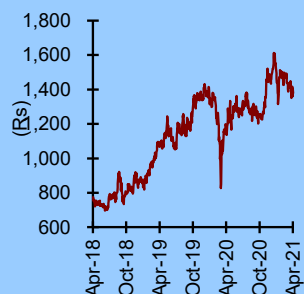


Sector update

ICICI Lombard (ADD)



General insurance

FY21 GDPI grew 5% YoY led by fire and health

FY21 overall industry GDPI grew 5% YoY led by strong growth in fire and health segments, offset by decline in motor and crop segments. Ex-crop industry GDPI grew 6.7% YoY in FY21. On a segmental basis, fire / health grew 27% / 13.5%, while motor / crop declined 2% / 3.4%, respectively. 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 claims and (4) strong outlook for health premiums.

- ▶ **Motor on recovery path:** There is a noticeable recovery in motor premium growth in Q4FY21 as overall motor GDPI grew 8% YoY. Within motor segment, insurers like SBI General / Reliance General / Tata AIG outperformed the industry by registering a growth of 37% / 15% / 7% YoY and gained market share in the range of 57-90bps. Key players like ICICIGI witnessed 3% growth in its motor premium, while National / United / BAGIC / New India reported a decline of 15% / 11% / 10% / 1% in FY21.
- ▶ **Health GDPI maintains strong growth momentum while outlook continues to remain optimistic:** Health GDPI grew 13.5% / 12.7% / 17.2% YoY in FY21 / Q4FY21 / Mar'21 led by strong growth in retail health GDPI. Key players like Star Health / New India / United India / National / HDFC Ergo reported growth of 37% / 14% / 17% / 6% / 2% while ICICIGI and BAGIC reported a decline of 4.6% / 4.9% in FY21. Rise in covid cases in Mar'21 / Apr'21 has led to an increase in search traffic for health insurance in India (refer Chart 7), this supports our optimistic outlook for the growth of health premiums in FY22. However, rising covid claims will remain an overhang for the segment, but the end results of the same will remain in wait-and-watch mode as mass vaccination drive enters into an important phase from May'21. As of 20th April'21, Indian insurers have settled claim amounting to US\$1.2bn vs US\$2bn claims received as of Mar'20.
- ▶ **Fire segment GDPI witnessed strong growth on the back of upward revisions in premium rates.** Fire GDPI grew 27% YoY in FY21. ICICIGI / BAGIC / TATA AIA reported strong growth of 39% / 32% / 55% resulting in market share gains of 50-120bps in FY21. PSU insurers, New India / Oriental / United India / National reported 23% / 24% / 14% / 17% YoY growth in FY21, lower than industry average which resulted in cuts in their market share.

Company highlights:

- ▶ **ICICIGI reported 5% ex-crop GDPI growth in FY21** led by strong growth in fire segment, while growth in motor GDPI (3.4% YoY) offset the decline in health segment (5% YoY). Within health, ICICIGI reported strong growth in retail segment (+26% YoY) while the group reported a decline of 12%.
- ▶ **BAGIC reported 3% ex-crop GDPI decline in FY21** due to decline in motor and health segments. Motor / Health GDPI declined 9.6% / 5% in FY21. Fire reported a strong 35% YoY growth in FY21, while crop (19.4% of FY21 total GDPI) reported a lower growth of 3%.
- ▶ **Star Health / SBI General / Reliance General turned out to be star performers in FY21:** Standalone health insurers like Star Health (+36% YoY), Aditya Birla (+49% YoY), Max Bupa (+41% YoY) reported robust growth in their GDPs in FY21. SBI General and Reliance General also reported strong FY21 GDPI growth of 22% / 11%. SBI General ex-crop GDPI grew 31%, led by strong growth registered in health / motor / fire segment of 69% / 37% / 18% YoY. Within health, the group reported strong growth of 99%, while retail segment witnessed growth of 22%. Reliance General reported strong GDPI growth of 11% led by strong growth in crop segment. Ex-crop GDPI growth stood at 1.2%.

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Table 1: Segment-wise key outperformers in FY21

(Rs bn)	GDPI				Market share	
	FY19	FY20	Abs chg	% Chg YoY	FY19	FY20
Fire						
New India	30.6	37.7	7.1	23%	19.3%	18.7%
ICICI -Lombard	15.5	21.6	6.1	39%	9.8%	10.7%
Tata-AIG	9.5	14.3	4.9	52%	6.0%	7.1%
Bajaj Allianz	12.3	16.6	4.3	35%	7.7%	8.2%
Oriental	13.4	16.5	3.1	24%	8.4%	8.2%
IFFCO -Tokio	5.3	8.1	2.8	54%	3%	4%
United India	15.6	17.8	2.2	14%	10%	9%
Motor						
SBI General	15.7	21.4	5.8	37%	2.3%	3.2%
Reliance General	31.1	35.7	4.6	15%	4.5%	5.3%
Tata-AIG	40.4	43.4	3.0	7%	5.8%	6.4%
ICICI -Lombard	67.9	70.2	2.3	3%	9.8%	10.4%
IFFCO -Tokio	35.3	37.2	1.9	6%	5.1%	5.5%
Health						
Star Health	67.2	92.0	24.8	37%	13.0%	15.7%
New India	94.0	107.4	13.4	14%	18.2%	18.3%
United India	53.3	62.4	9.1	17%	10.3%	10.7%
SBI General	7.4	12.6	5.1	69%	1.4%	2.1%
Max Bupa	11.8	16.7	4.9	42%	2.3%	2.9%
Aditya Birla	7.6	11.7	4.1	54%	1.5%	2.0%
National	52.4	55.5	3.1	6%	10.2%	9.5%

Source: IRDAI

Table 2: FY21 premium growth

Rs bn Segment	Industry		ICICIGI		BAGIC	
	Mar'21	%chg	Mar'21	%chg	Mar'21	%chg
Fire	159	26.8%	16	39.2%	12	35.2%
Motor	692	-2.0%	68	3.4%	52	-9.6%
Healthcare	516	13.5%	28	-4.9%	22	-4.6%
Retail	205	28.0%	6	25.7%	7	16.1%
Group	311	3.9%	22	-12.9%	15	-14.1%
Marine	35	-0.8%	5	-1.2%	2	-5.8%
Engineering	26	12.7%	3	24.2%	2	44.6%
Aviation	7	9.0%	1	26.6%	0	-32.1%
Liability	27	16.4%	4	19.3%	3	15.3%
PA	52	-1.5%	5	-34.1%	3	-26.3%
Crop	323	-3.4%	0		25	3.0%
Misc	56	0.3%	3	-10.9%	7	-20.2%
Total	1,893	5.0%	133	5.2%	128	-1.6%
Ex crop	1,570	6.7%	133	5.0%	103	-2.8%

Source: IRDAI

Table 3: Monthly premium growth

Rs bn Segment	Industry		ICICIGI		BAGIC	
	Mar'21	%chg	Mar'21	%chg	Mar'21	%chg
Fire	13	8.4%	0.4	27.5%	0.9	34.4%
Motor	59	16.9%	5.4	15.1%	4.0	19.1%
Healthcare	49	17.2%	1.5	15.7%	1.3	7.5%
Retail	26	29.2%	0.6	38.4%	0.9	12.3%
Group	23	3.5%	0.8	-1.9%	0.4	-5.1%
Marine	2	25.6%	0.1	25.9%	0.1	16.2%
Engineering	3	34.1%	0.2	30.3%	0.1	78.6%
Aviation	0	9.8%	0.1	30.7%	0.0	4.5%
Liability	2	31.2%	0.2	33.5%	0.1	60.6%
PA	4	15.3%	0.1	133.4%	0.2	-4.0%
Crop	26	22.9%	(0.7)		(0.0)	
Misc	5	60.3%	0.1	67.1%	0.5	-10.5%
Total	162	19.0%	7.4	30.9%	7.3	19.7%
Ex crop	136	18.2%	8.1	19.5%	7.3	17.7%

Source: IRDAI

Chart 1: Overall GDP growth trend

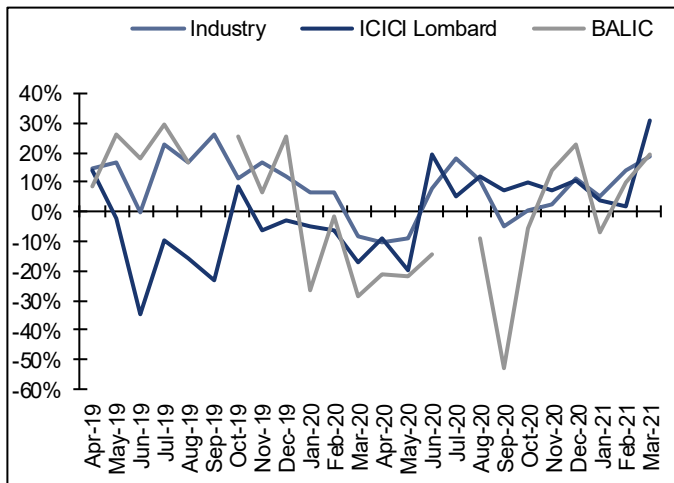


Chart 2: Motor GDP growth trend

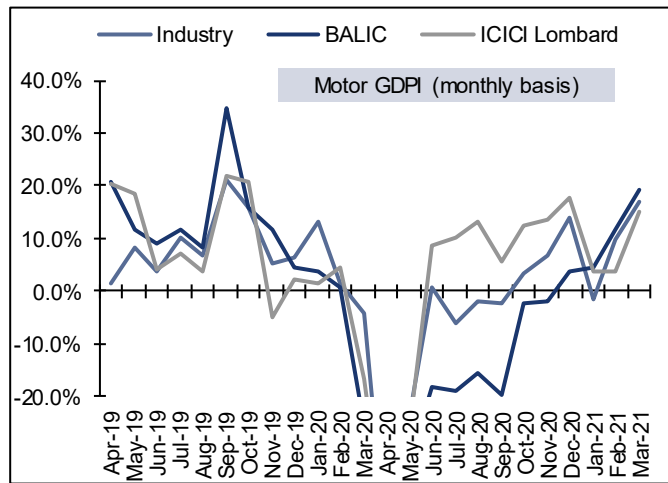


Chart 3: Health GDP growth trend

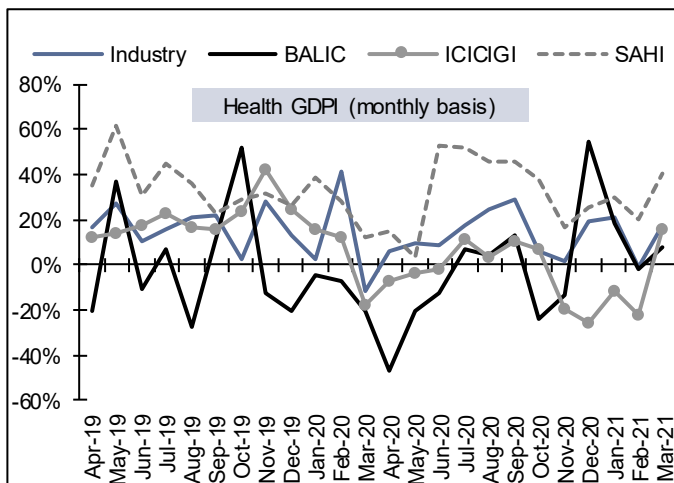
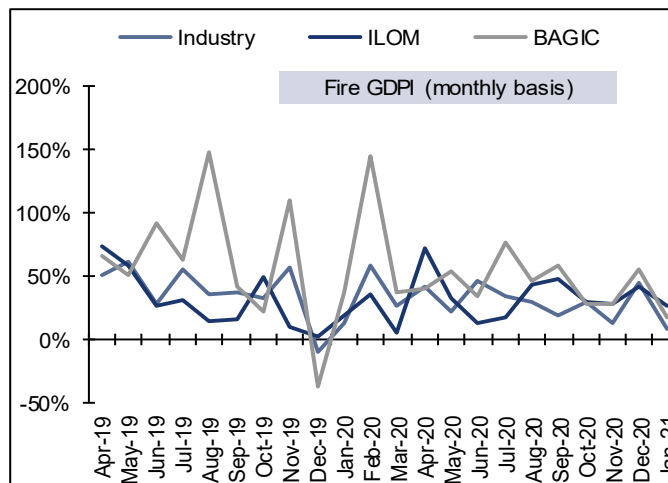
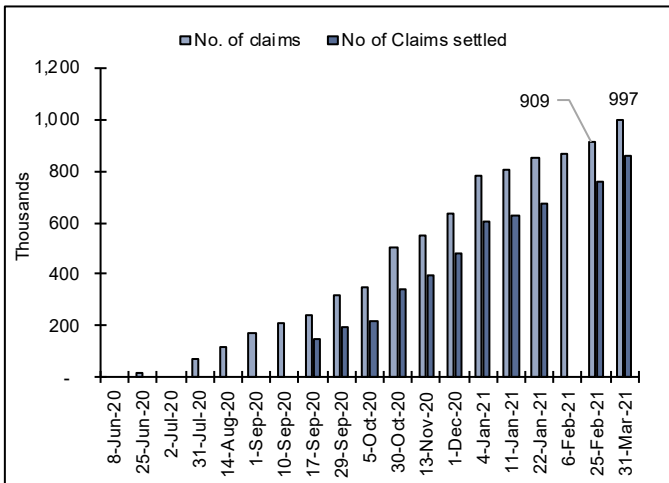


Chart 4: Fire GDP growth trend



Source: IRDAI

Chart 5: Covid claims continue to rise with rising covid cases



Source: Media reports

Chart 6: Out of the total ~US\$2bn claims received by general insurers during FY21, claims worth US\$1.2bn have been settled as on 20th Apr'21

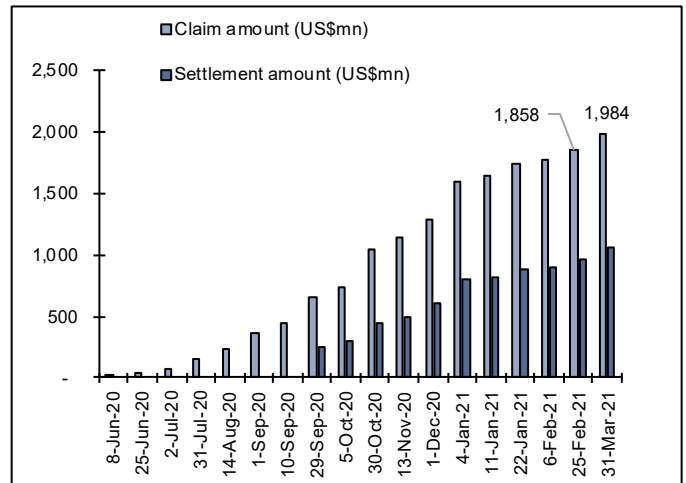
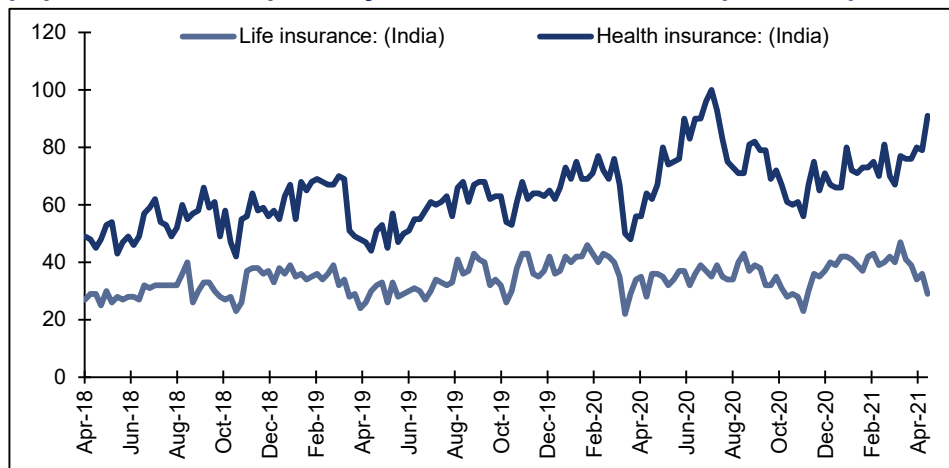


Chart 7: Google trends data suggests search for health insurance remained popular in covid-impacted year & there has been an uptick in Apr'21



Note: Numbers represent search interest relative to the highest point on the chart for the given region and time. A value of 100 is the peak popularity for the term. A value of 50 means that the term is half as popular. A score of 0 means there was not enough data for this term.

Source: Google trends

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