ICRA

Years of Unwavering Credibility

INDIAN INSURANCE SECTOR

Tailwinds support growth in challenging environment

APRIL 2026

#35YearsofUnwaveringCredibility

Agenda

1 Key Updates & Takeaways – Life Insurance Sector

2 Key Updates & Takeaways – General Insurance Sector

3 Regulatory Announcements

4 ICRA's Coverage on Insurance Sector

List of abbreviations (1/2)

ASM – Available solvency margin

CAGR – Compound annual growth rate

FVCA – Fair value change account

FY / 9M FY / 11M FY – Financial year / nine-month / eleven-month period

IRDAI – Insurance Regulatory and Development Authority of India

RoE – Return on equity (adjusted)

RSM – Required solvency margin

YoY – Year-on-year

Life Insurance

APE – Annualised premium equivalent

Banca – Bancassurance

EV – Embedded value

GPW – Gross premium written

NBP – New business premium

Non-Par – Non-participating products

Par – Participating products

RoEV – Return on embedded value

ULIP – Unit-linked insurance plan

VNB – Value of new business

General Insurance

Combined ratio – Loss ratio + expense ratio

Expense ratio – Management + acquisition expenses to NWP

GDPI – Gross direct premium income

Loss ratio – Net losses incurred to NEP

NAT CAT – Natural catastrophe

NEP – Net earned premium

OD – Own damage

PA – Personal accident

SAHI – Standalone health insurer

TP – Third party

List of abbreviations – (2/2)

For this analysis, ICRA has classified insurers into the following categories:

Classification	Life Insurance
LIC	Life Insurance Corporation of India
Select Private Insurers	14 private sector life insurers: HDFC Life, ICICI Prudential, SBI Life, Max Life, Aditya Birla Sun Life, PNB Met Life, Bajaj Life, Kotak Life, Canara HSBC Life Insurance, Reliance Life, India First Life, Star Union Dai Ichi, Bharati AXA, TATA AIA
Private Insurers	All private insurers
Industry	Total life insurance sector

Classification	General Insurance
Public sector insurers (PSUs)	The New India Assurance Co. Limited, National Insurance Company Limited, United India Insurance Co. Limited, and The Oriental Insurance Company Limited
Select private insurers	16 private sector general insurers: ICICI Lombard, Bajaj General Insurance, SBI General Insurance, HDFC ERGO, Tata AIG, Cholamandalam MS, IFFCO TOKIO General Insurance, Generali Central Insurance, Go Digit, Reliance, Royal Sundaram, Shriram, Magma, Universal Sompo General, Acko GI and Zuno
Private insurers	Private insurers including SAHI
Industry	Total general insurance, industry excluding specialised insurers – ECGC Ltd. (ECGC) and Agriculture Insurance Company of India Limited (AIC)

Highlights – Life insurance

ICRA

Click to see full report

Individual NBP expected to increase by 9.4-9.9% to Rs. 2.02-2.03 trillion in FY2027 from Rs. 1.85 trillion in FY2026 (growth of 10.8%) and Rs. 1.67 trillion in FY2025, driven by private insurers

Overall NBP likely to rise by 7.8-8.2% to Rs. 4.95-4.97 trillion in FY2027 from Rs. 4.60 trillion in FY2026 (growth of 15.7%) and Rs. 3.97 trillion in FY2025

- Individual NBP expanded by 10.8% in FY2026 (11.2% in FY2025). The pace of growth had slowed to 3.1% YoY in H1 FY2026 due to the high prior-year base and the decline witnessed by LIC. However, it witnessed a strong rebound of 17.0% in H2 FY2026, partly aided by the low base and the favourable impact of goods and services tax (GST) exemption.

- ICRA projects the industry individual NBP to rise by 9.4-9.9% in FY2027. The GST exemption on individual life insurance policies, which reduces costs and enhances affordability, is expected to partially support this performance, further aided by the low base of H1 FY2026. Individual NBP of private insurers is likely to expand at a stronger pace of 11.2-11.6% in FY2027 (12.3% in FY2026).

- Individual NBP growth in FY2025 was driven by linked products amid strong equity markets. ULIPs continued to gain share in 9M FY2026. While higher bond yields may support non-par guaranteed products, equity market volatility could weigh on the linked business, with overall premium growth and the product mix contingent on how geopolitical risks evolve.

- VNB margins contracted in FY2025 and 9M FY2026 due to the increased proportion of lower-margin linked products, loss of input tax credit (ITC) following the GST exemption and the effect of surrender value regulations. Over the medium term, a shift towards higher-margin non-par products (including protection) and greater scale is expected to facilitate margin recovery. Robust premium growth is likely to support an increase in the absolute VNB.

- The solvency position of private insurers remained robust at 2.1x as of December 2025. In the light of anticipated strong growth and continued rise in the sum assured, solvency is projected to moderate to 1.7-1.8x by March 2027 while staying above the regulatory minimum of 1.5x.

Highlights – General insurance

ICRA

Industry GDPI expected to rise to Rs. Rs. 3.56-3.59 trillion in FY2027 from Rs. 3.24 trillion in FY2026; private insurers to continue to gain market share with 69% of GDPI estimated for FY2027 (~68% in FY2026)

- The industry GDPI grew by 9.4% in FY2026, driven by the low base of FY2025 and GST relaxations. This was partly offset by the impact of 1/n* regulations on long-term policies, which affected performance in H1 FY2026, and the sharp decline in the crop segment (-43.6% YoY in 11M FY2026). Excluding crop, the industry GDPI rose by 13.4% in 11M FY2026.

- The GDPI is expected to increase at a stronger pace in FY2027 at 9.7-10.6%, with health insurance as the primary growth driver. Any upward revision in Motor-TP pricing could further support GDPI growth and the underwriting performance.

- The combined ratio of select private insurers is expected to improve modestly in FY2027, aided by the absence of the 1/n impact. Combined ratios remained steady in 9M FY2026 due to the lower motor loss ratios of a few players, though this was offset by higher expense ratios following the implementation of 1/n regulations. The RoE remained broadly stable.

- After reporting net losses over FY2018-FY2023, PSU insurers turned profitable in FY2024 and FY2025, supported by the improvement in the combined ratio and stronger investment income. However, losses re-emerged in 9M FY2026, primarily due to the impact of wage revisions.

- Private insurers remain comfortably capitalised to meet their growth plans. The solvency of the three PSU insurers (excluding New India) remained weak at negative 1.25x as on December 31, 2025 (excluding FVCA), resulting in a sizeable equity requirement of ~Rs. 250 billion to meet the solvency of 1.50x, assuming 100% forbearance on FVCA (~Rs. 430 billion without considering FVCA).

** 1/n refers to a method of recognising and reporting long-term premium income over the period of risk, where 'n' represents the number of days of the policy term*

ICRA Analytical Contact Details

Name	Designation	Email	Contact Number
Karthik Srinivasan	Senior Vice-President & Group Head	karthiks@icraindia.com	022- 6114 3444
Anil Gupta	Senior Vice-President & Co-Group Head	anilg@icraindia.com	0124 – 4545 314
Neha Parikh	Vice-President & Sector Head	neha.parikh@icraindia.com	022 – 6114 3426
Abhilash Rathi	Senior Analyst	abhilash.rathi@icraindia.com	020 – 6606 9923

Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Sai Krishna	Head - Research Sales and Investor Connect	sai.krishna1@icraindia.com	9840774883
Rohit Gupta	Head Business Development – Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vinita Baid	Head Business Development – East	vinita.baid@icraindia.com	033-65216801
Shivam Bhatia	Head Business Development – Corporate Sector – North & South	shivam.bhatia@icraindia.com	0124-4545803
Sanket Kulkarni	Head Business Development – Corporate Sector – West	sanket.kulkarni@icraindia.com	022-6169 3365
Naznin Prodhani	Head - Group Corporate Communications & Media Relations	communications@icraindia.com	0124-4545860

ICRA

Years of Unwavering Credibility

#35YearsofUnwaveringCredibility

ICRA

Years of Unwavering Credibility

Thank You!