

ICICI Prudential Life Insurance | BUY



Analyst Meet Takeaways: VNB Growth through customer centricity

We attended ICICI Prudential Life's Analyst Meet, where the insurer reiterated its focus on 4P (Premium growth, Protection, Persistency & Productivity) strategy through a newly introduced 3C framework, with customer centricity at the core. After margin-led doubling of VNB over FY19-FY23, the company has articulated a focus on growing above industry, and achieved above industry growth since 3Q24. Its YTD performance is impressive at 40.9% YoY growth in individual APE and 20.3% on a two-year CAGR. It has achieved this through a comprehensive product suite – including innovative products with 100% returns on surrenders (GPP Flexi with Benefit Enhancer) and trail based commissions (IPRU Platinum ULIPs). Meanwhile, while VNB margins have come off ([Exhibit 9](#)), we expect the company to report QoQ margin expansion from 3Q25 onwards, just as base catches up on YoY growth. On regulatory environment, while the company remained non-committal on entering non-life business, if regulations permit, it expressed confidence in release of capital from Risk-Based Capital regime, once notified by IRDAI. We continue to value the company at 2.2x FY26e EV of INR 567.5bn, for an unchanged Target Price of INR 850. Maintain BUY.

- Introduced 3C framework to drive 4P strategy:** IPRU introduced the 4P strategy in FY19 – wherein it focused on premium growth, protection, persistency and productivity for VNB growth. Over FY19-FY23, it doubled its VNB (20% CAGR), through improvement in margins (17.0% to 32.0%). Its premium grew at a 2.6% CAGR (against 11.8% for industry), grew protection at an impressive 20% CAGR and saw its persistency become best-in-class across cohorts ([Exhibit 2](#)). In FY23, it adopted a 4D framework to enable the 4P strategy – Data analytics, Diversified propositions, Digitalisation and Depth in partnerships. Today, it introduced a 3C framework - Customer centricity at the core, through Competency (comprehensive product suite, diversified distribution and operational efficiency) and Catalysts (People, Tech and Analytics). With this framework, the insurer seeks to balance business growth, profitability and risk & prudence, and consistently above industry growth.
- Regulatory environment – Surrender charges, IFRS/RBC regime & comprehensive licences:** With variants offering trail-based commissions and 100% payments on surrenders already in market, the insurer reiterated that it will be able to pass on VNB margins impact through tweaking payout structures. It has already been preparing IFRS statements, and expects substantial capital release once a Risk Based Capital regime is implemented. On composite licences, the company reiterated that its entry into general insurance products was a call to be taken by ICICI Bank and its JV partners.
- Valuation and view:** At CMP, the stock trades at 2.3/2.0x FY25/FY26e EV, at a discount to HDFC Life and SBI Life, which are strongly supported by their parent banca channels. While the insurer has done well to diversify its channel mix (its parent banca contributes <15% of its individual APE compared to 63%/51% for SBI Life/HDFC Life), its product mix remains ULIP-heavy, exposing it to growth challenges if the natural demand for the product comes off. We continue to value the company at 2.2x FY26e EV of INR 567.5bn, to get an unchanged Target Price of INR 850. Maintain BUY.

Financial Summary

INR bn	FY22	FY23	FY24	FY25E	FY26E
Total APE	77.3	86.4	90.5	109.8	125.5
Growth YoY (%)	19.7%	11.7%	4.7%	21.4%	14.3%
Individual APE	65.5	71.6	76.8	94.9	108.9
Opex + Commissions	53.5	64.5	78.5	77.1	81.3
VNB	21.6	27.7	22.3	27.4	32.3
Growth YoY (%)	33.4%	27.8%	-19.5%	23.2%	17.7%
VNB margins	28.0%	32.0%	24.6%	25.0%	25.7%
Core EVOP (%)	14.6%	17.3%	14.9%	15.1%	14.4%
P/EVx	3.4	3.1	2.6	2.3	2.0

Source: Company, JM Financial

Raghvesh
raghvesh@jmfl.com | Tel: (91 22) 66303099

Shreyas Pimple
shreyas.pimple@jmfl.com | Tel: (91 22) 66301881

Sameer Bhise
sameer.bhise@jmfl.com | Tel: (91 22) 66303489

Mayank Mistry
mayank.mistry@jmfl.com | Tel: (91 22) 62241877

Gayathri Shivaram
gayathri.shivaram@jmfl.com | Tel: (91 22) 66301889

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	850
Upside/(Downside)	12.4%
Previous Price Target	850
Change	0.0%

Key Data – IPRU IN

Current Market Price	INR756
Market cap (bn)	INR1,091.3/US\$13.0
Free Float	25%
Shares in issue (mn)	1,435.5
Diluted share (mn)	
3-mon avg daily val (mn)	INR1,327.1/US\$15.8
52-week range	773/463
Sensex/Nifty	82,963/25,389
INR/US\$	84.0

Price Performance

%	1M	6M	12M
Absolute	3.7	25.8	36.3
Relative*	-1.3	10.4	10.8

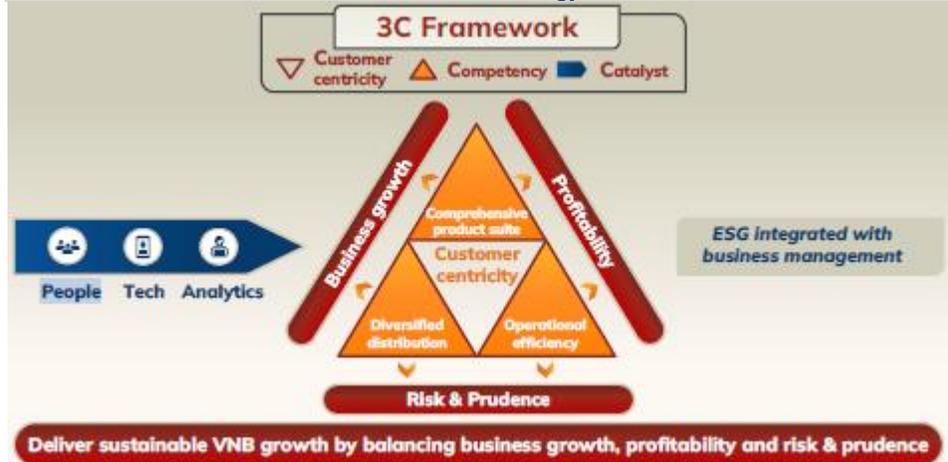
* To the BSE Sensex

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Elements of the 3C framework

Exhibit 1. 3C Framework introduced to drive 4P strategy



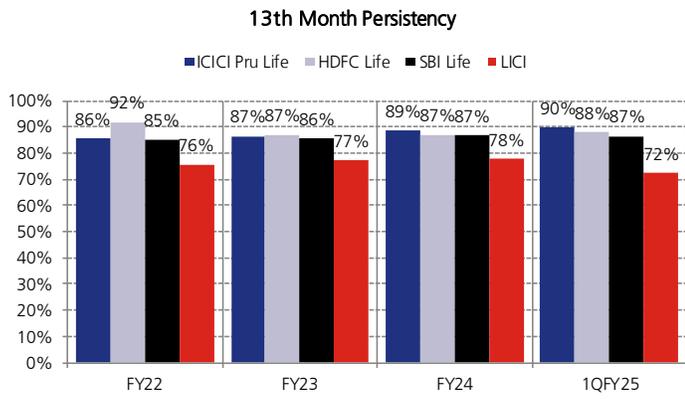
Source: Company

- **Customer centricity remains at the core:** Since Dec'23, the company has innovated with industry first offerings – the GPP Flexi with Benefit Enhancer, an annuity product which returns 100% of premiums on surrender, and ICICI Pru Platinum ULIPs, which works with a trail-based commission structure – before updated product regulations kick in from 1st Oct'24, staying ahead of industry.

The company highlighted two aspects,

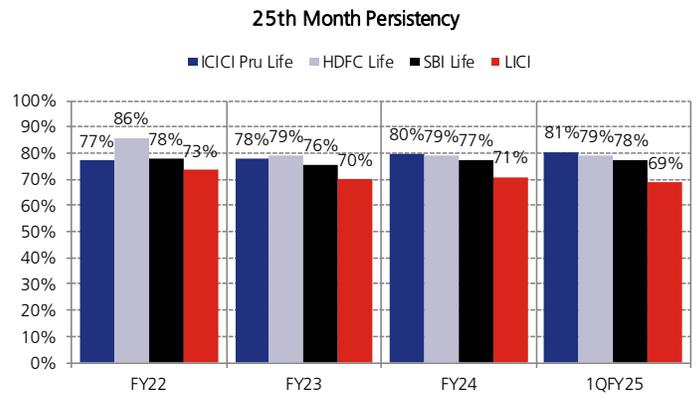
- **Right product for the right customer:** It identified 10 personas based on age and income levels, to guide frontline salespeople on the right product fit – which helps improve productivity and persistency, and curbs mis-selling, through data analytics.
- **Claims for sure:** The company's Claim Settlement Ratio to an impressive 99.35% in 1Q25, along with an average settlement time of 1.2 days, which has reflected in industry leading NPS score of 63.
- **Competency:** The insurer highlighted its competency through three key aspects,
 - **Comprehensive product suite:** The company has taken the lead in launching product variants with 100% returns on surrenders (GPP Flexi with Benefit Enhancer) and trail based commissions (IPRU Platinum ULIPs).
 - **Diversified distribution:** Exhibit 7 highlights the fruits of the insurer's forced efforts to reduce dependence on dominant partners – banca, agency and other contributed 30%-35% to its individual APE in 1Q25.
 - **Operational efficiency:** The company highlighted innovative products, including digital onboarding processes, Partners app, advisor platform, etc. to drive efficiency.
- **Catalyst:** People, Tech and Analytics are the three key catalysts which enables the company to build competency, and deliver customer value.
 - **People:** The company has taken the lead in launching product variants with 100% returns on surrenders (GPP Flexi with Benefit Enhancer) and trail based commissions (IPRU Platinum ULIPs).
 - **Tech:** Tech platforms aimed at enhancing customer experience and supporting sales & distribution through the stages of pre-sales, onboarding & issuance and partner integration.
 - **Analytics:** Analytics is embedded into developing competency and customer centricity, as AI/ML and traditional tools enable the company to better understand its customers and satisfy their needs by identifying the right distribution and seamless processing.

Exhibit 2. 13th month persistency: IPRU stands out compared to peers



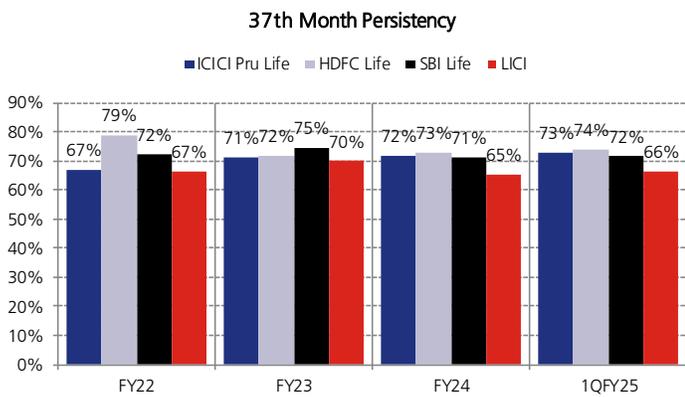
Source: Company, JM Financial

Exhibit 3. 25th month persistency: IPRU>HDFC Life>SBI Life>LIC



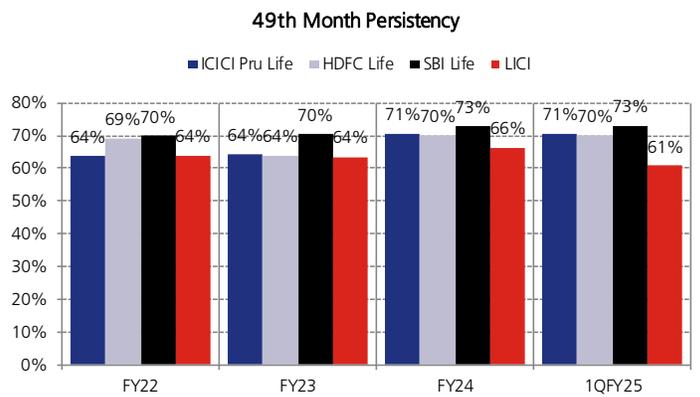
Source: Company, JM Financial

Exhibit 4. 37th month persistency: 6pps improvement since FY22



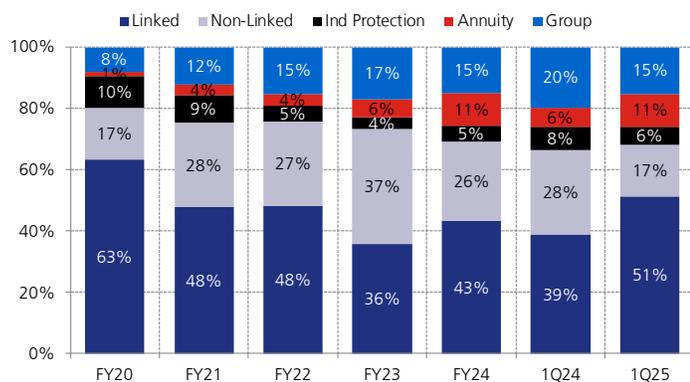
Source: Company, JM Financial

Exhibit 5. 49th month persistency: 6pps improvement since FY22



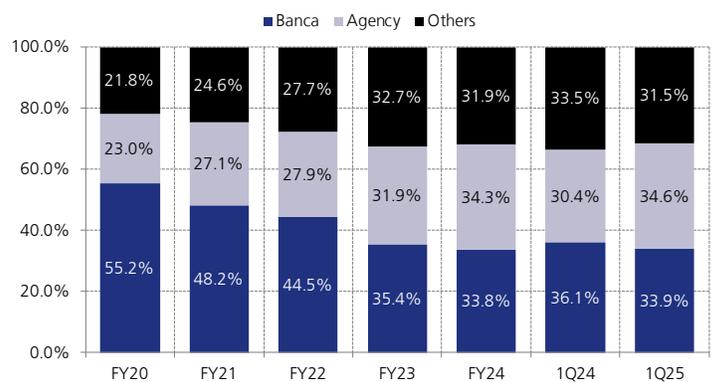
Source: Company, JM Financial

Exhibit 6. Traditional products only 17% of 1Q APE



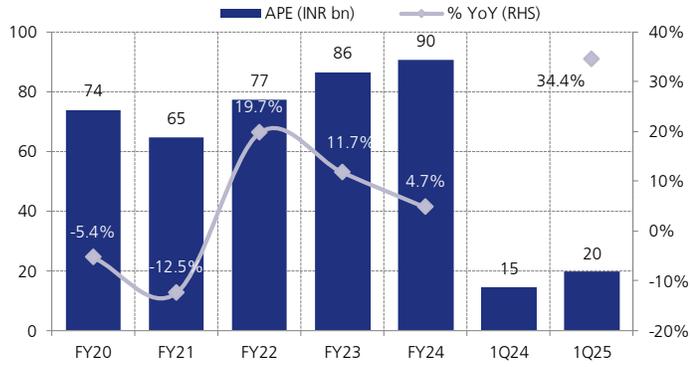
Source: Company, JM Financial

Exhibit 7. Well-diversified channel mix



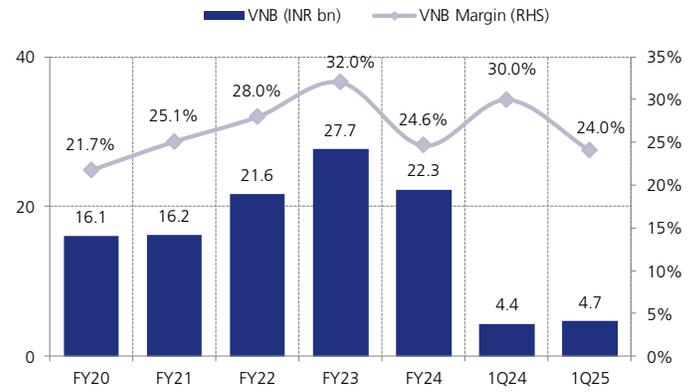
Source: Company, JM Financial

Exhibit 8. Growth has recovered in CY25



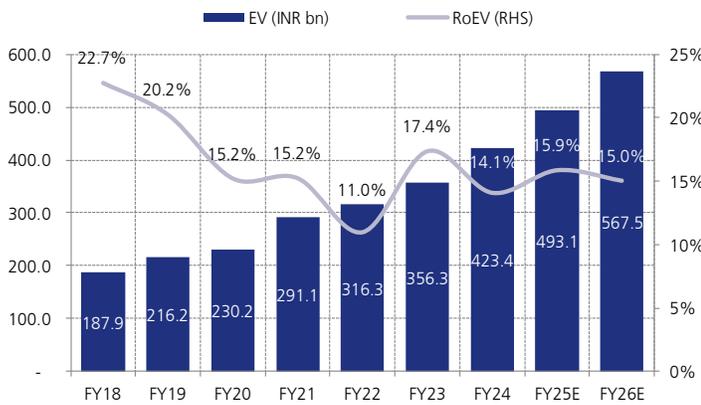
Source: Company, JM Financial

Exhibit 9. VNB margins came off in FY24, expect recovery in 2HFY25



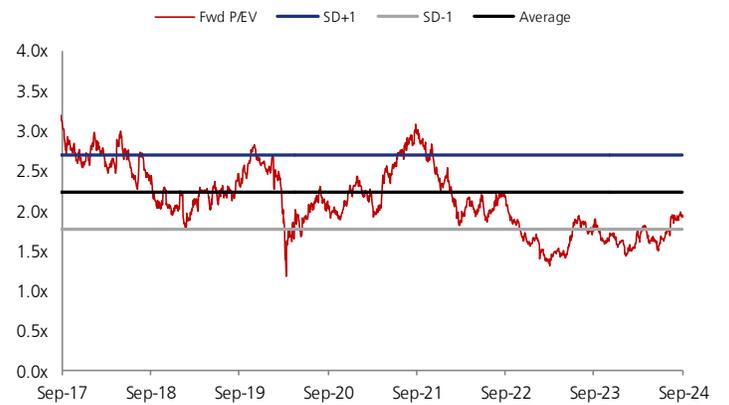
Source: Company, JM Financial

Exhibit 10. EV to compound at 16% over FY24-FY26e



Source: Company, JM Financial

Exhibit 11. Stock has re-rated with growth, focus now on margins



Source: Company, JM Financial

Financial Tables (Standalone)

Technical Statement					(INR mn)
Y/E March	FY22A	FY23A	FY24A	FY25E	FY26E
Gross premiums	374,580	399,328	432,356	461,036	517,915
Net premiums	363,213	385,595	417,597	445,325	499,335
Investment income	249,695	99,646	465,503	181,614	235,366
Other Income	22,737	19,540	19,973	21,663	28,850
Total Income	635,645	504,781	903,073	648,603	763,551
Commissions	16,729	18,639	37,220	26,054	29,268
Operating expenses	36,730	45,832	41,260	51,017	52,037
Provisions & Taxes	7,148	9,078	7,251	11,913	13,747
Total expenses	60,606	73,549	85,731	84,862	95,052
Benefits paid	293,588	310,042	400,060	381,265	447,366
Change in valuation of life reserves	257,837	98,170	406,391	120,721	141,651
Total Benefits	551,426	408,211	806,450	501,986	589,017
Surplus/(Deficit) for the year	23,613	23,021	10,892	40,092	50,632

Source: Company, JM Financial

Shareholder's Statement					(INR mn)
Y/E March	FY22A	FY23A	FY24A	FY25E	FY26E
Transfer from the Policyholders' Account	21,602	20,162	14,719	34,078	43,038
Investment income	10,114	8,761	13,692	10,979	12,077
Other income	22	13	143	0	0
Total income	31,738	28,936	28,554	45,057	55,114
Operating expenses	2,222	1,942	1,395	2,141	2,299
Contribution to the policyholders A/C	21,611	18,024	17,926	20,810	23,377
Profit before tax	7,906	8,969	9,232	22,105	29,439
Tax	364	862	708	442	589
Profit after tax	7,541	8,107	8,524	21,663	28,850

Source: Company, JM Financial

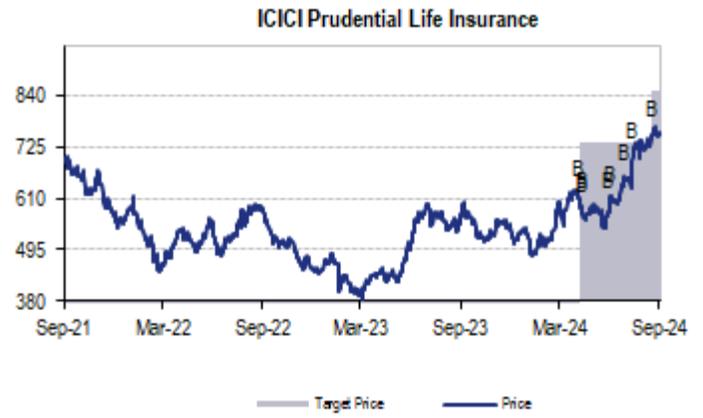
Balance Sheet					(INR mn)
Y/E March	FY22A	FY23A	FY24A	FY25E	FY26E
Shareholders' Investments	98,535	98,514	105,755	119,202	131,122
Policyholders' Investments	773,880	943,110	1,143,182	1,694,508	2,174,410
Unit linked Investments	1,508,663	1,440,581	1,648,424	2,161,043	2,542,250
Loans	9,401	13,141	17,606	15,172	17,044
Fixed assets	4,872	5,955	7,180	6,409	6,804
Net Current Assets / (Liab)	-3,449	291	13,122	313	332
Total Assets	2,391,903	2,501,591	2,935,269	3,996,648	4,871,962
Borrowings	12,000	12,000	12,000	12,000	12,000
Fair Value Change Account	28,954	28,327	50,273	28,327	28,327
Policy Liabilities	840,070	991,331	1,170,872	1,677,563	2,152,666
Linked Liabilities	1,405,414	1,352,323	1,579,173	2,052,991	2,415,137
FFA	13,833	16,693	12,866	19,272	21,650
Total Liabilities	2,300,272	2,400,674	2,825,183	3,790,154	4,629,780
Share Capital	14,373	14,386	14,410	14,443	14,472
Reserves and surplus	75,915	83,731	92,223	192,051	227,710
Fair Value Change Account	1,342	2,801	3,453	0	0
Shareholder's equity	91,631	100,918	110,086	206,494	242,182

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
17-Apr-24	Buy	736	
22-Apr-24	Buy	736	0.0
24-Apr-24	Buy	736	0.0
10-Jun-24	Buy	736	0.0
13-Jun-24	Buy	736	0.0
9-Jul-24	Buy	736	0.0
24-Jul-24	Buy	736	0.0
29-Aug-24	Buy	850	15.5

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: sahil.salastekar@jmfl.com

Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: instcompliance@jmfl.com

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

Research Analyst(s) Certification

The Research Analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that:

All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and

No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Important Disclosures

This research report has been prepared by JM Financial Institutional Securities Limited (JM Financial Institutional Securities) to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its associates solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of JM Financial Institutional Securities. This report has been prepared independent of the companies covered herein.

JM Financial Institutional Securities is registered with the Securities and Exchange Board of India (SEBI) as a Research Analyst and a Stock Broker having trading memberships of the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). No material disciplinary action has been taken by SEBI against JM Financial Institutional Securities in the past two financial years which may impact the investment decision making of the investor. Registration granted by SEBI and certification from the National Institute of Securities Market (NISM) in no way guarantee performance of JM Financial Institutional Securities or provide any assurance of returns to investors.

JM Financial Institutional Securities renders stock broking services primarily to institutional investors and provides the research services to its institutional clients/investors. JM Financial Institutional Securities and its associates are part of a multi-service, integrated investment banking, investment management, brokerage and financing group. JM Financial Institutional Securities and/or its associates might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, broking, financing or any other advisory services to the company(ies) covered herein. JM Financial Institutional Securities and/or its associates might have received during the past twelve months or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services.

JM Financial Institutional Securities and/or its associates, their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) covered under this report or (c) act as an advisor or lender/borrower to, or may have any financial interest in, such company(ies) or (d) considering the nature of business/activities that JM Financial Institutional Securities is engaged in, it may have potential conflict of interest at the time of publication of this report on the subject company(ies).

Neither JM Financial Institutional Securities nor its associates or the Research Analyst(s) named in this report or his/her relatives individually own one per cent or more securities of the company(ies) covered under this report, at the relevant date as specified in the SEBI (Research Analysts) Regulations, 2014.

The Research Analyst(s) principally responsible for the preparation of this research report and their immediate relatives are prohibited from buying or selling debt or equity securities, including but not limited to any option, right, warrant, future, long or short position issued by company(ies) covered under this report. The Research Analyst(s) principally responsible for the preparation of this research report or their immediate relatives (as defined under SEBI (Research Analysts) Regulations, 2014); (a) do not have any financial interest in the company(ies) covered under this report or (b) did not receive any compensation from the company(ies) covered under this report, or from any third party, in connection with this report or (c) do not have any other material conflict of interest at the time of publication of this report. Research Analyst(s) are not serving as an officer, director or employee of the company(ies) covered under this report.

While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and JM Financial Institutional Securities does not warrant its accuracy or completeness. JM Financial Institutional Securities may 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 this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision.

This research report is based on the fundamental research/analysis conducted by the Research Analyst(s) named herein. Accordingly, this report has been prepared by studying/focusing on the fundamentals of the company(ies) covered in this report and other macro-economic factors. JM Financial Institutional Securities may have also issued or may issue, research reports and/or recommendations based on the technical/quantitative analysis of the company(ies) covered in this report by studying and using charts of the stock's price movement, trading volume and/or other volatility parameters. As a result, the views/recommendations expressed in such technical research reports could be inconsistent or even contrary to the views contained in this report.

The investment discussed or views expressed or recommendations/opinions given herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and JM Financial Institutional Securities reserves the right to make modifications and alterations to this statement as they may deem fit from time to time.

This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction.

This report is not directed or intended for distribution to, or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject JM Financial Institutional Securities and/or its affiliated company(ies) to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions.

Additional disclosure only for U.S. persons: JM Financial Institutional Securities has entered into an agreement with JM Financial Securities, Inc. ("JM Financial Securities"), a U.S. registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") in order to conduct certain business in the United States in reliance on the exemption from U.S. broker-dealer registration provided by Rule 15a-6, promulgated under the U.S. Securities Exchange Act of 1934 (the "Exchange Act"), as amended, and as interpreted by the staff of the U.S. Securities and Exchange Commission ("SEC") (together "Rule 15a-6").

This research report is distributed in the United States by JM Financial Securities in compliance with Rule 15a-6, and as a "third party research report" for purposes of FINRA Rule 2241. In compliance with Rule 15a-6(a)(3) this research report is distributed only to "major U.S. institutional investors" as defined in Rule 15a-6 and is not intended for use by any person or entity that is not a major U.S. institutional investor. If you have received a copy of this research report and are not a major U.S. institutional investor, you are instructed not to read, rely on, or reproduce the contents hereof, and to destroy this research or return it to JM Financial Institutional Securities or to JM Financial Securities.

This research report is a product of JM Financial Institutional Securities, which is the employer of the research analyst(s) solely responsible for its content. The research analyst(s) preparing this research report is/are resident outside the United States and are not associated persons or employees of any U.S. registered broker-dealer. Therefore, the analyst(s) are not subject to supervision by a U.S. broker-dealer, or otherwise required to satisfy the regulatory licensing requirements of FINRA and may not be subject to the Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Any U.S. person who is recipient of this report that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, must contact, and deal directly through a U.S. registered representative affiliated with a broker-dealer registered with the SEC and a member of FINRA. In the U.S., JM Financial Institutional Securities has an affiliate, JM Financial Securities, Inc. located at 1325 Avenue of the Americas, 28th Floor, Office No. 2821, New York, New York 10019. Telephone +1 (332) 900 4958 which is registered with the SEC and is a member of FINRA and SIPC.

Additional disclosure only for U.K. persons: Neither JM Financial Institutional Securities nor any of its affiliates is authorised in the United Kingdom (U.K.) by the Financial Conduct Authority. As a result, this report is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the matters to which this report relates may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This report is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons.

Additional disclosure only for Canadian persons: This report is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities described herein in Canada or any province or territory thereof. Under no circumstances is this report to be construed as an offer to sell securities or as a solicitation of an offer to buy securities in any jurisdiction of Canada. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the registration requirement in the relevant province or territory of Canada in which such offer or sale is made. This report is not, and under no circumstances is it to be construed as, a prospectus or an offering memorandum. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. If you are located in Canada, this report has been made available to you based on your representation that you are an "accredited investor" as such term is defined in National Instrument 45-106 Prospectus Exemptions and a "permitted client" as such term is defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada nor should it be construed as being tailored to the needs of the recipient. Canadian recipients are advised that JM Financial Securities, Inc., JM Financial Institutional Securities Limited, their affiliates and authorized agents are not responsible for, nor do they accept, any liability whatsoever for any direct or consequential loss arising from any use of this research report or the information contained herein.