

## Canara HSBC Life Insurance Company Limited

February 24, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Issuer rating	0.00	CARE AAA; Stable	Reaffirmed
Subordinate Debt*	250.00	CARE AA+; Stable	Assigned

Details of instruments/facilities in Annexure-1.

\*The rated subordinate debt issuance exhibits the following key features:

- The company can pay interest only if its solvency ratio is above the regulatory minimum.
- If the solvency ratio falls below the regulatory threshold, or if paying interest causes the solvency ratio to drop below the regulatory minimum, then the company must get approval from the regulator before making interest payments.
- If payment of interest results in a net loss or increases an existing net loss, regulatory approval is needed for the same.

Delay in payment of interest / principal (as the case may be) following the invocation of covenants, would constitute an event of default per CARE Ratings Limited's (CareEdge Ratings) definition of default and as such these instruments may exhibit sharper migration of the rating.

### Rationale and key rating drivers

Reaffirmation of issuer rating and assignment of rating to subordinate debt instrument of Canara HSBC Life Insurance Company Limited (Canara HSBC Life) continue to factor in its strong parentage marked by high degree of support despite the recent dilution in shareholding post IPO, and synergies from access to bancassurance tie-ups with promoter banks and shared brand name.

Canara HSBC Life completed its IPO in October 2025, comprising a 100% offer-for-sale, and subsequently listed on the NSE and BSE, leading to a 25% dilution in overall holding to public. Despite this, the rating remains supported by the strong promoter profile, with Canara Bank holding 36.5% and HSBC Insurance (Asia Pacific) Holdings Limited (HSBC) holding 25.5%, together forming the majority shareholding as on December 31, 2025. Based on the stated intent of both the promoters, CareEdge Ratings expects the company to remain strategically important to promoters and receive need-based capital support to meet its growth plans.

The rating also favourably factors in its strong liquidity position, experienced management and a comfortable solvency ratio.

However, rating strengths are partially offset by the company's modest market position with a 2.6% market share (basis individual weighted premium) for FY25 in the private life insurance segment with high dependence on bancassurance channel and evolving regulatory landscape in the insurance sector.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Not applicable (for issuer rating).
- Significant increase in the shareholding of Canara Bank accompanied by sizeable improvement in market share and profitability (for subordinate debt rating).

#### Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:

- Material dilution in Canara Bank's shareholding below the regulatory threshold and/or its support philosophy and/or strategic importance to Canara Bank and/or any impact on bancassurance partnerships.
- Downward revision in the rating of Canara Bank.
- Solvency margin remaining below 1.70x on a sustained basis.
- Deterioration in market share and operating profitability on a sustained basis.

### Analytical approach:

Standalone; with expectation of continuous support from Canara Bank given the business synergies, shared brand, and operational linkages.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

**Outlook: Stable**

Stable outlook reflects CARE Ratings Limited's (CareEdge Ratings) expectation that Canara HSBC Life would remain strategically important to Canara Bank and receive need-based capital support to profitably scale up its business.

**Detailed description of key rating drivers:****Key strengths****Strong profile of shareholders with high degree of synergies and brand linkage with the company**

The company is a joint venture (JV) between Canara Bank (rated 'CARE AAA Stable') and HSBC Insurance (Asia Pacific) Holdings Limited (HSBC). Canara HSBC Life completed its IPO in October 2025, comprising a 100% offer-for-sale, and subsequently listed on the NSE and BSE, leading to a 25% dilution in overall stake to public. Resultantly, the stake of Canara Bank stood at 36.5%, HSBC at 25.5%, while Punjab National Bank (PNB, rated 'CARE AAA Stable'), which is an investor in the company diluted its stake to 13%. While the company ceased to be a subsidiary of Canara Bank, CareEdge Ratings expects Canara HSBC Life to continue being strategically important to its promoters, benefiting from operational synergies and receiving need-based capital to support its growth plans. Canara HSBC Life enjoys exclusive access to Canara Bank's wide footprint of 10,066 branches across India leveraging its retail customer base, while HSBC provides access to an affluent retail and NRI customer segment.

Share of the new business premium derived from Canara Bank ecosystem (including subsidiaries and RRBs) grew to 78% for FY25 (PY: 68%), while HSBC contributed 10% (PY: 11%).

The company also benefits from strategic oversight from its promoters. Currently, the company's overall operations are governed by a 11-member board, which includes representatives of key shareholders: Canara Bank and HSBC. The company is headed by Anuj Mathur, the company's MD & CEO. He is supported by a senior management team, having extensive experience in the insurance sector and reasonable vintage in the company.

**Comfortable solvency levels**

The company's solvency levels stood comfortable at 2.06x as on March 31, 2025 (PY: 2.13x), well-above the minimum regulatory requirement of 1.5x. As on December 31, 2025, the reported solvency margin stood at 1.91x.

While the solvency remains comfortable, there has been a decline observed over the recent years due to growth in business and the company's focus on non-participating products and retirement annuity products which have a longer tail, hereby having relatively higher required solvency margin (RSM).

Canara HSBC Life is in process of raising ₹250 crore of subordinate debt, which is expected to support the solvency position and the growth plans. CareEdge Ratings expects the company to maintain solvency above 1.80x in the near-to-medium term, which shall remain a key monitorable.

**Stable profitability metrics**

The company's individual weighted new business premium (NBP-WPI) grew at a three-year compound annual growth rate (CAGR) of 17% from FY22-FY25 which remained slightly better compared to the industry growth for private players. However, the new business premium (including group) witnessed modest growth of 7.6% in FY25 due to premium volatility in group single premiums and base effect compared to previous year. For FY25, the gross premium growth was supported by uptick in the linked life business which grew by 35% y-o-y due to positive equity market momentum in first half of the year. Going forward, the company intends to maintain its share of business in linked and non-linked at 50:50.

Despite the growth in linked business, the value of new business (VNB) margins (%) remained range bound at 19.1% during FY25 (PY: 20.0%) due to company's efforts to improve margins in linked product by introducing riders in the policy. The annuity business has picked up pace leading to better margins. In 9MFY26, the company reported VNB Margin (%) of 19.7%. With the announcement of exemption of GST on life insurance products, the impact of non-availability of GST input tax credit to the company was negative 1.6% for 9MFY26, which was offset by change in business mix driven by increase in share of savings products and improvement in overall volumes. The company has fully reworked its existing distributorship tie-ups passing on the impact of GST, which shall limit the impact to some extent, going forward.

The overall expense ratio (as a percentage of net premium earned [NPE]) stood at 20.25% for FY25 (PY: 20.47%), while the net benefits paid (as a percentage of NPE) stood at 64.47% for FY25 (PY: 45.45%) largely due to withdrawal of group policies in the period. Considering the investment income from policyholder funds, the company reported positive operating performance. Return on networth (RONW), continues to remain modest at 7.97% for FY25 (PY: 8.18%) and 8.00% for 9MFY26 (on annualised basis).

## Key weaknesses

### Moderate scale of operations and high dependence on bancassurance channel

The company started operations in 2008 and has moderate scale of operations with an investment book of ₹46,889 crore at December 2025-end (PY: ₹40,013 crore). Its market standing also remains moderate, being the eleventh largest private life insurance player with a market share of ~1.8% (based on new business premium income) in FY25-end among 25 private life insurers. In terms of individual weighted premium, the market share of the company stood at 2.6% for FY25 and improved to 2.9% for 9MFY26, led by growth in retail business.

The company has high dependency on bancassurance channel for business sourcing. Through bancassurance channel, the company generated 92% individual new-business segment in FY25 and H1FY26 (93% in FY24). In group new-business segment, the bancassurance channel contributed 74% to the total premium in FY25 and 81% in H1FY26 (55% in FY24), while the rest was generated through direct channels. In Q3FY26, the company has launched its agency channel to diversify its distribution, however, its contribution shall be limited in the medium term. While the company intends to expand in direct channels, the share of the banca channel continues to remain high leading to business concentration which increases its susceptibility to growth disruptions.

### Changing regulatory dynamics and competitive industry landscape

Long-term growth prospects for Indian life insurance sector remains favourable with low penetration of life insurance as a percentage of GDP in India supported by strong socio-economic growth drivers. As Indian life insurance sector continues to evolve, the sector has been witnessing slew of regulatory changes. Some key regulatory changes include increase in surrender values of life insurance policies and GST rate cuts and expected migration to IFRS and risk-based capital framework in the medium term. While these measures are expected to improve product proposition and propel the Indian insurance industry towards greater efficiency and effectiveness leading towards the vision of Insurance for All by 2047, it is also expected to increase competition in the industry and lead to changes in operating models/technology adoption in the medium term.

### Liquidity: Strong

The company's liquidity remains strong with majority investments in fixed income securities (largely central/state government bonds), listed equity shares and money market instruments, which are readily marketable. Of the total non-linked investments of ₹26,969 crore as on December 31, 2025, ~66% (₹17,748 crore) was invested in government securities. Against these, the peak net claims paid in the last five years stood at ₹5,061 crore. The cash and bank balances stood at ₹269 crore as on December 31, 2025.

For FY25, the company's cash inflows (premiums received + investment income) stood at ₹9,817 crore against cash outflows (claim payouts + total expenses) of ₹6,700 crore, indicating a healthy liquidity buffer to meet these obligations.

### Assumptions/Covenants

Not applicable

### Environment, social, and governance (ESG) risks

Although Canara HSBC Life's service-oriented business model limits its direct exposure to environmental risks, credit risk may arise if operations of any entity in its investment book are adversely impacted by environmental factors. Environmental degradation may also influence mortality trends, thereby impacting Canara HSBC Life's business performance. In FY25, the company has undertaken projects including agroforestry and clean energy in partnership with foundations working in the space.

Lifestyle-related health issues or pandemic/emerging diseases may drive up mortality rates, leading to higher future claims and hence remain a key monitorable. Apart from this, risks in the form of cybersecurity threat or customer data breach or mis-selling practices can affect Canara HSBC Life's regulatory compliance and reputation. The company also undertakes an awareness campaign on cyber fraud to safeguard customers.

Canara HSBC Life's Board comprises 11 Directors, with six Independent Directors and also includes one female Director. The company has a policyholder protection, grievance redressal and claims monitoring committee chaired by an independent director aimed at monitoring best adoption of sound practices in areas of sales, redressals and customer awareness and education.

## Applicable criteria

[Definition of Default](#)

[Factoring Linkages Parent Sub JV Group](#)

[Issuer Rating](#)

[Rating Outlook and Rating Watch](#)

[Life Insurance Sector](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Insurance	Life insurance

Canara HSBC Life was incorporated on September 25, 2007, and is licensed by the Insurance Regulatory & Development Authority of India (IRDAI) to conduct life insurance business in India. The company commenced operations in June 2008. It is a JV between Canara Bank (36.5%) and HSBC Insurance (Asia Pacific) Holdings Limited (25.5%). The company was listed on NSE and BSE in October 2025 with rest of shareholding spread between public (25%) and PNB (13%) as an investor. It is engaged in life insurance and pension business.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY2026 (UA)
Gross direct premium	7,129	8,027	6,931
PAT	113	117	92
Tangible net worth (including fair value change)	1,419	1,517	1,571
Solvency (x)	2.13	2.06	1.91
Persistency ratio (13 <sup>th</sup> month) (%)	80.70%	82.50%	86.00%
Persistency ratio (61 <sup>st</sup> month) (%)	55.40%	57.70%	59.10%

A: Audited UA: Unaudited; Note: these are latest available financial results

### Status of non-cooperation with previous CRA:

Not applicable

### Any other information:

Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

**Annexure-1: Details of instruments/facilities**

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Debt-Subordinate Debt - Proposed	-	-	-	-	250.00	CARE AA+; Stable
Issuer Rating-Issuer Ratings	-	-	-	-	0.00	CARE AAA; Stable

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Issuer Rating-Issuer Ratings	LT	0.00	CARE AAA; Stable	1)CARE AAA; Stable (07-Apr-25)	-	1)CARE AAA; Stable (26-Mar-24)	1)CARE AAA; Stable (21-Mar-23) 2)CARE AAA; Stable (26-Dec-22) 3)CARE AAA (Is); Stable (01-Apr-22)
2	Debt-Subordinate Debt	LT	250.00	CARE AA+; Stable	-	-	-	-

LT: Long term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities**

Not applicable

**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Debt-Subordinate Debt	Complex

**Annexure-5: Lender details**

To view lender-wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

## Contact us

<p><b>Media Contact</b></p> <p>Mradul Mishra Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3596 E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a></p> <p><b>Relationship Contact</b></p> <p>Pradeep Kumar V Senior Director <b>CARE Ratings Limited</b> Phone: 044-28501001 E-mail: <a href="mailto:pradeep.kumar@careedge.in">pradeep.kumar@careedge.in</a></p>	<p><b>Analytical Contacts</b></p> <p>Sanjay Agarwal Senior Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3500/582 E-mail: <a href="mailto:sanjay.agarwal@careedge.in">sanjay.agarwal@careedge.in</a></p> <p>Priyesh Ruparelia Director <b>CARE Ratings Limited</b> Phone: 022-67543593 E-mail: <a href="mailto:priyesh.ruparelia@careedge.in">priyesh.ruparelia@careedge.in</a></p> <p>Shaik Abdul Saleem Associate Director <b>CARE Ratings Limited</b> Phone: 022-67543447 E-mail: <a href="mailto:shaik.saleem@careedge.in">shaik.saleem@careedge.in</a></p>
---	---

### About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: [www.careratings.com](http://www.careratings.com)

### Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to [https://www.careratings.com/privacy\\_policy](https://www.careratings.com/privacy_policy)

© 2026, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information required as per applicable law and regulations and CARE Ratings Limited holds exclusive copyright over the same. Any reproduction, retransmission, modification, derivative works or use or reference to the contents, in whole, in part or in any form, is prohibited except with prior express written consent from CARE Ratings Limited.

**For detailed Rating Report and subscription information,  
please visit [www.careratings.com](http://www.careratings.com)**