

Insurance

India

Sector View: **Attractive** NIFTY-50: **22,147**

April 21, 2024

Weak on high base

A high base has marred growth for private players in March 2024 (down 10% yoy) and 4QFY24 (up 4% yoy). SBI Life saw the least impact from the high base, but reported muted growth, likely reflecting moderation at the parent. ICICI Prudential Life and Max Life likely capitalized on demand for ULIPs and reported 11-13% yoy APE growth in 4QFY24. With pressure on margins, we forecast 1-32% VNB declines for 4QFY24E.

High base affected APE growth in March 2024 and 4QFY24

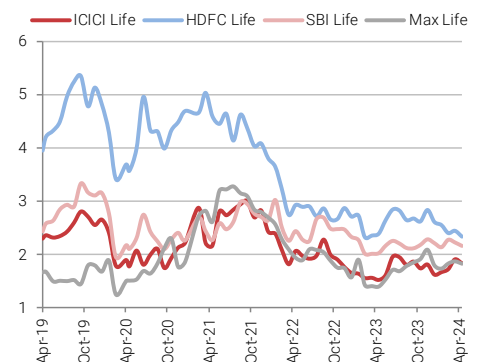
The high base has affected most private players, leading to a 10% yoy decline in APE in March 2024; even the top-4 players reported 9% declines. Sunset period sales of high-ticket size policies in March 2023 led to 53% yoy APE growth for private players, leading to an elevated base; the private sector reported an 18% APE two-year CAGR. Among listed players, HDFC Life and Max Life had the highest base, with 60-94% APE growth in March 2023. HDFC Life reported a 27% decline (up 13%, adjusting one-off of Rs10 bn) in March, leading to a 19% two-year CAGR, while Max Life restricted the decline to 8% (up 19%, adjusting one-offs of Rs3.5 bn), leading to 21% two-year CAGR. SBI Life reported 1% decline in APE, despite not having an inflated base (APE up 13% yoy in March 2023). ICICI Prudential and Bajaj Allianz fared better, reporting 1% and 6% yoy APE growth, respectively, in March 2024, translating into two-year CAGRs of 26 and 28%.

A similar trend is visible in 4QFY24, with private players reporting muted 4% yoy APE growth at a two-year CAGR of 18%. Trends for listed players are mixed. SBI Life fared better than peers, reporting 17% yoy APE growth (13% two-year CAGR), while ICICI Prudential Life and Max Life reported 11-13% yoy growth (21-23% two-year CAGR).

Mixed trends for listed players

- ▶ HDFC Life reported muted 2% APE growth in FY2024, reflecting a slowdown in the agency network; bancassurance was up 18% yoy. Demand for ULIPs was strong; while other players capitalized on this to deliver better APE growth, HDFC Life capped ULIP growth for most of FY2024. Margin pressure was better contained, with a 120 bps margin compression in FY2024.
- ▶ ICICI Prudential Life reported 8% APE growth in FY2024. While growth was weak in 9MFY24 (up 5% yoy) growth picked up 4QFY24 (up 13%), despite an elevated base. However, we expect a sharp margin compression (down 1,200 bps in 4QFY24E and 800 bps in FY2024E), reflecting a shift to ULIPs and pressure from higher payouts.
- ▶ Max Life reported strong 17% APE growth in FY2024, likely driven by a pick-up in agency channel (up 44% in 9MFY24). The product mix has also shifted toward ULIPs and par from non-par, likely leading to 497 bps margin compression in FY2024E. Margin compression in 4QFY24E will likely be lower at 250 bps yoy due to a low base (down 156 bps yoy in 4QFY23).

Company data and valuation summary



Source: Bloomberg, Company data, Kotak Institutional Equities estimates

Prices in this report are based on the market close of April 19, 2024

Quick Numbers

APE declined 10% yoy for private players in March 2024

VNB margin to compress for most players by 250-1,200 bps yoy in 4QFY24E

Market share of top-4 players is at 36% in the individual segment

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- ▶ SBI Life reported 16% growth in FY2024—a tad lower than the guidance of 18%. Growth was strong in 1HFY24 at 18% for SBI Life, but the company moderated down to 15% in 2HFY24. With a decline in share of non-par, the margin will likely decline (down 330 bps yoy in 4QFY24 and 199 bps in FY2024), though lower than peers.

APE growth of (-)8% to 11% yoy in 4QFY24 for listed players

Exhibit 1: APE, March fiscal year-ends, 2020-2024E, 4QFY23-4QFY24E

	APE (Rs bn)					YoY (%)					APE (Rs bn)					YoY (%)	
	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24E	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	2020	2021	2022	2023	2024	2023	2024
HDFC Life (merged)	52	23	30	32	47	69	13	7	(2)	(8)	74	84	98	133	132.9	37	(0)
ICICI Prudential Life	33	15	21	19	36	26	(4)	3	5	10	74	65	77	86	90.5	12	5
Max Life	25	11	17	18	27	38	10	39	19	7	41	50	56	62	72.9	12	17
SBI Life	46	30	52	61	51	11	4	33	13	11	108	115	143	168	194.6	18	16

Source: Company, LI Council, Kotak Institutional Equities estimates

VNB margin to compress for most players by 250-1,200 bps yoy in 4QFY24E

Exhibit 2: VNB margin, March fiscal year-ends, 2020-2024E, 4QFY23-4QFY24E

	VNB margin (%)					YoY (bps)					VNB margin (%)					YoY (bps)	
	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24E	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24E	2020	2021	2022	2023	2024E	2023	2024E
HDFC Life (merged)	29.3	26.2	26.3	26.8	26.1	(8)	111	(71)	(2)	(317)	25.9	26.1	27.4	27.5	26.3	14	(121)
ICICI Prudential Life	32.0	30.0	28.0	22.9	20.0	226	(101)	(308)	(1,106)	(1,200)	21.7	25.1	28.0	32.0	24.0	403	(798)
Max Life	30.3	22.2	25.2	27.2	27.8	(156)	108	(615)	(1,203)	(250)	21.6	25.2	27.3	31.2	26.2	385	(497)
SBI Life	31.3	28.8	28.5	27.4	28.0	269	(154)	(300)	(42)	(330)	18.7	20.3	25.9	30.1	28.1	416	(199)

Notes:

Figures for HDFC Life are actuals.

Source: Company, Kotak Institutional Equities estimates

1-32% yoy VNB decline for listed players

Exhibit 3: VNB, March fiscal year-ends, 2020-2024E, 4QFY23-4QFY24E

	VNB (Rs bn)					YoY (%)					VNB (Rs bn)					YoY (%)	
	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24E	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24E	2020	2021	2022	2023	2024E	2023	2024E
HDFC Life (merged)	15	6	8	9	12	69	18	4	(2)	(18)	19	22	27	37	35	37	(5)
ICICI Prudential Life	11	4	6	4	7	36	(7)	(7)	(29)	(32)	16	16	22	28	22	28	(21)
Max Life	8	2	4	5	8	31	16	12	(18)	(1)	9	12	15	19	19	28	(2)
SBI Life	14	9	15	17	14	21	(1)	21	11	(1)	20	23	37	51	55	37	8

Notes:

Figures for HDFC Life are actuals.

Source: Company, LI Council, Kotak Institutional Equities estimates

We expect margins compression for most players in FY2024E

Exhibit 4: APE, VNB and VNB margins, March fiscal year-ends, 2021-2026E

	Key metrics (Rs bn/%)						YoY (%)					
	2021	2022	2023	2024E	2025E	2026E	2021	2022	2023	2024E	2025E	2026E
APE (Rs bn)												
HDFC Life	84	97.6	133	133	153	176	100	17	37	(0)	15	15
ICICI Prudential Life	65	77.3	86	91	104	120	(2)	20	12	5	15	15
LIC	422	504	567	555	567	578	NA	19	12	(2)	2	2
Max Life	50	55.9	62	73	84	96	88	13	12	17	15	15
SBI Life	115	143.0	168	195	228	266	70	25	18	16	17	17
VNB margin (%)												
HDFC Life	26.1	27.4	27.5	27.3	27.5	27.8	414 bps	131 bps	14 bps	-25 bps	25 bps	25 bps
ICICI Prudential Life	25.1	28.0	32.0	24.0	25.0	26.0	1503 bps	289 bps	403 bps	-804 bps	100 bps	100 bps
LIC	9.9	15.1	16.2	17.3	17.7	17.6	NA	524 bps	103 bps	116 bps	43 bps	-13 bps
Max Life	25.2	27.3	31.2	26.1	26.8	27.5	629 bps	215 bps	385 bps	-505 bps	64 bps	69 bps
SBI Life	20.3	25.9	30.2	28.1	28.4	28.6	494 bps	555 bps	426 bps	-210 bps	39 bps	10 bps
VNB (Rs bn)												
HDFC Life	22	27	37	36	42	49	138	22	37	(1)	16	16
ICICI Prudential Life	16	22	28	22	26	31	143	33	28	(22)	20	20
LIC	42	76	92	96	101	102	NA	83	20	5	5	1
Max Life	12	15	19	19	22	26	150	22	28	(2)	18	18
SBI Life	23	37	51	55	65	76	125	59	37	8	19	17

Notes:

Figures for HDFC Life are actuals.

Source: Company, Kotak Institutional Equities estimates

APE declined 10% yoy for private players in March 2024

Exhibit 5: APE, March fiscal year-ends, March 2024 (Rs mn)

	Mar-24					
	Individual	yoy growth (%)	Group	yoy growth (%)	Total	yoy growth (%)
Aviva Life	457	(21)	17	(44)	474	(22)
Bajaj Allianz Life	11,765	5	720	44	12,485	6
Bharti Axa Life	1,097	(29)	12	(42)	1,108	(29)
Aditya Birla Sun Life	5,592	(25)	729	79	6,321	(20)
Canara HSBC	3,345	(14)	62	14	3,407	(14)
Pramerica Life	285	41	118	25	403	36
Future Generali Life	1,193	(3)	36	91	1,229	(2)
HDFC Life	18,618	(28)	2,298	(18)	20,916	(27)
ICICI Prudential Life	15,006	(1)	1,555	34	16,560	1
Aegas Federal Life	968	22	39	17	1,007	21
India First Life	1,102	(53)	104	18	1,206	(51)
Max Life	14,136	(8)	188	23	14,324	(8)
Reliance Life	1,944	12	27	198	1,971	13
SBI Life	16,265	(7)	2,148	81	18,412	(1)
Shriram Life	1,952	32	116	72	2,069	34
Star Union Dai-chi Life	1,838	(3)	114	9	1,953	(3)
Tata AIA Life	14,016	(19)	70	(13)	14,086	(19)
Private players	121,968	(12)	9,189	23	131,157	(10)
Private (ex-Top 4)	57,944	(11)	3,000	38	60,945	(9)
LIC	54,596	(16)	27,252	48	81,848	(2)
Total Premium	176,564	(13)	36,440	41	213,005	(7)

Note:

Top-4 players are HDFC Life, ICICI Prudential Life, SBI Life and Max Life

Source: LI Council, Kotak Institutional Equities

Private sector reported 4% growth in 4QFY24

Exhibit 6: APE, March fiscal year-ends, 4QFY24 (Rs mn)

4QFY24						
	Individual	yoy growth (%)	Group	yoy growth (%)	Total	yoy growth (%)
Aegon Religare	51	805	44	529	95	652
Aviva	792	(18)	32	(30)	825	(19)
Bajaj Allianz	23,309	17	1,494	27	24,803	18
Bharti Axa	2,024	(26)	24	(58)	2,048	(27)
Birla Sunlife	11,004	(8)	1,506	38	12,510	(4)
Canara HSBC	6,647	(3)	142	(22)	6,789	(4)
DHFL Pramerica	638	42	284	23	922	36
Future Generali	1,838	(2)	117	72	1,954	1
HDFC Life	41,326	(7)	4,443	(11)	45,769	(7)
ICICI Prudential	30,004	12	3,070	26	33,073	13
IDBI Federal	2,089	30	99	29	2,188	30
India First	2,874	(45)	228	9	3,103	(43)
Max Life	26,753	10	501	65	27,254	11
Reliance Life	3,647	8	36	71	3,683	9
SBI Life	44,496	9	6,168	156	50,664	17
Shriram Life	3,473	46	239	56	3,713	47
Star Union Daichi	4,780	8	577	81	5,357	13
Tata AIA	26,718	(8)	195	(2)	26,913	(8)
Private players	254,575	2	21,093	36	275,668	4
LIC	117,987	(4)	56,129	56	174,116	10
Total Premium	372,563	0	77,221	50	449,784	6

Source: LI Council, Kotak Institutional Equities

FY2024 APE growth low at 9% for private players

Exhibit 7: APE, March fiscal year-ends, 2024 (Rs mn)

2024						
	Individual	yoy growth (%)	Group	yoy growth (%)	Total	yoy growth (%)
Aviva Life	2,227	3	128	13	2,356	3
Bajaj Allianz Life	63,248	21	4,648	(7)	67,895	19
Bharti Axa Life	6,247	(18)	141	(34)	6,388	(19)
Aditya Birla Sun Life	30,747	2	4,554	9	35,301	3
Canara HSBC	17,024	3	1,051	(43)	18,075	(2)
Pramerica Life	1,874	23	916	70	2,789	35
Future Generali Life	3,917	2	211	(32)	4,128	(0)
HDFC Life	113,764	1	15,127	5	128,891	2
ICICI Prudential Life	72,135	7	9,229	16	81,364	8
Aegon Federal Life	6,061	28	310	28	6,371	28
India First Life	13,761	(19)	1,157	23	14,918	(17)
Max Life	69,608	16	1,766	102	71,374	17
Reliance Life	11,026	10	95	2	11,122	10
SBI Life	172,344	13	14,406	66	186,751	16
Shriram Life	8,911	37	932	95	9,843	41
Star Union Dai-chi Life	15,007	8	1,749	7	16,756	8
Tata AIA Life	74,133	5	669	18	74,802	5
Private players	738,705	8	62,624	19	801,329	9
Private (ex-Top 4)	310,854	7	22,095	6	332,950	7
LIC	351,041	(1)	164,926	(5)	515,966	(2)
Total Premium	1,089,746	5	227,549	1	1,317,295	4

Source: LI Council, Kotak Institutional Equities

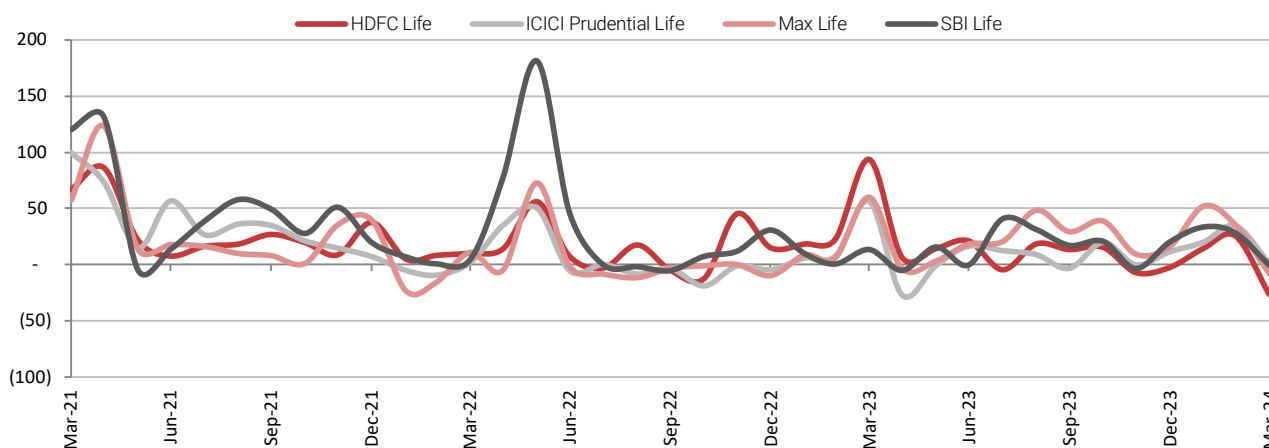
Private sector ends with 2-year CAGR of 16%, up 8% on a high base

Private sector life insurance companies delivered 8% individual APE growth in FY2024, with 5% growth for the overall sector (private sector and LIC). The weakness largely reflects a 10% decline in March 2024 and muted 1% growth in April 2024 on 53% growth in March 2023 due to sales of over Rs0.5 mn policies in the sunset tax period. Growth was moderate at a two-year CAGR 16%. The five-year CAGR was a tad lower at 13%.

Among large players, Bajaj reported a 31% two-year CAGR and 29% five-year CAGR (up 21% in FY2024); this was followed by Tata AIA at 29% and 27%, respectively (slowing down up to 5% in FY2024). Aditya Birla SL was moderate at 18% and 13%, respectively (up just 2% in FY2024), though it was a key beneficiary of securing a bancassurance partnership with HDFC Bank. HDFC Life was moderate at a two-year CAGR of 13% and five-year CAGR of 15% (up just 1% yoy in FY2024). SBI Life reported a two-year CAGR of 16% and five-year CAGR of 14%. Notably, SBI Life, despite not having a high March 2023 base, reported 13% individual APE growth and 16% overall APE growth in FY2024, lower than its guidance of ~18% growth. Max Life was a tad lower at a two-year CAGR of 13% and five-year CAGR of 12%. ICICI Prudential Life was up 7% on 2-year basis (7% both years), flat in five years.

APE declined for most listed players due to high base

Exhibit 8: APE growth yoy, March 2023-March 2024 (%)



Source: IRDA, LI Council, Kotak Institutional Equities

ICICI Prudential lags peers on APE growth, tier II players grew at 2X industry growth

Exhibit 9: Individual APE growth for life insurers, March fiscal year-ends, 2014-2024 (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2 yr CAGR	5 yr CAGR
Bajaj Allianz	(19)	(23)	(8)	41	38	25	11	28	49	41	21	31	29
Birla Sunlife	(19)	(12)	(8)	35	15	60	0	14	14	37	2	18	13
Canara HSBC	(23)	18	35	39	34	12	7	7	32	21	3	11	13
HDFC Life	(24)	25	12	9	31	6	17	14	17	27	1	13	15
ICICI Prudential Life	(2)	41	8	29	16	(5)	(6)	(18)	15	7	7	7	0
India First	(37)	5	38	82	43	18	25	5	50	27	(19)	1	15
Kotak	1	33	52	28	31	6	(1)	11	16	29	3	16	11
Max Life	17	10	8	25	22	21	5	19	12	11	16	13	12
PNB MetLife	3	23	29	11	20	12	(5)	12	21	24	6	15	11
Reliance Life	15	7	(26)	(23)	5	21	2	1	5	7	10	8	5
SBI Life	18	11	37	39	31	15	9	5	26	18	13	16	14
Star Union Daichi	23	19	(9)	64	(5)	(2)	(2)	25	48	36	8	21	22
Tata AIA	(19)	(4)	159	73	33	60	21	27	30	59	5	29	27
Private sector	(1)	16	14	27	24	12	5	8	22	24	8	16	13
LIC	(3)	(26)	3	15	13	5	8	(3)	7	9	(1)	4	4
Total	(3)	(10)	8	21	19	9	6	3	16	19	5	12	10

Source: LI Council, Kotak Institutional Equities

ICIPI Prudential lags peers on APE growth, tier II players grew at 2X industry growth

Exhibit 10: APE growth for life insurers, March fiscal year-ends, 2014-2024 (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2 yr CAGR	5 yr CAGR
Bajaj Allianz	(19)	(23)	(8)	41	38	22	10	27	47	36	19	27	27
Birla Sunlife	(19)	(12)	(8)	35	15	58	(1)	16	16	36	3	18	13
Canara HSBC	(23)	18	35	39	34	12	6	11	31	24	(2)	10	13
HDFC Life	(24)	25	12	9	31	8	17	14	18	25	2	13	15
ICIPI Prudential Life	(2)	41	8	29	16	(3)	(4)	(16)	15	10	8	9	2
India First	(37)	5	38	82	43	26	11	6	47	23	(17)	1	12
Kotak	1	33	52	28	31	7	5	7	17	29	5	17	12
Max Life	17	10	8	25	22	21	5	20	12	11	17	14	13
PNB MetLife	3	23	29	11	20	13	(4)	11	22	25	7	15	12
Reliance Life	15	7	(26)	(23)	5	20	1	2	6	4	10	7	5
SBI Life	18	11	37	39	31	17	10	7	25	17	16	16	15
Star Union Daichi	23	19	(9)	64	(5)	2	(5)	27	53	41	8	24	23
Tata AIA	(19)	(4)	159	73	33	60	20	27	31	59	5	29	27
Private sector	(1)	16	14	27	24	14	5	8	22	24	9	16	13
LIC	(3)	(26)	3	15	13	6	16	(2)	8	13	(2)	5	6
Total	(3)	(10)	8	21	19	10	10	3	16	19	4	11	10

Source: LI Council, Kotak Institutional Equities

APE declined for most players in March 2024

Exhibit 11: Overall, APE yoy growth, March fiscal year-ends, March 2023-March 2024, 1QFY24-4QFY24 (%)

	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	1QFY24	2QFY24	3QFY24	4QFY24	2 yr CAGR	
																		Mar-24	4QFY24
Bajaj Allianz	54	7	2	3	21	34	37	30	21	18	33	30	6	4	31	22	18	28	28
Aditya Birla Sun Life	73	37	9	47	7	(4)	(12)	27	(22)	14	23	16	(20)	30	(4)	3	(4)	18	21
Canara HSBC	47	(21)	(8)	(14)	24	(1)	16	36	14	(27)	29	(6)	(14)	(13)	13	(5)	(4)	13	10
HDFC Life	94	6	14	21	(5)	18	13	15	(7)	(3)	14	25	(27)	15	10	(0)	(7)	19	20
ICIPI Prudential Life	56	(27)	(1)	16	12	9	(3)	20	(0)	11	20	35	1	(2)	5	10	13	26	21
India First	8	11	(1)	4	6	4	(6)	(16)	(2)	(38)	(22)	(48)	(51)	4	1	(20)	(43)	(27)	(19)
Kotak	39	4	9	1	8	19	(2)	16	4	(5)	3	31	(3)	5	8	3	6	16	21
Max Life	60	(3)	3	18	21	49	30	39	9	16	52	35	(8)	8	33	19	11	21	23
Reliance Life	26	13	2	22	20	12	3	20	(12)	11	7	-1	13	13	11	6	9	20	8
SBI Life	13	(6)	15	(1)	40	31	17	20	(4)	20	33	28	(1)	3	29	13	17	6	13
Star Union Daichi	51	(32)	7	23	7	(1)	6	21	(5)	18	26	23	(3)	3	4	10	13	21	24
Tata AIA	96	14	22	23	21	7	15	23	(13)	16	19	(0)	(19)	20	14	8	(8)	26	26
Private sector	53	1	10	12	18	20	12	21	(2)	10	23	22	(10)	8	16	9	4	17	18
Top 4	54	(6)	10	11	20	25	14	21	(3)	13	28	30	(11)	6	19	10	7	17	18
Private (ex-Top 4)	53	11	9	15	15	12	10	20	(2)	7	15	12	(9)	12	12	7	1	18	19
Select tier-II players	77	10	11	13	21	19	25	27	1	17	25	13	(9)	12	22	14	3	27	27
LIC	(9)	(25)	(6)	3	(21)	(16)	(13)	1	(21)	31	14	32	(2)	(7)	(17)	2	10	(6)	1
Total	23	(11)	3	8	(2)	4	1	12	(11)	17	19	25	(7)	1	1	6	6	7	11

Source: LI Council, Kotak Institutional Equities

Similar trend is visible in Individual APE

Exhibit 12: Individual APE yoy growth, March 2023-March 2024, 1QFY24-4QFY24 (%)

	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	1QFY24	2QFY24	3QFY24	4QFY24	2 yr CAGR	
																		Mar-24	4QFY24
Bajaj Allianz	68	8	18	17	33	33	30	27	27	20	32	34	5	15	32	24	17	33	32
Aditya Birla Sun Life	88	27	33	35	9	(3)	(1)	21	(19)	10	36	9	(25)	32	1	2	(8)	19	21
Canara HSBC	48	(20)	(20)	(14)	21	(9)	14	37	13	19	28	(2)	(14)	(17)	9	21	(3)	13	11
HDFC Life	95	7	10	18	(7)	16	13	17	(4)	(5)	17	28	(28)	12	8	0	(7)	19	21
ICIPI Prudential Life	59	(31)	4	12	8	12	(5)	21	(3)	13	22	34	(1)	(4)	4	10	12	25	20
India First	9	14	0	(17)	3	5	(2)	(16)	(1)	(40)	(24)	(50)	(53)	(4)	2	(21)	(45)	(28)	(20)
Max Life	60	(4)	2	12	19	49	29	38	8	15	51	34	(8)	5	32	18	10	21	22
Reliance Life	28	13	4	24	20	12	3	21	(12)	11	7	2	12	14	11	6	8	20	9
SBI Life	12	(5)	8	5	31	34	16	16	(3)	20	17	26	(7)	3	26	13	9	2	8
Star Union Daichi	52	(37)	33	7	10	20	9	11	(3)	21	30	7	(3)	0	12	10	8	21	22
Tata AIA	97	14	21	22	21	7	15	23	(14)	17	18	0	(19)	20	14	8	(8)	27	27
Private sector	56	(1)	10	12	16	21	12	20	(1)	11	20	20	(12)	8	16	9	2	17	18
Top 4	54	(7)	7	11	15	27	13	20	(1)	12	22	30	(13)	5	18	10	5	16	16
Private (ex-Top 4)	58	7	15	14	16	12	11	19	(1)	10	17	10	(11)	13	13	9	(0)	19	19
Select tier-II players	85	11	20	20	26	18	21	25	2	18	24	14	(9)	17	22	15	2	29	29
LIC	10	(5)	(1)	(11)	14	3	5	2	(9)	2	7	13	(16)	(6)	7	(2)	(4)	(4)	1
Total	38	(3)	6	3	15	14	10	13	(4)	9	15	18	(13)	2	13	6	0	9	11

Source: LI Council, Kotak Institutional Equities

Market share of top-4 players is at 36% in the individual segment

Exhibit 13: Trends in individual APE market share, March fiscal year-ends, March 2023-March 2024, 2020-2024 (%)

	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	2020	2021	2022	2023	2024
Bajaj Allianz	6	6	6	6	5	6	6	6	6	5	5	6	7	2.6	3.3	4.2	5.0	5.8
Canara HSBC	2	1	1	1	2	1	2	2	2	2	2	2	2	1.3	1.4	1.6	1.6	1.6
HDFC Life	13	10	11	11	8	11	10	9	11	10	11	12	11	9.0	10.0	10.1	10.8	10.4
ICICI Prudential	7	5	6	7	6	6	6	6	6	5	7	9	8	9.0	7.2	7.2	6.5	6.6
Kotak	4	2	2	2	2	2	2	2	2	2	3	4	4	2.2	2.4	2.4	2.6	2.6
Max Life	8	5	5	6	5	6	6	6	6	6	6	7	8	5.5	6.4	6.2	5.8	6.4
Met Life	2	2	2	2	2	2	2	2	2	2	2	2	2	2.6	3.3	4.2	5.0	5.8
Reliance Life	1	2	1	1	1	1	1	1	1	1	1	1	1	1.2	1.2	1.1	1.0	1.0
SBI Life	9	15	15	15	17	18	17	17	18	25	16	12	9	13.3	13.5	14.7	14.6	15.8
Tata AIA	8	7	7	7	6	6	7	7	6	7	6	6	8	3.7	4.5	5.1	6.8	6.8
Private sector	68	64	63	66	63	68	68	67	68	73	67	69	69	57.2	59.7	62.9	65.8	67.8
Top 4 players	36	36	36	38	37	41	40	39	40	46	40	40	36	36.9	37.2	38.2	37.7	39.3
Private (ex-top 4)	32	28	27	28	27	27	29	28	28	27	27	30	33	20.3	22.5	24.7	28.0	28.5
Select tier-II players	14	13	12	12	12	12	12	12	12	12	12	13	15	6.3	7.8	9.3	11.8	12.6
LIC	32	36	37	34	37	32	32	33	32	27	33	31	31	42.8	40.3	37.1	34.2	32.2

Source: LI Council, Kotak Institutional Equities

Group business market share of private players down to 25% in March 2024

Exhibit 14: Trends in group business market share, March fiscal year-ends, March 2023-March 2024, 2020-2024 (%)

	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	2020	2021	2022	2023	2024
Bajaj Allianz	1.9	4.0	2.3	1.6	1.5	2.7	3.4	2.3	1.5	1.2	1.8	2.0	2.0	2.0	2.3	2.7	2.2	2.0
Aditya Birla Sun Life	1.6	3.6	2.2	2.0	1.4	2.4	1.8	2.9	1.3	1.8	0.9	2.9	2.0	1.2	1.5	1.7	1.9	2.0
HDFC Life	10.9	14.1	7.4	5.4	6.4	9.6	6.9	7.5	6.7	6.1	5.1	5.4	6.3	5.7	6.2	6.8	6.4	6.6
ICICI Prudential	4.5	6.5	3.6	2.6	6.0	4.5	3.9	4.5	4.8	3.2	3.7	3.7	4.3	2.8	3.2	3.1	3.5	4.1
Kotak Life	2.1	4.9	2.2	1.1	1.9	2.8	1.6	1.7	1.9	1.6	1.6	2.7	1.8	1.7	1.4	1.5	1.6	1.9
Max Life	0.6	1.0	0.7	1.2	0.7	0.8	0.7	0.8	0.8	0.8	0.7	0.8	0.5	0.3	0.4	0.4	0.4	0.8
Reliance Life	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.2	0.0	0.0
SBI Life	4.6	4.1	7.0	3.3	12.9	7.1	4.5	5.8	3.1	3.2	15.0	4.8	5.9	3.4	4.9	4.7	3.8	6.3
Private sector	29	47	29	22	35	35	26	30	23	21	32	27	25	19	22	24	23	28
LIC	71	53	71	78	65	65	74	70	77	79	68	73	75	81	78	76	77	72

Source: LI Council, Kotak Institutional Equities

Ticket sizes declined yoy in March 2024 due to inflated base

Exhibit 15: Average ticket size of individual non-single policies, March 2023-March 2024 (Rs)

	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Average ticket size (Rs)													
Bajaj Allianz	120,794	77,708	69,714	68,866	74,177	83,128	88,283	90,438	76,288	97,889	83,101	94,187	94,187
Birla Sun Life	185,604	79,427	104,975	109,185	97,768	106,543	102,623	101,765	103,179	118,956	108,699	111,194	111,194
HDFC Life	153,896	93,576	89,871	93,594	81,596	104,999	102,982	80,352	97,506	105,284	108,624	108,114	108,114
ICICI Prudential	161,275	77,477	93,469	104,244	100,486	108,158	105,054	109,560	117,372	134,325	134,337	125,556	125,556
Max Life	131,179	75,841	76,814	87,559	88,987	81,511	91,131	88,927	102,085	116,489	75,500	98,421	98,421
Reliance	116,051	67,272	61,791	58,301	48,501	49,734	51,050	53,875	59,711	74,058	64,233	58,324	58,324
SBI Life	59,469	58,881	62,612	65,821	75,414	77,721	79,412	74,625	79,627	98,307	86,543	69,004	69,004
Tata AIA	161,044	73,285	93,429	98,283	87,821	97,990	100,761	100,037	101,894	89,719	89,429	103,355	103,355
Private sector	113,728	70,940	69,230	76,217	76,865	82,575	84,411	79,372	82,755	95,517	88,100	88,371	88,371
LIC	15,634	20,405	19,609	18,314	17,635	15,888	18,680	17,363	17,771	19,151	16,050	17,110	17,110
YoY growth (%)													
Bajaj Allianz	37	2	2	(10)	(4)	3	12	10	(3)	14	12	15	(22)
Birla Sun Life	67	(17)	11	17	(7)	(17)	(11)	(5)	(23)	(6)	5	(17)	(40)
HDFC Life	63	0	(7)	(0)	(20)	(8)	(0)	(9)	(5)	(5)	7	6	(30)
ICICI Prudential	48	(18)	7	11	1	7	(6)	10	11	26	21	1	(22)
Max Life	38	(1)	(9)	8	1	(6)	2	(10)	6	7	(12)	8	(25)
Reliance	57	(12)	22	12	(9)	(9)	(16)	(8)	(11)	1	(10)	(11)	(50)
SBI Life	1	(5)	(1)	6	18	15	15	5	6	13	13	16	16
Tata AIA	66	2	15	16	(5)	(6)	5	7	(7)	(17)	(13)	(17)	(36)
Private sector	42	(2)	(1)	7	1	3	6	2	(2)	4	5	4	(22)
LIC	34	12	9	3	18	(0)	(7)	(17)	(2)	13	(1)	7	9

Source: LI Council, Kotak Institutional Equities

Share of single premium up to 44% in March 2024

Exhibit 16: Share of single premium to total premium, March fiscal year-ends, March 2023-March 2024 (%)

	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Bajaj Allianz	32	29	35	48	40	46	56	46	30	26	39	39	39
Aditya Birla Sun Life	38	53	62	69	56	60	59	70	49	54	43	66	59
HDFC Life	55	68	66	69	66	64	63	69	60	59	56	54	61
ICICI Prudential	29	51	46	42	36	48	47	46	49	45	43	41	32
Kotak Life	34	68	53	56	57	48	56	58	55	48	54	42	38
Max Life	22	40	40	53	40	34	37	36	36	33	35	42	33
Reliance Life	2	3	5	2	3	4	3	3	4	2	3	4	2
SBI Life	50	50	64	55	66	49	42	53	41	35	68	55	62
Private sector	37	49	53	53	52	48	48	51	43	39	51	46	44
LIC	77	67	82	90	79	77	81	84	84	85	76	84	83
Total	59	57	70	78	67	64	67	70	68	67	65	69	68

Source: LI Council, Kotak Institutional Equities

Exhibit 17: ICICI Prudential Life—change in estimates, March fiscal year-ends, 2024-26E

	New estimates			Old estimates			New versus old (%)		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Opening Embedded value (EV)	356	409	470	356	410	472	-	(0.2)	(0.4)
Methodology/ assumption changes	0	0	0	0	0	0			
VNB	22	26	31	23	27	32	(4.0)	(3.7)	(3.7)
Expected return in force	29	34	39	29	34	39	-	(0.2)	(0.4)
Operating variance	2	3	1	2	3	1	-	-	-
Economic/investment variance	3	3	3	3	3	3	-	-	-
Dividend payout	(3)	(4)	(4)	(3)	(4)	(4)	NM	NM	NM
Closing EV	409	470	540	410	472	543	(0.2)	(0.4)	(0.6)
EVOP	53	62	71	54	63	72	(1.7)	(1.7)	(1.9)
RoEV (%)	14.8	15.0	14.8	15.0	15.2	15.0	-25 bps	-23 bps	-23 bps
Operating RoEV (%)	14.9	15.2	15.0	15.1	15.4	15.3	-25 bps	-23 bps	-23 bps
APE	90.5	104.1	119.7	86.8	99.9	114.8	4.3	4.3	4.3
VNB post overrun	21.7	26.0	31.1	22.6	27.0	32.3	(4.0)	(3.7)	(3.7)
VNB margins post overrun (%)	24.0	25.0	26.0	26.0	27.0	28.1	-206 bps	-207 bps	-216 bps

Source: Company, Kotak Institutional Equities estimates

Exhibit 18: Max Life—change in estimates, March fiscal year-ends, 2024-26E

	New estimates (Rs bn)			Old estimates (Rs bn)			Change (%)		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Opening embedded value	163	198	237	163	198	237	-	0.0	0.2
VNB	19	22	26	19	22	26	0.4	1.9	2.0
Expected return in force	14	17	21	14	17	21	-	0.0	0.2
Operating variance	1	1	1	1	1	1	-	-	-
Investment varinace	4	1	1	4	1	1			
Dividend payout	(2)	(2)	(2)	(2)	(2)	(2)	NM	NM	NM
Closing embedded value	198	237	283	198	237	282	0.0	0.2	0.4
EVOP	34	40	48	34	40	47	0.2	1.1	1.2
RoEV (%)	21.9	19.6	19.6	21.8	19.4	19.4	5 bps	21 bps	20 bps
Operating RoEV (%)	20.9	20.4	20.2	20.9	20.2	20.0	5 bps	21 bps	20 bps
APE (Rs bn)	73	84	96	71	82	95	3.4	2.5	1.6
VNB margin	26.1	26.8	27.5	26.9	27.0	27.4	-78 bps	-16 bps	11 bps

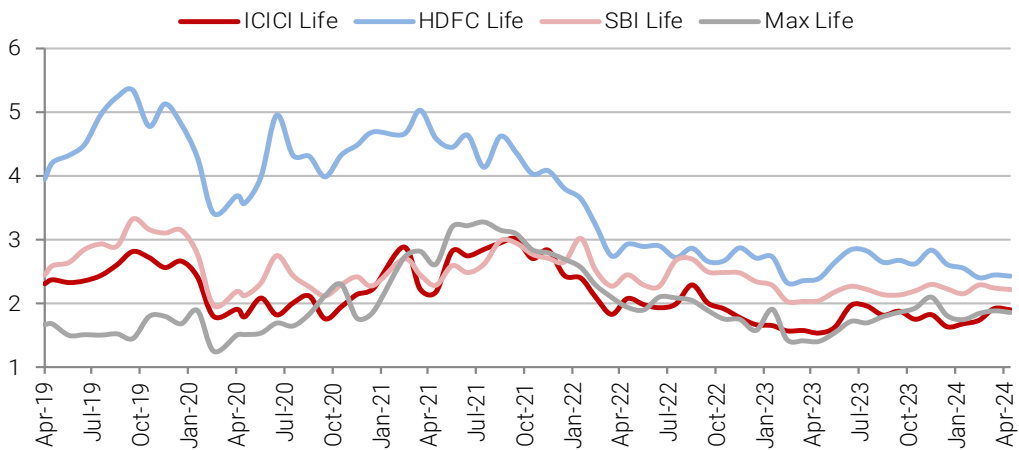
Source: Company, Kotak Institutional Equities estimates

Exhibit 19: SBI Life—change in estimates, March fiscal year-ends, 2024-26E

	New estimates			Old estimates			(% change)		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
APE	194.6	227.7	266.4	196.7	232.1	273.9	(1.1)	(1.9)	(2.7)
Opening EV	460.6	560.8	671.7	460.6	561.3	673.5	-	(0.1)	(0.3)
VNB	54.6	64.8	76.0	55.1	66.0	78.2	(0.9)	(1.9)	(2.7)
Expected return	38.7	47.1	55.1	38.7	47.2	55.2	-	(0.1)	(0.3)
Operating variance									
Expenses	0.5	-	-	0.5	-	-	NM	NM	NM
Persistency	0.5	2.0	2.0	0.5	2.0	2.0	-	-	-
Others	-	-	-	-	-	-	NM	NM	NM
EVOP	95.3	113.9	133.1	95.8	115.2	135.4	(0.5)	(1.1)	(1.7)
Non-operating variance									
Economic assumption chan	8.0	1.0	1.0	8.0	1.0	1.0	-	-	-
Dividend payouts	(3.0)	(4.0)	(5.0)	(3.0)	(4.0)	(5.0)	NM	NM	NM
Closing EV	560.8	671.7	800.8	561.3	673.5	804.9	(0.1)	(0.3)	(0.5)
RoEV (%)	21.8	19.8	19.2	21.9	20.0	19.5	-11 bps	-21 bps	-29 bps
Operating RoEV (%)	20.7	20.3	19.8	20.8	20.5	20.1	-11 bps	-21 bps	-29 bps
VNB margin (%)	28.1	28.4	28.6	28.0	28.4	28.6	5 bps	0 bps	0 bps

Source: Company, Kotak Institutional Equities estimates

Exhibit 20: One-year forward rolling P/EV for life insurers, March fiscal year-ends, April 2019-April 2024 (X)



Source: Company, Bloomberg, Kotak Institutional Equities estimates

Exhibit 21: Valuation summary, March fiscal year-ends, 2023-2026E

	Rating	FV (Rs)	Price (Rs)	Market cap.		Embedded value (Rs bn)				Price/EV (X)				Price/VNB (X)				EVOP CAGR (2023-26E) (%)	Operating RoEV (%)			
				(Rs bn)	(US \$bn)	2023	2024E	2025E	2026E	2023	2024E	2025E	2026E	2023	2024E	2025E	2026E		2023	2024E	2025E	2026E
HDFC Life	BUY	775	606	1,303	16	395	476	557	651	3.3	2.7	2.3	2.0	35	36	31	27	14	21.6	17.8	17.3	17.2
ICICI Prudential Life	BUY	625	603	868	10	356	410	472	543	2.4	2.1	1.8	1.6	31	38	32	27	10	17.4	15.1	15.4	15.3
LIC	BUY	1,300	961	6,079	73	5,822	7,330	7,949	8,609	1.0	0.8	0.8	0.7	66	63	60	60	6	10.9	9.2	8.9	8.8
LIC core			483	3,058	37	2,794	3,302	3,921	4,581	1.1	0.9	0.8	0.7	33	32	30	30	6	NA	NA	NA	NA
Max FS	BUY	1,200	1,005	347	4	163	199	238	285	3.0	2.4	2.0	1.7	25	25	21	18	16	22.1	21.2	20.6	20.3
SBI Life	BUY	1,675	1,457	1,459	17	461	561	673	805	3.2	2.6	2.2	1.8	29	26	22	19	14	22.9	20.8	20.5	20.1

Source: Company, Bloomberg, Kotak Institutional Equities estimates

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BUY. We expect this stock to deliver more than 15% returns over the next 12 months.

ADD. We expect this stock to deliver 5-15% returns over the next 12 months.

REDUCE. We expect this stock to deliver -5+5% returns over the next 12 months.

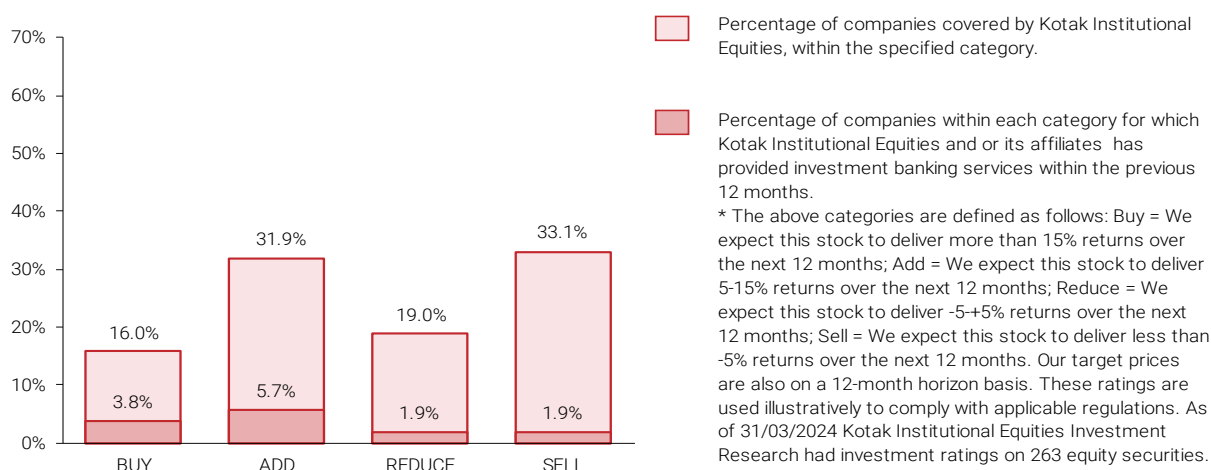
SELL. We expect this stock to deliver <-5% returns over the next 12 months.

Our Fair Value estimates are also on a 12-month horizon basis.

Our Ratings System does not take into account short-term volatility in stock prices related to movements in the market. Hence, a particular Rating may not strictly be in accordance with the Rating System at all times.

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