

October 09, 2025

## Axis Max Life Insurance Limited: Rating reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Subordinated debt programme	1,796.00	1,796.00	[ICRA]AA+ (Stable); reaffirmed
<b>Total</b>	<b>1,796.00</b>	<b>1,796.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating factors in Axis Max Life Insurance Limited's (Axis Max Life) established presence in the individual life insurance segment with a diversified distribution network. The company was among the top four private life insurers with a market share of 7.0% in 5M FY2026 (6.9% in FY2025) in terms of individual adjusted first year premium<sup>1</sup> (AFYP). The rating also considers the comfortable solvency position with a solvency ratio of 1.99 times as on June 30, 2025, following the growth capital infusion of Rs. 1,612 crore in April 2024. The profitability remained healthy with an operating return on embedded value (RoEV) of 19.1% in FY2025. Moreover, the embedded value (EV) increased at a compound annual growth rate (CAGR) of 20.3% during FY2020-FY2025 to Rs. 25,192 crore as on March 31, 2025.

The rating factors in the company's strong promoter profile, with Axis Bank Limited<sup>2</sup> (Axis) holding a 19.02% stake as on June 30, 2025 (up from 12.99% as on March 31, 2024) along with its subsidiaries (Axis Capital Limited and Axis Securities Limited). The company rebranded itself to Axis Max Life Insurance Limited from Max Life Insurance Company Limited in December 2024, further strengthening its strategic importance to the bank and ICRA's expectation of support as and when required. Axis has been associated with Axis Max Life as a distributing partner, accounting for ~48% of its individual annual premium equivalent (APE) in FY2025. Axis has strong board representation at the company (four out of thirteen directors nominated by Axis, including the Chairman). While Axis has a presence across the financial services segment, Axis Max Life's foothold in the insurance business is of strategic importance to the bank. The other promoter, Max Financial Services Limited (Max Financial), is a widely held listed company with an 80.98% stake in Axis Max Life as on June 30, 2025. ICRA also notes that, following the planned reverse merger of Max Financials into Axis Max Life, Axis Bank is expected to emerge as the single largest shareholder.

The company's operating expenses remain high compared to large private life insurance players, given the significant share of individual business in its overall business and the expansion of its distribution reach. The growth in the value of new business (VNB), VNB margin and profitability would depend on Axis Max Life's ability to increase its APE and improve its operating efficiency. The profitability and solvency may remain susceptible to changes in the actuarial assumptions, leading to long-term changes in the reserving requirements.

The Stable outlook factors in the expectation that the company will continue to receive support from Axis, if required, and will maintain its solvency level above the negative rating trigger of 1.70 times.

<sup>1</sup> Adjusted first year premium = First year regular premium + 10% of single premium

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

## Key rating drivers and their description

### Credit strengths

**Strong promoter profile** – Along with its subsidiaries (Axis Capital Limited and Axis Securities Limited), Axis had a 19.02% stake in the company as on June 30, 2025, up from 12.99% as on March 31, 2024, with the capital infusion of Rs. 1,612 crore through preferential equity in April 2024. The bank has received board approval for the acquisition of the balance stake of 0.97% in Axis Max Life.

Axis is the third largest private sector bank in India in terms of advances. Although it has a diversified presence in the financial services segment spanning asset management, securities broking, and investment banking through its subsidiaries, Axis Max Life helps the bank improve its foothold in the life insurance business. Axis already had a well-established relationship with Axis Max Life as a bancassurance (banca) partner and the recent rebranding of the company further improves its importance to the bank. Axis is a promoter of Axis Max Life (along with Max Financial) and has strong representation on the company's board (four out of thirteen directors nominated by Axis, including the Chairman). Axis' wide distribution network has also supported the company's growth. However, with the diversification in the distribution channels, the reliance on Axis and banca has reduced over the years (Axis accounted for ~48% of individual APE in FY2025).

The strong parentage and shared brand name with Axis, along with board supervision, strengthen ICRA's expectation that the company will receive timely support if required.

**Established player in individual segment with balanced product mix** – Axis Max Life is among the top four private life insurers with a market share of 7.0% in 5M FY2026 (6.9% in FY2025), in terms of individual AFYP, even though its limited presence in the group business moderated its overall market share to 2.9% (3.0% in FY2025) in terms of the total new business premium (NBP<sup>3</sup>). In line with the industry trends, the share of unit-linked products (ULIPs) increased in the company's individual APE mix to 44% in FY2025 (37% in FY2024). This was followed by non-participating (non-par) at 24%, participating (par) at 16%, protection at 10% and annuity at ~6%. The group portfolio, which accounted for 13% of the NBP in FY2025, largely comprised group protection (96% of group with focus on credit life) and group annuity. The product mix is likely to remain diversified with Axis Max Life looking at balanced growth across segments.

While the company's distribution channel was previously concentrated towards banca, the increased focus on the growth of the proprietary channel has led to diversification and higher growth compared to the industry. Hence, the share of the banca channel declined to 56% of the individual APE in FY2025 from 70% in FY2019.

The removal of the goods and services tax (GST) on individual life insurance policies is expected to lead to higher sales volume, thereby enhancing market penetration and providing long-term benefits to insurers. However, the profitability of life insurers could be impacted in the near term due to the strain in the absence of input tax credit. Ability of the insurers to mitigate the impact by rationalising commission payouts and improving operating efficiency is to be seen.

**Solvency supported by recent equity infusion** – Axis Max Life's solvency remained comfortable at 1.99 times as on June 30, 2025 (up from 1.72 times as on March 31, 2024), following the growth capital infusion of Rs. 1,612 crore in April 2024 and issuance of Rs. 500-crore subordinated debt in February 2025 and stayed above the regulatory requirement of 1.50 times. The company further issued Rs. 800 crore of subordinated debt in September 2025, taking the proforma solvency to 2.12 times as on June 30, 2025. The solvency ratio is aided by internal accruals and funds for future appropriation (FFA) related to par funds. FFA accounted for 38% of the available solvency margin as on June 30, 2025. While dividend payouts had been high till FY2021, the company did not announce any dividend payout between FY2022 and FY2025 to retain profits for business growth and to maintain solvency. Further, ICRA expects support from the parent to be forthcoming if required.

<sup>3</sup> Among top 3 private insurers basis individual NBP with an overall market share of 6.2% in FY2024 (5.6% in FY2023)

**Healthy profitability** – Axis Max Life’s EV increased to Rs. 25,192 crore as on March 31, 2025 (Rs. 26,478 crore as on June 30, 2025) from Rs. 9,978 crore as on March 31, 2020 with an operating RoEV of 18-22% in the last five years. The absolute VNB rose during this period and stood at Rs. 2,107 crore in FY2025 (Rs. 897 crore in FY2020), supported by APE growth as well as healthy VNB margins. The VNB margin, though healthy, declined to 24.0% in FY2025 from 26.5% in FY2024 and 31.2% in FY2023 largely due to the change in the product mix with the increase in the share of ULIP and the reduction in the share of the higher-margin non-par segment in individual business. Further, the company has been investing in expanding its proprietary channels. Going forward, the improvement in the absolute VNB will largely depend on growth in individual APE as margins are expected to remain range-bound.

Axis Max Life remained the third largest private insurer, in terms of individual sum assured written during the year, with a market share of 11.1% in FY2025 (10.5% in FY2024). Further, the mortality risk retention in the individual business has increased over the years. 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 the company’s profitability and solvency. ICRA, however, notes the favourable mortality experiences in the Embedded Value Walk (barring impact of covid) and adequate solvency buffer maintained by the company.

Axis Max Life’s accounting profitability has moderated in recent years with an average return on equity (RoE) of 10.8% during FY2022-FY2025 (compared to 21.2% in the five years ending FY2021). Profitability was lower due to the higher initial reserving required, particularly in the non-par segment, and continued investment in distribution channels to support growth. While the company’s 13<sup>th</sup> month persistency<sup>4</sup> ratio is satisfactory at 85% in FY2025, it is lower in the later cohorts, which also impacts profitability.

The ability to maintain prudent asset-liability management, to 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 long-term profitability and capitalisation.

## Credit challenges

**Operating expenses relatively higher than peers** – Axis Max Life’s operating expenses (including commissions) remained higher than other larger private life insurance peers and increased further to 23.3% of the gross written premium (GWP) in FY2025 from 20.5% in FY2023. This was due to the significant share of retail premium in the overall business and the lower renewal book. It was also on account of the scale-up in the proprietary channels and the opening of new branches under agency. Operating expenses are expected to remain elevated in the medium term.

**Ability to maintain premium growth in individual segment** – 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 was impacted in FY2024 (individual NBP growth of 3.7% in FY2024) largely by headwinds due to the change in taxation, given the Budget announcement regarding taxation on returns from life policies with a premium of more than Rs. 5 lakh per annum, applicable after March 2023. Growth, however, revived in FY2025 (11.2% YoY), driven by the sharp increase in ULIP, supported by the buoyancy in the equity markets. Further, recent regulatory changes, leading to an increase in the surrender values of life insurance policies, had a slightly adverse impact on profitability. The impact of the same on persistency ratios will remain monitorable.

Axis Max Life’s individual NBP increased at a CAGR of 14.6% during FY2023-FY2025, higher than the private players’ growth of 10.1% during this period. ICRA takes note of Axis Max Life’s balanced product mix and diversified distribution network, which are likely to support its growth.

<sup>4</sup> Regular premium/Limited premium payment under individual category

## Liquidity position: Superior

The company's net premium (excluding ULIP) stood at Rs. 23,317 crore in FY2025 in relation to the maximum net claims and benefits (excluding ULIP) paid of Rs. 8,918 crore in the last few years. The operating cash flow remained positive, leading to growth in the investment book. Further, investment in Central and state government securities stood at Rs. 89,623 crore, accounting for 67.9% of the total investment (excluding ULIP) as on June 30, 2025, supporting the liquidity to meet the claims of policyholders. The shareholders' investment of Rs. 8,508 crore also remains strong in relation to the sub-debt outstanding of Rs. 996 crore as on June 30, 2025.

## Rating sensitivities

**Positive factors** – A sustained increase in Axis Max Life's market position and profitability will be a positive factor.

**Negative Factors** – A deterioration in the credit profile of Axis or a decline in the strategic importance of Axis Max Life to Axis or a dilution in the expectation of support from Axis would have a negative impact. Additionally, a sustained decline in the company's solvency ratio to less than 1.70 times will be a negative factor.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Life Insurance</a>
Parent/Group support	Parent/Group Company: Axis Bank Limited The rating factors in the high likelihood of financial support from Axis to Axis Max Life, driven by reputational and strategic considerations.
Consolidation/Standalone	Standalone

## About the company

Axis Max Life is a joint venture (JV) between Max Financial Services Limited and Axis Bank, holding a stake of 80.98% and 19.02% (including Axis Group entities), respectively, as on June 30, 2025. Max Financial is a listed entity with Mitsui Sumitomo Insurance Company and Max Ventures Investment Holdings Private Limited and individual promoters holding 1.74% and 21.86%, respectively, as on June 30, 2025.

Launched in 2000, Axis Max Life provides life insurance, savings, investment and annuity to individuals and groups. The products are offered under the protection, par, non-par and unit-linked lines of business with a presence across the country through 410 branches (own branches) and distribution partners.

## Key financial indicators (audited)

Axis Max Life Insurance Company Limited	FY2024	FY2025	Q1 FY2026
Gross direct premium	29,529	33,223	6,397
PAT	360	406	64
Net worth	3,998	6,124	6,348
Total investments	1,50,836	1,75,072	1,83,211
13th month persistency	86.7%	85.0%	86.0%
61st month persistency	58.3%	53.0%	54.0%
Solvency ratio (times)	1.72	2.01	1.99

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

### Rating history for past three years

Current (FY2026)			Chronology of rating history for the past 3 years						
			FY2025			FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Oct-09-25	Date	Rating	Date	Rating	Date	Rating
Subordinated debt programme	Long term	1,796.0	[ICRA]AA+ (Stable)	Jun-25-24	[ICRA]AA+ (Stable)	7-Jul-23	[ICRA]AA+ (Stable)	11-Jul-22	[ICRA]AA+ (Stable)
				Jan-06-25	[ICRA]AA+ (Stable)				

### Complexity level of the rated instruments

Instrument	Complexity indicator
Subordinated debt programme	Moderately 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 I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current ratings and outlook
INE511N08016 <sup>^</sup>	Subordinated debt	Aug-02-2021	7.50%	02-Aug-2031 <sup>*</sup>	496.00	ICRA]AA+ (Stable)
INE511N08024 <sup>^^</sup>	Subordinated debt	Feb-18-2025	8.34%	18-Feb-2035 <sup>*</sup>	500.00	ICRA]AA+ (Stable)
INE511N08032 <sup>^^</sup>	Subordinated debt	Sep-24-2025	7.95%	24-Sep-2035 <sup>*</sup>	800.00	ICRA]AA+ (Stable)

Source: Company; <sup>\*</sup>The company has a call option exercisable five years from the date of allotment and at the end of every year thereafter before the redemption date

The rating factors in the key features of the subordinated debt instrument:

- <sup>^</sup>Servicing of interest is contingent on the company maintaining a solvency ratio above the level stipulated by the regulator<sup>5</sup>
- <sup>^^</sup>In case the solvency ratio is below the level stipulated by the regulator or the interest payouts lead to a decline in the solvency ratio below the regulatory requirement, prior approval of the regulator would be required to service the debt
- If the interest payouts lead to a net loss or an increase in the net loss, prior approval of the regulator would be required to service the debt

## Annexure II: List of entities considered for consolidated analysis

Not applicable

<sup>5</sup> As per IRDAI regulations, insurers are required to maintain a minimum solvency ratio of 150%

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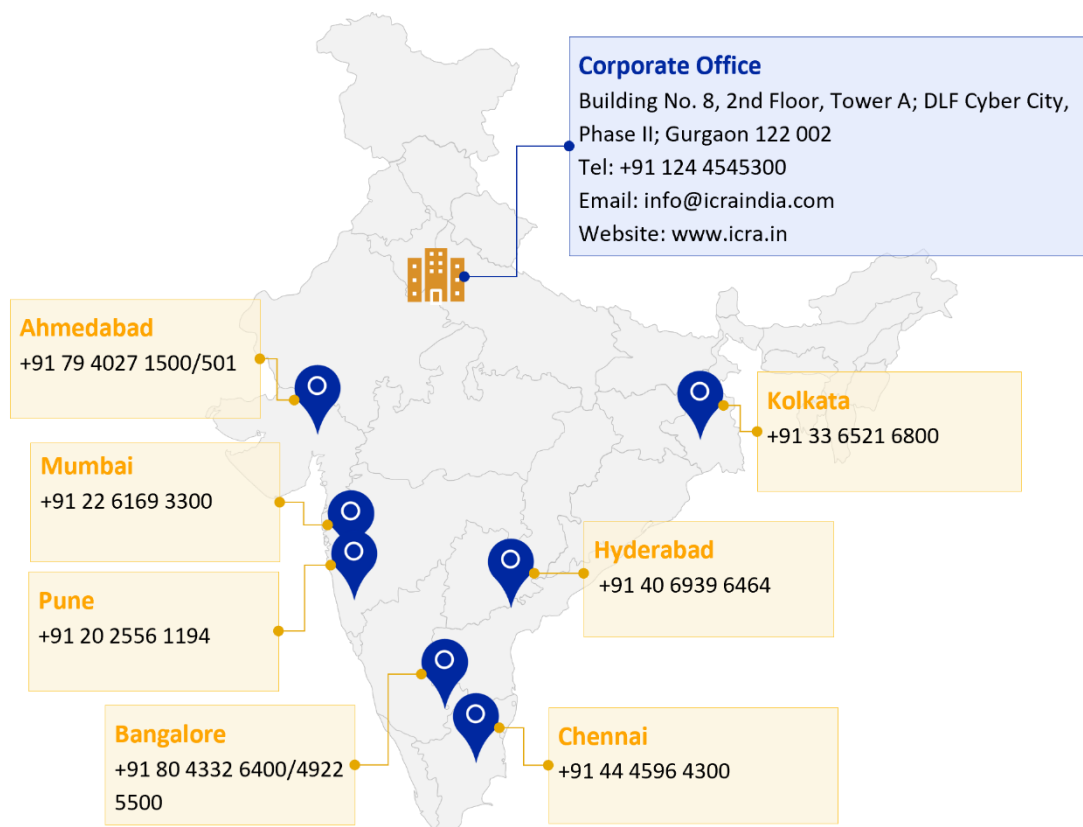


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### Branches



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