

### [Health continues to drive premium growth for non-life insurers](#)

Health insurance premiums for general insurers increased 43% in July 2021, while other major segments reported single-digit growth -- 9% for motor and 5.1% for crop insurance.

ISHAN SHAH | AUGUST 20, 2021 / 08:08 PM IST



Health continues to drive growth for non-life insurers, with premiums rising 43 percent to Rs 7,109.25 crore in July from Rs 4,969.49 crore a year ago, data from the sector's regulator showed.

Motor insurance premiums grew almost 9 percent in July to Rs 5,444.77 crore from Rs 5,002.26 crore a year ago. Fire premiums recorded a growth of 19.1 percent.

#### **Health Awareness Drives Growth**

Experts said the health segment grew rapidly because of higher awareness in the wake of COVID-19 and its impact on household finances although further growth would demand on the trajectory of the pandemic.

TA Ramalingam, Chief Technical Officer, Bajaj Allianz General Insurance said, the awareness had increased and many people were increasing their insurance limits. He said the current growth of upwards of 40 percent may be because of the surge in cases during the second wave, but if there's no further surge in cases the industry growth in health could be around 25 percent.

The health segment will continue to propel the sector but its own growth is likely to moderate towards 25 percent as COVID-19 cases decline, a senior private insurer said requesting anonymity.

Analysts continue to see an upward traction in the health premium growth.

Jinay Gala, Associate Director at India Ratings said, "Health premium growth will continue to see a good traction as people would plan their health cover on risk side, as we have seen the negative effects of COVID-19."

### **Tepid growth in Motor may continue**

The auto industry has been hit by disruptions in supply chain and an increase in input cost.

Motor insurance is a function of different factors like overall demand in the economy, constraints on manufacturing, supply chain, and logistics.

Auto sales grew 45 percent in July from the low base last year. Rajesh Menon, director general of the Society of Indian Automobile Manufacturers said the auto industry continues to face heavy headwinds from the global semiconductor shortage and soaring commodity prices.

He said the industry is trying to maximise production and sales. However, April-July sales of passenger vehicles are still lower than 2016-17, two-wheelers are still lower than the level of 2010-11, and the Three-wheeler segment has been pushed back by many years, Menon said.

On a monthly basis, motor insurance premiums grew 7.6 percent in July 2021. Ramalingam said, motor premiums have picked up after the lockdown but there is a waiting period and the chip shortage could also impact the production.

Auto sales could pick up specifically as people would prefer personal mobility and bank on purchasing entry level vehicles, followed by an uptick in motor insurance premiums.

"We see an uptick on own damage & third party on new premium growth in coming months. However, renewals on motor insurance could still be challenging as many operators may not have that kind of cashflows for immediate renewals," Gala of India Ratings said.

### **Muted growth in Crop Insurance**

Crop insurance premiums grew 5.10 percent in July 2021 to Rs 3,508.21 crore from Rs 3,338.03 a year ago.

Gala said the crop insurance business remains cyclical, and as state-owned companies operate in this segment, there is a delay in the money coming in, which is in the form of state subsidies. Claim ratios are volatile because of weather conditions, and private general insurers will be skeptical in this space, Gala said.