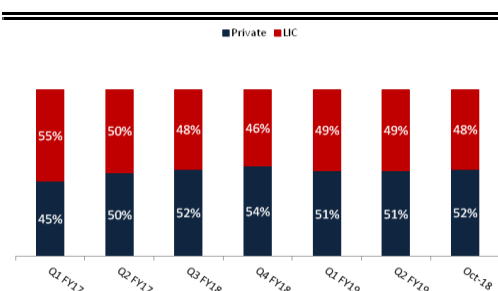


Private players eating up LIC's market share

Exhibit : Market share trend



- ❑ LIC has lost its market share on the basis of WRP to the private players. From leading the market share by 55% in Q1 2017 to falling to 48% in October.
- ❑ With the economy regaining its momentum the private players are expected to lead the life insurance growth.
- ❑ The leading companies by market share on the basis of weighted received premium are LIC (47.7%), SBI Life (11.66%) , ICICI Prudential Life (8.24%) and HDFC Life (8.41%).
- ❑ Most of the private companies have recorded good YoY growth numbers in October 2018 whereas the larger players have showed tepid to negative growth. Birla Sunlife and Tata AIA are the only two companies who have shown above 50% growth for 3 consecutive months whereas LIC and ICICI Prudential are the only companies witnessing degrowth on weighted basis over the past 3 months.
- ❑ LIC's 61st month persistency ratio has remained the same over the years with 44%.As per the company reports H1 FY19 persistency ratios of SBI Life , HDFC life and ICICI Prudential life have increased to 57.5%,49% and 55.7% respectively.
- ❑ The AUM growth of LIC in 2017 was 13.2% while private player's AUM grew by 17.4%
- ❑ The average ticket size has increased by 8% in the industry where the highest growth could be seen in HDFC Life and Future Generali and Birla Sunlife. These 3 are the only companies to record 30%+ increase in ticket size for 3 consecutive months, while companies like Tata AIA and Max Life are showing degrowth due to the higher base effect.
- ❑ India is the world's 11th largest life insurance market and the 5th largest in Asia-Pacific region and the success can be attributed to the rising disposable income, and the increased awareness about the need of insurance.

The highest YoY growth in the weighted received premium was seen in Tata AIA and Birla Sunlife which grew at robust rates in the month of October, while DHFL Pramerica, ICICI Prudential and LIC saw negative growth rates.

Research Analyst

Deepak Kumar

deepak.kumar@narnolia.com

Dhwanik Shah

Dhwanik.Shah@narnolia.com

Exhibit : New business premium on weighted basis

Insurer	Oct-18	Oct-17	YoY %	MoM %	% of Share
Bajaj Allianz	174	150	16	-3	2.81
Bharti Axa	46	32	42	-9	0.74
Birla Sun Life	146	74	97	-21	2.37
Canara HSBC Life	52	43	22	-48	0.85
DHFL Pramerica	40	57	-29	-49	0.65
Edelweiss Tokio	20	16	27	-41	0.33
Exide Life	51	46	10	-16	0.83
Future Generali	43	35	23	-1	0.7
HDFC Standard Life	519	373	39	-16	8.41
ICICI Prudential Life	508	587	-13	-24	8.24
IDBI Federal Life	33	27	25	-31	0.54
Kotak Mahindra Life	154	151	2	-32	2.5
Max Life	231	181	28	-37	3.74
PNB Metlife	100	80	26	-21	1.63
Reliance Nippon Life	72	51	42	-30	1.18
SBI Life	719	625	15	-13	11.66
Shriram Life	32	32	1	-38	0.52
Tata AIA	163	92	77	-9	2.64
Private Total	3225	2749	17	-22	52.3
LIC	2941	3189	-8	-7	47.7
Grand Total	6166	5938	4	-15	

The views expressed above accurately reflect the personal views of the authors about the subject companies and its(their) securities. The authors have not and will not receive any compensation for providing a specific recommendation or view. Narnolia Financial Advisors Ltd. does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Exhibit : Unweighted Premium of private players

The same growth rates could be seen in the premiums on an unweighted basis for the month of August where Birla Sunlife and Tata AIA grew with robust numbers than the larger players in the industry.

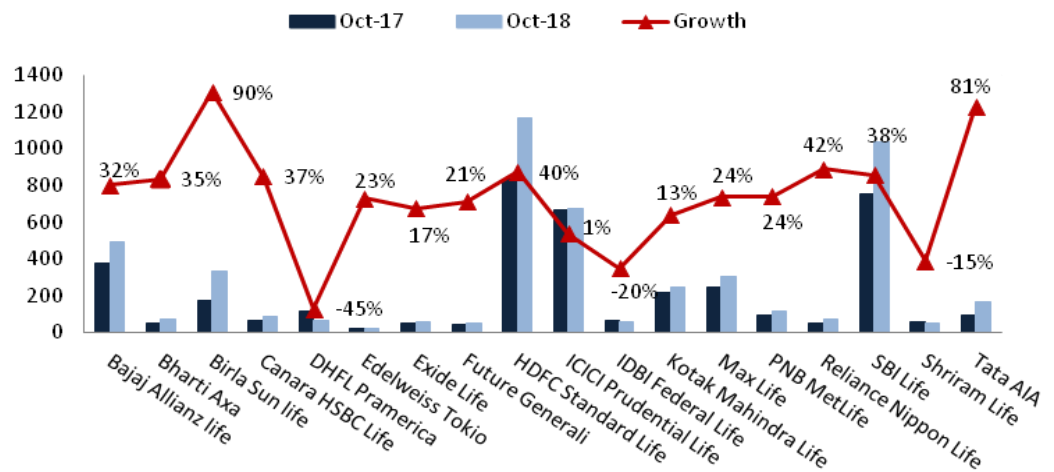
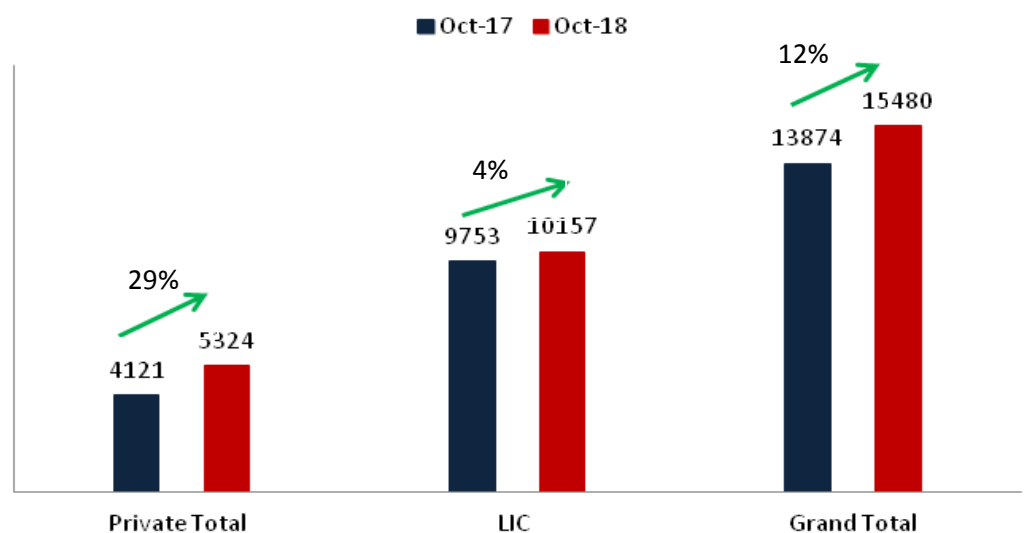


Exhibit : Unweighted Premium Growth



Most of the bank based insurers saw very tepid growth because of their already large base whereas the smaller players saw very high growth rates

The overall private players grew by 29% YoY in the month of October while LIC saw a marginal rise in the premium growth by 4% leading to an overall 12% growth in the industry.

The private players since the last 2 years with their aggressive marketing strategy and high digital reach have managed to overtake LIC in the life insurance business and are expected to grow at the same rate.

Exhibit : Persistency Ratio of 13th month

New business premiums give only half a picture about the business of a company, persistency ratio shows the full picture and shows if the premium payers continue the paying pattern till the maturity is reached. Generally 13th, 25th, 37th, 49th and 61st month's persistency ratios are calculated.

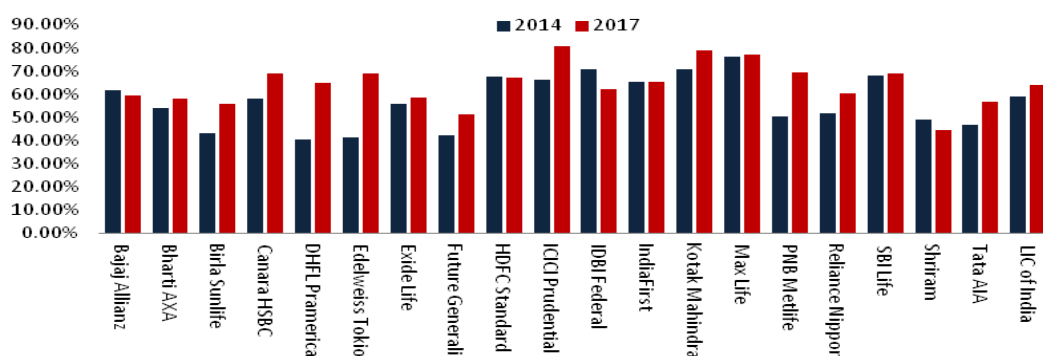


Exhibit : Persistency Ratio of 61st month

The persistency ratios of all the private players have increased significantly notifying that the quality of customers and service both have improved while LIC still has the same ratio it had in 2014

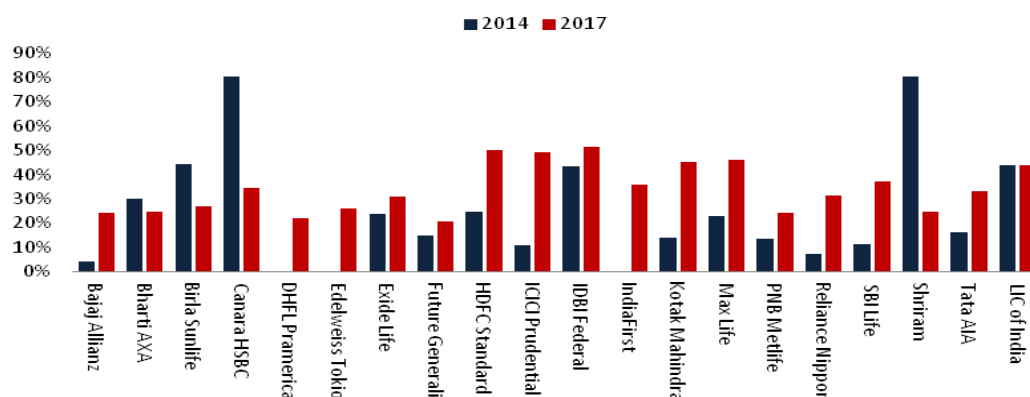


Exhibit : Average ticket size in individual regular premium

Average ticket size is also an important business performance matrix to judge a company. LIC has the largest customer base with one of the lowest average ticket size while HDFC Standard Life has the highest average ticket size. The highest leap in ticket sizes could be seen HDFC Life and Future Generali while companies like Kotak, IDBI and Tata AIA are showing negative growth due to high base ticket they carry.

Insurer	Oct-17	Oct-18	YoY %
Bajaj Allianz	53488	57953	8%
Bharti Axa	39542	45482	15%
Birla Sun Life	47494	59918	26%
Canara HSBC Life	73807	73535	0%
DHFL Pramerica	42002	43971	5%
Edelweiss Tokio	38486	41636	8%
Exide Life	31558	34240	8%
Future Generali	24827	37704	52%
HDFC Standard Life	53320	91015	71%
ICICI Prudential Life	96012	88511	-8%
IDBI Federal Life	92735	60383	-35%
Kotak Mahindra Life	61473	54671	-11%
Max Life	70756	64891	-8%
PNB Metlife	56941	59739	5%
Reliance Nippon Life	33681	39675	18%
SBI Life	57128	61795	8%
Shriram Life	17168	19246	12%
Tata AIA	67037	59210	-12%
LIC	30515	29981	-2%

Disclosures: Narnolia Financial Advisors Ltd.* (NFAL) (FormerlyMicrosec Capital Ltd.) is a SEBI Registered Research Analyst having registration no. INH300002407 valid till 01.12.2020. NFALis engaged in the business of providing Stock Broking, Depository Participant, Merchant Banking, Portfolio Management & distribution of various financial products. Details of associate entities of NFAL is available on the website at www.narnolia.com

No penalties have been levied on NFAL by any Regulatory/Statutory authority. NFAL, it's associates, Research Analyst or their relative may have financial interest in the subject company. NFAL and/or its associates and/or Research Analyst may have beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report. NFAL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of NFAL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report. Research Analyst may have served as director/officer, etc. in the subject company in the last 12 month period. NFAL and/or its associates may have received compensation from the subject company in the past 12 months. In the last 12 months period ending on the last day of the month immediately preceding the date of publication of this research report, NFAL or any of its associates may have: a) managed or co-managed public offering of securities from subject company of this research report, b) received compensation for investment banking or merchant banking or brokerage services from subject company of this research report, c) received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company of this research report. d) Subject Company may have been a client of NFAL or its associates during 12 months preceding the date of distribution of the research report. NFAL and it's associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. NFAL and / or its affiliates may do and seek to do business including Investment Banking with companies covered in the research reports. As a result, the recipients of this report should be aware that NFAL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific Merchant Banking, Investment Banking or Brokerage service transactions. Research Analyst's views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of NFAL or its associates maintains arm's length distance with Research Team as all the activities are segregated from NFAL research activity and therefore it can have an independent view with regards to subject company for which Research Team have expressed their views.

Terms & Conditions: This report has been prepared by NFAL and is meant for sole use by the recipient and not for public circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of NFAL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances.The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors.Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his/her/its own advisors to determine the merits and risks of such an investment. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. NFAL will not treat recipients as customers by virtue of their receiving this report. Neither the Company, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits or lost opportunities that may arise from or in connection with the use of the information/report. The person accessing this information specifically agrees to exempt NFAL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold NFAL or any of its affiliates or employees responsible for any such misuse and further agrees to hold NFAL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays. This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject NFAL & its group companies to registration or licensing requirements within such jurisdictions.

Analyst Certification The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclosure of Interest Statement-

Analyst's ownership of the stocks mentioned in the Report	NIL
---	-----

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com.

*The name of the Company has been changed from "Microsec Capital Limited" to "Narnolia Financial Advisors Limited" pursuant to change of control. The change in name has been duly effected in the records of the Registrar of Companies (ROC). The application for fresh registration in the new name of "Narnolia Financial Advisors Limited" pursuant to change of control is under process with SEBI.

Correspondence Office Address: Arch Waterfront, 5th Floor, Block GP, Saltlake, Sector 5, Kolkata 700 091; Tel No.: 033-40541700; www.narnolia.com.
Registered Office Address: Marble Arch, Office 201, 2nd Floor, 236B, AJC Bose Road, Kolkata 700 020; Tel No.: 033-4050 1500; www.narnolia.com

Compliance Officer: Manish Kr Agarwal, Email Id: mkagarwal@narnolia.com, Contact No.:033-40541700.

Registration details of Company: Narnolia Financial Advisors Ltd. (NFAL): SEBI Stock Broker Registration: INZ000166737 (NSE/BSE/MSEI); NSDL/CDSL: IN-DP-380-2018; Research Analyst: INH300002407, Merchant Banking: (Registration No.: INM000010791), PMS: (Registration No.: INP000002304), AMFIRegistered Mutual Fund distributor: ARN 3087

Registration Details of Group entities: G. Raj & Company Consultants Ltd (G RAJ)-BSE Broker INZ260010731; NSDL DP: IN-DP-NSDL-371-2014 || Narnolia Commerze Limited-MCX/NCDEX Commodities Broker: INZ000051636 || Narnolia Velox Advisory Ltd.- SEBI Registered PMS: INP000005109 || Eastwind Capital Advisors Pvt Ltd. (EASTWIND)-SEBI Registered Investment Adviser: INA300005439 || Narnolia Insurance Brokers Limited-IRDA Licensed Direct Insurance Broker (Life & Non-Life) License No.134 || Narnolia Securities Ltd. (NSL)-AMFI Registered Mutual Fund distributor: ARN 20558, PFRDA NPS POP: 27092018 || Narnolia Capital Advisors Pvt. Ltd. - RBI Registered NBFC:B.05.02568.

Disclaimer:

This report has been prepared by Narnolia Financial Advisors Ltd. (NFAL)and is meant for sole use by the recipient and not for public circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of NFAL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances.The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors.Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his/her/its own advisors to determine the merits and risks of such an investment. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. NFAL will not treat recipients as customers by virtue of their receiving this report. Neither the Company, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits or lost opportunities that may arise from or in connection with the use of the information/report. The person accessing this information specifically agrees to exempt NFAL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold NFAL or any of its affiliates or employees responsible for any such misuse and further agrees to hold NFAL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject NFAL & its group companies to registration or licensing requirements within such jurisdictions.