

## INSURANCE

| Q3FY26 Preview

| 08 January 2026

**Better business growth, GST ITC impact to weigh on margins**

- For our coverage companies including LICI, APE is likely to witness healthy growth at 20% YoY in Q3FY26
- VNB margins for most of the players are expected to contract, except for IPru
- Our top picks are HDFC Life and LICI

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**Q3FY26 – business growth expected to be healthy:** Overall, life insurance companies under our coverage, including LICI, are expected to witness a stable ~11% YoY growth in the gross premium in Q3FY26. APE will likely grow healthy at ~20% YoY in Q3FY26, aided by LICI (APE to rise by ~29% YoY in Q3FY26, on a low base). The growth would primarily be aided by improved affordability following GST changes and normalisation of base effects, after implementation of revised surrender guidelines although the full impact is likely to be more visible in 2H. Private players are expected to deliver ~13% YoY growth. VNB margin for all the companies is likely to contract, except for ICICI Pru. However, VNB growth for our coverage is expected at 16% YoY in Q3FY26, a lower growth than APE growth, owing to the unavailability of GST input tax credit (ITC). This is likely to get partially offset by better product mix, cost optimisation and distributors commission rationalisation. Key things to be watched out would be the comments around the impact of GST changes, commission payouts, and growth strategy for FY27.

**HDFC Life:** HDFC Life is likely to see APE growth of ~13% YoY in Q3FY26 and 11% YoY in 9MFY26. Absolute VNB is expected to grow 5% YoY in Q3FY26 and 8% YoY 9MFY26. VNB margin will likely be at 24.2% in Q3FY26 vs 26.1% in Q3FY25 vs 24.1% in Q2FY26, aided by rider attachments and steady protection mix. The product mix is likely to be skewed towards traditional products. Gross premium income would grow by 15% YoY in Q3FY26.

**ICICI Pru Life:** ICICI Pru Life may see a soft quarter among private players with APE growth at 3% YoY in Q3FY26 and ~2% YoY decline in 9MFY26. VNB will likely rise by 7% YoY in Q3FY26 and 2% YoY in 9MFY26. VNB margin is likely to be at 21.9% in Q3FY26 vs 21.2% in Q3FY25 vs 24.4% in Q2FY26. Gross premium income is expected to grow at 11% YoY in Q3FY26.



**SBI Life:** SBI Life is expected to witness the highest APE growth amongst our private coverage universe of 17% YoY in Q3FY26 and 13% YoY in 9MFY26. VNB may grow at 17% YoY in Q3FY26 and 15% YoY in 9MFY26. VNB margin may be at 26.8% in Q3FY26 vs 26.9% in Q3FY25 vs 27.9% in Q2FY26. Gross premium income will likely grow at 17% YoY in Q3FY26.

**LICI:** LICI is expected to report healthy APE growth of 29% YoY in Q3FY26 and 10% YoY in 9MFY26. VNB growth is likely to grow at 23% YoY in Q3FY26 and 16% YoY in 9MFY26. VNB margin is likely to be at 18.5% in Q3FY26 vs. 19.4% in Q3FY25 vs. 19.3% in Q2FY26, owing to continued shift in the product mix towards non-par products.

**Top picks:** We remain constructive on HDFC Life and LICI, which continue to be our top picks. We believe that favourable changes, in terms of GST, are likely to drive volumes; thereby aiding premium growth momentum.

**Fig 1 – HDFC Life Q3FY26 estimates**

(Rs mn)	Q3FY26E	Q3FY25	Q2FY26	YoY (%)	QoQ (%)
Gross Premium	1,99,283	1,72,750	1,92,865	15.4	3.3
Growth (YoY %)	15.4	11.3	13.9		
APE	40,439	35,690	41,880	13.3	(3.4)
Growth (YoY %)	13.3	11.8	8.6		
VNB	9,767	9,300	10,090	5.0	(3.2)
Growth (YoY %)	5.0	8.6	7.6		
VNB Margins (%)	24.2	26.1	24.1		
Change in Margins (bps)	(191)	(77)	(22)		

Source: Company, BOBCAPS Research

**Fig 2 – ICICI Pru Q3FY26 estimates**

(Rs mn)	Q3FY26E	Q3FY25	Q2FY26	YoY (%)	QoQ (%)
Gross Premium	1,40,483	1,26,601	1,22,970	11.0	14.2
Growth (YoY %)	11.0	23.1	10.0		
APE	25,151	24,380	24,220	3.2	3.8
Growth (YoY %)	3.2	27.6	(3.2)		
VNB	5,520	5,170	5,920	6.8	(6.8)
Growth (YoY %)	6.8	18.6	1.0		
VNB Margins (%)	21.9	21.2	24.4		
Change in Margins (bps)	74	(169)	103		

Source: Company, BOBCAPS Research

**Fig 3 – SBI Life Q3FY26 estimates**

(Rs mn)	Q3FY26E	Q3FY25	Q2FY26	YoY (%)	QoQ (%)
Gross Premium	2,91,768	2,49,978	2,50,839	16.7	16.3
Growth (YoY %)	16.7	11.3	22.9		
APE	81,156	69,400	59,500	16.9	36.4
Growth (YoY %)	16.9	13.2	10.4		
VNB	21,786	18,700	16,600	16.5	31.2
Growth (YoY %)	16.5	11.3	14.5		
VNB Margins (%)	26.8	26.9	27.9		
Change in Margins (bps)	(10)	(46)	100		

Source: Company, BOBCAPS Research

**Fig 4 – LICI Q3FY26 estimates**

(Rs mn)	Q3FY26E	Q3FY25	Q2FY26	YoY (%)	QoQ (%)
Gross Premium	11,61,697	10,70,152	12,66,341	8.6	(8.3)
Growth (YoY %)	8.6	(8.7)	5.5		
APE	1,28,262	99,500	1,63,820	28.9	(21.7)
Growth (YoY %)	28.9	(24.4)	(0.5)		
VNB	23,742	19,260	31,670	23.3	(25.0)
Growth (YoY %)	23.3	(26.9)	7.7		
VNB Margins (%)	18.5	19.4	19.3		
Change in Margins (bps)	(85)	(65)	147		

Source: Company, BOBCAPS Research

**Fig 5 – Bajaj Finance Q3FY26 estimates**

(Rs mn)	Q3FY26E	Q3FY25	Q2FY26	YoY (%)	QoQ (%)
Net Interest Income	1,12,350	93,826	1,07,847	19.7	4.2
Growth (YoY %)	19.7	22.6	22.0		
Other Income	24,779	22,901	23,848	8.2	3.9
Growth (YoY %)	8.2	39.4	13.1		
Operating Expenses	45,012	38,670	42,959	16.4	4.8
Growth (YoY %)	16.4	22.5	18.1		
Pre-Provisioning Profit (PPoP)	92,118	78,057	88,736	18.0	3.8
Growth (YoY %)	18.0	27.1	21.4		
PAT	51,862	43,052	49,478	20.5	4.8
Growth (YoY %)	20.5	18.4	23.4		
AUM	48,12,974	39,80,430	46,22,610	20.9	4.1
Growth (YoY %)	20.9	28.0	23.6		
NIMs (%)	9.5	9.7	9.5		
Change in NIMs (bps)	(20)	(46)	(16)		

Source: Company, BOBCAPS Research

**Fig 6 – Coverage universe valuations**

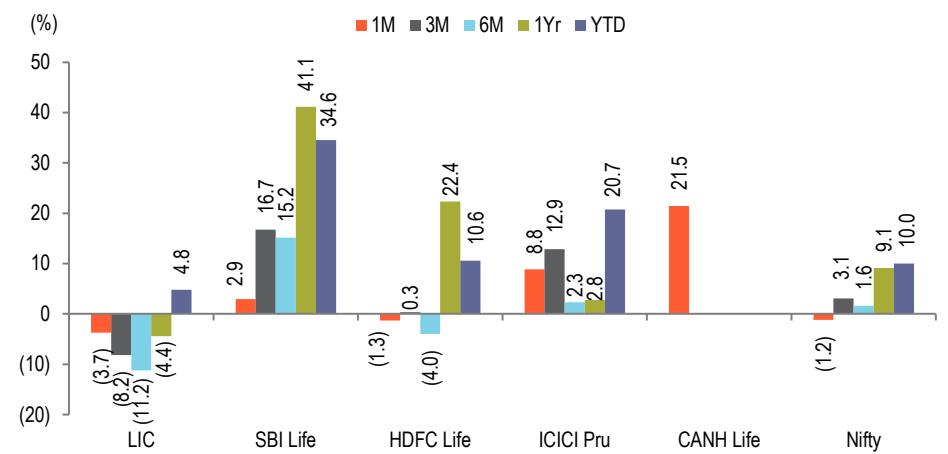
Rating	CMP (Rs)	TP (Rs)	M Cap (Rs bn)	Embedded Value (Rs bn)			P/EV (x)			RoEV (%)			
				FY25A	FY26E	FY27E	FY25A	FY26E	FY27E	FY25A	FY26E	FY27E	
HDFC Life	BUY	758	933	1,640	554	639	738	2.9	2.6	2.2	16.7	16.1	16.2
ICICI Pru	BUY	681	736	990	480	544	619	2.1	1.8	1.6	13.0	13.7	13.9
SBI Life	BUY	2,083	2,217	2,088	703	827	972	3.0	2.5	2.1	20.2	17.4	17.2
LIC	BUY	838	1,120	5,297	7,769	8,588	9,479	0.7	0.6	0.6	7.3	10.9	10.8

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

## Healthy price movement

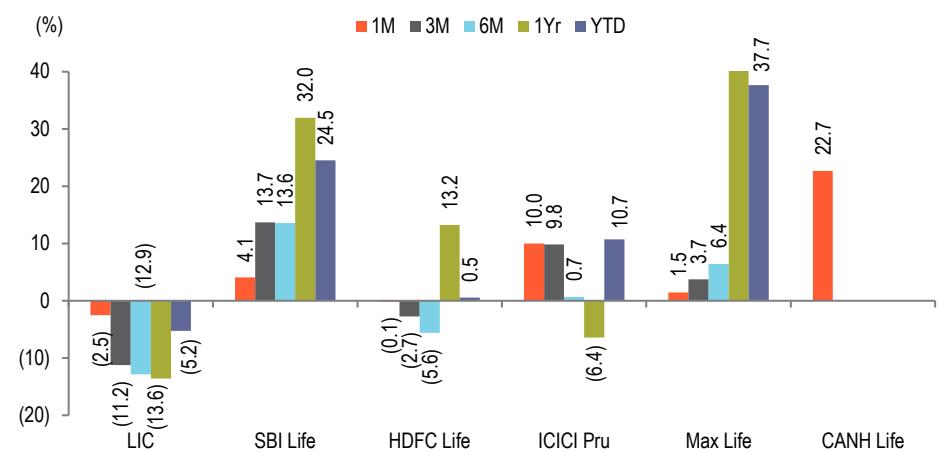
Life insurance stocks witnessed healthy absolute performance in the 5-35% range on YTD basis, reflecting an optimistic outlook.

**Fig 7 – Absolute performance**



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

**Fig 8 – Relative performance**



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

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