

## Performance Highlights

	4QFY26	YoY
<b>APE (INR b)</b>		<b>%</b>
HDFCLIFE	52.5	1.3
IPRULIFE	38.3	9.4
SBILIFE	57.5	5.5
MAXLIFE	35.9	18.3
CANHLIFE	7.0	12.4
<b>VNB Margin (%)</b>		<b>bp</b>
HDFCLIFE	24.0	-253
IPRULIFE	25.2	249
SBILIFE	28.3	-211
MAXLIFE	28.2	18
CANHLIFE	30.5	744

## All eyes on profitability despite multiple regulatory actions!

### GST exemption-led growth continues; potential commission regulations ahead

- The life insurance industry has been impacted by multiple regulations since 2HFY25, such as surrender value regulations, new product guidelines, GST waiver, etc., which disrupted the industry's near-term growth trajectory. The industry posted single-digit growth in 2HFY25 after surrender value regulations and weak ULIP demand; however, growth rebounded to double digits in 2HFY26 after GST waiver and recovery in ULIPs.
- Individual APE growth moderated in Mar'26 due to volatile geopolitical conditions (from ~20% YoY in Oct-Feb'26 to 8% in Mar'26). Apr'26 witnessed recovery (21% YoY growth) with additional benefits of a low base. We expect the growth to stabilize from the current levels to a sustainable mid-teen trajectory. MAXLIFE/CANHLIFE were the only two private listed players witnessing double-digit APE growth in 4QFY26 and we expect them to continue leading the pack going forward.
- During 4QFY26, most listed players witnessed double-digit YoY growth in absolute VNB, with CANHLIFE leading the pack (+49% YoY). CANHLIFE also reported the highest VNB margin in the industry (30.5% in 4QFY26). Traction in the traditional product segment, rising share of protection and strong growth in rider attachments continue to be profitability drivers, offset by the impact from loss of input tax credit (ITC), which is likely to be mitigated by the end of 1HFY27.
- On the regulatory front, discussions are ongoing regarding commission regulations, which can possibly disrupt channel economics, posing near-term risks to new business growth and distribution expansion. Accounting transition to IFRS and risk-based solvency framework are the emerging regulatory themes, which would lead to operational changes but improve transparency, global comparison and capital allocation in the industry.
- Following 4QFY26 results, we expect stable APE growth momentum and positive outlook for VNB margin expansion, backed by a rising share of non-ULIP products and improving profitability of ULIPs. However, the stocks have seen de-rating after IFRS implementation and the noise around commission regulations, and we expect more color on both in the near future. Our preferred picks in the space are CANHLIFE (TP of INR180 premised on 1.7x FY28E P/EV) and SBILIFE (TP of INR2,340 premised on 2.1x FY28E P/EV).

### Regulatory concerns on mis-selling and high commission structure

- The life insurance industry has witnessed major regulatory changes over the past 18-24 months, with some regulations like surrender value charges impacting the near-term growth and profitability of companies and other regulations like GST exemption on term and 100% FDI serving as long-term tailwinds for the industry.
- The RBI has come up with guidelines (effective 1st Jul'26) that will tighten the sale of third-party financial products by banks, proposing various measures to curb mis-selling like customer suitability assessments, restrictions on bundled selling, bank accountability in case of fraud, etc.
- Another emerging regulatory theme is the potential tightening of distributor commissions and overall acquisition costs. Market expects a deferment of front-loaded commissions or capping of commission rates to better align distributor incentives with policy persistency and customer outcomes while reducing strain on insurers' acquisition costs and improving long-term policyholder value.

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- Both these regulations serve as additional guardrails for the life insurance industry, possibly requiring changes in current operations. Over the medium term, the changes are likely to support better persistency, lower mis-selling risk and a more sustainable industry structure.
- On the commission front, PSU banks, CANHLIFE and SBILIFE, already operate at single-digit commission ratios compared to high-teen commission ratios of private insurers like HDFCLIFE and MAXLIFE. Hence, we expect a **lower impact of any potential commission regulations on PSU insurers**.
- In the mutual fund industry, the 2018 TER regulations disrupted the distributor economics and reduce the yields for AMCs by 5-10bp in FY20 compared to FY19, impacting revenue growth. However, the reforms ultimately strengthened the industry structure, resulting in all-time high SIP inflows of INR300b+ and AUM of INR80t+ (~INR25t in FY19) currently and mid-teen FY20-26 revenue CAGR for listed AMCs.
- IRDAI has mandated all insurance companies to transition toward Ind-AS accounting, which is aligned with global accounting standards (IFRS). The framework is expected to materially alter the way life insurers report profitability, embedded value emergence and balance sheet economics. Hence, all the insurers have sought 1-year forbearance from the regulator.
- The regulator is also working toward the implementation of risk-based capital framework for the industry. Unlike the current factor-based solvency system, risk-based solvency considers parameters such as underwriting risk, market volatility, credit exposure and operational risks while determining capital adequacy. **While the transition will require multiple operational changes, it could lead to more efficient capital allocation and sharper risk management practices.**

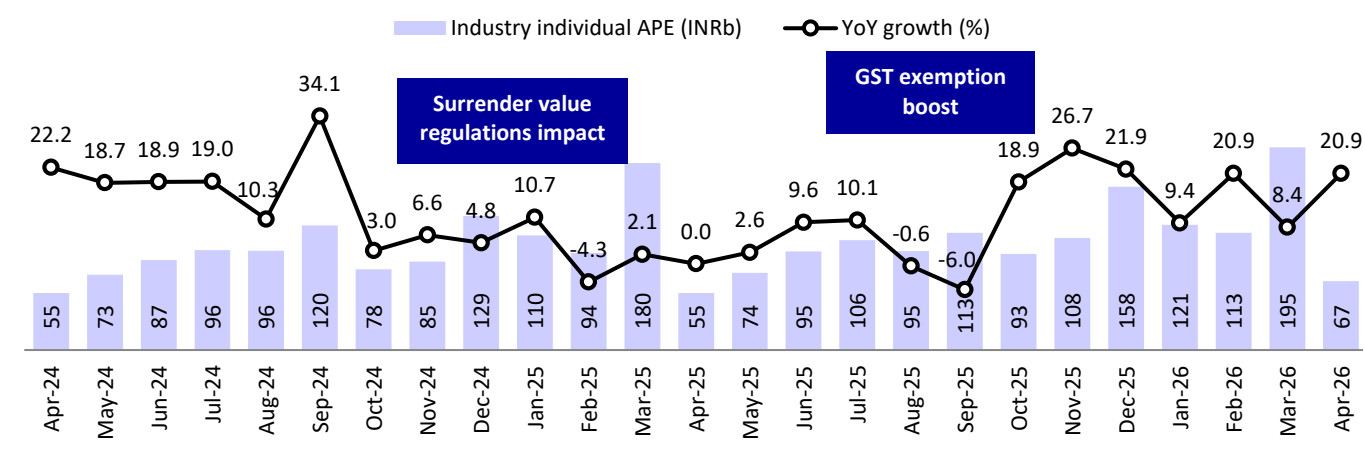
### Snapshot – 4QFY26

INRb	Max Life			Canara HSBC Life			SBI Life			HDFC Life			IPRU Life		
	4QFY25	4QFY26	YoY	4QFY25	4QFY26	YoY	4QFY25	4QFY26	YoY	4QFY25	4QFY26	YoY	4QFY25	4QFY26	YoY
APE	30.4	35.9	18%	6.3	10.0	60%	54.5	57.5	6%	51.9	52.5	1%	35.0	38.3	9%
VNB	8.5	10.1	19%	1.4	2.0	38%	16.6	16.3	-2%	13.8	12.6	-8%	8.0	9.7	21%
VNB Margin	28.0	28.2	18	23.0	19.8	-323	30.5	28.3	-211	26.5	24.0	-253	22.7	25.2	249
PAT	0.4	-0.3	-182%	0.3	0.3	-14%	8.1	8.0	-1%	4.8	5.0	4%	3.9	6.2	62%
AUM	1,750	1,898	8%	412	469	14%	4,480	4,872	9%	3,363	3,752	12%	3,094	3,136	1%
<b>Key Ratios</b>															
Solvency	201.0	194.0	-700	205.8	191.0	-1482	196.0	190.0	-600	194.0	177.0	-1700	212.2	227.3	1510
13th month persistency	88.0	85.0	-300	81.4	84.7	330	86.6	87.9	125	82.7	81.6	-110	84.3	82.1	-220
61st month persistency	53.0	58.0	500	53.0	53.9	90	61.5	56.7	-481	61.9	64.9	300	61.9	61.2	-70
<b>Product mix (Total APE %)</b>															
ULIP	40.1	37.9	-219	33.6	21.2	-1242	54.3	52.0	-231	40.0	41.2	121	43.4	45.5	216
Par	18.8	17.9	-85	16.1	16.9	88	3.1	8.7	558	19.0	19.8	85	-	-	
Non-Par	28.0	29.1	108	47.2	56.8	957	26.2	23.7	-259	27.0	21.0	-605	36.0	27.1	-888
Protection	13.1	16.1	296	4.3	7.0	274	13.0	10.1	-294	10.0	14.0	398	13.5	16.0	253
Group	-	-	-	-	-		3.1	5.4	227	4.0	4.0	0	7.2	11.4	419
<b>Channel mix (Individual APE %)</b>															
Banca	60.6	60.8	13		89.2		57.4	52.3	-517	74.7	58.0	-1670	32.9	31.5	-139
Agency							28.6	34.7	605	19.9	18.0	-194	26.5	23.2	-325
Others	39.4	39.2	-13		10.8		13.9	13.1	-88	5.4	24.0	1864	40.6	45.3	464

### APE growth to be sustainable in mid-teens in the long term for industry

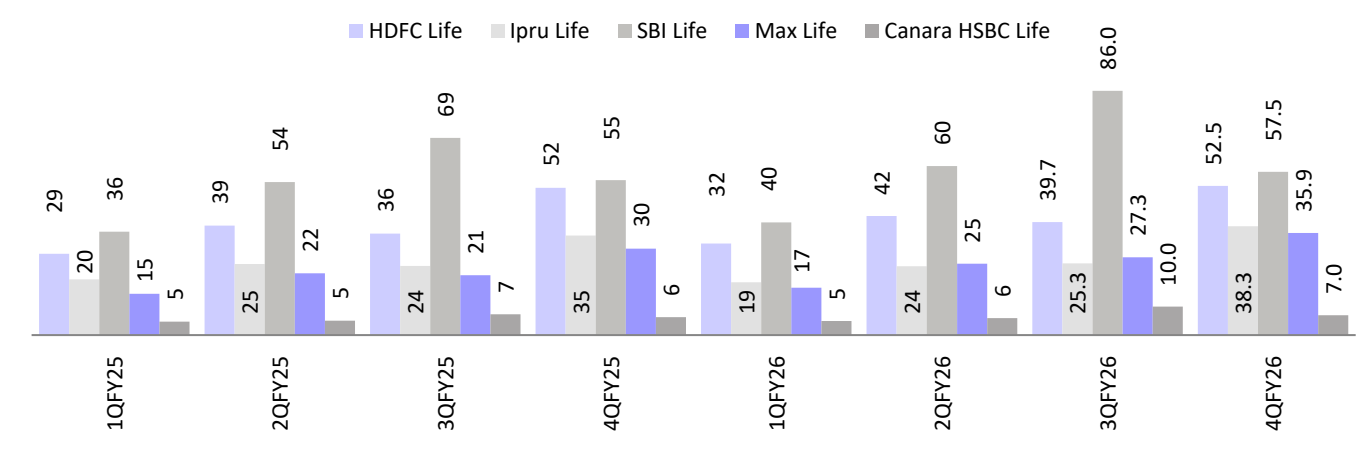
- The life insurance industry's individual APE growth trajectory moderated after the implementation of surrender value regulations (Oct'24), with APE growing ~4% YoY in 2HFY25 and ~3% YoY in 1HFY26 vs. ~20% YoY growth in 1HFY25. Further fuel was added to this impact with negative market sentiment impacting ULIP demand.
- The low base, a recovery in ULIP demand, and GST exemption benefits resulted in high-teen APE growth in 2HFY26. The industry's individual APE growth moderated to 12% in 4QFY26, after witnessing strong 22% YoY growth in 3QFY26. Volatile geopolitical conditions resulted in flat/single-digit growth for key private players, especially in Mar'26.
- However, growth improved to 21% YoY in Apr'26 with additional benefits from low base last year, and **we expect that in the longer run, the industry will maintain a mid-teen growth trajectory, backed by better affordability in term insurance, continued traction in guaranteed savings/par, recovery in ULIP demand and improvement in penetration.**
- **CANHLIFE:** APE grew 12% YoY in 4QFY26, moderating from 22% in 9MFY26. Product mix recalibration toward traditional products, along with underwriting process changes has led to the slowdown. **We expect FY26-28 APE CAGR of 20% (fastest among peers),** aided by strong banca execution, flexible product strategy, and improving distribution productivity.
- **SBILIFE:** New business APE grew 6% YoY to INR57.5b in 4QFY26. For FY26, APE grew 13% YoY to INR242.7b. Customer behavior in recent months has been influenced by geopolitical factors, but the outlook remains positive, considering healthy growth in Feb'26 and Mar'26. **Management maintains its APE growth guidance of 14%. We expect FY26-28 APE CAGR of 14%.**
- **MAXLIFE:** APE grew 18% YoY to INR35.9b in 4Q. For FY26, APE grew 20% YoY to INR105b, with market share among private players expanding to 10.4% from 9.8% in FY25. **We expect FY26-28 APE CAGR of 18%.**
- **HDFCLIFE:** APE of INR52.5b in 4QFY26 was up 1% YoY, with individual APE flat YoY and group APE growing 10% YoY. For FY26, APE grew 8% YoY to ~INR166.4b. While 1HFY26 was ahead of the industry and 3Q met management expectations, 4Q saw a slowdown due to the unabsorbed GST impact and demand deferment in Mar'26. **Management remains confident of a rebound, supported by strong customer acquisition. The insurer aspires to outpace industry growth in APE and new business. We expect FY26-28 APE CAGR of 15% (largely at par with industry growth expectations).**
- **IPRU LIFE:** APE of INR38.3b grew 9% YoY in 4QFY26. For FY26, APE grew 2% YoY to INR106.4b. The strong growth trajectory witnessed post GST exemption continued till Feb'26, with macro conditions impacting growth in Mar'26. **Management is currently cautious about the growth outlook amid a volatile macro environment, with a complete focus on granular execution and customer analytics. We expect FY26-28 APE CAGR of 15%.**

**Exhibit 1: Industry growth trends facing both regulatory headwinds and tailwinds; long-term momentum intact**



Source: MOFSL, LI Council

**Exhibit 2: APE trend of listed players (INR b) – MAXLIFE grew the fastest in 4QFY26 and FY26**



Source: MOFSL, Companies

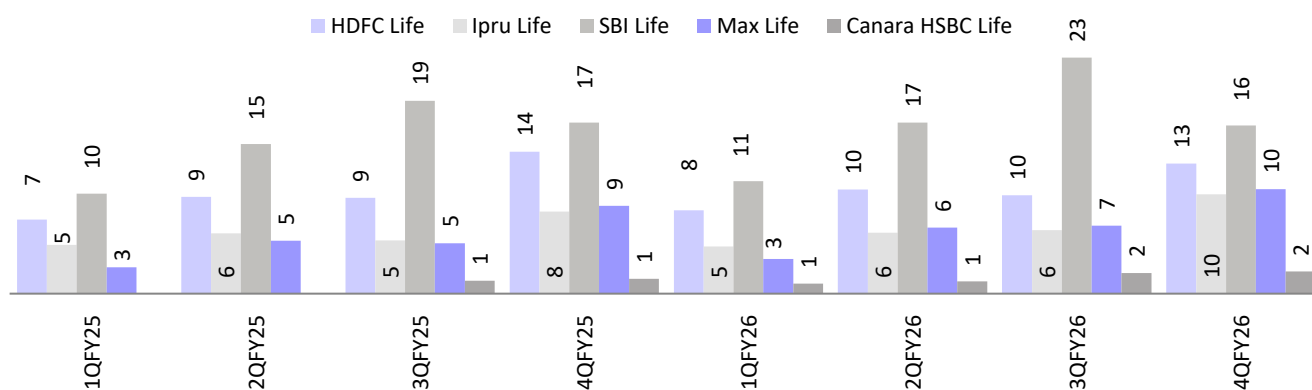
**Margins benefitting from rising traditional contribution and attachments**

- The VNB growth trajectory of key players in the industry has witnessed significant improvement from single digits in FY25 and 1HFY26 to double digits in 2HFY26, with few players like CANHLIFE reporting 50%+ YoY growth. After regulatory changes and a high demand phase of ULIPs last year, insurers are focusing on launching new traditional products and are witnessing a rise in rider attachments, which improves the profitability of ULIPs.
- In 4QFY26, most players, except HDFCLIFE and SBILIFE, witnessed double-digit YoY VNB growth and margin expansion, supported by product mix shift, better rider attachments, and the rising share of high-sum-assured business.
- **While the loss of ITC impacted VNB margin, most of the impact was mitigated across players through the product mix shift and cost efficiencies, with normalcy expected by the end of 1HFY27.**
- **CANHLIFE:** Contribution from traditional products at ~80% led to a stellar 49% YoY growth in VNB to INR2.1b, resulting in VNB margin of 30.5%, the highest among peers (23% in 4QFY25). For FY26, VNB grew 41% YoY to INR6.3b, with VNB margin expanding 330bp YoY to 22.4%. The strong growth of traditional products led to 3.4% boost in VNB margin expansion and volume growth, resulting in a 0.5% contribution in VNB margin expansion. **With an improving**

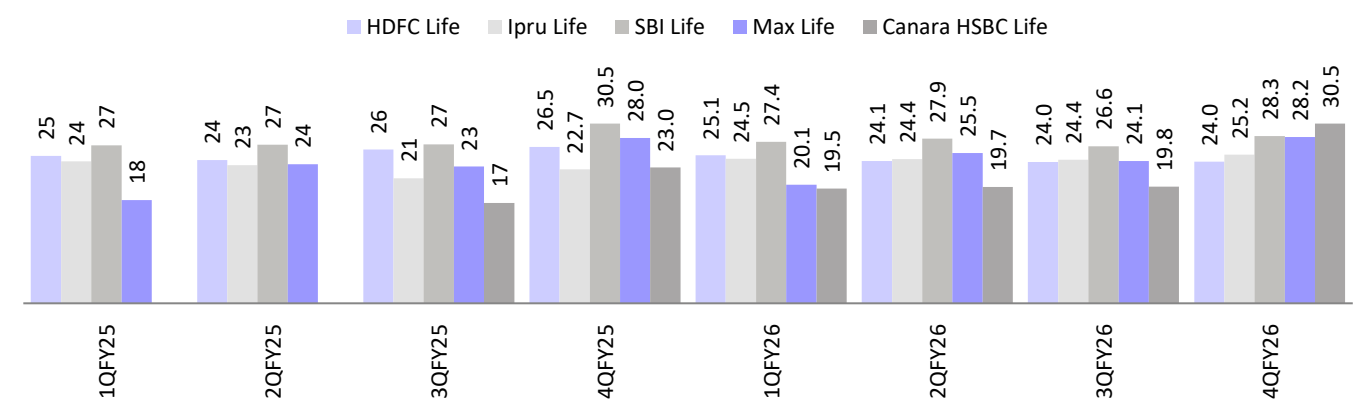
product mix and a rising share of protection, management expects margins to expand further to 22-23% for FY27, with some negative strain from agency channel ramp-up. We expect VNB margins of 22.5%/23% in FY27/28.

- **SBILIFE:** Absolute VNB declined 2% YoY to INR16.3b, impacted by GST changes, reflecting VNB margin of 28.3% for the quarter vs. 30.5% in 4QFY25. For FY26, VNB grew 12% YoY to INR66.7b with VNB margin of 27.5%, which was at the upper end of guidance of 26-28% despite GST and other one-off impacts. Excl. GST, VNB grew 18% YoY to INR70.3b, with margins at ~29%. **With an improving product mix and GST impact largely baked in, VNB margins are expected to be in the 27-28% range.** We expect VNB margins of 28%/28.5% in FY27/28.
- **MAXLIFE:** VNB grew 19% YoY to INR10.1b, resulting in a VNB margin of 28.2% vs. 28% in 4QFY25. For FY26, VNB grew 26% YoY to INR26.5b, reflecting a VNB margin of 25.2% (24% in FY25). VNB margin expansion of 20bp YoY in 4QFY26 was driven by a balanced product mix and higher business volumes post GST exemption. **We expect the VNB margin trajectory to remain stable at 26%/26.5% in FY27/28, as the company is likely to reinvest incremental margins arising from product mix shifts into growth opportunities.**
- **HDFCLIFE:** VNB declined 8% YoY to INR12.6b, resulting in a VNB margin of 24% vs. 26.5% in 4QFY25. For FY26, VNB grew 2% YoY to INR40.3b, leading to a VNB margin of 24.2% (25.6% in FY25). Excluding GST and labor code impact, VNB growth would have been broadly in line with APE growth, with margins remaining flat YoY at ~25.6% for FY26. **Continued growth in protection, recovery in non-par savings, improvement in ULIP protection mix, operating leverage, and higher rider attachment should support margin expansion going forward, while the impact loss of ITC (110bp in FY26) is expected to taper and stabilize by 1HFY27.** We expect VNB margins of 24.5%/25.5% in FY27/28.
- **IPRU Life:** VNB margin for the quarter stood at 25.2% vs. 22.7% in 4QFY25. Absolute VNB at INR9.7b grew 21% YoY. For FY26, VNB grew 11% YoY to INR26.3b, leading to a 190bp YoY expansion in VNB margin to 24.7%. The 250bp YoY expansion in VNB margin to 25.2% in 4QFY26 was a result of: 1) rise in the contribution of retail protection, and 2) expanding margins of ULIP due to higher sum assured and rise in rider attachments. We expect VNB margins of 25%/25.5% in FY27/28.

**Exhibit 3: Absolute VNB trend of listed private players (INR b); CANHLIFE sees the highest growth**



Source: MOFSL, Companies

**Exhibit 4: VNB margin trend of listed private players (%) – CANHLIFE reports best-in-class margin in 4QFY26**


Source: MOFSL, Companies

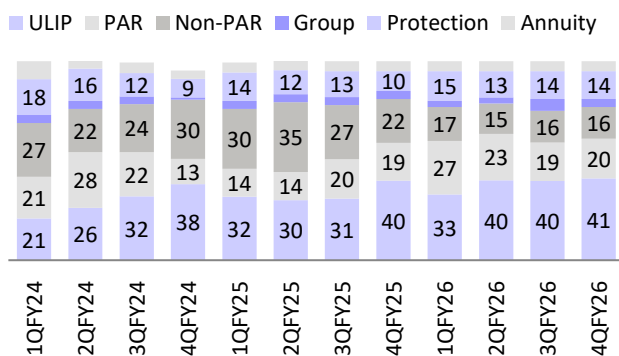
### ULIP profitability improving; rise in protection business across industry

- Product mix in 4QFY26 continued to witness a rising share of the protection segment, supported by better affordability due to GST exemption.
- Traditional products like non-par savings and par witnessed new launches, driving the growth momentum for the segment. Favorable yield curve movements will further strengthen the momentum. Annuity has seen strong traction among insurers, growing faster than company growth.
- ULIP demand remained resilient, supported by customer appetite for linked products, with higher protection and rider attachment aiding profitability. Rider APE continues to witness stellar growth during the quarter.
- This strategic shift toward value-accretive segments has contributed meaningfully to VNB margin expansion. **We expect a continued shift toward traditional products and stable growth momentum in protection segment, while ULIP profitability will continue improving as rider attachments increase.**
- **CANHLIFE:** Traditional products accounted for ~80% of mix in 4Q (vs. 39% in 9MFY26), backed by new launches in par and non-par segments, with full-year mix aligned to guidance of a balanced split between linked and traditional products. **The traditional contribution was the highest among all peers in 4Q.** Rider attachment has supported ULIP margins.
- **SBILIFE:** ULIP APE was flat YoY, contributing 52% to total APE (54.3% in 4QFY25). Low base and new product launches resulted in ~3x YoY growth in par APE, raising its contribution to 9% (3% in 4QFY25). Non-par savings declined 9% YoY. Individual protection maintained the strong growth trajectory (+30% YoY), with contribution at 7% of APE (5.5% in 4QFY25). The annuity segment saw 33% YoY growth. **While ULIPs historically dominated the mix, the company is actively shifting to non-ULIP products, with increased launches in these segments, supporting profitability improvement.**
- **MAXLIFE:** ULIP contribution fell from ~40% in 4QFY25 to ~38% in 4QFY26, with APE growing ~12% YoY. Individual protection was the fastest-growing segment, with APE growing 54% YoY in 4QFY26, taking the contribution to ~13% from 10% in 4QFY25. This was followed by non-par, which grew 23% YoY, and contribution was largely stable YoY at ~29%. Par APE grew 13% YoY, with contribution remaining stable at ~18%. **For FY26, retail protection and health APE grew 53%**

**YoY, with rider APE growing over 60%.** Group credit life witnessed growth of 25% YoY in FY26. Annuity APE witnessed strong growth of 113% YoY for FY26.

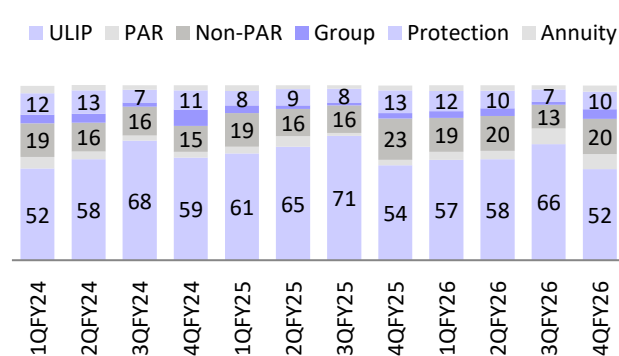
- HDFCLIFE:** Protection segment witnessed strong growth of ~42% YoY, driven by GST exemption, while ULIP and par segments grew in single digits. Individual protection contributed 7% to APE in 4QFY26 (3% in 4QFY25) and additional 3% contribution coming from riders. Annuity segment saw meaningful progress on the back of new product launch. **Non-par savings APE declined ~26% YoY, and management expects the momentum to improve as yield curve turns favorable. Product mix is expected to shift toward non-par savings, while annuity and protection are likely to grow faster than overall company growth.**
- IPRULIFE:** Non-par business declined 18% YoY owing to a high base after the launch of a new product in 4QFY25. Within the protection segment, the retail business witnessed 60% YoY growth, with its contribution to APE rising from 4.9% in 4QFY25 to 7.2% in 4QFY26, driven by the GST exemption-led boost. ULIP margins expanded, driven by higher sum assured and better rider attachment. The non-par segment faces challenges as products are benchmarked against bank FD rates, making current offerings relatively less attractive. **No pricing changes were undertaken as yield curve movements remained favorable; repricing may be considered once yields soften.**

**Exhibit 2: HDFCLIFE's product mix (%)**



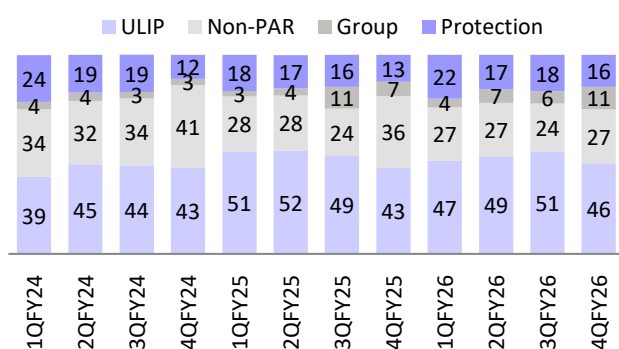
Source: Company, MOFSL

**Exhibit 3: SBILIFE's product mix (%)**



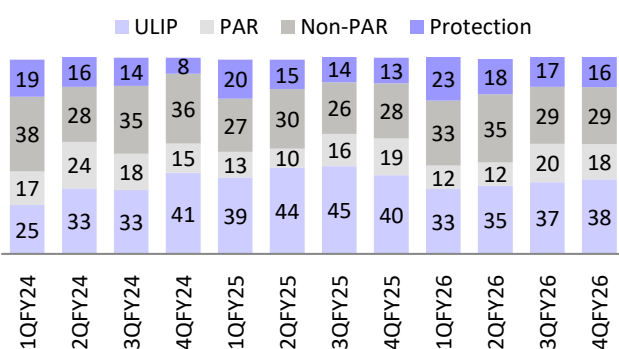
Source: Company, MOFSL

**Exhibit 4: IPRU Life's product mix (%)**

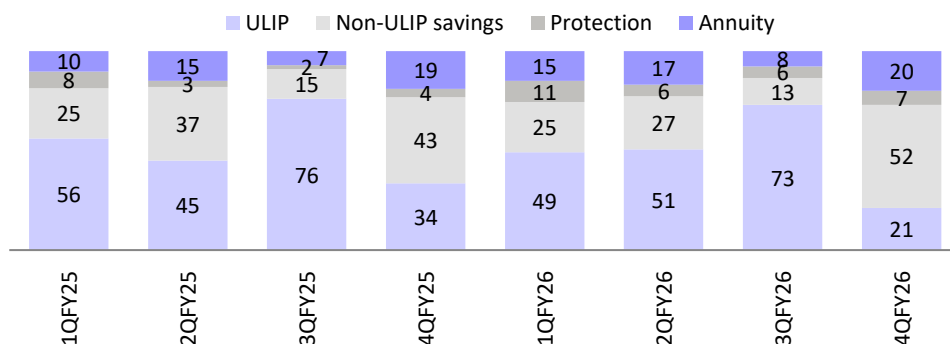


Source: Company, MOFSL

**Exhibit 5: MAXLIFE's product mix (%)**



Source: Company, MOFSL

**Exhibit 6: CANHLIFE's product mix (%)**


Source: Company, MOFSL

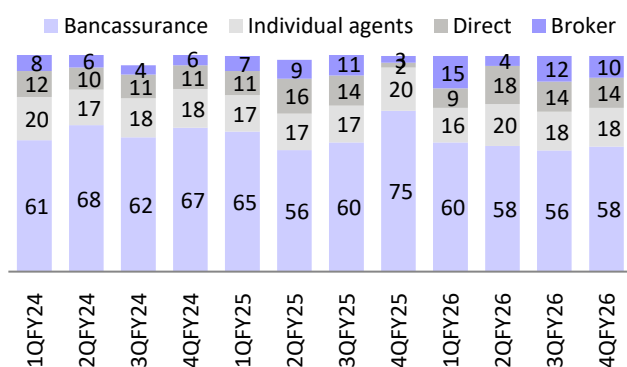
### Strong growth in non-banca channels; near-term risk from commission regulations

- Across insurers, channel performance in FY26 reflects broad-based, diversified growth, with PSU banks contributing significantly toward growth of players like SBILIFE and CANHLIFE, backed by improving productivity.
- Agency channel's growth has seen strong recovery, backed by a low base and continued investments by insurers in expansion and productivity. Alternate channels maintained growth momentum, with deepening partnerships across players.
- There has been increasing noise around commission regulations but uncertainty remains with respect to nature and intensity. If commission caps are introduced, it can lead to certain risks: (1) Bank-led insurers with high commission payouts will likely have to renegotiate, which may impact the volume of new business. While public sector banks' commission income is less than 1% of the total income, for private sector banks, it is above 3%. (2) Lower upfront commissions could impact the profitability of smaller agents, potentially reducing the agent network and slowing penetration.
- Commission (TER) regulations for AMC's in 2018 had a short-term disruption in yields and revenue growth. However, the improved transparency has resulted in strong AUM growth, leading to consistent growth momentum for AMC's.
- **Similarly, there can be some near-term disruption in the distributor economics if insurers pass on the full impact to distributors, especially among some private bank-led players where the commission rates are in high teens. For PSU-bank-led players, the impact should be lower given single-digit commission ratios. However, with better affordability, volumes will likely improve in the longer term, offsetting the impact of lower commissions.**
- **CANHLIFE:** The channel mix based on FY26 individual APE was 72% from Canara Bank, 14% from HSBC Bank, 6% from other banks, and 8% from alternate channels. The recently launched agency channel witnessed an APE of INR140m over the past six months, with the insurer investing in front-end capabilities as well as leveraging its existing branch network to support scale-up. **Agency channel is being scaled through a Tier-1-led branch strategy, targeting ~5% contribution over the next three years.** Canara Bank's branch activation stands at ~54%, improving from ~50% last year, with a further upside targeted. HSBC's

expansion through eight new branches (over its existing 26) is expected to drive further traction in that channel.

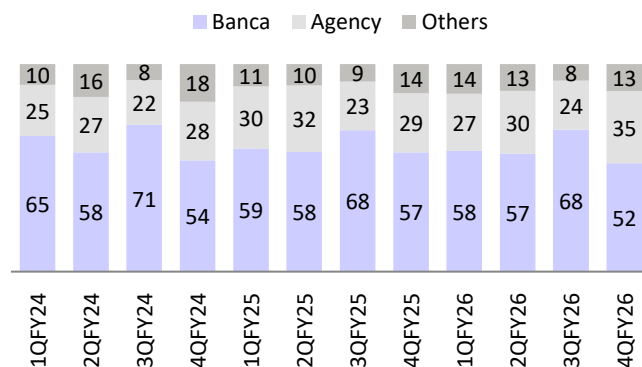
- SBILIFE:** The agency channel posted 28% YoY growth, driven by 140%/5%/30% YoY growth in par/non-par/ULIP segments. Management expects the **agency growth trajectory to remain robust with continued investments in agent hiring and productivity improvement.** Individual APE in the bancassurance channel declined 5% YoY, with ULIP/non-par down 12%/8% YoY, which was offset by ~4x YoY growth in the par segment. Other channels (brokers, digital, etc.) witnessed 28% YoY growth in individual APE, driven by 2.5x YoY growth in the par segment and 32% YoY growth in non-par, while ULIP was flat YoY.
- MAXLIFE:** The proprietary channel maintains strong growth momentum, rising 21% YoY in 4QFY26 and contributing ~40% of the APE. For FY26, offline/online proprietary channels grew 26%/32% YoY. The partnership channel APE grew 22% YoY in 4QFY26, contributing ~60% of the APE. For FY26, **Axis Bank's APE grew 8% YoY, while other partnerships maintained strong growth momentum, with APE growing 41% YoY.** ULIP contribution declined in both channels while protection and health contribution increased.
- HDFCLIFE:** The agency channel witnessed strong growth of 19% YoY, backed by continued investment toward productivity improvement. Broker/direct channel grew 13%/23% YoY, while banca channel witnessed a slowdown (+5% YoY) owing to heightened competitive intensity. **HDFC Bank channel was impacted by aggressive pricing from peers, which management believes is unsustainable and is addressing this through analytics-driven optimization of manpower allocation and selective participation.**
- IPRULIFE:** Agency/direct channels witnessed tepid performance, contributing 23%/12% to the mix, owing to the impact of high base. **IPRU is investing in enhancing its tech and analytics capabilities to improve agent productivity, while also adopting a micro-market approach.** The bancassurance channel witnessed 5% YoY growth, contributing 31.5% to the mix. The corporate agent channel continued to witness strong growth (+18% YoY), contributing 13.4% to the mix (from 12.4% in 4QFY25), with IPRU focusing on expanding partnerships as well as increasing the share of business with existing partners.

**Exhibit 7: HDFCLIFE's distribution mix (%)**

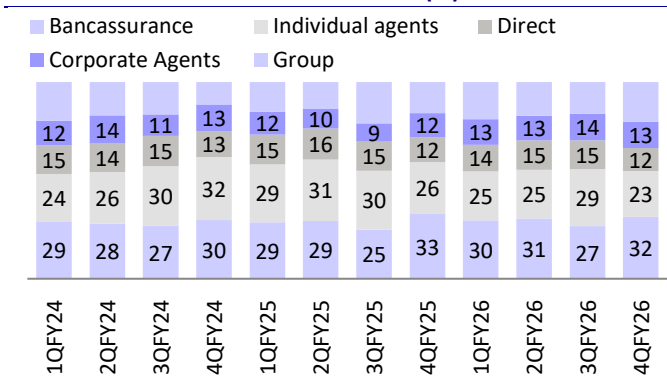


Source: Company, MOFSL

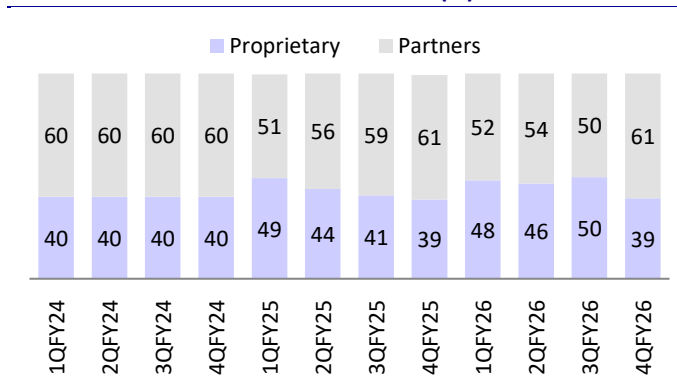
**Exhibit 8: SBILIFE's distribution mix (%)**



Source: Company, MOFSL

**Exhibit 9: IPRU Life's distribution mix (%)**


Source: Company, MOFSL

**Exhibit 10: MAXLIFE's distribution mix (%)**


Source: Company, MOFSL

**Exhibit 11: Commissions grew 18% YoY in FY25 compared to 7% YoY growth in premiums**

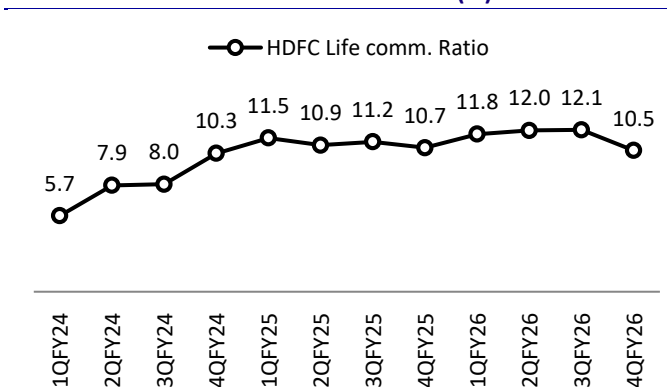
INRb	FY24			FY25			YoY growth (%)		
	Public	Private	Industry	Public	Private	Industry	Public	Private	Industry
First year premium	390	765	1,155	370	880	1,250	-5.2	15.1	8.3
Single premium	1,836	793	2,629	1,898	830	2,727	3.3	4.7	3.7
Renewal premium	2,531	1,984	4,515	2,621	2,259	4,880	3.5	13.9	8.1
<b>Total premium</b>	<b>4,758</b>	<b>3,542</b>	<b>8,299</b>	<b>4,888</b>	<b>3,969</b>	<b>8,858</b>	<b>2.8</b>	<b>12.1</b>	<b>6.7</b>
First year commission	111	168	279	100	236	336	-9.9	40.2	20.3
Single premium commission	8	45	53	8	65	72	-2.9	43.8	36.9
Renewal commission	141	42	183	146	54	200	3.3	28.0	9.0
<b>Total commission</b>	<b>260</b>	<b>256</b>	<b>515</b>	<b>253</b>	<b>355</b>	<b>608</b>	<b>-2.5</b>	<b>38.8</b>	<b>18.0</b>
First year commission %	28.4	22.0	24.2	27.0	26.8	26.9			
Single premium commission %	0.4	5.7	2.0	0.4	7.8	2.7			
Renewal commission %	5.6	2.1	4.1	5.6	2.4	4.1			
<b>Total commission %</b>	<b>5.5</b>	<b>7.2</b>	<b>6.2</b>	<b>5.2</b>	<b>8.9</b>	<b>6.9</b>			

Source: IRDAI Annual Report, MOFSL

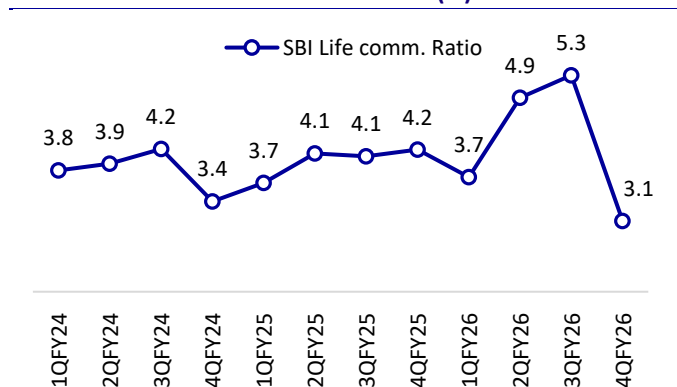
**Exhibit 12: Contribution of life insurance commissions to the revenue of key banks**

Commission from life insurance (INR m)	FY20	FY21	FY22	FY23	FY24	FY25	FY20-25 CAGR
HDFC Bank	21,828	14,814	15,565	18,993	30,593	50,270	18%
% of total income	2.7	1.6	1.5	1.6	1.9	3.0	
ICICI Bank	8,500	6,364	5,776	3,821	3,161	3,275	-17%
% of total income	1.7	1.1	0.9	0.5	0.3	0.3	
Axis Bank	6,920	9,635	11,873	13,594	19,793	27,469	32%
% of total income	1.7	2.3	2.5	2.3	2.7	3.5	
SBI	11,169	12,398	15,675	20,399	22,322	23,559	16%
% of total income	0.8	0.8	1.0	1.1	1.1	1.0	
Canara Bank	1,048	1,879	2,493	3,001	3,100	3,733	29%
% of total income	0.5	0.5	0.6	0.6	0.6	0.6	

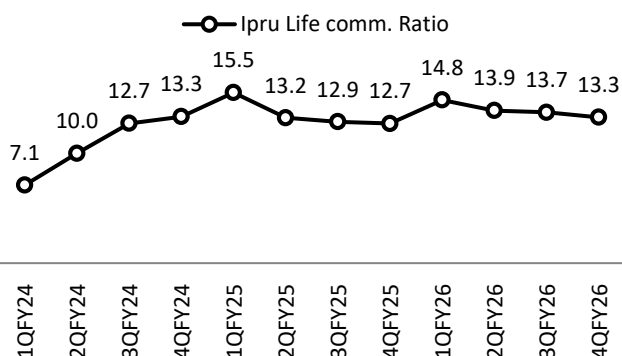
Source: IRDAI Annual Report, MOFSL

**Exhibit 13: HDFCLIFE's commission ratio (%)**


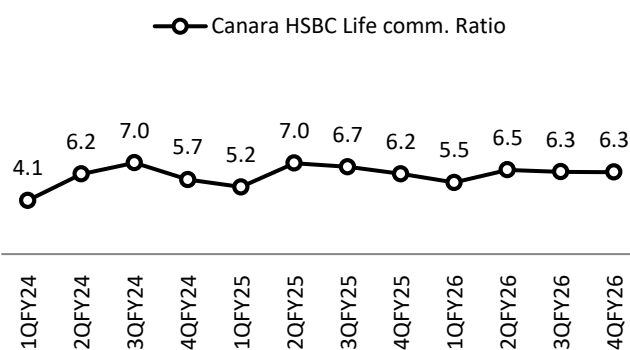
Source: Company, MOFSL

**Exhibit 14: SBILIFE's commission ratio (%)**


Source: Company, MOFSL

**Exhibit 15: IPRULIFE's commission ratio (%)**


Source: Company, MOFSL

**Exhibit 16: CANHLIFE's commission ratio (%)**


Source: Company, MOFSL

### Embedded value impacted by negative market movements, apart from GST and labor code

All players reported double-digit operating RoEV for FY26 (highest by CANHLIFE followed by SBILIFE) with negative impact from economic variances witnessed across the industry. Most players reported positive operational variances, majorly driven by persistency improvements. **We expect players to maintain their current operating RoEV trajectory going forward.**

- **CANHLIFE** reported EV of INR72.3b at the end of FY26, reflecting an operating RoEV of 20.7%. Positive operating assumption changes were reported as persistency continues to improve. Negative equity market movements resulted in negative economic variance of INR822m. **We expect operating RoEV to be in the range of 18-19% for FY27-28.**
- **SBILIFE** reported an EV of INR807.9b with operating RoEV at 19.7%, which included a positive operating variance of INR12.8b, largely driven by persistency and mortality assumptions. This was offset by an adverse impact of GST and labor code (INR5.1b) and economic assumption changes owing to corrections in equity markets (INR25.7b). **We expect operating RoEV to be in the range of 17-18% for FY27-28.**
- **MAXLIFE** reported EV of INR288.7b at the end of FY26 (post-GST and labor code impact of INR3.1b), implying an operating RoEV of 18.7% (19.1% in 12MFY25). **We expect operating RoEV to be in the range of 18-19% for FY27-28.**
- **HDFCLIFE** reported EV of INR621.4b (+12% YoY), reflecting operating RoEV of 15% for the year. **We expect operating RoEV to be in the range of 15-16% for FY27-28.**
- **IPRULIFE** reported EV of INR530b, growing 10.5% YoY, with operating RoEV at 11.9% for the year. EV was impacted by operating assumption variance of INR2.6b, persistency variance of INR2.6b, and economic assumption variance of INR7.8b. The operating assumption variance was due to the loss of ITC, persistency variance was due to an annuity product, and economic assumption variance was largely debt-driven. **We expect operating RoEV to be in the range of 12-13% for FY27-28.**

**Exhibit 17: CANHLIFE's EV Walk**

<b>INR b</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>
Opening EV					43.9	51.8	61.1
Unwind					3.4	4.1	5.1
<i>As % of opening EV</i>					7.8	7.9	8.4
VNB					3.8	4.5	6.3
<i>As % of opening EV</i>					8.8	8.6	10.3
Operating variance and assumption changes					0.9	1.6	1.2
<i>As % of opening EV</i>					2.1	3.0	2.0
Economic variances					0.2	-0.6	-0.8
<i>As % of opening EV</i>					0.6	-1.2	-1.3
Dividend/ Capital infusion					-0.5	-0.2	-0.4
Impact of GST							-0.2
<b>Closing EV</b>					<b>51.8</b>	<b>61.1</b>	<b>72.3</b>

**Exhibit 18: SBILIFE's EV Walk**

<b>INRb</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>
Opening EV	224.0	262.9	333.8	396.1	460.4	582.5	702.4
Unwind	19.0	20.6	27.3	34.1	38.1	48.8	59.3
<i>As % of opening EV</i>	8.5	7.8	8.2	8.6	8.3	8.4	8.4
VNB	20.1	23.3	37.0	50.7	55.5	59.5	66.7
<i>As % of opening EV</i>	9.0	8.9	11.1	12.8	12.1	10.2	9.5
Operating variance and assumption changes	6.8	6.3	4.5	5.8	6.9	9.5	12.7
<i>As % of opening EV</i>	2.5	2.7	1.4	1.3	1.3	1.3	1.8
Economic variances	-7.1	23.2	-4.5	-24.2	23.9	4.2	-25.7
<i>As % of opening EV</i>	-3.2	8.8	-1.3	-6.1	5.2	0.7	-3.7
Dividend/ Capital infusion	0	-2.5	-2	-2.1	-2.3	-2.1	-1.8
Impact of GST							-5.7
<b>Closing EV</b>	<b>262.8</b>	<b>333.8</b>	<b>396.1</b>	<b>460.4</b>	<b>582.5</b>	<b>702.4</b>	<b>807.9</b>

**Exhibit 19: MAXLIFE's EV Walk**

<b>INRb</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>
Opening EV	89.4	99.8	118.4	141.8	162.6	194.9	251.9
Unwind	8.1	8.6	10.3	12.5	13.7	16.2	20.5
<i>As % of opening EV</i>	9.1	8.6	8.7	8.8	8.4	8.3	8.1
VNB	9.0	12.5	15.3	19.5	19.7	21.1	26.5
<i>As % of opening EV</i>	10.0	12.5	12.9	13.7	12.1	10.8	10.5
Operating variance and assumption changes	1.0	-2.6	-2.8	-0.6	-0.6	0.1	0.2
<i>As % of opening EV</i>	1.2	-2.6	-2.3	-0.4	-0.4	0.0	0.1
Economic variances	-3.2	3.8	0.6	-10.4	-0.5	3.6	-7.1
<i>As % of opening EV</i>	-3.5	3.8	0.5	-7.4	-0.3	1.8	-2.8
Dividend/ Capital infusion	-4.6	-3.8	0	0	0	16.1	-0.2
Impact of GST							-3.1
<b>Closing EV</b>	<b>99.8</b>	<b>118.4</b>	<b>141.8</b>	<b>162.6</b>	<b>194.9</b>	<b>251.9</b>	<b>288.7</b>

**Exhibit 20: HDFCLIFE's EV Walk**

<b>INRb</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>
Opening EV	134.3	206.5	266.2	329.4	395.1	474.5	554.1
Unwind	13.7	17.4	23.0	26.2	35.0	38.4	43.6
<i>As % of opening EV</i>	10.2	8.4	8.6	8.0	8.9	8.1	7.9
VNB	19.2	21.9	26.7	36.7	32.4	39.6	40.3
<i>As % of opening EV</i>	14.3	10.6	10.0	11.2	8.2	8.3	7.3
Operating variance and assumption changes	0.3	-1.0	-5.7	1.9	1.8	1.2	-0.6
<i>As % of opening EV</i>	0.2	-0.5	-2.1	0.6	0.5	0.3	-0.1
Economic variances	-10.0	20.6	-0.5	-15.9	13.5	3.6	-10.7
<i>As % of opening EV</i>	-7.4	10.0	-0.2	-4.8	3.4	0.8	-1.9
Dividend/ Capital infusion	0.4	0.8	19.8	16.74	-3.3	-3.2	-1.9
Impact of GST							-3.6
<b>Closing EV</b>	<b>157.8</b>	<b>266.2</b>	<b>329.4</b>	<b>395.1</b>	<b>474.5</b>	<b>554.1</b>	<b>621.2</b>

Source: Company, MOFSL

**Exhibit 21: IPRULIFE's EV Walk**

INRb	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Opening EV	216.1	230.2	291.1	316.2	356.3	423.4	479.5
Unwind	17.3	16.6	20.9	27.1	30.7	33.9	35.5
As % of opening EV	8.0	7.2	7.2	8.6	8.6	8.0	7.4
VNB	16.1	16.2	21.6	27.7	22.3	23.7	26.3
As % of opening EV	7.4	7.0	7.4	8.7	6.3	5.6	5.5
Operating variance and assumption changes	-0.4	2.2	-10.6	0.2	-2.8	-2.3	-2.2
As % of opening EV	-0.2	1.0	-3.6	0.0	-0.8	-0.5	-0.5
Economic variances	-14.8	25.7	-4.4	-14.5	16.9	-0.2	-7.8
As % of opening EV	-6.8	11.2	-1.5	-4.6	4.7	-0.1	-1.6
Dividend/ Capital infusion	-4.1	0.0	-2.4	-0.3	-0.1	1.0	1.1
Impact of GST							-2.6
<b>Closing EV</b>	<b>230.2</b>	<b>290.9</b>	<b>316.2</b>	<b>356.3</b>	<b>423.3</b>	<b>479.5</b>	<b>529.9</b>

Source: Company, MOFSL

**CANHLIFE: Valuation and view**

- CANHLIFE continues to deliver industry-leading growth in 4QFY26, along with stellar VNB margin expansion, supported by a pickup in traditional segment contribution and improving product-level profitability.
- The company offers a rare multi-year compounding opportunity anchored in a structurally improving banca engine, rising contribution from premiumized HSBC flows, and disciplined agency expansion. With one of the most under-penetrated PSU-bank funnels and clear visibility on branch activation, product mix upgrades, and operating leverage, we expect the company to deliver 18-19% operating RoEV going forward.
- Post 4QFY26 results, we have maintained our APE estimates and increased VNB margin estimates by 200bp each for FY27/28, considering the strong performance in 4QFY26. This has led to 2% increase in our EV estimates for FY27/28. **We reiterate our BUY rating, maintaining a TP of INR180 (based on 1.7x FY28E EV).**

**Exhibit 5: Financials and valuations (INRb)**

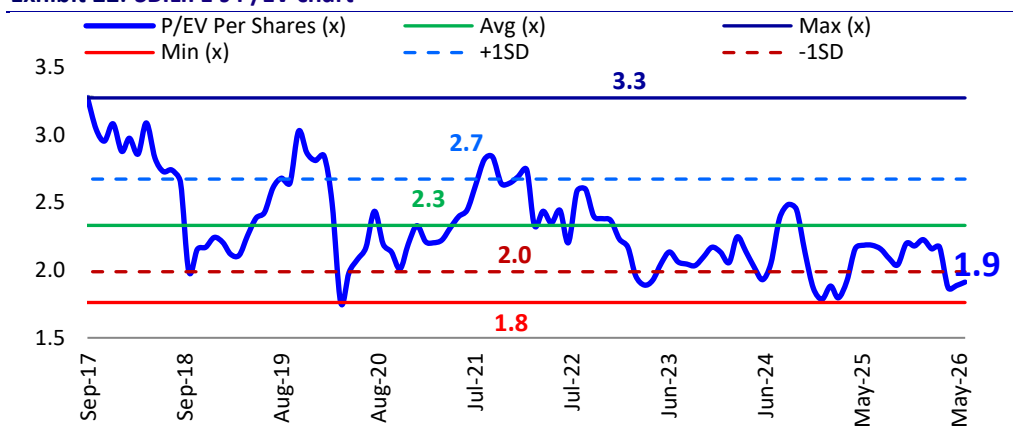
Y/E MARCH	FY25	FY26	FY27E	FY28E
Net Premiums	78.5	98.4	115.3	135.4
Sh.PAT	1.2	1.3	1.5	1.7
APE	23.4	28.0	33.6	40.3
APE growth (%)	25.0	19.8	19.9	20.1
VNB	4.5	6.3	7.6	9.3
VNB margin (%)	19.1	22.4	22.5	23.0
RoE (%)	8.0	8.1	9.0	9.8
RoEV (%)	19.5	20.7	18.6	19.1
AUM	397.5	461.0	532.8	597.6
EV per share	64	76	90	107
<b>Valuations</b>				
P/EV (x)	2.2	1.9	1.6	1.3
P/EVOP (x)	13.2	10.6	9.9	8.2

Source: MOFSL, Company

### SBILIFE: Valuation and view

- SBILIFE's 4Q VNB margin was impacted by GST changes, which was offset, to some extent, by a strong traction in protection products, rising rider attachment rates, and a shift in the product mix toward non-ULIP products. Going forward, steady traction in non-linked products is expected to drive VNB margin expansion.
- Continued investments in agency and digital channels are expected to drive overall growth, supported by a gradual growth recovery in the bancassurance channel.
- Post 4QFY26 results, we have slightly cut our APE estimates and expect ~14% CAGR over FY26-28E, resulting in 2% decline in VNB/EV estimates for both FY27/FY28. Operating RoEV is expected to remain stable at 18%. **We reiterate our BUY rating with a revised TP of INR2,350 (based on 2.1x FY28E P/EV).**

Exhibit 22: SBILIFE's P/EV chart



Source: Company, MOFSL

Exhibit 6: Financials & valuations (INR b)

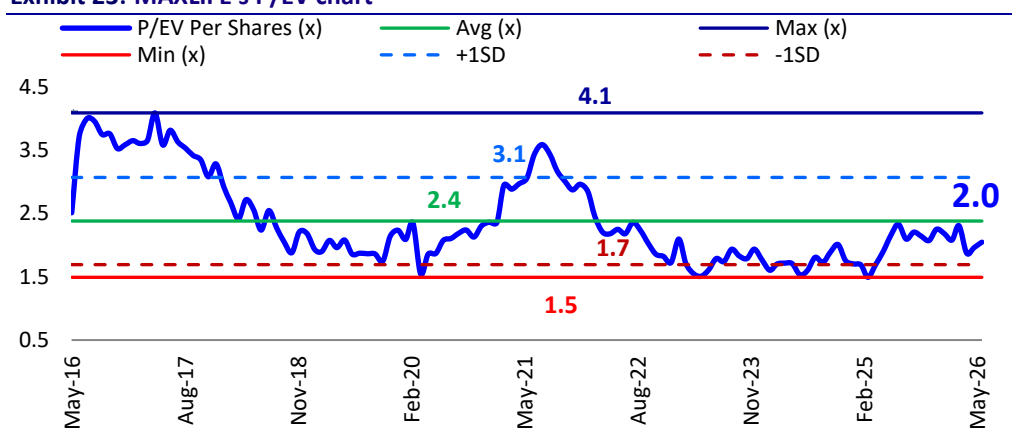
Y/E MARCH	FY25	FY26	FY27E	FY28E
Net Premiums	840.6	999.6	1,140.8	1,301.5
Surplus / Deficit	29.9	33	37	41
Sh.PAT	24.1	25	29	35
NBP gr- APE (%)	7.4	13.9	13.9	13.8
Premium gr (%)	4.4	19.2	14.1	14.1
VNB margin (%)	27.8	27.5	28.0	28.5
RoE (%)	15.1	13.7	14.2	14.8
RoIC (%)	15.4	13.8	14.2	14.8
RoEV (%)	20.6	15.0	17.6	17.5
AUM (INRt)	4.5	4.9	5.9	6.9
VNB	59.5	67	77	90
EV per share	701	805	950	1,117
<b>Valuations</b>				
P/EV (x)	2.7	2.3	2.0	1.7
P/EVOP (x)	16.1	13.7	13.1	11.2

Source: MOFSL, Company

### MAXLIFE: Valuation and view

- MAXLIFE maintains a better-than-industry APE growth trajectory. A shift in the product mix towards traditional has resulted in continued VNB margin expansion despite the impact of labor code and GST. The proprietary channel continues to drive growth across offline and online channels, while the bancassurance channel posted strong growth in non-Axis partnerships. Persistency trends improved across almost all cohorts.
- We expect the VNB margin trajectory to remain stable, as the company is likely to reinvest incremental margin arising from the product mix shifts into growth opportunities. **We reiterate our BUY rating on the stock with a TP of INR1,980, premised on 2.1x FY28E EV.**

Exhibit 23: MAXLIFE's P/EV chart



Source: Company, MOFSL

Exhibit 7: Financials and valuations (INR b)

Y/E MARCH	FY25	FY26	FY27E	FY28E
Gross Premium	332.2	388.8	450.7	522.7
PAT	4.1	1.1	4.8	5.3
APE	87.7	105.0	123.7	145.7
VNB margin (%)	24.0	25.2	25.5	25.5
Op. RoEV (%)	19.1	18.7	18.9	18.8
AUM (INRb)	1,751	1,898	2,217	2,505
VNB(INRb)	21.1	26.5	31.5	37.2
EV per Share	584	677	795	944
<b>Valuations</b>				
P/EV (x)	2.9	2.5	2.1	1.8
P/EVOP (x)	19.5	15.4	13.3	11.2

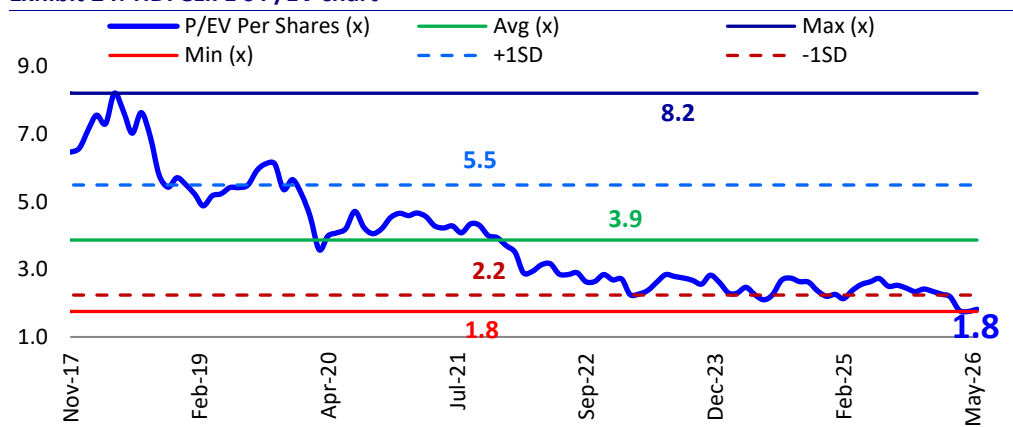
Source: MOFSL, Company

### HDFCLIFE: Valuation and view

- HDFCLIFE has witnessed a slowdown in growth at the end of 2HFY26. However, some green shoots were witnessed with respect to improvement in agency channel growth, rising protection contribution and improving ULIP margins. We expect the growth trajectory to improve, along with a stable VNB margin, driven by a diversified product mix, rising sum assured (especially in ULIPs), and improving rider attachments. While the loss of ITC has impacted profitability, the same is likely to be fully absorbed by 1HFY27, normalizing its VNB margin while maintaining a strong position in the industry.

- Post 4QFY26 results, we maintain our premium estimates but cut our VNB margin estimates by 150bp/100bp for FY27/28, considering the 4QFY26 performance and with operating RoEV near 15%. **We reiterate our BUY rating with a revised TP of INR760 (based on 2x FY28E EV).**

**Exhibit 24: HDFCLIFE's P/EV chart**



Source: Company, MOFSL

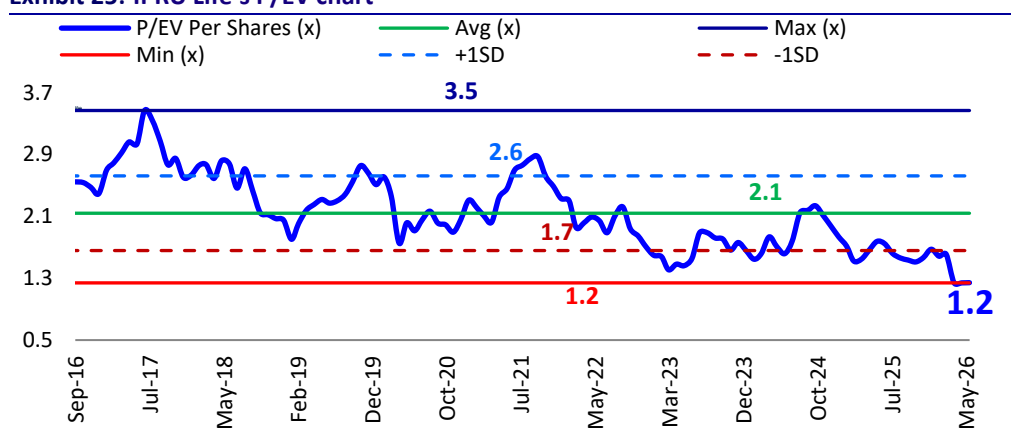
**Exhibit 8: Financials & valuations (INR b)**

Y/E MARCH	FY25	FY26	FY27E	FY28E
Net Premiums	696.2	773.2	889.3	1,023.9
PBT	18.7	19.6	21.5	24.0
Surplus / Deficit	10.4	3.4	14.2	15.3
Sh. PAT	18.0	19.1	21.5	24.0
NBP gr - APE (%)	15.8	7.2	15.0	15.0
Premium gr (%)	12.6	11.7	15.0	15.1
VNB margin (%)	25.6	24.2	24.5	25.5
RoEV (%)	16.8	12.1	14.8	15.2
Total AUM (INRt)	3.4	3.8	4.7	5.6
VNB (INRb)	39.6	40.3	46.7	56.0
EV per share	256.7	287.7	330.4	380.7
<b>Valuations</b>				
P/EV (x)	2.4	2.2	1.9	1.6
P/EVOP (x)	16.9	16.1	13.9	11.8

Source: MOFSL, Company

**IPRULIFE: Valuation and view**

- IPRU's continued efforts toward the product mix shift and increasing retail protection contribution have resulted in continued YoY expansion in VNB margin, despite the loss of input tax credit after GST exemption. In the long term, the company's profitability will be supported by higher volumes, driven by GST exemption, increased traction of non-linked products, and improved product-level margins.
- Post 4QFY26 results, we have increased our APE/VNB estimates by 1.8% each for FY27/28, considering the 4QFY26 performance. However, owing to variances in FY26, we have cut our EV estimates by 1.2% each for FY27/28. **We reiterate our BUY rating with a TP of INR650 (based on 1.4x FY28E EV).**

**Exhibit 25: IPRU Life's P/EV chart**


Source: Company, MOFSL

**Exhibit 9: Financials & valuations (INRb)**

Y/E MARCH	FY25	FY26	FY27E	FY28E
Net Premiums	472.6	513.4	587.1	669.8
Surplus / Deficit	18.0	25.5	32.4	37.1
Sh. holder's PAT	11.9	16.1	18.5	22.3
NBP growth unwt'd (%)	24.4	6.8	14.3	14.5
APE (INRb)	104.1	106.4	122.9	139.7
VNB (INRb)	23.7	26.3	30.7	35.6
VNB margin (%)	22.8	24.7	25.0	25.5
EV per share	332	365	410	461
RoEV (%)	13.3	10.5	12.2	12.5
Total AUM (INRt)	3.0	3.5	4.1	4.7
<b>Valuations</b>				
P/EV (x)	1.6	1.4	1.3	1.1
P/EVOP (x)	13.7	13.3	11.1	9.8

Source: MOFSL, Company

**Exhibit 10: Life insurance valuation comparison**

		HDFC Life			SBI Life			Max Financial			IPRU Life			Canara HSBC Life		
Rating		Buy			Buy			Buy			Buy			Buy		
CMP	INR	620			1891			1685			523			141		
Market Cap	INRb	1338			1897			581			756			134		
TP	INR	760			2340			1980			650			180		
Upside	%	22.6			23.7			17.5			24.3			27.7		
<b>Profitability</b>		<b>FY26</b>	<b>FY27E</b>	<b>FY28E</b>	<b>FY26</b>	<b>FY27E</b>	<b>FY28E</b>	<b>FY26</b>	<b>FY27E</b>	<b>FY28E</b>	<b>FY26</b>	<b>FY27E</b>	<b>FY28E</b>	<b>FY26</b>	<b>FY27E</b>	<b>FY28E</b>
VNB	INRb	40	47	56	67	77	90	26	32	37	26	31	36	6.3	7.6	9.3
VNB margin	%	24.2	24.5	25.5	27.5	28.0	28.5	25.2	25.5	25.5	24.7	25.0	25.5	22.4	22.5	23.0
EVOP	INRb	83	96	113	139	145	169	47	55	65	57	68	77	12.6	13.5	16.3
Operating RoEV	%	15.0	15.5	15.8	19.7	18.0	17.8	18.7	18.9	18.8	11.9	12.8	13.0	20.7	18.6	19.1
PAT	INRb	19	22	24	25	29	35	1	5	5	16	19	22	1.3	1.5	1.7
<b>Key Parameters</b>		<b>FY26</b>	<b>FY27E</b>	<b>FY28E</b>	<b>FY26</b>	<b>FY27E</b>	<b>FY28E</b>	<b>FY26</b>	<b>FY27E</b>	<b>FY28E</b>	<b>FY26</b>	<b>FY27E</b>	<b>FY28E</b>	<b>FY26</b>	<b>FY27E</b>	<b>FY28E</b>
APE	INRb	166	191	219	243	276	314	105	124	146	106	123	140	28.0	33.6	40.3
EV	INRb	621	713	822	808	950	1,117	289	343	407	530	595	669	72.3	85.4	101.2
AUM	INRb	3,752	4,740	5,552	4,872	5,855	6,930	1,898	2,217	2,505	3,532	4,062	4,671	461	533	598
<b>Current valuation</b>		<b>FY26</b>	<b>FY27E</b>	<b>FY28E</b>	<b>FY26</b>	<b>FY27E</b>	<b>FY28E</b>	<b>FY26</b>	<b>FY27E</b>	<b>FY28E</b>	<b>FY26</b>	<b>FY27E</b>	<b>FY28E</b>	<b>FY26</b>	<b>FY27E</b>	<b>FY28E</b>
P/EV	x	2.2	1.9	1.6	2.3	2.0	1.7	2.5	2.1	1.8	1.4	1.3	1.1	1.9	1.6	1.3
P/EVOP	x	16.1	13.9	11.8	13.7	13.1	11.2	15.4	13.3	11.2	13.3	11.1	9.8	10.6	9.9	8.2
P/VNB	x	33.2	28.6	23.9	28.4	24.5	21.2	27.5	23.0	19.6	28.8	24.6	21.2	21.4	17.7	14.4

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Explanation of Investment Rating	
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BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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