

# Robust sales of bikes, cars in Oct revive motor insurance business

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Chennai: Robust festive demand and a gradual rise in freight volumes revives motor insurance business in October, 2020. After a muted business in the first half, impacted by the outbreak of Covid-19 pandemic, insurers say fear of contracting the virus through public transport has led to surge in mid-segment cars and two-wheelers sales, further leading to revival in motor insurance business.

For the industry, premium collections were driven by a 20% yoy growth in private car business and a 15% yoy growth in two-wheeler busi-



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ness. "The share of business from commercial vehicles is down from 30% to 15% as compared to March levels. However, the share of business from private cars and two-wheelers has filled the gap," says Aditya Sharma, business head of motor, Bajaj Allianz General Insurance.

SBI reported a 48% yoy growth in motor led by 94% yoy increase in purchase of third party (TP) policies.

ICICI Lombard saw a 12% yoy growth, driven by new tie-ups with new OEMs. Other insurers including Acko and Go Digit witnessed 40% and 24% increase in motor business. While Tata AIG was up 28% yoy; continued improvement over the past few months, a research report of Kotak Institutional Equities said.

Head of motor insurance business of Acko General Insurance, Animesh Das, attributed the growth in premium collection to OD business (or own damage) in this festive se-

ason. He said "We have seen equal growth in both third party damage (TP) and OD insurance premium underwriting in the festive season. In the initial months of lockdown business from TP was higher, when people were not purchasing new policies." Acko said OD business contributes to over 60% of its busi-

ness. On claims applied for motor insurance, Sharma said it was 20% less compared to pre-Covid levels till the month of September. "However, we expect it to reach the pre-Covid levels in November. And 1%-2% of claims are found to be fabricated post the lockdown," he added.