ADITYA BIRLA CAPITAL
LIFE INSURANCE

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Group scale and IFRS shift to anchor next phase of growth: Kamlesh Rao

In an interview with ETBFSI, Kamlesh Rao, MD and CEO of Aditya Birla Sun Life Insurance, said the upcoming transition to IFRS accounting will materially change how life insurers' growth and margins are reflected in financials. He said sustained compounding with expanding margins will translate more visibly under the new reporting regime.

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Kamlesh Rao, MD & CEO, Aditya Birla Sun Life Insurance

With Indian life insurers preparing to transition to IFRS-based reporting over the next two years, accounting optics, not just premium growth, could reshape how profitability is perceived across the sector. Kamlesh Rao, MD and CEO of Aditya Birla Sun Life Insurance (ABSLI), said the accounting shift will reward insurers that combine sustained growth with margin discipline.

"Today we report under Indian GAAP, but when we move to IFRS in about two years, growth with maintained or expanded margins will reflect very healthily under the IFRS regime for the life insurance business," Rao told ETBFSI in an interview.

Unlike Indian GAAP, IFRS accounting alters the timing of profit recognition in life insurance, especially for long-duration contracts. Insurers with consistent compounding and stable VNB margins are expected to see smoother earnings visibility under the new framework.

ABSLI, which manages assets of about Rs 1.10 lakh crore, has a diversified book split between institutional and retail segments. Of this, roughly Rs 27,000-28,000 crore comes from group business, while Rs 80,000-82,000 crore is from individual life insurance.

"We are ranked fourth in group life and seventh in individual life," Rao said, underlining the company's dual engine strategy. "Our focus is steady growth with expanding margins."

The group segment, often driven by institutional mandates and credit-linked covers, provides scale and stability, while the individual segment drives long-term value creation through persistency and margin expansion.

On the claims front, Rao said the company continues to maintain strong settlement ratios, with a clear focus on faster turnaround and tighter underwriting standards. He noted that as the portfolio mix evolves, especially in credit life and group segments, claims experience remains closely monitored to protect margins while ensuring customer trust. According to him, disciplined underwriting and proactive claims management remain central to sustaining profitability in a changing regulatory and product environment.

As IFRS adoption approaches, Rao suggested that insurers focusing solely on near-term premium acceleration may see more volatility in reported earnings compared with those building compounding businesses.

With regulatory resets, evolving product economics and accounting transition converging, the next phase for life insurers may be less about headline premium growth and more about the quality and sustainability of that expansion, a shift that IFRS could make far more visible.