

# Monthly Business Update

## Life Insurance | Sector Update

March 09, 2024

### Private players grow strong; IPRU Life picking up momentum

#### Key Points

- Individual APE for private life insurers grew faster at 20.4% YoY (vs. 18.1% growth for the industry). HDFC Life/SBI Life witnessed a growth of 27.8%/25.8% YoY with Max Life/IPRU Life outperforming with growth rate of 34.4%/33.9% YoY. LIC recorded a moderate growth of 13.3% YoY.
- Industry Group APE saw a robust growth of 56% YoY, driven by a 64% YoY increase in LIC's Group business. IPRU Life/Max Life/SBI Life grew at an accelerated rate.
- On YTD FY24 basis, SBI Life saw a decline in market share while other private players gained market share.
- While Jan'24/Feb'24 have seen a healthy trend, we expect growth in Mar'24 to be subdued due to a high base and slowdown in NPAR business. We reiterate BUY on SBI Life (TP of Rs1,685, 2.5x FY25E P/EV) and IPRU Life (TP of Rs610, 2x FY25E P/EV).

**Strong show by private players:** Individual APE for private players witnessed a growth of 20.4% YoY in Feb'24 vs. 20.0%/11.4% in Jan'24/Dec'23. Individual APE for HDFC Life/IPRU Life/Max Life/SBI Life reported a robust growth of 27.8%/33.9%/34.4%/25.8% YoY, led by volume in Retail Protection and Annuity businesses. On YTD FY24 basis, top private players held on well with a growth of 14.0%/15.8%/23.7% YoY for HDFC Life/SBI Life/Max Life. Meanwhile, IPRU Life seems to have picked up momentum in 2HFY24, witnessing YTD growth of 9.6% YoY. Among smaller players, Bajaj Allianz continued to garner market share with Individual APE growth of 34.2% YoY in Feb'24, driven by its partnership with Axis Bank. Despite new launches, LIC saw a moderate growth of 13.3% YoY in Individual APE. Consequently, overall industry's Individual APE grew by 18.1% YoY. While Jan'24/Feb'24 have seen healthy growth, we expect March'24 to be a drag due to a high base and slowdown in high-ticket NPAR business.

**Industry Group APE continues to grow:** Private players posted healthy growth in Group APE at 32.4% YoY. Max Life and SBI Life grew at an accelerated rate of 104% YoY and 69% YoY, respectively while HDFC Life witnessed a tepid growth in its Group APE business at 7% YoY. LIC registered a robust growth of 64% YoY, resulting in a 56% YoY growth in Industry's Group APE.

**HDFC Life/IPRU Life pick up market share:** On YTD FY24 basis, while SBI Life has retained the market leadership position, it saw a 60bps fall in market share at 17.1% in Individual APE. Meanwhile, Max Life saw a consistent rise in its market share at 6.1% while HDFC Life/IPRU Life increased their market share by 21bps and 28bps, respectively. Overall, the private sector's market share stands at 67.5% (up 232bps YoY) while LIC continues to cede market share (32.5%).

**Private players perform well:** Total New Business Premium (NBP) growth for private players was robust at 27% YoY in Feb'24, driven by IPRU Life, Max Life and SBI Life (+33% YoY, 51% YoY 32% YoY, respectively). LIC's NBP expanded by 67% YoY, causing overall industry's NBP to rise by 48% YoY.

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

## Exhibit 1: Individual APE and Total APE

	Individual APE			Total APE		
(Rsmn)	Feb-24	Growth (YoY) (%)	Market share (%)	Feb-24	Growth (YoY) (%)	Market share (%)
SBI Life	11,914	25.8%	12.2%	12,936	28.4%	10.8%
HDFC Life	11,890	27.8%	12.2%	12,967	25.7%	10.8%
ICICI Prudential Life	8,370	33.9%	8.6%	8,901	34.0%	7.4%
Max Life	6,573	34.4%	6.7%	6,724	35.5%	5.6%
Tata AIA Life	6,273	0.1%	6.4%	6,306	0.2%	5.3%
Bajaj Allianz Life	6,113	34.2%	6.3%	6,485	30.6%	5.4%
Kotak Mahindra Life	3,561	25.6%	3.6%	3,795	23.1%	3.2%
Aditya Birla Sun Life	2,750	8.5%	2.8%	3,317	16.8%	2.8%
PNB Met Life	2,195	13.6%	2.2%	2,287	14.4%	1.9%
Canara HSBC OBC Life	1,606	-2.4%	1.6%	1,640	-4.3%	1.4%
India First Life	761	-49.6%	0.8%	929	-2.2%	0.8%
Reliance Nippon Life	861	1.9%	0.9%	823	-47.6%	0.7%
Exide Life	NA	NA	NA	NA	NA	NA
Star Union Dai-ichi Life	1,611	7.3%	1.6%	817	61.4%	0.7%
Shriram Life	762	64.2%	0.8%	1,959	23.4%	1.6%
Bharti Axa Life	498	-27.7%	0.5%	505	-28.4%	0.4%
Future Generali Life	344	3.5%	0.4%	345	3.3%	0.3%
Edelweiss Tokio Life	524	12.0%	0.5%	526	12.1%	0.4%
IDBI Federal Life	642	68.9%	0.7%	672	68.7%	0.6%
Aviva Life	189	-1.2%	0.2%	190	-3.8%	0.2%
Pramerica Life	180	51.5%	0.2%	260	36.2%	0.2%
Aegon Life	NA	NA	NA	NA	NA	NA
<b>Private Total</b>	<b>67,633</b>	<b>20.4%</b>	<b>69.2%</b>	<b>72,412</b>	<b>21.1%</b>	<b>60.5%</b>
LIC	30,168	13.3%	30.8%	47,366	27.5%	39.5%
<b>Grand Total</b>	<b>97,801</b>	<b>18.1%</b>	<b>100.0%</b>	<b>119,777</b>	<b>23.6%</b>	<b>100.0%</b>

Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

## Exhibit 2: Individual APE growth (% YoY)

Individual APE growth (% yoy)	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24
Bajaj Allianz Life	30%	68%	8%	18%	17%	33%	33%	30%	27%	27%	20%	32%	34%
Birla Sun Life	43%	88%	27%	33%	35%	9%	-3%	-1%	21%	-19%	10%	36%	9%
HDFC Standard Life	38%	118%	15%	19%	28%	1%	24%	26%	20%	-4%	-5%	17%	28%
ICICI Prudential Life	7%	59%	-31%	4%	12%	8%	12%	-5%	21%	-3%	13%	22%	34%
Max Life	6%	60%	-4%	2%	12%	19%	49%	29%	38%	8%	15%	51%	34%
SBI Life	0%	12%	-5%	8%	5%	31%	34%	16%	16%	-3%	20%	17%	26%
Tata AIA Life	59%	97%	14%	21%	22%	21%	7%	15%	23%	-14%	17%	18%	0%
<b>Private Total</b>	<b>18%</b>	<b>56%</b>	<b>-1%</b>	<b>10%</b>	<b>12%</b>	<b>16%</b>	<b>21%</b>	<b>12%</b>	<b>20%</b>	<b>-1%</b>	<b>11%</b>	<b>20%</b>	<b>20%</b>
LIC	-3%	10%	-5%	-1%	-11%	14%	3%	5%	2%	-9%	2%	7%	13%
<b>Total industry</b>	<b>10%</b>	<b>38%</b>	<b>-3%</b>	<b>6%</b>	<b>3%</b>	<b>15%</b>	<b>14%</b>	<b>10%</b>	<b>13%</b>	<b>-4%</b>	<b>9%</b>	<b>15%</b>	<b>18%</b>

Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

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

Indi APE market share (YTD) (%)	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24
Bajaj Allianz Life	4.9%	5.0%	6.0%	5.9%	5.7%	5.6%	5.6%	5.6%	5.6%	5.7%	5.6%	5.6%	5.6%
Aditya Birla Sun Life	2.7%	2.9%	2.8%	2.9%	3.0%	2.8%	2.8%	2.7%	2.7%	2.7%	2.8%	2.7%	2.8%
HDFC Life	10.0%	10.5%	10.4%	10.6%	10.6%	9.9%	10.3%	10.3%	10.2%	10.2%	10.1%	10.2%	10.4%
ICICI Prudential Life	6.2%	6.5%	5.2%	5.5%	5.9%	5.9%	6.0%	6.0%	6.1%	6.0%	5.9%	6.0%	6.3%
Max Life	5.4%	5.8%	4.8%	5.0%	5.5%	5.5%	5.6%	5.8%	5.8%	5.9%	6.0%	6.0%	6.1%
SBI Life	16.1%	14.6%	15.2%	15.0%	14.9%	15.5%	16.0%	16.2%	16.3%	16.5%	17.9%	17.7%	17.1%
Tata AIA Life	6.4%	6.8%	6.7%	6.7%	6.8%	6.7%	6.6%	6.6%	6.6%	6.5%	6.6%	6.6%	6.6%
<b>Private Total</b>	<b>65.2%</b>	<b>65.8%</b>	<b>63.9%</b>	<b>63.4%</b>	<b>64.7%</b>	<b>64.2%</b>	<b>65.1%</b>	<b>65.8%</b>	<b>65.9%</b>	<b>66.2%</b>	<b>67.4%</b>	<b>67.3%</b>	<b>67.5%</b>
LIC	34.8%	34.2%	36.1%	36.6%	35.3%	35.8%	34.9%	34.2%	34.1%	33.8%	32.6%	32.7%	32.5%
<b>Grand Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

## Exhibit 4: Individual APE market share (YTD change) (bps)

Indi APE market share (change) (bps)	MoM	YoY
Bajaj Allianz Life	7 bps	74 bps
Aditya Birla Sun Life	1 bps	3 bps
HDFC Life	21 bps	44 bps
ICICI Prudential Life	28 bps	2 bps
Max Life	8 bps	71 bps
SBI Life	(59 bps)	97 bps
Tata AIA Life	(2 bps)	16 bps
<b>Private Total</b>	<b>19 bps</b>	<b>232 bps</b>
LIC	(19 bps)	(232 bps)
<b>Grand Total</b>	<b>0 bps</b>	<b>0 bps</b>

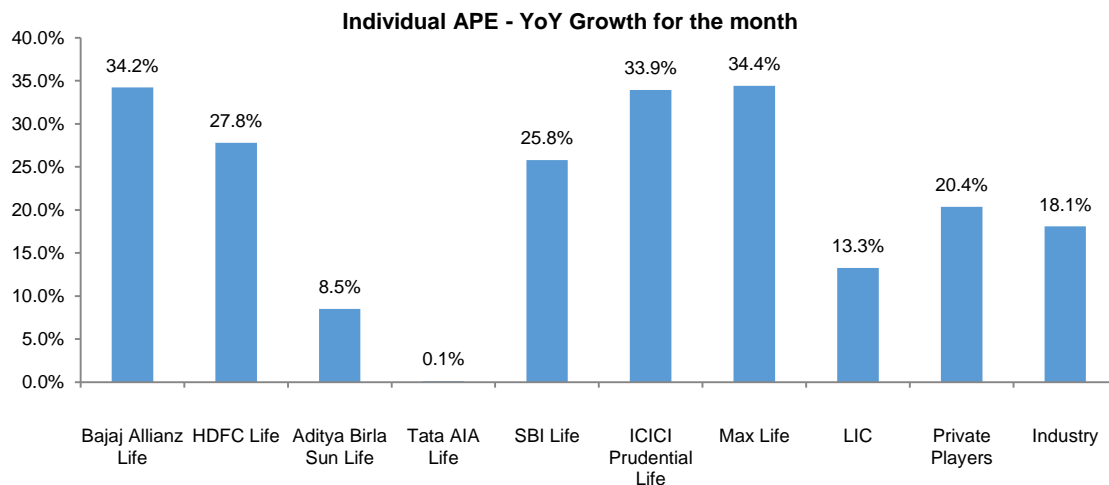
Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

## Exhibit 5: Individual New Business Premium

Individual NBP (Rsmn)	Feb-24	Growth (YoY) (%)	Market share (%)
SBI Life	16,664	19.7%	12.5%
HDFC Life	14,942	23.5%	11.2%
ICICI Prudential Life	10,087	26.8%	7.6%
Max Life	9,342	44.9%	7.0%
Tata AIA Life	6,785	-3.8%	5.1%
Kotak Mahindra Life	5,736	42.9%	4.3%
Bajaj Allianz Life	6,491	32.1%	4.9%
Aditya Birla Sun Life	3,238	14.9%	2.4%
PNB Met Life	2,280	12.3%	1.7%
Canara HSBC OBC Life	1,632	-6.1%	1.2%
India First Life	832	-46.4%	0.6%
Reliance Nippon Life	892	2.9%	0.7%
Star Union Dai-ichi Life	1,685	7.3%	1.3%
Exide Life	NA	NA	NA
Shriram Life	792	63.1%	0.6%
Bharti Axa Life	517	-32.6%	0.4%
Future Generali Life	358	7.0%	0.3%
Edelweiss Tokio Life	576	20.5%	0.4%
IDBI Federal Life	1,386	130.3%	1.0%
Aviva Life	204	-4.4%	0.2%
Pramerica Life	184	40.8%	0.1%
Aegon Life	NA	NA	NA
<b>Private Total</b>	<b>84,639</b>	<b>20.9%</b>	<b>63.4%</b>
LIC	48,904	11.7%	36.6%
<b>Grand Total</b>	<b>133,543</b>	<b>17.4%</b>	<b>100.0%</b>

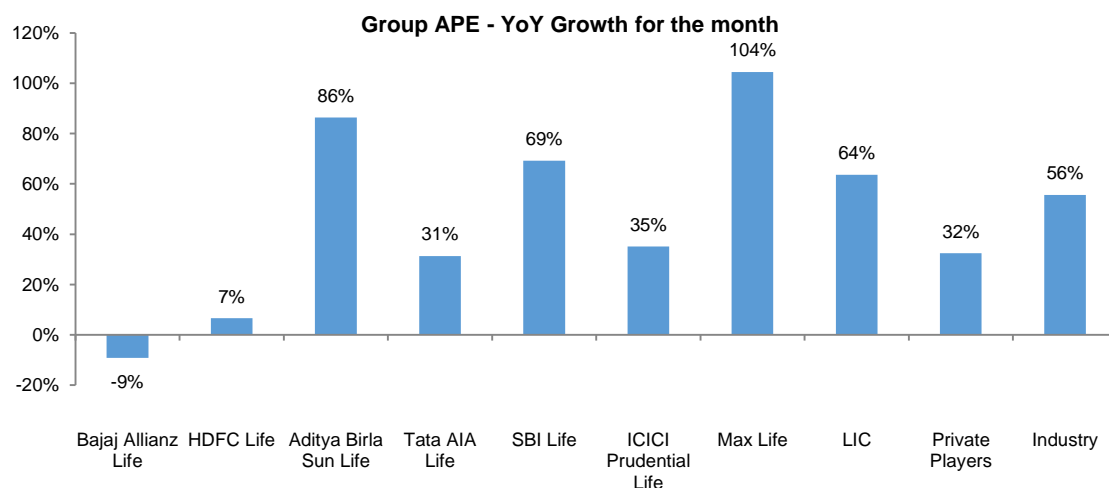
Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

## Exhibit 6: Private players' APE grows by 20.4% YoY



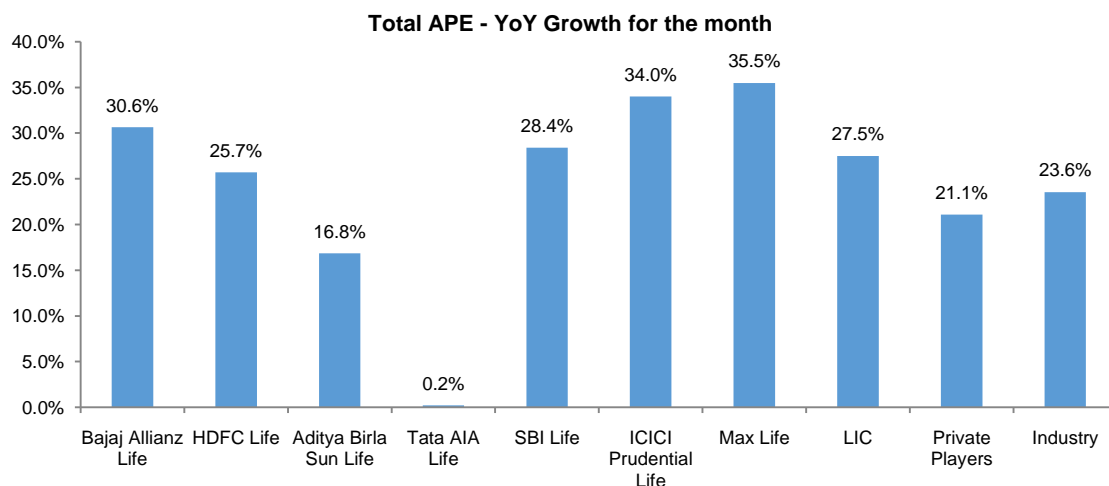
Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

## Exhibit 7: Max Life's APE expands by 104% YoY in Group business



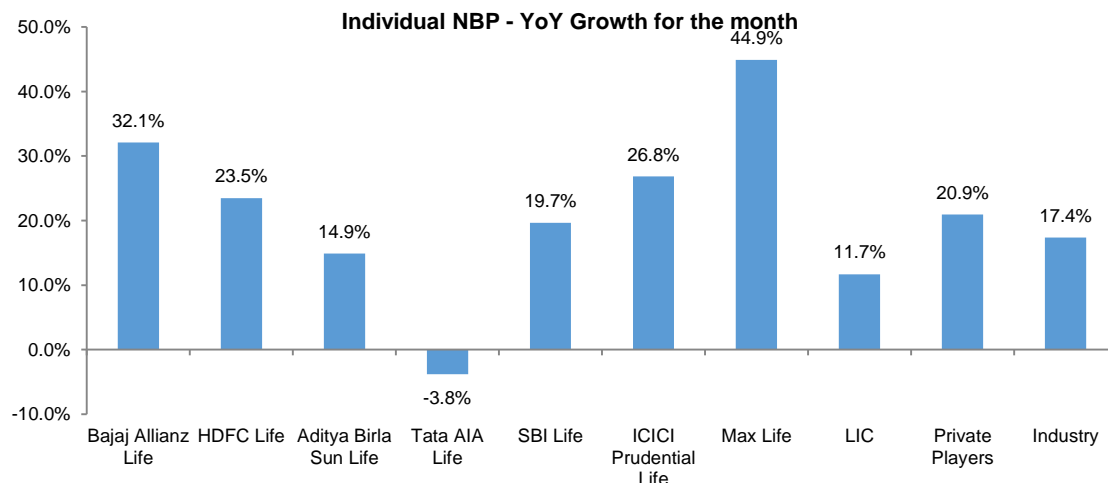
Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

## Exhibit 8: Total APE increases by 23.6% YoY for the industry



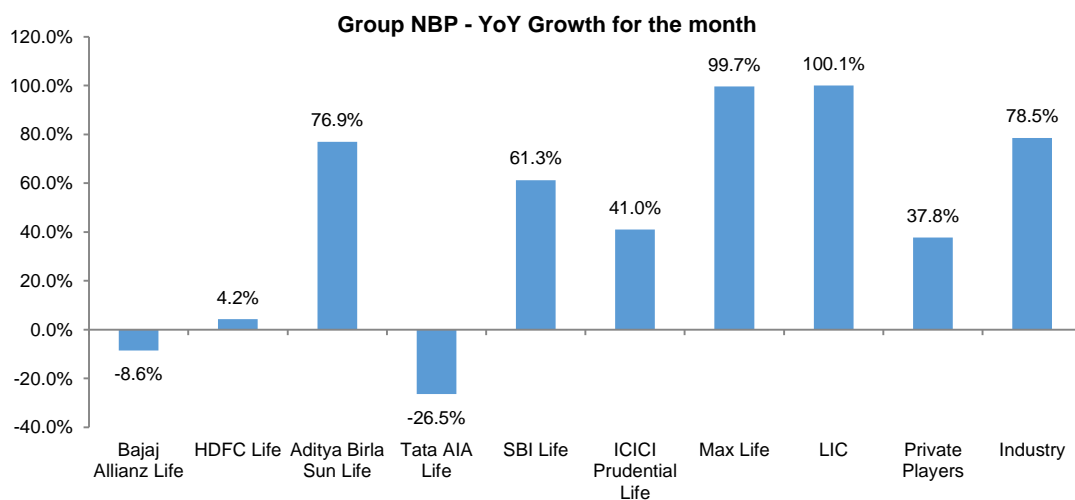
Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

## Exhibit 9: Individual NBP – Max Life outperforms



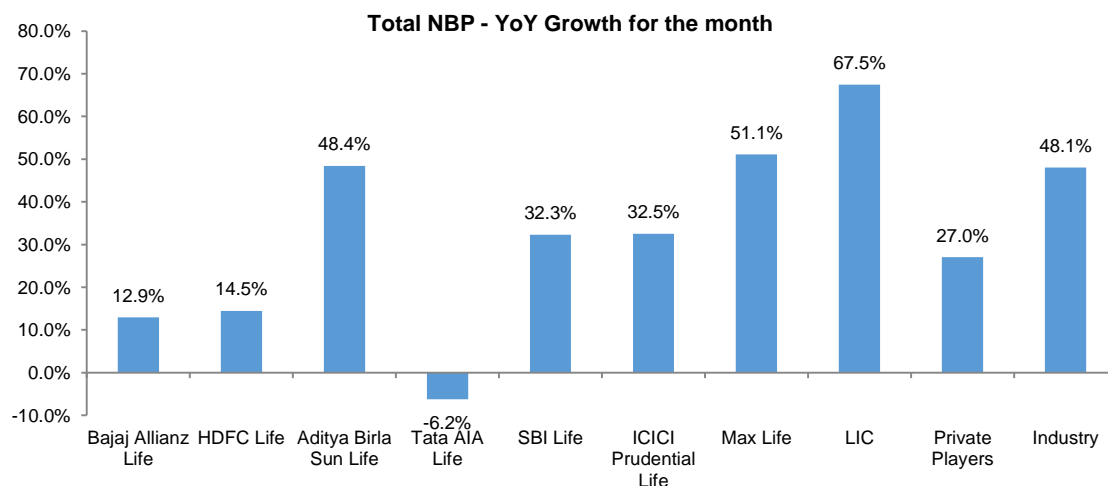
Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

## Exhibit 10: Industry Group NBP rises by 78.5%; LIC & Max Life outperform



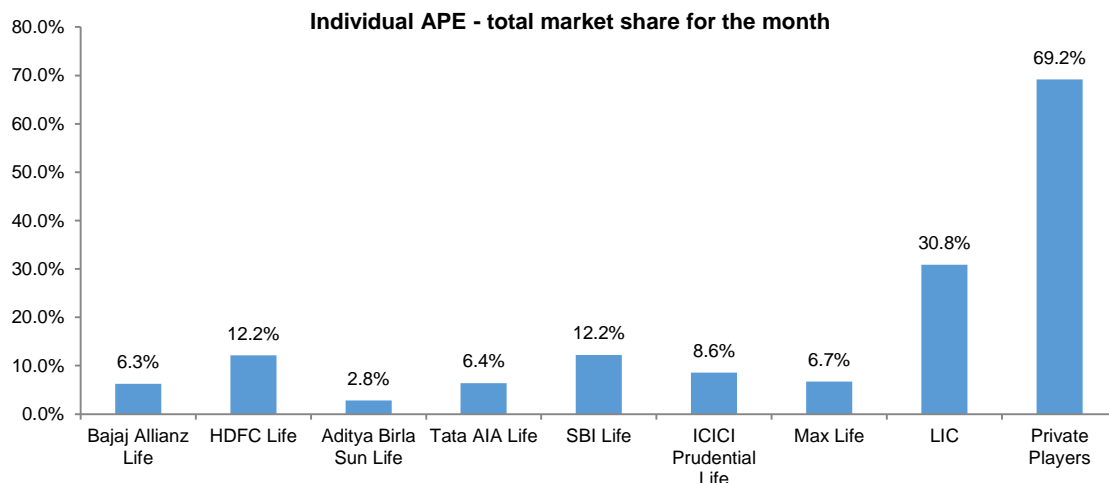
Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

## Exhibit 11: Total NBP growth stands at 27.0%/48.1% for private players/industry



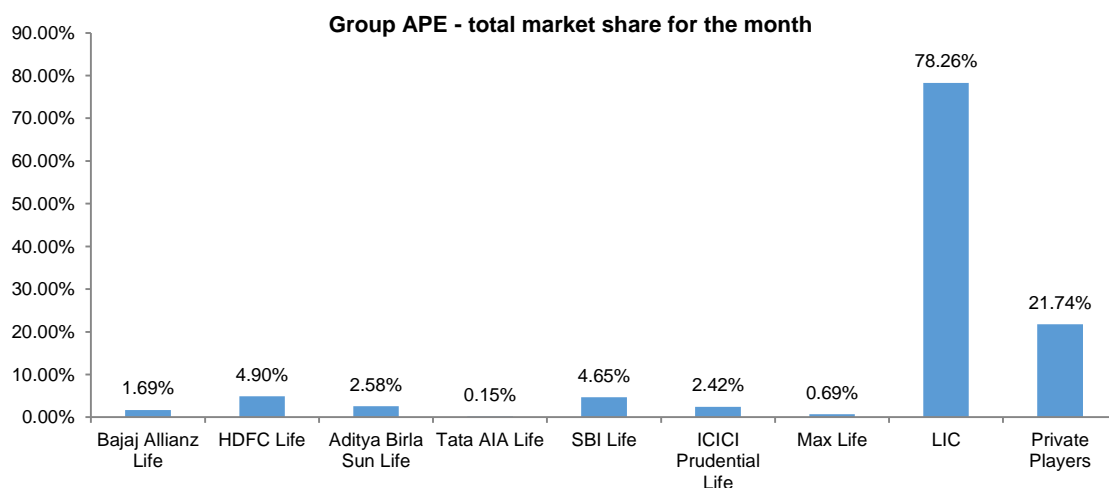
Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

## Exhibit 12: SBI Life/HDFC Life tied at market leadership among private players



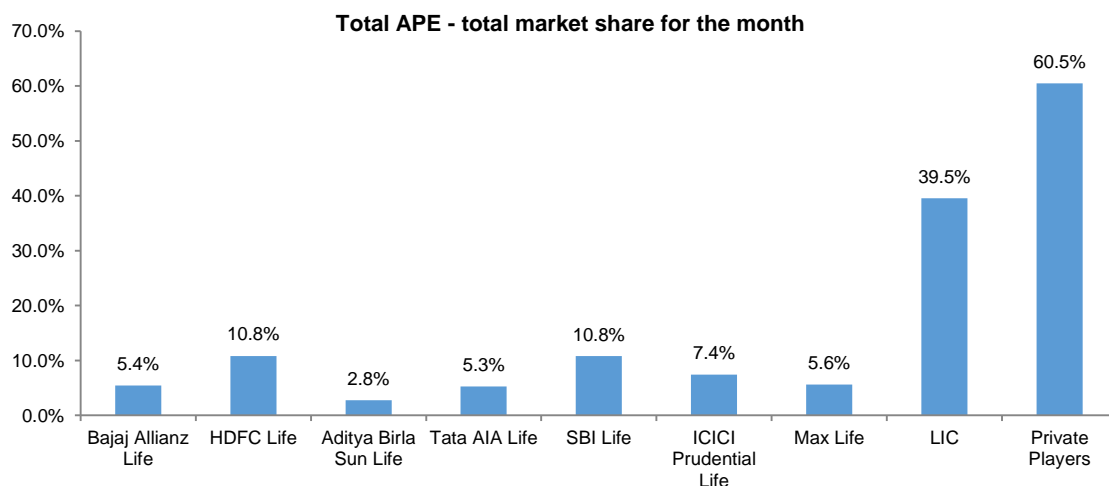
Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

## Exhibit 13: LIC continues to dominate Group APE



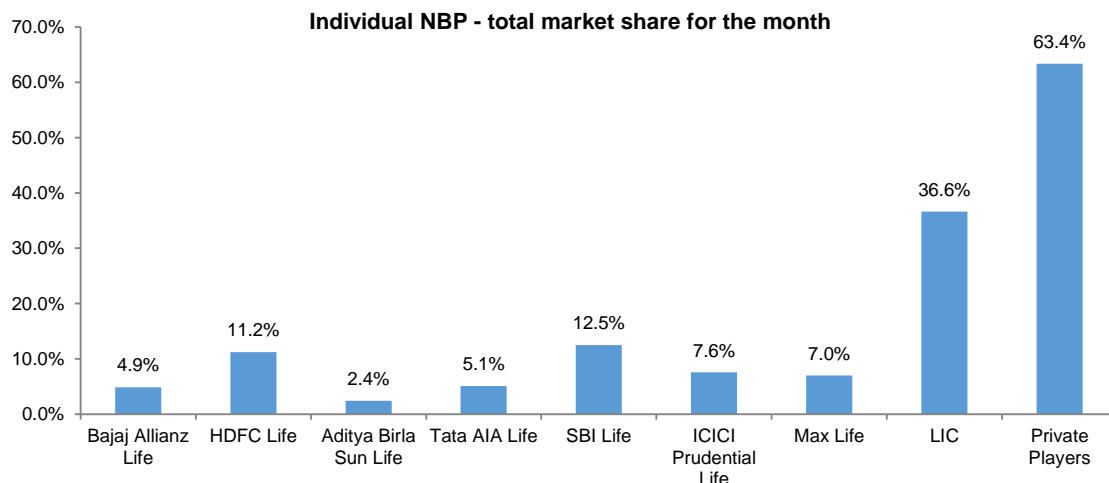
Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

## Exhibit 14: Total APE - Private Players hold 60.5% market share



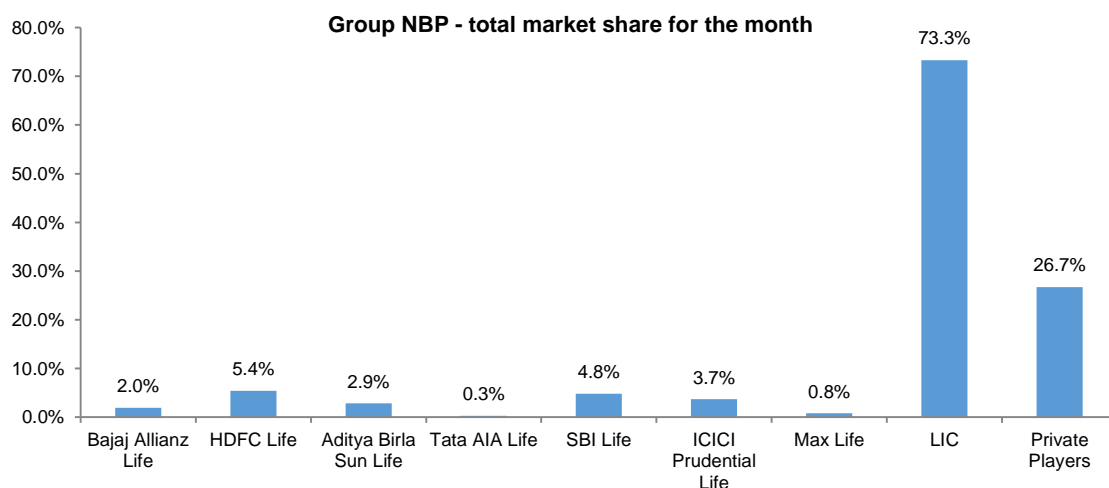
Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

## Exhibit 15: Individual NBP – Private players hold major share at 63.4%



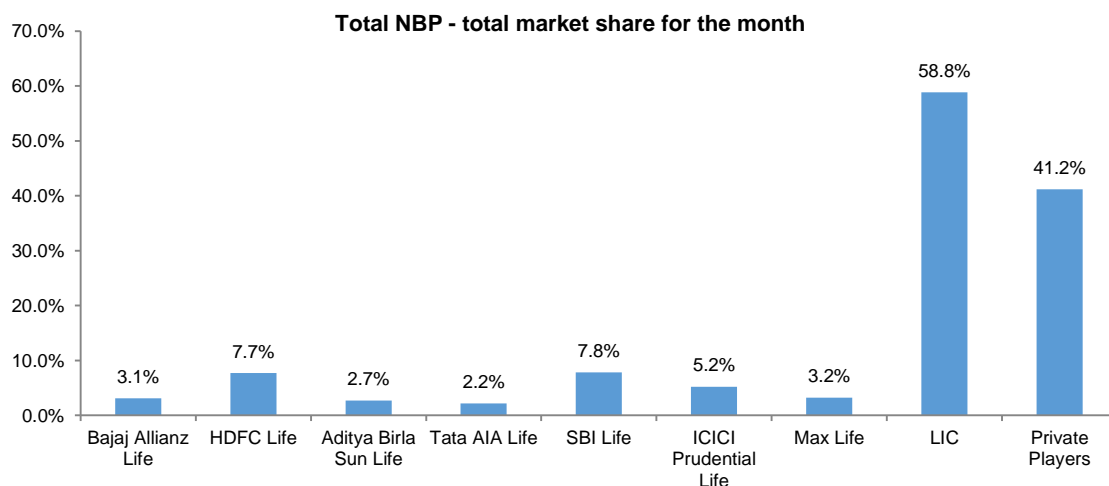
Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

## Exhibit 16: LIC is the market leader in Group NBP



Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

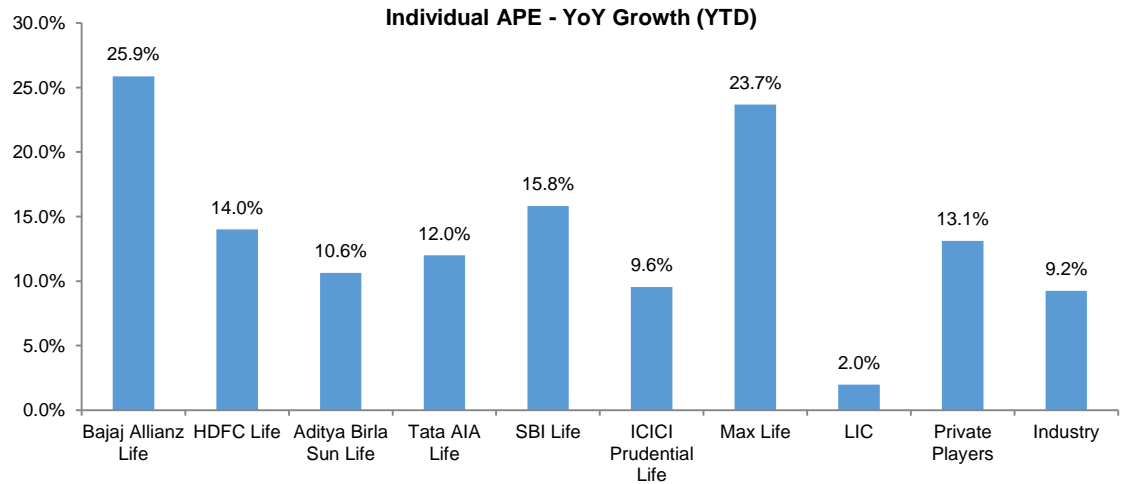
## Exhibit 17: Total NBP - Private players hold 41.2% market share



Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

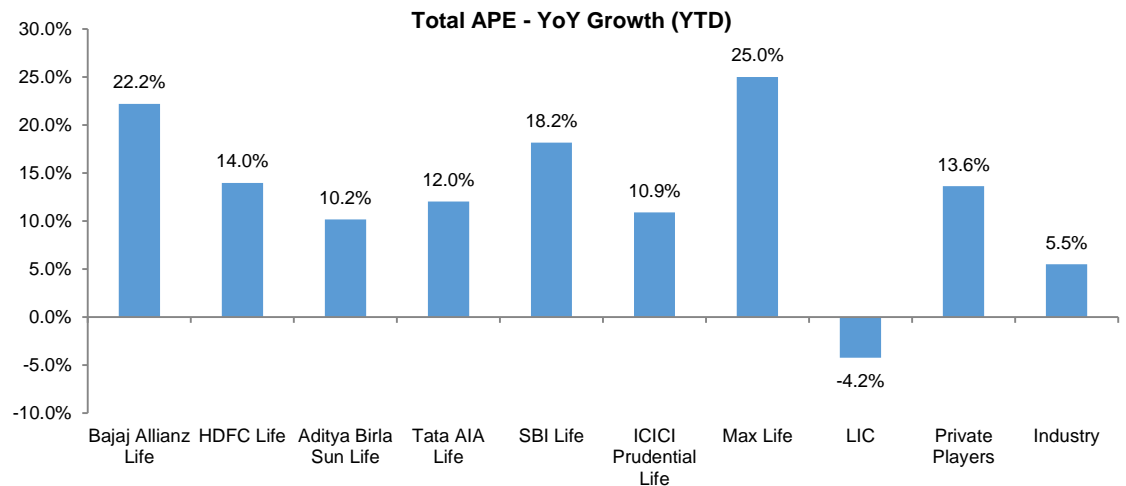


## Exhibit 18: Individual APE - Healthy growth for Bajaj Allianz/Max Life on YTD basis



Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

## Exhibit 19: Total APE contracts for LIC; Industry witnesses muted growth



Source: Life Insurance Council, Nirmal Bang Institutional Equities Research

## Exhibit 20: Valuation Summary

Company	CMP	Mcap (Rsbn)	TP	Rating	Upside / Downside	P/EV (x)			VNB (Rsbn)			VNB Margin (%)			Embedded Value (Rsbn)			RoEV (%)		
						FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E
HDFC Life	622	1,337.3	635	Acc	2%	3.4	2.9	2.5	36.7	33.6	40.4	27.6	26.6	27.5	395.3	461.0	539.6	19.7	16.6	17.0
IPRU Life	587	845.3	610	Buy	4%	2.4	2.2	1.9	27.7	20.9	24.8	32.0	27.0	27.8	356.4	392.9	441.8	17.4	13.9	14.3
Max FS	978	337.5	1,020	Acc	4%	2.1	1.7	1.4	19.5	17.5	21.0	31.2	25.7	26.4	162.6	194.9	233.0	22.1	19.8	19.5
SBI Life	1,510	1,511.7	1,685	Buy	12%	3.3	2.7	2.3	50.7	55.1	65.7	30.1	28.1	28.6	460.3	556.6	666.3	22.8	20.6	20.5

Source: Company, Nirmal Bang Institutional Equities Research

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SELL < -5%

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