

April 15, 2025

RESULT REPORT Q4 FY25 | Sector: Insurance (General)

ICICI Lombard General Insurance

Both growth and CoR have question marks

Our view – Motor segment an issue for both growth and CoR

GDPI Growth – Overall GDPI growth for the quarter was relatively sluggish, dragged lower by the motor segment: In 4Q, GDPI for the company grew 2.3% YoY compared with a growth of 1.7% for the industry. Excluding the impact of 1/n accounting, GDPI of the company grew by 8% YoY for Q4 FY25. In 4Q, Motor segment GDPI grew by 0.1% YoY whereas the Health Segment GDPI grew by 9.7% YoY. Excluding the impact of 1/n accounting, in 4Q, Health Segment GDPI grew by 22.1% YoY. In 4Q, the company has gained market share in retail health and its share was at 3.3% in FY25 vs 3% in FY24. In 4Q, Commercial Segment GDPI grew by 2.8% YoY. The company grew in line with the industry in fire segment and faster than the industry in marine cargo, engineering and liability segment.

Combined Ratio – Combined ratio was broadly stable on sequential basis but industry CoR is under pressure: The combined ratio for the company was 102.5% for 4QFY25 compared with 102.7% for 3QFY25. CoR at the industry level is worsening. The overall industry combined ratio was at 113.2% in 9MFY25 vs 112.2% in 9MFY24. The combined ratio for private sector was at 111.2% in 9MFY25 vs 108.3% in 9MFY24. The higher overall combined ratio was attributed to increase in motor segment combined ratio. For the Motor business, the combined ratio was 123.8% in 9MFY25 vs 118.2% for 9MFY24.

We maintain ADD rating on ICICIGI with an unchanged price target of Rs 2150: We value ICICIGI at 34x FY27 P/E for an FY24-27E EPS CAGR of 18%. At our target, the implied FY27E P/B is 5.6x for an FY26/27E RoE of 16.1/16.6%.

(See Comprehensive con call takeaways on page 2 for significant incremental colour.)

Other Highlights (See “Our View” above for elaboration and insight)

- **Net premiums earned:** Net premiums earned grew 3.6%/19.6% QoQ/YoY, driven higher sequentially by growth in Health and Motor segments
- **Loss ratios:** Overall loss ratio has deteriorated by 580 bps QoQ to 71.6% driven by Motor and Health segments
- **Expense control:** Expense ratio fell -190bps QoQ to 32.8% where opex fell -6.6% QoQ and commission and brokerage fell -11.7% QoQ

Exhibit 1: Result table

Rs Mn	Q4 FY25	Q4 FY24	% yoy	Q3 FY25	% qoq
Gross Premiums written	69,039	62,631	10.2	64,745	6.6
Net Premium Written	54,810	47,672	15.0	50,841	7.8
Net Premium Earned	52,256	43,683	19.6	50,452	3.6
Income from Investments	6,253	7,897	(20.8)	8,398	(25.5)
Total Income	58,512	51,654	13.3	58,828	(0.5)
Commission & Brokerage	10,264	9,499	8.1	11,624	(11.7)
Operating Expenses	6,657	6,552	1.6	7,128	(6.6)
Total claims	37,432	29,987	24.8	33,222	12.7
Underwriting Profit/(Loss)	(2,097)	(2,356)	(11.0)	(1,523)	37.7
Operating Profit	4,159	5,616	(25.9)	6,854	(39.3)
PAT	5,096	5,195	(1.9)	7,244	(29.7)
Key Ratios					
Solvency Ratio	269.0%	262.0%	700bps	236.0%	3300bps
Expense Ratio	32.8%	32.9%	-10bps	34.7%	-190bps
Incurred Claim Ratio	71.6%	68.6%	300bps	65.8%	580bps
Net Retention Ratio	79.4%	76.1%	330bps	78.5%	90bps
Combined Ratio	102.5%	102.3%	20bps	102.7%	-20bps

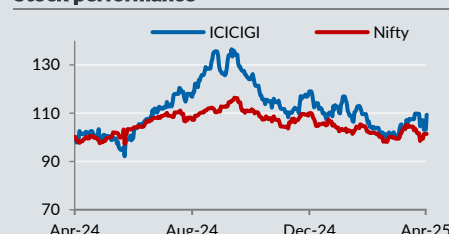
Source: Company, YES Sec-Research

Recommendation	: ADD
Current Price	: Rs 1,823
Target Price	: Rs 2,150
Potential Return	: +18%

Stock data (as on April 15, 2025)

Nifty	23,329
52 Week h/l (Rs)	2302 / 1481
Market cap (Rs/USD mn)	851931 / 9939
Outstanding Shares (mn)	496
6m Avg t/o (Rs mn):	1,190
Div yield (%):	0.6
Bloomberg code:	ICICIGI IN
NSE code:	ICICIGI

Stock performance



	1M	3M	1Y
Absolute return	8.6%	-3.8%	11.8%

Shareholding pattern (As of Dec'24 end)

Promoter	51.6%
FII+DII	41.7%
Others	6.8%

Δ in stance

(1-Yr)	New	Old
Rating	ADD	ADD
Target Price	2150	2150

Financial Summary

Rs mn	FY25	FY26E	FY27E
NEP	198,002	230,483	269,234
% yoy	17.4%	16.4%	16.8%
Op profit	22,669	23,631	28,573
% yoy	18.9%	4.2%	20.9%
PAT	25,083	26,218	31,354
% yoy	30.7%	4.5%	19.6%
EPS (Rs)	50.6	52.9	63.2
P/E (x)	36.0	34.5	28.8
P/B (x)	6.3	5.5	4.8
RoE (%)	17.5%	16.1%	16.6%

Δ in earnings estimates

Rs.	FY25E	FY26E	FY27E
EPS (New)	NA	52.9	63.2
EPS (Old)	NA	56.1	66.5
% change	NA	-5.8%	-4.9%

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COMPREHENSIVE CON-CALL TAKEAWAYS

Overall GDPI (revenue) growth

- In FY25, GDPI for the company grew 8.3% YoY compared with 6.2% for the industry.
- Excluding the impact of 1/n accounting, GDPI of the company grew by 11% for FY25.
- In 4Q, GDPI for the company grew 2.3% YoY compared with a growth of 1.7% for the industry.
- Excluding the impact of 1/n accounting, GDPI of the company grew by 8% YoY for Q4 FY25.
- In 4Q, excluding crop and mass health segment, the growth for the company was 2.2% compared with growth of 4.9% for the industry.
- **Segment-wise GDPI Growth**
 - In 4Q, Commercial Segment GDPI grew by 2.8% YoY.
 - The company grew in line with the industry in fire segment and faster than the industry in marine cargo, engineering and liability segments.
 - In 4Q, Motor segment GDPI grew by 0.1% YoY.
 - The company's market share in motor segment grew from 10.5% in FY24 to 10.8% in FY25.
 - In 4Q, Health Segment GDPI grew by 9.7% YoY.
 - Excluding the impact of 1/n accounting, in 4Q, Health Segment GDPI grew by 22.1% YoY.
 - In FY25, the company has gained market share in retail health and its share was at 3.3% in FY25 vs 3% in FY24.

Motor segment

- **Growth**
 - The company expects single digit to low double-digit growth in motor segment in FY26.
- **Motor loss ratio**
 - The company would like to operate within an overall motor segment loss ratio of 65-67%.
- **Pricing**
 - PSU players have been aggressive on motor segment in 4Q and have gained market share.
- **Third party segment**
 - **Tariff hike**
 - The industry has been expecting a hike for the last few years but the management has said that they cannot comment when it will come through.

Commercial segment

- **Price hike**
 - There is some pricing discipline evolving in the fire segment but it is too early to say.
- **Reinsurance**
 - In commercial segment, the company has always picked up risks which are viable from underwriting perspective irrespective of reinsurance renewal cycle.

(Con call takeaways continue on the next page)

Health segment

- **Growth**
 - The company expects double digit growth in retail health segment in FY26.
- **Loss ratio**
 - **Group health**
 - 88.1% in 4QFY24 vs 97.2% in 4QFY25
 - 93.7% in FY24 vs 97.6% in FY25
 - **Retail indemnity**
 - 64.6% in 4QFY24 vs 64.8% in 4QFY25
 - 65.4% in FY24 vs 67.9% in FY25
- **Credit growth**
 - Credit linked business has been muted.

EoM rules

- The company believes that compliance with EOM guidelines by the market players should augur well from overall market discipline standpoint.
- The companies are expected to meet EOM guidelines by FY26.

Combined Ratio

- **For Industry**
 - The overall combined ratio was at 113.2% in 9MFY25 vs 112.2% in 9MFY24.
 - The combined ratio for private sector was at 111.2% in 9MFY25 vs 108.3% in 9MFY24.
 - The higher overall combined ratio was attributed to increase in motor segment combined ratio.
 - For the Motor business, the combined ratio was 123.8% in 9MFY25 vs 118.2% for 9MFY24.
- **For Company**
 - The combined ratio for the company was 102.8% in FY25 vs 103.3% in FY24.
 - The combined ratio for the company was 102.5% in 4QFY25 vs 102.3% in 4QFY24.
 - Excluding the impact of CAT losses of Rs 0.94 bn in FY25 and Rs 1.37 bn in FY24 the Combined Ratio was 102.4% in FY25 and 102.5% in FY24 respectively.

Channel growth and mix

- **Digital channel**
 - The digital channel contributed 6.6% to GDPI for FY25.
 - The digital business has grown 15.8% in FY25.
 - **ILTakecare app**
 - The app downloads have surpassed 14.9mn.
 - The GDPI sourced from the app in 4QFY25 amounted to Rs 927.7mn.
- **Agency**
 - Total agents including POS distribution stood at 140,736 as of Mar 2025 as against 140,077 as of Dec 2024.

Solvency

- Solvency ratio was 2.69x as at March 2025 as against 2.36x at December 2024.

(Con call takeaways continue on the next page)

Dividend

- The company has proposed final dividend of Rs. 7 per equity share.

Investments

- **Investment Assets**
 - The overall investment assets for the company were at Rs 535.08 bn, up 9.4% YoY.
 - The duration of investment book is slightly in excess of 5.3 years and yield-to-maturity of the book stands at 7.55%.
- **Investment Income**
 - The investment income in FY25 was at Rs. 42.5 bn as against Rs 36.1 bn in FY24.
 - Investment leverage was at 3.74x as of March 2025 as against 3.76x as of December 2024
- **Capital gain**
 - Capital gain net of impairment on investment assets in FY25 was at Rs. 8.02 bn as against Rs 5.51 bn in FY24.
 - Capital gain Q4FY25 was at Rs. 0.06 bn as against Rs 1.5 bn in Q4FY24.

Claim Settlement

- The company's preferred partner network serviced 74.1% of non-OEM claims in 4QFY25 as against 69.6% in 4QY24.
- The company's average claim settlement period has improved from 6 days in FY24 to 5 days in FY25 for Motor OD and from 5 days in FY24 to 3 days in FY25 for health.

Return Ratios

- The Return on Equity was 19.1% in FY25 compared to 17.2% in FY24.
- **Guidance**
 - The company wants to maintain ROE in the range of 16%-20%.

Exhibit 2: Other Business Parameters

Rs mn	Q4 FY25	Q4 FY24	% yoy	Q3 FY25	% qoq
Net Premium Earned					
Fire	1,633	1,738	-6.1%	1,756	-7.0%
Marine	1,499	1,493	0.4%	1,684	-11.0%
Health including Personal Accident	19,420	15,429	25.9%	17,716	9.6%
Miscellaneous	2,856	2,341	22.0%	2,880	-0.8%
Crop Insurance	323	275	17.4%	807	-60.0%
Motor	26,517	22,406	18.3%	25,598	3.6%
Total	52,246	43,683	19.6%	50,442	3.6%
Segment Underwriting Profit / (Loss)					
Fire	2,008	1,478	35.8%	1,966	2.1%
Marine	338	131	157.9%	(294)	-214.7%
Health including Personal Accident	(2,372)	(999)	137.5%	(1,967)	20.6%
Miscellaneous	571	103	454.7%	336	70.3%
Crop Insurance	167	118	42.1%	158	6.2%
Motor	(2,809)	(3,187)	-11.9%	(1,721)	63.2%
Total	(2,097)	(2,356)	-11.0%	(1,523)	37.7%
Loss Ratio					
Motor OD	68.4%	58.4%	1000bps	62.0%	640bps
Motor TP	72.0%	73.4%	-140bps	51.3%	2070bps
Health, Travel, PA	81.5%	75.4%	610bps	81.3%	20bps
Crop	65.1%	46.9%	1820bps	68.1%	-300bps
Fire	36.9%	41.0%	-410bps	40.2%	-330bps
Marine	53.4%	67.2%	-1380bps	94.1%	-4070bps
Engineering	19.6%	23.1%	-350bps	38.9%	-1930bps
Other	55.9%	88.7%	-3280bps	54.7%	120bps
Total	71.6%	68.6%	300bps	65.8%	580bps

Source: Company, YES Sec – Research

Exhibit 3: Quarterly Actuals Vs Estimates

Q4FY25 (Rs. mn)	Actuals	Estimates	Diff, %
Net Premium Earned	52,256	47,394	10.3
Underwriting Profit/(Loss)	(2,097)	(1,446)	(45.0)
PAT	5,096	7,216	(29.4)

Source: Company, YES Sec – Research

ANNUAL FINANCIALS

Exhibit 4: Profit & Loss Statement

Rs mn	FY23	FY24	FY25	FY26E	FY27E
Gross written premium	217,718	255,942	282,577	344,414	404,295
Net written premium	155,395	181,656	207,611	245,633	287,157
Net earned premium	148,228	168,665	198,002	230,483	269,234
Net claims	107,257	119,395	139,868	164,724	191,493
Net commission	4,722	30,890	38,380	36,845	43,074
Expense of Management	45,148	28,177	28,448	37,287	43,590
Underwriting profit/(Loss)	(8,898)	(9,797)	(8,695)	(8,373)	(8,923)
Investment income	32,721	28,856	31,364	32,004	37,496
Operating profit	23,823	19,059	22,669	23,631	28,573
Shareholder's account					
Operating profit	23,823	19,059	22,669	23,631	28,573
Investment income	7,757	8,500	10,642	12,066	14,088
Total income	31,579	27,559	33,311	35,697	42,661
Expenses	10,454	2,007	98	646	743
PBT	21,125	25,552	33,213	35,051	41,918
Tax	3,835	6,366	8,130	8,833	10,563
PAT	17,290	19,186	25,083	26,218	31,354

Source: Company, YES Sec – Research

Exhibit 5: Balance sheet

Rs mn	FY23	FY24	FY25	FY26E	FY27E
Sources of funds					
Share capital	4,911	4,927	4,957	4,957	4,957
Reserves and Surplus	99,016	114,678	138,076	158,343	183,749
Fair value change account	2,133	9,896	6,807	6,807	6,807
Borrowings	350	350	0	0	0
Claims Outstanding gross	269,166	303,878	319,072	366,933	421,973
Current liabilities	87,421	98,474	108,323	124,571	143,257
Provisions	87,865	100,881	112,967	129,912	149,399
Total Liabilities	550,862	633,083	690,203	791,524	910,142
Application of funds					
Investments - Shareholders	98,583	115,869	137,255	159,549	186,505
Investments - Policyholders	333,221	373,204	397,823	466,968	547,738
Fixed assets	5,640	7,009	8,020	8,220	8,420
Deferred tax asset	2,653	2,926	1,691	1,691	1,691
Cash and bank balances	2,031	3,346	876	14,894	29,792
Advances and other assets	108,734	130,730	144,539	140,203	135,996
Total Assets	550,862	633,083	690,203	791,524	910,142

Source: Company, YES Sec – Research

Exhibit 6: Ratio analysis

Particulars	FY23	FY24	FY25	FY26E	FY27E
Key ratios					
Claims ratio	72.4%	70.8%	70.6%	71.5%	71.1%
Opex ratio	29.1%	15.5%	13.7%	15.2%	15.2%
Commission ratio	3.0%	17.0%	18.5%	15.0%	15.0%
Combined ratio	104.5%	103.3%	102.8%	101.6%	101.3%
Underwriting P/L Ratio	-6.0%	-5.8%	-4.4%	-3.6%	-3.3%
RoA	3.1%	3.0%	3.6%	3.3%	3.4%
RoE	16.6%	16.0%	17.5%	16.1%	16.6%
Dividend payout	27.0%	26.9%	24.7%	22.7%	19.0%
Investments leverage	4.2	4.1	3.7	3.8	3.9
Per share ratios (Rs)					
EPS	35.2	38.9	50.6	52.9	63.2
BVPS	211.6	242.8	288.5	329.4	380.7
DPS	9.5	10.5	12.5	12.0	12.0
Valuation ratios					
P/E (x)	51.8	46.8	36.0	34.5	28.8
P/B (x)	8.6	7.5	6.3	5.5	4.8
Growth (%)					
Gross written premium	17.3%	17.6%	10.4%	21.9%	17.4%
Net earned premium	13.7%	13.8%	17.4%	16.4%	16.8%
Claims	9.6%	11.3%	17.1%	17.8%	16.3%
Commissions	-25.5%	554.2%	24.2%	-4.0%	16.9%
Net income	36.0%	11.0%	30.7%	4.5%	19.6%

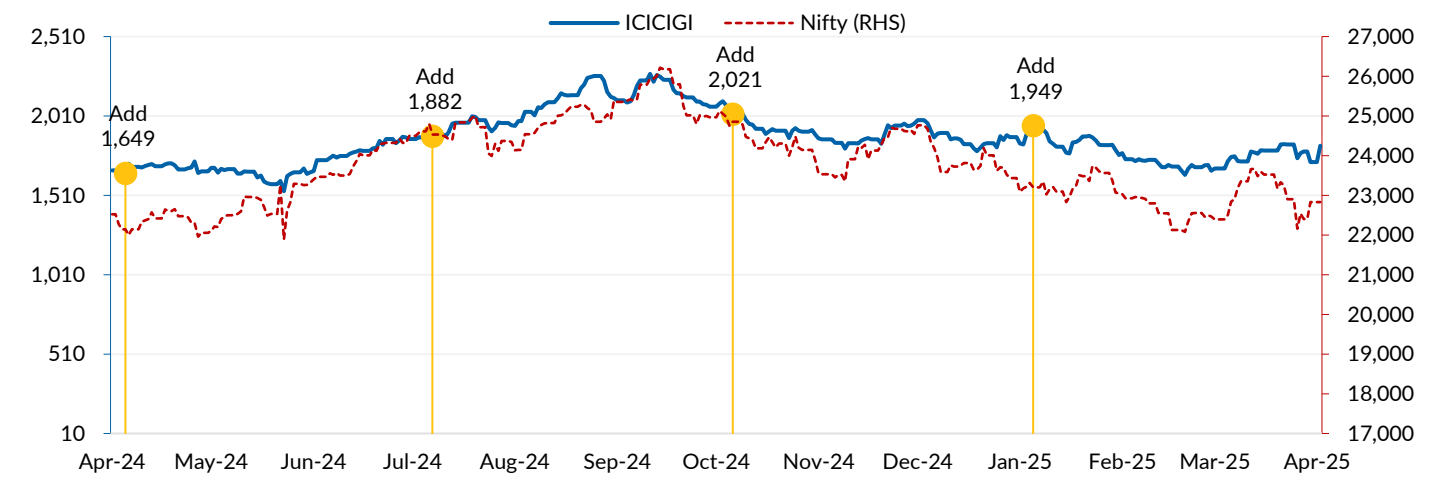
Source: Company, YES Sec – Research

Exhibit 7: Change in annual estimates

Y/e 31 Mar (Rs mn)	Revised Estimate			Earlier Estimate			% Revision		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Net Premium Earned	NA	230,483	269,234	NA	231,991	270,947	NA	(0.6)	(0.6)
Operating Profit	NA	23,631	28,573	NA	27,068	32,075	NA	(12.7)	(10.9)
Profit After Tax	NA	26,218	31,354	NA	27,656	32,775	NA	(5.2)	(4.3)

Source: Company, YES Sec – Research

Recommendation Tracker



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Name of the Research Analyst : Shivaji Thapliyal, Siddharth Rajpurohit, Suraj Singhania

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