

Monthly Business Update

Life Insurance | Sector Update

June 10, 2024

IPRU Life seeing sustained momentum; Group volume tepid

Key Points

- Individual APE trend for private life insurers was better than industry in May'24 (+25.4% YoY vs. 18.7% for industry). All covered companies demonstrated strong momentum; IPRU Life grew by 56.9% YoY on a low base.
- Industry Group APE declined by 4% YoY, with LIC/SBI Life seeing weak volume. IPRU Life/Max Life grew at an accelerated rate.
- On YTD'25 Individual APE basis, SBI Life remains the market leader with 15.3% share; HDFC Life/IPRU Life/Max Life hold share at 11.1%/7.4%/5.5%.
- We expect growth in 1QFY25 to be driven by steady volume in Retail Protection, Annuity and NPAR. Reiterate BUY on SBI Life (TP of Rs1,785, 2.2x FY26E P/EV) and IPRU Life (TP of Rs750, 2x FY26E P/EV).

Accelerated growth for IPRU Life continues: Individual APE for private players saw strong momentum (+25.4% YoY in May'24 vs. +24.6%/-12.0% in Apr'24/Mar'24). Individual APE for HDFC Life/Max Life/SBI Life grew at a robust pace of 23.2%/30.6%/24.8% YoY, led by strong volume in Retail Protection and Annuity businesses. Growth continues to be higher for IPRU Life (+56.9% YoY), albeit on a favourable base. Among the unlisted players, Tata AIA Life/Bajaj Allianz continued to garner market share with Individual APE growth of 22.2%/18.5% YoY in May'24. LIC saw a growth of 7.2% YoY in Individual APE, translating into an overall growth of 18.7% YoY for the industry. With healthy volume clocked in Apr/May, we expect 1QFY25 to be strong driven by traction in Retail Protection, NPAR and Annuity.

Muted growth in Industry Group APE: Private players posted a decline of 5% YoY in Group APE. IPRU Life/Max Life recorded a robust growth of 34%/36% YoY; growth for HDFC Life was decent at 13% YoY while SBI Life saw a de-growth of 38% YoY in its group business. LIC registered a decline of 3% YoY dragging down Industry Group APE (-4% YoY). 4QFY24 management commentary highlighted intense competition in the group business, resulting in lower volumes.

Private players maintain stable market share in YTD'25: SBI Life retained its market leadership position (15.3% share in Individual APE) while HDFC Life/IPRU Life/Max Life's market share stood at 11.1%/7.4%/5.5%. Overall, the private sector's market share stood at 66.0% (+258 bps YoY) while LIC continues to cede market share (34.0%).

SBI Life sees tepid NBP growth: Despite strong APE growth, New Business Premium (NBP) growth for private players showed a subdued trend (+9% YoY in May'24). IPRU Life/Max Life witnessed a robust growth of 33%/23% YoY with HDFC Life growing moderately by 14% YoY. Growth for SBI Life was muted at -2.5% YoY due to weak group business volume. LIC's NBP expanded by 19% YoY, resulting in industry NBP growth of 15% YoY.

Please refer to the disclaimer towards the end of the document.

Exhibit 1: Individual APE and Total APE

(Rsmn)	Individual APE			Total APE		
	May-24	Growth (YoY) (%)	Market share (%)	May-24	Growth (YoY) (%)	Market share (%)
SBI Life	11,343	24.8%	15.6%	11,993	18.4%	13.4%
HDFC Life	8,053	23.2%	11.1%	9,231	21.8%	10.3%
ICICI Prudential Life	5,422	56.9%	7.5%	5,863	54.8%	6.6%
Max Life	4,157	30.6%	5.7%	4,267	30.7%	4.8%
Tata AIA Life	5,026	22.2%	6.9%	5,053	22.2%	5.7%
Bajaj Allianz Life	4,156	18.5%	5.7%	4,391	18.0%	4.9%
Kotak Mahindra Life	1,162	12.4%	1.6%	1,352	9.9%	1.5%
Aditya Birla Sun Life	2,174	17.9%	3.0%	2,481	15.2%	2.8%
PNB Met Life	1,377	12.8%	1.9%	1,438	12.6%	1.6%
Canara HSBC OBC Life	1,204	92.3%	1.7%	1,227	64.6%	1.4%
India First Life	588	-34.7%	0.8%	646	4.8%	0.7%
Reliance Nippon Life	613	0.7%	0.8%	638	-32.7%	0.7%
Star Union Dai-ichi Life	900	19.8%	1.2%	679	46.2%	0.8%
Shriram Life	633	48.4%	0.9%	945	13.7%	1.1%
Bharti Axa Life	357	2.9%	0.5%	361	0.2%	0.4%
Future Generali Life	152	-5.4%	0.2%	152	-5.6%	0.2%
Edelweiss Tokio Life	287	36.5%	0.4%	288	36.2%	0.3%
IDBI Federal Life	461	70.9%	0.6%	483	69.9%	0.5%
Aviva Life	92	-38.3%	0.1%	93	-40.8%	0.1%
Pramerica Life	165	56.8%	0.2%	228	39.4%	0.3%
Private Total	48,336	25.4%	66.7%	51,834	22.7%	58.0%
LIC	24,179	7.2%	33.3%	37,562	3.3%	42.0%
Grand Total	72,515	18.7%	100.0%	89,396	13.7%	100.0%

Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

Exhibit 2: Individual APE growth (% YoY)

Individual APE growth (% yoy)	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24
Bajaj Allianz Life	18%	17%	33%	33%	30%	27%	27%	20%	32%	34%	5%	22%	18%
Birla Sun Life	33%	35%	9%	-3%	-1%	21%	-19%	10%	36%	9%	-25%	16%	18%
HDFC Standard Life	19%	28%	1%	24%	26%	20%	-4%	-5%	17%	28%	-28%	30%	23%
ICICI Prudential Life	4%	12%	8%	12%	-5%	21%	-3%	13%	22%	34%	-1%	72%	57%
Max Life	2%	12%	19%	49%	29%	38%	8%	15%	51%	34%	-8%	32%	31%
SBI Life	8%	5%	31%	34%	16%	16%	-3%	20%	17%	26%	-7%	20%	25%
Tata AIA Life	21%	22%	21%	7%	15%	23%	-14%	17%	18%	0%	-19%	30%	22%
Private Total	10%	12%	16%	21%	12%	20%	-1%	11%	20%	20%	-12%	25%	25%
LIC	-1%	-11%	14%	3%	5%	2%	-9%	2%	7%	13%	-16%	18%	7%
Total industry	6%	3%	15%	14%	10%	13%	-4%	9%	15%	18%	-13%	22%	19%

Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

Exhibit 3: Individual APE market share (YTD) (%)

Indi APE market share (YTD) (%)	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24
Bajaj Allianz Life	5.9%	5.7%	5.6%	5.6%	5.6%	5.6%	5.7%	5.6%	5.6%	5.6%	5.8%	6.0%	5.9%
Aditya Birla Sun Life	2.9%	3.0%	2.8%	2.8%	2.7%	2.7%	2.7%	2.8%	2.7%	2.8%	2.8%	2.6%	2.8%
HDFC Life	10.6%	10.6%	9.9%	10.3%	10.3%	10.2%	10.2%	10.1%	10.2%	10.4%	10.4%	11.1%	11.1%
ICICI Prudential Life	5.5%	5.9%	5.9%	6.0%	6.0%	6.1%	6.0%	5.9%	6.0%	6.3%	6.6%	7.3%	7.4%
Max Life	5.0%	5.5%	5.5%	5.6%	5.8%	5.8%	5.9%	6.0%	6.0%	6.1%	6.4%	5.2%	5.5%
SBI Life	15.0%	14.9%	15.5%	16.0%	16.2%	16.3%	16.5%	17.9%	17.7%	17.1%	15.8%	14.9%	15.3%
Tata AIA Life	6.7%	6.8%	6.7%	6.6%	6.6%	6.6%	6.5%	6.6%	6.6%	6.6%	6.8%	7.1%	7.0%
Private Total	63.4%	64.7%	64.2%	65.1%	65.8%	65.9%	66.2%	67.4%	67.3%	67.5%	67.8%	65.2%	66.0%
LIC	36.6%	35.3%	35.8%	34.9%	34.2%	34.1%	33.8%	32.6%	32.7%	32.5%	32.2%	34.8%	34.0%
Grand Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

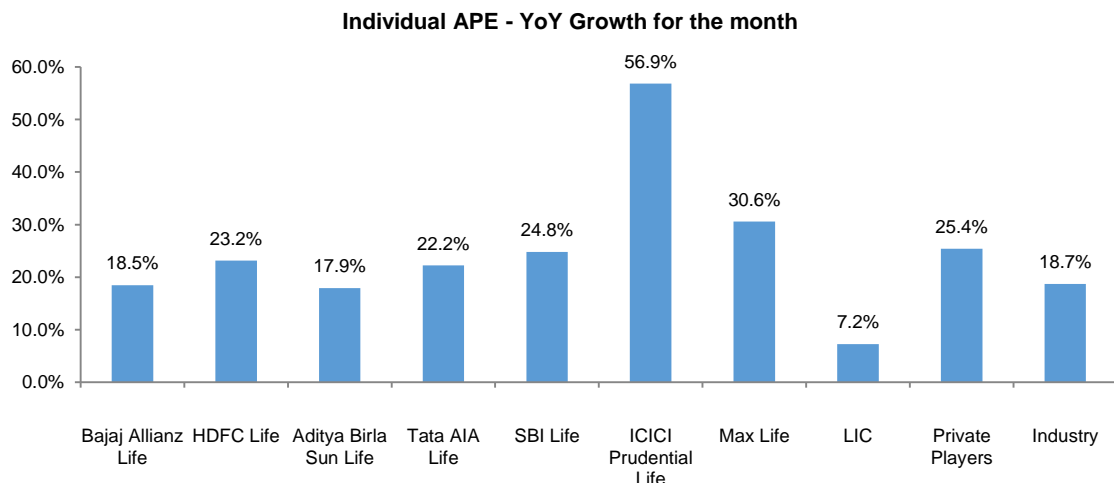
Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

Exhibit 4: Individual New Business Premium

Individual NBP (Rsmn)	May-24	Growth (YoY) (%)	Market share (%)
SBI Life	16,906	22.1%	16.5%
HDFC Life	10,636	19.3%	10.4%
ICICI Prudential Life	6,533	43.4%	6.4%
Max Life	5,572	25.1%	5.4%
Tata AIA Life	5,637	11.8%	5.5%
Kotak Mahindra Life	1,981	25.0%	1.9%
Bajaj Allianz Life	4,568	19.1%	4.4%
Aditya Birla Sun Life	2,824	38.6%	2.8%
PNB Met Life	1,431	11.8%	1.4%
Canara HSBC OBC Life	1,241	69.7%	1.2%
India First Life	682	-29.1%	0.7%
Reliance Nippon Life	634	-0.3%	0.6%
Star Union Dai-ichi Life	987	23.1%	1.0%
Shriram Life	681	45.1%	0.7%
Bharti Axa Life	360	1.8%	0.4%
Future Generali Life	162	-1.7%	0.2%
Edelweiss Tokio Life	301	40.0%	0.3%
IDBI Federal Life	658	78.9%	0.6%
Aviva Life	116	-29.9%	0.1%
Pramerica Life	168	58.3%	0.2%
Private Total	62,091	22.9%	60.5%
LIC	40,581	12.5%	39.5%
Grand Total	102,672	18.6%	100.0%

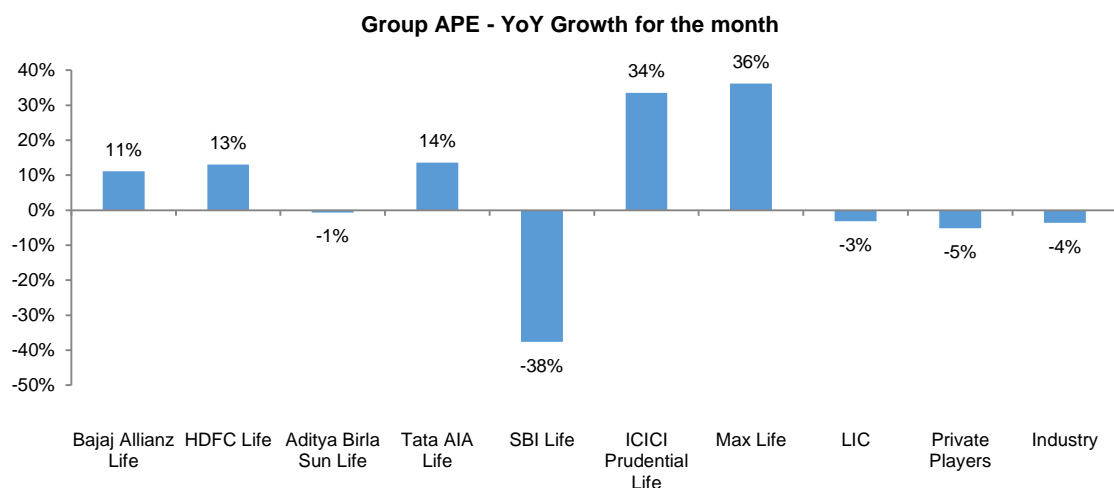
Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

Exhibit 5: Private players' APE rises by 25.4% YoY



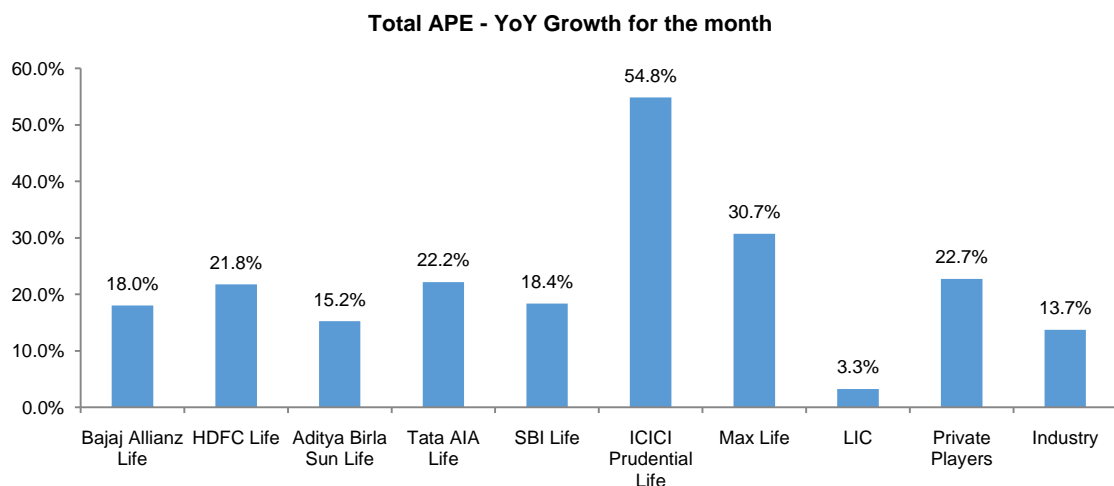
Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

Exhibit 6: Strong growth in Group APE for private players; LIC/ SBI Life a laggard



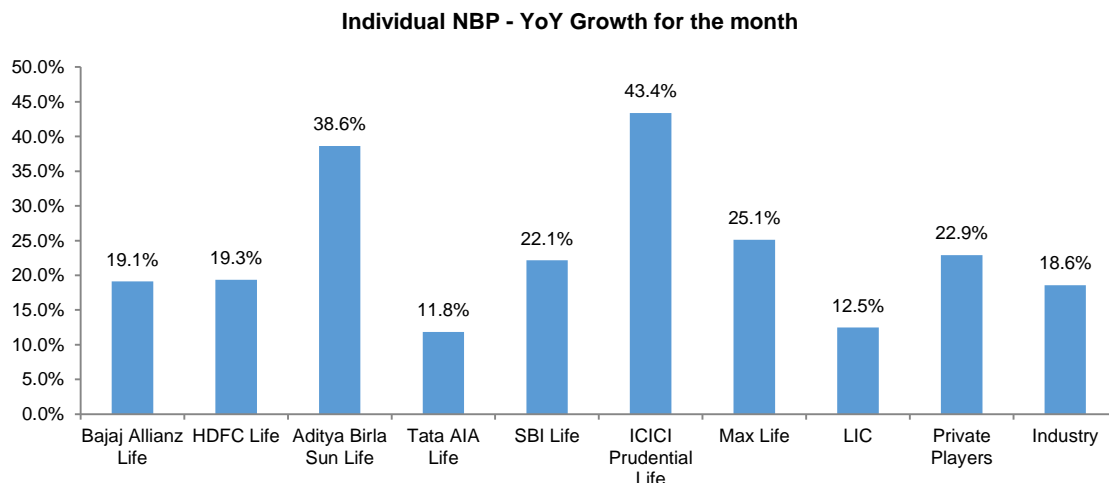
Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

Exhibit 7: Growth of 13.7% YoY in total APE volume for the industry



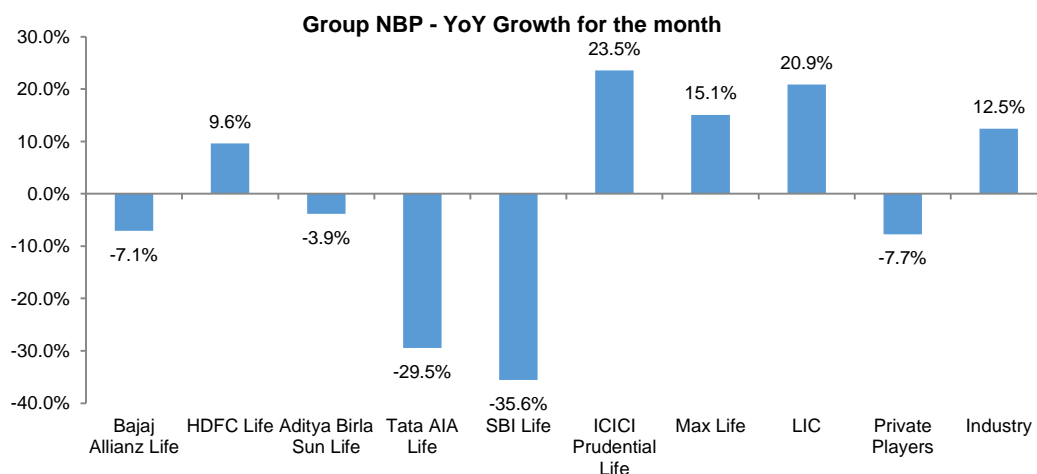
Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

Exhibit 8: Individual NBP – Private players grow by 22.9%



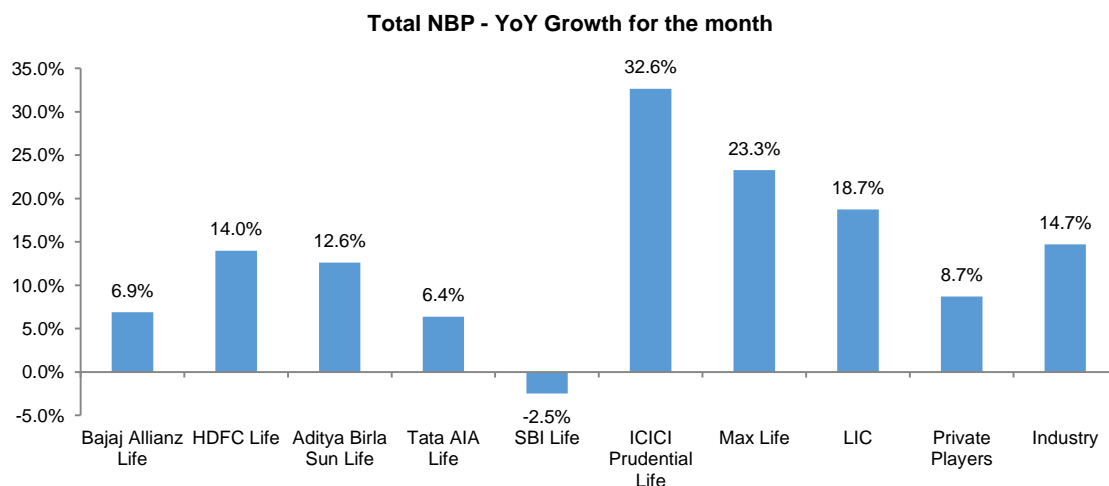
Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

Exhibit 9: Industry Group NBP rises by 12.5% driven by LIC, IPRU Life & Max Life



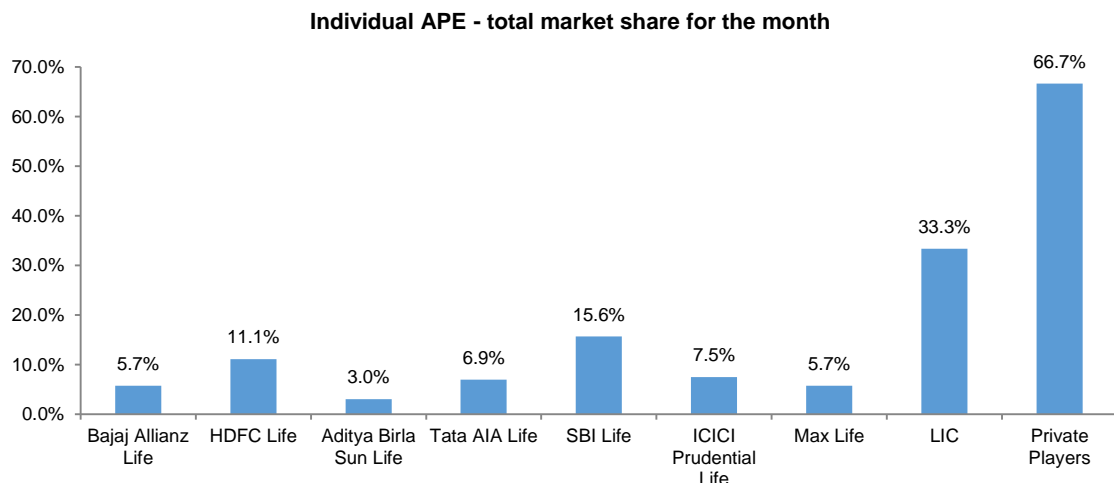
Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

Exhibit 10: Total NBP growth stands at 8.7%/14.7% for private players/industry



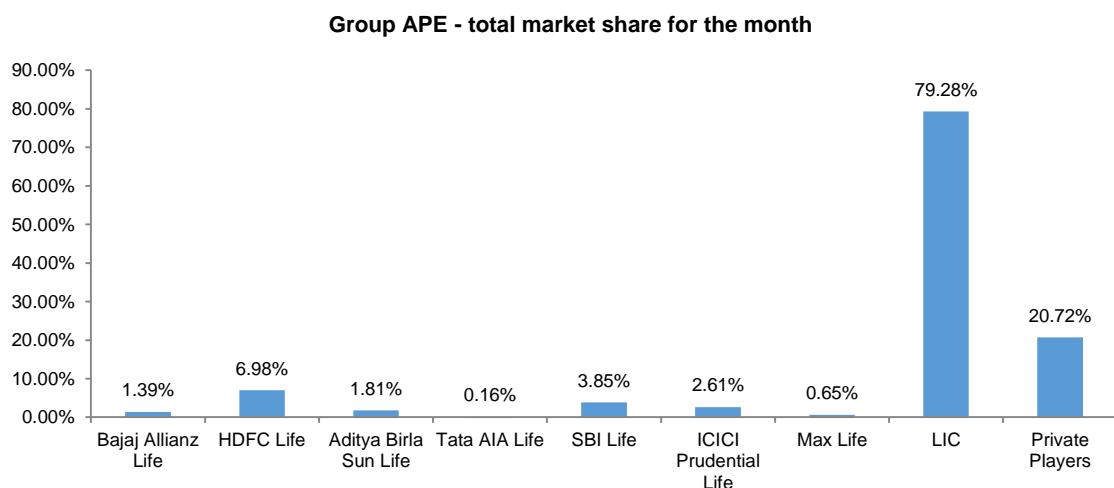
Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

Exhibit 11: Private players accounted for 66.7% share in May'24



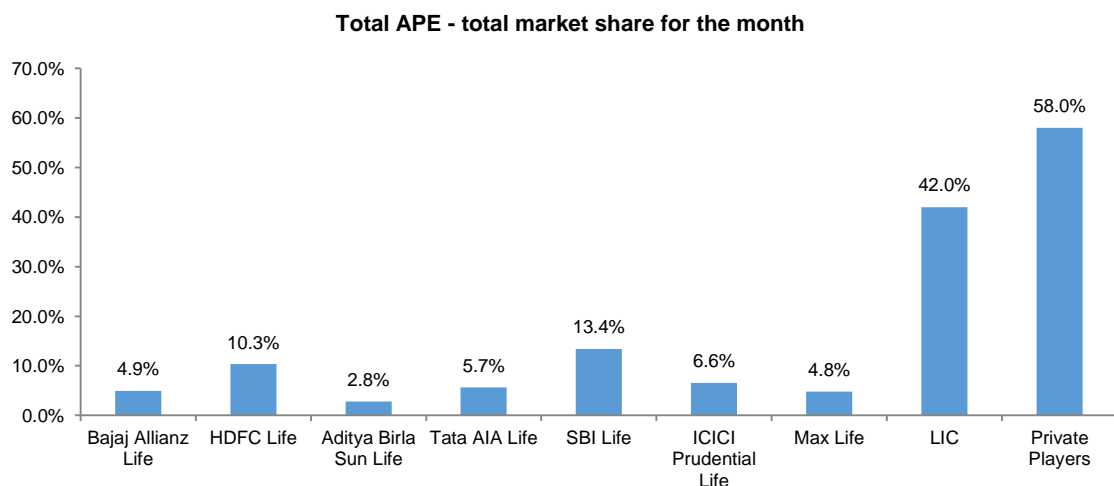
Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

Exhibit 12: LIC continues to dominate Group APE



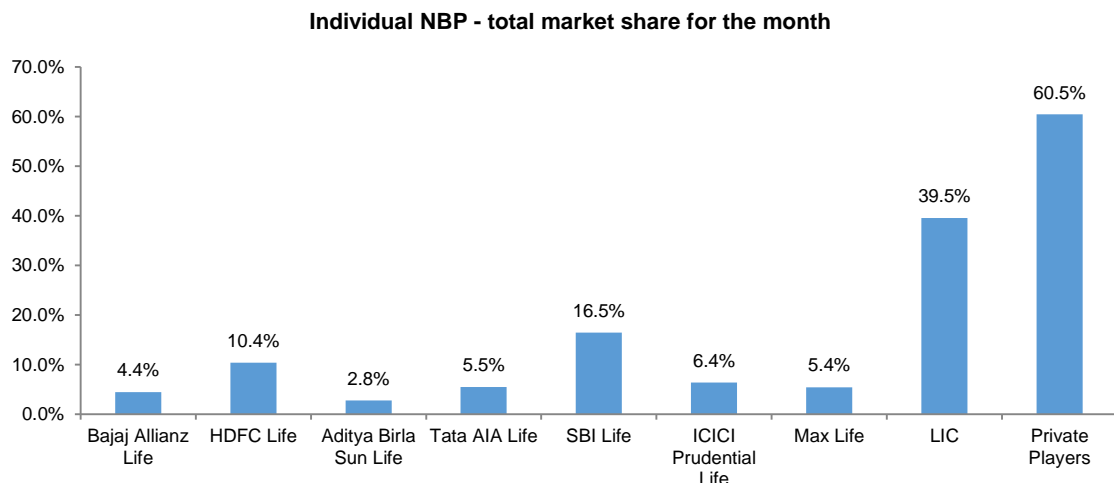
Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

Exhibit 13: Total APE - Private players hold 58.0% market share



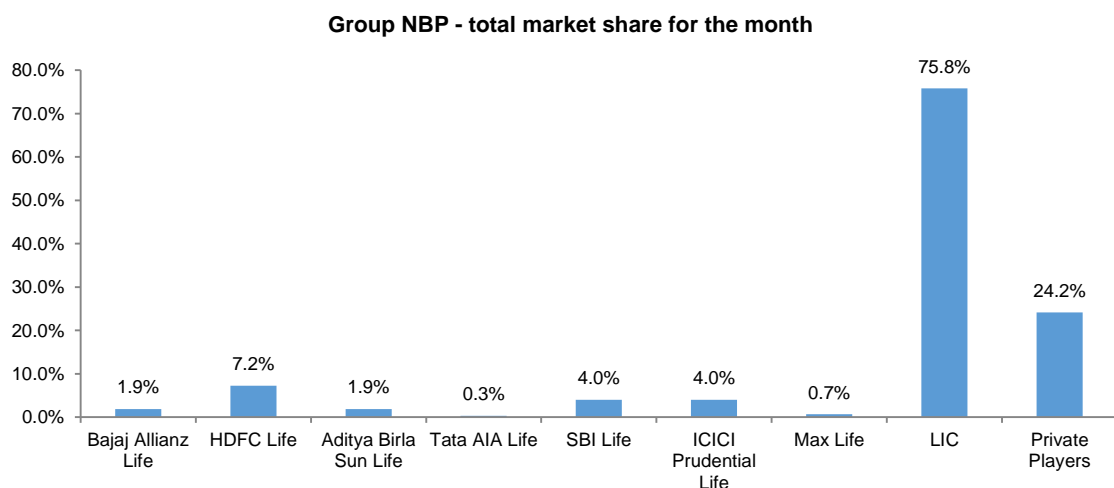
Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

Exhibit 14: Individual NBP – Private players hold major share at 60.5%



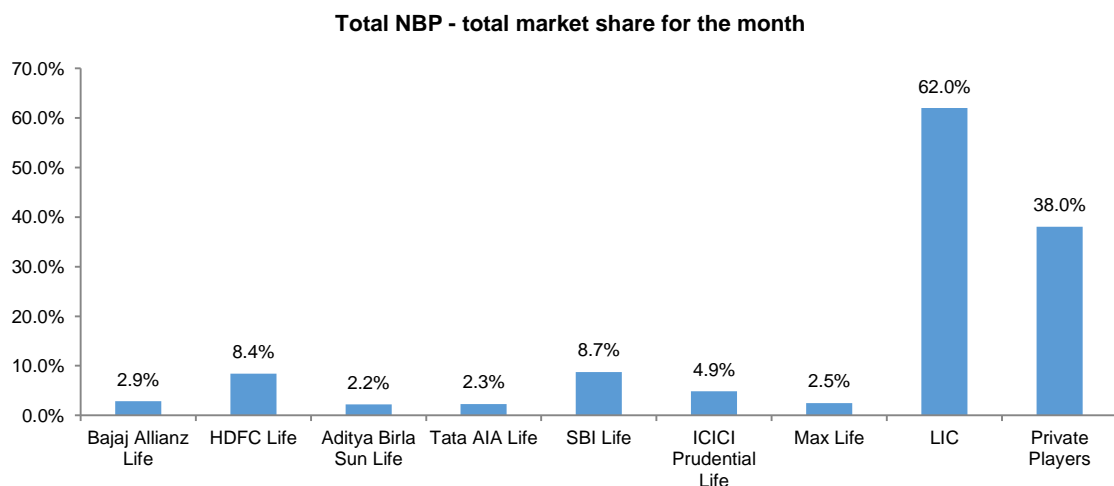
Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

Exhibit 15: LIC is the market leader in Group NBP



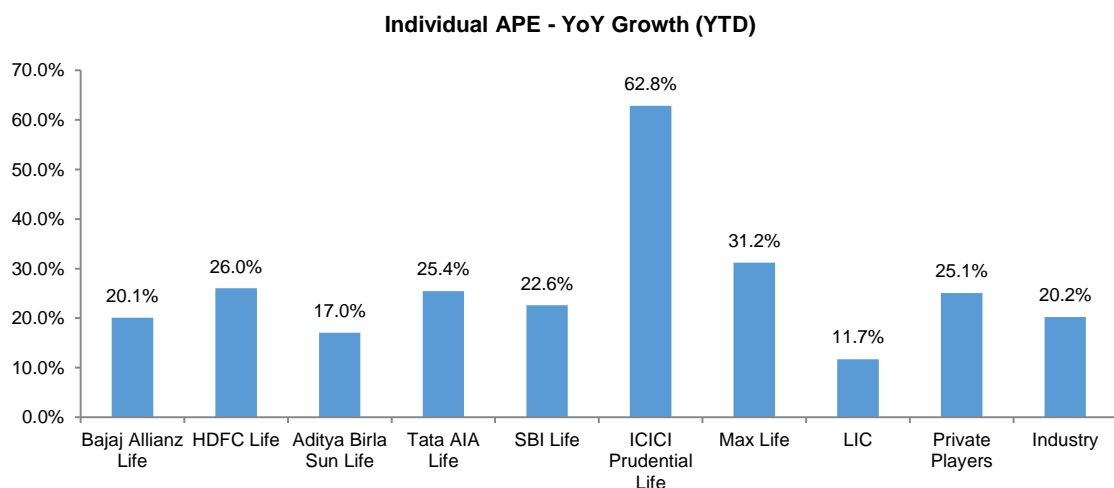
Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

Exhibit 16: Total NBP - Private players hold 38.0% market share



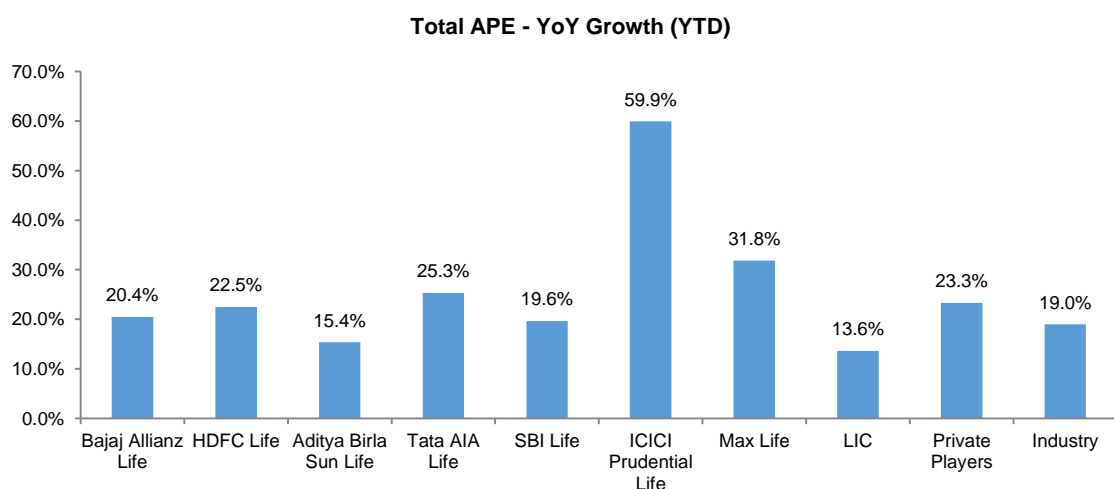
Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

Exhibit 17: Individual APE - Healthy growth for all players in May'24 with IPRU Life outperforming



Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

Exhibit 18: Strong growth for all players; IPRU Life outperforms



Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

Exhibit 19: Valuation Summary

Company	CMP	Mcap (Rsbn)	TP	Rating	Upside / Downside	P/EV (x)			VNB (Rsbn)			VNB Margin (%)			Embedded Value (Rsbn)			RoEV (%)		
						FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY24	FY25E	FY26E
HDFC Life	569	1,223.8	675	Acc	19%	2.6	2.2	1.9	35.0	39.3	46.6	26.3	26.5	27.2	474.7	553.2	644.9	17.5	16.5	16.7
IPRU Life	581	836.9	750	Buy	29%	2.0	1.8	1.6	22.3	26.6	31.5	24.6	25.5	26.5	423.4	476.2	537.9	14.1	14.2	14.6
Max FS	955	329.6	1,105	Acc	16%	1.7	1.4	1.2	19.7	23.3	27.5	26.5	26.6	27.2	194.9	235.2	281.9	20.2	20.6	19.9
SBI Life	1,431	1,433.5	1,785	Buy	25%	2.5	2.1	1.7	55.5	65.4	75.7	28.1	28.4	28.6	582.5	693.4	820.4	21.8	19.7	19.0

Source: Company, Nirmal Bang Institutional Equities Research

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