

# Insurance

India

Sector View: **Attractive** NIFTY-50: **25,713**

February 24, 2026

## Getting healthier

A combination of strong protection growth, a shift to non-par, lowered GST hit and low APE base is a near-term tailwind for life companies. On the flip side, solvency depletion is rapid in some cases. In the non-life business, the health business remains strong, coupled with the rangebound claims ratio. However, competition between players, especially in multi-channel insurer formats, is getting intense amid the expected cap on commissions. SBI Life, Star Health and PB Fintech are names we prefer.

### Life insurance: Multiple near-term tailwinds

We find tailwinds to the margins of life insurance companies with an increasing share of non-par/annuity, supported by the upward sloping yield curve, following a recent rise in bond yields. Protection growth remains strong; Exhibit 2 shows that growth in sum assured was 52-167% for listed life companies in 3QFY26 and 36-124% in January 2026. The drag of GST (due to ITC loss) is waning faster than expected (Exhibit 4). All of this points toward strong VNB growth in the near term, driving upgrades after the 3QFY26 results (Exhibit 25). 2HFY25 was a weak period following surrender value guidelines; the low base is now providing a boost.

### Competition intense, what happens next?

Competition, especially among multi-insurer banks/distributors, remains intense. Activation of the parent bank and the addition of new banks have driven strong bancassurance growth for SBI Life and Axis Max Life, respectively. HDFC Life fared weakly at the parent bank. Market sources suggest mixed feedback of various distribution channels accepting commission haircuts due to ITC loss on account of GST. All eyes are on guidelines on commission caps likely drafted shortly and implemented from April 2026. Prima facie, we do not expect severe disruption, which otherwise poses a risk to growth for the entire sector. Nevertheless, we expect competitive intensity to mellow down as distributors leverage volume tailwinds.

### Healthy way forward

We are becoming more assertive of health insurance companies as the claims ratio remains under control and growth accelerates. Exhibit 35 shows that SAHIs reported 18% GWP growth in retail health in 3QFY26, which continued to 33% in January 2026. Negotiations with hospitals during the quarter also suggest that medical inflation will likely remain under control. Valuations, based on IFRS financials, are not demanding for listed SAHIs. On the other hand, the motor business has seen lower GWP growth (than volume growth reported by OEMs) due to price deflation and intense competition in motor OD; tariff hikes will determine the growth trajectory in motor TP.

#### Quick Numbers

The life insurance industry reported strong 23% APE growth in 3QFY26

SA growth was strong at 41% yoy in 3QFY26

Retail health continues to report strong growth at 16% yoy for industry in 3QFY26

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### Solvency: Interplay of strong growth, protection and RBC norms

High growth tailwinds on term/protection business have prompted many insurance companies to raise subordinate capital. Exhibit 5 shows solvency trends across companies; the ratio is depleting rapidly for select players, some of whom may require capital. A framework for risk-based solvency capital (RBC) is expected shortly, which will drive further capital consumption or release. Focus may also likely shift to IFRS, which is expected to be implemented in March 2027E.

### APE growth improves in 3Q, momentum broad-based after GST

APE growth picked up meaningfully in 3QFY26 for the private sector, supported by (1) a low base after surrender value guideline implementation in 3QFY25 and (2) strong tailwinds from GST exemption on life insurance premiums.

SBI Life and Axis Max Life delivered strong acceleration, driven by the revival in bancassurance and agency, respectively. HDFC Life’s growth remained moderate, constrained by continued weakness in the bank channel, despite healthy agency performance. ICICI Prudential Life showed early signs of recovery, with APE turning positive after three consecutive quarters of decline. LIC reported a sharp rebound, aided by a low base and strong GST-led demand.

Sum assured growth remained elevated, significantly outpacing APE growth, reflecting (1) strong traction in retail protection, (2) higher rider attachment and (3) improved ticket sizes across savings products. Post-GST demand trends have clearly strengthened, though sustainability beyond 4QFY26E remains the key monitorable.

### Most players reported strong APE growth in 3QFY26

Exhibit 1: Growth in total APE across life insurers yoy, March fiscal year-ends, 2025-26 (%)

	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Aditya Birla Sun Life	46	26	32	(4)	26	4	23	1	21	10	42	22	12	27	34	9	16	24
Axis Max Life	13	9	11	22	25	22	14	17	13	18	23	26	29	16	11	23	15	23
Bajaj Life	6	1	(5)	(1)	0	(9)	(6)	4	9	7	42	17	12	1	(1)	(4)	2	20
Canara HSBC Life	(8)	(17)	(9)	13	(2)	28	9	28	10	33	26	41	13	65	(11)	15	15	30
HDFC Life	25	5	5	8	19	8	22	3	6	7	15	10	(6)	12	11	12	10	11
ICICI Prudential Life	10	(10)	(7)	(12)	(11)	(8)	(1)	(7)	(6)	3	(8)	14	10	27	(4)	(10)	(5)	3
India First	59	111	72	19	39	47	30	33	(1)	(13)	4	21	31	4	78	38	19	5
Reliance Life	4	(7)	(13)	0	(12)	(6)	8	7	9	45	32	44	38	(13)	(8)	(6)	8	41
SBI Life	3	(5)	0	2	9	9	12	0	19	20	33	22	4	12	0	7	10	24
Star Union Daichi	118	(37)	1	1	(13)	3	35	(49)	18	92	111	58	(30)	(16)	18	(3)	(4)	85
Tata AIA	13	7	2	(1)	12	32	36	13	(1)	17	29	16	17	10	6	16	13	20
<b>Private sector</b>	<b>16</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>9</b>	<b>10</b>	<b>15</b>	<b>3</b>	<b>9</b>	<b>15</b>	<b>25</b>	<b>21</b>	<b>9</b>	<b>13</b>	<b>6</b>	<b>8</b>	<b>9</b>	<b>20</b>
Top 4	12	(0)	2	4	10	7	13	2	10	13	18	19	5	15	4	8	8	17
<b>Private (ex-Top 4)</b>	<b>22</b>	<b>6</b>	<b>4</b>	<b>1</b>	<b>7</b>	<b>13</b>	<b>19</b>	<b>5</b>	<b>9</b>	<b>17</b>	<b>34</b>	<b>24</b>	<b>14</b>	<b>11</b>	<b>9</b>	<b>8</b>	<b>11</b>	<b>25</b>
Select tier-II players	10	4	(1)	(1)	6	12	14	8	3	12	35	17	15	6	3	7	8	20
LIC	(11)	(21)	(1)	2	0	(2)	9	(11)	(16)	20	27	38	18	(18)	(9)	(0)	(7)	29
<b>Total</b>	<b>5</b>	<b>(7)</b>	<b>2</b>	<b>2</b>	<b>5</b>	<b>5</b>	<b>13</b>	<b>(2)</b>	<b>(1)</b>	<b>17</b>	<b>26</b>	<b>25</b>	<b>12</b>	<b>1</b>	<b>0</b>	<b>4</b>	<b>3</b>	<b>23</b>

Source: IRDA, LI Council, Kotak Institutional Equities

**Strong growth in SA reflecting GST exemption tailwind**

**Exhibit 2: Growth in individual sum assured, March fiscal year-ends, 2024-26 (%)**

	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Aditya Birla Sun Life	105	70	50	20	44	33	43	(4)	0	0	26	28	13	110	68	34	9	18
Axis Max Life	19	19	35	13	32	31	16	21	38	79	72	71	64	23	26	26	25	73
Bajaj Life	66	54	62	43	30	6	5	(2)	9	8	37	17	25	87	61	22	4	19
Canara HSBC Life	(25)	(34)	(9)	18	(0)	49	37	64	50	135	175	171	124	13	(20)	22	50	167
HDFC Life	11	6	11	14	14	20	34	13	33	52	74	43	36	11	10	16	26	55
ICICI Prudential Life	57	30	19	38	19	40	21	(5)	8	59	50	47	50	56	32	31	8	52
India First	596	411	121	86	111	104	67	(51)	(39)	(60)	14	(29)	(81)	197	362	101	(29)	(32)
Reliance Life	3	(13)	(34)	19	8	3	10	4	(3)	45	59	53	55	(12)	(20)	10	3	52
SBI Life	60	55	81	54	68	90	100	73	64	45	88	80	47	50	67	73	78	72
Star Union Daichi	194	(31)	(9)	(4)	(19)	(18)	16	(7)	54	96	97	53	(23)	11	29	(15)	25	80
Tata AIA	23	28	(33)	(42)	32	21	24	3	0	9	18	(3)	1	32	(3)	7	8	6
<b>Private sector</b>	<b>35</b>	<b>32</b>	<b>10</b>	<b>3</b>	<b>29</b>	<b>28</b>	<b>29</b>	<b>11</b>	<b>18</b>	<b>35</b>	<b>53</b>	<b>33</b>	<b>28</b>	<b>37</b>	<b>23</b>	<b>22</b>	<b>19</b>	<b>39</b>
LIC	(9)	(22)	(11)	(6)	(4)	2	4	(2)	(43)	61	60	43	15	(31)	(13)	(2)	(19)	53
<b>Total</b>	<b>25</b>	<b>20</b>	<b>5</b>	<b>2</b>	<b>23</b>	<b>23</b>	<b>25</b>	<b>9</b>	<b>4</b>	<b>38</b>	<b>54</b>	<b>34</b>	<b>26</b>	<b>22</b>	<b>14</b>	<b>18</b>	<b>12</b>	<b>41</b>

Source: LI Council, Kotak Institutional Equities

**Benefit of GST cut was passed on to customers**

**Exhibit 3: Term insurance premium for male non-smokers for 60-year term across ages, April 2023-November 2025 (Rs/year)**

	Mar-25					Aug-25					Nov-25					Feb-26				
	25	30	35	40	50	25	30	35	40	50	25	30	35	40	50	25	30	35	40	50
Bajaj	7,884	9,639	12,414	16,576	33,321	7,884	9,639	12,414	16,576	33,321	7,446	8,535	10,467	14,117	28,379	7,446	8,535	10,467	14,117	28,379
Birla	8,955	10,430	13,590	17,383	34,028	9,084	10,582	13,277	17,570	34,241	7,699	8,968	11,252	14,890	29,018	8,122	9,391	11,844	15,651	30,456
HDFC	11,834	13,499	16,599	22,294	38,250	10,907	12,441	15,296	20,545	35,250	9,243	10,543	12,963	17,411	29,873	9,243	10,543	12,963	17,411	29,873
HSBC	9,852	11,307	13,464	18,813	NA	9,852	11,307	13,464	18,813	NA	8,349	9,582	11,410	15,943	NA	6,152	7,060	8,408	11,748	NA
ICICI	9,767	11,414	14,455	19,668	35,532	9,496	11,098	14,334	19,504	36,963	8,047	9,404	12,147	16,528	31,324	8,047	9,404	12,147	16,528	31,324
MAX	9,445	10,429	12,736	17,355	42,467	9,361	10,337	12,623	17,200	42,085	7,933	8,760	10,697	14,576	35,665	8,171	9,024	11,019	15,014	36,735
SBI	11,775	13,682	16,959	23,152	41,321	11,099	13,294	16,668	23,129	41,321	9,406	11,266	14,125	19,601	33,622	9,406	11,266	14,125	19,601	33,622
Tata	9,112	10,696	13,155	17,144	33,611	8,976	10,661	13,112	17,090	33,505	7,607	9,035	11,112	14,483	28,394	7,607	9,035	11,112	14,483	28,394

	% change Apr-23 to Mar-25					% change Mar-25 to Aug-25					% change Aug-25 to Nov-25					% change Nov-25 to Feb-26				
	25	30	35	40	50	25	30	35	40	50	25	30	35	40	50	25	30	35	40	50
Bajaj	3	1	0	(1)	(3)	0	0	0	0	0	(6)	(11)	(16)	(15)	(15)	0	0	0	0	0
Birla	(13)	(13)	(6)	(6)	(6)	1	1	(2)	1	1	(15)	(15)	(15)	(15)	(15)	5	5	5	5	5
HDFC	(0)	0	0	0	0	(8)	(8)	(8)	(8)	(8)	(15)	(15)	(15)	(15)	(15)	0	0	0	0	0
HSBC	(2)	(1)	(1)	8	NM	0	0	0	0	NM	(15)	(15)	(15)	(15)	NM	(26)	(26)	(26)	(26)	NM
ICICI	(15)	(15)	(12)	(6)	(4)	(3)	(3)	(1)	(1)	4	(15)	(15)	(15)	(15)	(15)	0	0	0	0	0
MAX	(3)	(9)	(9)	(4)	(1)	(1)	(1)	(1)	(1)	(1)	(15)	(15)	(15)	(15)	(15)	3	3	3	3	3
SBI	(0)	(0)	(0)	0	(0)	(6)	(3)	(2)	(0)	0	(15)	(15)	(15)	(15)	(19)	0	0	0	0	0
Tata	(4)	(7)	(11)	(11)	(10)	(1)	(0)	(0)	(0)	(0)	(15)	(15)	(15)	(15)	(15)	0	0	0	0	0

Source: Policybazaar, Kotak Institutional Equities

**Impact of GST on VNB margin**

**Exhibit 4: Management guidance on impact of ITC loss due to GST exemption (bps)**

	2QFY26	3QFY26
Axis Max Life	350	200
HDFC Life	300	200
ICICI Prudential Life	NA	NA
LIC	NA	NA
SBI Life	175	150

Note:

(a) For SBI Life, management had called out the impact of GST exemption at 110 bps on VNB margin in 9MFY26 (80 bps in 1HFY26). Back-of-the-envelope calculations suggest a 150 bps drag on margins in 3QFY26 due to ITC disallowance.

Source: Company, Kotak Institutional Equities

Solvency depletion for select players

Exhibit 5: March fiscal year-ends, 2014-25, 1HFY26, 9MFY26 (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	1HFY26	9MFY26	% change 9MFY26
<b>Private Sector</b>															
Aditya Birla Sunlife	186	205	211	200	214	198	178	180	188	173	178	188	188	210	220bps
Axis Max Life	485	425	343	309	275	242	207	202	201	190	172	201	208	201	-70bps
Bandhan	228	203	220	208	232	259	236	241	333	275	248	269	223	227	400bps
Ageas Federal	472	507	406	352	371	334	298	340	312	324	297	270	241	229	-1177bps
Aviva	415	380	384	346	294	299	242	224	182	184	183	193	190	194	400bps
Bajaj	734	761	793	582	592	804	745	666	581	516	432	359	346	333	-1300bps
Bharti AXA	209	207	219	182	179	171	186	178	162	163	162	167	230	215	-1500bps
Canara HSBC	359	316	411	401	382	393	365	327	282	252	213	206	198	198	0bps
Edelweiss Tokio	220	254	264	220	219	229	232	215	211	220	179	181	176	181	500bps
Future Generali India	318	291	203	161	209	162	159	203	183	196	183	170	187	168	-1900bps
Go Digit											207	385	243	249	600bps
HDFC Life	194	196	198	192	192	188	184	201	176	203	187	194	175	180	500bps
ICICI Prudential	372	337	320	281	252	215	194	217	204	209	192	212	213	215	200bps
IndiaFirst	247	203	217	184	207	174	172	181	165	218	201	200	193	191	-137bps
Kotak Mahindra	302	313	311	300	305	302	290	290	273	283	256	245	233	231	-200bps
PNB Metlife	228	219	211	203	202	197	189	190	209	186	171	172	186	184	-200bps
Pramerica	537	1269	1031	768	552	460	350	442	404	369	262	233	209	196	-1300bps
Indisind Nippon	442	355	304	272	266	260	184	245	235	229	227	235	242	243	100bps
SBI Life	228	216	212	204	206	213	195	215	205	215	196	196	194	191	-300bps
Shriram	641	415	243	203	203	182	178	180	205	210	206	179	156	165	900bps
Star Union Dai-ichi	238	251	186	278	278	253	240	206	200	220	203	230	209	198	-1100bps
TATA AIA	409	417	348	315	293	268	235	204	196	186	175	180	198	207	900bps
<b>Public Sector</b>															
LIC	154	155	155	158	158	160	155	176	185	187	198	211	213	219	600bps

Source: IRDAI, Company, Kotak Institutional Equities

Player-wise 3Q results summary:

- Axis Max Life sustained strong momentum.** Axis Max Life reported strong growth across both volumes and value in 3QFY26. APE grew ~30% yoy, driving VNB growth of ~35% yoy, supported by continued improvement in the product mix. VNB margins expanded ~90 bps yoy to ~24%, despite a ~200 bps drag from ITC disallowance due to GST exemption. APE growth was driven largely by proprietary channels, with agency and digital continuing to scale up strongly, while the Axis Bank channel growth remained muted. The product mix continued to shift in favor of retail protection and par, at the expense of ULIPs. Operating RoEV for 9MFY26 stood at ~17%. Solvency declined sequentially due to rapid growth in protection, though it remains above management’s internal threshold.
- Bajaj Life’s turnaround largely complete.** Bajaj Life reported a strong turnaround quarter, with 59% yoy VNB growth in 3QFY26, driven by a sharp 392 bps yoy expansion in VNB margin to 19%, supported by product repricing, cost rationalization and commission redesign. APE growth was robust at 27% yoy, albeit on a low base (versus 5% yoy growth in 3QFY25). Management has already mitigated ~175 bps of the GST-related margin impact in 3QFY26 through multiple levers, including commission resets and expects cumulative mitigation of ~325 bps by 4QFY26, leaving only ~125 bps as a structural reset from FY2027E. Product mix trends were favorable—annuity and protection grew sharply (54–164% yoy) in 3QFY26, which bodes well for margins. ULIPs grew 20% yoy, while non-par savings declined marginally ((-1% yoy) during the quarter.
- HDFC Life reported moderate growth and stable margins.** HDFC Life reported moderate APE growth of ~11% yoy in 3QFY26, translating into low single-digit VNB growth (~3%), as the product mix shift was largely offset by GST-related headwinds. The VNB margin remained broadly stable qoq at ~24%. The product mix improved, with strong growth in ULIPs and retail protection, while non-par remained weak due to elevated competition in guaranteed return products, particularly in the bancassurance channel. Agency growth remained healthy (~19% yoy), reflecting benefits from investments made over the past few years, while bancassurance growth lagged peers. Persistency trends weakened in early buckets, leading to negative operating variance and weighing on EV growth.
- ICICI Prudential Life reported muted growth and sharp margin expansion.** Growth recovery with margin resilience. ICICI Prudential Life reported positive APE growth (~3-4% yoy) in 3QFY26 after three quarters of decline, aided by a low base and early benefits from GST exemption. VNB grew ~19% yoy, driven primarily by a ~320 bps yoy margin expansion, reflecting favorable product mix and cost discipline. Growth was led by retail protection (up ~19-40% yoy) and non-par savings, while group savings remained weak on a high base. ULIP demand remained resilient, with a higher share of high sum assured policies supporting margins. Agency and bancassurance channels both showed early signs of revival, though growth remains uneven.

- ▶ **LIC reported exceptional growth.** LIC reported a blockbuster quarter, with APE up ~50% yoy in 3QFY26, driven by a low base and strong GST-led demand. VNB surged ~65% yoy, supported by ~180 bps yoy expansion in VNB margins to ~21%. Growth was broad-based across non-par savings, ULIPs and protection, with notable improvement in ticket sizes and sum assured. Bancassurance and alternate channels grew sharply, helping diversify distribution. Despite strong operating performance, persistency trends weakened due to the legacy low-ticket book, though management highlighted corrective actions taken in product design.
- ▶ **Pick up in bancassurance drives growth for SBI Life.** SBI Life delivered strong APE growth (~24% yoy) in 3QFY26, led by a sharp revival in bancassurance (SBI channel) and agency. VNB grew ~22% yoy, with VNB margins at ~26.6%, despite a ~150 bps drag from GST-related ITC loss. Growth was driven by a sharp pick-up in par products, strong momentum in retail protection and continued strength in sum assured (up ~70% yoy) due to higher rider attachment. Cost ratios increased due to footprint expansion and GST impact, but management expects operating leverage to improve as growth sustains. SBI Life continues to operate at the higher end of sector margins.

**Life insurers reported strong VNB growth in 3QFY26**

Exhibit 6: APE, VNB and VNB margins, March fiscal year-ends, 2025-26

	Key metrics					YoY (%)				
	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
<b>APE (Rs bn)</b>										
Axis Max Life	21	30	17	25	27	17.4	5.8	14.8	15.5	29.6
HDFC Life	36	52	32	42	40	11.8	9.7	12.5	8.6	11.3
ICICI Prudential Life	24	35	19	24	25	27.7	(3.1)	(5.0)	(3.3)	3.6
LIC	100	189	127	164	164	(24.4)	(11.0)	9.4	(0.5)	64.6
SBI Life	69	55	40	60	86	13.2	2.3	9.1	10.4	23.9
<b>VNB margin (%)</b>										
Axis Max Life	23.2	28.0	20.1	25.5	24.1	-404 bps	-54 bps	260 bps	189 bps	92 bps
HDFC Life	26.1	26.5	25.1	24.1	24.0	-77 bps	43 bps	3 bps	-22 bps	-203 bps
ICICI Prudential Life	21.2	22.7	24.5	24.4	24.4	-164 bps	123 bps	47 bps	104 bps	314 bps
LIC	19.4	18.7	15.4	19.3	19.3	-65 bps	154 bps	144 bps	147 bps	-2 bps
SBI Life	27.0	30.4	27.4	28.0	26.6	-40 bps	234 bps	60 bps	118 bps	-46 bps
<b>VNB (Rs bn)</b>										
Axis Max Life	5	9	3	6	7	-	3.8	31.9	24.8	34.8
HDFC Life	9	14	8	10	10	8.6	11.5	12.7	7.6	2.7
ICICI Prudential Life	5	8	5	6	6	18.6	2.4	(3.2)	1.0	19.0
LIC	19	35	19	32	32	(26.9)	(3.0)	20.7	7.7	64.4
SBI Life	19	17	11	17	23	11.6	10.8	11.5	15.3	21.8

Source: Company, Kotak Institutional Equities

**We model moderate mid-teen growth and stable margins for most players**

Exhibit 7: APE, VNB and VNB margins, March fiscal year-ends, 2023-28E

	Key metrics						yoy (%)					
	2023	2024	2025	2026E	2027E	2028E	2023	2024	2025	2026E	2027E	2028E
<b>APE (Rs bn)</b>												
Axis Max Life	62	74	88	105	122	142	12	19	18	20	16	16
HDFC Life	133	133	155	173	199	229	37	(0)	16	12	15	15
ICICI Prudential Life	86	90	104	108	122	139	12	5	15	4	13	14
LIC	567	570	568	625	650	670	12	1	(0)	10	4	3
SBI Life	168	197	214	249	291	341	18	17	9	16	17	17
<b>VNB margin (%)</b>												
Axis Max Life	31.2	26.5	24.0	24.6	24.7	24.7	385 bps	-465 bps	-252 bps	62 bps	9 bps	0 bps
HDFC Life	27.5	26.3	25.6	24.3	24.7	25.1	14 bps	-121 bps	-75 bps	-135 bps	40 bps	40 bps
ICICI Prudential Life	32.0	24.6	22.8	24.4	25.3	25.1	403 bps	-738 bps	-185 bps	162 bps	96 bps	-24 bps
LIC	16.2	16.8	17.6	19.4	20.1	20.1	103 bps	67 bps	80 bps	175 bps	73 bps	0 bps
SBI Life	30.2	28.1	27.8	27.3	26.9	27.2	426 bps	-202 bps	-37 bps	-46 bps	-45 bps	33 bps
<b>VNB (Rs bn)</b>												
Axis Max Life	19	20	21	26	30	35	28	1	7	23	16	16
HDFC Life	37	35	40	42	49	57	37	(5)	13	6	17	17
ICICI Prudential Life	28	22	24	26	31	35	28	(19)	6	11	17	13
LIC	92	96	100	121	131	135	20	5	4	21	8	3
SBI Life	51	56	60	68	78	93	37	9	7	14	15	18

Source: Company, Kotak Institutional Equities

**Moderation in PAT growth, likely driven by impact of GST**

Exhibit 8: PAT of life insurers, March fiscal year-ends, 2022-26 (Rs mn)

											yoy (%)							yoy (%)	
	3QFY25	9MFY25	4QFY25	1QFY26	2QFY26	3QFY26	2QFY26	3QFY26	9MFY25	9MFY26	yoy (%)	2022	2023	2024	2025	yoy (%)			
Axis Max Life	1,300	3,970	510	740	980	760	(16)	(42)	3,970	2,480	(38)	5,950	5,099	3,890	5,050	30			
HDFC Life	4,213	13,355	4,754	5,484	4,483	4,182	3	(1)	13,355	14,148	6	12,952	13,601	12,077	13,643	13			
ICICI Prudential Life	3,257	8,028	3,863	3,021	2,993	3,902	19	20	8,028	9,915	24	10,685	9,601	7,568	8,115	7			
LIC	110,565	291,384	190,128	109,865	100,533	129,582	32	17	291,384	339,981	17	34	-	41,247	362,585	779			
SBI Life	5,508	15,998	8,135	5,944	4,946	5,767	(7)	5	15,998	16,657	4	14,222	14,558	15,060	17,184	14			

Source: Company, Kotak Institutional Equities

**Long-term growth implications are benign for most players**

Exhibit 9: Kotak estimates versus market price implied estimates, September 2027E

	FV (Rs)	AV/EV (X)	EV/share		VNB/share (Rs)	Long term growth (%)	Cost of equity (%)
			(Rs)	NBM (X)			
<b>Axis Max Life</b>							
Kotak estimates	1,785	2.2	818	14.5	67	9.3	13.0
CMP implied	1,754	2.1	818	14.0	67	9.0	13.0
<b>HDFC Life</b>							
Kotak estimates	885	2.3	387	19.4	26	9.9	13.0
CMP implied	707	1.8	387	12.4	26	5.7	13.0
<b>ICICI Pru Life</b>							
Kotak estimates	820	1.7	473	14.7	24	9.3	13.5
CMP implied	647	1.4	473	7.4	24	3.1	13.5
<b>SBI Life</b>							
Kotak estimates	2,450	2.2	1,116	15.0	89	9.2	13.0
CMP implied	2,026	1.8	1,116	10.2	89	6.6	13.0

Source: Company, Bloomberg, Kotak Institutional Equities estimates

### Higher new business strain drags down profitability of Axis Max Life

Exhibit 10: PAT and surplus for Axis Max Life, March fiscal year-ends, 2020-26 (Rs bn)

	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	YoY (%)	9MFY25	9MFY26	YoY (%)	2022	2023	2024	2025	YoY (%)
<b>Undwriting profits</b>	<b>0.0</b>	<b>(0.6)</b>	<b>(0.6)</b>	<b>(1.2)</b>	<b>(1.1)</b>	<b>(2,340)</b>	<b>0.2</b>	<b>(2.9)</b>	<b>(1,626)</b>	<b>1.5</b>	<b>2.5</b>	<b>0.2</b>	<b>(0.4)</b>	<b>(271)</b>
New business strain	(5.4)	(5.7)	(6.1)	(6.4)	(8.2)	53	(15.5)	(20.7)	34	(9.3)	(13.2)	(16.0)	(21.2)	32
Backbook surplus	5.4	5.1	5.6	5.1	7.1	31	15.7	17.8	13	10.8	15.6	16.3	20.8	28
Shareholders surplus	1.1	1.2	1.2	2.1	1.8	65	3.2	5.1	56	2.4	1.9	3.4	4.5	33

Source: Company, Kotak Institutional Equities

### Higher new business strain led to muted 2% yoy growth in PAT for HDFC Life

Exhibit 11: PAT and surplus for HDFC Life, March fiscal year-ends, 2021-2026 (Rs bn)

	Merged 3QFY25	Merged 4QFY25	Merged 1QFY26	Merged 2QFY26	Merged 3QFY26	yoy (%)	9MFY25	9MFY26	yoy (%)	2021	2022	2023	2024	2025	yoy (%)
<b>PAT</b>	<b>4.1</b>	<b>4.8</b>	<b>5.5</b>	<b>4.5</b>	<b>4.1</b>	<b>1.9</b>	<b>13.2</b>	<b>14.1</b>	<b>7</b>	<b>13.6</b>	<b>12.1</b>	<b>13.6</b>	<b>15.7</b>	<b>18.0</b>	<b>14.6</b>
Underwriting profits	2.1	2.4	3.0	1.7	0.9	(57.1)	6.7	5.6	(16)	7.3	4.4	5.9	6.7	9.1	35.8
New business strain	(12.7)	(16.8)	(13.3)	(13.4)	(15.6)	NM	(35.6)	(42.3)	NM	(25.0)	(30.5)	(38.3)	(45.5)	(52.4)	15.2
Existing business surplus	14.8	19.1	16.3	15.1	16.5	11.5	42.3	47.9	13	32.3	34.9	44.2	52.2	61.4	17.6
Shareholder's surplus	2.0	2.5	2.4	2.8	3.3	65.0	6.5	8.5	31	6.3	7.7	7.7	8.9	9.0	1.1
Solvency (%)	188	194	192	175	180	-800 bps	188	180	800 bps	201	176	203	187	186	-100 bps

Source: Company, Kotak Institutional Equities

### Continued shift toward traditional and protection products

The structural shift away from ULIPs continued in 3QFY26, though at a slower pace than in 2QFY26. Most large private players reported a higher share of par, non-par and protection, driven by volatility in equity markets and attractive guaranteed return propositions.

- ▶ Non-par demand strengthened across most players (except HDFC Life), supported by lower deposit rates and improving yields.
- ▶ Retail protection growth remained strong, with most insurers reporting 20-40%+ yoy growth, accompanied by robust sum assured growth.
- ▶ Credit life trends improved sequentially, particularly for SBI Life and Axis Max Life, as microfinance disbursements began to recover.
- ▶ ULIP growth stabilized, with most players consciously moderating growth in lower persistency channels to protect margins.

### ULIP remains dominant; non-par picks up

Exhibit 12: Product mix of select life insurers, March fiscal year-ends, 2024-26 (%)

	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	9MFY25	9MFY26
<b>APE mix (%)</b>							
<b>Aditya Birla Sun Life</b>							
ULIP	33	35	31	31	34	35	32
Traditional	64	62	65	65	57	62	62
Protection	3	3	4	6	5	3	5
<b>Axis Max Life</b>							
ULIP	44	40	33	35	36	43	35
Par	16	19	12	12	19	13	15
Non-par	26	28	33	35	26	28	31
Protection	14	13	23	17	19	16	19
<b>Bajaj Life</b>							
ULIP	44	40	45	44	44	47	44
Par	32	27	27	28	34	29	30
Non-par	17	27	19	19	14	18	17
Protection	7	6	9	8	9	6	9
<b>HDFC Life</b>							
ULIP	34	38	33	40	40	32	38
Par	21	19	28	24	21	16	24
Non-par	28	26	22	23	20	36	22
Others	5	10	3	1	4	3	3
Protection	13	7	14	12	16	13	14
<b>ICICI Prudential Life</b>							
ULIP	49	43	47	49	51	51	49
Par	12	11	10	13	11	12	11
Non-par	23	32	21	21	19	21	20
Protection	16	13	22	17	18	17	19
<b>SBI Life</b>							
ULIP	71	54	57	58	66	67	62
Par	2	3	5	5	9	4	7
Non-par	18	26	23	23	16	19	20
Others	2	3	4	5	2	2	3
Protection	8	13	12	10	7	8	9

Source: Company, Kotak Institutional Equities

**ULIP growth has slowed down across players**

**Exhibit 13: Product-wise growth, March fiscal year-ends, 2024-26 (%)**

	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
<b>APE growth yoy (%)</b>											
<b>HDFC Life</b>	<b>22</b>	<b>15</b>	<b>(2)</b>	<b>(8)</b>	<b>23</b>	<b>27</b>	<b>12</b>	<b>10</b>	<b>13</b>	<b>9</b>	<b>11</b>
Savings	20	14	(1)	(7)	30	31	11	12	13	9	8
ULIP	22	62	88	132	99	50	13	17	13	42	30
Par	5	35	(2)	(44)	(19)	(43)	7	59	125	104	12
Non-par	16	(15)	(30)	(41)	36	91	17	(13)	(30)	(42)	(20)
Protection	33	21	(10)	(23)	(6)	1	17	(17)	13	8	36
Individual	46	110	54	(24)	31	31	12	2	13	41	32
Group	28	0	(31)	(22)	(19)	(13)	22	(26)	13	(16)	39
<b>ICICI Prudential Life</b>	<b>(4)</b>	<b>3</b>	<b>5</b>	<b>10</b>	<b>34</b>	<b>21</b>	<b>28</b>	<b>(3)</b>	<b>(5)</b>	<b>(3)</b>	<b>4</b>
Savings	(6)	3	5	12	44	24	32	(5)	(9)	(4)	1
ULIP	(8)	13	9	77	78	40	42	(3)	(13)	(9)	8
Par	50	49	73	6	2	15	0	(22)	1	(3)	(7)
Non-par (incl annuity)	(18)	(24)	(24)	(25)	12	(1)	36	1	(4)	9	(12)
Annuity	(7)	(7)	17	261	135	74	50	(58)	(53)	(47)	(16)
Protection	4	3	5	(5)	3	8	9	9	15	(0)	19
<b>Max Life</b>	<b>9</b>	<b>39</b>	<b>19</b>	<b>13</b>	<b>31</b>	<b>29</b>	<b>19</b>	<b>6</b>	<b>17</b>	<b>14</b>	<b>29</b>
Savings	8	35	13	13	29	30	20	0	13	12	22
ULIP	(27)	43	70	107	104	73	61	3	(3)	(9)	6
Par	10	93	82	66	(0)	(46)	5	34	6	44	54
Non-par savings	55	2	(25)	(32)	(7)	42	(11)	(17)	40	32	30
Protection	16	70	75	15	37	26	16	68	32	26	72
Individual	26	74	66	60	63	36	30	65	26	46	88
Group	10	65	90	(42)	19	10	(8)	81	38	(15)	35
<b>SBI Life</b>	<b>4</b>	<b>34</b>	<b>13</b>	<b>17</b>	<b>21</b>	<b>3</b>	<b>13</b>	<b>2</b>	<b>9</b>	<b>10</b>	<b>24</b>
Savings	3	31	14	18	26	8	13	(0)	5	9	25
ULIP	17	50	18	32	40	16	18	(5)	3	(2)	16
Par	18	(4)	(25)	(43)	(30)	39	(39)	-	29	(13)	600
Others	(18)	6	10	7	14	(17)	3	10	7	52	13
Non-par	(20)	(4)	6	(21)	15	(6)	5	51	10	42	11
Protection	16	56	(2)	5	(19)	(29)	20	22	53	18	13
Individual	5	(5)	(12)	(3)	(29)	(19)	(9)	3	7	24	29
Group	33	113	10	16	(6)	(33)	50	41	100	15	3
<b>Bajaj Life</b>	<b>14</b>	<b>31</b>	<b>24</b>	<b>17</b>	<b>27</b>	<b>34</b>	<b>(0)</b>	<b>(0)</b>	<b>(3)</b>	<b>(2)</b>	<b>21</b>
ULIP	27	28	46	87	41	97	13	(0)	(7)	(14)	20
Par	(22)	81	141	93	86	1	(14)	(18)	(6)	(2)	27
Non-par	28	(3)	(38)	(43)	(17)	0	(0)	22	9	26	15
Protection	91	76	24	17	51	34	75	100	45	95	54
Non-par savings	22	(9)	(44)	(46)	(28)	(5)	(15)	12	(3)	9	(1)

Source: Company, Kotak Institutional Equities

**Strong protection growth for all players**

**Exhibit 14: Protection APE, March fiscal year-ends, 2021-26 (Rs bn)**

	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	YoY (%)	2021	2022	2023	2024	2025	YoY (%)
<b>Axis Max Life</b>												
Retail protection	2.1	3.0	1.8	3.2	4.0	88.3	4.5	4.2	3.7	5.9	6.5	9.5
Group protection	0.9	0.9	2.0	0.9	1.2	35.4	2.5	3.6	3.1	3.7	3.9	6.2
<b>HDFC Life</b>												
Retail protection	1.9	1.4	1.7	2.9	2.5	31.7	4.9	4.6	4.4	5.8	6.8	18.3
Group protection	2.8	2.2	2.8	2.3	3.8	38.7	5.8	8.7	12.7	11.5	10.2	(11.3)
<b>ICICI Prudential Life</b>												
Retail protection	1.5	1.7	1.4	1.7	2.1	40.1	5.7	3.9	3.3	4.8	6.0	25.1
Group protection	2.4	3.0	2.7	2.5	2.6	5.7	4.7	9.2	11.8	10.5	10.4	(0.6)
<b>SBI Life</b>												
Retail protection	2.1	3.0	1.6	2.1	2.7	28.6	7.3	9.2	9.8	9.4	8.3	(11.7)
Group protection	3.3	4.1	3.0	3.8	3.4	3.0	4.7	6.2	8.0	11.6	12.2	5.2

Source: Company, Kotak Institutional Equities

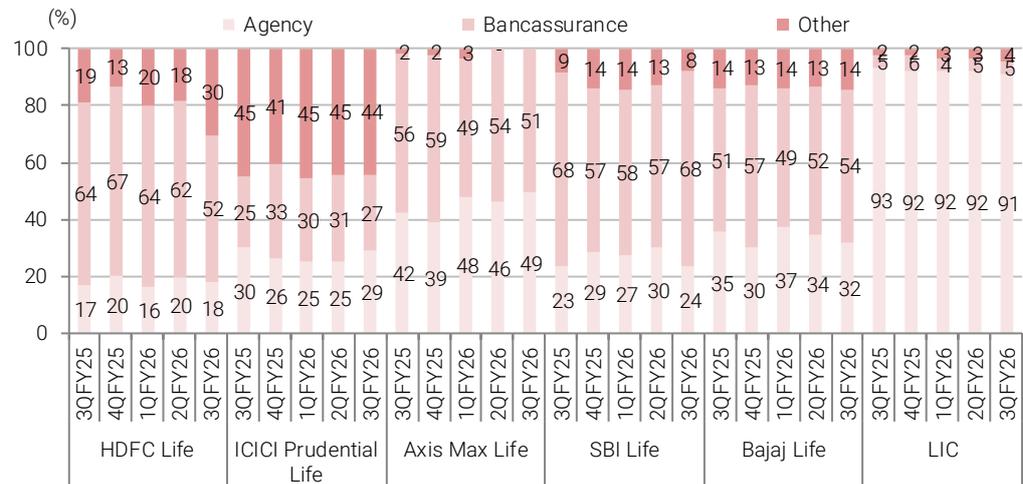
**Distribution trends—growth broadens**

**Bancassurance revives.** Bancassurance growth picked up sharply in 3QFY26 for Bajaj Life, SBI Life and LIC, benefiting from GST tailwinds and easing channel friction. HDFC Life continued to lag due to muted growth at the parent bank.

**Agency trends mixed but improving.** Agency growth improved sequentially for SBI Life and ICICI Prudential Life, while Axis Max Life continued to outperform due to aggressive expansion. Agency force growth remained uneven, reflecting differing investment strategies across players. Bajaj Life reported moderate 8% yoy APE growth in the agency channel as the base normalized after four consecutive quarters of decline; management continues to prioritize profitability over volumes in this channel.

**Bancassurance remains dominant channel**

**Exhibit 15: Channel mix, March fiscal year-ends, 2025-26 (%)**



Notes:

(a) For MAXF, 2QFY26 is split between proprietary and partnership.

Source: Company, Kotak Institutional Equities

**Bancassurance growth picked up in 3QFY26**

**Exhibit 16: Bancassurance premium growth across banks, March fiscal year-ends, 2025-26 (% yoy)**

	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Axis Bank	28	(5)	10	0	11	0	(6)	9	5	17
HDFC Bank	8	(1)	9	27	28	8	4	32	9	53
ICICI Bank	(16)	(7)	70	73	6	24	3	(12)	20	30
State Bank of India	21	15	5	9	3	9	9	7	9	24
<b>Five key banks</b>	<b>14</b>	<b>5</b>	<b>12</b>	<b>17</b>	<b>14</b>	<b>7</b>	<b>(2)</b>	<b>16</b>	<b>8</b>	<b>31</b>

Source: Company, Kotak Institutional Equities estimates

**Mixed trends in agency**

**Exhibit 17: Channel-wise growth yoy, March fiscal year-ends, 2024-26 (%)**

	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
<b>Axis Max Life</b>	<b>39</b>	<b>19</b>	<b>13</b>	<b>31</b>	<b>29</b>	<b>19</b>	<b>6</b>	<b>17</b>	<b>14</b>	<b>29</b>
Proprietary	57	47	10	70	37	26	3	13	21	51
Banks	31	4	16	9	19	14	7	19	13	17
<b>HDFC Life</b>	<b>18</b>	<b>(4)</b>	<b>(4)</b>	<b>30</b>	<b>29</b>	<b>16</b>	<b>10</b>	<b>13</b>	<b>9</b>	<b>17</b>
Individual agents	34	3	(27)	11	34	6	21	6	25	19
Bancassurance	22	3	20	40	25	15	10	11	4	(9)
Direct	(12)	(6)	2	20	40	12	(20)	13	9	(46)
Brokers and others	4	(57)	(60)	15	46	78	28	45	13	348
<b>ICICI Prudential Life</b>	<b>3</b>	<b>5</b>	<b>10</b>	<b>34</b>	<b>21</b>	<b>28</b>	<b>(3)</b>	<b>(5)</b>	<b>(3)</b>	<b>4</b>
Individual agents	4	12	29	62	44	26	(20)	(20)	(23)	0
Bancassurance	(3)	2	19	34	27	19	7	(2)	1	10
Direct	19	12	22	41	33	24	(8)	(16)	(9)	2
Partnership distribution	25	(1)	(26)	25	(15)	7	(11)	6	23	51
Others	(12)	(5)	(6)	3	(2)	63	33	19	21	(20)
<b>SBI Life</b>	<b>34</b>	<b>13</b>	<b>17</b>	<b>21</b>	<b>3</b>	<b>13</b>	<b>2</b>	<b>9</b>	<b>10</b>	<b>24</b>
Agency	45	3	15	46	24	23	4	0	4	25
Bancassurance	21	15	5	9	3	9	9	7	8	24
Others	77	27	83	30	(34)	26	(22)	46	40	17
<b>Bajaj Life</b>	<b>32</b>	<b>24</b>	<b>17</b>	<b>26</b>	<b>34</b>	<b>(0)</b>	<b>(0)</b>	<b>(3)</b>	<b>(2)</b>	<b>20</b>
Agency	34	22	10	15	29	(14)	(17)	(14)	(15)	8
Institutional	28	16	12	23	33	9	13	5	7	27
Others	47	78	78	104	57	12	(1)	4	2	25

Source: Company, Kotak Institutional Equities

**HDFC Life fares better on productivity and premium**

**Exhibit 18: Agency channel premium and productivity, March fiscal year-ends, 2018-26**

	2018	2019	2020	2021	2022	2023	2024	2025	9MFY26
<b>Premium (Rs bn)</b>									
Aditya Birla Sunlife	8.8	8.1	7.8	8.7	9.3	12.1	12.5	16.7	10.8
Axis Max Life	8.9	11.6	12.8	14.0	16.1	23.1	29.6	37.2	22.6
Bajaj Allianz Life	11.1	12.0	10.8	11.0	14.9	21.2	25.5	25.5	17.0
HDFC Life	5.3	6.8	8.6	9.3	11.4	22.8	20.7	24.5	18.0
ICICI Pru Life	19.8	16.9	15.6	15.4	18.3	22.8	26.4	30.1	18.0
SBI Life	20.9	25.6	27.7	29.8	30.3	43.2	49.6	60.0	49.2
<b>Premium growth (YoY %)</b>									
Aditya Birla Sunlife		(7)	(4)	11	7	31	3	34	6
Axis Max Life		30	10	9	15	43	28	26	30
Bajaj Allianz Life		9	(10)	1	36	42	20	0	(8)
HDFC Life		29	27	8	24	99	(9)	18	18
ICICI Pru Life		(15)	(8)	(1)	19	25	16	14	(14)
SBI Life		22	8	8	2	43	15	21	11
<b>Agents (# 000')</b>									
Aditya Birla Sunlife	92	82	86	95	80	65	61	66	66
Axis Max Life	57	51	46	55	61	70	103	125	154
Bajaj Allianz Life	71	73	81	88	96	126	151	161	165
HDFC Life	77	91	108	112	115	179	214	244	266
ICICI Pru Life	152	171	191	188	199	201	210	229	240
SBI Life	108	124	130	170	146	209	246	240	279
<b>Annualized premium per agent (Rs '000)</b>									
Aditya Birla Sunlife	95	100	91	92	116	187	206	252	216
Axis Max Life	156	228	279	254	263	328	288	297	196
Bajaj Allianz Life	156	166	134	125	155	168	169	158	137
HDFC Life	68	74	80	83	99	127	97	101	90
ICICI Pru Life	131	99	82	82	92	113	126	131	100
SBI Life	193	207	212	175	207	207	202	250	235

Source: IRDA, Company, Kotak Institutional Equities

### Persistency trends were weak for most players

Persistency trends weakened in early buckets across the sector, largely due to (1) legacy low-ticket policies and (2) product mix changes. Management commentary suggests that newer cohorts are performing better and EV assumptions already factor in the impact.

### Weak persistency for most in 13<sup>th</sup> month bucket

Exhibit 19: Persistency, March fiscal year-ends, 2024-26 (%)

	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	yoy (bps)
<b>Axis Max Life</b>										
13th month	85	87	87	87	87	88	86	85	85	-200 bps
25th month	70	70	71	71	72	74	75	76	76	400 bps
37th month	63	61	64	64	62	63	63	63	64	200 bps
49th month	65	58	67	67	57	57	58	58	58	100 bps
61st month	58	52	58	58	53	53	54	54	56	300 bps
<b>HDFC Life</b>										
13th month	86	87	87	83	82	83	83	81	80	-240 bps
25th month	80	79	76	76	75	77	80	72	73	-250 bps
37th month	73	73	73	73	72	71	69	70	70	-160 bps
49th month	68	70	68	73	68	70	70	70	69	100 bps
61st month	54	54	60	68	58	62	61	63	62	460 bps
<b>ICICI Prudential Life</b>										
13th month	87	89	90	87	90	89	86	85	84	-540 bps
25th month	80	81	81	79	82	83	83	83	83	120 bps
37th month	72	72	73	72	75	75	75	75	76	100 bps
49th month	67	69	71	68	69	70	70	71	71	210 bps
61st month	65	64	66	66	65	64	64	63	62	-350 bps
<b>SBI Life</b>										
13th month	82	86	87	84	83	87	87	85	84	132 bps
25th month	74	76	78	77	75	76	77	76	74	-92 bps
37th month	68	71	72	71	70	71	72	71	69	-60 bps
49th month	70	73	73	66	66	68	68	68	67	89 bps
61st month	56	59	59	66	62	62	63	56	55	-724 bps
<b>LIC</b>										
13th month	78	78	78	78	77	75	76	75	76	-91 bps
25th month	72	71	72	72	72	71	72	71	71	-91 bps
37th month	67	65	68	67	67	66	67	68	67	27 bps
49th month	65	66	67	66	63	62	63	64	64	38 bps
61st month	62	61	62	61	62	63	64	64	61	-75 bps

Source: Company, Kotak Institutional Equities

### Trends in cost ratios were mixed

SBI Life and Axis Max Life saw elevated costs due to growth investments and GST ITC loss. LIC and ICICI Prudential benefited from operating leverage and cost discipline. HDFC Life's cost ratios remained elevated, driven by higher commissions and fixed-cost absorption.

### Mixed trends in cost ratios

Exhibit 20: Cost ratios, March fiscal year-ends, 2018-25 (%)

	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	YoY (%)	2018	2019	2020	2021	2022	2023	2024	2025	YoY (%)
<b>Cost/APE (%)</b>															
HDFC Life	28.3	23.8	30.8	28.6	31.8	347 bps	24.0	24.3	25.4	23.6	24.0	27.3	26.2	26.7	53 bps
ICICI Prudential Life	24.8	20.0	28.5	23.5	23.5	-131 bps	13.5	14.9	13.5	14.9	15.8	14.7	18.5	21.4	290 bps
LIC	19.1	17.2	17.2	18.8	18.4	-69 bps	NA	22.5	27.8	26.3	22.0	24.5	23.9	19.1	-477 bps
SBI Life	11.3	10.1	13.2	13.9	13.6	226 bps	12.5	12.1	11.8	10.2	10.8	11.9	11.5	11.7	16 bps
<b>Cost/average AUM (%)</b>															
HDFC Life	4.0	5.2	3.8	4.8	4.9	94 bps	4.3	4.2	4.6	4.2	4.0	4.8	4.3	4.2	-1 bps
ICICI Prudential Life	2.6	3.2	2.4	2.7	2.7	3 bps	2.6	2.8	2.6	2.8	2.8	2.3	2.4	2.6	27 bps
LIC	10.5	12.1	9.0	10.9	10.7	24 bps	NA	NA	17.7	22.5	18.3	22.6	29.4	22.2	-715 bps
SBI Life	2.2	1.8	1.7	2.3	2.8	64 bps	2.7	2.7	2.7	2.2	2.1	2.3	2.6	2.5	-16 bps

Source: Company, Kotak Institutional Equities

**Most players are well-placed on solvency; HDFC Life to raise sub-debt**

Exhibit 21: Solvency ratio, March fiscal year-ends, 2012-26 (%)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	1QFY26	2QFY26	3QFY26
Axis Max Life	534	521	485	425	343	309	275	242	207	196	201	190	206	201	199	208	201
HDFC Life	188	217	194	196	198	192	192	188	184	201	176	203	187	194	192	175	180
ICICI Prudential Life	371	396	372	337	320	281	252	215	194	217	205	209	192	212	212	213	215
LIC	NA	160	155	176	185	187	198	211	217	213	219						
SBI Life	534	215	228	216	212	204	206	213	195	215	205	215	196	196	196	194	191

Source: Company, Kotak Institutional Equities

**AUM growth slows down for most players**

Exhibit 22: AUM and yoy AUM growth of life insurers, March fiscal year-ends, 2016-26

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	1QFY26	2QFY26	3QFY26
<b>AUM (Rs bn)</b>													
Axis Max Life	358	444	522	630	680	904	1,075	1,229	1,508	1,751	1,832	1,853	1,927
HDFC Life	743	917	1,066	1,256	1,272	1,738	2,042	2,388	2,922	3,363	3,559	3,600	3,777
ICICI Prudential Life	1,039	1,229	1,395	1,604	1,530	2,142	2,405	2,512	2,941	3,094	3,245	3,210	3,307
LIC							40,848	43,972	51,219	54,523	57,053	57,229	59,167
SBI Life			1,144	1,410	1,604	2,209	2,674	3,073	3,889	4,480	4,758	4,815	5,117
<b>AUM growth yoy (%)</b>													
Axis Max Life	NM	24	18	21	8	33	19	14	23	16	14	9	12
HDFC Life	NM	24	16	18	1	37	17	17	22	15	15	11	15
ICICI Prudential Life	NM	18	14	15	(5)	40	12	4	17	5	5	0	7
LIC	NM	8	16	6	6	3	8						
SBI Life	NM	NM	NM	23	14	38	21	15	27	15	15	10	16

Source: Company, Kotak Institutional Equities

**Medium-term RoEV of 14-18% for private players**

Private players will likely deliver 14-18% operating RoEV over FY2026-28E. We expect operating variance to be moderately positive over the medium term, driven largely by improvement in persistency. The unwinding rate will largely be stable in the range of 8.0-8.2% for all players. APE growth will likely remain moderate at 12-17% over FY2026-28E.

**We expect RoEV of 13-18% for private insurers**

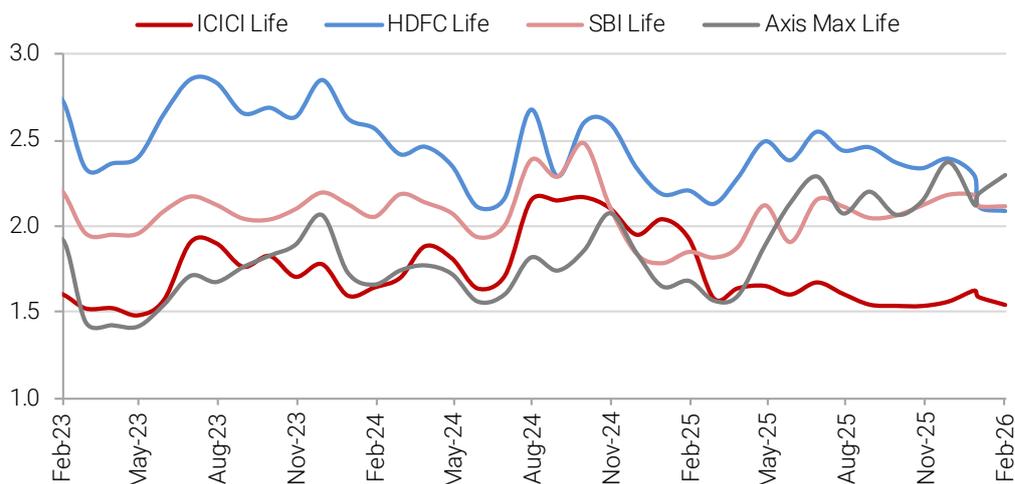
Exhibit 23: EV walk for life insurers, March fiscal year-ends, 2025-28E

	Bajaj Allianz Life				HDFC Life				ICICI Prudential Life				LIC				Axis Max Life				SBI Life			
	2025	2026E	2027E	2028E	2025	2026E	2027E	2028E	2025	2026E	2027E	2028E	2025	2026E	2027E	2028E	2025	2026E	2027E	2028E	2025	2026E	2027E	2028E
<b>EV walk (Rs bn)</b>																								
Opening EV	217	238	270	312	475	554	642	744	423	479	537	614	7,273	7,769	8,544	9,109	195	252	297	350	583	703	832	983
<b>EVOP</b>	<b>28</b>	<b>34</b>	<b>41</b>	<b>48</b>	<b>79</b>	<b>82</b>	<b>102</b>	<b>119</b>	<b>55</b>	<b>63</b>	<b>76</b>	<b>86</b>	<b>826</b>	<b>610</b>	<b>707</b>	<b>772</b>	<b>37</b>	<b>44</b>	<b>54</b>	<b>63</b>	<b>118</b>	<b>128</b>	<b>151</b>	<b>178</b>
Unwinding	17	19	22	25	38	45	52	60	34	39	44	50	701	544	598	638	16	20	24	28	49	59	70	83
VNB (post-overrun)	12	15	18	22	40	42	49	57	24	26	31	35	100	121	131	135	21	26	30	35	60	68	78	93
Assumption/methodology changes	(1)	-	-	-	(4)	-	-	(3)	(4)	-	-	18	-	-	-	(3)	-	-	-	2	-	-	-	-
Operating variance	(1)	1	1	1	(1)	1	2	0	1	1	1	1	7	(39)	-	-	1-	-	-	-	7	1	3	3
<b>Non-operating variances</b>	<b>(7)</b>	<b>(2)</b>	<b>1</b>	<b>(4)</b>	<b>-</b>	<b>6</b>	<b>(1)</b>	<b>(1)</b>	<b>1</b>	<b>(5)</b>	<b>1</b>	<b>1</b>	<b>(331)</b>	<b>149</b>	<b>(164)</b>	<b>(79)</b>	<b>20</b>	<b>1</b>	<b>(2)</b>	<b>(2)</b>	<b>2</b>	<b>1</b>	<b>-</b>	<b>(1)</b>
Investment variance	(2)	3	1	1	4	9	4	4	(0)	(4)	2	2	(293)	330	-	-	4	1	1	1	-	-	-	-
Economic assumption changes	-	-	-	-	-	-	-	-	-	-	-	-	(102)	(85)	-	-	(-)	-	-	-	4	3	2	2
Dividend payouts/ESOPs	(5)	(5)	-	(5)	(3)	(3)	(4)	(5)	1	(1)	(1)	(1)	(38)	(79)	(79)	(79)	16	-	(2)	(2)	(2)	(2)	(2)	(3)
<b>Closing EV</b>	<b>238</b>	<b>270</b>	<b>312</b>	<b>356</b>	<b>554</b>	<b>642</b>	<b>744</b>	<b>862</b>	<b>479</b>	<b>537</b>	<b>614</b>	<b>701</b>	<b>7,769</b>	<b>8,528</b>	<b>9,156</b>	<b>9,833</b>	<b>252</b>	<b>297</b>	<b>350</b>	<b>411</b>	<b>703</b>	<b>832</b>	<b>983</b>	<b>1,161</b>
<b>Key metrics</b>																								
Unwinding rate (%)	8.0	8.0	8.0	8.0	8.1	8.1	8.1	8.1	8.0	8.2	8.2	8.2	7.1	7.0	7.0	7.0	8.3	8.1	8.1	8.1	8.4	8.4	8.4	8.4
<b>Operating ROEV (%)</b>	<b>13</b>	<b>14</b>	<b>15</b>	<b>15</b>	<b>17</b>	<b>15</b>	<b>16</b>	<b>16</b>	<b>13</b>	<b>13</b>	<b>14</b>	<b>14</b>	<b>11</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>19</b>	<b>17</b>	<b>18</b>	<b>18</b>	<b>20</b>	<b>18</b>	<b>18</b>	<b>18</b>
ROEV (%)	9.6	13.5	15.5	14.0	16.8	15.9	15.8	15.9	13.3	12.0	14.3	14.2	6.8	10.0	6.6	7.6	29.2	17.8	17.8	17.7	20.6	18.4	18.2	18.1
<b>APE (Rs bn)</b>	<b>79</b>	<b>86</b>	<b>97</b>	<b>110</b>	<b>155</b>	<b>173</b>	<b>199</b>	<b>229</b>	<b>104</b>	<b>108</b>	<b>122</b>	<b>139</b>	<b>568</b>	<b>625</b>	<b>650</b>	<b>670</b>	<b>88</b>	<b>105</b>	<b>122</b>	<b>142</b>	<b>214</b>	<b>249</b>	<b>291</b>	<b>341</b>
APE growth (%)	9.2	8.0	13.0	13.0	16.5	11.8	15.0	15.0	15.0	4.0	13.0	14.0	(0.2)	10.0	4.0	3.0	18.0	20.0	16.0	16.0	8.6	16.3	17.0	17.0
<b>VNB margin (%)</b>	<b>14.5</b>	<b>18.0</b>	<b>19.0</b>	<b>20.0</b>	<b>25.6</b>	<b>24.3</b>	<b>24.7</b>	<b>25.1</b>	<b>22.8</b>	<b>24.4</b>	<b>25.3</b>	<b>25.1</b>	<b>17.6</b>	<b>19.4</b>	<b>20.1</b>	<b>20.1</b>	<b>24.0</b>	<b>24.6</b>	<b>24.7</b>	<b>24.7</b>	<b>27.8</b>	<b>27.3</b>	<b>26.9</b>	<b>27.2</b>
<b>Contributors to EVOP (%)</b>																								
Unwinding	63	57	53	52	49	54	51	50	61	63	58	58	85	89	85	83	43	46	44	45	41	46	46	46
VNB	42	46	45	46	50	51	48	48	43	42	41	41	12	20	18	17	56	59	56	55	51	53	52	52

Source: Company, Kotak Institutional Equities estimates

**Sharp rise in valuation of Axis Max Life**

Exhibit 24: One-year forward rolling P/EV, February 2023-26 (X)



Source: Company, Bloomberg, Kotak Institutional Equities estimates

**We upgrade our VNB estimates for most players**

Exhibit 25: Change in estimates of life insurers, March fiscal year-ends, 2026-28E

	New estimates			Old estimates			Change (%)		
	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
<b>APE (Rs bn)</b>									
Axis Max Life	105	122	142	101	117	136	4	4	4
HDFC Life	173	199	229	176	204	236	(1)	(2)	(3)
ICICI Prudential Life	108	122	139	109	123	140	(1)	(1)	(0)
LIC	625	650	670	597	621	639	5	5	5
SBI Life	249	291	341	244	286	334	2	2	2
<b>VNB (Rs bn)</b>									
Axis Max Life	26	30	35	25	29	33	4	4	6
HDFC Life	42	49	57	43	50	59	(1)	(2)	(3)
ICICI Prudential Life	26	31	35	26	30	35	2	3	1
LIC	121	131	135	105	110	115	15	19	17
SBI Life	68	78	93	66	77	90	3	2	3
<b>VNB margin (%)</b>									
Axis Max Life	24.6	24.7	24.7	24.8	24.7	24.4	-18 bps	0 bps	37 bps
HDFC Life	24.3	24.7	25.1	24.3	24.7	25.1	0 bps	0 bps	0 bps
ICICI Prudential Life	24.4	25.3	25.1	23.7	24.3	24.7	69 bps	105 bps	38 bps
LIC	19.4	20.1	20.1	17.6	17.7	18.0	177 bps	240 bps	210 bps
SBI Life	27.3	26.9	27.2	27.1	27.0	27.1	24 bps	-13 bps	15 bps
<b>EV (Rs bn)</b>									
Axis Max Life	297	350	411	297	348	407	0	1	1
HDFC Life	642	744	862	646	747	866	(0)	(0)	(0)
ICICI Prudential Life	537	614	701	536	612	699	0	0	0
LIC	8,544	9,109	9,802	8,528	9,156	9,833	0	(1)	(0)
SBI Life	832	983	1,161	832	981	1,154	(0)	0	1

Source: Company, Kotak Institutional Equities estimates

**ICICI Prudential Life trades at a discount to peers**

**Exhibit 26: Valuation summary, March fiscal year-ends, 2025-28E**

	Rating	FV (Rs)	Price (Rs)	Market cap. (Rs bn)	Price/EV (X)				Price/VNB (X)				EVOP CAGR (2025-28E) (%)	Price/EVOP (X)				Operating RoEV (%)			
					2025	2026E	2027E	2028E	2025	2026E	2027E	2028E		2025	2026E	2027E	2028E	2025	2026E	2027E	2028E
					Canara HSBC Life	NR		123	117	1.9	1.6	1.4	1.2	26	23	20	17	11	12	11	10
HDFC Life	BUY	885	706	1,523	2.7	2.4	2.0	1.8	38	36	31	27	15	19	18	15	13	16.7	14.9	15.8	16.0
ICICI Prudential Life	BUY	820	639	925	1.9	1.7	1.5	1.3	39	35	30	26	16	17	15	12	11	13.1	13.0	14.1	14.0
LIC	BUY	1,300	874	5,529	0.7	0.6	0.6	0.6	55	53	50	48	9	7	9	8	7	11.4	7.9	8.3	8.3
LIC core			645	4,079	1.0	0.9	0.8	0.7	41	39	37	35	9	5	7	6	5	NA	NA	NA	NA
Max FS	ADD	1,910	1,858	641	3.5	3.0	2.6	2.2	42	36	31	27	17	24	21	17	14	19.1	17.0	17.8	17.5
SBI Life	BUY	2,450	2,040	2,045	2.9	2.5	2.1	1.8	34	30	26	22	15	17	16	14	11	20.2	18.2	18.2	18.1

Source: Company, Bloomberg, Kotak Institutional Equities estimates

## Non-life: Growth accelerates and claims moderate

Growth in the non-life industry picked up in 3QFY26, led by strong momentum in retail health following GST exemption, while commercial lines remained resilient. Industry-level GWP growth moved into the low-to-mid teens, with a sharp divergence across segments. Health insurers and diversified players with strong retail health franchises outperformed, while motor remained mixed, particularly on the OD side due to elevated competitive intensity. Claims ratios moderated meaningfully in health across players, reflecting (1) tariff hikes, (2) higher share of new business and (3) easing of infectious disease impact. Profitability in 3QFY26 was further supported by capital gains and MTM gains, especially for Star Health and ICICI Lombard.

### Bajaj Allianz General: Strong growth, sharp underwriting improvement

Bajaj General delivered a strong 3QFY26, with ~17% GWP growth (ex-crop and government health), driven by robust momentum in motor TP, motor OD, retail health and commercial lines. Motor TP growth remained strong, while retail health continued to scale, despite high competition.

The highlight of the quarter was a sharp moderation in the combined ratio to sub-98%, led by a ~260 bps yoy decline in the claims ratio and tighter control on expenses and commissions. Motor TP claims improved sharply (partly aided by reserve releases), while retail health claims also trended lower, despite a higher share of new business. Motor OD claims were elevated, reflecting industry-wide pricing pressure and repair cost inflation.

Investment income grew at a healthy pace, but earnings were broadly flat yoy, impacted by one-off costs (including the labor code impact). Management commentary continues to point toward normalized expense ratios and mid-teens RoE over the medium term, with growth likely to remain muted near term due to intense competition in group health and tenders.

### ICICI Lombard: Growth improves, but motor claims weigh on combined ratio

ICICI Lombard reported ~13% GWP growth (1/n basis) in 3QFY26, with strength in retail health and commercial lines, offset by muted motor premium growth. Retail health saw a sharp acceleration, benefiting from GST exemption and strong new-to-industry additions, while motor premiums grew in low single digits yoy.

Underwriting performance was mixed. The overall claims ratio rose to ~69%, driven by elevated motor OD claims amid competitive pricing and inflationary pressures and a higher base from prior-year TP reserve releases. Offsetting this, health claims improved meaningfully, with retail health claims moderating and group health seeing some normalization.

PAT declined yoy as underwriting losses widened, despite stable investment income and capital gains. Expense ratios were volatile sequentially due to a higher share of new business and the labor code impact. Management remains constructive on motor recovery in the coming quarters, supported by improving auto sales and a potential TP tariff hike, while retail health remains a key structural growth driver.

### Star Health: Sharp turnaround in underwriting; MTM boosts earnings

Star Health delivered a notable improvement in operating performance in 3QFY26. GWP growth accelerated to the low 20s, driven by strong retail health new business growth (>60%), supported by GST exemption, tariff hikes and better retention.

The standout was the sharp decline in the claims ratio to the mid-60s, down over 500 bps yoy, reflecting (1) a favorable mix toward new business, (2) the lagged benefit of price hikes and (3) early signs of success from underwriting and hospital engagement initiatives. Both retail and group health claims moderated, with a strategic shift toward SME group business aiding profitability.

The combined ratio improved to sub-99%, despite higher acquisition costs due to a larger share of new business. IFRS earnings were boosted by strong MTM gains and elevated investment yields; adjusting for MTM, underlying profitability still showed a clear improvement. Management commentary suggests the worst phase of medical inflation is behind, with further gradual claims improvement expected.

**Niva Bupa: Growth accelerates; operating leverage visible**

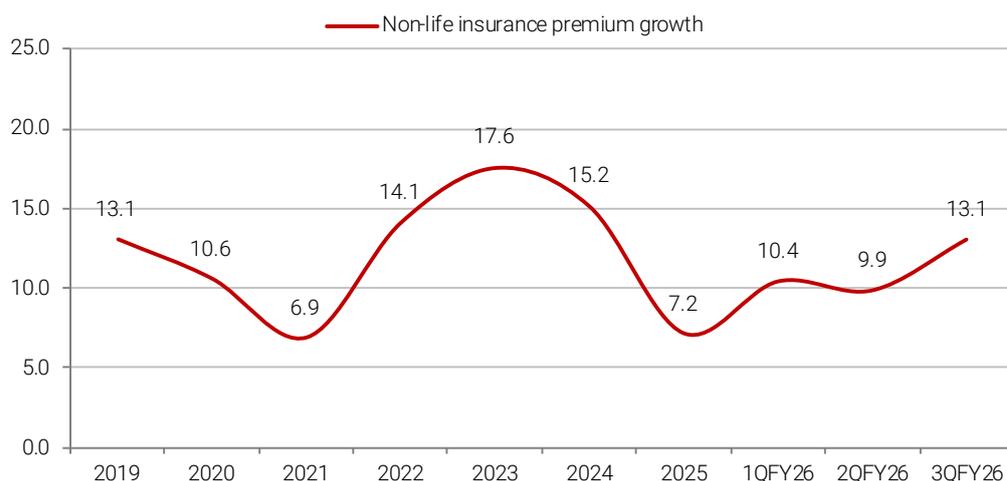
Niva Bupa reported ~31% GWP growth in 3QFY26, with strong traction in new business (mid-40s growth) and sustained momentum after GST exemption. Growth was steady rather than aggressive versus peers, but quality remained intact.

Claims ratio trends were broadly stable. Retail health claims remained benign (~mid-60s), while a higher share of employer-employee group business led to a modest uptick in overall claims. The key positive was strong operating leverage, with a sharp reduction in acquisition and other expense ratios (adjusted for one-offs), driving an improvement in the underlying combined ratio.

IFRS PAT grew strongly yoy, although reported combined ratios were affected by one-off labor code costs. Management continues to emphasize cost discipline, distributor commission resets (after ITC removal) and steady improvement in RoE over the medium term.

**Premium growth inched up to 13% in 3QFY26**

Exhibit 27: Non-life insurance premium growth, March fiscal year-ends, 2019-26 (%)



Source: IRDA, GI Council, Kotak Institutional Equities

**PSUs have grown at a faster pace along commercial lines**

Exhibit 28: Fire premium growth across insurers, March fiscal year-ends, 2024-26 (%)

	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	1QFY26	2QFY26	3QFY26
Bajaj General	(12)	(6)	(10)	(13)	(9)	12	21	28	20	9	24	(29)	109	(1)	16	17	14
Cholamandalam MS	(28)	(43)	(11)	(24)	11	2	(25)	(7)	(1)	3	10	4	29	46	(8)	(3)	3
Go Digit	(19)	(36)	23	1	(15)	44	84	26	73	50	45	26	8	23	49	52	46
HDFC ERGO General	(32)	(35)	(14)	(12)	(13)	3	(0)	(16)	23	(12)	3	4	48	10	(1)	3	5
ICICI -Lombard	(34)	(14)	(4)	10	(2)	14	2	7	28	19	36	9	31	19	10	15	16
IFFCO -Tokio	(23)	5	(6)	28	12	21	31	9	37	17	13	12	7	47	20	21	22
New India	(39)	(3)	6	8	2	34	31	37	57	57	72	23	37	4	34	42	33
Reliance General	6	(49)	(3)	25	(8)	13	6	31	(12)	10	47	19	(2)	3	14	13	11
Royal Sundaram	(10)	(22)	36	21	8	14	39	50	65	27	91	57	20	58	25	34	36
SBI General	(48)	(32)	(36)	(35)	(16)	30	(16)	(2)	8	1	(6)	23	48	43	8	6	13
Shriram General	(37)	(38)	(15)	(18)	(17)	28	9	44	(11)	23	10	9	(7)	2	25	17	13
Tata-AIG	(41)	(48)	(20)	(10)	(8)	(17)	24	21	28	28	16	19	29	17	(2)	7	10
United India	(17)	(22)	7	(16)	2	23	27	39	40	18	30	11	29	13	28	29	26
Universal Sampo	(6)	(5)	84	(11)	(13)	54	12	(20)	32	(88)	30	15	27	56	34	16	19
<b>Total</b>	<b>(27)</b>	<b>(17)</b>	<b>(2)</b>	<b>(5)</b>	<b>1</b>	<b>16</b>	<b>17</b>	<b>21</b>	<b>28</b>	<b>22</b>	<b>32</b>	<b>11</b>	<b>35</b>	<b>16</b>	<b>17</b>	<b>21</b>	<b>20</b>
<b>Total (PSU)</b>	<b>(27)</b>	<b>(4)</b>	<b>9</b>	<b>0</b>	<b>6</b>	<b>29</b>	<b>25</b>	<b>39</b>	<b>39</b>	<b>46</b>	<b>55</b>	<b>22</b>	<b>30</b>	<b>13</b>	<b>30</b>	<b>36</b>	<b>31</b>
<b>Total (private)</b>	<b>(27)</b>	<b>(27)</b>	<b>(6)</b>	<b>(8)</b>	<b>(4)</b>	<b>11</b>	<b>12</b>	<b>11</b>	<b>22</b>	<b>9</b>	<b>19</b>	<b>6</b>	<b>37</b>	<b>19</b>	<b>11</b>	<b>14</b>	<b>15</b>

Source: IRDA, GI Council, Kotak Institutional Equities

**Muted 8% growth in motor OD premiums in 3QFY26**

**Exhibit 29: Motor OD premium growth across insurers, March fiscal year-ends, 2025-26 (%)**

	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	2QFY26	3QFY26
Acko General	15	18	25	15	24	28	27	29	30	30	26	35	27	26	28	29
Bajaj General	(3)	7	12	1	19	(26)	16	15	6	3	5	21	23	20	1	8
Cholamandalam MS	28	29	30	5	6	15	20	16	23	21	14	15	4	10	18	15
Go Digit	(1)	7	11	1	7	10	5	2	5	13	21	22	24	25	9	14
HDFC ERGO General	(50)	(52)	(56)	(56)	(47)	(41)	(36)	(35)	(31)	(25)	(2)	20	25	43	(30)	(14)
ICICI -Lombard	(0)	4	10	(1)	4	11	4	1	(4)	(0)	6	10	12	18	3	7
IFFCO -Tokio	(1)	20	34	27	47	16	8	(2)	(3)	(3)	10	(11)	(9)	(10)	4	(2)
New India	14	22	25	15	28	29	6	(1)	(10)	(8)	4	(4)	(3)	10	2	2
Reliance General	5	12	11	(7)	9	(9)	7	30	33	20	15	31	2	15	16	16
Royal Sundaram	(21)	(15)	(5)	(5)	5	23	18	4	7	2	1	0	5	12	8	7
SBI General	(10)	(9)	8	11	20	27	24	17	29	16	10	13	19	21	21	19
Shriram General	24	28	36	28	27	32	30	30	36	36	25	33	29	41	31	33
Tata-AIG	19	26	35	20	22	22	17	14	8	4	9	18	11	11	12	13
United India	(7)	(10)	(3)	(6)	(4)	6	3	4	(1)	(5)	(10)	(23)	(32)	(15)	(0)	(9)
Universal Sompo	25	13	27	9	13	12	16	21	59	65	58	51	81	65	38	48
<b>Total</b>	<b>(0)</b>	<b>5</b>	<b>10</b>	<b>(1)</b>	<b>7</b>	<b>5</b>	<b>6</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>8</b>	<b>11</b>	<b>10</b>	<b>14</b>	<b>5</b>	<b>8</b>
<b>Total (PSU)</b>	<b>3</b>	<b>10</b>	<b>15</b>	<b>6</b>	<b>13</b>	<b>19</b>	<b>8</b>	<b>5</b>	<b>(3)</b>	<b>(6)</b>	<b>(3)</b>	<b>(4)</b>	<b>(7)</b>	<b>2</b>	<b>3</b>	<b>1</b>
<b>Total (private)</b>	<b>(1)</b>	<b>4</b>	<b>8</b>	<b>(3)</b>	<b>5</b>	<b>1</b>	<b>6</b>	<b>5</b>	<b>7</b>	<b>7</b>	<b>11</b>	<b>15</b>	<b>14</b>	<b>17</b>	<b>6</b>	<b>10</b>

Source: IRDA, GI Council, Kotak Institutional Equities

**Motor TP fares better**

**Exhibit 30: Motor TP premium growth across insurers, March fiscal year-ends, 2024-26 (%)**

	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	2QFY26	3QFY26
Acko General	9	16	14	8	16	8	15	12	10	11	3	19	15	14	9	12
Bajaj General	(6)	14	25	15	18	40	42	34	29	29	24	40	27	6	33	29
Cholamandalam MS	14	10	7	(8)	(10)	(1)	(1)	(6)	(4)	(11)	(8)	(5)	(2)	1	(6)	(4)
Go Digit	1	7	4	(2)	15	38	19	10	13	11	2	17	16	19	14	15
HDFC ERGO General	(63)	(68)	(70)	(69)	(46)	(37)	(33)	(33)	(27)	(22)	(13)	(4)	(3)	29	(28)	(17)
ICICI -Lombard	8	2	4	(6)	(9)	6	2	(5)	(2)	2	7	11	(7)	14	2	3
IFFCO -Tokio	(9)	5	7	51	0	3	5	(3)	(0)	1	12	7	4	9	3	4
New India	8	14	17	11	13	14	(1)	(1)	(7)	(8)	(2)	(3)	(2)	3	(1)	(1)
Reliance General	6	2	1	(2)	(1)	(8)	(13)	12	(3)	8	(7)	6	(23)	(16)	(2)	(6)
Royal Sundaram	8	(8)	(24)	(31)	(21)	(14)	(11)	(4)	15	12	1	(1)	(1)	5	0	1
SBI General	11	(0)	22	27	13	19	17	18	17	8	12	18	27	36	15	19
Shriram General	28	25	33	22	23	32	31	29	34	25	16	16	12	14	27	22
Tata-AIG	40	42	40	21	24	17	6	(2)	(7)	(7)	6	18	11	4	2	5
United India	17	4	19	29	36	51	49	53	40	32	34	14	2	13	43	30
Universal Sompo	37	(1)	34	(2)	10	9	(6)	(10)	9	79	108	93	103	109	24	51
<b>Total</b>	<b>7</b>	<b>6</b>	<b>10</b>	<b>6</b>	<b>7</b>	<b>16</b>	<b>10</b>	<b>8</b>	<b>7</b>	<b>6</b>	<b>8</b>	<b>13</b>	<b>7</b>	<b>12</b>	<b>9</b>	<b>10</b>
<b>Total (PSU)</b>	<b>10</b>	<b>10</b>	<b>21</b>	<b>19</b>	<b>21</b>	<b>28</b>	<b>17</b>	<b>19</b>	<b>11</b>	<b>6</b>	<b>8</b>	<b>5</b>	<b>2</b>	<b>5</b>	<b>14</b>	<b>10</b>
<b>Total (private)</b>	<b>5</b>	<b>4</b>	<b>5</b>	<b>(1)</b>	<b>1</b>	<b>10</b>	<b>7</b>	<b>3</b>	<b>5</b>	<b>7</b>	<b>9</b>	<b>16</b>	<b>10</b>	<b>15</b>	<b>7</b>	<b>9</b>

Source: IRDA, GI Council, Kotak Institutional Equities

### Health growth picked up in 3QFY26

Exhibit 31: Growth in premiums (ex-crop), March fiscal year-ends, 2019-26 (%)

	2019	2020	2021	2022	2023	2024	2025	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
<b>Overall insurance industry</b>	<b>13</b>	<b>11</b>	<b>7</b>	<b>14</b>	<b>18</b>	<b>15</b>	<b>7</b>	<b>4</b>	<b>8</b>	<b>4</b>	<b>10</b>	<b>10</b>	<b>13</b>
<b>Multi-line private</b>	<b>23</b>	<b>16</b>	<b>6</b>	<b>15</b>	<b>20</b>	<b>19</b>	<b>6</b>	<b>3</b>	<b>6</b>	<b>0</b>	<b>8</b>	<b>8</b>	<b>12</b>
Bajaj Allianz General	26	7	(3)	16	8	41	9	(18)	53	(5)	8	9	12
ICICI Lombard	21	13	5	6	16	17	8	9	(1)	2	3	3	8
Others	23	19	7	18	23	16	5	7	1	0	9	9	13
Multi-line PSU	2	3	4	8	12	7	5	(1)	9	7	15	14	14
<b>Standalone health</b>	<b>39</b>	<b>30</b>	<b>32</b>	<b>33</b>	<b>26</b>	<b>26</b>	<b>16</b>	<b>25</b>	<b>8</b>	<b>10</b>	<b>10</b>	<b>7</b>	<b>17</b>
Star Health	30	27	36	23	13	18	10	16	5	3	4	3	9
Others	54	35	25	48	41	34	21	32	10	17	14	11	23
<b>Retail health industry</b>	<b>16</b>	<b>12</b>	<b>28</b>	<b>17</b>	<b>15</b>	<b>19</b>	<b>12</b>	<b>18</b>	<b>7</b>	<b>7</b>	<b>9</b>	<b>8</b>	<b>16</b>
<b>Multi-line private</b>	<b>9</b>	<b>2</b>	<b>22</b>	<b>14</b>	<b>18</b>	<b>16</b>	<b>9</b>	<b>18</b>	<b>2</b>	<b>4</b>	<b>7</b>	<b>5</b>	<b>18</b>
Bajaj Allianz General	15	14	16	4	6	11	13	19	4	14	14	6	12
ICICI Lombard	(10)	(38)	25	17	17	20	25	41	19	25	32	25	45
Others	15	11	23	15	20	17	5	14	(1)	(1)	1	1	14
Multi-line PSU	8	5	15	2	(0)	10	7	6	6	7	8	7	8
<b>Standalone health</b>	<b>30</b>	<b>27</b>	<b>42</b>	<b>28</b>	<b>22</b>	<b>24</b>	<b>15</b>	<b>23</b>	<b>9</b>	<b>9</b>	<b>11</b>	<b>10</b>	<b>18</b>
Star Health	29	25	40	23	18	17	10	15	7	7	9	8	13
Others	34	29	47	39	30	36	22	35	12	11	13	11	25
<b>Motor</b>	<b>9</b>	<b>7</b>	<b>(2)</b>	<b>4</b>	<b>15</b>	<b>13</b>	<b>8</b>	<b>6</b>	<b>8</b>	<b>7</b>	<b>9</b>	<b>8</b>	<b>9</b>
<b>Multi-line private</b>	<b>21</b>	<b>14</b>	<b>2</b>	<b>9</b>	<b>18</b>	<b>15</b>	<b>7</b>	<b>6</b>	<b>6</b>	<b>3</b>	<b>5</b>	<b>6</b>	<b>10</b>
Bajaj Allianz General	17	8	(10)	3	10	9	8	4	6	16	17	16	19
ICICI Lombard	20	9	1	(1)	4	12	11	16	9	0	3	2	5
Others	21	17	4	13	23	16	6	5	6	2	4	6	9
<b>Multi-line PSU</b>	<b>(5)</b>	<b>(3)</b>	<b>(9)</b>	<b>(6)</b>	<b>9</b>	<b>9</b>	<b>10</b>	<b>6</b>	<b>11</b>	<b>17</b>	<b>18</b>	<b>11</b>	<b>7</b>

Source: Company, Kotak Institutional Equities

### Stable yields for most players in 3QFY26

Exhibit 32: Investment yields of non-life insurers, March fiscal year-ends, 2024-26 (%)

	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Bajaj Allianz	8.3	6.4	7.5	9.6	8.9	7.1	5.9	11.7	9.0	7.5
ICICI Lombard	8.4	7.5	8.3	8.7	8.7	8.6	6.3	9.2	8.6	8.5
Niva Bupa			(2.3)	7.4	7.3	7.2	7.2	7.3	7.2	7.2
Star Health	7.3	7.8	7.6	7.3	8.6	8.2	6.4	6.3	6.3	6.6

Source: Company, Kotak Institutional Equities

### Bajaj General and ICICI Lombard continue to report >100% combined ratio

Exhibit 33: Combined ratio breakup across players, March fiscal year-ends, 2018-25, 1QFY25-3QFY26 (%)

	2018	2019	2020	2021	2022	2023	2024	2025	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
<b>Bajaj Allianz General</b>															
Net incurred claims ratio	66.7	68.6	70.7	68.5	73.0	72.9	73.8	74.6	77.1	79.7	77.7	62.9	71.1	75.8	75.1
Net commission ratio	4.7	4.8	1.1	0.7	1.2	(4.4)	6.7	4.2	NA						
Operating expense ratio	21.4	23.2	28.9	27.8	25.4	32.0	19.3	21.2	NA						
<b>Combined ratio</b>	<b>92.8</b>	<b>96.7</b>	<b>100.8</b>	<b>96.9</b>	<b>99.6</b>	<b>100.5</b>	<b>99.9</b>	<b>99.9</b>	<b>103.7</b>	<b>101.4</b>	<b>101.1</b>	<b>104.8</b>	<b>103.6</b>	<b>102.3</b>	<b>97.9</b>
<b>ICICI Lombard</b>															
Net incurred claims ratio	76.9	75.3	72.9	68.6	75.1	72.4	70.8	70.6	74.0	71.4	65.8	71.6	73.0	72.1	68.7
Net commission ratio	(3.6)	2.3	3.8	5.6	4.7	3.0	17.0	18.5	15.0	17.5	22.9	18.7	16.8	19.1	22.5
Operating expense ratio	26.9	20.9	23.8	25.6	29.1	29.1	15.5	13.7	13.3	15.6	14.0	12.1	13.2	14.0	13.3
<b>Combined ratio</b>	<b>100.2</b>	<b>98.5</b>	<b>100.4</b>	<b>99.8</b>	<b>108.8</b>	<b>104.5</b>	<b>103.3</b>	<b>102.8</b>	<b>102.3</b>	<b>104.5</b>	<b>102.7</b>	<b>102.5</b>	<b>102.9</b>	<b>105.1</b>	<b>104.5</b>
<b>Niva Bupa</b>															
Net incurred claims ratio	50.2	53.9	53.5	56.1	62.1	54.1	59.0	61.2	64.0	61.1	65.1	56.4	77.9	71.2	72.3
Net commission ratio	4.1	4.2	4.4	4.7	5.6	6.0	16.9	19.8	19.8	20.1	22.6	17.7	20.2	19.3	18.0
Operating expense ratio	49.4	48.9	43.5	40.8	39.7	37.1	22.8	20.2	22.3	20.0	20.5	18.7	18.9	21.2	16.8
<b>Combined ratio</b>	<b>103.7</b>	<b>107.0</b>	<b>101.5</b>	<b>101.6</b>	<b>107.4</b>	<b>97.1</b>	<b>98.8</b>	<b>101.2</b>	<b>106.1</b>	<b>101.3</b>	<b>108.3</b>	<b>92.8</b>	<b>117.0</b>	<b>111.7</b>	<b>107.1</b>
<b>Star Health</b>															
Net incurred claims ratio	61.8	64.2	65.8	87.0	87.1	65.0	66.5	70.3	67.6	72.8	71.4	69.2	69.5	71.5	68.5
Net commission ratio	4.3	6.4	6.5	8.2	13.8	13.7	13.2	14.4	13.5	13.8	14.1	15.8	14.7	16.3	15.6
Operating expense ratio	27.0	23.7	20.9	19.6	17.0	16.7	17.0	16.4	18.1	16.4	17.7	14.2	17.9	16.0	17.9
<b>Combined ratio</b>	<b>93.0</b>	<b>94.3</b>	<b>93.2</b>	<b>114.8</b>	<b>117.9</b>	<b>95.3</b>	<b>96.7</b>	<b>101.1</b>	<b>99.2</b>	<b>103.0</b>	<b>103.3</b>	<b>99.2</b>	<b>102.2</b>	<b>103.8</b>	<b>102.1</b>

Source: Company, Kotak Institutional Equities

**Moderation in health claims**

**Exhibit 34: Segmental claims, March fiscal year-ends, 2019-26 (%)**

	Bajaj Allianz General										ICICI Lombard									
	2019	2020	2021	2022	2023	2024	2025	1QFY26	2QFY26	3QFY26	2019	2020	2021	2022	2023	2024	2025	1QFY26	2QFY26	3QFY26
Fire	74.4	68.0	54.5	57.1	35.2	47.4	46.6	73.1	47.5	30.1	83.2	64.0	63.7	53.1	49.3	62.2	46.8	80.6	54.2	37.8
Marine	94.0	67.3	66.0	64.0	65.1	60.3	70.2	63.6	109.6	77.3	84.0	65.3	83.3	77.6	72.4	73.4	79.8	81.5	102.1	92.7
Motor OD	60.0	67.7	54.0	65.1	70.5	63.6	65.8	74.9	70.9	74.7	59.2	68.9	62.2	68.1	72.6	63.5	65.2	66.9	70.1	70.2
Motor TP	64.5	64.5	78.1	71.2	77.2	78.4	71.1	52.6	65.0	65.0	90.8	84.4	69.7	74.0	72.2	66.8	63.2	68.7	60.6	61.0
Engineering	43.5	52.8	36.1	49.7	39.9	41.7	30.4	78.6	68.8	23.5	37.1	40.7	57.7	69.3	55.1	63.8	36.8	67.4	64.3	34.7
Health	89.5	85.6	81.7	96.1	77.9	87.9	90.0	82.8	89.8	91.3	73.5	69.9	78.0	91.7	77.3	78.9	82.2	80.8	77.3	74.7
<b>Overall</b>	<b>68.6</b>	<b>70.7</b>	<b>68.5</b>	<b>73.0</b>	<b>72.9</b>	<b>73.8</b>	<b>74.6</b>	<b>71.1</b>	<b>75.8</b>	<b>75.1</b>	<b>75.3</b>	<b>72.9</b>	<b>68.6</b>	<b>75.1</b>	<b>72.4</b>	<b>70.8</b>	<b>70.6</b>	<b>73.0</b>	<b>72.1</b>	<b>68.7</b>

Source: Company, Kotak Institutional Equities

**Retail health continues to report strong growth, likely driven by rise in demand after GST exemption**

**Exhibit 35: Player-wise retail health premium growth yoy, March fiscal year-ends, 2025-26 (%)**

	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
<b>General insurers</b>																		
Acko General	49	98	75	49	55	38	85	58	78	76	63	70	60	110	73	47	61	64
Bajaj General	12	4	23	19	11	13	11	(4)	(5)	24	24	23	20	4	14	14	6	12
Cholamandalam MS	(20)	(25)	(19)	(42)	(37)	(41)	(38)	(34)	(42)	5	(6)	(8)	(32)	(23)	(21)	(40)	(39)	(29)
Go Digit	9	13	23	7	8	(30)	14	2	7	26	22	22	28	15	16	(5)	2	9
HDFC ERGO General	2	(4)	(1)	6	2	4	1	6	(1)	46	44	42	38	(1)	(1)	4	3	16
ICICI -Lombard	28	20	27	34	32	31	21	16	25	88	89	81	65	19	25	32	25	45
IFFCO -Tokio	15	25	4	17	5	4	13	9	20	24	23	27	30	19	14	9	11	16
New India	11	4	11	8	8	12	9	1	7	7	10	11	3	8	9	9	7	8
Reliance General	(5)	(13)	(13)	(0)	(2)	(1)	3	(3)	(0)	44	46	40	40	(8)	(11)	(1)	(1)	13
Royal Sundaram	(12)	(13)	(11)	(10)	(19)	(7)	(16)	(21)	(16)	8	3	11	2	(15)	(12)	(12)	(15)	(9)
SBI General	(37)	(41)	(29)	(29)	(27)	(27)	(20)	(22)	(22)	30	51	31	51	(36)	(36)	(27)	(24)	(7)
Tata-AIG	30	24	23	28	29	32	23	20	25	69	64	66	61	35	25	30	26	39
United India	8	3	5	8	2	8	6	4	10	9	7	10	(5)	10	5	6	6	7
Universal Sampo	25	8	19	15	8	0	10	(2)	(4)	1	28	8	5	1	17	8	4	7
<b>Total</b>	<b>7</b>	<b>1</b>	<b>6</b>	<b>8</b>	<b>6</b>	<b>8</b>	<b>6</b>	<b>4</b>	<b>6</b>	<b>29</b>	<b>30</b>	<b>28</b>	<b>20</b>	<b>4</b>	<b>5</b>	<b>7</b>	<b>6</b>	<b>13</b>
<b>Total (PSU)</b>	<b>8</b>	<b>3</b>	<b>9</b>	<b>8</b>	<b>6</b>	<b>10</b>	<b>7</b>	<b>4</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>10</b>	<b>1</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>7</b>	<b>8</b>
<b>Total (private)</b>	<b>6</b>	<b>0</b>	<b>4</b>	<b>8</b>	<b>5</b>	<b>6</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>47</b>	<b>46</b>	<b>44</b>	<b>39</b>	<b>2</b>	<b>4</b>	<b>7</b>	<b>5</b>	<b>18</b>
<b>Standalone health insurers</b>																		
Aditya Birla	13	9	14	15	16	17	15	18	19	90	99	90	81	36	28	16	17	39
Niva Bupa	(3)	5	7	11	9	11	7	8	3	56	55	53	48	2	3	10	8	22
Care	22	16	18	14	12	15	17	11	7	42	48	46	42	23	18	14	13	23
Star Health	8	10	6	11	8	9	7	6	9	22	22	25	20	7	7	9	8	13
<b>Total SAHIs</b>	<b>9</b>	<b>10</b>	<b>8</b>	<b>12</b>	<b>10</b>	<b>11</b>	<b>10</b>	<b>8</b>	<b>8</b>	<b>36</b>	<b>36</b>	<b>37</b>	<b>33</b>	<b>9</b>	<b>9</b>	<b>11</b>	<b>10</b>	<b>18</b>
<b>Industry total</b>	<b>8</b>	<b>6</b>	<b>8</b>	<b>10</b>	<b>8</b>	<b>10</b>	<b>8</b>	<b>6</b>	<b>7</b>	<b>33</b>	<b>33</b>	<b>33</b>	<b>27</b>	<b>7</b>	<b>7</b>	<b>9</b>	<b>8</b>	<b>16</b>

Source: Company, Kotak Institutional Equities

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**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.

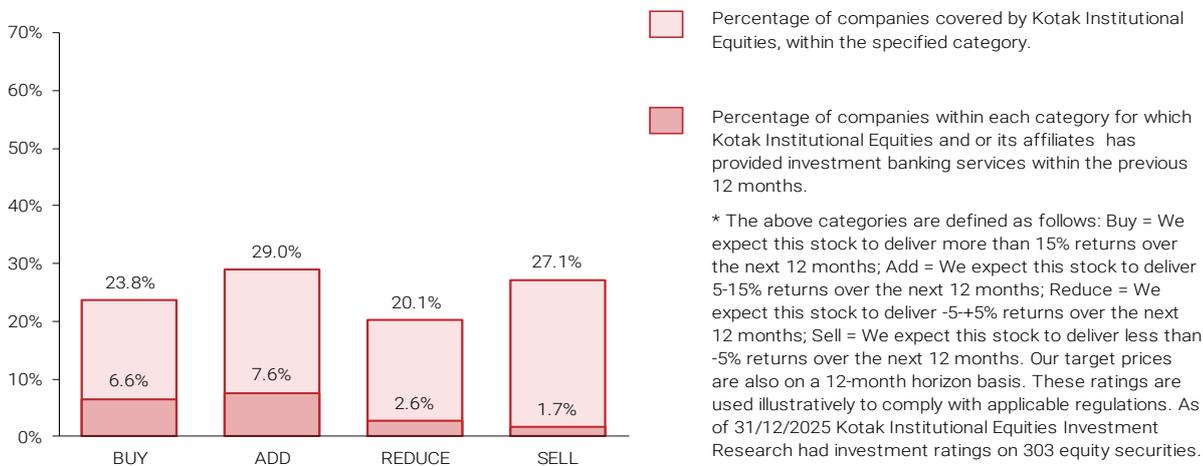
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As of December 31, 2025

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