# ‘Shift in product mix will continue in FY26’

**AMIT JHINGRAN**, managing director and chief executive officer of SBI Life Insurance, spoke about the reducing dependence on unit-linked insurance plans (Ulips) and growth strategy for the current financial year, in an interview with **Aathira Varier** in Mumbai. Edited excerpts:

**Why was premium income growth muted in FY25?**
The company grew around 13 per cent on an individual annual premium equivalent (APE) basis. Total APE was somewhat muted because of lower contribution from the group fund. We consciously did not go looking for it as we found the rates being offered in the industry to be margin negative for us. In the coming year also, we will be growing around 14 per cent on an individual APE basis and 12–13 per cent on a total APE basis. For financial year FY25, we always had a target to shift the product mix towards non-Ulip products based on assessment of the customer's financial needs. Our efforts paid off in the last quarter, and the share of Ulips came down much below 60 per cent in Q4FY25. This was accompanied by good growth in our traditional products. We launched four products in the traditional segment. Increased focus on traditional products and volatility in the equity markets played a role in lowering the contribution of Ulips in total sales.

**The company has achieved the value of new business (VNB) margin target for the year. How do you see your margins in FY26?**
Our VNB margin in Q4 was 30.5 per cent. It is very strong and this was driven by improvement in the product mix. We ended the financial year (FY25) with 27.8 per cent which was in line with our guidance. For the upcoming year (FY26) also, we stick to the same range of around 27–28 per cent.

**Why did the bancassurance channel's share decline in the distribution mix?**
The bancassurance for the company has traditionally been very strong and we have scope for improving the penetration. So, we will continue to work. But at the same time, we also see a lot of opportunities on the agency side. We started a drive called Agency 2.0 at the start of April last financial year (FY25) and that resulted in a very healthy annual growth of 23 per cent in the agency channel. Going forward, this drive will continue. Agency is expected to grow nearly 25 per cent in FY26. This year, on a gross basis, we added almost 97,000 agents. There were a few attritions also — agents who were not providing the minimum business requirement were de-registered.

**Amid increased focus on agency, how do you see the growth in the bancassurance channel?**
The company's bancassurance channel share in the overall industry is 29 per cent. In FY25, the growth in banca was 9 per cent and has been growing at a three-year compound annual growth rate (CAGR) of 10-12 per cent. We are targeting a low-double digit growth in the banca channel next year.

**Going forward, what is the ideal mix you are looking at?**
An ideal product mix depends on the strengths of the company and how it caters to the needs of customers. In our company, we saw that Ulips had a large share and in order to diversify the product mix, we tried to improve the share of other segments. We believe that the shift in product mix will continue in FY26 and we should be able to maintain the Ulip contribution at around 65 per cent and 35 per cent for traditional products.

**In FY26, amid the possibility of further interest rate cuts, are you expecting any rate revision in guaranteed products?**
For guaranteed products, we will definitely keep an eye on the movement and interest rates. As of now, we are not tweaking internal rate of return (IRR), but there is a sharp eye on the interest rate movement. Depending on how any further rate cut pans out, we will definitely be revisiting the rates.

> "OUR EFFORTS PAID OFF IN THE LAST QUARTER. THE SHARE OF ULIPS WAS BELOW 60% IN Q4. THIS WAS ACCOMPANIED BY GOOD GROWTH IN OUR TRADITIONAL PRODUCTS"
> P AMIT JHINGRAN, MD & CEO, SBI Life Insurance