

PRIVATE INSURERS MARKET SHARE GOES UP TO AROUND 56.34%

Public sector insurers lose market share in premium collection to private players

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THE BANKING sector saga is repeating in the insurance sector with public sector general insurance companies slowly losing market share in premium collection to private players.

Data released by the General Insurance Council shows that the four main public sector insurers — New India Assurance, United India Insurance, National Insurance and Oriental Insurance Company — which have recorded a premium collection of Rs 68,719 crore, up 1.37 per cent, have ceded five per cent of their market share to the private sector insurers (excluding stand alone health insurers) which have mobilised a total premium of Rs 81,600 crore, up almost 25 per cent, during 2018-19.

The merger proposal of three public sector insurers by the government, solvency issues and unfair practices by private players in the motor business are being cited by experts for the erosion in market share by public sector players. The four public sector companies, led by New India Assurance, have a market share of 42.50 per cent at the end of FY 2018-19 as compared to almost 48 per cent in 2017-18. The total private sector

EXPLAINED **E.** Merger proposal, solvency issue behind eroding market share

PUBLIC SECTOR general insurers lost another 5 per cent market share in 2018-19. The merger proposal of three public sector insurers by the government, solvency issues and unfair practices by private players in the motor business are being cited by experts for the erosion in market share by public sector players.

Unless the government steps in and strengthens govt-owned insurers, they will continue to lose market share to private players.

market share, including health insurers, has gone up to around 56.34 per cent from 52 per cent last year. The private sector insurers (excluding the stand alone health insurers) led by ICICI Lombard General Insurance, have increased their market share to 50.47 per cent in 2018-19.

Seven stand-alone private sector health insurers, led by Star Health, have mobilised a total premium of Rs 8,314 crore, up 37 per cent, and have expanded their market share from 5.87 per cent to seven per cent in 2018-19.

Insurance experts blamed the government apathy and the

merger proposal for the lacklustre performance of public sector players. “The government last year announced the merger of three public sector players (Oriental, National and United India) and kept the companies and employees on tenterhooks. There are solvency issues in these three companies and the government has failed to inject enough capital into these firms,” said an official of an insurance company.

“Public sector banks faced similar issues earlier and lost market share. The government was also slow in appointing CEOs in public sector players,” he said.

Two of the public sector general insurers — National Insurance and United India Insurance — have recorded a negative growth. Stock market-listed New India Assurance, India’s largest general insurer having operations in 28 countries, garnered a global premium of Rs 27,000 crore including Rs 23,910 crore of domestic premium, up 5.25 per cent.

“We are now bouncing back and have recorded a 25 per cent growth in April. By second quarter of this fiscal, we will stabilise our double digit premium growth with healthy profitability,” said an official of New India Assurance. Atul Sahai, who took over the reins of the company as CMD in December is focussing on balancing growth and profitability of the company. Industry analysts have pointed out that the public sector companies in general have heavily lost own damage motor business, the largest portfolio in the Indian general insurance industry, which is being cornered by majority of private sector insurers through unfair means.

On the unfair practices by some private players in the motor business, an official of a PSU insurer said, “the issues in motor business have been impacting the PSU general insurance companies... this is something to be

taken up at appropriate forums. It is strange that a regulation that has been brought in for protecting the policyholder interest is allegedly not being treated sacrosanct by certain players. We do feel a little disadvantaged to certain extent. We are hoping that necessary corrections take place at the soonest.”

Led by the private sector companies, domestic general insurance industry, with a mix of 34 players, has grown by 13 per cent to Rs 170,103 crore in 2018-19. ICICI Lombard General Insurance has mobilised a total premium of at Rs Rs 14,488 crore, up 17.25 per cent and is now the fourth largest general insurer, dislodging the public sector Oriental Insurance Company, in the country.

The other top five private sector general insurers are: Bajaj Allianz General insurance (Rs 11,000 crore, up 17 per cent), HDFC Ergo General Insurance (Rs 8,612 crore, up 18 per cent), Tata AIG General Insurance (Rs 7,742 crore, up 43 per cent) and Reliance General (Rs 6,200 crore, up 22 per cent).

SBI General Insurance, which is planning to go for an IPO during the fourth quarter of FY 2019-20, has garnered a total premium of Rs 4,700 crore, up 33 per cent, during 2018-19.