

Non-Life Premiums Grow in Double-Digits for FY24; Health Breaches Rs 1 lakh crore and Motor Crosses Rs 90,000 cr.

April 18, 2024 | BFSI Research

Overview

In FY24, the non-life insurance industry reported a premium of Rs 2.9 lakh crore growing at 12.8% compared to the 16.3% growth reported in FY23. The industry's growth has continued to be underpinned primarily by the health and motor insurance segments. However, compared to the last year, there was a decline in growth due to a fall in liability, crop insurance, and credit guarantee, while fire and marine segments reported subdued growth numbers compared to last year. Further, for the month of March 2024 as well, the growth rate was comparatively lower as growth in health was offset by slower growth in Motor and a fall in Fire segment.

Figure 1: Movement in Monthly Premium (Rs crore)

Month	Premium FY21	Premium FY22	Premium FY23	Premium FY24	FY21 vs. FY20 (%)	FY22 vs. FY21 (%)	FY23 vs. FY22 (%)	FY24 vs. FY23 (%)
April	14,134.8	17,251.2	21,276.3	25,640.7	-11.1	22.0	23.3	20.5
May	10,891.5	12,294.9	15,404.5	18,196.0	-11.0	12.9	25.3	18.1
June	13,842.2	14,761.0	17,808.8	20,451.9	6.9	6.6	20.6	14.8
July	16,884.8	20,157.3	23,395.3	26,629.4	17.5	19.4	16.1	13.8
August	17,580.6	21,867.9	24,474.5	23,558.3	10.1	24.4	11.9	-3.7
September	22,870.8	22,246.3	22,838.7	29,476.3	-5.2	-2.7	2.7	29.1
October	15,906.7	17,681.4	20,954.9	23,814.6	-0.1	11.2	18.5	13.6
November	14,919.5	15,735.2	19,207.4	20,897.6	2.3	5.5	22.1	8.8
December	17,662.3	19,099.3	21,874.6	25,098.2	10.1	8.1	14.5	14.7
January	18,457.6	21,382.9	25,541.6	27,220.6	6.5	15.8	19.4	6.6
February	15,747.0	16,558.9	19,873.6	22,378.4	14.1	5.2	20.0	12.6
March	19,478.0	21,767.8	24,244.5	26,647.5	24.6	11.8	11.4	9.9

Source: General Insurance Council, IRDAI

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

Insurers	Mar-22	Mar-23	Mar-24	Mar-23 Growth	Mar-24 Growth	FY22	FY23	FY24	FY23 Growth	FY24 Growth
Public General Insurers	6,879.8	7,155.3	7,863.6	4.0	9.9	75,132.6	82,891.3	90,344.5	10.3	9.0
Specialized PSU Insurers	1,119.5	1,277.0	908.5	14.1	-28.9	15,046.9	15,817.3	11,190.4	5.1	-29.3
Private General Insurers	10,938.6	12,383.1	13,558.4	13.2	9.5	1,09,753.3	1,31,941.8	1,55,079.7	20.2	17.5
SAHI	2,829.9	3,429.0	4,316.9	21.2	25.9	20,867.2	26,243.9	33,116.0	25.8	26.2
Total	21,767.8	24,244.5	26,647.5	11.4	9.9	2,20,800.0	2,56,894.2	2,89,730.6	16.3	12.8

Source: General Insurance Council, IRDAI

- Public Sector General Insurers' March 2024 numbers rose by 9.9%, more than double the of 4.0% in March 2023, however, the annual performance although positive was muted by nearly 130 bps compared to last year. On the other hand, the private sector general insurers reported a growth of 9.5% for March 2024 vs. 13.2% in March 2023. The FY24 numbers have demonstrated robust growth which can be primarily attributed to group health and motor insurance (premiumisation of the market with SUV sales increasing their share in the PV segment)
- Meanwhile, specialised insurers posted a drop of 28.9% in March 2024 compared to a rise of 14.1% in March 2023. Similarly, the FY24 numbers continued to reduce by 29.3% vs. a growth of 5.1% in FY23. This has been primarily because crop insurance premiums of Agriculture Insurance Company reduced by 32.1% for FY24, as select public sector general insurers and a few private general insurers picked up a larger proportion of crop insurance premiums.
- Standalone Private Health Insurers (SAHI) continued their growth momentum as the March 2023 numbers topped the Rs 4,000 crore mark from February 2024's Rs 3,000.2 crore and coming in higher by 25.9% over March 2023 as they continue to gain share in retail health from Public General Insurers and increasing their share of the group health pie. Further with IRDAI approving two SAHIs in F24, competition is expected to accelerate even further in FY25.
- The overall market share of private non-life insurance companies has witnessed a sustained increase to 65% for FY24 from 62% in FY23 and 59% in FY22 highlighting the persistent growth differential between the public and private sectors.

Figure 3: Movement in Health Premiums (Rs crore)

Segment	Total Premium Rs crore			YoY Growth		Total Premium Rs crore			YoY Growth	
	Mar-22	Mar-23	Mar-24	Mar-23	Mar-24	FY22	FY23	FY24	FY23	FY24
Health	7,439.6	8,654.9	10,290.1	16.3	18.9	73,598.1	90,651.6	1,09,006.8	23.2	20.2
Group	3,047.7	3,479.2	4,178.2	14.2	20.1	36,356.8	45,650.1	55,020.7	25.6	20.5
Retail	4,119.6	4,745.8	5,617.5	15.2	18.4	30,737.5	35,430.0	42,200.4	15.3	19.1
Others	272.3	429.8	494.4	57.9	15.0	6,503.8	9,571.6	11,785.7	47.2	23.1

Source: General Insurance Council, IRDAI

For FY24, all segments barring credit guarantee, crop insurance and liability which have declined, have shown y-o-y growth.

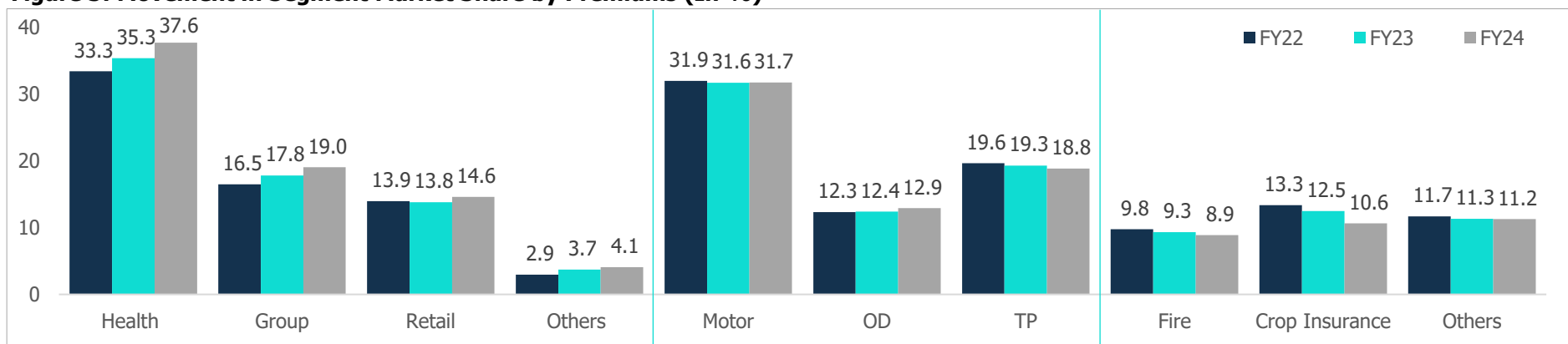
- Health insurance premiums continue to be the primary growth driver of the non-life insurance industry. This has increased the segment's market share from 33.3% for FY22 to 37.6% for FY24. The health segment has grown by 20.2% for FY24, which is lower than the growth of 23.2% witnessed for FY23.
 - The Group Health segment remains the largest segment due to enhanced coverage, and rationalisation of discounts in premiums. The segment witnessed lower growth for FY24 compared to FY23 meanwhile the March 2024 growth rate was higher compared to March 2023.
 - Government schemes increased for March 2024 as well as for FY24 and increased their share to 9.7% (within health) in FY24 from 8.2% in FY22 due to Ayushman Bharat and other medical schemes. Further premiums of the government schemes are generally concentrated with the public sector general insurance companies. Meanwhile, the overseas medical segment has maintained its share in the health pie in FY24.
 - The Retail segment has continued its growth momentum surpassing the rate set in March 23 as well as in FY23. Interestingly, for March 2024, retail accounted for nearly 55% share of the monthly health premiums keeping in line the year demand witnessed from individuals.
 - SAHI's generally focus on Retail, while general insurers account for a dominant share of the Group, however, SAHI's are also looking to increase their share of the group pie. The premium growth of the SAHI continues to be higher than the industry average. Further, with IRDAI approving two new SAHIs (Narayana Health Insurance and Galaxy Health & Allied Insurance) competition is expected to be intense in FY25.

Figure 4: Movement in Non-Life Premiums excluding Health Premiums (Rs crore)

Segment	Total Premium Rs crore			YoY Growth		Total Premium Rs crore			YoY Growth	
	Mar-22	Mar-23	Mar-24	Mar-23	Mar-24	FY22	FY23	FY24	FY23	FY24
Motor	7,381.4	8,420.0	9,015.9	14.1	7.1	70,433.5	81,280.0	91,781.3	15.4	12.9
OD	2,691.0	3,203.0	3,520.2	19.0	9.9	27,172.7	31,783.0	37,326.0	17.0	17.4
TP	4,690.3	5,217.0	5,495.8	11.2	5.3	43,260.7	49,497.0	54,455.3	14.4	10.0
Fire	1,405.1	1,691.4	1,602.9	20.4	-5.2	21,547.9	23,931.7	25,658.7	11.1	7.2
Crop Ins.	2,811.4	2,638.9	2,832.3	-6.1	7.3	29,465.3	32,011.4	30,715.0	8.6	-4.0
Others	2,730.3	2,839.2	2,906.4	4.0	2.4	25,755.2	29,019.4	32,568.8	12.7	12.2
Total	14,328.2	15,589.6	16,357.4	8.8	4.9	1,47,201.9	1,66,242.6	1,80,723.8	12.9	8.7

- If we observe the growth of the non-life insurance industry excluding health, it reduces to 8.7% in FY24 from the 12.8% level if health is included in the analysis. Further a large proportion of this 8.7% growth is on account of the motor insurance segment, which accounts for approximately 50% of the non-life insurance excluding health. In FY24, Motor insurance reached Rs. 91,781.3 crore growing at 12.9% vs 15.4% in FY23. Motor OD grew by 17.4% (vs. 17.0% for FY23) and Motor TP rose by 10.0% (vs. 14.4% for FY23). The Motor OD segment has continued to grow faster in March 2024 compared to the Motor TP segment, yet on the annual basis basis the Motor TP segment has a larger market share compared to the Motor OD segment. This growth can be attributed to the automotive industry growing at a robust pace in FY24 aided by improved supply and sustained demand. Furthermore, with rising premiumisation, SUV have increased their share in the Passenger vehicle industry leading to improved motor insurance premium per unit.

Figure 5: Movement in Segment Market Share by Premiums (In %)



Source: General Insurance Council, IRDAI

CareEdge Ratings View

FY24 ended on a positive note with a 12.8% growth and consequently CareEdge Ratings estimates that the Indian non-life insurance market will grow at a rate of approximately 13-15% in the medium term. The industry's growth will continue to be driven by the health and motor insurance segments as they account for around 68% of the premiums. Broadly speaking the first quarter of the financial year accounts for around 20% of the sector's premiums and this trend is likely to persist in FY25. Growth would be aided by macroeconomic factors such as higher GDP growth, disposable income levels, anticipated favourable monsoon. The overall business growth would also be supported by a favourable regulatory environment such as the denotification of tariffs (would enable companies to design innovative products across segments), minimum rural, social and motor third-party obligations, and Bima Sugam platform. Further a stabilisation in loss ratios, and a focus on containing overall expenses (commission and operating expenses) and strengthening distribution networks will also contribute to the sector's growth. Further competition is likely to increase especially in the health segments as new companies have commenced operations while others continue to be in line to enter the segment. Further till date, Motor TP rate hike has not been announced for FY25, which could impinge on the growth. Additionally, tensions around the Red Sea may impact the marine segment. Despite this, the overall outlook for the non-life insurance sector remains stable in the medium term. However, intensified competition, an uncertain international geopolitical environment, and elevated inflation could potentially negatively affect economic growth and subsequently impact the non-life insurance sector.

Contact

Gaurav Dixit	Director – BFSI Ratings	gaurav.dixit@careedge.in	+91 – 120 – 445 2002 / +91 - 97170 70079
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

CARE Ratings Limited

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

Connect :



Locations: Ahmedabad | Andheri-Mumbai | Bengaluru | Chennai | Coimbatore | Hyderabad | Kolkata | Noida | Pune

About Us:

CareEdge is a knowledge-based analytical group offering services in Credit Ratings, Analytics, Consulting and Sustainability. Established in 1993, the parent company CARE Ratings Ltd (CareEdge Ratings) is India's second-largest rating agency, with a credible track record of rating companies across diverse sectors and holding leadership positions in high-growth sectors such as BFSI and Infra. The wholly-owned subsidiaries of CareEdge Ratings are (I) CARE Analytics & Advisory Private Ltd previously known as CARE Risk Solutions Pvt Ltd, and (II) CARE ESG Ratings Ltd, previously known as CARE Advisory Research and Training Ltd. CareEdge Ratings' other international subsidiary entities include CARE Ratings Africa (Private) Limited in Mauritius, CARE Ratings South Africa (Pvt) Ltd, and CARE Ratings Nepal Limited.

Disclaimer:

This report is prepared by CARE Ratings Limited (CareEdge Ratings). CareEdge Ratings has taken utmost care to ensure accuracy and objectivity while developing this report based on information available in public domain. However, neither the accuracy nor completeness of information contained in this report is guaranteed. CareEdge Ratings is not responsible for any errors or omissions in analysis / inferences / views or for results obtained from the use of information contained in this report and especially states that CareEdge Ratings has no financial liability whatsoever to the user of this report.