

INSURANCE



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Crop, health and motor insurance to drive growth

- Crop insurance segment contributed 20% to gross direct premiums of non-life insurance companies in FY20.
- Customers can now pay their health insurance premium in instalments. Earlier, health insurance companies used to collect the insurance premiums from customers on annual basis.
- Enrolments under the Pradhan Mantri Suraksha Bima Yojana (PMSBY) reached 154.7 million until December 2019 since the launch of this scheme.
- Strong growth in the automotive industry over the next decade will be a key driver of motor insurance.



Rapidly growing insurance segments

- The insurance industry in India is expected to reach US\$ 280 billion by the end of 2020. Life insurance industry in the country is expected to grow 12-15% annually over the next three to five years.

Increasing private sector contribution

- The market share of private sector companies in the non-life insurance market rose from 15% in FY04 to almost 56% in FY21 (until April 2020).
- In life insurance segment, private players had a market share of 31.3% in new businesses in FY20.



Advantage India

1 Increasing Investments

- ▶ Reduction in Net Owned Fund requirement from Rs 5,000 crore (US\$ 720 million) to Rs 1,000 crore (US\$ 140 million) proposed to facilitate on-shoring of international transactions.
- ▶ As per Union Budget 2019-20, 100% foreign direct investment (FDI) was permitted for insurance intermediaries.

2 Robust Demand

- ▶ Growing interest in insurance among people, innovative products and distribution channels are aiding growth.
- ▶ High penetration rate for digital platforms, with an average of 90% using digital platforms at least once a week.



4 Policy support

- ▶ COVID-19 insurance policy' to attract foreign tourists.
- ▶ Insurance Bill gives the Insurance Regulatory and Development Authority (IRDAI) full flexibility to frame regulations for the sector.
- ▶ Ayushman Bharat PM-JAY SEHAT extended coverage to all residents of Jammu & Kashmir.

3 Attractive Opportunities

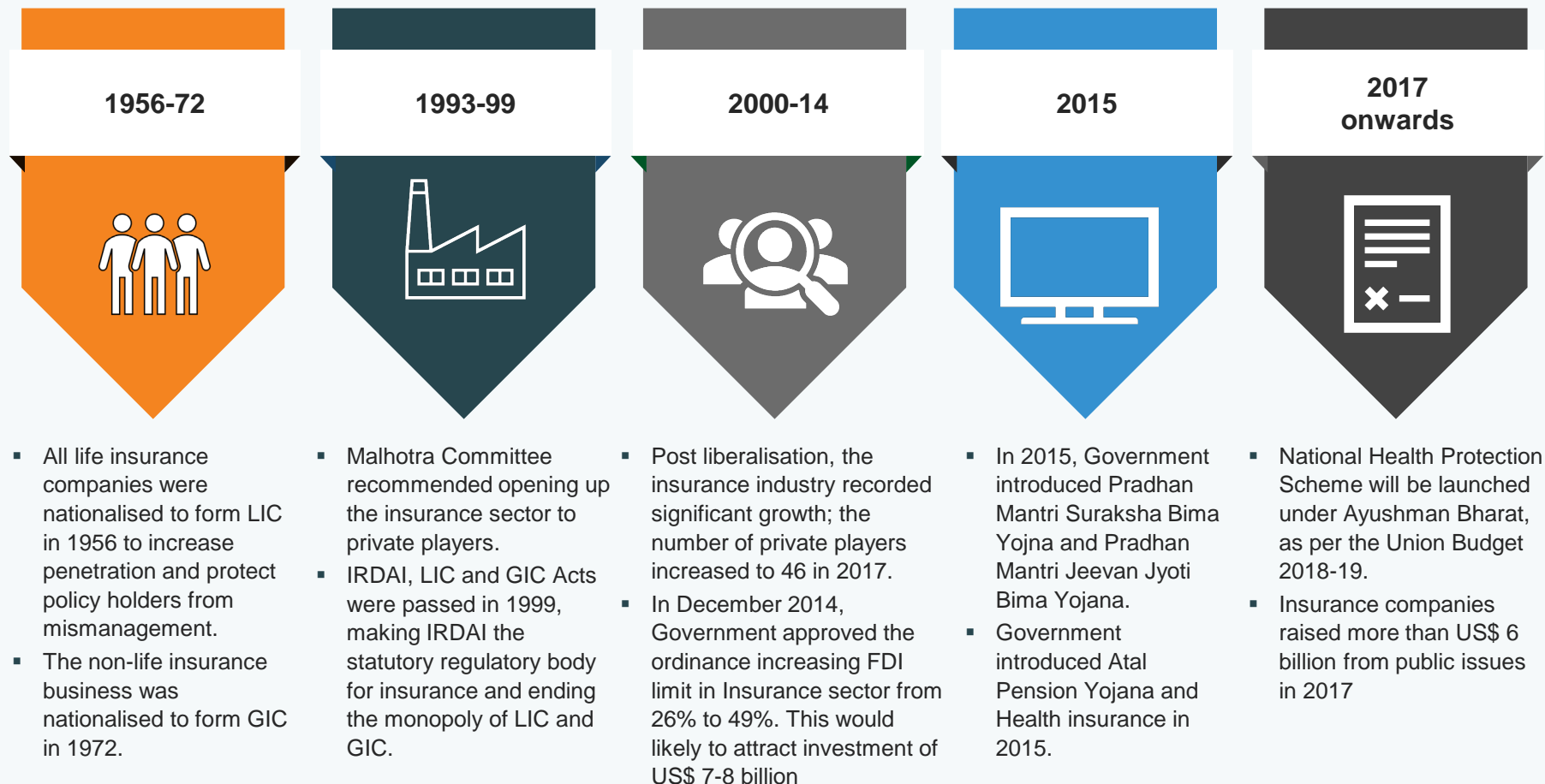
- ▶ Insurance reach is still low in India. Overall insurance penetration (premiums as % of GDP) in India was 3.71% in FY19, providing a huge underserved market.
- ▶ IRADI set up a plan to develop a standard structure for title insurance for home buyers, which is mandatory for RERA projects.
- ▶ Life insurance in low-income urban areas.
- ▶ Strong growth potential for micro insurance, especially from rural areas.

Source: DPIIT, ICE 360 Survey 2016, Blue Star Investor Presentation August 2018, *BARC India Universe Update July 2018, Bombay Stock Exchange

Market Overview



Evolution of the Indian insurance sector

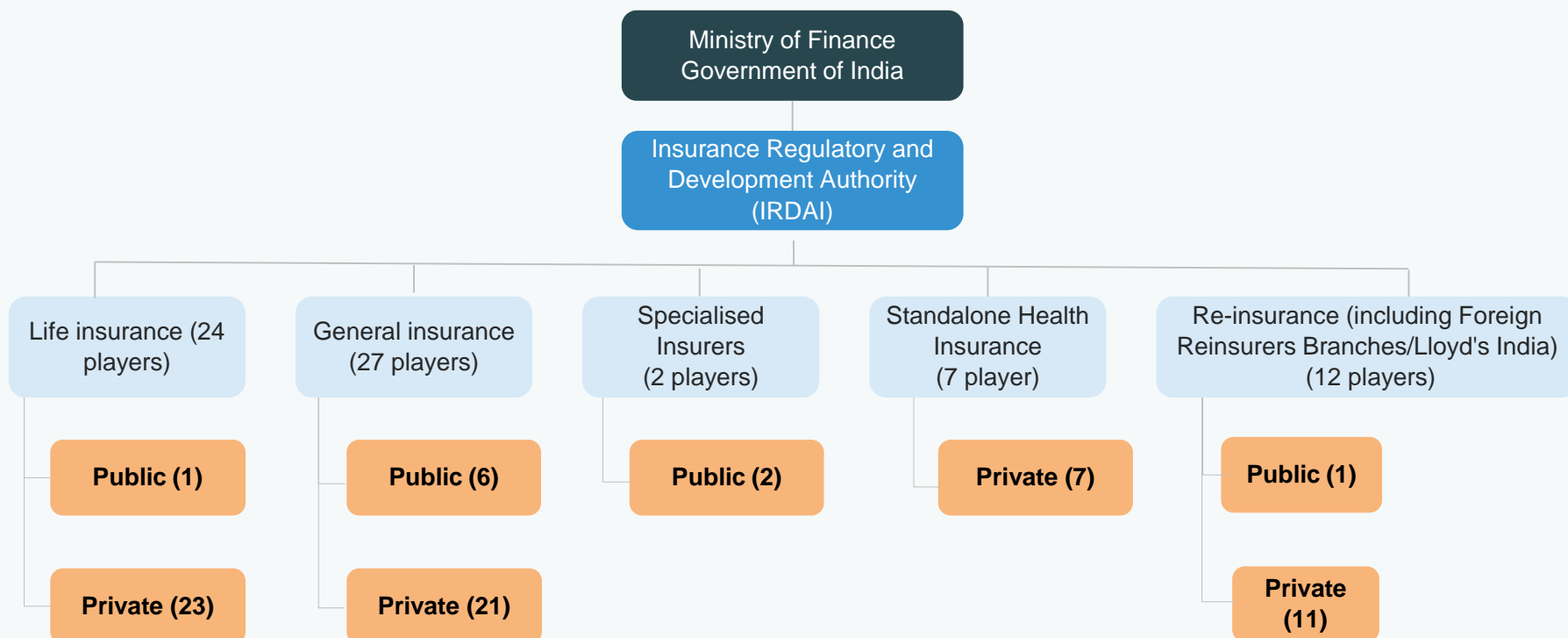


Notes: LIC - Life Insurance Corporation of India, GIC - General Insurance Corporation of India, IRDAI - Insurance Regulatory and Development Authority

Source: IRDAI

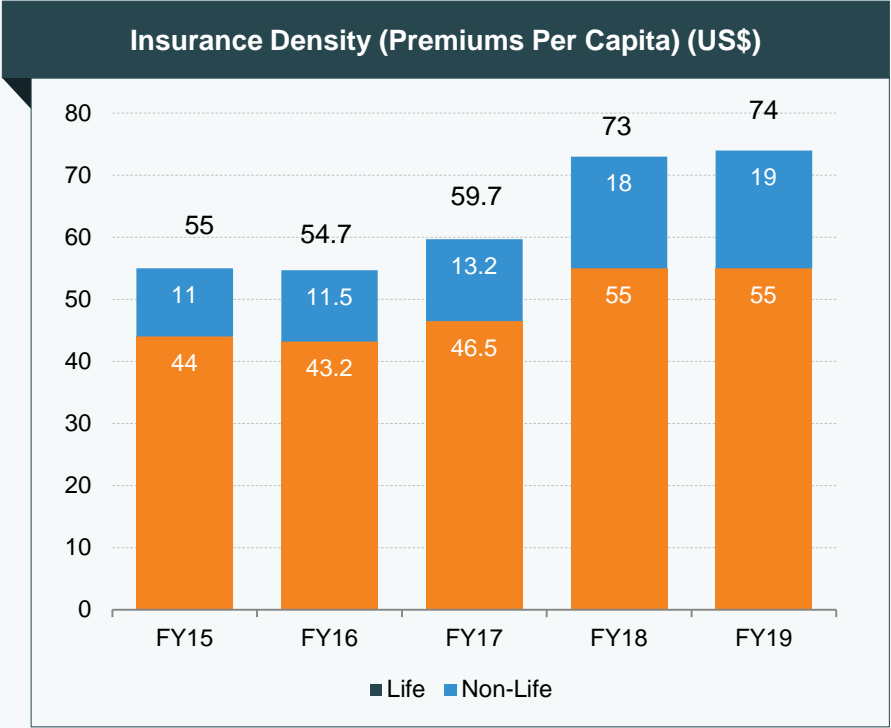
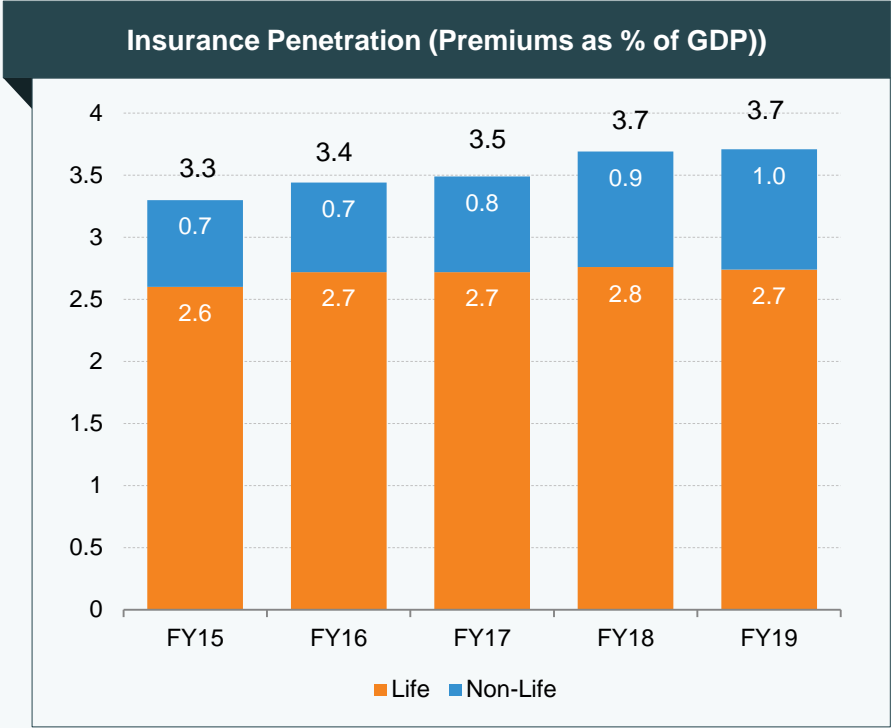
IRDAI governs the Indian insurance sector

- Insurance Regulatory and Development Authority (IRDAI)
 - Established in 1999 under the IRDAI Act
 - Responsible for regulating, promoting and ensuring orderly growth of the insurance and re-insurance business in India



Source: IRDAI

Increasing penetration and density of insurance over the years

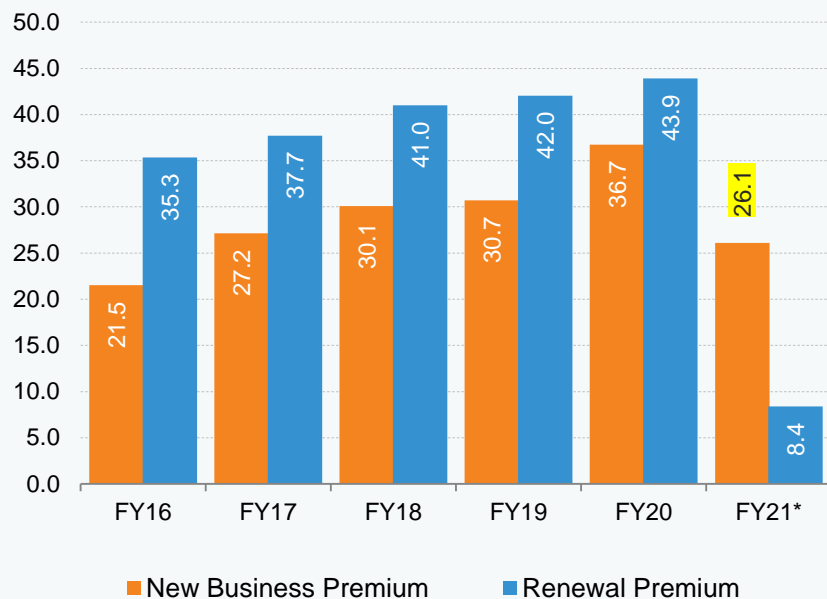


- The overall market size of the insurance sector is expected to reach US\$ 280 billion by the end of 2020.
- India’s insurance penetration was pegged at 3.71% in FY19, with life insurance penetration at 2.74% and non-life insurance penetration at 0.97%.
- In terms of insurance density, India’s overall density stood at US\$ 74 in FY19.
- With the launch of standard term insurance policy, Saral Jeevan Bima, effective from January 01, 2021, the term life insurance business in India is expected to boost and expand the insurance penetration rate in a new and larger customer segment.

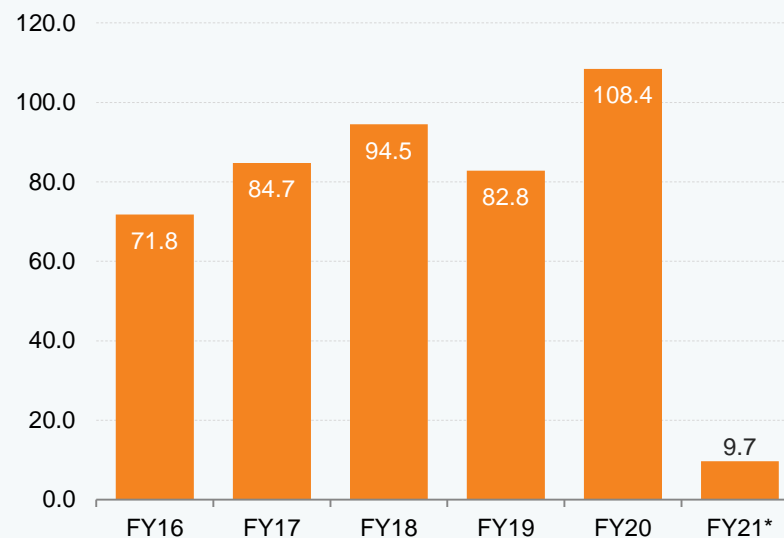
Source: Invest India, Swiss Re Institute

Vibrant life insurance market

Life Insurance Premiums (US\$ billion)



Gross Premiums Written in India (US\$ billion)

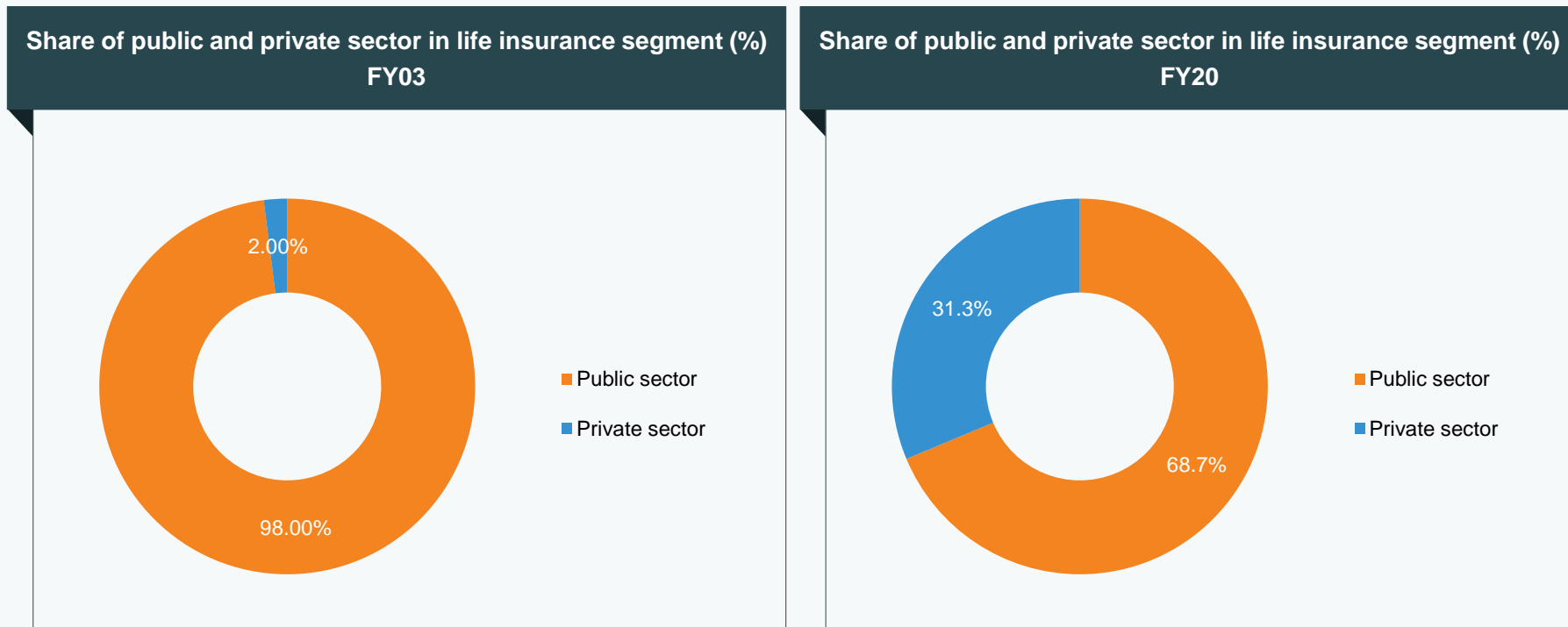


- Life insurance in India has a huge growth potential. By 2020, it is expected to account for 35% of India's total savings.
- Gross premium collected by life insurance companies in India increased from Rs 2.56 trillion (US\$ 39.7 billion) in FY12 to Rs 7.31 trillion (US\$ 94.7 billion) in FY20.
- In FY21*, premium from new business of life insurance companies in India stood at US\$ 26.1 billion.
- In November 2020, Bharti AXA Life Insurance reported a 10% renewal premium increase of Rs. 594 crore (US\$ 80.80 million) in the first-half of FY21.

Note- New Business Premium Value is until December 2020, Renewable Premium Value and Gross Premiums Written in India Value is until June 2020*

Source: Insurance Regulatory and Development Authority, Deloitte - Redefining Insurance

Increasing private sector activity in life insurance segment



- Over the years, share of private sector in life insurance segment grew from around 2% in FY03 to over 31.3% in FY20.
- In November 2020, Reliance Nippon Life Insurance (RNLI) leased a 40,000 sq. ft. space on a five-year lease to house its corporate headquarters at an Adani Realty project in BKC.

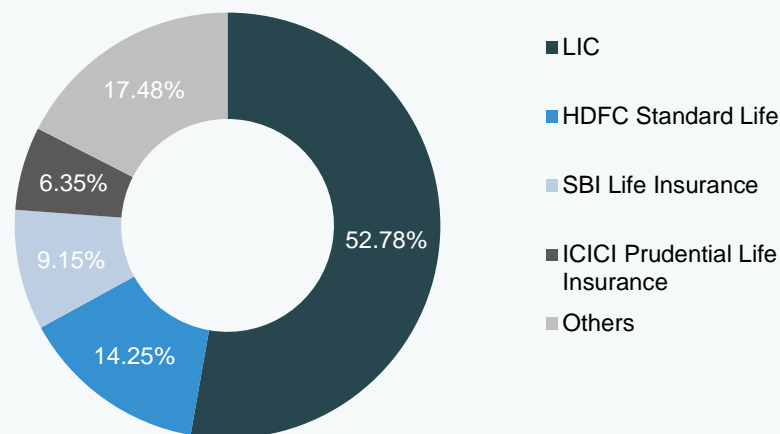
Note: Figures are as per latest data available, share based on new business premium collection

Source: IRDAI, Life Insurance Council

LIC continues to dominate life insurance segment

- As of FY20, life insurance sector had 24 private players in comparison to only four in FY02.
- With nearly 53% of the new business market share in FY20, Life Insurance Corporation of India, the only public sector life insurer in the country, continued to be the market leader
- Among private sector lenders, HDFC Standard Life Insurance was leading in new business premium with a market share of over 14%, followed by SBI Life Insurance (~ 9%) and ICICI Prudential Life Insurance (~ 6%) in FY20.
- Life insurers reported 14% YoY growth in individual annualised premium equivalent (APE) in October 2020, compared with 4% YoY in September 2020

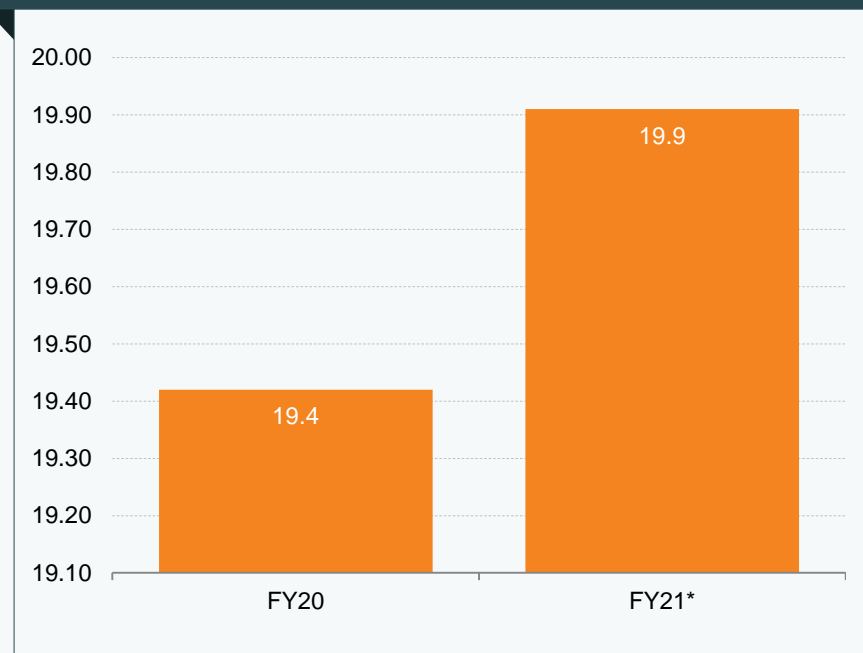
Premiums Market Share in First Year Life Insurance (FY20)



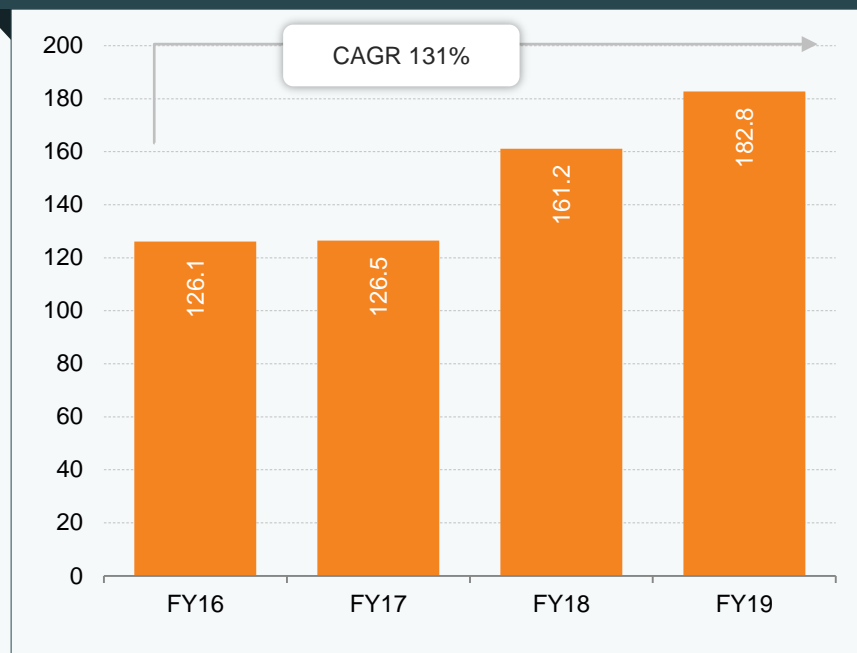
Source: Life Insurance Council, IRDAI

Strong growth in non-life insurance market

Gross premiums underwritten of non-life insurers (US\$ billion)



Number of Non-Life Insurance Policies (million)



- Gross premiums underwritten of non-life insurers in India reached US\$ 19.9 billion in FY21 (between April and December) from US\$ 19.4 billion in FY20 (between April and December).
- In October 2020, health insurance witnessed an increase in premiums at Rs. 4,074.8 crore (US\$ 553.93 million), compared with Rs. 3,840.6 crore (US\$ 554.29 million), recording 6% growth on y-o-y basis. Retail health also witnessed a 30% increase in premiums to Rs. 1,982.6 crore (US\$ 269.69 million).

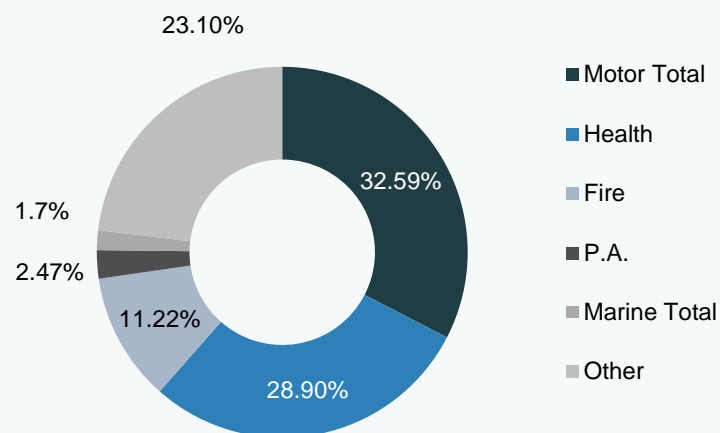
Note: *- Until December 2020

Source: IRDAI, General Insurance Council

Shares in non-life insurance market: motor insurance leads

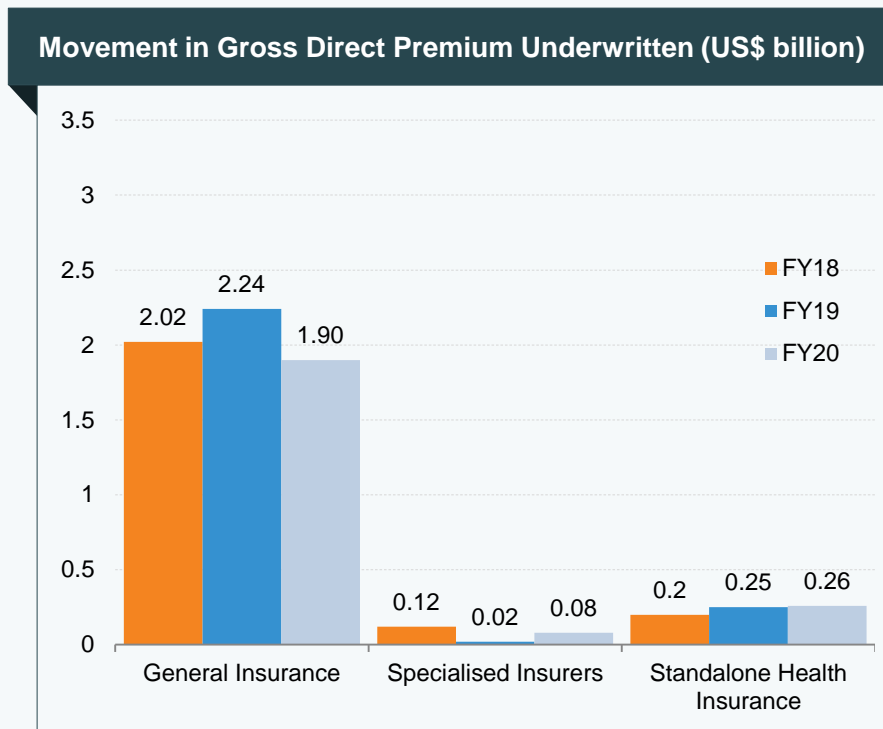
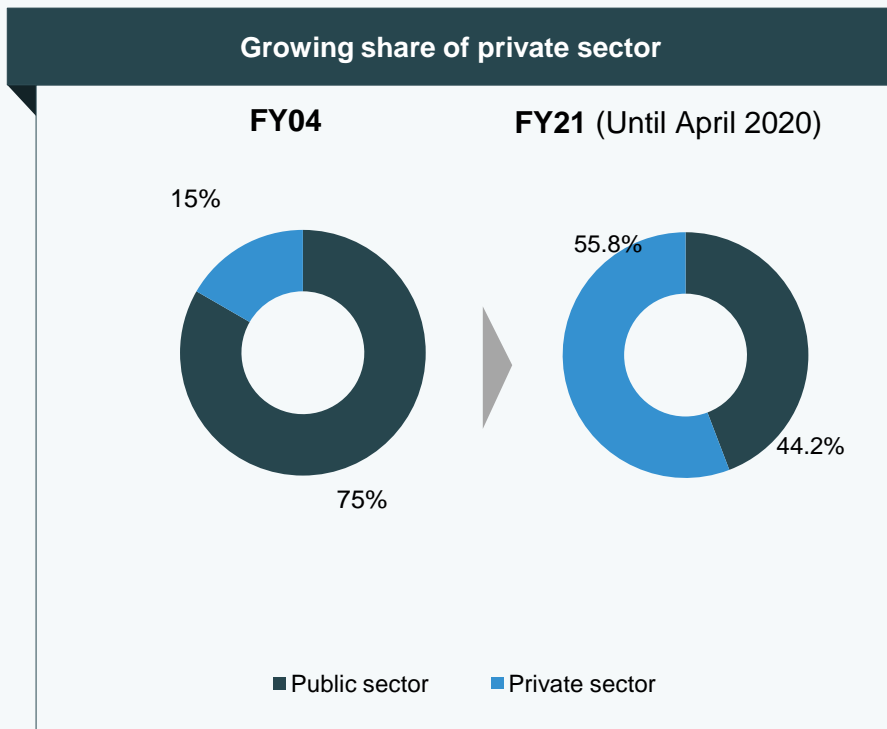
- Non-life insurers include general insurers, standalone health insurers and specialised insurers.
- Motor insurance accounted for 32.59% of the non-life insurance premiums earned, followed by health insurance at 28.9%, in November 2020.
- The market share of private sector companies in the non-life insurance market rose from 13.12% in FY03 to 55.8% in FY21 (util April 2020).
- Major private players are ICICI Lombard, Bajaj Allianz, IFFCO Tokio, HDFC Ergo, Tata-AIG, Reliance, Cholamandalam, Royal Sundaram along-with regional insurers.

Non-Life Insurance Gross Direct Premiums FY21 (until November 2020)



Source: General Insurance Council, IRDAI

Higher private sector participation in non-life segment



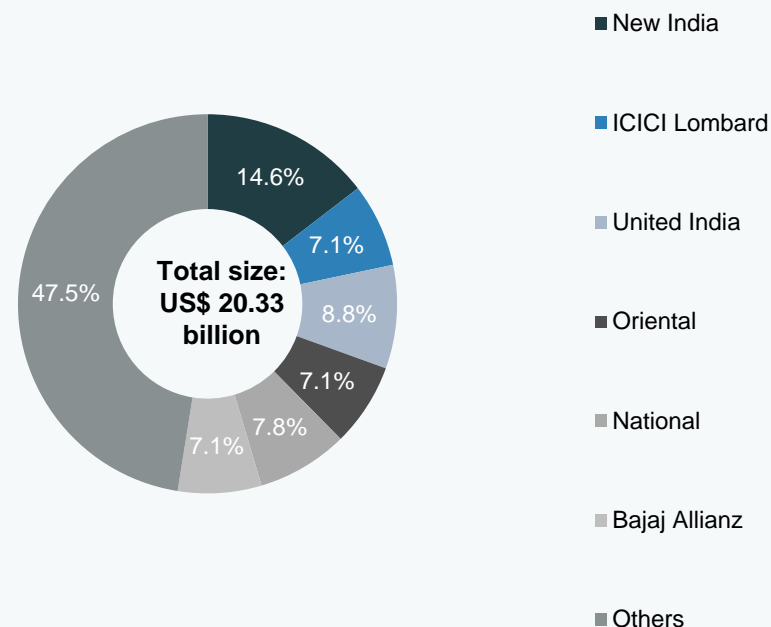
- The market share of private sector companies in the non-life insurance market rose from 15% in FY04 to almost 56% in FY21 (until April 2020).

Source: General Insurance Council, IRDAI

Key players in the non-life insurance segment

- There were 33 non-life insurers in India in FY20.
- Public sector insurers lead the non-life insurance market in India with New India Assurance, United India Insurance and National Insurance having market share of 14.6%, 8.8% and 7.8%, respectively, in FY20.
- In the private sector, ICICI Lombard was the leader in FY20 with a market share of 7.1%, followed by Oriental at 7.1%.
- The public sector companies accounted for a cumulative share of about 45.30% of the total gross direct premium in the non-life insurance segment in FY20.
- On July 09, 2020, the Union Cabinet approved capital infusion of Rs 12,450 crore (US\$ 1.77 billion), including Rs 2,500 crore (US\$ 354.66 million) infused in FY20, in three Public Sector General Insurance Companies - Oriental Insurance Company Limited, National Insurance Company Limited (NICK), and United India Insurance Company Limited.

Market share of major companies in terms of Gross Direct Premium collected (FY20)

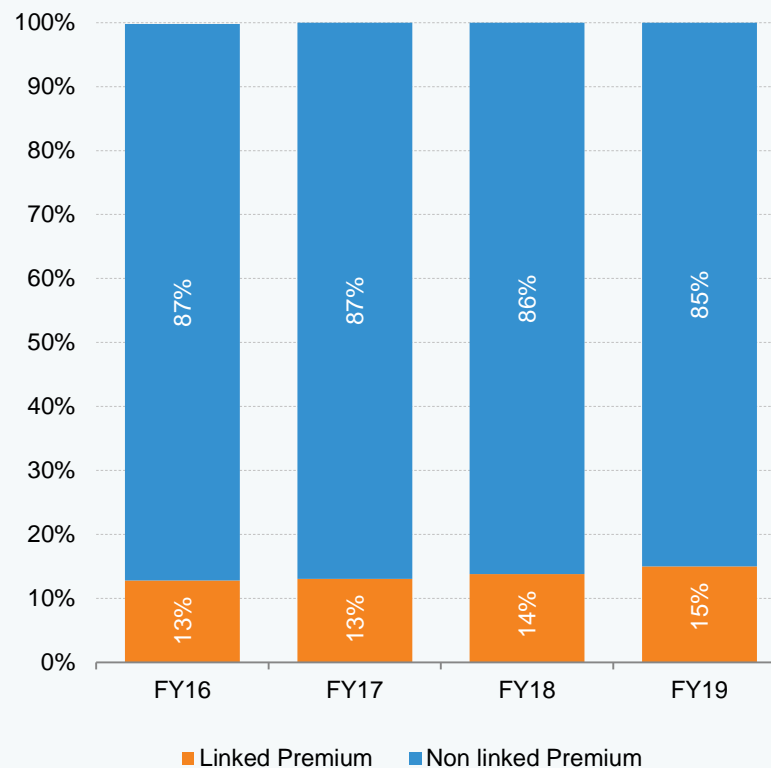


Source: General Insurance Council

Shift towards non-linked insurance plans

- The industry is witnessing a shift towards the traditional non-linked insurance plans.
- The share of non-linked insurance increased from 59% in FY09 to 85% in FY19.

Share of linked and non-linked insurance premium



*Notes: *Growth rate in Rs terms , Data will be available in Handbook 2019-20*

Source: IRDAI Annual Report, Life Insurance Council

Recent Trends and Strategies



Notable trends

1 EMERGENCE OF NEW DISTRIBUTION CHANNELS

- New distribution channels like bancassurance, online distribution and NBFCs have widened the reach and reduced costs.
- In December 2020, WhatsApp announced its plan to roll out health insurance and micro-pension offerings in India.
- In November 2020, HDFC ERGO General Insurance Company and NSDL Payments Bank Limited, National Securities Depository Ltd (NSDL) Subsidiary, collaborated to offer customers a full range of general insurance products. This partnership intends to integrate NSDL Payments Bank's broad distribution network and HDFC ERGO's wide innovation pipeline to contribute to financial inclusion in the country.

2 GROWING MARKET SHARE OF PRIVATE PLAYERS

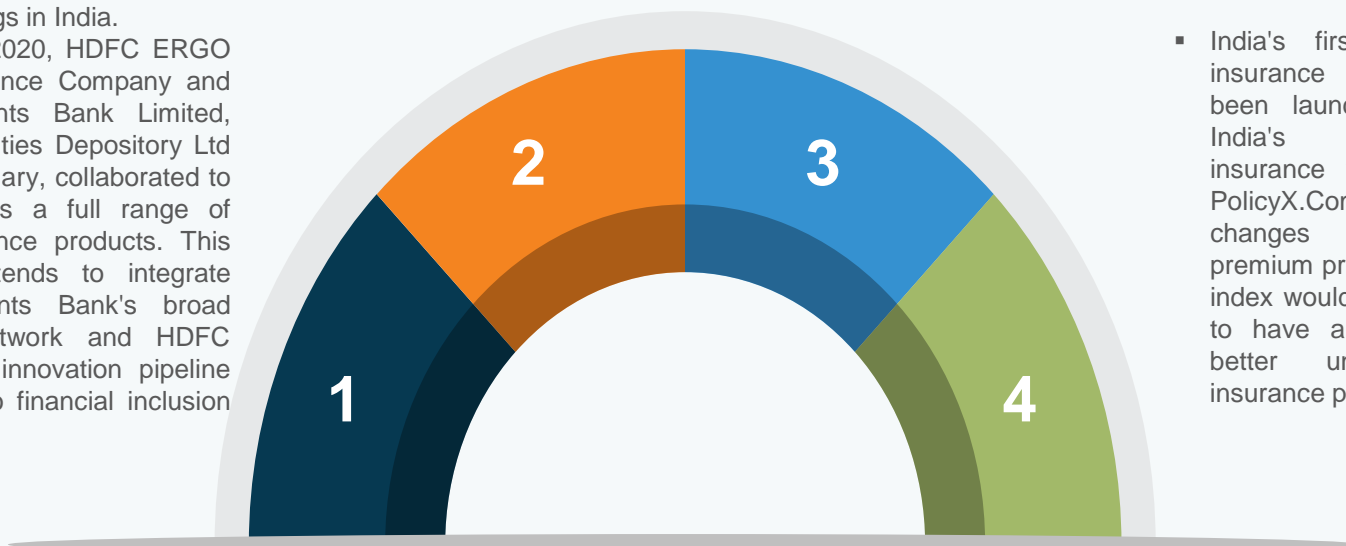
- In life insurance segment, private players had a market share of 31.3% in new business in FY20.
- The market share of private sector companies in the non-life insurance market rose from 15% in FY04 to almost 56% in FY21 (until April 2020).

3 LAUNCH OF APPS

- In November 2020, Life Insurance Corporation of India launched its first software application, ANANDA, an acronym for 'Atmanirbhar Agents New Business Digital App' or the on-boarding process with the aid of the agent/broker to get life insurance policy through paperless module.

4 INSURANCE PRICE INDICES

- India's first and foremost insurance price index has been launched by one of India's leading online insurance web aggregators, PolicyX.Com. By tracking changes & patterns in premium price rates, the price index would allow consumers to have a transparent and better understanding of insurance prices.



*Source: CEAMA, Electronic Industries Association of India, Economic Times, *EY – Re-imagining India's M&E sector, National Policy on Electronics 2019*

Strategies adopted

2 STRATEGIC PARTNERSHIP

- Companies are trying to leverage strategic partnership to offer various services as follows:
- In January 2021, PhonePe, in collaboration with ICICI Prudential Life Insurance, launched 'Term Life Insurance' plans on its platform.
- In December 2020, SBI General Insurance partnered with InrCity RailYatri to offer bus travellers with domestic travel insurance. SBI General Insurance, under this partnership, will include a wide range of coverage, including accidental death, permanent complete disability and emergency evacuation.
- In December 2020, ICICI Lombard General Insurance has partnered with Plum, India's fastest-growing employee health insurance start-up, to reimagine and co-create India's first technologically backed group of health insurance products. ICICI Lombard and Plum plan to fix four key elements of community health insurance using new technologies such as real-time pricing, onboarding, programme administration and claims.

1 PRODUCT LAUNCH

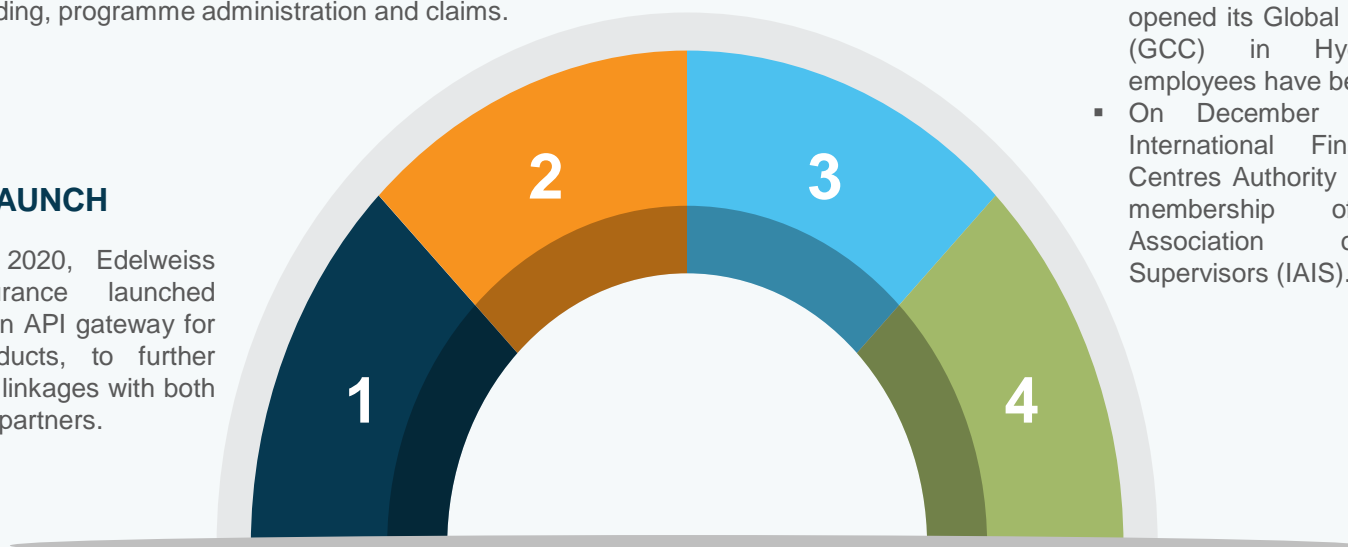
- In December 2020, Edelweiss General Insurance launched India's first open API gateway for insurance products, to further reinforce EGI's linkages with both customers and partners.

3 M&A

- In December 2020, Aon acquired a 49% stake in Anviti Insurance Brokers Pvt. Ltd., a composite broker based in India. This signifies the re-entry of Aon into the Indian insurance broking market.

4 RECENT DEVELOPMENT

- In December 2020, Massachusetts Mutual Life Insurance Company opened its Global Capability Centre (GCC) in Hyderabad; >300 employees have been employed.
- On December 02, 2020, the International Financial Services Centres Authority (IFSCA) obtained membership of International Association of Insurance Supervisors (IAIS).

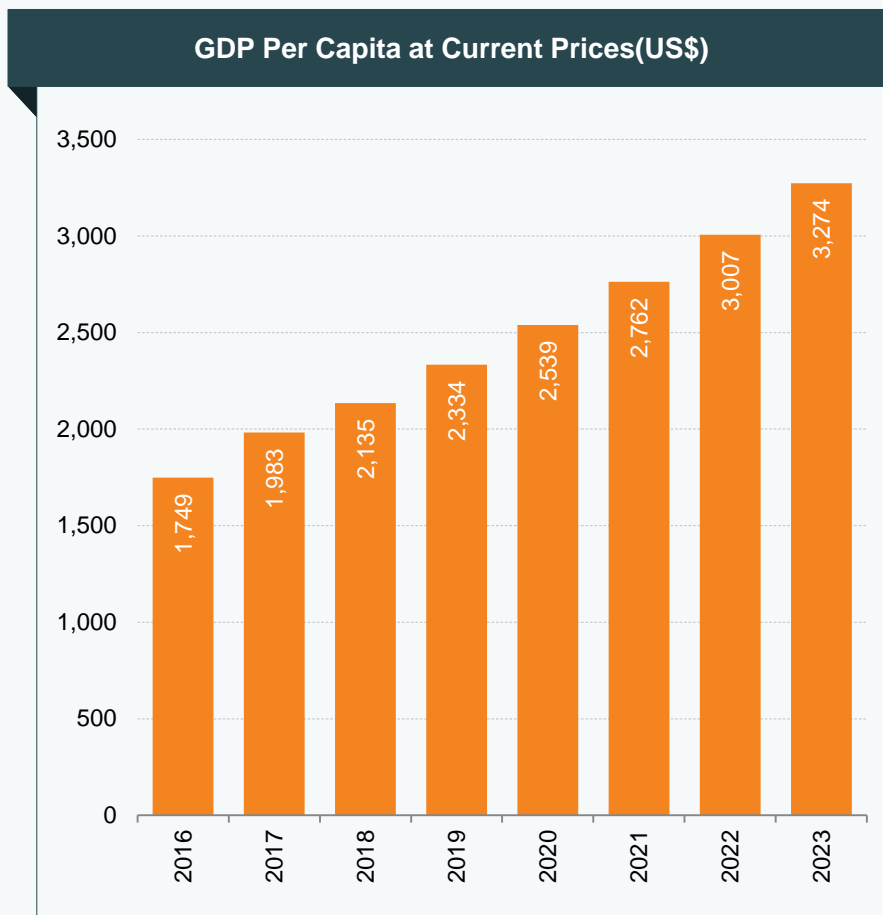


*Source: CEAMA, Electronic Industries Association of India, Economic Times, *EY – Re-imagining India's M&E sector, National Policy on Electronics 2019*



Growth drivers for insurance in India... (1/2)

- India's robust economy is expected to sustain the growth in insurance premiums written.
- Higher personal disposable incomes would result in higher household savings that will be channelled into different financial savings instruments like insurance and pension policies.
- Per capita GDP of India is expected to reach US\$ 3,274 in 2023 from US\$ 2,135 in 2018.



Source: International Monetary Fund, World Economic Outlook Database, April 2018

Growth drivers for insurance in India... (2/2)

1 Growth in financial industry

- Overall growth in the financial industry - increasing working population with higher disposable income.
- Increasing awareness about financial products including insurance.

2 Innovation and efficiency

- Increase in potential insurance customers - individuals and companies across different industries, small and medium enterprises, multinational companies.
- Expansion due of insurance universe due to professionalization of companies.
- The scope of IoT in Indian insurance market continues to go beyond telematics and customer risk assessment. Currently, there are 110+ InsurTech start-ups operating in India.



3 Competition

- Increasing number of insurance providers with various sophisticated products at competitive prices.
- Regulations which are conducive for growth of the industry.

5 Digital disintermediation

- Digital disintermediation is proceeding strongly in the Indian insurance industry. The number of start-ups offering online insurance has grown, with the key player being PolicyBazaar.
- Backed by SoftBank and Singapore's Temasek, each holding a 15% stake, Policybazaar has a 50% market share in the online insurance sales and is planning an IPO in 2021, with listings in the US and India.

4 Growth in specific segments

- Increase in micro insurance due to increased focus of Government on financial inclusion.
- Increase in demand of motor insurance as a by-product of rapidly expanding auto industry.
- Increase in health insurance due to focus on improvement in healthcare.
- Group insurance has also been a big driver of insurance growth in the country.

Source: CEAMA, India Retail Report, Business Line, IMAP India, News Sources

Favourable policy measures aid the sector

1 Easing FDI norms for insurance

The government may eliminate many procedural obstacles to attract foreign direct investments (FDIs) and allow up to 74% of the insurance sector's overseas stake in the preparation of a budget that relies on FDI to emerge as a key source of non-debt finance.

2 'Ayushman Bharat PMJAY SEHAT' scheme

On December 26, 2020, the Prime Minister, Mr. Narendra Modi launched the 'Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB-PMJAY) SEHAT' scheme to extend health insurance coverage to all residents of Jammu and Kashmir.

3 'COVID-19' Insurance Policy"

In December 2020, Uttarakhand announced its plan to offer 'COVID-19 Insurance Policy' to international tourists. A proposal request has been submitted to the Union Tourism Minister, Mr. Prahlad Patel, to introduce special life insurance policies for foreign tourists.

6 Revision In Health Insurance Premium

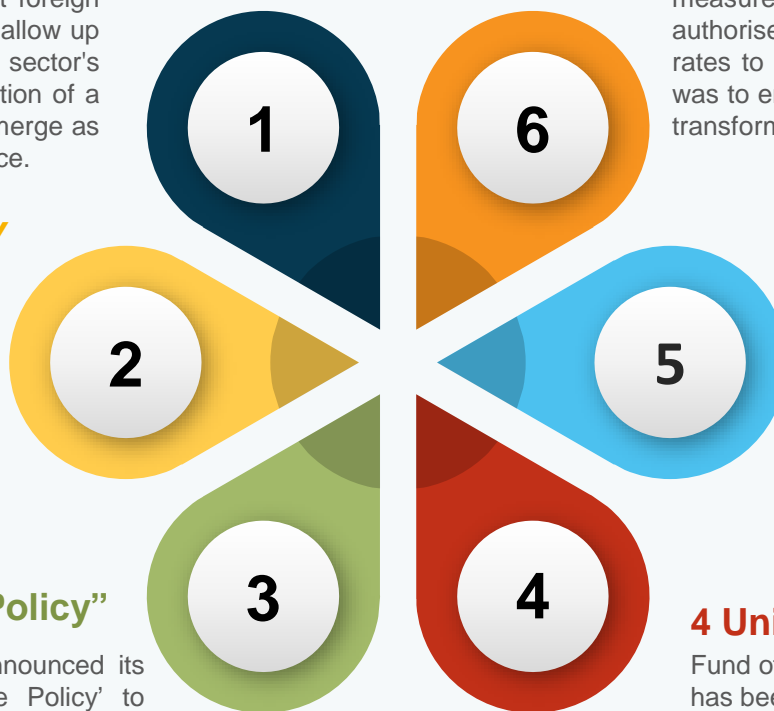
On December 03, 2020, as a one-time measure, IRDAI announced that it has authorised up to 5% of the existing premium rates to change the base premium. This move was to ensure viability and longevity for smooth transformation of the existing goods.

5 Pradhan Mantri Jeevan Jyoti Bima Yojana

In November 2020, in collaboration with PNB MetLife India Insurance Company, India Post Payments Bank (IPPB) announced the launch of Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) for customers.

4 Union Budget

Fund of Rs 6,400 crore (US\$ 887 million) has been allocated for 2020-21. Pradhan Mantri Jan Arogya Yojna (PMJAY), the world's largest social health scheme, is expected to provide coverage to around 50 crore people.



Rising private sector investment in insurance

- Most of the existing players are tying up with banks to expand their distribution network.
- In April 2020, Axis Bank acquired an additional 29% stake in Max Life Insurance.
- In November 2020, the Competition Commission of India (CCI) approved the acquisition of General Insurance Business of Bharti AXA General Insurance Company Limited (Bharti AXA) by ICICI Lombard General Insurance Company Limited (ICICI Lombard) .
- With the rising demand for insurance, the industry players are taking various initiatives as follows:
 - In November 2020, EbixCash (a cross-border remittance and financial services player) acquired 70% stake in AssureEdge Global Services, a business process outsourcing, targeting revenue synergies in India, amid increased insurance demand.
 - In addition to providing end-to-end fulfilment solutions for leasing, wealth management, asset management and credit card processing solutions for financial institutions, AssureEdge Global Services will provide pre-sales and post-sales support for EbixCash's insurance network.

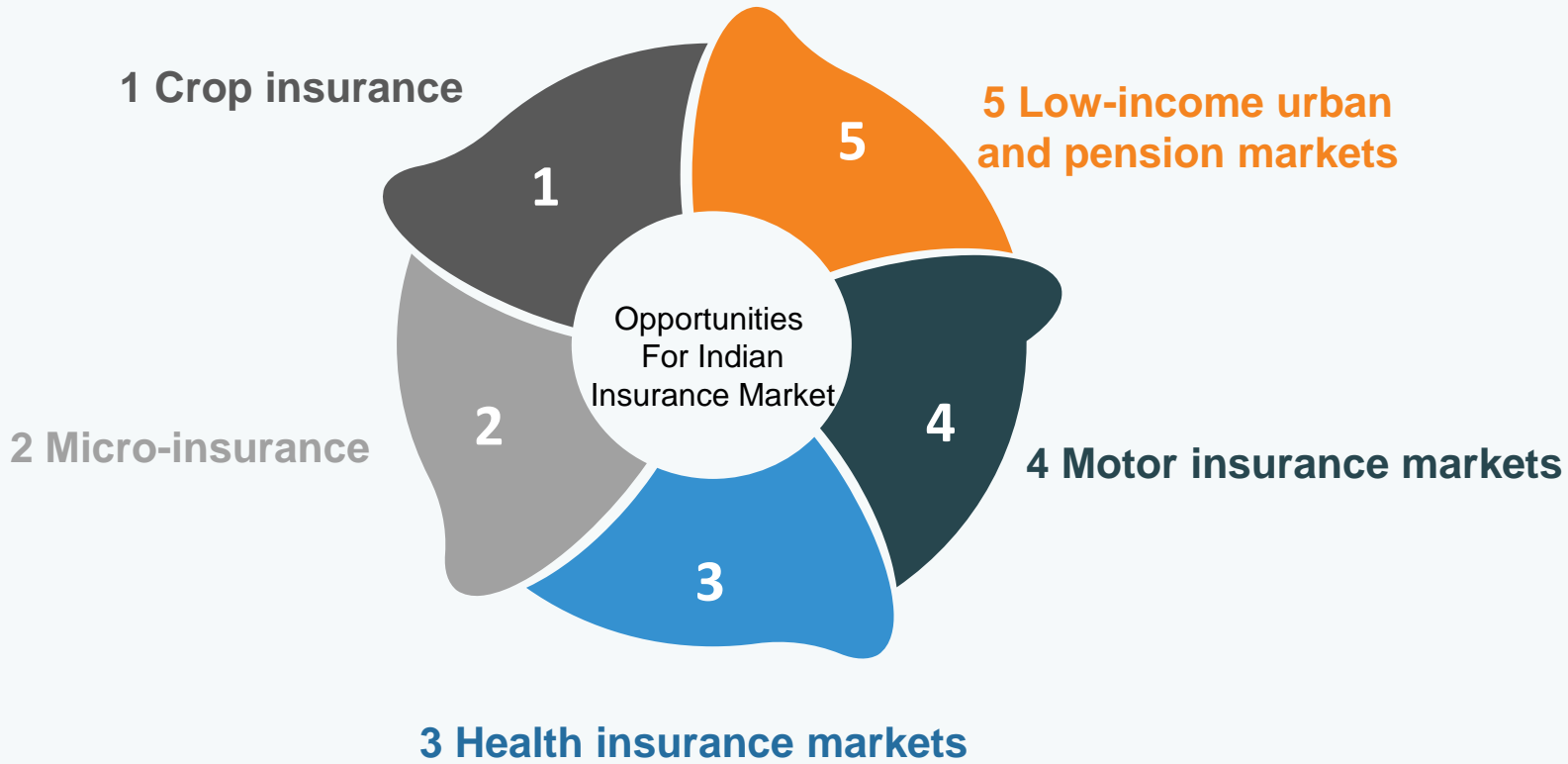
Source: Towers Watson; News articles

Opportunities



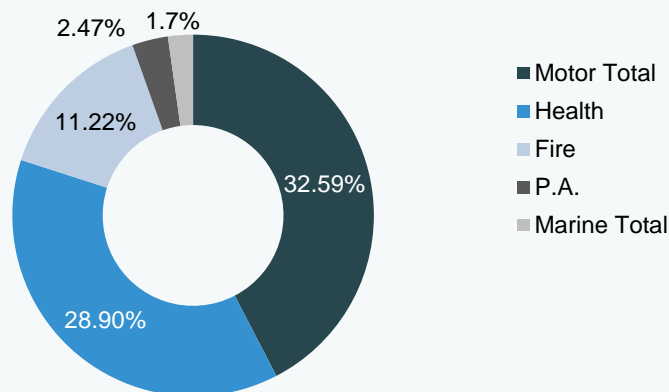
OPPORTUNITIES

India's insurance market offers a host of opportunities across business lines

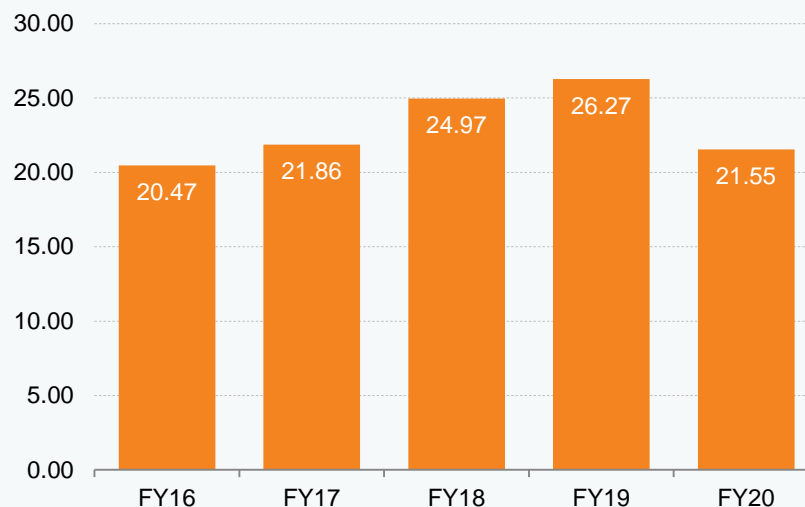


Non-life insurers: motor insurance markets

Break-up of Non-life Insurance Market in India FY21 (until November 2020)



Automobile Sales in India (million units)



- Strong growth in the automotive industry over the next decade will be a key driver of motor insurance. Automobiles sales in India increased at a CAGR of 1.29% between FY16-FY20 with 21.55 million vehicles being sold in FY20.
- Proposed IRDAI draft envisages a 10-80% rise in premium rates for the erstwhile loss-making third party motor insurance.
- In November 2020, motor insurance constituted for 32.59% of the non-life insurance market in India.
- In 2020, the 'Switch On-Switch Off' insurance was launched in the auto insurance market. This package allows people to pay the premium only when they require insurance coverage rather than getting one full year of insurance. Edelweiss General Insurance (EGI)-Edelweiss SWITCH and Bharti AXA General Insurance–Pay-As-You-Drive are some leading insurers with sand-box products in the category.

Note: E -estimates, CAGR - Compound Annual Growth Rate, ACMA - Automotive Component Manufacturers Association of India

Source: IRDAI, ACMA, SIAM

1

Health insurance markets

- Gross direct premium from health insurance reached Rs 848.4 lakhs (US\$ 1.21 billion) in FY20 (until May 2019) and contributed 30.2% to the gross direct premiums of non-life insurance companies in India.
- Private insurance coverage is estimated to grow by nearly 15% annually until 2020.
- Government-sponsored programmes are expected to provide coverage to nearly 380 million people by 2020, driven by initiatives such as RSBY and ESIC.
- RSBY is a centrally sponsored scheme to provide health insurance to below poverty line (BPL) families and eleven other defined categories of unorganised workers, namely building and other construction workers, licensed railway porters, street vendors, and MGNREGA workers among others.

2

Smartphone insurance

- The Indian smartphone insurance segment is estimated to reach US\$ 500 million by 2025, increasing at a CAGR of 29%. 500 million users are currently using smartphones and this figure could increase to ~1 billion in the next five years, adding 78 million users each year.

Note: RSBY - Rashtriya Swasthya Bima Yojana, ESIC - Employees' State Insurance Corporation, MREGA - Mahatma Gandhi National Rural Employment Guarantee Act., NSSO

Strong potential in crop insurance

- Awareness about crop insurance in India is 38.8%, and still, crop insurance market in India is the largest in the world.
- Over 53.8 million farmers were benefitted under Pradhan Mantri Fasal Bima Yojana (PMFBY) in FY20.
- To provide crop insurance to farmers, the Government has launched various schemes like National Agriculture Insurance Scheme (NAIS), Modified National Agriculture Insurance Scheme (MNAIS) and Weather-based Crop Insurance Scheme (WBCIS)
- On January 13, 2021, Crop Insurance Scheme, the Pradhan Mantri Fasal Bima Yojana (PMFBY), completed five years of operations towards strengthening risk coverage of crops for farmers of India.
- In October 2020, the Andhra Pradesh rolled out free of cost crop insurance scheme for the state farmers.
- In October 2020, the Reliance General Insurance and SatSure partnered to launch the satellite-based crop monitoring and predictive analytics support for better risk management and to improve efficiency of its crop insurance business operations.

Farmers Insured Under PMFBY (In million)






Source: Agricultural Insurance Company of India Annual Report, Department of Agriculture and Cooperation, IRDAI, Livemint, PTI

Key Industry Contacts



Key industry contacts

	Agency	Contact Information
	<p>Insurance Regulatory and Development Authority (IRDAI)</p>	<p>3rd Floor, Parisrama Bhavan, Basheer Bagh, Hyderabad-500 004 Phone: 91-040-23381100 Fax: 91-040-66823334 E-mail: irda@irda.gov.in Website: www.irdai.gov.in</p>
 <p>General Insurance Council Together We Serve</p>	<p>General Insurance Council</p>	<p>5th Floor, Royal Insurance Building, 14, Jamshedji TATA Road, Churchgate, Mumbai-400020 Phone: 91-22-22817511, 22817512 Fax: 91-22-22817515 E-mail: gicouncil@gicouncil.in Website: www.gicouncil.in</p>
 <p>Life Insurance Council Together in service</p>	<p>Life Insurance Council</p>	<p>4th Floor, Jeevan Seva Annexe Bldg. S. V. Road, Santacruz (W), Mumbai-400054 Phone: 91-22-26103303, 26103306 E-mail: ninad.narwilkar@lifeinscouncil.org</p>



Glossary

- CAGR: Compound Annual Growth Rate
- IRDAI: Insurance Regulatory and Development Authority
- IPO: Initial Public Offering
- FDI: Foreign Direct Investment
- LIC: Life Insurance Corporation of India
- GIC: General Insurance Corporation of India
- NBFC: Non-Banking Financial Company
- NGO: Non-Governmental Organisation
- RSBY: Rashtriya Swasthya Bima Yojana
- PFRDA: Pension Fund Regulatory and Development Authority
- GDP: Gross Domestic Product
- ESIC: Employees State Insurance Corporation
- FY: Indian Financial Year (April to March)
- So, FY12 implies April 2011 to March 2012
- GOI: Government of India
- Rs: Indian Rupee
- US\$: US Dollar
- Where applicable, numbers have been rounded off to the nearest whole number

Exchange rates

Exchange Rates (Fiscal Year)

Year	Rs. Equivalent of one US\$
2004-05	44.95
2005-06	44.28
2006-07	45.29
2007-08	40.24
2008-09	45.91
2009-10	47.42
2010-11	45.58
2011-12	47.95
2012-13	54.45
2013-14	60.50
2014-15	61.15
2015-16	65.46
2016-17	67.09
2017-18	64.45
2018-19	69.89
2019-20	70.49
2020-21	73.51

Exchange Rates (Calendar Year)

Year	Rs. Equivalent of one US\$
2005	44.11
2006	45.33
2007	41.29
2008	43.42
2009	48.35
2010	45.74
2011	46.67
2012	53.49
2013	58.63
2014	61.03
2015	64.15
2016	67.21
2017	65.12
2018	68.36
2019	69.89
2020	74.18
2021*	73.25

Note: As of January 2021

Source: Reserve Bank of India, Average for the year

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