Bajaj Life Insurance Limited

April 06, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Short-term bank facilities	2,000.00	CARE A1+	Reaffirmed
Issuer rating	--	CARE AAA; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings continues to be supported by Bajaj Life Insurance Limited's (Bajaj Life) strong parentage, with Bajaj Finserv Limited (BFS) holding 77.33% of the equity effective from March 20, 2026, and the associated financial, managerial, and operational linkages.

In January 2026, Bajaj Finserv Limited, Bajaj Holdings & Investment Limited, and Jamnalal Sons Private Limited acquired shares of the Company representing 1.01%, 17.56%, and 4.43% of the issued share capital, respectively. Subsequently, in March 2026, the Company bought back equity shares representing ~3% of its issued share capital from Allianz SE. Pursuant to the completion of the buyback, the Bajaj Group now holds 100% of the issued and paid-up equity share capital of the Company.

CARE Ratings Limited (CareEdge Ratings) takes note of these developments and that the change in shareholding will not impact Bajaj Life's credit profile. Bajaj Life would continue receiving operational, business, and managerial support from the Bajaj Group as has been demonstrated so far.

The company also benefits from strong business synergies and brand association stemming from its parentage. The rating further reflects Bajaj Life's strong market position, robust solvency levels, steady business growth, established franchise, and healthy liquidity profile.

However, rating strengths are partially offset by its moderate profitability and exposure of its business growth and profitability to evolving regulatory landscape.

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

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

- Material dilution in shareholding pattern and/or weakness in the credit profile of promoter entities.
- Solvency margin falling below 1.8x on a sustained basis.
- Significant deterioration in profitability on a sustained basis.

Analytical approach: Standalone

Standalone and factoring in strength of promoters; operational and financial linkages of Bajaj Life with its promoters.

Outlook: Stable

The Stable outlook reflects CareEdge Ratings' view that the company will continue its growth momentum and steadily improve its market share and profitability, while maintaining its solvency levels.

Detailed description of key rating drivers:

Key strengths

Strong promoter, support and experienced management

As of December 31, 2025, Bajaj Life operated as a joint venture between BFS, which held a 74% stake, and Allianz SE, which held the remaining 26%. In January 2026, Bajaj Finserv Limited, Bajaj Holdings & Investment Limited, and Jamnalal Sons Private

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Limited acquired shares of the Company representing 1.01%, 17.56%, and 4.43% of the issued share capital, respectively. Subsequently, in March 2026, the Company bought back equity shares representing ~3% of its issued share capital from Allianz SE. With this, the Bajaj Group increased its ownership in Bajaj Life to 100%. CareEdge Ratings notes this development and that change in shareholding will not have material impact on the company's credit profile.

The business continues to be guided by a seasoned leadership team, with key managerial personnel averaging nearly a decade of tenure within the company, complemented by strong oversight from the Bajaj Group at the Board level. The insurance business remains a core component of BFS's overall strategic focus. As a core investment company, BFS serves as the holding entity for the group's financial services operations, with a diversified presence across lending (secured and unsecured), life insurance, and general insurance through its subsidiaries.

Being the life insurance arm of the Bajaj Group, Bajaj Life continues to be a strategically important entity. This is reflected in the high degree of capital, managerial, and operational support extended by its promoter entities, in addition to the advantages of a shared brand identity.

From a governance standpoint, the company's Board comprises nine directors, including four independent directors. The Board includes representation from the promoter group, with Sanjiv Bajaj (Chairman & Managing Director, BFS) serving as the Chairman of Bajaj Life's Board. The management team is led by Tarun Chugh (MD & CEO), who joined the organisation in April 2017 and brings over 30 years of experience in the financial services sector, including over 20 years in the Indian life insurance industry. The broader management team consists of experienced professionals heading key functions across the organisation.

Strong solvency position
Bajaj Life continues to maintain a robust solvency position, with solvency levels remaining among the strongest within the Indian life insurance industry for players of comparable scale. As of December 31, 2025, the company reported a solvency ratio of 3.33x (March 2025: 3.59x), well-above the regulatory minimum requirement of 1.5x. This corresponds to a liquidity surplus of ₹8,310 crore (March 2025: ₹8,280 crore), providing the company with significant financial flexibility to further expand its traditional product portfolio.

Despite modest internal accruals with a three-year average return on net worth (RONW) of 4.45%, the company's solvency remains strong and much higher than regulatory threshold of 1.5x. CareEdge Ratings expects Bajaj Life to continue maintaining healthy solvency buffers going forward.

Strong growth in business with moderate profitability
The company's gross written premium (GWP) increased by 18% year-on-year to ₹27,160 crore in FY25. Its focus on expanding the retail insurance segment led to individual business accounting for 83% of total GWP in FY25 (previous year: 80%), while the group business contributed the remaining 17% (PY: 20%). First-year premium grew by 12% y-o-y to ₹7,002 crore in FY25, driven by the company's efforts to strengthen its retail portfolio.

In terms of business mix, the share of unit-linked investment plan (ULIP) funds as a proportion of total individual premium stood at 41% in 9MFY26 (FY25: 38%). Participation (PAR) products declined to 24% (FY25: 25%), while non-PAR stood around ~29% (FY25: 32%). The protection segment also remained range-bound, contributing 6% (FY25: 5%).

For FY25, the net new business margin (NBM) on annualised new business premium (ANP) remained largely stable at 14.5% (PY: 14.6%). Margin moderation, driven by continued growth in individual rated new business premium (IRNBP) and a marginal rise in claims payout as a percentage of net premium, resulted in a decline in RONW to 4.62% in FY25 (PY: 5.14%).

In 9MFY26, NBM on ANP rose to 16.40% (against 11% in the previous year), driven by higher new business value. However, annualised RONW fell to 1.88% (against 5.65% last year) on account of impact of GST and wage code changes, and lower investment income amid volatile market conditions. CareEdge Ratings also notes that the company's profitability remained moderate compared to larger peers.

Persistency ratios (premium-based) saw moderation across few cohorts in 9MFY26:

- 13th month persistency reduced to 81.7% (March 2025: 82.0%),
- 25th month stood at 73.6% (March 2025: 74.2%),
- 61st month declined to 52.3% (March 2025: 54.0%).

However, improvements were noted in:

- 37th month persistency, which increased to 65.9% (March 2025: 64.6%), and
- 49th month persistency, which also rose to 61.9% (March 2025: 61.4%).

Strong and established distribution franchise

Bajaj Life is among leading private life insurers, holding a 8.30% market share in individual rated new business within the private life insurance segment in FY25 (previous year: 8.60%). The company diversified its distribution mix by expanding into non-agency channels, which were traditionally dominated by the agency model. It has been increasing its focus on the retail segment by strengthening its own sales force, enabling better upselling and cross-selling opportunities and by forging partnerships with corporate distributors and other partners.

In 9MFY26, the share of individual NBP sourced through the direct channel stood at 25% (PY: 27%). Remaining contributions came from individual agents at 26% (PY: 28%), corporate agents–banks at 35% (PY: 31%), corporate agents–others at 4% (PY: 4%), and brokers at 10% (PY: 10%).

Going forward, CareEdge Ratings expects further diversification in the distribution channel mix, with an increased emphasis on direct sourcing.

Key weaknesses

Changing regulatory dynamics and competitive industry landscape

Long-term growth prospects for Indian life insurance sector remains robust 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, expected migration to IND AS 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

Bajaj Life has a strong liquidity profile with positive operating cashflows supported by healthy business growth. Bajaj Life's cash inflows (premiums received+ investment income) in FY25 stood much higher at ₹32,265 crore against cash outflows (claims payouts + total expense) of ₹20,969 crore, indicating a healthy liquidity buffer to meet these obligations. Additionally, 59% of total investments were invested in highest credit rated securities (Sovereign/AAA) as on December 31, 2025, providing adequate liquidity buffer.

Assumptions/Covenants

Not applicable

Environment, social, and governance (ESG) risks

Although Bajaj Life's service-oriented business model limits its direct exposure to environmental risks, credit risk may arise, if operations of any asset class of the portfolio are adversely impacted by environmental factors.

Social risks in the form of a cybersecurity threat or customer data breach or mis-selling practices can affect Bajaj Life's regulatory compliance and reputation and hence remain a key monitorable.

Bajaj Life's Board comprises nine Directors, with four Independent Directors and also includes one female Director.

Applicable criteria

Policy on Default Recognition

Notching by Factoring Linkages in Ratings

Issuer Rating

Assigning 'Outlook' or 'Rating Watch' to Credit Ratings

Rating of Short Term Instruments

Life Insurance Sector

About the company and industry

Industry classification

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

Formerly known as Bajaj Allianz Life Insurance Company Limited, Bajaj Life was incorporated on March 12, 2001, and operates as a life insurance provider under the Bajaj Group. Following Allianz SE exit, the current shareholding stands at 77.33% with BFS, 18.10% with Bajaj Holdings & Investment Limited, and 4.57% with Jamnalal Sons Private Limited.

The company received its life insurance business license from the Insurance Regulatory and Development Authority of India (IRDAI) on August 03, 2001. Bajaj Life offers a diversified product portfolio across traditional non-linked and unit-linked insurance segments. As of December 31, 2025, the company operates through a network of 597 branches across India, covering urban and rural regions (compared to 596 branches as of March 2025). Distribution of NBP as of December 31, 2025, is driven by multiple channels: Individual Agents (14%), Bancassurance (26%), Corporate Agents – Others (13%), Brokers (9%), and Direct Business (37%).

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (A)
Gross Direct Premium	23,043	27,160	21,698
Profit after tax (PAT)	563	508	153
Tangible net worth (TNW)*	11,128	10,883	10,798
Solvency (x)	4.32	3.59	3.33
Persistency ratio (13th month) (%)	84.80	82.00	81.70
Persistency ratio (61st month) (%)	54.10	54.00	52.30

A: Audited; Note: these are latest available financial results
*Net of deferred tax assets and intangibles

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
Fund-based - ST-Daylight Overdraft Credit Facility		-	-	-	2000.00	CARE A1+
Issuer Rating		-	-	-	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 (27-Mar-25) 2)CARE AAA; Stable (23-Jul-24)	1)CARE AAA; Stable (29-Mar-24)	1)CARE AAA; Stable (28-Mar-23) 2)CARE AAA; Stable (26-Dec-22)
2	Fund-based - ST-Daylight Overdraft Credit Facility	ST	2000.00	CARE A1+	-	1)CARE A1+ (27-Mar-25) 2)CARE A1+ (23-Jul-24)	-	-

LT: Long term; ST: Short 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	Fund-based - ST-Daylight Overdraft Credit Facility	Simple
2	Issuer Rating	Not applicable

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.

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About us:
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