

ICICI Lombard General Insurance Co. Ltd

Target: N/A

Holding Period: N/A

Educational Report

I Shaurya Sharma am initiating a research report on **ICICI lombard**, a private sector general insurance company in India offering insurance coverage for motor, health, travel, home, student travel and more



About the business

- ICICI Lombard General Insurance Company is a joint venture founded in 2001 between ICICI Bank (holding 64%) and Fairfax Financial Holdings (holding 36%), combining India's second-largest bank and a major Canadian financial firm.
- Fairfax Financial exited in 2019 by selling its remaining 5% stake in the company for 2,600 crores.
- ICICI Lombard provides general insurance solutions across diverse segments, including motor, health, crop, fire, personal accident, marine, engineering, and liability insurance.
- It tailors products for both individual customers and businesses, offering protection against a wide array of risks.

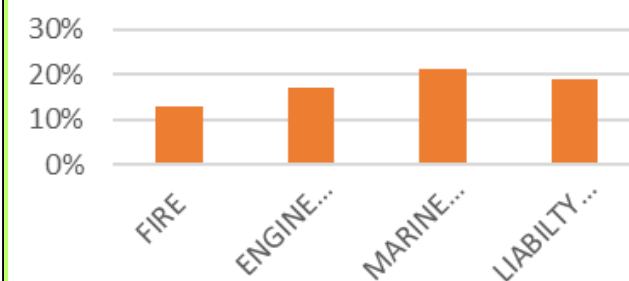
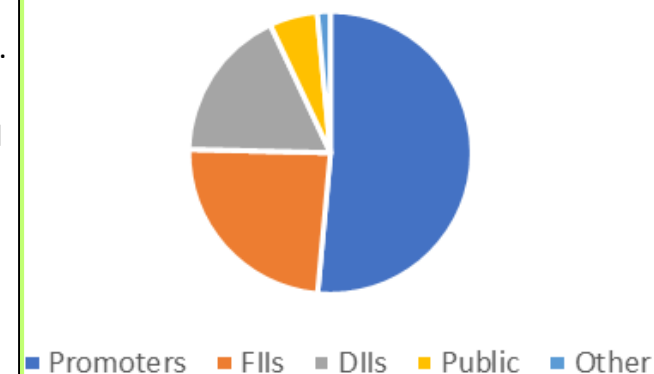
Company Snapshot

Mkt Cap	₹ 94,361 Cr
High/Low	₹ 2,302 / 1,613
Div Yield	0.66 %
P/E	35.3X
Face Value	₹ 10.0
ROE	24.9 %

	Mar'22	Mar'23	Mar'24	Mar'25	Shareholding Pattern	
Sales	16,026.09	17,875.78	20,571.78	23,960.92	Promotors	51.46%
EBITDA	1,824.90	2,254.88	2,689.01	3,445.71	FII's	23.93%
Profit before tax	1,683.52	2,112.54	2,555.18	3,321.31	DII's	17.62%
Tax	412.50	383.48	636.59	813.02	Public	5.49%
Net profit	1,271.01	1,729.05	1,918.59	2,508.29	other	1.5%

Key Points about the company

- The Company offers a comprehensive and well-diversified range of products through multiple distribution channels, including motor, health, crop, fire, personal accident, marine, engineering, and liability insurance.
- ICICI Lombard's shareholding pattern reflects strong promoter control and increasing domestic institutional confidence, despite a gradual exit of foreign investors and declining retail participation. The consistent stake of ICICI Bank ensures strategic continuity, while the shift from FIIs to DIIs may indicate growing local conviction in the company's long-term fundamentals.
- On August 4, 2025, ICICI Lombard allotted 198,153 equity shares under employee benefit schemes — 193,876 shares through the ESOS 2005 and 4,277 shares under the ESUS 2023 — as approved by the Whole-time Director under delegated authority from the Board.
- ICICI Lombard General Insurance Company Ltd. holds a prominent position as the largest private sector general insurer in India
- ICICI Bank holds a 51.6% stake in the company. This relationship provides immense benefits, including brand recognition, a vast distribution network through the bank's branches, and a stable operational environment.
- Its market share across different commercial segments is approximately 13% in fire, 17% in engineering, 21% in marine cargo, and 19% in liability insurance.
- The Retail Business Group emerged as a primary driver of the company's success in FY2025, with strong performance across both its Motor and Health segments
- The company's flagship insurance and wellness app, **IL TakeCare**, which has received over 14.9 million downloads, also offers the industry's **first Face Scan** feature.



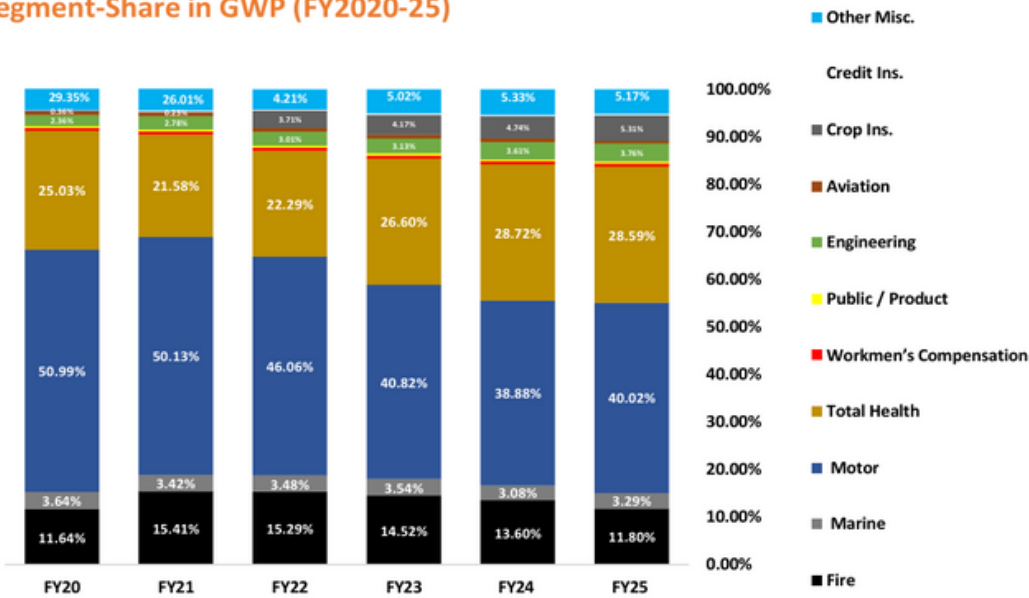
Business Segments and Product Portfolio

Category	Corporate Solutions Group	Government & Rural Business Group	Retail Group	Shared Services
Description	Provides integrated solutions to corporates, Micro, Small and Medium Enterprises (MSMEs)	Provides insurance solutions under Central and State government schemes or to Government-owned enterprises and rural customers	Provides insurance solutions to individuals and small enterprises through multiple channels such as Agents, Brokers, Bancassurance, Tele-Sales, Direct Alliances, Motor Insurance Service Providers (MISPs) and Online Platforms	Leverages support to the organisation's customer service and enhance business efficiencies functions to improve
Products & Services				Underwriting and Claims
	Fire	Cattle	Home	Customer Relationship
	Marine	Weather	Health	Technology
	Engineering	Mass Health	Motor	Operations
	Liability	Personal Accident	Travel	Operations
	Employee Group Insurance	Motor	Personal Accident	Reinsurance
	Cyber Insurance	Crop	Cyber Insurance	Finance and Accounts
	Health and Personal Accident			Secreterial
	Travel			Human Resources
				Legal and Compliance
				Actuarial
				Marketing
				Business Analytics
				Administration
				Fraud Control

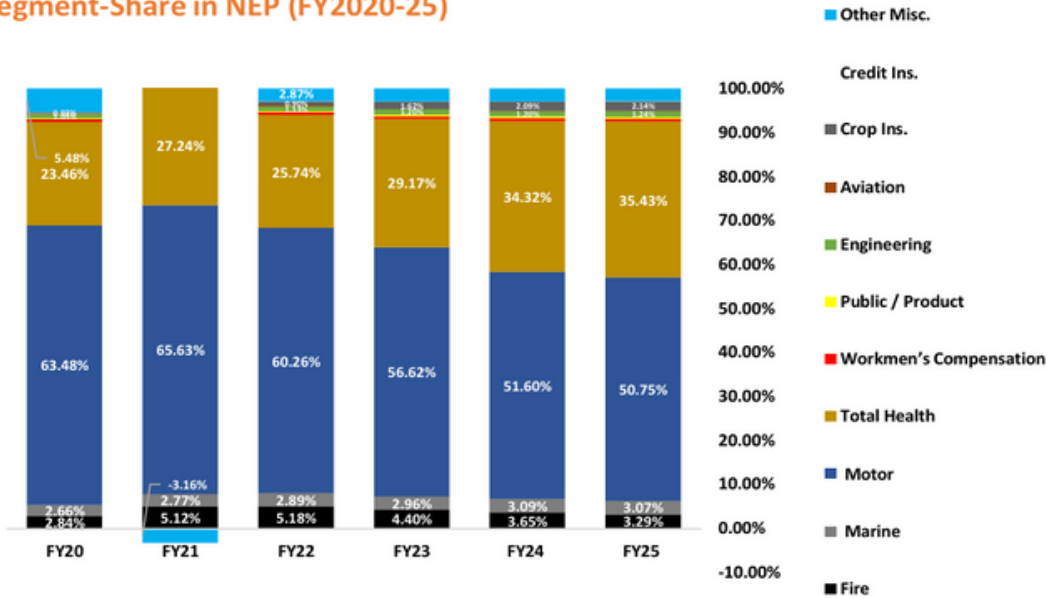
BUSINESS SEGMENT PERFORMANCE ANALYSIS

ICICI Lombard General Insurance operates a diversified portfolio across multiple lines of business, with a core focus on motor and health insurance. The company's segmental distribution of Gross Written Premium and Net Earned Premium over FY2020–25 highlights its evolving strategy, risk retention practices, and business priorities. While motor insurance has historically contributed the largest share of premiums, the company has been gradually increasing its exposure to the health segment, reflecting changing market demand and strategic realignment. Other segments such as fire, crop, engineering, and miscellaneous lines remain relatively small, indicating a focused approach rather than broad diversification.

Segment-Share in GWP (FY2020-25)



Segment-Share in NEP (FY2020-25)



SWOT ANALYSIS

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STRENGTHS

- **Market Leadership:** ICICI is the largest private general insurer in India, with a GDP market share of 8.7%
- **Financial Strength:** It maintains a robust solvency ratio of 2.69x and a clean, debt-free balance sheet

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WEAKNESSES

- **Valuation:** The company's premium valuation may be a deterrent for some value-focused investors compared to legacy public sector players.
- **Change in Promoter Shareholding:** Promoter decreasing their shareholding

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OPPORTUNITIES

- **Low Penetration:** India's low insurance penetration (1% of GDP) presents a significant growth runway for the company.
- **Digital Transformation:** The increasing adoption of digital channels and supportive government initiatives like 'Insurance for All by 2047' and Bima Trinity offer a favorable growth environment

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THREATS

- **Rising Claims Costs:** Increasing healthcare inflation and the frequency of catastrophic events pose a risk to underwriting profitability.
- **New Competition:** Aggressive competition from new-age, digital-first players could erode market share.

INCOME STATEMENT

Narration	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	
Sales	11,163.33	11,517.20	12,161.38	16,026.09	17,875.78	20,571.78	23,960.92	
Expenses	9,493.84	9,744.86	10,089.70	15,009.71	16,611.88	17,918.20	20,554.15	
Other Income	-1.57	14.58	12.23	808.53	990.99	35.43	38.94	
EBITDA	1,667.91	1,786.92	2,083.91	1,824.90	2,254.88	2,689.01	3,445.71	
EBITDA Margin	14.9%	15.5%	17.1%	11.4%	12.6%	13.1%	14.4%	
Depreciation	-	90.03	129.96	141.39	142.35	133.83	124.40	
Interest	69.50	-	-	-	-	-	-	
Profit before tax	1,598.42	1,696.89	1,953.95	1,683.52	2,112.54	2,555.18	3,321.31	
Tax	549.15	503.13	480.90	412.50	383.48	636.59	813.02	
Net profit	1,049.26	1,193.76	1,473.05	1,271.01	1,729.05	1,918.59	2,508.29	
EPS	23.10	26.27	32.40	25.89	35.21	38.94	50.60	
Price to earning	44.74	41.18	44.23	51.30	30.38	43.26	35.43	
Price	1,033.30	1,081.65	1,433.20	1,328.30	1,069.50	1,684.50	1,792.85	
Operating Profit	1,669.49	1,772.34	2,071.68	1,016.38	1,263.90	2,653.58	3,406.77	

- The company has shown robust top-line growth, with sales increasing steadily from ₹11,163.33 crore in FY2019 to ₹23,960.92 crore in FY2025. This represents a compounded annual growth rate (CAGR) of approximately 13.6% over the six-year period. This consistent increase indicates a healthy expansion in the company's insurance business and market share.
- The total expenses have risen in tandem with the sales, growing from ₹9,493.84 crore in FY2019 to ₹20,554.15 crore in FY2025. It is crucial to note that managing these costs while growing the business is a key indicator of operational efficiency. The expense to sales ratio has remained relatively stable, suggesting that the company is effectively managing its cost base while expanding operations.
- EBITDA has shown a strong upward trend, from ₹1,667.91 crore in FY2019 to ₹3,445.71 crore in FY2025. This demonstrates the company's ability to generate operating profit before accounting for non-cash expenses and taxes.
- The company's profitability, as measured by PAT, has also seen a significant increase from ₹989.28 crore in FY2019 to ₹2,508.29 crore in FY2025. This represents a CAGR of approximately 16.7%. The consistent rise in PAT indicates that ICICI Lombard is not only growing its revenue but also improving its net profitability.

RATIO ANALYSIS

Market Cap	₹ 95,123 Cr.	Current Price	₹ 1,912	High / Low	₹ 2,302 / 1,613
Stock P/E	35.6	Book Value	₹ 306	Dividend Yield	0.65 %
ROCE	24.9 %	ROE	18.8 %	Face Value	₹ 10.0
Sales	₹ 24,755 Cr.	Profit after tax	₹ 2,675 Cr.	Mar Cap	₹ 95,123 Cr.
Sales Qtr	₹ 6,396 Cr.	PAT Qtr	₹ 747 Cr.	Qtr Sales Var	14.2 %
Qtr Profit Var	28.7 %	Price to Earning	35.6	Price to book value	6.26
ROCE	24.9 %	Return on assets	3.79 %	Debt to equity	0.00
EPS	₹ 54.0	Return on equity	18.8 %	Debt	₹ 0.00 Cr.
Promoter holding	51.5 %	Change in Prom Hold	-0.09 %	Pledged percentage	0.00 %

- **Strong Financial Health (Zero Debt):** The company has a debt-to-equity ratio of 0.00. This is a big plus. It means the company is completely self-funded and doesn't rely on borrowing.

- **ROCE (24.9%):** This shows how well the company uses all its capital to generate a return. A high number here is a sign of an efficient business

- **Change in Prom Holding (-0.09%):** There has been a small, almost negligible, decrease in promoter shareholding. While any decrease is worth noting, this figure is minor and not a cause for immediate alarm

- **High P/E Ratio (35.6):** This is the most important metric to analyze. A high P/E ratio means investors are paying a premium for every rupee of the company's earnings. It reflects high expectations for future growth

- **ROE (18.8%):** This tells us how well the company uses shareholder money to make a profit. An 18.8% return is excellent and suggests the company is effectively growing its value for shareholders

Operational Excellence and Profitability Drivers

- ICICIGI has positioned itself as a leader in technology adoption, which is a core driver of its operational efficiency and superior profitability
- The company's digital-first strategy is further demonstrated through its platform, the IL TakeCare App, which has surpassed 14.9 million downloads and serves as a comprehensive platform for policies, wellness features, and claims
- About 99% of the policies were issued electronically in H1 FY25 compared to 97% in FY22
- Technology has a direct impact on profitability by improving claims management. The average claim settlement period for Motor Own Damage (OD) improved from 6 to 5 days, and for the Health segment, it decreased from 5 to 3 days in FY2025. Furthermore, AI-led adjudication now processes over 70% of Group Health claims in less than 90 seconds
- The company has implemented a "One IL One Team" philosophy, a strategic reorganization that has led to tangible improvements. "One IL One Team" is an organizational philosophy adopted by ICICI Lombard (IL) that emphasizes unity, collaboration, and working as a single, cohesive team across the entire company

Automation and Scale



AI and ML Solutions

67.5% cashless authorization through AI for GHI in Q12026 (56.3% in Q12025)



Dynamic Workforce

12.2% 17 year Productivity CAGR (FY2008 to FY2025)

INVESTMENT THESIS

Long-Term Structural Growth Opportunity in Non-Life Insurance

- India's non-life insurance industry presents a long-term structural growth opportunity, driven by extremely low insurance penetration (~1/4th of the global average), rising awareness post-COVID, and strong macro tailwinds such as GDP growth and digital adoption. With India being the 2nd largest non-life market in Emerging Asia and only the 15th globally, there is substantial headroom for expansion. The sector's "cash before cover" model also ensures better cash flows and risk control for insurers. As penetration and density gradually converge with global benchmarks, leading players like ICICI Lombard are well-positioned to benefit from this secular growth story.

Favorable Regulatory Tailwinds Supporting Industry Growth

- IRDAI's recent reforms are structurally positive for the non-life insurance sector. Product innovation mandates, UPI-based BIMA-ASBA for secure digital payments, and sandbox initiatives for testing new products enable insurers to serve customers better and scale efficiently. Corporate governance updates and permission to hedge equity risks further improve capital protection and transparency. These developments support faster growth, improved customer satisfaction, and stronger risk-adjusted returns for insurers like ICICI Lombard.

Strong Institutional Holding Underscores Investor Confidence and Long-Term Stability

- ICICI Lombard's shareholding structure shows high and stable institutional ownership, with a dominant promoter stake held by ICICI Bank ensuring strategic direction and continuity. The increasing share of Domestic Institutional Investors (DIIs), amid a decline in Foreign Institutional Investors (FIIs) and retail participation, suggests growing local conviction in the company's fundamentals and long-term growth outlook. High institutional holding typically reflects market trust, better corporate governance, and reduced volatility—all favorable signals for long-term investors.

Strong Market Leadership Across Segments

- ICICI Lombard commands a dominant 11% share in the overall non-life insurance market, with leadership in motor own damage (OD) and third-party (TP) segments. The company also holds a leading 18% market share in marine insurance and is the second-largest in fire insurance with a 13% share. This broad-based leadership across high-volume and specialized segments demonstrates its strong underwriting capabilities, robust distribution, and resilience in competitive markets, positioning it well to capitalize on future industry growth.

INVESTMENT THESIS

Strong and Stable Operating Performance

- ICICI Lombard has maintained a robust operational performance, underpinned by strong health premium growth, a stable loss ratio around 70%, and balanced claims management. The company has demonstrated improved cost efficiency, evident from the decline in expense and combined ratios, supporting an upward trend in underwriting profit margins and rising profitability. A stable ROE around 18%, a strong solvency ratio of 2.69 (FY25), and consistent investment income performance further reinforce its financial strength. While the retention ratio has declined, this appears to be a strategic decision in favor of maintaining profitability and capital adequacy. These factors collectively highlight ICICI Lombard's sound fundamentals and operational discipline, positioning it well for sustainable long-term growth.

Industry Leadership with Strong Profitability and Valuation Support

- ICICI Lombard holds a 9% GDP market share, making it the largest private player and second overall in the general insurance industry. Among listed peers, it ranks second in combined ratio (104.39%), outperforming even larger players like NIA. The company consistently leads in profitability, with the highest EPS and ROE over the past three years. It maintains financial stability through a moderate retention ratio (77%), second only to NIA, while operating with a lean distribution model. Furthermore, ICICI Lombard boasts the highest book value per share and second-highest ROE, supporting its reasonable valuation multiples and offering both growth and value potential.

Conclusion

- The company is a high-quality, fundamentally sound business trading at a justified P/E multiple for its combination of growth and efficiency. It is the most compelling investment opportunity in the Indian general insurance sector for investors seeking a balanced profile of growth, profitability, and stability.
- The analysis indicates a definitive **Buy** recommendation for ICICI Lombard General Insurance Company Ltd. (ICICIGI)
- This conclusion is based on the company's strong performance in a dynamic market, its strategic operational excellence, and a robust financial foundation
- Its strategic focus on a "One IL One Team" philosophy, coupled with significant investments in a digital-first operating model, distinguishes it from both legacy public sector insurers and new-age competitors who often prioritize market share over profitability
- The company's stable and synergistic relationship with its promoter, ICICI Bank, further reinforces its competitive position, providing a powerful and secure operational and distribution backbone.



Conclusion



Product Mix



Motor Insurance

- Car Insurance
- Bike Insurance
- Motor Floater



Health Insurance

- Elevate health insurance
- MaxProtect health insurance
- Activate Booster health insurance
- Health AdvantEdge health insurance



Travel Insurance

- Single trip travel insurance
- Gold Multi trip insurance
- Student travel insurance



SME Insurance

- Workmens Compensation
- Marine insurance
- Building insurance
- Fire insurance
- Group Health Insurance
- Professional indemnity for Doctors

37.57 Million

Policies issued

3.2 Million

Claims processed

FY 2024-25

14400+

Network garages

As on June 30, 2025

10600+

Healthcare providers

As on 24th July 2025

Business Segments and Product Portfolio

- The company's product portfolio is highly diversified, which is a key strength that insulates it from the volatility of any single market segment
- While a number of competitors, particularly standalone health insurers, are heavily exposed to the risks of a single segment, ICICI's diverse portfolio allows it to mitigate risk from any one area
- For instance, when the Fire segment experienced pricing pressures during the year, the company's overall growth was buffered by strong performance in other lines of business like Health, Travel, and Marine
- A strategic focus is placed on the retail health segment, which grew by a remarkable 25.0% in FY2025. This indicates that while the company benefits from its diversification, it is also actively pursuing high-growth, high-margin opportunities to complement its established lines of business

Segment	GDPI Contribution (FY2025)
Motor OD	20.00%
Motor TP	20.00%
Health, Travel & PA	28.60%
Fire	11.80%
Marine	3.30%
Crop	5.30%
Others	11.00%

