

Non-Life Insurance Premiums: October numbers continue to stumble but overall industry growth remains intact. | November 09, 2020

Overview

October 2020 monthly numbers continued the fall witnessed in September 2020 but at a much lower rate; however, overall YTD numbers for the industry have continued to grow at a subdued rate. Non-life insurance premium fell by 0.4% for the month of October 2020 to Rs 15,855.1 crore, compared to Rs 15,921.9 crore in October 2019 due to a fall in premiums of general insurers. Apart from the fall in crop insurance, the 23.9% fall in retail automobile sales for October 2020 is expected to significantly affect the motor insurance premium.

Figure 1: Movement in Monthly Premiums

| Month | Premium in 2019 (Rs cr.) | Premium in 2020 (Rs. cr.) | Delta (% change) |
|-----------|--------------------------|---------------------------|------------------|
| March | 15,784.7 | 17,672.9 | 12.0% |
| April | 15,891.6 | 14,476.5 | -8.9% |
| May | 12,231.5 | 10,891.5 | -11.0% |
| June | 12,947.7 | 13,961.5 | 7.8% |
| July | 14,369.5 | 17,011.4 | 18.4% |
| August | 15,964.7 | 17,623.2 | 10.4% |
| September | 24,121.6 | 23,056.8 | -4.4% |
| October | 15,921.9 | 15,855.1 | -0.4% |

Source: IRDAI

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

| Insurers | For Oct 2018 | For Oct 2019 | For Oct 2020 | Oct 2019 Growth in % | Oct 2020 Growth in % | YTD Oct FY19 | YTD Oct FY20 | YTD Oct FY21 | YTD Oct FY20 Growth in % | YTD Oct FY21 Growth in % |
|---------------------------------|-----------------|-----------------|-----------------|----------------------|----------------------|-----------------|-------------------|-------------------|--------------------------|--------------------------|
| General Insurers | 13,331.8 | 14,757.7 | 14,158.1 | 10.7% | -4.1% | 84,200.6 | 97,107.1 | 95,474.8 | 15.3% | -1.7% |
| Stand-alone Pvt Health Insurers | 850.2 | 1,060.1 | 1,403.4 | 24.7% | 32.4% | 5,329.2 | 7,159.6 | 9,214.3 | 34.3% | 28.7% |
| Specialized PSU Insurers | 109.5 | 104.1 | 293.6 | -4.9% | 182.0% | 6,634.7 | 7,183.6 | 7,996.1 | 8.3% | 11.3% |
| Total | 14,291.5 | 15,921.9 | 15,855.1 | 11.4% | -0.4% | 96,164.6 | 1,11,450.3 | 1,12,685.2 | 15.9% | 1.1% |

Source: IRDAI

- Gross direct premiums in the YTD October FY21 increased by 1.1% to Rs 112,685.2 crore from Rs 111,450.3 crore in YTD October FY20. This minimal increase can be juxtaposed against a significant rise of 15.9% yoy in YTD October FY20. The growth has continued to be driven by the health segment.
- The standalone health insurers demonstrated a growth of 32.4% in October 2020, which is higher by 7.7% compared to the growth of 24.7% witnessed in October 2019, however, YTD October FY21 numbers have grown at a slower rate of 28.7% as compared to the YTD October FY20 growth of 34.3%. However, it should be noted that that YTD October 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 Gross Direct Premium Underwritten (Rs cr): Public vs. Private

| Insurers | For Oct 2018 | For Oct 2019 | For Oct 2020 | Oct 2019 Growth in % | Oct 2020 Growth in % | YTD Oct FY19 | YTD Oct FY20 | YTD Oct FY21 | YTD Oct FY20 Growth in % | YTD Oct FY21 Growth in % |
|----------------|--------------|--------------|--------------|-------------------------|-------------------------|--------------|--------------|--------------|-----------------------------|-----------------------------|
| Public Sector | 6,558.2 | 6,689.8 | 5,669.1 | 2.0% | -15.3% | 45,444.5 | 49,668.4 | 49,016.7 | 9.3% | -1.3% |
| Private Sector | 7,733.3 | 9,232.1 | 10,186.1 | 19.4% | 10.3% | 50,720.0 | 61,781.9 | 63,668.5 | 21.8% | 3.1% |

Source: IRDAI

Public sector has actually witnessed a fall when compared to the private sector for YTD October FY21. The decline in the public sector premium has been due to the fall in the premiums of PSU general insurers, which have continued to cede ground to their private peers; however, the specialised PSU insurers have capped the fall to a certain level as they have grown by 11.3%.

The non-life insurance business has witnessed a fall in Q1FY21 but recovered in Q2FY21 primarily due to the health segment. The industry is expected 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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