

Non-Life Premiums See Muted Growth in October 2023; Retail Health Continues to Post Double-Digit Growth

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Overview

The non-life insurance industry reported a premium of Rs 23,814.6 crore in October 2023, rising by a more sedate 13.6%, compared to last month's 29.1% (the growth had come of a lower base) and 18.5% in October 2022. This increase can be attributed to the growth in crop insurance, retail health and motor OD insurance segments. Meanwhile, for YTFY24, the industry has continued to report double-digit growth. This growth has been sustained primarily by the health and motor insurance segments. However, compared to the last year, the growth continues to be marginally subdued due to a fall in the liability and marine segments and as the crop insurance, fire and credit guarantee segments reported subdued growth numbers compared to last year. The public sector premiums continued to be approximately a third of the aggregate premium.

Figure 1: Movement in Monthly Premium (Rs crore)

Month	Premium FY21	Premium FY22	Premium FY23	Premium FY24	FY21 vs. FY20 (%)	FY22 vs. FY21 (%)	FY23 vs. FY22 (%)	FY24 vs. FY23 (%)
April	14,134.8	17,251.2	21,276.3	25,640.7	-11.1	22.0	23.3	20.5
May	10,891.5	12,294.9	15,404.5	18,196.0	-11.0	12.9	25.3	18.1
June	13,842.2	14,761.0	17,808.8	20,451.9	6.9	6.6	20.6	14.8
July	16,884.8	20,157.3	23,395.3	26,629.4	17.5	19.4	16.1	13.8
August	17,580.6	21,867.9	24,474.5	23,558.3	10.1	24.4	11.9	-3.7
September	22,870.8	22,246.3	22,838.7	29,476.3	-5.2	-2.7	2.7	29.1
October	15,906.7	17,681.4	20,954.9	23,814.6	-0.1	11.2	18.5	13.6
November	14,919.5	15,735.3	19,209.2		2.3	5.5	22.1	
December	17,662.3	19,099.3	21,871.6		10.1	8.1	14.5	
January	18,457.6	21,382.9	25,541.8		6.5	15.8	19.5	
February	15,747.0	16,558.9	19,876.4		14.1	5.2	20.0	
March	19,478.0	21,767.8	24,271.4		24.6	11.8	11.5	

Source: General Insurance Council, IRDAI

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

Insurers	Oct -21	Oct -22	Oct -23	Oct -22 Growth	Oct -23 Growth	YTD FY22	YTD FY23	YTD FY24	YTD FY23 Growth	YTD FY24 Growth
Public General Insurers	5,907.2	7,234.1	6,971.9	22.5	-3.6	44,432.6	48,247.0	52,969.1	8.6	9.8
Specialized PSU Insurers	419.0	627.8	685.0	49.8	9.1	8,841.3	9,539.2	6,833.0	7.9	-28.4
Private General Insurers	9,744.7	11,156.8	13,663.7	14.5	22.5	62,170.3	74,766.3	90,714.9	20.3	21.3
SAHI	1,610.5	1,936.3	2,494.0	20.2	28.8	10,812.5	13,599.6	17,101.1	25.8	25.7
Total	17,681.4	20,954.9	23,814.6	18.5	13.6	1,26,256.7	1,46,152.1	1,67,618.0	15.8	14.7

Source: General Insurance Council, IRDAI

- Public Sector General Insurers' October 2023 numbers fell marginally by 3.6%, versus an increase of 22.5% in October 2022 (due to Motor OD and Health), the YTD growth continued to remain positive and came in higher as compared to the same period last year. On the other hand, the private sector general insurers reported a growth of 22.5% for October 2023 vs. 14.5% in October 2022. The YTD numbers too demonstrated robust growth which can be primarily attributed to health and motor insurance. Within the motor segment, public sector insurance companies grew faster in the motor OD segment, while private sector outpaced their public peers in the motor TP segment. Private sector companies maintain a larger share of the motor segment.
- Meanwhile, specialised insurers posted an increase of 9.1% in October 2023 compared to a rise of 49.8% in October 2022, however, the YTD FY24 numbers continued to reduce by 28.4% vs. a rise of 7.9% for the comparable period in FY23. Crop insurance premiums of Agriculture Insurance Company reduced by over 30% for YTD FY24. Interestingly the general insurers (both public as well as private) have significantly expanded their coverage but the expansion has not been able to make up for the aforementioned reduction.
- Standalone Private Health Insurers (SAHI) continued their growth momentum as October 2023 numbers came in at Rs 2,494 crore a tad lower than the September 2023 numbers of Rs 2,693.9 crore and higher than Rs 1,936.3 crore in October 2022 due to faster growth in retail health renewals and increased government schemes. Further, this monthly growth of 28.8% was higher than the 20.2% reported in October 2022. Meanwhile, YTD FY24 reported a growth rate of 25.7% compared to the same period last year (growth rate of 25.8%).
- Reverting to the regular performance, in October 2023, private sector companies grew by 23.4%, while public sector non-life insurance companies reduced by 2.6%. The overall market share of private non-life insurance companies has witnessed a sustained increase to 64% for YTD FY24 from 62% in FY23 and 59% in FY22 highlighting the growth differential between the public and private sectors.

Figure 3: Movement in Segment Premiums (Rs crore)

Segment	Total Premium Rs crore			YoY Growth		Total Premium Rs crore			YoY Growth	
	Oct-21	Oct -22	Oct -23	Oct -22	Oct -23	YTD FY22	YTD FY23	YTD FY24	YTD FY23	YTD FY24
Health	5,467.3	7,380.2	8,094.5	35.0	9.7	42,448.8	51,361.7	62,808.0	21.0	22.3
Group	2,642.3	3,936.6	3,640.7	49.0	-7.5	21,738.0	27,252.6	33,178.3	25.4	21.7
Retail	2,223.5	2,532.3	3,117.7	13.9	23.1	16,149.0	18,399.6	21,902.5	13.9	19.0
Others	601.5	911.3	1,336.1	51.5	46.6	4,561.80	5,709.50	7,727.20	25.2	35.3
Motor	7,166.7	8,060.5	8,798.9	12.5	9.2	36,506.4	42,940.5	49,636.7	17.6	15.6
OD	2,821.3	3,273.4	3,652.7	16.0	11.6	14,433.7	17,177.9	20,439.8	19.0	19.0
TP	4,345.4	4,787.1	5,146.1	10.2	7.5	22,072.8	25,762.6	29,196.9	16.7	13.3
Fire	1,732.1	1,959.8	2,157.9	13.1	10.1	13,944.0	15,530.7	16,604.6	11.4	6.9
Crop Ins.	1,166.9	1,224.5	2,148.7	4.9	75.5	18,622.0	18,917.9	19,109.9	1.6	1.0
Others	2,148.5	2,348.7	2,621.9	9.3	11.6	14,735.5	17,401.3	19,458.8	18.1	11.8
Grand Total	17,681.5	20,973.6	23,821.9	18.6	13.6	1,26,256.7	1,46,152.1	1,67,618.0	15.8	14.7

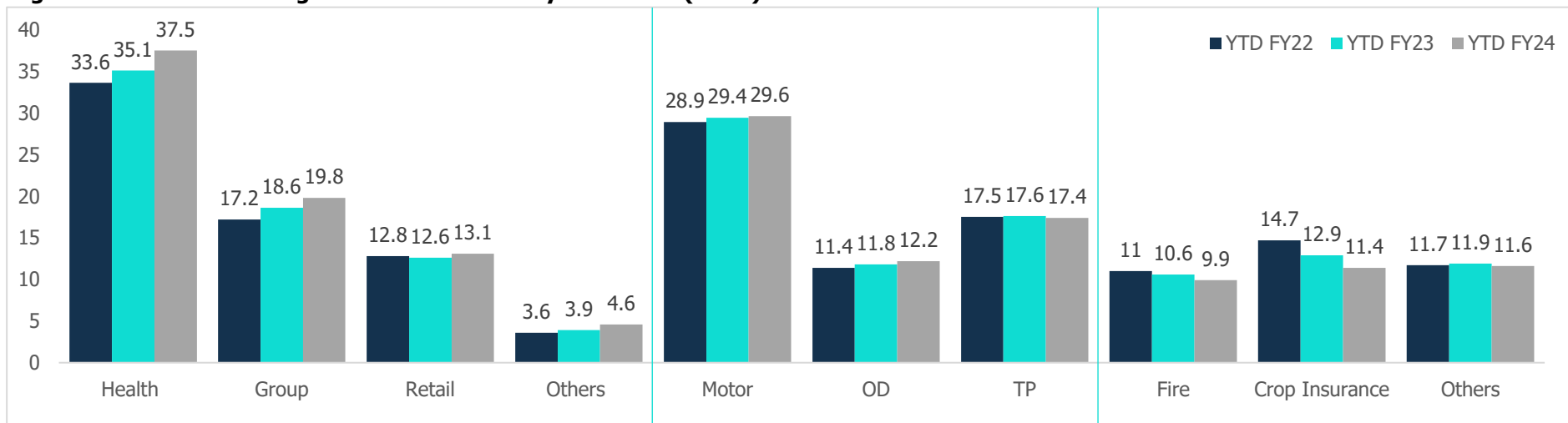
Source: General Insurance Council, IRDAI

For YTD FY24, all segments barring marine and liability segments which fell, have shown y-o-y growth.

- Health insurance premiums continue to be the primary growth agent of the non-life insurance industry. This has increased the segment's market share from 33.6% for YTD FY22 to 37.5% for YTD FY24. The health segment has grown by 22.3% for YTD FY24, which is better than the growth of 21.0% witnessed for YTD FY23.
 - The Group Health segment remains the largest segment due to enhanced coverage, and rationalisation of discounts in premiums. However, the segment witnessed a decline for the month of October 2023- (mostly due to lower premiums collected by the public sector companies).
 - Government schemes grew sharply in YTD FY24 and increased their share to 11% in YTD FY24 from 9.8% in YTD FY23 due to Ayushman Bharat and other medical schemes. Further premiums of the government schemes are generally concentrated with the public sector general insurance companies.
 - Overseas medical segment has returned to pre-pandemic levels as international travel has increased.
 - SAHI's generally focus on Retail, while general insurers account for a dominant share of the Group. The premium growth of the SAHI continues to be higher than the industry average. Meanwhile, SAHIs grew faster in group as well as retail health segments.
- In YTD FY24, Motor insurance reached Rs. 49,636.7 crore growing at 15.6% vs 17.6% in YTD FY23. Motor OD grew by 19% (vs. 19% for YTD FY23) and Motor TP rose by 13.3% (vs. 16.7% for YTD FY23). The Motor OD segment has grown faster in September 2023 compared to Motor TP segment. The

subdued motor growth for October 2023 could be attributed to lower premiums charged by general insurers on motor OD due to competitive intensity, while competition from digital players could have had an adverse bearing on overall premium size.

Figure 4: Movement in Segment Market Share by Premiums (In %)



Source: General Insurance Council, IRDAI

CareEdge Ratings View

CareEdge Ratings estimates that the Indian non-life insurance market will grow at a rate of approximately 13-15% in the medium term. The health and motor insurance segments continue to remain on track to breach the Rs 1 lakh crore and the Rs 80,000 crore mark in FY24, respectively. The industry’s growth will be primarily driven by the health and motor insurance segments, supported by increasing disposable income levels and a rise across other segments. The overall business growth will be further aided by stabilisation of loss ratios, a focus on containing expenses, and a favourable regulatory environment. Strengthening distribution networks and higher investment will also contribute to the sector’s growth. Further competition is likely to increase as new companies commence operations and while others continue to be in line to enter the segment. However, it is important to note that flood-related damages in Sikkim and surrounding states may have an adverse impact on claims for the non-life insurance segment impacting the profitability and rates of such companies. Despite this, the overall outlook for the non-life insurance sector remains stable in the medium term. However, intensified competition, an uncertain international geopolitical environment, and elevated inflation could potentially negatively affect economic growth and subsequently impact the non-life insurance sector.

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