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INDIAN GENERAL INSURANCE SECTOR REPORT

Robust growth in retail health segment expected to support overall premium performance

JUNE 2026

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Agenda

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Agenda

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Highlights

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Industry GDPI expected to grow by 10.2-10.4% in the next two fiscals; private insurers' share to expand further to 69.6% of GDPI in FY2028 from 68.4% in FY2026

- Industry GDPI rose by 9.4% in FY2026, supported by goods and services tax (GST) exemption and the low base, though it was partly constrained by the impact of 1/n regulations on long-term policies (notably in H1 FY2026) and continued weakness in the crop segment (-27.2% YoY). In the absence of 1/n, growth was higher at 11.1% in FY2026.
- GDPI growth is expected to remain healthy in FY2027 (9.6-10.4%), driven by sustained momentum in health insurance, though this will be partly offset by pricing pressure in commercial lines. Growth is projected to remain at a similar level in FY2028 (9.4-10.2%). Private insurers are likely to continue outpacing PSU insurers in terms of growth, aided by stronger distribution and product diversification.
- 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 FY2026 due to lower motor loss ratios for a few players, though this was offset by higher expense ratios following the implementation of 1/n regulations. The RoE remained broadly stable at 12.1-12.3% in FY2026E.
- PSU insurers had returned to profitability during FY2024-FY2025, supported by improved combined ratios and stronger investment income. However, they reported losses again in FY2026, primarily due to the impact of wage revisions. Their underwriting performance is expected to remain weak, translating into elevated loss ratios over the medium term.
- Private insurers remain comfortably capitalised to meet their growth plans. However, solvency of three PSU insurers (excluding New India) remained weak at negative 1.25x as on December 31, 2025 (excluding FVCA). As a result, sizeable equity infusion of Rs. 389-398 billion will be needed to meet the solvency of 1.50x as on March 2027, assuming 100% forbearance on FVCA (expected NSE listing likely to reduce the capital requirement).

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