SBI Life Insurance (SBILIF)

CMP: ₹1867 | Target ₹ 2100 (12%) | Target Period: 12 months | HOLD

July 28, 2026

Result Update

Steady execution amid margin pressure...

About the stock: SBI Life (SBIL) is among the most dominant players in Indian life insurance industry with strong distribution network, parentage, operating metrics.

- Strong parentage led distribution remains key catalyst

Q1FY27 performance: SBI Life reported a healthy Q1FY27 performance, with business growth remaining strong across both individual and group segments. New business premium grew 23% YoY to ₹8,910 crore, while individual business grew 14% YoY, broadly in line with management's full-year guidance. Growth was increasingly diversified, with guaranteed savings and pure protection growing 27% and 41% YoY, respectively, while dependence on market-linked ULIPs reduced, with share declining to 61% from 65%. Agency channel continued to gain traction with 20% YoY growth, while core SBI/RRB bancassurance channel grew 10% YoY. VNB, which reflects profitability from new policies sold, grew 29% YoY to ₹1,410 crore; however, margin moderated to 26.2% due to GST impact and a higher share of relatively lower-margin group business. PAT grew 22% YoY to ₹720 crore, though operating costs remained elevated.

Investment Rationale:

- **Healthy growth with improving product and distribution mix:** Growth outlook remains steady, with management retaining its ~14–15% individual rated premium growth guidance for FY27E, following 14% YoY growth in Q1FY27. Product diversification continues to progress, with non-ULIP mix increasing to 38% vs 34% YoY, aided by 27% growth in guaranteed non-par savings and 35% growth in par, while pure protection grew strongly by 41% YoY. Distribution is also becoming more balanced, with agency individual APE growing 20% YoY versus 10% growth in SBI/RRB banca, supported by continued agent additions and productivity improvement. Other bank partnerships remain additional growth lever, including new J&K Bank tie-up. While bancassurance remains an important anchor, faster agency and partnership growth should gradually diversify distribution and provide some cushion against any regulatory overhang around bank-led distribution.
- **Margin recovery expected as group mix normalises; elevated costs remain a monitorable:** VNB grew 29% YoY to ₹1,410 crore, though VNB margin moderated to 26.2% vs 26.8% YoY, largely due to a higher share of relatively lower-margin group term business and GST-related impact. Management believes margins have likely bottomed out in Q1 and expects them to move towards the upper end of the 26–28% guided range as individual business contribution normalises, aided by improving non-ULIP mix and higher rider attachment (~50% of policies). However, total cost ratio increased to 12% vs 10.8%, reflecting GST, higher stamp duty linked to rising sum assured and labour-code impact. While management expects expenses to streamline through the year and GST drag to largely fade after Q2FY27, sustained improvement in margins will remain contingent on favourable product mix and operating leverage.

Rating and Target Price: While healthy business momentum, improving product mix and agency scale-up remain supportive, regulatory uncertainty around bank-led distribution and elevated cost ratios warrant a more measured outlook. With valuations offering some comfort but near-term re-rating triggers remaining limited, we downgrade the stock to HOLD from BUY and revise our target price to ₹2,100 from ₹2,200, valuing it at 1.9x FY28E EV.

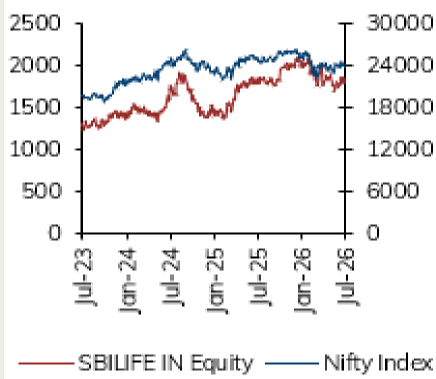
Particulars

Particulars	Amount
Market Cap	₹ 1,87,188 crore
EV	₹ 85,290 crore
AUM	₹ 5,24,850 crore
52 week H/L	₹ 2,133 / 1,700
Face value	10.0

Shareholding pattern

(in %)	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	55.4	55.4	55.3	55.3
FII	21.8	21.9	21.5	21.0
DII	18.7	18.7	19.1	19.7
Others	4.1	4.0	4.1	4.0

Price Chart



Key risks

(i) Favorable change in mix expanding margins

(ii) Any regulation impacting earnings

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Key Financial Summary

(₹ Crore)	FY24	FY25	FY26	3 year CAGR (FY23-FY26)	FY27E	FY28E	2 year CAGR (FY26-28E)
New business premium	38238.3	35576.8	42551.3	12.9%	48508.5	54909.5	15.6%
APE	19552.0	20992.1	23912.0	12.9%	27259.7	31037.0	13.9%
Total premium	80587.1	84059.8	99955.9	14.5%	115756.8	133117.4	16.6%
PAT	1893.8	2413.3	2470.3	12.8%	2715.1	3041.1	8.0%
EV	58258.8	70250.8	80791.8	20.6%	94848.3	110694.5	16.4%
P/E (x)	98.3	77.2	75.5		68.7	61.3	
P/BV (x)	12.5	11.0	9.8		9.0	7.9	
P/IEV (x)	3.2	2.7	2.3		2.0	1.7	
RoEV (%)	21.8	20.2	19.7		16.8	16.5	

Source: Company, ICICI Direct Research

ICICI Securities – Retail Equity Research

Concall highlights and outlook

Performance and growth outlook

- Individual Rated Premium (IRP) grew 14% YoY to ₹3,970 crore, with private/overall market share at 22.2%/15.2%. Three-year IRP CAGR stood at ~14%, ahead of industry CAGR of ~13%.
- Individual APE grew 14% YoY to ₹3,990 crore, while total APE increased 36% YoY to ₹5,380 crore, aided by a higher contribution from group business.
- NBP increased 23% YoY to ₹8,910 crore; group NBP rose 41% YoY to ₹3,290 crore, contributing ~37% of NBP. Renewal premium grew 17% to ₹12,380 crore, driving GWP growth of 20% to ₹21,290 crore.
- Management reiterated ~14–15% IRP growth guidance for FY27, with growth expected to remain supported by product diversification and strengthening of agency and alternate distribution channels.

Product mix

- Product diversification continued, with ULIP share declining to ~61–62% from ~65%, while non-ULIP contribution increased, led primarily by guaranteed non-par, par and protection products. Management broadly intends to maintain the improved mix through FY27.
- Guaranteed non-par savings grew 27% YoY to ₹970 crore, while individual par APE increased 35% YoY to ₹240 crore. Management continues to dynamically reprice non-par products in line with yield movement.
- Individual protection APE grew 18% YoY to ₹190 crore, with pure protection up 41% YoY. The mix within protection is gradually shifting toward pure term, with ROP (Return of Premium) share declining to ~68% from ~73%.
- Individual protection sum assured increased 40% YoY, while overall individual new business sum assured grew 46%.
- Group protection APE increased sharply to ₹1,230 crore (+313% YoY), largely reflecting a sizeable GTI (Group Term Insurance) contract. Management highlighted that group business is lumpy and the Q1 contribution should not be extrapolated.
- Rider sum assured now constitutes ~39% of individual sum assured, reflecting the increasing protection content embedded within savings products.
- Rider attachment has increased to ~45–50% of policies, compared with ~35% during the earlier phase of the initiative; riders are now being attached across ULIP, par and other products and offered to existing customers as well.
- Individual and group new business sum assured grew 46% and 265% YoY, respectively. Higher sum assured is also leading to higher stamp-duty expenses.

Distribution channels

- SBI and RRB bancassurance contributed ~47% of total APE; individual APE from the channel stood at ₹2,450 crore (+10% YoY). SBI branch productivity improved 7% YoY to ~₹45 lakh.
- Agency individual APE grew ~20% YoY to ₹1,310 crore, aided by agent additions and productivity improvement. Non-ULIP mix in agency increased to 46% from 43%, while agency individual sum assured grew 63%.
- Management remains confident on agency momentum following investments under Agency 2.0/Agency Next, including >100 branch additions over the past three years. Another 34,000+ agents and 11 branches were added during Q1.
- Management expects agency to contribute more meaningfully to incremental growth while SBI banca remains a core distribution franchise.
- Other bank partnerships grew ~19% YoY, with the mix heavily skewed towards non-ULIP (~80%). A new corporate agency tie-up with J&K Bank was entered into during Q1, with business expected to commence in Q2FY27.
- Direct, corporate agents, other banks, brokers, online and web-aggregator channels collectively contributed ~28% of total APE, providing further diversification beyond the core SBI franchise.

Margins

- VNB increased 29% YoY to ₹1,410 crore, while VNB margin stood at 26.2%. Ex-GST, VNB would have been ₹1,470 crore (+35% YoY), with margin at 27.4%.
- Management attributed the moderation in reported margin primarily to the unusually high share of lower-margin GTI/group business; the ~60 bps adverse product-mix movement in VNB walk was entirely attributable to GTI.
- Management indicated that Q1 is likely to mark the bottom for VNB margin, with margins expected to move toward the upper end of the 26–28% guided range as the contribution from individual business normalizes.
- GST resulted in an ~110 bps margin drag during Q1. Some impact should persist in Q2 due to the September 22 implementation date last year, following which the YoY impact should largely wash out.
- The ~40 bps assumption-change impact reflected normal refinements undertaken during the FY26 annual review across mortality, expenses and policy assumptions; no fresh assumption changes were undertaken in Q1FY27.

Opex and other updates

- OpEx ratio increased to 7.7% from 6.3%, while total cost ratio rose to 12% from 10.8%.
- Higher expenses were attributed to increased stamp duty following strong sum-assured growth, labour-code impact and continued investments in distribution and technology.
- Management expects expenses to streamline over the remaining quarters, although stamp-duty cost will continue to move in tandem with sum assured and protection growth.
- 13th month persistency improved 61 bps YoY to 87.7%, while 49th month persistency increased 68 bps to 69.1%.
- Net claims settlement ratio remained healthy at 98.8%, while mis-selling ratio remained low at 0.02%.
- Embedded Value stood at ₹85,290 crore, up 15% YoY, supported by new business generation and operating performance.
- AUM increased 10% YoY to ₹5.2 lakh crore.
- Solvency remained comfortable at 1.96x, above the regulatory requirement of 1.5x.

Exhibit 1: Variance Analysis

	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Comments
First Year Premium	4,954.9	3,539.5	40.0	5,092.7	-2.7	Strong new business traction aided by individual APE growth, with non-ULIP mix improving to 38% vs 34%
Renewal Premium	12,381.8	10,546.3	17.4	16,714.0	-25.9	Healthy renewals supported by stable persistency; 13M/49M persistency improved to 87.7%/69.1%.
Single Premium	3,952.9	3,728.1	6.0	6,132.2	-35.5	
Net Premium income	20,078	17,179	16.9	27,684	-27.5	
Income from Investments	25,977.0	21,525.1	20.7	-23,938.7	NA	
Total revenue	46,090.7	38,695.9	19.1	3,783.8	1,118.1	
Commission	929.6	666.0	39.6	859.1	8.2	Higher distribution costs partly reflect the ₹230 crore GST impact during the quarter
Operating expenses	1,635.5	1,129.1	44.8	1,668.3	-2.0	
Management Expenses	2,565.0	1,795.2	42.9	2,527.4	1.5	Higher expenses reflect GST, labour-code impact and stamp duty; Opex ratio increased to 7.7% vs 6.3% YoY.
Benefits paid	13,126.7	10,118.4	29.7	16,254.6	-19.2	
Change in Actuarial Liability	29,811.6	25,899.9	15.1	-15,348.4	-294.2	
Total Expenses	45,525.0	38,107.5	19.5	3,463.7	1,214.4	Total cost ratio increased to 12% vs 10.8%, QoQ distortion was due to change in acturial assumption
Surplus/ (deficit)	565.8	588.5	-3.9	320.2	76.7	
Transfer to SH's A/c	457.8	321.6	42.4	2,363.6	-80.6	
Transfer to SH's A/c	457.8	321.6	42.4	2,363.6	-80.6	
Investment income	281.6	292.9	-3.9	326.0	-13.6	
Profit/ (loss) before tax	745.9	611.0	22.1	815.8	-8.6	
PAT	724.9	594.4	22.0	804.6	-9.9	Healthy business growth and supportive investment performance despite the ₹230 crore GST impact
Key Metrics						
NBP	8,907.9	7,267.6	22.6	11,224.9	-20.6	Strong momentum was aided by group business, which constituted 37% of NBP, alongside 14% growth in individual rated premium
AUM	524,850	475,810	10.3	487,160	7.7	Asset base remained healthy and solvency remained comfortable at 1.96x

Source: Company, ICICI Direct Research

Financial summary

Exhibit 2: Profit and loss statement ₹ crore

(₹ Crore)	FY25	FY26	FY27E	FY28E
Sources of Funds				
Share capital	1,002	1,003	1,003	1,003
Reserve and surplus	15,791	18,083	19,820	22,615
Credit/[debit] fair value change account	193	0	0	0
Networth	16,985	19,086	20,823	23,618
Policyholders' funds	433,938	472,967	544,735	627,789
Total Liabilities	450,923	492,054	567,779	654,128
Applications of Funds				
Shareholders' investments	14,604	16,710	19,782	22,437
Policyholders' investments	185,227	210,713	250,602	296,080
Asset held to cover linked liabilities	247,636	258,944	274,093	312,298
Loans	482	605	684	773
Fixed assets - net block	590	688	770	863
Net current assets	2,384	4,393	21,848	21,678
Total Assets	450,923	492,054	567,779	654,128

Source: Company, ICICI Direct Research

Exhibit 3: Key ratios ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Valuation				
No. of Equity Shares (Crore)	100.2	100.3	100.3	100.3
Diluted EPS (₹)	24.1	24.6	27.1	30.3
DPS (₹)	27.0	27.0	45.5	64.0
BV (₹)	169.5	190.3	207.6	235.5
EV per share	701	805	946	1104
P/E	77.2	75.5	68.7	61.3
P/BV	11.0	9.8	9.0	7.9
P/IEV	2.7	2.3	2.0	1.7
Efficiency Ratios (%)				
Commission expenses as a % of Gross Premium	4.4	4.4	4.5	4.3
Management expenses incl commission as a % of Gross Premium	9.7	10.6	10.6	10.4
Return Ratios and capital (%)				
Return on Net worth	15.1	13.7	12.7	16.0
Operating RoEV	20.2	18.9	18.7	18.5
Solvency Ratio	200	190	190	190
Key Ratios (%)				
Conservation Ratio	81.4	85.4	85.4	85.4
VNB Margin	27.8	27.5	27.1	27.3
Surrender Ratio	5.1	4.9	5.4	5.4
Benefits paid as a % of Opening Liability	12.8	12.4	13.5	13.6

Source: Company, ICICI Direct Research

Exhibit 4: Balance sheet ₹ crore

(₹ Crore)	FY25	FY26	FY27E	FY28E
Premiums earned - Net	84,060	99,956	115,757	133,117
Income from Investments	31,714	11,062	37,288	42,490
Other income	-1	74	81	89
Contri from the Shholders' acc	1,346	1,874	2,061	2,267
Total	117,119	112,966	155,188	177,965
Commission	3,739	4,496	5,253	5,757
Operating expenses	4,491	6,225	7,155	8,228
Benefits paid (Net)	48,330	53,620	63,995	74,520
Change in val of policy liab	55,700	43,938	73,488	83,054
Others	572	703	703	703
Provision for tax	1,293	694	798	917
Surplus/(deficit) after tax	2,994	3,289	3,795	4,785
Transfer to Sh acc	2,740	3,160	3,645	4,635
(₹ Crore)	**FY25**	**FY26**	**FY27E**	**FY28E**
Amounts transferred from Policyholders' account	2,740	3,160	3,645	4,635
Income from investments	1,116	1,297	1,413	1,693
Total	3,856	4,458	5,058	6,328
Expenses other than insurance	15	46	-17	-17
Contribution to Policyholders' account	1,346	1,874	2,267	3,174
Others	16	16	16	16
Profit before Tax	2,495	2,537	2,807	3,170
Provision for tax	81	67	92	129
PAT	2,413	2,470	2,715	3,041

Source: Company, ICICI Direct Research

Exhibit 5: Growth ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
NBP	35576.8	42551.3	48508.5	54909.5
Growth (%)	-7.0	19.6	14.0	13.2
Linked	16447.6	17749.7	20234.7	23067.5
Growth (%)	18.7	7.9	14.0	14.0
Non Linked	19129.2	24801.6	28273.8	31842.0
Growth (%)	-21.5	29.7	14.0	12.6
APE	20992.1	23912.0	27259.7	31037.0
Growth (%)	7.4	13.9	14.0	13.9
VNB	5954.0	6695.4	7660.0	8721.4
Growth (%)	7.3	12.5	14.4	13.9
EV	70250.8	80791.8	94848.3	110694.5
Growth (%)	20.6	15.0	17.4	16.7
AUM	447466.9	486367.5	544476.6	630814.7
Growth (%)	16.0	8.7	11.9	15.9
PH Funds	432862.4	469657.4	524694.9	608378.0
Growth (%)	16.2	8.5	11.7	15.9
SH Funds	14604.5	16710.1	19781.7	22436.6
Growth (%)	12.0	14.4	18.4	13.4

Source: Company, ICICI Direct Research

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Sell: <-15%

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