

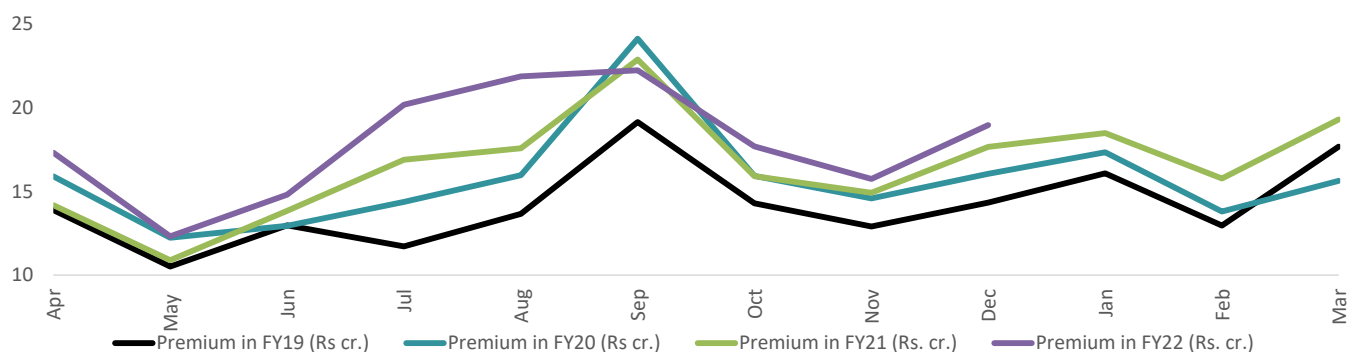
# Non-Life Insurance: YTD Premium numbers post significant growth in December. Health maintains leading position.

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## Overview

The non-life insurance industry reported a growth rate of 7.3% in December 2021, which was higher by around 180bps the November growth rate, but was significantly lower than the 10.0% reported in December 2020. Non-life insurance premium reached Rs. 18,952.6 crores for December 2021 compared to Rs. 17,662.3 crores in December 2020. The growth has continued to be driven by the health segment; fire and the PA segments have also contributed to the growth for the month of December 2021. However, the crop insurance segment has continued to reduce and reported a decline of 25.9% for December 2021 after falling 43.9% in November 2021, 10.9% in October 2021, and 10.3% in December 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 Dec 2019	For Dec 2020	For Dec 2021	Dec 2020 Growth in %	Dec 2021 Growth in %	9M FY20	9M FY21	9M FY22	9M FY21 Growth in %	9M FY22 Growth in %
General Insurers	14,230.6	15,463.5	16,109.6	8.7%	4.2%	1,25,458.3	1,24,780.2	1,36,278.5	-0.5%	9.2%
Stand-alone Pvt Health Insurers	1,126.2	1,325.0	1,739.6	17.7%	31.3%	8,055.8	10,420.1	14,197.9	29.3%	36.3%
Specialized PSU Insurers	693.0	873.8	1,103.3	26.1%	26.3%	8,571.1	9,678.1	10,604.7	12.9%	9.6%
<b>Total</b>	<b>16,049.8</b>	<b>17,662.3</b>	<b>18,952.6</b>	<b>10.0%</b>	<b>7.3%</b>	<b>1,42,085.2</b>	<b>1,44,878.4</b>	<b>1,61,081.1</b>	<b>2.0%</b>	<b>11.2%</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 December 2021 which was the same rate reported in November 2021 but was roughly half the growth rate of 8.7% reported in December 2020. The YTD numbers grew at 9.2% for 9M FY22 vs a decline of 0.5% in 9M FY21. The General Insurance segment continues to maintain the highest share; however, its continued growth can primarily be attributed to health insurance, with motor and fire also accounting for some growth.
- Standalone Pvt Health Insurers (SAHI) have reported a sustained premium y-o-y growth of 31.3% in December 2021 (significantly higher compared to last December's growth rate of 17.7%) to Rs. 1,739.6 crores which was also higher sequentially higher than the November numbers. Similarly, 9M FY22 numbers which reached Rs 14,197.9 crore from Rs 10,420.1 crores in 9M FY21, a jump of 36.3% vs. a growth of 29.3% in 9M FY21, indicative of the robust growth in the retail and group health premiums.

- Specialized insurers reported a rise of 26.3% in December vs. an increase of 26.1% in December 2020 but rose by 9.6% for 9M FY22 vs an increase of 12.9% in 9M FY21.

**Figure 3: Movement in Premiums**

Insurers	For Dec 2019	For Dec 2020	For Dec 2021	Dec 2020 Growth in %	Dec 2021 Growth in %	9M FY20	9M FY21	9M FY22	9M FY21 Growth in %	9M FY22 Growth in %
Public Sector	7,034.9	7,657.5	8,403.5	8.8%	9.7%	62,954.2	62,651.9	67,760.5	-0.5%	8.2%
Private Sector	9,014.9	10,004.9	10,549.1	11.0%	5.4%	79,131.0	82,226.5	93,320.6	3.9%	13.5%

Source: IRDAI

- Both public as well as private insurers reported an increase in December 2021, but public players a growth rate which was higher than the previous period, while private players reported a lower growth rate. On the other hand, 9M FY22 numbers have continued the previous trend of private players outpacing their public peers. Market share of private non-life insurance companies has remained steady at 56% in December 2019 and December 2021 after rising by 1% in December 2020.

**Figure 4: Movement in Segment Premiums**

Segment	Total Premium Rs cr			% Share			YoY Growth	
	9M FY20	9M FY21	9M FY22	9M FY20	9M FY21	9M FY22	9M FY21	9M FY22
Health	37,184.4	42,113.9	54,235.4	26.2%	29.1%	33.7%	13.3%	28.8%
Motor	51,085.6	47,946.1	49,742.3	36.0%	33.1%	30.9%	-6.1%	3.7%
Crop Insurance	26,451.8	23,963.9	21,489.1	18.6%	16.5%	13.3%	-9.4%	-10.3%
Fire	12,043.5	15,728.4	16,980.2	8.5%	10.9%	10.5%	30.6%	8.0%
Personal Accident	3,866.2	3,673.7	4,892.1	2.7%	2.5%	3.0%	-5.0%	33.2%
Liability (Total)	2,126.9	2,426.3	3,123.6	1.5%	1.7%	1.9%	14.1%	28.7%
Marine	2,725.8	2,467.2	3,122.1	1.9%	1.7%	1.9%	-9.5%	26.5%
Engineering	1,944.1	2,105.4	2,612.1	1.4%	1.5%	1.6%	8.3%	24.1%
Credit Insurance	1,040.2	953.6	1,007.0	0.7%	0.7%	0.6%	-8.3%	5.6%
Aviation	451.0	511.7	651.7	0.3%	0.4%	0.4%	13.4%	27.4%
All Other Miscellaneous	3,165.8	2,988.3	3,225.6	2.2%	2.1%	2.0%	-5.6%	7.9%
<b>Grand Total</b>	<b>1,42,085.2</b>	<b>1,44,878.4</b>	<b>1,61,081.1</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>2.0%</b>	<b>11.2%</b>

Source: IRDAI

In 9M 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 28.8% in 9M FY22 which is more than double the growth of 13.3% witnessed in 9M FY21. This increase has also 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 26.2% in 9M FY20 to 33.7% in 9M FY22. YTD premium growth of standalone health insurers continues to be significantly 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. However, it should be noted that group insurance continues to be the largest segment within health.
- SAHI players hold 26.2% of the health insurance market, while general insurance companies hold 73.8%, which is lower than 75.3% share in the previous year.
- The Motor insurance segment has continued its growth momentum; however, the growth has reduced to 3.7% in 9M FY22 compared to 3.9% for YTD November FY22 and 4.0% for YTD October FY22, compared to an 6.1% drop in 9M FY21. However, despite this modest rise, the segment has seen its market share fall from 36% in 9M FY20 to 30.9% in 9M FY22, declining by over 500 bps over the two years in absolute terms.
- According to FADA, total vehicle sales reached 15.6 lakhs for the month of December 2021, a decrease of 16% compared to December 2020 and a fall of 6.3% compared to December 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 21,489.1 crores and have continued to decrease by 10.3% in 9M FY22 after registering a drop of 8.5% in YTD November FY22. Last year too, the segment had recorded a drop of

9.4% in 9M 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.

- The 9M FY22 Fire segment returned a steady growth rate of 8.0% which was the same as compared to November's rate but significantly lower than 30.6% growth (attributable to an increase in reinsurance rates) witnessed in 9M FY21. Further the market share too has eroded by around 30 bps in 9M FY22 after jumping by around 240 bps in 9M FY21.

The non-life industry has continued its FY22 journey on a positive trajectory. 9M 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 13.5% in 9M FY22) compared to the public sector (growth of 8.2% in 9M FY22).

The non-life premiums are expected to be driven by continued uptick in the health segment even on the higher base (given that covid continues to maintain a significant presence), and enhanced digital solutions complemented by offline offerings. Initial reports indicate that the omicron strain is milder compared to earlier versions and hence the current wave has reportedly resulted in lower hospitalisations and lower claims compared to the second wave. However, the growth could be limited by any rise in reinsurance rates, no increase in motor TP premium (which could rise in FY23), and any unanticipated adverse impact of new covid variants.

## 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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