

**INSURANCE SECTOR**



**Capital**  
—SPROUT—

**NEWSLETTER**

**MARCH 2023**



# The Chairman's Message



Greetings from Capital Sprout !

It gives me pleasure to share with you the March-23 issue of Capital Sprout's Wealth Bulletin. Where this month's bulletin is about **Insurance** & importance of this sector in the financial market & overall economy of the country.

At present, the Insurance sector in India is not comparable with some of the giant Economies of the world; it is in a growing stage. But the **Insurance sector has the potential to become one of the top 5 sectors in the world if efforts are concentrated in the correct directions.**

The Indian insurance sector has witnessed fundamental changes in the last 7-8 years. Earlier, the sector was considered a **"Liability"** by both the insured person & insured company. Companies were taking too much time to settle claims. The whole insurance sector was dominated by Public sector companies which affected efficiency parameters, rendering services etc.

There has been a complete shift in the approach of the insurance sector in the last 7-8 years. Many private sector companies have entered In Life & General insurance which makes the insurance sector more attractive than ever before. The government has also allowed **74% FDI** in the sector which opens up the gate for the world's giant insurance companies. Now, a layman also considers insurance as a priority in his budget. Especially, covid-19 pandemic has felt every layman to obtain health insurance for family members.

My wish is that this bulletin serves as a helpful resource for readers, enabling them to gain a better understanding of the significance of the insurance sector and its role in contributing to the overall economic development of the country, as well as its importance in the equity market and mutual fund industry

*CA DR Rajesh Khandol*

# Insurance Sector

The world we live in is full of uncertainties and risks. Individuals, families, businesses, properties and assets are exposed to different types and levels of risks & uncertainties. These include the risk of losses of life, health, assets, property, etc. The majority of risks cannot be visualised or forecasted. Insurance is a financial product that reduces or eliminates the cost of a loss or the effect of loss caused by different types of risks.

Apart from protecting individuals and businesses from many kinds of potential risks, the Insurance sector contributes significantly to the general **economic growth of the nation** by providing stability to the functioning of businesses and generating long-term financial resources for industrial projects.

The Insurance sector makes a significant impact on the overall economy by mobilizing domestic savings. Insurance turn accumulated capital into productive investments. It also enables the mitigation of losses, financial stability and promotes trade and commerce activities which result in sustainable economic growth and development. Thus, insurance plays a crucial role in the sustainable growth of an economy.



# Types Of Insurance

While there is a wide range of Insurance types available in the market, all of them can be broadly classified into two main categories:

- Life Insurance
- General Insurance

There are various types of insurance within the above 2 categories. Various types of insurance are classified into different segments:

## Life Insurance



- Term Life Insurance
- Unit Linked Insurance
- Money Back Insurance
- Pension Plan

## General Insurance



- Business & Commercial Insurance
- Vehicle Insurance
- Health Insurance
- Property Insurance
- Work Man Insurance
- Travel Insurance




# Why is Insurance needed ?

In the last decade, human life & business have become vulnerable to many natural & human events.


Both Life Insurance & General insurance is required by Human being & Business organization.



## INDIVIDUAL PERSON




**LIFE INSURANCE:** Term insurance is the simplest and purest form of life insurance. It provides financial protection to your family in the absence of a key earning member of the family so Life insurance becomes necessary for at least one member of the family.



**GENERAL INSURANCE:** Health insurance is widely in demand, especially after the COVID-19 pandemic. Vehicle insurance is also required by a vehicle owner to fulfill statutory government norms & to protect their vehicles against loss due to damage.

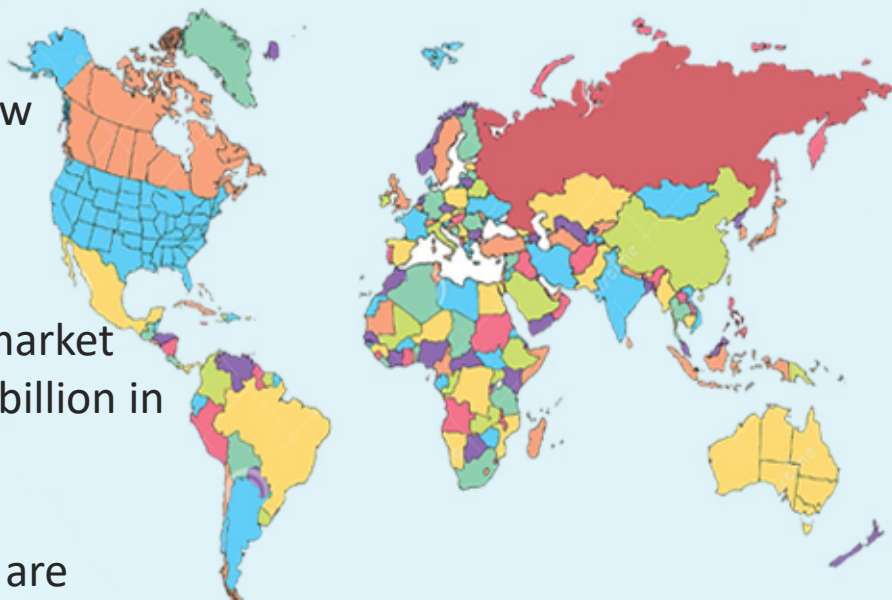
## BUSINESS ORGANISATION



**COMMERCIAL INSURANCE** Commercial Line's Insurance policy ensures that the business does not face any financial burden because of any financial and business risks. It provides coverage to businesses, their employees and owners. It includes various insurances like Marine Cargo Insurance, stock insurance, Fire, Theft insurance, Workman Compensation insurance, Liability protection insurance etc.

# Insurance Sector Global Scenario

The global insurance market grew from \$ 5,946.74 Billion in 2022 to \$ 6,466.23 Billion in 2023 at a compound annual growth rate (CAGR) of 8.7%. The insurance market is expected to grow to \$8603.8 billion in 2027 at a CAGR of 7.4%.



The major players in the market are AIA Group Limited, American International Group (AIG), Allianz SE, AXA, Berkshire Hathaway, MetLife, ING Group, and United Health Group. The majority of such groups are based in the United States of America only.

## Gross Premium Collection Calendar Year 2021

Country	Gross Premium Collection 2021 In US\$ Billion		
	Life	General	Total
USA	1,382.00	1,859.80	3,242.70
U.K.	313.98	131.45	445.43
GERMANY	118.63	278.09	396.72
JAPAN	270.60	105.36	375.95
FRANCE	196.51	166.00	362.51
INDIA	94.87	30.68	125.57

Information mentioned in table clearly shows USA's dominance in the Insurance sector. It also clearly indicates the huge scope of the Insurance sector in India.

**India's assets under management as on march 2022**

**744.76 US\$ BILLION**

*The annual Premium collection of the USA is almost 5 times more than the entire AUM (Assets Under Management) of India, which clearly shows the size of Insurance in the USA.*

United States, the world's largest insurance market by premium volume. Some key statistics of the Insurance sector in the **USA** are as under:

- In 2021, the U.S. Insurance industry's net premiums were written **\$1.4 trillion**.
- There are **5,929** insurance companies across the United States.
- The U.S. Insurance industry employs **2.86 million** employees.
- The U.S. Insurance industry contributes **3.1%** of the country's total GDP.

### Assets Under Management As On December 2021

Country	AUM as on 31-12-2022 In US\$ Billion		
	Life	General	Total
<b>USA</b>	5,047.00	2,763.60	7,810.60
JAPAN	3,428.89	258.76	3,687.65
UK	3,629.83	57.05	3,686.33
FRANCE	3,078.49	368.09	3,446.58
GERMANY	1,595.75	826.43	2,422.17
<b>INDIA</b>	<b>678.38</b>	<b>66.38</b>	<b>744.76</b>







## Insurance Sector - Indian Scenario

Although it took some time for the insurance industry in India to gain momentum, it is now on an upward trajectory and continues to progress positively.

India's Insurance industry is one of the premium sectors experiencing upward growth. This upward growth of the insurance industry can be attributed to growing incomes and increasing awareness in the industry especially after the COVID-19 pandemic. **India is the fifth largest life insurance market in the world's emerging insurance markets, growing at a rate of 32-34% each year.**

The insurance industry of India **has 57 insurance companies - 24 are in the life insurance business, while 34 are non-life insurers.** Among the life insurers, Life Insurance Corporation (LIC) is the sole public sector company. There are 6 (six) public sector insurers in the non-life insurance segment.

The Indian insurance sector has witnessed fundamental changes. Earlier, insurance in India was broadly considered a **“Liability”** for both the insurance company & insured person. Even literate people were reluctant to take Life insurance for earning Key members of the family. The insurance product was marketed **as if it's a liability of both the insured person & company instead of highlighting various advantages, providing value additions to the business through insurance etc.** In general, there were no positive indications either from the insurance companies or the public, which prevented the insurance sector from experiencing any growth.



In the last 7-8 years, there has been a complete shift in the approach of the insurance sector in India. Many private companies have entered In Life & General insurance. These companies have aggressively marketed their products. The government has also allowed **74% FDI** in the Insurance sector which opens up the gate for the world's giants insurance companies. The majority of private sector insurance companies have Joint ventures with some of the world's giants Insurance groups; Prudential group, AIA group, AIG group, Allianz group, New York life insurance group etc. The private sector has changed the entire perception of how insurance was looked at in the past. Now, every layman considers insurance as a priority in his budget. A layman is spending some amount towards various insurance.

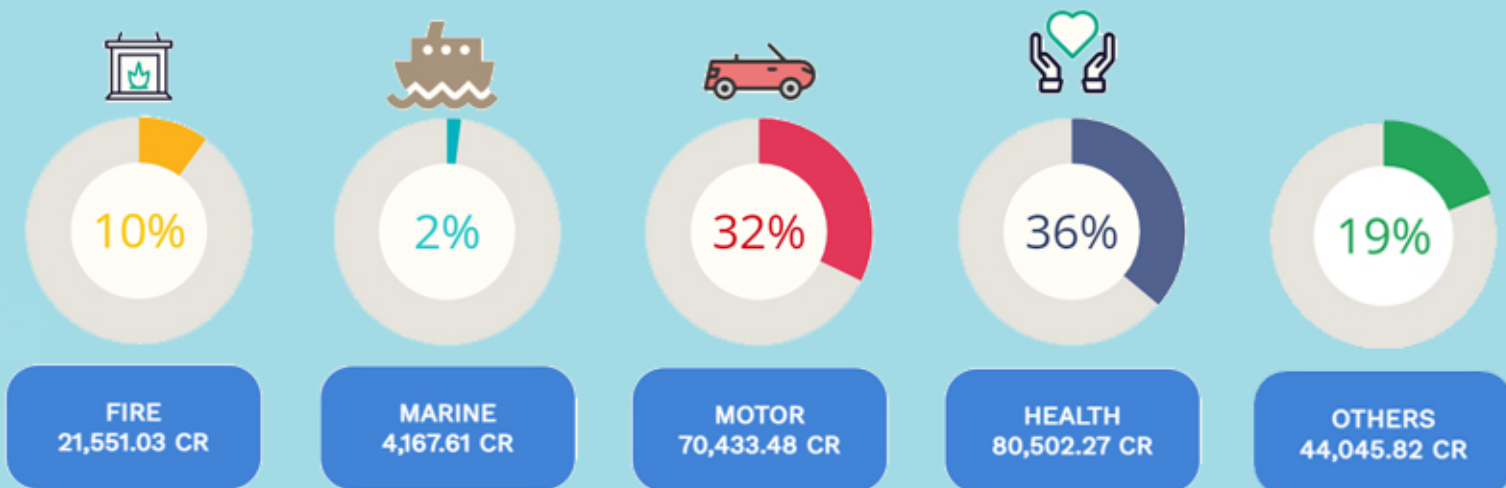
So FDI & entry of Private players in this sector can be considered a Turning point in the Insurance sector in India..

### Key statistics

India	Total	Life Insurance	Non-Life
No.of Insurance Companies	56	24	32
Total Premium Collection 2021-22	9,16,616.94 Crore	6,92,614.14 Crore	2,24,002.80 Crore
New Business Premium Collected 2021-22		3,14,867.82 Crore	
New Policies Issued 2021-22	2,947.83 Lakh	291.13 Lakh	2,656.70 Lakh
Market Share of PSUs (including Specialized)	57%	62% (LIC)	40.82%
Assets Under Management (including Reinsurers & FRBs) as on 31-03-2022	54,36,727 Crore	49,52,187.1 7 Crore	4,84,540.21 Crore
No of Insurance agents		24.42 Lakh	

## Key statistics

### Break-up of Non-life Insurance Business Gross Premium Collection of 2021-22



Above data shows Motor & Health insurance are dominant sectors in Non-life insurance.

### Break-Up of Life Insurance Business - AUM

#### Life Fund



**AUM 31,94,951 CR**  
65%

#### Pension & Annuity Fund



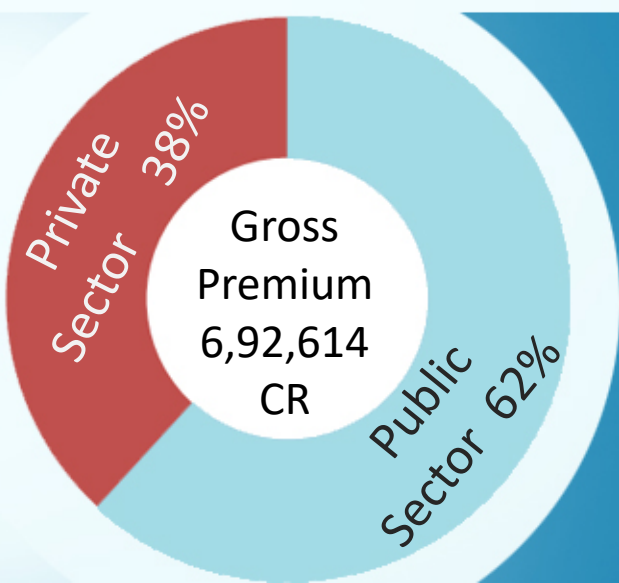
**AUM 11,65,685 CR**  
24%

#### ULIP Fund



**AUM 5,91,550 CR**  
12%

Above data shows 36% of Life Insurance fund is deployed in other than Term Life plans viz. ULIP, PENSION plan etc.



### Life Insurance - Key Statistics

There is only Life Insurance Corporation of India (LIC of India) in Public sector Life insurance sector.

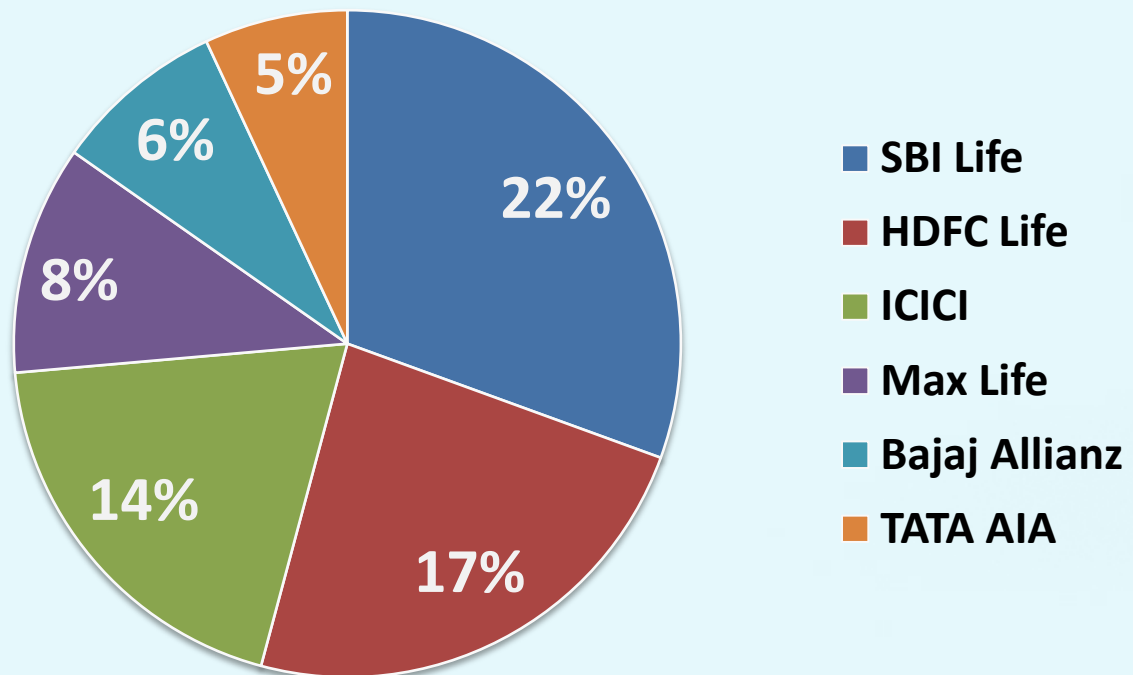
LIC of India (Public Sector) is dominating Life Insurance Business of India

## Key statistics

### Life Insurance – Large Companies Based On Premium Collection & AUM | FY 2021-22 (Rs. In Cror)

Insurer	Gross Premium Collection	Aum
Life Insurance Corporation	4,28,025	36,79,475
SBI Life Insurance	58,760	2,64,049
HDFC Life Insurance	45,963	2,02,052
ICICI Prudential Life Insurance	37,458	2,35,942
Max Life Insurance	22,414	1,06,791
Bajaj Allianz Life Insurance	16,127	83,442
TATA AIA Life Insurance	14,445	57,004

### Life Insurance Market Share Of Private Sector



Gross premium collection of private sector | 2021-22 | Rs. 2,64,589.17 CR

Total of SBI, HDFC & ICICI contributes 56% of Total premium of Life Insurance collected by total 23 Private sector companies.

## Non Life Insurance Gross Premium Collection FY 2021-22



**Public Sector**  
**78,335 Crore**  
**35%**

**Private Sector**  
**1,45,667 Crore**  
**65%**



## Non Life Insurance – Large Companies Based On Premium Collection (Rs. In Crore)

Company	Gross Premium Collection FY 2021-22	Market Share In Respective Sector
<b>Public Sector</b>		
The New India Assurance	35,516	45%
United India Insurance	15,722	20%
The Oriental Insurance	14,020	18%
National Insurance	13,077	17%
<b>Private Sector</b>		
ICICI Lombard General Insurance	17,977	12%
Agriculture Insurance Company.	13,940	10%
Bajaj Allianz General Insurance	13,689	9%
HDFC ERGO General Insurance	13,497	9%
Star Health & Allied Insurance	11,463	8%

Star Health & Allied Insurance group is only dealing in Health Insurance which is 14.23% in total Health insurance premium collection by Private Sector companies.



## Statement Of Listed Companies In India Of Insurance Sector

Name Of The Company	Market CAP As On 17-04-2023 (In Crore)	Market Price Per Share On 17-04-2023	P/E Ratio
Lic Of India	3,44,522	545	13.6
Sbi Life Insurance	1,14,729	1,145	71
Hdfc Life Insurance	1,14,638	533	84.34
Icici Prudential Life Insurance	64,837	451	84.7
Icici Lombard General Insurance	5,41,88	1,104	33.77
General Insurance Company	25,351	144	4.57
New India Assurance	16,994	103	47.6
Star Health & Allied Insurance	34,610	596	79.6



# Performances



## Equity Market

Indices	01 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2023	High	Low
BSE S&P SENSEX	59,136.48	58,991.52	60,498.48	57,084.91
NIFTY 50	17,360.1	17,080.7	17,799.95	16,828.35

## Mutual Fund

### AUM Data of Mutual Fund for the Month of March 2023

(INR. In Lakh Crore)

Particulars	AUM As On 28-02-2023	Fresh Fund Mobilize During March – 23	Redemption During March -23	AUM As On 31-03-2023
Total AUM of all mutual funds scheme	39.29	10.11	10.33	39.07
AUM of equity oriented (growth) schemes	14.97	0.38	0.18	15.17

Source: Association of Mutual Fund of India (AMFI)

# Performances

## SIP Contribution

(INR. In Crore)

Year	SIP Contribution	SIP AUM
MARCH-2023	14,276	6,83,296

## FII & DII Inflow/Outflow Position

FII's buying in the month of March 23 is 0.02 Lakh.  
DII's buying in the month of March 23 is 0.31 Lakh.

### Inflow/Outflow position in the month of March - 2023

FII /DII	Gross Purchase	Gross Sale	Net
FII	1.75 Lakh	1.73 Lakh	0.02 Lakh
DII	1.39 Lakh	1.08 Lakh	0.31 Lakh

