

CRYPTOCURRENCY LIVE

BTC | BUY NOW

₹45,33,281 4.57%

ETH | BUY NOW

₹2,84,559 4.79%

BNB | BUY NOW

₹37,444 7.97%

ADA | BUY NOW

₹172 4.15%

MARKET WATCH ▾

THE ECONOMIC TIMES | Industry

English Edition | E-Paper

Subscribe Sign In

Special Offer on ET Prime

Home ETPRime Markets News Industry RISE Politics Wealth MF Tech Jobs Opinion NRI Panache ET NOW More ▾

Auto ▾ Banking/Finance ▾ Cons. Products ▾ Energy ▾ Renewables ▾ Ind'l Goods/Svs ▾ Healthcare/Biotech ▾ Services ▾ Media/Entertainment ▾ More ▾

Business News > Industry > Banking/Finance > Insure > Motor insurance showing signs of recovery post-Covid: CARE Ratings

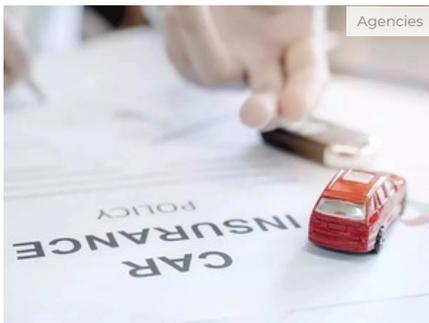
Motor insurance showing signs of recovery post-Covid: CARE Ratings

By Joel Rebello, ET Bureau Last Updated: Oct 14, 2021, 06:25 AM IST

SHARE FONT SIZE SAVE PRINT COMMENT

Synopsis

The agency expects motor insurance premiums to grow at around 6% to 8% driven by any increase in third party insurance rates and higher auto sales, the ratings agency said.



Agencies

Motor insurance is set to rise this fiscal year helped by increase in mobility as post pandemic economic recovery gathers momentum, rating agency Care said in a report.

The agency expects **motor insurance premiums** to grow at around 6% to 8% driven by any increase in third party insurance rates and higher auto sales, the ratings agency said.

"Furthermore, given that 57% of the vehicles on road are not insured (**Insurance Information Bureau of India (Motor ARFY19)**), bringing a portion of these vehicles under coverage would add heft to the industry growth," Care said.

Motor insurance premium has grown from Rs.15,343 crore in FY10 to Rs.67,764.7 crore in FY21 at a compound annual growth rate (CAGR) of 14.5% as motor vehicles on road have doubled in the last six years and third party insurance (TPI) has been made mandatory in India.

TPI protects vehicle owner from any financial liabilities caused by injury or damage to third party due to use of vehicles.

Though business has grown in the last 11 years gross premiums declined 1.67% in the fiscal ended March 2021 due to a slowdown in the auto sector which

Popular in Industry

1. Zee fight: Invesco claims potential transaction was negotiated between Reliance and Punit Goenka
2. Govt asks power plants to blend 10% imported coal to step up supply

ET

ET

was hit by restricted mobility due to a national lockdown in the first half of the year.

To be sure though though motor insurance premiums have increased over the last year, they are yet to reach the pre-pandemic levels as auto sales are yet to reach similar levels.

But signs are that things are picking up this fiscal for example in August 2021 the gross premium collected increased to Rs 23,500 crore up 5.9% from Rs 22,200 crore in August 2020.

Growth in fiscal 2021 also suffered as there was no revision for the prevailing TPI rates. The annual growth rate for FY10-FY20 was 16.2%, while the growth rate for FY10-FY19 was 17.3%, highlighting the slowing growth momentum in the last couple of years in this segment.

Digital issuance and online channels are also expected to contribute to faster growth in this segment, together with a large number of uninsured vehicles in India.

Care analysis shows that the 57% of vehicles, mostly two wheelers are uninsured as of March 2020 down from 60% as of March 2018, indicating a higher number of vehicles which are getting into the insurance bucket.

“However, given that no increase in the motor TPI premium has been announced, the sector is expected to witness pressure on near-term profitability. Furthermore, lower auto sales, high lapse-ratio (especially in the two-wheeler segment), unfavourable changes in macro-economic factors, and uncertainties in the regulatory landscape could be characterised as key challenges to the industry growth,” CARE said.

(Originally published on Oct 13, 2021)

READ MORE NEWS ON

Motor Insurance Care Ratings Motor Insurance Premiums Covid Pandemic

Insurance Information Bureau Of India

(Catch all the **Business News**, **Breaking News** Events and **Latest News** Updates on **The Economic Times**.)

Download **The Economic Times News App** to get Daily Market Updates & Live Business News.

COMMENT

ETPrime stories of the day

3. Tata Sons shortlists candidates for Air India CEO post

ET

4. What will Tata Group do with three airlines in its stable?

ET

5. RIL invests in German solar wafer company NexWafe, signs pact with Danish hydrogen electrolyser firm Stiesdal

ET

TOP TRENDING INDUSTRY TERMS



Vodafone Idea

Ratan Tata

Bharat Biotech

Petrol Price Today

Most Popular News

1. Musk-backed token turns Rs 1,000 into Rs 34 lakh in just two months

ET

2. Rakesh Jhunjhunwala's latest pick is a three-bagger of last one year

ET

3. 4th richest Indian shrugs off ESG rules to own one-third in a cigarette firm

ET

4. Is Bitcoin headed towards record high? Explained in 4 charts

ET

5. Diwali sale: Here are seven kinds of offers from OnePlus

ET