India Insurance Market Outlook to 2015
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INDIA INSURANCE MARKET INTRODUCTION

INDIA INSURANCE MARKET STRUCTURE

The insurance market structure of India is becoming more competitive with new foreign players entering in the industry. This has been followed by the government de-regulation in the sector. There were approximately ~ insurers operating out of India, out of which ~ were in the life insurance activity (~ private and ~ public) and rest ~ were in general insurance activity. There is one and only national reinsurer, General Insurance Corporation of India (GIC) as well.

Table 1: Number of Registered Life Insurers, General Insurers and Reinsurers in Private and Public Sector in India, 2010

<table>
<thead>
<tr>
<th>Type of Insurance</th>
<th>Public Sector</th>
<th>Private Sector</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life Insurance</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>General Insurance</td>
<td>-</td>
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</tr>
<tr>
<td>Reinsurance</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: IRDA
Notes:
* Includes specialized insurance companies - ECGC and AIC
** Includes three Standalone Health Insurance Companies – Star Health & Allied Insurance Co., Apollo Munich Health Insurance Co. and Max Bupa Health Insurance Co.

INDIA LIFE AND NON-LIFE INSURANCE MARKET SIZE BY VALUE, 2002-2016

In the forecasted period also the demand is expected to rise at very high growth rate. The gross life premium is expected to increase at a CAGR of ~% from FY’2010-2016. The
premium is expected to reach USD ~ million by FY 2016. The non-life insurance is also expected to showcase a high CAGR of ~% during FY’2010-2016. The gross non-life insurance premium is expected to increase from USD ~ million to USD ~ million by FY’2016. The total insurance would also increase and reach USD ~ million in FY’2016.

Figure 1: India Market Size by Value of Life and Non-Life Insurance Market in USD Million, on the basis of Gross Insurance Premium Written, 2002-2016

Since the demand for insurance in India is increasing, the density is expected to rise in the coming future. The density for life insurance is expected to increase from USD ~ in 2010 to USD ~ by 2016, at a CAGR of ~%. The density for non-life insurance industry is also expected to increase from USD ~ in FY’2010 to USD ~ in 2016. The CAGR for this period is expected to be around ~%. Total insurance density will also increase to reach USD ~ by FY’2016.
2. INDIA INSURANCE MARKET SEGMENTATION BY PRODUCT, 2009-2010 AND 2015-2016

By financial year 2016, the share of life insurance industry in India is expected to increase and reach ~%. The premium would also increase and reach USD ~ million. The share of the non-life insurance would reduce down to ~%. The contribution of premium through the non-life segment is expected to be USD ~ million.
2.1.1. INDIA LIFE INSURANCE COMPETITIVE LANDSCAPE, 2009-2010

There were a total of ~ insurers in the country as compared to just ~ players in 2000. Out of these ~ insurers, ~ are in the life insurance business. This indicates the increase in competition in the insurance sector especially in life insurance business. It has become difficult for LIC to maintain its market share which is currently contributed ~% of the total insurance life insurance premium. The premium contribution of the player stood at USD ~ million in FY’2010. Other players in the industry had a combined share of ~%, with a premium contribution of USD ~ million.
Figure 4: India Market Share of Major Life Insurers on the basis of Gross Insurance Premium Written, in Percentage, 2009-2010

2009-2010

Source: IRDA

Note: The figures are calculated as per the financial year of Indian insurance sector i.e. April-March 2010

2.2. INDIA NON-LIFE INSURANCE MARKET

2.2.1. INDIA NON-LIFE INSURANCE MARKET SEGMENTATION BY PRODUCT, 2006-2016

It is expected that Motor insurance market will register a further decline in the market share to ~% in FY’2016 from ~% in FY’2010, while, the market share of health insurance will surge to ~% in FY’2016 from ~% in FY’2010. This is because of the expected phenomenal growth rate in the health insurance premium which will far outperform the other segments of the non-life insurance industry. The contribution of fire, marine and other non-life insurance segments will also decline over time.
2.2.2. INDIA MOTOR INSURANCE MARKET

2.2.2.1. INDIA MOTOR INSURANCE MARKET SIZE BY VALUE, 2006-2016

A total of ~ vehicles claims were submitted during 2009-2010 which has increased ~% from the number of claims submitted (~) in 2008-2009. This is because of manifold increase in the number of insured vehicles in the year. Even the amount of claims paid (USD ~ million) during the financial year was ~ times the amount of claims (USD ~ million) during the previous financial year of 2008-2009. Commercial (Passengers) vehicles also registered growth in the claims paid from USD ~ million in 2008-2009 to USD ~ million in 2009-2010.

It is expected that motor insurance will increase at a 6 year expected CAGR of ~% during the period FY’2010 to FY’2016. The premium is set to increase from USD ~ million in FY’2010 to USD ~ million in 2016.
Figure 6: India Motor Insurance Market Size in USD Million, on the basis of Gross Insurance Premium Written, 2006-2016

Source: IRDA, AM Mindpower Solutions

Note: The figures are calculated as per the financial year of Indian insurance sector i.e. April-March

2.2.3. INDIA HEALTH INSURANCE MARKET

2.2.3.1. INDIA HEALTH INSURANCE COMPETITIVE LANDSCAPE, 2009-2010

Health insurance market is dominated by all the public players with New India Assurance contributing the largest proportionate premium of USD ~ million for the market share of ~%. United India Insurance is the second largest insurer with the market share of ~%. Third position is shared by Oriental Insurance and National Insurance with ~% market share each. Star Health who is a standalone health insurer is the fourth largest player in the segment with the market share of ~%. It is closely followed by ICICI Lombard with the market share of ~%. Other players in the segment include Bajaj Allianz, HDFC Ergo and Reliance. Other players operating in the country also had a combined share of ~%.
Figure 7: India Market Share of Major Health Insurers on the basis of Gross Insurance Premium Written, in Percentage, 2009-2010

2009-2010

- New India Assurance
- Oriental Insurance
- United India Insurance
- National Insurance
- Star Health
- ICICI Lombard
- Bajaj Allianz
- HDFC Ergo
- Reliance
- Others

Source: IRDA

Note: The figures are calculated as per the financial year of Indian insurance sector i.e. April-March 2010

3. LIFE AND NON-LIFE INSURERS FINANCIALS AND PERFORMANCE, 2009-2010

Table 2: India Non-Life Insurers Revenue by Business Segment, Gross Direct Premium Income, in USD Million, 2009-2010

<table>
<thead>
<tr>
<th>Insurers/Segments</th>
<th>Motor</th>
<th>Health</th>
<th>Fire</th>
<th>Marine</th>
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<tr>
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<td>Royal Sundaram</td>
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<td>Reliance</td>
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<td>TATA AIG</td>
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<td>ICICI Lombard</td>
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<td>Bajaj Allianz</td>
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<td>Cholamandalam</td>
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<td>HDFC Ergo</td>
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*Source: IRDA, AM Mindpower Solutions*

*Note: The figures are calculated as per the financial year of Indian insurance sector i.e. April-March*
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