

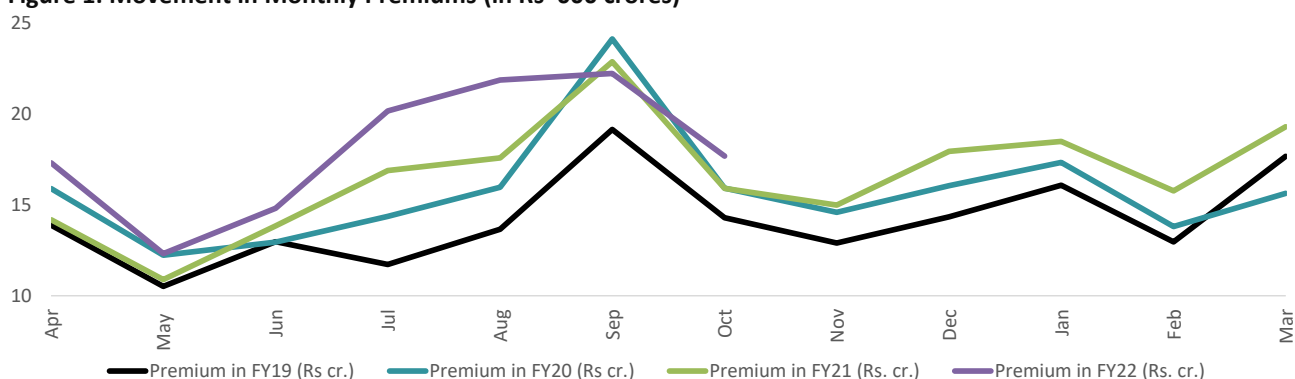
Non-Life Insurance Premiums: Growth Story remains intact in October 2021

November 18, 2021 | BFSI Research

Overview

The non-life insurance industry put the September dip in premiums behind it and returned to growth mode in October by reporting a rise of 11.1% in its monthly premiums in October 2021 compared to the marginal dip of 0.1% reported in October 2020. Non-life insurance premium reached Rs. 17,680.0 crores for the month of October 2021 compared to Rs. 15,906.7 crores in October 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 October 2021. However, the crop insurance segment continued to dip in October 2021 by 10.9%.

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



Source: IRDAI

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

Insurers	For Oct 2019	For Oct 2020	For Oct 2021	Oct 2020 Growth in %	Oct 2021 Growth in %	YTD Oct FY20	YTD Oct FY21	YTD Oct FY22	YTD Oct FY21 Growth in %	YTD Oct FY22 Growth in %
General Insurers	14,925.1	14,272.8	15,651.7	-4.4%	9.7%	98,336.5	96,298.0	1,06,602.7	-2.1%	10.7%
Stand-alone Pvt Health Insurers	893.3	1,233.3	1,609.4	38.1%	30.5%	5,929.9	7,927.8	10,941.4	33.7%	38.0%
Specialized PSU Insurers	104.1	400.6	418.9	284.8%	4.6%	7,183.6	8,072.0	8,841.3	12.4%	9.5%
Total	15,922.5	15,906.7	17,680.0	-0.1%	11.1%	1,11,450.0	1,12,297.8	1,26,385.4	0.8%	12.5%

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 steadily at 9.7% for October 2021 compared to the drop of 4.4% reported in October 2020. The YTD numbers grew at a 10.7% for YTD October FY22 vs a decline of 2.1% in YTD October FY21. The General Insurance segment continues to maintain the highest share; however, its continued growth can be attributed to the health portfolio, with motor and fire also accounting for some growth.
- Standalone Pvt Health Insurers (SAHI) have reported a sustained premium y-o-y growth of 30.5% in October 2021 (lower compared to last October's growth rate of 38.1%) to Rs. 1,609.4 crores. However, the premiums have reduced sequentially compared to Rs 1,743 crores in September 2021. On the other hand, a sharper growth has been observed in the YTD October FY22 numbers which reached Rs 10,941.4 crore from Rs 7,927.8 crores in YTD October FY21, a jump of 38% vs. a growth of 33.7% in YTD October FY21, indicative of the robust growth in the retail health premiums.
- Specialized insurers reported a moderate rise of 4.6% in October 2021 (significantly lower vs. the last year) but rose by 9.5% for YTD October FY22.

Figure 3: Movement in Premiums

Insurers	For Oct 2019	For Oct 2020	For Oct 2021	Oct 2020 Growth in %	Oct 2021 Growth in %	YTD Oct FY20	YTD Oct FY21	YTD Oct FY22	YTD Oct FY21 Growth in %	YTD Oct FY22 Growth in %
Public Sector	6,689.8	5,776.1	6,326.1	-13.7%	9.5%	49,668.4	49,095.9	53,273.8	-1.2%	8.5%
Private Sector	9,232.7	10,130.6	11,353.9	9.7%	12.1%	61,781.7	63,201.8	73,111.6	2.3%	15.7%

Source: IRDAI

- Public insurers premium reported a rise of 9.5% in October 2021 vs. the drop of 13.7% reported in October 2020. On the other hand, private players grew at 12.1% in October 2021 vs. a growth of 9.7% in October 2020. YTD October FY22 numbers have continued the previous trend of private players outpacing their public peers.
- Market share of private non-life insurance cos. increased from 58% in October 2019 to 64% in October 2021.

Figure 4: Movement in Segment Premiums

Segment	Total Premium Rs cr			% Share			YoY Growth	
	YTD Oct FY20	YTD Oct FY21	YTD Oct FY22	YTD Oct FY20	YTD Oct FY21	YTD Oct FY22	YTD Oct FY21	YTD Oct FY22
Health	28,704.6	32,796.2	42,571.8	25.8%	29.2%	33.7%	14.3%	29.8%
Motor	39,354.5	35,102.2	36,506.4	35.3%	31.3%	28.9%	-10.8%	4.0%
Crop Insurance	21,417.7	19,636.8	18,622.0	19.2%	17.5%	14.7%	-8.3%	-5.2%
Fire	9,879.7	12,949.8	13,944.0	8.9%	11.5%	11.0%	31.1%	7.7%
Personal Accident	2,983.9	2,800.3	4,002.5	2.7%	2.5%	3.2%	-6.2%	42.9%
Marine	2,157.0	1,910.2	2,432.9	1.9%	1.7%	1.9%	-11.4%	27.4%
Liability	1,729.0	1,953.4	2,437.2	1.6%	1.7%	1.9%	13.0%	24.8%
Engineering	1,524.4	1,642.3	2,022.4	1.4%	1.5%	1.6%	7.7%	23.1%
Credit Insurance	791.8	727.8	756.1	0.7%	0.6%	0.6%	-8.1%	3.9%
Aviation	348.8	425.7	526.6	0.3%	0.4%	0.4%	22.0%	23.7%
All Other Miscellaneous	2,558.7	2,353.0	2,563.5	2.3%	2.1%	2.0%	-8.0%	8.9%
Grand Total	1,11,450.0	1,12,297.8	1,26,385.4	100.0%	100.0%	100.0%	0.8%	12.5%

Source: IRDAI

In YTD October FY22, all segments barring the crop insurance segment, have showed a growth compared to the last year, when several 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 29.8% in YTD October FY22 which is around double the growth of 14.3% witnessed in YTD October 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 25.8% in YTD October FY20 to 33.7% in YTD October 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 76% share in the previous year. When compared to YTD FY20, overall health insurance has grown by 84% for SAHI and 39% for other players compared to 1% for the rest (non-health segments) combined.
- The Motor insurance segment has continued its growth momentum; however, the growth has reduced to 4.0% for YTD October FY22 from 4.9% for H1FY22, compared to a 10.8% drop in YTD October FY21. However, despite this modest rise, the segment has seen its market share fall from 35.3% in YTD October FY20 to 28.9% in YTD October FY22, declining by 6.4% over the two years in absolute terms.
- According to FADA, total vehicle sales reached 13.6 lakhs for the month of October 2021, a decrease of 5.3% and a fall of 20.6% compared to October 2019. The short-term auto outlook continues to be hampered by the chip shortage.
- Crop insurance premiums reached Rs 18,622 crores and have continued to decrease by 5.2% in YTD October FY22 after registering a drop of 4.9% in H1FY22. Last year, the segment had recorded a drop of 8.3% in YTD October 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 October FY22 Fire segment returned a steady growth rate of 7.7%, marginally higher than the last month's growth rate of 7.6% but significantly lower than 31.1% growth (attributable to an increase in reinsurance rates by GIC Re) witnessed in YTD October FY21. Further the market share too has eroded by 50 bps in YTD October FY22 after jumping by 260 bps in YTD October 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 October FY22 growth has continued to be driven by the private sector which grew at a significantly faster pace (growth of 15.7% in YTD October FY22) compared to the public sector (growth of 8.5% in YTD October FY22).

The non-life premiums are expected to be driven by (1) continued uptick in the health segment even at the higher base, (2) rising travel leading to a boost in PA/ travel insurance, and (3) enhanced digital solutions complemented by the offline offerings. However, the growth could be limited by the any rise in reinsurance rates and no increase in motor TP premium.

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