

Non-Life Premiums Muted Growth Continues in Nov; Growth in Health Slows, while Motor OD Pick-ups

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Overview

The non-life insurance industry reported a premium of Rs 20,897.6 crore in November 2023, rising by a more sedate 8.8%, compared to last month's 13.6% and 22.1% in November 2022. This slower growth can primarily be attributed to slow growth in Health and Motor TP along with a fall in crop insurance. Meanwhile, for YTD FY24, the industry has continued to report double-digit growth. This growth continues to be underpinned 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, marine and crop insurance, while fire and credit guarantee segments also 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	15,735.2	19,207.4	20,897.6	2.3	5.5	22.1	8.8
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	Nov-21	Nov -22	Nov-23	Nov-22 Growth	Nov-23 Growth	YTD FY22	YTD FY23	YTD FY24	YTD FY23 Growth	YTD FY24 Growth
Public General Insurers	5,423.1	6,494.1	6,505.7	19.7	0.2	49,855.7	54,741.2	59,480.5	9.8	8.7
Specialized PSU Insurers	660.1	135.8	345.9	-79.4	154.8	9,501.4	9,688.5	7,178.8	2.0	-25.9
Private General Insurers	8,142.8	10,551.3	11,561.3	29.6	9.6	70,313.2	85,317.7	1,02,276.4	21.3	19.9
SAHI	1,509.2	2,026.2	2,484.7	34.3	22.6	12,321.7	15,625.8	19,585.7	26.8	25.3
Total	15,735.2	19,207.4	20,897.6	22.1	8.8	1,41,992.1	1,65,373.2	1,88,521.4	16.5	14.0

Source: General Insurance Council, IRDAI

- Public Sector General Insurers' November 2023 numbers rose marginally by 0.2%, versus an increase of 19.7% in November 2022, while the YTD growth also continued to remain positive although it is lower by 100bps as compared to the same period last year. On the other hand, the private sector general insurers reported a growth of 9.6% for November 2023 vs. 29.6% in November 2022. The YTD numbers too demonstrated robust growth which can be primarily attributed to health and motor insurance.
- Meanwhile, specialised insurers posted an increase of 154.8% in November 2023 compared to a fall of 79.4% in November 2022. The numbers continue to be lower than November 2021 numbers. On the other hand, the YTD FY24 numbers continued to reduce by 25.9% vs. a flattish rise of 2.0% for the comparable period in FY23. Crop insurance premiums of Agriculture Insurance Company reduced by 28.5% for YTD FY24 as other public sector general insurers picked up a larger share of crop insurance. 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 November 2023 numbers came in at Rs 2,484.7 crore, similar to October 2023 numbers of Rs 2,494 crore, while higher than Rs 2,026.2 crore in November 2022 as they continue to gain share in retail health from Public General Insurers. However, the monthly growth of 22.6% was lower than the 34.3% reported in November 2022.
- The overall market share of private non-life insurance companies has witnessed a sustained increase to 65% 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	
	Nov-21	Nov-22	Nov-23	Nov-22	Nov-23	YTD FY22	YTD FY23	YTD FY24	YTD FY23	YTD FY24
Health	5,028.4	6,814.2	7,671.6	35.5	12.6	47,477.2	58,175.9	70,479.7	22.5	21.1
Group	2,576.5	3,691.2	4,062.8	43.3	10.1	24,314.5	30,943.8	37,241.1	27.3	20.4
Retail	2,159.9	2,613.2	3,037.1	21.0	16.2	18,308.9	21,012.8	24,939.6	14.8	18.7
Others	292.0	509.8	571.7	74.6	12.1	4,853.8	6,219.4	8,299.0	28.1	33.4
Motor	6,502.3	7,396.5	8,290.8	13.8	12.1	43,008.7	50,337.0	57,927.6	17.0	15.1
OD	2,474.8	2,792.5	3,386.6	12.8	21.3	16,908.5	19,970.5	23,826.5	18.1	19.3
TP	4,027.4	4,603.9	4,904.3	14.3	6.5	26,100.2	30,366.5	34,101.2	16.3	12.3
Fire	1,293.6	1,411.3	1,550.3	9.1	9.8	15,237.6	16,942.0	18,154.9	11.2	7.2
Crop Ins.	1,048.2	1,551.1	1,165.2	48.0	-24.9	19,670.3	20,469.1	20,275.1	4.1	-0.9
Others	1,862.7	2,034.3	2,219.6	9.2	9.1	16,598.3	19,449.2	21,684.3	17.2	11.5
Grand Total	15,735.2	19,207.4	20,897.6	22.1	8.8	1,41,992.1	1,65,373.2	1,88,521.4	16.5	14.0

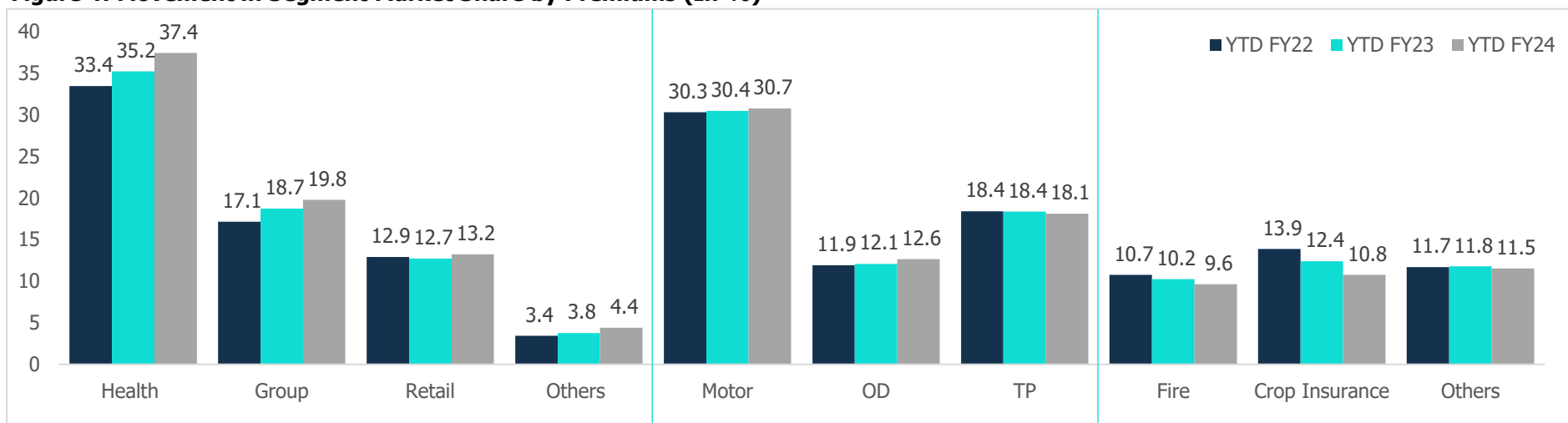
Source: General Insurance Council, IRDAI

For YTD FY24, all segments barring marine, crop and liability segments which have declined, 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 33.4% for YTD FY22 to 37.4% for YTD FY24. The health segment has grown by 21.1% for YTD FY24, which is marginally lower than the growth of 22.5% 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 slower growth for the month of November 2023 (likely due to the normalising of base effects of rate increases).
 - Government schemes grew sharply in YTD FY24 and increased their share to 10.5% in YTD FY24 from 9.7% in YTD FY22 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.
- In YTD FY24, Motor insurance reached Rs. 57,927.6 crore growing at 15.1% vs 17.0% in YTD FY23. Motor OD grew by 19.3% (vs. 18.1% for YTD FY23) and Motor TP rose by 12.3% (vs. 16.3% for YTD FY23). Motor insurance growth was faster in November 2023 than in October 2023. Similarly, OD growth

was strong on a m-o-m basis which could be attributed to festival sales. On the other hand, TP growth has remained muted, which could be attributed to lower renewals after the end of the initial multi-year premiums. The Motor OD segment has grown faster in November 2023 compared to Motor TP segment.

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 respectively in FY24. 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 severe floods in Tamil Nadu 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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