

Non-Life Insurance Premiums: December numbers continue to witness an uptick primarily due to Fire and Health segments | January 21, 2020

Overview

December 2020 monthly numbers reported double digit growth while overall YTD numbers for the industry have continued to grow in low single digits. Non-life insurance premium rose by 11.8% for the month of December 2020 to Rs 17,936 crore, compared to Rs 16,048.9 crore in December 2019 driven primarily by fire and health insurance.

Figure 1: Movement in Monthly Premiums

Month	Premium in 2018 (Rs cr.)	Premium in 2019 (Rs cr.)	Premium in 2020 (Rs. cr.)	Delta (% change 19 over 18)	Delta (% change 20 over 19)
March	16,508.5	15,784.7	17,672.9	-4.4%	12.0%
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%

Source: IRDAI

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

Insurers	For Dec 2018	For Dec 2019	For Dec 2020	Dec 2019 Growth in %	Dec 2020 Growth in %	YTD Dec FY19	YTD Dec FY20	YTD Dec FY21	YTD Dec FY20 Growth in %	YTD Dec FY21 Growth in %
General Insurers	13,502.5	14,006.7	15,491.1	3.7%	10.6%	1,09,211.8	1,23,837.5	1,25,248.6	13.4%	1.1%
Stand-alone Pvt Health Insurer	1,081.8	1,349.2	1,417.4	24.7%	5.1%	7,314.7	9,676.4	10,598.5	32.3%	9.5%
Specialized PSU Insurers	(249.3)	693.0	1,027.4	-377.9%	48.3%	6,535.5	8,571.1	9,831.8	31.1%	14.7%
Total	14,335.0	16,048.9	17,936.0	12.0%	11.8%	1,23,061.9	1,42,085.1	1,45,678.8	15.5%	2.5%

Source: IRDAI

- Gross direct premiums in YTD December FY21 increased by 2.5% to Rs 145,678.8 crore from Rs 142,085.1 crore in YTD December FY20. The growth has continued to be driven by the fire and health segments.
- The standalone health insurers demonstrated a low growth of 5.1% in December 2020, which is significantly lower compared to the growth of 24.7% witnessed in December 2019. However, it should be noted that that YTD December 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 Rs cr			% Share			YoY Growth	
	YTD Dec	YTD Dec	YTD Dec	YTD Dec	YTD Dec	YTD Dec	YTD Dec	YTD Dec
	FY19	FY20	FY21	FY19	FY20	FY21	FY20	FY21
Fire	8,742.2	12,043.5	15,959.4	7.1%	8.5%	10.9%	37.8%	32.5%
Marine	2,441.5	2,725.8	2,467.4	2.0%	1.9%	1.7%	11.6%	-9.5%
Engineering	1,791.3	1,944.1	2,107.0	1.5%	1.4%	1.4%	8.5%	8.4%
Motor	46,954.8	51,085.5	48,208.4	38.2%	36.0%	33.1%	8.8%	-5.6%
Health	31,875.9	37,184.4	42,291.3	25.9%	26.2%	29.0%	16.7%	13.7%
Aviation	376.3	451.1	511.7	0.3%	0.3%	0.4%	19.9%	13.4%
Liability	1,929.3	2,126.9	2,429.5	1.6%	1.5%	1.7%	10.2%	14.2%
P.A.	3,787.8	3,884.9	3,674.6	3.1%	2.7%	2.5%	2.6%	-5.4%
All Other Misc (Crop Insurance	25,162.1	30,639.1	28,143.7	20.4%	21.6%	19.3%	21.8%	-8.1%
Grand Total	1,23,061.2	1,42,085.3	1,45,793.0	100.0%	100.0%	100.0%	15.5%	2.6%

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

Due to the lockdown, segments barring fire, engineering, health, aviation and liability showed a decline in their premium numbers.

- The YTD December FY21 Fire segment grew by 32.5%, mainly due to increase in reinsurance rates by GIC Re. This growth is more or less comparable to the 37.8% growth demonstrated in YTD December FY20.
- The health segment has grown by 13.7% in YTD December FY21 which is lower than the growth of 17.6% witnessed in the YTD November 21 and the 16.7% growth witnessed in YTD December FY20. Retail Health premium has grown at a much faster rate of 30.3% compared to the 10.6% growth in group business and a fall of 20.8% and 74.6% in government schemes and overseas travel insurance respectively. As a consequence, Health Retail has increased its share, which also indicates that the individual health policies have gained traction primarily due to the pandemic.
- The Motor insurance segment has witnessed a decline. However the fall in YTD December number is lower than the fall witnessed in the YTD November number. This can be attributed to the higher registrations witnessed in December 2020. However, muted growth in the economy and subdued activity in the auto sales continue to impact the motor insurance business.
- Crop insurance witnessed an overall decline of Rs 2,362 cr in the YTD December FY21 numbers reflecting a yoy drop of 8.9%. 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 witnessed a fall of 19.9%, on the other hand specialised insurers saw an increase of 17.5%. It can be observed that all the four PSU general insurers along with several private players have reduced their exposure, while the Agriculture Insurance Co of India has increased its exposure.

Figure 4: Movement in Health Segment Premiums

Segment	Total Premium Rs cr			% Share			YoY Growth	
	YTD Dec	YTD Dec	YTD Dec	YTD Dec	YTD Dec	YTD Dec	YTD Dec	YTD Dec
	FY19	FY20	FY21	FY19	FY20	FY21	FY20	FY21
Health-Retail	12,318.6	13,899.7	18,113.0	38.6%	37.4%	42.8%	12.8%	30.3%
Health-Group	16,359.0	19,430.9	21,493.9	51.3%	52.3%	50.8%	18.8%	10.6%
Health-Government schemes	2,549.3	3,168.3	2,510.0	8.0%	8.5%	5.9%	24.3%	-20.8%
Overseas Medical	649.0	685.6	174.5	2.0%	1.8%	0.4%	5.7%	-74.6%
Health Total	31,875.9	37,184.4	42,291.3	100.0%	100.0%	100.0%	16.7%	13.7%

Source: General Insurance Council

The non-life insurance business which had witnessed a fall in Q1FY21 has continued on its recovery path in Q3FY21 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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