

GDPI of general insurers may grow by 8.7% in FY26: ICRA

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Gross direct premium income (GDPI) of the general insurance industry is expected to grow by 8.7 per cent in the range of ₹3.21 lakh crore to ₹3.24 lakh crore in FY26 and ₹3.53 lakh crore to ₹3.61 lakh crore in FY27, up from ₹2.97 lakh crore in FY25, according to ICRA.

The expected growth will be supported by improvement in economic activity and pricing discipline.

While private insurers' combined ratio is likely to improve, return on equity (RoE) has been projected at 12.6 per cent in FY26 and 12.8 per cent in FY27.

While private insurers are projected to experience better expansion, growth for public sector insurers is forecast to remain moderate due to their weak capital position, ICRA said in a release.

PRIVATE INSURERS

The underwriting performance for private insurers is likely to improve, supported by better pricing discipline.

Although the combined ratio for PSU insurers is expected to improve, it will remain weak, negatively affecting their net profitability, the report said.

"Given the weak profitability, the capital requirement for three PSU general insurers (excluding New India) is estimated to be a substantial ₹15,200 crore to ₹17,000 crore to achieve a solvency ratio of 1.50x by



MODERATE GROWTH. While private insurers are projected to experience better expansion, growth for public sector insurers could be moderate GETTY IMAGES/ISTOCKPHOTO

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March 2026," it added.

"GDPI growth is expected to improve in FY26, supported by pricing discipline in commercial lines and low base, continued growth in health and increase in vehicle sales vis-à-vis FY25, partly offset by the impact of 1/n, which is expected to continue in H1 FY26," said Neha Parikh, Vice-President and Sector Head – Financial

Sector Ratings, ICRA.

Parikh added: "ICRA expects sizeable capital requirement of ₹15,200 crore to ₹17,000 crore for the three PSUs (excluding New India) by March 2026 to maintain a 1.50x solvency ratio, assuming the inclusion of 100 per cent FVCA in the available solvency margin.

"Excluding FVCA, the capital requirement would be higher at ₹33,200 crore to ₹34,000 crore."

IMPACT OF 1/N

1/n refers to a way of reporting premium income for long-term insurance policies, according to IRDAI norms.

Introduced recently by the insurance regulator, 1/n ensures that the premium income is spread over the policy term, rather than being recognised upfront.