

June 17, 2026

IndiaFirst Life Insurance Company Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Subordinated debt programme	125.00	125.00	[ICRA]AA (Stable); reaffirmed
Total	125.00	125.00	

*Instrument details are provided in Annexure II

Rationale

The rating factors in IndiaFirst Life Insurance Company Limited's (IFLI) strong promoter profile with Bank of Baroda¹ (BoB) and Carmel Point Investments India Private Limited (Carmel, an affiliate of Warburg Pincus LLC) holding 64.92% and 25.97%, respectively. The rating derives comfort from BoB's shareholding, representation on IFLI's board of directors and the exclusive bancassurance (banca) tie-up. Additionally, IFLI has a banca tie-up with Union Bank of India² (Union Bank), which held 8.99% in the company as on March 31, 2026. While IFLI does not have a shared brand name with BoB, it has entered into an agreement for the usage of BoB's name and logos for marketing and communication purposes. Its distribution is supported by access to the extensive branch networks of BoB and Union Bank, enabling it to leverage the large branch networks and customer base of the banca partners.

IFLI reported a solvency ratio of 1.68 times as on March 31, 2026 and has the headroom to raise additional sub-debt of ~Rs. 584 crore, which is likely to support its growth plans in the near term. Further, ICRA expects that the company will receive adequate and timely capital support from BoB. Over the last few years, IFLI has received growth capital from its promoters in proportion to their shareholdings, with the last capital infusion of Rs. 500 crore in FY2023. ICRA expects BoB to remain the majority shareholder of the company.

The company's profitability witnessed a recovery in FY2026, following a phase of recalibration of commissions with the parent bank. The value of new business (VNB) margin improved to more than 20% in FY2026 along with an increase in the absolute VNB, driven by higher business growth and the change in the product mix. Going forward, improvement in the VNB will be driven by annual equivalent premium (APE) growth, as VNB margins are likely to be range-bound. Further, the profitability and solvency may remain susceptible to changes in the actuarial assumptions, leading to long-term changes in the reserving requirements.

The rating is, however, constrained by IFLI's moderate scale of operations, with a market share of 0.8% in overall new business premium (NBP) and 1.2% in individual APE in FY2026, and high dependence on the parent banca channel for sourcing retail business. Sustained diversification towards proprietary and non-bank channels will remain critical for improving the scale, reducing concentration risks, and strengthening its competitive positioning.

The Stable outlook factors in the expectation that the company will continue to receive support from the parent, if required, and will maintain its solvency level above the negative rating trigger.

¹ Rated [ICRA]AAA (Stable) for its Basel III Tier II bonds

² Rated [ICRA]AAA (Stable) for its Basel III Tier II bonds

Key rating drivers and their description

Credit strengths

Strong parentage provides capital, strategic, and operational support – As on March 31, 2026, BoB, Carmel, and Union Bank held 64.92%, 25.97% and 8.99%, respectively, in the company with BoB and Carmel being the promoters. The rating factors in IFLI's strategic importance to BoB, demonstrated by regular capital infusions by BoB as well as Carmel. BoB, the second-largest public sector bank in India, has a nationwide network of 8,648 branches, enabling the company to leverage the banca channel to source business. Further, BoB has an exclusive partnership with IFLI, selling only the latter's products, with BoB contributing 44.0% to the company's individual NBP in FY2026. The promoters have representation on IFLI's board, providing strategic support. While the company was planning an initial public offering (IPO), the same has now been deferred. Nonetheless, BoB is expected to maintain a majority stake in IFLI and ICRA expects timely support from the bank if required.

Adequate solvency profile, supported by capital infusions – IFLI's solvency ratio, which stood at 1.68 times as on March 31, 2026, was adversely impacted by mark-to-market (MTM) losses on the forward rate agreements (FRAs) portfolio due to the rise in interest rates at the end of the fiscal year. This led to a decline in the available solvency margin (ASM) despite profitable operations. These FRAs were taken by the company to hedge the interest rate risk for non-participating (non-par) products. In the absence of MTM losses, solvency would have been higher at 1.89x as on March 31, 2026. These MTM losses were reversed in Q1 FY2027. While the company's internal accruals have been limited, capitalisation has been supported by regular capital infusions (~Rs. 678 crore infused in the last six years, including Rs. 500 crore in FY2023). Solvency is also partially supported by the funds for future appropriation (FFA) on par products.

The rise in bond yields also resulted in a decline in the market value of the investment book in relation to its book value. While this does not impact the reported solvency ratio, maintaining steady business growth and improving persistency levels will be required to maintain stable growth in the investment book.

IFLI reported a profit after tax (PAT) of Rs. 127 crore (return on equity (RoE) of 9.4%) in FY2026 and Rs. 102 crore (RoE of 8.0%) in FY2025. Profitability was supported by a combination of back-book surplus and strong group business performance, particularly the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) portfolio, which remains profitable. Given the continued investments to diversify and strengthen distribution channels, the accounting profitability is likely to remain under pressure in the medium term.

The company's absolute VNB improved in FY2026 with higher growth and the increase in the VNB margin to more than 20%. The improved profitability of the group protection business and increased share of non-par products aided the higher margin. Going forward, improvement in the VNB will be driven by APE growth, as VNB margins are likely to be range-bound.

While IFLI's market share in individual sum assumed written during the year was limited at 0.5% in FY2026, it is likely to increase, going forward. Given the long-tail nature, a rise in the retention of mortality risk heightens the exposure to deviations in actual claims vis-à-vis reserving, potentially impacting profitability and solvency. ICRA, however, notes the favourable mortality experiences in the embedded value walk in recent years and the adequate solvency buffer maintained by the company.

The ability to maintain prudent asset-liability management, mitigate the interest rate risk arising from the deployment of future policy premiums at remunerative rates, and achieve operating experience (such as persistency, mortality, operating costs and interest rates), in line with the assumptions at the time of policy underwriting, will remain a key driver of the company's long-term profitability and capitalisation.

Diversification in product mix – IFLI has been shifting its focus to the granular individual retail business from the group funds business. The share of the individual business in the NBP increased to 54.0% in FY2026 from 45.1% in FY2021 while the share of the group funds business declined gradually to 12.5% from 29.4% during this period. Within individual APE, non-par products had the highest share at 56.1% in FY2026, followed by unit-linked insurance plans (ULIPs) at 27.8%, par at 14.0% and protection at 2.1%. Within group, group credit life has a higher share (38.2% of group NBP in FY2026) while government life insurance schemes and group fund business account for a large portion of the balance.

Credit challenges

Moderate scale of operations; high dependence on parent's banca – IFLI's scale remains modest, with a market share of 0.8% in overall NBP and 1.2% in individual APE as of FY2026. Growth lagged the industry during FY2024-FY2025, primarily due to conscious recalibration initiatives. These included structural changes in the product design aimed at standardising commissions across intermediaries and strengthening customer-centric processes. The impact was most visible in the banca channel, as the company is heavily dependent on the same for sourcing business.

Following the recalibration and efforts towards channel diversification, growth has improved, with individual APE rising by 14.0% in FY2026 (outpacing industry growth of 10.2%). Non-banca channels have scaled up meaningfully, with their share in individual NBP increasing to 31.6% in FY2026 from 9.0% in FY2024. Despite this, the banca channel's share remained high at 68.4% in FY2026 (92.0% in FY2023), with significant reliance on the parent bank (BoB: 44.0%) while Union Bank formed 19.6%, thereby exposing the company to concentration risk. Similar dependence is visible in the group segment, where 46.0% of NBP is contributed by the group business, with 30.3% sourced from BoB and Union Bank. Sustained diversification towards proprietary and non-bank channels will remain critical for improving the scale, reducing concentration risks, and strengthening the company's competitive positioning.

The regulatory landscape for the life insurance sector has been evolving and is likely to have a bearing on its overall growth and profitability. Industry growth slowed down in FY2024 due to taxation changes but rebounded during FY2025-FY2026, supported by strong ULIP demand and favourable market conditions. The growth in H2 FY2026, after a weak H1, was also supported by the favourable impact of goods and services tax (GST) exemption. However, the profitability of life insurers could be impacted in the near term due to the strain in the absence of input tax credit. The ability of insurers to mitigate the impact by rationalising commission payouts and improving operating efficiency is to be seen.

Persistency levels increasing with scope for further improvement – The company's persistency ratio improved over the last few years with a 13th month persistency of 81.8% in FY2026 (78.5% in FY2021). While this is satisfactory, it is lower in later cohorts at 51.1% in the 61st month in FY2026 compared to 60.5% among industry leaders. IFLI's ability to improve its persistency across cohorts and product segments would remain crucial for incremental profitability in the individual business. Further, regulatory changes, which led to an increase in the surrender values of life insurance policies, had a slightly adverse impact on profitability. The effect of the same on persistency ratios will remain monitorable.

Liquidity position: Strong

The company's net premium (excluding ULIP) stood at Rs. 5,426 crore in FY2026 in relation to the maximum net claims and benefits (excluding ULIP) paid of Rs. 2,012 crore in the last few years. Its operating cash flow was positive in FY2026, reflecting its ability to meet expenses and claims through premium inflows. In addition, investments in Central and state government securities stood at Rs. 16,578 crore, accounting for 68.6% of the total investments (excluding ULIP) as on March 31, 2026, which supports the liquidity to meet the claims of policyholders in the event of a rise in policyholders' claims. The shareholders' investment of Rs. 1,102 crore also remains strong in relation to the sub-debt outstanding of Rs. 125 crore as on March 31, 2026.

Rating sensitivities

Positive factors – A substantial and sustained improvement in the company's market position and profitability, leading to an improvement in its financial risk profile.

Negative factors – Deterioration in the credit profile of BoB or a decline in the strategic importance of IFLI to BoB or in the expectation of support from the parent. Additionally, a decline in the company's solvency ratio to less than 1.60 times on a sustained basis would be a negative factor.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Life Insurance
Parent/Group support	Parent/Investor: BoB The rating factors in the high likelihood of financial support from the BoB, driven by reputational and strategic considerations.
Consolidation/Standalone	Standalone

About the company

IndiaFirst Life Insurance Company Limited (IFLI) was incorporated in June 2008 and commenced operations in FY2010. IFLI was a joint venture among Bank of Baroda (BoB; 44%), Andhra Bank (30%) and Legal & General Group PLC (26%). In February 2019, Legal & General Group PLC sold its entire stake to Carmel Point Investments India Private Limited. After the merger of Andhra Bank with Union Bank in April 2020, Union Bank became a shareholder in IFLI. In March 2022, Union Bank divested its 21% stake in IFLI to BoB to comply with Insurance Regulatory and Development Authority of India's (IRDAI) directive to reduce its stake below 10.0%. Following the acquisition, IFLI became a subsidiary of BoB. As on March 31, 2026, the major shareholders were BoB (64.92%), Warburg Pincus (Carmel Point Investments India Private Limited – 25.97%) and Union Bank of India (8.99%). Carmel Point Investments India Private Limited is a special purpose vehicle incorporated in India by Carmel Point Investment Limited, owned by private equity funds managed by Warburg Pincus.

IFLI's portfolio comprises retail and group products, which include participating, non-participating, unit-linked and protection offerings. As on March 31, 2026, the company had a network of 93 branches across India.

Key financial indicators (audited)

IndiaFirst Life Insurance Company Limited	FY2025	FY2026
Gross direct premium	7,218	8,019
PAT	102	127
Net worth	1,285	1,416
Total investments	30,529	33,836
13 th month persistency	81.2%	81.8%
61 st month persistency	47.6%	51.1%
Regulatory solvency ratio (times)	2.00	1.68

Source: Company, ICRA Research; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2027)				Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Jun 17, 2026	Date	Rating	Date	Rating	Date	Rating
Subordinated debt programme	Long term	125.0	[ICRA]AA (Stable)	Jun 20, 2025	[ICRA]AA (Stable)	Jun 24, 2024	[ICRA]AA (Stable)	Oct 16, 2023	[ICRA]AA (Stable)

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs/ Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs / NHB/ fis (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, Fis	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, Fis	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026, and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/Fis)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Subordinated debt programme	Highly complex

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
INE381Y08029	Subordinated debt	Mar 24, 2022	8.40%	Mar 24, 2032*	125.0	[ICRA]AA (Stable)

Source: Company, ICRA Research; * The company has a first call option, which is exercisable five years from the date of allotment; after first call option, the call options fall due every year on coupon payment dates

Key features of rated debt instrument

The rating also factors in the key features of the instrument, in line with the applicable guidelines for subordinated debt:

- » Servicing of interest is contingent on the company maintaining a solvency ratio above the levels stipulated by the regulator³
- » If the interest payouts lead to a net loss or an increase in the net loss, the prior approval of the regulator would be required to service the debt

Annexure III: List of entities considered for consolidated analysis

Not applicable

³ As per IRDAI, insurers are required to maintain a minimum solvency ratio of 1.50 times

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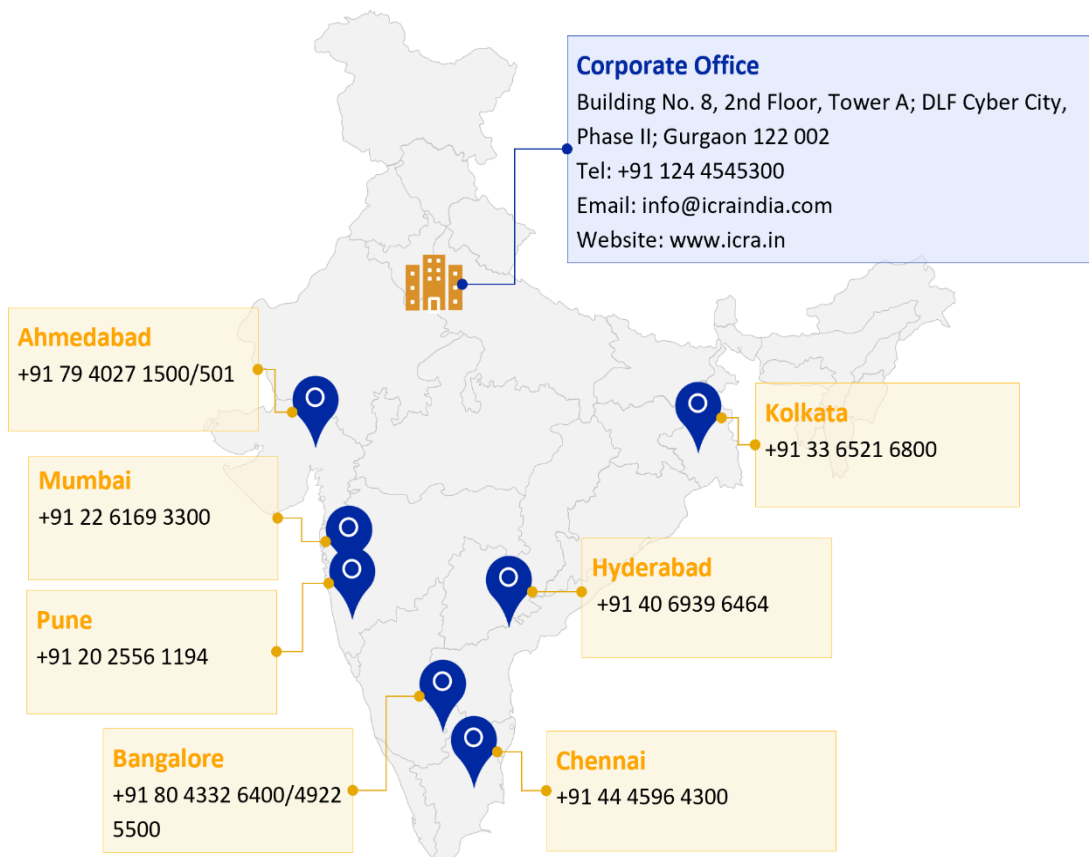
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