

## Non-Life Insurance Premiums: January numbers continue marching ahead as Fire and Health segments continue to support growth

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### Overview

January 2021 monthly numbers reported a 6.7% growth while overall YTD numbers for the industry have continued to grow at a much more muted number of 2.8%. Non-life insurance premium reached Rs 18,488.1 crore for the month of January 2021 compared to Rs 17,333.7 crore in January 2020. Growth has continued to be driven by the fire and health insurance segments.

**Figure 1: Movement in Monthly Premiums**

Month	Premium in FY19 (Rs cr.)	Premium in FY20 (Rs cr.)	Premium in FY21 (Rs. cr.)	Delta (% change FY20 over FY19)	Delta (% change FY21 over FY20)
April	13,880.3	15,891.6	14,476.5	14.5%	-8.9%
May	10,508.6	12,231.5	10,891.5	16.4%	-11.0%
June	12,970.7	12,947.7	13,961.5	-0.2%	7.8%
July	11,715.1	14,369.5	17,011.4	22.7%	18.4%
August	13,657.5	15,964.7	17,623.2	16.9%	10.4%
September	19,141.7	24,121.6	23,056.8	26.0%	-4.4%
October	14,291.5	15,921.9	15,855.1	11.4%	-0.4%
November	12,903.6	14,585.9	14,981.0	13.0%	2.7%
December	14,335.0	16,048.9	17,936.0	12.0%	11.8%
January	16,076.3	17,333.7	18,488.1	7.8%	6.7%

Source: IRDAI, General Insurance Council

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

Insurers	For Jan 2019	For Jan 2020	For Jan 2021	Jan 2020 Growth in %	Jan 2021 Growth in %	YTD Jan FY19	YTD Jan FY20	YTD Jan FY21	YTD Jan FY20 Growth in %	YTD Jan FY21 Growth in %
General Insurers	14,331.5	14,663.4	16,247.2	2.3%	10.8%	1,23,542.4	1,38,357.5	1,40,999.0	12.0%	1.9%
Stand-alone Pvt Health Insurers	1,195.6	1,530.7	1,510.2	28.0%	-1.3%	8,510.3	11,207.1	12,108.7	31.7%	8.0%
Specialized PSU Insurers	549.2	1,139.6	730.6	107.5%	-35.9%	7,084.7	9,710.7	10,562.4	37.1%	8.8%
<b>Total</b>	<b>16,076.3</b>	<b>17,333.7</b>	<b>18,488.1</b>	<b>7.8%</b>	<b>6.7%</b>	<b>1,39,137.5</b>	<b>1,59,275.3</b>	<b>1,63,670.1</b>	<b>14.5%</b>	<b>2.8%</b>

Source: IRDAI

- Gross direct premiums in YTD January FY21 increased by 2.8% to Rs 163,670.1 crore from Rs 159,275.3 crore in YTD January FY20. General Insurers continue to maintain the highest share.
- HDFC Ergo Health numbers have been grouped with HDFC Ergo post the merger of the two companies. If HDFC Ergo Health is removed from the standalone health insurers set for January 2020 and the growth is recomputed, the revised number would be 29.4%. However, it should be noted that that YTD January FY21 growth of these players is significantly higher than growth witnessed by the overall industry highlighting the rising importance of the health segment.

**Figure 3: Movement in Segment Premiums**

Segment	Total Premium			% Share			YoY Growth	
	YTD Jan FY19	YTD Jan FY20	YTD Jan FY21	YTD Jan FY19	YTD Jan FY20	YTD Jan FY21	YTD Jan FY20	YTD Jan FY21
Fire	10,020.3	13,630.2	17,774.7	7.2%	8.6%	10.9%	36.0%	30.4%
Marine	2,809.9	3,069.5	2,846.1	2.0%	1.9%	1.7%	9.2%	-7.3%
Engineering	2,023.0	2,185.2	2,399.6	1.5%	1.4%	1.5%	8.0%	9.8%
Motor	52,570.5	57,538.9	54,908.5	37.8%	36.1%	33.5%	9.5%	-4.6%
Health	36,904.7	42,327.4	48,501.6	26.5%	26.6%	29.6%	14.7%	14.6%
Aviation	464.9	581.6	637.9	0.3%	0.4%	0.4%	25.1%	9.7%
Liability	2,151.3	2,375.0	2,717.0	1.5%	1.5%	1.7%	10.4%	14.4%
P.A.	4,239.7	4,371.3	4,174.9	3.0%	2.7%	2.6%	3.1%	-4.5%
All Other Misc (Crop Insurance + C	27,954.1	33,186.2	29,709.8	20.1%	20.8%	18.2%	18.7%	-10.5%
<b>Grand Total</b>	<b>1,39,137.5</b>	<b>1,59,265.3</b>	<b>1,63,670.1</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>14.5%</b>	<b>2.8%</b>

Source: General Insurance Council, Others segment includes Crop Insurance, Credit Guarantee and All Other miscellaneous products

Due to the lockdown, most segments have continued to show a decline in their premium numbers.

- The YTD January FY21 Fire segment grew by 30.4%, mainly due to increase in reinsurance rates by GIC Re. This growth is more or less comparable to the 36% growth demonstrated in YTD January FY20.
- The health segment has grown by 14.6% in YTD January FY21 which is higher than the growth of 13.7% witnessed in the YTD December 21 but marginally lower than the 14.7% growth witnessed in YTD January FY20. Incidentally, YTD premium growth of standalone health insurers has been higher than industry average in FY21.
- Retail Health premium has grown at a much faster rate of 28.9% compared to the 10.3% growth in group business and a fall of 2.8% and 72.8% in government schemes and overseas travel insurance, respectively. Consequently, Health Retail has increased its share, which also indicates that the individual health policy have gained traction primarily due to the pandemic.
- The Motor insurance segment has witnessed a decline. However, the fall in YTD January number is lower than the fall witnessed in the YTD December number. This can be attributed to the higher registrations witnessed in January 2020. However, muted growth in the economy and subdued activity in January 2021 auto registrations (decline of 12% in vehicle registrations excluding two wheelers as reported by FADA) continue to impact the motor insurance business.
- Crop insurance witnessed an overall decline of Rs 2,714.6 cr in the YTD January FY21 numbers reflecting a yoy drop of 9.5%. An interesting pattern can be seen in this segment is the retreat of the general insurers and the specialised insurers taking their place. The general insurers continued to witness a fall of 18.4%, on the other hand specialised insurers saw an increase of 10.9%, as the Agriculture Insurance Co of India has increased its exposure.

**Figure 4: Movement in Health Segment Premiums**

Segment	Total Premium			% Share			YoY Growth	
	YTD Jan FY19	YTD Jan FY20	YTD Jan FY21	YTD Jan FY19	YTD Jan FY20	YTD Jan FY21	YTD Jan FY20	YTD Jan FY21
Health-Retail	14,047.8	15,888.8	20,473.5	38.1%	37.5%	42.2%	13.1%	28.9%
Health-Group	18,561.6	21,693.4	23,929.7	50.3%	51.3%	49.3%	16.9%	10.3%
Health-Government schemes	3,590.2	4,012.9	3,899.0	9.7%	9.5%	8.0%	11.8%	-2.8%
Overseas Medical	705.2	732.4	199.4	1.9%	1.7%	0.4%	3.9%	-72.8%
<b>Health Total</b>	<b>36,904.7</b>	<b>42,327.4</b>	<b>48,501.6</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>14.7%</b>	<b>14.6%</b>

Source: General Insurance Council

The non-life insurance business which had witnessed a fall in Q1FY21 has continued on its recovery path after returning to growth in Q2FY21 primarily due to the fire and health segments. However, the industry is likely to grow in the single digits for the year. Overall, the outlook is expected to be stable in the medium term.

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