

Non-Life Premiums Growth Continues to be Driven by Health and Motor OD Segments

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Overview

The non-life insurance industry reported a premium of Rs 22,378.4 crore in February 2024, returning to double-digit growth at 12.6%, albeit a slower pace compared to 20.0% in February 2023. This growth can primarily be attributed to the Health and Motor OD segments.

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	25,541.6	27,220.6	6.5	15.8	19.4	6.6
February	15,747.0	16,558.9	19,873.6	22,378.4	14.1	5.2	20.0	12.6
March	19,478.0	21,767.8	24,271.4		24.6	11.8	11.5	

Source: General Insurance Council, IRDAI

Meanwhile, for YTD FY24, the industry has continued to report double-digit growth and keeping in with the general trend observed over the last few years, the industry has crossed the previous year's absolute amount in February. 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 liability, crop insurance, and marine cargo, while fire and credit guarantee segments reported subdued growth numbers compared to last year.

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

Insurers	Feb-22	Feb-23	Feb-24	Feb-23 Growth	Feb-24 Growth	YTD FY22	YTD FY23	YTD FY24	YTD FY23 Growth	YTD FY24 Growth
Public General Insurers	5,393.4	5,816.4	6,417.4	7.8	10.3	68,252.9	75,736.0	82,480.9	11.0	8.9
Specialized PSU Insurers	555.8	1,173.0	1,094.1	111.1	-6.7	13,927.6	14,540.3	10,281.9	4.4	-29.3
Private General Insurers	8,780.9	10,564.5	11,866.7	20.3	12.3	98,814.7	1,19,558.6	1,41,522.7	21.0	18.4
SAHI	1,828.9	2,319.7	3,000.2	26.8	29.3	18,037.3	22,814.9	28,799.0	26.5	26.2
Total	16,558.9	19,873.6	22,378.4	20.0	12.6	1,99,032.6	2,32,649.7	2,63,084.5	16.9	13.1

Source: General Insurance Council, IRDAI

- Public Sector General Insurers' February 2024 numbers rose by 10.3%, a higher rate compared to an increase of 7.8% in February 2023, while the YTD growth also continued to remain positive, albeit a muted rate compared to last year. On the other hand, the private sector general insurers reported a growth of 12.3% for February 2024 vs. 20.3% in February 2023. 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 6.7% in February 2024 compared to a significant rise of 111.1% in February 2023. Similarly, the YTD FY24 numbers continued to reduce by 29.3% vs. a growth of 4.4% for the comparable period in FY23. This has been primarily because crop insurance premiums of Agriculture Insurance Company reduced by 32.3% for YTD FY24, and as select public sector general insurers and a few private general insurers picked up a larger proportion of crop insurance premiums.
- Standalone Private Health Insurers (SAHI) continued their growth momentum as February 2024 numbers reached Rs 3,000.2 crore falling sequentially by 9.0% over the January 2024 numbers, while coming in higher by 29.3% over February 2023 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 65% for YTD FY24 from 62% in FY23 and 59% in FY22 highlighting the persistent growth differential between the public and private sectors.

Figure 3: Movement in Health Premiums (Rs crore)

Segment	Total Premium Rs crore			YoY Growth		Total Premium Rs crore			YoY Growth	
	Feb-22	Feb-23	Feb-24	Feb-23	Feb-24	YTD FY22	YTD FY23	YTD FY24	YTD FY23	YTD FY24
Health	5,330.7	6,832.2	7,928.7	28.2	16.0	66,158.6	81,996.8	98,716.7	23.9	20.4
Group	2,269.5	3,068.7	3,531.8	35.2	15.1	33,309.1	42,170.8	50,842.6	26.6	20.6
Retail	2,778.1	3,250.5	3,924.5	17.0	20.7	26,617.9	30,684.2	36,582.9	15.3	19.2
Others	283.0	513.1	472.4	81.3	-7.9	6,231.6	9,141.7	11,291.3	46.7	23.5

Source: General Insurance Council, IRDAI

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

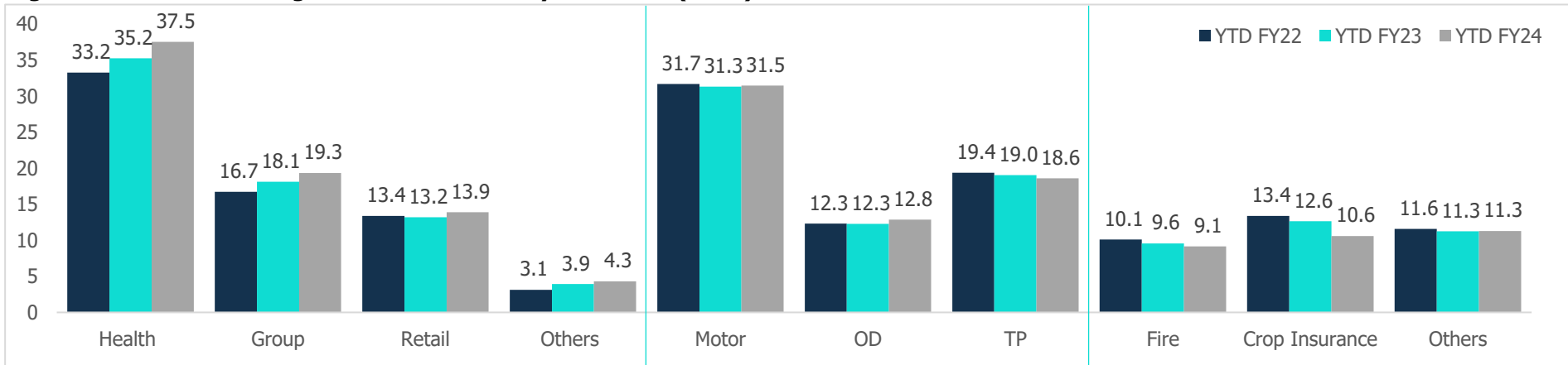
- Health insurance premiums continue to be the primary growth driver of the non-life insurance industry. This has increased the segment's market share from 33.2% for YTD FY22 to 37.5% for YTD FY24. The health segment has grown by 20.4% for YTD FY24, which is lower than the growth of 23.9% witnessed for YTD FY23.
 - The Group Health segment remains the largest segment due to enhanced coverage, and rationalisation of discounts in premiums. The segment witnessed lower growth for February 2024 as well as YTD FY24 compared to the same period last year.
 - Government schemes fell for the month of February 2024 and yet have continued to grow in YTD FY24 and increased their share to 10.3% (within health) in YTD FY24 from 8.8% 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.

Figure 4: Movement in Non-Life Premiums excluding Health Premiums (Rs crore)

Segment	Total Premium Rs crore			YoY Growth		Total Premium Rs crore			YoY Growth	
	Feb-22	Feb-23	Feb-24	Feb-23	Feb-24	YTD FY22	YTD FY23	YTD FY24	YTD FY23	YTD FY24
Motor	6,686.5	7,496.4	8,266.5	12.1	10.3	63,052.1	72,860.0	82,765.4	15.6	13.6
OD	2,444.4	2,819.3	3,281.9	15.3	16.4	24,481.7	28,580.0	33,805.9	16.7	18.3
TP	4,242.0	4,677.1	4,984.6	10.3	6.6	38,570.4	44,280.0	48,959.6	14.8	10.6
Fire	1,286.4	1,391.3	1,491.3	8.2	7.2	20,142.8	22,240.3	24,055.8	10.4	8.2
Crop Ins.	1,266.2	2,212.4	2,333.9	74.7	5.5	26,653.8	29,372.4	27,882.7	10.2	-5.1
Others	1,989.3	1,941.3	2,358.1	-2.4	21.5	23,025.2	26,180.2	29,663.9	13.7	13.3
Total	11,228.3	13,041.4	14,449.7	16.1	10.8	1,32,874.0	1,50,653.0	1,64,367.8	13.4	9.1

- If we observe the growth of the non-life insurance industry excluding health, it reduces to 9.1% YTD FY24 from the 13.1% level if health is included in the analysis. Further a large proportion of this 9.1% growth is on account of the motor insurance segment, which accounts for approximately 50% of the non-life insurance excluding health.
- In YTD FY24, Motor insurance reached Rs. 82,765.4 crore growing at 13.6% vs 15.6% in YTD FY23. Motor OD grew by 18.3% (vs. 16.7% for YTD FY23) and Motor TP rose by 10.6% (vs. 14.8% for YTD FY23). The Motor OD segment has continued to grow faster in February 2024 compared to the Motor TP segment, yet on the YTD basis the Motor TP segment has a larger market share compared to the Motor OD segment.

Figure 5: 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 insurance segment continues to remain on track to breach the Rs 1 lakh crore mark, while the Motor segment has already crossed the Rs 80,000 crore threshold 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 is also being 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 the marine segment. 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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