



Importance of Insurance

WEALTH BULLETIN JUNE 2025



The Chairman's Message



Greetings from Capital Sprout!

It gives me pleasure to share with you the June-25 issue of Capital Sprout's Wealth Bulletin. Where this month's bulletin is about Importance of Insurance in the financial market & overall economy of the country.

Who understands the importance of insurance better than we Indians, especially in the wake of one of the most tragic incidents in India's civil aviation history – the devastating plane crash on 12th June 2025. It claimed 260 innocent lives and left families shattered, dealing with an unimaginable void. While no insurance company can ever replace a lost loved one, it can offer critical financial support, help families rebuild their lives, and provide a small measure of stability in the face of emotional and economic collapse. This tragedy serves as a solemn reminder that:

- Life is uncertain, and protection is not optional.
- Insurance is not just a policy – it is preparedness, responsibility, and compassion.
- In the face of irreparable human loss, financial security becomes an essential pillar for those left behind.

The global insurance industry enters 2025 facing familiar yet ever-evolving vectors of change. Risks associated with Climate changes, Cyber security risk, Digitalisation Risk, Generative AI risks, Inflation, Ever increasing Geo political tension, Regulatory pressure & ESG compliance etc.

As they say, opportunities often come in the shadow of challenges – and this is especially true for the global insurance industry and especially to Indian industry today.

In this bulletin, we will not discuss basics of Insurance, type of Insurances etc. as these are already discussed in past Insurance Bulletin but we will focus mainly on Global insurance data & insurance opportunities lies ahead in India



Importance of Insurance Industry

The insurance sector is a cornerstone of the economy, performing crucial functions such as mobilizing domestic savings, mitigating losses, ensuring financial stability, and facilitating trade and commerce, all of which are essential for sustainable economic growth.

In today's volatile world, individuals, families, and businesses are confronted with a wide array of risks that are often unpredictable. The accelerated pace of change in both personal and business spheres has resulted in an increase in the complexity, frequency, and diversity of these risks.



Traditional insurance models are being challenged by new and evolving threats, including losses stemming from pandemics, cyber risks, disruptions caused by digitalization, and failures in business models. To maintain its relevance and effectiveness, the insurance industry must strategically adopt innovative technologies like Artificial Intelligence (AI), big data, and predictive analytics. This shift will enable the industry to transition from a reactive protection paradigm to one of proactive risk management.

1

Mobilizing Domestic Savings

Insurance companies collect premiums and invest them in various financial instruments, contributing to capital formation and economic development.

2

Mitigating Losses

By providing financial protection against unforeseen events, insurance helps individuals and businesses recover from losses and maintain financial stability.

3

Facilitating Trade & Commerce

Insurance enables businesses to take calculated risks, expand operations, and engage in international trade with confidence.

Insurance Sector - Global Scenario

The global insurance market size was valued at \$9.0 trillion in 2024, and is projected to reach \$28.5 Trillion by 2032, growing at a CAGR of 13.5% from 2024 to 2032 according to "Allied Market Research company", a leading USA based research agency

\$9.0T	\$28.5T	13.5%
Global Market Size 2024	Projected Size 2032	CAGR 2024-2032
Current valuation of the global insurance market	Expected market valuation by 2032	Compound Annual Growth Rate for the industry

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.

The global insurance industry enters 2025 facing familiar yet ever-evolving vectors of change. While climate and cybersecurity top the agendas for senior leaders, they can't overlook other forces reshaping the landscape. The pace of technology change has only accelerated with the advent of generative artificial intelligence (GenAI) and rapid rise of agentic AI. Geopolitical and trade tensions, as well as ongoing macroeconomic turbulence and political polarization, present new complexities that could morph into major barriers of change. New competition, increased regulatory scrutiny and continuously shifting customer behaviors also throws out challenges.



Global Key Insurance Statistics

Country	Gross Premium Collection Calendar Year 2023 (in \$ Billion)			Gross Claim Payments of Year 2023 (in \$ Billion)			Annual claim payment to annual premium collection ratio (In %) (3 Yr Avg.)		
	Life	General	Total	Life	General	Total	Life	General	Total
USA	1,456.98	2,240.07	3,697.05	538.94	1,611.27	2,150.21	37%	70%	57%
U.K.	313.72	177.66	491.38	246.11	122.92	369.03	92%	33%	73%
Germany	93.22	276.04	369.26	95.32	194.27	289.59	89%	69%	75%
Japan	251.09	80.80	331.89	286.16	45.33	331.49	112%	57%	97%
France	189.29	184.14	373.43	81.05	93.58	174.62	31%	49%	40%
Bermuda	165.27	103.14	268.42	96.33	29.77	126.10	58%	33%	48%
India	35.98	25.12	61.10	5.71	20.27	25.98	13%	77%	39%
Netherland	13.95	82.11	96.06	17.42	73.03	90.45	152%	89%	98%

High Claim Payment Ratios in Developed Countries

Recent statistics reveal that countries like Japan, Germany, and the Netherlands have a Yearly Claim Payment Ratio approaching 100% of their annual gross premium receipts. This indicates that the total amount paid out in claims nearly equals the income collected from policyholders.

One of the primary reasons behind such high ratios in these countries is their exposure to frequent and severe natural disasters — such as earthquakes in Japan, floods in Germany, and storms or extreme weather events in the Netherlands. These events often lead to large-scale insurance payouts, putting pressure on insurers' profit margins and solvency levels.

India's Favourable Claim Payment Ratio in Life Insurance

In contrast, India presents a more favourable scenario for insurers, particularly in the Life Insurance sector. The claim payment ratio in India, though improving in terms of customer benefit, remains relatively lower compared to gross premium receipts, which works to the advantage of life insurance companies.

World's Largest Insurance Claim Payments

Event	Affected country	Year	Claim paid amount \$ billion
Lehman Brothers	USA	2008	115.00
9/11 World Trade Centre	USA	2001	50.00
Hurricane Katrina	USA	2005	41.10
Hurricane Sandy	USA	2012	36.00
Tohoku Earthquake & Sunami	Japan	2011	35.00
California Wildfire	USA	2018	24.00
Deepwater Horizon Oil Spill	Mexico	2010	20.80
Hurricane Harvey	USA	2017	19.00
Hurricane Maria	Carrabean	2017	18.00
Thailand Floods	Thailand	2011	12.00

Air India Boeing 787 Dreamliner Crash

In one of the major insurance claims to be made in the history of aviation within India, the recent crash involving an Air India Boeing 787 Dreamliner in Ahmedabad, the plane has one of the highest claims amounting to Rs 4,088 Crore (Approximately 475 million US dollars). This accident, which involved the loss of more than 240 lives and linked severe damages on the ground, has shocked many in the aviation industry and insurance companies all over the world.

The insurance claim stems from two primary components:

- As per the Chairman of General Insurance Corporation of India, the claim for the aircraft hull and engine is estimated at around \$125 million. He estimated that the additional liability claims for loss of life for passengers and others would be around \$350 million. The accumulated costs are more than triple the annual premium for the aviation industry in India in 2023, according to data compiled by Bloomberg.
- The financial repercussions of the crash will affect the entire global aviation insurance and reinsurance market. It is also likely to make insurance costlier for airlines in India, as per Bloomberg.



Insurance Sector - India 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 sector has witnessed substantial growth over the past two decades, driven by rising awareness, favourable demographics, regulatory reforms, and digital transformation. India is the fifth largest life insurance market in the world's emerging insurance markets, growing at a rate of 32-34% each year.

51

Total Insurance Companies in India

₹11.20 Lakh Crore

Total Premium Collection 2023-24

₹3.78 Lakh Crore

New Business Premium Collected 2023-24

3,651.65 Lakh

New Policies Issued 2023-24

Key statistics of the Insurance sector in India (Amount in INR crore)

Particulars	Total	Life Insurance	Non-Life
No. of Insurance Companies	51	26	35
Total Premium Collection 2023-24	11.20 Lakh Crore	- -	- -
New Business Premium Collected 2023-24	--	3.78 Lakh Crore	2.93 Lakh Crore
New Policies Issued 2023-24	3,651.65 Lakh	291.77 Lakh	3,359.88 Lakh
Market Share of PSUs (including Specialized)	50%	57% (LIC)	31%
Assets Under Management (including Reinsurers & FRBs) as on 31-03-2022	67.58 Lakh Crore	61.57 Lakh Crore	6.01 Lakh Crore
No of Insurance agents	- -	28.95 Lakh	- -

Top Listed Companies in Insurance Sector

(DT: 15-07-2025) (Rs. In Crore)

Name Of Companys	Turnover Fy 2024-25	Net Profit	Market Cap	P/ E Ratio
Life Insurance Corporation of India	8,89,970	48,320	5,85,254	12.11
SBI Life Insurance	1,16,888.42	2,413.3	1,82,963.43	75.81
HDFC Life Insurance	99,451.07	1,880.2	1,63,035.36	86.71
ICICI Lombard General Insurance	23,960.92	2,508.6	99,427.14	39.63
ICICI Prudential Life Insurance	70,783.41	1,262.17	96,814.3	76.70
General Insurance Corporation of India	49,616.8	7,431.84	67,588.2	9.09
Max Financial Services	46,468.91	329.94	54,598.83	165.48
Go Digit General Insurance	9,370.72	424.94	32,633.18	76.79
New India Assurance Company	43,570.99	1,036.63	30,462.96	29.39
Star Health & Allied Insurance	16,101.23	645.86	25,120.12	38.89
NivaBupa Health Insurance	5,374.28	213.52	16,402.72	76.82
Medi Assist Healthcare Services	723.3	90.96	3,976.93	43.72



Conclusion

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.

FDI, aggressive penetration of Private players, Technological changes are some of factors instrumental behind turnaround of Insurance sector in India.



Market Size Comparison

The Annual Premium collection of the USA [\$ Billion 3,697.05] is almost 5 times than the entire Insurance AUM (Assets under Management) of India [\$ Billion 795.06], which is clearly evident the scope of Insurance sector in India.

Growth Potential

In conclusion, the Indian insurance market is dynamic and evolving and it has huge scope, with both challenges and opportunities for growth. Insurers that can effectively adapt to the changing risk landscape, embrace technological innovation, wisely manage risk and meet the evolving needs of customers will be well-positioned for success in the years to come.



Performances



(1) Equity Market

Indices	31-05-2025	30-06-2025	High	Low
BSE S&P SENSEX	81,214.42	83,606.46	84,099.53	80,354.59
NIFTY 50	24,669.70	25,517.05	25,669.35	24,473.00

(2) Mutual Fund

AUM Data of Mutual Fund for the Month of June 2025

(INR. In Lakh Crore)

Particulars	AUM As On 31-05-2025	Fresh Fund Mobilize During June-25	Redemption During June-25	AUM As On 30-06-2025
Total AUM of all mutual funds scheme	73.66	13.96	13.47	74.15
AUM of equity oriented (growth) schemes	33.23	0.57	0.33	33.47

Source: Association of Mutual Fund of India (AMFI)

SIP Contribution

(INR. In Crore)

Month	SIP Contribution	SIP AUM
June-2025	27,269	15,30,574

(3) FII & DII Inflow/Outflow Position – June 2025

FII's buying in the month is 0.08 Lakh.

DII's buying in the month is 0.72 Lakh

(INR. In Crore)

FII /DII	Gross Purchase	Gross Sale	Net
FII	3.50Lakh	3.42Lakh	0.08 Lakh
DII	3.50 Lakh	2.78 Lakh	0.72 Lakh

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