

## INSURANCE

Q1FY27 Preview

09 July 2026

## Broad-based growth continues; LICl placed on a low base

- For our coverage companies, including LICl, APE growth for the quarter is expected to be healthy at 12% YoY
- VNB margin for the companies will likely be in the 17.3- 27.5% range in Q1FY27
- Our top picks are HDFC Life and LICl

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**LICl to grow on a low base:** Overall, life insurers under our coverage, including LICl, are expected to report healthy APE growth of 12% YoY. Further, we expect private players to deliver APE growth of 10% YoY, while LICl is expected to outperform with APE growth of 13.5% YoY. Within our coverage universe, CANHLIFE and LICl are likely to post strong APE growth on a low base, while SBI Life and HDFC Life are expected to report moderate growth.

**VNB growth to stay strong:** For our coverage companies, VNB is likely to grow strong at 17.4% YoY, with margins remaining largely flat except for LICl. A favourable shift in the product mix is expected to support VNB margins, though this will be partly offset by the impact of GST input tax credit disallowance. VNB growth is estimated at 9.4% for private insurers and 27.6% for LICl. We expect VNB margins to expand for LICl, while margins for HDFC Life is likely to see a decline.

**Private insurers continue to grow in double digits:** Total industry APE grew strongly by 23.4% YoY in Q1FY27 — a sharp improvement from 6.8% growth in Q1FY26, led primarily by robust growth amongst private players. LICl's APE grew 16.8% YoY vs a mere 2% in the same quarter last year. Private players posted strong APE growth of 27.6%; up from 10.2% in the year-ago period, driven by strong group business volumes. On the individual APE front, industry growth stood at 16.2%, up from 4.7%. Private players saw 15.1% improvement in their individual APE growth in Q1FY27, from 8.3% in Q1FY26. LICl outperformed the industry with individual APE growing 18.7% YoY.

**Top picks:** We remain constructive on HDFC Life and LICl, which continue to be our top picks. Favourable GST-related tailwinds will likely continue driving volumes, supporting premium growth momentum.



**CANHLIFE:** The company is likely to report robust APE growth of 13.7% YoY in Q1FY27 — the highest amongst our coverage universe on a lower base. VNB margins will likely be at 19.6% in Q1FY27, with a 17bps margin expansion.

**HDFC Life:** HDFC Life will likely witness moderate APE growth of 8.9% YoY in Q1FY27, owing to its slower growth in Banca channel. VNB will likely grow by 6.1% in Q1FY27 and margins to stand at 24.4%; margin decline of 64 bps, largely impacted by GST ITC unavailability and slower business growth.

**ICICI Pru Life:** ICICI Pru will report APE growth of 13% YoY on a low base, while VNB margin is likely to be at 24.8%; margin expansion of 25 bps.

**SBI Life:** SBI Life is expected to report APE growth of 8.9% YoY in Q1FY27, aided by higher-margin products. SBI Life is expected to report VNB margin at 27.5%; muted expansion on YoY basis.

**LICI:** APE for LICI is expected to outperform the industry at 13.5% YoY in Q1FY27. VNB margin will likely be 17.3%; a strong expansion of 191 bps.

**Fig 1 – Canara HSBC Q1FY27 estimates**

(Rs mn)	Q1FY27E	Q1FY26	Q4FY26	YoY (%)	QOQ (%)
APE	5,605	4,928	7,037	13.7	(20.4)
Growth (YoY %)	13.7	4.4	12.4		
VNB	1,101	960	2,144	14.8	(48.6)
Growth (YoY %)	14.8	-	48.7		
VNB Margins (%)	19.6	19.5	30.5		
Change in Margins (bps)	17	-	744		

Source: Company, BOBCAPS Research

**Fig 2 – HDFC Life Q1FY27 estimates**

(Rs mn)	Q1FY27E	Q1FY26	Q4FY26	YoY (%)	QOQ (%)
APE	35,118	32,250	52,540	8.9	(33.2)
Growth (YoY %)	8.9	12.5	1.3		
VNB	8,585	8,090	12,610	6.1	(31.9)
Growth (YoY %)	6.1	12.7	(8.4)		
VNB Margins (%)	24.4	25.1	24.0		
Change in Margins (bps)	(64)	3	(253)		

Source: Company, BOBCAPS Research

**Fig 3 – ICICI Pru Life Q1FY27 estimates**

(Rs mn)	Q1FY27E	Q1FY26	Q4FY26	YoY (%)	QOQ (%)
APE	21,069	18,640	38,300	13.0	(45.0)
Growth (YoY %)	13.0	(5.0)	9.3		
VNB	5,219	4,570	9,650	14.2	(45.9)
Growth (YoY %)	14.2	(3.2)	21.4		
VNB Margins (%)	24.8	24.5	25.2		
Change in Margins (bps)	25	52	250		

Source: Company, BOBCAPS Research

**Fig 4 – SBI Life Q1FY27 estimates**

(Rs mn)	Q1FY27E	Q1FY26	Q4FY26	YoY (%)	QOQ (%)
APE	43,248	39,700	57,500	8.9	(24.8)
Growth (YoY %)	8.9	9.1	5.5		
VNB	11,912	10,900	16,300	9.3	(26.9)
Growth (YoY %)	9.3	12.4	(1.8)		
VNB Margins (%)	27.5	27.5	28.3		
Change in Margins (bps)	9	81	(211)		

Source: Company, BOBCAPS Research

**Fig 5 – LIC Q1FY27 estimates**

(Rs mn)	Q1FY27E	Q1FY26	Q4FY26	YoY (%)	QOQ (%)
APE	1,43,550	1,26,520	2,29,540	13.5	(37.5)
Growth (YoY %)	13.5	9.4	21.8		
VNB	24,802	19,440	58,910	27.6	(57.9)
Growth (YoY %)	27.6	20.7	66.7		
VNB Margins (%)	17.3	15.4	25.7		
Change in Margins (bps)	191	144	692		

Source: Company, BOBCAPS Research

**Fig 6 – Coverage universe**

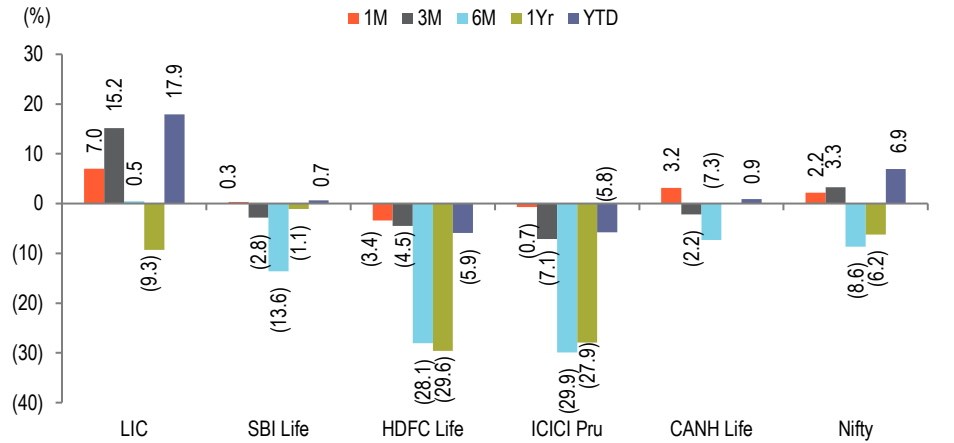
	Rating	CMP (Rs)	TP (Rs)	52 Week High (Rs)	52 Week Low (Rs)	Embedded Value (Rs bn)			P/EV (x)		
						FY26	FY27E	FY28E	FY26	FY27E	FY28E
Canara HSBC	BUY	142	166	159	106	72	87	104	1.9	1.6	1.3
HDFC Life	BUY	556	794	821	543	621	708	807	2.0	1.7	1.5
ICICI Pru	BUY	480	760	707	460	530	598	677	1.3	1.2	1.0
SBI Life	BUY	1,789	2,415	2,132	1,700	808	954	1,124	2.3	1.9	1.6
LIC	BUY	428	501	490	361	7,892	8,733	9,667	0.7	0.6	0.6

Source: Company, BOBCAPS Research | CMP as of 8<sup>th</sup> July 2026

## Healthy Price Movement

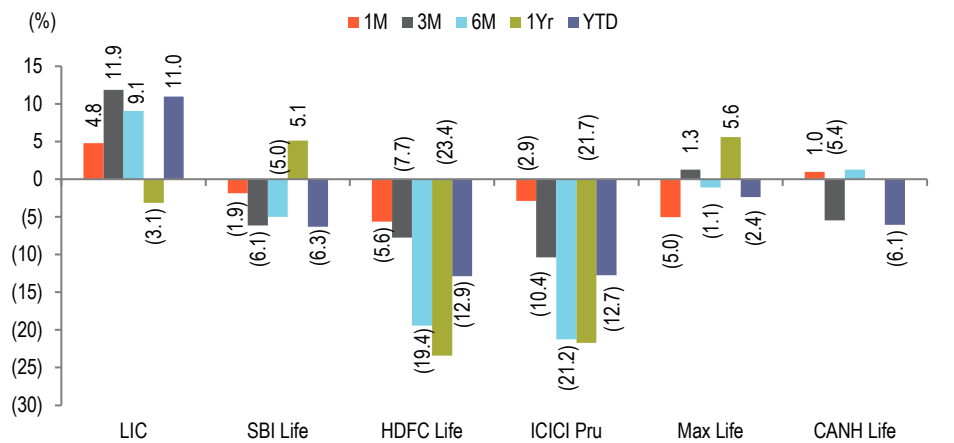
Life insurance stocks witnessed healthy absolute performance in the -6%-18% range, on YTD basis, reflecting an optimistic outlook.

**Fig 7 – Absolute performance**



Source: Company, BOBCAPS Research, CMP as of 8<sup>th</sup> July 2026

**Fig 8 – Relative performance**



Source: Company, BOBCAPS Research, CMP as of 8<sup>th</sup> July 2026

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**BUY** – Expected return >+15%

**HOLD** – Expected return from -6% to +15%

**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

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