ICRA

35 Years of Unwavering Credibility

# INDIAN LIFE INSURANCE SECTOR

## Non-bank sponsored insurers gain share amid evolving distribution


MARCH 2026

#35YearsofUnwaveringCredibility

# List of abbreviations

**10M FY:** Refers to the 10-month period starting from Apr 1 and ending on Jan 31

**APE:** Annualised equivalent premium

**ASM:** Available Solvency Margin

**Banca:** Bancassurance

**EV:** Embedded Value

**FVCA:** Fair Value Change Account

**FY:** Financial year; refers to 12-month period starting from Apr 1 and ending on Mar 31

**GPW:** Gross premium written

**H1 FY:** Refers to the six-month period starting from Apr 1 and ending on Sep 30

**IRDAI:** Insurance Regulatory and Development Authority of India

**NBP:** New business premium

**Non-Par:** Non-participating product

**Par:** Participating product

**RoE:** Return on Adjusted Equity (net worth excluding FVCA)

**RoEV :** Return on Embedded Value

**ULIP**: Unit Linked Insurance Plan (also referred to as linked)

**VNB:** Value of new business

**YoY:** Year-on-year

For the purposes of this report, ICRA has classified insurers into the following categories:

| Classification | |
|---|---|
| **Bank Sponsored** | SBI Life, HDFC Life, ICICI Prudential, Axis Max Life, PNB MetLife, India First life, Star Union Dai Ichi, Canara HSBC and Kotak Life |
| **Non-bank Sponsored** | Other private life insurers |
| **Select Non-bank Sponsored** | Aditya Birla Sun Life, Bajaj Life, TATA AIA, Shriram Life, Reliance Life, Bharati AXA |
| **Private Insurers** | All private insurers |
| **Industry** | Total life insurance sector |

# Highlights

ICRA

Click to see full report

*Bank-sponsored insurers retain scale advantage, but non-bank players are steadily gaining share through faster growth and diversified distribution.*

*Profitability and capital profiles diverge, with non-bank insurers facing higher strain and high-cost structure.*

*High reliance on banca channels creates concentration risk for the sector, necessitating broader partner and channel diversification.*

- Bank sponsored insurers have historically dominated private individual APE, supported by early mover advantages and ability to cross sell; however, their share in individual APE has moderated (78% in FY2017 vs. 71% in 10M FY2026) as select non-bank insurers have grown faster.
- Sustained investments in multi-channel distribution and the shift toward open architecture bancassurance have enabled non-bank sponsored insurers to accelerate growth and steadily gain market share.

- Bancassurance remains the dominant distribution channel for the sector, with bank sponsored insurers exhibiting high reliance on it, while non-bank insurers benefit from a more diversified sourcing mix supported by agency and broker channels.
- Product mix differences persist, with bank sponsored insurers skewed toward ULIPs, while non-bank insurers—historically focused on non-par savings—have diversified into ULIPs amid rising demand.
- The RBI's draft "Responsible Business Conduct" guidelines may moderate banca-led sales, posing near term growth pressure for bank promoted insurers.

- Bank sponsored insurers benefit from large back books, operating scale, and lower expense ratios, which help absorb new business strain and support relatively stable profitability and growth capital.
- Non-bank insurers report weaker near-term profitability due to smaller back-books, higher costs, and greater exposure to strain heavy products; strong VNB growth on a lower EV base supports broadly comparable RoEV.

- Capital requirements remain elevated across life insurers amid strong growth and rising sum assured, met through a mix of equity infusions and subordinated debt.
- Bank sponsored insurers benefit from stronger internal capital generation, while non-bank insurers continue to exhibit higher capital consumption, resulting in sustained reliance on external capital support.
- While 100% FDI may enable independent entry by global insurers, the ability to build scalable distribution without a local partner remains uncertain.

# Analytical Contact Details

| Name | Designation | Email | Contact Number |
|---|---|---|---|
| **Karthik Srinivasan** | Senior Vice-President & Group Head | karthiks@icraindia.com | 022 – 6114 3444 |
| **Anil Gupta** | Senior Vice-President & Co – Group Head | anilg@icraindia.com | 0124 – 4545 314 |
| **Neha Parikh** | Vice-President & Sector Head | neha.parikh@icraindia.com | 022 – 6114 3426 |
| **Abhilash Rathi** | Senior Analyst | abhilash.rathi@icraindia.com | 020 – 6606 9923 |

# Business Development/Media Contact Details

| Name | Designation | Email | Contact Number |
|---|---|---|---|
| **L Shivakumar** | Chief Business Officer | shivakumar@icraindia.com | 022-61693304 |
| **Sai Krishna** | Head - Research Sales and Investor Connect | sai.krishna1@icraindia.com | 9840774883 |
| **Rohit Gupta** | Head Business Development – Infrastructure Sector | rohitg@icraindia.com | 0124-4545340 |
| **Vivek Bhalla** | Head Business Development – Financial Sector | vivek.bhalla@icraindia.com | 022-61693372 |
| **Vinita Baid** | Head Business Development – East | vinita.baid@icraindia.com | 033-65216801 |
| **Shivam Bhatia** | Head Business Development – Corporate Sector – North & South | shivam.bhatia@icraindia.com | 0124-4545803 |
| **Sanket Kulkarni** | Head Business Development – Corporate Sector – West | sanket.kulkarni@icraindia.com | 022-6169 3365 |
| **Naznin Prodhani** | Head - Group Corporate Communications & Media Relations | communications@icraindia.com | 0124-4545860 |

ICRA

35 Years of Unwavering Credibility

ICRA

Years of Unwavering Credibility

# Thank You!

#35YearsofUnwaveringCredibility