Insurance

Proposed distribution reform to push sector in uncharted waters

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The Insurance regulator, IRDAI, released its much awaited commissions, EOM, and distribution reform consultation paper (read: Part I, Part II) that radically cuts commissions payout across products and has the potential to redefine the insurance manufacturer and distributor business model by even completely destroying some business models. Some key proposals: 1) Expense of Management (EOM) in Life Insurance to be 15% of GDPI in 2 years and 12.5% in 5 years, and 20% of GDPI in 5 years in case of General Insurance, including SAHI, from existing 30%; 2) drastic cut in first-year commissions across Life savings, and term, Health, and Motor; 3) prohibition of mandatory bundling of insurance products with loan products and single premium credit life commissions capped at 2%; and 4) commissions on health renewals and porting cut drastically to 5% in case of distribution entities and 10% in case of agents. ULIP products, agency distribution, and lower-cost banca distribution models are less affected as they see less impact. In this backdrop, SBILIFE, LICI, and STARHEAL will be among the less-impacted, while HDFCLIFE, MAXF, and IPRU will have to get their distribution economics right to comply with the proposed commission and EOM structure. We shall review our estimates and ratings once we get more clarity on the impact of these proposals.

Radical proposals to overhaul distribution and address mis-selling

From proposing sharp reduction in EOM and commissions to addressing the issue of mis-selling and dark patterns, the consultation paper on **"Recalibrating Economics of Insurance Distribution"**, sets out a comprehensive framework of reforms covering the insurance distribution, its structure, expenses, commissions, market conduct, transparency, and leveraging digital infrastructure.

A reform that is likely to unsettle the growth

The intent behind the proposed reform could be noble, to address the root cause behind mis-selling and also to make insurance more affordable. However, the drastic cut in distribution commission would also make insurance distribution an unviable business and an unattractive vocation. And this could severely backfire, hurting the regulator's growth agenda and "Insurance for All by 2047".

SBILIFE and LICI are broadly compliant

SBILIFE with EOM of ~11% and LICI with EOM of ~12% are already compliant with the proposed EOM, and will be required to bring down their EOM to 10% in the next 5 years (Exhibit 3). This shall not be a tough ask for them. Even on the commissions front, they both shall manage the proposal, given SBI's low commission banca and LIC's agent-driven business model where the commission compression is lower.

Entering uncharted waters; final regulations likely to be relatively benign

With this radical proposal, the regulator has likely set the base for the final regulations that we believe shall be relatively less strict. However, this proposal pushes the sector in uncharted waters by almost cutting the oxygen (commission) supply to this 'push sector'. With its ULIP-focused and best cost complaint business, SBILIFE is relatively better off as this proposal is broadly a non-event for the company. LICI is another broadly unaffected entity, as its agency-driven business retains relatively higher commission limits. MAXF, HDFCLIFE, and IPRU will have to negotiate with their distributors to adjust to the lower commission limit in retail products as well as in credit life. GIs and SAHIs may have to reduce commissions, and gliding toward 20% EOM will be a tough ask. STARHEALTH, with its agency driven business model, is relatively better off. PBFINTECH (Not rated)'s business model will come under question as it faces a sharp cut in health renewal and porting commissions, first-year term life commissions, and Motor OD and TP commissions. NBFCs with higher dependency on insurance commissions (LTF, CIFC, MMFS, BAF, etc) will see a material impact on their earnings, if the regulations come in the current form. We will revise our estimates for the insurers and NBFCs once we have more clarity.

Avinash Singh

avinash.singh@emkayglobal.com

+91-22-66121327

Mahek Shah

mahek.shah@emkayglobal.com

+91-22-66121218

Exhibit 1: Proposed commission caps in the General Insurance sector across products and distribution channels

Product Category and Sub-Type	Proposed Maximum Commission Limit	Prevailing Commission Range and Averages
Motor — Third Party (TP)	• **New Vehicle:** IDE Nil | Agents 2.5% | Garages NA • Old Vehicle: IDE 2.5% | Agents 5% | Garages 2.5%	• **New Business Avg:** 26% (Max: 75% for overall motor) • TP commissions historically rose from 4.3% in FY23 to 22% in FY25 • Standalone broker TP on old vehicles reached an average of ~33%
Motor — Own Damage (OD) / PA / Legal Liability (LL)	• **New Vehicle:** IDE 5% | Agents 10% | Garages NA • Old Vehicle: IDE 10% | Agents 15% | Garages 10%	• **New Vehicles Avg:** 17% to 40% (Max: 24% to 75%) • Old Vehicles Avg: 15% to 36% • Dealer/MISP direct commissions averaged ~40% on new vehicles
Motor — Packaged with Loan / Credit	• **TP:** Nil • OD / PA / LL (New/Old): 5%	• Banks/NBFCs financing motor vehicles earned an average payout of 16%
Health — Individual (First Time / New Business)	• **IDE:** 15% • Agents and Associates: 20% • Hospitals: 5%	• **Industry Avg:** 24% (Insurer averages ranged from 11% to 27%) • Max Commission: Up to 70% (Corporate Agents touched 82% to 91%)
Health — Individual (Renewal)	• **IDE:** 5% • Agents and Associates: 10% • Hospitals: NA	• **Industry Avg:** 14% • Max Commission: Up to 69%
Health — Individual (Portability)	• **IDE:** 5% • Agents and Associates: 10%	• Frequently booked as new business at elevated FYP rates (10% to >30% average, peaking up to 70%)
Health — Group (Employer-Employee and Non-Employer)	• **IDE:** 2.5% (capped at Rs10mn) • Agentsand& Associates: 5% (capped at Rs10mn) • Hospitals: 1% (capped at Rs2.5mn) (Identical limits apply for First Time, Renewal, and Porting)	• **New Business Avg:** 15% (Insurer averages ranged from 11% to 31%) • New Business Max: Up to 93% • Renewal Avg: 6% (Max: up to 93%)
Health — Packaged with Loan / Credit	• **First Time:** 5% • Renewal: 2.5%	• Payouts heavily embedded in lending channels, often exceeding 30% to 45%
Property — Retail	• **First Time:** IDE 15% | Agents 20% • Renewal: IDE 10% | Agents 15%	• **New Business Avg:** 14% (Range of averages: 11% to 33%; Max: 70%) • Renewal Avg: 11% (Max: 69%)
Property (Commercial PML) and Engineering Risks	Calculated slab-wise on Sum Insured (SI): • SI < Rs5bn: IDE 7.5% | Agents 10% • SI Rs5–Rs25bn: IDE 6.25% | Agents 7% • SI > Rs25bn: IDE 5.0% | Agents 5.5%	• Large corporate commercial broker commissions averaged 6% to 11% (range: 5% to 17%) • Multi-year property upfront commissions frequently reached high single-tier payouts
Property — Packaged with Loan / Credit	• **Single Premium:** 2.5% • Multi-Year Premium: 5%	• Concurrently bundled with mortgages/loans, often attracting full retail property commission rates (11% to 33% avg)
Marine Cargo	• **IDE:** 10% • Agents and Associates: 15%	• Part of General Miscellaneous lines; corporate accounts generally ranged from 10% to 18%
Marine Hull	• **IDE:** 10% • Agents and Associates: 10%	• Typically commercial placements averaging 5% to 15%
Miscellaneous — Retail (PA, Travel, Cyber, etc)	• **IDE:** 15% • Agents and Associates: 17.5%	• **PA and Travel Avg:** 24% (Max: up to 70%) • Broker Travel New Business averaged ~46% in FY25
Miscellaneous — Corporate / Group	• **IDE:** 10% • Agents and Associates: 15%	• Corporate placements averaging 10% to 18%
Crop Insurance (PMFBY)	• As notified in the scheme	• **Industry Avg:** 0.2% (Range of averages: 0% to 1%; Max: 25% to 30%)

Source: IRDAI, Emkay Research

Exhibit 2: Proposed commission caps in the Life Insurance sector across products and distribution channels

Product Category and Sub-Type	Proposed Maximum Commission Limit	Prevailing Commission Range and Averages
Individual Non-Linked (Par / Non-Par) & Linked: **• PPT < 5 years (Non-Par Non-Linked only)** **• PPT = 5 years** **• PPT = 6 to 8 years** **• PPT = 9 years** **• PPT ≥ 10 years**	• **< 5 yrs:** IDE: FY 5%, Ren 2% | Agents: FY 6.25%, Ren 5% • 5 yrs: IDE: FY 10%, Ren 2% | Agents: FY 12.5%, Ren 5% • 6–8 yrs: IDE: FY 14%, Ren 3% | Agents: FY 17.5%, Ren 5% • 9 yrs: IDE: FY 18%, Ren 3% | Agents: FY 22.5%, Ren 5% • ≥10 yrs: IDE: FY 20%, Ren 3% | Agents: FY 25%, Ren 5% (From Year 6, renewal increases by 0.5% every 3 years up to a max of 7%)	• **Participating FYP:** Avg 37% (Max: 63% to 77%) • Non-Participating FYP: Avg 25% to 40% (Max: 60% to 77%; certain CAs exceeded 65%) • ULIP FYP: Avg 14% (Range of avg: 3% to 18%; Max: 33% to 40%) • Renewal Rates: Par Avg 6% (Max 8%); Non-Par Avg 3% (Max 7%); ULIP Avg 2% (Max 5%)
Individual Savings — Single Premium	• **IDE:** 1% • Agents: 2% • Renewal: NA	• **Non-Par Single Avg:** 11% (Max: 45%) • Par Single Avg: 2% (Max: 2%) • ULIP Single Avg: 2% (Max: 3%)
Individual Pure Term — Single Premium	• **IDE:** 7.5% • Agents: 10% • Renewal: NA	• **Average:** 5% • Maximum: 9%
Individual Pure Term — Multi-Year Premium	• **First Year:** IDE 25% | Agents 30% • Renewal: IDE 7.5% | Agents 10%	• **First Year Avg:** 51% (Range of avg: 2% to 40%; Max: 81%) • Renewal Avg: 4% (Max: 8%)
Group Pure Term — Single Premium	• **IDE:** 1.5% (capped at Rs2mn) • Agents: 2.0% (capped at Rs3mn)	• **Credit Life Single Avg:** 22% (Max: 57%) • Effective payouts on single-premium group credit life averaged ~45%
Group Pure Term — Multi-Year Premium	• **First Year:** IDE 5% | Agents 7.5% • Renewal: IDE 5% | Agents 7.5%	• **Credit Life Multi-Year Avg:** 8% (Max: 14%) • Renewal Avg: 9% (Max: 38%)
Pension / Annuity — Single Premium	• **IDE:** 0.5% • Agents: 0.75% (Nil commission for annuity purchased from NPS)	• Typically ranged from 0.5% to 2%
Pension / Deferred Annuity — Multi-Year Premium	• **First Year:** IDE 5% | Agents 6.5% • Renewal: IDE 5% | Agents 5%	• Aligned with savings products (FYP Avg: 25% to 37%; Renewal: 3% to 6%)
Group Fund Based (Voluntary & Employer Sponsored)	• **IDE:** 0.5% of contribution (max Rs1mn) • Agents: 0.5% of contribution (max Rs1.5mn)	• Base commissions were low (~0.5% to 2%), but total payouts were augmented by volume and operational incentives
Life Insurance Packaged with Loan / Credit (Lending Entities)	• **Individual Pure Term (Single):** 2% • Individual Pure Term (Multi-Year): FY 2.5% | Ren 1% • Group Pure Term (Single): 2% • Group Pure Term (Multi-Year): FY 2.5% | Ren 1%	• **Bank Corporate Agents:** Avg commission on loan-linked/new business ranged from 5% to 41% (total payouts up to 72%) • NBFC Corporate Agents: Avg commission ranged from 7% to 47% (total payouts averaged 42%, peaking at 67%)

Source: IRDAI, Emkay Research

Exhibit 3: SBI Life and LIC have relatively low expense of management as compared to peers

Exepnse of Management (% of GDPI)	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
LIC	14.4%	14.7%	14.2%	14.5%	15.5%	15.6%	12.4%	11.9%
HDFCLIFE	16.9%	17.5%	16.3%	16.4%	19.7%	19.3%	19.8%	21.2%
IPRU	13.4%	13.3%	11.7%	14.3%	16.1%	18.2%	18.0%	18.1%
MAX LIFE	20.0%	20.8%	20.7%	19.7%	20.5%	22.0%	23.1%	25.1%
SBILIFE	10.5%	9.9%	8.3%	8.7%	9.6%	8.9%	9.7%	10.6%

Source: Company, Emkay Research

Exhibit 4: Key regulatory developments and our analysis

Date	Subject	Refer to our note
3-Sep-26	Insurance Commission	No meaningful moderation in commissions in FY26
2-Jul-26	Insurance Commission	RBI FSR – Higher acquisition cost remains a concern
21-Apr-26	Insurance Distribution	Banca need not be open architecture
9-Jan-26	Insurance Commission	Elephant in the room back in focus
17-Dec-25	Insurance Amendment Bill, 2025	Insurance Amendment Bill 2025 – On expected lines
23-Sep-25	Insurance in GST 2.0	Insurance in GST 2.0 – The Road Ahead
8-Sep-25	Impact of GST 2.0 on Insurance	GST 2.0 in insurance – Do not miss the wood for the trees
21-Aug-25	Recommendation by the Group of Ministers (GoM) for exemption from GST for retail health and life insurance products	GoM suggests GST exemption on Retail Life, Health Insurance
19-Aug-25	GST rate cut, from 18% to 5%	Deciphering the noise around the 'GST cut' in Insurance
12-Feb-25	Income Tax Bill, 2025	Insurance: Income Tax Bill, 2025: Status quo for life insurance provides relief, clarity
16-Dec-24	Mis-selling of insurance products across banks	Barking up the wrong tree
19-Nov-24	Statement by the FM and IRDAI Chairman on mis-selling of insurance products in banks	The debate on mis-selling: Need for an objective approach vs emotional or moral appeal
13-Jun-24	Life Insurance Product Regulations, 2024	Multiple levers to offset impact of higher surrender value
1-Jun-24	Media reports on increase in surrender value	Caught between a rock and a hard place
15-Dec-23	Exposure draft on Surrender Regulations in non-linked products	Exposure draft on surrender charges: Not a hornet's nest, nor a storm in a teacup
5-Apr-23	The IRDA's guidelines on Encouraging Direct Selling	Direct selling (Sourcing): Who (insurers) will bell the cat (distributors)?
3-Apr-23	Expense of Management Regulations, 2023	The reality check of EoM and Commission
28-Mar-23	Expense of Management Regulations, 2024	Will the new commission and EoM Regulations trigger a 'commission war'?
28-Mar-23	Taxation and regulatory changes	Present imperfect, future tensed
6-Feb-23	Removal of tax exemption on a high-ticket, non-linked policy, and push to the new tax regime	Sec 10(10D) exemptions materially important, 80C not so much
1-Feb-23	Removal of tax exemption on a high-ticket, non-linked policy, and push to the new tax regime	Union Budget deals a double blow to Life Insurance
2-Dec-22	Insurance Amendment Bill, 2022	The Insurance Laws (Amendment) Bill, 2022: Aiming for growth and disruption, by empowering the Regulator

Source: Emkay Research

Exhibit 5: No material moderation in first-year commissions

First Year Reg Premium	FY25			FY26		
Life and Group	**Par**	**Non-Par**	**ULIP**	**Par**	**Non-Par**	**ULIP**
Bajaj Life	37%	44%	18%	41%	47%	14%
Birla Life	41%	48%	16%	43%	54%	12%
Canara HSBC Life	26%	27%	10%			
HDFC Life	63%	60%	22%	42%	50%	29%
IPRU Life	56%	59%	10%	49%	45%	12%
LIC	33%	18%	6%	30%	15%	5%
Max Life	49%	45%	15%			
SBI Life	28%	22%	7%	28%	23%	7%
Tata Life	51%	42%	34%	53%	49%	35%

Source: Company, Emkay Research

Exhibit 6: Single-year commissions more a function of credit life in the mix

Single Premium	FY25			FY26		
Life and Group	**Par**	**Non-Par**	**ULIP**	**Par**	**Non-Par**	**ULIP**
Bajaj Life	0.0%	14.9%	0.1%	0.0%	23.3%	0.2%
Birla Life	0.0%	14.1%	0.1%	0.0%	30.9%	0.0%
Canara HSBC Life	0.0%	3.6%	1.9%			
HDFC Life	1.5%	15.0%	0.5%	5.9%	30.9%	0.7%
IPRU Life	0.0%	1.8%	0.1%	0.0%	8.6%	0.4%
LIC	4.0%	0.0%	2.3%	2.9%	0.1%	2.9%
Max Life	0.0%	10.8%	1.6%			
SBI Life	2.0%	1.7%	1.8%	0.0%	1.5%	1.4%
Tata Life	1.9%	1.5%	1.6%	1.6%	1.7%	2.6%

Source: Company, Emkay Research

Exhibit 7: Despite much talk on trail commissions, the renewal commissions stay modest

Renewal Premium	FY25			FY26		
Life and Group	**Par**	**Non-Par**	**ULIP**	**Par**	**Non-Par**	**ULIP**
Bajaj Life	5%	3%	2%	4%	2%	1%
Birla Life	4%	3%	2%	4%	3%	2%
Canara HSBC Life	4%	4%	1%			
HDFC Life	2%	2%	1%	2%	2%	1%
IPRU Life	4%	4%	1%	4%	4%	1%
LIC	6%	4%	2%	5%	5%	2%
Max Life	4%	2%	1%			
SBI Life	4%	2%	2%	4%	3%	2%
Tata Life	5%	3%	3%	4%	3%	3%

Source: Company, Emkay Research

Exhibit 8: SBI and CANARA HSBC clear stand-outs in commissions; LIC's commission cost helped by large group business and renewals

Total Gross Commission	FY25			FY26		
Life and Group	**Par**	**Non-Par**	**ULIP**	**Par**	**Non-Par**	**ULIP**
Bajaj Life	14%	15%	7%	14%	17%	4%
Birla Life	8%	14%	5%	15%	16%	3%
Canara HSBC Life	8%	7%	5%			
HDFC Life	13%	16%	7%	10%	17%	9%
IPRU Life	15%	16%	3%	13%	13%	3%
LIC	8%	2%	3%	7%	2%	3%
Max Life	11%	12%	6%			
SBI Life	7%	6%	4%	9%	6%	3%
Tata Life	17%	10%	16%	19%	10%	13%

Source: Company, Emkay Research

Exhibit 9: Hefty commissions in Motor TP weaken the case of TP tariff hike; regulator might ask to curb commissions first

Motor TP	GDPI			Gross commissions			Commission ratio		
(Rs mn)	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26
New India	59,933	66,523	66,608	2,540	5,066	4,827	4.2%	7.6%	7.2%
United India	49,857	59,835	71,266	5,014	11,246	19,321	10.1%	18.8%	27.1%
Oriental Insurance	29,589	31,569	29,533	1,611	1,892	3,561	5.4%	6.0%	12.1%
National Insurance	34,329	37,205	39,464	1,689	4,396	4,361	4.9%	11.8%	11.0%
ICICI Lombard	48,939	52,822	57,324	6,877	7,427	10,750	14.1%	14.1%	18.8%
Bajaj	31,487	36,315	39,605	5,744	8,406	12,445	18.2%	23.1%	31.4%
Go Digit	35,138	36,315	41,891	11,513	12,201	14,935	32.8%	33.6%	35.7%
HDFC Ergo	26,454	11,483	11,247	4,392	723	1,266	16.6%	6.3%	11.3%
Tata AIG	40,853	50,125	52,333	9,972	15,954	21,472	24.4%	31.8%	41.0%
IFFCO Tokio	22,066	21,058	23,389	1,425	983	1,448	6.5%	4.7%	6.2%
Reliance General	25,657	26,185	24,465	7,394	9,254	10,441	28.8%	35.3%	42.7%
Chola MS	29,460	31,113	30,912	5,317	7,259	6,207	18.0%	23.3%	20.1%
SBI General	18,935	26,466	30,030	4,104	7,213	8,955	21.7%	27.3%	29.8%
Shriram General	21,570	26,843	32,208	4,769	6,331	7,314	22.1%	23.6%	22.7%
Royal Sundaram	16,002	16,753	18,153	3,873	4,219	4,874	24.2%	25.2%	26.9%
Future Generali	9,400	10,276	10,753	2,856	3,300	3,379	30.4%	32.1%	31.4%

Source: Company, Emkay Research

Exhibit 10: Motor OD commission payout competition intensifies

Motor OD	GDPI			Gross commissions			Commission ratio		
(Rs mn)	FY24	FY25		FY24	FY25		FY24	FY25	FY26
New India	35,253	38,419	40,667	10,064	11,129	11,511	28.5%	29.0%	28.3%
United India	20,601	21,407	18,977	2,900	3,981	3,658	14.1%	18.6%	19.3%
Oriental	12,586	13,282	13,152	3,149	3,079	2,722	25.0%	23.2%	20.7%
National	16,036	15,925	17,014	4,024	3,600	5,213	25.1%	22.6%	30.6%
ICICI Lombard	47,397	54,577	58,196	19,191	24,074	25,481	40.5%	44.1%	43.8%
Bajaj	26,991	30,718	33,173	9,137	10,027	11,453	33.9%	32.6%	34.5%
Go Digit	19,575	22,329	25,747	6,575	8,643	11,301	33.6%	38.7%	43.9%
HDFC Ergo	26,299	19,154	18,470	7,815	5,158	5,339	29.7%	26.9%	28.9%
Tata AIG	33,522	40,728	45,718	6,648	6,909	4,599	19.8%	17.0%	10.1%
IFFCO Tokio	21,646	20,638	21,166	6,174	6,227	7,426	28.5%	30.2%	35.1%
Reliance General	17,953	20,392	23,230	5,548	6,475	8,492	30.9%	31.8%	36.6%
Chola MS	20,175	23,161	25,906	5,927	6,503	7,977	29.4%	28.1%	30.8%
SBI General	16,666	20,226	24,360	5,879	7,803	9,333	35.3%	38.6%	38.3%
Royal Sundaram	9,715	8,228	9,237	2,589	2,602	3,023	26.6%	31.6%	32.7%
Future Generali	8,007	8,051	9,359	2,088	2,405	2,986	26.1%	29.9%	31.9%

Source: Company, Emkay Research

Exhibit 11: SAHIs (ex-STARHEAL) continue to have higher commission ratios despite meaningful group business

Health - Total	GDPI			Gross commissions			Commission ratio		
(Rs mn)	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26
New India	183,210	191,949	215,315	8,719	9,462	10,225	4.8%	4.9%	4.7%
United India	78,969	70,360	78,363	2,355	2,642	2,718	3.0%	3.8%	3.5%
Oriental	78,961	82,427	87,939	3,119	3,330	4,660	4.0%	4.0%	5.3%
National	69,940	77,716	82,788	3,963	4,215	5,244	5.7%	5.4%	6.3%
ICICI Lombard	64,012	71,883	86,173	9,337	11,422	12,212	14.6%	15.9%	14.2%
Bajaj	67,130	78,288	85,256	5,078	6,592	7,807	7.6%	8.4%	9.2%
Go Digit	12,879	12,091	14,588	1,103	1,457	2,360	8.6%	12.0%	16.2%
HDFC Ergo	59,749	57,531	66,727	9,018	12,879	12,782	15.1%	22.4%	19.2%
Tata AIG	29,181	33,659	43,676	5,280	6,052	6,505	18.1%	18.0%	14.9%
IFFCO Tokio	15,089	7,905	8,705	706	588	777	4.7%	7.4%	8.9%
Reliance General	18,388	19,091	24,354	2,304	2,103	2,984	12.5%	11.0%	12.3%
Chola MS	7,523	8,902	8,871	2,063	2,131	1,178	27.4%	23.9%	13.3%
SBI General	28,804	34,337	43,729	2,435	2,659	3,189	8.5%	7.7%	7.3%
Royal Sundaram	5,556	7,061	9,803	524	545	635	9.4%	7.7%	6.5%
Star Health	150,393	165,262	184,350	22,401	26,342	30,133	14.9%	15.9%	16.3%
Care Health	66,576	81,354	97,684	12,572	16,328	20,056	18.9%	20.1%	20.5%
Niva Bupa	55,149	66,345	84,797	11,752	15,212	18,224	21.3%	22.9%	21.5%
Aditya Birla	34,808	44,468	58,255	6,700	9,426	12,765	19.2%	21.2%	21.9%

Source: Company, Emkay Research

Exhibit 12: Life Insurance – Commission pool

(Rs bn)	FY23			FY24			FY25		
Life Insurance (Commission)	**LIC**	**Private**	**Total**	**LIC**	**Private**	**Total**	**LIC**	**Private**	**Total**
First Year Commission	125.6	118.7	244.3	123.6	172.9	296.5	99.9	235.9	335.8
Single Premium Commission	5.1	10.9	16.0	4.9	40.8	45.6	7.6	64.9	72.5
Renewal Commission	125.1	37.8	162.9	131.2	41.9	173.1	145.6	54.1	199.7
Total Commission	**255.8**	**167.4**	**423.2**	**259.6**	**255.6**	**515.2**	**253.1**	**354.9**	**608.0**

Source: Company, Emkay Research

Exhibit 13: General Insurance – Gross commission pool

(Rs bn)	FY23				FY24				FY25			
GI Commission + Opex	**PSU**	**PVT**	**SAHI**	**Total**	**PSU**	**PVT**	**SAHI**	**Total**	**PSU**	**PVT**	**SAHI**	**Total**
Fire	10.5	13.2		23.7	12.2	19.4		31.7	13.0	21.7		34.7
Marine	1.9	3.2		5.2	2.0	4.1		6.1	2.1	4.7		6.8
Motor	23.6	48.9		72.5	31.0	165.8		196.8	44.4	191.8		236.2
Health	19.6	27.3	34.9	81.8	19.3	55.7	59.4	134.4	21.3	67.8	73.7	162.7
Others	9.1	9.2		18.3	9.7	17.3		27.0	12.6	19.0		32.3
Total Gross Commission	**64.7**	**101.9**	**34.9**	**201.4**	**74.3**	**262.4**	**59.4**	**396.0**	**93.4**	**305.0**	**73.7**	**472.7**
Opex	**217.3**	**271.7**	**59.6**	**548.6**	**154.1**	**174.8**	**57.7**	**386.5**	**125.8**	**181.8**	**62.2**	**378.1**

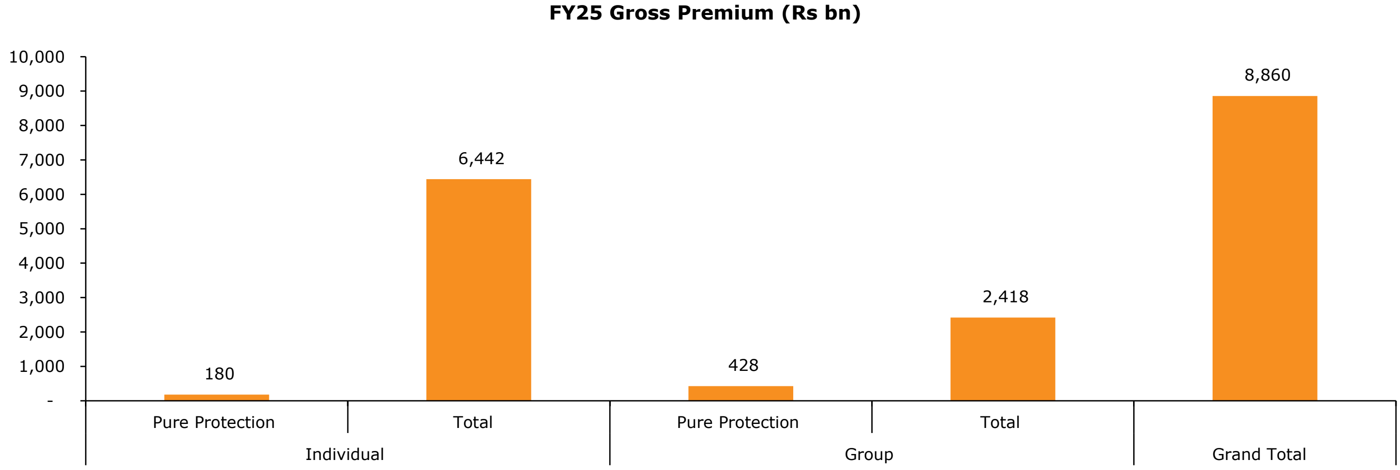
Source: Company, Emkay Research

Exhibit 14: While growth in number of New Individual Policies issued over FY15-25 has been flat, commission + opex has seen ~9% CAGR over the same period

	FY15	FY25	FY15-25 CAGR
Private Sector			
No of New Individual Policies issued (mn)	5.7	9.2	4.9%
AUM (Rs bn)	4,058	19,977	17.3%
Commission cost (Rs bn)	43.7	354.9	23.3%
Opex (Rs bn)	144.6	419.3	11.2%
Total cost (Rs bn)	188.3	774.2	15.2%
Total cost to AUM	**5.0%**	**4.2%**	
Death claim benefit paid (Rs bn)	42.2	230.7	18.5%
LIC			
No of New Individual Policies issued (mn)	20.2	17.8	-1.3%
AUM (Rs bn)	19,384	54,523	10.9%
Commission cost (Rs bn)	150.9	253.1	5.3%
Opex (Rs bn)	224.0	354.2	4.7%
Total cost (Rs bn)	374.9	607.2	4.9%
Total cost to AUM	**2.1%**	**1.1%**	
Death claim benefit paid (Rs bn)	110.9	244.2	8.2%
Industry			
No of New Individual Policies issued (mn)	25.9	27.0	0.4%
No of individual policies in force (mn)	326.3	332.0	0.2%
Industry AUM (Rs bn)	23,442	74,500	12.3%
Group Fund Management AUM (Rs bn)	3,895	15,921	15.1%
Individual Business AUM (Rs bn)	19,547	58,579	11.6%
Commission cost (Rs bn)	194.6	608.0	12.1%
Opex (Rs bn)	368.6	773.4	7.7%
Total cost (Rs bn)	563.2	1,381.4	9.4%
Individual sum assured (business in force; Rs bn)	75,530	248,353	12.6%
Total cost to AUM	**2.6%**	**1.9%**	
Death claim benefit paid (Rs bn)	149.8	474.9	12.2%

Source: IRDAI, Emkay Research

Exhibit 15: Individual Pure Protection contributes ~3% to individual GWP and ~5-6% to private sector GWP



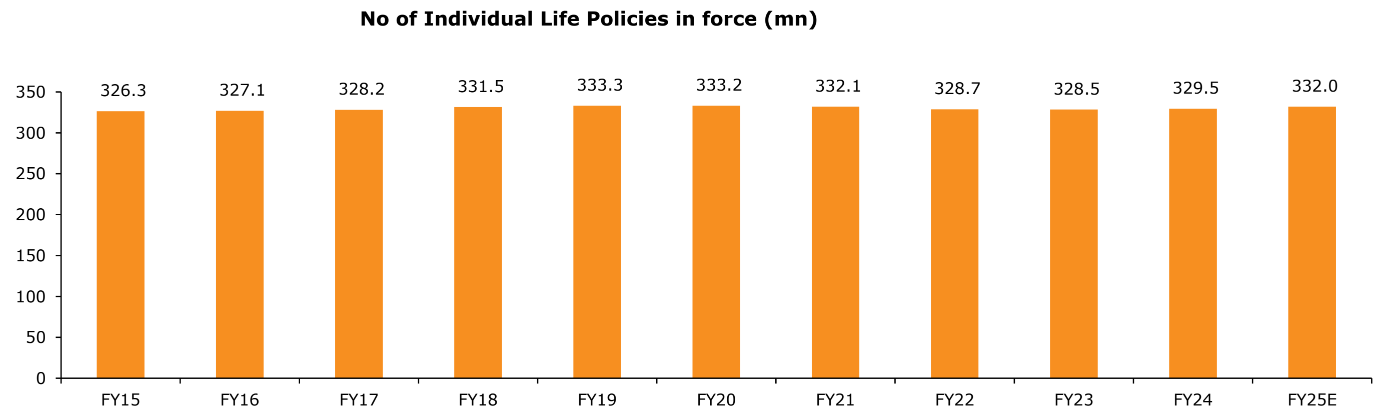
Source: IRDAI, Emkay Research

Exhibit 16: Insurance Commission income earned by top banks, NBFCs, and brokers

Commission from leading banks and NBFCs (Rs bn)	FY24	FY25	FY25 yoy chg	FY26	FY26 yoy chg
ICICI Bank					
Income from selling life insurance policies	3.2	3.3	4%	2.9	-12%
Income from selling non-life insurance policies	1.3	1.2	-4%	1.2	-1%
HDFC Bank					
Income from selling life insurance policies	30.6	50.3	64%	56.9	13%
Income from selling non-life insurance policies	9.1	12.8	40%	12.4	-3%
Axis Bank					
Income from selling life insurance policies	19.8	27.5	39%	32.3	18%
Income from selling non-life insurance policies	3.8	4.3	11%	4.7	9%
State Bank of India					
Income from selling life insurance policies	22.3	23.6	6%	23.8	19%
Income from selling non-life insurance policies	4.4	4.1	-7%	4.0	17%
Kotak Mahindra Bank					
Income from selling life insurance policies	6.9	8.5	23%	9.6	12%
Income from selling non-life insurance policies	0.8	1.1	42%	1.2	7%
Bajaj Finance					
Commission Income – Life Insurance	3.6	6.6	87%	11.3	71%
Commission Income – General Insurance	3.5	5.3	50%	6.4	21%
Other income from selling insurance policies	1.8	5.8	228%	4.8	-17%
PB Fintech					
--Insurance commission and rewards	23.9	42.8	79%		
-- Outsourcing Services	3.6	0.2	-95%		
Income from Selling Insurance policies	27.50	42.98	56%	60.89	42%

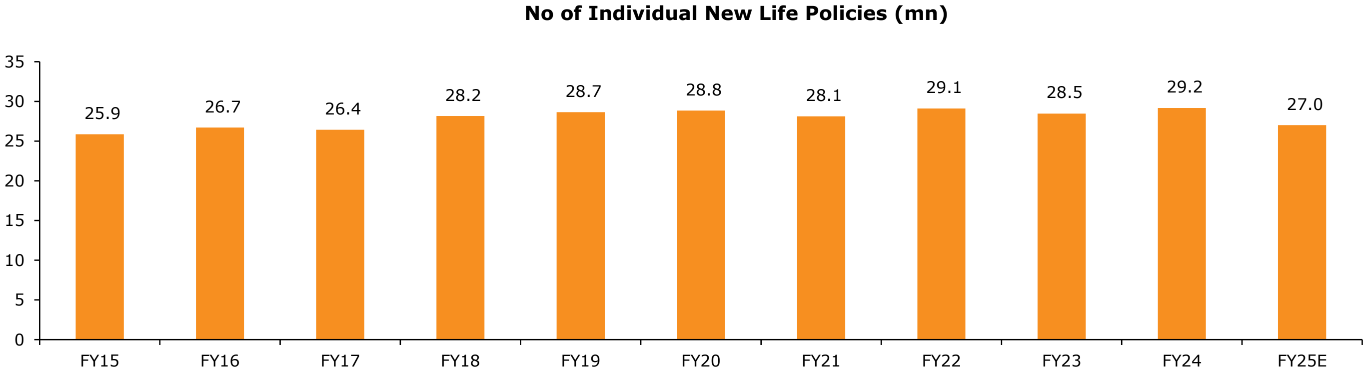
Source: Company, Emkay Research

Exhibit 17: Growth of the number of Individual Life Policies in force has been largely flat over FY15-25E



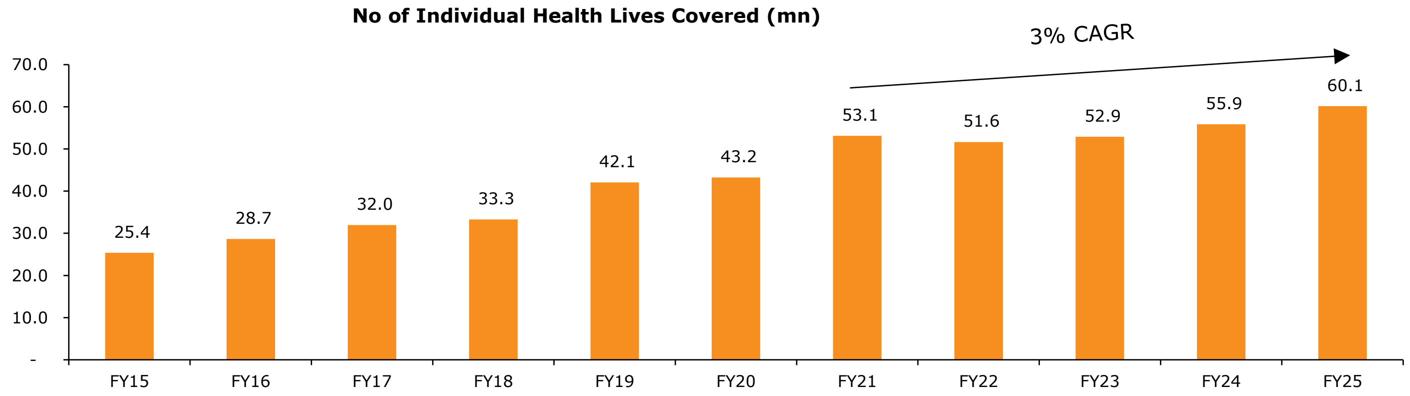
Source: Company, Emkay Research

Exhibit 18: Individual New Life Policies issued have seen negligible growth over the last 10 years



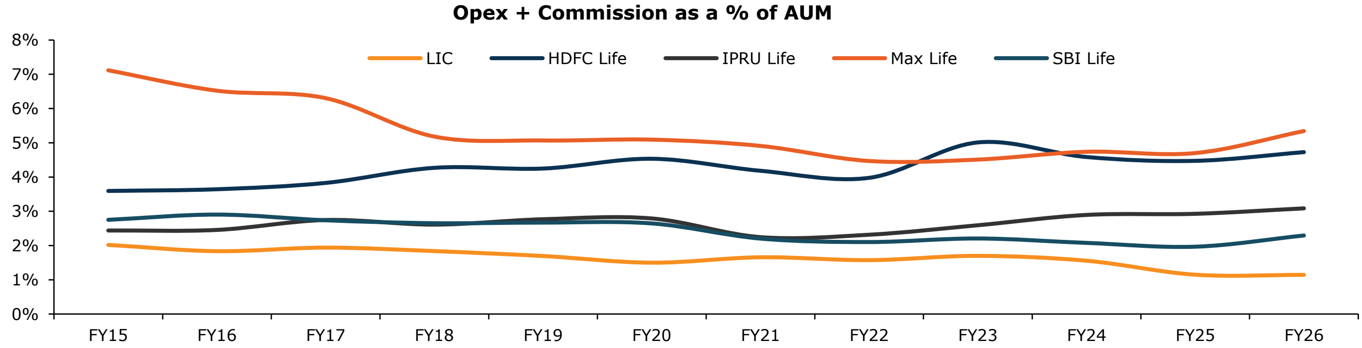
Source: Company, Emkay Research

Exhibit 19: Growth of Individual Health Lives covered has tapered over the last 5 years



Source: Company, Emkay Research

Exhibit 20: Despite expanding the size and not increasing the policy count, the cost base of life insurers has been stubbornly high; LIC benefits from the large Group Fund Management business



Source: Company, Emkay Research

Exhibit 21: Life Insurance – Peer Valuation

Company	Units	HDFC Life					ICICI Prudential Life					Max Financial Services					SBI Life					LIC				
Bloomberg ticker		HDFCLIFE IN					IPRU IN					MAXF IN					SBILIFE IN					LIC IN				
Rating		BUY					ADD					ADD					BUY					BUY				
Current market price	Rs	562					485					1,560					1,760					408				
Market Capitalization	Rs bn	1,215					706					536					1,762					5,118				
Target price	Rs	750					600					1,900					2,250					550				
Upside/Downside	%	33.4					23.7					21.8					27.8					35.0				
		HDFC Life					ICICI Prudential Life					Max Financial Services					SBI Life					LIC				
Profitability		FY25	FY26	FY27E	FY28E	FY29E	FY25	FY26	FY27E	FY28E	FY29E	FY25	FY26	FY27E	FY28E	FY29E	FY25	FY26	FY27E	FY28E	FY29E	FY25	FY26	FY27E	FY28E	FY29E
VNB Margin	%	25.6	24.2	25.1	25.4	25.7	22.8	24.7	25.0	25.5	25.7	24.0	25.2	25.4	25.6	25.7	27.8	27.5	27.8	27.9	28.0	17.6	21.2	23.8	23.9	24.1
Operating ROEV	%	16.7	14.4	15.4	15.2	15.0	13.1	11.9	13.2	13.1	13.0	19.1	17.5	18.8	17.6	17.2	20.2	18.9	18.2	17.5	16.9	11.4	11.9	12.2	12.0	11.9
Valuation at CMP		FY25	FY26	FY27E	FY28E	FY29E	FY25	FY26E	FY27E	FY28E	FY29E	FY25	FY26	FY27E	FY28E	FY29E	FY25	FY26	FY27E	FY28E	FY29E	FY25	FY26	FY27E	FY28E	FY29E
P/EV	x	2.18	1.95	1.69	1.48	1.29	1.46	1.33	1.17	1.04	0.92	2.67	2.33	1.89	1.61	1.37	2.56	2.23	1.89	1.61	1.38	0.66	0.65	0.59	0.53	0.48
P/EVOP	x	15.3	15.2	12.8	11.1	9.8	12.7	12.5	10.2	9.1	8.1	17.8	15.1	12.6	10.6	9.2	15.3	13.5	12.2	10.8	9.5	6.2	5.6	5.4	4.9	4.5
Implied P/VNB	x	18.6	16.3	12.8	9.2	6.3	11.6	8.4	5.9	3.1	0.7	22.4	15.7	12.5	8.9	6.2	20.4	16.4	12.5	9.5	6.8	-21.2	-18.4	-15.4	-18.1	-21.0
Implied P/VIF	x	2.7	2.3	2.0	1.7	1.4	1.5	1.3	1.2	1.0	0.9	3.2	2.7	2.2	1.8	1.5	3.1	2.6	2.2	1.8	1.5					
PBV	x	7.5	6.9	6.0	5.5	5.0	5.9	5.2	4.6	4.2	3.7	10.2	10.2	7.7	7.3	6.9	10.6	9.4	8.3	7.2	6.2	4.1	2.9	2.2	1.8	1.5
PER	x	67.2	63.5	54.8	47.0	42.3	59.1	44.1	41.6	36.2	31.2	164.5	640.9	188.7	149.9	129.5	74.5	72.8	56.1	49.8	43.6	10.7	9.0	7.6	6.8	6.0
P/AUM	x	0.36	0.32	0.28	0.24	0.21	0.23	0.22	0.21	0.20	0.18	0.38	0.34	0.30	0.26	0.23	0.40	0.37	0.32	0.27	0.24	0.09	0.09	0.08	0.08	0.07
Per-share data		FY25	FY26	FY27E	FY28E	FY29E	FY25	FY26E	FY27E	FY28E	FY29E	FY25	FY26	FY27E	FY28E	FY29E	FY25E	FY26E	FY27E	FY28E	FY29E	FY25	FY26	FY27E	FY28E	FY29E
EV	Rs	257	288	333	381	436	332	366	413	466	524	584	669	827	971	1,136	701	806	951	1115	1301	614	624	690	764	848
EVOP	Rs	37	37	44	50	57	38	39	48	53	60	88	104	124	147	169	118	133	147	167	188	65	73	76	83	91
VNB	Rs	18	19	21	25	29	16	18	20	23	26	49	62	71	83	96	59	66	79	89	100	8	11	14	16	17
VIF	Rs	182	205	238	278	322	332	366	413	466	524	446	535	636	772	929	523	605	719	850	998	519	490	512	543	574
Book Value	Rs	75	82	94	103	113	83	94	105	117	131	153	153	202	213	225	169	190	217	250	289	100	139	182	226	278
Earnings	Rs	8.4	8.9	10.3	12.0	13.3	8.2	11.0	11.7	13.4	15.5	9.5	2.4	8.3	10.4	12.0	24.1	24.6	32.0	36.0	41.2	38.1	45.4	53.4	60.0	67.5
AUM	Rs	1,562	1,739	1,999	2,302	2,649	2,133	2,159	2,302	2,473	2,680	4,109	4,637	5,229	5,978	6,851	4,489	4,892	5,682	6,592	7,626	4,331	4,538	4,910	5,287	5,712
Key parameter		FY25	FY26	FY27E	FY28E	FY29E	FY25	FY26E	FY27E	FY28E	FY29E	FY25	FY26	FY27E	FY28E	FY29E	FY25E	FY26E	FY27E	FY28E	FY29E	FY25	FY26	FY27E	FY28E	FY29E
APE	Rs bn	154.8	166.4	185.9	212.9	244.0	104.1	106.4	117.9	132.5	148.8	87.8	105.0	123.3	141.8	163.2	214.2	242.7	284.2	319.4	358.7	568.3	669.6	747.3	823.4	889.1
VNB	Rs bn	39.6	40.3	46.6	54.1	62.7	23.7	26.3	29.5	33.7	38.3	21.1	26.5	31.3	36.2	41.9	59.5	66.7	79.0	89.3	100.5	100.1	141.8	178.2	197.0	214.7
EVOP	Rs bn	79.2	79.7	95.8	109.6	124.3	55.3	57.0	70.0	78.5	87.6	37.3	44.1	54.2	64.6	74.2	117.8	132.9	147.1	166.9	188.5	826.2	926.4	959.7	1,049	1,146
EV	Rs bn	554.3	621.4	723.1	827.7	946.2	479.5	529.9	598.2	674.8	760.1	251.9	289	367	430	504	702.5	808	953	1,118	1,305	7,769	7,892	8,725	9,667	10,723
Net Worth	Rs bn	161.3	177.0	203.7	223.2	244.8	119.3	136.3	151.6	169.2	189.7	52.7	52.8	71.7	75.4	79.7	169.9	190.9	217.7	251.0	289.6	1,262	1,754	2,302	2,855	3,518
Net Profit	Rs bn	18.0	19.1	22.3	26.0	28.9	11.9	16.1	17.0	19.6	22.7	4.0	1.1	3.7	4.7	5.4	24.1	24.7	32.0	36.1	41.3	481.5	574.2	675.6	759.2	853.3
AUM	Rs bn	3,363	3,752	4,342	5,001	5,755	3,083	3,129	3,336	3,585	3,884	1,751	1,975	2,291	2,619	3,001	4,499	4,908	5,700	6,612	7,650	54,784	57,400	62,117	66,881	72,256
Growth yoy		FY25	FY26	FY27E	FY28E	FY29E	FY25	FY26	FY27E	FY28E	FY29E	FY25	FY26	FY27E	FY28E	FY29E	FY25	FY26	FY27E	FY28E	FY29E	FY25	FY26	FY27E	FY28E	FY29E
APE	%	16.5	7.5	11.7	14.6	14.6	15.0	2.2	10.8	12.3	12.3	18.1	19.7	17.4	15.0	15.0	8.6	13.3	17.1	12.4	12.3	-0.2	17.8	11.6	10.2	8.0
VNB	%	13.2	1.7	15.7	16.0	15.8	6.4	10.9	12.1	14.5	13.5	6.8	25.6	18.1	15.9	15.5	7.2	12.1	18.4	13.0	12.6	4.5	41.6	25.7	10.5	9.0
EVOP	%	14.5	0.6	20.2	14.4	13.4	10.3	3.0	22.8	12.0	11.6	13.6	18.2	22.8	19.2	14.9	17.1	12.9	10.7	13.5	12.9	23.4	12.1	3.6	9.3	9.2
EV	%	16.8	12.1	16.4	14.5	14.3	13.3	10.5	12.9	12.8	12.6	29.2	14.6	27.1	17.3	17.0	20.6	15.0	18.0	17.3	16.7	6.8	1.6	10.6	10.8	10.9
Net Worth	%	10.1	9.7	15.1	9.6	9.7	8.4	14.2	11.2	11.6	12.1	36.4	0.1	35.8	5.1	5.7	13.9	12.4	14.0	15.3	15.4	54.0	39.0	31.3	24.0	23.2
Net Profit	%	14.9	6.0	16.6	16.7	11.1	39.4	35.6	5.9	14.9	15.9	2.8	-73.8	251.5	25.6	15.6	27.4	2.4	29.7	12.6	14.3	18.4	19.2	17.7	12.4	12.4
AUM	%	15.1	11.6	15.7	15.2	15.1	5.2	1.5	6.6	7.5	8.3	16.1	12.8	16.0	14.3	14.6	14.8	9.1	16.1	16.0	15.7	6.8	4.8	8.2	7.7	8.0

Source: Company, Emkay Research

Exhibit 22: General Insurance – Peer Valuation

General Insurance Peer Valuation											
Company	**Unit**	**ICICI Lombard**					**Go Digit**				
Bloomberg ticker		ICICIGI IN					GODIGIT IN				
Rating		ADD					REDUCE				
Current market price	Rs	1,501					245				
Market Capitalization	Rs bn	747					224				
Market Capitalization	$ mn	7,805					2,336				
Target price	Rs	1,900					270				
Upside/Downside	%	26.6%					10.2%				
		ICICI Lombard					**Go Digit**				
Key Parameters		**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
GDPI	(Rs bn)	268.3	287.1	315.5	357.4	404.8	84.7	98.5	107.9	125.0	143.5
GWP	(Rs bn)	282.6	306.2	336.5	381.1	431.7	102.8	112.9	121.3	141.4	163.4
Underwriting Result	(Rs bn)	-8.7	-11.1	-15.7	-13.0	-10.5	-8.2	-8.7	-9.2	-8.4	-8.0
PAT	(Rs bn)	25.1	27.7	26.8	32.3	38.0	4.2	5.4	6.2	8.2	10.4
Networth	(Rs bn)	143.0	168.5	187.3	209.6	232.7	43.6	46.4	51.7	58.7	67.5
Networth including Fair Value Changes	(Rs bn)	149.8	160.7	185.7	214.6	238.7	45.5	48.5	54.0	61.2	70.3
Combined Ratio	(%)	102.8	103.4	104.5	102.6	101.2	109.3	110.7	108.9	106.5	105.0
ROE	(%)	19.1	17.8	15.1	16.3	17.2	12.1	12.1	12.3	14.3	15.8
Per Share Data		**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
GWP	(Rs)	541.3	576.0	633.0	717.0	812.1	112.3	122.2	131.2	152.9	176.7
EPS	(Rs)	50.7	55.7	53.7	64.8	76.3	4.6	5.9	6.7	8.9	11.3
BVPS - ex FV gain	(Rs)	288.5	337.9	375.7	420.5	466.8	47.3	50.2	55.9	63.5	73.0
FV Gain	(Rs)	13.7	-15.5	-3.1	10.0	12.0	2.08	2.26	2.49	2.74	3.01
Valuation at CMP		**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
P/GWP	x	2.8	2.6	2.4	2.1	1.8	2.2	2.0	1.9	1.6	1.4
PER	x	29.6	26.9	27.9	23.1	19.7	52.8	41.6	36.6	27.5	21.7
PBV	x	5.2	4.5	4.0	3.5	3.2	5.2	4.9	4.4	3.9	3.4
Growth yoy		**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
GDPI	(%)	8.3	7.0	9.9	13.3	13.3	6.7	16.2	9.6	15.9	14.8
GWP	(%)	10.4	8.4	9.9	13.3	13.3	14.0	9.8	7.4	16.6	15.6
PAT	(%)	30.7	10.5	-3.4	20.7	17.7	133.9	28.1	13.8	32.8	26.6

Source: Company, Emkay Research

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ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	>15% downside

Emkay Global Financial Services Ltd.
CIN - L67120MH1995PLC084899
7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India
Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com

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