

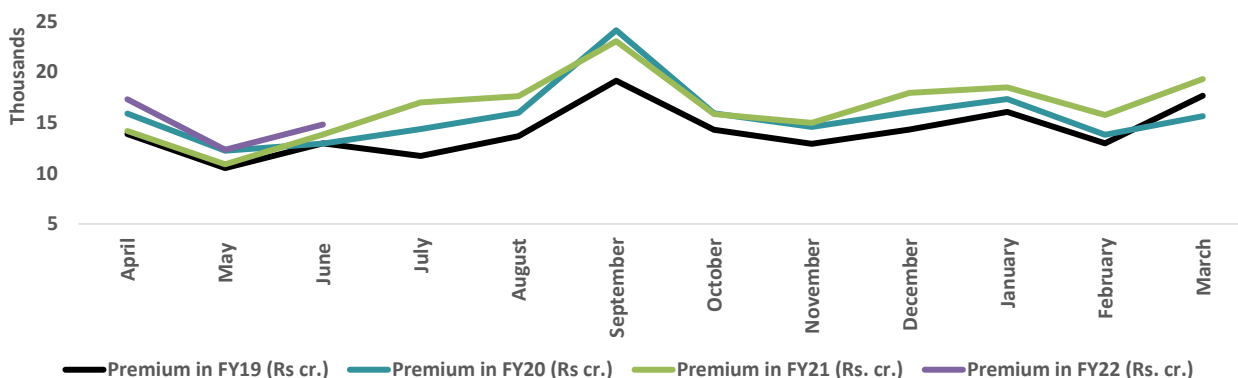
Non-Life Insurance Premiums: Premium growth in Q1FY22 returning to pre-pandemic levels. Health continues to drive growth.

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Overview

The non-life insurance industry has continued to show a strong performance with the June 2021 monthly numbers reported a 7% growth continuing with the trend seen during the previous months. Non-life insurance premium reached Rs 14,810.2 crores for the month of June 2021 compared to Rs. 13,842.2 crores in June 2020. The growth has been driven by the health and fire segments.

Figure 1: Movement in Monthly Premiums



Source: IRDAI

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

Insurers	For Jun 2019	For Jun 2020	For Jun 2021	Jun 2020 Growth in %	Jun 2021 Growth in %	Q1FY20	Q1FY21	Q1FY22	Q1FY21 Growth in %	Q1FY22 Growth in %
General Insurers	12,050.5	12,435.7	13,042.3	3.2%	4.9%	38,421.3	35,839.9	39,811.2	-6.7%	11.1%
Stand-alone Pvt Health Insurers	755.8	1,061.9	1,556.9	40.5%	46.6%	2,305.1	2,715.0	4,222.8	17.8%	55.5%
Specialized PSU Insurers	141.4	344.6	211.0	143.7%	-38.8%	345.5	500.0	402.0	44.7%	-19.6%
Total	12,947.7	13,842.2	14,810.2	6.9%	7.0%	41,071.9	39,054.8	44,435.9	-4.9%	13.8%

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 Insurance Council

- General Insurers grew at 4.9% for June 2021 which higher than the 3.2% growth witnessed in June 2020. The YTD numbers grew at a 11.1% for Q1FY22 vs a decline of 6.7% in Q1FY21. The General Insurance segment continues to maintain the highest share; however, its continued growth can be attributed to the health portfolio.
- Prior to the Covid-19 pandemic, motor insurance segment had the largest share of the non-life insurance premium, a significant section of which has been ceded to the health segment. Standalone Pvt Health issuers have reported a sustained premium growth of Rs. 1,556.9 crores in June 2021, demonstrating a growth of 46.6%. A similar growth has been observed in the Q1FY22 numbers which grew to Rs 4,222.8 crore from Rs 2,715 crores in Q1FY21, a jump of 55.5% vs. a growth of 17.8% in Q1FY21.

Figure 3: Movement in Segment Premiums

Segment	Total Premium Rs cr			% Share			YoY Growth	
	Q1FY20	Q1FY21	Q1FY22	Q1FY20	Q1FY21	Q1FY22	Q1FY21	Q1FY22
Fire	5,429.3	7,257.6	7,551.7	13.2%	18.6%	17.0%	33.7%	4.1%
Marine	1,054.9	920.3	1,168.3	2.6%	2.4%	2.6%	-12.8%	26.9%
Engineering	685.0	680.1	901.8	1.7%	1.7%	2.0%	-0.7%	32.6%
Motor	15,723.6	11,995.1	12,365.6	38.3%	30.7%	27.8%	-23.7%	3.1%
Health	12,443.4	13,364.4	17,497.1	30.3%	34.2%	39.4%	7.4%	30.9%
Aviation	146.0	119.4	234.9	0.4%	0.3%	0.5%	-18.2%	96.7%
Liability	859.7	895.4	1,099.7	2.1%	2.3%	2.5%	4.2%	22.8%
P.A.	1,199.9	1,084.5	1,569.4	2.9%	2.8%	3.5%	-9.6%	44.7%
All Other Misc	3,530.2	2,737.9	2,047.3	8.6%	7.0%	4.6%	-22.4%	-25.2%
Grand Total	41,071.9	39,054.8	44,435.9	100.0%	100.0%	100.0%	-4.9%	13.8%

Source: IRDAI, General Insurance Council

In Q1FY22, most segments have showed a growth compared to the last year, when a majority of the segments reported a drop in their premium numbers.

- The Q1FY22 Fire segment grew by a subdued 4.2% vs. the 33.7% growth witnessed in Q1FY21 as the rates normalised in the current rate after an increase in reinsurance rates by GIC Re last year. The rate increase has resulted in the share of the fire segment increasing by nearly 500 bps compared to Q1FY20.
- The health segment has grown by 30.9% in Q1FY22 which is significantly higher than the growth of 7.4% witnessed in Q1FY21, given that Q1FY21 was under a nationwide lockdown. Incidentally, YTD premium growth of standalone health insurers has been higher than industry average in Q1FY22. The pandemic has continued to fuel the rise in health premiums.
- The Motor insurance segment has eked out a small increase compared to a double digit drop in Q1FY21. The increase can be attributed to the higher registrations witnessed in June 2021. However, muted growth in the economy and overall subdued auto activity continue to impact the motor insurance business.
- Crop insurance has nearly halved in Q1FY22 from Rs 1,479.32 crore in Q1FY21 to Rs 713.06 crore in Q1FY22 as anecdotal data suggests that as the crop insurance scheme has been made optional, farmer enrolment has reduced. Another reason for the drop in farmer enrolment is reportedly the delay in pay-outs.

The non-life industry has continued its FY22 journey on a positive note. The Q1FY22 growth has continued to be driven by the private sector which grew at a much faster pace (growth of 17.6% in Q1FY22) compared to the public sector (growth of 9.1% in Q1FY22). The non-life premiums are expected to be driven by the continued uptick in the health segment. Further, enhanced digital solutions complemented by the offline offerings are expected to drive premium growth of the non-life companies. Meanwhile, the loss ratio could go up given the resurgence in covid claims thereby impacting the financials.

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