

Non-Life Insurance Premiums: FY22 starts off with a bang with low base

May 08, 2021 | BFSI Research

Overview

Even as the second wave of Covid has caused the nascent buds of economic recovery to wilt in April 2021, the non-life insurance industry has put up a strong performance as the April 2021 monthly numbers reported a 22.1% growth continuing with trend seen during the previous month.

Non-life insurance premium reached Rs 17,309.5 crores for the month of April 2021 compared to Rs. 14,174.1 crores in April 2020. Growth is anticipated to have been driven by the low base effect | April 2020 (national lockdown in April 2020 vs. localised lockdowns in April 2021), the anticipated renewals in the fire segment (as witnessed in April 2020) along with continued strong growth in the health insurance segment.

Figure 1: Movement in Monthly Premiums

Month	Premium in FY20 (Rs cr.)	Premium in FY21 (Rs. cr.)	Premium in FY22 (Rs. cr.)	Delta (% change FY20 over FY19)	Delta (% change FY21 over FY20)	Delta (% change FY22 over FY21)
April	15,891.6	14,174.1	17,309.5	14.5%	-10.8%	22.1%
May	12,231.5	10,891.5		16.4%	-11.0%	
June	12,947.7	13,961.5		-0.2%	7.8%	
July	14,369.5	17,011.4		22.7%	18.4%	
August	15,964.7	17,623.2		16.9%	10.4%	
September	24,121.6	23,056.8		26.0%	-4.4%	
October	15,921.9	15,855.1		11.4%	-0.4%	
November	14,585.9	14,981.0		13.0%	2.7%	
December	16,048.9	17,936.0		12.0%	11.8%	
January	17,333.7	18,488.1		7.8%	6.7%	
February	13,805.8	15,767.1		6.5%	14.2%	
March	15,635.4	19,298.9		-11.5%	23.4%	

Source: IRDAI

This strong growth in April 2021 also needs to be juxtaposed against the April 2019 numbers which were not affected by the pandemic caused national lockdown. It can be witnessed that the non-life sector grew at a CAGR of 4.4% between April 2019 and April 2021, highlighting the impact of the lockdown in April 2020. It should be noted that April 2020 premiums had the benefit of increased rates in fire insurance (GIC Re had increased reinsurance rates in March 2019 and January 2020) which had led to a rise in April fire premiums.

Figure 2: Movement in Gross Direct Premium Underwritten (Rs cr)

Insurers	For Apr 2019	For Apr 2020	For Apr 2021	Apr 2020 Growth in %	Apr 2021 Growth in %
General Insurers	14,974.6	13,328.2	15,946.5	-11.0%	19.6%
Stand-alone Pvt Health Insurers	831.6	809.2	1,259.2	-2.7%	55.6%
Specialized PSU Insurers	85.4	36.7	103.9	-57.0%	182.7%
Total	15,891.6	14,174.1	17,309.5	-10.8%	22.1%

Source: IRDAI

- General Insurers continue to maintain the highest share; however, the growth can be attributed to the health portfolios of these companies. Standalone Pvt Health issuers too have reported a strong premium collection of Rs. 1,259.2 crores in April 2021 compared to Rs 809.2 crores in April 2020, demonstrating a growth of 55.6%.
- Last year, general insurers had moved away from the crop insurance segment, this is reflected in the strong performance of the Agricultural Insurance Company of India Limited which has reported premiums of Rs 59.1 crores in April 2021 vs. Rs 17.8 crores in April 2020.

The non-life industry has started FY22 on a positive note. The growth in April 2021 has been driven by the private sector which grew at a much faster pace (growth of 28.5% in April 2021) compared to the public sector (growth of 14.8% in April 2021). In FY22, the economy is expected to grow at a faster in FY22 relative to FY21, non-life premiums are expected to be driven by the continued uptick in the health segment. Further, enhanced digital solutions coupled with the offline offerings are expected to contribute to the premiums of the non-life companies. Further any increase in premium rates especially for Motor TP and other segments would also drive growth in the premiums.

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