INSURANCE INDUSTRY SET TO ACCELERATE

ON THE BACK OF RISING HEALTH & MOTOR DEMAND

SEBI REGISTERED

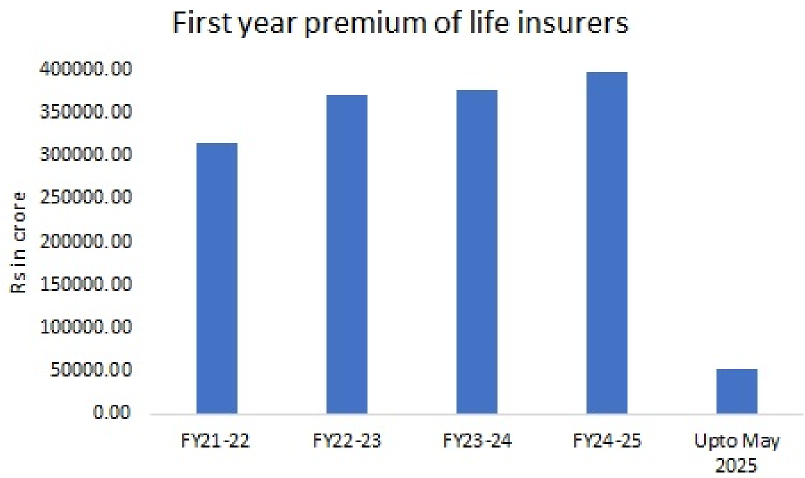
SEPTEMBER- 2025

Insurance sector in India plays a dynamic role in the wellbeing of its economy. It substantially increases the opportunities for savings amongst the individuals, safeguards their future and helps the insurance sector form a massive pool of funds. Insurance is the backbone of a country's risk management system. Risk, that can be insured, has increased enormously in every walk of life. This has led to growth in the insurance business and evolution of various types of insurance covers, that provides protection from risk and ensure financial security. As per the Insurance Regulatory and Development Authority of India (IRDAI), India will be the 6th largest insurance market within a decade, leapfrogging Germany, Canada, Italy and South Korea. The insurance market in India is expected to reach $222 billion by 2026. The Indian Insurance Sector is basically divided into two categories - Life Insurance and Non-life Insurance. The Non-life Insurance sector is also termed as General Insurance. Both the Life Insurance and the Non-life Insurance are governed by the IRDAI.

FIRST YEAR PREMIUM

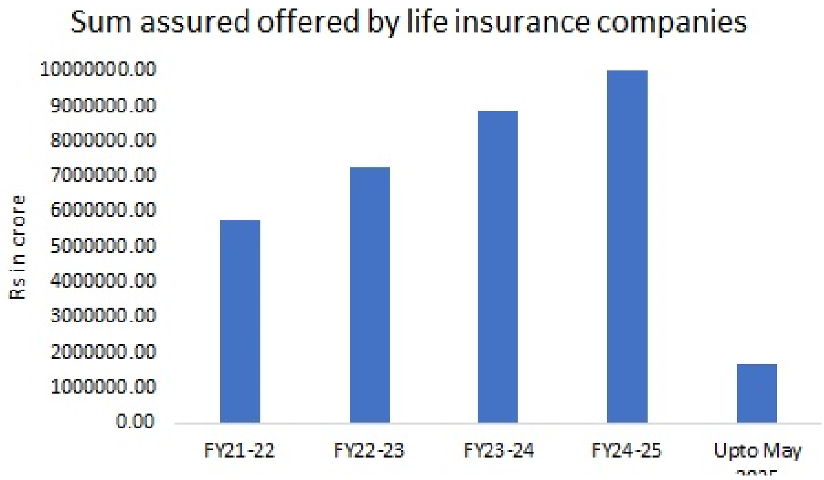
The first-year premium or new business premium of life insurers increased 5.13% to Rs 397336.74 crore the financial year ended March 31, 2025 (FY25), compared with Rs 377960.34 crore in the previous financial year driven by supportive regulations, rising Insurtech adoption and accelerating digitalisation. In two months of FY26 (April- May) first-year premium stood at Rs 52427.4 crore. In FY25, the highest growth was in the Group Yearly Renewable Premium at 35.30% at Rs 15317.79 crore as compared to Rs 11321.38 crore in FY24. Individual Single Premium increased 13.07% to Rs 51353.52 crore in FY25. Individual Non-Single Premium were at Rs 115237.29 crore during the same period.

Life Insurance Corporation's (LIC's) first year premium stood at Rs 226669.91 crore in FY25 as compared to Rs 222522.99 crore in FY24, i.e. up by 1.86%. The 24 private insurers registered 9.80% growth in first year premium at Rs 170666.84 crore in FY25 as against Rs 155437.34 crore in FY24. This increase is being complemented by the rapid pace of digitalization being undertaken by life insurers, auguring well for further increases in insurance penetration that should bolster new business premiums in FY26 and beyond.



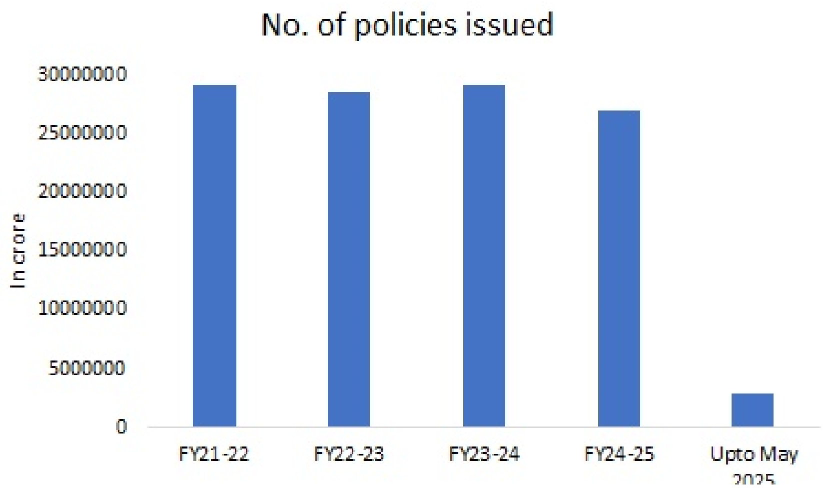
SUM ASSURED OFFERED BY LIFE INSURANCE COMPANIES

A sum assured is a fixed amount that is paid to the nominee of the plan in the unfortunate event of the policyholder's demise. The insurance company pays this money as per the sum chosen by people at the time of purchasing the policy. The sum assured is an instrumental component of a life insurance plan as it dictates the premiums of the policy. The sum assured for the life insurance industry grew by 16% to Rs 10264167 crore in FY25 as compared to Rs 8848606 crore in FY24. In FY26 (April 2025 to May 2025) sum assured amounted to Rs 1660369 crore. In FY25, LIC's sum assured value stood at Rs 1877808.67 crore, while private companies' sum assured value stood at Rs 8386358 crore.



NUMBER OF POLICIES ISSUED BY INSURERS

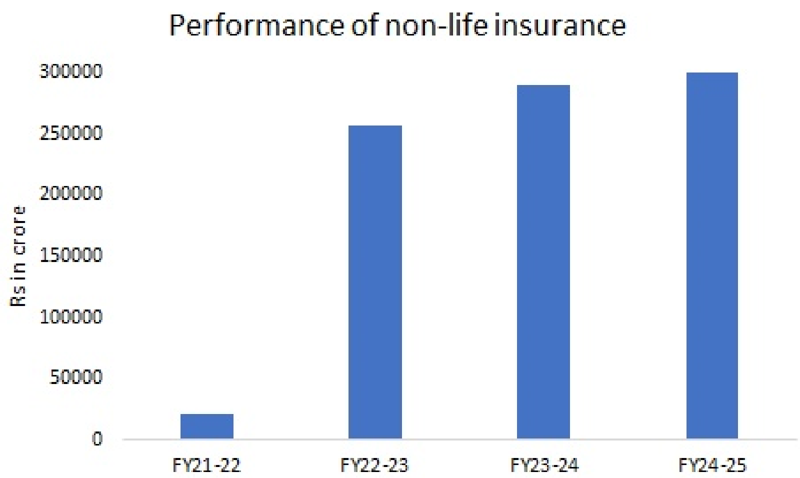
The total number of policies and schemes issued by insurers decreased by 7.53% to 2.70 crore in FY25 compared to 2.92 crore in FY24. In FY25, private players issued 0.92 crore policies and schemes, while LIC issued 1.78 crore policies and schemes.



Sukhanidhi INVESTMENT ADVISORS Equity Research & Advisory Services

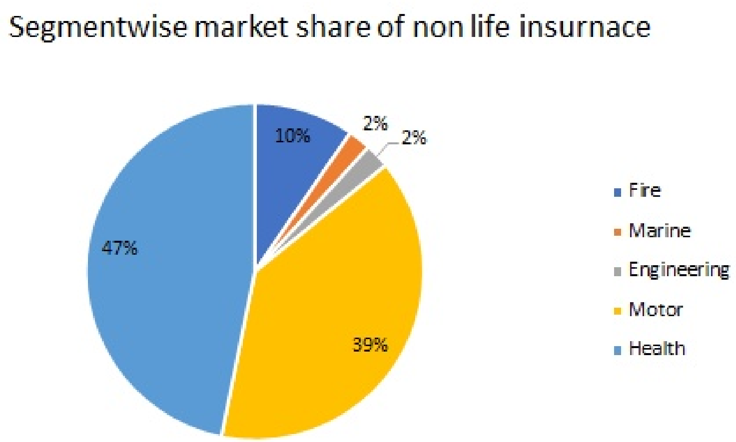
PERFORMANCE OF NON-LIFE INSURANCE

In FY25, non-life insurance industry reported 6.20% growth in gross direct premium to Rs 307611.84 crore as compared to Rs 289652.31 crore in FY24, aided by the performance of Standalone Health Insurers. Standalone Health Insurers showed 15.99% growth in gross direct premium to Rs 38413.57 crore in FY25 as compared to Rs 33119.29 crore in FY24. The general insurance business in India has witnessed growth, which has been fuelled by the increased participation of private players, improvement in distribution capabilities and operational efficiencies. The government's Bima Trinity push is poised to accelerate growth in the non-life insurance sector. Foreign Direct Investment (FDI) in non-life insurance segment stood at Rs 5268.51 crore in FY25.



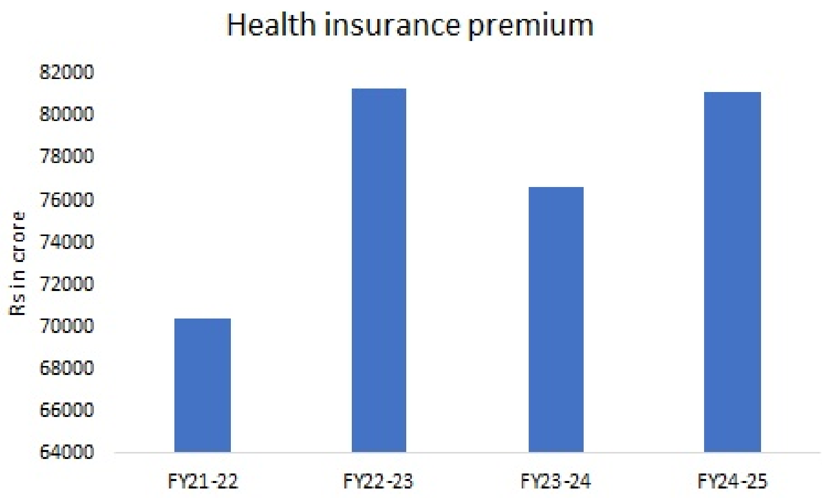
SEGMENT-WISE PREMIUM OF NON-LIFE INSURANCE MARKET

The growth in non-life insurance market was seen due to the growing demand in a number of associated sectors, such as automobile and healthcare industries. The share of the healthcare segment in the total premium stood at 38.58% in FY25. The share of motor segment was at 32.20% followed by Fire segment (7.89%), Marine (1.80%) and Engineering (1.95%).

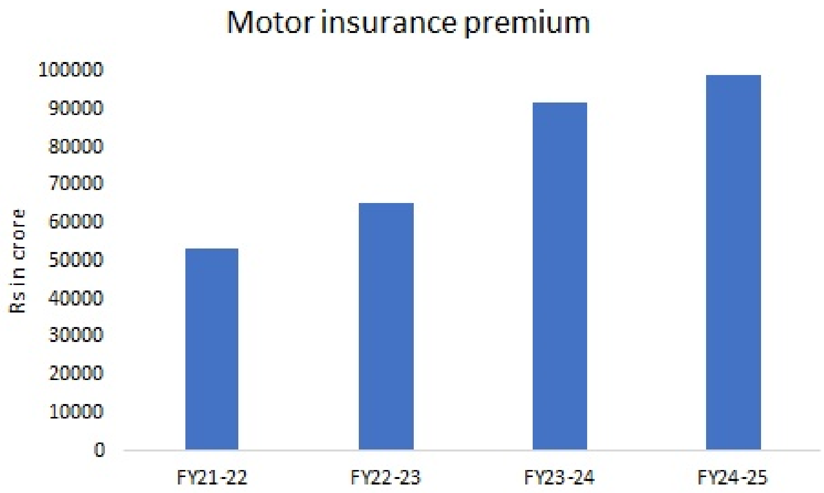


NON-LIFE PREMIUMS GROWTH CONTINUES TO BE DRIVEN BY HEALTH & MOTOR SEGMENTS

With a contribution of 38.58% of the total premium in FY25, the health insurance business is the largest segment in the general insurance sector. The health insurance segment reported a growth of 5.87% in FY25, with the premium growing to Rs 81159.02 crore from Rs 76655.62 crore in FY24. A major factor driving the growth of the health insurance market in India is the rising cost of healthcare. As medical expenses keep climbing, more individuals and families are becoming aware of the importance of having financial protection to manage unexpected health-related costs. Health insurance plays a key role in offering this protection, covering expenses like hospital stays, outpatient treatments, and various medical services. The rapid expansion of the middle-class population in India has also been instrumental in driving the health insurance market. Another significant reason for the growth of the healthcare industry is the rebate provided under Section 80(D) of the Income Tax Act. India's current health expenditure per capita projected values reaching $91.93 by 2028.



Further, the motor segment witnessed a Y-o-Y growth of 7.93% with premium collection amounted to Rs 99065.82 crore in FY25 from Rs 91780.53 crore in FY24. The increased number of vehicles adopted in the country is driven by the growth of per capita income as well as the process of urbanization, thus contributing to an expansion in demand for motor insurance coverage. Government policies like the Make in India initiative and electronic funds will drive up automobile share. The automobile industry in India saw strong growth in April - December period of 2024-25, with a total production of 232.15 lakh units including Passenger Vehicles (PVs), Commercial Vehicles (CVs), Three Wheelers, Two Wheelers and Quadricycle. It was 10.32 per cent higher as compared to 210.43 lakh units produced in April-December period of 2023-24. The growth can be attributed to firm demand and a healthy recovery in the urban market.



RECENT DEVELOPMENTS

- **Government allows 100% foreign investment in insurance to boost capital flow:** The government has increased Foreign Direct Investment (FDI) sectoral cap for the insurance sector from 74% to 100%. This enhanced limit will be available for those companies, which invest the entire premium in India. The Government always strives to attract more FDI by removing regulatory barriers, streamlining processes, developing infrastructure, bettering logistics and improving the business environment by enhancing the Ease of Doing Business (EoDB).
- **Government approves Rs 69,515 crore for PM Fasal Bima Yojana:** The government has approved the continuation of the Pradhan Mantri Fasal Bima Yojana (PMFBY) and the Restructured Weather Based Crop Insurance Scheme (RWBCIS) until 2025-26. The decision was made with a total outlay of Rs 69,515.71 crore. This extension ensures that farmers will continue to receive coverage for crop losses due to non-preventable natural calamities.
- **IRDAI caps premium hike for senior citizens at 10%:** In a significant move to protect senior citizens from steep health insurance premium hikes, the Insurance Regulatory and Development Authority of India has barred insurance companies from increasing premiums for senior citizen policyholders by more than 10% in a single year without prior consultation.

OUTLOOK

The Indian insurance industry is likely to grow in coming time as technological advancements, an expanding middle class, and supportive regulatory measures. Further, government has raised the FDI limit in insurance companies from 74% to 100%. Such move is likely to attract more players and will help increase in insurance penetration in coming time. The anticipation for the growth of life insurance in India is due to the growing economic activity in the Indian economy and the policies of the government to promote insurance. However, insurance industry may face some challenges like evolving customer expectations, climate change and geopolitical uncertainties. Increasing life expectancy and a growing elderly population present underwriting risk, while concerns about misselling, delayed claims, and cybersecurity threats are gaining importance. US reciprocal tariff is expected to put pressure on marine and trade risk insurance in the country. The tariffs, part of a broader policy move by the US government to impose duties based on reciprocal trade terms, will raise concerns around supply chain disruptions, rising claims, and a potential squeeze on insurer profitability.

sukhanidhi
INVESTMENT ADVISORS
Equity Research & Advisory Services

EQUITY HELPLINE!

HAVE QUESTIONS ABOUT INVESTING IN STOCKS (SHARES) ?

CALL US
1800 889 0255

CONTACT INFORMATION

+91 8310770674

www.sukhanidhi.in

info@sukhanidhi.in

TOLL FREE: 1800 889 0255

https://sukhanidhi.in/industry-anaylsis/

SEBI REGISTERED