

# Life Insurance Corp

21 May 2026

**Management:** Mr. Anup Joseph, Executive Director Marketing and Product Development; Mr. Hemant Buch, Executive Director Marketing, Bancassurance and Alternate Channels; Mr. K.S. Rajashekar, Executive Director Pension and Group Schemes. Also, we have Ms. Shoba Suloshan, Executive Director CRM Policy Servicing; Ms. Vandana Sinha, Executive Director CRM Claims and Annuities; and Shri Sanjay Bajaj, Head of Investor Relations on this call.

I would now like to present the key business, operational, and financial performance highlights for the fiscal year ended March 31, 2026.

**Market share.** Our market share by first-year premium income for the year ending March 31, 2026, is 56.66% as per IRDAI, compared to 57.05% for the similar period ended March 31, 2025. Therefore, we continue to maintain our leadership in the Indian insurance market across both individual and group business segments.

Now, if we break down this overall insurance market share of 56.66% into segment-wise shares of the individual and group business, we had a market share of 36.6% in the individual business and 70.11% in the group business for the year ended March 31, 2026. On a comparable basis for the year ended March 31, 2025, the respective market shares for individual and group business were 37.46% and 71.19%.

**Premium income.** For the year ended March 31, 2026, we reported a total premium income of 5,35,984 crore rupees as compared to a total premium income of 4,88,148 crore rupees for the year ended March 31, 2025, registering a growth of 9.8% on a year-on-year basis.

The individual new business premium income for the year ended March 31, 2026, was 67,676 crore rupees as compared to 62,495 crore rupees for the similar period ended March 31, 2025, thereby registering an increase of 8.29% on a year-on-year basis.

Renewal premium income of individual business for the year ended March 31, 2026, was 2,71,699 crore rupees as compared to 2,56,541 crore rupees for the year ended March 31, 2025, registering a growth of 5.91% on a year-on-year basis.

Therefore, for the year ended March 31, 2026, our total individual premium income including renewals was 3,39,375 crore rupees as compared to 3,19,036 crore rupees for the previous year, registering a growth of 6.37% on a year-on-year basis.

The group business total premium income for the year ended March 31, 2026, was 1,96,609 crore rupees comprising new business premium of 1,92,912 crore rupees. In comparison, for the year ended March 31, 2025, the group business total premium income was 1,69,112 crore rupees which comprised new business premium income of 1,64,262 crore rupees. Therefore, for the year ending March 31, 2026, the total group premium has increased by 16.26% as compared to the previous year ended March 31, 2025.

**Breakup of business on APE basis.** The total annualized premium equivalent for the year ended March 31, 2026, is 66,961 crore rupees which comprises individual APE of 43,335 crore rupees and group APE of 23,626 crore rupees. Therefore, on an APE basis, the individual business accounts for

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64.72% and group business accounts for 35.28%.

Further, on the individual APE, the participating business accounts for 28,121 crore rupees and non-participating amounts to 15,214 crore rupees. Therefore, our non-participating share of individual APE is 35.11% and participating is 64.89% for the year ended March 31, 2026. As you may recall, for the year ended March 31, 2025, our non-participating share of total individual business based on APE stood at 27.69%. Since then, our non-participating APE has increased from 10,581 crore rupees to 15,214 crore rupees, reflecting an increase of 43.78% on a year-on-year basis.

At this point, I would like to take you back to our nine-month results for the period ended December 31, when our comparable non-participating APE share within individual business was 36.46%. We had mentioned then that our effort would be to consolidate our non-participating gains for some time, and the full year numbers visible now are a testimony of that consolidation.

Profit after tax. The PAT for the year ended March 31, 2026, was 57,419 crore rupees as compared to 48,151 crore rupees for the last year, registering a growth of 19.25% on a year-on-year basis.

VNB and VNB margins. The net VNB has registered a growth of 41.63% on a year-on-year basis to 14,179 crore rupees for the year ended March 31, 2026, from 10,011 crore rupees for the previous year. We are quite happy with the rapid gains in VNB growth, given that it was only last year that we became the first life insurance company in India to cross the 10,000 crore rupees mark in VNB.

Further, the net VNB margin has improved by 360 basis points on a year-on-year basis to 21.2% for the year ended March 31, 2026, from 17.6% for the previous year.

The solvency ratio as of March 31, 2026, improved to 2.35 as against 2.11 on March 31, 2025.

The Indian Embedded Value. The Indian Embedded Value as of March 31, 2026, has been determined as 7,89,185 crore rupees as compared to 7,76,876 crore rupees as of March 31, 2025. Therefore, the IEV has registered an increase of 1.58% on a year-on-year basis.

The Assets Under Management as of March 31, 2026, was 57,29,396 crore rupees as compared to 54,52,297 crore rupees as of March 31, 2025. Therefore, our AUM has registered a growth of 5.08% on a year-on-year basis.

Product mix and new product launches. As of March 31, 2026, we had a comprehensive suite of 58 products, excluding the Pradhan Mantri Jeevan Jyoti Bima Yojana, available for new business, including 36 exclusive individual products, 13 exclusive group products, and one common product which is eligible for group as well as individual business. In addition, we have seven individual riders and one group rider. Post March 31, 2026, we have withdrawn one product, namely LIC's Nav Jeevan Shanti Single Premium.

The number of policies sold. During the year ended March 31, 2026, we sold 1 crore 84 lakh 41,175 new policies as compared to 1 crore 77 lakh 82,975 new policies in the previous year, registering a growth of 3.7% on a year-on-year basis.

Agency workforce. As of March 31, 2026, the total number of individual agents was 14,57,045 as compared to 14,86,851 as of March 31, 2025. The market share by number of agents as of March 31,

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2026, stands at 44.25% as against 47.61% for March 31, 2025. On the basis of the number of policies sold, the agency force sold 1 crore 81 lakh 49,650 policies during the year ended March 31, 2026, as compared to 1 crore 73 lakh 58,723 policies during the corresponding period of last year.

Further, 98.42% of our policies in the year ended March 31, 2026, were sold via the agency force. When seen on a premium basis, 91.75% of the new business premium came from our agency channel in the financial year ending 2025–26.

Contribution by bancassurance and alternate channels. Our bancassurance and alternate channels growth has been a continuous story of increasing volumes and larger intra-play market share within our channel mix. Bancassurance and alternate channels collected a new business premium income of 5,076 crore rupees for the year ended March 31, 2026, as compared to 3,496.10 crores for the previous year, registering a growth of 45.19% on a year-on-year basis.

The new business premium income collected through banks was 3,151.33 crore for the year ended March 31, 2026, and for the corresponding period last year, it was 2,576.74 crore, thereby registering a growth of 22.30% on a year-on-year basis. Further, the alternate channels collected new business premium of 1,924.74 crore rupees for the year as compared to 919.36 crore for the year ended March 31, 2025, registering a growth of 109.36% on a year-on-year basis.

The share of individual new business premium from our bancassurance and alternate channels has risen significantly to 7.51% in FY26, marking a notable improvement over the 5.59% achieved in FY25.

**Management:** Go on to other areas. I would like to say that for long, since our listing, we have quite literally harbored an ambition to cross the level of 5,000 crores through bancassurance and alternate channels. And this financial year, we achieved the same, and we are very happy about it.

Our overall expense ratio for the year ended March 31, 2026, was 11.91% as compared to 12.42% for the last year. Therefore, there is a decrease of 51 basis points in our overall expense ratio on a year-on-year basis.

Persistency. On a premium basis, the persistency for the 13th, 25th, 37th, 49th, and 61st month up to March 31, 2026, stands at 74.64%, 68.98%, 66.94%, 63.03%, and 59.31% respectively, as compared to 74.84%, 70.99%, 66.11%, 61.51%, and 63.12% respectively up to the year ended March 31, 2025.

On a number of policies basis, the persistency for the 13th, 25th, 37th, 49th, and 61st month up to the year ended March 31, 2026, stands at 64.87%, 57.65%, 55.29%, 49.78%, and 46.88% respectively, as compared to 64.12%, 59.32%, 52.66%, 48.79%, and 50.31% respectively up to the previous year ended March 31, 2025.

Our persistency metrics reflect continued strength, with improvement on a premium basis in the 37th and 49th month and on a policy basis in the 13th, 37th, and 49th month. We are also focusing our energies on improvement across certain cohorts where we have seen a drop.

Operational efficiency and digital progress. In our digital initiative through the agent-assisted ANANDA app, we have completed 23,09,983 policies during the year ended March 31, 2026, as

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compared to 14,74,208 policies in the year ended March 31, 2025, thereby registering a growth of 56.08% on a year-on-year basis. There is a growth of 29.56% in the number of active agents in the ANANDA app for the year ended March 31, 2026.

The Digital Innovation Value Enhancement initiative, DIVE. The DIVE project is being rolled out in phases, both for customers and distributors. Many features and facilities have been activated and many more will be launched in a phased manner. We launched the new LIC customer app titled MyLIC and the mobile app for sales intermediaries titled LIC Saath-Saathi on April 15, 2026. MyLIC is a next-generation mobile application built to redefine the experience of how policyholders manage their life insurance portfolio. LIC Saath-Saathi is a next-generation mobile application for LIC's marketing personnel. We hope the people logged in to this call and those who hear this recording later will be able to experience firsthand our digital transformation. Please do share your feedback with us by email or through our investor relations team who is continuously engaged with you.

Claims. On the individual claims front, during the year ended March 31, 2026, we processed 2,49,56,342 claims, which includes 2,41,25,943 maturity and survival benefit claims. On an amount basis, during the year ended March 31, 2026, total maturity claims were 2,79,951 crore rupees and total death claims were 24,885 crore rupees. On a comparable basis for the financial year ended March 31, 2025, maturity claims were 2,37,313 crore rupees and death claims were 24,420 crore rupees. Therefore, maturity claims are higher by 17.97% and death claims are higher by 1.91% on a year-on-year basis.

The marketing initiative update on Bima Sakhi Yojana. As of March 31, 2026, a total of 3,45,000 women have been designated as Bima Sakhis, successfully selling 21.94 lakh insurance policies and generating a new business premium income of 2,848 crore rupees in the year ended March 31, 2026. Our objective is to appoint at least one Bima Sakhi in every Gram Panchayat. We would like to inform you that out of 2,44,876 Gram Panchayats, we have covered 59% of Gram Panchayats by recruiting Bima Sakhis in 1,43,924 Panchayats up to March 31, 2026.

Before concluding, I would like to reiterate significant highlights of our performance. Our non-participating share of individual APE business has now consistently settled at about 35% sequentially over the last three results performance updates. Our profit after tax has grown by 19.25% to 57,419 crore rupees on a year-on-year basis. This is the highest PAT in our history. Bancassurance and alternate channels registered a growth of 45.19% on a year-on-year basis to 5,076.07 crore rupees. This is the first time we have crossed 5,000 crore premium in the Bancassurance and Alternate Channels. VNB has increased by 41.63% on a year-on-year basis for FY26. This is our highest VNB till now. VNB margin has increased by 360 basis points to 21.2% for FY26. This is our highest VNB margin till now. Indian Embedded Value has increased by 12,309 crore to 7,89,185 crore rupees as of March 31, 2026, registering a growth of 1.58% on a year-on-year basis. While maintaining growth in multiple parameters, we have kept a focus on cost and, as you can see, the overall expense ratio is down by 51 basis points to 11.91% in FY26. This is the lowest overall expense ratio for us since listing. I would like to share that the board of directors has recommended a final dividend of 10 rupees per equity share of 10 rupees each, equivalent to 20 rupees per equity share on a pre-bonus issue basis, for the financial year 2025-26, subject to approval of shareholders in the fifth annual general meeting of the corporation.

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When we now look back at our 4-year journey post listing in May 2022, we feel happy that we have delivered more than what was told to the shareholders at the time of listing as our 3-to-5-year ambition with regard to product mix, channel mix, and margins. We are now very confident that having achieved significant directional changes, we are on a path of superior growth with a sharper focus on enhanced performance parameters. We extend our sincere gratitude to all our stakeholders for their complete support and faith in us as we executed the defined strategy. With that, I now hand over to the moderator to open the floor for the question and answer session. Thank you very much.

**Operator:** Thank you. We will now begin with the question and answer session. Anyone who wishes to ask a question may press star and then one on their touch-tone phone. If you wish to remove yourself from the question queue, you may press star and then two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Your first question comes from the line of Swarup Mukherjee with 361 Capital. Please go ahead.

**Swarup Mukherjee – 361 Capital:** Hi sir, thank you for the opportunity and congratulations on a good set of numbers. I have three questions from my side. First of all, on the individual savings business, on the non-participating side. There was a very strong show this quarter. I just wanted to understand the significant growth that has come through this quarter vis-a-vis what we saw in Q3 and vis-a-vis the fourth quarter last year. What products would have led to this growth and how much of this momentum can we expect to continue going ahead in FY27? That is the first question.

Second, in terms of the operating assumption changes that you have mentioned in the EV and VNB walk, if you could give some color on those changes. Also, in the VNB walk, if you could highlight the economic assumption changes because I think in the nine-month results that number was a negative number. Lastly, if you could give some color on the reported margin in the fourth quarter and what the trend for the individual business margin would be?

**Management:** Mr. Swarup, first, our Executive Director of Marketing will take the first question and then others will follow.

**Management:** Thank you. As far as the savings products are concerned, you asked which products contributed maximum toward this growth. We have shown a growth of almost 48.40% in the savings bucket. The product that contributed most is Jeevan Utsav, which has given us a very good percentage in the savings bucket. This product has a good ticket size which has helped ensure that this savings product brings a lot of premium to us. As far as the participating side of the savings products is concerned, Jeevan Labh has performed very well, contributing almost 40% of the premium in that segment. These two products have performed best for savings. Our CFO will speak now regarding the EV/VNB walk and margin.

**Management:** Regarding the VNB walk: As of March 31, 2025, the VNB margin was 17.6%. Now, as we have spoken about the business mix and very strong growth in the non-participating business as compared to participating business, there is growth on all lines of business except for annuity. There is such strong growth in the non-participating segment that the proportion of non-participating business to the total business has gone up. This business mix has contributed 3% to the VNB margin. Then, if you look at the Risk-Free Rate throughout the year, it is range-bound

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and in some months it has gone up to 84 basis points or so. This RFR has contributed 3.4%. Regarding the operating assumptions, this is mainly because expenses in some lines of business have been realigned based on experience, and in a few lines of business, persistency has also been aligned. The combined effect of the persistency and the expense adjustments based on experience, along with the GST impact which has been taken as part of operating expenses, resulted in a contribution of negative 2.8%. This explains the movement of VNB from 17.6% to 21.2% as of March 31, 2026. Does that answer your question?

**Swarup Mukherjee – 361 Capital:** Yeah, thank you. If you could also explain the same for the EV walk in terms of the operating assumption changes and the variances?

**Management:** Yes. If you look at the starting position as of March 31, 2025, the figures were 7,76,876. Unwind is contributing to the extent of 74,748. The operating assumption changes I explained impacted the VNB and also had an impact on the embedded value to the extent of 16,033 negative. Regarding the operating experience variance, because of the positive outcomes in each of the parameters, the operating EVOP contributed 92,639 crore. For the economic assumption changes and investment variance: one factor was the RFR change, and another important factor was a fall in MTM in equity to the extent of 53,698 and debt to the extent of 46,310.

**Swarup Mukherjee – 361 Capital:** Right sir. Just one quick follow-up regarding persistency. Looking at the data, there is a slight improvement in terms of the number of policies basis, but in terms of the premium basis, there is a minor drop. I think last year you highlighted that the strategy was to reduce lower ticket size products. How is this playing out now that you have a larger average ticket size, and how is that reflected in that positive persistency variance number in the EV?

**Management:** If you look at it, the focus has been to increase the ticket size. At the same time, we are also looking at increasing the overall number of sales because we are focusing on contributing toward the vision of 'Insurance for All' by 2047. The effect of increased ticket size on persistency will only be seen in the years to come. The minimum sum assured was increased in October 2024 as part of our alignment with the new master circular, and the effect of that will be seen over a period of time. We are sure that persistency will improve across cohorts. In some years, the product mix differs and the policies sold during COVID have resulted in 5-year persistency, the 61st month, being lower. But we will be looking at increasing it across all cohorts in the days to come. Certainly, the increase in ticket size is going to help us in achieving this.

**Swarup Mukherjee – 361 Capital:** Okay sir, understood. If you could address the last question on the individual business margin profile?

**Management:** We have provided a total VNB margin which has gone up compared to March 2025. If you look at different components, the participating individual business, which is about 42% of the APE, is contributing to the extent of 28% of VNB. For the non-participating business, the individual non-participating contribution to the VNB is significant; 22.7% is the proportion of APE, which is contributing to the extent of 53% of VNB. The remaining comes from the group business.

**Swarup Mukherjee – 361 Capital:** Right sir, this is for the full year?

**Management:** Yes, this is for the full year.

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**Swarup Mukherjee – 361 Capital:** Okay sir, very helpful. Thank you so much and all the best for FY27.

**Management:** Thank you.

**Operator:** Thank you. The next question comes from the line of Meshant Chavda with Kotak Institutional Equities. Please go ahead.

**Meshant Chavda – Kotak Institutional Equities:** Hi, thank you. Regarding the participating business, I just want a clarification. You mentioned participating business is contributing to around 28% of VNB, individual non-participating is 53%, and group is 19%. Is my understanding right?

**Management:** Yes.

**Meshant Chavda – Kotak Institutional Equities:** Sorry, the line is broken sir, your voice is breaking up. Your line is not clear.

**Operator:** Sir, is it better now?

**Meshant Chavda – Kotak Institutional Equities:** Yes, yes. Please go ahead, sir.

**Management:** Is this better now? Hello?

**Meshant Chavda – Kotak Institutional Equities:** Yes, yes, this is better. Regarding the economic assumption change and variance of 72,000 crores, I think you just shared a breakup between equity and debt. Can you repeat those numbers?

**Management:** Equity is 53.98 and the debt is 46.53.

**Meshant Chavda – Kotak Institutional Equities:** Okay, got it. Looking at the P&L statement, your credit/debit fair value change is almost a 1.5 lakh crore decline. I was curious because your equity market book has not corrected as much and the benchmark indices have also not come off so much. Why is the debit fair value change so high?

**Management:** There are two components to it. One is the realization of the fair value change which happened during the term, and some portion is related to the market position as of March 31, 2026, compared to March 31, 2025.

**Meshant Chavda – Kotak Institutional Equities:** But for the equity market, if I look at the NSE 500, it was almost flat. There should not be a 1.5 lakh crore decline. You have an equity investment book of 15 lakh crores, so it is a fairly sharp decline.

**Management:** To add here, there was a lot of volatility at the end of the financial year, especially in March. In March, the value went down. But in the month of April, we recouped almost 80% of that value.

**Meshant Chavda – Kotak Institutional Equities:** Got it. Regarding the accounting policy change where you mentioned the accounting of debt investments—the amortization of discount versus the capital gains policy that was booked earlier—you mentioned a number of around 11,000 crore

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rupees. Is this the net impact or the gross component?

**Management:** This is the gross component. As we would have accounted for this year-on-year, this amount would have been recognized. This is a one-time correction for investments made in the past. It is a gross impact.

**Meshant Chavda – Kotak Institutional Equities:** This would be one-time, right? It is amortized. So this into the duration of the book will be...

**Management:** Yes, this is based on whenever those securities were bought; from that point of time, this would have recognized the amortization regularly. This is the impact of the overall investment that I hold as of March 31, 2026.

**Meshant Chavda – Kotak Institutional Equities:** That is right. What is the duration of your bond book?

**Management:** It is roughly around 13.5 years.

**Meshant Chavda – Kotak Institutional Equities:** I am just saying that the 11,000 crores into the duration of the bond book reflects the unrealized gains you are sitting on in the bond portfolio. Is that a fair reading?

**Management:** I do not think so. The entire bond book will not be on an amortization basis completely. It will only be for the securities which are held to maturity.

**Meshant Chavda – Kotak Institutional Equities:** Sure. If the policy was not changed, what would be the net impact on the surplus or PBT?

**Management:** The majority of the portion is going into the participating business; the majority of the securities are held in that line of business. Out of this 11,000, roughly about 9,000 crore is the impact in the participating business, which does not impact the PAT directly at all.

**Meshant Chavda – Kotak Institutional Equities:** Okay, but the notes to accounts say this is essentially the non-participating and the non-linked part of the book.

**Management:** Non-linked includes participating business as well.

**Meshant Chavda – Kotak Institutional Equities:** Okay, got it. So it does not really impact the P&L. Regarding your dividend policy, you have increased the payout, which is a good thing. I am curious how we should think about the payout ratio going forward?

**Management:** The payout ratio will depend on how regulatory changes happen. We have to be cautious in releasing it because there are expected regulatory changes, particularly in respect of the risk-based capital being planned. We are not sure when it will be introduced. We need to build some reserves so that we remain at a comfortable level of solvency throughout. We have now released what our board felt was the right amount to be released immediately. Before that, we did a bonus issue. So a bonus issue followed by an increased dividend is what we have done this year. We expect it to be sustained in the future. That was kept in mind before the board decided the amount of dividend to be declared.

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**Meshant Chavda – Kotak Institutional Equities:** You mean the payout ratio should be sustained?

**Management:** Yes.

**Meshant Chavda – Kotak Institutional Equities:** Got it. Thank you very much and all the best.

**Management:** Thank you.

**Operator:** Thank you. The next question comes from the line of Madhukar from JP Morgan. Please go ahead.

**Madhukar – JP Morgan:** Hi, good evening. Congratulations on a good set of numbers. Most of my questions have been answered. The change in operating assumptions—the line was unclear—most of your operating assumptions are yielding positive variances. Apart from GST, what is contributing to negative changes here?

**Management:** Operating experience variance is on three counts: persistency, mortality, and expenses.

**Madhukar – JP Morgan:** Yeah, but why is your operating assumption change negative apart from GST? GST would be one negative thing.

**Management:** Yes, it is only GST. For some lines of business, expenses have been adjusted to the current year's experience. Persistency for some lines of business has come down, and we have made an adjustment for that because the lapsation has gone up. That has been accounted for in this variance.

**Madhukar – JP Morgan:** Your persistency positive variance is quite large. Is there a one-time element or one particular policy type contributing to this? Because on a premium basis, there is some negative persistency observed in the disclosures.

**Management:** As we discussed earlier, in 2024, the ticket size had increased for most policies. The full experience is yet to unfold. But for some lines of business, the impact has come down even though the overall has gone up.

**Madhukar – JP Morgan:** Understood sir. That is it from my side.

**Operator:** Thank you. The next question comes from the line of Avinash Singh from MK Global. Please go ahead.

**Avinash Singh – MK Global:** Hi, good evening. Thanks for the opportunity. Great set of numbers. My question is around capital and dividend policy. Looking at the current solvency regime, your solvency ratio is 235%, which is probably the strongest in the sector and has been rising. Regarding the dividend, your payout ratios are at a different level, but given this capital glut and solvency accumulation, one would expect it to be even higher. You seem reasonably cautious regarding risk-based capital, whereas some private sector peers hope risk-based solvency will lead to a release in capital or less capital strain. What is the reason behind your cautiousness? Is there an apprehension that capital requirements could increase once you transition to risk-based solvency?

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**Management:** It is not because of fear. Every insurance company has to decide, and when we declare results, we try to show that whatever we are demonstrating should lead to further improvements. Our investors and policyholders should not experience a shock. You would appreciate that when we go for the risk-based capital, LIC, because of its large book size with participating policies...

**Management:** Our exposure to equity is significantly higher as compared to competing companies. On one side, that leads to improved returns to the policyholders; that is why we are seeing something like 8.92% as compared to something around 8.5% in the previous year. On the other side, when risk-based capital assessments are done—and as of now it has only been an exercise, so I will not get into details—the point is that sensitivity to volatility in equities is a significant factor which will impact the risk-based capital.

As of now, the protocol is not fully formed, but that is an area where we have to be concerned. We are in continuous discussion and have submitted our points of view. As a prudent and responsible insurance company, we are showing a solvency of 2.35 and it will continue like that. We would like to first understand fully how this RBC is going to pan out and its implications before we have any major shift in dividend policy.

LIC started with a dividend declaration of 3 rupees, moved to 10 rupees, then to 12, and now 12 to 20 on a pre-bonus issue basis, which is a significant improvement on top of the bonus. We do not want to create expectations that cannot be sustained. Because of our exposure to equity, the ultimate numbers and factors applied to determine sensitivity for risk-based capital will be dependent on these parameters.

Also, we want to ensure that we continue to grow. If you look into the outcomes, the lines of business that are more profitable to us, particularly non-participating products, consume capital in the initial stages. While we want to be prudent and maintain high solvency, we also want to grow. We would like this capital to be consumed for growth purposes as well. LIC is already delivering on shifting the business profile and consolidating solvency. Being aware of possible scenarios in risk-based capital, we are walking a journey where we continue a growth trajectory and maximize capital utilization. We should not run out of capital for any reason. We want to be very sure about the risk-based capital scenario before the finality of the dividend policy emerges.

**Avinash Singh – MK Global:** Hi, thanks. A question regarding your margins: GST came as a bit of a one-off this year and consumed about 2% of the margins. If I remove that, margins are around 23%. Next year, given the two benefits you derived—product mix changes and economic assumption changes—the yield curve movement might not be there and you might respond to rising yields by offering higher IRRs. In a stable product mix, is it fair to assume the margins will look closer to 23% next year?

**Management:** I think we would not like to get into that specifically. The beauty of a diversified product line like LIC's is that some people discount our group business, but that is also contributing. The market parameters and scenarios continue to change. Something that is a contributor this year can become a challenge next year. If you could see, the margins in the last quarter were significantly higher than for the overall year.

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We have a balanced portfolio with a large annuity book, ULIP, non-participating business, and group business. Our strategy is to rebalance the portfolio and work on long-term strategies. The goal was to cross 20%, which we have achieved. We do not want to go overboard on VNB margins because profitability is important, but the customer base must also grow. As you mentioned, we expect margins to further improve, but that depends on various factors. There will be a time where our margins and the margins for the market will converge, and that is clearly the direction we are seeing.

**Avinash Singh – MK Global:** Thank you for that.

**Operator:** Thank you. The next question comes from the line of Deepanshu Ghosh with Citi. Please go ahead.

**Deepanshu Ghosh – Citi:** Good evening. First, looking at your EV walk, this is almost the fourth year where you have persistently reported a positive 'other variance' which is exclusive of persistency, expense, and mortality. I want to get some color on what exactly gets factored into this line item. Second, on the persistency side, on a year-on-year basis, we are seeing some softness in the 13th and 26th month. You have strengthened your assumptions on persistency, but we are also seeing positive releases from the back book in the EV walk. It would be great if you can bifurcate persistency performance across the three major product classes: individual participating, non-participating, and linked business. Third, why were operating expenses high in the fourth quarter, and was there any lump sum group-related payout in the fourth quarter?

**Management:** I will take the last question first. There was no lump sum group payout that happened in the last quarter. We had individual policies with assured benefits sold in big numbers 25 years back that are maturing now. One cohort of policies called Jeevan Shree is maturing, and the number of policies and the ticket size are significantly high. There is a good amount of maturity claims that happened in the last quarter and will continue until January 2027. On the EV and VNB margin, I would like to ask our reporting actuary to answer.

**Management:** If I understand correctly, the question was on persistency.

**Management:** The operating variance on persistency gave a big positive of 3,509. You want further bifurcation of that, is that the question?

**Deepanshu Ghosh – Citi:** Yes, I am trying to understand the persistency variance and the strengthening in the assumption changes across the three major product cohorts: participating, non-participating, and linked. How have each of those segments behaved?

**Management:** In the group line of business, persistency for some lines came down, so that assumption was strengthened. Simultaneously, the actual experience was different from what was assumed, so the group line was strengthened. For participating business, the 13th-month persistency has improved, so that assumption per se has not changed, and that contributed a positive 2,463. These assumptions are set every year drawn from previous experiences. For our non-participating business, which has only been in place for a short time, we have to draw upon past experiences. The changes since October 2024 have shown that ticket size has improved and the nature of business has improved. We have had positive contributions across almost all lines of

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business to that number of 3,509, largely coming from participating and group business.

**Deepanshu Ghosh – Citi:** Got it. Regarding the 'other variance' which has been reporting a positive number for some time?

**Management:** Expenses have contributed positively as experience is better than what was assumed. Persistency has also contributed. Mortality is almost flat, so there is no big variance there. Persistency is 3,509 and expense is also positive, though this is net of the negative GST impact.

**Management:** Regarding the 'other' bracket, there is not much difference compared to last year. That comes from the cost of residual non-hedgeable risk, cost of capital, and slight model changes. So, it is largely coming from the persistency and the expenses.

**Deepanshu Ghosh – Citi:** Got it. Thank you and all the best.

**Management:** Thank you.

**Operator:** Thank you. The next question comes from the line of Mohit Mangal from Centrum. Please go ahead.

**Mohit Mangal – Centrum:** Good evening and thank you for the opportunity. Congratulations on a strong set of numbers. I have three questions. First, has there been any revision to the IRR in the non-participating category over the last 12 months, and do you intend any increase in the offering rate for FY27?

**Management:** The voice is not clear.

**Mohit Mangal – Centrum:** Is this better? My first question was on non-participating pricing. Have you done any revisions to the IRR over the last 12 months, and do you intend to increase the offering rate? Second, looking at the agency count, at the end of FY25 we were at 1.48 million and now we are at 1.45 million.

**Mohit Mangal – Centrum:** So there has been a reduction and our market share has come down in terms of the number of agents. How should we see that going forward? Lastly, regarding individual policies sold, they have gone up by 4%, but policies sold by bancassurance and alternate channels declined by 36%. What is the reason for that?

**Management:** On the IRR question, the IRR depends upon available investment opportunities over the duration for which the product is priced, as well as competitive reasons. There has to be a balance between competitive IRRs, policyholder expectations, and ensuring that margins are not compromised. We will continue to see the possibility of adding hedging possibilities, particularly for the non-participating portfolio. Hedging instruments are not currently available for very long durations, so all these constraints and opportunities have to be balanced. Suppose the investment goes up in a particular year, that does not mean it is ensured for the 20-year life of the policy. We have to take a conscious call for non-participating products where everything is guaranteed. We believe giving best value to the customer is the starting point for business growth. Our non-participating products have provided competitive returns, leading to a major uptick.

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**Management:** Regarding agency growth, there is a small reduction of around 30,000 agents, which is a 2% negative variation. Over many years, our net agency additions or deletions have been in this range and it has never affected business. This year we will look at better recruitment and initiatives to ensure that agent quality and productivity go up. Training will be a focus for both new and existing agents. We are also going to rope in more young generation agents to address the requirements of millennials.

Regarding the reduction in sales through bancassurance, it is not a performance decline driven by banks or alternate channels generally. It is mainly attributed to a geographical issue where one corporate agency, a microfinance institution, was not able to concentrate as heavily. Also, we did away with some login-based concepts because it was affecting persistency. It was a conscious decision to move away from those initiatives and concentrate on bigger ticket sizes. The decline is largely attributed to the microfinance side; the overall bancassurance universe remains intact. In Q4 alone, we saw nearly 10% growth in terms of the number of sales, and that trend is going to continue.

**Mohit Mangal – Centrum:** This is very helpful. Thanks and wish you all the best.

**Management:** Thank you.

**Operator:** Thank you. Ladies and gentlemen, we have time for just two more questions. Our next question comes from the line of Supratim Datta with Jefferies. Please go ahead.

**Supratim Datta – Jefferies:** Hi sir, thanks for taking my questions. Regarding the VNB margin, you indicated you expect expansion. What are the building blocks there given that the non-participating mix should consolidate and the yield curve might not steepen further? Second, we are moving toward IFRS and you indicated risk-based capital as well. How would the move from IGAAP to IFRS result in the VNB translating into the CSM in force?

**Management:** The focus would be on increasing the ticket size and the product mix. Even if the mix consolidates, improvement in persistency and increasing the ticket size should be the drivers for margin expansion. My colleague can speak regarding Ind-AS.

**Management:** Regarding the implementation of Ind-AS, we have already carried out certain exercises and submitted reports to the regulator. We are working on these things, but more work is required before we have a view on how margins will move going forward.

**Supratim Datta – Jefferies:** Fine. Thank you.

**Operator:** Thank you. The next question comes from Shobit Sharma from HDFC Securities Limited. Please go ahead.

**Shobit Sharma – HDFC Securities:** Hi sir, congratulations on a great set of numbers. Regarding your product mix, the participating business was not growing much in the first half of the year; has that business picked up momentum? Non-participating guaranteed business is now contributing to the low teens and ULIP is in the high teens. What product mix are we aspiring for? Should we see a more gradual shift toward non-participating guaranteed business rather than ULIP?

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**Management:** It is a bit difficult to answer directly because there is an impact of the market flair. When the markets give a good opportunity, ULIPs show growth. We would naturally like to increase our contribution from guaranteed business in both non-participating savings and protection, as well as the annuity business. It has to be growth in all engines while ensuring margins are kept in mind. To fulfill our responsibility toward 'Insurance for All' by 2047, we need a focus on the bottom of the pyramid, which is why we sell micro-insurance and small sum assured policies. These sometimes result in lesser persistency and affect margins. But with high ticket size policies in non-participating savings and protection, we expect the margins to be well cared for.

Our primary responsibility is to provide solutions that cater to the needs of the customer. While margin became an important criterion, our entire book was participating business. Participating business had low margins, but we were leaving out a segment of society that wanted guaranteed products. Eventually, these guaranteed products offered us an opportunity to increase our presence in a market that needed them. We are not focusing only on an increase in margins; this 21% journey will likely be gradual from here because industry margins have generally stayed between the 20s and 30s. We have reached the right level and want to remain a responsible insurer. VNB growth is most important. We have seen 40% plus growth in VNB. From here, we are looking to consolidate so that either improved margins or improved business growth continues to drive VNB.

**Shobit Sharma – HDFC Securities:** Got it sir. For the last two months, the market has been very choppy. How have you seen the ULIP demand or the non-participating guaranteed demand?

**Management:** It is too early to comment. Perhaps the full effect of the crisis has not circulated. But our performance in April has been good and in tune with the previous financial year. Our trajectory in growth volume has been maintained across both participating and non-participating business. We are seeing growth in terms of both the number of sales and premium accumulation.

**Shobit Sharma – HDFC Securities:** Okay sir. Thank you and wish you all the best.

**Management:** Thank you very much.

**Operator:** Thank you. Ladies and gentlemen, this concludes our question and answer session. I would now like to hand the conference over to Mr. Doraiswami for closing comments.

**Management:** Thank you. To begin with, I sincerely thank you for joining us this evening for LIC's performance review for the financial year 2025–26. Thanks for your continued faith and trust in us. Your focused and sharp questions keep us on our toes and we are able to dynamically adjust our business strategies to achieve better outcomes. I do hope we have addressed all your concerns today. Should you require any further clarification, our investor relations team remains at your disposal. Thank you once again for your time and engagement. Wishing you a very good evening. Thank you.

**Operator:** Thank you. On behalf of LIC, that concludes this conference. Thank you everyone for joining us and you may now disconnect your lines.

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