

Life Insurance Corporation of India

Q2FY26 Result Update | Sector: Life Insurance

November 11, 2025

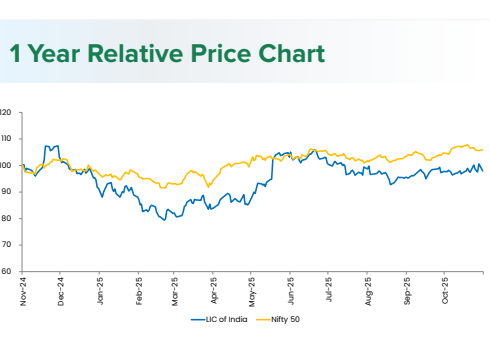
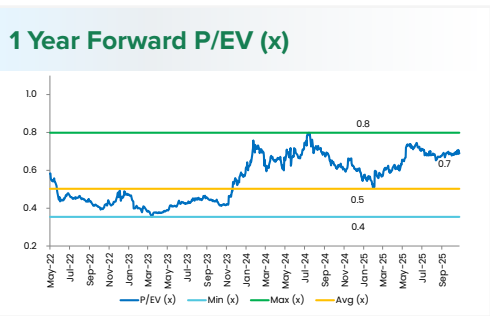




CMP	900
Target Price	1,150
Potential Upside %	27.8%
Sensex	83,171
Nifty	25,462

Key Stock Data	
Company Name	Life Insurance Corporation of India
BSE Code	543526
NSE Code	LICI
Bloomberg	LICI:IN
Shares O/S (Cr)	632.2
M.Cap (Rs.Cr)	5,69,007
3M Avg Vol	12,31,676
52 week H/L	1,007/715

Shareholding Pattern			
	Mar-25	Jun-25	Sep-25
Promoter	96.5	96.5	96.5
FII	0.1	0.1	0.1
DII	1.3	1.4	1.4
Public	2.1	2.0	2.0



ULIPs and Non-Par Products Continue to Drive Grow: For Q2FY26, LIC reported total premium income of Rs. 1,26,940 crore, up 5.5% YoY. Individual new business premium grew 2.8% to Rs. 11,750 crore, while individual renewal premium rose 6.1% to Rs. 61,000 crore. The Annualized Premium Equivalent (APE) slightly declined 0.5% YoY to Rs. 14,086 crore, with non-par APE increasing 30.5% YoY to comprise 44.3% of individual APE. ULIP sales surged 113.1% YoY, raising their individual APE share to 10.3% from 5.3% a year ago. Management remains optimistic about the sustained momentum in ULIP and non-par product growth, highlighting positive demand trends and channel diversification. They expect the GST exemption impact to drive further industry penetration and growth in coming quarters, focusing on volume growth, ticket size increases, and persistency improvements to maintain strong premium income expansion.

VNB and margin beats expectations: For Q2FY26, LIC's Net Value of New Business (VNB) rose to Rs. 3,170 crore, up 19.8% YoY from Rs. 2,647 crore in Q2FY25, reflecting effective execution in high-margin product segments. The overall net VNB margin expanded by 190 basis points YoY to 19.3% from 17.4% last year, driven primarily by an enhanced business mix with a strong scale-up of non-participating products and increased contributions from ULIPs. The individual business VNB margin improved further to around 24–25% from 23-24% in Q1FY26, supported by high-ticket non-par savings and annuity products. Management highlighted that favorable product mix and improved operating assumptions added positively to margins, partially offset by adverse economic assumptions, including a declining risk-free rate. The strategic focus remains on balancing margin enhancement with APE growth, while actively managing interest rate and persistency risks through dynamic hedging of the expanding non-par portfolio. Management remains confident in sustaining growth momentum in these segments.

LIC continues to expand and diversify its distribution channels: In Q2FY26, LIC's agency channel share in individual new business premium moderated slightly to 92.13%, while bancassurance and alternate channels strengthened, with new business premium via bancassurance up 48.2% YoY to Rs. 1,265.88 crore and alternate channels surging 114.6% YoY to Rs. 758.22 crore, together lifting these channels' share to 7.12%. The agency force totaled approximately 14.85 lakh, supported by millennial recruitment, ongoing training, and initiatives like Bima Sakhi Yojana, which has empowered 2.57 lakh women agents selling over 8.5 lakh policies in H1FY26. Digital adoption continued to gain traction, with the ANANDA app processing 8.78 lakh policies (+21.5% YoY). Management remains focused on channel diversification, agent productivity, and leveraging digital tools to sustain business momentum through multiple distribution avenues.

Valuation & Outlook: LIC's valuations remain attractive with the stock trading at a reasonable price-to-embedded value multiple of around 0.9x for FY27E. The company continues to deliver steady premium growth and sustained improvement in product mix, especially through expanding non-par and ULIP segments. Distribution diversification with strong bancassurance and alternate channel traction supports this growth. Operational efficiencies and disciplined cost management further strengthen the outlook. Given LIC's solid fundamentals, market leadership, and positive regulatory tailwinds such as the GST exemption boosting long-term penetration, the risk-reward remains favorable. Hence we maintain **BUY** with an updated target price of **Rs. 1,150**.

Financial Summary - Consolidated				
Particulars, INR Cr	FY24	FY25	FY26E	FY27E
Net premium income	4,76,831	4,89,775	5,30,928	5,76,816
Total income	4,77,521	4,90,489	5,42,988	6,01,443
Surplus/deficit	39,062	52,870	59,234	71,599
APE	56,970	56,828	62,153	68,771
VNB	9,583	10,011	11,014	11,947
Embedded Value (EV)	7,27,344	7,76,875	8,10,336	8,25,933
EV per share (Rs)	1,150	1,228	1,281	1,306
P/EV (x)	0.9	0.8	0.8	0.8

Source : RBL Research

Research Analyst

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Key Highlights:

- LIC's Net VNB for Q2FY26 surged 19.8% YoY to ₹3,170 crore, reflecting strong execution in high-margin product segments.
- The net VNB margin expanded 190 bps YoY to 19.3%, supported by a favorable shift to Non-Par products and increased ULIP contribution.
- Individual business VNB margin improved to around 24–25% from 23–24% in Q1FY26, driven by high-ticket non-par savings and annuities.
- Management emphasized the continued strategic focus on balancing margin enhancement with APE growth while managing interest rate and persistency risks through dynamic non-par book hedging.
- Premium income rose 5.5% YoY to ₹1,26,940 crore, with individual new business premiums up 2.8% and renewals up 6.1%.
- Non-Par APE increased 30.5% YoY to comprise 44.3% of individual APE; ULIP sales grew 113.1% YoY, reaching 10.3% share of individual APE.
- Agency channel's share in individual NBP slightly declined to 92.13%, while bancassurance and alternate channels grew robustly by 48.2% and 114.6%, respectively, raising their combined share to 7.12%.
- The agency force expanded to about 14.85 lakh, supported by millennial recruitment, Bima Sakhi Yojana, training, and rising digital adoption via ANANDA app.
- Management remains confident about sustaining product mix momentum and premium growth, with positive tailwinds from GST reforms expected to accelerate industry penetration.

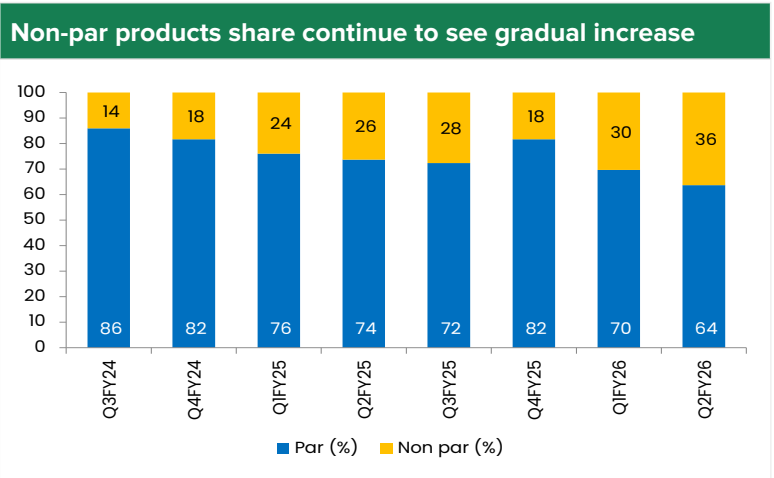
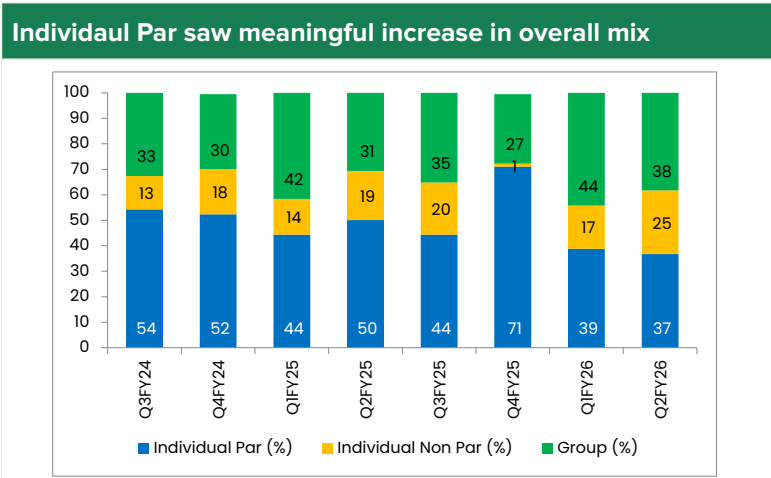
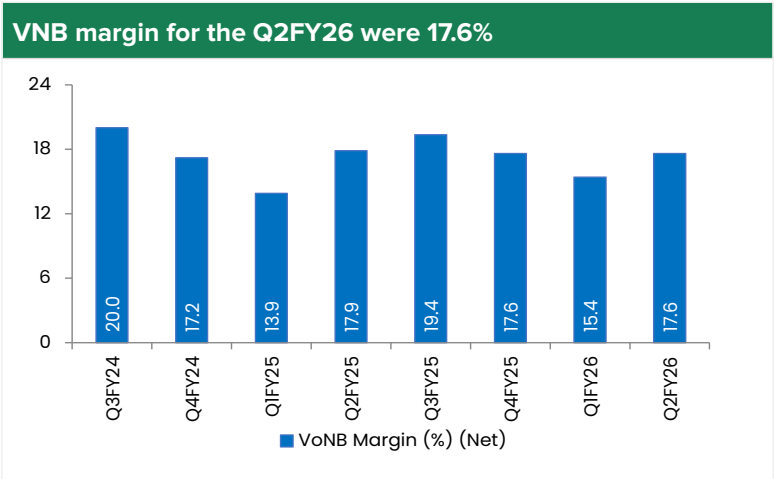
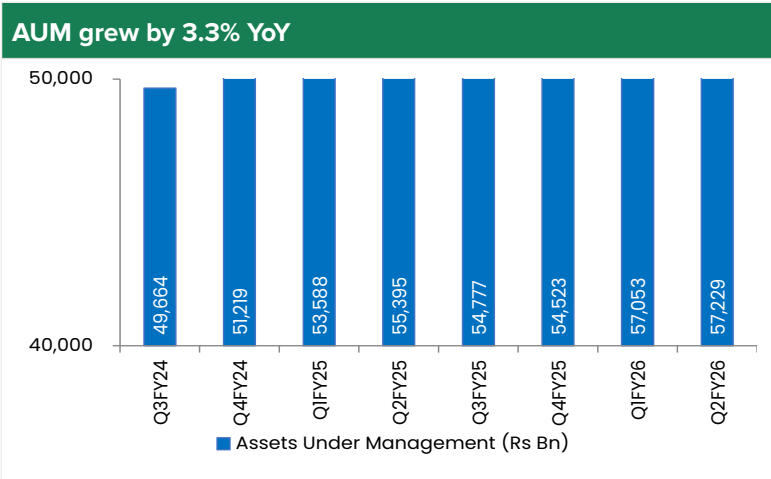
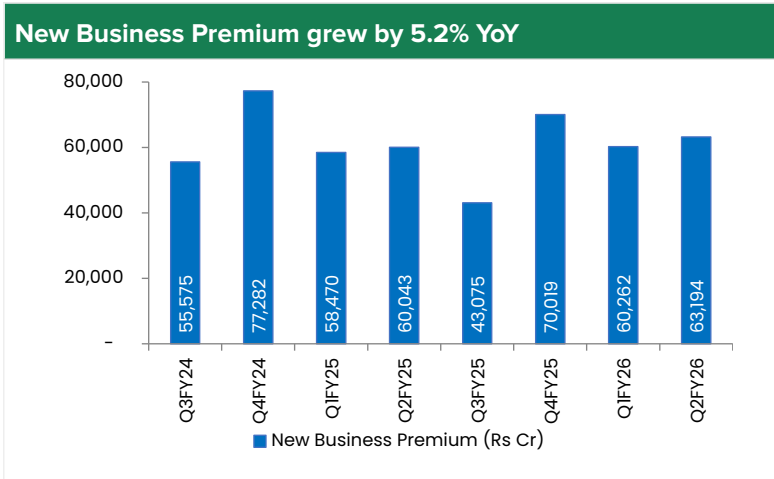
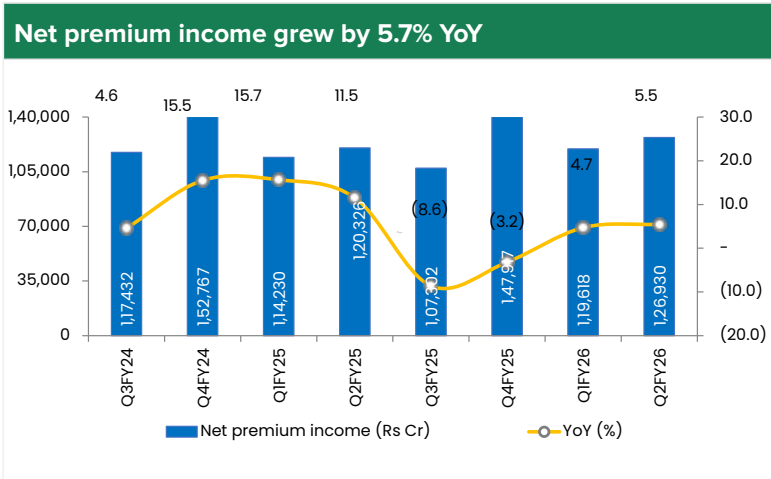
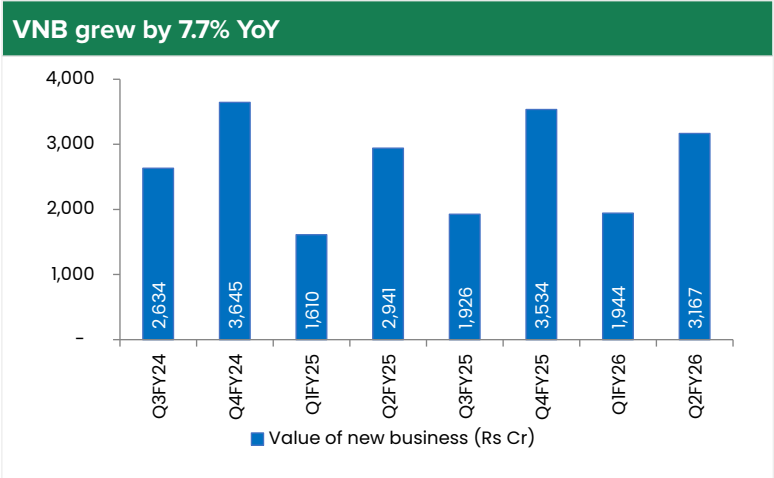
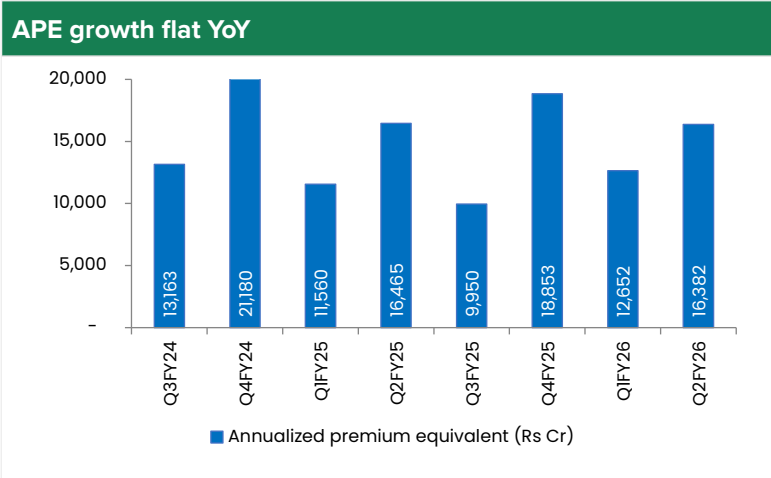
Profit & Loss Statement - Consolidated					
Particulars, INR Cr	Q2FY26	Q2FY25	Y-o-Y (%)	Q1FY26	Q-o-Q (%)
First year premium	10,884	11,245	(3.2)	7,566	43.9
Renewal premium	65,320	62,236	5.0	60,179	8.5
Single premium	50,882	46,998	8.3	52,008	(2.2)
Total premium	1,27,087	1,20,478	5.5	1,19,754	6.1
Net premium income	1,26,930	1,20,326	5.5	1,19,618	6.1
Income from investments	1,12,528	1,09,338	2.9	1,03,252	9.0
Other income	136	148	(8.3)	132	3.3
Transfer of funds from shareholders a/c	860	602	43.0	603	42.6
Total	2,40,454	2,30,413	4.4	2,23,605	7.5
First year premium	2,204	3,228	(31.7)	1,754	25.6
Renewal premium	3,398	3,662	(7.2)	3,098	9.7
Single premium	204	253	(19.4)	125	63.5
Total commission	5,806	7,143	(18.7)	4,977	16.6
Net commission	5,807	6,571	(11.6)	4,975	16.7
Expenses of management	15,308	16,370	(6.5)	12,558	21.9
Provisions and GST charges	(325)	(843)	(61.5)	(345)	-
Provision for taxes	1,422	1,139	24.9	1,616	(12.0)
Benefits paid	1,06,977	98,057	9.1	97,551	9.7
Change in actuarial liability	1,07,569	1,08,344	(0.7)	1,01,349	6.1
Total	2,30,951	2,23,067	3.5	2,12,730	8.6
Surplus/(deficit)	9,503	7,346	29.4	10,875	(12.6)
Source : RBL Research					

Shareholders Account - Consolidated					
Particulars, INR Cr	Q2FY26	Q2FY25	Y-o-Y (%)	Q1FY26	Q-o-Q (%)
Transfer from policyholders a/c	9,454	7,315	29.2	10,738	(12.0)
Investment income	2,066	1,469	40.6	1,801	14.7
Other income	48	44	8.4	45	7.2
Expenses other than insurance business	71	52	34.6	540	(86.9)
Transfer of funds to policyholders a/c	1,316	1,058	24.4	1,059	24.3
Provision for diminution in value of investments	(20)	(17)	17.7	(2)	1,185.1
Profit/(loss) before tax	10,201	7,735	31.9	10,986	(7.1)
Provisions for tax	103	6	1,512.5	29	259.3
Profit after tax and extraordinary items	10,098	7,729	30.7	10,957	(7.8)
Source : RBL Research					

PAT increased by 30.7% YoY.

Business Parameters - Consolidated					
Particulars, INR Cr	Q2FY26	Q2FY25	Y-o-Y (%)	Q1FY26	Q-o-Q (%)
Annualized premium equivalent (APE)	16,382	16,465	(0.5)	12,652	29.5
Individual new business premium	15,955	17,646	(9.6)	12,536	27.3
Group business premium	47,239	42,397	11.4	47,726	(1.0)
New Business Premium	63,194	60,043	5.2	60,262	4.9
Value of new business (VNB)	3,167	2,941	7.7	1,944	62.9
Assets Under Management (AuM)	57,22,896	55,39,516	3.3	57,05,341	0.3
VNB margin (%)	17.6	17.9	-26bps	15.4	220bps
APE - Product mix					
Individual Par	6,017	8,253	(27.1)	4,919	22.3
Individual Non Par	4,092	3,164	29.3	2,142	91.0
Total individual	10,109	11,417	(11.5)	7,061	43.2
Group	6,274	5,049	24.3	5,590	12.2
Source : RBL Research					

Story in Charts



Source: RBL Research

Technical Account - Consolidated				
Particulars, INR Cr	FY24	FY25	FY26E	FY27E
First year premium	39,198	37,199	40,493	44,078
Renewal premium	2,54,281	2,63,289	2,85,894	3,10,439
Single premium	1,84,042	1,90,001	2,16,601	2,46,925
Total premium	4,77,521	4,90,489	5,42,988	6,01,443
Net premium income	4,76,831	4,89,775	5,30,928	5,76,816
Income from investments	3,65,410	3,94,169	4,54,024	5,22,967
Other income	14,664	681	817	980
Transfer of funds from shareholders a/c	45	45	50	56
Total	8,56,951	8,87,339	9,85,819	11,00,818
Commission				
First year premium	10,435	10,334	10,123	11,020
Renewal premium	13,176	14,622	17,154	18,626
Single premium	492	765	650	741
Rewards	1,961	1,652	2,172	2,406
Net commission	26,064	25,419	27,950	30,452
Employees remuneration	39,625	26,947	33,177	40,848
Other operating expenses	8,668	8,627	9,007	9,403
Expenses of management	74,356	60,993	70,134	80,703
Provisions	(2,930)	(2,182)	(793)	803
GST charge on linked charges	134	223	443	881
Provision for taxes	5,957	7,916	8,756	9,741
Benefits paid	3,92,601	4,20,584	4,68,399	5,21,651
Change in actuarial liability	3,51,841	3,51,740	3,84,753	4,20,863
Total	8,21,960	8,39,275	9,31,693	10,34,643
Surplus/(deficit)	34,991	48,064	54,126	66,176
Share of profit in associates	4,103	4,847	5,154	5,480
Minority interest	(31)	(41)	(46)	(57)
Surplus/(deficit) after taxes	39,062	52,870	59,234	71,599

Source: RBL Research

Shareholders Account - Consolidated

Particulars, INR Cr	FY24	FY25	FY26E	FY27E
Transfer from policyholders a/c	37,649	47,422	53,129	64,220
Investment income	3,725	6,025	7,781	10,048
Other income	152	173	194	218
Expenses other than insurance business	335	743	975	1,279
Transfer of funds to policyholders a/c	45	4,540	5,163	6,285
Provisions	89	(15)	-	-
Profit/(loss) before tax	41,057	48,351	54,966	66,921
Provisions for tax	141	30	34	42
Profit/(loss) after tax	40,916	48,320	54,932	66,879

Source: RBL Research

Balance Sheet - Consolidated				
Particulars, INR Cr	FY24	FY25	FY26E	FY27E
Share capital	6,325	6,325	6,325	6,325
Reserves and surplus	76,422	1,20,901	1,75,706	2,42,431
Minority Interest (shareholders)	153	277	277	277
Sub-total	82,900	1,27,504	1,82,308	2,49,033
Borrowings	-	-	-	-
Credit/(debit) fair value change account	6,92,695	6,47,554	7,21,127	8,02,965
Policy liabilities	44,11,597	47,50,240	51,80,768	56,72,371
Minority interest (policyholders)	9	1	1	1
Discontinued due to non payment of premium	394	791	850	914
Others	14	14	14	14
Insurance reserves	28,527	35,982	39,243	42,967
Provision for linked liabilities	34,902	47,665	51,985	56,918
Sub-total	51,68,138	54,82,257	59,93,988	65,76,151
Funds for future appropriations	1,215	1,828	1,999	2,193
Total liabilities and shareholders equity	52,52,252	54,84,086	61,78,295	68,27,377
Shareholders	62,608	1,02,870	1,11,513	1,21,151
Policyholders	48,95,239	51,64,298	57,44,332	63,89,513
Assets held to cover linked liabilities	35,281	48,435	53,875	59,926
Loans	1,21,745	1,28,961	1,33,250	1,37,682
Fixed assets	4,075	4,483	4,915	5,389
Cash and bank balances	41,824	69,885	35,466	16,470
Advances and other assets	1,55,275	1,41,636	1,45,840	1,50,169
Current assets	1,97,099	2,11,521	1,81,306	1,66,639
Current liabilities	48,849	34,033	35,951	37,976
Provisions	14,946	14,946	14,946	14,946
Current liabilities	63,795	48,979	50,897	52,922
Net current assets	1,33,304	1,62,542	1,30,410	1,13,717
Total assets	52,52,252	56,11,589	61,78,295	68,27,377

Source: RBL Research

Key Ratios - Consolidated				
Particulars	FY24	FY25	FY26E	FY27E
Annualized premium equivalent (APE)	56,970	56,828	62,153	68,771
YoY (%)	0.5	(0.2)	9.4	10.6
Value of new business (VNB)	9,583	10,011	11,014	11,947
YoY (%)	4.7	4.5	10.0	8.5
VNB margin (%)	16.8	17.6	17.7	17.4
Source: RBL Research				

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Ratings Methodology

Ratings	Upside
Buy	More than 15%
Accumulate	5% - 15%
Hold	0% - 5%
Sell	Below 0%

Note: RBL Investment ratings (All ratings based on absolute return; All ratings and target price refers to 12 month performance horizon, unless mentioned otherwise).

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S No.	Statement	Answer	
		Tick Appropriate	
		Yes	No
1.	I/we or any of my/our relative has any financial interest in the subject company? (If answer is yes, nature of interest is given below this table)		No
2.	I/we or any of my/our relatives, have actual/beneficial ownership of one per cent. or more securities of the subject company, at the end of the month immediately preceding the date of the research report or date of the public appearance?		No
3.	I/we or any of my/our relative, has any other material conflict of interest at the time of publication of the research report or at the time of the public appearance?		
4.	I/we have received any compensation from the subject company in the past twelve months?		No
5.	I/we have managed or co-managed public offering of securities for the subject company in the past twelve months?		No
6.	I/we have received any compensation for brokerage services from the subject company in the past twelve months?		No
7.	I/we have received any compensation or other benefits from the subject company or third party in connection with the research report?		No
8.	I/we have served as an officer, director or employee of the subject company?		No
9.	I/we have been engaged in market making activity for the subject company?		No

2014 is/are as under:

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Nature of Interest [If answer to f (a) above conflicts is Yes]

Name(s) with Signature(s) of RA(s).

[Please note that only in case of multiple RAs and if the answers differ inter-se between the RAs, then RA specific answer with respect to

S. No.	Name of RA	Signature of RA	Serial Question of question which the signing RA needs to make a separate declaration	Answer	Answer

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