

Gen insurance penetration slides to 0.70 pc in FY15

Industry blames decline on slow economic growth during the period

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PENETRATION of general insurance in India has come down to 0.70 per cent in 2014-15 from 0.80 per cent in the previous financial year despite an increase in per capita premium during the same period, according to data from the General Insurance Council (GIC).

The industry has blamed the decline on slow economic growth during the period, apart from life insurance players snatching away some products from the general insurance industry like medical insurance. However, the general insurance density — per capita premium — went up slightly from Rs 664 to Rs 686 last financial year. In fact, the insurance density has increased nearly threefold from Rs 235 to Rs 686 over a decade.

“The dip in general insurance penetration was due to lower economic growth. Premium rates are small in the country and hence we should look at how many people are getting insured,” said G Srinivasan, General Insurance Council chairman and managing director, New India Assurance.

Talking about the *pradhan mantri suraksha bima yojana*, a social security scheme launched earlier this year, he stated that it has done well in increasing the number of people covered. As of November, 9.25



Story in numbers

- The decline in general insurance penetration in the last financial year was also due to the fact that some products like mediclaim have been taken away by peers in the life insurance sector
- The general insurance density — per capita premium — went up slightly from Rs 664 to Rs 686. In fact, the insurance density has increased nearly three-fold from Rs 235 to Rs 686 over a decade
- Gross direct premium income of the general insurance industry, consisting of 28 players including five exclusive health insurance players, increased from Rs 26,110 crore in 2006-07 to Rs 84,686 crore in 2014-15

crore people have been brought cover under the PMSBY scheme. However, it has not helped much in increasing premium collection.

The decline in penetration was also due to the fact that some products like mediclaim have been taken away by their peers in the life insurance sector, according to industry players.

“Some products like health insurance have been taken away by the life insurers. This is also a reason for the marginal fall in the general insurance penetration,” Universal Sampo General Insurance executive chairman ON Singh said.

Gross direct premium income of the general insurance industry, consist-

ing of 28 players, including five exclusive health insurance players, increased from Rs 26,110 crore in 2006-07 to Rs 84,686 crore in 2014-15, as GIC data reveal.

Bajaj Allianz General Insurance managing director and chief executive Tapan Singhel said: “The industry has grown in double-digits during the period as against the single-digit growth in GDP and this mismatch was responsible for the marginal fall in the general insurance penetration.”

Health and personal accident insurance segments, which enjoy a market share of 26.1 per cent, have grown at CAGR of 24.3 per cent during past decade. The industry is moving more towards personal lines, keeping with international trend, the report says.

The capital employed by general insurers increased to Rs 43,546 crore from Rs 16,527 crore during past one decade, while investments have also gone up by more than fourfold, from Rs 31,584 crore in 2006-07 to Rs 1,39,887 crore in 2014-15.

The number of offices has increased from 5,112 to 10,381, while policies issued have more than doubled from 6.04 crore to 12.60 crore during the past decade.

Moreover, net retention ratio also increased from 67.6 per cent to 78.90 per cent during the period.