



FINANCIAL
OPPORTUNITIES FORUM



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AVP - Research

PPFAS Asset Management
Pvt Ltd



Today's topic:

General Insurance 101: Understanding the
Sector and Its Financials

Upcoming FOFs:

- 19th August, 2025 | Tuesday
- 18th September, 2025 | Thursday
- 28th October, 2025 | Tuesday
- 18th November, 2025 | Tuesday

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Valuation of Insurance Companies.

PPFAS Mutual Fund • 42K views • 12 years ago

Financial Opportunities Forum: 4th September 2012 - Rajeev Thakkar discusses the basics of valuation of insurance companies...a topic which is rarely covered. Disclaimer: Viewers should assume...



Life Insurance (Part 2). Revisiting the Sector...

PPFAS Mutual Fund • 19K views • 6 years ago

FOF is now simulcast every month in Bengaluru, New Delhi and Pune too. Visit this link to know more about FOF, and subscribe...<https://ppfas.com/subscribe-for-fof/> Life Insurance (part 1):...



Untold truths about Insurance

PPFAS Mutual Fund • 13K views • 1 year ago

In a recent presentation, Mahavir Chopra (Founder - beshak.org) provided valuable insights into the insurance industry. He discussed the 13 untold truths of the insurance industry and what...



General Insurance 101: Understanding the Sector and its Financials

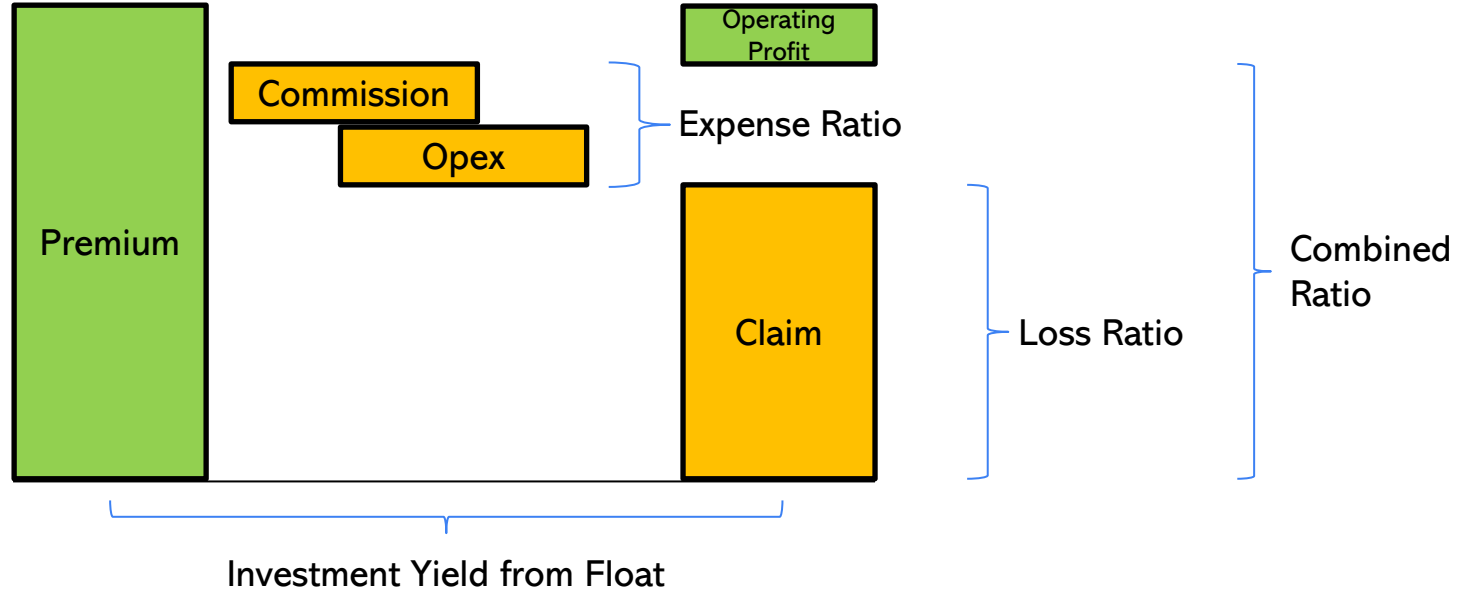
Presentation Flow

- I. Basics of Insurance
- II. Sub Segments of General Insurance
- III. Understanding the Financials of a General Insurance Company
- IV. RAMELS Framework
- V. Industry Trends
- VI. Recent Developments
- VII. Risks
- VIII. Conclusion

What is Insurance

- Insurance is a financial mechanism to **transfer risk**.
- In exchange for a premium, an insurer promises compensation for specified losses (damage, accident, illness, life) per the policy terms.
- It protects individuals and businesses from uncertain losses by **pooling risks**.
- Insurance spreads risk across many policyholders so that no single participant bears a devastating loss alone.
- Gives Financial security and stability

How Insurance Company Works



Law of Large Numbers: With a **sufficiently large pool** of **Independent risks**, the observed loss will be close to the expected loss.

Principles of Insurance

1. **Utmost Good Faith:** Both Parties act in good faith towards each other
2. **Insurable Interest :** Insured must have an insurable interest
3. **Proximate Cause :** Primary and direct cause of a loss without which the damage would not have occurred.
4. **Indemnity:** Compensate the policyholder for the loss up to the amount agreed upon
5. **Subrogation:** After compensating the loss, the rights of property go to the insurer
6. **Contribution:** Each Insurer must pay their proportionate part of the claim
7. **Loss Minimization:** Responsibility of insured to take precautions to minimize loss
8. **Moral Hazard & Loss Control :** Deductibles, Co-payments to ensure insured has incentive to minimize loss
9. **Adverse Selection & Underwriting:** Proper premium pricing and Limits, waiting periods.

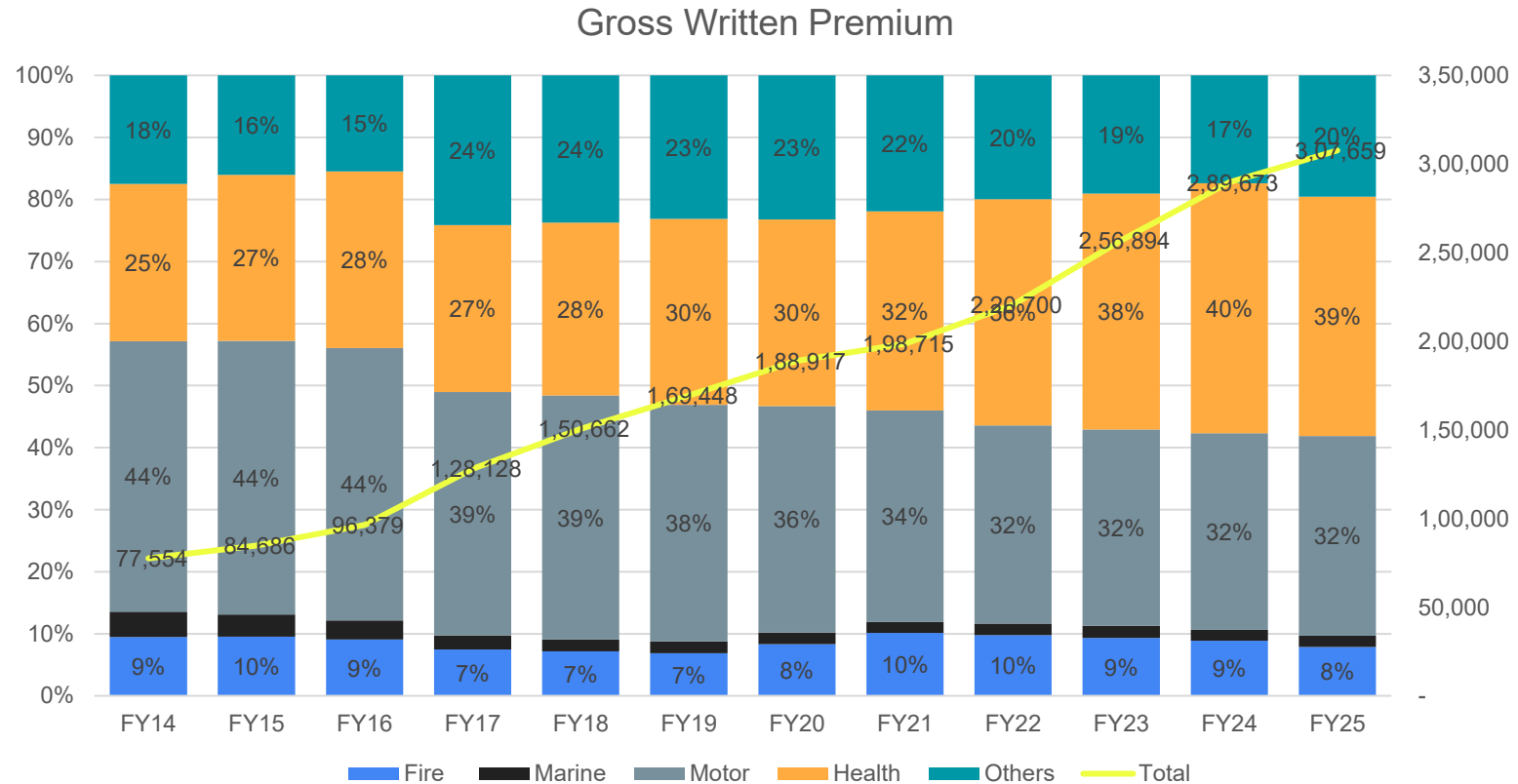
Source: Mcminn Personal Injury Lawyers website

Types of Insurance

Non Life Insurance			
Life Insurance (24)	Health Insurance (8)	General Insurance / P&C Insurance (34)	
Death of Policyholder	Sickness of Policyholder	Damage to Property or Liability cover	
Life Insurance	Hospitalisation	Motor (TP, OD)	Property (Fire)
Investments	Personal Accident	Engineering	Crop
Retirement / Annuity		Marine (Hull, Cargo)	Liability
			Misc.

Re-insurance (2)

GWP Growth – 10 Y CAGR – 15%; Led by Health – 19%



Source: IRDAI; GI Council

Top 10 Market Share

Type	FY25 Market %
General Insurers	83.90%
Stand-alone Health	12.49%
Specialised	3.61%

Health Type	Market %
General Insurers	68.38%
Stand-alone Health	31.62%

Company	FY25 Market %
The New India Assurance Co Ltd	12.57%
ICICI Lombard General Insurance Co Ltd	8.72%
Bajaj Allianz General Insurance Co Ltd	6.96%
United India Insurance Co Ltd	6.52%
The Oriental Insurance Co Ltd	6.44%
Tata AIG General Insurance Co Ltd	5.75%
Star Health & Allied Insurance Co Ltd	5.43%
National Insurance Co Ltd	5.42%
HDFC Ergo General Insurance Co Ltd	5.14%
SBI General Insurance Co Ltd	4.51%

Health Insurance	FY25 Market %
The New India Assurance Co Ltd	16.17%
Star Health & Allied Insurance Co Ltd	13.92%
The Oriental Insurance Co Ltd	6.94%
Care Health Insurance Ltd	6.85%
Bajaj Allianz General Insurance Co Ltd	6.60%
National Insurance Co Ltd	6.55%
ICICI Lombard General Insurance Co Ltd	6.06%
United India Insurance Co Ltd	5.93%
Niva bupa health insurance company limited	5.59%
HDFC Ergo General Insurance Co Ltd	4.85%

Source: GI Council

Insurnace Ecosystem

Distribution Channels

- Individual Agents
- Brokers
- Corporate Agents
- Web Aggregators

Year	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Individual Agents	36.3%	35.3%	29.9%	29.6%	27.9%	26.5%	27.0%	25.2%	23.6%	22.0%
Corporate Agents	10.5%	10.6%	11.1%	11.6%	11.1%	10.5%	9.7%	8.9%	9.0%	9.9%
Brokers	22.7%	24.0%	23.8%	22.2%	24.4%	25.7%	28.8%	32.8%	34.6%	34.7%
Direct Business	30.5%	30.1%	35.3%	36.7%	36.6%	37.3%	34.5%	33.1%	32.8%	33.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Regulator - IRDAI

Surveyors

TPA

Reinsurance

Source: GI Council

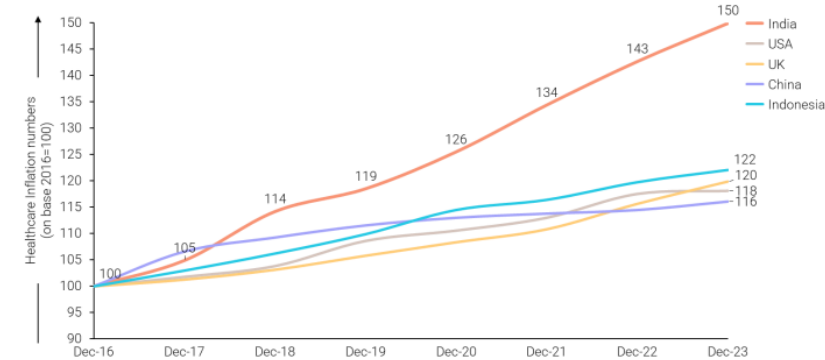
Insurnace Ecosystem - Reinsurance

- Insurance for the Insurer;
- 1 Active Player + 1 approved player + 11 Branches of Foreign reinsurers
- Policy Level, Select Co-Hort Level, Product Level, Portfolio Level
- Proportionate
- Non – Proportionate – Excess Loss, Catastrophe Excess Loss
- Commission Income to Insurance company
- Compulsory Ceding to GIC – 4%

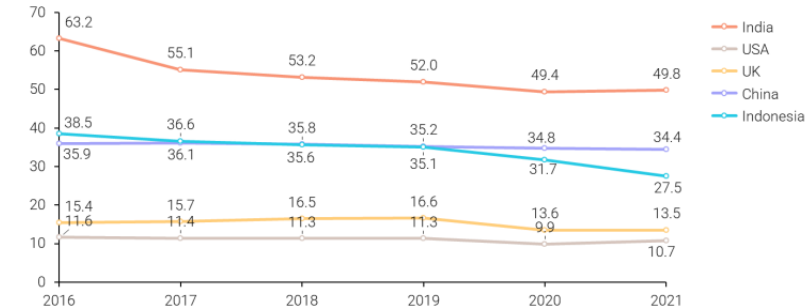
Sub segments of General Insurance –Health – 40%

- Growth prospects – low penetration, high inflation
- Group Health Vs Retail Health Vs Govt Schemes
- Low claims initially and increasing claims as the policy holder ages
- TPAs

Healthcare inflation – Global trends
Dec'16 – Dec'23



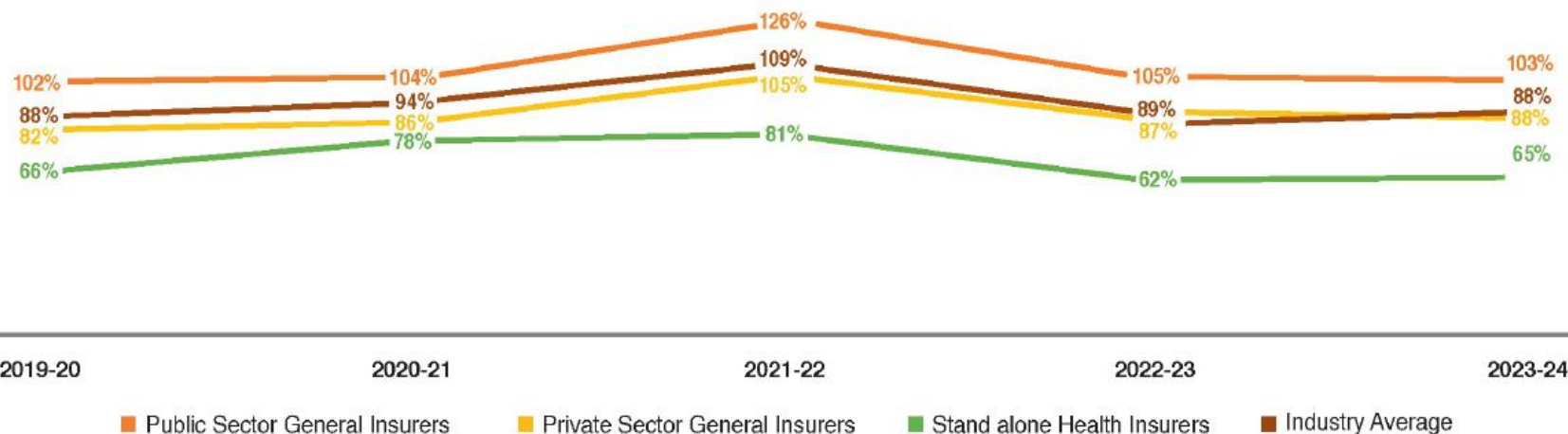
Out-of-pocket expenses as % of CHE – Global trends
% of CHE, CY16-21



Source: Red Seer Report

SAHI Vs GI health

Chart I.24: Trend in Incurred Claim Ratio Under Health Insurance: Sector-Wise



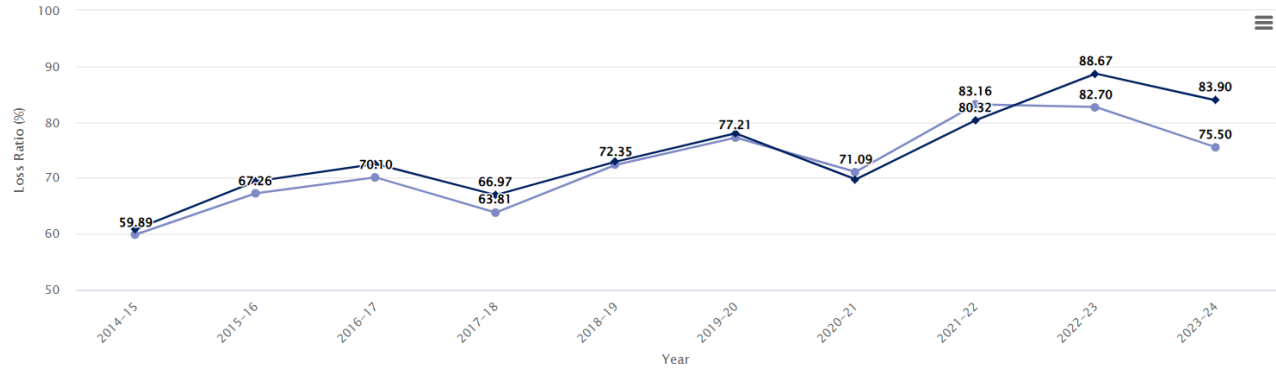
Source: IRDAI Handbook

Sub segments of General Insurance – Motor – 32%

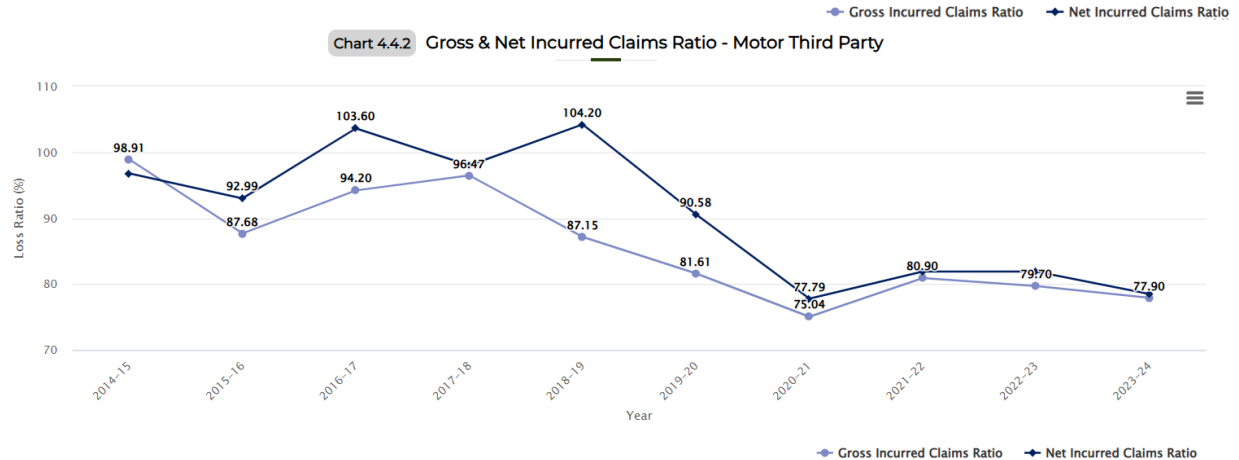
- Motor OD – Damage to own vehicle – No Barriers
- Motor TP – Mandatory legal cover – Controlled pricing – Long Tail Risk
- NCB
- Telematics based pricing
- Reinsured for Catastrophe Risk
- High Volume, Thin margin segment

Sub segments of General Insurance – Motor – 32%

- Motor OD

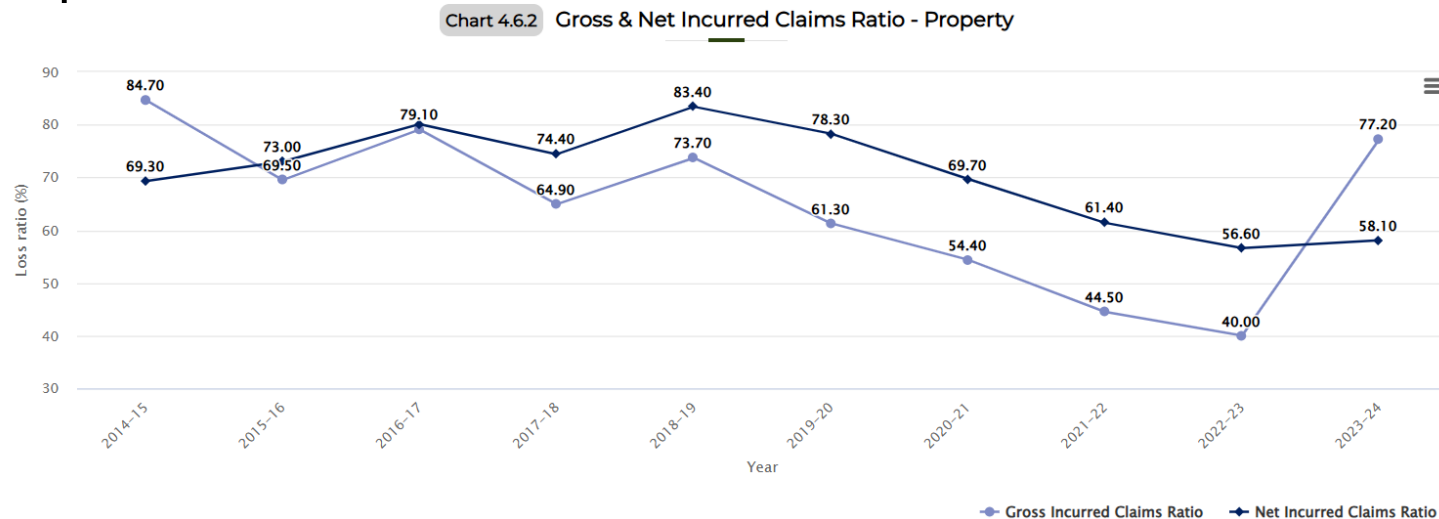


- Motor TP



Sub segments of General Insurance – Property (Fire + Engineering)

- Aimed at Businesses, Houses, factories and shops
- High severity–low frequency risks
- Catastrophe Risk



Source: GI Council

Sub segments of General Insurance – Others

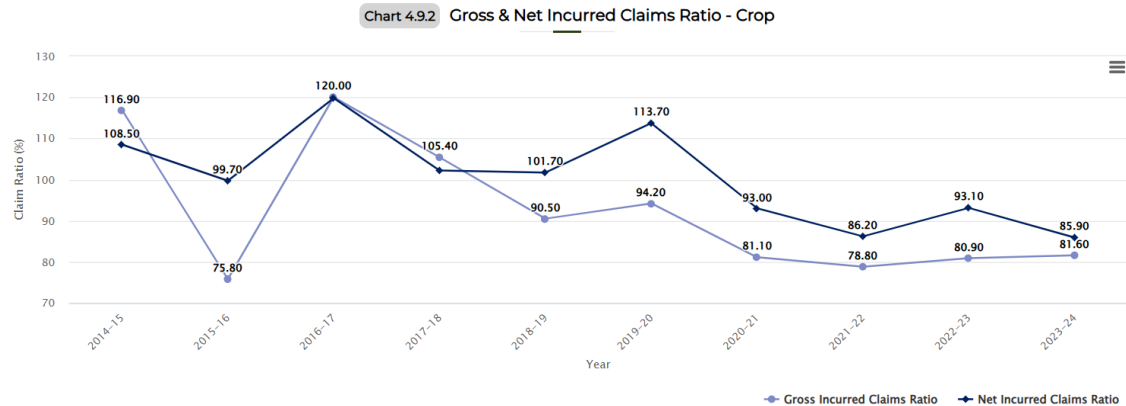
Crop

- PMFBY launched in 2016. Highly subsidised. (95%+)
- Bidding by insurance companies district wise
- Long tail

Marine – Hull & cargo

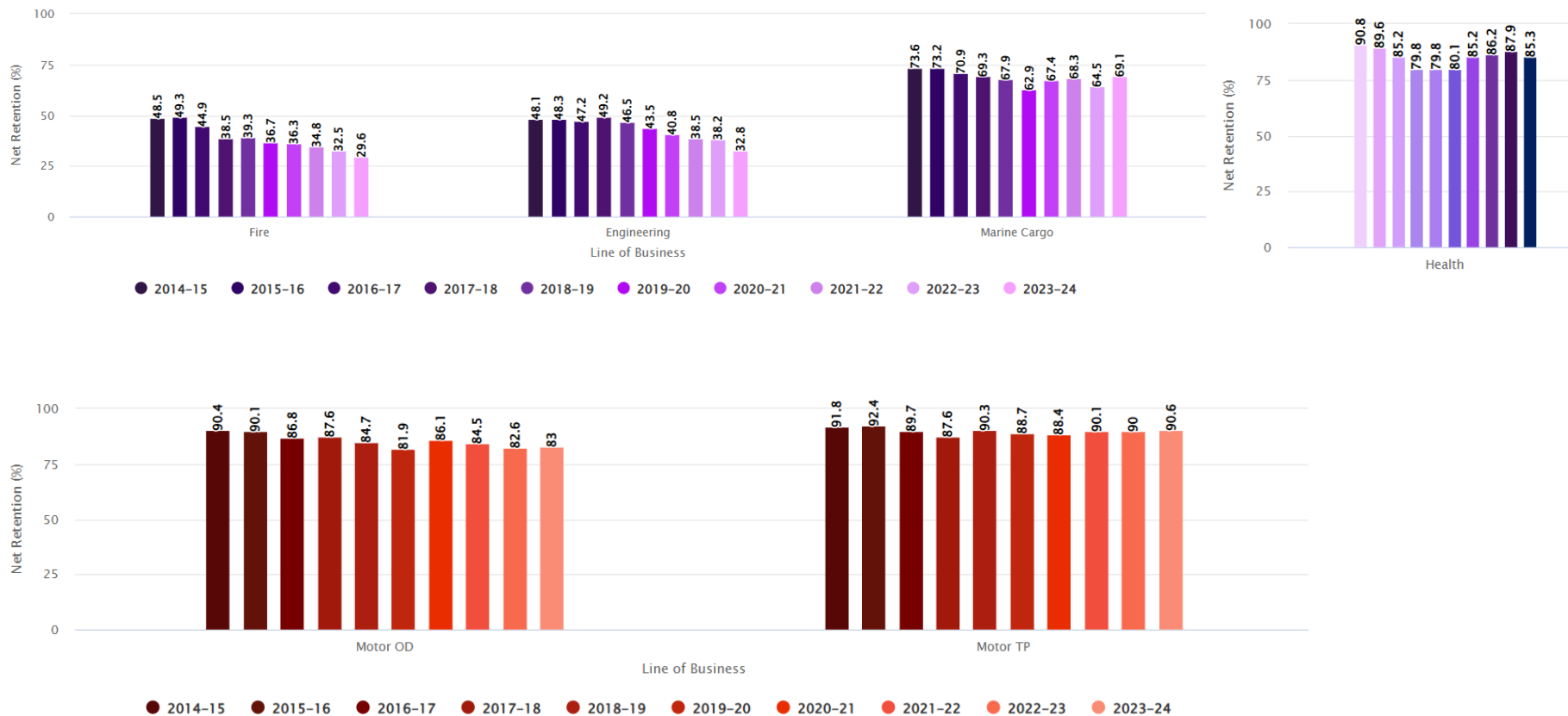
Liability

Misc.



Source: GI Council

Retention Ratios



Source: GI Council

Simple Case

All Premiums on 1st day and all claims on last day.

	Amount
Gross Written Premium	+ Rs. 10,000
Interest Income @ 10%	+ Rs. 1,000
Gross Claims Incurred @ 60%	- Rs. 6,000
Other Expenses @ 30%	- Rs. 3,000
Underwriting Result	=Rs. 2,000

Simple Case + Reinsurance

All Premiums on 1st day and all claims on last day. Reinsurance @ 10%

	Amount
Gross Written Premium	+ Rs. 10,000
Reinsurance @ 10%	- Rs. 1,000
Net written Premium	= Rs. 9,000
Interest Income @ 10%	+ Rs. 900
Gross Claims Incurred @ 60%	- Rs. 5,400
Other Expenses @ 30%	- Rs. 2,700
Underwriting Result	=Rs. 1,800

Simple Case + Policy Spread across Years + Reinsurance

Policy taken on 90th day.

Reserves created

- UPR
- Claims Reserves
- IBNR + IBNER
- Premium Deficiency

	Amount
Gross Written Premium	+ Rs. 10,000
Reinsurance @ 10%	- Rs. 1,000
Net written Premium	= Rs. 9,000
Unearned Premium Reserve @25%	- Rs. 2,250
Net Earned Premium	= Rs. 6,750
Interest Income @ 10%	+ Rs. 900
Gross Claims Incurred @ 60%	- Rs. 5,400
Claim Reserves @25%	+ Rs. 1,350
Net Claims Incurred	= Rs. 4,050
Other Expenses @ 30%	- Rs. 2,700
Underwriting Result	=Rs. 0

ICICI Lombard Public Disclosures

Financial Disclosures (NL 1 to NL 26)

Form No.	Description
NL 1	Revenue Account
NL 2	Profit & Loss Account
NL 3	Balance Sheet
NL 4	Premium
NL 5	Claims incurred
NL 6	Commission
NL 7	Operating Expenses
NL 8	Share Capital
NL 9	Pattern of Shareholding
NL 9A	Pattern of Shareholding-Annexure A
NL 10	Reserves and Surplus
NL 11	Borrowings
NL 12 & NL 12 A	Investment
NL 13	Loans

NL 14	Fixed Assets
NL 15	Cash And Bank Balance
NL 16	Advances & Other Assets
NL 17	Current Liabilities
NL 18	Provisions
NL 19	Misc Expenditure
NL 20	Analytical Ratios
NL 21	Related Party Transactions
NL 23	Statement of Admissible Assets
NL 24	Statement of Liabilities
NL 25	Required Solvency Margin
NL 26	Solvency Margin

NL 27	Product Information
NL 28	Investment assets and Accretion of Assets
NL 29	Debt Securities
NL 30	Non performing assets
NL 31	Investment and Investment Income
NL 32	Down graded investment
NL 33	Reinsurance Risk Concentration
NL 34	Geographical Distribution of Business
NL 35	Quarterly Business Returns
NL 36	Business channels
NL 37	Claims Data
NL 39	Ageing of Claims
NL 41	Office Information
NL 42	Board of Directors & Management Person
NL 43	Rural & Social Sector Obligations
NL 44	Motor Third Party Obligation
NL 45	Grievance Disposal
NL 46	Voting Activity disclosure under Stewardship Code

Source: ICICI Lombard Website

ICICI Lombard Annual Report – Revenue Account

Particulars	Schedule	Fire	
		2024-25	2023-24
1. Premiums earned (net)	1	65,144	61,490
2. Profit on sale / redemption of investments		2,359	2,041
Less : Loss on sale/redemption of investments		(509)	(244)
3. Interest, Dividend & Rent - Gross (Refer note 1)		17,874	15,975
4. (a) Others -Other income			
Foreign exchange gain / (loss)		(478)	(1,276)
Miscellaneous Income		44	50
4. (b) Others-Contribution from the Shareholders Account			
i. Towards Excess Expenses of Management		-	-
ii. Towards remuneration of MD/CEO/WTD/Other KMPs		12	28
iii. Others		-	-
Total (A)		84,446	78,064
1. Claims Incurred (net)	2	30,460	38,256
2. Commission	3	(35,377)	(21,768)
3. Operating expenses related to insurance business	4	11,032	11,209
4. Premium deficiency		-	-
Total (B)		6,115	27,697
Operating Profit / (Loss) C = (A - B)		78,331	50,367
Appropriations			
Transfer to Shareholders' Account		78,331	50,367
Transfer to Catastrophe Reserve		-	-
Transfer to Other Reserves		-	-
Total (C)		78,331	50,367

Source: ICICI Lombard Annual Report

ICICI Lombard Annual Report – Revenue Account – Schedules

Premium Earned (net)

Particulars	Fire
	2024-25
Gross Direct Premium	316,669
Add: Premium on reinsurance accepted	16,500
Less: Premium on reinsurance ceded	272,857
Net Written Premium / Net Premium Income	60,312
Add : Opening Balance of Unearned Premium Reserve (UPR)	44,839
Less : Closing Balance of Unearned Premium Reserve (UPR)	40,007
Total premium earned (net)	65,144

Particulars	Fire
	2024-25
Claims paid- Direct	128,369
Add: Re-insurance accepted to direct claims	1,057
Less: Re-insurance ceded to claims paid	99,814
Net Claims paid	29,612
Add: Claims outstanding at the end of the year (net of reinsurance)	73,021
Less: Claims outstanding at the beginning of the year (net of reinsurance)	72,173
Total claims incurred (Net)	30,460
Claims Paid (Direct)	
-In India	129,359
-Outside India	67
Estimates of IBNR and IBNER at the end of the period (net)	27,358
Estimates of IBNR and IBNER at the beginning of the period (net)	30,197

Particulars	Fire
	2024-25
Gross Commission	34,624
Add: Commission on re-insurance accepted	2,357
Less: Commission on re-insurance ceded	72,358
Net Commission	(35,377)

Channel wise break-up of Commission (Gross) :

Source: ICICI Lombard Annual Report

ICICI Lombard Annual Report

Particulars	Schedule	Year ended March 31, 2025	Year ended March 31, 2024
1. Operating Profit / (Loss)			
(a) Fire Insurance		78,331	50,367
(b) Marine Insurance		(720)	2,721
(c) Miscellaneous Insurance		149,081	137,502
2. Income from Investments			
(a) Interest, Dividend & Rent - Gross (Refer note 5.2.6)		80,483	67,718
(b) Profit on sale of investments		22,517	17,092
(c) (Loss on sale / redemption of investments)		(4,845)	(2,029)
(d) Amortization of Premium / Discount on investments		2,327	1,704
3. Other income			
(a) Interest income on tax refund		957	-
(b) Profit on sale / discard of fixed assets		53	61
(c) Recovery of bad debts written off		4,929	456
Total (A)		333,113	275,592
4. Provisions (Other than taxation)			
(a) For diminution in the value of investments (Refer note 5.2.27)		(4,054)	9,582
(b) For doubtful debts		(620)	(3,868)
(c) Others		-	-
5. Other expenses			
(a) Expenses other than those related to Insurance Business		-	-
(b) Bad debts written off		36	8,280
(c) Interest on subordinated debt		29	368
(d) Expenses towards CSR activities (Refer note 5.2.18)		4,042	3,705
(e) Penalties (Refer note 5.1.14)		121	-
(f) Contribution to Policyholders A/c			
i. Towards Excess Expenses of Management		-	-
ii. Towards remuneration of MD/CEO/WTD/Other KMPs		397	812
(g) Others			
(i) Employees' remuneration and other expenses		656	592
(ii) Directors' fees and profit commission		258	214
(iii) Expense related to Investment property		-	65
(iv) Listing fees / other charges		22	20
(v) Loss on sale/discard of fixed assets		95	304
Total (B)		982	20,074

Particulars	Schedule	Year ended March 31, 2025	Year ended March 31, 2024
Profit before tax		332,131	255,518
Provision for taxation:			
(a) Current tax		68,945	66,050
(b) (Excess) / Deficit in Tax Provision of earlier years		-	339
(c) Deferred tax (Income) / Expense (Refer note 5.2.16)		12,357	81,302
Profit after tax		250,829	191,859
Appropriations			
(a) Interim dividends paid during the period		27,214	24,569
(b) Final dividend paid		29,586	27,014
(c) Transfer to any Reserves or other accounts		-	56,800
Balance of Profit / (Loss) brought forward from last year		481,877	341,601
Balance carried forward to Balance sheet		675,906	481,877
Basic earnings per share of ₹ 10 face value (Refer note 5.2.15)		₹ 50.74	₹ 39.03
Diluted earnings per share of ₹ 10 face value (Refer note 5.2.15)		₹ 50.25	₹ 38.78
Significant accounting policies & notes to accounts	16		

Source: ICICI Lombard Annual Report

ICICI Lombard Annual Report – Balance Sheet

Particulars	Schedule	At March 31, 2025	At March 31, 2024
Sources of funds			
Share capital	5 & 5A	49,573	49,269
Share application money-pending allotment		25	70
Reserves and surplus	6	1,380,737	1,146,709
Fair value change account			
Shareholders funds		18,182	24,452
Policyholders funds		49,892	74,503
Borrowings	7	-	3,500
Total		1,498,409	1,298,503
Application of funds			
Investments - Shareholders	8	1,372,551	1,158,686
Investments - Policyholders	8A	3,978,226	3,732,038
Loans	9	-	-
Fixed assets	10	80,200	70,085
Deferred tax asset (Net) (Refer note 5.2.16)		16,905	29,262
Current assets			
Cash and bank balances	11	8,757	33,458
Advances and other assets	12	1,445,387	1,307,300
Sub-Total (A)		1,454,144	1,340,758
Deferred Tax Liability (Net)		-	-
Current liabilities	13	4,273,946	4,004,959
Provisions	14	1,129,671	1,027,367
Sub-Total (B)		5,403,617	5,032,326
Net current assets (C) = (A - B)		(3,949,473)	(3,691,568)
Miscellaneous expenditure (to the extent not written off or adjusted)	15	-	-
Debit balance in profit and loss account		-	-
Total		1,498,409	1,298,503

Source: ICICI Lombard Annual Report

ICICI Lombard Annual Report –Development of Losses

Amount in Rs. Lakhs

Particulars	Accident Year Cohort										
	YE 31-Mar-2015 ¹	YE 31-Mar-2016	YE 31-Mar-2017	YE 31-Mar-2018	YE 31-Mar-2019	YE 31-Mar-2020	YE 31-Mar-2021	YE 31-Mar-2022	YE 31-Mar-2023	YE 31-Mar-2024	YE 31-Mar-2025
A] Ultimate Net loss Cost - Original Estimate	2266521	493879	592395	624612	769981	873341	837580	1011729	1148408	1303276	1523927
B] Net Claims Provisions ²	476822	254260	313332	382921	435660	459532	430191	475446	553518	636248	681295
C] Cumulative Payment as of											
one year later - 1st Diagonal	1901450	312678	390011	388305	445490	524618	541820	674379	753522	879494	
two year later - 2nd Diagonal	1952837	336465	429104	414148	524793	559466	578582	719772	804057		
three year later - 3rd Diagonal	1996294	355264	454212	427400	543197	586929	609788	755783			
four year later - 4th Diagonal	2029500	372250	464050	437879	560183	614400	635978				
five year later - 5th Diagonal	2059096	379466	473216	448469	579769	639165					
six year later - 6th Diagonal	2072778	386270	481636	459192	592540						
seven year later - 7th Diagonal	2085170	394088	490892	467164							
eight year later - 8th Diagonal	2101466	401772	497930								
nine year later - 9th Diagonal	2117638	407365									
ten year later - 10th Diagonal	2134638										
D] Ultimate Net Loss Cost re-estimated											
one year later - 1st Diagonal	2268872	486301	592859	604206	756387	852147	818242	981144	1130990	1283309	
two year later - 2nd Diagonal	2269307	481143	588078	593406	753269	847632	817459	972185	1122406		
three year later - 3rd Diagonal	2257622	477227	584656	585282	747319	837094	814692	968540			
four year later - 4th Diagonal	2254754	472144	579968	576187	734230	810934	800955				
five year later - 5th Diagonal	2243760	470355	577754	566478	714925	783311					
six year later - 6th Diagonal	2247576	470080	572117	551038	693711						
seven year later - 7th Diagonal	2246063	466771	563731	537988							
eight year later - 8th Diagonal	2243414	460776	556648								
nine year later - 9th Diagonal	2238028	454569									
ten year later - 10th Diagonal	2232859										
Favourable / (unfavorable) development ³ Amount (A-D)	33662	39310	35747	86625	76270	90030	36625	43188	26002	19967	
In % [(A-D)/A]	1.5%	8.0%	6.0%	13.9%	9.9%	10.3%	4.4%	4.3%	2.3%	1.5%	

Source: ICICI Lombard Annual Report

ICICI Lombard Annual Report – Technical Reserves

PERIODIC DISCLOSURES

FORM NL-24 - SOLVENCY MARGIN (FORM IRDAI-GI-TR)

Name of the Insurer: ICICI Lombard General Insurance Company Limited

Registration No. 115 dated August 03, 2001

CIN NO. L67200MH2000PLC129408

Classification: Business within India

Statement of Liabilities - IRDAI-GI-TR as at March 31, 2025

(₹ lakhs)			
Item No.	Reserve	Gross Reserve	Net Reserve
(a)	Unearned Premium Reserve (UPR)	1,486,548	1,096,673
(b)	Premium Deficiency Reserve (PDR)	-	-
(c)	Unexpired Risk Reserve (URR)...(a)+(b)	1,486,548	1,096,673
(d)	Outstanding Claim Reserve (other than IBNR reserve)	1,206,216	877,137
(e)	IBNR reserve	2,008,338	1,490,349
(f)	Total Reserves for Technical Liabilities...(c)+(d)+(e)	4,701,102	3,464,159

Source: ICICI Lombard Public Disclosures

RAMELS Model

Component	What to Evaluate	Key Questions
R – Risk Profile	Underwriting risks, CAT exposure, business mix	How diversified is the risk pool? Is there CAT concentration (e.g. flood, earthquake)?
A – Asset Quality	Investment book, credit risk, MTM sensitivity	Is the investment portfolio safe, diversified, and liquid? Any junk exposure?
M – Management	Governance, strategy, risk culture	Is management conservative or growth-oriented? How effective is their capital allocation?
E – Earnings Quality	Underwriting profits, combined ratio, reserving discipline	Is underwriting profitable (Combined Ratio <100%)? Are earnings volatile or steady?
L – Liquidity	Claims-paying ability, ALM match	Can the insurer meet sudden claim surges? Are assets liquid enough?
S – Solvency & Capital	Solvency ratio, RBC compliance	Is the insurer well-capitalised? How much buffer exists beyond regulatory minimums?

Regulations

Solvency Ratio = Available Solvency Margin / Required Solvency Margin.

- $ASM = \text{Assets} - \text{Liabilities (including technical reserves)}$
- RSM Calculated based on Lines of Business, long tail risk etc. higher of premium-based or claims-based requirement. 20% of Net premium or 30% of Net incurred claims
- Min Solvency 1.5x

Expenses of Management = Commission ratio + Opex Ratio.

- 30% of GWP for GI, 35% for SAHI

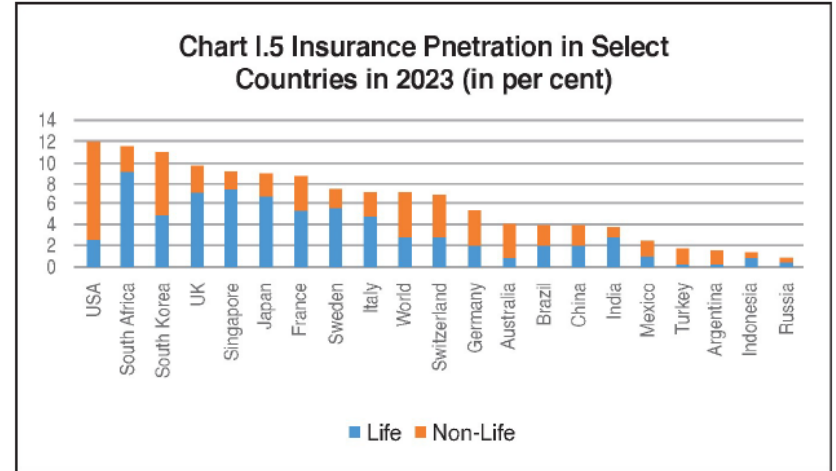
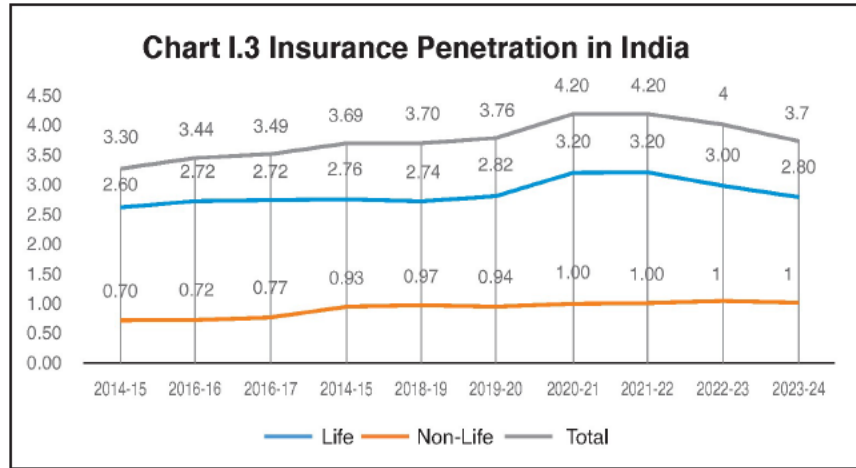
I Investment Regulations

Category	Minimum Allocation (%)	Remarks
Central Government Securities	20%	G-Secs only
State Government / Other Approved Securities	30%	Includes above
Housing and Infrastructure	15%	Includes infrastructure bonds, loans to housing projects
Equity and Equity Mutual Funds	$\leq 15\%$	Only approved large caps, and within risk limits
Other Investments	$\leq 25\%$	Subject to prudential norms

Approved Investments: Primarily AA and above rated sovereign and corporate bonds, Equity with constraints

Other Investments: Includes lower-rated instruments, venture capital, REITs/InvITs, derivatives, etc., governed by board-approved exposure limits

Insurance Penetration



Source: IRDAI FY24 Annual report (Swiss Re)

Insurance Density

Chart I.4 Insurance Density in India (US\$)

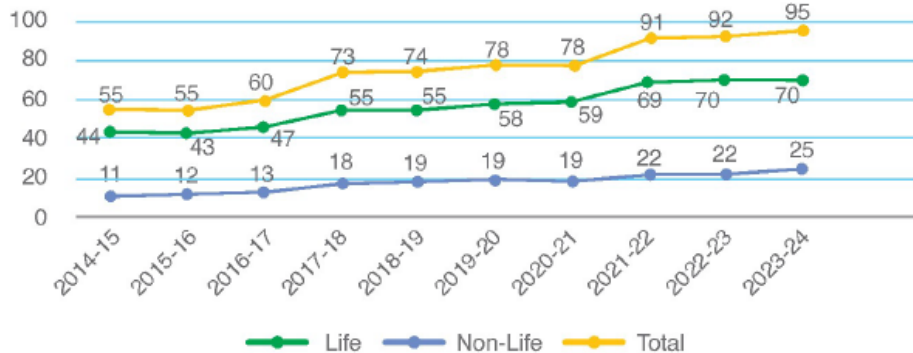
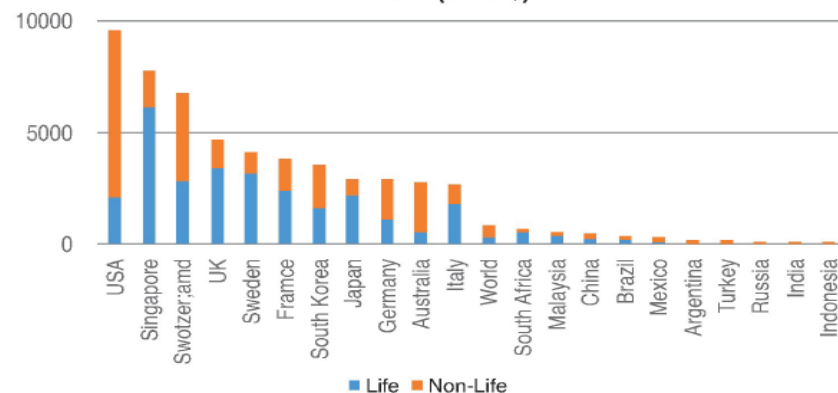
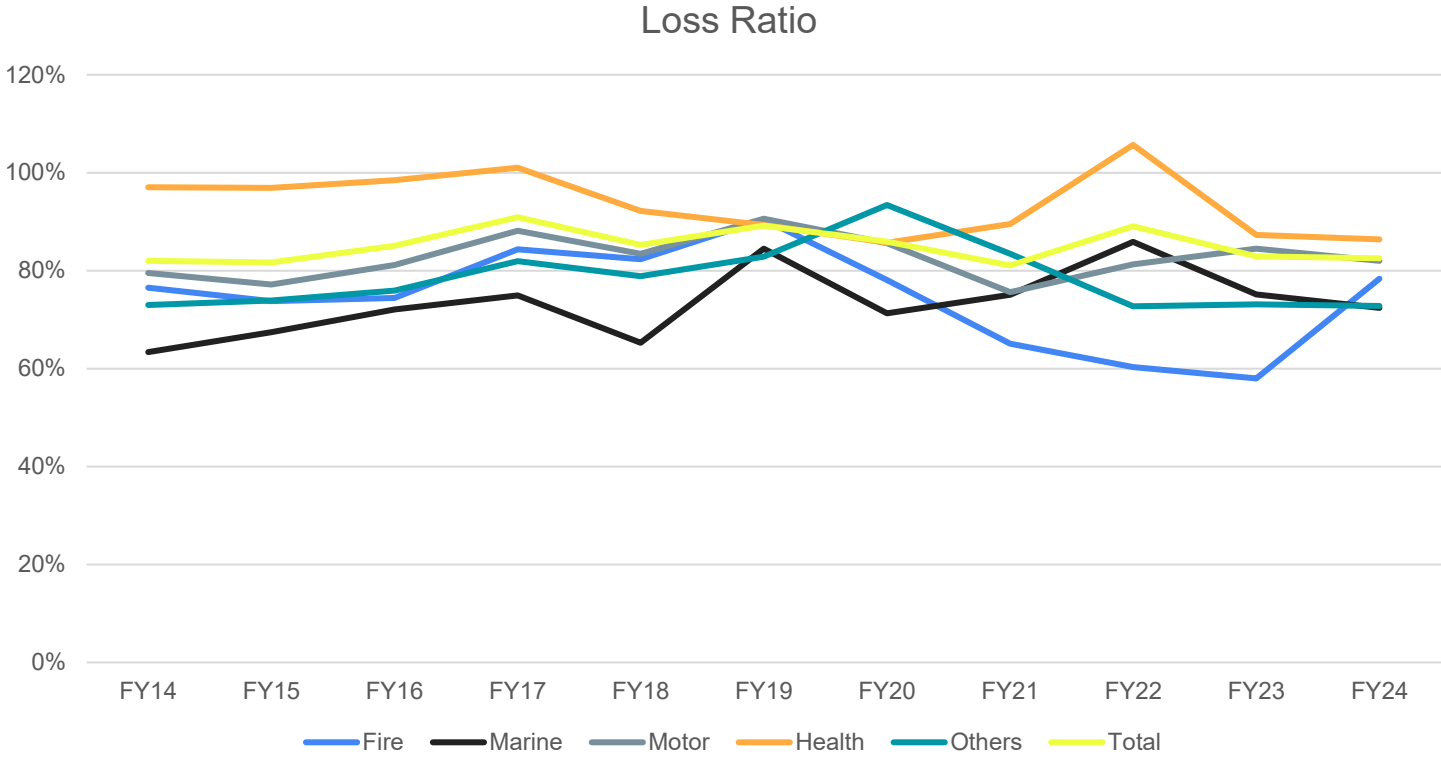


Chart I.6 Insurance Density in Select Countries in 2023 (in US\$)



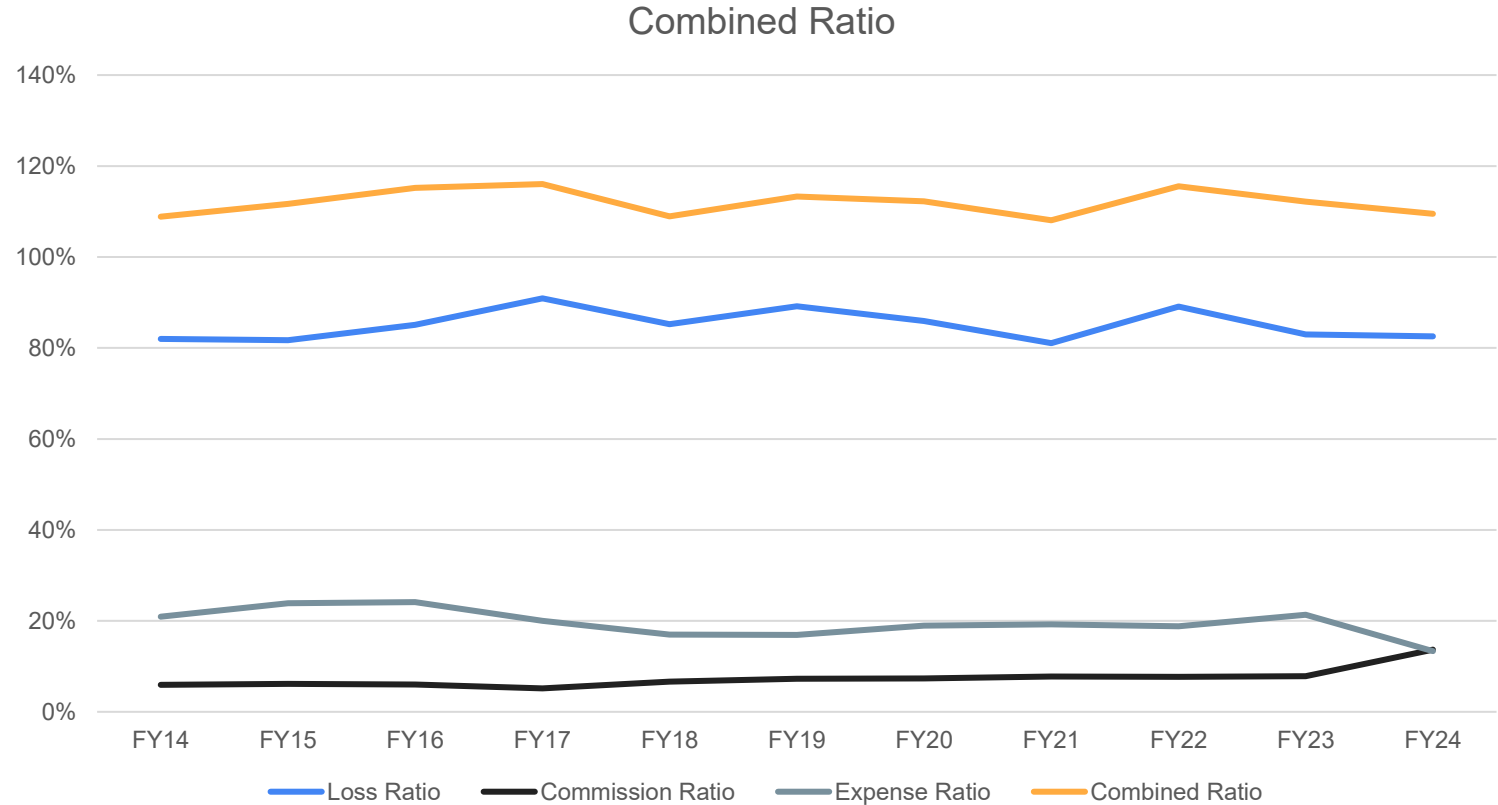
Source: IRDAI FY24 Annual report (Swiss Re)

Loss Ratio



Source: IRDAI; GI Council

Combined Ratio



Source: IRDAI; GI Council

Dupont

Ratio	FY22	FY23	FY24
Gross written premiums	95.5%	90.1%	92.5%
Net earned premiums	81.7%	78.4%	78.4%
Claims	71.1%	50.9%	52.1%
Commission	12.4%	11.7%	11.2%
Operating expenses	15.3%	14.3%	14.5%
Underwriting profit	-17.2%	1.4%	0.5%
Investment income	6.6%	5.8%	6.6%
Expenses	1.1%	1.5%	0.3%
Pretax profit	-11.6%	5.8%	6.8%
Tax	-3.0%	1.4%	1.7%
ROAA	-8.7%	4.3%	5.1%
X leverage	2.96	2.86	2.80
ROE	-25.7%	12.3%	14.4%

Source: Company Financials

Recent Developments

- Insurance for all by 2047
- Use and File of Products
- Limiting health insurance premium hike to 10% for senior citizens
- Insurance Amendment Act (Proposed)
- FDI Limit to increase to 100%.
- Composite License
- Open Architecture for agents
- IndAS-117
- Risk Based Solvency
- Easier Entry

Recent Developments – IndAS 117

- 1/n accounting
- Amortisation of acquisition costs over life of the product. Positive RoE
- MTM gains of investment book to flow through P&L. Volatile PAT
- Long Tail risks can be discounted.
- Immediate loss recognition for onerous contracts
- ECL Provisioning for asset quality
- Pro-forma filings to IRDAI from FY26. Decision based on results

Risks

- Underwriting Risk
- Investment Risk – Credit and Asset quality
- Insurance and Re-insurance Cycles – Soft Vs Hard Markets
- New Entrants – Pricing Pressure
- Regulatory Risk
- Catastrophic Events, Pandemics
- Health Insurance – Hospitals, HMO models

Conclusion

- Interesting Sector to keep tracking
- Growth Prospects – Regulatory, Inflationary, Financialization, Digitization, Increasing Penetration
- 6 Companies Directly listed – ICICI Lombard, New India Assurance, Go Digit, Star Health, Navi Bupa Health, GIC.
- Many More Indirectly listed – Subsidiaries of Banks, Bajaj Finserv, AB Capital
- More rational valuations required

Sources

- IRDAI Handbooks, Monthly reports and Annual Reports
- General Insurance council Yearbook
- DRHPs : Navi Bupa, Go Digit, Star Health & ICICI Lombard
- Annual Reports, Company Presentations and Public Disclosures
- redseer Industry Report on Indian Digital Insurance Market – April 2024
- redseer Navigating Indian Health Insurance Landscape – June 2024
- Swiss RE Sigma Insurance Report
- Sell Side Reports



Thank You