"Life Insurance Corporation of India

Q1 FY'26 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good evening, and welcome to LIC's Q1 FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

We have senior management of LIC led by Mr. Doraiswamy, CEO and MD on this call. I now hand the conference over to Mr. R. Doraiswamy, CEO and MD LIC. Thank you, and over to you, sir.

R. Doraiswamy: Good evening, everyone. I am R Doraiswamy, Chief Executive Officer & Managing Director, LIC.

First and foremost, I would like to welcome and extend my gratitude to everyone who has joined us today to listen to the LIC team.

This is my first analyst call after assuming charge as CEO & MD of LIC on July 14th, 2025. I am eager to establish a regular dialogue with all of you over the next three years, fostering a deeper understanding of our organization's performance and progress.

In this call today we shall discuss the business and financial performance for the quarter ending June 30th, 2025, thereby providing you with insights into our current standing and future prospects.

Our results declared today have been uploaded along with Press Release and the Investor Presentation on our website as well as the websites of both the exchanges - BSE and NSE.

Along with me, on this call, I have three Managing Directors, Mr. Sat Pal Bhanoo, Mr Dinesh Pant and Mr. Ratnakar Patnaik. Senior officials of the Corporation present on this call are Mr. A.K. Srivastava, Appointed Actuary & Executive Director (Actuarial) from the Actuarial team, Mr. Sunil Agrawal, CFO from the Finance team, Mr. R. Chander, Executive Director (Investment – Front Office & CIO) and Mr. S.K. Srivastava, Executive Director (Investment – Back Office) from the Investment team. From the Marketing team we have Mr. R. Sudhakar, Executive Director (Marketing /PD), Mr. Hemant Buch, Executive Director (MBAC) and Mr. K. Seshagiridhar, Executive Director (Pension & Group Schemes). Also, we have Ms. Shobha Sulochana, Executive Director (CRM/Policy Servicing), Ms. Vandana Sinha, Executive Director (CRM/Claims/Annuities) and Mr. Sanjay Bajaj, Head (Investor Relations) on this call.

Let me now discuss the key business, operational and financial highlights for the quarter ended June 30th, 2025.

Market Share:

Our market share by First Year Premium Income for the quarter ended June 30th, 2025 was 63.51% as compared to 64.02% for the similar period ended June 30th, 2024 as per IRDAI data. As you will recall, our market share for full year ended March 31st, 2025 was 57.05%. Therefore, we are witnessing an increase in market share since beginning of this financial year. LIC continues to lead the Indian life insurance industry both in the Individual and Group Business segments.

Now, if we bifurcate this overall market share of 63.51% into segment wise share of individual and group business, we would have a market share of 38.76% in individual business and 76.54% in the group business for the quarter ended June 30th, 2025. On a comparable basis for the quarter ended June 30th, 2024, the respective market shares for Individual and Group business were 39.27% and 76.59%, respectively.

Premium Income:

For the quarter ended June 30th, 2025 we have reported a Total Premium Income of Rs.1,19,200 Crore as compared to total premium income of Rs. 1,13,770 Crore for the quarter ended June 30th, 2024 registering a growth of 4.77% on Year on Year basis. The Individual New Business Premium Income for quarter ended June 30th, 2025 was Rs.12,536 Crore which was Rs.11,892 Crore for the corresponding period of last year thereby registering a growth of 5.42% on Year on Year basis.

Further, Renewal Premium Income (Individual business) for quarter ended June 30th, 2025 was Rs. 58,938 Crore as compared to Rs.55,300 Crore for quarter ended June 30th, 2024, thereby registering a growth of 6.58%. Therefore, for the quarter ended June 30th, 2025, our Total Individual Premium Income including renewals was Rs. 71,474 Crore as compared to Rs.67,192 Crore for quarter ended June 30th, 2024 registering a growth of 6.37% on Year on Year basis.

The Group Business total premium income for quarter ended June 30th, 2025 was Rs.47,726 Crore comprising of New Business Premium of Rs.46,907 Crore. In comparison, for quarter ended June 30th, 2024 last year, the Group Business total premium income was Rs. 46,578 Crore and comprised New Business Premium of Rs.45,570 Crore. Therefore, for this quarter ended June 30th, 2025, the Total Group Premium has increased by 2.46% as compared to similar period of previous year.

Break Up of Business on APE basis:

Total Annualized Premium Equivalent (APE) for quarter ended June 30th, 2025 was Rs.12,652 Crore which comprised Individual APE of Rs.7,061 Crore and Group APE of Rs.5,590 Crore. Therefore, on APE basis, the individual business accounts for 55.81% and Group business accounts for 44.18%. Further, of the Individual APE, the Par business accounts for Rs.4,919 Crore and Non Par amounts to Rs.2,142 Crore. Therefore, our Non Par share of Individual APE is 30.34% and Par share of Individual APE is 69.66% for quarter ended June 30th, 2025. As you may recall, for the quarter ended June 30th, 2024, our Non-Par share of total individual business, based on APE, stood at 23.94%. Since then, our Non-Par APE has increased substantially from Rs.1,615 Crore to Rs.2,142 Crore. This marks a year-on-year growth of 32.63% in Non-Par APE within the Individual Business indicating a rapid expansion of our Non Par share.

Profit After Tax:

The Profit after Tax (PAT) for the quarter ended June 30th, 2025 was Rs.10,986 Crore as compared to Rs.10,461 Crore for quarter ended June 30th, 2024 registering a growth of 5.02% on Year on Year basis.

VNB and VNB Margins:

The net VNB margin has improved by 150 basis points on a Year on Year basis from 13.9% for the quarter ended June 30th, 2024 to 15.4% for the quarter ended June 30th, 2025. Further, the net VNB has registered a growth of 20.75% on Year on Year basis from Rs.1,610 Crore for the quarter ended June 30th, 2024 to Rs.1,944 Crore for the quarter ended June 30th, 2025.

Solvency Ratio:

The Solvency Ratio as on June 30th, 2025 improved to 2.17 as against 1.99 on June 30th, 2024.

Assets Under Management (AUM):

Assets Under Management (AUM) has registered a growth of 6.47% on Year on Year basis from Rs. 53,58,780.97 Crore as on June 30th, 2024 to Rs. 57,05,341.44 Crore as on June 30th, 2025.

No. of Policies Sold :

During the quarter ended June 30th, 2025, we sold 30,39,709 new policies as compared to 35,65,519 new policies in quarter ended June 30th, 2024 registering a decrease of 14.75% on Year on Year basis. It is worth noting that in the period post October 1st, 2024, when the new Surrender Value regulations were introduced we have seen an increase in ticket size.

Agency Workforce:

As on June 30th, 2025, the total number of agents was 14,86,222 as compared to 14,24,847 as on June 30th, 2024. We have made a net addition of more than 61,000 agents in the last one year registering growth of 4.31% on Year on Year basis. The market share by number of agents as on June 30th, 2025 stands at 47.11% as against 48.64% for June 30th, 2024.

On number of policies sold basis, the agency force sold 29,99,433 policies during the quarter ended June 30th, 2025 as compared to 34,69,809 policies during the corresponding period of last year. Further, 98.67 % of our policies in the quarter ended June 30th, 2025 were sold by our Agency force. Even on premium basis, 92.33% of New Business Premium came from our Agency channel in the financial quarter ended June 30th, 2025.

Contribution by Bancassurance and Alternate Channels (BAC):

There is significant growth in New Business Premium Income from our Bancassurance and Alternate Channels (BAC). Bancassurance and Alternate Channels (including Micro Insurance) collected New Business Premium Income of Rs. 861.92 Crore for the quarter ended June 30th, 2025 which was Rs.

434.81 Crore for the quarter ended June 30th, 2024 registering a growth of 98.23% on a Year on Year basis. The New Business Premium Income collected through Banks was Rs. 528.97 Crore for the quarter ended June 30th, 2025 and for the corresponding period of last year it was Rs.307.73 Crore thereby registering a growth of 71.90% on Year on Year basis. Further, the Alternate Channel collected New Business Premium of Rs. 332.94 Crore for the quarter ended June 30th, 2025 as compared to Rs. 127.08 Crore for quarter ended June 30th, 2024 registering a growth of 161.99% on Year on Year basis.

Our Bancassurance and Alternate Channels (including Micro Insurance) now account for 6.89% of Individual New Business Premium for the quarter ended June 30th, 2025, up from 3.66% for the quarter ended June 30th, 2024.

Our Overall Expense Ratio:

For the quarter ended June 30th, 2025, the overall expense ratio was 10.47% as compared to 11.87% for the same period last year. Therefore, there is a decrease of 140 basis points on Year on Year basis.

Persistency:

On premium basis, the persistency for 13th, 25th, 37th, 49th and 61st month upto the quarter ended June 30th, 2025 stands at 75.63%, 71.53%, 67.17%, 63.45% and 63.85%, respectively, as compared to 78.23%, 72.16%, 67.53%, 66.97% and 61.62%, respectively, upto the quarter ended June 30th, 2024.

On number of policies basis, the persistency for 13th, 25th, 37th, 49th and 61st month, upto the quarter ended June 30th, 2025 stands at 64.35%, 60.15%, 54.23%, 50.79% and 51.12%, respectively, as compared to 67.81%, 59.24%, 54.73%, 54.08% and 49.39%, respectively, upto the quarter ended June 30th, 2024.

Operational efficiency and Digital Progress:

In our digital initiative through the Agent assisted ANANDA app, we have completed 3,47,958 policies through this App during the quarter ended June 30th, 2025 as compared to 2,49,643 policies for the period ended June 30th, 2024 thereby registering a growth of 39.38% on Year on Year basis.

DIVE (Digital Innovation & Value Enhancement) and Jeevan Samarth Initiatives:

The DIVE project and Jeevan Samarth project, for which we had appointed Boston Consulting Group and AT Kearney, respectively, are progressing as planned. Currently Sales App and Customer App are undergoing testing and launches in select geographies. We intend to roll out these initiatives on a pan India basis in near future.

Claims:

On the individual claims front, during quarter ended June 30th, 2025, we have processed 41,68,209 number of claims which includes 39,70,156 Maturity and Survival Benefit claims. On an amount basis during the quarter ended June 30th, 2025, the total maturity claims were Rs.50,584 Crore and the total death claims were Rs.5,877 Crores. On a comparable basis for the quarter ended June 30th, 2024, the maturity claims were Rs. 41,954 Crore and death claims were Rs.5,467 Crore. Therefore, the death claims are higher by 7.50% and the maturity claims are higher by 20.57% on a Year on Year basis.

On number of claims basis, the maturity claims have increased by 2.63% and death claims have increased by 6.10% on Year on Year basis.

New Marketing initiatives – Empowering Women through Bima Sakhi Yojana:

As of June 30th, 2025, a total of 1.99 lakh women have been designated as Bima Sakhis, successfully selling 3.26 lakh insurance policies and generating a New Business Premium of Rs.429.13 Crore. We anticipate that this program will become a crucial component in achieving the objective of 'Insurance for all by 2047'. Our objective is to appoint one Bima Sakhi in every Gram Panchayat and we are happy to inform that we have got Bima Sakhis recruited in 100% Gram Panchayats of the State of Kerala.

Before concluding, I would like to highlight the significant achievements during the quarter:

1. Our Non Par share of Individual APE business has further grown to 30.34% for quarter ended June 30th, 2025 as compared to 23.94% for quarter ended June 30th, 2024.
2. Bancassurance and Alternate Channels registered a growth of 98.23% on a Year on Year basis to Rs.861.92 Crore.
3. VNB has also increased by 20.75% on a Year on Year basis for quarter ended June 30th, 2025.
4. VNB margin has shown a positive bias with 150 basis points increase to 15.4% for the quarter ended June 30th, 2025.
5. AUM has increased by Rs.3,46,560.47 Crore as on June 30th, 2025 registering a growth of 6.47% on a Year on Year basis.
6. Despite achieving growth across all metrics, we have successfully managed to optimize our costs, resulting in a decrease in the Overall expense ratio by 140 basis points to 10.47% for quarter ended June 30th, 2025.

"In conclusion, our results demonstrate our capacity to navigate and succeed in an ever-changing business landscape. We appreciate the confidence our stakeholders have shown in us.

Moving ahead, we are dedicated to providing value to our stakeholders and enhancing the experience for our customers. We are optimistic that our ongoing strategic efforts, technological advancements and innovative approach will sustain our growth trajectory and improve our financial performance."

I now request the moderator of this call to open the floor for the Question and Answer session.

Thank you very much,

Moderator: Thank you. Our first question comes from the line of Swarnabha Mukherjee from B&K Securities. Please go ahead.

Swarnabha Mukherjee: Thank you for the opportunity. Congrats to the new members on a good set of numbers. Sir, first in terms of the growth in the individual business, I wanted to understand, I mean, the growth looks largely coming up on the back of ULIP. And given that ULIP is increasing and that is the only, I think, component where we have seen a sizable increase in mix on a year-on-year basis. Despite that, we are seeing a margin improvement.

So, I just wanted to understand how this is playing out. So vis-a-vis, say, a par product, how does the margins in your ULIP product stack up? And has there been any movement in, say, individual product level margins over this period? Have you had seen higher attachments, etc., if you could highlight that?

And also, sir, last quarter in the call, you had mentioned that your individual book margins were touching around 21%. So just wanted to understand how has it shaped up this quarter? So that's on the business side. On the distribution side, I wanted to understand on our agency channel.

So, I think over the last 3, 4 quarters, we have seen some amount of volatility in growth, particularly, I think post the surrender regulation change that has come, there has been a volatility. And if I were to also look at productivity on a year-on-year basis, if I try to calculate based on the new business premium, I mean, I think there has been a minor reduction in productivity on the agency side. Of course, I don't have the numbers of active agents, but on an overall basis.

So, I just wanted to understand how you are seeing this channel shape up. What are your efforts on this? While -- I mean, the banca and alternate channels growth are fairly strong, but I think agency being the larger piece needs to also move to drive overall growth. So I wanted to understand your strategy here. So, these are my 2 questions.

Another last bookkeeping question. I wanted to understand like earlier, I think the RWRP numbers that used to come from IRDA, I mean, the monthly data, I think our overall -- our numbers were fairly -- a little bit divergent from that, but this time, it is fairly close. So how should we read that in terms of future numbers? Is there a change in product designs or we are doing more high-frequency products that is leading to this change, if you could highlight that? Yes, those will be my questions, sir.

A.K. Srivastava: Yes. Thank you. Good evening! I'm Ajay Kumar Srivastava, Appointed Actuary and Executive Director, Actuarial. We have actually taken several steps to ensure that the margins actually go up in accordance with our business strategy. One of such the indicators is that individual non-par APE has grown by 32.63% Q-on-Q basis, taking non-par proportion to 30.34%. Now this consists of those products which have high margins.

Apart from that, if you were -- as you mentioned, rightly mentioned that last year, product regulations had come up. And then we had to withdraw all the products and then we had to reintroduce with, you know, design changes and to ensure that it meets the regulatory changes.

So, during product design, we have not only at that time, but we have been continuously working to expand and diversify our products based on the needs of the customers. So, of late, the customers' preferences have shifted to non-par guaranteed products compared to par products at that time. So it is more or less making it aligned with the needs of the customers. And incidentally, these products also have higher margins.

And therefore, the focus at the time of the modifications in products was obviously non-par products. We have introduced several non-par products, which have -- which have seen actually good traction. We had Jeevan Utsav, which you are aware of. And then in recent past, we have actually introduced a couple of more products, which is Jeevan Shree, which is also getting a good traction.

So, we had intentionally shifted at that time the focus to high ticket size segments as part of product and persistency strategy. And at that time, we had retained high-yield, high-margin products to ensure persistency and profitability. Now the persistency, which we are looking at, at this stage is of the year back cohort of new business. If you look at the initiatives which we have taken, the earliest 13th month persistency is likely to come up maybe a couple of months later, then we can discuss on those numbers.

So, in fact, the increase in the margin to that level is not a result of one such initiative, but a combination of several initiatives like this, and that is a very focused one in line with our business objectives.

R. Sudhakar: I'm R. Sudhakar, ED Marketing. I would take the question on the agency productivity part of it. Actually, we have increased the agency from the earlier -- I mean, last year's quarter to current year's first quarter by around 61,000, we are having 14,86,000 agents now. And the addition of Bima Sakhis of almost 2 lakh agents during the course of the year, especially after December has also taken place. Now if you look at the agency productivity, yes, in number of policies, the productivity might have come down. But at the same time, the average ticket size has gone up by 23% and the average sum assured have gone up by 15%. You might have noticed in October -- that quarter of October ending December, the productivity had fallen down substantially because of the introduction of the new plans at a sum assured, which is 2 lakhs instead of the earlier Rs.1 lakh. And consistently, it has improved in the next quarter ended March and in the current quarter also.

However, as compared to last year's first quarter, which had the sum assured minimum of 1 lakh policies, we are still minus. But at the same time, the average ticket size as well as average sum assured increasing, we are confident that going forward, the productivity of agents in numbers also will be improving.

Ratnakar Patnaik: Can I add, sir, this is R. Patnaik. Good evening! I would just like to supplement what Mr. Sudhakar told, we are having 2 more -- 3 more focus areas like training to all the existing agents. that we are going to go all out for training all our existing agents in a phased manner. Second, focus will be on recruitment from the millennial segment because we are facing the issue of the millennial customers today. So we will be having a force of millennial agents, and they will be shown a path agency as a career because we have seen in the past, high attrition rates are there, but our focus will be recruit, retain, and put in resilience among the agency force.

Swarnabha Mukherjee: Right, sir. That's very helpful. Very clear. I just had a follow-up on the product mix part. I just wanted to understand, sir, that you alluded to the fact that non-par has increased and that is higher margin. But sir, non-par as you report has various categories, I was keen to understand because the mix has increased in favor of ULIP under the non-par category rather than individual savings or protection. So I mean, so that's what my query was that how ULIP margins are and how it is impacting?

R. Sudhakar: In non-par, all the lines of business, savings, annuity, protection and ULIP all are showing growth. Yes, ULIP is showing maximum growth, but the annuity is also in double digits. The rest of them are catching up. And the overall non-par growth is around 20% -- 29%. On the par side, we are taking some steps in the current year so that we will also have more of agents looking at the par also as a product line of choice.

R. Doraiswamy: I'll add just one more point to that. Though ULIP shows a good growth rate, it is on a low base. So the growth in savings and annuity has been on a large base. So, the APE growth as well as the margin has not been impacted because of the high growth percentage in ULIPs. That's one thing

Swarnabha Mukherjee: Understood, sir. Sir, if you could give the number for the individual book margin, I mean, a ballpark number, like you have given last quarter and the difference between the APE and the weighted premium that comes in IRDAI, if you could explain that.

A.K. Srivastava: So, the highest margin actually comes from the non-par, the savings products, followed by if you look at par business, par, if you look at this, though the numbers might have come down, but the initiatives which we have taken in the past, like high increase in the ticket size, etc., the margin has increased in case of par products as well.

ULIP actually adds to the volume, and it also helps increasing the VNB numbers. So, the important thing is actually to look at the VNB numbers, which have actually gone up significantly by 20%, 21%. So, it's not only about the VNB margin, but the growth in VNB. So, we continuously focus on increase in VNB and the proportion of products that gives you the margin which we have actually planned for.

Moderator: Our next question comes from the line of Avinash Singh from Emkay Global. Please go ahead.

Avinash Singh: Good evening! Thank you for the opportunity. So, a couple of questions. The first one is my question on solvency and your dividend paying policy. I mean, as we can kind of observe that since the time you have listed and you of course, you have this bifurcation of account and the policy change on surplus transfer from non-par, the solvency now is inching up. I mean Y-o-Y solvency is up 18%. Now it is 217%.

And still, you have kind of a very sizable chunk of surplus sitting in the non-par book that is still kind of where MTM is not part of your solvency capital. So, on that, my message is that -- or question is that solvency is too strong, the profit generation remains strong. what stops you from increasing dividend meaningfully? I mean, nearly last year, your profit was Rs.48,000-odd crores, now even quarterly Rs.10,000 crores kind of profit generation, but we are kind of still not going ahead with dividend increase or step change. So that's the first question.

And second question is, I mean, now you have started your non-par share has increased and the scale is also meaningful. And if I recall correctly, last year, you took the call to enter into that FRA market. So can you sort of provide some color into what is the total quantum of FRA derivatives that you have kind of entered agreement into? And what percentage kind of your exposure is hedged or unhedged? These are the 2 questions.

Sunil Agrawal: So as far as your question on dividend is concerned, you should have noticed that consistently, we have been increasing the dividend year-on-year. We started with the dividend of RS.1.5 immediately after the corporation got listed on 17th May 2022, and which has gone up to Rs.12, which is proposed this year and subject to the approval of the forthcoming AGM. So we are consistently improvising on increasing the dividend on a sustainable basis, and we'll continue to do that in the near future as well.

As far as the money retention is concerned, we are keeping the money retained for the future growth aspects since we are also changing the product mix significantly on the non-par side, and we're keeping a watch on the solvency margin as well. So the dividend policy will be consistently sustainable increase going forward in the years to come.

A.K. Srivastava: And as regards hedging, we started entering into contracts in January 2025. And I think we have started writing this hedging since March 2025, right? Now LIC is actually hedging strategy is governed by regulations and market conditions. The entire cash flow is available for hedging. But then that's not a complete solution. If you look at the pricing assumptions, the hedging actually should align with that.

So, if it doesn't align with this, we may actually revisit the pricing strategy or even changing the structure of the product itself. So, the strategy is dynamic and ongoing. So, it's not a fixed or some rigid numbers are not assigned to that. It's an ongoing dynamic process. That's what we can say at this stage.

Avinash Singh: Sir, a follow-up to first one. So, what would be your comfortable range of solvency? Because I mean, we have seen the corporation listing in and around 160-odd percent solvency. Now we are at 218%. So, what sort of a comfortable range of solvency that you are comfortable with?

And is this kind of preserving the capital some way also linked to some uncertainty around solvency once we move to a risk-based solvency regime or what so these are my 2 linked questions that what is the comfortable range of solvency? And is this conservatism in terms of preserving capital linked to kind of uncertainty around risk-based solvency implementation?

Dinesh Pant: Financial soundness is reflected through solvency, and that remains very important, as you rightly mentioned, these numbers have to be seen in context of the frame in which we are seeing them. For example, corporation used to have a solvency of around 1.55 to 1.6 post IPO, which naturally has now gone up to -- and for a long period, we consistently improved from there, and we are in the range of 1.9 to around 200.

So typically, see, our requirement of solvency from the regulatory point is 1.5. Our target solvency is 1.6. We are a DSII. So, we do want to have a stronger solvency. So, anything between 1.8 to 2 is the goal that we would like to achieve. But then we are also conscious of the situation that when the shift happens towards RBC regime, these numbers would start looking quite different. And that solvency because that exercise is still ongoing.

So, there are 2 issues to be considered here. One, that corporation is in growth path. We have a lot of ideas in mind, not only confined to the products, but also business lines and the opportunities that come. But we are also aware about the change in the regulatory solvency determination method to RBC, and there could be some challenges there.

So, we are awaiting because we are already entering almost the second phase of RBC testing. And once that is done, we'll take a call based on that thing. But anything around at that time, therefore, we would not like to constraint and bind us to say that we are okay with 200% because in that situation, depending on what is the requirement of RBC, we'll have to rephrase it.

So actually, we believe that it's a very short-term phenomenon. From here to the changeover to RBC, it should happen within a short period of time. Then we'll be and because in RBC regime, the sensitivity to the nature of the portfolio will become quite important. And the method will change significantly.

Whatever aim is that, because solvency is a very important criteria of financial soundness, we'll like to have definitely good cushion over the required levels so that financial soundness is achieved. But your concern which you are talking about in terms of dividend, I would believe that you would appreciate that dividend is not the only way to reward the investors. right?

So, we have taken in fact, our dividend yields are one of the better ones amongst the peer companies. So there's no complaint on account of dividend. But we want again, another important thing in context of LIC is whatever we deliver, that should be sustainable. We do not want to create hopes and then go back from there.

So, we have taken conscious efforts as our CFO just mentioned about the proposed dividend level. We are definite that we will be able to sustain and improve from there. But beyond that, we want to bring about value in the business and solvency, we want to have we would like to be very well solvent in whichever solvency regime that we are working. Thank you.

Moderator: Our next question comes from the line of Aditi Joshi from JPMorgan. Please go ahead.

Aditi Joshi: Just one question on the margin work that you have provided. If you are able to just share what is causing the positive support in the margins from the operating assumptions. So, is it the expenses that is causing the positive movement?

And second, on the negative economic assumption resetting, is it related to the yield side? If you're able to confirm that? And if so, are we going to take any repricing measures going forward, which will sort of nullify that effect going forward? And the second question is for the full year 2026. Are you able to share any guidance of the margin profile as in, shall be based on a year-on-year increase in the margins in FY '26 as compared to FY '25? So, these are my 2 questions.

A.K. Srivastava: So, if we the economic assumption, as you rightly put in is because of reduction in RFR rates to the extent of 50 to 75 basis points during this quarter. So that actually has caused the reduction to the extent of 2.3% in economic assumptions.

Regarding the operating assumptions, the major driver, of course, as you mentioned rightly, is expense optimization and long-term persistency, as you may have noticed, the 61st month persistency has increased. So, the expense level has come down significantly with expense ratio down to 10.5% from 11.87%. And coupled with that, the mortality experience remains stable.

So, all this, including and then if you also see the business mix, as I had explained earlier, that because of the several interventions and to higher ticket size, focus on higher ticket size and the persistency in the backloaded commission, etcetera, the impact is to the extent of 1.9%. That explains how the VNB margin has gone up from 13.9% to 15.4%.

Aditi Joshi: Okay. And any guidance for margins for this year, full year as compared to last year?

A.K. Srivastava: So, we are actually focusing on the non-par business as a part of our strategy. And as the proportion of non-par increases, you can expect the corresponding increase in non-par margin. The overall margin as well.

Aditi Joshi: Okay. Got it. So, in the non-par, you will include the ULIPs as well, right, unit linked?

A.K. Srivastava: So, unit-linked, definitely, as I mentioned, that helps us to increase the top line, though it may be having a lesser margin. But then the growth in non-par savings products sufficiently takes care of that margins. And overall, these products actually have an impact on increase in VNB. So, we need to also focus on VNB also very small. If the volume is higher, the margin even if it is lower, adds to the VNB and ultimately aims at increasing the margin overall.

Moderator: Our next question comes from the line of Dipanjan Ghosh from Citi. Please go ahead.

Dipanjan Ghosh: So just a few questions from my side. First, if you can give some color on the trajectory of the VNB margin in the group business? How has that shaped up on a Y-o-Y basis? Second, obviously, there have been some discussion on the agency part, and you mentioned that in terms of the sum assured and ticket size going up, while number of policies are still a little sluggish.

In terms of the activation rates, can you give some color of how the activation rate on the agency has been, let's say, from October onwards versus post pre-October? And the reason I'm asking this is because I think there was a point where you mentioned that attrition rates in agency have been a little high and you would kind of focus on acquiring more millennial sort of agents. And lastly, in terms of any reduction from the government in terms of overall shareholding, any timelines or any views on that?

Dinesh Pant: As far as VNB margin in the group business is concerned, you are aware that that's not a very high VNB margin business. But within group business also, the margins vary across the nature of the products. We are on the lower side on the fund-based business, but they are on the higher side in the assurance business, right?

So, we are trying to focus. But from the point of view, we are not seeing actually the situation only from the context of VNB margin. Let's be clear about it. The ultimate context is that VNB margin should improve, but the volume should also -- VNB margin should not come in the way for the growth of the overall business and for providing the solutions to the customers that are required for them.

But we realize that there is a huge potential within group business to expand and increase in the segment of assurance side. So that is what we are trying to focus on. And good value is coming in terms of still it's a very smaller much smaller size of the overall portfolio, but that remains a part of focus for us.

So, what is the intent is that group business should continue to provide the support for the overall market share because we have to see that there's a value in terms of for the customers and there's a synergy between individual and group business. So, it's not to be seen something in a stand-alone basis, but it should add to the value in terms of VNB overall.

So, and almost 30% plus share is coming in terms of VNB overall VNB from that business. So that is the intent for the group business. And the larger focus is happening on the assurance side of it because we are anyways very strong in the superannuation business side of group business.

R. Sudhakar: Okay. On the activation side, as already mentioned by me earlier, we have added around 61,000 agents as compared to last year. The percentage of agents active are slightly higher in the current year as compared to the earlier year, which means that more agents are active in the current year as compared to the earlier. The only issue is that since the sum assured has been increased, there is a slight decrease in the number of policies sold by each agent. So, I think that gives you the correct picture.

Moderator: Dipanjan, does that answer your question?

Dipanjan Ghosh: No. And the third question in terms of any timelines for the government stake?

R. Doraiswamy: See, the government has been clarifying time to time as to what they are planning to do. They have already taken a timeline of 2027 for bringing down their stake to 90%. And recently, the government has also announced that they'll be going ahead with some offloading in some tranches. Beyond that, we also do not have any direct visibility of what the government is going to do. But the government has been making announcements, and I think this is something which can be better answered by the Government of India rather than by the LIC management.

Moderator: Our next question comes from the line of Punit Balani from Macquarie Capital.

Punit Balani: Just 2 aspects. So, on the group front, I don't know if you added was, are we seeing more growth -- strong growth in group protection products like this, which is driving higher margins apart from the cost of -- apart from the decline in cost ratios?

And second thing, I don't know if you mentioned what is the individual VNB margins? You had highlighted it last quarter around if you could highlight it again this quarter. Sorry if I missed it earlier.

Dinesh Pant: Individual last quarter* was around 21%. It would be slightly better than that** in this quarter. So around 3% to 4% improvement would have happened there around 23% - 24%*** would be the individual business side of it. In Group Business, as we are talking about, there may be some factors. For example, the longevity improving even in the administration scheme would add to the VNB margin improving there.

Then similarly, as you mentioned rightly, so the larger focus on the production side of business, as I mentioned earlier, is also a contributor to that thing. However, there are certain areas in any line of business-like annuities where there could be in the interest rate falling situation, there could be negative pressure.

So, it's the overall balance of the entire portfolio, which comes about for competitive reasons also and for meeting the expectation of the customers also at times, we have to bear with because these RFRs also can be fluctuating from time to time. Interest rates can be fluctuating from time to time. So, as we mentioned about in group, the focus is through improvement in the and enhancement in the mix towards the production side.

** Q4FY25*

*** 'that' to be read as quarter ending June, 2024*

**** Inadvertently mentioned as 23% - 24% instead of 18% - 19%.*

Moderator: Our next question comes from the line of Shobhit Sharma from HDFC Securities Limited.

Shobhit Sharma: Sir, my first question is on the ULIP segment. I think we have grown very significantly on that side. So can you help us understand what is helping driving growth in that segment? And what is the contribution of the monthly mode in that business segment? And secondly, what kind of ULIP mix are we targeting as a mix of the individual business?

It would be like 20%, 25% or we are comfortable with 13 to 15-odd percentage. And on the ULIP business side, what kind of lapsation assumptions are we building in, especially for the 61st month persistency? So that's the first part of it. And then on the cost ratio, if I look at your cost ratio, it has improved materially. So how should we think about it going forward as well?

Dinesh Pant: In ULIP side, you see, again, we'd like to repeat that. Our larger focus is that what is the need for the customers, where the flavor lies for them. It is not that as a corporation, our endeavor is to be able to offer every type of product to the customers and let them select what is best for them. So, it is driven by the demand rather than and we our job is to supply the products, which cater to the need.

You would appreciate that in the Indian context; there's a lot of participation in the market. So therefore, ULIPs have become very important. in context of -- though we all realize that margins in ULIPs are not the best ones, but that cannot be the only reason for us to be offering our products. We have to balance it with the people who are buying non-par saving products.

So ULIP, we are comfortable because as Mr. Doraiswamy also earlier mentioned, from the level where we are, there is a room and as of if you see even today, I think 10%, 15% with the overall market share, which used to be less than 1% or 2% sometime back. So, in the market, you will also see that shift of the companies and the participants will keep on happening.

At one point of time, somebody is strong in one segment, so other person will choose to some other things. So, these shifts will keep on happening as long as customers have the need. And we will try to, therefore, in ULIP segment also come out with innovations and innovative products so that, for example, in the last year, we came out with index-linked type of products. For the type of customers who would want to see their returns in line with the indexes.

There are other products which are more discretionary, not necessarily following the tracking to the index. So there also and in fact, like we are also endeavoring to introduce this concept in the group side of it, which is not currently there. So, we'll try to see that ULIP remains important. ULIP would continue to remain because Indian market offers opportunities for people to invest in the market.

So ULIP will remain flavor. But as we mentioned, we'll continue to provide work on the pension side of it because there's a lot of opportunity in future. 20% of the population will be by 2050 will be senior citizens who are young people today. So, we have to facilitate annuity products also. We also have to facilitate guaranteed products in non-par savings, plus we will refocus on our participating segment again there also. It's not that we are not focused on it, but it had quite saturated for some point of time.

Now we endeavor to pick up on that also. So that is our driving thing. We would not like to say that we want to control that ULIP should be 30% or 40% or 20% sort of thing. As of now, we see a lot of opportunity and growth. And there is a lot of opportunity for cross-selling and upselling even when, for example, you're selling ULIP products.

So, our strategy is to supply products which are customer-centric, which are easy for distributors to understand and appreciate and market and which overall as a basket create value for the corporation, not necessarily individually segment-wise. I hope that answers.

Shobhit Sharma: Yes. Sir, what would be the monthly mode contribution in the ULIP segment?

Dinesh Pant: See, largely, the monthly mode, I can tell you about not necessarily in ULIP only, around 15% to 16% is the monthly mode, which is the case. And now so that would be generally the 10% to 15% would be the monthly mode. But then it will again keep on changing from month to month.

The preference could be there could be many people who are willing for single premium products also because we have got single premium options also. So monthly mode can keep on varying from month to month. And the significant portion is coming from single premium variant of ULIPs also, significant.

Shobhit Sharma: Okay, sir. And sir, what kind of lapsation assumptions are we building into the ULIP segment and specifically the 61st month assumptions?

Dinesh Pant: Lapsation assumptions is again something we will not like to specify the number, but it is based on the experience analysis that we undertake. And we are very prudent about it based on 2 or 3 years of experience data that we analyze, then we try to see the trends of the recent time, put equal weightage and credibility factors are applied. And then lapsation assumptions are built into it. So we'll not like to talk about specific numbers here, which is because it is reflective of the actual experience and the expected experience for the future.

Shobhit Sharma: Okay, sir. And lastly, sir, on the expenses side.

Dinesh Pant: What exactly on the expenses side, would you like to know?

Shobhit Sharma: So, employee cost, specifically, it has come down significantly over the last 1 or 2 years if you look at it.

Dinesh Pant: It has come down for various reasons. And that was a thought-out understanding when we did our business projections also. It has come down because of one reason that significant number of employees have been retiring from year-to-year in the corporation. We want to balance our overall workforce and technology to be cost optimizing and still continue to deliver.

So significant amount of savings is coming from there, employee-related savings because that actually constitutes almost 70%, 80% of the expense for the corporation. On top of that, at times, it gets impacted also because of the change in mix of the business. For example, the larger -- you would have seen LIC has done very well in the single premium segment as compared to even industry. So there, naturally, the expenses are less.

So, all of those factors have helped us in reduce expenses. And after having seen that trend to have settled and sustainable for future. Therefore, you would have seen that we have reviewed our expense assumptions, which has resulted into better outcomes in terms of the margin. But this is not something surprising to us.

It is very clear. You would have seen quarter-to-quarter from almost at one point of time around 2 years back, 15% plus. Now if you have come down to 10% and possibly one of the best in -- out of all the listed players, that's what we are seeing today. So that's a very conscious effort.

But we'll continue to watch this area because, again, expense reduction is not the only goal for the corporation. It is all about expense optimization. We are open to increasing expenses also as if it is required because ultimate goal is to bring about the growth in business and being able to provide services which meet the expectation of our customers. So, we are working towards not necessarily reduction in expenses, but optimization of expenses.

Moderator: Our next question comes from the line of Raghvesh from JM Financial.

Raghvesh: Congratulations on a very strong set of results. Sir, a couple of questions. First, you mentioned 23% to 24% margins on the individual business. So back calculating the group business margins comes to somewhere around 5%, which when we used to disclose it used to be somewhere around 10%. So, I mean, what has actually caused the shift in the VNB margins for the group business?

Dinesh Pant: No, no, it has not reduced. The business has not reduced.

A.K. Srivastava: So, it has not come down. Let me so we are not actually looking at the numbers. Numbers we have given is at the corporation level. But the group VNB margin is definitely not in a single digit. It is -- the proportion is in the double digits. But then we do not want to actually see on those numbers.

Dinesh Pant: See, almost in all lines of businesses*, actually, VNB margin has stabilized or improved. So, in fact, interestingly, even in our participating line of business also, it has improved. But the earlier question was on individual business. So -- but individual business overall is just around almost -- it's evenly space, almost around 30% business is group business by APE and other side of business, almost 30%, another 30%, 32% is non-par and then 30%**. So almost everywhere, there is a slight improvement or stable experience in the VNB margin, but more pronounced improvement has come in the individual non-par segment.

Raghvesh: Okay. Okay. And on the -- would you like to mention about some growth targets which the corporation is looking at, given that last year, we had weak growth once the surrender norms came in, in the second half. So, what kind of growth in terms of the top line we are targeting for this year and on a sustainable basis from the next year?

R. Doraiswamy: Actually, second half of last year saw the market undergoing a change because of the change in the master circular brought in by the regulator. We are looking at a decent growth in terms of absolute volume as well as in terms of APE terms in the current year. And I'm sure when it comes to the second half of the year, the growth will substantially improve. We do not want to give a clear number, but we would like to keep improving, keep consolidating the growth on both on APE terms as well as on absolute volume terms.

* *'business' to be read as Non linked individual business*

** *'30%' repeat word deleted.*

Moderator: We'll take the last 2 questions. The next question comes from the line of Sucrit D. Patil from Eyesight Fintrade Private Limited.

Sucrit Patil: I would like to ask a specific question to Mr. Doraiswamy. Is Mr. Doraiswamy there online?

R. Doraiswamy: Yes, sir. I will answer, yes.

Sucrit Patil: So first of all, I would like to congratulate you on your appointment as the CEO and Managing Director of the biggest insurer of India, LIC. And my question is a bit of a nonfinancial background question. So, my question is, as LIC continues to digitize its distribution and policy serving platforms, how are you planning to use the how you are planning to use AI for the underwriting and behavioral analytics or embed insurance models to deepen customer engagement and improve risk selection for FY '30. I would like to hear your thoughts on this.

And how could this possibly shape LIC's competitive edge in the evolving insurance landscape? I wanted your specific thoughts on this as the new MD CEO, what is your vision on this?

R. Doraiswamy: Thank you. Thank you for your greetings and the question directly to me. We have already been stating that the Life Insurance Corporation of India would like to completely undergo a digital transformation, and we have already engaged BCG to guide and help us in implementing a digital transformation drive of the corporation.

A lot of work has already happened. We are now preparing the platform on which our customer engagement applications as well as our intermediary engagement applications will work. We are also engaging very reputed partners into building up a data lake and a very, very robust data analytics platform on top of that data lake.

So, these are at very advanced stages of implementation. And maybe in the next 5 to 6 months, we should start rolling out most of the initiatives that we are planning to do. On the one side, yes, the complete digital engagement of the customer from policy onboarding, customer onboarding till claim settlement and any kind of service requirement will be available on digital. That is one thing which we are using.

As you said, integration of AI as well as ML into our decision-making process, starting from underwriting and risk assessment is a part of the transformation that we are looking at. We are engaging even other fintech partners in various other ecosystem players in the system so that we have a seamless integration, not only with the IT systems of the intermediaries, the web aggregators and others as well as people who would like to directly deal with the LIC and get the products sold as well as serviced.

Looking forward, you are talking about 2030, even earlier than that, we would like to be extremely competitive on the digital front and nowhere behind anybody in terms of digital service offerings. Certainly, we'll be one among the top in terms of digital engagement in the years to come, sir. That's what my vision will be.

Sucrit Patil: I wish you best of luck for your tenure as the new LIC boss.

Moderator: Our next question comes from Niraj Kumar, an investor.

Niraj Kumar: Congratulations for a good set of numbers. Am I audible?

R. Doraiswamy: Yes, you're audible.

Niraj Kumar: Yes, most of the question was answered. But only thing is about the health insurance also, like we were hearing that you are entering into health insurance. So, what's the update on that, the first thing? And secondly, as you said that means you are worrying about the investor like us also. So obviously, either it's a price increase or the dividend and all.

You know that one other company, the peer company is getting the like valuation of 80, 90p. I'm not saying the comparing, but your company is getting 11. So, either you are working something for the investor like doing something dividend policy like 60% I will pay or 50% I will pay. So at least the valuation will have a decent value. It can't be 8x SBI Life or HDFC Life more than you. You are the best company. So please answer on that.

R. Doraiswamy: On the first, sir, the health insurance foray, we have been talking about the various options available in front of us. We have been evaluating the options of taking a stake in a stand-alone health insurance company as one of the options available. In the meantime, there has been a lot of changes in the environment. Particularly, we are expecting some changes to the statute as well as the regulatory environment.

So, we are also waiting for the kind of changes that is expected to be rolled out in the near future. And in the meantime, we are also exploring the possibility of all the options available. Right now, we cannot be directly into health insurance as a player. We can only look at it as an investor. Yes, that is one of the options we are currently exploring.

But we are in view of the changes that are taking place in the recent past, we are now enhancing our options. And so, it is currently we cannot say that we are immediately going to go in for a foray into health insurance market as of now. It's a kind of we are waiting to see what is the what are the changes that are brought in the regulatory environment.

On the other side, actually, we have been working towards enhancing the valuation of the company by focusing on, one, business growth; two, enhancing the distribution strength of the corporation; and three, in terms of getting big VNB margin numbers.

So, we strongly feel that when we are delivering on the performance on the core business that we are doing, the markets will consider them and go in for a better valuation. We are certainly eagerly waiting like for this to happen, and we'll be consciously working towards improving our valuation so that investors' interests are well taken care of.

Moderator: Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to Mr. Doraiswamy for closing comments.

R. Doraiswamy: Thank you. We appreciate your active engagement and valuable input during today's discussion. Your ongoing support is invaluable to us, and we eagerly anticipate continuing our partnership to foster growth, achieve success and create value for all the stakeholders involved. Once again, I thank you for your participation. Best regards.

Moderator: Thank you. On behalf of LIC, which concludes this conference. Thank you for joining us. You may now disconnect your lines.

Management: Thank you.