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The Insurance Regulatory & Development Authority of India



OCTOBER- 2025

Background Note

Effective October 1, 2024, the Insurance Regulatory and Development Authority of India (IRDAI) mandated that Long-Term Insurance Products be accounted for on a 1/n basis rather than the earlier "n basis". This change impacts how revenue (premium income) is recognized, resulting in non-comparability between FY2026 and earlier periods.

Hence, underlying performance must be viewed excluding the accounting impact for a more accurate picture of operational growth.

1. Key Financial Highlights

Financial Indicators	Q2 FY26	Q2 FY25	% Growth YoY	H1 FY26	H1 FY25	% Growth YoY
Gross Direct	₹65.96 bn	₹67.21 bn	-1.90%	₹143.31 bn	₹144.09 bn	-0.50%
(Excl. Crop & Mass)	–	–	3.50%	–	–	3.50%
Profit Before Tax	₹10.77 bn	₹9.19 bn	17.20%	₹20.71 bn	₹16.93 bn	22.30%
Profit After Tax (PAT)	₹8.20 bn	₹6.94 bn	18.10%	₹15.67 bn	₹12.74 bn	22.90%
Combined Ratio (CoR)	105.10%	104.50%	+60 bps	104.00%	103.20%	+80 bps
Return on Avg. Equity	21.40%	21.80%	-40 bps	20.80%	20.30%	+50 bps
Solvency Ratio	2.73x	2.69x (Mar'25)	↑	–	–	–

Interpretation: Despite moderate topline performance due to the accounting impact & crop business degrowth, ICICI Lombard achieved strong double-digit profit growth & maintained industry-leading ROEs above 20%.

2. Dividend & Capital Position



- The Board declared an interim dividend of ₹6.50 per share for H1 FY26 (vs ₹5.50 in H1 FY25).
- Solvency ratio strengthened to 2.73x, significantly higher than the regulatory minimum of 1.50x, reflecting prudent capital management.
- ROAE remained robust at 20.8%, showcasing consistent profitability and efficient capital utilization.

3. Segment-Wise Performance



Motor Insurance

- Total Motor GDPI growth: +2.2% YoY (H1 FY26).
- Driven by a 6.5% surge in September 2025, aided by GST rate cuts and festive momentum in new vehicle sales.
- Private Car business: +17.8% (vs industry growth of 5.8%).
- Two-wheeler business: +8.5% (vs industry 6.5%).
- Commercial Vehicle: Declined 6.7% due to slower fleet replacement cycles.
- Loss ratio: Increased to 68.5% (vs 65.2% YoY), reflecting weather-related claims and competitive pricing pressures.

Motor mix by segment (H1 FY26):

- Private Car: 54.3%
- Two-wheeler: 25.8%
- Commercial Vehicle: 19.9%



Health, Travel & Personal Accident

- Individual (Retail Health): Up 29.9% YoY — aided by product innovation and deeper distribution reach.
- Employer–Employee Group Health: Grew 9.2%.
- Group (Others): De-grew 34.6% as the company maintained underwriting discipline.
- Mass Health: Doubled but remains small in absolute terms.
- Retail Health market share: Rose from 3.2% to 3.7%.
- Loss ratio: Improved to 79.0% (vs 83.2% YoY) due to prudent underwriting.

Operational note: ICICI Lombard's IL Sahayak initiative supported 58,000+ customers across 2,500+ hospitals in H1 FY26, showcasing strong service integration.

Property & Casualty (P&C)

- Fire: +15.3% YoY (driven by strong growth of 36.4% in September).
- Engineering: +12.3% YoY.
- Marine Cargo: -5.4% (due to competitive pricing).
- Liability: -1.7%.
- Loss ratio: 70.4% (up modestly from 67.9% YoY).

Takeaway: The P&C segment remains the company's most stable profit pool, with healthy growth despite competitive pressures and continued pricing discipline.



Crop Insurance

- Revenue de-grew by 44% YoY, reflecting re-tendering and lower coverage in some states.
- Loss ratio: Spiked to 113.5%, impacted by floods and adverse weather patterns.
- Despite lower volumes, ICICI Lombard maintained conservative reserving and cautious underwriting.

4. Investment & Treasury Performance



Indicator	H1 FY26	H1 FY25
Investment	₹562 bn	₹515 bn
Investment	3.57x	3.59x
Realised Return	4.55%	4.45%
Unrealised	₹16.37 bn	–
Equity Portfolio	₹8.44 bn	–
Non-Equity	₹7.93 bn	–

Portfolio Composition:

- Corporate Bonds – 47.6%
- Government Securities – 34.0%
- Equity (incl. ETFs) – 14.4%

Key takeaway: Stable and conservative investment approach continues to support profitability. No defaults reported; debt portfolio rated AA & above across the board.

5. Risk Management & Reserving

- Risk Committee actively monitors exposures impacting solvency beyond 15 bps.
- Use of predictive loss models for improved risk selection.
- Diversified reinsurance base with minimum A- rated partners (vs regulatory BBB minimum).
- Margins for Adverse Deviation (MAD) built into reserves to cushion unexpected losses.
- Historically favorable run-offs reflecting prudent reserving.
- Low catastrophe exposure: CAT losses at ₹0.73 bn in H1 FY26 vs ₹0.94 bn in H1 FY25.



6. Customer, Technology & Service Metrics



- 99.6% of policies issued electronically.
- App downloads: 18.4 million+ (IL TakeCare App).
- Claims processed within 30 days:
 - Motor: 96.4%
 - Retail Health: 99.6%
- Cashless NPS:
 - Health: 75
 - Motor: 66
- Call Centre NPS: 60 (vs 58 YoY).
- Renewal Retention: Improved by ~3.6% through AI-led digital processes.

ICICI Lombard continues to demonstrate industry-leading digital adoption & customer satisfaction, with differentiated service models for senior citizens and high-value customers.

7. ESG & Governance Highlights

- MSCI ESG rating upgraded to AAA (from A).
- Sustainalytics upgraded to “Low Risk” category.
- Certified for ISO 27001:2022 (Information Security) and ISO 27017:2015 (Cloud Security).
- Board-approved ESG and Climate Risk Policy integrated into Enterprise Risk Management (ERM).
- Diversity, Equity & Inclusion (DEI): Increased female participation and focus on SME/MSME inclusion.
- Sustainability initiatives: Reduced paper usage, enhanced green bond investments, and adoption of TCFD-aligned climate disclosures.



8. Industry Context & Market Position



- Industry GDPI growth: +7.3% (H1 FY26).
- ICICI Lombard GDPI: -0.5% (reported), +4.2% (adjusted for 1/n basis).
- Market Share: 10.4% in Motor, 3.7% in Retail Health.
- Industry non-life insurance penetration: 1.9% of GDP vs global average of 4.2%.
- ICICI Lombard PAT CAGR: 20.7% (FY08–FY25) vs industry 9.4%.

This reflects ICICI Lombard's long-term discipline in pursuing profitable growth over market share expansion.

9. Management Viewpoint

ICICI Lombard emphasized its five strategic pillars:

- Profitable growth while maintaining leadership.
- Diversified products and distribution.
- Prudent risk management and reinsurance.
- Technology-led customer service.
- Prudent capital management.

The company continues to focus on long-term value creation, maintaining underwriting discipline even amid pricing pressure in competitive segments.



10. Our Analysis – Key Takeaways

✓ Strengths

- Strong profit growth (+23% PAT) with stable ROE >20%.
- Resilient solvency and capital adequacy (2.73x).
- Retail health and motor portfolios showing structural growth.
- Investment income continues to provide steady support.
- Consistent technology-driven efficiency & superior customer engagement.
- ESG leadership enhances credibility with institutional investors.

⚠ Challenges

- GDPI growth trails industry due to accounting adjustments and selective participation in crop/mass health segments.
- Combined ratio rising marginally due to weather events and competitive pricing.
- Crop segment remains a drag on underwriting performance.



Overall Verdict



Despite muted topline growth, ICICI Lombard has delivered strong operational and financial performance, with profit growth, stable margins, and robust return ratios.

The company's disciplined underwriting, diversified portfolio, and tech-led service model continue to make it a benchmark in the Indian general insurance industry. Its long-term focus on profitable growth over aggressive expansion ensures sustainability, while digital leadership and ESG excellence strengthen its brand and stakeholder trust.



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