Equity Research

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BSE Sensex: 54526

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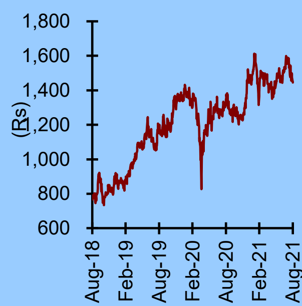
Sector update

ICICI Lombard (ADD)



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INDIA

ICICI Securities

General insurance

Strong July; SAHI's outperformance continues

Gross domestic premium income (GDPI) for non-life insurers grew 19.5% YoY in Jul'21, of which, private players' GDPI grew 20% YoY and that for PSU insurers was up 18.7% YoY. SAHI reported GDPI growth of 27% YoY.

ICICIGI/BAGIC grew 8.5/33%YoY in Jul'21. In terms of market share, ICICIGI market share dipped to 5.9% in Jul'21 compared to 10.2/7.6/7% in Apr/May/ Jun'21, respectively. On YTD basis, ICICIGI market share stood at 7.6%. Crop could be a differentiating factor.

Motor registrations improved MoM in Jul'21. YTD registrations have grown by 42/22/48% for passenger cars/2-wheelers and CV.

1% health market share could lead to Rs1.5bn covid claims in FY22 (based on data as of 6th Aug'21): Total covid claims received by insurance companies in FY22TD were 1.3mn of which 1.04mn claims have been settled. In terms of value, insurance companies have received total claims worth Rs146.6bn in FY22TD vs 146.8bn in FY21 of which Rs99bn has settled in FY22 vs Rs79bn in FY21.

There is a case for growth in market share of private players. Q1FY22 was adversely impacted due to covid second wave. While performance should improve ahead, higher covid claims and absence of motor TP hike pose an overhang on near-term profitability.

Table 1: Non-life GDPI trend

	Jul '20	Aug '20	Sep '20	Oct '20	Nov '20	Dec '20	Jan '21	Feb '21	Mar '21	Apr '21	May '21	Jun '21	Jul '21
PSU	50%	52%	44%	38%	17%	26%	29%	21%	41%	56%	67%	47%	27.5%
Industry	5%	12%	7%	10%	7%	11%	4%	2%	31%	27%	6%	1%	8.5%
Ex PSU	113%	-9%	-53%	-6%	14%	23%	-7%	10%	20%	15%	3%	7%	32.7%
ICICIGI	9%	8%	-5%	-15%	-4%	11%	-3%	12%	14%	15%	5%	6%	18.7%
BAGIC	24%	17%	-5%	10%	9%	13%	11%	13%	32%	28%	17%	7%	20.0%
SAHI (ex HDFC ergo)	17%	13%	-5%	0%	3%	12%	7%	13%	23%	22%	12%	7%	19.5%
Private (ex -SAHI)	21%	13%	-9%	7%	8%	11%	8%	12%	30%	25%	9%	1%	18.8%

Source: IRDAI

Note: SAHI–standalone health insurers, ICICIGI–ICICI Lombard; BAGIC – Bajaj General Insurance

***Note:** For SAHI we have considered ex -HDFC Ergo Health Insurance for all the months

Chart 1: Covid claims continue to rise…

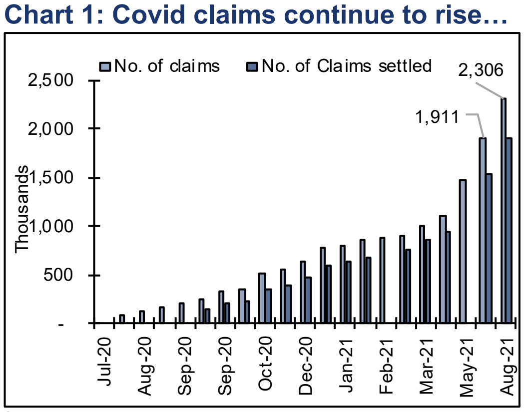
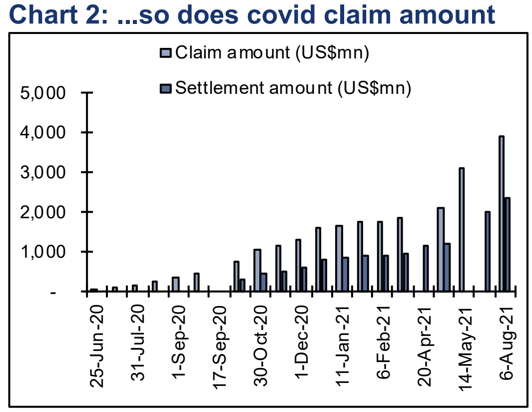


Chart 2: ...so does covid claim amount



Source: Media reports

Table 2: Motor vehicle retail registrations (nos.) – MoM improvement in Jul'21

('000)	Jul-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	MoM
Passenger cars	159	273	246	274	207	85	182	258	42%
2W	886	1,141	1,069	1,182	865	411	930	1,134	22%
CV	21	54	56	64	50	17	35	52	48%

Source: Vahan

Table 3: Non-life insurers' GDPI

S. No.	Insurer	Rs mn		Market share
		Jul'21	YoY	Jul'21 (%)
1	Acko General Insurance Limited	708.1	175.5	0.35
2	Bajaj Allianz General Insurance Company Limited	26,593.6	32.7	13.18
3	Bharti AXA General Insurance Company Limited	3,389.5	12.3	1.68
4	Cholamandalam MS General Insurance Company Limited	4,022.3	12.7	1.99
5	NAVI General Insurance Limited	90.5	20.3	0.04
6	Edelweiss General Insurance Company Limited	239.6	70.5	0.12
7	Future Generali India Insurance Company Limited	3,393.0	48.4	1.68
8	Go Digit General Insurance Limited	2,999.4	60.1	1.49
9	HDFC Ergo General insurance Company Limited	9,561.4	13.1	4.74
10	ICICI Lombard General Insurance Company Limited	11,817.9	8.5	5.86
11	IFFCO Tokio General Insurance Company Limited	7,967.6	22.5	3.95
12	Kotak Mahindra General Insurance Company Limited	502.6	1.9	0.25
13	Liberty General Insurance Limited	1,220.6	3.9	0.61
14	Magma HDI General Insurance Company Limited	1,532.5	42.4	0.76
15	National Insurance Company Limited	11,273.7	-0.9	5.59
16	Raheja QBE General Insurance Company Limited	396.8	130.6	0.20
17	Reliance General Insurance Company Limited	7,004.4	10.9	3.47
18	Royal Sundaram General Insurance Company Limited	2,742.6	33.3	1.36
19	SBI General Insurance Company Limited	5,218.9	-23.6	2.59
20	Shriram General Insurance Company Limited	1,363.0	-22.6	0.68
21	Tata AIG General Insurance Company Limited	7,822.4	15.1	3.88
22	The New India Assurance Company Limited	27,374.6	37.3	13.57
23	The Oriental Insurance Company Limited	11,625.6	24.3	5.76
24	United India Insurance Company Limited	14,088.9	0.0	6.98
25	Universal Sompo General Insurance Company Limited	1,742.7	15.3	0.86
	General Insurers Total	**1,64,692.0**	**17.6**	**81.65**
26	Aditya Birla Health Insurance Company Limited	1,254.8	25.0	0.62
28	ManipalCigna Health Insurance Company Limited	773.3	21.4	0.38
29	Max Bupa Health Insurance Company Limited	2,238.7	58.3	1.11
30	Care Health Insurance Limited	3,066.8	32.5	1.52
31	Star Health & Allied Insurance Company Limited	10,194.1	21.7	5.05
32	Reliance Health Insurance Limited*			
	Stand-alone Pvt Health Insurers	**17,527.7**	**27.5**	**8.7**
33	Agricultural Insurance Company of India Limited	18,544.8	32.6	9.19
34	ECGC Limited	947.1	-12.0	0.47
	Specialized PSU Insurers	19,491.9	29.4	**9.66**
	GRAND TOTAL	**2,01,711.6**	**19.5**	**100.0**

Source: IRDAI
Note: For SAHI FY-21TD GDPI we have considered HDFC Ergo Health Insurance GDPI in the calculation and have adjusted HDFC Ergo General insurance GDPI accordingly.

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