

Driven by Group Health & Motor OD, Non-Life Premiums Growth Continues in Dec 2023



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Overview

The non-life insurance industry reported a premium of Rs 25,098.2 crore in December 2023, rising by 14.7%, a much brisker pace compared to last month's 8.8% and in line with the 14.5% in December 2022. This growth can primarily be attributed to the Group Health and Motor OD segments. 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, and marine cargo, while 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	15,735.2	19,207.4	20,897.6	2.3	5.5	22.1	8.8
December	17,662.3	19,099.3	21,874.6	25,098.2	10.1	8.1	14.5	14.7
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	Dec-21	Dec-22	Dec-23	Dec-22 Growth	Dec-23 Growth	YTD FY22	YTD FY23	YTD FY24	YTD FY23 Growth	YTD FY24 Growth
Public General Insurers	7,300.1	7,351.5	8,314.5	0.7	13.1	57,155.9	62,092.7	67,795.0	8.6	9.2
Specialized PSU Insurers	1,109.5	1,284.2	1,172.0	15.7	-8.7	10,610.9	10,957.5	8,217.5	3.3	-25.0
Private General Insurers	8,809.6	10,929.5	12,696.3	24.1	16.2	79,122.8	96,247.3	1,14,972.4	21.6	19.5
SAHI	1,880.1	2,309.4	2,915.4	22.8	26.2	14,201.8	17,935.2	22,501.1	26.3	25.5
Total	19,099.3	21,874.6	25,098.2	14.5	14.7	1,61,091.3	1,87,232.6	2,13,486.0	16.2	14.0

Source: General Insurance Council, IRDAI

- Public Sector General Insurers' December 2023 numbers rose by 13.1%, compared to a muted increase of 0.7% in December 2022, while the YTD growth also continued to remain positive and crossed the growth rate reported in the same period last year after lagging for a few months. On the other hand, the private sector general insurers reported a growth of 16.2% for December 2023 vs. 24.1% in December 2022. The YTD numbers too demonstrated robust growth which can be primarily attributed to group health and motor insurance.
- Meanwhile, specialised insurers posted a decrease of 8.7% in December 2023 compared to an increase of 15.7% in December 2022. Similarly, the YTD FY24 numbers continued to reduce by 25.0% vs. a muted rise of 3.3% for the comparable period in FY23. Crop insurance premiums of Agriculture Insurance Company reduced by 27.5% for YTD FY24 as other public sector general insurers and a few private 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 resulted in a flattish number for the year.
- Standalone Private Health Insurers (SAHI) continued their growth momentum as December 2023 numbers reached Rs 2,915.4 crore rising 17% sequentially over the November 2023 numbers, while coming in higher by 26.2% over December 2022 as they continue to gain share in retail health from Public General Insurers and increasing their share of the group health pie.
- 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	
	Dec-21	Dec-22	Dec-23	Dec-22	Dec-23	YTD FY22	YTD FY23	YTD FY24	YTD FY23	YTD FY24
Health	6,763.3	7,381.6	9,079.7	9.1	23.0	54,240.5	65,557.5	79,559.4	20.9	21.4
Group	3,584.0	3,918.9	4,859.6	9.3	24.0	27,898.5	34,862.7	42,100.7	25.0	20.8
Retail	2,735.7	3,174.4	3,775.1	16.0	18.9	21,044.6	24,187.2	28,714.6	14.9	18.7
Others	443.6	288.2	445.1	-35.0	54.4	5,297.4	6,507.6	8,744.1	22.8	34.4
Motor	6,733.6	7,545.7	8,211.4	12.1	8.8	49,742.3	57,882.7	66,138.9	16.4	14.3
OD	2,651.9	2,981.5	3,382.3	12.4	13.4	19,560.3	22,952.0	27,208.7	17.3	18.5
TP	4,081.7	4,564.2	4,829.0	11.8	5.8	30,182.0	34,930.7	38,930.2	15.7	11.4
Fire	1,742.7	1,860.0	2,073.7	6.7	11.5	16,980.3	18,802.0	20,228.6	10.7	7.6
Crop Ins.	1,825.0	2,756.2	3,020.5	51.0	9.6	21,495.3	23,225.2	23,295.5	8.0	0.3
Others	2,034.7	2,331.1	2,713.0	14.6	16.4	18,633.0	21,765.2	24,263.7	16.8	11.5
Grand Total	19,099.3	21,874.6	25,098.3	14.5	14.7	1,61,091.3	1,87,232.6	2,13,486.1	16.2	14.0

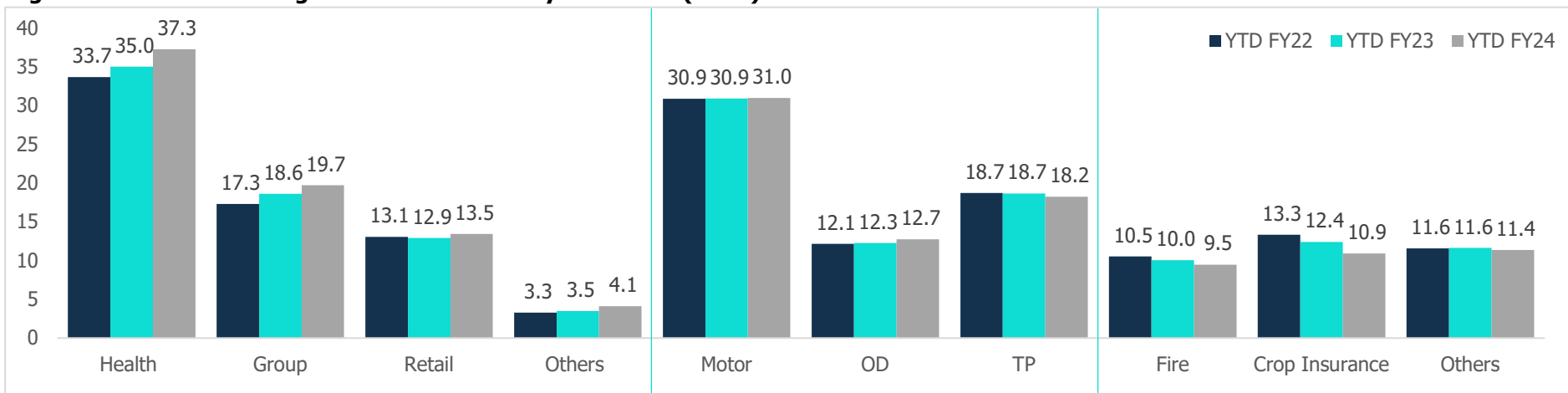
Source: General Insurance Council, IRDAI

For YTD FY24, all segments barring marine, 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 33.7% for YTD FY22 to 37.3% for YTD FY24. The health segment has grown by 21.4% for YTD FY24, which is marginally higher than the growth of 20.9% witnessed for YTD FY23.
 - The Group Health segment remains the largest segment due to enhanced coverage, and rationalisation of discounts in premiums. The segment witnessed nearly 2.5x higher growth for December 2023 compared to December 2022. Meanwhile, the YTD numbers have shown another trend with the current year number growing slower than last year's numbers.
 - Government schemes grew sharply in YTD FY24 and increased their share to 9.8% (within health) in YTD FY24 from 9.2% 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. Meanwhile, the 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, however, SAHI's are also looking to increase their share of the group pie. The premium growth of the SAHI continues to be higher than the industry average.

- In YTD FY24, Motor insurance reached Rs. 66,138.9 crore growing at 14.3% vs 16.4% in YTD FY23. Motor OD grew by 18.5% (vs. 17.3% for YTD FY23) and Motor TP rose by 11.4% (vs. 15.7% for YTD FY23). Motor insurance growth was slower in December 2023 than in November 2023. The Motor OD segment has grown faster in December 2023 compared to the 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 threshold 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 a favourable regulatory environment, stabilisation of loss ratios, and a focus on containing expenses. Strengthening distribution networks and higher investment will also contribute to the sector's growth. Further competition is likely to increase as new companies have commenced operations while others continue to be in line to enter the segment. Additionally, the non-life insurance industry could be influenced by the tensions around the Red Sea may impact. 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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