



ICRA

A MOODY'S INVESTORS
SERVICE COMPANY

INDIAN GENERAL INSURANCE INDUSTRY REPORT

ICRA expects business growth to resume cautiously in FY2022, while underwriting losses set to rise (due to higher claims ratios)

JUNE 2021

Karthik Srinivasan
+91 22 6114 3444
karthiks@icraindia.com

Sahil Udani
+91 22 6114 3429
Sahil.udani@craindia.com

Niraj Jalan
+91 33 7150 1146
Niraj.jalan@icraindia.com



SUMMARY

Highlights

This ICRA paper, on the general insurance sector in India, analyses the performance of 17 general insurance companies collectively representing 90% of the industry-wide gross direct premium written (GDPW) during 9M FY2021. Of these companies analysed, four are from the public sector and 13 from the private sector. Our industry analysis does not include specialised insurers such as Export Credit Guarantee Corporation of India Limited (ECGC) and Agriculture Insurance Company of India Limited (AIC of India). The industry performance encompasses all the players in the general insurance industry, while the financial performance, analysis section and outlook is pertaining to the 17 entities listed earlier.

- » **Business growth resumes in H2FY2021:** After a steady growth in FY2017 and FY2018, the GI industry had seen a slowdown in the growth to 14% in FY2019. In CY2020, India had witnessed the onset of a COVID19 pandemic, which had resulted in a nation wide lockdown for 2 months, and additional local lockdowns thereafter has a slowdown in the growth to 4% to Rs. 1.85 trillion in FY2021. PSU entities were slower to adjust to an online mode of growth, the reliance on physical meetings were higher which resulted in a 2% y-o-y decline in business (Rs. 718 billion in FY2021) while the private sector reported 8% y-o-y increase in GDPI to Rs. 1.13 trillion in the same period.
- » **Health and Fire segments show a resilient growth:** In FY2021, the health & PA (Personal accident) business saw a growth of 12%, (12% in FY2020). PSU entities had a muted growth in FY2020 (-2%), but saw a pick-up in growth in FY2021 (+2%). Private sector entities saw a growth of 16% in FY2021, and 19% in FY2020. The motor insurance segment has traditionally been the biggest segment for the GI industry, but its share has gradually declined from 46% in FY2016, to 37% in FY2021. For FY2021, the total motor business had a growth of 2% to Rs. 678 billion, due to the lockdowns in CY2020, and lower new vehicle sales. The fire insurance products accounted for 11% of the overall GDPI during FY2021 (8.9% in FY2020). The total premium had grown 27% (in FY2021), compared to a growth of 35% in FY2020. The growth in FY2020 was strong for both PSU and Private sector players, but private sector players increased market share in FY2021.
- » **Moderate growth expectations for FY2022:** ICRA expects a 7%-9% growth in GDPI in FY2022, supported by growth in health segment and uptick in motor segment. Despite underwriting losses, the sector is expected to report marginal return on equity (3%-4.5%) largely supported by investment income which is highly regulated by the IRDAI.

Subscribe to the full report to get the following:

- Industry Performance Analysis and Outlook
- Motor, Health, and Fire segment performance
- GI penetration in India, and global standing
- Operational metrics performance including
 - Claims settlement performance
 - Retention ratios
- Financial performance and analysis for four Public players, and 13 Private players
 - Claims & Underwriting performance
 - Loss ratio performance across segments
 - Investment book & performance
 - Liquidity update
 - Solvency and capital performance
 - Distribution channel performance

ABOUT ICRA

ICRA Limited (formerly Investment Information and Credit Rating Agency of India Limited) was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange.

Alliance with Moody's Investors Service

The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder. The participation of Moody's is supported by a Technical Services Agreement, which entails Moody's providing certain high-value technical services to ICRA. Specifically, the agreement is aimed at benefiting ICRA's in-house research capabilities, and providing it with access to Moody's global research base. The agreement also envisages Moody's conducting regular training and business seminars for ICRA analysts on various subjects to help them better understand and manage concepts and issues relating to the development of the capital markets in India. Besides this formal training programme, the agreement provides for Moody's advising ICRA on Rating-products strategy, and the Ratings business in general.

The ICRA Factor

Our services are designed to

- Provide information and guidance to institutional and individual investors/creditors;
- Enhance the ability of borrowers/issuers to access the money market and the capital market for tapping a larger volume of resources from a wider range of the investing public;
- Assist the regulators in promoting transparency in the financial markets;
- Provide intermediaries with a tool to improve efficiency in the funds raising process.

Business Contacts

Mr. L. Shivakumar
E-mail: shivakumar@icraindia.com
+91 22 6114 3406 / +91 98210 86490

Mr. Jayanta Chatterjee
E-mail: Jayantac@icraindia.com
Tel: +91 80 4332 6401/ +91 98450 22459

Media and Public Relations

Ms. Naznin Prodhani
E-mail: Communications@icraindia.com
Tel: +91 124 4545 860

Registered Office

B-710, Statesman House 148,
Barakhamba Road
New Delhi-110001
Tel: +91 11 23357940-45

Corporate Office

Building No. 8, 2nd Floor,
Tower A, DLF Cyber City, Phase II,
Gurgaon - 122 002
Tel: +91-124-4545300

Ahmedabad

1809-1811, Shapath V,
Opp: Karnavati Club,
S.G.Highway, Ahmedabad - 380015
Tel: +91 79 4027 1500/501

Bengaluru 1

'The Millenia', Tower B Unit No. 1004,
10th Floor, 1 & 2 Murphy Road,
Bengaluru - 560 008
Tel: +91 80 4332 6400

Bengaluru 2

2nd Floor, Vayudooth Chamber
15-16, Trinity Circle, M.G. Road,
Bengaluru - 560 001
Tel: +91 80 4922 5500

Chennai

5th Floor, Karumuttu Centre
634, Anna Salai, Nandanam
Chennai - 600 035
Tel: +91 44 4596 4300

Hyderabad 1

4th Floor, 'Shoban'
6-3-927/A&B. Somajiguda
Raj Bhavan Road,
Hyderabad - 500 082
Tel: +91 40 4067 6500

Hyderabad 2

No. 7-1-58, 301, 3rd Floor, 'Concourse',
Above SBI-HPS Branch, Ameerpet,
Hyderabad - 500 016
Tel: +91 40 4920 0200

Kolkata

A-10 & 11, 3rd Floor,
FMC Fortuna 234/3A,
A.J.C. Bose Road,
Kolkata -700 020
Tel: +91 33 7150 1100/01

Mumbai

3rd Floor, Electric Mansion
Appasaheb Marathe Marg,
Prabhadevi,
Mumbai - 400 025
Tel: +91 22 6169 3300

Pune

5A, 5th Floor, Symphony, S. No. 210
CTS 3202 Range Hills Road,
Shivajinagar, Pune - 411 020
Tel: +91 20 2556 1194

Email: Info@icraindia.com

Helpdesk: 9354738909

Website: www.icra.in/ www.lcraresearch.in