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India: Non-life sector starts new fiscal year with robust momentum



By AIR team | 25 May 2022



India Life & Health Property & Casualty

The non-life insurance industry in India has begun the new fiscal year with 23.3% growth in April 2022, the highest in the past seven months, notes CareEdge (earlier known as CARE Group).

Premiums reached INR212.76bn (\$2.75bn) in the first month of FY2023 which started on 1 April 2022.

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The banner features a blue background with a yellow curved border on the right. It includes a stack of gold coins, a line graph, and various financial data points like '26.98 +2.4%' and '211004 +136.00 +2.5%'. The word 'ECONOMICS' is visible in the top right corner.

The sector's growth, which was 11.1% in April 2020, has recovered to pre-COVID levels driven by the health segment. Crop insurance, however, continued to report a decline in premiums.

General insurers' April 2022 numbers grew at 23.3% vs 19.8% a year ago. This was more than 1.5x reported in March 2022. The continued growth can primarily be attributed to health insurance, followed by motor and fire segments.

Standalone private health insurers (SAHI) continued their growth trajectory as April 2022 numbers reached INR15.50bn from INR12.00bn in April 2021, a jump of 29.1% which was lower than the 48.4% growth reported in April 2021 (due to the pandemic impact because the better part of April 2020 was spent under lockdown).

Specialised insurers reported a decline in premiums in April 2022 with a fall in business in the crop insurance segment. The Agriculture Insurance Company of India received significantly lower premiums in April 2022 that offset the growth in premiums in Export Credit Guarantee Corporation of India.

In April 2022, all segments, barring the crop insurance and aviation segment, showed growth compared to April 2021 when only the crop insurance segment had reported a drop in its premium numbers.

Health insurance premiums have been the main drivers of the non-life insurance industry since the commencement of the COVID-19 pandemic. The health segment has grown by 27.4% in April 2022, which is higher than the growth of 25.8% witnessed in April 2021. This has resulted in the segment increasing its market share from 38.4% in April 2020 to 40.9% in April 2022.

Among the various segments within health, for April 2022, group business continued to hold the largest share at 63%, followed by retail at 24.8%, government at 11.3% and overseas medical at 0.9%.

The April 2022 premium growth of the SAHI continues to be higher than the industry average. This has led to SAHI holding 17.8% of the health insurance market (increasing their share from 14.9% in April 2020), while general insurance companies hold the balance

82.2%%, which was lower than the 85.1% share in April 2021.

CareEdge's View

Despite a higher base, the health segment is set to see more demand amid increased awareness post-COVID and digital solutions being complemented by offline offerings. An increase in motor third-party liability insurance premium in FY23 is also likely to aid growth. However, the growth could be limited by any unanticipated adverse impact of a new COVID variant and a rise in reinsurance rates.

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