

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	ICICIGI IN
Equity Shares (m)	493
M.Cap.(INRb)/(USDb)	999.8 / 11.9
52-Week Range (INR)	2302 / 1332
1, 6, 12 Rel. Per (%)	-4/5/22
12M Avg Val (INR M)	1491

Financials & Valuations (INR b)

Y/E March	2025E	2026E	2027E
NEP	201.2	237.0	273.6
U/W Profit	-10.4	-10.7	-10.2
PBT	32.0	38.2	48.2
PAT	24.0	28.7	36.2
EPS (INR/share)	48.8	58.2	73.4
EPS Growth (%)	25.2	19.4	26.2
BVPS (INR/share)	275.2	317.1	374.3

Ratios (%)

Claims	71.2	70.9	70.5
Commission	17.4	17.3	17.2
Expense	14.1	13.9	13.5
Combined	102.7	102.1	101.3
RoE	18.8	19.6	21.2

Valuations

P/E (x)	41.4	34.7	27.5
P/BV (x)	7.3	6.4	5.4

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	51.8	51.3	48.0
DII	17.3	16.1	18.3
FII	23.9	23.1	22.0
Others	7.0	9.6	11.7

FII includes depository receipts

CMP: INR2,021 **TP: INR2,400 (+19%)** **Buy**

Combined ratio higher than estimates by ~200bp

- ICICIGI's **GDP** grew 11% YoY in 2QFY25 to INR69b (3% miss). **NEP** grew 17% YoY to INR50b (3% ahead of our estimates).
- **Claims ratio** was largely in line with our estimate at 71.4% (vs. 70.7% in 2QFY24). On a sequential basis, the **commission ratio** increased ~50bp to 17.5% in 2QFY25 from 15% in 1QFY25 (our est. 17%). **The expense ratio** increased to 15.6% from 13.3% in 1QFY25 (est. 14%).
- A higher-than-expected expense ratio led to a miss in the **combined ratio** at 104.5% (est. 102.5%) compared to 103.9% in 2QFY24.
- **PAT** grew 20% YoY to INR6.9b (2% miss).
- The management expects the momentum in the auto segment to pick up during the festive season and investments in the health business to yield results over the medium term. Combined ratio guidance of 101.5% in 4QFY25 is maintained.
- We have cut our FY25/FY26 earnings estimates by 4% each on the back of weaker-than-expected performance in 2QFY25. **Reiterate BUY with a TP of INR2,400 (based on 36x Sept'26E EPS).**

Higher-than-expected underwriting losses offset by total income

- **Gross domestic premium** income grew 11% YoY in 2QFY25 to INR69b. For 1HFY25, GDP came in at INR148.8b (+15% YoY). For 2HFY25, we expect GDP of INR149.9b (+18% YoY).
- **NEP** growth of 17% YoY was driven by 22% YoY growth in health (including PA) and marine NEP, followed by 18% YoY growth in crop NEP and 14% YoY growth in motor NEP.
- **Underwriting losses** stood at INR1.6b vs. losses of INR1.5b in 2QFY24 (vs. est. loss of INR1.2b). Total investment income rose 14% YoY to INR11b, in line with our estimate.
- **Claims ratio** came in at 71.4% vs. 74% in 1QFY25 (our est. 71.5%). The loss ratio for the Motor OD segment rose to 65.9% from 64.1% in 2QFY24, and for the Motor TP segment, it increased to 60.2% from 60% in 2QFY24. The Health segment's loss ratio was 83.8% vs. 82.3% in 2QFY24.
- **Combined ratio** stood at 103.2% for 1HFY25 vs. 103.8% for 1HFY24. Excluding the NATCAT impact of INR0.94b in 1HFY25 and INR0.83b in 1HFY24, the combined ratio stood at 102.2% and 102.7%, respectively.
- Total investment income rose 14% YoY to INR11b (in line).
- In 1HFY25, NEP/PAT stood at INR95.3b/INR12.7b, up 16%/32% YoY. For 2HFY25, we expect NEP/PAT of INR105.9b/INR11.3b, up 22%/19% YoY.
- **Solvency ratio** was 2.65 vs. 2.56 in 1QFY25.

Highlights from the management commentary

- The net commission ratio was elevated on account of the business mix, a cautious approach to the commercial lines segment, and unfavorable reinsurance commission rates. Focus is to maintain EoM within 30%.

Research Analyst: Prayesh Jain (Prayesh.Jain@MotilalOswal.com) | Nitin Aggarwal (Nitin.Aggarwal@MotilalOswal.com)

Research Analyst: Kartikeya Mohata (Kartikeya.Mohata@MotilalOswal.com) | Muskan Chopra (Muskan.Chopra@MotilalOswal.com)

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- Auto sales for the quarter remained muted. On the PV side (50%+ of the book), growth was impacted by a higher base, whereas 2Ws witnessed a recovery (still at pre-Covid level of ~80-85%). CV growth will depend on the industry growth. The management expects single-digit growth in auto sales in 2HFY25 amid the festive season.
- The Retail health segment's market share grew to 3.5% from 2.1%, led by a good response to the retail product 'Elevate', while the group business moderated due to pricing pressure.

Valuation and view: Reiterate BUY

Going forward, the festival season is expected to drive a pickup in auto sales, with expectations of single-digit growth. The health segment, especially retail health, continues to gain traction and garner market share after the new product launch. ICICIGI continues to focus on cautious selection of business pools, especially in the commercial segment, to achieve profitable growth. The management continues to guide for market-leading performance and also maintains combined ratio guidance of 101.5% for 4QFY25. We have cut our FY25/FY26 earnings estimates by 4% each on the back of weaker-than-expected performance in 2QFY25. **Reiterate BUY with a TP of INR2,400 (based on 36x Sept'26E EPS).**

Quarterly Performance

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	2QFY25E	Act v/s Est. (%)	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE						
Gross premium	66,221	62,723	64,366	62,631	79,311	69,483	75,308	74,542	2,55,942	2,98,644	71,504	-2.8	11%	-12%
Net written premium	44,676	42,401	46,907	47,672	53,605	48,355	56,481	58,411	1,81,656	2,16,852	48,623	-0.6	14%	-10%
Net earned premium	38,873	43,061	43,048	43,683	45,039	50,256	52,528	53,407	1,68,665	2,01,230	48,623	3.4	17%	12%
Investment Income + Trf from SH A/C	6,507	7,431	6,983	7,935	8,481	8,251	8,309	8,614	28,856	33,654	8,566	-3.7	11%	-3%
Total Income	45,380	50,492	50,031	51,617	53,520	58,507	60,836	62,022	1,97,521	2,34,884	57,189	2.3	16%	9%
Change YoY (%)	14.1	12.2	14.7	-1.8	17.9	15.9	21.6	20.2	9.2	18.9	13.3			
Incurred claims	28,815	30,451	30,141	29,987	33,344	35,870	37,295	36,781	1,19,395	1,43,290	34,765	3.2	18%	8%
Net commission	5,564	7,371	8,457	9,499	8,045	8,447	9,884	11,382	30,890	37,758	8,266	2.2	15%	5%
Opex	7,689	6,698	7,274	6,516	7,116	7,548	8,190	7,707	28,177	30,561	6,807	10.9	13%	6%
Total Operating Expenses	42,068	44,521	45,871	46,002	48,505	51,865	55,369	55,871	1,78,462	2,11,609	49,839	4.1	16%	7%
Change YoY (%)	14.9	11.6	12.3	15.7	15.3	16.5	20.7	21.5	13.6	18.6	11.9			
Underwriting profit	-3,195	-1,460	-2,823	-2,319	-3,466	-1,609	-2,841	-2,463	-9,797	-10,379	-1,216	32.4	N.A	N.A
Operating profit	3,312	5,972	4,160	5,616	5,015	6,642	5,468	6,151	19,059	23,275	7,351	-9.6	11%	32%
Shareholder's P/L														
Transfer from Policyholder's	3,312	5,972	4,160	5,616	5,015	6,642	5,468	6,151	19,059	23,275	7,351	-9.6	11%	32%
Investment income	1,856	2,219	2,088	2,337	2,529	2,755	2,672	2,980	8,500	10,936	2,658	3.7	24%	9%
Total Income	5,168	8,190	6,248	7,953	7,544	9,397	8,139	9,131	27,559	34,211	10,009	-6.1	15%	25%
Total Expenses	-32	554	511	975	-196	207	550	1,619	2,007	2,180	545	-62.0	-63%	NA
PBT	5,200	7,637	5,737	6,978	7,740	9,190	7,589	7,512	25,552	32,030	9,464	-2.9	20%	19%
Change YoY (%)	11.8	25.3	23.3	21.9	48.8	20.3	32.3	7.7	21.0	25.4	23.9			
Tax Provisions	1,297	1,864	1,423	1,783	1,936	2,251	1,897	1,923	6,365.9	8,007.6	2,366	-4.9	21%	16%
Adj Net Profit	3,904	5,773	4,315	5,195	5,804	6,940	5,692	5,589	19,186	24,023	7,098	-2.2	20%	20%
Change YoY (%)	11.8	24.8	22.4	18.9	48.7	20.2	31.9	7.6	19.8	25.2	23.0			
Rep Net Profit	3,904	5,773	4,315	5,195	5,804	6,940	5,692	5,589	20,466	24,023	7,098	-2.2	20%	20%
Key Parameters (%)														
Claims ratio	74.1	70.7	70.0	68.6	74.0	71.4	71.0	68.9	70.8	71.2	71.5	-12bp	0.7	-2.7
Commission ratio	12.5	17.4	18.0	19.9	15.0	17.5	17.5	19.5	17.0	17.4	17.0	47bp	0.1	2.5
Expense ratio	17.2	15.8	15.5	13.7	13.3	15.6	14.5	13.2	15.5	14.1	14.0	161bp	-0.2	2.3
Combined ratio	103.8	103.9	103.6	102.2	102.3	104.5	103.0	101.6	103.3	102.7	102.5	195bp	0.6	2.1
Solvency	2.53	2.59	2.57	2.62	2.56	2.65			2.9	2.9	0.0			

Changes to our estimates

Y/E March	New estimates			Old estimates			Change		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
NEP	201.2	237.0	273.6	202.5	239.9	277.9	-1%	-1%	-2%
U/W Profit	-10.4	-10.7	-10.2	-9.0	-8.3	-6.7			
PBT	32.0	38.2	48.2	33.4	39.8	51.0	-4%	-4%	-5%
PAT	24.0	28.7	36.2	25.0	29.9	38.2	-4%	-4%	-5%
EPS (INR/share)	48.8	58.2	73.4	50.8	60.6	77.6	-4%	-4%	-5%
EPS Growth (%)	25.2	19.4	26.2	30.5	19.3	28.0			
BVPS (INR/share)	275.2	317.1	374.3	277.3	321.7	383.1			
Ratios (%)									
Claims	71.2	70.9	70.5	71.2	70.6	70.0	4bp	28bp	51bp
Commission	17.4	17.3	17.2	17.0	16.8	16.6	46bp	54bp	64bp
Expense	14.1	13.9	13.5	13.9	13.7	13.4	15bp	20bp	13bp
Combined	102.7	102.1	101.3	102.1	101.0	100.0	65bp	102bp	128bp
RoE	18.8	19.6	21.2	19.5	20.2	22.0	-72bp	-59bp	-78bp



Highlights from the management commentary

Motor Segment

- Auto sales for the quarter remained muted. On the PV side (50%+ of the book), growth was impacted by a higher base, while 2Ws witnessed a recovery (still at pre-Covid level of ~80-85%). CV growth will depend on the industry growth. No TP hike for the last three years also contributed to muted growth.
- Expects single-digit growth in auto sales in 2HFY25 due to the festive season.
- For 1HFY25, industry sales growth for PVs/2Ws/CVs stood at 1.8% (2.1m)/12.6% (10.2m)/3.2% (0.8m).
- The balanced mix: PVs/2Ws/CVs at 54.4%/24.6%/21%
- About 72.8% of agency and direct claims were serviced through PPN in 2QFY25 (63.4% for 2QFY24).
- Growth in the motor segment (16.1% vs. industry growth of 6.2%) was driven by 26% growth in old business, while new business remained flat at 16% in 2Q.
- Strong renewal book growth was driven by investment in agency channel and the use of technology. "One IL One Call Center" initiative reflects its focus on retentions and aiding growth in old book.
- Renewal rates in motor – At an aggregate level, motor as a category has seen improvement in retention by 2-4%. Increased thrust on customer service and focus on the old book to maintain retention.
- Guidance on loss ratios: overall segment at ~65-67%, OD segment at 60-65%, TP segment at 65-70%.
- Decline in motor TP loss ratio – Not factoring in the context of reserving for law of limitation. Large part of TP is contributed to relatively higher mix of PV and 2W. Hence, that also plays out in improvement of loss ratio.

Health

- Health segment grew 12.3% QoQ, growth largely driven by retail growth (41.4% vs. industry growth of 17.7%). The group business moderated due to pricing pressure.
- The Retail health segment's market share grew to 3.5% from 2.1% owing to a good response to retail product 'Elevate'. In the group health, the company has taken a cautious approach to the employer-employee segment due to increased competitive intensity. Consequently, it grew only 1% in 2Q vs. 34.6% in 1Q.
- Health segment loss ratio has worsened due to seasonality challenges with higher treatment cost. Repricing of the portfolio can also be addressed over time if regulator agrees.
- Loss ratios for group and retail segments came in at 98% (102% in 2QFY24) and 70.4% (66.6% in 2QFY24), respectively.
- Guidance: Group corporate health segment's loss ratio to be in the range of ~94-95% and retail health at ~70%

Business:

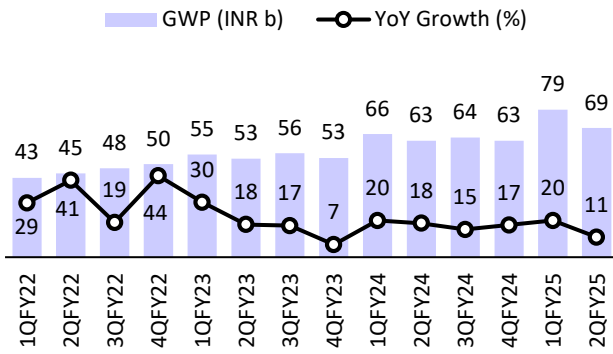
- The commercial line segment was a mixed bag, with industry growth at 2%, whereas the fire segment grew 10.7% due to pricing pressure.
- Net commission was high due to the mix of business underwritten, cautious stance on commercial lines, and reinsurance commission rates. It aims to maintain EoM at 30%.
- Combined ratio guidance – 1.9% impact of NATCAT in 2Q. No change in guidance. Will keenly look out for industry numbers as loss ratios have been elevated across the industry. Fire business is a bit of concern as discounting has increased again. The overall industry will also witness the NATCAT impact and ICICIGI's impact is likely to be lower than industry due to selection of business.
- Combined ratio stood at 103.2% for 1HFY25 vs. 103.8% for 1HFY24. Excluding the impact of cat losses (INR0.94b in 1HFY25 and INR0.83b in 1HFY24), the combined ratio stood at 102.2% and 102.7%, respectively. For 2QFY25, the combined ratio stood at 104.5% vs. 103.9 in 2QFY24.
- IL TakeCare has over 11.6m users with premium at INR556.8m.

Distribution:

- During the quarter, the bancassurance channel grew by 2.6% due to lower credit disbursement growth in key relationship partners.
- Within this, ICICI Group's disbursement distribution grew by 19.6% in 2Q, due to the continued focus on banking business.
- Digital business grew 14.7% (~6.3% of overall GDPI).
- The agent count has increased to 133,683 as of Sept'24 vs. 131,021 as of Jun'24.
- Investment made in new customer acquisition strategies through websites led to a growth in fresh business of motor and health by 45.9% in 2Q.

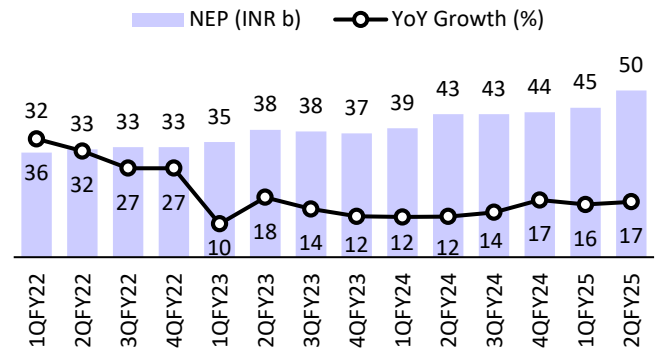
Key exhibits

Exhibit 1: GWP grew 11% YoY to INR69b



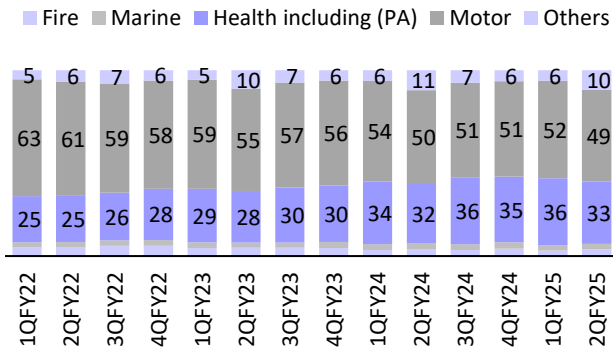
Source: MOFSL, Company

Exhibit 2: NEP growth improved to 17% YoY



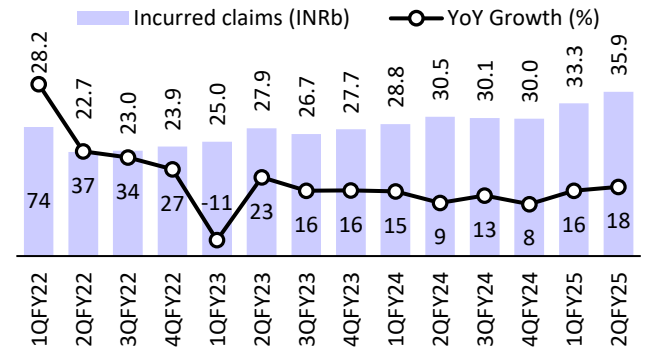
Source: MOFSL, Company

Exhibit 3: Product mix % segment-wise



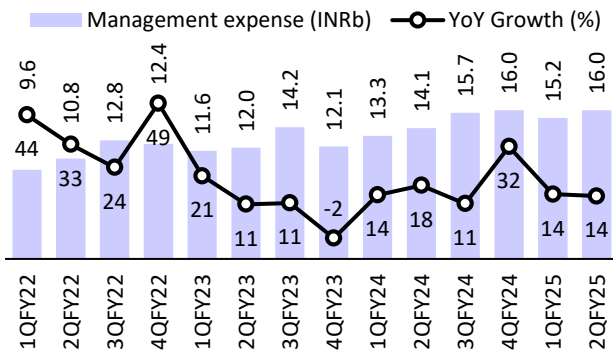
Source: MOFSL, Company

Exhibit 4: Incurred claims increased QoQ to INR35.9b



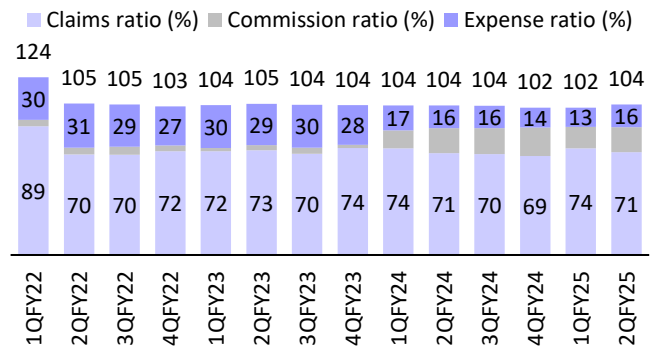
Source: MOFSL, Company

Exhibit 5: Total expense rose sequentially to INR16b



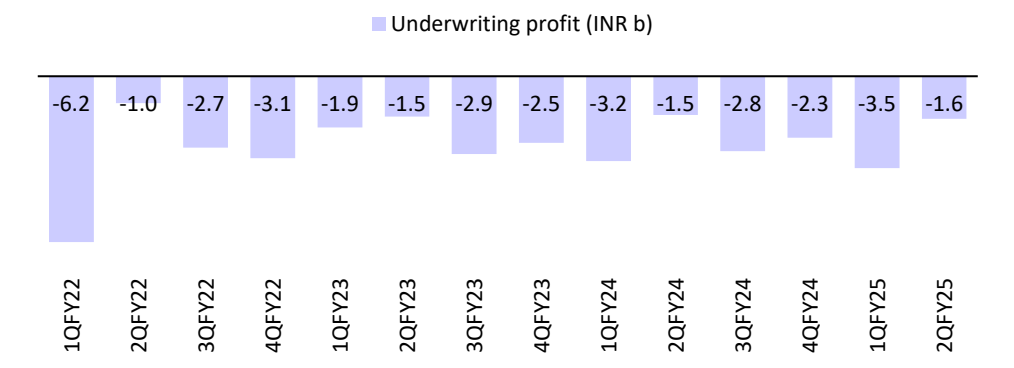
Source: MOFSL, Company

Exhibit 6: Claims ratio down QoQ; commission ratio up QoQ



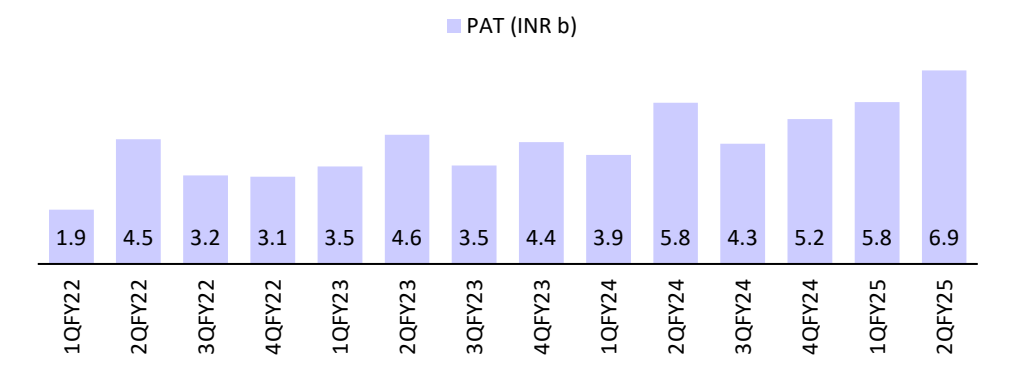
Source: MOFSL, Company

Exhibit 7: Trend in underwriting profit (INR b)



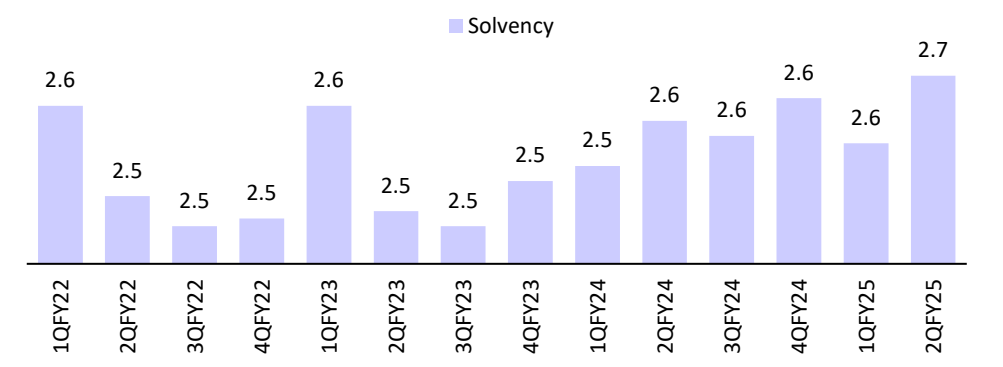
Source: MOFSL, Company

Exhibit 8: Trend in PAT (INR b)



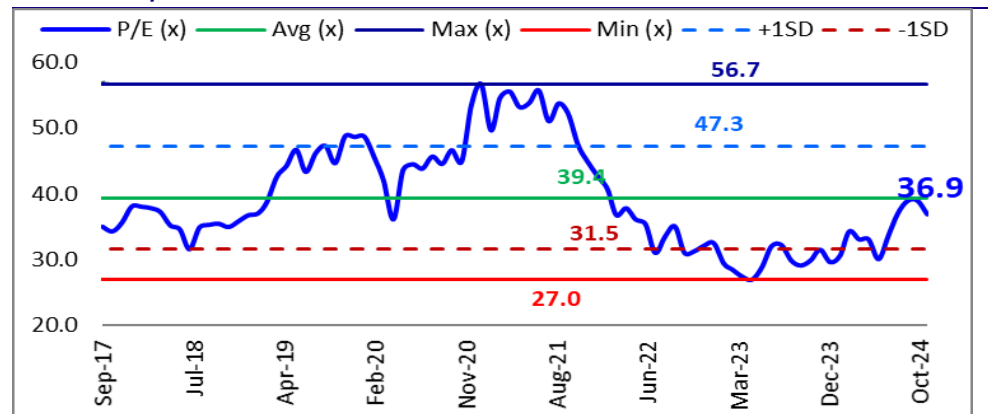
Note: PAT for 2QFY23 is adjusted for tax reversal of INR1.3b, Source: MOFSL, Company

Exhibit 9: Solvency remained healthy



Source: MOFSL, Company

Exhibit 10: P/E chart



Source: MOFSL, Company

Financials and valuations

Income Statement								(INR m)
Y/E March	2020	2021	2022	2023	2024	2025E	2026E	2027E
GDPI	1,33,128	1,40,031	1,79,769	2,10,251	2,55,942	2,98,644	3,49,672	4,03,002
Change (%)	-8.1	5.2	28.4	17.0	21.7	16.7	17.1	15.3
NWP	96,407	1,06,850	1,34,896	1,55,395	1,81,656	2,16,852	2,55,682	2,95,489
NEP	94,036	1,00,140	1,30,321	1,48,229	1,68,665	2,01,230	2,36,995	2,73,638
Change (%)	12.3	6.5	30.1	13.7	13.8	19.3	17.8	15.5
Net claims	68,515	68,708	97,819	1,07,256	1,19,395	1,43,290	1,68,033	1,92,952
Net commission	3,639	6,009	6,339	4,722	30,890	37,758	44,229	50,969
Expenses	22,931	27,342	39,201	45,148	28,177	30,561	35,429	39,934
Underwriting Profit/(Loss)	-1,049	-1,919	-13,038	-8,898	-9,797	-10,379	-10,695	-10,217
Investment income (PH)	16,492	21,474	30,978	32,721	28,856	33,654	38,530	45,682
Operating profit	15,443	19,555	17,940	23,823	19,059	23,275	27,835	35,465
Investment income (SH)	4,800	5,170	7,061	7,757	8,500	10,936	12,759	15,337
Expenses	3,272	5,185	8,166	10,454	2,007	2,180	2,362	2,553
PBT	16,971	19,540	16,835	21,125	25,552	32,030	38,232	48,249
Tax	5,031	4,809	4,125	3,835	6,366	8,008	9,558	12,062
Tax rate (%)	29.6	24.6	24.5	18.2	24.9	25.0	25.0	25.0
PAT	11,940	14,731	12,710	17,291	19,186	24,023	28,674	36,186
Change (%)	13.8	23.4	-13.7	36.0	11.0	25.2	19.4	26.2

Balance sheet								(INR m)
Y/E March	2020	2021	2022	2023	2024	2025E	2026E	2027E
Equity Share Capital	4,543	4,546	4,909	4,911	4,927	4,947	4,947	4,947
Reserves & Surplus	56,797	69,809	86,188	99,016	1,14,678	1,30,660	1,51,300	1,79,453
Net Worth	61,340	74,355	91,097	1,03,928	1,19,605	1,35,607	1,56,247	1,84,400
FV change - Shareholders	-948	1,630	831	512	2,445	2,567	2,696	2,831
FV change - Policyholders	-3,338	5,174	2,762	1,621	7,450	7,823	8,214	8,625
Borrowings	4,850	4,850	2,550	350	350	350	350	350
Claims Outstanding	1,80,074	1,82,845	2,49,752	2,69,166	3,09,541	3,59,692	4,18,504	4,86,037
Other liabilities	1,28,440	1,24,123	1,61,492	1,75,286	1,93,692	2,20,452	2,51,613	2,87,434
Total Liabilities	3,70,418	3,92,977	5,08,483	5,50,862	6,33,083	7,26,491	8,37,623	9,69,676
Investments (PH)	2,04,671	2,34,565	2,98,684	3,33,221	3,73,204	4,33,573	5,04,671	6,00,445
Investments (SH)	58,595	74,356	89,179	98,583	1,15,869	1,36,821	1,63,086	1,95,583
Net Fixed Assets	6,765	6,268	5,775	5,640	7,009	7,109	7,209	7,309
Def Tax Assets	3,063	3,498	3,456	2,653	2,926	2,634	2,370	2,133
Current Assets	96,998	72,013	1,08,463	1,08,734	1,30,730	1,43,803	1,58,183	1,74,002
Cash & Bank	326	2,277	2,926	2,031	3,346	2,552	2,104	-9,795
Total Assets	3,70,418	3,92,977	5,08,483	5,50,862	6,33,083	7,26,491	8,37,623	9,69,676

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	2020	2021	2022	2023	2024	2025E	2026E	2027E
GWP growth	-8.1	5.2	28.4	17.0	21.7	16.7	17.1	15.3
NWP growth	1.1	10.8	26.2	15.2	16.9	19.4	17.9	15.6
NEP growth	12.3	6.5	30.1	13.7	13.8	19.3	17.8	15.5
Claim ratio	72.9	68.6	75.1	72.4	70.8	71.2	70.9	70.5
Commission ratio	3.8	5.6	4.7	3.0	17.0	17.4	17.3	17.2
Expense ratio	23.8	25.6	29.1	29.1	15.5	14.1	13.9	13.5
Combined ratio	100.4	99.8	108.8	104.5	103.3	102.7	102.1	101.3
Profitability Ratios (%)								
RoE	20.8	21.7	15.4	17.7	17.2	18.8	19.6	21.2

Valuations

	2020	2021	2022	2023	2024	2025E	2026E	2027E
BVPS (INR)	124.5	150.9	184.9	210.9	242.8	275.2	317.1	374.3
Change (%)	15.3	21.2	22.5	14.1	15.1	13.4	15.2	18.0
Price-BV (x)	16.2	13.4	10.9	9.6	8.3	7.3	6.4	5.4
EPS (INR)	24.2	29.9	25.8	35.1	38.9	48.8	58.2	73.4
Change (%)	13.8	23.4	-13.7	36.0	11.0	25.2	19.4	26.2
Price-Earnings (x)	83.4	67.6	78.3	57.6	51.9	41.4	34.7	27.5

E: MOFSL Estimates

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Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

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Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

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