“Life Insurance Corporation of India
H1 FY27 Earnings Conference Call”
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Moderator: Ladies and gentlemen, good evening and welcome to the LIC's H1 FY27 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 then zero on your touch-tone phone. Please note that this conference is being recorded.

We have 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, CEO and MD of LIC. Thank you, and over to you, sir.

R. Doraiswamy: Thank you. Good evening, everyone. I am R. Doraiswamy, Chief Executive Officer and Managing Director LIC. I would like to welcome all of you for the half-yearly results and performance update call of the financial year 2026-27. Our results declared today have been uploaded along with the 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 two Managing Directors, Mr. Ratnakar Patnaik and Mr. R. Chander. Senior officials of the corporation present on this call are Mr. A. K. Srivastava, Appointed Actuary and Executive Director, Actuarial, from the actuarial team; Ms. Sonija, Chief In-Charge of Finance and Accounts from the finance team; Mr. Arindam Das Gupta, Chief Investment Officer and Executive Director, Investment Front Office; and Mr. S. K. Srivastava, Executive Director, Investment Back Office, from the Investment Team.

From the Marketing Team, we have Mr. Uthup Joseph, Executive Director, Marketing and Product Development; Mr. Hemant Buch, Executive Director, Marketing, Bancassurance and Alternate Channel; Mr. Puneet Kumar, Executive Director, Pension and Group Schemes. Also, we have Ms. Shobha Sulochana, Executive Director, CRM Policy Servicing; Mr. Diwakar Mittal, Executive Director, CRM Claims; and Mr. Sanjay Bajaj, Head of Investor Relations, on this call.

Let me now take you through the key business, operational, and financial highlights for the half year ended 30th September 2026. Our market share by first-year premium income for six months ending September 30th, 2026, is 58.77% as compared to 59.41% for the similar period ended 30th September 2025. We continue to maintain our leadership in both individual as well as group business within the Indian life insurance industry.

Now, if you bifurcate this overall market share of 58.77% into segment-wise share of individual and group business, we would have a market share of 37.51% in individual business and 70.45% in the group business for the six months ending 30th September 2026. On a comparable basis, for the last year, first half year, the respective market shares for individual and group business were 37.21% and 72.74%, respectively.

For the six months ended 30th September 2026, we have reported a total premium income of 274,269 crore rupees as compared to 245,680 crore rupees for the six months ending 30th September 2025, registering a growth of 11.64% on a year-on-year basis. The individual new

business premium income for the first half of this year was 32,725 crore rupees, and for the corresponding period last year, it was 28,491 crore rupees, registering a growth of 14.86% on a year-on-year basis.

Renewal premium income for six months ended 30th September 2026 was 127,950 crore rupees as compared to 122,224 crore rupees for the same period last year, registering a growth of 4.68% on a year-on-year basis. Therefore, for the six months ended 30th September 2026, our total individual premium income, including renewals, was 160,675 crore rupees as compared to 150,715 crore rupees for the same period last year, registering a growth of 6.61% on a year-on-year basis.

The group business total premium income for six months ended 30th September 2026 was 113,594 crore rupees, comprising of new business premium of 111,685 crore rupees. In comparison, for the same period last year, the group business total premium income was 94,965 crore rupees, comprising new business premium of 92,586 crore rupees. Therefore, for the first half of this year ending 30th September 2026, the total group premium has increased by 19.62% as compared to the same period last year.

The total annualized premium equivalent, APE, for six months ended 30th September 2026 is 30,696 crore rupees, which comprises individual APE of 17,224 crore rupees and group APE of 13,472 crore. Therefore, on an APE basis, the individual business accounts for 56.11%, while the group business accounts for 43.89%. Further, of the individual APE, the PAR business accounts for 11,364 crore rupees, and non-PAR amounts to 5,861 crore rupees.

Our non-PAR share of individual APE is 34.02%, and PAR is 65.98% for the six months ended September 30th, 2026. As you may recall, for the six months ended 30th September 2025 last year, our non-PAR share of total individual business based on APE stood at 36.31%.

Our protection business on APE basis has witnessed a growth of 58.59% on a year-on-year basis. This reflects our enhanced focus on growing the pure protection business. The profit after tax for the six months ended 30th September 2026 was 25,568 crore rupees as compared to 21,040 crore rupees for the six months ended September 30th, 2025, registering a growth of 21.52% on a year-on-year basis.

The net VNB has registered a growth of 33.95% on a year-on-year basis to 6,846 crore rupees for the six months ended 30th September 2026 from 5,111 crore rupees for the same period of last financial year. Further, the net VNB margin has improved by 470 basis points on a year-on-year basis to 22.3% for the period ended 30th September 2026 from 17.6% for the same period of the last year ended 30th September 2025.

The solvency ratio as on 30th September 2026 improved to 2.35 as against 2.13 on September 30th, 2025. The Indian embedded value as on September 30th, 2026 has been determined as 7,97,378 crore rupees as compared to 8,13,230 crore rupees on September 30th, 2025. Therefore, the IEV has registered a decrease of 1.95% on a year-on-year basis.

However, you will recall that IEV was 7,89,185 crore rupees as on 31st March 2026. Therefore, the IEV has improved by 1.04% between 31st March 2026 and 30th September 2026. The assets

under management as on September 30th, 2026 was 59,60,941 crore rupees as compared to 57,22,896 crore rupees as on September 30th, 2025. Thus, our AUM has registered a growth of 4.16% on a year-on-year basis.

As on September 30, 2026, we had a comprehensive suite of 60 products, excluding Pradhan Mantri Jeevan Jyoti Bima Yojana, available for new business, including 38 exclusive individual products, 13 exclusive group products, one common product for individual and group business, seven individual riders, and one group rider.

During the first six months of the current financial year, we have launched five new non-par individual products. On June 1, 2026, LIC's New Jeevan Sathi Single Premium and LIC's New Jeevan Sathi Limited Premium were launched, and on August 10, LIC's New Bima Jyoti was launched. Further, on September 7, 2026, LIC's Jeevan Raksha and LIC's Bima Platinum were launched. Jeevan Raksha is our unique initiative as we expand into building our term insurance business.

I would also take this opportunity to provide you additional updates on new product launches. On 19th October 2026, LIC launched three new non-par individual products, namely LIC's New Jeevan Dhara-II Deferred Annuity Plan, LIC's Health Shield, a health pure risk plan, and LIC's New Cancer Cover, a health pure risk plan.

Therefore, as on date, we offer a total of 63 products, of course, excluding Pradhan Mantri Jeevan Jyoti Bima Yojana, which include 41 exclusive individual products, 13 exclusive group products, one common product for individual and group, seven individual riders, and one group rider.

During the six months ended September 30, 2026, we sold 70,97,094 new policies as compared to 72,60,573 new policies in the six months ended September 30, 25. As on September 30, 2026, the total number of agents was 14,52,461 as compared to 14,85,325 as on September 30, 2025. The market share by the number of agents as of 30th September 26, stands at 43.70% as against 45.86% for September 30, 2025.

On number of policies sold basis, the agency force sold 69,83,913 policies during the six months ended 30th September 26, as compared to 71,44,242 policies during the corresponding period of last year. Further, 98.4% of our policies in the six months ended September 30, 2026, were sold by our agency force.

When seen on a premium basis, 91.81% of the new business premium came from our agency channel in the first six months of the current financial year. There is a strong growth in the new business premium income from our bancassurance and alternate channel.

Bancassurance and alternate channels collected new business premium income of 2,458 crore rupees for the six months ended 30th September 2026, as compared to 2,024 crore rupees for the same period last year, registering a growth of 21.44% on a year-on-year basis.

The new business premium income collected through banks was 1,336 crore rupees for the six months ended 30th September 2026, and it was 1,266 crore rupees for the corresponding period

last year, thereby registering a growth of 5.56% on a year-on-year basis. Further, the alternate channel collected new business premium income of 1,122 crore rupees for the six months ended 30th September 2026, as compared to 758 crore rupees for the same period of last year, registering a growth of 48.01% on a year-on-year basis.

Our bancassurance and alternate channels now account for 7.53% of individual new business premium for the six months ended 30th September 2026, which is up from 7.12% for the last year, same first half of the year. For the six months ended 30th September 2026, the overall expense ratio was 10.41% as compared to 11.28% for the same period last year. You will observe that there is a decrease of 87 basis points on a year-on-year basis.

On premium basis, the persistency for 13th, 25th, 37th, 49th, and 61st month up to the six months ended 30 September 2026 stands at 74.69%, 69.62%, 67.17%, 64.31%, and 61.03% respectively, as compared to 75.29%, 71.37%, 67.70%, 63.70%, and 63.81% respectively for the same period ended 30th September 2025.

On a number of policies basis, the persistency for 13th, 25th, 37th, 49th, and 61st month up to the period ended 30th September 2026 stands at 67.58%, 57.29%, 55.99%, 51.89%, and 48.33% respectively, as compared to 63.36%, 60.23%, 55.18%, 50.67%, and 51.50% respectively up to the six months ended 30 September 2025. The performance on persistency metrics has been a mixed bag, with an improvement in the 49-month cohorts on premium and improvement in 13th, 37th, and 49th month on the number of policies basis.

In our digital initiative through the agent-assisted ANANDA app, we have completed 12,40,676 policies during the six months ended September 30th, 2026, as compared to 8,78,470 policies for the same period of last year, thereby registering a growth of 41.23% on a year-on-year basis. There is a growth of 32.49% in the number of active agents on ANANDA app, who are onboarding customers digitally for the six months ended 30th September 2026.

In the last earnings call, I had informed you about the launch of LIC's new mobile application called MyLIC and Super Sales Saathi app as part of the LIC's DIVE project. I am happy to inform that both the apps are delivering strong adoption, high user satisfaction, and measurable business growth, validating our digital transformation strategy.

The MyLIC app has demonstrated strong performance with a rating of 4.7, placing it among the highest-rated apps in the industry. Further, the app has recorded over 98,44,421 unique logins, reflecting its wide reach and growing adoption among the users. The Super Sales Saathi app has demonstrated impressive performance with a rating of 4.8 on the Google Play Store.

The app has witnessed significant adoption with 5,38,250 agents and 16,175 development officers using it as of now, reflecting its growing acceptance and utility across LIC's distribution network. On the individual claims front, during the period ended 30th September 2026, we have processed 82,99,758 number of claims, which includes 78,90,878 maturity and survival benefit claims.

On an amount basis, during the six months ended 30th September 2026, the total maturity claims were 1,25,806 crore rupees, and the total death claims were 12,691 crore rupees. On a

comparable basis for the first six months ended September 30th, 2025, the maturity claims were 1,07,587 crore rupees, and death claims were 12,049 crore rupees. Therefore, the maturity claims are higher by 16.93%, and the death claims are higher by 5.33% on a year-on-year basis.

As on September 30th, 2026, a total of 3.04 lakh women have been designated as Bima Sakhis, successfully selling 10.64 lakh insurance policies and generating a new business premium income of 1,548.80 crore rupees in six-month period ended 30th September 2026.

Our objective is to appoint at least one Bima Sakhi in every gram panchayat, and we would like to inform that of 2,44,524 gram panchayats, we have covered 66% of them by recruiting Bima Sakhis in 1,60,928 gram panchayats up to 30 September, 2026.

In summary, I would like to reiterate significant highlights of our performance during the first six months of 2026-27. The profit after tax has grown by 21.52% to 25,568 crore rupees. VNB has increased by 33.95% to 6,846 crore rupees. VNB margin has improved by 470 basis points to 22.3%. The total APE has grown by 5.72% to 30,696 crore rupees on a year-on-year basis.

Individual business protection APE increased by 58.59% to 157 crore rupees.

Total premium income increased by 11.64% to 2,74,269 crore Rupees.

Individual new business premium income increased by 14.86% to 32,725 crore Rupees.

Group new business premium income increased by 20.63% to 111,685 crore Rupees.

Bancassurance and alternate channels registered a growth of 21.44% with a premium collection of 2,458 crore Rupees.

Our solvency has improved to 2.35 as compared to 2.13 last year.

Before we close, I would like to mention that at LIC, we remain very optimistic about the positive impact of the proposed distribution sector regulation consultation paper that has been announced by the IRDAI in September 2026. We believe that most of these changes are in the best interest of the customers and will lead to further accelerated growth of the life insurance industry in India. We sincerely thank our stakeholders for their consistent support and faith in our strategy and its implementation.

I now request the moderator of this call to open the floor for the question and answer session. Thank you very much.

Moderator: Thank you. We will now begin the question-and-answer session. The first question is from Avinash Singh from Emkay Global. Please go ahead.

Avinash Singh: Yes. Good evening. Thanks for the opportunity. Couple of questions. The first one is on this consultation paper on distribution reform. At the moment, of course, I mean, given that you have a high reliance on individual agents and their, what you say, that the change in commission is not, I mean, particularly on NPV basis, is not very, very radical, and that kind of ensures continuity for you.

But the question for you would be that, okay, once assuming that, okay, the paper was implemented in its current form, and some other private player, large private players get kind of adjusted to this new reduced commissions or cost structure, whereas your cost will see minimal reduction because you are relying on agent where commission cut is lesser.

Will not it lead to sort of a, particularly for the products that are very, very comparable in nature, particularly non-par annuity and all, your product turning less competitive because the others are going to save cost or rather other are going to distribute via non-agent channel where the cost is going to be lower, but your cost by agency is higher. Will not it lead to the less competitive products?

The second question is on your solvency position, the 235% solvency. I mean, of course, is, I would say that, okay, much above the regulatory requirement and even above what I would say the typical management comfort range around, say, 170%, 180%, 190%. If that is the case, is it that, I mean, how are you going to manage capital? Is it that, okay, you are waiting till the risk-based capital regime comes and then only you take a what to do with capital and how your capital position is there? Thanks.

R. Doraiswamy: Thank you on the two parts. First part is, you talked about the distribution sector reforms that is being talked about. See, the product pricing does not -- it depends on the total expenses built into the product and towards that, LIC continues to be very comfortable in terms of the caps that is being proposed.

Anybody else reducing the cost of distribution alone will still have to do a lot of work to bring their overall expense ratio to be under that. So, we stand to be on a distinctly advantageous position, and will be closely watching the market as it unfolds. We are quite confident that we will be able to bring out best products in the interest of the customers, which will remain competitive in the market, whatever happens.

So I don't see the situation that you are talking about panning out in the immediate future or even when they are trying to reduce their distribution expenses. We are looking at a scenario where we keep continuously being compliant, and our expense ratio overall, including administrative expenses, is quite under control and hence, we see a good advantageous position for us in the emerging market.

Regarding capital, we keep maintaining that we are watching, we keep working on the current solvency margins with a clear outlook as to how the RBC as well as the IFRS reporting pans out. Then based on that, take a final call on the distribution of profits or the engaging the capital in a more profitable way. That's our position as of now. Since we are coming closer to those dates, I think we'll be able to take a call once these reforms have been rolled out.

Moderator: The next question is from Nischint Chawathe from Kotak Securities. Please go ahead.

Nischint Chawathe: Hi. Thanks for taking my question. One is, on the margins going forward, I know you've done an extremely good job, but going forward, how do we see the margins and what could be the drivers? We can broadly see that the non-par savings business is sort of now more or less plateaued out at around 10%-11%. How should we see this going forward?

R. Doraiswamy: See, we continuously focus on the three things that we have been talking about. One is to have a product mix which is very advantageous for us to improve the margins. We have also talked about increasing the ticket size and the focus on the products which are both in the interest of the customer as well as in the interest of the insurer in terms of margins.

We look at increasing the contribution from the product mix in the form of non-par savings as well as the pure protection business, both of which are capable of giving improvement in terms of margins. We are also working on improving the ticket size of the policies that are being sold in all cohorts, so that both our persistency issues get addressed as well as our margin improvements take place.

On the other side, we are working on improving the operational efficiency of the Corporation by which we expect to improve the expense ratio also in the days to come, with a higher digital adoption, with a higher centralization and other reimagination of the operating processes. We expect the margins to improve further, and we will be going closer to the other players in the listed space. That is what we are looking at.

Nischint Chawathe: Got it. The second one is actually a follow-up on the IRDAI consultation paper. How do you reconcile your commentary on the regulation vis-à-vis the demand that the LIC Agent Association has made in terms of their commentary on commissions and their commentary more specifically on the trail commissions? I mean, how do you really reconcile the two?

R. Doraiswamy: No, no. Actually, we have not been talking about what has been proposed directly as something which is acceptable to us or whatever it is. We have taken the views of all our intermediaries, including the associations that operate, and we have added our own views also, and we have given our recommendations or feedback to the regulator.

So we expect that the feedback that has been received from the market, including LIC and the intermediary groups, are under active consideration, and the regulator will take a final call only after examining all of those three things. We do expect that there will be some consideration for the points that we have raised.

We would like to protect the interest of our agents in as much as whatever is possible within the regulatory framework, and that is why we have given our specific recommendations on some areas which concern the points raised by the agents' groups as well. We hope that there will be a good discussion, and when the version of draft regulations are released, I hope this will still be considered.

Nischint Chawathe: Sure. Is there a middle path where you probably kind of launch more longer duration products or larger tickets, I think you anyway mentioned that part, to increase the income of the agent, and in that sense, what kind of an implication it has on your profitability?

R. Doraiswamy: No. See, we will have to work on enhancing the productivity of the agents, which is our continuous focus. Okay? So we will be working certainly towards enhancing the earning capability of the agent as well as bringing in products that meets the needs of the customers.

We are looking at the gaps and providing with enough tools to the agent so that they will be able to increase their earnings by also providing them the other opportunities to earn from a non-competitive product from outside as well. All those things we are on the anvil, we will be working towards that and see that the agent productivity improves.

We are talking about handholding, training them, improving their capabilities, and ensuring that they continue to earn well, so that this profession remains sustainable for them and they contribute for the organization's growth as well.

We will be looking at the product premium paying term, policy terms, as well as the sum assured in such a way that meets the needs of the market segments, which will be easy or which will be conducive for the agents to do well on the commission front as well.

Nischint Chawathe: Got it. Just a last one. If I try to connect the dots in your EV walk, and I know you don't share the detailed walk for the first six months, but is it fair to say that the entire negative is largely MTM, or are there any operational negatives as well?

R. Doraiswamy: It's mostly MTM. I will request our Appointed Actuary to give further inputs.

A.K. Srivastava: This is A. K. Srivastava, Executive Director, Actuarial and Appointed Actuary.

Yes. We usually give this detailed walk in the month of March, which we had given for your complete understanding and we had discussed also. Now, from that March position onwards, if you look at, it has increased by 1%. If you look at MTM, etc, there is a marginal impact of that, particularly because we consider debt as well. But from core business, it has contributed positively. Overall, there is an increase in the embedded value compared to March as of now.

Nischint Chawathe: Operational variances and assumptions are not negative. You are saying that is something which is positive or neutral?

A. K. Srivastava: We have a detailed on this. In the month of March, we had worked for it. Overall position, that is what I conveyed to you that the MTM position is something which has created negative. Overall, the operational and all other aspects are included in the core business, where we say it has contributed positively.

Nischint Chawathe: Sure. Sir, just one last data keeping point, and you mentioned this, shared this in the earnings call every quarter. Last year, sorry, last quarter, if I look at it, around 19.4% of your VNB was contributed by the PAR segment. What would be this ratio in the first half?

A. K. Srivastava: What we publish is the VNB margin for the entire business. Therefore, what we had discussed at that time possibly is of the entire business of the corporation, not the segment-wise.

Nischint Chawathe: No, no,. Sir, last quarter, you mentioned that PAR contributed to around 19.4% of VNB, non-PAR contributed to 49.3%, and group contributed to 29.4%. I just was requesting if you could share the same numbers for second quarter, what you shared in the last quarter?

A. K. Srivastava: In fact, if you look...

Nischint Chawathe: Or basically the first half?

A. K. Srivastava: Yes, sure. If you see the growth, APE growth, which we have discussed just now, the non-PAR savings business has increased significantly to the extent of 35%, and which has taken this non-PAR, the proportion to the total business to the extent of 10%, 11% or so. That has contributed positively.

If you look at the margins across the various lines of business, non-PAR savings contributes significantly, as you rightly mentioned, and then the term business also contributes positively. If you go next, then it would be the PAR business and this group accordingly. All put together, that is what will give you the complete picture, which is what we say that it has the level of 22.3 at the

Moderator: The next question is from Swarnabha Mukherjee from 360 ONE Capital. Please go ahead.

Swarnabha Mukherjee: Hi, sir. Thank you for the opportunity and congrats on a good set of numbers.

Swarnabha Mukherjee: Three questions from my side, sir. First of all, if I look at the product mix on APE basis, it looks like your execution has been on the right products. I think annuity, individual non-par savings, protection, everything has grown, while ULIP has de-grown because of the market conditions, most likely.

But when I see how the margin has evolved, I think given that all these categories which have grown quite well in the mix are higher margin, I mean, the margin evolution even from last quarter standpoint to this quarter, on a quarter-on-quarter basis, does not look to go in tandem. I just wanted to understand that, first of all, within product categories, are the margin levels holding up?

Second is, there was a benefit of yield curve movement last quarter. I mean, in 1Q, 2Q, the yield curves had moved in the opposite direction. Is there a negative impact of that in the VNB? And plus, in the VNB walk, you had mentioned about an impact of expenses. I am assuming that the lower APE-led growth vis-a-vis the expense growth. Would that be a fair assumption?

If yes, then what kind of expense growth do we bake in our VNB assumption? That's the first thing that I wanted to understand. Second is, sir, our persistency numbers are lower in certain cohorts. I wanted to understand the reason for that. Is there any product-specific challenge, or is this an outcome of a mix? Is this, like a previous participant asked, is this leading to any kind of negative variance in terms of persistency in the embedded value walk? If you could give some colour. That's the second question.

Thirdly, just wanted to hear from you how to reconcile, say, growth rates between RWRP, individual APE, and individual NBP. Because I think in RWRP and individual NBP, we are at a fairly decent early to mid-teens kind of growth, while individual APE, we are tepid. Just wanted to understand how to look through this, what is causing this delta, if you could throw some light. Those are my questions, sir.

A. K. Srivastava: Okay. About first question, with regard to the VNB margin walk, compare from September to September, it has gone up from 17.6% to 22.3%, . If you look at the components, so impact of business mix, as we discussed, it's because of the focus on the high ticket size policies and also that non-par savings proportion, which has increased by 35% on APE basis, thereby taking this proportion, non-par proportion from 10.7% to 13%.

And the non-par savings from taking it from 7.7% to 9.9%. If you look at the term business also, there is a significant growth in that. These are the business interventions with regard to the business mix, which has contributed to 3.3% with regard to the VNB margin addition. Look at the impact of assumptions. Primarily, it is because of the RFR movements.

Q1 of last year to Q1 of the current year, if you look at the RFR variation, it had increased by 100 basis points approximately. And Q2 to Q2, if you compare compared to last year, the variation is positive to the extent of 40 to 50 basis points. And then the minor adjustments on CRNHR and friction cost adjustments, if we take all those things put together, that has been shown in impact of assumptions, which is what is 2.8% positive contribution on that.

The impact of expense, if you look at, because this period also includes the month of March in between, wherein some lines of business, there was increase in the expenses, and that required realignment of those things. That was done in the month of March, and that has contributed to the extent of minus 1.4% because that was aligned with the current experience. If you add and subtract this all contribution, it reaches 22.3% as of now.

Swarnabha Mukherjee: Right. So this is very clear. Just a follow-up on this. If I may request you to explain, like, from 1Q, which does not have a cost base benefit, vis-a-vis that 1Q 2027 vis-a-vis that 2Q 2027, where the cost base benefit is much more apparent, and the product mix has improved between this 1Q and 2Q. I am just trying to understand why margins still softened a little bit?

A. K. Srivastava: Right. If you compare from Q1 27 to Q2 27, it has come down from 22.9% to 22.3%. But as we say, the impact of business mix is still positive to the extent of 0.5% because of the interventions and the things which we have explained it to you earlier.

The reason why it has come down is basically the impact of assumptions, which is because of the RFR coming down to the extent of about 40 basis points, which has impacted across the industry as well. That has impacted negatively to the extent of 1.2%. That is a little higher than the impact of the business mix, bringing it down from 22.9% to 22.3%.

Swarnabha Mukherjee: Yes, very clear, sir. If you could respond to the other two questions.

R. Chander: Yes. On persistency, we could improve the persistency on policies on the 13th, 37th, and 49th month. However, this persistency increase has not translated an improvement in the premium cohort. This is because most of the policies that remain persistent have been in the lower sum assured and subsequently lower premium cohorts.

So this is our effort to improve the persistency, to increase the new business sum assured, and also the premium per policy, so that they remain persistent for a longer period. If you see the sum assured and premium of persistency, more than higher sum assured policies and higher

premium policies always have a better persistency than the lower cohort. This is our continuous effort.

We are working on it to improve it on quarter to quarter. The little improvement we saw in the policy has not given us a corresponding improvement in the premium, which I think in coming months, we will see a better performance and this is product agnostic. I would not say it is across one product line or any specific policy.

Swarnabha Mukherjee: Understood, sir. And on the RWRP, individual APE and individual NBP differences?

R. Patnaik: RWRP. Yes. As far as WRP is concerned, you will be happy to know our WRP comprises around 55% of the first-year premium income. That has been the trend throughout andas on 30th September, the growth in first-year premium income and the growth in WRP has been commensurate. They are growing at a robust 14.5% to 15% ratio. That way, WRP and One more thing, whatever policies we sold in other modes, the first-year premium will be coming in the next part of the financial year. That will be adding to the first-year renewal premium as well as to the WRP. That way, it is going to be stronger compared to other quarters. Generally, Q3 and Q4 has been our best quarter throughout for last so many years.

So we are hopeful with the introduction of good products, training to the agents, digital empowerment, all these things put together, the business mix is going to be good and contributing robust WRP and FYRP, naturally adding up to first-year premium income.

R. Doraiswamy: The difference between WRP and APE is that we get the advantage of high-frequency premiums if more monthly premiums are sold. The APE gets 12 times of that, there's a difference. And in the current year, what we saw was a strain on ULIPs. And the ULIPs, when the APE showed a de-growth of more than 40%, it's because of the policies which were being sold on monthly mode in ULIPs.

They get a differential treatment. So when the strain is on ULIP this year, we find that there is a difference between the growth in APE and WRP. Whereas, what the growth that we are showing in the other lines of business, which is our non-par savings as well as protection, they are not able to compensate for the APE de-growth in ULIPs.

But as we move along, the markets have also been changing, so we expect a much bigger growth in terms of APE in the other segments, as well as we hope that we are expecting the ULIPs to come back. That's what we are looking at.

Swarnabha Mukherjee: Understood, sir. This is very clear. Just one request, I think one previous participant also mentioned this. If you could share the breakup of VNB between par, non-par, and group, like you have done in the two other quarters. If you could quantify that would be helpful for us to get better clarity of the VNB margin numbers?

R. Doraiswamy: Yes.

Moderator: The next question is from the line of Mohit Mangal from Centrum. Please go ahead.

Mohit Mangal: Yes. Hi. Good evening, and thanks for the opportunity. My first question is towards the annuity products. We have seen a very strong growth in Q2 in annuity. Just wanted to know, have we made any revisions to IRRs for this category? And also wanted to know what is our strategy to show stronger growth, consistent growth in this?

R. Doraiswamy: Can you repeat? Is it annuity?

R. Patnaik: Annuity products.

Mohit Mangal: Annuity products. Basically, we have seen a very strong growth in this quarter, and basically wanted to know, have we made any changes to IRR, the internal rate of return on this annuity products over the last three to six months?

Uthup Joseph: Thank you. We have not made any changes to the IRR or rather any rate revision. We have not done as far as annuity products are concerned. But basically, annuity, if you look at the total number of policies sold or the way it has been spread among people, not large number of people are taking annuity.

We feel that still we have got a very huge number of people who will be requiring annuity, and all our efforts will be to ensure that more agents will be selling these annuities so that it will be reaching the target segment who is looking for pension. That is a strategy we are going to put in, and that training on annuity will be provided to more number of agents so that they will be able to do the retirement planning calculations and convince customers to go for a guaranteed pension for their lifetime. That is our strategy.

Mohit Mangal: Understood. This is helpful. My second question is on the group business. Our group APE was up 13.5% in the first half, but if I look in terms of the market share, it is down around 230 basis points. Just wanted to know why this kind of a slowdown is there in the group business, and just also wanted to know if you can share what is the group business margin profile. That would be great.

Puneet Kumar: Group business numbers are up by around 20%. The market share has come down by around 2%, but that is because it is a very cyclical business. Sometimes interest rate variations happen, and particularly in the term assurance segment, depending upon some big groups come and the rates, the competition happens, some company will take the group business. That depends on, in fact, the market value. But otherwise, our numbers are up by over last year about 20%, so there is no challenge on that.

Mohit Mangal: Okay. Look, sir, 20% is primarily on the NBP basis. I was talking about APE basis, which is around 13.5%. Last quarter, I think we saw very strong growth?

Puneet Kumar: APE is also up by around 14%.

Mohit Mangal: Right, sir. My last question is on the bancassurance channel. Again, we saw that the policy sold through this channel has kind of declined, and I think we were working on that. So just wanted to know, how should we see this channel actually doing going forward?

Hemant Buch: Yes. Good evening to you. You would have seen that after Q1, the pickup in Q2 has been, in fact, very strong. From a de-growth of nearly 8% in Q1, we have moved to a growth trajectory. In fact, good numbers have been delivered, and the traction continues. There was, in fact, a strategic shift to come out of, in fact, the de-growth and, in fact, build the growth momentum.

We focused more on, in fact, the premium-oriented approach. Strategically, we did move from, in fact, number of policies, particularly the ones which were, in fact, more coming through login days and all, and which would have impacted, in fact, going forward, the persistency part of it. But sensibly, in fact, we have approached this business line.

Right now, in fact, building further on the momentum of the premium that, in fact, we have been garnering. While, in fact, the de-growth in policy is currently manageable. In fact, we'll definitely be, in fact, taking care of that. The year, including Q3, will be closed on a very happy and healthy note. That is for sure.

Mohit Mangal: Understood Sir. This is very helpful. Thanks and wish you all the best and the entire team a very Happy Diwali.

Moderator: The next question is from Shobhit Sharma from Elara Securities. Please go ahead.

Shobhit Sharma: Yes. Hi, sir. Thank you for the opportunity. Sir, I have a question again on the individual APE growth and the individual rated NB growth. Sir, last time you had mentioned there is no slowdown on the monthly mode of business. What is kind of impacting that the growth on the individual APE side and when can we see both individual rated NB growth and the individual APE growth to converge going forward? Anything on that would be a great help.

Secondly, what would be our plan on the bancassurance side of the business now? Because now our commissions will be broadly in line with the private players, because as per the consultation paper, there is a cap on the rate of the commission which can be paid. Are you also looking to explore partnership with the private banks or expand your partnership on the PSU side? Just a colour around that would be useful.

R. Doraiswamy: Actually, see this, sir, the strain on APE growth is because of the market conditions affecting our ULIPs performance. ULIPs has seen a de-growth, and I am sure that the market improving will come back, and we expect it to be good on ULIPs as well. Whereas on the savings and protection, we have been showing good growth, and that will continue to be our traction.

We expect as the year-end approaches, there will be more convergence of APE and WRP growth in the current year as well. On the bancassurance side, as you said, the changes that are being brought in by the regulator is more towards more favorable for LIC because we will be able to have much more traction from the existing partners.

We have added good number of partnerships in the last few years, and in the last quarter also I reported that we have added Yes Bank and RBL Bank. We are planning to have more traction from the existing partners, and we are also open to having more partners. I am sure as we go forward, we will be able to do much better.

Shobhit Sharma: Sir, just a follow-up on the individual APE growth side of things. Can you help us understand what is the share of monthly mode of APE on the ULIP side which has impacted us? If we assume that the market, if in case it rebounds, we might see the rebound in the individual APE growth. In case if it again, market situation becomes volatile, do you expect the individual APE growth to again lag the IRNB growth?

Uthup Joseph: To answer your question, basically, there were some conscious efforts on our part to ensure that the ULIP premium ticket size is going up. We are actually nudging agents to sell the unit-linked insurance policies as far as monthly eNACH is concerned on a higher ticket size. Which meant that a lot of lower ticket policies, they were not coming in.

If you want to exactly know the percentage of monthly eNACH, say one year before was to the tune of almost say 24%, now it has come down to 14%. But then we are actually pushing the agents to increase the ticket size, and that effort will continue, especially in the second half. If the markets are also catching up, we are very confident that we will be having a comeback as far as the APE growth is concerned.

In fact, if you look at the WRP growth or individual rated premium growth, even on the ULIP front also, we are having a very comfortable growth. Looking in the interest of the persistency and margins, the management has taken a conscious decision to ensure that we will be selling at a higher ticket price. That is the reason, and that will be taken care of in the second half.

Shobhit Sharma: Okay. And sir, last is on the VNB margin. Though you have answered the path from Q1 to Q2, but still if you can help us understand, because if we have been making efforts to improve the ticket sizes, the persistencies, and all of that, why there was a decline in the margin? I understand you had mentioned a 100 basis point, 120 basis point decline coming in from the interest rate. But still, on the quarter-to-quarter, it seems slightly higher. So, can you help us understand, and how should we think about on a full year basis?

A. K. Srivastava: No, this what I explained that all other counts, it is positive. The contribution is positive Q on Q. If you compare from June 27 to September 27, sorry, June 26 to September 26. So, the only decline, the reason for the decline is only the RFR being down by 40 basis points, which has contributed negatively to the extent of 1.2%. Otherwise, whatever interventions we have had on the business mix, etc, that has contributed positively. So, RFR is something which is not in our hands, and that has impacted the entire industry, and that has impacted the VNB margin also in this quarter-to-quarter basis.

Shobhit Sharma: Ok Sir. I understood. Thank you Sir and all the best and wish you a very Happy Diwali.

Moderator: The next question is from Prayesh Jain from Motilal Oswal Financial Services. Please go ahead.

Prayesh Jain: Yes, hi. Few questions. Firstly, from our first half basis, we have seen the decline in ULIPs, but what is your overall strategy for growing ULIPs as a business? We have been observing private players selling a lot of ULIPs in combination of term insurances. What is the overall strategy there, and how do you see the ULIP business scaling up, say, in the next two, three years' time frame? That is question number one.

Question number two is, we had earlier spoken about rationalization of offices from a cost savings perspective. How has that kind of played out so far, and what is the roadmap for that? Last question would be on agents' commissions, right? First, two years back, we had surrender charges where commissions were cut.

Then came in GST, that impacted commissions. Now, possibly first year onwards, you would have another round of commission cuts for agents. How do you kind of make sure that the agents do not suffer a lot? Yes, those are my three questions. Thanks.

Uthup Joseph: Yes, answering your first question, as far as our plans to position ULIP in the next two, three years, let me first tell you that as far as the current year is concerned, the growth in ULIP is muted as far as the whole industry is concerned. Although other players are showing a growth, the growth is not very significant.

That you also know that it is because of the market situations which are already there. Our strategy will be, see, we have got a set of agents who are already positioned in ULIP. They are quite confident of selling ULIPs also. So, we have almost 30% of our agents who are very strongly interested in selling the ULIP policies.

The only thing which we will have to do is to nudge them coming back to sale of ULIP, because if you look at the last year, we had a tremendous growth as far as ULIP is concerned. In fact, the first half year itself was showing a growth of almost 68%, because ULIP was a product which we were not selling for a long time. We have positioned it properly. Now, as a management, we have taken certain decisions to ensure that the ticket size also is catching up.

Overall, coming the next year, maybe as I have already told, in the second half and maybe for the next two, three years, depending on how the markets are going to move ahead and depending on the regulatory issues which are coming up, we are very confident that we will be able to bring back those agents who were doing very well on the ULIPs, and they will be again selling the ULIPs. We are very confident on that thing.

Second thing was, in the current year, we had a priority of ensuring that our protection is really catching up. We were really focusing on the protection front also, coming out with new products, and ensuring that protection is really catching up. That is giving us good results, although it is small in the beginning, but we are finding that it is growing at the rate of almost more than 50%. That also is one thing which has actually put the ULIPs on the second line.

But we will surely bring it back because if we look at the whole market, we are seeing that there is a huge future as far as ULIPs are concerned. We will be able to train more agents on that particular line of business and ensure that the productivity on that line is really catching up, not only on numbers, but also on the ticket sizes.

R. Doraiswamy: Offices rationalization is a work in progress. We are working on it. Not only on that, on digital adoption as well as the process re-engineering is being undertaken. It will get rolled out in the next few quarters to come. We can expect some, what do you call, optimization of expenses on that ground as well. Agents' commission, yes, as you said, we had realigned to comply with the first year surrender value requirements, which was introduced in September 2024.

Last year, GST, we did not have any impact on the agents' commission. We did not pass on to the agent or anything like that. Last year, there was no impact on the commission part or to the agents. This year, we are trying our best. We have given our feedback.

We are continuing to engage with the regulator to see how best we can protect the commission rates or whatever it is that we are currently providing to our agents. We will be working towards enhancing the overall earnings of the agents by improving their productivity and training inputs and stuff like that.

Prayesh Jain: Got that. That's really helpful. Thank you.

Moderator: The next question is from Sanketh Godha from Avendus Spark. Please go ahead.

Sanketh Godha: Thank you for the opportunity. Sir, my question is more on growth. How do you see? Because you said that a couple of products are launched, especially the deferred annuity one. Given base effect of second half, are you confident that on individual APE, at least, you will end up reporting a growth? Because we are flat, and I understand ULIP impacted the growth, but from full year point of view, how do you see growth to play out?

My second question, I just want to check, banca is four odd percentage of our total APE, and I believe predominant portion of the banca APE comes from IDBI Bank, if I am not wrong. Then, with the bank getting privatized, do you see any risk to that portion of business?

Uthup Joseph: On your first question, you already yourself have told about the deferred annuity. In fact, our strategy as far as second half for creating growth is to come out with, or rather to position the products which we have already introduced in October. Already we have introduced two products on the health line as well as a deferred annuity product.

In fact, the health products were not available in the previous year, so naturally any traction that is there on those products and the volume which we will be gathering from the market will be adding to our growth. So, concerted effort on training on these products and ensuring that this market which was there with us in the earlier years by way of health policies and Cancer Cover, that will be recaptured.

That is going to be a source of a wonderful growth as far as the APE is concerned and we are also very confident that the New Jeevan Dhara-II, the deferred assurance product, which was actually not there for a long time, there are a lot of takers, especially people in the private sector who are not having a pension, people in the unorganized sector who are looking for pension.

All those people will be tabbed and they will be given a training and awareness on all these products, and we will ensure that the new products will catch up. Another aspect is our term assurance product, which is actually catching up. In fact, already we have collected more than 100,000 policies on that, and that also will be coming out as an additional source of growth as far as the new business is concerned.

All these products should ensure that we will be able to catch up and again, also, I don't know whether you are aware, we have a closed-ended product also, which will be coming to an end

on 31st March, which is in connection with our 70th anniversary celebrations. So, we are very confident that we will be able to show a very healthy growth as far as the APE is concerned.

R. Patnaik: I would like to just add one point since you spoke about deferred annuity. Whatever Mr. Uthup told, just one addition, this will be acting as an additional tool in some of our good agents who are Million Dollar Round Table International Recognition for Life Insurance Agents. So, this two-pay or three-pay, that may be helpful as a premium qualifiers for the Million Dollar Round Table. So, that also we are encouraging the set of agents who have been used to do this deferred annuity policies and qualify for MDRTs.

Sanketh Godha: Understood, sir.

Hemant Buch: Coming to bancassurance and particularly the contribution and weightage of IDBI and the ensuing kind of scenario, thanks to, in fact, perhaps the stake sale in IDBI. In last couple of years, in fact, our dependence on IDBI has, in fact, moderated. What it used to be around 50% to bank-driven business and almost 40% to total bancassurance business of Corporation, it has moderated to around 20% of total and 30% to bank.

Further moderation also is, in fact, taking place despite the, in fact, using the fact that IDBI continues to grow, but then, in fact, we also continue to grow with direction coming from, in fact, other partners. We are, as CEO sir has rightly pointed out, we are also expanding, in fact, our partnership bandwidth, not only in bank, amongst, in fact, alternate partners as well.

While IDBI course likely stake sale may continue to deliver value for us and they will remain, in fact, a valued and esteemed partner, we don't foresee, in fact, much depletion in terms of, in fact, their contribution and overall impact on the volume of bancassurance-driven performance. Healthy set of numbers are, in fact, bound to continue to flow for LIC Bancassurance, that is for sure.

Sanketh Godha: Understood, sir. Sir, last one from my side. Given we are in a rate hike cycle, and given the yield curve can become maybe a little unfavourable or steeper, sorry, flatter, just wanted to understand two parts, sir. Out of the total non-par book, how much we do, how much we have started doing hedging, or we still are using our old investment book to offer the IRR?

If you are starting hedging, then is it fair to say that if you don't change IRRs very quickly, then the RFR benefit which was visible in the current half will probably be stopped in subsequent quarters, and therefore the margins will be at risk?

Arindam Dasgupta: Regarding this non-par product, we are continuing with our hedging program as usual. We usually hedge around 80% of the premium. So, our hedging program is continuing, and we are able to hedge at very good rates because of the hardening of the interest rates. And we have already hedged maturity up to the 8 years period. So, I think we are on the right track.\

Sanketh Godha: Ok Sir. That's it from my side.

Moderator: Thank you. As we are well over the time limit of the conference call, we will be able to take two more questions. We take the next question from Dipanjan Ghosh from Goldman Sachs. Please go ahead.

Dipanjan Ghosh: Hi, good evening, sir. So, few questions from my side. First, on the margins visibility for FY 2028, if you can give some color, you know, you will probably not have much of the RFR benefits. There can also be some pressure on your group line of business if some of the other private players step up, especially after EOM regulations come through.

And I think from a mix perspective, your non-par and annuity are at a sufficient range at this juncture. So overall, get an understanding of the margin outlook, not from a second half, but more from a FY28 perspective what levers would you have to either remain where you are or maybe improve from these levels. The second question again is on the group business.

If you can split the group business between group annuities, superannuation, and other structures and also give some qualitative color on how the margin profile would be amongst these sub-segments within the group business, or whether at all would they be too divergent out there?

And the last question is, in an environment where you have conducted a few rounds of study on risk-based solvency, assuming it goes through based on your previous studies over the next 12 to 18 months, do you see necessity of undergoing a change in your product mix or maybe focusing a lot more on any particular product category or de-focusing any particular product category? Just some qualitative color on that would be helpful.

A. K. Srivastava: If you look at group business, as you say, there are different lines of business there also we focus on. As of now, the majority of the sale is on the fund-based products, but we also have that group annuity and the group term assurance on which we are focusing, where the margins are higher. So once we are able to have a good business in GTIS and group annuity, more growth compared to the fund-based business, the margins of the group business also is likely to be improving. That's about...

R. Patnaik: Margin outlook.

A. K. Srivastava: Yes.

A. K. Srivastava: As rightly said, the RFR is something which is not in our control. But what we have been doing continuously over years is that we have been focusing on the profitability, the factors, what drives increase in the VNB margin that we have been continuously doing so. And that has yielded good results because we started with something around 11%, 12% at the time of when this was IPO time.

And now, it has gone up to almost at the industry level. As we have discussed, we have been focusing on the business mix, more of non-par business, with specific focus on non-par savings and the term business, where naturally the margins are higher. Once we focus on these, along with this operational efficiency, which I had spoken about, which has also yielded positive results, we can hope a positive outlook going forward.

R. Patnaik: RBC. Risk-based solvency capital.

A. K. Srivastava: Yes. So as you rightly said, couple of pro forma submissions we have already made with the regulator. And the objective of these two pro forma submissions was to understand the pain points, and the feedback has been taken from the entire industry.

And the industry is also discussing on those things. Ultimately, where exactly we are going to have this our solvency, or whether there is any capital requirement or not, that again is going to depend much on how these final RBC guidelines are going to come.

But for growth in non-par business, as we can say that we have a strong book of non-par business, and we have been able to write this strong growth on the strength of the surplus which we are generating from the existing book of business. The solvency capital which we are keeping as of now at that stage, that is also considering that how the things are going to happen when the RBC guidelines are going to come.

Dipanjan Ghosh: Thank you. Just one small clarification. What I understand is that you are trying to say that as such, you can continue to increase the non-par mix incrementally also. Is that the right understanding?

R. Doraiswamy: We can continue to optimize on the product mix in such a way that we will be able to focus on more margin-accretive product lines. As we go forward, though the RFR advantage, whether it will be there or not, only time will say, but we will be focusing on the product mix and the optimization of our expenses, which will result in improvement in the margin. We have a very positive outlook on margin for 2027-28 as well.

Dipanjan Ghosh: Right. Thankyou and all the best.

Moderator: The next question is from Madhukar Ladha from JPMorgan. Please go ahead.

Madhukar Ladha: Hi. Good evening, everyone. Thank you for taking my question. Just one question I am still confused about. I believe you mentioned that because the risk-free rate came down, the margin has come down because of that. But when I look at the yield curves, 30 June and 30 September, the yield curves have actually gone up. What are they indicating or am I seeing something wrong? Can you elaborate on that, please?

A. K. Srivastava: If you look at the yield curve, in some places, we will find that it is higher compared to the previous quarter, and some places, it has come down. The impact depends upon where exactly the maximum liability of your business lies. For example, if you look at annuity business, that is a long-term business.

The RFR, which is at the right side of this thing, will be impacting more of that. Whereas the short-term business will be taking the yield curve from the picking up from there. It depends upon the business mix which we have, and based on that RFR change at different points, how that has impacted our business mix, that is what we have explained.

Madhukar Ladha: Ok. I'll take that _____.

Moderator: Thank you very much. We will take that as the last question. I would now like to hand the conference over to Mr. Doraiswamy for closing comments.

R. Doraiswamy: Thank you. First and foremost, thanks for sparing your time to join our call late in the evening today. As we finish this question-and-answer session for the first half of FY27, I would like to express my gratitude to each of you for continuing to trust in LIC and your regular engagement with us.

Your insightful queries also provide us food for thought, apart from reflecting your in-depth understanding of our business and strategy. I hope we have addressed your queries to your satisfaction. In case you have additional queries, please reach out to us through our Investor Relations team. I would like to thank you once again and wish you a very, very happy Diwali 2026. Thank you.

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.