BUY (Upgrade from ADD)

CMP: INR 1,855 Target Price: INR 2,250 (INR 2,078) ▲ 21%

ICICI Securities

ICICI Securities Limited is the author and distributor of this report

15 October 2025

India | Equity Research | Results Update

ICICI Lombard General Insurance Company

General Insurance

Improvement in business outlook amidst already strong earnings growth in H1FY26 leads to an upgrade

ICICI Lombard (ICICIGI) has reported healthy earnings growth of 25.4% over the last three years and 22.9% YoY growth in H1FY26 (26.2% ex-capital gains). Even on 5-year basis, earnings CAGR is 16%, highlighting the compounding potential of the stock which warrants a commensurate multiple. Sectoral challenges, in terms of lower motor growth and higher loss ratios, are cyclical but growth may improve in H2FY26 driven by GST cuts accompanied with better loss ratios. Upgrade to **BUY** from *Add*, as we revise our TP to INR 2,250 (vs. INR 2,078), based on 32x FY27E EPS of ~INR 70.3 (earlier 30x FY27E EPS of INR 69.3). Higher growth expectation is the primary driver for upgrades. **Key risk:** Earnings impact from higher competitive intensity.

Key elements of our forecast include: 1) 6.5%/14.6% GDPI growth in FY26/27E. 2) COR of 103.4% in FY26E and 102.4% in FY27E vs. 102.8% in FY25. 3) Investment leverage of 3.8x/3.9x in FY26/27E. 4) Average calculated investment yield of ~8.2% for FY26–27E (~9.4% in H1FY26). This should lead to an earnings CAGR of 18.1% between FY25–27E and RoE from 19.1% in FY25 to ~19.2% in FY26/27E. Higher growth expectations could lead to cost strain but drive higher float income which keeps our earnings estimates broadly unchanged**.**

Management remains enthused about positive GST impact on volumes

Exemption of GST has made health/motor insurance more affordable for customers. Management remains committed to passing on the complete benefit of lower GST rates to policyholders which should accrue higher volumes. ICICIGI is well positioned to ride this momentum responsibly, deepening reach, enhancing value proposition and converting a more supportive demand environment into sustained performance. As per management, demand momentum seems to be promising and seen in traction in motor sales as well as retail health. Eventually, impact of any input tax credit on sourcing may be a part of the overall distribution cost and currently, there is no significant changes in overall cost of sourcing.

Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
NEP (INR mn)	1,68,665	1,98,002	2,08,371	2,38,271
PAT (INR mn)	19,186	25,083	29,916	34,991
EPS (INR)	38.9	50.6	60.1	70.3
% Chg YoY	10.6	29.9	18.9	17.0
PER (X)	47.6	36.7	30.8	26.4
P/BV (x)	7.6	6.4	5.5	4.7
Combined Ratio (%)	103.3	102.8	103.4	102.4
Net worth (INR mn)	1,19,598	1,43,031	1,68,437	1,95,381
Return on Inv(%)	8.1	8.2	8.4	8.1
RoE (%)	17.2	19.1	19.2	19.2

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Market Data

Market Cap (INR)	923bn
Market Cap (USD)	10,392mn
Bloomberg Code	ICICIGI IN
Reuters Code	ICIL BO
52-week Range (INR)	2,145 /1,613
Free Float (%)	48.0
ADTV-3M (mn) (USD)	12.8

Price Performance (%)	3m	6m	12m
Absolute	(8.2)	7.9	(11.2)
Relative to Sensex	(7.9)	(1.2)	(11.3)

ESG Score	2024	2025	Change
ESG score	**74.7**	**79.4**	**4.7**
Environment	63.9	69.1	5.2
Social	69.3	73.8	4.5
Governance	83.9	88.5	4.6

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports

23-07-2025: Q1FY26 results review
16-04-2025: Q4FY25 results review

Loss ratio remains high but within a broad range; new car sales and higher growth in retail health could help improve ratio ahead

Loss ratio increased from 71.4% in Q2FY25 to 72.1% in Q2FY26. Basis H1FY26, loss ratio stood at 72.5% (vs. 72.6% in H1FY25). Loss ratio increased for motor OD segment from 65.9%/65.2% in Q2/H1FY25 to 70.1%/68.5% in Q2/H1FY26, while for motor TP, it remained stable (60.6%/64.6% in Q2/H1FY26 vs. 60.2%/64.7% in Q2/H1FY25). Health loss ratio improved to 77.3%/79% in Q2/H1FY26 from 82.8%/83.2% in Q2/H1FY25, respectively. Other segments like crop, fire, marine and engineering witnessed elevated loss ratio YoY for the same period.

Commission ratio increased to 19.1% in Q2FY26 vs. 17.5% YoY

This was driven by a change in business mix like lower crop (11% in Q2FY26 vs. 16% in Q2FY25 in the GDPI mix), higher retail health (22.6% in H1FY26 vs. 17.8% in H1FY25 in the GDPI mix) but EOM was well within 30% limit.

Combined ratio remains high but could improve ahead

In Q2FY26, the industry witnessed multiple CAT events, mainly floods in various parts of the country, thereby, impacting combined ratio which was 104% for H1FY26 as against 103.2% for H1FY25. Excluding the impact of CAT losses, combined ratio was 103.3% in H1FY26 vs. 102.2% in H1FY25. Reported combined ratio was 105.1% in Q2FY26 as against 104.5% in Q2FY25 while excluding the impact of CAT losses, combined ratio was 103.8% in Q2FY26 and 102.6% in Q2FY25.

Motor segment is showing better growth outlook; ICICI Lombard can particularly benefit driven by higher share in new car sales

Auto sector in Q2FY26, as per data published by FADA, grew 1.3% YoY. Private car segment grew 2.9% YoY and two-wheeler segment saw modest growth of 0.5%. However, for Sep'25, private car sales grew at 5.8% and two wheelers by 6.5% YoY. During Navratri period, private car and two-wheeler growth stood at 34.9% and 36%, YoY, respectively, which was significantly positive even after adjusting to pent-up demand. These trends coupled with dominant presence in OEM space give confidence for a positive momentum in the second half of the year for ICICI Lombard.

- In motor segment, growth for ICICI Lombard stood at 2.2% for H1FY26 as against industry growth of 7.6%. Sep'25 witnessed a sharp uptick due to festive demand and moderation of vehicle price attributable to the GST rate cut, taking motor insurance growth to 6.5%.
- Loss ratio increased for motor OD segment from 65.9%/65.2% in Q2/H1FY25 to 70.1%/68.5% in Q2/H1FY26, while for motor TP, it remained stable (60.6%/64.6% in Q2/H1FY26 vs. 60.2%/64.7% in Q2/H1FY25). Management is comfortable with 65-67% range for motor loss ratio but it could have volatility in short period.
- Private car/2W/CV mix stood at 54.3%/25.8%/19.9% in H1FY26 vs. 52.9%/25.3%/21.8% in H1FY25.

Health showing growth as well as improvement in loss ratio

In health segment, company grew 4.2% YoY in H1FY26 vs. industry growth of 7.8% for the period on 1/n basis. Retail business demonstrated strong growth of 25.2% for H1FY26, significantly outpacing industry growth of 9.3%. Consequently, market share improved from 3.2% in H1FY25 to 3.7% as of H1FY26. For Sep'25, company crossed 4% market share in retail health for the first time. The group health segment recorded a decline of 0.6% for H1FY26 with market share at 8.7%. There is a decline in business generated from health benefit portfolio on account of muted disbursements in unsecured and micro finance sectors. However, growth has picked up in Sep'25.

- Retail health loss ratio improved while management remains comfortable in the range of 65-70%.
  - Q2FY25- 70.3%, Q2FY26- 65.4%
  - H1FY25- 71.4%, H1FY26- 69.7%
- Group health loss ratio also improved.
  - Q2FY25- 98%, Q2FY26- 93.7%
  - H1FY25- 98%, H1FY26- 94.6%
- Share of agency and non-agency in retail health book is 2/3 and 1/3, respectively.

Commercial segment highlights

In commercial line segment, growth stood at 6.5% for H1FY26 (vs. industry growth of 14.2%). Growth in fire segment in Q1FY26 stood at 10.3% but increased to 27.3% in Q2FY26. Specifically, in the month of Sep'25, fire segment grew at 36.4%. ICICIGI has retained its leadership position in engineering liability and marine cargo line of business for the period ended H1FY26.

Realised absolute investment returns for Q2FY26 stood at 8.8%, boosting PAT

Investment portfolio mix for H1FY26 constituted 47.6%/34%/14.4% of corporate bonds/govt. sec/equity, respectively. As of Sep'25, unrealised gain stood at INR 16.37bn. Unrealised gain on equity portfolio stood at INR 8.44bn while unrealised gain on other-than-equity portfolio stood at INR 7.93bn. Advance premium as on Sep'25, stood at INR 39.13bn vs. INR 38.07bn as on Jun'25. Solvency ratio stood at 2.73x, as of Sep'25, from 2.7x in Jun'25. Investment assets, during Q2FY26, rose to INR 562bn, as at Sep'25, from INR 515.57bn YoY. Investment leverage (net of borrowings) was 3.57x as at Sep'25, vs. 3.91x as at Sep'24. Investment income stood at INR 12.5bn in Q2FY26 vs, INR 11bn YoY. Duration of the book is about 4.74 years and the yield on the book YTM is about 7.39%. Capital gains stood at INR 2.36mn in Q2FY26 vs. INR 2.37bn YoY. Strong capital gains led to PAT growth of 18.1% YoY to INR 8.2bn in Q2FY26, as against INR 6.9bn in Q2FY25. ROAE was 21.4% in Q2FY26, as against 21.8% in Q2FY25.

Exhibit 1: Q2FY26 result review

Profit & Loss Statement (INR mn)	Q2FY26	Q2FY25	Q1FY26	*YoY Growth (%)*	*QoQ Growth (%)*
Gross Direct Premium Income (GDPI)	**65,964**	**67,214**	**77,348**	***(1.9)***	***(14.7)***
Add: Reinsurance Accepted	4,625	2,269	3,177	*103.8*	*45.6*
Gross Written Premium (GWP)	**70,589**	**69,483**	**80,526**	***1.6***	***(12.3)***
Less: Reinsurance ceded	17,458	21,129	24,420	*(17.4)*	*(28.5)*
Net Written Premium (NWP)	**53,130**	**48,355**	**56,105**	***9.9***	***(5.3)***
Less: Adjustment for unexpired risk reserve	3,386	1,901	-4,744		
Net Earned Premium (NEP)	**56,517**	**50,256**	**51,361**	***12.5***	***10.0***
Incurred Claims (Net)	40,744	35,870	37,501	*13.6*	*8.6*
Commission expense	10,128	8,447	9,408	*19.9*	*7.7*
Operating expenses related to Insurance	7,429	7,548	7,384	*(1.6)*	*0.6*
Underwriting profit/losses	**-1,784**	**-1,609**	**-2,931**		
Total Investment Income (Policyholder)	9,310	8,251	9,473	*12.8*	*(1.7)*
Operating Profit/Loss	**7,527**	**6,642**	**6,541**	*13.3*	*15.1*
Total Investment Income (Shareholder)	3,197	2,755	3,252	*16.0*	*(1.7)*
Other expenses (including provisions)	-49	207	-144		
PBT	**10,773**	**9,190**	**9,937**	*17.2*	*8.4*
Tax	2,577	2,251	2,466	*14.5*	*4.5*
PAT	**8,195**	**6,939**	**7,471**	***18.1***	***9.7***
EPS (INR)	16.5	14.0	15.0	*17.4*	*9.5*

Source: I-Sec research, Company data

Exhibit 2: Q2FY26 balance sheet

Balance Sheet (INR mn)	Q2FY26	Q2FY25	Q1FY26	*YoY Growth (%)*	*QoQ Growth (%)*
Share Capital	4,975	4,947	4,966	*0.6*	*0.2*
Reserves & Surplus	1,52,633	1,26,954	1,43,272	*20.2*	*6.5*
Shareholders Funds	**1,57,607**	**1,31,901**	**1,48,239**	*19.5*	*6.3*
Share Application Money	19	28	57		
Fair Value Change Account	8,437	16,644	13,258		
Borrowings	-	-	-		
Total Sources of Funds	**1,66,063**	**1,48,572**	**1,61,554**	***11.8***	***2.8***
Investments	**5,61,998**	**5,15,570**	**5,54,534**	***9.0***	***1.3***
Fixed Assets	8,432	7,596	8,211	*11.0*	*2.7*
Deferred tax Assets	2,541	4,177	2,119	*(39.2)*	*19.9*
Current Assets (Incl Cash)	1,66,691	1,52,794	1,55,335	*9.1*	*7.3*
Claims Outstanding including IBNR & IBNER	**4,60,160**	**3,24,067**	**3,33,860**	*42.0*	*37.8*
Provision for unexpired risk reserve	**1,13,439**	**1,06,853**	**1,14,541**	*6.2*	*(1.0)*
Net Current Assets	-4,06,907	-3,78,771	-4,03,310	*7.4*	*0.9*
Total Application of Funds	**1,66,063**	**1,48,572**	**1,61,554**	*11.8*	*2.8*

Source: I-Sec research, Company data

Exhibit 3: Key ratios for Q2FY26

Key Ratios	Q2FY26	Q2FY25	Q1FY26	YoY Growth (%)	QoQ Growth (%)
Loss ratio (%)	72.1	71.4	73.0	72 bps	-92 bps
Expense Ratio (%)	14.0	15.6	13.2	-163 bps	82 bps
Combined Ratio (%)	**105.1**	**104.5**	**102.9**	**68 bps**	**219 bps**
Loss Ratio segment-wise (%)					
Fire	54.2	39.2	80.6	1500 bps	-2640 bps
Marine	102.1	91.1	81.5	1100 bps	2060 bps
Motor OD	70.1	65.9	66.9	420 bps	320 bps
Motor TP	60.6	60.2	68.7	40 bps	-810 bps
Health	77.3	83.8	80.8	-650 bps	-350 bps
PA	0.0	0.0	0.0	0 bps	0 bps
Crop	114.3	95.8	78.2	1850 bps	3610 bps
Engineering	64.3	28.0	67.4	3630 bps	-310 bps
Other	60.9	67.6	61.0	-670 bps	-10 bps
Total	72.1	71.4	73.0	70 bps	-90 bps
BVPS	316.8	266.6	298.5	18.8	6.1
RoE (%)	**21.4**	**21.8**	**20.5**	**-34 bps**	**92 bps**

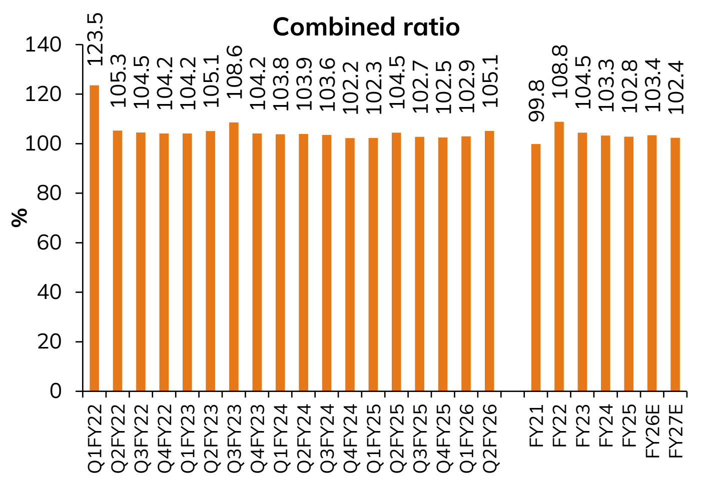
Source: I-Sec research, Company data

Exhibit 4: GDPI trend in Q2FY26

INR mn	Q2FY26	Q2FY25	Q1FY26	YoY Growth (%)	QoQ Growth (%)
Fire	6,800	5,663	14,697	20.1	(53.7)
Marine	1,205	2,689	3,094	(55.2)	(61.0)
Motor	26,181	23,718	23,979	10.4	9.2
-Motor-OD	13,420	12,195	12,376	10.0	8.4
-Motor-TP	12,761	11,523	11,603	10.7	10.0
Health & PA	18,128	17,089	26,299	6.1	(31.1)
Crop	7,166	10,662	-	(32.8)	-
Others	6,482	7,394	9,282	(12.3)	(30.2)
Others	13,648	18,055	9,282	(24.4)	47.0
Total GDPI	65,962	67,214	77,350	(1.9)	(14.7)

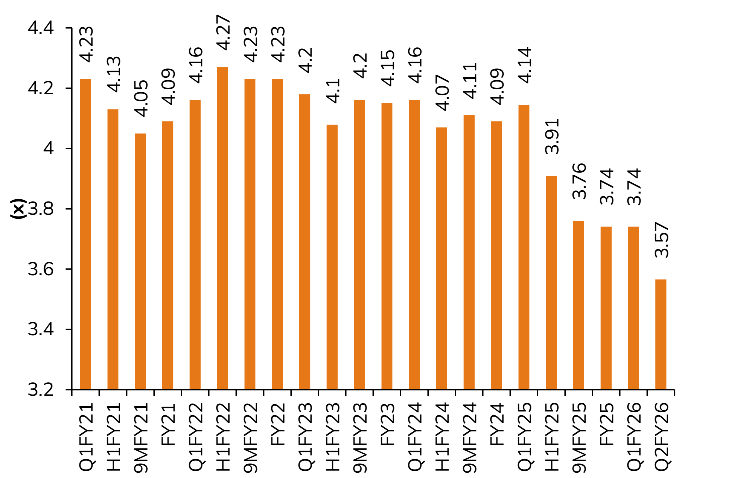
Source: I-Sec research, Company data

Exhibit 5: Combined ratio increased in Q2FY26



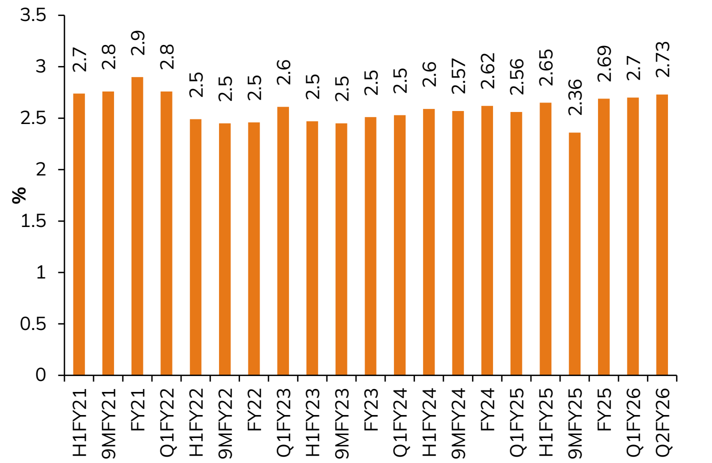
Source: I-Sec research, Company data

Exhibit 6: Investment leverage to follow growth / profitability cycle



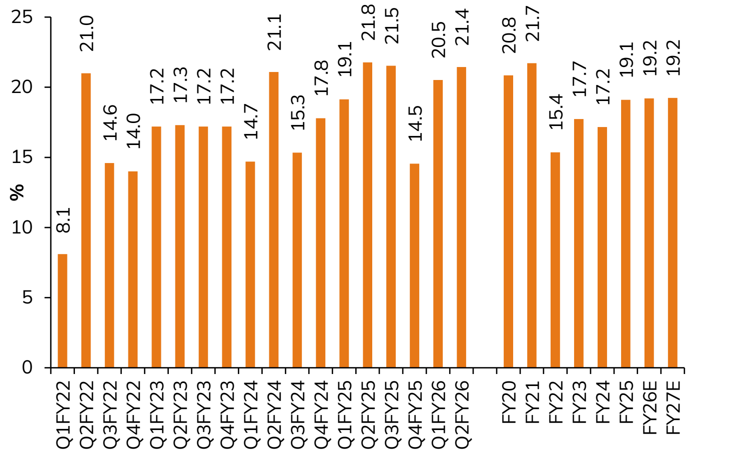
Source: I-Sec research, Company data

Exhibit 7: Solvency ratio stood at 2.73x



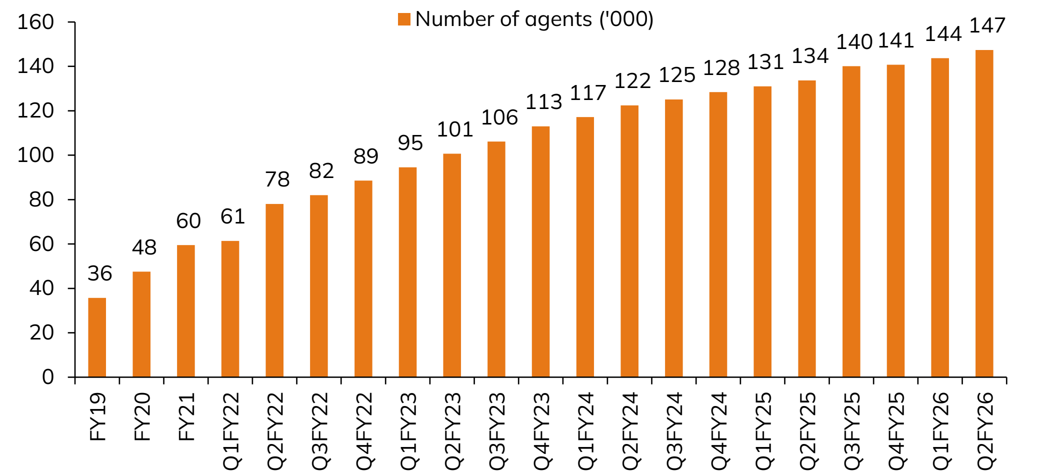
Source: I-Sec research, Company data,

Exhibit 8: RoE likely to remain above ~19% in FY26/27E



Source: I-Sec research, Company data

Exhibit 9: Growing individual agent base



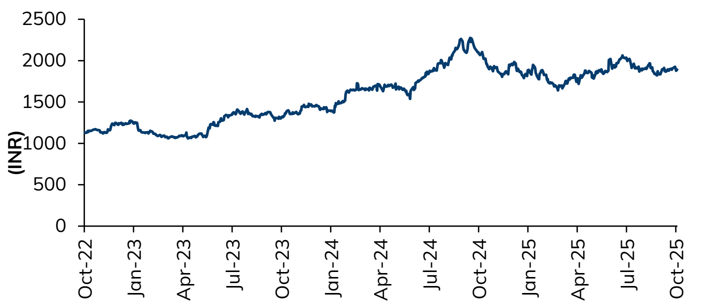
Source: I-Sec research, Company data

Exhibit 10: Shareholding pattern

%	Dec'24	Mar'25	Jun'25
Promoters	51.6	51.6	51.5
Institutional investors	41.6	41.7	41.5
MFs and others	15.5	15.9	14.9
FIs/Banks	0.8	1.0	1.3
Insurance	0.6	0.6	0.6
FIIs	24.7	24.2	24.7
Others	6.8	6.7	7.0

Source: Bloomberg, I-Sec research

Exhibit 11: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 12: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Gross Direct Premium Income (GDPI)	**2,47,760**	**2,68,340**	**2,85,863**	**3,27,729**
Add: Reinsurance Accepted	8,182	14,237	15,223	16,655
Gross Written Premium (GWP)	**2,55,942**	**2,82,577**	**3,01,086**	**3,44,384**
Less: Reinsurance ceded	74,286	74,967	84,721	95,953
Net Written Premium (NWP)	**1,81,656**	**2,07,611**	**2,16,365**	**2,48,431**
Less: Adjustment for unexpired risk reserve	12,991	9,609	7,994	10,160
Net Earned Premium (NEP)	**1,68,665**	**1,98,002**	**2,08,371**	**2,38,271**
Incurred Claims (Net)	1,19,395	1,39,868	1,50,265	1,70,928
Commission expense	30,890	38,380	35,605	37,265
Operating expenses related to Insurance	28,177	28,448	32,089	38,870
Underwriting profit/losses	**(9,797)**	**(8,695)**	**(9,588)**	**(8,792)**
Total Investment Income (Policyholder)	28,856	32,448	38,274	43,839
Operating Profit/Loss	**19,059**	**23,753**	**28,686**	**35,048**
Total Investment Income (Shareholder)	8,500	9,558	11,274	12,914
Other expenses (including provisions)	2,007	98	207	1,200
PBT	**25,552**	**33,213**	**39,753**	**46,761**
Tax	6,366	8,130	9,837	11,770
PAT	**19,186**	**25,083**	**29,916**	**34,991**

Source Company data, I-Sec research

Exhibit 13: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Share Capital	4,927	4,957	4,975	4,975
Reserves & Surplus	1,14,671	1,38,074	1,63,463	1,90,406
Shareholders' Funds	**1,19,598**	**1,43,031**	**1,68,437**	**1,95,381**
Share Application Money	7	3	-	-
Fair Value Change Account	9,896	6,807	9,668	11,375
Borrowings	350	-	-	-
Total Sources of Funds	**1,29,850**	**1,49,841**	**1,78,105**	**2,06,756**
Investments	**4,89,072**	**5,35,078**	**6,44,761**	**7,58,671**
Fixed Assets	7,009	8,020	8,945	10,068
Deferred tax Assets	2,926	1,691	2,643	2,861
Current Assets (Inc. Cash)	1,34,076	1,45,414	1,80,367	2,11,181
Claims Outstanding including IBNR & IBNER	**3,03,878**	**3,24,845**	**4,22,697**	**4,87,864**
Provision for unexpired risk reserve	**1,00,188**	**1,09,797**	**1,17,791**	**1,27,951**
Other liabilities	99,166	1,05,720	1,18,123	1,60,211
Total Application of funds	**1,29,850**	**1,49,841**	**1,78,105**	**2,06,756**

Source Company data, I-Sec research

Exhibit 14: Key ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
Growth ratios (%)				
GDPI Growth	17.8	8.3	6.5	14.6
GWP Growth	17.1	10.4	6.5	14.4
NWP Growth	16.9	14.3	4.2	14.8
NEP Growth	13.8	17.4	5.2	14.3
Shareholders' funds growth	15.1	19.6	17.8	16.0
Investment growth	13.3	9.4	20.5	17.7
PBT growth	21.0	30.0	19.7	17.6
PAT growth	11.0	30.7	19.3	17.0
Profitability Ratios				
Loss ratio (%)	70.8	70.6	72.1	71.7
Operational expenses ratio (%)	15.5	13.7	14.8	15.6
Commission Ratio (%)	17.0	18.5	16.5	15.0
Combined Ratio (%)	**103.3**	**102.8**	**103.4**	**102.4**
Analytical Ratios				
Net Retention Ratio (%)	71.0	73.5	71.9	72.1
GDPI to Net Worth ratio (x)	2.1	1.9	1.7	1.7
Operating profit ratio (%)	9.9	9.5	9.6	10.0
Capital Structure				
Investment Leverage (net of borrowings)	4.1	3.7	3.8	3.9
Return ratios				
RoAE (%)	17.2	19.1	19.2	19.2
RoAE (%) - including fair value change	22.9	15.7	20.0	19.1
Payout Ratio (%)	28.2	24.7	21.8	23.0
Return on avg Investments (%)	8.1	8.2	8.4	8.1
Valuation Ratios				
Basic EPS	38.9	50.6	60.1	70.3
Diluted EPS	38.9	50.6	60.1	70.3
Price to Earnings	47.6	36.7	30.8	26.4
Book Value/share (Rs)	242.7	288.5	338.6	392.7
Price to Book	7.6	6.4	5.5	4.7
DPS	11.0	12.5	13.1	16.2
Dividend yield (%)	0.6	0.7	0.7	0.9

Source Company data, I-Sec research

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ANALYST CERTIFICATION

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