HDFC Life Insurance Company Limited

November 16, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Subordinated debt*	SEBI	750.00	CARE AAA; Stable	Reaffirmed
Subordinated debt*	SEBI	2,000.00	CARE AAA; Stable	Reaffirmed
Subordinated debt*	SEBI	500.00	CARE AAA; Stable	Assigned

Details of instruments/facilities in Annexure-1.

*The rated subordinated debt issuance exhibits 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 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

The ratings derive strength from HDFC Life Insurance Company Limited's (HDFC Life) strong market position as one of the leading life insurance companies in India, its strong distribution franchise and underwriting capabilities, healthy profitability, adequate solvency levels, and comfortable liquidity buffers. Ratings continue to draw comfort from its strong parentage with HDFC Bank Limited (HBL; rated 'CARE AAA, Stable') holding 50.53% in HDFC Life, and the strategic importance of HDFC Life to the HDFC group with shared brand name and a demonstrated track record of timely financial support. Presence of HBL executives on HDFC Life's Board strengthens managerial oversight. CARE Ratings Limited (CareEdge Ratings) expects HBL to maintain majority shareholding in HDFC Life and to extend need-based capital support for its business growth.

CareEdge Ratings notes the evolving regulatory dynamics and competitive landscape. Some of the key regulatory changes proposed include insurance distribution related reforms, implementation of Indian accounting standards (Ind-AS) and migration to risk-based capital framework in the medium term. While these measures are expected to be favourable for the Indian insurance industry over the longer term, they may lead to changes in operating models and technology adoption in the medium term.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Not applicable

Negative factors

- Material dilution in the ownership by, expected support from, and strategic importance to HBL.
- Deterioration in the credit profile of HBL.
- Solvency margins remaining below 1.7x on a sustained basis.
- Significant decline in market position or profitability on a sustained basis.

Analytical approach:

Standalone, while factoring in strength of the promoter, HBL, including operational and financial linkages of HDFC Life with HBL.

Outlook: Stable

Stable outlook reflects CareEdge Ratings' expectation that the company will continue to receive need-based support from HBL while maintaining its strong market position and profitability.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.

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

Detailed description of key rating drivers

Key strengths

Strong parentage and support

HDFC Life is a strategically important entity for its parent, HBL, which holds 50.53% stake in the company as on September 30, 2026. HBL is a domestic systemically important bank and the largest private sector bank in India, with a total balance sheet size of ₹45.78 lakh crore as on September 30, 2026. HBL's subsidiaries operate across a wide range of financial services, including non-banking financial services, insurance, asset management, broking, and others. HDFC Life's strategic importance to the HDFC group is reflected in the significant capital, managerial, and business support it receives from its parent, and the advantage of a shared brand name. HDFC Life benefits from HBL's strong distribution network, comprising 9,706 branches across India. HBL contributed over 45% through banca channel of HDFC Life in terms of individual annual premium equivalent (APE) in FY26.

HDFC Life benefits from the strategic oversight, industry expertise, strong corporate governance, and efficient risk management practices of HBL through its representation on the Board. The Board comprises six Independent Directors and three Executive Directors. HDFC Life is led by Vibha Padalkar (Managing Director and Chief Executive Officer), who has nearly two decades of experience in the insurance sector.

Going forward, CareEdge Ratings expects HBL to continue to maintain majority shareholding and provide need-based support to HDFC Life.

Adequate solvency levels

HDFC Life has an adequate solvency position supported by strong internal accruals (3-year average return on net worth [RONW] of 11.5%). The solvency position was further supported by an equity infusion of ₹1,000 crore from its promoter, HBL, through a preferential allotment in June 2026. The company reported a solvency ratio of 1.80x as on September 30, 2026 (March 2026: 1.77x), against regulatory requirement of 1.5x, translating into excess liquidity surplus of ₹3,654 crore as on September 30, 2026 (March 2026: ₹3,055 crore).

Going forward, CareEdge Ratings expects the company's solvency position to be in the range of 1.7x to 2.0x.

Strong market position as one of the leading life insurers supported by robust distribution franchise

HDFC Life is the second-largest private life insurance company in India, with an overall market share of 10.85% (PY: 11.10%) basis individual APE in FY26. In FY26, individual and group businesses contributed to 88% and 12%, respectively, of the total APE. The company's product portfolio remained diversified, with unit-linked investment plans (ULIPs) constituting 44% (PY: 39%), followed by participating (PAR) at 25% (PY: 19%), non-PAR at 18% (PY: 32%), protection at 7% (PY: 5%), and annuity at 5% (PY: 5%) to the Individual APE in FY26. While ULIPs continue to hold a major share of the product mix, supported by strong demand, despite market volatility, protection, and traditional products are expected to gain traction in the medium term, with CareEdge Ratings expecting the product mix to remain diversified with growth momentum sustained across segments.

HDFC Life's market position is supported by its well-established distribution franchise comprising 717 branches, 500+ distribution partners, and ~2.8 lakh agent base, which provides it with a wide reach across customer segments, enabling it to source a higher share of individual business. As on March 31, 2026, the bancassurance channel accounted for 58% of Individual APE (PY: 59%), agency 18% (PY: 18%), brokers and others 14% (PY: 13%), and the direct channel (including online) 10% (PY: 10%). The bancassurance channel continues to remain the dominant distribution channel, primarily supported by HBL. In addition, the company has tie-ups with other private and regional banks apart from tie-ups with non-banking financial companies (NBFCs), micro finance institutions, small finance banks, and new-age partners across e-commerce, telecom, automotive, mutual funds, and fintech segments.

Going forward, CareEdge Ratings expects HDFC Life to continue upholding its strong market position, supported by its robust distribution network and strong brand identity.

Business growth and persistency, supporting healthy profitability

HDFC Life clocked a 4-year compounded annual growth rate (CAGR) of 10.6% in terms of new business premium (NBP) to ₹36,096 crore in FY26 (PY: ₹33,365 crore). In line with growth in NBP, the APE grew at 4-year CAGR of 14.28% to ₹16,641 crore in FY26 (PY: ₹15,479 crore), driven by continued focus on individual business.

Individual APE clocked 4-year CAGR of 14% to ₹14,635 crore in FY26. Value to new business (VNB) margins remained range bound at 24.24% in FY26 (PY: 25.6%). This was led by continued product innovations in all products segments.

Embedded value operating profit (EVOP) grew to ₹8,335 crore (PY: ₹7,922 crore) supported by strong VNB growth and stable persistency across cohorts, while embedded value (EV) rose 12% to ₹62,139 crore as on March 31, 2026. Backed by healthy margins, robust underwriting practices, and strong persistency, RONW stood at 11.35% in FY26 (PY: 11.76%).

In H1FY27, VNB margins grew to 24.71% (March 31, 2026: 24.24%) and the operating return on embedded value (ROEV) and annualised RONW stood at 14.90% for the period ending September 30, 2026 (March 31, 2026: 15.04%), and at 12.39% for the period ending September 30, 2026 (March 31, 2026: 11.35%), respectively. Going forward, CareEdge Ratings expects VNB margins to continue to be range bound in the near term, with some uptick expected in the medium term, driven by continued focus on individual business.

HDFC Life's profitability is supported by robust underwriting practices and strong persistency levels, although it moderated in early cohorts as on September 30, 2026, with 13th month persistency of 83.3%, 25th month persistency of 74.8%, 37th month persistency of 73.9%, 49th month persistency of 70.0%, and 61st month persistency of 66.0%.

Key weaknesses

Changing regulatory dynamics and competitive industry landscape

Long-term growth prospects for the Indian life insurance sector remain favourable, supported by low life insurance penetration relative to gross domestic product (GDP) and sustained socio-economic growth. The sector continues to undergo regulatory evolution, with the recent reforms being goods and services tax (GST) exemption and new surrender value rules. There are several other key reforms proposed by the regulator including distribution reforms, adoption of Indian Accounting Standards (Ind-AS), and transition towards a risk-based capital framework, to be implemented over the medium term. While these measures are expected to strengthen product offerings, enhance efficiency, and support the industry's progress towards the vision of "Insurance for All by 2047", it is also expected to lead to changes in insurers' operating models and technology adoption, with competition in the industry likely to intensify in the medium term.

Liquidity: Strong

HDFC Life's liquidity remains strong, supported by healthy operating cashflows, this apart majority investments in fixed income securities (largely central government bonds), listed equity shares, and money market instruments, which are readily marketable. Cash and bank balances stood at ₹494 crore as on September 30, 2026.

In FY26, cash inflows (premiums received+ investment income) stood at ₹95,001 crore against benefits payouts of ₹40,094 crore and total expense (opex + commission) of ₹14,602 crore. The company's liquidity profile is further supported by strong brand name and financial flexibility, which enables it to raise funds through subordinated debt at competitive rates.

Environment, social, and governance (ESG) risks

Although HDFC Life's service-oriented business model limits its direct exposure to environmental risks, credit risk may arise if operations of investment entity in its portfolio are adversely impacted by environmental factors. Social risks in the form of cybersecurity threat or customer data breach or mis-selling practices can affect HDFC Life's regulatory compliance and reputation, and hence, remain a key monitorable.

The company has an ESG governing body and environment and climate change policy in place. The company identifies, assesses, and manages current and emerging risks, ensuring preparedness against disruptions while unlocking potential opportunities. The company prioritises ethical business practices, with safeguards against fraud, corruption, and other misconduct.

Applicable criteria

Definition of Default
Rating Outlook and Rating Watch
Factoring Linkages Parent Sub JV Group
Life Insurance Sector

About the company and industry

Industry classification

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

HDFC Life, a leading private life insurer in India since 2000, was initially a joint venture between HDFC Limited and Abrdn (Mauritius Holdings) 2006 Limited [formerly Standard Life (Mauritius Holdings) 2006 Limited], with Abrdn exiting fully by 2023. Post the HDFC Limited and HDFC Bank merger, HBL holds a 50.53% stake in HDFC Life as on September 30, 2026. The company offers a wide range of products across protection, savings, investment, annuity, and health, with a well-balanced product mix. Leveraging access to 9,706 HDFC bank branches, HDFC Life has a diversified distribution network, including over 500 partners and 717 of its own branches, with bancassurance contributing 58% to individual APE in FY26.

Standalone financials – HDFC Life

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	H1FY27 (UA)
Gross direct premium	71,045	79,387	39,569
Profit after tax (PAT)	1,802	1,910	1,119
Tangible net-worth*	16,072	17,580	19,287
Solvency (x)	1.94	1.77	1.80
Persistency ratio (13th month) (%)	86.90	84.90	83.30
Persistency ratio (61st month) (%)	63.50	64.40	66.00

A: Audited; UA: Unaudited; Note: These are latest available financial results.
*Adjusted to intangible assets and deferred tax assets.

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

For complexity level of instruments rated refer to Annexure-1.

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Subordinated Debt	SEBI	Complex	Proposed	-	-	-	500.00	CARE AAA; Stable
Subordinated Debt	SEBI	Complex	INE795G08035	09-Oct-2024	8.05	09-Oct-2034	1000.00	CARE AAA; Stable
Subordinated Debt	SEBI	Complex	INE795G08043	14-Feb-2025	8.10	14-Feb-2035	1000.00	CARE AAA; Stable
Subordinated Debt	SEBI	Complex	INE795G08050	15-Dec-2025	7.63	15-Dec-2035	750.00	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 2026-2027	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
1	Subordinated Debt	LT	2000.00	CARE AAA; Stable	1)CARE AAA; Stable (21-Sep-26)	1)CARE AAA; Stable (28-Nov-25) 2)CARE AAA; Stable (08-Sep-25)	1)CARE AAA; Stable (10-Sep-24)	-
2	Subordinated Debt	LT	750.00	CARE AAA; Stable	1)CARE AAA; Stable (21-Sep-26)	1)CARE AAA; Stable (28-Nov-25)	-	-
3	Subordinated Debt	LT	500.00	CARE AAA; Stable	-	-	-	-

LT: Long term

Annexure-3: Not applicable

Annexure-4: 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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