ICICI Lombard General Insurance | BUY

Strong result with an in line Combined Ratio

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ICICI Lombard (ICICIGI) reported strong results with a PAT of INR 8.2bn, +9% JMFe, +18% YoY, +10% QoQ. Combined Ratio was in line with JMFe at 105.1% (a 40bps YoY deterioration), beat came with strong investment income – with a INR 9.3bn decline in unrealized gains on book. Claims performance improved sequentially in the key fire, motor and health segments, while substantially deteriorating in crop. We expect premium growth to pick up (from 3.5%) with green shoots in fire and motor and sustained strength in retail health. With the strong results, we raise our EPS estimates by 4%/2%/1% for FY26/FY27/FY28e. We maintain BUY with a reduced target price of INR 2,222 (against INR 2,250 earlier), valuing the insurer at 32x FY27e EPS of INR 69 (against 34x FY27e EPS of INR 67 earlier).

- **While growth will optically look better from 3Q, we search for a pick-up to teens:** Against reported GDPI contraction of 2% YoY, like-to-like growth was reported at 3.5%, while NEP growth was in line at 12.5%. Industry growth in FY26 has been led by public insurers and ICICIGI has ceded market share to protect profitability. Growth in retail health and fire remained solid at 25% and 50%, respectively, while motor grew by just 1%. In motor segment, GST 2.0 and expectation of tariff hikes in Third Party can result in a pick-up in premium growth for the company. We expect NEP growth for FY26e to remain at 12% levels, before recovering to 15% over FY27-FY28e.

- **COR in line, investment performance keeps surprising positively:** Combined Ratio was in line at 105.1% (against 104.9% JMFe), with Claims Ratio at 72.1% and EOM to NWP at 33.0%. Claims performance improved sequentially in the key fire, motor and health segments, while substantially deteriorating in crop to 114%, against 96% YoY. For FY26e, we raise our Claims Ratio for crop business, resulting in a pickup in COR to 102.5% (up 25bps from earlier estimates). With competition from public insurers, we also raise FY27/FY28e COR to 102.2%/102.0% against 102.0%/101.8% earlier. Investment performance was strong, with yields of ~8.7%, however, it came with a INR 9.3bn decline in unrealized gains on book to INR 16.4bn, still a healthy number at 2.9% of investment book, even though down from INR 25.7bn in Jun'25.

- **Valuations and view – growth to drive rerating hereon:** At CMP, the stock trades at 31/27x FY26/FY27e EPS. Like-to-like GDPI growth of 3.5% (reported -2%) conceals the 12%+ net earned premiums growth, as the company has seen a decline in crop business and strong growth in retail health (and fire). However, for sustained earnings growth, we need GDPI growth to pick up. Fire has started firing, retail health remains strong and we wait for motor segment to pick up. With the strong RoE profile, we expect the stock to deliver strong returns with growth. We maintain BUY with a reduced target price of INR 2,222 (against INR 2,250 earlier), valuing the insurer at 32x FY27e EPS of INR 69 (against 34x FY27e EPS of INR 67 earlier).

Recommendation and Price Target	
Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	2,222
Upside/(Downside)	19.8%
Previous Price Target	2,250
Change	-1.2%

Key Data – ICICIGI IN	
Current Market Price	INR1855
Market cap (bn)	INR922.9/US$10.4
Free Float	49%
Shares in issue (mn)	453.9
Diluted share (mn)	453.9
3-mon avg daily val (mn)	INR1,138.6/US$12.8
52-week range	2,145/1,613
Sensex/Nifty	82,030/25,146
INR/US$	88.8

Price Performance

%	1M	6M	12M
Absolute	-2.0	7.9	-11.2
Relative*	-2.3	1.0	-11.5

** To the BSE Sensex*

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Gross premiums (INR bn)	247.8	268.3	299.8	344.0	396.1
GWP growth (% YoY)	17.8%	8.3%	11.7%	14.7%	15.2%
Net profit (INR bn)	19.2	25.1	29.9	34.1	38.6
EPS (INR)	38.9	50.6	60.3	68.7	77.8
EPS growth (% YoY)	10.6%	29.9%	19.1%	14.0%	13.2%
Combined ratio (%)	103.3%	102.8%	102.5%	102.3%	101.7%
ROE (%)	17.2%	18.0%	19.0%	19.2%	18.9%
PE (x)	57.1	43.9	36.9	32.3	28.6
BV (INR)	262.8	302.3	331.0	382.8	441.3
PBV (x)	8.5	7.4	6.7	5.8	5.0

Source: Company data, JM Financial. Note: Valuations as of 14/Oct/2025

Key concall takeaways

- **Industry COR**
  - COR for the industry deteriorated from 113.9% in 1QFY25 to 115% in 1QFY26.
- **Motor segment**
  - COR remained elevated at 125% in 1QFY26 for the industry;
  - Management is optimistic of a price hike in motor TP;
  - Claims Ratio remain within targeted 65-67% zone;
  - Growth has improved in September, with opportunities post GST 2.0, and that has sustained onto the current quarter as well.
- **Health segment**
  - **Retail health**
    - Claims Ratio improved from 70.3% in 2QFY25 to 65.4% in 2QFY26;
    - With the adoption of Elevate product, market share in retail health rose to 4%+ in Sep'25, up from 3.5% in 1Q and 2.9% in 4QFY25;
    - 1H market share stood at 3.7%.
  - **Group health**
    - Claims Ratio improved to 93.7%, from 98% in 2QFY25.
- **Commercial lines**
  - **Fire**
    - Growth picked up from 10% in 1Q to 27% in 2QFY26;
    - Growth has gradually improved as the year progressed – with a growth of 36% in Sep'25;
    - In 1Q, management had mentioned that pricing scenario had generally improved in the industry and the company will look to gain market share in the segment hereon, only if pricing is disciplined.
- **Catastrophic events**
  - Against INR 940mn in 2QFY25, cat losses came to the extent of INR 730mn in 2QFY26;
  - Excluding the impact of cat losses, COR declined by 120bps YoY to 103.8%.
- **Investment book**
  - With strong profits (being retained on book as well), the insurer's investment leverage has reduced from 3.9x to 3.6x;
  - The company is paying an interim dividend of INR 6.5 per share, which should improve leverage hereon;
  - Unrealised gains on book declined by INR 932mn to INR 16.4bn, still a healthy number – at 2.9% of investment book, even though down from INR 25.7bn in Jun'25.

Key quarterly trends

Exhibit 1. ICICIGI 2Q26: Highlights

Earnings Table (INR mn)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	YoY (%)	QoQ (%)	2Q26e	Var %	2Q26 (n basis)
GDPI	76,880	67,210	64,745	69,039	72,721	70,589	5.0%	-2.9%	69,483	69,570	3.5%
Net earned premiums	45,039	50,256	50,452	52,256	51,361	56,517	12.5%	10.0%	56,035		
Net claims incurred	33,344	35,870	33,222	37,432	37,501	40,744	13.6%	8.6%	39,785		
Net commissions	8,045	8,447	11,624	10,264	9,408	10,128	19.9%	7.7%	9,641		
Opex re. to insurance business	7,116	7,548	7,128	6,657	7,384	7,429	-1.6%	0.6%	8,025		
Underwriting result	**-3,466**	**-1,609**	**-1,523**	**-2,097**	**-2,931**	**-1,784**	**10.8%**	**-39.2%**	**-1,416**		
Investment income	8,446	8,463	8,398	6,253	9,427	8,989	6.2%	-4.6%	8,579		
Other income	35	-212	-22	3	45	321	-251.6%	608.4%	0		
Operating Profit	**5,015**	**6,642**	**6,854**	**4,159**	**6,541**	**7,527**	**13.3%**	**15.1%**	**7,163**		
Investment income-Shareholders' A/C	2,529	2,755	2,761	2,003	3,167	3,188	15.7%	0.6%	2,851		
Other income	0	1	0	593	84	9	1760.0%	-89.0%	0		
Other opex	-196	207	14	73	-144	-49	-123.8%	-65.8%	0		
Profit before tax	**7,740**	**9,190**	**9,601**	**6,682**	**9,937**	**10,773**	**17.2%**	**8.4%**	**10,014**		
Taxes	1,936	2,251	2,357	1,586	2,466	2,577	14.5%	4.5%	2,520		
Profit after taxes	**5,804**	**6,939**	**7,244**	**5,096**	**7,471**	**8,195**	**18.1%**	**9.7%**	**7,493**	**8,090**	**16.6%**
Loss ratio	74.0%	71.4%	65.8%	71.6%	73.0%	72.1%	-1.02%	-1.26%	71.0%		
EOM to NWP	28.3%	33.1%	36.9%	30.9%	29.9%	33.0%	1.65%	10.41%	33.9%		
Opex (ex-commission) ratio	13.3%	15.6%	14.0%	12.1%	13.2%	14.0%	-0.11%	6.24%	15.4%		
Combined ratio	**102.3%**	**104.5%**	**102.7%**	**102.5%**	**102.9%**	**105.1%**	**0.63%**	**2.13%**	**104.9%**	**104.5%**	**0.0%**
RoE (calc.)	19.1%	21.7%	21.5%	14.5%	20.5%	21.4%	1.38%	4.48%	19.2%	21.3%	-0.4%

Source: Company, JM Financial

Exhibit 2. ICICIGI 2Q26: Segmental loss ratios (%) - YTD

	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26
Motor OD	64%	65%	64%	64%	66%	62%	65%	67%	69%
Motor TP	60%	62%	67%	69%	60%	51%	63%	69%	65%
Health, Travel and PA	82%	79%	79%	84%	84%	81%	82%	81%	79%
Crop	89%	99%	88%	109%	96%	68%	89%	78%	114%
Fire	61%	68%	62%	79%	39%	40%	47%	81%	66%
Marine	76%	75%	73%	78%	91%	94%	80%	82%	92%
Engineering	84%	61%	64%	53%	38%	39%	37%	67%	66%
Other	64%	64%	72%	76%	68%	55%	63%	61%	61%

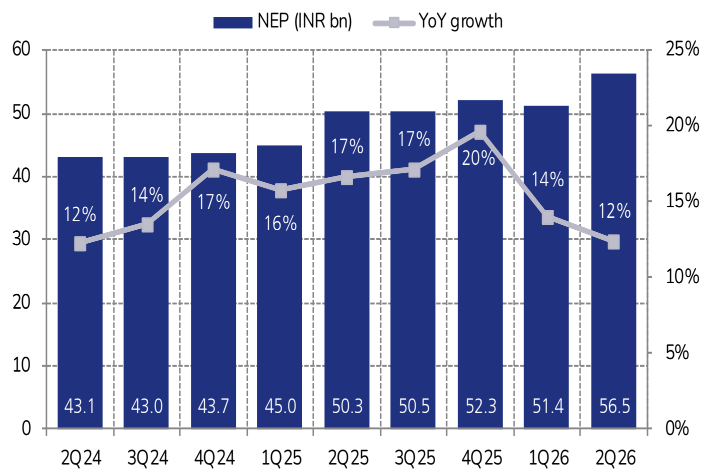
Source: Company, JM Financial

Exhibit 3. Change in estimates - JMFe

INR mn	FY26 old	FY26 new	Change %	YoY growth	FY27 old	FY27 new	Change %	YoY growth	FY28 old	FY28 new	Change %	YoY growth
Net earned premiums	221,222	221,222	0.0%	11.7%	253,800	253,800	0.0%	14.7%	291,863	292,299	0.1%	15.2%
Loss ratio	70.8%	71.1%	0.3%	0.5%	70.7%	71.0%	0.3%	-0.1%	71.6%	70.9%	-0.7%	-0.1%
EOM to NWP	31.4%	31.4%	0.0%	-0.8%	31.2%	31.2%	0.0%	-0.2%	30.2%	30.8%	0.6%	-0.5%
Combined ratio	102.2%	102.5%	0.3%	-0.3%	102.2%	102.3%	0.1%	-0.3%	101.7%	101.7%	0.0%	-0.5%
EPS (INR)	57.8	60.3	4.3%	19.1%	67.2	68.7	2.2%	14.0%	76.8	77.8	1.2%	13.2%

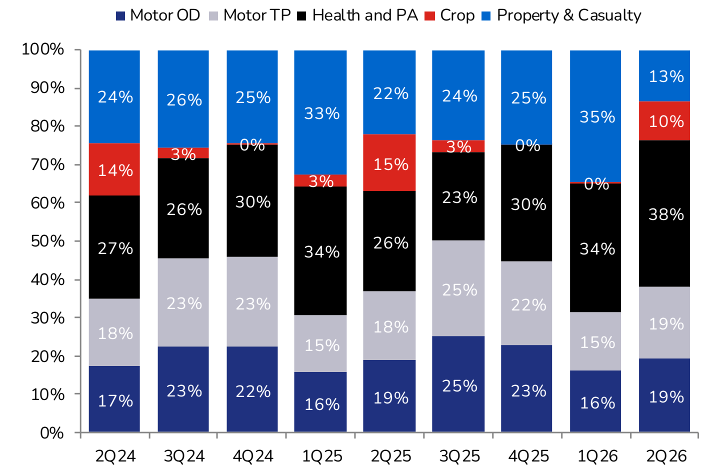
Source: Company, JM Financial

Exhibit 4. NEP and NEP growth



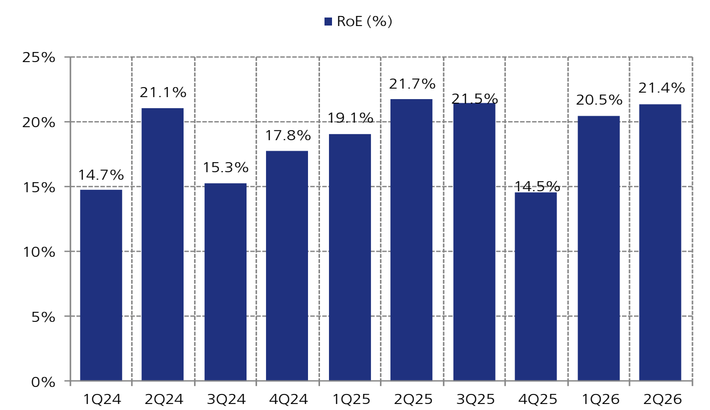
Source: Company, JM Financial

Exhibit 5. Trend in book composition



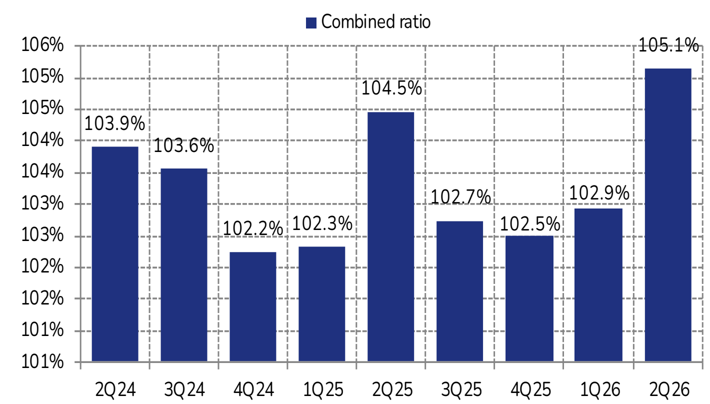
Source: Company, JM Financial

Exhibit 6. ICICIGI 2Q26: RoE (%) trends



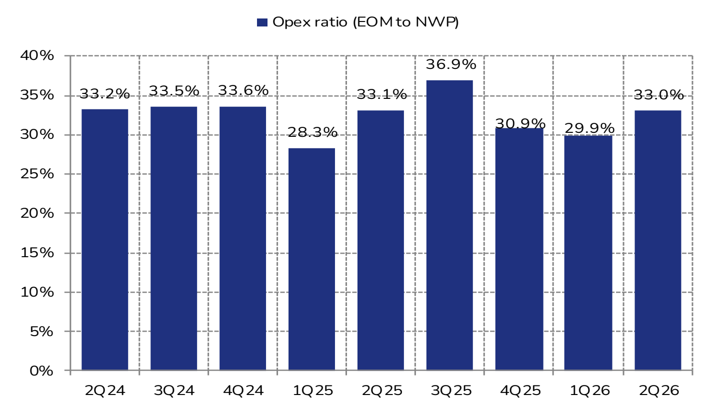
Source: Company, JM Financial

Exhibit 7. ICICIGI 2Q26: Combined Ratio (%) trends



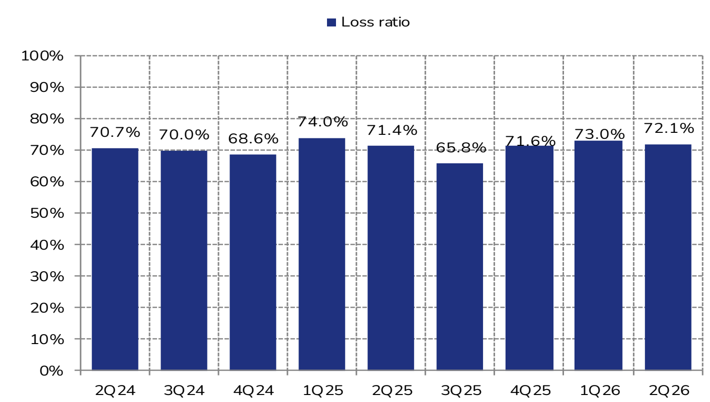
Source: Company, JM Financial

Exhibit 8. ICICIGI 2Q26: Opex ratio (%) trends



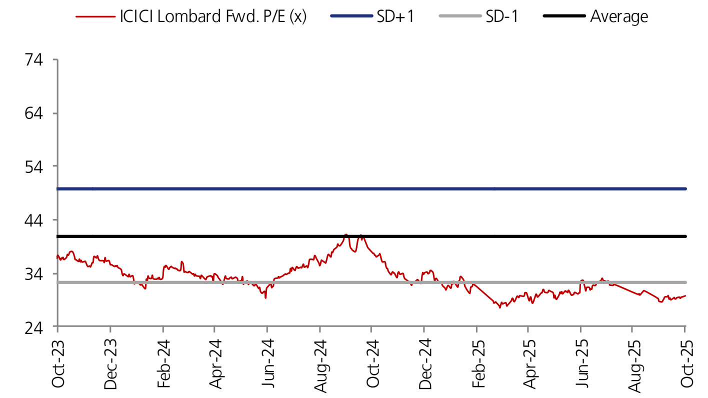
Source: Company, JM Financial

Exhibit 9. ICICIGI 2Q26: Loss Ratio (%) trends



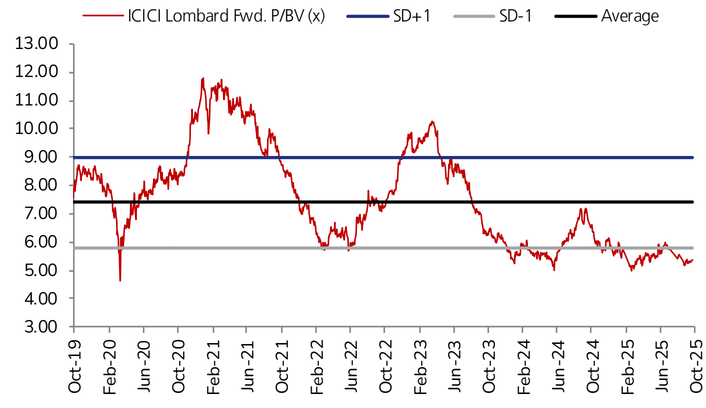
Source: Company, JM Financial

Exhibit 10. ICICIGI is trading at 1SD below its historical mean P/E



Source: Company, JM Financial

Exhibit 11. ICICIGI is trading 1SD below its historical mean P/BV



Source: Company, JM Financial

Financial Tables (Standalone)

P&L (technical account) (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Gross premiums	255,940	277,192	309,699	355,305	409,202
Net written premiums	181,652	207,611	233,446	268,253	309,382
Net Earned Premiums	168,665	198,002	221,222	253,800	292,299
Investment income	28,856	31,364	35,569	39,024	42,579
Total revenue	**197,521**	**229,366**	**256,792**	**292,824**	**334,878**
Claims Incurred (net)	119,395	139,868	157,293	180,218	207,377
Commission (net)	30,890	38,380	40,995	46,786	52,825
Opex related to insurance	28,177	28,448	32,361	37,028	42,418
Total expenses	**178,462**	**206,697**	**230,650**	**264,032**	**302,621**
Operating Profit	19,059	22,669	26,142	28,791	32,257
o.w. underwriting profit	(9,797)	(8,695)	(9,428)	(10,233)	(10,322)

Source: Company, JM Financial

P&L (Shareholder's account) (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Operating profit/(loss)	19,059	22,669	26,142	28,791	32,257
Income from investments	8,448	10,048	13,635	14,933	17,267
Total revenue	**27,559**	**33,311**	**40,460**	**44,510**	**50,427**
Total expenses	2,007	98	630	(900)	(990)
Profit / (Loss) before tax	**25,552**	**33,213**	**39,830**	**45,410**	**51,417**
Taxes	6,366	8,130	9,957	11,352	12,854
Profit / (Loss) after tax	**19,186**	**25,083**	**29,872**	**34,057**	**38,563**

Source: Company, JM Financial

Operational metrics (%)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
GWP growth	17.6	8.3	11.7	14.7	15.2
NPE growth	16.9	14.3	12.4	14.9	15.3
Retention Ratio (%)	73.3	77.4	77.9	78.0	78.1
NPE/NPW (%)	92.9	95.4	94.8	94.6	94.5
Loss Ratio (%)	70.8	70.6	71.1	71.0	70.9
Expense Ratio (%)	32.5	32.2	31.4	31.2	30.8
COR	103.3	102.8	102.5	102.3	101.7
Yield on Policyholder A/C (%)	7.9	8.3	8.8	8.7	8.7
Yield on Shareholder A/C (%)	7.9	7.6	8.7	8.4	8.5
ROA (%)	3.2	3.8	4.1	4.2	4.3
ROE (%) (ex FV)	17.2	18.0	19.0	19.2	18.9

Source: Company, JM Financial

Balance Sheet (INR mn)

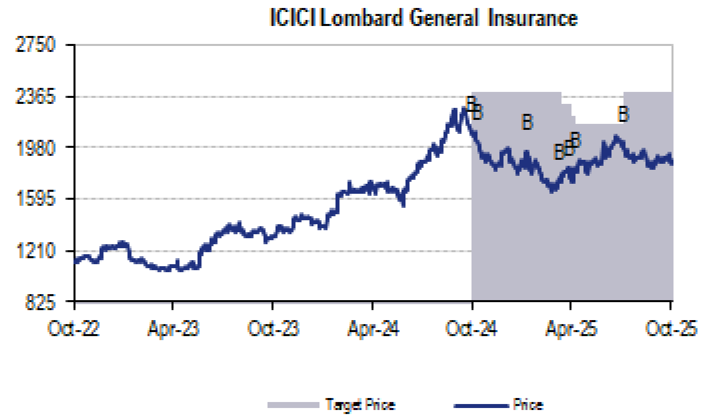
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Investments	489,072	535,078	592,801	653,612	734,449
Fixed assets	7,009	8,020	7,590	9,301	10,391
Deferred tax assets	2,926	1,691	3,036	5,919	6,612
Cash and bank balances	3,346	876	3,795	7,610	4,251
Advances and other assets - CA	130,730	144,539	151,806	169,110	188,926
Debit balance in P&L account	-	-	-	-	-
Total assets	**633,083**	**690,203**	**759,028**	**845,552**	**944,630**
Borrowings	350	-	-	-	-
Current liabilities	402,352	427,395	472,453	518,959	571,814
- Claims Outstanding (gross)	303,878	318,878	342,222	369,193	399,583
- Others	98,474	108,517	130,232	149,766	172,231
Provisions	100,888	112,967	122,475	136,850	154,036
FV Change account	100,188	109,797	121,550	135,786	152,812
Total liabilities	9,896	6,807	3,600	3,600	3,600
Equity Capital	**513,485**	**547,169**	**598,528**	**659,409**	**729,450**
Reserves and Surplus	4,927	4,957	4,957	4,957	4,957
Shareholder's equity	114,671	138,074	155,542	181,186	210,222

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
9-Oct-24	Buy	2,400	
20-Oct-24	Buy	2,400	0.0
19-Jan-25	Buy	2,400	0.0
20-Mar-25	Buy	2,300	-4.2
7-Apr-25	Buy	2,222	-3.4
16-Apr-25	Buy	2,150	-3.2
15-Jul-25	Buy	2,250	4.7

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

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New Rating System: Definition of ratings	
Rating	**Meaning**
BUY	Expected return >= 15% over the next twelve months.
ADD	Expected return >= 5% and < 15% over the next twelve months.
REDUCE	Expected return >= -10% and < 5% over the next twelve months.
SELL	Expected return < -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
Rating	**Meaning**
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

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