

Motor insurance grew faster than health during Q1FY23

By **Shahkar Abidi** 21 Jul 2022



The motor insurance segment has grown faster than that for health for Q1FY23 at 27.5 percent and reached Rs 15,766 crore which can primarily be attributed to the low base of last year and an increase in auto sales, according to data collated by CareEdge, a leading credit rating agency. This growth rate is significantly better than Q1FY22 when the growth witnessed was just about 3.1 percent.

The health segment, in contrast, grew by 22.5 percent for the Q1 of fiscal 2023, which is lower than the growth of 30 percent witnessed in the year-earlier quarter, a period when pandemic was its peak.

As per the available data, while motor own damage (OD) grew by 29.8 percent in Q1FY23 as against 7.3 percent during similar period last year, third-party liability cover witnessed a higher jump of 26 percent when compared to just 0.5 percent. To be sure, the third-party liability rate hike which came into force at the beginning of the month added to the growth.

To put things in perspective, the automobile industry's domestic sales grew 27.2 percent y-o-y in June 2022. The growth was largely on account of the low base effect as the year-ago period was hit by the second wave of Covid-19. Further, the growth, barring the two-wheeler segment, has nearly returned to near Covid levels. Hence, motor insurance growth would likely be in consonance with the pick-up in automotive sales. However, concerns regarding inflation and supply chain constraints due to the ongoing geopolitical tensions also persist.

The development should be seen in the context of Insurance Information Bureau of India (IIBI) data suggesting that uninsured vehicles as a percentage of vehicles on road in India for FY19 remained at a high of 57 percent with the bulk of the uninsured vehicles being two-wheelers. However, the recent Insurance Regulatory and Development Authority of India (IRDAI) circular indicating to launch add-ons such as pay as/how you drive and floater option may well encourage the adoption of OD insurance.

Tags: [vehicle insurance](#), [Motor Insurance](#), [CareEdge](#), [Insurance Information Bureau of India](#)