Insurance

India

Sector View: **Attractive** NIFTY-50**: 26,068** **November 23, 2025**

Anxiety and optimism

2QFY26 performance of life insurance companies reflected mixed growth trends with directional margin expansion. While loss of ITC on GST tempered performance remains a headwind, recent growth in sum assured is encouraging, providing visibility of mitigating ITC losses. Non-life companies reported improvement in claims ratios in health, with a bullish outlook on motor growth.

Margins getting better

Life insurance companies under coverage reported 1-25% VNB growth backed by 3% decline to 15% APE growth, with most (excluding HDFC Life) expanding margins by 104-189 bps yoy, reflecting higher operating leverage and product mix change; margin expansion would have been much higher but for the impact of ITC loss due to the GST cut of 50-90 bps.

GST and beyond

The impact on insurance companies of the GST exemption and measures to mitigate ITC losses was the key point of discussion in the earnings calls of life insurance companies. Exhibits 7-8 show rough estimates of VNB/EV impact on various companies, based on our rough estimates; the companies have called out an impact of 175-350 bps on VNB and up to 0.5-1% on EV on account of ITC loss on GST exemption. PAT growth for private life companies under coverage was up (16)% to 32% as compared to (51)% to 34% yoy growth reported in 1QFY26 (see Exhibit 6); part of the lower growth in 2Q reflects the impact of higher reserving due to ITC loss.

All companies are confident of neutralizing the losses and coming back to guided margin levels over the next few quarters through a combination of corrective measures, including sharing losses with distributors and enhancement of product mix; as of now, tariff hikes are not on the cards. Axis Max Life and SBI Life (290 bps and 200 bps yoy margin expansion before impact of GST cut) provided the most visibility of margin normalization; we have nevertheless cut margin estimates for many players under coverage. Exhibit 12 shows that sum assured (SA) growth was impressive at 35% for the private sector in October and 59% for the top four players, i.e., >4X APE growth for the month; while we don't expect the trend to remain as strong, it appears that SA growth will remain elevated, providing significant comfort on the ability of companies to normalize margins.

Remain assertive on life companies

We remain bullish on life companies. The recent SA trend is really encouraging. We do not expect the same to be sustained, we believe that SA growth will remain significantly ahead of APE growth, thus improving margins and reducing the protection gap. ITC loss may still have a residual margin impact for insurance companies as well as distributors. SBI Life, with improving traction and visibility to sustain margins, remains our favored pick in the sector.

Related Research

Full sector coverage on KINSITE

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2QFY26 reported muted growth owning to higher base due to SV norms

Exhibit 1: Yoy growth in total APE across life insurers, March fiscal year-ends, 2024-26 (%)

	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Aditya Birla Sun Life	34	25	24	46	26	32	(4)	26	4	23	1	21	10	45	27	34	9	16
Axis Max Life	15	24	10	13	9	11	22	25	22	14	17	13	18	33	16	11	23	15
Bajaj Life	12	(12)	3	6	1	(5)	(1)	0	(9)	(6)	4	9	7	31	1	(1)	(4)	2
Canara HSBC Life	14	260	(43)	(8)	(17)	(9)	13	(2)	28	9	28	10	33	21	65	(11)	15	15
HDFC Life	24	5	9	25	5	5	8	19	8	22	3	6	7	25	12	11	12	10
ICICI Prudential Life	23	58	8	10	(10)	(7)	(12)	(11)	(8)	(1)	(7)	(6)	3	30	27	(4)	(10)	(5)
India First	5	(14)	25	59	111	72	19	39	47	30	33	(1)	(13)	(15)	4	78	38	19
Reliance Life	(23)	1	(15)	4	(7)	(13)	0	(12)	(6)	8	7	9	45	13	(13)	(8)	(6)	8
SBI Life	7	9	16	3	(5)	0	2	9	9	12	0	19	20	6	12	0	7	10
Star Union Daichi	(18)	(4)	(24)	118	(37)	1	1	(13)	3	35	(49)	18	92	35	(16)	18	(3)	(4)
Tata AIA	6	6	16	13	7	2	(1)	12	32	36	13	(1)	17	30	10	6	16	13
Private sector	**13**	**18**	**11**	**16**	**2**	**3**	**3**	**9**	**10**	**15**	**3**	**9**	**15**	**22**	**13**	**6**	**8**	**9**
Top 4	15	17	13	12	(0)	2	4	10	7	13	2	10	13	19	15	4	8	8
Private (ex-Top 4)	**10**	**19**	**7**	**22**	**6**	**4**	**1**	**7**	**13**	**19**	**5**	**9**	**17**	**26**	**11**	**9**	**8**	**11**
Select tier-II players	9	(3)	10	10	4	(1)	(1)	6	12	14	8	3	12	30	6	3	7	8
LIC	**(5)**	**(20)**	**(27)**	**(11)**	**(21)**	**(1)**	**2**	**0**	**(2)**	**9**	**(11)**	**(16)**	**20**	**18**	**(18)**	**(9)**	**(0)**	**(7)**
Total	**6**	**3**	**(2)**	**5**	**(7)**	**2**	**2**	**5**	**5**	**13**	**(2)**	**(1)**	**17**	**20**	**1**	**0**	**4**	**3**

Source: IRDA, LI Council, Kotak Institutional Equities

Strong growth in SA in Oct 25 reflecting GST exemption tail wind

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

	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Aditya Birla Sun Life	162	109	80	105	70	50	20	44	33	43	(4)	–	–	151	110	68	34	9
Axis Max Life	12	40	21	19	19	35	13	32	31	16	21	38	79	45	23	26	26	25
Bajaj Life	111	57	93	66	54	62	43	30	6	5	(2)	9	8	115	87	61	22	4
Canara HSBC Life	(33)	145	(59)	(25)	(34)	(9)	18	(0)	49	37	64	50	135	(14)	13	(20)	22	50
HDFC Life	15	10	8	11	6	11	14	14	20	34	13	33	52	22	11	10	16	26
ICICI Prudential Life	39	52	76	57	30	19	38	19	40	21	(5)	8	59	39	56	32	31	8
India First	291	86	232	596	411	121	86	111	104	67	(51)	(39)	(60)	84	197	362	101	(29)
Reliance Life	(10)	(1)	(20)	3	(13)	(34)	19	8	3	10	4	(3)	45	19	(12)	(20)	10	3
SBI Life	70	56	37	60	55	81	54	68	90	100	73	64	45	23	50	67	73	78
Star Union Daichi	4	25	2	194	(31)	(9)	(4)	(19)	(18)	16	(7)	54	96	15	11	29	(15)	25
Tata AIA	19	36	37	23	28	(33)	(42)	32	21	24	3	–	9	58	32	(3)	7	8
Private sector	**35**	**39**	**37**	**35**	**32**	**10**	**3**	**29**	**28**	**29**	**11**	**18**	**35**	**47**	**37**	**23**	**22**	**19**
Top-4 players	29	35	29	31	22	29	25	28	39	36	20	34	59					
Top-6 players	43	41	39	38	28	35	27	29	32	30	15	27	46					
LIC	(37)	(33)	(26)	(9)	(22)	(11)	(6)	(4)	2	4	(2)	(43)	61	19	(31)	(13)	(2)	(19)
Total	**19**	**23**	**24**	**25**	**20**	**5**	**2**	**23**	**23**	**25**	**9**	**4**	**38**	**41**	**22**	**14**	**18**	**12**

Source: LI Council, Kotak Institutional Equities

Term insurance rates were revised up in March 2025

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

	Apr-23					Mar-25					Aug-25					Nov-25				
	25	30	35	40	50	25	30	35	40	50	25	30	35	40	50	25	30	35	40	50
Bajaj	7,662	9,499	12,402	16,759	34,287	7,884	9,639	12,414	16,576	33,321	7,884	9,639	12,414	16,576	33,321	7,446	8,535	10,467	14,117	28,379
Birla	10,308	12,008	14,500	18,578	36,250	8,955	10,430	13,590	17,383	34,028	9,084	10,582	13,277	17,570	34,241	7,699	8,968	11,252	14,890	29,018
HDFC	11,843	13,499	16,599	22,294	38,250	11,834	13,499	16,599	22,294	38,250	10,907	12,441	15,296	20,545	35,250	9,243	10,543	12,963	17,411	29,873
HSBC	10,025	11,395	13,570	17,415	29,111	9,852	11,307	13,464	18,813	NA	9,852	11,307	13,464	18,813	NA	8,349	9,582	11,410	15,943	NA
ICICI	11,459	13,391	16,388	20,970	37,141	9,767	11,414	14,455	19,668	35,532	9,496	11,098	14,334	19,504	36,963	8,047	9,404	12,147	16,528	31,324
MAX	9,777	11,466	14,050	18,086	42,900	9,445	10,429	12,736	17,355	42,467	9,361	10,337	12,623	17,200	42,085	7,933	8,760	10,697	14,576	35,665
SBI	11,777	13,683	16,960	23,152	41,322	11,775	13,682	16,959	23,152	41,321	11,099	13,294	16,668	23,129	41,321	9,406	11,266	14,125	19,601	33,622
Tata	9,529	11,546	14,797	19,281	37,554	9,112	10,696	13,155	17,144	33,611	8,976	10,661	13,112	17,090	33,505	7,607	9,035	11,112	14,483	28,394

	% change Apr-22 to Apr-23					% change Apr-23 to Mar-25					% change Mar-25 to Aug-25					% change Aug-25 to Nov-25				
	25	30	35	40	50	25	30	35	40	50	25	30	35	40	50	25	30	35	40	50
Bajaj	(19)	(13)	(9)	(6)	6	3	1	0	(1)	(3)	0	0	0	0	0	(6)	(11)	(16)	(15)	(15)
Birla	0	0	0	0	0	(13)	(13)	(6)	(6)	(6)	1	1	(2)	1	1	(15)	(15)	(15)	(15)	(15)
HDFC	(2)	(2)	(2)	(2)	(2)	(0)	0	0	0	0	(8)	(8)	(8)	(8)	(8)	(15)	(15)	(15)	(15)	(15)
HSBC	19	19	19	19	19	(2)	(1)	(1)	8	NM	0	0	0	0	NM	(15)	(15)	(15)	(15)	NM
ICICI	0	0	0	0	0	(15)	(15)	(12)	(6)	(4)	(3)	(3)	(1)	(1)	4	(15)	(15)	(15)	(15)	(15)
MAX	1	1	(5)	(9)	0	(3)	(9)	(9)	(4)	(1)	(1)	(1)	(1)	(1)	(1)	(15)	(15)	(15)	(15)	(15)
SBI	0	0	0	0	0	(0)	(0)	(0)	0	(0)	(6)	(3)	(2)	(0)	0	(15)	(15)	(15)	(15)	(19)
Tata	(10)	(10)	(11)	(6)	(2)	(4)	(7)	(11)	(11)	(10)	(1)	(0)	(0)	(0)	(0)	(15)	(15)	(15)	(15)	(15)

Source: Policybazaar, Kotak Institutional Equities

APE growth muted in 2Q, mixed trends between players

APE growth in 2Q was muted at 9% for private sector in 2QFY25 on a higher base that reflected strong sales before surrender value guidance came into force (Oct 2024). Trends between varied across months and between players reflecting changing strategy. Most business for the month of September was concentrated in last ten days i.e. after GST exemption.

HDFC Life had a strong July likely driven by ULIPs, while SBI Life picked up later in the quarter. While Axis Max has been strong, ICICI Prudential Life and Bajaj Life has been low throughout the period. Aditya Birla SL continues to remain strong, Tata AIA has again started to ramp up. to ramp up.

Growth in SA, reflecting growth in term business, riders or protection bundled with savings, has reported strong (19%) growth, higher than 9% growth in APE. Tailwinds post GST seem much stronger but need to sustain.

Life insurers reported moderate APE growth despite high base and margin expansion in 2QFY26

Exhibit 4: APE, VNB and VNB margins, March fiscal year-ends, 2025-26

	Key metrics						YoY (%)				
	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
APE (Rs bn)											
Axis Max Life	15	22	21	30	17	25	31.3	17.4	5.8	14.8	15.5
HDFC Life	29	39	36	52	32	42	26.7	11.8	9.7	12.5	8.6
ICICI Prudential Life	20	25	24	35	19	24	21.4	27.8	(3.2)	(5.0)	(3.3)
LIC	116	165	100	189	127	164	25.7	(24.4)	(11.0)	9.4	(0.5)
SBI Life	36	54	69	55	40	60	3.1	13.2	2.3	9.1	10.4
VNB margin (%)											
Axis Max Life	17	24	23	28	20	25	-157 bps	-404 bps	-54 bps	260 bps	189 bps
HDFC Life	25	24	26	27	25	24	-199 bps	-77 bps	43 bps	3 bps	-22 bps
ICICI Prudential Life	24	23	21	23	25	24	-458 bps	-166 bps	124 bps	47 bps	104 bps
LIC	14	18	19	19	15	19	257 bps	-65 bps	154 bps	144 bps	147 bps
SBI Life	27	27	27	30	27	28	-168 bps	-40 bps	234 bps	60 bps	118 bps
VNB (Rs bn)											
Axis Max Life	2.5	5.1	4.9	8.5	3.4	6.4	23.1	-	3.8	31.9	24.8
HDFC Life	7.2	9.4	9.3	13.8	8.1	10.1	17.1	8.6	11.5	12.7	7.6
ICICI Prudential Life	4.7	5.9	5.2	8.0	4.6	5.9	1.6	18.6	2.4	(3.2)	1.0
LIC	16.1	29.4	19.3	35.3	19.4	31.7	46.9	(26.9)	(3.0)	20.7	7.7
SBI Life	9.8	14.4	18.8	16.6	10.9	16.7	(3.0)	11.6	10.8	11.5	15.3

Source: Company, Kotak Institutional Equities

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

Exhibit 5: APE, VNB and VNB margins, March fiscal year-ends, 2023-28E

	Key metrics						yoy (%)					
	2023	2024	2025	2026E	2027E	2028E	2023	2024	2025	2026E	2027E	2028E
APE (Rs bn)												
Axis Max Life	62	74	88	101	117	136	12	19	18	15	16	16
HDFC Life	133	133	155	176	204	236	37	(0)	16	14	16	16
ICICI Prudential Life	86	90	104	109	123	140	12	5	15	5	13	13
LIC	567	570	568	597	621	639	12	1	(0)	5	4	3
SBI Life	168	197	214	244	286	334	18	17	9	14	17	17
Canara HSBC	19	19	23	26	29	33		0	24	12	12	12
VNB margin (%)												
Axis Max Life	31.2	26.5	24.0	24.8	24.7	24.4	385 bps	-465 bps	-252 bps	80 bps	-9 bps	-37 bps
HDFC Life	27.5	26.3	25.6	24.3	24.7	25.1	14 bps	-121 bps	-75 bps	-135 bps	40 bps	40 bps
ICICI Prudential Life	32.0	24.6	22.8	23.7	24.3	24.7	403 bps	-738 bps	-185 bps	93 bps	59 bps	43 bps
LIC	16.2	16.8	17.6	17.6	17.7	18.0	103 bps	67 bps	80 bps	-2 bps	10 bps	30 bps
SBI Life	30.2	28.1	27.8	27.1	27.0	27.1	426 bps	-202 bps	-37 bps	-70 bps	-8 bps	6 bps
Canara HSBC		20.0	19.1	19.5	20.0	20.5			-93 bps	43 bps	50 bps	50 bps
VNB (Rs bn)												
Axis Max Life	19	20	21	25	29	33	28	1	7	19	16	14
HDFC Life	37	35	40	43	50	59	37	(5)	13	8	18	18
ICICI Prudential Life	28	22	24	26	30	35	28	(19)	6	9	16	15
LIC	92	96	100	105	110	115	20	5	4	5	5	5
SBI Life	51	56	60	66	77	90	37	9	7	11	17	17
Canara HSBC		4	4	5	6	7			18	15	15	15

Source: Company, Kotak Institutional Equities

Moderation in PAT growth likely driven by impact of GST

Exhibit 6: PAT of life insurers, March fiscal year-ends, 2022-26 (Rs mn)

						yoy (%)									
	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	1QFY26	2QFY26	1HFY25	1HFY26	yoy (%)	2022	2023	2024	2025	yoy (%)
Axis Max Life	1,160	1,300	510	740	980	(51)	(16)	2,670	1,720	(36)	3,890	5,050	4,192	4,480	7
HDFC Life	4,352	4,213	4,754	5,484	4,483	14	3	9,142	9,966	9	12,077	13,643	15,701	18,108	15
ICICI Prudential Life	2,517	3,257	3,863	3,021	2,993	34	19	4,771	6,013	26	7,568	8,115	8,524	11,891	39
LIC	76,209	110,565	190,128	109,865	100,533	5	32	180,819	210,398	16	41,247	362,585	435,143	528,602	21
SBI Life	5,294	5,508	8,135	5,944	4,946	14	(7)	10,489	10,890	4	15,060	17,184	18,938	24,133	27

Source: Company, Kotak Institutional Equities

Varied response to GST exemption

The impact of ITC loss resulting from the GST exemption varies from ~ 175 -350 bps across players. The reaction also varied across major players, as LIC and SBI Life prioritized growth and product mix shift to offset the drag of ITC loss. HDFC Life, ICICI Prudential Life and Axis Max Life are actively engaged in renegotiations with distributors and vendors to share the cost impact. Companies also noted that the benefit of the GST exemption, fully passed on to customers, is expected to stimulate higher overall demand and improve persistency over time.

Most players have called out the impact of ITC loss at 175-350 bps

Exhibit 7: Management guidance on impact of ITC loss due to GST exemption

	Impact on VNB margin (bps)	Impact on EV (% of EV)
Axis Max Life	350	1.0
HDFC Life	300	0.5
ICICI Pruential Life	NA	NA
LIC	NA	0.5
SBI Life	175	0.8

Source: Company

We had estimated 300-400 bps margin impact for HDFC Life and ICICI Prudential Life

Exhibit 8: Impact of GST exemption for HDFC Life and ICICI Prudential Life, March fiscal year-ends, 2024-25 (Rs mn)

	Impact on VNB margin (bps)		Impact on EV (%)	
	2024	2025	2024	2025
HDFC Life				
Commission(1)	47,345	72,457	5,219	5,896
Operating expenses (2)	62,241	55,996	6,916	6,222
Share of group APE (3, %)	11.7	11.1	11.7	11.1
ITC disallowance (4)	11,922	15,577	1,135	1,220
Increase in expenses (%)	10.9	12.1	9.4	10.1
Reported sensitivity to increase in expenses (5, %)	2.5	2.5	0.9	0.9
Decline in VNB margins (bps)	272	303		
EV impact (%)			0.8	0.9
Reported EV impact (%)			0.5	0.5
ICICI Prudential Life				
Commission(1)	26,392	35,586	4,650	5,553
Operating expenses (2)	37,220	35,744	4,136	3,972
Share of group APE (3, %)	11.3	13.1	11.3	13.1
ITC disallowance (4)	5,865	7,120	926	1,041
Increase in expenses (%)	9.2	10.0	10.5	10.9
Reported sensitivity to increase in expenses (5, %)	3.9	3.9	0.7	0.7
Decline in VNB margins (bps)	360	389		
EV impact (%)	-	-	0.7	0.8
Reported EV impact (%)			1.0	1.0

Source: Company, Kotak Institutional Equities estimates

We had estimated 300-400 bps margin impact for Axis Max Life and SBI Life

Exhibit 9: Impact of GST exemption for Axis Max Life and SBI Life, March fiscal year-ends, 2024-25 (Rs mn)

	Impact on VNB margin (bps)		Impact on EV (%)	
	2024	2025	2024	2025
Axis Max Life				
Commission(1)	19,583	30,043	4,399	4,880
Operating expenses (2)	36,775	40,626	4,086	4,514
Share of group APE (3, %)	2.5	1.8	2.5	1.8
ITC disallowance (4)	5,230	7,305	971	1,084
Increase in expenses (%)	9.3	10.3	11.4	11.5
Reported sensitivity to increase in expenses (5,%)	4.0	4.0	0.9	0.9
Decline in VNB margins (bps)	371	413		
EV impact (%)			1.0	1.0
Reported EV impact (%)			1.0	1.0
SBI Life				
Commission(1)	20,645	22,187	10,406	11,996
Operating expenses (2)	35,837	40,417	3,982	4,491
Share of group APE (3, %)	7.7	4.5	7.7	4.5
ITC disallowance (4)	5,084	5,744	1,913	2,276
Increase in expenses (%)	9.0	9.2	13.3	13.8
Reported sensitivity to increase in expenses (5,%)	1.8	1.8	0.6	0.6
Decline in VNB margins (bps)	162	165		
EV impact (%)			0.8	0.8
Reported EV impact (%)			0.2	0.2

Source: Company, Kotak Institutional Equities estimates

SBI Life and LIC gain share

Unlisted players and government backed entities like SBI Life and LIC gained market share in October 2025. Large private players like HDFC Life and ICICI Prudential life reported 90-100 bps yoy decline in market share. Sum assured growth was strong at 35% for private players in October 2025. SA growth momentum has doubled for the top four private players likely indicating pickup in protection growth post GST cut.

Smaller players continued to gain market share in 1HFY26

Exhibit 10: Trend in adjusted individual business market share, March fiscal year-ends, 2014-26 (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	1HFY26
Aditya Birla Sunlife	1.8	1.8	1.5	1.7	1.7	2.4	2.3	2.6	2.5	2.9	2.8	3.4	3.5
Axis Max Life	3.9	4.8	4.8	5.0	5.1	5.6	5.5	6.4	6.2	5.8	6.4	6.9	7.2
Bajaj Allianz	2.2	1.9	1.6	1.9	2.2	2.5	2.6	3.3	4.2	5.0	5.8	5.9	5.8
Canara HSBC	0.6	0.8	1.0	1.2	1.3	1.3	1.3	1.4	1.6	1.6	1.6	1.8	1.8
HDFC Life	5.2	7.3	7.6	6.8	7.5	8.2	9.0	10.0	10.1	10.8	10.4	11.1	11.9
ICICI Prudential	7.2	11.3	11.3	12.0	11.8	10.3	9.0	7.2	7.2	6.5	6.6	6.9	6.1
Reliance Life	2.5	3.0	2.0	1.3	1.1	1.3	1.2	1.2	1.1	1.0	1.0	0.9	0.9
SBI Life	6.2	7.7	9.7	11.2	12.3	12.9	13.3	13.5	14.7	14.6	15.8	16.1	16.1
Tata AIA	0.5	0.6	1.4	2.0	2.2	3.2	3.7	4.5	5.1	6.8	6.8	7.1	7.7
Private sector	**37.9**	**48.9**	**51.5**	**53.9**	**56.2**	**58.0**	**57.2**	**59.7**	**62.9**	**65.8**	**67.8**	**70.6**	**71.3**
LIC	**62.1**	**51.1**	**48.5**	**46.1**	**43.8**	**42.0**	**42.8**	**40.3**	**37.1**	**34.2**	**32.2**	**29.4**	**28.7**
Top 4	22.5	31.1	33.3	35.0	36.6	37.0	36.9	37.2	38.2	37.7	39.3	41.0	41.3
Private (ex-top 4)	**15.4**	**17.9**	**18.1**	**18.9**	**19.6**	**21.0**	**20.3**	**22.5**	**24.7**	**28.0**	**28.5**	**29.6**	**30.0**
Select tier-II players	2.7	2.5	3.0	3.9	4.4	5.7	6.3	7.8	9.3	11.8	12.6	12.9	13.5

Source: LI Council, Kotak Institutional Equities

Smaller players gained market share in October 2025

Exhibit 11: Trend in adjusted individual business market share, October 2024-October 2025 (%)

	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25
Aditya Birla Sunlife	3.4	3.5	3.5	3.6	3.8	4.2	2.7	3.9	3.8	3.3	3.2	3.8	3.0
Axis Max Life	7.0	7.2	6.9	6.2	7.7	8.7	6.4	7.0	7.2	6.7	7.8	7.9	6.9
Bajaj Life	6.3	4.8	5.0	5.3	6.6	6.3	5.9	5.7	5.3	5.6	5.9	6.2	5.7
Canara HSBC Life	1.8	5.8	0.8	1.4	1.4	1.7	1.8	1.6	1.9	1.6	1.9	2.0	1.9
HDFC Life	10.8	10.5	10.2	12.3	12.8	10.9	11.5	12.5	12.2	12.6	11.6	11.0	9.9
ICICI Prudential Life	7.5	6.7	5.5	6.5	7.8	7.3	6.1	6.3	5.8	6.2	6.2	6.1	6.5
PNB Met Life	1.6	2.3	2.0	1.9	2.3	1.9	2.1	1.7	1.7	2.0	2.1	1.8	1.7
Reliance Life	0.7	0.8	0.8	0.8	0.9	0.9	1.5	0.7	0.9	0.8	0.8	1.0	0.9
SBI Life	18.3	17.9	27.1	17.5	12.6	9.4	15.3	15.9	15.2	17.0	16.0	16.6	18.3
Tata AIA	6.7	6.1	7.9	6.6	7.0	7.9	7.0	7.6	8.3	7.6	7.3	8.2	6.7
Private sector	72.4	74.0	77.7	72.0	73.4	69.8	66.5	69.6	70.4	71.7	71.9	74.7	70.2
Top 4 players	43.6	42.3	49.7	42.5	41.0	36.3	39.3	41.6	40.4	42.5	41.6	41.6	41.7
Private (ex-top 4)	28.8	31.6	28.0	29.5	32.4	33.5	27.2	28.0	30.0	29.2	30.3	33.1	28.6
Select tier-II players	13.0	10.9	12.9	11.9	13.6	14.2	12.9	13.2	13.6	13.1	13.2	14.4	12.3
LIC	27.6	26.0	22.3	28.0	26.6	30.2	33.5	30.4	29.6	28.3	28.1	25.3	29.8

Source: LI Council, Kotak Institutional Equities

High growth in sum assured during October 2025

Exhibit 12: Sum assured growth yoy for select insurers, October 2024-October 2025 (%)

	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25
Aditya Birla Sun Life	162	109	80	105	70	50	20	44	33	43	(4)	—	—
Axis Max Life	12	40	21	19	19	35	13	32	31	16	21	38	79
Bajaj Life	111	57	93	66	54	62	43	30	6	5	(2)	9	8
Canara HSBC Life	(33)	145	(59)	(25)	(34)	(9)	18	(0)	49	37	64	50	135
HDFC Life	15	10	8	11	6	11	14	14	20	34	13	33	52
ICICI Prudential Life	39	52	76	57	30	19	38	19	40	21	(5)	8	59
India First	291	86	232	596	411	121	86	111	104	67	(51)	(39)	(60)
Reliance Life	(10)	(1)	(20)	3	(13)	(34)	19	8	3	10	4	(3)	45
SBI Life	70	56	37	60	55	81	54	68	90	100	73	64	45
Star Union Daichi	4	25	2	194	(31)	(9)	(4)	(19)	(18)	16	(7)	54	96
Tata AIA	19	36	37	23	28	(33)	(42)	32	21	24	3	—	9
Private sector	**35**	**39**	**37**	**35**	**32**	**10**	**3**	**29**	**28**	**29**	**11**	**18**	**35**
Top-4 players	29	35	29	31	22	29	25	28	39	36	20	34	59
Top-6 players	43	41	39	38	28	35	27	29	32	30	15	27	46
LIC	(37)	(33)	(26)	(9)	(22)	(11)	(6)	(4)	2	4	(2)	(43)	61
Total	**19**	**23**	**24**	**25**	**20**	**5**	**2**	**23**	**23**	**25**	**9**	**4**	**38**

Source: LI Council, Kotak Institutional Equities

Long-term growth implications are benign for most players

Exhibit 13: Kotak estimates versus market price implied estimates, September 2027E

	FV (Rs)	AV/EV (X)	EV/share (Rs)	NBM (X)	VNB/share (Rs)	Long term growth (%)	Cost of equity (%)
Axis Max Life							
Kotak estimates	1,700	2.2	767	14.6	64	8.7	13.0
CMP implied	1,661	2.2	767	13.9	64	8.2	13.0
HDFC Life							
Kotak estimates	900	2.4	368	19.7	27	10.0	13.0
CMP implied	763	2.1	368	14.6	27	7.0	13.0
ICICI Pru Life							
Kotak estimates	765	1.7	451	13.9	23	9.3	13.5
CMP implied	610	1.4	451	7.1	23	2.4	13.5
SBI Life							
Kotak estimates	2,300	2.2	1,036	15.5	81	9.2	13.0
CMP implied	2,018	1.9	1,036	12.1	81	7.6	13.0

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Decline in back book surplus for Axis Max Life resulted in underwriting loss in 2QFY26

Exhibit 14: PAT and surplus for Axis Max Life, March fiscal year-ends, 2020-26 (Rs bn)

	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	YoY (%)	2020	2021	2022	2023	2024	2025	YoY (%)
Undewriting profits	**0.8**	**0.0**	**(0.6)**	**(0.6)**	**(1.2)**	**(244)**	**4.3**	**3.8**	**1.5**	**2.5**	**0.2**	**(0.4)**	**(271)**
New business strain	(5.6)	(5.4)	(5.7)	(6.1)	(6.4)	14	(7.6)	(8.6)	(9.3)	(13.2)	(16.0)	(21.2)	32
Backbook surplus	6.4	5.4	5.1	5.6	5.1	(20)	11.9	12.4	10.8	15.6	16.3	20.8	28
Shareholders surplus	1.2	1.1	1.2	1.2	2.1	79	1.1	1.4	2.4	1.9	3.4	4.5	33

Source: Company, Kotak Institutional Equities

Back book surplus up 13.5% yoy for HDFC Life in 2QFY26

Exhibit 15: PAT and surplus for HDFC Life, March fiscal year-ends, 2021-26 (Rs bn)

	Merged	Merged	Merged	Merged	Merged	yoy			yoy			Merged	Merged	Merged	yoy
	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	(%)	1HFY25	1HFY26	(%)	2021	2022	2023	2024	2025	(%)
PAT	4.4	4.1	4.8	5.5	4.5	3.0	9	10.0	9	13.6	12.1	13.6	15.7	18.0	14.6
Underwriting profits	1.9	2.1	2.4	3.0	1.7	(10.5)	5	4.7	2	7.3	4.4	5.9	6.7	9.1	35.8
New business strain	(11.4)	(12.7)	(16.8)	(13.3)	(13.4)	NM	(23)	(26.7)	NM	(25.0)	(30.5)	(38.3)	(45.5)	(52.4)	15.2
Existing business surplus	13.3	14.8	19.1	16.3	15.1	13.5	28	31.4	14	32.3	34.9	44.2	52.2	61.4	17.6
Shareholder's surplus	2.3	2.0	2.5	2.4	2.8	21.7	5	5.2	16	6.3	7.7	7.7	8.9	9.0	1.1
Solvency (%)	181	188	194	192	175	-600 bps	181	175	-600 bps	201	176	203	187	186	-100 bps

Source: Company, Kotak Institutional Equities

Player-wise 2Q results summary:

- **Axis Max Life reported strong VNB growth.** Axis Max Life reported 23% growth in VNB during 2QFY26 (our estimate of 13% growth) on the back of 15% growth in APE and expansion in VNB margin to 25.5%, up 189 bps. Excluding the impact of GST, margins would have been about 26.5% in 2Q, i.e., up 289 bps yoy, reflecting the change in product mix, a favorable yield movement and some operating leverage. The share of ULIPs declined by 934 bps to 34.7% of APE, while non-par increased 433 bps to 34.7% of APE. Protection ramped up 267 bps to 12.7%, while group protection declined a bit. Operating RoEV was reported at 16.3%, with a 7% increase in EV during the period; the impact of ITC loss on account of GST exemption for life policies was 1% of EV.

- **Modrate VNB growth for HDFC Life.** HDFC Life reported a moderate 8.6% yoy APE growth and 20 bps yoy VNB margin compression, leading to 7.6% yoy VNB growth. Shift in product mix (up 90 bps yoy in 2Q and 300 bps for full year) offset the impact of GST norms (down 50 bps), surrender regulations (down 30 bps) and fixed cost absorption (down 60 bps), leading to a 50 bps yoy VNB margin compression on a like-for-like basis. ULIP, par and protection were up 41-104%, driving overall APE growth. Elevated competition in guaranteed return products has led to a 53% yoy decline in non-par APE in 2QFY26. Agency and direct reported strong growth of 25-35% yoy, while bancassurance growth was muted at 7% yoy.

- **Muted VNB growth of ICICI Prudential.** ICICI Prudential Life reported 1% VNB growth on the back of 104 bps VNB margin expansion and 3% APE decline in 2QFY26. The company has improved the product mix, with an increase in the share of non-par business (about 50% of non-linked business) to 11% of overall APE versus 7% last year. The growth in sum assured was strong at 17.2%. A low base for 4Q (3% decline in 4QFY25 versus 27% growth in 9MFY25) and tailwinds from GST exemption in ULIPs (48% of APE in 1HFY26) and term will be the likely drivers. Share in group term business will increase as microfinance again starts to scale up.

- **LIC reported moderate VNB growth.** VNB was up 7.7%, reflecting yoy flat overall APE and 147 bps yoy VNB margins expansion to 19.3% in 2QFY26 (17.9% in 2QFY25); VNB margin was up 136 bps yoy to 17.6% in 1HFY26. The company highlighted that product-level margins expanded with higher tickets and sum assured; the share of non-par was down 30 bps yoy in 2QFY26; ULIP grew 112% with a 720-bps increase in share yoy to 13.5%. VNB walk suggested negative operating changes of 90 bps in 1HFY26, which included the GST impact. The change in interest rates and risk-free rate (RFR) assumption led to a 110-bps negative impact.

- **Growth and margins pick up for SBI Life.** SBI Life reported 28% VNB margin in 2QFY26, up 120 bps yoy, leading to 15% VNB growth; overall APE growth was modest at 10%. Reported margins reflect the impact of ITC loss; margins before this adjustment would have been ~29% versus 26.8% in 2QFY25. Two key drivers— (1) increase in non-par business by 40% yoy to 23% of APE and (2) 25% yoy growth in individual protection and credit protect; these two segments now account for 5.3% of APE (4.8% in 2QFY25). The growth in sum assured was high at 66% in 2QFY26 (63% in 1HFY26), reflecting an increase in riders sold on ULIPs.

Strong protection growth for most players

Exhibit 16: Protection APE, March fiscal year-ends, 2021-26 (Rs bn)

	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	YoY (%)	2021	2022	2023	2024	2025	YoY (%)
Axis Max Life												
Retail protection	2.2	2.1	3.0	1.8	3.2	NM	4.5	4.2	3.7	5.9	6.5	9.5
Group protection	1.1	0.9	0.9	2.0	0.9	NM	2.5	3.6	3.1	3.7	3.9	6.2
HDFC Life												
Retail protection	2.0	1.9	1.4	1.7	2.9	40.7	4.9	4.6	4.4	5.8	6.8	18.3
Group protection	2.7	2.8	2.2	2.8	2.3	(16.1)	5.8	8.7	12.7	11.5	10.2	(11.3)
ICICI Prudential Life												
Retail protection	1.7	1.5	1.7	1.4	1.4	(16.8)	5.7	3.9	3.3	4.8	6.0	25.1
Group protection	2.5	2.4	3.0	2.7	2.7	6.3	4.7	9.2	11.8	10.5	10.4	(0.6)
SBI Life												
Retail protection	1.7	2.1	3.0	1.6	2.1	23.5	7.3	9.2	9.8	9.4	8.3	(11.7)
Group protection	3.3	3.3	4.1	3.0	3.8	15.2	4.7	6.2	8.0	11.6	12.2	5.2

Source: Company, Kotak Institutional Equities

Product mix change – higher traditional business

Exhibit 11 shows that share of ULIPs declined 280-900 bps yoy for large listed players except for HDFC Life. This was replaced by growth in non-par, protection and par products for most players

- **Share of non-par has picked up for most players.** While HDFC Life reported decline in share of non-par to 23% (43% in 2QFY25), rest of the private players reported 200-500 bps yoy rise in share of non-par to 18-35%. Volatility in equity markets and lower deposit rates have likely led to pick up in demand for non-par products.

- **Retail protection growth was strong.** Retail protection has grown across the board with most players reporting 24-46% yoy APE growth in 2QFY26. In addition, sum assured growth was also elevated at 25-45% driven by both protection growth and higher rider attachment.

  - Credit life products saw mixed performance in 2QFY26; while HDFC Life and SBI Life reported strong growth, ICICI Prudential Life reported a yoy decline due to weakness in micro finance.

- **ULIP growth has moderated.** ULIP APE declines 2-14% for most players in 2QFY26 likely due to volatility in equity markets. HDFC Life reported strong growth in ULIPs (up 42% yoy) on a low base. Most players have consciously slowed down growth in ULIP, especially through low persistency channels to protect margins. SBI Life operates at the higher end with 58% share of ULIPs in 2QFY26, while HDFC Life (40%) and Axis Max life (35%) are at the lower end. ICICI Prudential Life and Bajaj Life have 49% and 44% share of ULIPs in overall APE, respectively.

ULIP remains dominant; non-par picks up

Exhibit 17: Product mix of select life insurers, March fiscal year-ends, 2024-26 (%)

	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
APE mix (%)									
Axis Max Life									
ULIP	33	33	41	39	44	44	40	33	35
Par	24	18	15	13	10	16	19	12	12
Non-par	28	35	36	27	31	26	28	33	35
Protection	16	14	8	20	15	14	13	23	17
HDFC Life									
ULIP	26	34	36	33	30	34	38	33	40
Par	28	22	13	14	13	21	19	28	24
Non-par	29	26	33	36	43	28	26	22	23
Others	2	6	9	3	2	5	10	3	1
Protection	15	12	9	14	12	13	7	14	12
ICICI Prudential Life									
ULIP	45	44	43	51	52	49	43	47	49
Par	14	15	14	9	13	13	11	10	12
Non-par	22	21	31	21	19	22	32	21	22
Protection	19	19	12	18	17	16	13	22	17
SBI Life									
ULIP	58	68	59	61	65	71	54	57	58
Par	4	3	3	4	6	2	3	5	5
Non-par	19	19	18	23	18	18	26	23	23
Others	5	2	9	4	2	2	3	4	5
Protection	13	7	11	8	9	8	13	12	10
Bajaj Life (based on individual APE)									
ULIP	34	39	40	47	51	44	40	45	44
Par	37	37	33	28	28	32	27	27	28
Non-par	24	20	24	19	17	17	27	19	19
Protection	4	4	3	6	4	7	6	9	8
YoY change (bps)									
Axis Max Life									
ULIP	78	977	1,817	1,414	1,131	1,142	(124)	(672)	(896)
Par	659	634	449	(404)	(1,378)	(230)	395	(125)	253
Non-par	(1,019)	(2,070)	(2,262)	(1,111)	287	(870)	(759)	540	485
Protection	282	459	(4)	101	(41)	(42)	488	257	159
HDFC Life									
ULIP	741	1,611	2,182	1,250	466	43	231	1	932
Par	406	4	(833)	(725)	(1,550)	(101)	578	1,378	1,104
Non-par	(997)	(1,068)	(1,797)	345	1,454	126	(679)	(1,377)	(2,010)
Others	(228)	(438)	621	(436)	(65)	(130)	98	(3)	(23)
Protection	79	(109)	(172)	(434)	(305)	62	(227)	0	(3)
ICICI Prudential Life									
ULIP	391	171	1,654	1,266	688	479	(5)	(460)	(282)
Par	419	609	(42)	(299)	(116)	(283)	(268)	54	(83)
Non-par	(800)	(791)	(1,434)	(421)	(364)	79	124	21	317
Protection	(10)	11	(178)	(546)	(208)	(274)	150	385	49
SBI Life									
ULIP	636	310	686	834	730	283	(431)	(356)	(702)
Par	(173)	(148)	(338)	(278)	155	(135)	(6)	69	(122)
Non-par	(758)	(113)	(843)	(98)	(165)	(136)	846	14	508
Others	107	63	610	(57)	(311)	(55)	(626)	(62)	250
Protection	188	(111)	(115)	(401)	(408)	44	217	335	66
Bajaj Life (based on individual APE)									
ULIP	1,037	1,800	1,300	881	(909)	(500)	(600)	(100)	(0)
Par	(972)	(2,400)	(2,800)	(1,338)	(707)	0	600	300	606
Non-par	(1,076)	(2,400)	(2,800)	(1,433)	(707)	(300)	300	(0)	202
Protection	104	-	(0)	95	0	300	300	300	404

Source: Company, Kotak Institutional Equities

ULIP growth has slowed down across players

Exhibit 18: Product-wise growth, March fiscal year-ends, 2024-26 (%)

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

Source: Company, Kotak Institutional Equities

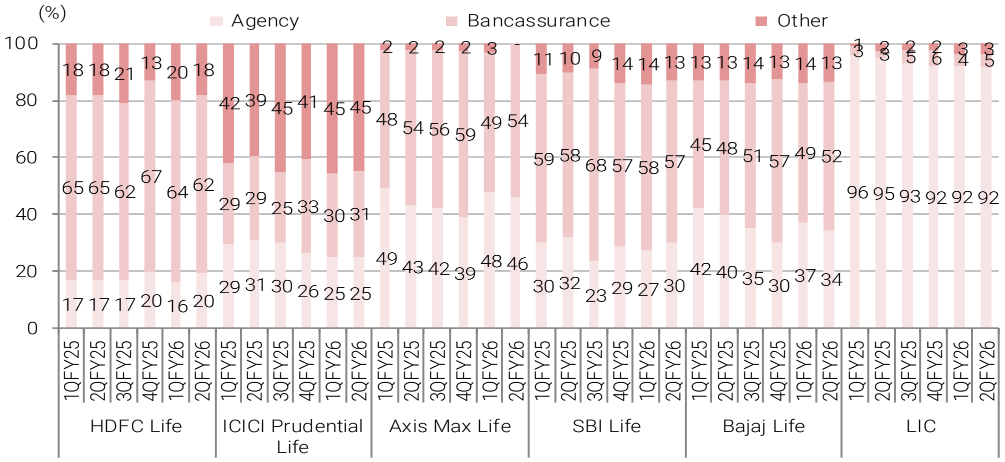
Bancassurance growth was muted in 2QFY26; mixed trends in agency

- **Muted growth in banca channel**. Bancassurance premium growth was muted at 9-7% for major banks in 2QFY26. ICICI Bank reported strong 20% growth on a low base. While HDFC Life's bancassurance product mix remained skewed towards ULIPs, SBI Life and Axis Max Life reported a sharp shift toward non-par and protection. LIC continued to expand its bancassurance channels and saw 67% yoy premium growth here.

- **Mixed trends in agency.** While Axis Max Life and HDFC Life reported strong 25-26% APE growth in 2QFY26, Bajaj Life and ICICI Prudential Life reported sharp 15-23% decline in APE. SBI Life reported muted 4% APE growth in the channel. Trends in agency force were also mixed with ICICI Prudential life and Axis Max Life reporting strong 17-21% yoy growth while rest of the pack reported muted 0-2% growth in agency force.

Bancassurance remains dominant

Exhibit 19: Channel mix, March fiscal year-ends, 2025-26 (%)



Note: For MAXF 2QFY26 is split between proprietary and partnership.

Source: Company, Kotak Institutional Equities

Bancassurance business registered muted growth in 2QFY26

Exhibit 20: Bancassurance premium growth across banks, March fiscal year-ends, 2025-26 (% yoy)

	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Axis Bank	0	11	0	(7)	9	7
HDFC Bank	27	28	8	4	32	9
ICICI Bank	73	6	24	33	(12)	20
State Bank of India	9	3	9	9	7	9
Five key banks	**17**	**14**	**7**	**(1)**	**16**	**8**

Source: Company, Kotak Institutional Equities estimates

Mixed trends in agency

Exhibit 21: Channel-wise growth yoy, March fiscal year-ends, 2024-26 (%)

	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Axis Max Life	**39**	**19**	**16**	**31**	**29**	**19**	**6**	**17**	**113**
Proprietary	57	47	12	70	37	26	3	13	21
Banks	31	4	19	9	19	14	7	19	13
HDFC Life	**18**	**(4)**	**(4)**	**30**	**29**	**13**	**10**	**13**	**9**
Individual agents	34	3	(27)	11	34	6	21	6	25
Bancassurance	22	3	20	40	25	11	10	11	4
Direct	(12)	(6)	2	20	40	12	(20)	13	9
Brokers and others	4	(57)	(60)	15	46	78	28	45	13
ICICI Prudential Life	**3**	**5**	**10**	**34**	**21**	**28**	**(3)**	**(5)**	**(3)**
Individual agents	4	12	29	62	44	26	(20)	(20)	(23)
Bancassurance	(3)	2	19	34	27	19	7	(2)	1
Direct	19	12	22	41	33	24	(8)	(16)	(9)
Partnership distribution	25	(1)	(26)	25	(15)	7	(11)	6	23
Others	(12)	(5)	(6)	3	(2)	63	33	19	21
SBI Life	**34**	**13**	**17**	**21**	**3**	**13**	**2**	**9**	**10**
Agency	45	3	15	46	24	23	4	0	4
Bancassurance	21	15	5	9	3	9	9	7	8
Others	77	27	83	30	(34)	26	(22)	46	40
Bajaj Life	**32**	**24**	**17**	**26**	**34**	**(0)**	**(0)**	**(3)**	**(2)**
Agency	34	22	10	15	29	(14)	(17)	(14)	(15)
Institutional	28	16	12	23	33	9	13	5	7
Others	47	78	78	104	57	12	(1)	4	2

Source: Company, Kotak Institutional Equities

HDFC Life fares better on productivity as well as premium

Exhibit 22: Agency channel premium and productivity, March fiscal year-ends, 2018-26

	2018	2019	2020	2021	2022	2023	2024	2025	YoY (%)	2QFY25	2QFY26	YoY (%)
Premium (Rs bn)												
Axis Max Life	3.7	6.5	7.5	8.9	11.6	12.8	13.4	19.2	43.3	6	8	25.8
Bajaj Allianz Life	11.1	12.0	10.8	11.0	14.9	21.2	25.5	25.5	0.1	8	6	(15.2)
HDFC Life	5.3	6.8	8.6	9.3	11.4	22.8	20.7	24.5	18.3	6	7	24.9
ICICI Pru Life	19.8	16.9	15.6	15.4	18.3	22.8	26.4	30.1	14.2	8	6	(22.7)
SBI Life	20.9	25.6	27.7	29.8	30.3	43.2	49.6	60.0	21.0	17	18	4.0
Agents (# 000')												
Axis Max Life	57	51	46	55	61	70	103	125	22.0	118	142	20.6
Bajaj Allianz Life	71	73	81	88	96	126	151	161	6.8	159	163	2.4
HDFC Life	77	91	108	112	115	179	214	244	13.7	258	258	0.0
ICICI Pru Life	152	171	191	188	199	201	210	229	9.5	211	247	16.8
SBI Life	108	124	130	170	146	209	246	240	(2.3)	264	269	1.8
Annualized premium per agent (Rs mn)												
Axis Max Life	65	128	164	161	190	182	130	153	17.4	220	229	4.4
Bajaj Allianz Life	156	166	134	125	155	168	169	158	(6.2)	189	157	(17.2)
HDFC Life	68	74	80	83	99	127	97	101	4.1	89	112	24.9
ICICI Pru Life	131	99	82	82	92	113	126	131	4.3	148	98	(33.8)
SBI Life	193	207	212	175	207	207	202	250	23.9	262	268	2.2

Source: IRDA, Company, Kotak Institutional Equities

Weak persistency trends

Persistency trends in 2QFY26 showed mixed results, influenced by ticket size, product mix, and high base effect of policies sold during the sunset period. LIC experienced a drop in policy-wise persistency due to a large volume of low-ticket-size policies in the base. LIC has revised its product design and expects the persistency to improve in the newer cohorts. Axis Max Life recorded its highest 13-month persistency among peers. ICICI Prudential noted that current persistency levels were in line with FY2023 and that prior periods had unusually high persistency due to the non-linked business written during the tax exemption window.

Weak persistency for most in 13th month bucket

Exhibit 23: Persistency, March fiscal year-ends, 2024-26 (%)

	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	yoy (bps)
Axis Max Life										
13th month	**84**	**85**	**87**	**87**	**87**	**87**	**88**	**86**	**85**	**-200 bps**
25th month	70	70	70	71	71	72	74	75	76	500 bps
37th month	62	63	61	64	64	64	63	63	63	-100 bps
49th month	**65**	**65**	**58**	**67**	**67**	**67**	**57**	**58**	**58**	**-900 bps**
61st month	58	58	52	58	58	58	53	54	54	-400 bps
HDFC Life										
13th month	**86**	**86**	**87**	**87**	**83**	**82**	**83**	**83**	**81**	**-170 bps**
25th month	79	80	79	76	76	75	77	80	72	-420 bps
37th month	72	73	73	73	73	72	71	69	70	-290 bps
49th month	**68**	**68**	**70**	**68**	**73**	**68**	**70**	**70**	**70**	**-300 bps**
61st month	53	54	54	60	68	58	62	61	63	-500 bps
ICICI Prudential Life										
13th month	**87**	**87**	**89**	**90**	**87**	**90**	**89**	**86**	**85**	**-160 bps**
25th month	79	80	81	81	79	82	83	83	83	420 bps
37th month	71	72	72	73	72	75	75	75	75	300 bps
49th month	**66**	**67**	**69**	**71**	**68**	**69**	**70**	**70**	**71**	**280 bps**
61st month	65	65	64	66	66	65	64	64	63	-320 bps
SBI Life										
13th month	**83**	**82**	**86**	**87**	**84**	**83**	**87**	**87**	**85**	**121 bps**
25th month	75	74	76	78	77	75	76	77	76	-131 bps
37th month	68	68	71	72	71	70	71	72	71	8 bps
49th month	**72**	**70**	**73**	**73**	**66**	**66**	**68**	**68**	**68**	**167 bps**
61st month	56	56	59	59	66	62	62	63	56	-990 bps
LIC										
13th month	**78**	**78**	**78**	**78**	**78**	**77**	**75**	**76**	**75**	**-233 bps**
25th month	72	72	71	72	72	72	71	72	71	-87 bps
37th month	70	67	65	68	67	67	66	67	68	46 bps
49th month	**65**	**65**	**66**	**67**	**66**	**63**	**62**	**63**	**64**	**-263 bps**
61st month	63	62	61	62	61	62	63	64	64	235 bps

Source: Company, Kotak Institutional Equities

Cost ratios have shown mixed trend

In 2QFY26, cost ratios displayed varied trends across the industry. LIC and IPRU reported a decline in their cost/APE ratios, likely driven by improved operational efficiencies and lower new business strain. Conversely, HDFC Life's cost-to-APE ratio was elevated due to a sharp rise in single premium commissions. SBI Life also noted higher expense ratios due to investments in footprint (new branches and employees).

Mixed trends in cost ratios

Exhibit 24: Cost ratios, March fiscal year-ends, 2018-25 (%)

	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	YoY (%)	2018	2019	2020	2021	2022	2023	2024	2025	YoY (%)
Cost/APE (%)																
HDFC Life	29.9	28.2	27.2	23.8	30.8	28.6	38 bps	24.0	24.3	25.4	23.6	24.0	27.3	26.2	26.7	53 bps
ICICI Prudential Life	32.5	27.1	24.8	20.0	28.5	23.5	-365 bps	13.5	14.9	15.8	14.7	18.5	21.4	23.3	25.0	166 bps
LIC	19.6	20.9	19.1	17.2	17.2	18.8	-211 bps	NA	22.5	27.8	26.3	22.0	24.5	23.9	19.1	-477 bps
SBI Life	13.6	12.7	11.3	10.1	13.2	13.9	121 bps	12.5	12.1	11.8	10.2	10.8	11.9	11.5	11.7	16 bps
Cost/average AUM (%)																
HDFC Life	3.6	4.6	4.3	5.2	3.8	4.8	16 bps	4.3	4.2	4.6	4.2	4.0	4.8	4.3	4.2	-1 bps
ICICI Prudential Life	2.6	2.9	2.6	3.2	2.4	2.7	-24 bps	2.6	2.8	2.8	2.3	2.4	2.6	2.9	2.9	5 bps
LIC	10.3	12.2	10.5	12.1	9.0	10.9	-132 bps	NA	NA	17.7	22.5	18.3	22.6	29.4	22.2	-715 bps
SBI Life	1.6	2.0	2.2	1.8	1.7	2.3	28 bps	2.7	2.7	2.7	2.2	2.1	2.3	2.6	2.5	-16 bps

Source: Company, Kotak Institutional Equities

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

Exhibit 25: Solvency ratio, March fiscal year-ends, 2012-26 (%)

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

Source: Company, Kotak Institutional Equities

AUM growth slows down for most players

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	1QFY26	2QFY26
AUM (Rs bn)												
Axis Max Life	358	444	522	630	680	904	1,075	1,229	1,508	1,751	1,832	1,853
HDFC Life	743	917	1,066	1,256	1,272	1,738	2,042	2,388	2,922	3,363	3,559	3,600
ICICI Prudential Life	1,039	1,229	1,395	1,604	1,530	2,142	2,405	2,512	2,941	3,094	3,245	3,210
LIC	-	-	-	-	-	-	40,848	43,972	51,219	54,523	57,053	57,229
SBI Life	20	-	1,144	1,410	1,604	2,209	2,674	3,073	3,889	4,480	4,758	4,815
AUM growth yoy (%)												
Axis Max Life	NM	24	18	21	8	33	19	14	23	16	14	9
HDFC Life	NM	24	16	18	1	37	17	17	22	15	15	11
ICICI Prudential Life	NM	18	14	15	(5)	40	12	4	17	5	5	0
LIC	NM	NM	NM	NM	NM	NM	NM	8	16	6	6	3
SBI Life	NM	NM	NM	23	14	38	21	15	27	15	15	10

Source: Company, Kotak Institutional Equities

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

Exhibit 20 shows that private Life insurance companies reported operating RoEV of 13% to 20% in FY2025. VNB contributed 42-56% to EVOP while unwinding contributed 41-63%. Private players will likely deliver 14-18% operating RoEV over FY2026-28E. We expect operating variance to be moderately positive over the medium term driven largely by improvement in persistency. Unwinding rate will largely be stable in the range of 8.0-8.2% for all players. APE growth will likely remain moderate at 12-17% over FY2026-28E. We believe that ITC loss-sharing discussions with distributors for most of the companies create uncertainty over margins and near-term trajectory (impact of ITC loss may not be uniform across products).

We expect RoEV of 13-18% for private insurers

Exhibit 27: EV walk for life insurers, March fiscal year-ends, 2025-28E

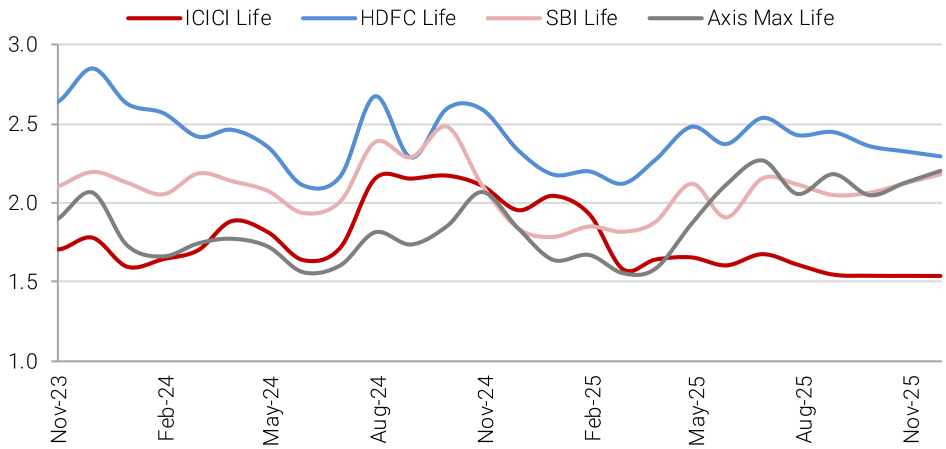
	Bajaj Allianz Life				HDFC Life				ICICI Prudential Life			
	2025	2026E	2027E	2028E	2025	2026E	2027E	2028E	2025	2026E	2027E	2028E
EV walk (Rs bn)												
Opening EV	217	238	269	308	475	554	646	747	423	479	536	612
EVOP	**28**	**32**	**39**	**45**	**79**	**86**	**104**	**121**	**55**	**62**	**75**	**86**
Unwinding	17	19	21	25	38	44	52	60	34	39	44	50
VNB (post-overrun)	12	13	16	19	40	43	50	59	24	26	30	35
Assumption/methodology changes	(1)	—	—	—	—	(3—)	—	—	(3)	(4—)	—	—
Operating variance	(1)	1	1	1	1	2	2	2	0	1	1	1
Non-operating variances	**(7)**	**(2)**	**1**	**(4)**	**0**	**6**	**(2)**	**(3)**	**1**	**(5)**	**1**	**1**
Investment variance	(2)	3	1	1	4	10	3	3	(0)	(4)	2	2
Economic assumption changes	—	—	—	—	—	—	—	—	—	—	—	—
Dividend payouts/ESOPs	(5)	(5)	-	(5)	(3)	(5)	(5)	(6)	1	(1)	(1)	(1)
Closing EV	**238**	**269**	**308**	**349**	**554**	**646**	**747**	**866**	**479**	**536**	**612**	**699**
Key metrics												
Unwinding rate (%)	8.0	8.0	8.0	8.0	8.1	8.0	8.0	8.0	8.0	8.2	8.2	8.2
Operating ROEV (%)	**13**	**13**	**14**	**15**	**17**	**16**	**16**	**16**	**13**	**13**	**14**	**14**
ROEV (%)	9.6	12.8	14.8	13.2	16.8	16.5	15.8	15.8	13.3	11.9	14.1	14.1
APE (Rs bn)	**79**	**83**	**93**	**105**	**155**	**176**	**204**	**236**	**104**	**109**	**123**	**140**
APE growth (%)	9.2	5.0	12.0	12.0	16.5	13.5	16.0	16.0	15.0	5.0	13.0	13.0
VNB margin (%)	**14.5**	**16.0**	**17.5**	**18.5**	**25.6**	**24.3**	**24.7**	**25.1**	**22.8**	**23.7**	**24.3**	**24.7**
Contributors to EVOP (%)												
Unwinding	**63**	**59**	**56**	**55**	**49**	**52**	**50**	**49**	**61**	**63**	**59**	**59**
VNB	**42**	**42**	**42**	**43**	**50**	**50**	**48**	**49**	**43**	**42**	**40**	**40**

	LIC				Axis Max Life				SBI Life			
	2025	2026E	2027E	2028E	2025	2026E	2027E	2028E	2025	2026E	2027E	2028E
EV walk (Rs bn)												
Opening EV	7,273	7,769	8,528	9,156	195	252	297	348	583	703	832	981
EVOP	**826**	**610**	**707**	**756**	**37**	**43**	**53**	**61**	**118**	**127**	**149**	**175**
Unwinding	701	544	597	641	16	20	24	28	49	59	69	81
VNB (post-overrun)	100	105	110	115	21	25	29	33	60	66	77	90
Assumption/methodology changes	18	—	—	—	—	(3—)	—	—	2	—	—	—
Operating variance	7	(39—)	—	—	—	—	—	—	7	3	3	3
Non-operating variances	**(331)**	**149**	**(79)**	**(79)**	**20**	**2**	**(2)**	**(2)**	**2**	**2**	**(1)**	**(1)**
Investment variance	(293)	330	—	—	4	4	1	1	—	—	—	—
Economic assumption changes	—	(102—)	—	—	—	(—)	—	—	4	4	2	2
Dividend payouts/ESOPs	(38)	(79)	(79)	(79)	16	(2)	(2)	(2)	(2)	(2)	(3)	(3)
Closing EV	**7,769**	**8,528**	**9,156**	**9,833**	**252**	**297**	**348**	**407**	**703**	**832**	**981**	**1,154**
Key metrics												
Unwinding rate (%)	7.1	7.0	7.0	7.0	8.3	8.0	8.0	8.0	8.4	8.4	8.3	8.3
Operating ROEV (%)	**11**	**8**	**8**	**8**	**19**	**17**	**18**	**18**	**20**	**18**	**18**	**18**
ROEV (%)	6.8	9.8	7.4	7.4	29.2	17.7	17.3	17.1	20.6	18.4	17.9	17.7
APE (Rs bn)	**568**	**597**	**621**	**639**	**88**	**101**	**117**	**136**	**214**	**244**	**286**	**334**
APE growth (%)	(0.2)	5.0	4.0	3.0	18.0	15.0	16.0	16.0	8.6	14.0	17.0	17.0
VNB margin (%)	**17.6**	**17.6**	**17.7**	**18.0**	**24.0**	**24.8**	**24.7**	**24.4**	**27.8**	**27.1**	**27.0**	**27.1**
Contributors to EVOP (%)												
Unwinding	**85**	**89**	**84**	**85**	**43**	**47**	**45**	**46**	**41**	**46**	**46**	**47**
VNB	**12**	**17**	**16**	**15**	**56**	**58**	**55**	**54**	**51**	**52**	**52**	**52**

Source: Company, Kotak Institutional Equities estimates

Sharp rise in valuation of Axis Max Life

Exhibit 28: One-year forward rolling P/EV, November 2023-November 2025 (X)



Source: Company, Bloomberg, Kotak Institutional Equities estimates

We downgrade our EV estimates by 1-5% across players

Exhibit 29: Change in estimates of life insurers, March fiscal year-ends, 2026-28E

	New estimates			Old estimates			Change (%)		
	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
APE (Rs bn)									
Axis Max Life	101	117	136	103	119	138	(2)	(2)	(2)
HDFC Life	176	204	236	181	212	248	(3)	(4)	(5)
ICICI Prudential Life	109	123	140	109	123	140	-	-	-
LIC	597	621	639	597	609	621	-	2	3
SBI Life	244	286	334	244	286	334	-	-	-
VNB (Rs bn)									
Axis Max Life	25	29	33	25	29	35	0	(2)	(4)
HDFC Life	43	50	59	47	56	66	(9)	(10)	(10)
ICICI Prudential Life	26	30	35	27	31	36	(4)	(4)	(4)
LIC	105	110	115	108	110	113	(3)	(0)	2
SBI Life	66	77	90	64	74	87	4	4	3
VNB margin (%)									
Axis Max Life	24.8	24.7	24.4	24.4	24.8	25.0	45 bps	-4 bps	-62 bps
HDFC Life	24.3	24.7	25.1	25.9	26.2	26.5	-165 bps	-155 bps	-145 bps
ICICI Prudential Life	23.7	24.3	24.7	24.7	25.3	25.8	-101 bps	-97 bps	-108 bps
LIC	17.6	17.7	18.0	18.1	18.1	18.2	-50 bps	-41 bps	-23 bps
SBI Life	27.1	27.0	27.1	26.0	25.9	26.1	104 bps	113 bps	91 bps
EV (Rs bn)									
Axis Max Life	297	348	407	300	352	414	(1)	(1)	(2)
HDFC Life	646	747	866	652	760	886	(1)	(2)	(2)
ICICI Prudential Life	536	612	699	548	626	715	(2)	(2)	(2)
LIC	8,528	9,156	9,833	8,886	9,585	10,338	(4)	(4)	(5)
SBI Life	832	981	1,154	836	981	1,151	(1)	(0)	0

Source: Company, Kotak Institutional Equities estimates

ICICI Prudential Life trades at a discount to peers

Exhibit 30: Valuation summary, March fiscal year-ends, 2025-28E

		FV	Price	Market cap.		Embedded value (Rs bn)				Price/EV (X)				Price/VNB (X)				Operating RoEV (%)			
	Rating	(Rs)	(Rs)	(Rs bn)	(US $bn)	2025	2026E	2027E	2028E	2025	2026E	2027E	2028E	2025	2026E	2027E	2028E	2025	2026E	2027E	2028E
HDFC Life	BUY	900	783	1,688	19	554	646	747	866	3.0	2.6	2.3	2.0	43	40	34	29	16.7	15.5	16.1	16.2
ICICI Prudential Life	BUY	765	633	916	10	479	536	612	699	1.9	1.7	1.5	1.3	39	35	31	27	13.1	12.9	13.9	14.0
LIC	BUY	1,275	900	5,693	64	7,769	8,528	9,156	9,833	0.7	0.7	0.6	0.6	57	54	52	49	11.4	7.9	8.3	8.3
LIC core			397	2,511	28	4,079	4,508	5,136	5,813	0.6	0.6	0.5	0.4	25	24	23	22	NA	NA	NA	NA
Max FS	ADD	1,700	1,719	593	7	252	297	348	407	3.3	2.8	2.4	2.0	39	33	28	25	19.1	17.0	17.8	17.5
SBI Life	BUY	2,300	1,997	2,002	23	703	832	981	1,154	2.8	2.4	2.0	1.7	34	30	26	22	20.2	18.1	17.9	17.8

Source: Company, Bloomberg, Kotak Institutional Equities estimates

NON-LIFE: GROWTH PICKS UP, CAPITAL GAINS SUPPORT PROFITABILITY

GWP growth in the non-life industry was moderate at 10% in 2QFY26, driven by commercial lines. Growth in retail health was strong across players, both SAHIs and general insurers reported mid-teen GWP growth. Bajaj Allianz General stepped up growing at 28% in the motor TP segment. ICICI Lombard was more measured leading to 2% yoy GWP growth. Claims ratio has moderated in health business across players, Star Health reported 129 bps yoy reduction in claims ratio.

Bajaj General: Most segments fare well, expenses a tad higher

Bajaj General reported strong 14% GWP growth in 2QFY26, excluding ex- crop, govt health and 1/n, driven by robust performance in commercial lines (up 19%) and motor third-party (up 28%). While the reported retail health growth was affected by the '1/n' rule (1% yoy), it grew 11% on a like-for-like basis. Although the company is slowing down in group health and tender businesses due to elevated competition. The reported combined ratio rose to 102.3% due to higher expenses, despite a moderation in the claims ratio, though management expects growth and RoE to pick up in later years as expense ratios normalize.

ICICI Lombard is well placed in most business lines

ICICI Lombard reported an 18% increase in PAT to Rs8.2 bn in 2QFY26, in line with estimates, despite underwriting losses from elevated CAT events like floods. GWP growth was muted overall at 1.6% due to flat motor premiums, though commercial lines and health registered moderate growth (6-8%). The claims ratio improved in the health segment (especially retail), moderating to 77% from 84% in 2QFY25. The company expects future GWP growth to be driven by a pickup in motor sales (leveraging a strong OEM dealer network) and sustained momentum in commercial and retail health lines.

Star Health reported sharp decline in IGAAP earnings; claims ratio improves

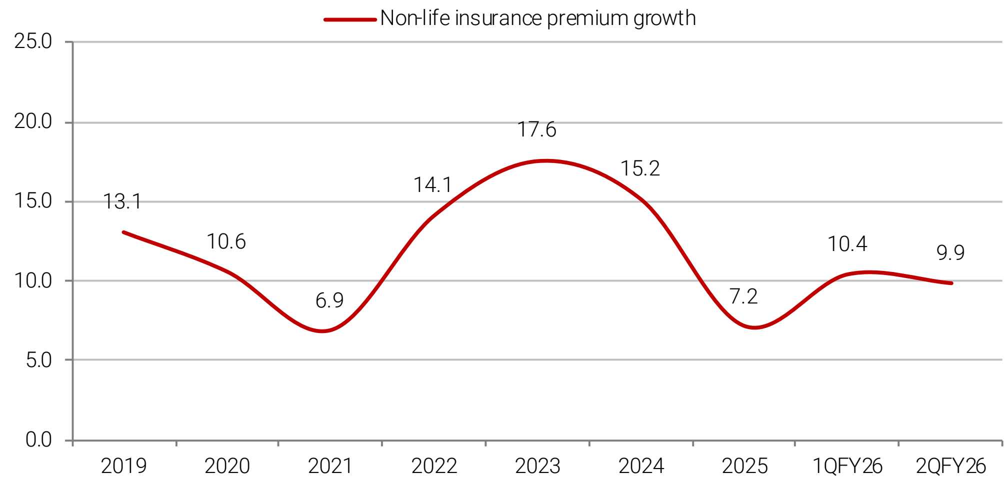
Star Health's 2QFY26 PAT was down 51% yoy primarily due to higher commission rates from long-term policies and reduced investment income. IFRS PAT at Rs796 mn in 2QFY26 was down 36% yoy due to a sharp 54% decline in investment income. The IFRS expense ratio was 27.9% versus 27.8 % in 1QFY26 and 29.8% in 2QFY25. The best part of the results was the reduction in the claims ratio, which moderated 129 bps yoy to 71.5%, as the base period had the full impact of infectious diseases; this got a bit front-ended in 1QFY26; the trend of improvement in claims ratio in 2Q is similar to peers (that have reported so far). A combination of tariff hikes, an increase in new business and lower group business is the likely driver. Star Health had reported a rise in the claims ratio to 70.3% in FY2025 from 66.5% in FY2024 and 65% in FY2023. We finally see some signs of stabilization, with the benefit of the full impact of tariff hikes and the tightening process getting reflected from next year.

Niva Bupa reported strong operating trends in 2QFY26

Niva Bupa reported IFRS PAT of Rs616 mn in 2QFY26, up 157% yoy. Retail GWP growth was strong at 28% (pre-1/n basis). The IFRS claims ratio was likely flat yoy at ~65% in 2QFY26. Operating leverage kicked in, leading to a 120-bps yoy moderation in the IFRS expense ratio to 38%. ITC disallowance in the last 10 days of the quarter led to a drag of Rs50-80 mn (10 bps on expense ratio). In 1QFY26, higher provisions for outstanding claims led to a 250-bps higher claims ratio, which should have reversed in 2QFY26. The retail claims ratio was flat at 68%. The elevated group claims ratio (up 500 bps) was likely due to the shift in mix toward employer-employee contracts, leading to a stable overall claims ratio.

Premium growth was moderate at 10% in 2QFY26

Exhibit 31: Non-life insurance premium growth, March fiscal year-ends, 2019-26 (%)



Source: IRDA, GI Council, Kotak Institutional Equities

PSUs have grown at a faster pace in commercial lines

Exhibit 32: Fire premium growth across insurers, March fiscal year-ends, 2024-26 (%)

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

Source: IRDA, GI Council, Kotak Institutional Equities

Muted 5% growth in motor OD premiums in 2QFY26

Exhibit 33: Motor OD premium growth across insurers, March fiscal year-ends, 2024-26 (%)

	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	1QFY26	2QFY26
Acko General	22	22	15	18	25	15	24	28	27	29	30	30	26	28	28
Bajaj Allianz	13	25	(3)	7	12	1	19	(26)	16	15	6	3	5	(2)	1
Cholamandalam MS	13	41	28	29	30	5	6	15	20	16	23	21	14	17	18
Go Digit	3	28	(1)	7	11	1	7	10	5	2	5	13	21	5	9
HDFC ERGO General	(36)	(41)	(50)	(52)	(56)	(56)	(47)	(41)	(36)	(35)	(31)	(25)	(2)	(38)	(30)
ICICI -Lombard	8	30	(0)	4	10	(1)	4	11	4	1	(4)	(0)	6	5	3
IFFCO -Tokio	(39)	18	(1)	20	34	27	47	16	8	(2)	(3)	(3)	10	7	4
New India	1	28	14	22	25	15	28	29	6	(1)	(10)	(8)	4	11	2
Reliance General	8	15	5	12	11	(7)	9	(9)	7	30	33	20	15	9	16
Royal Sundaram	(17)	(10)	(21)	(15)	(5)	(5)	5	23	18	4	7	2	1	14	8
SBI General	(6)	19	(10)	(9)	8	11	20	27	24	17	29	16	10	23	21
Shriram General	18	28	24	28	36	28	27	32	30	30	36	36	25	31	31
Tata-AIG	20	37	19	26	35	20	22	22	17	14	8	4	9	17	12
United India	(0)	9	(7)	(10)	(3)	(6)	(4)	6	3	4	(1)	(5)	(10)	4	(0)
Universal Sompo	(5)	10	25	13	27	9	13	12	16	21	59	65	58	16	38
Total	**1**	**18**	**(0)**	**5**	**10**	**(1)**	**7**	**5**	**6**	**5**	**5**	**4**	**8**	**5**	**5**
Total (PSU)	**3**	**14**	**3**	**10**	**15**	**6**	**13**	**19**	**8**	**5**	**(3)**	**(6)**	**(3)**	**10**	**3**
Total (private)	**(0)**	**19**	**(1)**	**4**	**8**	**(3)**	**5**	**1**	**6**	**5**	**7**	**7**	**11**	**4**	**6**

Source: IRDA, GI Council, Kotak Institutional Equities

Motor TP fares better

Exhibit 34: Motor TP premium growth across insurers, March fiscal year-ends, 2024-26 (%)

	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Acko General	24	15	9	16	14	8	16	8	15	12	10	11	3	27	13	13	11	9
Bajaj Allianz	(4)	1	(6)	14	25	15	18	40	42	34	29	29	24	(4)	3	20	39	33
Cholamandalam MS	10	16	14	10	7	(8)	(10)	(1)	(1)	(6)	(4)	(11)	(8)	10	13	(4)	(3)	(6)
Go Digit	8	10	1	7	4	(2)	15	38	19	10	13	11	2	2	6	6	21	14
HDFC ERGO General	(63)	(61)	(63)	(68)	(70)	(69)	(46)	(37)	(33)	(33)	(27)	(22)	(13)	(55)	(64)	(64)	(34)	(28)
ICICI -Lombard	5	13	8	2	4	(6)	(9)	6	2	(5)	(2)	2	7	11	8	(4)	1	2
IFFCO -Tokio	(26)	2	(9)	5	7	51	0	3	5	(3)	(0)	1	12	(17)	(1)	15	2	3
New India	7	15	8	14	17	11	13	14	(1)	(1)	(7)	(8)	(2)	9	12	13	4	(1)
Reliance General	(10)	0	6	2	1	(2)	(1)	(8)	(13)	12	(3)	8	(7)	(5)	3	(1)	(4)	(2)
Royal Sundaram	13	12	8	(8)	(24)	(31)	(21)	(14)	(11)	(4)	15	12	1	18	3	(26)	(10)	0
SBI General	45	35	11	(0)	22	27	13	19	17	18	17	8	12	68	15	20	18	15
Shriram General	15	27	28	25	33	22	23	32	31	29	34	25	16	15	27	26	31	27
Tata-AIG	25	31	40	42	40	21	24	17	6	(2)	(7)	(7)	6	23	37	28	6	2
United India	10	19	17	4	19	29	36	51	49	53	40	32	34	16	13	28	51	43
Universal Sompo	(37)	4	37	(1)	34	(2)	10	9	(6)	(10)	9	79	108	(23)	11	15	(4)	24
Total	**4**	**10**	**7**	**6**	**10**	**6**	**7**	**16**	**10**	**8**	**7**	**6**	**8**	**6**	**8**	**8**	**11**	**9**
Total (PSU)	**7**	**14**	**10**	**10**	**21**	**19**	**21**	**28**	**17**	**19**	**11**	**6**	**8**	**8**	**11**	**20**	**21**	**14**
Total (private)	**2**	**8**	**5**	**4**	**5**	**(1)**	**1**	**10**	**7**	**3**	**5**	**7**	**9**	**5**	**6**	**2**	**7**	**7**

Source: IRDA, GI Council, Kotak Institutional Equities

Health growth affected by 1/n rule; motor growth remains muted

Exhibit 35: Growth in premiums (ex-crop), March fiscal year-ends, 2019-26 (%)

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

Source: Company, Kotak Institutional Equities

Sequential yield moderation for most players in 2QFY26

Exhibit 36: Investment yields of non-life insurers, March fiscal year-ends, 2024-26 (%)

	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Bajaj Allianz	8.3	6.4	7.5	9.6	8.9	7.1	5.9	11.7	9.0
ICICI Lombard	8.4	7.5	8.3	8.7	8.7	8.6	6.3	9.2	8.6
Niva Bupa			7.0	7.4	7.3	7.2	7.2	7.3	7.2
Star Health	7.3	7.8	7.6	7.3	8.6	8.2	6.4	6.3	6.3

Source: Company, Kotak Institutional Equities

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

Exhibit 37: Combined ratio break-up across players, March fiscal year-ends, 2018-25, 1QFY25-1QFY26 (%)

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

Source: Company, Kotak Institutional Equities

Moderation in health claims across the board

Exhibit 38: Segmental claims, March fiscal year-ends, 2019-26 (%)

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

Source: Company, Kotak Institutional Equities

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BUY. We expect this stock to deliver more than 15% returns over the next 12 months.

ADD. We expect this stock to deliver 5-15% returns over the next 12 months.

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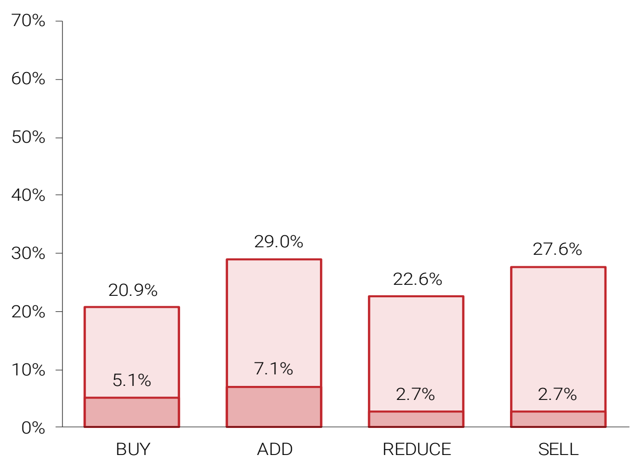

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Source: Kotak Institutional Equities

As of September 30, 2025

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