



“Life Insurance Corporation of India
9MFY26 Earnings Conference Call”

February 05, 2026

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OF INDIA**
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**MR. A.K. SRIVASTAVA – APPOINTED ACTUARY &
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**MS. VANDANA SINHA – EXECUTIVE DIRECTOR, CRM/
CLAIMS– LIFE INSURANCE CORPORATION OF INDIA**

**MR. SANJAY BAJAJ – HEAD, INVESTOR RELATIONS – LIFE
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Moderator:

Ladies and gentlemen, good day, and welcome to the LIC's 9 Months FY'26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the call, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded.

We have with us the senior management of LIC, led by Mr. R. Doraiswamy, CEO and MD on this call. I now hand the conference over to Mr. R. Doraiswamy. Thank you, and over to you, Sir.

R. Doraiswamy:

Good evening, everyone. I am R Doraiswamy, Chief Executive Officer & Managing Director, LIC. I would like to welcome all of you to the results and performance update call for the nine months period ended December 31st, 2025.

Our results declared today have been uploaded along with Press Release and the Investor Presentation on our website as well as the websites of both the exchanges - BSE and NSE.

Along with me, on this call, I have three Managing Directors, Mr. Dinesh Pant, Mr. Ratnakar Patnaik and Mr. R. Chander. Senior officials of the Corporation present on this call are Mr. A.K. Srivastava, Appointed Actuary & Executive Director (Actuarial) from the Actuarial team, Mr. Sunil Agrawal, CFO from the Finance team, Mr. Arindam Dasgupta, Executive Director (Investment – Front Office & CIO) from the Investment team. From the Marketing team we have Mr. G.P. Agarwal, Executive Director (Marketing /PD), Mr. Hemant Buch, Executive Director (MBAC) and Mr. K. Seshagiridhar, Executive Director (Pension & Group Schemes). Also, we have Ms. Shobha Sulochana, Executive Director (CRM/Policy Servicing), Ms. Vandana Sinha, Executive Director (CRM/Claims) and Mr. Sanjay Bajaj, Head (Investor Relations) on this call.

Let me now mention the key business, operational and financial highlights for the nine months ended December 31st, 2025.

Market Share:

Our market share by First Year Premium Income for nine months ending December 31st, 2025 is 57.07% (as per IRDAI) as compared to 57.42% for the similar period ended December 31st, 2024. We continue to maintain our leadership in the Indian life insurance market, across both individual and group business segments.

Now, if we bifurcate this overall market share of 57.07% into segment wise share of individual and group business, we would have a market share of 35.84% in Individual business and 71.36% in the group business for the nine months ending December 31st, 2025. On a comparable basis for the nine months ending December 31st, 2024, the respective market shares for Individual and Group business were 37.21% and 71.70%, respectively.

Premium Income:

For the nine months ended December 31st, 2025 we have reported a Total Premium Income

of Rs. 3,71,293 Crore as compared to total premium income of Rs. 3,40,563 Crore for the nine months ending December 31st, 2024 registering a growth of 9.02% on Year on Year basis. The Individual New Business Premium Income for nine months ended December 31st, 2025 was Rs.44,941 Crore as compared to Rs. 42,441 Crore for similar period ended December 31st, 2024 thereby registering an increase of 5.89% on Year on Year basis.

Renewal Premium Income (Individual business) for nine months ended December 31st, 2025 was Rs. 1,91,050 Crore as compared to Rs. 1,78,975 Crore for nine months ended December 31st, 2024 registering a growth of 6.75% on Year on Year basis. Therefore, for the nine months ended December 31st, 2025, our Total Individual Premium Income including renewals was Rs. 2,35,991 Crore as compared to Rs.2,21,416 Crore for nine months ended December 31st, 2024 registering a growth of 6.58 % on Year on Year basis.

The Group Business total premium income for nine months ended December 31st, 2025 was Rs. 1,35,302 Crore comprising New Business Premium of Rs. 1,32,611 Crore. In comparison, for nine months ended December 31st, 2024 last year, the Group Business total premium income was Rs.1,19,147 Crore and comprised New Business Premium of Rs.1,15,576 Crore. Therefore, for the nine months ending December 31st, 2025, the Total Group Premium has increased by 13.56% as compared to similar period of previous year.

Break up of business on APE basis:

Total Annualized Premium Equivalent (APE) for nine months ended December 31st, 2025 is Rs. 44,007 Crore which comprise Individual APE of Rs. 27,552 Crore and Group APE of Rs. 16,455 Crore. Therefore, on APE basis, the individual business accounts for 62.61% and Group business accounts for 37.39%. Further, of the Individual APE, the Par business accounts for Rs. 17,507 Crore and Non Par amounts to Rs. 10,045 Crore. Therefore, our Non Par share of Individual APE is 36.46% and Par is 63.54% for nine months ended December 31st, 2025. As you may recall, for the nine months ended December 31st, 2024, our Non-Par share of total individual business, based on APE, stood at 27.68%. Since then, our Non-Par APE has increased from Rs. 6,813 Crore to Rs. 10,045 Crore reflecting an increase of 47.44% on Year on Year basis. We are consolidating our rapid gains in Non Par share of Individual APE. Sequentially, we are consolidating this year at approximately 36% plus levels.

Profit After Tax:

The Profit after Tax (PAT) for the nine months ended December 31st, 2025 was Rs. 33,998 Crore as compared to Rs. 29,138 Crore for nine months ended December 31st, 2024 registering a growth of 16.68% on Year on Year basis.

VNB and VNB Margins:

The net VNB has registered a growth of 27.96% on Year on Year basis to Rs.8,288 Crore for the nine months ended December 31st, 2025 from Rs.6,477 Crore for the nine months ended

December 31st, 2024.

Further, the net VNB margin has improved by 170 basis points on a Year on Year basis to 18.8% for the nine months ended December 31st, 2025 from 17.1% for the nine months ended December 31st, 2024.

Solvency Ratio:

The Solvency Ratio as on December 31st, 2025 improved to 2.19 as against 2.02 on December 31st, 2024.

Assets Under Management (AUM):

Assets Under Management (AUM) as on December 31st, 2025 was Rs. 59,16,680 Crore as compared to Rs. 54,77,651 Crore as on December 31st, 2024. Therefore, our AUM has registered a growth of 8.01% on year on year basis.

Product Mix and New Product launches:

As on December 31st, 2025, we had a comprehensive suite of 59 products (excluding Pradhan Mantri Jeevan Jyoti Bima Yojana) available for New Business, including 39 Individual Products, 12 Group Products, 7 Individual Riders and 1 Group Rider.

Here I would like to add that, currently, we have 57 products. Since in January 2026, one new product has been launched, namely LIC's Jeevan Utsav Single Premium, and three products have been withdrawn, namely LIC's New Endowment Plus, LIC's Bima Ratna & LIC's Jeevan Azad. Hence, we are dynamically managing our product portfolio. Therefore, as of date, we offer a total of 57 products (excluding Pradhan Mantri Jeevan Jyoti Bima Yojana) which comprise 37 individual products, 12 Group Products, 7 Individual Riders and 1 Group Rider.

No. of Policies Sold:

During the nine months ended December 31st, 2025, we sold 1,16,63,856 new policies as compared to 1,17,10,505 new policies in nine months ended December 31st, 2024.

Agency Workforce:

As on December 31st, 2025, the total number of agents was 14,72,370 as compared to 14,19,480 as on December 31st, 2024. The market share by number of agents as on December 31st, 2025 stands at 45.32% as against 47.40% for December 31st, 2024.

On number of policies sold basis, the agency force sold 1,14,54,396 policies during the nine months ended December 31st, 2025 as compared to 1,13,56,466 policies during the

corresponding period last year. Further, 98.20% of our policies in the nine months ended December 31st, 2025 were sold by our Agency force. When seen on premium basis, 91.72% of New Business Premium came from our Agency channel in the first nine months of current financial year.

Contribution by Banca and Alternate Channels (BAC):

There is a significant upward trend in New Business Premium Income from our Bancassurance and Alternate Channels (BAC). Bancassurance and Alternate Channels collected New Business Premium Income of Rs. 3,341.37 Crore for the nine months ended December 31st, 2025 as compared to Rs. 2,003.95 Crore for the nine months ended December 31st, 2024, registering a growth of 66.74% on a Year on Year basis. The New Business Premium Income collected through Banks was Rs. 2,035.62 Crore for the nine months ended December 31st, 2025 and for the corresponding period of last year it was Rs. 1,451.64 Crore thereby registering a growth of 40.23% on Year on Year basis. Further, the Alternate Channels collected New Business Premium of Rs. 1,305.75 Crore for the nine months ended December 31st, 2025 as compared to Rs.552.31 Crore for nine months ended December 31st, 2024 registering a growth of 136.42% on Year on Year basis.

Our Bancassurance and Alternate Channels now account for 7.45% of Individual New Business Premium for the nine months ended December 31st, 2025, which is significantly higher than 4.73% for the nine months ended December 31st, 2024.

Our Overall Expense Ratio:

For the nine months ended December 31st, 2025, the overall expense ratio was 11.65% as compared to 12.97% for the first nine months of last year. Therefore, there is a decrease of 132 basis points in our Overall Expense Ratio on Year on Year basis.

Persistency:

On premium basis, the persistency for 13th, 25th, 37th, 49th and 61st month upto the nine months ended December 31st, 2025 stands at 75.75%, 70.76%, 67.37%, 63.77% and 61.09%, respectively, as compared to 76.66%, 71.67%, 67.10%, 63.39% and 61.84%, respectively upto the nine months ended December 31st, 2024.

On number of policies basis, the persistency for 13th, 25th, 37th, 49th and 61st month, upto the nine months ended December 31st, 2025 stands at 64.28%, 59.82%, 55.70%, 50.63% and 49.06%, respectively, as compared to 66.47%, 60.10%, 53.84%, 51.17% and 49.22%, respectively, upto the nine months ended December 31st, 2024.

While acknowledging that certain cohorts have not shown any significant improvement, we assure you that we are taking multiple steps to achieve better persistency ratios.

Operational efficiency and Digital Progress:

In our digital initiative through the Agent assisted ANANDA app, we have completed 14,53,124 policies through this App during the nine months ended December 31st, 2025 as compared to 9,72,504 policies for the nine months ended December 31st, 2024 thereby registering a growth of 49.42% on Year on Year basis. There is a growth of 41.50% in number of active agents in ANANDA app for nine months ended December 31st, 2025.

DIVE (Digital Innovation & Value Enhancement) Initiative:

The DIVE project is being rolled out in phases both for distributors and customers. Many features and facilities have been activated, and many more will be launched this calendar year. I am sure that all of you will experience a much more digital-savvy interface in how LIC connects with you.

Claims:

On the individual claims front, during nine months ended December 31st, 2025, we have processed 1,54,11,320 number of claims which includes 1,47,99,971 maturity and Survival Benefit claims. On an amount basis during first nine months ended December 31st, 2025, the total maturity claims were Rs. 1,68,613 Crore and the total death claims were Rs. 18,156 Crores. On a comparable basis for first nine months ended December 31st, 2024, the maturity claims were Rs. 1,47,739 Crore and death claims were Rs. 17,588 Crore. Therefore, the maturity claims are higher by 14.13% and the death claims are higher by 3.23% on a Year on Year basis.

Marketing initiative update on Bima Sakhi Yojana:

As of December 31st, 2025, a total of 2.97 lakh women have been designated as Bima Sakhis, successfully selling 14.3 lakh insurance policies and generating a New Business Premium Income of Rs. 1,873 Crore in nine month period ended December 31st, 2025. Our objective is to appoint at least one Bima Sakhi in every Gram Panchayat and we would like to inform that out of 2,44,876 Gram Panchayats we have covered 52% Gram Panchayats by recruiting Bima Sakhis in 1,27,417 Gram Panchayats up to December 31st, 2025.

Before concluding, I would like to reiterate significant highlights of our performance during the first nine months of FY 2025-26:

- 1) Our Non Par share of Individual APE business has further grown to 36.46% for 9MFY26 as compared to 27.68% for the same period for previous year.
- 2) Profit after tax (PAT) has grown by 16.68% to Rs. 33,998 Crore on a Year on Year basis.
- 3) Bancassurance and Alternate Channels registered a growth of 66.74% on a Year on Year basis to Rs. 3,341.37 Crore.

- 4) VNB has increased by 27.96% on a Year on Year basis for first nine months of FY26.
- 5) VNB margin has increased by 170 basis points to 18.8% for 9MFY26.
- 6) AUM has increased to Rs.59.17 Lac Crore registering a growth of 8.01% on a Year on Year basis.
- 7) While maintaining growth in multiple parameters we have kept a focus on costs and as you can see the Overall expense ratio is down by 132 basis points to 11.65% in 9MFY26.

Now, I would like to conclude by saying that LIC is well on its way to deliver all our commitments whether on product mix, channel mix, profitability, cost effectiveness and newer products. We are doing all this while ensuring that we continue to maintain our image of trust and credibility in the minds of buyers of life insurance in India.

We think that ongoing use of digital marketing and a mobile-first approach will help achieve the national aim of "Insurance for all by 2047".

We are thankful to all our stakeholders for their faith in our strategy and its rollout.

I now handover to the call moderator to start the Question and Answer session.

Thank you very much,

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Moderator: The first question is from Alka J.R, who is an Individual Investor. Please go ahead.

Alka J.R: Does the company currently have any plans for ongoing discussions regarding acquisition or entry into health insurance segment?

R. Doraiswamy: We are a strategic investor, and we are a major investor in many companies and sectors. We have been evaluating. We have been looking at opportunities for enhancing our investment opportunities. And as a part of it, we are looking for enhancing our stake in a health insurance company.

We are evaluating various options available in the market, but we don't have any particular deadline or any such immediate date by which we are looking at doing that. We'll be open to having a stake if a very good opportunity makes itself viable.

Moderator: Thank you. The next question is from Madhukar from JP Morgan. Please go ahead.

Madhukar: Sir, when I look at your VNB walk, there's a pretty significant change between 9M and first half of FY '26, the VNB walk that you've explained there. So, the economic assumptions have sort of significantly improved from the first half. And -- so can you explain that? And I'm guessing this impact of operating assumption is mainly related to the GST-related issue. So, can you help sort of simplify both the numbers?

What is -- what are the economic assumptions which are resulting in such a sharp increase in the margin? Also, when we look at the product mix, there is a very big jump in non-par savings products. So can you sort of give some sort of indication of what the underlying margins are in non-par savings for you and also for the group segment. Earlier, you used to give gross sort of VNB margins, but you've stopped disclosing that. So that will be helpful?

- R. Doraiswamy:** I would like my Appointed Actuary to explain.
- Ajay Srivastava:** I am Ajay Kumar Srivastava, Appointed Actuary and Executive Director, Actuarial. Your first question is about the yield curve, why the economic assumptions and the results have gone up. So, the favourable yield curve of Q3 of around 83 basis points -- 80 basis points, particularly of higher durations, that has impacted and contributed to an increase of 1.9%.
- So, it's because of the higher favourable yield curve. And your second question was that the operating impact on the VNB margin. So that has impacted 2.8%, but this includes the GST impact, the impact of persistency and alignment of expenses in group business to reflect the current experience.
- All these things put together have actually contributed to this decrease in VNB margin by 2.8%. As regards the business mix -- as regards business mix, the business mix, if you look at in entirety, it has increased from 18% to 23% if we consider the entire business, including group.
- And the impact of this is the 48% contribution to the VNB margin*, which indicates the contribution of non-par business and the increase of it on the VNB margin*. And the group, you asked the impact of that. So, for the group, marginally, the proportion has gone up from 35% to 37%. And 37% of this proportion contributes to about 24% of the VNB margin*.
- So, I think this while we have given the consolidated numbers on VNB margin for the corporation as a whole, this proportion of the business and the contribution to the VNB margin may give you a good indication of why the VNB margin has increased from 17.1% to 18.8% Y-on-Y basis.
- Madhukar:** Got it, sir. Sir, and just a follow-up question. Do you hedge -- do you run a hedge non-par product portfolio or is it just that this quarter, you did not revise the IRRs upwards, which has sort of resulted in a higher margin in non-par?
- Arindam Dasgupta:** I'm just responding to it. I am CIO here. To speak, we are very active in the interest rate derivative space currently, and we are regularly doing forward rate agreements (FRA) at regular interval and we try to hedge our position to the maximum.
- Madhukar:** Got it, sir. Congratulations on a very good set of numbers and all the best.
- Moderator:** Thank you. The next question is from Sukrit Patil from Eyesight Fintrade Private Limited. Please go ahead.
- Sukrit Patil:** My first question to Mr. Doraiswamy is as LIC moves through this stage, how do you balance between growing the business, keeping operations efficient and protecting the profits? And when the situation changes, like competition, cost or customer trends, what helps you decide which of these should be the main focus? That's my first question. I'll ask my second question after this?

* 'VNB margin' to be read as 'VNB'

R. Doraiswamy:

Thank you. The focus is on managing a continuous sustained profitable growth. Our focus will be to continuously to improve the new business performance and top line growth, so that the impact of expenses that happen like the input tax credit of GST or whatever it is, gets subsumed into the overall efficiency of the corporation.

On the expenses part, yes, we are continuously focusing on the rationalization by of course, partly because our senior working team is also having facing a lot of retirements, and we are replacing them by younger people by recruiting at various levels. So, the we are able to attain a cost rationalization in this also as well as the other expenses by going digital by saving our operational expenses at various levels.

So, there's a continuous activity of improving our operational efficiency at the ground level while also focusing on increasing the contribution from the various channels. We are also focusing on improving the contribution of bancassurance and alternate channels, which, in our case, also comes up with a bit more cost efficiency as well as we are also looking at enhancing our digital footprint.

So, all this will continue to be focused, and we'll like to take on the competition or whatever it is based on our continued focus on keeping our agency productivity increase as well as contribution from other channels by improving the top line growth and while continuously working on the rationalization of expenses.

Sukrit Patil:

My second question to Mr. Agarwal is, again, along the similar lines, when early signs such as receivables, investment flows or costs begin to change, what guides your response towards this? How do you decide the next step so that you stay ahead of pressure or capture the upside before it shows up on the balance sheet? I want to understand how you approach this particular thing?

Sunil Agrawal:

It all depends on the cash flows that are available from time to time and depending on our ALM position because we know the maturities and the outgoes that are planned and more or less the expense trend is also known in advance. So accordingly, we plan our investment strategy and deploy the funds in the market.

Moderator:

Thank you. Next question is from Gaurav Jain from ICICI Prudential Mutual Fund. Please go ahead.

Gaurav Jain:

Sir, first of all, congratulations on great set of numbers.

Moderator:

Gaurav, I'm sorry to interrupt, but we can barely hear you. Could you please speak a little louder?

Gaurav Jain:

Any better now?

R. Doraiswamy:

Okay. Go ahead. I'm able to hear you.

Gaurav Jain:

So first of all, sir, congratulations on a great set of numbers. Sir, if we can see that for the 9 months, we have reported a PAT growth of 17%, which is now at RS.34,000 crores around. And sir, in spite of reporting such strong growth, our solvency is, sir, continuously improving. So, quarter-on-quarter, it has also improved?

And now we are at 219% solvency, which should be comfortable again. Sir, my question is on dividend pay-out that what we are seeing is the pay-out ratio is on the lower side. So, if you can help us understand how is the Board and Corporation really thinking on dividend pay-out, that will be very helpful, sir?

R. Doraiswamy:

Thank you for your question. Actually, this is a call that Board will have to take from time to time. And if you see for the last 3 years, we have been improving or increasing our dividend paid. We started at Rs.4, then we moved to Rs.10 and then we have moved to Rs.12. We are expecting it to be better in the current year also, but it's not a call that I can take individually.

So, when we declare the results of the full financial year, we may be our Board will be taking a call so that our growth in the dividend pay-out is also sustainable. As of now, we have built up quite a good amount of reserves, so we can -- we are comfortable in that area. So, after the final results are declared, perhaps we'll be able to take a call.

Moderator:

The next question is from Dipanjan Ghosh from Citi.

Dipanjan Ghosh:

Just a few questions from my side. First, if I look at the ticket size of your non-par savings business and par business, there seems to be a little bit of trajectory change compared to what we were seeing for the past few quarters in both the segments. So just wanted to get some colour on the sub products within this segment? And has there been any shift across the quarter out there? My second question is on the banca and alternate channel. Would it be possible for you to kind of segregate it between core bancassurance and other channels and also the sort of product mix across some of these channels, how are you seeing that evolving?

And the third question is taking cues from the previous participant's question in terms of your dividend pay-out policy. I just wanted to understand now you're sitting with almost a net worth of RS.1.5 trillion plus, your solvency is also quite comfortable. It seems that you might have done some rounds of exercise on IFRS calculations also. So, is there some visibility on, let's say, even 2, 3 years out, what can be a steady state dividend pay-out ratio for a company of your vintage? Those are my three questions?

R. Doraiswamy:

G.P. Agarwal on the ticket size of?

Govind Prasad Agarwal:

Yes. Our ticket size of India is always is improving because of this annuity plus we are having a growth, similarly in ULIPs also, non-par savings.

Ajay Srivastava:

Actually, if we look at on the basis of individual APE, then in that case, you will find that -- because that takes care of the mode of payments. So therefore, average individual APE, if you look at as compared to December 2024, it has gone up from Rs.28,034 to Rs.31,882 in case of single one, single premium. And in case of non-single, it has gone up from Rs.20,542 to Rs.23,051.

So, it has increased significantly. And with this interventions, which we had done last time last year while reviewing the products after this product regulations had come up, you would be aware that in some products, not on all, we had increased the minimum sum assured. So, we expect that going forward, we'll be having a higher ticket size on the basis of APE going forward.

Hemant Buch:

Coming to Banca per se, we -- I think CEO sir detailed it out during his address that both Banca core as well as the Alternate, they have been in fact contributing significantly in terms of overall volume. Banks continue to grow at almost around 40% for period ending 31st of December.

And alternate, of course, has been showing a healthier growth of around 136% in terms of comparative data over corresponding period of last year. And putting it in numbers, banks contributed around Rs.2,035 crores as at December '25, while Rs.1,305 crores came from alternates.

We look forward to continue with the same set of healthy numbers and quite confident of maintaining the same growth rates for the year as well. So hopefully, we should be closing Q4 also on a strong note. And as far as the product mix within banca is concerned, in fact, banca continues to lead in terms of non-par contribution. And currently, in fact, banca has almost around 90% to 10% kind of weightage between non-par/par.

Sunil Agrawal:

As regards to your last question on dividend, if you look back at the dividend history, we started off with Rs.1.5 per share, and we've increased it 8x over a period of last 3, 4 years. And sir already mentioned, we'll be sustaining so we are ensuring that the dividend is sustainable in coming days.

And also, as you rightly pointed out, there are variety of things happening on the IFRS front as well. So, we are yet to complete the assessment because many things are at the draft stage as of now. So as and when they are notified and they are imposed, so we'll look at the impact and thereafter come back with a concrete dividend policy. But as far as the sustainability is concerned, we'll ensure that it is sustainable whatever dividends are paid...

Dipanjan Ghosh:

Got it. Sir, just one small follow-up question. I mean, in terms of the government's shareholding in LIC, also, there are some stipulated timelines. Any colour that you can share on this aspect? That's all from my side?

R. Doraiswamy:

See, on that, the government -- or the regulatory position now is that the holding of the government will be reduced by 10%. That is, it will come down to 90% within a period of 5 years from the date of IPO, which is by 2027, we should be able to come down to that. And the government and LIC together, we are working towards making it happen. Maybe you'll be hearing about the further tranche of shares being offered in the next few months to come.

Dipanjan Ghosh:

Got it, sir. Thank you and all the best.

Moderator:

Thank you. The next question is from Aishwarya Mittal from Priaish Finbridge. Please go ahead.

Aishwarya Mittal:

My question about the performance of the company. Being an investor, my concern is that from the last 4 years, I'm carrying the negative carry from your listed price. So, when I can just look at the positivity, see, dividend is all this is fine. But when I carry the capital depreciation, negative carry, then why should I keep your share in my portfolio?

And the second thing, now the Page number 7 and 11 of your presentation slides, there is a lot of negativity. There is a market share loss. Your bancassurance policy is reduced by 44%. So

why this four and five negativity is there in the particular performance because you are losing your market share versus in other companies?

R. Doraiswamy:

See, we are looking at all the steps that are being taken that we can be taking to ensure that the price will see an uptick at the earliest. We are working on that continuously. We should be we are hoping that this will be happening at the nearest possible time. On the other side, yes, the market share that are lost when the market as a number of players expand, the market share of the biggest player is likely to be reduced because any new player coming in and taking up even a small volume of business means it will be. The overall pie will grow, but the share will get split. We are looking at continuously growing on a sustainable basis. That is what we are looking at. So, we'll be looking at a growth rate commensurate with the industry or in such a way that we propel the growth of the industry as a whole. That's what we are looking at. So, when the number of players keep increasing now with the new -- latest Insurance Act of 100% FDI, there may be more players entering the market.

As more and more players enter, the market gets divided among the participants. So, market share loss by itself is not a major issue, but what we are looking at is a growth and that too at a sustainable level is something that we are looking at. On the bancassurance side, I don't know whether you are looking at the number of policies side.

Yes, we had a good contribution from a major alternate channel partner with us, who has been facing some issue with their operation in the area where they are focusing. So, they could not repeat. They did a good volume of number of policies last year, but they are all of a small ticket size on the individual side.

They are they were having some problem during the current year. I think they are overcoming that problem and soon they'll be coming back to their earlier form of activity, and I'm sure we'll be recapturing on that. Though there has been a fall in the contribution on number of policies by the Bancassurance the Alternate Channel partner, we have been able to show a substantial increase in the premium side from the bancassurance as well as alternate channel.

Bankers have shown a growth of more than 40%, whereas the alternate channels have shown a growth of more than 126% in terms of premium. Our focus has been on garnering more premium through this channel and improving that share. And if you have noticed, over a corresponding period of on a year-to-year basis, we have almost increased from 4.7% to 7.23% as a share from bancassurance. And that focus will continue to be there. We'll be improving the contribution from this channel as the days to come.

Moderator:

The next question is from Nischint Chawathe from Kotak Securities.

Nischint Chawathe:

Just going back to the first question, which is the impact of operating assumptions. You mentioned that this 2.8% includes persistency, expenses and GST. Is it possible for you to give us some colour in terms of how this breaks up?

Ajay Srivastava:

In fact, if we go through the calculations, all these factors which I spoke about, that is persistency, expenses, GST as part of expenses, they all interact. And there are various other factors which get into the determination of the VNB margin. So, therefore, what we have shown

is the overall impact of that. Because of that interaction and all those things, these numbers keep on changing within those parameters which I had mentioned. So that's the reason we have shown it together as 2.8%.

Nischint Chawathe: Because GST is a, so to say, one-off event, which can probably be neutralized over time. And hence, if we kind of set that aside, we were just curious to understand as to how the ongoing business is moving. So, if you could give any colour on that, that would be useful.

R. Doraiswamy: GST, I don't know whether you can take it as a one-off event because as of now, it stands by the council. So, it will you can take it as around 40%* of the 2.8% or whatever it is, maybe it will be through the GST, ITC not being available. But as we go forward, we are looking at getting it subsumed by the rationalization of expenses. So, we are that's why we are not splitting it. We are trying to do two things.

One, thanks to the increase in affordability by the customer not having been required to pay GST, we are seeing an uptick in both the ticket size as well as the amount that we are looking at. So, we are looking at the top line growth while maintaining a rationalization of expenses. So overall expenses gets reduced so that the impact of GST can be suitably accommodated within that.

Nischint Chawathe: And why would you have higher than estimated expenses? Because I mean, I thought on the expenses line, we should be positive, right, given the volume tailwind that we have seen?

R. Doraiswamy: No, yes, that's what. We are looking at a reduction in the overall expenses ratio as well as the management expenses have been going down.

Sunil Agrawal: So, if you're talking about the quarter-on-quarter comparison versus as you rightly observed that it's a onetime GST impact that was accounted for in quarter 4 quarter 3. Therefore, comparatively, it is higher as compared to your previous quarter.

Nischint Chawathe: No, no, sorry. What I was trying to say is that, see, GST see, if I look at the minus 2.8%, clearly, you mentioned GST was sort of 40% contributor to it. And then I would believe the balance 60% is negative on persistency and negative on expenses. I understand the persistency part, but why would you have a negative why would you carry a negative operating variance on expenses when your volume growth is so strong?

Ajay Srivastava: The, the mention was not in all lines of business as the overall expenses, as has been discussed, has come down. But in some lines of business, depending upon the experience, that has been factored in. So, the impact of those lines of business where it has been set to the current experience, the impact is only on -- not on the entire business.

Moderator: Thank you. The next question is from Shobhit Sharma from HDFC Securities.

* '40%' to be read as '45%'

Shobhit Sharma:

Sir, my first question is on the growth side. So, if I look at par business. During the quarter, it seems we have grown significantly higher than what we have done in the first six months. So, if you can shed some light on that, have you made any product intervention? Or is this primarily because of the base effect we had?

Secondly, on the persistency, like it has dropped across most of the cohorts. So, if you can shed some light on which product segments, we are experiencing lower than the company average persistency levels? And is there anything to read from the monthly mode of ULIP persistency? So, these are two questions from my side.

Ajay Srivastava:

Our experience on persistency is that the low ticket size of policies have poorer persistency. And the low -- the frequency of payment, if it is higher, that is also having an adverse impact on the persistency. Now some of these things we have addressed in the last year, as I say, the minimum ticket size has gone up. And the impact of that is expected when we start looking at the 13th month persistency, which is yet to unfold.

So, for the time being, we are talking about the persistency, which is coming down is pertaining to those businesses which were done prior to the intervention which we made last year. So, once we get this unfolding of the impact of the interventions, we had taken last year, we would be able to see the impact of that increase in the persistency.

Shobhit Sharma:

Okay, sir. And what about the growth on the par business side, which we have seen during the quarter?

Ajay Srivastava:

So, the par business also, as we mentioned, slightly this VNB margin also has gone up on that, particularly because on an APE basis, if you look at the average ticket size in par business has gone up. So that average ticket size going up is again a result of what I mentioned due to the intervention of some of the products where the minimum ticket size were increased. So going forward, once the ticket size increases, I mean, that will be having impact on the margins in the par business as well.

R. Doraiswamy:

I would also like to add that the geographical spread and the segment-wise spread that LIC has compared to other insurance companies in terms of business also adds to the persistency issues. People who are from -- not from the affluent sections of the society, they take a policy, but for us, they may not be able to pay on time. But as and when their seasonal income improves, they come back and pay the arrears and bring the policies in force.

So, we continuously work on reviving the existing policies for which premiums are not paid in time, which would have affected our persistency by getting them back as a revival or reinstatement, that also helps. So, we address the lack of persistency, particularly in terms of 13th month and earlier month by going on a campaign mode in terms of revival of lapsed policies also. That's also contributing to our improvement in profitability over a period of time.

Shobhit Sharma:

So, sir, is it right to assume that we are experiencing a negative persistency variance as compared to what we have actually built in?

Ajay Srivastava:

Persistency and other experience items continuously get reviewed periodically. And it is not one such factor which gets into the purpose of the VNB margins, etc, but whole lots of things. So, persistency is one such thing. So, when the persistency goes down, if that gets factored in, that will be having impact on the margins as well.

Dinesh Pant:

See, one point, one we can, point we can note here is that, yes, in the as it is a point in which these assumption changes are negative, the persistency has gone down. But we need to appreciate one thing that LIC as an organization is not exactly same to the other organizations. We have a role to play for ensuring insurance for all, right?

So, in that context, it is a very important decision. See, LIC can take a decision to improve the ticket size significantly. Naturally, it will lead to higher persistency. But then affordability of insurance and being responsible for ensuring that everybody is covered is also very paramount because the customer base is something which is USP for LIC.

Even when persistency is an issue, but the large base of the insurance coverage that is being provided by is being done with the corporation. A lot of steps have been taken in this context, if you would recall that, many products have been withdrawn, many products have been modified. But as has been mentioned by Mr. Srivastava just now that it is a very key area of focus for us and the steps that they were taken because you will see last year, we revised the ticket size of the policies from minimum Rs.1 lakh to Rs.2 lakh.

And that had an impact that the business volumes in terms of policies went down significantly. So now we have to ensure that coverage also continues. So now in this context, the steps that were taken last year because the manner of determination of persistency that you observe it for 1-year entire period and then there is a method in which it is done, that will unfold in the next year.

So, and what you're talking about persistency in terms of 63%, 64% or 65% or so is in terms of policies. In terms of premium, actually, our persistency is much better, 75% or so. So, we are confident that as this -- and another important factor which needs to be noted is that the ticket size between participating, nonparticipating is significantly different, while the average is around Rs.20,000. So, the ticket size for the nonparticipating is larger. So, the persistency in that segment is there.

And another important point in context of LIC, which has to be noted is that LIC has a big book size of single premium policies, which actually does not come into the regulatory method of calculation of 13-month persistency because fully paid-up policies and single premium policies are not a part of that calculation. So, if a realistic assessment is done, including based on inclusion of single premium policies also in paid-up policies, LIC's persistency will look much better and higher as compared to that thing.

So, what is being seen in persistency currently being seen is in context of the methodology, which is prescribed, which exclude paid-up and single premium policies. But as we mentioned earlier, while we remain focused and it's a total endeavour for the corporation that we have to

work towards persistency because, yes, as you rightly mentioned, reduction in persistency impacts the profitability, long-term profitability.

But we have to rebalance that we continue to provide products which are for the masses as well as which are for the classes so that while we continue to create value for the shareholders, we also need keep on creating options and solutions, product solutions for all classes of customers. So that is something which is very important and core to our business activity.

Shobhit Sharma:

Sir, just a small follow-up on this. If you can give some if you can shed some light on the alternate channels. So, what kind of product mix they are into? Are they much more heavier on to the ULIP side as compared to the par segment? And what's the persistency on those channels? And lastly, final question is on the distribution cost.

So there have been a lot of concerns around the distribution cost in terms of the pay-outs which we are which the company makes to the distributors. So, what do you think? If the deferral of the commission gets into the picture, would it be would be a help the industry to resolve the persistency related issues and bring on the distributor pay-outs?

Hemant Buch:

Alternate channel product mix remains in fact more or less non-par centric with more centric annuity and ULIPs contributing healthy volumes. It is not only impact driven by ULIPs. Annuity also contributed significantly in terms of contributions coming in from alternate channels, including banks. And so far as the commission structure or the...

R. Doraiswamy:

Alternate Channel, good amount of not only alternate channel, banks have also been contributing substantially on a single premium component. So, their persistency are the highest. We can safely take it as very big. Even for the one organization which was contributing heavily in the last year, which they could not repeat this year, they were all of a very high persistency of close to around 90% to 92% is what we were experiencing.

When it comes to the distribution costs, you will appreciate that LIC has been different from the rest of the industry. We have been managing and maintaining our distribution costs at a much lower level than the rest of the industry. And whatever the talks that are being made now is in respect of the higher distribution cost that was seen in the other companies.

We are currently we have been consistently maintaining and we are adhering to the regulatory restrictions, which were there in 2013 and 2016, though subsequently, those regulations are removed, we have been keeping it at an optimal level. As and when the regulator takes a call and in case if there is a modification that is going to be prescribed, we'll be fully compliant and ensuring that it happens.

LIC has always been having a good amount of commission being paid or rather proportion of commission that is being paid out of the total that we are spending towards the renewal premium. And so that has been one area where we have been able to do much better in terms of persistency of 61st month and thereafter, which is not being measured or disclosed.

Moderator:

The next question is from Madhukar from JPMorgan.

- Madhukar:** Thank you for taking my follow-up. Sir, just on the breakup of the operating expense assumption change. So how much of that is because of GST? Can you sort of just quantify that number? And second, the mark-to-market fluctuation for 31st December ending, that we can get from PDs, right? Would that like the policyholders account that number would be the fair number, right number to look at?
- Ajay Srivastava:** As I said, the components within that, they interact with each other. And at any point of time, that number may be different when the mix actually differs. So therefore, quantifying this specific one component may be a little -- information may be taken in a different manner. And therefore, any information which is going to be different on the basis of the GST based on the mix, we have taken all the components together and have given a single number, which is 2.8%.
- So that includes GST expense, which we have been taking as the part of expenses and absorbed accordingly.
- Moderator:** As there are no further questions, I would now like to hand the conference over to Mr. Doraiswamy for closing comments.
- R. Doraiswamy:** First of all, I would like to thank all of you for taking the time to attend our late evening conference call today. As we conclude our review for the nine month performance of FY '26, I want to convey my appreciation to everyone for your continued confidence, collaboration and engagement with LIC.
- Your thoughtful questions provide a deep insight into our operations and strategic direction. I trust we have resolved all your concerns satisfactorily. If you require any further assistance or wish to continue the dialogue, please contact our Investor Relations team. Thank you, and have a good night.
- Moderator:** Thank you very much. On behalf of LIC, that concludes this conference. Thank you for joining us, ladies and gentlemen. You may now disconnect your lines.