

Private sector market share gains continue

SBI Life, Kotak OM and Tata AIA gains amongst private players

Life insurance industry growth back on positive track after six years

Private players continued to report mid-teens individual APE growth (~14% YoY v/s 16% YoY in FY15); in addition modest growth at LIC (+3% YoY v/s -26% YoY in FY15) helped in recording positive industry growth (+8% YoY in FY16) after six years. Stable regulatory environment and favorable equity market performance are conducive for the above nominal GDP growth for private insurers; Banca led issuers will continue to lead growth in the private sector space.

Private insurers gain 250bp market share on YoY basis

For the full year, LIC lost 250bp market share (48.5% in FY16). Amongst the private insurers, SBI Life was the biggest gainer (18.8% in FY16 v/s 15.6% in FY15) followed by Kotak OM (4.1% v/s 3.1%) and Tata AIA (2.7% v/s 1.2%) – both of which witnessed positive changes in bancassurance arrangements. On the flip side, Reliance Life and ICICI Pru Life saw 100bp+ decline in market share.

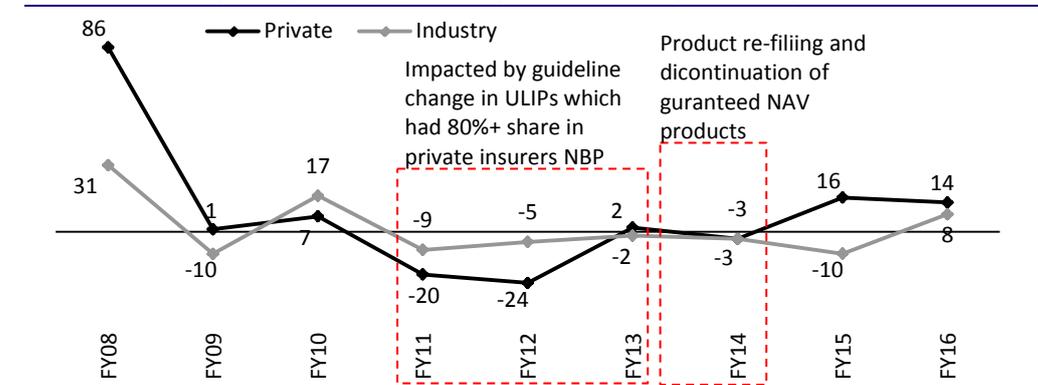
Max Life saw sharp improvement in sequential market share (+190bps)

In 4QFY16, individual APE for Max Life grew ~27% YoY v/s -2% in 9MFY16. Strong improvement in 4QFY16 growth led to sharp increase (+190bps) in the market share on a QoQ basis. For FY16, overall premium growth of ~8%, in-line with estimates. Overhang of contract renewal with Axis Bank is now behind and management’s focus on building granularity in its distribution network is encouraging. We model in ~15% individual premium CAGR over FY16-19E.

Other highlights: (a) Both Birla Sunlife and Bajaj Allianz saw second consecutive quarter of positive individual APE growth; however, on full year basis both insurers lost 70bp market share, (b) PNB Metlife saw six straight quarter of double digit premium growth (now 4% share amongst private players v/s 3.6% in FY15).

Exhibit 1: Industry APE growth (%) back in positive territory after six years!

Industry APE growth back on track



Source: IRDA, Life Insurance Council, MOSL

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Exhibit 2: In 4QFY16, industry recorded 15% YoY Individual APE growth – eight quarter high

INR m	Monthly			Quarterly			YTD		
	Mar-16	Mar-15	GR. (%)	4QFY16	4QFY15	GR. (%)	FY16	FY15	GR. (%)
ICICI Pru Life	6,190	6,076	1.9	16,241	15,848	2.5	49,681	45,956	8.1
SBI Life	7,266	5,808	25.1	15,869	12,333	28.7	42,760	31,203	37.0
HDFC Life	5,744	5,213	10.2	12,724	10,973	16.0	33,330	29,675	12.3
Max Life	4,566	3,611	26.4	8,465	6,677	26.8	21,032	19,485	7.9
Kotak Old Mutual	2,285	1,839	24.3	3,965	3,055	29.8	9,388	6,170	52.2
PNB MetLife	1,667	1,365	22.1	3,194	2,734	16.8	9,156	7,124	28.5
Reliance Life	1,523	1,771	-14.0	2,879	3,824	-24.7	8,942	12,024	-25.6
Bajaj Allianz	1,852	1,502	23.3	3,153	2,990	5.5	7,172	7,755	-7.5
Birla Sunlife	1,634	1,596	2.4	2,759	2,640	4.5	6,815	7,421	-8.2
Tata AIA	1,711	702	143.9	2,961	1,182	150.5	6,051	2,340	158.6
Other Private Players	6,171	6,196	-0.4	12,335	11,948	3.2	32,738	30,805	6.3
Private Sector	40,609	35,678	13.8	84,547	74,203	13.9	227,066	199,957	13.6
LIC	41,190	36,882	11.7	80,825	69,828	15.7	213,694	207,739	2.9
Total	81,799	72,560	12.7	165,372	144,031	14.8	440,760	407,695	8.1

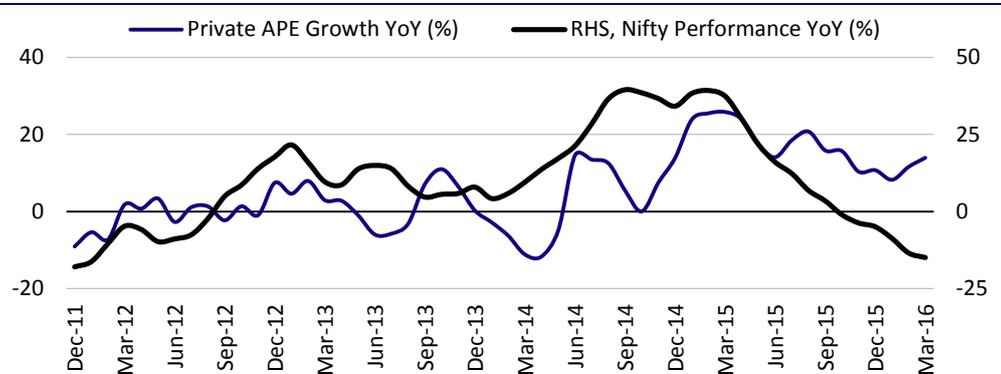
Source: IRDA, Life Insurance Council, MOSL

Exhibit 3: Private insurers record six consecutive quarter of double digit individual APE growth (%)

	1QFY14	2QFY14	3QFY14	4QFY14	1QFY15	2QFY15	3QFY15	4QFY15	1QFY16	2QFY16	3QFY16	4QFY16
ICICI Pru Life	-9.4	24.6	-0.9	-14.7	35.6	25.6	51.5	49.2	38.9	11.8	-2.9	2.5
SBI Life	16.4	50.2	14.9	3.7	15.8	-17.9	9.5	32.7	28.7	58.4	37.9	28.7
HDFC Life	-26.9	-22.4	-25.3	-23.5	42.8	21.1	27.9	19.4	8.6	19.4	3.1	16.0
Max Life	9.7	13.2	19.3	21.3	21.9	4.9	8.0	10.0	-11.5	9.4	-4.9	26.8
Kotak Old Mutual	-6.1	10.5	3.6	-2.5	7.1	6.5	29.6	56.6	108.0	75.6	57.7	29.8
PNB MetLife	-13.3	36.2	10.3	-8.2	-2.7	1.0	37.0	47.9	33.7	51.1	24.6	16.8
Reliance Life	47.2	14.2	4.5	6.1	2.6	0.2	4.9	19.1	-33.8	-16.0	-29.3	-24.7
Bajaj Allianz	-7.0	-9.9	5.3	-42.1	-42.3	-9.8	-47.9	5.2	18.9	-43.3	4.0	5.5
Birla Sunlife	-13.7	-5.5	-23.8	-26.8	-7.4	-17.0	-18.4	-4.3	-26.2	-22.1	4.9	4.5
Tata AIA	-29.9	-8.6	3.8	-36.2	-37.3	-26.4	-47.9	104.9	111.2	122.5	269.4	150.5
Other Private Players	-12.6	-8.0	6.0	-6.4	11.6	9.4	7.0	12.5	9.6	6.1	9.3	3.2
Private Sector	-6.0	7.1	0.2	-11.2	14.6	5.4	13.9	25.8	14.1	15.8	10.7	13.9
LIC	-36.9	9.5	52.7	-26.3	4.9	-35.3	-54.4	3.5	-11.9	-10.5	13.2	15.7
Total	-28.0	8.6	30.4	-20.0	8.5	-21.0	-32.0	13.9	-1.6	1.8	11.8	14.8

Source: IRDA, Life Insurance Council, MOSL

Exhibit 4: Improving private sector individual APE growth despite subdued equity market performance on a YoY basis

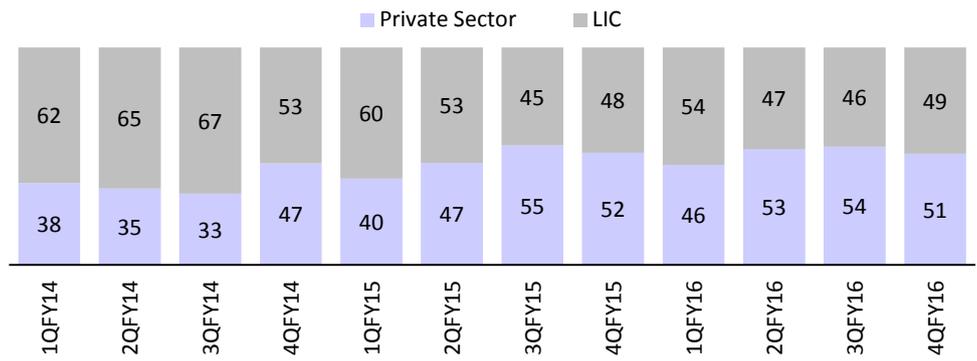


Note: The above data is on three month rolling basis.

Source: Bloomberg, IRDA, Life Insurance Council, MOSL

Exhibit 5: Overall share of private insurers in individual NBP continues to remain 50%+

LIC saw strong individual APE growth in 4QFY16 resulting in 300bp+ improvement in QoQ share



Source: IRDA, Life Insurance Council, MOSL

Exhibit 6: Max Life saw 180bp QoQ improvement in market share (%)

	1QFY14	2QFY14	3QFY14	4QFY14	1QFY15	2QFY15	3QFY15	4QFY15	1QFY16	2QFY16	3QFY16	4QFY16
ICICI Pru Life	17.7	21.2	18.4	18.0	20.9	25.3	24.5	21.4	25.4	24.4	21.5	19.2
SBI Life	11.3	16.3	19.8	15.8	11.4	12.7	19.1	16.6	12.9	17.3	23.8	18.8
HDFC Life	12.5	12.8	13.1	15.6	15.6	14.7	14.7	14.8	14.8	15.1	13.6	15.0
Max Life	11.6	9.7	10.0	10.3	12.3	9.6	9.5	9.0	9.5	9.1	8.2	10.0
Kotak Old Mutual	2.2	2.5	2.3	3.3	2.1	2.6	2.6	4.1	3.8	3.9	3.7	4.7
PNB MetLife	4.6	3.4	2.9	3.1	3.9	3.2	3.5	3.7	4.6	4.2	3.9	3.8
Reliance Life	9.4	6.6	6.1	5.4	8.5	6.3	5.7	5.2	4.9	4.5	3.6	3.4
Bajaj Allianz	5.6	5.8	7.3	4.8	2.8	4.9	3.3	4.0	2.9	2.4	3.1	3.7
Birla Sunlife	6.2	5.3	3.9	4.7	5.0	4.1	2.8	3.6	3.2	2.8	2.7	3.3
Tata AIA	2.1	1.4	1.6	1.0	1.1	1.0	0.7	1.6	2.1	1.9	2.4	3.5
Other Private Players	16.8	15.1	14.5	18.0	16.4	15.6	13.6	16.1	15.8	14.3	13.5	14.6

Note: The above market share data is based on overall private sector market share.

Source: IRDA, Life Insurance Council, MOSL

Exhibit 7: In FY16, Reliance Life lost maximum market share (-210bp) followed by ICICI Pru Life (-110bp)

	Growth YoY (%)					Market Share (%)				
	FY12	FY13	FY14	FY15	FY16	FY12	FY13	FY14	FY15	FY16
ICICI Pru Life	-23.5	17.5	-1.7	41.3	8.1	16.1	18.5	18.9	23.0	21.9
SBI Life	-30.8	13.3	17.7	11.0	37.0	12.0	13.4	16.3	15.6	18.8
HDFC Life	-8.4	15.3	-24.2	25.0	12.3	15.5	17.5	13.8	14.8	14.7
Max Life	-12.7	0.5	16.8	10.3	7.9	8.6	8.5	10.2	9.7	9.3
Kotak Old Mutual	-33.6	-3.1	1.2	32.8	52.2	2.7	2.6	2.7	3.1	4.1
PNB Metlife	-0.7	11.5	2.8	23.4	28.5	2.9	3.1	3.3	3.6	4.0
Reliance Life	-45.1	-11.3	14.6	7.3	-25.6	6.3	5.5	6.5	6.0	3.9
Bajaj Allianz	-30.6	-6.1	-18.5	-22.6	-7.5	7.5	6.9	5.8	3.9	3.2
Birla Sunlife	-26.2	-12.5	-18.9	-11.3	-8.2	6.7	5.8	4.9	3.7	3.0
Tata AIA	-35.9	-50.5	-19.3	-4.0	158.6	3.5	1.7	1.4	1.2	2.7
Exide Life	-4.4	-15.2	-3.0	-11.8	8.3	3.5	2.9	2.9	2.2	2.1
Canara HSBC	-31.6	-24.1	-22.8	17.9	35.2	2.7	2.0	1.6	1.6	1.9
Shriram Life	-16.5	19.4	-4.4	42.5	42.2	0.9	1.1	1.1	1.3	1.6
Star Union Daiichi	5.6	-0.7	23.3	18.6	-9.0	1.6	1.5	2.0	2.0	1.6
Bharti AXA	-39.3	9.7	37.0	19.5	2.0	1.1	1.2	1.7	1.8	1.6
IDBI Federal	-25.0	21.3	8.4	-5.1	27.2	1.2	1.4	1.5	1.3	1.4
IndiaFirst	-28.6	21.7	-37.2	5.5	38.1	1.1	1.4	0.9	0.8	1.0
Aviva	-16.7	-14.4	-26.9	-2.5	-47.6	2.8	2.3	1.8	1.5	0.7
DHFL Pramerica	35.2	43.0	-21.3	32.0	7.9	0.5	0.8	0.6	0.7	0.7
Edelweiss Tokio	NA	286.3	82.9	54.7	42.3	0.1	0.2	0.4	0.5	0.6
Aegon Religare	-21.2	-34.1	16.1	43.1	-35.0	1.1	0.7	0.8	1.0	0.6
Future Generali	-25.1	-39.3	-13.1	-0.7	-5.9	1.4	0.9	0.8	0.7	0.5
Sahara	-13.2	-15.6	-23.5	-55.1	16.5	0.3	0.2	0.2	0.1	0.1

Note: The above market share data is based on overall private sector market share.

Source: IRDA, Life Insurance Council, MOSL

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