ICICI Prudential Life Insurance

India | Insurance | Result Update

Global Markets Research

16 July 2026

Strong set, likely to taper off

Rating: Accumulate
Target Price: INR 625
Upside/Downside: 19%
CMP: INR 525
As on 15 July 2026

ICICI Prudential Life Insurance's (IPRU IN) Q1FY27 print was strong, with APE growing 14.6% YoY to INR 21,360mn, led decisively by protection. Retail protection APE rose 60.4% YoY — a third straight quarter of ~60%+ growth — aided by the GST exemption and distribution-led execution, while group protection grew 38.1% YoY, taking overall protection APE up 45.7% YoY. ULIP APE experienced a slowdown (+6.4% YoY) given volatile equity markets, and non-participating guaranteed savings APE fell 40% YoY as bank term deposit rates remained higher. Annuity (+33.0% YoY) and group funds (+42.2% YoY, lumpy) were healthy. VNB rose 25.0% YoY to INR 5,710mn, with margin expanding 220bps YoY to 26.7%, driven by the richer protection mix even as the loss of GST input tax credit (ITC) remained a drag. However, the Agency channel returned to growth (+2.0% YoY), while partnership/broker channels (+29.5% YoY) remained the key engine.

Protection leads; mix shift drives margin expansion: IPRU continued to witness strong growth in the retail protection segment, though we believe the momentum has started to taper off as evidenced by lower SA/Premium multiple in Jun-26 (63x) versus 97x in Apr-26. Management highlighted partnership distribution has grown faster in retail protection as compared with other channels. We believe the share of retail protection is likely to settle at 8.6% of overall APE (Q1FY27:10.4%), resulting in an APE growth of ~27% in FY27E (FY26:32%).

VNB margin expands to 26.7%, though likely to taper down: The 220bps YoY gain was mix-led, driven by a higher share of protection. We believe current VNB margins also have an impact of higher yield curve, which we expect to trend lower by end of FY27E. Notably, despite a favorable base for individual business in Q1 (Q1FY26: -9%), APE growth remained modest at 9%. The agency channel, which had contracted 21% in Q1FY26, has yet to show a meaningful recovery, growing just 2% YoY in the current quarter.

Persistency stable; GST ITC to roll into base by Q3FY27: On persistency, 13-month held broadly stable at ~84%, with 25-month weakness reflecting earlier-cohort surrenders already in FY26 assumptions and no EV-assumption risk flagged. ULIP outflows are structural (lock-in expiries and maturities), already in pricing. The GST ITC drag persists a quarter more before entering the base in Q3FY27. Key monitorables are non-par recovery, agency turnaround and partnership momentum, which may aid strong retail protection.

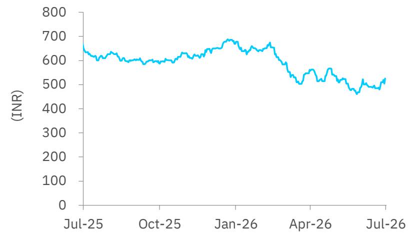
Recommend Accumulate with a TP of INR 625: We value the franchise on appraisal value approach, and recommend Accumulate with a TP of INR 625, implying a multiple of 1.3x Mar-28E EVPS of INR 471.5 – a 19% upside to the CMP. We believe IPRU has consistently changed its product strategy, which has likely impacted the growth sustainability – three-year CAGR (FY23-26) of ~7% versus private players' growth rate of ~12%. Further we believe any material rationalization in first year commission by the IRDAI will likely pose a downside risk to our estimates.

Key data

Bloomberg	IPRU IN
Reuters Code	ICIR.NS
Shares outstanding (mn)	1,451
Market cap (INR bn/USD mn)	762/7,914
EV (INR bn/USD mn)	776/8,066
ADTV 3M (INR mn/USD mn)	1,057/11
52 week high/low	707/460
Free float (%)	27

Note: as on 15 July 2026; Source: Bloomberg

Price chart



Source: Bloomberg

Shareholding (%)	Q1 FY26	Q2 FY26	Q3 FY26	Q4 FY26
Promoter	73.0	72.9	72.9	72.8
% Pledge	0.0	0.0	0.0	0.0
FII	15.1	15.1	13.5	12.9
DII	8.9	8.7	10.4	11.1
Others	3.1	3.3	3.3	3.3

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	(0.5)	(6.3)	(4.5)
ICICI Prudential Life	(6.4)	(21.5)	(21.6)
NSE Mid-cap	3.3	0.4	1.2
NSE Small-cap	11.7	11.7	0.6

Source: Bloomberg

Key Financials

YE March (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
APE (INR mn)	104,070	106,410	116,286	124,986	136,453
YoY (%)	15.0	2.2	9.3	7.5	9.2
VNB (INR mn)	23,700	26,290	30,414	32,873	36,557
VNB margin (%)	22.8	24.7	26.2	26.3	26.8
VNB per share (INR)	16.4	18.1	21.0	22.7	25.2
EVOP per share (INR)	38.3	39.3	48.0	53.6	60.1
EV per share (INR)	331.8	365.6	418.4	471.5	531.6
Operating RoEV (%)	13.1	11.9	13.1	12.8	12.7
P/VNB (x)	32.0	28.9	25.0	23.2	20.8
P/EVOP (x)	13.7	13.3	10.9	9.8	8.7
P/EV (x)	1.6	1.4	1.3	1.1	1.0

Note: Pricing as on 15 July 2026; Source: Company, Elara Securities Estimate

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Financials (YE March)

Movement in EV (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Opening EV	423,360	479,510	529,890	606,439	683,314
Assumption changes	(2,540)	(2,560)	-	-	-
Value of New Business	23,700	26,290	30,414	32,873	36,557
Discount unwind	33,900	35,540	39,207	44,872	50,561
Operating Variance	270	(2,250)	-	-	-
Operating EV Earnings	55,330	57,020	69,621	77,745	87,118
Economic Variance	(240)	(7,780)	7,780	-	-
Total EV Earnings	55,090	49,240	77,401	77,745	87,118
Closing EV	479,490	529,880	606,439	683,314	770,433
RoEV Tree	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Unwind as % of opening EV	8.0	7.4	7.4	7.4	7.4
VNB as % of opening EV	5.6	5.5	5.7	5.4	5.4
Operating variances as % of opening EV	0.1	(0.5)	-	-	-
Assumption changes as % of opening EV	(0.6)	(0.5)	-	-	-
Operating RoEV (%)	13.1	11.9	13.1	12.8	12.7
Margin Profile	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
VNB (INR mn)	23,700	26,290	30,414	32,873	36,557
YoY %	6.4	10.9	15.7	8.1	11.2
APE (INR mn)	104,070	106,410	116,286	124,986	136,453
YoY %	15.0	2.2	9.3	7.5	9.2
VNB margin (%)	**22.8**	**24.7**	**26.2**	**26.3**	**26.8**
APE by segment - mix (%)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Savings					
Non-Linked	21.2	20.5	20.4	20.6	20.6
Unit Linked	48.3	48.0	45.9	46.1	45.5
Annuity	8.4	5.8	6.6	6.7	6.7
Group Savings	6.4	7.8	7.4	7.0	7.0
Savings APE	84.3	82.1	80.2	80.4	79.9
Protection					
Retail	5.7	7.4	8.6	9.2	9.6
Group	10.0	10.5	11.2	10.5	10.5
Protection APE	15.7	17.9	19.8	19.6	20.1
Profit & Loss Account (INR mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Gross Premium Written	**230,994**	**248,091**	**272,057**	**298,343**	**327,176**
Investment income	230,427	110,950	232,231	266,147	304,087
Commission paid	48,297	52,217	57,168	62,599	68,558
Expenses	39,716	44,298	48,031	52,598	57,642
Claims/benefits paid	461,825	471,951	443,699	472,914	498,839
Change in actuarial liability	135,714	40,274	203,956	208,070	210,170
Profit after tax	17,469	15,566	32,721	67,293	114,148
Balance Sheet (INR mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Sources of funds					
Shareholder's equity	119,413	136,312	159,936	184,949	212,896
Borrowings	-	-	-	-	-
Fair value change - Policyholders	-	-	-	-	-
Revaluation Reserves	-	-	-	-	-
Policyholder's liabilities	2,956,225	2,971,540	3,366,937	3,858,657	4,408,727
Funds for Future Appropriation	12,832	19,401	20,706	22,525	24,552
Current Liabilites & Provisions	-	-	-	-	-
Total Liabilities & Equity	3,088,470	3,127,252	3,547,579	4,066,132	4,646,175
Application of capital					
Shareholder's investments	140,550	157,276	170,760	184,669	198,958
Policyholder's investments	1,286,988	1,412,995	1,551,340	1,703,230	1,869,992
Linked investments	1,612,399	1,510,524	1,765,236	2,101,302	2,480,118
Other Assets	48,534	46,457	60,242	76,930	97,106
Total Assets	3,088,470	3,127,252	3,547,579	4,066,132	4,646,175
Valuations	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
P/EV (x)	1.6	1.4	1.3	1.1	1.0
P/VNB (x)	32.0	28.9	25.0	23.2	20.8
P/EVOP (x)	13.7	13.3	10.9	9.8	8.7
VNB multiple (x)	11.8	8.8	5.1	2.4	(0.3)

Note: Pricing as on 15 July 2026; Source: Company, Elara Securities Estimate

Exhibit 1: Quarterly financials

Particulars	Units	Q1FY26	Q1FY27	Change (%)	FY24	FY25	FY26
RNB	INR mn	17,021	20,274	19.1	81,963	96,915	100,699
IRNB	INR mn	13,557	15,379	13.4	72,135	83,072	82,056
APE	INR mn	18,640	21,360	14.6	90,460	104,070	106,410
VNB	INR mn	4,570	5,710	24.9	22,270	23,700	26,290
VNB margin	**%**	**24.5**	**26.7**	**2.2**	**24.6**	**22.8**	**24.7**
Product mix							
PAR	*%*	*10.7*	*11.3*	*0.5*	*13.6*	*11.7*	*13.7*
NPS	*%*	*10.7*	*5.6*	*-5.1*	*12.3*	*9.5*	*6.8*
NPT	*%*	*7.5*	*10.4*	*3*	*5.3*	*5.7*	*7.4*
ANN	*%*	*5.4*	*6.2*	*0.9*	*10.5*	*8.4*	*5.8*
ULI	*%*	*46.8*	*43.4*	*-3.3*	*43.2*	*48.3*	*48.0*
Group Fund	*%*	*4.5*	*5.5*	*1.1*	*3.5*	*6.4*	*7.8*
Group Term	*%*	*14.5*	*17.5*	*3*	*11.6*	*10.0*	*10.5*
APE/RNB	%	109.5	105.4	-4.2	110.4	107.4	105.7
Total Cost/APE	%	101.5	104.4	2.9	86.8	84.9	90.3
Total cost excluding renewal commission/APE	%	95.6	99.5	3.9	81.6	79.4	84.7
Total cost excluding renewal/APE	%	48.6	56.9	8.3	45.6	38.4	41.2
Total cost excluding renewal commission/Ind APE	%	118.0	129.2	11.3	96.1	94.9	103.7
Total cost excluding renewal commission/Weighted APE	%	88.3	99.1	10.9	65.4	69.1	77.9

Source: Company, Elara Securities Research

Conference call: Key takeaways

- Management reiterated that VNB margin expansion was primarily driven by a more favorable product mix, particularly the sharp increase in protection business. However, margins continue to absorb the impact of the loss of GST input tax credit (ITC) following the GST exemption on protection products. This drag will persist for one more quarter before becoming part of the base from Q3FY27.
- The company refused to quantify the exact margin impact from GST ITC loss but indicated that this remains meaningful. Importantly, management emphasized that it does not manage the business to a margin target. Instead, its objective is to maximize absolute VNB. It believes product mix should evolve naturally based on customer demand and market conditions while ensuring that the cost structure remains flexible enough to adapt.
- Despite Q1 margins reaching 26.7%, the management explicitly declined to provide any guidance for sustainable margin levels or full-year VNB margins.

Protection business continues to outperform

- Retail protection APE grew over 60% YoY for the third consecutive quarter, while overall protection APE increased by 45.7%.
- Management attributed the strength to multiple factors rather than only the GST exemption:
  - GST exemption has clearly improved customer affordability and demand.
  - Significant efforts have been made over the past several quarters to make protection selling a core part of the sales culture across every distribution channel.
  - Multiple customer propositions have been introduced, including pre-approved offers and simplified products for identified customer cohorts.

- Extensive digitization of onboarding through automated income validation, smoother underwriting and reduced customer friction, while maintaining underwriting discipline.
- Better integration of protection offerings across every distribution channel rather than relying on a few specialized channels.

- Management stressed that the current performance reflects several quarters of execution finally yielding results rather than a one-off GST benefit.

Protection growth to normalize in H2, but volumes should remain elevated

- Management acknowledged that protection growth rates will mathematically slow during H2FY27 because of a much higher base.
- It specifically said that it does not expect another 60%+ retail protection growth rate in the second half.
- However, the focus is not on maintaining growth percentages but maintaining the absolute production volumes achieved after GST implementation and gradually building from those levels.
- Additionally, group credit life should receive support from improving MFI business in H2 as comparisons become easier.
- Overall, the management continues to view protection as a multi-decade structural opportunity and expects continued investment in the segment irrespective of short-term growth normalization.

No broad-based repricing of protection products

- Despite the loss of GST ITC, the management has deliberately avoided large-scale premium increases.
- Its philosophy is that GST exemption materially improves customer trust and insurance penetration, making it inappropriate to immediately pass the tax impact back to customers.
- Instead, pricing changes are occurring only selectively where emerging claims experience or profitability warrants adjustments.
- Management described this as "business as usual" pricing rather than any industry-wide repricing exercise and indicated that it does not expect industry-wide premium hikes even during H2FY27.

Non-par under pressure from fixed deposits

- Management said that it is not deliberately reducing focus on non-par.
- Rather, customer demand is weak because competing investment products, primarily fixed deposits currently offer very attractive headline interest rates.
- Customers continue to compare guaranteed insurance products against high FD rates, making non-par sales difficult.
- The company continues to review pricing, product structures and tenure options to improve competitiveness, but until alternative fixed-income products become less attractive, non-par demand may remain subdued.
- Within the non-linked portfolio, the product mix has shifted significantly toward participating products.
- Current mix is roughly as follows:

- Participating: ~67%
- Non-participating: ~33%

Traditional business outlook

- Traditional savings growth was affected primarily by weakness in non-par.
- Management expects traditional growth to improve once competing fixed-income yields moderate.
- The management reiterated that it is continuously repricing products wherever feasible while maintaining customer value.

Annuity business

- Annuity continued to perform well.
- Management clarified that current growth is being driven mainly by regular premium deferred annuity products rather than single-premium products.
- The recently introduced zero-surrender annuity product is no longer the primary growth driver.
- Management continues to see annuity as a long-term structural opportunity.

Partnership distribution remains a major growth engine

- Partnership distribution grew nearly 30% YoY.
- Management attributed this to:
  - Continued addition of new partners.
  - Deeper engagement with existing partners.
  - Strong protection sales across partnership channels.
  - Growth in web aggregators (classified within partnership distribution).
- Importantly, there is no concentration risk.
- Apart from ICICI Bank, which contributes around 15% of business, no single partner contributes more than 5%.
- Management highlighted that the channel has delivered nearly 20% CAGR over the past five years, indicating that the current growth is not purely a one-quarter phenomenon.

Partnership channel economics

- Management disagreed with the assumption that partnership distribution is inherently low margin.
- Its philosophy is that channel economics should be evaluated after considering:
  - commissions,
  - operating expenses,
  - supervisory costs,
  - training,
  - customer servicing,
  - business quality,

- persistency, and
- mortality experience.

- When evaluated holistically, management believes overall acquisition costs remain broadly comparable across channels.
- It also stated that there is no internal cap on partnership distribution share as long as business remains profitable and of good quality.

Agency channel showing early recovery

- Agency APE grew 2% after many quarters of decline.
- Management views this as the beginning of a turnaround.
- Investments continue in:
    - micro-market strategy,
    - analytics,
    - technology,
    - productivity improvement, and
    - higher protection penetration.
- Although top-line agency growth remains modest, management highlighted that agency VNB is growing faster than APE because of richer product mix and increased protection sales.
- The objective remains to gradually bring agency growth back toward overall company growth.

Standard Chartered partnership

- Several analysts questioned whether Prudential's global ownership changes could affect Standard Chartered's relationship with ICICI Prudential, to which the management remained confident.
- It emphasized:
    - the partnership has been built over ten years,
    - deep integration exists across technology, operations, customer servicing and products,
    - both organizations value the relationship,
    - It continues to focus on delivering customer outcomes.
- Management refrained from commenting on Standard Chartered's strategic decisions but sounded comfortable regarding the continuation of the relationship.

Cost management and operating leverage

- Management said operating efficiencies continue to improve despite GST headwinds.
- Key initiatives include:
    - AI-driven lead generation,
    - automated underwriting,
    - renewal management,
    - claims investigation,
    - digital servicing, and

    - analytics-led productivity improvement.
- Savings cost ratio declined 50bps despite GST ITC loss.
- Management expects these structural efficiencies to continue supporting profitability.

Expense outlook

- The GST ITC loss continues to elevate expenses.
- However, management believes multiple efficiency initiatives are partially offsetting this impact.
- It did not provide full-year expense guidance but reiterated that cost optimization remains a major focus area.

Group funds

- Group funds grew strongly but management cautioned against annualizing the growth.
- This remains the lumpiest business within the portfolio.
- The company will continue writing group fund business whenever it is VNB accretive.
- Again, the emphasis remained on absolute VNB rather than margins.

Advisor additions

- The company added ~15,000 advisors in Q1.
- Management indicated this is broadly consistent with last year's pace when nearly 70,000 advisors were added across the full year.
- No material change in hiring strategy is planned.

Persistency

- Management advised focusing on sequential trends rather than YoY comparisons.
- Thirteen-month persistency remains broadly stable at ~84%.
- The weakness in 25-month persistency reflects surrender experience from earlier cohorts and has already been incorporated into actuarial assumptions during the FY26 assumption review.
- There is currently no indication that persistency trends would negatively impact embedded value assumptions.

ULIP AUM outflows

- Management explained that ULIP fund outflows are largely structural.
- A significant volume of ULIPs sold five to six years ago is now completing the lock-in period, leading to elevated surrenders.
- Separately, many older policies are reaching scheduled maturities.
- Neither of these trends is viewed as concerning, and both are already reflected in pricing and VNB assumptions.

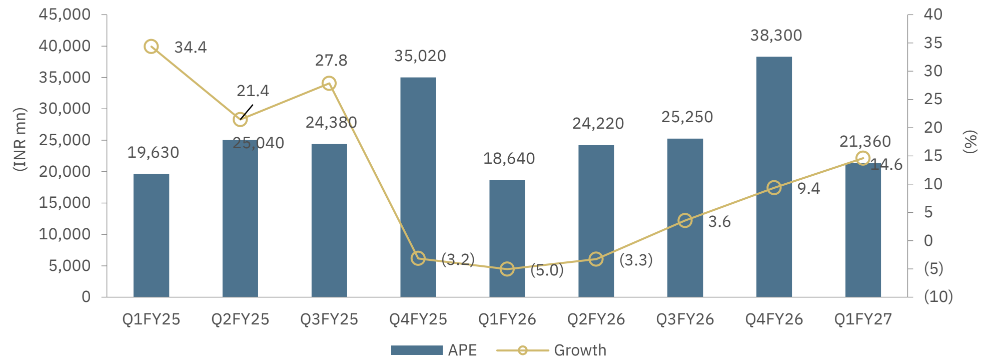
Protection customer profile

- Typical retail protection customer characteristics remain unchanged:
    - Median customer age: 34–35 years.

- Policy term: around 30–35 years.
- Coverage typically extends until retirement age (65–70 years).

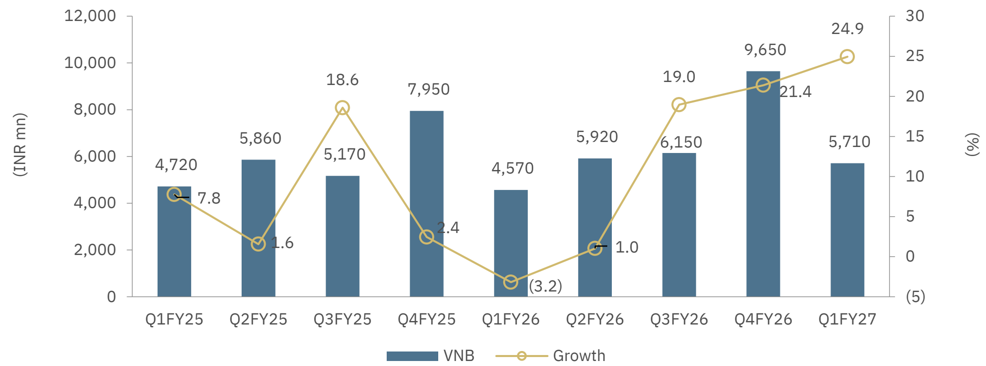
- Management indicated these demographics have remained remarkably stable over time.

Exhibit 2: APE growth accelerates to 14.6% YoY



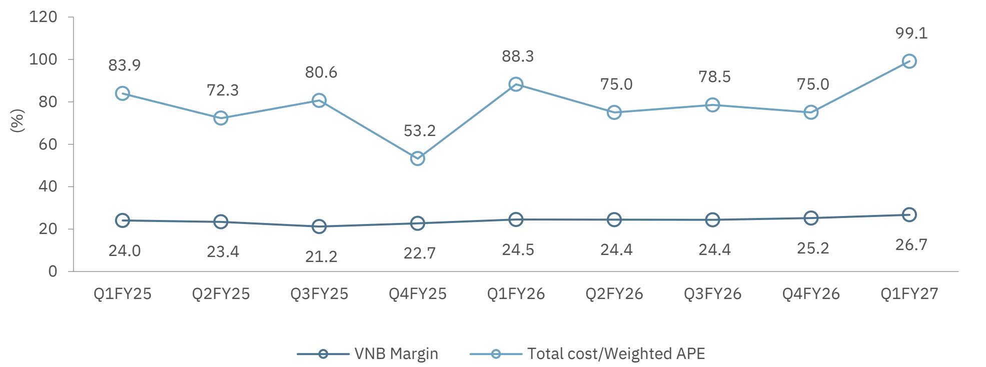
Source: Company, Elara Securities Research

Exhibit 3: VNB momentum sustains, up 24.9% YoY



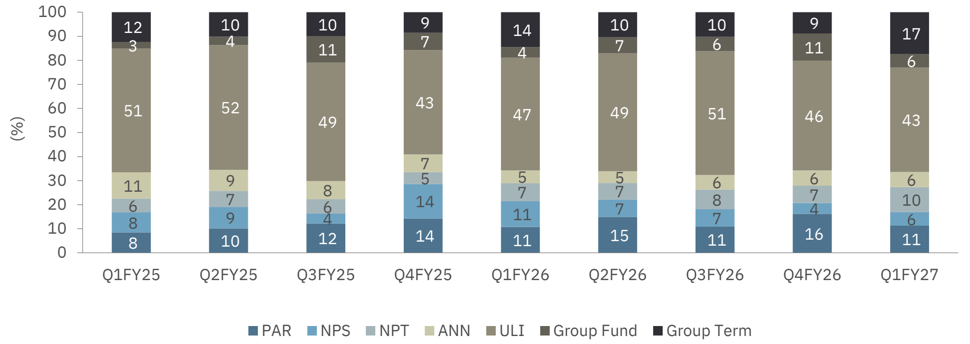
Source: Company, Elara Securities Research

Exhibit 4: VNB margin expands to 26.7%



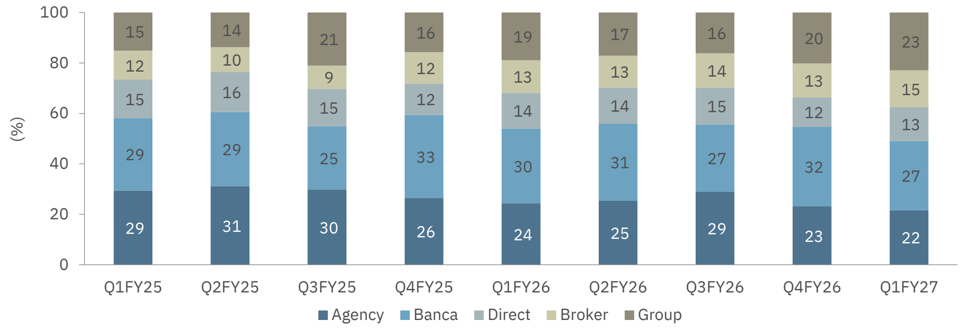
Note: Total cost excludes renewal commission Source: Company, Elara Securities Research

Exhibit 5: Protection gains share as ULIP and non-par savings cede ground



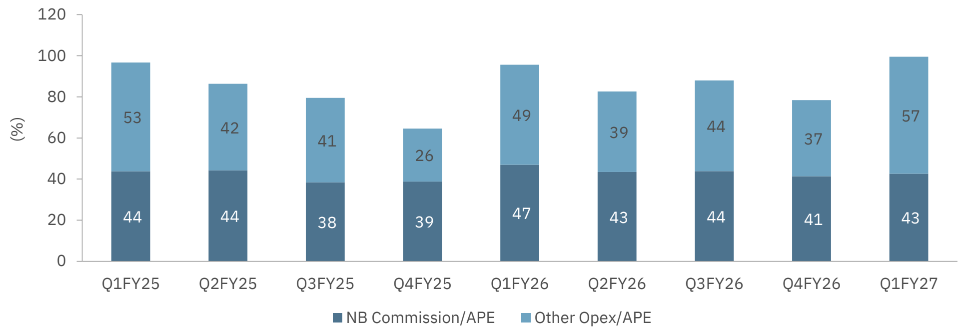
Source: Company, Elara Securities Research

Exhibit 6: Distribution mix shifts to partnerships and group as agency share slips



Source: Company, Elara Securities Research

Exhibit 7: Opex/APE rises YoY on GST ITC drag while NB commission ratio eases



Source: Company, Elara Securities Research

Key Risks

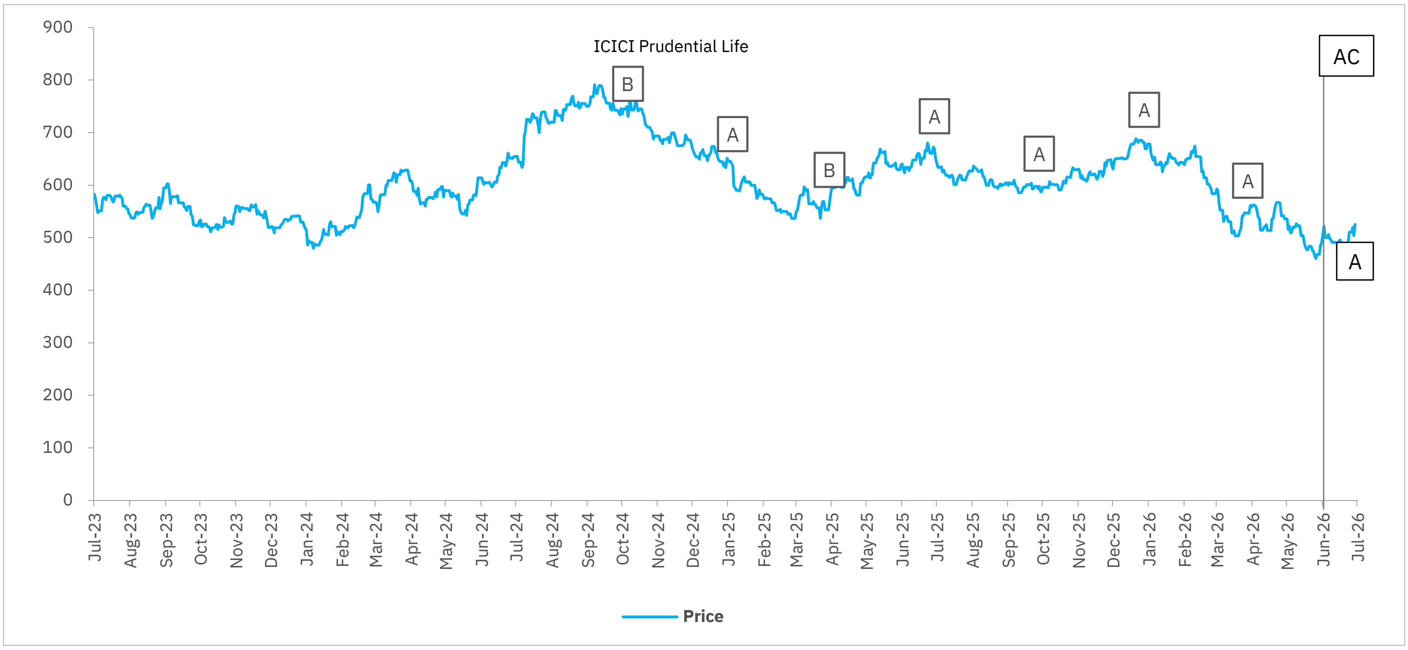
- Any material rationalisation of first-year commissions by the IRDAI.
- Slower-than-expected recovery in non-par demand.
- A weaker-than-expected turnaround in the agency channel.
- Delays in scaling up banca and partnership.

Exhibit 8: Valuation

Required return (%)	**14**
Terminal growth (%)	5
FY27E ROEV (%)	14.6
FY27EVPS (INR)	418.4
FY28EVPS (INR)	471.5
P/EV (x)	1.3
TP (INR)	625

Source: Elara Securities Estimate

Coverage History



Date	Rating	Target Price (INR)	Closing Price (INR)
13-Apr-2022	Buy	670	541
15-Jul-2022	Buy	710	517
14-Oct-2022	Buy	650	513
22-Oct-2024	Buy	900	731
21-Jan-2025	Accumulate	750	636
15-Apr-2025	Buy	690	567
15-Jul-2025	Accumulate	710	670
14-Oct-2025	Accumulate	690	598
13-Jan-2026	Accumulate	730	681
13-Apr-2026	Accumulate	600	547
15-July-2026	Accumulate	625	525

*AC=Analyst change

Guide to Research Rating

BUY (B)	Absolute Return >+20%
ACCUMULATE (A)	Absolute Return +5% to +20%
REDUCE (R)	Absolute Return -5% to +5%
SELL (S)	Absolute Return < -5%

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