

## Sector update

# General Insurance

## Motor premiums start to improve; retail health remains robust

There is a noticeable recovery in motor premium growth in October across the industry with ICICI Lombard continuing to outperform in this category. We continue to remain constructive on non-life insurance space driven by (1) expected recovery in motor premiums, (2) expected price hike in motor TP in FY22, (3) moderating Covid-19 claims, (4) strong growth in health premiums and (5) players like Ping AN and China Life have seen a moderation in life premiums growth while non-life continues to exhibit strong growth.

- ▶ **ICICI Lombard (ICICIGI) has consistently outperformed in motor. October has been stronger.** Total motor premiums for ICICIGI changed by +12%/-2% YoY in Oct'20/FY21-TD compared to industry change of +3% /-10%, respectively. There was strong performance in both OD and TP category. Motor OD premiums for ICICIGI changed by +10%/-4% YoY in Oct'20/FY21-TD compared to industry change of +2%/-11%. Motor TP premiums for ICICIGI changed by +16%/-0.2% YoY in Oct'20/FY21-TD compared to industry change of +4%/-10%. Overall motor share has improved market share from 9.8% in FY20 to 10.4% in FY21TD (FY20 / 21TD, motor TP market share stood at 7.3% / 7.9% and motor OD market share stood at 13.9% / 14.2%). Retail health premiums for ICICIGI changed by +7%/+2% YoY in Oct'20/FY21-TD compared to industry change of +6%/+14.5%. FY21-TD, ICICIGI has registered +3% GDPI (ex-crop) growth till Oct'20 compared to +3.5% growth at aggregate industry level.
- ▶ **BAGIC shows sharp improvement trends in motor premiums, retail health remains robust:** Compared to average 24% YoY decline in the months of July-September, BAGIC reported 6% decline in motor TP in Oct'20. Retail health has grown 16% in Oct'20, 27% in FY21TD. On YTD basis, overall GDPI (ex-crop) declined 9% YoY. BAGIC's total motor market share declined to 6.9% in FY21-TD compared to 7.6% in FY20 (FY20 / FY21 market share of motor OD stood at 7.9% / 7.7% and motor TP market share stood at 7.3% / 6.5%).
- ▶ **Covid-19 claims (both number and amount) are not growing exponentially.** Based on media reports, incremental amount of Covid-19 claims has been US\$209mn in Aug'20, US\$294 in Sep'20 to US\$385 in October 2020 and US\$101 in Nov'20 (data up to 13<sup>th</sup> Nov'20). (Refer chart 5,6)
- ▶ **Readings from Ping AN and China Life monthly premium numbers indicate sustained outperformance of non-life over life premium.**
  - **China Life (gross premium mix: 80% life premium and 20% non-life premium as on CY19):** FY21-TD accumulated premium growth for China Life has tapered down from +20% growth in Jan/Feb'20 to 9% in Sep'20 and Oct'20. On monthly basis, accumulated premium numbers for Aug'20 / Sep'20 / Oct'20 declined 1% / 5.6% / 4.7% YoY, respectively.
  - **Ping AN:** Ping AN P&C YTD premiums have risen in the range of 8-11% in the month of Apr'20 to Oct'20 driven by strong growth in accident and health premiums and non-auto segment. Auto premiums have witnessed a growth of 5% YoY in FY21-TD. Non- auto and health premiums have grown 19.6% and 32%, respectively, in FY21TD. FY21-TD life insurance premiums have declined 4% YoY in FY21-TD.

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Chart 1: Health premium growth

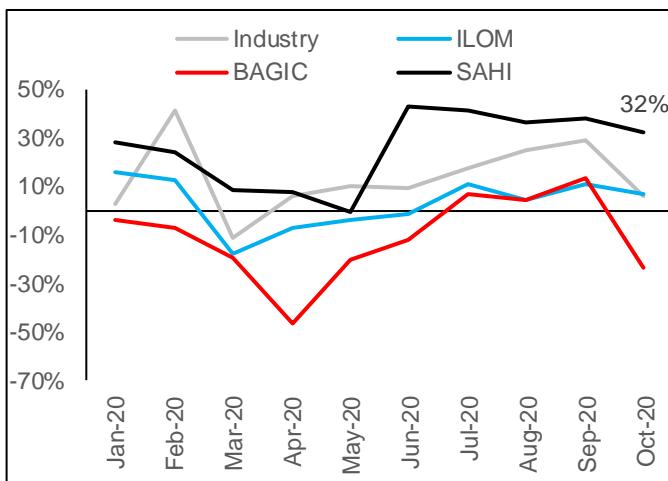


Chart 2: Fire premium growth

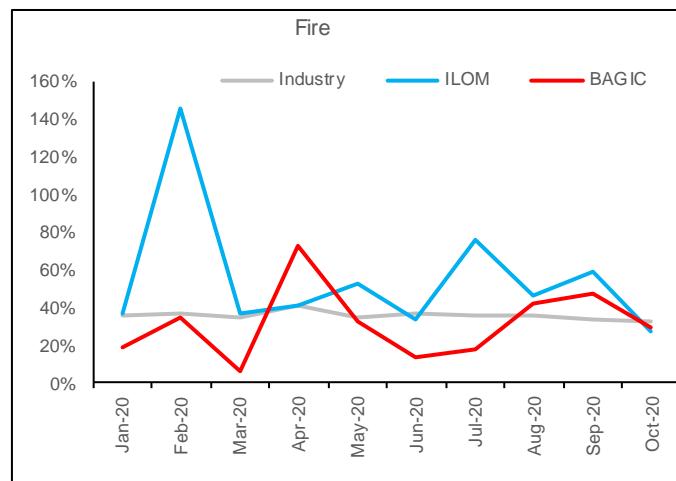


Chart 3: Motor TP premium growth

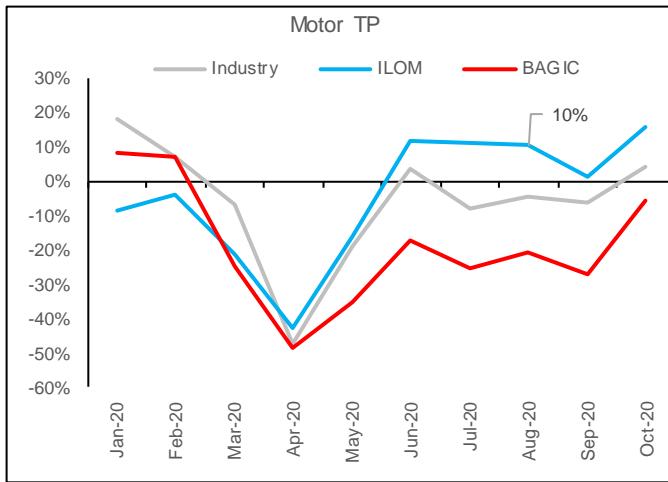
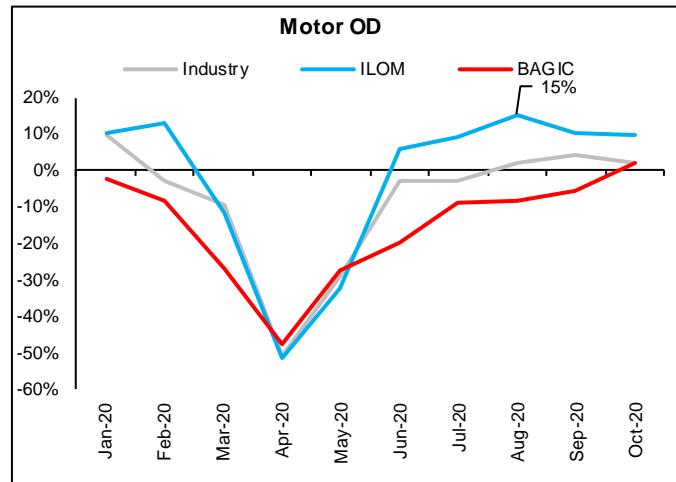


Chart 4: Motor OD premium growth



Source: IRDAI

Table 1: YTD premium growth

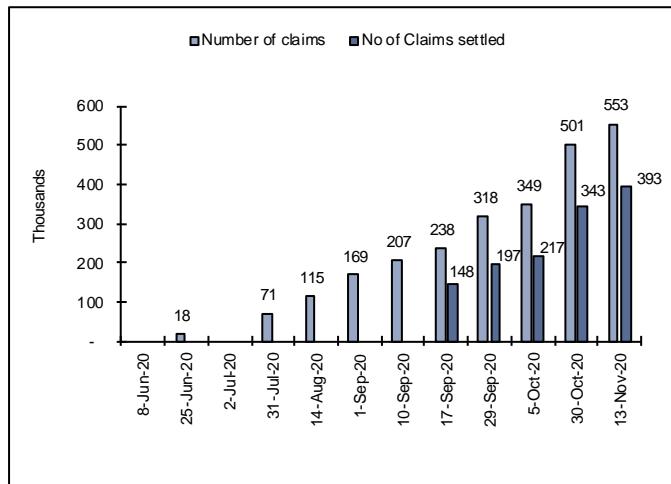
Rs bn Segment	Industry		ICICIGI		BAGIC		Bharti AXA	
	Oct'20	%chg	Oct'20	%chg	Oct'20	%chg	Oct'20	%chg
Fire	131.5	33%	14.4	45%	10.3	41%	2.1	60%
Motor	352.8	-10%	36.5	-2%	24.5	-21%	6.6	-21%
Motor OD	136.5	-11%	19.4	-4%	10.5	-16%	3.8	-20%
Motor TP	216.3	-10%	17.1	0%	14.0	-25%	2.8	-22%
Healthcare	328.8	14.5%	16.9	2%	11.9	-16%	2.5	8%
Retail Group	139.1	33.6%	4.0	30%	4.5	27%	0.1	16%
	189.7	3.7%	12.9	-4%	7.4	-30%	2.4	7%
Marine	19.1	-11%	2.6	-13%	1.0	-7%	0.5	-12%
Engineering	16.4	8%	2.1	12%	1.3	47%	0.2	6%
Aviation	4.3	22%	0.6	26%	0.1	117%	-	0%
Liability	19.6	13%	3.1	11%	2.6	18%	0.3	11%
PA	28.0	-6%	1.8	-40%	1.2	-27%	0.3	16%
Crop	196.4	-8%	0.3	-53%	17.6	-5%	6.9	15%
Misc	31.0	-7%	1.6	-28%	3.1	-24%	0.2	29%
Total	1,127.8	1.2%	79.9	2.4%	73.6	-9%	19.5	0.9%
Ex crop	931.5	3.5%	79.6	3%	55.9	-10%	12.6	-5%

Source: IRDAI

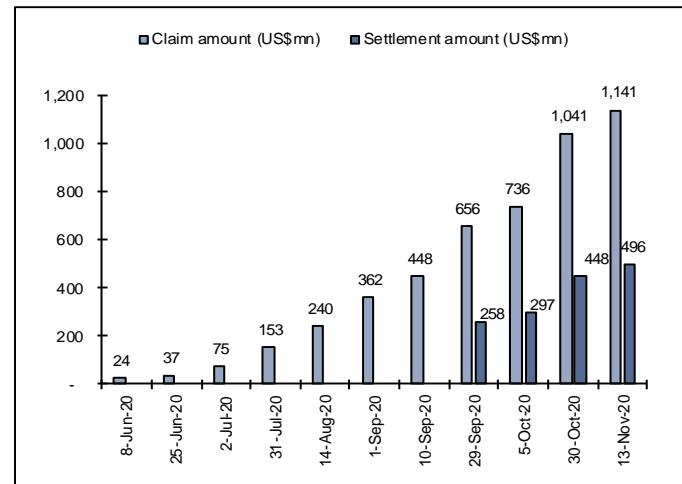
**Table 2: Monthly premium growth**

Rs bn Segment	Industry		ICICIGI		BAGIC		Bharti AXA	
	Oct'20	%chg	Oct'20	%chg	Oct'20	%chg	Oct'20	%chg
Fire	16.0	30%	1.8	28%	1.5	29%	0.3	113%
Motor	71.8	3%	9.0	12%	5.2	-2%	1.6	0%
Motor OD	28.8	2%	4.8	10%	2.3	2%	1.0	-1%
Motor TP	43.1	4%	4.2	16%	2.9	-6%	0.7	3%
Healthcare	40.7	6%	2.4	7%	1.7	-24%	0.4	29%
Retail Group	19.8	30%	0.6	32%	0.6	16%	0.0	17%
Group	20.9	-9%	1.8	0%	1.1	-36%	0.4	29%
Marine	2.9	-22%	0.4	-11%	0.1	-16%	0.1	19%
Engineering	2.5	21%	0.3	6%	0.2	61%	0.0	33%
Aviation	1.1	59%	0.1	70%	0.0	-37%	-	0%
Liability	2.7	37%	0.4	55%	0.2	94%	0.0	19%
PA	4.7	2%	0.4	-23%	0.1	-33%	0.0	-8%
Crop	12.8	-42%	-	-100%	(0.1)	-721%	1.4	4%
Misc	4.2	11%	0.3	-10%	0.5	-23%	0.0	14%
Total	159.5	0.2%	15.0	10%	9.5	-6%	4.0	9%
Ex crop	146.7	7%	15.0	11%	9.6	-4%	2.6	12%

Source: IRDAI

**Chart 5: Number of Covid claims**

Source: AsiaInsurance review, media reports

**Chart 6: Covid claim amount (US\$mn)**

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