

Refer to important disclosures at the end of this report

# Insurance tracker May'21 – Weak performance across companies

The insurance industry reported weak yoy growth in May'21 even on a low base from last year as the second wave of Covid-19 and consequent lockdowns impacted sales of insurance companies across the country. Retail NBP for the industry witnessed a decline of ~9% yoy, while total NBP recorded a decline of ~6% yoy. Retail APE for the industry declined ~9% yoy, while total APE declined ~29% yoy.

- For private players, the trend in retail sales remained better compared with group policy sales as Retail APE for private players grew ~5% yoy vs. ~90% growth in Apr'21. Group APE declined ~33% yoy vs. ~47% growth in Apr'21.
- On the basis of total APE, the share of private players decreased to ~50% from ~60% in Apr'21. The share of retail APE stood at ~56% vs. ~60% in Apr'21, while the share of group APE stood at ~32% vs. ~59% in Apr'21.
- HDFCL:** HDFCL reported ~26.7% yoy growth in APE in May'21 to Rs4.2bn with retail APE reporting a rise of ~17% yoy to Rs3.6bn. NBP at Rs9.3bn grew ~47% yoy, mainly supported by a surge in group sales by ~118.7% yoy, while retail NBP grew ~18% yoy. Interestingly, the retail ticket size on APE basis was ~54% higher yoy during May'21 as the company has witnessed significant price hikes in H2FY21.
- IPRU:** IPRU reported a decline of ~38% yoy in APE to Rs3.7bn in May'21 even on a low base from last year. Retail APE grew ~28% yoy to Rs2.4bn; however, group APE declined ~69% yoy to Rs1.3bn. NBP at Rs6.5bn declined ~4% yoy, dragged down by ~43% yoy decline in group NBP. Policy sales declined ~14% yoy, while the retail APE ticket size grew ~47% yoy which was similar to HDFCL.
- MAXL:** MAXL reported APE growth of ~11% yoy to Rs1.9bn. Retail APE grew ~12% yoy to Rs1.8bn. NBP grew ~25% yoy to Rs2.9bn. Policy sales declined ~28% yoy, while the retail APE ticket size increased ~57% yoy.
- SBIL:** SBIL reported ~2% yoy growth in NBP to Rs6.5bn, mainly backed by group NBP, which grew ~3% yoy to Rs2.6bn. APE declined ~8% yoy to Rs3.2bn. Policy sales rose ~10% yoy, while the retail APE ticket size declined ~4% yoy.
- LIC:** LIC has reported ~43% yoy decline in APE. Retail APE declined ~22% yoy to Rs13.9bn. NBP declined ~12% yoy to Rs89.5bn. Policy sales declined ~12% yoy, while the retail APE ticket size declined 11% yoy.

We expect the trend to witness an improvement from Jun'21 due to gradual reopening of major cities across states with the base-effect advantage of last year remaining intact.

Please see our sector model portfolio (Emkay Alpha Portfolio): [BFSI-Insurance \(Page 7\)](#)

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## Financial Snapshot

	EVPS (Rs)			ROEV (%)			P/EV		
	FY21E	FY23E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
HDFC Life*	132	158	187	18.9	17.5	16.9	5.2	4.3	3.6
ICI Pru Life*	203	229	257	15.2	13.6	13.3	2.9	2.5	2.3
Max Financial	607	712	838	21.3	21.2	21.1	2.2	1.9	1.6
SBI Life*	334	383	441	16.7	15.7	15.9	3.0	2.2	1.9

Source: Company, Emkay Research, \*FY21 is based on actual

## Story in Charts

**Exhibit 1: Retail APE (Rs mn)**

	May-21	May-20	yoy %	Apr-21	mom%
HDFCL	3,611	3,096	17%	3,743	-4%
IPRU	2,446	1,915	28%	2,562	-5%
MAXL	1,806	1,606	12%	2,347	-23%
SBIL	2,855	3,023	-6%	3,819	-25%
Private	17,812	16,968	5%	19,975	-11%
LIC	13,858	17,810	-22%	13,345	4%
<b>Total</b>	<b>31,670</b>	<b>34,778</b>	<b>-9%</b>	<b>33,319</b>	<b>-5%</b>

Source: Industry Data, Emkay Research

**Exhibit 2: APE (Rs mn)**

	May-21	May-20	yoy %	Apr-21	mom%
HDFCL	4,221	3,331	27%	4,632	-9%
IPRU	3,708	5,960	-38%	3,303	12%
MAXL	1,860	1,680	11%	2,397	-22%
SBIL	3,208	3,490	-8%	4,470	-28%
Private	21,773	22,904	-5%	24,566	-11%
LIC	22,175	39,237	-43%	16,572	34%
<b>Total</b>	<b>43,949</b>	<b>62,141</b>	<b>-29%</b>	<b>41,138</b>	<b>7%</b>

Source: Industry Data, Emkay Research

**Exhibit 3: Retail NBP (Rs mn)**

	May-21	May-20	yoy %	Apr-21	mom%
HDFCL	5,368	4,555	18%	5,475	-2%
IPRU	4,115	2,554	61%	4,209	-2%
MAXL	2,573	2,253	14%	2,972	-13%
SBIL	3,862	3,828	1%	5,029	-23%
Private	24,381	22,217	10%	26,537	-8%
LIC	21,160	27,950	-24%	22,081	-4%
<b>Total</b>	<b>45,541</b>	<b>50,168</b>	<b>-9%</b>	<b>48,618</b>	<b>-6%</b>

Source: Industry Data, Emkay Research

**Exhibit 4: NBP (Rs mn)**

	May-21	May-20	yoy %	Apr-21	mom%
HDFCL	9,350	6,376	47%	11,939	-22%
IPRU	6,521	6,787	-4%	6,433	1%
MAXL	2,921	2,336	25%	3,475	-16%
SBIL	6,484	6,385	2%	9,284	-30%
Private	40,293	35,275	14%	48,820	-17%
LIC	89,476	102,115	-12%	48,568	84%
<b>Total</b>	<b>129,770</b>	<b>137,390</b>	<b>-6%</b>	<b>97,388</b>	<b>33%</b>

Source: Industry Data, Emkay Research

**Exhibit 5: Ticket size - based on retail APE (in Rs)**

	May-21	May-20	yoy %	Apr-21	mom%
HDFCL	71,274	46,313	54%	80,088	-11%
IPRU	72,349	49,071	47%	70,187	3%
MAXL	61,787	39,469	57%	77,077	-20%
SBIL	50,578	52,921	-4%	58,377	-13%
Private	58,602	43,801	34%	65,826	-11%
LIC	25,152	28,377	-11%	18,854	33%
<b>Total</b>	<b>37,187</b>	<b>34,375</b>	<b>8%</b>	<b>33,331</b>	<b>12%</b>

Source: Industry Data, Emkay Research

**Exhibit 6: Total policies sold**

	May-21	May-20	yoy %	Apr-21	mom%
HDFCL	50,257	65,391	-23%	46,584	8%
IPRU	33,180	38,699	-14%	36,265	-9%
MAXL	28,180	39,017	-28%	29,850	-6%
SBIL	62,896	57,262	10%	67,634	-7%
Private	307,369	381,991	-20%	304,748	1%
LIC	553,087	626,182	-12%	692,185	-20%
<b>Total</b>	<b>860,456</b>	<b>1,008,173</b>	<b>-15%</b>	<b>996,933</b>	<b>-14%</b>

Source: Company

**Exhibit 7: Market share on APE**

	May-21	May-20	yoy (bps)	Apr-21	mom (bps)
HDFCL	9.6%	5.4%	424	11.3%	(166)
IPRU	8.4%	9.6%	(115)	8.0%	41
MAXL	4.2%	2.7%	153	5.8%	(159)
SBIL	7.3%	5.6%	168	10.9%	(357)
Private	49.5%	36.9%	1,268	59.7%	(1,017)
LIC	50.5%	63.1%	(1,268)	40.3%	1,017
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-</b>	<b>100.0%</b>	<b>-</b>

Source: Industry Data, Emkay Research

**Exhibit 8: Market share on NBP**

	May-21	May-20	yoy (bps)	Apr-21	mom (bps)
HDFCL	7.2%	4.6%	256	12.3%	(505)
IPRU	5.0%	4.9%	8	6.6%	(158)
MAXL	2.3%	1.7%	55	3.6%	(132)
SBIL	5.0%	4.6%	35	9.5%	(454)
Private	31.0%	25.7%	537	50.1%	(1,908)
LIC	69.0%	74.3%	(538)	49.9%	1,908
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-</b>	<b>100.0%</b>	<b>-</b>

Source: Industry Data, Emkay Research

Exhibit 9: APE growth trend (Rs mn)

	May-21	May-20	yoy %	YTD22	YTD21	yoy %
Aegon Life	25	45	-46%	61	82	-26%
Aviva Life	64	110	-42%	197	293	-33%
Bajaj Allianz Life	1,559	1,090	43%	3,641	2,243	62%
Bharti Axa Life	313	294	6%	572	527	9%
Birla Sun Life	967	1,124	-14%	1,713	1,900	-10%
Canara HSBC OBC Life	474	427	11%	952	559	70%
DHHL Pramerica Life	106	107	-1%	237	227	5%
Edelweiss Tokio Life	151	181	-17%	323	331	-2%
Exide Life	405	282	43%	667	470	42%
Future Generali Life	313	224	40%	552	342	61%
<b>HDFC Life</b>	<b>4,221</b>	<b>3,331</b>	<b>27%</b>	<b>8,852</b>	<b>5,710</b>	<b>55%</b>
<b>ICICI Prudential Life</b>	<b>3,708</b>	<b>5,960</b>	<b>-38%</b>	<b>7,010</b>	<b>7,803</b>	<b>-10%</b>
IDBI Federal Life	103	57	82%	237	84	181%
IndiaFirst Life	363	247	47%	908	381	139%
Kotak Mahindra Life	761	1,081	-30%	1,795	1,752	2%
<b>Max Life</b>	<b>1,860</b>	<b>1,680</b>	<b>11%</b>	<b>4,257</b>	<b>2,866</b>	<b>49%</b>
PNB Met Life	709	633	12%	1,356	1,018	33%
Reliance Life	436	533	-18%	1,066	855	25%
<b>SBI Life</b>	<b>3,208</b>	<b>3,490</b>	<b>-8%</b>	<b>7,678</b>	<b>5,564</b>	<b>38%</b>
Shriram Life	291	174	67%	557	271	105%
Star Union Dai-Ichi Life	214	178	20%	718	225	219%
Tata AIA Life	1,524	1,654	-8%	2,988	3,060	-2%
<b>Private Total</b>	<b>21,773</b>	<b>22,904</b>	<b>-5%</b>	<b>46,339</b>	<b>36,565</b>	<b>27%</b>
<b>LIC</b>	<b>22,175</b>	<b>39,237</b>	<b>-43%</b>	<b>38,747</b>	<b>54,217</b>	<b>-29%</b>
<b>Total</b>	<b>43,949</b>	<b>62,141</b>	<b>-29%</b>	<b>85,086</b>	<b>90,782</b>	<b>-6%</b>

Source: Industry Data, Emkay Research

Exhibit 10: NBP growth trend (Rs mn)

	May-21	May-20	yoy %	YTD22	YTD21	yoy %
Aegon Life	25	46	-46%	61	83	-27%
Aviva Life	68	119	-43%	206	309	-33%
Bajaj Allianz Life	2,564	1,756	46%	6,810	4,897	39%
Bharti Axa Life	426	334	28%	845	630	34%
Birla Sun Life	2,016	1,507	34%	3,296	4,124	-20%
Canara HSBC OBC Life	1,603	2,368	-32%	3,746	2,639	42%
DHHL Pramerica Life	135	122	10%	359	229	56%
Edelweiss Tokio Life	175	188	-7%	377	353	7%
Exide Life	531	318	67%	879	570	54%
Future Generali Life	322	226	43%	608	333	83%
<b>HDFC Life</b>	<b>9,350</b>	<b>6,376</b>	<b>47%</b>	<b>21,289</b>	<b>13,065</b>	<b>63%</b>
<b>ICICI Prudential Life</b>	<b>6,521</b>	<b>6,787</b>	<b>-4%</b>	<b>12,953</b>	<b>9,349</b>	<b>39%</b>
IDBI Federal Life	274	175	57%	574	244	136%
IndiaFirst Life	1,299	733	77%	2,621	1,060	147%
Kotak Mahindra Life	1,688	1,578	7%	4,241	2,791	52%
<b>Max Life</b>	<b>2,921</b>	<b>2,336</b>	<b>25%</b>	<b>6,396</b>	<b>4,054</b>	<b>58%</b>
PNB Met Life	951	701	36%	1,850	1,139	62%
Reliance Life	462	553	-17%	1,130	893	27%
<b>SBI Life</b>	<b>6,484</b>	<b>6,385</b>	<b>2%</b>	<b>15,768</b>	<b>15,559</b>	<b>1%</b>
Shriram Life	406	199	104%	791	337	135%
Star Union Dai-Ichi Life	337	250	35%	932	316	195%
Tata AIA Life	1,735	2,218	-22%	3,380	3,762	-10%
<b>Private Total</b>	<b>40,293</b>	<b>35,275</b>	<b>14%</b>	<b>89,114</b>	<b>66,736</b>	<b>34%</b>
<b>LIC</b>	<b>89,476</b>	<b>102,115</b>	<b>-12%</b>	<b>138,044</b>	<b>137,932</b>	<b>0%</b>
<b>Total</b>	<b>129,770</b>	<b>137,390</b>	<b>-6%</b>	<b>227,158</b>	<b>204,668</b>	<b>11%</b>

Source: Industry Data, Emkay Research

**Exhibit 11: Glossary**

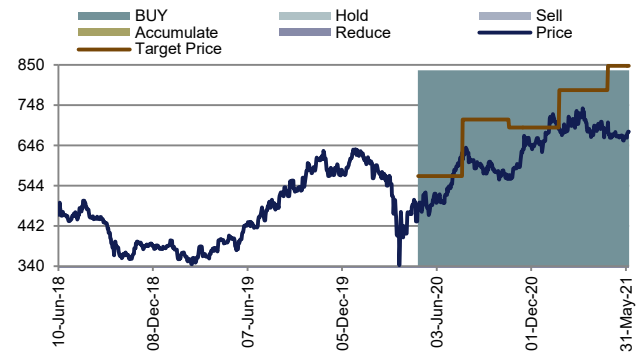
Term	Abbreviation	Description
Annualized Premium Equivalent	APE	APE is the sum of annualized first year premiums on regular premium policies and 10% of single premiums on the new business written during any period.
Bancassurance	Banca	An arrangement entered into by an insurance company with banks through which the bank sells or markets insurance products of the insurance company to the bank's clients
Embedded value	EV	It represents the present value of shareholders' interests in the earnings distributable from the assets allocated to the business after sufficient allowance for the aggregate risks in the business. It is the sum of retained earnings, invested capital and value in force (VIF). It is the value of company's existing business.
Embedded value operating profit	EVOP	EVOP is a measure of the increase in the EV during any given period due to matters that can be influenced by management. It includes value created due to writing off new business and positive operating variance due to better persistency and mortality experience, better expense efficiencies. It excludes changes in EV due to external factors like changes in economic variables and shareholder-related actions like capital injection or dividend pay-outs.
Operating return on embedded value	ROEV	Operating Return on EV is the ratio of EVOP for any given period to the EV at the beginning of that period.
First Year Premium	FYP	Insurance premium that is due in the first policy year of a life insurance contract
In-Force	-	An insurance policy or contract, reflected on records, which has not expired, matured or otherwise been surrendered or terminated.
Insurance Penetration	-	It is the insurance premium as % of GDP for any given period.
Morbidity Rate	-	It is an estimate of the number of persons that are expected to suffer a disease, illness, injury, or sickness and could vary by age or other factor such as occupation, health etc.
Mortality Charges	-	The risk charges that are deducted from the unit fund of a policy to provide for the mortality benefit to the policyholder.
Mortality Rate	-	An estimate of number of deaths, varying by such parameters as age, gender and health, used in pricing and computing policy liabilities.
New Business Premium	NBP	Insurance premium, which is due in the first policy year of a life insurance contract or single lump sum payment from the policyholder.
New business strain	NBS	New business strain arises when the premium paid at the commencement of a contract is not sufficient to cover the initial expenses, including acquisition costs and any mathematical reserve that a company needs to set up at that point.
Participating Product	-	A life insurance policy where the policyholder is entitled to share the surplus emerging in participating fund. The current minimum share that the policyholders are entitled to, as per the IRDAI regulations, is 90%.
Persistency Ratio	-	It can be measured in terms of number of policies or in terms of premium underwritten. It is in proportion of the business retained from business underwritten E.g. 49th Month persistency at 65% will mean that only 65 policies are in force today out of 100 policies sold 4 years back.
Value of New Business	VNB	VNB is the present value of expected future earnings from new policies written during a specified period and it reflects the additional value to the shareholders - expected to be generated through the activity of writing new policies during a specified period.
Value of new business margin	VNB margin	VNB margin is the ratio of VNB to New Business APE for a specified period and is a measure of the expected profitability of new business.
Solvency Ratio	-	It is the minimum amount of required capital to run insurance business smoothly. In India, it is set at 150% of the requirement by IRDAI.
Sum Assured	SA	The amount that an insurer agrees to pay on the occurrence of a stated contingency.

Source: DRHP, Industry data, Emkay Research

**HDFC Life**  
**RECOMMENDATION HISTORY TABLE**

Date	Closing Price	TP	Period (months)	Rating	Analyst
26-Apr-21	704	848	12m	Buy	Jignesh Shial
20-Apr-21	685	786	12m	Buy	Jignesh Shial
09-Mar-21	740	786	12m	Buy	Jignesh Shial
09-Feb-21	705	786	12m	Buy	Jignesh Shial
23-Jan-21	687	786	12m	Buy	Jignesh Shial
09-Jan-21	717	691	12m	Buy	Jignesh Shial
09-Dec-20	653	691	12m	Buy	Jignesh Shial
19-Oct-20	571	691	12m	Buy	Jignesh Shial
09-Sep-20	586	712	12m	Buy	Jignesh Shial
09-Aug-20	607	712	12m	Buy	Jignesh Shial
22-Jul-20	610	712	12m	Buy	Jignesh Shial
01-Jul-20	550	568	12m	Buy	Jignesh Shial
11-May-20	525	568	12m	Buy	Jignesh Shial
28-Apr-20	486	568	12m	Buy	Jignesh Shial

Source: Company, Emkay Research

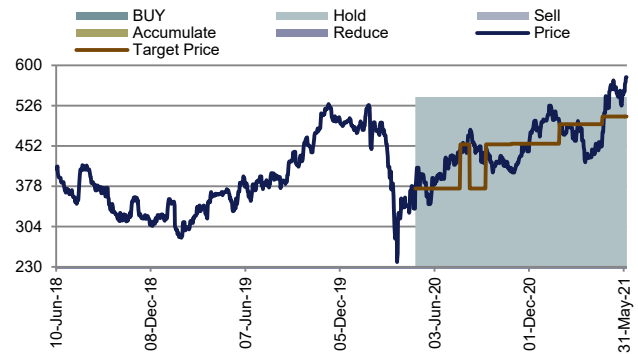
**RECOMMENDATION HISTORY CHART**


Source: Bloomberg, Company, Emkay Research

**ICICI Pru Life**  
**RECOMMENDATION HISTORY TABLE**

Date	Closing Price	TP	Period (months)	Rating	Analyst
20-Apr-21	478	506	12m	Hold	Jignesh Shial
09-Mar-21	486	492	12m	Hold	Jignesh Shial
09-Feb-21	477	492	12m	Hold	Jignesh Shial
28-Jan-21	491	492	12m	Hold	Jignesh Shial
09-Jan-21	526	456	12m	Hold	Jignesh Shial
09-Dec-20	487	456	12m	Hold	Jignesh Shial
28-Oct-20	409	456	12m	Hold	Jignesh Shial
09-Sep-20	434	455	12m	Hold	Jignesh Shial
09-Aug-20	470	374	12m	Hold	Jignesh Shial
22-Jul-20	442	455	12m	Hold	Jignesh Shial
01-Jul-20	420	374	12m	Hold	Jignesh Shial
11-Jun-20	395	374	12m	Hold	Jignesh Shial
27-Apr-20	378	374	12m	Hold	Jignesh Shial

Source: Company, Emkay Research

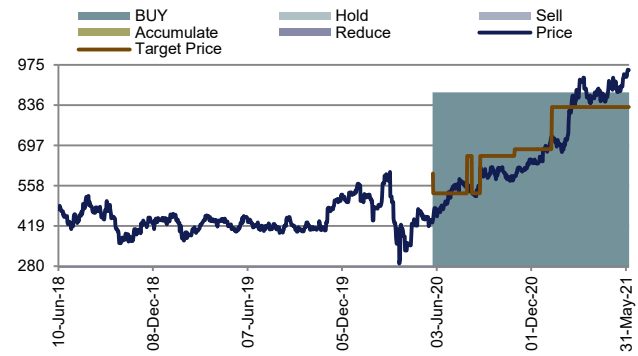
**RECOMMENDATION HISTORY CHART**


Source: Bloomberg, Company, Emkay Research

**Max Financial**  
**RECOMMENDATION HISTORY TABLE**

Date	Closing Price	TP	Period (months)	Rating	Analyst
20-Apr-21	848	830	12m	Buy	Jignesh Shial
09-Mar-21	915	830	12m	Buy	Jignesh Shial
09-Feb-21	738	830	12m	Buy	Jignesh Shial
09-Jan-21	727	830	12m	Buy	Jignesh Shial
09-Dec-20	636	684	12m	Buy	Jignesh Shial
30-Oct-20	591	684	12m	Buy	Jignesh Shial
09-Sep-20	594	660	12m	Buy	Jignesh Shial
25-Aug-20	620	660	12m	Buy	Jignesh Shial
09-Aug-20	536	531	12m	Buy	Jignesh Shial
31-Jul-20	558	660	12m	Buy	Jignesh Shial
01-Jul-20	537	531	12m	Buy	Jignesh Shial
11-Jun-20	476	531	12m	Buy	Jignesh Shial
27-May-20	444	531	12m	Buy	Jignesh Shial
26-May-20	438	600	12m	Buy	Jignesh Shial

Source: Company, Emkay Research

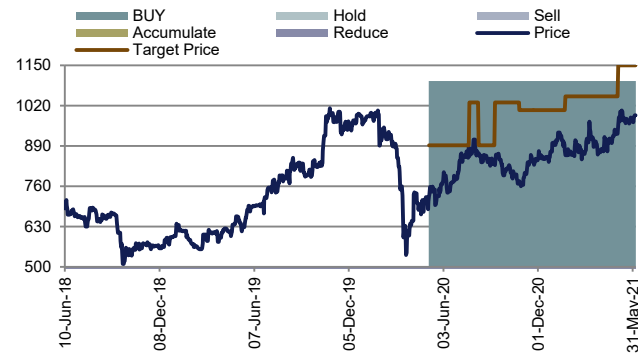
**RECOMMENDATION HISTORY CHART**


Source: Bloomberg, Company, Emkay Research

**SBI Life**  
**RECOMMENDATION HISTORY TABLE**

Date	Closing Price	TP	Period (months)	Rating	Analyst
03-May-21	959	1,150	12m	Buy	Jignesh Shial
20-Apr-21	899	1,050	12m	Buy	Jignesh Shial
09-Mar-21	969	1,050	12m	Buy	Jignesh Shial
09-Feb-21	886	1,050	12m	Buy	Jignesh Shial
22-Jan-21	860	1,050	12m	Buy	Jignesh Shial
09-Jan-21	933	1,006	12m	Buy	Jignesh Shial
09-Dec-20	856	1,006	12m	Buy	Jignesh Shial
26-Oct-20	777	1,006	12m	Buy	Jignesh Shial
09-Sep-20	828	1,030	12m	Buy	Jignesh Shial
09-Aug-20	866	892	12m	Buy	Jignesh Shial
22-Jul-20	857	1,030	12m	Buy	Jignesh Shial
01-Jul-20	803	892	12m	Buy	Jignesh Shial
11-Jun-20	739	892	12m	Buy	Jignesh Shial
06-May-20	729	892	12m	Buy	Jignesh Shial

Source: Company, Emkay Research

**RECOMMENDATION HISTORY CHART**


Source: Bloomberg, Company, Emkay Research

## Emkay Alpha Portfolio – BFSI-Insurance



### Analyst: Jignesh Shial

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#### Sector

NBFCs/AFCs

#### Analyst bio

Jignesh Shial is a CA and has total 13 years of research experience. His team currently covers 11 NBFCs/AFCs.

### EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
<b>BFSI-Insurance</b>	<b>1.52</b>	<b>1.52</b>	<b>0%</b>	<b>0</b>	<b>100.00</b>
HDFC Life	0.60	0.60	0%	0	39.27
ICICI Pru Life	0.25	0.25	-1%	0	16.37
Max Financial	0.25	0.25	0%	0	16.18
SBI Life	0.43	0.43	0%	0	28.18
<b>Cash</b>	<b>0.00</b>	<b>0.00</b>	<b>NA</b>	<b>0</b>	<b>0.00</b>

Source: Emkay Research

\* Not under coverage: Equal Weight

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

### Sector portfolio NAV

	Base					Latest
	1-Apr-19	8-Jun-20	7-Dec-20	8-Mar-21	7-May-21	7-Jun-21
EAP - BFSI-Insurance	100.0	121.3	146.0	163.3	165.9	168.9
BSE200 Neutral Weighted Portfolio (ETF)	100.0	122.0	146.9	163.9	166.8	169.9

\*Performance measurement base date 1<sup>st</sup> April 2019

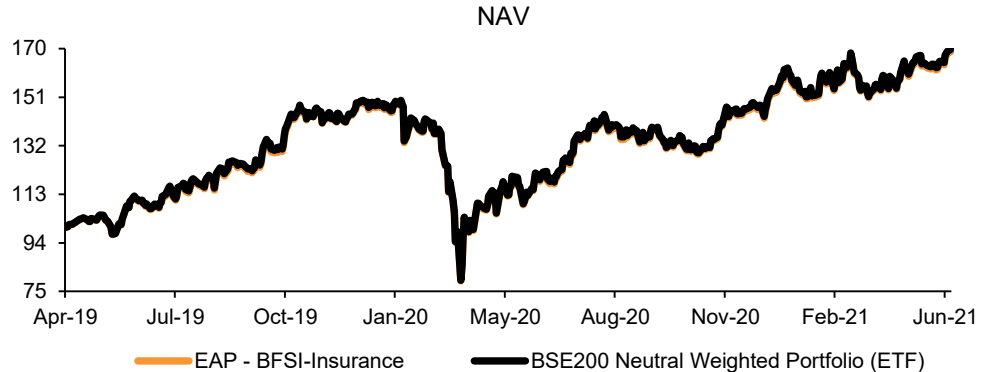
Source: Emkay Research

### Price Performance (%)

	1m	3m	6m	12m
EAP - BFSI-Insurance	1.8%	3.4%	15.7%	39.3%
BSE200 Neutral Weighted Portfolio (ETF)	1.8%	3.6%	15.6%	39.2%

Source: Emkay Research

### NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”

## Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 08 Jun 2021 19:04:52 (SGT)

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