

Non-Life Premiums Witness a Robust Start to FY25

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Overview

In April 2024, the non-life insurance industry reported a premium of Rs. 29,679.0 crore growing at 15.9% compared to the 20.4% growth reported in April 2023. The industry's growth has continued to be underpinned primarily by the health and motor insurance segments along with the fire segment. However, this growth was partially offset by a fall in engineering, crop insurance and aviation.

Figure 1: Movement in Monthly Non-Life Premium (Rs crore)

Month	Premium in FY22	Premium in FY23	Premium in FY24	Premium in FY25	FY22 vs FY21 (%)	FY23 vs FY22 (%)	FY24 vs FY23 (%)	FY25 vs FY24 (%)
April	17,251.2	21,276.3	25,616.1	29,679.0	22.0	23.3	20.4	15.9
May	12,294.9	15,404.5	18,196.0		12.9	25.3	18.1	
June	14,761.0	17,808.8	20,451.9		6.6	20.6	14.8	
July	20,157.3	23,395.3	26,629.4		19.4	16.1	13.8	
August	21,867.9	24,474.5	23,558.3		24.4	11.9	-3.7	
September	22,246.3	22,838.7	29,476.3		-2.7	2.7	29.1	
October	17,681.4	20,954.9	23,814.6		11.2	18.5	13.6	
November	15,735.2	19,207.4	20,897.6		5.5	22.1	8.8	
December	19,099.3	21,874.6	25,098.2		8.1	14.5	14.7	
January	21,382.9	25,541.6	27,220.6		15.8	19.4	6.6	
February	16,558.9	19,873.6	22,378.4		5.2	20.0	12.6	
March	21,767.8	24,244.5	26,647.5		11.8	11.4	9.9	

Source: General Insurance Council, IRDAI

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

Insurers	Apr-22	Apr -23	Apr -24	Apr -23 Growth	Apr -24 Growth
Public General Insurers	8,675.9	9,601.8	10,345.0	10.7	7.7
Specialized PSU Insurers	70.6	184.9	117.2	162.0	-36.6
Private General Insurers	10,979.6	13,745.0	16,573.8	25.2	20.6
SAHI	1,551.6	2,084.4	2,643.0	34.3	26.8
Total	21,277.7	25,616.2	29,679.0	20.4	15.9

Source: General Insurance Council, IRDAI

- Public Sector General Insurers' April 2024 numbers rose by 7.7%, less than the 10.7% reported in April 2023. On the other hand, the private sector general insurers reported a growth of 20.6% for April 2024 vs. 25.2% in April 2023. The April 2024 numbers have demonstrated substantial growth which can be primarily attributed to fire, group health and motor insurance (higher two-wheeler sales and premiumisation of the market with SUV sales increasing their share in the PV segment and vehicle scrapping policy). However, both health and motor underperformed compared to their April 2023 growth rates hence April 2024 growth numbers came lower than April 2023 growth rate.

- Standalone Private Health Insurers (SAHI) continued their y-o-y growth momentum at 26.8% as the April 2024 numbers came in above the Rs 2,500 crore mark yet fell sequentially from March 2024's Rs 4,316.9 crore (due to year end drive). SAHIs continue to gain share in retail health from Public General Insurers. Further two additional SAHIs are slated to commence operations, and competition is expected to accelerate even further in FY25.
- The overall market share of private non-life insurance companies has witnessed a sustained increase to 65% for April 2024 and FY24 from 62% in FY23 to 59% in FY22, highlighting the persistent growth differential between the public and private sectors.

For April 2024, all segments barring engineering, crop insurance and aviation which have declined, have shown y-o-y growth.

Figure 3: Movement in Health Premiums (Rs crore)

Segment	Total Premium Rs crore			YoY Growth	
	Apr -22	Apr -23	Apr -24	Apr -23	Apr -24
Health	8,696.8	10,747.7	12,536.7	23.6	16.6
Group	5,192.2	6,629.4	8,317.9	27.7	25.5
Retail	1,983.0	2,618.6	3,092.0	32.1	18.1
Others	1,521.7	1,499.6	1,126.9	-1.4	-24.9

Source: General Insurance Council, IRDAI

Health insurance premiums continue to account for the lion's share of the non-life insurance industry. This has increased the segment's market share from 40.7% for April 2022 to 42.3% for April 2024. This share is likely to reduce a tad in the coming months as other sectors start their growth journey. The health segment has grown by 16.6% for April 2024, which is lower than the growth of 23.6% witnessed for April 2023.

- The Group Health segment continues to be the largest segment. The segment witnessed lower growth for April 2024 compared to April 2023. The share is likely to reduce once retail health picks up momentum later during the year.
- Government schemes fell for April 2024 and reduced their share to 8.1% (within health) in April 2024 from 10.9% in April 2022. This decrease could be attributed to lower spending amidst the ongoing general elections. Further premiums of the government schemes are generally concentrated with the public sector general insurance companies. Meanwhile, the overseas medical segment too witnessed a reduction in its share in the health pie in April 2024.
- The Retail segment has continued its growth momentum however, the rate has reduced in April 2024 compared to April 2023.
- 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. Further, with IRDAI approving two new SAHIs (Narayana Health Insurance and Galaxy Health & Allied Insurance) competition is expected to be intense in FY25.

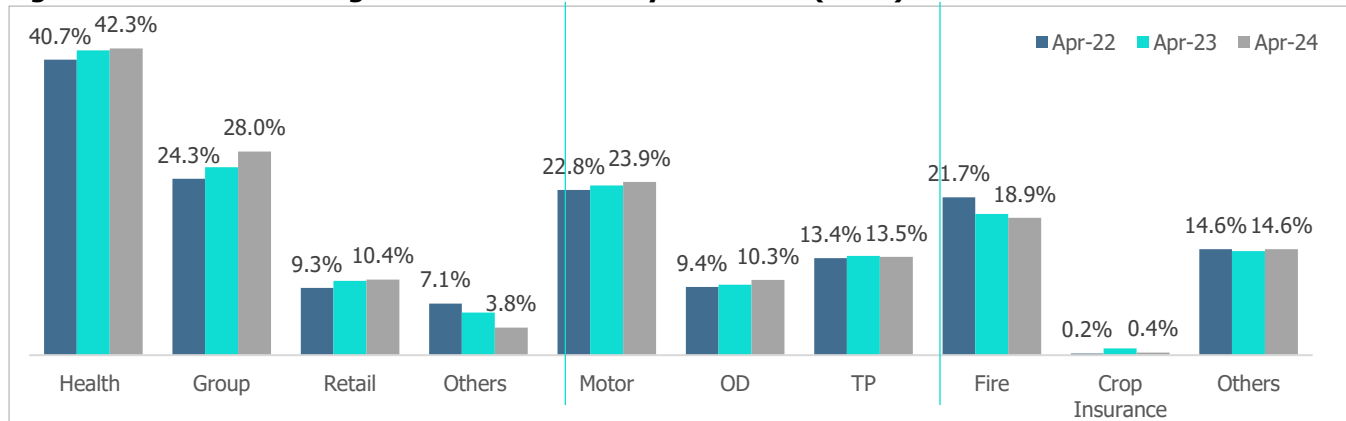
Figure 4: Movement in Non-Life Premiums excluding Health Premiums (Rs crore)

Segment	Total Premium Rs crore			YoY Growth	
	Apr -22	Apr -23	Apr -24	Apr -23	Apr -24
Motor	4,866.2	5,985.0	7,082.1	23.0	18.3
OD	2,008.1	2,483.0	3,070.2	23.6	23.6
TP	2,858.1	3,502.0	4,011.9	22.5	14.6
Fire	4,645.5	4,975.7	5,610.6	7.1	12.8
Crop Ins.	52.3	232.8	111.3	344.9	-52.2
Others	3,016.9	3,675.0	4,338.4	21.8	18.1
Total	12,580.9	14,868.4	17,142.3	18.2	15.3

If we observe the growth of the non-life insurance industry excluding health, it reduces to 15.3% in April 2024 from the 15.9% level if health is included in the analysis. Further, a large proportion of this 15.3% growth is on account of the motor insurance segment, which accounts for approximately 40% of the non-life insurance excluding health. In April 2024, Motor insurance touched Rs. 7,082.1 crore growing at 18.3% vs 23.0% in April 2023. Motor OD grew by 23.6% for both April 2024 as well as April 2023 while Motor TP rose by 14.6% (vs. 22.5% for April 2023).

The Motor OD segment has continued to grow faster in April 2024 compared to the Motor TP segment, yet the Motor TP segment has a larger market share compared to the Motor OD segment. This growth can be attributed to the automotive industry growing at a robust pace in April 2024 aided by a sharp jump in two-wheeler sales along with sustained PV demand. Furthermore, with rising premiumisation, SUVs have increased their share in the Passenger vehicle industry leading to improved motor insurance premiums per unit. Additionally, the fire segment grew by 1.5x in April 2024 compared to April 2023, due to renewals, while crop insurance fell sharply yet grew significantly compared to April 2022 numbers.

Figure 5: Movement in Segment Market Share by Premiums (In %)



Source: General Insurance Council, IRDAI

CareEdge Ratings View

“FY25 has begun on a robust note with April 2024 growing at 15.9%. Broadly speaking, the first quarter of the financial year accounts for around 20% of the sector’s premiums and this trend is likely to persist in FY25. The industry’s growth will continue to be driven by the health and motor insurance segments as they account for around 66% of the premiums. Further any Motor TP rate hike could also contribute to the growth. Additionally, competition is slated to rise especially in the health segments as new companies have commenced operations while others continue to be in line to enter the segment.” said Saurabh Bhalerao, Associate Director, CareEdge Ratings.

“CareEdge Ratings estimates that the Indian non-life insurance market will grow at a rate of approximately 13-15% in the medium term. Growth would be aided by macroeconomic factors such as higher GDP growth, and disposable income levels. The overall business growth would be supported by a favourable regulatory environment such as the denotification of tariffs, minimum rural, social, and motor third-party obligations, and Bima Trinity. Further a focus on containing overall expenses and strengthening distribution networks will also contribute to the sector’s growth. Additionally, 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, could potentially affect economic growth and subsequently impact the non-life insurance sector.” said Gaurav Dixit, Director, CareEdge Ratings.

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