

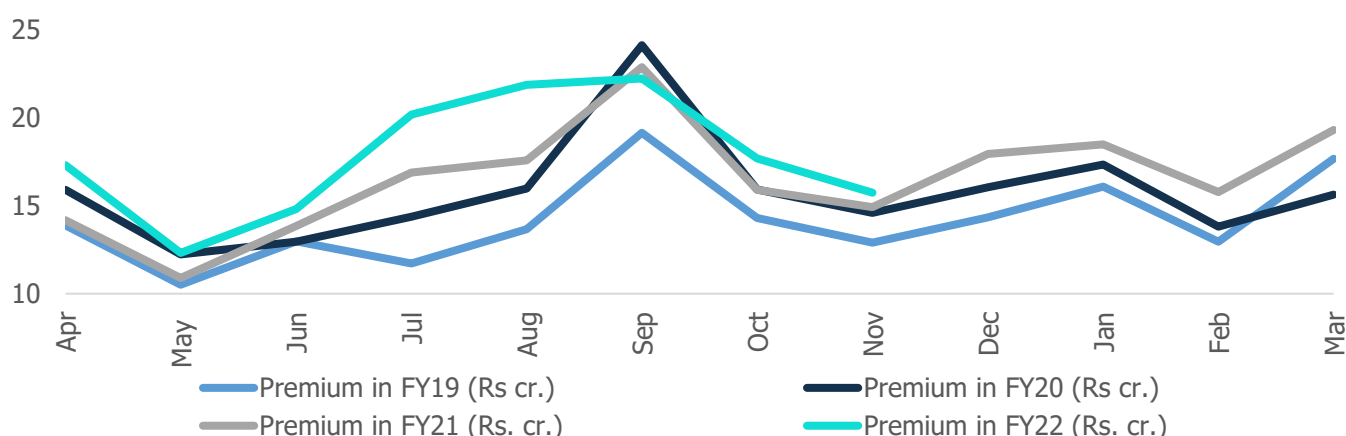
# Non-Life Insurance: Premium Growth slows in November. Health maintains pole position

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## Overview

The non-life insurance industry reported a slower growth rate of 5.5% in November which was half of the rate reported in October 2021 but was significantly higher than the 2.3% reported in November 2020. Non-life insurance premium reached Rs. 15,742.9 crores for the month of November 2021 compared to Rs. 14,919.5 crores in November 2020. The growth has continued to be driven by the health segment; with fire and the PA segments also emerging as significant contributors of growth for the month of November 2021. However, the crop insurance segment has continued to reduce and reported a decline of 43.9% for the month of November 2021 vs the drop of 10.9% in October 2021 and 10.3% in November 2020.

**Figure 1: Movement in Monthly Premiums (in Rs '000 crores)**



Source: IRDAI

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

Insurers	For Nov 2019	For Nov 2020	For Nov 2021	Nov 2020 Growth in %	Nov 2021 Growth in %	YTD Nov FY20	YTD Nov FY21	YTD Nov FY22	YTD Nov FY21 Growth in %	YTD Nov FY22 Growth in %
General Insurers	12,891.2	13,018.7	13,566.0	1.0%	4.2%	1,11,227.7	1,09,316.7	1,20,168.9	-1.7%	9.9%
Stand-alone Pvt Health Insurers	999.7	1,168.4	1,516.8	16.9%	29.8%	6,929.6	9,096.2	12,458.3	31.3%	37.0%
Specialized PSU Insurers	694.5	732.4	660.1	5.4%	-9.9%	7,878.1	8,804.3	9,501.4	11.8%	7.9%
<b>Total</b>	<b>14,585.5</b>	<b>14,919.5</b>	<b>15,742.9</b>	<b>2.3%</b>	<b>5.5%</b>	<b>1,26,035.5</b>	<b>1,27,217.2</b>	<b>1,42,128.5</b>	<b>0.9%</b>	<b>11.7%</b>

Note: HDFC Ergo Health merged into HDFC Ergo in FY21, hence FY20 numbers have been regrouped to reflect the same and align with FY21 and FY22 numbers; Source: IRDAI

- General Insurers grew at 4.2% in November 2021, lower than the 9.7% reported in October 2021 but up from the 1.0% growth in November 2020. The YTD numbers grew at 9.9% for YTD November FY22 vs a decline of 1.7% in YTD November FY21. The General Insurance segment continues to maintain the highest share; however, its continued growth can be attributed to the health portfolio, with motor (albeit at a reducing level) and fire also accounting for some growth.
- Standalone Pvt Health Insurers (SAHI) have reported a sustained premium y-o-y growth of 29.8% in November 2021 (higher compared to last November's growth rate of 16.9%) to Rs 1,516.8 crores. However, the premiums have reduced sequentially compared to Rs. 1,609.4 crores in October 2021. Similarly, YTD November FY22 numbers which reached Rs 12,458.3 crore from Rs 9,096.2 crores in YTD November FY21, a

jump of 37% vs. a growth of 31.3% in YTD November FY21, indicative of the robust growth in the retail health premiums.

- Specialized insurers reported a decline of 9.9% in November vs. an increase of 5.4% in November 2020 but rose by 7.9% for YTD November FY22 vs an increase of 11.8% in YTD November FY21.

**Figure 3: Movement in Premiums**

Insurers	For Nov 2019	For Nov 2020	For Nov 2021	Nov 2020 Growth in %	Nov 2021 Growth in %	YTD Nov FY20	YTD Nov FY21	YTD Nov FY22	YTD Nov	YTD Nov
									FY21 Growth in %	FY22 Growth in %
Public Sector	6,250.9	5,898.6	6,083.2	-5.6%	3.1%	55,919.3	54,994.5	59,357.1	-1.7%	7.9%
Private Sector	8,334.5	9,020.9	9,659.6	8.2%	7.1%	70,116.2	72,222.7	82,771.5	3.0%	14.6%

Source: IRDAI

- Public insurers premium reported a rise of 3.1% in November 2021 vs. the drop of 5.6% reported in November 2020. On the other hand, private players grew at 7.1% in October 2021 vs. a growth of 8.2% in November 2020. YTD November FY22 numbers have continued the previous trend of private players outpacing their public peers.
- Market share of private non-life insurance cos. increased from 57% in November 2019 to 61% in November 2021.

**Figure 4: Movement in Segment Premiums**

Segment	Total Premium Rs cr			YTD Nov FY20	% Share YTD Nov FY21	YTD Nov FY22	YoY Growth	
	YTD Nov FY20	YTD Nov FY21	YTD Nov FY22				YTD Nov FY21	YTD Nov FY22
Health	32,683.1	36,836.4	47,609.2	25.9%	29.0%	33.5%	12.7%	29.2%
Motor	45,315.2	41,412.9	43,008.7	36.0%	32.6%	30.3%	-8.6%	3.9%
Crop Insurance	23,501.1	21,506.0	19,670.3	18.6%	16.9%	13.8%	-8.5%	-8.5%
Fire	10,923.9	14,114.2	15,237.6	8.7%	11.1%	10.7%	29.2%	8.0%
Personal Accident	3,373.0	3,157.6	4,396.1	2.7%	2.5%	3.1%	-6.4%	39.2%
Marine	2,455.3	2,201.7	2,798.0	1.9%	1.7%	2.0%	-10.3%	27.1%
Liability	1,915.8	2,179.1	2,777.7	1.5%	1.7%	2.0%	13.7%	27.5%
Engineering	1,707.4	1,844.1	2,282.5	1.4%	1.4%	1.6%	8.0%	23.8%
Credit Insurance	919.2	829.3	872.5	0.7%	0.7%	0.6%	-9.8%	5.2%
Aviation	406.2	451.9	596.0	0.3%	0.4%	0.4%	11.3%	31.9%
All Other Miscellaneous	2,835.4	2,684.0	2,880.0	2.2%	2.1%	2.0%	-5.3%	7.3%
<b>Grand Total</b>	<b>1,26,035.5</b>	<b>1,27,217.2</b>	<b>1,42,128.5</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.9%</b>	<b>11.7%</b>

Source: IRDAI

In YTD November FY22, all segments barring the crop insurance segment, have showed a growth compared to the last year, when a majority of the segments had reported a drop in their 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 29.2% in YTD November FY22 which is more than double the growth of 12.7% witnessed in YTD November FY21 which has been aided by the fact that the early part of FY21 was spent under a nationwide lockdown. This has resulted in health segment increasing its market share from 25.9% in YTD November FY20 to 33.5% in YTD November FY22. YTD premium growth of standalone health insurers continues to be higher than industry average, indicative that retail premiums are growing faster than the group business as the standalone health insurers derive most of their premiums from the retail segment.
- SAHI players hold about 26% of the health insurance market, while general insurance companies hold about 74%, which is lower than 75% share in the previous year.
- The Motor insurance segment has continued its growth momentum; however, the growth has reduced to 3.9% for YTD November FY22 from 4.0% for YTD October FY22, compared to an 8.6% drop in YTD November FY21. However, despite this modest rise, the segment has seen its market share fall from 36% in YTD November FY20 to 30.3% in YTD November FY22, declining by close to 300ps over the two years in absolute terms.

- According to FADA, total vehicle sales reached 18.2 lakhs for the month of November 2021, a decrease of 2.7% compared to November 2020 and a fall of 19.8% compared to November 2019. The short-term auto outlook continues to be hampered by the chip shortage and fears over the new covid variant.
- Crop insurance premiums reached Rs 19,670.3 crores and have continued to decrease by 8.5% in YTD November FY22 after registering a drop of 5.2% in YTD October FY22. Last year too, the segment had recorded a drop of 8.5% in YTD November FY21. Issues such as delay in claims settlement, delay in the release of subsidy, and voluntary nature of the scheme have hampered the scheme. Pradhan Mantri Fasal Bima Yojana (PMFBY), which has also been hampered by some states opting out of the scheme.
- The YTD November FY22 Fire segment returned a steady growth rate of 8.0% marginally higher than the last month's growth rate of 7.7% but significantly lower than 29.2% growth (attributable to an increase in reinsurance rates by GIC Re) witnessed in YTD November FY21. Further the market share too has eroded by around 40 bps in YTD November FY22 after jumping by around 240 bps in YTD November FY21.

The non-life industry has continued its FY22 journey on a positive note and given the opening of the economy and anticipated growth in the same, the industry performance is expected to improve over time. YTD November FY22 growth has continued to be driven by the health segment and by the private sector which grew at a significantly faster pace (growth of 14.6% in YTD November FY22) compared to the public sector (growth of 7.9% in YTD November FY22).

The non-life premiums are expected to be driven by continued uptick in the health segment even at the higher base, rising travel leading to a boost in PA/ travel insurance, and enhanced digital solutions complemented by the offline offerings. However, the growth could be limited by the any rise in reinsurance rates, no increase in motor TP premium, any adverse impact of the new covid variant.

## Contact

Sanjay Agarwal	Senior Director	sanjay.agarwal@careedge.in	+91-22-6754 3582 / +91-81080 07676
Saurabh Bhalerao	Associate Director – BFSI Research	saurabh.bhalerao@careedge.in	+91-22-6754 3519 / +91-90049 52514
Mradul Mishra	Media Relations	mradul.mishra@careedge.in	+91 - 22 - 6754 3596

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East),  
Mumbai - 400 022  
Phone : +91 - 22 - 6754 3456 | CIN: L67190MH1993PLC071691

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