

13th November, 2025

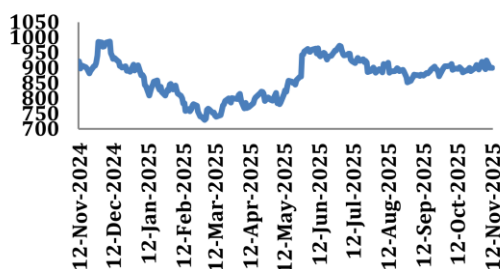
LIFE INSURANCE CORP. OF INDIA

Industry	Insurance
No. of Shares (Crore)	632.50
Face value (Rs.)	10.00
Mkt. Cap (Rs. Crore)	5,71,053
Price (13/11/2025)	902.85
Book Value (Rs)	224.40
P/BV	4.02
BSE Code	543526
NSE Code	LICI
Bloomberg	LICI IN
Reuters	LIFI.BO
Avg. Weekly Volume (NSE)	34,59,770
52 W H/L (Rs)	1,007.70 / 715.35

Refer our Research Report dated May 31, 2023(RC-595), 2023 Samvat Picks(RC-611), Research report date Feb 21, 2024(RC-1041), Research Reports dated Nov 21, 2024 (RC- 882), June 02, 2025 (RC-953) and Aug 11, 2025 (RC-906). LIC has proposed a dividend of Rs 12/- for FY25. Keeping in mind the dominant position in the life insurance industry and attractive valuations, we recommend a BUY again. (RC - Recommended Price)

Recommendation
BUY

Life Insurance Corporation Of India


Company Background

Life Insurance Corporation of India (LIC) is a dominant force in India's life insurance industry commanding a market share of 63.44% and 59.41% in Policies and Premiums respectively at the end of H1FY26. It also holds the distinction of managing the country's largest Assets Under Management (AUM) worth Rs 57.23 Lakh Crs at the end of H1FY26. LIC has the largest agency force of 14.85 Lakh agents with a 45.86% market share.

Rationale For Investment

- In terms of market share measured by First Year Premium Income (FYPI) (as per IRDAI), LIC continues to be the market leader in Indian life insurance business with overall market share of 63.44%. For the quarter ended Sep 30th, 2025, LIC had a market share of 37.21% in Individual business and 72.74% in the Group business.
- Assets Under Management (AUM) at the end of H1FY26 stood at 57,22,896 Cr as against Rs 55,39,516 Cr growing 3.31% YoY. LIC still holds the leadership position amongst its other peer at ~72%.
- LIC has been focusing on increasing its share of high-margin policies, including launching new policies. The share of Annualized Premium Equivalent (APE) in individual non-participating policies in LIC's product mix rose to 36.31% from 26.31% a year earlier.
- An improvement in the solvency ratio, to 2.13 in H1FY26 from 1.98 a year earlier implies LIC's ability to meet its long-term financial obligations.
- The value of new business (VNB), which measures expected profit from new premiums, rose 12.30% year-over-year in H1FY26 at Rs 5,111 Cr. The VNB margin rose 140 bps to 17.60%. This is attributed mostly to a decline in overall expense ratio in H1FY26 by 146 bps to 11.28%
- Overall LIC's asset quality showed a marked improvement with Gross NPA ratio standing at 1.34% in H1FY26, as against 1.72% in the same period last year.
- LIC witnessed an improvement in its 61st month persistency ratio, which rose to 51.50% in H1FY26 as against 48.92% in H1FY25 in terms of policies while it was reported at 63.81% as against 61.46% in terms of premium, reflecting a confidence in long-term policy retention. (A persistency rate measures the percentage of insurance policies or investments that remain active and are not canceled or surrendered by policyholders over a specified period. It indicates the level of customer retention and the stability of the insurance or investment portfolio.)

Recommendation

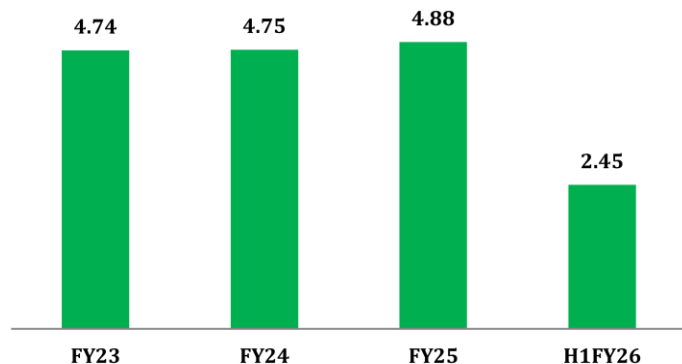
LIC retains the dominant position in the life insurance industry and is expected to see robust growth, supported by diversified product offerings, larger ticket sizes, better agency productivity, continued growth in bancassurance and alternate channels. Key elements of its strategy like increase in Non-Par share in Individual business, increase in VNB margin, are fully on track. Going forward, LIC plans to continue selling products aligned with customer demand. The impact of GST losses on VNB margins is expected to be offset by higher volumes, better product-level margins, and improved operating efficiency. We would retain our BUY recommendation of the target price of Rs 1,266 stated in our previous report dated 11/08/2025, in the coming 9-12 months' time period.

Particulars (In Rs. Crs)	Q2FY26	Q2FY25	Var%	H1FY26	H1FY25	Var%
Operating Income	126,930.04	120,325.66	5.49	246,548.45	234,555.90	5.11
Operating Profit	10,541.68	7,394.23	42.57	21,798.52	18,202.54	19.76
Consolidated Net Profit	10,098.48	7,728.68	30.66	21,055.53	18,273.01	15.23
Reserves	134,730.42	91,103.92	47.89	134,730.42	91,103.92	47.89
Equity	6,325.00	6,325.00	-	6,325.00	6,325.00	-
EPS (Rs.)	15.97	12.22	30.69	29.45	28.89	1.94

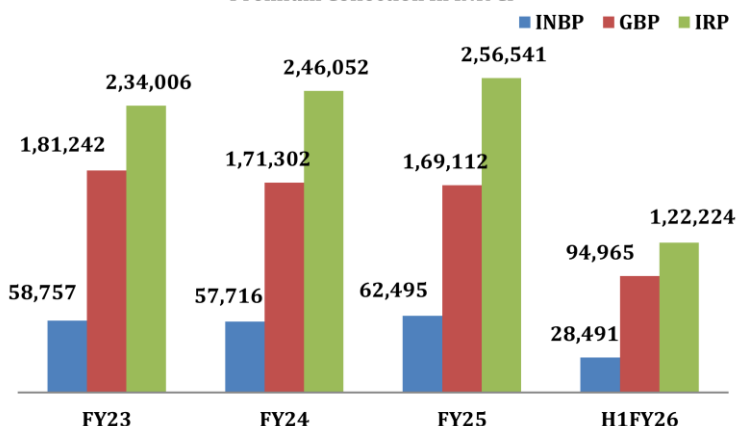
*Source: Company, Ace Equity, AUM Research

Life Insurance Corporation Of India H1FY26 Results and Business Updates

Total Premium Income In Rs Lakh Cr

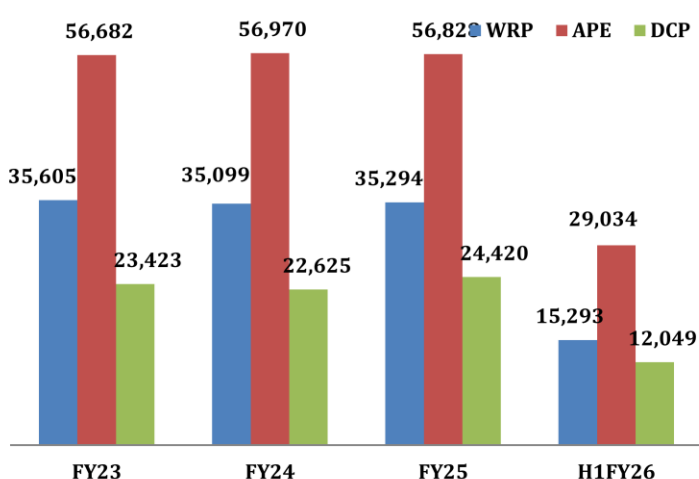


Premium Collection In INR Cr

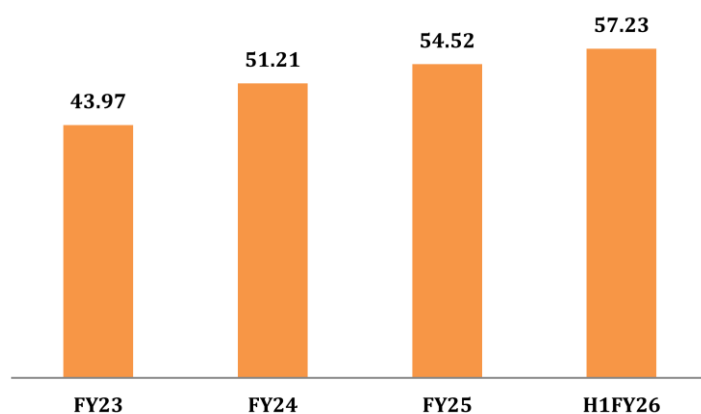


INBP- Individual New Business Premium, GBP- Group Business Premium, IRP- Individual Renewal Premium

Premium & Claim Settlement In INR Cr

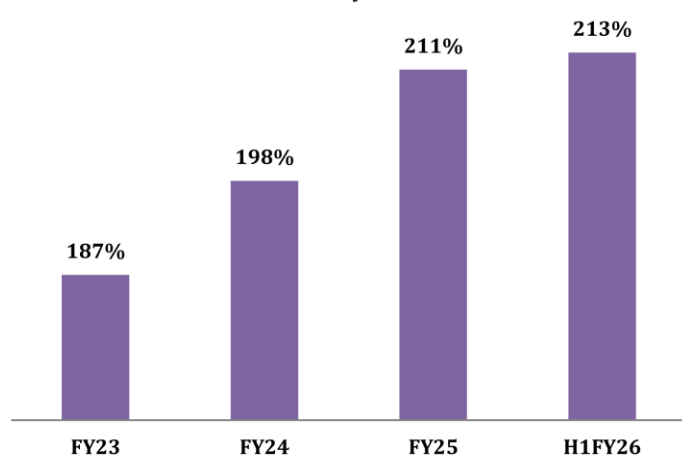


Assets Under Management In INR Lakh Crs

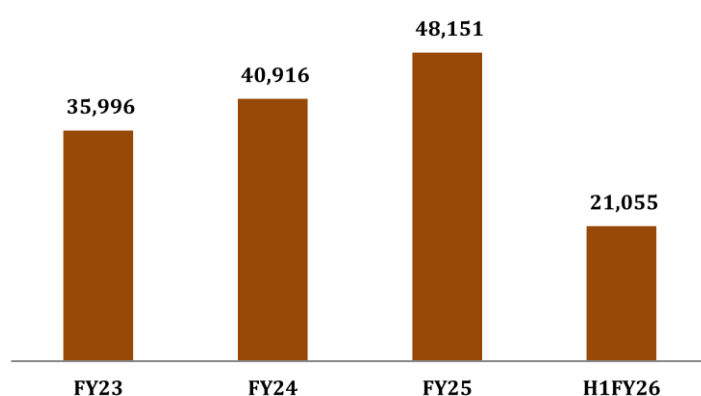


WRP- Weighted Received Premium, APE- Annual Premium Equivalent, DCP- Death Claim Paid

Solvency Ratio

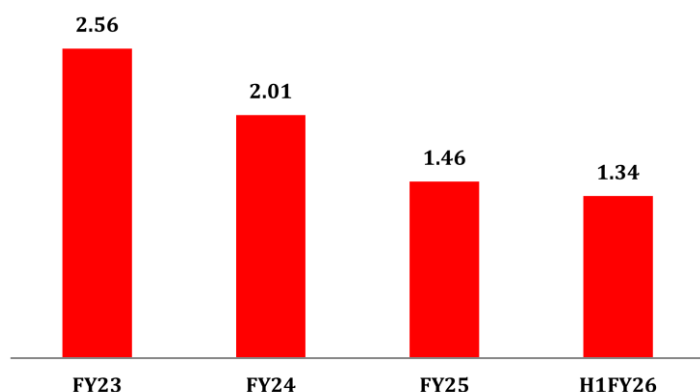


PAT In INR Crs

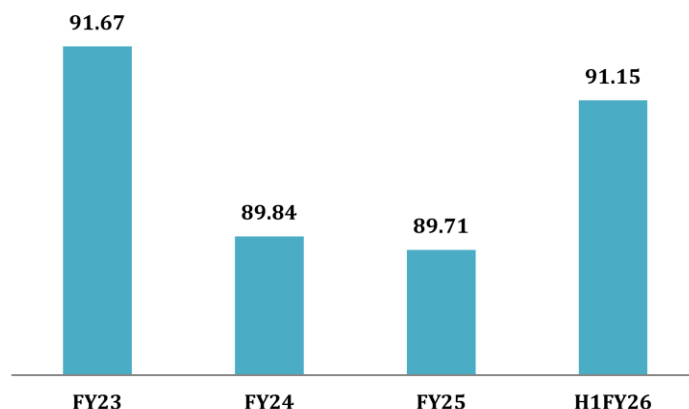


*Source: Company, AUM Research

Gross NPA %



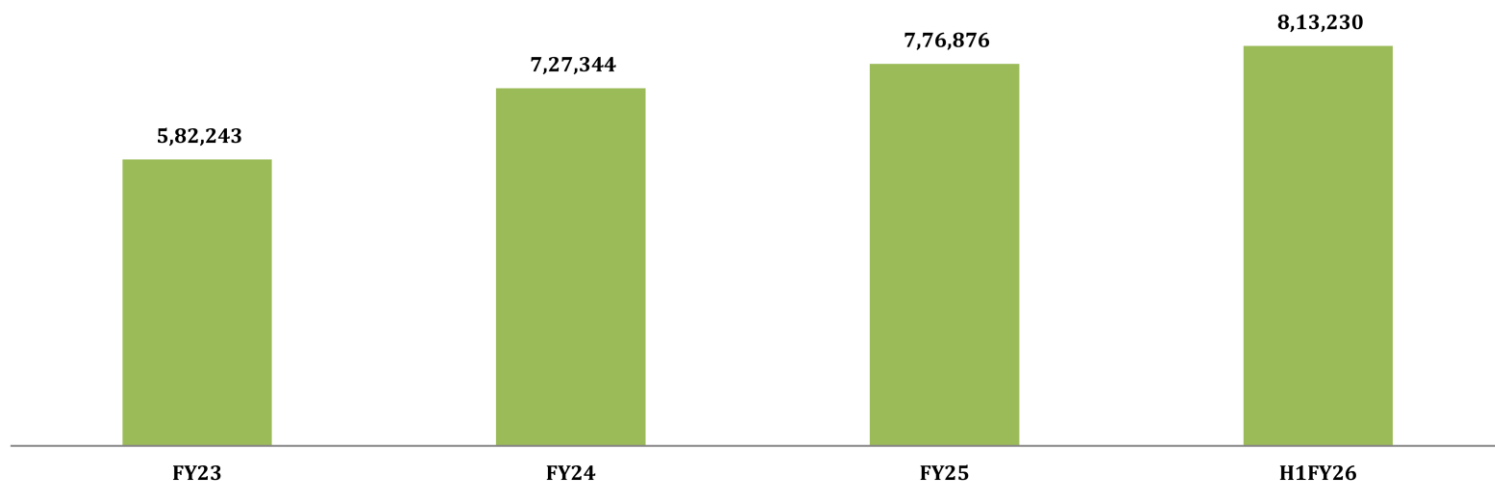
Conservation Ratio %



Conservation Ratio is the ratio of renewal premium of the current financial year to the total of first year premium and renewal premium of the previous financial year.

Embedded Value

Embedded Value In INR Cr



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.

Annual Premium Equivalent (APE)

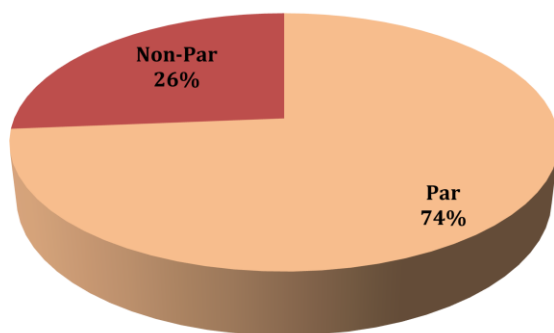
	Line Of Business In INR Crs	FY25	H1FY25	H1FY26	YoY Growth %
A	Individual Par	27,636	13,385	10,936	-18.30%
B	Individual Non-Par	10,581	4,778	6,234	30.47%
C	Total Individual = A+B	38,217	18,163	17,170	-5.47%
D	Group	18,610	9,862	11,864	20.30%
E	Total APE = C+D	56,827	28,025	29,034	3.60%

*Source: Company, AUM Research

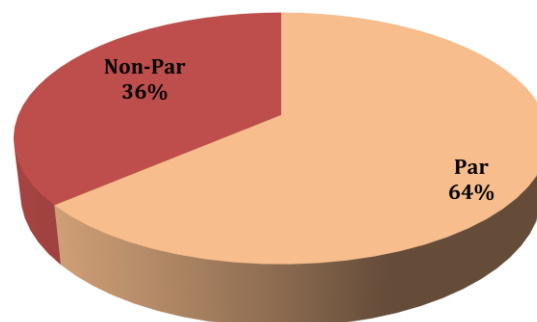
Annual premium equivalent (APE) is a common measure of ascertaining the business sales in the life insurance industry. It is the sum of the regular annualized premium from the new business plus 10% of the first single premium in a given period.

Increasing share of Non-Par in Annual Premium Equivalent (APE)

Individual APE H1FY25



Individual APE H1FY26



*Source: Company, AUM Research

H1FY26 Earnings Highlights

- **Premium Income:-**
 - **Total Premium Income** for six months period ended September 30th, 2025 was Rs. 2,45,680 Cr as compared to Rs. 2,33,671 Cr for the six months period ended September 30th 2024, registering a growth of 5.14%.
 - **Individual New Business premium** income for six months period ended September 30th, 2025 was Rs. 28,491 Cr as compared to Rs 29,538 Cr for the six months period ended September 30th 2024, registering a decrease of 3.54%.
 - **Individual Renewal premium income** for six months period ended September 30th, 2025 was Rs. 1,22,224 Cr as compared to Rs 1,15,158 Cr for the six months period ended September 30th 2024, registering an increase of 6.14%.
 - **Total Individual Business Premium** for the six months period ended September 30th, 2025 increased to Rs. 1,50,715 Cr from Rs. 1,44,696 Cr for the comparable period of previous year, registering an increase of 4.16%.
 - **Group Business total premium income** for six months period ended September 30th, 2025 was Rs. 94,965 Cr as compared to Rs 88,975 Cr for the six months period ended September 30th 2024, registering an increase of 6.73%.
- **Annual Premium Equivalent (APE):-**
 - **Total Premium** - On an Annualized Premium Equivalent (APE) basis, the total premium was Rs. 29,034 Cr for the six months period ended September 30th, 2025. Of this 59.14% (Rs.17,170 crore) was accounted for by the Individual Business and 40.86% (Rs. 11,864 Cr) by the Group Business.
 - **Individual Business** - Within the Individual Business, the share of Par products on APE basis was 63.69% (Rs. 10,936 Cr) and balance 36.31% (Rs. 6,234 Cr) was due to Non Par products. The Individual Non Par APE has increased to Rs. 6,234 Cr for the six months period ended September 30th, 2025 from Rs. 4,778 Cr for the six months period ended September 30th, 2024 registering a growth of 30.47%. Therefore on APE basis, Non Par share of Individual business has increased to 36.31% for the six months period ended September 30th, 2025, as compared to 26.31% for the six months period ended September 30th, 2024.
- **New Business & VNB Margins (Value of New Business):-**
 - **VNB** - VNB for the six months period ended September 30th, 2025 was Rs. 5,111 crore as compared to Rs. 4,551 crore for the six months period ended September 30th, 2024, registering a growth of 12.30%.
 - **VNB Margin** - The Net VNB margin for the six months period ended September 30th, 2025 increased by 140 bps to 17.6% as compared to 16.2% for the six months period ended September 30th, 2024.
- **Persistency Ratio:-** For the six months period ended September 30th, 2025, the persistency ratios on premium basis for the 13th month and 61st month were 75.29% and 63.81%, respectively. The comparable persistency ratios for the corresponding period ended September 30th, 2024 were 77.62% and 61.46%, respectively. *(In the insurance industry, the persistency ratio is a key metric that indicates the percentage of policies that remain in force or are renewed by policyholders. A higher persistency ratio suggests greater customer retention and satisfaction, while a lower ratio indicates a higher number of policy cancellations or lapsations).*
- **Policies Sold:-** A total of 72,60,573 policies were sold in the individual segment during the six months period ended September 30th, 2025 as compared to 91,70,420 policies sold during the six months period ended September 30th 2024, registering a decrease of 20.83%.
- **Assets Under Management:-** AUM increased to Rs. 57,22,896 Cr as on September 30th, 2025 as compared to Rs. 55,39,516 Cr on September 30th, 2024 registering an increase of 3.31% year on year.

Rationale For Investment

1. Consolidated gain achieved in enhancing share of Non Par products within individual business.

- **Improvement in profitability:-** LIC has successfully consolidated the gains achieved in enhancing the share of Non-Par (Non-Participating) products within its individual business. This strategic shift has significantly improved profitability and is part of a broader goal to diversify its product mix.
- **Increased Market Share:-** The share of non-par products within the individual business, on an Annualized Premium Equivalent (APE) basis, has seen substantial growth. It increased to 36.31% in H1 FY26, up from 26.31% in H1 FY25. For the full year FY25, the share was 27.69%. This is a significant jump from approximately 7% before LIC's listing in 2022.
- **Improved Profitability:-** The focus on high-margin non-par products has led to an expansion in the Value of New Business (VNB) margin. The VNB margin increased to 17.6% in H1 FY26, up from 16.2% in H1 FY25. In Q1FY26, the VNB margin was reported at 15.4%.
- **Strong APE Growth:-** The individual non-par APE surged by 30.5% in H1FY26 over H1FY25. In Q1FY26 growth was reported at 32.63%, demonstrating strong demand for these products.
- **Strategic focus:-** LIC has explicitly stated that the increase in the non-par share is a key element of their strategy and is fully on track to achieve this. It aims to achieve an ambitious target to achieve a non-par to par (participating) product proportion of around 40-60 or 45-55 in the future through launching of new non-par products to meet evolving customer needs, diversifying distribution channels, particularly expanding bancassurance and optimizing operational efficiency and managing expenses.

2. Distribution gains in bancassurance and alternate channels.

- **Consolidation of gains:-** LIC is consolidating its distribution gains in bancassurance and alternate channels by strategically expanding partnerships, focusing on high-margin products, and enhancing digital integration, which has led to significant growth in their share of individual new business premium (NBP).
- **Expanding the Network:-** LIC has actively pursued new bancassurance tie-ups with several banks, including RBL Bank, IDFC FIRST Bank, J&K Bank, and Saraswat Urban Cooperative Bank, to leverage their extensive branch networks and customer bases. The collaboration with IDBI Bank continues to be a key revenue-generating partnership.
- **Significant Growth:-** The share of bancassurance and alternate channels in individual NBP has seen substantial growth, increasing to 7.87% in H1 FY26, up from 4.67% in the previous year. In H1FY26, the value of New Business Premium in this segment surged by 67.62% YoY to Rs 2,024 Cr. In Q1FY26, the YoY growth reported was at 98.23% YoY at Rs 862 Cr.
- **Improving Operational Efficiency and Digital Integration:-** LIC is focusing on improving operational efficiency by using technology to support its channels. The "Atma Nirbhar Agent" (ANANDA) app has seen increased usage, and the DIVE (Digital Innovation & Value Enhancement) and Jeevan Samarth projects are progressing to roll out pan-India, aiming for better digital enablement across all distribution channels.
- **Omnichannel Approach:-** While the agency channel remains dominant, the growth in alternate channels is part of an overall omnichannel strategy to improve productivity and reach more customers efficiently. The goal is to diversify the business mix and reduce reliance solely on the traditional agency force.

3. Developed strategy to regain/ enhance market share in certain categories and geographies.

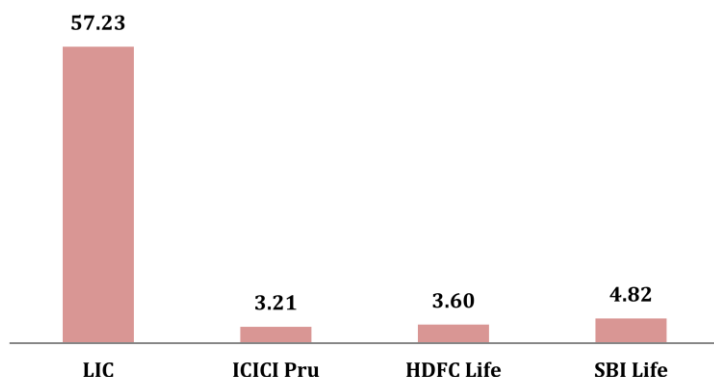
- **Shift to Non-Participating (Non-Par) Products:-** A cornerstone of LIC's strategy is to expand its non-par portfolio, which offers better margins and profitability for shareholders. New non-par products like "Jeevan Kiran," "Jeevan Utsav," "LIC Yuva Term," and "LIC Digi Term" have been launched to meet diverse customer needs and increase the share of this segment within the individual business.
- **Proposed expansion into Health Insurance:-** LIC is actively pursuing inorganic growth opportunities, including the potential acquisition of a majority stake in a standalone health insurance company to diversify its offerings and tap into the growing health insurance sector.
- **Targeting Specific Demographics:-** The introduction of plans like those catering to young adults (e.g., LIC Yuva Term) and micro-insurance products for low-income/rural clients demonstrates a focus on specific, untapped segments of the population.
- **Strengthening Agency Network:-** LIC continues to rely on its vast and experienced agent network (over 1.4 million agents) as a primary distribution channel. The "Jeevan Samarth" project is aimed at transforming the agency ecosystem and providing agents with advanced tools and skills.
- **Rural and International Outreach:-** LIC maintains a strong presence in rural areas, developing specific low-premium products and using vernacular campaigns to engage local audiences. It also operates through branch offices in several international markets, including Fiji, Mauritius, and the UK.
- **Customer Retention:-** Initiatives like special campaigns for the revival of lapsed policies and improved customer service through IT advancements (online payments, IVRS) are designed to improve persistency ratios and retain existing customers. LIC has launched "Project DIVE" (Digital Innovation and Value Enhancement) to fully digitize its operations and customer services.

4. Focus on investment yield maximization while balancing risk.

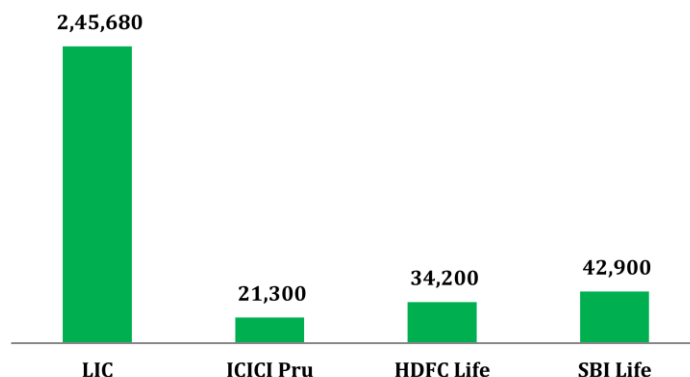
- **Safety and stability of funds:-** A core part of LIC's investment strategy is to pursue investment yield maximization while balancing risk. The primary goal is to generate sufficient returns to meet its long-term obligations to policyholders, whose money it holds in trust, while ensuring the safety and stability of those funds.
- **Policyholder Focus:-** The funds invested belong primarily to policyholders, so their safety is the paramount concern. This leads to a generally conservative and risk-averse investment strategy.
- **Balanced Portfolio:-** LIC maintains a diverse portfolio that includes a balance of high-risk (equities, infrastructure) and low-risk (government securities, corporate bonds) investments.
- **Emphasis on Government Securities:-** A significant majority of the collective premiums (at least 75% as per some regulations) are invested in government securities, which carry the sovereign guarantee of the Government of India, thus ensuring high safety and stability.
- **Seeking Returns:-** While prioritizing safety, LIC also seeks attractive returns to maximize the mobilization of people's savings and provide competitive returns to policyholders. They look for new opportunities in emerging sectors and have diversified into market-linked products (ULIPs) to offer potentially higher returns.
- **Long-Term Perspective:-** LIC operates with a long-term investment perspective, which allows it to invest in assets with the potential for stable and consistent returns over many years, such as infrastructure projects and blue-chip stocks.
- **Regulatory Adherence:-** All investment activities are governed by strict regulatory norms established by the Insurance Regulatory and Development Authority of India (IRDAI), which fosters transparency and trust.

5. Still holds the dominant position amongst its peers

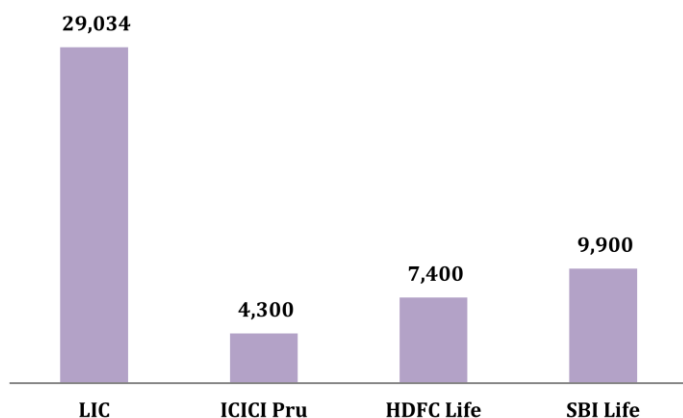
AUM In Lakh Cr



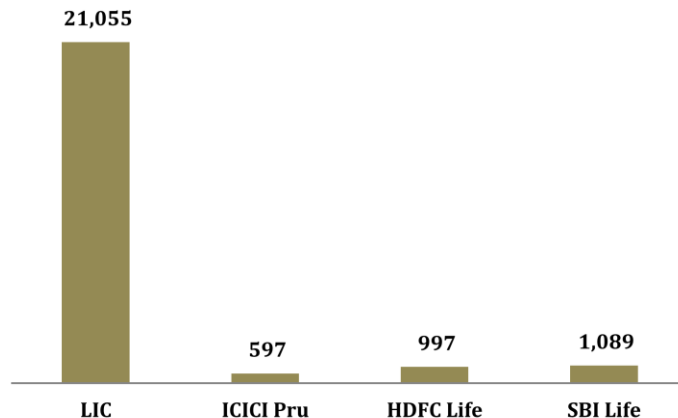
Total Premium Income In Cr In H1FY26



Annularized Premium Equivalent In INR Cr In H1FY26



PAT In INR Cr In H1FY26



*Source: Company, Ace Equity, AUM Research

Financials

Consolidated Quarterly Results (Value in Rs. Crs)						
Particulars	Q2FY26	Q2FY25	Var%	H1FY26	H1FY25	Var%
Operating Income	126,930.04	120,325.66	5.49	246,548.45	234,555.90	5.11
Total Expenditure	232,026.92	224,532.18	3.34	446,221.10	426,677.02	4.58
PBIDT (Excluding OI)	-105,096.88	-104,206.52	-0.85	-199,672.65	-192,121.12	-3.93
Other Income	115,638.56	111,600.75	3.62	221,471.17	210,323.66	5.30
Operating Profit	10,541.68	7,394.23	42.57	21,798.52	18,202.54	19.76
PBT	10,541.68	7,394.23	42.57	21,798.52	18,202.54	19.76
Tax	1,525.13	1,145.20	33.18	3,170.12	2,774.41	14.26
Profit After Tax	9,016.55	6,249.03	44.29	18,628.40	15,428.13	20.74
Minority Interest	-2.56	-5.94	-	-4.40	-23.27	-
Share Of Associates	1,084.49	1,485.59	-27.00	2,431.53	2,868.15	-15.22
Consolidated Net Profit	10,098.48	7,728.68	30.66	21,055.53	18,273.01	15.23
Equity	6,325.00	6,325.00	-	6,325.00	6,325.00	-
EPS	15.97	12.22	30.69	29.45	28.89	1.94
Reserves	134,730.42	91,103.92	47.89	134,730.42	91,103.92	47.89

Consolidated Income Statement (Value in Rs. Crs)			
Particulars	FY25	FY24	FY23
Balance Bought Forward from Policy Holders Technical A/c (Life)	49,605.00	40,215.10	35,580.15
Income from investments	6,025.20	3,724.75	1,182.43
Other Income	172.55	151.68	130.98
Provision for doubtful debts	1.34	-	-
Other Expenses	743.43	334.85	53.86
Provisions for Diminution in value of Investments	-14.63	1.58	7.76
Other provisions	6,722.00	2,698.50	751.00
Profit Before Taxation	48,350.61	41,056.60	36,080.94
Provisions For taxation	30.28	140.75	84.29
Profit After Taxation	48,320.33	40,915.85	35,996.65
Balance B/F From Balance Sheet	75,709.39	39,217.53	4,175.14
Appropriations	1,24,027.90	80,156.96	40,166.88
Balance C/F To Balance Sheet	1,20,216.51	75,701.83	39,217.53

*Source: Company, Ace Equity, AUM Research

13th November, 2025

Balance Sheet (Value in Rs. Crs)			
Particulars	FY25	FY24	FY23
Sources Of Funds			
Share Capital	6,325.00	6,325.00	6,325.00
Total Reserves	1,21,483.79	76,766.76	40,219.94
Fair Value Change Account Cr / (Dr)	-294.51	-192.16	-194.97
Borrowings		-	-
Policy Holders Funds			
Fair Value Change Account Cr / (Dr)	6,47,553.70	6,92,695.38	3,48,297.59
Policies Liabilities	47,51,045.84	44,12,013.83	40,68,913.79
Insurance Reserve	35,982.27	28,527.08	25,207.91
Provisions for Linked Liabilities	47,664.75	34,901.53	26,178.93
Funds For future Appropriations	1,828.41	1,214.72	3,918.67
Total Sources Of Funds	56,11,589.25	52,52,252.14	45,18,866.86
Application Of Funds			
Investments - Shareholders	1,02,869.66	62,608.36	28,176.73
Investments - Policies Holders	51,64,298.26	48,95,238.95	42,05,473.65
Assets Held to cover Linked Liabilities	48,434.75	35,280.98	26,325.89
Loans	1,28,961.49	1,21,744.75	1,17,005.47
Cash & Bank balances	69,884.66	41,824.47	45,498.60
Advances & Other Assets	13,166.45	20,179.80	23,712.38
Other Assets	1,28,469.74	1,35,095.04	1,28,461.92
Current Liabilities	34,033.13	48,848.84	44,678.28
Short Term Provisions	14,946.08	14,946.14	14,946.22
Fixed Assets	8,966.74	8,142.27	7,696.31
Less: Accumulated Depreciation	4,809.48	4,470.02	4,191.03
Total Net block	4,157.26	3,672.25	3,505.27
Contingent Liabilities	26,151.47	17,340.86	15,448.31
Capital Work In Progress	325.92	402.52	331.46
Deferred Tax Assets / Liabilities	0.27	0.30	-
Total Application Of Funds	56,11,589.25	52,52,252.14	45,18,866.86

*Source: Company, Ace Equity, AUM Research

Shareholding Pattern

Categories	%
Promoters	96.50
Institutions	1.48
Non-Institutions	2.02
Total	100.00
As On 30th September, 2025	

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