

Performance Highlights	3QFY26	YoY
<b>APE (INRb)</b>		<b>%</b>
HDFCLIFE	39.7	11.3
IPRULIFE	25.3	3.6
SBILIFE	86.0	23.9
MAXLIFE	27.3	29.6
CANHLIFE	10.0	37.2
LIC	149.7	50.5
<b>VNB Margin (%)</b>		<b>bp</b>
HDFCLIFE	24.0	-208
IPRULIFE	24.4	315
SBILIFE	26.6	-32
MAXLIFE	24.1	92
CANHLIFE	19.8	281
LIC	21.2	186

## Product mix shift and cost efficiency absorbing GST hit!

### Continued VNB margin expansion in 3QFY26 as protection contribution improves

- The life insurance industry witnessed a strong performance in 3QFY26 with respect to growth as well as margins, supported by GST waiver, new product launches, recovery in ULIP momentum, improving mix toward protection and non-par, and strong growth in riders. While growth moderated slightly in Jan'26, we expect the stable growth momentum and margin expansion to continue going forward.
- Following the GST exemption from 22<sup>nd</sup> Sep'25, individual APE witnessed double-digit growth across Oct/Nov/Dec'25, leading to a 22% YoY growth for the industry (21% YoY for private and 26% YoY for LIC). Among the listed players, CANHLIFE witnessed the fastest growth of 28% YoY during the quarter. However, the momentum seems to have stabilized, with individual APE growing 9% YoY in Jan'26.
- Absolute VNB witnessed YoY growth across all listed players, with LIC reporting the fastest growth (+65% YoY). Most players witnessed VNB margin expansion YoY, with IPRULIFE reporting the highest growth of 320bp YoY. This was supported by the rising share of traditional products, strong growth in rider attachments, and increased sum assured, offset by the impact from loss of input tax credit (ITC) – which is likely to be mitigated in the next few quarters through operational efficiency and improving product profitability.
- On the regulatory front, RBI has flagged elevated distributor payouts as a risk to affordability and penetration (which dipped to 2.7% in FY25), amid rising first-year commission intensity (27% of first-year premium vs 24% in FY24). The possibility of the implementation of commission caps by IRDAI could support insurer profitability but may disrupt bancassurance economics and agent viability, posing near-term risks to new business growth and distribution expansion.
- Following 3QFY26 results, companies expect a slightly better APE growth in FY26 and sustained momentum going forward. VNB margin is benefiting from the GST boost to protection, improved product-level profitability, higher sum assured, and increasing rider attachment rates. Our preferred picks in the space are MAXLIFE (TP of INR2,200 premised on 2.3x FY28E P/EV), CANHLIFE (TP of INR180 premised on 1.7x FY28E P/EV), and SBILIFE (TP of INR2,570 premised on 2.2x FY28 P/EV).

### GST boost to protection business; mitigation ongoing for loss of ITC

- **MAXLIFE:** The insurer continued to report 25%+ YoY APE growth for the third consecutive month (28% YoY in Jan'26). Protection products remain a key growth driver (99% YoY growth in retail protection in 3QFY26) and are expected to maintain momentum, backed by a marketing push in 4QFY26. We expect the industry-leading growth trajectory to sustain going forward. One-third of the impact from the loss of ITC (300-350bp) has been mitigated in 3QFY26, with full mitigation expected in the next few quarters.
- **CANHLIFE:** The insurer reported APE growth of 12% YoY in Jan'26 after witnessing strong 25%+ YoY growth for the last three months. Customers continue to favor linked products, while protection momentum remains healthy, with the insurer targeting a double-digit protection contribution (7% in 9MFY26). For the full year, the impact of ITC loss is estimated at ~185bp, which has been partially offset through renewal commission adjustments, with further mitigation possible via continued expense rationalization.

- **SBILIFE:** The company reported a strong 3% YoY growth in APE for Jan'26 after witnessing strong double-digit growth for the past three months. After factoring in favorable product mix benefits, the net impact due to GST for FY26 is expected to be limited to 30–40bp, underscoring strong internal mitigation through pricing, mix, and cost actions.
- **HDFCLIFE:** The insurer witnessed a 6% YoY decline in APE for Jan'26, while growth for the previous three months was also lower than the industry. The company posted retail protection growth of 50% post-GST exemption. Protection mix improved post-GST changes, with the segment growing 70% YoY in 3QFY26 and witnessing a rising preference for higher sum assured. The GST impact was contained to <200bp on VNB margins, and management expects to progressively neutralize the GST impact over 3–6 months.
- **IPRU Life:** The insurer has been outperforming the private industry growth for the past two months, growing 11% YoY in Jan'26. Retail protection contribution continued to improve from 6% in 3QFY25 to 8.2% in 3QFY26 (overall protection contribution at 18.4% in 3QFY26 from 16% in 3QFY25). Partner-specific negotiations are underway to ensure VNB neutrality while maintaining distributor economics.
- **LIC:** LIC has been the biggest beneficiary of the GST exemption, with APE growth surpassing private industry growth for the past four months (21% YoY growth in Jan'26). Protection APE grew 18% YoY during 9MFY26. The GST impact on VNB margin is expected to be offset by a product mix shift, cost optimization, and improvement in persistency.

## Snapshot – 3QFY26

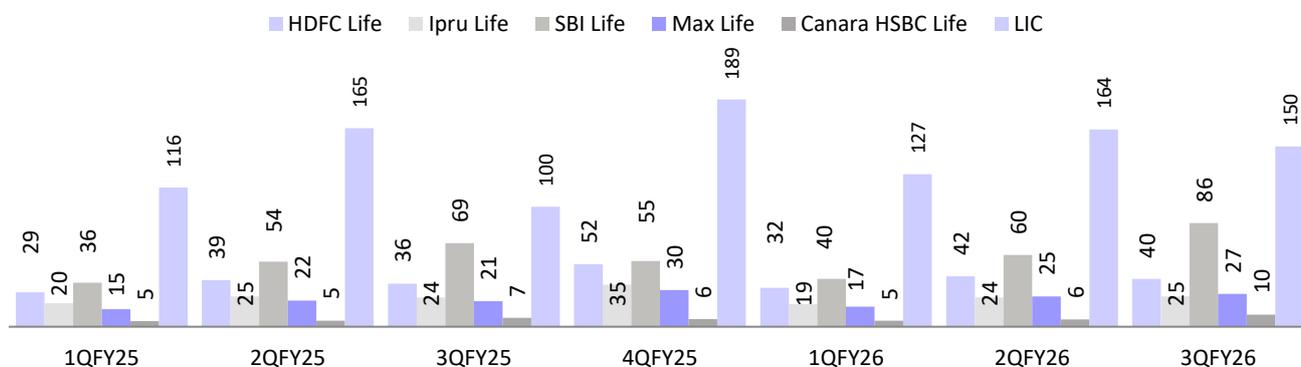
INRb	Max Life			Canara HSBC Life			SBI Life			HDFC Life			IPRU Life			LIC		
	3QFY25	3QFY26	YoY	3QFY25	3QFY26	YoY	3QFY25	3QFY26	YoY	3QFY25	3QFY26	YoY	3QFY25	3QFY26	YoY	3QFY25	3QFY26	YoY
APE	21.1	27.3	30%	7.3	10.0	37%	69.4	86.0	24%	35.7	39.7	11%	24.4	25.3	4%	99.5	149.7	50%
VNB	4.9	6.6	35%	1.2	2.0	60%	18.7	22.9	22%	9.3	9.5	2%	5.2	6.2	19%	19.3	31.8	65%
VNB Margin	23.2	24.1	92	17.0	19.8	281	26.9	26.6	-32	26.1	24.0	-208	21.2	24.4	315	19.4	21.2	186
PAT	0.7	0.5	-36%	0.3	0.3	-6%	5.5	5.8	5%	4.1	4.2	1%	3.2	3.9	19%	110.6	129.6	17%
AUM	1,717	1,927	12%	400	469	17%	4,417	5,117	16%	3,287	3,777	15%	3,104	3,307	7%	54,777	59,167	8%
<b>Key Ratios</b>																		
Solvency	196.0	201.0	500	209.0	191.0	-1800	209.0	191.0	-1800	188.0	180.0	-800	211.8	214.8	300	202.0	219.0	1700
13th month persistency	87.0	85.0	-200	78.0	84.7	670	82.7	84.0	132	81.9	79.5	-240	85.6	81.0	-460	68.6	69.4	75
61st month persistency	53.0	56.0	300	53.8	57.0	320	62.3	55.1	-724	57.8	62.4	460	62.6	58.6	-400	59.7	54.6	-506
<b>Product mix (Total APE %)</b>																		
ULIP	44.7	36.5	-819	73.0	71.2	-479	66.4	66.4	-479	31.0	39.9	887	49.2	51.5	226	44.4	43.9	-48
Par	16.4	19.6	315	1.7	1.6	9.0	737	19.8	19.3	-50	-	-	20.5	25.5	500			
Non Par	26.3	28.9	266	16.3	17.7	15.8	-191	32.2	21.0	-1123	23.7	24.1	37	35.2	30.7	-452		
Protection	14.3	17.5	319	5.9	7.8	7.0	-80	13.0	14.0	100	16.0	18.4	238					
Group	-	-		3.1	1.7	1.9	13	4.0	3.0	-100	11.0	6.0	-501					
<b>Channel mix (Individual APE %)</b>																		
Banca	59.4	50.5	-897		68.2	68.4	22	60.0	59.0	-100	25.0	26.7	167	4.6	4.7	5		
Agency					23.3	23.6	26	17.0	18.0	100	29.9	29.0	-91	93.2	91.0	-218		
Others	40.6	49.5	897		8.5	8.0	-48	23.0	23.0	0	45.1	44.4	-76	2.2	4.3	213		

### GST exemption and ULIP momentum drive strong APE growth

Overall, the life insurance industry witnessed APE growth of 22% in 3QFY26, driven by the GST exemption implemented from 22<sup>nd</sup> Sep'25, a recovery in ULIP momentum, and the launch of new products by several players. However, growth moderated to 13% YoY in Jan'26, and players expect a sustained growth trajectory in FY27.

- **MAXLIFE:** APE grew 30%/21% YoY in 3QFY26/9MFY26 to INR27.3b/ INR69.1b, driving market share expansion to 9.8% in 9MFY26 from 9.3% in 9MFY25. **The company aims to sustain 300–500bp faster growth than the industry, with better growth expected for FY26 than what was guided earlier (15-17%).** We expect APE growth of 21% YoY for FY26, and for FY26-28, we expect a CAGR of 19%.
- **CANHLIFE:** APE grew 37%/22% YoY in 3QFY26/9MFY26 to INR10b/INR21b. We expect APE growth of 23% for FY26 and FY26-28 CAGR of 20%.
- **SBILIFE:** APE grew 24%/16% YoY to INR86b/INR185.2b in 3QFY26/9MFY26. **Management maintains its APE growth guidance of 13-14%, with the expectation of a sustained growth trajectory in FY27.** We expect growth of 15% for FY26 and FY26-28 CAGR of 15%.
- **HDFCLIFE:** APE witnessed a YoY growth of 11% to INR39.7b/INR100b in 3QFY26/9MFY26. **Management expects individual APE to maintain better-than-industry growth momentum in 4Q as well.** We expect APE growth of 13% YoY for FY26 and FY26-28 CAGR of 17%.
- **IPRU LIFE:** APE grew 4%/ declined 1% YoY to INR25.3b/INR68.1b in 3QFY26/9MFY26. **Management indicated improving momentum based on 3QFY26 trends.** We expect growth of 5% YoY for FY26 and FY26-28 CAGR of 15%.
- **LIC:** APE grew 50% YoY to INR150b in 3QFY26. For 9MFY26, APE grew 16% YoY to INR440b. **Management expects premium growth to be in line with the industry,** driven by an increase in ticket size and growth in the number of policies with enhanced affordability post GST exemption. We expect APE growth of 16% for FY26 and FY26-28 CAGR of 7%.

**Exhibit 1: APE trend of listed players (INRb)**



Source: MOFSL, Companies

### Multiple tailwinds for VNB margin expansion offset by ITC loss

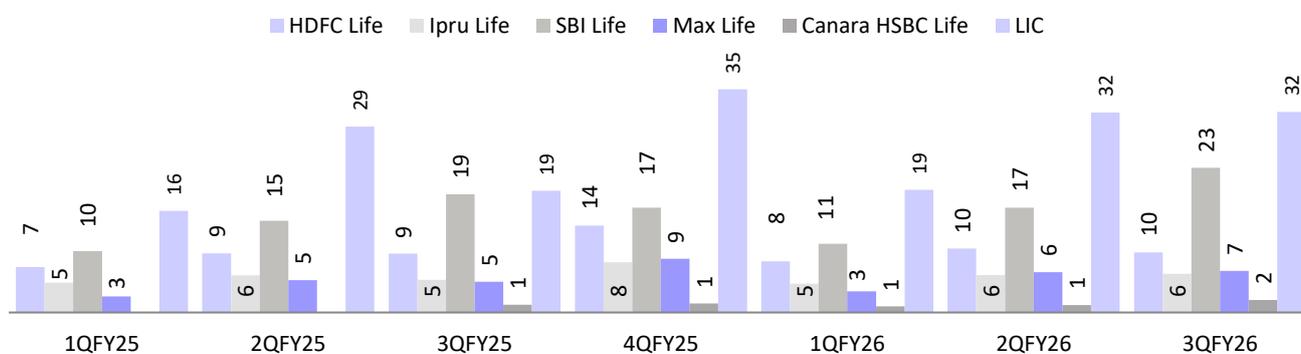
The life insurance industry witnessed double-digit YoY VNB growth across most players in 3QFY26. All players, except for SBILIFE and HDFCLIFE, reported margin expansion during the quarter on a YoY basis, supported by product mix shift, better rider attachments, and the rising share of high-sum-assured business. While the loss of ITC impacted VNB margin, most of the impact was mitigated across players through distributor renegotiations and cost optimization, with normalcy expected in the next few quarters.

- **MAXLIFE:** VNB rose 35% YoY to INR6.6b, resulting in a VNB margin of 24.1% vs. 23.2% in 3QFY25. For 9MFY26, VNB grew 30% YoY to INR16.3b, reflecting a VNB margin of 23.6% (21.9% in 9MFY25). Distributor agreements are largely executed, and further margin recovery is expected to come via product-level improvements and mix optimization. **The focus remains on maintaining strong growth while keeping the VNB margin at ~25%.** Any excess margin will be invested back in the business for distribution scale-up and further process enhancements. We expect VNB margins of 25%/26%/26.5% for FY26/27/28.
- **CANHLIFE:** VNB at INR2b grew 60% YoY, resulting in a VNB margin of 19.8% (17% in 3QFY25), supported by the rising share of protection as well as improving attachment rates. For 9MFY26, VNB grew 37% YoY to INR4.1b, with VNB margin expanding 210bp YoY to 19.7%. Product mix shift, rise in rider attachment, and operating leverage supported margin expansion, offset by an impact of INR400m from labor code and GST, which would otherwise have resulted in a ~2% higher VNB margin, bringing it to ~21.7% in 9MFY25. **Investments in the agency channel have not materially impacted margins this quarter, and the future impact will be offset through higher protection contribution and improved operational efficiency.** We expect VNB margins of 19.8%/20.5%/21% in FY26/27/28.
- **SBILIFE:** Absolute VNB grew 22% YoY to INR22.9b, reflecting a VNB margin of 26.6% for the quarter vs 26.9% in 3QFY25. For 9MFY26, VNB grew 17% YoY to INR50.4b, reflecting a VNB margin of 27.2% (+30bp YoY), including a 110bp impact from GST exemption. **Management reiterated its guidance band of 26–28%, supported by ongoing optimization in the product mix, channel mix, and operating leverage.**
- **HDFCLIFE:** VNB grew 2.5% YoY to INR9.5b, resulting in a VNB margin of 24% vs 26.1% in 3QFY25. For 9MFY26, VNB grew 7% YoY to INR27.7b, leading to a VNB margin of 24.4% (25.1% in 9MFY25). Absolute VNB declined 6% QoQ, mainly due to expenses attributed to investments in new branch expansion, manpower additions, partnership investments, agency channel build-outs, and ongoing initiatives under Project Inspire. **Management expects a directionally similar margin expansion momentum in 4Q, with an aspiration to double VNB every 4-4.5 years.** We expect a VNB margin of 24.7%/26%/26.5% in FY26/27/28.
- **IPRU Life:** VNB margin expanded 320bp YoY to 24.4%. Absolute VNB grew 19% YoY to INR6.2b in 3QFY26. For 9MFY26, VNB grew 6% YoY to INR16.6b, reflecting an improvement in VNB margin to 24.4% (22.8% in 9MFY25). The company maintained 9M VNB margins at 1H levels despite the drag from the loss of input tax credit driven by higher rider attachment, an increase in average sum assured, an improvement in product-level profitability, and a favorable

yield curve movement. **Management reiterated that the product mix will remain the key driver for margins going forward.** We expect a VNB margin of 24.5%/25%/25.5% in FY26/27/28.

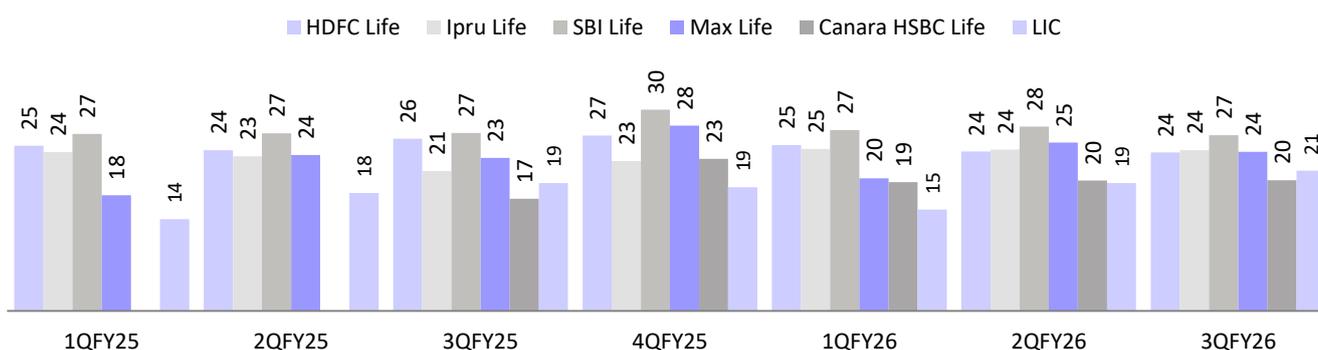
- **LIC:** Absolute VNB grew 65% YoY to INR32b, resulting in a strong VNB margin expansion to 21.2% from 19.4% in 3QFY25. For 9MFY26, VNB grew 28% YoY to INR83b, with VNB margin at 18.8%. For 9MFY26, the product mix shift toward non-par resulted in a positive impact of 2.6% on VNB margin. Favorable yield curve movements contributed to an improvement of ~1.9%. Operating factors such as GST impact, persistency, and alignment of group business expenses had a negative impact of ~2.8%. **Management expects that higher ticket sizes, improved affordability, and cost rationalization will help offset GST-related margin pressures over time.** We expect a VNB margin of 19.5%/20%/20% for FY26/27/28.

**Exhibit 2: Absolute VNB trend of listed private players (INRb)**



Source: MOFSL, Companies

**Exhibit 3: VNB margin trend of listed private players (%)**



Source: MOFSL, Companies

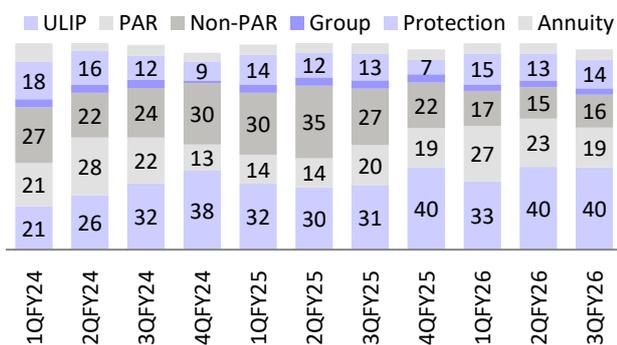
### Traditional contribution improving amid recovery in ULIP momentum

Product mix in 3QFY26 witnessed a rising share of the protection segment as well as other traditional products, supported by new launches. ULIPs witnessed growth momentum, supported by the equity market recovery. Insurers witnessed continued demand in non-par savings as customers sought guaranteed returns amid softening interest rates. Protection is gaining share, driven by GST-led retail protection demand and recovery in credit life volumes. Rider APE has also witnessed stellar growth during the quarter. This strategic shift toward value-accretive segments has contributed positively to VNB margin expansion.

- **MAXLIFE:** VNB margin expansion of 90bp YoY was largely driven by a product mix shift in 3QFY26, with non-par savings contribution increasing to ~29% (~26% in 3QFY25) and protection contribution rising to ~17% (~14% in 3QFY25), while ULIP contribution declined to ~37% (~45% in 3QFY25). The high-margin protection and health segments witnessed an APE growth of 57% YoY during 9MFY26 to INR9.3b, with rider APE growing 95% YoY. Annuity APE posted 107% YoY growth to INR6.3b during 9MFY26. Group credit life continues to witness recovery, growing 45% YoY in 3QFY26. **Protection demand continues to improve post GST exemption, with the pure protection APE growing 95% YoY and rider APE growing 100% YoY in 3QFY26.**
- **CANHLIFE:** The contribution of ULIP in total APE was stable YoY at 61% in 9MFY26. The share of protection in the mix improved from 4% in 9MFY25 to 7% in 9MFY26, with individual protection rising 3x sequentially in 3QFY26, backed by GST-led demand and credit life growth of 53% YoY for 3QFY26. ULIP demand in the quarter was similar to last year, with **ULIP contribution expected to normalize in 4Q, resulting in a ~55% ULIP mix for the full year.** Rider offerings on ULIPs are aiding margin expansion. Management expects attachment rates to improve further with the launch of new rider products.
- **SBILIFE:** ULIP APE grew 16% YoY, but contribution declined to 66% of total APE (71% in 3QFY25). Strong traction in smart money-back product drove ~7x YoY growth in par, raising its APE contribution to 9% (1.6% in 3QFY25). Non-par growth was temporarily impacted by the new par product launch. Protection remains the core growth pillar, with pure protection APE rising 98% YoY on an individual basis in 9MFY26, significantly outperforming overall company growth. Credit life APE grew over 20% YoY. Rider penetration remains strong, with riders contributing ~30% of the individual sum assured and 35–40% attachment on a policy count basis. **Renewal rider attachment has also been introduced, further supporting protection economics.**
- **HDFCLIFE:** Favorable equity market sentiments resulted in strong traction for ULIPs (43% of 9MFY26 APE), while protection contribution (7%) increased post GST changes as well as due to the launch of new products. Par products (27%) showed stable demand, while non-par savings mix improved to 19% in 3Q compared to ~17% in 1HFY26, backed by new products launched, which are expected to witness continued traction in 4Q and beyond. **While retail protection is witnessing strong growth, credit protection rebounded in 3QFY26.** Recent launches in the protection segment have performed strongly, and management aims to launch variable annuity products within the next couple of months.

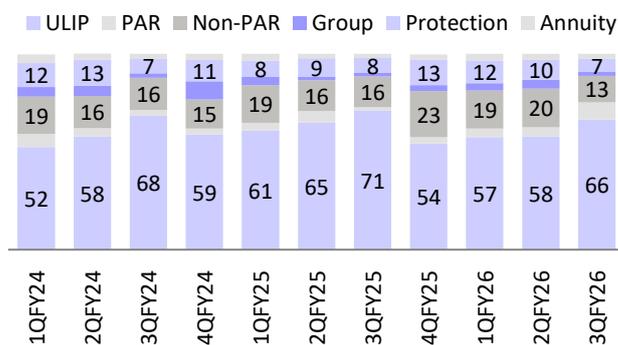
- **IPRULIFE:** The 320bp YoY expansion in the VNB margin to 24.4% was driven by a higher contribution from the non-linked business at 18.1% (11% in 3QFY25), along with continued growth in retail protection contribution from 6% in 3QFY25 to 8.2% in 3QFY26 (overall protection contribution at 18.4% in 3QFY26 from 16% in 3QFY25). Non-linked savings growth was led by strong demand owing to a declining interest rate environment. Management expects annuity growth to normalize as the base stabilizes. After the GST waiver announcement, protection demand picked up meaningfully across channels. **Early signs of recovery were seen in MFI-linked credit life in 3Q, which should benefit the company going forward.**
- **LIC:** Individual APE growth of 61% YoY was driven by a 49%/87% YoY growth in par/non-par APE to INR65.7b/INR38.1b. The strong growth in non-par APE led to a rise in contribution to 25.5% from 20.5% in 3QFY25. During 9MFY26, within the non-par segment, LIC witnessed 102.6% YoY growth in ULIP APE, 30.5% YoY growth in individual savings APE, and 18% YoY growth in protection APE. However, the annuity business witnessed a decline of 7.5% YoY. **Ticket sizes are improving, supported by growth in annuity products and higher minimum sum assured across certain offerings.** In the par segment, the increase in minimum ticket sizes has improved average ticket size and margins.

**Exhibit 2: HDFCLIFE's product mix (%)**



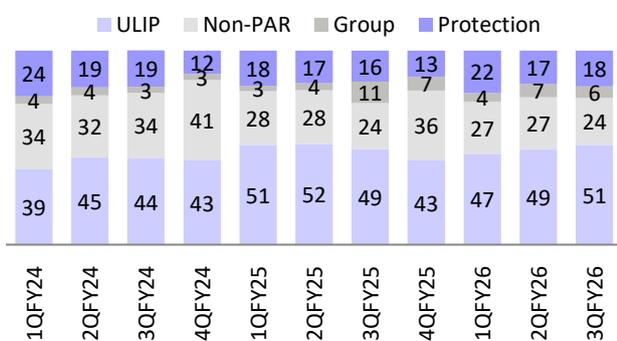
Source: Company, MOFSL

**Exhibit 3: SBILIFE's product mix (%)**



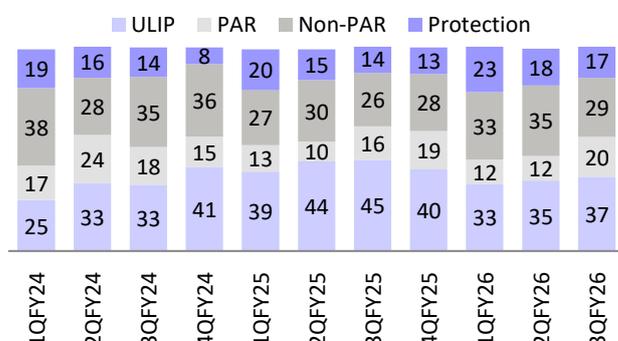
Source: Company, MOFSL

**Exhibit 4: IPRU Life's product mix (%)**

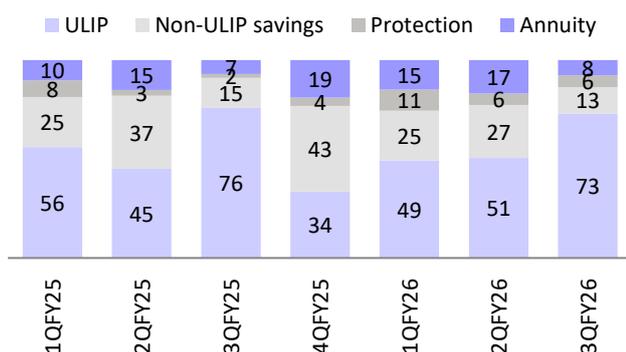


Source: Company, MOFSL

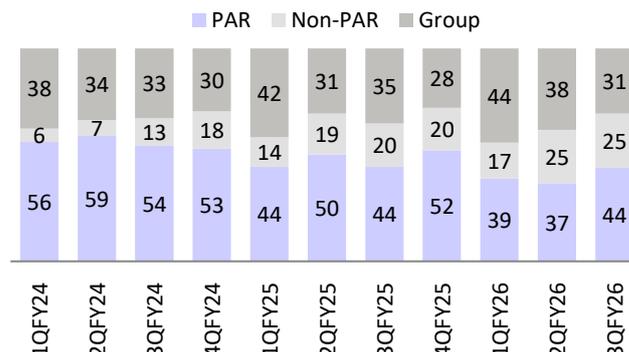
**Exhibit 5: MAXLIFE's product mix (%)**



Source: Company, MOFSL

**Exhibit 6: CANHLIFE's product mix (%)**


Source: Company, MOFSL

**Exhibit 7: LIC's product mix (%)**


Source: Company, MOFSL

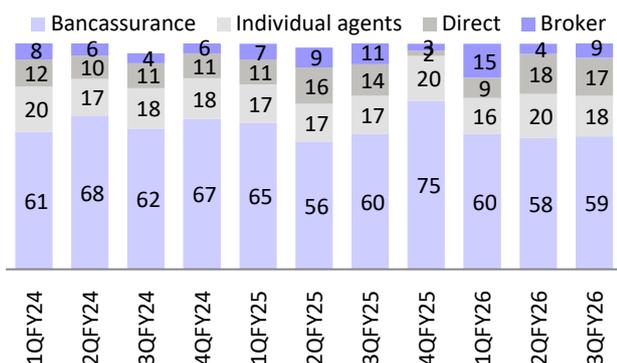
### Broad-based growth across channels

Across insurers, channel performance in 9MFY26 reflects broad-based, diversified growth. Agency channel's growth was backed by ULIP recovery and growing demand for traditional products, while banca and alternate channels maintained growth momentum with deepening partnerships across players.

- MAXLIFE:** The proprietary channel maintained a strong momentum, growing 29% YoY during 9MFY26. For the quarter, offline APE witnessed growth of 43% YoY, while online APE witnessed strong 75% YoY growth. The partnership channel grew 13% YoY during 9MFY26, driven by the scaling of new bank partnerships. Axis channel witnessed 7% YoY growth, while other banks experienced 47% YoY growth in 3QFY26. **MAXLIFE has also achieved the highest counter share in some of the new bank partnerships.** Agency channel performance improved meaningfully in 3QFY26, positioning it at the top among peers after a gap of several years.
- CANHLIFE:** The channel mix based on individual APE was at 93%/7% from banca/non-banca channels during 9MFY26. Moreover, in the banca channel, 75% contribution was from Canara Bank, 12% contribution from HSBC Bank, and ~5% from regional rural banks. **Early momentum in the agency channel has been encouraging, with management reiterating a phased and calibrated scale-up strategy.** Canara Bank is focused on improving productivity, while HSBC is planning branch expansion and the scale-up of employee banking solutions. Digital channels are gaining traction, particularly in protection, with PolicyBazaar emerging as a meaningful source.
- SBILIFE:** The agency channel witnessed a 25% YoY growth, driven by 350%/18% YoY growth in par/ULIP segments, while non-par declined 2% YoY due to a shift in focus toward new par products. Individual APE in the bancassurance channel grew 25% YoY, driven by 11x YoY growth in the par segment, 21% YoY growth in non-par, and 15% YoY growth in ULIP. Other channel partners (brokers, digital, etc.) witnessed 39% YoY growth in individual APE, driven by a 6x YoY growth in the par segment and 25% YoY growth in non-par, while ULIP declined 14% YoY. SBI branch productivity remains healthy at INR6.4m on an individual APE basis. **Agency productivity improved to INR300,000 per agent, despite an expanding agent base, reflecting improving quality and effectiveness of the agency channel.**

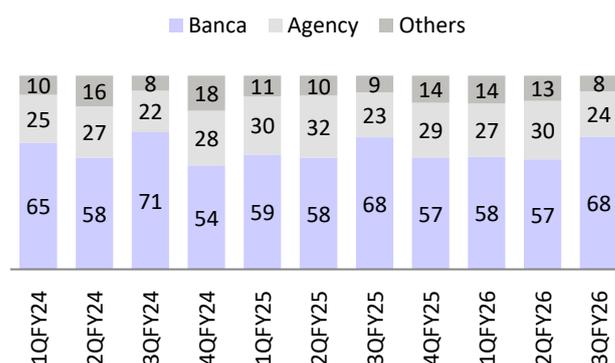
- HDFCLIFE:** On an individual APE basis, the banca/agency/broker channels witnessed a YoY growth of 11%/19%/36%. HDFCLIFE’s counter share remained range-bound, with retail protection and rider attachment improving within the bank. **The long-term aspiration for the agency channel is to contribute >25% to the company business (currently ~19%).** Growth in the bank channel was softer in FY26, particularly in 3Q, attributed to aggressive competitive pricing, unrealistic commercial terms by certain players, and banks working with multiple insurance partners. Engagement with broker and non-bank partners continues to improve with an emphasis on expanding reach.
- IPRULIFE:** Agency/direct channels were largely flat YoY, contributing 29%/15% to the mix owing to a high base. The bancassurance channel witnessed growth of 10% YoY, with contribution rising from 25% in 3QFY25 to 27% in 3QFY26. 50% banca contribution came from ICICI Bank and 50% from non-ICICI partners, while no single non-ICICI partner contributed more than 4-5%. **ICICI Bank channel witnessed strong protection growth, and the ULIP momentum has recovered on the back of improved market sentiment.** Partnership distribution benefited from strong demand for guaranteed products this year after a subdued base last year due to lower ULIP presence.
- LIC:** Contribution from the agency channel was 91% in 3QFY26 (93.2% in 3QFY25), with individual NBP growing 25% YoY. Individual NBP from bancassurance grew 29% YoY, with contribution stable at 4.7% (4.6% in 3QFY25). The direct/broker channel witnessed strong growth of 94%/177% YoY. LIC maintains the highest agency force in the country with ~1.47m agents and has tie-ups with 92 bancassurance partners, 304 brokers, and 173 corporate agents, reflecting a massive distribution network spread across the country.

**Exhibit 8: HDFCLIFE’s distribution mix (%)**



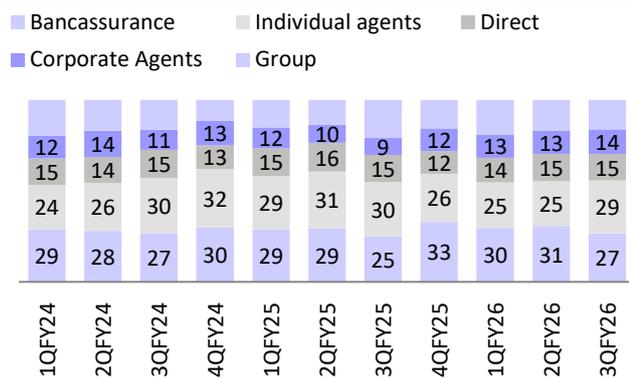
Source: Company, MOFSL

**Exhibit 9: SBILIFE’s distribution mix (%)**



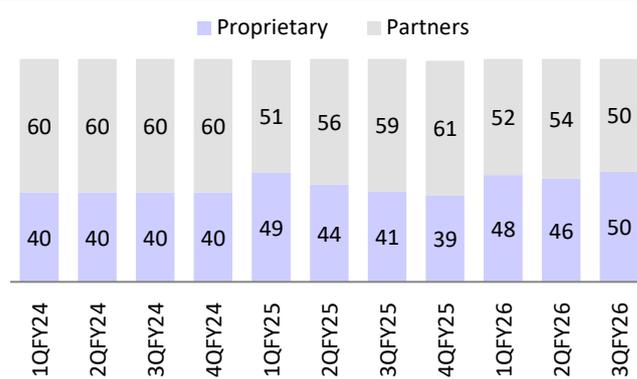
Source: Company, MOFSL

**Exhibit 10: IPRU Life’s distribution mix (%)**



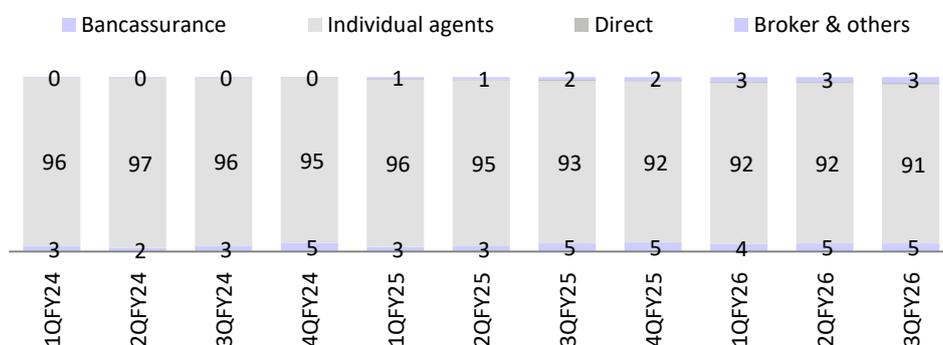
Source: Company, MOFSL

**Exhibit 11: MAXLIFE’s distribution mix (%)**



Source: Company, MOFSL

**Exhibit 12: LIC’s distribution mix (%)**



Source: Company, MOFSL

**Commission caps – potential risks and impact**

- During FY25, life insurers paid a total commission of INR608b, up 18% YoY against premium growth of 7% YoY. The commission ratio (commission as % of premium) increased to 6.9% from 6.2% in FY24. While total commission by LIC declined 2.5% YoY, private insurers’ commission increased 39% YoY.
- In its financial sustainability report, RBI has raised concerns over rising distributor commissions making insurance less affordable, thereby slowing the expansion of insurance coverage, which is reflected in the decline in insurance penetration from 2.8% in FY24 to 2.7% in FY25.
- A key structural issue is the front-loading of commission, where agents receive the bulk of compensation in the first year of a policy, which can lead to mis-selling. The industry’s first-year commission as a % of first-year premium increased from 24% in FY24 to 27% in FY25.
- Recently, through insurance law amendments, IRDAI has been empowered to regulate commissions. As per [media articles](#), life insurance companies have proposed changes to commission structures to the IRDAI including deferring a portion of frontloaded distributor commissions to reduce policy costs and improve customer value.
- If commission caps are introduced, while it may be positive for insurer profitability, it can lead to certain risks:
  - (1) Bank-led insurers with high commission payouts will likely have to renegotiate, which may impact the volume of new business. While public sector banks’

commission income is less than 1% of the total income, for private sector banks, it is above 3%.

- (2) Lower upfront commissions could impact the profitability of smaller agents, potentially reducing the agent network and impact penetration.
- **HDFCLIFE's** commission ratio was at 12% at the end of 9MFY26, compared to 11.2% in 9MFY25. **Management expects back-ended commissions to improve persistency and align economics between customer, distributor, and insurer.**
  - **SBILIFE** had the lowest commission ratio among private players at 4.8% in 9MFY26 compared to 4% in 9MFY25. Being the lowest cost operator in the industry, **management indicated readiness for any changes on the commission front.**
  - **IPRULIFE** reported a commission ratio of 14.1% in 9MFY26 compared to 13.7% in 9MFY25.
  - **CANHLIFE's** commission ratio was at 6.2% in 9MFY26 compared to 6.4% in 9MFY25.
  - **LIC's** commission ratio was at 4.5% in 9MFY26 compared to 7.8% in 9MFY25.

**Exhibit 13: Commissions grew 18% YoY in FY25 compared to 7% YoY growth in premiums**

INRb	FY24			FY25			YoY growth (%)		
	Public	Private	Industry	Public	Private	Industry	Public	Private	Industry
First year premium	390	765	1,155	370	880	1,250	-5.2	15.1	8.3
Single premium	1,836	793	2,629	1,898	830	2,727	3.3	4.7	3.7
Renewal premium	2,531	1,984	4,515	2,621	2,259	4,880	3.5	13.9	8.1
<b>Total premium</b>	<b>4,758</b>	<b>3,542</b>	<b>8,299</b>	<b>4,888</b>	<b>3,969</b>	<b>8,858</b>	<b>2.8</b>	<b>12.1</b>	<b>6.7</b>
First year commission	111	168	279	100	236	336	-9.9	40.2	20.3
Single premium commission	8	45	53	8	65	72	-2.9	43.8	36.9
Renewal commission	141	42	183	146	54	200	3.3	28.0	9.0
<b>Total commission</b>	<b>260</b>	<b>256</b>	<b>515</b>	<b>253</b>	<b>355</b>	<b>608</b>	<b>-2.5</b>	<b>38.8</b>	<b>18.0</b>
First year commission %	28.4	22.0	24.2	27.0	26.8	26.9			
Single premium commission %	0.4	5.7	2.0	0.4	7.8	2.7			
Renewal commission %	5.6	2.1	4.1	5.6	2.4	4.1			
<b>Total commission %</b>	<b>5.5</b>	<b>7.2</b>	<b>6.2</b>	<b>5.2</b>	<b>8.9</b>	<b>6.9</b>			

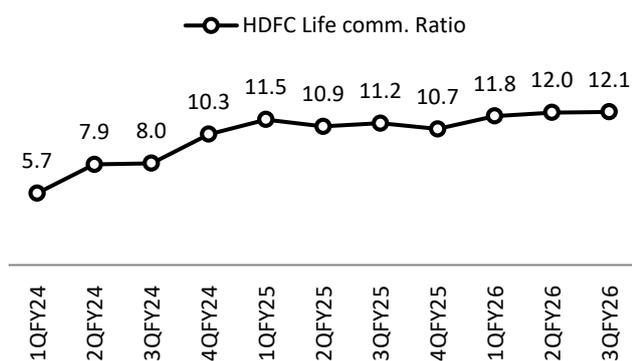
Source: IRDAI Annual Report, MOFSL

**Exhibit 14: Contribution of life insurance commissions to the revenue of key banks**

Commission from life insurance (INRm)	FY20	FY21	FY22	FY23	FY24	FY25	FY20-25 CAGR
HDFC Bank	21,828	14,814	15,565	18,993	30,593	50,270	18%
<i>% of total income</i>	2.7	1.6	1.5	1.6	1.9	3.0	
ICICI Bank	8,500	6,364	5,776	3,821	3,161	3,275	-17%
<i>% of total income</i>	1.7	1.1	0.9	0.5	0.3	0.3	
Axis Bank	6,920	9,635	11,873	13,594	19,793	27,469	32%
<i>% of total income</i>	1.7	2.3	2.5	2.3	2.7	3.5	
SBI	11,169	12,398	15,675	20,399	22,322	23,559	16%
<i>% of total income</i>	0.8	0.8	1.0	1.1	1.1	1.0	
Canara Bank	1,048	1,879	2,493	3,001	3,100	3,733	29%
<i>% of total income</i>	0.5	0.5	0.6	0.6	0.6	0.6	

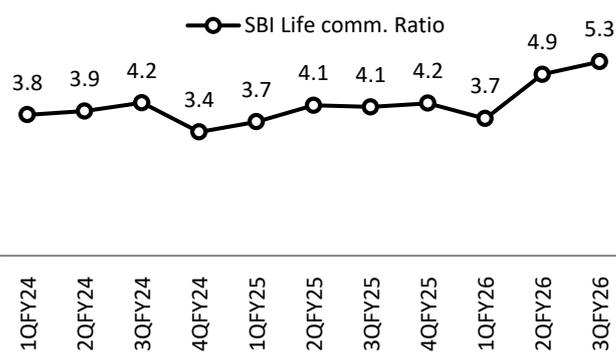
Source: IRDAI Annual Report, MOFSL

**Exhibit 15: HDFCLIFE's commission ratio (%)**



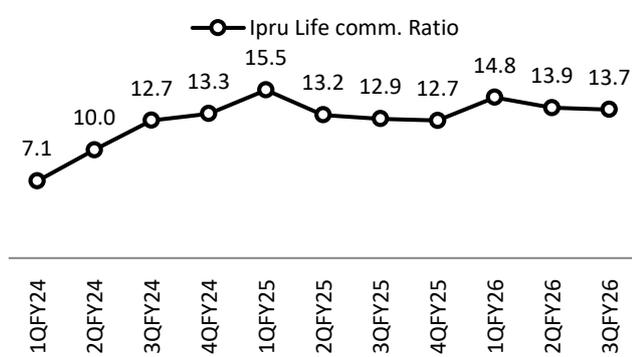
Source: Company, MOFSL

**Exhibit 16: SBILIFE's commission ratio (%)**



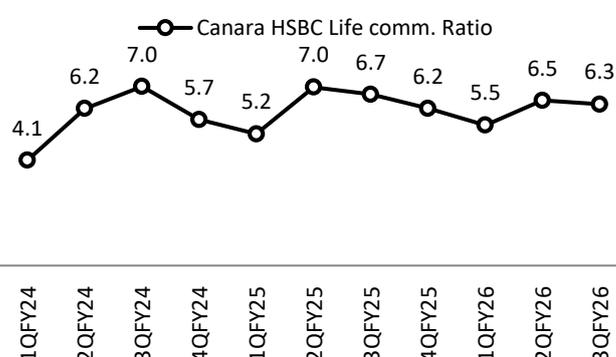
Source: Company, MOFSL

**Exhibit 17: IPRULIFE's commission ratio (%)**



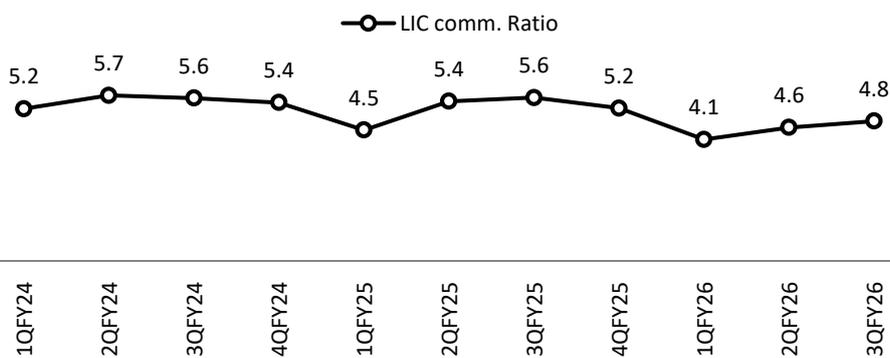
Source: Company, MOFSL

**Exhibit 18: CANHLIFE's commission ratio (%)**



Source: Company, MOFSL

**Exhibit 4: LIC's commission ratio (%)**

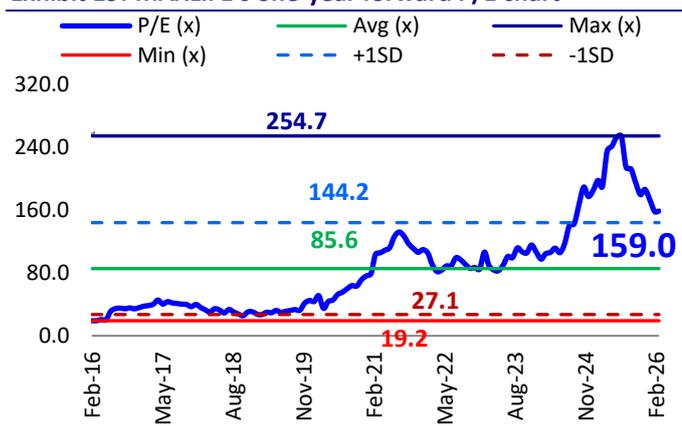


Source: MOFSL, Company

### MAXLIFE: Valuation and view

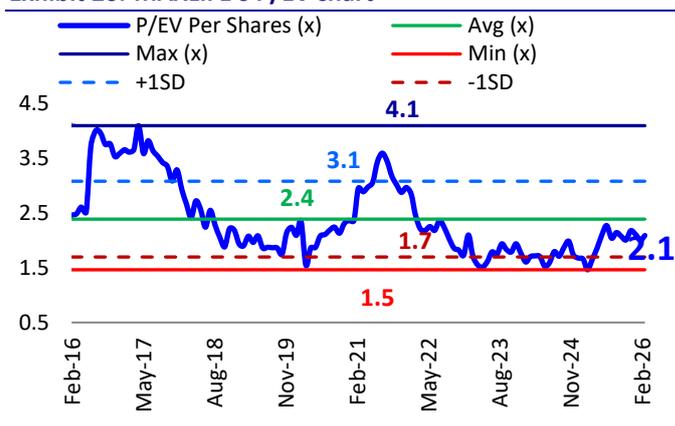
- **MAXLIFE** maintained a better-than-industry APE growth trajectory. VNB margin continued to witness YoY expansion, supported by strong APE growth and increased contribution of protection and non-par segments during 3QFY26. The proprietary channel continues to drive growth across offline (+43% YoY) and online channels (+75% YoY), while the bancassurance channel posted strong growth in non-Axis partnerships (+47% YoY). The persistency trends improved across almost all cohorts.
- We had upgraded our recommendation on the stock to BUY in our [Oct'25 sector update](#) on life insurance, given the industry-leading growth, sharp margin expansion, the highest non-par savings mix, strong banca traction, and steady agency expansion. Since then, the stock has risen by 15% (as of 19 Feb'26).
- Post 3QFY26 results, we raised our APE estimates by 4% each in FY26/FY27/FY28, considering the 3Q performance and strong growth in Jan'26. Our VNB margin estimate remains intact. **We reiterate our BUY rating on the stock with a TP of INR2,200, premised on 2.2x FY28E EV.**

Exhibit 19: MAXLIFE's one-year forward P/E chart



Source: Company, MOFSL

Exhibit 20: MAXLIFE's P/EV chart



Source: Company, MOFSL

Exhibit 5: Financials and valuations (INRb)

Y/E MARCH	FY25	FY26E	FY27E	FY28E
Gross Premium	332.2	395.7	460.9	536.9
PAT	4.1	1.9	5.3	5.9
APE	87.7	106.1	126.2	150.2
VNB margin (%)	24.0	25.0	26.0	26.5
Op. RoEV (%)	19.1	17.5	19.0	19.2
AUM (INRb)	1,751	1,968	2,217	2,505
VNB(INRb)	21.1	26.5	32.8	39.8
EV per Share	584	692	829	993
<b>Valuations</b>				
P/EV (x)	3.2	2.7	2.2	1.9
P/EVOP (x)	21.4	18.1	14.0	11.6

Source: MOFSL, Company

### CANHLIFE: Valuation and view

- **CANHLIFE** continues to deliver industry-leading growth in 3QFY26, along with VNB margin expansion, supported by a pickup in protection contribution, increasing rider attachments, and expense rationalization. The company offers a rare multi-year compounding opportunity anchored in a structurally improving

banca engine, rising contribution from premiumized HSBC flows, and disciplined agency expansion. With one of the most under-penetrated PSU-bank funnels and clear visibility on branch activation, product mix upgrades, and operating leverage, we expect the company to deliver over 17% operating RoEV going forward, despite near-term ITC and agency drag.

- Post 3QFY26 results, we slightly increased our APE estimates by ~3% each and VNB margin estimates by 30bp/50bp/50bp, considering the strong performance in 3QFY26. **We reiterate our BUY rating, maintaining a TP of INR180 (based on 1.7x FY28E EV).**

**Exhibit 6: Financials and valuations (INRb)**

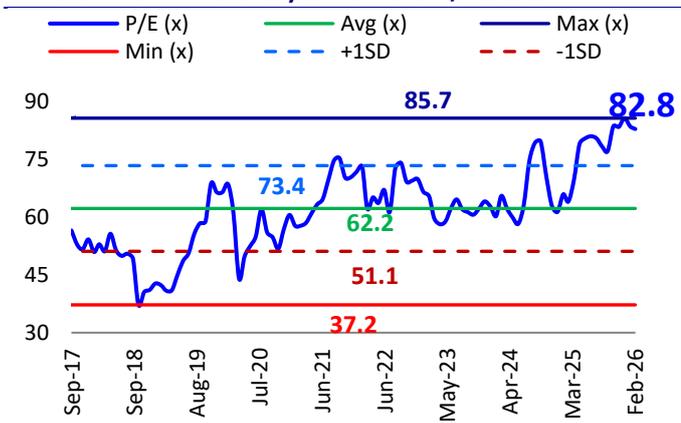
Y/E MARCH	FY25	FY26E	FY27E	FY28E
Net Premiums	78.5	100.3	117.4	137.7
Sh.PAT	1.2	1.1	1.2	1.5
APE	23.4	28.8	34.4	41.1
APE growth (%)	25.0	22.9	19.5	19.7
VNB	4.5	5.7	7.0	8.6
VNB margin (%)	19.1	19.8	20.5	21.0
RoE (%)	8.0	6.9	7.5	8.4
RoEV (%)	19.5	17.5	17.8	18.2
AUM	397.5	475.5	533.2	597.9
EV per share	64	75	88	105
<b>Valuations</b>				
P/EV (x)	2.3	2.0	1.7	1.4
P/EVOP (x)	14.1	13.3	11.2	9.3

Source: MOFSL, Company

**SBILIFE: Valuation and view**

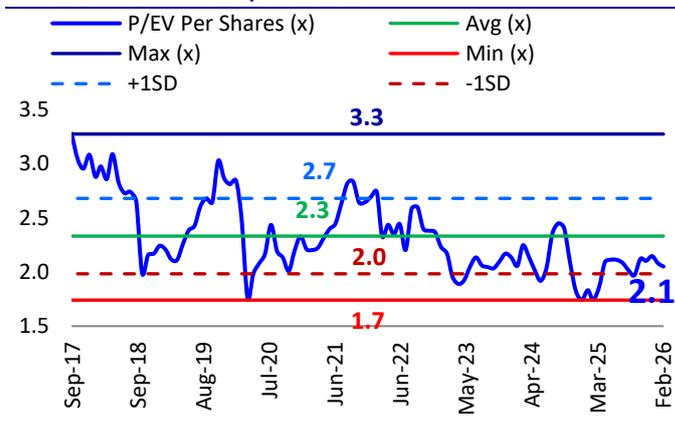
- **SBILIFE's** VNB margin in 3QFY26 witnessed the impact of GST, which was offset, to some extent, by a strong traction toward protection products, rising rider attachment rates, and a shift in the product mix toward traditional products. Going forward, sustained traction in non-linked products and further improvement in rider attachment are expected to drive VNB margin expansion. Continued investments in agency and digital channels are expected to drive overall growth, supported by a recovery in the bancassurance channel.
- Post 3QFY26 results, we largely maintained our APE/VNB estimates, factoring in FY25-28 CAGR of 15%/16% with an operating RoEV of 18%+. **We reiterate our BUY rating with a revised TP of INR2,570 (based on 2.2x FY28E P/EV).**

**Exhibit 21: SBILIFE's one-year forward P/E chart**



Source: Company, MOFSL

**Exhibit 22: SBILIFE's P/EV chart**



Source: Company, MOFSL

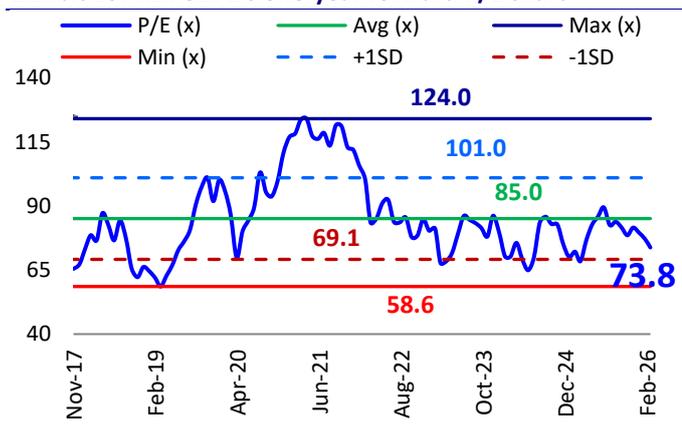
**Exhibit 7: Financials & valuations (INR b)**

Y/E MARCH	FY25	FY26E	FY27E	FY28E
Net Premiums	840.6	989.9	1,145.5	1,324.0
Surplus / Deficit	29.9	28.2	32.7	38.3
Sh.PAT	24.1	22.2	24.3	27.9
NBP gr- APE (%)	7.4	15.4	15.2	14.6
Premium gr (%)	4.4	17.8	15.7	15.6
VNB margin (%)	27.8	27.5	28.0	28.5
RoE (%)	15.1	12.4	12.2	12.5
RoIC (%)	15.4	12.5	12.2	12.6
RoEV (%)	20.6	18.4	18.6	18.3
AUM (INRt)	4.5	5.4	6.4	7.5
VNB	59.5	68.0	79.7	93.0
EV per share	701	832	987	1,167
<b>Valuations</b>				
P/EV (x)	3.0	2.5	2.1	1.8
P/EVOP (x)	17.7	16.1	13.4	11.4

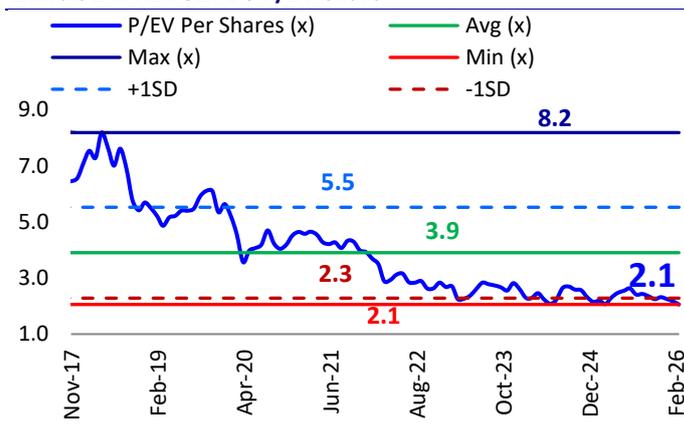
Source: MOFSL, Company

**HDFCLIFE: Valuation and view**

- HDFCLIFE** maintains a strong growth trajectory along with a stable VNB margin, driven by a diversified product mix, rising sum assured (especially in ULIPs), and improving rider attachments. While a few investments in new products and channel expansion impacted the expense ratio, a strong growth trajectory and improving product-level margin should help normalize its VNB margin while maintaining a strong position in the industry.
- Post 3QFY26 results, we maintained our premium and VNB margin estimates, considering the in-line performance. **We reiterate our BUY rating with a revised TP of INR930 (based on 2.3x FY28E EV).**

**Exhibit 23: HDFCLIFE's one-year forward P/E chart**


Source: Company, MOFSL

**Exhibit 24: HDFCLIFE's P/EV chart**


Source: Company, MOFSL

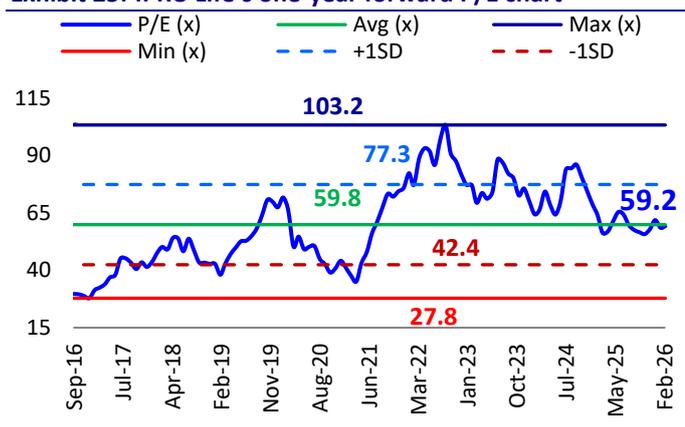
**Exhibit 8: Financials & valuations (INR b)**

Y/E MARCH	FY25	FY26E	FY27E	FY28E
Net Premiums	696.2	794.7	919.5	1,064.8
PBT	18.7	19.2	20.6	22.3
Surplus / Deficit	10.4	-0.3	5.2	9.3
Sh. PAT	18.0	19.2	20.6	22.3
NBP gr - APE (%)	15.8	12.7	16.7	16.7
Premium gr (%)	12.6	14.8	15.7	15.8
VNB margin (%)	25.6	24.7	26.0	26.5
RoEV (%)	16.8	15.4	16.4	16.6
Total AUMs (INRt)	3.4	4.1	4.8	5.6
VNB (INRb)	39.6	43.1	53.0	63.0
EV per share	257.6	297.3	346.2	403.6
<b>Valuations</b>				
P/EV (x)	2.8	2.5	2.1	1.8
P/EVOP (x)	19.8	18.2	14.8	12.6

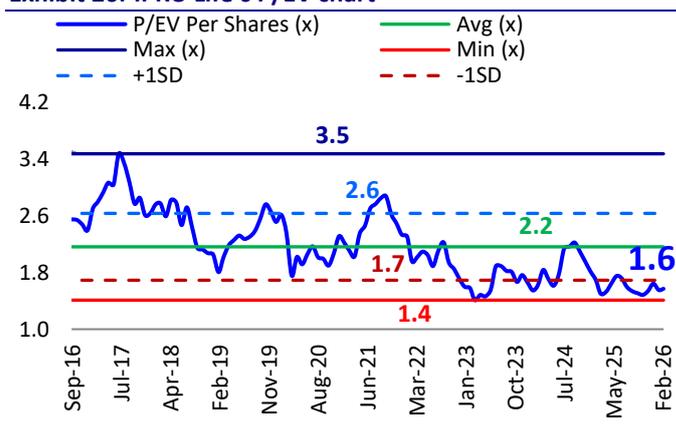
Source: MOFSL, Company

**IPRULIFE: Valuation and view**

- **IPRULIFE's** continued efforts toward product mix shift, increasing retail protection contribution, and robust cost optimization measures have resulted in continued YoY expansion in VNB margin, despite the loss of input tax credit after GST exemption. In the longer term, the company's profitability will be supported by higher volumes, driven by GST exemption, increased traction of non-linked products, and improved product-level margins.
- Post 3QFY26 results, we have maintained our APE growth estimates for FY26-28. However, we have raised the VNB margin assumption by 50bp/50bp/100bp for FY26/FY27/FY28, considering the 3QFY26 performance. **We reiterate our BUY rating with a TP of INR800 (based on 1.7x FY28E EV).**

**Exhibit 25: IPRU Life's one-year forward P/E chart**


Source: Company, MOFSL

**Exhibit 26: IPRU Life's P/EV chart**


Source: Company, MOFSL

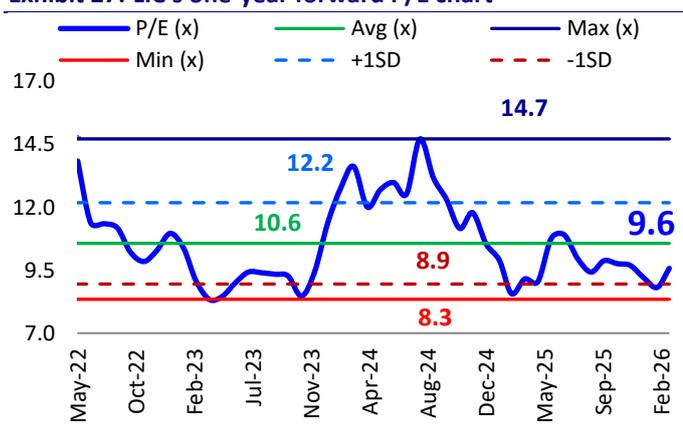
**Exhibit 9: Financials & valuations (INRb)**

Y/E MARCH	FY25	FY26E	FY27E	FY28E
Net Premiums	472.6	516.2	595.2	685.5
Surplus / Deficit	18.0	15.5	16.3	17.7
Sh. holder's PAT	11.9	14.4	16.0	18.3
NBP growth unwt'd (%)	24.4	4.1	15.3	14.5
APE (INRb)	104.1	109.2	126.3	143.6
VNB (INRb)	23.7	26.8	31.6	36.6
VNB margin (%)	22.8	24.5	25.0	25.5
EV per share	332	371	419	474
RoEV (%)	13.3	11.7	13.0	13.1
Total AUMs (INRt)	3.0	3.5	4.1	4.7
<b>Valuations</b>				
P/EV (x)	2.0	1.8	1.6	1.4
P/EVOP (x)	17.0	16.2	13.1	11.5

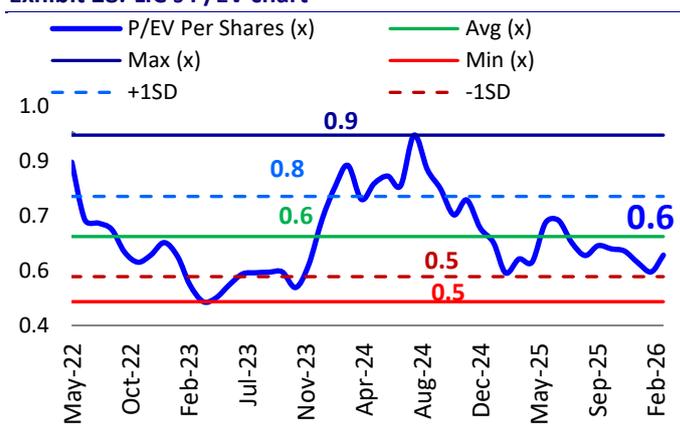
Source: MOFSL, Company

**LIC: Valuation and view**

- LIC** continues to report VNB margin expansion, led by the increasing contribution of the non-par business. The company maintains its industry-leading position and expects its growth trajectory to remain at par with the industry, driven by higher ticket sizes, an improvement in agency channel productivity, continued growth in bancassurance and alternate channels, and strong demand post the GST exemption. A shift toward higher-margin non-par products, cost optimization, and improvement in persistency will boost VNB margin going forward.
- Post 3QFY26 results, we increased our APE estimates by 7%/5%/5% and VNB margin estimates by 120bp/120bp/50bp for FY26/27/28, considering the strong growth trajectory and increasing non-par contribution witnessed during 9MFY26. **Reiterate BUY with a revised TP of INR1,100 (premised on 0.6x FY28E EV).**

**Exhibit 27: LIC's one-year forward P/E chart**


Source: Company, MOFSL

**Exhibit 28: LIC's P/EV chart**


Source: Company, MOFSL

**Exhibit 10: Financials and valuations (INRb)**

Y/E MARCH	FY25	FY26E	FY27E	FY28E
Net Premiums	4,881	5,295	5,634	5,996
Surplus / Deficit	401.4	484.7	525.0	571.1
Sh. PAT	481.5	552.4	599.5	652.3
VNB margin (%)	17.6	19.5	20.0	20.0
RoEV (%)	6.8	11.9	11.7	11.5
Total AUMs (INRt)	54.5	64.1	69.2	74.8
APE (INRb)	568.3	650.0	688.3	741.0
VNB (INRb)	100.1	126.7	137.7	148.2
EV per share	1,228	1,375	1,535	1,712
<b>Valuations</b>				
P/EV (x)	0.7	0.6	0.6	0.5
P/EVOP (x)	6.7	7.0	6.2	5.6

Source: MOFSL, Company

**Exhibit 11: Life insurance valuation comparison**

		HDFC Life			SBI Life			Max Financial			IPRU Life			LIC			Canara HSBC Life		
Rating		Buy			Buy			Buy			Buy			Buy					
CMP	INR	729			2080			1682			651			873			150		
Market Cap	INRb	18.4			24.5			7.5			10.7			65.0			1.6		
TP	INR	930			2570			2200			800			1100			180		
Upside	%	27.6			23.6			30.8			22.9			26.0			20.0		
<b>Profitability</b>		<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>
VNB	INRb	43	53	63	68	80	93	27	33	40	27	32	37	127	138	148	5.7	7.0	8.6
VNB margin	%	24.7	26.0	26.5	27.5	28.0	28.5	25.0	26.0	26.5	24.5	25.0	25.5	19.5	20.0	20.0	19.8	20.5	21.0
EVOP	INRb	86	106	124	129	156	182	44	57	68	58	72	82	794	885	983	10.7	12.7	15.3
Operating RoEV	%	15.6	16.5	16.7	18.4	18.8	18.5	17.5	19.0	19.2	12.1	13.4	13.6	10.2	10.2	10.1	17.5	17.8	18.2
PAT	INRb	19	21	22	22	24	28	2	5	6	14	16	18	552	599	652	1.1	1.2	1.5
<b>Key Parameters</b>		<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>
APE	INRb	174	204	238	247	285	326	106	126	150	109	126	144	650	688	741	28.8	34.4	41.1
EV	INRb	640	745	868	832	987	1,167	298	357	428	536	605	685	8,696	9,712	10,827	71.3	84.0	99.3
AUM	INRb	4,062	4,753	5,567	5,378	6,364	7,531	1,968	2,217	2,505	3,532	4,062	4,671	54,523	64,100	69,220	475	533	598
<b>Current valuation</b>		<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>
P/EV	x	2.5	2.1	1.8	2.5	2.1	1.8	2.4	2.0	1.7	1.8	1.6	1.4	0.6	0.6	0.5	2.0	1.7	1.4
P/EVOP	x	18.2	14.8	12.6	16.1	13.4	11.4	16.5	12.8	10.6	16.2	13.1	11.5	7.0	6.2	5.6	13.3	11.2	9.3
P/VNB	x	36.4	29.6	24.9	30.7	26.2	22.4	27.4	22.1	18.2	35.2	29.8	25.7	43.6	40.1	37.3	25.0	20.2	16.5

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Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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