

Subscribe for Long Term

Issue Details	
Price Band (Rs)	Rs.902 – 949
Face Value (Rs)	10
Issue Size (Rs)	20,557Cr
Issue Type	Book Building
Minimum lot	15 Shares
Issue Opens	May 04, 2022
Issue Closes	May 09, 2022
Listing on	BSE, NSE

Indicative Timeline	On or before
Finalization of Basis of Allotment	May 12, 2022
Unblocking of Funds	May 13, 2022
Credit of shares to Demat Account	May 16, 2022
Listing on exchange	May 17, 2022

Lead Managers
Kotak Mahindra Capital, BofA Securities, Citigroup Global, Goldman Sachs, ICICI Securities, JM Financial, J.P.Morgan, Nomura Financial, SBI Capital Markets. Axis Capital Limited
Registrar
KFin Technologies Limited

Discount Detail	
Retail Category	Rs.45/ per share
LIC Employees	Rs.45/ per share
LIC Policyholders	Rs.60/- per share

Distribution Team
E: ipo@acm.co.in D: +91 22 6132 5931

Associate
Karan Desai E: karan.desai@acm.co.in D: +91 22 2858 3221

Life Insurance Corporation Of India

Company Background

Life Insurance Corporation of India ("LIC") was established on September 1, 1956, under the LIC Act by merging and nationalizing 245 private life insurance companies in India. LIC has been providing life insurance in India for more than 65 years and is the largest life insurer in India, with a 61.6% market share in terms of premiums (or GWP), a 61.4% market share in terms of New Business Premium (or NBP), a 71.8% market share in terms of number of individual policies issued, a 88.8% market share in terms of number of group policies issued for Fiscal 2021, as well as by the number of individual agents, which comprised 55% of all individual agents in India as at December 31, 2021. The company offers participating insurance products and non-participating products like unit-linked insurance products, saving insurance products, term insurance products, health insurance, and annuity & pension products. As of 31 Dec 2021, it has a total AUM of Rs. 40.1 lakh crore. LIC operates through 2048 branches, 113 divisional offices, and 1,559 Satellite Offices. It operates globally in Fiji, Mauritius, Bangladesh, Nepal, Singapore, Sri Lanka, UAE, Bahrain, Qatar, Kuwait, and the United Kingdom.

Issue Details

The offer comprises Offer for sale of Equity Shares aggregating upto Rs.20,557Cr.

Issue Objectives

1. Achieve the benefits of listing the Equity Shares.
2. To carry out the Offer for Sale by the Selling Shareholder (President of India, acting through the Ministry of Finance, Government of India).

IPO Share Allotment Pattern

Category	Allocation	Number of Shares	Issue Size at Rs.902 (Rs.Cr)	Issue Size at Rs.949 (Rs.Cr)
QIB	50%	9,88,28,090	8,914	9,379
Non-Institutional	15%	2,96,48,427	2,674	2,814
Retail	35%	6,91,79,663	5,929	6,254
Employee		15,81,249	136	143
LIC Policyholders		2,21,37,492	1,864	1,968
Total		19,92,37,428	19,517	20,557

Source: Company RHP, ACMIIL Research

Outlook and Valuations

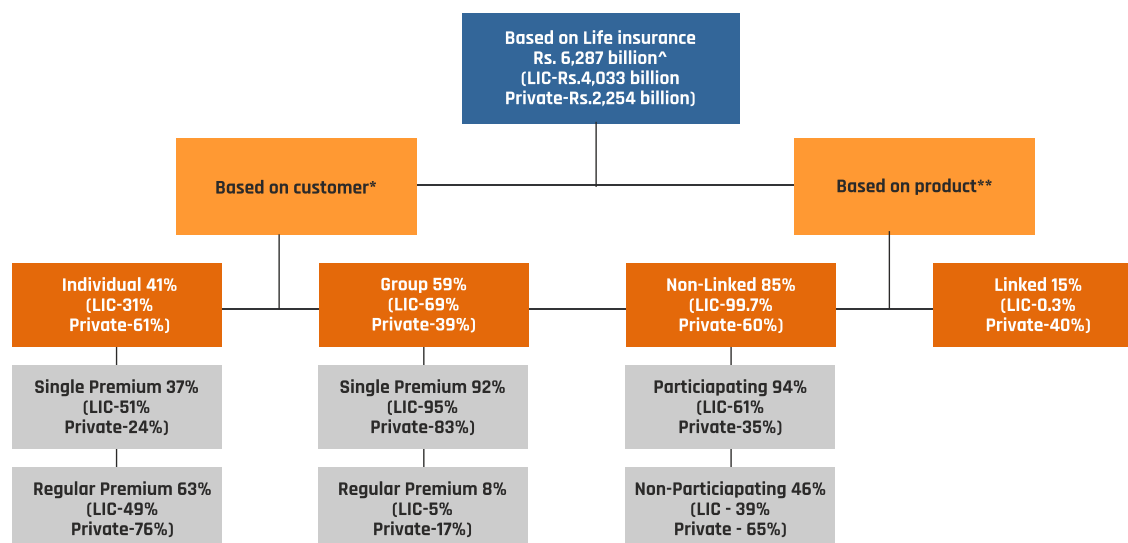
India's life insurance industry is expected to grow rapidly, owing to a relatively under-penetrated market and expanding awareness, which present a multi-year growth potential. LIC has been providing life insurance in India for over 65 years and is the country's biggest life insurer, with a significant brand value advantage. There are concerns about losing market share to private players and having lower profitability and revenue growth when compared to private players. However, we believe that LIC's distribution advantage, increasing sales mix of direct and corporate channels, and a gradual shift to high margin Non- participating products could be possible drivers for LIC's future growth, negating lower than industry growth rates. At the upper price band, the stock is priced at 1.11x of its September 2021 Indian Embedded value(Market capital/

Embedded value: 6 lakhCrore/5.39 lakh Crore), which is at a significant discount to its listed peers. Currently listed insurance companies trade at Mcap/EV multiple of 2.5x to 3x. **We recommend subscribing to the issue from a long-term perspective.**

(Embedded value is the sum of the net asset value and present value of future profits of a life insurance company. This measure considers future profits from existing business only, and ignores the possibility of introduction of new policies and hence profits from those are not taken into account. Source: Economic Times)

INDIAN LIFE INSURANCE INDUSTRY

Types of life insurance products, by product and customer types



[^] Classification based on total premium (premium acquired from old policyholders and premium from new policies issued during the year) in Fiscal 2021;

^{*} Classification based on new business premium (premium acquired from new policies for a particular year) in Fiscal 2021; ^{**} Estimated on the basis of player-wise analysis

The key operating and financial performance parameters for the insurance business on a consolidated basis (except as indicated):

Particulars	As at and for the year ended March 31,			As at and for the nine months ended December 31, 2021
	2019	2020	2021	
	(Rs. in million, except percentages and ratios)			
Premium (consolidated)	34,02,946.15	38,28,114.50	40,58,508.02	28,57,299.55
Of which:				
Premium (in India)	33,71,300.19	37,90,135.63	40,28,881.36	28,37,532.82
Of which:				
i) First year premiums	3,16,765.61	5,84,464.99	3,43,409.95	2,22,153.27
(ii) Single premiums and consideration for annuities granted	11,23,613.97	12,18,277.07	15,11,822.20	10,45,623.78
(iii) NBP ((i)+(ii))	14,40,379.58	18,02,742.06	18,55,232.15	12,67,777.05
(iv) Renewable premiums	19,62,566.57	20,25,372.44	22,03,275.87	15,89,522.50
Total annualised premium equivalent ("APE") (in India) (1)	4,05,655.75	4,79,723.36	4,55,879.19	2,99,233.16
Individual APE (in India) (2)	3,14,476.64	3,52,974.11	3,22,705.91	2,09,044.00
Operating expenses related to insurance business to premium ratio (as a % of premium) (consolidated) (3)	8.33%	8.99%	8.66%	9.54%
Conservation Ratio (4)	92.19%	88.79%	84.48%	93.72%

Source: Company RHP, ACMIL Research

Note:

1. APE is the sum of annualised first year premiums on regular premium policies, and 10% of single premiums of both individual and group business written by LIC, adjusted for new business cancellations, effected during the relevant Fiscal Year or period. For the purposes of calculating APE, LIC considered all new premiums received in LIC's group business and any top-up premiums as single premiums. The premiums received in LIC's group business have been classified into new and renewal business for the purpose of calculating APE, based on IRDAI guidelines. The APE set forth in the Embedded Value Reports was not based on all policies and are therefore less than the amounts set forth in the table.
2. Individual APE is the sum of annualised first year premiums on regular individual premium policies, and 10% of single individual premiums, adjusted for new business cancellations, effected during the relevant Fiscal Year or period. LIC's individual APE does not include renewal premiums paid after the initial policy term.
3. Operating expenses related to insurance business to premium ratio is ratio of operating expenses related to insurance business to premium ("Operating Expenses Related to Insurance Business to Premium Ratio").
4. Conservation Ratio represents the total renewal premium for individual products in India for the year or period, expressed as a percentage of total premium for individual products in India for the previous year or period ("Conservation Ratio").

INDIAN EMBEDDED VALUE ("IEV")				
Particulars	As at and for the year ended March 31,			As at and for the nine months ended
	2019	2020	2021	
	(Rs. in million, except percentages and ratios)			
Value of New Business ("VNB") (consolidated) (1)	N.C.	N.C.	41,670	15,830
VNB margin (consolidated) (2)	N.C.	N.C.	9.90%	9.30%
Indian Embedded Value (consolidated)(3)	N.C.	4,64,970	9,56,050	53,96,860
Indian Embedded Value operating earnings (consolidated) ("IEVOE") (4)	N.C.	N.C.	1,71,510	N.C.
Operating return on Indian Embedded Value (consolidated) ("ORIEV") (5)	N.C.	N.C.	36.89%	N.C.

Source: Company RHP, ACMIIL Research

Note:

1. VNB represents the present value of the Shareholders' interest in the earnings distributable from the assets allocated to the covered business, after making sufficient allowance for the aggregate risks in the covered business. The allowance for risk is calibrated to match the market price for risk, where reliably observable. The "covered business" is all life insurance and pensions business, accident and health insurance business across both individual and group segments: (a) that has been written by LIC in India; and (b) that has been written by LIC's entities outside of India, either through its branches, subsidiaries or joint ventures.
2. VNB margin is the ratio of VNB to APE (as set forth in the Embedded Value Reports) for the relevant period and is a measure of the expected profitability of new business in percentage terms.
3. Indian Embedded Value is derived from the Embedded Value Reports. Indian Embedded Value consists of the Adjusted Net Worth ("ANW") (consisting of LIC's free surplus and required capital) and the value of in-force business ("VIF"). The free surplus is the market value of assets allocated to, but not required to support, the in-force covered business as at the applicable valuation date. The required capital is determined as the amount of assets attributed to the covered business over and above that required to back liabilities for covered business, the distribution of which to shareholders is restricted. The VIF is a measure of the value of the Shareholders' interest in LIC "covered business". The VIF represents the present value of the Shareholders' interest in the earnings distributable from the assets allocated to the covered business, after making sufficient allowance for the aggregate risks in the covered business. The allowance for risk is calibrated to match the market price for risk, where reliably observable. Indian Embedded Value was not calculated as at March 31, 2019 as there is no requirement for it be calculated.
4. IEVOE is the summation of the (i) VNB added during the year; (ii) expected return on existing business; and (iii) variances in operating experience.
5. ORIEV is the ratio of IEVOE for any given period to the IEV at the beginning of that period.

Competitive Strengths

5th largest life insurer globally by GWP and the largest player in the fast growing and underpenetrated Indian life insurance sector

LIC is ranked 5th globally in terms of life insurance GWP (comparing LIC's life insurance premium for Fiscal 2021 to their global peers' life insurance premium for 2020), and 10th globally in terms of total assets (comparing LIC's assets as at March 31, 2021 with assets of other life insurers as at December 31, 2020). LIC is the largest life insurer in India in terms of GWP, NBP, number of individual policies issued and number of group policies issued for Fiscal 2021 and the 9 months ended December 31, 2021.

For FY21, LIC issued approximately 21 million individual policies in India, representing approximately 75% market share in new individual policy issuances. The 2nd largest player in the industry issued 1.66 million individual policies and had a 5.9% market share for Fiscal 2021. LIC's market share in the Indian life insurance industry was 66.2% based on NBP, and NBP was 1.96 times the total private life insurance sector and 8.9 times the NBP for the 2nd largest player in the Indian life insurance industry. Nowhere in the Top-7 markets globally is the difference in market share between the largest and the 2nd largest life insurer as stark as in India (in 2020 for the other players and in Fiscal 2021 for LIC), with the 2nd largest player having only 8% market share of GWP in India compared to their market share of 64.1% market share in terms of premiums (or GWP) in India for Fiscal 2021.

Trusted brand and a customer-centric business model

The brand 'LIC' was recognised as the 3rd strongest and 10th most valuable global insurance brand in 2021, as per the "Insurance 100 2021" report released by Brand Finance. The brand value of LIC in 2021 was US\$8,655 million, with a Brand Strength Index (BSI) score of 84.1 out of 100, corresponding to AAA- brand strength rating. The brand 'LIC' was also recognised by WPP Kantar as the 2nd most valuable brand in the report "BrandZ™ Top 75 Most Valuable Indian Brands" for 2018, 2019 and 2020. The brand 'LIC' has won the Reader's Digest Trusted Brand Award numerous times and the prestigious Outlook Money Award Gold Award in Editor's Choice Category as the "Most Trusted Brand in Insurance" twice.

The trust in the brand 'LIC' is evidenced by the 27.91 crore in force policies under individual business being serviced in India as at December 31, 2021. The trust in the brand 'LIC' is further evidenced by the fact that approximately 75% of individual policies sold by LIC in India in the 9 months ended December 31, 2021 were sold to customers who had not purchased any life insurance policies from LIC prior to April 1, 2021.

Cross-cyclical product mix that caters to diverse consumer needs and an individual product portfolio that is dominated by participating life insurance policies

LIC has a broad, diversified product portfolio covering various segments across individual products and group products. The benefits of having a portfolio dominated by participating products includes a balance sheet that has lower interest rate and liquidity risks compared to a balance sheet that is dominated by non-participating products; Lower capital requirements compared to a balance sheet that is dominated by non-participating products, allowing for better product diversification; Less need to cede premium to reinsurers; Lesser burden of guaranteed returns; and Sticky customer base due to the stable long-term product offered to mass-market customer. LIC also has a large market share in health insurance and annuity products. In health insurance provided by life insurance players, they had a market share in India of 46.9% and 53.6% and 54.4% in terms of GWP for Fiscal 2020 and Fiscal 2021 and for the 9 months ended December 31, 2021, respectively. In annuity products, LIC had a market share in India of 84.7%, 76.9% and 68.7% in terms of GWP for Fiscal 2020, Fiscal 2021 and December 31, 2021, respectively. LIC's growth in non-participating protection individual NBP, non-participating savings individual NBP, ULIP and annuity/pension individual NBP in India from Fiscal 2019 to Fiscal 2021 was a CAGR of 15.46%, 30.78%, 369.75% and 10.95%, respectively.

Presence across India through an omni-channel distribution network with an unparalleled agency force

LIC's omni-channel distribution platform for individual products currently comprises (i) individual agents, (ii) bancassurance partners, (iii) alternate channels (corporate agents, brokers and insurance marketing firms), (iv) digital sales (through a portal on LIC's website), (v) Micro Insurance agents and (vi) Point of Sales Persons-Life Insurance scheme.

LIC's individual policies are primarily distributed by their individual agents. Key metrics for their agent network in India include:

- Largest agent network among life insurance entities in India. As at December 31, 2021, their individual agency force accounted for 55% of the total agent network in India and was 6.8 times the numbers of individual agents of the 2nd largest life insurer in terms of agent network.
- Industry leading agent network growth in India, with the number of LIC's agents in India increasing at a CAGR of 7% between March 31, 2019 and March 31, 2021 compared to the next best player's agency force CAGR of 5% and the average of the private players agency force CAGR of 4% during the same period.

- Most productive agent network in the Indian life insurance sector, as evidenced by the fact that for the 9 months ended December 31, 2021 and Fiscal 2021, LIC's agents had an average NBP of Rs.260,069 and Rs.412,934 per agent, respectively, compared to the average NBP of Rs.108,888 and Rs.124,892 per agent for the median of the Top-5 private players.
- LIC has the highest Million Dollar Round Table ("MDRT") members among all the Indian corporates operating in financial services industry, with a total of 721 MDRT members for 2021.
- High longevity 59.38% of their individual agents in India has acted for LIC for more than 5 years as at December 31, 2021.
- 81% of LIC's agents in India recruited in Fiscal 2021 were within the 18 to 40 years old group.

LIC has a wide presence across India and distribute their policies in all 36 states and union territories. As at March 31, 2021, they had offices in 91% of districts in India as compared to 81% for the entire private sector combined.

Harnessing technology capabilities to support customer connect and drive operating efficiencies

LIC has developed technological capabilities that help them provide a great customer experience and drive operating efficiencies. They have added technological capabilities across the customer journey from purchase to payments to claims processing. As at December 31, 2021, their portal had 18.60 million registered users and their mobile app for policyholders, available on both Android and iOS platforms had 5.13 million registered users. They spent Rs.177.44 crore, Rs.424.40 crore, Rs.361.42 crore and Rs.137.34 crore on information technology, on a consolidated basis, in Fiscal 2019, Fiscal 2020, Fiscal 2021 and the 9 months ended December 31, 2021, respectively.

Largest asset manager in India with an established track record of financial performance and profitable growth

As at December 31, 2021, on a standalone basis, LIC's Investment portfolio included 38.09% central government securities, 24.56% equity securities, 24.25% state government securities and 8.35% corporate bonds. As at December 31, 2021, 95.90% of LIC's debt AUM on a standalone basis was invested in sovereign and AAA-rated securities. Over 90% of their policyholders' equity investments on a standalone basis are held in stocks that are a part of the Nifty 200 and BSE 200 indices as at December 31, 2021.

LIC has a proven track record of strong financial performance, as demonstrated by the following metrics:

- The net profit on sale/redemption of policyholders' investments (profit on sale/redemption of investments minus loss on sale/redemption of investments) (Policyholders' Account) was Rs.23,897.21 crore, Rs.19,387.48 crore, Rs.39,809.63 crore and Rs.36,462.78 crore in Fiscal 2019, Fiscal 2020, Fiscal 2021 and the 9 months ended December 31, 2021 on a consolidated basis, respectively.
- The GWP on a consolidated basis increased at a CAGR of 9.21% from Fiscal 2019 to Fiscal 2021.
- LIC's strong renewal book is evidenced by a market share of 62.5% and 61.8% compared to 8.5 and 8.8% market share of the second best player in the market by renewal premium for Fiscal 2021 and the 9 months ended December 31, 2021, respectively.
- The NBP on a consolidated basis increased at a CAGR of 13.49% from Fiscal 2019 to Fiscal 2021.
- For Fiscal 2021, LIC issued approximately 21 million individual policies in India, representing approximately 75% market share in new individual policy issuances. For Fiscal 2021, the 2nd largest player in the industry issued 1.66 million individual policies for Fiscal 2021 and had 5.9% market share in the fiscal year.
- LIC's expense ratios on a standalone basis are considerably lower than that of the Top-5 private players in India as a whole. For Fiscal 2019, Fiscal 2020, Fiscal 2021 and December 31, 2021 LIC's operating expenses as a percentage of total premium ("Operating Expense Ratio") on a standalone basis was 8.4%, 9.0%, 8.7%, and 9.6% respectively, compared to the median of the Top-5 private players' Operating Expense Ratio of 13.0%, 13.0%, 11.9% and 12.1%, respectively, and LIC's total cost (commission and operating expenses) as a percentage of total premium ("Total Cost Ratio") on a standalone basis was 14.4%, 14.7%, 14.2% and 15.0% respectively, compared to the median of the Top-5 private players' Total Cost Ratio of 16.9%, 17.6%, 16.3% and 16.2%, respectively.
- LIC is the best-in-class of Indian life insurance players in terms of profitability, with Rs.2,889.01 crore surplus transferred to the shareholders' account in Fiscal 2021 on a standalone basis, relative to the private players, for which the highest surplus transferred to the shareholders' account in Fiscal 2021 was Rs.1,984.86 crore.
- The profit after tax on a consolidated basis increased from Rs.2,627.38 crore for Fiscal 2019 to Rs.2,974.14 crore for Fiscal 2021, representing a CAGR of 6.39%.

Robust risk management framework

LIC has a risk management framework where risk identification, risk measurement and risk mitigation are undertaken through structured procedures and various Board-approved policies and controls. Their enterprise risk management ("ERM") cell provides a framework for evaluating and managing risks inherent in LIC through risk and control self-assessment, incident management and top risk-key risk indicator analysis. The ERM cell is working on the implementation of the IT solution package for monitoring various risks LIC encounters in its business processes.

LIC proactively manages its financial risks through, among other things:

- Diversification of investment portfolio across asset classes, with significant exposure to sovereign and state-owned entities.
- Regular monitoring of interest rates to address market volatility;
- 95.90% of the debt portfolio in India is invested in sovereign and AAA-rated debt as at December 31, 2021.
- Stress and resilience testing of the investment portfolio.
- Matching of assets and liabilities on a quarterly basis at the line of business level where line of business liabilities account for over 5% of total liabilities.
- Conservative management of reserves.
- LIC price their products using prudent assumptions.
- LIC also proactively review the business mix to maintain alignment with customer needs and preferences.

Competition

LIC is the sole public sector life insurer in India's market and their competitors in India, as at March 31, 2021, are 23 private insurance companies. After 20 years of competition, LIC has been able to sustain their market leadership position. On April 1, 2021, the Insurance Laws (Amendment) Act, 2021 came into force, raising the limit of foreign investment in an Indian insurance company from 49% to 74%, subject to certain safeguards. This will lead to new entrants in the industry, better capitalisation of existing competitors and generally increase the level of competition. LIC's main competitors are SBI Life Insurance Company Ltd, HDFC Standard Life Insurance Co Ltd and ICICI Prudential Life Insurance Co Ltd.

LIC's market share in India in terms of premium, NBP, number of individual policies issued and number of group policies issued:

Particulars	FY19	FY20	FY21	9MFY22
Premium	66.4%	66.2%	64.1%	61.6%
NBP	66.2%	68.7%	66.2%	61.4%
Number of individual policies issued	74.7%	75.9%	74.6%	71.8%
Number of group policies issued	80.2%	78.4%	81.1%	88.8%

Source: Company RHP, ACMIIL Research,

Market share of LIC, top 5 private players and other players in the industry (as of Fiscal Year 2021)

Total Premium - FY21	Customer Mix			Customer Mix (Basis NBP)			Customer Mix (Basis Renewal Premium)		
	Total Premium (Rs. billion)	Individual	Group	NBP (Rs.billion)	Individual	Group	Renewal Premium (Rs.billion)	Individual	Group
LIC	4033	66.50%	33.50%	1842	30.60%	69.40%	2,189	96.60%	3.40%
SBI Life	503	81.70%	18.30%	206	60.60%	39.40%	296	96.40%	3.60%
HDFC Life	386	73.70%	26.30%	202	50%	50%	185	99.50%	0.50%
ICICI Prudential Life	357	85.20%	14.80%	130	60.20%	39.80%	225	100%	0.00%
Max Life	190	96.80%	3.20%	68	91.20%	8.80%	122	100%	0.00%
Bajaj Allianz Life	120	68.30%	31.70%	63	40.10%	59.90%	57	99.5%	0.50%
Others	698	86.30%	13.70%	271	67.20%	32.80%	426	97.4%	2.60%
Private players total	2254	83.90%	16.10%	941	61%	39%	1312	98.3%	1.70%
Total	6287	72.60%	27.40%	2787	40.90%	59.10%	3500	97.30%	2.70%

Source: Company RHP, ACMIIL Research,

Premium - Total Premium, New Business Premium and Renewal Premium 9MFY22:

Total Premium - FY21	Customer Mix			Customer Mix(Basis NBP)			Customer Mix (Basis Renewal Premium)		
	Total Premium (Rs. billion)	Individual	Group	NBP (Rs. billion)	Individual	Group	Renewal Premium (Rs.billion)	Individual	Group
LIC(a)	2,840.50	66.60%	33.40%	1260	28.40%	71.60%	1,580	97.20%	2.85%
SBI Life	413	80.10%	19.90%	187.9	61.80%	38.20%	224.6	95.50%	4.50%
HDFC Life	315	71.00%	29.00%	171.9	47%	53%	143.5	99.60%	0.40%
ICICI Prudential Life	258	82.00%	18.00%	102.5	62.35%	37.70%	155	97%	2.70%
Max Life	144	94.50%	5.50%	52.9	89.30%	10.70%	91.3	98%	2.20%
Bajaj Allianz Life	104	67.20%	32.85%	59	42.50%	57.50%	45	99.6%	0.40%
Others	537	83.10%	16.90%	218	63.40%	36.60%	319	95.7%	4.30%
Private players total(b)	1771	80.10%	19.90%	792.2	60%	41%	979	96.8%	3.20%
Total (a+b)	4611	71.80%	28.20%	2,052.30	40.40%	59.60%	2559	97.10%	2.90%

Source: Company RHP, ACMIIL Research

Policies Issued - FY21

Particulars	Total Policies		NBP Policies		Renewal Policies	
	Individual	Group	Individual	Group	Individual	Group
LIC (a)	21,19,82,912	1,20,090	2,09,75,439	31,795	19,10,07,473	88,295
SBI Life	72,29,466	1,943	16,56,377	514	55,73,089	1,429
HDFC Life	47,86,345	631	9,82,007	256	38,04,338	375
ICICI Prudential Life	36,29,696	4,303	6,61,511	2,885	29,68,185	NA
Max Life	33,95,952	409	6,44,627	409	27,51,325	NA
Bajaj Allianz Life	32,82,526	498	4,27,003	238	28,55,523	260
Others	1,40,20,000	6,785	27,81,345	3,107	1,12,38,655	3,678
Private players total (b)	3,63,43,985	13,151	71,52,870	7,409	2,91,91,115	5,742
Total (a) + (b)	28,46,70,882	1,33,241	2,81,28,309	39,204	22,01,98,588	94,037

Source: Company RHP, ACMIIL Research

Note: Total policies calculated as summation of NBP policies and Renewal policies.

Premium - FY21 - Single Premium and Non-Single premium:

Particulars	Single Premium (Rs.billion)	Market share (Single Premium)	Non-Single^ (Rs. billion)	APE (Rs. billion)
LIC	1,504	77.40%	337.8	NA
SBI Life	103	5.30%	103.4	114.5
HDFC Life	133	6.90%	69.1	83.7
ICICI Prudential Life	50	2.60%	80.6	64.6
Max Life	20	1.00%	48.3	49.6
Bajaj Allianz Life	37	1.90%	26.5	NA

^Also includes Yearly Renewable Group Premium.

Source: Company RHP, ACMIIL Research

Premium CAGR

Premium CAGR	Premium CAGR (FY19- FY21)			Premium CAGR (FY11-FY21)		
	Total premium	NBP	Renewal premium	Total premium	NBP	Renewal premium
LIC	9.30%	13.80%	6.00%	7.10%	7.80%	6.50%
SBI Life	23.40%	22.30%	24.20%	14.50%	10.50%	18.70%
HDFC Life	15.00%	16.30%	13.60%	15.70%	17.40%	14.00%
ICICI Prudential Life	7.50%	12.10%	5.10%	7.20%	5.20%	8.50%
Max Life	14.20%	15.00%	13.80%	12.60%	12.70%	12.50%
Bajaj Allianz Life	16.50%	13.20%	20.50%	2.30%	6.20%	-0.70%

Source: Company RHP, ACMIIL Research

Market Share

	Market Share - 9M FY22					Market Share - FY21				
	Total Premium	New Business Premium	Renewal Premium	No. of Policies Individual	No. of Policies Group	Total Premium	New Business Premium	Renewal Premium	No. of Policies Individual	No. of Policies Group
LIC	61.60%	61.40%	61.80%	71.80%	88.80%	64.10%	66.20%	62.50%	74.60%	81.10%
SBI Life	8.90%	9.20%	8.80%	7.40%	0.70%	8.00%	7.40%	8.50%	5.90%	1.30%
HDFC Life	6.80%	8.40%	5.60%	3.60%	0.50%	6.10%	7.20%	5.20%	3.50%	0.70%
ICICI Prudential Life	5.60%	5.00%	6.10%	2.60%	3.50%	5.70%	4.70%	6.50%	2.40%	7.40%
Max Life	3.10%	2.60%	3.60%	2.30%	0.20%	3.00%	2.40%	3.50%	2.30%	1.00%
Bajaj Allianz Life	2.30%	2.90%	1.80%	1.70%	0.50%	1.90%	2.30%	1.60%	1.50%	0.60%
Others	11.60%	10.60%	12.50%	10.40%	5.80%	11.20%	9.80%	12.20%	9.80%	7.90%
Private Players Total	38.40%	38.60%	38.20%	25.90%	11.20%	35.90%	33.80%	37.50%	25.40%	18.90%

Source: Company RHP, ACMIIL Research

Brief Financial Details

	2019	2020	2021	9MFY22
Share Capital	100	100	100	6,325
Reserves	798	892	6,705	2,499
Net worth	815	855	6,515	8,231
Premium Earned	3,39,972	3,82,476	4,05,399	2,85,342
Income from Investments	2,25,044	2,42,836	2,85,520	2,26,254
EBITDA	2642	2719	2980	1757
Profit After Tax	2627	2710	2974	1715
EPS - Basic & Diluted (Rs.)	4.15	4.29	4.7	2.71^
RoNW (%)	322.25%	317.14%	45.65%	20.84%^
NAV(Rs.)	1.29	1.35	10.3	13.01

Source: Company RHP, ACMIIL Research

^not annualised.

Comparison with Listed Peers FY21:

COMPARISON WITH LISTED INDUSTRY PEERS (CONSOLIDATED AS ON 31st MARCH 2021)									
Name of the Company	Total Premium (Rs.Cr)	Net Worth (Rs.Cr)	Net Profit (Rs.Cr)	EPS (Basic)	NAV (Rs.)	RoNW (%)	Market Cap*	Embedded Value (Rs.Billion)	Market capitalization to IEV (x)
Life Insurance Corporation of India	4,05,850	6,514.64	2,974.14	4.7	10.3	45.65%	6,00,242 [^]	5,396	1.11
SBI Life Insurance Co.	50,250	10,400.44	1,455.85	14.55	103.99	14.00%	1,13,725	302	3.77
HDFC Life Insurance Co.	38,580	8,637.72	1,360.87	6.74	42.75	15.75%	1,16,904	295.4	3.96
ICICI Prudential Life Insurance Co.	35,730	9,119.42	956.16	6.66	63.51	10.48%	75,470	302	2.49

**Market cap as on April 22, 2022. ^ Implied market cap based on upper price band*
Source: Company RHP, ACMIIL Research

Risks and concerns

- LIC has lower new policy growth rate as they continue losing market share to private insurance players, especially in urban areas.
- Individual agents procure most of LIC's individual new business premiums (~97%). If LIC is unable to retain and recruit individual agents on a timely basis and at reasonable cost, there could be a material adverse effect on their results of operations.
- The margin in insurance + investment products is low.

ACMIIL Retail Research Products

Informational Products	Recommendation Products
Morning Notes	Momentum Calls
Market Watch	Positional Calls
Investor First Magazine	Smart Delivery Calls
IPO/NCD/ETF/OFS/BOND	Investment Ideas
Market Pulse	Master Trades High Risk
RBI Monetary Policy	Master Trades Medium Risk
Union Budget Report	Techno-Funda
Weekly Derivative Synopsis	Top Mutual Fund Schemes
Rollover Snapshot	Portfolio Review
Rollover Analysis	Stock Basket

For More Information on Retail Research Products please visit
<https://www.investmentz.com/research-services>

Asit C. Mehta

INVESTMENT INTERMEDIATES LTD.

Retail Research Desk:

Email: retailresearch@acm.co.in

Research Analyst Registration Number:

INH000002483

CIN: U65990MH1993PLC075388

Information pertaining to Asit C. Mehta Investment Intermediates Limited (ACMIIL):

ACMIIL is a SEBI registered Stock Broker, Merchant Banker, Portfolio Manager and Depository Participant. It is also a AMFI registered Mutual Fund Distributor. It does not have any disciplinary history. Its associate/ group companies are Asit C. Mehta Commodity Services Limited, Asit C. Mehta Realty Services Pvt. Ltd, Asit C. Mehta Forex Pvt. Ltd, Nucleus IT Enabled Services , Asit C. Mehta Financial Services Limited (all providing services other than stock broking,merchant banking and portfolio management services.).

Disclosures

ACMIIL/its associates and its Research analysts have no financial interest in the companies covered on the report. ACMIIL/its associates and Research analysts did not have actual/beneficial ownership of one per cent or more in the companies being covered at the end of month immediately preceding the date of publication of the research report. ACMIIL/its associates or Research analysts have no material conflict of interest, have not received any compensation/benefits for any reason (including investment banking/ merchant banking or brokerage services) from either the companies concerned/third parties with respect to the companies covered in the past 12 months. ACMIIL/its associates and research analysts have neither managed or co-managed any public offering of securities of the companies covered nor engaged in market making activity for the companies being covered. Further, the companies covered neither are/nor were a client during the 12 months preceding the date of the research report. Further, the Research analyst/s covering the companies covered herein have not served as an officer/director or employee of the companies being covered

Disclaimer:

This report is based on information that we consider reliable, but we do not represent that it is accurate or complete and it should not be relied upon such. ACMIIL or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in the report. To enhance transparency we have incorporated a Disclosure of Interest Statement in this document. This should however not be treated as endorsement of the views expressed in the report.

You are also requested to refer to the disclaimer (which is deemed to be part and parcel and is applicable to this research report as well) : <http://www.investmentz.com/disclaimer>

Download Investmentz App



Follow us on:

