

ICICI Lombard General Insurance | BUY

Strong result, growth remains the concern

ICICI Lombard (ICICIGI) reported strong results with a PAT of INR 7.5bn, +25% JMFe. Claims Ratio came in line with JMFe at 73.0% (a 100bps YoY improvement); even as commercial lines of fire and engineering saw elevated claims. Combined Ratio (COR) was reported at 102.9%. Adjusting for 1/n norms, COR improved 10bps on a like-to-like basis to 102.2%. Against 0.6% reported GDPI growth in 1Q, like-to-like growth came in at 5% while Net Earned Premiums (NEP) growth remained robust at 14%. However, as the year progresses, we expect NEP growth to taper down as a result of weak GDPI growth since 2HFY25. Questions on growth pickup remain as the management remains cautious in commercial lines of business while optimistic on motor TP, at this time. Even in health, while retail portfolio grew 37%, group contracted 5% YoY. We maintain our FY26/FY27e growth estimates in net earned premiums at 12%/15%, with Combined Ratio gradually improving to 102.0%. With the strong investment performance, we raise FY26/FY27e EPS by 3%/1%, value the company at 34x (against 32x earlier) FY27e EPS of INR 67 (unchanged) to raise our Target Price to INR 2,250 (from INR 2,150). We maintain BUY.

- **Growth the key concern, especially in commercial lines:** While like-to-like GDPI growth of 4.8% looked better than 0.6% reported, it was substantially below industry (8.8% reported, 12.8% like-to-like). The insurer struggled to grow in commercial lines – management attributed it to pricing pressure as EOM deadlines loom on peers. Retail health was the bright spot with an elevated 37% growth. In motor, the company grew 10%/7% in cars/two-wheelers but saw GDPI contract 17% YoY in Commercial vehicles (CVs). With motor segment COR for industry at elevated levels, management expressed optimism on price hike in motor TP, which can revive growth in CV segment.
- **COR and investment performance pristine:** Claims Ratio came in line with JMFe at 73.0% (a 100bps YoY improvement), even as commercial lines of fire and engineering saw elevated claims. While Combined Ratio (COR) was reported at 102.9%, adjusting for 1/n norms, COR improved 10bps on a like-to-like basis to 102.2% - underlying the company's focus on profitability. With booked investment yields at 9.3% in 1QFY26, against 7.2% JMFe and 6.5% in 4QFY25, investment income surprised positively at INR 12.6bn, +30% JMFe. This led to a strong 25% beat on JMFe and 27% beat on consensus estimates.
- **Valuation and view:** At CMP, the stock trades at valuations of 35/30x FY26e/FY27e EPS, par for 14%/16% EPS growth with 18%+ RoEs. As we look to FY27e, we expect EPS estimates to be revised upwards as the company starts discussing IFRS numbers. We maintain our FY26/FY27e growth estimates in net earned premiums at 12%/15%, with Combined Ratio gradually improving to 102.0%. With the strong investment performance, we raise FY26/FY27e EPS by 3%/1%, value the company at 34x (against 32x earlier) FY27e EPS of INR 67 (unchanged) to raise our Target Price to INR 2,250 (from INR 2,150). We maintain BUY.



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(We acknowledge the support services of **Dev Jogani** in preparation of this report)

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	2,250
Upside/(Downside)	12.3%
Previous Price Target	2,150
Change	4.7%

Key Data – ICICIGI IN

Current Market Price	INR2,003
Market cap (bn)	INR994.7/US\$11.6
Free Float	48%
Shares in issue (mn)	453.9
Diluted share (mn)	453.9
3-mon avg daily val (mn)	INR1,530.1/US\$17.8
52-week range	2,302/1,477
Sensex/Nifty	82,571/25,196
INR/US\$	85.8

Price Performance

%	1M	6M	12M
Absolute	3.2	5.7	6.7
Relative*	2.2	-1.4	4.3

* To the BSE Sensex

Financial Summary

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Gross premiums (INR bn)	255.9	277.2	309.7	355.3	409.2
GWP growth (% YoY)	17.6%	8.3%	11.7%	14.7%	15.2%
Net profit (INR bn)	19.2	25.1	28.7	33.3	39.0
EPS (INR)	38.9	50.6	57.8	67.2	78.6
EPS growth (% YoY)	10.6%	29.9%	14.3%	16.2%	17.0%
Combined ratio (%)	103.3%	102.8%	102.2%	102.0%	101.7%
ROE (%)	17.2%	18.0%	18.3%	19.0%	19.2%
PE (x)	51.4	39.6	34.6	29.8	25.5
BV (INR)	262.8	302.3	329.2	379.8	439.0
PBV (x)	7.6	6.6	6.1	5.3	4.6

Source: Company data, JM Financial. Note: Valuations as of 15/July/2025

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Thomson Publisher & Reuters,
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Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Key concall takeaways

■ Industry growth and profitability

- Reported 1QFY26 growth of 8.8% translates to 12.8% growth on a like-to-like basis;
- COR of 123.7% in FY25 against 118.5% in FY24.

■ Motor segment

- Industry has made a representation on the need for a hike in motor Third Party prices;
- Management is optimistic of a price hike in motor TP;
- Price hike in motor TP would translate to higher commissions, upto the insurer, like ICICIGI, to find the sweet spots for growth;
- 74.6% of non-OEM claims serviced by Preferred Partner Network, up 260bps YoY;
- Deterioration of industry COR by 520bps in FY25 was largely due to motor segment.

■ Health segment

- **Retail health**
 - Claims Ratio deteriorated to 74.3%, from 72.5% in 1QFY25;
 - With the adoption of Elevate product, market share in retail health rose 60bps YoY to 3.5% in 1QFY25.
- **Group health**
 - Claims Ratio improved to 95.7%, from 97.9% in 1QFY25.

■ Commercial lines

- **Fire**
 - Pricing scenario has generally improved in the industry;
 - Pricing did not improve in the segments in which ICICIGI was present, hence, growth below industry;
 - In FY25, discounting increased as the year progressed – the company will look to gain market share in the segment hereon, only if pricing is disciplined.
- **Crop insurance**
 - Only a few blocks up for bidding in FY26, FY27 will see a change in market shares with many tenders.
- **Impact of EOM guidelines taking shape**
 - All commercial lines of business are seeing elevated pricing competition.

Key quarterly trends

Exhibit 1. ICICIGI 1Q26: Highlights

Earnings Table (INR mn)	1Q25	4Q25	1Q26	YoY (%)	QoQ (%)	1Q26e	Var %	1Q26 (n basis)	YoY %
GDPI	76,881	69,039	77,350	0.6%	12.0%	80,104	-3.4%	80,540	4.8%
Net earned premiums	45,039	52,256	51,361	14.0%	-1.7%	50,754	1.2%		
Net claims incurred	33,344	37,432	37,501	12.5%	0.2%	37,050	1.2%		
Net commissions	8,045	10,264	9,408	16.9%	-8.3%	8,459	11.2%		
Opex re. to insurance business	7,116	6,657	7,384	3.8%	10.9%	6,873	7.4%		
Underwriting result	-3,466	-2,097	-2,931	-15.4%	39.8%	-1,628	80.0%		
Investment income	8,446	6,253	9,427	11.6%	50.8%	7,325	28.7%		
Other income	35	3	45	29.4%	1272.7%	0	#DIV/0!		
Operating Profit	5,015	4,159	6,541	30.4%	57.3%	5,697	14.8%		
Investment income-Shareholders' A/C	2,529	2,003	3,167	25.2%	58.1%	2,382	33.0%		
Other income	0	593	84	21000.0%	-85.8%	0	#DIV/0!		
Other opex	-196	73	-144	-26.5%	-297.0%	79	-282.3%		
Profit before tax	7,740	6,682	9,937	28.4%	48.7%	8,000	24.2%		
Taxes	1,936	1,586	2,466	27.4%	55.5%	-2,000	-223.3%		
Profit after taxes	5,804	5,096	7,471	28.7%	46.6%	6,000	24.5%	7,340	26.5%
Loss ratio	74.0%	71.6%	73.0%	-1.02%	1.38%	73.0%	0.0%		
EOM to NWP	28.3%	30.9%	29.9%	1.65%	-0.94%	29.0%	0.9%		
Opex (ex-commission) ratio	13.3%	12.1%	13.2%	-0.11%	1.02%	29.6%	-16.4%		
Combined ratio	102.3%	102.5%	102.9%	0.63%	0.44%	102.0%	0.9%	102.2%	-0.1%
RoE (calc.)	19.1%	14.5%	20.5%	1.38%	5.96%	15.2%	5.3%	20.3%	1.2%

Source: Company, JM Financial

Exhibit 2. ICICIGI 1Q26: Segmental loss ratios (%)

	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26
Motor OD	67%	64%	65%	64%	64%	66%	62%	65%	67%
Motor TP	72%	60%	62%	67%	69%	60%	51%	63%	69%
Health, Travel and PA	79%	82%	79%	79%	84%	84%	81%	82%	81%
Crop	102%	89%	99%	88%	109%	96%	68%	89%	78%
Fire	85%	61%	68%	62%	79%	39%	40%	47%	81%
Marine	77%	76%	75%	73%	78%	91%	94%	80%	82%
Engineering	99%	84%	61%	64%	53%	38%	39%	37%	67%
Other	72%	64%	64%	72%	76%	68%	55%	63%	61%

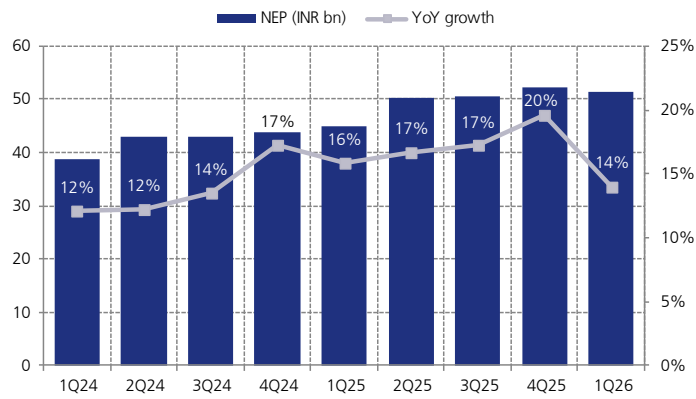
Source: Company, JM Financial

Exhibit 3. Change in estimates - JMFe

INR mn	FY26 old	FY26 new	Change %	YoY growth	FY27 old	FY27 new	Change %	YoY growth
Net earned premiums	220,733	221,222	0.2%	11.7%	253,622	253,800	0.1%	14.7%
Loss ratio	71.1%	70.8%	-0.4%	0.1%	71.6%	70.7%	-0.8%	0.0%
EOM to NWP	31.3%	31.4%	0.1%	-0.8%	30.6%	31.2%	0.6%	-0.2%
Combined ratio	102.5%	102.2%	-0.3%	-0.7%	102.2%	102.0%	-0.2%	-0.2%
EPS (INR)	56.2	57.8	2.9%	14.3%	66.5	67.2	1.0%	16.2%

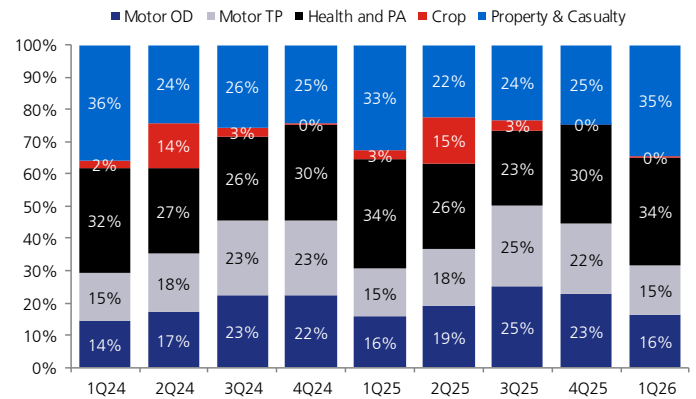
Source: Company, JM Financial

Exhibit 4. NEP and NEP growth



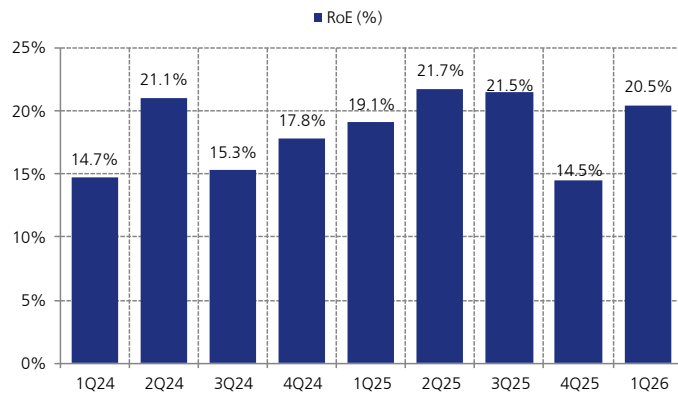
Source: Company, JM Financial

Exhibit 5. Trend in book composition



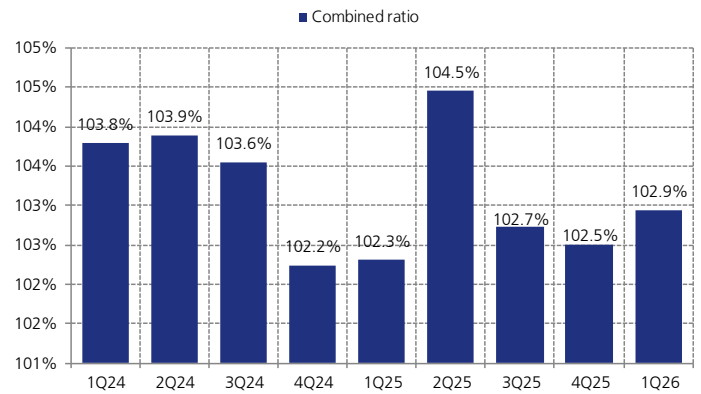
Source: Company, JM Financial

Exhibit 6. ICICIGI 3Q25: RoE (%) trends



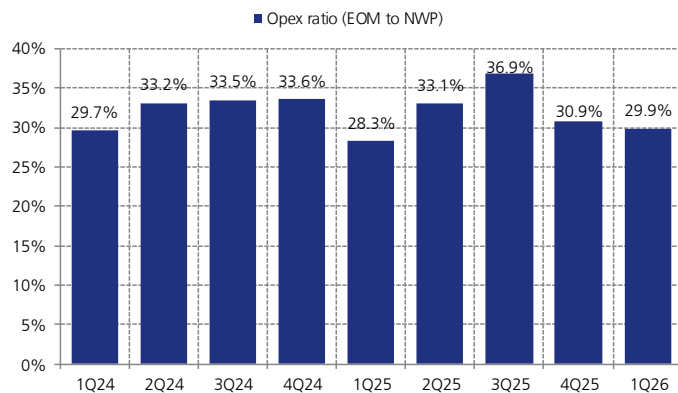
Source: Company, JM Financial

Exhibit 7. ICICIGI 1Q26: Combined Ratio (%) trends



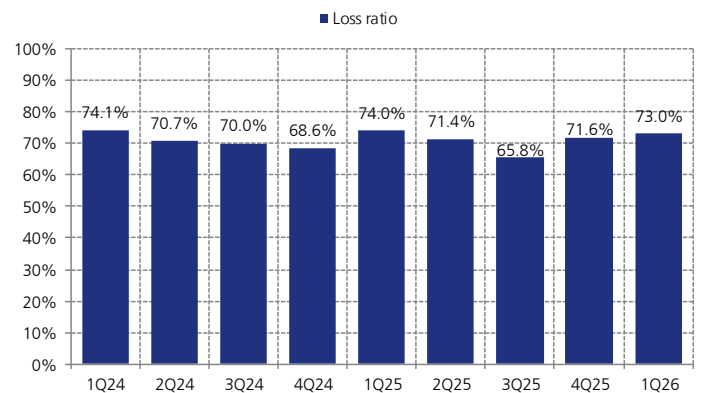
Source: Company, JM Financial

Exhibit 8. ICICIGI 1Q26: Opex ratio (%) trends



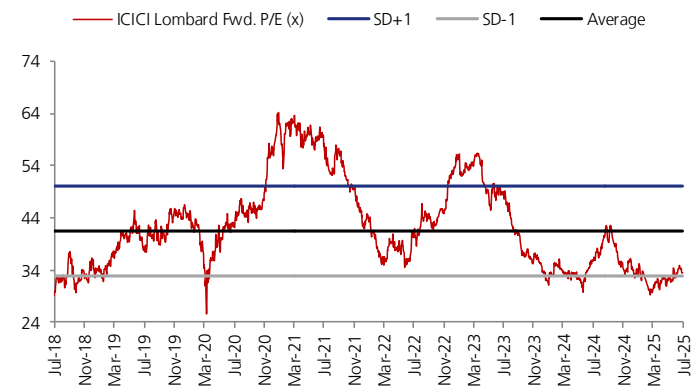
Source: Company, JM Financial

Exhibit 9. ICICIGI 1Q26: Loss Ratio (%) trends



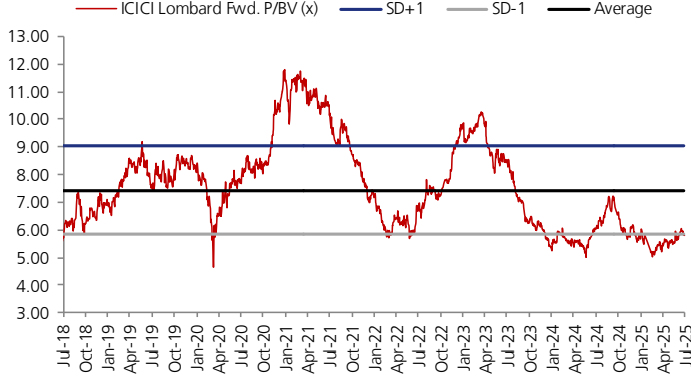
Source: Company, JM Financial

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	33,639	37,785	43,125
Total revenue	197,521	229,366	254,861	291,585	335,424
Claims Incurred (net)	119,395	139,868	156,520	179,562	207,420
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	229,876	263,376	302,664
Operating Profit	19,059	22,669	24,985	28,208	32,760
o.w. underwriting profit	(9,797)	(8,695)	(8,654)	(9,577)	(10,365)

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	24,985	28,208	32,760
Income from investments	8,448	10,048	13,186	14,524	17,321
Total revenue	27,559	33,311	38,854	43,518	50,984
Total expenses	2,007	98	630	(900)	(990)
Profit / (Loss) before tax	25,552	33,213	38,224	44,418	51,974
Taxes	6,366	8,130	9,556	11,104	12,994
Profit / (Loss) after tax	19,186	25,083	28,668	33,313	38,981

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	70.8	70.7	71.0
Expense Ratio (%)	32.5	32.2	31.4	31.2	30.8
COR	103.3	102.8	102.2	102.0	101.7
Yield on Policyholder A/C (%)	7.9	8.3	8.3	8.4	8.8
Yield on Shareholder A/C (%)	7.9	7.6	8.4	8.3	8.5
ROA (%)	3.2	3.8	4.0	4.2	4.4
ROE (%) (ex FV)	17.2	18.0	18.3	19.0	19.2

Source: Company, JM Financial

Balance Sheet (INR mn)

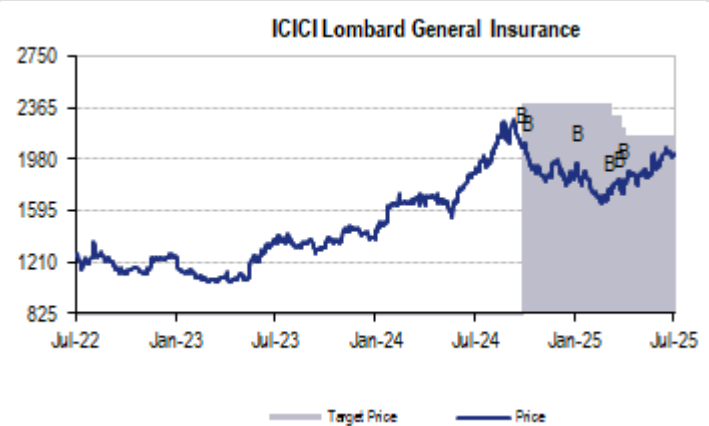
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Investments	489,072	535,078	592,560	652,960	733,927
Fixed assets	7,009	8,020	7,587	9,292	10,384
Deferred tax assets	2,926	1,691	3,035	5,913	6,608
Cash and bank balances	3,346	876	3,794	7,602	4,248
Advances and other assets - CA	130,730	144,539	151,744	168,942	188,791
Debit balance in P&L account	-	-	-	-	-
Total assets	633,083	690,203	758,720	844,709	943,957
Borrowings	350	-	-	-	-
Current liabilities	402,352	427,395	473,053	519,584	572,295
- Claims Outstanding (gross)	303,878	318,878	342,821	369,817	400,063
- 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	9,896	6,807	3,600	3,600	3,600
Total liabilities	513,485	547,169	599,128	660,033	729,930
Equity Capital	4,927	4,957	4,957	4,957	4,957
Reserves and Surplus	114,671	138,074	154,635	179,719	209,069
Shareholder's equity	119,598	143,031	159,592	184,676	214,027

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

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

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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.
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* REITs refers to Real Estate Investment Trusts.

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