

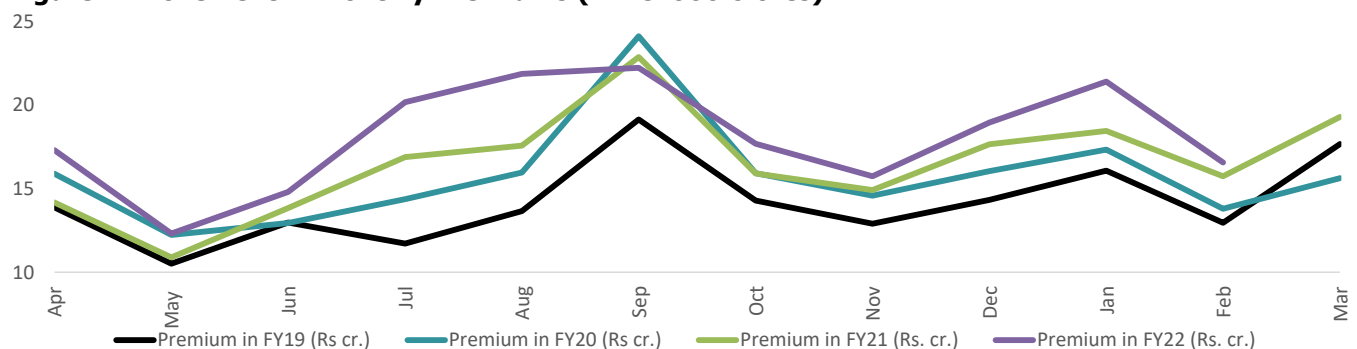
# Non-Life Insurance: Industry continues its growth momentum in February albeit at a slower pace

March 17, 2022 | BFSI Research

## Overview

The non-life insurance industry reported a growth rate of 5.2% in February 2022 and was nearly one-third of the rate reported in February 2021. Non-life insurance premium reached Rs. 16,561.0 crores for February 2022 compared to Rs. 15,747.0 crores in February 2021. The growth has continued to be driven by the health segment; motor too contributed to the growth for the month.

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



Source: IRDAI

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

Insurers	For Feb 2020	For Feb 2021	For Feb 2022	Feb 2021 Growth in %	Feb 2022 Growth in %	11M FY20	11M FY21	11M FY22	11M FY21 Growth in %	11M FY22 Growth in %
General Insurers	12,303.8	13,158.9	14,173.6	6.9%	7.7%	1,52,646.2	1,54,184.7	1,67,066.9	1.0%	8.4%
Stand-alone Pvt Health Insurers	1,180.0	1,406.3	1,831.6	19.2%	30.2%	10,402.3	13,309.0	18,048.5	27.9%	35.6%
Specialized PSU Insurers	322.0	1,181.8	555.8	267.0%	-53.0%	10,032.7	11,744.2	13,927.6	17.1%	18.6%
<b>Total</b>	<b>13,805.8</b>	<b>15,747.0</b>	<b>16,561.0</b>	<b>14.1%</b>	<b>5.2%</b>	<b>1,73,081.1</b>	<b>1,79,237.8</b>	<b>1,99,043.1</b>	<b>3.6%</b>	<b>11.0%</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 7.7% in February 2022 (higher than the rate reported in February 2021) which was around 3x the growth rate reported in January 2022. The YTD numbers grew at 8.4% for 11M FY22 vs a marginal growth of 1% in 11M FY21. The General Insurers' continued growth can primarily be attributed to health insurance, with motor and fire also accounting for a significant share of the growth.
- Standalone Pvt Health Insurers (SAHI) have reported a sustained premium y-o-y growth of 30.2% in February 2022 (significantly higher than last February's growth rate of 19.2%) to Rs. 1,831.6 crores which was however sequentially lower than the January numbers. Similarly, 11M FY22 numbers which reached Rs 18,048.5 crore from Rs 13,309.0 crores in 11M FY21, a jump of 35.6% vs. a growth of 27.9% in 10M FY21.
- Specialized insurers reported a decline in February 2022 due to a fall in the monthly premiums in the crop insurance segment as the Agriculture Insurance Company of India Limited received lower premiums in February 2022.

**Figure 3: Movement in Premiums**

Insurers	For Feb 2020	For Feb 2021	For Feb 2022	Feb 2021	Feb 2022	11M FY20	11M FY21	11M FY22	11M FY21	11M FY22
				Growth in %	Growth in %				Growth in %	Growth in %
Public Sector	5,790.3	6,706.8	5,948.8	15.8%	-11.3%	76,369.7	76,920.9	82,180.1	0.7%	6.8%
Private Sector	8,015.5	9,040.2	10,612.2	12.8%	17.4%	96,711.4	1,02,317.0	1,16,862.9	5.8%	14.2%

Source: IRDAI

- Both public (barring Agricultural Insurance Company of India Limited) as well as private insurers reported an increase in February 2022 and 11MFY22. Agricultural Insurance Company of India Limited reported a decline for the month of February but continued to report growth for the 11MFY22 period. The 11MFY22 numbers have continued the previous trend of private players outpacing their public peers, with the private companies growing at more than double the rate of their public counterparts. On a YTD basis, the market share of private non-life insurance companies has increased by to 59% in 11MFY22 from 56% in 11FY20.

**Figure 4: Movement in Segment Premiums**

Segment	Total Premium Rs cr			% Share			YoY Growth	
	11M FY22	11M FY21	11M FY22	11M FY22	11M FY21	11M FY22	11M FY21	11M FY22
Health	46,777.2	52,689.7	66,167.6	27.0%	29.4%	33.2%	12.6%	25.6%
Motor	63,268.3	60,851.5	63,052.1	36.6%	34.0%	31.7%	-3.8%	3.6%
Crop Insurance	29,706.3	28,005.5	26,653.8	17.2%	15.6%	13.4%	-5.7%	-4.8%
Fire	14,569.9	18,714.7	20,142.8	8.4%	10.4%	10.1%	28.4%	7.6%
Other Segments	18,759.5	18,976.5	23,026.7	10.8%	10.6%	11.6%	1.2%	21.3%
<b>Grand Total</b>	<b>1,73,081.1</b>	<b>1,79,237.8</b>	<b>1,99,043.1</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>3.6%</b>	<b>11.0%</b>

Source: General Insurance Council

In 11M FY22, all segments barring the crop insurance segment, have showed a growth compared to the last year, when many 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 25.6% in 11M FY22 which is double the growth of 12.6% witnessed in 11M FY21. This increase has also been aided by the fact that the early part of FY21 was spent under a nationwide lockdown and companies have strengthened their standards. This has resulted in health segment increasing its market share from 27% in 11M FY20 to 33.2% in 11M FY22. If we observe the various segments within health, for 11MFY22, group continues to hold the largest share at 50.4%, followed by retail at 40.2%, government at 8.8% and overseas medical at 0.6%.
- YTD premium growth of standalone health insurers continues to be significantly higher than industry average. This has led to SAHI players holding 27.3% of the health insurance market (increasing their share), while general insurance companies hold 72.7%, which is lower than 74.7% share in the previous year.
- The Motor insurance segment has continued its growth momentum; and the growth has improved marginally to 3.6% in 11FY22, compared to 3.5% in 10MFY22 but is lower than the 3.7% in 9M FY22, versus a 3.8% drop in 11M FY21. However, despite this modest rise, the segment has seen its market share fall from 36.6% in 11M FY20 to 31.7% in 11M FY22, declining by approximately 500 bps over the two years in absolute terms.
- According to FADA, total vehicle sales reached 13.7 lakhs for the month of February 2022, a decrease of 9.2% compared to February 2021 and a fall of 20.6% compared to February 2020. In February 2022, CVs and 3Ws reported positive growth, while 2W and PV continues their decline. The short-term auto sentiment continues to be hampered by the chip shortage, and the Ukraine-Russia conflict causing an increase in fuel.
- Crop insurance premiums reached Rs 26,653.8 crores and have continued to decrease by 4.8% in 11MFY22. Last year too, the segment had recorded a drop of 5.7% in 11M FY21. Issues such as delay in claims settlement, delay in the release of subsidy, and voluntary nature of the scheme have continued to hamper the scheme. Pradhan Mantri Fasal Bima Yojana (PMFBY), which has also been hampered by some states opting out of the scheme.



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