

Q1FY26E Life Insurance Earnings Preview



Life Insurance

Renewal and New Business Premiums to Drive Q1FY26E Life Insurance Growth

COVERAGE STOCKS

Coverage	CMP	Target (INR)	Upside (%)	Recom.
HDFC Life Insurance Company Ltd	790	831	5.2	BUY
SBI Life Insurance Company Ltd	1,857	1,955	5.3	ACCUMULATE
ICICI Prudential Life Insurance Company Ltd	660	612	TA	HOLD

MARKET DATA

	Close	1M (%)	YTD (%)
Nifty	25,453	3.0	7.2
Sensex	83,410	2.5	6.2
Nifty Fin. Services	26,862	1.6	13.7
USD / INR	85.604	0.1	(0.1)

Note: TP and recommendation have been retained from previous update reports; we will review it post detailed Q1FY26 results analysis and conference call of the said companies.

Source: Bloomberg, NSE; Data as of 02nd July, 2025, closing.

SECTOR OVERVIEW

- The Indian life insurance sector is expected to register stable growth in Q1FY26E. Although, New Business Premiums (NBP) are projected to increase, the growth momentum may moderate compared to the same period last year, reflecting a cautious but steady demand environment amid shifting macroeconomic conditions and evolving consumer sentiment.
- The Indian life insurance industry began FY26 on a modest footing, as NBP grew by 8.4% YoY to INR 219.7bn in April 2025. Moderation in growth was underscored by macroeconomic headwinds and shifting consumer purchasing behavior within the insurance landscape.
- In April 2025, the Annual Premium Equivalent (APE) grew by 4.4% YoY, a notable deceleration from the 22.0% YoY growth observed in the same period last year.
- In Q1FY26E, growth in the Value of New Business (VNB) is expected to remain mixed across insurers. While some players may witness double-digit gains, driven by increased demand for non-participating guaranteed products following recent interest rate reductions, others could observe stable margins. The outcome will be driven by performance recorded during Jun'25.
- The life insurance sector is anticipated to post a moderate performance in Q1FY26E. Within our coverage, we expect Gross Written Premiums (GWP) to grow by 18.7% YoY, led by a healthy uptick in both renewal and new business premiums, reflecting sustained policyholder engagement and continued momentum in premium collections.
- For our coverage, Value of New Business (VNB) is expected to grow by 13.1% YoY in Q1FY26E, reflecting strong sequential pickup in business volumes and continued traction in product segments such as protection and non-par savings. Aggregate VNB margins are expected to remain at 25.7%, up 42 bps YoY (+12bps QoQ).
- We expect Q1FY26E business performance to be primarily driven by the launch of new insurance products, enhanced focus on strengthening digital and online distribution channels, and increased traction in non-par guaranteed offerings. These strategic initiatives are likely to support volume growth and improve overall business momentum during the quarter.
- We anticipate that digitally-led customer acquisition and onboarding will continue to demonstrate strong momentum, especially in tier-2 and tier-3 markets, contributing to expanded reach and greater operational efficiency. With increased traction in single premium products, we project a 16.9% YoY growth in APE for Q1 FY26E. The underlying business momentum remains healthy, driven by ongoing digital adoption and improved productivity across distribution channels.

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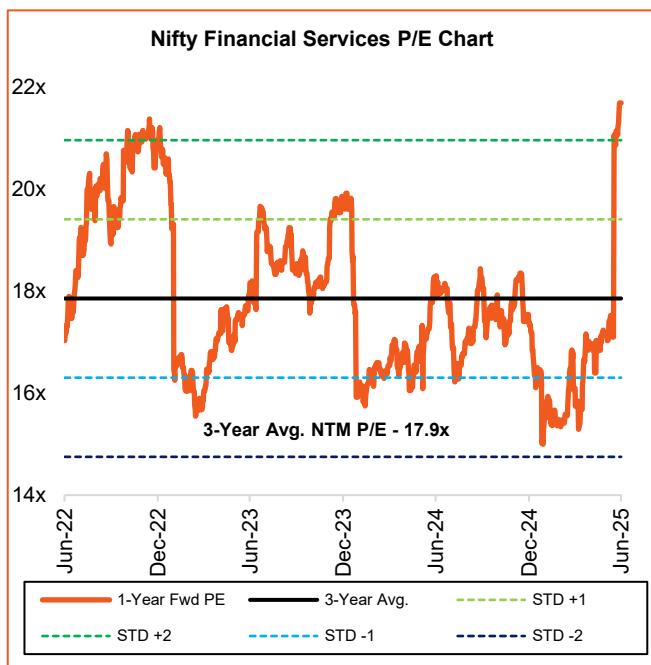
Exhibit 1: Quarterly result expectation for companies under coverage

Q1FY26E (INR in Mn)	Outperform	Base	Underperform	View
HDFCLIFE				
Gross Written Premium (GWP)	162,249	157,524	152,798	<ul style="list-style-type: none"> We expect a 23.0% YoY growth in GWP. The growth will be driven by a healthy growth in renewal premiums. Value of new business is expected to see a 16.3% YoY growth during the quarter.
Annualized Premium Equivalent (APE)	33,817	32,832	31,847	<ul style="list-style-type: none"> In the base case, Annualized Premium Equivalent (APE) is projected to grow by 18.9% YoY, with a ±3% deviation range, driven by broad-based recovery across channels and improving momentum in the single premium category.
Value of New Business (VNB)	8,454	8,372	7,643	<ul style="list-style-type: none"> VNB margins are estimated at 25.5% in the base case, slightly higher than 25.0% a year ago, as the company plans to optimize product mix. In an underperforming scenario, margins are expected to remain stable at 25.0%.
VNB Margins	25.0%	25.5%	24.0%	<ul style="list-style-type: none"> VNB margins are estimated at 25.5% in the base case, slightly higher than 25.0% a year ago, as the company plans to optimize product mix. In an underperforming scenario, margins are expected to remain stable at 25.0%.
AUM (INR in Bn)	3,666	3,560	3,453	
IPRU				
Gross Written Premium (GWP)	100,264	95,490	90,715	<ul style="list-style-type: none"> In the base case, we expect GWP to grow by 15.3% YoY. The renewal premium segment is expected to grow by 13.5% YoY.
Annualized Premium Equivalent (APE)	21,545	20,519	19,493	<ul style="list-style-type: none"> In the base case scenario, we expect APE to grow by 16.3% YoY, supported by a strong 18.0% YoY growth in the single premium segment. We factor in a potential deviation of ±5.0%, depending on the actual traction in high-ticket single premium policies and channel performance across bancassurance and agency segments.
Value of New Business (VNB)	5,386	5,027	4,678	<ul style="list-style-type: none"> IPRU is expected to report VNB margins at 24.5% in Q1FY26E, reflecting an improvement of 50 bps YoY and 170 bps QoQ. The margin expansion is driven by a slight improvement in the product mix, with an improving share of non-par and protection segments.
VNB Margins	25.0%	24.5%	24.0%	<ul style="list-style-type: none"> IPRU is expected to report VNB margins at 24.5% in Q1FY26E, reflecting an improvement of 50 bps YoY and 170 bps QoQ. The margin expansion is driven by a slight improvement in the product mix, with an improving share of non-par and protection segments.
AUM (INR in Bn)	3,177	3,114	3,052	
SBILIFE				
Gross Written Premium (GWP)	191,186	182,082	172,978	<ul style="list-style-type: none"> In the base case, we expect Gross Written Premiums (GWP) to grow by 16.9% YoY, supported by strong traction in renewal premiums. Value of new business is expected to grow 14.0% YoY.
Annualized Premium Equivalent (APE)	42,935	40,891	38,846	<ul style="list-style-type: none"> We anticipate Annualized Premium Equivalent (APE) to grow by 15.7% YoY in Q1FY26E, primarily driven by a 13.0% YoY growth in the single premium segment, reflecting strong traction in lump-sum product offerings.
Value of New Business (VNB)	11,807	11,061	10,333	<ul style="list-style-type: none"> We expect VNB margins to see a contraction of 75 bps QoQ but an improvement of 25 bps YoY at 27.1% in a base-case scenario. In an underperformance scenario, VNB margins could moderate to 26.6%, while in an outperformance scenario, margins could expand to 27.5%.
VNB Margins	27.5%	27.1%	26.6%	<ul style="list-style-type: none"> We expect VNB margins to see a contraction of 75 bps QoQ but an improvement of 25 bps YoY at 27.1% in a base-case scenario. In an underperformance scenario, VNB margins could moderate to 26.6%, while in an outperformance scenario, margins could expand to 27.5%.
AUM (INR in Bn)	4,836	4,741	4,647	

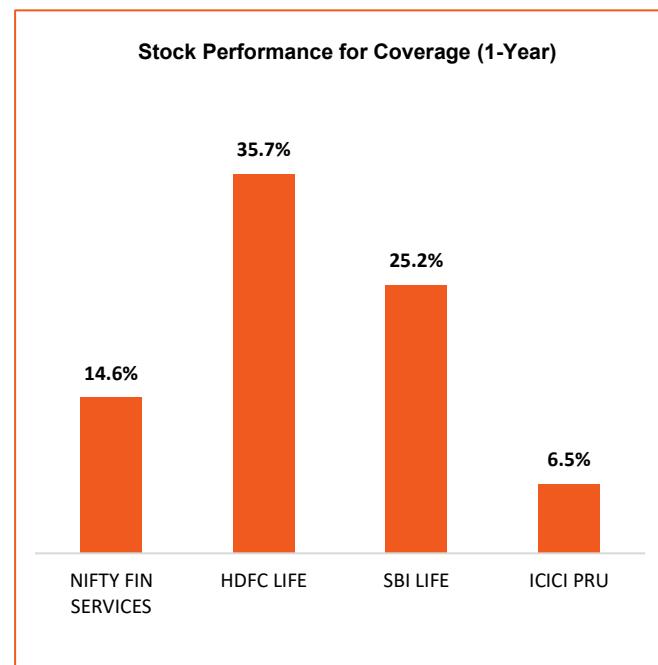
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Valuation:

- The Indian life insurance sector is expected to deliver a stable performance in Q1FY26E, supported by a healthy uptick in both renewal and new business premiums. Growth will be driven by increased traction in non-par guaranteed products, new product launches, and digital expansion. Digitally-led acquisition, particularly in tier-2 and tier-3 markets, will enhance reach and operational efficiency. While structural growth drivers remain intact, seasonal trends may affect margin expansion, with June performance playing a key role in shaping quarterly profitability.
- In FY26E, Value of New Business (VNB) growth is expected to broadly track APE expansion, with a strategic shift toward high-margin segments such as protection and annuity products. Among key players under our coverage:
 - For FY26E, SBI Life is aiming for a ULIP-to-traditional product mix of 65:35, down from 70:30 in FY25. This strategic shift indicates a 500bps increase in the traditional product share, with enhanced emphasis on non-par guaranteed, participating, and protection segments. The move is intended to improve margin sustainability and strengthen portfolio resilience amid evolving market dynamics.
 - HDFC Life is focused on strengthening its annuity portfolio by introducing customized solutions tailored to diverse customer needs. The company also aims to expand its distribution reach by leveraging both digital platforms and strategic partnerships. This dual approach is expected to drive long-term growth, improve customer engagement, and enhance the overall quality of its insurance portfolio.
 - ICICI Prudential Life (IPRU) aims to sustain growth by enhancing real-time product adaptability, allowing it to pivot efficiently between ULIPs and guaranteed income solutions based on prevailing macroeconomic conditions.
- From a valuation standpoint, the sector continues to trade at a discount to historical levels. Average FY27E P/EV for our coverage universe stands at 1.9x.
- We maintain a positive view on HDFC Life and SBI Life, supported by their strong brand equity, diversified product portfolios, and consistent execution capabilities, which position them well to capture market share and drive sustainable long-term growth in an underpenetrated and evolving insurance landscape.

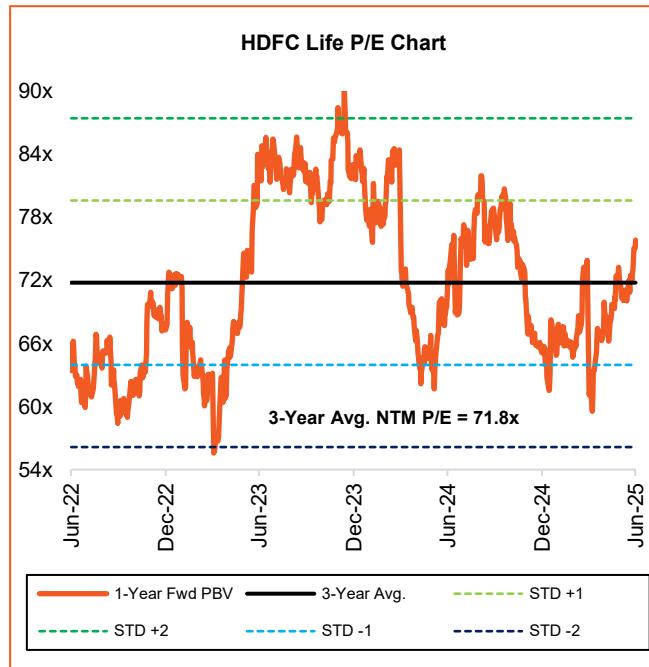
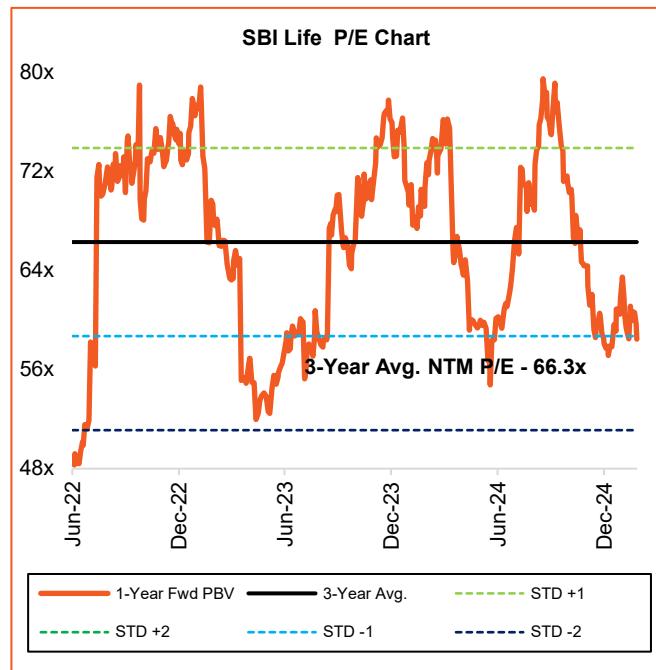
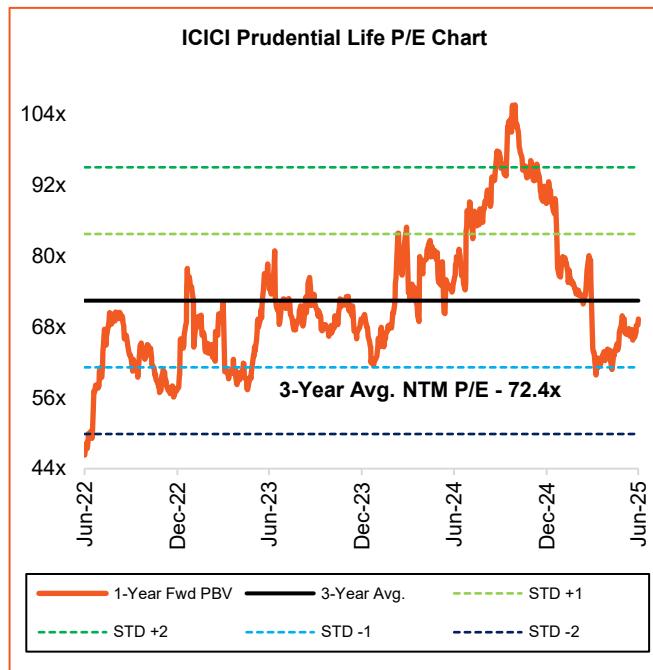


Source: Bloomberg, DevenChoksey Research



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Valuation Charts



Source: NSE, Bloomberg, DevenChoksey Research

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Rating Legend (Expected over a 12-month period)

Our Rating	Upside
Buy	More than 15%
Accumulate	5% – 15%
Hold	0 – 5%
Reduce	-5% – 0
Sell	Less than – 5%

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