has led Axis Max Life Insurance as the CEO and MD since January 2019. He has 30 years of experience across business leadership, organisational strategy, Finance, Operations, and Investor Relations. He is a Quality Six Sigma Green Belt holder has a degree in Chemical Engineering from IIT Kharagpur and a Post Graduate in Management from IIM Bangalore.
Mr Amrit Singh	Director and Chief Financial Officer	Mr Amrit Singh joined Axis Max Life in 2013. He has 20 years of experience in spearheading various high-impact teams, including strategy, advanced analytics, investor relations, and group business. He holds a degree in Computers from Pune University and a Postgraduate degree in Management from the prestigious Indian School of Business (ISB), Hyderabad.
Mr Anurag Chauhan	Director, General Counsel & Company Secretary, Head of ESG	Mr Anurag Chauhan joined Axis Max Life in 2013. He holds a law degree, a Master of Business Laws from National Law School, Bangalore, and a Leadership degree from the Indian School of Business. He is also a fellow member of the Institute of Company Secretaries of India.
Mr Jose John	Senior Director and Appointed Actuary	Mr Jose John was appointed as the AA in 2014. He has 10 years of experience where he has been a member of the various Board Committees of the Company, mainly the Risk, Investment, Product and Policyholder Protection Committees. Jose is a Fellow of both the Institute and Faculty of Actuaries, UK, and the Institute of Actuaries of India. He also holds an MBA from Cardiff Business School, UK.
Mr Manu Lavanya	Senior Director and Chief Operations Officer	Mr Manu Lavanya is the COO at Axis Max Life Insurance Ltd, bringing almost three decades of experience in creating, transforming, and scaling businesses across diverse industry domains and geographies, including the US, Latin America, Eastern Europe, the UK, and India. He holds a Bachelor's degree in Technology from IIT Kanpur and an MBA from the Indian School of Business (ISB).
Mr Rahul Talwar	Executive Vice President and Chief Marketing Officer	Mr Rahul Talwar joined in 2018. He has 17 years of experience in FMCG sector. He holds an MBA in Marketing from IMT, Ghaziabad, and a degree from St. Stephen's College, Delhi University.
Mr Sachin Bajaj	Executive Vice President and Chief Investment Officer	Mr Sachin Bajaj has a career spanning over 25 years with experience encompassing banking, insurance, investment advisory, and business and strategic planning. He holds an MBA from MDI Gurgaon.
Mr Sachin Saxena	Director and Chief Risk Officer	Mr Sachin Saxena has been with Axis Max Life for over 17 years and has pioneering work in developing market-leading products and implementing industry-first hedging capabilities through derivatives. Sachin is a Fellow of the Institute and Faculty of Actuaries, UK, and the Institute of Actuaries of India and holds a Bachelor of Technology degree in Mechanical Engineering from IIT Varanasi.
Mr Shailesh Singh	Senior Director and Chief People Officer	Mr Shailesh Singh holds a graduate degree from Delhi University and a postgraduate degree from the Institute of Rural Management Anand (IRMA), Gujarat.
Mr Sumit Madan	Senior Director and Chief Distribution Officer	Mr Sumit Madan has a career spanning over two decades of diverse experience in Sales, Retail Liabilities, and Branch Banking, working with Citi, IDFC First bank and AU Small Finance Bank, in their liabilities and branch banking businesses. He joined as the Chief Distribution Officer in Feb'24.

Source: Company, JM Financial

Mr. Prashant Tripathy, CEO of Axis Max Life Insurance, is retiring on 30th Sep'25. Mr. Sumit Madan, Senior Director and Chief Distribution Officer, will take over as the CEO with effect from 1st Oct'25.

Financial Tables (Standalone)

Technical Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Gross premiums	295,290	332,226	384,449	444,970	513,488
Net premiums	289,847	325,977	377,217	436,600	503,829
Investment income	170,071	131,358	169,042	202,850	243,420
Other Income	3,254	4,028	4,431	4,874	5,361
Total Income	463,172	461,362	550,690	644,324	752,611
Commissions	23,983	31,449	37,722	43,660	50,383
Operating expenses	40,861	45,140	51,911	59,698	67,459
Provisions & Taxes	2,094	2,717	3,526	4,055	4,663
Total expenses	66,938	79,306	93,159	107,413	122,504
Benefits paid	133,212	170,283	207,745	249,294	304,139
Change in valuation of life reserves	257,486	205,253	241,789	278,057	314,482
Total Benefits	390,698	375,536	449,534	527,351	618,621
Surplus/(Deficit) for the year	5,537	6,520	7,998	9,560	11,485

Source: Company, JM Financial

Shareholder's Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Transfer from the Policyholders' Account	2,612	2,777	3,359	4,015	4,824
Investment income	3,943	5,851	6,647	7,532	8,662
Other income	303	279	307	337	371
Total income	6,858	8,907	10,313	11,884	13,856
Operating expenses	743	1,128	1,354	1,624	1,949
Contribution to the policyholders A/C	2,367	3,295	4,019	4,904	5,982
Profit before tax	3,749	4,484	4,940	5,356	5,925
Tax	152	420.10	246.99	267.82	296.23
Profit after tax	3,597	4,064	4,693	5,089	5,628

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Investments	58,484	90,932	104,571	120,257	138,296
Policyholders' Investments	1,008,078	1,182,110	1,418,532	1,702,239	2,042,687
Unit linked Investments	441,793	477,681	569,873	674,160	797,531
Loans	10,605	12,551	13,932	15,464	17,165
Fixed assets	4,153	4,938	5,382	5,867	6,395
Net Current Assets / (Liab)	15,103	8,460	11,686	10,215	10,720
Total Assets	1,538,216	1,776,671	2,123,977	2,528,202	3,012,793
Borrowings	4,960	9,960	19,960	19,960	19,960
Fair Value Change Account	39,204	42,402	42,402	42,402	42,402
Policy Liabilities	1,027,352	1,197,005	1,436,406	1,723,687	2,068,425
Linked Liabilities	387,991	423,591	508,309	609,971	731,965
FFA	38,727	42,470	50,964	61,156	73,387
Total Liabilities	1,498,234	1,715,428	2,058,041	2,457,176	2,936,139
Share Capital	19,188	20,614	20,614	20,614	20,614
Reserves and surplus	20,184	39,784	44,476	49,565	55,193
Fair Value Change Account	611	846	846	846	846
Shareholder's equity	39,983	61,244	65,937	71,025	76,654

Source: Company, JM Financial

APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
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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