

Life Insurance Sector

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Private industry down 7% YoY due to high base

Individual APE for Nov'20 was down 33% YoY. Post turning positive in Sept'20 and Oct'20, growth in Nov'20 turned negative on account of the high base of last year. Note that in Nov'19, the overall industry had reported individual APE growth of 60% YoY. Private industry's individual APE declined by 7.1% YoY in Nov'20 while LIC reported a sharper decline of 54.3% YoY. YTD, the total industry is down 10% YoY, with the private industry down 7.7% YoY and LIC down 12.8% YoY. We remain positive on the long-term growth prospects of the life insurance industry given the low insurance penetration levels in India as well as the protection gap. Earlier, our expectation was that FY21 would see subdued demand for investment-related products on account of prospective customers choosing to wait for the market volatility to subside and economic uncertainty. Our view was also supported by the fact that at the industry level, demand for equity-linked products had contracted. However, given the run-up in equity prices in the recent months, we think that ULIPs could see better traction compared to earlier months. Although people have been reluctant till now in terms of committing large sums of capital but given the sequential improvement (QoQ in 2QFY21) in the ULIP business of ICICI Pru Life, consumer confidence around market linked products seems to be improving. For Nov'20, the company has reported 31% YoY decline in individual APE. While the underperformance is severe (down 35% YoY YTD), it seems to have been arrested. Recent interaction with the management suggests that sales-approach for ULIP products has been tweaked from being investment/returns-oriented to goals-oriented. Also, ~65% of new money allocation is towards debt now compared to the same proportion for equity earlier. Apart from the pick-up in ULIP products, ICICI Pru Life has seen strong traction in its non-linked savings. Further, consumers are also flocking to products giving more surety and comfort. HDFC Life has reported 20% YoY growth in individual APE in Nov'20 (versus 43-45% in Sep'20/Oct'20) on the back of higher ticket sizes as policies sold declined by 3.3% YoY. In its most recent earnings call (2QFY21), the company had highlighted that high growth has been a function of strong traction in its protection and par portfolio. Besides this, better digital capabilities and a higher share of direct business vis-a-vis peers have also helped the company. SBI Life has reported a decline of 6% YoY in Nov'20, largely on account of a high base. The company remains optimistic about the ULIP business. Max Life has reported 8% YoY growth in individual APE in Nov'20 on the back of higher ticket sizes as policies sold declined by 15.1% YoY. On YTD basis, HDFC Life is up 9.2% YoY, ICICI Pru Life is down 35% YoY, SBI Life is down 14% YoY and Max Life is up 9.1% YoY. In the unlisted space (for Nov'20), Tata AIA Life, Bajaj Life and Birla Sun Life have reported YoY decline of 1%, 5% and 26%, respectively.

For **ICICI Pru Life**, the equity-oriented ULIP heavy portfolio has proven to be a major headwind as capital markets volatility has kept demand low. Recent trends and industry commentary suggest that given the run-up in equity prices, customer's confidence in ULIPs is much better compared to what it was at the start of FY21. In light of the demand contraction seen in ULIPs in 1HFY21, we expect the company's headline growth numbers to remain subdued in FY21. Recent interaction with the management suggests that sales-approach for ULIP products has been tweaked from being investment/returns-oriented to goals-oriented. Also, ~65% of new money allocation is towards debt now compared to the same proportion for equity earlier. See our 2QFY21 result update [here](#).

With a more balanced product mix and a higher share of pure protection and annuity products, **HDFC Life** has been able to outperform the industry. The current health crisis has resulted in higher conversion rates for protection products, which has proved to be beneficial for HDFC Life from a growth standpoint. Besides protection, the company has also seen extremely strong traction in terms of par products on the back of Sanchay Par Advantage. Credit protect is expected see further pick-up in business as disbursements at partner lenders have reached pre-covid levels. See our 2QFY21 result update [here](#).

We continue to maintain our view that **SBI Life's** deep reach and wide distribution network help it to mitigate growth challenges. Though SBI Life too has a relatively higher share of ULIP business, most of it (65%) is debt-oriented, which has helped it to weather the capital market volatility better compared to ICICI Pru Life. The recent management commentary indicates that ULIP traction is improving. On the protection front, the company expects to do good volumes in term and credit life business in FY21. The company's stance on guaranteed and par products is relatively aggressive. See our 2QFY21 result update [here](#).

Max Life has been an outperformer FYTD, up 9.1% YoY (individual APE) compared to an industry-wide decline of 10% YoY. See our 2QFY21 result update [here](#).

Detailed tables follow from page 2 onwards

Individual APE (Rsmn)	Nov'20	Growth (YoY) (%)	Market share (%)
SBI Life	8,515	-5.7%	15.7%
HDFC Standard Life	5,478	20.4%	10.1%
ICICI Prudential Life	4,226	-30.8%	7.8%
Max Life	3,324	7.5%	6.1%
Tata AIA Life	2,273	-0.9%	4.2%
Bajaj Allianz Life	1,735	-5.3%	3.2%
Aditya Birla Sun Life	1,325	-26.2%	2.4%
Kotak Mahindra Life	1,053	-23.2%	1.9%
PNB Met Life	1,040	-6.0%	1.9%
India First Life	775	6.8%	1.4%
Star Union Dai-ichi Life	738	17.5%	1.4%
Canara HSBC OBC Life	724	-6.4%	1.3%
Reliance Nippon Life	621	-1.1%	1.1%
Exide Life	440	-25.4%	0.8%
Bharti Axa Life	394	-21.9%	0.7%
Shriram Life	361	-4.6%	0.7%
Edelweiss Tokio Life	284	8.6%	0.5%
IDBI Federal Life	239	-1.4%	0.4%
Future Generali Life	204	-34.7%	0.4%
Pramerica Life	83	-34.5%	0.2%
Aviva Life	54	-42.4%	0.1%
Aegon Life	27	-53.1%	0.0%
Private Total	33,912	-7.1%	62.7%
LIC	20,194	-54.3%	37.3%
Grand Total	54,105	-33.0%	100.0%

Source: Life insurance council, Nirmal Bang Institutional Equities Research

Total APE (Rsmn)	Nov'20	Growth (YoY) (%)	Market share (%)
SBI Life	8,952	-5.4%	12.9%
HDFC Standard Life	6,174	11.4%	8.9%
ICICI Prudential Life	4,467	-29.1%	6.5%
Max Life	3,375	8.2%	4.9%
Tata AIA Life	2,311	-0.7%	3.3%
Aditya Birla Sun Life	1,969	-3.1%	2.8%
Bajaj Allianz Life	1,919	-13.7%	2.8%
Kotak Mahindra Life	1,157	-21.0%	1.7%
Reliance Nippon Life	1,097	60.7%	1.6%
PNB Met Life	1,075	-6.6%	1.6%
Canara HSBC OBC Life	935	12.0%	1.3%
India First Life	833	5.0%	1.2%
Star Union Dai-ichi Life	755	18.0%	1.1%
Exide Life	458	-22.7%	0.7%
Bharti Axa Life	406	-21.2%	0.6%
Shriram Life	379	-4.3%	0.5%
Edelweiss Tokio Life	289	7.2%	0.4%
IDBI Federal Life	247	-3.0%	0.4%
Future Generali Life	213	-32.9%	0.3%
Pramerica Life	93	-39.0%	0.1%
Aviva Life	55	-42.9%	0.1%
Aegon Life	27	-53.1%	0.0%
Private Total	37,183	-5.2%	53.7%
LIC	32,066	-63.8%	46.3%
Grand Total	69,249	-45.8%	100.0%

Source: Life insurance council, Nirmal Bang Institutional Equities Research

Individual NBP (Rsmn)	Nov'20	Growth (YoY) (%)	Market share (%)
SBI Life	10,508	0.3%	13.9%
HDFC Standard Life	7,791	18.1%	10.3%
ICICI Prudential Life	5,816	-16.8%	7.7%
Max Life	4,355	9.1%	5.8%
Tata AIA Life	2,762	2.4%	3.7%
Bajaj Allianz Life	1,767	-6.9%	2.3%
Kotak Mahindra Life	1,675	-14.2%	2.2%
Aditya Birla Sun Life	1,433	-23.1%	1.9%
PNB Met Life	1,135	1.2%	1.5%
Canara HSBC OBC Life	1,020	26.6%	1.4%
Star Union Dai-ichi Life	956	32.4%	1.3%
India First Life	801	7.9%	1.1%
Reliance Nippon Life	655	-2.6%	0.9%
Exide Life	505	-24.0%	0.7%
IDBI Federal Life	434	29.6%	0.6%
Bharti Axa Life	410	-23.0%	0.5%
Shriram Life	407	0.6%	0.5%
Edelweiss Tokio Life	291	9.8%	0.4%
Future Generali Life	207	-34.2%	0.3%
Pramerica Life	85	-35.5%	0.1%
Aviva Life	63	-37.6%	0.1%
Aegon Life	27	-55.9%	0.0%
Private Total	43,102	-0.5%	57.1%
LIC	32,436	-47.2%	42.9%
Grand Total	75,538	-27.9%	100.0%

Source: Life insurance council, Nirmal Bang Institutional Equities Research

Total NBP (Rsmn)	Nov'20	Growth (YoY) (%)	Market share (%)
SBI Life	14,824	1.4%	7.9%
HDFC Standard Life	14,747	-10.8%	7.9%
ICICI Prudential Life	8,231	-7.6%	4.4%
Max Life	4,860	14.1%	2.6%
Aditya Birla Sun Life	4,056	-3.2%	2.2%
Bajaj Allianz Life	3,604	-37.9%	1.9%
Canara HSBC OBC Life	3,101	128.3%	1.7%
Tata AIA Life	2,828	2.5%	1.5%
Kotak Mahindra Life	2,711	-6.0%	1.5%
PNB Met Life	1,481	-5.0%	0.8%
India First Life	1,376	-2.4%	0.7%
Reliance Nippon Life	1,130	55.5%	0.6%
Star Union Dai-ichi Life	1,125	37.1%	0.6%
Shriram Life	585	1.4%	0.3%
Bharti Axa Life	529	-17.4%	0.3%
Exide Life	524	-21.6%	0.3%
IDBI Federal Life	515	12.1%	0.3%
Edelweiss Tokio Life	310	9.8%	0.2%
Future Generali Life	302	-19.7%	0.2%
Pramerica Life	183	-52.7%	0.1%
Aviva Life	65	-37.3%	0.0%
Aegon Life	27	-55.9%	0.0%
Private Total	67,113	-3.3%	35.9%
LIC	1,19,821	-36.1%	64.1%
Grand Total	1,86,933	-27.2%	100.0%

Source: Life insurance council, Nirmal Bang Institutional Equities Research

Total APE (Rsmn)	YTD FY21	Growth (YoY) (%)	Market share (%)
SBI Life	55,365	-10.2%	10.3%
HDFC Standard Life	44,863	9.1%	8.3%
ICICI Prudential Life	28,451	-34.5%	5.3%
Max Life	24,509	9.0%	4.6%
Tata AIA Life	17,855	19.7%	3.3%
Bajaj Allianz Life	13,890	4.7%	2.6%
Aditya Birla Sun Life	12,195	11.0%	2.3%
Kotak Mahindra Life	8,449	-6.4%	1.6%
PNB Met Life	7,241	-7.4%	1.3%
Reliance Nippon Life	5,446	-4.2%	1.0%
Canara HSBC OBC Life	5,144	-13.9%	1.0%
India First Life	5,001	-4.1%	0.9%
Star Union Dai-ichi Life	3,438	4.0%	0.6%
Exide Life	3,075	-22.4%	0.6%
Bharti Axa Life	2,935	-23.7%	0.5%
Shriram Life	2,652	-4.7%	0.5%
Edelweiss Tokio Life	2,043	10.1%	0.4%
Future Generali Life	1,560	-24.7%	0.3%
IDBI Federal Life	1,437	-25.6%	0.3%
Aviva Life	793	17.4%	0.1%
Pramerica Life	781	-39.0%	0.1%
Aegon Life	293	-37.4%	0.1%
Private Total	2,47,418	-6.2%	46.0%
LIC	2,89,938	-41.1%	54.0%
Grand Total	5,37,356	-28.9%	100.0%

Source: Life insurance council, Nirmal Bang Institutional Equities Research

Total NBP (Rsmn)	YTD FY21	Growth (YoY) (%)	Market share (%)
SBI Life	1,18,812	12.0%	7.3%
HDFC Standard Life	1,16,018	10.7%	7.1%
ICICI Prudential Life	48,944	-21.4%	3.0%
Max Life	34,098	14.2%	2.1%
Bajaj Allianz Life	30,337	-3.2%	1.9%
Aditya Birla Sun Life	26,589	23.5%	1.6%
Tata AIA Life	21,731	23.7%	1.3%
Kotak Mahindra Life	17,212	-9.6%	1.1%
Canara HSBC OBC Life	13,003	41.0%	0.8%
India First Life	11,306	0.4%	0.7%
PNB Met Life	9,163	-8.9%	0.6%
Reliance Nippon Life	5,701	-4.6%	0.3%
Star Union Dai-ichi Life	5,000	20.7%	0.3%
Bharti Axa Life	4,195	-22.4%	0.3%
Shriram Life	3,541	-14.8%	0.2%
Exide Life	3,520	-24.7%	0.2%
IDBI Federal Life	3,189	-7.4%	0.2%
Edelweiss Tokio Life	2,141	6.5%	0.1%
Future Generali Life	1,823	-27.8%	0.1%
Pramerica Life	1,128	-65.2%	0.1%
Aviva Life	889	20.1%	0.1%
Aegon Life	344	-30.7%	0.0%
Private Total	4,78,683	4.1%	29.3%
LIC	11,52,495	-3.7%	70.7%
Grand Total	16,31,178	-1.5%	100.0%

Source: Life insurance council, Nirmal Bang Institutional Equities Research

Total individual policies (nos.)	Nov'20	Growth (YoY) (%)	YTD FY21	Growth (YoY) (%)
SBI Life	1,42,927	0.8%	8,84,030	-7.3%
HDFC Standard Life	70,336	-3.3%	5,92,195	6.7%
ICICI Prudential Life	49,976	-22.7%	3,77,754	-20.5%
Max Life	40,582	-15.1%	3,67,250	5.2%
Bajaj Allianz Life	30,628	6.1%	2,50,383	37.2%
Tata AIA Life	29,266	-26.3%	2,61,123	-2.4%
Shriram Life	23,337	1.8%	1,45,465	-9.4%
Kotak Mahindra Life	21,206	-18.5%	1,79,709	1.1%
PNB Met Life	19,683	20.5%	1,39,818	17.5%
Aditya Birla Sun Life	19,182	-22.6%	1,53,847	-5.4%
India First Life	17,081	13.4%	1,06,859	-8.7%
Canara HSBC OBC Life	14,363	3.0%	99,285	10.7%
Reliance Nippon Life	13,627	-7.1%	1,12,586	-14.5%
Exide Life	11,319	-34.9%	86,253	-28.5%
Star Union Dai-ichi Life	10,352	22.7%	49,919	4.1%
Bharti Axa Life	8,128	-55.5%	64,640	-57.0%
Edelweiss Tokio Life	4,817	-18.7%	45,208	-1.3%
IDBI Federal Life	3,356	-12.5%	22,207	-33.2%
Future Generali Life	3,176	-45.4%	29,379	-26.9%
Pramerica Life	2,122	-29.0%	17,668	-31.6%
Aviva Life	948	-43.5%	12,734	8.1%
Aegon Life	806	-94.8%	11,253	-63.2%
Private Total	5,37,218	-11.8%	40,09,565	-5.6%
LIC	15,69,347	-53.9%	92,51,485	-32.3%
Grand Total	21,06,565	-47.5%	1,32,61,050	-25.9%

Source: Life insurance council, Nirmal Bang Institutional Equities Research

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